

Community Foundation for Muskegon County

*Serving the Community Foundations of Muskegon,
Manistee, Mason, and Oceana Counties*

Portfolio review

August 10, 2015



Agenda

- I. Vanguard's economic and market outlook
- II. Portfolio summary
- III. Segregated accounts
- IV. Fixed income and rising rates

Presented by:

Wendy O. Simenson, CFA
Senior Investment Consultant
Vanguard Institutional Advisory Services®

Vanguard's economic and market outlook

Vanguard's distinct approach to the economic and investment outlook

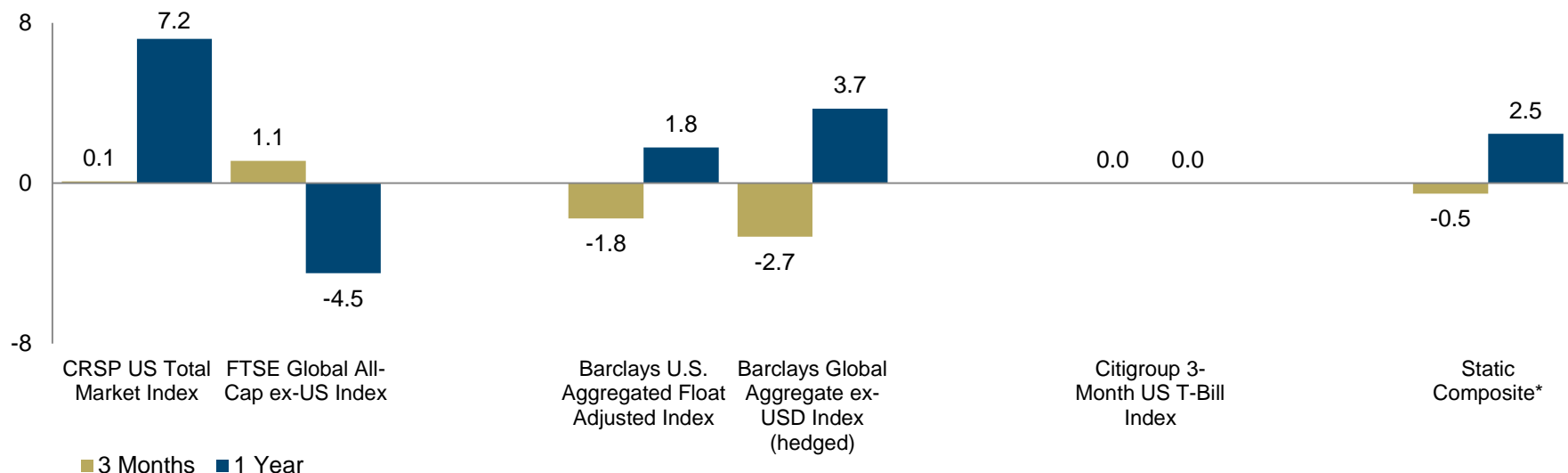
- In this presentation, Vanguard presents our perspectives on the future of growth, inflation, interest rates, and the returns on stocks, bonds, and other asset classes
- The asset-return distributions shown here represent Vanguard's view on the potential range of risk premiums that may occur over the next ten years; such long-term projections are **not** intended to be extrapolated into a short-term view of the next year
- Vanguard firmly believes that the principles of portfolio construction remain unchanged given our expected outlook for stocks and bonds
- For further details not addressed in this presentation, please refer to the full Vanguard research paper (cover shown here)



Global equity and fixed income markets produced generally positive returns over the last three and 12 months

- U.S. stocks outperformed non-U.S. stocks over the last year as the U.S. Dollar significantly strengthened against major foreign currencies such as the Euro (USD +22%), Yen (+21%), and Pound (+8%)
- Both U.S. and currency-hedged non-U.S. bonds generated positive returns over the last year as intermediate- and long-term yields generally fell across the world
- Cash investors continued to earn marginally positive nominal returns as short-term rates remained relatively unchanged amid the Fed's ongoing zero interest-rate policy

Global market returns as of June 30, 2015 (%)

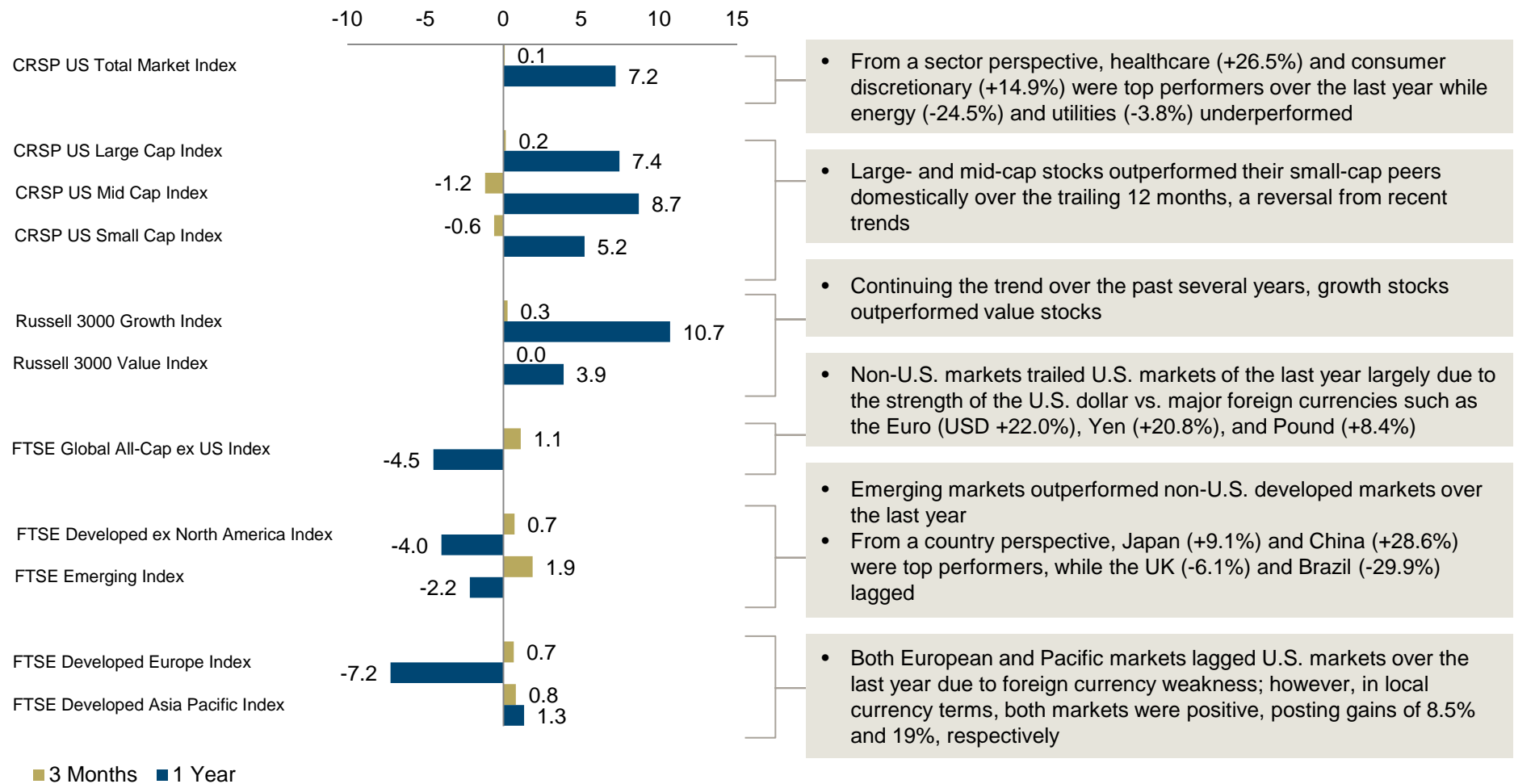


Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones.

* Static Composite (46% U.S. stocks, 19% International stocks, and 28% Investment-grade U.S. bonds, 7% Investment-grade international bonds). *Past performance is no guarantee of future returns.* The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Domestic equity markets posted healthy gains over the last year, while non-U.S. markets generally lagged

Global equity market returns as of June 30, 2015 (%)

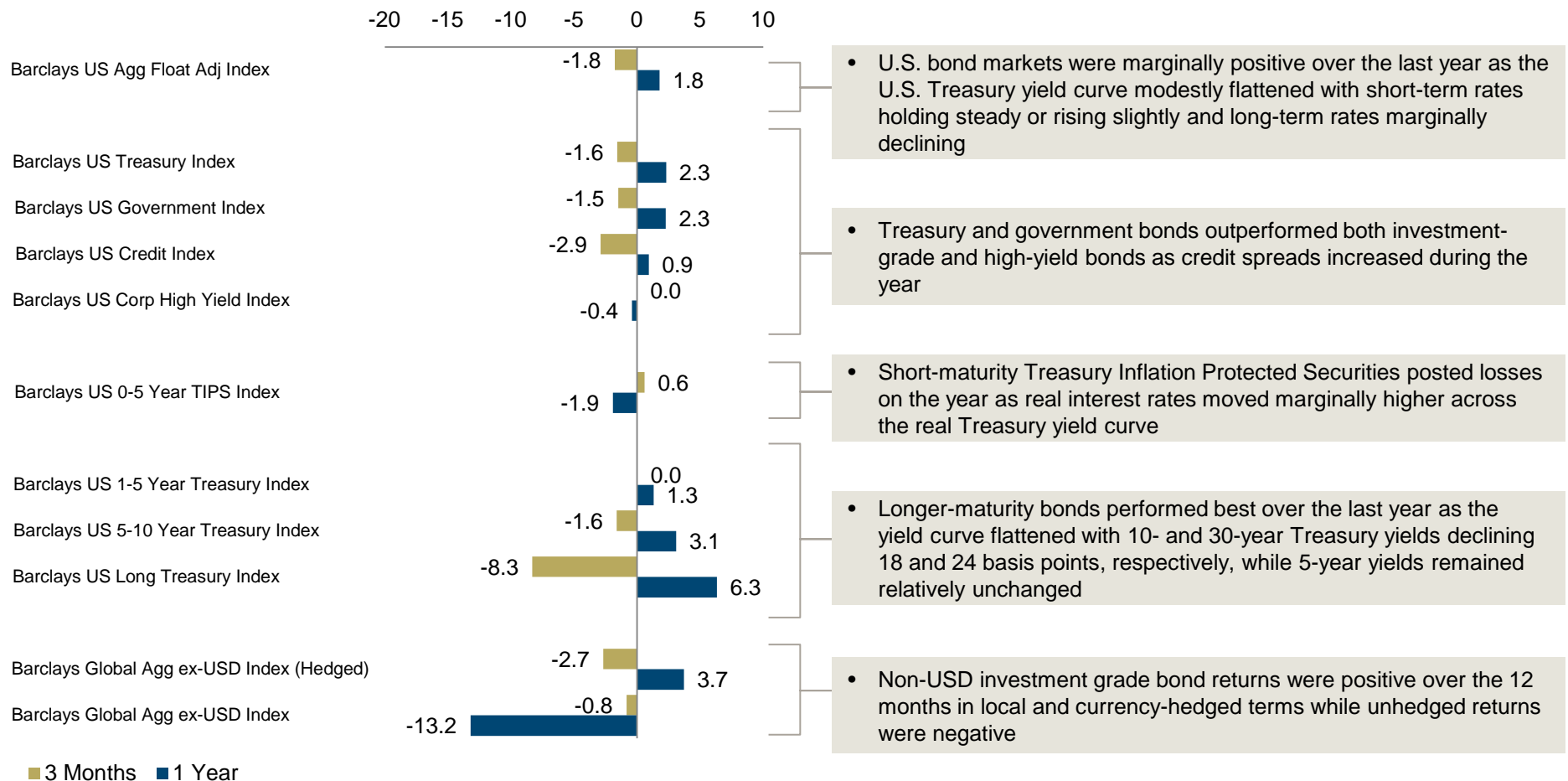


Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones. Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

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Global bond markets posted modest gains over the last year

Global bond market returns as of June 30, 2015 (%)



Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones. *Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

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Themes and outlook

	Global	U.S.	Europe	Asia
Growth	<ul style="list-style-type: none"> Frustratingly fragile Developed markets continue to accelerate, but slower than anticipated. Growing concerns in Emerging Markets, including China 	<ul style="list-style-type: none"> Remains resilient to weakness overseas with slightly above 2%-trend growth Labor market approaching full employment 	<ul style="list-style-type: none"> Growth still very weak, but improving outlook fueled by QE, Euro weakness and oil prices Greece will continue to act as source of volatility over medium term 	<ul style="list-style-type: none"> China: permanently slower, but hard landing unlikely. Growth target reduced to 7% for 2015 Japan: magnitude of cyclical recovery limited by structural headwinds. No progress on Abenomics' "Third Arrow"
Inflation	<ul style="list-style-type: none"> Global deflationary pressures easing, but stable oil prices and global QE should help 	<ul style="list-style-type: none"> Downward pressure from dollar and oil prices are abating Wage growth should continue rising as core inflation measures approach 2% 	<ul style="list-style-type: none"> Progress made on inflation and inflation expectations thanks in part to QE. 	<ul style="list-style-type: none"> Japan: likely to fall short of Abenomics goal of 2%. Monetary easing not having desired effect on nominal wage growth either.
Monetary policy & interest rates	<ul style="list-style-type: none"> Divergent monetary policies: ECB and BoJ may not raise rates this decade Low odds of a marked rise in global bond yields although volatility resulting from Fed tightening and periods of flight to safety likely 	<ul style="list-style-type: none"> Fed liftoff: Likely 2015, but slower and lower with pause around 1% possible. Implied fair value estimate for 10Y Treasury 2.25%–2.75% 	<ul style="list-style-type: none"> QE on track to continue through September 2016 	<ul style="list-style-type: none"> China: Further monetary easing likely in attempt to reach annual growth target Japan: QQE likely to continue

	Balanced	Equities	Bonds
Asset returns (Global)	<ul style="list-style-type: none"> A guarded though not bearish view given current level of yields and equity valuations 10-year expected returns for balanced portfolios lower than historical averages 	<ul style="list-style-type: none"> In near term, equity returns biased lower Outlook for equity risk premium remains formative; central tendency of 6%–8% nominal 10-year returns 	<ul style="list-style-type: none"> Risk premiums normalizing, although credit and equity risk likely higher than duration risk Bond returns likely to be muted; central tendency of 2%–3.5% nominal annualized over 10 years

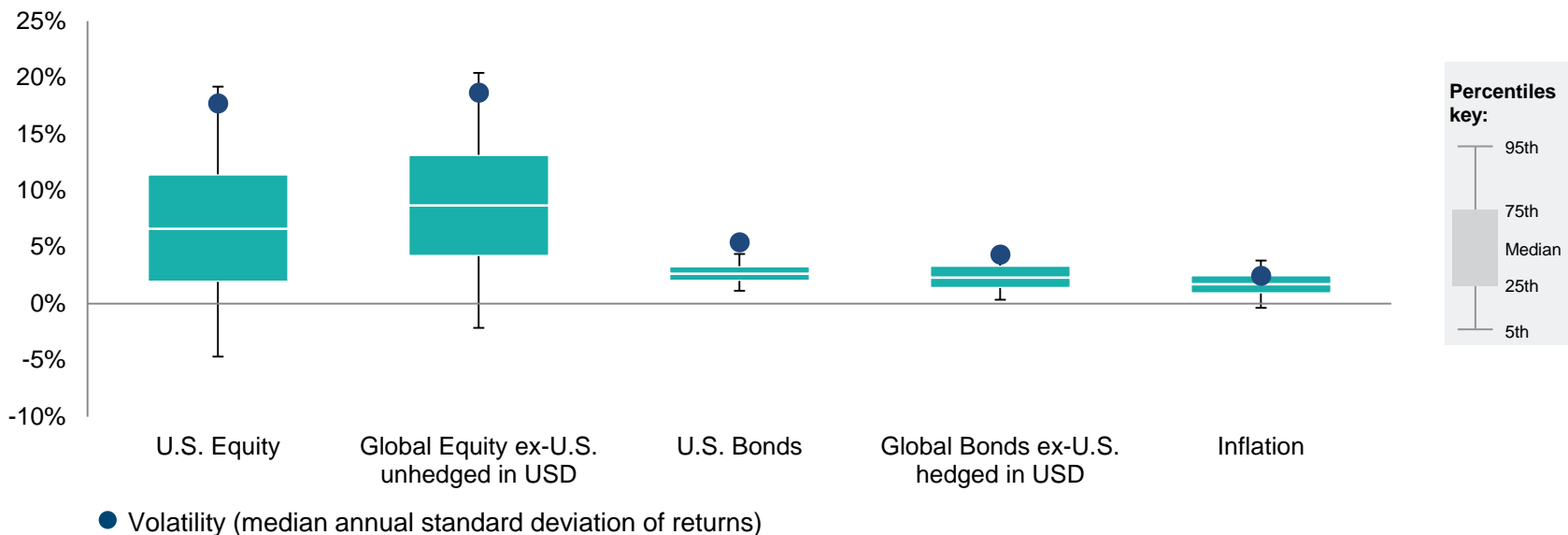
Source: Vanguard.

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Equity and bond market ten-year return outlook: setting reasonable expectations

- VCMM simulations for ten-year returns of a global equity portfolio are centered in the 6%–8% range.
- The return forecast for global fixed income is positive but muted—the expected ten-year median return of broad taxable fixed income is centered in the 2%–3.5% range

VCMM-simulated distribution of expected average annualized return of global equity and global fixed income portfolios, estimated as of March 31, 2015



IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class. Simulations are as of March 31, 2015. Results from the model may vary with each use and over time.

Note: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of March 31, 2015, in USD for asset classes highlighted here. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Patterson, and Ahluwalia 2014).

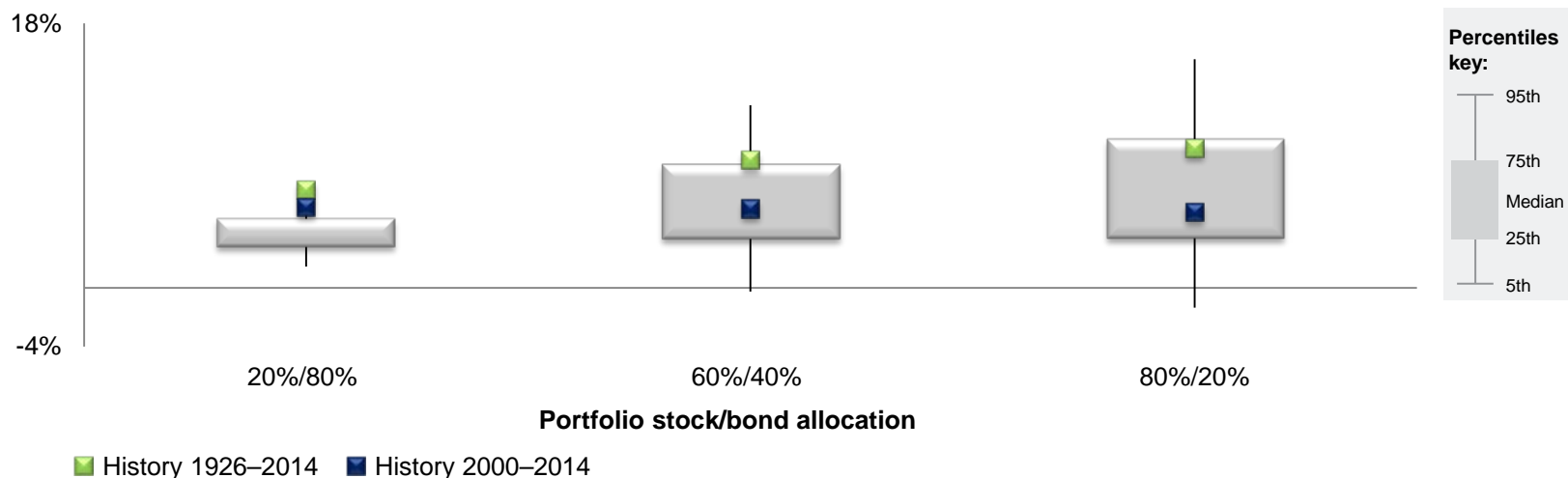
Source: Vanguard.

