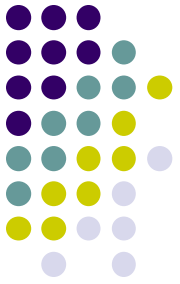


Pieper Challenge Grant and Match Program 2020 Annual Report



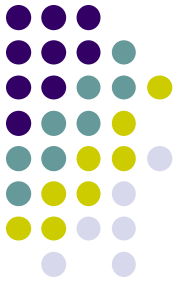
Prepared by Marquette University – College of Business Administration

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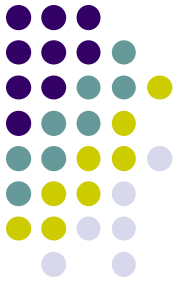
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Grantee Summary

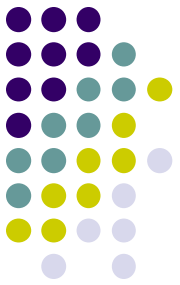


- The Pieper Family Foundation has created the Challenge Grant and Match program to stimulate the trustees of not-for-profits to sharpen their investment policy and oversight. The objective of these grants is growth of capital and the expectation is that investment results will fall within the upper quartile of diversified growth-oriented funds' returns over time.
- Pieper Fund returns are provided by each Grantee. The Grantees also provide a description of how their Pieper Fund is invested and the current investment policy. Morningstar data is used to evaluate performance. The Challenge Grant and Match program completed the transition from Lipper data in 2014. Morningstar is widely accepted in the investment industry.
- In addition to comparing performance to large groups of peers, results are compared to the Greater Milwaukee Foundation – Investment Pool, the in-house managed pool for a large local foundation.
- Ten Grantees reported on their Pieper Challenge & Match results for 2020. Grantees reported results in a range of 9.7% to 21.3% compared with 21.3% for the Vanguard Total Stock Market Index.
- During the last 10 years, six Grantees earned returns that met or exceeded the return of the Greater Milwaukee Foundation – Investment Pool.
- Over the decade all of the Grantees have sharpened their investment policy focus and oversight. Like most investors, over half of the Grantees have experienced missteps during their participation in the Pieper Challenge (primarily early on in their tenure). Corrections by the Grantees have produced fruit, in the form of higher and more stable returns.

Performance Summary



- All but one of the ten Grantee funds had double digit returns in 2020. The Vanguard Total Stock Market Index Fund gained 21.3% for the year. One of the ten Grantees performed as well as or better than the Vanguard Total Stock Market Index.
- The highest return for 2020 was 21.3%, achieved by Grantee Nine. The lowest return for 2020 was 9.7% achieved by Grantee Seven.
- Three Grantees' five-year performance was in the top quartile versus the Morningstar Aggressive Allocation comparison group. Grantee Nine had the highest five-year average return (15.5%/year). Grantee Five (13.6%/year) and Grantee Two (13.4%) also had a first quartile ranking over the five-year period.
- Grantee performance since inception is summarized on the next page. We are interested in Grantees' change in relative performance over time. In other words, have Grantees learned lessons from participating in the Challenge Grant Program that they have implemented to improve performance over time?

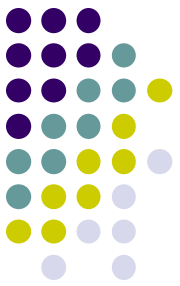


Grantee Fund Performance Since Inception

Grantee	Return /year since inception	Vanguard Total Mkt	Inception	Quartile/ Inception	Progress
Grantee One	5.9%	7.7%	1999	2	Consistent
Grantee Two	9.6%	9.2%	1997	1	Worsened
Grantee Three	3.8%	7.7%	1999	4	Consistent
Grantee Four	5.7%	6.9%	1999	2	Worsened
Grantee Five	5.1%	7.7%	1999	3	Improved
Grantee Six	4.1%	7.9%	2000	4	Consistent
Grantee Seven	6.1%	7.8%	2000	3	Consistent
Grantee Eight	5.4%	9.1%	2002	4	Consistent
Grantee Nine	9.6%	10.4%	2003	1	Improved
Grantee Ten	5.6%	11.3%	2002	4	Improved

