

# Investment Performance Summary

As of 12/31/2018



Individual Investment Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
<b>Equity Pool TR</b>	<b>-7.79</b>	<b>-8.09</b>	<b>-13.61</b>	<b>-7.79</b>	<b>7.79</b>	<b>6.20</b>	<b>11.33</b>
Equity Benchmark	-7.84	-8.01	-13.61	-7.84	7.82	6.22	11.64
S&P 500 TR USD	-4.38	-9.03	-13.52	-4.38	9.26	8.49	13.12
MSCI ACWI Ex USA NR USD	-14.20	-4.53	-11.46	-14.20	4.48	0.68	6.57
<b>Intermediate-Term Fixed Income Pool TR</b>	<b>-0.03</b>	<b>1.51</b>	<b>1.53</b>	<b>-0.03</b>	<b>2.20</b>	<b>2.69</b>	
Intermediate-Term Fixed Income Benchmark	0.07	1.59	1.60	0.07	2.34	2.78	
<b>Short-Term Fixed Income Pool TR</b>	<b>1.10</b>	<b>0.93</b>	<b>1.15</b>	<b>1.10</b>	<b>1.49</b>	<b>1.48</b>	
Short-Term Fixed Income Benchmark	1.17	0.93	1.19	1.17	1.61	1.55	
<b>Money Market Pool TR</b>	<b>1.24</b>	<b>0.17</b>	<b>0.47</b>	<b>1.24</b>	<b>0.57</b>	<b>0.35</b>	<b>0.25</b>
USTREAS T-Bill Auction Ave 3 Mon	2.02	0.21	0.60	2.02	1.11	0.68	0.39

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>-6.01</b>	<b>-6.23</b>	<b>-10.70</b>	<b>-6.01</b>	<b>6.68</b>	<b>5.47</b>	<b>9.99</b>
Aggressive Mix Benchmark	-6.03	-6.15	-10.69	-6.03	6.73	5.50	10.10
<b>Moderately Aggressive Mix TR</b>	<b>-4.22</b>	<b>-4.44</b>	<b>-7.80</b>	<b>-4.22</b>	<b>5.44</b>	<b>4.55</b>	<b>8.57</b>
Moderately Aggressive Mix Benchmark	-4.19	-4.38	-7.78	-4.19	5.54	4.62	8.53
<b>Moderate Mix TR</b>	<b>-2.48</b>	<b>-2.69</b>	<b>-4.89</b>	<b>-2.48</b>	<b>4.12</b>	<b>3.54</b>	<b>6.73</b>
Moderate Mix Benchmark	-2.35	-2.63	-4.86	-2.35	4.27	3.64	6.57
<b>Conservative Mix TR</b>	<b>-0.78</b>	<b>-0.93</b>	<b>-1.96</b>	<b>-0.78</b>	<b>2.75</b>	<b>2.48</b>	<b>4.83</b>
Conservative Mix Benchmark	-0.56	-0.89	-1.90	-0.56	2.97	2.63	4.55
<b>Risk Averse Mix TR</b>	<b>1.24</b>	<b>0.17</b>	<b>0.47</b>	<b>1.24</b>	<b>0.57</b>	<b>0.35</b>	<b>0.25</b>
USTREAS T-Bill Auction Ave 3 Mon	2.02	0.21	0.60	2.02	1.11	0.68	0.39

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	Inter-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 12/31/2018

