INVESTMENT UPDATE: COLEMAN FOUNDATION March 2018

To: Michael W. Hennessy (MH), Esther Barron (EB), & R. Michael Furlong (MF), Alison Fitzgerald (AF)

From: Daniel B. Wanzenberg (DW) & Trevor C. Davies (TD)

Re: **Investment Update as of December 31, 2017**

Allocation and Performance *(please see the asset allocation spreadsheet* ***as of February 19 , 2018****, which is at the end of this report)*

Global Equity markets ended 2017 like how they started the year: up over 1%+ for the month of December and showing no signs of slowing down. Most major Equity markets had a remarkable year, providing not only strong returns, but low volatility and robust consistency. U.S. equities, in particular, kept investor sentiment positive as the S&P 500 returned nearly 22% for the year. Of note, U.S. equities delivered positive returns in every single month of 2017, which is the first time this has happened since 1958. Furthermore, per JPMorgan, on average, U.S. equities experience an intra-year drawdown of about 14%; in 2017, the maximum drawdown for the index was less than 3%. The sector of the year was technology, as tech. stocks rose nearly 40%; however, the overall market rally was also fueled by consumer discretionary, materials, industrials, health care, and financials all returning about 20%. Towards the end of the year, the corporate tax rate (cut to 21%) passed through Congress and is expected to boost after-tax earnings for U.S. companies in 2018 and going forward.

The best performing equity markets of the year were in Asia and Emerging Markets (EM) as several factors contributed to strong performance. EM equities benefited from a weak dollar, as they have done in the past, as well as a rebound in earnings off a low base. Furthermore, the rally in tech stocks benefited EM equities heavily as the index started off the year with about 25% allocated to tech stocks. The recovery in some industrial commodity prices, such as copper, helped to strengthen some of the commodity-focused EM markets, which in turn left those predicting a bearish Chinese market disappointed. For the year, the MSCI EM Index returned 31%, while the Japan TOPIX returned 22.2% on the year (9% in the 4th Quarter alone) as Japanese equities were driven by strong earnings, which rose 16% in the 3rd quarter (YoY). Earnings were boosted by strong global growth and an uptick in global trade. Furthermore, as Prime Minister Shinzo Abe easily won the election in October, it provided Japan with political stability and boosted consumer confidence regarding economic policies.

Most European economies experienced a positive year, European equities were positive as well, with Europe ex UK returning 14.5% on the year but underperformed the U.S. market significantly as well as the other global markets. Europe saw a very strong start to the year as political risk faded with Emmanuel Macron's election and saw a strong rally in the first three quarters; however, returns eased in the 4th quarter as European companies did not experience the same boost from U.S. tax cuts as well as maintaining concerns with the Catalonian independence referendum, which weighed heavily on Spanish equities.

Taxable fixed income markets performed well during the fourth quarter of 2017, wrapping up another solid year for the asset class. A moderately growing economy with low inflation and diminished volatility provided a ripe environment where credit spreads declined to the tightest levels in ten years. Fixed income markets also benefitted from labor market strength and below target inflation readings once again highlighting the 'goldilocks' U.S. economy.

The Federal Reserve raised the overnight lending rate three times in 2017, causing short-term interest rates to rise and the yield curve to flatten throughout the year. We believe the Fed may eventually need to slow the pace of raising the target rate if the yield curve continues to flatten. Our opinion is that a short duration portfolio is the best position right now. Current inflation readings remain below the Fed's 2% target, but a tight labor market could spark an uptick in wages, a catalyst for increasing inflation expectations.

Tax exempt bonds posted negative returns in the fourth quarter. This was largely driven by an increase in the supply of bonds as tax-exempt entities rushed to refinance outstanding debt before changes to the tax code were implemented. The glut of new issuance in November and December resulted in increased volatility and lower valuations relative to Treasuries. This trend has since subsided as new issuance dwindled during the holiday season and is projected to continue to be light in January.

CFI Equity: (Current 72.6% vs. Target 70.0%)

CFI US Public Equity *(*review manager commentaries and additional attachments/performance attribution)

(+) **Dana:** *Large Cap* - outperformed the S&P 500 index (7.92% vs. 6.19%) for the fourth quarter. 2017 – 28.37% vs. 20.46%

Small Cap **-** outperformed the Russell 2000 index (4.69% vs. 3.24%) for the fourth quarter. 2017 – 13.22% vs. 14.21%

(+) **In-House Equities:** At 12-31-17 CFI owned 15 stocks in the In-House account. For the Quarter these stocks were up 10.08% and for the Year 33.33. During 2017 CFI sold 5 stocks with proceeds of $1,972,369. The best performing stocks in this group have been Apple, Mastercard and Microsoft.

