



# Community Foundation of Johnson County

Connecting those who care with those who need

**Welcome Fundholders and Friends!**

# WHAT IS AN ENDOWMENT?

- An endowed fund is a permanent fund that is designed to provide long-term, sustainable grantmaking. They also create a generational giving tool for individuals and families.
- At community foundations endowed funds are pooled and invested to achieve long-term growth by balancing principal protection with distributions. Contributions to endowed funds at qualified community foundations may be eligible for Endow Iowa tax credits.

# Power of the Endowment

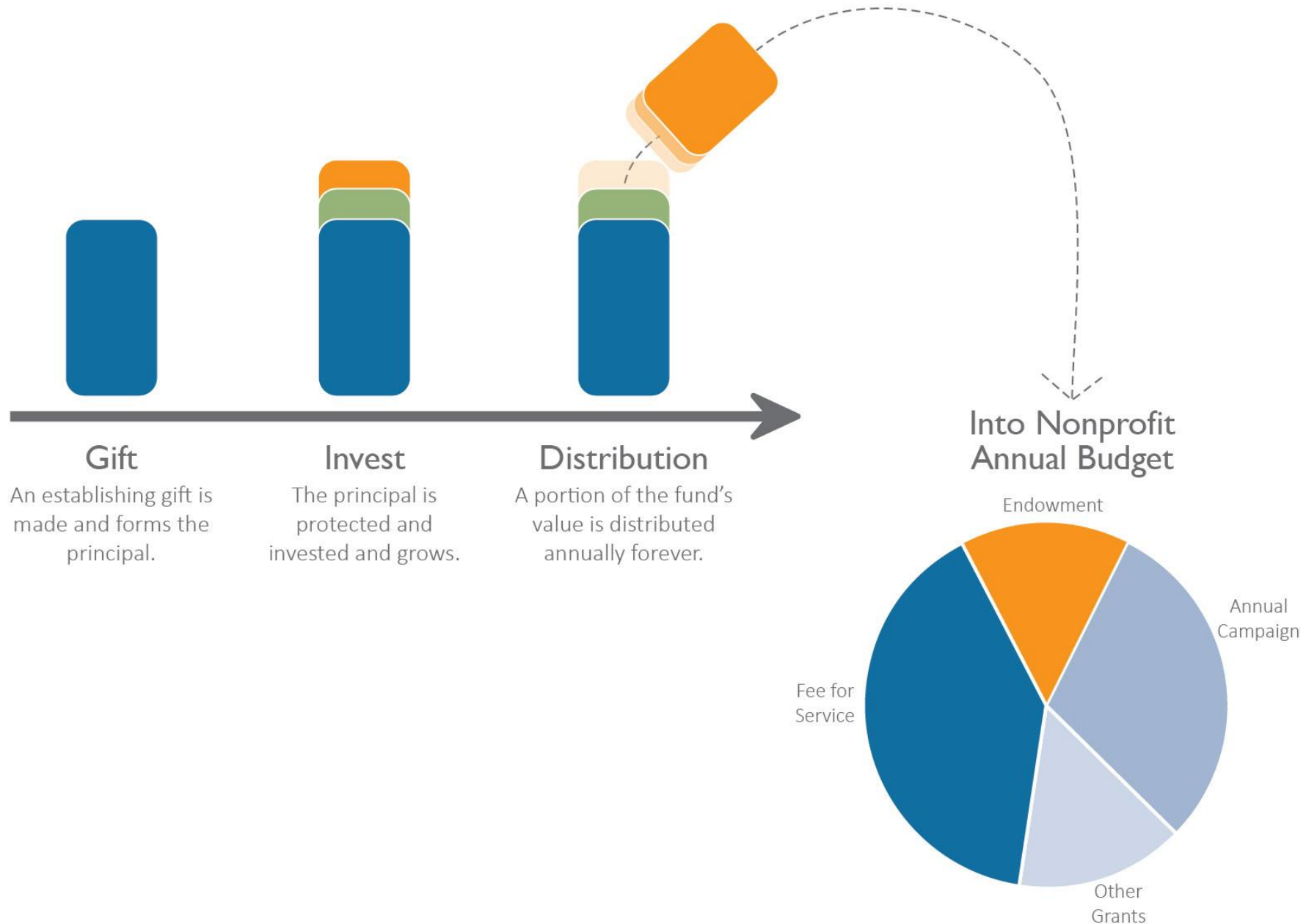
Below is an example of an endowment fund opened at the Community Foundation with a contribution of \$10,000, actual investment returns over the past 10 years, 5% grants paid out annually and a 1.25% annual fee charge.

