



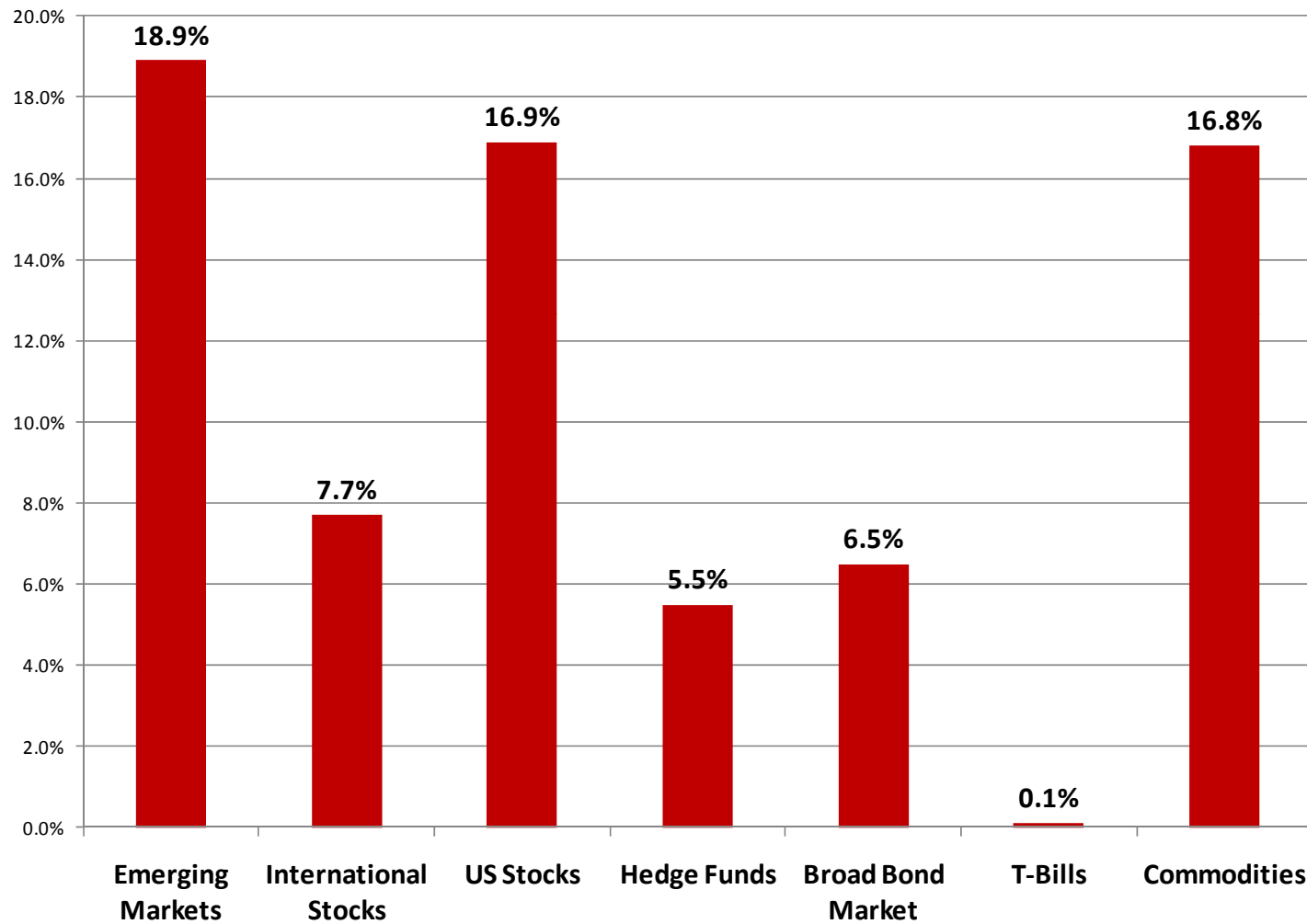
Unity Foundation of LaPorte County

2010 In Review

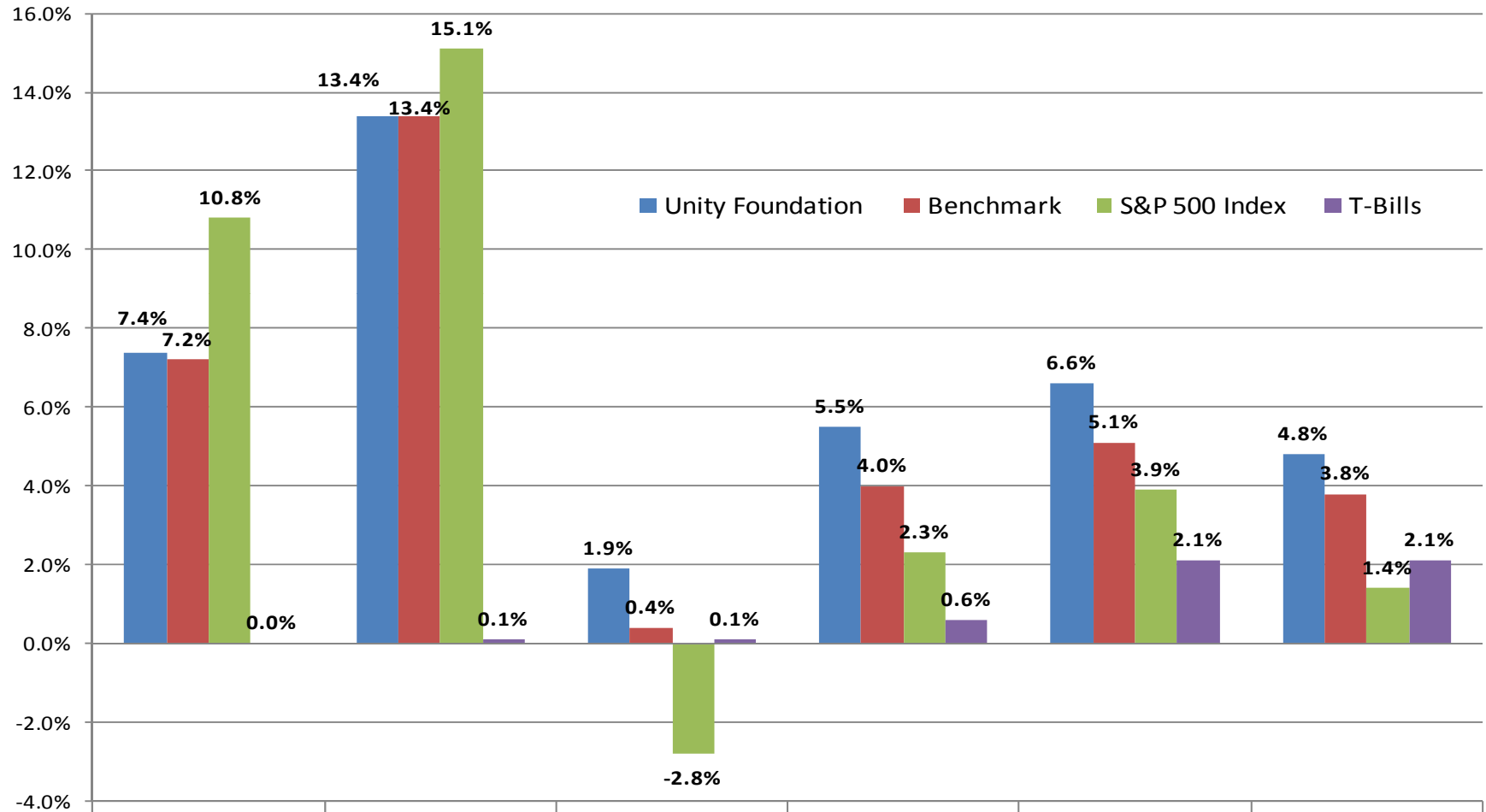


- The global stock market continued its rally from the largest market decline in 70+ years.
 - S&P 500 Index +15.1% in 2010
 - Every major index and market was positive in 2010
- Plenty of fear in the market too. Double digit gains and double digit losses from quarter to quarter.
 - European debt crisis (The P.I.I.G.S.)
 - US interest rate concerns (Rates likely to go up not down)
 - Double dip recession
 - Housing concerns
 - Unemployment
- US small cap stocks the strongest performer in 2010. Up nearly 30%.
 - Also one of the more overvalued areas of the market
- US Bond market rose 6.5% on the year. Long term Treasuries underperformed the bond market.

Asset Class Returns- as of 12/31/2010



Trailing Returns- as of 12/31/2010



	4Q 2010	2010	3 Year	5 Year	7 Year	10 Year
Unity Foundation	7.4%	13.4%	1.9%	5.5%	6.6%	4.8%
Benchmark	7.2%	13.4%	0.4%	4.0%	5.1%	3.8%
S&P 500 Index	10.8%	15.1%	-2.8%	2.3%	3.9%	1.4%
T-Bills	0.0%	0.1%	0.1%	0.6%	2.1%	2.1%

Comparative Returns- as of 12/31/2010



Fund Evaluation Group provides investment services to nearly fifty Community Foundations nationwide.

- Over the last 12 month time period:
 - Unity Foundation is in the **top 35%** of those Foundations (16th out of 46)
- Over the last 3-Year time period:
 - Unity Foundation is in the **top 13%** (6th out of 45)
- Over the last 5-Year time period:
 - Unity Foundation is in the **top 10%** (4th out of 40)

