

2018 Investment Review

Prepared for



HUMBOLDT AREA FOUNDATION

MARCH 13, 2019



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EXECUTIVE SUMMARY

This report reviews Humboldt Area Foundation's (HAF's) investment program, including its asset allocation policy, portfolio composition and performance through the end of 2018.

HAF's Long Term Investment pool had \$103.6 million in assets at the end of 2018. 2018 was a challenging year in capital markets, with cash as the only major asset class generating a positive return. Equities were particularly hard hit, especially in the fourth quarter. HAF's long term pool returned -8.2% for the year, trailing its policy benchmark. Longer term returns (e.g., over the last 10 years) have been strong at 8.7% annualized.

BACKGROUND

Angeles Investment Advisors is an independent investment advisor based in southern California that has worked with the Humboldt Area Foundation since 2003, initially on a project basis to structure the portfolio and then conduct annual reviews through 2006. In 2007, HAF retained Angeles on an ongoing basis to provide consulting services regarding HAF's investment assets. This relationship encompasses preparation of this annual investment report on the Foundation's assets, as well as advice and recommendations on any other investment-related issues throughout the year, including investment policy such as the asset allocation targets, manager monitoring and selection issues, monthly performance reporting and attending Investment Committee and other meetings (including by conference call) as needed.

To prepare this report Angeles undertook the following:

- Reviewed monthly statements for the Foundation's assets and the allocations to each fund;
- Calculated returns for each asset class composite, and compared those to appropriate benchmarks;
- Evaluated performance of each fund individually; and,
- Reviewed organizational issues affecting the funds and their parent companies, including meeting with representatives of the fund families in which HAF invests.

Angeles' major findings in our investment review during 2018 are:

- **Asset Allocation:** The investment policy of HAF's Long Term Pool is to preserve the long-term purchasing power of the foundation's assets after inflation and spending. With expected inflation over the long term of 2.25% and HAF's spending rule of 4.5% of the market value of assets, this implies a prospective return hurdle of at least 6.75% over the long term, a challenging hurdle in the future environment of muted returns that Angeles expects. To meet this objective, HAF has significant exposure to growth-oriented assets such as publicly traded stocks, public real estate securities, and hedge funds. This mix is expected to preserve HAF's long term purchasing power. With assistance and recommendations from Angeles, HAF reviews its long term asset allocation policy on a regular basis.

- **Performance Review:** The Long Term Pool returned -8.2% (net of all fees) in 2018, reflecting the market's 2018 weakness in public equity in particular. HAF trailed its policy index, which returned -7.6%. The Policy Index is a benchmark composed of passive asset class index returns weighted by HAF's long term asset allocation targets. Table 1 below provides a summary of recent and long term performance as of 12/31/2018.

Table 1
Summary of HAF Long Term Investment Pool Performance¹ – Periods Ending 12/31/18

	Annualized					Since Fund Inception [^]	Inception Date
	1 Year	3 Year	5 Year	7 Year	10 Year		
Total Fund	-8.2	5.6	4.2	7.4	8.7	5.7	12/31/2003
<i>Policy Index¹</i>	-7.7	5.3	3.9	6.9	8.6	5.7	
<i>CPI +4%</i>	6.2	6.1	5.6	5.6	5.8	6.1	

- **Peer Performance Comparison:** HAF underperformed the -6.7% median return generated by a peer group of 141 community foundations in 2018. HAF's somewhat higher exposure to public stocks than its peers was one factor affecting this in 2018, a down year for equities. Over longer term periods, e.g., 5 years, HAF outperformed the median return of the peer group of community foundations, with HAF returning 4.2% (net of fees) while the median community foundation returned 3.5% (net of fees). HAF's returns are also better over 10 years, with HAF returning 8.7% (net of fees) and the median community foundation returning 8.0% (net of fees). HAF also outperformed the median return of community foundations of similar size (\$100-250 mm) over the trailing 5- and 10-year periods, by 0.7% and 0.6%, respectively.
- **Investment Manager Review:** Angeles continues to have confidence in the investment managers HAF has selected with the assistance of Angeles: Capital Group/American Funds, Dimensional Fund Advisors (DFA), Vanguard, PIMCO, Baird, and Dodge & Cox.
- **Cost Review:** HAF's portfolio consists primarily of mutual funds from low cost mutual fund families. All of HAF's mutual fund holdings have fees below that of the respective peer group medians. Four of the nine mutual funds held in HAF's Long Term Pool reported fees in the bottom 5th (least expensive) percentile of all mutual funds in their respective peer groups. HAF's overall investment management fees for the Long Term Investment Pool are 0.52% of assets annually (52 basis points).
- **HAF Socially Responsible Pool:** In 2018, Angeles assisted HAF with the development of a new investment pool, the Socially Responsible Investment Pool. This new pool was approved by HAF's Board of Directors in July 2019 and was funded on February 4, 2019 with \$1.3 million. HAF expects more assets to be added over the course of 2019. This new pool invests in managers that explicitly address climate change and other environmental, social and governance (ESG) factors in their portfolios; details are provided at Exhibit 8. Angeles also monitors HAF's managers in the Long Term Pool on these factors and believes they also integrate ESG factors in their portfolios, although to a varying degree.

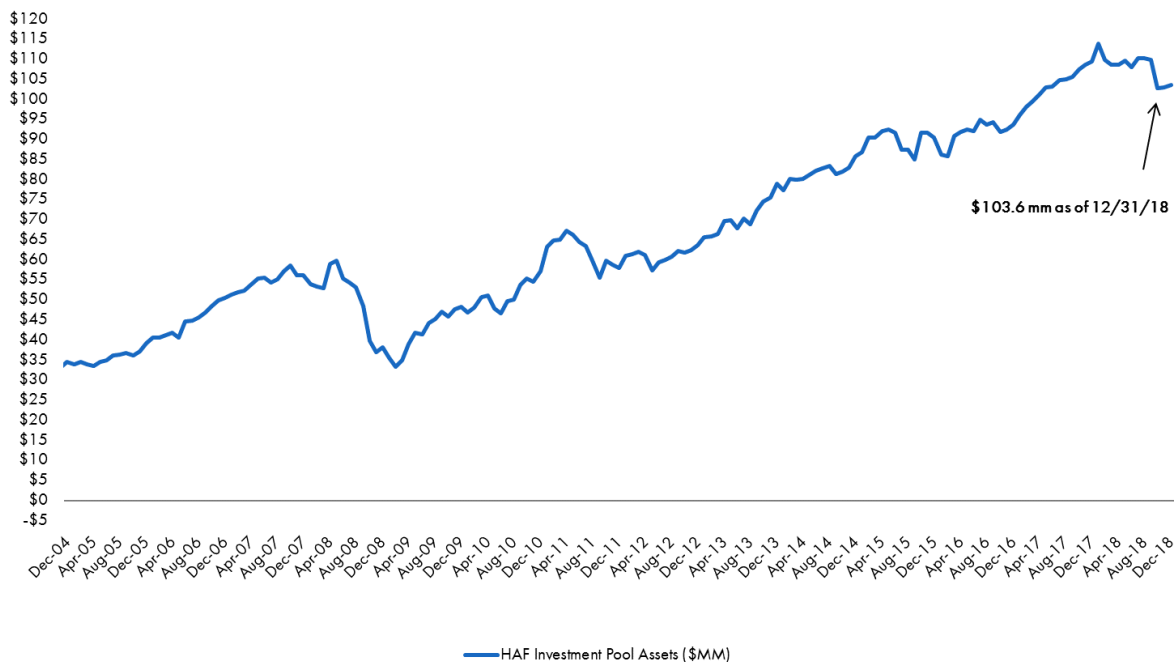
¹ All returns in this report are reported on a net of fee basis.

- **Fund Review:** Angeles will continue to review the holdings and investment policy of the Foundation on an ongoing basis and recommend changes to the Investment Committee for its consideration as necessary.

ASSET ALLOCATION

HAF’s Long Term Investment Pool assets have generally risen strongly since 2004 through a combination of market returns and successful fundraising; however, market returns were interrupted in 2018 as global equity markets fell 10% in 2018. HAF’s assets were \$103.6 million at the end of 2018, a drop from the prior year end that is mostly due to declining equity markets. Contributions were positive: HAF reports that in 2018, the Long Term Investment Pool had inflows of \$5.9 million and withdrawals of \$2.9 million during the year, resulting in **net inflows** of approximately \$3.0 million.

Figure 1
 HAF Long Term Investment Pool Assets – Through December 31, 2018



The Foundation’s current investment policy is oriented to **growth/capital appreciation**, and targets the following allocations in the Long Term Pool:

- 70% in global public equity
- 10% in absolute return (hedge funds)
- 15% in fixed income
- 5% in real estate securities

As of December 31, 2018, all asset classes remained within the allowable ranges established in HAF’s Investment Policy Statement and in line with the long term targets for all major asset classes. HAF rebalances its assets on a regular basis, resulting in very little variance in allocations versus policy targets.

Table 2*
Asset Allocation and Portfolio Holdings as of December 31, 2018

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Global Equity					
AF EuroPacific Growth Fund	\$19,450,912	19.2%	18.9%	0.3%	
DFA Emerging Mkts Core Fund	\$2,009,091	2.2%	2.1%	0.1%	
DFA Global Equities	\$29,374,372	28.0%	28.0%	0.0%	
Vanguard Institutional Index	\$14,727,233	13.8%	14.0%	-0.2%	
AF New Perspective	\$7,244,745	7.2%	7.0%	0.2%	
Total Global Equity	\$72,806,353	70.4%	70.0%	0.4%	55-85%
Absolute Return					
Angeles Absolute Return Fund	\$9,777,035	9.5%	10.0%	-0.5%	
Total Absolute Return	\$9,777,035	9.5%	10.0%	-0.5%	0-15%
Fixed Income					
Baird Core Plus Bond Fund	\$5,516,055	5.2%	5.6%	-0.4%	
PIMCO Income Fund	\$5,404,894	5.2%	5.6%	-0.4%	
Dodge & Cox Income Fund	\$3,076,984	2.9%	2.8%	0.1%	
Community Loans	\$1,921,776	1.7%	1.0%	0.7%	
Total Fixed Income	\$15,919,709	15.0%	15.0%	0.0%	10-25%
Real Estate Securities					
DFA Global Real Estate Securities	\$5,010,741	5.1%	5.0%	0.1%	
Total Real Estate	\$5,010,741	4.8%	5.0%	-0.2%	0-7%
Cash					
TDA - Cash Sweep Account	\$25,400	-0.1%	0.0%	-0.1%	
TD Bank USA MMDA - Cash Reserve	\$50,983	0.2%	0.0%	0.2%	
Total Cash	\$76,383	0.1%	0.0%	0.1%	0-1%
Total Fund	\$103,590,220	100%	100%		

*Unless otherwise noted, all HAF market value data in this report was provided to Angeles by Premier Financial Group, except for the Angeles Absolute Return fund, which is updated with the December 2018 statement value.

Asset Allocation Policy:

HAF's asset allocation policy is reviewed regularly by the HAF Investment Committee with assistance and recommendations from Angeles Investment Advisors. The Committee's last major review was in June 2018, when the Investment Committee reviewed portfolio performance and again considered the advantages and disadvantages of adding private assets to the portfolio. HAF decided not to add private equity at this time.

When we review asset allocation for clients like HAF, Angeles Investment Advisors uses proprietary capital market assumptions to project future long term returns. Our assumptions include the expected return, risk (volatility or standard deviation of returns) and correlation for major asset classes. While the assumptions are

for a long-term horizon, which we define as at least 10 years, Angeles updates these assumptions annually, with our most recent review completed in January 2019. Our assumptions are net of management fees and transactions costs, but do not include any excess returns from manager outperformance.

The following table summarizes Angeles' expected returns and risk for HAF's major asset classes. Relative to our assumptions last year, Angeles expects somewhat higher returns from public equity and fixed income, and somewhat lower returns from public real estate and hedge funds.

Table 3
Angeles' Projected Long Term (>10 years)
Asset Class Return and Risk² Assumptions as of January 2019
(Net of Fees and Transactions Costs)

	Expected Return	Expected Risk
Global Equity	6.8%	17.0%
Absolute Return	5.0%	8.0%
Global REITs	4.5%	19.0%
Fixed Income	3.25%	5.0%
<i>Inflation</i>	2.25%	

A primary long term goal of HAF's investment policy is to preserve the inflation-adjusted purchasing power of its assets after spending and inflation. In 2018, HAF decided to increase its spending rate to 4.5% of assets, based on the average market value of HAF assets over the trailing 16 quarters.

