

ASSETS FOR GOOD

Annual Financial Report to Stakeholders





CICF Joint Investment Board

Community leaders and financial experts who ensure investment strategy

- David Becker, Chair
- David Knall
- Marni McKinney
- Jerry Semler
- John Quinn
- James Roederer
- Charles Sutphin
- Gene Tanner
- Jean Wojtowicz

CICF Investment Staff

- Jennifer Bartenbach, CFO
- Brenda Delaney, Controller
- Cathy Davis
- Tom Mastny
- Lynn Weatherly



Cambridge Associates

Manage 40% of all U.S. foundation assets and 70% of all U.S. higher education endowment assets;

CICF's consultant since June 2009

- Natalie Eckford
- Jon Hansen
- Jake Blanton
- Katie Landry

AGENDA

RESULTS

STRATEGY

FUTURE

Macro Views

Endowment Model

CICF UPDATE

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CICF UPDATE

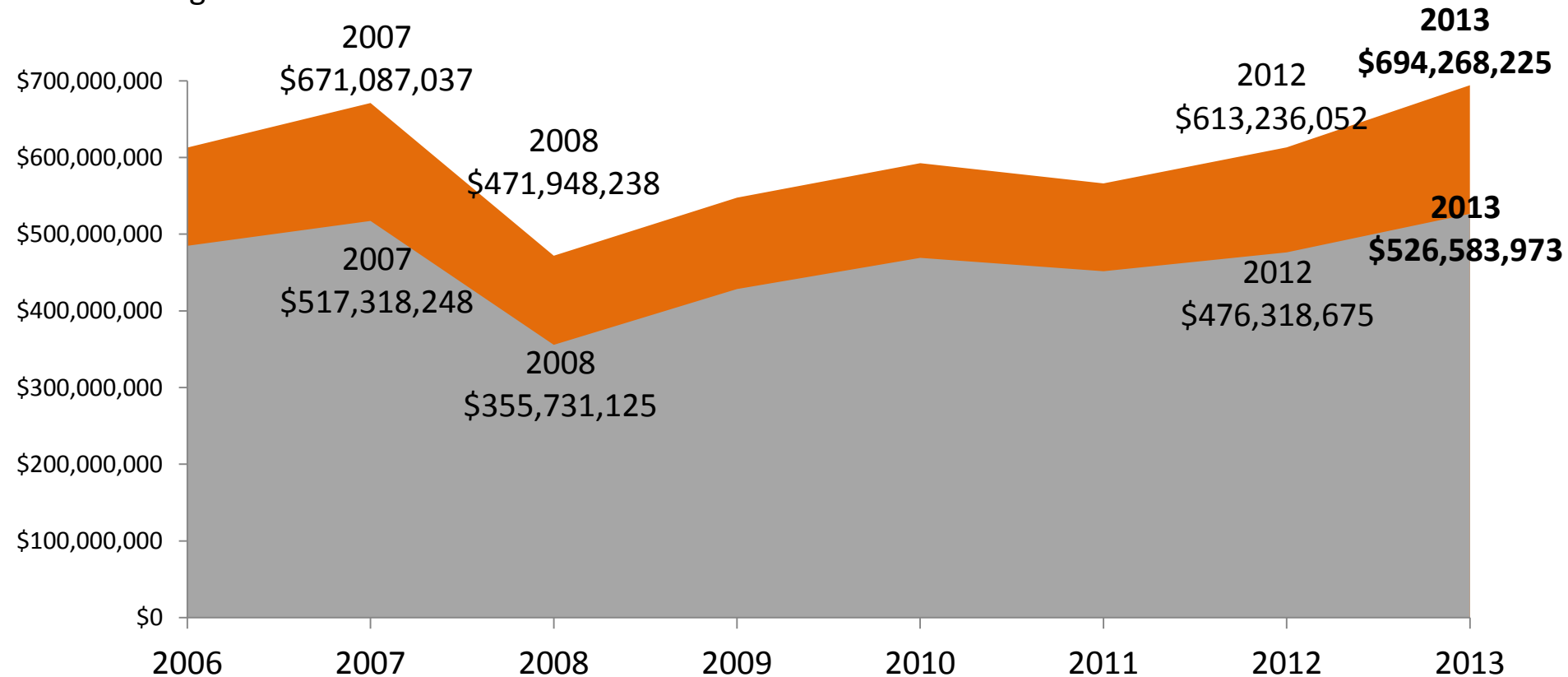
\$694 million in assets

Most assets ever managed in CICF's history.

CICF is in the top 25 community foundations in the country by asset size.