(+) **Pinnacle Associates:** Pinnacle underperformed the Russell 2500 index (1.37% vs. 5.12%) during the quarter. 2017 – 25.88% vs. 16.31%

(+) **Fuller & Thaler (F&T)**: The F&T Micro-cap portfolio outperformed the Russell Microcap index (5.01% vs. 1.80%) for the quarter. 2017 – 28.36% vs. 13.17%

(+) **LaSalle Street**: The LaSalle Street Small Cap portfolio outperformed the Russell 2000 index (4.95% vs. 3.24%) for the quarter. 2017 – 14.17% vs. 14.21%

CFI International Equity:

(=) Blackrock Passive (MSCI ACWI ex/US): The MSCI ACWI ex/US index returned 4.93% for the quarter. 2017 – 27.04%

(+) **WCM Focused International Growth:** WCM Focused Growth performed in-line with the MSCI ACWI ex US Growth index (5.61% vs. 5.77%) for the quarter. 2017 – 33.04% vs. 32.01%

(+) **WCM Focused International Value:** WCM Focused Value outperformed the MSCI ACWI ex US index (5.77% vs. 4.93%) for the quarter. 2017 – 24.81% vs. 27.04%

CFI Private Equity***:***

CFI now is invested in five funds managed by two different firms (Portfolio Advisors and Brickman) in the Private Equity space.

Portfolio Advisors: CFI started investing in these Funds in 2007 and 2008. All three Funds will no longer make any major new investments and any remaining commitments will be used as a reserve for existing investments and netted against distributions from each fund as needed. All of these Funds are in the process of liquidation of their Investments and returning the proceeds to Investors. The following is the current recap of CFI's 12-31-17 Estimated Market Values (MV) of each Commitment and Proceeds Returned to CFI for the Year 2017:

Equity Fund IV 12-31-17 MV $2,183,219 with Total Distributions in 2017 of $1,096,141.
Approx. IRR since Inception thru 9-30-17 6.87%
Equity Fund V 12-31-17 MV $2,246,964 with Total Distributions in 2017 of $725,540.
Approx. IRR since Inception thru 9-30-17 10.47%
Secondary Fund 12-31-17-17 MV $843,350 with Total Distributions in 2017 of $436,743.
Approx. IRR since Inception thru 9-30-17 14.90%

Total Distributions for the Year 2017 from PA was $2,257,424. Down from the Year 2016 of $2,421,549 or -6.90%. For All Funds, Fund IV, Fund V and the Secondary Fund have returned all of the original investment made to Date. Total MV PA Funds at 12-31-17 is $5,273,533 vs 2016 MV 6,280,918.

Brickman Real Estate LP (Brickman Fund V and Fund VI and commitment to Fund VII) Fund V during the First Six Months in 2017, Year to Date the Fund called $0 for new investments, and returned $0 Capital. Current Estimated MV of Fund V at 9-30-17 is $1,104,038. Fund V will no longer make any major investments in Buildings, only improvements to currently owned Buildings. Fund V is also in the process of liquidation of their Buildings over the next several years which will affect the Overall Performance of this Fund. During 2017 the Fund VI called $1,796,536 to adjust the financing of investments, and returned $324,675 in Capital. **Estimated** MV of Fund VI at 12-31-17 is $5,041,396 including payments in the 4th Qtr. During the Fourth Quarter 2017, CFI made a committed $5 million to Brickman's Fund VII, no Funds have been call to date.

Hillcrest Credit and Income Fund II, LP: CFI has committed $5 million to this (Brickman) Fund, initial closing 7-28-16, which will target a market segment in subordinate debt and preferred equity in high quality real estate assets in top U.S. metropolitan markets. CFI is considering this to be a Fixed Income Investment with the first capital call in January of 2018.

CFI Fixed Income: (Current 24.9% vs. Target 28.5%)

(=) Wasmer Schroeder (WS) Traditional: WS performed in-line with the Barclays Agg. 3-5 yr. index (-0.03% vs. -0.36%) for the quarter. 2017 – 2.44% vs. 1.75%

(=) Wasmer Schroeder CMBS/Hybrid Account: This strategy is being reconfigured and redeployed into an expanded credit and security account to be managed by Wasmer.

