

Community Foundation of Western Massachusetts
Global Growth Portfolio

“Human beings deal with complexity by spinning narratives around it; this not only makes the difficult concepts more understandable, but also more entertaining as well.”

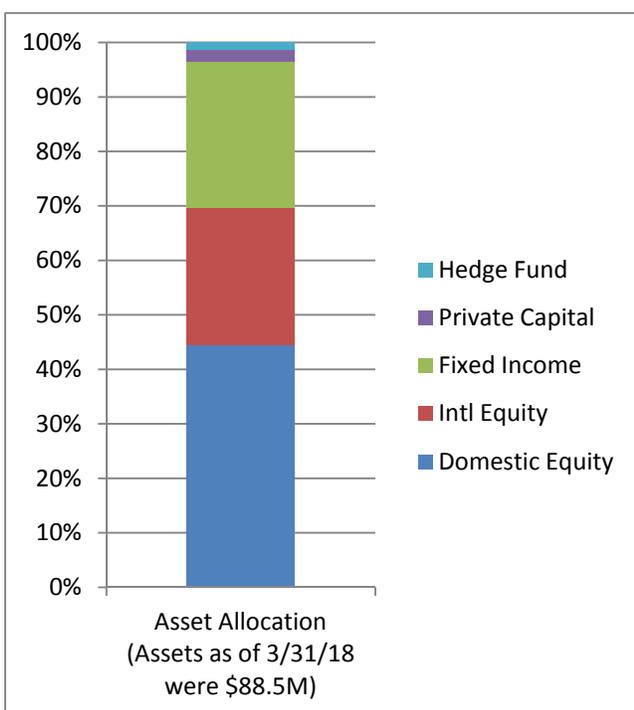
- William Bernstein

Performance

The Global Growth Portfolio's total return over the past twelve months was 11.2%, which matched its aggregated investment performance benchmark (45% CRSP US Total Market Cap Index, 20% FTSE All-World ex-U.S. Index, 5% MSCI Emerging Markets Index, 30% Barclays Aggregate Bond Index). For the three years ending March 31, 2018, the portfolio reported a return of 6.3% versus a 5.1% for the median Morningstar U.S. Balanced Manager Fund. For the past ten years, the fund achieved a 6.2% return per year versus the median Morningstar U.S. Balanced Manager Mutual Fund of 5.8% (a period which included the dramatic market meltdown of 2008-2009). Over the past ten years, the Global Growth Portfolio trailed its benchmark by 0.6%, net of all investment management fees.

Investment Strategy

The Global Growth Portfolio's investment strategy is based on a highly diversified portfolio of assets with a keen awareness of risk. This balanced approach consistently 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, bonds, and alternatives) is an important part of achieving our long-term return objectives.

We largely utilize broadly-diversified, low-cost index solutions to gain access to most capital markets. We utilize active management solutions on roughly 25% of the total portfolio.

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

The Global Growth Portfolio relative to a universe of balanced mutual funds (holding both stocks and bonds) returned 11.2% versus 8.4% over the past twelve months. This outcome is the result of an investment strategy with shorter duration bonds and a high net exposure to non-U.S. investments. We have 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 Global Growth Portfolio well.

Global Growth Portfolio	<u>Market Value</u>	<u>QTD</u>	<u>1yr</u>	<u>3yr</u>	<u>5yr</u>	<u>10 yr</u>	<u>Inception</u>	<u>Inception Date</u>
Period Ending 3/31/18	\$88,478,937	-0.6%	11.2%	6.3%	7.6%	6.2%	4.9%	Dec '93