Prepared for

Community Foundation for Muskegon County

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

Portfolio review

February 13, 2017

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Agenda

I. Vanguard's economic and investment outlook

II. Portfolio summary

III. Segregated accounts reporting

IV. Risk/return analysis

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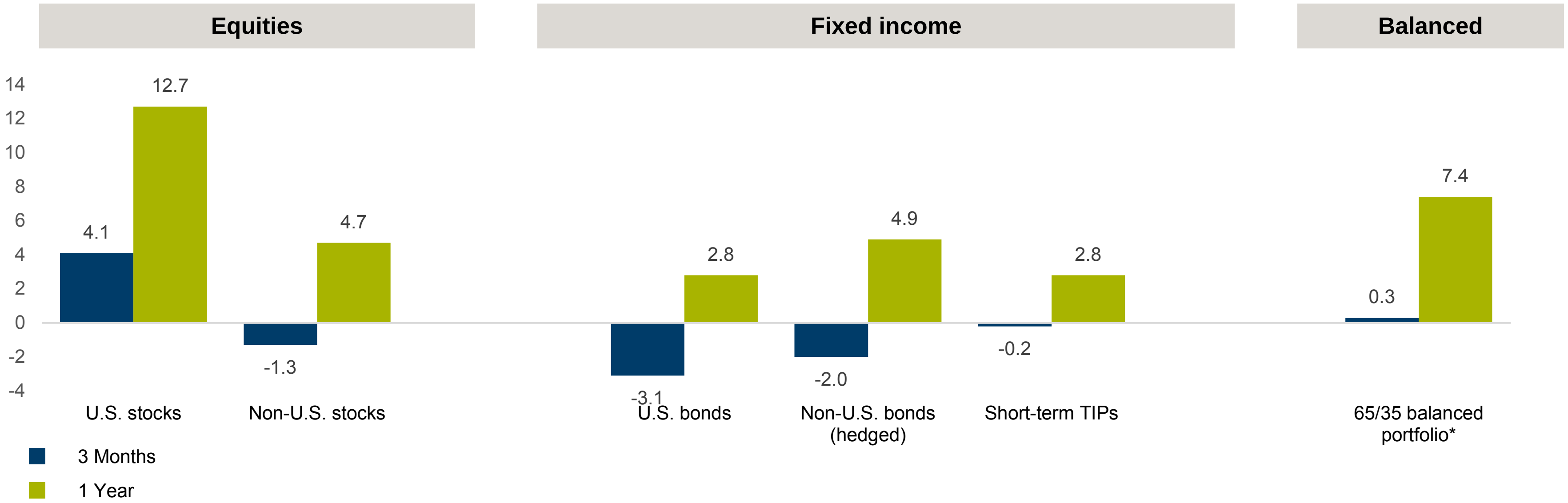
Vanguard’s economic and investment outlook

Global financial markets finish the year in positive territory, despite choppy Q4

- U.S. equities rallied on higher growth forecasts following the U.S. presidential election, while international equities lagged
- Global fixed income posted negative returns in Q4 as yields rose on higher growth and inflation expectations

Global market returns as of December 31, 2016 (%)



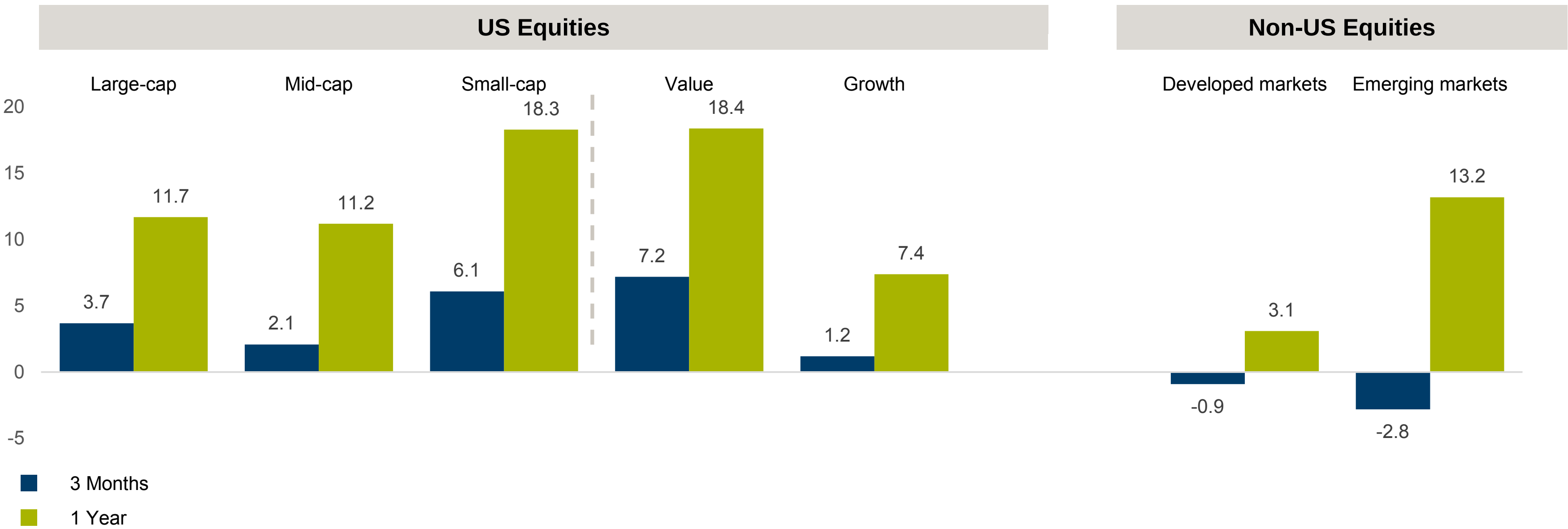
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones.
US Stocks (CRSP US Total Market Index), Non-US Stocks (FTSE Global All-Cap ex-US Index), US Bonds (Barclays US Aggregate Float Adjusted Index), Non-US Bonds hedged (Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged), Short-term TIPS (Barclays US 0-5 Year TIPS Index).
* 65/35 balanced portfolio Static Composite (39% U.S. stocks, 26% International stocks, and 24.5% Investment-grade U.S. bonds, 10.5% Investment-grade international bonds).

U.S. markets rally following U.S. election; international stocks lag but end year positive

- Small cap stocks delivered the strongest returns in the U.S., while all market caps posted positive returns for the quarter and the year
- U.S. value stocks, led by traditionally defensive sectors, continued to outperform growth stocks for the last 3 and 12 months
- International stocks pulled back during the quarter, yet provided a positive return over the last 12 months as emerging markets equities benefitted from a strong rally in the commodity and energy sectors

Global equity market returns as of December 31, 2016 (%)



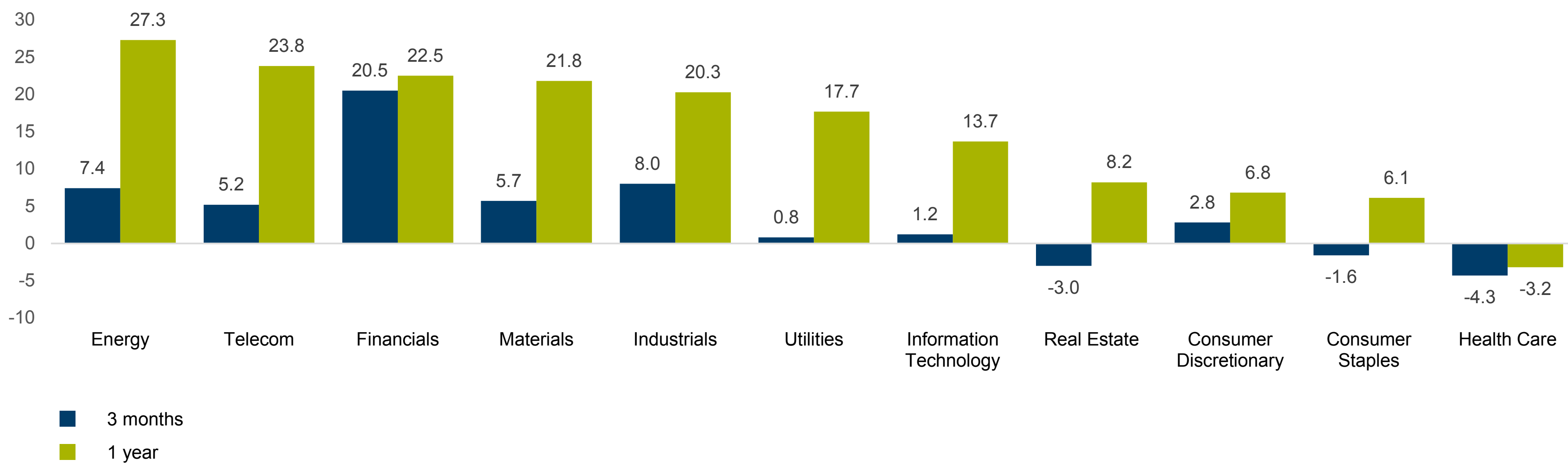
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones.
Large-cap (CRSP US Large Cap Index), Mid-cap (CRSP US Mid Cap Index), Small-cap (CRSP US Small Cap Index); Value (Russell 3000 Value Index), Growth (Russell 3000 Growth Index); Developed markets (FTSE Developed All Cap ex-US Index), Emerging markets (FTSE Emerging Index)

U.S. sector performance – value sectors lead for quarter and year

- 10 of 11 sectors posted positive returns over the last 12 months; Health Care represented the sole sector that ended the year in negative territory despite a mild bounce following the U.S. election
- Most sectors (8 out 11) advanced during the 4th quarter; Financials led the other value-oriented sectors such as Industrials, Energy and Materials with the strongest return
- Growth-oriented sectors, most notably Health Care and Information Technology, generally lagged for the quarter and year

U.S. equity sector returns as of December 31, 2016 (%)



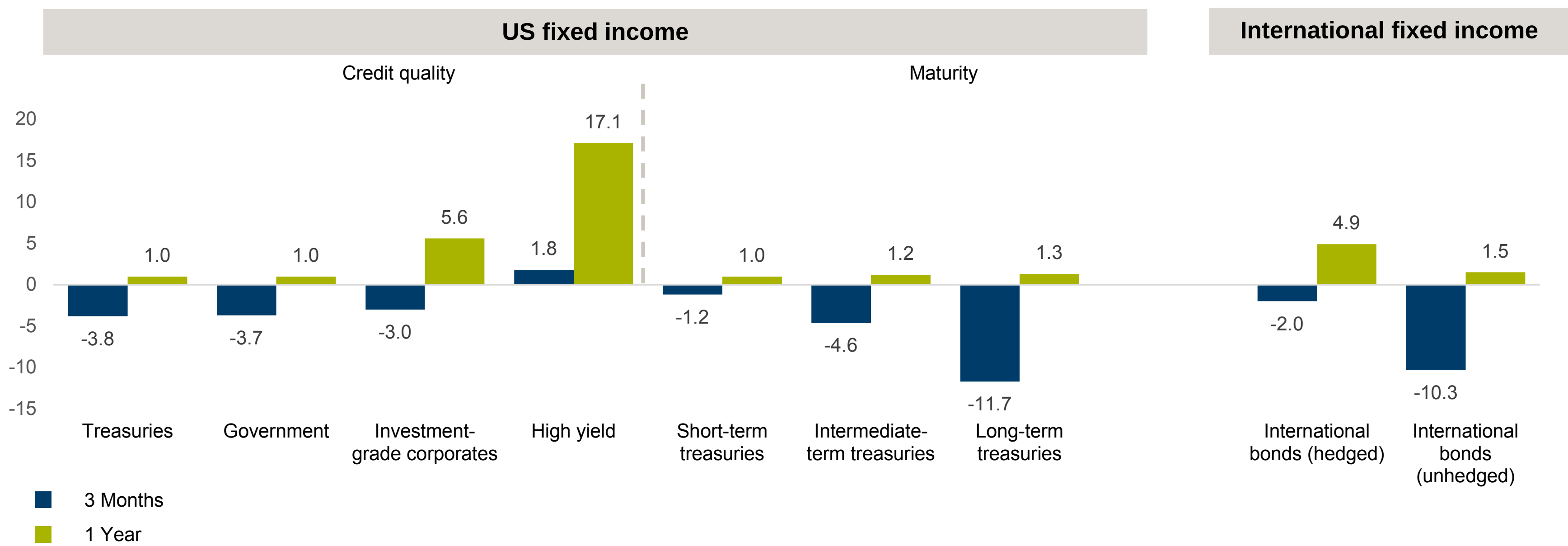
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: FactSet and Vanguard.
U.S. markets measured by CRSP US Total Market Index, and international markets represented by FTSE All-Cap ex US Index. Past performance is no guarantee of future returns.

