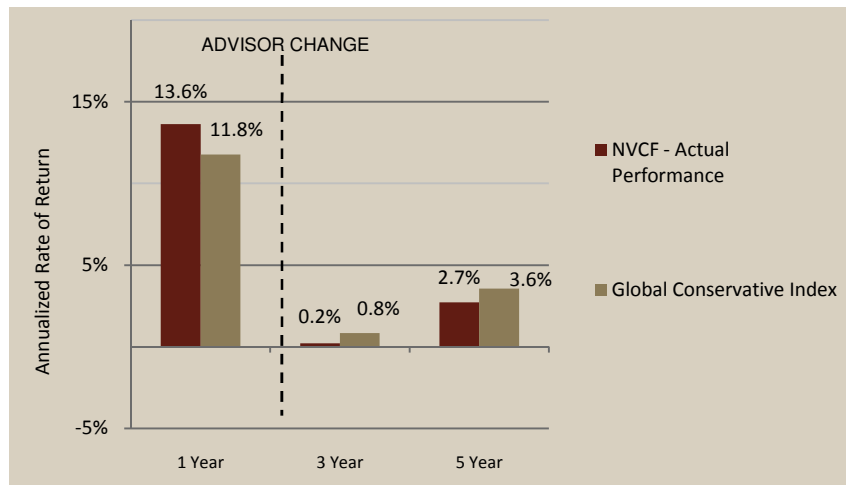


# 2010 Investment Report for Donors

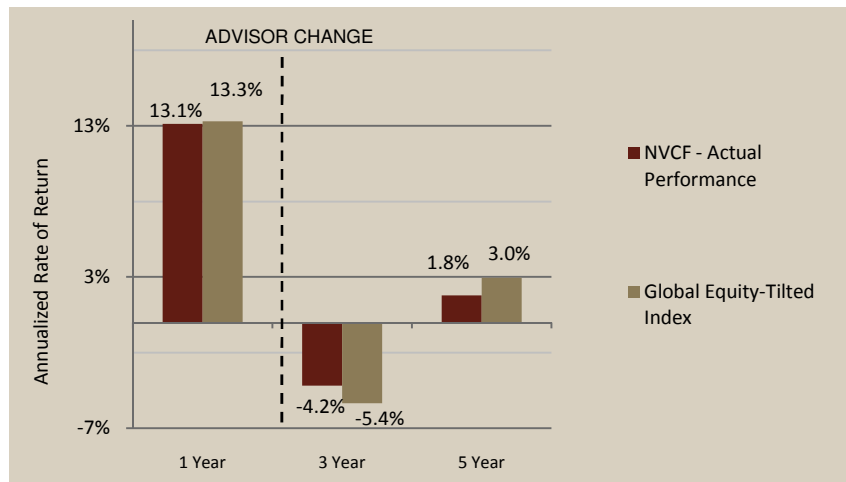
**NAPA VALLEY**  
**COMMUNITY FOUNDATION**

# Annualized Investment Returns at Fiscal Year-End June 30, 2010



## Intermediate-Term Pool

- A conservative portfolio that focuses on capital preservation and income as opposed to growth
- A long-term strategic allocation equal to 60% bonds and 40% stocks
- Ideal for assets that are to be granted within 1.5 – 5 years



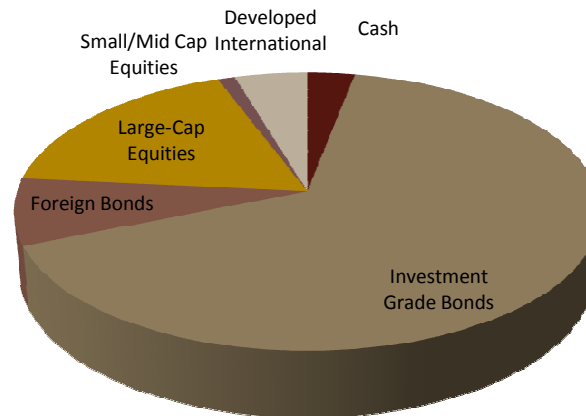
## Long-Term Pool

- A more aggressive portfolio with a primary objective of growth
- A long-term strategic allocation equal to 25% bonds and 75% stocks
- Ideal for assets that are to be granted over 5 – 10 years or more and for permanent endowments and legacy funds in pursuit of longer-term growth

