



The Denver Foundation

March 1, 2024

Dear Fundholder:

I am proud to write to you as the new treasurer for the Board of Trustees of The Denver Foundation and to share more about The Denver Foundation's investment approach and the returns in 2023. The markets ended the year on a strong and positive note with US equities up almost 4.5% in December. This led to positive performance in all three of our internal investment pools, meaning you have more assets available to give to the causes important to you.

The Long-Term Balanced Pool presents a long-term diversified investment approach across multiple asset classes, including substantial weighting to private capital. In 2023, it achieved an investment return of 13.8% (compared to the benchmark of 12.5%). Outperformance relative to the benchmark was driven by an overweight position and strong performance from the hedge fund managers in the portfolio.

The Sustainable and Responsible Investment (SRI) Pool also uses a long-term diversified investment approach across multiple asset classes, and has a focus on aligning investments with the mission and values of the foundation. In 2023, the SRI pool achieved an investment return of 14.0% (compared to the benchmark of 17.5%). Even though the pool did not exceed annual benchmarks, it has outperformed its three- and five-year benchmarks in alignment with our long-term investment strategy.

Underperformance in the SRI Pool relative to the benchmark for this year was primarily driven by disappointing returns from active managers across US equities. US equity returns in 2023 were dominated by the "Magnificent Seven," seven of the largest and most influential businesses on Wall Street, including Amazon and Apple. Any manager not holding a benchmark weight in those select companies was challenged to keep up with broader benchmarks. As our most mission-aligned investment option, the SRI pool has grown its investments in firms owned or led by people of color or women to 50.5% in 2023.

The Index Pool presents a diversified investment approach through two Vanguard mutual funds. In 2023, there was an investment return of 16.9% (compared to the benchmark of 17%). Performance for this pool is expected to track closely to the benchmark, as we saw in 2023.



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We are dedicated to managing our investment pools to make the best long-term impact on your assets. Every pool has outperformed its internal benchmarks over the last three years. Our investment pools offer you different choices to meet your philanthropic priorities. If you have questions about our pools or our investment approach, please reach out to your relationship manager.

We look forward to continuing our partnership with you in 2024.

Sincerely,

Mira Finé

Treasurer, Board of Trustees 2024