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We have our most guarded outlook for projected returns on balanced portfolios since 2006

- Our VCMM simulations indicate that the average annualized returns of a 60% equity/40% bond portfolio for the decade ending 2024 are expected to center on the 4%–8% nominal-return range, below the actual average return on the same portfolio since 1926
- Importantly, the simulated ranges of portfolio returns are upward sloping—simply put, higher risk accompanies higher (expected) return
- Vanguard still firmly believes that the principles of portfolio construction remain unchanged, given the expected risk-return trade-off between stocks and bonds

VCMM-simulated distribution of expected average annualized return of balanced global equity and global fixed income portfolios, estimated as of March 31, 2015



IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM, derived from 10,000 simulations for global equity returns and fixed income returns. Simulations as of March 31, 2015. Results from the model may vary with each use and over time. For more information, please see the important information slide.

Note: Figure displays the 5th/25th/75th/95th percentile range of VCMM projected returns for balanced portfolios.

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Market leadership changes

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Long-Term
LG	LG	LG	LG	Emg	SV	SV	IG	Emg	Emg	Emg	Emg	Emg	IB	Emg	SG	IG	MV	SG	LG	SG	MV
38.1	24.0	36.5	42.2	66.4	22.8	14.0	10.3	56.3	26.0	34.5	32.2	39.4	5.7	78.5	29.1	7.8	18.5	43.3	14.9	8.7	12.5
LV	LV	MV	Intl	MG	MV	IG	IB	SG	MV	Intl	Intl	MG	IG	HY	MG	HY	Emg	MG	MV	Intl	SV
37.0	22.0	34.4	20.0	51.3	19.2	8.4	6.8	48.5	23.7	13.5	26.3	11.4	5.2	58.2	26.4	5.0	18.2	35.7	14.7	5.5	10.9
MV	SV	SV	MG	SG	IG	IB	CPI	SV	SV	MV	SV	Intl	T-Bill	MG	MV	LG	SV	SV	LV	MG	MG
34.9	21.4	31.8	17.9	43.1	11.6	6.3	2.4	46.0	22.2	12.6	23.5	11.2	1.8	46.3	24.8	4.7	18.1	34.5	12.4	4.2	10.3
MG	MV	LV	CMP	LG	IB	HY	T-Bill	MG	Intl	MG	LV	LG	CPI	SG	SV	IB	LV	MV	MG	Emg	LG
34.0	20.3	30.0	16.6	28.2	9.1	5.3	1.7	42.7	20.2	12.1	20.8	9.1	0.1	34.5	24.5	3.9	17.7	33.5	11.9	2.9	10.0
SG	MG	MG	LV	Intl	LV	T-Bill	HY	Intl	LV	CMP	MV	CMP	CMP	MV	Emg	CPI	Intl	LG	IB	LG	LV
31.0	17.5	22.5	14.7	27.0	6.1	4.1	-1.4	38.6	15.7	8.0	20.2	8.7	-24.4	34.2	18.9	3.2	17.3	32.8	7.8	2.8	9.5
SV	CMP	CMP	IB	CMP	T-Bill	MV	Emg	MV	MG	LV	CMP	SG	HY	Intl	HY	T-Bill	HY	LV	CMP	HY	HY
25.7	12.2	16.2	12.1	17.2	6.0	2.3	-6.0	38.1	15.5	6.3	14.6	7.0	-26.2	31.8	15.1	0.1	15.8	32.0	6.3	2.5	7.9
CMP	IB	SG	IG	LV	CPI	CPI	CMP	LV	SG	IB	SG	IG	SV	LG	LV	LV	MG	Intl	IG	CMP	CMP
23.1	12.1	12.9	8.7	12.7	3.4	1.6	-8.7	31.8	14.3	5.4	13.3	7.0	-28.9	31.6	15.1	-0.5	15.8	22.8	6.0	1.7	7.6
HY	HY	HY	MV	T-Bill	CMP	Emg	MV	HY	CMP	SV	HY	T-Bill	LG	CMP	LG	CMP	LG	CMP	SG	CPI	SG
19.2	11.4	12.8	5.1	4.7	-4.4	-2.4	-9.6	29.0	12.1	4.7	11.8	4.7	-34.9	23.9	15.1	-0.8	14.6	16.7	5.6	1.3	7.8
IG	SG	IB	T-Bill	CPI	HY	CMP	SV	LG	HY	SG	LG	IB	MV	LV	CMP	MV	SG	HY	SV	SV	IB
18.5	11.3	10.9	5.1	2.7	-5.9	-6.6	-11.4	25.7	11.1	4.2	11.0	4.3	-38.4	21.2	11.6	-1.4	14.6	7.4	4.2	0.8	6.4
IB	Intl	IG	HY	HY	MG	SG	Intl	CMP	LG	LG	MG	CPI	SG	SV	Intl	MG	CMP	CPI	HY	MV	IG
17.3	6.0	9.7	1.9	2.4	-11.7	-9.2	-15.9	24.4	6.1	3.5	10.7	4.1	-38.5	20.6	7.8	-1.7	12.5	1.5	2.5	0.4	6.2
Intl	Emg	T-Bill	CPI	IB	Intl	LV	LV	IG	IB	CPI	T-Bill	LV	LV	IG	IG	SG	IB	IB	CPI	T-Bill	Emg
11.2	6.0	5.2	1.6	2.1	-14.2	-11.7	-20.9	4.1	5.3	3.5	4.8	2.0	-39.2	5.9	6.5	-2.9	6.5	1.2	0.8	0.0	6.0
T-Bill	T-Bill	Intl	SG	MV	LG	LG	LG	IB	IG	T-Bill	IG	HY	Intl	IB	IB	SV	IG	T-Bill	T-Bill	IG	Intl
5.7	5.3	1.8	1.2	-0.1	-22.1	-12.7	-23.6	2.4	4.3	3.0	4.3	1.9	-43.4	4.4	3.3	-5.5	4.2	0.1	0.0	-0.1	5.0
CPI	IG	CPI	SV	IG	SG	MG	MG	CPI	CPI	HY	IB	MV	MG	CPI	CPI	Intl	CPI	IG	Emg	LV	T-Bill
2.5	3.6	1.7	-6.5	-0.8	-22.4	-20.2	-27.4	1.9	3.3	2.7	3.2	-1.4	-44.3	2.9	1.3	-12.1	2.0	-2.0	-2.2	-0.5	2.7
Emg	CPI	Emg	Emg	SV	Emg	Intl	SG	T-Bill	T-Bill	IG	CPI	SV	Emg	T-Bill	T-Bill	Emg	T-Bill	Emg	Intl	IB	CPI
-5.2	3.3	-11.6	-25.3	-1.5	-30.6	-21.4	-30.3	1.1	1.2	2.4	2.5	-9.8	-53.3	0.2	0.1	-18.4	0.1	-2.6	-4.9	-0.7	2.3

LV	Value-oriented U.S.-based large-cap stocks (S&P 500/Citigroup Value)
MV	Value-oriented U.S. based mid-cap stocks (Russell Midcap Value)
LG	Growth-oriented U.S. based large-cap stocks (S&P 500/Citigroup Growth)
MG	Growth-oriented U.S. based mid-cap stocks (Russell Midcap Growth)
SV	Value-oriented U.S. based small-cap stocks (Russell 2000 Value)
SG	Growth-oriented U.S. based small-cap stocks (Russell 2000 Growth)
IG	Investment-grade U.S. bonds (Barclays Aggregate)
HY	High-yield U.S. bonds (Barclays High Yield)
Intl	International stocks from developed countries (MSCI EAFE)
Emg	International stocks from emerging countries (MSCI Emerging)
CPI	Measure of inflation (Consumer Price Index)
IB	Investment-grade international bonds
T-Bill	Short-term Treasury rates (Citigroup 3-Mo T-bill)
CMP	Static Composite (46% U.S. stocks*, 19% International stocks**, & 28% Investment-grade U.S. bonds†, 7% Investment-grade international bonds††)

Source: Vanguard. Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Last observation: June 30, 2015; long-term performance from December 31, 1994 through December 31, 2014.

* U.S. stocks: Dow Jones Wilshire 5000 Index through April 22, 2005; MSCI US Broad Market Index thereafter.

** Consists of the Total International Composite Index through August 31, 2006; the MSCI EAFE + Emerging Markets Index through December 15, 2010; and the MSCI ACWI ex USA IMI Index thereafter.

† Barclays US Aggregate Bond Index through December 31, 2009; Barclays US Aggregate Float Adjusted Index thereafter.

†† Barclays Global Aggregate Ex USD Index (hedged).

The benefits of long-term perspective, balance and diversification

A balanced, diversified investor has fared relatively well

Peak through
June 30, 2015



Source: S&P 500 Index and Barclays U.S. Aggregate Bond Index (rebalanced monthly).
Data provided by FactSet, as of June 30, 2015.
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Headwinds for active equity mutual fund managers

Active equity managers have struggled to add value in the current environment and over longer periods

- The results presented appear to be consistent with the theory of the zero-sum game
- Historically, high management fees and transaction costs have been headwinds for active managers
- Due to the cyclical nature of the financial markets, the relative contribution of active managers will vary, depending on the specific time period

Percentage of actively managed funds underperforming their style benchmarks

One-year: June 30, 2015

	Value	Core	Growth
Large	45%	78%	78%
Mid	66%	89%	77%
Small	52%	57%	43%

Ten-year: June 30, 2015

	Value	Core	Growth
Large	78%	91%	91%
Mid	79%	94%	89%
Small	70%	91%	96%

International

37%	66%	48%
Developed	Emerging markets	Global

International

66%	77%	64%
Developed	Emerging markets	Global

Key

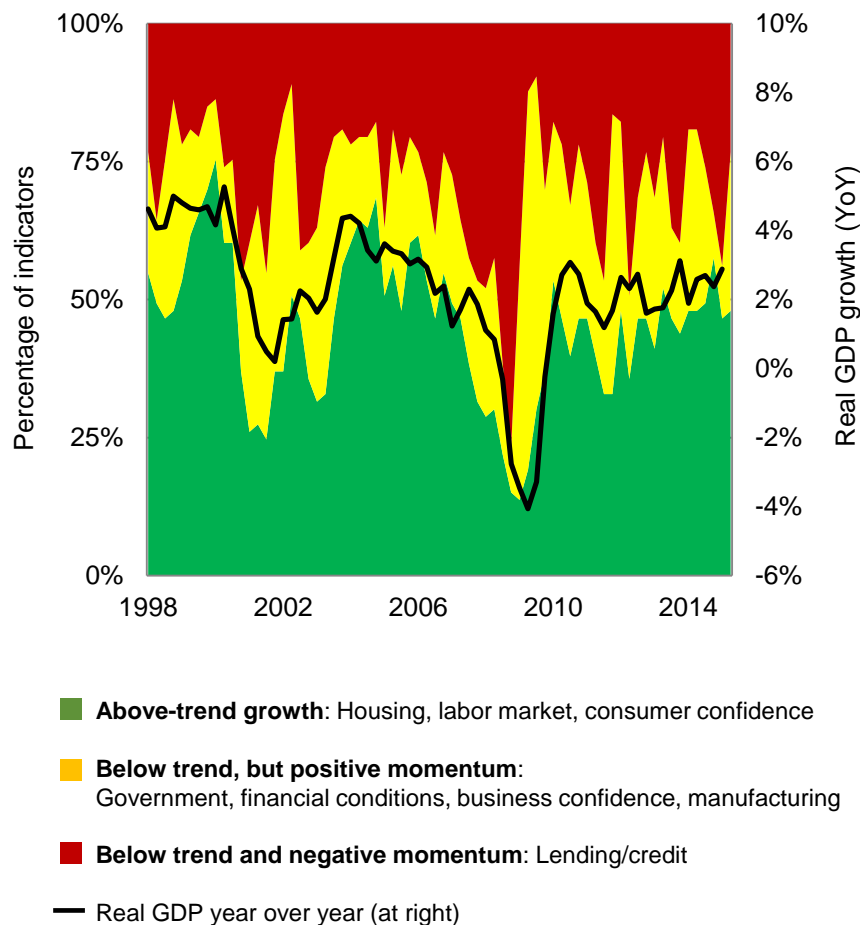
≥ 75%	≥ 50%	≥ 25%	< 25%
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Sources: Vanguard calculations, using data from Morningstar, Inc., MSCI, and Barclays. Equity benchmarks are represented by the following indexes: Large blend: MSCI Prime Market 750; Large value: MSCI Prime Market 750 Value; Large growth: MSCI Prime Market 750 Growth; Mid blend: MSCI Mid Cap 450; Mid value: MSCI Mid Cap 450 Value; Mid growth: MSCI Mid Cap 450 Growth; Small blend: MSCI Mid Cap 1750; Small value: MSCI Small Cap 1750 Value; Small growth: MSCI Small Cap 1750 Growth; Developed: MSCI EAFE Index; Emerging Markets: MSCI Emerging Markets Index Net USD; Global: MSCI All Country World Index Net USD.
Note: Performance data reflect periods ended June 30, 2015.

Appendix

U.S. growth outlook: Modest cyclical thrust above low 2%-trend

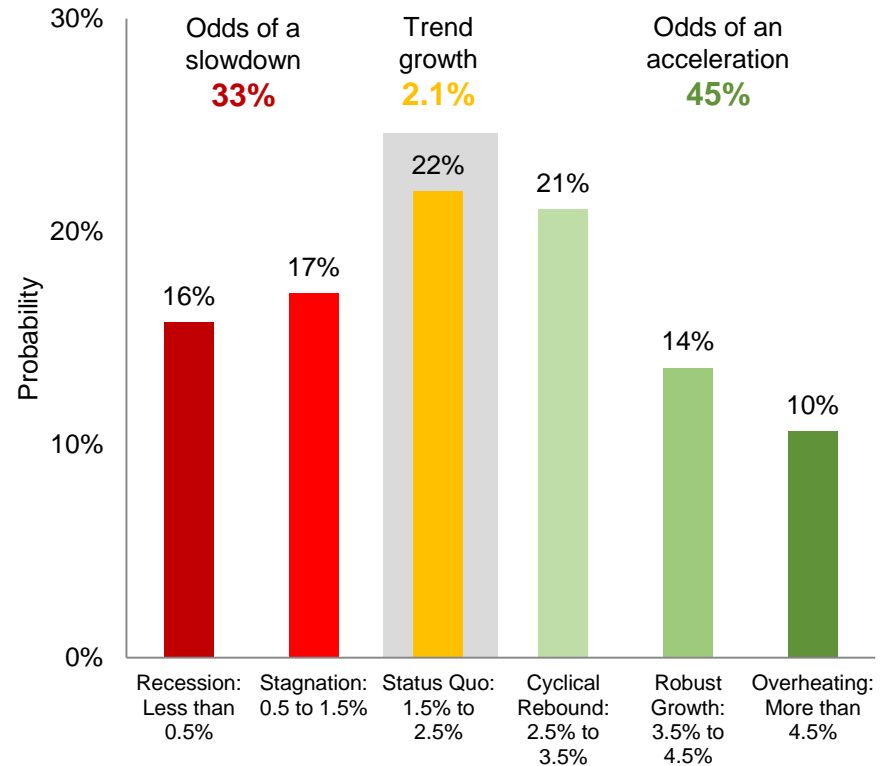
Vanguard's U.S. dashboard of leading economic indicators & GDP (YOY%)



Sources: Vanguard calculations, based on data from Moody's DataBuffet.com. Data as of June 30, 2015.

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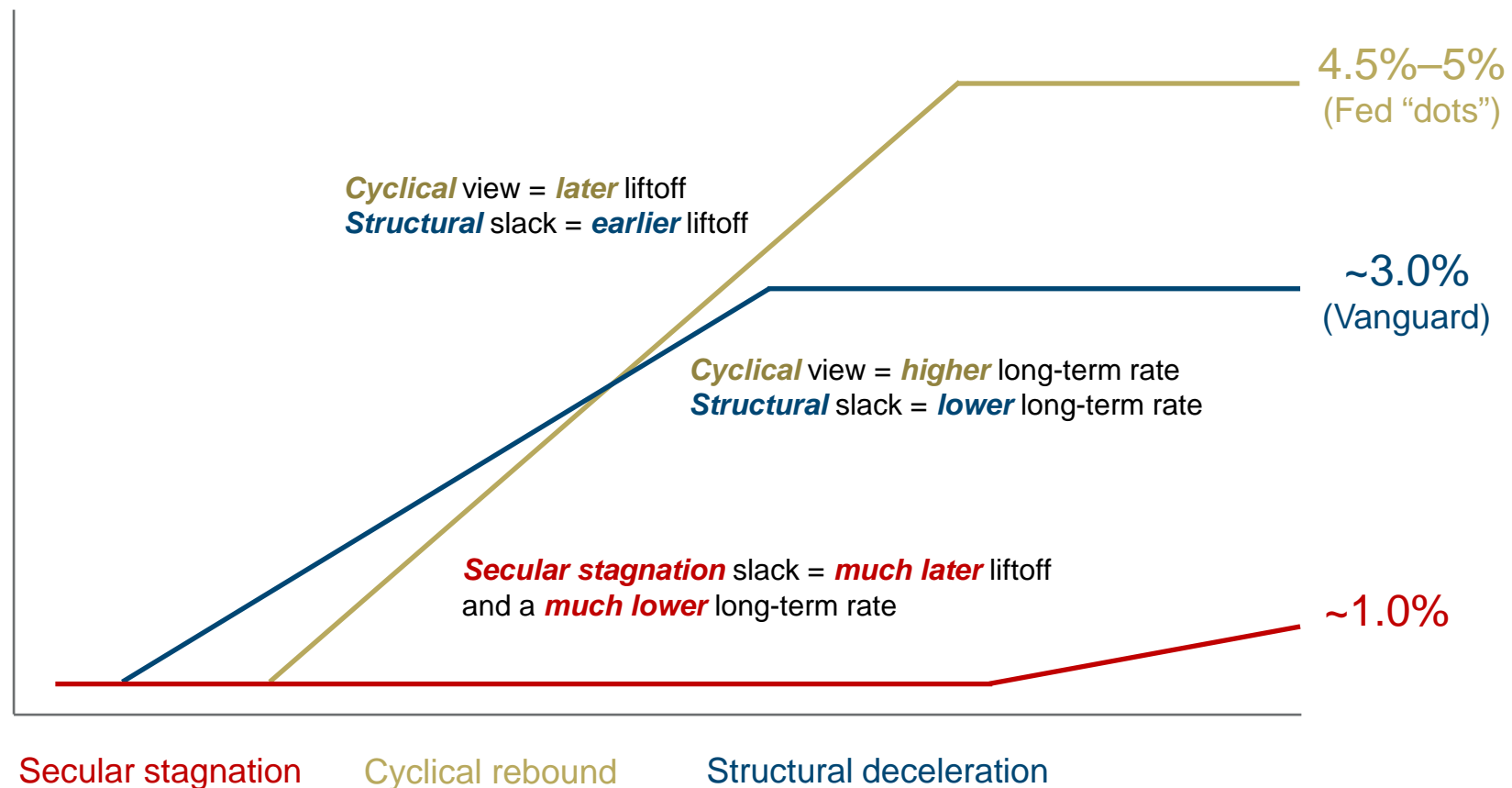
Vanguard's 2015 U.S. growth outlook (2.5%–3.0%)
Estimated distribution of growth outcomes



Note: Distribution of growth outcomes generated by bootstrapping the residuals from a regression, based on a proprietary set of leading economic indicators and historical data, estimated from 1960 to 2014 and adjusting for the time-varying trend growth rate. Trend growth represents projected future estimated trend growth. Sources: Vanguard calculations, based on data from U.S. Bureau of Economic Analysis and Federal Reserve.

