

Foundation Funds

Quarterly Performance Summary

June 30, 2017

Capital Markets Overview

U.S. Equity Market

- Similar to the first quarter, growth stocks outperformed value and large-cap stocks bested small-cap equities. The S&P 500 Index returned 3.1% despite some mixed economic data and political uncertainty around the ability of the White House to push through its policies. Healthcare stocks rallied as the Senate proposed a new industry-friendly plan to reform the nation's healthcare system.

Non-U.S. Equity Market

- Non-US developed markets posted gains of 6.1%, according to the MSCI EAFE Index. France and Switzerland led the pack with gains of around 9.0%, while Australia lagged with losses of 1.9%. The euro's appreciation versus the US dollar remained a tailwind for US dollar-centric investors. Emerging market equities led the fray with gains of 6.3%, according to the MSCI EM Index. China, Korea and Taiwan were the biggest winners with returns of 10.7%, 10.0% and 9.2%, respectively; Russia fell behind, losing 9.8%. Within sectors, information technology gained 15.5% and consumer discretionary returned 8.4%; energy lost 4.8% while utilities declined by 1.6%.

Fixed Income Market

- Fixed income gained 1.4% in the second quarter, according to the Barclays Aggregate Index, bringing the index's year-to-date performance to 2.3%. High-yield debt outperformed bank loans, returning nearly 5% so far this year compared to 2% for bank loans. Emerging markets debt in hard currency gained 2.4% in the second quarter; local currency-denominated securities outperformed, up 3.6%, fueled by a boost to emerging market currencies (which returned 1.9% in the quarter), bringing total returns for the JP GBIEM Index to over 10% in 2017. We remain positive on emerging market debt, especially local-currency denominated issues. We favor leveraged loans to high yield bonds from a relative value standpoint.

Performance Overview

Foundation Standard Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Standard-Equity	4.08%	10.58%	18.32%	5.91%	11.43%	6.42%	Jan-97
<i>Standard-Equity Policy</i>	4.15%	10.93%	19.30%	5.57%	11.45%	7.19%	Jan-97
Standard-Fixed Income	1.43%	2.69%	2.08%	2.90%	3.24%	4.66%	Jan-97
<i>Standard-Fixed Income Policy</i>	1.25%	2.32%	1.44%	2.70%	2.97%	5.60%	Jan-97
Standard-Conservative Balanced	2.09%	4.69%	6.04%	3.66%	5.29%	5.61%	Dec-16
<i>Standard-Conservative Balanced Policy</i>	1.97%	4.41%	5.67%	3.51%	5.13%	5.69%	Dec-16
Standard-Moderate Balanced	2.74%	6.61%	9.98%	4.49%	7.98%	5.99%	Jan-97
<i>Standard-Moderate Balanced Policy</i>	2.69%	6.55%	10.06%	4.20%	7.89%	6.79%	Jan-97
Standard-Aggressive Balanced	3.40%	8.58%	14.04%	5.30%	9.39%	6.25%	Dec-16
<i>Standard-Aggressive Balanced Policy</i>	3.42%	8.72%	14.60%	4.95%	9.37%	6.56%	Dec-16

Foundation Preference Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Domestic Equity Fund	2.24%	7.50%	18.01%	9.35%	14.48%	6.01%	Nov-99
International Equity Fund	6.43%	14.73%	19.04%	1.20%	7.59%	4.55%	Nov-99
Core Bond Fund	1.36%	2.42%	0.17%	2.72%	2.68%	4.98%	Nov-99
High Yield Bond Fund	1.70%	3.84%	9.92%	3.64%	5.72%	6.98%	Nov-99
Money Market Fund	0.17%	0.29%	0.45%	0.27%	0.18%	1.73%	Nov-99
<i>Wilshire 5000 Total Market</i>	2.95%	8.73%	18.54%	9.34%	14.61%	5.93%	Nov-99
<i>S&P 500</i>	3.09%	9.34%	17.90%	9.61%	14.63%	5.32%	Nov-99
<i>Russell 2000</i>	2.46%	4.99%	24.60%	7.36%	13.70%	8.43%	Nov-99
<i>MSCI ACWI ex USA</i>	5.78%	14.10%	20.45%	0.80%	7.22%	4.23%	Nov-99
<i>MSCI EAFE</i>	6.12%	13.81%	20.27%	1.15%	8.69%	3.62%	Nov-99
<i>MSCI Emerging Markets</i>	6.27%	18.43%	23.75%	1.07%	3.96%	7.91%	Nov-99
<i>Barclays Treasury Long Term</i>	3.96%	5.41%	-7.22%	5.58%	2.76%	7.26%	Nov-99
<i>Barclays Aggregate</i>	1.45%	2.27%	-0.31%	2.48%	2.21%	5.11%	Nov-99
<i>BofA Merrill Lynch US High Yield BB-B Rated</i>	2.22%	4.57%	11.21%	4.54%	6.67%	6.82%	Nov-99
<i>Barclays High Yield</i>	2.17%	4.93%	12.70%	4.48%	6.89%	7.43%	Nov-99
<i>Credit Suisse Leveraged Loans</i>	0.75%	1.96%	7.49%	3.49%	4.83%	4.79%	Nov-99
<i>Citi 3mth Treasury Bill</i>	0.18%	0.30%	0.46%	0.20%	0.15%	1.70%	Nov-99

