



# United Methodist Foundation for the Memphis and Tennessee Conferences

Quarterly Investment Review

As of June 30, 2022



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# United Methodist Foundation for the Memphis and Tennessee Conferences

## Market Performance

As of June 30, 2022

	Major Benchmark Returns					
	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
<b>US Equity</b>						
Russell 3000 Index	-16.7	-21.1	-13.9	9.8	10.6	12.6
S&P 500 Index	-16.1	-20.0	-10.6	10.6	11.3	13.0
Russell 1000 Growth Index	-20.9	-28.1	-18.8	12.6	14.3	14.8
Russell 1000 Index	-16.7	-20.9	-13.0	10.2	11.0	12.8
Russell 1000 Value Index	-12.2	-12.9	-6.8	6.9	7.2	10.5
Russell Midcap Index	-16.8	-21.6	-17.3	6.6	8.0	11.3
Russell 2000 Index	-17.2	-23.4	-25.2	4.2	5.2	9.4
<b>International Equity</b>						
MSCI EAFE Index	-14.3	-19.3	-17.3	1.5	2.7	5.9
MSCI Emerging Markets Index	-11.3	-17.5	-25.0	0.9	2.5	3.4
<b>Fixed Income</b>						
90 Day U.S. Treasury Bill	0.1	0.1	0.2	0.6	1.1	0.6
Blmbg. U.S. Aggregate	-4.7	-10.3	-10.3	-0.9	0.9	1.5
Blmbg. U.S. Gov't/Credit	-5.0	-11.0	-10.9	-0.8	1.0	1.7
Bloomberg U.S. Municipal Bond Index	-2.9	-9.0	-8.6	-0.2	1.5	2.4
Bloomberg U.S. High Yield Very Liquid Ind	-10.5	-14.8	-13.6	-0.7	1.6	3.9
<b>Alternatives</b>						
HFRI Fund of Funds Composite Index	-4.1	-6.7	-5.7	3.9	3.6	3.7
<b>Real Estate</b>						
FTSE NAREIT All REITs Index	-14.8	-19.3	-6.9	4.6	6.2	8.1
<b>Inflation</b>						
CPI - All Urban Consumers (SA)	2.6	5.4	9.0	5.0	3.9	2.6

# **United Methodist Foundation for the Memphis and Tennessee Conferences Overview**

	Market Value	2nd Quarter	YTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception 10-1-2002
<b>Total Fund</b>	<b>\$58,401,030</b>	<b>-10.8%</b>	<b>-15.8%</b>	<b>-11.9%</b>	<b>3.8%</b>	<b>4.6%</b>	<b>4.9%</b>	<b>6.2%</b>	<b>7.3%</b>
<b>Index Target</b>		<b>-11.1%</b>	<b>-15.6%</b>	<b>-12.0%</b>	<b>4.8%</b>	<b>5.9%</b>	<b>6.0%</b>	<b>7.2%</b>	<b>7.4%</b>

### Attribution Summary

- The foundation declined by 10.8% leading its index target by 30bps. For the one-year period, the foundation is down 11.9% leading the Index Target by 10 bps.

#### **Contributors to relative performance:**

- Brown Advisory led the R1000G index by 2.1%. The primary contributors were American Tower and United Health Group.
- The DFA Small Cap Fund led the R2000 by 3.5%. Consumer Cyclical and Health Care led to outperformance.
- Dodge & Cox International Stock Fund led its index by 4.7%. Baidu, up 12% and Suncor, up 8% were two of the recognizable companies that contributed to relative performance.
- DFA Emerging Markets Fund led by over 3%. No particular sector stood out but were generally all contributors to relative out performance.
- Allocations to shorter duration fixed income strategies led to 160 bps of outperformance in the total sector. Shorter duration bonds declined less than core fixed income.

#### **Detractors to relative performance:**

- William Blair International Growth Fund lagged the index by approximately 3%. Industrial and Tech stocks were the primary detractors.
- Versus Capital lagged the NCREIF Index by 3.3%. However, the fund needs to keep approximately 20% of their portfolio in exchange traded REIT stocks. REITs were down 14.8% for the quarter. Combining that return with 20% REITs would have resulting in a loss of about 40 bps.

## United Methodist Foundation for the Memphis and Tennessee Conferences

### Total Fund Performance

As of June 30, 2022

	% of Portfolio	Market Value 6/30/22 (\$)	Net Cash Flow (\$)	Market Value 4/1/22 (\$)	3 Mo (%)	YTD (%)	6 Mo	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>UMFMTC Total Fund</b>	<b>100.0</b>	<b>58,401,030</b>	<b>-46,473</b>	<b>65,506,146</b>	<b>-10.8</b>	<b>-15.8</b>	<b>-15.8</b>	<b>-11.9</b>	<b>3.8</b>	<b>4.6</b>	<b>4.9</b>	<b>6.2</b>	<b>7.3</b>	<b>Oct-02</b>
UMFMTC Index Target					-11.1	-15.6	-15.6	-12.0	4.8	5.9	6.0	7.2	7.4	
<b>Domestic Equity</b>	<b>45.3</b>	<b>26,441,130</b>	<b>-31,728</b>	<b>31,385,729</b>	<b>-15.7</b>	<b>-20.6</b>	<b>-20.6</b>	<b>-13.3</b>	<b>7.8</b>	<b>8.8</b>	<b>8.9</b>	<b>11.4</b>	<b>-</b>	<b>Dec-06</b>
Russell 3000 Index					-16.7	-21.1	-21.1	-13.9	9.8	10.6	10.4	12.6	8.6	
<b>International Equity</b>	<b>17.8</b>	<b>10,417,227</b>	<b>-86,044</b>	<b>12,099,321</b>	<b>-13.2</b>	<b>-20.8</b>	<b>-20.8</b>	<b>-21.6</b>	<b>-0.7</b>	<b>2.2</b>	<b>2.6</b>	<b>4.3</b>	<b>-</b>	<b>Dec-06</b>
MSCI AC World ex USA (Net)					-13.7	-18.4	-18.4	-19.4	1.4	2.5	2.9	4.8	2.3	
<b>Fixed Income</b>	<b>28.9</b>	<b>16,892,760</b>	<b>-9,620</b>	<b>17,440,598</b>	<b>-3.1</b>	<b>-7.5</b>	<b>-7.5</b>	<b>-7.9</b>	<b>-0.3</b>	<b>0.9</b>	<b>1.3</b>	<b>1.5</b>	<b>-</b>	<b>Dec-06</b>
Blmbg. U.S. Aggregate					-4.7	-10.3	-10.3	-10.3	-0.9	0.9	1.4	1.5	3.2	
<b>Alternatives</b>	<b>7.7</b>	<b>4,483,575</b>	<b>-5,678</b>	<b>4,500,755</b>	<b>0.1</b>	<b>2.7</b>	<b>2.7</b>	<b>11.6</b>	<b>6.3</b>	<b>2.5</b>	<b>3.1</b>	<b>2.4</b>	<b>-</b>	<b>Dec-10</b>
Credit Suisse Managed Futures					5.6	18.6	18.6	20.8	9.6	7.5	4.1	3.7	2.7	
NCREIF Property Index					3.2	8.7	8.7	21.5	10.2	8.9	8.8	9.7	10.1	
<b>Cash &amp; Equivalents</b>	<b>0.3</b>	<b>166,339</b>	<b>86,597</b>	<b>79,742</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>Dec-06</b>
FTSE 3 Month T-Bill					0.1	0.2	0.2	0.2	0.6	1.1	0.9	0.6	0.8	

