



Maine
Community Foundation

Investment Program 2023 Review

February 21, 2024
12 PM EST

BUILT FOR THE BIG STUFF

Presenters

Brendon Reay

Vice President, Chief Investment Officer

Becka Yturregui

Vice President, Donor Engagement



Please use the **Q & A** feature to ask questions during the webinar.

After the webinar, please contact:

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Maine Community Foundation is a

funder

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&

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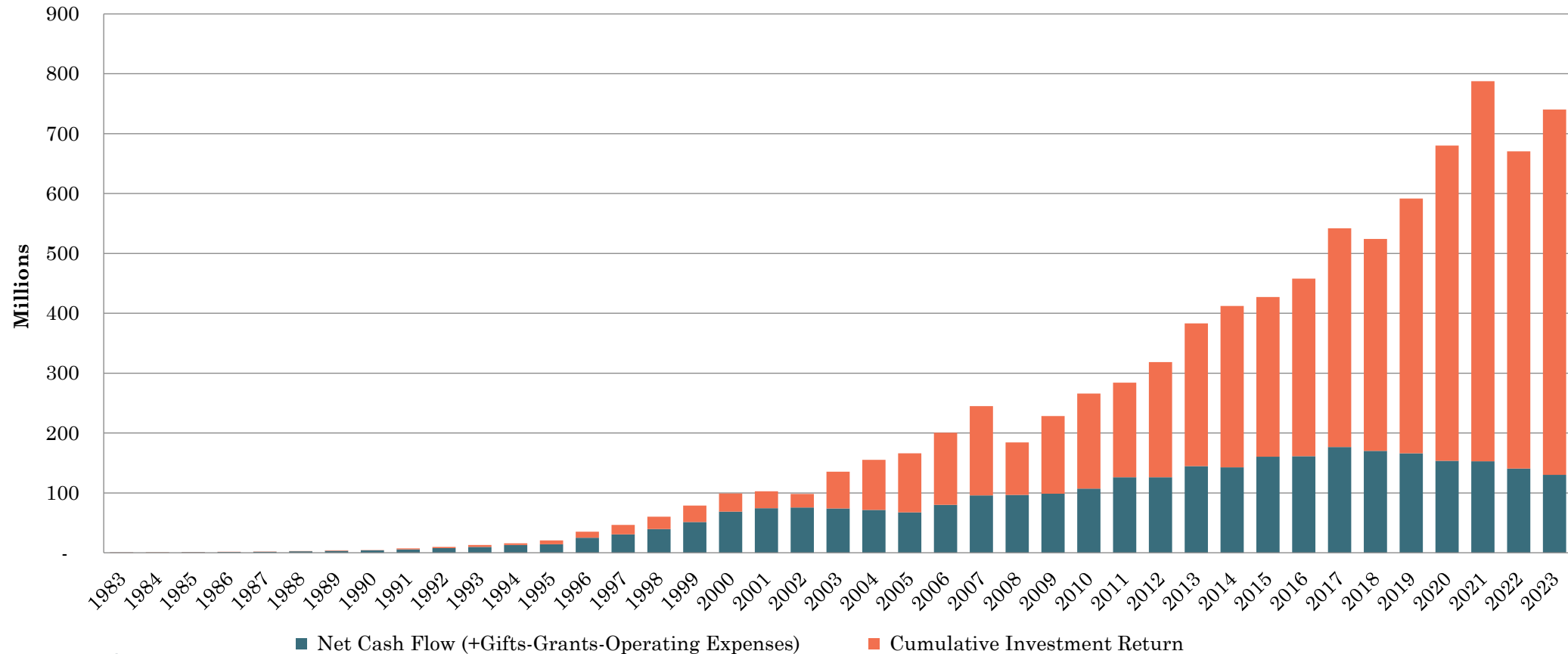


Vision: Maine is a vibrant and equitable place where people and communities thrive

Investment Program Overview

- **“What’s the Purpose?”: Thank You**
- **“What happened?”: Global Markets in 2023**
- **“How did we do?”: Performance**
- **“How are we invested?”: Asset Allocation**
- **What else are we doing?”: New Developments**

Growth of MaineCF Assets Since Inception



■ Net Cash Flow (+Gifts-Grants-Operating Expenses)

■ Cumulative Investment Return



"What's the Purpose?"

