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Austin Community Foundation Mid-Year Market & Performance Update

August 2021



Austin Community

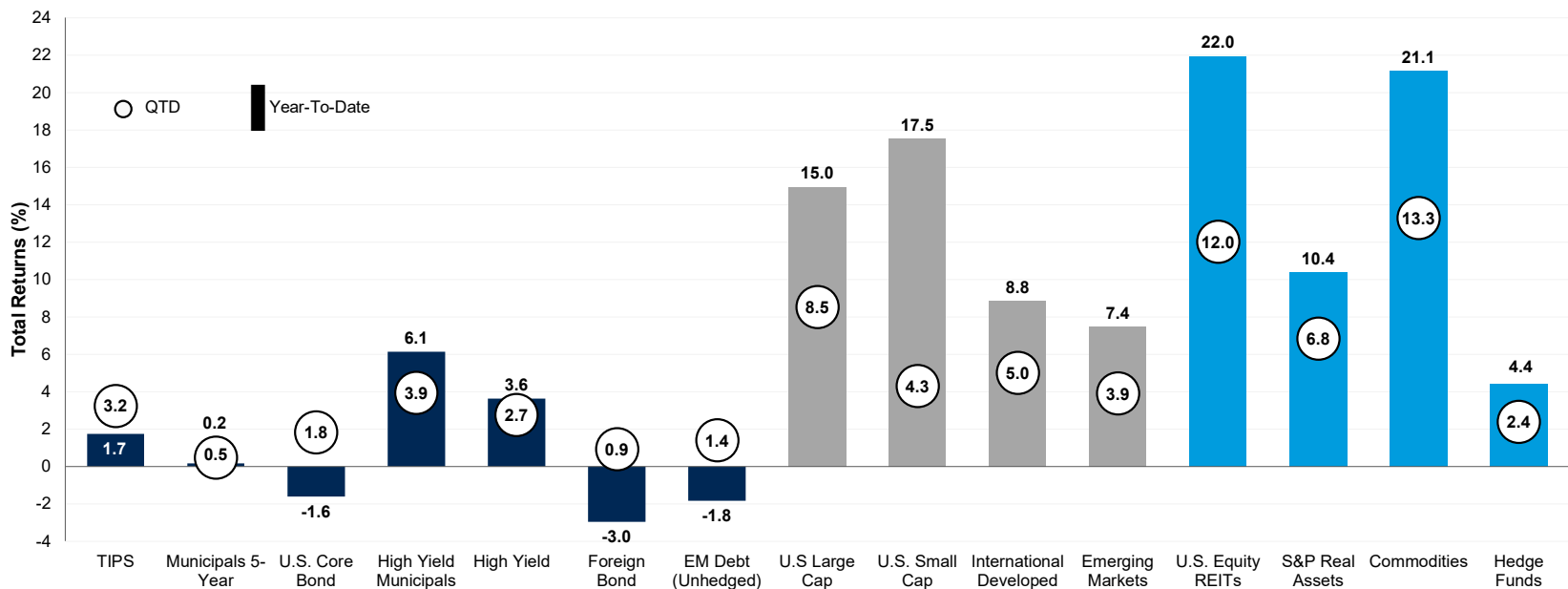
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Market Themes



*Hedge fund returns are lagged 1 month. Sources: FactSet, J.P. Morgan, Russell, MSCI, FTSE Russell, Alerian. Hedge Funds returns as of 5/31/21/21. All other returns as of 6/30/21.

Fixed Income

- + Interest rates moved lower at the longer end of the curve and were slightly higher inside of 5-years.
- + Investment grade and high yield spreads compressed during the quarter.

Equity

- + Optimism continued into the 2nd quarter as vaccinations continue to progress and many restrictions were lifted across the country.
- Emerging market equities lagged their developed market counterparts as many developing countries struggled to control Covid-19 outbreaks.

