ATTACHMENT A

California COMMUNITY Foundation

Endowment Pool
December 31, 2023

INVESTMENTS

Total Pool Assets

$1.16 billion (Endowment Pool), $2.35 billion (total foundation assets) as of December 31, 2023.

Pool Objective

Prudent investment of funds to provide real growth of the assets over time while protecting the value of the assets from undue volatility or risk of loss. Managed on a total return basis (i.e., yield plus capital appreciation) while taking into account the level of liquidity required to meet withdrawals from the pool - mainly expenses and grants to external organizations. While the Investment Committee recognizes the importance of the preservation of capital, they also adhere to the principle that varying degrees of risk are generally rewarded with commensurate returns over full market cycles (5-10 years).

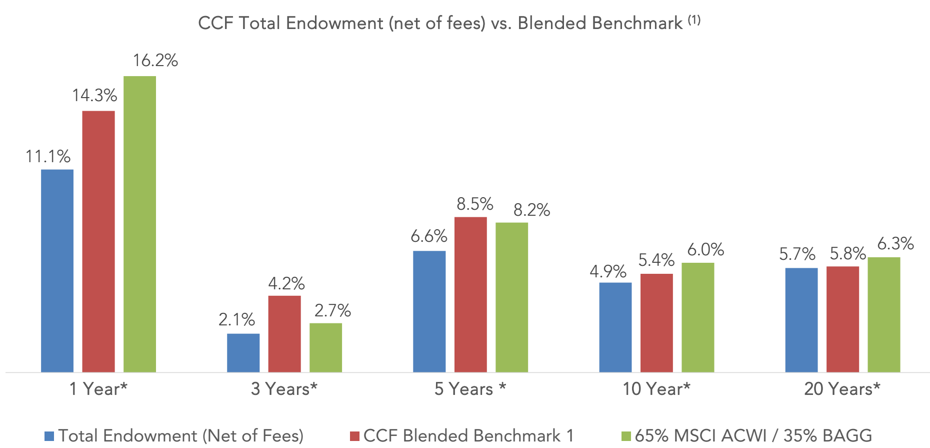
Outsource CIO

Hall Capital Partners

Performance & Asset Allocation

Performance for December was 4.0% (2,5)

Performance for the three months ended December 31, 2023 was 6.5%



Asset Class	Balance ($m)	% of Port	Long-Term Target Range (4)
Cash & Equivalent (3)	$4	0.4%	0 - 5%
Fixed Income	$164	14.2%	10 -20%
Public Equities	$546	47.2%	40 - 60%
Alternative Assets	$116	10.1%	10 - 25%
Hybrid Investments	$14	1.2%	0 - 10%
Private Investments	$154	13.3%	10 - 20%
Real Assets	$157	13.6%	5 - 10%
Total Endowment Assets	$1,155	100.0%	

Updated 1/25/2024

MARKET COMMENTARY – Q4 2023

Going into 2023, markets were recovering from one of the most severe stock market downturns since the Global Financial Crisis, alongside the largest decline in bonds since the inception of the Bloomberg US Aggregate Index. Moreover, the consensus economic outlook was pessimistic, with inflation still at 6.5% and the vast majority of economists forecasting a recession.

In 2023, markets defied these expectations, and the prospect of a "soft landing" went from unlikely to possible. Inflation dropped closer to the Fed's target of 2%, the US economy recorded robust GDP growth of nearly 3% (in real terms), and unemployment remained near record lows. The interplay of interest rates and inflation was the driving force of market ups and downs throughout the year but 2023 also saw a regional banking crisis, geopolitical tensions, debt limit and government shutdown concerns, and a distressed commercial real estate sector.

However, overall, markets performed very well, with the MSCI ACWI gaining 22.2% and bonds (BAGG) up 5.5%. The gains were largely attributable to better-than-expected economic performance and the prospect of rate cuts in 2024. Q4 saw a strong rally in public stocks (MSCI ACWI +11.3%) as the 10-year Treasury yield fell precipitously. 2023 was a positive year for public equities but "alpha" was difficult to come by as performance was heavily driven by a few mega-cap US tech stocks (e.g. "the Magnificent 7"). For reference, the median stock in the MSCI ACWI was only up 10.7%.

