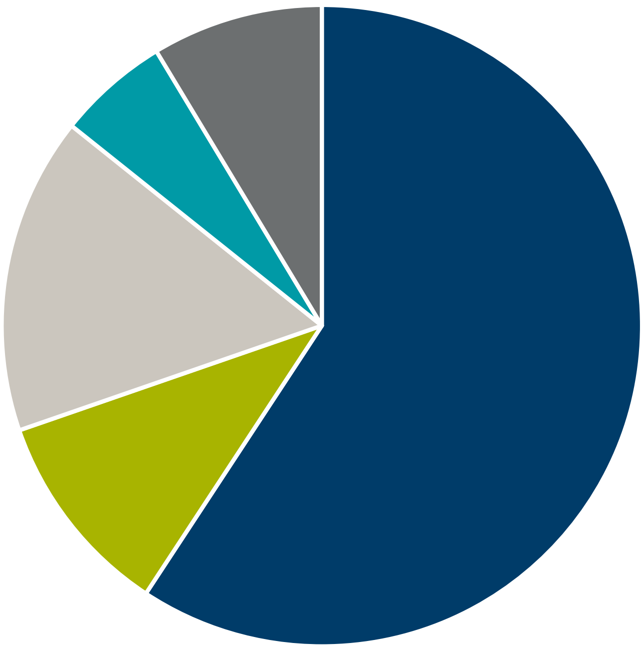
Greater Tacoma Community Foundation – Endowment Portfolio

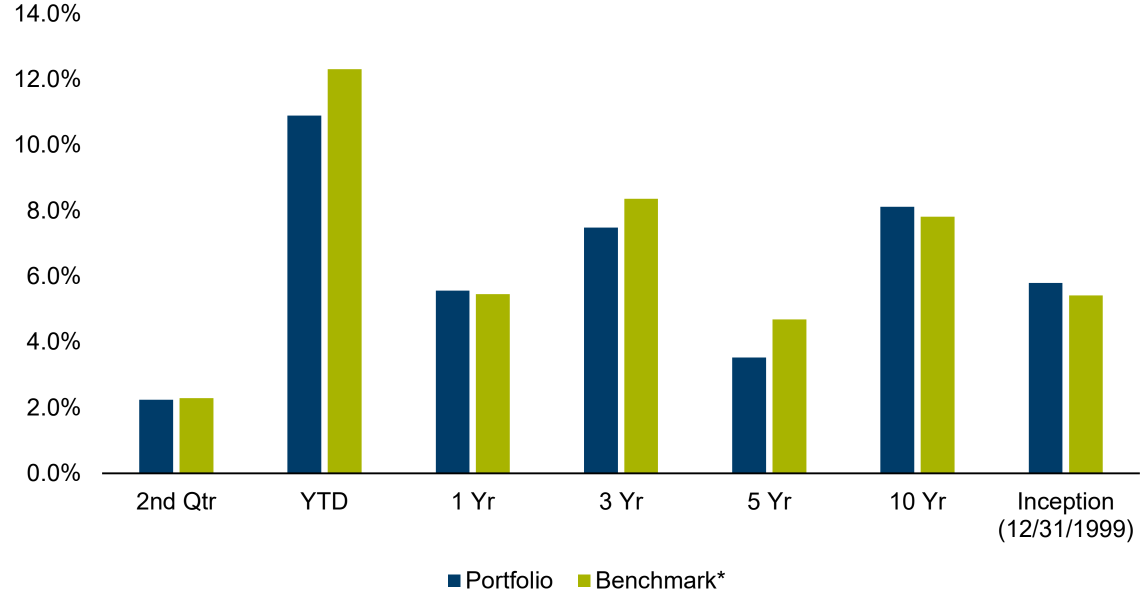
Portfolio composition



- 59% Equity
- 10% Private Equity
- 16% Fixed Income
- 9% Liquid Alternatives
- 6% Real Estate

Local impact investments may represent up to 3% of the portfolio, spread across real estate, fixed income, and equity.

