



Central Susquehanna Community Foundation

Fund Holders' Briefing

March 30, 2016

Malcolm (Skip) Cowen II

President



74 W. Broad Street, Suite 340, Bethlehem, PA 18018

Thank You

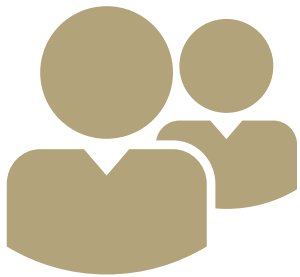
- 1700 Community Foundations around the world
- 780 in the United States alone
- Managing \$73,850,000,000 to improve the quality of life in their communities
- Giving \$5,260,000,000 in grants to deserving organizations and individuals
- Receiving \$8,350,000,000 in meaningful and generous donor gifts

* Source: Foundation Center – aggregate fiscal data of US community foundations in 2013.

Agenda

- Fiduciary role played by the Foundation
- Performance of the Investment Portfolio
- Capital Market Forecast for the next 10 years

Who We Are



We are a privately held **Registered Investment Advisor** that specializes in consulting to **successful institutions** and **wealthy families**.



We have been delivering a **fiduciary decision making process** for more than 30 years.



We believe that an **innovative process** leads to **superior results**.



We are focused on creating **positive outcomes** for our clients. *undivided loyalty*

Our Experience

\$5.1
Billion

We have more than \$5 billion in **assets under management***

97%
Client Retention

We have maintained greater than 97% **client retention** over the past 10 years

30+
Professional Designations

Our team has over 30+ professional designations

- CFP[®]
- CFA[®]
- AIF[®]
- CEBS
- CIPM
- CPA
- CRPSSM
- ChFC[®]
- CASLTM
- CLU[®]

Industry Awards and Recognition

Ranked as **38th** largest Registered Investment Advisor by **Financial Advisor Magazine** for 2015**

Ranked **#27** on the list of **Forbes' Top 100 Wealth Managers** for 2015**

Named to the 2015 **Financial Times 300 Top Registered Investment Advisors****

* Combined assets under management for both Cornerstone Advisors Asset Management, Inc. & Cornerstone Institutional Investors, Inc. as of 2015 Form ADV filing.

** For details on how the rankings were determined, please see the section entitled "Rankings Explained"

Who We Work For

Colleges & Universities

- Adelphi University
- Creighton University
- Juniata College
- Messiah College
- Moravian College
- Muhlenberg College
- Susquehanna University
- St. Francis University
- Xavier University

Non-Profit Organizations

- AMIT Children
- Andy Warhol Foundation for the Visual Arts
- Central Susquehanna Community Foundation
- Community Foundation for the Alleghenies
- Guide Dog Foundation for the Blind
- Jane Goodall Foundation
- Jewish Museum
- Library Company of Philadelphia
- National Kidney Foundation
- National Osteoporosis Foundation
- Project HOME
- The Weller Foundation

Religious Organizations

- Independent Catholic Foundation
- The Incorporated Trustees of the Diocese of Bethlehem
- St. Thomas Aquinas Catholic Church of Binghamton, NY
- St. Patrick's Catholic Church of Binghamton, NY
- St. Paul's Lutheran Church

Corporations

- Allen Organ Company, LLC
- C.F. Martin & Company
- Channellock, Inc.
- D.G. Yuengling & Son, Inc.
- Endo Health Solutions, Inc.
- Hay Group, Inc.
- Lee Industries, Inc.
- Mutual Benefit Group
- Service Electric Cablevision
- SilverStone Group Incorporated

Healthcare Organizations

- Altoona Regional Health System
- Elk Regional Health System
- Evangelical Community Hospital
- Good Shepherd Rehabilitation Hospital
- Home Nursing Agency
- Joslin Diabetes Center
- Sacred Heart Hospital
- Thompson Health

Government Entities

- Bedford County Employees' Retirement Plan
- Capital Metropolitan Transportation Authority
- Clarion County Employees' Retirement Plan
- County Commissioners Association of Pennsylvania
- Lehigh County Employees' Retirement Plan
- Schuylkill County Employees' Retirement Plan
- Whitehall Township Police Pension

The Securities and Exchange Commission (SEC) requires that a partial list of clients be chosen using an objective methodology and that the methodology be disclosed. In order to comply we chose clients based on name recognition not performance. The listing of these institutions is not meant to imply that they either endorse Cornerstone Advisors Asset Management, Inc. or Cornerstone Institutional Investors, Inc. or the services provided. Private clients are confidential and not disclosed.

Role of a Fiduciary

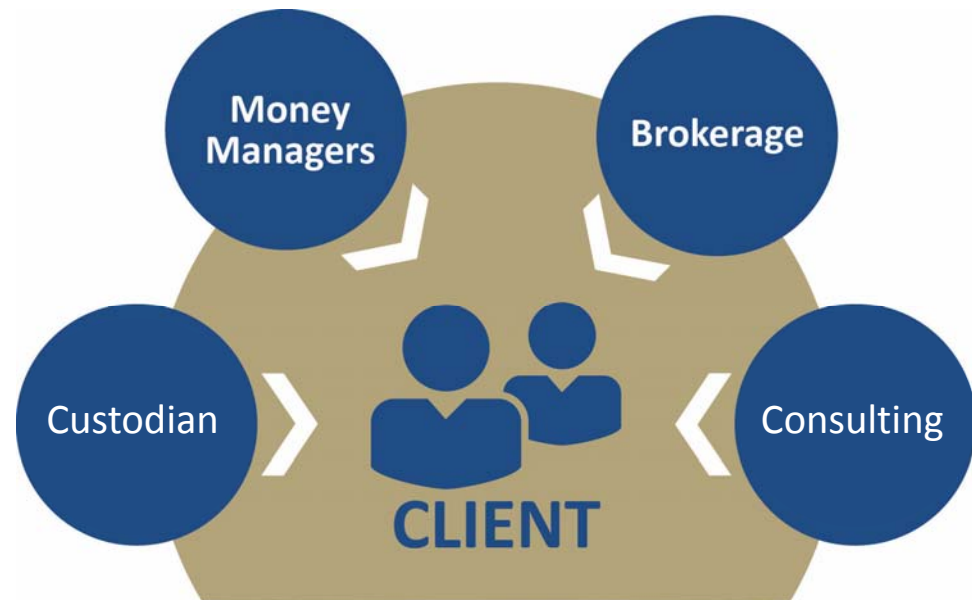
- Act with “Undivided Loyalty” on behalf of fund holders
- Manage a prudent investment process that ensures sustainability

