

THE ECONOMIC CLIMATE

U.S. real GDP grew at an impressive rate in Q3 QoQ, fueled by consumer purchases, exports, and government spending. The Atlanta Fed GPNOW indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th. The economy may continue to surpass expectations in 2026 with strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment. U.S. inflation eased during Q4. The November report was surprisingly soft at 2.7% YoY and December data reinforced this figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and questions remain broadly about the robustness of recent inflation reports.

MARKET PORTFOLIO IMPACTS

International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%). The outperformance of non-U.S. was materially larger for investors with currency hedging programs in place, due to the pain of U.S. dollar appreciation. U.S. equity P/E multiples moved further upwards, on positive earnings surprise and enthusiasm that certain headwinds may be easing. Tariff-fueled inflation has been far more tepid than feared, international trade volume has fared well despite trade frictions, and growth has been resilient.

THE INVESTMENT CLIMATE

Investors benefited from strong returns across most asset classes during 2025. Global equities delivered +22.3% on earnings growth and surprisingly resilient economic conditions, U.S. high yield bonds generated +8.6% as spreads were stable, and core fixed income delivered +7.3%, fueled by lower yields and Fed rate cuts. Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout the period as the U.S. government shutdown shook markets on multiple days, along with tariff surprises. Volatility may continue to ease as fears around inflation and the economy fade.

FISCAL YEAR TO DATE PERFORMANCE

With respect to the fiscal year, the Endowment portfolio returned 2.6% for the 2nd quarter of FY 2026. Continued strength in international equities helped propel portfolio returns.

Investment Pools	Three months ended 12/31/2025	Year to Date	Fiscal Year to Date	One (1) Year Return	Three (3) Year Return	Five (5) Year Return
Cash Equivalent 100% Cash Equivalents	0.9	4.2	2.1	4.2	4.8	3.2
Global Constrained Income & Growth 25% Equity, 65% Fixed Income, 5% Real Estate, 5% Alternative Investments	1.7	11.4	5.2	11.4	9.6	3.4
Global Constrained Balanced 45% Equity, 40% Fixed Income, 10% Real Estate, 5% Alternative Investments	1.9	13.2	6.2	13.2	12.5	5.1
Global Growth & Income 60% Equity, 25% Fixed Income, 10% Real Estate, 5% Alternative Investments	2.3	15.4	7.5	15.4	14.6	6.4
Endowment	2.6	15.7	7.4	15.7	13.2	6.5
Market Benchmarks						
Cash - 90-Day Treasury Bills	1.0	4.2	2.1	4.2	4.8	3.2
Bonds - Bloomberg Barclays US Aggregate	1.1	7.3	3.2	7.3	4.7	-0.4
International Stocks - MSCI ACWI ex U.S.	5.1	32.4	12.3	32.4	17.3	7.9
Domestic Stocks - S&P 500	2.7	17.9	11.0	17.9	23.0	14.4
Blended Benchmark - Endowment¹	2.7	16.2	8.1	16.2	13.2	7.2

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 1.7% during the quarter and was up 11.4% over the past year. Domestic Equity was up 2.1% and International Equity was up 5.4% over the quarter. Total Equities account for 29.3% of the portfolio. Domestic Equities underperformed its benchmark and International Equity outperformed its benchmark. The Pool's Fixed Income securities, which comprise 65.7% of its total assets, posted a 1.2% return for the quarter and outperformed its benchmark. The 4.8% allocation to REITs was down 2.6% and outperformed its benchmark.

GLOBAL CONSTRAINED BALANCED

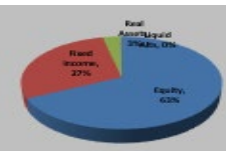
Designed for donors or nonprofits with longer-term objectives (7+ years) and spending rates of less than 4% of assets per year. A portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to fixed income instruments. The pool will not include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



The Global Constrained Balanced pool returned 1.9% during the quarter and was up 13.2% over the past year. Domestic Equities and International equities were positive, posting a return of 2.2% and 5.4% respectively. Total Equities account for 48.2% of the portfolio. Domestic Equities underperformed its benchmark, and International Equities outperformed its benchmark. The Pool's Fixed Income securities which comprise 42.0% of the total assets, posted a 1.2% return for the quarter and outperformed its benchmark. The 9.7% allocation to REITs was down 2.6% and outperformed its benchmark.

GLOBAL GROWTH & INCOME

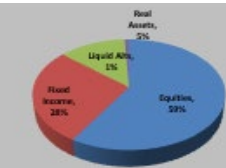
Designed for donors or nonprofits with long-term objectives (10+ years) yet with liquidity requirements an with spending objectives of approximately 4% of assets per year. A large portion may be invested in capital appreciation-oriented investments. The income allocation may include an allocation to 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 15.4% over the past year. Domestic Equities posted 2.1% and International Equities posted 5.3% returns respectively over the quarter. Total Equities account for 64.7% of the portfolio. Domestic Equities underperformed its benchmark, and International Equities outperformed its benchmark. The Pool's Fixed Income securities, which comprise 26.0% of its total assets, posted a 1.2% return for the quarter and outperformed its benchmark. The 9.2% allocation to REITs was down 2.6% and outperformed 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 2.6% during the quarter. For the trailing one year the Endowment was up 15.7%. Domestic Equities was up 2.2% while International Equities was up 5.3% over the quarter. Total Equities account for 65.4% of the portfolio, Domestic Equities underperformed its benchmark, and International Equities outperformed its benchmark. The Pool's Fixed Income securities, which comprise 23.0% of its total assets, posted a 1.2% for the quarter and outperformed its benchmark. Real Estate returned 0.1% 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.