



MIRACOSTA COLLEGE FOUNDATION BOARD FINANCE COMMITTEE MEETING

Tuesday, February 13, 2024 1:00 – 2:30 p.m.

3333 Manchester Avenue Cardiff, CA 92007
Conference Room 1116

Members of the community not able to attend in person can listen to the live stream here:
<https://linktr.ee/miracostacollegefoundation>

Finance Committee Members:

Angela Babiarz, Bruce Bandemer, Dottie Benson,
Jimmy Figueroa, Cindy Musser, Sharon Wiback

Staff Support & Advisors Support Attendees:

Tim Flood, Elizabeth Lurenana, Andrew Maslick,
Arthur Rodriguez, Shannon Stubblefield, Christina Undan

MiraCosta College Foundation Mission:

Promote the benefits of MiraCosta College and secure resources that transform lives.

MiraCosta College Foundation Vision:

Educational opportunities for all.

Land Acknowledgement:

We acknowledge the original caretakers of the land on which MiraCosta College is built. The Luiseno people are made up of seven bands: the La Jolla, Pala, Pauma, Pechanga, Rincon, San Luis Rey, and Soboba. We pay our respects to the Luiseno – past, present, and emerging, and are grateful to have the opportunity to be part of this community and to honor their history, culture, and spirit.

AGENDA

I. CALL TO ORDER

This meeting's audio will be live-streamed and recorded.

II. ROLL CALL, WELCOME and INTRODUCTIONS

III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

IV. CHANGES IN AGENDA ORDER

V. APPROVE MEETING MINUTES (Action Required)

A. Regular meeting of October 31, 2023

VI. COLLEGE UPDATES

A. Office of Administrative Services – Vice President Tim Flood (Zoom)

VII. COMMITTEE REPORT(S)

A. Finance Committee

i. Review & Approve FY23/24 Q2 Financial Statements & Recap (**Action Required**)

a. **Potential Consent Agenda Item**

B. Key Performance Indicators

C. Review & Recommend Annual Spending Rate (Item VII.C.)

- i. <https://foundation.miracosta.edu/foundation-board/board-manual/investment-and-spending-policy.html>

D. Review Foundation Operations Budget

- i. FY23/24 Budget to Actual through Q2
- ii. Year over Year Budget and Draft FY 24/25 Budget

VIII. PRESENTATION(S)

- A. Andrew Maslick, VIAS (Zoom)

IX. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

Next Finance Committee Meeting (San Elijo Campus)

Tuesday, April 23, 2024 at 1:00 – 2:30 p.m.

Next Executive Committee Meeting (San Elijo Campus)

Tuesday, February 13, 2023 at 3:00 – 4:00 p.m.

Next Quarterly Board Meeting (TCI Campus)

Tuesday, February 27, 2023 at 3:00 – 5:00 p.m.

Next Governance and Nominations Committee Meeting (San Elijo Campus)

Tuesday, April 16, 2024 at 2:00 – 3:00 p.m.

X. FUTURE AGENDA ITEMS

XI. ADJOURNMENT

* **ITEMS ON THE AGENDA:** Members of the audience may address the Foundation Board Committee on any item listed on the agenda when that agenda item comes up for discussion and/or action. Comments will be limited to three (3) minutes per agenda item and a total of fifteen (15) minutes of public comment on an item, unless waived by the committee. Non-English speakers utilizing a translator will have six (6) minutes to directly address the Committee.

ITEMS NOT ON THE AGENDA: Members of the audience may address the Foundation Board Committee on any topic not on the agenda so long as the topic is within the jurisdiction of the Foundation. Under the Brown Act, the committee is not permitted to engage in public discussion or take any action on an agenda item not on the agenda, except that members of the committee may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Government Code §54954.3. In addition, on their own initiative, or in response to questions posed by the public, a member of the committee may ask a question for clarification. A member of the committee or the committee itself may provide a reference to staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. Comments from visitors shall not exceed three (3) minutes unless the committee waives the time limit. Non-English speakers utilizing a translator will have six (6) minutes to directly address the committee. The committee may also limit the total amount of time for public comment on a particular topic to fifteen (15) minutes.

DECORUM: Decorum requires members of the public to observe order at committee meetings. Speakers shall speak to the issues, and refrain from using defamatory or abusive personal remarks that disturb or impede the meeting or exceed the bounds of civility necessary to the conduct of the business of the Foundation Board Committee. The presiding officer has the authority to run the meeting, which includes the authority to issue warnings, call for recesses, or clearing the boardroom in the event of disruptive behavior. Government Code section 54954.3(c) establishes that the legislative body of a local agency shall not prohibit public criticism of the policies, procedures, programs, or services of the agency, or of the acts or omissions of the legislative body, and California Penal Code section 403 makes it a misdemeanor for any person to willfully disturb or break up any lawfully authorized assembly or meeting.

Foundation Committee meetings are held in meeting rooms that are accessible to those with mobility disabilities. If you wish to attend the meeting and you have another disability requiring special accommodation, please notify the board assistant, 760.795.6645, 760.757.2121, extension 6645, or 619.755.5155, extension 6645. The California Relay Service is available by dialing 711 or 800-735-2929 or 800-735-2922.

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**MIRACOSTA COLLEGE FOUNDATION BOARD
REGULAR MEETING OF THE FINANCE COMMITTEE**

**October 31, 2023
(DRAFT)**

I. CALL TO ORDER

The MiraCosta College Foundation Finance Committee met in open session on Tuesday, October 31, 2023 in Conference Room 1116 on the MiraCosta College District's San Elijo Campus (3333 Manchester Avenue, Cardiff, CA 92007). Treasurer Bruce Bandemer called the meeting to order at 1:00 p.m.

II. ROLL CALL, WELCOME and INTRODUCTIONS

Committee Members in Attendance:

Bruce Bandemer Cindy Musser Sharon Wiback

Committee Members Absent:

Jimmy Figueroa

Staff & Advisors Present:

Tori Fishinger (Zoom) Elizabeth Lurenana Andrew Maslick (Zoom)
Shannon Stubblefield Arthur Rodriguez (Zoom) Christina Undan (Zoom)

III. PUBLIC COMMENT ON ITEMS ON AND NOT ON THE AGENDA

None

IV. CHANGES IN AGENDA ORDER

None

V. APPROVE MEETING MINUTES (Action Required)

A. By motion of Committee Member Wiback, seconded by Vice-Chair Musser, the minutes of the regular meeting of August 1, 2023 were approved.

Vote: 3/0/0/1
Aye: Bandemer, Musser, Wiback
Nay: None
Abstain: None
Absent: Figueroa

VI. COMMITTEE REPORT(S)

A. Finance Committee

i. Review & Approve FY22/23 Year End Financial Statements (**Action Required**)

- a. Chair Bandemer reviewed the FY22/23 Year End Financial Statements.
- b. By motion of Vice-Chair Musser, seconded by Committee Member Wiback, the FY22/23 Year End Financial Statements were approved.

Vote: 3/0/0/1
Aye: Bandemer, Musser, Wiback
Nay: None
Abstain: None
Absent: Figueroa

ii. Review & Approve FY23/24 Q1 Financial Statements & Recap (**Action Required**)

- a. Chair Bandemer reviewed the FY23/24 Q1 Financial Statements & Recap.
- b. By motion of Committee Member Wiback, seconded by Chair Bandemer, the FY23/24 Q1 Financial Statements & Recap were approved.

Vote: 3/0/0/1
Aye: Bandemer, Musser, Wiback
Nay: None
Abstain: None
Absent: Figueroa

- B. Annual Dashboard
 - i. ED Stubblefield reviewed the Annual Dashboard and graphs, noting key details around staffing and how it affects revenue including charitable contributions totals.
- C. Key Performance Indicators
 - i. ED Stubblefield and Chair Bandemer reviewed the KPI document and discussed how these numbers can be used in goal setting and tracking.

VII. COLLEGE UPDATES

- A. Office of Administrative Services – Vice President Tim Flood (Zoom)
 - i. VP Tim Flood was absent from the meeting and did not send in a report.

VIII. PRESENTATION(S)

- A. Andrew Maslick, VIAS (Zoom)
 - i. Advisor Maslick presented highlights from his written report included in the packet. Committee members asked clarifying questions and engaged in discussions on financial trends.

IX. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

Next Finance Committee Meeting (San Elijo Campus)

Tuesday, February 13, 2024 at 1:00 – 2:30 p.m.

