



# **Monterey Peninsula College Foundation**

## Quarterly Investment Report

Quarter Ending December 31st, 2020

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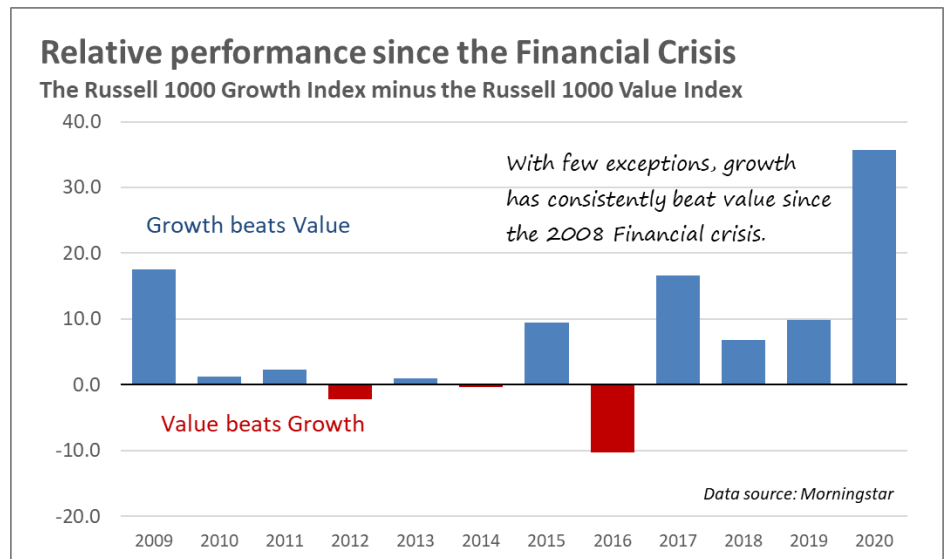
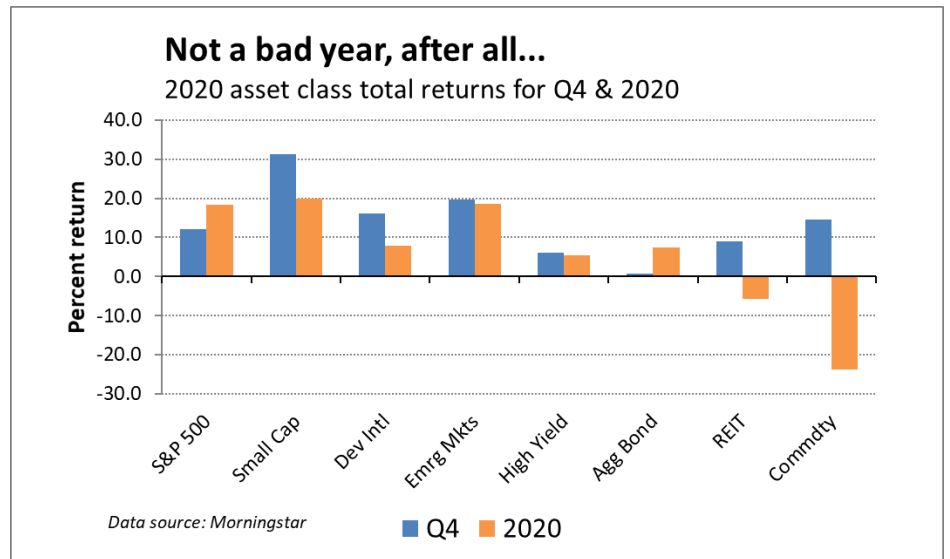


## Q1 2021 Watch out for FOMO

Despite politics and pandemics, risk assets continued their strong performance in the fourth quarter. Small cap U.S. stocks led the rally as the Russell 2000 index surged 31.4% in the quarter, the largest quarterly gain for that index since its inception in December 1978.

Emerging market stocks also powered higher with a 19.8% quarterly gain, followed by developed international stocks, (+16.1%), commodities (+14.5%), large cap U.S. stocks (+12.2%), and real estate investment trusts (+9.1%). Even high yield bonds did well (+6.2%). In fact, the only major asset class to post mediocre returns in the quarter was investment grade fixed income (+0.67%) as interest rates remained pegged near zero.

The strong fourth quarter resulted in strong annual performance for nearly every asset class. Even investment grade bonds delivered a decent annual return (+7.5%). The notable laggards were commodities (down 23.7% for the year) and real estate investment trusts (down 5.7%).

