

# The Denver Foundation's Investment Approach

2022 Q4  
—  
UPDATE

The Denver Foundation is committed to the stewardship of our donors' and fundholders' charitable goals and legacies. We offer multiple platforms for the long-term investment of more than \$1.1 billion in assets, governed under the leadership of our board of trustees and investment committee. These assets include our internal pools; our advisor-managed funds pool; and our real assets. Using a diversified approach, we work to support our donors' and fundholders' goals for these charitable assets. Our current internal investment pools are the Long-Term Balanced Pool, Sustainable and Responsible Investment (SRI) Pool, and Index Pool.

In recent years, the foundation has worked with its investment consultant, NEPC, on a new approach to our investment strategy and convictions. We have made progress toward mission alignment of our investment pools by emphasizing ESG (Environmental, Social, and Governance); diversity, equity, and inclusion (DEI); and mission-aligned themes in the investment decision-making process, most notably through our SRI Pool. These thematic considerations include investments in areas that align with our strategic framework, including climate and housing.

## THE DENVER FOUNDATION INVESTMENT OPTIONS

In addition to our three internal investment pools, The Denver Foundation offers many ways for our donors to invest their charitable funds. These options include impact-first investments and the opportunity for financial advisors to manage assets on our platform. If you have questions about any of these options, please contact your relationship manager or [help@denverfoundation.org](mailto:help@denverfoundation.org).

## HIGHLIGHTS

Equities sold off in December amid recessionary fears fueled by the Federal Reserve's tighter monetary policy. In the U.S., the S&P 500 Index fell 5.8%, bringing losses for 2022 to 18.1%, the worst calendar year return since the global financial crisis in 2008. In fixed income, developed market bond yields continued to face upward pressure amid the hawkish stance from central banks. Meanwhile, in real assets, commodities saw another volatile month, rocked by weakening global demand and supply constraints. NEPC's stance towards risk assets remains unfavorable given the uncertain dynamics around growth and inflation.

Last year brought about many changes from a capital markets perspective, with a significant adjustment in both the interest rate and inflation backdrop. With this magnitude of change, and in some sense the normalization of interest rates that we've seen, we've entered into a new investment regime. Time will tell exactly what that means, but generally we believe the next phase of markets will be distinct from the last 10+ years.

### New fund managers in the SRI Pool include:

- **Generation Investment Management Sustainable Solutions, Fund IV:** This private equity fund employs a growth strategy focused on broad sustainable solution themes, which it defines as providing goods and services for a low-carbon, prosperous, equitable, healthy, and safe society.
- **Fairfield Affordable Housing Preservation Fund:** This fund focuses on the acquisition and preservation of affordable housing, with 75% of the investments allocated toward rental and income-regulated properties serving majority low and very low-income residents. The fund employs a strategy that relies on vertical integration, from the purchase of real estate to holding to managing multi-family properties.



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[denverfoundation.org/donor-services/investment-options](https://denverfoundation.org/donor-services/investment-options)

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# OUR INVESTMENT POOLS

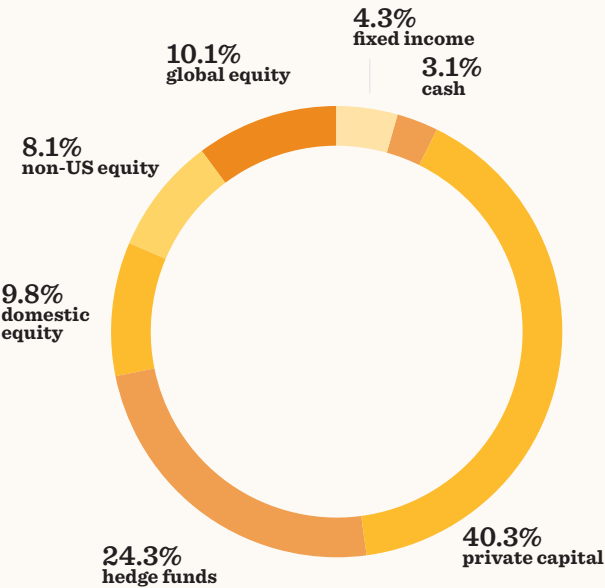
As a fundholder, you have the opportunity to select the investment option for your fund. Among these options, The Denver Foundation has three internal, diversified investment pools composed of public equities, fixed income, real assets, hedge funds, and private markets.

