

**Overview**

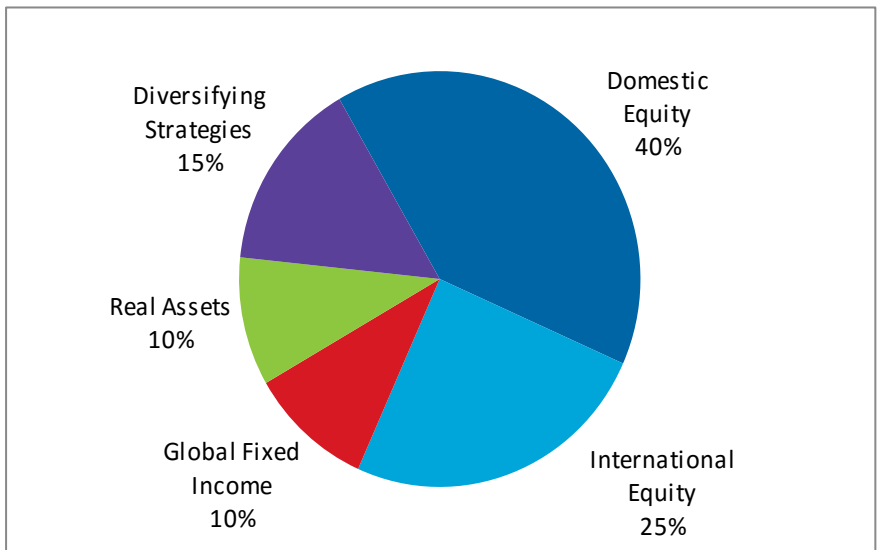
**Consultant: Fund Evaluation Group**

It is the practice of the Foundation that no member of the Investment Committee manages any part of the asset allocation or receives compensation for their advice. This ensures impartiality when reviewing money manager performance.

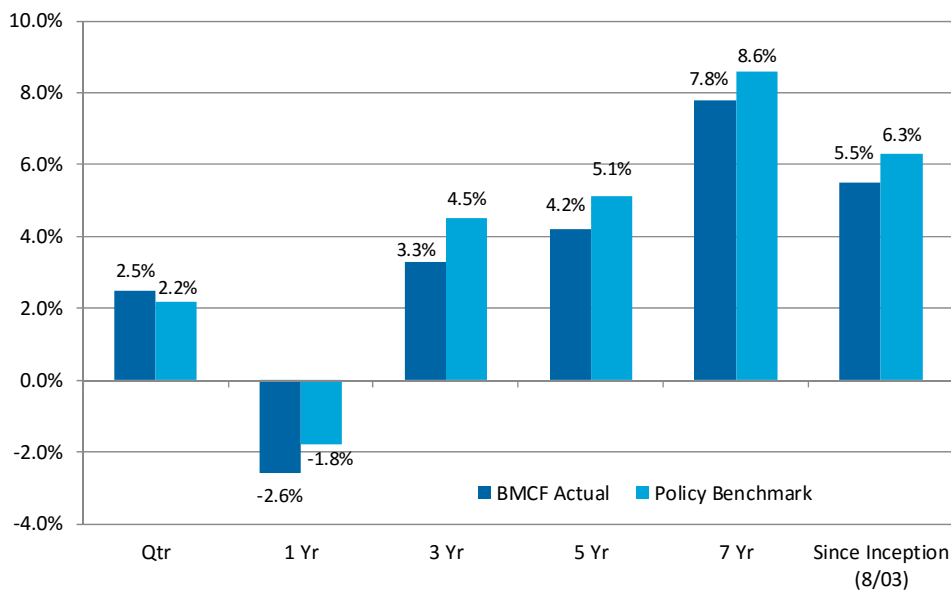
The size of Blue Mountain Community Foundation's asset base allows the negotiation of fees on a wholesale basis increasing the overall investment return for all participants in each pool.

The Foundation's fiscal year is July 1 to June 30.

**Asset Allocation: Long Term Targets**



**Endowed Pool I Total Return  
for Period Ending June 30, 2016**



The Foundation's Policy Benchmark is a composite of indexes comprised of: 65% MSCI AC World Index, 10% Barclays US Aggregate Bond Index, 15% HFRI Fund of Funds Index, and 10% S&P North American Natural Resources Index.