Annual grants have been around \$500 or higher, with a granting total of \$4,796 in the first 9 years.

After fees and grants the endowed balance grows to \$12,874.

	Years										Summary
	1	2	3	4	5	6	7	8	9	10	
Beginning Balance	\$ -	\$ 9,780	\$ 10,321	\$ 11,478	\$ 11,497	\$ 10,786	\$ 10,736	\$ 11,784	\$ 10,567	\$ 11,953	
Contribution	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Grants	\$ -	\$ (489)	\$ (516)	\$ (574)	\$ (575)	\$ (539)	\$ (537)	\$ (589)	\$ (528)	\$ (598)	\$ (4,945)
Investment Gains	\$ (96)	\$ 1,160	\$ 1,819	\$ 738	\$ 0	\$ 625	\$ 1,734	\$ (494)	\$ 2,066	\$ 1,682	\$ 9,235
Fee	\$ (124)	\$ (131)	\$ (145)	\$ (146)	\$ (137)	\$ (136)	\$ (149)	\$ (134)	\$ (151)	\$ (163)	\$ (1,415)
Ending Balance	\$ 9,780	\$ 10,321	\$ 11,478	\$ 11,497	\$ 10,786	\$ 10,736	\$ 11,784	\$ 10,567	\$ 11,953	\$ 12,874	\$ 12,874
											Average Return
Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Return	-0.96%	12.49%	18.55%	6.77%	0.04%	6.10%	17.00%	-4.41%	20.58%	14.81%	9.10%

# How an Endowment Fund Works



# Endow Iowa Tax Credit

- ▶ Legislation that allows Iowa taxpayers to receive a 25% tax credit on gifts made to endowment funds held at Iowa Community Foundations
- ▶ Endowments spending rates can not exceed 5%
- ▶ Endowment fund is for the benefit of charitable causes in the State of Iowa
- ▶ \$6M of credits are allocated annually, available first come, first serve
- ▶ If credits are exhausted, donors can rollover to be first in line for the next year's credits
- ▶ 2021 credits were exhausted on 12/2020.

# Finance Committee

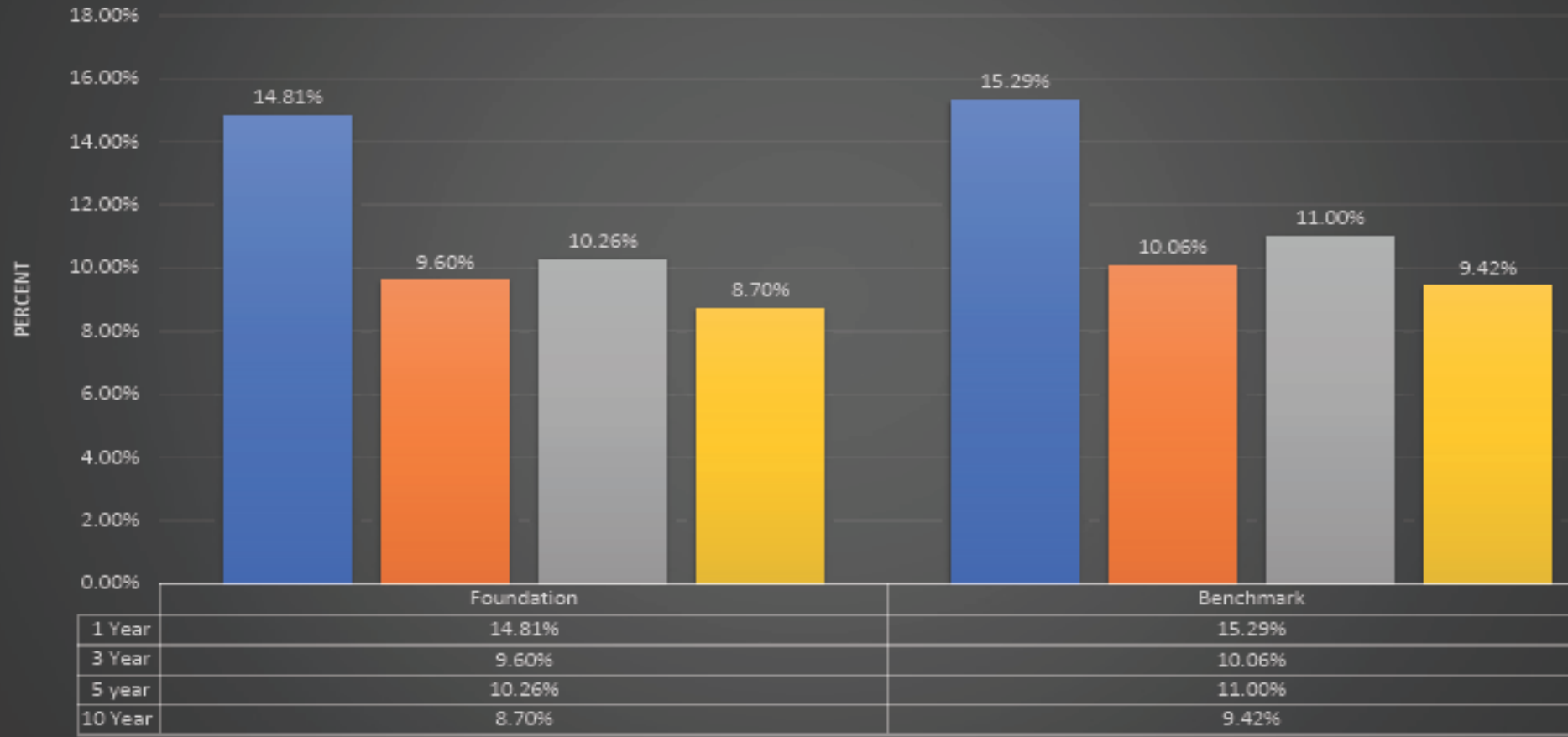
- Dean Price, Chair
- Bart Floyd
- Sherri Furman
- Todd Jacobson
- Jason Wagner
- Mary Westbrook

