



Community Foundation of Johnson County

INVESTMENT PERFORMANCE & ECONOMIC OUTLOOK MEETING

FEBRUARY 15, 2022

Zoom Reminders:

- Please mute yourself when not speaking to reduce background noise
- Feel free to use the chat function
- Set your view to 'Speaker' rather than 'Gallery'

THANK YOU!

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.

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 \$5,889 in the first 10 years.

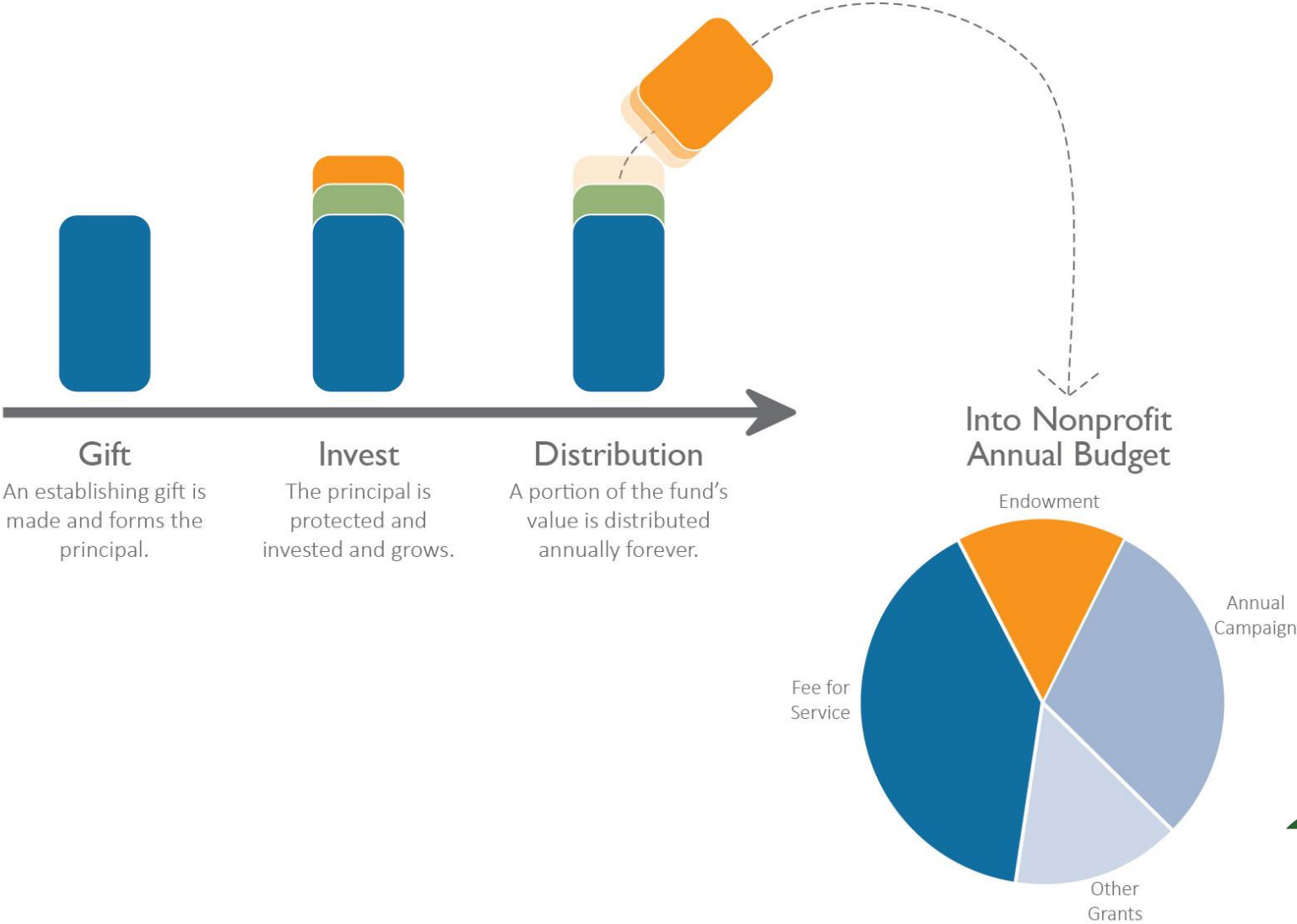
After fees and grants the endowed balance grows to \$15,411.

