

Market Overview

Heavily influenced by the sharp equity market drop in December 2018, fourth quarter 2018 equity returns were dismal in absolute terms. The S & P 500 Index's decline of -9.0% in December 2018 was its largest monthly decline since February 2001. In general, non-US equity markets dropped less than broad US equity indices. Factors contributing to the negative quarterly equity returns include:

- Weaker economic data
- Trade tensions
- Rising interest rate environment

Fourth quarter 2018 also saw high levels of equity market volatility.

Investment Pool

The Investment Pool ("Pool") declined -5.3% in calendar year 2018. A -9.7% loss in 4Q 2018 wiped out earlier gains for the year. Although this return is disappointing, it is important to note the relative results for the calendar year were strong as evidenced below:

	Calendar Year 2018
Pool	-5.3%
Target Benchmark	-6.4%

Relative results for longer term periods ending 12/31/18 also reflect Pool outperformance versus the Target Benchmark.

We have increased the global equity weight (from 60% to 70%) with a corresponding decrease in the bond component of the index-based stock/bond split we provide as another measure to gauge Pool performance. This was done to better reflect the Pool's overall portfolio composition.

American Funds

The American Funds portfolio's returns were not immune to the equity market pullback in 2018. For the calendar year, the American Funds results were -5.3%, well ahead of its respective Benchmark return of -7.6%. Annual total portfolio returns were significantly impacted by the large decline of -8.5% in the fourth quarter of 2018.

Conservative Fund

The Foundation's Conservative Fund returned 1.7% for calendar year 2018 and .5% for the quarter, which is in line with expectations for a primarily money market portfolio.

Summary

The Foundation's investment options menu provides clear choices across the risk/return spectrum, which continue to produce results in line with their respective objective.

For more information, contact your philanthropic officer at 404.688.5525 or visit cfgreateratlanta.org

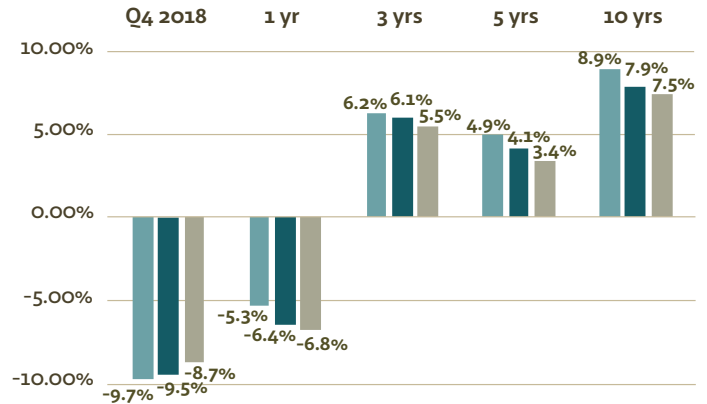
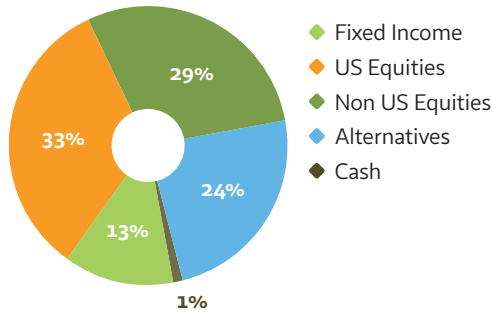
2018 Investment Report: Q4

Portfolio

Asset Allocation

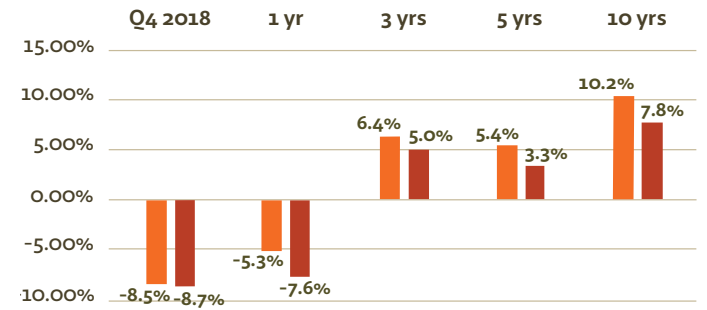
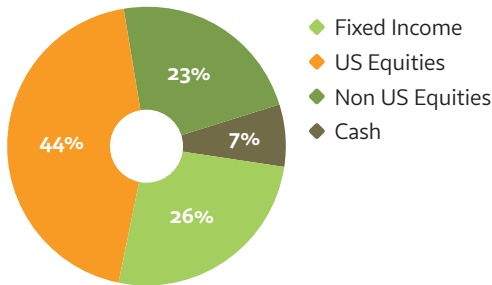
Performance

Investment Pool



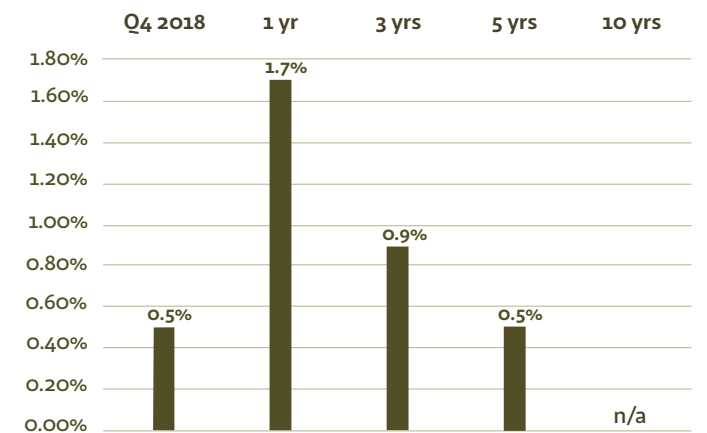
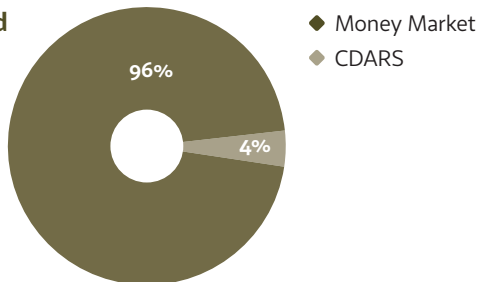
◆ Investment Pool* ◆ Benchmark** ◆ 70% MSCI ACWI/30% Barclays Agg

American Funds



◆ American Funds ◆ Benchmark***

Conservative Fund



◆ Conservative Fund

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.