



Ventura County Community Foundation
2009 Investment Performance and Commentary

VCCF Fiscal Year Ends September 30						
	Last Quarter	Fiscal Year 09	Fiscal Year 08	Last 3 Fiscal Years	Last 5 Fiscal Years	Last 10 Fiscal Years
	As of 9.30.09	As of 9.30.09	As of 9.30.08	FY 2006-2009	FY 2004-2009	FY 1999-2009
VCCF	12.6	5.5	(14.0)	1.3	5.5	6.3
Policy Index	12.3	1.7	(14.7)	(0.4)	3.8	3.3

*Portfolio returns reflect the VCCF endowment funds. Fiscal year ends September 30, 2009; prior FY performance returns are as of September 30, 2009. The Policy Index is 50% Russell 3000 / 15% MSCI EAFE After Taxes / 35% Barclays Capital Aggregate Bond. 3-month Treasury Bills returned 0.05% for the most recent quarter.

Asset Allocation Targets*

Asset Class	Phase 2 12/31/08	Phase 3 12/31/10	VCCF Portfolio 9/30/09
Large Cap Equity	20.0%	20.0%	17.7%
Large Cap Value	10.0%	10.0%	7.2%
Large Cap Growth	10.0%	10.0%	10.5%
Mid Cap Equity	10.0%	7.5%	6.6%
Small Cap Equity	10.0%	7.5%	10.0%
International Equity	20.0%	20.0%	20.6%
Fixed Income	25.0%	20.0%	26.1%
Alternatives	15.0%	25.0%	19.0%
Total	100.0%	100.0%	100.0%

**The Foundation has an allocation to Alternative strategies through hedge funds and private capital investments. The Foundation invests in managers that take a fundamental approach to security selection and manage the portfolio without the use of undue leverage. We do not invest with managers that employ black box strategies or highly esoteric instruments in their portfolio. We also avoid managers that rely heavily on leverage to generate investment returns. Thus, the Foundation's portfolio is aimed to target a 25% allocation to Alternatives by the end of year 2010. Declines in the equity portions of the portfolio have brought current allocations closer to the 2010 targets sooner than anticipated.*

VCCF endowment funds are governed by the VCCF Investment policy, reviewed annually by the VCCF Investment Committee and approved by the VCCF Board of Directors. For a copy of the policy, please visit VCCF's website at www.vccf.org and go to the Funds page, or contact VCCF's office at 805-988-0196.

September 30, 2009 – Quarterly Market Commentary
(Supplied by VCCF consultant Canterbury Consulting Inc.)

For the Quarter ending September 30, 2009, the Ventura County Community Foundation's (VCCF) portfolio return was 12.6%, while the Policy Index (50% Russell 3000 / 15% MSCI EAFE / 35% Barclays Capital Aggregate Bond) was 12.3%. Most of the relative outperformance during the quarter was attributed to the fixed income segment, which returned 6.6% versus the Barclays Aggregate return of 3.7%. The international equity managers were also ahead of the composite's respective index, returning 19.7% for the quarter, while the index (MSCI EAFE) returned 19.5%. The domestic equity piece of the portfolio slightly detracted from performance during the quarter. The domestic equity managers returned 15.3%, while the benchmark (Russell 3000) returned 16.3%. Lastly, the liquid and illiquid alternative pieces of the VCCF portfolio returned 7.2% and 14.0% respectively. The overall portfolio has consistently outperformed over the long term, beating the Policy Index during the YTD, 1, 3, 5, 7, and 10 year periods.

Recession Over: Cautious Optimism

A September survey of 44 professional forecasters released by the National Association for Business Economics (NABE), found that 80 percent of the respondents believed the economy was growing again after four straight quarters of declines.

“The great recession is over,” NABE President-Elect Lynn Reaser said. “The vast majority of business economists believe that the recession has ended, but that the economic recovery is likely to be more moderate than those typically experienced following steep declines.” Though the economic recovery remains fragile, investors have reacted with cautious optimism, as reflected in the equity markets (see page 2).

