

Foundation Funds

Quarterly Performance Summary

September 30, 2017

Capital Markets Overview

U.S. Equity Market

- The S&P 500 gained 4.5% and the Russell 2000 Index returned 5.7% for the three months ended September 30. Growth bested value; economic growth overshadowed the fallout from hurricanes and floods, and the threat of a nuclear outburst between the US and North Korea, confounding ever-expanding valuations of financial assets.

Non-U.S. Equity Market

- Global equities posted another solid quarter with returns of 5.2%, according to the MSCI ACWI Index. Small-cap stocks bested large-cap equities. Returns, in US dollar terms, were boosted by a stronger euro, sterling and Canadian dollar. Energy, materials and information technology led performance; regionally, Norway, Italy and Portugal were top performers. Emerging market stocks maintained their lead with gains of 7.9%, according to the MSCI Emerging Markets Index, aided by Brazil, Russia and China. Real estate was the top-performing sector, dominated by China. Energy took second place with higher oil prices fueling returns.

Fixed Income Market

- US credit also fared well in the third quarter. The Barclays US Aggregate Index was in the black, pushing returns so far this year to just over 3.0%. High-yield debt was up 2.0% with spreads modestly tighter than the second quarter; the S&P LSTA Leveraged Loan Index returned 1.0% in the third quarter, bringing gains so far this year to 3.0%. The Barclays Long Treasury Index gained 0.6%, the Barclays Long Credit Index was up 2.2%, and the Barclays Long Government/Credit Index returned 1.5%. Yields compressed 10 basis points in the third quarter for the Long Credit and Long Government/Credit Indices to 4.2% and 3.6%, respectively. The long Treasury yield remained unchanged at 2.8%.

Performance Overview

Foundation Standard Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Standard-Equity	4.97%	16.07%	17.75%	8.44%	11.12%	6.59%	Jan-97
<i>Standard-Equity Policy</i>	5.11%	16.60%	18.76%	8.09%	11.13%	7.35%	Jan-97
Standard-Fixed Income	1.13%	3.85%	1.81%	3.44%	2.93%	4.66%	Jan-97
<i>Standard-Fixed Income Policy</i>	1.01%	3.35%	1.22%	3.11%	2.74%	5.59%	Jan-97
Standard-Conservative Balanced	2.08%	6.87%	5.69%	4.70%	4.97%	5.66%	Dec-16
<i>Standard-Conservative Balanced Policy</i>	2.03%	6.53%	5.38%	4.44%	4.87%	5.73%	Dec-16
Standard-Moderate Balanced	3.06%	9.87%	9.61%	6.10%	7.60%	6.07%	Jan-97
<i>Standard-Moderate Balanced Policy</i>	3.06%	9.81%	9.69%	5.71%	7.52%	6.86%	Jan-97
Standard-Aggressive Balanced	4.02%	12.95%	13.59%	7.38%	9.08%	6.41%	Dec-16
<i>Standard-Aggressive Balanced Policy</i>	4.08%	13.16%	14.15%	6.93%	9.07%	6.73%	Dec-16