Fed outlook: Terminal rate more important than liftoff date

Theoretical policy rate paths under cyclical and structural slack assumptions

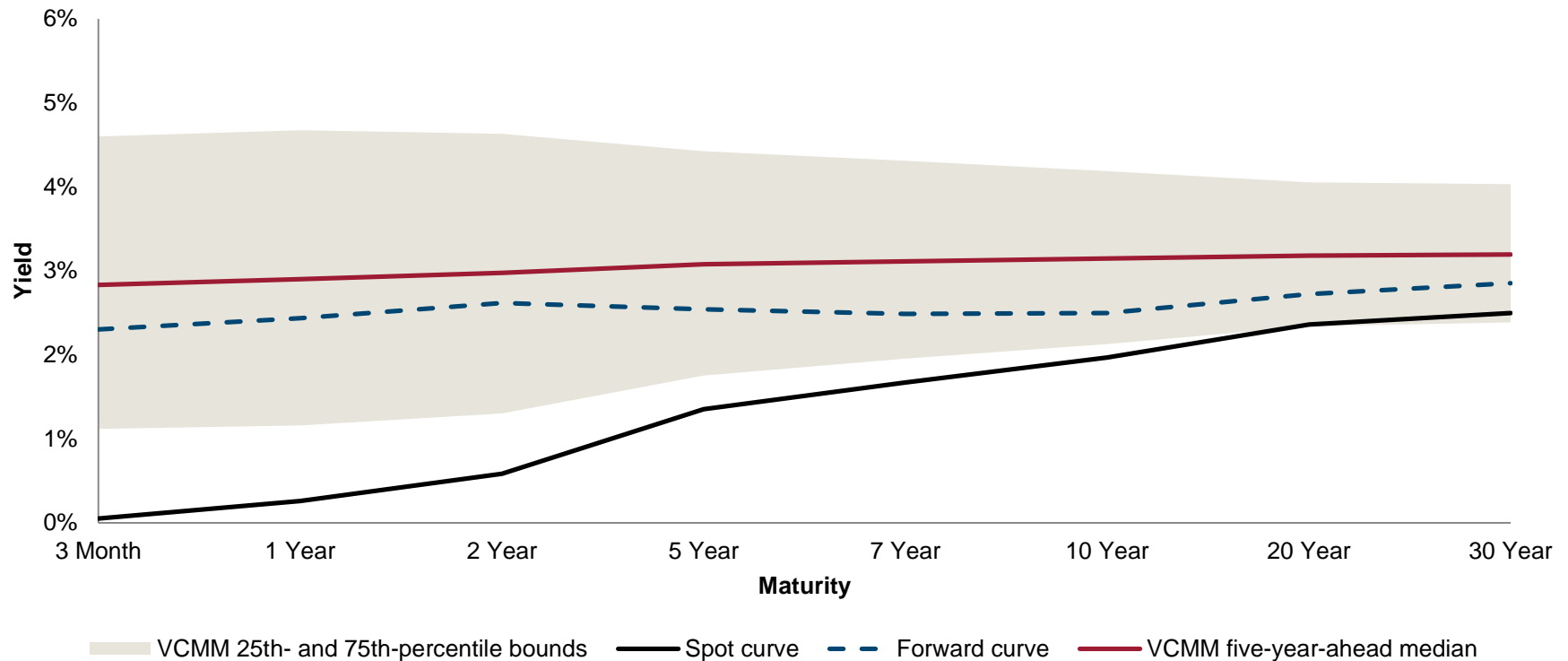


Note: Hypothetical illustration of path and end point of federal funds rate.
Source: Vanguard.

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Market and VCMM interest rate projections

A rise in interest rates is already priced in by the markets



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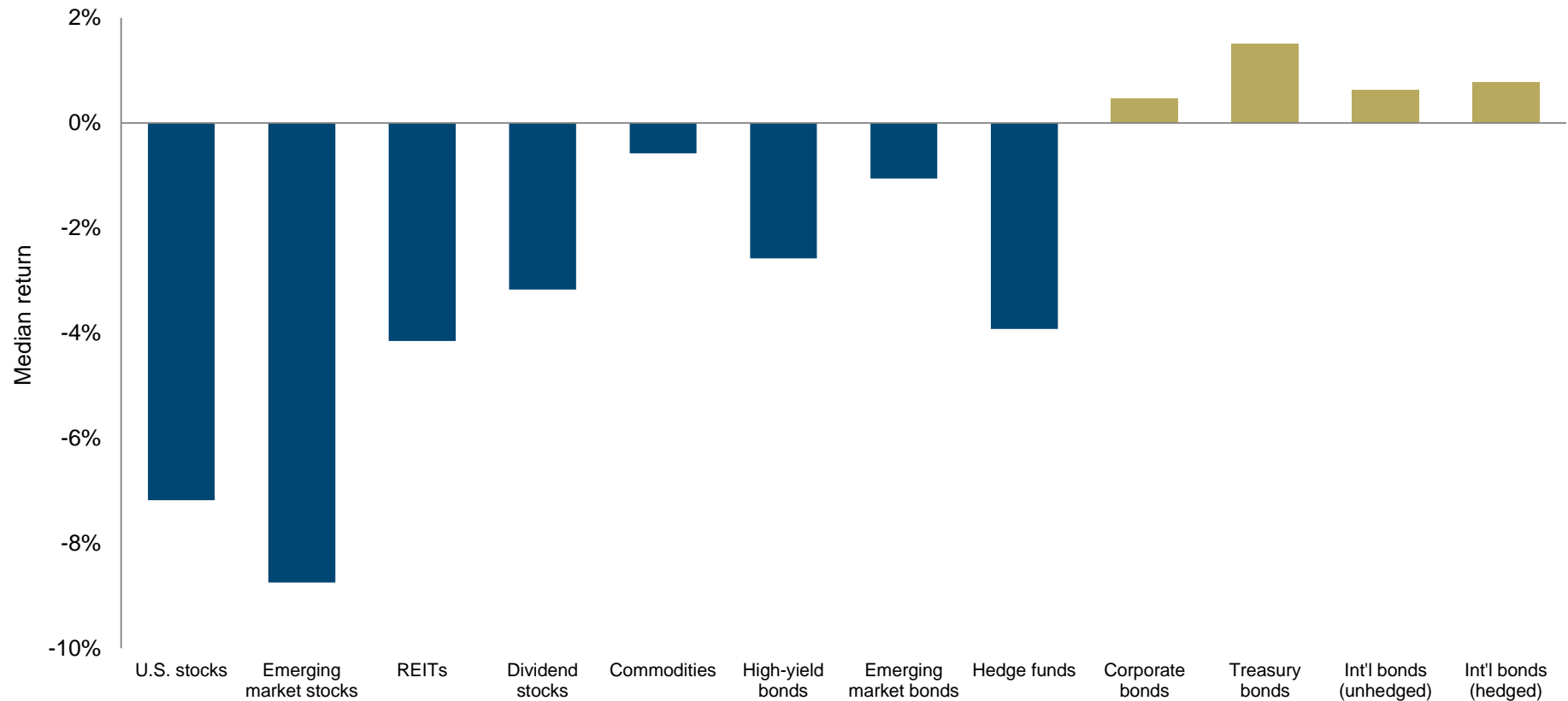
Note: This yield-curve forecast displays the 25th- to 75th-percentile range of 10,000 VCMM simulations for projected yields (five years ahead) of U.S. Treasury curve as of March 31, 2015.

Sources: Vanguard calculations based on data from Bloomberg and Moody's Analytics.

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Bonds can provide ballast in an equity bear market

Median return of various asset classes during the worst decile of monthly equity returns, 1988–2014



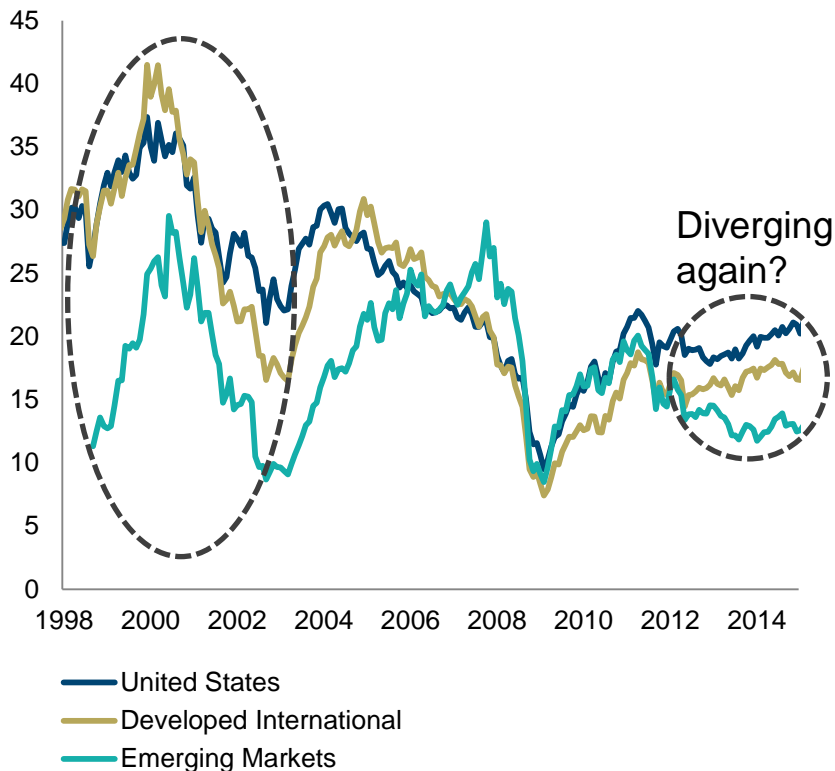
Notes: U.S. stocks, U.S. bonds, and international bonds represented by indexes listed on page 4. Emerging market stocks represented by FTSE Emerging Index and emerging market bonds by Barclays Emerging Markets Tradable USD Sovereign Bond Index. REITs represented by FTSE NAREIT Equity REIT Index, dividend stocks by Dow Jones U.S. Select Dividend Total Return Index, commodities by S&P GSCI Commodity Index, high-yield bonds by Barclays U.S. Corporate High Yield Index, hedge funds by median hedge fund-of-funds return as identified by Morningstar, Inc., corporate bonds by Barclays U.S. Corporate Investment Grade Index, and Treasury bonds by Barclays U.S. Treasury Index.

Sources: Vanguard calculations, based on data from S&P, Citigroup, Barclays, Dow Jones, MSCI, CRSP, and FTSE.

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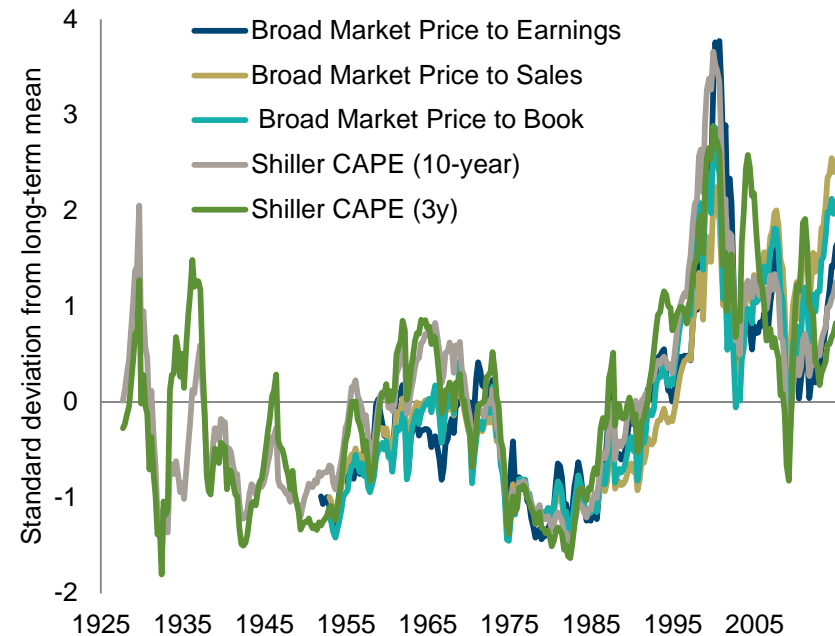
Valuations stretched in the U.S. and developed markets

Valuation for global equity indexes Price over 36-month trailing earnings



Notes: Figure displays the price/earnings ratio with 36-month trailing average earnings. United States is defined as the MSCI United States Index, developed markets ex-U.S. are defined as the MSCI All-World US Index, and emerging markets are defined as the MSCI Emerging Markets Index. Sources: Vanguard calculations, based on data from MSCI. Data as of June 30, 2015.

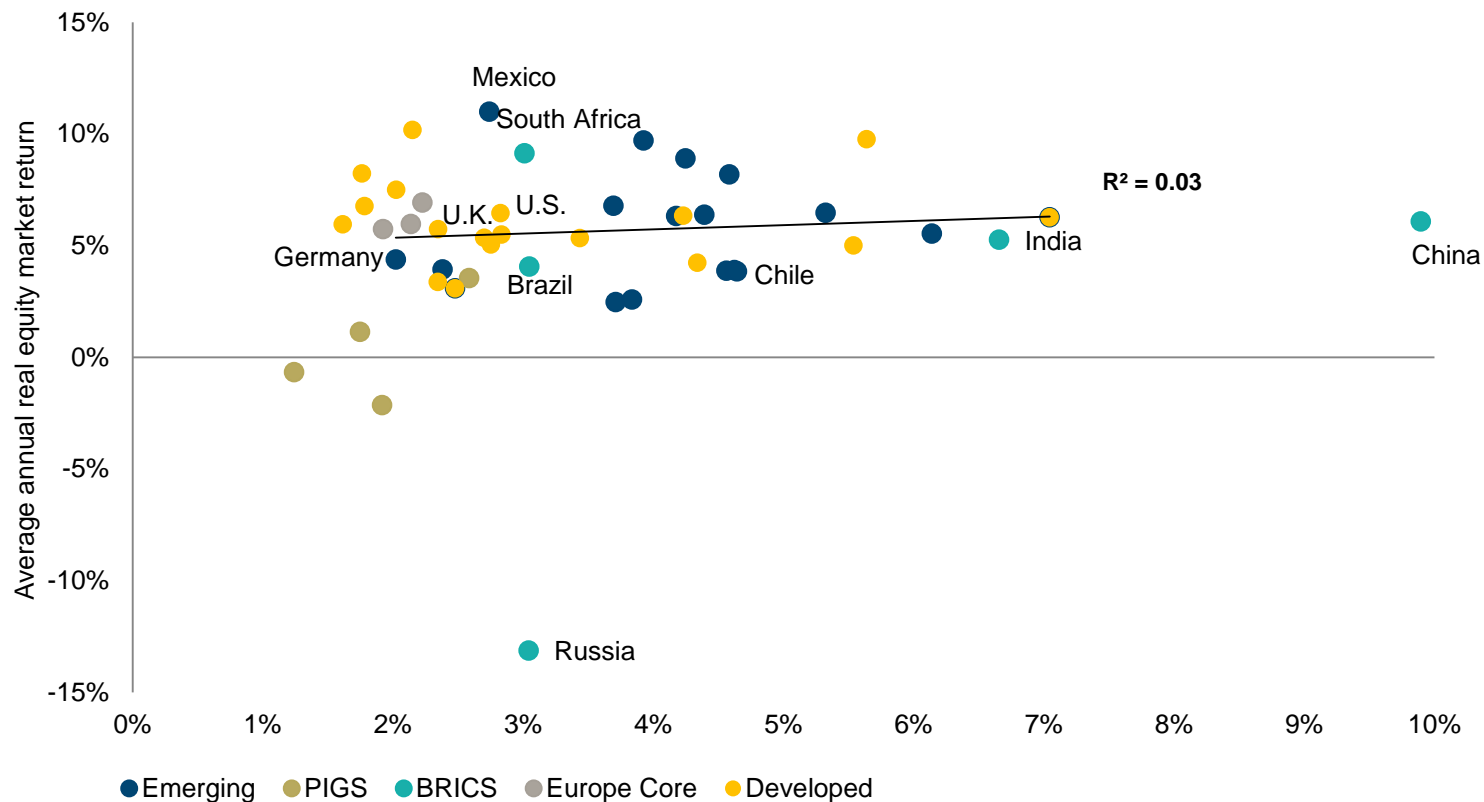
Long-term valuation for U.S. equities, Selected valuation metrics



Notes: Figure displays valuation metrics standardized to have a long-term average of 0.0 and a standard deviation of 1.0. Broad market price/earnings displays the market value of domestic corporations from the Federal Reserve Flow of Funds database relative to the trailing four-quarter average of after-tax corporate profits from the BEA's national accounts. Broad market price/sales displays the market value of domestic corporations from the Flow of Funds database relative to the Gross Value Added of Corporate Business from the BEA's national accounts. Broad market price/book displays the market value of domestic corporations relative to the net worth at historical cost of Nonfinancial Corporate Business, both from the Flow of Funds database. Shiller CAPE (10-year) is the ten-year cyclically adjusted price/earnings ratio as defined in Shiller (2000). Shiller CAPE (3-year) is Shiller's measure, adjusted to smooth earnings over a trailing 36-month period. Sources: Vanguard calculations, based on data from Federal Reserve, U.S. Bureau of Economic Analysis, and Robert Shiller's website, aida.wss.yale.edu/~shiller/data.htm. Data as of June 30, 2015.

Economic growth and equity returns: Be wary of the allure of high economic growth

Real GDP growth and real stock returns 1970–2014



Notes: Figures display each country's average annualized real GDP growth rate along with that country's average annualized real stock return. We include all members of the FTSE All World Index (except the United Arab Emirates, for a lack of return history). The period covered begins in 1970, with the starting point for each country depending on the availability of both returns and GDP data (most developed markets have data from 1970 onward, and most emerging markets have data from 1988 onward). Real growth rates are computed using data from the IMF's World Economic Outlook database (for data prior to 1980, we use the April 2004 database; otherwise we use the April 2013 database). Return data are based on MSCI country indexes spliced with FTSE indexes once the latter are available. Both growth and return data are in real local terms, with the index returns deflated using the GDP deflator from the IMF databases. The 95% confidence interval for the cross-sectional regression slope of returns on GDP growth is -0.51 to 0.61 , with an R-squared of 0.00 . Source: Vanguard, based on data from the IMF, MSCI, and FTSE.

Global sector performance

Global sector returns as of June 30, 2015, in U.S. dollars

	United States		International	
	Three months	One year	Three months	One year
Health Care	3%	27%	0%	6%
Consumer Discretionary	1	15	1	2
Information Technology	0	11	-2	2
Consumer Staples	-2	10	1	-2
Financials	1	9	2	0
Telecommunication Services	2	2	4	1
Industrials	-3	2	1	-4
Materials	-1	-2	0	-14
Utilities	-6	-4	2	-12
Energy	-2	-25	3	-30
Total	0%	7%	1%	-4%

Sources: FactSet and Vanguard.

