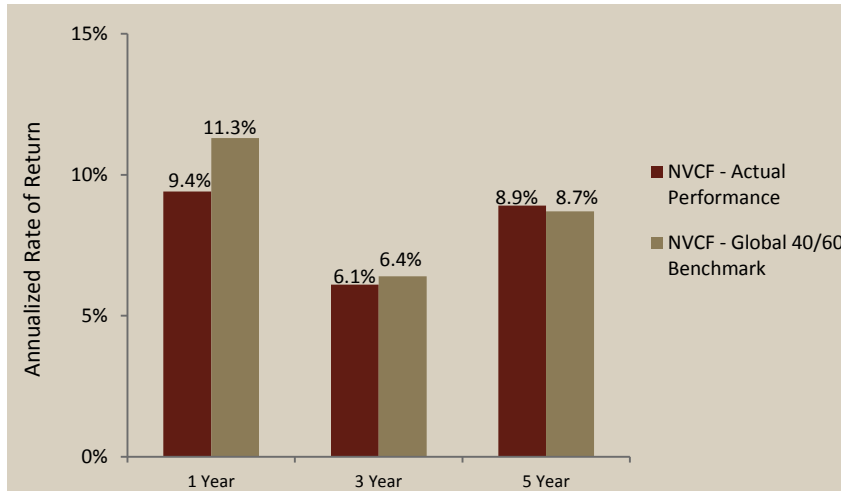


2014 Investment Report for Donors

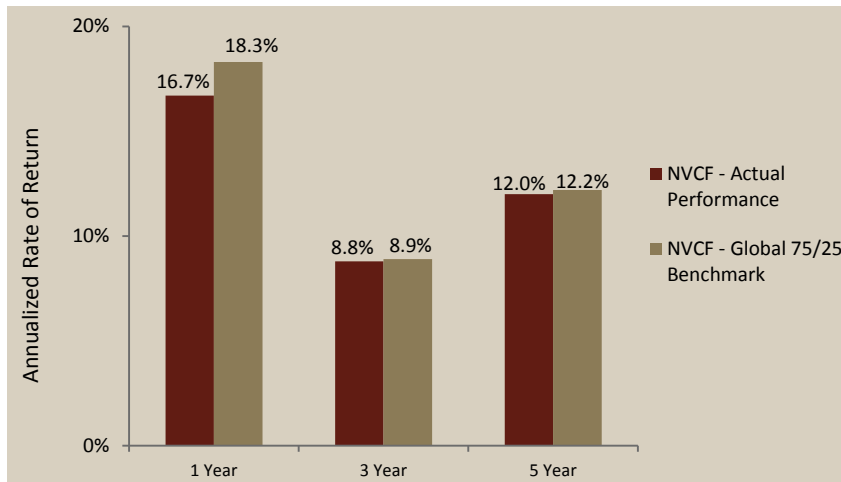
NAPA VALLEY
COMMUNITY FOUNDATION

Annualized Investment Returns as of Fiscal Year-End June 30, 2014



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% global stocks
- Ideal for assets that are to be granted within 1.5 – 5 years



Long-Term Pool

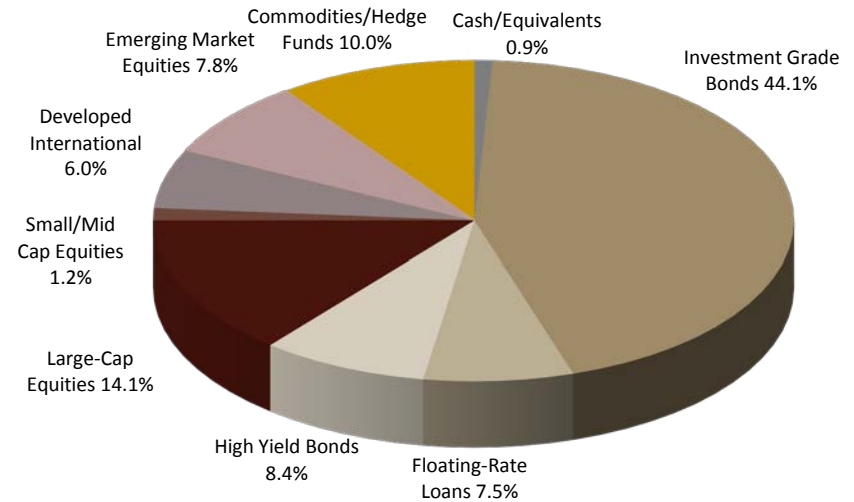
- A more aggressive portfolio with a primary objective of growth
- A long-term strategic allocation equal to 25% bonds and 75% global stocks
- Ideal for assets that are to be granted over 5 – 10 years or more and for permanent endowments and legacy funds in pursuit of longer-term growth

Performance data include all interest, dividends and other earnings and are net of fees.

