

# Greater Tacoma Community Foundation

A close-up, side-view photograph of an orange industrial robotic arm, likely a KUKA model, extending from the right side of the frame towards the center. The arm is composed of several cylindrical segments connected by joints, with various sensors and cables visible. The background is a solid teal color.

## Investment Review

May 12, 2025

### Client Team:

**Nick Piccarreta, CFA, CFP, CAIA**  
Principal, Senior Investment Consultant

**Travis Pruitt**  
Partner, Client Office

1. Performance Review
2. NACUBO Comparison
3. How Community Foundations Allocate to Alternatives
4. Tariff and Portfolio Considerations

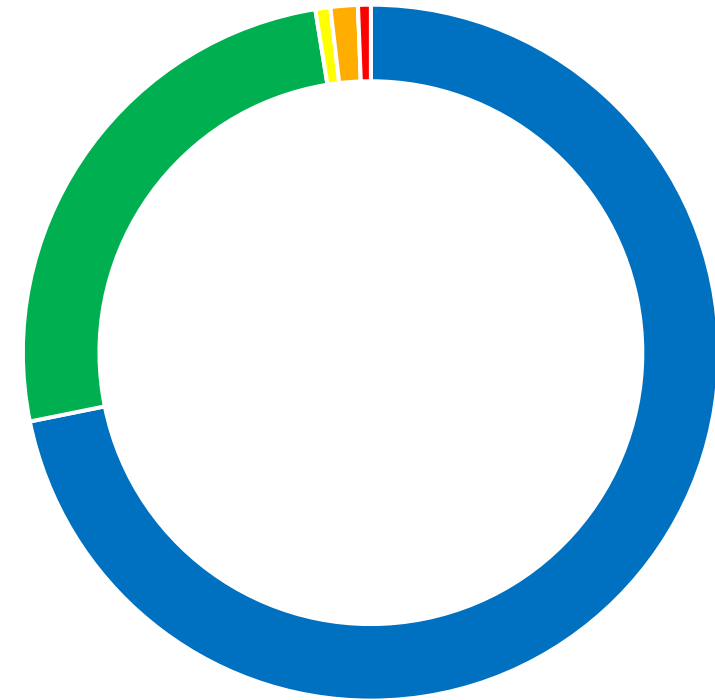
# Agenda

# Performance Review



# Assets by investment as of March 31, 2025

<b>Investments</b>	<b>\$130,142,861</b>
<b>Global Equity</b>	<b>\$85,182,967</b>
Vanguard Total Stock Market Index Fund Institutional Shares	\$54,450,546
Vanguard Total International Stock Index Fund Institutional Shares	\$19,265,533
Vanguard International Growth Admiral Shares	\$5,623,695
Vanguard International Value Investor Shares	\$5,843,193
<b>Private Equity</b>	<b>\$3,479,473</b>
FEGPOF	\$1,171,793
FEGPOF II	\$2,307,680
<b>Global Fixed Income</b>	<b>\$31,617,974</b>
Vanguard Total Bond Market Index Fund Institutional Shares	\$10,951,036
Vanguard Total International Bond Index Fund	\$5,485,810
Vanguard Core Bond Fund Admiral Shares	\$2,606,508
Vanguard Long-Term Investment Grade Fund Admiral Shares	\$2,288,122
Vanguard Intermediate-Term Investment Grade Fund Admiral Shares	\$5,163,570
Vanguard Short-Term Investment Grade Fund Admiral Shares	\$3,431,270
FEGPOF	\$585,896
FEGPOF II	\$1,105,763
<b>Real Estate</b>	<b>\$858,910</b>
FEGPOF	\$474,297
FEGPOF II	\$384,613
<b>Natural Resources</b>	<b>\$1,567,607</b>
FEGPOF	\$557,997
FEGPOF II	\$1,009,610
<b>Cash</b>	<b>\$0</b>
Vanguard Federal Money Market Fund	\$0
<b>Impact Investing</b>	<b>\$729,209</b>
Forterra	\$229,209
Craft 3 Loans	\$500,000
<b>Individual Managed Funds</b>	<b>\$6,706,721</b>
RBC	\$6,706,721

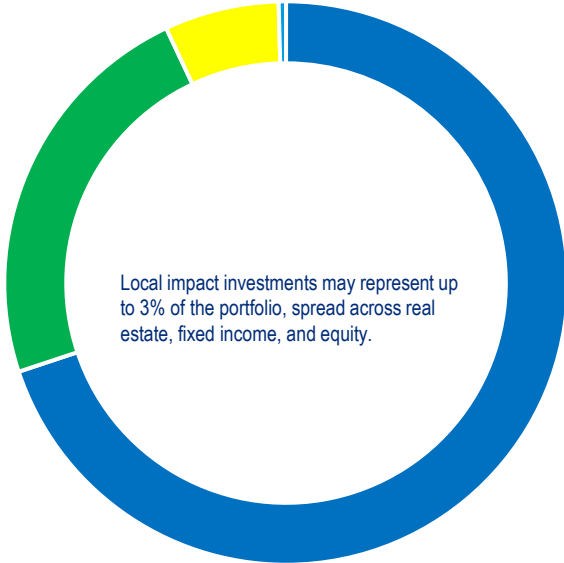


	Assets (%)
● Global Equity	71.83%
● Global Fixed Income	25.61%
● Real Estate	0.70%
● Natural Resources	1.27%
● Impact Investing	0.59%

- You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.
- \*\* Percent totals may not add to 100% due to rounding.

# Greater Tacoma Community Foundation – Long-Term Pool Portfolio

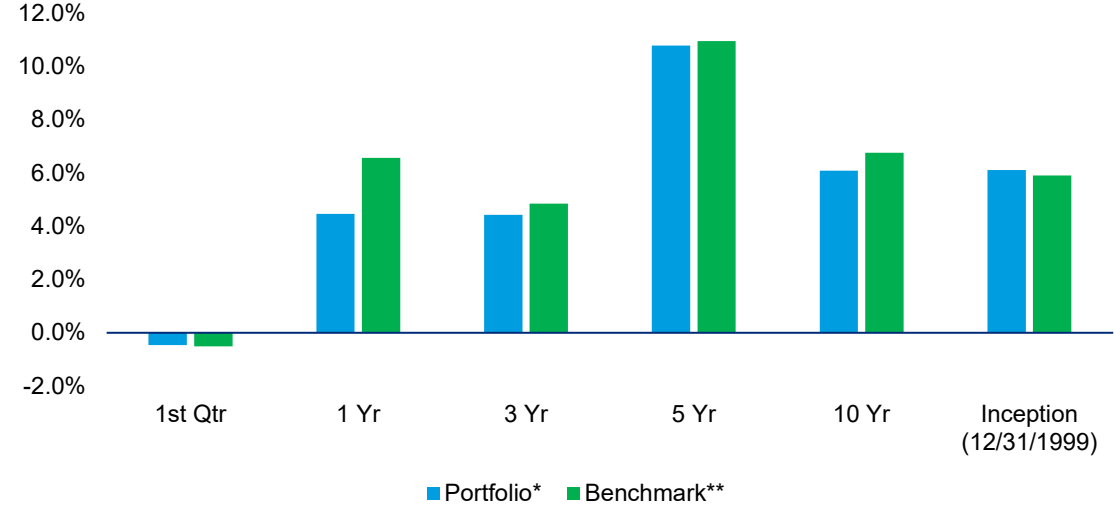
• Portfolio composition



Public Equity	69.9%
Fixed Income	23.1%
Private Capital	6.6%
Impact Investing	0.4%

Notes:  
 Data as-of March 31, 2025.  
 \*Returns are net of investment management fee  
 \*\*Time weighted benchmark. Benchmark history available upon request.  
 Percentages may not equal 100% due to rounding  
 Sources: Mercer

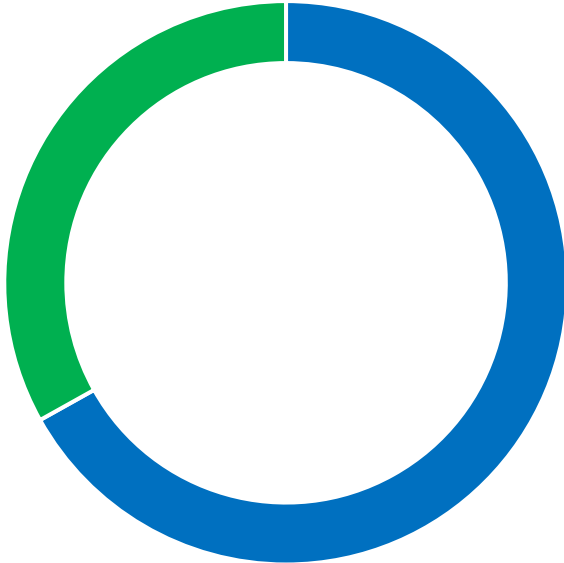
## Long-Term Pool Performance



	1st Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Inception (12/31/1999)
<b>Portfolio*</b>	-0.5%	4.5%	4.4%	10.8%	6.1%	6.1%
<b>Benchmark**</b>	-0.5%	6.6%	4.9%	10.9%	6.8%	5.9%

# Greater Tacoma Community Foundation – Annuity Pool Portfolio

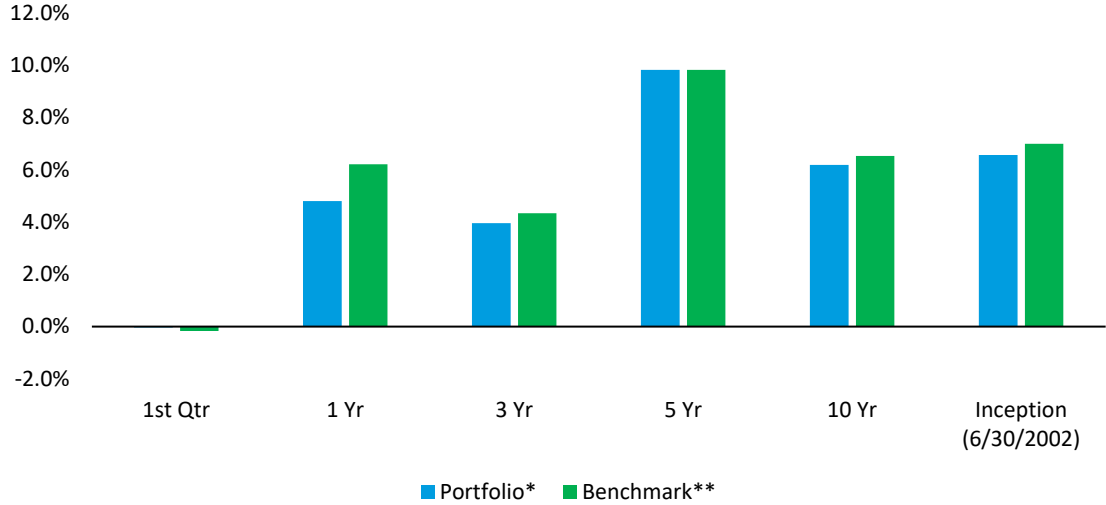
- Portfolio composition



<span style="color: blue;">■</span> Equity	66.9%
<span style="color: green;">■</span> Fixed Income	33.1%

Notes:  
 Data as-of March 31, 2025  
 \*Returns are net of investment management fee  
 \*\*Time weighted benchmark. Benchmark history available upon request.  
 Percentages may not equal 100% due to rounding  
 Sources: Mercer

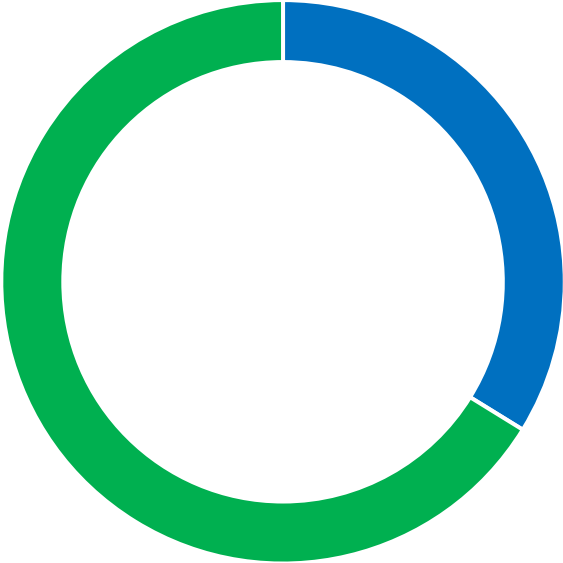
## Annuity Pool Performance



	1st Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Inception (6/30/2002)
<b>Portfolio*</b>	0.0%	4.8%	4.0%	9.8%	6.2%	6.6%
<b>Benchmark**</b>	0.0%	6.2%	4.4%	9.9%	6.5%	7.0%

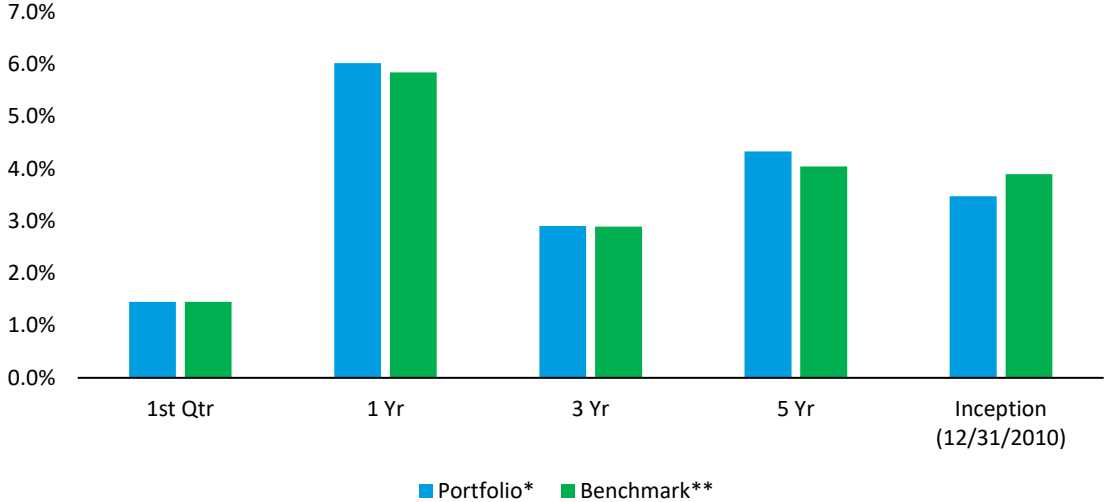
# Greater Tacoma Community Foundation – Short-Term Pool Portfolio

- Portfolio composition



Equity	33.8%
Fixed Income	66.2%

## Short-Term Pool Performance



	1st Qtr	1 Yr	3 Yr	5 Yr	Inception (12/31/2010)
<b>Portfolio*</b>	1.5%	6.0%	2.9%	4.3%	3.5%
<b>Benchmark**</b>	1.5%	5.8%	2.9%	4.0%	3.9%

Notes:  
 Data as-of March 31, 2025  
 \*Returns are net of investment management fee  
 \*\*Time weighted benchmark. Benchmark history available upon request.  
 Percentages may not equal 100% due to rounding  
 Sources: Mercer

# April performance by day

04/01/2025 to 04/30/2025

Return

Greater Tacoma Community Foundation - Endowment

0.25 %



Source: Mercer



# Performance between 2/1/20 and 7/31/20 (Pandemic)



Source: Mercer

# Performance between 2/1/20 and 4/30/25

02/01/2020 to 04/30/2025	Return	Return (ann)
Greater Tacoma Community Foundation - Endowment	40.97 %	6.76 %



Source: Mercer

# Portfolio monthly snapshot

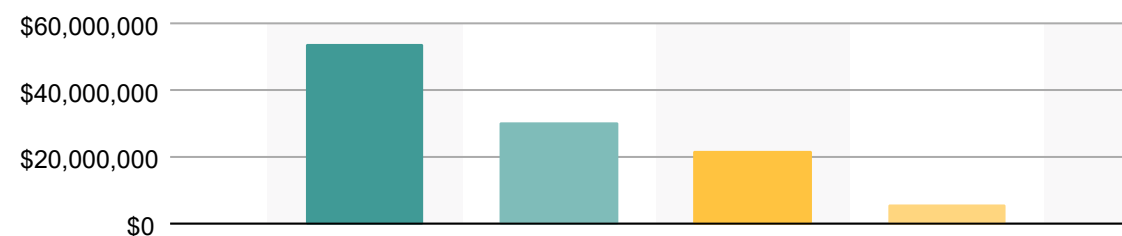
## Greater Tacoma Community Foundation - Endowment

As of March 31, 2025

### Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$114,651,847.55	\$113,422,363.09	\$112,200,681.73
Net Cash Flow	-\$711,250.00	-\$2,696,553.92	-\$7,447,399.52
Net Capital Appreciation	-\$4,089,640.98	-\$1,050,469.56	\$2,678,448.61
Investment Income	\$338,172.78	\$513,789.73	\$2,757,398.52
<b>Ending Market Value</b>	<b>\$110,189,129.34</b>	<b>\$110,189,129.34</b>	<b>\$110,189,129.34</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Non-U.S. Fixed Income
Current \$	53,193,697	30,001,217	21,508,406	5,485,810
Current %	48.27%	27.23%	19.52%	4.98%
Policy %	50.00%	26.00%	19.00%	5.00%
Difference	-1.73%	1.23%	0.52%	-0.02%

### Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	-3.28	-0.46	-0.46	4.91	4.55	11.02	-	7.49	09/30/16
<b>Client portfolio (net)</b>	-3.28	-0.49	-0.49	4.80	4.46	10.93	-	7.41	09/30/16
<b>Policy benchmark</b>	-3.00	-0.74	-0.74	6.31	4.79	10.90	-	7.73	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do not reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary (continued)

### Greater Tacoma Community Foundation - Endowment

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	110,189,129	100.0	100.0	-3.28	-0.46	-0.46	4.91	4.55	11.02	-	7.49	09/30/16
<b>Client portfolio (net)</b>				-3.28	-0.49	-0.49	4.80	4.46	10.93	-	7.41	09/30/16
<b>Policy benchmark</b>				-3.00	-0.74	-0.74	6.31	4.79	10.90	-	7.73	09/30/16
<b>Equity</b>	<b>83,194,913</b>	<b>75.5</b>	<b>76.0</b>	<b>-4.23</b>	<b>-1.28</b>	<b>-1.28</b>	<b>4.81</b>	<b>6.28</b>	<b>15.37</b>	-	<b>10.38</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.89	-1.66	-1.66	6.79	6.69	15.48	-	10.51	09/30/16
• <b>Domestic Equity</b>	<b>53,193,697</b>	<b>48.3</b>	<b>50.0</b>	<b>-5.89</b>	<b>-4.33</b>	<b>-4.33</b>	<b>4.33</b>	<b>7.54</b>	<b>17.78</b>	-	<b>12.66</b>	<b>09/30/16</b>
• <b>International Equity</b>	<b>30,001,217</b>	<b>27.2</b>	<b>26.0</b>	<b>-1.18</b>	<b>4.55</b>	<b>4.55</b>	<b>5.31</b>	<b>4.17</b>	<b>11.49</b>	-	<b>6.75</b>	<b>09/30/16</b>
<b>Fixed Income</b>	<b>26,994,216</b>	<b>24.5</b>	<b>24.0</b>	<b>-0.27</b>	<b>2.07</b>	<b>2.07</b>	<b>4.78</b>	<b>1.07</b>	<b>0.39</b>	-	<b>1.50</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				-0.18	2.15	2.15	4.61	0.70	-0.24	-	1.28	09/30/16
• <b>Domestic Fixed Income</b>	<b>21,508,406</b>	<b>19.5</b>	<b>19.0</b>	<b>-0.05</b>	<b>2.64</b>	<b>2.64</b>	<b>5.13</b>	<b>1.07</b>	<b>0.48</b>	-	<b>1.54</b>	<b>09/30/16</b>
• <b>International Fixed Income</b>	<b>5,485,810</b>	<b>5.0</b>	<b>5.0</b>	<b>-1.13</b>	<b>-0.16</b>	<b>-0.16</b>	<b>3.45</b>	<b>1.06</b>	<b>0.03</b>	-	<b>1.30</b>	<b>09/30/16</b>

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Endowment

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	110,189,129	100.0	100.0	-3.28	-0.46	-0.46	4.91	4.55	11.02	-	7.49	09/30/16
<b>Client portfolio (net)</b>				-3.28	-0.49	-0.49	4.80	4.46	10.93	-	7.41	09/30/16
<b>Policy benchmark</b>				-3.00	-0.74	-0.74	6.31	4.79	10.90	-	7.73	09/30/16
<b>Equity</b>	<b>83,194,913</b>	<b>75.5</b>	<b>76.0</b>	<b>-4.23</b>	<b>-1.28</b>	<b>-1.28</b>	<b>4.81</b>	<b>6.28</b>	<b>15.37</b>	<b>-</b>	<b>10.38</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.89	-1.66	-1.66	6.79	6.69	15.48	-	10.51	09/30/16
<b>Domestic Equity</b>	<b>53,193,697</b>	<b>48.3</b>	<b>50.0</b>	<b>-5.89</b>	<b>-4.33</b>	<b>-4.33</b>	<b>4.33</b>	<b>7.54</b>	<b>17.78</b>	<b>-</b>	<b>12.66</b>	<b>09/30/16</b>
Domestic Equity - Policy benchmark				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
<b>- Vanguard Total Stock Market Index Fund Institutional Shares</b>	<b>53,193,697</b>	<b>48.3</b>	<b>-</b>	<b>-5.89</b>	<b>-4.87</b>	<b>-4.87</b>	<b>7.02</b>	<b>8.09</b>	<b>18.08</b>	<b>-</b>	<b>13.08</b>	<b>09/30/16</b>
Spliced Total Stock Market Index				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
Multi-Cap Core Funds Average				-5.34	-4.07	-4.07	3.85	6.38	16.01	-	10.71	09/30/16
<b>International Equity</b>	<b>30,001,217</b>	<b>27.2</b>	<b>26.0</b>	<b>-1.18</b>	<b>4.55</b>	<b>4.55</b>	<b>5.31</b>	<b>4.17</b>	<b>11.49</b>	<b>-</b>	<b>6.75</b>	<b>09/30/16</b>
International Equity - Policy benchmark				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16
<b>- Vanguard Total International Stock Index Fund Institutional Shares</b>	<b>18,633,068</b>	<b>16.9</b>	<b>-</b>	<b>0.25</b>	<b>5.51</b>	<b>5.51</b>	<b>6.38</b>	<b>4.67</b>	<b>11.47</b>	<b>-</b>	<b>6.41</b>	<b>09/30/16</b>
Spliced Total International Stock Index				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Endowment

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.30	09/30/16
<b>- Vanguard International Value Fund</b>	<b>5,794,218</b>	<b>5.3</b>	<b>-</b>	<b>-1.45</b>	<b>4.58</b>	<b>4.58</b>	<b>1.59</b>	<b>4.54</b>	<b>11.59</b>	<b>-</b>	<b>6.08</b>	<b>10/31/18</b>
Spliced International Index				-0.23	5.23	5.23	6.09	4.48	10.92	-	6.60	10/31/18
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.84	10/31/18
<b>- Vanguard International Growth Fund Admiral Shares</b>	<b>5,573,931</b>	<b>5.1</b>	<b>-</b>	<b>-5.45</b>	<b>1.42</b>	<b>1.42</b>	<b>5.45</b>	<b>1.83</b>	<b>10.61</b>	<b>-</b>	<b>9.16</b>	<b>10/31/18</b>
Spliced International Index				-0.23	5.23	5.23	6.09	4.48	10.92	-	6.60	10/31/18
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.84	10/31/18
<b>■ Fixed Income</b>	<b>26,994,216</b>	<b>24.5</b>	<b>24.0</b>	<b>-0.27</b>	<b>2.07</b>	<b>2.07</b>	<b>4.78</b>	<b>1.07</b>	<b>0.39</b>	<b>-</b>	<b>1.50</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				-0.18	2.15	2.15	4.61	0.70	-0.24	-	1.28	09/30/16
<b>• Domestic Fixed Income</b>	<b>21,508,406</b>	<b>19.5</b>	<b>19.0</b>	<b>-0.05</b>	<b>2.64</b>	<b>2.64</b>	<b>5.13</b>	<b>1.07</b>	<b>0.48</b>	<b>-</b>	<b>1.54</b>	<b>09/30/16</b>
Domestic Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
<b>- Vanguard Total Bond Market Index Fund Institutional Shares</b>	<b>10,755,958</b>	<b>9.8</b>	<b>-</b>	<b>0.02</b>	<b>2.77</b>	<b>2.77</b>	<b>4.88</b>	<b>0.54</b>	<b>-0.39</b>	<b>-</b>	<b>1.18</b>	<b>09/30/16</b>
Spliced Bloomberg U.S. Aggregate Float Adjusted Index				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
Spliced Intermediate Investment-Grade Debt Funds Average				-0.07	2.66	2.66	4.99	0.57	0.36	-	1.26	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Endowment