## Long-Term Balanced Pool

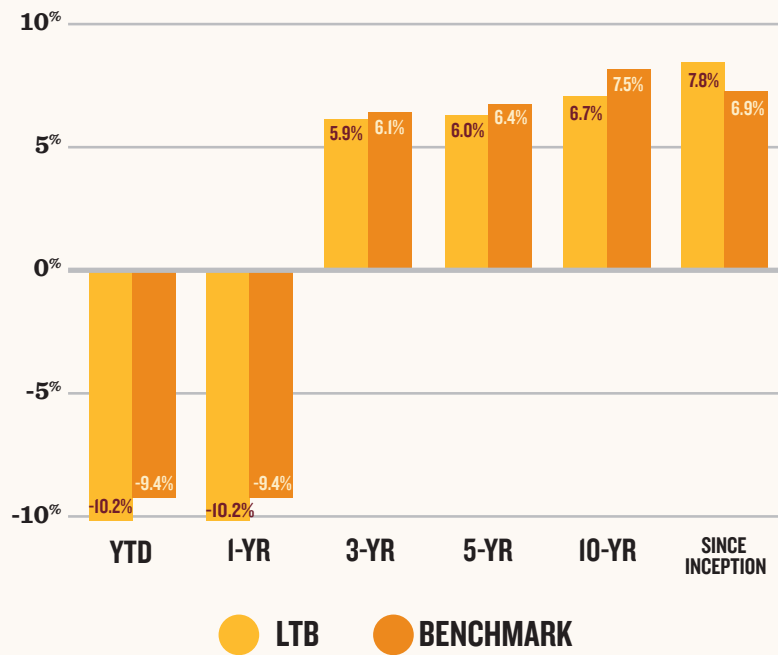
(\$483.7 million total market value)  
est. 1996

The Long-Term Balanced Pool presents a diversified investment approach across multiple asset classes, including a substantial weighting to private capital. Allocation to the private markets helps this pool weather market volatility. This pool also focuses on DEI as it is a core fundamental value of The Denver Foundation. This pool is suitable for the long-term investment of charitable funds.

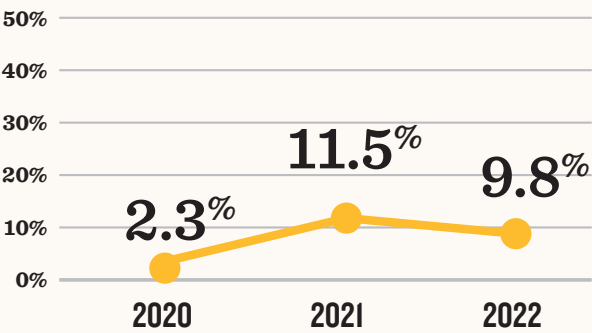
### Asset Allocation



### Performance Summary



### Assets allocated to diverse-owned or -led firms



### INTERNAL EXPENSE RATIO

1.23%

### ESG RATING\*

3.1



# Sustainable and Responsible Investment (SRI) Pool

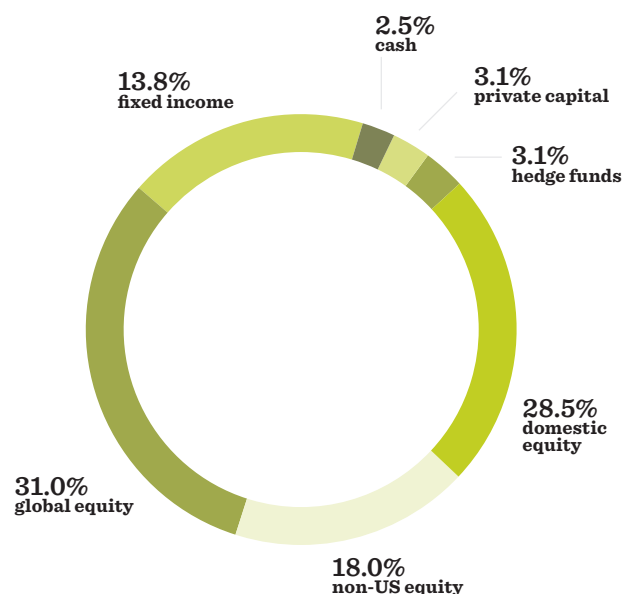
(\$229.7 million total market value)

est. 2010

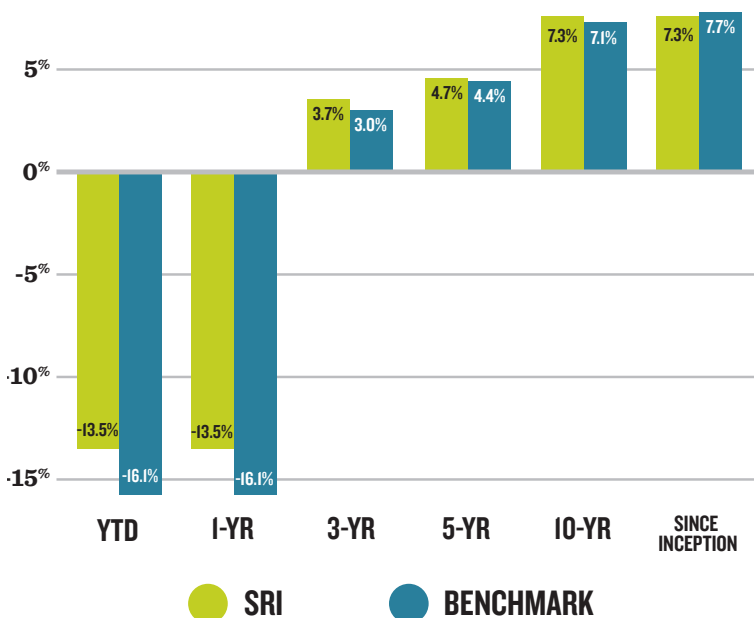
The SRI Pool uses a long-term diversified investment approach across multiple asset classes, with a focus on aligning investments to the mission and values of The Denver Foundation. This approach includes considering ESG risks and opportunities; targeting diverse-led and diverse-owned firms; and investing in thematic, mission-aligned investments. This pool is suitable for donors who want to align their charitable investments for the long-term with their philanthropic priorities.



