

# Investment Performance Summary

As of 9/30/2018



Individual Investment Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
<b>Equity Pool TR</b>	<b>6.74</b>	<b>0.24</b>	<b>5.26</b>	<b>13.02</b>	<b>15.21</b>	<b>11.18</b>	<b>10.06</b>
Equity Benchmark	6.68	0.24	5.29	13.14	15.31	11.27	10.46
S&P 500 TR USD	10.56	0.57	7.71	17.91	17.31	13.95	11.97
MSCI ACWI Ex USA NR USD	-3.09	0.46	0.71	1.76	9.97	4.12	5.18
<b>Intermediate-Term Fixed Income Pool TR</b>	<b>-1.54</b>	<b>-0.56</b>	<b>0.27</b>	<b>-1.47</b>	<b>1.39</b>		
Intermediate-Term Fixed Income Benchmark	-1.51	-0.65	0.20	-1.46	1.53	2.42	
<b>Short-Term Fixed Income Pool TR</b>	<b>-0.06</b>	<b>-0.23</b>	<b>0.27</b>	<b>-0.25</b>	<b>0.91</b>		
Short-Term Fixed Income Benchmark	-0.02	-0.25	0.27	-0.15	1.03	1.34	
<b>Money Market Pool TR</b>	<b>0.76</b>	<b>0.09</b>	<b>0.33</b>	<b>0.94</b>	<b>0.41</b>	<b>0.26</b>	<b>0.27</b>
USTREAS T-Bill Auction Ave 3 Mon	1.41	0.18	0.53	1.73	0.92	0.56	0.34

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools.

Please refer to the quarterly Investment Performance Supplemental Report for benchmark definitions

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
<b>Aggressive Mix TR</b>	<b>5.24</b>	<b>0.11</b>	<b>4.25</b>	<b>10.17</b>	<b>12.34</b>	<b>9.34</b>	<b>9.09</b>
Aggressive Mix Benchmark	5.21	0.10	4.27	10.28	12.45	9.41	9.26
<b>Moderately Aggressive Mix TR</b>	<b>3.87</b>	<b>0.02</b>	<b>3.25</b>	<b>7.50</b>	<b>9.44</b>	<b>7.36</b>	<b>7.68</b>
Moderately Aggressive Mix Benchmark	3.89	0.01	3.27	7.63	9.57	7.42	7.69
<b>Moderate Mix TR</b>	<b>2.54</b>	<b>-0.05</b>	<b>2.26</b>	<b>4.92</b>	<b>6.54</b>	<b>5.32</b>	<b>6.15</b>
Moderate Mix Benchmark	2.63	-0.06	2.29	5.11	6.72	5.40	6.01
<b>Conservative Mix TR</b>	<b>1.20</b>	<b>-0.13</b>	<b>1.27</b>	<b>2.37</b>	<b>3.69</b>	<b>3.27</b>	<b>4.53</b>
Conservative Mix Benchmark	1.37	-0.13	1.31	2.62	3.91	3.36	4.25
<b>Risk Averse Mix TR</b>	<b>0.76</b>	<b>0.09</b>	<b>0.33</b>	<b>0.94</b>	<b>0.41</b>	<b>0.26</b>	<b>0.27</b>
USTREAS T-Bill Auction Ave 3 Mon	1.41	0.18	0.53	1.73	0.92	0.56	0.34

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which Greater Horizons rebalances.

The Long Term I Mix TR has been renamed the Moderately Aggressive Mix TR  
The Aggressive Mix TR inception date is 6/30/14; performance prior to that date is pro-forma.

Returns for periods greater than 1 year are compound annual returns.  
TR = Total Return

Current Investment Mix Allocations	Equity Pool	Interm-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	80%	10%	10%	0%
Moderately Aggressive	60%	14%	21%	5%
Moderate	40%	18%	27%	15%
Conservative	20%	22%	33%	25%
Risk Averse	0%	0%	0%	100%

#### Estimated Investment Management Fees for the Investment Mix Options

Aggressive	0.06%
Moderately Aggressive	0.07%
Moderate	0.09%
Conservative	0.10%
Risk Averse	0.14%

Performance is presented gross of Greater Horizons administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

#### Customer Service

If you have any questions about your fund or wish to request a change in your investment mix, please contact Donor Services at support@greaterhorizons.org or 866.627.3440.