For the periods ended March 31, 2025

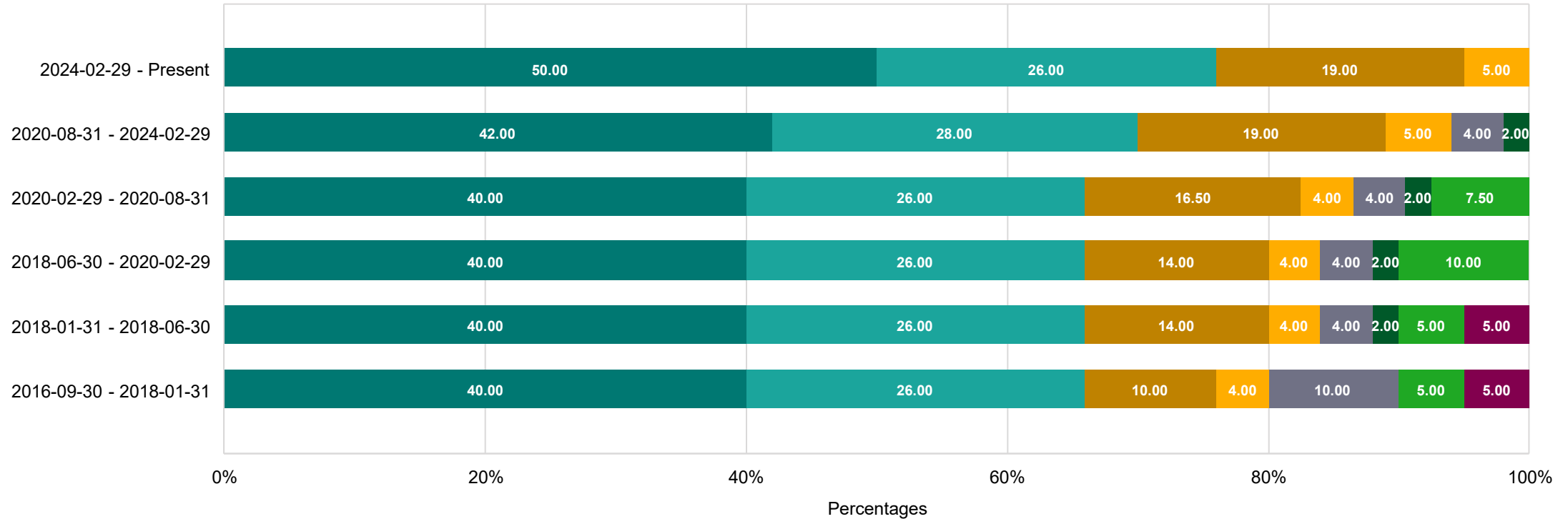
	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>- Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares</b>	<b>5,096,736</b>	<b>4.6</b>	<b>-</b>	<b>0.06</b>	<b>2.76</b>	<b>2.76</b>	<b>6.31</b>	<b>2.19</b>	<b>1.74</b>	<b>-</b>	<b>2.24</b>	<b>09/30/16</b>
Bloomberg U.S. 5-10 Year Credit Bond Index				0.11	2.78	2.78	6.12	2.08	2.11	-	2.38	09/30/16
Spliced Core Bond Funds Average				-0.07	2.66	2.66	4.99	0.57	0.36	-	1.26	09/30/16
<b>- Vanguard Short-Term Investment-Grade Fund Admiral Shares</b>	<b>3,390,956</b>	<b>3.1</b>	<b>-</b>	<b>0.47</b>	<b>2.00</b>	<b>2.00</b>	<b>6.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.00</b>	<b>10/31/23</b>
Bloomberg U.S. 1-5 Year Credit Bond Index				0.43	1.99	1.99	6.26	-	-	-	7.71	10/31/23
1-5 Year Investment-Grade Debt Funds Average				0.29	1.71	1.71	5.91	-	-	-	7.05	10/31/23
<b>- Vanguard Long-Term Investment-Grade Fund Admiral Shares</b>	<b>2,264,757</b>	<b>2.1</b>	<b>-</b>	<b>-1.38</b>	<b>2.74</b>	<b>2.74</b>	<b>1.63</b>	<b>-3.04</b>	<b>-2.09</b>	<b>-</b>	<b>-0.71</b>	<b>07/31/19</b>
Bloomberg U.S. Long Credit A or Better Bond Index				-1.28	2.58	2.58	1.52	-3.07	-2.05	-	-0.95	07/31/19
Corporate A-Rated Debt Funds Average				-0.42	2.98	2.98	4.49	-0.24	0.28	-	0.55	07/31/19
<b>• International Fixed Income</b>	<b>5,485,810</b>	<b>5.0</b>	<b>5.0</b>	<b>-1.13</b>	<b>-0.16</b>	<b>-0.16</b>	<b>3.45</b>	<b>1.06</b>	<b>0.03</b>	<b>-</b>	<b>1.30</b>	<b>09/30/16</b>
International Fixed Income - Policy benchmark				-1.04	-0.12	-0.12	3.58	1.20	0.14	-	1.46	09/30/16
<b>- Vanguard Total International Bond Index Fund Institutional Shares</b>	<b>5,485,810</b>	<b>5.0</b>	<b>-</b>	<b>-1.13</b>	<b>-0.16</b>	<b>-0.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-0.16</b>	<b>12/31/24</b>
Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged				-1.04	-0.12	-0.12	-	-	-	-	-0.12	12/31/24
International Income Funds Average				0.16	1.76	1.76	-	-	-	-	1.76	12/31/24

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Benchmark allocation history (continued)

## Greater Tacoma Community Foundation - Endowment

Policy benchmark allocations up to March 31, 2025



- Spliced Total Stock Market Index
- Spliced Bloomberg U.S. Aggregate Float Adjusted Index
- Real Estate Spliced Index
- FTSE Three-Month U.S. Treasury Bill Index
- FTSE 3-month U.S.T-Bill Index + 4%
- Spliced Total International Stock Index
- Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged
- S&P Global ex U.S. Property Index

Policy Benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change overtime as the investment strategy changes. The most recently policy benchmark composition is in the top row. Neither asset allocation nor diversification can guarantee a profit or prevent loss. Indexes are unmanaged; direct investment is not possible. **Please read additional information in Benchmark and Disclosure sections.**



# Portfolio monthly snapshot

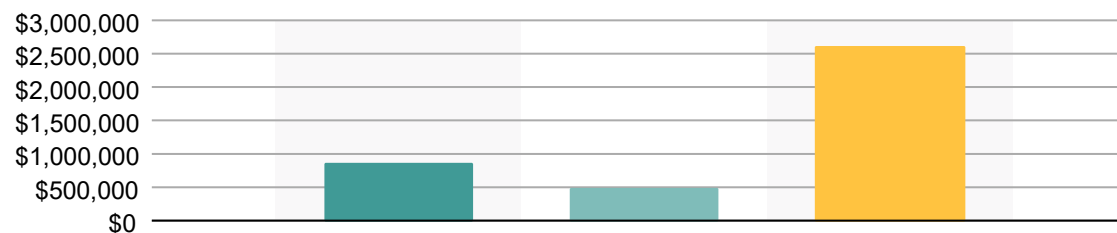
## Greater Tacoma Community Foundation - Short Term

As of March 31, 2025

### Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$3,988,307.85	\$4,072,587.90	\$5,682,018.76
Net Cash Flow	\$0.00	-\$191,004.06	-\$2,052,359.01
Net Capital Appreciation	-\$66,021.29	\$19,560.35	\$127,448.72
Investment Income	\$14,924.28	\$36,066.65	\$180,102.37
<b>Ending Market Value</b>	<b>\$3,937,210.84</b>	<b>\$3,937,210.84</b>	<b>\$3,937,210.84</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income
Current \$	841,886	488,817	2,606,508
Current %	21.38%	12.42%	66.20%
Policy %	23.00%	12.00%	65.00%
Difference	-1.62%	0.42%	1.20%

### Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	-1.28	1.48	1.48	6.15	3.02	4.38	-	3.89	09/30/16
<b>Client portfolio (net)</b>	-1.28	1.45	1.45	6.03	2.93	4.30	-	3.81	09/30/16
<b>Policy benchmark</b>	-1.33	1.22	1.22	5.60	2.82	4.00	-	3.88	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do not reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary (continued)

### Greater Tacoma Community Foundation - Short Term

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	3,937,211	100.0	100.0	-1.28	1.48	1.48	6.15	3.02	4.38	-	3.89	09/30/16
<b>Client portfolio (net)</b>				-1.28	1.45	1.45	6.03	2.93	4.30	-	3.81	09/30/16
<b>Policy benchmark</b>				-1.33	1.22	1.22	5.60	2.82	4.00	-	3.88	09/30/16
<b>Equity</b>	<b>1,330,703</b>	<b>33.8</b>	<b>35.0</b>	<b>-3.72</b>	<b>-1.27</b>	<b>-1.27</b>	<b>6.98</b>	<b>6.84</b>	<b>15.80</b>	-	<b>10.86</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.89	-1.66	-1.66	6.79	6.69	15.76	-	10.88	09/30/16
• <b>Domestic Equity</b>	<b>841,886</b>	<b>21.4</b>	<b>23.0</b>	<b>-5.89</b>	<b>-4.83</b>	<b>-4.83</b>	<b>7.07</b>	<b>8.11</b>	<b>18.09</b>	-	<b>13.09</b>	<b>09/30/16</b>
• <b>International Equity</b>	<b>488,817</b>	<b>12.4</b>	<b>12.0</b>	<b>0.25</b>	<b>5.51</b>	<b>5.51</b>	<b>6.38</b>	<b>4.67</b>	<b>11.49</b>	-	<b>6.42</b>	<b>09/30/16</b>
<b>Fixed Income</b>	<b>2,606,508</b>	<b>66.2</b>	<b>65.0</b>	<b>0.01</b>	<b>2.95</b>	<b>2.95</b>	<b>5.59</b>	<b>0.87</b>	<b>0.15</b>	-	<b>1.20</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
• <b>Domestic Fixed Income</b>	<b>2,606,508</b>	<b>66.2</b>	<b>65.0</b>	<b>0.01</b>	<b>2.95</b>	<b>2.95</b>	<b>5.59</b>	<b>0.87</b>	<b>0.15</b>	-	<b>1.20</b>	<b>09/30/16</b>

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Short Term

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	3,937,211	100.0	100.0	-1.28	1.48	1.48	6.15	3.02	4.38	-	3.89	09/30/16
<b>Client portfolio (net)</b>				-1.28	1.45	1.45	6.03	2.93	4.30	-	3.81	09/30/16
<b>Policy benchmark</b>				-1.33	1.22	1.22	5.60	2.82	4.00	-	3.88	09/30/16
<b>Equity</b>	<b>1,330,703</b>	<b>33.8</b>	<b>35.0</b>	<b>-3.72</b>	<b>-1.27</b>	<b>-1.27</b>	<b>6.98</b>	<b>6.84</b>	<b>15.80</b>	<b>-</b>	<b>10.86</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.89	-1.66	-1.66	6.79	6.69	15.76	-	10.88	09/30/16
<b>Domestic Equity</b>	<b>841,886</b>	<b>21.4</b>	<b>23.0</b>	<b>-5.89</b>	<b>-4.83</b>	<b>-4.83</b>	<b>7.07</b>	<b>8.11</b>	<b>18.09</b>	<b>-</b>	<b>13.09</b>	<b>09/30/16</b>
Domestic Equity - Policy benchmark				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
<b>- Vanguard Total Stock Market Index Fund Institutional Shares</b>	<b>841,886</b>	<b>21.4</b>	<b>-</b>	<b>-5.89</b>	<b>-4.83</b>	<b>-4.83</b>	<b>7.07</b>	<b>8.11</b>	<b>18.09</b>	<b>-</b>	<b>13.09</b>	<b>09/30/16</b>
Spliced Total Stock Market Index				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
Multi-Cap Core Funds Average				-5.34	-4.07	-4.07	3.85	6.38	16.01	-	10.71	09/30/16
<b>International Equity</b>	<b>488,817</b>	<b>12.4</b>	<b>12.0</b>	<b>0.25</b>	<b>5.51</b>	<b>5.51</b>	<b>6.38</b>	<b>4.67</b>	<b>11.49</b>	<b>-</b>	<b>6.42</b>	<b>09/30/16</b>
International Equity - Policy benchmark				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16
<b>- Vanguard Total International Stock Index Fund Institutional Shares</b>	<b>488,817</b>	<b>12.4</b>	<b>-</b>	<b>0.25</b>	<b>5.51</b>	<b>5.51</b>	<b>6.38</b>	<b>4.67</b>	<b>11.49</b>	<b>-</b>	<b>6.42</b>	<b>09/30/16</b>
Spliced Total International Stock Index				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary—by securities (continued)

### Greater Tacoma Community Foundation - Short Term

For the periods ended March 31, 2025

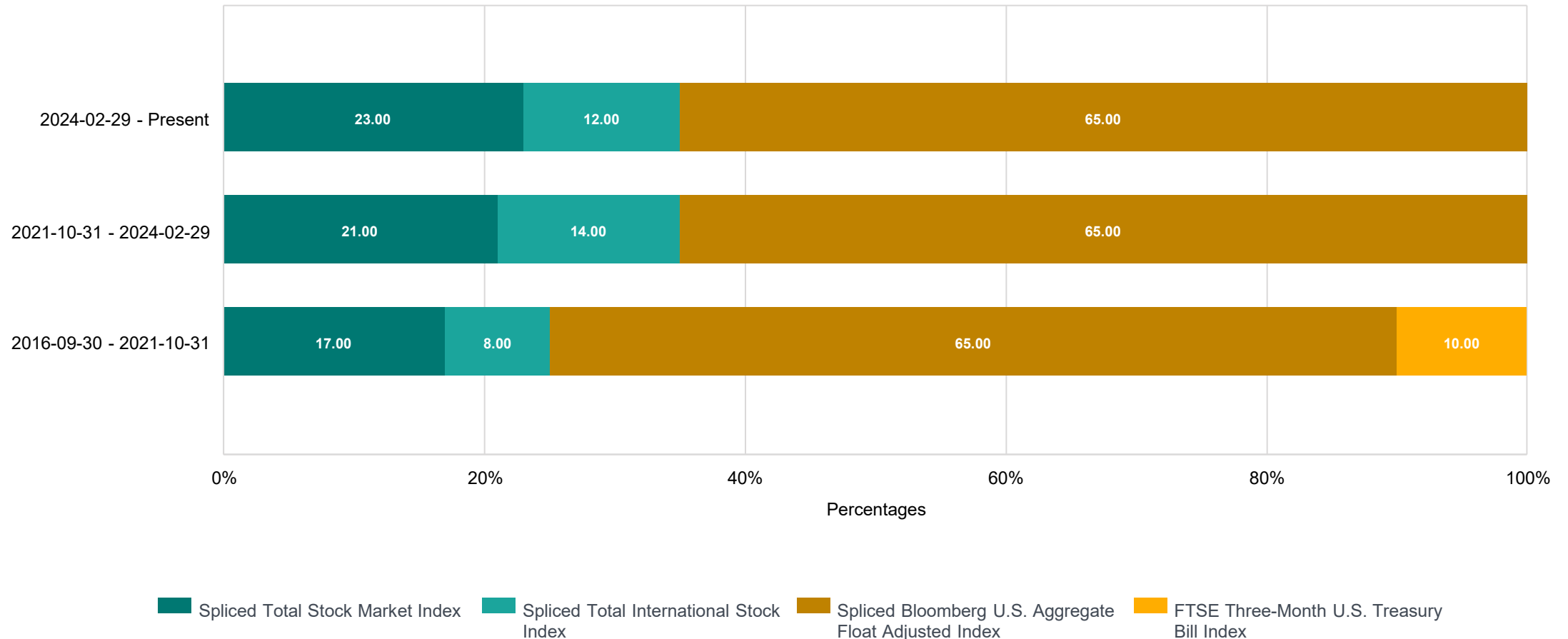
	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.30	09/30/16
■ <b>Fixed Income</b>	<b>2,606,508</b>	<b>66.2</b>	<b>65.0</b>	<b>0.01</b>	<b>2.95</b>	<b>2.95</b>	<b>5.59</b>	<b>0.87</b>	<b>0.15</b>	-	<b>1.20</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
• <b>Domestic Fixed Income</b>	<b>2,606,508</b>	<b>66.2</b>	<b>65.0</b>	<b>0.01</b>	<b>2.95</b>	<b>2.95</b>	<b>5.59</b>	<b>0.87</b>	<b>0.15</b>	-	<b>1.20</b>	<b>09/30/16</b>
Domestic Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
- <b>Vanguard Core Bond Fund Admiral Shares</b>	<b>2,606,508</b>	<b>66.2</b>	-	<b>0.01</b>	<b>2.95</b>	<b>2.95</b>	<b>5.59</b>	<b>0.87</b>	-	-	<b>-1.16</b>	<b>11/30/21</b>
Bloomberg U.S. Aggregate Float Adjusted Index				0.05	2.75	2.75	4.87	0.56	-	-	-1.43	11/30/21
Spliced Core Bond Funds Average				-0.07	2.66	2.66	4.99	0.57	-	-	-1.37	11/30/21

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Benchmark allocation history (continued)

## Greater Tacoma Community Foundation - Short Term

Policy benchmark allocations up to March 31, 2025



Policy Benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change overtime as the investment strategy changes. The most recently policy benchmark composition is in the top row. Neither asset allocation nor diversification can guarantee a profit or prevent loss. Indexes are unmanaged; direct investment is not possible. **Please read additional information in Benchmark and Disclosure sections.**

# Portfolio monthly snapshot

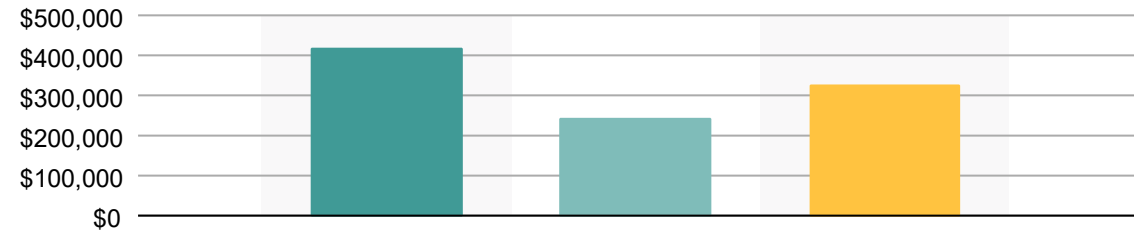
## Greater Tacoma Community Foundation - Annuity

As of March 31, 2025

### Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$1,012,191.31	\$998,393.00	\$1,090,096.42
Net Cash Flow	\$0.00	-\$15,249.08	-\$152,982.00
Net Capital Appreciation	-\$32,329.82	-\$5,514.61	\$19,888.79
Investment Income	\$3,080.28	\$5,312.46	\$25,938.56
<b>Ending Market Value</b>	<b>\$982,941.77</b>	<b>\$982,941.77</b>	<b>\$982,941.77</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income
Current \$	414,963	242,387	325,591
Current %	42.22%	24.66%	33.12%
Policy %	44.00%	24.00%	32.00%
Difference	-1.78%	0.66%	1.12%

### Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	-2.89	-0.01	-0.01	4.94	4.08	9.97	-	7.01	09/30/16
<b>Client portfolio (net)</b>	-2.89	-0.04	-0.04	4.82	3.99	9.89	-	6.93	09/30/16
<b>Policy benchmark</b>	-2.59	-0.17	-0.17	6.22	4.35	9.83	-	7.21	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do not reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary (continued)

### Greater Tacoma Community Foundation - Annuity

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	982,942	100.0	100.0	-2.89	-0.01	-0.01	4.94	4.08	9.97	-	7.01	09/30/16
<b>Client portfolio (net)</b>				-2.89	-0.04	-0.04	4.82	3.99	9.89	-	6.93	09/30/16
<b>Policy benchmark</b>				-2.59	-0.17	-0.17	6.22	4.35	9.83	-	7.21	09/30/16
<b>Equity</b>	<b>657,350</b>	<b>66.9</b>	<b>68.0</b>	<b>-4.25</b>	<b>-1.29</b>	<b>-1.29</b>	<b>4.78</b>	<b>6.31</b>	<b>15.48</b>	-	<b>10.47</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.83	-1.56	-1.56	6.78	6.73	15.54	-	10.56	09/30/16
• Domestic Equity	414,963	42.2	44.0	-5.89	-4.36	-4.36	4.40	7.57	17.81	-	12.69	09/30/16
• International Equity	242,387	24.7	24.0	-1.31	4.45	4.45	5.20	4.20	11.59	-	6.80	09/30/16
<b>Fixed Income</b>	<b>325,591</b>	<b>33.1</b>	<b>32.0</b>	<b>-0.02</b>	<b>2.67</b>	<b>2.67</b>	<b>5.14</b>	<b>1.01</b>	<b>0.31</b>	-	<b>1.49</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
• Domestic Fixed Income	325,591	33.1	32.0	-0.02	2.67	2.67	5.14	1.01	0.31	-	1.49	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Annuity

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	982,942	100.0	100.0	-2.89	-0.01	-0.01	4.94	4.08	9.97	-	7.01	09/30/16
<b>Client portfolio (net)</b>				-2.89	-0.04	-0.04	4.82	3.99	9.89	-	6.93	09/30/16
<b>Policy benchmark</b>				-2.59	-0.17	-0.17	6.22	4.35	9.83	-	7.21	09/30/16
<b>■ Equity</b>	<b>657,350</b>	<b>66.9</b>	<b>68.0</b>	<b>-4.25</b>	<b>-1.29</b>	<b>-1.29</b>	<b>4.78</b>	<b>6.31</b>	<b>15.48</b>	<b>-</b>	<b>10.47</b>	<b>09/30/16</b>
Equity - Policy benchmark				-3.83	-1.56	-1.56	6.78	6.73	15.54	-	10.56	09/30/16
<b>• Domestic Equity</b>	<b>414,963</b>	<b>42.2</b>	<b>44.0</b>	<b>-5.89</b>	<b>-4.36</b>	<b>-4.36</b>	<b>4.40</b>	<b>7.57</b>	<b>17.81</b>	<b>-</b>	<b>12.69</b>	<b>09/30/16</b>
Domestic Equity - Policy benchmark				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
<b>- Vanguard Total Stock Market Index Fund Institutional Shares</b>	<b>414,963</b>	<b>42.2</b>	<b>-</b>	<b>-5.89</b>	<b>-4.87</b>	<b>-4.87</b>	<b>7.02</b>	<b>8.10</b>	<b>18.08</b>	<b>-</b>	<b>13.08</b>	<b>09/30/16</b>
Spliced Total Stock Market Index				-5.89	-4.82	-4.82	7.09	8.11	18.10	-	13.09	09/30/16
Multi-Cap Core Funds Average				-5.34	-4.07	-4.07	3.85	6.38	16.01	-	10.71	09/30/16
<b>• International Equity</b>	<b>242,387</b>	<b>24.7</b>	<b>24.0</b>	<b>-1.31</b>	<b>4.45</b>	<b>4.45</b>	<b>5.20</b>	<b>4.20</b>	<b>11.59</b>	<b>-</b>	<b>6.80</b>	<b>09/30/16</b>
International Equity - Policy benchmark				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16
<b>- Vanguard Total International Stock Index Fund Institutional Shares</b>	<b>143,648</b>	<b>14.6</b>	<b>-</b>	<b>0.25</b>	<b>5.51</b>	<b>5.51</b>	<b>6.38</b>	<b>4.67</b>	<b>11.47</b>	<b>-</b>	<b>6.41</b>	<b>09/30/16</b>
Spliced Total International Stock Index				-0.06	4.55	4.55	5.73	4.21	11.30	-	6.42	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**



# Performance summary—by securities (continued)

## Greater Tacoma Community Foundation - Annuity

For the periods ended March 31, 2025

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.30	09/30/16
<b>- Vanguard International Growth Fund Admiral Shares</b>	<b>49,764</b>	<b>5.1</b>	<b>-</b>	<b>-5.45</b>	<b>1.42</b>	<b>1.42</b>	<b>5.45</b>	<b>2.04</b>	<b>10.75</b>	<b>-</b>	<b>9.26</b>	<b>10/31/18</b>
Spliced International Index				-0.23	5.23	5.23	6.09	4.48	10.92	-	6.60	10/31/18
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.84	10/31/18
<b>- Vanguard International Value Fund</b>	<b>48,975</b>	<b>5.0</b>	<b>-</b>	<b>-1.45</b>	<b>4.58</b>	<b>4.58</b>	<b>1.59</b>	<b>4.54</b>	<b>11.59</b>	<b>-</b>	<b>6.08</b>	<b>10/31/18</b>
Spliced International Index				-0.23	5.23	5.23	6.09	4.48	10.92	-	6.60	10/31/18
International Funds Average				-0.46	6.38	6.38	5.65	5.23	11.33	-	6.84	10/31/18
<b>■ Fixed Income</b>	<b>325,591</b>	<b>33.1</b>	<b>32.0</b>	<b>-0.02</b>	<b>2.67</b>	<b>2.67</b>	<b>5.14</b>	<b>1.01</b>	<b>0.31</b>	<b>-</b>	<b>1.49</b>	<b>09/30/16</b>
Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
<b>• Domestic Fixed Income</b>	<b>325,591</b>	<b>33.1</b>	<b>32.0</b>	<b>-0.02</b>	<b>2.67</b>	<b>2.67</b>	<b>5.14</b>	<b>1.01</b>	<b>0.31</b>	<b>-</b>	<b>1.49</b>	<b>09/30/16</b>
Domestic Fixed Income - Policy benchmark				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
<b>- Vanguard Total Bond Market Index Fund Institutional Shares</b>	<b>195,078</b>	<b>19.8</b>	<b>-</b>	<b>0.02</b>	<b>2.77</b>	<b>2.77</b>	<b>4.88</b>	<b>0.54</b>	<b>-0.40</b>	<b>-</b>	<b>1.17</b>	<b>09/30/16</b>
Spliced Bloomberg U.S. Aggregate Float Adjusted Index				0.05	2.75	2.75	4.87	0.56	-0.36	-	1.21	09/30/16
Spliced Intermediate Investment-Grade Debt Funds Average				-0.07	2.66	2.66	4.99	0.57	0.36	-	1.26	09/30/16

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary—by securities (continued)

### Greater Tacoma Community Foundation - Annuity

For the periods ended March 31, 2025

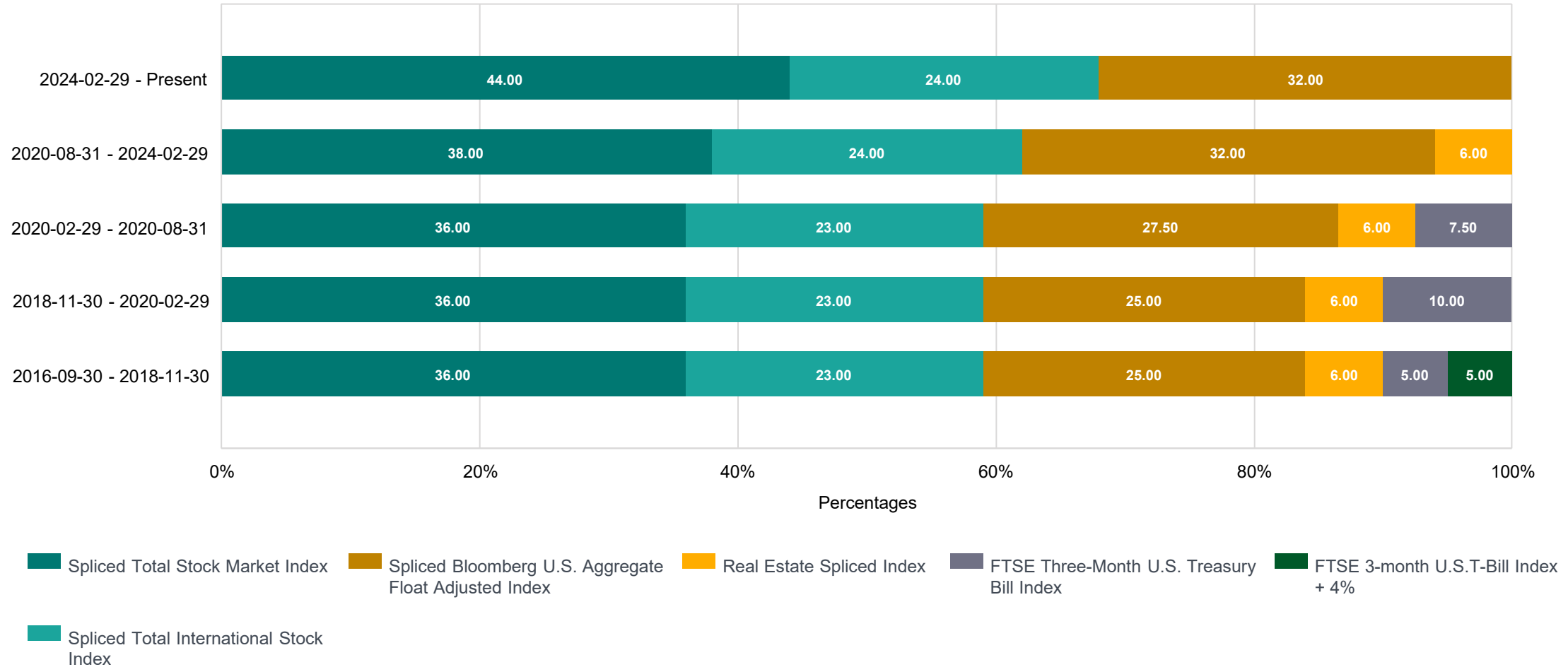
	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>- Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares</b>	<b>66,834</b>	<b>6.8</b>	<b>-</b>	<b>0.06</b>	<b>2.76</b>	<b>2.76</b>	<b>6.31</b>	<b>2.19</b>	<b>1.74</b>	<b>-</b>	<b>2.24</b>	<b>09/30/16</b>
Bloomberg U.S. 5-10 Year Credit Bond Index				0.11	2.78	2.78	6.12	2.08	2.11	-	2.38	09/30/16
Spliced Core Bond Funds Average				-0.07	2.66	2.66	4.99	0.57	0.36	-	1.26	09/30/16
<b>- Vanguard Short-Term Investment-Grade Fund Admiral Shares</b>	<b>40,315</b>	<b>4.1</b>	<b>-</b>	<b>0.47</b>	<b>2.00</b>	<b>2.00</b>	<b>6.45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.00</b>	<b>10/31/23</b>
Bloomberg U.S. 1-5 Year Credit Bond Index				0.43	1.99	1.99	6.26	-	-	-	7.71	10/31/23
1-5 Year Investment-Grade Debt Funds Average				0.29	1.71	1.71	5.91	-	-	-	7.05	10/31/23
<b>- Vanguard Long-Term Investment-Grade Fund Admiral Shares</b>	<b>23,365</b>	<b>2.4</b>	<b>-</b>	<b>-1.38</b>	<b>2.74</b>	<b>2.74</b>	<b>1.63</b>	<b>-3.04</b>	<b>-2.09</b>	<b>-</b>	<b>-0.71</b>	<b>07/31/19</b>
Bloomberg U.S. Long Credit A or Better Bond Index				-1.28	2.58	2.58	1.52	-3.07	-2.05	-	-0.95	07/31/19
Corporate A-Rated Debt Funds Average				-0.42	2.98	2.98	4.49	-0.24	0.28	-	0.55	07/31/19