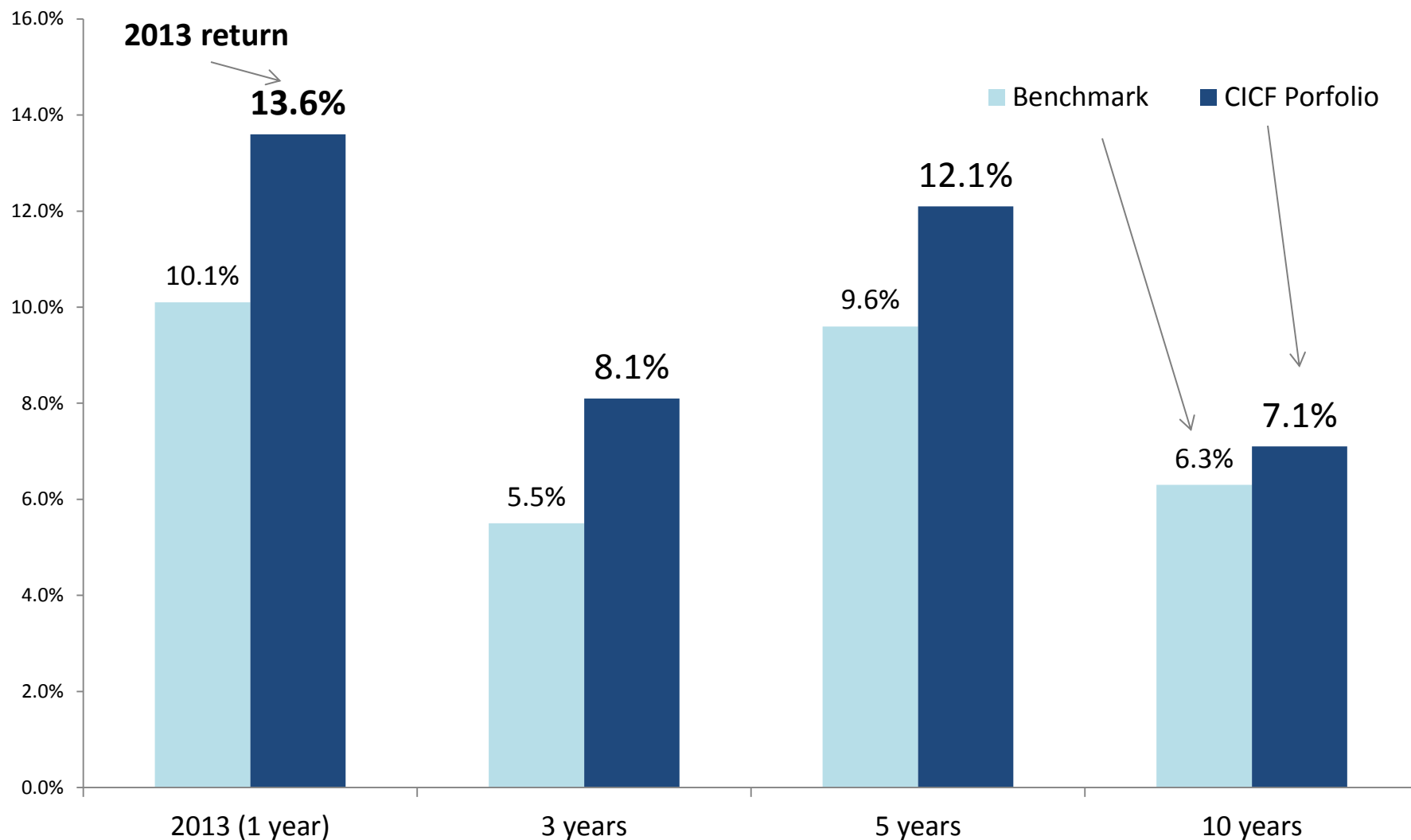
■ Total Assets

■ Managed Pool Assets



RESULTS

through December 31, 2013



AGENDA

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STRATEGY

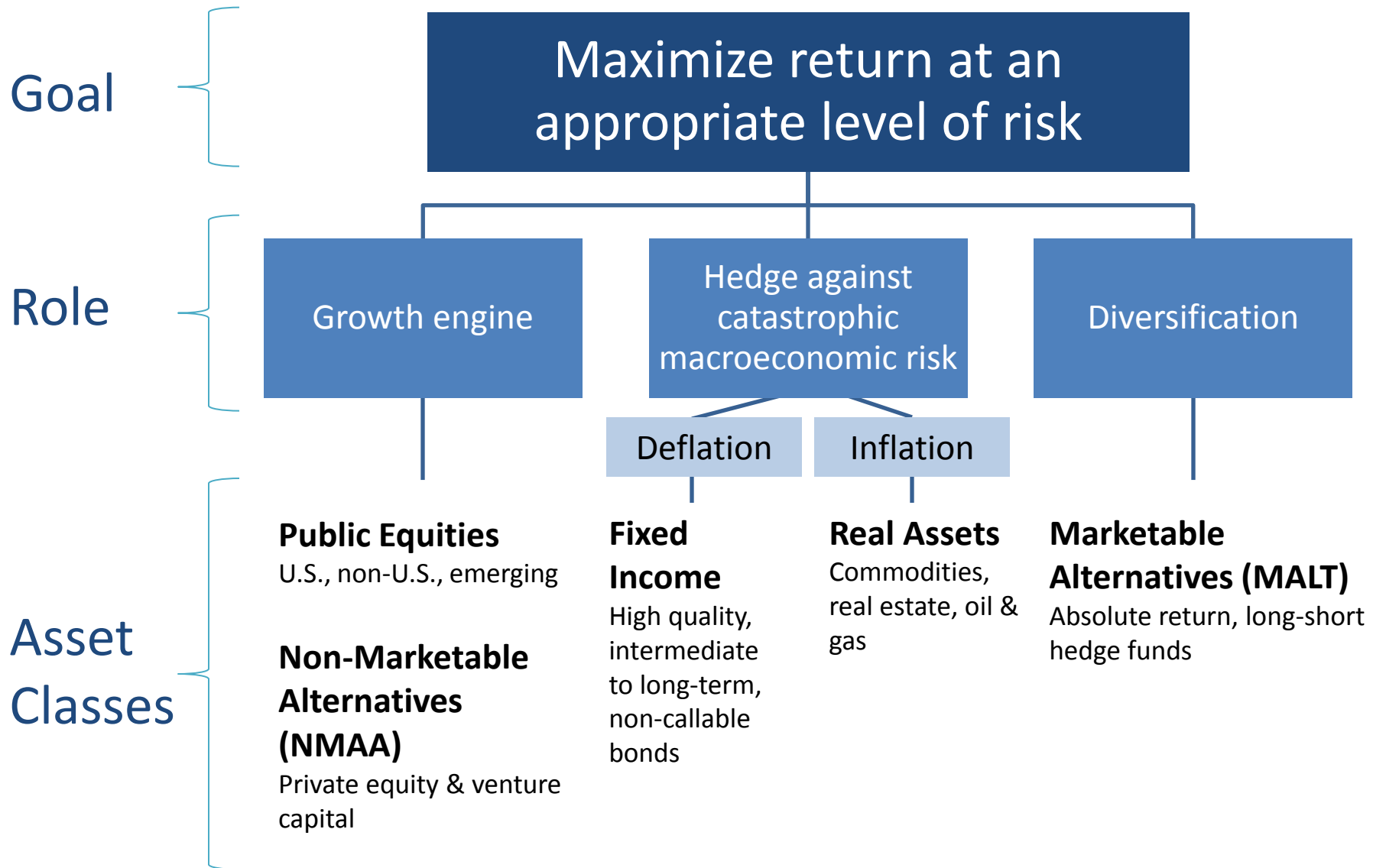
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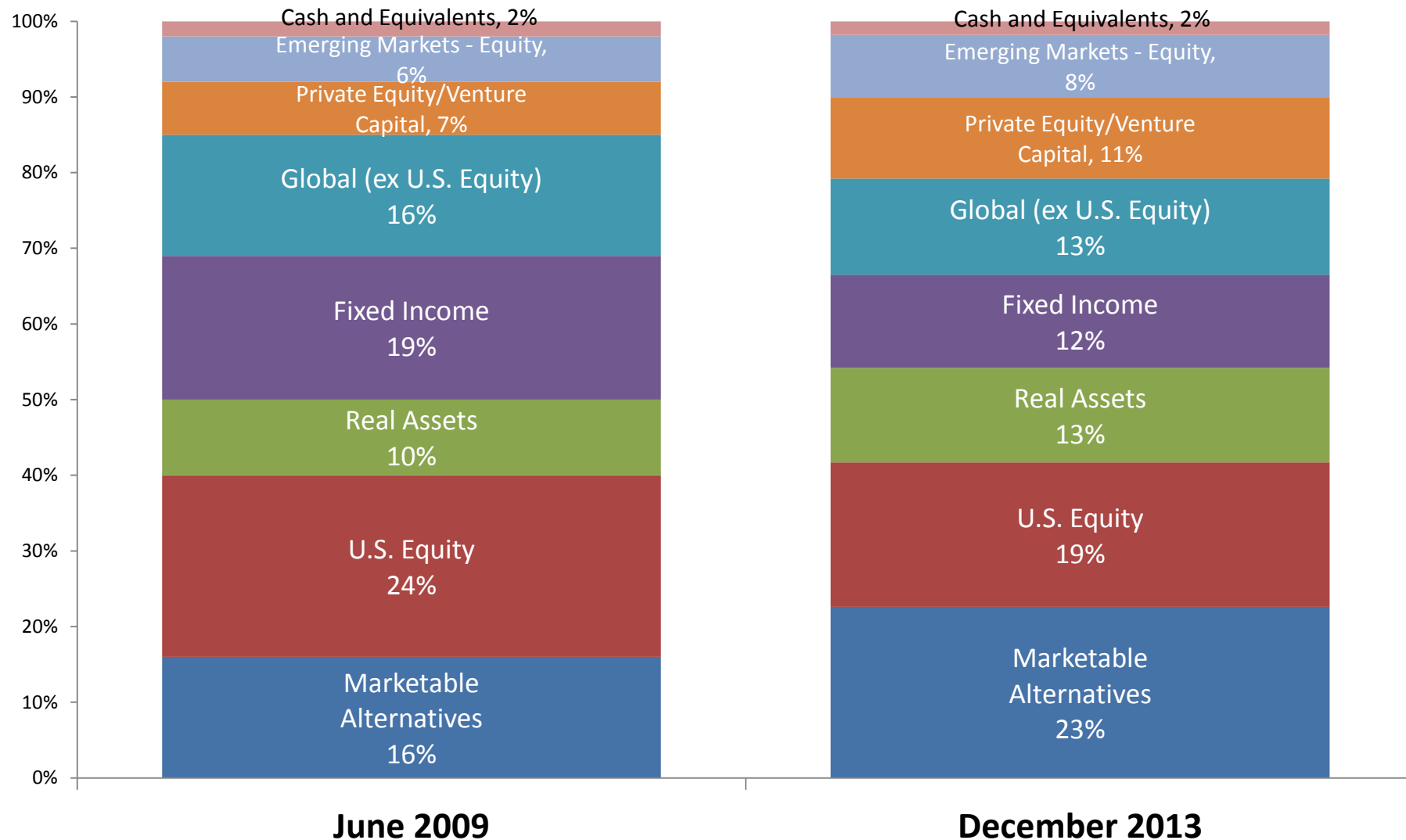
STRATEGY



ASSET ALLOCATION

Current allocation does a better job of managing against volatility

Pre-Cambridge Associates



ASSET PERFORMANCE

Performance by Asset Category

Category	2013 (1 year)	3 years	5 years	10 years
Marketable Alternatives	18.3%	8.8%	11.9%	7.1%
Equity – U.S.	32.4%	16.1%	19.6%	8.9%
Equity – Developed Markets (ex. U.S.)	21.9%	9.6%	15.5%	8.8%
Real Assets	-10.1%	-10.6%	6.1%	---
Fixed Income	-6.6%	3.7%	7.0%	3.8%
Private Equity/Venture Capital	12.6%	9.7%	10.9%	12.1%
Equity – Emerging Markets	0.6%	4.9%	---	---
Cash and Equivalents	0.1%	0.1%	0.1%	1.7%
TOTAL ASSETS	13.6%	8.1%	12.1%	7.1%