**Investment Managers  
& Current Allocations**

**Domestic Equities (45%)**

- S&P 500 Index, Schwab Fund'l Large Co Index, Russell 2000 Index Funds, DFA US Small Cap Value Fund

**International Equities (22%)**

- MSCI EAFE Index, AQR Int'l Equity, DFA Int'l Value, DFA Int'l Sm Cap Value, DFA Emerging Mkts Value, DFA Emerging Mkts Sm Cap

**Fixed Income (10%)**

- Barclays US Aggregate, JP Morgan Core Bond, Franklin Templeton Global Bond

**Real Assets (8%)**

- Vanguard Energy Fund, JP Morgan Alerian MLP Index

**Diversifying Strategies (11%)**

- Private Advisors Stable Value, ABS Alpha Global Equity

**Cash (4%)**



**Investment Summary  
Long Term Pool I  
\$28.3 Million as of June 30, 2016**

<b>INVESTMENT COMMITTEE MEMBERS</b>	<b>INVESTMENT PHILOSOPHY</b>
<p>Anne-Marie Zell Schwerin, Chair, Trustee <i>Executive Director, YWCA</i></p> <p>Lloyd Baker <i>Chief Financial Officer, Banner Bank</i></p> <p>Peter Harvey <i>Chief Financial Officer, Whitman College</i></p> <p>Jim Hayner <i>Attorney, Minnick-Hayner Attorneys at Law</i></p> <p>Kevin Michelson <i>Chief Executive Officer, Walla Walla Clinic</i></p> <p>Mark Sherry <i>Sherry Family Farm</i></p>	<p>Blue Mountain Community Foundation’s endowment funds are invested in a “Balanced” portfolio, which is structured for long-term total return. To provide diversification and to moderate risk, the investments are divided into carefully-defined asset classes. Funding available for each asset classification is invested by professional money managers hired by the Foundation through a rigorous selection process. The investment performance of each manager is monitored by an independent investment consultant retained by the Foundation.</p> <hr/> <p><b>INVESTMENT COMMITTEE MISSION</b></p> <p>The mission of the Investment Committee is to provide oversight, guidance and direction regarding the investment of the assets of the Foundation. The Investment Committee operates under guidelines of the Investment Policy Statement approved by the Board of Trustees of the Foundation. In accordance with this policy the Investment Committee is committed to:</p> <ol style="list-style-type: none"> <li>1. Protecting the corpus of the endowment;</li> <li>2. Preserving the spending power of the endowment;</li> <li>3. Maintaining a diversified portfolio of assets in order to meet investment return objectives while keeping the level of risk commensurate with that of the median fund in a representative foundation and endowment universe; and Complying with applicable law.</li> </ol>

**RECENT INVESTMENT COMMITTEE ACTIONS**

- February, 2016—Approved liquidating Private Advisors Stable Value Fund; payback will take place over a two year period.
- July, 2015—Changed Long-term Target Allocation to Equity 65%, Fixed Income 10%, Real Assets 10%, Diversifying Strategies 15%. Approved liquidating 50% of iShares Core US Aggregate Bond ETF and JP Morgan Core Bond and investing in iShares Core S&P 500 ETF and Schwab Fundamental US Large Co Index.
- February, 2015—Approved liquidating Powershares DB and investing in Vanguard Energy ETF.
- November, 2014—Approved liquidating PIMCO Total Return Fund and investing in JP Morgan Core Bond Fund and Barclays Aggregate Core US Aggregate Fund
- January, 2014—Keith Olson resigned from committee.
- February, 2013— Changed long term target allocation to Private Capital to 0%, and added 5% each to the targets of Global Equity (now 55%), Global Fixed (now 20%), and Real Assets (now 10%).
- November, 2012 – Recommended restated Investment Policy Statement (IPS) to Board of Trustees. Also agreed to increase current allocation to real assets and added JP Morgan Alerian MLP Index. Don Harwood completed his term on the committee after 14 years of service. Board of Trustees approved the IPS.
- August, 2012 – Keith Olson joined committee.
- June, 2012 – Peter Harvey joined committee. Added PIMCO Fundamental IndexPLUS Total Return Fund and Vanguard Pacific ETF.
- March, 2012 – Steve Johnson resigned from committee, Anne-Marie Zell Schwerin joined committee and agreed to serve as Chair.