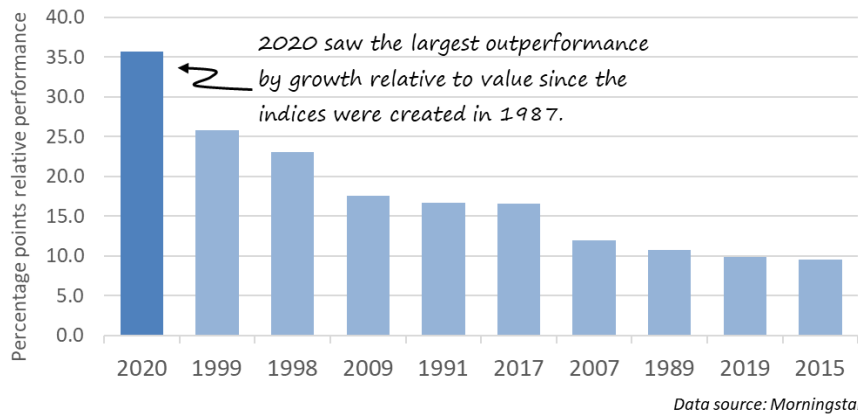


### The Value vs. Growth Conundrum

Last quarter I wrote about the strange divergence in the performance of growth stocks versus value stocks. As you can see from the second chart on this page, this isn't a new phenomenon. Value stocks have struggled relative to the growth stocks since the 2008 financial crisis. In fact, in the twelve years since the crisis, large cap value has delivered strong relative performance only once. What makes 2020 different is the magnitude of growth's outperformance. 2020 saw the largest degree of outperformance by far, eclipsing even the dot-com mania of the late 1990s.

## 2020 in historical context

Top 10 years when large cap growth beat value  
Russell 1000 Growth Index minus Russell 1000 Value Index



A study of 2020 returns published by Morningstar early this month highlights the magnitude of this outperformance:

“Large-growth funds returned an average of 34.8% in 2020, 32.0 percentage points ahead of the average large-value fund. That exceeded the gap registered in calendar-year 1999, when growth beat value by 30.7 percentage points.”

In explaining the massive out-performance of growth relative

to value funds in 2020, the Morningstar study concluded:

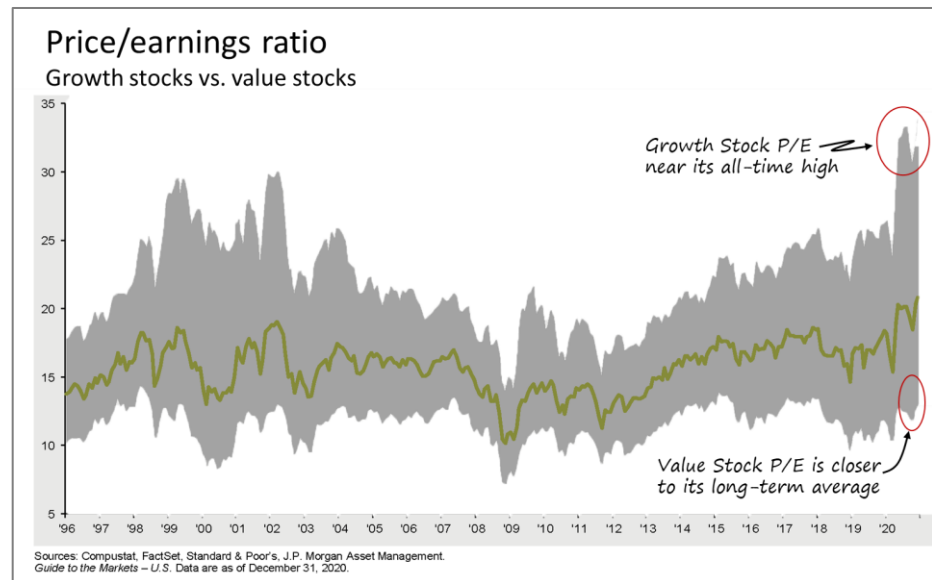
“Value funds missed out on the gains from technology and communication-services stocks that led the market recovery. Large-growth funds on average hold 40% of their portfolios in technology stocks. The Morningstar US Technology Index rose 48.4% in 2020. At the same time, value funds on balance were weighed down by the energy sector which lost 32.3%. Large-value funds on average hold 4.4% of their portfolios in energy stocks compared with essentially zero among large growth funds. Other lagging sectors for value funds were real estate and financial services.” (*Value vs. Growth: Widest Performance Gap on Record for U.S. Large-Cap Funds*, Morningstar, 1/7/2021)

The ongoing underperformance of value stocks has been a source of much consternation to value-oriented investment managers. The investment blogosphere is saturated with posts debating the same question: Is value dead? To us, that question sounds like FOMO—the fear of missing out. Growth investors have been enjoying a nice party while the value investor has been sheltering-in-place.

But FOMO is just another emotion that can sink a good portfolio. Instead asking if value is dead, they should be

asking: Are my investments sound? Is my portfolio structured correctly? Do I have the proper asset allocation for my investment horizon and my near-term goals? If the value investor is happy with their answers to these questions, their best course of action is to maintain their discipline.

Benjamin Graham, the legendary investor who mentored Warren Buffet said, “Individuals who cannot master their emotions are ill-suited to profit from the investment process.” He also said, “Buy not on optimism, but on arithmetic.” When I look at the arithmetic at this point, I see a lot more value in value stocks than in growth stocks.



## Table 1

### Summary of Monterey Peninsula College Foundation Funds

Table 1 below shows various characteristics of Monterey Peninsula College Foundation funds, with values and performance through 12/31/2020.

