Greater Tacoma Community Foundation – Short-Term Pool Portfolio

Portfolio composition

Data as-of June 30, 2021. Source: Vanguard
*Returns are net of investment management fee
**Time weighted benchmark. Benchmark history available upon request.

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

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Global expansion continues to bolster equity returns

Over the quarter, global equity markets continued their positive momentum on the back of accelerated vaccination campaigns across most developed economies, especially in Europe, which has been catching up with the U.S. and U.K. Positive expectations regarding vaccine and health outcomes have led to domestic and international equities posting positive gains for the quarter of 8.3%¹ and 5.6%², respectively. By quarter end, one of the more dominant trends that started in the fourth quarter of 2020 began to fade as value stocks reverted back to trailing growth-oriented stocks. From a domestic equity standpoint, growth names returned 11.4%³ as opposed to value's 5.1%⁴ return during the second quarter. This shift came as the Federal Reserve indicated in June that it may raise rates somewhat sooner than expected amid signs of rising inflation. Focusing on domestic equity sector performance, the wide divergence in sector results from the first quarter narrowed in the second with all but utilities posting gains. Energy stocks continued to lead the way (+12.1%)⁵ on the news of oil supply constraints and inelastic demand leading to rising gas prices, while technology (+11.2%)⁶ was the third highest performing sector as housing prices rose across the country on demand and supply imbalances. With respect to market capitalization, large and mid-cap stocks led the way over the quarter by returning 8.8%⁶ and 7.6%⁷, respectively, outpacing small-cap stocks, which returned 5.6%⁸ for the period. Small-cap stocks continued to outperform over the trailing 12 months and posted returns of 56% relative to 42% for large-caps and 46% for mid-cap stocks. International equities continued to generate positive results but continued to lag behind their U.S. counterparts for the second consecutive quarter. Global developed ex-US and emerging markets returned 5.7%¹¹ and 5.2%¹² in the second quarter and produced solid trailing one-year returns of 36% and 38%, respectively. As COVID cases generally continued to decline in the second quarter, higher levels of economic activity were a tailwind for some of the largest developed nations such as Canada, France, and Switzerland as they each posted gains of more than 10%.

Stronger than expected reported earnings and expectations of a slower economic recovery led to the increase in technology sector results. Real estate (+11.2%)⁷ was the third highest performing sector as housing prices rose across the country on demand and supply imbalances. With respect to market capitalization, large and mid-cap stocks led the way over the quarter by returning 8.8%⁶ and 7.6%⁷, respectively, outpacing small-cap stocks, which returned 5.6%⁸ for the period. Small-cap stocks continued to outperform over the trailing 12 months and posted returns of 56% relative to 42% for large-caps and 46% for mid-cap stocks. International equities continued to generate positive results but continued to lag behind their U.S. counterparts for the second consecutive quarter. Global developed ex-US and emerging markets returned 5.7%¹¹ and 5.2%¹² in the second quarter and produced solid trailing one-year returns of 36% and 38%, respectively. As COVID cases generally continued to decline in the second quarter, higher levels of economic activity were a tailwind for some of the largest developed nations such as Canada, France, and Switzerland as they each posted gains of more than 10%.

Bond markets recover

Following the rough first quarter for bonds in which prices were depressed by fears of rising inflation, returns reversed their negative positions in the second quarter as both domestic and international bonds produced positive results. Domestic fixed income was positive across all sectors for the quarter; U.S. bonds gained 1.9%¹³ overall with U.S. Treasuries and investment-grade credit up 1.7%¹⁴ and 3.3%¹⁵, respectively. Economically sensitive high-yield bonds continued to lead the way higher with returns of 2.7%¹⁶ for the quarter and 15.3% over the trailing one-year period. The broad U.S. investment grade market and U.S. Treasuries remained in negative territory over the prior twelve months with results of -0.33% and -3.2%, however, U.S. credit remained positive with a 3.0% gain. International fixed income posted positive returns in the second quarter, as hedged international bonds were up 0.26%¹⁷ and their unhedged counterparts gained 0.9%¹⁸. Over the trailing one-year period, both were in positive territory at 0.14% and 4.6% respectively. Continued weakness in the U.S. dollar on a year-to-date basis has benefited unhedged bonds, as they outperformed the currency hedged international bond benchmark.

Final Thoughts

Looking ahead to the second half of the year, the economic recovery will continue to be dependent upon increased vaccination rates and fiscal support. Projections show that at the current vaccination pace, 75% of the world's population will have received at least one vaccine dose by the end of 2021; placing herd immunity within the reach of the world's largest economies.

Index Returns


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 FIIaj RIC Cpx 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 FIIaj RIC Cpx 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 FIIaj RIC Cpx 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 Instl 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.