# Portfolio Managers

- First Community Trust
- Hills Bank Wealth Management
- *MidWestOne* Wealth Management
- US Bank Wealth Management
- United Iowa Financial

### Community Foundation of Johnson County Investment Returns

■ 1 Year ■ 3 Year ■ 5 year ■ 10 Year



**CFJC Benchmark = 55% Wilshire 5000, 20% BBARC US Aggregate Index, 20% EAFE and 5% FTSE 3 Month T-Bill Index**

Performance Reported Net of Fees

31-Dec-20



# Portfolio Snapshot

Community Foundation Johnson County: Composite 2021

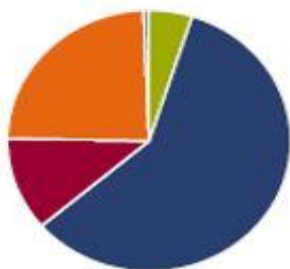
## Portfolio Value

\$39,978,457.07

## Benchmark

Custom

Analysis 12-31-2020



### Asset Allocation

- Cash
- US Stocks
- Non-US Stocks
- Bonds
- Other/Not Clsfd

	Portfolio Net %	Bmark Net %
Cash	4.93	6.50
US Stocks	58.80	59.01
Non-US Stocks	11.56	11.99
Bonds	24.07	22.30
Other/Not Clsfd	<b>0.65</b>	<b>0.21</b>

### Morningstar Equity Style Box %

14	29	28	Large
6	8	8	
2	3	2	Small

Value Blend Growth

0-10 10-25 25-50 >50

Total Stock Holdings

10,378

% Not Classified

0

### Morningstar Fixed Income Style Box %

5	27	0	High
11	16	0	
12	10	3	Low

Ltd Mod Ext

0-10 10-25 25-50 >50

Total Bond Holdings

52,568

% Not Classified

16

## Investment Strategy Guidelines for Investment Advisors

	<u>Minimum Target</u>	<u>Maximum Target</u>
Cash and cash equivalents	0%	20%
Fixed income	15%	50%
Equities	30%	80%