UMFMTC Index Target = 42% Russell 3000, 13% MSCI EAFE, 5% MSCI Emerging Markets, 35% Bloomberg Aggregate, and 5% NCREIF Property Index

## United Methodist Foundation for the Memphis and Tennessee Conferences

### Total Fund Performance

As of June 30, 2022

	% of Portfolio	Market Value 6/30/22 (\$)	Net Cash Flow (\$)	Market Value 4/1/22 (\$)	3 Mo (%)	YTD (%)	6 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>UMFMTC Total Fund</b>	100.0	58,401,030	-46,473	65,506,146	-10.8	-15.8	-15.8	-11.9	3.8	4.6	4.9	6.2	7.3	Oct-02
UMFMTC Index Target					-11.1	-15.6	-15.6	-12.0	4.8	5.9	6.0	7.2	7.4	
Domestic Equity	45.3	26,441,130	-31,728	31,385,729	-15.7	-20.6	-20.6	-13.3	7.8	8.8	8.9	11.4	-	Dec-06
Large Cap Equity	38.4	22,423,283	-31,728	26,635,067	-15.7	-20.5	-20.5	-12.3	8.1	9.4	9.5	11.7	-	Dec-06
Brown Advisory Large Sust. Growth SRI	9.5	5,550,519	-14,644	6,787,125	-18.0	-28.2	-28.2	-17.9	10.9	14.8	14.2	-	14.1	Jun-14
Russell 1000 Growth Index					-20.9	-28.1	-28.1	-18.8	12.6	14.3	13.5	-	13.2	
Parametric Large Growth SRI	8.6	5,049,204	-4,929	6,383,177	-20.8	-28.1	-28.1	-18.9	12.1	-	-	-	10.5	Sep-18
Russell 1000 Growth Index					-20.9	-28.1	-28.1	-18.8	12.6	-	-	-	10.5	
Parametric Large Value SRI	20.2	11,823,561	-12,155	13,464,765	-12.1	-12.5	-12.5	-6.2	-	-	-	-	5.5	Aug-19
Russell 1000 Value Index					-12.2	-12.9	-12.9	-6.8	-	-	-	-	8.1	
Small Cap Equity	6.9	4,017,846	-	4,750,663	-15.4	-21.0	-21.0	-19.0	5.7	5.2	5.8	9.6	-	Dec-06
DFA US Small Cap Fund	3.6	2,093,393	-	2,426,057	-13.7	-18.6	-18.6	-14.0	7.8	6.4	-	-	6.6	May-17
Russell 2000 Index					-17.2	-23.4	-23.4	-25.2	4.2	5.2	-	-	5.3	
Vanguard Russell 2000 Index Fund ETF	3.3	1,924,453	-	2,324,605	-17.2	-23.6	-23.6	-	-	-	-	-	-23.1	Aug-21
Russell 2000 Index					-17.2	-23.4	-23.4	-	-	-	-	-	-22.4	

## United Methodist Foundation for the Memphis and Tennessee Conferences

### Total Fund Performance

As of June 30, 2022

	% of Portfolio	Market Value 6/30/22 (\$)	Net Cash Flow (\$)	Market Value 4/1/22 (\$)	3 Mo (%)	YTD (%)	6 Mo	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>International Equity</b>	17.8	10,417,227	-86,044	12,099,321	-13.2	-20.8	-20.8	-21.6	-0.7	2.2	2.6	4.3	-	Dec-06
<b>Developed Markets</b>	13.7	7,980,948	-	9,192,537	-13.2	-20.4	-20.4	-17.9	0.9	3.5	3.7	5.9	-	Dec-06
ARGA International Value Fund	3.9	2,268,306	-	2,505,334	-9.5	-10.8	-10.8	-	-	-	-	-	-10.2	Nov-21
MSCI AC World ex USA (Net)					-13.7	-18.4	-18.4	-	-	-	-	-	-18.9	
Dodge & Cox International Stock Fund	3.9	2,287,397	-	2,527,157	-9.5	-10.0	-10.0	-	-	-	-	-	-11.6	Nov-21
MSCI EAFE (Net)					-14.5	-19.6	-19.6	-	-	-	-	-	-19.4	
William Blair International Growth Fund	5.9	3,425,245	-	4,160,046	-17.7	-30.6	-30.6	-	-	-	-	-	-32.4	Nov-21
MSCI EAFE (Net)					-14.5	-19.6	-19.6	-	-	-	-	-	-19.4	
<b>Emerging Markets</b>	4.2	2,436,279	-86,044	2,906,784	-13.5	-22.1	-22.1	-31.3	-5.1	-1.2	-0.3	0.5	-	Dec-06
DFA Emerging Markets Fund	4.2	2,436,279	2,100,000	497,467	-6.0	-9.6	-9.6	-14.5	4.9	-	-	-	2.1	Nov-17
MSCI Emerging Markets (Net)					-11.4	-17.6	-17.6	-25.3	0.6	-	-	-	-0.1	
T. Rowe Price Emerging Markets Stock Fund	0.0	-	-2,186,044	2,409,317										
<b>Fixed Income</b>	28.9	16,892,760	-9,620	17,440,598	-3.1	-7.5	-7.5	-7.9	-0.3	0.9	1.3	1.5	-	Dec-06
Vanguard Short-Term Bond Index Fund	8.1	4,701,313	-	4,756,408	-1.2	-4.6	-4.6	-5.3	0.0	1.0	1.1	-	-	Sep-14
Blmbg. 1-5 Year Gov/Credit					-1.1	-4.6	-4.6	-5.2	0.1	1.1	1.2	-	1.2	
Breckinridge Capital Advisors	9.9	5,791,348	-3,335	5,950,849	-2.6	-6.9	-6.9	-7.5	-0.1	1.2	-	-	1.6	Jan-16
Blmbg. Intermed. U.S. Government/Credit					-2.4	-6.8	-6.8	-7.3	-0.2	1.1	-	-	1.5	
Richmond Capital Management	11.0	6,400,099	-6,285	6,733,341	-4.9	-10.0	-10.0	-10.2	-1.0	-	-	-	0.4	Mar-19
Blmbg. U.S. Aggregate					-4.7	-10.3	-10.3	-10.3	-0.9	-	-	-	0.6	



## United Methodist Foundation for the Memphis and Tennessee Conferences

### Total Fund Performance

As of June 30, 2022

	% of Portfolio	Market Value 6/30/22 (\$)	Net Cash Flow (\$)	Market Value 4/1/22 (\$)	3 Mo (%)	YTD (%)	6 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Alternatives</b>	7.7	4,483,575	-5,678	4,500,755	0.1	2.7	2.7	11.6	6.3	2.5	3.1	2.4	-	Dec-10
Versus Capital Multi-Mgr Real Estate Fund	5.7	3,356,833	-	3,361,289	-0.1	3.8	3.8	15.4	8.0	7.1	7.3	-	-	Mar-15
NCREIF Property Index					3.2	8.7	8.7	21.5	10.2	8.9	8.8	-	9.4	
Stone Ridge Reinsurance Risk Premium Interval Fund	0.0	10,904	-2,884	13,390	3.3	6.1	6.1	1.8	1.6	-3.4	-	-	-1.3	Jan-16
Swiss Re Global Cat Bond Index					-0.8	-0.3	-0.3	2.4	4.7	3.2	-	-	3.8	
Black Diamond Arbitrage Fund	1.9	1,115,838	-2,794	1,126,077	-0.9	-1.6	-1.6	1.9	3.7	-	-	-	3.7	Jul-19
HFRI ED: Merger Arbitrage Index					-2.9	-1.6	-1.6	0.5	5.8	-	-	-	5.8	
<b>Cash &amp; Equivalents</b>	0.3	166,339	86,597	79,742										
Cash	0.3	166,154	86,597	79,557										
NETA Cash	0.0	185	-	185										