Global bond rally comes to an end in Q4

- Investment-grade U.S. bonds experienced negative returns over the last 3 months as expectations of higher growth and inflation pushed yields higher across the curve
- Non-U.S. bonds have also seen an uptick in rates causing modest losses for USD-hedge bonds over the last 3 months

Global fixed income market returns as of December 31, 2016 (%)

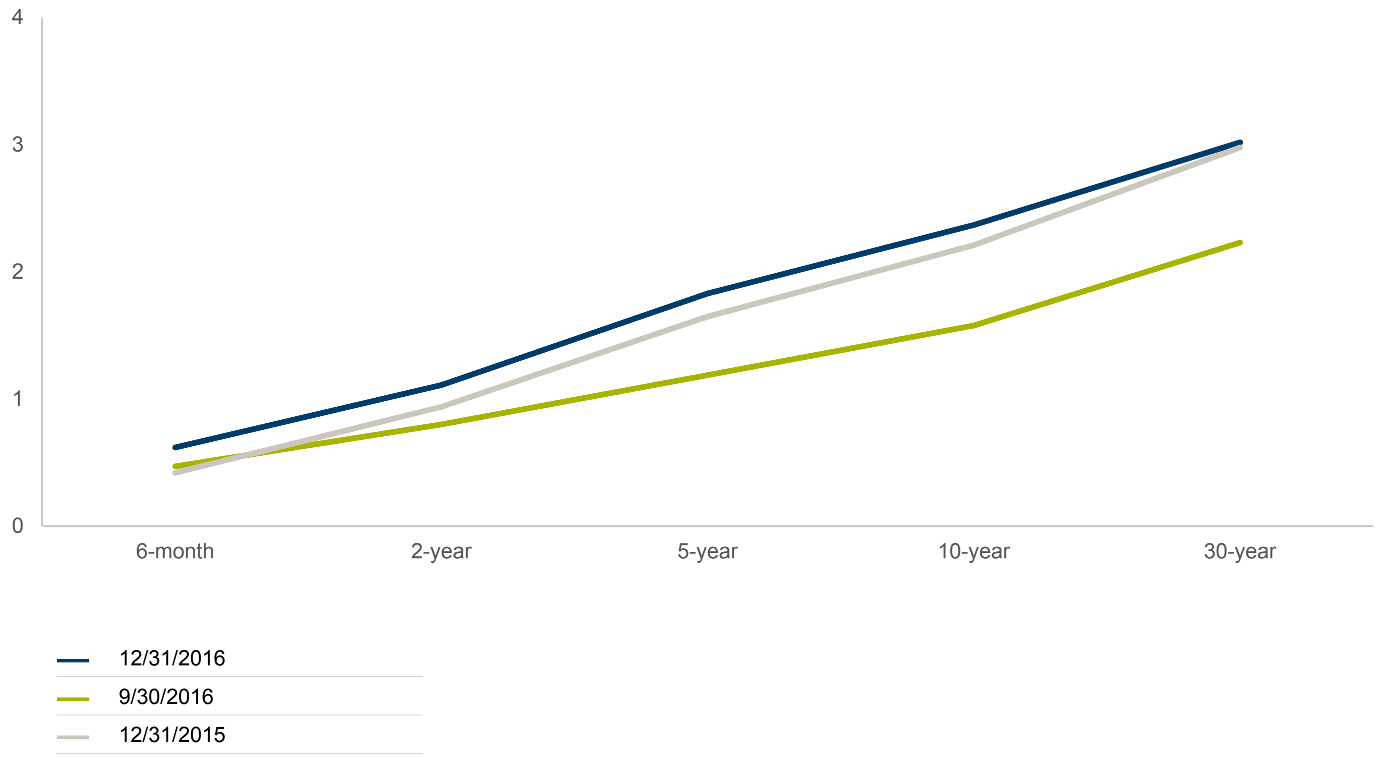


Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Barclays, FTSE, MSCI, Russell, and Dow Jones.
Treasuries-Government-Investment Grade Corporates-High Yield (Barclays US Treasury/Government/Credit/Corporate High Yield Indices); Short-Inter-Long-term Treasuries (Barclays US 1-5/5-10/Long Year Treasury Indices)
International Bonds Hedged (Barclays Global Aggregate ex-USD Float Adj. RIC Cap Index hedged) Unhedged (Barclays Global Aggregate ex-USD Index)

U.S. Treasury yield curve – Yields moved higher following U.S. election result

	Yield (%) and change (bps)	6 month	2 year	5 year	10 year	30 year
—	**Current Yield (%)**	**0.62**	**1.20**	**1.93**	**2.45**	**3.06**
—	3 Mo. Δ	17	43	79	85	74
—	12 Mo. Δ	13	14	17	18	5



Source: Morningstar.

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Market leadership changes

- The positions of the various asset classes change meaningfully over the last 10-years, which points to the value of diversification
- Emerging markets equities appeared at both the top and bottom multiple times, demonstrating the relatively high volatility level of single asset classes
- The balanced portfolio generally falls near the middle, demonstrating the volatility dampening effect of high-grade fixed income

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	10-Year Average
Emg 41.7	IB 5.7	Emg 85.2	REIT 28.5	REIT 8.7	Emg 18.1	Sml 38.8	REIT 30.4	Grw 5.1	Sml 21.3	Grw 8.3
Dev 12.9	Bnd 5.2	HY 58.2	Sml 26.9	Bnd 7.8	REIT 17.8	Grw 34.2	Lrg 13.2	REIT 2.5	Val 18.4	HY 7.5
Grw 11.4	T-Bill 1.8	Grw 37.0	Emg 19.8	HY 5.0	Val 17.5	Lrg 33.1	Val 12.7	IB 1.4	HY 17.1	Lrg 7.1
Cmd 11.1	HF -23.3	Dev 36.7	Grw 17.6	IB 3.9	Dev 17.4	Val 32.7	Grw 12.4	Lrg 0.9	Lrg 12.1	Sml 7.1
Bal 8.9	Bal -24.6	REIT 28.6	Cmd 16.7	Grw 2.2	Lrg 16.4	Dev 20.5	IB 8.8	Bnd 0.5	Cmd 11.4	Val 5.8
Bnd 7.0	HY -26.2	Lrg 28.4	Val 16.2	Lrg 1.5	Sml 16.4	Bal 16.8	Bal 6.4	T-Bill 0.0	Emg 10.3	Bal 5.4
Lrg 5.8	Sml -33.8	Sml 27.2	Lrg 16.1	T-Bill 0.1	HY 15.8	HY 7.4	Bnd 6.0	Bal -0.6	REIT 8.6	REIT 5.0
T-Bill 4.7	Val -36.3	Bal 24.7	HY 15.1	Val -0.1	Grw 15.2	HF 6.7	Sml 4.9	Dev -1.8	Grw 7.4	IB 4.4
IB 4.3	Cmd -36.6	Val 19.8	Bal 12.1	Bal -0.9	Bal 12.7	REIT 2.5	Emg 2.6	HF -3.6	Bal 7.3	Bnd 4.3
HF 4.2	Lrg -37.6	Cmd 18.7	Dev 11.2	Sml -4.2	IB 6.5	IB 1.2	HY 2.5	Val -4.1	IB 4.9	Emg 2.6
HY 1.9	REIT -38.0	HF 13.4	Bnd 6.5	HF -8.9	Bnd 4.2	T-Bill 0.1	T-Bill 0.0	Sml -4.4	Dev 3.1	Dev 1.4
Val -1.0	Grw -38.4	Bnd 5.9	HF 5.2	Dev -12.7	HF 3.5	Bnd -2.0	HF -0.6	HY -4.5	Bnd 2.6	T-Bill 0.7
Sml -1.6	Dev -44.2	IB 4.4	IB 3.3	Cmd -13.4	T-Bill 0.1	Emg -3.2	Dev -4.4	Emg -13.5	HF 2.5	HF -0.6
REIT -16.8	Emg -54.2	T-Bill 0.2	T-Bill 0.1	Emg -20.0	Cmd -1.1	Cmd -9.6	Cmd -17.0	Cmd -24.7	T-Bill 0.3	Cmd -6.2

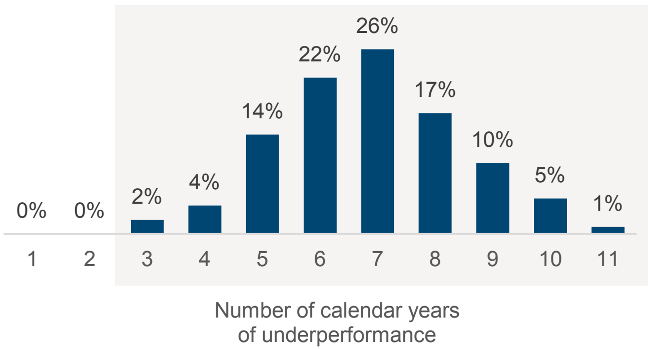
Val	Value oriented U.S. based stocks (Russell 3000 Value Index)
Grw	Growth oriented U.S. based stocks (Russell 3000 Value Index)
Lrg	Large U.S. based stocks (Russell 1000 Index)
Sml	Small U.S. based stocks (Russell 2000 Index)
Dev	International stocks from developed countries (FTSE Developed All Cap ex US Index)
Eng	International stocks from emerging countries (FTSE Emerging ACap CN A Inclus Idx)
Bnd	Investment-grade U.S. bonds (BloomBarc US Aggregate Bond Index)
HY	High-yield U.S. bonds (BloomBarc US Corp High Yield Index)
IB	Investment-grade international bonds (BloomBarc GA ex-USD Index Hedged)
T-Bill	Short-term Treasury rates (Citigroup 3-Month US T-Bill Index)
REIT	U.S. public equity real estate (REIT) (MSCI US REIT Index)
Cmd	Commodities (Bloomberg Commodity Index)
HFI	Hedge funds (HFRX Global Hedge Fund Index*)
Bal	Balanced Static Composite (39% U.S. stocks**, 26% Int'l stocks†, 24.5% Invest-grade U.S. bonds††, 10.5% Invest-grade Int'l 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.

Source: Vanguard. Last observation: December 31, 2016; 10-year average performance from December 31, 2007 through December 31, 2016.
* Source: Hedge Fund Research, Inc.
** U.S. stocks: MSCI US Broad Market Index.
† International Stocks: FTSE Global All Cap ex-US Index.
†† Bonds: BloomBarc US Aggregate Bond Index and BloomBarc GA ex-USD Index Hedged.

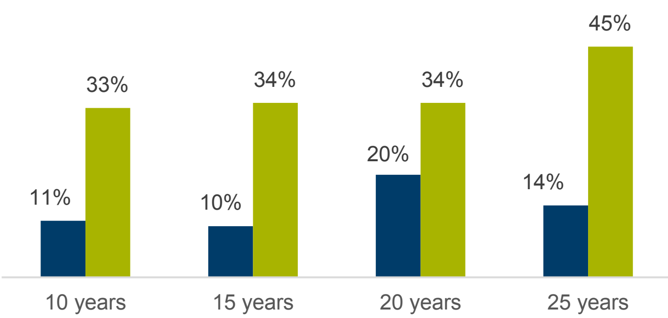
Headwinds for active equity mutual fund managers

Distribution of survived and outperformed funds 2000-2014



Between 2000 and 2014, one-quarter of active funds survived and outperformed; and 98% of these funds had underperformed in at least 4 calendar years

Percentage of actively managed funds that outperformed their benchmark



Over various performance periods, a larger percentage of outperforming funds were lower-cost

- Most expensive quartile
- Least expensive quartile

Keys to active management success:

Top talent — If you pursue an active strategy, do you have the resources to find and then monitor the best managers?

\+

Patience — Often the road to outperformance is bumpy; will you stick with it?

\+

Low-cost — Cost is proven to be the most reliable indicator of future performance, and can be the greatest headwind to a manager's ability to outperform over time.

Source: Vanguard calculations using data from Morningstar

Notes: Period ended December 31, 2014. Our analysis utilized expenses and fund returns for active equity funds available to U.S. investors that were alive at the start of each analysis period. The oldest and lowest cost single share class was used to represent a given fund where multiple shares classes existed. Their performance was compared with their prospectus benchmark. Funds which were merged or liquidated are considered underperformers for the purposes of this analysis. The following fund categories were included: small value, small growth, small blend, mid-cap value, mid-cap growth, mid-cap blend, large value, large growth, and large blend.

Broad strokes

1. **Growth:** Growth will stabilize at lower trend, driven by structural forces. This is not stagnation, but a reflection of fundamentals including technology, demographics, and globalization.

2. **Inflation:** Ever-tightening labor markets, particularly in U.S., should place modest upward pressure on otherwise low inflation. Central banks will continue to struggle to meet 2% targets.

3. **Policy and interest rates:** European Central Bank and Bank of Japan may not raise rates this decade, but monetary policy is reaching its limits. This will contribute to the gradual nature of Fed's normalization. We view low-rate environment as secular, not temporary. Fiscal support likely in the years ahead, but this will not be a panacea.

4. **Global Asset Returns:** A guarded view given global crosscurrents of low yields and equity valuations. Principles of portfolio construction remain unchanged. 10-year expected returns for balanced portfolios lower than historical averages, with shorter-term expectations even lower. The next five years will not look like the last five.

Source: Vanguard.

Themes and outlook

	Global	U.S.	Europe	Asia
Growth	• *Stabilization, not stagnation* • Global growth forecasts have been downgraded for at least 5 consecutive years. We believe risks to the outlook are more balanced this year. • Low-growth world in the midst of *structural convergence*, not more dire secular stagnation.	• Growth of ~2.5% aided by rebound in labor productivity as job growth slows. Our outlook at the lower end of consensus. Job growth should fall below150k.	• Euro area and UK growth resilient in the face of Brexit at 1.6% and 1.5%, respectively in 2017, above consensus of 1.4% and 1.2% • Heightened uncertainty weighing on sentiment in near term • Slowdown in the speed of fiscal tightening a positive for growth	• China: Although official growth target likely to hover around 6-7%, our proprietary indicators point to “real-feel” growth of closer to 5%. Hard landing not our base case. • Japan: magnitude of cyclical recovery limited by structural headwinds. No progress on Abenomics' "Third Arrow"
Inflation	• Secular deflationary forces persist, though headwinds are fading • Many central banks will continue to struggle to persistently meet 2% targets	• Core inflation should continue trending towards 2% target and may push above for short periods. • Measures of wage growth have been rising and may continue doing so, aided by productivity gains.	• Inflation outlook improving on QE-induced Euro weakness. 2017 inflation will recover towards trend but remain below target by 2018 due to excess capacity. • Sterling depreciation will lead to inflation increase. Inflation overshooting target in 2017-18	• Japan: Abenomics goal of 2% put off and additional easing not expected to boost falling inflation enough to hit target. • Monetary easing not having desired effect on nominal wage growth either.
Monetary policy & interest rates	• “Convergent” monetary policies: ECB and BoJ may not raise rates this decade, keeping Fed anchored. • Fiscal policy will help carry the burden of policy support • We view low-rate environment as secular, not temporary	• *Dovish tightening*, 1.5% at year-end 2017, but unlikely to push above 2% in 2018. • 10Y Treasury fair value ~2.5%	• Further tapering of ECB asset purchase program possible in 2018. Rates on hold for foreseeable future, though limits of policy becoming apparent. • Chances of monetary tightening or loosening in UK broadly balanced in 2017.	• PBoC: Further monetary easing likely. Monetary policy constrained by capital outflows • Japan: QQE will continue, although time will be taken to assess impacts of negative rates.