Contact David Anderson at anderson@growyourgiving.org or 816.627.3407 for more information on the pools, including their component funds and blended benchmarks, the Board of Directors Investment Committee, or the Investment Policy Statement.

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# Equity Pool

As of 9/30/2018

## Trailing Returns

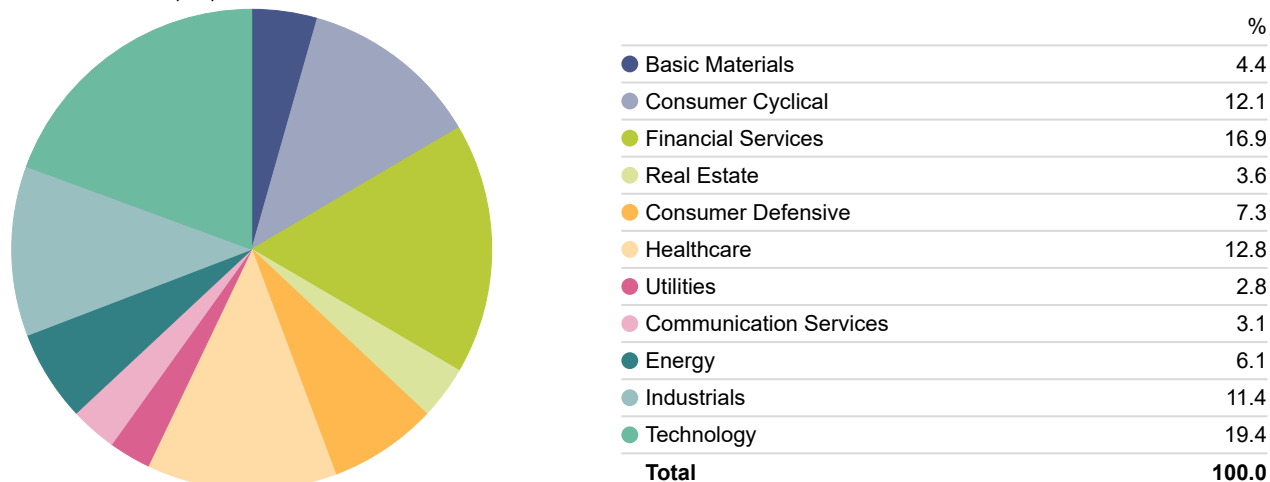
Equity Pool & Blended Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Equity Pool TR</b>	<b>6.74</b>	<b>5.26</b>	<b>13.02</b>	<b>15.21</b>	<b>11.18</b>	<b>10.06</b>
Equity Benchmark	6.68	5.29	13.14	15.31	11.27	10.46

## Trailing Returns

Equity Pool Holdings & Benchmarks	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Instl Ttl Stk Mkt Idx InstlPls</b>	<b>10.64</b>	<b>7.10</b>	<b>17.65</b>	<b>17.12</b>	<b>13.50</b>	<b>12.15</b>
CRSP US Total Market TR USD	10.60	7.08	17.62	17.07	13.45	12.09
<b>Vanguard Developed Markets Index Instl</b>	<b>-1.59</b>	<b>1.09</b>	<b>2.79</b>	<b>9.85</b>	<b>4.85</b>	<b>5.55</b>
FTSE Developed ex US All Cap NR USD	-1.99	1.03	2.82	9.81	4.62	
<b>Vanguard Emerging Mkts Stock Idx Instl</b>	<b>-8.79</b>	<b>-1.71</b>	<b>-3.08</b>	<b>10.12</b>	<b>3.02</b>	<b>4.76</b>
FTSE Emerging NR USD	-7.67	-0.80	-1.23	11.42	3.68	5.36

## Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 9/30/2018



## Purpose

The purpose of the Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

## Equity Pool - Top Holdings

Portfolio Date: 9/30/2018

	Market Value (mil)	Portfolio Weighting %
Total Market Value: \$506,329,848.82		
Vanguard Instl Ttl Stk Mkt Idx InstlPls	\$ 366.8	72%
Vanguard Developed Markets Index Ins Pls	\$ 115.4	23%
Vanguard Emerging Mkts Stock Idx Instl	\$ 24.1	5%

## Top Stock Holdings

1. Apple Inc.
2. Microsoft Corp.
3. Amazon.com Inc.
4. Facebook A
5. Berkshire Hathaway Inc B
6. JPMorgan Chase & Co
7. Alphabet A
8. Alphabet C
9. Johnson & Johnson
10. Exxon Mobil Corp