UMFMTC Index Target = 42% Russell 3000, 13% MSCI EAFE, 5% MSCI Emerging Markets, 35% Bloomberg Aggregate, and 5% NCREIF Property Index

## United Methodist Foundation for the Memphis and Tennessee Conferences

### Private Equity

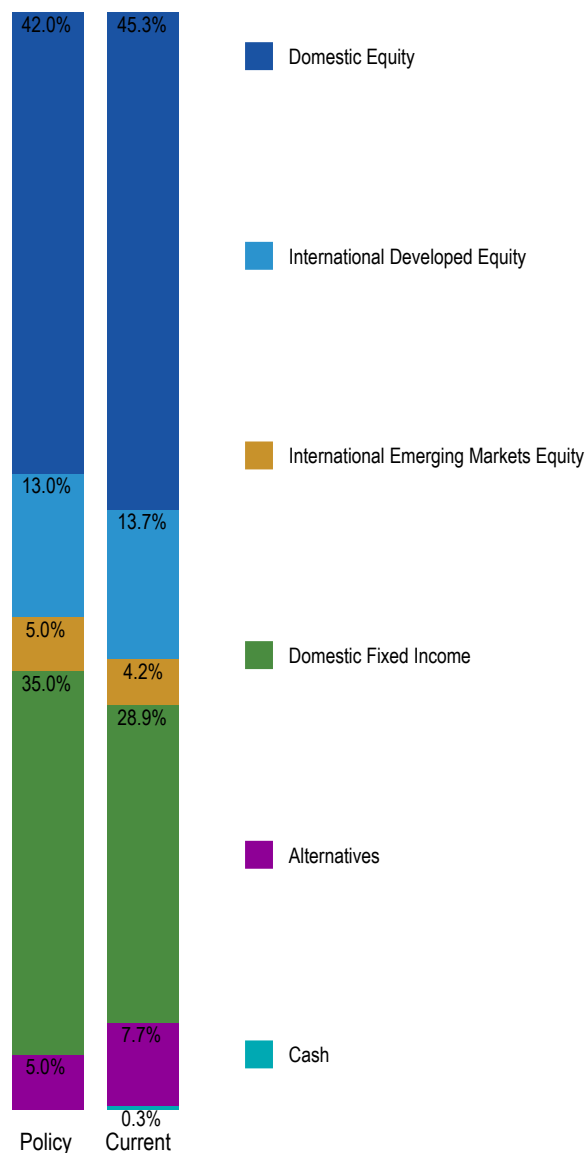
As of June 30, 2022

#### Private Market Investments Overview

Investments		Commitments			Contributions & Distributions		Valuations		Performance			
Investment Name	Vintage Year	Commitment (\$)	Unfunded Commitment (\$)	Call Ratio	Cumulative Contributions (\$)	Cumulative Distributions (\$)	Valuation (\$)	Total Value (\$)	DPI	TVPI	RVPI	IRR
Black Diamond Arbitrage Ltd.	2019	1,000,000	-	100.00	1,000,000	-	1,115,838	1,115,838	-	1.12	1.12	3.7
<b>Total</b>		<b>1,000,000</b>	<b>-</b>	<b>100.00</b>	<b>1,000,000</b>	<b>-</b>	<b>1,115,838</b>	<b>1,115,838</b>	<b>-</b>	<b>1.12</b>	<b>1.12</b>	<b>3.7</b>