Performance Comparison									
	Investment Policy Objective	Value at 10/1/2020	Value at 12/31/2020	Period	YTD	1-Year	3-Year	5-Year	Inception <sup>1</sup>
Intermediate Fund	1-5 Year Time Horizon, More Conservative	\$803,631	\$860,224	7.04 %	9.66 %	9.66 %	5.70 %	6.82 %	5.22 %
MPC Inter-Term IPS Benchmark				7.15 %	9.48 %	9.48 %	6.65 %	7.14 %	5.37 %
Long-term Fund	Longer Time Horizon, Growth for Future Spending	\$8,233,931	\$9,094,608	10.45 %	11.99 %	11.99 %	6.41 %	8.58 %	7.01 %
MPC Long-Term IPS Benchmark				10.69 %	11.58 %	11.58 %	7.75 %	9.47 %	7.45 %
Short-term Fund	Short Term Cash Fund	\$64,727	\$64,729						
<b>Total:</b>		<b>\$9,102,289</b>	<b>\$10,019,561</b>						
<b>CPI Benchmark</b>				<b>CPI + 1%<sup>3</sup></b>	<b>CPI + 4%</b>	<b>CPI + 4%</b>	<b>CPI + 4%</b>	<b>CPI + 4%</b>	<b>CPI + 4%</b>
				1.07	5.36	5.36	5.85	5.95	NA

1 - Inception dates: Intermediate Fund 8/16/2010; Long-term Fund 9/13/2010.

2 - On 12/22/2015, the assets of both the Agency Account and the Long-term Agency Endowment were rolled into the Long-term Account.

3 - The MPCF IPS and asset allocations have been modified to reflect the decision of the Board of Directors to invest in accordance with the global stock market capitalization. These changes were approved by the Board of Directors on 3/13/2019 and implemented on 3/22/2019.

4 - CPI NSA is as of 5/31/2019, the most recent figure as of the date this report was produced. For periods less than a year (Quarter, YTD), the 4% add-on is adjusted by the number of months in the period. For example, one quarter = 4% / 12 x 3; six months = 4% / 12 x 6. This figure is then added to the CPI NSA figure for the given period.

## Table 2

### Monterey Peninsula College Foundation Investment Policy and IPS Benchmark Portfolio

Table 2 below shows the Investment Policy Statement allocations, the representative indices, and the performance of the indices for the Long-term and Intermediate-term policies.

<b>Intermediate Fund</b>										
<b>Asset Class</b>	<b>Symbol</b>	<b>Description</b>	<b>Market Value</b>	<b>Weight (%)</b>	<b>QTD</b>	<b>YTD</b>	<b>1-Year</b>	<b>3-Years</b>	<b>5-Years</b>	<b>10-Years</b>
<b>Global Equity</b>										
		FTSE Global All Cap			15.70 %	16.63 %	16.63 %	N/A	N/A	N/A
<b>Global Equity</b>										
	VTSAX	Vanguard Total Stock Mkt Index Adm	\$187,615.23	21.81 %	14.69 %	20.94 %	20.94 %	N/A	N/A	N/A
		CRSP US Total Market			14.70 %	20.99 %	20.99 %	N/A	N/A	N/A
	VFWAX	Vanguard FTSE All World Ex-US Index Admiral	\$144,895.46	16.84 %	16.85 %	11.29 %	11.29 %	N/A	N/A	N/A
		FTSE Global All Cap Ex US			17.14 %	11.22 %	11.22 %	N/A	N/A	N/A
<b>Fixed Income</b>										
		Bloomberg Barclays US Agg Bond			0.67 %	7.51 %	7.51 %	5.34 %	4.43 %	3.84 %
<b>Inflation-Protected Bond</b>										
	VAIPX	Vanguard Inflation-Protected Securities Fund Admiral Shares	\$122,939.75	14.29 %	1.62 %	10.92 %	10.92 %	5.75 %	N/A	N/A
		Bloomberg Barclays US Treasury TIPS			1.62 %	10.99 %	10.99 %	5.92 %	N/A	N/A
<b>Intermediate Core Bond</b>										
	VBTLX	Vanguard Total Bond Market Index Admiral	\$119,931.83	13.94 %	0.67 %	7.69 %	7.69 %	N/A	N/A	N/A
		Bloomberg Barclays US Agg Bond			0.67 %	7.51 %	7.51 %	N/A	N/A	N/A
<b>Intermediate Core-Plus Bond</b>										
	DODIX	Dodge & Cox Income	\$122,475.89	14.24 %	2.48 %	9.41 %	9.41 %	6.17 %	5.69 %	N/A
		Bloomberg Barclays US Agg Bond			0.67 %	7.51 %	7.51 %	5.34 %	4.43 %	N/A

Asset Class	Symbol	Description	Market Value	Weight (%)	QTD	YTD	1-Year	3-Years	5-Years	10-Years
<b>Alternatives</b>										
<b>Infrastructure</b>										
	GLIFX	Lazard Global Listed Infrastructure Instl	\$43,148.44	5.02 %	5.02 %	4.04 %	N/A	N/A	N/A	N/A
		MSCI World Core Infrastructure			4.47 %	8.23 %	N/A	N/A	N/A	N/A
<b>Global Real Estate</b>										
	DFGEX	DFA Global Real Estate Securities	\$46,693.54	5.43 %	10.76 %	-6.74 %	-6.74 %	4.13 %	5.60 %	7.51 %
		S&P Global REIT TR			12.83 %	-8.11 %	-8.11 %	2.89 %	4.81 %	7.29 %
<b>Cash/MM</b>										
		FTSE 1-Month US Treasury Bill Index			0.02 %	0.45 %	0.45 %	1.49 %	1.09 %	0.56 %
<b>Money Market Fund</b>										
	SNSXX	Schwab US Treasury Money Inv	\$72,444.70	8.42 %	0.00 %	0.27 %	0.27 %	N/A	N/A	N/A
<b>Cash or Equivalent</b>										
	Schwab Cash	Schwab Bank Sweep	\$79.03	0.01 %	0.00 %	0.02 %	0.02 %	0.41 %	N/A	N/A