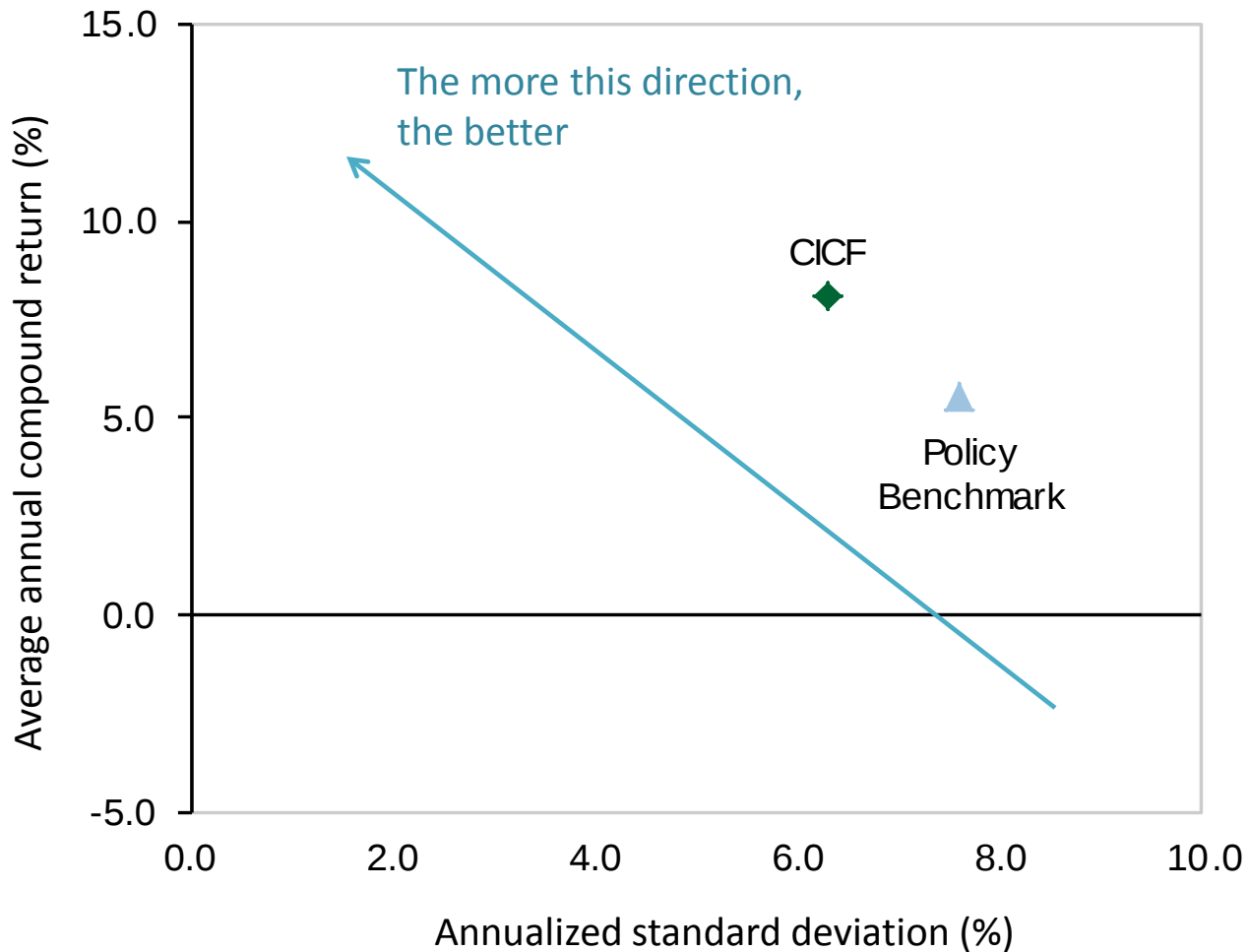
RESULTS

Risk/Return Analysis (3 years)

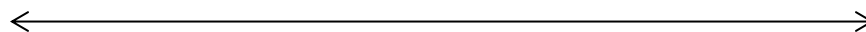
Better
return



Worse
return



Less risk



More risk

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Summary of Macro Views

1. Market rally has outpaced fundamentals, creating risks
 - Earnings growth in Europe, United States has not matched stock performance
 - Japanese earnings have soared, but from a low base

Summary of Macro Views

2. Macro picture is improving, but vulnerable

- U.S. recovery is muddling along but downside risk from political dysfunction, Federal Reserve tapering
- Europe has exited recession but growth is fragile and debt burdens have not been addressed
- Japanese policymakers using aggressive fiscal and monetary policy, but structural problems persist and high domestic savings may create resistance to inflation
- China's economic growth rate has downshifted, while hefty debt loads remain
- Higher rates and capital outflows are putting pressure on emerging markets bonds and currencies

