



HISTORICAL PERFORMANCE

During the five years ended December 31, 2017, ACEF has grown from **\$88 million** to **\$107.5 million** while at the same time distributing in excess of **\$4 million per year**.

ACEF'S RETURNS

During the trailing 12 months ended December 31, 2017, ACEF earned 15.0%. Since it first started, ACEF has returned 5.8% on assets, beating a simple 60/40 investment strategy by 0.4% and a managed investment strategy by 1.4%.

As of December 31, 2017, the Armenian Church Endowment Fund (ACEF) was valued at \$107.5M.

This balance compares with \$90M on January 1, 2016 and represents an overall increase of nearly \$18M. ACEF's performance includes the effect of investment returns, distributions, and gifts, among other line items. The Fund consists of thousands of individual accounts which fall into two categories—either “endowments,” which are accounts set up by a donor for the benefit of a particular church or organization, or “direct investments,” which are funds held by a church or organization and put on deposit with ACEF for investments along with endowments. Endowments generally carry restrictions that permit use of the funds only for specific purposes or within guidelines established by the donor. Direct investments are the property of the church or organization that makes the deposit and can be withdrawn more or less at any time. Currently, approximately 67% of ACEF assets are endowments, and the remaining 33% are direct investments. Of our 46 Diocese parishes, 33 have direct investments with ACEF and of the 14 Mission parishes, 3 have direct investments. Also, 11 non-parishes have direct investments (these include the Diocese, Fund for Armenian Relief (FAR), St. Nersess Armenian Seminary, Jerusalem Patriarchate, Holy Martyrs Armenian Day School, St. Vartan School, Hye Camp, St. Vartan Camp, ACYOA, to name a few). ACEF has over 1,800 endowment funds.

Asset Allocation (as of December 31, 2017)



Global Equity	36%
U.S. Equity	5%
Developed ex U.S. Equity	12%
Emerging Markets Equity	8%
Hedge Funds	19%
Private Investments	8%
Fixed Income and Cash	11%

ACEF diversifies its investments into various investment categories (as shown above) aimed to reduce risk and volatility but also to generate appreciation.

Endowment Activities (not including deferred gifts) (\$ in millions)

For the fiscal year ended December 31	2013	2014	2015	2016	2017
Beginning Balance	88	95	94	90	94
Gifts	2	2	2	3	3
Investment Earnings	9	3	(2)	7	15
Spending—Distribution	(4)	(4)	(4)	(4)	(4)
Ending Balance	95	94	90	94	107.5

Purpose and Philosophy

ACEF aggregates individual endowment funds and invests them in a broadly diversified portfolio. With a multimillion-dollar portfolio and the unique access and expertise of Cambridge Associates, ACEF can take advantage of investment opportunities that are simply not available to traditional investors or individual parishes.

ACEF makes an annual distribution of 4.5% of the principal held in each account, as measured over the trailing twelve quarters. If investments generate more than a 4.5% return, the extra income is added to principal and reinvested. The principal of direct investments can be withdrawn in whole or in part on a quarterly basis or at any time if an urgent need arises. Beneficiaries of endowment accounts cannot withdraw the principal. These policies allow individual churches and organizations to invest with the ability to withdraw the principal, while donors can establish endowments with restrictions.

With a multimillion-dollar portfolio and the unique access and expertise of Cambridge Associates, ACEF can take advantage of investment opportunities that are simply not available to traditional investors or individual parishes.

Management

ACEF is managed by an independent Board of Directors. The Board consists primarily of lay people drawn from the Armenian community throughout the Diocese. Its members include business people, attorneys, real estate investors, media executives, financial advisors, investment bankers, actuaries, and other professionals. The Board receives its investment advice from its long-time advisor, Cambridge Associates, which has been working with ACEF since 1998. Cambridge Associates specializes in working with nonprofits, including leading universities, major foundations, and a broad range of cultural and religious organizations. They research specialized investment opportunities, help ACEF balance its broad range of diversified investments, and constantly review the performance of the funds in which ACEF invests. And because of their nonprofit expertise, Cambridge Associates can also monitor how ACEF's investment performance compares with that of other organizations.

THE IMPACT OF ACEF

"St. Nersess Armenian Seminary is thankful to receive distributions from ACEF, from donors who have created endowments for the seminary. We rely on these funds to help cover the costs of our academic program, which includes our faculty and instruction for our seminarians. We also use the distributions for continuing education programs for parish priests and visiting clergy, summer youth conferences, our library, as well as the new campus."

FATHER MARDIRO S CHEVIAN, DEAN OF ST. NERSESS ARMENIAN SEMINARY



"As a family, we have long supported the pillars of our heritage, including our local Armenian parishes, schools, and camps. My father set an example for us all by providing funds to build a social hall at St. Mary's in Livingston, as well as a new church for the growing Armenian community in Orlando. We are proud to continue his work and legacy through ACEF. By investing as a community, we strengthen our unique Armenian institutions and ensure that our values and culture will be passed from generation to generation."

KAREN NARGIZIAN ON BEHALF OF THE TOUFAYAN FAMILY



The Armenian Church Endowment Fund (ACEF) is an independent nonprofit that supports parishes and individuals who are creating a legacy through endowments. We encourage these parishes and individuals to make long-term investment planning an everyday practice, and we help them maximize financial returns by investing as a community. Please refer to our Web site and contact our office for complete details on ACEF's policies and procedures.

630 Second Avenue, New York, NY 10016-4806, Tel 212.686.0710, Fax 212.683.2609
acef@acefinvest.org