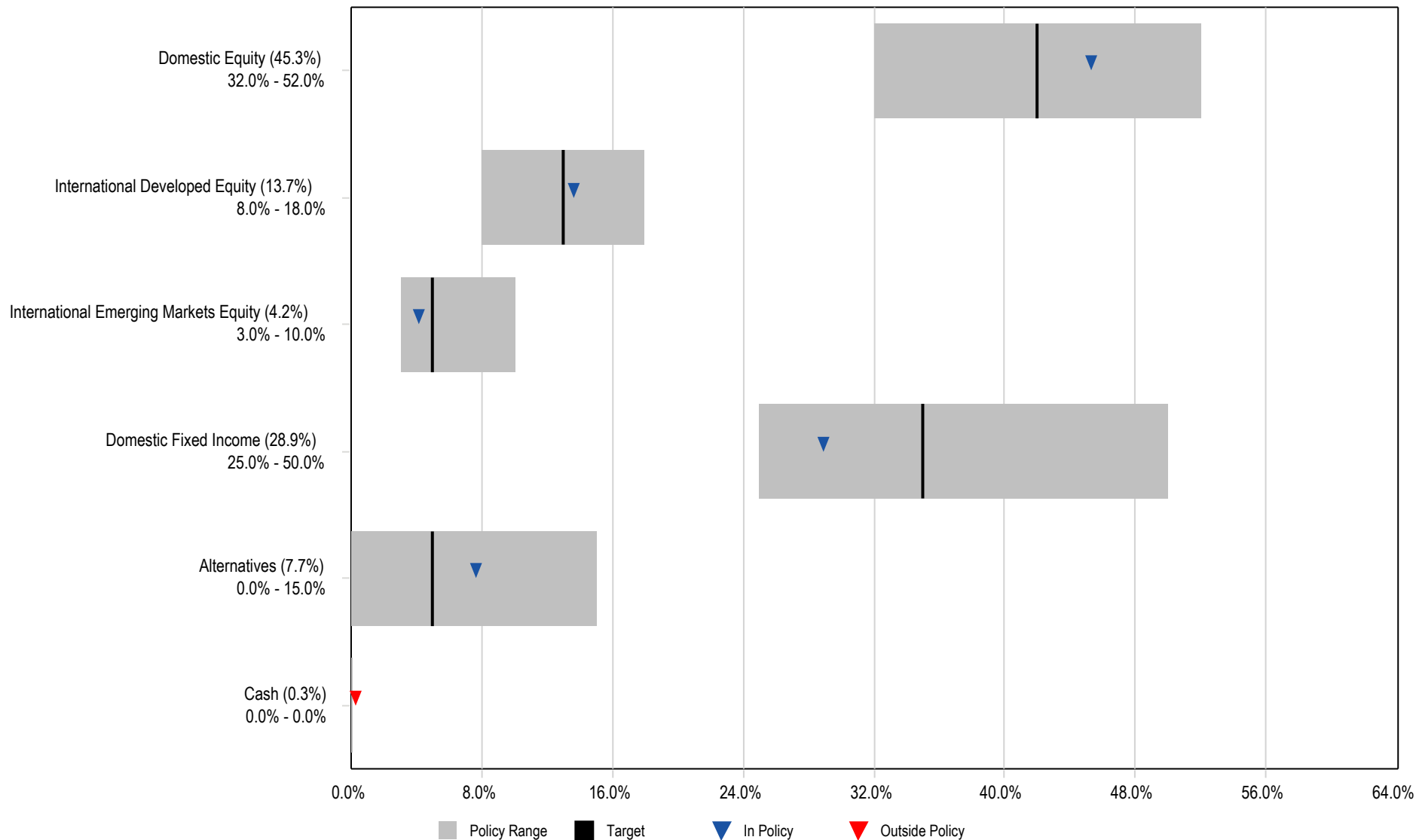
#### Performance Summary

	Market Value 6/30/22 (\$)	Net Cash Flow (\$)	Market Value 4/1/22 (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	Inception (%)	Inception Date
<b>Black Diamond Arbitrage Fund</b>	<b>1,115,838</b>	<b>-2,794</b>	<b>1,126,077</b>		<b>-0.9</b>	<b>-1.6</b>	<b>1.9</b>	<b>3.7</b>	<b>-</b>	<b>3.7</b>	<b>Jul-19</b>
<i>HFRI ED: Merger Arbitrage Index</i>					-2.9	-1.6	0.5	5.8	-	5.8	

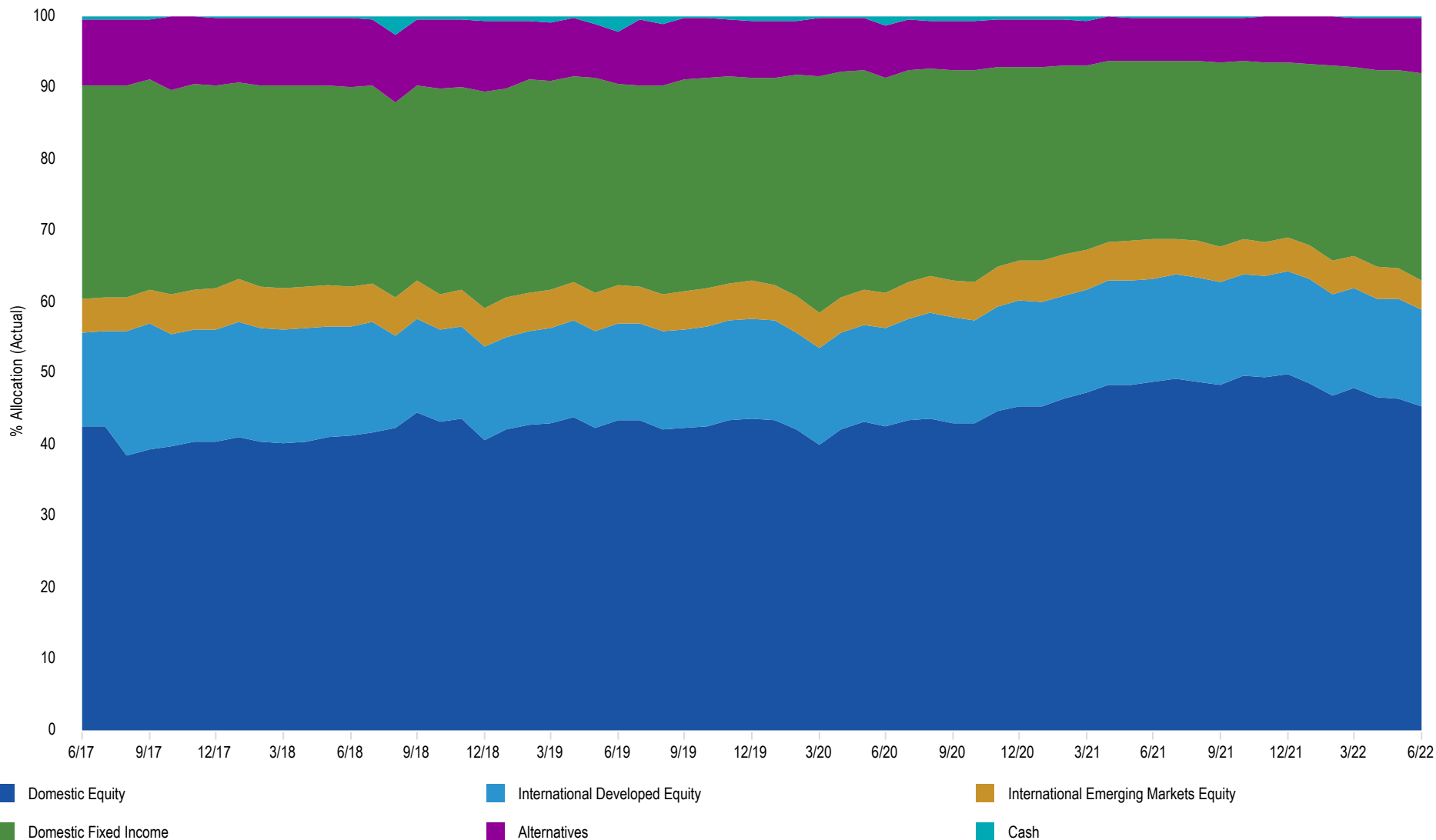


	Current Balance	Current Allocation (%)	Policy (%)	Policy Range (%)	Difference (%)
Domestic Equity	\$26,441,130	45.3	42.0	32.0 - 52.0	3.3
International Developed Equity	\$7,980,948	13.7	13.0	8.0 - 18.0	0.7
International Emerging Markets Equity	\$2,436,279	4.2	5.0	3.0 - 10.0	-0.8
Domestic Fixed Income	\$16,892,760	28.9	35.0	25.0 - 50.0	-6.1
Alternatives	\$4,483,575	7.7	5.0	0.0 - 15.0	2.7
Cash	\$166,339	0.3	0.0	0.0 - 0.0	0.3
<b>Total</b>	<b>\$58,401,030</b>	<b>100.0</b>	<b>100.0</b>		<b>0.0</b>

Actual vs. Target



Asset Allocation History  
5 Years Ending June 30, 2022



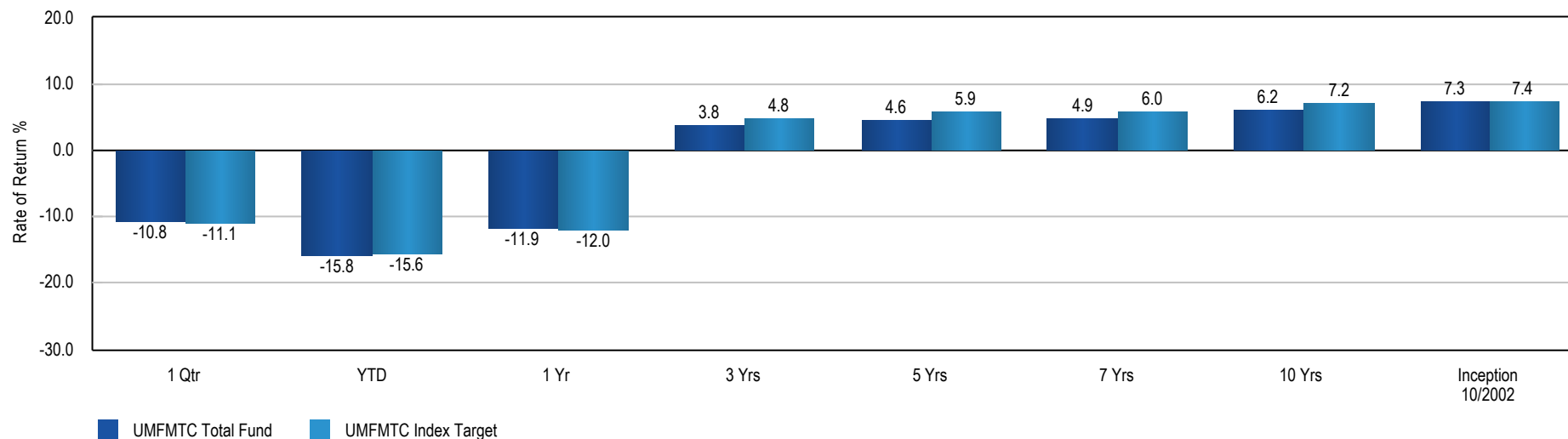
# **United Methodist Foundation for the Memphis and Tennessee Conferences Investment Analysis**