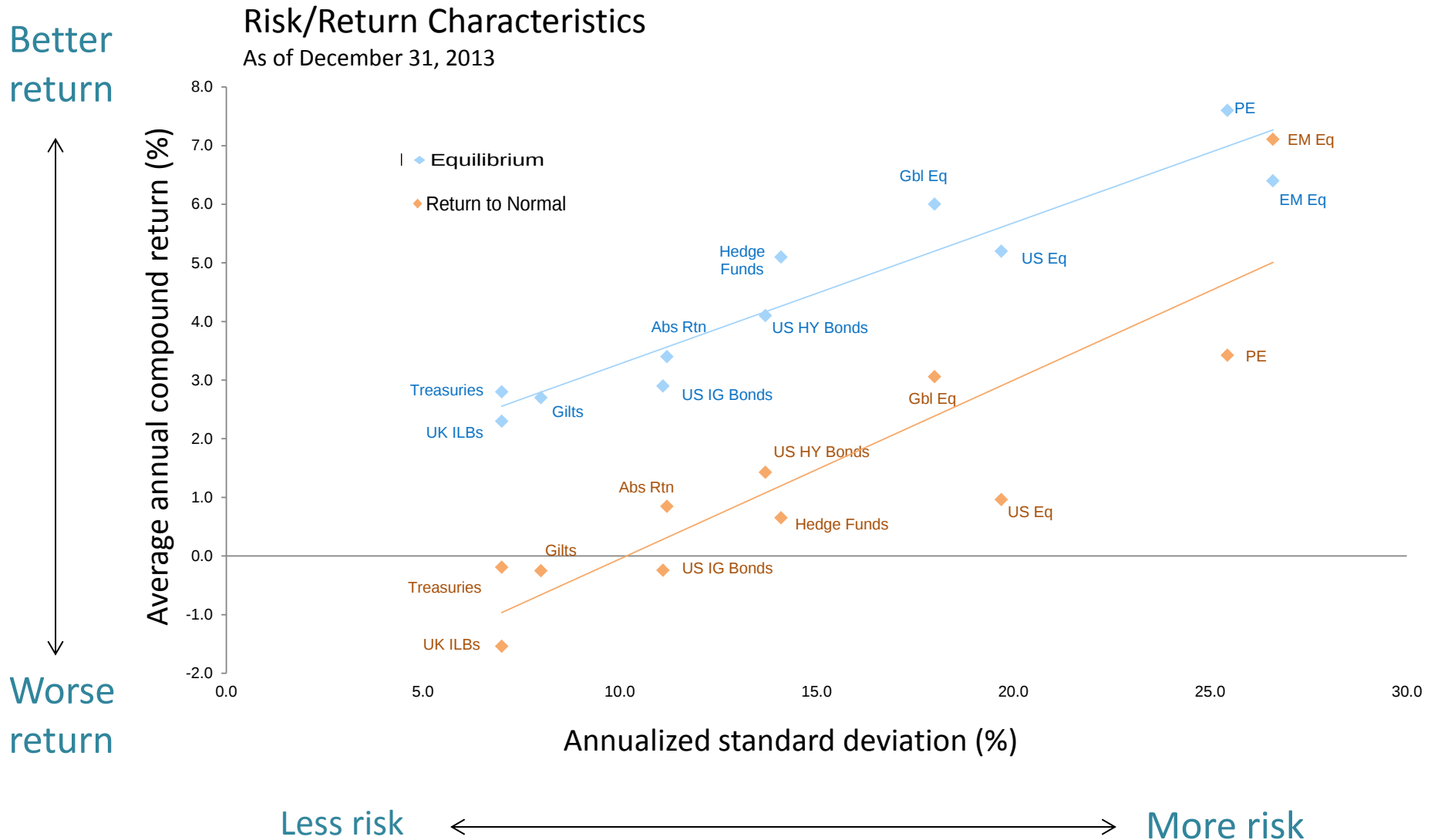
Summary of Macro Views

3. Still, don't overstate risks

- Fed may reduce purchases but rates will remain low for extended period
- Central banks in Europe and Japan may ease further, especially if growth disappoints
- Emerging markets have fewer policy options but (mainly) better fundamentals like low external debt and high FX reserves; an external debt crisis is not in the making
- Some of emerging markets slowdown may be cyclical and stocks are among cheapest globally

FUTURE

Lowered return expectations across risk spectrum



FUTURE

Cambridge Associates Valuations Chart

Very Overvalued	Overvalued	Fairly Valued	Undervalued
▪ U.S. Small-Cap Equities	▪ U.S. Equities ▪ U.S. Bonds ▪ Private Equities ▪ Commodities	▪ Global ex-US Developed Equities ▪ Natural Resource Equities ▪ Venture Capital	▪ Emerging Markets Equities

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ENDOWMENT MODEL

What is the endowment model?

“Endowment model” has at least three main aspects:

1. Governance

- Policies & procedures which align goals of endowment and institution

2. Investment policy

- Asset allocation, spending rate, risk tolerance, etc. to help achieve these goals

3. Process to ensure proper execution

- Detail responsibilities of interested parties, reporting, etc.

ENDOWMENT MODEL

Goals of asset allocation

Goal of asset allocation should be to provide attractive, risk-adjusted returns via:

- Diversification
- Value Investing
- Complex & Less Liquid Assets
- Equity Bias

Advantages of Endowment Model, when executed properly:

- Buy cheap assets
- Harvest market inefficiencies given long-term nature of pool
- Time arbitrage, illiquidity premium
- Managerial expertise of fund managers can add value to strategies like private equity
- Protect against risks like inflation, deflation, market sell-offs, etc.

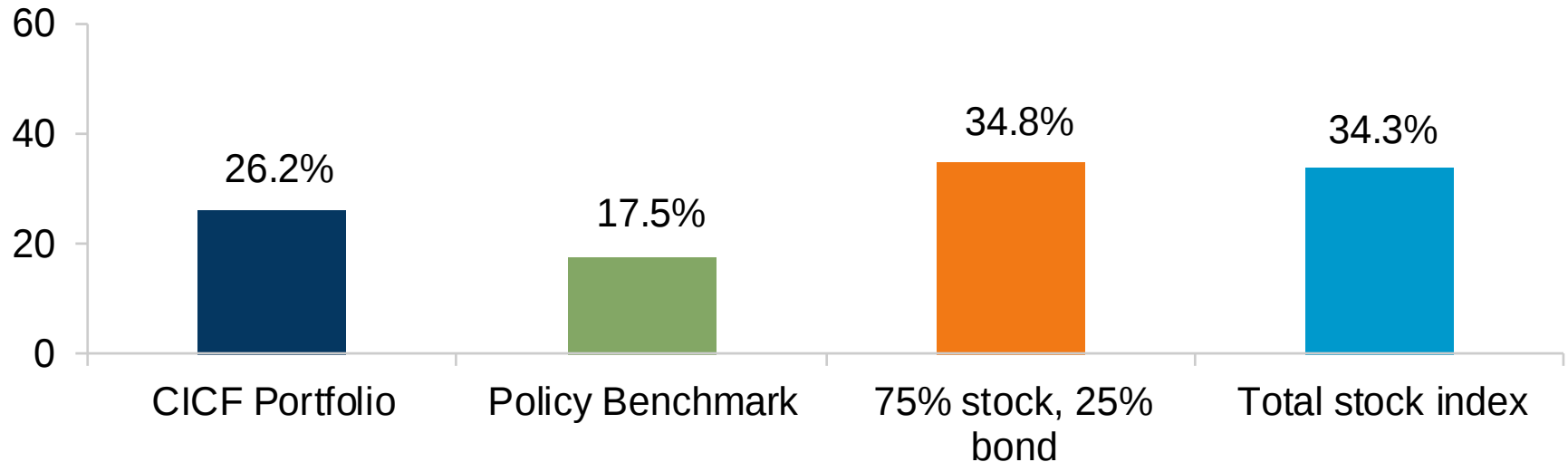
Why is my personal
portfolio's performance
better than the CICF
portfolio performance?