- **Investment returns contribute to our collective effort to build a better Maine**
- **Growth of assets enhances your mission-specific goals, magnifies your charitable impact**
- **Growth of assets underwrites MaineCF's operations**
- **Thank You**

Lewiston-Auburn Area Response Fund



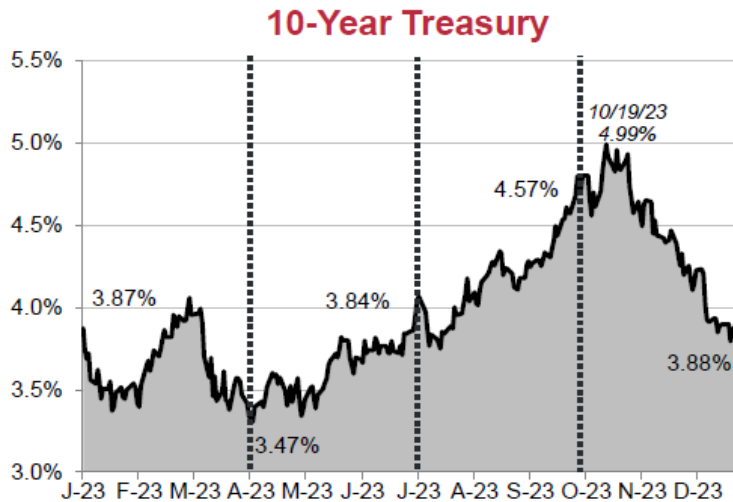
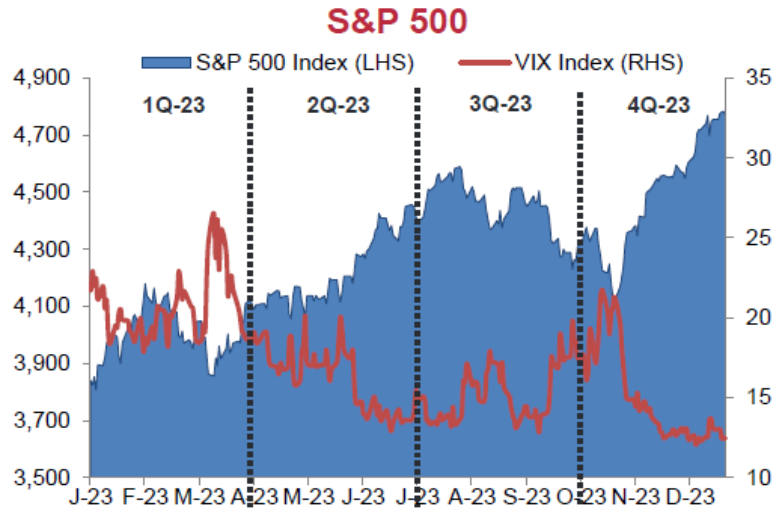
Established
October 27, 2023

More than **\$5 million**
in contributions

100% to victims,
families, and survivors
and non-profits who
will help in recovery
process



"What Happened?"



Market Performance	Q1 23	Q2 23	Q3 23	Q4 23	Oct	Nov	Dec	2023	3 Yrs	5 Yrs	10 Yrs
S&P 500	7.5%	8.7%	-3.3%	11.7%	-2.1%	9.1%	4.5%	26.3%	10.0%	15.7%	12.0%
Russell 2000	2.7%	5.2%	-5.1%	14.0%	-6.8%	9.1%	12.2%	16.9%	2.2%	10.0%	7.2%
MSCI ACWI	7.3%	6.2%	-3.4%	11.0%	-3.0%	9.2%	4.8%	22.2%	5.7%	11.7%	7.9%
MSCI EAFE	8.5%	3.0%	-4.1%	10.4%	-4.1%	9.3%	5.3%	18.2%	4.0%	8.2%	4.3%
MSCI EM	4.0%	0.9%	-2.9%	7.9%	-3.9%	8.0%	3.9%	9.8%	-5.1%	3.7%	2.7%
CSFB High Yield	3.9%	1.9%	0.5%	6.8%	-1.3%	4.5%	3.5%	13.6%	2.3%	5.2%	4.4%
Bloomberg U.S. Agg Bd	3.0%	-0.8%	-3.2%	6.8%	-1.6%	4.5%	3.8%	5.5%	-3.3%	1.1%	1.8%
Bloomberg U.S. TIPS	3.3%	-1.4%	-2.6%	4.7%	-0.7%	2.7%	2.7%	3.9%	-1.0%	3.2%	2.4%