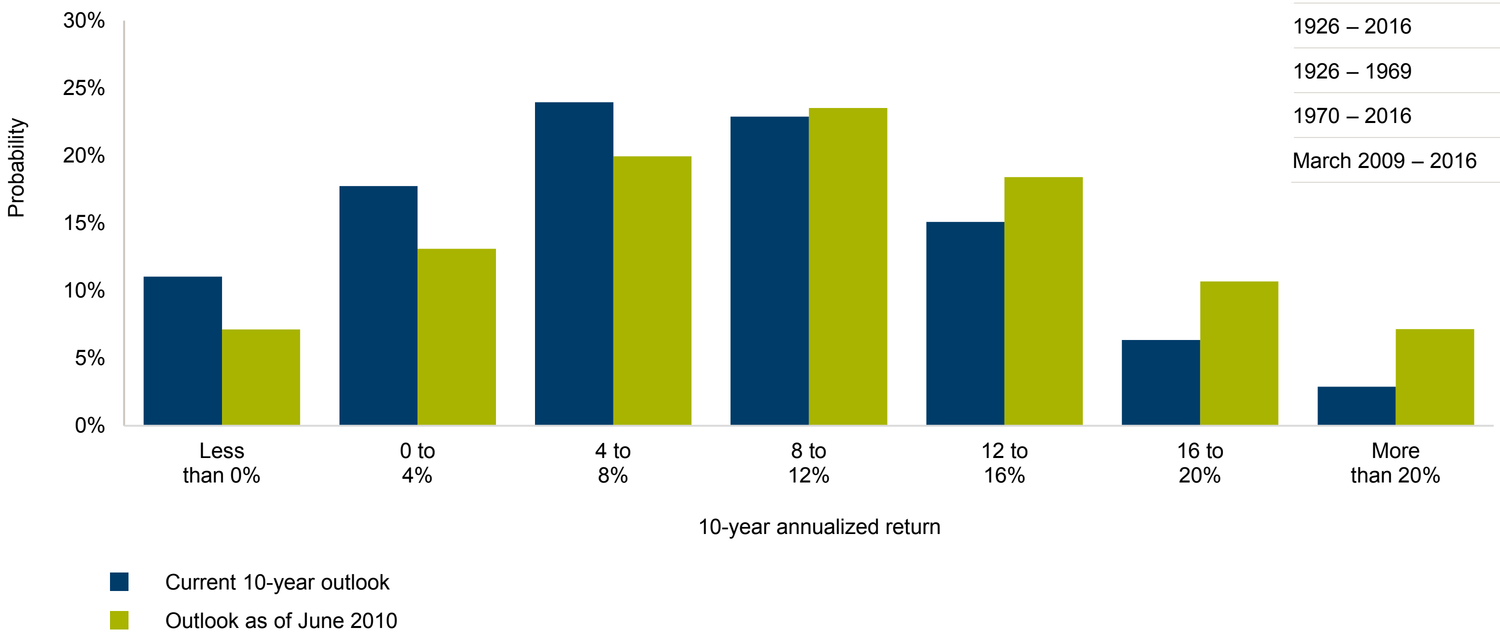
	Balanced	Equities	Bonds
Asset returns (Global)	• A guarded view given global crosscurrents of low yields and equity valuations • 10-year expected returns for balanced portfolios lower than historical averages. In some ways, the next 5 years may prove more challenging than the previous five. Principles of portfolio construction remain unchanged.	• In spite of high valuations, long-term outlook is not bearish when adjusted for the low-rate environment. This, of course, does not preclude a bear market • Outlook for global equity risk premium remains decent over long run	• Despite potential for yield volatility in near term, the low-rate environment will persist long term; we still see credit risk (i.e., recession) as higher than duration risk (i..e., rapid rise in interest rates) • Bond returns likely to be muted; central tendency of 1.5–3% nominal annualized over 10 years

Source: Vanguard.

Projected global equity ten-year return outlook

VCMM-simulated distribution of expected average annualized nominal return of global equity market as of June 2010 and September 2016

Global equity 60% US / 40% Global Ex US



Global equity returns	
1926 – 2016	10.0%
1926 – 1969	9.7%
1970 – 2016	10.2%
March 2009 – 2016	15.0%

IMPORTANT: The projections or other information generated by the 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 global equity returns in USD. Simulations are as of September 30, 2016. Results from the model may vary with each use and over time. For more information, please see the important information slide.

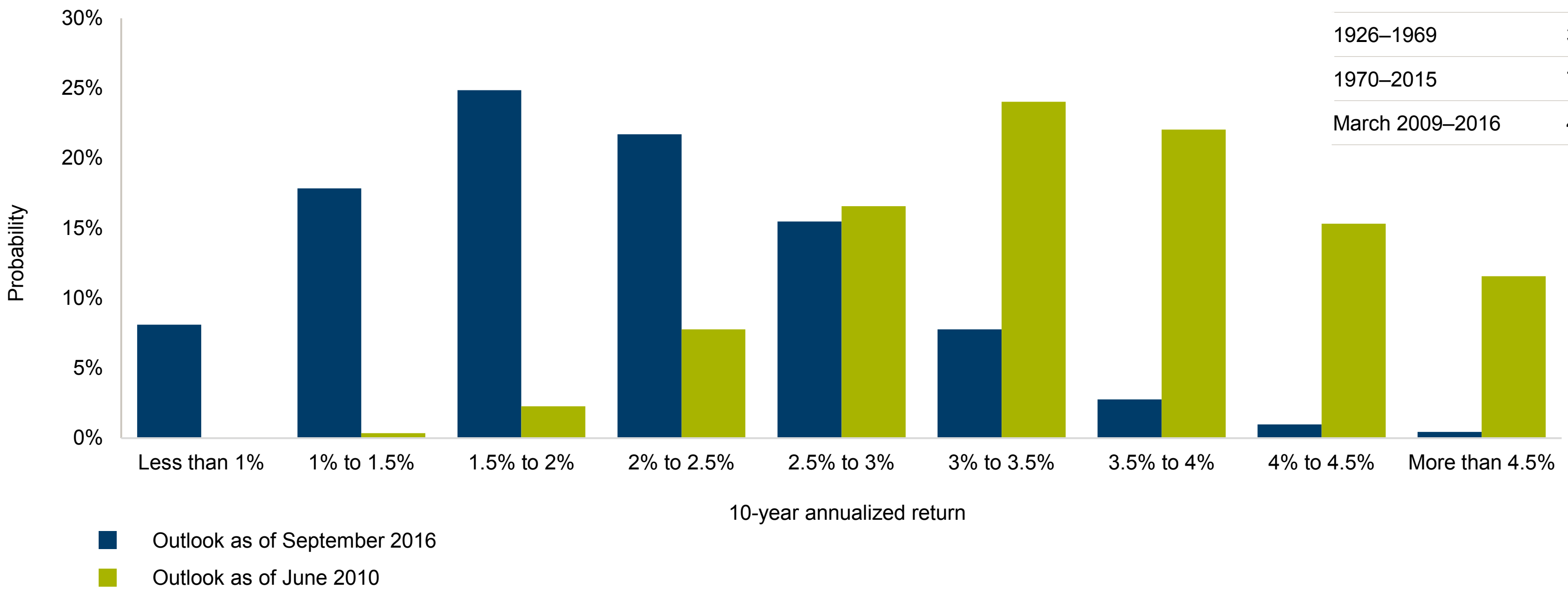
Sources: Vanguard.

Notes: Figure displays projected range of potential returns for portfolios of 60% U.S./40% ex-U.S. equities unhedged in USD, rebalanced annually. For details on benchmarks used for historical returns, see "Indexes used in our historical calculations," on page 5 of 2017 economic and market outlook: Stabilization, not stagnation (Davis et. al 2016).

Projected global fixed income ten-year return outlook

VCMM-simulated distribution of expected average annualized nominal return of total fixed income market as of June 2010 and September 2016

Global bonds 70% US / 30% Global Ex US



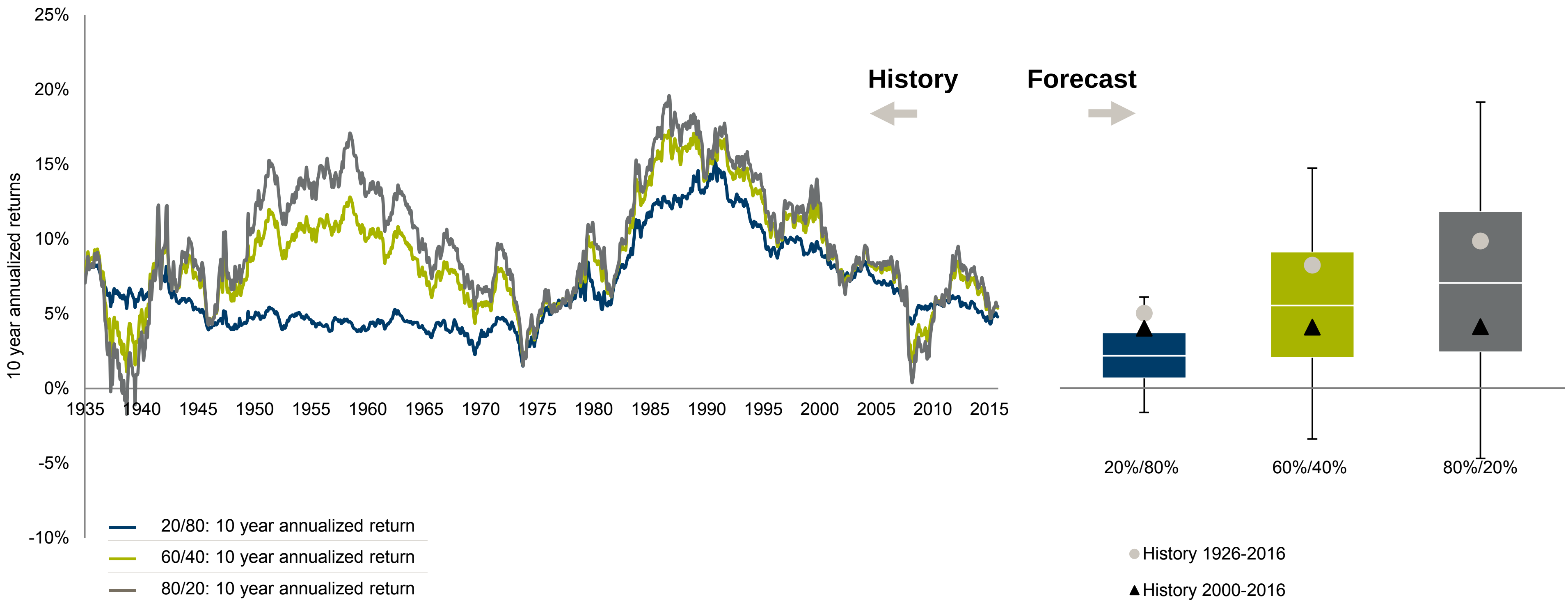
Global bond returns	
1926–2015	5.4%
1926–1969	3.1%
1970–2015	7.6%
March 2009–2016	4.2%

IMPORTANT: The projections or other information generated by the 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 global equity returns in USD. Simulations are as of September 30, 2016. Results from the model may vary with each use and over time. For more information, please see the important information slide.

Sources: Vanguard.
Notes: Figure displays projected range of potential returns for portfolios of 70% U.S./30% ex-U.S. equities unhedged in USD, rebalanced annually. For details on benchmarks used for historical returns, see “Indexes used in our historical calculations,” on page 5 of 2017 economic and market outlook: Stabilization, not stagnation (Davis et. al 2016).

Global Asset Returns: A guarded view given global crosscurrents of low yields and equity valuations

Projected ten-year real return outlook for balanced portfolios



IMPORTANT: The projections or other information generated by the 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 in USD. Simulations are as of September 30, 2016. Results from the model may vary with each use and over time. For more information, please see the important information slide.

Sources: Vanguard.
Notes: Forecast displays 5th/25th/50th/75th/95th percentile ranges of 10,000 VCMM simulations for projected ten-year annualized real returns in USD. The equity portfolio is 60% U.S. equity and 40% global ex-U.S. equity. The bond portfolio is 70% U.S. bonds and 30% global ex-U.S. bonds. For details, see 'Vanguard's economic and investment outlook' (Davis et al. 2015).

Appendix

A probabilistic view of the U.S. outlook

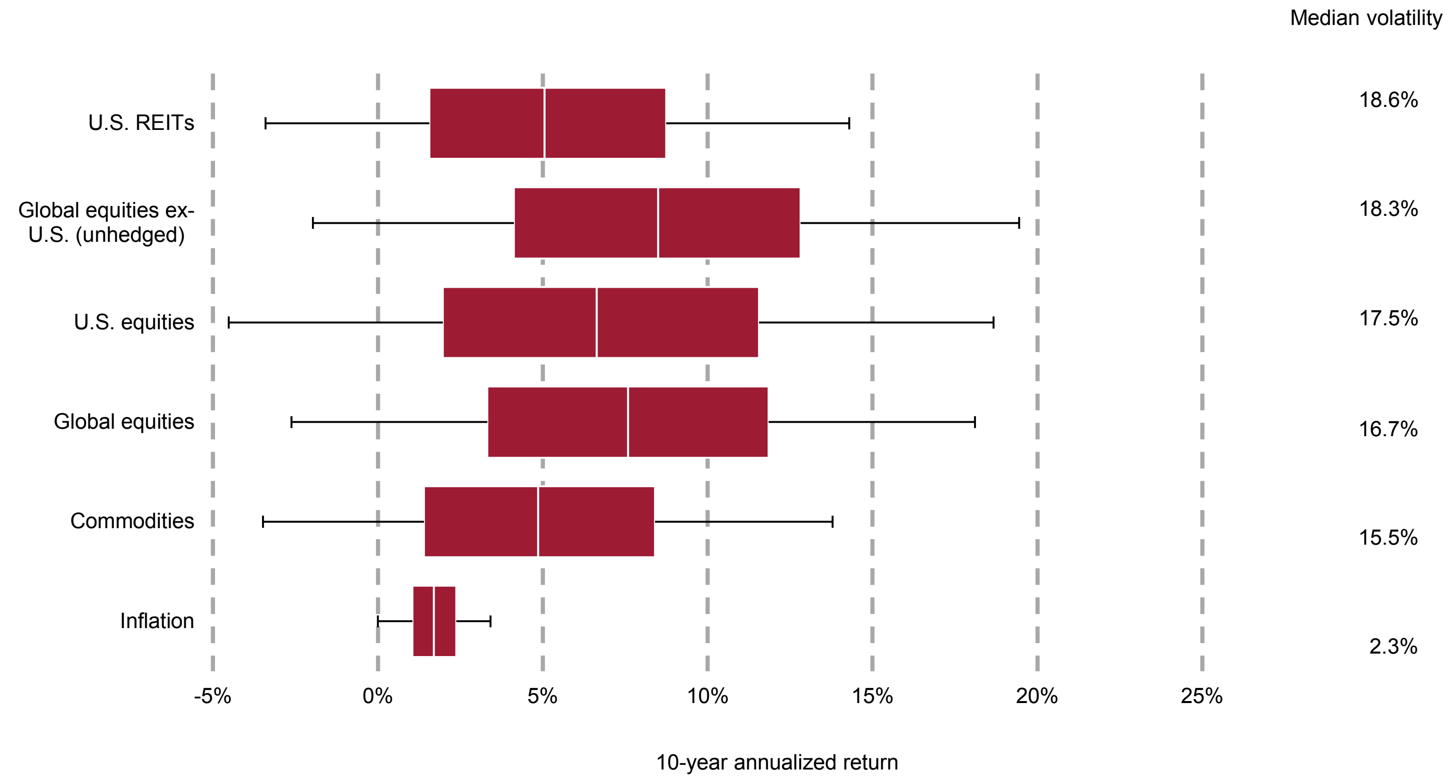
Tail risks have increased

Scenarios	Cyclical acceleration	Status quo	Recession	Stagflation
Probabilities	**35%**	**35%**	**20%**	**10%**
Growth	~3.0%	2.0%	less than 0%	~-1.0%
Core inflation	2%-2.5%	1.5-2%	less than 1%	3% or more
Federal funds rate (year-end 2017)	>1.5%	1.5%	Back to 0%	1.5%

Source: Vanguard.