# United Methodist Foundation for the Memphis and Tennessee Conferences

## UMFMTC Total Fund

As of June 30, 2022

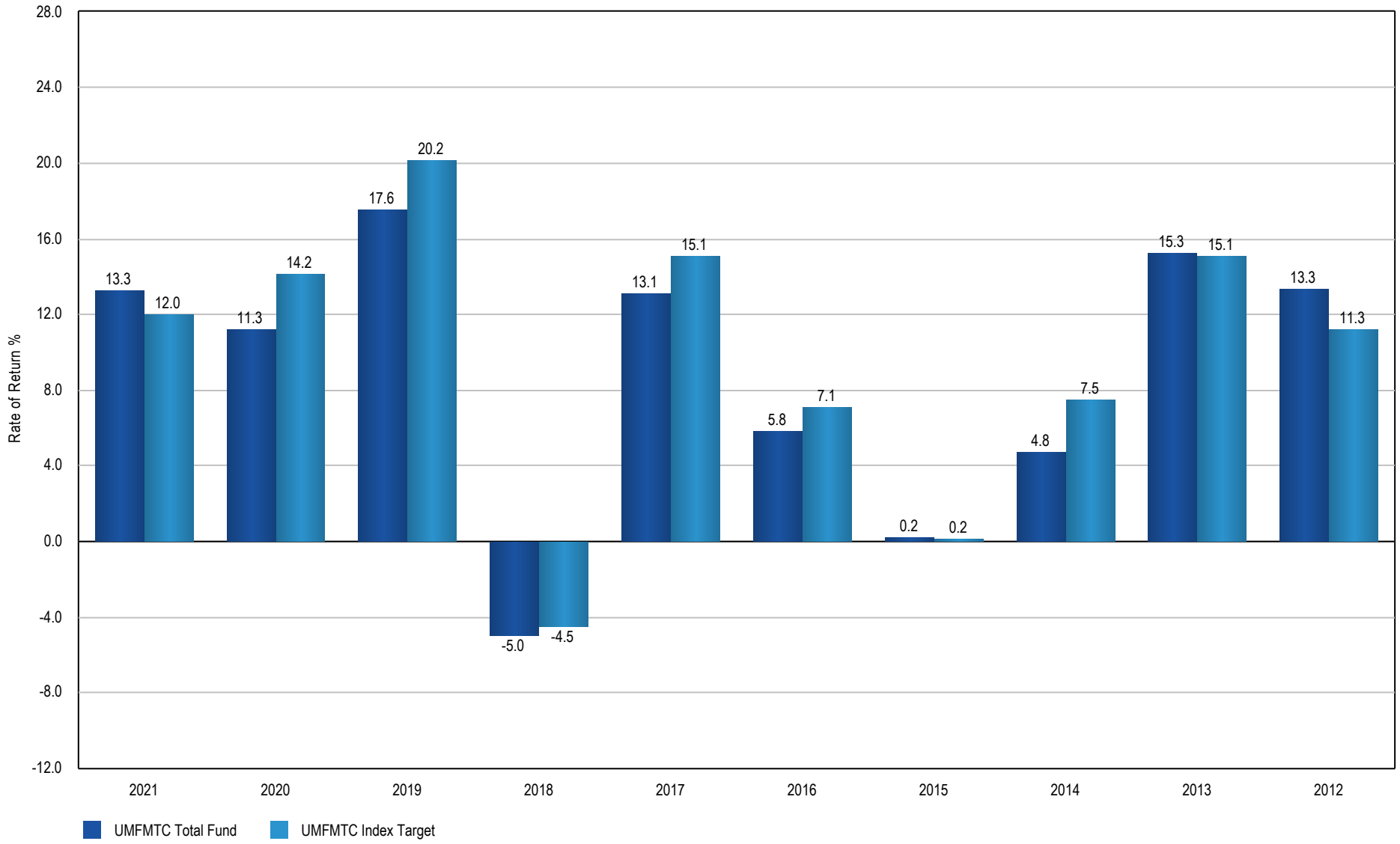
### Return Summary



### Summary of Cash Flows

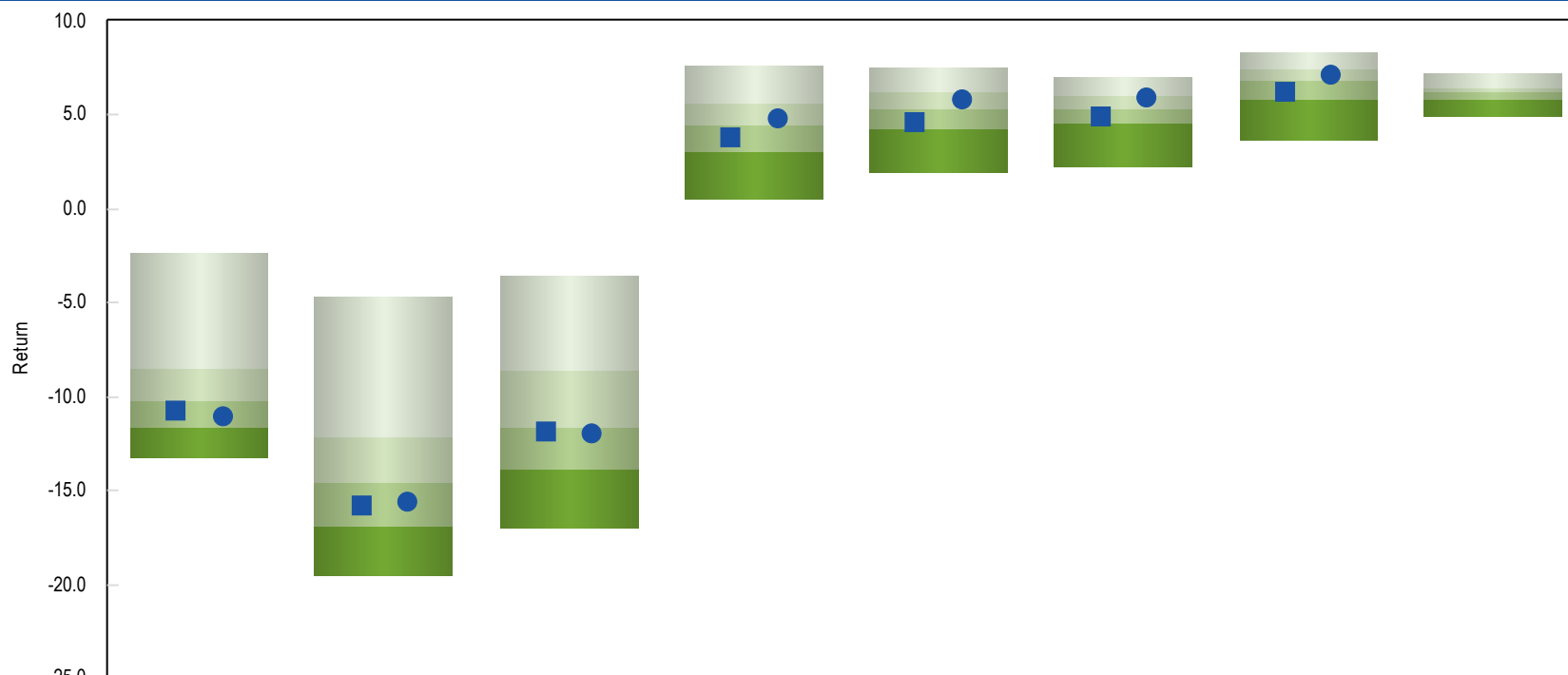
	1 Qtr	YTD	1 Yr
<b>Beginning Market Value</b>	<b>\$65,506,146</b>	<b>\$69,444,434</b>	<b>\$66,426,369</b>
Net Cash Flow	-\$46,473	-\$93,850	-\$185,731
Net Investment Change	-\$7,058,642	-\$10,949,554	-\$7,839,607
<b>Ending Market Value</b>	<b>\$58,401,030</b>	<b>\$58,401,030</b>	<b>\$58,401,030</b>

