



REPORT FROM THE TREASURER



THE DENVER FOUNDATION

2018 REPORT FROM THE TREASURER



On behalf of The Denver Foundation's Board of Trustees, I'm pleased to present the Foundation's 2018 Report from the Treasurer. The purpose of this report is to provide an overview of the Foundation's investment philosophy and results.

For more than 90 years, individuals, families, and businesses have contributed generously and created 1,000+ different personalized funds at The Denver Foundation. We remain mindful of the level of trust that they place in our management of charitable resources. Because some of these funds will be used in the short term, while others are endowed for future generations, we practice careful stewardship—and use a moderately conservative investment strategy—that provides protection and performance in both positive and negative economic climates.

The last quarter of 2018 was a difficult time in the worldwide markets resulting in the S&P 500 and the MSCI All Country World Index (ACWI) experiencing losses for the year of -4.4% and -8.9%, respectively. In 2018, the Foundation's Unitized Investment Pool was down -3.5%. While the Investment Committee as well as management are never satisfied with losses in the portfolio, the relatively better returns for the year compared to these widely used benchmarks reflect the value of broad portfolio diversification. The Investment Committee, chaired by Tad Kelly, works with our advisors at Monticello Associates to build a portfolio that protects against market volatility, allows for expenditures of dollars for our donors' grantmaking purposes, and provides for long-term asset growth. Over the last five years, through December 31, 2018, the Foundation's investments in the Unitized Investment Pool have grown by an average of 4.1% per year.

The Denver Foundation also offers our donors the option of placing their funds in our Sustainable and Responsible Investment (SRI) Pool, which was created in 2010. In 2018, the SRI Pool had a loss of -6.6%. Over the last five years, through December 31, 2018, the Foundation's investments in the SRI Pool have grown by an average of 3.7% per year.

The Denver Foundation operates very efficiently, with administrative expenses of less than one percent of total assets. Economies of scale allow us to provide superior financial oversight, an extensive array of philanthropic services, and strategic community investments.

For more information on our investment strategy, please contact The Denver Foundation or visit our website, denverfoundation.org.

A handwritten signature in black ink, appearing to read 'B Baumann'.

Barbara Baumann
Treasurer, Board of Trustees 2018

Barbara Baumann is President of Cross Creek Energy Corporation of Denver, Colorado. She previously worked for Amoco Corporation and its subsidiaries. Barbara currently serves as a Director of publicly traded Devon Energy Corporation and of Buckeye Energy Partners, L.P. She is an independent Trustee of the Putnam Mutual Funds.

THE DENVER FOUNDATION'S INVESTMENT PHILOSOPHY

Reflecting the mission and purpose of The Denver Foundation, the major objective of the Foundation's investments is long-term capital appreciation.

The Denver Foundation's Investment Committee carefully monitors investment performance and completes a quarterly review of the asset allocations with management and its external investment consultant. Please see the back page of this publication for a list of the 2018 members of the Investment Committee.

Consistent with the goal of long-term capital appreciation, as well as prudent fiduciary management, The Denver Foundation's Investment Committee has recommended and the Board has approved the following investment ranges:

ASSET ALLOCATION	UNITIZED POOL	SRI POOL
	POLICY RANGE	POLICY RANGE
Domestic Equity	5%-30%	20%-50%
International Equity	5%-30%	15%-40%
Hedged Equity	5%-25%	—
Private Capital	15%-35%	—
Absolute Return	5%-25%	5%-15%
Fixed Income	5%-25%	10%-30%
Cash	0%-10%	0%-10%

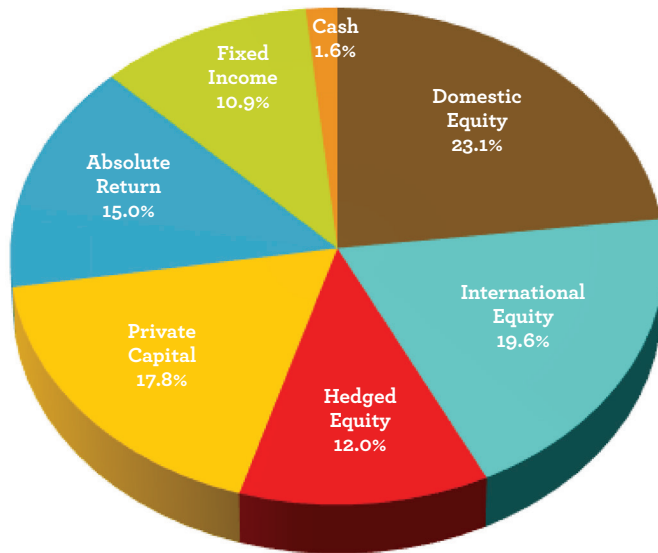
INVESTMENT CONSULTANT: MONTICELLO ASSOCIATES

Monticello Associates, based in Denver, Colorado, is a leading provider of investment management consulting services to endowments and foundations throughout the United States. Monticello Associates currently advises on \$95 billion in client assets.