Defining Fiduciary Excellence – fi360

- Step 1: Organize - CSCF
 - Corporate governance and enterprise risk management
 - Legal structure, accounting and audit functions
- Step 2: Formalize Process - CSCF
 - Written Investment Policy Statement
 - Goals and objectives, risk tolerance, spending policy
- Step 3: Implement - CAAM
 - Outsource to a Prudent Expert
- Step 4: Monitor – CSCF
 - Supervision of all service providers

Open Architecture Solutions

Separating responsibilities creates greater accountability, transparency and reduces conflicts of interest.



Cornerstone's Investment Advisory business has no financial ties to the managers, custodians or brokers that it selects and works with on behalf of our clients.

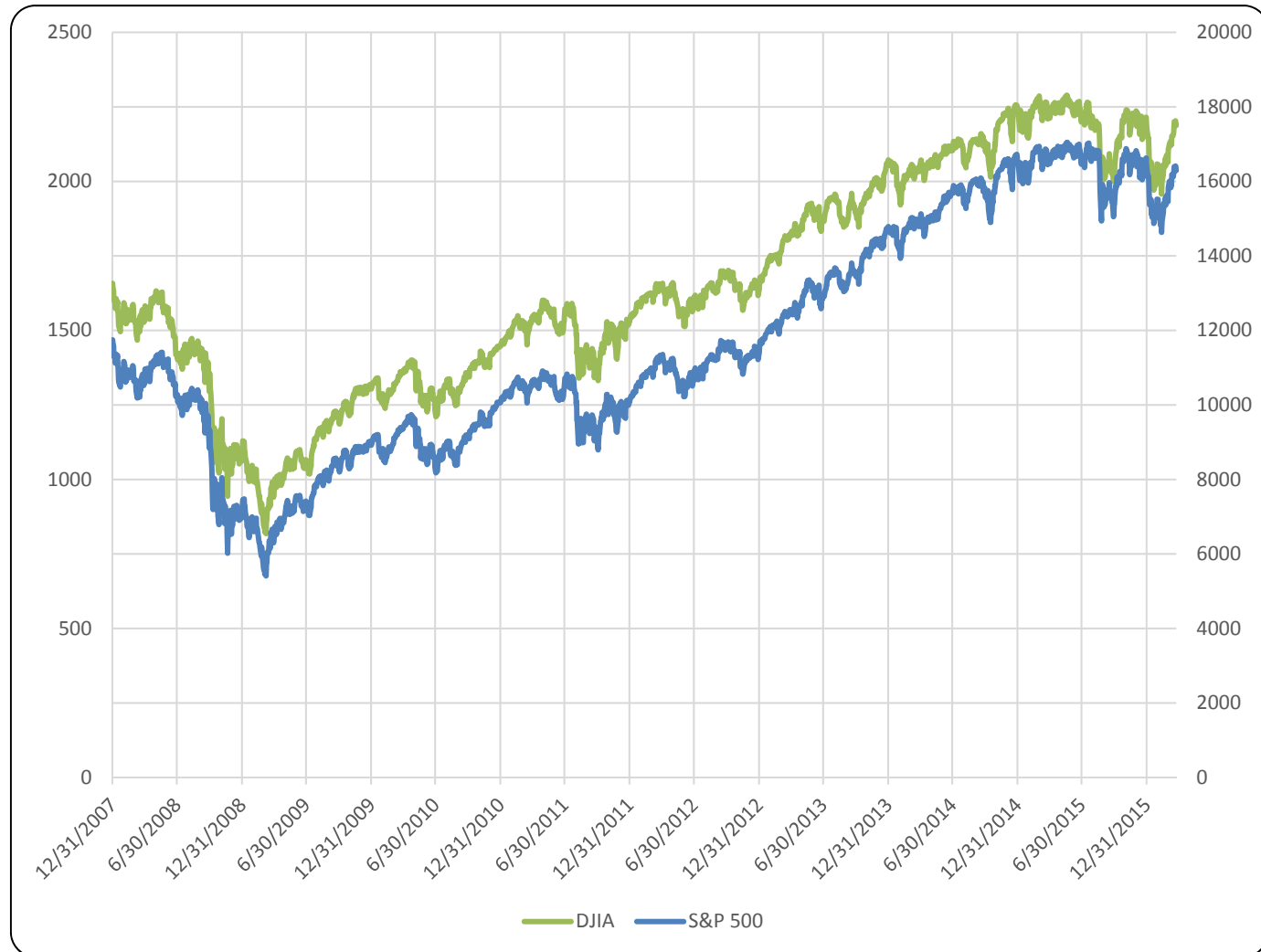
Open Architecture Solutions

Separating responsibilities creates greater accountability, transparency and reduces conflicts of interest.