Foundation Preference Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Domestic Equity Fund	4.33%	12.15%	17.43%	10.98%	14.11%	6.17%	Nov-99
International Equity Fund	5.77%	21.35%	18.32%	5.06%	7.29%	4.81%	Nov-99
Core Bond Fund	0.98%	3.42%	0.41%	3.07%	2.38%	4.97%	Nov-99
High Yield Bond Fund	1.74%	5.64%	7.38%	4.94%	5.24%	6.99%	Nov-99
Money Market Fund	0.23%	0.52%	0.58%	0.34%	0.22%	1.72%	Nov-99
<i>Wilshire 5000 Total Market</i>	4.59%	13.72%	18.89%	10.96%	14.27%	6.11%	Nov-99
<i>S&P 500</i>	4.48%	14.24%	18.61%	10.81%	14.22%	5.51%	Nov-99
<i>Russell 2000</i>	5.67%	10.94%	20.74%	12.18%	13.79%	8.64%	Nov-99
<i>MSCI ACWI ex USA</i>	6.16%	21.13%	19.61%	4.70%	6.97%	4.51%	Nov-99
<i>MSCI EAFE</i>	5.40%	19.96%	19.10%	5.04%	8.38%	3.87%	Nov-99
<i>MSCI Emerging Markets</i>	7.89%	27.78%	22.46%	4.90%	3.99%	8.25%	Nov-99
<i>Barclays Treasury Long Term</i>	0.58%	6.02%	-6.35%	4.85%	2.84%	7.19%	Nov-99
<i>Barclays Aggregate</i>	0.85%	3.14%	0.07%	2.71%	2.06%	5.09%	Nov-99
<i>BofA Merrill Lynch US High Yield BB-B Rated</i>	1.94%	6.59%	7.95%	5.78%	6.15%	6.83%	Nov-99
<i>Barclays High Yield</i>	1.98%	7.00%	8.88%	5.83%	6.36%	7.44%	Nov-99
<i>Credit Suisse Leveraged Loans</i>	1.06%	3.04%	5.36%	3.96%	4.40%	4.79%	Nov-99
<i>Citi 3mth Treasury Bill</i>	0.26%	0.56%	0.64%	0.29%	0.19%	1.69%	Nov-99

Domestic Equity Fund Summary

- The **Domestic Equity Fund** returned 4.33% over the past three months, outperforming the custom Domestic Equity Index return of 4.25%. Annualized returns over the last 3- and 5-year periods are 10.98% and 14.11% respectively. The 3-year and 5-year returns outperformed the benchmark returns of 10.58% and 14.04%, respectively. Since inception the Fund has returned 6.17%, ahead of the benchmark return of 6.05% for this period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
BlackRock Russell 1000	Large Cap Core	49.9
Jacobs Levy	Large Cap Core	15.1
Rhumblin	Large Cap Equal Weighted	20.0
Peregrine	Small Cap Growth	5.1
Wellington	Small Cap Value	4.9
CenterSquare	REIT	4.9
Cash	n/a	0.1

CHARACTERISTICS		
	Portfolio	Russell 3000
Number of Holdings	1,313	2,981
Weighted Avg. Market Cap. (\$B)	96.1	135.9
Median Market Cap. (\$B)	10.8	1.6
Price to Earnings	26.0	25.1
Price to Book	4.7	4.4
Price to Sales	3.6	3.6
Return on Equity (%)	18.2	17.2
Yield (%)	1.8	1.8
Beta	1.0	1.0
R-Squared	1.0	1.0

TOP 10 HOLDINGS	
APPLE	1.9%
MICROSOFT	1.6%
AMAZON.COM	1.1%
ALPHABET 'C'	1.0%
EXXON MOBILE	1.0%
JOHNSON & JOHNSON	1.0%
FACEBOOK CLASS A	0.9%
BERKSHIRE HATHAWAY 'B'	0.8%
JP MORGAN CHASE & CO.	0.8%
CHEVRON	0.7%

SECTOR ALLOCATION		
	Portfolio	Russell 3000
Energy	5.83	5.73
Materials	3.53	3.41
Industrials	12.28	10.88
Consumer Discretionary	12.24	12.19
Consumer Staples	6.14	7.33
Health Care	12.41	13.97
Financials	14.72	15.05
Information Technology	19.50	22.33
Telecommunication Services	1.43	1.99
Utilities	2.79	3.14
Real Estate	8.43	3.97

- The Domestic Equity Fund outperformed the benchmark this quarter by 8 basis points. Both small cap managers, Peregrine Small Cap Growth and Wellington Small Cap Value, underperformed their respective benchmarks by 135 and 154 basis points. Jacobs Levy outperformed the Russell 1000 by 132 basis points. BlackRock Russell 1000, Rhumblin, and CenterSquare all modestly outperformed their respective benchmarks.