# Current Portfolio Allocations\*

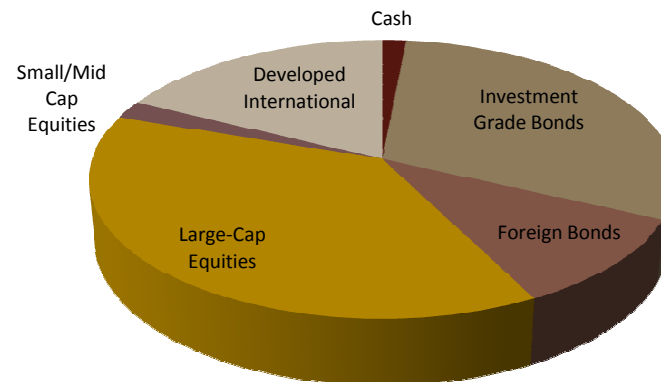
## Intermediate-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	3.00%	Cash/Equivalents	\$ 95,748	3.0%
Fixed Income	73.50%	Investment Grade Bonds	\$ 2,119,632	65.8%
		Foreign Bonds	\$ 248,576	7.7%
		High Yield Bonds	\$ -	0.0%
U.S. Equities	18.90%	Large-Cap Equities	\$ 568,763	17.8%
		Small/Mid Cap Equities	\$ 36,787	1.1%
		REITs	\$ -	0.0%
International Equities	4.60%	Developed International	\$ 149,283	4.6%
		Emerging Market Equities	\$ -	0.0%
Alternative Investments	0.00%	Commodities/Other	\$ -	0.0%
	100%		\$ 3,218,789	100.0%



## Long-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	1.50%	Cash/Equivalents	\$ 64,827	1.5%
Fixed Income	41.00%	Investment Grade Bonds	\$ 1,279,219	30.4%
		Foreign Bonds	\$ 447,469	10.6%
		High Yield Bonds	\$ -	0.0%
U.S. Equities	39.76%	Large-Cap Equities	\$ 1,589,772	37.7%
		Small/Mid Cap Equities	\$ 87,424	2.1%
		REITs	\$ -	0.0%
International Equities	17.76%	Developed International	\$ 749,136	17.8%
		Emerging Market Equities	\$ -	0.0%
Alternative Investments	0.00%	Commodities/Other	\$ -	0.0%
	100%		\$ 4,217,847	100.0%



\*Total approx. assets of NVCF at June 30, 2010

\$18,000,000

## Litman/Gregory's Investment Outlook

---

- We remain generally cautious because significant risks remain, mainly related to massive global debt throughout the developed world
- Unwinding excessive debt without causing serious economic damage will be a challenge for policymakers in the years ahead
- Economic support comes from the strength of many developing countries, the continued impact of massive federal stimulus, healthy corporate balance sheets, and a natural rebound in economic activity following such a severe decline
- Our portfolios are conservatively biased, with an underweighting to equities and tactical positions in emerging markets bonds and opportunistic fixed-income and absolute return strategies
- While our return outlook is muted for the broad asset class benchmarks, we think there will be plenty of opportunity to add value for us at the asset class level and our managers at the stock and bond picking levels

# Internal Affairs Committee

**The Internal Affairs Committee is responsible for overseeing the finances and investments of the Foundation, under the direction of the Board of Directors.**



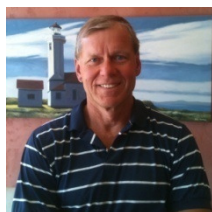
**Mark Farley, Committee Chair**  
Vice President of Engineering, Zep Solar, Inc.