	Years										
	1	2	3	4	5	6	7	8	9	10	Summary
Beginning Balance	\$ -	\$ 11,108	\$ 12,354	\$ 13,740	\$ 13,762	\$ 12,911	\$ 12,851	\$ 14,105	\$ 12,649	\$ 14,308	
Contribution	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Grants	\$ -	\$ (555)	\$ (618)	\$ (687)	\$ (688)	\$ (646)	\$ (643)	\$ (705)	\$ (632)	\$ (715)	\$ (5,889)
Investment Gains	\$ 1,249	\$ 1,958	\$ 2,177	\$ 884	\$ 0	\$ 748	\$ 2,075	\$ (591)	\$ 2,473	\$ 2,013	\$ 12,986
Fees	\$ (141)	\$ (156)	\$ (174)	\$ (174)	\$ (163)	\$ (163)	\$ (179)	\$ (160)	\$ (181)	\$ (195)	\$ (1,686)
Ending Balance	\$ 11,108	\$ 12,354	\$ 13,740	\$ 13,762	\$ 12,911	\$ 12,851	\$ 14,105	\$ 12,649	\$ 14,308	\$ 15,411	\$ 15,411

Calendar Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Return
Return	12.49%	18.55%	6.77%	0.04%	6.10%	17.00%	-4.41%	20.58%	14.81%	14.86%	10.68%

POWER OF THE ENDOWMENT

How an Endowment Fund Works



ENDOW IOWA | TAX CREDIT PROGRAM

The Endow Iowa Tax Credit program was created in 2004 and since then has leveraged over \$283 million in endowment gifts to support Iowa communities and charitable causes. This program has made nearly \$81 million in tax credits available to a wide variety of donors. For the past five years, the annual tax credit limit has been \$6 million per year and each year every tax credit has been distributed. The program is administered by the Iowa Economic Development Authority (IEDA) in collaboration with the Iowa Council of Foundations (ICoF).

ENDOW IOWA TAX CREDITS:



*Qualified community foundations are confirmed in compliance with the National Standards for U.S. Community Foundations.

THIS INNOVATIVE STATEWIDE PROGRAM:



Endow Iowa grows assets for the future of our state.

GROWTH OF ENDOWED ASSETS AT ACCREDITED COMMUNITY FOUNDATIONS AND THEIR COUNTY AFFILIATES:

2005 \$95,657,632 >> **2018** \$838,497,115 >> **TOTAL GROWTH** \$742,839,483 = **776% GROWTH**

ENDOW IOWA TAX CREDIT

- Legislation which allows Iowa taxpayers to receive a 25% tax credit on gifts made to endowment funds held at Iowa Community Foundations
- Endowments spending rates cannot 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
- 2022 credits were exhausted in 11/2021
- Proposed legislation for updated individual contribution limits

