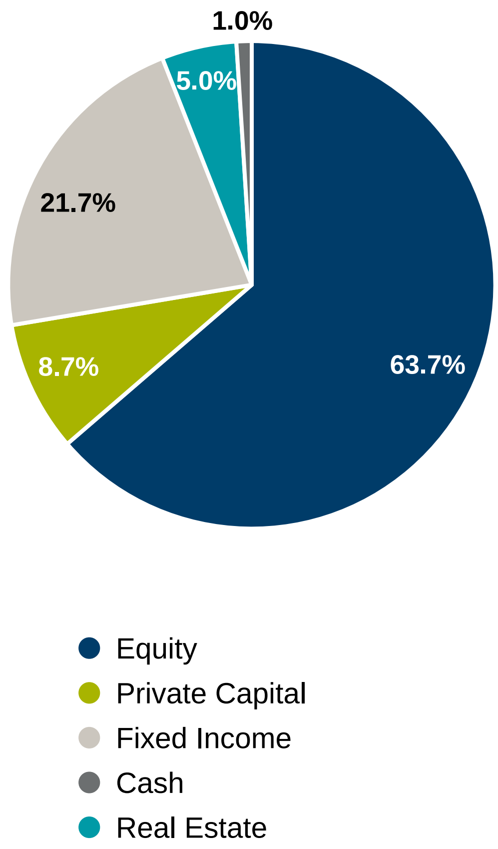
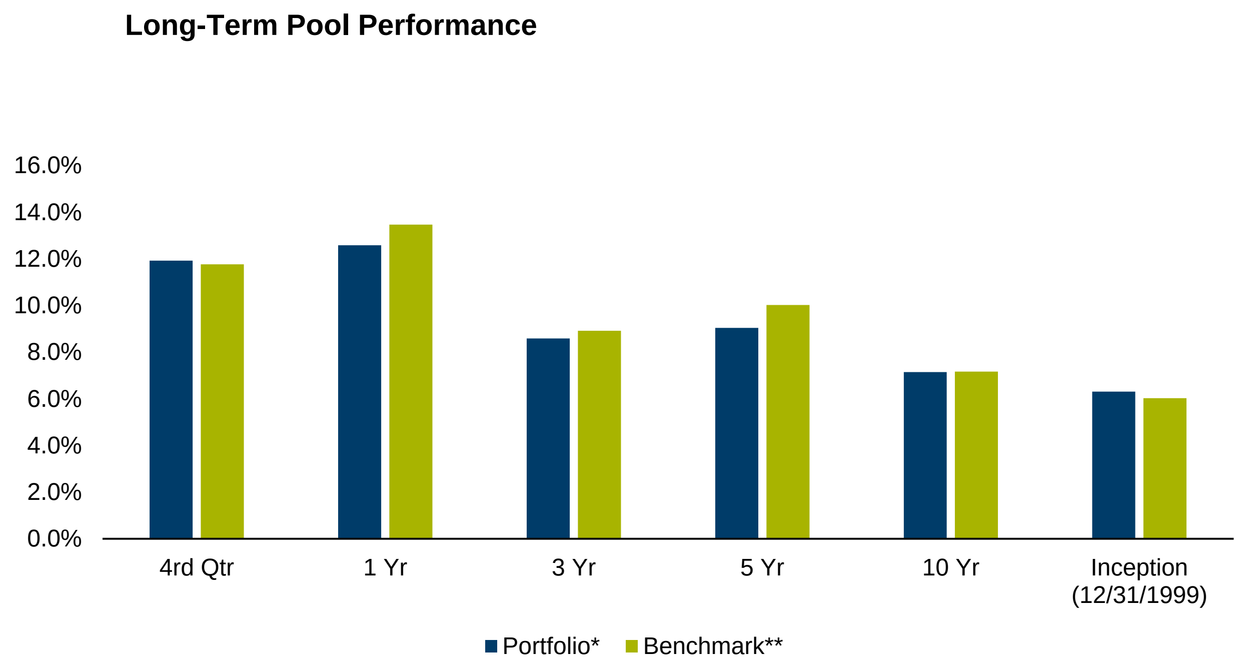
Greater Tacoma Community Foundation – Long-Term Pool Portfolio

Portfolio composition





	4th Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
Portfolio*	11.9%	12.6%	8.6%	9.0%	7.2%	6.3%
Benchmark**	11.8%	13.5%	8.9%	10.0%	7.2%	6.0%

Local impact investments may represent up to 3% of the portfolio, spread across real estate, fixed income, and equity.

Data as-of December 31, 2020. Source: Vanguard
*Returns are net of investment management fee
**Time weighted benchmark. Benchmark history available upon request.

