Central Kansas Community Foundation

Data as of January 31, 2019

Balanced Fund

Fund Overview

Fund Assets Under Management
$19,381,207.25

Annual Investment Management Costs
Please contact the Foundation office or your local representative for more information regarding fees and investment management costs.

Description

The objective of the portfolio is to seek competitive market returns so as to preserve the purchasing power of the funds to meet the charitable needs of the Foundation.

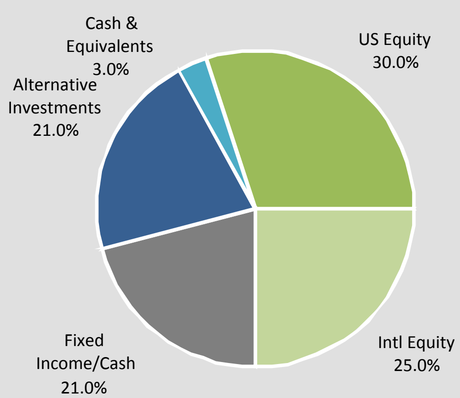
About Performance

The investment results depicted herein represent historical Net performance after the deduction of investment management costs.

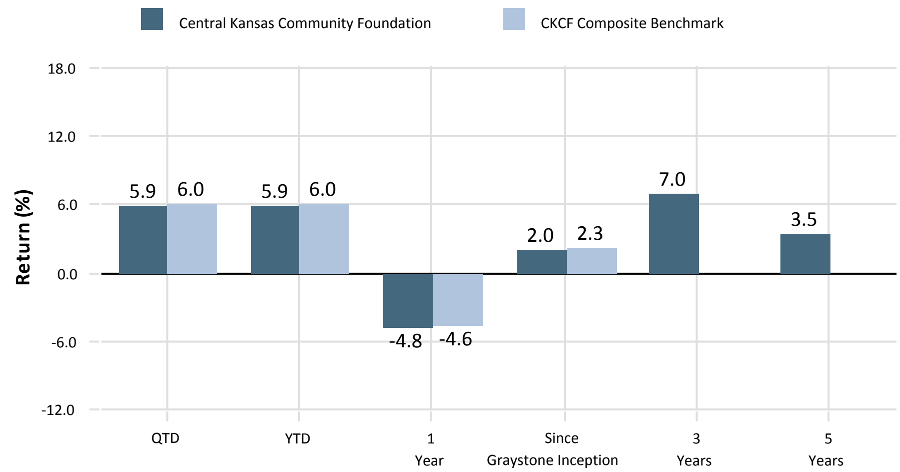
Annual, cumulative and annualized total returns are calculated assuming reinvestment of dividends and income plus capital appreciation. Performance for periods greater than one year is annualized. The performance data presented has been prepared by the fund or its sponsor.

Past performance is not a guarantee of future results.

Target Asset Allocation

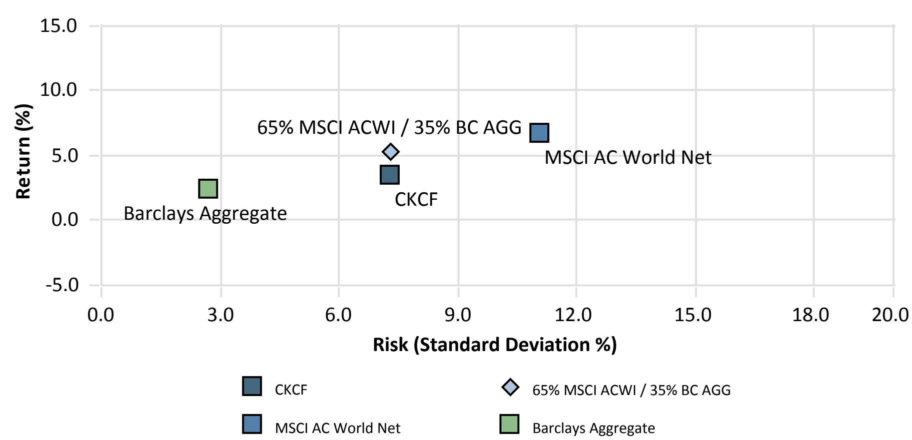


Multi-Period Performance Analysis



	QTD	YTD	1 Year	Since Graystone Inception	3 Years	5 Years
Central Kansas Community Foundation	**5.89**	**5.89**	**-4.77**	**1.99**	**7.00**	**3.48**
CKCF Composite Benchmark	*5.99*	*5.99*	*-4.56*	*2.26*	*N/A*	*N/A*
MSCI AC World Net	*7.90*	*7.90*	*-7.48*	*3.74*	*11.62*	*6.72*
Barclays Aggregate	*1.06*	*1.06*	*2.25*	*0.69*	*1.95*	*2.44*

5 Years Risk / Return Performance Analysis



	Return	Standard Deviation	Sharpe Ratio	Maximum Drawdown	Alpha	Beta
Central Kansas Community Foundation	**3.48**	**7.36**	**0.41**	**-10.07**	**-1.67**	**0.98**
Barclays Aggregate	*2.44*	*2.76*	*0.65*	*-3.28*	*2.17*	*0.05*
MSCI AC World Net	*6.72*	*11.18*	*0.58*	*-14.25*	*-1.15*	*1.51*
65% MSCI ACWI / 35% BC AGG	*5.36*	*7.35*	*0.66*	*-8.97*	*0.00*	*1.00*

Information Disclosures: The underlying data has been obtained from sources the Foundation believes to be reliable but we do not guarantee their accuracy, and any such information may be incomplete or condensed. This evaluation is for informational purposes only and is not intended to be an offer, solicitation, or recommendation with respect to the purchase or sale of any security or a recommendation of the services supplied by any money management organization.