Recent economic data would certainly support that sentiment. After an upward revision of 2Q GDP to -0.7%, the third quarter estimate came in at 3.5%. The large stimulus package certainly contributed to the gain. Retail sales also rebounded strongly, largely as a result of the “Cash for Clunkers” program which provided a big boost for the auto sector. Housing data has shown signs of improvement as construction activity has picked up, inventory has declined and overall home prices have posted three consecutive positive months.

Despite the positive news, uncertainty remains. Unemployment is at its highest level since June 1983 and banks have continued to tighten lending standards on households and businesses. Where the consumer has led the economy out of recessions in prior cycles, there may have to be more reliance on the industrial sector to drive economic activity this time.

Equity Markets

In September, the S&P 500 scored its seventh straight month of gains pushing the post March 9th recovery return to +56.25%.

As investor confidence improved, riskier, lower quality companies led the market higher. The best performers were Financials (25.2%), Industrials (21.2%) and Materials (21.0%). All equity segments rallied with value outperforming growth and international outperforming domestic stocks.

Developed international and emerging markets performed similarly during the third quarter. The MSCI EAFE Index returned 19.5% and the MSCI Emerging Markets Index gained 20.9%. However, for the nine months ending September, emerging markets remained well ahead of developed international markets, (64.5% vs. 29.0%).

Fixed Income Markets

During the third quarter, the US Fixed income market exhibited broad strength with all major sectors generating positive returns (see table to the right).

Mortgage rates fell during the quarter with 30 year fixed rate mortgages falling to 5.13%. The Federal Reserve announced it will extend its MBS purchase program through March 2010.

Another area of strength was the municipal bond market. At 7.1%, the Barclays Capital Municipal Bond index returned its largest quarterly return since the mid-1980's. A combination of weak supply and strong demand helped push prices higher and yields lower.

KEY ECONOMIC STATISTICS

- Final figures for second quarter GDP came at -0.7%. The numbers turned positive for the third quarter with an estimated annual rate of growth at 3.5%.
- The central Bank continued to hold the federal funds rate to its lowest-ever range of 0.0% to 0.25%.
- Nonfarm payroll employment continued to decline through the third quarter, causing the unemployment rate to rise to 9.8%. However, the pace of job losses has slowed considerably.
- The dollar continued its decline during the quarter losing almost 4% of its value against the Euro and nearly 6% with respect to the Yen.

All performance and market data contained herein were obtained from the following sources: the BEA, the BLS, Bloomberg, PNC Capital, Standard & Poor's, Russell Barclays, Vanguard, Reuters & Canterbury Research.

