

THE ECONOMIC CLIMATE

Real GDP grew at a 0.3% rate year-over-year in the first quarter (-4.8% quarterly annualized rate). Personal consumption expenditures shrunk -7.6%, resulting in a -5.3% hit to headline growth. Forecasts of Q2 GDP growth have varied between -15% to -35%. The U.S. government quickly crafted and implemented historic stimulus measures to combat the economic impact of the virus. Support of this magnitude has not been seen since the Great Depression of the 1930s.

MARKET PORTFOLIO IMPACTS

U.S. equities experienced an unusually sudden and significant sell-off in March as investors grew fearful of the health and economic impacts of COVID-19. During Q1 the S&P 500 fell -19.6%, international developed equities (MSCI EAFE) fell -22.8% and emerging markets (MSCI EM) fell -23.6%. U.S. core inflation increased 2.1% YoY in March. Headline inflation slowed to 1.5%, pushed lower by a sharp decline in energy prices which will likely have persistent effects in future months. Downward pressure could be compounded as households slow spending due to loss of income and a greater propensity to save rather than spend.

THE INVESTMENT CLIMATE

In mid-March, the Federal Open Market Committee cut interest rates by a full 1.00% to a new range of 0 – 0.25%. This surprise action was taken on a Sunday with the intent to get out ahead of economic impacts of COVID-19. Implied volatility spiked in March to a record daily close of 82.7%, surpassing the high of 80.9% reached in November 2008 during the depths of the global financial crisis. Central banks are facing an economic slowdown and need for monetary policy support, but very little room to cut interest rates. This is a risk that has been discussed for years. We believe fiscal policies will play a much larger role in addressing the inevitable economic slowdown.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a -13.4% loss in the period ending March 2020. During the period, Fixed Income posted positive returns but underperformed its benchmark.

Investment Pools	Three months ended 3/31/2020	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.5	0.5	1.2	1.8	1.4	0.9
Global Constrained Income & Growth 22% Equity, 61% Fixed Income, 7% Real Estate, 10% Alternative Investments	-7.6	-7.6	-4.0	-1.4	2.2	2.2
Global Constrained Balanced 43% Equity, 39% Fixed Income, 8% Real Estate, 10% Alternative Investments	-13.8	-13.8	-9.1	-6.7	1.1	1.7
Global Growth & Income 56% Equity, 22% Fixed Income, 10% Real Estate, 12% Alternative Investments	-17.6	-17.6	-12.3	-10.0	0.2	1.4
Endowment	-13.4	-13.4	-8.5	-6.5	1.6	2.5
Market Benchmarks						
<i>Cash - 90-Day Treasury Bills</i>	0.4	0.4	1.3	1.9	1.7	1.1
<i>Bonds - Bloomberg Barclays US Aggregate</i>	3.1	3.1	5.7	8.9	4.8	3.4
<i>International Stocks - MSCI ACWI ex U.S. Gross</i>	-23.4	-23.4	-18.0	-15.6	-2.0	-0.6
<i>Domestic Stocks - S&P 500</i>	-19.6	-19.6	-10.8	-7.0	5.1	6.7
Blended Benchmark - Endowment¹	-12.9	-12.9	-7.6	-4.8	2.7	3.3

GLOBAL CONSTRAINED INCOME & GROWTH

Designed for donors or nonprofits with medium-term objectives (3-5 years). While moderately conservative, this pool will have a risk of loss. A moderate portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Income & Growth Pool returned -7.8% during the quarter and was down 1.4% over the past year. Domestic Equity lost 21.7% and International Equity decreased 26.2% over the quarter. Total Equities account for 23.5% of the portfolio, Domestic equity and International Equity underperformed their benchmarks. The Pool's Fixed Income securities, which comprise 67.1% of its total assets, returned 0.9% for the quarter and underperformed its benchmark. The 4.7% allocation to REITs was down 24.2% and the 3.9% allocation to Alternatives saw a loss of 13.5%. REITs outperformed their benchmark while alternatives underperformed their benchmark.

GLOBAL CONSTRAINED BALANCED

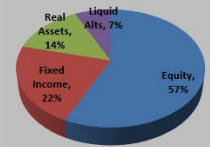
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Constrained Balanced pool returned -13.8% during the quarter and is down 6.7% over the past year. Domestic Equity returned -21.3% and International Equity was down 25.3% over the quarter. Total Equities account for 44.8% of the portfolio, Domestic and international equity both underperformed their benchmark. The Pool's Fixed Income securities, which comprises 42.6% of its total assets, returned 0.8% for the quarter and underperformed its benchmark. The 9.1% allocation to REITs was down 24.2% and the 3.2% allocation to Alternatives saw a loss of 13.5%. REITs outperformed its benchmark while Alternatives underperformed its benchmarks.

GLOBAL GROWTH & INCOME

Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include an allocation to illiquid alternative investments.



The Global Growth & Income pool returned -17.6% during the quarter and was down 10.0% over the past year. Domestic Equity lost 22.0% and International Equity fell 26.7% over the quarter. Total Equities account for 59.9% of the portfolio, both equity composites underperformed their benchmarks. The Pool's Fixed Income securities, which comprises 25.9% of its total assets, returned 0.9% for the quarter and underperformed its benchmark. The 9.8% allocation to REITs was down 24.2% and the 3.9% allocation to Alternatives saw a loss of 13.5%. REITs outperformed its benchmark while alternatives underperformed its benchmarks.

ENDOWMENT POOL

Designed for donors or nonprofits with endowment-like objectives (20+ years), willing to accept moderate illiquidity and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool may include an allocation to illiquid alternative investments. The management of this pool will be consistent with endowment best practices.



The Endowment pool decreased 13.4% during the quarter. For the trailing one year the Endowment was down 6.50%. Domestic Equity lost 21.7% and International Equity was down 27.2% over the quarter. Total Equities account for 51.4% of the portfolio, Domestic Equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 19.0% of its total assets, returned 1.0% for the quarter and underperforming its benchmark. Real Estate and Alternatives returned 2.0% and -11.1% respectively over the quarter.

Investment Pools Performance & Commentary

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1. 30% Russell 3000, 26% MSCI ACWI ex US, 22% Bloomberg Barclays US Aggregate, 10% FTSE NAREIT All, 5% Bloomberg Commodity Index, 7% HFRI Fund of Funds Composite Index.

Notes: The above are the historical returns for each of the five investment pools. **Investment performance of individual funds may vary from the total pool return due to the timing of contributions and grants. Historical returns are not a predictor of future returns. The returns above are net of fees paid to investment managers. This fee represents the plans' blended expense ratio and is between 50 and 60 basis points annually. The fee for our investment consultant, Verus, is not reflected in the returns.**

Underlying Investment Managers

Domestic Equity: Vanguard 500 Index, Vanguard Extended Market ETF

International Equity: Dodge & Cox International Stock, EuroPacific Growth, DFA International Small Cap, Harding Loevner Emerging Markets

Fixed Income: Dodge & Cox Income, Met West Total Return, Voya Floating Rate I, Vanguard Inflation Protected Securities

Alternative Investments: AQR Style Premia Fund

Real Assets: Gresham Commodity, TownSquare Real Estate, Penn Square, UBS Trumbull, TA Realty Fund, Vanguard REITs

Note: Performance for Penn Square Global Real Estate II and Town Square Real Estate Alpha Fund I is lagged by one quarter.