Equity market ten-year return outlook: Setting reasonable expectations, being aware of widely dispersed potential returns

Return outlook as of September 2016



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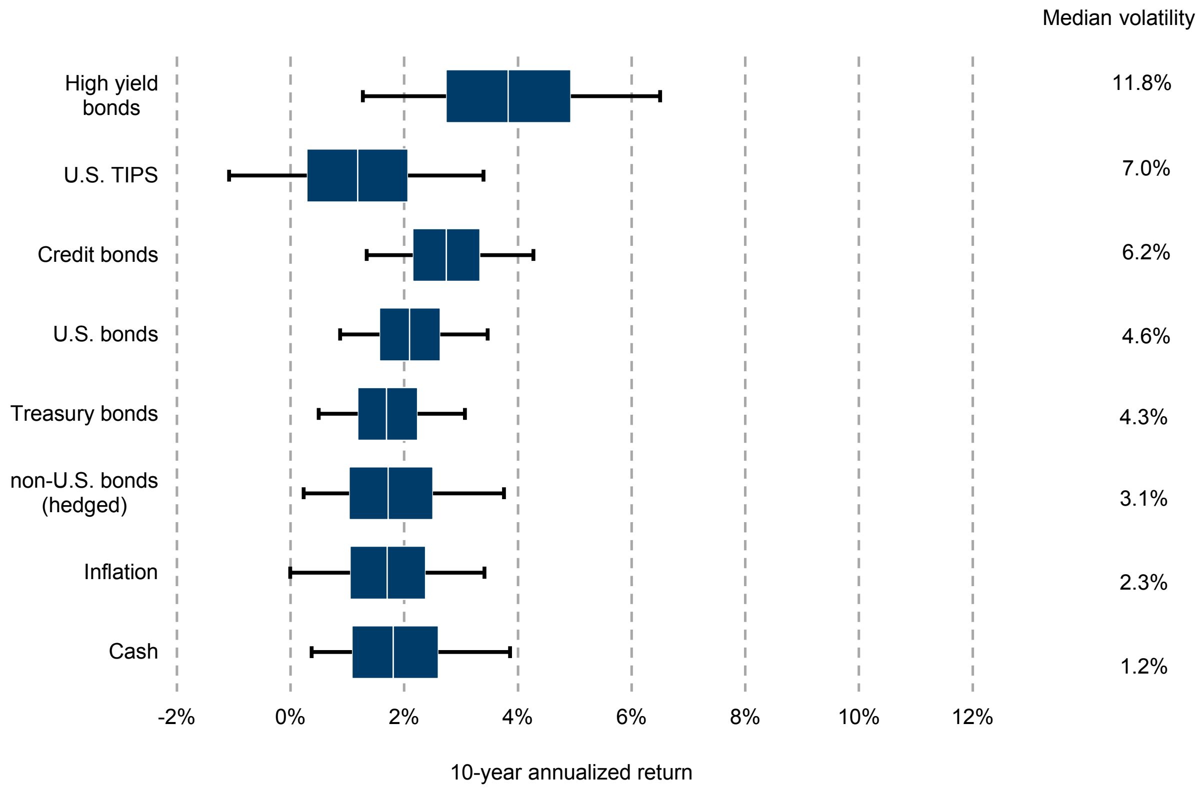
Sources: Vanguard.
Notes: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of September 30, 2016 in USD for asset classes highlighted here. For details, see 'Vanguard's economic and investment outlook' (Davis et al. 2016).

Bond market ten-year return outlook: Setting reasonable expectations

Return outlook as of September 2016



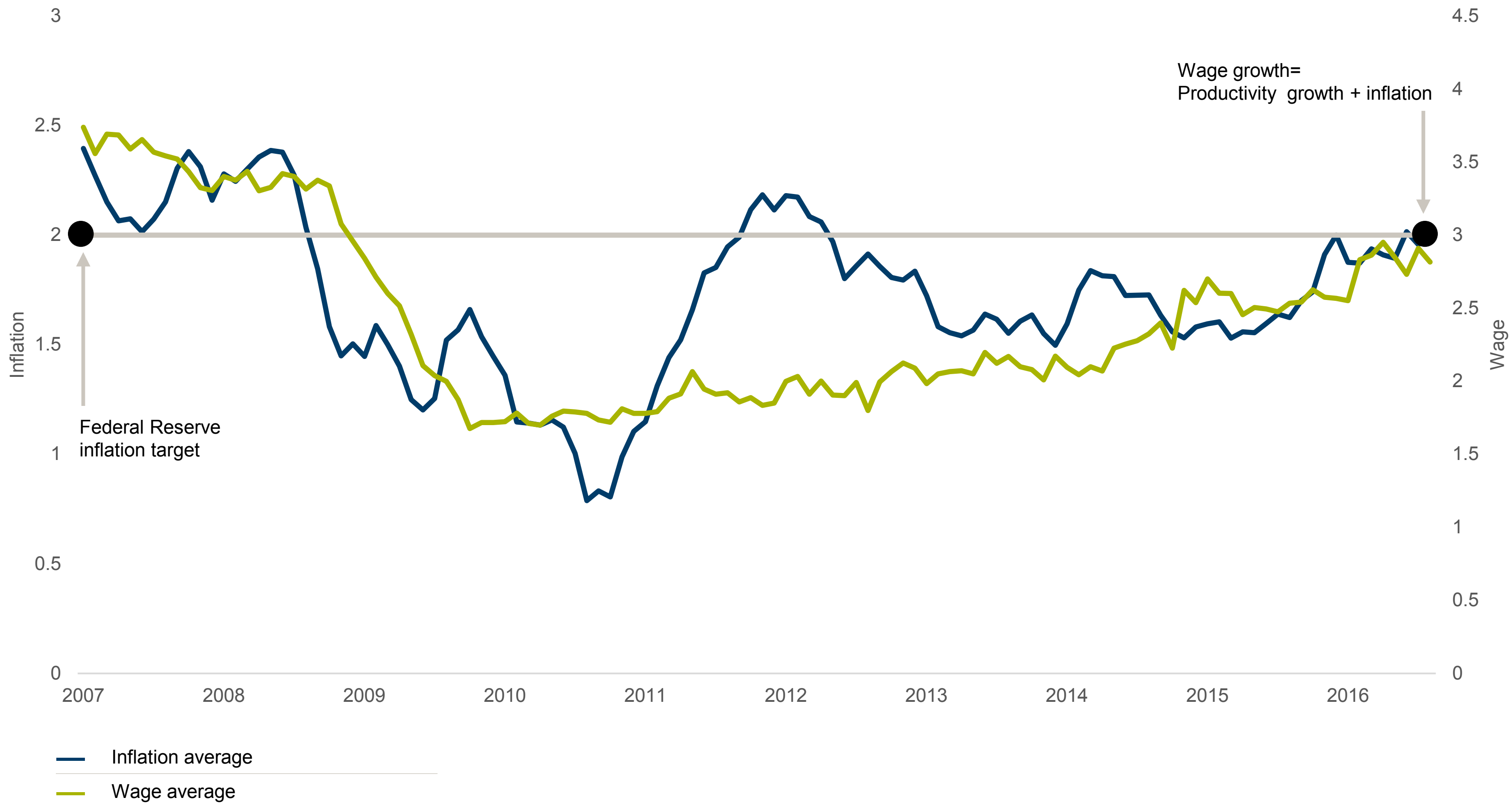
IMPORTANT: The projections or other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for USD denominated fixed income categories. Simulations are as of September 30, 2016. Results from the model may vary with each use and over time. For more information, please see the important information slide.

Sources: Vanguard.

Notes: Forecast corresponds to distribution of 10,000 VCMM simulations for ten-year annualized nominal returns as of September 30, 2016 in USD for asset classes highlighted here. For details, see 2017 economic and market outlook: Stabilization, not stagnation (Davis et. al 2016). Median volatility is the 50th percentile of an asset class's distribution of annualized standard deviation of returns.

Inflation heating up, but not too hot

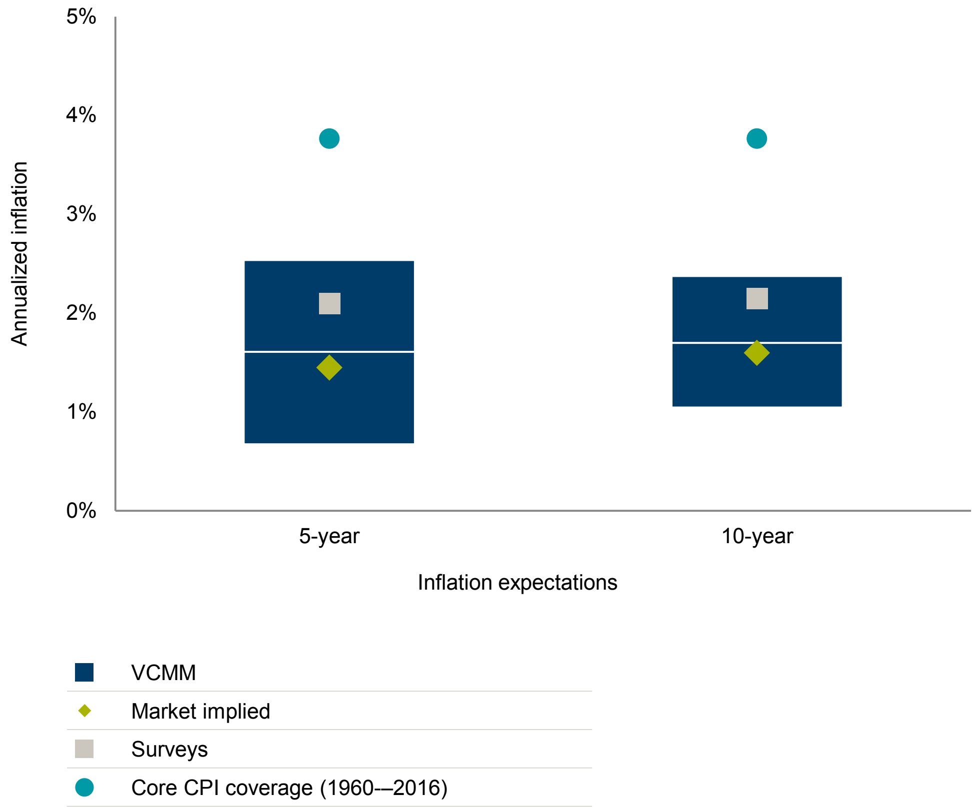
Real wage gains and inflation are closing in on long-term trend

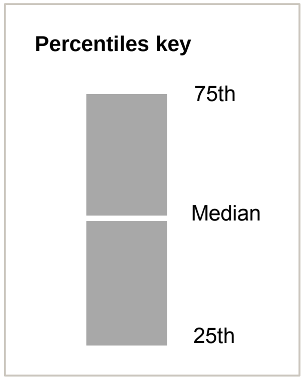


Notes: The wage average represents the monthly mean of year-on-year percentage changes in total private hourly earnings, Atlanta Federal Reserve Bank wage tracker, and the Employment cost index: wage and salaries index. The inflation average is the monthly mean of year-on-year percentage changes in core CPI and core PCE. The axes are aligned according to estimates of the inflationary level of wage growth. The productivity growth and inflation target represents a 2% inflation target plus a hypothetical 1% growth in productivity.
Source: Vanguard calculations based on data from the U.S. Census Bureau, the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis, the Federal Reserve Bank of Atlanta, and Moody's Analytics.

A look at the U.S. inflation outlook through multiple lenses

U.S. inflation outlook is near 2%





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Sources: Vanguard calculations based on data from U.S. Bureau of Labor Statistics, Federal Reserve System, Thomson Reuters Datastream, Moody's Analytics, Barclays and Bloomberg.
Notes: Green diamonds on box-plot represent latest values (September 2016) of Federal Reserve's five-year and ten-year breakeven inflation indexes. Tan boxes represent latest (September 2016) median values of five-year and ten-year annualized CPI inflation forecasts in Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters (September 2016).

