

# Chattanooga Public Library

As of March 31, 2020

## Introduction

The Investment Committee (the “Committee”) of the Chattanooga Public Library Endowment Fund (the “Endowment”) is responsible for oversight of the investment of the investment portfolios. The Atlanta Consulting Group consults with the Committee regarding appropriate asset allocation issues, selection of investment managers, and monitors the performance of our investment portfolios.

## Asset Composition by Account (as of March 31, 2020)

As of March 31, 2020, the total assets were \$4,926,328. Below is the asset breakdown of the individual accounts and their respective performance (net of all fees and expenses).

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Composite</b>	<b>4,926,328</b>	<b>100.00</b>	<b>-10.66</b>	<b>-14.90</b>	<b>-14.90</b>	<b>-9.22</b>	<b>-6.22</b>	<b>1.41</b>	<b>1.98</b>	<b>5.08</b>	<b>4.45</b>	<b>Mar-08</b>
Balanced Index			-8.52	-12.64	-12.64	-7.48	-4.97	1.88	2.49	6.22	5.05	Mar-08
<b>Chattanooga Public Library - 28851072 (Noone)</b>	<b>1,547,675</b>	<b>31.42</b>	<b>-10.65</b>	<b>-14.97</b>	<b>-14.97</b>	<b>-9.22</b>	<b>-6.16</b>	<b>1.48</b>	<b>2.04</b>	<b>5.59</b>	<b>4.66</b>	<b>Mar-08</b>
Balanced Index			-8.87	-13.04	-13.04	-7.90	-5.38	1.70	2.39	6.02	4.88	Mar-08
<b>Chattanooga Public Library - 28851109 (Noone)</b>	<b>1,996,732</b>	<b>40.53</b>	<b>-11.09</b>	<b>-15.29</b>	<b>-15.29</b>	<b>-9.59</b>	<b>-6.64</b>	<b>1.17</b>	<b>1.82</b>	<b>--</b>	<b>2.39</b>	<b>Apr-14</b>
Balanced Index			-8.28	-12.49	-12.49	-7.27	-4.75	1.95	2.52	--	3.14	Apr-14
<b>Chattanooga Public Library - Stong Trust</b>	<b>62,647</b>	<b>1.27</b>	<b>1.58</b>	<b>-3.66</b>	<b>-3.66</b>	<b>1.00</b>	<b>4.05</b>	<b>5.59</b>	<b>4.24</b>	<b>5.92</b>	<b>4.59</b>	<b>Mar-08</b>
Balanced Index			1.89	-3.06	-3.06	2.12	5.20	6.03	5.06	7.23	5.87	Mar-08
<b>Chattanooga Public Library - 28851166 (Kemmer)</b>	<b>48,376</b>	<b>0.98</b>	<b>-10.46</b>	<b>-14.89</b>	<b>-14.89</b>	<b>-9.03</b>	<b>-5.96</b>	<b>1.34</b>	<b>1.89</b>	<b>--</b>	<b>2.37</b>	<b>Apr-14</b>
Balanced Index			-9.06	-13.32	-13.32	-8.22	-5.77	1.41	2.08	--	2.39	Apr-14
<b>Chattanooga Public Library - 28884807 (Other)</b>	<b>1,270,898</b>	<b>25.80</b>	<b>-10.38</b>	<b>-14.55</b>	<b>-14.55</b>	<b>-8.93</b>	<b>-5.93</b>	<b>1.49</b>	<b>2.02</b>	<b>--</b>	<b>2.41</b>	<b>Apr-14</b>
Balanced Index			-8.40	-12.28	-12.28	-7.21	-4.71	1.93	2.51	--	2.99	Apr-14

- Balanced Index = Weighted Average of the Individual Pool Balanced Indices

## Investment Allocation (as of March 31, 2020)

The target asset allocation and current asset allocations for each pool are as follows:

<b>Cash</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.01%</b>	<b>1.34%</b>	<b>1.07%</b>
<b>Fixed Income</b>	<b>30.00%</b>	<b>32.63%</b>	<b>36.81%</b>	<b>30.11%</b>	<b>32.77%</b>
<b>Equity</b>	<b>60.00%</b>	<b>54.08%</b>	<b>50.30%</b>	<b>54.63%</b>	<b>51.91%</b>
Large Cap	30.00%	30.96%	28.57%	28.74%	31.38%
Small Cap	5.00%	4.59%	4.82%	6.05%	4.61%
International Developed	15.00%	14.26%	12.87%	15.13%	12.02%
Emerging Market	5.00%	4.27%	4.04%	4.71%	3.90%
International Small Cap	5.00%	0.00%	0.00%	0.00%	0.00%
<b>Alternative Assets</b>	<b>10.00%</b>	<b>13.28%</b>	<b>12.87%</b>	<b>13.91%</b>	<b>14.25%</b>
Specialty Strategies	10.00%	13.28%	12.87%	13.91%	14.25%

## Semi-Annual Distributions

In accordance with the gift’s mandates several accounts distribute the income generated from the portfolios on a semi-annual basis. Currently there is pending distribution in the amount of \$46,125. This will be paid when instructed to by the Library.

## Market Summary

Global headlines were dominated by the coronavirus pandemic during the quarter. As the virus spread and countries implemented guidelines limiting activity, risk assets were negatively impacted around the globe. The S&P 500 hit an all-time high on February 19th and then fell precipitously as the virus spread throughout the US. Market volatility quickly jumped from there as markets experienced daily moves in the major indexes of 3%, 5%, and even 9% per day. Volatility, as measured by the VIX, reached an all-time high in mid-March of 82.69, a drastic reversal from what we have experienced over the past few years. The moves were very erratic with no follow-through on any single day as the market was struggling with how to discount the potential negative economic effects of the rapidly spreading virus and the potential economic damage from corresponding containment efforts of mass quarantining became more evident.

The S&P 500 fell 10%, 20%, and then 30% from its peak in under one month. It was the quickest drop to each of the milestones that the market had ever seen. The 10% drop took 6 trading days, the 20% drop took 16 trading days, and the 30% drop took 22 days. After it was all said and done, global markets experienced a brutal first quarter. The S&P 500 fell -12.35% during the month of March dragging Q1 2020 returns down to -19.60%. This was the worst quarter for the S&P 500 since 2008 and only the seventh time in history that January, February and March all experienced negative returns.

On a factor basis, the trend of Growth, Momentum and Quality prevailed during the first quarter. Each sector experienced negative returns to begin the year; Information Technology and Healthcare were the two best performers with returns of -11.93% and -12.67% respectively. As a result of the sharp decline in oil prices, Energy was the worst performing sector during the first quarter with a -50.45% return. Small Cap stocks, as measured by the Russell 2000 Index, were especially hard hit returning -30.61% during the quarter.

Overseas markets didn't fare any better. All 50 countries included in the S&P Global BMI declined during the first quarter. Developed countries, as measured by the MSCI EAFE Index, lost -22.83% during the first quarter while the MSCI Emerging Markets Index lost -23.60%.

The Bloomberg Barclays US Aggregate Bond Index returned +3.15% for the first quarter. Performance among fixed income sectors were mixed – High Yield suffered large losses as spreads widened by over 1000 basis points while treasuries benefitted from investors' flight to safety. Long duration was the best performer as measured by the Vanguard Extended Duration Treasury ETF which saw a +29.72% gain during the quarter.