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Benchmark allocation history (continued)

## Greater Tacoma Community Foundation - Annuity

Policy benchmark allocations up to March 31, 2025



Policy Benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change overtime as the investment strategy changes. The most recently policy benchmark composition is in the top row. Neither asset allocation nor diversification can guarantee a profit or prevent loss. Indexes are unmanaged; direct investment is not possible. **Please read additional information in Benchmark and Disclosure sections.**

# Advisory fee schedule

## Fee schedule

### Asset level

First \$25 million	0.25%
Next \$25 million	0.10%
Next \$50 million	0.09%
Next \$150 million	0.08%

### All-in fee review

Advisory fee*	0.126%	\$144,587
Fund expense ratio estimates	0.096%	\$110,410
<b>Approximate all-in fees</b>	<b>0.222%</b>	<b>\$254,997</b>

Notes:

\*Estimated advisory fee and expense ratio based on assets as of 3/31/25 of \$115,109,282

# Peer comparison

2

# INVESTMENT PERFORMANCE AND ASSET ALLOCATION SURVEY FOR COMMUNITY FOUNDATIONS

## INVESTMENT RETURNS AS OF DECEMBER 31ST, 2024

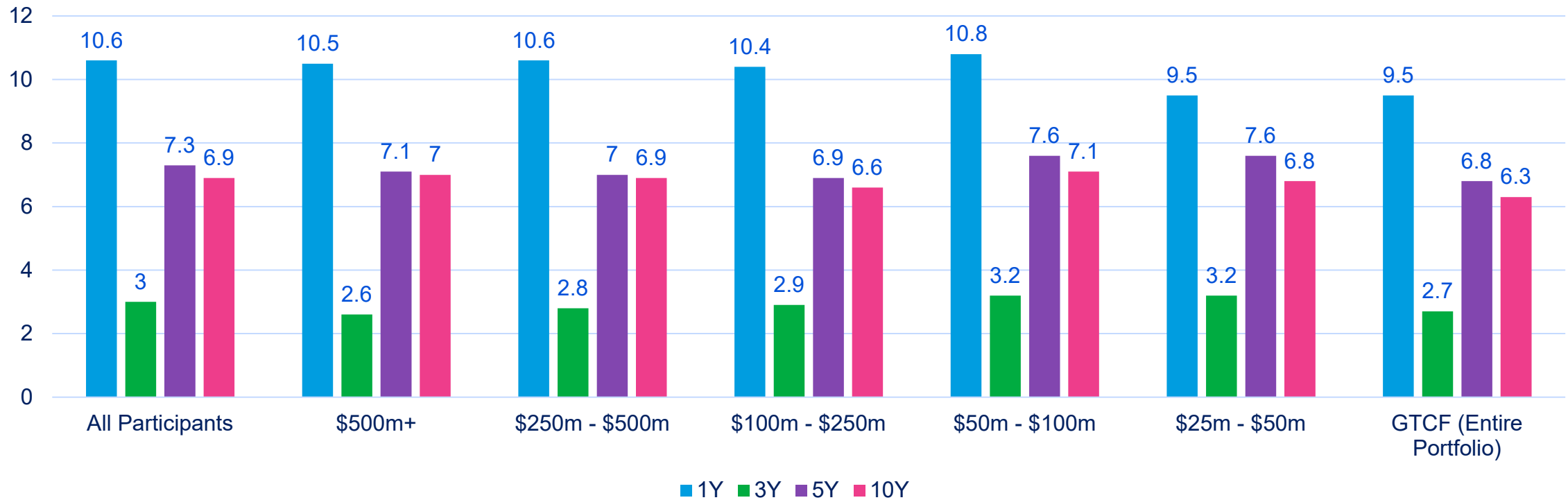


Source: Crewcial Partners Community Foundation Report Q4 2024

- <sup>1</sup> © Crewcial Partners, LLC and Fiscal & Administrative Officers Group
- <sup>2</sup> Benchmark data is copyright of the respective providers presented "as is"
- <sup>3</sup> Median Returns
- <sup>4</sup> Gross Returns reported prior to 2008. Median returns updated Net of Fees approximation: 15-year net down 20 bps, 20-year net down 30 bps
- <sup>5</sup> Excludes ESG and Balanced Returns
- <sup>6</sup> Long Term Assets Only
- <sup>7</sup> Deciles Use 3 Year Return

# INVESTMENT PERFORMANCE AND ASSET ALLOCATION SURVEY FOR COMMUNITY FOUNDATIONS

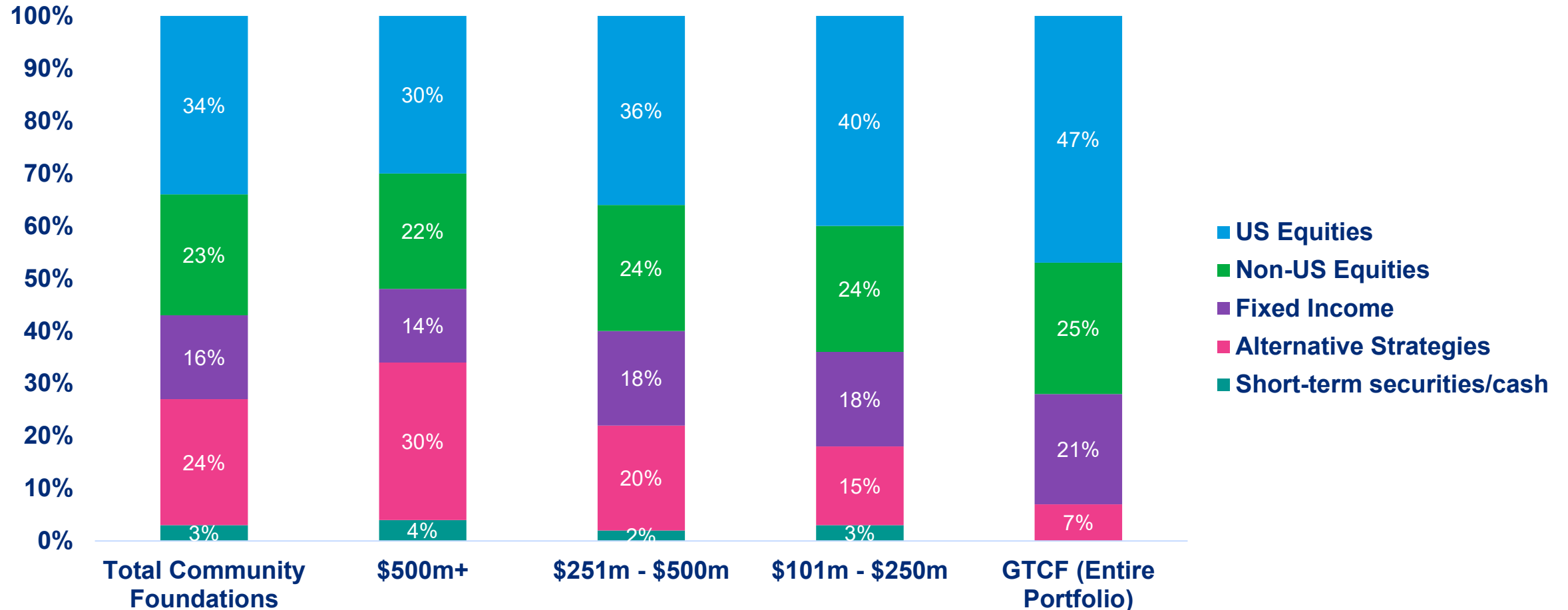
## INVESTMENT RETURNS AS OF DECEMBER 31ST, 2024



Source: Crewcial Partners Community Foundation Report Q4 2024

- <sup>1</sup> © Crewcial Partners, LLC and Fiscal & Administrative Officers Group
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# INVESTMENT PERFORMANCE AND ASSET ALLOCATION SURVEY FOR COMMUNITY FOUNDATIONS



Source: Crewcial Partners Community Foundation Report Q4 2024

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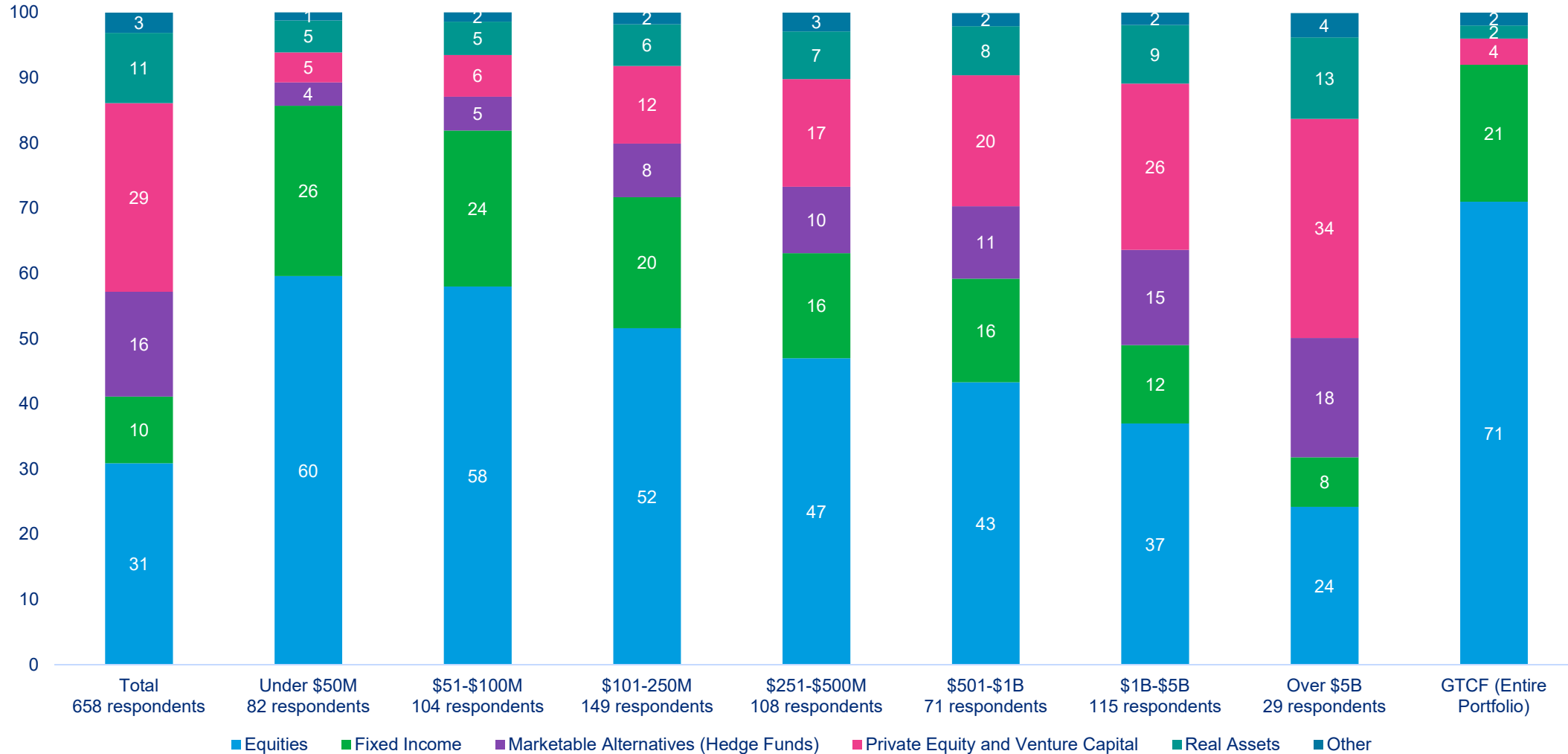
<sup>6</sup> Long Term Assets Only

<sup>7</sup> Deciles Use 3 Year Return



# Comparative Asset Allocation

## By Size Cohort



Source: 2024 NACUBO-Commonfund Study of Endowments.

# Comparative Investment Performance

## By Size Cohort



Source: 2024 NACUBO-Commonfund Study of Endowments.

# Allocations to private equity and venture capital correlated with the size of endowment

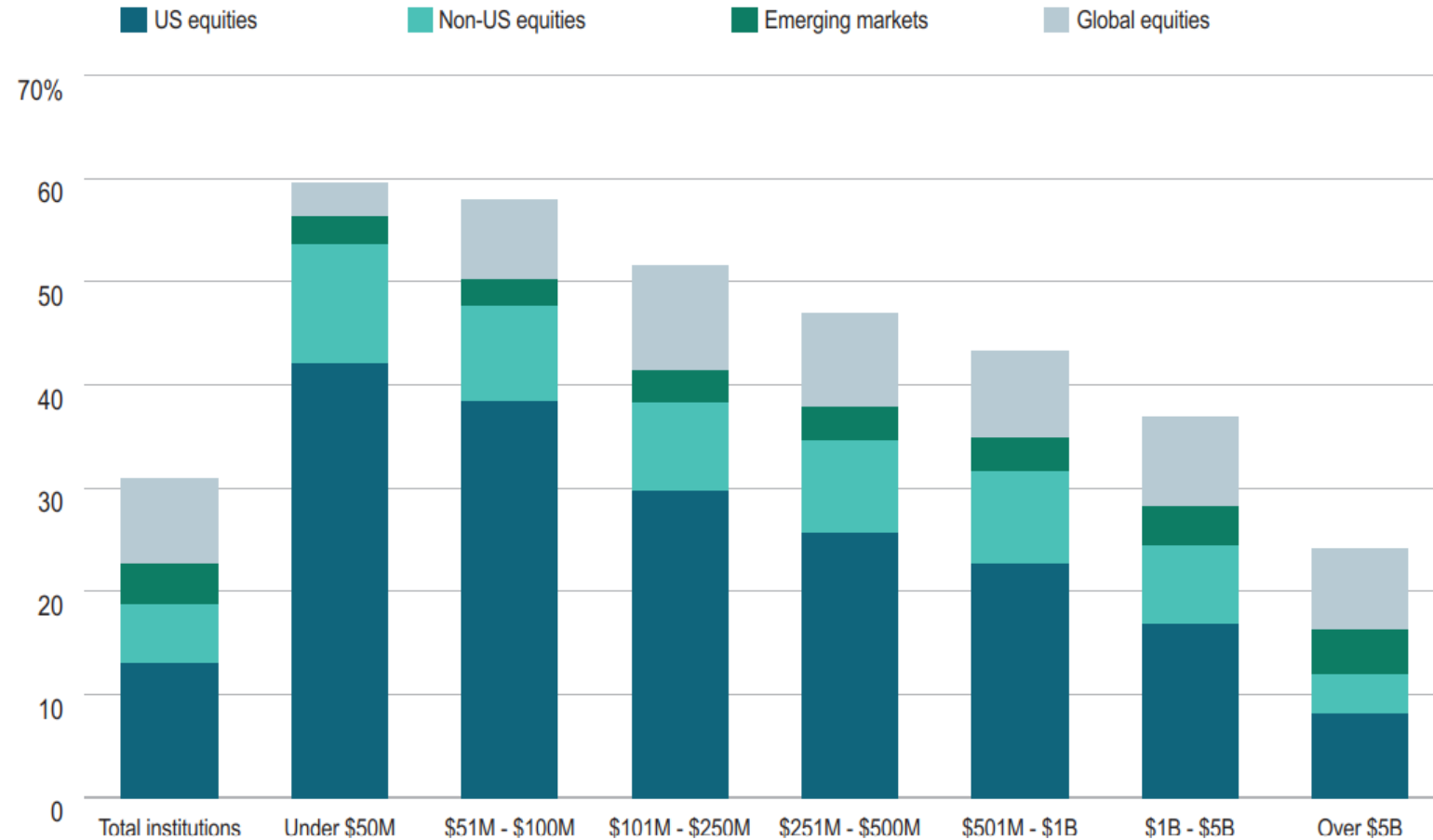
PRIVATE EQUITY AND VENTURE CAPITAL ASSET ALLOCATION |  
DOLLAR-WEIGHTED BY ENDOWMENT SIZE



Source: 2024 NACUBO-Commonfund Study of Endowments.

# Smaller institutions had larger allocations to public equities

PUBLIC EQUITIES ASSET ALLOCATION | DOLLAR-WEIGHTED BY ENDOWMENT SIZE



Source: 2024 NACUBO-Commonfund Study of Endowments.

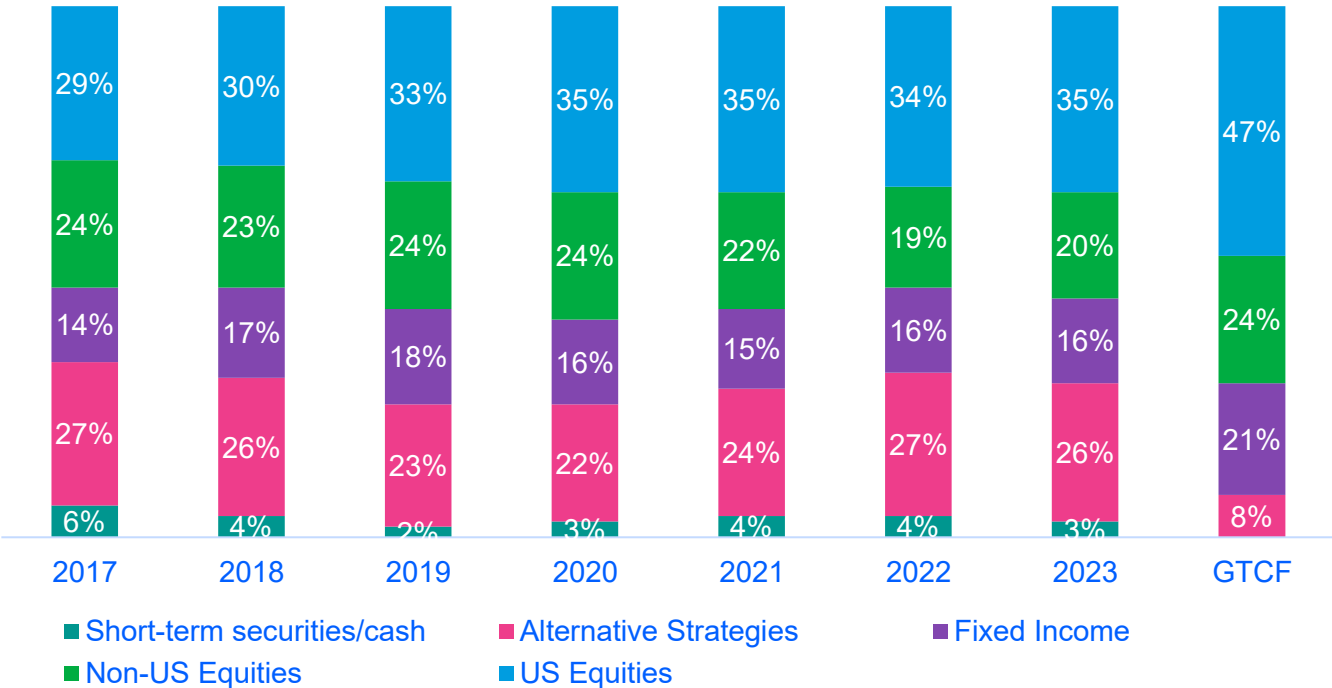
# How Community Foundations Allocate to Alternatives



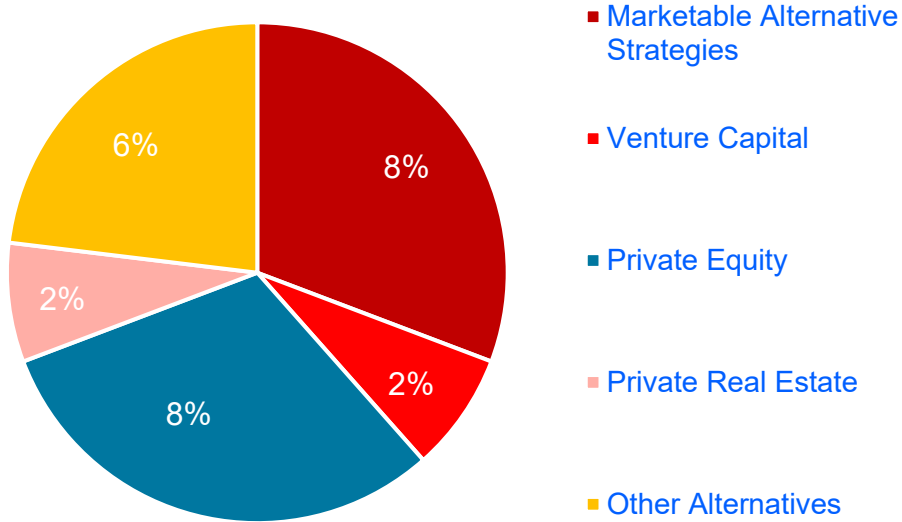
# Asset allocation and Alternative strategies allocation – Community foundations

- Traditional asset allocation patterns remained in place in 2023. No yearly difference in allocations exceeded 1%
- For the 5<sup>th</sup> straight year, foundations saw the greatest potential for higher allocations coming in private equity.

Community Foundations Asset Allocations



Alternative Strategies Allocation



Survey information is based on 2023 Council on Foundations-Commonfund Study of Foundations. Data as of December 31, 2023

# INVESTMENT PERFORMANCE AND ASSET ALLOCATION SURVEY FOR COMMUNITY FOUNDATIONS

Asset Allocation Summary by Asset Category December 31st, 2024

	All Participants	\$500 and over	\$250 to \$499.9	\$100 to \$249.9	\$50 to \$99.9	\$5 to \$49.9	Top Decile <sup>7</sup>	Bottom Decile <sup>7</sup>	Social Impact	Balanced
U.S. Large Cap Equity	29.3%	26.2%	30.7%	31.7%	37.4%	41.3%	36.9%	18.7%	37.0%	26.1%
U.S. Mid Cap Equity	3.0%	2.7%	3.0%	2.8%	5.8%	3.0%	2.8%	4.5%	0.3%	0.1%
U.S. Small Cap Equity	3.9%	2.9%	5.4%	3.8%	7.1%	5.0%	2.2%	5.7%	2.2%	3.7%
<b>Total US Equity</b>	<b>36.2%</b>	<b>31.8%</b>	<b>39.1%</b>	<b>38.4%</b>	<b>50.3%</b>	<b>49.3%</b>	<b>42.0%</b>	<b>28.9%</b>	<b>39.6%</b>	<b>29.9%</b>
Non-US Large/Mid Cap Equity	17.3%	17.9%	15.6%	18.7%	13.5%	16.4%	12.5%	24.8%	22.8%	17.0%
Non-US Small Cap Equity	1.2%	1.2%	2.1%	1.0%	0.7%	0.0%	0.0%	3.1%	0.0%	1.3%
Emerging Markets Equity	4.7%	4.6%	5.2%	4.7%	4.6%	1.3%	2.7%	4.5%	4.5%	4.0%
<b>Total Non-US Equity</b>	<b>23.3%</b>	<b>23.7%</b>	<b>22.9%</b>	<b>24.4%</b>	<b>18.8%</b>	<b>17.8%</b>	<b>15.3%</b>	<b>32.5%</b>	<b>27.3%</b>	<b>22.3%</b>
<b>Total Equities</b>	<b>59.5%</b>	<b>55.5%</b>	<b>62.0%</b>	<b>62.7%</b>	<b>69.1%</b>	<b>67.1%</b>	<b>57.2%</b>	<b>61.4%</b>	<b>66.9%</b>	<b>52.1%</b>
Domestic Fixed Income	14.3%	13.1%	14.8%	14.0%	20.5%	23.8%	9.9%	10.1%	19.4%	15.5%
High Yield Fixed Income	0.7%	0.2%	2.0%	0.6%	0.8%	0.2%	0.3%	0.4%	0.1%	1.4%
International Fixed Income	1.6%	1.9%	0.6%	1.8%	0.7%	3.3%	0.3%	2.1%	0.7%	1.1%
<b>Total Fixed</b>	<b>16.6%</b>	<b>15.2%</b>	<b>17.3%</b>	<b>16.4%</b>	<b>22.0%</b>	<b>27.3%</b>	<b>10.6%</b>	<b>12.6%</b>	<b>20.2%</b>	<b>18.0%</b>
Hedge Funds	8.3%	10.9%	7.3%	5.3%	2.7%	1.7%	8.0%	5.9%	3.8%	6.8%
Private Equity	9.4%	11.6%	7.6%	8.8%	1.5%	0.0%	15.9%	12.4%	2.3%	12.4%
Real Estate	0.7%	0.2%	1.6%	1.0%	1.1%	1.3%	1.6%	0.9%	1.7%	3.7%
Real Assets	2.4%	3.2%	1.7%	1.8%	0.8%	0.2%	2.9%	3.7%	0.3%	0.8%
<b>Total Alternatives</b>	<b>20.7%</b>	<b>25.9%</b>	<b>18.1%</b>	<b>16.9%</b>	<b>6.0%</b>	<b>3.3%</b>	<b>28.3%</b>	<b>22.9%</b>	<b>8.0%</b>	<b>23.7%</b>
Total Other	1.2%	1.6%	0.8%	1.0%	0.5%	0.0%	1.1%	2.1%	1.2%	4.2%
Total Cash/Equivalents	2.1%	1.8%	1.7%	3.0%	2.4%	2.3%	2.7%	1.0%	3.7%	2.0%

1 © Crewcial Partners, LLC and Fiscal & Administrative Officers Group

2. Benchmark data is copyright of the respective providers presented "as is".

3. Median Returns 4Gross Returns reported prior to 2008. Median returns updated Net of Fees approximation: 15 year net down 20 bps, 20 year net down 30 bps 5Excludes ESG and Balanced Returns. 6Long Term Assets Only. 7Deciles Use 3 Year Return

Source: Crewcial Partners Community Foundation Report Q4 2024

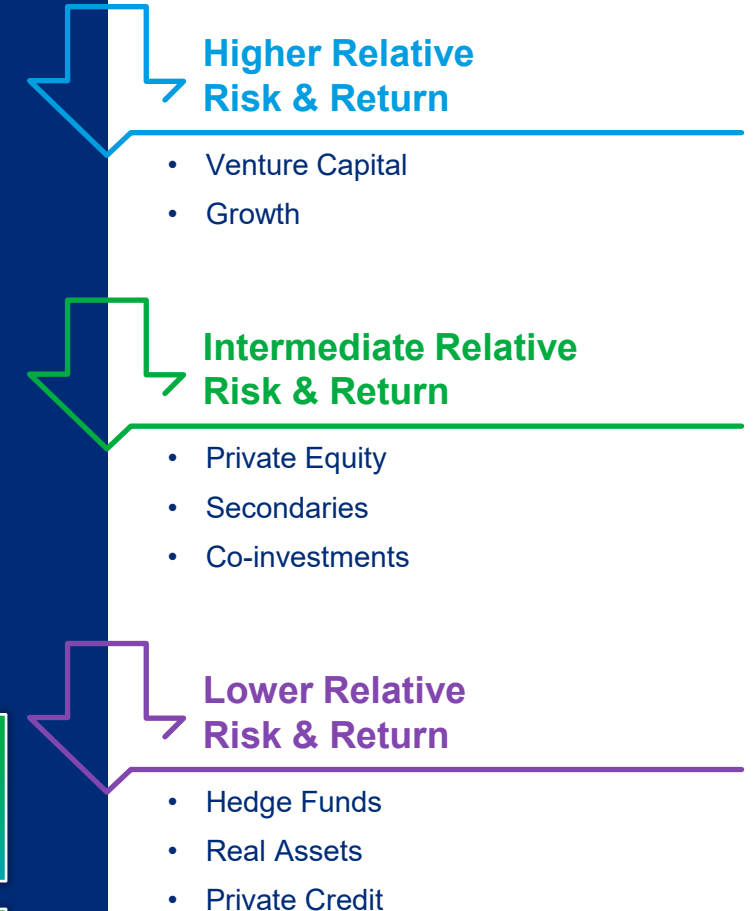
# What are Alternative Investments?