Growth of the Unity Foundation

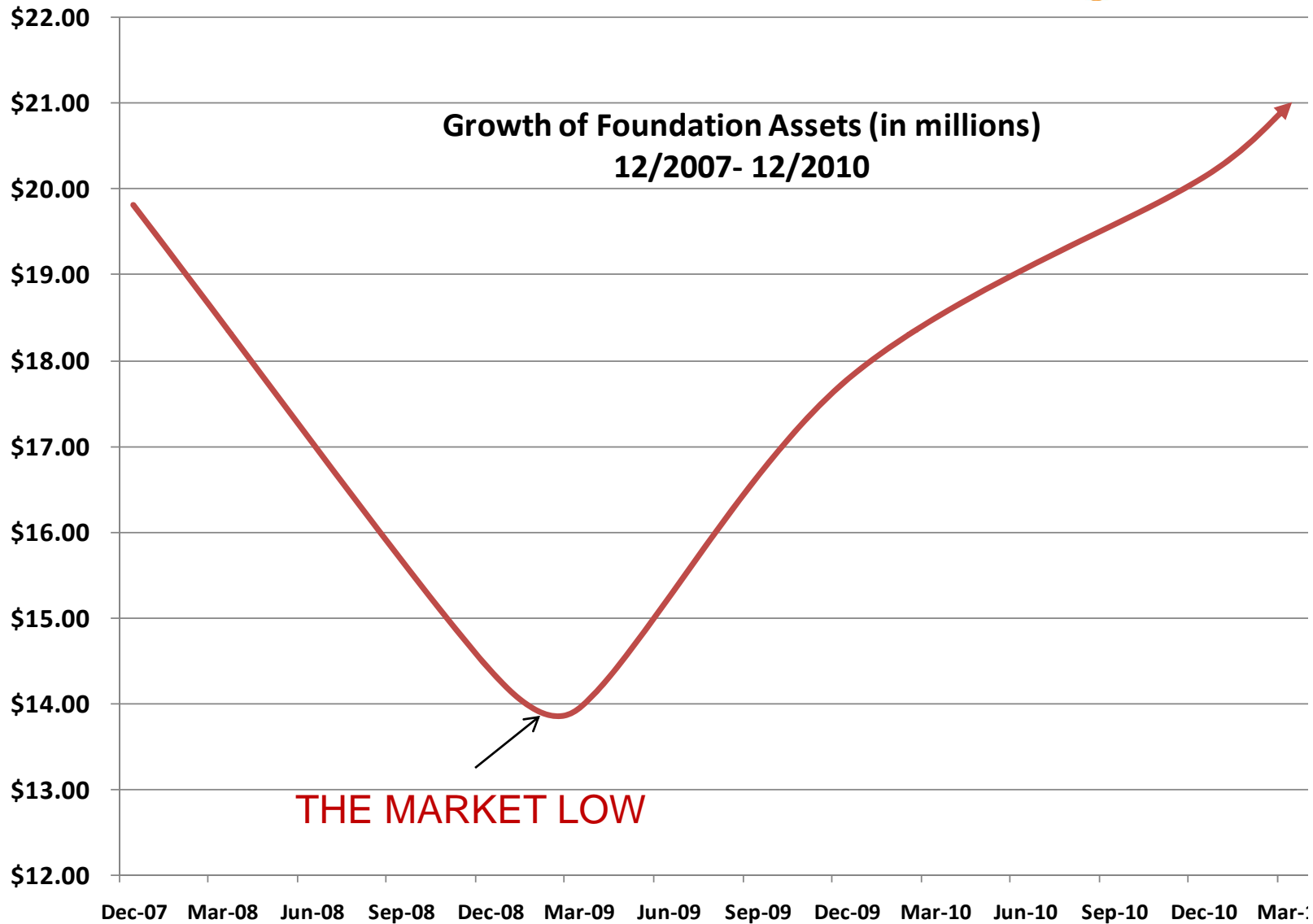


- Over the past twelve months, the Unity Foundation has gained over \$2.3 million in market value.
 - This is net of all payouts during that time.
- At year-end the Unity Foundation's portfolio had a value over \$20 million
- From the market lows in early 2009, Unity has grown \$7.5mm.
- The Unity Foundation has regained all losses from the Great Recession

Growth of Assets (in millions)

Dec-07	\$ 19.82
Dec-08	\$ 14.40
Mar-09	\$ 13.95
Dec-09	\$ 17.77
Dec-10	\$ 20.13
Mar-11	\$ 21.01

Growth of the Unity Foundation



Changes to the portfolio in 2009



While the Unity Foundation maintains a long term allocation with an emphasis on stocks to generate return, there were adjustments made to the portfolio over the past year to take advantage of undervalued areas of the market.

- Mega-Cap stocks have increased while smaller stocks have been reduced. Move toward higher quality stocks as the market reaches fair value.
 - Large stocks 8% over target
 - Small stocks 5% under target

- International stocks now represent approximately 22% of the portfolio. Again, in response to valuations increasing domestically. Emerging Markets can sustain higher valuations as their growth rates are higher. Also less tied to current financial concerns in Western Europe.
 - Emerging Markets represent 7% of Unity portfolio

- Investment Grade Corporate Bonds were added in March 2009 and exited in December 2010. Over 25% return on investment.

New Procedures



Procedures on Where and When Gifts and Spendable Amounts are Invested

Recommended by the Investment Committee on February 3, 2011 and
Approved by the Unity Board on February 7, 2011

Investing new large endowment gifts- \$25,000+:

Dollar cost average the gift into the permanent pool over 3-6 months
Or give the donor a choice and get acknowledgement in writing to do otherwise.

Investing all new gifts under \$25,000:

Place lump sum in the market as soon as possible
Clarify this practice in our publications.

