

Portfolio Review – December 31, 2019*

- For the quarter, the Endowment portfolio returned 6.4%, underperforming the Attribution Index by 20bps and outperforming the Policy Index by 90bps. At the end of December, the market value of the Endowment pool was \$18 million.

**The policy index is meant to be static over time, representing an indexed portfolio. The construct is 60% MSCI ACWI / 40% Barclays Global Aggregate Index. The attribution index is meant to more closely track the portfolios current targets and will move over time as the targets do. The current attribution index is 35% Russell 3000 / 30% MSCI ACWI ex USA IMI / 20% BBgBarc Global Aggregate TR / 10% Liquid Alternatives Benchmark / 5% Morningstar US Real Asset Index*

Performance Review

- After a flat third quarter, global equity markets had a strong fourth quarter in 2019 with the MSCI ACWI IMI Index up 9.1%. U.S. equity markets were slightly ahead of non-U.S. developed markets, while the MSCI Emerging Markets was up 11.8%. Subsiding concerns about a global recession and a weaker U.S. Dollar helped performance of non-U.S. securities. The global equity segment of the portfolio was up 8.9% for the quarter and up 27.4% for the year, which was ahead of the ACWI IMI that was up 26.4% for 2019.
- The fixed income segment was up 1.0% for the quarter, ahead of both the Barclays U.S. Aggregate Bond Index (+0.18%) and the Barclays Global Aggregate Index (+0.45%). For the quarter, the global bond and the credit managers outperformed the U.S. core fixed income segment. For the year, the fixed income segment was up 7.7%, which contributed meaningfully to the performance of the Total Fund composite.
- The real asset segment was up 4.6% for the quarter and up 15.0% for the year, outperforming the Morningstar U.S. Real Asset index that returned 1.2% and 9.7%, respectively. This segment now consists of a diversified program of investments in hard commodities, soft commodities such as water and agriculture; natural resource equities, infrastructure securities, as well as TIPs and floating rate bonds. The elements give the program positive sensitivity to rising inflation and interest rates. At the same time many of these securities also generate income and therefore provide some return from the yield.

Performance Review *(continued)*

- The liquid alternatives segment was up 3.7% for the quarter. This segment includes managers that may tactically hedge or hold cash in their portfolios, which can cause them to lag during periods when the broad markets have a strong rally. For the year, the segment is up 14.2%, which contributed positively to the total fund’s performance.

Manager and Cash Flow Activity

- On 12/16/2019, \$400K of cash was raised and wired for the Endowment for Equal Justice’s year-end annual distribution.
- On 12/17/2019, Westwood Income Opportunities (Ticker: WHGIX) was replaced with FPA Crescent (Ticker: FPACX). Westwood was terminated primarily due to Mark Freeman, the lead portfolio manager, retiring. The fund’s assets have also decreased to a level Canterbury was no longer comfortable with. A brief summary of the new manager is included in the table below.

Manager Name	Strategy	Investment Style	Investment Vehicle	Comments
FPA Crescent	Tactical Asset Allocation	This strategy actively seeks value in all parts of a company’s capital structure, including common and preferred stocks, as well as corporate and convertible bonds.	Mutual Fund (FPACX)	The fund is managed by First Pacific Advisors. The strategy pursues equity-like returns by looking at a wide range of asset classes, sectors, and market capitalizations.

- On 12/19/2019, 22 shares of Stanley Black & Deck (SWK), 77 shares Corteva Inc. (CTVA), & 81 shares of Dow Inc. (DOW) and liquidated these stock donations on 12/24/2019. The proceeds were used to rebalance the portfolio back to targets.
- On 02/10/2020, a distribution for \$185K was received and reinvested back in the portfolio. We also used this as an opportunity to full rebalance the portfolio to it’s targets.

Compliance

- As of December 31, 2019, the portfolio was in compliance with the Investment Policy Statement.

Liquidity

- The portfolio's liquidity profile is in line with the stated objectives. As of December 31, 2019, 100% of the portfolio provided daily liquidity.

