



September 2013

# UPDATE

Current News and Information for TPF Partners



## In The Spotlight

### Donor Advised Funds

“As the year drew to a close, I realized I had some money from a stock sale that I wanted to donate to my favorite charities. I didn’t know the exact amount that I was going to give to each one but I knew I wanted to set up something that would allow me to make those decisions at a later date. I contacted TPF and they helped me set up a Donor Advised Fund.”

Texas Presbyterian Foundation supports 60 Donor Advised Funds (DAF) with assets of over \$4.3 million. The Donor Advised Fund is the fastest growing charitable giving vehicle in the United States today. For a minimum of \$100 in cash or securities, an individual can set up a Donor Advised Fund to support their favorite charities. At any time in the future, the donor can request TPF to donate from their fund to a qualified 501(c)3 charity of their choice.

Some of the advantages of a DAF include a) same year tax benefits for the full fund donation amount, b) capital gains savings on donated securities, c) fund growth through returns from a variety of investment options, and d) industry low management and investment fees.

“My Donor Advised Fund allows my family the chance to hold family meetings where we discuss how we would like to allocate our giving to charities. Each family member researches and presents a charity and suggests a level of giving. We then vote and let TPF know how our money should be distributed. It is a great tool to promote generosity.”

## TPF Fund Performance as of 9-30-13

TPF Fund	3rd Qtr. 2013	YTD	1Yr.	3 Yrs.	5 Yrs.
<b>Balanced Fund</b>	<b>5.7%</b>	<b>11.7%</b>	<b>13.6%</b>	<b>10.7%</b>	<b>9.9%</b>
Lipper Balanced Index*	5.4%	13.1%	14.8%	11.1%	8.8%
<b>Large Cap Equity Fund</b>	<b>9.1%</b>	<b>23.8%</b>	<b>24.0%</b>	<b>17.9%</b>	<b>12.7%</b>
Lipper Large Cap Core Index	5.7%	20.3%	21.3%	15.2%	9.3%
<b>Growth Equity Fund</b>	<b>13.0%</b>	<b>24.2%</b>	<b>22.1%</b>	<b>19.2%</b>	<b>14.8%</b>
Lipper Large Cap Growth Index	11.0%	22.3%	21.3%	15.6%	10.8%
<b>Value Equity Fund</b>	<b>5.9%</b>	<b>23.8%</b>	<b>26.9%</b>	<b>17.0%</b>	<b>11.4%</b>
Lipper Large Cap Value Index	5.0%	21.5%	23.2%	15.0%	9.0%
<b>International Equity Fund</b>	<b>11.0%</b>	<b>18.8%</b>	<b>26.3%</b>	<b>12.5%</b>	<b>10.6%</b>
Lipper International Fund Index	10.7%	14.3%	21.9%	8.1%	6.9%
<b>Emerging Mkt Equity Fund</b>	<b>2.4%</b>	<b>-7.1%</b>	<b>-0.5%</b>	<b>1.9%</b>	<b>7.3%</b>
Lipper Emerging Markets Fund Index	5.4%	-3.0%	3.1%	0.6%	6.8%
<b>Small Cap Equity Fund</b>	<b>9.0%</b>	<b>25.2%</b>	<b>27.8%</b>	<b>21.0%</b>	<b>16.1%</b>
Lipper Small Cap Fund Index	9.5%	25.6%	29.5%	17.5%	12.3%
<b>Fixed Income Fund</b>	<b>0.0%</b>	<b>-3.0%</b>	<b>-2.3%</b>	<b>2.8%</b>	<b>6.3%</b>
Lipper Intermediate Inv. Grade Index	0.8%	-1.7%	-0.9%	3.7%	6.9%
<b>Money Market Fund</b>	<b>0.04%</b>	<b>0.11%</b>	<b>0.15%</b>	<b>0.15%</b>	<b>0.26%</b>
Lipper Institutional Money Market Index	0.00%	0.00%	0.01%	0.04%	0.13%
<b>Real Estate Invest. Fund</b>	<b>3.1%</b>	<b>9.0%</b>	<b>13.5%</b>	<b>11.6%</b>	<b>-4.5%</b>
NCREIF NFI-ODCE (Net)	3.6%	6.1%	11.1%	13.9%	-1.1%
<b>Real Assets Fund</b>	<b>4.1%</b>	<b>2.9%</b>	<b>-1.2%</b>	<b>N/A</b>	<b>N/A</b>
Blended Real Assets Index ++	3.7%	6.1%	1.6%	N/A	N/A
<b>Defensive Strategies</b>	<b>0.6%</b>	<b>3.5%</b>	<b>3.7%</b>	<b>6.5%</b>	<b>N/A</b>
Lipper Long Short Equity Index	2.7%	8.1%	7.8%	5.9%	3.6%
<b>Alternative Strategies**</b>	<b>-0.9%</b>	<b>3.7%</b>	<b>5.6%</b>	<b>3.5%</b>	<b>1.4%</b>
HFRI Fund of Funds Composite **	-1.2%	4.8%	5.9%	2.6%	0.5%

