

Objectives

- Financial Objectives:**
- Support a stream of regular distributions in support of annual budgetary needs; and
 - Preserve the real (inflation-adjusted) purchasing power of the Endowment Fund net of regular distributions
- Investment Objectives:**
- Target a real annualized total return, net of investment expenses, over a five to seven year horizon, that aligns with financial objectives;
 - Outperform the Endowment Fund's benchmark consistent with volatility targets; and
 - Adhere to the Social Witness Principles of the General Assembly of the PC(USA)

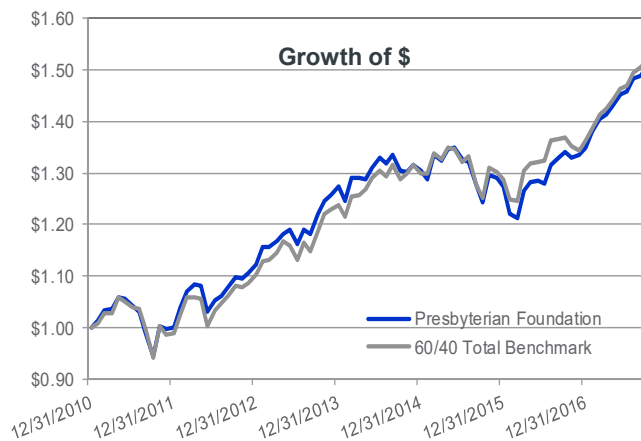
Account / Group Name	Market Value + Accruals	Ending Weight	Rate of Return (%)							
			1 Mo	3 Mos	YTD	1 Yr	3 Yr	5 Yr	ITD	Inception
Presbyterian Endowment Fund	704,189,672	100.0	1.4	3.6	11.9	12.6	5.0	6.6	6.3	12/31/10
60/40 Total Benchmark			1.0	3.4	11.4	10.9	5.7	7.0	6.4	--

All returns are net of fees - Past performance is no guarantee of future investment results.

Commentary

Current Quarter

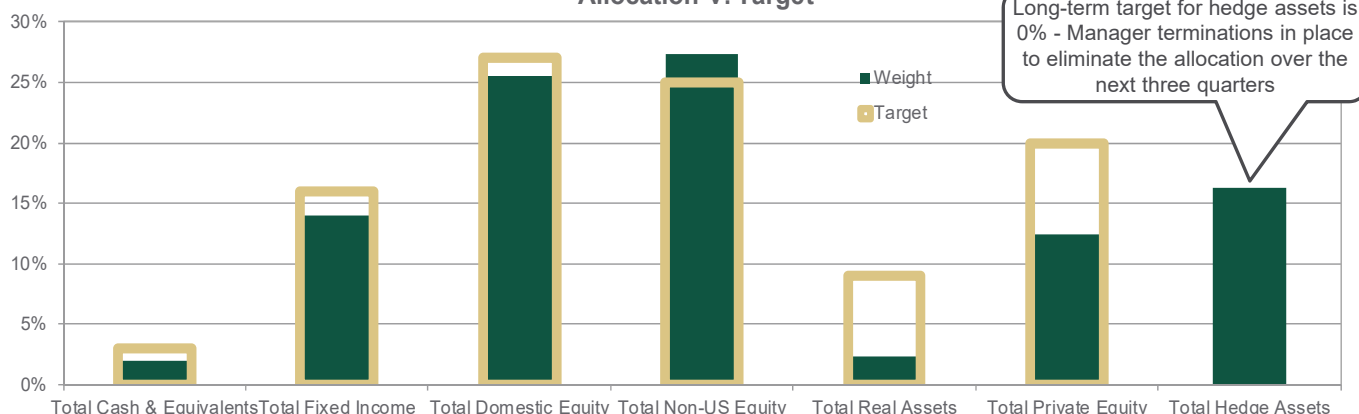
- For the quarter total program performance was 3.6% vs. the 60/40 Total Benchmark of 3.4%
- Year to date, the program is up 11.9% vs. 11.4% for the 60/40 Total Benchmark
- Global equities advanced 5.2% for the quarter driven by strong returns in both Non U.S. developed (6.2%) and Emerging Market (7.9%) equities. Domestic equities advanced 4.6% during the quarter
- Fixed income was negative in September but ended the quarter up 0.9%



Tactical Themes

- Increasing focus on Non – U.S. developed and emerging market equities to actively increase the global positioning within the total program's growth exposure
- Continue to underweight allocation to fixed income in current economic and interest rate environment while strategic allocations to Real Assets remaining intact to help mitigate the effects of an unexpected rise in inflation

Allocation v. Target



Asset allocation does not guarantee a profit or protection against a loss in declining markets

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