Angeles' return expectations for HAF's Total Fund, including manager excess returns relative to benchmarks, are illustrated in the table below (**Table 4**). These return expectations reflect a full market cycle; in the short-term, excess returns achieved by managers in aggregate can vary from this amount both in a positive and negative direction.

Based on these long term capital market assumptions for future returns and HAF's current policy targets for the Long Term Investment Pool, we estimate that the expected return of the HAF Long Term Investment Pool will be 6.0% not considering any excess returns, and 6.7% with excess manager returns. **With spending of 4.5% of assets on grants plus 2.25% inflation, the Long Term Pool's expected returns based on its current asset allocation policy would be likely to allow HAF to maintain and modestly grow the purchasing power of its assets over the long term (more than 10 years).** In addition to withdrawals that are for spending for grantmaking, HAF charges investors an administrative cost recovery fee of 1.75%-2.0%.

² Risk is measured here by standard deviation or volatility of returns.

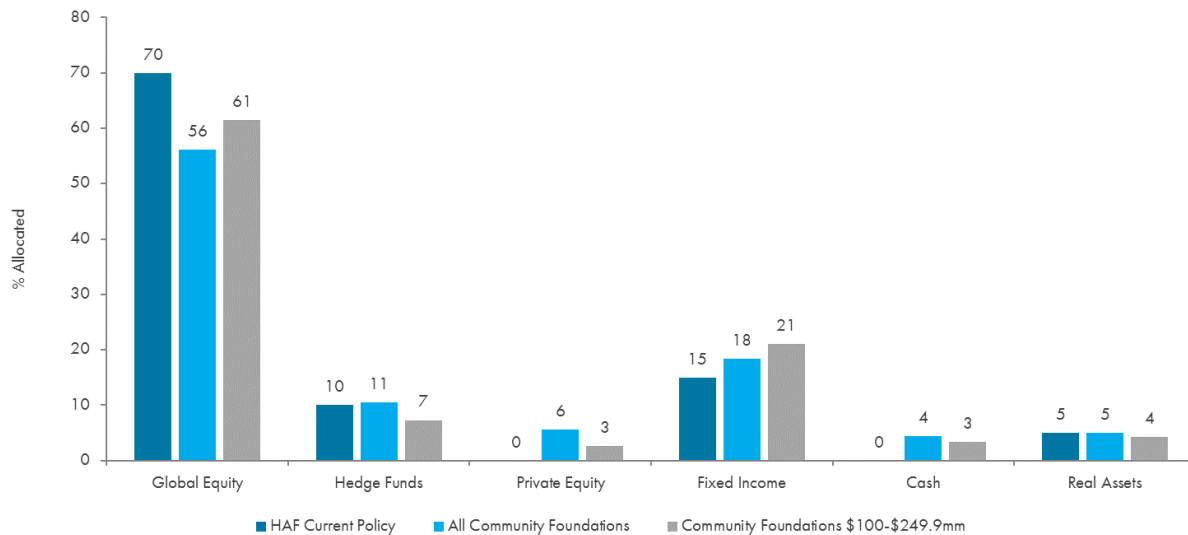
Table 4
Asset Allocation for the HAF Long Term Investment Pool³

	Long Term Pool
Global Equity	70%
Absolute Return	10%
Global REITs	5%
Fixed Income	15%
Expected Return	6.0%
<i>Expected Excess Return</i>	0.75%
Expected Return incl. Mgr Excess Returns	6.7%
Expected Risk	13.4%
Sharpe Ratio	0.28
Probability of a Loss ¹ :	
1-Year	30%
5-Year	15%
10-Year	8%
<i>2 Standard Deviation Event</i>	
<i>Very Bad Scenario</i>	-23%
¹ Based on return assumptions without manager excess returns	
² Very Bad Scenario assumes that correlations across asset classes go to 1 and each class experiences a two standard deviation negative event.	

In comparison to similarly sized Community Foundation peers (\$100-\$250 million), HAF's Long Term investment policy allocations are overweight global equity and hedge funds, underweight fixed income, private equity, and cash, and in line with peer allocations to real assets. This comparison can be seen in **Figure 2** below.

³ The Total Fund's expected excess return from manager outperformance is a weighted sum of the underlying asset class composites' excess returns. Global equity's expected excess return is 0.75%, absolute return's expected excess return is 1.5%, fixed income's expected excess return is 0.5%, and REITs' excess return expectation is 0% (given DFA's passively managed approach in its REIT portfolios). Sharpe Ratio is a measure of risk-adjusted returns.

Figure 2
HAF Asset Allocation vs. Community Foundation Peers⁴



Expenses:

Fees charged by the Humboldt Area Foundation's investment mutual fund managers were all well below the median for mutual funds in each of their respective peer groups, as demonstrated in Figure 3 below. Four of the nine funds held by HAF's Long Term Pool reported fees in the bottom 5th (least expensive) percentile of all fees for managers in their respective peer groups. Vanguard's S&P Index fund (the Vanguard Institutional Index) had the lowest fee among all HAF managers with an expense ratio of 4 basis points (bps) (0.04%).

DFA fund expense ratios remained below peers in 2018, ranging from 24 bps (DFA Global Real Estate Securities) to 53 bps (DFA Emerging Markets Core Equity). As active managers with deep resources for fundamental company research, American Funds had relatively higher expense ratios from the rest of the portfolio with 85 bps (EuroPacific Growth Fund) and 75 bps (New Perspective Fund). However, both are still below the peer median. HAF's bond managers had fees ranging from 30 to 74 basis points, all also well below median peers.

As would be expected from an alternative asset portfolio of hedge funds, the Angeles Absolute Return Fund had the highest management fee of 153 bps. In addition, the underlying hedge fund managers in the Angeles Absolute Return Fund may earn additional fees through variable fees based on performance, and variable administrative fees are charged to the fund for legal, accounting, and other services from third parties. There is no additional advisory fee charged by Angeles to consulting clients such as HAF for investing in the Angeles Absolute Return Fund.

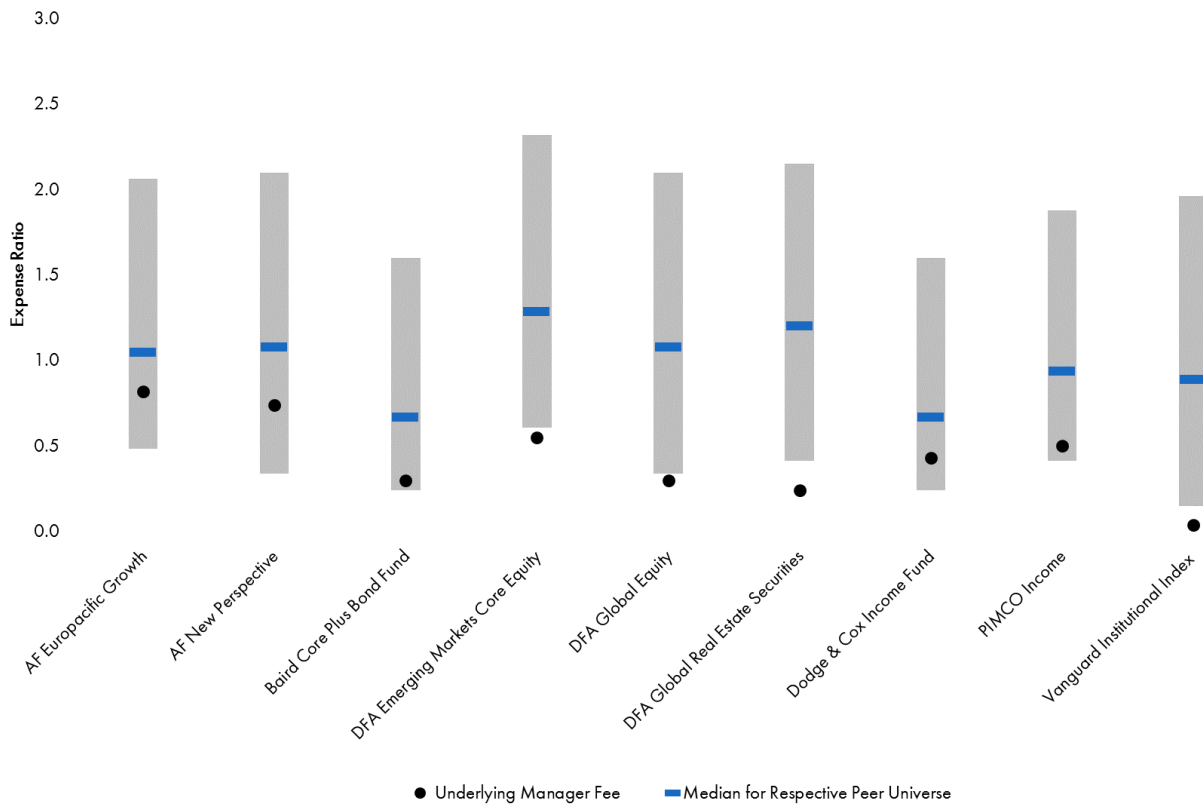
Based on the approved target asset allocation and fund fees as of December 31, 2018, the combined asset-weighted fee for investment management services for the Foundation was 52 basis points (0.52%) per annum

⁴ Source: Colonial Consulting, LLC and Fiscal and Administrative Officers Group (FAOG) Community Foundation Survey for the 4th quarter of 2018. Asset allocation data for "All Community Foundations" includes 109 participants and "Community Foundations \$100-\$249.9 mm" includes 29 participants. Cash also includes "other" and Real Assets includes by Real Estate and Real Assets.

for the Long Term Investment Pool. Manager fees are netted from the performance of the funds in which HAF invests, and not paid out-of-pocket by the Foundation.

Premier Financial Group earns a fee from HAF for custody of all funds held (except American Funds, Hedge Funds, and Local Investing funds) and performance measurement, which amounts to an administrative charge to the fund of 20 basis points (0.2%) on covered assets or approximately 13 basis points on average total fund assets in 2018. The Foundation also pays a consulting fee to Angeles Investment Advisors which in 2018 was 9.5 basis points (0.095% of total assets).

Figure 3
Mutual Fund Manager Fee Rankings: HAF Managers versus Mutual Fund Peer Universes



Source: Morningstar Direct as of December 2018. Each black circle represents the listed manager's net expense ratio. The horizontal gray bars represent fees for the 95th and 5th percentile fee within each respective manager universe.

TOTAL FUND PERFORMANCE REVIEW

No major asset class delivered a positive return in 2018, with the worst returns coming from public global equity (-10.1% for the MSCI All Country World Investable Market Index, which covers US, non-US developed, and emerging country stocks across all market capitalizations). Markets were particularly hurt by volatility in the fourth quarter as uncertainties on trade tensions, the course of the Federal Reserve Bank's plans to reduce monetary stimulus, and hints of an economic slowdown gave stock investors pause. Bond returns were flat for the year, with the Bloomberg Barclays Aggregate Index returning 0.0%, while only cash eked out a positive return of +1.9%. Global real estate securities as measured by the S&P Global REIT Index returned -5.9% in 2018.

In this environment, the Humboldt Area Foundation's Long Term Investment Pool experienced a net of fee return of -8.2% during the year, behind the policy index return of -7.7%, mostly due to weakness on an absolute and relative basis among HAF's equity managers, as well as relative weakness in the hedge fund portfolio.

HAF underperformed its median community foundation peer in 2018, which returned -6.7%. Versus similar sized peers (with assets of \$100-250 million), HAF underperformed the -6.6% median return in 2018. HAF's somewhat higher exposure to public stocks versus its peers was one factor affecting this for 2018, a down year for equities. **HAF outperformed** the median community foundation over the trailing 5- and 10-year periods by an annualized 0.8% and 0.7%, respectively. In addition, relative to community foundations of similar size (\$100 to \$250 million), HAF also outperformed over the trailing 5- and 10-year periods, by a margin of 0.7% and 0.6%, respectively.⁵

Since August 1, 2015, the Foundation's Policy Index is a blended benchmark consisting of asset class index returns weighted according to the Foundation's approved target allocations as specified below:

- 70% MSCI All Country World Investable Market Index (global equity)
- 15% Bloomberg Barclays Aggregate Bond Index (US fixed income)
- 5% S&P Global REIT Index (global real estate securities)
- 10% HFRI Fund of Funds Composite Index (absolute return)

Long Term performance through the end of 2018 for the Foundation's Total Fund is shown below in **Table 5**. It is notable that while there was some slippage in absolute and benchmark-relative return in 2018, **over more meaningful periods (e.g., 5 and 10 years), HAF was ahead of benchmarks for the total fund and for all asset classes as of December 31, 2018.**

⁵ FOAG/Colonial Consulting "Investment Performance and Asset Allocation Survey for Community Foundations" for periods ending 12/31/18. Performance peer group contains 141 community foundations for all participants and 33 for similarly sized peers.