ENDOWMENT MODEL

Performance

In recent years, endowments have underperformed compared to simple benchmarks.

January 2011 – December 2013 Cumulative Performance



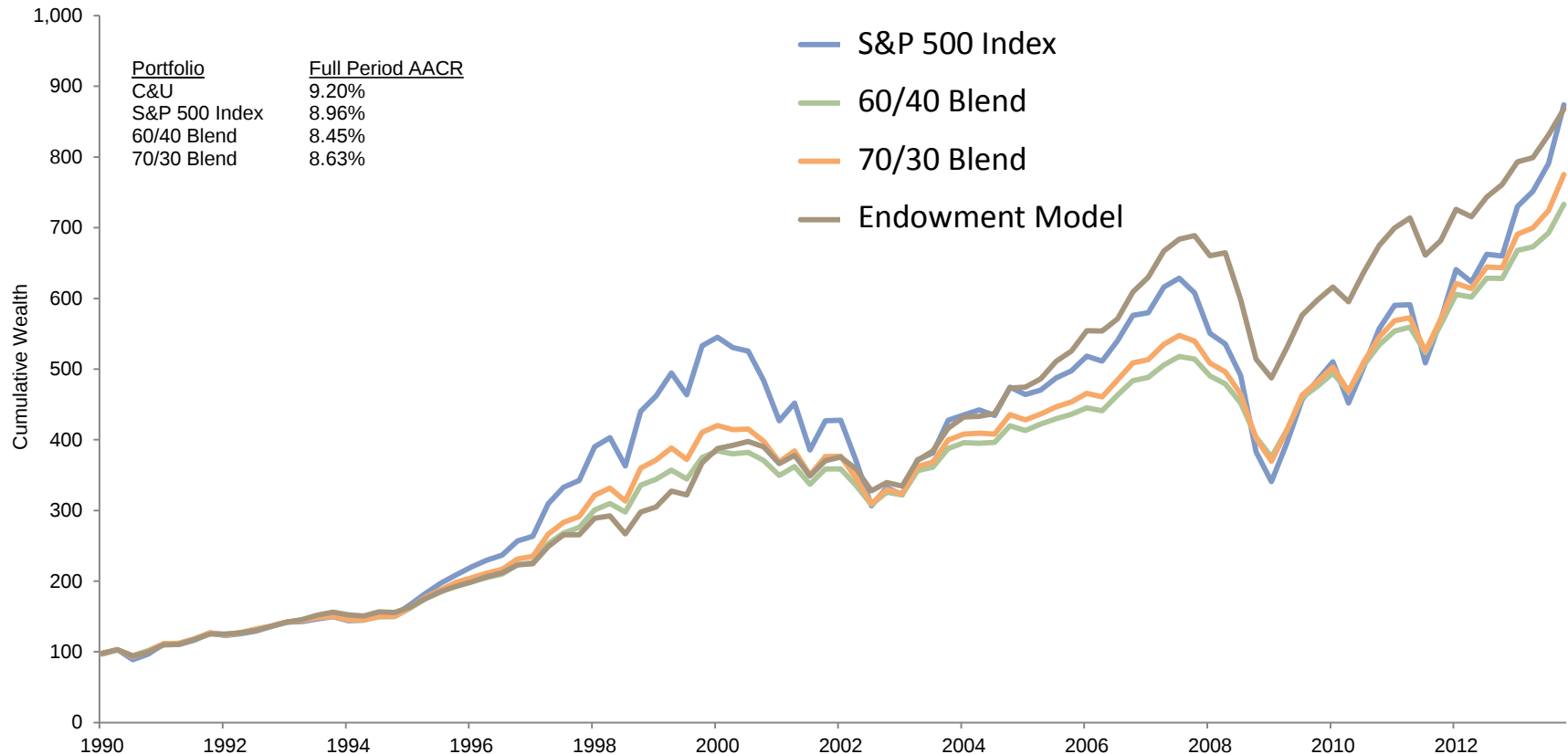
ENDOWMENT MODEL

Performance

But the longer-term track record for an endowment model is sound.

Cumulative Wealth of Various Portfolios

First Quarter 1990 – Fourth Quarter 2013 • U.S. Dollars • December 31, 1989 = \$100.00



