MARKET OVERVIEW
As the second quarter ended, we closed the books on one of the worst first halves in financial market history. Developed equity markets were down -20.5% and bonds failed to act as a diversifying buffer, declining -10.3%. The result is a loss of -16.5% for the typical 60/40 portfolio for the first half of 2022. Markets were rattled by inflation concerns and an increasingly assertive Federal Reserve. After leaving short term rates at 0% throughout 2021 and experiencing a modest 0.25% increase in March 2022, policy makers increased rates another 0.50% and 0.75% in May and June, respectively. The first half closed with heightened concerns as to whether policymakers could engineer a “soft landing” versus an economic recession or stagflation.

Global equities dropped -15.7% during the second quarter, leaving the MSCI All Country World Index down -20.2% in the first half of 2022. The carnage was balanced across the globe with the S&P 500 down -16.1% and the MSCI EAFE index falling -14.5% for the quarter. Both are down about -20% year to date. Emerging Markets modestly outperformed with a loss of -11.4% in the second quarter and -17.6% in 2022. Fixed income securities were also negatively impacted by the Fed’s moves, but losses were mitigated due to a late month decline in rates as investors factored in the possibility of a recession. The Bloomberg U.S. Aggregate Bond Index was down -4.7% in the second quarter and posted a -10.3% loss in the first half of the year. Longer dated bonds were down -11.9% for the quarter and -21.3% year to date. High yield bonds were off -10.0% for the quarter, and -14.0% year-to-date as recession concerns widened spreads.

INVESTMENT POOL
The Investment Pool (Pool) was down -9.6% in the second the quarter compared to its policy benchmark’s -10.8% decline. Over the past year, the foundation’s assets have lost -7.9% versus the policy benchmark’s -10.0% loss. Favorable relative performance within real assets and in particular Non-U.S. Equities dampened losses during the quarter. The Pool continues to employ a long-term investment strategy focused on diversification to generate attractive returns and navigate various market environments.

AMERICAN FUNDS
The American Funds Program lost -11.6% during the second quarter versus its benchmark’s -12.5% return. The program invests in three American Funds: American Balanced Fund, EuroPacific Growth Fund and Small Cap World Fund.

CONSERVATIVE FUND
The Conservative Fund continues to provide returns in line with a fund constructed to preserve principal and maintain a high degree of liquidity.

SUMMARY
The Foundation offers a diverse set of investment options, designed to meet the varied needs of our donor advisors. Our investment strategy is based on the principles of discipline, balance, diversification, and a longer view that is risk aware but opportunistic. We are confident that these principles will continue to serve us well as we steward philanthropic capital.
## Portfolio Asset Allocation Performance

### INVESTMENT POOL
- Global Equities: 11%
- Private Markets: 11%
- Real Assets: 7%
- Absolute Return: 4%
- Fixed Income: 54%
- Cash: 13%

### AMERICAN FUNDS
- Fixed Income: 24%
- US Equities: 25%
- Non US Equities: 4%
- Money Market: 46%

### CONSERVATIVE FUND
- Money Market: 95%
- Certificate of Deposits: 5%

### Performance

**Q2 2022**

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>1 yr</th>
<th>3 yrs</th>
<th>5 yrs</th>
<th>10 yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>INVESTMENT POOL</td>
<td>-9.6%</td>
<td>5.9%</td>
<td>6.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>AMERICAN FUNDS</td>
<td>-11.6%</td>
<td>5.2%</td>
<td>6.3%</td>
<td>8.4%</td>
</tr>
<tr>
<td>CONSERVATIVE FUND</td>
<td>-14.3%</td>
<td>0.5%</td>
<td>1.0%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**Past performance is not indicative of future results.**

*Preliminary. **The benchmark is a weighted average of market indices using the Foundation’s strategic asset allocation through time. ***The benchmark is a weighted average of the underlying mutual fund benchmarks that comprise the American Funds program.

Note: Please see Benchmark Information for additional information.