## Hedge funds

- Offer investors a flexible, unconstrained investment opportunity set distinct from traditional markets
- Pursue uncorrelated returns as a primary objective

## Private market funds

- Cover a wide range of risk/return investment opportunities primarily in non-public companies across most segments of the economy
- Generally, utilize long-lived/closed-ended vehicles raised every few years
- Exhibit strategic differences, even within a given asset class
- Have considerable dispersion of returns both between and within private asset classes

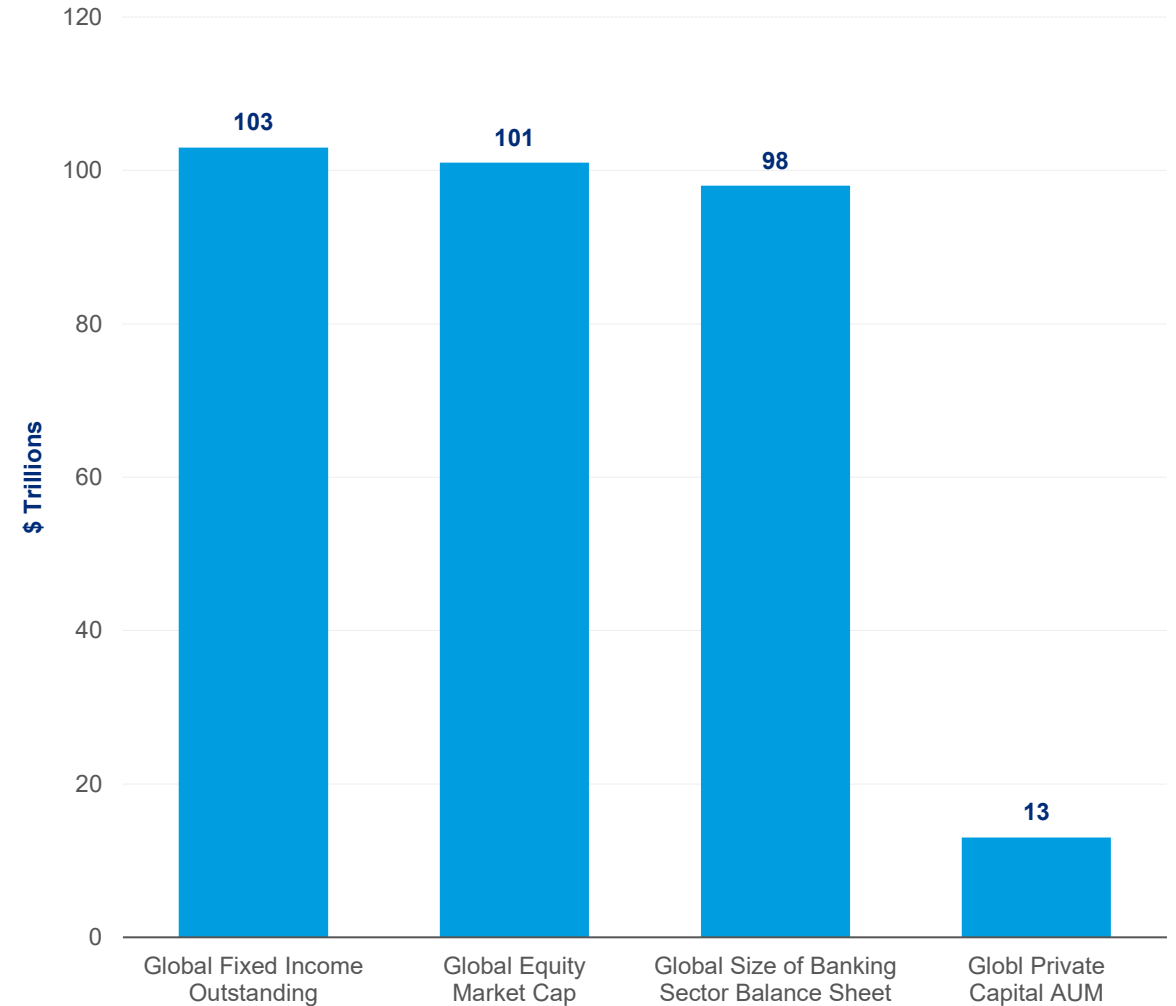




# Why Invest in Alternative Investments?

- Investors can gain greater exposure to more of the total available investment opportunity set
  - Many companies are remaining private longer making it difficult for investors to access
- Managers in many Alternative Investment classes demonstrate persistent outperformance
- The Alternative Investment universe has evolved to offer a wide range of structures, exposures, and strategies
- Despite the growth of the Alternative Investment markets over the last decade, they remain relatively small compared to other financial markets

Public and Private Market Sizes

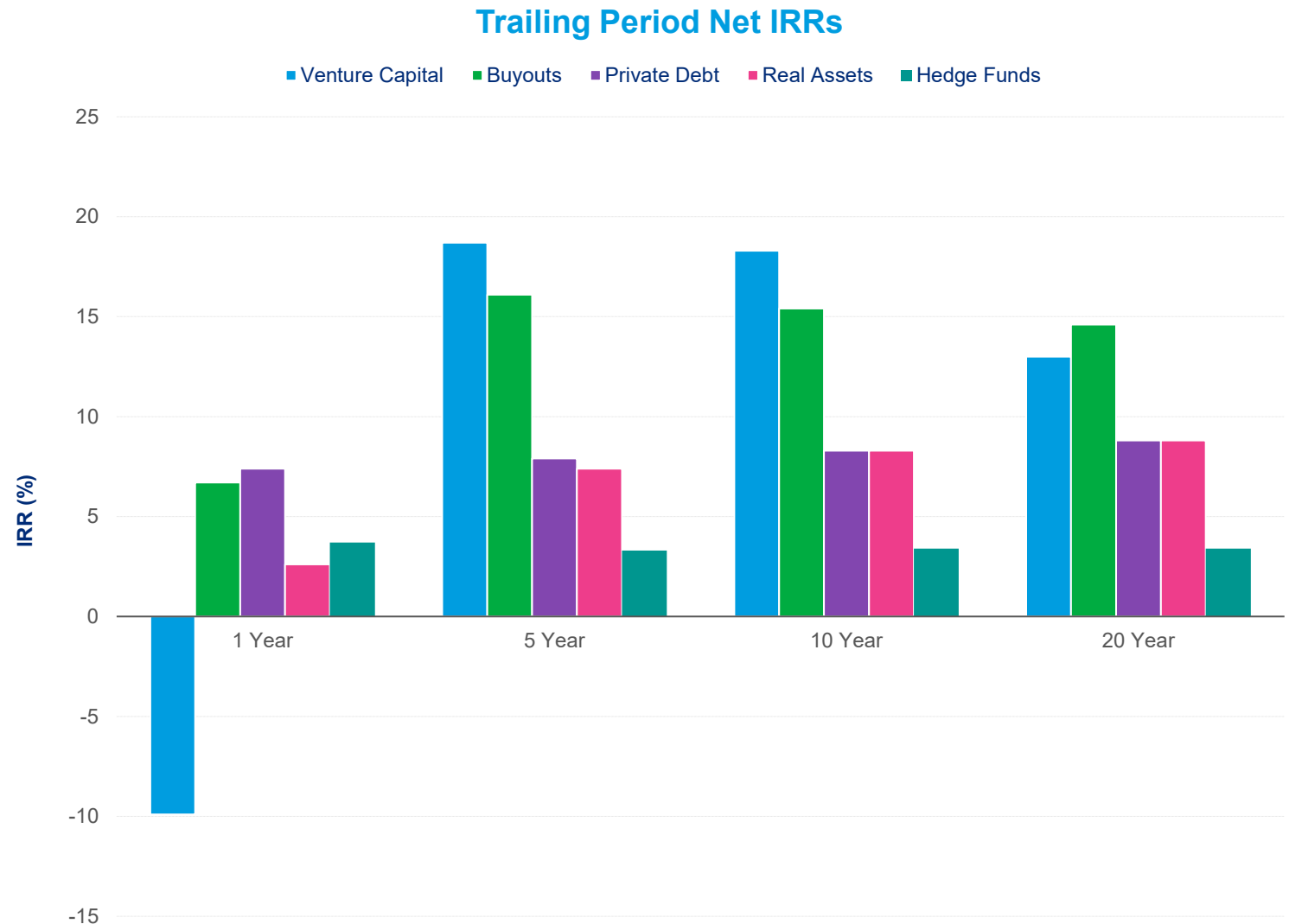


Source: Apollo, The Daily Spark, 9/29/23

Note: Past performance is not a guarantee of future results.

# What is the Role of Alternative Investments in a Portfolio?

- The primary role of Alternative Investments is to generate higher returns relative to comparable public market products
- Alternative Investments can offer some diversification within a portfolio
- Investors can access managers that have demonstrated persistent outperformance in Alternative Investments
- Investors can obtain exposure to investment opportunities that are not accessible in public markets



Source: Burgiss, Private i, 6/30/23

# Private Equity

# What is Private Equity

## Summary

- Private equity is one of the segments of private markets and focuses on investing in privately owned companies through a negotiated process. Most strategies involve a transformative, value-add, active strategy to increase value and generate profits for investors.
- There are various subsectors within private equity that have different risk, return profiles.
- Private equity is mainly focused on generating returns through capital appreciation rather than income.

## Venture Capital

Equity investments in the launch, early development, or expansion of a business, often technology related. Venture Capital can be sub-divided into early stage, mid stage, and late stage.

## Growth Equity

Minority equity investments in more mature companies that are growing quickly. Companies use capital to expand or restructure operations, enter new markets or finance a major acquisition without a change of control.

## Secondary

Investments made in existing private equity assets including private equity fund interests or portfolios of direct investments in privately held companies.

## Buyout

Majority equity investments in companies acquired typically with the use of financial leverage. Companies are usually more mature and generate operating cash flows.

## Distressed / Special Situations

Equity or debt securities of a distressed company, or a company where value can be unlocked as a result of a one-time opportunity (e.g., a change in government regulations or market dislocation).

## Co-Investments

Direct investment into a company alongside a fund. Typically offered on a reduced or no-fee basis.

For illustration and educational purposes only. These are the views of Mercer at this time and are subject to change and are not guaranteed.

# Private Equity Can Potentially Be A Source of Value Creation

- The primary reason for investing in Private Equity is the potential to enhance portfolio returns.
- Investors can generally expect to earn 3% - 5% excess returns over public equities over the long-term.
  - Risk premium
  - Illiquidity premium

**Global Private Equity vs. Public Market Indices**  
(Pooled IRR per 30 June 2024)



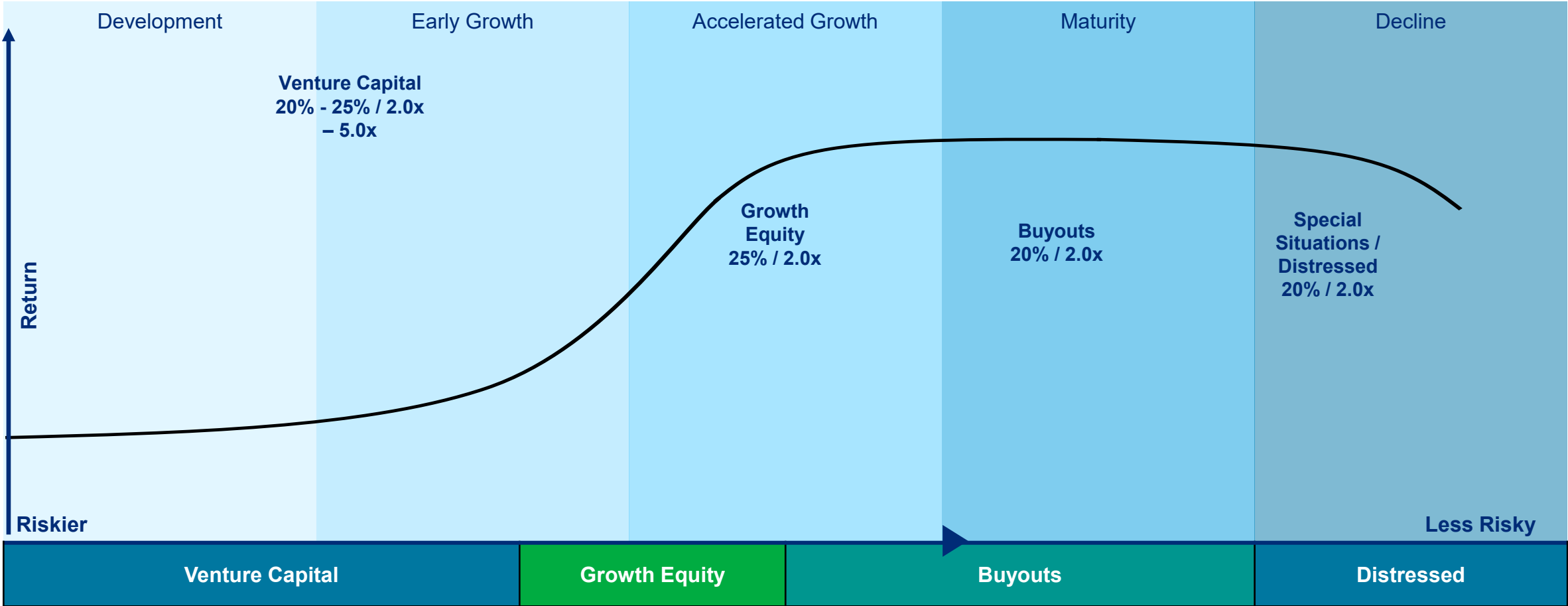
**Source:** Burgiss Private iQ (Q2 2024). Returns are net to investors after management fees and carried interest. Pooled IRR is calculated by treating all funds as a single “fund” by summing their monthly cash flows together. Past performance is not indicative of future results. One cannot invest directly in an index.

For illustration and educational purposes only. The views of Mercer at this time are subject to change and are not guaranteed.



# Access Companies at Different Stages of Private Equity in a Portfolio?


## Target spectrum



For illustration and educational purposes only. These are the views of Mercer at this time. There is no guarantee these targets will be met. Actual allocations may vary from targets. Target allocations are not guaranteed and subject to change.

# Thoughtfully Implementing a Private Equity Program

A well constructed private equity program can mitigate risk and provide diversification within a reasonable timeframe

	Co-investment	Secondaries
 <b>J-curve mitigation</b>	<ul style="list-style-type: none"><li>• LP friendly, capital to work quickly</li></ul>	<ul style="list-style-type: none"><li>• Acquisitions at discounted prices</li><li>• Shorted period until value creation</li></ul>
 <b>Reduced 'blind pool' risk</b>	<ul style="list-style-type: none"><li>• Full underwriting availability of information with all possible technical, tax, commercial, legal, etc. reviews that have been performed by the GP</li></ul>	<ul style="list-style-type: none"><li>• History of the asset with the managing GP, i.e. the GP already knows the asset</li></ul>
 <b>Fast exposure build-up:</b>	<ul style="list-style-type: none"><li>• Normally the full capital gets drawn for a co-investment deal</li></ul>	<ul style="list-style-type: none"><li>• Depends on the deal: in some instances, in which you acquire an LP-stake or portfolio that is in the middle of being built up, there is still 50% unfunded that is expected to be drawn over the next 2-3 years</li></ul>
 <b>Additional diversification / conviction</b>	<ul style="list-style-type: none"><li>• Allow to play more conviction-plays, i.e. focusing on segments and even individual deals a manager regards as particularly attractive</li></ul>	<ul style="list-style-type: none"><li>• Implicitly provide broader diversification benefits (due to the ability to acquire LP stakes and portfolios)</li></ul>

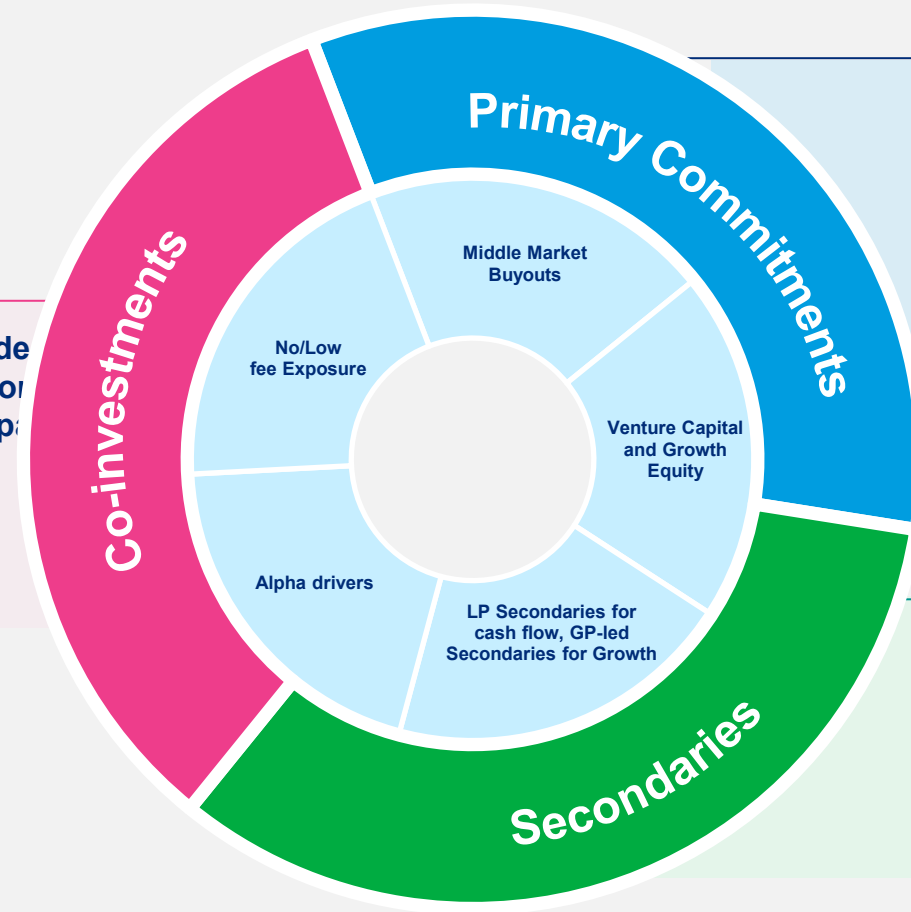
For informational purposes only

# Private Equity Guiding Principles

## Principle 1: Portfolio Construction Can Be An Alpha Driver

The Co-investment opportunity set has expanded in the current market environment. Few investors have the governance and bandwidth to participate directly.

Co-investments and GP-led strategies are compelling at this point in the market.



A high-quality primary portfolio focused on middle market buyouts and venture capital provides diversification and broad market exposure

LP secondaries drive higher cash flow and are hyper-diversified. GP-led situations provide top quality assets with higher potential total return. Both can benefit the portfolio. Secondaries may present opportunities for outsized performance during liquidity squeezes

## Building robust private equity portfolios

For educational and illustration purposes only. There are no assurances that these results can be achieved.



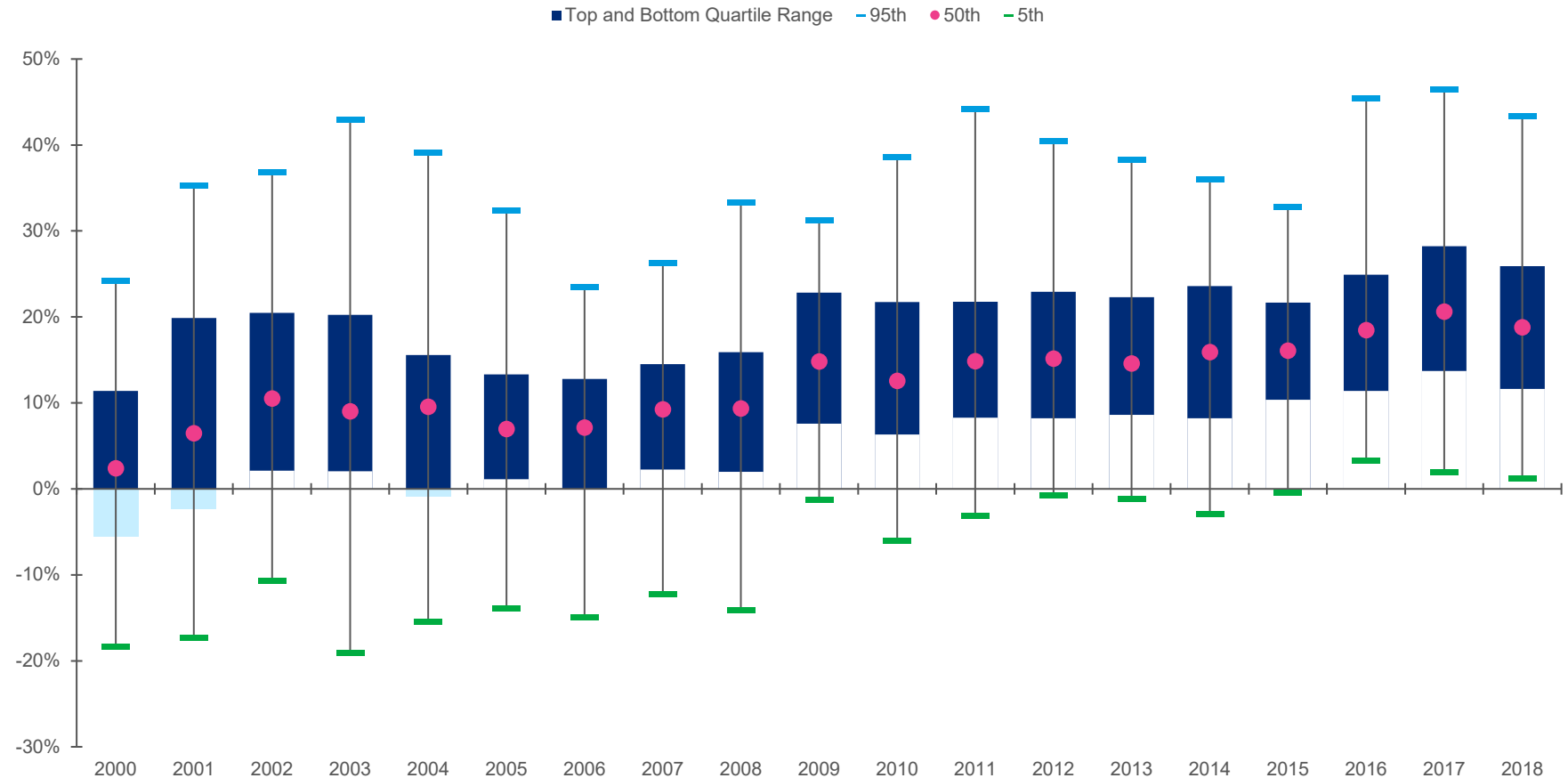
# Private Equity Guiding Principles

## Principle 2: Manager relationships and selection make a big difference

Private equity displays a greater dispersion of returns than public equities.

- Emphasizes the importance of manager selection in private markets.
- Average top and bottom quartile difference is 15% from 2000 to 2018

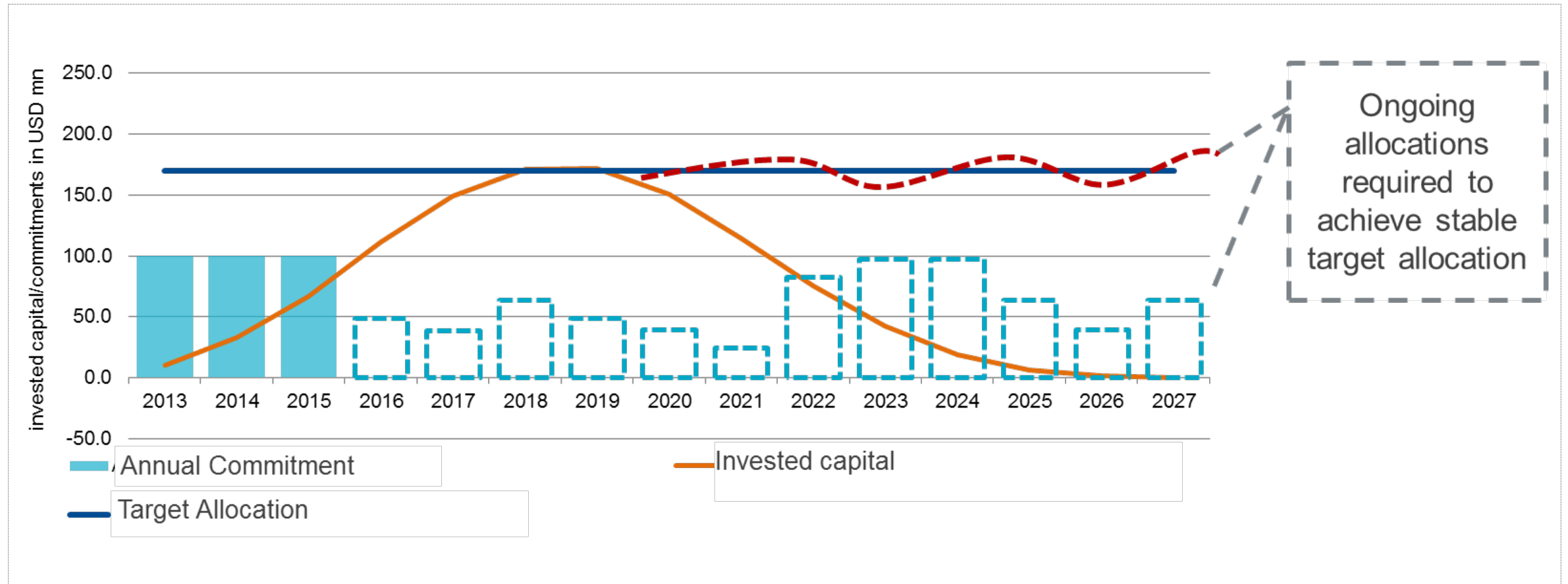
Burgiss Global Private Equity Net IRR Benchmarking by Vintage Year as of September 30, 2023



Source: Burgiss Private i

For illustration and educational purposes only. These are the views of Mercer at this time and are subject to change and are not guaranteed.