<b>Long-term Fund</b>										
<b>Asset Class</b>	<b>Symbol</b>	<b>Description</b>	<b>Market Value</b>	<b>Weight (%)</b>	<b>QTD</b>	<b>YTD</b>	<b>1-Year</b>	<b>3-Years</b>	<b>5-Years</b>	<b>10-Years</b>
<b>Global Equity</b>										
	FTSE Global All Cap				15.70 %	16.63 %	16.63 %	N/A	N/A	N/A
<b>Global Equity</b>										
	VTSAX	Vanguard Total Stock Mkt Index Adm	\$3,209,667.56	35.29 %	14.69 %	20.98 %	20.98 %	N/A	N/A	N/A
	CRSP US Total Market				14.70 %	20.99 %	20.99 %	N/A	N/A	N/A
	VFWAX	Vanguard FTSE All World Ex-US Index Admiral	\$2,460,000.83	27.05 %	16.85 %	11.35 %	11.35 %	N/A	N/A	N/A
	FTSE Global All Cap Ex US				17.14 %	11.22 %	11.22 %	N/A	N/A	N/A
<b>Fixed Income</b>										
	Bloomberg Barclays US Agg Bond				0.67 %	7.51 %	7.51 %	5.34 %	4.43 %	3.84 %
<b>Inflation-Protected Bond</b>										
	VAIPX	Vanguard Inflation-Protected Securities Fund Admiral Shares	\$741,274.75	8.15 %	1.62 %	10.94 %	10.94 %	5.76 %	N/A	N/A
	Bloomberg Barclays US Treasury TIPS				1.62 %	10.99 %	10.99 %	5.92 %	N/A	N/A
<b>Intermediate Core Bond</b>										
	VBTLX	Vanguard Total Bond Market Index Admiral	\$720,563.47	7.92 %	0.67 %	7.70 %	7.70 %	N/A	N/A	N/A
	Bloomberg Barclays US Agg Bond				0.67 %	7.51 %	7.51 %	N/A	N/A	N/A
<b>Intermediate Core-Plus Bond</b>										
	DODIX	Dodge & Cox Income	\$735,249.18	8.08 %	2.48 %	9.44 %	9.44 %	6.18 %	5.69 %	N/A
	Bloomberg Barclays US Agg Bond				0.67 %	7.51 %	7.51 %	5.34 %	4.43 %	N/A
<b>Alternatives</b>										
<b>Infrastructure</b>										
	GLIFX	Lazard Global Listed Infrastructure Instl	\$435,257.78	4.79 %	5.02 %	4.09 %	N/A	N/A	N/A	N/A
	MSCI World Core Infrastructure				4.47 %	8.23 %	N/A	N/A	N/A	N/A
<b>Global Real Estate</b>										
	DFGEX	DFA Global Real Estate Securities	\$476,684.47	5.24 %	10.76 %	-6.72 %	-6.72 %	4.15 %	5.62 %	N/A
	S&P Global REIT TR				12.83 %	-8.11 %	-8.11 %	2.89 %	4.81 %	N/A
<b>Cash/MM</b>										
	FTSE 1-Month US Treasury Bill Index				0.02 %	0.45 %	0.45 %	1.49 %	1.09 %	0.56 %

Asset Class	Symbol	Description	Market Value	Weight (%)	QTD	YTD	1-Year	3-Years	5-Years	10-Years
<b>Cash/MM</b>										
<b>Money Market Fund</b>										
	SNSXX	Schwab US Treasury Money Inv	\$308,111.71	3.39 %	0.00 %	0.27 %	0.27 %	N/A	N/A	N/A
<b>Cash or Equivalent</b>										
	Schwab Cash	Schwab Bank Sweep	\$7,797.89	0.09 %	0.00 %	0.14 %	0.14 %	0.43 %	N/A	N/A





# MPC FOUNDATION

MONTEREY PENINSULA COLLEGE



2020 OCT

NOV

DEC

JAN

2021



22<sup>nd</sup> | Investment Committee Meeting with Monterey Private Wealth

26<sup>th</sup> | Thanksgiving Day



25<sup>th</sup> | Christmas Day

30<sup>th</sup> | Review all funds to ensure allocations are in accordance with IPS