Current Portfolio Allocations*

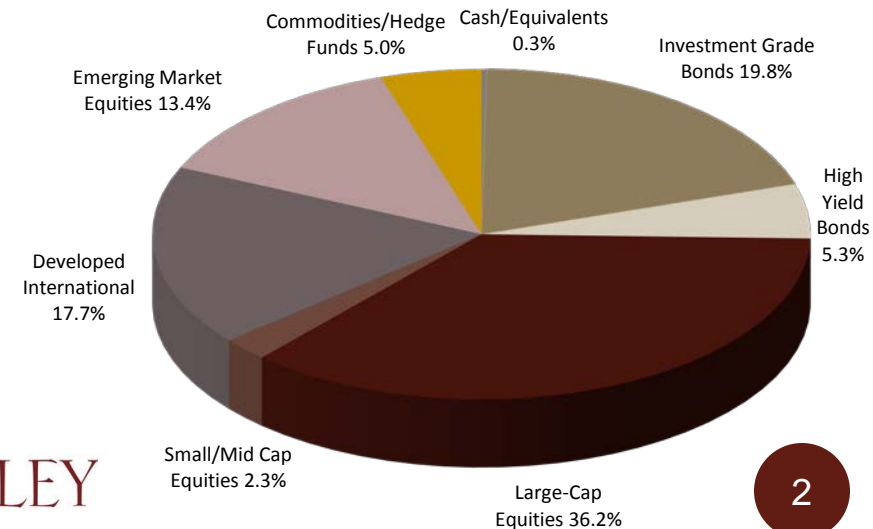
Intermediate-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	0.9%	Cash/Equivalents	\$ 74,205	0.9%
Fixed Income	60.0%	Investment Grade Bonds	\$ 3,612,803	44.1%
		Inflation-Protected Bonds	\$ -	0.0%
		Floating-Rate Loans	\$ 615,925	7.5%
		Foreign Bonds	\$ -	0.0%
		High Yield Bonds	\$ 686,786	8.4%
U.S. Equities	15.3%	Large-Cap Equities	\$ 1,151,189	14.1%
		Small/Mid Cap Equities	\$ 100,707	1.2%
		REITs	\$ -	0.0%
International Equities	13.8%	Developed International	\$ 490,187	6.0%
		Emerging Market Equities	\$ 637,421	7.8%
Alternative Investments	10.0%	Commodities/Hedge Funds	\$ 818,323	10.0%
	100.0%		\$ 8,187,546	100.0%



Long-Term Pool

Asset Class	%	Suitable Investments	Market Value	%
Cash/Equivalents	0.3%	Cash/Equivalents	\$ 14,894	0.3%
Fixed Income	25.2%	Investment Grade Bonds	\$ 1,166,732	19.8%
		Foreign Bonds	\$ -	0.0%
		High Yield Bonds	\$ 314,677	5.3%
U.S. Equities	38.5%	Large-Cap Equities	\$ 2,131,288	36.2%
		Small/Mid Cap Equities	\$ 135,434	2.3%
		REITs	\$ -	0.0%
International Equities	31.1%	Developed International	\$ 1,043,600	17.7%
		Emerging Market Equities	\$ 789,928	13.4%
Alternative Investments	5.0%	Commodities/Hedge Funds	\$ 291,893	5.0%
	100.0%		\$ 5,888,446	100.0%