Portfolio summary

Market Performance

Periods Ending December 31, 2016

Name	Dec-16	Last 3 Months	1 Yr	3 Yrs	5 Yrs	10 Yrs
US Equity						
CRSP US Total Market TR USD	1.9	4.1	12.7	8.4	14.6	7.3
S&P 500	2.0	3.8	12.0	8.9	14.7	6.9
S&P 400 MidCap	2.2	7.4	20.7	9.0	15.3	9.2
S&P 600 SmallCap	3.4	11.1	26.6	9.5	16.6	9.0
International Equity						
MSCI Emerging Markets	0.2	-4.2	11.2	-2.6	1.3	1.8
MSCI Emerging Markets NR LCL	0.1	-1.4	9.7	2.8	5.6	4.4
MSCI EAFE	3.4	-0.7	1.0	-1.6	6.5	0.7
MSCI EAFE NR LCL	4.5	7.1	5.3	5.5	11.8	2.2
MSCI ACWI ex USA	2.6	-1.3	4.5	-1.8	5.0	1.0
Fixed Income Domestic						
BBgBarc US Aggregate TR	0.1	-3.0	2.6	3.0	2.2	4.3
BBgBarc US Corporate 1-5 Years TR	0.2	-0.8	2.9	2.1	2.8	4.1
BBgBarc US Credit/Corp 5-10 Yr TR	0.3	-3.1	5.6	4.5	4.6	5.9
BBgBarc US Corporate Long TR	1.6	-5.0	11.0	7.0	5.4	6.9
BBgBarc US Govt/Credit Long TR	0.7	-7.8	6.7	7.2	4.1	6.9
BBgBarc US Treasury Strips 20-30 Yr Equal Parity TR	-0.8	-16.5	1.3	12.1	3.0	8.3
BBgBarc US High Yield TR	1.8	1.8	17.1	4.7	7.4	7.5
BBgBarc US Govt TR	-0.1	-3.7	1.0	2.3	1.2	3.9
BBgBarc US Credit TR	0.6	-3.0	5.6	4.1	3.8	5.3
BBgBarc US Treasury 1-5 Yr TR	0.0	-1.2	1.0	1.0	0.8	2.8
BBgBarc US Treasury 5-10 Yr TR	-0.1	-4.6	1.2	3.1	1.6	5.0
BBgBarc US Treasury Long TR	-0.5	-11.7	1.3	7.8	2.5	6.7
BBgBarc US Treasury TIPS 0-5 Yr TR	0.3	-0.2	2.8	0.5	0.5	2.8
BBgBarc US TIPS TR	-0.1	-2.4	4.7	2.3	0.9	4.4
Fixed Income International						
BBgBarc Global Aggregate ex US Tres Hedged TR	0.4	-1.9	4.9	5.0	4.5	4.4
BBgBarc Emerging Markets TR	1.1	-2.6	9.9	5.3	5.7	6.7
REIT						
MSCI US REIT Gross	4.7	-3.0	8.6	13.2	11.9	5.0

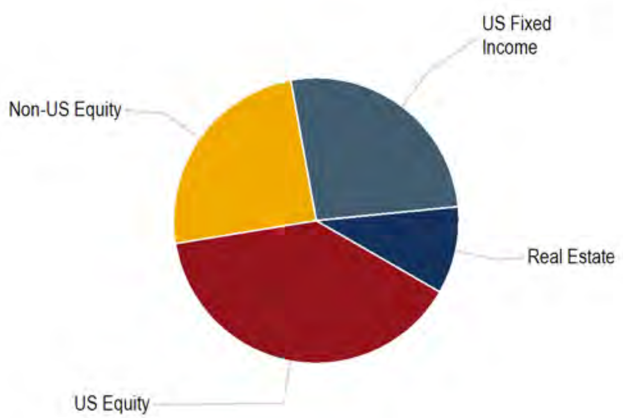
Total Portfolio Performance & Asset Allocation

Performance Summary

	Market Value ($)	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Inception Since
		Ending December 31, 2016							
COMMUNITY FOUNDATION FOR MUSKEGON COUNTY (Gross)	**159,779,799**	**1.78**	**-0.08**	**7.72**	**--**	**--**	**--**	**4.46**	**Apr-14**
COMMUNITY FOUNDATION FOR MUSKEGON COUNTY (Net)		**1.78**	**-0.09**	**7.67**	**--**	**--**	**--**	**4.42**	
0JABQX Composite Benchmark		1.84	-0.02	7.58	--	--	--	4.48	Apr-14

- 0JABQX Composite Benchmark = 10% REIT Spliced Index / 30% Spliced BBgBarc USAgg Float Adj Ix / 24% Spl Total International Stock Index / 36% Spliced Total Stock Market Index

Current Allocation as of December 31, 2016



	Current	%	Policy	Difference*
US Equity	$62,446,735	39.1%	36.0%	3.1%
Non-US Equity	$39,512,652	24.7%	24.0%	0.7%
US Fixed Income	$42,060,238	26.3%	30.0%	-3.7%
Real Estate	$15,760,174	9.9%	10.0%	-0.1%
Total	**$159,779,799**	**100.0%**	**100.0%**	

*Difference between Policy and Current Allocation

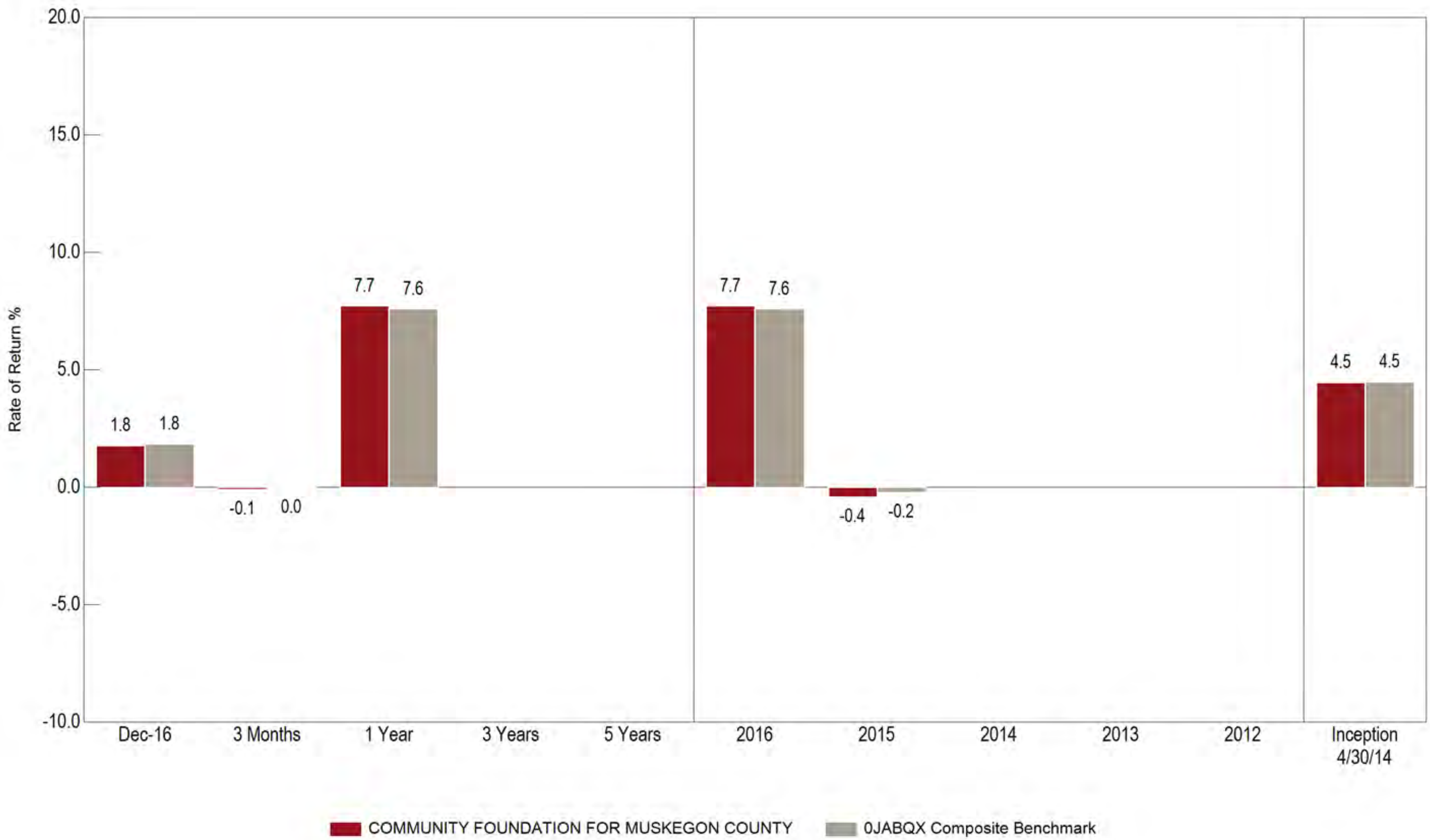
Performance Summary (Gross of Fees)

	Market Value ($)	% of Portfolio	Ending December 31, 2016 1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception Return (%)	Since
COMMUNITY FOUNDATION FOR MUSKEGON COUNTY	**159,779,799**	**100.00**	**1.78**	**-0.08**	**7.72**	**--**	**--**	**--**	**4.46**	**Apr-14**
0JABQX Composite Benchmark			1.84	-0.02	7.58	--	--	--	4.48	Apr-14
Total Equity	**101,959,387**	**63.81**	**1.97**	**1.70**	**9.47**	**--**	**--**	**--**	**4.27**	**Apr-14**
Equity Domestic	**62,446,735**	**39.08**	**1.94**	**4.12**	**12.68**	**--**	**--**	**--**	**8.65**	**Apr-14**
Spliced Total Stock Market Index			1.94	4.11	12.68	8.40	14.64	7.23	8.64	Apr-14
Vanguard® Total Stock Market Index Fund Institutional Shares	62,446,735	39.08	1.94	4.12	12.67	8.39	14.63	7.24	8.64	Apr-14
Spliced Total Stock Market Index			1.94	4.11	12.68	8.40	14.64	7.23	8.64	Apr-14
Multi-Cap Core Funds Average			1.44	3.72	10.19	5.67	12.37	5.51	5.81	Apr-14
Equity International	**39,512,652**	**24.73**	**2.03**	**-1.92**	**4.70**	**--**	**--**	**--**	**-2.25**	**Apr-14**
Spl Total International Stock Index			2.62	-1.27	4.72	-1.07	5.58	0.98	-1.96	Apr-14
Vanguard® Total International Stock Index Fund Inst Shares	39,512,652	24.73	2.03	-1.92	4.70	-1.32	5.53	0.93	-2.26	Apr-14
Spl Total International Stock Index			2.62	-1.27	4.72	-1.07	5.58	0.98	-1.96	Apr-14
International Funds Average			1.93	-2.66	0.57	-1.97	5.78	0.54	-2.62	Apr-14
Total Fixed Income	**42,060,238**	**26.32**	**0.25**	**-3.17**	**2.61**	**--**	**--**	**--**	**2.25**	**Apr-14**
Fixed Income Domestic	**42,060,238**	**26.32**	**0.25**	**-3.17**	**2.61**	**--**	**--**	**--**	**2.25**	**Apr-14**
Spliced BBgBarc USAgg Float Adj Ix			0.15	-3.05	2.75	2.99	2.24	4.36	2.35	Apr-14
Vanguard® Total Bond Market Index Fund Institutional Shares	42,060,238	26.32	0.25	-3.16	2.61	2.95	2.15	4.32	2.29	Apr-14
Spliced BBgBarc USAgg Float Adj Ix			0.15	-3.05	2.75	2.99	2.24	4.36	2.35	Apr-14
Spl Interm Inv-Grade Debt Funds Avg			0.21	-2.69	3.03	2.71	2.60	3.83	1.99	Apr-14
Total Real Estate	**15,760,174**	**9.86**	**4.71**	**-2.95**	**8.52**	**--**	**--**	**--**	**9.51**	**Apr-14**
Real Estate Domestic	**15,760,174**	**9.86**	**4.71**	**-2.95**	**8.52**	**--**	**--**	**--**	**9.51**	**Apr-14**
REIT Spliced Index			4.69	-2.96	8.60	13.23	11.86	5.20	9.61	Apr-14
Vanguard® REIT Index Fund Institutional Shares	15,760,174	9.86	4.71	-2.94	8.51	13.14	11.79	5.26	9.51	Apr-14
REIT Spliced Index			4.69	-2.96	8.60	13.23	11.86	5.20	9.61	Apr-14
Real Estate Funds Average			3.94	-2.49	6.87	11.71	10.75	3.97	8.47	Apr-14

COMMUNITY FOUNDATION FOR MUSKEGON COUNTY

Total Portfolio Performance (Gross of Fees)

as of December 31, 2016



Cash Flow Summary

	Month Ending December 31, 2016			
	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Vanguard® REIT Index Fund Institutional Shares	$15,051,130	$0	$709,044	$15,760,174
Vanguard® Total Bond Market Index Fund Institutional Shares	$41,953,367	$0	$106,871	$42,060,238
Vanguard® Total International Stock Index Fund Inst Shares	$38,725,147	$0	$787,505	$39,512,652
Vanguard® Total Stock Market Index Fund Institutional Shares	$61,608,494	-$350,000	$1,188,241	$62,446,735
Total	**$157,338,138**	**-$350,000**	**$2,791,660**	**$159,779,799**

Net Investment Change is inclusive of income.

