

Investment Pools Performance & Commentary December 31, 2021

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THE ECONOMIC CLIMATE

Real GDP grew at a 4.9% rate year-over-year in the third quarter (+2.3% quarterly annualized rate). A slowdown in consumer spending contributed to a lower rate of growth. This was due to a combination of factors, including new COVID-19 restrictions, a delay in the reopening of businesses across the country, and general fear of virus spread which has led to less spending on services. The U.S. labor market improved further, as unemployment fell from 4.8% to 3.9%. The labor force participation rate has also improved, though very gradually, rising from 61.6% to 61.9%.

MARKET PORTFOLIO IMPACTS

Credit spreads have reached extremely tight levels. High yield bonds traded at a credit spread of 283 bps at year-end. However, these spread levels may be justified by record-low bond default activity. Just 0.4% of U.S. high yield bonds defaulted in 2021, on a par-weighted basis. U.S. core CPI increased 5.5% year-over-year in December. Headline inflation, which includes all goods, reached 7.0%. Large price increases have occurred across many goods and services, though approximately half of the rise in inflation continues to be driven by energy prices and automobiles.

THE INVESTMENT CLIMATE

In December it was announced that Senator Joe Manchin had communicated a hard “No” regarding his support for the Build Back Better bill. For months, Democrats have sought a solution to the disparate needs and spending interests of their party. Extremely fast spread of the Omicron variant worldwide does not seem to have had an outsized impact on the markets. While this new wave has in fact led to shutdowns in certain economies, much of the world has remained open, perhaps in acknowledgment that the health effects of Omicron are believed to be milder in nature.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 4.0% increase in the period ending December 2021. During the period, Equities and Fixed Income posted positive returns and outperformed their benchmarks.

Investment Pools	Three months ended 12/31/2021	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	0.1	1.0	1.0
Global Constrained Income & Growth 25% Equity, 65% Fixed Income, 5% Real Estate, 5% Alternative Investments	2.2	6.3	2.0	6.3	9.9	6.8
Global Constrained Balanced 45% Equity, 40% Fixed Income, 10% Real Estate, 5% Alternative Investments	4.1	11.0	3.4	11.0	13.5	9.2
Global Growth & Income 60% Equity, 25% Fixed Income, 10% Real Estate, 5% Alternative Investments	4.6	13.3	3.8	13.3	15.6	10.4
Endowment	4.0	12.2	4.0	12.2	13.7	9.8
Market Benchmarks						
Cash - 90-Day Treasury Bills	0.0	0.0	0.0	0.0	0.8	1.1
Bonds - Bloomberg Barclays US Aggregate	0.0	-1.5	0.1	-1.5	4.8	3.6
International Stocks - MSCI ACWI ex U.S. Gross	1.8	7.8	-1.2	7.8	13.2	9.6
Domestic Stocks - S&P 500	11.0	28.7	11.7	28.7	26.1	18.5
Blended Benchmark - Endowment¹	4.3	12.3	4.3	12.3	14.2	10.2

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 2.2% during the quarter and was up 6.3% over the past year. Domestic Equity gained 9.3% and International Equity was up 1.1% over the quarter. Total Equities account for 27.5% of the portfolio, domestic equity matched its benchmark, while international equity underperformed its benchmark over the period. The Pool's Fixed Income securities, which comprises 66.9% of its total assets, saw a gain of 0.2% for the quarter and outperformed its benchmark. The 5.4% allocation to REIT was up 15.0% and underperformed its benchmark.

GLOBAL CONSTRAINED BALANCED

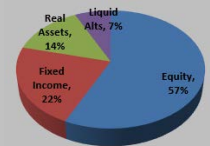
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned 4.1% during the quarter and was up 11.0% over the past year. Domestic Equity gained 9.5% and International Equity gained 0.9% over the quarter. Total Equities account for 48.1% 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 40.3% of its total assets, saw a gain of 0.2% for the quarter and outperformed its benchmark. The 11.1% allocation to REITs was up 15.0% and underperformed 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 4.6% during the quarter and was up 13.3% over the past year. Domestic Equity gained 9.1% and International Equity gained 0.8% over the quarter. Total Equities account for 62.8% of the portfolio, domestic equity and international equity underperformed their benchmarks over the period. The Pool's Fixed Income securities, which comprises 26.4% of its total assets, saw a gain of 0.1% for the quarter and outperformed its benchmark. The 10.4% allocation to REITs was up 15.0% underperforming 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 4.0% during the quarter. For the trailing one year the Endowment was up 12.2%. Domestic Equity gained 9.5% and International Equity gained 0.8% over the quarter. Total Equities account for 60.1% of the portfolio, Domestic Equity outperformed its benchmark and International Equity underperformed its benchmark. The Pool's Fixed Income securities, which comprises 23.8% of its total assets, saw a gain of 0.2% for the quarter and outperformed its benchmark. Real Estate returned 6.2% 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% HFRF 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.