

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 (%)					
			3 Mos	YTD	1 Yr	3 Yr	5 Yr	10 Yr
Presbyterian Endowment Fund	724,477,104	100.0	8.5	8.5	5.3	9.0	4.9	8.8
60/40 Total Benchmark			8.5	8.5	3.6	7.3	5.1	8.9

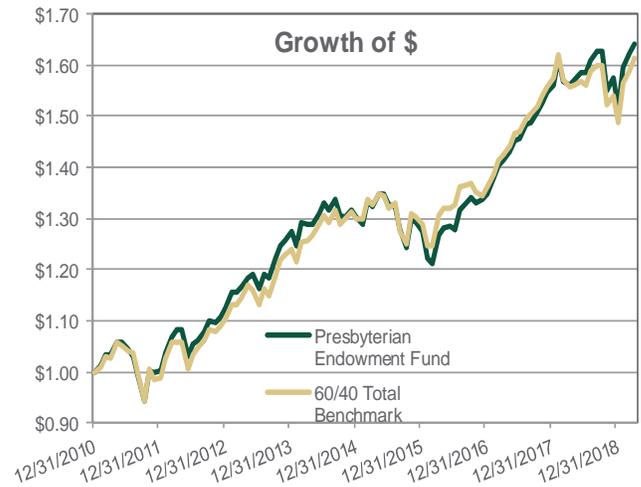
60/40 Total Benchmark: 60% MSCI ACWI ND / 40% Bloomberg Barclays US Aggregate

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

Commentary

Current Quarter

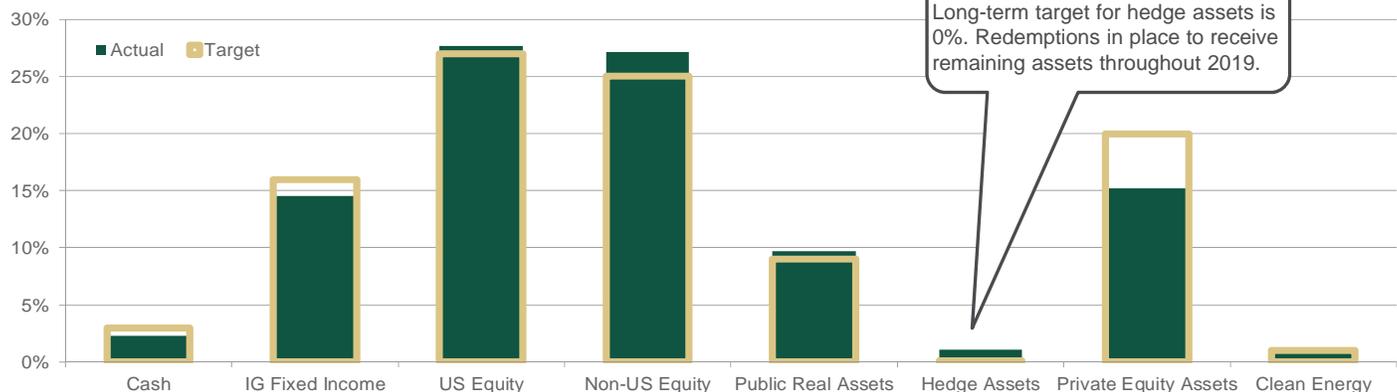
- For the quarter, the total program returned 8.5% vs. the 60/40 benchmark of 8.5%.
- Equities were the primary driver of returns, appreciating over 12% in the quarter.
- Public real estate was also strong, returning 14.6% during this time.
- Fixed Income program returned 2.9% for the quarter in line with expectations.
- Overweight to Non-US and Emerging Markets was a small drag on returns as U.S. markets outperformed the rest of the world.



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 remains intact.
- Continuing to build out Private Equity exposure towards its target portfolio allocation.

Actual vs. Target Allocation



Long-term target for hedge assets is 0%. Redemptions in place to receive remaining assets throughout 2019.

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

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