

Investment Pools Performance & Commentary September 30, 2021

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THE ECONOMIC CLIMATE

Real GDP grew at a 12.2% rate year-over-year in Q2 (+6.7% quarterly annualized rate) as the U.S. fully recovered from the pandemic-induced recession of 2020. In the U.S. labor market, unemployment has fallen as many workers who desired jobs have been successful in gaining employment. The overall U.S. labor participation rate has not improved, as millions of workers remain neither employed nor seeking employment. Consumer sentiment deteriorated during the third quarter, on reports of pessimism around the COVID Delta variant, higher inflation, and unfavorable economic prospects. Small business optimism also fell, as businesses face difficulty in hiring and are concerned about tax increases and more burdensome government regulations.

MARKET PORTFOLIO IMPACTS

Credit markets traded in a relatively tight range throughout the quarter, delivering mild returns. Bank loans outperformed in Q3, returning 1.1% and outpacing high yield bonds (0.9%) and corporate investment grade (0.0%). U.S. core CPI, which excludes food & energy prices, rose 4.0% YoY in September. U.S. headline inflation came in at 5.4%. Price changes moderated during Q3, relative to the larger price moves that occurred in March through June.

THE INVESTMENT CLIMATE

The Biden Administration's \$3.5 trillion social spending package remains in the negotiation stage among Democrats, as the size of the package, the contents, and national concerns over inflation have given some members of the party reason to pause. The package is reportedly being scaled back, which creates the risk of rejection from progressives within the party who are pushing for more spending. It seems that investors have put the 2020 pandemic-induced recession and its associated risks behind them. However, it is not clear that market risks have completely subsided, as the Delta-variant continues to spread, high inflation could indeed persist, and most governments are set to pull back generous stimulus programs.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 0.3% drop in the period ending September 2021. During the period, Equities and Fixed Income posted positive returns and outperformed their benchmarks.

Investment Pools	Three months ended 9/30/2021	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.0	0.1	0.0	0.2	1.1	1.0
Global Constrained Income & Growth 25% Equity, 65% Fixed Income, 5% Real Estate, 5% Alternative Investments	-0.1	4.1	-0.1	10.8	7.7	6.2
Global Constrained Balanced 45% Equity, 40% Fixed Income, 10% Real Estate, 5% Alternative Investments	-0.6	6.7	-0.6	17.6	9.4	8.3
Global Growth & Income 60% Equity, 25% Fixed Income, 10% Real Estate, 5% Alternative Investments	-0.8	8.3	-0.8	21.7	10.2	9.5
Endowment	0.1	7.9	0.1	19.5	9.1	9.2
Market Benchmarks						
<i>Cash - 90-Day Treasury Bills</i>	0.0	0.0	0.0	0.0	1.0	1.1
<i>Bonds - Bloomberg Barclays US Aggregate</i>	0.1	-1.6	0.1	-0.9	5.4	2.9
<i>International Stocks - MSCI ACWI ex U.S. Gross</i>	-3.0	5.9	-3.0	23.9	8.0	8.9
<i>Domestic Stocks - S&P 500</i>	0.6	15.9	0.6	30.0	16.0	16.9
Blended Benchmark - Endowment¹	0.1	7.8	0.1	18.0	9.7	9.5

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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 -0.1% during the quarter and was up 10.8% over the past year. Domestic Equity gained 0.2% and International Equity was down 3.7% over the quarter. Total Equities account for 26.8% of the portfolio, domestic equity outperformed its benchmark, while international equity underperformed its benchmark over the period. The Pool's Fixed Income securities, which comprises 68.2% of its total assets, saw a gain of 0.4% for the quarter and outperformed its benchmark. The 4.8% allocation to REITs was up 0.6% and outperformed its benchmark.

GLOBAL CONSTRAINED BALANCED

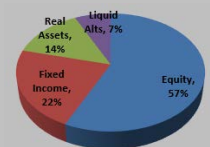
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned -0.6% during the quarter and was up 17.6% over the past year. Domestic Equity gained 0.2% and International Equity was down 3.9% over the quarter. Total Equities account for 47.6% of the portfolio, domestic equity outperformed its benchmark and international equity underperformed its benchmark over the period. The Pool's Fixed Income securities, which comprises 41.9% of its total assets, saw a gain of 0.4% for the quarter and outperformed its benchmark. The 10.2% allocation to REITs was up 0.6% and outperformed its benchmark.

GLOBAL GROWTH & INCOME

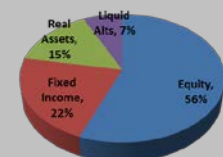
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements and with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool returned -0.8% during the quarter and was up 21.7% over the past year. Domestic Equity gained 0.2% and International Equity was down 3.4% over the quarter. Total Equities account for 62.9% of the portfolio, domestic equity outperformed its benchmark and international equity underperformed its benchmark over the period. The Pool's Fixed Income securities, which comprises 26.3% of its total assets, saw a gain of 0.4% for the quarter and outperformed its benchmark. The 10.3% allocation to REITs was up 0.6% outperforming its benchmark.

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 increased 0.1% during the quarter. For the trailing one year the Endowment was up 19.5%. Domestic Equity gained 0.1% and International Equity was down 3.6% over the quarter. Total Equities account for 57.9% of the portfolio, Domestic Equity outperformed its benchmark and International Equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 21.9% of its total assets, saw a gain of 0.4% for the quarter and outperformed its benchmark. Real Estate returned 5.5% over the quarter.

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 FTSE Social Index, Vanguard Extended Market ETF

International Equity: Causeway International Value, EuroPacific Growth, DFA International Small Cap, Calvert Emerging Markets Equity

Fixed Income: Dodge & Cox Income, Met West Total Return, Vanguard Inflation Protected Securities

Alternative Investments: AQR Style Premia Fund

Real Assets: TownSquare Real Estate, Penn Square, UBS Trumbull, TA Realty Fund, Invesco Real Estate, Vanguard REIT Index

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