International Equity Fund Summary

- The **International Equity Fund** posted a return of 5.77% over the last three months, underperforming the custom International Equity Index return of 6.58%. Annualized returns over the last 3- and 5-year periods are 5.06% and 7.29% respectively, ahead of the benchmark's 4.98% and 7.14% returns, respectively. Since inception the Fund has returned 4.81%, ahead of the benchmark return of 4.52%.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
BlackRock	MSCI World ex US	26.2
BlackRock Canada	MSCI Canada	5.3
MFS	EAFE	16.2
Marathon	EAFE	16.1
AQR International	EAFE Small Cap	11.0
Aberdeen	Emerging Markets	12.3
OFI International	Emerging Markets	12.6
Cash	n/a	0.3

CHARACTERISTICS		
	Portfolio	MSCI ACWI ex US
Number of Holdings	2,252	1,859
Weighted Avg. Market Cap. (\$B)	47.7	62.9
Median Market Cap. (\$B)	5.3	8.0
Price to Earnings	22.7	21.1
Price to Book	3.5	2.6
Price to Sales	2.8	2.2
Return on Equity (%)	16.5	14.6
Yield (%)	2.4	2.8
Beta	0.9	1.0
R-Squared	1.0	1.0

TOP 10 HOLDINGS	
TAIWAN SEMICON.MNFG.	1.2%
CASH - USD	1.2%
AIA GROUP	1.2%
HOUSING DEVELOPMENT FIN.	1.1%
NESTLE 'R'	1.0%
ROCHE HOLDING	0.9%
ALIBABA GROUP HLDG.SPN. ADR 1:1	0.8%
TENCENT HOLDINGS	0.7%
BAYER	0.7%
SAMSUNG EL TN.PREF.	0.6%

SECTOR ALLOCATION		
	Portfolio	MSCI ACWI ex US
Energy	5.20	6.66
Materials	7.18	7.84
Industrials	14.32	11.83
Consumer Discretionary	13.51	11.26
Consumer Staples	10.99	9.58
Health Care	6.94	7.88
Financials	20.79	23.29
Information Technology	11.09	11.18
Telecommunication Services	2.90	4.21
Utilities	1.57	3.07
Real Estate	3.38	3.19

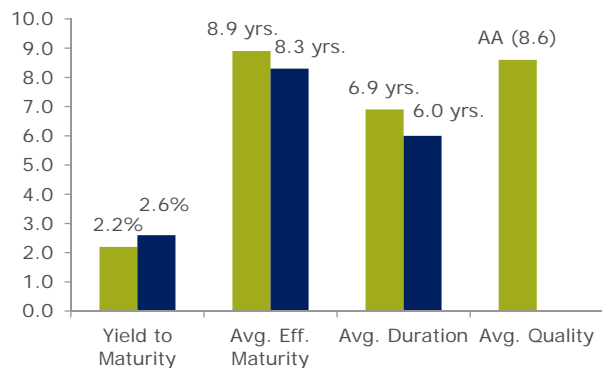
- The International Equity Fund underperformed the benchmark this quarter by 81 basis points. Aberdeen International Equity was the largest underperformer of the group, underperforming the MSCI Emerging Markets Index by 359 basis points. BlackRock Canada, MFS International Research Equity, and Marathon International Equity also underperformed their respective benchmarks. BlackRock MSCI World EX-US, OFI International Equity, and AQR International Small Cap Equity all slightly outperformed their respective benchmarks.

Core Bond Fund Summary

- The **Core Bond Fund** posted a return of 0.98% over the past three months, outperforming its benchmark, the custom Core Bond Fund Index, return of 0.85%. Annualized returns over the last 3- and 5-year periods are 3.07% and 2.38% respectively. Both the 3-year return and the 5-year return outperformed their benchmark returns of 2.62% and 2.01% respectively. Since inception the Fund has returned 4.97%, behind the benchmark return of 4.98% for the same period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
JP Morgan Core	Core Bond	39.9
Prudential Core	Core Bond	40.0
BlackRock TIPS	TIPS	20.0
Cash	n/a	0.1