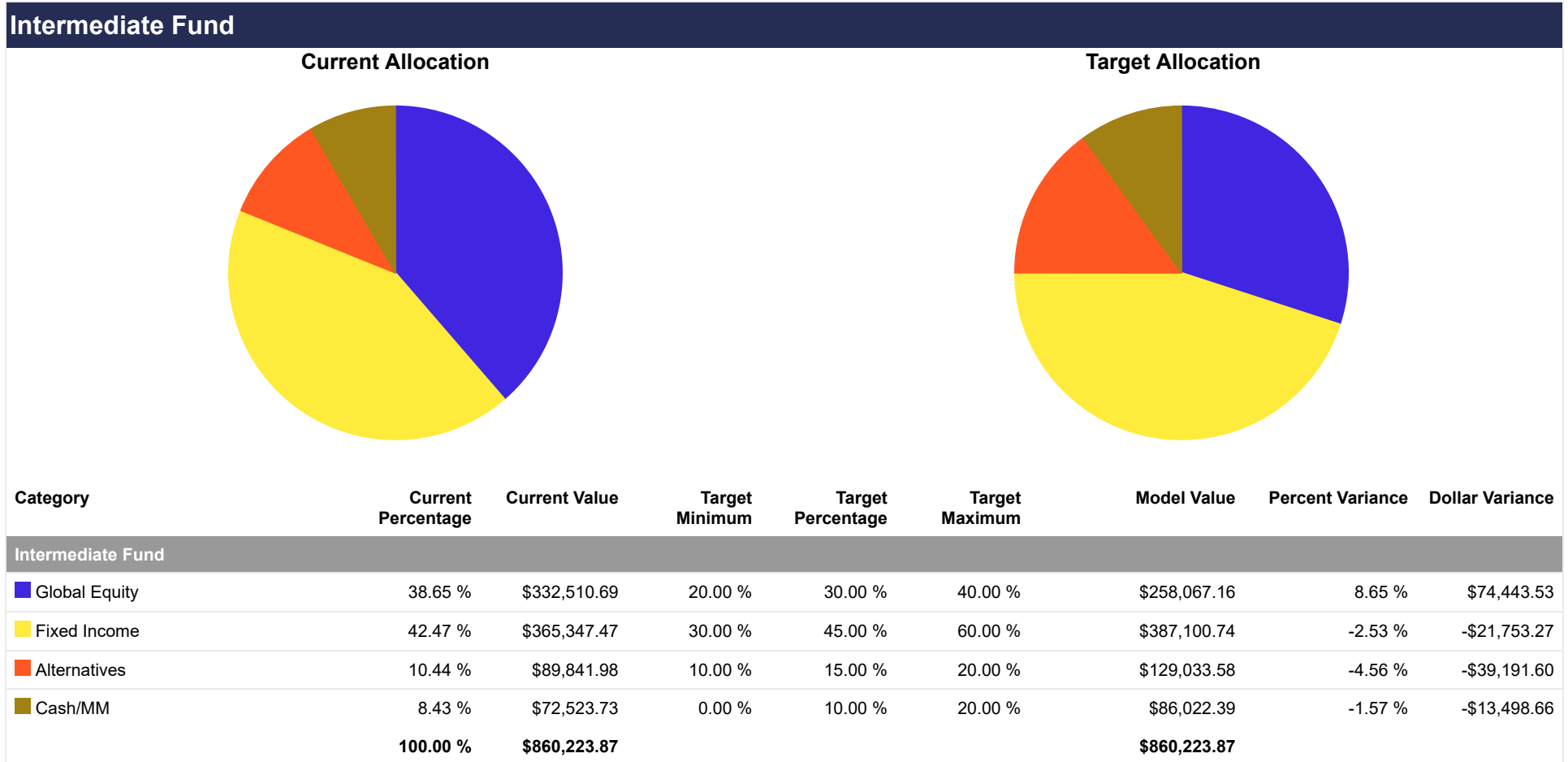
  
MONTEREY PENINSULA  
COLLEGE

TBD | Investment Committee Meeting with Monterey Private Wealth



### Model vs Actual Allocation

Monterey Peninsula College Foundation | Intermediate Fund



Note: Securities markets are volatile. At any point in time your portfolio may be worth more or less than the value of your original investments. The information contained in this summary is prepared from records which we consider to be reliable. However, it is not intended to and should not be used as a substitute for statements you receive from the custodian (i.e., Charles Schwab) of your account(s). We urge you to compare the data on this document carefully with your statements to verify its accuracy.



# MONTEREY PRIVATE WEALTH

## Account Overview

Intermediate Fund-Non-Profit

Report Date Range

8/16/2010 to 12/31/2020

### Allocation Overview

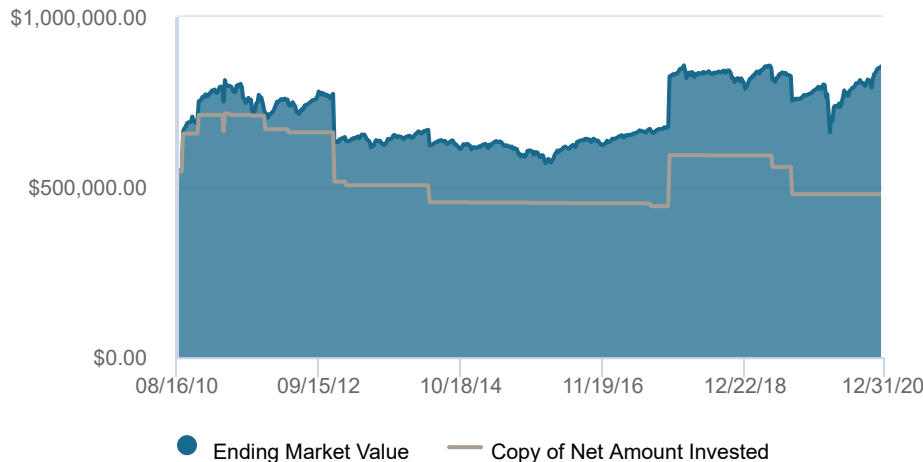


Asset Category	Market Value	Allocation
Fixed Income	\$365,347	42.47 %
Cash/MM	\$72,524	8.43 %
Alternatives	\$89,842	10.44 %
Global Equity	\$332,511	38.65 %
<b>Total:</b>	<b>\$ 860,224</b>	<b>100.00 %</b>