Domestic Equity Fund Summary

- The **Domestic Equity Fund** returned 2.24% over the past three months, underperforming the custom Domestic Equity Index return of 2.82%. Annualized returns over the last 3- and 5-year periods are 9.35% and 14.48% respectively. The 3-year and 5-year returns outperformed the benchmark returns of 9.09% and 14.45%, respectively. Since inception the Fund has returned 6.01%, ahead of the benchmark return of 5.89% for this period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
BlackRock Russell 1000	Large Cap Core	47.8
Jacobs Levy	Large Cap Core	15.5
Rhumblin	Large Cap Equal Weighted	21.1
Peregrine	Small Cap Growth	5.3
Wellington	Small Cap Value	5.2
CenterSquare	REIT	5.1
Cash	n/a	0.1

CHARACTERISTICS		
	Portfolio	Russell 3000
Number of Holdings	1,285	3,000
Weighted Avg. Market Cap. (\$B)	92.8	128.5
Median Market Cap. (\$B)	9.1	1.6
Price to Earnings	25.6	24.7
Price to Book	4.6	4.2
Price to Sales	3.5	3.5
Return on Equity (%)	17.9	16.7
Yield (%)	1.8	1.9
Beta	1.0	1.0
R-Squared	1.0	1.0

TOP 10 HOLDINGS	
APPLE	1.9%
MICROSOFT	1.6%
AMAZON.COM	1.2%
ALPHABET 'C'	1.1%
EXXON MOBILE	1.1%
JOHNSON & JOHNSON	1.1%
FACEBOOK CLASS A	0.8%
AT&T	0.8%
CHEVRON	0.7%
JP MORGAN CHASE & CO.	0.7%

SECTOR ALLOCATION		
	Portfolio	Russell 3000
Energy	5.93	5.59
Materials	3.47	3.38
Industrials	12.27	10.69
Consumer Discretionary	12.83	12.63
Consumer Staples	6.63	8.01
Health Care	12.67	14.02
Financials	13.96	15.07
Information Technology	19.05	21.44
Telecommunication Services	1.48	1.96
Utilities	2.90	3.18
Real Estate	8.47	4.03

- The Domestic Equity Fund underperformed the benchmark this quarter by 58 basis points. Rhumblin was the only manager to not underperform, matching its benchmark the S&P 500 Equal Weighted Index. All other managers underperformed their respective benchmarks. Peregrine Small Cap Growth and Jacobs Levy by the most, underperforming their benchmarks by 232 basis points and 207 basis points respectively.

International Equity Fund Summary

- The **International Equity Fund** posted a return of 6.43% over the last three months, outperforming the custom International Equity Index return of 5.93%. Annualized returns over the last 3- and 5-year periods are 1.20% and 7.59% respectively, ahead of the benchmark's 0.94% and 7.30% returns, respectively. Since inception the Fund has returned 4.55%, ahead of the benchmark return of 4.21%.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
BlackRock	MSCI World ex US	25.8
BlackRock Canada	MSCI Canada	5.5
MFS	EAFE	16.5
Marathon	EAFE	16.3
AQR International	EAFE Small Cap	10.3
Aberdeen	Emerging Markets	12.6
OFI International	Emerging Markets	12.7
Cash	n/a	0.2

