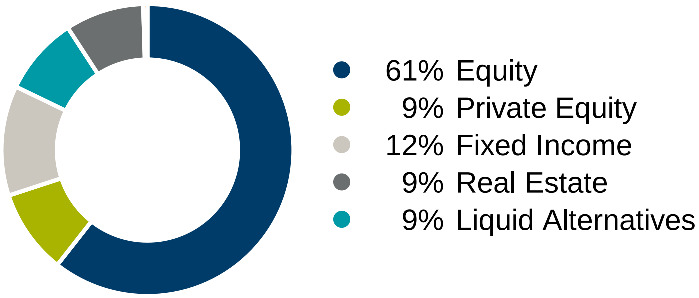
Greater Tacoma Community Foundation – Endowment Portfolio

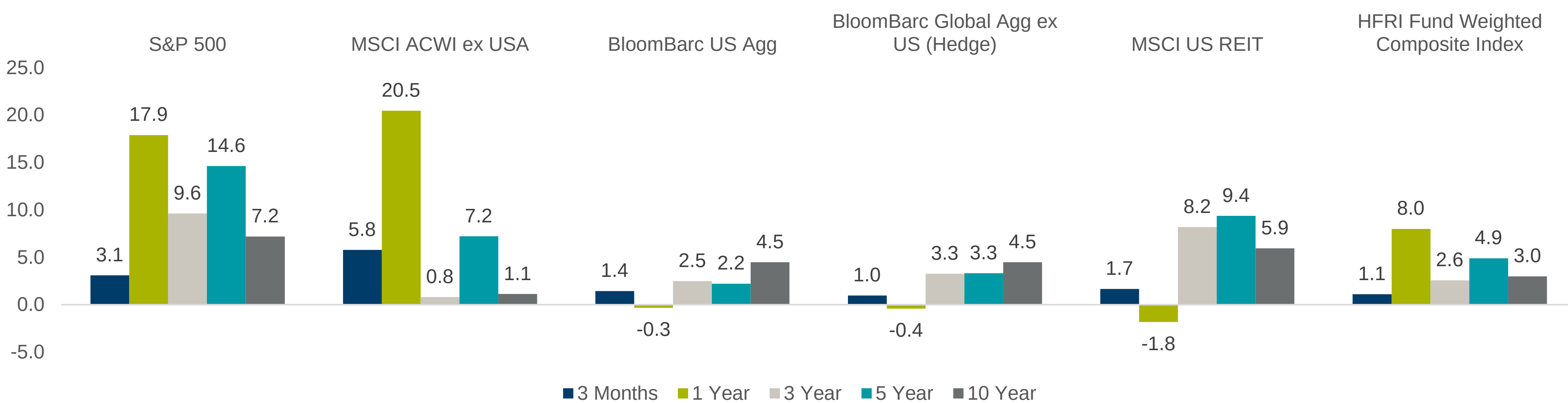
Portfolio composition*



Endowment Performance

	2nd QTR	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
Portfolio	3.1%	11.8%	2.3%	7.2%	3.9%	5.8%
Benchmark**	3.1%	11.6%	3.3%	6.5%	4.1%	5.3%

Market Performance



Data as-of June 30, 2016. Source: Vanguard, Hedge Fund Research

*Portfolio also contains a <1% allocation to cash, not highlighted here.

*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 10/31/2016**, 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%.

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.

2nd Quarter Overview

Equity markets continue upward trend

After producing strong gains during the first quarter of the year, the broad domestic equity market**1** maintained its momentum during the second quarter and recorded a 3% return.

From a sector perspective, health care (+7.4%) was the strongest sector while industrials (+4.11%), information technology (+4.3%), and financials (+3.8%) also provided strong tailwinds for the U.S. equity market. As was the case during the first quarter, large-cap**2** and mid-cap stocks**3** which gained 3.2% and 2.8%, respectively, continued to outperform their small-cap4 counterparts which returned 1.9%.

In another continuation of a first quarter trend, growth stocks**5** (+4.7%) continued to outperform value stocks**6** (+1.3%). Value was hurt by the performance of the energy and telecommunication services sectors which fell -7.8% and -6.6%, respectively. Outside of the United States, the broad international equity market**7** outperformed domestic equities, much like the first quarter, after gaining 5.7%. This time however, it was the turn of developed markets**8** to lead the way as they posted a 6.5% return compared with 4% for emerging markets equities**9**.

Fixed income returns remains positive

Federal Reserve policy makers decided to raise the target for the federal funds rate at their meeting in June. The move by the Fed was the third consecutive rate hike and the fourth overall rate hike by the Fed since the global financial crisis. The target for the federal funds rate now stands at 1.0% - 1.25%. While short-term interest rates moved higher over the quarter, the yield on both the ten-year Treasury and thirty year Treasury bonds actually moved lower over the quarter as a result of weaker than expected inflation data in the United States.

In this rate environment, the broad domestic fixed income market10 returned 1.5% over the quarter. Within the domestic fixed income markets, investment-grade credit11 and high yield bonds12 returned 2.4% and 2.2%, respectively, and outperformed Treasury bonds13 which returned 1.2% for the quarter.

Outside of the United States, European Central Bank (ECB) president Mario Draghi caused a stir in European bond markets as a speech he delivered in June was misinterpreted to mean that the ECB would soon begin reducing its quantitative easing purchases. At the same time, concerns surfaced that the Bank of England might raise their benchmark interest rate this year in response to higher than expected inflation. In this environment, hedged international bonds managed14 to gain 0.6% over the quarter while their unhedged counterparts15 returned 3.5% as the dollar continued to weaken from year-end 2016 levels.

A look ahead

Despite strong equity market returns in 2016 and year-to-date in 2017, Vanguard continues to caution investors that global equity market returns as well as global fixed income returns are likely to be lower than their historical averages over the next ten-years. Given where valuations stand today, our outlook for global equity market returns is 6% - 8%, with considerable volatility, while global fixed income returns may average 1% - 3% over the next ten years.

This guarded, but not bearish, outlook is unlikely to change until we see a combination of higher bond yields and more favorable valuation metrics. These expectations and uncertainty, underscore the need for discipline, reasonable expectations, and low-cost strategies.

Index Returns

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

Sources:

Vanguard, U.S. Treasury, U.S. Federal Reserve, Bureau of Labor Statistics, Bureau of Economic Analysis, Conference Board, Institute for Supply Management, Bank of England, Financial Times, Eurostat, Wall Street Journal, HIS Markit, Reuters, Bank of Japan, Bloomberg and European Central Bank.