Community Foundation of Western Massachusetts

Agency Portfolio

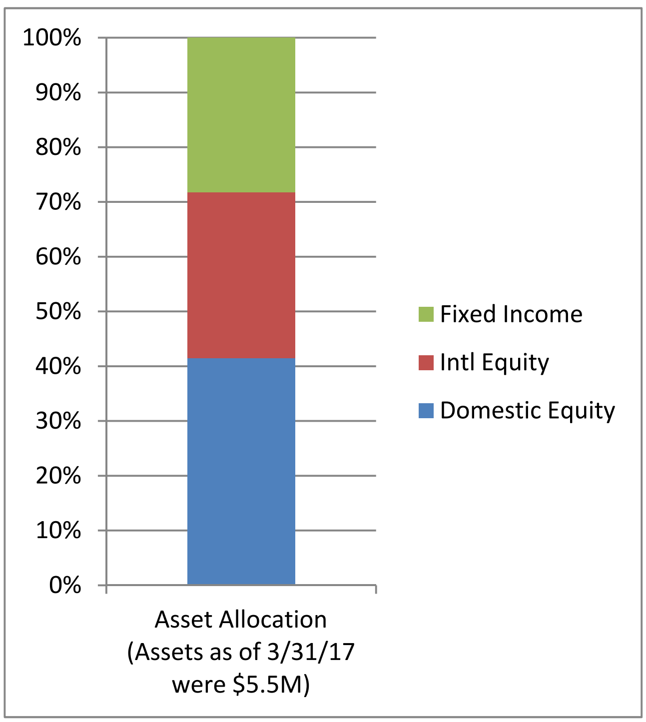
"If everything you do needs to work on a three-year time horizon, then you're competing against a lot of people. But if you're willing to invest on a seven-year time horizon, you're now competing against a fraction of those people, because very few companies are willing to do that. Just by lengthening the time horizon, you can engage in endeavors that you could never otherwise pursue." - Jeff Bezos

Performance

The Agency Portfolio's total return for the past year was 10.3%, which underperformed its aggregated investment performance benchmark (40%Wilshire 5000, 30% FTSE All-World ex-U.S. Index, 30% Barclays Aggregate Bond Index) by 1.0%. For the three years ending March 31, 2017, the portfolio reported a return of 4.2% versus a 4.6% for the median Morningstar Moderate Allocation Mutual Fund. For the past ten years, the fund achieved a 4.4% return per year versus the median Morningstar Moderate Allocation Mutual Fund of 5.3%. Over the past ten years, the Agency Portfolio trailed its benchmark by 1.3%, net of all investment management fees.

Investment Strategy

The Agency Portfolio's investment strategy is based on a highly diversified portfolio of assets with a keen awareness of risk. This balanced approach, consistently executed, reconciles the market's often volatile nature, with our focus on long-term, steady growth over decades.



Maintaining diversification through investing in a broad mix of assets (stocks vs. bonds, etc.) is an important part of achieving our long-term return objectives.

We utilize broadly-diversified, low-cost index solutions to gain access to most capital markets.

Oversight

The key to executing our investment strategy is the oversight and direction of the Community Foundation of Western Massachusetts' Investment Committee, a group of volunteers who collectively contribute their years of expertise and knowledge. The committee convenes a minimum of four times per year and utilizes the services of DHK Financial Advisors (our outside independent investment advisor) for advice and counsel with regard to asset allocation, manager selection, and performance measurement.

Summary

Over the past 12 months, the Agency Portfolio has performed in line with a universe of balanced mutual funds (holding both stocks and bonds). This investment strategy has a focus on low-cost adherence to the stated investment policy and the work of a distinguished group of volunteers who serve on the Investment Committee. We are confident that, over the long term, diversification and discipline will serve the assets of the Agency Portfolio well.

Agency Portfolio	Market Value	QTD	1yr	3yr	5yr	10 yr	Inception	Inception Date
Period Ending 3/31/17	$5,526,639	4.8%	10.3%	4.2%	6.2%	4.4%	6.9%	Dec '94