



Foundation Funds

Quarterly Performance Summary

September 30, 2018

Capital Markets Overview

U.S. Equity Market

Domestic equities posted their best quarter since the end of 2013, as US stocks have been a positive outlier relative to global equities not only this quarter, but also for over five years now. US equities have benefited from an extended US economic cycle – currently, on its ninth year – and, most recently, a significant jolt in the form of corporate tax cuts. Global markets rose in the third quarter as well, but led primarily by the US and, more specifically, growth stocks. The S&P 500 gained 7.7% in the three months ended September 30 while healthcare led sector performance.

International Equity Markets

Emerging market stocks and currencies have been pummeled by trade tensions between the United States and China, a strong US dollar, and economic concerns in Turkey and Argentina. Japanese equities were a strong performer, driven by continued reforms and the reelection of its prime minister. Meanwhile, UK stocks didn't fare as well as Brexit concerns mounted. Emerging markets remain attractive with their lower valuations and reasonable growth profiles. Rising US interest rates and high stock market valuations are a concern, especially in large-cap growth equities.

Fixed Income Markets

US credit was affected by higher interest rates and the ongoing trade war. The rate hike in September pushed the Fed Funds rate to its peak since October 2008. The Bloomberg Barclays High Yield Index finished the quarter up 2.4% and the Credit Suisse Leveraged Loan Index gained 1.9%; loans remained in the lead for the year with gains of 4.4% compared to 2.6% for high yield. The US Long Credit Index was up 1.3%, and the US Long Treasury lost 2.9% with yield on the 10-year Treasury increasing 20 basis points to close at 3.06%. In emerging markets, US dollar-denominated debt was up 1.5%, according to the JPM EMBI Index, while local currency debt lost 1.8%, per the JPM GBI-EM Index.

Performance Overview

Foundation Standard Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Standard-Equity	3.60%	4.08%	9.75%	13.12%	9.21%	6.73%	Jan-97
<i>Standard-Equity Policy</i>	3.78%	3.76%	9.49%	13.52%	9.24%	7.45%	Jan-97
Standard-Fixed Income	0.39%	-0.53%	0.08%	2.72%	2.96%	4.44%	Jan-97
<i>Standard-Fixed Income Policy</i>	0.31%	-0.63%	-0.06%	2.43%	2.77%	5.32%	Jan-97
Standard-Conservative Balanced	1.20%	0.70%	2.56%	5.29%	4.54%	5.47%	Dec-01
<i>Standard-Conservative Balanced Policy</i>	1.17%	0.51%	2.32%	5.19%	4.44%	5.53%	Dec-01
Standard-Moderate Balanced	1.99%	1.80%	4.88%	7.89%	6.25%	6.02%	Jan-97
<i>Standard-Moderate Balanced Policy</i>	2.04%	1.61%	4.69%	7.95%	6.23%	6.76%	Jan-97
Standard-Aggressive Balanced	2.79%	2.95%	7.34%	10.44%	7.71%	6.47%	Dec-01
<i>Standard-Aggressive Balanced Policy</i>	2.91%	2.70%	7.09%	10.73%	7.68%	6.75%	Dec-01

Foundation Preference Funds							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
Domestic Equity Fund	6.43%	10.22%	16.94%	16.10%	13.21%	6.72%	Nov-99
Domestic Equity Index	6.30%	9.56%	16.05%	16.36%	13.10%	6.56%	Nov-99
International Equity Fund	0.15%	-3.24%	1.28%	9.63%	4.11%	4.61%	Nov-99
Int'l Equity Fund Index	0.30%	-3.55%	1.67%	10.22%	4.27%	4.37%	Nov-99
Core Bond Fund	-0.02%	-1.28%	-0.60%	1.80%	2.49%	4.66%	Nov-99
Core Bond Fund Index	-0.15%	-1.45%	-0.89%	1.33%	2.17%	4.66%	Nov-99
High Yield Bond Fund	1.98%	2.43%	2.93%	6.49%	4.93%	6.77%	Nov-99
High Yield Bond Fund Index	2.14%	2.65%	3.32%	6.80%	4.89%	6.93%	Nov-99
Money Market Fund	0.36%	0.94%	1.15%	0.69%	0.45%	1.69%	Nov-99
Citi 3mth Treasury Bill	0.50%	1.29%	1.57%	0.80%	0.49%	1.68%	Nov-99

