



June 2013

# UPDATE

Current News and Information for TPF Clients



## In The Spotlight

### Charitable Gift Annuities

Thirty years ago, a woman wished to make a financial gift to her college, but still needed a stream of income for herself - and would for the remainder of her life. Her money was in a Certificate of Deposit earning little interest. She had heard about Charitable Gift Annuities (CGA), called TPF to check on availability and chose to establish the gift with \$35,000. For thirty years, TPF paid her 6.1% annually on the annuity. When she died last year, TPF wrote the college a check for over \$130,000. What a great success story for the woman, her legacy and her university. Though TPF cannot guarantee the same results to everyone who invests in CGAs, it has been shown that people who express their generosity through opening Gift Annuities may end up living longer.

Of TPF's Managed Assets, 5.9% are Life Income Gifts. We currently administer 346 gift annuities valued at \$15 million and 73 charitable trusts valued at \$20.2 million. One of TPF's clients has opened over 20 gift annuities that will benefit a Presbyterian university upon his death. Gift annuities are available for one or two lives. We use the American Council on Gift Annuities' (ACGA) recommended charitable gift annuity rates. Annuities are calculated using the ACGA rates and other actuarial tables and estimates that the charity will receive approximately 50% of the original gift upon the death of the individual(s). With TPF managing and investing the annuity principal, the residuum for our charitable partners has been closer to 70%. One of the great advantages of gift annuities is that the designated charitable beneficiary does not bear the responsibility for making the guaranteed periodic payments to the annuitant(s). TPF has also established a reserve fund to cover any shortfalls. The process is very easy and the agreement only involves a two-page form.

## TPF Fund Performance as of 6-30-13

TPF Fund	2nd Qtr. 2013	YTD	1Yr.	3 Yrs.	5 Yrs.
Benchmark					
<b>Balanced Fund</b>	<b>0.2%</b>	<b>5.6%</b>	<b>13.0%</b>	<b>12.0%</b>	<b>6.9%</b>
Lipper Balanced Index	0.7%	7.3%	14.7%	12.5%	5.7%
<b>Large Cap Equity Fund</b>	<b>3.0%</b>	<b>13.5%</b>	<b>21.2%</b>	<b>19.0%</b>	<b>8.3%</b>
Lipper Large Cap Core Index	3.0%	13.9%	21.5%	17.1%	6.0%
<b>Growth Equity Fund</b>	<b>1.6%</b>	<b>9.9%</b>	<b>15.4%</b>	<b>19.8%</b>	<b>8.9%</b>
Lipper Large Cap Growth Index	1.9%	10.2%	16.4%	16.1%	5.3%
<b>Value Equity Fund</b>	<b>4.4%</b>	<b>16.9%</b>	<b>27.6%</b>	<b>18.6%</b>	<b>8.1%</b>
Lipper Large Cap Value Index	4.0%	15.7%	24.6%	16.9%	6.0%
<b>International Equity Fund</b>	<b>1.0%</b>	<b>7.0%</b>	<b>22.8%</b>	<b>13.4%</b>	<b>4.3%</b>
Lipper International Fund Index	-0.6%	3.3%	17.9%	9.8%	0.3%
<b>Emerging Mkt Equity Fund</b>	<b>-8.9%</b>	<b>-9.2%</b>	<b>3.7%</b>	<b>6.5%</b>	<b>-0.4%</b>
Lipper Emerging Markets Fund Index	-7.5%	-8.0%	4.6%	4.8%	-0.4%
<b>Small Cap Equity Fund</b>	<b>4.0%</b>	<b>14.9%</b>	<b>25.6%</b>	<b>21.9%</b>	<b>14.1%</b>
Lipper Small Cap Fund Index	2.5%	14.8%	24.5%	18.3%	8.5%
<b>Fixed Income Fund</b>	<b>-2.9%</b>	<b>-3.0%</b>	<b>0.2%</b>	<b>3.9%</b>	<b>6.0%</b>
Lipper Intermediate Inv. Grade Index	-2.8%	-2.5%	0.9%	4.6%	6.0%
<b>Money Market Fund *</b>	<b>0.04%</b>	<b>0.08%</b>	<b>0.16%</b>	<b>0.15%</b>	<b>0.37%</b>
Lipper Institutional Money Market Index	0.00%	0.00%	0.02%	0.05%	0.22%
<b>Real Estate Invest. Fund</b>	<b>-0.5%</b>	<b>5.8%</b>	<b>12.9%</b>	<b>11.5%</b>	<b>-4.8%</b>
NCREIF NFI-ODCE (Net)	2.4%	2.4%	9.7%	14.0%	-1.8%
<b>Real Assets Fund +</b>	<b>-4.9%</b>	<b>-1.2%</b>	<b>0.05%</b>	<b>N/A</b>	<b>N/A</b>
Blended Real Assets Index ++	-4.7%	2.3%	6.4%	N/A	N/A
<b>Defensive Strategies~</b>	<b>0.8%</b>	<b>2.8%</b>	<b>3.7%</b>	<b>N/A</b>	<b>N/A</b>
Lipper Long Short Equity Index	0.4%	5.3%	7.5%	6.5%	0.9%
<b>Alternative Strategies**</b>	<b>1.9%</b>	<b>4.6%</b>	<b>8.0%</b>	<b>3.7%</b>	<b>0.8%</b>
HFRI Fund of Funds Composite **	2.4%	6.1%	8.5%	3.0%	-0.2%

Past performance is not necessarily indicative of future investment results.