- Anticipation of earlier-than-expected interest rate reductions by central banks led to a widespread rally into year-end, resulting in a successful 2023 for investors in both stocks and bonds.
- The S&P 500, known for its growth orientation, had a total return of 11.7% in the last quarter—the index's best quarterly performance in three years.
- The "Magnificent Seven" stocks dominated the full year's returns, contributing approximately 60% to the index's return.
- Diminishing concerns about prolonged high interest rates favored growth stocks in the most recent quarter. The Russell 1000 Growth Index rose by 14.2%, and the Russell 1000 Value Index also performed well, gaining 9.5%.
- On the global front, international stocks fared well; the MSCI EAFE Index increased by 10.4% in the quarter. Despite Chinese markets' underperformance, the MSCI Emerging Market Index ended the last three months with a 7.9% gain, buoyed by impressive results in Latin America.
- Fixed income markets experienced positive outcomes across the board. Expectations of early central bank rate cuts, narrowing spreads, and a weakening U.S. Dollar all contributed to positive returns.
- Government bond yields decreased in the last quarter, with the U.S. 10-year yield dropping from a high of 5% on October 19th to 3.9%, ending the year roughly where it started.
- Throughout the year, the Federal Reserve shifted from a hawkish stance to a neutral one and now appears more dovish regarding 2024, setting a favorable stage for the start of the year.

Overview of the Primary Pool

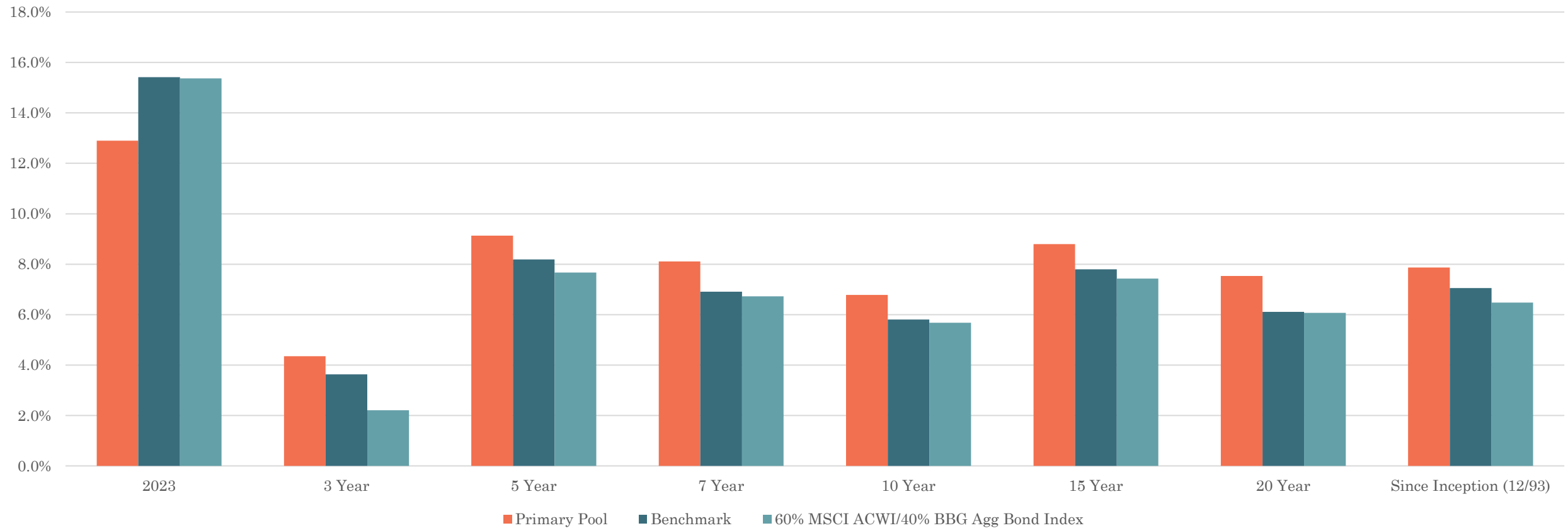
- Institutional, global, multi-asset, all-weather portfolio
- Aim is to return 5%+, net of inflation
- Minimize risk (volatility), maximize return
- Sustainable Investing (ESG & DEI)
- Invested in Maine

"How did we do?"