Next Executive Committee Meeting (San Elijo Campus)

Tuesday, October 31, 2023 at 3:00 – 4:00 p.m.

Next Quarterly Board Meeting (Community Learning Center Campus)

Tuesday, November 14, 2023 at 3:00 – 5:00 p.m.

Next Comprehensive Campaign Committee Meeting (Zoom)

Tuesday, November 28, 2023 at 1:00 – 2:00 p.m.

Next Governance and Nominations Committee Meeting (San Elijo Campus)

Tuesday, February 6, 2024 at 2:00 – 3:00 p.m.

X. FUTURE AGENDA ITEMS

XI. ADJOURNMENT

- A. The meeting was adjourned at 2:03 p.m.

CR ACC - Foundation Income Statement

Repeat By

Period

FY2023-24 - 06-Dec

Worktags

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted	Restricted & Unrestricted	Restricted & Unrestricted
<i>Period: FY2023-24 - 06-Dec</i>			Total FY23-24 Q2 (Jul to Dec 2023)	Total FY22-23 Q2 (Jul to Dec 2022)	Prior Year FY22-23 (Jul 2022 to June 2023)
Revenues	138,792.54	2,572,811.67	2,711,604.21	698,767.05	3,634,412.69
Non-Charitable Revenue	0	49,555.98	49,555.98		54,105.89
Deferred Gifts- Revenue	0	0	0	0	437.24
Contributions	53,575.89	1,243,985.66	1,297,561.55	426,716.18	1,014,404.78
Investment Activity	85,216.65	1,105,939.71	1,191,156.36	257,201.04	1,935,025.08
Gifts In Kind- Revenue	0	173,330.32	173,330.32	14,849.83	630,439.70
<i>Total Revenue</i>	<i>138,792.54</i>	<i>2,572,811.67</i>	<i>2,711,604.21</i>	<i>698,767.05</i>	<i>3,634,412.69</i>
Transfers	191,298.36	(191,298.36)	0.00	0.00	0.00
<i>Total Transfers</i>	<i>191,298.36</i>	<i>(191,298.36)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>Total Revenue and Transfers</i>	<i>330,090.90</i>	<i>2,381,513.31</i>	<i>2,711,604.21</i>	<i>698,767.05</i>	<i>3,634,412.69</i>
Expenditures	200,119.86	841,613.33	1,041,733.19	715,114.43	2,490,199.48
General And Administrative	200,067.86	352,181.54	552,249.40	321,891.52	1,567,627.58
Direct Student Aid- Non Cash	130.00	28,631.68	28,761.68	56,484.83	82,330.54
Student Financial Support - Scholarships And Emergency Funds	(78.00)	287,469.79	287,391.79	321,888.25	755,203.96
7500:Student Financial Aid Expense - Scholarships		221,528.00	221,528.00	269,230.00	
Gifts In Kind- Expense	0	173,330.32	173,330.32	14,849.83	85,037.40
<i>Total Expenditures</i>	<i>200,119.86</i>	<i>841,613.33</i>	<i>1,041,733.19</i>	<i>715,114.43</i>	<i>2,490,199.48</i>
Net Fund Balance, Beginning of Year	2,715,595.75	18,528,042.20	21,243,637.95	20,593,221.34	20,099,424.74
Revenues Over (Under)			1,669,871.02	(16,347.38)	1,144,213.21
Expenditures	130,071.64	1,539,799.38			
<i>Net Fund Balance, End of Period</i>	<i>2,845,667.39</i>	<i>20,067,841.58</i>	<i>22,913,508.97</i>	<i>20,576,873.96</i>	<i>21,243,637.95</i>

CR ACC - Foundation Balance Sheet

Repeat By

Period FY2023-24 - 06-Dec

Worktags

Calculate Current Year Retained E Yes

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted Total FY23-24 Q2 (Jul to Dec 2023)	Restricted & Unrestricted Total FY22-23 Q2 (Jul to Dec 2022)	Restricted & Unrestricted Prior Year FY22-23 (Jul 2022 to June 2023)
Period: FY2023-24 - 06-Dec					
Assets	2,879,122.94	20,145,722.29	23,024,845.23	20,681,780.71	21,321,169.08
Cash	614,785.92	411,885.00	1,026,670.92	1,934,615.07	1,168,591.42
Investments	1,801,465.78	18,806,536.34	20,608,002.12	16,640,748.30	18,573,234.23
Deferred Gifts - Assets	426,799.00	788,227.15	1,215,026.15	1,180,177.91	1,215,026.15
Accounts Receivable/Prepays	36,072.24	139,073.80	175,146.04	926,239.43	364,317.28
Total Assets	2,879,122.94	20,145,722.29	23,024,845.23	20,681,780.71	21,321,169.08
Liabilities	33,556.15	77,780.11	111,336.26	104,906.75	77,531.13
Accounts Payable	33,556.15	77,780.11	111,336.26	104,906.75	77,531.13
Due To Related Entities	0.00	0.00	0.00	0.00	0.00
Due From Related Entities	0.00	0.00	0.00	0.00	0.00
Total Liabilities	33,556.15	77,780.11	111,336.26	104,906.75	77,531.13
Net Position	2,845,566.79	20,067,942.18	22,913,508.97	20,576,873.96	21,243,637.95
Total Liability/Net Position	2,879,122.94	20,145,722.29	23,024,845.23	20,681,780.71	21,321,169.08

As of 12.31.2023		
CASH & ST OPERATING		
US Bank	344,060.45	UB Statement balance; Cash in ledger may have a different balance due to outstanding checks or deposit in transit.
LAIF	658,188.95	LAIF Statement balance
	1,002,249.40	
INVESTMENTS		
Vanguard - Endowment Portfolio	14,444,705.04	
Vanguard - Excess Reserve Portfolio	4,030,604.61	
Vanguard - Reserve Portfolio	1,042,181.82	
Vanguard - JAFFY	65,453.79	
Vanguard - Title V	228,502.91	
Osher, as of June 30, 2023	796,553.95	
	20,608,002.12	
<i>*Recommendations for transfer</i>		
Endowment distributions - from VG to US Bank	from VG Endowment to US Bank	497,629.65
Endowment fees - from VG to US Bank	from VG Endowment to US Bank	209,399.48
Q2 additional endowment transfers - from US Bank to VG	from US Bank to VG Endowment	9,673.18
Jeff Sell distributions- from VG Jaffy to US Bank	from VG Jaffy to US Bank	3,927.23

Name	Gift Amount	Gift Date	Fund Description
Follett Higher Education Group	\$100,000.00	10/11/2023	Annual Fund
The Mustard Seed Faith Fund at the San Diego Foundation	\$50,000.00	12/31/2023	Endowment Matching Gift Campaign
U.S. Bank	\$30,000.00	10/30/2023	SBDC
Kitchell Foundation	\$22,500.00	12/31/2023	Endowment Matching Gift Campaign
Wells Fargo Foundation	\$20,000.00	10/30/2023	Small Business Development Annual Event
Julie Hatoff	\$20,000.00	12/7/2023	Hatoff Tapestries Program Pledge
Lorraine Reich	\$15,000.00	10/2/2023	Annual Fund
Seth Sprague Educational and Charitable Foundation	\$15,000.00	11/21/2023	Former Foster Youth
Claude Alverson	\$12,740.78	11/9/2023	Endowment Matching Gift Campaign
The Robert W. and Elaine C. Algeo Foundation at SDF	\$12,500.00	12/31/2023	Endowment Matching Gift Campaign
Robert Bellfy	\$12,500.00	12/31/2023	Endowment Matching Gift Campaign

MiraCosta College Foundation
 Key Performance Indicators
 FY23/24

Charitable Income	Actual FY22/23	as of 9/30	as of 12/31	as of 3/31	as of 6/30 (FY End)
Charitable Contributions	\$1,068,510	\$828,611	\$1,297,562		
Bequests	\$0	\$0	\$0		
Support to Students and College					
Scholarships: # of Students	768	57	337		
Direct Student Aid: # of Students	255	30	147		
Scholarships: Awarded \$	\$755,204	\$89,763	\$221,528		
Direct Student Aid: Awarded \$	\$82,331	\$6,919	\$28,762		
Gift In Kind - Charitable Donations	\$68,858	\$101,000	\$173,330		
Campus Programs: Support \$	\$1,123,085	\$165,257	\$618,113		
Campus Grants Awarded					
Innovation (Mini-Grants)	\$26,390	\$32,090	\$32,090		
Hatoff Tapestries Grants	\$7,500	\$0	\$11,500		
Fundraising - Board Giving					
Foundation Board Giving ('Give')	\$60,794	\$29,731	\$32,840		
Foundation Board Solicited ('Get')		\$75,718	\$128,618		
Fundraising - Key Initiatives					
Major Gifts \$10k+ excluding Pledges	\$977,221	\$880,880	\$1,201,823		
Endowment Matching Gift Campaign	\$10,262	\$99,520	\$215,950		
Resilience Fund	\$8,705	\$20,315	\$27,199		
Annual Fund	\$97,984	\$8,970	\$49,175		
Fundraising - Metrics					
Heritage Society: # of Members	42	42	43		
Total # of Donors	2,722	1,310	2,633		

