2020 Annual Report

A global pandemic, domestic political unrest, and a national election – these are perhaps the things for which 2020 will be remembered…or forgotten. Despite the tumult that occurred during the year, we continued to grow and prosper under God's direction. Generous donors gave gifts in abundance that funded new accounts, expanded existing ones, and blessed ministries when needs were greatest. The investment markets also performed well, which helped boost our asset base beyond $57 million.

The coronavirus known as COVID-19 quickly achieved pandemic status and negatively affected the global economy. As news of the virus and its effects became widely known early in the year, countries responded by locking down their populations in an attempt to curb the virus' spread. The US stock market quickly tumbled into bear market territory for the first time in 11 years. Global markets followed suit, triggering a worldwide recession that had a devastating effect on individuals and small businesses. Before the economic shock brought about by COVID-19, the Dow Jones Industrial Average was hitting record highs, US unemployment hovered around 3.5%, and the core inflation rate was a comfortable 2.4%. The sudden downturn caused unemployment to skyrocket to 14.7% - higher than The Great Depression - as companies either laid off or furloughed employees, consumer sales and home sales to plummet, and a bleak reality to set in – ending 128 months of US economic expansion, the longest in its history. The Federal Reserve Bank took emergency policy action, lowering interest rates to near-zero to stave off a credit crunch and disruption to the financial markets. This, combined with stimulus legislation swiftly enacted by the US Congress, sparked a 4,000-point rally in the DJIA. The Fed then pledged to keep rates low through 2023 and resumed its program of purchasing assets such as US Treasuries and mortgage-backed securities. Vaccine development became the top priority for global governments as they sought to restore economic stability.

Investment markets in the US responded favorably. Stimulus efforts, removal of certain regulatory barriers that accelerated the timeline to bring vaccines to market, and changes in consumer spending patterns caused March's policy-induced rally to blossom through the end of the year. Technology, home-delivery, and medical stocks paved the way to a V-shaped economic recovery as companies implemented flexible working arrangements, families adjusted to life at home, and vaccines came into focus. Growth-oriented stock indexes were up 33% or more for the year. The broad-market S&P 500 index was up 18.4% for the year, despite falling 19.6% in first quarter. The Barclay's Capital Aggregate index – reflecting the broad market for fixed income – was up 7.5%, supported by accommodative monetary policy. Our portfolio, consisting of two equity funds, two bond funds, and a non-correlated alternative investment fund, returned a combined 12.6% for the year. The bright spot once again was our Equity Growth Fund, which returned 21.3%. Given the uncertainties about long-term prospects for economic recovery, our board elected to keep our endowment distribution rate at 3.5% – slightly below its 4% target.

Legacy Deo ended the year with 441 managed accounts valued at more than $57 million. We received gifts of $2.2 million, passed through 36 stock gifts to donor-selected ministries and charities, and added 11 new accounts (eight endowments, two donor-advised funds, and a custodial account). Our most noteworthy achievement is that we distributed $3.4 million to ministries, charities, agencies, and individuals. We also awarded $76,000 in grants to deserving ministry endeavors, our highest amount to date. God did marvelous works through Legacy Deo in 2020. It is with a grateful heart that we praise Him and ask for new opportunities going forward to fulfill our corporate vision: that God's people, each and every one, will leave a legacy for faith and family.

Sources: International Monetary Fund, Federal Reserve Bank, National Bureau of Economic Research, Bureau of Labor Statistics, Morgan Stanley, Legacy Deo