



2019

# REPORT FROM THE TREASURER



THE DENVER FOUNDATION



# 2019 REPORT FROM THE TREASURER



On behalf of The Denver Foundation's Board of Trustees, I'm pleased to present the Foundation's 2019 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 that balances asset protection and performance over a variety of time frames and market conditions.

I am pleased to report that The Denver Foundation maintains its long-term tradition of steadiness in investment and fund management. In 2019, the Foundation's Long-Term Balanced Pool achieved an investment return of 16.8%. The Investment Committee, chaired by Tad Kelly, works with our advisors at Monticello Associates to build a portfolio that helps to protect against market volatility, allows for expenditures of dollars for our donors' grantmaking purposes, and provides for long-term asset growth. Over the last ten years, through December 31, 2019, the Foundation's investments in the Long-Term Balanced Pool have achieved returns averaging 7.6% 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. The Denver Foundation is pleased to report a redesign of its SRI Pool. After extensive research, analysis, and interviews, the Foundation redesigned its SRI Pool to include three new managers: Boston Trust Walden Company, Wellington Management, and Invesco Managed Accounts. In 2019, the SRI Pool achieved an investment return of 20.9%.

The Denver Foundation also introduced an Index Pool in late-2019, a broad investment portfolio (70% equities, 30% fixed income) of indexed investments designed to provide long-term asset growth. The Foundation will report on Index Pool returns in future Reports from the Treasurer.

The Denver Foundation continues to operate 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](http://denverfoundation.org).

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

Barbara Baumann  
Treasurer, Board of Trustees 2019

*Barbara Baumann is President of Cross Creek Energy Corporation. She previously worked for Amoco Corporation and its subsidiaries. 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.

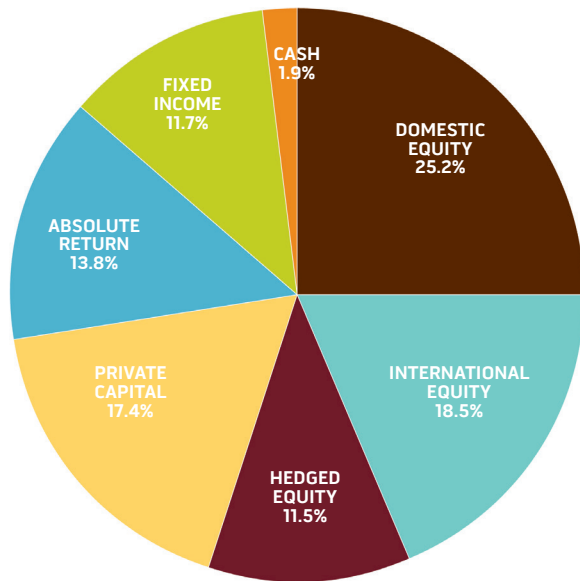
The Board-approved investment ranges are as follows:

LONG-TERM BALANCED POOL POLICY RANGE	
ASSET ALLOCATION	
Domestic Equity	5%-30%
International Equity	5%-30%
Hedged Equity	5%-25%
Private Capital	15%-35%
Absolute Return	5%-25%
Fixed Income	5%-25%
Cash	0%-10%

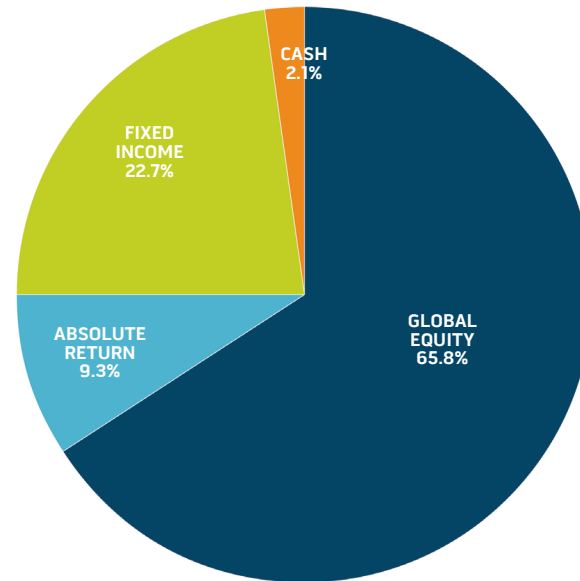
SRI POOL POLICY RANGE	
ASSET ALLOCATION	
Global Equity	50%-80%
Absolute Return	5%-15%
Fixed Income	10%-30%
Cash	0%-10%