Table 5
Historical Total Fund and Asset Class Performance
As of December 31, 2018 (Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Total Fund	100.0%	-8.2	5.6	4.2	7.4	8.7	5.7	12/31/2003
Policy Index ¹		-7.7	5.3	3.9	6.9	8.6	5.7	
CPI +4%		6.2	6.1	5.6	5.6	5.8	6.1	
Global Equity²	70.3%	-10.6	6.6	4.4	9.1	10.2	6.7	12/31/2003
Global Equity Blended Index ³		-10.1	6.5	4.2	8.5	9.9	7.2	
Fixed Income	15.4%	0.6	3.3	4.3	3.6	5.1	3.6	12/31/2003
Fixed Income Blended Index ⁴		0.0	2.1	2.5	2.3	3.9	4.0	
Real Estate Securities	4.8%	-4.2	3.7	6.6	8.2	11.1	7.1	12/31/2003
Real Estate Securities Index ⁵		-5.9	2.3	5.3	7.2	10.3	7.9	
Absolute Return	9.4%	-5.9	2.9	2.9	--	--	2.9	12/31/2013
HFRI Fund of Funds Index		-4.1	1.2	1.8	--	--	1.8	
Total Cash	0.1%	1.5	0.7	0.4	0.3	0.2	1.2	12/31/2003
90-day T-Bills		1.9	1.0	0.6	0.4	0.4	1.3	

Calendar Year Returns

	% of Fund	Calendar Years														
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Fund	100.0%	-8.2	20.3	7.0	-0.5	4.8	18.1	13.7	-5.2	13.7	28.9	-33.9	5.7	15.4	9.0	13.2
Policy Index ¹		-7.7	18.2	7.0	-1.4	5.1	15.7	14.4	-2.8	13.8	29.1	-32.3	6.6	15.5	7.1	12.3
CPI +4%		6.2	6.3	5.8	4.5	5.3	5.3	5.9	7.6	5.1	6.0	5.1	8.5	6.0	7.5	7.8
Global Equity²	70.3%	-10.6	25.5	8.0	-1.2	3.6	25.9	17.7	-8.9	15.5	36.6	-40.2	9.0	17.2	13.0	15.8
Global Equity Blended Index ³		-10.1	24.0	8.4	-2.2	3.8	23.6	16.8	-6.9	14.9	35.9	-41.7	8.4	18.4	8.5	14.0
Fixed Income	15.4%	0.6	6.1	5.3	1.8	5.7	1.3	4.6	7.3	7.5	11.2	-14.2	3.2	6.8	2.2	6.5
Fixed Income Blended Index ⁴		0.0	3.5	2.7	0.5	6.0	-1.8	5.5	7.4	7.2	8.6	2.4	6.5	5.0	2.7	5.0
Real Estate Securities	4.8%	-4.2	9.2	6.6	0.7	22.7	1.8	23.5	0.8	23.7	32.2	-40.5	-18.7	35.3	13.2	32.1
Real Estate Securities Index ⁵		-5.9	7.4	5.8	-0.4	21.5	1.7	23.2	0.1	22.7	34.4	-40.6	-17.9	35.9	14.1	34.8
Absolute Return	9.4%	-5.9	13.4	2.0	0.2	5.4	--	--	--	--	--	--	--	--	--	--
HFRI Fund of Funds Index		-4.1	7.6	0.5	-0.3	3.4	--	--	--	--	--	--	--	--	--	--
Total Cash	0.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	2.0	4.8	4.8	3.0	1.2
90-day T-Bills		1.9	0.0	0.3	0.0	0.0	0.0	0.1	0.1	0.1	0.2	1.8	4.7	4.8	3.0	1.2

¹ Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Bloomberg Barclays Aggregate, 10% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.

From January 1, 2014 to July 31, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 20% Bloomberg Barclays Aggregate, 5% HFRI Fund of Funds Composite Index, and 5% S&P Global REIT Index.

From April 1, 2013 to December 31, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Bloomberg Barclays Aggregate Index, and 5% S&P Global REIT Index. From August 1, 2012 to March 31, 2013, the Policy Index = 70% MSCI All Country World Investable Market Index, 25% Bloomberg Barclays Universal Index, and 5% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the Policy Index = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Bloomberg Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blended REIT Index. The Blended REIT Index consists of 50% Wilshire REIT Index and 50% S&P/Citi Global Ex US REIT Broad Market Index. From June 1, 2006 to May 31, 2008, the policy index consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Bloomberg Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index. Prior to June 1, 2006, the policy index consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Bloomberg Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire REIT Index.

² Historical performance of the Global Equity composite is based on the consolidated weighted returns of the US Equity and International Equity composites.

³ Effective August 1, 2012, the Global Equity Blended Index consists of 100% MSCI All Country World Investable Market Index. Prior to August 1, 2012, the blended benchmark is calculated based on the weighted returns of the US Equity Benchmark and the International Equity Benchmark. From June 1, 2008 to August 1, 2012, the blended index consists of 50% Russell 3000 Index and 50% MSCI All Country World Ex US Investable Market Index. From June 1, 2006 to May 31, 2008, the blended index consists of 71.4% Russell 3000 Index and 28.6% MSCI ACWI Ex-US Index. Prior to June 1, 2006, the blended index consists of 76.9% Russell 3000 Index and 23.1% MSCI ACWI Ex-US Index.

⁴ Effective April 1, 2013, the Fixed Income Blended Index consists of 100% Bloomberg Barclays Aggregate Index. Prior to April 1, 2013, the blended benchmark consisted of 100% Bloomberg Barclays Universal Index.

⁵ Real Estate Securities benchmark is a custom blended benchmark: Effective August 1, 2012, the benchmark consists of 100% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the benchmark consists of 50% DJ Wilshire RE Securities and 50% S&P/Citi Global US RE Index. Prior to 6/1/08, the benchmark consists of 100% DJ Wilshire RE Secs.

^Returns are annualized for periods greater than a year.

INVESTMENT MANAGER OVERVIEW

All six of the investment management firms used by HAF — American Funds (Capital Group), Dimensional Fund Advisors (DFA), Vanguard, PIMCO, Baird and Dodge & Cox — are solid, stable and highly-regarded organizations.

GLOBAL EQUITY REVIEW

HAF's global equity portfolio is invested in five mutual funds, and is well diversified across investment styles, geography, and market capitalization. The Foundation's total global equity composite returned -10.6% during 2018, underperforming the global equity benchmark, the MSCI All Country World Investable Market Index (ACWI IMI), which returned -10.1%. A significant portion of HAF's public equities (63%) are passively (indexed) or quasi-passively managed.

Table 6 displays the global equity portfolio's composition at the end of 2018 versus HAF's global equity policy targets. At year-end, HAF was in line with all the targets.

Table 6
Global Equity Allocation – As of 12/31/18

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Global Equity					
AF EuroPacific Growth Fund	\$19,450,912	19.2%	18.9%	0.3%	
DFA Emerging Mkts Core Fund	\$2,009,091	2.2%	2.1%	0.1%	
DFA Global Equities	\$29,374,372	28.0%	28.0%	0.0%	
Vanguard Institutional Index	\$14,727,233	13.8%	14.0%	-0.2%	
AF New Perspective	\$7,244,745	7.2%	7.0%	0.2%	
Total Global Equity	\$72,806,353	70.4%	70.0%	0.4%	55-85%

The best performer in 2018 in the equity portfolio was the Vanguard Institutional Index, returning -4.4%, matching the S&P 500 Index. A strong performer relative to its global benchmark was American Funds New Perspective, which substantially beat its benchmark in 2018 and was HAF's strongest relative performing equity manager over the trailing 10 years.

HAF's equity composite portfolio was hampered by its exposure to DFA Global Equity, which is the largest equity holding. DFA's Global Equity Fund has been a strong performer over the longer term, and is low cost at 30 bps in fees, but its value and small cap orientation was a negative in 2018. The fund's overweight to small cap stocks, which is a classic and long-term "tilt" of DFA based on its extensive and ground-breaking research in this area, was a strong detractor in 2018, particularly in the fourth quarter.

Table 7
Global Equity Performance as of December 31, 2018
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Global Equity²	70.3%	-10.6	6.6	4.4	9.1	10.2	7.6	12/31/2003
Global Equity Blended Index ³		-10.1	6.5	4.2	8.5	9.9	7.2	
DFA Emerging Markets Core Fund*	1.9%	-15.3	9.2	1.9	3.7	8.8	8.6	12/31/2003
MSCI Emerging Mkts		-14.6	9.3	1.7	3.2	8.0	7.9	
DFA Global Equities	28.4%	-11.5	6.9	4.4	9.6	10.9	9.9	7/31/2012
MSCI World		-8.7	6.3	4.6	9.1	9.7	8.7	
AF EuroPacific Growth Fund	18.8%	-15.2	3.7	1.5	6.4	7.3	6.2	1/31/2004
MSCI ACWI ex-US Index		-14.2	4.5	0.7	4.9	6.6	5.1	
Vanguard Institutional Index	14.2%	-4.4	9.2	8.5	12.7	13.1	8.8	3/31/2014
S&P 500 Index		-4.4	9.3	8.5	12.7	13.1	8.6	
AF New Perspective	7.0%	-5.9	7.3	6.1	10.9	11.4	5.5	7/31/2015
MSCI ACWI Index		-9.4	6.6	4.3	8.4	9.5	4.3	

	% of Fund	Calendar Years														
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Global Equity²	70.3%	-10.6	25.5	8.0	-1.2	3.6	25.9	17.7	-8.9	15.5	36.6	-40.2	9.0	17.2	13.0	15.8
Global Equity Blended Index ³		-10.1	24.0	8.4	-2.2	3.8	23.6	16.8	-6.9	14.9	35.9	-41.7	8.4	18.4	8.5	14.0
DFA Emerging Markets Core Fund*	1.9%	-15.3	36.6	12.4	-14.9	-0.9	-2.6	20.5	-20.7	23.6	83.6	-50.7	37.5	31.0	29.9	29.9
MSCI Emerging Mkts		-14.6	37.3	11.2	-14.9	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.1	34.0	25.6
DFA Global Equities	28.4%	-11.5	22.2	12.9	-2.7	4.6	29.2	18.2	-7.4	19.4	34.5	-40.0	4.4	20.5	11.0	19.0
MSCI World		-8.7	22.4	7.5	-0.9	4.9	26.7	15.8	-5.5	11.8	30.0	-40.7	9.0	20.1	9.5	14.7
AF EuroPacific Growth Fund	18.8%	-15.2	30.7	0.7	-0.8	-2.6	20.2	19.2	-13.6	9.4	39.1	-40.5	19.0	21.9	21.1	19.7
MSCI ACWI ex-US Index		-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.5	-45.5	16.7	26.7	16.6	20.9
Vanguard Institutional Index	14.2%	-4.4	21.8	11.9	1.4	13.7	32.4	16.0	2.1	15.1	26.6	-37.0	5.5	15.8	4.9	10.9
S&P 500 Index		-4.4	21.8	12.0	1.4	13.7	32.4	16.0	2.1	15.1	26.5	-37.0	5.5	15.8	4.9	10.9
AF New Perspective	7.0%	-5.9	28.9	1.9	5.3	3.2	26.8	20.8	-7.6	12.8	37.4	-37.8	16.0	19.9	11.3	14.3
MSCI ACWI Index		-9.4	24.0	7.9	-2.4	4.2	22.8	16.1	-7.4	12.7	34.6	-42.2	11.7	21.0	10.8	15.2

Note: Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees.

² Historical performance of the Global Equity composite is based on the consolidated weighted returns of the US Equity and International Equity composites.