# Diversification

## Asset Class Returns

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
REIT 35.1%	EM 39.8%	HG Bnd 5.2%	EM 79.0%	REIT 28.0%	REIT 8.3%	REIT 19.7%	Sm Cap 38.8%	REIT 28.0%	REIT 2.8%	Sm Cap 21.3%	EM 37.8%	Cash 1.8%	Lg Cap 31.5%	Sm Cap 20.0%
EM 32.6%	Int'l Stk 11.6%	Cash 1.7%	HY Bnd 57.5%	Sm Cap 26.9%	HG Bnd 7.8%	EM 18.6%	Lg Cap 32.4%	Lg Cap 13.7%	Lg Cap 1.4%	HY Bnd 17.5%	Int'l 25.6%	HG Bnd 0.0%	REIT 28.7%	EM 18.7%
Int'l Stk 26.9%	AA 7.6%	AA -22.4%	Int'l Stk 32.5%	EM 19.2%	HY Bnd 17.9%	Int'l Stk 23.3%	Int'l Stk 17.9%	AA 6.9%	HG Bnd 12.0%	Lg Cap 21.8%	Lg Cap 21.8%	HY Bnd -2.3%	Sm Cap 25.5%	Lg Cap 18.4%
Sm Cap 18.4%	HG Bnd 7.0%	HY Bnd -26.4%	REIT 28.0%	HY Bnd 15.2%	Lg Cap 2.1%	Sm Cap 16.4%	AA 11.5%	HG Bnd 6.0%	Cash 0.0%	EM 11.6%	Sm Cap 14.7%	REIT -4.0%	Int'l Stk 22.7%	AA 9.8%
AA 16.7%	Lg Cap 5.5%	Sm Cap -33.8%	Sm Cap 27.2%	Lg Cap 15.1%	AA 0.3%	Lg Cap 16.0%	HY Bnd 7.4%	Sm Cap 4.9%	Int'l Stk -0.4%	REIT 8.6%	AA 14.6%	Lg Cap -4.4%	AA 18.9%	Int'l Stk 8.3%
Lg Cap 15.8%	Cash 4.4%	Lg Cap -37.0%	Lg Cap 26.5%	AA 13.5%	Cash 0.1%	HY Bnd 15.6%	REIT 2.9%	HY Bnd 2.5%	AA -1.3%	AA 7.2%	REIT 8.7%	AA -5.6%	EM 18.9%	HY Bnd 7.5%
HY Bnd 11.8%	HY Bnd 2.2%	REIT -37.7%	AA 24.6%	Int'l Stk 8.2%	Sm Cap -4.2%	AA 12.2%	Cash 0.1%	Cash 0.0%	Sm Cap -4.4%	HG Bnd 2.7%	HY Bnd 7.5%	Sm Cap -11.0%	HY Bnd 14.4%	HG Bnd 6.1%
Cash 4.7%	Sm Cap -1.6%	Int'l Stk -43.1%	HG Bnd 5.9%	HG Bnd 6.5%	Int'l Stk -11.7%	HG Bnd 4.2%	HG Bnd -2.0%	EM -1.8%	HY Bnd -4.6%	Int'l Stk 1.5%	HG Bnd 3.5%	Int'l Stk -13.4%	HG Bnd 8.7%	Cash 0.6%
HG Bnd 4.3%	REIT -15.7%	EM -53.2%	Cash 0.1%	Cash 0.1%	EM -18.2%	Cash 0.1%	EM -2.3%	Int'l Stk -4.5%	EM -14.6%	Cash 0.3%	Cash 0.8%	EM -14.3%	Cash 2.2%	REIT -5.1%

Abbr.	Asset Class - Index	Annual	Best	Worst
Lg Cap	Large Cap Stocks - S&P 500 Index	9.88%	32.4%	-37.0%
Sm Cap	Small Cap Stocks - Russell 2000 Index	8.91%	38.8%	-33.8%
Int'l Stk	International Developed Stocks - MSCI EAFE Index	4.97%	32.5%	-43.1%
EM	Emerging Market Stocks - MSCI Emerging Markets Index	6.95%	79.0%	-53.2%
REIT	REITs - FTSE NAREIT All Equity Index	7.15%	35.1%	-37.7%
HG Bnd	High Grade Bonds - Bloomberg Barclays U.S. Agg Bond Index	4.40%	8.7%	-2.0%
HY Bnd	High Yield Bonds - ICE BofA US High Yield Index	7.44%	57.5%	-26.4%
Cash	Cash - S&P U.S. Treasury Bill 0-3 Mth Index	1.11%	4.7%	0.0%
AA	Asset Allocation Portfolio*	7.02%	24.6%	-22.4%

Past performance does not guarantee future returns. The historical performance shows changes in market trends across several asset classes over the past fifteen years. Returns represent total annual returns (reinvestment of all distributions) and does not include fees and expenses. The investments you choose should reflect your financial goals and risk tolerance. For assistance, talk to a financial professional. All data are as of 12/31/20.

\*Asset Allocation Portfolio is made up of 15% large cap stocks, 15% international stocks, 10% small cap stocks, 10% emerging market stocks, 10% REITs, 40% high-grade bonds, and annual rebalancing.

# You can help us grow!





Community Foundation  
of Johnson County

Welcome, Dr. David Barker!