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.

TPF Returns are net of all operating expenses, totaling approximately 0.6% annually, including fees of outside investment managers.

\* 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.

++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.

Want to stay in touch with TPF electronically?  
Email Stefanie Marsden at [stefanie@tpf.org](mailto:stefanie@tpf.org)

## The Hunt for Red October

One would think we are reading a novel by the late Tom Clancy. Headlines in 2013 have been full of issues about a U.S. intelligence officer seeking political asylum in Russia, sequestration, civil unrest in Egypt and Syria, unemployment, natural disasters, government shutdown and a looming debt ceiling crisis. Despite all of this turmoil the broad equity market, Russell 3000, saw a 21.3% increase over the first nine months of 2013. The U.S. economy appears to be in a recovery mode with modest growth through the first three quarters.

Like the months of May and June, August provided strong support for diversification. Investors who stuck with their strategies and did not panic were rewarded with a strong equity rebound in September. Top performers were international and emerging market equities. The TPF Balanced Fund continues to provide strong consistent returns with year to date performance of 11.7%.

The TPF Investment Committee continues to evaluate and monitor both our asset allocation and the individual sub-advisor selection. At the August Investment Committee meeting, the Committee decided to further diversify the TPF Defensive Strategies Fund by adding a sixth sub-advisor, AQR Managed Futures Strategy. This strategy makes up 16.7% of the TPF Defensive Strategies Fund or 1.6% of the TPF Balanced Fund. The Committee also reaffirmed the TPF Balanced Fund distribution rate which will distribute 4% of a 36 month average market value for 2014.

## Policies and Procedures

Does your church or organization have policies and procedures in place for the acceptance of gifts? If so, congratulations, but do your supporters know these policy and procedures exist? If not, TPF has several templates available at [www.tpf.org](http://www.tpf.org). Under the Resources tab is a Resource Library link. There are many advantages to having policies and procedures including avoiding the confusion of how to handle a gift when it arrives, facilitating future gifts with the assurance that gifts will be used as designated, a belief that the ministry and mission of the church or organization will continue long into the future and the ability to fund mission beyond the budget. TPF's Ministry Services' staff will be glad to assist in the development and preparation of these policies and procedures.

## Audit RFP

After ten years of excellent audit services by Weaver L.L.P., the Audit Committee felt that, as good fiduciaries, it was time to gain a fresh perspective and change audit firms. The Committee has recommended that the Board of Trustees engage the services of Whitley Penn L.L.P. for three years to audit TPF's financial statements and internal controls beginning with the 2013 fiscal year.



## ABC's of TPF's Lingo

### Gifts of Appreciated Securities

Individuals may directly transfer appreciated securities to TPF to process as a charitable gift to their church/institution in order to eliminate the payment of capital gains tax incurred at the time of the sale.

## leg•a•cy

[leg-uh-see] anything handed down from the past, as from an ancestor or predecessor.

That's what the dictionary has to say about "legacy." So, our question to you is, "Who leaves a legacy?" The answer is ALL of us!

The truth is that we all leave a legacy and we all have a say in what we leave. A former colleague used to ask if one's estate plan was a financial statement or a faith statement. That's a good question to ask ourselves. Many of us have been very active in our congregations over the years. We've raised our families there. The people in the pews have nurtured us and we them. Our churches have been an integral part of our lives. Yet, are we leaving a legacy to those faith communities that reflect how important they have been to us? If not, why?

If you would like more information regarding what type of legacy gift you may leave, contact TPF. We have staff who can help you identify the best option for your legacy gift. According to an old Chinese proverb, one generation plants the trees, another gets the shade. What shade are you providing for those next generations?