Trailing Twelve Month Dividend Yield: 2.16%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

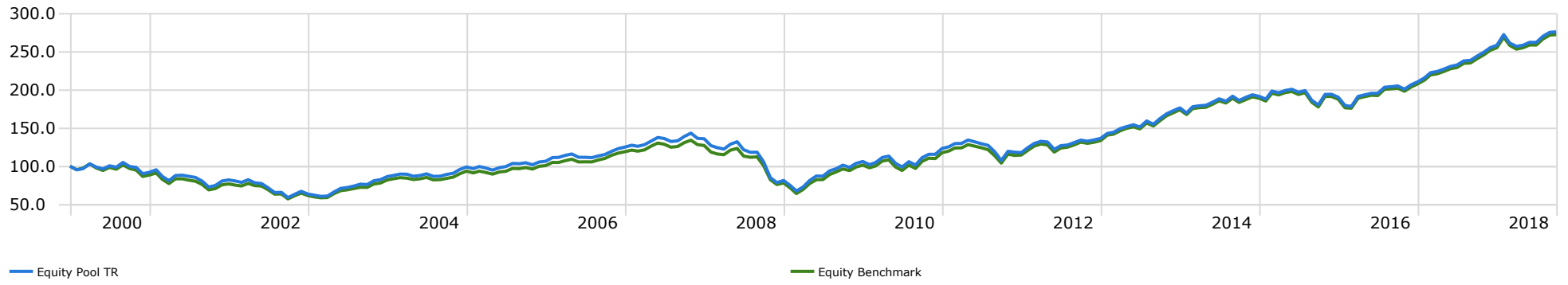
Estimated Pool Investment Management Fee: .05%

Equity Benchmark	Current	Equity Benchmark 03/15 - 04/17	Equity Benchmark 01/14 - 03/15	Equity Benchmark 2011-2013	Equity Benchmark 2003-2011
CRSP US Total Stock Market	72%	CRSP US Total Stock Market 75%	CRSP US Total Stock Market 75%	Wilshire 5000 78.5%	Wilshire 5000 80%
FTSE Developed ex US All Cap	23%	FTSE Developed ex US All Cap 20%	FTSE Developed ex North Amer. 15%	MSCI EAFE 16.5%	MSCI EAFE 20%
FTSE Emerging Markets	5%	FTSE Emerging Markets 5%	FTSE Emerging Markets 10%	MSCI Emerging Markets 5.0%	