# Private Equity Guiding Principles

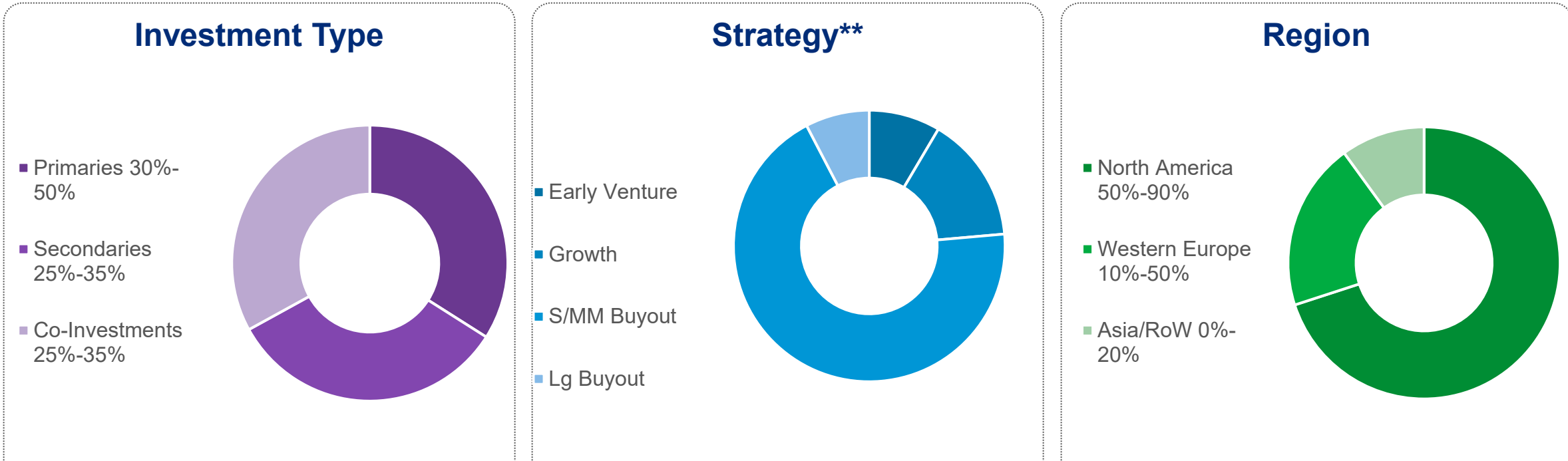


**Commitments over three years appear to result in a more stable allocation than a one-off investment, but ongoing allocations are required to achieve a stable/strategic allocation.**

Source: Mercer  
For illustrative purposes only

# Illustrative Private Equity Target ‘Value-Add’ Portfolio Allocations

Opportunistic Portfolio: Target Net IRR of 18% +; 10-year average life



20-30 positions\*\*

All target allocations or returns and projected portfolio diversifications are for informational purposes only. Actual allocations may vary from targets. Target allocations are subject to change. There is no guarantee that the Fund will be able to implement its investment strategy and attain the allocations, returns, or diversifications presented. **For illustrative purposes only.**

\*\* Excluding secondaries

Data as of 9/30/2023. Analysis performed on 03/15/2024. Projected performance targets are hypothetical and shown for illustrative purposes only.

Illustrative portfolio allocations and targets shown at the general-market level. **This is not meant to represent Mercer’s performance or an actual portfolio. It is not a recommendation, offer or solicitation to buy or sell any securities or to adopt the illustrative portfolio.**

The targets were determined by reviewing a combination of historical returns provided by third-party managers, forward-looking expectations also provided by third-party managers, and data from the asset class-specific Burgiss Peer Universe. These targets were adjusted to account for current market conditions. Any specific manager performance, whether actual or expected, was obtained directly from managers during Mercer’s due diligence and market survey processes. General market context was sourced from the Burgiss Peer Universe, which serves as an index provider. The illustrative portfolio is based on allocations that Mercer analyzed to meet the same criteria as similar mandates. Mandates are typically reviewed based on commonly held industry universes and Burgiss index categorizations. Performance is shown net of investment advisory, investment manager fees, brokerage, and other commissions and assumes the reinvestment of cash flows within individual fund investment periods. Periods over one year are annualized.

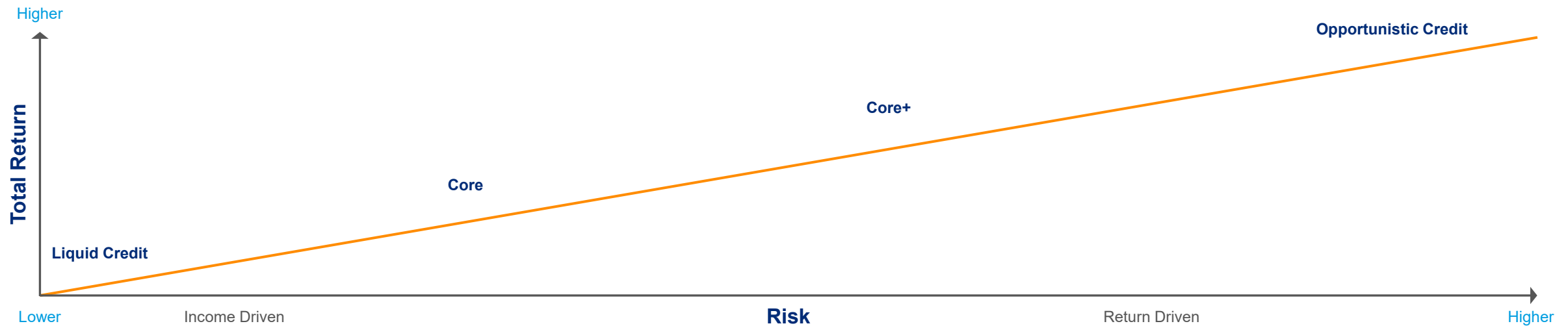
There are limitations with the data presented as each client would have its own investment objectives, risk tolerance, goals, and benchmarks for its portfolios. Actual results may vary significantly from the hypothetical return targets being presented. Investors may experience loss. There are substantial risks associated with investments classified as alternative investments. Investors should have the ability, investing sophistication and experience to bear the risks associated with such investments.

# Private Credit

# What is Private Credit?

## Summary

Private credit is a form of debt financing where non-banks lend money directly to borrowers. Private credit lending happens on a bilateral, negotiated basis where lenders partner with borrowers to create bespoke solutions. By working directly with borrowers private credit lenders typically have more flexibility to negotiate terms, covenants and pricing, which can lead to higher yields and greater protection for investors versus traditional credit markets.



	Liquid Credit	Core	Core+	Opportunistic Credit	
	<ul style="list-style-type: none"> <li>Long only</li> <li>Highly liquid</li> <li>Income focus</li> </ul>	<ul style="list-style-type: none"> <li>Provides debt financing to private companies with enterprise values between \$50mm and \$1.5bn, on average. Seniority in cap stack leads to a lower risk profile focused on capital preservation.</li> <li>Returns are driven primarily by contractual income.</li> </ul>	<ul style="list-style-type: none"> <li>Provides exposure to the broader landscape of debt instruments in addition to direct lending such as specialty finance, structured credit, and other unique credit opportunities.</li> <li>Returns are driven by higher levels of income. Enhanced yields stem from the use of leverage, capital structure subordination, and complexity premium.</li> </ul>	<ul style="list-style-type: none"> <li>Typically targets companies exhibiting signs of stress or distress. Strategies may involve a broader range of instruments and risk profiles.</li> <li>Returns are driven by a combination of income and price appreciation.</li> </ul>	

For illustrative purposes only. This information demonstrates in part, the firm's risk/return analysis to organize credit strategies

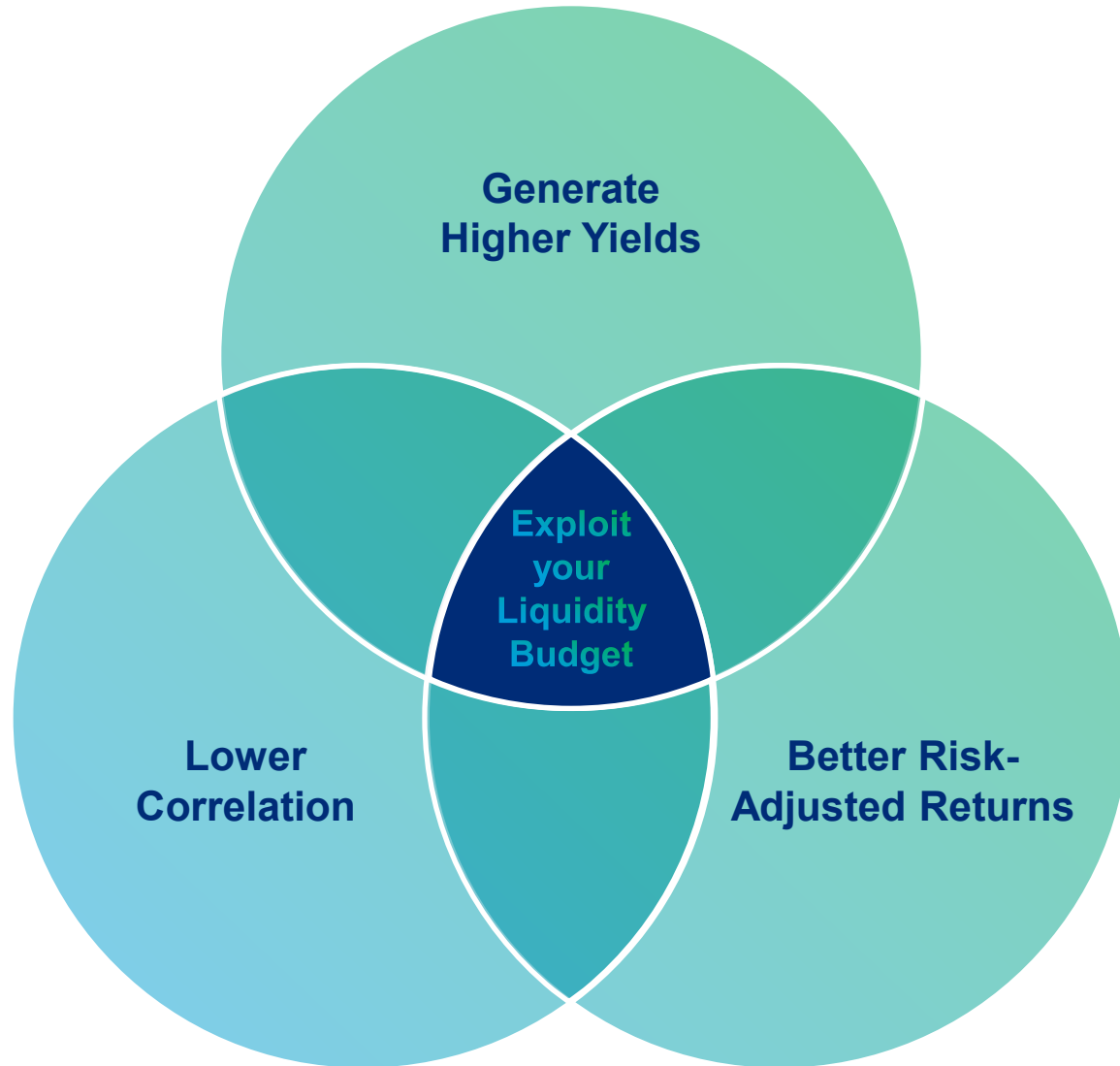
# What is Private Credit?

## Private Credit universe

Core	Core+		Opportunistic Credit	
Direct Lending	Structured Credit	Speciality Finance	Opportunistic	
Upper Middle Market	CLO Debt	Music/Film/Media & Royalties	Distressed	
Middle & Lower Middle Market	CLO Equity	Healthcare Lending & Royalties	Special Situations	
Senior & Unitranche	Third Party CLO Equity	Insurance & Litigation Finance	Credit Dislocation	
Mezzanine & Preferred Equity	ABS Multi-sector	ESG/Impact	Capital Solutions	
Sponsored & Non-sponsored	Consumer ABS	Aviation, Maritime, Rail, Real Assets & Energy	Non-Performing Loans	
Investment Grade	Commercial ABS	Lender/Platform Finance	Bridge Financing	
Levered and Unlevered	Portfolio NAV Lending	Factoring & Trade Finance	Hung Syndications	
BDCs	Regulatory Capital Relief	Tech Lending	Restructuring	
Multi-Strategy Credit				
Flexible strategies providing loans across the capital structure and sectors				
North America	Europe	Asia-Pacific	Emerging Markets	Global

Notes: As defined by Mercer, as at December 31, 2023.

# Why Invest in Private Credit?



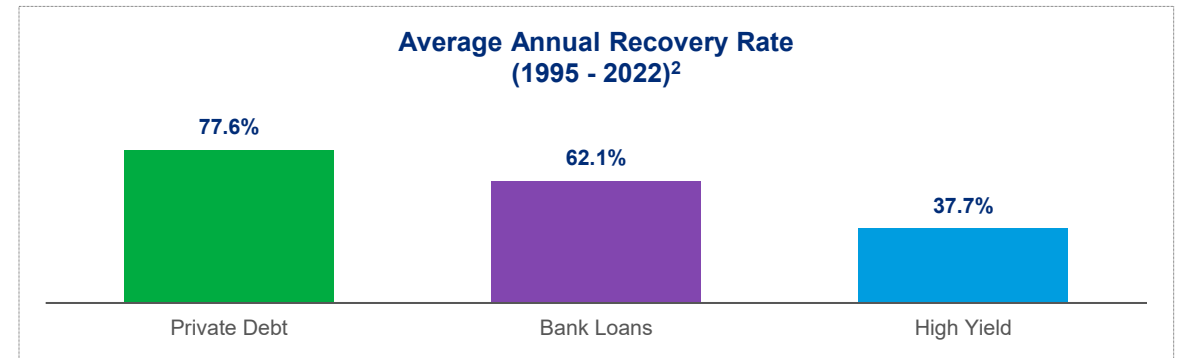
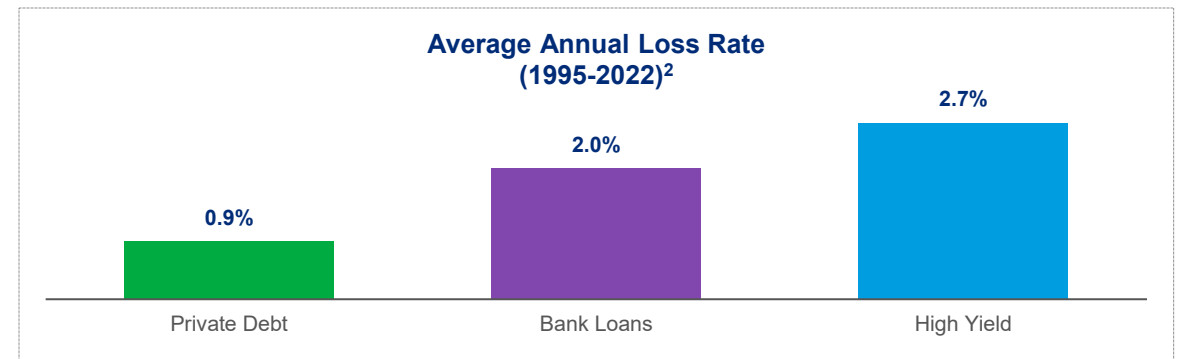
For illustrative purposes only. There is no guarantee objectives will be achieved.

- 1 Typically, higher spreads than liquid credit markets**
  - Capitalizing on the retreat of the banking sector
- 2 Higher return does not necessarily mean higher risk**
  - Private lenders often have more control over underwriting standards
- 3 Diversifying total portfolio risk**
  - Private debt provides unique exposures that may diversify investment portfolios

# Why Invest in Private Credit?

- Higher income than public credit:** Higher yields to compensate for illiquidity
- J-Curve Mitigation vs. private equity:** With a current income stream, private credit funds display fewer J-curve characteristics compared to private equity funds
- Downside protection:** Historically, private credit has generated lower default rates and lower loss rates compared with public market equivalents
- Diversification:** Due to its floating rate nature, private credit has lower interest rate risk and generally has low correlations with traditional fixed income

	Private Loans	Syndicated Bank Loans	High Yield Bonds
<b>Liquidity Profile</b>	Limited Liquidity <i>Limited Secondary Market</i>	Semi-Liquid <i>Active Secondary Market</i>	Liquid <i>Highly Active Secondary Market</i>
<b>Volatility Profile</b>	Low Volatility <i>Fair Value Accounting ASC 820</i>	High Volatility <i>Mark-to-Market</i>	High Volatility <i>Mark-to-Market</i>
<b>Interest Rate Risk</b>	Low Risk <i>Floating Rate</i>	Low Risk <i>Floating Rate</i>	High Risk <i>Fixed Rate</i>
<b>10-yr Returns<sup>1</sup></b>	9.6%	4.5%	4.8%
<b>10-yr Std. Dev.<sup>1</sup></b>	5.1%	6.2%	8.3%
<b>10-yr Sharpe<sup>1</sup></b>	1.9	0.7	0.6



**Source:** 1. Thomson Reuters Datastream (ICE BofAML US High Yield Master II, S&P Leveraged Loan) and Burgiss (US Private Debt), as at June 30, 2023.  
2. Moody's, Cliffwater CDLI (Private Debt), ICE BofAML US High Yield Master II, S&P Leveraged Loan as at December 31, 2022

For illustration and educational purposes only. Past performance is not indicative of future results.



# Private Credit Guiding Principles

## Principle 1: Design multi-strategy programs around desired characteristics



Anchor portfolios with a **core of spread - oriented yield, provided by contractual interest payments.**

Higher contractual returns can potentially be achieved by making use of moderate portfolio leverage and exposure to unique situations.

**Do not overpay** for or chase yield blindly.

**Aim for high line-item diversification** to help mitigate the impact of idiosyncratic credit events.

Yield-oriented asset classes are disproportionately impacted by credit losses if they occur. **Underwriting discipline and risk management is critical.**

Manager performance dispersion is more limited in income- oriented segments. Seek to **make more by paying less.**



**Add diversifying alternative credit strategies** with differentiated risk drivers help to **improve risk-adjusted returns.**

Diversify economic and asset exposures across investor portfolios.

Capital appreciation strategies can provide asymmetric upside opportunities. Balance between seeking yield and capital appreciation could provide **cyclical diversification.**

The broader Private Debt universe offers **opportunities to generate higher contractual returns, as well as a degree of tactical asset allocation over time.**



**Select** investment strategies according to the market environment. Asset allocation should change through time.

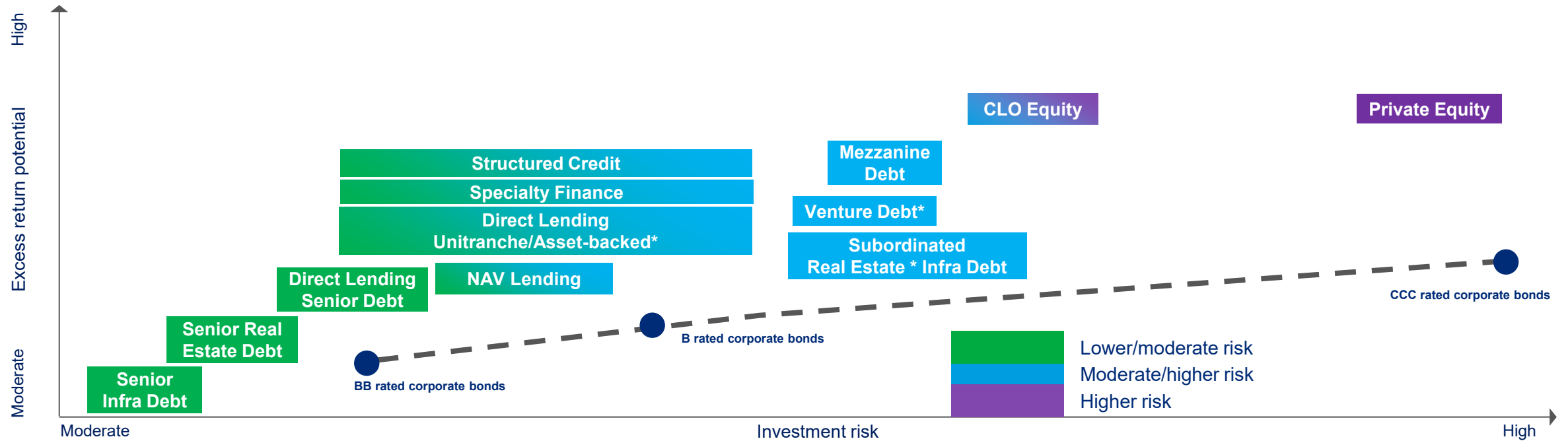
**Make use of opportunistic credit at favorable points in the cycle,** and where risk tolerance permits.

Selectively **align with highly rated managers to access multi-strategy vehicles** to embed further flexibility in the portfolio, with quicker “time to market”.

Pursuant to Mercer’s proprietary rating process the rating assigned to a strategy may or may not be consistent with its past performance. Although the rating reflects our expectations on future performance over a time frame appropriate for the particular strategy, we do not guarantee that these expectations will be fulfilled. Please see the Guide to Mercer’s Investment Strategy Ratings [link] <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

# Private Credit Guiding Principles

## Principle 3: Portfolio Construction can be an Alpha driver



## Key Points

- As certain strategies offer additional yield and capital appreciation opportunities relative to core areas of the private debt universe
- Fee efficiency has a larger impact on relative performance in certain sectors (direct lending) than others (specialty finance/distressed) and our approach to manager selection and fee considerations should vary by sector. Fees and fee discounts are very important in competitive areas with less dispersion such as direct lending and less so in more alpha – driven sectors such as distressed and special situations
- Individual private debt managers often build concentrated portfolios. Private debt does not offer the same asymmetric upside (ability for one high quality idea to impact performance heavily) as private equity. It offers exactly the opposite (ability for one bad idea to sink the portfolio). Diversification across managers and sectors with tactical shifts and flexible strategies is critical to outperform through time

Pursuant to Mercer's proprietary rating process the rating assigned to a strategy may or may not be consistent with its past performance. Although the rating reflects our expectations on future performance over a time frame appropriate for the particular strategy, we do not guarantee that these expectations will be fulfilled. Please see the Guide to Mercer's Investment Strategy Ratings [link] <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

# Private Credit Guiding Principles

## Principle 3: Portfolio Construction can be an Alpha driver



### Traditional Closed-Ended Funds

- Investors enter the Fund during a pre-defined period before the Fund closes to new investors.
- **Capital committed is typically drawn over the investment period lasting 2 to 3 years on average.**
- **The Fund has a finite life and ranges anywhere from 7 years to 12 years depending on the private markets asset class.**
- Investors may not redeem their capital.



### Evergreen Funds

- **Investors can typically enter at any time.**
- The Fund does not have a finite life, but may operate “tranches” (each with a finite life).
- **Typically, following a ‘lock-up’ period, investors can redeem their capital over a period of time.**
- Underlying investments are typically illiquid. Valuations are typically conducted on a quarterly basis.



### Considerations

- Capital efficiency (the amount of capital put to work and timing vs. committed) both during the commitment and harvest heavily impacts private credit returns
- Evergreen funds allow the opportunity to put capital to work more rapidly and keep it invested longer than closed end structures. Private debt provides cash flow that can help support structures with limited liquidity.
- **Investors should leverage open end fund structures to the extent possible for core, income producing strategies and leverage closed end structures for longer term, illiquid opportunities**
- The market is evolving. A variety of fund structures focused on specific client segments are becoming available. There are situations where specific structures (ie. rated notes for insurance clients or interval funds for wealth management) make sense given specific client/segment circumstances.

# Real Estate

# What is Private Real Estate

## Real Estate

Private real estate refers to an investor taking an unlisted equity or debt interest in a property, collection of properties or property related businesses. Real estate offers a diversified income stream from leases and ancillary income.

### Representative Property Types

- Industrial
- Retail
- Residential
- Hospitality
- Office
- Data Centers
- Self-Storage
- Studio / Media
- Medical Office
- Life Science
- Student Housing
- Senior Housing

### Building blocks of a total real estate portfolio

#### Core

High Quality Assets offer stable and growing income

#### Core Plus

Proactive asset managers can add value while limiting risk via re-leasing and light reposition strategies

#### Value-Add

Redevelopment and repositioning of assets to NOI and create asset-level value

#### Opportunistic

Acquiring full development, distressed and severely discounted assets or real estate companies

# Why Invest in Real Estate?

## Inflation protection

Contractual leases and increasing capital flows may provide protection during normal and high inflationary periods

## Income

The combination of income and growth places real estate at the crossroads of fixed income and equity strategies.

## Growth

Real Estate value expansion is achieved through active management and asset, market, and sector selection.

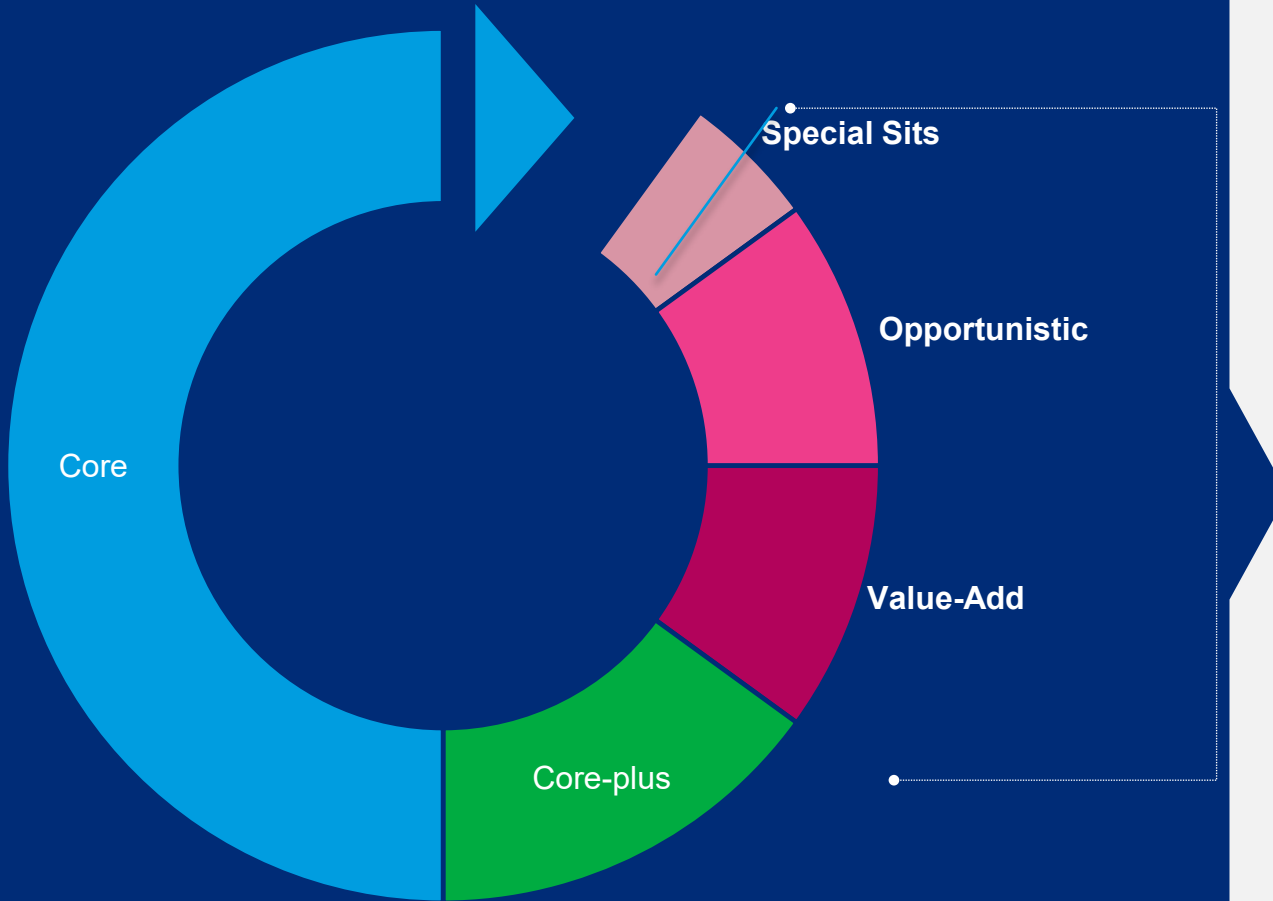
## Large investment universe

Institutional real estate market:  
USD 13 trillion<sup>1</sup>

1. Source: MSCI Global Market Size Estimates of Institutional Invested Real Estate, July 2023

# Private Value-Add/Opportunistic Real Estate

Can provide meaningful alpha, with double digit returns



## 1. The potential for meaningful alpha

Non-core real estate can deliver meaningful alpha by investing in assets that require heavy repositioning, re-development, or ground-up development

## 2. Ability to take advantage of dislocation and thematic driven property types

Non-core real estate can incorporate special situations investments as well as develop properties driven by a multitude of secular trends including technology, demographics, and housing.