³ Effective August 1, 2012, the Global Equity Blended Index consists of 100% MSCI All Country World Investable Market Index. Prior to August 1, 2012, the blended benchmark is calculated based on the weighted returns of the US Equity Benchmark and the International Equity Benchmark. From June 1, 2008 to August 1, 2012, the blended index consists of 50% Russell 3000 Index and 50% MSCI All Country World Ex US Investable Market Index. From June 1, 2006 to May 31, 2008, the blended index consists of 71.4% Russell 3000 Index and 28.6% MSCI ACWI Ex-US Index. Prior to June 1, 2006, the blended index consists of 76.9% Russell 3000 Index and 23.1% MSCI ACWI Ex-US Index.

[^] Returns are annualized for periods greater than a year.

* Prior to April 1, 2008 the portfolio was based off returns from DFA Emerging Markets (DFEMX). Since April 1, 2008, the portfolio has been based off performance from DFA Emerging Markets Core Equity (DFCEX).

American Funds – EuroPacific Growth Fund (Non-US Equity)

Overview: The EuroPacific Growth Fund provides core international equity exposure by investing in non-US companies of all sizes and wide geographies, including emerging markets. The firm's portfolio construction process is centered on in-depth company research and analysis undertaken by highly experienced managers. Typically, at least 80% of assets are invested in companies domiciled in Europe and the Pacific Basin. The portfolio is well diversified across regions and sectors, with approximately 330 names and relatively low annual turnover of ~30%. The composition of the portfolio management team was unchanged in 2018, with Mark Denning and Carl Kawaja acting as co-Principal Investment Officers. Principal Investment Officers are accountable for the overall objectives of the fund, guide risk management, and work with a coordinating group to select and monitor the lineup of portfolio managers. The nine portfolio managers average over 24 years with Capital Group; about 20% of the fund is also managed by research analysts.

HAF invested in American Funds' EuroPacific Growth strategy in January 2004.

Performance: EuroPacific Growth Fund returned -15.2% during 2018 versus -14.2% for its index, which was near the median of its peers. The fund remains heavily weighted in emerging markets, with 7 of their top 10 holdings in emerging market companies such as Samsung, Alibaba, and Tencent, as well as Reliance Industries in India, a conglomerate, which they view as a technology/telecommunications play. Overall, the fund had 27.6% allocated to emerging markets at year end versus 19.3% for the index; as emerging markets underperformed developed markets during the calendar year, the fund's emerging market overweight detracted from relative returns for the year. Several strong contributors for the year were cash holdings (5.6% at year-end), financials in Asia, and Airbus.

Conclusion: Notwithstanding a somewhat rocky 2018, EuroPacific Growth Fund remains a strong core international holding from a stable firm (owned by 400 shareholders that are mostly active employees, with no one person owning over 2.5%) and a multiple portfolio manager process that ensures continuity. Angeles remains confident in EuroPacific's team and long-term, research-driven approach.

American Funds – New Perspective Fund (Global Equity)

Overview: The New Perspective Fund provides global equity exposure by investing in US and non-US companies of all sizes that are capable of taking advantage of changing patterns of global trade. New Perspective returned -5.9% in 2018, versus its index return of -9.4%. The portfolio has significant exposure in large cap emerging market companies that are global leaders in their industries. It also is strongly represented in the Pacific Rim and the US, with 9 of its top 10 names in the US; Amazon is the top holding at 4.2%. One significant holding they have been trimming in 2018 was British American Tobacco.

HAF invested in American Funds' New Perspective strategy in July 2015.

Performance: Cash (3.8% of the fund) contributed to relative returns in 2018, as did an underweight in financials and security selection in the US, including the positive effects of holding Amazon, which was the largest single-name contributor.

Conclusion: New Perspective continues to deliver good returns relative to a passive alternative through an investment process that is well-resourced and consistent. New Perspective (and EuroPacific Growth Fund) are good complements to the passive and value-oriented approach of DFA and we retain confidence in this holding.

DFA – Emerging Markets Core Equity Fund (Emerging Markets Equity)

Overview: DFA's Emerging Markets fund is quantitatively managed and will purchase a diversified basket of emerging markets issuers, with an increased exposure to small capitalization stocks and those it considers value stocks. DFA's process limits any single country to 17.5% of the portfolio's weight. Three countries are near this weight (China at 17.0% versus 30.4% for its index at 12/31/18), Korea at 16.3% (versus 13.8% for the index) and Taiwan at 15.9% (versus 11.4% for in the index). This fund also "tilts" to smaller capitalization and value-oriented stocks. It is extremely diversified, with 5,041 holdings.

HAF invested in DFA's Emerging Markets strategy in January 2004.

Performance: DFA's emerging markets fund returned -15.3% in 2018 versus -14.6% for its benchmark. DFA's emerging markets portfolio benefited from its value orientation in 2018, but this was swamped by its overrepresentation in smaller capitalization companies. The portfolio's underweight in China helped in 2018.

Conclusion: Emerging markets endured a difficult year in 2018, with returns that were below that of developed markets, especially in the beginning of the year. We believe maintaining a position in emerging is appropriate to capture growth opportunities in this region, and DFA offers a low cost way to access these in a diversified manner.

DFA – Global Equity Portfolio (Global Equity)

Overview: The DFA Global Equity Portfolio allocates its assets to a combination of underlying funds offered by DFA that invest in equities in the US, international and emerging markets. The strategy is fully diversified across over 13,506 securities and 44 countries, minimizing the effect of any single company or country on investment results. While still designed to put greater emphasis on securities with higher expected returns—small cap and value—it also provides exposure to large company stocks (48% for the fund versus 71% for the index). The portfolio is overweight the US, with 70.4% in the US at the end of 2018 versus 61.7% for the MSCI World Index.

HAF invested in DFA's Global Equity strategy in July 2012.

Performance: The DFA Global Equity fund (which returned -11.5% versus -8.7% for its benchmark) was hit hard by the fund's overweight, versus the MSCI World Index, to small cap companies, which comprise 27% of the fund versus 12% for the Index. This had a strong negative relative effect on performance that could not overcome the positive effects of an overweight to the US.

Conclusion: DFA's Global Equity fund had a weak year in 2018 but has generated better relative and absolute returns over the long term. We continue to have confidence in this fund as a low cost way for HAF to gain access to a global portfolio of stocks.

FIXED INCOME REVIEW

At the end of 2018, HAF's Long Term Pool consisted of three active bond managers and a portfolio of community loans.

At the end of the year, the fixed income allocations were in line with their targets.

Table 8
Fixed Income Allocation – as a Percent of Total Assets

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Fixed Income					
Baird Core Plus Bond Fund	\$5,516,055	5.2%	5.6%	-0.4%	
PIMCO Income Fund	\$5,404,894	5.2%	5.6%	-0.4%	
Dodge & Cox Income Fund	\$3,076,984	2.9%	2.8%	0.1%	
Community Loans	\$1,921,776	1.7%	1.0%	0.7%	
Total Fixed Income	\$15,919,709	15.0%	15.0%	0.0%	10-25%

Table 9
Fixed Income Fund Performance as of December 31, 2018
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date								
		1 Year	3 Year	5 Year	7 Year	10 Year										
Fixed Income	15.4%	0.6	3.3	4.3	3.6	5.1	3.6	12/31/2003								
<i>Fixed Income Blended Index⁴</i>		0.0	2.1	2.5	2.3	3.9	4.0									
PIMCO Income Fund	5.2%	0.6	5.9	5.5	7.6	--	5.4	12/31/2012								
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	2.1	2.5	2.1	--	1.8									
Baird Core Plus Bond Fund	5.3%	-0.5	2.9	3.1	3.1	5.4	1.9	11/17/2016								
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	2.1	2.5	2.1	3.5	3.3									
Dodge & Cox Income Fund	3.0%	-0.3	3.2	2.9	3.3	5.0	2.0	11/17/2016								
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	2.1	2.5	2.1	3.5	3.3									
Community Loans	1.9%	5.2	5.5	--	--	--	5.5	12/31/2014								
	% of Fund	Calendar Years														
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Fixed Income	15.4%	0.6	6.1	5.3	1.8	5.7	1.3	4.6	7.3	7.5	11.2	-14.2	3.2	6.8	2.2	6.5
<i>Fixed Income Blended Index⁴</i>		0.0	3.5	2.7	0.5	6.0	-1.8	5.5	7.4	7.2	8.6	2.4	6.5	5.0	2.7	5.0
PIMCO Income Fund	5.2%	0.6	8.6	8.7	2.6	7.2	4.8	22.2	6.4	20.5	19.2	-5.5	--	--	--	--
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	3.5	2.7	0.6	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	--	--	--	--
Baird Core Plus Bond Fund	5.3%	-0.5	4.7	4.7	0.1	6.6	-1.3	8.0	7.9	9.8	15.4	-1.8	6.0	6.6	2.2	6.3
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	3.5	2.7	0.6	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
Dodge & Cox Income Fund	3.0%	-0.3	4.4	5.6	-0.6	5.5	0.6	7.9	4.8	7.2	16.1	-0.3	4.7	5.3	2.0	3.6
<i>Bloomberg-Barclays Aggregate Index</i>		0.0	3.5	2.7	0.6	6.0	-2.0	4.2	7.8	6.5	5.9	5.2	7.0	4.3	2.4	4.3
Community Loans	1.9%	5.2	5.4	4.3	5.8	--	--	--	--	--	--	--	--	--	--	--

Note: Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees. These tables reflect historical performance for the funds in which the Long Term Investment Pool invests, but HAF did not hold these funds for the entire period shown.

[^] Returns are annualized for periods greater than a year.

⁴ The fixed income index consists of the Bloomberg Barclays US Aggregate Index is a blend of the Bloomberg Barclays Aggregate Index (which covers all investment grade dollar-denominated bonds) from 4/1/13-12/31/14 and the Universal Index (which includes investment grade and non-investment grade issues) prior to 4/1/13.

HAF's fixed income composite outperformed in 2018, albeit with muted absolute returns. The broad US fixed income market returned 0.0% in 2018, while HAF returned 0.6%. Community loans, which "earn" a return that equals the interest rate charged, were the strongest performers.

PIMCO – Income Fund (Opportunistic Fixed Income)

Overview: PIMCO Income fund invests in opportunistic bond sectors, with an eclectic approach that takes full advantage of the deep fixed income resources and skills at PIMCO, a global leader in bonds. The Income strategy is not benchmark dependent and is not managed to a specific benchmark, but rather is a go anywhere strategy in search of reliable income/yield. PIMCO funds are managed in the context of the firm's outlook for the global economy and markets, but investment decisions and value-added come primarily from traditional bottom-up credit analysis. This strategy allows for access to PIMCO's "top down" views and value add through strategies such as exposure to interest rates, duration, changing volatility, yield curve positioning and sector rotation.

HAF invested in the PIMCO Income strategy in December 2012.

Performance: The PIMCO Income Fund outperformed in 2018 with a return of 0.6% versus 0.0% for the Index; the fund was helped by the exposure to high yield, emerging market debt, and non-agency mortgages, which added value during the first three quarters of the year but held back relative returns in the final quarter of the year amid a "risk off" environment.

Conclusion: Angeles believes PIMCO Income Fund remains a great diversifier for HAF's fixed income portfolio that offers a significant boost to current income. The firm and investment team are highly experienced and well-resourced. The fund benefits from its investment process, which combines global top-down views on the macro-economic environment with proprietary bottom-up analysis of credit quality and market factors by the firm's global credit analysts.

Baird – Core Plus Bond Fund (Core Plus Fixed Income)

Overview: Baird's philosophy is that interest rates are difficult to forecast consistently over time. Therefore, Baird employs a duration-neutral, risk-controlled approach. They add incremental value through security selection, sector allocation, yield curve positioning and competitive execution of trades. They focus on the relative value, or risk/return profile, offered by various industry sectors within the bond market. Sector positions are analyzed on a contribution to duration basis and carefully evaluated for the return potential of each sector, focusing on general and specific risks involved.

HAF invested in the Baird Core Plus Bond Fund in November 2016.

Performance: Baird Core Plus Bond delivered a negative return in 2018 (-0.5%) due to exposure to credit sectors where credit risk was a source of negative relative returns.

Conclusion: Baird focuses on the relative value, or risk/return profile, offered by various industry sectors within the bond market. Baird has a strong credit team and controls portfolio risk by maintaining duration neutral to the index. We continue to have confidence in this fund as a relatively low cost way for HAF to gain diversified exposure to the fixed income market in a risk-controlled fashion.