## Trailing Returns

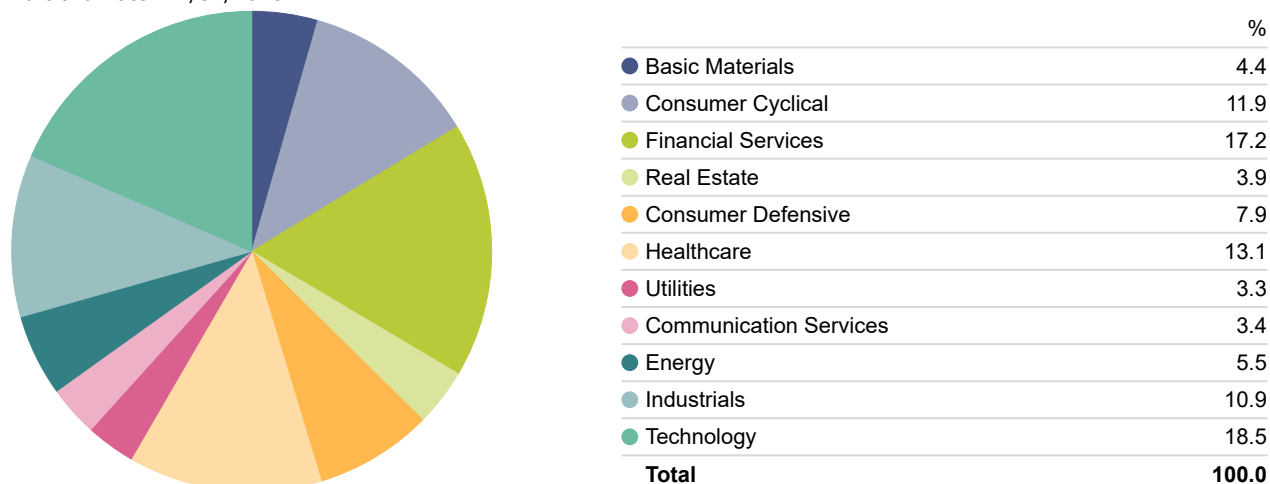
Equity Pool & Blended Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
<b>Equity Pool TR</b>	<b>-7.79</b>	<b>-13.61</b>	<b>-7.79</b>	<b>7.79</b>	<b>6.20</b>	<b>11.33</b>
Equity Benchmark	-7.84	-13.61	-7.84	7.82	6.22	11.64

## 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 InstlPIs</b>	<b>-5.14</b>	<b>-14.26</b>	<b>-5.14</b>	<b>9.02</b>	<b>7.96</b>	<b>13.31</b>
CRSP US Total Market TR USD	-5.17	-14.26	-5.17	9.00	7.92	13.27
<b>Vanguard Developed Markets Index Instl</b>	<b>-14.49</b>	<b>-13.11</b>	<b>-14.49</b>	<b>3.48</b>	<b>0.84</b>	<b>6.30</b>
FTSE Developed ex US All Cap NR USD	-14.97	-13.24	-14.97	3.31	0.62	
<b>Vanguard Emerging Mkts Stock Idx Instl</b>	<b>-14.54</b>	<b>-6.30</b>	<b>-14.54</b>	<b>7.88</b>	<b>1.36</b>	<b>7.52</b>
FTSE Emerging NR USD	-13.35	-6.16	-13.35	9.00	2.06	8.23

## Equity Pool - Equity Sectors (Morningstar)

Portfolio Date: 12/31/2018



## 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: 12/31/2018

	Market Value (mil)	Portfolio Weighting %
Total Market Value: \$452,063,121.20		
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	\$ 325.3	72%
Vanguard Developed Markets Index Ins Pls	\$ 104.2	23%
Vanguard Emerging Mkts Stock Idx Instl	\$ 22.6	5%