## 3. Additional upside from operational efficiencies

Non-core real estate can add value through operational improvements in the management structure

# Private Real Estate Guiding Principles

## Principle 1: Determine the investment objectives of the portfolio



### Core

High quality assets located in the strongest locations



### Core-Plus

Quality assets with minor upgrade requirements. Leverage utilized as a tool to enhance returns



### Value-Add

Assets requiring repositioning or redevelopment to maximize the use of the asset



### Opportunistic

Distressed properties & loans, ground-up development, & entity level investing

Open-end (semi-liquid) real estate



Closed-end (illiquid) real estate

	Open-end (semi-liquid) real estate	Core-Plus	Value-Add	Opportunistic
<b>Net Return Target:</b>	c.6 - 8% return	c.9 - 11% return	c.11 - 15% return	c.15%+ return
<b>% of Total Return</b>	Income 60% Appreciation 40%	Income 50% Appreciation 50%	Income 40% Appreciation 60%	Income 0-30% Appreciation 70-100%
<b>Income Security &amp; Distribution:</b>	High security, Income distributed	Moderate security, Income usually distributed	Moderate/Minimal security, Income usually accrued	Moderate/Minimal security, Income usually accrued
<b>Max Leverage:</b>	0% to 40%	40% to 50%	50% to 65%	60% to 75%
<b>% non-income producing assets:</b>	0% to 15%	15% to 25%	15% to 40%	40%+
<b>Avg Lease Term:</b>	7+ years	5+ years	3 to 5 years	3 to 5 years
<b>ESG focus:</b>	Very Strong	Strong	Moderate/Strong	Variable



Note: For educational and illustration purposes only. Returns shown are targets and cannot be guaranteed. Leverage and income production are consistent with INREV Classifications.



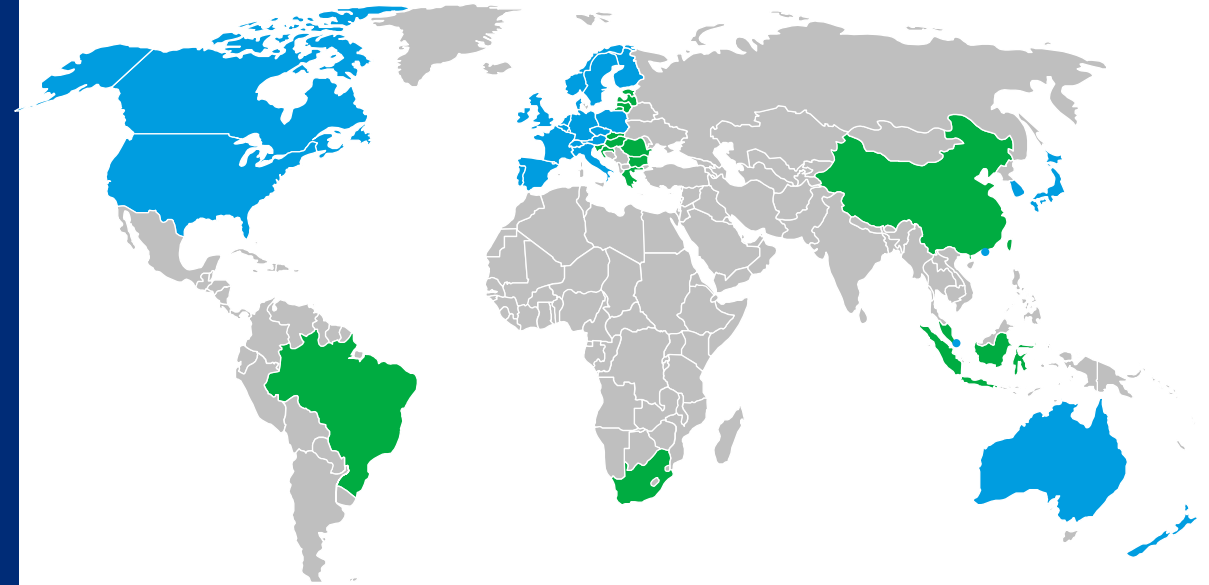
# Private Real Estate Guiding Principles

## Principle 3: Achieve potential diversification benefits that are unique to real estate

### Property Diversification

 <b>Short Leases</b>	Full-Service Hotels Select Service Hotels	Self Storage Apartments Student Housing Senior Living
	Grocery Anchored	Office Retail Malls Industrial Medical Office Data Centers
 <b>Long Leases</b>	Net Lease	

### Geographic Diversification



### Global Markets

■ Developed
 ■ Emerging

 GDP Linked

 GDP De-Linked

# Private Real Estate Guiding Principles

## Principle 3: Achieve diversification benefits that are unique to real estate

		Main Drivers	Risks	Opportunities
<b>Industrial/Logistics</b> 		<b>Rapid growth of ecommerce</b> onshoring and stock building due to geopolitical risks	<b>Weight of capital leading to overpricing of secondary stock</b> yields dropping too low relative to land values	<b>Rental growth driven return</b> aggregation and institutionalization plays
<b>Residential</b> 		<b>Urbanization &amp; housing shortages in urban areas</b> demographic shifts lead to new types of housing needs	<b>Differences in regulation across markets mean that market dynamics are very localized</b>	<b>Resilient income streams, particularly in areas of population growth</b> funding of new concepts and affordable housing
<b>Niche sectors</b> 		<b>Increasing demand for new technology, new research, and/or new products/formats</b>	<b>Sectors tend to be small so finding investable stock may be an issue</b> the future is uncharted terrain	<b>Medical offices, Life sciences, Healthcare facilities, Data centers, Film studios</b>
<b>Offices (New Age)</b> 		<b>Increased working-from-home changes the role of the office</b> ESG demands on buildings; shorter more flexible leases	<b>Vacancy in buildings that are not able to convince workers</b> stranded asset risk as minimum energy performance hurdles expand	<b>Value-add play in updating stock; conversion plays where location allows for alternative use</b>
<b>Retail (Specialty &amp; Necessity based)</b> 		<b>Changes in how consumers spend</b> e.g. from in-store to online and from a focus on goods to experiences	<b>Oversupply on high streets and outdated shopping centers</b> falling rents as retailer turnover decreases	<b>Necessity based retail can provide long leases</b> yields in the sector have corrected over the past decade

### Example investments



This does not constitute investment advice. These investments represent random examples and are shown for illustrative purposes only Diversification does not guarantee a profit or protect against a loss.

Source: Mercer

# Private Real Estate Guiding Principles

## Principle 3: Achieve diversification benefits that are unique to real estate

### Secular Trends

Capitalize on secular growth profiles with an emphasis on thematic trends:

- Demographics
- Technology
- Housing Needs
- ESG & Climate Change

Thematic  
drivers

Economic  
Growth

Event  
Driven

### Short-Term Dislocations

Valuation anomalies caused by temporary dislocations

- Public-to-Private Arbitrage
- Inflation
- Rising Interest Rates
- Covid-19 Pandemic
- Capital Structure Distress
- Motivated Sellers
- NPLs or REOs<sup>1</sup>

**Secular trends and dislocation opportunities provide diversified cash flows and steady appreciation across cycles.**

<sup>1</sup> Non-Performing Loans (NPL) and Real Estate (REO) are the terms referring properties owned by a lender; The latter because it failed to sell in a foreclosure auction after the borrower defaulted on their mortgage.

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Source: Mercer

# Infrastructure

The background of the slide is a gradient of blue. The top half is a dark, navy blue, and the bottom half is a lighter, sky blue. A sharp diagonal line separates the two colors, running from the bottom left towards the top right.

# What Is Infrastructure?

**Summary:** Infrastructure is defined as the basic physical and organizational structures needed for the operation of society or enterprise.



**Social Infrastructure**  
(schools, hospitals, etc.)



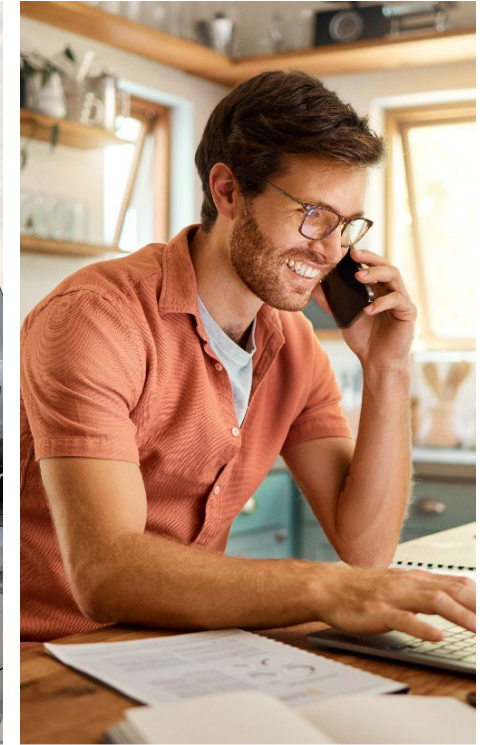
**Energy / Power**  
(renewables, generation, storage, etc.)



**Utilities**  
(gas, water, electricity networks, etc.)



**Transportation**  
(toll roads, airports, seaports, etc.)



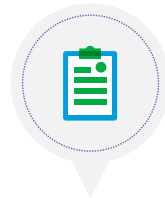
**Communications**  
(telecom towers, data centers, etc.)

# Why Invest in Infrastructure



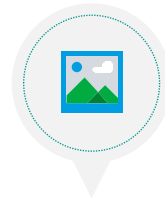
## Downside protection

Infrastructure assets should provide downside protection, inflation protection, and retain equity return upside.



## Stable cash flows

Cash flows from infrastructure should be stable cash flows through rate regulation, contracts with creditworthy counterparties, a monopolistic position and/or by nature of the service provided.



## Absolute return generator

We view infrastructure as an absolute return asset class and the exposure can be customized to be more income or appreciation focused.



## Diversifier








Infrastructure assets provide a different risk/return profile than other parts of a portfolio.



## Customized risk

Risk profile varies widely by underlying asset exposure (ie greenfield vs brownfield)

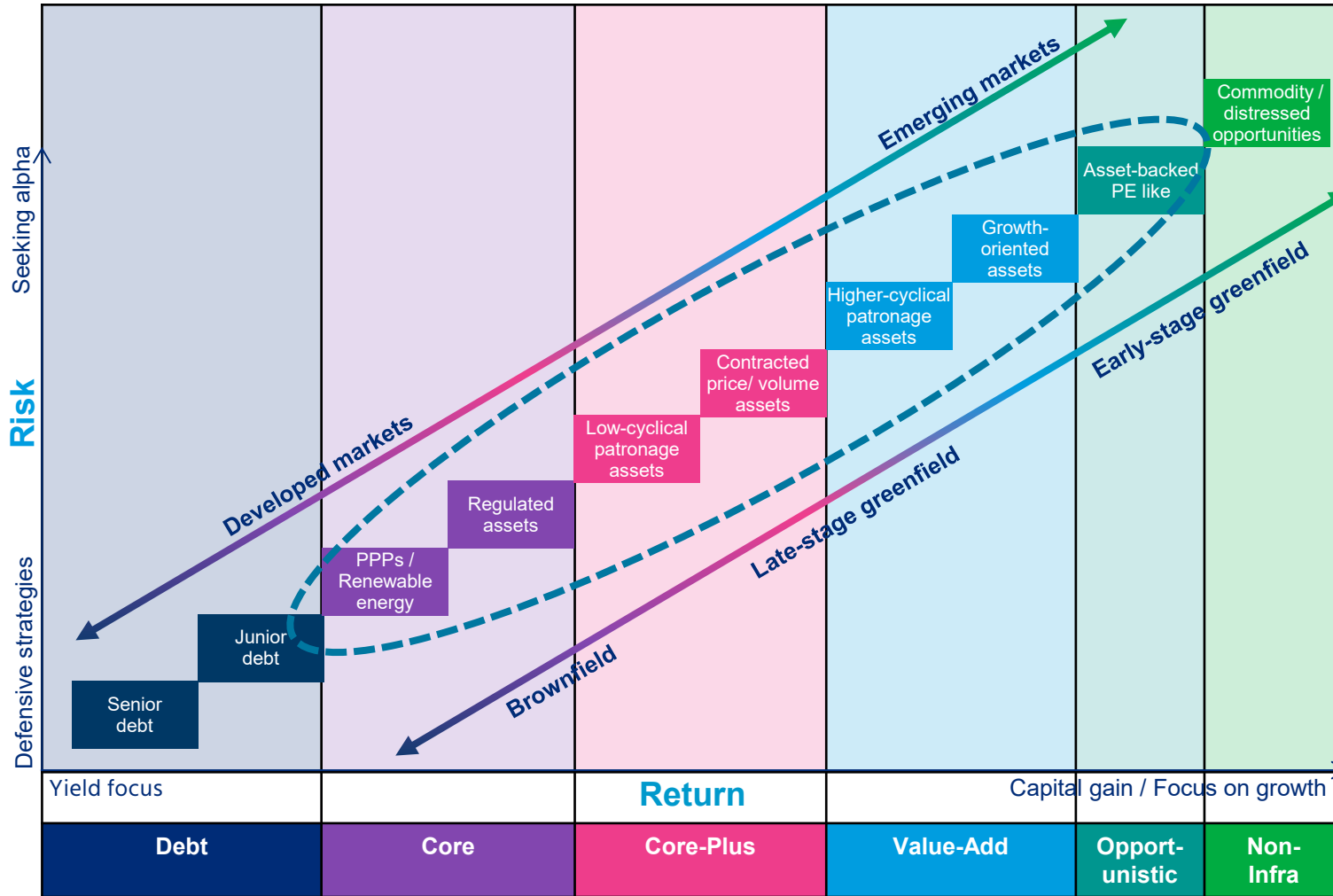
# Advantages of Infrastructure Investments

01		High barriers to entry	Physical, economic, political and/or regulatory reasons that limit competition
02		Inelastic demand	Across a wide cross-section of society, and largely irrespective of the economic cycle
03		Predictable cash flows	Demand largely follows a set pattern, which feeds into revenues and profits
04		Low volatility	Performance tends to be stable
05		Low correlation to other asset classes	Due to exposure to unique risk/return drivers
06		Partial inflation linkage	Either contractual or through market pricing power
07		Yield potential	Can de-risk returns as well as providing an alternative source of income

For illustration and educational purposes only. These are the views of Mercer at this time and are subject to change and are not guaranteed.

# Infrastructure Guiding Principles

## Principle 1: Design allocations to meet desired characteristics



➤ Risk and Potential Return

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# Illustrative Infrastructure Target ‘Value-Add’ Portfolio

## Target net IRR of 12%-15%; 12-Year Life

This portfolio should provide investors with a diversified exposure to infrastructure with a Value Add risk profile. The portfolio will be diversified across a wide range of geographies and subsectors, and risk profiles. It will primarily consist of closed-ended funds, therefore clients will need to have a sufficient liquidity budget in order to consider such a portfolio. The portfolio is similar to the Core+ Portfolio, however, the majority of managers will have a Value-Add risk profile and a sizeable allocation to Secondaries and Co-Investments. Returns will primarily consist of capital gains; thus it may not be appropriate for clients who are in need of cash yield.

## Return Profile

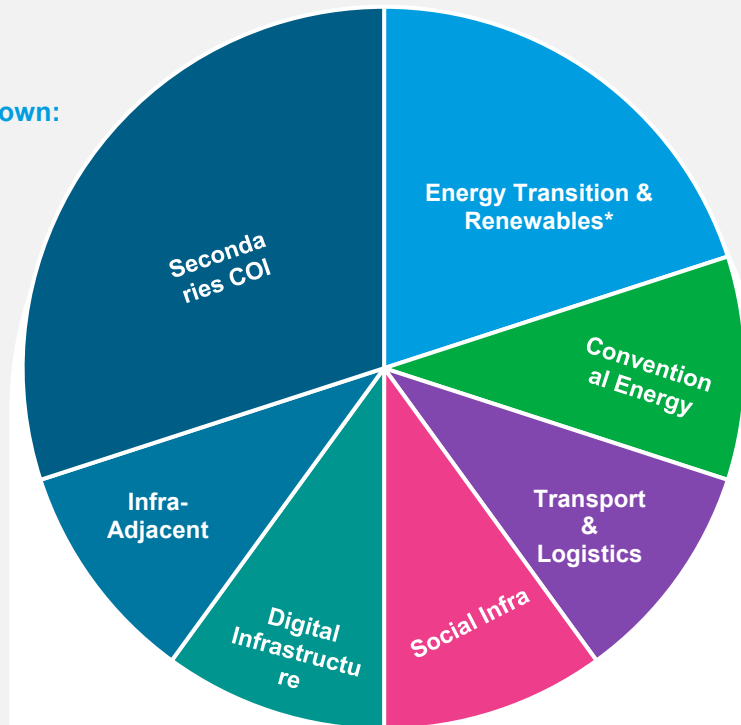
Target net IRR	12% - 15%
Target TVPI	1.8x – 2.0x
Return Characteristics	10-12% appreciation 0-3% current income
Leverage	0 – 50%

## Strategy Type

Core Plus/Value-Add	15%
Value-Add	55%
Secondaries & COI	30%

### Geographic Breakdown:

North America: 35 – 60%  
Europe: 35 – 60%  
Rest of World: 0 – 30%



Value Add primary investments provide the base of the portfolio and can represent approximately 70% of the total.

Consider allocating to regional specialists in order to gain best-in-class implementation. 8 – 10 managers should be appropriate for portfolio diversification.

**Secondaries and co-investments should be used to tilt the portfolio to a specific region or subsector, and also take advantage of special situations. Allocations to sector funds such as energy transition and digital infrastructure will also provide exposure to specialized areas while also potentially driving co-investment flow.**

**Notes:** For illustrative and informational purposes only. Target allocations and returns are subject to change. Actual allocations may vary from targets. See slide [66] for important information on hypothetical targeted returns.

Data as of 9/30/2023. Analysis performed on 03/15/2024. Projected performance targets are hypothetical and shown for illustrative purposes only.

Illustrative portfolio allocations and targets shown at the general-market level. **This is not meant to represent Mercer's performance or an actual portfolio. It is not a recommendation, offer or solicitation to buy or sell any securities or to adopt the illustrative portfolio.**

The targets were determined by reviewing a combination of historical returns provided by third-party managers, forward-looking expectations also provided by third-party managers, and data from the asset class-specific Burgiss Peer Universe. These targets were adjusted to account for current market conditions. Any specific manager performance, whether actual or expected, was obtained directly from managers during Mercer's due diligence and market survey processes. General market context was sourced from the Burgiss Peer Universe, which serves as an index provider. The illustrative portfolio is based on allocations that Mercer analyzed to meet the same criteria as similar mandates. Mandates are typically reviewed based on commonly held industry universes and Burgiss index categorizations. Performance is shown net of investment advisory, investment manager fees, brokerage, and other commissions and assumes the reinvestment of cash flows within individual fund investment periods. Periods over one year are annualized.

There are limitations with the data presented as each client would have its own investment objectives, risk tolerance, goals, and benchmarks for its portfolios. Actual results may vary significantly from the hypothetical return targets being presented. Investors may experience loss. There are substantial risks associated with investments classified as alternative investments. Investors should have the ability, investing sophistication and experience to bear the risks associated with such investments.

# Hedge Funds

# What are Hedge Funds?



\* Hedge funds can offer greater potential, but results may vary and are dependent on skill and effective execution.

For Illustrative Purposes Only

# Hedge Fund Types

We classify strategies into three broad Hedge Fund types

## Absolute Return Oriented

01

- Multi-Strategy
- Event-Driven
- Relative Value

Expected to produce consistent returns due to diversification across strategies, plus the ability to tactically shift allocations between strategies as the opportunity set changes

## Security Selection Strategies

02

- Long/Short Equity
- Long/Short Credit & Distressed
- Insurance Linked

Focused strategies that are expected to produce strong returns over a full cycle, but short term results are more dependent on the market environment

## Macro/Diversifying Strategies

03

- Managed Futures
- Macro
- Tail Risk Hedging

Strategies that can be expected to provide useful diversification, namely when markets dislocate, or protect against systemic risk

# The Role of Hedge Funds

## Providing diversification to a portfolio

	Public Markets	Hedge Funds	Private Markets	
	Cash Equity Gov't Debt Corporate Debt	Consumer Debt REITs Real Assets Commodities	Private Equity Private Debt Direct Real Estate	Infrastructure Direct Hard Assets
Constraints	Moderate to High	<b>Low</b> ...are benchmark agnostic and generally unbound relative to traditional defined mandates	Moderate	
Toolkit	Low	<b>High</b> ...hedge funds can access an expanded framework and implement strategies to enhance alpha and manage risks. Non-traditional risks are sourced through an alternative lens - change dynamics, inefficiencies, dislocations, illiquidity, trends/patterns and arbitrage to name a few	Low	
Alpha Potential	Low	<b>High</b> ...hedge funds access non-traditional risk and return streams with the potential to offer asymmetry in returns with results that favour the upside with enhanced downside risk controls	High	
Risk Diversification	Low	<b>High</b> ...offering a collection of risk exposures that are less dependent on the traditional risk factors	Moderate	
Fees	Low to Moderate	<b>Moderate to High</b> ...but with a return that compensates for the risks taken, net of fees	High	
Liquidity	Moderate to High	<b>Semi-Liquid</b> ...sitting between traditional public and private investing	Illiquid	

For educational and illustration purposes only. Diversification does not protect against a loss or guarantee a profit.

# Hedge Fund Guiding Principles

Three guiding principles that provide a framework for constructing exposure to hedge fund strategies, while allowing for differing preferences, objectives and constraints.

## Invest for multi-dimensional diversification

- Seek diversification across managers, strategies, risk exposures, risk profiles, and regions
- Timing market movements is prone to error
- Manager dispersion is wide within and across strategies
- Build robustness, dynamism, and flexibility within manager allocations that can serve to enhance the portfolio and deliver all-weather capabilities
- Hedge funds collectively are the only “asset class” that can simultaneously diversify both equity market and interest rate risks.

## Invest with limited constraints

- Bridge the investing gap – access to risk-managed alternative strategies
- Assessing manager skills is key
- Adding constraints can diminish the value proposition and alter what is achievable

## Invest with purpose

- Pursuing a well- defined distinct and separate mandate through a portfolio approach with active oversight can increase chances for success and reduce the margin for error
- Seek multi-dimensional balance within the mandate

For educational and illustration purposes only.

# Hedge Fund Guiding Principles

## Principle 1: Invest for multi-dimensional diversification

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Barclays Gov't/Credit 6.09%	HFRI RV: ConvertArb 60.17%	S&P 500 TR 15.06%	Barclays Gov't/Credit 9.24%	S&P 500 TR 16.00%	S&P 500 TR 32.39%	S&P 500 TR 13.69%	HFRI EH: Eq Mrkt Ntrl 4.27%	HFRI ED: Distressed 15.15%	S&P 500 TR 21.83%	HFRI ED: Merger Arb 3.29%	S&P 500 TR 31.49%	S&P 500 TR 18.40%	S&P 500 TR 28.71%	HFRI Macro 8.99%
HFRI Macro 4.83%	HFRI Emerging Markets 40.25%	HFRI RV: ConvertArb 13.35%	S&P 500 TR 2.11%	HFRI Relative Value 10.59%	HFRI Equity Hedge 14.28%	Barclays Gov't/Credit 6.32%	HFRI ED: Merger Arb 3.32%	S&P 500 TR 11.96%	HFRI Emerging Markets 19.36%	Barclays Gov't/Credit -0.44%	HFRI Equity Hedge 13.71%	HFRI Equity Hedge 17.89%	HFRI ED: Distressed 15.61%	HFRI ED: Merger Arb 2.86%
HFRI ED: Merger Arb -5.37%	HFRI ED: Distressed 28.14%	HFRI ED: Distressed 12.12%	HFRI ED: Merger Arb 1.50%	HFRI Emerging Markets 10.37%	HFRI ED: Distressed 14.05%	HFRI Macro 5.58%	HFRI RV: ConvertArb 1.92%	HFRI Event-Driven 10.57%	HFRI Equity Hedge 13.29%	HFRI Relative Value -0.47%	HFRI Emerging Markets 11.77%	HFRI Emerging Markets 12.86%	HFRI Event-Driven 12.41%	HFRI EH: Eq Mrkt Ntrl 1.57%
HFRI EH: Eq Mrkt Ntrl -5.92%	S&P 500 TR 26.51%	HFRI Event-Driven 11.86%	HFRI Relative Value 0.15%	HFRI ED: Distressed 10.12%	HFRI Event-Driven 12.51%	HFRI Relative Value 4.02%	S&P 500 TR 1.38%	HFRI RV: ConvertArb 8.10%	HFRI Fund Wgtd Comp 8.59%	HFRI EH: Eq Mrkt Ntrl -0.98%	HFRI Fund Wgtd Comp 10.45%	HFRI RV: ConvertArb 12.84%	HFRI Equity Hedge 11.67%	HFRI Relative Value -0.80%
HFRI Relative Value -18.04%	HFRI Relative Value 25.81%	HFRI Emerging Markets 11.44%	HFRI ED: Distressed -1.79%	HFRI Event-Driven 8.89%	HFRI Fund Wgtd Comp 9.13%	HFRI FOF Composite 3.37%	Barclays Gov't/Credit 0.15%	HFRI Relative Value 7.67%	HFRI FOF Composite 7.77%	HFRI ED: Distressed -1.70%	HFRI RV: ConvertArb 10.35%	HFRI Fund Wgtd Comp 11.83%	HFRI ED: Merger Arb 10.63%	HFRI RV: ConvertArb -1.17%
HFRI Fund Wgtd Comp -19.03%	HFRI Event-Driven 25.04%	HFRI Relative Value 11.43%	HFRI EH: Eq Mrkt Ntrl -2.13%	HFRI RV: ConvertArb 8.58%	HFRI FOF Composite 8.96%	HFRI EH: Eq Mrkt Ntrl 3.06%	HFRI FOF Composite -0.27%	HFRI Emerging Markets 7.03%	HFRI Event-Driven 7.59%	HFRI Event-Driven -2.13%	Barclays Gov't/Credit 10.14%	HFRI ED: Distressed 11.82%	HFRI Fund Wgtd Comp 10.16%	HFRI ED: Distressed -3.09%
HFRI FOF Composite -21.37%	HFRI Equity Hedge 24.57%	HFRI Equity Hedge 10.45%	HFRI Event-Driven -3.30%	HFRI Equity Hedge 7.41%	HFRI RV: ConvertArb 8.02%	HFRI Fund Wgtd Comp 2.98%	HFRI Relative Value -0.29%	HFRI Equity Hedge 5.47%	HFRI ED: Distressed 6.25%	HFRI RV: ConvertArb -3.08%	HFRI FOF Composite 8.39%	HFRI FOF Composite 10.88%	HFRI Macro 7.72%	HFRI Fund Wgtd Comp -4.20%
HFRI Event-Driven -21.82%	HFRI Fund Wgtd Comp 19.98%	HFRI Fund Wgtd Comp 10.25%	HFRI Macro -4.16%	HFRI Fund Wgtd Comp 6.36%	HFRI Relative Value 7.07%	HFRI Equity Hedge 1.81%	HFRI Equity Hedge -0.97%	HFRI Fund Wgtd Comp 5.44%	HFRI RV: ConvertArb 5.95%	HFRI FOF Composite -4.03%	HFRI Event-Driven 7.49%	Barclays Gov't/Credit 9.29%	HFRI RV: ConvertArb 7.71%	HFRI Event-Driven -4.65%
HFRI ED: Distressed -25.20%	HFRI ED: Merger Arb 11.65%	HFRI Macro 8.06%	HFRI RV: ConvertArb -5.16%	Barclays Gov't/Credit 5.07%	HFRI EH: Eq Mrkt Ntrl 6.46%	HFRI ED: Merger Arb 1.69%	HFRI Fund Wgtd Comp -1.12%	HFRI ED: Merger Arb 3.63%	HFRI Relative Value 5.14%	HFRI Macro -4.10%	HFRI Relative Value 7.42%	HFRI Event-Driven 9.26%	HFRI Relative Value 7.59%	HFRI FOF Composite -5.25%
HFRI Equity Hedge -26.65%	HFRI FOF Composite 11.47%	Barclays Gov't/Credit 6.99%	HFRI Fund Wgtd Comp -5.25%	HFRI FOF Composite 4.79%	HFRI Emerging Markets 5.47%	HFRI RV: ConvertArb 1.55%	HFRI Macro -1.26%	Barclays Gov't/Credit 3.19%	HFRI EH: Eq Mrkt Ntrl 4.88%	S&P 500 TR -4.39%	HFRI ED: Merger Arb 6.81%	HFRI Macro 5.38%	HFRI EH: Eq Mrkt Ntrl 7.05%	HFRI Equity Hedge -10.21%
HFRI RV: ConvertArb -33.73%	Barclays Gov't/Credit 4.81%	HFRI FOF Composite 5.70%	HFRI FOF Composite -5.72%	HFRI EH: Eq Mrkt Ntrl 2.98%	HFRI ED: Merger Arb 4.74%	HFRI Event-Driven 1.08%	HFRI Emerging Markets -3.28%	HFRI EH: Eq Mrkt Ntrl 2.23%	HFRI ED: Merger Arb 4.31%	HFRI Fund Wgtd Comp -4.76%	HFRI Macro 6.50%	HFRI ED: Merger Arb 5.20%	HFRI Emerging Markets 6.86%	HFRI Emerging Markets -12.67%
S&P 500 TR -37.00%	HFRI Macro 4.34%	HFRI ED: Merger Arb 4.60%	HFRI Equity Hedge -8.38%	HFRI ED: Merger Arb 2.76%	HFRI Macro -0.44%	HFRI ED: Distressed -1.39%	HFRI Event-Driven -3.55%	HFRI Macro 1.03%	Barclays Gov't/Credit 4.18%	HFRI Equity Hedge -7.14%	HFRI ED: Distressed 2.94%	HFRI Relative Value 3.35%	HFRI FOF Composite 6.17%	Barclays Gov't/Credit -14.09%
HFRI Emerging Markets -37.26%	HFRI EH: Eq Mrkt Ntrl 1.43%	HFRI EH: Eq Mrkt Ntrl 2.85%	HFRI Emerging Markets -14.01%	HFRI Macro -0.06%	Barclays Gov't/Credit -2.47%	HFRI Emerging Markets -2.56%	HFRI ED: Distressed -8.06%	HFRI FOF Composite 0.51%	HFRI Macro 2.20%	HFRI Emerging Markets -10.94%	HFRI EH: Eq Mrkt Ntrl 2.33%	HFRI EH: Eq Mrkt Ntrl -0.11%	Barclays Gov't/Credit -1.81%	S&P 500 TR -18.11%

Timing allocations is prone to error.