## ASSET ALLOCATION AS OF 12.31.2019

### LONG-TERM BALANCED POOL



### SUSTAINABLE AND RESPONSIBLE INVESTMENT (SRI) POOL



## FOUNDATION COMPOSITE PERFORMANCE

Annualized Returns for Periods Ending 12.31.2019					
	1 Year	3 Year	5 Year	7 Year	10 Year
Long-Term Balanced Pool	16.8%	8.9%	6.4%	7.0%	7.6%
Policy Benchmark (1)	14.0%	8.9%	7.2%	8.0%	7.6%

Annualized Returns for Periods Ending 12.31.2019				
	1 Year	3 Year	5 Year	7 Year
SRI Pool	20.9%	9.6%	6.8%	8.8%
Policy Benchmark (2)	19.9%	9.7%	6.9%	8.8%

### LONG-TERM BALANCED POOL INVESTMENT FUNDS (AS OF 12.31.2019)

#### Domestic Equity

Elk Creek Partners  
Rock Springs Capital Offshore  
SPY  
Wellington CTF Mid Cap Opportunities  
Wellington CTF 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 I  
Axiom Asia V  
Canyon Distressed Opportunity II  
Canyon Distressed Opportunity III  
Charterhouse Capital Partners X  
Clayton, Dubilier & Rice VIII  
Clayton, Dubilier & Rice IX  
Clayton, Dubilier & Rice X  
Denham IV Continuation  
Denham Commodity Partners VI  
Drawbridge Long Dated Value III (A)  
General Atlantic  
Golub Capital Partners International T1  
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  
Sculptor Real Estate TE  
Sculptor 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 FUNDS (AS OF 12.31.2019)

#### Global Equity

Boston Trust Walden Company  
Wellington CTF Global Impact

#### Absolute Return

Farallon Capital F5 Investors I

#### Fixed Income

RBC Access Capital Community  
Invesco Managed Accounts

(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 7/1/2019 the Policy Benchmark consists of 65% MSCI ACWI / 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.

## 2019 INVESTMENT COMMITTEE

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

### **Tad Kelly, Chair**

#### **Denver Foundation Trustee, 2016–Present**

Thomas L. ("Tad") Kelly II is a Partner and Co-Founder of CHB Capital Partners, a Denver-based growth equity investment firm.

### **Barbara Baumann**

#### **Denver Foundation Trustee, 2014–2019**

Barbara Baumann is President of Cross Creek Energy Corporation.

### **Sanjai Bhonsle**

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

### **Carey Dobbertin**

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

### **Jeremy Duhon**

#### **Denver Foundation Trustee, 2015–Present**

Jeremy Duhon is a former Partner at Denver Investments.

### **Dr. Nancy McCallin**

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

## 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 \$89 billion in client assets.



THE DENVER FOUNDATION

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denverfoundation.org



### **Javier Alberto Soto** **President and CEO**

Javier Soto is the President and CEO of The Denver Foundation. Prior to joining The Denver Foundation in October 2019, Javier spent 10 years as President and CEO of The Miami Foundation, where he led a period of significant growth and developed key initiatives including "Give Miami Day," which has raised more than \$60M since 2012.

Javier recently completed a two-year term as Chairman of the Council on Foundations and currently serves on the board of America's Promise Alliance, a nationwide movement to improve the lives and futures of young people.

Prior to entering philanthropy, Javier served in the public sector, beginning as a litigator in the Miami-Dade County Attorney's Office and later as Chief of Staff to County Mayor Alex Penelas. Javier also worked as a litigator in the Miami office of Holland & Knight.

Javier graduated from Florida State University with a B.A. in History and Political Science and earned his J.D. from Georgetown University Law Center. He is also a 2013 Henry Crown Fellow, a leadership program of the Aspen Institute that engages the next generation of leaders to develop community-spirited and values-focused leadership.



### **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.