Mark Farley is a Judge and Chair for California Clean Tech Open. He is a former Vice President of Engineering of the Finisar Corporation. He serves on the Board of Directors of NVCF.



**Iain Silverthorne, Committee Member**  
Partner, Evercore Wealth Management

Iain Silverthorne advises high-net-worth individuals and families on their wealth management and financial planning needs. Prior to joining Evercore, he was a Senior VP at U.S. Trust, Bank of America Wealth Management.



**Dr. Richard Meese, Committee Member**  
Former Managing Director, Barclays Global Investors

Dr. Meese worked in the Global Market Strategies Group of BGI, which is responsible for active currency and global macro hedge fund strategies. Before that, he was a Chaired Professor of Economic Analysis and Policy in the Haas School of Business at UC Berkeley. He also served as a research economist in the International Finance Division of the Board of Governors of the Federal Reserve.



**Lisa Serwin, Committee Member**  
Chief Operating Officer, Titan Gaming, Inc.

Lisa Serwin is currently the Chief Operating Officer for Titan Gaming, Inc, a venture backed start-up in Silicon Valley. Lisa was formerly the Chief Financial Officer of The PlumpJack Group.



**David Freed, Committee Member**  
Chairman, UCC Vineyard Group

David Freed is the Chairman of UCC Vineyard Group and a member of the Board of Directors of Napa Valley Community Foundation.



**Tom Rimerman, CPA, CFF, Committee Member**  
Retired Managing Partner, Frank Rimerman & Co. LLP

Tom Rimerman is a Consultant in Frank Rimerman's St. Helena office. He has served as Chair of The American Institute of Certified Public Accountants and is a Past President of the California Society of CPAs. He is a member of the Board of Directors of NVCF.



**Kris Jaeger, Committee Member**  
Owner, Jaeger Family Olive Oil

Kris Jaeger is the Chair of the Board of Directors of Napa Valley Community Foundation. She is a longtime resident of Napa Valley and the Founding Partner of Barrel Associates International.

# Benchmark Details

---

The Global Conservative Index consists of a 60% weighting to the U.S. Bond Market (Barclays Capital Aggregate Index), a 30% weighting to U.S. Large-Cap Stocks (S&P 500 Index), a 5% weighting to U.S. Small-Cap Stocks (Russell 2000 Index), and a 5% weighting to International Stocks (Vanguard Total Int'l Index). See Index descriptions below.

The current Global Equity-Tilted Balanced Benchmark consists of a 25% weighting to the U.S. Bond Market (Barclays Capital Aggregate Index), a 50% weighting to U.S. Large-Cap Stocks (S&P 500 Index), a 10% weighting to U.S. Small-Cap Stocks (Russell 2000 Index), and a 15% weighting to International Stocks (Vanguard Total Int'l Index). See Index descriptions below.

**1. Inflation (CPI):**

We are currently using the Consumer Price Index (CPI-U), a non-seasonally adjusted U.S. city average of urban consumer price items published by the Bureau of Labor Statistics, as a representation of inflation.

**2. U.S. Bond Market (Barclays Capital Aggregate Index):**

We are currently using the Vanguard Total Bond Market Fund to represent the Barclays Capital Aggregate Bond Index, an index of U.S. investment grade bonds.

**3. U.S. Large-Cap Stocks (S&P 500 Index):**

We are currently using the Vanguard 500 Index Fund to represent the S&P 500, an index of primarily U.S. large-cap equities.

**4. U.S. Small-Cap Stocks (Russell 2000 Index):**

We are currently using the Russell 2000 Index iShares Exchange Traded Fund (ETF) to represent the Russell 2000, an index of primarily U.S. small-cap equities.

**5. International Stocks (Vanguard Total Int'l Index):**

We are currently using the Vanguard Total International Stock Index Fund to represent an index of primarily developed market non-U.S. stocks with some emerging market stocks.