FY 23/24 Budget to Actual

Foundation Operations Budget - Expenses	Approved FY 2023/24 Expense Budget	FY23/24 Actual at 6 Mo	FY23/24 Proj Jan- June	FY 23/24 Proj Actuals	Variance FY 23/24 Budget to Actual	Variance %
Salaries and Benefits	\$226,786	\$85,079	\$119,306	\$204,385	-\$22,401	-10%
Donor Cultivation and Stewardship	\$13,118	\$1,115	\$8,700	\$9,815	-\$3,303	-25%
Marketing, Communications, and Outreach	\$10,610	\$10,775	\$0	\$10,775	\$165	2%
Foundation and Donor Management	\$100,035	\$54,468	\$30,904	\$85,372	-\$14,663	-15%
Training, Retreats, Meetings	\$5,500	\$748	\$4,800	\$5,548	\$48	1%
Office Expenses	\$2,655	\$0	\$0	\$0	-\$2,655	-100%
Total Operating Budget Expenses	\$358,704	\$152,185	\$163,710	\$315,895	-\$42,809	-12%

*historically used categories

Foundation Operations Budget - Expenses*	Approved FY 2021/22 Expense Budget	Approved FY 2022/23 Expense Budget	Approved FY 2023/24 Expense Budget	DRAFT- FY 2024/25 Expense Budget	% incr over LY Budget	Budget Notes FY 2024/25
Salaries and Benefits	\$150,000	\$177,100	\$226,786	\$249,957	10%	Fully staffed. 6.5% increase in sal/ben.
Donor Cultivation and Stewardship	\$11,000	\$7,500	\$13,118	\$6,200	-53%	Moving all to allocations for Development Events Fund
Marketing, Communications, and Outreach	\$15,000	\$5,000	\$10,610	\$33,000	211%	New: SDBJ Giving Guide and Community Sponsorships
Foundation and Donor Management	\$113,380	\$120,000	\$100,035	\$71,477	-29%	less 25k artwork exp
Training, Retreats, Meetings	\$1,700	\$4,700	\$5,500	\$5,100	-7%	board and staff
Office Expenses	\$18,350	\$11,650	\$2,655	\$0	-100%	
Total Operating Budget Expenses	\$309,430	\$325,950	\$358,704	\$365,734	2%	
	Variance of LY	\$16,520	\$32,754	\$7,030		
	Var %	5%	10%	2%		

*historically used categories

Foundation Operations Budget - Year over Year - Expenses

Foundation Operations Budget - Expenses*	FY 2021/22 - Approved	FY 2022/23 - Approved	FY 2023/24 - Approved	FY 2024/25 - DRAFT 1
Foundation Staffing	\$150,000	\$177,100	\$226,786	\$249,957
Donor Management Systems	\$59,000	\$65,000	\$56,435	\$46,477
Management	\$46,550	\$40,350	\$22,855	\$26,000
Marketing & Communications - Foundation	\$15,000	\$5,000	\$10,610	\$18,000
Community Sponsorships - Foundation Requested				\$15,000
Donor Cultivation & Stewardship	\$10,000	\$4,700	\$7,980	\$6,200
Foundation Board	\$1,000	\$4,000	\$3,500	\$4,100
Campus Program Support	\$26,880	\$27,000	\$25,400	\$0
Events - Campus & Programs	\$1,000	\$2,800	\$1,673	\$0
Events - Foundation			\$3,465	\$0
Total Expenses	\$309,430	\$325,950	\$358,704	\$365,734
		5%	10%	2%

*new categories by Program codes

Vanguard

Prepared for

MiraCosta College Foundation

February 13, 2024

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Agenda

- I. Executive summary
- II. Q4 performance review
- III. Year-in-review
- IV. VCMM growth and spending
- V. Market and economic outlook

Presented by:

Andrew Maslick, CFP®, CAIA
Senior Investment Consultant
VIAS

Allocation: Current versus policy benchmark

- Portfolio is within +/- 5% of policy allocation
 - Endowment: 75.68/24.32 (S/B)
 - Excess Reserve: 50.46/49.54 (S/B)
 - Reserve: 100% fixed income with weighted average duration of 1 year
 - Title V Grant: 75.2/24.8 (S/B)

Portfolio cash flow summary

- No portfolio rebalances required during quarter
- Endowment: 10/30/23: \$22,493.18 purchase and 12/18/23: \$21,624.09 purchase
- Title V Grant: 12/18/23: \$225,563.24 purchase

Equity performance summary

- While the equity markets saw a spike in volatility and declines early in the quarter, they bounced back from a dismal 2022 performance and finished strongly positive on the quarter and the year:
 - U.S. equities: 12.1% (Q4) and 26% (calendar)
 - International Equities: 9.77%, (Q4) and 15.8% (calendar).
- U.S. Size:
 - Large Cap: 11.9% (Q4) and 46.9% (calendar)
 - U.S. Small Cap: 13.4% (Q4) and 21.3% (calendar)
- U.S. Style:
 - Growth: 14.1% (Q4) and 41.2% (calendar)
 - Value: 9.8% (Q4) and 11.7% (calendar)
- Sector: Real Estate, Information Technology, Financials, and Industrials were the best performing sectors in the US market, all with double-digit gains for the quarter. Energy was the worst performing US market sectors with the only negative return of 6.7% for the quarter.

Fixed income performance summary

- Similar to Equities, the U.S. and International Fixed income markets saw a strong rebound in the fourth quarter and for the year as well.
- Rates dropped across the curve during the quarter, most notably at the 2 & 3-year level, declining 80 bps since Q3. The long end of the curve saw declines as well, dropping to rates not seen since 2022. As a result, LT Treasuries lead the maturity spectrum with at 12.7% return, compared to 6% return for IT Treasuries and 3.2% return for ST Treasuries.
- U.S. fixed income: 6.7% (Q4) and 5.6% (calendar)
- Non-U.S. fixed income (hedged): 6.4% (Q4) and 8.7% (calendar)

Economic key highlights

- At the December meeting, the Fed held rates steady, maintaining the current range of 5.25-5.50%, for the third consecutive time,
- December job growth of 216k exceeded expectations resulting in a 3-month average of 165k. Unemployment rate was unchanged at 3.7%. Average hourly earnings of 4.1% YoY marked the 2nd consecutive month above 4%. Recent comments by Powell suggests wage growth needs to stabilize in the 3-3.5% range before feeling confident of a return to 2% inflation.
- Core CPI rose .3% MoM and 3.9% YoY. Shelter inflation (.46% MoM) was the largest contributor.
- Headline CPI rose .3% MoM and 3.4% YoY mainly driven by firmer than expected food price inflation.