U.S. markets measured by CRSP US Total Market Index, and international markets represented by FTSE Global All-Cap ex US Index. *Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.*

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Portfolio summary



COMMUNITY FOUNDATION FOR MUSKEGON COUNTY

Monthly Performance Summary

June 30, 2015

	Market Value (\$)	Current Allocation (%)	Policy Allocation (%)	Current Month (%)	Three Months (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Client Inception (%)*
Vanguard® Total Stock Market Index Fund Institutional Shares	54,905,478.94	37.15	36.00	-1.70	0.09	1.90	7.21	17.69	17.57	8.34	-
Spliced Total Stock Market Index				-1.71	0.08	1.89	7.20	17.69	17.58	8.34	-
Multi-Cap Core Fund Average				-1.81	-0.23	1.77	5.00	16.48	15.24	6.95	-
Total Equity Domestic	54,905,478.94	37.15	36.00	-1.70	0.09	1.90	7.21	-	-	-	10.49
Spliced Total Stock Market Idx				-1.71	0.08	1.89	7.20	17.69	17.58	8.34	10.49
Vanguard® Total International Stock Index Fund Inst Shares	36,724,631.66	24.85	24.00	-2.68	1.30	5.42	-4.57	9.90	-	-	-
Spliced Total Int'l Stock Index				-2.68	1.11	4.83	-4.49	10.06	8.03	5.47	-
International Fund Average				-2.60	1.38	5.91	-3.48	10.82	8.94	5.00	-
Total Equity International	36,724,631.66	24.85	24.00	-2.67	1.30	5.42	-4.57	-	-	-	-0.91
Spliced Total Int'l Stock Index				-2.68	1.11	4.83	-4.49	10.06	8.03	5.47	-0.67
Total Equity	91,630,110.60	62.00	60.00	-2.09	0.57	3.31	2.55	-	-	-	5.98



	Market Value (\$)	Current Allocation (%)	Policy Allocation (%)	Current Month (%)	Three Months (%)	Year to Date (%)	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Client Inception (%)*
Vanguard® Total Bond Market Index Fund Institutional Shares	41,481,149.35	28.07	30.00	-1.00	-1.78	-0.16	1.74	1.71	3.26	4.43	-
Spliced Barclays US Agg Float-Adj Ix				-1.11	-1.76	-0.13	1.78	1.82	3.38	4.45	-
Spl Interm Inv-Grade Debt Funds Avg				-1.12	-1.63	-0.04	1.11	2.18	3.67	3.91	-
Total Fixed Income Investment Grade	41,481,149.35	28.07	30.00	-1.00	-1.78	-0.16	1.74	-	-	-	2.44
Spl Barclays US Agg Float-Adj Ix				-1.11	-1.76	-0.13	1.78	1.82	3.38	4.45	2.52
Total Fixed Income	41,481,149.35	28.07	30.00	-1.00	-1.78	-0.16	1.74	-	-	-	2.44
Vanguard® REIT Index Fund Institutional Shares	14,680,427.51	9.93	10.00	-4.57	-10.45	-6.21	3.86	8.66	14.25	7.21	-
REIT Spliced Index				-4.59	-10.44	-6.19	3.93	8.71	14.29	7.14	-
Real Estate Fund Average				-4.13	-9.10	-5.13	4.03	8.24	13.53	6.21	-
Total Other Investments Domestic	14,680,427.51	9.93	10.00	-4.57	-10.45	-6.21	3.86	-	-	-	6.40
MSCI US REIT Index				-4.59	-10.44	-6.19	3.93	8.71	14.29	6.96	6.49
Total Other Investments	14,680,427.51	9.93	10.00	-4.57	-10.45	-6.21	3.86	-	-	-	6.40
Total Portfolio	147,791,687.46	100.00	100.00	-2.03	-1.24	1.38	2.60	-	-	-	5.24
Total Portfolio - Net of Fee				-2.03	-1.25	1.36	2.55	-	-	-	5.20
Composite Benchmark^				-2.05	-1.27	1.31	2.61	-	-	-	5.17
Total Portfolio IRR				-2.04	-1.24	1.36	2.58	-	-	-	4.83

* Since Client Inception returns for the Total Portfolio represent the period beginning 04/30/2014. Sub-asset class returns reflect the client inception date of their respective sub-asset class.

^ 36% Spliced Total Stock Market Index/30% Spliced Barclays US Agg Float-Adj Ix/24% Spliced Total Int'l Stock Index/10% REIT Spliced Index since 04/30/2014

† Rows within the Current Allocation column may not add because of rounding.

Asset allocation summary of CFMC VIAS composite portfolio

As of June 30, 2015

Investment	Market value as of June 30, 2015	Target allocation	Actual weight	Variance
Domestic equity				
Total Stock Market Index Fund Institutional Shares	\$54,905,479	36.0%	36.2%	0.2%
<i>Domestic equity subtotal</i>	<i>\$54,905,479</i>	<i>36.0%</i>	<i>36.2%</i>	<i>0.2%</i>
International equity				
Total International Stock Index Fund Institutional Shares	\$36,724,632	24.0%	24.2%	0.2%
<i>International equity subtotal</i>	<i>\$36,724,632</i>	<i>24.0%</i>	<i>24.2%</i>	<i>0.2%</i>
Fixed income				
Total Bond Market Index Fund Institutional Shares	\$41,481,149	30.0%	29.9%	-0.1%
Total Bond Market ETF (held at PNC in pledge)*	\$3,841,462			
<i>Fixed income subtotal</i>	<i>\$45,322,611</i>	<i>30.0%</i>	<i>29.9%</i>	<i>-0.1%</i>
Other investments				
REIT Index Fund	\$14,680,428	10.0%	9.7%	-0.3%
<i>Other investments subtotal</i>	<i>\$14,680,428</i>	<i>10.0%</i>	<i>9.7%</i>	<i>-0.3%</i>
Total portfolio	\$151,633,149	100.0%	100.0%	

* Total Bond Market ETF market value is reported by Community Foundation for Muskegon County staff.

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Historical portfolio performance

Community Foundation for Muskegon County (CFMC) Quarterly Summary of Combined Historical Performance For the period ending 6/30/2015

	Quarter	YTD	1 year	Annualized return			Calendar return				
				3 year	5 year	10 year	2014	2013	2012	2011	2010
CFMC Composite Portfolio	-1.25	1.36	2.56	8.71	8.88	5.63	5.68	12.35	12.21	-3.47	13.95
CFMC Composite Benchmark *	-1.27	1.31	2.61	11.15	11.46	6.54	7.08	19.26	12.92	0.70	12.98

Notes:

Composite performance data consists of previous providers' portfolio and benchmark returns through April 2014; VIAS returns thereafter. Data prior to May 2014 is based upon information taken from the previous providers' quarterly performance reports and is provided as an estimate only. Composite does not include segregated accounts or pledge holdings.

Return calculations are derived from Morningstar Direct.

* Composite Benchmark allocations over time:

50% S&P 500 / 10% Russell 2000 / 10% MSCI EAFE / 30% LB AGG from March 2004 to March 2005;

45% S&P 500 / 12.5% Russell 2000 / 12.5% MSCI EAFE / 30% LB AGG from March 2005 to December 2007;

55% Russell 3000 / 15% MSCI AC World Index ex-US / 30% LB AGG from December 2007 to December 2008;

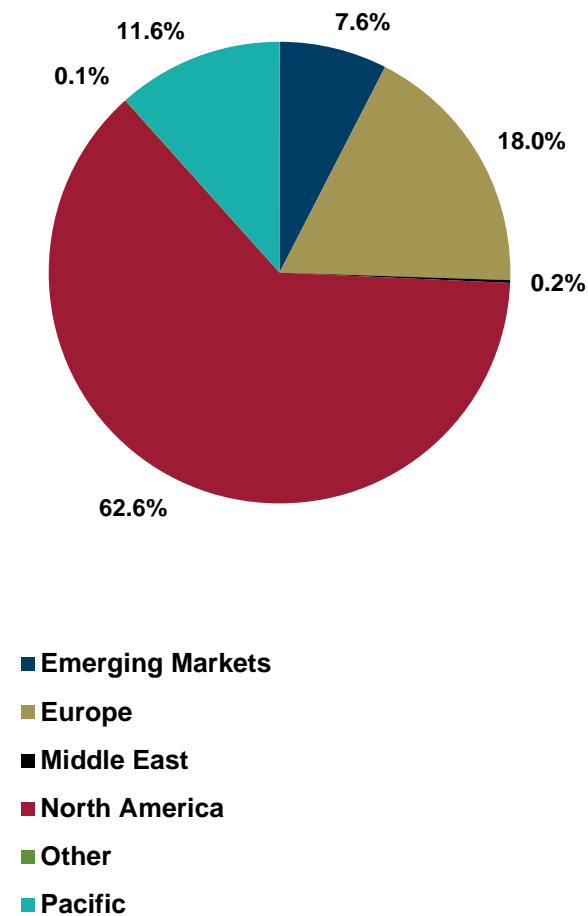
55% Russell 3000 / 15% MSCI AC World Index ex-US / 30% Barclays AGG from December 2008 to April 2014;

36% Spliced Total Stock Market Index (CRSP US Total Market Index) / 30% Spliced Barclays US Agg Float-Adj Ix (Barclays U.S. Aggregate Float Adjusted Index)/24% Spliced Total Int'l Stock Index (FTSE Global All Cap ex US Index) / 10% REIT Spliced Index (MSCI US REIT Index) since 4/30/2014.

Past performance is not a guarantee of future returns.

Equity portfolio diversification by region and country

By regional exposure



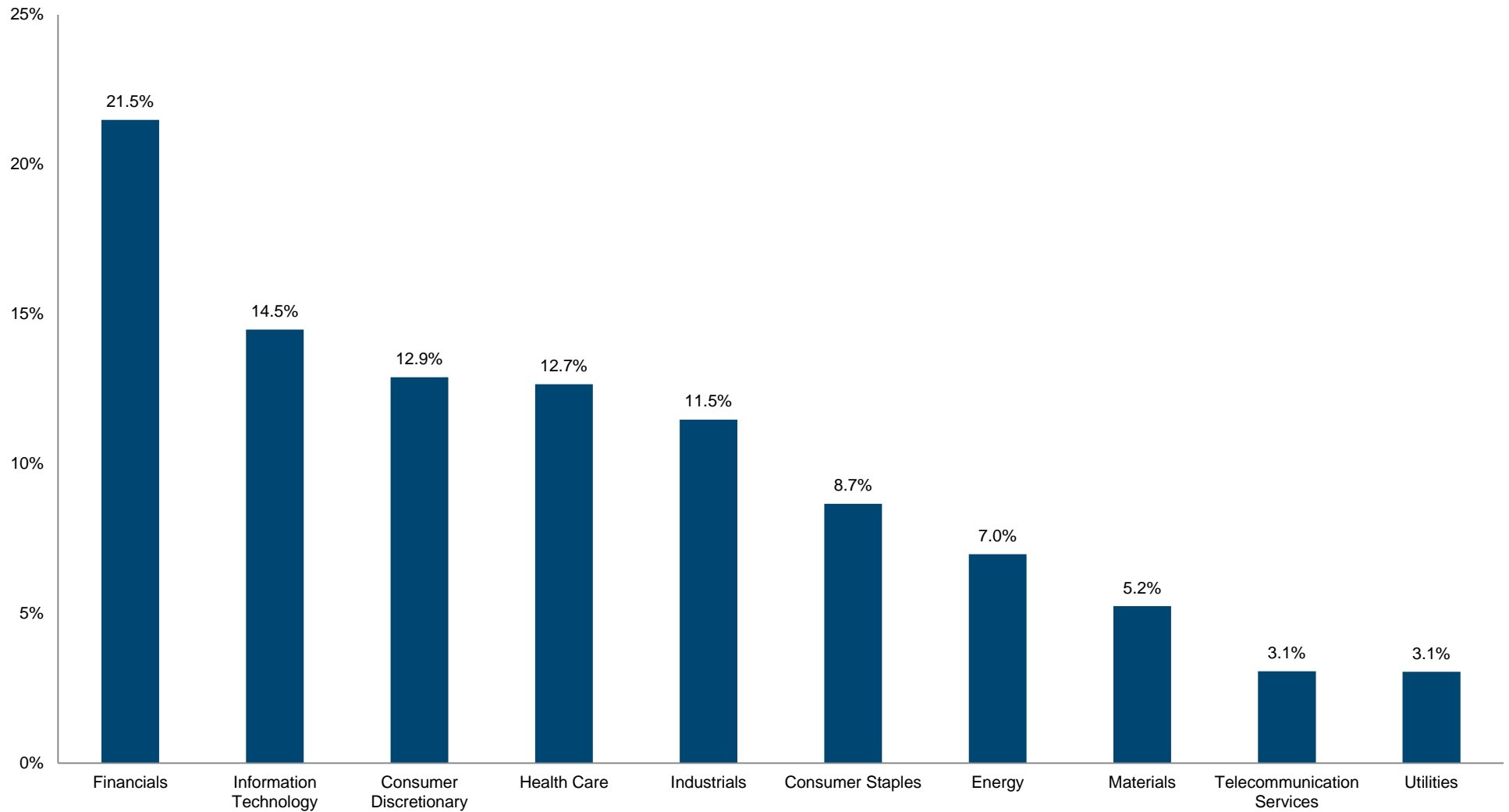
By country

Country	Portfolio weight (%)	Country	Portfolio weight (%)
United States	60.0%	Finland	0.3%
Japan	6.9%	Thailand	0.2%
United Kingdom	5.8%	Norway	0.2%
Canada	2.6%	Israel	0.2%
France	2.5%	Indonesia	0.2%
Switzerland	2.4%	Ireland	0.1%
Germany	2.4%	Philippines	0.1%
China	2.1%	Poland	0.1%
Australia	1.9%	Turkey	0.1%
Korea	1.2%	Chile	0.1%
Taiwan	1.2%	Austria	0.1%
Hong Kong	1.0%	United Arab Emirates	0.1%
Spain	0.9%	New Zealand	0.1%
India	0.9%	Other	0.1%
Sweden	0.8%	Portugal	0.1%
Italy	0.7%	Colombia	0.0%
Netherlands	0.7%	Egypt	0.0%
South Africa	0.6%	Greece	0.0%
Brazil	0.6%	Hungary	0.0%
Denmark	0.5%	Peru	0.0%
Singapore	0.4%	Luxembourg	0.0%
Belgium	0.4%	Czech Republic	0.0%
Mexico	0.4%	Argentina	0.0%
Malaysia	0.3%	Cambodia	0.0%
Russia	0.3%		

Source: Vanguard. Data as of 6/30/2015.

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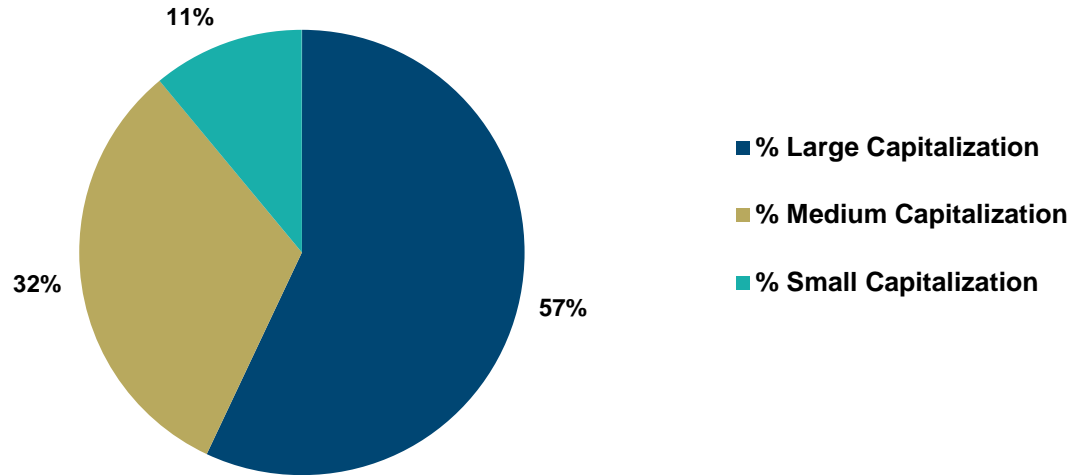
Equity portfolio diversification by sector



Source: Vanguard. Data as of 6/30/2015.

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Equity portfolio diversification by market capitalization



Domestic equity market cap breakdown

large (> \$25.19 billion)	63.8%
mid (\$3.29 - \$25.19 billion)	27.8%
small (< \$3.29 billion)	8.3%

International equity market cap breakdown

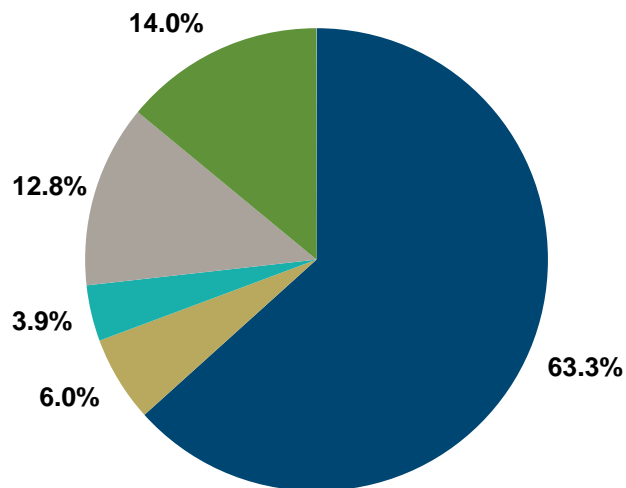
large (> \$29.17 billion)	45.6%
mid (\$4.12 - \$29.17 billion)	38.0%
small (< \$4.12 billion)	15.9%

Source: Vanguard. Data as of 6/30/2015.

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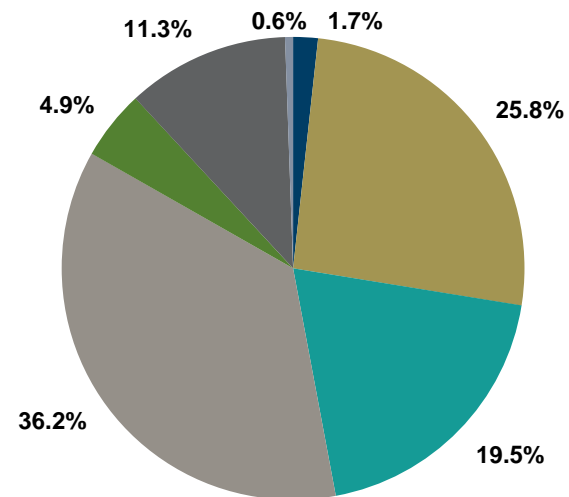
Fixed income portfolio diversification by credit quality and maturity

By credit quality



- U.S. Government
- Aaa
- Aa
- A
- Baa

By maturity

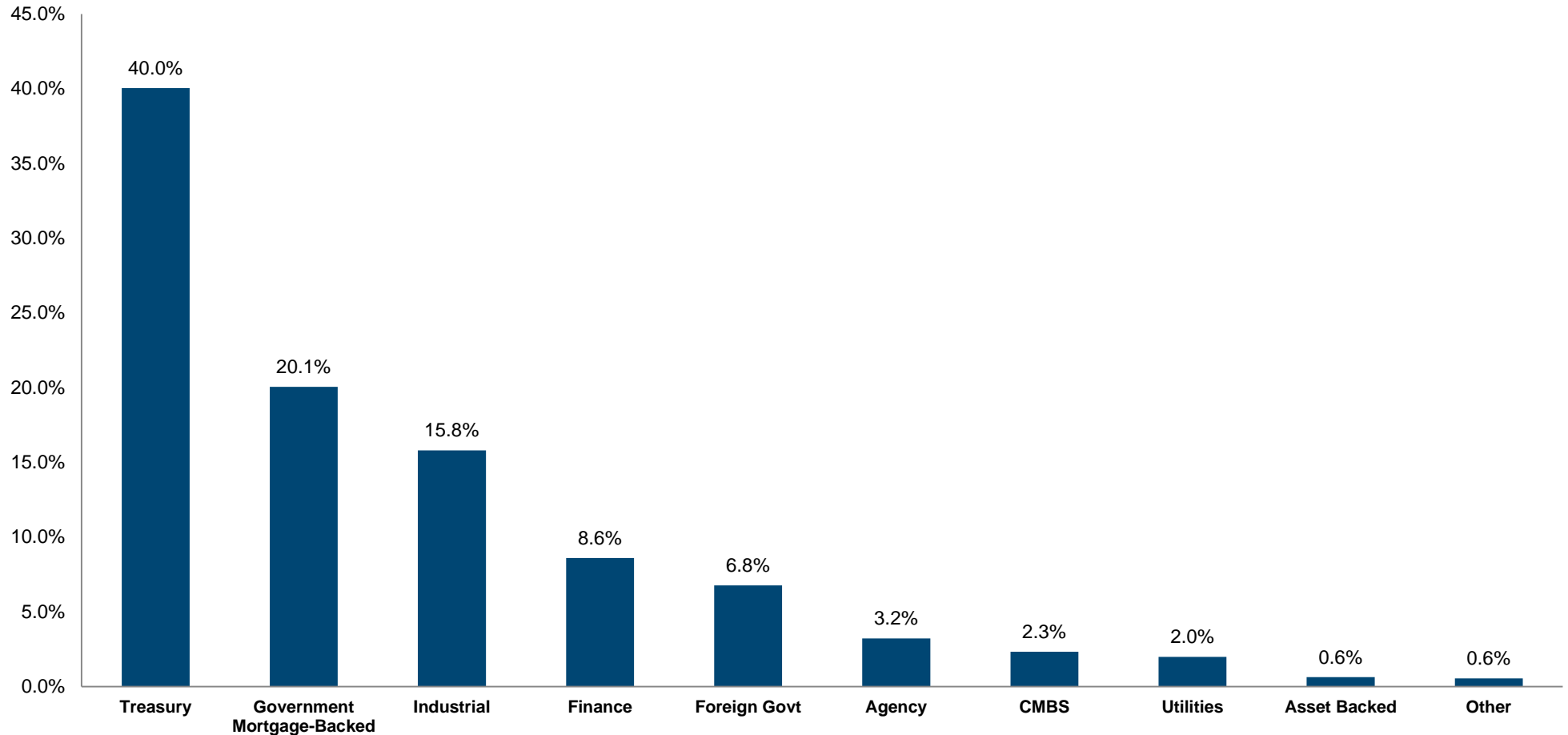


- Under 1 Year
- 1 - 3 Years
- 3 - 5 Years
- 5 - 10 Years
- 10 - 20 Years
- 20 - 30 Years
- Over 30 Years

Source: Vanguard. Data as of 6/30/2015.