## Top Stock Holdings

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

Trailing Twelve Month Dividend Yield: 2.66%

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%

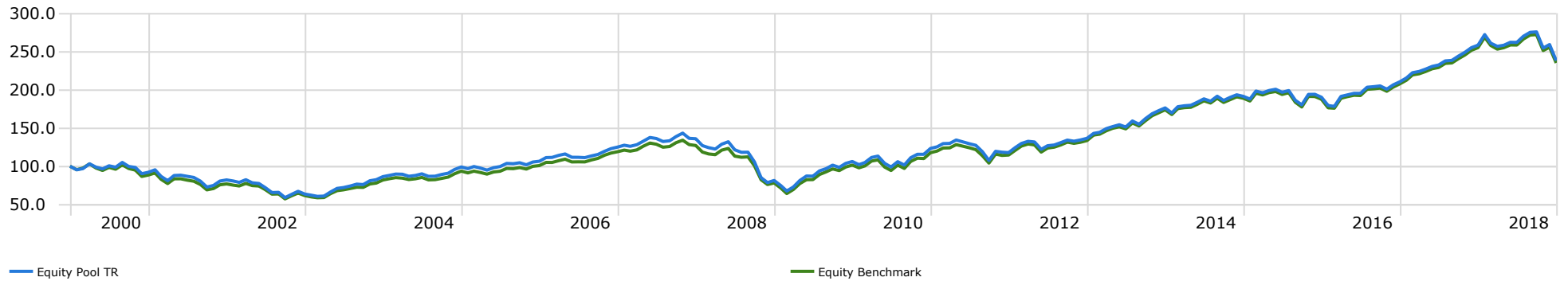
Equity Benchmark	Current	Equity Benchmark	03/15 - 04/17	Equity Benchmark	01/14 - 03/15	Equity Benchmark	2011-2013	Equity Benchmark	2003-2011
CRSP US Total Stock Market	72%	CRSP US Total Stock Market	75%	CRSP US Total Stock Market	75%	Wilshire 5000	78.5%	Wilshire 5000	80%
FTSE Developed ex US All Cap	23%	FTSE Developed ex US All Cap	20%	FTSE Developed ex US 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%		

Source: Morningstar Direct

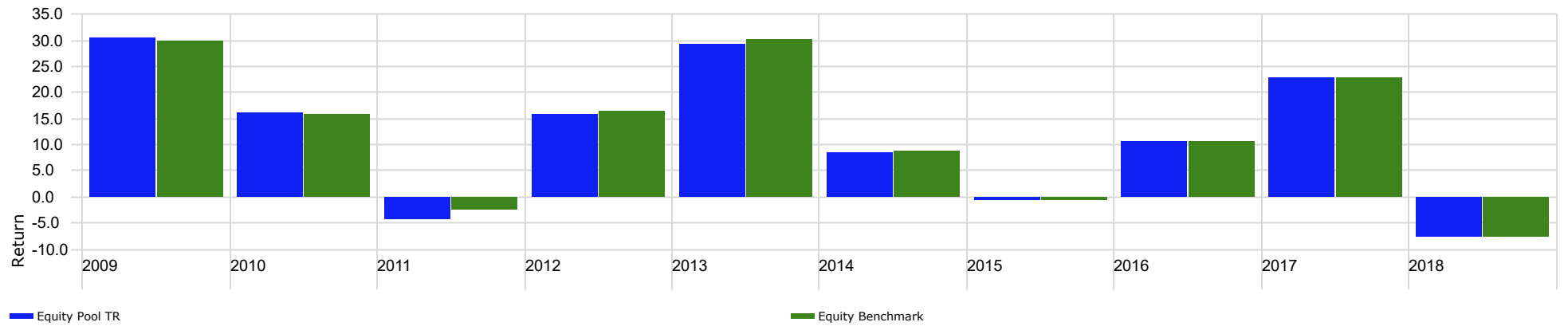
# Equity Pool

## Investment Growth

Time Period: 1/1/2000 to 12/31/2018



## Calendar Year Returns



## Equity Pool TR - Quarterly Returns

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Year
2018	-0.58	1.99	5.26	-13.61	-7.79
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

Source: Morningstar Direct

# Intermediate-Term Fixed Income Pool

As of 12/31/2018

## 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>-0.03</b>	<b>1.53</b>	<b>-0.03</b>	<b>2.20</b>	<b>2.69</b>	
Intermediate-Term Fixed Income Benchmark	0.07	1.60	0.07	2.34	2.78	

## 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>-0.15</b>	<b>1.96</b>	<b>-0.15</b>	<b>2.17</b>	<b>2.94</b>	<b>4.49</b>
BBgBarc US 5-10Y GovCredit FIAdj TR USD	-0.07	2.04	-0.07	2.27	2.98	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>0.88</b>	<b>1.96</b>	<b>0.88</b>	<b>1.57</b>	<b>2.39</b>	
BBgBarc US MBS TR USD	0.99	2.08	0.99	1.71	2.53	3.11
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>0.59</b>	<b>-0.25</b>	<b>0.59</b>	<b>1.39</b>	<b>0.57</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	0.59	-0.22	0.59	1.42	0.62	2.19
<b>Xtrackers USD High Yield Corp Bd ETF</b>	<b>-1.91</b>	<b>-4.37</b>	<b>-1.91</b>			
Solactive USD HY Corp Total Mkt TR USD	-1.73	-4.29	-1.73	6.68	3.32	

## Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2018

	Market Value (mil)	Portfolio Weight %
Total Market Value	\$121,750,769.40	
Vanguard Interm-Term Bond Index I	\$ 85.3	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 24.3	20%
Xtrackers USD High Yield Corp Bd ETF	\$ 6.1	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 6.1	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	3.51%
Average Effective Duration	5.64 years
Trailing Twelve Month Yield	2.91%

# Short-Term Fixed Income Pool

As of 12/31/2018

## 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>1.10</b>	<b>1.15</b>	<b>1.10</b>	<b>1.49</b>	<b>1.48</b>	
Short-Term Fixed Income Benchmark	1.17	1.19	1.17	1.61	1.55	

## 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>1.37</b>	<b>1.45</b>	<b>1.37</b>	<b>1.36</b>	<b>1.26</b>	
BBgBarc US 1-5Y GovCredit FIAdj TR USD	1.38	1.46	1.38	1.40	1.32	
<b>Vanguard Mortgage-Backed Secs Idx Instl</b>	<b>0.88</b>	<b>1.96</b>	<b>0.88</b>	<b>1.57</b>	<b>2.39</b>	
BBgBarc US MBS Float Adjusted TR USD	0.99	2.02	0.99	1.66	2.40	
<b>Vanguard Shrt-Term Infl-Prot Sec Idx Ins</b>	<b>0.59</b>	<b>-0.25</b>	<b>0.59</b>	<b>1.39</b>	<b>0.57</b>	
BBgBarc U.S. Treasury TIPS 0-5Y TR USD	0.59	-0.22	0.59	1.42	0.62	2.19
<b>Invesco Senior Loan ETF</b>	<b>-0.55</b>	<b>-3.92</b>	<b>-0.55</b>	<b>3.50</b>	<b>1.64</b>	
S&P/LSTA U.S. Leveraged Loan 100 TR USD	-0.62	-4.41	-0.62	4.42	2.26	8.10

## 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%

## 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.

## Short-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2018

Total Market Value: \$186,979,456.52	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx I	\$ 130.9	70%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 37.4	20%
Invesco Senior Loan ETF	\$ 9.4	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 9.3	5%

## Fixed Income Pool Statistics

Average Yield to Maturity	3.10%
Average Effective Duration	2.91 years
Trailing Twelve Month Yield	2.27%

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# Money Market Pool

As of 12/31/2018

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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	0.47%	0.60%
1 Year	1.24%	2.02%
3 Years	0.57%	1.11%
5 Years	0.35%	0.68%
10 Years	0.25%	0.39%

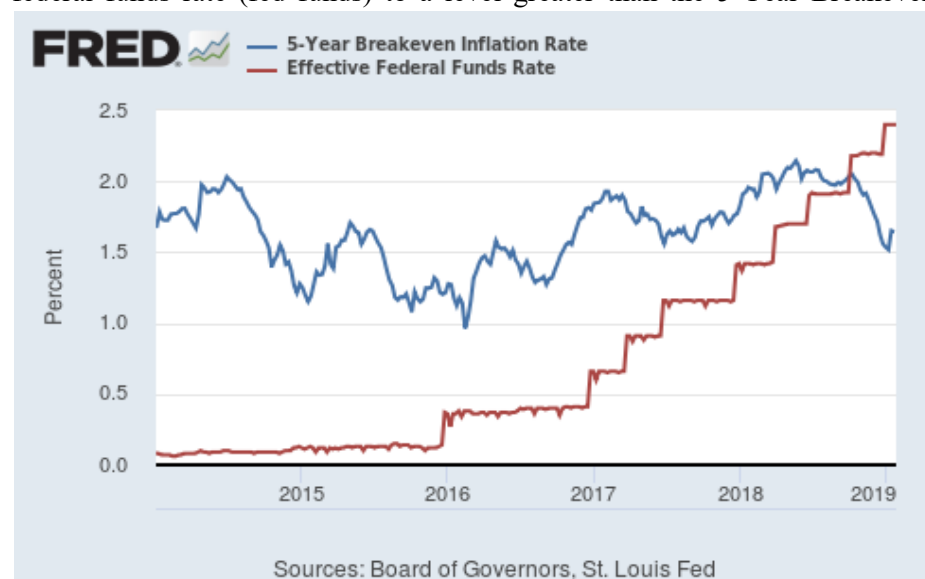
*Performance periods greater than 12 months are annualized.  
Performance is net of investment management fees but not the  
Foundation's administrative fees.*

