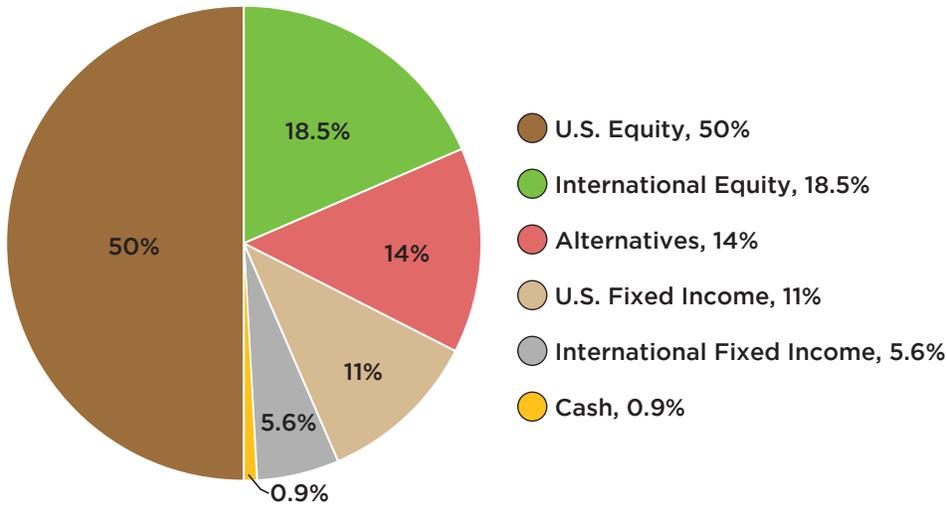


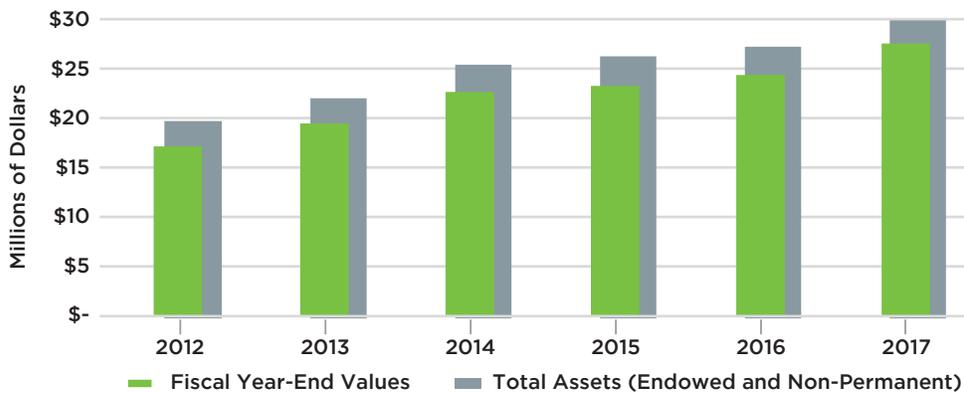
Asset Allocation



The Foundation's Endowment remains broadly diversified across equity, fixed income, and alternative investment classes.

- In fiscal year 2017, nearly 69% was invested in mutual funds containing equities (i.e., stocks) with exposure to international markets and various investment styles.
- Approximately 17% of the Endowment was positioned in mutual funds containing fixed income (i.e., bonds) securities and cash.
- The remainder of the portfolio was invested in cash and mutual funds containing alternative assets, such as real estate, energy, natural resources, and commodities.

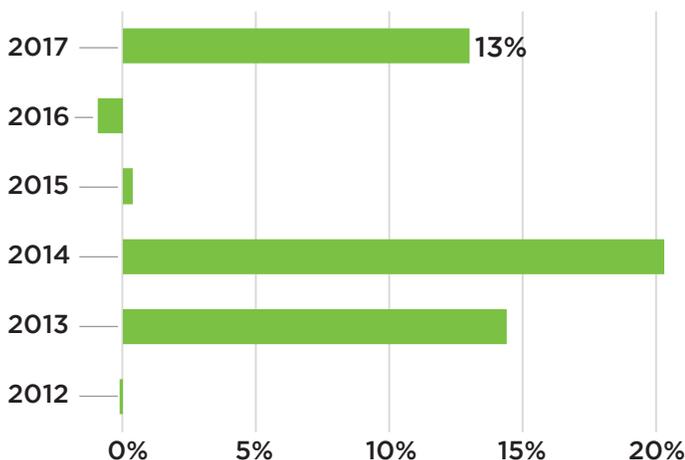
Endowment Value



The total value of the Endowment increased during fiscal year 2017, adding over \$3.1 million in total assets. Total assets of permanently endowed funds and non-permanent funds totaled more than \$29 million.

As of June 30, 2017, the Community Foundation's Endowment totaled \$27 million.