*Total approx. assets of NVCF at June 30, 2014

\$20,000,000

Investment Outlook

- A harsh winter weighed on U.S. economic growth in the first quarter of 2014 but expectations are for growth to rebound as the labor market continues to improve and monetary policy—in the form of low interest rates—remains accommodative.
- Earlier this year we upgraded our view of economic fundamentals based on the progress we've observed since the 2008 financial crisis. However, valuations—for U.S. stocks in particular—are stretched and we continue to believe the markets are too dependent on central bank largesse, too short-term focused, and too complacent about the risks and imbalances that remain in the global economy.
- Unusually low volatility and high stock prices reflect a degree of investor complacency that could suggest a market more vulnerable to negative surprises, perhaps in the form of geopolitical shocks or a deflationary or inflationary surprise.
- We are becoming more attuned to inflation risk, given an uptick we have seen in the U.S. over the past quarter and the strengthening labor market: We have positioned our portfolios' bond allocations for the likelihood of rising interest rates, consistent with some increase in inflation.
- Within our overall global equities exposure, we are tactically underweight U.S. stocks because of our low single-digit base case return expectation. Meanwhile, we are roughly fully allocated to developed international and emerging-markets stocks, where our expected returns are higher.
- We don't currently see any asset classes offering compelling returns relative to their risk, and this remains a period in which patience and discipline are particularly critical, even if over the shorter-term it may not seem so as markets continue to hit new highs.

Finance Committee

Responsible for overseeing the finances and investments of the Foundation, under the direction of the Board of Directors.



Dr. Richard Meese, Committee Chair
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.



Liz Christensen, Committee Member
Former Managing Director, Barclays Global Investors

Liz Christensen worked as the Chief Administrative Officer for BGI, a global position which included Finance, Human Resources, Data Security, and Facilities. Prior to that assignment, Liz worked at the SF Federal Reserve as Senior VP and member of their management committee.



Mark Farley, Committee Member
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 is a former Board Member of NVCF.



David Gaw, Committee Member
Co-founder, Attorney, Director, and Shareholder, Gaw Van Male

David Gaw is the Chair of the Board of Directors of Napa Valley Community Foundation. He is also a Director at Napa Valley Hospice & Adult Day Services and serves as a Trustee at Queen of the Valley Medical Center.



Rick Jones, Committee Member
Owner, Jones Family Vineyards, Calistoga

Rick Jones also is a Director of Napa Valley Vintners and Napa Valley Vintners/Auction Napa Valley. He is a Director of St. Helena Hospital and the St. Helena Hospital Foundation, as well as NVCF.



Blair Lambert, CPA (inactive), Committee Member
Former COO/CFO, Gymboree Corporation

Blair Lambert has held various finance and operations positions with retail and consumer product companies throughout the San Francisco bay area. Most recently he served as COO, CFO and Board member of the Gymboree Corporation, a publicly traded retailer of children's apparel operating over 1000 stores primarily located in North America.



Brenda Perry, CPA, Committee Member
Principal, Perry & Company

Brenda Perry was previously with Deloitte and is the owner of Perry & Company, a CPA firm. The firm provides tax services to small businesses and individuals, as well as audit, consulting, and tax services to nonprofit organizations. She is currently a Director of NapaLearns and the Rotary Club of Napa.



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, B of A Wealth Management.

Benchmark Details

Portfolio Value: For securities for which there is no active market, Litman Gregory Asset Management, LLC shall use such information in good faith as deemed relevant to determine the value. These securities are only valued periodically. Because of this, the value shown on reports may lag the current market value, both for those securities and for the total value of the account and portfolio. In absence of readily determinable market value, such securities will be valued at cost.

Portfolio Performance: Performance data include all interest, dividends and other earnings and are net of fees. Performance does not include self-directed (unmanaged) securities (see “Unmanaged Assets (Self-Directed Securities)” below). For periods greater than one year, the performance data are annualized. The performance data noted are historical and should not be taken as an indication of future performance. The performance data were prepared by Litman Gregory Asset Management, LLC and have not been compiled, reviewed or audited by an independent accountant.

NVCF Intermediate-Term Pool (40/60) Global Benchmark: Based on Napa Valley Community Foundation’s preferred asset allocation, the benchmark is 40% MSCI All Country World Index / 60% Barclays Aggregate Bond index (Vanguard Total Bond Market). This benchmark reflects the portfolio’s predominant focus on US and Non-US equities of all market capitalizations and US bonds of all ranges and sizes.

NVCF Long-Term Pool (75/25) Global Benchmark: Based on Napa Valley Community Foundation’s preferred asset allocation, the benchmark is 75% MSCI All Country World Index / 25% Barclays Aggregate Bond index (Vanguard Total Bond Market). This benchmark reflects the portfolio’s predominant focus on US and Non-US equities of all market capitalizations and US bonds of all ranges and sizes.