

INVESTMENT MANAGEMENT

When it comes to investing your charitable dollars, Endeavor Foundation is guided by a single principle: invest those dollars so that they work not just for today's Northwest Arkansas, but also for the Northwest Arkansas of tomorrow. While we can't be sure exactly what challenges await our region, we don't need a crystal ball to know that they'll be there. And because we also know that this region will mean just as much to our grandkids as it does to us, we owe it to them to put every available resource in their hands so that when they meet those challenges, they'll succeed.

Making money last, however, is no small thing. That's why Endeavor has chosen to work with consultants from Rogerscasey. They bring a level of investment management expertise and insight to the Foundation that allows us to focus on what's truly important: making a positive and lasting impact on the communities of Northwest Arkansas.

Just because we invest with a trusted industry leader, though, doesn't mean that our job ends once we hand over the check. On the contrary - our approach is anything but "hands-off." The Foundation's Finance Committee, made up of Northwest Arkansas leaders in finance and business, actively oversees Rogerscasey's work. The Committee helps develop the Foundation's long term investment strategy; carefully selecting asset allocations based on the needs and risk tolerance of our fund holders. Individual investments and managers are then selected after further collaboration between the two groups (a complete listing of investments and managers is available upon request).

The Committee also assists in the development of the Foundation's investment policies and procedures - a vitally important part of managing charitable assets.

As a public charity, the Foundation is accountable both to its fund holders and the general public. "Transparency" isn't just a buzz-word to us; it's a standard we've embraced since our founding in 1999. We always welcome the opportunity to discuss Foundation matters with our fund holders, striving to meet any requests for information quickly and thoroughly. Each quarter, we provide our fund holders with a statement of the Foundation's investment performance relative to market and fund benchmarks. As of June 30, 2011, the Foundation's one year investment return of 24.47% is outpacing the fund benchmark and ranks in the top 11th percentile of all endowments and foundations.

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INVESTMENT PERFORMANCE AS OF JUNE 30, 2011

	3rd Quarter 2011	Year To Date	One Year	Three Years	Five Years
Total Fund - Net of Fees	-11.38%	-6.30%	0.09%	5.43%	2.00%
Total Fund - Gross of Fees	-11.51%	-6.68%	-0.43%	4.90%	1.49%
Blended Benchmark Index*	-11.73%	-7.03%	-0.66%	3.16%	1.21%
S&P 500	-13.87%	-8.68%	1.14%	1.23%	-1.18%
Barclays Capital U.S. Aggregate	3.82%	6.65%	5.26%	7.97%	6.53%

Note: 3- and 5-year percentages are annualized. Returns are net of asset manager fees. Comparative benchmarks and indices have not been similarly reduced for fees.

*Blended Benchmark Index comprised 30% Russell 1000/10% Russell 2500/17% EAFE/5% MSCI Emerging Markets/12% Barclays Capital Aggregate/4% Barclays Capital UST Inflation Notes/3% Citigroup World Govt Bond/3% ML High Yield Master/5% JPM EMBI Global Diversified/5% One-month Delay of the HFRI FOF Conservative Hedge Fund Index /6% FTSE EPRA/NAREIT Dev Index

ROGERSCASEY MARKET COMMENTARY

Global capital markets experienced extreme volatility, liquidity issues, and risk aversion as the European sovereign debt crisis, with Greece on center stage, continued to add uncertainty to the global economic outlook. In addition, economic growth in both the U.S. and Europe lost momentum, fueling fears that an economic recovery could stall, or worse, that the risk of a double dip recession is heightened. Despite Standard and Poor's downgrade of the U.S. credit rating in August from AAA to AA+, U.S. treasuries rallied for the second straight quarter benefitting from the global "flight to quality" as investors sought shelter from market volatility and uncertainty.

The S&P 500 declined 13.9% for the quarter, pulling the year to date return to a negative 8.7%. Developed non-U.S. markets, as measured by the MSCI EAFE (net) index, were also negative during the quarter with a -19.0% return, and a year to date return of negative 15.0%. The Emerging Markets' return of -22.5% (MSCI Emerging Markets Index) during the quarter pulled the year to date return down to -21.7%. The Fixed Income markets produced positive returns, as measured by the Barclays Aggregate Bond Index (+3.8% for the quarter), with U.S. treasuries outperforming nearly all other fixed income sectors. Global REITS sold off, falling 17.4% for the quarter, which pulled the year to date return down to -12.7%.