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Fixed income portfolio diversification by issuer type



Source: Vanguard. Data as of 6/30/2015.

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Segregated accounts

Investment performance of segregated accounts

As of June 30, 2015

Community Foundation for Muskegon County (CFMC) Quarterly Summary of Investment Performance of Segregated Accounts For the period ending 6/30/2015

Account name	Investment manager	Q2 2015 return	YTD 2015	Market value as of 6/30/15
Freedom – Willard Bosma	RJ	-1.25%	+1.24%	\$453,481
Maykol Bond	ML	+0.54%	+0.95%	\$108,131
J. Hanna/M. Murphy	UBS	-0.28%	+1.92%	\$1,092,504
Ernest E. Settle	UBS	-0.29%	+1.87%	\$1,172,827
Cutler	Schwab	-0.24%	+0.29%	\$207,732
The 2012 Fund	Schwab	+0.00%	+0.00%	\$1,171,184
MI Heritage Trails (MICHHT)	UBS	-0.41%	+1.65%	\$1,197,504
Hilt Landing Proj. (Hiltlp)	UBS	+0.01%	+0.02%	\$13,371
Donahue	NW	-0.74%	+0.54%	\$130,592
G & B Hilt Fund (hilt05)	UBS	-0.68%	+4.33%	\$6,750,939
Collins	RJ	-0.60%	-0.16%	\$648,955
Smith	RJ	-2.60%	-2.34%	\$79,234
Bush Scholarship (bushj)	AGLC	+0.43%	+0.84%	\$16,451

Note: Vanguard cannot independently validate the accuracy of the returns shown above.

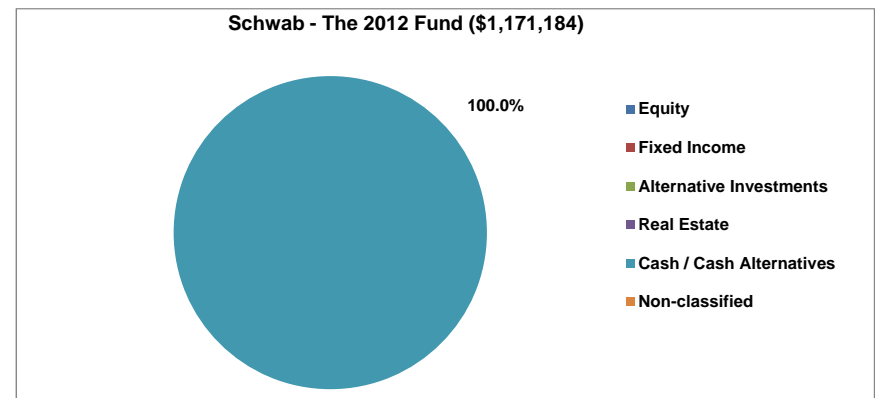
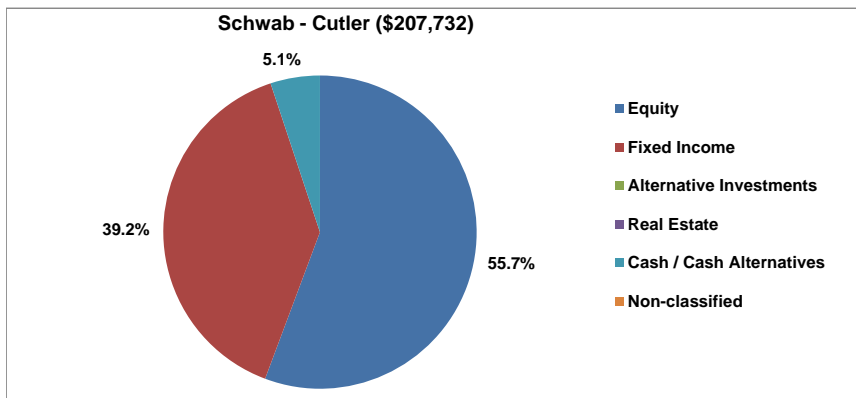
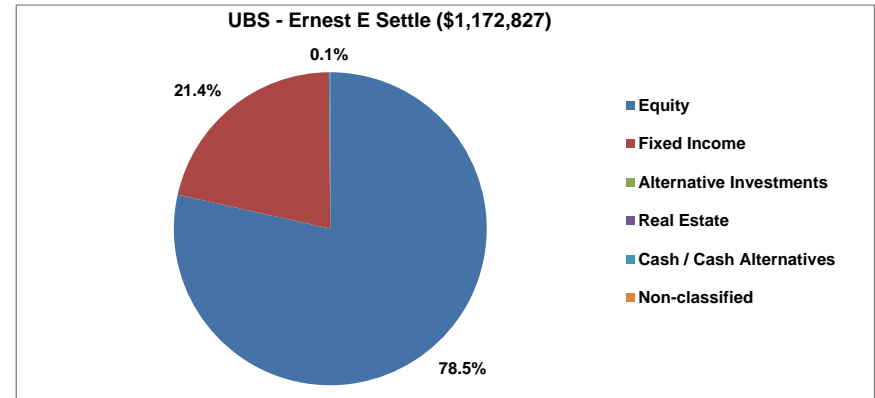
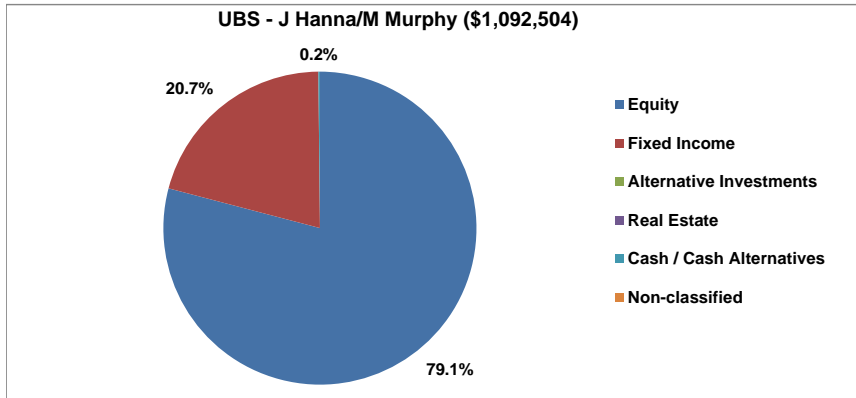
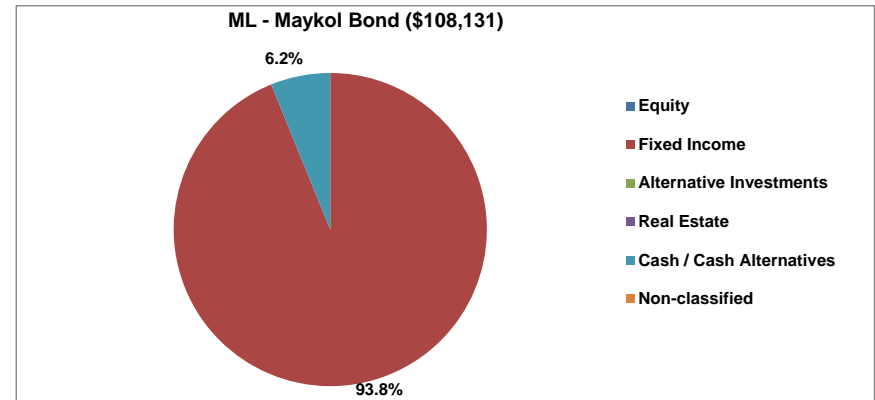
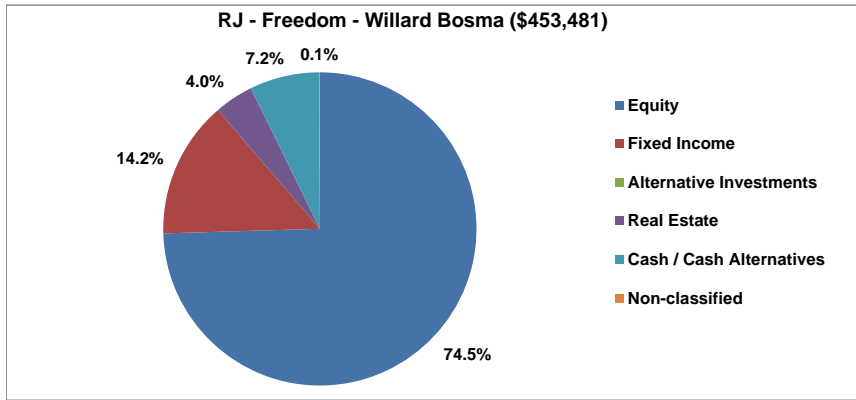
Note: Performance net of investment manager fees.

All returns are manually calculated using data provided by the investment providers and CFMC staff. Return calculation reflects beginning period and ending period market values adjusted for investment provider or CFMC cash flows and investment provider fees.

Past performance is not a guarantee of future returns.

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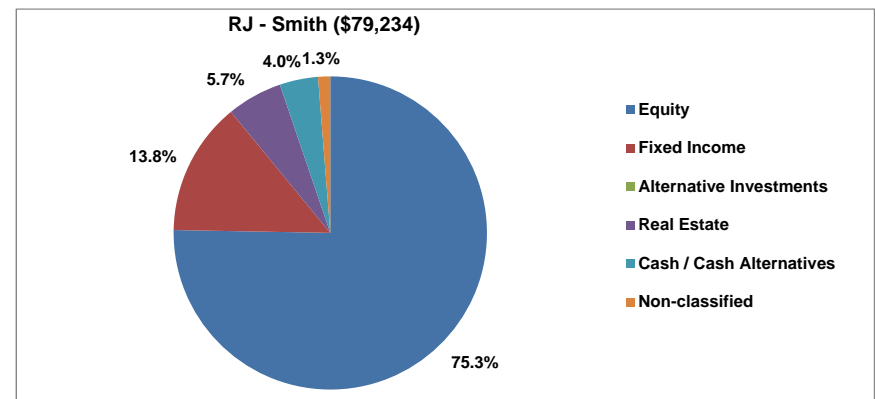
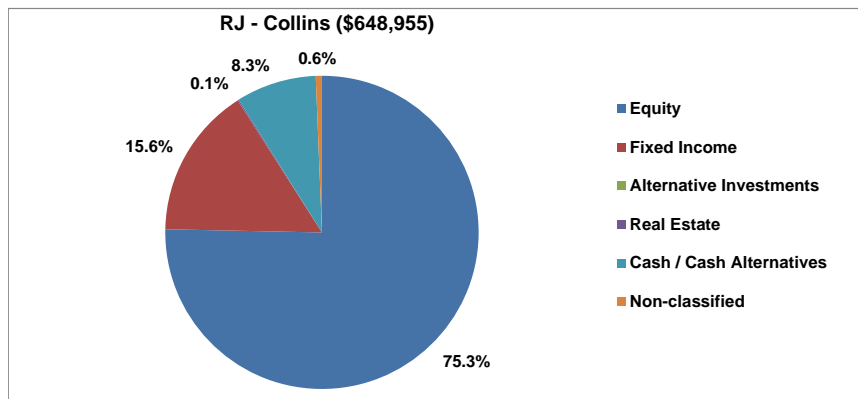
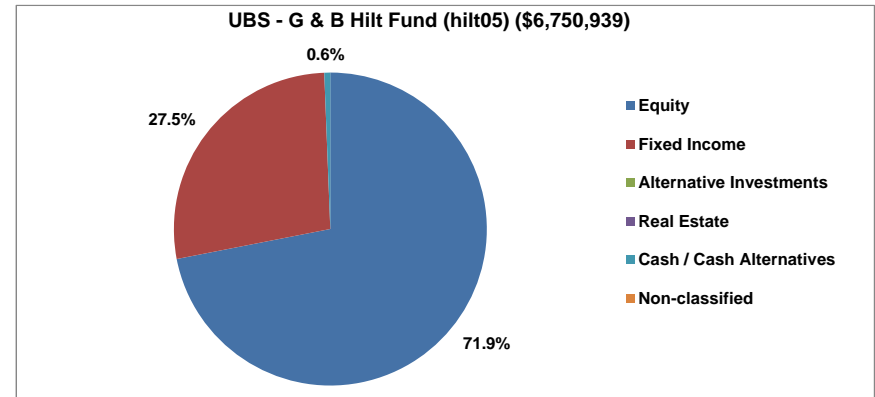
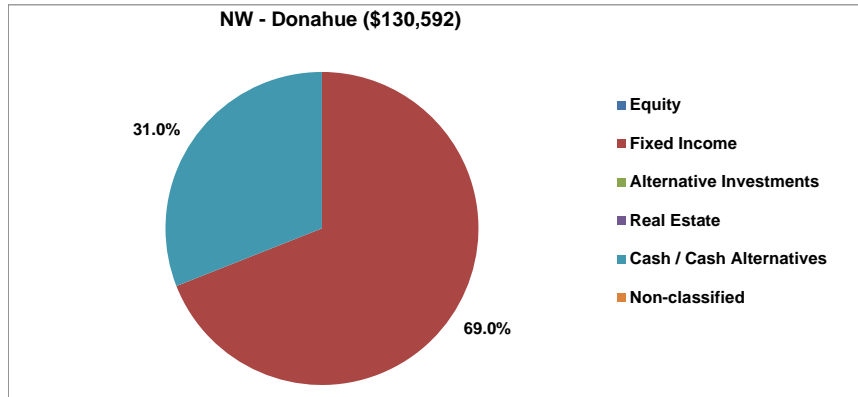
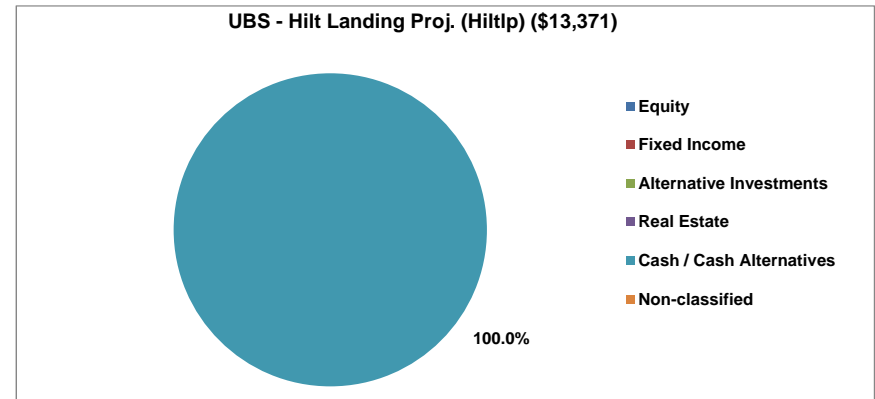
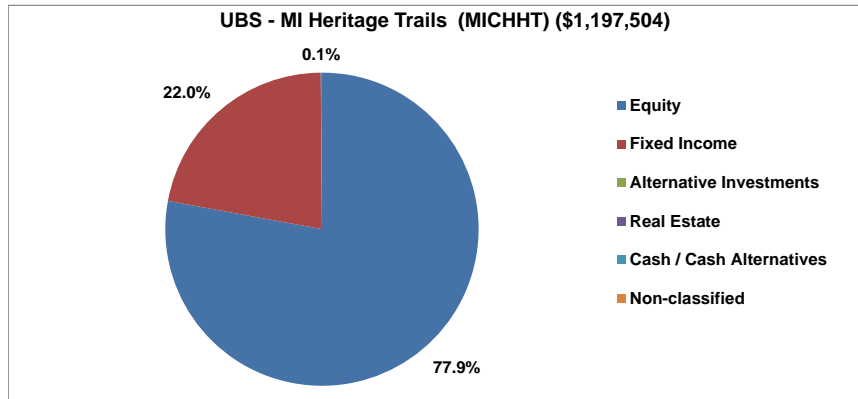
**Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 6/30/2015**



Note: Asset allocation data sourced from investment manager statements. Vanguard cannot independently validate the accuracy of the data provided.

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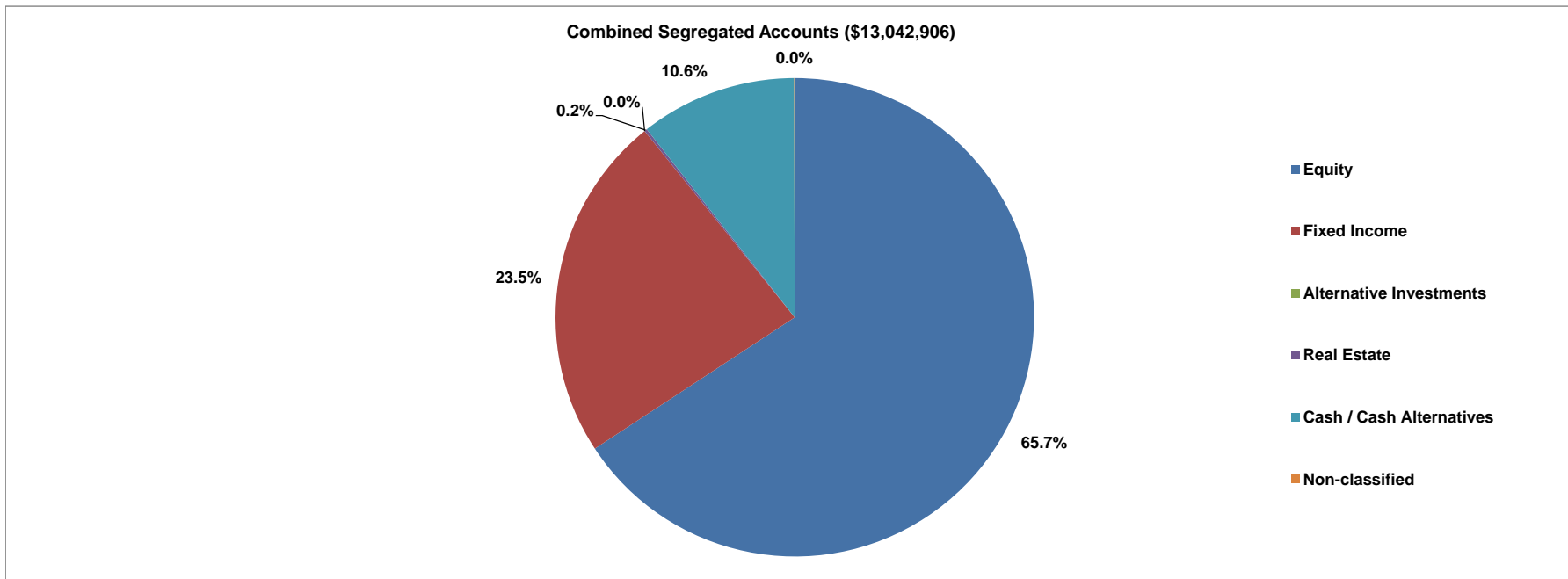
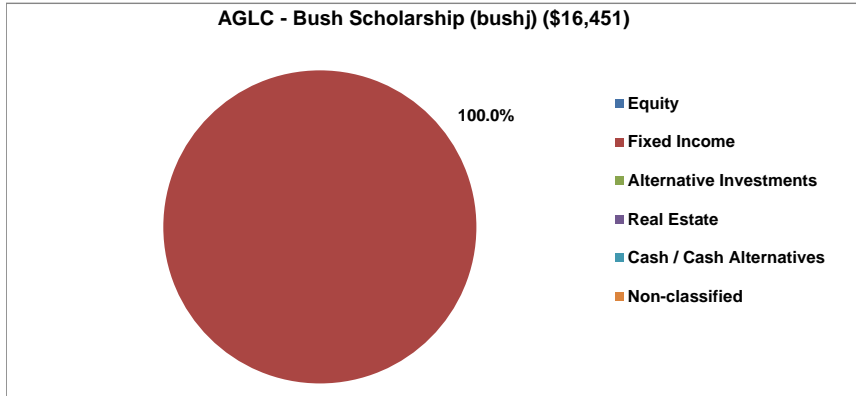
Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 6/30/2015



