

ARKANSAS COMMUNITY FOUNDATION
Investment Results Quarter Ended March 31, 2020

Arkansas Community Foundation preserves and protects your investments and charitable intentions forever. The unique power of endowments means that as your gifts grow, they continue to benefit the community now and in the future. In order to accomplish this, the majority of the Foundation's endowed funds are pooled together and invested for the long-term.

Strategy: The Community Foundation incorporates the "prudent investment rule" in all of its investment considerations. The Foundation's investment strategy seeks to preserve the value of the funds and to provide growth and income to support the charitable purposes for which the funds were created.

The Community Foundation's Finance Committee, using advice from our investment consultant, develops investment objectives, policy and asset allocation and selects investment managers appropriate for each asset class. Manager performance is closely monitored on an ongoing basis.

Allocation: Arkansas Community Foundation has established a strategic asset allocation which seeks to diversify investments in order to achieve long term growth while minimizing risk.

Current Asset Allocation

Growth Assets

U. S. Equity	24.8%
International Equity	25.9%
Global (All Country) Equity	6.0%
Private Equity	4.2%
Total Growth Assets	60.9%

Diversifiers

Hedge Funds	12.3%
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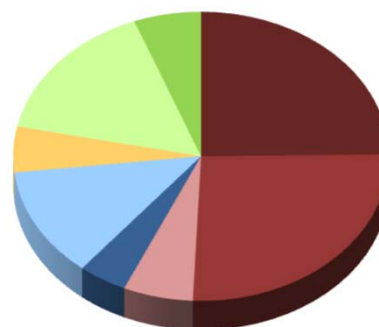
Inflation Sensitive

Total Real Assets	5.1%
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Bonds & Cash

Bonds	15.9%
Deposits/Money Market	5.8%
Total Bonds & Cash	21.7%

ARCF Total (Composite)	100.0%
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- U. S. Equity
- International Equity
- Global (All Country) Equity
- Private Equity
- Hedge Funds
- Total Real Assets
- Bonds
- Deposits/Money Market

Objective: Our long-term investment objective is a financial return that will provide for a fund's annual grant spending rate, administrative costs and growth for inflation.

Spending Rate Policy: The spending rate policy is reviewed periodically by the Board of Directors. The policy provides an annual distribution of 4% of the fund's average ending market value for the previous twenty trailing quarters.

Performance March 31, 2020	3 Mos	YTD 2020	1 Year	3 Yrs	5 Yrs	10 Yrs	Incept.
ARCF Performance (<i>net of investment fees</i>)	-16.2%	-16.2%	-8.2%	1.2%	1.8%	5.0%	5.5%
Composite Benchmark	-15.4%	-15.4%	-7.2%	2.0%	2.8%	5.2%	5.4%

Responsible Stewardship

Arkansas Community Foundation is here to help protect and direct your charitable dollars so your fund or endowment will benefit your community both now and in the future.

Given the volatility of the current market, we want to assure you that our Endowed Pool is broadly diversified to protect our assets during uncertain times such as these. Like all community foundations, we invest for the long term. The staff, our Finance Committee, and our investment advisors at Cambridge Associates are very attentive to our duty of stewarding the Foundation's assets. While market drops can be unsettling, having a prudent spending rate policy and investment plan in place helps us manage the market's volatile periods.

INVESTMENT MANAGEMENT STRATEGIES

Markets have been shaken. In Q1 2020, global stocks declined 21.4%, real assets fared even worse (REITS -23%, crude oil -66%) and portions of the credit markets also suffered steep losses. Policymakers have responded forcefully to the pandemic, boosting hope that worst-case scenarios might be avoided.

Arkansas Community Foundation's portfolio is diversified and designed to weather periods of volatility. Given the policy goal of preserving and enhancing

purchasing power over time, the portfolio does have a high allocation to equities (61%), which are not immune to this sell-off. However, the portfolio also includes investments in high quality corporate bonds and U.S. Treasuries to help mitigate equity losses.

Arkansas Community Foundation also benefits from its very long-term investment horizon. Rather than sell into weakness and fear, the Foundation can take advantage of the sharp declines across equities to rebalance in an incremental and methodical manner — we can be buyers when others may be forced to sell. Accordingly, the portfolio was rebalanced during March by selling fixed income investments and purchasing equities.

Arkansas Community Foundation's disciplined approach will help donor funds persevere through ongoing volatility, by: (1) Staying calm and accepting the uncertainty; (2) Remembering the role of the Investment Policy Statement; (3) Reviewing liquidity and spending needs; (4) Rebalancing and seeking opportunities when appropriate.