Drivers of the Market

Strong Performance Leads to Record Highs

- U.S. equities rose in the fourth quarter, reaching all-time highs. The de-escalation of the U.S.-China trade war calmed markets and boosted trade-sensitive stocks as the two countries indicated plans to sign a “phase one” trade agreement in January.
- International equities moved higher, boosted by improved U.S.-China trade relations, a Brexit-related election in the U.K. that increased the likelihood of a negotiated withdrawal from the European Union, and a weaker U.S. dollar. Emerging market equities posted the strongest returns amongst global equity benchmarks. The limited trade deal between the U.S. and China and a planned rollback of trade tariffs helped drive returns.
- U.S. interest rates moved gradually higher as the Fed communicated a “wait-and-see” approach in implementing further rate cuts. U.S.-China and Brexit resolutions also resulted in developed country rates moving higher as investors rotated into riskier assets. Emerging market bonds benefited from strong currency returns and constructive economic growth.
- Corporate debt performed well as risk-on sentiment led to tighter spreads. High yield outperformed investment-grade bonds as investors allocated to lower quality credit.
- Energy largely performed well as production cuts from OPEC and easing U.S.-China tensions resulted in a supportive demand environment for oil.

Fourth Quarter 2019

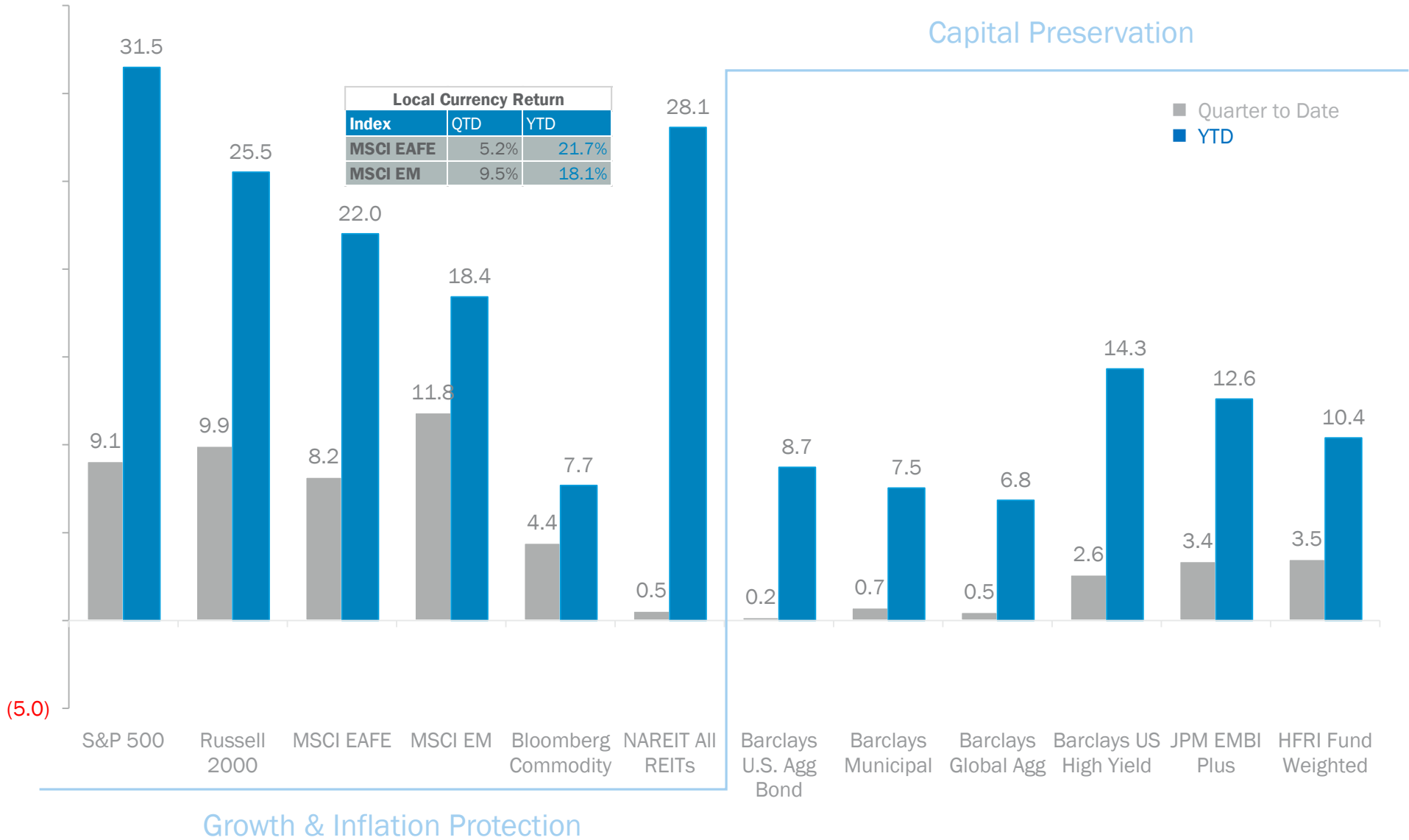
Returns through December 31, 2019

Index	QTD	1 Year
Growth MSCI ACWI	8.95%	26.6%
Capital Preservation Barclays Global Aggregate	0.5%	6.8%
Inflation Protection Morningstar U.S. Real Asset*	1.4%	9.9%

*40% TIPS, 30% L/S Commodity, 15% REITs, 10% Global Nat. Resources, 5% MLPs

Index Returns (%)