Further information, including current Portfolio size, performance, fees, and information pertaining to underlying holdings & investments, can be obtained from the Foundation office by contacting Angie Tatro, Executive Director, at 316-283-5474 or via email at angie@centralkansascf.org,

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Newton, KS 67114

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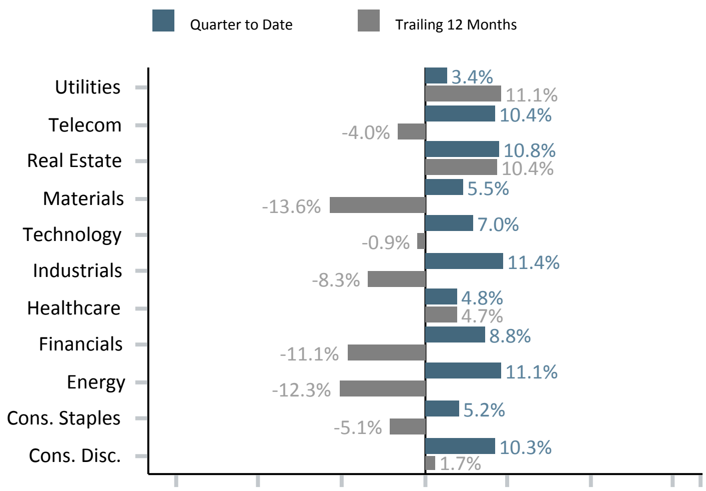
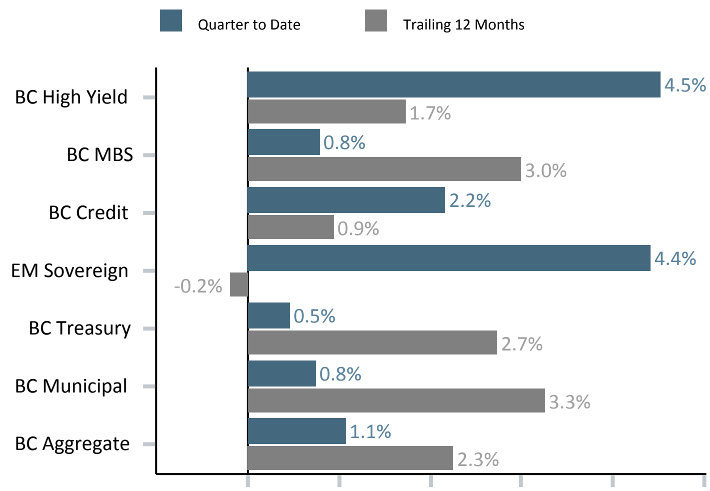
Market Commentary

After an incredibly strong 2017 that saw robust equity returns and low volatility, 2018 provided to be a more challenging year. A difficult macro environment characterized by tightening financial conditions, abrupt market movements, trade fears, and contentious geopolitics weighed on returns and sent the S&P 500 lower in its worst annual performance since 2008. Equities were not the only asset class that faced selling pressure: from government bonds to corporate credit, small caps to large caps, and international to emerging market stocks, nearly all financial assets underperformed inflation in 2018. Such broad weakness is rate, and explains why the year was so difficult for absolute returns. Morgan Stanley & Co. Research strategists believe that this challenging environment will continue into 2019. While not anticipating a contraction in GDP, the US Economic team expects a measurable slowdown in growth by the third quarter. CIO and MS & Co.'s Chief US Equity Strategist, Mike Wilson, has maintained his 12-month price target of 2,750 for the S&P 500, with a bear case of 2,400 and a bull case of 3,000.

S&P 500 Sector Performance



Bond Market Performance



Equity Markets Commentary

US equities fell 4.4% on a total return basis in 2018, as a 13.5% selloff in the fourth quarter erased the strong gains seen in 3Q. Only three sectors managed to eke out gains for the year. Health Care led the pack, rising 6.5% as reasonable valuations and strong earnings drove the sector higher. It was followed by Utilities and Consumer Discretionary, which rose 4.1% and 0.8% respectively. Energy (-18.1%), Materials (-14.7%), and Industrials (-13.3%) were the biggest market laggards. Other major US indices ended 2018 in the red as well with the Dow Jones falling 3.5% and the NASDAQ losing 2.8%. Across cap sizes, large beat out small. The Russell 2000, a small cap index, shed 11.0% by year end. It was outpaced by both the large cap Russell 1000 (-4.7%) and the Russell Midcap (-9.1%).

As was the case for most of the year. international equities were challenged by a strong dollar and geopolitical pressures, underperforming US stocks as a result. The MSCI Emerging Markets Index dropped 14.5%, but finished above its lows for the year. Europe and Japan each ended the year lower, with the MSCI Europe Index falling 14.3% for US-currency investors and the MSCI Japan falling 13.2%. Morgan Stanley & Co. Research strategists see value in international stocks in 2019, specifically in Emerging Markets. The anticipated weakening of the dollar should help strengthen returns outside of the US.

Fixed Income Markets Commentary

The bond market registered mixed returns for the year. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, was flat with a 0.1% return. Treasury rates fluctuated throughout 201. The yield on the 10-year US Treasury note fell to a quarter-end of 2.68% from 3.06% at the end of 3Q. Yields rose in November to levels last seen in 2011, topping at 3.26% before retreating to finish the year. Riskier parts of the bond market, such as US high yield debt, fell as investors sought quality during the end-of-year selloff. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, fell 2.1% in 2018.

Sources: FactSet, Morgan Stanley Wealth Management GIC.

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