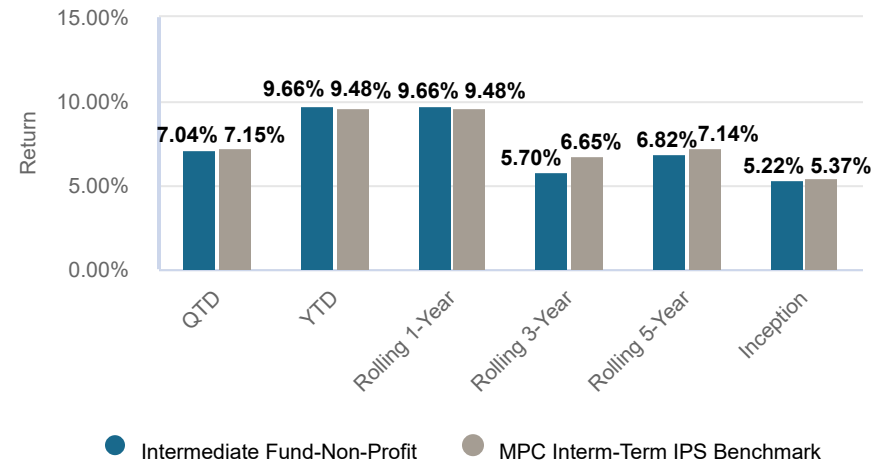
### Activity Summary

	2016	2017	2018	2019	YTD
Beginning Market Value	\$593,264	\$636,613	\$840,841	\$797,736	\$785,118
Net Investment	-\$974	\$141,401	-\$999	-\$113,580	\$ 0
Net Inc/Exp	\$15,994	\$15,545	\$18,276	\$19,918	\$ 14,443
Gain/Loss	\$28,328	\$47,283	-\$60,382	\$81,044	\$ 60,662
Ending Market Value	\$636,613	\$840,841	\$797,736	\$785,118	\$ 860,224
Time Weighted Return (Net)	7.48 %	9.59 %	-5.01 %	13.37 %	9.66 %