Market Returns							
	3 Mo	YTD	1 Yr	3 Yr	5 Yr	Return	Since
<i>S&P 500</i>	7.71%	10.56%	17.91%	17.31%	13.95%	6.13%	Nov-99
<i>Russell 1000</i>	7.42%	10.49%	17.76%	17.07%	13.67%	6.44%	Nov-99
<i>Russell 2000</i>	3.58%	11.51%	15.24%	17.12%	11.07%	8.98%	Nov-99
<i>MSCI ACWI ex USA</i>	0.71%	-3.09%	1.76%	9.97%	4.12%	4.37%	Nov-99
<i>MSCI EAFE</i>	1.35%	-1.43%	2.74%	9.23%	4.42%	3.81%	Nov-99
<i>MSCI Emerging Markets</i>	-1.09%	-7.68%	-0.81%	12.36%	3.61%	7.75%	Nov-99
<i>Barclays Aggregate</i>	0.02%	-1.60%	-1.22%	1.31%	2.16%	4.74%	Nov-99
<i>BofA Merrill Lynch US High Yield BB-B Rated</i>	2.38%	1.90%	2.27%	7.34%	5.38%	6.59%	Nov-99

Data as of September 30, 2018

Domestic Equity Fund Summary

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Domestic Equity Fund	6.43%	16.10%	13.21%	6.72%
Domestic Equity Index	6.30%	16.36%	13.10%	6.56%

Fund Composition				
Manager	Investment Style	Position in Fund	3Q Manager Return	3Q Benchmark Return
BlackRock Russell 1000	Large Cap Core	49.9%	7.4%	7.4%
Jacobs Levy	Large Cap Core	15.3%	7.1%	7.4%
Rhumblin	Large Cap Equal Weighted	19.7%	5.4%	5.4%
Peregrine	Small Cap Growth	5.1%	7.2%	5.5%
Wellington	Small Cap Value	5.0%	3.7%	1.6%
CenterSquare	REIT	4.8%	1.2%	0.8%
Cash	n/a	0.1%		

Characteristics		
	Portfolio	Russell 3000
Number of Holdings	1,194	3,024
Weighted Avg. Market Cap. (\$B)	134.0	191.0
Median Market Cap. (\$B)	11.7	1.8
Price To Earnings	29.8	24.1
Price To Book	5.9	4.9
Price To Sales	4.1	4.1
Return on Equity (%)	20.0	20.2
Yield (%)	1.8	1.8
Beta	1.0	1.0
R-Squared	1.0	1.0

Top Holdings	
APPLE	2.27%
AMAZON.COM	2.09%
MICROSOFT	2.03%
ALPHABET 'C'	1.18%
BERKSHIRE HATHAWAY 'B'	0.80%
FACEBOOK CLASS A	0.76%
JP MORGAN CHASE & CO.	0.73%
JOHNSON & JOHNSON	0.72%
EXXON MOBIL	0.70%
MASTERCARD	0.68%

Characteristics		
	Portfolio	Russell 3000
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.58	5.72
Materials	3.29	2.87
Industrials	12.44	10.43
Consumer Discretionary	10.75	10.50
Consumer Staples	5.01	6.04
Health Care	13.16	14.65
Financials	13.06	13.74
Information Technology	18.19	20.74
Communication Services	6.79	8.95
Utilities	2.81	2.79
Real Estate	8.36	3.58

International Equity Fund Summary

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
International Equity Fund	0.15%	9.63%	4.11%	4.61%
Int'l Equity Fund Index	0.30%	10.22%	4.27%	4.37%

Fund Composition				
Manager	Investment Style	Position in Fund	3Q Manager Return	3Q Benchmark Return
BlackRock	MSCI World ex US	33.1%	1.3%	1.3%
MFS	EAFE	16.3%	1.5%	1.4%
Marathon	EAFE	16.1%	1.1%	1.4%
AQR International	EAFE Small Cap	9.8%	-2.2%	-0.9%
Aberdeen	Emerging Markets	12.2%	-0.7%	-1.1%
OFI International	Emerging Markets	12.1%	-3.3%	-1.1%
Cash	n/a	0.4%		

Characteristics		
	Portfolio	MSCI ACWI ex USA
Number of Holdings	2,161	2,166
Weighted Avg. Market Cap. (\$B)	53.5	62.2
Median Market Cap. (\$B)	6.7	7.7
Price To Earnings	22.2	18.8
Price To Book	3.7	2.6
Price To Sales	3.3	2.4
Return on Equity (%)	18.2	15.6
Yield (%)	2.6	3.0
Beta	0.9	1.0
R-Squared	1.0	1.0

Top Holdings	
TAIWAN SEMICON.MNFG.	1.80%
TENCENT HOLDINGS	1.38%
CASH - USD	1.27%
AIA GROUP	0.96%
SAMSUNG ELTN.PREF.	0.76%
HOUSING DEVELOPMENT FINANCE CORPORATION	0.74%
ALIBABA GROUP HLDG.SPN. ADR 1:1	0.71%
LVMH	0.60%
PAO NOVATEK GDR	0.57%
NESTLE 'R' (OTC)	0.56%