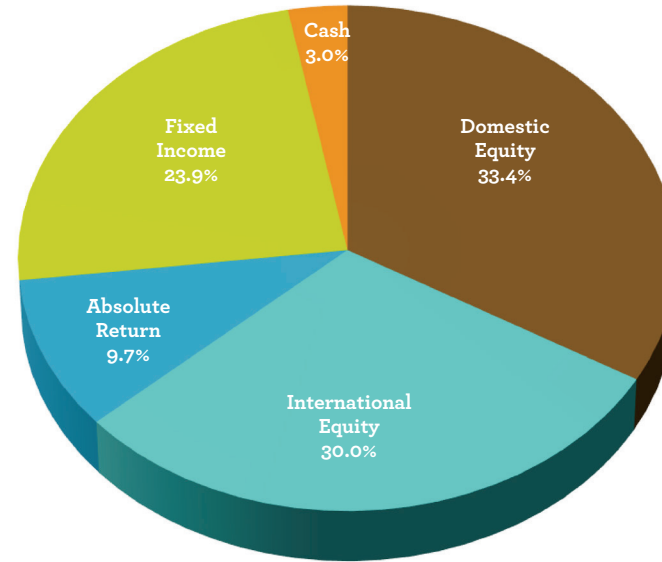
ASSET ALLOCATION

AS OF 12.31.2018

Unitized Investment Pool



Sustainable and Responsible Investment (SRI) Pool



FOUNDATION COMPOSITE PERFORMANCE

	Annualized Returns for Periods Ending 12.31.2018				
	1 Year	3 Year	5 Year	7 Year	10 Year
Unitized Investment Pool	-3.5%	5.7%	4.1%	6.6%	8.1%
Policy Benchmark (1)	-1.1%	6.6%	5.5%	7.7%	8.6%

	Annualized Returns for Periods Ending 12.31.2018			
	1 Year	3 Year	5 Year	7 Year
SRI Pool	-6.6%	6.0%	3.7%	8.5%
Policy Benchmark (2)	-5.4%	5.7%	4.2%	8.1%

(1) Effective 1/1/2013 Policy Benchmark consists of 15% Russell 3000 / 15% MSCI ACWI ex USA / 15% HFRI Equity Hedge (Total) Index / 18.75% Cambridge Assoc. U.S. Private Equity Index / 6.25% NCREIF Property Index / 15% T-Bills + 4% / 13.5% BBgBarc US Aggregate TR / 1.5% 91 Day T-Bills. From 1/1/2008 - 12/31/2012 Policy Benchmark was 70% MSCI ACWI / 30% BBgBarc US Aggregate TR. Prior to 1/1/2008 Policy Benchmark was 60% MSCI ACWI / 40% BBgBarc US Aggregate TR.

(2) Effective 7/1/2014 the Policy Benchmark consists of 35% Russell 3000 / 30% MSCI ACWI ex USA / 10% T-Bills + 4% / 23% BBgBarc US Aggregate TR / 2% 91 Day T-Bills. Prior to that the Policy Benchmark was 75% Russell 3000 / 25% BBgBarc US Aggregate TR.

UNITIZED POOL INVESTMENT MANAGERS (AS OF 12.31.2018)

Domestic Equity

AlphaOne
Elk Creek Partners
Rock Springs Capital Offshore
SPY
Wellington Mid Cap
Opportunities
Wellington Research Equity

Hedged Equity

Highfields Capital
Junto Offshore
Maverick
Viking Global Opportunities III

International Equity

Dodge & Cox International
Edgbaston Asian Equity Trust
Highclere International
Investors
Newport Asia Institutional
VEA
VWO

Private Capital

Actis Emerging Markets 3 Global
Actis Global 4
Axiom Asia Co-Investment
Axiom Asia V