As of 12/31/2023	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	SI
Total Portfolio	12.90%	4.35%	9.13%	6.78%	7.53%	7.87%
Policy Benchmark	15.42%	3.63%	8.19%	5.81%	6.11%	7.05%
60% MSCI ACWI/40% Bloomberg Agg	15.37%	2.21%	7.67%	5.68%	6.07%	6.48%
InvMetrics E&F \$250MM-\$1B	12.96%	3.58%	8.42%	6.16%	6.60%	7.60%
Rank	51	41	22	25	7	19

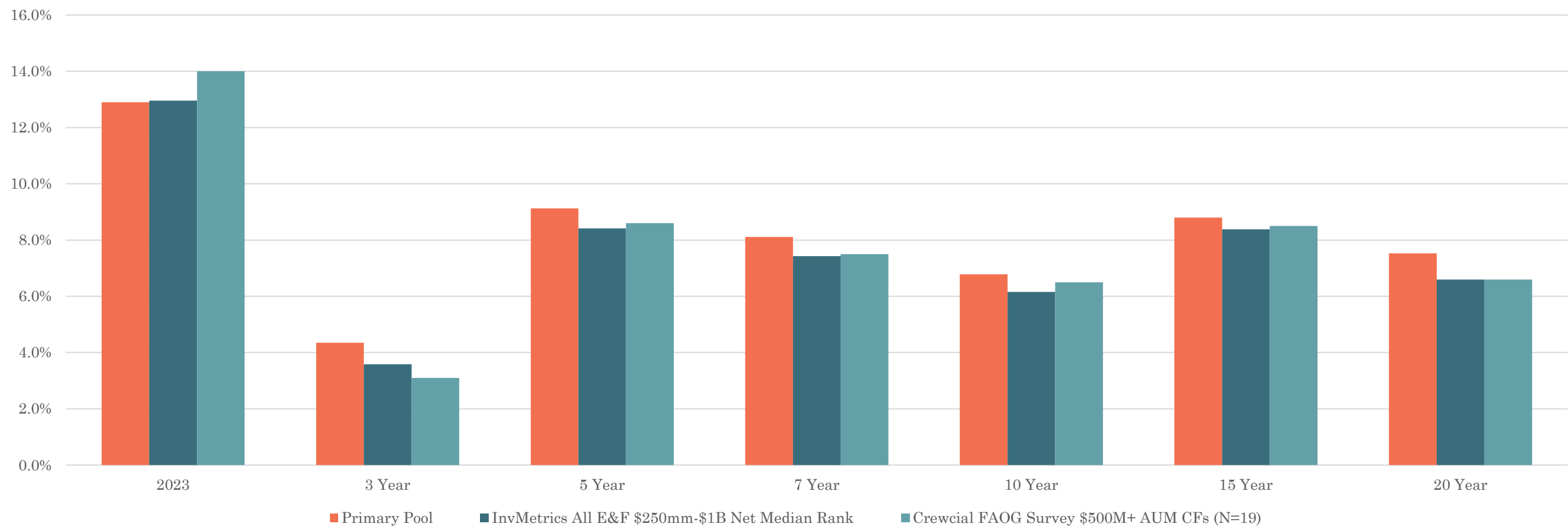
"How did we do?" Investment Performance

(annualized, as of 12/31/23)



"How did we do?" Comparative Investment Performance

MaineCF vs InvMetrics E&F and Crewcial FAOG Survey \$500M+ AUM CFs (as of 12/31/23)