### Invested Value Comparison

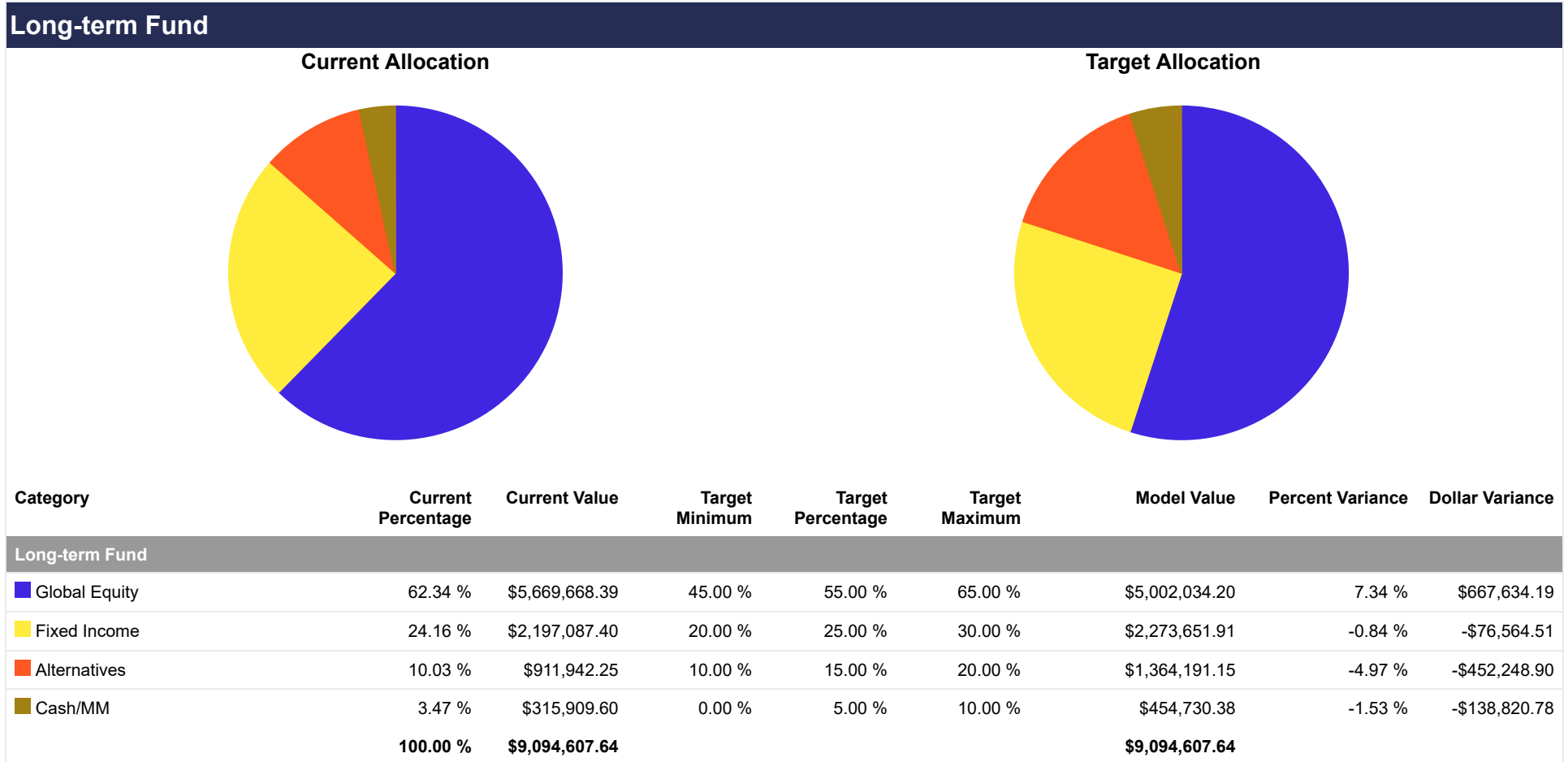


### Portfolio Returns (TWR)



### Model vs Actual Allocation

Monterey Peninsula College Foundation | Long-term Fund



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# MONTEREY PRIVATE WEALTH

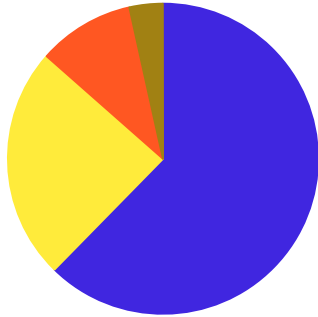
## Account Overview

Long-term Fund-Non-Profit

Report Date Range

9/13/2010 to 12/31/2020

### Allocation Overview

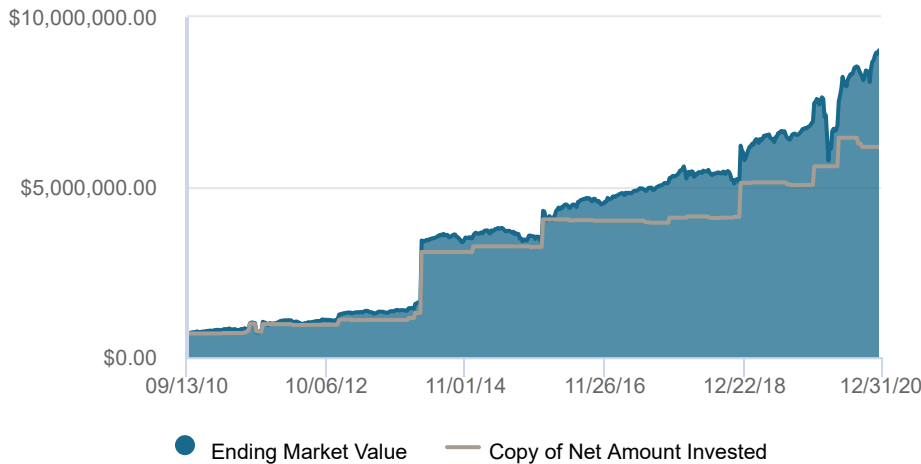


Asset Category	Market Value	Allocation
Fixed Income	\$2,197,087	24.16 %
Cash/MM	\$315,910	3.47 %
Alternatives	\$911,942	10.03 %
Global Equity	\$5,669,668	62.34 %
<b>Total:</b>	<b>\$ 9,094,608</b>	<b>100.00 %</b>

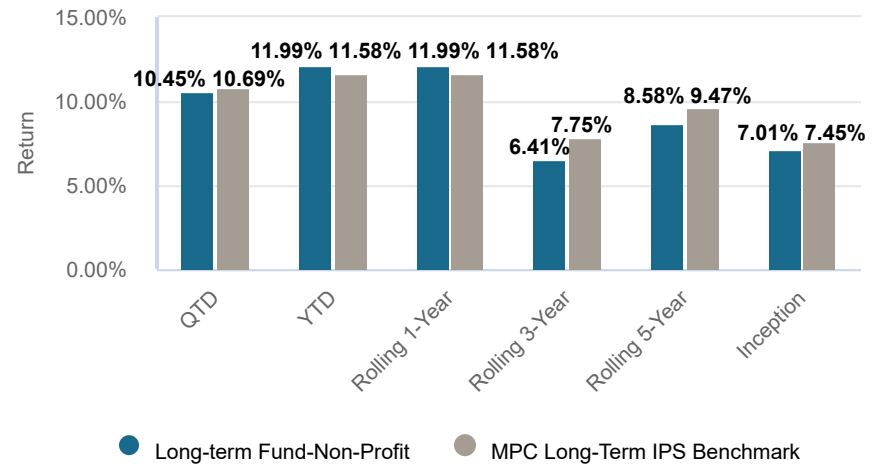
### Activity Summary

	2016	2017	2018	2019	YTD
Beginning Market Value	\$4,284,065	\$4,667,435	\$5,409,777	\$5,902,046	\$7,461,726
Net Investment	-\$37,796	\$89,755	\$1,022,963	\$486,408	\$ 569,862
Net Inc/Exp	\$123,087	\$126,547	\$144,545	\$155,310	\$ 143,626
Gain/Loss	\$298,079	\$526,039	-\$675,238	\$917,962	\$ 919,393
Ending Market Value	\$4,667,435	\$5,409,777	\$5,902,046	\$7,461,726	\$ 9,094,608
Time Weighted Return (Net)	9.86 %	14.00 %	-9.02 %	18.27 %	11.99 %

### Invested Value Comparison



### Portfolio Returns (TWR)



# Fi360 Fiduciary Score Breakdown

Inv. Data as of 12/31/20.