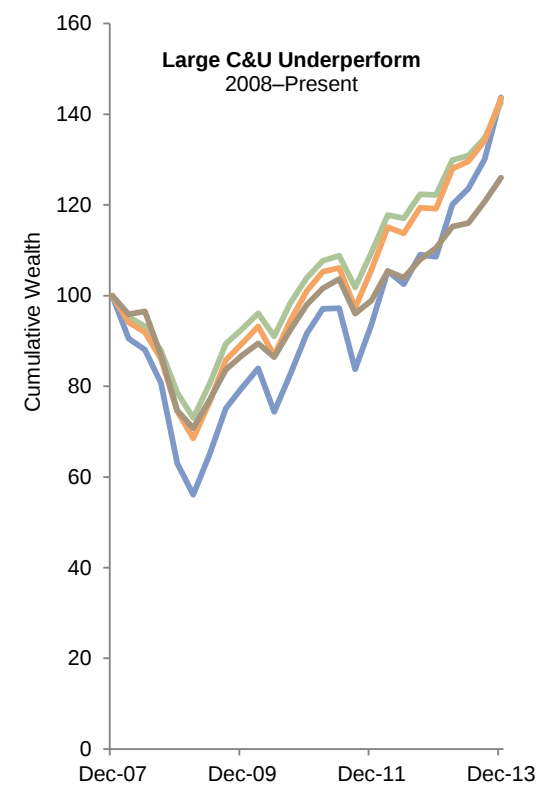
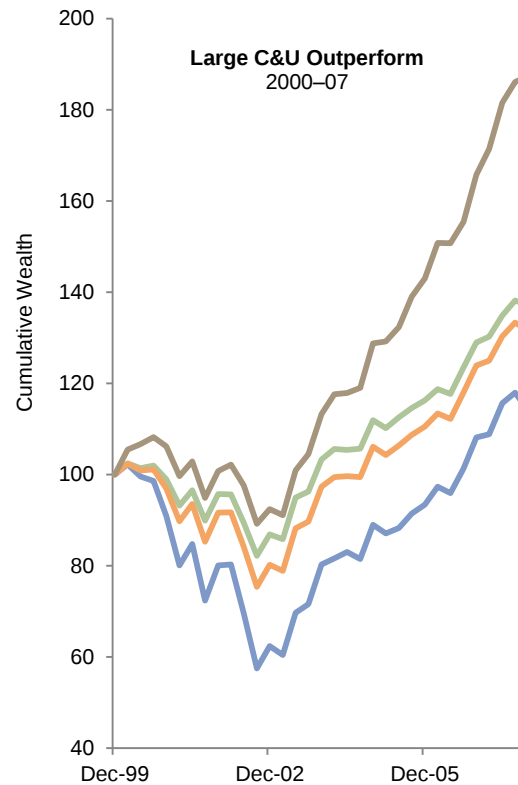
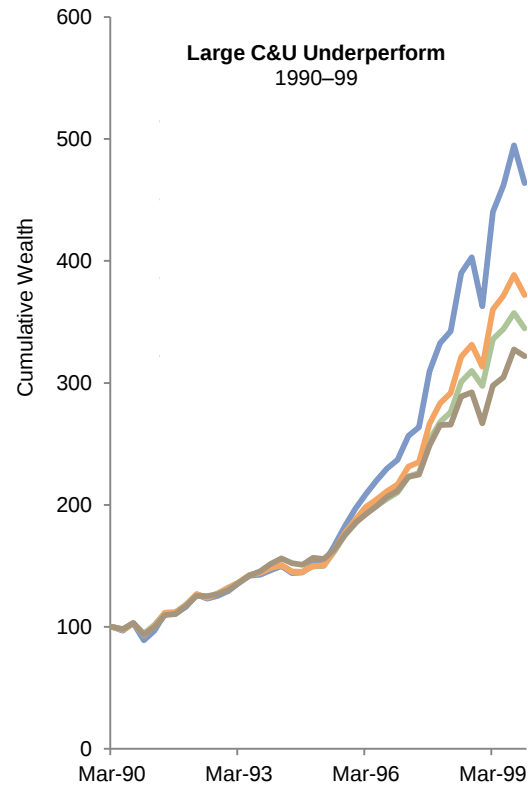
ENDOWMENT MODEL

Performance

Portfolio performance tends to be cyclical.

Cumulative Wealth of Various Portfolios

First Quarter 1990 – Fourth Quarter 2013 • U.S. Dollars • December 31, 1989 = \$100.00



- S&P 500 Index
- 60/40 Blend
- 70/30 Blend
- Endowment Model

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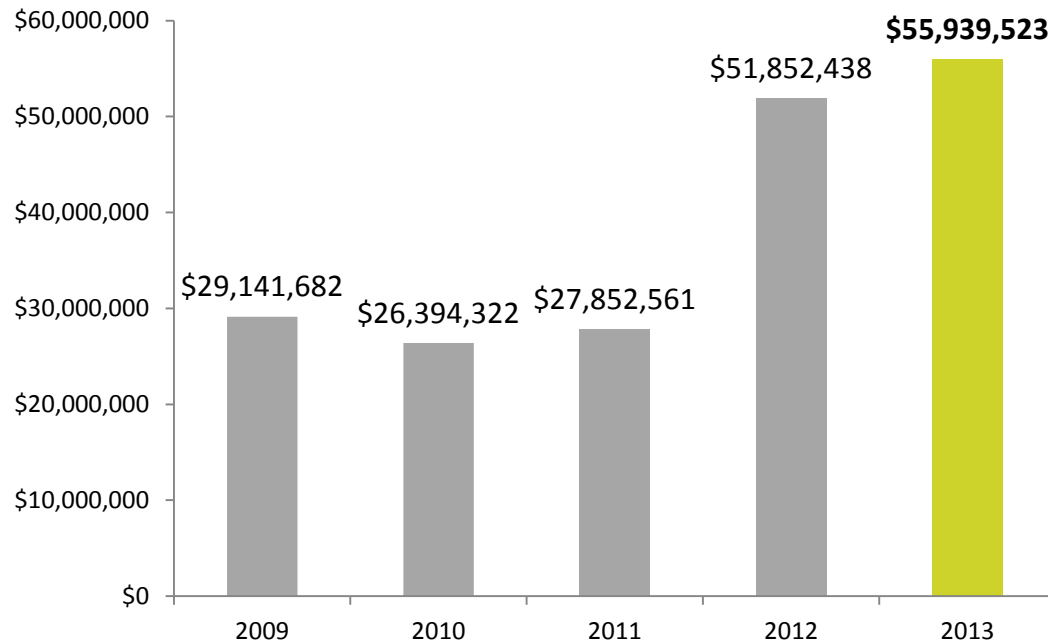
Endowment Model

