



OKLAHOMA CITY
COMMUNITY FOUNDATION

October 15, 2008

Updated Market Perspective

We are living through extraordinary economic times and the financial landscape has changed dramatically. Markets are being buffeted by a crisis of confidence in the financial system that is stifling the willingness of banks to lend to each other or anyone else. It has become necessary for the government to step forward and take historic actions to address these concerns. In recent weeks global central banks and governments have responded in a coordinated fashion with bold and innovative actions to address the market stresses. We believe that new monetary and fiscal policy proposed by the U.S. Treasury and Federal Reserve on September 19th is historic and will help restore confidence in our markets and ultimately help reestablish US economic growth. Already, the new Treasury Guaranty Program for public U.S. Registered Money Market Funds has helped liquidity and alleviates investor concerns about the stability of money market funds. Moreover, the \$700 billion package for the Treasury to acquire troubled mortgage assets from financial firms and the \$250 billion in capital injections into banks should help restore investor confidence and stabilize the world's financial markets over time. It will do so by allowing the banking system to refocus away from capital preservation towards lending to corporate and consumer customers. Lastly, the purchase of commercial paper is another example that the Federal Reserve is willing to take extraordinary steps to assist the economy during these difficult times. While it will take some time for these plans to have their full impact, some of their effects on confidence will materialize more quickly.

It is clear that there will be continued volatility in the markets. In these times, important concepts like liquidity, quality, and diversification are even more relevant factors when it comes to decision making regarding investments. The assets of the Oklahoma City Community Foundation have been invested across a diverse mix of asset classes. Equity holdings encompass all market capitalizations across both domestic and international markets. Fixed income investments are diversified across issuers including government, agency and corporate entities. In addition, bond holdings are required to have a minimum of an A credit rating. This focus on quality has led the Oklahoma City Community Foundation's fixed income allocation to outperform the broader market indices over time. This is not to say that the Oklahoma City Community Foundation has not been exposed to the events in the markets, but the impact of that exposure has been moderated by the diversification of the Foundation's assets.

Long-term investing requires faith, confidence and an ability to weather short-term market dislocations. While markets are presently contending with difficult circumstances, the U.S. economy has proved resilient in the face of even greater tests. Despite the uncertainty, markets always rebound prior to the end of the recession and it is likely that stocks will rebound in the intermediate period as the efforts made to free up credit begin to work. We are confident that the government and Federal Reserve have taken decisive action that addresses the systemic issues impacting credit markets. This should be the first step toward an improving economic environment.

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