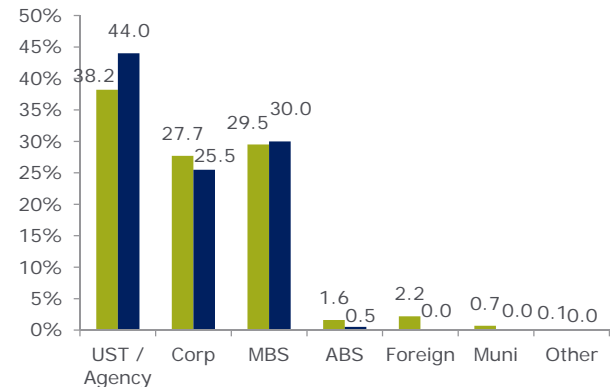
CHARACTERISTICS



TOP 10 HOLDINGS

FNMA CONV 30 YR SF	1.74%
FNMA ACTUAL/360 BALLON DUS	1.37%
UST 0.125 04/15/19	1.35%
UST 3.000 05/15/45 When Iss	1.18%
UNITED STATES TREASURY	1.07%
UST 0.125 04/15/20	1.06%
GNMA2 SINGLE FAMILY 30 YR MULTIPLE	1.00%
UST 0.125 01/15/22	0.95%
UST 0.625 01/15/24	0.91%
UST 0.125 01/15/23	0.91%

SECTOR ALLOCATION



Core Bond Fund Barclays Aggregate

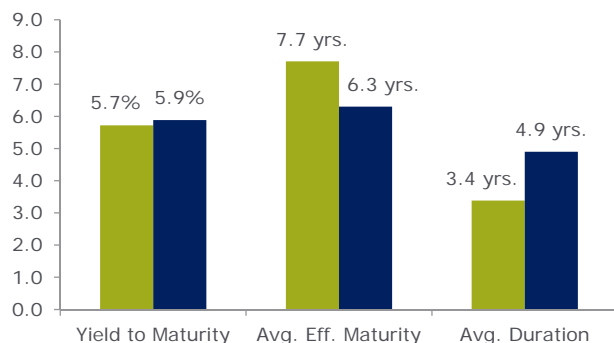
- The Core Bond Fund outperformed its benchmark this quarter by 13 basis points. JP Morgan Core and Prudential Core both outperformed the BBgBarc Aggregate return of 0.85% with a return of 0.94% and 1.06% respectively. BlackRock TIPS also outperformed for the quarter with a return of 0.89% versus the BBgBarc U.S. TIPS benchmark return of 0.86%.

High Yield Bond Fund Summary

- The **High Yield Bond Fund** posted a return of 1.74% over the past three months, slightly outperforming the custom High Yield Bond Fund Index return of 1.64%. Annualized returns over the last 3- and 5-year periods are 4.94% and 5.24% respectively. The 3-year period return outperformed the benchmark 3-year return of 4.81%. The 5-year period return underperformed the benchmark 5-year return of 5.56%. Since inception the Fund has returned 6.99%, underperforming the benchmark return of 7.14% for this period.

<u>Fund Composition</u>	<u>Investment Style</u>	<u>as % of fund</u>
Fort Washington	High Yield Bond	33.0
Nomura Clydesdale	High Yield Bond	33.0
Credit Suisse	Leveraged Loan	33.9
Cash	n/a	0.1

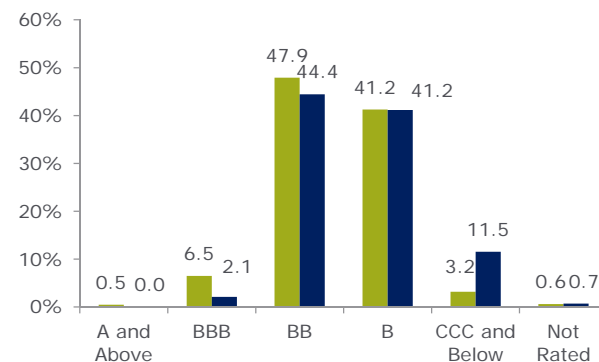
CHARACTERISTICS



TOP 10 HOLDINGS

CASH - USD	1.35%
SPRINT COMMUNICATIONS INC	0.88%
NEPTUNE FINCO CORP	0.77%
FRONTIER COMMUNICATIONS CORP	0.64%
EQIX 5.375 01/01/22 '18	0.59%
HCA 5.875 03/15/22	0.55%
MGM RESORTS INTERNATIONAL	0.55%
COMM 5.000 06/15/21	0.53%
NUME 6.000 05/15/22 '17	0.52%
THC 6.000 10/01/20	0.51%

