



COMMINGLED FUND
INVESTMENT REPORT THROUGH 9/30/2018

The goal of East Tennessee Foundation’s investment policies is to maintain or increase the real value of the endowment principal and its distributions over the long-term while funding current needs at an appropriate level. Our Investment Committee meets at least quarterly and pays close attention to the investment portfolio, its asset allocation, and fund performance in relation to comparison benchmarks.

Sixty percent (60%) of the commingled fund is invested in one comprehensive investment vehicle, the Multi-Asset Fund (MAF) with The Investment Fund for Foundations (TIFF). The MAF seeks to produce an annualized real (that is, inflation-adjusted) return of at least 5% through a majority of market cycles. The fund seeks to achieve this objective by diversification across asset classes and by active security selection. The remaining assets of the commingled fund are deployed to achieve the Foundation’s target asset allocation. To that end, the Foundation has small allocations to the Vanguard Developed Market Index and Total Bond Market Index Funds, the SSgA S&P 500 Index Fund, Loomis Sayles Global Bond Fund, FPA New Income Fund, an absolute return pool, and private investment vehicles.

ALLOCATION:

	Current Asset Allocation as of 9/30/2018	Target Range
Equity-Oriented Assets		
Global Equity	61.8%	
REITS	1.4%	
High Yield Bonds		
Resource-Related Equities		
Subtotal - Equity-Oriented Assets	63.1%	55% - 75%
Diversifying Strategies		
Hedge Funds	19.9%	
Commodities (incl Futures)	0.0%	
Opportunistic Credit	0.0%	
Asset-Backed Securities	1.5%	
Subtotal - Diversifying Strategies	21.5%	15% - 25%
Fixed Income		
Conventional Bonds	9.5%	
Inflation-Linked Bonds	1.2%	
Cash Equivalents	4.7%	
Subtotal - Fixed Income	15.4%	10% - 20%
	100.0%	

INVESTMENTS AS OF 9/30/2018:

TIFF Multi-Asset Fund	\$95,750,816	60.6%
SSgA S&P 500 Index Fund	\$13,072,112	8.3%
Vanguard Developed Market Index Fund	\$11,794,423	7.5%
Loomis Sayles Global Bond Fund	\$5,277,279	3.3%
Vanguard Total Bond Mkt Index Fund	\$5,522,086	3.5%
FPA New Income Fund	\$3,040,826	1.9%
TIFF Absolute Return Pool II	\$14,255,474	9.0%
TIFF Private Equity LLCs	\$6,655,775	4.2%
TIFF Real Estate & Natural Resources LLCs	\$2,140,360	1.4%
TIFF Short Term Fund	<u>\$516,278</u>	<u>0.3%</u>
	\$158,025,429	100.0%

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PERFORMANCE RETURNS*:

FUND/BENCHMARK**	QTR	YTD	1 YR	3YR	5YR	10YR	15YR	20YR	25YR	30YR	Since 1st Qtr. 1987
TIFF Multi-Asset (began 11/28/11)	1.0%	-0.9%	3.6%	7.6%	4.8%						
TIFF Constructed Index	3.1%	2.9%	6.9%	9.6%	5.6%						
CPI + 5% per annum	1.4%	6.1%	7.3%	7.1%	6.6%						
SSgA S&P 500 Index (began 3/31/2008)	7.7%	10.3%	17.7%	17.1%	13.8%	11.8%					
S&P 500 Index	7.7%	10.6%	17.9%	17.3%	14.0%	12.0%					
Vanguard Developed Mrkts Index (began 11/29/11)	1.1%	-1.6%	2.8%	9.9%	4.9%						
Spliced Developed Ex US Index	1.1%	-1.8%	3.0%	10.0%	4.9%						
Vanguard Total Bond Market Index (began 4/1/2015)	0.0%	-1.6%	-1.2%	1.3%							
Barclays US Aggregate Float Adjusted Index	0.0%	-1.6%	-1.2%	1.4%							
Loomis Sayles Global Bond Instl (began 4/1/2015)	-0.7%	-2.7%	-1.9%	2.8%							
Barclays Global Aggregate Index	-0.9%	-2.4%	-1.3%	2.0%							
FPA New Income (began 1/28/14)	0.4%	1.5%	1.9%	2.0%							
Barclays US Aggregate Bond Index	0.0%	-1.6%	-1.2%	1.3%							
Absolute Return Pool (began 9/1/2002)	0.8%	0.7%	1.8%	1.1%	2.2%	5.5%	5.8%				
T Bills + 5%	1.7%	5.1%	6.7%	5.9%	5.5%	5.4%	6.4%				
TIFF Short Term (began 11/28/11)	0.6%	1.1%	1.3%	0.6%	0.3%						
BofA ML US 6-MO Treasury Bill Index	0.5%	1.3%	1.6%	1.0%	0.7%						
Composite***	1.4%	0.6%	4.5%	7.7%	5.7%	6.8%	7.1%	6.7%	7.5%	7.9%	7.8%

*net of investment management fees

**TIFF MAF primary benchmark for the long term is the Consumer Price Index plus 5% per annum.

TIFF MAF Constructed Index is a blended index composed of weighted asset segments, with each asset segment assigned a passive market benchmark most appropriate for each segment; benchmark indexes include MSCI All Country World Index, Merrill Lynch Factor Model, Barclay's US Intermediate Treasury Index, and BofA Merrill Lynch US 6-Month Treasury Bill Index.

S&P 500 Index is a market-weighted index of 500 widely held U.S. stocks, primarily solid mid cap or large cap corporations.

Spliced Developed ex US Index uses MSCI EAFE Index through May 2013; FTSE Developed ex North America through December 2015; FTSE Developed All Cap ex US Transition through May 2016;

FTSE Developed All Cap ex US index thereafter. FTSE Developed All Cap ex US is a market-capitalization-weighted index of approximately 3,700 common stocks of large-, mid-, and small-cap companies located in Canada and the major markets of Europe and the Pacific Region.

Barclays U.S. Aggregate Index is a market-weighted index of publicly traded US dollar-denominated fixed income securities.

Barclays Global Aggregate Index is a measure of global investment grade debt from 24 different local currency markets. A multi-currency benchmark, it includes fixed-rate treasury, government-related, corporate and securitized bonds from both developed and emerging market issuers.

BofA Merrill Lynch US 6-Month Treasury Bill Index comprises a single issue purchased at the beginning of a month and held for a full month, at which time it is rolled into a new issue; the issue selected matures closest to six months from the date of purchase.

***the composite return includes investment performance for private investments and the absolute return pool, however they are delayed by one quarter and one month, respectively.

internal rates of return for each private investment vehicle are not itemized above.