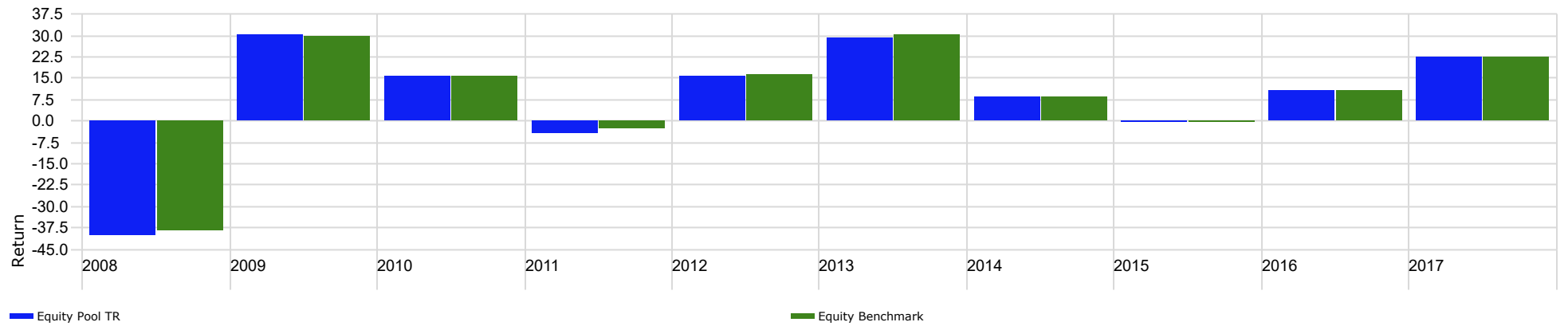
# Equity Pool

## Investment Growth

Time Period: 1/1/2000 to 9/30/2018



## Calendar Year Returns



## Equity Pool TR - Quarterly Returns

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2018	-0.58	1.99	5.26		6.49
2017	6.42	3.78	4.95	5.89	22.73
2016	0.59	2.10	4.95	2.65	10.64
2015	2.40	0.38	-8.36	5.50	-0.62
2014	1.59	5.04	-1.13	2.89	8.56
2013	9.26	1.43	7.25	8.64	29.12
2012	12.55	-4.32	5.76	1.77	15.90
2011	5.36	-0.29	-16.92	9.50	-4.43
2010	4.97	-11.22	12.30	10.87	16.03
2009	-10.40	19.30	16.60	4.70	30.49
2008	-9.92	-0.77	-13.02	-22.99	-40.13

# Intermediate-Term Fixed Income Pool

As of 9/30/2018

## Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Intermediate-Term Fixed Income Pool TR</b>	<b>-1.54</b>	<b>0.27</b>	<b>-1.47</b>	<b>1.39</b>		
Intermediate-Term Fixed Income Benchmark	-1.51	0.20	-1.46	1.53	2.42	

## Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasuries notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

## Trailing Returns

Int-Term Fix. Income Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Interm-Term Bond Index I</b>	<b>-2.07</b>	<b>0.19</b>	<b>-2.01</b>	<b>1.20</b>	<b>2.43</b>	<b>4.98</b>
BBgBarc US 5-10Y GovCredit FIAdj TR USD	-2.07	0.13	-2.07	1.27	2.49	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>-1.06</b>	<b>-0.09</b>	<b>-1.00</b>	<b>0.88</b>		
BBgBarc US MBS TR USD	-1.07	-0.12	-0.92	0.98	2.02	3.33
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>0.84</b>	<b>0.10</b>	<b>1.02</b>	<b>1.33</b>	<b>0.58</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	0.81	0.11	1.01	1.38	0.63	1.66
<b>Xtrackers USD High Yield Corp Bd ETF</b>	<b>2.57</b>	<b>2.47</b>	<b>2.56</b>			
Solactive USD HY Corp Total Mkt TR USD	2.68	2.47	2.76	7.67	4.97	

## Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 9/30/2018

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$119,852,053.43	
Vanguard Interm-Term Bond Index I	\$ 84.0	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 23.9	20%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.0	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.0	5%

## Int.-Term Fixed Income Benchmark Weights

	Percent	Inception Date: January 1, 2014
Barclays US 5-10Y Gov/Credit FIAdj TR USD	70%	Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.
Barclays US MBS Float Adjusted TR USD	20%	
Solactive USD HY Corp Total Mkt TR USD	5%	Estimated Pool Investment
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%	Management Fee: 0.07%

## Fixed Income Pool Statistics

Average Yield to Maturity	3.64%
Average Effective Duration	5.94 years
Trailing Twelve Month Yield	2.93%

# Short-Term Fixed Income Pool

As of 9/30/2018

## Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Short-Term Fixed Income Pool TR</b>	<b>-0.06</b>	<b>0.27</b>	<b>-0.25</b>	<b>0.91</b>		
Short-Term Fixed Income Benchmark	-0.02	0.27	-0.15	1.03	1.34	

## Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

## Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Vanguard Short-Term Bond Idx I</b>	<b>-0.08</b>	<b>0.23</b>	<b>-0.41</b>	<b>0.66</b>	<b>1.00</b>	
BBgBarc US 1-5Y GovCredit FIAdj TR USD	-0.07	0.26	-0.38	0.72	1.06	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>-1.06</b>	<b>-0.09</b>	<b>-1.00</b>	<b>0.88</b>		
BBgBarc US MBS Float Adjusted TR USD	-1.01	-0.09	-0.88	0.97	1.95	
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>0.84</b>	<b>0.10</b>	<b>1.02</b>	<b>1.33</b>	<b>0.58</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	0.81	0.11	1.01	1.38	0.63	1.66
<b>Invesco Senior Loan ETF</b>	<b>3.50</b>	<b>2.01</b>	<b>4.18</b>	<b>4.28</b>	<b>2.80</b>	
S&P/LSTA U.S. Leveraged Loan 100 TR USD	3.97	2.10	4.96	5.20	3.56	