Q4 portfolio review

Portfolio quarterly snapshot

Miracosta College Foundation

As of December 31, 2023

	31-DEC-22	31-MAR-23	30-JUN-23	30-SEP-23	31-DEC-23
Endowment*	13,818,780	12,792,908	13,262,041	13,075,008	14,444,705
Excess Reserve**	2,004,279	3,348,906	3,444,771	3,700,464	4,030,605
Reserve***			1,009,272	1,021,087	1,042,182
Title V Grant****					228,502
Total	15,823,059	16,141,814	17,716,084	17,796,559	19,745,994

***Endowment:**

2/10/23: \$3,296.28 purchase from UB
 3/13/23: \$1,205,505.66 transfer to Excess Reserve
 3/13/23: \$582,882,348 transfer to Reserve
 3/16/23: \$1,964.09 purchase from UB
 5/17/23: \$4,392.27 redemption to UB/USB
 5/24/23: \$100,000 redemption to USB
 9/15/23: \$26,189.09 purchase from USB
 10/30/23: \$22,493.18 purchase from USB
 12/18/23: \$21,624.09 purchase from USB

****Excess Reserve:**

3/13/23: \$1,205,505.66 transfer from Endowment
 9/18/23: \$366,741.36 purchase from USB

*****Reserve:**

3/13/23: \$582,882.48 purchase from UB
 3/16/23: \$417,717.52 purchase from UB

******Title V Grant:**

12/18/23: \$225,563.24 purchase

Endowment portfolio

Portfolio monthly snapshot

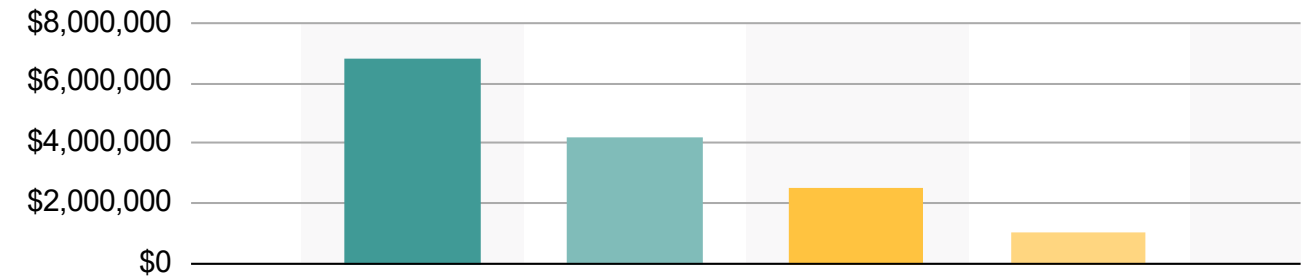
Miracosta College Foundation - Endowment Portfolio

As of December 31, 2023

Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$13,762,016.31	\$13,818,780.46	\$13,818,780.46
Net Cash Flow	\$21,624.09	-\$1,592,841.03	-\$1,592,841.03
Net Capital Appreciation	\$537,477.53	\$1,869,645.08	\$1,869,645.08
Investment Income	\$123,587.12	\$349,120.53	\$349,120.53
Ending Market Value	\$14,444,705.04	\$14,444,705.04	\$14,444,705.04

Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Non-U.S. Fixed Income
Current	\$6,795,375	\$4,136,590	\$2,473,285	\$1,039,455
Current %	47.04%	28.64%	17.12%	7.20%
Policy %	45.00%	30.00%	17.50%	7.50%
Difference	2.04%	-1.36%	-0.38%	-0.30%

Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Client portfolio (gross)	4.80	10.18	18.09	18.09	3.70	9.58	-	7.49	01/31/14
Client portfolio (net)	4.80	10.11	17.80	17.80	3.47	9.35	-	7.23	01/31/14
Policy benchmark	4.84	10.06	17.95	17.95	3.72	9.49	-	7.49	01/31/14

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 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

Miracosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2023

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Client portfolio (gross)	14,444,705	100.0	100.0	4.80	10.18	18.09	18.09	3.70	9.58	-	7.49	01/31/14
Client portfolio (net)				4.80	10.11	17.80	17.80	3.47	9.35	-	7.23	01/31/14
Policy benchmark				4.84	10.06	17.95	17.95	3.72	9.49	-	7.49	01/31/14
■ Equity	10,931,965	75.7	75.0	5.23	11.33	21.80	21.80	5.80	12.02	-	9.16	01/31/14
Equity - Policy benchmark				5.26	11.19	21.85	21.85	5.87	12.06	-	9.16	01/31/14
• Domestic Equity	6,795,375	47.0	45.0	5.32	12.17	26.02	26.02	8.44	15.08	-	11.89	01/31/14
• International Equity	4,136,590	28.6	30.0	5.08	9.97	15.52	15.52	1.79	7.35	-	4.65	01/31/14
■ Fixed Income	3,512,740	24.3	25.0	3.50	6.74	7.25	7.25	-2.81	1.48	-	2.05	01/31/14
Fixed Income - Policy benchmark				3.59	6.63	6.54	6.54	-3.04	1.13	-	1.91	01/31/14
• Domestic Fixed Income	2,473,285	17.1	17.5	3.64	6.86	6.59	6.59	-2.94	1.75	-	2.00	01/31/14
• International Fixed Income	1,039,455	7.2	7.5	3.17	6.45	8.77	8.77	-2.52	0.87	-	2.26	01/31/14

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

Miracosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2023

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Client portfolio (gross)	14,444,705	100.0	100.0	4.80	10.18	18.09	18.09	3.70	9.58	-	7.49	01/31/14
Client portfolio (net)				4.80	10.11	17.80	17.80	3.47	9.35	-	7.23	01/31/14
Policy benchmark				4.84	10.06	17.95	17.95	3.72	9.49	-	7.49	01/31/14
■ Equity	10,931,965	75.7	75.0	5.23	11.33	21.80	21.80	5.80	12.02	-	9.16	01/31/14
Equity - Policy benchmark				5.26	11.19	21.85	21.85	5.87	12.06	-	9.16	01/31/14
• Domestic Equity	6,795,375	47.0	45.0	5.32	12.17	26.02	26.02	8.44	15.08	-	11.89	01/31/14
Domestic Equity - Policy benchmark				5.32	12.14	25.98	25.98	8.44	15.08	-	11.90	01/31/14
- Vanguard Total Stock Market Index Fund Institutional Shares	6,795,375	47.0	-	5.32	12.17	26.02	26.02	8.44	-	-	13.02	09/30/19
Spliced Total Stock Market Index				5.32	12.14	25.98	25.98	8.44	-	-	13.01	09/30/19
Multi-Cap Core Funds Average				5.46	11.47	21.01	21.01	7.16	-	-	10.80	09/30/19
• International Equity	4,136,590	28.6	30.0	5.08	9.97	15.52	15.52	1.79	7.35	-	4.65	01/31/14
International Equity - Policy benchmark				5.18	9.77	15.79	15.79	1.88	7.46	-	4.70	01/31/14
- Vanguard Total International Stock Index Fund Institutional Shares	4,136,590	28.6	-	5.08	9.97	15.52	15.52	-	-	-	-0.49	04/30/21
Spliced Total International Stock Index				5.18	9.77	15.79	15.79	-	-	-	-0.48	04/30/21

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.**

Performance summary—by securities (continued)

Miracosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2023

	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				5.02	10.06	16.40	16.40	-	-	-	-0.60	04/30/21
■ Fixed Income	3,512,740	24.3	25.0	3.50	6.74	7.25	7.25	-2.81	1.48	-	2.05	01/31/14
Fixed Income - Policy benchmark				3.59	6.63	6.54	6.54	-3.04	1.13	-	1.91	01/31/14
● Domestic Fixed Income	2,473,285	17.1	17.5	3.64	6.86	6.59	6.59	-2.94	1.75	-	2.00	01/31/14
Domestic Fixed Income - Policy benchmark				3.75	6.72	5.60	5.60	-3.33	1.17	-	1.70	01/31/14
- Vanguard Total Bond Market Index Fund Admiral Shares	1,229,279	8.5	-	3.70	6.69	5.70	5.70	-3.36	1.11	-	1.64	01/31/14
Spliced Bloomberg U.S. Aggregate Float Adjusted Index				3.75	6.72	5.60	5.60	-3.33	1.17	-	1.70	01/31/14
Spliced Intermediate Investment-Grade Debt Funds Average				3.80	6.73	5.87	5.87	-3.32	1.23	-	1.58	01/31/14
- Vanguard Short-Term Investment-Grade Fund Admiral Shares	667,264	4.6	-	1.79	3.95	6.17	6.17	-0.07	2.14	-	1.92	01/31/14
Bloomberg U.S. 1-5 Year Credit Bond Index				1.81	3.96	5.94	5.94	-0.17	2.21	-	1.96	01/31/14
1-5 Year Investment-Grade Debt Funds Average				1.35	2.93	5.42	5.42	-0.69	1.31	-	1.22	01/31/14
- Vanguard Long-Term Investment-Grade Fund Admiral Shares	306,105	2.1	-	7.11	13.10	9.38	9.38	-7.34	-	-	1.55	01/31/19
Bloomberg U.S. Long Credit A or Better Bond Index				7.28	13.30	9.36	9.36	-7.39	-	-	1.33	01/31/19
Corporate A-Rated Debt Funds Average				4.72	8.29	6.49	6.49	-4.06	-	-	1.23	01/31/19

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.**

Performance summary—by securities (continued)

Miracosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2023

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
- Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	270,637	1.9	-	4.07	8.20	8.61	8.61	-2.54	2.46	-	2.59	01/31/14
Bloomberg U.S. 5-10 Year Credit Bond Index				4.16	8.20	8.47	8.47	-2.70	2.81	-	2.95	01/31/14
Spliced Core Bond Funds Average				3.80	6.73	5.87	5.87	-3.32	1.23	-	1.58	01/31/14
• International Fixed Income	1,039,455	7.2	7.5	3.17	6.45	8.77	8.77	-2.52	0.87	-	2.26	01/31/14
International Fixed Income - Policy benchmark				3.21	6.38	8.75	8.75	-2.41	1.02	-	2.46	01/31/14
- Vanguard Total International Bond Index Fund Admiral Shares	1,039,455	7.2	-	3.17	6.45	8.77	8.77	-2.52	0.87	-	2.26	01/31/14
Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged				3.21	6.38	8.75	8.75	-2.41	1.02	-	2.46	01/31/14
International Income Funds Average				3.38	7.38	6.84	6.84	-4.58	-0.42	-	0.27	01/31/14

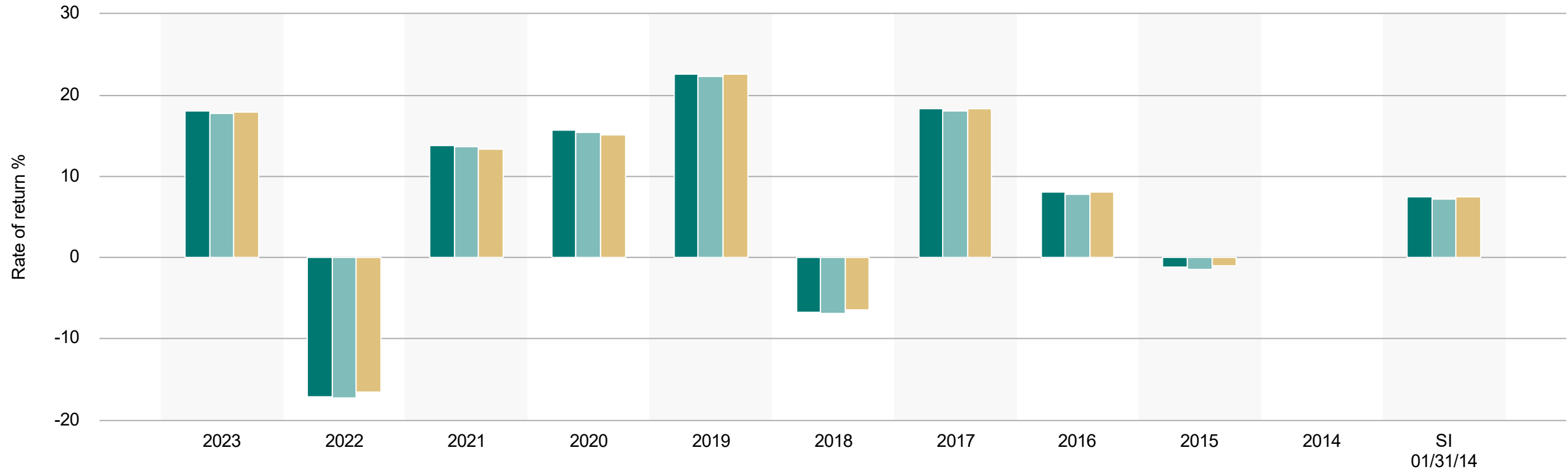
Source: Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance 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.**

Portfolio performance—annual periods

Miracosta College Foundation - Endowment Portfolio

For the period ended December 31, 2023

Gross versus net of fees



	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	Since Inception
■ Gross return	18.09%	-17.07%	13.86%	15.64%	22.55%	-6.66%	18.38%	8.05%	-1.18%	-	7.49%
■ Net return	17.80%	-17.28%	13.66%	15.44%	22.28%	-6.91%	18.06%	7.73%	-1.48%	-	7.23%
■ Policy benchmark	17.95%	-16.59%	13.40%	15.10%	22.51%	-6.41%	18.28%	8.10%	-1.04%	-	7.49%

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.**

Excess reserve portfolio

Portfolio monthly snapshot

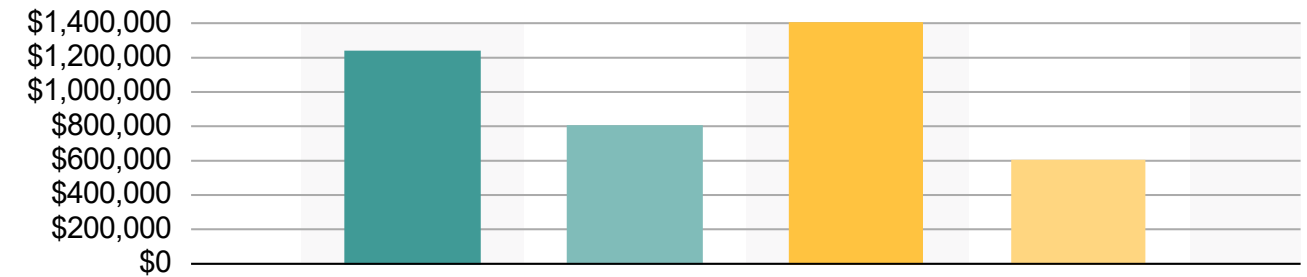
Miracosta College Foundation - Excess Reserve Portfolio

As of December 31, 2023

Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$3,862,178.41	\$2,004,279.70	\$2,004,279.70
Net Cash Flow	\$0.00	\$1,564,435.51	\$1,564,435.51
Net Capital Appreciation	\$131,279.61	\$357,195.14	\$357,195.14
Investment Income	\$37,146.60	\$104,694.28	\$104,694.28
Ending Market Value	\$4,030,604.62	\$4,030,604.62	\$4,030,604.62

Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Non-U.S. Fixed Income
Current	\$1,229,107	\$805,035	\$1,397,077	\$599,385
Current %	30.49%	19.97%	34.66%	14.87%
Policy %	30.00%	20.00%	35.00%	15.00%
Difference	0.49%	-0.03%	-0.34%	-0.13%

Performance summary

	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Client portfolio (gross)	4.36	8.99	14.46	14.46	1.32	6.40	-	5.83	03/31/16
Client portfolio (net)	4.36	8.92	14.18	14.18	1.09	6.17	-	5.59	03/31/16
Policy benchmark	4.43	8.93	14.10	14.10	1.40	6.36	-	5.75	03/31/16

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 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.**

Reserve portfolio

Portfolio monthly snapshot

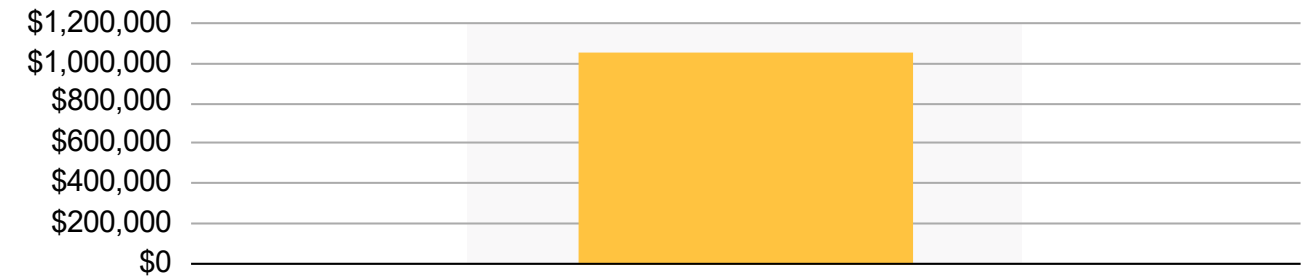
MiraCosta College Foundation - Reserve Portfolio

As of December 31, 2023

Cash flow and market activity by portfolio

	One Month
Beginning Market Value	\$1,033,378.14
Net Cash Flow	\$0.00
Net Capital Appreciation	\$4,169.86
Investment Income	\$4,633.82
Ending Market Value	\$1,042,181.82

Current asset allocation by sub-asset class



U.S. Fixed Income	
Current	\$1,042,182
Current %	100.00%
Policy %	100.00%
Difference	0.00%

