



TRUSTEES of the CASSAR INVESTED FUNDS

CASSAR Board of Managers Meeting

October 20, 2016

The elected Trustees of the CASSAR Invested Funds are Chairman Stephen R. Renouf (2014-2016), John L. Dodd (2015-2017), and Richard S. Hawley (2016-2018). The Trustees of the Invested Funds operate under CASSAR Bylaw No. 4, Section 12.

The CASSAR Invested Funds are invested with Morgan Stanley Smith Barney (MSSB) in five separate funds: the Life Membership Fund, the Education Fund, the Permanent Fund, the 2019 Congress Fund, and the Unallocated Fund. The signers on the account are the three trustees.

The beginning value of the Invested Fund on October 1, 2015:
\$347,220.27.

The ending value of the Invested Fund on September 30, 2016:
\$367,819.18.

During the 12-month period described above, the accounts increased **\$20,598.91** in value.

LIFE MEMBERSHIP FUND

The purpose of the Life Membership Fund is to maintain the life memberships purchased by the regular members of this society. The Fund is invested with the goal of achieving a return of 6.1% (net of fees) to cover the national, state and chapter dues for members of the CASSAR life membership program. The principal and income from this fund shall be distributed to the treasurer annually and deposited into the general funds of the society to cover the annual dues of the life members. This fund is governed by CASSAR Bylaw No. 9, Section 5.

Fund Investment as of September 30, 2016:

TOTAL FUND:	\$190,143.12	
Cash	\$15,761.85	8.29%
Equities	\$85,851.46	45.15%
Fixed Income	\$78,376.57	41.22%
Alternatives	\$10,153.24	5.34%

Return: 5.79% YTD; 4.49% Since Inception

Allocations:	ACTUAL*	TARGET
Cash		
Global Cash	6.90%	7.00%
Equities		
US Large Cap Growth	11.96%	12.00%
US Large Cap Value	14.32%	14.00%
US Small Cap Value	0.00%	0.00%
US Small Cap	8.93%	9.00%
International Equities	6.71%	7.00%
Emerging Markets Equities	3.21%	3.00%
Fixed Income		
Short Term Fixed Income	24.74%	25.00%
US Taxable Core	17.88%	18.00%
Other		
REITs	1.95%	2.00%
Commodities	3.41%	3.00%

* Actual as of 10/13/2016

Account Risk Profile: **3** (1-most conservative to 5-most aggressive).

EDUCATION FUND

The purpose of the Education Fund is to maintain all moneys or property, real or personal, which may accrue to this society by donation, gift, devise, bequest or otherwise that is designated for the education fund or solely for educational purposes. The principal and income from this fund shall be distributed by the board exclusively for educational purposes. This fund is governed by CASSAR Bylaw No. 9, Section 2.

Fund Investment as of September 30, 2016:

EDUCATION FUND:	\$37,643.50	
Cash	\$2,889.92	7.68%
Equities	\$17,170.65	45.61%
Fixed Income	\$15,548.02	41.30%
Alternatives	\$2,034.91	5.41%

Return: 6.31% YTD; 4.45% Since Inception

Allocations:	ACTUAL*	TARGET
Cash		
Global Cash	6.75%	7.00%
Equities		
US Large Cap Growth	11.91%	12.00%
US Large Cap Value	14.46%	14.00%
US Small Cap Value	4.08%	4.00%
US Small Cap	5.00%	5.00%
International Equities	6.62%	7.00%
Emerging Markets Equities	3.33%	3.00%
Fixed Income		
Short Term Fixed Income	24.85%	25.00%
US Taxable Core	17.59%	18.00%
Other		
REITs	1.94%	2.00%
Commodities	3.47%	3.00%

* Actual as of 10/13/2016

Account Risk Profile: **3** (1-most conservative to 5-most aggressive).

PERMANENT FUND

The purpose of the Permanent Fund is to insure the stability and perpetuity of this society. The Permanent Fund maintains all moneys or property, real or personal, which may accrue to this society by donation, gift, devise, bequest or otherwise, unless use thereof is otherwise designated as a condition to receipt or is otherwise directed by a majority vote of the board with at least three-quarters of the members of the board present and voting. The annual income from the permanent fund shall be accumulated and one-half shall be transferred to the Unallocated Fund and one-half shall be reinvested in the Permanent Fund at the beginning of each fiscal year. This fund is governed by CASSAR Bylaw No. 9, Section 1.

Fund Investment as of September 30, 2016:

PERMANENT FUND:	\$97,556.81	
Cash	\$6,694.65	6.86%
Equities	\$57,997.57	59.45%
Fixed Income	\$23,361.34	23.95%
Alternatives	\$9,503.25	9.74%

Return: 6.91% YTD; 5.63% Since Inception

Allocations:	ACTUAL*	TARGET
Cash		
Global Cash	4.93%	5.00%
Equities		
US Large Cap Growth	14.72%	15.00%
US Large Cap Value	18.15%	18.00%
US Small Cap Value	5.09%	5.00%
US Small Cap	4.84%	5.00%
International Equities	13.60%	14.00%
Emerging Markets Equities	4.50%	4.00%
Fixed Income		
Short Term Fixed Income	14.86%	15.00%
US Taxable Core	9.65%	10.00%
Other		
REITs	4.98%	5.00%
Commodities	4.69%	4.00%

* Actual as of 10/13/2016

Account Risk Profile: **4** (1-most conservative to 5-most aggressive).