Endowment Performance



	2nd Qtr	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
Portfolio	2.2%	10.9%	5.8%	7.4%	3.5%	8.1%	5.7%
Benchmark*	2.3%	12.3%	5.5%	8.4%	4.7%	7.9%	5.4%

Data as-of June 30, 2019. Source: Vanguard
*Returns are net of investment management fee
**Time weighted benchmark. Benchmark history available upon request.

2nd Quarter Overview

Global equity markets extend gains

Despite some intra-quarter volatility, global equity markets ended the second quarter in positive territory, extending their strong start to 2019. U.S. equities[1] returned 4.1% and once again outpaced international equity markets[7], which ended the period up 2.6%. During the quarter, U.S. large cap[2] and mid cap[3] stocks led the way returning 4.3% and 4.4%, respectively. In a reversal from the first quarter, U.S. small cap[4] stocks lagged their larger counterparts, but still generated a 2.9% return over the quarter. The size advantage was more pronounced over the trailing 12 month period, as large cap U.S. stocks ended the period up 10.9% while U.S. mid cap and small cap stocks generated returns of 7.8% and 2.3%, respectively. Stylistically, U.S. growth[5] stocks continued to best their value counterparts[6] during the second quarter, returning 4.5% versus 3.7%, and for the trailing one-year period, returning 10.6% versus 7.3%. Despite the continued uncertainty prevalent in global markets, developed international[9] and emerging markets[8] equities returned 3.3% and 1.2%, respectively, during the quarter. Over the trailing 12 months, emerging markets increased 4.1%, outperforming the -0.2% return posted by developed international equities.

Fixed income produces positive results as yields across the curve move lower

The broad U.S. fixed income market[10] gained 3.2% during the second quarter and 8.0% for the trailing twelve month period, as intermediate- and long-term interest rates continued their declining trend amid uncertainty regarding future economic growth and persistently low inflation. As the Federal Reserve affirmed its dovish policy stance, driving short-term rates lower, the yield curve steepened modestly. The ten-year Treasury note fell from 2.41% to 2.00% during the second quarter. Portions of the yield curve have been inverted since the end of May, but the spread between the two-year and ten-year Treasury securities ended the quarter positively at 0.25%, up from 0.14% at the end of the first quarter, and down 0.08% from a year earlier. Market participants continue to monitor the relationship between short-term and long-term yields, as an inverted yield curve is widely considered an indicator of a possible recession. U.S. credit bonds[11] outpaced Treasury securities[12] for the quarter, returning 4.3% versus 3.0%, and over the past year, returning 10.3% versus 7.2%. Credit spreads widened during May before contracting during June. Despite the intra-quarter volatility, spreads generally ended the second quarter where they started allowing U.S. high yield corporate bonds[13] to return 2.5% for the quarter and 7.5% for the trailing 12 months. For the quarter, hedged international bonds underperformed their unhedged counterparts, as U.S. dollar weakness contributed to lower returns. However, international bonds hedged to the U.S. dollar maintained their sizable advantage relative to unhedged bonds over the trailing 12 month period. The hedged index[14] returned 3.0% for the quarter and 8.0% over the past year, while the unhedged index[15] returned 3.4% for the quarter and 4.1% over the trailing 12 months.

Final thoughts

Vanguard's current outlook reflects a softening of global economic conditions amid an escalation in global trade tensions and modest deterioration in economic fundamentals. Over the medium term, we continue to expect lower returns from both equities and fixed income relative to history while continuing to stress the importance of a long-term perspective. Based on expectations for higher volatility and lower returns on the horizon, Vanguard believes a low-cost, globally diversified portfolio along with periodic rebalancing is best suited for navigating changing market conditions and greatly increases the chances for investment success.