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S&P 500 & DJIA



Investment Philosophy

- Returns are highly correlated to risk
- To understand the source of your investment performance, you must understand the source of your volatility

CSCF Investment Portfolio

CSCF Performance

Central Susquehanna Community Foundation

Cash Flow Summary

1 Quarter ending December 31, 2015

	Beginning Market Value	Income	Contributions	Transfers	Expenses	Withdrawals	Change in Market Value	Ending Market Value
Aristotle Value Equity	\$5,305,058	\$27,587	\$0	\$0	(\$9,516)	\$0	\$275,433	\$5,598,562
SSGA:SPDR S&P 500 ETF	\$7,024,123	\$36,559	\$0	(\$1,337,936)	\$0	\$0	\$465,590	\$6,188,336
Alger Capital Appreciation	\$5,303,367	\$0	\$0	\$0	\$0	\$0	\$439,119	\$5,742,486
Atlanta High Quality Sm Cap	\$2,070,589	\$8,659	\$0	\$0	(\$4,308)	\$0	\$90,394	\$2,165,334
Vanguard Sm-Cp Idx:Adm	\$1,124,070	\$6,496	\$0	\$0	\$0	\$0	\$28,481	\$1,159,047
Kalmar Growth w/ Value	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Domestic Equity	\$20,827,207	\$79,300	\$0	(\$1,337,936)	(\$13,824)	\$0	\$1,299,018	\$20,853,765
Am Beacon:Intl Eq:Inst	\$2,706,544	\$44,728	\$0	\$170,000	\$0	\$0	\$22,408	\$2,943,680
Artisan:Internatl:Inst	\$2,693,671	\$20,854	\$0	\$100,000	\$0	\$0	\$162,331	\$2,976,856
Harding Loevner:EM:Adv	\$1,180,652	\$6,530	\$0	\$0	\$0	\$0	\$1,284	\$1,188,466
International Equity	\$6,580,867	\$72,112	\$0	\$270,000	\$0	\$0	\$186,023	\$7,109,002
First Keystone Core Fixed	\$3,891,497	\$30,902	\$0	\$0	(\$2,426)	\$0	(\$35,631)	\$3,884,343
iShares:Core Tot USB Mkt	\$3,654,513	\$26,734	\$0	\$0	(\$1,549)	\$0	(\$43,875)	\$3,635,822
Vanguard Tot Bd:Adm	\$1,754,233	\$11,716	\$0	\$500,000	\$0	\$0	(\$24,187)	\$2,241,762
Domestic Fixed Income	\$9,300,244	\$69,351	\$0	\$500,000	(\$3,976)	\$0	(\$103,692)	\$9,761,927
Nuveen Pref Secs:I	\$1,270,763	\$18,505	\$0	(\$10,000)	\$0	\$0	\$9,886	\$1,289,154
Vanguard Lg-Tm Bd:Inv	\$466,302	\$4,513	\$0	\$0	\$0	\$0	(\$9,361)	\$461,454
Cohen&Steers Inst RS	\$1,217,821	\$11,986	\$0	\$25,000	\$0	\$0	\$84,531	\$1,339,338
Crtd Suis Cmdty Rtn:Inst	\$1,123,358	\$0	\$0	(\$1,123,358)	\$0	\$0	\$0	\$0
ALPS/CC Mgt CC S:I	\$0	\$0	\$0	\$1,365,000	\$0	\$0	(\$128,605)	\$1,236,395
Arbitrage Fund:I	\$1,269,105	\$0	\$0	\$0	\$0	\$0	\$22,320	\$1,291,425
J Hancock II:G Ab Rt:I	\$1,264,471	\$82,486	\$0	\$0	\$0	\$0	(\$72,302)	\$1,274,656
MS Structured Note	\$619,750	\$0	\$0	(\$651,523)	\$0	\$0	\$31,773	\$0
JPM Structured Note	\$0	\$0	\$0	\$1,000,000	\$0	\$0	\$0	\$1,000,000
Alternative	\$7,231,570	\$117,491	\$0	\$605,119	\$0	\$0	(\$61,758)	\$7,892,421
Dreyfus Inst Rsv Tr:Prem	\$595,672	\$12	\$16,209	(\$37,182)	(\$26,689)	(\$300,000)	(\$269)	\$247,753
Cash & Equivalents	\$595,672	\$12	\$16,209	(\$37,182)	(\$26,689)	(\$300,000)	(\$269)	\$247,753
Total Portfolio	\$44,535,560	\$338,266	\$16,209	\$0	(\$44,489)	(\$300,000)	\$1,319,322	\$45,864,868

CSCF Performance

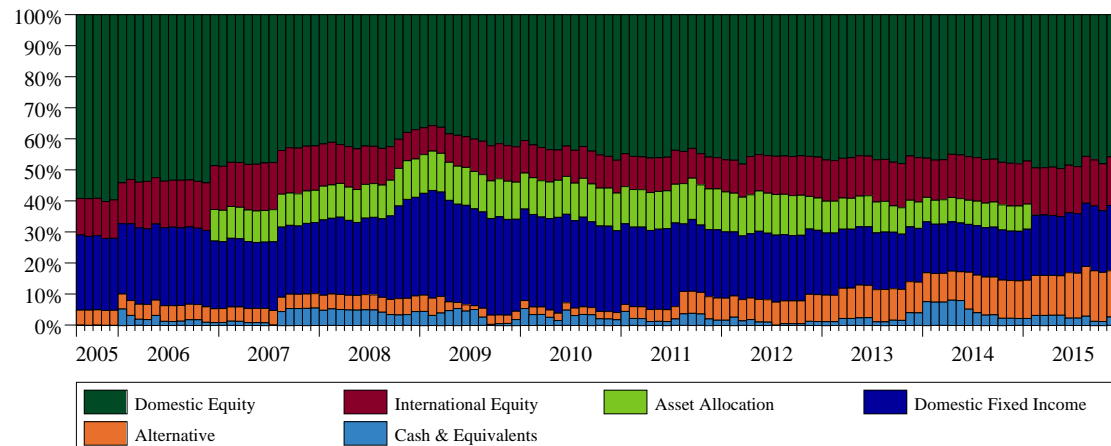
Central Susquehanna Community Foundation Asset Allocation