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**Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 6/30/2015**

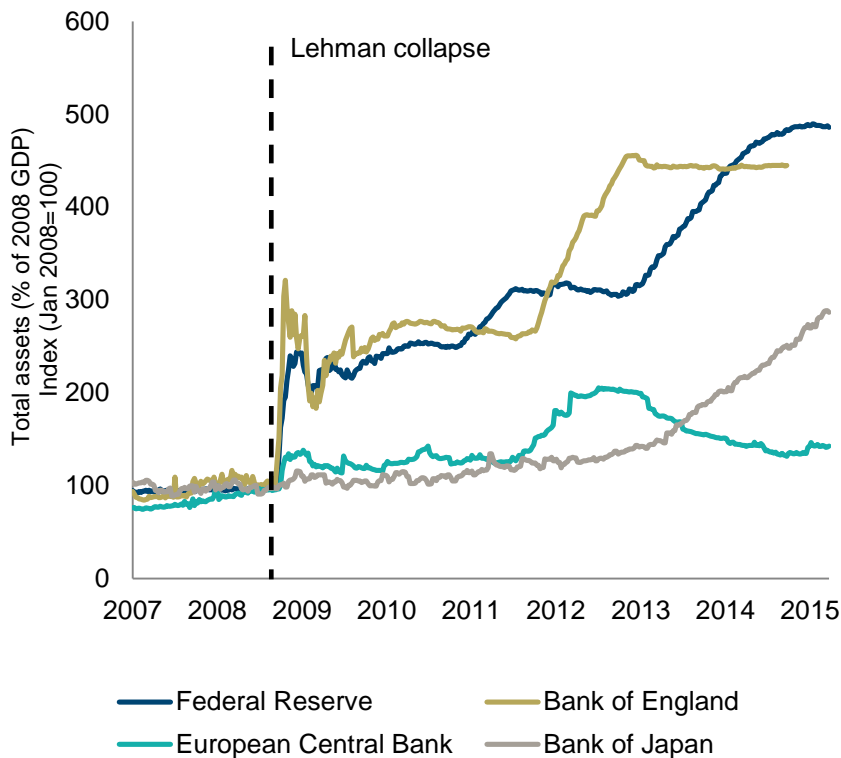


Note: Asset allocation data sourced from investment manager statements. Vanguard cannot independently validate the accuracy of the data provided.
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Fixed income and rising rates

Global monetary policies diverging

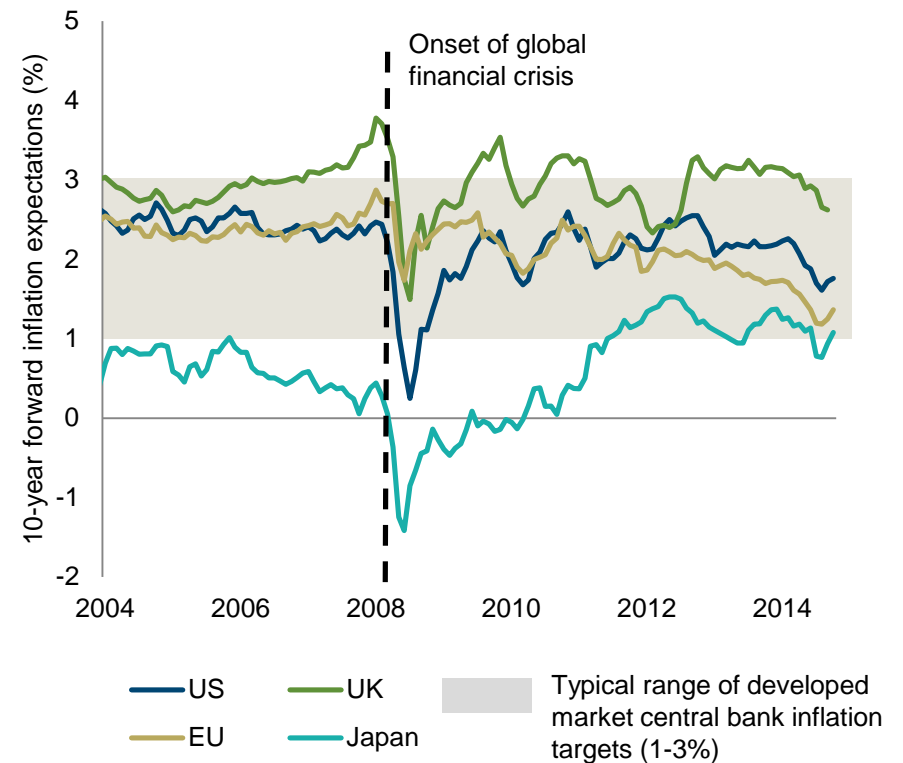
Global central bank assets as a percentage of a region's 2008 GDP



Notes: Total assets for each central bank are shown as percentage of that country's or region's 2008 GDP. Data as of March 2015.
Sources: Vanguard calculations, based on data from Federal Reserve, Bank of England, ECB, Bank of Japan, and IMF.

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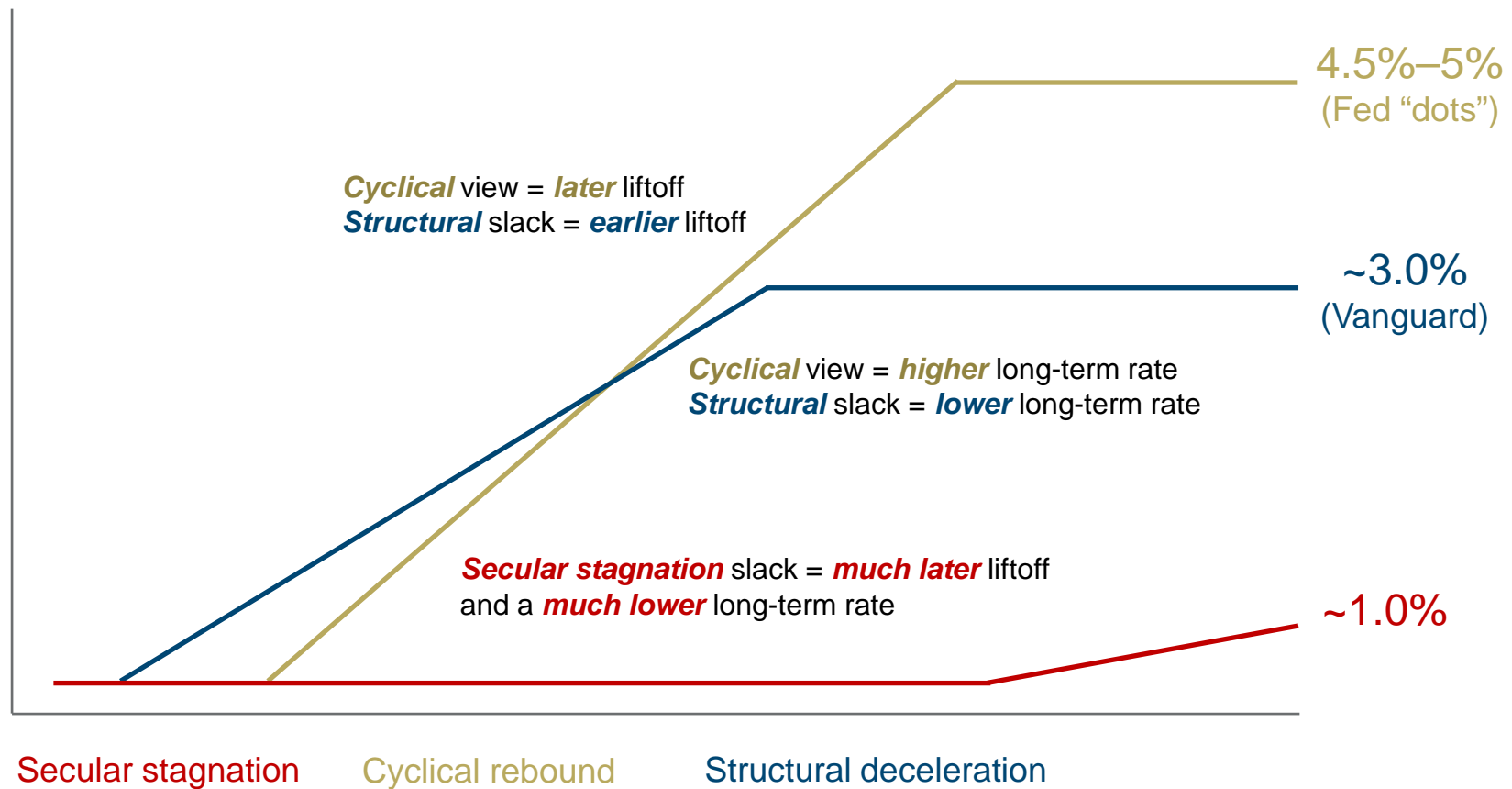
Break even inflation (BEI)



Note: Figure displays 10-year forward inflation expectations for each country. U.S. and UK represent 10-year break even inflation (BEI), Japan represents 10-year US BEI less 10-year yield differential between U.S. and Japan through 10/31/2013 and 10-year break even inflation thereafter, and EU represents 10-year Inflation swaps.
Sources: Vanguard calculations, based on data from U.S. Federal Reserve, Bank of Japan, Bank of England, and ECB. Data as of March 31, 2015.

Fed outlook: Terminal rate more important than liftoff date

Theoretical policy rate paths under cyclical and structural slack assumptions

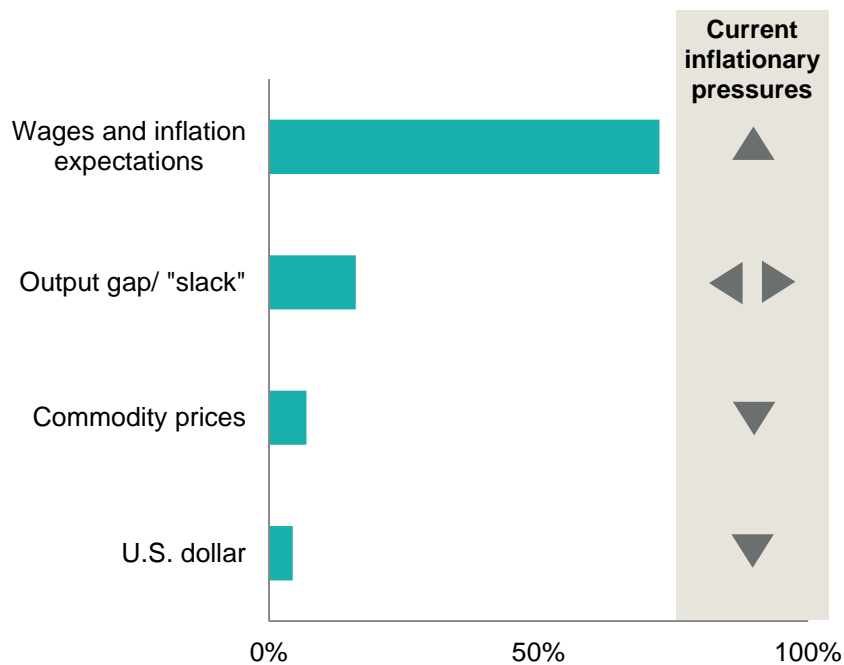


Note: Hypothetical illustration of path and end point of federal funds rate.
Source: Vanguard.

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Wage pressures and core inflation

Decomposition of variance of U.S. core inflation, 1983–2014



Note: Chart based on inflation-variance decomposition described in Vanguard research (Davis, 2007).
 Sources: Vanguard, based on data from U.S. Bureau of Labor Statistics, Federal Reserve Board, Bridge/Commodity Research Bureau, and Federal Reserve Bank of Philadelphia.

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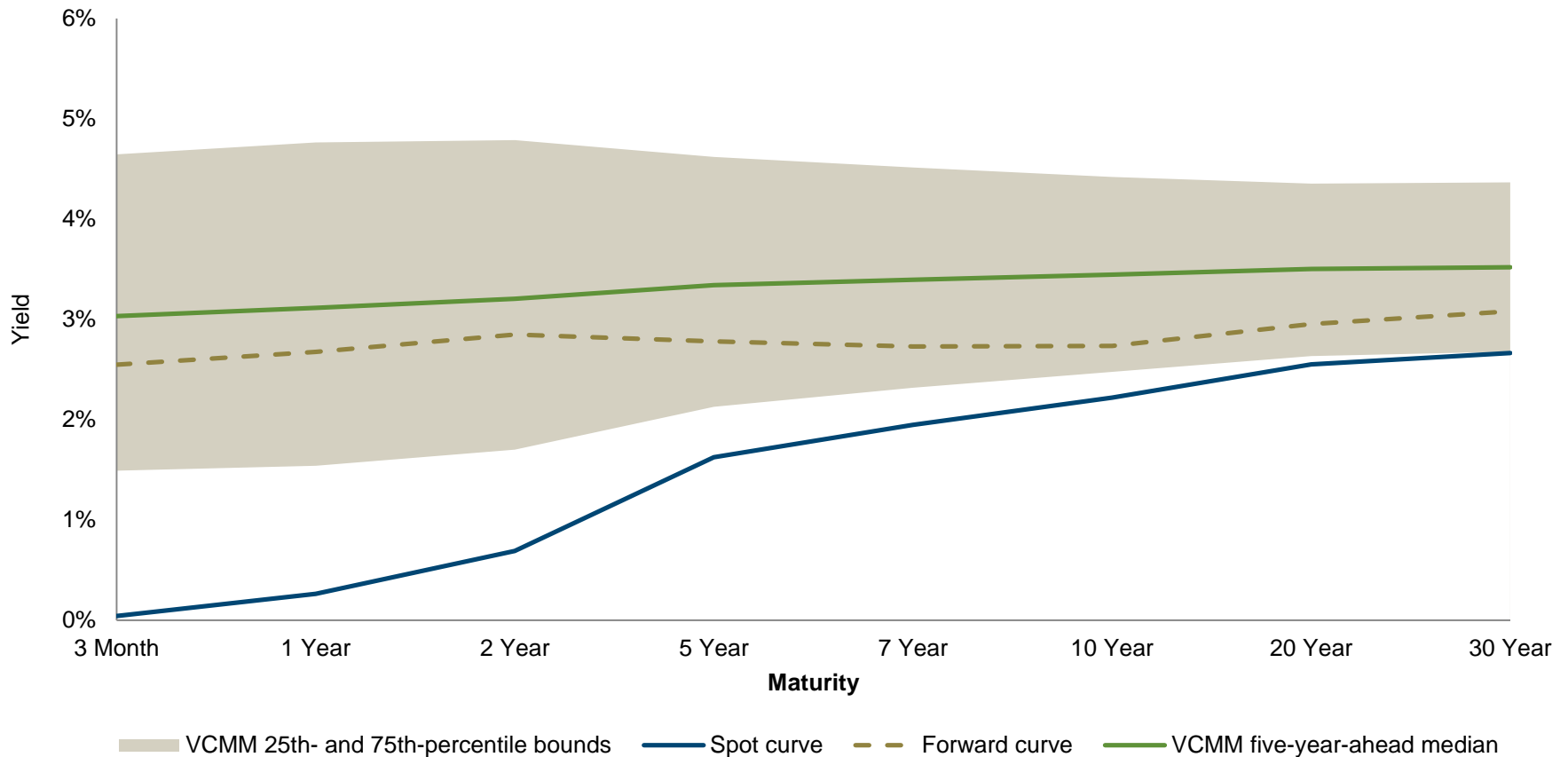
Vanguard wage inflation composite index and core CPI



Notes: Vanguard wage composite consists of 26 weighted wage indicators across industries and is calibrated to core CPI. It leads CPI by 11 months. Left and right axes aligned based on estimate of inflationary level of wage growth and Fed's target inflation. Productivity growth and inflation target on left represents 2% inflation target plus estimated productivity growth of 1%. Right axis represents Fed's inflation target of 2%.
 Sources: Vanguard calculations, based on Thomson Reuters Datastream and Moody's Analytics Data Buffet.

Market and VCMM interest rate projections

A rise in interest rates is already priced in by the markets



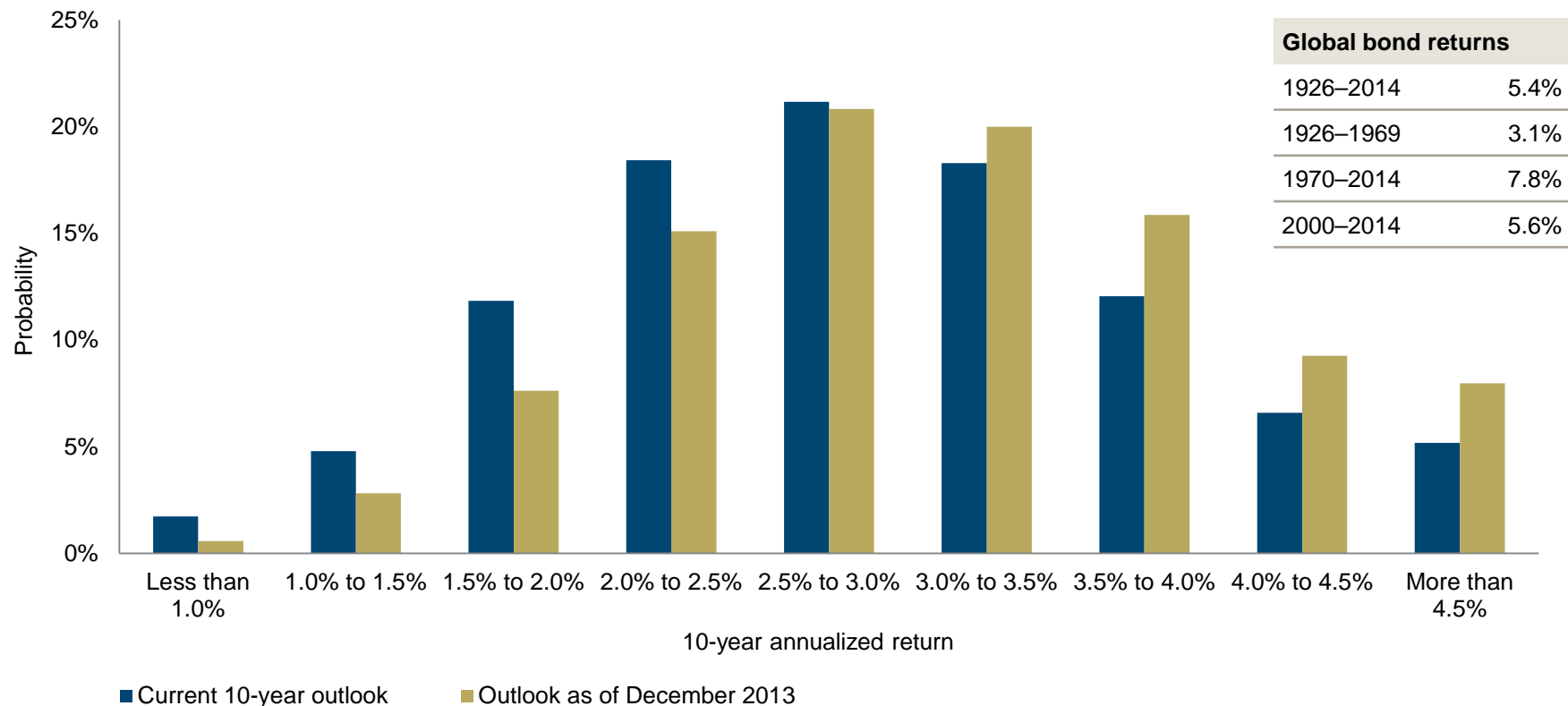
Note: This yield-curve forecast displays the 25th- to 75th-percentile range of 10,000 VCMM simulations for projected yields (five years ahead) of U.S. Treasury curve as of December 31, 2014.