(+) **NorthCoast Tactical Income:** outperformed the Barclays Agg. 3-5 yr. index (1.22% vs.-0.36%) for the quarter. 2017 – 8.94% vs. 1.75%

(+) **Lord Abbett Short Duration Funds –** Holder of cash until Capital Calls on investments. Current daily Yield 4%.

(+) **Goldman Sachs Broad Street Realty Fund:** annualized distributions are providing income at approximately 8% (income Return).

(+) **Hillcrest Realty Income:** just started with capital call in January 2018.

Open Items:

Hillcrest, LaSalle Street, INTL rebalancing, NorthCoast

Daniel B. Wanzenberg

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Trevor C. Davies

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Dana Investment Advisors

Market Commentary:

The U.S. equity market continued its upward trajectory in Q4 of 2017, finishing the year strong. Driven by synchronous global economic growth and the passage of new U.S. tax legislation, the S&P 500 Index gained +6.64% in Q4, capping a total return of +21.83% for the full year. The Russell 2000 Index was up +3.34% for Q4 and +14.65% for the full year. Large-cap stocks and growth styles significantly outperformed small-cap stocks and value styles. The spread between growth and value as measured by the Russell 1000 Growth and Value Indexes was over 1700 basis points in 2017, the widest gap since 2009. Despite low index volatility, there was considerable dispersion between stocks, with earnings releases and guidance often adding to this dispersion. The earnings outlook for small-cap stocks continues to improve, but actual earnings in 2017 clearly lagged the growth rate of large-cap stocks as a weaker U.S. dollar had a disproportionately positive impact on large-cap earnings.

Large Cap – Strategy Commentary

The Dana Large Cap Equity Strategy posted a total return of +7.92% during Q4 and 28.37% for the full year, outperforming the S&P 500 during a strong market. Good performance was widespread across the Strategy, with 17 holdings up double-digits in Q4 against only 4 full-quarter holdings with losses. The Strategy continues to show better valuation metrics relative to the benchmark S&P 500 Index, a consistent trait of Dana's investment process. The market has continued to favor growth over value, so we are pleased with recent relative performance that has been enhanced by our ability to identify real growth at attractive valuations. The Dana Large Cap Equity Strategy continues to hold stocks that exhibit both strong relative value and growth characteristics and is well positioned for a wide range of possible market environments. We are particularly optimistic should value begin to outperform growth within the equity market.

SECTOR CONTRIBUTORS

Health Care – UnitedHealth Group, Inc. (UNH) led performance in Health Care, and AbbVie, Inc. (ABBV), Stryker Corporation (SYK) and Johnson & Johnson (JNJ) each outperformed the sector average; an underweight to weak biotech names also contributed to relative performance

Industrials – Owens Corning (OC), Boeing Company (BA) and Stanley Black & Decker, Inc. (SWK) all posted double-digit percentage gains during the quarter; lack of exposure to market laggard General Electric (GE) was a significant relative contributor as well

SECTOR DETRACTORS

Information Technology – Lam Research Corporation (LRCX) posted a small loss this quarter (-0.25%), lagging the sector's return, yet closed out the year up over +75%; underweight positions in the mega-cap technology stocks detracted from relative performance versus the cap-weighted S&P 500 Index

Consumer Discretionary – lack of exposure to Amazon.com, Inc. (AMZN) accounted for more than 100% of the underperformance in the sector

SELECT ADDITIONS

Home Depot, Inc. (HD) – best-in-class home improvement retailer continues to execute well in a favorable environment; a combination of strong new home sales and steadily rising home prices stimulates professional and consumer demand; same store sales accelerated to a robust +8% in Q4; FY18 EPS is expected to grow +15% and estimate revisions continue to trend upward

FedEx Corporation (FDX) – global leader in package and freight delivery benefits from a robust e-commerce market; significant investments in fleet and logistics capabilities over the last several years have the company well positioned for growth; recent results have surprised to the upside including a substantial +4% revenue beat in Q4; valuation at 17x forward earnings persists at a discount to transportation and logistics peers notwithstanding favorable secular drivers

SELECT DELETIONS

Alaska Air Group, Inc. (ALK) – execution risk is high as Alaska attempts to further integrate its Virgin acquisition; PRASM (passenger revenue per available seat mile) trends have lagged peers due to new route and competitive capacity additions; new labor agreements will pressure margins

CBS Corporation (CBS) – video subscriber declines are pressuring retransmission fees and advertising revenue; CBS is a content powerhouse but encroachment from Netflix and Amazon increase production costs and exacerbate talent scarcity; the shifting media distribution landscape creates considerable near-term uncertainty