- The inception year has a significant impact on annualized return. Note that inception dates range from 1997 to 2003. This was a very volatile period for the stock market. For example, the late 1990s were very strong years for the stock market, while the early 2000s included a powerful bear market. So each grantee's annualized return must be understood within the context of the respective inception year. For long-term performance comparison, the most helpful figure is the quartile the grantee's performance falls. This compares the grantee to the peer group over the respective investment time frame.
- Endnotes:
 - Grantee One – performance in 1999 and 2000 is a simple average of two managers during a transition in management.
 - Grantee Four – inception date is 3/31/1999.
 - Grantee Six – inception date is 11/20/2000.
 - Grantee Seven – inception date is 9/1/2000.
 - Grantee Eight – inception date is 1/1/2002.
 - Grantee Nine – inception date is 11/1/2003.
 - Grantee Ten – inception date is 9/31/2002.

Value creation over time



- The Pieper Challenge Grant and Match program allows for half of the annual gain to be withdrawn for spending by the Grantee and half to be added back to the principal of the portfolio.
- A summary of what \$1 at inception has grown to for each Grantee:

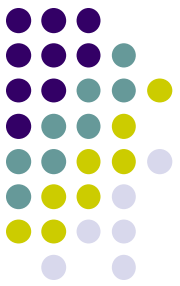
Grantee	Inception	Available for spending	Currently in portfolio	Total
Grantee One	1999	\$0.95	\$1.86	\$2.81
Grantee Two	1997	\$1.73	\$2.95	\$4.68
Grantee Three	1999	\$0.57	\$1.44	\$2.01
Grantee Four	1999	\$0.90	\$1.87	\$2.77
Grantee Five	1999	\$0.78	\$1.67	\$2.38
Grantee Six	2000	\$0.54	\$1.46	\$2.00
Grantee Seven	2000	\$0.68	\$1.63	\$2.31
Grantee Eight	2002	\$0.71	\$1.55	\$2.26
Grantee Nine	2003	\$1.27	\$2.21	\$3.48
Grantee Ten	2002	\$0.75	\$1.67	\$2.42



Evaluation Method

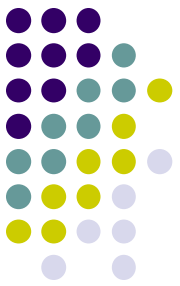
- Performance of each total Pieper Challenge and Match Fund is compared:
 - among the Grantees
 - versus the Vanguard Total US Stock Market Index Fund, as a tool for evaluation against all publicly traded U.S. stocks
 - against the Consumer Price Index +5% to consider growth of purchasing power plus a market risk premium.
 - against the Morningstar Aggressive Allocation composite, a widely-used benchmark for diversified, growth-oriented portfolios.
 - against the Greater Milwaukee Foundation – Investment Pool, the in-house portfolio for a large, local foundation
- Each individual fund is compared with its respective industry peer group. Up through 2012, this peer group was calculated by Lipper. Starting in 2013, we use the Morningstar peer group.
- In recent years, some grantees have introduced allocations to “alternative investments” – asset classes that cannot be easily classified as “stocks” or “bonds.” This includes real estate, commodities, hedge funds, and private equity. For purposes of this project, all asset classes other than bonds are combined in “equity.”

