

Status Report – Third Quarter, Ending September 30, 2009

Commonfund

Our corpus increased in value from \$159.2 million to \$176.0 million during the second quarter of 2009. The quarterly return was 10.56% versus our policy benchmark return of 11.66%. One year performance is positive 0.03% versus a benchmark return of negative 1.01%. Markets have continued to rally in October through the writing of this update, with the corpus rising an additional \$3.7 million.

Palmetto Bank

Our operating funds at The Palmetto Bank ended the quarter at \$751,491.

Operating Expenses

We continue on a good pace versus our administrative expense budget. For the quarter our spending was \$160,020 versus a budget of \$177,574, or 90%. Our YTD spending (excluding an unbudgeted professional retainer approved by the Board) was \$542,465, which is about 71% of our annual budget for 2009 of \$762K.

Contributions

We have received a total of \$850,000 in partner contributions so far this year related to our work -- \$500,000 in support of the Forest Health through Biotechnology Initiative; \$250,000 for Commodity Check-off work; \$50,000 from the U.S. Forest Service in support of the Partnership for Southern Forest Conservation project; and \$50,000 in support of various smaller projects.

Programmatic Investments

We spent approximately \$626K on programmatic investments and related expenses in Q3 versus \$577K in Q2, \$174K in Q1 and \$222K in Q4 2008. This brings our nine month programmatic spending to approximately \$1.4 million. We spent \$608K for all of 2008. Our largest outlays for the quarter were approximately \$164K on the National Conservation Easement Database; \$137K on Forest Investment Zones; \$151K on Forest Health through Biotechnology; \$75K on Biomass projects; \$56K on Check-Off; and \$43K on various smaller projects and convenings. We initiated one programmatic investment during the quarter:

- **ESC 2009-004 -- Montana Biomass Energy Assessment**
\$50,000 in support of Montana Community Development Corporation working with NorthWestern Energy and 8 sawmills to assess biomass energy production.

Duane McDougall, Treasurer
John Heaps, Fractional CFO
Carlton Owen, President