Characteristics		
	Portfolio	MSCI ACWI ex USA
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	5.33	7.62
Materials	7.50	8.12
Industrials	13.25	11.88
Consumer Discretionary	12.62	10.41
Consumer Staples	10.78	9.49
Health Care	8.44	8.45
Financials	18.73	22.12
Information Technology	9.57	8.42
Communication Services	7.34	7.44
Utilities	1.60	2.97
Real Estate	3.16	3.07

*International Equity custom benchmark is 27% MSCI ACWI ex US/6% MSCI Canada IMI/32% MSCI EAFE/10% MSCI EAFE Small Cap/25% MSCI EM

Core Bond Fund Summary

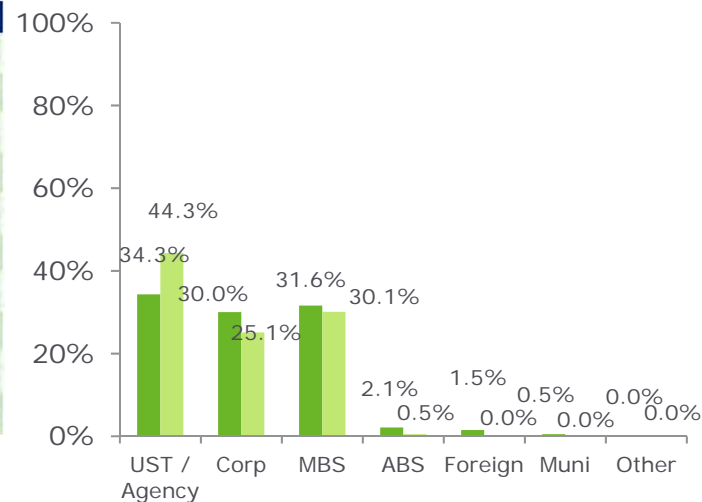
Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Core Bond Fund	-0.02%	1.80%	2.49%	4.66%
Core Bond Fund Index	-0.15%	1.33%	2.17%	4.66%

Fund Composition				
Manager	Investment Style	Position in Fund	3Q Manager Return	3Q Benchmark Return
JP Morgan Core	Core Bond	40.0%	0.1%	0.0%
Prudential Core	Core Bond	40.0%	0.2%	0.0%
BlackRock TIPS	TIPS	19.9%	-0.8%	-0.8%
Cash	n/a	0.1%		



Top Holdings	
FNMA CONV 30 YR SF	2.78%
GNMA2 SINGLE FAMILY 30 YR MULTIPLE	1.86%
FNMA ACTUAL/360 BALLOON DUS	1.67%
UST 0.125 04/15/22 When Iss	1.59%
UST 0.125 04/15/20	1.38%
UNITED STATES TREASURY	1.30%
UST 0.375 07/15/27 When Iss	1.28%
UST 0.125 07/15/26 When Iss	1.16%
FHLMC GOLD 30 YR	1.01%
UST 0.625 01/15/24	0.91%