October 1, 2015 to December 31, 2015

	Beginning Weight	Ending Weight	IPS Tgt Weight	Deviation
Domestic Equity	46.8%	45.5%	46.0%	(0.5%)
International Equity	14.8%	15.5%	14.0%	1.5%
Domestic Fixed Income	20.9%	21.3%	25.0%	(3.7%)
Alternative	16.2%	17.2%	10.0%	7.2%
Cash & Equivalents	1.3%	0.5%	5.0%	(4.5%)
Total Portfolio	100.0%	100.0%	100.0%	

	Beginning Market Value	Ending Market Value	Transfers
Domestic Equity	\$20,827,207	\$20,853,765	(\$1,337,936)
International Equity	\$6,580,867	\$7,109,002	\$270,000
Domestic Fixed Income	\$9,300,244	\$9,761,927	\$500,000
Alternative	\$7,231,570	\$7,892,421	\$605,119
Cash & Equivalents	\$595,672	\$247,753	(\$37,182)
Total Portfolio	\$44,535,560	\$45,864,868	\$0

Actual Allocation for Since Inception Ended December 31, 2015

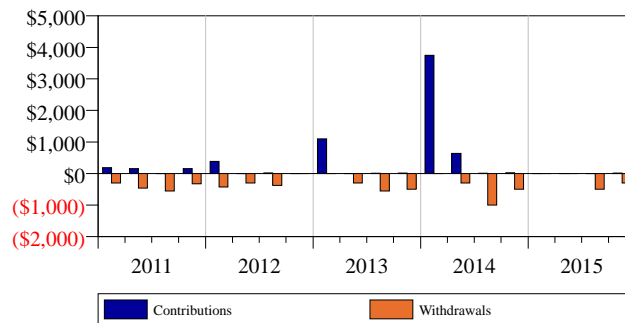


CSCF Performance

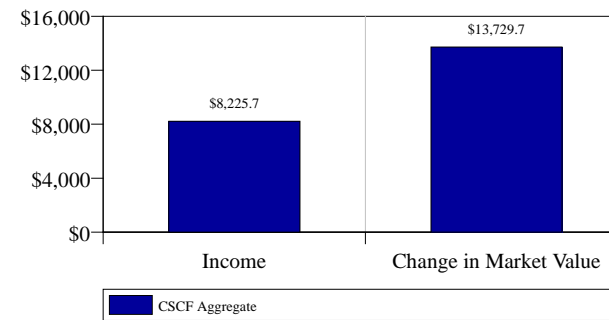
Central Susquehanna Community Foundation

Historical Cash Flow

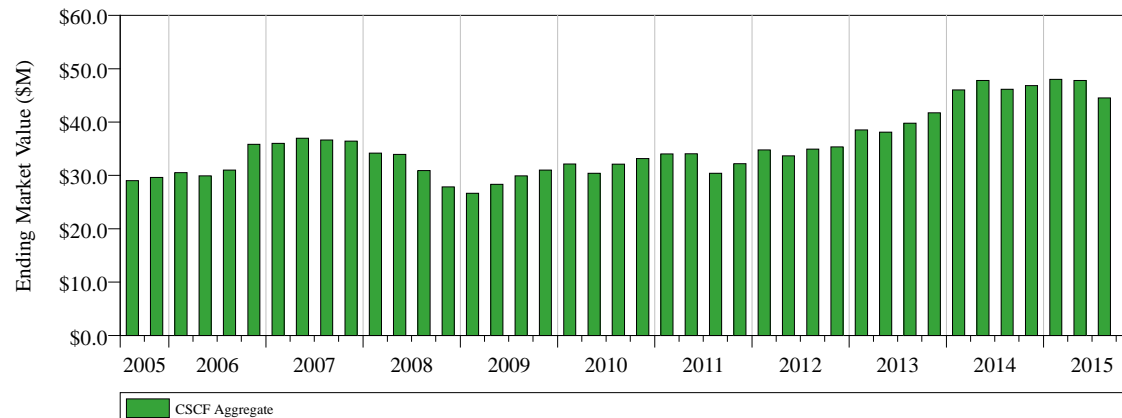
Quarterly Cash Flows for 5 Years (\$K)



Portfolio Appreciation (\$K) Since Inception



Ending Market Value Since Inception (July 1, 2005)



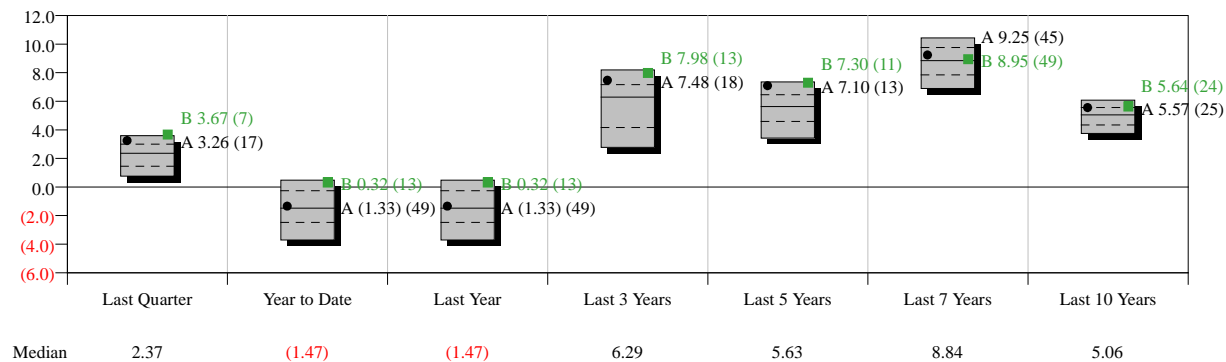
CSCF Performance

Central Susquehanna Community Foundation Net Portfolio Performance

3 Months ending December 31, 2015

	Ending Weight	Returns	Beginning Market Value	Ending Market Value
Domestic Equity	45.5%	6.54%	\$20,827,207	\$20,853,765
International Equity	15.5%	4.01%	\$6,580,867	\$7,109,002
Domestic Fixed Income	21.3%	(0.36%)	\$9,300,244	\$9,761,927
Alternative	17.2%	0.70%	\$7,231,570	\$7,892,421
Cash & Equivalents	0.5%	0.00%	\$595,672	\$247,753
Total Portfolio	100.0%	3.67%	\$44,535,560	\$45,864,868
<i>CSCF Blended BM</i>		3.26%		

