

THE ECONOMIC CLIMATE

The election of Donald Trump and news of a unified government appears to have positively impacted household and business sentiment. The news has generally been perceived as implying easier business conditions, firmer economic growth, fewer interest rate cuts, and mildly higher inflation. U.S. inflation drifted upward during Q4, from 2.4% YoY in September to 2.9% in December. Core inflation (ex-food & energy) was fairly stable at 3.2%. Investors now expect the Fed to cut rates once or twice over the next year. Further increases in the rate of inflation could possibly push the Federal Reserve towards a rate hike—an outcome that would likely spook markets.

MARKET PORTFOLIO IMPACTS

The U.S. (S&P 500 +2.4%) provided a strong quarter while non-U.S. markets lagged. Emerging markets (MSCI EM -8.0%) and international developed (MSCI EAFE -8.1%) both delivered sharp losses, though these losses were caused by currency movements rather than equity weakness. For investors with hedged currency exposure, the MSCI EAFE index produced a +0.1% return. Small cap and value both continued to underperform. Small cap trailed large cap by -2.4% in Q4, while value trailed growth by -9.1%. This capped off a year of poor returns for both style factors, underperforming by -13% and -19%, respectively.

THE INVESTMENT CLIMATE

The 10-year U.S. Treasury yield jumped from 3.79% to 4.55% during the quarter, amid growing evidence that the economy may remain hotter than previously believed, and expectations around pro-growth policies of the Trump Administration, as well as the possibility that a tariff spat with trade partners could push inflation upwards. Default activity remained low, as the economy was strong and chances of recession have fallen. However, distressed exchanges, a renegotiation of debt that does not count as a technical default, have been rising substantially. During the quarter, total distressed credit volume was roughly \$19.4 billion, which marked the second largest quarterly total on record since Q4 2008.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio returned 4.0% on a fiscal year to date basis. Weakness in international markets and rising bond yields resulted in downward pressure on portfolio returns.

Investment Pools	Three months ended 12/31/2024	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	1.2	4.1	2.4	4.1	2.0	1.4
Global Constrained Income & Growth 25% Equity, 65% Fixed Income, 5% Real Estate, 5% Alternative Investments	-3.0	5.7	3.0	5.7	-0.1	3.2
Global Constrained Balanced 45% Equity, 40% Fixed Income, 10% Real Estate, 5% Alternative Investments	-2.7	9.0	4.0	9.0	0.7	5.0
Global Growth & Income 60% Equity, 25% Fixed Income, 10% Real Estate, 5% Alternative Investments	-2.3	11.2	4.6	11.2	1.4	6.1
Endowment	-1.9	10.1	4.0	10.1	1.7	5.9
Market Benchmarks						
Cash - 90-Day Treasury Bills	1.2	5.3	2.6	5.3	3.9	2.5
Bonds - Bloomberg Barclays US Aggregate	-3.1	1.3	2.0	1.3	-2.4	-0.3
International Stocks - MSCI ACWI ex U.S.	-7.4	5.8	0.5	5.8	0.5	4.1
Domestic Stocks - S&P 500	2.4	25.0	8.4	25.0	8.9	14.5
Blended Benchmark - Endowment¹	-1.3	10.1	4.1	10.1	3.0	6.6

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 -3.0% during the quarter and was up 5.7% over the past year. Domestic Equity was up 3.6% and International Equity was down 8.1% over the quarter. Total Equities account for 27.9% of the portfolio. Domestic Equities outperformed its benchmark and International Equity underperformed its benchmark. The Pool's Fixed Income securities, which comprise 66.6% of its total assets, posted a -3.2% return for the quarter and underperformed its benchmark. The 5.2% allocation to REITs was down 8.6% and underperformed its benchmark.

GLOBAL CONSTRAINED BALANCED

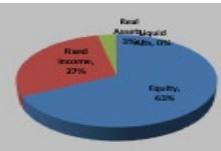
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned -2.7% during the quarter and was up 9.0% over the past year. Domestic Equities was positive over the quarter posting 3.5% and International negative over the quarter posting -8.1% returns respectively. Total Equities account for 49% of the portfolio, Domestic Equities outperformed its benchmark and International underperformed its benchmark. The Pool's Fixed Income securities, which comprise 41.3% of the total assets, posted a -3.2% return for the quarter and underperformed its benchmark. The 9.4% allocation to REITs was down 8.6% and underperformed its benchmark.

GLOBAL GROWTH & INCOME

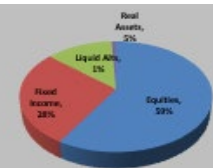
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements an with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to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



The Global Growth & Income pool returned -2.3% during the quarter and was up 11.2% over the past year. Domestic Equities posted 3.6% and International Equities posted -8.1% returns respectively over the quarter. Total Equities account for 64.3% of the portfolio. Domestic Equities outperformed its benchmark and International Equities underperformed its benchmark. The Pool's Fixed Income securities, which comprise 25.4% of its total assets, posted a -3.1% return for the quarter and underperformed its benchmark. The 10.0% allocation to REITs was down 8.6% 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 -1.9% during the quarter. For the trailing one year the Endowment was up 10.1%. Domestic Equities was up 3.5% and International Equities was down 8.1% over the quarter. Total Equities account for 59.8% of the portfolio, Domestic Equities outperformed its benchmark and International Equities underperformed its benchmark. The Pool's Fixed Income securities, which comprise 25.4% of its total assets, posted a -3.0% for the quarter and outperformed its benchmark. Real Estate returned -3.6% over the quarter and underperformed 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.