



Ventura County Community Foundation
2010 Investment Performance and Commentary

VCCF Fiscal Year Ends September 30						
	Last Quarter As of 9.30.10	Fiscal Year 10 As of 9.30.10	Fiscal Year 09 As of 9.30.09	Last 3 Fiscal Years FY 2007-2010	Last 5 Fiscal Years FY 2005-2010	Last 10 Fiscal Years FY 2000-2010
VCCF	8.9	11.0	5.5	0.0	4.2	5.3
Policy Index	9.2	9.4	1.7	(1.7)	3.3	3.1

*Portfolio returns reflect the VCCF endowment funds net of fees. Fiscal year ends September 30, 2010; prior FY performance returns are as of September 30, 2010. The Policy Index is 50% Russell 3000 / 15% MSCI EAFE After Taxes / 35% Barclays Capital Aggregate Bond.

Asset Allocation Targets*

Asset Class	Phase 1 12/31/06	VCCF Portfolio 9/30/10	Long Term Targets
Large Cap Equity	25.0%	22.3%	20.0%
Large Cap Value	12.5%	9.9%	10.0%
Large Cap Growth	12.5%	12.4%	10.0%
Mid Cap Equity	10.0%	1.2%	7.5%
Small Cap Equity	10.0%	9.8%	7.5%
International Equity	17.5%	20.9%	20.0%
Fixed Income	27.5%	22.5%	15.0%
Alternatives	10.0%	23.3%	30.0%
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 30% allocation to Alternatives by the end of year 2010.

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, 2010 – Market Commentary
(Supplied by VCCF consultant Canterbury Consulting Inc.)

For the Quarter ending September 30, 2010, the Ventura County Community Foundation's (VCCF) portfolio return was 8.9%, while the Policy Index (50% Russell 3000 / 15% MSCI EAFE / 35% Barclays Capital Aggregate Bond) was 9.2%. The slight lag of the portfolio's performance for the quarter, with respect to the Policy Index, was due to the liquid and illiquid alternative pieces of the VCCF portfolio, returning 4.0% and 0.2% respectively. Positive contributors to the portfolio included the fixed income segment which returned 4.4% versus the Barclays Aggregate return of 2.5%. The international equity managers were also ahead of the composite's respective index, returning 17.3% for the quarter, while the index (MSCI EAFE) returned 16.5%. The domestic equity piece of the portfolio added to performance during the quarter as well, returning 12.2%, while the benchmark (Russell 3000) returned 11.5%.

For the Fiscal Year ending September 30, 2010 the portfolio returned 11.0% while the Policy Index was 9.4%. All asset classes contributed positively to the total portfolio's outperformance for the 2010 Fiscal Year. The domestic equity portion of the portfolio returned 11.2% versus the Russell 3000 which returned 11.0%. The international equity managers significantly contributed with a return of 8.5%, looming over the MSCI EAFE's return of 3.3%. The fixed income segment added with a return of 11.8%, as compared to the 8.2% return of the Barclays Capital Aggregate. Lastly, both the liquid and illiquid alternative pieces followed suit with a return of 10.1% and 21.2% respectively. Overall, the portfolio has consistently outperformed over the long term, beating the Policy Index during the YTD, 1, 3, 5, 7, and 10 year periods.

Markets Driven by a Mixed Bag of Data Points

The third quarter saw a combination of positive and negative news reports and reaction in the capital markets to the various data points underscored the fragility of the recovery. The volatile nature of quarter over quarter returns, or in the case of 3Q10, month over month returns, can distract investors from underlying trends that have been shifting for some time. An influx of macroeconomic news at times dominated investor sentiment, but the fundamentals of corporate activity have also been influential in driving security prices. Strong corporate earnings helped propel positive returns in the markets over the first four months of the year. However, as summer progressed, investors began to worry about various macroeconomic issues:

- A weak housing market
- High unemployment
- Sovereign Debt issues in Europe
- Possible slowdown in China
- Oil spill in the Gulf of Mexico
- Impact of healthcare and financial reforms

- Rising government debt burden
- A weakening dollar

By the middle of the third quarter investors began to fear that the cumulative effect of these factors might result in a double-dip recession. Meanwhile, interest rates remain at historically low levels and US corporations continue to report positive earnings and strong cash flow. There was an upward trend in capital expenditures among corporations that have been stockpiling cash. An increase in merger and acquisition activity, share buy-back programs and earnings growth all were generally interpreted by investors as encouraging signs. Investors will be watching corporations closely in hopes that businesses will feel more comfortable investing in future growth, which may ultimately translate into hiring more workers.