Real Asset / Alternatives

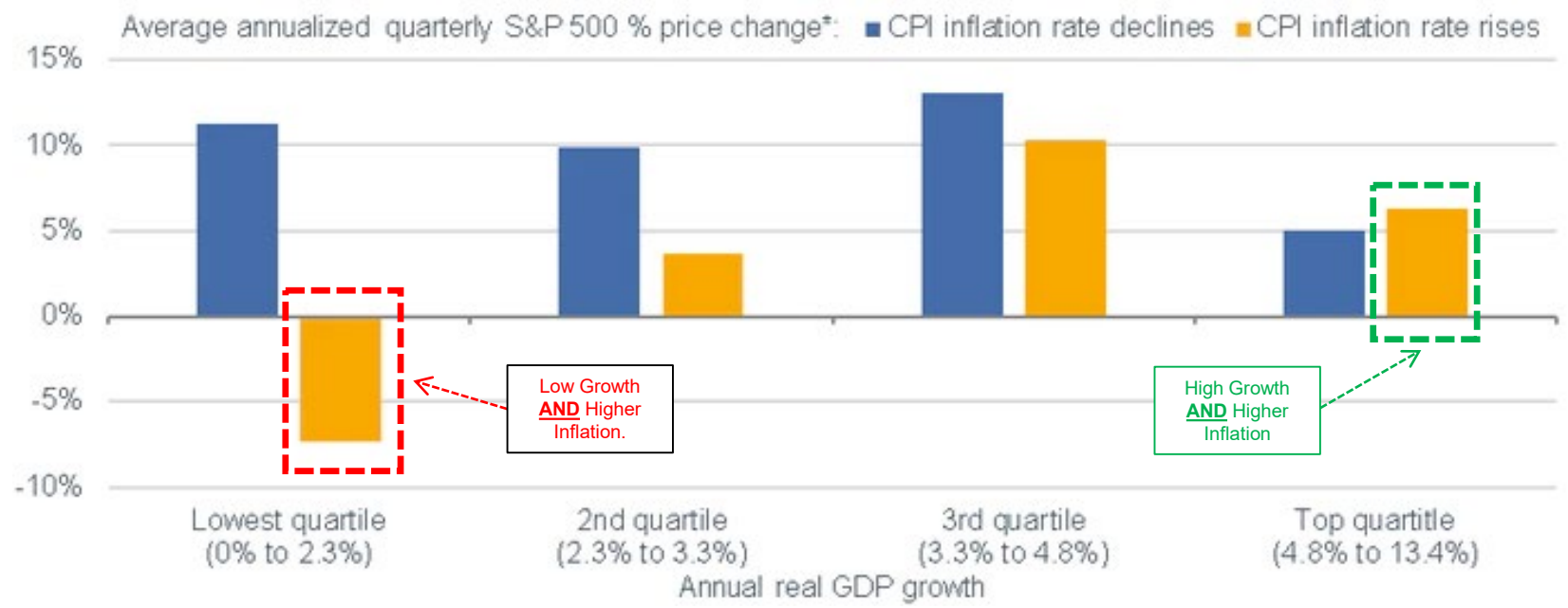
- + REITs continued to benefit from increasing demand and low interest rates.
- + Commodities benefitted most from large increases in energy, namely oil, although strong performance was broad based across sectors.

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.



Inflation Forces with Strong Economic Growth (1950 – March of 2021)

- When inflation rose, but economic growth was in its highest quartile, stocks not only rose; they rose at a faster clip than when inflation was falling in that same growth zone.
- Above trend inflation is not necessarily detrimental to stock market returns if also accompanied by strong economic growth



Source: Charles Schwab, The Leuthold Group, 1950-3/31/2021. *Based only on economic expansions (all quarters when trailing y/y real GDP growth rate was positive). Past performance is no guarantee of future results.



