

**All Souls Episcopal Church
Endowment Board
October 28, 2019 Meeting Minutes
By Conference Call**

Attending: Jim Lewis (chair), David Hollis (secretary), Jim Solomon, Dale Lewis, Larry Sturgeon, and Jadon Hartsuff

Call to order

Jim Lewis called the meeting to order at 5:35 p.m.

Approval of minutes

The board approved the minutes of the September 8, 2019 meeting as presented.

Endowment investment report

Jim Solomon presented the 2019 Endowment and Investment Board Annual Report. The report describes the endowment fund performance for the three-year period ending 9/30/2019. The board voted to present the report to the vestry recommending a 3%, or \$69,595, distribution for calendar year 2020.

Legacy Society

The board discussed the October 12 Legacy Society event hosted by Jim Lewis and organized by Art Warren and Rob Gibbs. The board expressed their gratitude for Art's and Rob's efforts to make the event a success.

Next steps include convening the planned giving sub-committee to devise a sustainable structure for planned/major giving activities, taking advantage of Episcopal Church Foundation and other available resources.

The meeting adjourned at 6 p.m.

Respectfully submitted,

David M. Hollis
Secretary

Attachment: Endowment and Investment Board 2019 Annual Report

**All Souls Episcopal Church
Endowment and Investment Board
2019 Annual Report**

This annual report is presented in accordance with Article II, Distribution and Reporting Procedures, of the All Souls Episcopal Church Endowment and Investment Board Charter. The report a) summarizes the Fund performance for the three years ending September 30, 2019; b) provides the Board's Fund transfer percentage for the 2020 calendar year; c) lists management fees paid in connection with the Fund; d) expenses of the Board; e) donor restrictions, if any; and f) other matters, if any.

A. Endowment Fund Performance

Year ended	Balance	Average time-weighted rate of return
9/30/2017	\$2,188,054	6.74%
9/30/2018	\$2,335,134	5.32%
9/30/2019	\$2,436,328	6.28 %

The Fund was able to rebound from an extremely poor stock market performance during 4th quarter 2018. The 2019 YTD return is: +13.56%. For the fiscal year of ending 9/30/19 the return was **+6.28%** as noted above.

All of our ETF's and mutual funds are positive for 2019, and only the emerging markets and Europe were negative over a one-year period. Our portfolio of diversified mutual funds has one-year positive returns that ranged from a low of +0.91% (Mid-Cap) to +13.11 (Small-Cap). Our small cap fund and hybrid fund (stocks and bonds) are ranked first or second in their category.

Due to lower interest rates, all of our current bond holdings now have market value capital gains. However, it will remain a challenge to find attractive rates for new bonds as older holdings mature. But, the integrity of our bond ladder will remain fundamentally intact in order to meet our guidelines of maintaining the required percentage of fixed investments.

Currently, our mix of investments is as follows: cash 8%; equity 52%; fixed 20%; Other 20% (hybrid mutual fund).

Equity results will continue to be marked by very volatile trading. Many crosswinds remain such as future Federal Reserve responses to interest rates, the upcoming elections in fall 2020, trade uncertainty with China, and other nations, future threat of a recession, etc.

However, our diversified portfolio has proven to be a strong bell-weather during challenging conditions. We will continue to look for equity opportunities during extreme downward movements in the overall market.

A.2020 Fund Transfer Recommendation

The three-year rolling average for the Fund is: \$2,319,839. A recommended withdrawal of 3% would equal: **\$69,595**. This amount represents a significant dollar increase from 2019.

B. Management Fees

All Souls incurred no fees for the management of the Fund in 2019.

C. Expenses of the Board

The Board incurred no expenses in 2019.

D. Donor Restrictions

None.

E. Other Matters

None.

On Behalf of the Endowment Board

James H. Solomon

All Souls Episcopal Church

October 28, 2019

Addendum:

An investment change has been made in our Columbia Mid-Cap Index Fund effective Tuesday, October 29, 2019.

There are two indices for mid-cap funds: S&P 400 and the Russell Mid-Cap. Columbia tracks the performance of the S&P 400 Mid-Cap Index. Year to date the fund has returned +17.55% (thru 9/30/2019). The return of the index was +17.42%. The Columbia Mid-Cap Index Fund has outperformed its category by nearly 200 basis points or, 2%, over the last 10 years.

Over the last three years, the Russell has consistently outperformed the S&P 400 index. There will be times when one index outperforms the other, but today the decision to align more closely to the Russell index provides the Endowment Fund a better opportunity to improve results in this important market segment.

It is also important to note that the two indices measure market capitalization differently. The average market cap of the Russell is \$13.5B, while the market cap of the S&P 400 is \$5.2B.

Therefore, we have liquidated our entire position in Columbia Mid-Cap Index Fund. The proceeds will be reinvested today in the Russell Mid-Cap Index Fund (i shares) ETF, Symbol- IWR. The year to date return for IWR (9/30/2019) is +21.67%. The current market value of the Columbia Mid-Cap Index fund was \$146,401 or 5.94% of the total portfolio. Since this represents our smallest equity fund, we will look for future opportunities to increase our position as market conditions dictate.

James H. Solomon