Sources: Vanguard calculations, based on data from Bloomberg and Moody's Analytics.

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Projected global fixed income ten-year return outlook

VCMM-simulated distribution of expected average annualized return of the global fixed income market, estimated as of December 2013 and December 2014

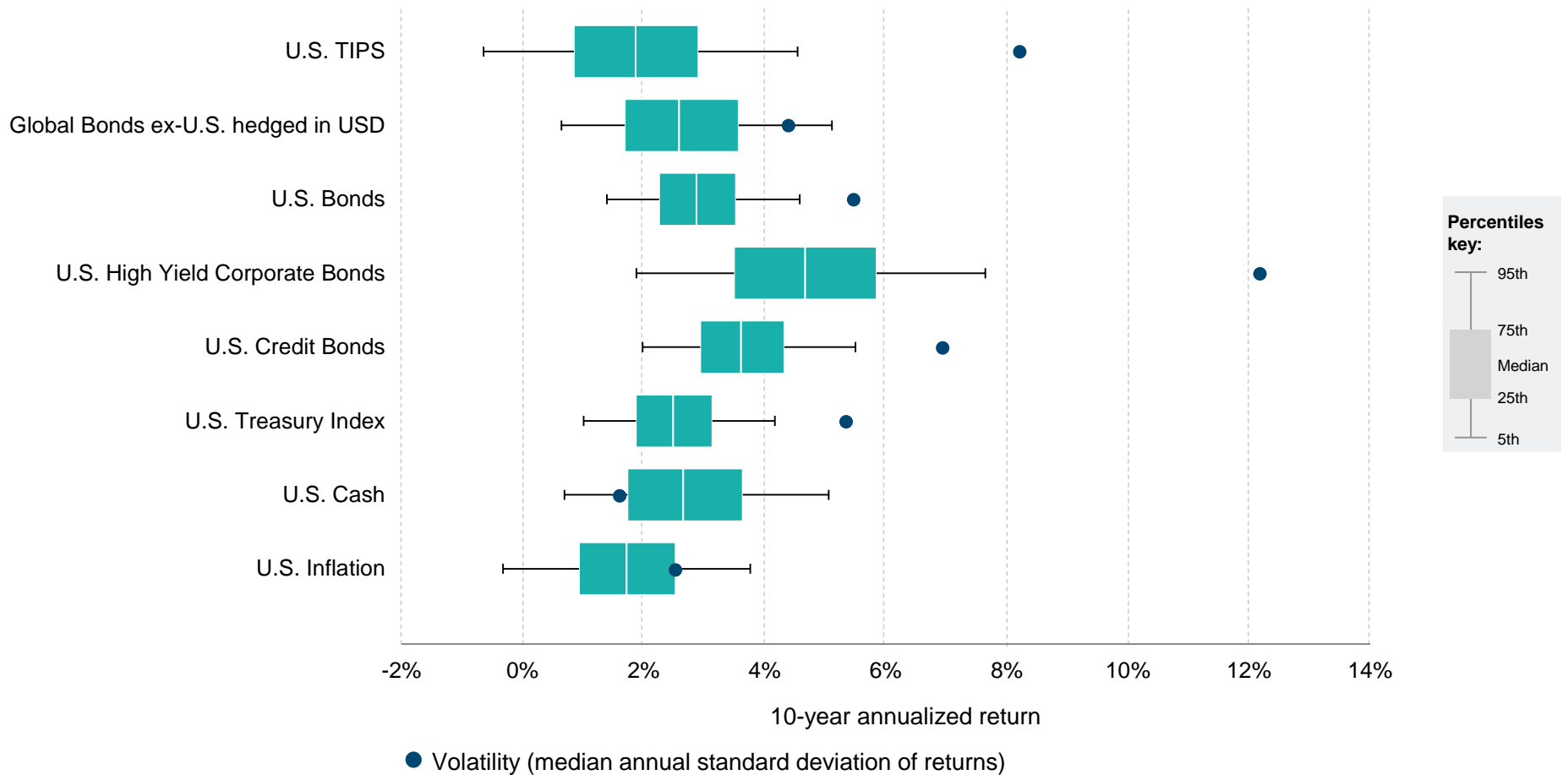


IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM, derived from 10,000 simulations for global equity returns and fixed income returns in USD. Simulations as of December 31, 2014. Results from the model may vary with each use and over time. For more information, please see the Important information slide.

Note: Figure displays projected range of returns for a portfolio of 80% U.S. bonds and 20% ex-U.S. bonds, rebalanced quarterly. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Patterson, and Ahluwalia 2014).

Source: Vanguard.

Bond market ten-year return outlook: Setting reasonable expectations



IMPORTANT: The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class. Simulations are as of December 31, 2014. Results from the model may vary with each use and over time.

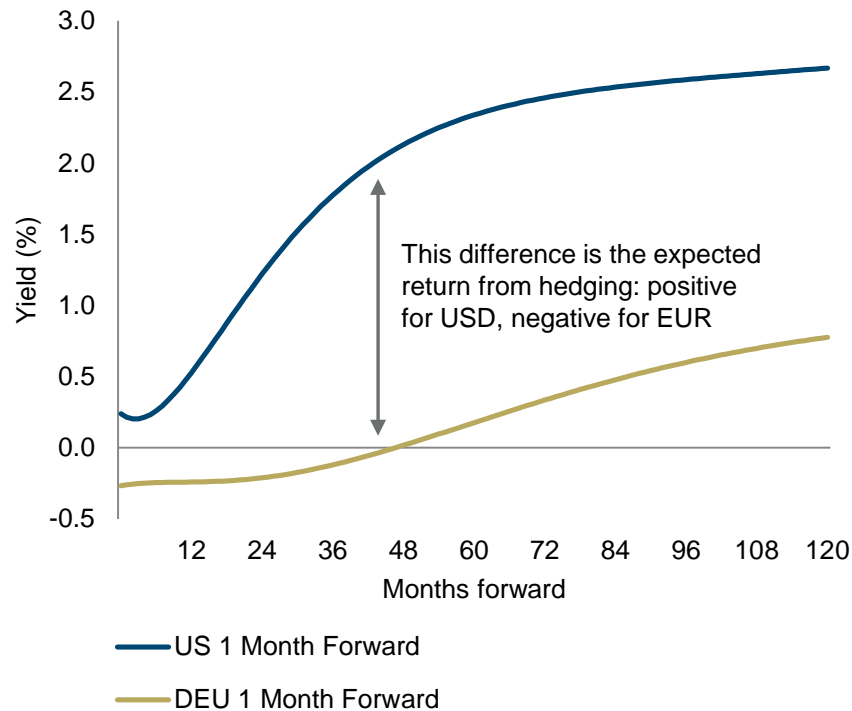
Notes: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of December 31, 2014, in USD for asset classes highlighted here. For details, see *Vanguard's economic and investment outlook* (Davis, Aliaga-Diaz, Patterson, and Ahluwalia 2014).

Source: Vanguard.

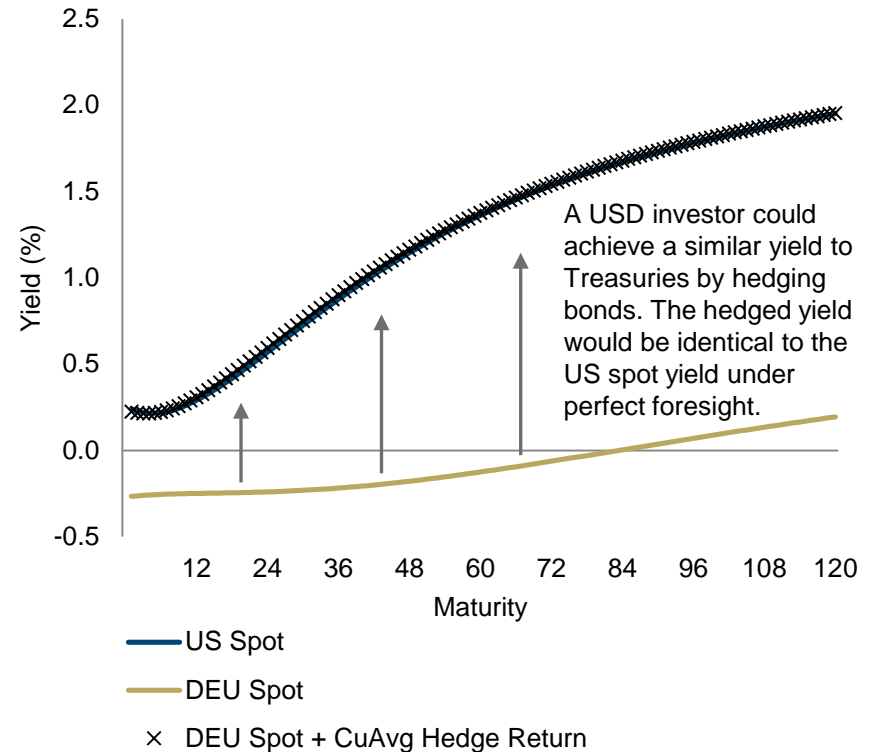
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Hedging currency in fixed income: Why all the negativity?

Regardless of the yield environment, the expected hedge return is the difference between the forward curves



At the time of the hedge, investors are indifferent between domestic and international bonds hedged back to their currency

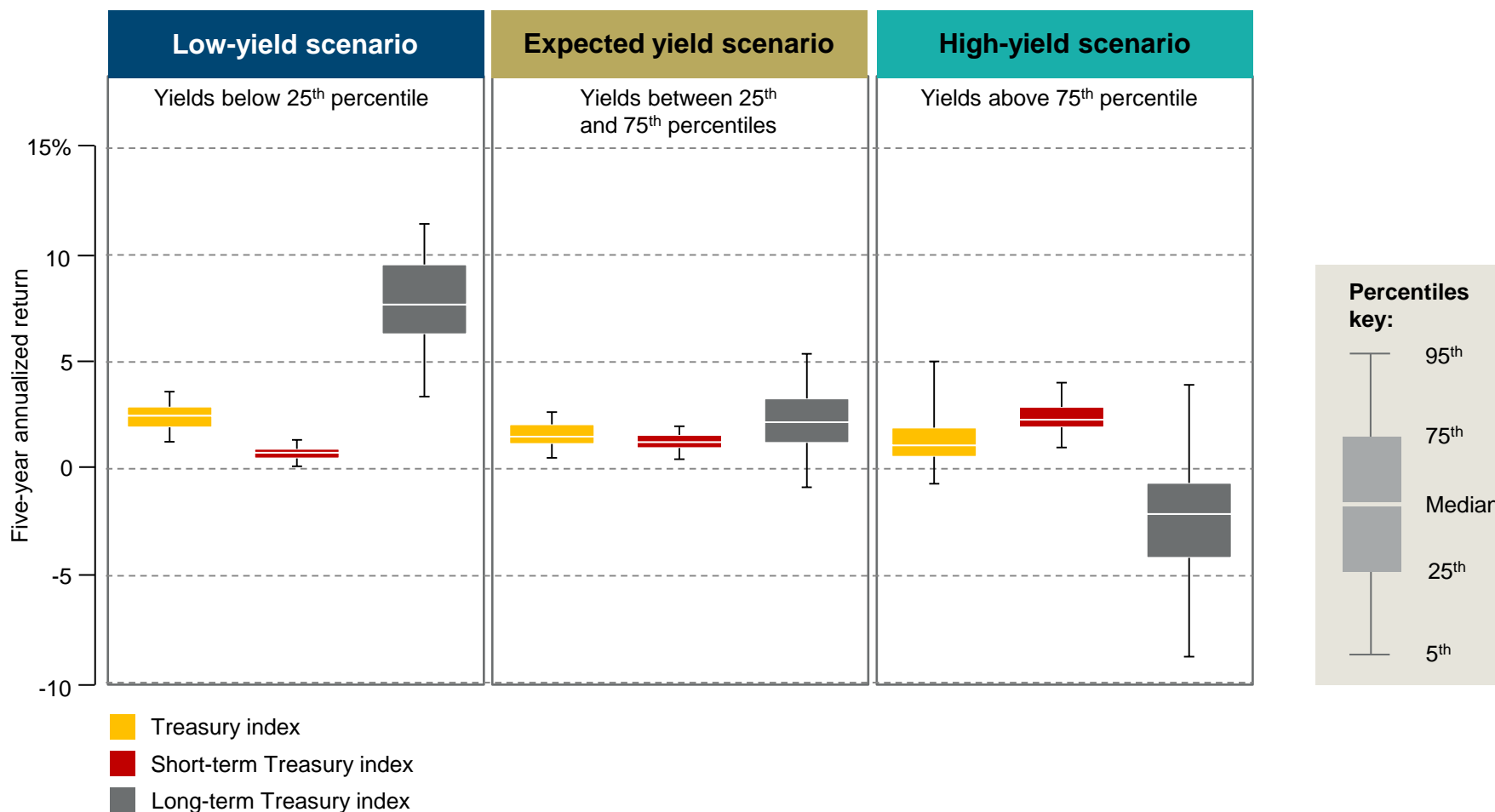


Notes: U.S. spot and German yield curve data as of April 1, 2015.

Source: Vanguard calculations based on data from Board of Governors of the Federal Reserve System and Bundesbank.

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Duration tilts: Short-duration strategies are not without risks

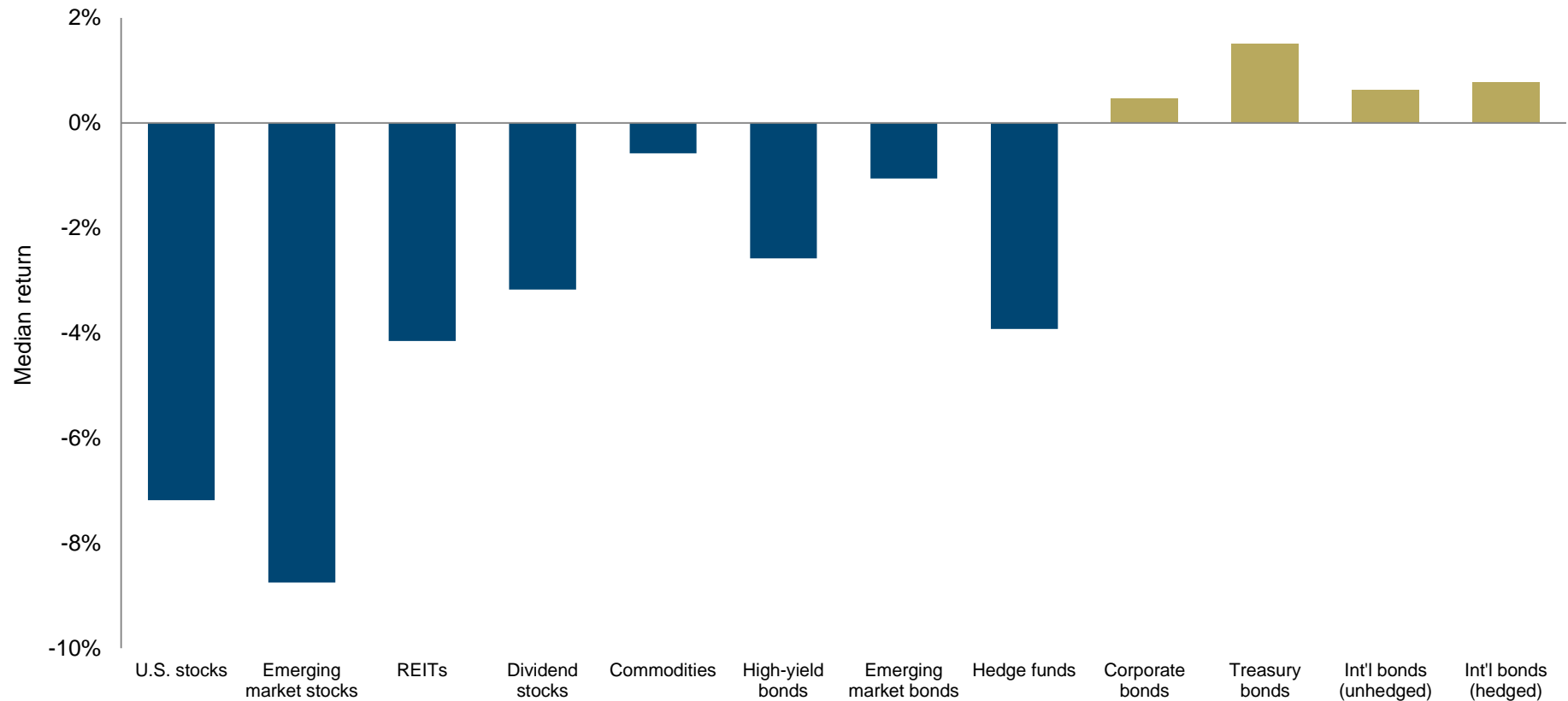


Notes: Forecast displays distribution of 10,000 VCMM simulations for five-year annualized returns of asset classes shown as of September 2014. Scenarios are obtained based on sorting the three-month and 30-year Treasury yields at the end of every year from the VCMM. The three scenarios combined are a subset of the 10,000 simulations from the VCMM. See appendix section titled "Index simulations," for further details on asset classes shown here. Source: Vanguard.

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Bonds can provide ballast in an equity bear market

Median return of various asset classes during the worst decile of monthly equity returns, 1988–2014



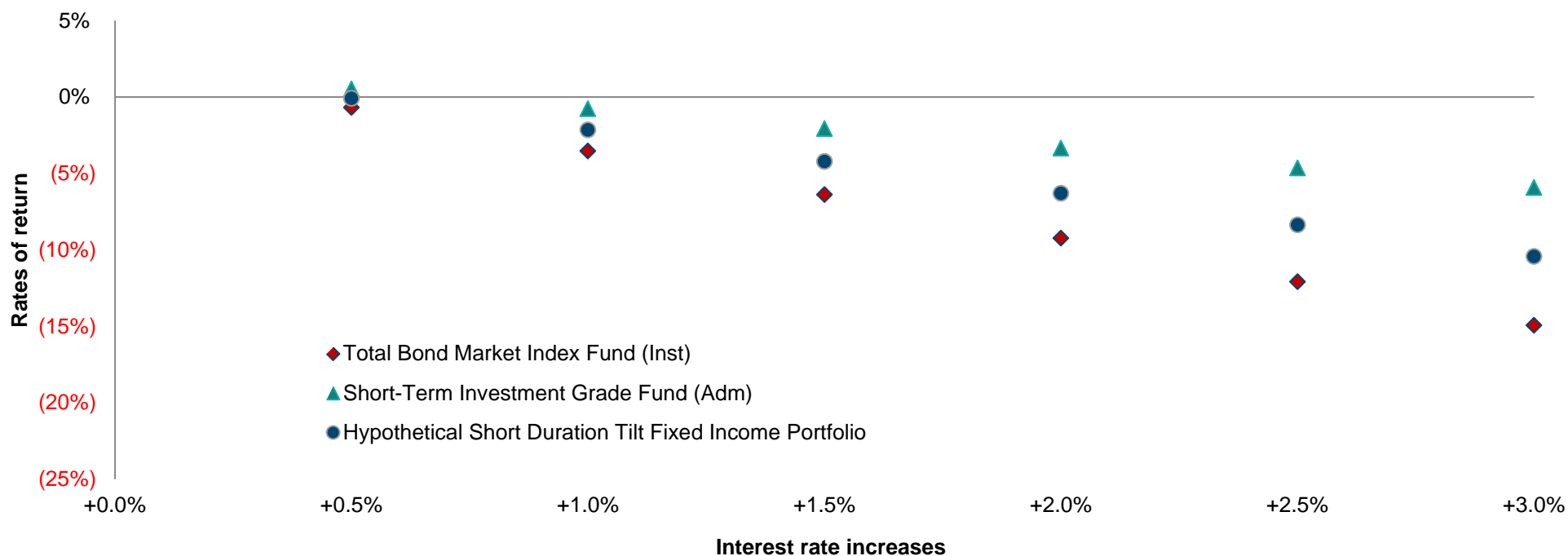
Notes: U.S. stocks, U.S. bonds, and international bonds represented by indexes listed on page 4. Emerging market stocks represented by FTSE Emerging Index and emerging market bonds by Barclays Emerging Markets Tradable USD Sovereign Bond Index. REITs represented by FTSE NAREIT Equity REIT Index, dividend stocks by Dow Jones U.S. Select Dividend Total Return Index, commodities by S&P GSCI Commodity Index, high-yield bonds by Barclays U.S. Corporate High Yield Index, hedge funds by median hedge fund-of-funds return as identified by Morningstar, Inc., corporate bonds by Barclays U.S. Corporate Investment Grade Index, and Treasury bonds by Barclays U.S. Treasury Index.