Through December 31, 2019



December 31, 2019

Source: Morningstar

Year over Year Statistics¹

	December 31, 2014	December 31, 2015	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019
S&P 500	2,058.90	2,043.94	2,238.83	2,673.61	2,506.85	3,230.78
S&P 500 EPS	112.08	108.84	108.97	122.58	151.75	149.50
P/E of S&P 500	18.37	18.78	20.54	21.81	16.52	21.61
P/E of MSCI EAFE	16.75	21.35	20.00	17.54	14.15	18.56
P/E of MSCI EM	12.90	15.55	14.24	15.24	11.72	15.43
S&P 500 Earnings Yield	5.44	5.32	4.87	4.58	6.05	4.63
Fed Funds Effective Rate	0.12	0.24	0.54	1.30	2.27	1.55
3 Month LIBOR	0.26	0.61	1.00	1.69	2.81	1.91
10 Year Treasury Yield	2.17	2.27	2.44	2.41	2.68	1.92
30 Year Mortgage Rate	3.99	3.90	4.06	3.85	4.51	3.86
Barclays U.S. Agg Yield	3.11	3.67	3.37	3.25	4.20	2.84
Barclays HY Spread	4.83	6.60	4.09	3.43	5.26	3.36
Gold (\$/oz)	1,184.37	1,061.10	1,147.50	1,302.80	1,282.49	1,517.27
WTI Crude Oil (\$/bbl)	53.27	37.04	53.72	60.42	45.41	61.06
Unemployment Rate	5.60	5.00	4.70	4.10	3.90	3.50
Headline CPI²	0.80	0.70	2.10	2.10	1.90	2.10
VIX Index	19.20	18.21	14.04	11.04	25.42	13.78

Forward Looking Forecasts

	Real GDP ³	CPI ³	Unemployment ³	10-Yr Treasury ³	S&P 500 EPS ⁴	Forward P/E ⁴	MSCI EAFE EPS ⁴	Forward P/E ⁴	MSCI EM EPS ⁴	Forward P/E ⁴
2020	1.8%	2.1%	3.6%	1.9%	\$171.13	18.88	\$143.94	14.15	\$80.81	13.79
2021	1.8%	2.0%	3.7%	2.2%	\$179.57	17.99	\$139.37	14.62	\$86.91	12.83

(1) Source: Bloomberg

(2) Values are carried forward from the most recent reported value (12/31/2019)

(3) Forecasts are consensus opinions from 98 forecasting agencies (Median)

(4) Index Forecasts - Forward 12-month estimate, Forward 24-month estimate

Estimate calculated from quarter end (i.e. Dec. 31, 2019 – Dec. 31, 2020). Price in P/E ratio static as of quarter end.