Market Overview
Both the US and non-US broad market indices experienced gains in the third quarter of 2018, with the US market gains stronger than the non-US results. Fixed income index returns were mixed for the quarter. The Barclays Capital Aggregate index had a 0% return for the quarter whilst high yield and shorter term fixed income indices posted positive results in the rising interest rate environment.

Investment Pool
The Investment Pool returned 3.8% for the quarter, which is above its Target Benchmark return of 3.0% for the same period. Calendar year to date comparisons are also favorable, 4.3% for the Investment Pool and 3.4% for the Target Benchmark. The Investment Pool’s Opportunistic/Special Situations category, which focuses on strategies expected to provide higher absolute and risk adjusted returns, and US equity allocations (Large/Mid Cap Equity and Small Cap Equity) have been the drivers of the recent absolute performance. For the calendar year to date, the Opportunistic/Special Situations and US Small Cap Equity positions both had double digit returns, 12.4% and 11.0% respectively.

Longer term, the relative performance Investment Pool results are also good with the Total Fund beating the Target Benchmark for the following annualized time periods ending 9/30/2018: 1 year, 2 year, 5 year, 7 year and 10 year.

American Funds
The American Funds underperformed its Benchmark by 60 bps for the calendar year to date (3.5% versus 4.1%) and quarter (2.7% versus 3.7%). The American Funds program beat its Benchmark for the 2, 3, 5 and 10 years ending 9/30/18.

Conservative Fund
The Conservative Fund’s results continue to provide a reasonable return while preserving principal and maintaining a high degree of liquidity. This fund returned .5% for the quarter and 1.1% on a calendar year to date basis.

Summary
The Foundation’s investment options offer distinct choices across the risk/return spectrum and continue to produce results in line with their respective objective.
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Portfolio Asset Allocation Performance

**Investment Pool**
- Fixed Income: 38%
- US Equities: 29%
- Non US Equities: 17%
- Alternatives: 14%
- Money Market: 2%

**American Funds**
- Fixed Income: 45%
- US Equities: 23%
- Non US Equities: 6%
- Money Market: 26%

**Conservative Fund**
- Money Market: 96%
- CDARS: 4%

**Performance**

- **Q3 2018**: 3.8%, 2.6%, 5.3%, 10.6%, 10.8%
- **1 yr**: 3.0%, 8.3%, 7.9%, 8.5%, 8.1%
- **3 yrs**: 6.1%, 7.3%, 8.6%, 8.1%, 7.1%
- **5 yrs**: 7.1%, 6.7%, 8.6%, 7.3%, 7.1%
- **10 yrs**: n/a

- **Q3 2018**: 1.7%, 3.7%, 8.7%, 11.3%, 11.1%
- **1 yr**: 8.1%, 8.7%, 8.8%, 7.9%, 7.3%
- **3 yrs**: 8.5%, 8.1%, 8.5%, 7.9%, 7.3%
- **5 yrs**: 7.9%, 7.3%, 8.6%, 7.3%, 7.1%
- **10 yrs**: n/a

- **Q3 2018**: 0.5%, 0.7%, 0.4%, n/a
- **1 yr**: 1.4%, 1.4%, 0.4%, n/a
- **3 yrs**: 1.4%, 1.4%, 0.4%, n/a
- **5 yrs**: 0.4%, 0.4%, 0.4%, n/a
- **10 yrs**: n/a

*Past performance is not indicative of future results.*

*Preliminary. **The benchmark is a weighted average of market indices using the Foundation’s strategic asset allocation through time.***

***The benchmark is a weighted average of the underlying mutual fund benchmarks that comprise the American Funds program.

Note: Please see Benchmark Information for additional information.