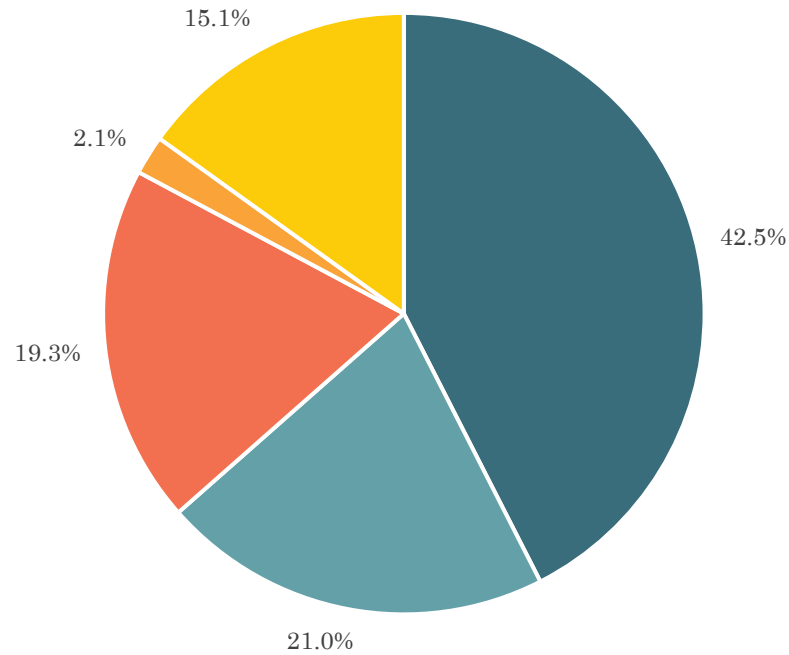


"How did we do?" Performance By Asset Class

As of 12/31/2023	1-Yr	3-Yrs	5-Yrs	10-Yrs	SI
Total Portfolio	12.90%	4.35%	9.13%	6.78%	7.87%
Policy Benchmark	15.42%	3.63%	8.19%	5.81%	7.05%
U.S Public Equity	30.98%	0.31%	11.46%	8.61%	8.12%
Non-US Public Equity	19.09%	4.06%	8.95%	5.95%	6.14%
Marketable Alternatives	6.58%	7.91%	7.25%	5.26%	8.05%
PE/VC	0.43%	8.82%	15.79%	13.85%	12.79%
Cash & Fixed Income	4.03%	-0.45%	1.08%	1.13%	4.15%

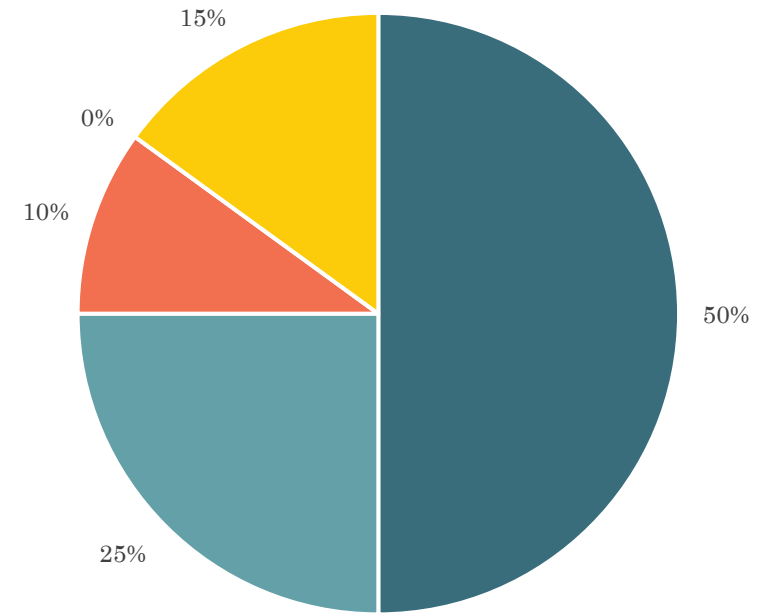
"How are we invested?" Asset Allocation as of 12/31/23

Allocation 12/31/2023



- Listed Global Equity
- Marketable Alternatives
- Private Equity / Venture Capital
- Real Assets
- Cash & Fixed Income

Target Allocation



- Listed Global Equity
- Marketable Alternatives
- Private Equity / Venture Capital
- Cash & Fixed Income

"How are we invested?" Portfolio Adjustments 2023

- Increased FI allocation to target from a long-time underweight
- Increased liquidity and reduced expense in public equity by shifting from some active to some passive exposure, especially in US equities
- Continued to decrease direct China exposure
- Added Global Macro exposure
- Added Maine-focused investments

"How are we invested?"