Index Returns

1) CRSP US Total Market Index, 2) CRSP US Mega-Cap Index, 3) CRSP US Mid-Cap Index, 4) CRSP US Small-Cap Index, 5) Russell 3000 Growth Index, 6) Russell 3000 Value Index, 7) FTSE Global All-Cap ex-US Index, 8) FTSE Emerging Markets Index, 9) FTSE Developed All-Cap ex-US Index, 10) BloombergBarclays US Aggregate Float-Adjusted Bond Index, 11) BloombergBarclays US Credit Index, 12) BloombergBarclays US Treasury Index, 13) BloombergBarclays US Corporate High Yield Index, 14) Bloomberg Barclays Global Aggregate ex-USD Float-Adjusted RIC-Capped (USD-Hedged) Bond Index, 15) BloombergBarclays Global Aggregate ex-USD Index

Sources:
Vanguard, U.S. Treasury, Trading Economics, Bureau of Economic Analysis, CNBC, BBC, Wall Street Journal, MarketWatch

Benchmark History

Endowment History

From inception through 7/31/2013, the benchmark is represented by 32% S&P 500 Index, 3% Russell Midcap Index, 3% Russell 2000 Index, 11% MSCI EAFE Index, 2% MSCI Small Cap EAFE Index, 8% MSCI Emerging Markets Index, 22% Barclays U.S. Aggregate Bond Index,3% Barclays U.S. TIPS Index, 6% DJ/CS HFI Long/Short Equity, 3% DB Liquid Commodity Index–OY Div., 7.00% U.S. T-Bill + 3%. **From 8/31/2013 to 9/30/2016**, the benchmark is represented by 10% S&P 500 Index, 5% Russell Midcap Index, 5% Russell 2000 Index, 10% MSCI EAFE Index, 2% MSCI Small Cap EAFE Index, 8% MSCI Emerging Markets Index, 18% Barclays U.S. Aggregate Bond Index, 2% Barclays U.S. TIPS Index, 5% DJ/CS HFI Long/Short Equity, 7.5% Bloomberg Commodity Index 7.50%, 20% U.S. T-Bill + 3%, 7.5%, FTSE EPRA/NAREIT Global Index. **From 10/1/2016 through 6/30/2018**, the benchmark is represented by 40% Spliced Total Stock Market Index, 26% Spliced Total International Stock Index, 10% Spliced Bloomberg Barclays US Agg Float Adj Ix, 4% Bloomberg Barclays GA ex-USD FlAj RIC CpIx Hgd, 10% REIT Spliced Index, 5% Citi 3 month Treasury Bill, 5% FTSE 3-month U.S.T-Bill Index + 4%. **Thereafter**, the benchmark is represented by 40% Spliced Total Stock Market Index, 26% Spliced Total International Stock Index, 10% Spliced Bloomberg Barclays US Agg Float Adj Ix, 4% Bloomberg Barclays GA ex-USD FlAj RIC CpIx Hgd, 10% REIT Spliced Index, 10% Citi 3 month Treasury Bill.

Note: Inception date of MSCI Small Cap EAFE Index total return series is 1/31/2001, prior to that the price only series was used.

Annuity History

From inception through 9/30/2016, the benchmark is represented by 5% Russell 2500 Index, 26% Russell 1000 Index, 5% Russell 2000 Value Index, 23% MSCI EAFE Index, 35% Barclays U.S. Aggregate Bond Index, 6% FTSE NAREIT Equity Index. **From 10/31/2016**, the benchmark is represented by 36% Spliced Total Stock Market Index, 23% Spliced Total International Stock Index, 25% Spliced BBgBarc US Agg Float Adj Ix, 6% REIT Spliced Index, 5% Citi 3mth Treasury Bill, 5% FTSE 3-month U.S.T-Bill Index + 4%.

Short-Term History

From 10/31/2010 through 9/30/2016, the benchmark is represented by 10% Russell 3000 Index, 5% MSCI AC World Index ex-U.S., 70% Barclays U.S. Aggregate Bond Index, 15% Barclays Inst'l Money Market. **From 10/31/2016**, the portfolio is represented by 17% Spliced Total Stock Market Index, 8% Spliced Total International Stock Index, 65% Spliced BBgBarc US Agg Float Adj Ix, 10% Citi 3 month Treasury Bill.