Grantee	2020 Return	Investment Policy	
	(%)	Equity (%)	Bonds (%)
Grantee One	15.4	80	20
Grantee Two	11.6	100	0
Grantee Three	14.0	99	1
Grantee Four	10.5	77	23
Grantee Five	19.5	100	0
Grantee Six	11.0	80	20
Grantee Seven	9.7	84	16
Grantee Eight	12.3	100	0
Grantee Nine	21.3	100	0
Grantee Ten	13.0	100	0
Vanguard Total Stock Mkt Index	21.3		
CPI + 5%	6.4		
Morningstar Aggressive Allocation	13.3		
Greater Milwaukee Fdn – Inv Pool	15.0		



Grantee Fund Performance Summary Table

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Grantee One	-2.0	14.8	24.4	6.8	-1.4	10.1	18.1	-8.3	24.5	15.4
Grantee Two	-3.3	15.4	28.8	5.9	-1.7	12.1	21.2	-7.8	34.4	11.6
Grantee Three	2.2	11.0	8.5	5.5	-1.5	4.3	13.0	-10.0	26.4	14.0
Grantee Four	3.8	12.9	18.3	7.1	0.3	7.2	14.1	-6.1	19.7	10.5
Grantee Five	-5.9	13.2	12.5	11.4	-5.6	10.7	22.0	-7.3	26.4	19.5
Grantee Six	0.7	11.5	15.2	5.5	-0.8	3.6	15.2	-7.2	18.4	11.0
Grantee Seven	-0.8	10.5	13.6	5.5	-2.7	4.0	12.4	-3.7	14.1	9.7
Grantee Eight	-7.3	14.9	14.9	5.5	-3.5	8.1	18.1	-12.0	23.4	12.3
Grantee Nine	1.1	16.4	33.5	12.5	0.3	12.7	21.2	-5.2	30.7	21.3
Grantee Ten	-5.0	15.0	21.6	3.3	-2.3	7.1	17.1	-6.6	27.2	13.0
Vanguard Total Stock Mkt Index Fund	1.0	16.3	33.5	12.5	0.3	12.7	21.2	-5.2	30.9	21.3
Consumer Price Index +5%	8.2	6.8	6.5	5.8	5.7	7.1	7.1	6.9	7.3	6.4
Morningstar Aggressive Allocation	-3.8	13.4	21.3	5.7	-2.8	7.9	15.8	-8.2	25.9	13.3
Greater Milwaukee Foundation - Investment Pool	0.1	13.1	16.7	4.4	-1.2	8.1	16.7	-4.5	17.0	15.0



Grantee Fund Performance Summary Table

	5-year	10-year	15-year
Grantee One	11.4%	9.7%	7.2%
Grantee Two	13.4%	10.9%	8.1%
Grantee Three	8.9%	6.9%	6.4%
Grantee Four	8.7%	8.5%	7.7%
Grantee Five	13.6%	9.1%	4.6%
Grantee Six	7.8%	7.0%	6.1%
Grantee Seven	7.1%	6.1%	5.4%
Grantee Eight	9.3%	6.8%	5.7%
Grantee Nine	15.5%	13.8%	10.0%
Grantee Ten	11.0%	8.5%	7.0%
Vanguard Total Stock Mkt Index Fund	15.5%	13.8%	10.1%
Consumer Price Index +5%	7.0%	6.8%	6.9%
Morningstar Aggressive Allocation	10.3%	8.3%	6.6%
Greater Milwaukee Foundation - Investment Pool	10.1%	8.2%	7.3%

Annualized return rankings



5-year annualized returns

Grantee	Return
Grantee Nine	15.5%
<i>Vanguard Total Mkt</i>	<i>15.5%</i>
Grantee Five	13.6%
Grantee Two	13.4%
Grantee One	11.4%
Grantee Ten	11.0%
<i>Morningstar Aggres Alloc</i>	<i>10.3%</i>
<i>Greater Milw Fnd – Inv Pool</i>	<i>10.1%</i>
Grantee Eight	9.3%
Grantee Three	8.9%
Grantee Four	8.7%
Grantee Six	7.8%
Grantee Seven	7.1%