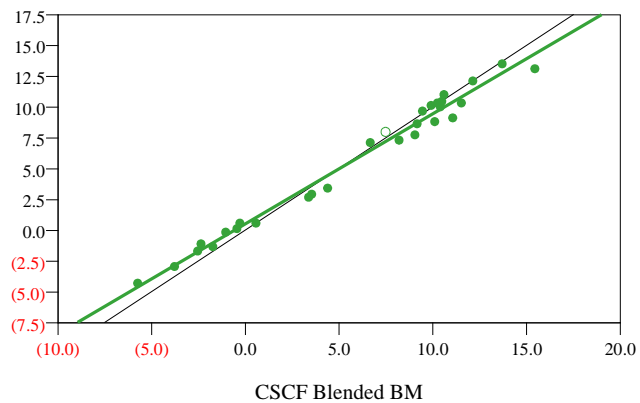
Net of Fee Returns for Period Ending December 31, 2015
Group: CAI Endow-Fdn - Small (<100 MM)



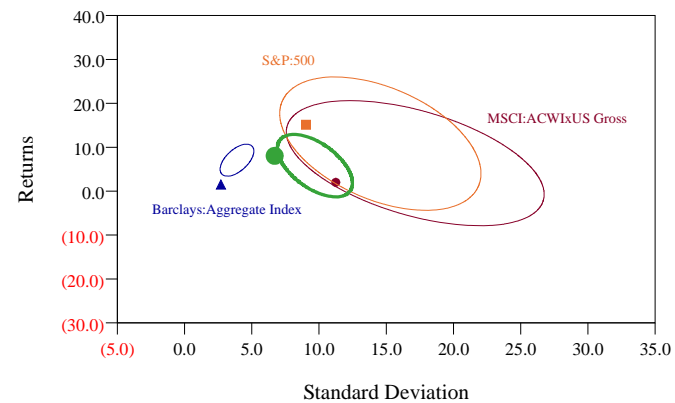
CSCF Performance

Central Susquehanna Community Foundation Historical Performance

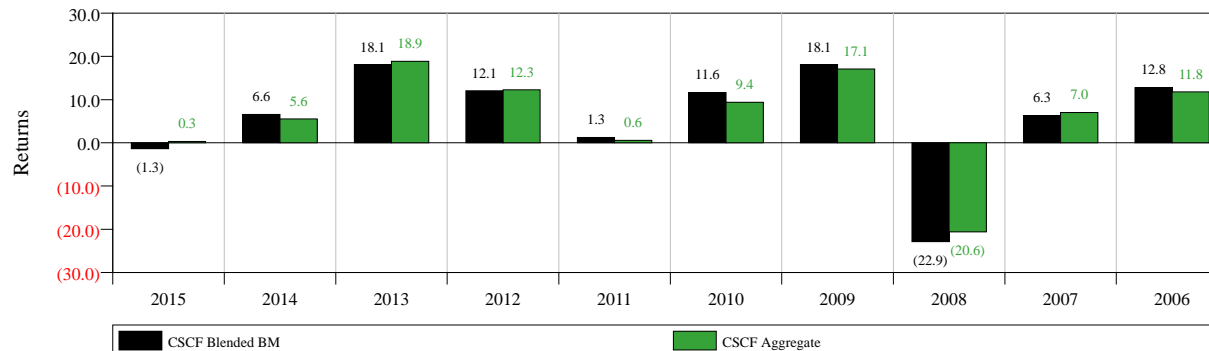
Rolling 12 Quarter Net of Fee Returns Comparison



Scatter Chart: Since Inception



Calendar Year Net of Fee Returns



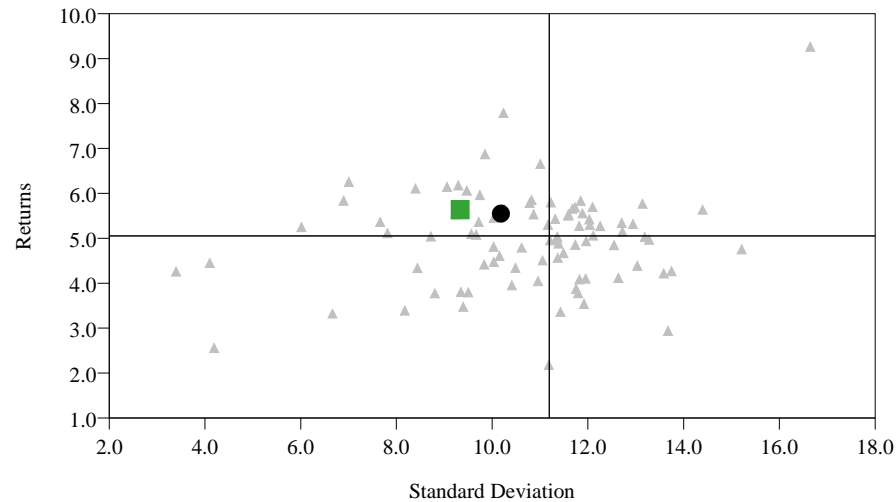
Organization Name - Central Susquehanna Community Foundation

Organization Type - Foundation

Organization - The Central Susquehanna Community Foundation is a regional philanthropic organization investing endowment funds, large and small, to benefit the communities and residents of Columbia, lower-Luzerne, Montour, Northumberland, Union, and Snyder counties in central and northeastern Pennsylvania. The Foundation administers 185 funds. These serve a wide variety of charitable purposes and reflect the intent of our donors.