Performance summary

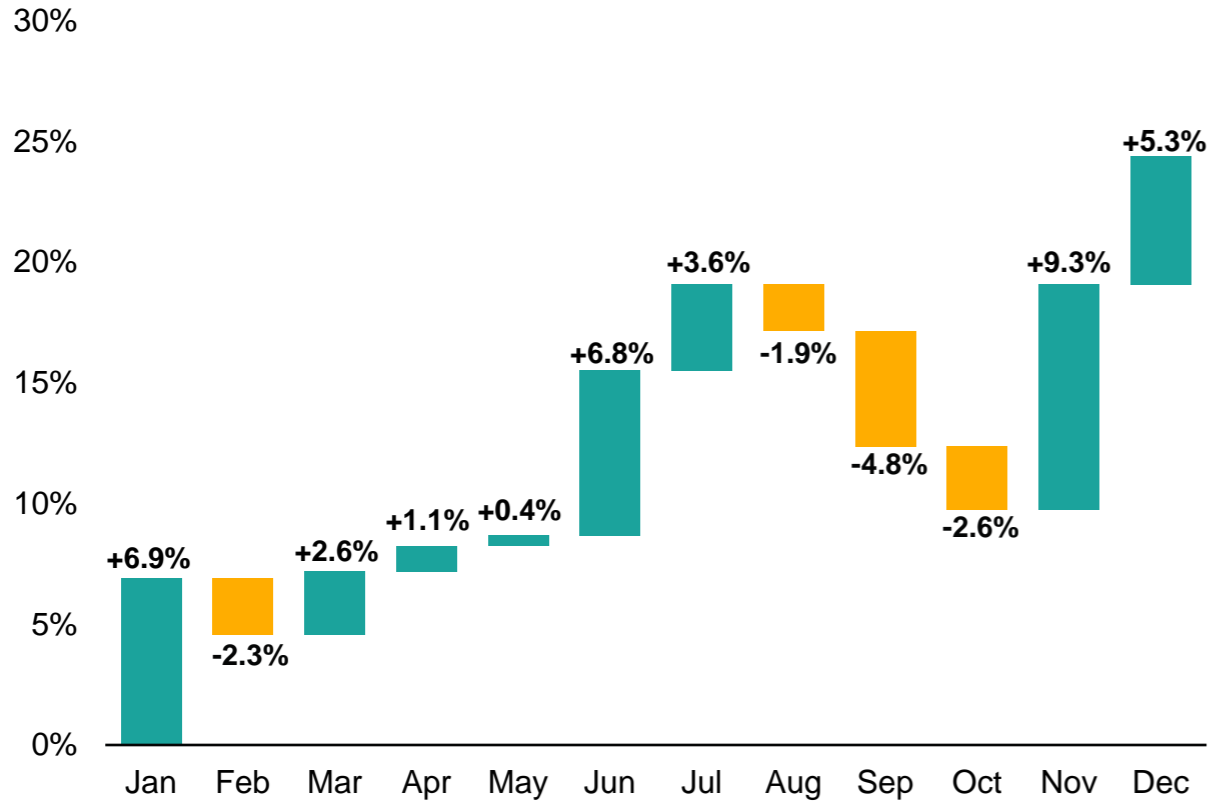
	1 mo (%)	3 mo (%)	YTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Client portfolio (gross)	0.85	2.13	-	-	-	-	-	4.19	03/31/23
Client portfolio (net)	0.85	2.07	-	-	-	-	-	4.00	03/31/23
Policy benchmark	0.78	1.99	-	-	-	-	-	3.77	03/31/23

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 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.**

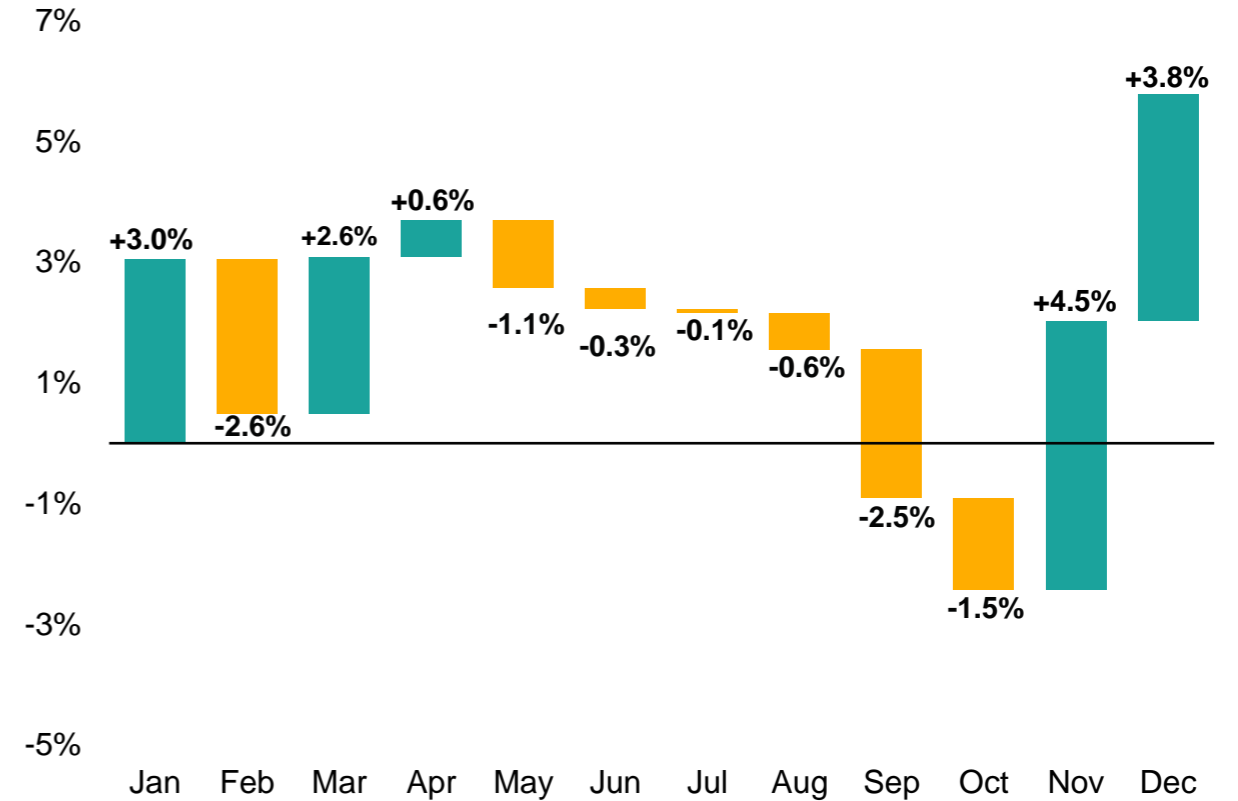
Year-in-review

Roller coaster of a year ending with an incredible rally during the fourth quarter

Cumulative 2023 return for US stocks by month: +26.0%



Cumulative 2023 return for US bonds by month: +5.6%

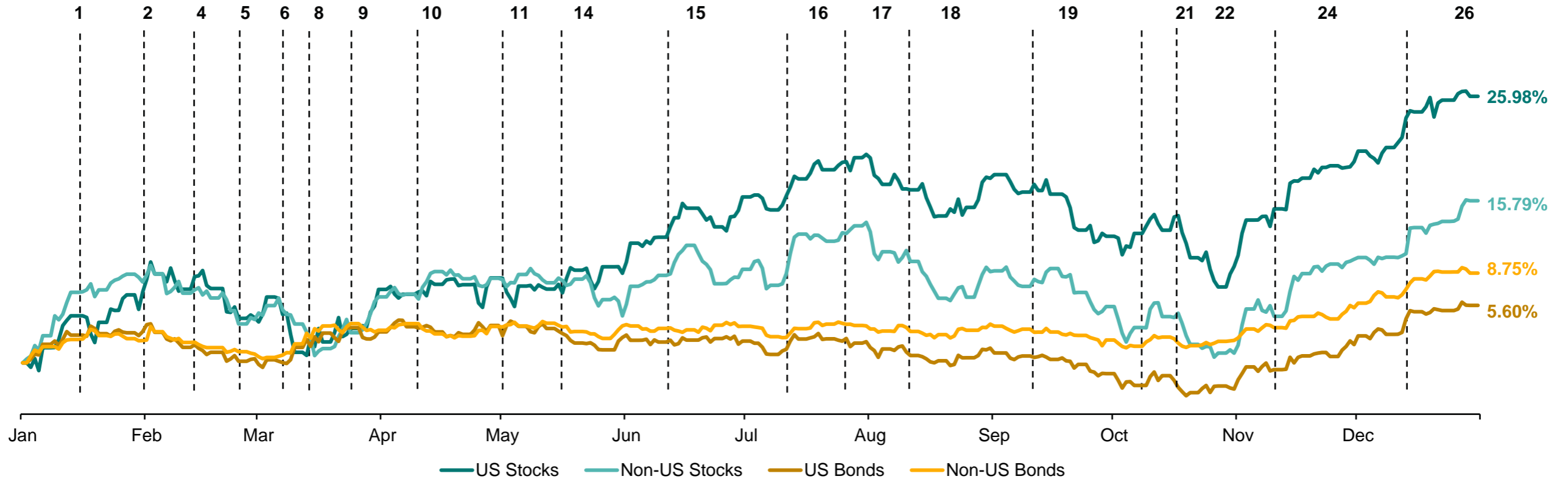


The performance data shown represent past performance, which is not a guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: Vanguard.