CHARACTERISTICS		
	Portfolio	MSCI ACWI ex US
Number of Holdings	2,166	1,866
Weighted Avg. Market Cap. (\$B)	48.1	57.8
Median Market Cap. (\$B)	5.6	7.6
Price to Earnings	22.1	21.0
Price to Book	3.2	2.6
Price to Sales	2.7	2.2
Return on Equity (%)	15.6	14.0
Yield (%)	2.5	2.9
Beta	0.9	1.0
R-Squared	1.0	1.0

TOP 10 HOLDINGS	
MEDIA NUSNT.CITRA	2.2%
SAMSUNG ELECTRONICS	1.9%
TAIWAN SEMICON.MNFG.	1.2%
AIA GROUP	1.2%
HOUSING DEVELOPMENT FIN.	1.1%
NESTLE 'R'	1.1%
SHINHAN FINL.GROUP	1.0%
ALIBABA GROUP HLDG.SPN. ADR 1:1	0.9%
ROCHE HOLDING	0.8%
CASH - USD	0.7%

SECTOR ALLOCATION		
	Portfolio	MSCI ACWI ex US
Energy	4.84	6.21
Materials	6.80	7.54
Industrials	12.12	11.98
Consumer Discretionary	14.67	11.24
Consumer Staples	9.98	9.90
Health Care	6.14	8.16
Financials	21.87	23.35
Information Technology	13.24	10.78
Telecommunication Services	3.44	4.40
Utilities	1.78	3.14
Real Estate	3.72	3.20

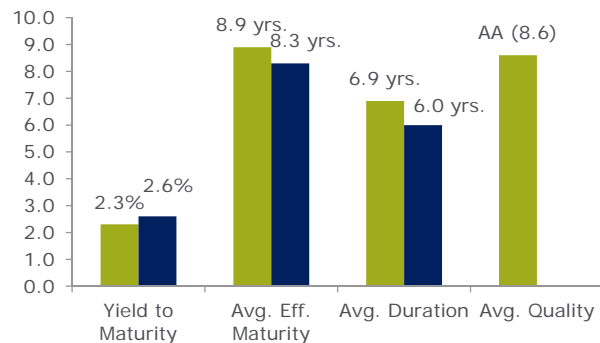
- The International Equity Fund outperformed the benchmark this quarter by 50 basis points. AQR International Small Cap Equity was the only manager to underperform for the quarter, underperforming by 49 basis points. MFS International Research Equity outperformed its benchmark by 206 basis points. Marathon International Equity outperformed its benchmark by 99 basis points.

Core Bond Fund Summary

- The **Core Bond Fund** posted a return of 1.36% over the past three months, outperforming its benchmark, the custom Core Bond Fund Index, return of 1.13%. Annualized returns over the last 3- and 5-year periods are 2.72% and 2.68% respectively. Both the 3-year return and the 5-year return outperformed their benchmark returns of 2.39% and 2.16% respectively. Since inception the Fund has returned 4.98%, behind the benchmark return of 5.00% for the same period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
JP Morgan Core	Core Bond	40.1
Prudential Core	Core Bond	40.1
BlackRock TIPS	TIPS	19.8
Cash	n/a	0.1

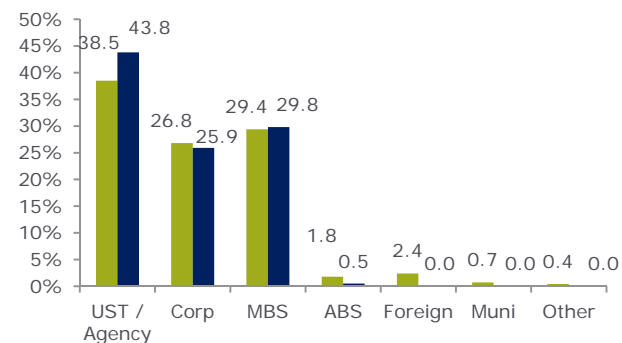
CHARACTERISTICS



TOP 10 HOLDINGS

FNMA ACTUAL/360 BALLON DUS	2.06%
FNMA CONV 30 YR SF	1.83%
UST 0.125 04/15/19	1.30%
UST 3.000 05/15/45 When Iss	1.09%
UST 0.125 04/15/20	0.95%
GNMA2 SINGLE FAMILY 30 YR MULTIPLE	0.94%
UST 0.125 01/15/22	0.93%
UST 0.625 01/15/24	0.86%
UST 0.125 01/15/23	0.86%
UNITED STATES TREASURY	0.86%