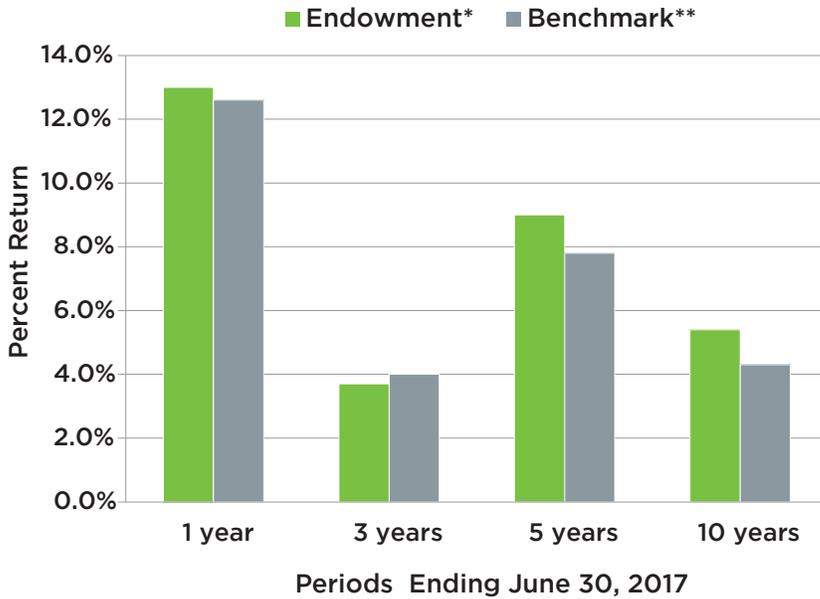
Investment Returns



The Community Foundation's portfolio allocation and spending policy are structured to withstand market volatility and yield strong growth over the long term. Distributions are calculated on 16-quarter fund balance averages to smooth broad shifts in annual distributions due to market fluctuations.

The Community Foundation Finance Committee and investment advisors regularly monitor the endowment to preserve principal and create maximum impact through grant distributions.

Investment Performance Compared to Benchmark



The Endowment returns (13%) outperformed the benchmark (12.6%). The Endowment continues to perform well over the longer term time periods. FY 2017 results benefited from exposure to international large-cap equities, large-cap growth equities, and small-cap international equities.

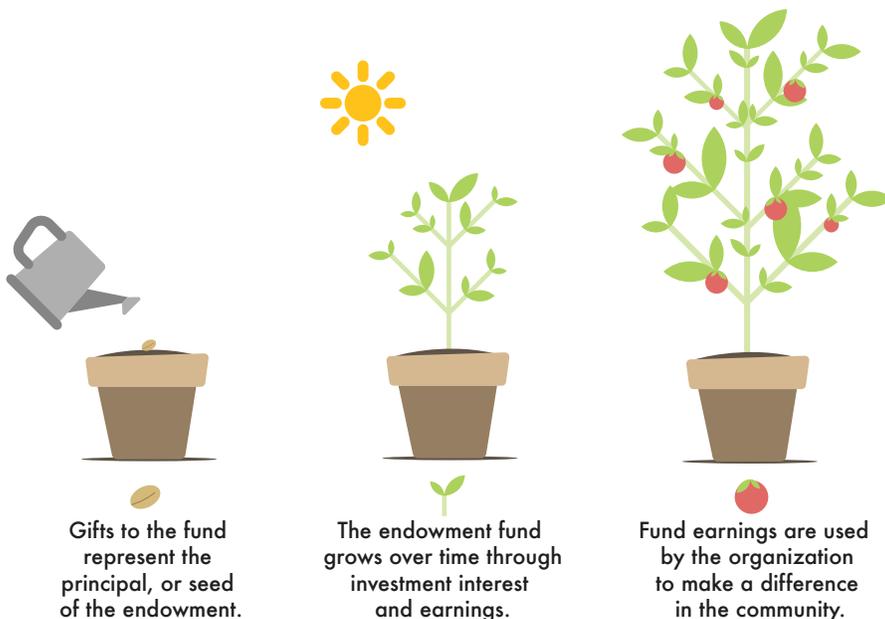
Commodities and domestic real estate were the lowest performers during FY 2017. Real estate has served an important role towards diversification and total return in the past, and we believe it will continue to do so in the future.

The Foundation remains confident it is investing to both preserve and grow the Endowment for the long-term.

*Endowment returns as reported in the Council on Foundations (COF) Investment Survey

**Benchmark represents average return of all community foundations between \$25 mm and \$49.9 mm in assets that participated in COF survey.

How Endowment Funds Are Used



Endowments are investment funds that are kept in perpetuity (forever). The principal of the fund is preserved, while the interest or earnings from the endowment can be used to address pressing needs and compelling opportunities.

Endowments provide strategic, ongoing support for local organizations and causes, relieve pressure on annual funds, and allow nonprofits to focus more on their missions rather than fundraising.

Questions?

If you have any questions or would like to receive more information, please contact the Community Foundation at (812) 333-9016 or info@CFBMC.org. We would be very happy to assist you.