The Case For Diversification

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD	10Yr (Ann)
TIPS 13.6	Emerging Markets 18.2	U.S. Small Cap 38.8	U.S. Equity REITs 30.1	U.S. Equity REITs 3.2	U.S. Small Cap 21.3	Emerging Markets 37.3	High Yield Munis 4.8	U.S. Large Cap 31.5	U.S. Small Cap 20.0	U.S. Equity REITs 22.0	U.S. Large Cap 14.8
High Yield Munis 9.3	High Yield Munis 18.1	U.S. Large Cap 32.4	High Yield Munis 13.8	Municipals 5-Year 2.4	High Yield 17.1	International Dev. 25.0	Municipals 5-Year 1.7	U.S. Equity REITs 26.0	U.S. Large Cap 18.4	Commodities 21.1	U.S. Small Cap 12.3
U.S. Equity REITs 8.3	U.S. Equity REITs 18.1	International Dev. 22.8	U.S. Large Cap 13.7	High Yield Munis 1.8	U.S. Large Cap 12.0	U.S. Large Cap 21.8	Foreign Bond 0.5	U.S. Small Cap 25.5	Emerging Markets 18.3	U.S. Small Cap 17.5	U.S. Equity REITs 9.4
Core Bond 7.8	International Dev. 17.3	Balanced 12.2	Core Bond 6.0	U.S. Large Cap 1.4	Commodities 11.7	EM Debt (unhedged) 15.2	Core Bond 0.0	International Dev. 22.5	TIPS 11.0	U.S. Large Cap 15.3	High Yield Munis 7.0
Municipals 5-Year 6.9	EM Debt (unhedged) 16.9	Hedge Funds 9.0	Balanced 5.1	Core Bond 0.6	Emerging Markets 11.2	U.S. Small Cap 14.6	TIPS -1.3	Emerging Markets 18.4	Balanced 8.8	International Dev. 8.8	High Yield 6.7
High Yield 5.0	U.S. Small Cap 16.3	High Yield 7.4	U.S. Small Cap 4.9	Hedge Funds -0.3	EM Debt (unhedged) 9.9	Balanced 13.6	High Yield -2.1	Balanced 17.5	International Dev. 7.8	Hedge Funds 8.4	Balanced 6.6
Foreign Bond 4.2	U.S. Large Cap 16.0	U.S. Equity REITs 2.5	TIPS 3.6	International Dev. -0.8	U.S. Equity REITs 8.5	High Yield Munis 9.7	Hedge Funds -4.0	High Yield 14.3	Core Bond 7.5	Emerging Markets 7.4	International Dev. 5.9
U.S. Large Cap 2.1	High Yield 15.8	Municipals 5-Year 0.8	Hedge Funds 3.4	TIPS -1.4	Balanced 7.6	Hedge Funds 7.8	U.S. Large Cap -4.4	EM Debt (unhedged) 13.5	Hedge Funds 7.1	Balanced 7.1	Hedge Funds 4.7
Balanced 0.9	Balanced 11.5	Foreign Bond -1.0	Municipals 5-Year 3.2	Foreign Bond -2.3	TIPS 4.7	High Yield 7.5	U.S. Equity REITs -4.6	High Yield Munis 10.7	High Yield 7.1	High Yield Munis 6.1	Emerging Markets 4.3
EM Debt (unhedged) -1.8	TIPS 7.0	Core Bond -2.0	Foreign Bond 2.9	Balanced -3.3	Foreign Bond 3.2	Foreign Bond 6.5	Balanced -5.8	Core Bond 8.7	Foreign Bond 7.0	High Yield 3.6	TIPS 3.4
U.S. Small Cap -4.2	Foreign Bond 5.3	Emerging Markets -2.6	High Yield 2.5	U.S. Small Cap -4.4	High Yield Munis 3.0	U.S. Equity REITs 5.2	EM Debt (unhedged) -6.2	TIPS 8.4	High Yield Munis 4.9	TIPS 1.7	Core Bond 3.4
Hedge Funds -5.7	Hedge Funds 4.8	High Yield Munis -5.5	Emerging Markets -2.2	High Yield -4.5	Core Bond 2.6	Core Bond 3.5	U.S. Small Cap -11.0	Hedge Funds 7.8	Municipals 5-Year 4.3	Municipals 5-Year 0.2	Foreign Bond 2.9
Commodities -13.3	Core Bond 4.2	TIPS -8.6	International Dev. -4.9	Emerging Markets -14.9	International Dev. 1.0	Municipals 5-Year 3.1	Commodities -11.2	Commodities 7.7	EM Debt (unhedged) 2.7	Core Bond -1.6	Municipals 5-Year 2.7
International Dev. -12.1	Municipals 5-Year 3.0	EM Debt (unhedged) -9.0	EM Debt (unhedged) -5.7	EM Debt (unhedged) -14.9	Hedge Funds 0.5	TIPS 3.0	International Dev. -13.8	Foreign Bond 6.3	Commodities -3.1	EM Debt (unhedged) -1.7	EM Debt (unhedged) 0.5
Emerging Markets -18.4	Commodities -1.1	Commodities -9.5	Commodities -17.0	Commodities -24.7	Municipals 5-Year -0.4	Commodities 1.7	Emerging Markets -14.6	Municipals 5-Year 5.4	U.S. Equity REITs -8.0	Foreign Bond -3.0	Commodities -4.4

See disclosures for list of indices representing each asset class. Past performance does not indicate future performance and there is a possibility of a loss.



Austin Community Foundation: Performance Review – Long-Term Active

Performance Ending 6/30/21 (Net of Fees)	Q2 2021	Year to Date (6/30/21)	Last 12 Months	Last 3 Years	Last 5 Years	Last 10 Years
Long-Term Active Investment Pool	5.46%	10.15%	33.76%	11.92%	10.64%	7.10%
Long-Term Active Investment Pool Custom Benchmark	5.22%	9.62%	30.04%	11.04%	10.24%	6.36%

Please reference the disclosures at the end of this presentation for additional information related to the material presented.