4th Quarter Overview

Global equities, after a rough start, turn in a strong year

Global equity markets continued their momentum from the third quarter as domestic[1] and international[2] stocks posted positive gains of 14.7% and 17.3%, respectively. Large-scale monetary and fiscal stimulus measures, as well as expectations for a near-term vaccine breakthrough continued to serve as tailwinds for equity returns during the quarter. The US equity market ended the final days of 2020 on a high note as investors' optimism rose on hopes of a global recovery, positive outlooks on the Covid-19 vaccines and some settling in the angst surrounding the November election. The S&P 500 (+16%) and the Russell 2000 (+18%) all had positive years in 2020 despite the slumps surrounding the Coronavirus earlier in the year. Tech stocks had a very strong 2020, pushing the Nasdaq Composite to its best year since 2009. Tesla Inc. (+743%), Zoom Video Communications (+396%), Apple (+81%) and Amazon (+76%) were some of the best performing tech stocks of 2020. For the trailing three months ending December 31st, large-cap stocks[3] returned 12.8% while mid[4] and small-cap stocks[5] returned 18.0% and 27.1%, respectively. Large-caps[3] held on to out-perform mid[4] and small-cap[5] equities by posting gains of 21.1% over the trailing one year period, compared to 18.2% and 19.1% respectively for mid[4] and small cap[5]. Meanwhile, growth stocks[6] continued to outperform value[7] , recording gains of 38.3% compared to 2.9% for value[7] over the one year period. However value[7] did out-perform during the 4th quarter, 17.1% compared to 12.4% for growth[6]. The broad market rebound also continued in international equities, where emerging markets[8] returned 17.6% and developed markets[9] returned 17.1% for the quarter. For the year, emerging markets[8] returned 15.2% compared to 10% for developed markets9 during the same period. A faster recovery from the coronavirus pandemic in China and other emerging Pacific economies continued to help emerging market stocks continue their outperformance over the one year period compared to developed markets.

Fixed income proves to be resilient during a year of much volatility

Central banks around the world including the Fed in the U.S., did their best to stave off the effects of the Global Pandemic created by the Covid-19 virus. Monetary policy moves like cutting interest rates and reinstating large-scale quantitative easing, coupled with economic stimulus packages around the globe, helped the economy recover from initial losses sustained in the 1st quarter of 2020. The Federal Reserve has indicated the intention to keep the federal funds rate at or near zero into the year 2023. U.S. bonds[10] recorded positive gains for the fourth quarter as the broad fixed income market returned 0.7%. U.S. bonds had a good year overall with gains of 7.7%. Markets continued their risk-on approach as evidenced by positive gains in high yield bonds[11] during the quarter (+6.5%) and further tightening of credit spreads, with investment-grade corporate bonds[12] returning 2.8% during the quarter. Over the one-year period ending December 31st, high yield and credit bonds have posted positive returns of 7.1% and 9.4%, respectively. The yield curve continues to be upward sloping with a spread of 0.80% between the two and ten-year Treasury securities, compared to 0.56% at the end of the third quarter. Within international fixed income, a continued weakening of the U.S. dollar bolstered performance of unhedged international bonds[13] over their hedged[14] counterparts, returning 5.8% for the quarter versus 1.1% for hedged. Their outperformance continued over the one-year period as unhedged and hedged international fixed income managed to return 10.1% and 4.7%, respectively.

Final Thoughts

All eyes continued to be on the coronavirus as calendars turned to 2021. The typical holiday celebrations and the holiday shopping season, which normally boosts retail activity in the fourth quarter, was deeply impacted by protocols designed to slow the progression of the virus. That second wave of protocols extended in many countries around the world, from the U.S. to Europe and to Asia. The world watches now as news of a mutant variant of the virus has emerged, which may be more contagious than the prior iteration. Given all of that, we believe that the path to a healthier overall economy will be driven by healthy people. We believe a combination of effective vaccine distribution and closing the immunity gap will increase participation in the markets and reduce unemployment, which will increase output. The pace at which immunity grows and how quickly global economies return to their pre-COVID levels will be something to keep an eye on throughout 2021.

Index Returns

1) CRSP US Total Market Index, 2) FTSE Global All-Cap ex US Index, 3) CRSP US Large-Cap Index, 4) CRSP US Mid-Cap Index, 5) CRSP US Small-Cap Index, 6) Russell 3000 Growth Index, 7) Russell 3000 Value Index, 8) FTSE Emerging Index, 9) FTSE Developed All-Cap ex-US Index, 10) BloombergBarclays US Agg Float Adj Index, 11) BloombergBarclays US Corporate High Yield Index, 12) Bloomberg Barclays US Credit Index, 13) BloombergBarclays Global Agg Index ex-USD, 14) BloombergBarclays Global Agg ex-USD Float Adjusted RIC Hedged

Sources: Vanguard, U.S. Treasury, Trading Economics, Bloomberg, Wall Street Journal, Morningstar, FactSet, Bureau of Economic Analysis.