SECTOR ALLOCATION



■ Core Bond Fund ■ Barclays Aggregate

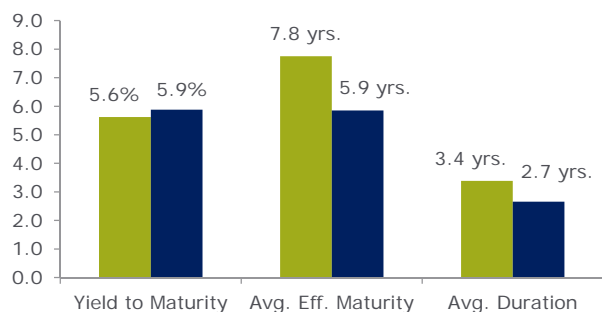
- The Core Bond Fund outperformed its benchmark this quarter by 23 basis points. JP Morgan Core and Prudential Core both outperformed the BBgBarc Aggregate return of 1.45% with a return of 1.76% and 1.66% respectively. BlackRock TIPS also outperformed for the quarter with a return of -0.36% versus the BBgBarc U.S. TIPS benchmark return of -0.40%.

High Yield Bond Fund Summary

- The **High Yield Bond Fund** posted a return of 1.70% over the past three months, slightly underperforming the custom High Yield Bond Fund Index return of 1.71%. Annualized returns over the last 3- and 5-year periods are 3.64% and 5.72% respectively. The 3-year period return outperformed the benchmark 3-year return of 3.56%. The 5-year period return underperformed the benchmark 5-year return of 6.10%. Since inception the Fund has returned 6.98%, underperforming the benchmark return of 7.15% for this period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
Fort Washington	High Yield Bond	33.2
Nomura Clydesdale	High Yield Bond	33.0
Credit Suisse	Leveraged Loan	33.7
Cash	n/a	0.1

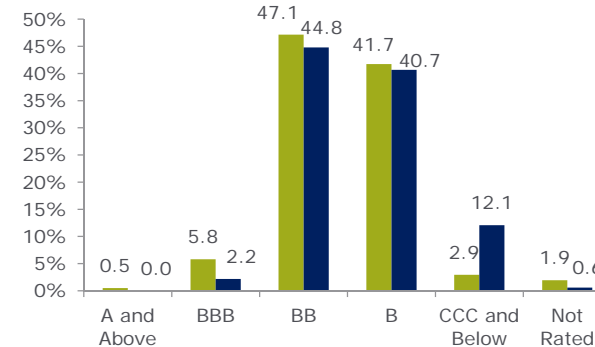
CHARACTERISTICS



TOP 10 HOLDINGS

SPRINT COMMUNICATIONS INC	0.88%
NEPTUNE FINCO CORP	0.78%
FRONTIER COMMUNICATIONS CORP	0.71%
EQIX 5.375 01/01/22 '18	0.61%
HCA 5.875 03/15/22	0.56%
MGM RESORTS INTERNATIONAL	0.56%
VPIES 6.375 10/15/20 '16	0.56%
COMM 5.000 06/15/21	0.54%
CTL 5.800 03/15/22	0.54%
NUME 6.000 05/15/22 '17	0.53%

QUALITY RATINGS



■ High Yield Bond Fund ■ High Yield Custom Benchmark*

- The High Yield Bond Fund underperformed its benchmark by 1 basis point this quarter. Nomura Clydesdale underperformed its benchmark, the ML US High Yield BB/B Constrained Index, by 32 basis points for the quarter. Fort Washington outperformed the ML US High Yield BB/B Constrained Index for the quarter with a return of 2.41% versus 2.21% for the index. Credit Suisse outperformed the Credit Suisse Leveraged Loan Index for the quarter with a return of 0.85% versus 0.75% for the index.

*High Yield custom benchmark is 66% BofA ML US HY BB-B Constrained/34% CS Leveraged Loan

Standard Funds Summary

- The **Equity Standard Fund** posted a return of 4.08% over the past three months behind the custom policy benchmark return of 4.15%. Annualized performance over the last 3- and 5-year periods are 5.91% and 11.43% respectively. The 3-year return outperformed the 3-year policy return of 5.57% however the 5-year return underperformed the 5-year policy return of 11.45%. Since inception the Fund has returned 6.42%, behind the policy return of 7.19%.

<u>Composition of Equity Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	50.9%	55.0%
International Pref. Fund	46.5%	45.0%
Cash	2.6%	0.0%

- The **Fixed Income Standard Fund** posted a return of 1.43% over the past three months versus a custom policy benchmark return of 1.25%. Annualized performance over the last 3- and 5-year periods are 2.90% and 3.24% respectively, outperforming the 3- and 5-year policy returns of 2.70% and 2.97%. Since inception the Fund has returned 4.66%, behind the policy return of 5.60%.