Investment Expense Analysis

As Of December 31, 2016

Name	Market Value	% of Portfolio	Expense Ratio
Total Equity	**$101,959,387**	**63.8%**	
Equity Domestic	**$62,446,735**	**39.1%**	
Vanguard® Total Stock Market Index Fund Institutional Shares	$62,446,735	39.1%	0.04%
Equity International	**$39,512,652**	**24.7%**	
Vanguard® Total International Stock Index Fund Inst Shares	$39,512,652	24.7%	0.10%
Total Fixed Income	**$42,060,238**	**26.3%**	
Fixed Income Domestic	**$42,060,238**	**26.3%**	
Vanguard® Total Bond Market Index Fund Institutional Shares	$42,060,238	26.3%	0.05%
Total Real Estate	**$15,760,174**	**9.9%**	
Real Estate Domestic	**$15,760,174**	**9.9%**	
Vanguard® REIT Index Fund Institutional Shares	$15,760,174	9.9%	0.10%
Total	**$159,779,799**	**100.0%**	**0.06%**

Benchmark History

As Of December 31, 2016

COMMUNITY FOUNDATION FOR MUSKEGON COUNTY		
5/1/2014	Present	10% REIT Spliced Index / 30% Spliced BBgBarc USAgg Float Adj Ix / 24% Spl Total International Stock Index / 36% Spliced Total Stock Market Index
Total Equity		
		N/A
Equity Domestic		
4/30/2014	Present	100% CRSP US Total Market TR USD
Vanguard® Total Stock Market Index Fund Institutional Shares		
4/30/2014	Present	100% CRSP US Total Market TR USD
Equity International		
4/30/2014	Present	100% FTSE Global All Cap ex US
Vanguard® Total International Stock Index Fund Inst Shares		
4/30/2014	Present	100% FTSE Global All Cap ex US
Total Fixed Income		
		N/A
Fixed Income Domestic		
4/30/2014	Present	100% BBgBarc US Aggregate Float Adjusted TR
Vanguard® Total Bond Market Index Fund Institutional Shares		
4/30/2014	Present	100% BBgBarc US Aggregate Float Adjusted TR
Total Real Estate		
		N/A
Real Estate Domestic		
4/30/2014	Present	100% MSCI US REIT
Vanguard® REIT Index Fund Institutional Shares		
4/30/2014	Present	100% MSCI US REIT

Asset allocation summary of CFMC VIAS composite portfolio As of December 31, 2016

Investment	Market value as of December 31, 2016	Target allocation	Actual weight	Variance
Domestic equity				
Total Stock Market Index Fund Institutional Shares	$62,446,735	36.0%	38.1%	2.1%
Domestic equity subtotal	*$62,446,735*	*36.0%*	*38.1%*	*2.1%*
International equity				
Total International Stock Index Fund Institutional Shares	$39,512,652	24.0%	24.1%	0.1%
International equity subtotal	*$39,512,652*	*24.0%*	*24.1%*	*0.1%*
Fixed income				
Total Bond Market Index Fund Institutional Shares	$42,060,238	30.0%	28.1%	-1.9%
Total Bond Market ETF (held at PNC in pledge)*	$3,973,696			
Fixed income subtotal	*$46,033,934*	*30.0%*	*28.1%*	*-1.9%*
Other investments				
REIT Index Fund	$15,760,174	10.0%	9.6%	-0.4%
Other investments subtotal	*$15,760,174*	*10.0%*	*9.6%*	*-0.4%*
Total portfolio	**$163,753,495**	**100.0%**	**100.0%**	

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

Historical portfolio performance

Community Foundation for Muskegon County (CFMC)
Quarterly Summary of Combined Historical Performance
For the period ending 12/31/2016

				Annualized return			Calendar return					
	Quarter	**YTD**	**1 year**	**3 year**	**5 year**	**10 year**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
CFMC Composite Portfolio	-0.09	7.67	7.67	4.25	7.39	4.24	–0.42	5.68	12.35	12.21	–3.47	13.95
CFMC Composite Benchmark*	-0.02	7.59	7.59	4.76	9.14	5.24	–0.20	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.

Legal

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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.

Client performance inception date is generally the first month-end after initial funding. Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Diversification does not ensure a profit or protect against a loss.

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.

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.

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Segregated accounts

Investment performance of segregated accounts
As of December 31, 2016

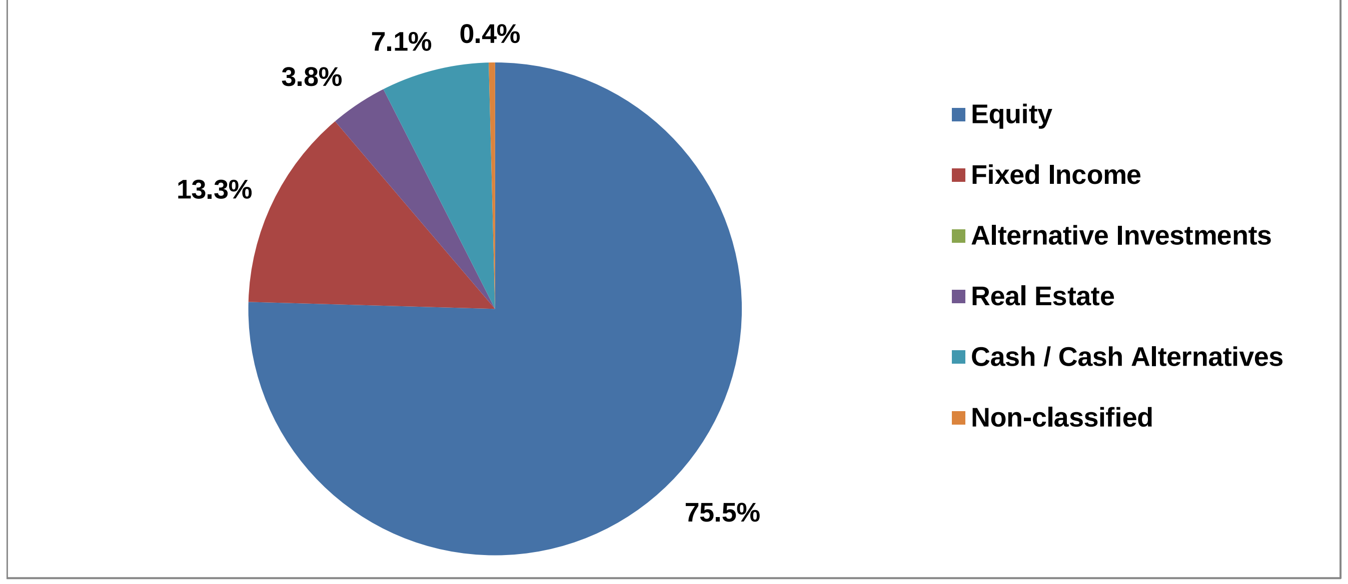
Community Foundation for Muskegon County (CFMC)
Quarterly Summary of Investment Performance of Segregated Accounts
For the period ending 12/31/2016

Account name	Investment manager	Q4 2016 return	YTD 2016	Market value as of 12/31/16
Freedom – Willard Bosma	RJ	+0.93%	+7.05%	$432,006
Maykol Bond	ML	-1.14%	+3.67%	$107,559
J. Hanna / M. Murphy	UBS	+0.76%	+6.22%	$1,072,861
Ernest E. Settle	UBS	+0.80%	+6.29%	$1,118,960
Cutler	Schwab	+2.96%	+10.71%	$208,145
The 2012 Fund	Schwab	+0.00%	+0.01%	$993,278
MI Heritage Trails (MICHHT)	UBS	+0.69%	+6.39%	$1,186,811
Hilt Landing Proj. (Hiltlp)	UBS	—	+0.01%	—
Donahue	NW	-1.28%	+3.48%	$109,091
G & B Hilt Fund (hilt05)	UBS	+0.37%	+5.72%	$6,434,841
Collins	RJ	+1.40%	+4.89%	$636,099
Smith	RJ	+0.56%	+8.19%	$51,708
Bush Scholarship (bushj)	AGLC	—	+1.06%	—
Campbell Scholarship	ML	—	—	$25,179
Paine Family Foundation	Chemical	—	-1.55%	—

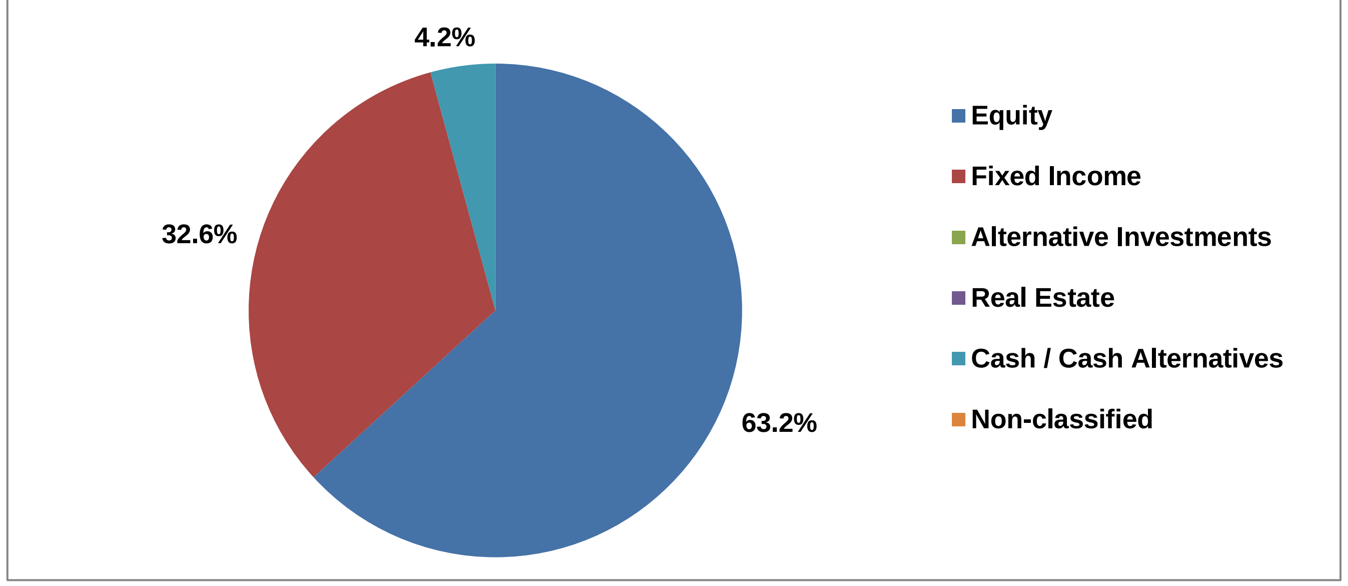
Note: Vanguard cannot independently validate the accuracy of the returns shown above.
Note: Performance net of investment manager fees.
All returns are manually calculated using data provided by the investment providers and CFMC staff. Return calculation reflects beginning period and ending period market values adjusted for investment provider or CFMC cash flows and investment provider fees.
Past performance is not a guarantee of future returns.

Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 12/31/2016

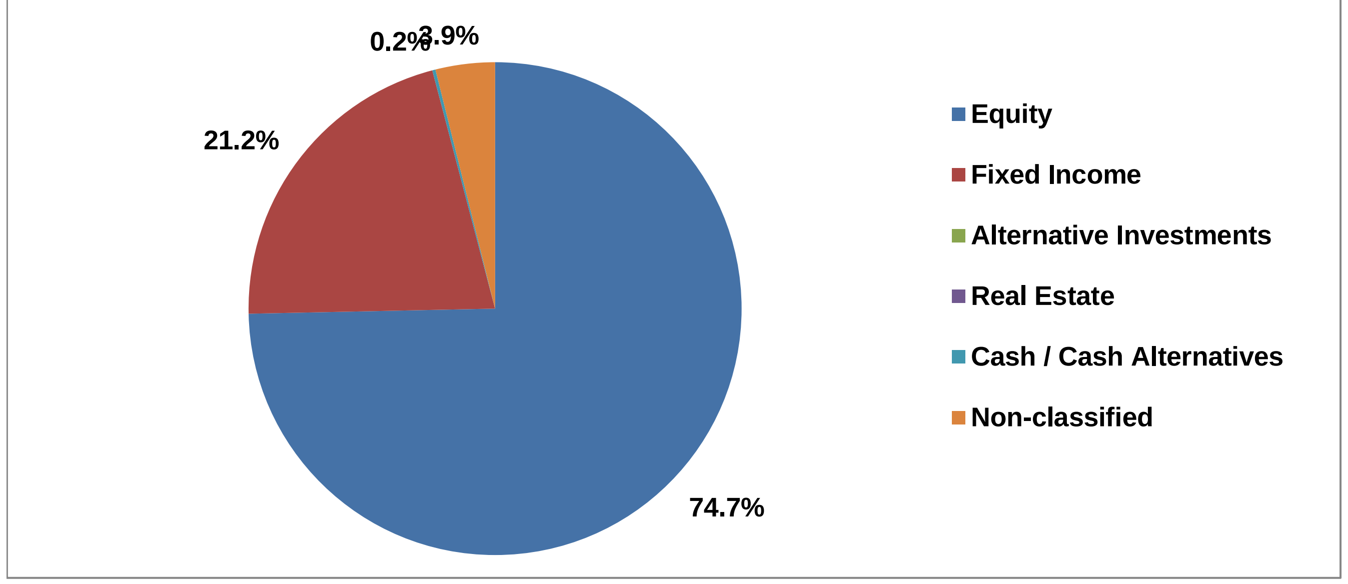
RJ - Freedom - Willard Bosma ($432,006)



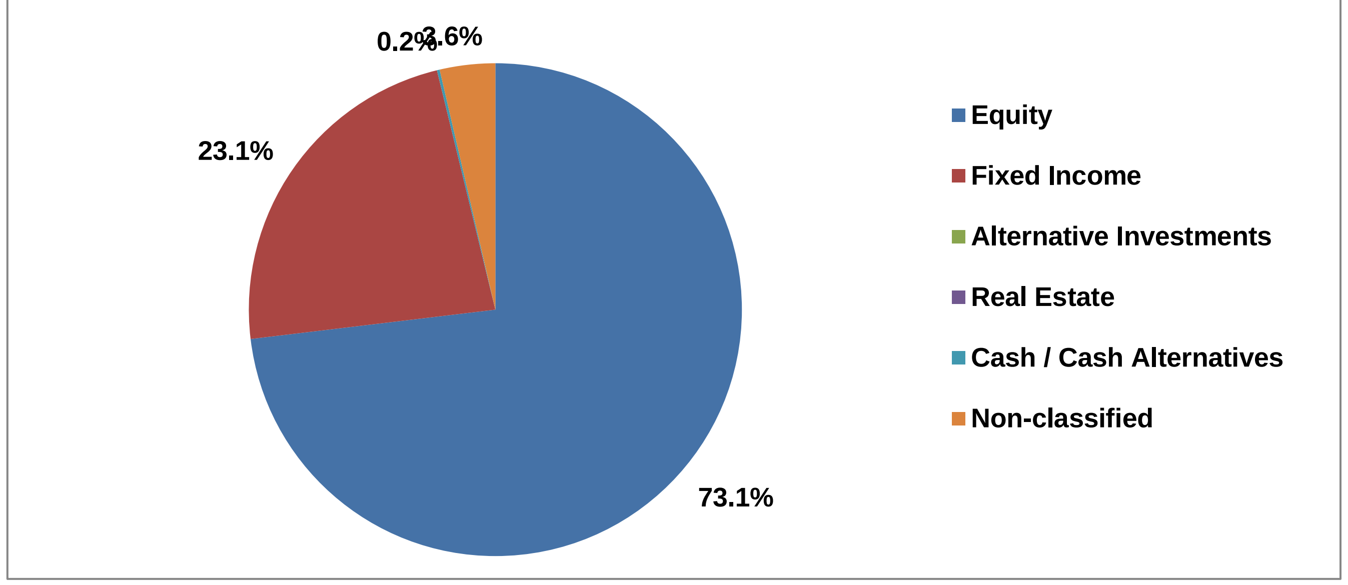
ML - Maykol ($107,559)