Austin Community Foundation: Portfolio Snapshot

Long-Term Active

<i>Asset Classes</i>	<i>Total Current Allocation</i>	<i>Strategic Target Allocation</i>	<i>Over/Under Weight Strategic Target</i>
Cash	1.7%	2.0%	-0.3%
TIPS	0.0%	0.0%	0.0%
Broad Domestic Bonds	10.3%	10.0%	0.3%
Dynamic Bonds	3.7%	4.0%	-0.3%
Global Bonds	1.8%	2.0%	-0.2%
High Yield Bonds	1.0%	1.0%	0.0%
<i>Global Fixed Income & Cash Total</i>	<i>18.6%</i>	<i>19.0%</i>	<i>-0.4%</i>
Large-Cap U.S. Equity	22.3%	20.0%	2.3%
Mid-Cap U.S. Equity	5.3%	5.0%	0.3%
Small-Cap U.S. Equity	2.9%	3.0%	-0.1%
International Equity	16.9%	17.0%	-0.1%
Emerging Markets Equity	10.5%	10.0%	0.5%
US REITs	4.1%	4.0%	0.1%
<i>Global Equities (Public) Total</i>	<i>62.1%</i>	<i>59.0%</i>	<i>3.1%</i>
Broad Real Assets	3.1%	6.0%	-2.9%
<i>Real Assets Total</i>	<i>3.1%</i>	<i>6.0%</i>	<i>-2.9%</i>
Direct Hedge Funds	9.7%	10.0%	-0.3%
Private Debt*	0.2%	1.0%	-0.8%
Private Equity FOF**	6.3%	5.0%	1.3%
<i>Alternatives Total</i>	<i>16.3%</i>	<i>16.0%</i>	<i>0.3%</i>
Total Assets	100.0%	100.0%	0.0%

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Austin Community Foundation: Performance Review – Long-Term Passive

Performance Ending 6/30/21 (Net of Fees)	Q2 2021	Year to Date (6/30/21)	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception (2/1/17)
Long-Term Passive Investment Pool	6.03%	10.93%	32.69%	11.81%	N/A	11.55%
Long-Term Passive Investment Pool Custom Benchmark	6.02%	10.16%	32.56%	12.45%	N/A	12.08%

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Austin Community Foundation: Portfolio Snapshot

Long-Term Passive

<i>Asset Classes</i>	<i>Total Current Allocation</i>	<i>Strategic Target Allocation</i>	<i>Over/Under Weight Strategic Target</i>
Cash	2.2%	2.0%	0.2%
TIPS	0.0%	0.0%	0.0%
Broad Domestic Bonds	16.6%	17.0%	-0.4%
Foreign Bonds	0.0%	0.0%	0.0%
Emerging Market Bonds	0.0%	0.0%	0.0%
High Yield Bonds	0.9%	1.0%	-0.1%
<i>Global Fixed Income & Cash Total</i>	<i>19.7%</i>	<i>20.0%</i>	<i>-0.3%</i>
Large-Cap U.S. Equity	31.2%	31.0%	0.2%
Mid-Cap U.S. Equity	5.9%	6.0%	-0.1%
Small-Cap U.S. Equity	3.9%	4.0%	-0.1%
Developed International Equity	21.9%	22.0%	-0.1%
Emerging Market Equity	12.2%	12.0%	0.2%
US REITs	5.2%	5.0%	0.2%
<i>Global Equities Total</i>	<i>80.3%</i>	<i>80.0%</i>	<i>0.3%</i>
Total Assets	100.0%	100.0%	0.0%

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Austin Community Foundation: Performance Review – Mid-Term Active

Performance Ending 6/30/21 (Net of Fees)	Q2 2021	Year to Date (6/30/21)	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception (9/1/18)
Mid-Term Active Investment Pool	5.58%	8.42%	26.96%	N/A	N/A	11.19%
Mid-Term Active Investment Pool Custom Benchmark	5.30%	7.80%	24.72%	N/A	N/A	10.82%

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Austin Community Foundation: Portfolio Snapshot

Mid-Term Active

<i>Asset Classes</i>	<i>Total Current Allocation</i>	<i>Strategic Target Allocation</i>	<i>Over/Under Weight Strategic Target</i>
Cash	3.3%	2.0%	1.3%
TIPS	0.0%	0.0%	0.0%
Broad Domestic Bonds	19.2%	20.0%	-0.8%
Dynamic Bonds	7.6%	8.0%	-0.4%
Global Bonds	2.8%	3.0%	-0.2%
High Yield Bonds	1.9%	2.0%	-0.1%
<i>Global Fixed Income & Cash Total</i>	<i>34.8%</i>	<i>35.0%</i>	<i>-0.2%</i>
Large-Cap U.S. Equity	23.6%	23.0%	0.6%
Mid-Cap U.S. Equity	5.0%	5.0%	0.0%
Small-Cap U.S. Equity	2.8%	3.0%	-0.2%
Developed International Equity	16.6%	17.0%	-0.4%
Emerging Market Equity	9.0%	9.0%	0.0%
Broad Real Assets	3.0%	3.0%	0.0%
US REITs	5.3%	5.0%	0.3%
<i>Global Equities Total</i>	<i>65.2%</i>	<i>65.0%</i>	<i>0.2%</i>
Total Assets	100.0%	100.0%	0.0%