## Fi360 FIDUCIARY SCORE® BREAKDOWN

The Fi360 Fiduciary Score® is a peer percentile ranking of an investment against a set of quantitative due diligence criteria selected to reflect prudent fiduciary management. The Fi360 Fiduciary Score® Average is a one-, three-, five-, or ten-year rolling average of an investment's Fi360 Fiduciary Score®. All Scores are color coded based on the quartile they fall in (1st - Green; 2nd - Light Green; 3rd - Yellow; 4th - Red).

### Score Criterion

- IN. Inception Date.** Must have at least a 3 year track history
- MT. Manager Tenure.** Must have at least a 2 year track history. (Most senior manager's tenure)
- NA. Net Assets.** Must have >= 75 million under management. (Total across all share classes)
- CO. Composition.** Must have >= 80% allocation to primary asset (Not applied to all peer groups)
- SS. Style.** Must have current style box match the peer group. (Not applied to all peer groups)
- ER. Prospectus Net Exp Ratio.** \* Must place in the top 75% of its peer group.
- A3. Alpha - Broad Market (3 YR).** Must place in the top 50% of its peer group.
- S3. Sharpe (3 YR).** Must place in the top 50% of its peer group.
- R1. Return (1 YR).** Must place in the top 50% of its peer group.
- R3. Return (3 YR).** Must place in the top 50% of its peer group.
- R5. Return (5 YR).** Must place in the top 50% of its peer group.

### Summary Legend

✓	Investment meets the criterion
⊘	Investment does not meet the criterion
-	Investment data is not available
NA	Investment is not screened on the criterion

\* For separately managed accounts, r-squared in the top 75% of its peer group is used as a replacement criterion for Exp Ratio.

INVESTMENT NAME	TICKER	SCORE (PEERS)	SCORE CRITERIA											ROLLING AVERAGES (PEERS)					
			IN	MT	NA	CO	SS	ER	A3	S3	R1	R3	R5	1 YR	3 YR	5 YR	10 YR		
Vanguard FTSE All-World ex-US Idx Admiral	VFWAX	0 (713)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	5 (689)	5 (569)	22 (495)	-
Vanguard Inflation-Protected Secs Adm	VAIPX	0 (203)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2 (198)	4 (190)	4 (168)	5 (89)
Vanguard Total Stock Mkt Idx Adm	VTSAX	0 (1,299)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0 (1,221)	2 (1,097)	1 (979)	1 (753)
Vanguard Total Bond Market Index Adm	VBTLX	18 (405)	✓	✓	✓	✓	✓	✓	✓	✓	✓	⊘	✓	✓	4 (390)	17 (347)	22 (316)	32 (221)	
Dodge & Cox Income	DODIX	21 (581)	✓	✓	✓	⊘	✓	✓	✓	✓	✓	✓	✓	✓	✓	31 (562)	26 (485)	26 (432)	15 (304)
DFA Global Real Estate Securities Port	DFGEX	28 (195)	✓	✓	✓	NA	NA	✓	✓	✓	⊘	✓	✓	✓	✓	16 (194)	13 (172)	11 (141)	-
Lazard Global Listed Infrastructure Inst	GLIFX	42 (84)	✓	✓	✓	NA	NA	✓	✓	⊘	⊘	⊘	✓	✓	✓	19 (80)	12 (65)	10 (41)	-

### **Important Disclosure Information**

Past performance may not be indicative of future results. The above individual account performance information reflects the reinvestment of dividends (to the extent applicable), and is net of applicable transaction fees, Monterey Private Wealth, Inc. ("MPW")'s investment management fee (if debited directly from the account), and any other related account expenses. Account information has been compiled solely by MPW, has not been independently verified, and does not reflect the impact of taxes on non-qualified accounts. In preparing this report, MPW has relied upon information provided by the account custodian. Please defer to formal tax documents received from the account custodian for cost basis and tax reporting purposes. Please remember to contact MPW, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you want to impose, add, or modify any reasonable restrictions to our investment advisory services. **Please Note:** Unless you advise, in writing, to the contrary, we will assume that there are no restrictions on our services, other than to manage the account in accordance with your designated investment objective. **Please Also Note:** Please compare this statement with account statements received from the account custodian. The account custodian does not verify the accuracy of the advisory fee calculation. Please advise us if you have not been receiving monthly statements from the account custodian. A copy of our current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request.

Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices.

**Please Note:** Unsupervised/Unmanaged Assets - **MPW does not** maintain any investment monitoring or performance responsibility for unmanaged or unsupervised assets and/or accounts. The client and/or its other investment professionals retain exclusive responsibility for the monitoring and performance of such assets and/or accounts.

**Please Note:** Private/Alternative Investment Funds - The value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the fund sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. The client's advisory fee shall be based upon such reflected fund values.