Dodge & Cox – Income Fund (Core Plus Fixed Income)

Overview: The philosophy guiding the firm’s fixed income portfolios is to construct and manage a high average quality, diversified portfolio of securities that are selected through bottom-up, fundamental analysis. They believe that by combining fundamental research with a long-term investment horizon, it is possible to uncover and act upon inefficiencies in the valuation of market sectors and individual securities. To seek attractive returns for clients, they emphasize market sector and individual security selection, strive to build portfolios that have a higher yield than the composite yield of the broad bond market, and analyze portfolio and individual security risk.

Fundamental research is central to the investment process. The purpose of their research is to find securities that they believe will provide a relatively high and predictable stream of income and an opportunity for attractive relative price performance. An extended investment horizon enables them to take advantage of short-term uncertainty in their effort to seek long-term performance. They typically construct their portfolios with the goal of generating a relatively high, sustainable income stream without assuming undue levels of risk. Though it is rarely critical in any single year, the compounding of this income can have a significant positive effect on the total return of a fixed income portfolio over longer periods of time.

HAF invested in the Dodge & Cox Income Fund in November 2016.

Performance: Dodge & Cox Income returned -0.3% net of fees versus 0.0% for the Bloomberg Barclays Aggregate Index during the year. The portfolio’s credit orientation held back returns relative to the index during the year.

Conclusion: The strategy is well-resourced with a stable investment team led by an eight-member investment committee with an average tenure at Dodge & Cox of 21 years. Reflecting Dodge & Cox’s well-known value orientation in equity, its fixed income team seeks attractively valued securities and will step into sectors that are out-of-favor with markets by taking a longer-term view. Angeles believes the fund is attractive as it seeks to deliver excess returns by taking credit risk rather than interest rate risk, which we think is more repeatable for sustained long term performance.

Regional Mission Related Investments/Community Investing (Community Loans)

Overview: Community Loans are investments in alignment with HAF’s mission that support projects which benefit the community and meet HAF due diligence standards as sound investments for the Foundation. These investments are approved on a case by case basis by the HAF Investment Committee and Board of Directors and shall comply with the guidelines outlined in the Investment Policy Statement (IPS).

As of December 31, 2018, the foundation had \$1.9 million (2% of the Long-Term Investment Pool) invested in Community Loans. This allocation is in line with the HAF Investment Policy Statement, which targets up to 5% to Community Loans.

REAL ESTATE REVIEW

HAF had 4.8% of its assets in global public real estate, in line with its 5% target, managed in a single fund, the DFA Global Real Estate Securities fund.

Table 10 –
REIT Performance as of December 31, 2018
(Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Real Estate Securities	4.8%	-4.2	3.7	6.6	8.2	11.1	7.1	12/31/2003
<i>Real Estate Securities Index⁵</i>		-5.9	2.3	5.3	7.2	10.3	7.9	
DFA Global Real Estate Securities	4.8%	-4.2	3.7	6.6	8.1	--	6.5	7/31/2012
<i>S&P Global REIT Index</i>		-5.9	2.3	5.3	7.1	--	6.2	

	% of Fund	Calendar Years														
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Real Estate Securities	4.8%	-4.2	9.2	6.6	0.7	22.7	1.8	23.5	0.8	23.7	32.2	-40.5	-18.7	35.3	13.2	32.1
<i>Real Estate Securities Index⁵</i>		-5.9	7.4	5.8	-0.4	21.5	1.7	23.2	0.1	22.7	34.4	-40.6	-17.9	35.9	14.1	34.8
DFA Global Real Estate Securities	4.8%	-4.2	9.2	6.6	0.7	22.7	1.8	23.2	1.8	23.8	32.7	--	--	--	--	--
<i>S&P Global REIT Index</i>		-5.9	7.4	5.8	-0.4	21.5	1.7	22.4	0.6	22.1	31.7	--	--	--	--	--

Note: Some funds include extended performance based on oldest share class, adjusted for fees. Performance displayed above reflects historical returns since fund inception. Some funds include extended performance based on oldest share class, adjusted for fees.

[^] Returns are annualized for periods greater than a year.

⁵ Real Estate Securities benchmark is a custom blended benchmark: Effective August 1, 2012, the benchmark consists of 100% S&P Global REIT Index. From June 1, 2008 to July 31, 2012, the benchmark consists of 50% DJ Wilshire RE Securities and 50% S&P/Citi Global US RE Index. Prior to 6/1/08, the benchmark consists of 100% DJ Wilshire RE Secs.

DFA – Global Real Estate Securities Fund (Global REITs)

Overview: DFA's Global Real Estate Securities portfolio is designed to achieve long-term capital appreciation and invests passively in a broad range of US and non-US companies in the real estate industry with a focus on REITs. The portfolio primarily purchases shares of DFA's US Real Estate and International Real Estate Securities Portfolios.

Country weights are primarily determined by the aggregate market capitalization of the investable universe in each country and region. The country weighting methodology caps weightings at 30% (at time of purchase) to all countries except the US. Securities must pass quantitative and qualitative filters before becoming eligible for purchase into the strategy. The portfolio does invest in specialty REITs such as cell towers but does not invest in mortgage REITs (given their tendency to behave more like fixed income securities than real estate), prison REITs, REITs in extreme financial difficulties, REITs involved in mergers or consolidation, or those that may be the subject of an acquisition. The US is the largest single country holding at 65% at the end of 2018, followed by Japan at 8%.

HAF invested in DFA's Global Real Estate strategy in July 2012.

Performance: The Fund outperformed in 2018 with a return of -4.2% versus the Index's return of -5.9%.

Conclusion: DFA's Global Real Estate Securities Fund is attractive for its diversification benefits, including exposure to properties across emerging markets (1.8%). With over 400 securities, the portfolio is well diversified across geography, size and REIT type. Expenses are low, and turnover is minimal, keeping trading costs low.

HEDGE FUNDS REVIEW

At the end of 2018, HAF had \$9.8 million, or approximately 9.5% of the Foundation's total assets, invested in hedge funds through the Angeles Absolute Return Fund, slightly below the long term target of 10% of total Long Term Pool assets. Angeles waives its management fee for the fund for its clients, including HAF.

Table 11

Hedge Fund Allocation– as a percent of Total Assets and as of 12/31/18

	Market Value	% of Total Assets		Variance from Target	Allowable Range
		Actual	Target		
Absolute Return					
Angeles Absolute Return Fund	\$9,777,035	9.5%	10.0%	-0.5%	
Total Absolute Return	\$9,777,035	9.5%	10.0%	-0.5%	0-15%

Table 12

Angeles Absolute Return Fund Performance as of December 31, 2018 (Annualized, Net of Fees)

	% of Fund	Annualized					Since Fund Inception [^]	Inception Date
		1 Year	3 Year	5 Year	7 Year	10 Year		
Absolute Return	9.4%	-5.9	2.9	2.9	--	--	2.9	12/31/2013
<i>HFRI Fund of Funds Index</i>		-4.1	1.2	1.8	--	--	1.8	
Angeles Absolute Return Fund		-5.9	2.9	2.9	--	--	2.9	12/31/2013
<i>HFRI Fund of Funds Index</i>		-4.1	1.2	1.8	--	--	1.8	

	% of Fund	Calendar Years				
		2018	2017	2016	2015	2014
Absolute Return	9.4%	-5.9	13.4	2.0	0.2	5.4
<i>HFRI Fund of Funds Index</i>		-4.1	7.6	0.5	-0.3	3.4
Angeles Absolute Return Fund		-5.9	13.4	2.0	0.2	5.4
<i>HFRI Fund of Funds Index</i>		-4.1	7.6	0.5	-0.3	3.4

Since inception, the absolute return composite index is the HFRI Fund of Funds Composite Index.

ANGELES ABSOLUTE RETURN FUND

Overview: The Angeles Absolute Return Fund LTD (AIA ARF) provides Angeles Investment Advisors' manager selection and portfolio construction expertise in hedge funds in a fund-of-funds format, which allows investors to gain hedge fund exposure through a diversified structure that is administratively simple. The goal of the AIA ARF is to generate superior risk-adjusted returns with moderate volatility by investing in funds managed by historically successful and high-quality managers pursuing a cross-section of absolute return strategies. The goal of the fund is to mitigate losses in falling markets, exhibit lower correlation to traditional asset classes, and provide a range of exposures across sectors, regions, strategies, and managers.

The fund is well diversified across strategies, and as of year-end, the fund held 14 underlying managers. Managers tend to employ low to no leverage; in aggregate the fund has a leverage ratio of about 1.04x as of December 31, 2018. Changes in the Absolute Return Fund's manager lineup were made in 2018: a full redemption from Luminus, an energy long/short manager and MidOcean, a credit long/short manager occurred, and the fund is in the process of exiting Trian, an activist manager, and Sachem Head, an equity long/short manager. Two managers were added in the fourth quarter: Tor, an Asia credit manager, and Deep Basin, an energy market neutral manager.

HAF invested in the Angeles Absolute Return Fund in on January 1, 2014.

Performance: The Angeles Absolute Return returned -5.9% in 2018 and underperformed the benchmark return of -4.1%. The portfolio's higher beta (equity sensitivity) relative to the index hurt relative returns in addition to weak performance from the long/short equity managers (particularly for the healthcare/biotech, technology, and China focused managers). The portfolio's credit managers provided good downside protection.

Conclusion: The Angeles Absolute Return Fund provides an efficient structure to gain diversified exposure to direct hedge funds that implement alternative asset strategies that attempt to offer attractive, risk-adjusted rates of returns that are not highly correlated with traditional asset classes. The fund will hold approximately 5-20 managers, diversified across sectors, regions and strategies. For existing clients (including HAF), Angeles does not assess a management fee at the fund level, and fund administrative expenses are low at approximately 0.24% in 2018.

Figure 4
Strategy Allocations (% Long Exposure) as of January 1, 2019

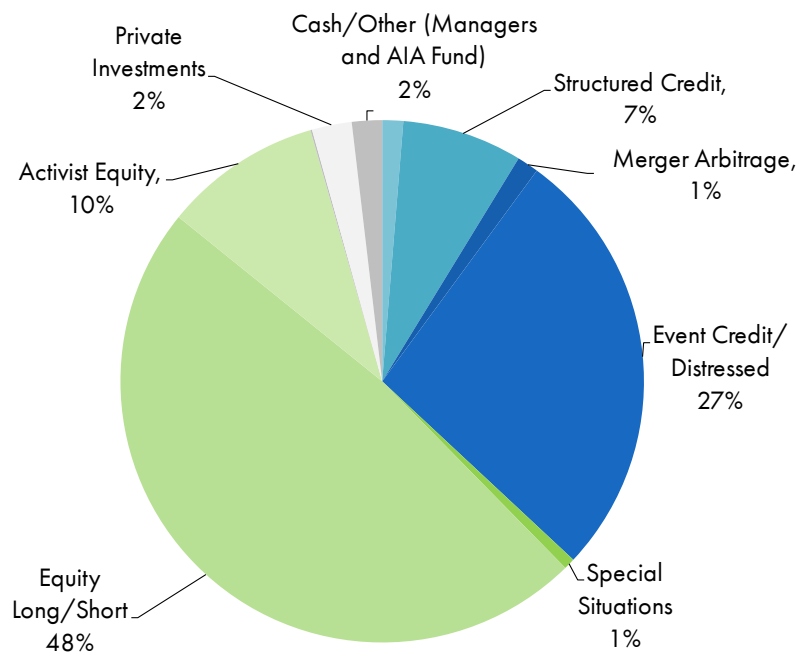


Table 13
Manager Allocations as of January 1, 2019

Manager	Allocation as of 1/1/2019*	Strategy	Investment Focus
Och-Ziff Credit	14.6%	Global Credit/Distressed	Invests in U.S. and European corporate and structured credit.
Canyon	10.7%	US Multi-strategy	Pursues a credit-oriented strategy focused on value and event-driven investments.
Whale Rock	10.2%	TMT Long/Short Equity	Global technology focused long/short equity manager.
Deep Basin	9.4%	Energy Market Neutral Equity	Employs a data driven approach to investing in mid/upstream companies with 0 targeted net exposure.
Green Court	9.2%	China Long/Short Equity	Invests in long/short equities (China) based on fundamental analysis.
Beach Point	8.3%	Global Credit/Distressed	Invests in event driven and distressed credit with a focus on complex and underfollowed situations.
Tor	7.3%	Asia Credit	Invests in Pan-Asia credit opportunities.
Cevian	6.4%	European Activist Equity	Concentrated activist equity strategy focused on investing in the Nordic region of Europe.
Oceanwood	6.3%	European Multi-strategy	Invests in event-driven opportunities across Europe in both credit and equity.
Salthill	6.0%	Biotechnology Long/Short Equity	Invests long/short in the global biotechnology sector.
Orbimed	4.6%	Healthcare Long/Short Equity	Invests long/short in the global healthcare sector.
Trian (includes co-investment fund)	2.8%	Activist Equity	Concentrated activist equity strategy focused on the US and Europe.
Sachem Head	1.9%	US Long/Short Equity	Employs a concentrated, value-oriented long/short investment strategy with the willingness to use activism.
Managers in liquidation	0.4%	Other	Side pocket investments, liquidation process

MEDIUM TERM POOL REVIEW

HAF maintains a Medium Term Pool for investment, which is appropriate for funds with a shorter time horizon.