Canyon Distressed Opportunity
Charterhouse Capital Partners X
Clayton, Dubilier & Rice VIII
Clayton, Dubilier & Rice IX
Clayton, Dubilier & Rice X
Denham Commodity Partners IV
Denham Commodity Partners VI
Drawbridge Long-Dated Value
Golub Capital Partners
International 11
Green Equity Investors V
Lime Rock Resources III-C
Madison Dearborn Capital
Partners V

Madison Dearborn Capital
Partners VI
Madison Dearborn Capital
Partners VII
MHR Institutional Partners IIA
MHR Institutional Partners III
MHR Institutional Partners IV
Och Ziff Real Estate TE
Och Ziff Real Estate Parallel III B
StepStone International
Investors III
Vitruvian Investment
Partnership III

Absolute Return

Eton Park Overseas
Farallon Capital Institutional
Partners
Nut Tree Offshore
Renaissance Institutional
Diversified Alpha
Two Sigma Spectrum Cayman

Fixed Income

PIMCO Short Term Institutional

SRI POOL INVESTMENT MANAGERS (AS OF 12.31.2018)

Domestic Equity

Ariel
DFA US Sustainability Core
Parnassus
Pax World Small Cap Institutional

International Equity

Calvert International Opportunities
DFA Emerging Markets Social Core
Equity
DFA International Sustainability Core

Absolute Return

Farallon Capital F5 Investors I

Fixed Income

Access Capital Community
PIMCO Total Return ESG Institutional

2018 INVESTMENT COMMITTEE

The Denver Foundation's Investment Committee consists of professionals who volunteer their time and insights to steward the Foundation's assets.

Thomas Kelly, Chair

Denver Foundation Trustee, 2016–Present

Thomas “Tad” Kelly is a Partner and Co-Founder of CHB Capital Partners, a US private equity firm with offices in Denver and Houston.

Barbara Baumann

Denver Foundation Trustee, 2014–Present

Barbara Baumann is President of Cross Creek Energy Corporation of Denver, Colorado.

Jeremy Duhon

Denver Foundation Trustee, 2015–Present

Jeremy Duhon is a Partner at Denver Investments.

Afsoon Kelly

Denver Foundation Trustee, 2018–Present

Afsoon Kelly is Director of Operations at Anschutz Investment Company.

Dr. Nancy McCallin

Dr. Nancy McCallin is the former President of Colorado Community College System, the state's largest system of higher education.

Bill Ryan

Denver Foundation Trustee, 2009–2014

Bill Ryan is the Director of the Colorado State Land Board, overseeing more than three million acres of state land.

2019 INCOMING COMMITTEE MEMBERS

Sanjai Bhonsle

Sanjai Bhonsle serves as Partner and Portfolio Manager for ArrowMark's leveraged loan investments and CLO funds.

Carey Dobbartin

Carey Dobbartin is Chief Financial Officer and Treasurer at Gary Community Investments.



Virginia Bayless

Interim President and CEO

Virginia Bayless is interim President and CEO of The Denver Foundation. Prior to joining the The Denver Foundation, Virginia managed a family office and was consulting Chief Financial Officer for The Boppy Company. Prior to founding her own consulting firm, Virginia worked for The Wallach Company, a Denver-based investment bank, as a partner leading mergers and acquisitions for public and private companies. Before joining The

Wallach Company, she was with Wiland Services, Boettcher and Company, and Bankers Trust Company.

Virginia currently serves on the Board of Directors of Professional Assist Corporation and is chair of the Audit Committee. From 2016-2018, she was chair of the Board of Trustees of The Denver Foundation.

Virginia received an M.B.A. from The Amos Tuck School at Dartmouth College and an undergraduate degree in economics from Princeton University.



Dan Lee

Vice President of Finance & Administration

An experienced financial veteran, Dan Lee is responsible for overall financial management at the Foundation, its reporting and transparency, and for multiple corporate functions including investments, accounting, grants processing, and information technology.

Dan joined the Foundation in 2000 from Operation Able where he served as Chief Financial Officer. Prior to that he was Director of Finance with the Joffrey Ballet and a Senior Consultant with Ernst & Young, both in Chicago. He began his career in various financial positions at Abbott Laboratories in Abbott Park, Illinois.

A native of Chicago, Dan earned his B.S. and M.S. from the University of Illinois at Chicago and an M.B.A. from the Illinois Institute of Technology.



THE DENVER FOUNDATION

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