Benchmark History

Endowment History

From inception through 7/31/2013, the benchmark is represented by 32% S&P 500 Index, 3% Russell Midcap Index, 3% Russell 2000 Index, 11% MSCI EAFE Index, 2% MSCI Small Cap EAFE Index, 8% MSCI Emerging Markets Index, 22% Barclays U.S. Aggregate Bond Index,3% Barclays U.S. TIPS Index, 6% DJ/CS HFI Long/Short Equity, 3% DB Liquid Commodity Index–OY Div., 7.00% U.S. T-Bill + 3%. **From 8/31/2013 to 12/31/2016**, the benchmark is represented by 10% S&P 500 Index, 5% Russell Midcap Index, 5% Russell 2000 Index, 10% MSCI EAFE Index, 2% MSCI Small Cap EAFE Index, 8% MSCI Emerging Markets Index, 18% Barclays U.S. Aggregate Bond Index, 2% Barclays U.S. TIPS Index, 5% DJ/CS HFI Long/Short Equity, 7.5% Bloomberg Commodity Index 7.50%, 20% U.S. T-Bill + 3%, 7.5%, FTSE EPRA/NAREIT Global Index. **From 10/1/2016 through 6/30/2018**, the benchmark is represented by 40% Spliced Total Stock Market Index, 26% Spliced Total International Stock Index, 10% Spliced Bloomberg Barclays US Agg Float Adj Ix, 4% Bloomberg Barclays GA ex-USD FlAj RIC CpIx Hgd, 10% REIT Spliced Index, 5% Citi 3 month Treasury Bill, 5% FTSE 3 month U.S.T-Bill Index + 4%. **From 7/1/2018 through 2/29/2020**, the benchmark is represented by 40% Spliced Total Stock Market Index, 26% Spliced Total International Stock Index, 14% Spliced Bloomberg Barclays US Agg Float Adj Ix, 4% Bloomberg Barclays GA ex-USD FlAj RIC CpIx Hgd, 4% Real Estate Spliced Index, 2% S&P Global ex-US Property Index, 10% FTSE 3 month Treasury Bill. **From 3/1/2020 through 8/31/2020,** the benchmark is represented by 40% Spliced Total Stock Market Index, 26% Spliced Total International Stock Index, 16.5% Spliced Bloomberg Barclays US Agg Float Adj Ix, 4% Bloomberg Barclays GA ex-USD FlAj RIC CpIx Hgd, 4% Real Estate Spliced Index, 2% S&P Global ex-US Property Index, 7.5% FTSE 3 month Treasury Bill. **Thereafter**, the benchmark is represented by 42% Spliced Total Stock Market Index / 28% Spliced Total International Stock Index / 19% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 5% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged / 2% S&P Global ex-US Property Index / 4% Real Estate Spliced Index.

Note: Inception date of MSCI Small Cap EAFE Index total return series is 1/31/2001, prior to that the price only series was used.

Annuity History

From inception through 12/31/2016, the benchmark is represented by 5% Russell 2500 Index, 26% Russell 1000 Index, 5% Russell 2000 Value Index, 23% MSCI EAFE Index, 35% Barclays U.S. Aggregate Bond Index, 6% FTSE NAREIT Equity Index. **From 10/31/2016 through 11/30/2018**, the benchmark is represented by 36% Spliced Total Stock Market Index, 23% Spliced Total International Stock Index, 25% Spliced BBgBarc US Agg Float Adj Ix, 6% Real Estate Spliced Index, 5% FTSE 3 month Treasury Bill, 5% FTSE 3 month U.S.T-Bill Index + 4%. **From 12/1/2018 through 2/29/2020**, the benchmark is represented by 36% Spliced Total Stock Market Index, 23% Spliced Total International Stock Index, 25% Spliced BBgBarc US Agg Float Adj Ix, 6% Real Estate Spliced Index, 10% FTSE 3 month Treasury Bill. **From 3/1/2020 through 8/31/2020**, the benchmark is represented by 36% Spliced Total Stock Market Index, 23% Spliced Total International Stock Index, 27.5% Spliced BBgBarc US Agg Float Adj Ix, 6% Real Estate Spliced Index, 7.5% FTSE 3 month Treasury Bill. **Thereafter,** the benchmark is represented by 38% Spliced Total Stock Market Index / 24% Spliced Total International Stock Index / 32% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 6% Real Estate Spliced Index.

Short-Term History

From 10/31/2010 through 9/30/2016, the benchmark is represented by 10% Russell 3000 Index, 5% MSCI AC World Index ex-U.S., 70% Barclays U.S. Aggregate Bond Index, 15% Barclays Inst'l Money Market. **Thereafter**, the portfolio is represented by 17% Spliced Total Stock Market Index, 8% Spliced Total International Stock Index, 65% Spliced BBgBarc US Agg Float Adj Ix, 10% FTSE 3 month Treasury Bill.