The mission of our community foundation is: *Quality of life in the Central Susquehanna Valley - Achieving Donors Intentions.*

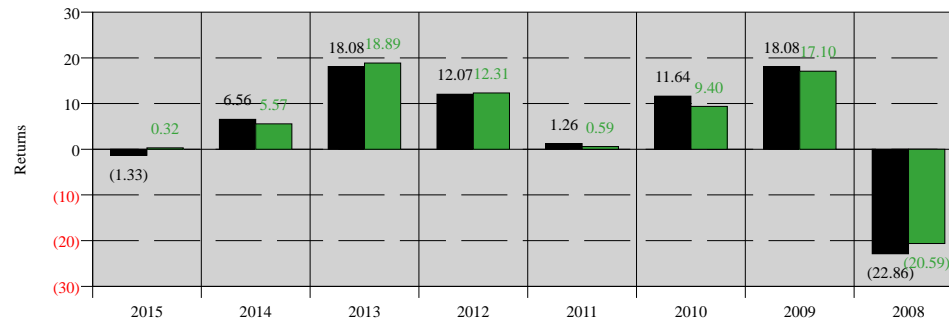
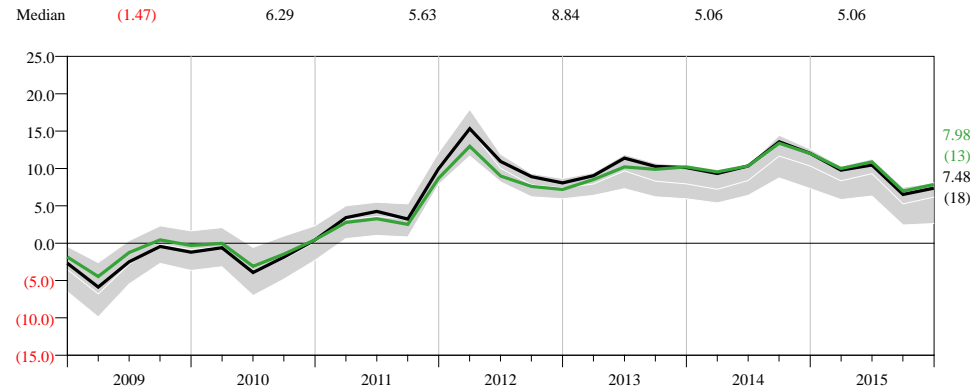
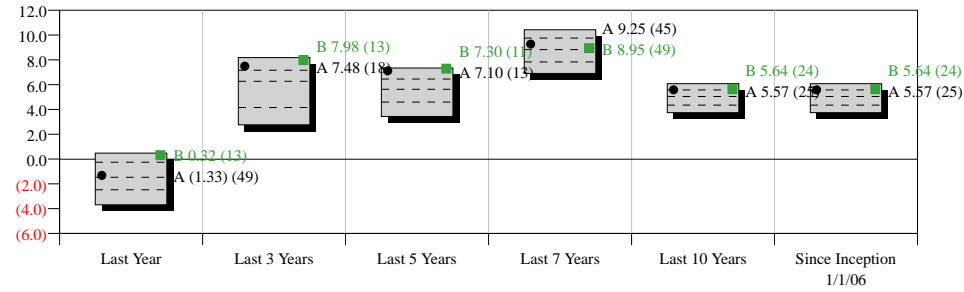
Scatter Chart for Since Inception (January 1, 2006)
Net of Fee



CSCF Blended BM - (CAI:Endw/Fdn Sm DB)

Return Analysis

The graphs below show returns on an unadjusted basis for the CSCF Aggregate. The first chart illustrates the overall portfolio's return and ranking over various time periods. The second chart shows three year rolling returns versus the CSCF Blended BM. The final graph looks at calendar year returns for both the CSCF Aggregate as well as the Community Foundation.

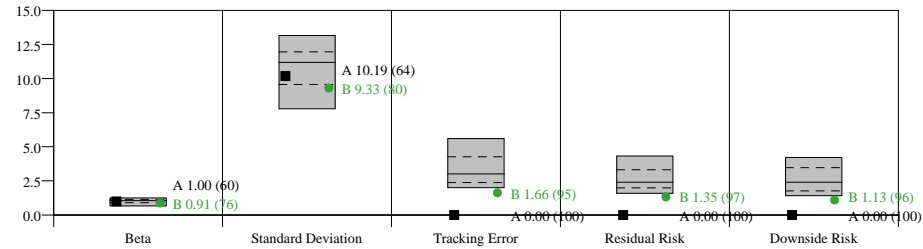


CSCF Blended BM - (CAI:Endw/Fdn Sm DB)