- Statement of Responsible Investing
 - Environmental, Social, and Governance
 - Diversity, Equity, and Inclusion
- All but one of our managers considers or integrates ESG factors into their investment process.
- Four of our 27 investment managers are owned by BIPOC individuals and/or women. We added one in 2023 and are adding another now.
 - We continue to see diversity, equity, and inclusion progress in operations, client services, and investment analysis roles. Partner-, Portfolio Manager, and Owner-level diversity is progressing more slowly
- We will continue to diversify our roster of investment managers in 2024.

"How are we invested?" Maine-Focused Investment Opportunities

- In June 2023, we dedicated 2% of the Primary Pool to investments in Maine. At today's portfolio value, that is about \$14M.
- We have made three investments so far, totaling \$8.1M. We expect to make at least one more in 2024.
 - \$6M in a solar infrastructure fund with ~35% of its projects in Maine, in six counties.
 - \$1.5M in Bold Ocean Ventures, a joint venture between veteran VC investors and Gulf of Maine Research Institute.
 - \$630K in a sustainable timber project near Moosehead Lake.

Outlook for 2024

- In general, MaineCF does not aggressively swing the portfolio around. We are not traders.
- Cautiously optimistic
 - Economy has been resilient in a higher rate environment. Fed thus far navigating difficult situation very well.
 - Recession indicators still blinking, however, so the possibility of recession is still real.
 - Geopolitical shocks, including election turmoil, could have an impact in 2024.
 - Investment Committee is prepared to respond if necessary.
- Current portfolio positioning
 - A bit underweight public equities
 - Do not expect a rapid recovery in PE/VC
 - Expect to incrementally add to public equities
 - Expect to add to Maine-focused investments
 - At target in Fixed Income
 - Considering some new hedge fund ideas

Conclusion

We are and we will remain a long-term, vigilant, all-weather investor safeguarding and growing the assets you have entrusted to us.

Maine Community Foundation

Thank you

We would appreciate your feedback

Brendon Reay, VP Chief Investment Officer

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MaineCF Investment Committee

- **Mark Howard, CFA, Chair.** Managing Director and Senior Multi-Asset Specialist, BNP Paribas. New York City and Boothbay, ME
- **Elizabeth R. Hilpman,** Former Chair. Partner, Barlow Partners. New York City and Woolwich, ME
- **Forrest Berkley,** Former Chair. Retired Partner, Grantham, Mayo, VanOtterloo & Co., LLC. Concord, MA, and Northeast Harbor, ME
- **John B. Sullivan,** Former Chair. President, Portland Global Advisors. Portland, ME
- **Martha Dumont,** retired Director of Research, Credit Sights, New York, NY and former Director of Global Fixed Income Research at Lehman Brothers. Falmouth, ME
- **Brooke Parish,** President and Partner, Corvid Peak Capital Management. New York City and Castine, ME