In 2023, bonds suffered their second deepest intra-year drawdown since 2000, before surging back to finish the year in positive territory (BAGG +5.5%), recording the majority of the gain in December alone.

EP COMMENTARY

The Endowment portfolio was up an estimated 11.2% in 2023, versus its benchmark which returned 14.3%. The EP performance figure includes private investment marks that report on a lag. Excluding private investments, the portfolio was up 15.6% YTD, roughly in-line with the EP's liquid only benchmark of 15.4% (60/40 stocks/bonds).

The EP fixed income portfolio returned +6% YTD versus its benchmark (Bloomberg Aggregate) of 5.5%. A shorter duration positioning in the beginning of the year and a moderate extending of duration of the fixed income portfolio in Q4 helped the EP in 2023.

Equities drove performance for the year. The EP equity portfolio was up 20.0% YTD versus its benchmark (the MSCI All Country World Index) of 22.2%. As mentioned in the section above, a theme of 2023 was the "narrowness" of equity markets. A small list of large cap tech stocks (Nvidia, Apple, Microsoft, Alphabet, Meta, Amazon, and Tesla) dominated market performance, whereas the EP portfolio is more balanced across sectors and market-cap. While the absolute return figure of the EP portfolio is strong, slightly higher exposure to EM and biotech (that did not keep pace with the MSCI ACWI) weighed on relative EP performance.

The EP Hedge Funds portfolio performed well in 2023 returning +10.9%. Higher interest rates have increased the risk/reward prospect of credit-oriented investments, and equity/long short managers are benefitting from an environment where profitability and company fundamentals matter more than momentum. We view today's environment more apt for stock-pickers than the 2019-2021 period when interest rates were exceedingly low.

Private market activity continued to be slow through the year, with muted deal volume and limited movement on valuations. Private Equity and Real Assets performance has been flat for the year in the EP. In a year where public equity markets were up significantly, the private allocation dragged down overall EP performance. However, we believe this exposure will drive higher returns for the EP over the longer term.

* Represents Annualized Returns.

Footnotes:

1 – Total benchmark intended to roughly match CCF portfolio asset allocation with relevant constituent benchmarks. Current blended benchmark effective since 7/1/21.
Current blend: ML Treasury 1-3 (2%), Barclays Agg. Bond Index (18%), MSCI ACWI (50%), Hedge Fund Blend (7.5% BofA ML High Yield, 3.75% ML 3-Month T- bills, 3.75% MSCI ACWI), Cambridge PE Index (3.5%), Cambridge VC Index (1.5%), Cambridge RE Index (7%), S&P Infrastructure Index (3%).
65% MSCI ACWI / 35% Barclays Aggregate Bond Index Blend.
CPI +5%.
CCF benchmark blends prior to 7/1/21: Total Fund Benchmark is a combination of: 48% MSCI ACWI - 2% Cambridge PE Index 1-Qtr Lag / 14% HFR FOF / 5% ODCE - 5% S&P Global Large Mid NR - 4% S&P Global Infrastructure / 9% Barc Agg. - 3% Barc 1-5 Yr. Gov/Cr - 3% Barc 0-5 Yr. US Treasury TIPs / 2% Barc High Yield - 2% S&P/LSTA Leveraged Loan - 3% JP Morgan EMBI Global Diversified.
2 – Performance is preliminary and at times estimated pending final reporting from all investments. Managers often report on substantial lags, particularly private illiquid investments. In the instances where we do not have actual or estimated performance for a manager, we default to a 0% performance. Investment performance is presented net of investment expenses, including fund manager incentive fees
3 – Includes cash in transit to or from investments. For example, 2/28 cash could include money that is being sent to an investment on 3/1
4 – Current portfolio allocations may be outside of strategic ranges as it can take substantial time to adjust investments to meet range goals. This is particularly true for private illiquid investments that call capital into strategies over time and typically necessitate multi-year periods to gain exposure for appropriate vintage diversification
5 – Investment expense ratio approximates weighted-average 1.12% excluding fund manager incentive fees