2019 CONGRESS FUND

The purpose of the 2019 Congress Fund is to meet the obligations of a host society whenever the Society hosts the Annual Congress of the Sons of the American Revolution. The congress fund shall comprise all moneys or property, real or personal, which may accrue to this society by donation, gift, devise, bequest or otherwise that is designated for the congress fund or allocated to the fund in the annual society budget. The principal and income from this fund shall be distributed by the congress planning committee exclusively for host society expenses in connection with the society hosting the Annual Congress of the Sons of the American Revolution. This fund is governed by CASSAR Bylaw No. 9, Section 3.

Fund Investment as of September 30, 2016:

<u>2019 CONGRESS FUND:</u>	<u>\$22,227.81</u>	
Cash	\$1,703.32	7.66%
Equities	\$10,207.56	45.92%
Fixed Income	\$9,129.81	41.07%
Alternatives	\$1,187.12	5.34%

Return: 6.43% YTD; 4.22% Since Inception

Allocations:	ACTUAL*	TARGET
Cash		
Global Cash	6.73%	7.00%
Equities		
US Large Cap Growth	11.91%	12.00%
US Large Cap Value	14.64%	14.00%
US Small Cap Value	4.16%	4.00%
US Small Cap	5.04%	5.00%
International Equities	6.68%	7.00%
Emerging Markets Equities	3.30%	3.00%
Fixed Income		
Short Term Fixed Income	24.69%	25.00%
US Taxable Core	17.45%	18.00%
Other		
REITs	1.95%	2.00%
Commodities	3.44%	3.00%

* Actual as of 10/13/2016

Account Risk Profile: **3** (1-most conservative to 5-most aggressive).

2019 CONGRESS FUND

The Invested Funds Trustees recommend adopting the new target allocations and risk level recommended by the Broker (below). The change is needed due to the approaching congress, and the need to start tapping the account for expenses related to the 2019 Congress.

NEW Target Allocation:

Cash

10% Global Cash

Equities

8% US Large Cap Growth

8% US Large Cap Value

3% US Small Cap Value

3% US Small Cap

5% International Equities

1% Emerging Markets Equities

Fixed Income

35% Short-Term Fixed Income

24% US Taxable Core

Alternatives

1% REITs

2% Commodities

Account Risk Profile: **1** (1-most conservative to 5-most aggressive).

Investment Time Horizon: **2 to 5 years**

UNALLOCATED FUND

The purpose of the Unallocated Fund is to invest the funds of the Society that are not allocated to one of the other invested fund accounts and are not needed for the current expenses of the society. The principal and income from this fund shall be distributed to the treasurer upon his request and deposited into the general funds of the society to meet the current expenses of the society. This fund is governed by CASSAR Bylaw No. 9, Section 4.

Fund Investment as of September 30, 2016:

UNALLOCATED FUND:	\$20,247.94	
Cash	\$3,845.32	18.99%
Equities	\$5,852.93	28.91%
Fixed Income	\$10,549.69	52.10%
Alternatives	\$0.00	0.00%

Return: 4.17% YTD; 1.15% Since Inception

Allocations:	ACTUAL*	TARGET
Cash		
Global Cash	17.76%	18.00%
Equities		
US Large Cap Growth	7.01%	7.00%
US Large Cap Value	7.15%	7.00%
US Mid Cap Growth	0.95%	1.00%
US Mid Cap Value	0.97%	1.00%
US Small Cap Growth	0.96%	1.00%
US Small Cap Value	1.05%	1.00%
International Equities	7.73%	8.00%
Emerging Markets Equities	3.09%	3.00%
Fixed Income		
Short Term Fixed Income	21.01%	21.00%
US Taxable Core	21.02%	21.00%
International Core Fixed Income	5.07%	5.00%
Inflation Linked Securities	2.00%	2.00%
High Yield Fixed Income	2.07%	2.00%
Emerging Market Fixed Income	2.17%	2.00%
Other		
REITs	0.00%	0.00%
Commodities	0.00%	0.00%

* Actual as of 10/13/2016

Account Risk Profile: **2** (1-most conservative to 5-most aggressive).

RECENT ACTIVITY.

On August 10, 2016, Sean Bell had a conference call with Trustees Stephen Renouf, John Dodd and Richard Hawley to review our 5 funds. We discussed our upcoming needs for money from the funds – about \$5k from the Permanent Fund as an investment (paying for new CASSAR Medals, with all sales going back to the Permanent Fund), and about \$5k from the 2019 Congress Fund for producing the 2019 Congress Medals. We will prepare a transfer of funds between the Invested Funds and the CASSAR General Account once we have the exact amount due for the 2019 Congress Medals. We will also need about \$15k from the Life Membership Fund in March 2017 to pay life member dues for 2017.

We discussed the need for the 2019 Congress Fund to be more liquid as we start to pull funds out in preparation for the 2019 Congress, and the Broker developed a recommendation for us. We also noted the need for a return of about 6.1% (net of fees) in the Life Membership Fund to cover dues payments, future dues increases, and broker fees. We will review our return, and options to adjust our target allocations at the next conference call.

The trustees will be proposing an amendment to CASSAR Bylaw 9, Section 1 at the Annual CASSAR Meeting in April 2017 to replace Permanent Fund “income” with “earnings” (defined as income, dividends, realized and unrealized gains) that are eligible for distribution, in conformity with NSSAR investment policy and best practices.

Trustee Management.

Your Trustees have continued their tripartite management style and are continuing to act cautiously in management of the Invested Fund. Accordingly, the Trustees will continue to move forward with moderate to conservative management in the best interests of the Society.

Trustees’ Statement.

The trustees reiterate their pledge to the membership that their activities and management of the CASSAR Invested Fund will be transparent to the membership. No actions will or have been taken by the present Trustees without the full participation of all Trustees.

FOR THE TRUSTEES

S/
Stephen R. Renouf
Chairman

S/
Richard S. Hawley
Trustee

S/
John Dodd
Trustee