FINANCE COMMITTEE

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



Community Foundation
of Johnson County

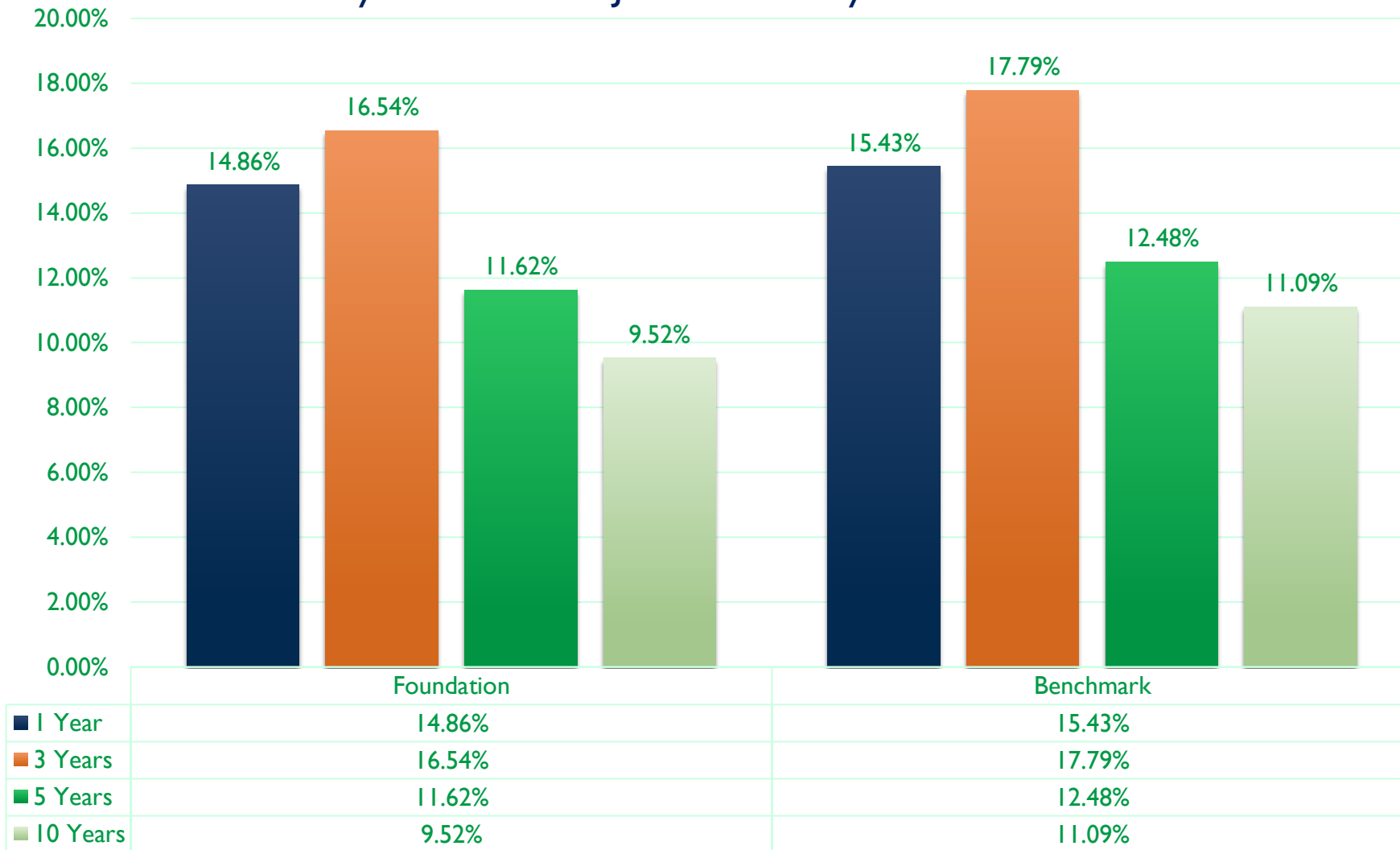
Connecting those who care with those who need

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 Performance



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 12/31/21

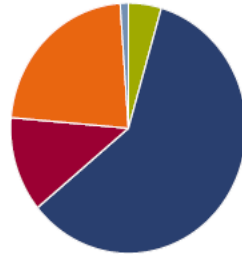
Portfolio Snapshot

Community Foundation Johnson County: Aggregate 2021

Portfolio Value
\$49,448,076.23

Benchmark
Custom

Analysis 12-31-2021



Asset Allocation

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

	Portfolio Net %	Bmark Net %
Cash	4.51	4.51
US Stocks	59.54	60.20
Non-US Stocks	12.30	12.76
Bonds	22.53	22.41
Other/Not Clsfd	1.12	0.12

Morningstar Equity Style Box %

			Large	Mid	Small
Value	Blend	Growth			
15	27	30			
5	10	6			
2	3	2			
Total Stock Holdings			12,413		
% Not Classified			0		

Morningstar Fixed Income Style Box %

			High	Med	Low
Ltd	Mod	Ext			
5	2	0			
10	32	0			
13	7	4			
Total Bond Holdings			54,621		
% Not Classified			27		

