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:

Brendon Reay: breay@mainecf.org

Liana Kingsbury: lkingsbury@mainecf.org

Becka Yturregui: byturregui@mainecf.org
Maine Community Foundation is a funder, connector, and collaborator.

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
"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?"

- 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?"

<table>
<thead>
<tr>
<th>As of 12/31/2023</th>
<th>1 Yr</th>
<th>3 Yrs</th>
<th>5 Yrs</th>
<th>10 Yrs</th>
<th>20 Yrs</th>
<th>SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Portfolio</td>
<td>12.90%</td>
<td>4.35%</td>
<td>9.13%</td>
<td>6.78%</td>
<td>7.53%</td>
<td>7.87%</td>
</tr>
<tr>
<td>Policy Benchmark</td>
<td>15.42%</td>
<td>3.63%</td>
<td>8.19%</td>
<td>5.81%</td>
<td>6.11%</td>
<td>7.05%</td>
</tr>
<tr>
<td>60% MSCI ACWI/40% Bloomberg Agg</td>
<td>15.37%</td>
<td>2.21%</td>
<td>7.67%</td>
<td>5.68%</td>
<td>6.07%</td>
<td>6.48%</td>
</tr>
<tr>
<td>InvMetrics E&amp;F $250MM-$1B</td>
<td>12.96%</td>
<td>3.58%</td>
<td>8.42%</td>
<td>6.16%</td>
<td>6.60%</td>
<td>7.60%</td>
</tr>
<tr>
<td>Rank</td>
<td>51</td>
<td>41</td>
<td>22</td>
<td>25</td>
<td>7</td>
<td>19</td>
</tr>
</tbody>
</table>
"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)
<table>
<thead>
<tr>
<th></th>
<th>1-Yr</th>
<th>3-Yrs</th>
<th>5-Yrs</th>
<th>10-Yrs</th>
<th>SI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Portfolio</td>
<td>12.90%</td>
<td>4.35%</td>
<td>9.13%</td>
<td>6.78%</td>
<td>7.87%</td>
</tr>
<tr>
<td>Policy Benchmark</td>
<td>15.42%</td>
<td>3.63%</td>
<td>8.19%</td>
<td>5.81%</td>
<td>7.05%</td>
</tr>
<tr>
<td>U.S Public Equity</td>
<td>30.98%</td>
<td>0.31%</td>
<td>11.46%</td>
<td>8.61%</td>
<td>8.12%</td>
</tr>
<tr>
<td>Non-US Public Equity</td>
<td>19.09%</td>
<td>4.06%</td>
<td>8.95%</td>
<td>5.95%</td>
<td>6.14%</td>
</tr>
<tr>
<td>Marketable Alternatives</td>
<td>6.58%</td>
<td>7.91%</td>
<td>7.25%</td>
<td>5.26%</td>
<td>8.05%</td>
</tr>
<tr>
<td>PE/VC</td>
<td>0.43%</td>
<td>8.82%</td>
<td>15.79%</td>
<td>13.85%</td>
<td>12.79%</td>
</tr>
<tr>
<td>Cash &amp; Fixed Income</td>
<td>4.03%</td>
<td>-0.45%</td>
<td>1.08%</td>
<td>1.13%</td>
<td>4.15%</td>
</tr>
</tbody>
</table>
"How are we invested?" Asset Allocation as of 12/31/23

Allocation 12/31/2023

- Listed Global Equity: 42.5%
- Marketable Alternatives: 15.1%
- Private Equity / Venture Capital: 19.3%
- Real Assets: 2.1%
- Cash & Fixed Income: 15.1%

Target Allocation

- Listed Global Equity
- Marketable Alternatives: 50%
- Private Equity / Venture Capital: 25%
- Real Assets: 10%
- Cash & Fixed Income: 15%
"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
  o Environmental, Social, and Governance
  o 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.
  o 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.
Thank you

We would appreciate your feedback

Brendon Reay, VP Chief Investment Officer

Email: breay@mainecf.org
Direct line: 207-412-2016
Mail: 245 Main St., Ellsworth, ME 04605
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)

- Advised 36%, $269
- Agency 20%, $147
- Designated 17%, $126
- Field of Interest 14%, $107
- Scholarship 8%, $61
- Discretionary 2%, $14
- Other 2%, $16

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
Grants and Gifts 2019 - 2023

$275.5M in grants made over the past 5-years