Manager dispersion is wide within and across strategies.

Diversification across strategies while considering robustness, dynamism, and flexibility within manager allocations can serve to enhance the portfolio and deliver all-weather capabilities.

Source: HFR Industry Reports, © HFR, Inc. Q4 2022, www.HFR.com.

For educational and illustration purposes only. There are no assurances that these results can be achieved.

# Tariff and Portfolio Considerations

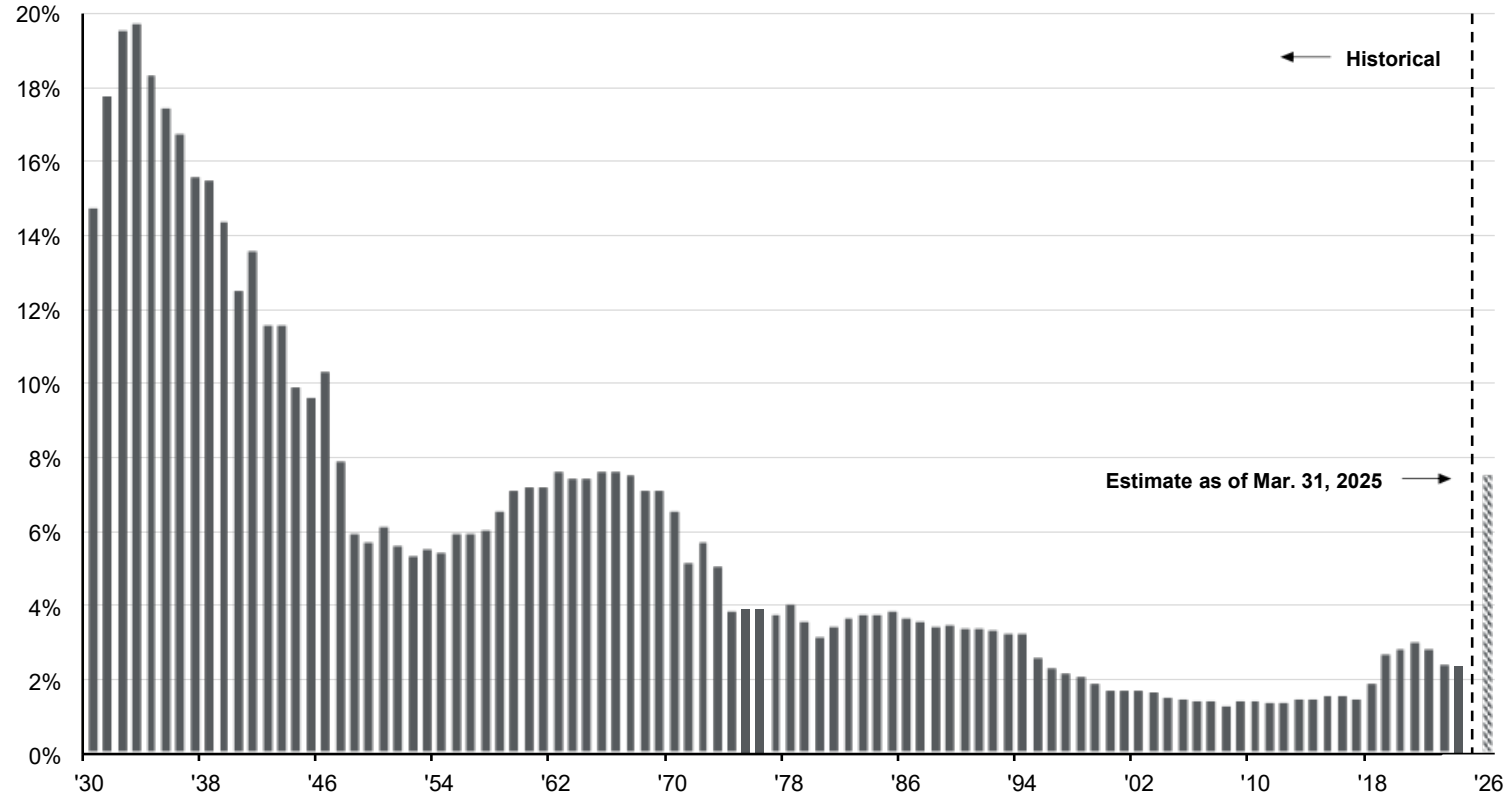
4



# Tariffs on U.S. imports estimate as of 3/31

## Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption

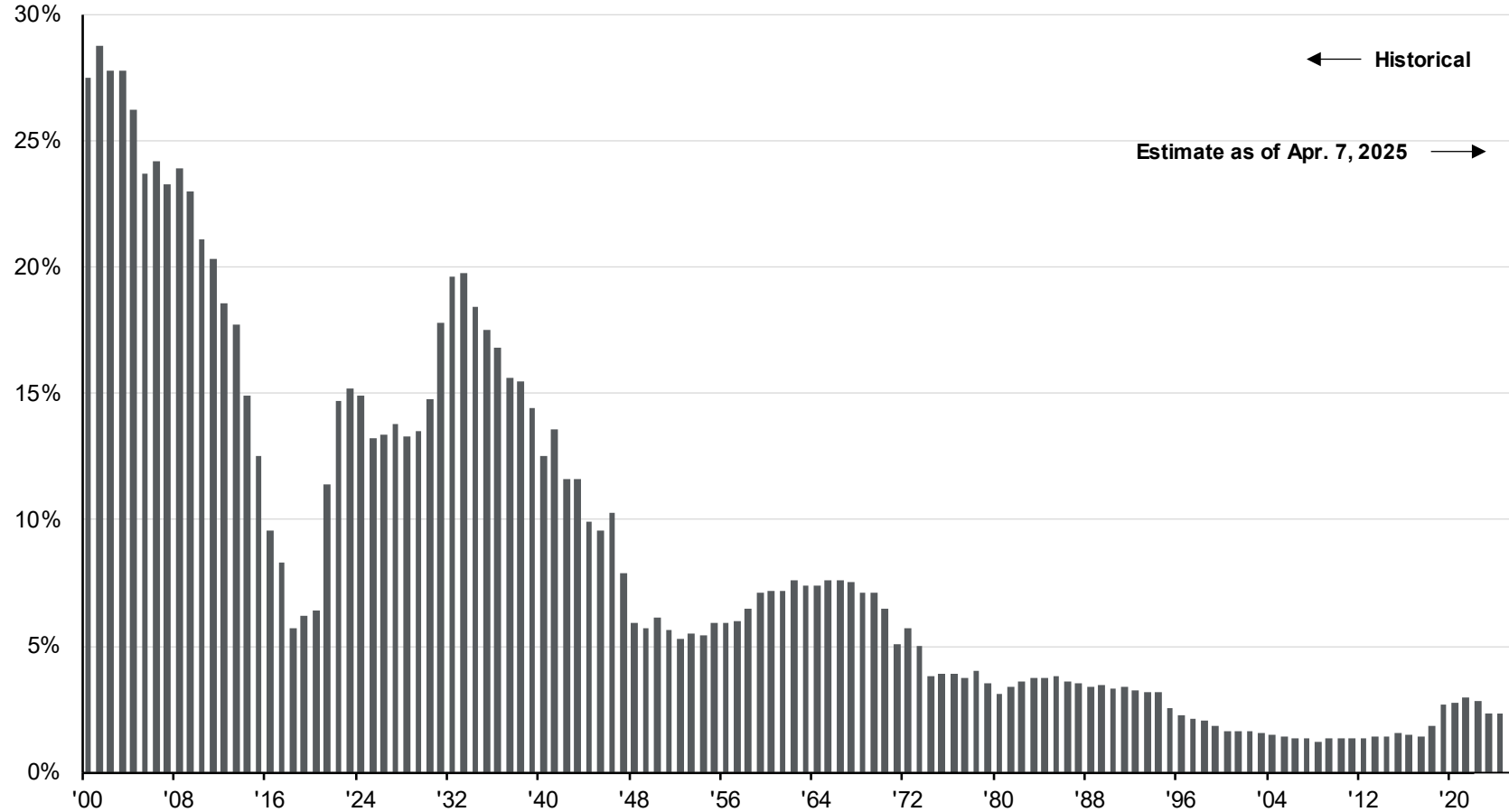


Source: Goldman Sachs Investment Research, United States International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average U.S. tariff rate includes the latest tariff announcements (25% tariffs on steel and aluminum imports, an additional 20% tariff on Chinese imports, and a 25% tariff on non-compliant Mexican and Canadian imports). Estimates about which goods are USMCA compliant come from Goldman Sachs Investment Research. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. The estimate does not consider non-tariff barriers, such as value-added taxes. Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Forecasts are based on current data and assumptions about future economic conditions. Actual results may differ materially due to changes in economic, market, and other conditions. Guide to the Markets – U.S. Data as of March 31, 2025.

# Tariffs on U.S. imports estimate as of 4/7

## Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption

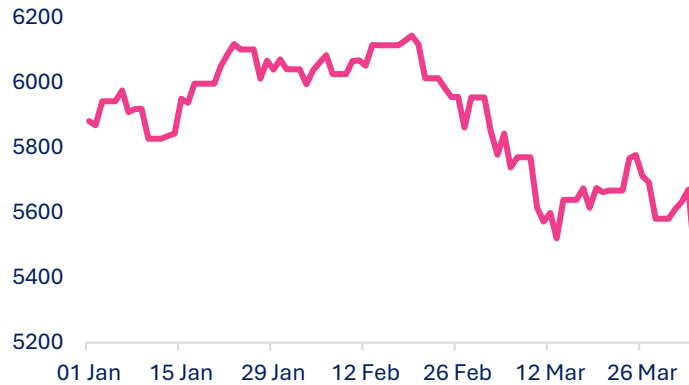


- Source: Goldman Sachs Investment Research, United States International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. Estimates about which goods are USMCA compliant come from Goldman Sachs Investment Research. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. The estimate does not consider non-tariff barriers, such as value-added taxes. Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Forecasts are based on current data and assumptions about future economic conditions. Actual results may differ materially due to changes in economic, market, and other conditions.
- Guide to the Markets – U.S. Data are as of April 7, 2025.

# What has the market reaction been?

Risk off: equities off, bonds up, JPY v strong, oil down, HY spreads wider

US equities down 3%



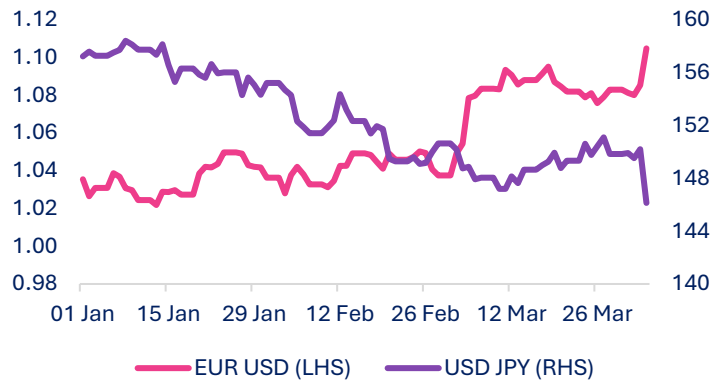
Yields down 15bps



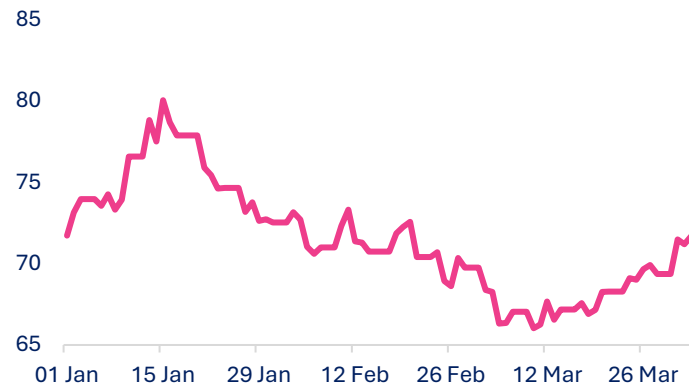
Yields curve broadly stable



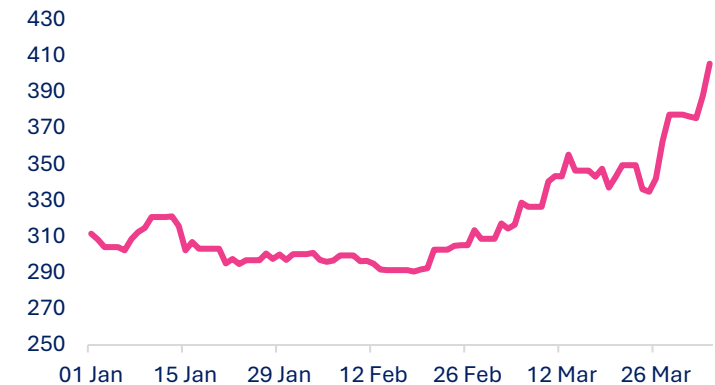
USD down by 2%



Oil down 6%



HY spreads wider

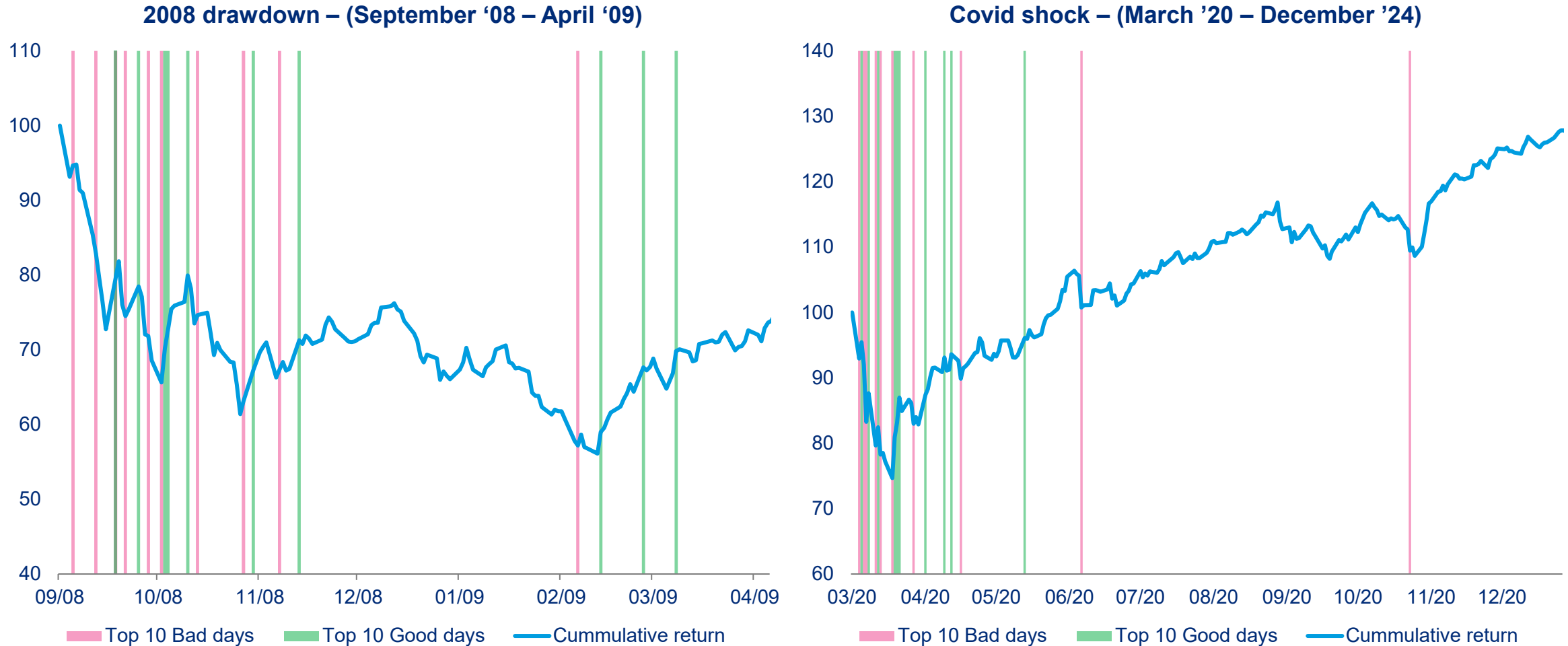


# Tariffs so far

Effective Date	Target Countries	Tariff Rate	Goods Targeted
4 February 2025	China	10%	All
4 March 2025	Canada, Mexico China	25%, 10% for Canadian energy 10%	All except USMCA compliant All
12 March 2025	Major exporters	25%	Steel, aluminium
2 April 2025	Venezuelan Oil importers	25%	All
5 April 2025	All	10%	All
9 April 2025	Countries judged to have trade imbalances and other trade barriers against the US	Individual “discounted” reciprocal tariffs	All
3 May 2025	Major exporters	25%	Car parts

# Market timing is difficult and warrants smaller risk budget:

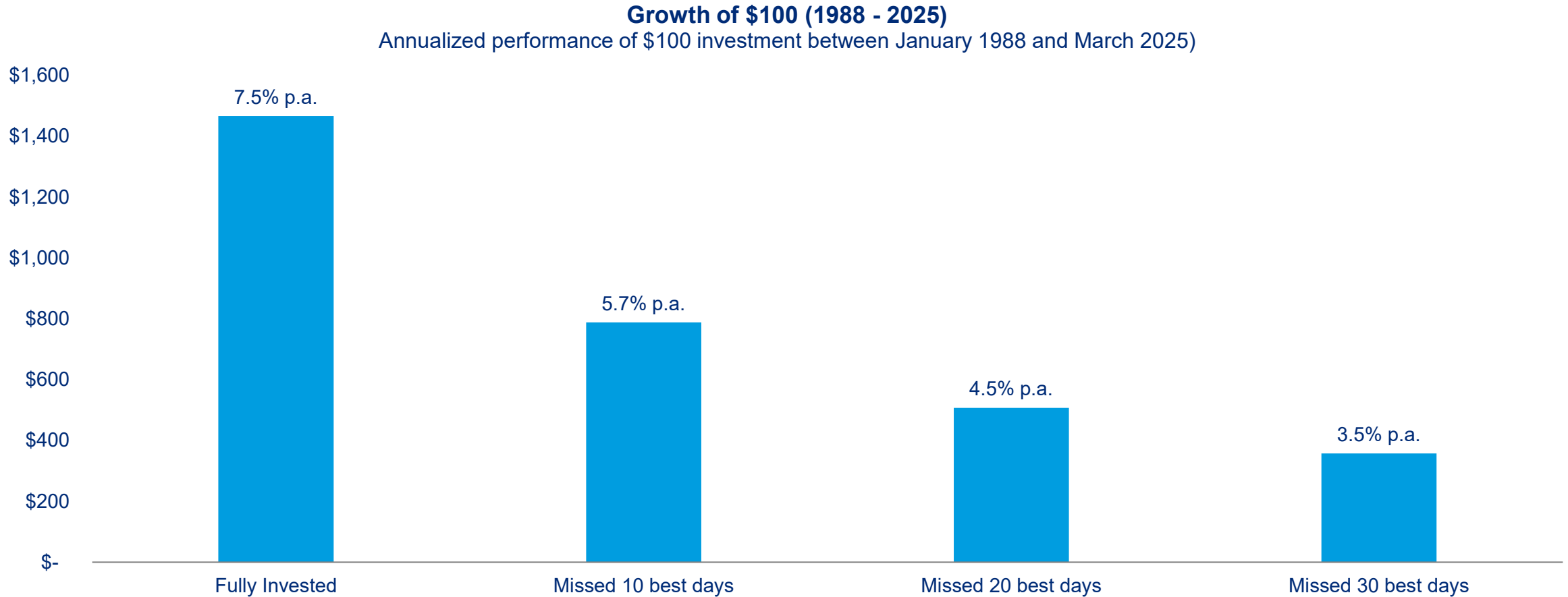
The best equity days often come in short order after the worst days



Source: Bloomberg. Data as of March 31, 2025. Individual bars represent a single days equity return.

# Market timing is difficult and warrants smaller risk budget:

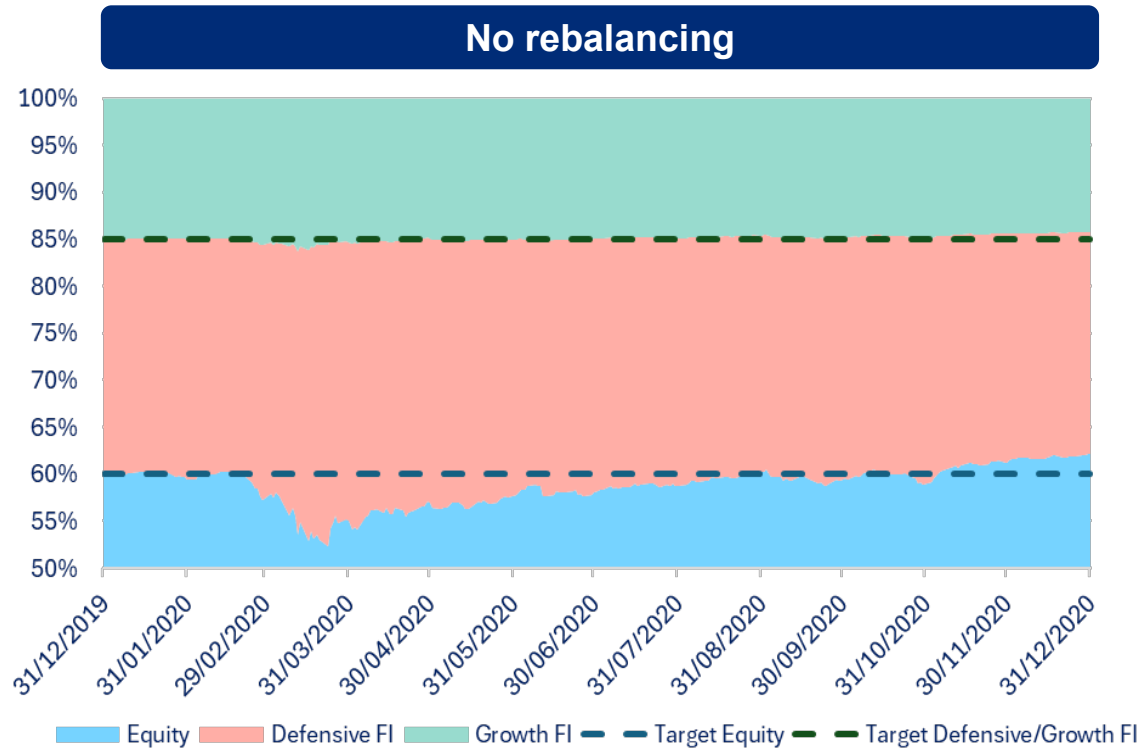
Potential cost of being out of market is significant



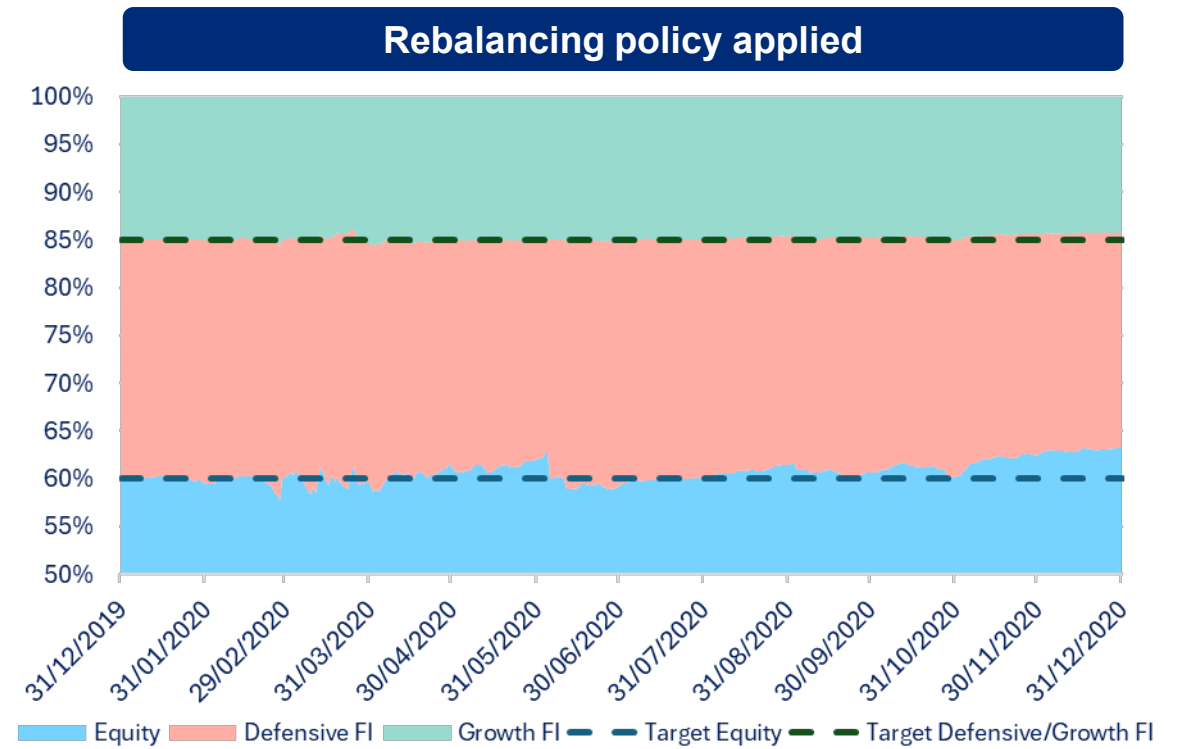
Source: Bloomberg. Data as of March 31, 2025. Equity returns = MSCI ACWI.