Endowment Funds Investment Managers
Performance Evaluation for Fiscal Year 2009

	Fiscal YTD 2009	Last Fiscal 3 Years	Last Fiscal 5 Years	Last Fiscal 7 Years	Last Fiscal 10 Years	Since Inception	Inception Date
Domestic Equity							
iShares Russell 3000	-	-	-	-	-	23.4	Dec-2008
Domestic Equity Benchmark Russell 3000 Index	(6.4)	(5.1)	1.6	6.5	0.7	23.5	
Bernstein Diversified Value	(2.4)	(7.1)	1.2	7.0	4.0	3.4	Apr-1999
Large Cap Value Equity Benchmark Russell 1000 Value	(10.6)	(7.9)	0.9	6.6	2.6	2.5	
Lateef Large Growth	(3.1)	(2.6)	-	-	-	1.6	Mar-2005
Large Cap Growth Equity Benchmark Russell 1000 Growth	(1.9)	(2.5)	1.9	5.8	(2.6)	0.6	
INTECH Large Growth	(5.8)	(4.5)	-	-	-	(0.7)	Feb-2005
Large Cap Growth Equity Benchmark Russell 1000 Growth	(1.9)	(2.5)	1.9	5.8	(2.6)	0.8	
Times Square Mid Growth	1.6	-	-	-	-	(4.8)	May-2007
Mid Cap Growth Equity Benchmark Russell Midcap Growth Index	(0.4)	(3.1)	3.8	9.6	2.2	(9.6)	
Advisory Research Smid Value	(6.0)	-	-	-	-	(8.3)	Feb-2007
SMID Cap Value Equity Benchmark Russell 2500 Value Index	(8.3)	(5.7)	2.5	9.2	8.1	(10.1)	
Vaughan Nelson Small Value	0.0	-	-	-	-	(1.2)	Feb-2007
Small Cap Value Equity Benchmark Russell 2000 Value Index	(12.6)	(6.6)	1.8	8.8	8.1	(10.9)	
Tygh Small Growth	(11.8)	-	-	-	-	(8.8)	Feb-2007
Small Cap Growth Equity Benchmark Russell 2000 Growth Index	(6.3)	(2.6)	2.9	9.0	1.1	(6.6)	
Conestoga Small Cap	(3.3)	-	-	-	-	(3.2)	Feb-2007
Small Cap Growth Equity Benchmark Russell 2000 Growth Index	(6.3)	(2.6)	2.9	9.0	1.1	(6.6)	
International Equity							
EuroPac Growth Fund	8.6	1.1	9.8	13.4	6.0	7.3	Feb-1999
International Equity Benchmark MSCI EAFE (net)	3.2	(3.6)	6.1	10.9	2.6	3.2	
Domestic Fixed Income							
PIMCO Total Return	18.3	9.2	6.9	6.6	7.6	8.0	Jan-1995
Core Bond Benchmark Barclays Cap Agg	10.6	6.4	5.1	5.0	6.3	6.9	
Loomis Sayles Bond Fd	-	-	-	-	-	6.6	Aug-2009
Investment Grade Bond Index Barclays Capital U.S. Corp Inv Grade	21.8	5.7	4.6	5.5	6.4	3.6	

Endowment Funds Investment Managers

Performance Evaluation for Fiscal Year 2009

	Fiscal YTD 2009	Last Fiscal 3 Years	Last Fiscal 5 Years	Last Fiscal 7 Years	Last Fiscal 10 Years	Since Inception	Inception Date
Hedge Fund							
Aetos Capital Balanced Ltd	1.1	0.5	-	-	-	2.4	Apr-2005
Archstone Offshore Fund Ltd	1.8	1.8	-	-	-	4.4	Apr-2005
Goldentree Master Fund	9.0	-	-	-	-	(3.0)	Jan-2008
Apis Capital	(2.7)	-	-	-	-	(14.6)	Jan-2008
Giovine Investment Partners	0.9	-	-	-	-	(5.2)	Jan-2008
Southport Millennium	(25.5)	-	-	-	-	(26.2)	Jan-2008
LR Global	(20.2)	-	-	-	-	(22.4)	Nov-2006
Private Equity							
Coller Int'l Partners V	(13.0)	-	-	-	-	(0.5)	Jan-2007
J.C. Flowers III LP	-	-	-	-	-	0.0	Jul-2009
Kayne Anderson Energy IV	(13.5)	-	-	-	-	(11.3)	Jul-2007
Montauk TriGuard Fund III LP	(19.6)	(0.1)	-	-	-	3.4	Aug-2005
Montauk TriGuard Fund IV	(5.1)	-	-	-	-	(1.6)	Apr-2008
OCM Opportunities Fund VII	(24.7)	-	-	-	-	(6.9)	Mar-2007
OCM Opportunities Fund VIIIb	10.9	-	-	-	-	6.3	May-2008
Sigular Guff BRIC Opportunities	(6.6)	6.3	-	-	-	5.6	Jun-2006
Sigular Guff BRIC Opps Fund II	(11.7)	-	-	-	-	(9.6)	Feb-2008
Silverlake Partners III	(36.2)	-	-	-	-	(24.3)	Oct-2007