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Austin Community Foundation: Performance Review – Mid-Term Passive

Performance Ending 6/30/21 (Net of Fees)	Q2 2021	Year to Date (6/30/21)	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception (1/1/17)
Mid-Term Passive Investment Pool	5.18%	8.18%	24.72%	10.61%	N/A	9.88%
Mid-Term Passive Investment Pool Custom Benchmark	5.23%	7.72%	24.62%	11.02%	N/A	10.31%

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Austin Community Foundation: Portfolio Snapshot

Mid-Term Passive

<i>Asset Classes</i>	<i>Total Current Allocation</i>	<i>Strategic Target Allocation</i>	<i>Over/Under Weight Strategic Target</i>
Cash	2.4%	2.0%	0.4%
TIPS	0.0%	0.0%	0.0%
Broad Domestic Bonds	29.5%	30.0%	-0.5%
Foreign Bonds	0.0%	0.0%	0.0%
Emerging Market Bonds	0.0%	0.0%	0.0%
High Yield Bonds	3.0%	3.0%	0.0%
<i>Global Fixed Income & Cash Total</i>	<i>34.9%</i>	<i>35.0%</i>	<i>-0.1%</i>
Large-Cap U.S. Equity	24.9%	25.0%	-0.1%
Mid-Cap U.S. Equity	5.0%	5.0%	0.0%
Small-Cap U.S. Equity	3.0%	3.0%	0.0%
Developed International Equity	17.8%	18.0%	-0.2%
Emerging Market Equity	10.1%	10.0%	0.1%
US REITs	4.2%	4.0%	0.2%
<i>Global Equities Total</i>	<i>65.1%</i>	<i>65.0%</i>	<i>0.1%</i>
Total Assets	100.0%	100.0%	0.0%

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CLOSING THOUGHTS

Robust First Half Returns Have Set the Bar High

- Double digit growth highlights strong economic recovery
- “Real” assets have rebounded with inflation expectations

Expectations Have Moderated, but Stocks Still Necessary for Long Term Investors

- Valuations drive long term returns – markets at new highs = challenge to maintain current pace of returns
- Stocks expensive relative to history, but bonds even more expensive

Tailwinds Persist, Headwinds Lurk

- Strong economic data and corporate earnings provide support to current prices
- Number of potential market moving events setup for Fall
 - Delta Variant
 - Political Policy – Infrastructure, Taxes, etc
 - Bond Market Tapering



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When referencing asset class returns or statistics, the following indices are used to represent those asset classes. Each index is unmanaged and investors can not actually invest directly into an index: Cash - Citigroup 90 Day T-Bill; TIPS - Barclays US Treasury TIPS; Aggregate Bond - Barclays US Aggregate Bond Index; High Yield - Barclays US Corporate High Yield; Foreign Bond - Barclays Global Aggregate Ex USD; Emerging Debt - JPMorgan GBI-EM Global Diversified Unhedged Index; Large Value - Russell 1000 Value; Large Blend - S&P 500; Large Growth - Russell 1000 Growth; Small Value - Russell 2000 Value; Small Blend - Russell 2000; Small Growth - Russell 2000 Growth; International - MSCI EAFE; Emerging Markets - MSCI EM; REITs - FTSE NAREIT Equity REITs; Commodities - Bloomberg Commodity Index; MLP - Alerian MLP; Hedge Funds - HFRI Fund of Funds Composite Index; Balanced - 5% Barclays US Treasury TIPS, 10% Barclays US Aggregate Bond Index, 4.5% Barclays Global Aggregate Ex USD, 4.5% Barclays Global Aggregate Ex USD (Hedged), 9% Barclays US Corporate High Yield, 2% JPMorgan GBI-EM Global Diversified Unhedged Index, 16% S&P 500, 5% Russell 2000, 12% MSCI EAFE, 7% MSCI EM, 5% FTSE NAREIT Equity REITs, 5% Bloomberg Commodity Index, 5% Alerian MLP, 10% HFRI Fund of Funds Composite Index