<u>Composition of Fixed Income Fund</u>	<u>Actual</u>	<u>Target</u>
Core Bond Pref. Fund	77.7%	80.0%
High Yield Bond Pref. Fund	19.4%	20.0%
Cash	2.9%	0.0%

- The **Conservative Balanced Standard Fund** posted a return of 2.09% over the past three months versus a custom policy benchmark return of 1.97%. Annualized performance over the last 3- and 5-year periods are 3.66% and 5.29% respectively, outperforming the 3- and 5-year custom policy index returns of 3.51% and 5.13%. Since inception the Fund has returned 5.61%, behind the policy return of 5.69%.

<u>Composition of Conservative Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	13.4%	13.8%
International Pref. Fund	11.7%	11.2%
Core Bond Pref. Fund	58.4%	60.0%
High Yield Bond Pref. Fund	14.6%	15.0%
Cash	1.9%	0.0%

Standard Funds Summary (continued)

- The **Moderate Balanced Standard Fund** posted a return of 2.74% over the past three months versus a custom policy benchmark return of 2.69%. Annualized performance over the last 3- and 5-year periods are 4.49% and 7.98% respectively, outperforming the 3- and 5-year policy return of 4.20% and 7.89%. Since inception the Fund has returned 5.99%, behind the policy return of 6.79%.

<u>Composition of Moderate Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	26.3%	27.5%
International Pref. Fund	23.5%	22.5%
Core Bond Pref. Fund	38.3%	40.0%
High Yield Bond Pref. Fund	9.6%	10.0%
Cash	2.4%	0.0%

- The **Aggressive Balanced Standard Fund** posted a return of 3.40% over the past three months versus a custom policy benchmark return of 3.42%. Annualized performance over the last 3- and 5-year periods are 5.30% and 9.39% respectively, outperforming the 3- and 5-year policy returns of 4.95% and 9.37%. Since inception the Fund has returned 6.25%, behind the policy return of 6.56%.

<u>Composition of Aggressive Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	38.5%	41.3%
International Pref. Fund	34.8%	33.7%
Core Bond Pref. Fund	19.3%	20.0%
High Yield Bond Pref. Fund	4.8%	5.0%
Cash	2.5%	0.0%

Notes

Domestic Equity Fund Benchmark: Since Inception through 12/31/2015: Wilshire 5000; 1/1/2016 to 1/31/2017: 90% Russell 1000/10% Russell 2000; 2/28/2017 to present: 65% Russell 1000/20% S&P 500 Equal Weighted/10% Russell 2000/5% NAREIT Equity.

International Equity Fund Benchmark: Since Inception through 12/31/2011: 75% MSCI ACWI ex-U.S. Index/25% MSCI EAFE Index; 1/1/2012 to 6/30/2016: 100% MSCI ACWI ex-U.S. Index; 7/1/2016 to present: 27% MSCI ACWI ex-U.S. Index/6% MSCI Canada IMI/32% MSCI EAFE/10% MSCI EAFE Small Cap/25% MSCI EM.

Core Fixed Income Fund Benchmark: Since Inception through 12/31/2007: 75% Barclays U.S. Aggregate Intermediate Index/25% Barclays U.S. Aggregate Index; 1/1/2008 to 10/30/2016: 100% Barclays U.S. Aggregate Index; 11/1/2016 to 2/28/2017: 95% Barclays U.S. Aggregate Index/5% Barclays U.S. TIPS; 3/1/2017 to 4/30/2017: 90% BBgBarc U.S. Aggregate/10% BBgBarc U.S. TIPS; 5/1/2017 to 5/31/2017: 85% BBgBarc U.S. Aggregate/15% BBgBarc U.S. TIPS; 6/1/2017 to present: 80% BBgBarc U.S. Aggregate/20% BBgBarc U.S. TIPS.

High Yield Bond Fund Benchmark: Since Inception through 3/31/2015: Citi High Yield Cash Pay Capped Index; 4/1/2015 to 6/30/2016: 75% BofA ML US HY BB-B Constrained/25% Credit Suisse Leveraged Loans; 7/1/2016 to present: 66% BofA ML US HY BB-B Constrained/34% Credit Suisse Leveraged Loans.