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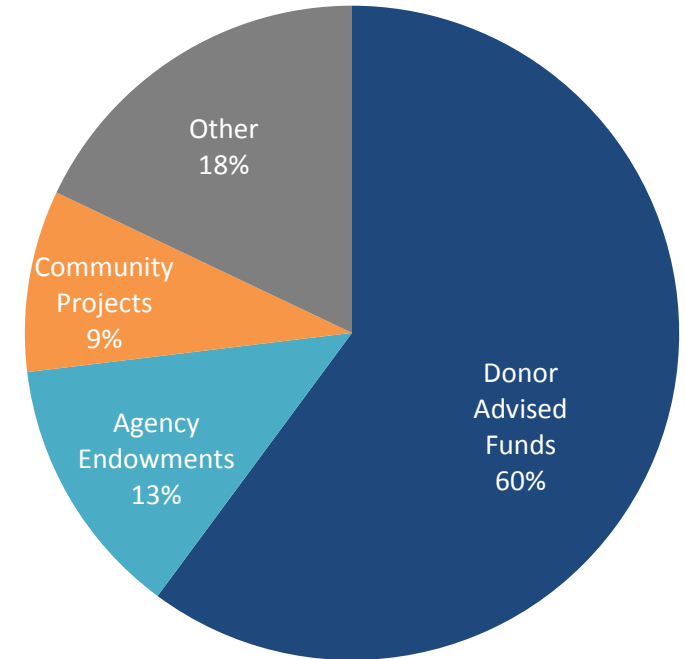
\$56 million in contributions

In 2013, CICF raised \$56 million in new contributions. In addition, CICF exceeded its three-year strategic goal of raising \$120 million in 2011 – 2013.

Contributions by year



2013 Contributions by type

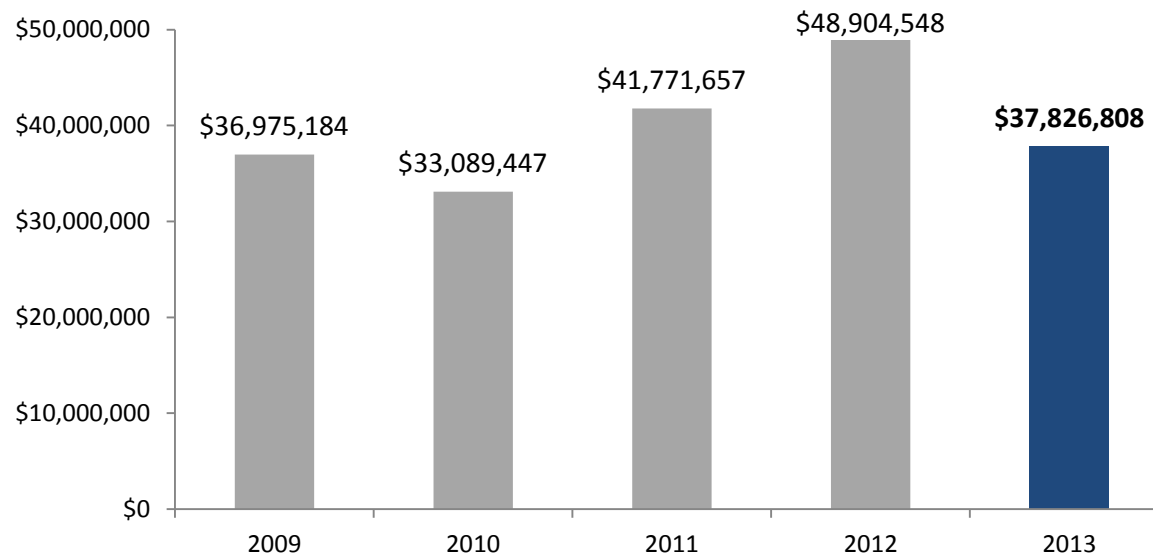


\$38 million in grants

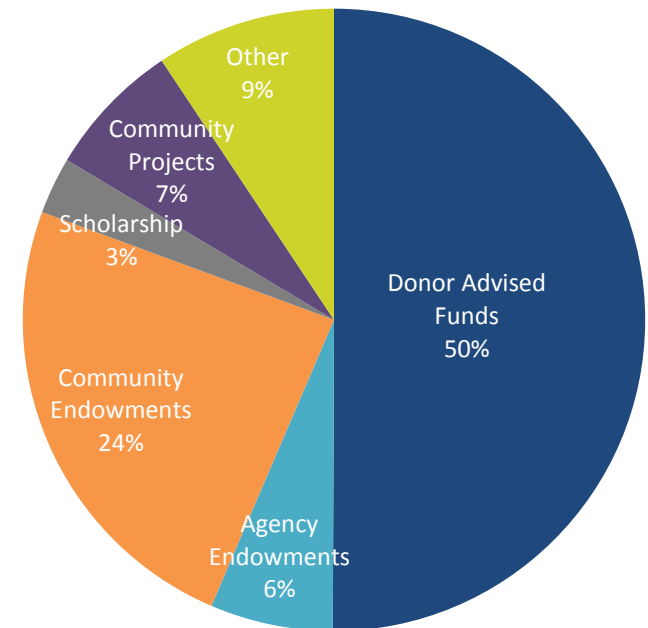
In 2013, funds at CICF awarded \$38 million in grants to 1,100+ different not-for-profit organizations in central Indiana and beyond.

Grants ranged from \$250 to \$2.38 million with an average grant award of \$31,000.

Grants by year



2013 Grants by fund type



Community Leadership Achievements



- Indianapolis Cultural Trail : A Legacy of Gene & Marilyn Glick
- Reconnecting to Our Waterways (ROW)
- Centers for Working Families
- The Benefits Cliff
- College Readiness & Success data
- Youth Assistance Program (YAP)