Equity Markets

The US equity market saw volatility in the quarter with the S&P 500 returning +7% in July, -4.5% in August and a strong +8.9% in September. All major US equity indices ended the quarter in positive territory. The market rally at the end of the third quarter was partly spurred by the Federal Reserve's announcement of Quantitative Easing Part II (QE2). Additional stimulus should help support asset prices and prove to be a contributor to growth in the equity markets.

Emerging markets continued their run of outperforming developed international equity markets. The rally in Emerging Markets was broad based with strong returns coming from Poland (+35.5%), Chile (+32.6%), Thailand (+32.4%), Turkey (+31.9%) the Philippines (+29.1%), South Africa (+25.4%) and Brazil (+21.7%).

The global growth in demand for commodities and capital flow has led to an increase in international merger activity. Such activity continues to provide the catalyst for stock prices to rise and is a great source of investment return for active managers. Both traditional and hedged equity managers have been able to take advantage of securities that they deem under or over-valued. Merger and acquisition activity is likely to continue and will generate more investment opportunities for asset managers.

Fixed Income Markets

High unemployment and growing fiscal deficits continued to feed concerns over economic growth and caused investors to place a premium on assets that provided a sense of security. For example, U.S. interest rates continued to fall during the quarter as the 10-year U.S. Treasury yield fell 42 basis points to 2.51% and two-year Treasury notes hit all-time lows of below 50 basis points. The Federal Reserve has been actively buying Treasuries and Mortgage securities and will continue to do so to keep rates low and to spur borrowing activity.

KEY ECONOMIC STATISTICS

GDP: Preliminary data on third quarter GDP indicates the economy increased 2.0% in real terms. This follows a 1.7% gain in the second quarter.

Federal Funds Rate: The Federal Open Market Committee kept the Federal Funds Rate at 0-0.25%.

Unemployment: Unemployment rates ended the quarter at 9.6% marking the 15th consecutive month unemployment has been over 9%. Most of the job losses were in the public sector in September while temporary help payrolls added 16,900 jobs that month.

US Dollar: The prospect of an even looser monetary policy pushed the US Dollar down as the Federal Reserve announced it was prepared to engage in a second round of quantitative easing.

CPI: The core index, which excludes volatile food and energy prices, was stable at a 12 month change of 1%.

Endowment Funds Investment Managers

Performance Evaluation for Fiscal Year 2010

	Fiscal YTD 2010	Last Fiscal 3 Years	Last Fiscal 5 Years	Last Fiscal 7 Years	Last Fiscal 10 Years	Since Inception	Inception Date
Domestic Equity							
CRM All Cap Value	-	-	-	-	-	5.6	Feb-2010
Domestic Equity Benchmark Russell 3000 Value Index	9.2	(9.0)	(0.4)	4.8	3.0	7.8	
Westfield Growth Opps	-	-	-	-	-	10.4	Feb-2010
Large Cap Growth Equity Benchmark Russell 1000 Growth	12.7	(4.4)	2.1	4.1	(3.4)	9.1	
Lateef Large Growth	11.3	(5.5)	1.7	-	-	3.3	Mar-2005
Large Cap Growth Equity Benchmark Russell 1000 Growth	12.7	(4.4)	2.1	4.1	(3.4)	2.7	
ICAP Select Equity	-	-	-	-	-	9.4	Feb-2010
Large Cap Value Equity Benchmark Russell 1000 Value	8.9	(9.4)	(0.5)	4.6	2.6	7.5	
Vaughan Nelson Small Value	14.7	2.1	-	-	-	2.9	Feb-2007
Small Cap Value Equity Benchmark Russell 2000 Value Index	11.8	(5.0)	0.7	6.3	7.7	(5.2)	
Tygh Small Growth	9.6	(9.1)	-	-	-	(4.1)	Feb-2007
Small Cap Growth Equity Benchmark Russell 2000 Growth Index	14.8	(3.7)	2.3	5.8	(0.1)	(1.2)	
International Equity							
EuroPac Growth Fund	7.0	(4.6)	5.9	10.8	5.3	7.2	Feb-1999
International Equity Benchmark MSCI EAFE (net)	3.3	(9.5)	2.0	7.8	2.6	3.2	
Lazard Emerging Markets	-	-	-	-	-	10.0	Apr-2010
Emerging Markets Benchmark MSCI Emerging Markets Index	20.5	(1.2)	13.1	19.3	13.8	8.4	
Schroder Emerging Markets	-	-	-	-	-	5.0	Apr-2010
Emerging Markets Benchmark MSCI Emerging Markets Index	20.5	(1.2)	13.1	19.3	13.8	8.4	
Domestic Fixed Income							
PIMCO Total Return	10.9	10.8	8.4	7.1	7.9	8.2	Jan-1995
Core Bond Benchmark Barclays Cap Agg	8.2	7.4	6.2	5.3	6.4	7.0	
Loomis Sayles Bond Fd	16.0	-	-	-	-	19.9	Aug-2009
Investment Grade Bond Index Barclays Capital U.S. Corp Inv Grade	12.3	8.4	6.5	5.6	7.1	13.9	
PIMCO Diversified Income	-	-	-	-	-	9.6	Jun-2010
Global Credit Bond Index Barclays Capital Global Credit (Hedged)	11.1	7.2	5.9	5.8	-	5.6	
PIMCO Unconstrained	-	-	-	-	-	3.3	Jun-2010
Core Bond Benchmark Barclays Cap Agg	8.2	7.4	6.2	5.3	6.4	4.1	