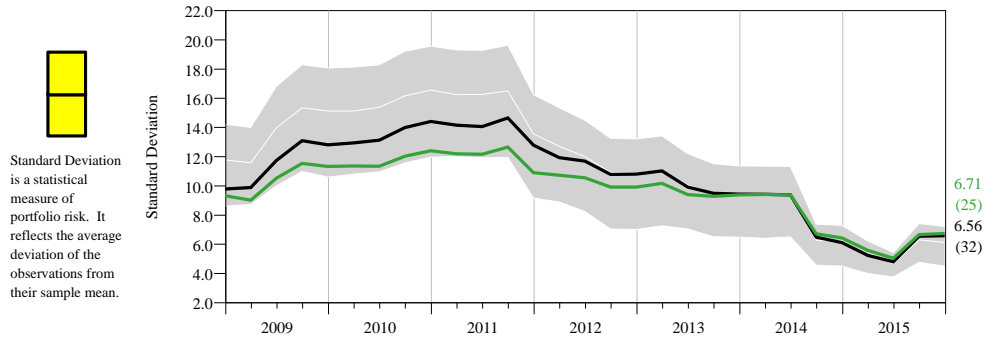
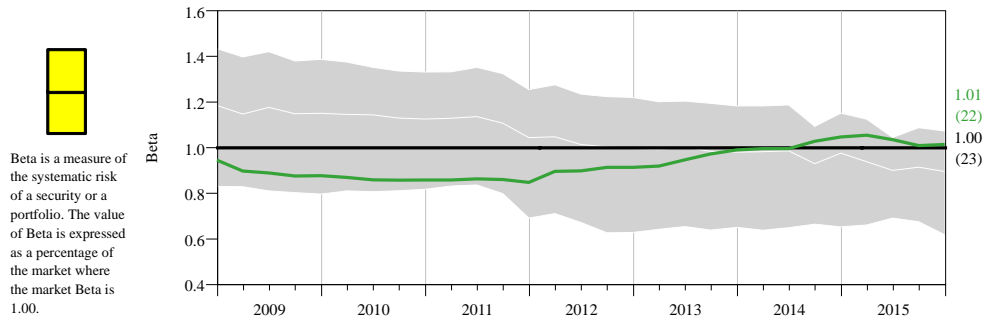
Risk Analysis

Each of the graphs below illustrate the risk associated with CSCF Aggregate relative to the CSCF Blended BM and compared to the CAI Endow-Fdn - Small (<100 MM) represented by the gray shaded area. The first graph shows five common risk measures since the portfolio's inception. The bottom two graphs take a deeper look into the risk levels of the overall portfolio with respect to Beta and Standard Deviation on a rolling three year basis.

CSCF Blended BM Inception (January 1, 2006)



Median	Beta	Standard Deviation	Tracking Error	Residual Risk	Downside Risk
	1.06	11.19	3.02	2.41	2.41

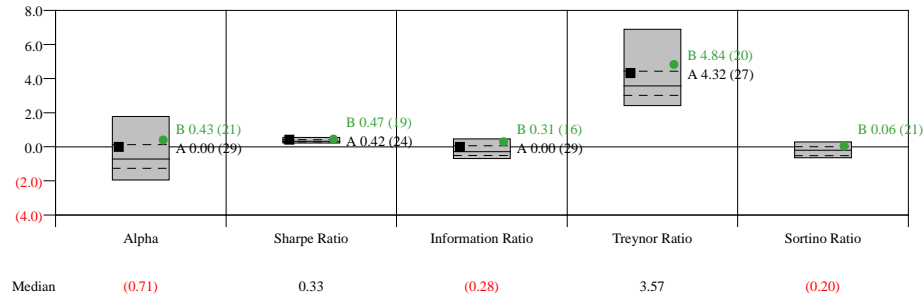


CSCF Blended BM - (CAI:Endw/Fdn Sm DB)

Risk/Return Analysis

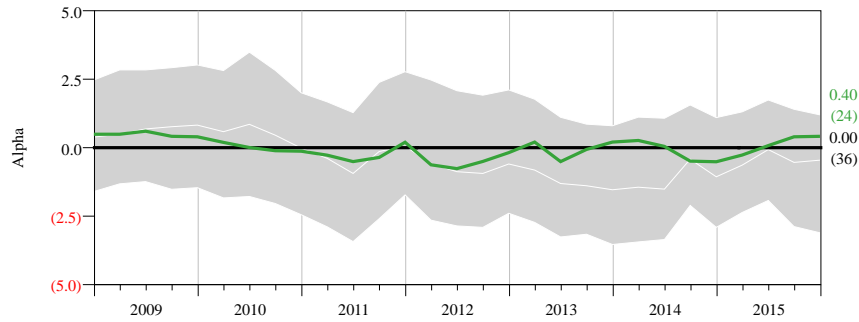
Each of the graphs below illustrate the manager's risk/return relationship relative to the CSCF Blended BM and compared to the CAI Endow-Fdn - Small (<100 MM) represented by the gray shaded area. The first graph shows five common risk adjusted measures since the portfolio's inception. The bottom two graphs take a deeper look into the Alpha and Sharpe ratios on a three year rolling basis.

CSCF Blended BM Inception (January 1, 2006)

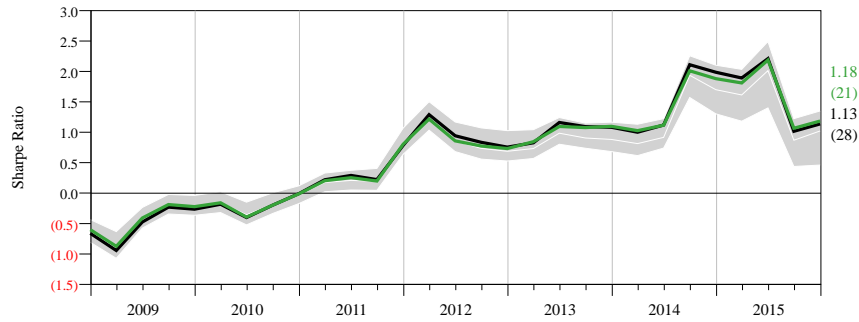


Median (0.71) 0.33 (0.28) 3.57 (0.20)

Alpha is used as a measure of a managers contribution to performance due to security or sector selection.



Sharpe Ratio is a measure of the risk-adjusted return of a portfolio. The ratio represents the return gained per unit of risk taken.



2016 Capital Market Assumptions

How are they created?