“Spendable” Investing: Only move the Spendable amounts out of the endowment pool when they are requested. Disclose this practice to fund holders. *(This change keeps more money actively invested in harmony with our Investment allocation strategy, and not swept into fixed income. Past practice was to sweep 100% of Spendable out to the Intermediate Term pools and this created a continual disconnect between reported and actual returns for each fund.)*

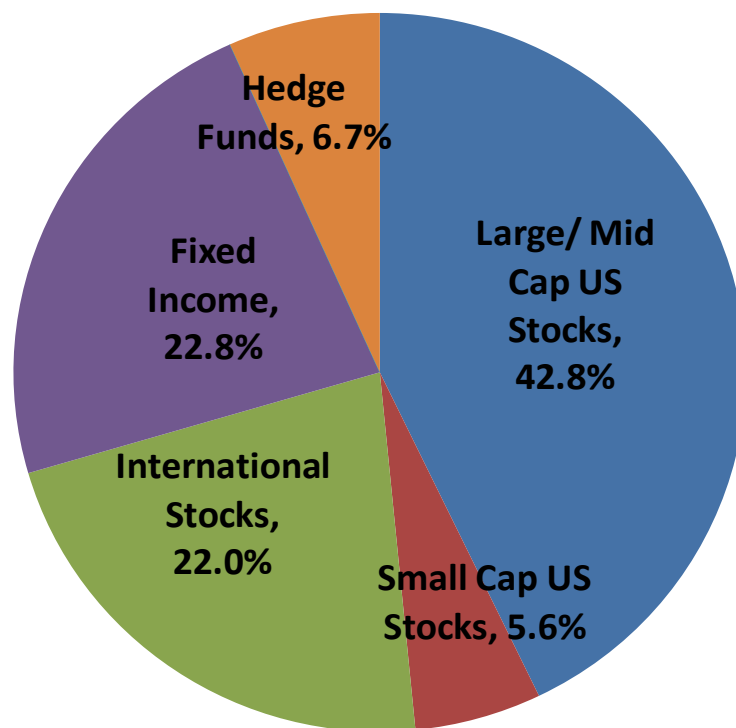
Stock Gift transaction fees: Fees are normally deducted from the gift at the time of transaction. Development staff has authority to have Unity absorb the fees if the donor expressly requests it or makes it easier to make a stock gift.

Unity Foundation Asset Allocation



	Dec-10	Dec-09
Large/ Mid Cap US Stocks	42.8%	36.0%
Small Cap US Stocks	5.6%	10.0%
International Stocks	22.0%	18.0%
Fixed Income	22.8%	23.0%
Real Estate	0.0%	3.0%
Hedge Funds	6.7%	10.0%

Asset Allocation as of December 31, 2010



Unity Foundation- 12/31/10 Allocation



	<u>Market Value</u>	<u>Current</u>	<u>Target</u>	<u>Acceptable Range</u>
Global Equity- Capital Appreciation	\$ 12,448,765	71%	65%	30% to 80%
<i>US Stocks</i>				
<i>International Stocks</i>				
Global Fixed Income- Risk Mitigation	\$ 2,653,685	16%	20%	10% to 35%
<i>Core US Fixed Income</i>				
Real Assets- Inflation Protection	\$ 1,365,425	7%	5%	0% to 15%
<i>Inflation Protected Bonds</i>				
Diversifying Strategies- Noncorrelated returns	\$ 1,182,330	7%	10%	0% to 20%
<i>Absolute return hedge fund of funds</i>				

Opportunities in 2011 and Beyond



There are opportunities to capture return, albeit limited relative to 12 months ago, but we continue to monitor the amount of risk that must be taken to achieve return.

- Credit strategies have done well but at fair value.
- Domestic equity at fair value. Large Cap more attractive than Small Cap.
- International equity at fair value. Emerging Markets look more attractive but comes at a cost.
- Long-term Treasuries overvalued. Short-term Treasuries provide little to no yield.

We are in a post-crisis market. Much of the “low hanging fruit” has been plucked. Valuations were at historic lows in late 2008- early 2009. We are at or near fair value.

The Unity Foundation identified this fact and positioned the portfolio to participate in the eventual recovery.

In 2011 the Unity Foundation will continue to seek opportunities. If the return potential outweigh the risks we will explore the opportunity.