Presbyterian FOUNDATION

Presbyterian Endowment Fund
Quarterly Portfolio Snapshot
December 31, 2020

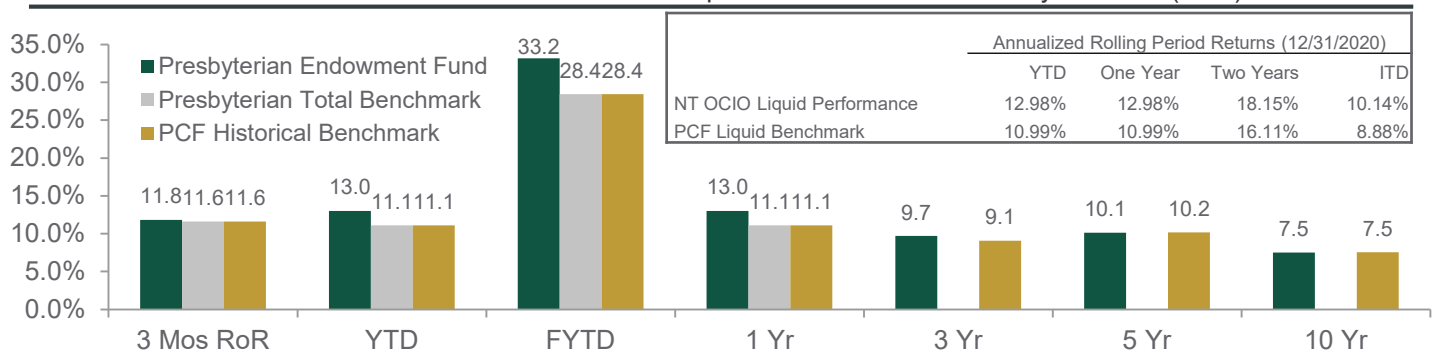
Objectives

Financial Objectives:

- Support a stream of regular distributions in support of annual budgetary needs; and
- Preserve the real (inflation-adjusted) purchasing power of the Endowment Fund net of regular distributions

Investment Objectives:

- Target a real annualized total return, net of investment expenses, over a five-to-seven-year horizon, that aligns with financial objectives;
- Outperform the Endowment Fund's benchmark consistent with volatility targets; and
- Adhere to the Social Witness Principles of the General Assembly of the PC(USA)



	Annualized Rolling Period Returns (12/31/2020)			
	YTD	One Year	Two Years	ITD
NT OCIO Liquid Performance	12.98%	12.98%	18.15%	10.14%
PCF Liquid Benchmark	10.99%	10.99%	16.11%	8.88%

Historical Benchmark: *NT Policy Benchmark (9/1/2017 –Present), Cambridge Total Policy Benchmark (1/1/2013-8/31/2017), 60% MSCI ACWI ND / 40% Bloomberg Barclays US Aggregate (for periods prior to 1/1/2013)*

NT Policy Benchmark: *27% Russell 3000 / 25% MSCI ACWI ex US / 20% Cambridge Private Equity and Venture Capital Indices by Vintage Year / 16% Barclay's US Agg / 9% FTSE EPRA NAREIT Global Index / 3% BofA ML US 3 Month T-Bill Index*

All returns are net of fees - Past performance is no guarantee of future investment results.

Commentary

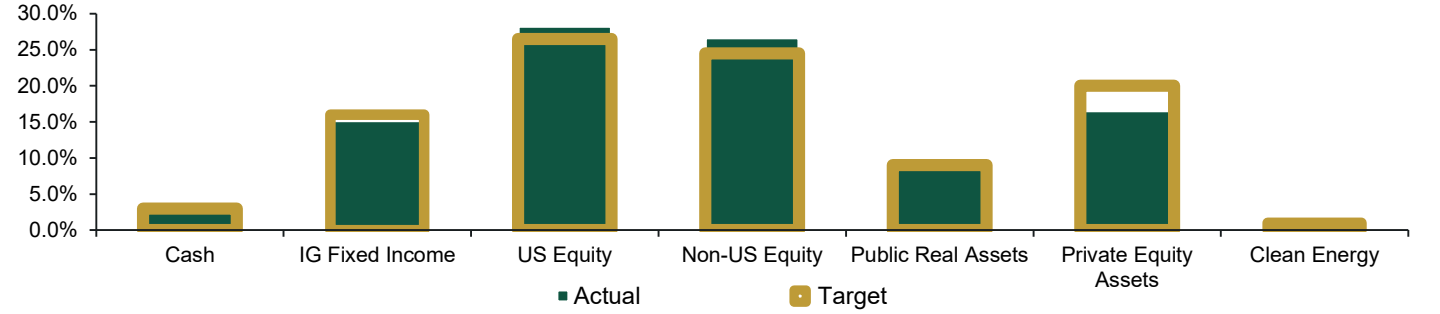
Current Quarter

- For the quarter, the program returned +11.8% vs. the PCF Historical benchmark of +11.6% as public equities had a very strong finish to the year, returning 16.8% for the quarter. Strong manager selection has been a key determinant in relative outperformance over the policy benchmark.
- Clean Energy continued to soar, up +53.0% during this quarter and +141.8% in the trailing year.
- Real Assets were up +11.2% in Q4, bringing YTD performance into positive territory at +2.0%.
- Fixed Income program was up +1.4% in Q4 and +8.4% for the year, performing its function as a protector of capital.
- Lagged Private Equity valuations contributed greatly to returns as Q2 and Q3 2020 marks increased asset values. The liquid portion of the portfolio (81.9%) was up +12.5% in Q4 vs. +11.7% for the liquid benchmark.

Tactical Themes

- Allocations have reverted backed towards long-term targets, heading towards reducing overall program risk as uncertainty around the pandemic remains high and markets continue to appreciate.
- Current positioning will focus on supporting target allocations with positioning shifting slightly towards non-U.S. Markets as well as select real assets to manage risk and capture returns.
- Core fixed income and cash continue to move higher, but allocations have drifted lower as equity markets have rallied. Forward looking focus remains on risk management and continuing to maintain these allocations overtime.
- New Private Equity commitments have taken a pause as we evaluate forward looking markets and focus on managing liquidity during this time.

Actual vs. Target Allocation



Asset allocation does not guarantee a profit or protection against a loss in declining markets

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