



April 27, 2017

Dear Friends of the San Antonio Area Foundation:

Your fund statement for the first quarter of 2017 is enclosed. This statement contains information on gifts, grants and investment activities for this quarter. The investment results below are generated from our investment advisor, Colonial Consulting, LLC.

In the first quarter, almost all major markets posted gains; the S&P 500, MSCI EAFE, MSCI EM appreciated by 6.1%, 7.2%, and 11.4%, respectively. Global markets appeared to be buoyed by an unflappable sense of optimism with regard to future growth. Persistent concerns such as Brexit, political uncertainty, diverging monetary policy, and stagnant growth gave way as investors chose to focus on positive economic fundamentals.

In Europe, positive inflation numbers across the region and news that job creation rose to its highest number in 10 years indicated to some market participants that the region had turned a corner. China and Japan both saw positive economic data, indicating growth in their manufacturing sectors, while emerging markets benefited from growing exports.

Domestically, economic data continued to be positive. In recent meetings, however, the FOMC noted there is a discount between 'hard and soft' data, as the positive forward-looking views of businesses have yet to translate into expenditures.

Both policy makers and investors face a period of hard work ahead. Policy makers have the difficult task of not squandering the favor the markets have afforded them, while investors face the difficult prospect of finding pockets of value in a market where many assets are priced to perfection.

San Antonio Area Foundation Combined Results as of March 31, 2017				
Annualized				
Investment Performance	Quarter 1* 2017	YTD* 2017	1-Year Return	3-Year Return
Legacy Portfolio ¹	2.6%	2.6%	8.9%	1.4%
Managed Portfolio	4.5%	4.5%	10.0%	1.5%
60/40 Index Portfolio ²	4.2%	4.2%	9.4%	NA
*Returns for periods less than 12 months are not annualized.				
(1) Does not include all direct lending results for the current quarter.				
(2) The inception of the 60/40 Index Portfolio was 06/29/15.				

At the San Antonio Area Foundation, we will continue to keep you updated on market ebb and flows while providing expert care of your contributions. If you have any questions regarding your statement, please do not hesitate to contact me. I am serving as the interim chief financial officer while the Area Foundation Board of Directors conducts a national search to fill the CFO position. In the meantime, I look forward to working with you and encourage you to attend the Investment Coffee with Colonial Consulting Managing Director Amita Shultes, Ph.D. There you will receive in-depth information regarding investment performance of individual portfolios. The event begins at 8:30 a.m., May 10, at the Area Foundation, 303 Pearl Parkway, Ste., 114, San Antonio.

Thank you for your continued commitment and vision to enhance our community!

Sincerely,

Lynda Cabell, Interim Chief Financial Officer