Return Summary



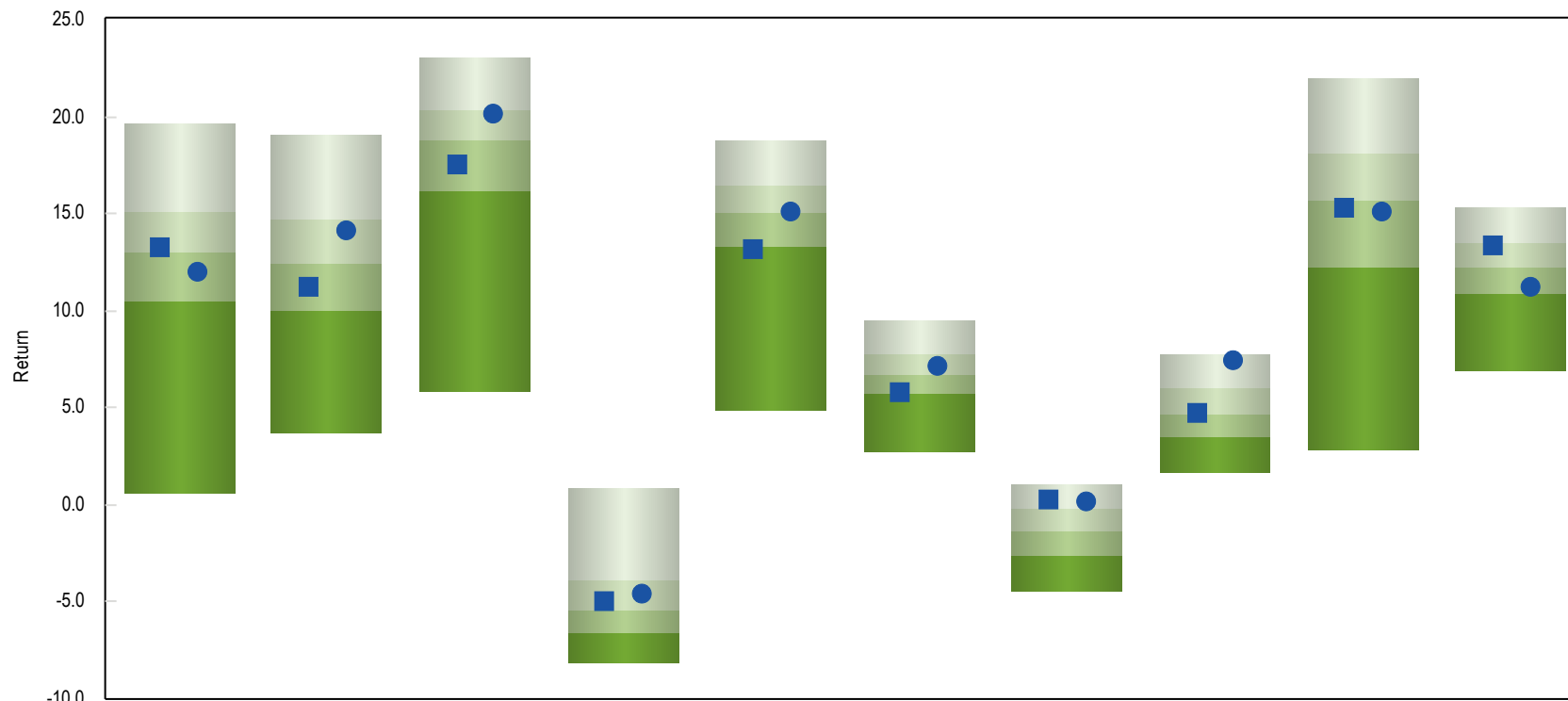


UMFMTC Total Fund vs. All Foundations-Total Fund



	1 Qtr	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Inception 6/2002
■ UMFMTTC Total Fund	-10.8 (59)	-15.8 (63)	-11.9 (51)	3.8 (66)	4.6 (71)	4.9 (67)	6.2 (70)	-
● UMFMTTC Index Target	-11.1 (66)	-15.6 (60)	-12.0 (54)	4.8 (44)	5.9 (34)	6.0 (28)	7.2 (37)	-
5th Percentile	-2.3	-4.7	-3.6	7.7	7.6	7.1	8.3	7.3
1st Quartile	-8.5	-12.1	-8.6	5.6	6.3	6.1	7.5	6.5
Median	-10.2	-14.6	-11.6	4.4	5.3	5.4	6.9	6.2
3rd Quartile	-11.7	-16.9	-13.9	3.1	4.2	4.5	5.9	5.8
95th Percentile	-13.2	-19.6	-17.1	0.5	1.9	2.2	3.6	4.9
Population	281	280	275	252	237	217	170	69

