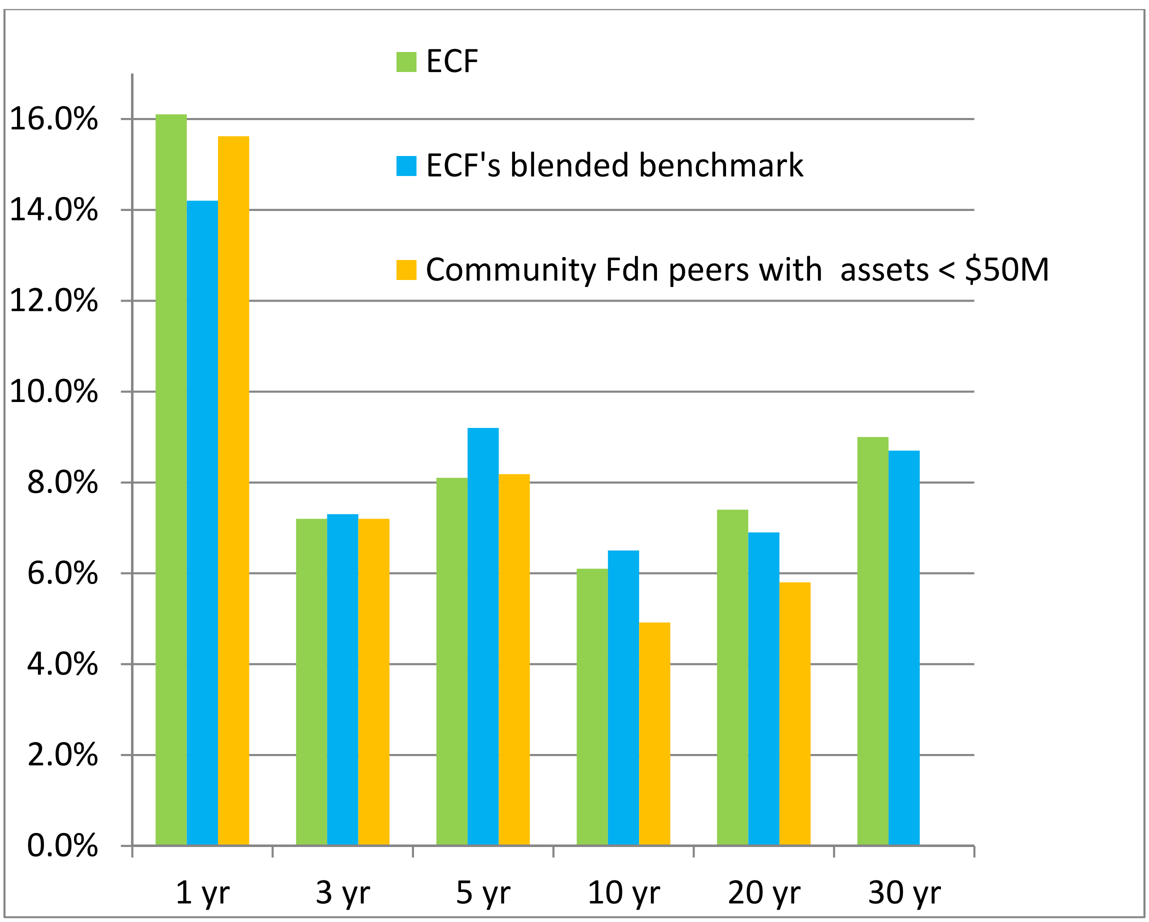
REPORT OF THE INVESTMENT COUNCIL

2017 RESULTS

The Foundation portfolio earned 16.1% in 2017, comparing favorably to our blended benchmark index* return of 14.2%. It was a very good year, to be sure, but should be viewed in the context that financial markets globally and by category all had a good year. The Foundation currently uses a 5% spending rate on the rolling, three year average balances to calculate spending from our endowed funds. Our current three-year rolling average return of 7.2% allows us to meet our 5% spending obligations and still grow the fund assets participating in ECF's portfolio. In 23 out of the 28 rolling three year periods in its history, the portfolio return has exceeded the Foundation's spending target. In 20 of those 28 periods, the return has exceeded the target after adjusting for the impact of inflation.

As you'll note in the graph below, ECF's portfolio returns compare well to our peer community foundations, although they fractionally lag our Blended Benchmark Index* at the 3, 5, and 10 year marks. The blended benchmark was 7.3% for the last three years, 9.2% for the last five, and 6.5% for the last ten. ECF's shortfall to the blended benchmark is consistent with the experience of many endowment managers and other, similar investors because our portfolio is not completely indexed in a period when indexing has performed very well.

**The Foundation's Blended Benchmark Index is a weighted average of the market indices used by the Investment Council to measure portfolio performance.*



2018 OUTLOOK

Like almost all market participants, the Investment Council was pleasantly surprised by the performance of the financial markets last year. The long awaited upturn in the global economies finally began to emerge in 2017. Against a benign interest rate background, higher earnings drove equity markets higher around the globe.

We started 2018 with a continuation of the enthusiastic investor response to the U.S. tax bill passed late in 2017. Very abruptly, the markets reversed course in February, only to start rising again as the quarter wound down. In short, the markets displayed a degree of volatility that has not been present for quite a while. The Council continues to view investment return opportunities conservatively, as the stock market flirts with all-time highs and interest rates have come off levels that are near historic lows.

Many studies suggest that the markets are not priced to provide traditional levels of expected returns, given recent valuation levels and the current state of the global economy. These studies delivered the same message last year and the year before. Reversion to the mean is a powerful force in economics and in asset prices valuations, but it expresses itself only when it is ready to do so. Current market conditions represent one of those instances in which long term investors - such as ECF - can and should sit patiently with a broadly diversified and liquid portfolio, awaiting the opportunities that will inevitably present themselves. Insofar as reasonable targets for spending in the near-term are concerned, our current inclination is to retain 5% spending from our funds, but it should be noted that this topic remains on the Council's agenda for further discussion.