## Short-Term Fixed Income Pool Holdings

Portfolio Date: 9/30/2018

Total Market Value: \$185,126,907.01	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx I	\$ 129.8	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 37.3	20%
Invesco Senior Loan ETF	\$ 9.1	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 8.9	5%

## Short-Term Fixed Income Benchmark Weights

	Percent
Barclays US 1-5Y GovCredit FIAdj TR USD	70%
Barclays US MBS Float Adjusted TR USD	20%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	5%

## Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.09%

## Fixed Income Pool Statistics

Average Yield to Maturity	3.31%
Average Effective Duration	3.28 years
Trailing Twelve Month Yield	2.17%

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# Money Market Pool

As of 9/30/2018

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## Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

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### Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
3 Months	0.33%	0.53%
1 Year	0.94%	1.73%
3 Years	0.41%	0.92%
5 Years	0.26%	0.56%
10 Years	0.27%	0.34%

*Performance periods greater than 12 months are annualized.  
Performance is net of investment management fees but not the  
Foundation's administrative fees.*

**Estimated Current Yield: 1.32%**

# Investment Commentary—September 2018

Has the long decline of interest rates finally ended? In September, 1981 the yield on the ten year Treasury note peaked at 15.84%. The inflation rate, as measured by the Consumer Price Index, had peaked at 14.76% eighteen months earlier and declined to 10.95% by September, 1981. Fast forward to April, 2015, and the inflation rate was down to  $-0.20\%$  and the yield on the ten year Treasury note had fallen to 1.37% thirteen months later. Oil drove the inflation number lower in 2015-2016 as the price of a barrel of West Texas crude dropped from over \$110 to under \$30 in February, 2016.

With the economy improving the Federal Reserve has begun reducing its balance sheet (a source of monetary stimulus) and increasing the interest rate for banks making overnight loans to one another. The Federal Reserve believes that a 2% growth rate in the Consumer Price Index meets their mandate for price stability while giving them the flexibility to meet their other mandate of full employment. Earlier this year, in January, the forward looking indicators of inflation had spiked up over 2.25%. Many believe that this spike had a lot to do with February's downdraft in stocks. Fortunately, the inflation indicators subsided and stocks regained their footing and moved to new highs.

However, in late September the forward looking indicators of inflation again moved above 2.25%. This second move of the inflation indicators plus solvency issues in the emerging nations have dealt another setback to the

stock market after the close of the quarter. By the end of October the forward inflation indicators had subsided back under 2.25%.

Meanwhile, economic growth continues to moderately accelerate as the third quarter GDP grew 3.04% versus last year. Analyzing the year-to-year comparisons (rather than the quarter-to-quarter comparisons reported in the press) one can see a gradual acceleration in economic activity. Along with the usual worries, investors now have to be concerned with two additional issues: (1) whether the inflation rate will move above this seemingly magic threshold of 2.25%, and, (2) whether the Federal Reserve's response to a perceived inflation threat will become a barrier to economic growth.

The Equity Pool gained 5.26% bringing the year-to-date total return to 6.74%. Large U.S. companies were up 7.54% during the quarter while small companies returned 4.77%. On a year-to-date basis, growth oriented companies, large and small, have been the leaders with gains of 15.51% and 16.88% respectively. In spite of the accelerating economic growth, value oriented companies have experienced more subdued gains so far this year with large value companies up 6.19% and small value companies up 6.35%. After strong gains last year, foreign stocks in the first nine months have underperformed the U.S. market as FTSE Global All Cap ex U.S. Index has returned  $-2.95\%$ .

Both fixed income pools managed a positive return for the quarter despite the higher yields on Treasury notes. The Intermediate-Term Fixed Income Pool gained 0.27% for the quarter, narrowing its loss for the year to  $-1.54\%$ . The Short-Term Fixed Income Pool also managed a positive return of 0.27% ( $-0.06\%$  year-to-date) even as the yield on the five year Treasury note moved from 2.73% to 2.94% during the quarter. A strong return from the high yield sector was a major contributor to the positive returns in both Pools.

Going forward, the negative impact of rising yields on the fixed income pools should decrease unless the Federal Reserve unexpectedly accelerates the pace of interest rate hikes. The yield-to-maturity on the Intermediate-Term Fixed Income Pool was 3.64% at the end of the quarter while the Short-Term Fixed Income Pool's yield-to-maturity was 3.31%. Both yields provide a significant cushion to the current inflation rate for the first time in many years.