As of the end of 2018, the Medium Term Pool held \$2.6 million in assets. The Medium Term Pool has a significantly more conservative asset allocation than the Long Term Pool, with a target of 60% in bonds, 5% in real estate securities and 18% each in US and international equity (all passively managed).

The Medium Term Pool's more conservative mix moderated losses in 2018, with the Medium Term Pool returning -3.5%, versus -3.3% for its benchmark.

Exhibit 1:
Summary of Performance through
December 31, 2018

2018 INVESTMENT PERFORMANCE REVIEW – LONG TERM POOL

As of December 31, 2018	Market Value	% of Fund	Policy Target	1 Month	3 Months	YTD	1 Year	3 Yrs. (Annlzd)	5 Yrs. (Annlzd)	10 Yrs. (Annlzd)	Expense Ratio*
Global Equity	\$ 72,806,353	70%	70%	-7.4%	-13.7%	-10.6%	-10.6%	6.6%	4.3%	9.4%	
MSCI ACWI IMI Index				-7.2%	-13.3%	-10.1%	-10.1%	6.5%	4.2%	9.7%	
AF EuroPacific Growth Fund	\$ 19,450,912	19%	19%	-5.1%	-12.7%	-15.2%	-15.2%	3.7%	1.5%	7.3%	0.82
DFA Emerging Mkts Core Fund^	\$ 2,009,091	2%	2%	-2.4%	-6.4%	-15.2%	-15.2%	9.1%	1.9%	8.8%	0.52
DFA Global Equities	\$ 29,374,372	28%	28%	-8.9%	-15.1%	-11.5%	-11.5%	6.9%	4.4%	--	0.30
Vanguard Institutional Index I	\$ 14,727,233	14%	14%	-9.0%	-13.5%	-4.4%	-4.4%	9.2%	--	--	0.04
AF New Perspective	\$ 7,244,745	7%	7%	-5.8%	-13.2%	-5.8%	-5.8%	7.3%	--	--	0.74
Absolute Return	\$ 9,777,035	9%	10%	-2.5%	-8.7%	-5.9%	-5.9%	2.9%	2.9%	--	
HFRI Fund of Funds Index				-1.7%	-5.0%	-4.1%	-4.1%	1.3%	1.4%	--	
Angeles Absolute Return Fund**	\$ 9,777,035	9%	10%	-2.5%	-8.7%	-5.9%	-5.9%	2.9%	2.9%	--	1.53
Fixed Income	\$ 15,919,709	15%	15%	1.0%	0.8%	0.6%	0.6%	3.3%	4.3%	--	
Bloomberg-Barclays Aggregate Index				1.8%	1.6%	0.0%	0.0%	2.1%	2.5%	--	
PIMCO Income Fund	\$ 5,404,894	5%	6%	0.8%	0.7%	0.6%	0.6%	5.9%	5.5%	--	0.50
Community Loans	\$ 1,921,776	2%	1%	1.9%	2.7%	5.2%	5.2%	5.5%	--	--	
Baird Core Plus Bond Fund	\$ 5,516,055	5%	6%	1.4%	0.9%	-0.5%	-0.5%	--	--	--	0.30
Dodge & Cox Income	\$ 3,076,984	3%	3%	1.0%	0.3%	-0.3%	-0.3%	--	--	--	0.43
Real Estate Securities	\$ 5,010,741	5%	5%	-5.5%	-4.9%	-4.2%	-4.2%	3.7%	6.6%	11.1%	
S&P Global REIT Index*				-5.9%	-5.8%	-5.9%	-5.9%	2.3%	5.3%	10.3%	
DFA Global Real Estate Securities	\$ 5,010,741	5%	5%	-5.5%	-4.9%	-4.2%	-4.2%	3.7%	6.6%	--	0.24
Cash	\$ 76,383	0%	0%								
90-Day T-Bills				0.2%	0.6%	1.9%	1.9%	1.0%	0.6%	0.4%	
TDA - Cash Sweep Account	\$ 25,400	0%	0%	--	--	--	--	--	--	--	
TD Bank USA MMDA - Cash Reserve	\$ 50,983	0%	0%	--	--	--	--	--	--	--	
Total Fund	\$ 103,590,220.21	100%	100%	-5.5%	-10.6%	-8.2%	-8.2%	5.6%	4.3%	8.7%	0.52
Policy Benchmark				-5.3%	-9.9%	-7.7%	-7.7%	5.3%	3.9%	8.6%	
CPI +4%				0.3%	1.4%	6.2%	6.2%	6.1%	5.6%	5.8%	

Note: Market value data and Total Fund returns provided by Premier. Fiscal Year is June 30.

*Estimated average total fund fee based on individual fund audited expense ratio and target allocations. Expense ratio for Angeles Absolute Return Fund only includes management fees, but does not include administrative fees or variable performance fees. Administrative fees will vary each year.

**Performance and market value are based on underlying manager estimates for the trailing month.

^ Prior to April 1, 2008, performance was for DFA Emerging Markets (DFEMX).

Effective August 1, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 15% Bloomberg-Barclays Aggregate, 10% HFRI Fund of Funds Index, and 5% S&P Global REIT Index.

From January 1, 2014 to July 31, 2015, the Policy Benchmark = 70% MSCI ACWIMI, 20% Bloomberg-Barclays Aggregate, 5% HFRI Fund of Funds Index, and 5% S&P Global REIT Index.

From April 1, 2013 to December 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Bloomberg-Barclays Aggregate, and 5% S&P Global REIT Index.

From August 1, 2012 to March 31, 2013, the Policy Benchmark = 70% MSCI ACWIMI, 25% Bloomberg-Barclays Universal, 5% S&P Global REIT Index.

From June 1, 2008 to July 31, 2012, the Policy Benchmark = 35% Russell 3000 Index, 35% MSCI All Country World Ex US Investable Market Index, 25% Bloomberg-Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% Blende REIT Index. From

June 1, 2006 to May 31, 2008, the policy benchmark consists of 50% Russell 3000 Index, 20% MSCI ACWI Ex-US Index, 25% Bloomberg-Barclays Capital Universal Index (formerly Lehman Brothers Universal Index) and 5% DJ Wilshire US Select REIT Ind

Prior to June 1, 2006, the policy benchmark consists of 50% Russell 3000 Index, 15% MSCI ACWI Ex-US Index, 30% Bloomberg-Barclays Capital Universal Index (formerly Lehman Brothers Universal Index), and 5% DJ Wilshire US Select REIT Index.

Exhibit 2: Fund Summaries

	Ticker	Assets (\$MM) as of 12/31/18	Expense Ratio (bps)	Turnover	Number of Holdings	Morningstar Rating
Global Equity						
AF EuroPacific Growth Fund	AEPGX	\$150,637.7	82	29%	386	★★★
DFA Emerging Mkts Core Fund	DFCEX	\$27,861.9	52	4%	4880	★★★★
DFA Global Equities	DGEIX	\$6,901.8	30	0%	6	★★★★
Vanguard Institutional Index	VINIX	\$216,527.7	4	5%	509	★★★★
AF New Perspective	ANWPX	\$82,154.9	74	23%	305	★★★★★
Fixed Income						
PIMCO Income Fund	PIMIX	\$111,675.9	50	266%	6354	★★★★★
Baird Core Plus Bond Fund	BCOIX	\$17,981.2	30	30%	1253	★★★★
Dodge & Cox Income Fund	DODIX	\$55,489.4	43	19%	1031	★★★★
Real Estate Securities						
DFA Global Real Estate Securities	DFGEX	\$7,832.9	24	--	166	★★★★★

Source: Morningstar; Data as of 12/31/18. Morningstar expense ratios are based on Annual Reports provided by managers

Exhibit 3:
Historical Fund Performance Through
December 31, 2018

Historical Fund Performance through December 31, 2018⁶

Fund Name	Ticker	Net Assets \$(000's)	Exp Ratio	Annld Return 1 Yr	Annld Return 3 Yr	Annld Return 5 Yr	Annld Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
AF EuroPacific Growth Fund	AEPGX	\$19,451	0.82%	-15.2	3.7	1.5	7.3	56	37	44	52
Morningstar Foreign Large Growth Median			1.05%								
MSCI ACWI ex-US Index				-14.2	4.5	0.7	6.6				
AF New Perspective	ANWPX	\$19,451	0.74%	-5.9	7.3	6.1	11.4	20	19	14	12
Morningstar World Stock Median			1.06%								
MSCI ACWI Index				-9.4	6.6	4.3	9.5				
DFA Global Real Estate	DFGEX	\$5,011	0.24%	-4.2	3.7	6.6	--	14	24	2	--
Morningstar Global Real Estate Median			1.22%								
S&P Global REIT Index				-5.9	2.3	5.3	--				
DFA Emerging Mkts Core Equities	DFCEX	\$2,009	0.52%	-15.3	9.2	1.9	8.8	37	19	23	16
Morningstar Diversified Emerging Mkts Median			1.28%								
MSCI Emerging Mkts Net Div				-14.6	9.3	1.7	8.0				
DFA Global Equities	DGEIX	\$29,374	0.30%	-11.5	6.9	4.4	10.9	69	24	36	20
Morningstar World Stock Median			1.06%								
MSCI ACWI IMI				-10.1	6.5	4.2	9.7				
Vanguard Institutional Index	VINIX	\$14,727	0.04%	-4.4	9.2	8.5	13.1	20	13	7	17
Morningstar Large Blend Median			0.89%								
S&P 500 Index				-4.4	9.3	8.5	13.1				

⁶ Source: Morningstar. Ranks are percentile rankings versus peer groups for managers in respective styles; 1 is the top percentile ranking will 99 is worst.

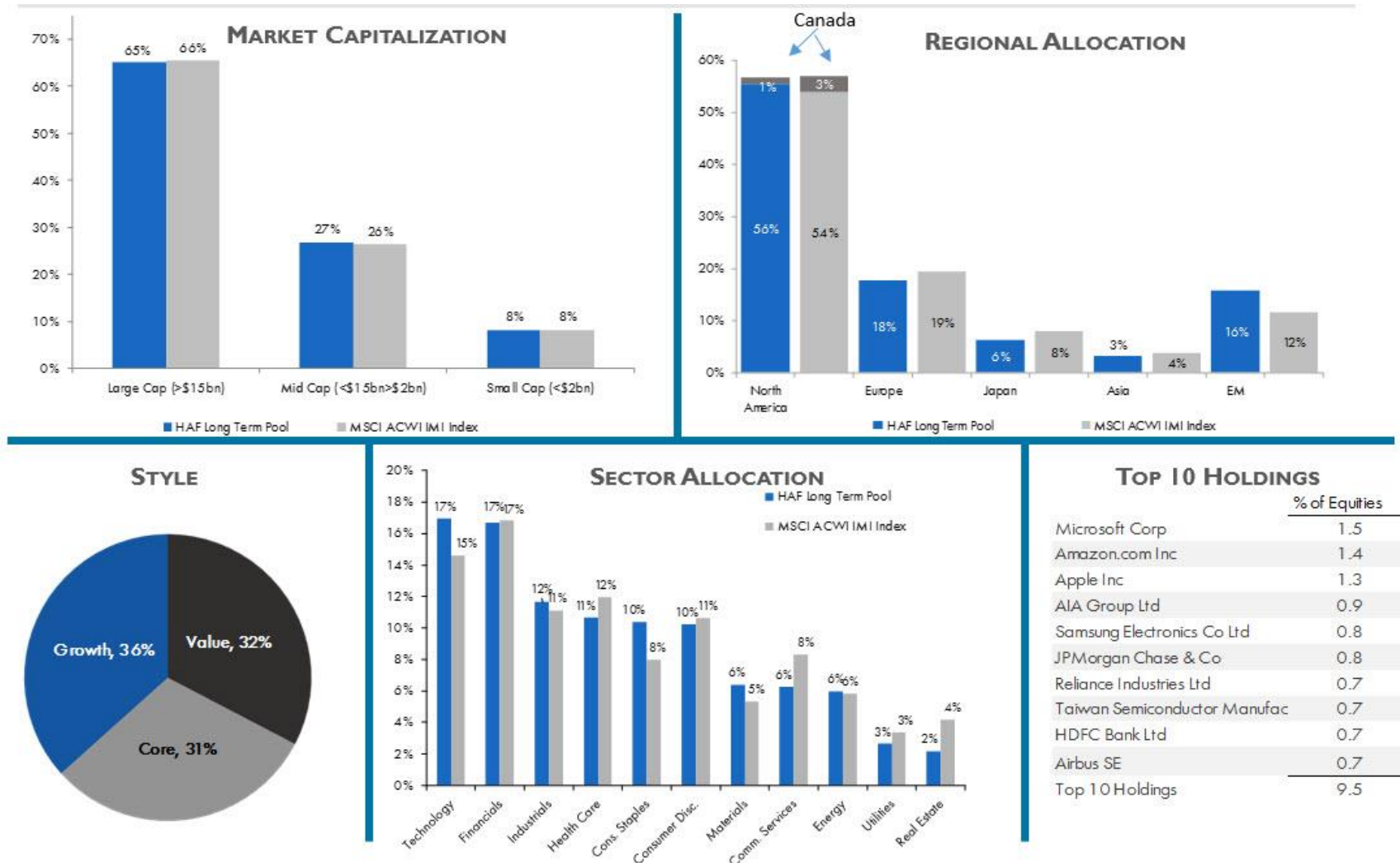
2018 INVESTMENT PERFORMANCE REVIEW – LONG TERM POOL