QUALITY RATINGS



■ High Yield Bond Fund ■ High Yield Custom Benchmark*

- The High Yield Bond Fund outperformed its benchmark by 10 basis points this quarter. Nomura Clydesdale underperformed its benchmark, the ML US High Yield BB/B Constrained Index, by 1 basis point for the quarter. Fort Washington outperformed the ML US High Yield BB/B Constrained Index for the quarter with a return of 2.13% versus 1.94% for the index. Credit Suisse outperformed the Credit Suisse Leveraged Loan Index for the quarter with a return of 1.18% versus 1.06% 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 4.97% over the past three months behind the custom policy benchmark return of 5.11%. Annualized performance over the last 3- and 5-year periods are 8.44% and 11.12% respectively. The 3-year return outperformed the 3-year policy return of 8.09% however the 5-year return underperformed the 5-year policy return of 11.13%. Since inception the Fund has returned 6.59%, behind the policy return of 7.35%.

<u>Composition of Equity Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	54.1%	55.0%
International Pref. Fund	45.1%	45.0%
Cash	0.8%	0.0%

- The **Fixed Income Standard Fund** posted a return of 1.13% over the past three months versus a custom policy benchmark return of 1.01%. Annualized performance over the last 3- and 5-year periods are 3.44% and 2.93% respectively, outperforming the 3- and 5-year policy returns of 3.11% and 2.74%. Since inception the Fund has returned 4.66%, behind the policy return of 5.59%.

<u>Composition of Fixed Income Fund</u>	<u>Actual</u>	<u>Target</u>
Core Bond Pref. Fund	79.1%	80.0%
High Yield Bond Pref. Fund	19.8%	20.0%
Cash	1.1%	0.0%

- The **Conservative Balanced Standard Fund** posted a return of 2.08% over the past three months versus a custom policy benchmark return of 2.03%. Annualized performance over the last 3- and 5-year periods are 4.70% and 4.97% respectively, outperforming the 3- and 5-year custom policy index returns of 4.44% and 4.87%. Since inception the Fund has returned 5.66%, behind the policy return of 5.73%.

<u>Composition of Conservative Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	13.8%	13.8%
International Pref. Fund	11.6%	11.2%
Core Bond Pref. Fund	58.5%	60.0%
High Yield Bond Pref. Fund	14.6%	15.0%
Cash	1.4%	0.0%

Standard Funds Summary (continued)

- The **Moderate Balanced Standard Fund** posted a return of 3.06% over the past three months versus a custom policy benchmark return of 3.06%. Annualized performance over the last 3- and 5-year periods are 6.10% and 7.60% respectively, outperforming the 3- and 5-year policy return of 5.71% and 7.52%. Since inception the Fund has returned 6.07%, behind the policy return of 6.86%.

<u>Composition of Moderate Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	27.2%	27.5%
International Pref. Fund	23.4%	22.5%
Core Bond Pref. Fund	38.6%	40.0%
High Yield Bond Pref. Fund	9.6%	10.0%
Cash	1.3%	0.0%

- The **Aggressive Balanced Standard Fund** posted a return of 4.02% over the past three months versus a custom policy benchmark return of 4.08%. Annualized performance over the last 3- and 5-year periods are 7.38% and 9.08% respectively, outperforming the 3- and 5-year policy returns of 6.93% and 9.07%. Since inception the Fund has returned 6.41%, behind the policy return of 6.73%.

<u>Composition of Aggressive Balanced Fund</u>	<u>Actual</u>	<u>Target</u>
Domestic Equity Pref. Fund	40.6%	41.3%
International Pref. Fund	34.3%	33.7%
Core Bond Pref. Fund	18.9%	20.0%
High Yield Bond Pref. Fund	4.7%	5.0%
Cash	1.5%	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.