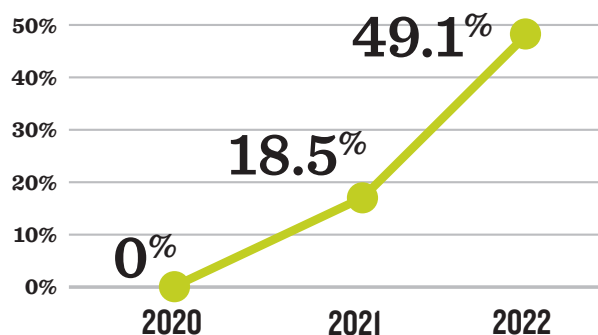
## Asset Allocation



## Performance Summary



## Assets allocated to diverse-owned or -led firms



INTERNAL EXPENSE RATIO

0.65%

ESG RATING\*

2.2



Best-in-class

No integration



# Index Pool

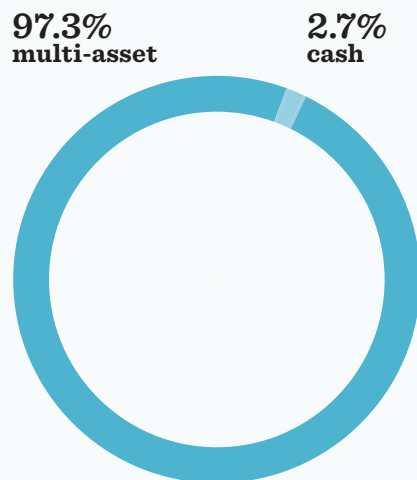
(\$12.4 million total market value)<sup>2</sup>  
est. 2019

The Index Pool presents a diversified investment approach through holdings in two Vanguard mutual funds. This pool is suitable for donors who are seeking a low-cost investment option for their charitable assets. This pool has no ESG mandate.

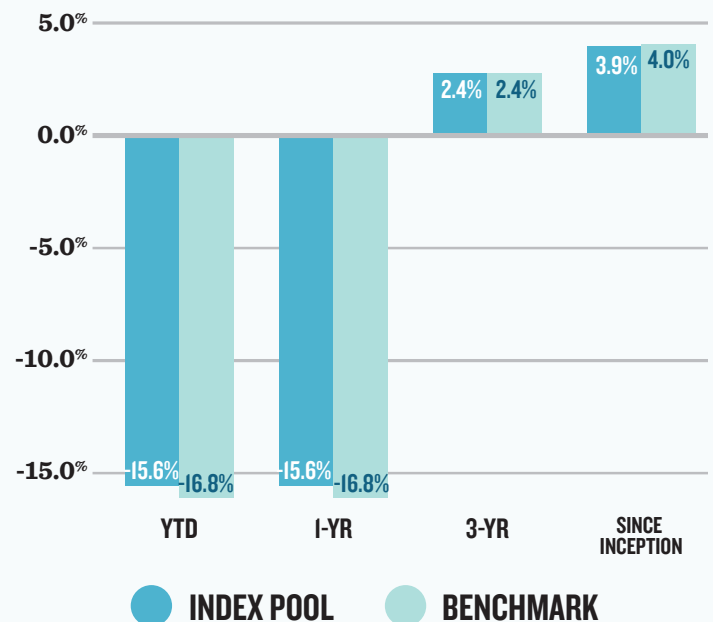
## INTERNAL EXPENSE RATIO

0.14%

## Asset Allocation



## Performance Summary



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## NOTES

Please see [denverfoundation.org/donor-services/investment-options/](https://denverfoundation.org/donor-services/investment-options/) for information about specific benchmarks and a complete list of managers by investment pool.

<sup>1</sup> Diverse-owned and diverse-led firms are defined as those owned or led by women or people of color.

<sup>2</sup> There is no ESG Rating on the Index Pool because it has no ESG mandate.

### NEPC disclosure:

Past performance is no guarantee of future results. Returns are reported net of manager fees unless otherwise noted. All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.