# Rebalancing Case Study: 2020 Covid Experience

Keep portfolios aligned with objectives and benefit from market recovery



**12.2% Realized Return**

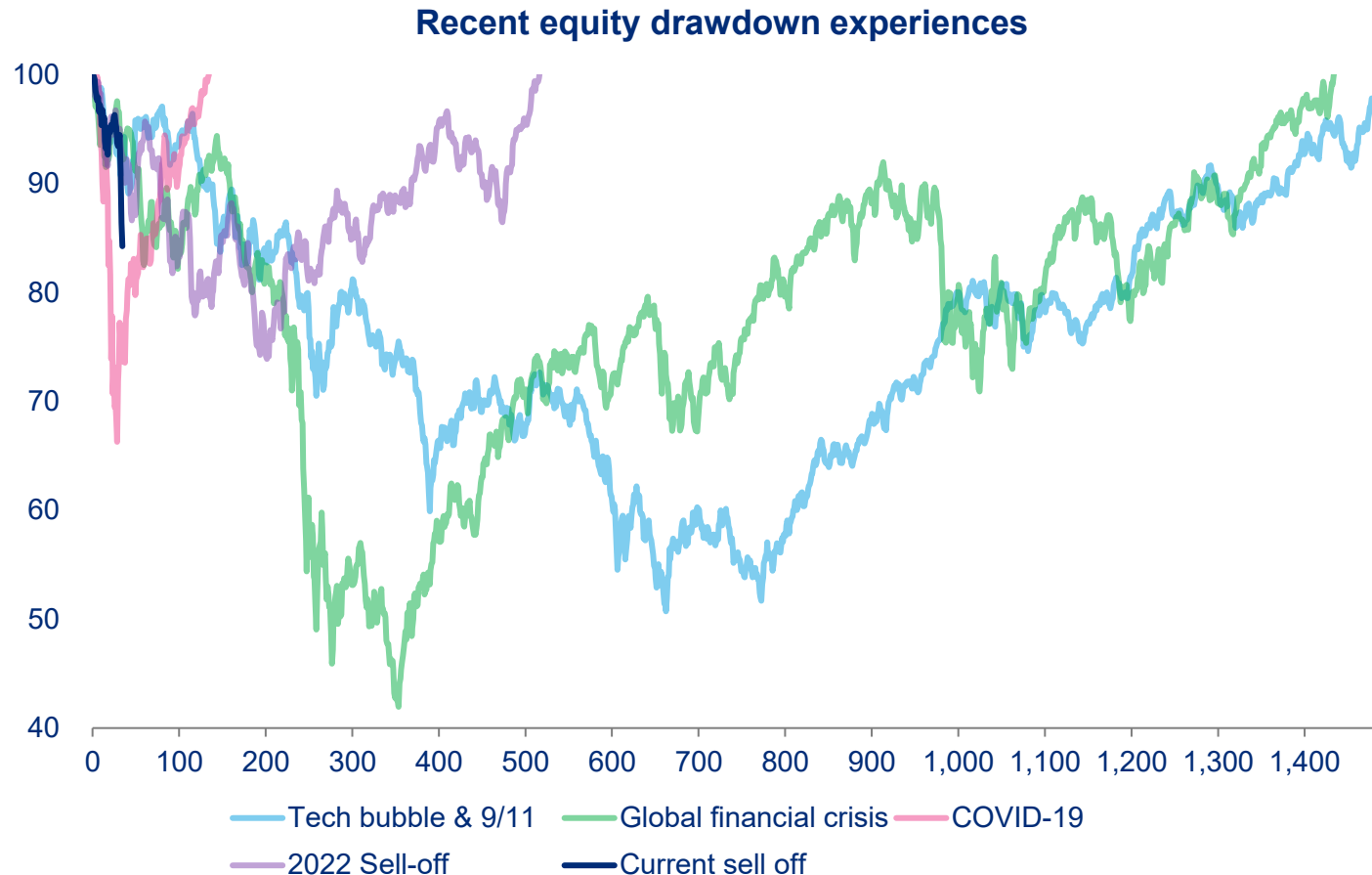


**13.4% Realized Return**

**Stick to your rebalancing policy during periods of market volatility**

Source: Refinitiv, Mercer calculations. Data as of December 31, 2020. Allocations from Global Market Reference Portfolio. Rebalancing based on a +/-2% tolerance when the asset class allocation is higher than 10%, otherwise +/-1% tolerance bands.

# Some drawdowns take longer to recover, especially if associated with a recession



Event	Peak Date	Peak to Trough	Max drawdown	Trough to previous peak
Tech bubble & 9/11	3/27/2000	926 Days	(49.3%)	1162 Days
Global financial crisis	10/31/2007	495 Days	(58.0%)	1513 Days
COVID-19	2/12/2020	40 Days	(33.7%)	148 Days
2022 Sell-off	1/4/2022	281 Days	(26.1%)	441 Days

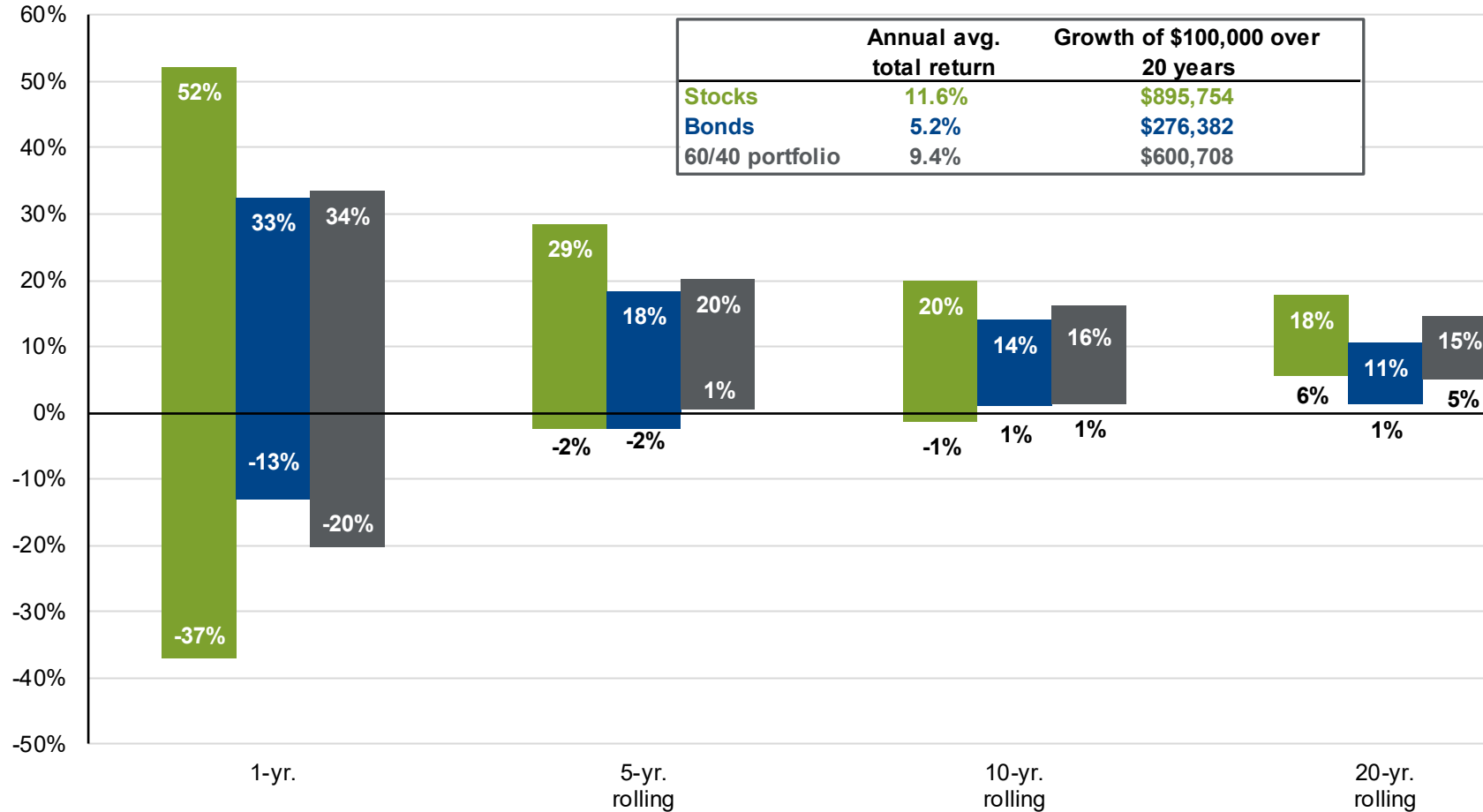
Source: Bloomberg. Data as of April 7, 2025. Equity returns = MSCI ACWI.



# Time, diversification, and the volatility of returns

## Range of stock, bond and blended total returns

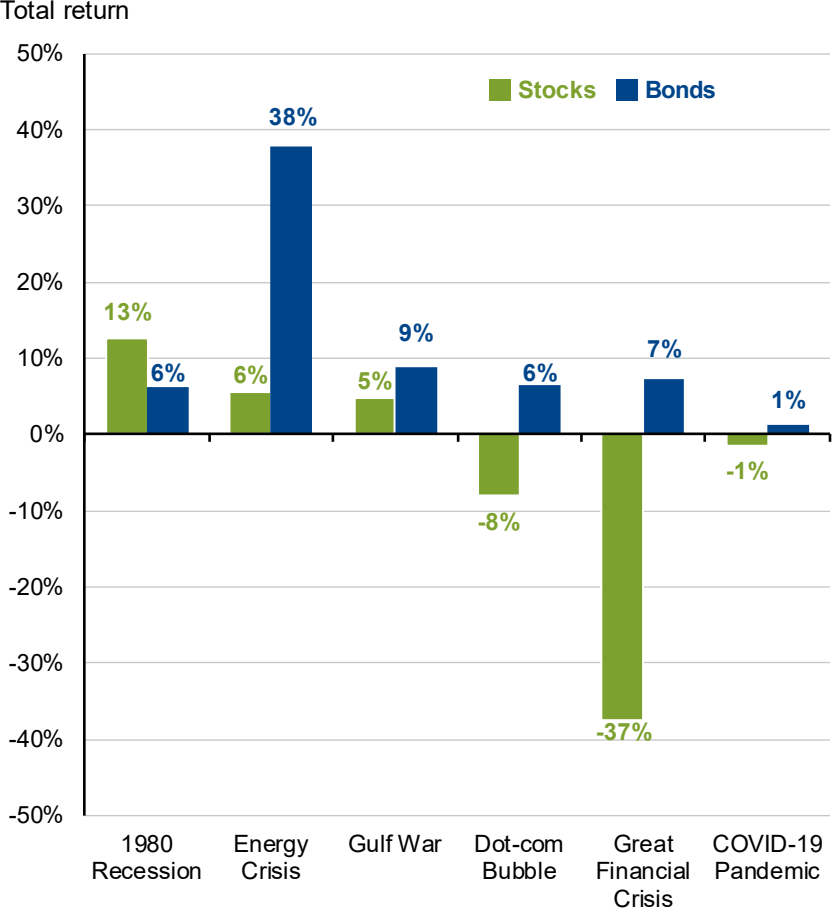
Annual total returns, 1950–2024



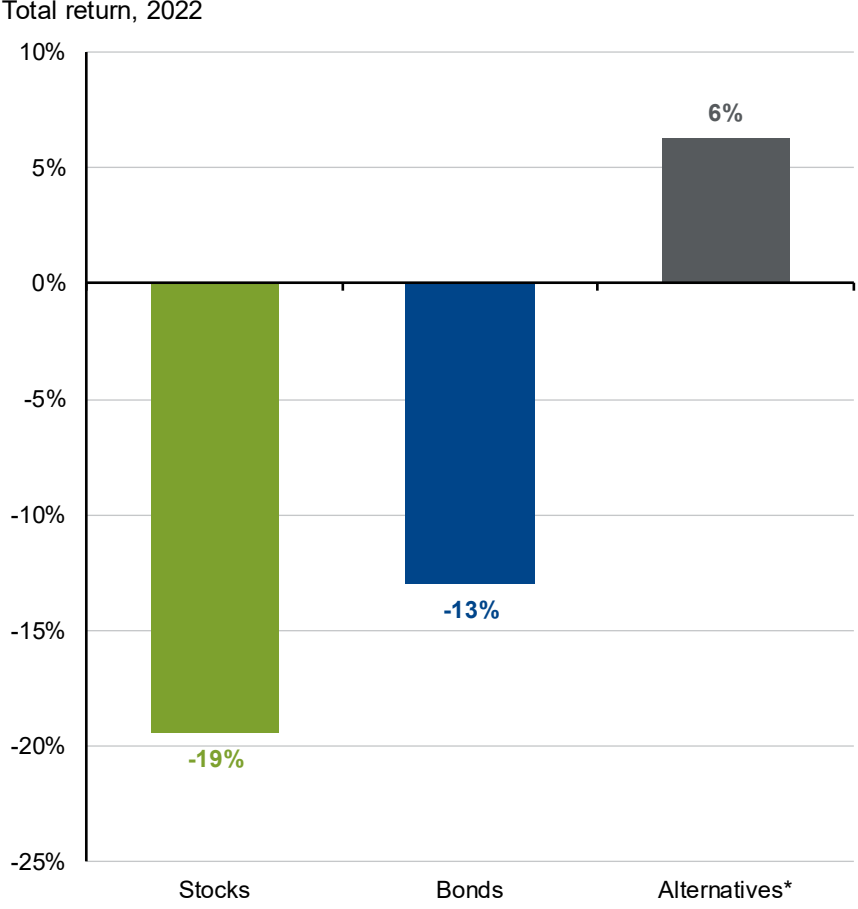
- Source: Bloomberg, FactSet, Federal Reserve, Standard & Poor's, Strategas/Ibbotson, J.P. Morgan Asset Management.
- Returns shown are based on calendar year returns from 1950 to 2024. Bonds represent Strategas/Ibbotson for periods prior to 1976 and the Bloomberg Aggregate thereafter. Growth of \$100,000 is based on annual average total returns from 1950 to 2024.
- *Guide to the Markets* – U.S. Data are as of April 7, 2025.

# Diversification during growth and inflation shocks

**Stock and bond returns during recessions**



**Asset class returns during 2022 inflation spike**

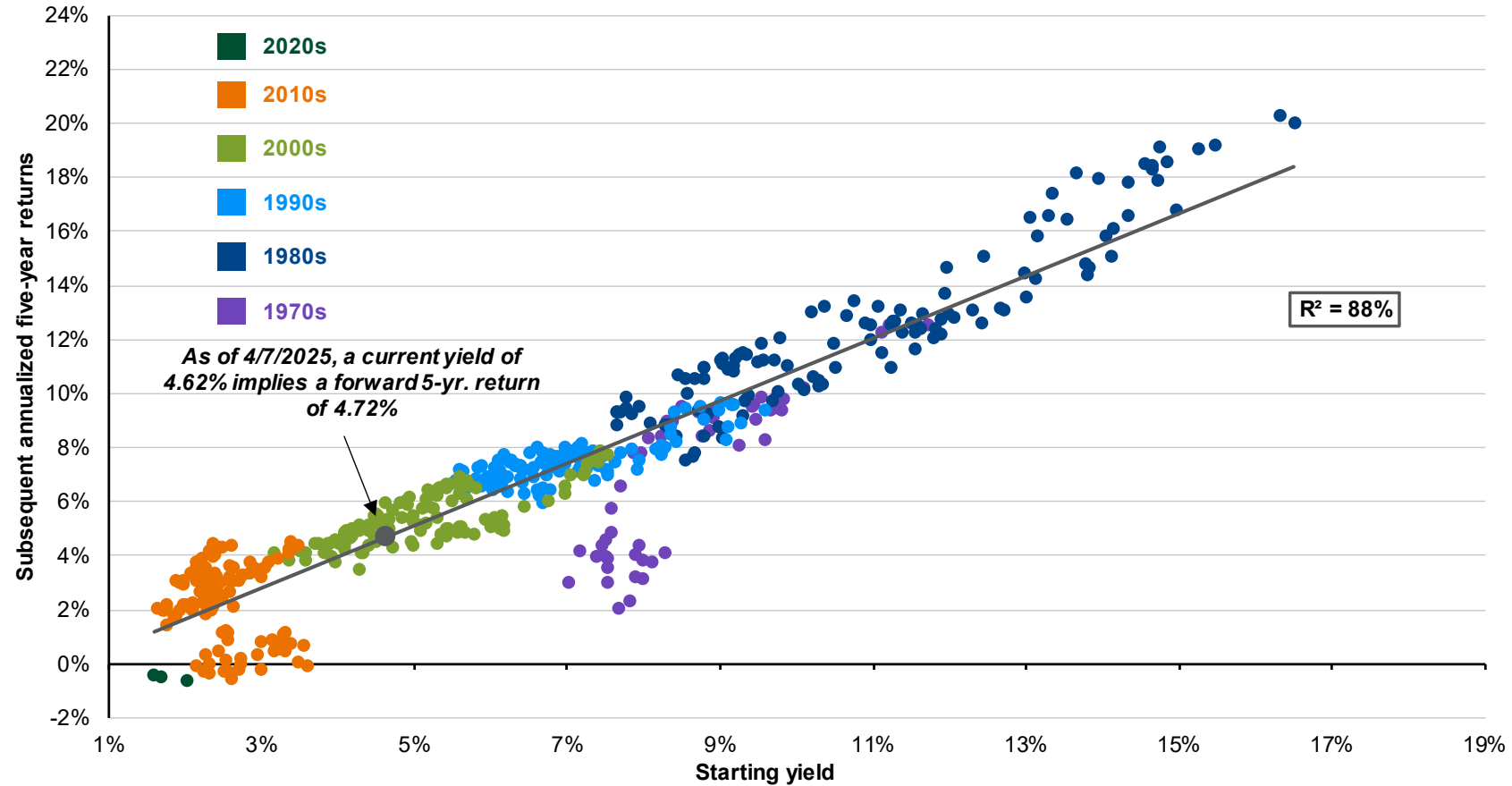


- Source: Bloomberg, FactSet, HFRI, MSCI, NCREIF, Standard & Poor's, J.P. Morgan Asset Management.
- U.S. stocks are represented by the S&P 500 while U.S. bonds are represented by the Bloomberg U.S. Aggregate Index. 1980 Recession: January 1980 to July 1980, Energy Crisis Recession: July 1981 to November 1982, Gulf War Recession: July 1990 to March 1991, Dot-com Bubble Recession: March 2001 to November 2001, Great Financial Crisis: January 2008 to June 2009, COVID 19 Recession: March 2020 to April 2020. \*Alternatives reflect the performance of an equal-weighted aggregate comprised of infrastructure, transport, real estate and hedge funds. Hedge funds: HFRI Fund Weighted Composite; infrastructure: MSCI Global Quarterly Infrastructure Asset Index (equal-weighted blend); real estate: NCREIF Property Index – United States Open End Diversified Core Equity component. Transport returns are derived from a J.P. Morgan Asset Management Index. Past performance is not a reliable indicator of current and future results.

# Fixed income yields and forward returns

## Yield-to-worst and subsequent 5-year annualized returns

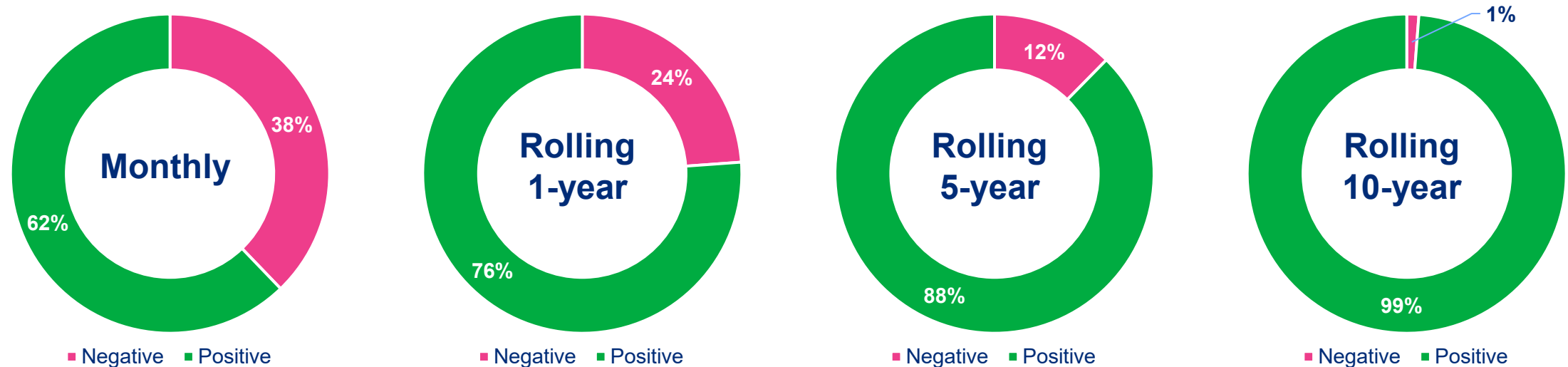
Bloomberg U.S. Aggregate Total Return Index



- Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
- Returns are 60-month annualized total returns, measured monthly, beginning 1/31/1976.  $R^2$  represents the percent of total variation in total returns that can be explained by yields at the start of each period.
- *Guide to the Markets – U.S.* Data are as of April 7, 2025.

# Even with market corrections and recessions you can tilt the odds in your favor by staying invested for the long-term

Percentage of positive/negative equity returns over different rolling periods (1987-2025)



Source: Refinitiv. Data as of March 31, 2025. Equity returns = MSCI ACWI.

# Monthly Capital Market Monitor

March 2025

## Increased economic uncertainty leads to weak returns

Global equity and fixed income performance was mostly negative in March. US equities materially underperformed international developed and emerging market equities. Global small caps outperformed large caps, while US value outperformed growth, although both were negative in absolute terms (as measured by Russell 3000).

Tariffs continued to dominate news headlines in March. At the start of March, an additional 10% tariff on China and the previously deferred tariffs on Mexico and Canada went into effect. Canada announced retaliatory tariffs. The US announced an additional 25% tariff on steel and aluminum imports from Canada, to which Canada countered with even more tariffs of its own. The EU also announced a retaliatory tariff set to take effect on April 1<sup>st</sup>. At the end of March, President Trump announced 25% tariffs on overseas-made auto imports. Equities fell on tariff announcements due to the uncertainty the ongoing negotiations create for businesses and consumers. Markets are awaiting the reciprocal tariff announcement on April 2<sup>nd</sup>.

Economic data was generally weak. Nonfarm payrolls for February were slightly weaker than expected rising to 151k. The unemployment rate increased slightly to 4.1% in February. US consumer sentiment as measured by University of Michigan Survey fell to its lowest level since November 2022. The Five-year consumer inflation expectations rose to 3.9% the highest since the 1990s. US services PMI rebounded into expansionary territory from a two-year low, but manufacturing PMI fell into contractionary territory.

Headline inflation in the US surprised to the downside rising only 2.8% year-over-year in February. Core CPI also rose less than expected. PCE inflation, on the other hand, came in ahead of forecasts. Headline inflation in other developed markets eased for February. Despite easing headline inflation, the Federal Reserve left rates unchanged, noting that uncertainty around the inflation outlook had increased. The BOE and BOJ also left rates unchanged.

President Trump continued efforts to de-escalate the conflict in Ukraine and brokered a deal for a maritime ceasefire between Russia and Ukraine, though Ukraine has claimed Russia did not adhere to it. The US also proposed a new critical minerals deal to Ukraine. Tensions in the Middle East escalated as Israel conducted airstrikes against Hamas and sent ground troops back into Gaza. There also was a resumption of conflict between Israel and Hezbollah in the north. These two escalations scrapped previously negotiated cease fires. These conflicts did not offset expectations of lower energy demand caused by tariffs, resulting in falling oil prices. In the UK, the chancellor announced the Spring Statement with fiscal spending cuts as the major headline. In Germany, the parliament passed the incoming government's plans to loosen the debt brake and increase defense and infrastructure spending.

The US dollar weakened during March amid broad economic uncertainties and retaliatory tariffs. Rate-sensitive real assets such as global REITs had weak returns whilst listed infrastructure was positive through March. Natural resource equity performance was positive as oil prices increased. Gold prices had strong returns of 10.6%, outperforming equities and fixed income.

## At a Glance

### Market Returns in % as of end of March 2025 in USD

Major Asset Class Returns	1M	3M	YTD	1Y	
MSCI ACWI	-4.0%	-1.3%	-1.3%	7.2%	
S&P 500	-5.6%	-4.3%	-4.3%	8.3%	
Russell 2500	-6.3%	-7.5%	-7.5%	-3.1%	
MSCI EAFE	-0.4%	6.9%	6.9%	4.9%	
MSCI EM	0.6%	2.9%	2.9%	8.1%	
Bloomberg US Treasury	0.2%	2.9%	2.9%	4.5%	
Bloomberg US Credit	-0.2%	2.4%	2.4%	4.9%	
Bloomberg US Credit Long	-1.4%	2.5%	2.5%	2.1%	
Bloomberg US Aggregate	0.0%	2.8%	2.8%	4.9%	
Bloomberg US TIPS	0.6%	4.2%	4.2%	6.2%	
Bloomberg US High Yield	-1.0%	1.0%	1.0%	7.7%	
FTSE WGBI	0.7%	2.6%	2.6%	2.1%	
JPM GBI-EM Diversified	1.5%	5.1%	5.1%	1.6%	
NAREIT Equity REITs	-2.4%	2.8%	2.8%	9.2%	
NAREIT Global REITs	-2.1%	1.9%	1.9%	5.0%	
FTSE Global Core Infrastructure 50/50		2.1%	5.0%	5.0%	14.0%
Bloomberg Commodity TR	3.9%	8.9%	8.9%	12.3%	

Source: Refinitiv; as of 03/31/2025.

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