Note: Cumulative performance, by month, from January 1st through December 31, 2023 for stocks and bonds. Stocks: CRSP US Total Market Index, Bonds: Bloomberg U.S. Aggregate Bond Float Adjusted Index.

2023 Performance and notable events



- | | | |
|---|---|---|
| 1) December inflation announced 6.4% (1/12) | 10) March inflation announced 4.9% (4/12) | 19) August inflation announced 3.7% (9/13) |
| 2) Fed raises rate by 25 bps (2/1) | 11) First Republic Bank Failure (5/1) | 20) UAW Strike Begins (9/15) |
| 3) Spy Balloons Over the U.S. (2/3) | 12) Writer's Strike Begins (5/2) | 21) U.S. Federal Government averts shutdown (9/30) |
| 4) January inflation announced 6.0% (2/14) | 13) Fed raises rate by 25 bps (5/3) | 22) Hamas attack on Israel (10/7) |
| 5) 1-Year Anniversary of Russia-Ukraine War (2/24) | 14) April inflation announced 4.0% (5/10) | 23) September inflation announced 3.2% (10/12) |
| 6) Silicon Valley Bank Failure (3/10) | 15) May inflation announced 3.0% (6/13) | 24) October inflation announced 3.2% (11/14) |
| 7) Signature Bank Failure (3/12) | 16) July inflation announced 3.2% (7/12) | 25) U.S. Federal Government averts shutdown (11/16) |
| 8) ChatGPT-4 is launched by OpenAI & February inflation announced 5.0% (3/14) | 17) Fed raises rate by 25 bps (7/26) | 26) November inflation announced 3.1% (12/12) |
| 9) Fed raises rate by 25 bps (3/22) | 18) July inflation announced 3.7% (8/10) | 27) Fed held rates steady and signaled cuts in 2024 (12/13) |

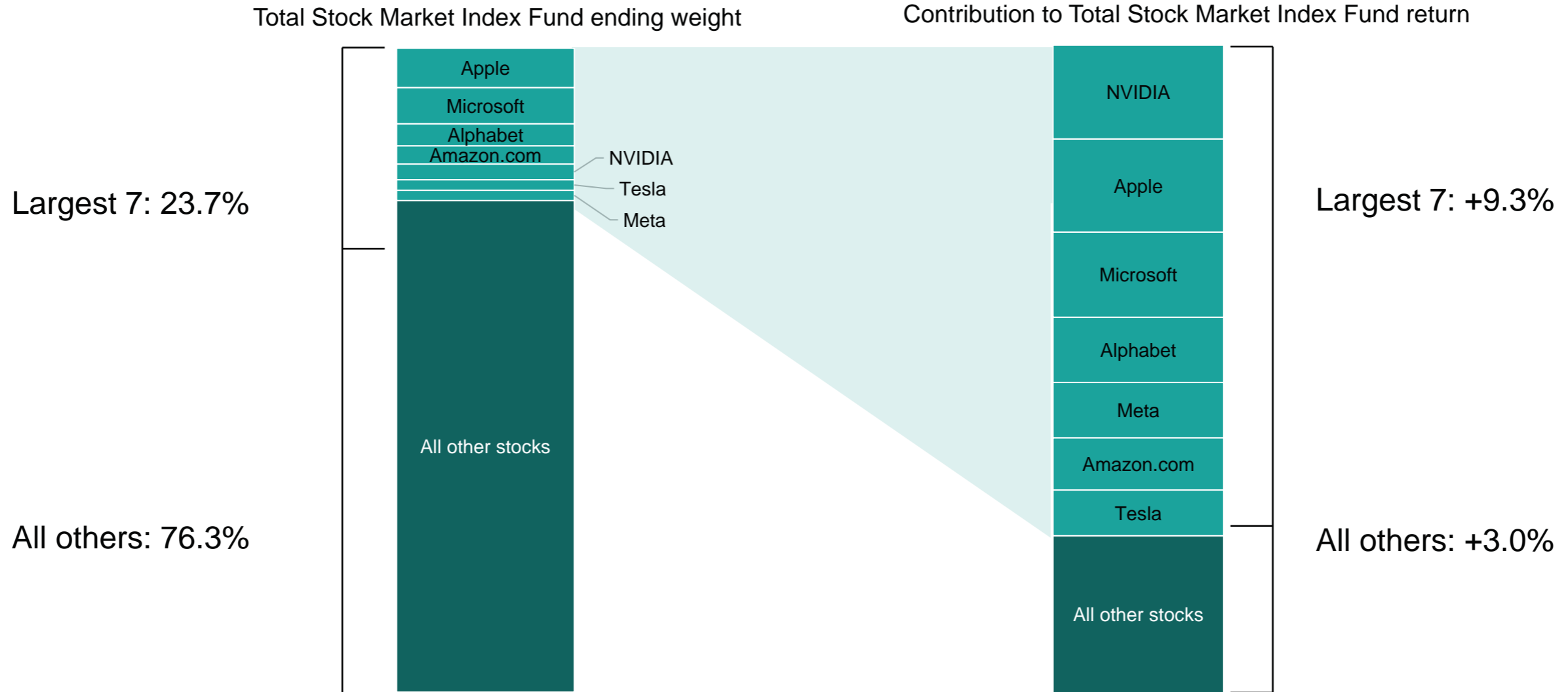
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: Vanguard. Data based on daily returns from 12/31/2022 - 12/31/2023. 2023 Total Returns in parentheses. Note: Inflation represent the 12-month percentage change to the Headline Consumer Price Index (CPI) as reported by the U.S. Bureau of Labor Statistics. US Stocks (CRSP US Total Market), Non-US Stocks (FTSE Global All-Cap ex-US), US Bonds (Barclays US Aggregate Float-adjusted Bond Index), Non-US Bonds (Barclays Global ex-USD Aggregate Bond Index Hedged).

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2023 through 9/30/23 – Magnificent seven contributes to 76% of the Total Stock Market Index Fund return