Sources: Vanguard calculations, based on data from S&P, Citigroup, Barclays, Dow Jones, MSCI, CRSP, and FTSE.

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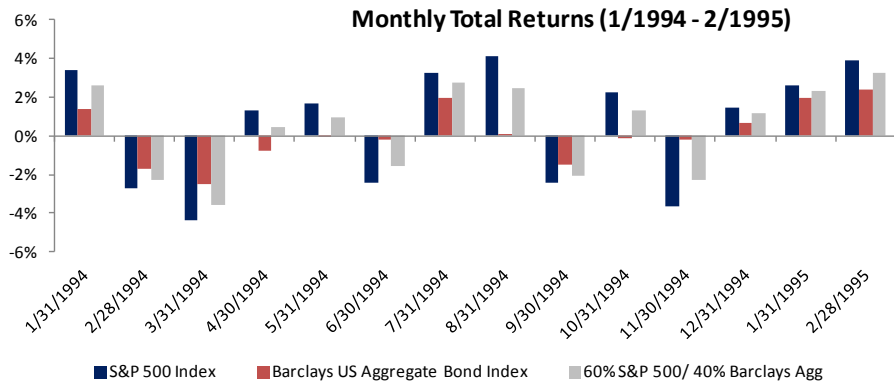
Potential interest rate impact (for illustration only)

	Weights	SEC Yield	Avg. Duration (Yrs)	Interest rate increases					
				0.50%	1.00%	1.50%	2.00%	2.50%	3.00%
Total Bond Market Index Fund (Inst)	50%	2.16%	5.70	-0.69%	-3.54%	-6.39%	-9.24%	-12.09%	-14.94%
Short-Term Investment Grade Fund (Adm)	50%	1.81%	2.58	0.52%	-0.77%	-2.06%	-3.35%	-4.64%	-5.93%
Hypothetical Short Duration Tilt Fixed Income Portfolio	100%	1.99%	4.14	-0.08%	-2.16%	-4.23%	-6.30%	-8.37%	-10.44%

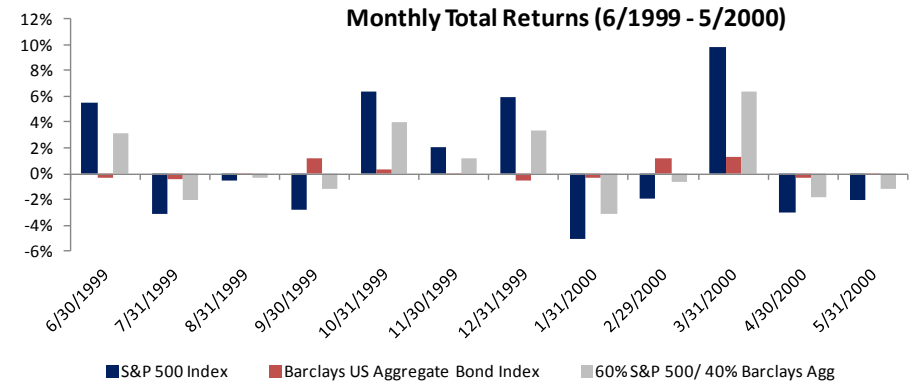


The performance data shown represents a simplified analysis of yield plus the potential duration impact and is not a guarantee of future results. Duration represents the sensitivity of fixed income prices to changes in interest rates and is typically expressed in years. This is meant as an illustration, and won't represent actual performance for any specific mutual fund. Actual performance will depend on fund management, as well as market conditions. Duration and SEC Yield data as of 6/30/2015. Source: Vanguard.

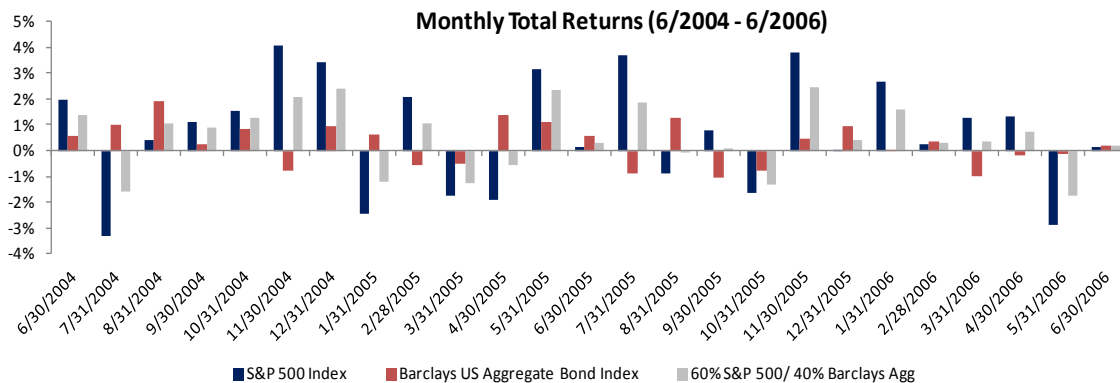
Broad market performance in rising rate environments



Benchmark	Total Return (1/1994-2/1995)
S&P 500 Index	6.85%
Barclays US Aggregate Bond Index	1.17%
60% S&P 500/ 40% Barclays Agg	4.61%



Benchmark	Total Return (6/1999-5/2000)
S&P 500 Index	10.48%
Barclays US Aggregate Bond Index	2.11%
60% S&P 500/ 40% Barclays Agg	7.62%



Benchmark	Total Return (6/2004-6/2006)
S&P 500 Index	8.17%
Barclays US Aggregate Bond Index	3.10%
60% S&P 500/ 40% Barclays Agg	6.35%

Historical Fed Funds Rate			
Starting Date	Effective Rate	Ending Date	Effective Rate
1/1/1994	2.85%	2/28/1995	6.10%
6/1/1999	4.78%	5/1/2000	6.17%
6/1/2004	1.02%	6/1/2006	5.02%

Source: Federal Reserve and Vanguard.

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Hypothetical interest rate example: 200 bps increase

	Hypothetical example of the impact of an increase in interest rates					
	Today	+1 year	+2 years	+3 years	+4 years	+5 years
Yield	2.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Price change	0.0%	-11.4%	0.0%	0.0%	0.0%	0.0%
Total return	2.2%	-7.9%	4.2%	4.2%	4.2%	4.2%
Cumulative total return		-7.9%	-4.1%	-0.1%	4.1%	8.4%
Annualized total return		-7.9%	-2.1%	0.0%	1.0%	1.6%

Duration assumption (years)	5.7
Hypothetical rate increase (%)	2.0%
Average yield assumption (%)	3.5%

Note: This example demonstrates the hypothetical impact of a 200-basis-point increase in interest rates on a broadly diversified fixed income portfolio. The example does not represent the return on any particular investment. Yields are as of September 30, 2013, for the Pasadena Community Foundation Portfolio. For simplicity, duration is assumed to remain at 5.7 years, although in practice, as yields change, duration will also change. Importantly, the dramatic change in yields that we assume in this example would likely constitute a very significant adjustment to the fund's weighted average duration. We assume no changes to yields in subsequent years purely for illustrative purposes.

Source: Vanguard.

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An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at \$1 per share, it is possible to lose money by investing in such a fund.

Total Portfolio Net of Fees returns reflect the deduction of fund expense ratios, purchase or redemption fees, and any advisory service fee applied to the client portfolio.

Total Portfolio returns represent client-specific time-weighted returns (TWR) are presented gross of any applicable service fees with the exception of mutual fund expense ratios and other security-level expenses.

Internal rates of return (IRR) are net of any applicable service fees, include account-specific cashflows, and are not directly comparable to a benchmark, since benchmarks do not include cashflows.

Client performance inception date is generally the first month-end after initial funding.

Performance figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company. The total return data was not adjusted for fees and loads.

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index. Benchmark comparative indexes represent unmanaged or average returns on various financial assets, which can be compared with funds' total returns for the purpose of measuring relative performance.

The Russell 1000 Growth Index is used as the comparative benchmark for the PRIMECAP Fund in this report; The S&P 500 is the fund's primary benchmark, as indicated in the fund prospectus.

The Spliced Core Bond Funds Average contains the returns of the Intermediate Inv-Grade Debt Funds Average through 8/31/2013; Core Bond Funds Average thereafter.

The Spliced Barclays U.S. Aggregate Float Adjusted Index contains the returns of the Barclays U.S. Aggregate Bond Index through December 31, 2009; Barclays U.S. Aggregate Float Adjusted Index thereafter.

The Spliced Barclays U.S. Long Government/Credit Float Adjusted Index contains the returns of the Barclays U.S. Long Government/Credit Bond Index through December 31, 2009; Barclays U.S. Long Government/Credit Float Adjusted Index thereafter.

The Spliced Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index contains the returns of the Barclays U.S. 1-5 Year Government/Credit Bond Index through December 31, 2009; Barclays U.S. 1-5 Year Government/Credit Float Adjusted Index thereafter.

The Spliced Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index contains the returns of the Barclays U.S. 5-10 Year Government/Credit Bond Index through December 31, 2009; Barclays U.S. 5-10 Year Government/Credit Float Adjusted Index thereafter.

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The Spliced Total Stock Market Index contains Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through May 31, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

The Spliced Institutional Total Stock Market Index contains the returns of the Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 8, 2005; the MSCI US Broad Market Index through January 14, 2013; and the CRSP US Total Market Index thereafter.

The Spliced EAFE + Emerging Markets Index contains the returns of the Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index thereafter. Returns for the MSCI EAFE + Emerging Markets Index are adjusted for withholding taxes applicable to Luxembourg holding companies.

The Spliced Extended Market Index contains the returns of the Dow Jones U.S. Completion Total Stock Market Index until June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.

The Spliced Large Cap Growth Index contains the returns of the MSCI US Prime Market 750 Index through January 30, 2013, and the CRSP US Large Cap Index thereafter.

The Spliced Mid Cap Index contains the returns of the S&P MidCap 400 Index through May 16, 2003; the MSCI US Mid Cap 450 Index through January 30, 2013; and the CRSP US Mid Cap Index thereafter.

The Spliced Value Index contains the S&P 500 Value Index (formerly known as the S&P 500/Barra Value Index) through May 16, 2003; MSCI US Prime Market Value Index through April 16, 2013; CRSP US Large Cap Value Index thereafter.

The Spliced Growth Index contains the S&P 500 Growth Index (formerly known as the S&P 500/Barra Growth Index) through May 16, 2003; MSCI US Prime Market Growth Index through April 16, 2013; and CRSP US Large Cap Growth Index thereafter.

The Spliced Small Cap Index contains the returns of the Russell 2000 Index through May 16, 2003; the MSCI US Small Cap 1750 Index through January 30, 2013; and the CRSP US Small Cap Index thereafter.

The Spliced Small Cap Value Index contains the SmallCap 600 Value Index (formerly known as the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.

The Spliced Small Cap Growth Index contains the S&P SmallCap 600 Growth Index (formerly known as the S&P SmallCap 600/Barra Value Index) through May 16, 2003; MSCI US Small Cap Growth Index through April 16, 2013; and CRSP US Small Cap Growth Index thereafter.

The Spliced Small and Mid Cap Index contains the returns of the Russell 2800 Index through May 31, 2003; MSCI US Small + Mid Cap 2200 Index thereafter.

The Convertibles Composite Index contains the returns of the CS First Boston Convertible Index until November 30, 2004; Bank of America Merrill Lynch All US Convertibles Index through December 31, 2010; and 70% Bank of America Merrill Lynch All US Convertibles Index and 30% Bank of America Merrill Lynch Global 300 Convertibles ex-US Index thereafter.

The Spliced Emerging Markets Index contains the returns of the Select Emerging Markets Index through August 23, 2006; the MSCI Emerging Markets Index through January 9, 2013; and the FTSE Emerging Transition Index thereafter through June 27; and FTSE Emerging Index thereafter.

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The Spliced Precious Metals and Mining Index contain the returns of the MSCI Gold Mines Index through December 31, 1994; S&P/Citigroup World Equity Gold Index through June 30, 2005; S&P Global Custom Metals and Mining Index thereafter.

The Spliced International Index contains the returns of the MSCI EAFE Index through May 31, 2010; MSCI All Country World Index ex USA thereafter.

The Spliced Total International Stock Index consists of the Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

The Spliced Energy Index contains the returns of the S&P 500 Index through November 30, 2000; S&P Energy Sector Index through May 31, 2010; MSCI All Country World Energy Index thereafter.

The Spliced Health Care Index contains the returns of the S&P 500 Index through December 31, 2001; S&P Health Care Index through May 31, 2010; MSCI All Country World Health Care Index thereafter.

The Spliced Total World Stock Index consists of the FTSE All-World Index through December 16, 2011; FTSE Global All Cap Index thereafter.

The S&P 500/Citigroup Value Index contains the returns of the S&P 500/Barra Value Index through December 16, 2005; S&P 500/Citigroup Value Index thereafter.

The S&P 500/Citigroup Growth Index contains the returns of the S&P 500/Barra Growth Index through December 16, 2005; then the S&P 500/Citigroup Growth Index thereafter.

The S&P MidCap 400/Citigroup Growth Index contains the returns of the S&P MidCap 400/Barra Growth Index through December 16, 2005; S&P MidCap 400/Citigroup Growth Index thereafter.

The S&P MidCap 400/Citigroup Value Index contains the returns of the S&P MidCap 400/Barra Value Index through December 16, 2005; S&P MidCap 400/Citigroup Value Index thereafter.

The S&P SmallCap 600/Citigroup Growth Index contains the returns of the S&P SmallCap 600/Barra Growth Index through December 16, 2005; S&P SmallCap 600/Citigroup Growth Index thereafter.

The S&P SmallCap 600/Citigroup Value Index contains the returns of the S&P SmallCap 600/Barra Value Index through December 16, 2005; S&P SmallCap 600/Citigroup Value Index thereafter.

The Tax-Managed Balanced Composite Index contains the weighted returns of 50% Russell 1000 Index and 50% Barclays 7 Year Municipal Bond Index through January 31, 2002 and 50% Russell 1000 Index and 50% Barclays 1-15 Year Index thereafter.

The Spliced Intermediate-Term Tax-Exempt Index contains the returns of the Barclays 7 Year Municipal Bond Index through January 31, 2002; Barclays 1-15 Year Municipal Bond index thereafter.

The Spliced MA Tax-Exempt Index contains the returns of the Barclays 10 Year Municipal Bond Index through August 31, 2003; Barclays MA Municipal Index thereafter.

The NJ Long-Term Tax-Exempt Index contains the returns of the Barclays 10 Year Municipal Bond Index through August 31, 2003; Barclays NJ Municipal Index thereafter.

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The Spliced PA Tax-Exempt Money Market Funds Avg contains the returns of the PA Tax-Exempt MM Funds Average through 8/31/2013; Other States Tax-Exempt MM Fds Avg thereafter.

The Spliced European Stock Index contains the MSCI Europe Index through March 26, 2013; and the FTSE Developed Europe Index thereafter.

The Spliced Pacific Stock Index contains the MSCI Pacific Index through March 26, 2013; and the FTSE Developed Asia Pacific Index thereafter.

The Spliced Developed Markets Index contains the MSCI EAFE Index through April 16, 2013; FTSE Developed ex North America Index thereafter.

The Spliced Developed Markets ex North America Index contains the MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index thereafter.

The Spliced Mid Cap Growth Index contains the MSCI US Mid Cap Growth Index through April 16, 2013; CRSP US Mid Cap Growth Index thereafter.

The Spliced Mid Cap Value Index contains the MSCI US Mid Cap Value Index through April 16, 2013; CRSP US Mid Cap Value Index thereafter.

The REIT Spliced Index contains MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index thereafter.

The Spliced Social Index contains Calvert Social Index through December 16, 2005; FTSE4Good US Select Index thereafter.

The Spliced Intermediate-Term Investment Grade Debt Funds Average contains the returns of the Intermediate-Term Inv-Grade Debt Funds Average through 09/01/2013; Core Bond Funds Average thereafter.

The Wellington Composite Index contains 65% S&P 500 Index and 35% Lehman U.S. Long Credit AA or Better Bond Index through February 29, 2000; 65% S&P 500 Index and 35% Barclays U.S. Credit A or Better Bond Index thereafter.

The Wellesley Income Composite Index is weighted 65% bonds and 35% stocks. For Bonds: Lehman U.S. Long Credit AA or Better Bond Index through March 31, 2000, and Barclays U.S. Credit A or Better Bond Index thereafter. For stocks: 26% S&P 500/Barra Value Index and 9% S&P Utilities Index through June 30, 1996, when the utilities component was split into the S&P Utilities Index (4.5%) and the S&P Telephone Index (4.5%); as of January 1, 2002, the S&P Telephone Index was replaced by the S&P Integrated Telecommunication Services Index; as of July 1, 2006, the S&P 500/Barra Value Index was replaced by the S&P 500/Citigroup Value Index; as of August 1, 2007, the three stock indexes were replaced by the FTSE High Dividend Yield Index.

The Balanced Composite Index contains two unmanaged benchmarks, weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Barclays U.S. Aggregate Float Adjusted Index thereafter.

The Dividend Growth Spliced Index (formerly known as the Utilities Composite Index prior to December 6, 2002) contains the index weightings: 40% S&P Utilities Index, 40% S&P Telephone Index, and 20% Lehman Brothers Utility Bond Index through April 30, 1999; 63.75% S&P Utilities Index, 21.25% S&P Telephone Index, and 15% Lehman Brothers Utility Bond Index through March 31, 2000; 75% S&P Utilities Index and 25% S&P Integrated Telecommunication Services Index through December 6, 2002; 100% Russell 1000 through January 2010; 100% NASDAQ US Dividend Achievers Select Index (formerly known as the Dividend Achievers Select Index).

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The STAR Composite Index contains 62.5% Dow Jones U.S. Total Stock Market Index, 25% Barclays U.S. Aggregate Bond Index, and 12.5% Citigroup Three-Month U.S. Treasury Bill Index through December 31, 2002; 50% Dow Jones U.S. Total Stock Market Index, 25% Barclays U.S. Aggregate Bond Index, 12.5% Barclays U.S. 1–5 Year Credit Bond Index, and 12.5% MSCI EAFE Index through April 22, 2005; 50% MSCI US Broad Market Index, 25% Barclays U.S. Aggregate Bond Index, 12.5% Barclays U.S. 1–5 Year Credit Bond Index, and 12.5% MSCI EAFE Index through September 30, 2010; and 43.75% MSCI US Broad Market Index, 25% Barclays U.S. Aggregate Bond Index, 12.5% Barclays U.S. 1–5 Year Credit Bond Index, and 18.75% MSCI All Country World Index ex USA thereafter. MSCI international benchmark returns are adjusted for withholding taxes..

The REIT Spliced Index contains MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index thereafter.

The High-Yield Corporate Composite Index consists of 95% Barclays U.S. High-Yield Ba/B 2% Issuer Capped Index and 5% Barclays U.S. 1-5 Year Treasury Bond Index

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MSCI Provisional Index Series returns beginning November 16, 2001.

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