The above report shows total returns for periods less than one year and compounded annual rates of return for longer periods.

\* Lipper Balanced Index is the most aggressive Mixed Asset Target Allocation of the Lipper MATA indices.

\*\* Valuations of TPF Alternative Strategies Fund and its benchmark lag one month.

~ Defensive Strategies Investment was funded 10/1/10 + Real Assets Fund was funded 4/1/11.

++ The Blended Real Assets Index is comprised of 1/3 Dow Jones UBS Commodity Index 1/3 S&P NA Natural Resource, and 1/3 UBS 50/50 Infrastructure & Utilities.

\* Effective 6/1/11, the Money Market Fund is comprised of a blend of Institutional Money Markets & insured Short-Term Investments.

# 2013 SECOND QUARTER UPDATE

## A Volatile Second Quarter Shows the Value of Diversification

The diversification of the TPF Balanced Fund really paid off in June when Federal Reserve Chairman Bernanke made comments about the Fed possibly reducing monetary stimulus. Markets responded negatively with equities selling off on the idea while bond markets sold off on the Fed's improved view for U.S. growth. Some experts believe that investors overreacted to the Chairman's comments. Despite those last two weeks of June, we saw good quarterly equity returns in the overall markets with the Russell 3000 returning a positive 2.69% for the quarter.

The TPF Balanced Fund had a positive 0.2% return for the quarter, and 5.6% for the first six months of 2013. We continue to see strong contributions from TPF's core equity managers. The TPF Fixed Income Fund provided competitive returns on a relative basis, however that segment of the market detracted from overall returns. The TPF Defensive Strategies Fund performed to Bernanke's comments exactly as expected, dampening some of the volatility in the TPF Balanced Fund portfolio.

During the TPF Board Meeting in May, the Investment Committee reviewed the 12 pooled fund portfolios and their 27 underlying managers. Along with the counsel of Segal Rogerscasey, the Foundation's investment consulting firm, the Committee reviewed an in-depth study of the asset allocation recommended for the TPF Balanced Fund. The Committee feels strongly that the current allocation is strategically correct for the long term investment needs of our clients. The Committee will continue to monitor and review the asset allocation on a regular basis and will be prepared to make adjustments as market conditions dictate.

## New TPF Board Members

During the TPF Spring Board Meeting held in May the Board welcomed two new Trustees.

### Walter H. Dunlap, Jr.

Retired Attorney  
(NorthPark PC, Dallas, TX)

### Jan Pickle

Sr. VP, UBS Financial Services  
(Westlake Hills PC, Austin, TX)

## Another Successful TPF Financial Workshop

### *New Location This Year - Houston, Texas*

In June TPF hosted our fifth one-day workshop for financial officers. The workshop brought together speakers from Weaver LLP, as well as an Information Technology Engineer from Raytheon Intelligence and Information Systems. TPF's John Furlow and Beth Wilt, rounded out the presentations talking about internal fraud, gift policies and TPF services. The workshop was a big hit so be sure to look for our next one in the summer of 2014.

\*Conference materials are available on [tpf.org](http://tpf.org) under Recent News



## ABC's of TPF's Lingo-Designated/Restricted Gifts

Donors may designate or "restrict" the use of their donations to a particular purpose or project. An example is a gift to a particular scholarship fund at a university.

## IRA Charitable Rollover

Since 2006, IRA owners age 70½ and older have been able to make a qualified charitable distribution (QCD) up to \$100,000 each year. The American Tax Payer Relief ACT of 2012 extended this option for 2013.

A donor who has a Required Minimum Distribution (RMD) does not have to wait until December to make a cash gift to the charity. The charity will send the donor a letter of confirmation that the donor is electing the QCD. This is a superb opportunity to receive and give cash gifts. The opportunity will terminate on December 31, 2013, so don't hesitate!

## Changing Lives Through Philanthropy

TPF sponsored its first ever photo contest from May 9-24 on Facebook. We solicited digital images that depict the true meaning of philanthropy or generosity, or an image that captures the passion behind a specific mission. TPF fans voted on the submissions, and the following received donations to their charities. Congratulations!



Friday Nite Friends  
\$500



Camp Cho Yeh  
\$300



Mo Ranch  
\$200

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