

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)

December 31, 2018			Rate of Return (%)					
	Market Value + Accruals	Ending Weight	3 Mos	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Presbyterian Endowment Fund	674,839,172	100.0	-7.0	-3.1	-3.1	6.0	3.5	7.3
<i>60/40 Total Benchmark</i>			<i>-7.1</i>	<i>-5.5</i>	<i>-5.5</i>	<i>4.9</i>	<i>3.7</i>	<i>7.3</i>

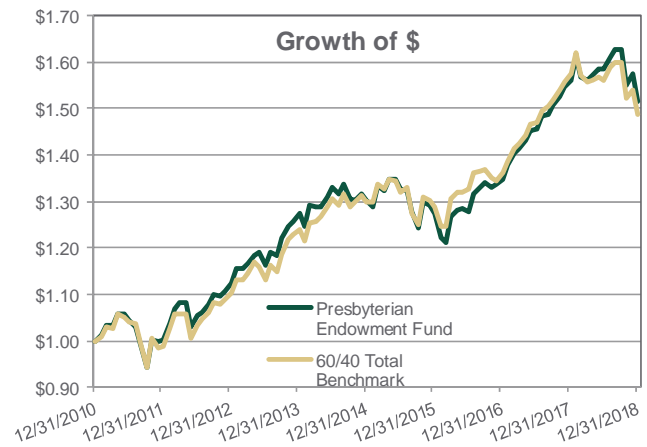
60/40 Total Benchmark: 60% MSCI ACWI ND / 40% Bloomberg Barclays US Aggregate

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

Commentary

Current Quarter

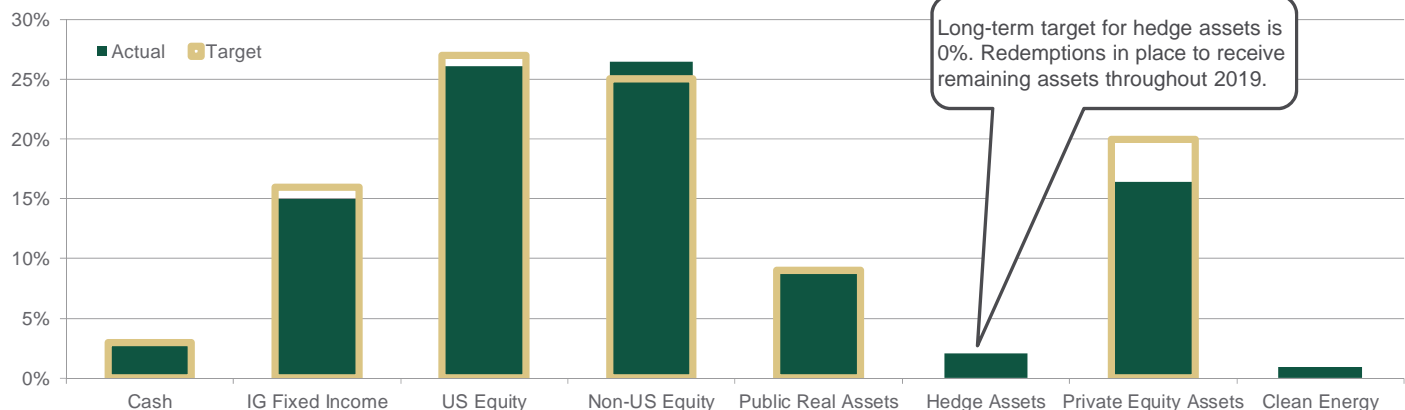
- For the quarter, the total program returned -7.0% vs. the 60/40 benchmark of -7.1%.
- Fixed Income was positive for the quarter, returning +1.3%. Broad equities declined -12.8%, while real assets were off -5.1%.
- Overweight to Non-US and Emerging Markets supported equity returns and outperformed U.S. markets.
- Real asset diversification further protected capital declining much less than broader equities.
- On a time weighted basis Private Equity performance showing positive returns.



Tactical Themes

- Maintain relative overweight to Non-US Equities based on higher relative expected returns.
- Continue to underweight allocation to IG Fixed Income in current economic and interest rate environment, while strategic allocations to Real Assets remain intact.

Actual vs. Target Allocation



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

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