SMID Cap – Strategy Commentary

The Dana Small Cap Equity Strategy posted a total return of +4.69% during Q4, nicely ahead of the benchmark, and +13.22% for the full year, a solid return that slightly trailed the benchmark. Both value and quality factors turned favorable in Q4 which benefited the Strategy, however, value factors were a headwind for most of the calendar year. The return gap between value and growth has the potential to narrow. The recent tax package details are still being digested, and we believe the full effects are not entirely priced in. Earnings estimates for the New Year are starting to reflect better anticipated GDP growth and a positive overall tax impact. There is also the potential for the administration to target infrastructure spending in 2018. The Dana Small Cap Equity Strategy is positioned in stocks with attractive relative valuations and growth prospects which we expect to benefit investors over the long term.

SECTOR CONTRIBUTORS

Industrials – strong performance from TriNet Group, Inc. (TNET), On Assignment, Inc. (ASGN) and SkyWest, Inc. (SKYW) lifted the sector; all three reported strong quarters with stock price follow-through

Real Estate – Armada Hoffler Properties (AHH) reported an in-line quarter with optimism about their development pipeline along with retail exposure that is performing well (contrary to conventional market wisdom); Monmouth Real Estate Holdings (MNR) raised their dividend, made 2 acquisitions, and they signed a lease with a retailer named Amazon; Preferred Apartment Communities (APTS) made several acquisitions, raised their dividend, and were added to the MSCI REIT Index

SECTOR DETRACTORS

Telecommunications – Consolidated Communications Holdings, Inc. (CNSL) plunged after reporting Q3 earnings with a EBITDA and revenue miss; Consolidated offers value, a dividend, and a play on fiber assets, however, lack of immediate improvement in Fairpoint acquisition cost-cutting is a massive concern for investors; dividend will likely be cut and pricing pressures in already shrinking marketplace are dimming

Financials – slight sector detractor of only 10 basis points, with strong performance in Primerica, Inc. (PRI) and Stifel Financial Corp. (SF) offset by regional bank holdings

SELECT ADDITIONS

Lumentum Holdings, Inc. (LITE) – designer and manufacturer of optical components, modules and semiconductor lasers sells into growing networking and consumer end-markets; networking solutions target fast growing cloud datacenters as major technology companies (e.g. Amazon, Microsoft, Google) expand globally; LITE's diversification into supplying lasers for 3D sensing applications (e.g. in the new iPhone) establishes another meaningful growth pillar; this is a multi-billion dollar market and LITE is the first mover

RealPage, Inc. (RP) – provider of cloud software applications primarily to residential property managers benefits from a strong apartment development environment and an increasingly feature-rich software solution; reasonably valued given limited competition and the size of the addressable market

SELECT DELETIONS

Ciena Corporation (CIEN) – rallied after a positive earnings report and raised guidance; company is weathering a transformative acquisition and trades at a premium to peers after guidance has fallen; rally was used to sell position

Broadsoft, Inc. (BSFT) – communication service & software provider was bought by Cisco Systems (CSCO) with the deal expected to close in late Q1 2018, yet no further offers/negotiations are expected

Pinnacle Associates

Strengths

None

Weaknesses

1. Health Care
2. Information Technology
3. Consumer Discretionary

The Russell 2500 Growth Index returned +6.35%* in the fourth quarter and the Small/Mid Cap portfolio underperformed with a total return of +1.33%.

Portfolio underperformance was driven by poor returns primarily in the Health Care and Technology sectors. Consumer Discretionary stocks were also a drag on performance, to a lesser extent. In Health Care, top holding Regeneron Pharmaceuticals fell 16%, Medicines Co. dropped 26%, while smaller weighted positions Prothena Corp. and Cytokinetics Inc. lost more than 40%. While Regeneron had a strong first half of the year, it gave back most of these gains in the second half as the market shifted focus to potential threats to its two most prominent franchises. Eylea, its top selling drug for age related macular degeneration, and Dupixent for severe eczema and other allergic conditions, could face new competition if drugs from other companies are successful in pivotal trials. Some of these companies reported favorable results in phase 2 studies, causing the market to become more concerned. But Eylea is an established leader and Dupixent is off to a solid start, representing formidable standards of care for any new drugs to displace. Most importantly, the potential new competition must still come through with positive late stage trial results which is no guarantee. Positively, Regeneron reported solid financial results throughout the year and also scored a victory versus Amgen in a patent dispute over its PCSK9 cholesterol lowering drug. Medicines Co. continued to drift lower as management failed to deliver on expectations for a sale of its infectious disease business. While a transaction was ultimately reached, it took longer than expected and the sale terms disappointed. Prothena fell after the company announced a one year delay in the timeline for results from its phase 3 trial for its treatment for amyloidosis. Finally, Cytokinetics dropped sharply after phase 3 results for its ALS drug disappointed. Management believes its follow-on drug for ALS addresses the shortcomings of the failed drug. Also remaining in the pipeline is a potential blockbuster drug for heart failure that is partnered with Amgen. In Technology, holdings which supply components to Apple iPhones retreated after exceptional outperformance in the first nine months. Unconfirmed reports that demand for Apple's new iPhones X could disappoint pressured Qorvo and Lumentum. Cybersecurity firm FireEye and cable equipment supplier Arris International fell on disappointing third quarter earnings releases. In Consumer Discretionary, mixed performance amongst our Media and Travel & Leisure stocks led to slight underperformance for this sector. Weakness in Belmond, AMC Networks, EW