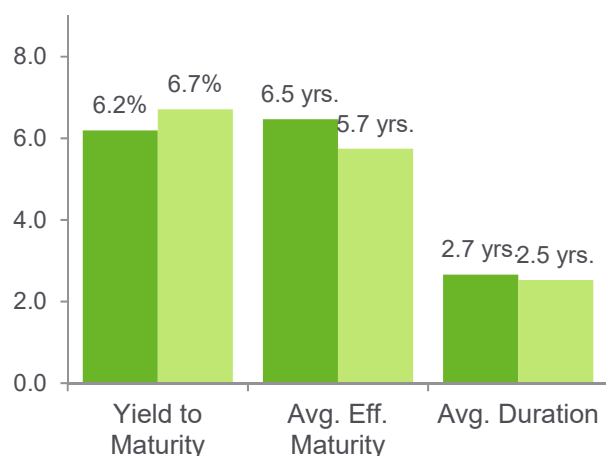
■ Core Bond Fund ■ Barclays Aggregate



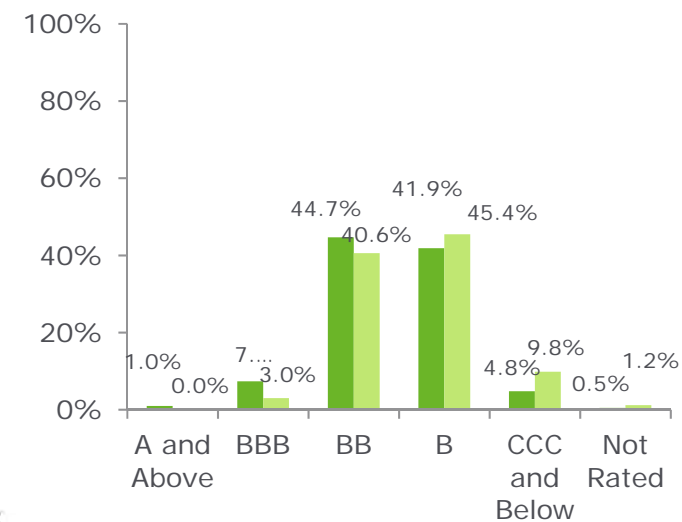
High Yield Bond Fund Summary

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
High Yield Bond Fund	1.98%	6.49%	4.93%	6.77%
High Yield Bond Fund Index	2.14%	6.80%	4.89%	6.93%

Fund Composition				
Manager	Investment Style	Position in Fund	3Q Manager Return	3Q Benchmark Return
Fort Washington	High Yield Bond	24.9%	2.1%	2.4%
Nomura Clydesdale	High Yield Bond	25.0%	2.4%	2.4%
Credit Suisse	Leveraged Loan	49.9%	1.7%	1.9%
Cash	n/a	0.1%		



Top Holdings	
MGM RESORTS INTERNATIONAL	0.60%
SLM 6.125 03/25/24 MTN	0.55%
CHTR 5.125 05/01/27	0.54%
EURAM 12.000 08/15/20 '18	0.54%
DISH 5.875 07/15/22	0.52%
SHLF 8.250 02/15/25	0.49%
TEVA 6.750 03/01/28 '27	0.47%
ALTICE FINANCING SA	0.46%
NRG 6.625 01/15/27 '21	0.46%
SPRINT COMMUNICATIONS INC	0.46%



*High Yield custom benchmark is 50% Bloomberg Barclays US High Yield/50% CS Leveraged Loan

Standard Funds Summary

Equity Standard Fund

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Standard-Equity	3.60%	13.12%	9.21%	6.73%
Standard-Equity Policy	3.78%	13.52%	9.24%	7.45%

Composition		
	Actual	Target
Domestic Equity Pref. Fund	56.17%	55.0%
International Pref. Fund	42.86%	45.0%
Cash	0.98%	0.0%

Fixed Income Standard Fund

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Standard-Fixed Income	0.39%	2.72%	2.96%	4.44%
Standard-Fixed Income Policy	0.31%	2.43%	2.77%	5.32%

Composition		
	Actual	Target
Core Bond Pref. Fund	78.37%	80.0%
High Yield Bond Pref. Fund	19.80%	20.0%
Cash	1.84%	0.0%

Conservative Balanced Standard Fund

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Standard-Conservative Balanced	1.20%	5.29%	4.54%	5.47%
Standard-Conservative Balanced Policy	1.17%	5.19%	4.44%	5.53%

Composition		
	Actual	Target
Domestic Equity Pref. Fund	14.43%	13.8%
International Pref. Fund	10.90%	11.2%
Core Bond Pref. Fund	59.27%	60.0%
High Yield Bond Pref. Fund	14.99%	15.0%
Cash	0.40%	0.0%

Standard Funds Summary (continued)

Moderate Balanced Standard Fund

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Standard-Moderate Balanced	1.99%	7.89%	6.25%	6.02%
Standard-Moderate Balanced Policy	2.04%	7.95%	6.23%	6.76%

Composition		
	Actual	Target
Domestic Equity Pref. Fund	28.24%	27.5%
International Pref. Fund	21.83%	22.5%
Core Bond Pref. Fund	38.89%	40.0%
High Yield Bond Pref. Fund	9.84%	10.0%
Cash	1.19%	0.0%

Aggressive Balanced Standard Fund

Performance Summary				
	3Q	3 Yr	5 Yr	Since Inception
Standard-Aggressive Balanced	2.79%	10.44%	7.71%	6.47%
Standard-Aggressive Balanced Policy	2.91%	10.73%	7.68%	6.75%

Composition		
	Actual	Target
Domestic Equity Pref. Fund	41.84%	41.3%
International Pref. Fund	32.27%	33.7%
Core Bond Pref. Fund	19.15%	20.0%
High Yield Bond Pref. Fund	4.86%	5.0%
Cash	1.88%	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 6/30/2018: 66% BofA ML US HY BB-B Constrained/34% Credit Suisse Leveraged Loans; 7/1/2018 to present: 50% BofA ML US HY BB-B Constrained/50% Credit Suisse Leveraged Loans