Endowment Funds Investment Managers

Performance Evaluation for Fiscal Year 2010

	Fiscal YTD 2010	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	7.8	0.7	3.1	-	-	3.4	Apr-2005
Archstone Offshore Fund Ltd	6.5	(1.0)	4.0	-	-	4.8	Apr-2005
Goldentree Master Fund	25.9	-	-	-	-	6.9	Jan-2008
Apis Capital	8.7	-	-	-	-	(6.8)	Jan-2008
Giovine Investment Partners	10.4	-	-	-	-	0.2	Jan-2008
LR Global	5.5	(23.4)	-	-	-	(16.1)	Nov-2006
Private Equity							
Coller Int'l Partners V	8.1	6.6	-	-	-	1.6	Jan-2007
Kayne Anderson Energy IV	(1.4)	(5.6)	-	-	-	(8.4)	Jul-2007
Montauk TriGuard Fund III LP	10.5	(1.9)	4.9	-	-	4.7	Aug-2005
Montauk TriGuard Fund IV	29.4	-	-	-	-	9.8	Apr-2008
OCM Opportunities Fund VII	39.9	3.4	-	-	-	4.3	Mar-2007
OCM Opportunities Fund VIIb	24.5	-	-	-	-	13.8	May-2008
Siguler Guff BRIC Opportunities	19.4	8.8	-	-	-	8.6	Jun-2006
Sigular Guff BRIC Opps Fund II	7.2	-	-	-	-	(4.5)	Feb-2008
Silverlake Partners III	31.9	(8.7)	-	-	-	(8.7)	Oct-2007
J. C. Flowers III LP	51.3	-	-	-	-	(66.7)	Jul-2009
Oaktree PIF 2009	-	-	-	-	-	5.1	Jan-2010
AEA Mezzanine Fund II	-	-	-	-	-	2.0	May-2010

	Fiscal YTD 2010	Last Fiscal 3 Years	Last Fiscal 5 Years	Last Fiscal 7 Years	Last Fiscal 10 Years	Since Inception	Inception Date
Total Fund Composite	11.0	0.0	4.2	6.7	5.3	8.2	Jan-1992
Policy Index	9.4	(1.7)	3.3	5.7	3.1	7.3	
Domestic Equity Composite	11.2	(5.3)	0.6	4.8	2.7	7.8	Jan-1992
Russell 3000 Index	11.0	(6.6)	0.9	4.6	0.1	7.8	
International Equity Composite	8.5	(4.2)	6.0	10.9	5.3	7.5	Dec-1995
MSCI EAFE (net)	3.3	(9.5)	2.0	7.8	2.6	4.6	
Fixed Income Composite	11.8	11.3	8.6	7.3	8.0	8.2	Jan-1995
Barclays Capital Aggregate	8.2	7.4	6.2	5.3	6.4	7.0	
Hedge Fund Composite	10.1	(2.3)	2.2	N/A	N/A	2.8	Mar-2005
HFRI Fund Weighted Index	7.4	0.9	5.2	6.8	6.0	5.6	
Private Equity Composite	21.2	6.2	7.9	N/A	N/A	7.6	Aug-2005