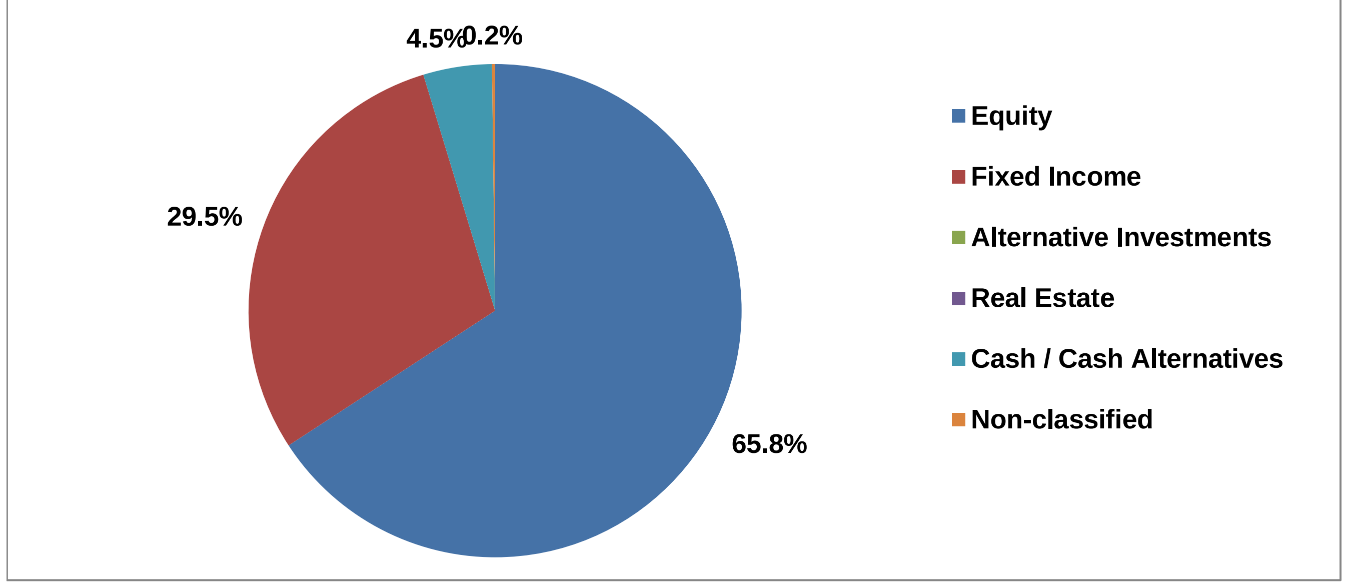
UBS - J Hanna/M Murphy ($1,072,861)



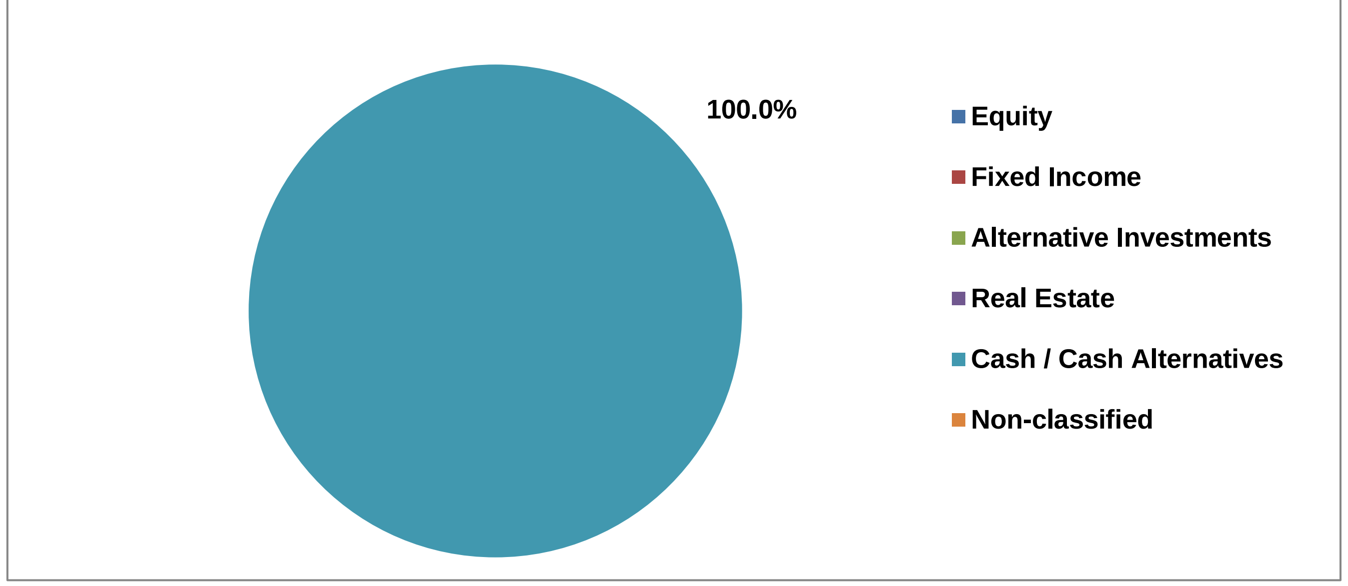
UBS - Ernest E Settle ($1,118,960)



Schwab - Cutler ($208,145)

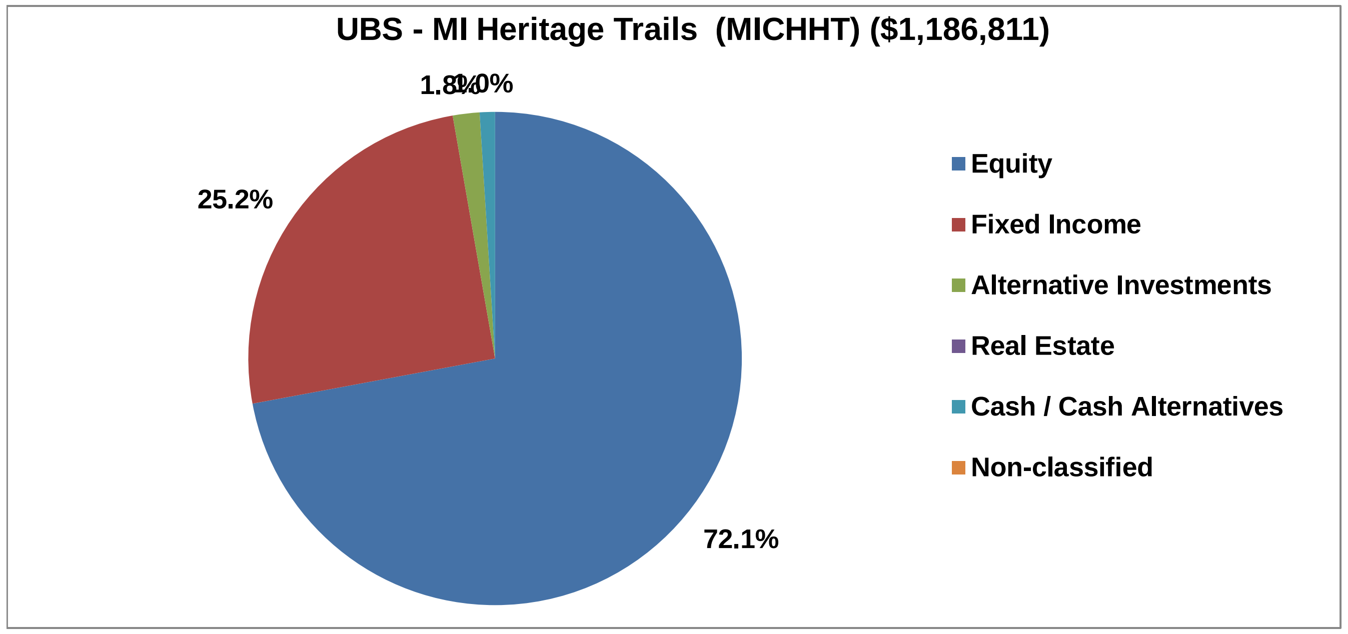


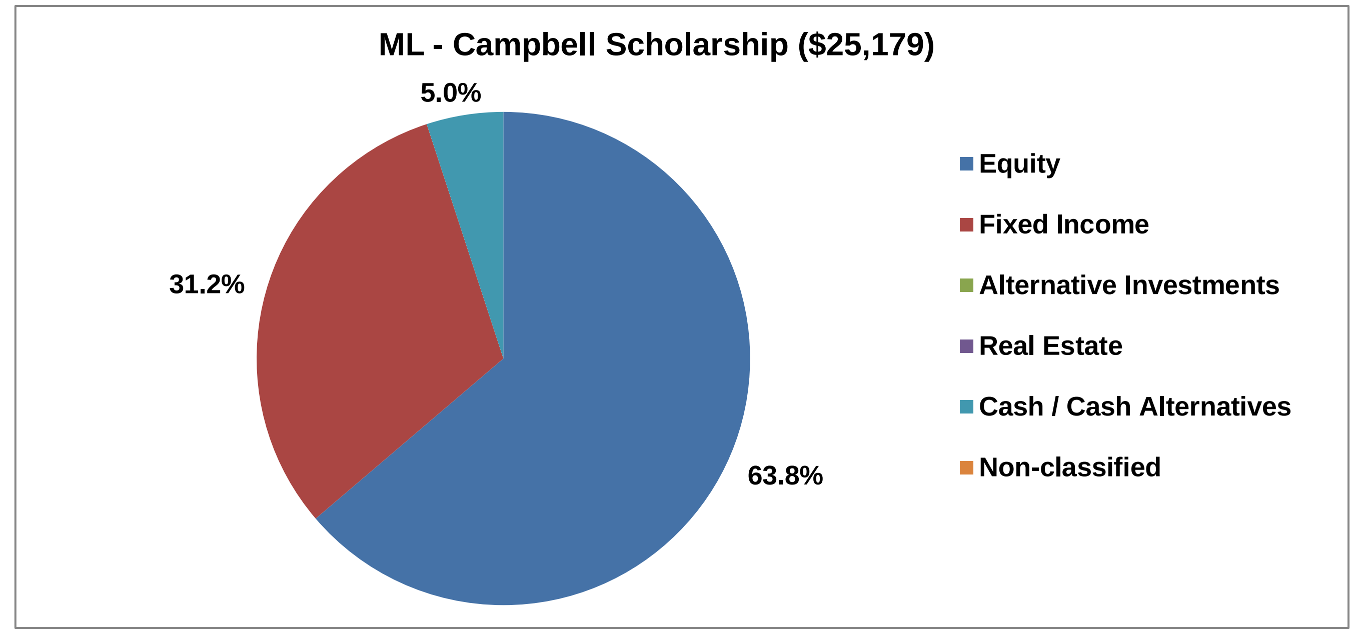
Schwab - The 2012 Fund ($993,278)

