

# Investment Performance

AS OF MARCH 31, 2018

## MESSAGE FROM THE INVESTMENT COMMITTEE CHAIR

### Dear BCF Fundholders,



During the first quarter of this year, we saw volatility reappear in both stock and bond markets. On several occasions there were stock market swings of 500 points in a single session. Market dips are painful but inevitable, and when they happen, the media overreacts, which can fuel our fears. And while you might hear, “this is a period of unprecedented uncertainty,” in fact, uncertainty in the market is the rule, not the exception. We have lived through the Great Depression, several wars, Black Monday, the S&L crisis, and the tech boom and bust, yet stocks have continued to be the best performing asset class over time in investors’ portfolios. Although some funds invested in the BCF Pool will show losses this quarter, we remain committed to our long term growth strategy, knowing that with a strict rebalancing discipline, we can actually benefit from downturns.

I invite you to join us at our annual Investment Briefing, which will be held on May 23 at 7:30 am at the Sheraton in Towson. We will highlight the recent launch of our local impact investment portfolio, which focuses on the needs of Baltimore. This program received the BCF Board’s approval to begin investing up to \$4 million, partnering with local intermediaries to lend money in areas that support the BCF mission: affordable housing, healthy neighborhoods, and small businesses to name a few. Our intent is to offer additional opportunities for fundholders to participate in local impact investing, allowing you to “do good” for Baltimore while also achieving a financial return for your charitable fund.

I look forward to providing you with more information about our BCF investment pool and our new local impact investing program at our May briefing.

Warm regards,

**Patricia P. Baum**  
Chair, Investment Committee

## BCF INVESTMENT COMMITTEE

**PATRICIA P. BAUM, Chair**  
RBC Wealth Management,  
Baum Jackson Investment Group

**GEORGE L. BUNTING, JR.**  
Blue Jar Private Trust Company

**CHERYL A. MICKEL, CFA**  
T. Rowe Price

**CHARLES A. MORRIS**  
Greenhouse Funds

**K. BRIGID PETERSON**  
Brown Advisory

**MATTHEW W. WYSKIEL**  
Skill Capital Management

INVESTMENT CONSULTANT  
**CAMBRIDGE ASSOCIATES, LLC**

INVESTMENT CUSTODIAN  
**WILMINGTON TRUST**

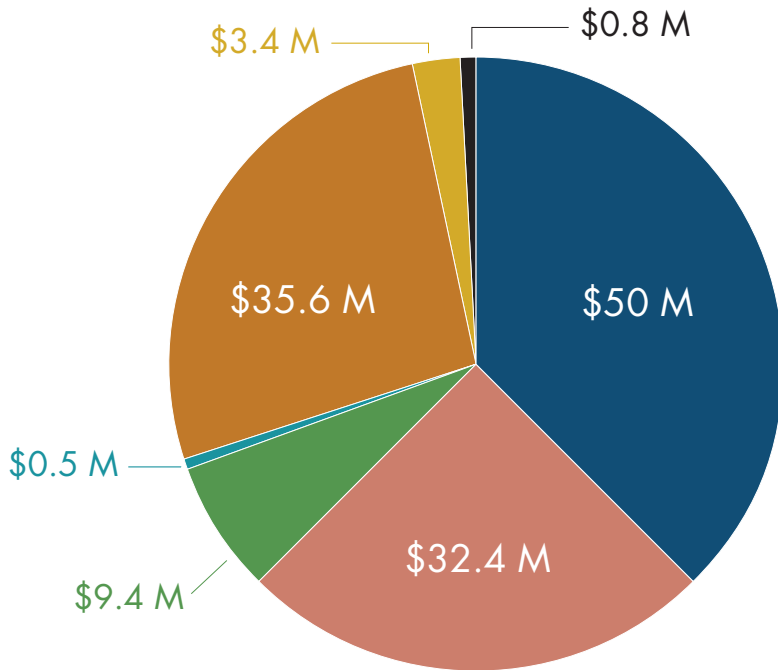
A copy of the Investment Policy Statement is available at [www.bcf.org/InvestmentPolicy](http://www.bcf.org/InvestmentPolicy)

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION <sup>2</sup>
<b>BCF POOL</b>	10.4%	5.3%	5.4%	4.2%
<b>Benchmark<sup>1</sup></b>	10.7%	5.0%	5.4%	4.5%

1. The BCF Benchmark is currently comprised of 38% Russell 3000 Index, 25% FTSE Developed All Cap ex US Index, 7% FTSE Emerging Markets All Cap China A Inclusion Index, 27% Barclays U.S. Aggregate Float Adjusted Index, and 3% T-Bills. Historical composition of the benchmark over time is available upon request.

2. Since inception means from August 2005 when the BCF pool was established.

# BCF Pool



## ASSET CLASS DESCRIPTIONS

- **EQUITY**—frequently referred to as “common stock”—may differ by geographic orientation: U.S./non-U.S./emerging markets.
  - **U.S. EQUITY**
  - **NON-U.S. DEVELOPED EQUITY**
  - **EMERGING MARKETS**
- **FIXED INCOME:** may include bond market index funds and community impact lending.
- **CASH & EQUIVALENTS:** Investments in short-term, high-quality securities, with income largely dependent on the current interest rate environment.
- **OPPORTUNISTIC INVESTMENTS** may include strategies or asset classes which are not included in the BCF Pool’s normal strategic asset allocation.

ASSET CLASS	ACTUAL	TARGET	MANAGER(S) AS OF 3/31/2018	BENCHMARKS
U.S. EQUITY	37.7%	38%	Vanguard Total Stock Market Index Fund (VITSX)	Russell 3000 Index
NON-U.S. DEVELOPED EQUITY	24.9%	25%	Vanguard Developed Markets Index Fund (VTMNX)	FTSE Developed All Cap ex US Index
EMERGING MARKETS	7.1%	7%	Vanguard Emerging Markets Stock Index Fund (VEMIX)	FTSE Emerging Markets All Cap China A Inclusion Index
HEDGE FUNDS (in transition)	0.4%	0%	Redeeming Funds	HFRI Fund of Funds Composite Index
FIXED INCOME	26.2%	23%	Vanguard Intermediate-Term Bond Index Fund (VBIMX)	Bloomberg Barclays U.S. Aggregate Float Adjusted Index
			Vanguard Total Bond Market Index Fund (VTBIX)	
	0.6%	4%	Local Impact Investments	
CASH AND EQUIVALENTS	2.5%	3%	Vanguard Treasury Money Market Fund (VUSXX)	Citigroup 3 Month Treasury Bill Index
OPPORTUNISTIC (in transition)	0.6%	0%	Siguler Guff Distressed Opportunities Fund III	

## INVESTMENT POOL

All endowed funds are invested in the BCF Pool, which is managed with a long-term horizon and aims to produce a relatively stable spendable amount available for grantmaking from year to year. Non-endowed funds are invested in the Vanguard Treasury Money-Market Fund, with a 1-Year return of 0.99% on the Vanguard Treasury Money Market. Non-endowed fundholders with a longer time-horizon for grantmaking may recommend investment in the BCF Pool.

The Investment Committee will regularly review and adjust asset allocation for each pool.

### Local Impact Investments include:

- Enterprise Community Loan Fund,
- Fixed Income Note: .....\$500,000
- Cash and Cash Equivalents: .....\$250,000

■ Performance is for informational purposes only. Past performance is no guarantee of future performance.