UMFMTC Total Fund vs. All Foundations-Total Fund

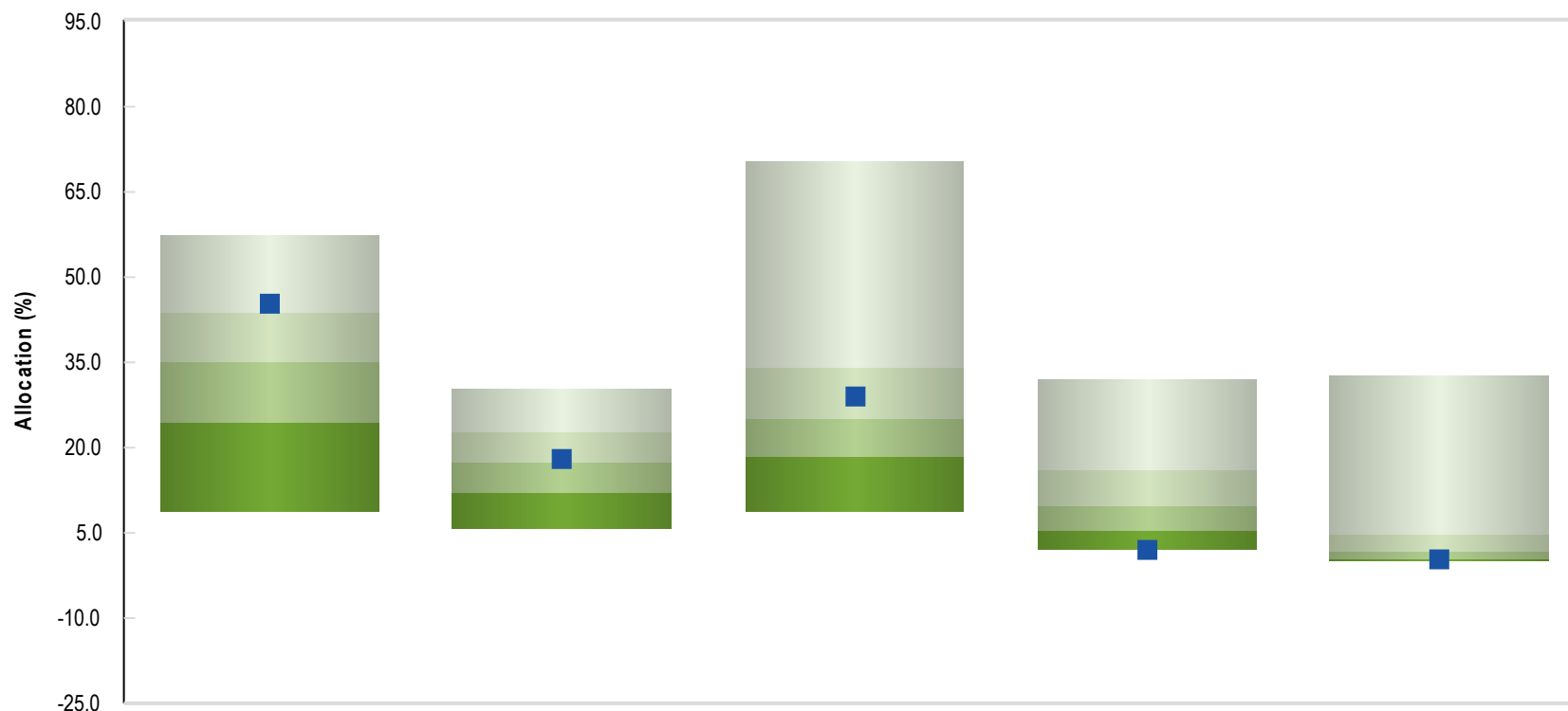


	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
■ UMFMTTC Total Fund	13.3 (46)	11.3 (63)	17.6 (61)	-5.0 (42)	13.1 (76)	5.8 (72)	0.2 (16)	4.8 (48)	15.3 (58)	13.3 (29)
● UMFMTTC Index Target	12.0 (61)	14.2 (30)	20.2 (28)	-4.5 (34)	15.1 (49)	7.1 (41)	0.2 (18)	7.5 (7)	15.1 (59)	11.3 (70)

5th Percentile	19.6	19.0	23.1	0.9	18.8	9.5	1.1	7.8	22.0	15.3
1st Quartile	15.1	14.7	20.4	-3.9	16.5	7.8	-0.3	6.0	18.1	13.5
Median	12.9	12.4	18.8	-5.4	15.0	6.7	-1.4	4.7	15.7	12.2
3rd Quartile	10.4	9.9	16.1	-6.6	13.2	5.7	-2.6	3.5	12.2	10.9
95th Percentile	0.6	3.7	5.8	-8.2	4.8	2.7	-4.5	1.7	2.8	6.9

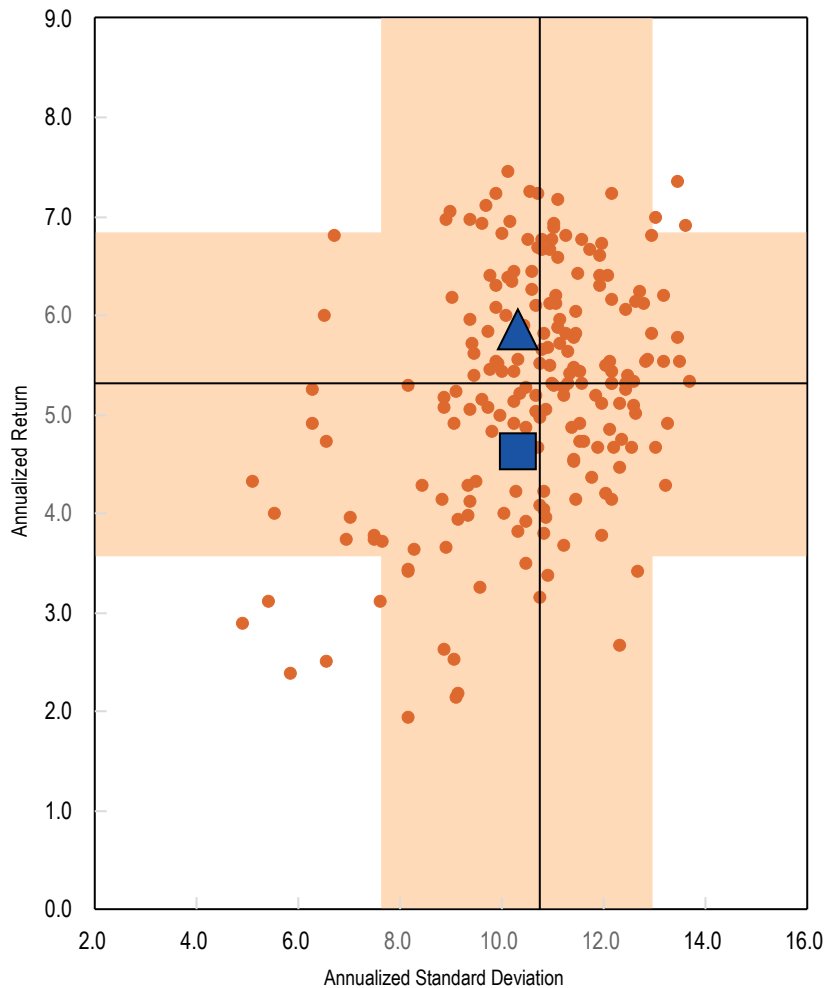
Population	640	829	826	682	644	617	573	554	501	475
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Total Plan Allocation vs. All Foundations-Total Fund