**Estimated Current Yield: 1.88%**

# Investment Commentary—December 31, 2018

The twelve months of 2018 ended the same way they started: with concerns about the impact from accelerating inflation and from tariff increases. In the first quarter, fears of future inflation, as depicted by the 5-Year Breakeven Inflation Rate in the chart below, stoked concerns that the Federal Reserve would increase short-term interest rates to a point that would negatively impact the economy. At the same time President Trump announced higher tariffs on products made in China. These tariffs represent a tax on U.S. consumers and as well as higher costs for U.S. manufacturers whose products incorporate Chinese made components. As a result of inflation fears and higher tariffs, the U.S. stock market suffered a 9.96% decline from peak to trough in the first quarter while long term bond yields went to new highs. Then, during the second and third quarters inflation concerns subsided and the potential for a trade war was downgraded by many to a mere trade skirmish. These changes to the consensus outlook allowed the stock market to resume the upward path to new highs while long term bond yields stabilized.

However, at the beginning of the fourth quarter the president ratcheted up the tariffs on Chinese made products reigniting fears of a trade war. At the same time the Federal Reserve Open Market Committee (FOMC) increased the federal funds rate (fed funds) to a level greater than the 5-Year Breakeven



Inflation Rate for the first time since 2008. Assuming that their first quarter fears were being realized, investors took the U.S. stock market down 10.1% during the month of October (peak to trough). But an unexpected thing happened in the bond market: long term bond yields actually declined as the effective fed funds rate rose to exceed the 5-year breakeven inflation rate. This decline in long term rates seemed to validate the anticipation of a softer economy in the future in the minds of many observers. When the FOMC increased the fed funds rate a fourth time for the year on December 19<sup>th</sup>, the stock market sold off once more. This last stock market decline brought the fourth quarter total return for U.S. stocks to -14.3% while long term yields declined even further.

For the quarter, the Equity Pool declined 13.6% bringing the total return for the year to -7.8%. As noted previously, the U.S. market declined 14.3% while the overseas markets declined 11.8% for the quarter. The sector most exposed to higher tariffs and higher interest rates is the small company sector. Small company stocks declined 18.3% in the quarter compared to a loss of 13.5% for large companies.

While U.S. Treasury yield on the ten year bond declined from 3.05% to 2.69% during the quarter, the positive impact on the Intermediate-Term Fixed Income Pool was diminished by a widening of the difference between corporate bond yields and Treasury bond yields. Such a widening of the spread in yields is commensurate with the volatility experienced in the equity markets. The Intermediate-Term Pool had a total return of 1.53% for the quarter which brought the year's return to -.03%.

Even though the rise in short-term yields was more dramatic than the rise in intermediate-term yields, the shorter maturities of the bonds in the holdings enabled the Short-Term Fixed Income Pool to weather the rise with a positive return of 1.15% for the fourth quarter and 1.10% for the year. As shown in the accompanying chart, the fed funds rate is now above the bond market's estimate of future CPI inflation; and, it is also above the Federal Reserve's stated target of 2% CPI inflation. Having brought the fed funds rate to its current level, it is possible that the FOMC will consider slowing the pace of future increases in the fed funds rate.