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%

Best	Emerging Markets 39.4	Fixed Income 5.2	Emerging Markets 78.5	Small Cap 26.9	Fixed Income 7.8	Global Real Estate 28.9	Small Cap 38.8	Global Real Estate 15.2	Large Cap 1.4	Small Cap 21.3	Emerging Markets 37.3	Cash Equivalents 1.8	Large Cap 31.5	Small Cap 20.0	Large Cap 28.7
	Commodities 16.2	Cash Equivalents 2.1	High Yield 58.2	Mid Cap 26.6	High Yield 5.0	Emerging Markets 18.2	Mid Cap 33.5	Large Cap 13.7	Balanced (60/40) 1.1	Mid Cap 20.7	Developed INTL 25.0	Fixed Income 0.0	Mid Cap 26.2	Large Cap 18.4	Commodities 27.1
	Developed INTL 11.2	Balanced (60/40) -20.1	Global Real Estate 37.7	Global Real Estate 21.5	Balanced (60/40) 4.4	Mid Cap 17.9	Large Cap 32.4	Balanced (60/40) 10.6	Global Real Estate 0.9	High Yield 17.1	Large Cap 21.8	High Yield -2.1	Small Cap 25.5	Emerging Markets 18.3	Global Real Estate 26.7
	Mid Cap 8.0	High Yield -26.2	Mid Cap 37.4	Emerging Markets 18.9	Large Cap 2.1	Developed INTL 17.3	Developed INTL 22.8	Mid Cap 9.8	Fixed Income 0.5	Large Cap 12.0	Mid Cap 16.2	Balanced (60/40) -2.6	Global Real Estate 22.8	Balanced (60/40) 14.0	Mid Cap 24.8
	Fixed Income 7.0	Small Cap -33.8	Developed INTL 31.8	Commodities 16.8	Cash Equivalents 0.1	Small Cap 16.3	Balanced (60/40) 18.6	Fixed Income 6.0	Cash Equivalents 0.0	Commodities 11.8	Small Cap 14.6	Large Cap -4.4	Balanced (60/40) 22.4	Mid Cap 13.7	Balanced (60/40) 16.6
	Balanced (60/40) 6.1	Commodities -35.6	Small Cap 27.2	High Yield 15.1	Mid Cap -1.7	Large Cap 16.0	High Yield 7.4	Small Cap 4.9	Developed INTL -0.8	Emerging Markets 11.2	Balanced (60/40) 14.5	Global Real Estate -6.1	Developed INTL 22.0	Developed INTL 7.8	Small Cap 14.8
	Large Cap 5.5	Mid Cap -36.2	Large Cap 26.5	Large Cap 15.1	Small Cap -4.2	High Yield 15.8	Global Real Estate 5.9	High Yield 2.5	Mid Cap -2.2	Balanced (60/40) 8.2	Global Real Estate 13.2	Small Cap -11.0	Emerging Markets 18.4	Fixed Income 7.5	Developed INTL 11.3
	Cash Equivalents 4.9	Large Cap -37.0	Commodities 18.9	Balanced (60/40) 11.7	Global Real Estate -5.6	Balanced (60/40) 11.3	Cash Equivalents 0.0	Cash Equivalents 0.0	Small Cap -4.4	Global Real Estate 5.4	High Yield 7.5	Mid Cap -11.1	High Yield 14.3	High Yield 7.1	High Yield 5.3
	High Yield 1.9	Developed INTL -43.4	Balanced (60/40) 18.3	Developed INTL 7.8	Developed INTL -12.1	Fixed Income 4.2	Fixed Income -2.0	Emerging Markets -2.2	High Yield -4.5	Fixed Income 2.6	Fixed Income 3.5	Commodities -11.2	Fixed Income 8.7	Cash Equivalents 0.7	Cash Equivalents 0.0
	Small Cap -1.6	Global Real Estate -47.6	Fixed Income 5.9	Fixed Income 6.5	Commodities -13.3	Cash Equivalents 0.1	Emerging Markets -2.6	Developed INTL -4.9	Emerging Markets -14.9	Developed INTL 1.0	Commodities 1.7	Developed INTL -13.8	Commodities 7.7	Commodities -3.1	Fixed Income -1.5
Worst	Global Real Estate -7.3	Emerging Markets -53.3	Cash Equivalents 0.2	Cash Equivalents 0.1	Emerging Markets -18.4	Commodities -1.1	Commodities -9.5	Commodities -17.0	Commodities -24.7	Cash Equivalents 0.2	Cash Equivalents 0.7	Emerging Markets -14.6	Cash Equivalents 2.3	Global Real Estate -6.2	Emerging Markets -2.5
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD

Asset Class Returns

Large Cap: S&P 500, Mid Cap: S&P 400, Small Cap: Russell 2000, Developed INTL: MSCI EAFE, Emerging Markets: MSCI EM, Fixed Income: Bloomberg Barclays Aggregate, High Yield: Bloomberg Barclays US Corp High Yield, Global Real Estate: S&P Developed Property, Balanced (60/40), 60% S&P 500 / 40% Bloomberg Barclays Aggregate, Cash Equivalents, USTREAS 3-Month Treasury Bill Constant Maturity 12/31/21

DIVERSIFICATION



YOU CAN HELP US GROW!



WELCOME, DR. DAVID BARKER!