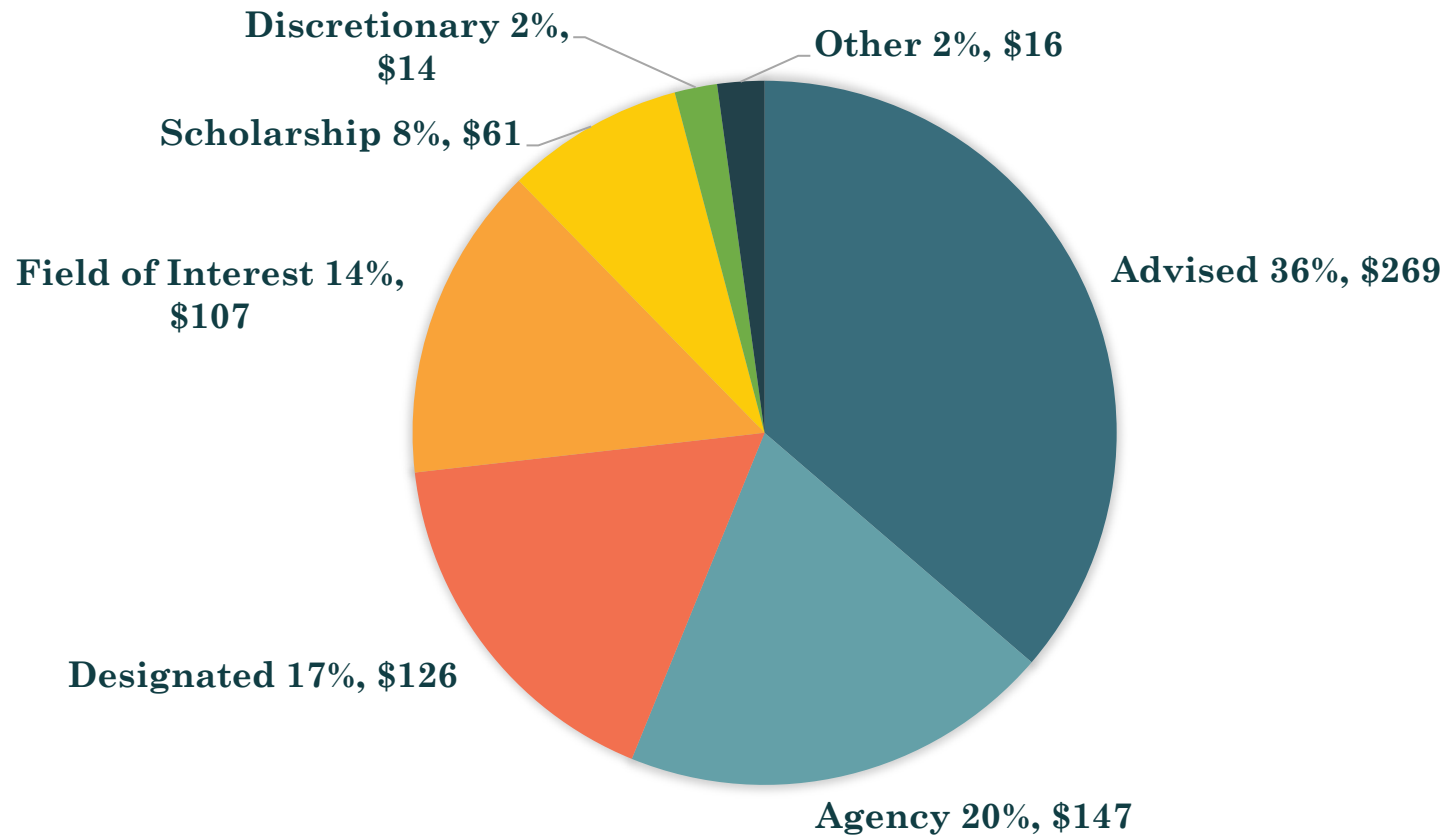


Independent Investment Consultant

- Role of investment consultant
 - MaineCF staff and Investment Committee work closely with an independent investment consultant to monitor investment manager performance and assist in manager selection
 - Investment consultant also provides extensive analytical and comparative reporting to assist staff and the committee with its decision making
- Consultant - Monticello Associates
 - Independent asset management consulting firm providing non-discretionary investment advisory services
 - Founded in 1992 with a focus on endowment and foundation clients and high net worth families
 - Headquarters in Denver with offices in Cleveland and Boston
 - Grown into one of the country's leading asset management consulting firms working with many prominent community foundations, museums, hospitals, schools, and families across the U.S.
- MaineCF's primary contact at Monticello: Andrew Terborgh, Managing Director

Working with MaineCF

2023 FUND BALANCES BY FUND TYPE (TOTAL ASSETS \$740 MILLION)



Impact of Grantmaking

Total Awarded in 2023 → **\$65 million**

- **\$45M** in donor advised grants, including **\$1.6M** in Giving Together grants from 61 different DAFs
- **\$4.9M** awarded to grant applicants from every county and a variety of interest areas
- **\$5.6M** distributed back to agency fund partners to help further their missions
- **\$4.3M** to beneficiaries of designated endowments managed by MaineCF
- **\$3.0M** in scholarship support to aspiring graduates and adult learners
- **\$2.2M** towards direct support of community needs and statewide initiatives

Giving Together PROPOSAL SHARING FOR DONORS

MaineCF's County and Regional Funds

Year Established

- 1980s
- 1990s
- 2000s
- 2010s

*Grants in Franklin and Somerset counties are awarded by the Western Mountains Committee.

**Grants in Lincoln and Sagadahoc counties are awarded by the Southern Midcoast Committee.



Grants and Gifts 2019 - 2023