Public Equity

Dividend Yield
 X
 Growth of Real Earnings
 X
 Change in P/E Ratio
 X
Inflation

Total Public Equity Return

Private Equity

Dividend Yield
 X
 Growth of Real Earnings
 X
 Change in P/E Ratio
 X
 Illiquidity Premium
 X
Inflation

Total Private Equity Return

Fixed Income

10 Year Treasury Rate*
 X
Risk Premium

Total Fixed Income Return

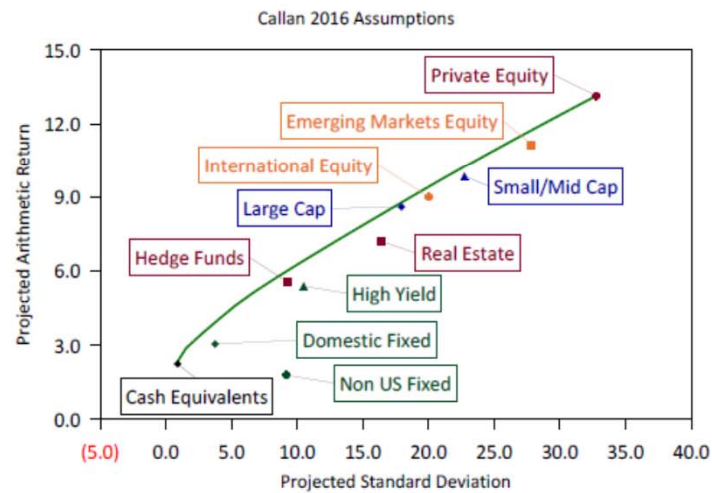
*10 Year Treasury Rate is assumed to capture future inflation.

What is expected now?

2016 Projections*

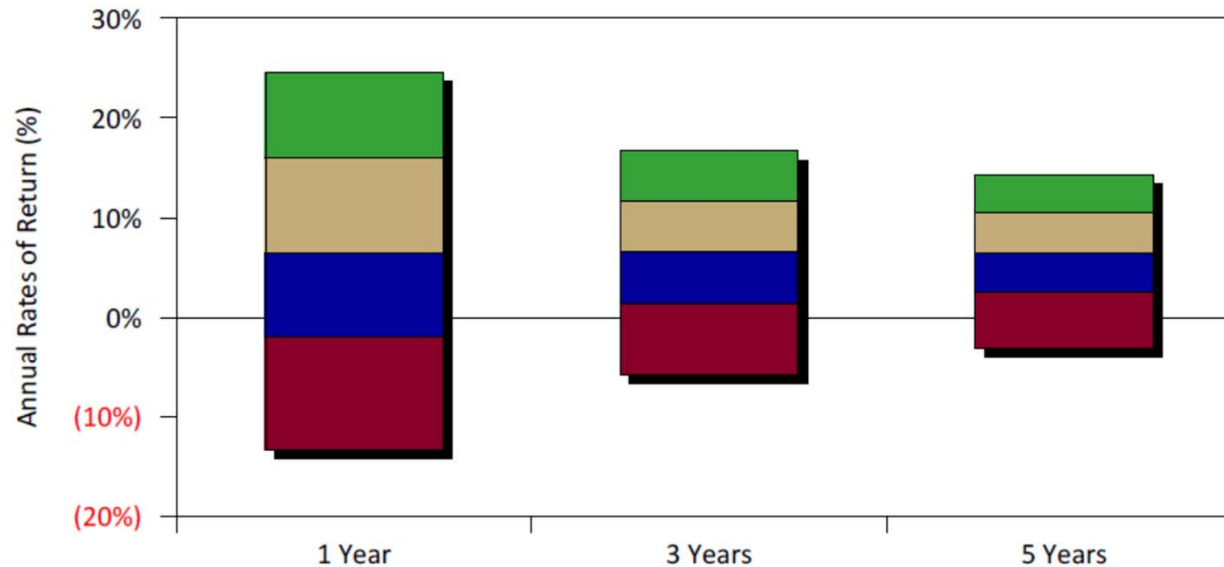
	Domestic Equity		International Equity		Fixed Income			Other				Inflation
	Large Cap	Small/Mid Cap	Developed	Emerging Markets	Core	High Yield	Cash	Private Equity	Hedge Funds	Real Estate	Commodities	
BNY/Mellon	7.1%	8.0%	6.9%	8.9%	2.5%	5.9%	1.8%	9.1%	4.6%	7.1%	2.2%	2.20%
Callan Associates	7.3%	7.6%	7.3%	7.6%	3.0%	5.0%	2.3%	8.2%	5.3%	6.0%	2.8%	2.25%
JPMorgan	7.0%	7.3%	7.8%	10.0%	3.8%	6.8%	2.3%	8.5%	4.3%	6.0%	3.0%	2.25%
SSGA	6.0%	6.4%	6.4%	7.2%	2.5%	5.7%	2.2%	6.6%	5.5%	5.4%	5.6%	2.25%
Average	6.8%	7.3%	7.1%	8.4%	2.9%	5.8%	2.1%	8.1%	4.9%	6.1%	3.4%	2.24%
GMO	0.4%	2.3%	2.5%	6.3%	1.4%		2.2%					2.2%

*10 year forward looking assumptions (geometric nominal returns) except for JPMorgan (15 years) and GMO (7 years).



CSCF Allocation

Range of Projected Rates of Return
For: CSCF [60-22-18-0]



	1 Year	3 Years	5 Years
10th Percentile	24.6%	16.7%	14.3%
25th Percentile	16.0%	11.7%	10.5%
Median	6.5%	6.6%	6.4%
75th Percentile	(1.9%)	1.4%	2.5%
95th Percentile	(13.3%)	(5.8%)	(3.0%)

Question & Answer

Disclosures

Securities offered through M Holdings Securities, Inc., MEMBER FINRA/SIPC

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Performance quoted is past performance and is no guarantee of future results.

Unless otherwise noted, data obtained from Callan Associates.

All indices are unmanaged and not available for direct investment.

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