Fund Name	Ticker	Net Assets \$MM	Exp Ratio	Annld Return 1 Yr	Annld Return 3 Yr	Annld Return 5 Yr	Annld Return 10 Yr	% Rank in Cat 1 Yr	% Rank in Cat 3 Yr	% Rank in Cat 5 Yr	% Rank in Cat 10 Yr
PIMCO Income Fund	PIMIX	\$5,405	0.72%	0.6	5.9	5.5	--	13	6	1	--
Morningstar Multisector Bond Median			0.92%								
Bloomberg-Barclays Aggregate Index				0.0	2.1	2.5	--				
Baird Core Plus Bond	BCOIX	\$5,516	0.30%	-0.5	2.9	3.1	5.4	46	13	10	16
Morningstar Intermediate-Term Bond Median			0.67%								
Bloomberg-Barclays Aggregate Index				0.0	2.1	2.5	3.5				
Dodge & Cox Income	DODIX	\$3,077	0.43%	-0.3	3.2	2.9	5.0	36	8	17	29
Morningstar Intermediate-Term Bond Median			0.67%								
Bloomberg-Barclays Aggregate Index				0.0	2.1	2.5	3.5				

Performance rankings are as of 12/31/18 and rank manager's performance relative to peers. Provided by Morningstar; 1=Best, 100=Worst.

Exhibit 4:
Global Equity Characteristics
December 31, 2018

Global Equity Characteristics as of December 31, 2018



Note: All data sourced from eVestment, Morningstar, and managers as of 12/31/2018. Figures may not add up to 100% due to rounding.

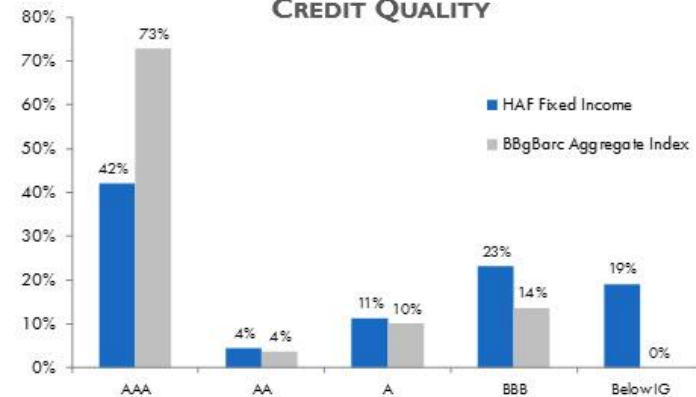
Exhibit 5:
Fixed Income Characteristics
December 31, 2018

Fixed Income Characteristics as of December 31, 2018

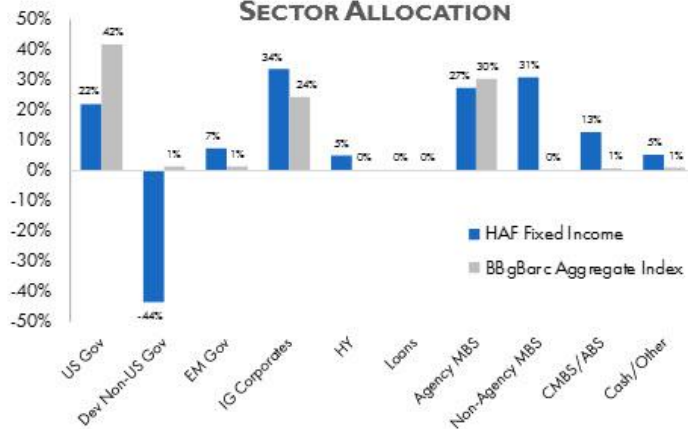
CHARACTERISTICS

	% of FI	30 Day SEC Yield	YTM	Duration	Maturity	Credit Quality
PIMCO Income (PIMIX)	39%	4.3%	5.6%	2.0	3.8	BBB
Baird Core Plus (BCOIX)	39%	3.6%	3.9%	5.7	7.8	A
Dodge & Cox Income (DODIX)	22%	3.7%	4.1%	4.3	8.3	AA
Fixed Income Portfolio	100%	3.9%	4.6%	3.9	6.4	A
Bloomberg-Barclays Aggregate Index	N/A	N/A	3.3%	5.9	8.2	AA

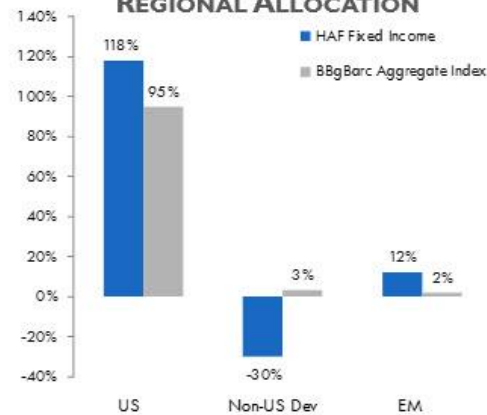
CREDIT QUALITY



SECTOR ALLOCATION



REGIONAL ALLOCATION

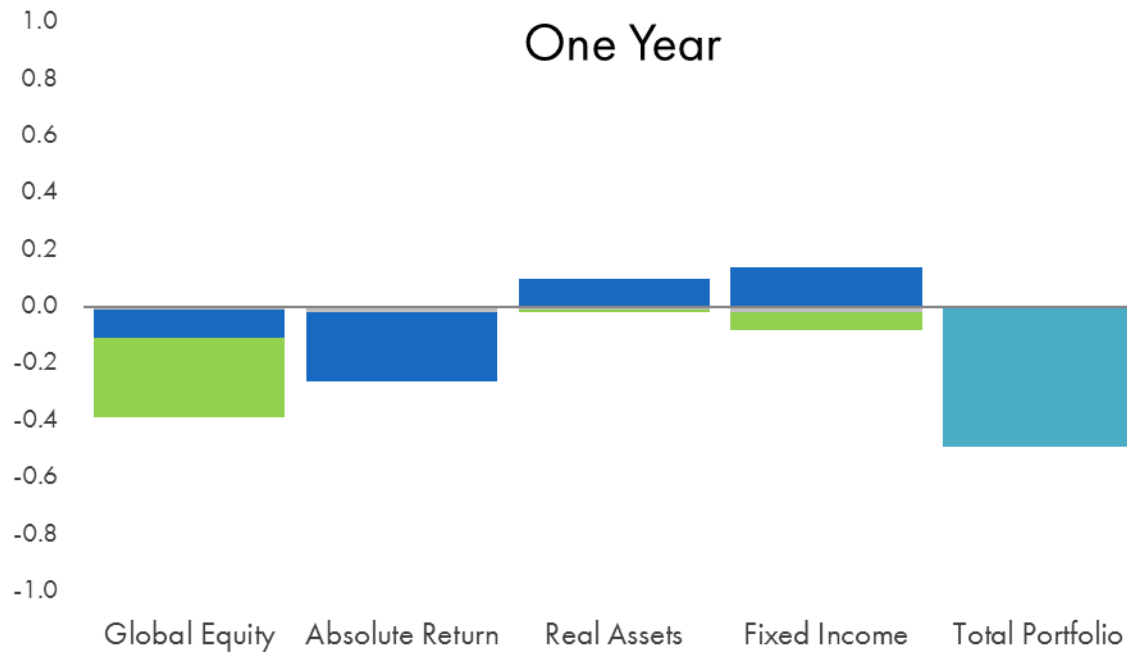


CURRENCY EXPOSURE

Currency	% of Portfolio
USD	99.3%
AUD	-0.9%
TWD	0.8%
SAR	0.6%
Other	0.2%
Total	100.0%

Note: All data sourced from eVestment, Morningstar, and respective managers as of 12/31/2018. Note: Sector and Regional Allocation data for PIMCO fixed-income funds are duration-weighted. Due to PIMCO's use of derivatives and other forward-settling securities, Angeles believes the duration-weighted method most accurately describes the risk profile of PIMCO's funds. Figures may not add up to 100% due to rounding. "Cash/Other" includes Converts/Preferreds, TIPS, and Municipals. Currency Exposure table represents the top 4 significant positions (in absolute terms) within the holdings-weighted portfolio.

**Exhibit 6:
Attribution Analysis (One year Ended
12/31/18)**



Trailing Year

Global Equity	The composite underperformed the MSCI ACWI IMI due to a negative manager selection effect.
Absolute Return	The Angeles Absolute Return Fund underperformed the HFRI FOF Composite Index.
Real Asset	The composite outperformed the S&P 500 Global REITS benchmark in the trailing year.
Fixed Income	Manager selection contributed to outperformance.
Total	The total portfolio underperformed relative to the Policy Index due to a negative manager selection effect.