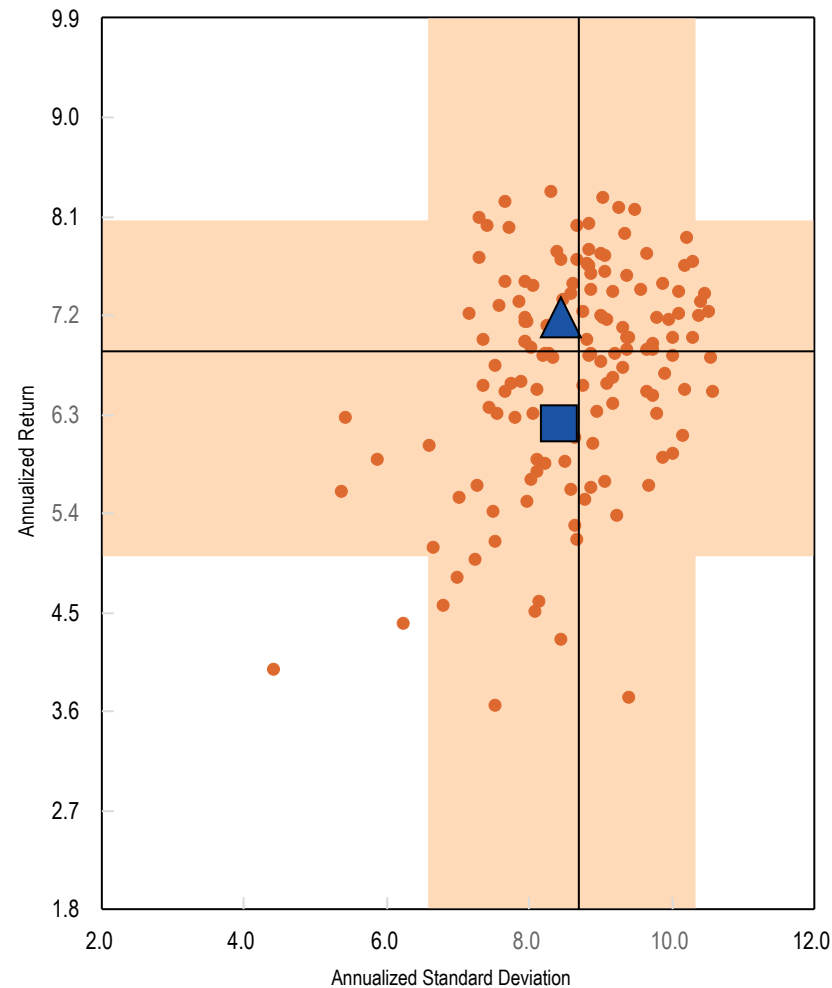
	US Equity	Global ex-US Equity	US Fixed	Alternatives	Cash & Equivalents
■ UMFMTC Total Fund	45.3 (22)	17.8 (46)	28.9 (39)	1.9 (96)	0.3 (77)
5th Percentile	57.3	30.3	70.5	32.1	32.7
1st Quartile	43.8	22.7	34.0	16.0	4.5
Median	34.9	17.2	25.1	9.6	1.7
3rd Quartile	24.2	11.9	18.3	5.5	0.3
95th Percentile	8.8	5.8	8.7	1.9	0.0
Population	412	423	392	232	336

Annualized Return vs. Annualized Standard Deviation  
5 Years Ending June 30, 2022



- All Foundations-Total Fund
- UMFMTTC Total Fund
- ▲ UMFMTTC Index Target
- Confidence Interval

Annualized Return vs. Annualized Standard Deviation  
10 Years Ending June 30, 2022



- All Foundations-Total Fund
- UMFMTTC Total Fund
- ▲ UMFMTTC Index Target
- Confidence Interval

The Colony Group, LLC Colony is an SEC Registered Investment Advisor with offices in Virginia, Maryland, Massachusetts, New York, Florida, New Hampshire, California and Colorado. Registration does not imply that the SEC has endorsed or approved the qualifications of Colony or its respective representatives to provide advisory services.

Colony has prepared this investment report with information supplied by client's custodian and Investment Metrics LLC. (Investment Metrics), including positions, valuations, and pricing. Colony utilizes Investment Metrics to calculate performance and provide market index data and peer group universe data. Information provided by the custodian and Investment Metrics has not been independently verified.

Pricing of assets is provided through custodian uploads into Investment Metrics. Valuations and/or performance for a client's interest in a limited partnership, hedge fund, or other similar investment vehicle are subject to change based upon updates received from the underlying managers and administrators.

Colony prepares its quarterly investment report ("Report") out of Investment Metrics Portfolio Analytics and Reporting Information System (PARis). In the event a quarter-end valuation is unavailable to Colony prior to issuance of a Report, Colony generally reports the most recent value known to Colony with respect to such asset(s).

In addition to the Report received from Colony, a client will receive a monthly account statement directly from the qualified custodian of their account. A client's Report may differ slightly from the custodian's statement for various reasons, including but not limited to the following: (1) differences in the trade date/settlement date; (2) pricing methodologies used to value the holdings; (3) updates posted by the custodian subsequent to the preparation of the Report; and/or (4) the Report may exclude positions on which Colony does not advise while the custodian generally must report all client assets held in an account. Colony encourages clients to compare their Reports to the custodians' statements on a regular basis and to direct any questions to their Investment Counselor. A client that does not receive a monthly statement from their custodian should inform their Investment Counselor immediately.

Performance is presented net of broker/custodian trading fees/commissions and/or markups, but gross of any broker/custodian administrative or other fees. Performance is gross of Colony's advisory fees. Performance is net of fees of any separate account manager (SAM) (but gross prior to 01/01/13), mutual fund/ETF, or other manager, as the case may be.

The application of Colony's advisory fee would have the effect of decreasing performance results. For example, a \$5 million portfolio with an annual advisory fee of 0.75% and an average annual return of 8% (compounded quarterly for both) would grow to \$10,241,751 after 10 years. That same portfolio (with the same return, number of years, and compounding) without an advisory fee, would grow to \$11,040,198. For additional information on Colony advisory fees, please refer to its Form ADV Part 2A.

Management fees other than Colony's that are charged by SAMs, subadvisors, or other managers are not detailed on a client's Report, but such detail is provided to clients by such third-parties or is otherwise available upon request. It is the client's responsibility, not the custodian's, to verify the accuracy of all advisory and management fees. Clients should review all third-party reports and statements. Performance results may not include all of the assets on which Colony advises.

Performance results may be based on unaudited, preliminary information and subject to change. The valuations of unrealized investments are determined on a fair value basis in accordance with Colony's valuation policies and procedures. There can be no assurance that unrealized investments will be realized at the valuations used to calculate the information contained in Reports, as actual realized returns will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used to calculate the information contained in the Reports are based.

Where applicable, performance results include the reinvestment of dividends and other earnings. Past results are not necessarily indicative of future results, and no representation is made that results similar to those shown can be achieved. Investments in accounts managed by Colony or other advisors may lose value. Investment results will fluctuate. Certain market and economic events having a positive impact on performance may not repeat themselves.

The returns of several market indices are provided in the Report for comparison purposes only; the comparison does not mean that there necessarily will be a correlation between the returns of the portfolio, on the one hand, and any of the indices, on the other hand.

Services offered by Colony are provided pursuant to an advisory agreement with the client. This Report is for informational purposes only. It is not intended to be, and should not be construed as, investment advice or the basis for an investment or liquidation decision. All information presented is subject to change and is provided only as of the date indicated and subject to the availability of valuations (as described above). Such information is from sources that Colony believes are reliable, but reliability is not guaranteed.

Should a client's investment objectives change, or if a client desires to impose, add, or modify any reasonable restrictions to the management of their account(s), the client should notify their Financial Counselor in a timely manner.