

THE ECONOMIC CLIMATE

Real GDP increased at a 2.9% pace from a year ago in Q3 (4.9% quarter-over-quarter annualized rate). The economy has remained relatively strong while inflation now appears likely to fall closer to the Fed's 2% target in 2024. These expectations contributed to a dovish pivot from the Fed, a sharp drop in interest rates, and a notable market rally as the possibility of a soft landing has risen. Unemployment fell slightly from 3.8% to 3.7%, though the labor participation rate dropped sharply towards the end of the year. The labor market remains surprisingly resilient after roughly a full year of higher interest rates.

MARKET PORTFOLIO IMPACTS

Consumer sentiment has been incredibly poor, and one of the greatest concerns for Americans is inflation. Although inflation has fallen considerably, prices of goods and services remain high, placing strain on budgets. Because inflation measures the rate of change of prices, rather than the level of prices, lower inflation has failed to ease the financial pressure that many households face. The Cboe VIX implied volatility index moved even lower during Q4, from 17.5 to 12.5. At the same time, bond market volatility was very high, as indicated by the "MOVE" Index. Uncertainty around inflation, the Federal Reserve's possible interest rate path and the extent of rate cuts, potential recession, and fears around the U.S. fiscal situation are likely contributing to market shakiness.

THE INVESTMENT CLIMATE

An abrupt change in Federal Reserve communication regarding interest rate cuts during the quarter coincided with sharply lower bond yields, higher equity valuations, and further tightening of credit spreads. U.S. headline inflation fell during the quarter, from 3.7% to 3.3% year-over-year. Core CPI (ex-food & energy) declined from 4.1% to 3.9%. Low inflation numbers in October and November (0.0% and 0.1% month-over-month) were counterbalanced by a surprisingly high inflation number in December (0.3% month-over-month).

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio experienced a 4.7% increase during the period ending December 2023. During the period most asset classes traded higher, a strong finish to a year of rebounding markets.

Investment Pools	Three months ended 12/31/2023	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	1.3	5.0	2.7	5.0	2.1	1.7
Global Constrained Income & Growth 25% Equity, 65% Fixed Income, 5% Real Estate, 5% Alternative Investments	8.9	11.7	4.7	11.7	0.1	4.6
Global Constrained Balanced 45% Equity, 40% Fixed Income, 10% Real Estate, 5% Alternative Investments	10.2	15.3	5.3	15.3	1.3	6.5
Global Growth & Income 60% Equity, 25% Fixed Income, 10% Real Estate, 5% Alternative Investments	10.8	17.4	5.6	17.4	2.1	7.7
Endowment	9.0	14.1	4.7	14.1	2.6	7.2
Market Benchmarks						
Cash - 90-Day Treasury Bills	1.4	5.0	2.7	5.0	2.1	1.7
Bonds - Bloomberg Barclays US Aggregate	6.8	5.5	3.4	5.5	-3.3	1.1
International Stocks - MSCI ACWI ex U.S.	9.8	15.6	5.6	15.6	1.5	7.1
Domestic Stocks - S&P 500	11.7	26.3	8.0	26.3	10.0	15.7
Blended Benchmark - Endowment¹	7.6	13.1	4.7	13.1	3.7	8.1

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 8.9% during the quarter and was up 11.7% over the past year. Domestic Equity was up 13.3% and International Equity was up 10.2% over the quarter. Total Equities account for 27.8% of the portfolio. Domestic Equities and International Equity outperformed their benchmarks. The Pool's Fixed Income securities, which comprise 66.7% of its total assets posted 7.0% return for the quarter and outperformed its benchmark. The 5.4% allocation to REITs was up 17.0% and underperformed its benchmark.

GLOBAL CONSTRAINED BALANCED

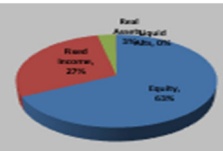
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned 10.2% during the quarter and was up 15.3% over the past year. Domestic and International Equities were positive over the quarter posting 13.2% and 10.3% returns respectively. Total Equities account for 47.7% of the portfolio, Domestic Equities and International Equities outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 41.4% of the total assets, posted a 7.0 % return for the quarter and outperformed its benchmark. The 9.9% allocation to REITs was up 17.0% and underperformed its benchmark.

GLOBAL GROWTH & INCOME

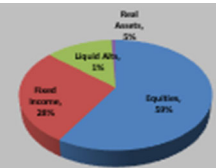
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements an with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool returned 10.8% during the quarter and was up 17.4% over the past year. Domestic Equities and International Equities posted 13.1% and 10.2% returns respectively over the quarter. Total Equities account for 60.1% of the portfolio. Domestic Equities and International Equities outperformed their benchmarks. The Pool's Fixed Income securities, which comprises 27.4% of its total assets, posted a 7.0% return for the quarter and outperformed its benchmark. The 10.4% allocation to REITs was up 17.0% and underperformed 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 posted 9.0% during the quarter. For the trailing one year the Endowment was up 14.1%. Domestic Equities and International Equities were up 13.1% and 10.2% respectively over the quarter. Total Equities account for 60.1% of the portfolio, Domestic Equities and International outperform their benchmark. The Pool's Fixed Income securities, which comprises 27.4% of its total assets, post a 7.1% for the quarter and outperformed its benchmark. Real Estate returned 0.1% over the quarter and outperformed its benchmark.

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 at least one quarter.