Scripps, MSG Networks and Liberty Sirius more than offset strength in World Wrestling Entertainment, Sinclair Broadcasting, Boyd Gaming and Las Vegas Sands.

There were no sectors that generated meaningfully positive returns to offset the sector weakness noted above.

During the quarter, we initiated a new position in Intercept Pharmaceuticals, a biotech firm focused on treatments for liver disease. Portfolio sales included Centurylink (received into portfolio through acquisition of holding Level 3), Harmonic Inc., and Nexstar Media Group. The portfolio also monetized Kite Pharmaceuticals upon the closing of Gilead's acquisition of Kite for $180 per share cash.

Fuller & Thaler

2017 was a year where things worked in our favor. More liquid stocks, which we are overweight, outperformed. Our largest residual sector bets – overweight Information Technology and underweight Financials – helped. And we had more than 10 names double in value. The portfolio even had a holding in the Consumer Discretionary sector, which has struggled as much as any sector, rise more than 80% in the 4th quarter.

For the quarter, the portfolio returned 4.7% net-of-fees as compared to 1.8% for the Russell Microcap Index. For the year, the portfolio returned 27.0% net-of-fees as compared to 13.2% for the benchmark. We are hopeful some of the 12 names purchased during the quarter will help continue the strong performance in 2018.

The Micro-Cap Strategy in the fourth quarter saw out performance in all three months of the quarter. Strong performance in the quarter came from stock selection in the consumer discretionary and industrial sectors while under performance occurred from stock selection in the technology and healthcare sectors.

Stocks in both the value and growth portion of the portfolio were major contributors to the outperformance. Names that helped performance included Boot Barn (BOOT), Verso (VRS), Vera Bradley (VRA), and Hees Equipment (HEES). Names that hurt performance included OraSure Technologies (OSUR), Applied Optoelectonics (AAOI), Oclaro (OCLR) and Ultra Clean Holdings (UCTT). Portfolio positioning is unchanged with a continued underweight in financials and a continued over weight in the technology, consumer discretionary, and industrial sectors. Merger and acquisition activity was limited in the micro-cap space this quarter with no companies acquired after a significant number of acquisitions in the last ten quarters in the portfolio.

There have been a number of new opportunities in the micro-cap area recently, with 12 new stocks added to the portfolio in the last quarter; five growth stocks (three earnings surprise, two upgrade) and seven value stocks (six insider buy, one buyback). We expect the Micro-Cap Strategy to continue to

provide superior performance over the long run because of its ability to identify and take advantage of mis-priced stocks across a spectrum of industries and sectors due to behavioral bias.

Wasmer Schroeder

Main Foundation Account

- The Coleman Foundation account outperformed its primary benchmark, gross of management fees, for the quarter. The account returned 0.12% against -0.20% for the index. For the year, the account has returned 3.21% vs. 2.14% for the benchmark.
- The move tighter in credit spreads across all sectors contributed to taxable municipals in the portfolio outperforming the Treasury component in the benchmark. Demand for spread product kept the secondary market well bid and new deals significantly oversubscribed.
- The considerable overweight to the best performing sector, corporate bonds, also contributed to outperformance as spreads reached their tightest levels in 10-years.
- Duration management of the portfolio was neutral to the benchmark from both an overall standpoint and yield curve placement.
- Sector allocation at quarter end was 48% corporate bonds, 49% taxable municipal bonds and a small allocation to securitized bonds with the remainder in cash. We anticipate maintaining these allocation for the foreseeable future, except for letting the MBS securities pay down over time and reinvesting back into corporate bonds.

** The quoted performance numbers are preliminary and subject to change as our GIPS processes are n