10-year annualized returns

Grantee	Return
<i>Vanguard Total Mkt</i>	<i>13.8%</i>
Grantee Nine	13.8%
Grantee Two	10.9%
Grantee One	9.7%
Grantee Five	9.1%
Grantee Ten	8.5%
Grantee Four	8.5%
<i>Morningstar Aggres Alloc</i>	<i>8.3%</i>
<i>Greater Milw Fnd – Inv Pool</i>	<i>8.2%</i>
Grantee Six	7.0%
Grantee Three	6.9%
Grantee Eight	6.8%
Grantee Seven	6.1%

15-year annualized returns

Grantee	Return
<i>Vanguard Total Mkt</i>	<i>10.1%</i>
Grantee Nine	10.0%
Grantee Two	8.1%
Grantee Four	7.7%
<i>Greater Milw Fnd – Inv Pool</i>	<i>7.3%</i>
Grantee One	7.2%
Grantee Ten	7.0%
<i>Morningstar Aggres Alloc</i>	<i>6.6%</i>
Grantee Three	6.4%
Grantee Six	6.1%
Grantee Eight	5.7%
Grantee Seven	5.4%
Grantee Five	4.6%

Sharpe ratio rankings



Sharpe ratio is a measure of risk-adjusted return. It measures excess return (i.e. risk premium – the return achieved above the Treasury bond’s return, for example) per unit of risk. Higher Sharpe ratios imply better risk-adjusted performance.

5-year Sharpe ratio

Grantee	Ratio
Grantee Nine	1.08
<i>Vanguard Total Mkt</i>	1.08
<i>Greater Milw Fnd – Inv Pool</i>	1.02
Grantee Five	0.96
Grantee Seven	0.87
Grantee One	0.85
Grantee Two	0.82
Grantee Four	0.82
Grantee Ten	0.81
<i>Morningstar Aggres Alloc</i>	0.76
Grantee Six	0.68
Grantee Eight	0.62
Grantee Three	0.60

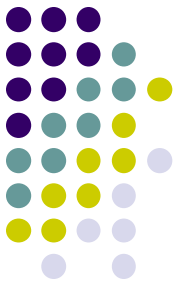
10-year Sharpe ratio

Grantee	Ratio
Grantee Nine	1.00
<i>Vanguard Total Mkt</i>	0.99
Grantee Four	0.94
<i>Greater Milw Fnd – Inv Pool</i>	0.88
Grantee One	0.77
Grantee Seven	0.75
Grantee Six	0.74
Grantee Two	0.72
Grantee Five	0.67
<i>Morningstar Aggres Alloc</i>	0.66
Grantee Ten	0.65
Grantee Three	0.61
Grantee Eight	0.51

15-year Sharpe ratio

Grantee	Ratio
Grantee Four	0.49
Grantee Three	0.48
<i>Vanguard Total Mkt</i>	0.47
Grantee Nine	0.45
<i>Greater Milw Fnd – Inv Pool</i>	0.44
Grantee Two	0.32
Grantee Ten	0.32
Grantee One	0.31
<i>Morningstar Aggres Alloc</i>	0.30
Grantee Seven	0.28
Grantee Six	0.27
Grantee Eight	0.23
Grantee Five	0.15

General Market Performance Overview



Index	Description	2020
S&P 500	Large-Cap US Equity	18.4%
Dow	Large-Cap US Equity	9.7%
Russell 2000	Small-Cap US Equity	19.9%
MSCI EAFE	International – Developed Markets	8.4%
MSCI EM	International – Emerging Markets	18.5%
Bloomberg Barclays T-Bill	Cash	0.6%
Bloomberg Barclays Agg	Fixed Income	7.5%

Total return = Price change + income

Performance disclaimer



- This report has been prepared by undergraduate students in Marquette University's College of Business Administration. Every effort has been made to calculate and report accurate information.
- The information contained in this summary is prepared from records which Marquette University considers reliable. However it is not intended to and should not be used as a substitute for periodic statements that you receive on a regular basis from your investment advisor and custodian. Please compare the data on this document carefully with your monthly statements to verify its accuracy.
- If you discover an error in this report, please report it to Dan Geigler, Adjunct Instructor, daniel.geigler@mu.edu.