Humboldt Area Foundation - Trailing 1 Year

1-1-2018 - 12-31-2018

		Average Weights %		Market Return(%)		Attribution Effect(%)				
		Portfolio	Policy	Portfolio	Benchmark	Asset Class Weighting	Manager Selection	Manager Style	Manager Fee	Active Return
Global Equity	MSCI ACWI IMI NR USD	70.4	70.0	-10.6	-10.1	0.0	-0.5	0.4	-0.3	-0.4
American Funds Europacific Growth A	MSCI ACWI Ex USA NR USD	19.0		-15.2	-14.2	0.0	0.0	-0.8	-0.1	-1.0
DFA Global Equity I	MSCI World NR USD	28.0		-11.5	-8.7	0.0	-0.7	0.4	-0.1	-0.4
American Funds New Perspective A	MSCI ACWI NR USD	7.3		-5.9	-9.4	0.0	0.3	0.1	-0.1	0.3
Vanguard Institutional Index I	S&P 500 TR USD	14.1		-4.4	-4.4	0.0	0.0	0.8	0.0	0.8
DFA Emerging Markets Core Equity I	MSCI EM NR USD	2.0		-15.3	-14.6	0.0	0.0	-0.1	0.0	-0.1
Absolute Return	HFRI FOF	9.6	10.0	-5.9	-3.5	0.0	-0.2	0.0	0.0	-0.3
Angeles Absolute Return Fund	HFRI FOF	9.6		-5.9	-3.5	0.0	-0.2	0.0	0.0	-0.2
Real Assets	S&P Global REIT NR USD	5.1	5.0	-4.2	-5.9	0.0	0.1	0.0	0.0	0.1
DFA Global Real Estate Securities	S&P Global REIT NR USD	5.1		-4.2	-5.9	0.0	0.1	0.0	0.0	0.1
Fixed Income	BBgBarc US Agg Bond TR USD	14.8	15.0	0.7	0.0	0.0	0.1	0.0	-0.1	0.1
Community Loans	BBgBarc US Agg Bond TR USD	1.8		6.7	0.0	0.0	0.1	0.0	0.0	0.1
PIMCO Income Instl	BBgBarc US Agg Bond TR USD	5.1		0.6	0.0	0.0	0.1	0.0	0.0	0.0
Dodge & Cox Income	BBgBarc US Agg Bond TR USD	2.9		-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Baird Core Plus Bond Inst	BBgBarc US Agg Bond TR USD	5.1		-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Cash and Equivalents	BofAML US Treasury Bill 3 Mon	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TD Bank USA MMDA - Cash Reserve	BofAML US Treasury Bill 3 Mon TR USD	0.1		0.0	1.9	0.0	0.0	0.0	0.0	0.0
TDA - Cash Sweep Account	BofAML US Treasury Bill 3 Mon TR USD	0.0		0.0	1.8	0.0	0.0	0.0	0.0	0.0
Total		100.0	100.0	-8.1	-7.6	0.0	-0.5	0.4	-0.4	-0.5
Net of Fee Performance				-8.2	-7.6					

Humbolt Area Foundation -3 Year

1-1-2016 - 12-31-2018

		Average Weights %		Market Return(%)		Attribution Effect(%)				
		Portfolio	Policy	Portfolio	Benchmark	Asset Class Weighting	Manager Selection	Manager Style	Manager Fee	Active Return
Global Equity	MSCI ACWI IMI NR USD	70.3	70.0	6.6	6.5	4.8	4.7	0.0	0.4	0.1
American Funds Europacific Growth A	MSCI ACWI Ex USA NR USD	19.7		3.7	4.5	0.8	0.0	0.0	0.1	-0.5
American Funds Fundamental Invs A	S&P 500 TR USD	0.9		7.0	5.9	0.1	0.0	0.0	0.1	0.0
American Funds New Perspective A	MSCI ACWI NR USD	6.2		7.3	6.6	0.6	0.0	0.0	0.2	0.0
DFA Emerging Markets Core Equity I	MSCI EM NR USD	2.1		9.2	9.3	0.2	0.0	0.0	0.0	0.1
DFA Global Equity I	MSCI World NR USD	25.9		6.9	6.3	1.8	0.0	0.0	0.2	0.0
DFA International Small Company I	MSCI World Ex USA Small Cap NR USD	0.8		5.2	4.1	0.1	0.0	0.0	0.1	0.0
Vanguard Institutional Index I	S&P 500 TR USD	13.2		9.2	9.3	1.3	0.0	0.0	0.0	0.4
DFA US Small Cap I	Russell 2000 TR USD	0.6		7.1	6.2	0.1	0.0	0.0	0.0	0.0
AllianzGI Convertible Institutional	ICE BofAML All US Convertible TR USD	1.0		2.2	6.4	0.0	0.0	0.0	-0.1	0.1
Absolute Return	HFRI FOF	9.6	10.0	2.9	1.3	0.3	0.1	0.0	0.2	0.0
Angeles Absolute Return Fund	HFRI FOF	9.6		2.9	1.3	0.3	0.0	0.0	0.2	0.0
Real Assets	S&P Global REIT NR USD	5.0	5.0	3.7	2.3	0.2	0.1	0.0	0.1	0.0
DFA Global Real Estate Securities	S&P Global REIT NR USD	5.0		3.7	2.3	0.2	0.0	0.0	0.1	0.0
Fixed Income	BBgBarc US Agg Bond TR USD	14.9	15.0	4.1	2.1	0.7	0.3	0.0	0.4	0.0
Baird Core Plus Bond Inst	BBgBarc US Agg Bond TR USD	3.6		2.1	1.8	0.1	0.0	0.0	0.0	0.0
Community Loans	BBgBarc US Agg Bond TR USD	1.5		5.5	2.1	0.1	0.0	0.0	0.1	0.0
Dodge & Cox Income	BBgBarc US Agg Bond TR USD	1.9		2.2	1.8	0.0	0.0	0.0	0.0	0.0
PIMCO Income Instl	BBgBarc US Agg Bond TR USD	5.8		5.9	2.1	0.4	0.0	0.0	0.3	0.0
DFA One-Year Fixed-Income I	ICE BofAML US 6M Trsy Bill TR USD	0.6		0.8	0.6	0.0	0.0	0.0	0.0	-0.1
Vanguard Total Bond Market Index I	BBgBarc US Agg Float Adj TR USD	1.3		6.0	6.0	0.1	0.0	0.0	0.0	0.0
Vanguard Total Bond Market Index Inv	BBgBarc US Agg Float Adj TR USD	0.3		-3.4	-3.2	-0.1	0.0	0.0	0.0	0.0
Cash and Equivalents	BofAML US Treasury Bill 3 Mon	0.1	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
TD Bank USA MMDA - Cash Reserve	BofAML US Treasury Bill 3 Mon TR USD	0.1		1.2	1.0	0.0	0.0	0.0	0.0	0.0
TDA - Cash Sweep Account	BofAML US Treasury Bill 3 Mon TR USD	0.0		0.0	1.0	0.0	0.0	0.0	0.0	0.0
Total		100.0	100.0	5.8	5.3	5.8	5.2	0.0	1.1	0.1
Net of Fee Performance				5.6	5.3					

Asset Class Weighting Effect

Measures how an over or under weight allocation to an asset class contributes or detracts from relative performance.

Manager Style Effect

Measures the contribution to the total portfolio's relative performance based on the managers' style (determined by their benchmarks) relative to the benchmark of their respective broader asset class.

Manager Selection Effect

Measures the contribution to the total portfolio's relative performance based on the managers' excess return against their specific benchmarks.

Total Net Effect

Represents the portfolio's total active return relative to the benchmark. It is the summation of the weighting effect, manager style & selection effect and manager fee effect.

Disclosure:

Attribution data approximates gross returns* for asset classes and the total fund by weighting the returns of underlying managers by their allocation within the portfolio. Active changes in the portfolio's structure are captured by periodic allocation updates. Approximated attribution returns may differ from actual returns by as much as ½% over any twelve-month period shown. Performance data for mutual funds, ETFs, individual equities and indices provided by Morningstar. All other fund performance provided by the respective manager or calculated by Angeles.

Returns for managers and corresponding indices reflect the return earned on the investment for the period it was held within the portfolio if shorter than the time period indicated by the report. Returns are gross of Angeles' management fees, but net of all underlying manager fees.

Exhibit 7:

Community Foundation Peer Comparison

Community Foundation Peer Comparison as of 12/31/2018

Net of fee returns	1 Year	3 Years	5 Years	10 Years
HAF Long Term Total Return	-8.2%	5.6%	4.3%	8.7%
Policy Index	-7.7%	5.3%	3.9%	8.6%
<i>Community Foundation (CF) Median Returns</i>				
<i>Returns for All CFs</i>	-6.7%	5.5%	3.5%	8.0%
<i>n =</i>	141	127	122	110
<i>CFs \$100-250mm</i>	-6.6%	5.6%	3.6%	8.1%
<i>n =</i>	33	32	32	31
HAF Vs. Similar Sized Peer Median	-1.6%	0.0%	0.7%	0.6%

Community foundation returns sourced from the Colonial Consulting, LLC, and Fiscal & Administrative Officers Group (FAOG) Community Foundation Survey and are net of fees.

Exhibit 8: HAF Socially Responsible Pool Information

HAF Socially Responsible Pool⁷

Fund Name	Style	Ticker	Fee in (bp)	Target	Overview
DFA US Sustainability Core 1	US Large Core	DFSIX	25	32%	Tilts to stocks with high sustainability ratings, including addressing climate change, environ vulnerability, and environment strength variable. A third-party vendor, MSCI ESG Research, provides data to support.
DFA Intl Sustainability Core 1	Int'l Core	DFSPX	37	24%	Tilts to stocks with high sustainability ratings, including addressing climate change, environ vulnerability, and environment strength variable. A third-party vendor, MSCI ESG Research, provides data to support.
DFA EM Sustainability	Emerging Markets	DESIX	65	8%	Tilts to stocks with high sustainability ratings, including addressing climate change, environ vulnerability, and environment strength variable. A third-party vendor, MSCI ESG Research, provides data to support.
Pax Global Environmental Markets	Global Equity	PGRNX	123	6%	Focus on alternative energy, energy efficiency, water infrastructure, pollution control, environmental support services, waste management technology, sustainable food, agriculture and forestry
Hartford Global Impact	Global Equity	HGXIX	79	10%	Affordable housing, clean water, sustainable agriculture, health, education/job training, financial inclusion, digital divide, alternative energy, resource efficiency
TIAA-CREF Social Choice	Core Bond	TSBRX	65	20%	Affordable housing, community and economic development, renewable energy, climate change
TOTAL			50	100%	

⁷ The HAF Socially Responsible Pool was approved by the HAF Board of Directors in July 2018 and was funded in February 2019.

Exhibit 9: HAF Medium Term Pool

2018 INVESTMENT PERFORMANCE REVIEW – LONG TERM POOL

As of December 31, 2018	Ticker	Market Value	% of Fund	Policy Target	1 Month	3 Months	YTD	FYTD	1 Year	3 Yrs. (Annlzd)	Since Inception (11/30/11)
US Equity		\$ 463,604	18%	18%	-9.3%	-14.3%	-5.2%	-8.2%	-5.2%	9.0%	9.5%
Russell 3000 Index					-9.3%	-14.3%	-5.2%	-8.2%	-5.2%	9.0%	12.4%
Vanguard Total Stock Market Index Fund	VTSAX	\$ 463,604	18%	18%	-9.3%	-14.3%	-5.2%	-8.2%	-5.2%	9.0%	--
International Equity		\$ 454,688	18%	18%	-4.7%	-11.6%	-14.1%	-10.6%	-14.1%	4.6%	5.4%
FTSE All World ex-US Index					-4.5%	-11.4%	-13.9%	-10.6%	-13.9%	4.9%	5.3%
Vanguard All World ex-US Index Fund	VFWAX	\$ 454,688	18%	18%	-4.7%	-11.6%	-14.1%	-10.6%	-14.1%	4.6%	6.2%
Fixed Income		\$ 1,525,224	59%	60%	1.1%	1.0%	0.3%	1.3%	0.3%	2.9%	3.0%
Blended Fixed Income Benchmark^					1.7%	1.6%	0.3%	1.7%	0.3%	1.9%	2.0%
Vanguard Total Bond Market Index	VBTLX	\$ 608,741	24%	24%	1.8%	1.6%	0.0%	1.6%	0.0%	2.0%	--
DFA Short-Term Extended Quality	DFEQX	\$ 305,362	12%	12%	0.7%	0.9%	1.3%	1.5%	1.3%	1.8%	--
PIMCO Income Fund	PIMIX	\$ 611,121	24%	24%	0.8%	0.7%	0.6%	1.3%	0.6%	5.9%	--
Real Estate Securities		\$ 129,597	5%	5%	-5.5%	-4.9%	-4.2%	-4.6%	-4.2%	3.7%	6.5%
S&P Global REIT Index					-5.9%	-5.8%	-5.9%	-5.8%	-5.9%	2.3%	7.2%
DFA Global Real Estate Securities	DFGEX	\$ 129,597	5%	5%	-5.5%	-4.9%	-4.2%	-4.6%	-4.2%	3.7%	--
Cash		\$ 4,668	0%	0%							
90-Day T-Bills					0.2%	0.6%	1.9%	1.1%	1.9%	1.0%	0.4%
TDA - Cash Sweep Account	--	\$ 2,099	0%	0%	--	--	--	--	--	--	--
TD Bank USA MMDA - Cash Reserve	--	\$ 2,570	0%	0%	--	--	--	--	--	--	--
Total Fund		\$ 2,577,781	100%	100%	-2.2%	-4.3%	-3.5%	-2.8%	-3.5%	4.3%	5.6%
Policy Benchmark					-1.7%	-3.9%	-3.3%	-2.5%	-3.3%	3.9%	4.8%
DFA Funds		\$ 434,959	17%	17%							
PIMCO Funds		\$ 611,121	24%	24%							
Vanguard Funds		\$ 1,527,033	59%	59%							

Note: Market value data and Total Fund returns provided by Premier.

Inception Date of the Medium-Term Pool is 11/22/11. Performance calculation begins 11/30/11. Fiscal Year is June 30.