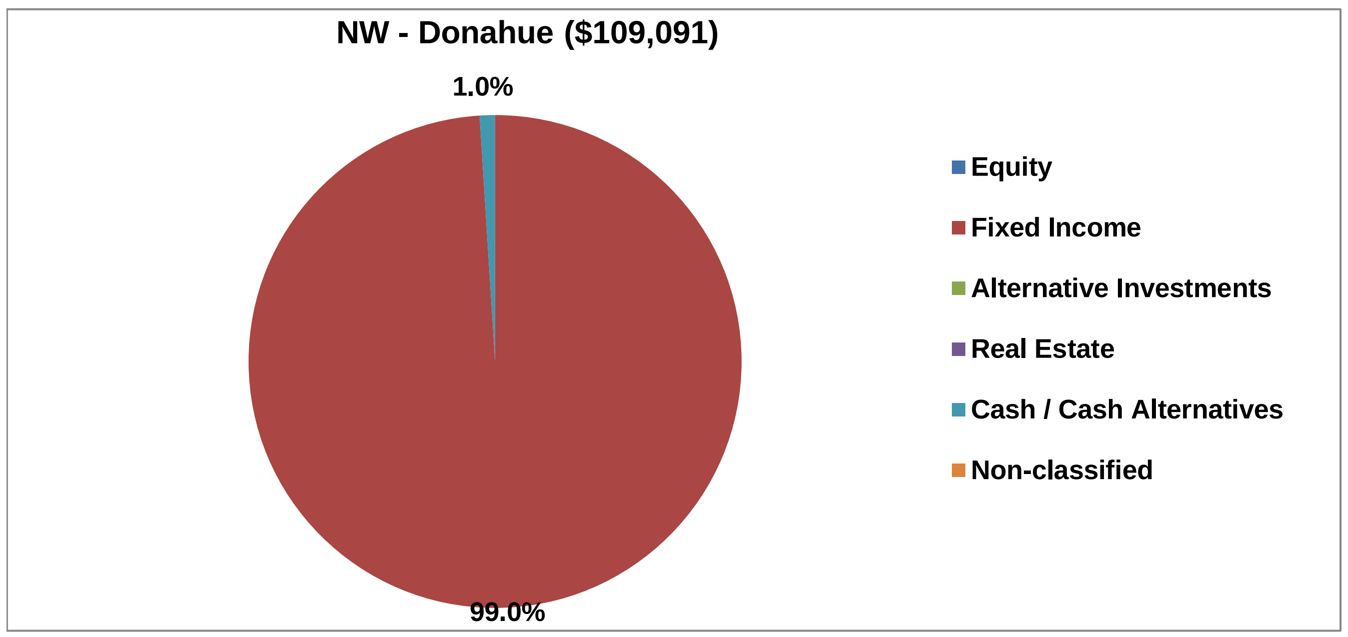


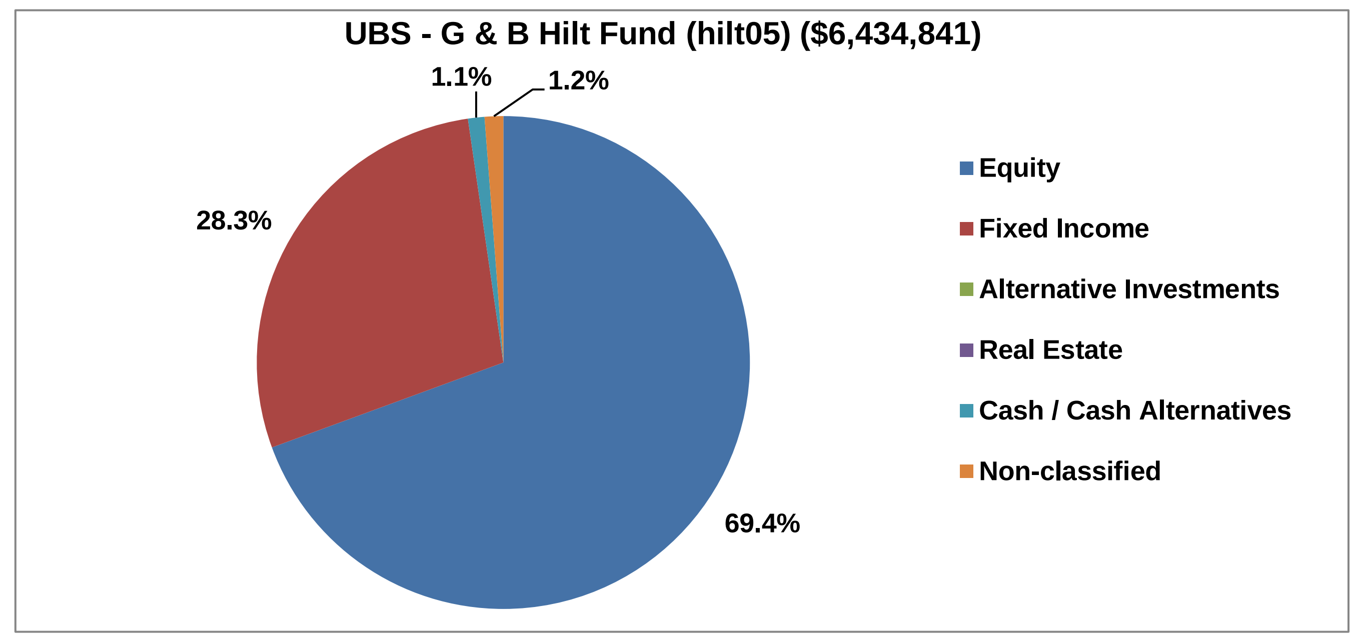
Note: Asset allocation data sourced from investment manager statements. Vanguard cannot independently validate the accuracy of the data provided.

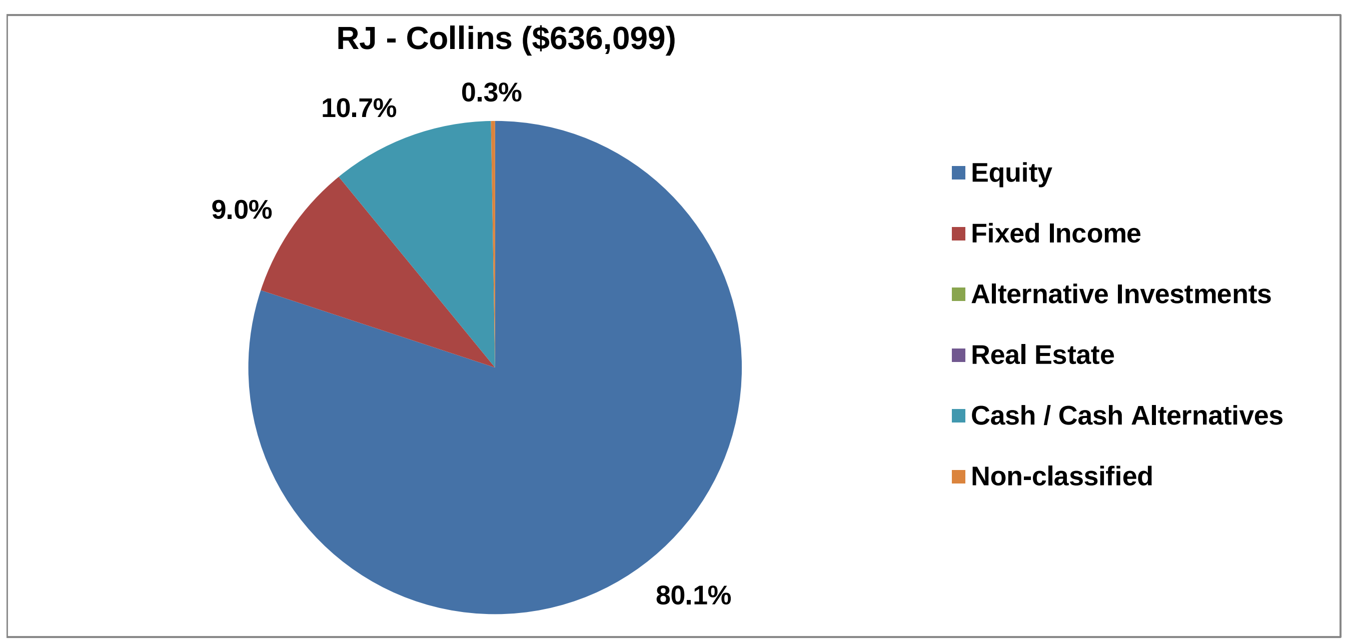
Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 12/31/2016

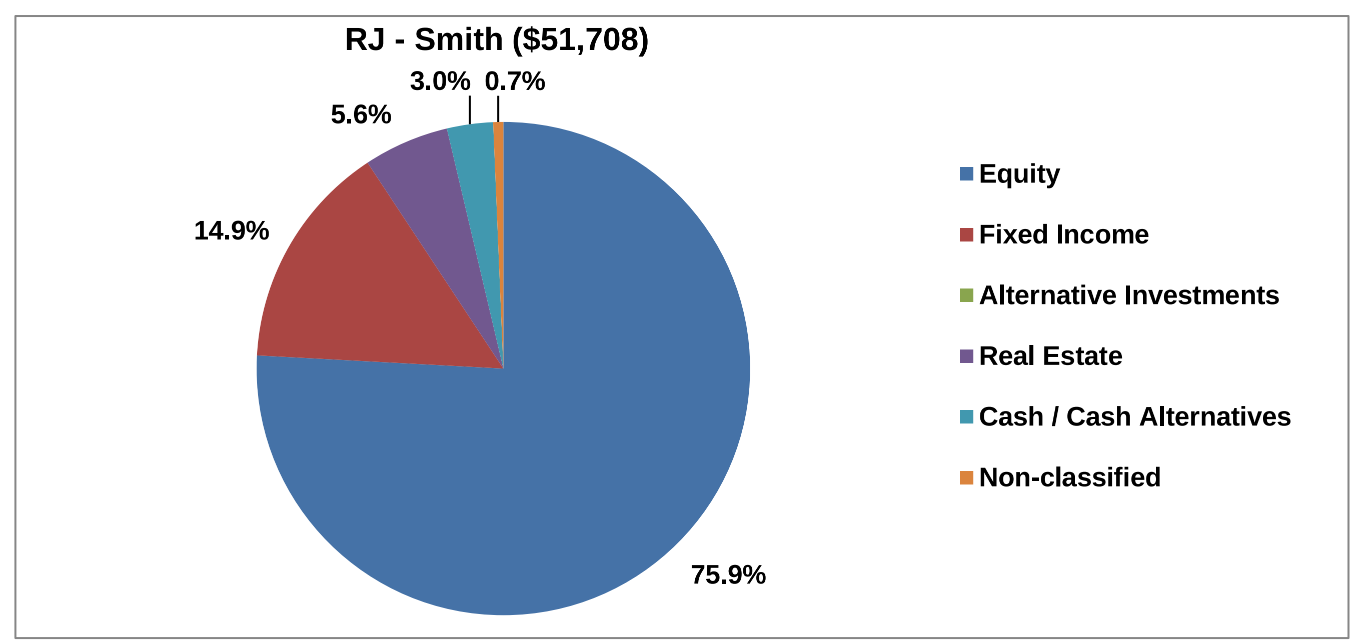






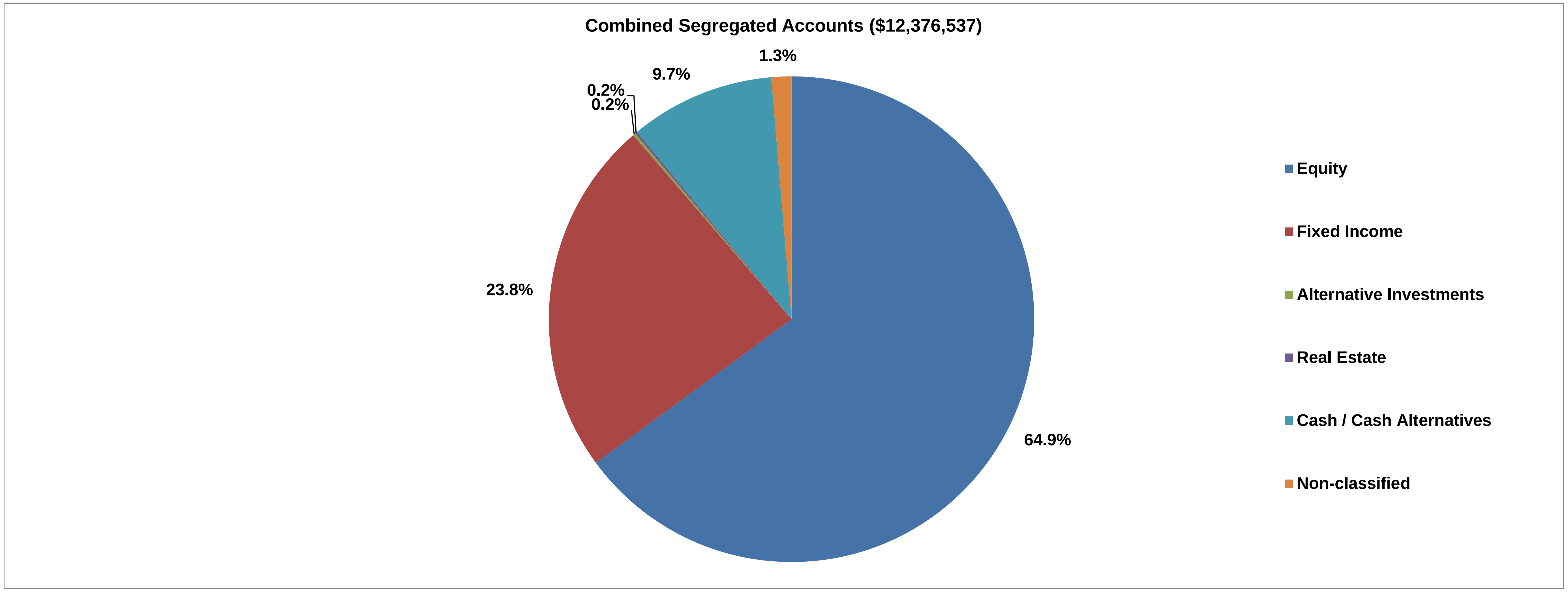






Note: Asset allocation data sourced from investment manager statements. Vanguard cannot independently validate the accuracy of the data provided.

Community Foundation for Muskegon County (CFMC)
Quarterly Asset Allocation Summary of Segregated Accounts - As of 12/31/2016



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

Risk/return analysis

Community Foundation for Muskegon County
Risk/return study – 10-year time horizon

Forecast: September 2016

Asset classes	Current	80/20	85/15	90/10	95/5	5	25	50	75	95	Volatility
U.S. equities	36.00%	42.00%	44.00%	46.00%	48.00%	-4.5%	2.0%	6.6%	11.6%	18.7%	17.5%
Non-U.S. equities (unhedged)	24.00%	27.00%	29.00%	31.00%	33.00%	-2.0%	4.1%	8.5%	12.8%	19.4%	18.3%
U.S. Bonds	30.00%	20.00%	15.00%	10.00%	5.00%	0.9%	1.6%	2.1%	2.6%	3.5%	4.6%
REITs	10.00%	11.00%	12.00%	13.00%	14.00%	-3.4%	1.6%	5.1%	8.7%	14.3%	18.6%
Inflation	—	—	—	—	—	0.0%	1.0%	1.7%	2.4%	3.4%	2.3%

	Current	80/20	85/15	90/10	95/5
Median return (geometric)	6.1%	6.6%	6.8%	7.0%	7.3%
Median inflation-adjusted return	4.4%	4.8%	5.1%	5.3%	5.5%
Median risk (volatility)	11.2%	12.8%	13.5%	14.2%	15.0%
Sharpe ratio	0.42	0.42	0.42	0.42	0.42

Portfolio return distribution

	5	10	20	30	40	50	60	70	80	90	95
Current	-0.5%	1.0%	2.7%	3.9%	5.1%	6.1%	7.1%	8.2%	9.6%	11.4%	12.9%
80/20	-1.0%	0.7%	2.6%	4.1%	5.4%	6.6%	7.8%	9.0%	10.6%	12.6%	14.4%
85/15	-1.3%	0.6%	2.6%	4.2%	5.5%	6.8%	8.1%	9.4%	11.1%	13.2%	15.1%
90/10	-1.5%	0.4%	2.6%	4.2%	5.7%	7.0%	8.4%	9.8%	11.6%	13.8%	15.8%
95/5	-1.8%	0.3%	2.6%	4.3%	5.8%	7.2%	8.7%	10.2%	12.0%	14.4%	16.5%

	1	2	3	4	5
1) U.S. equities	1				
2) Non-U.S. equities (unhedged)	0.76	1			
3) U.S. bonds	0.02	0.07	1		
4) REITs	0.54	0.39	0.04	1	
5) Inflation	–0.17	0.15	0.27	–0.06	1

Source: Vanguard, Investment Strategy Group.
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Important information

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The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More importantly, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

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