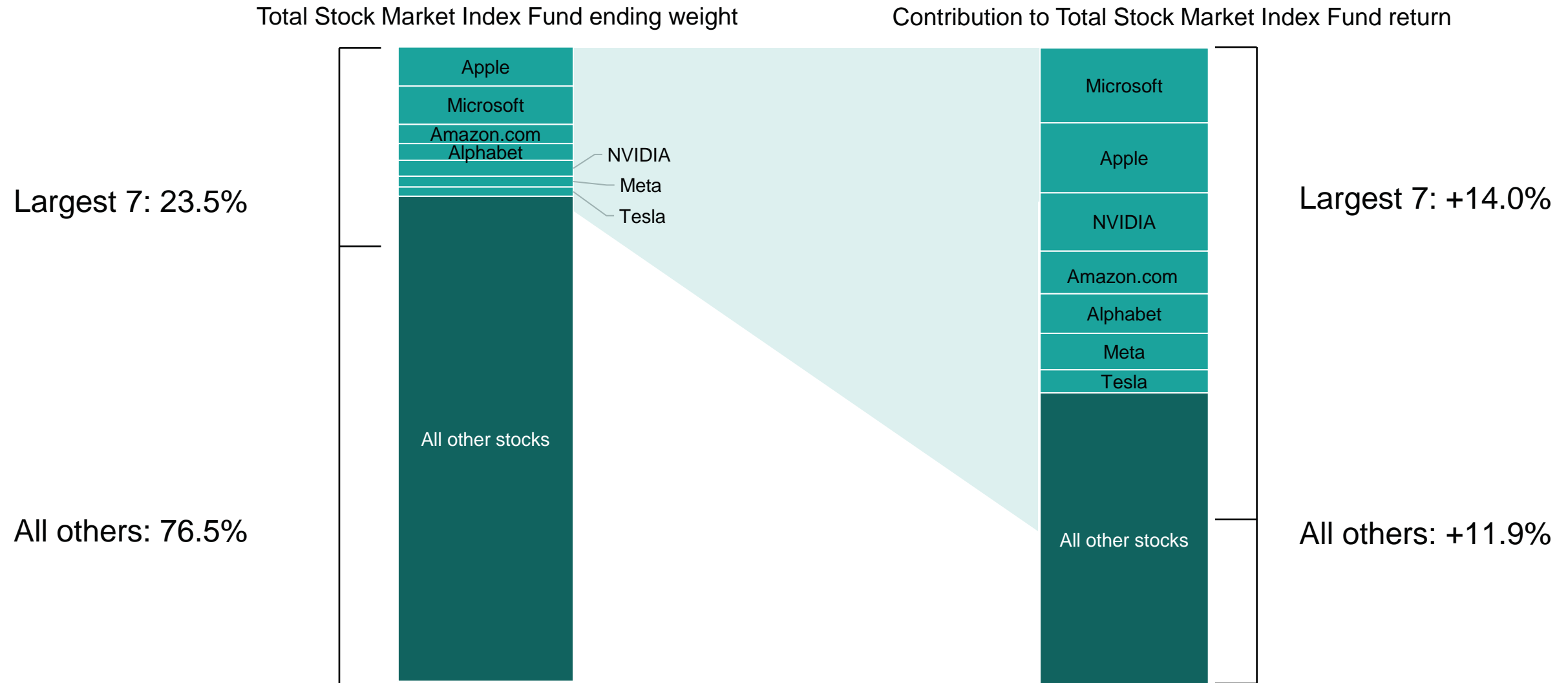
Source: Factset as of 9/30/2023.

Note: Return data can be referenced in the appendix.

The performance data shown represent past performance, which is not a guarantee of future results.

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Magnificent seven contributes to 54% of the Total Stock Market Index Fund return in 2023



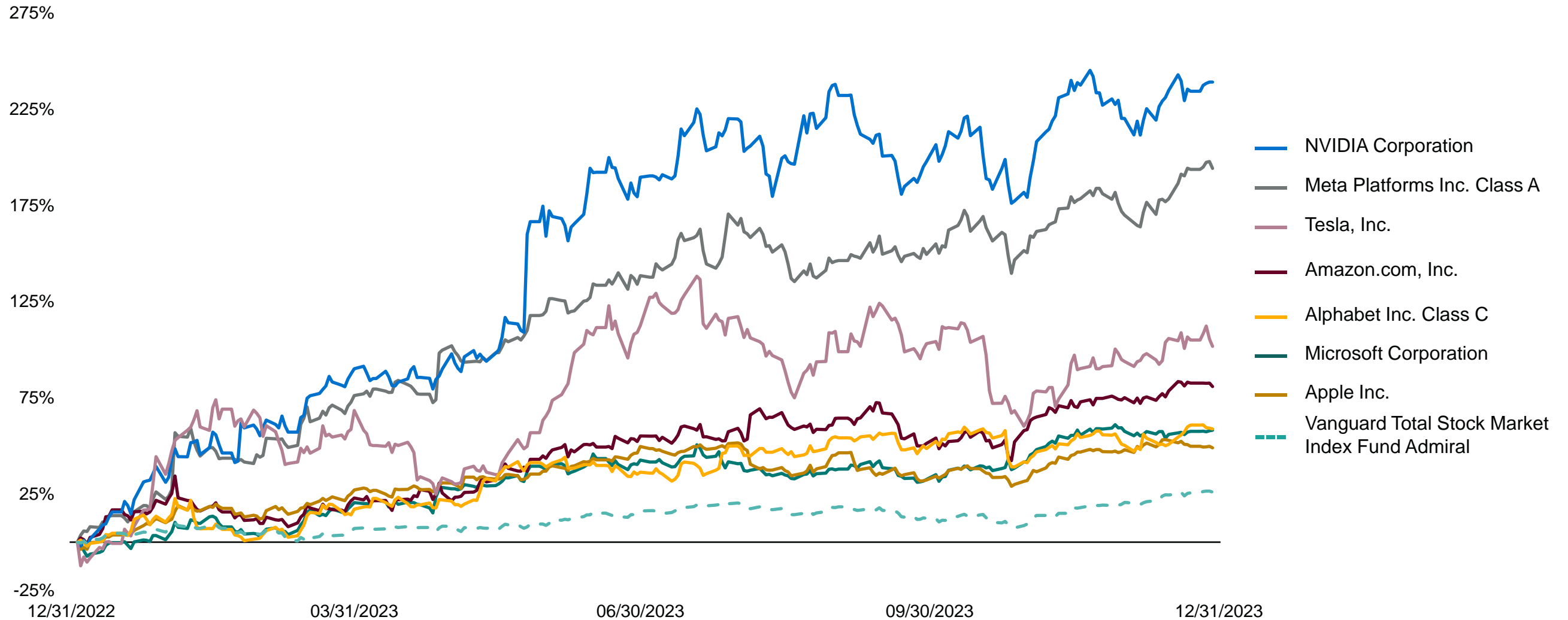
The performance data shown represent past performance, which is not a guarantee of future results.

Source: Factset as of 12/31/2023.

Note: Return data can be referenced in the appendix.

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A.I. boom – 7 largest companies drive U.S stock market ahead



Source: Factset as of 9/30/2023.

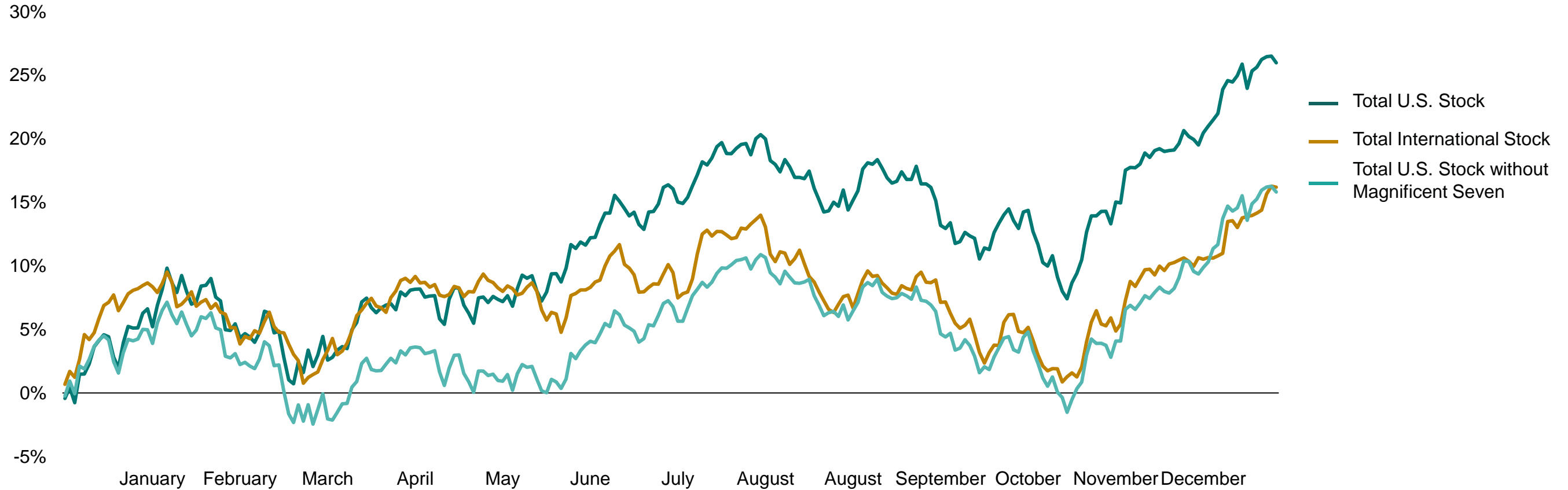
The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com/performance.

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The Magnificent Seven accounted for the difference in return between the domestic and international equity markets

Cumulative return in 2023



Source: Factset as of 12/31/2023,

Total U.S. Stock is represented by the CRSP US Total Market Index. Total International Stock is represented by the FTSE Global All Cap ex US Index,

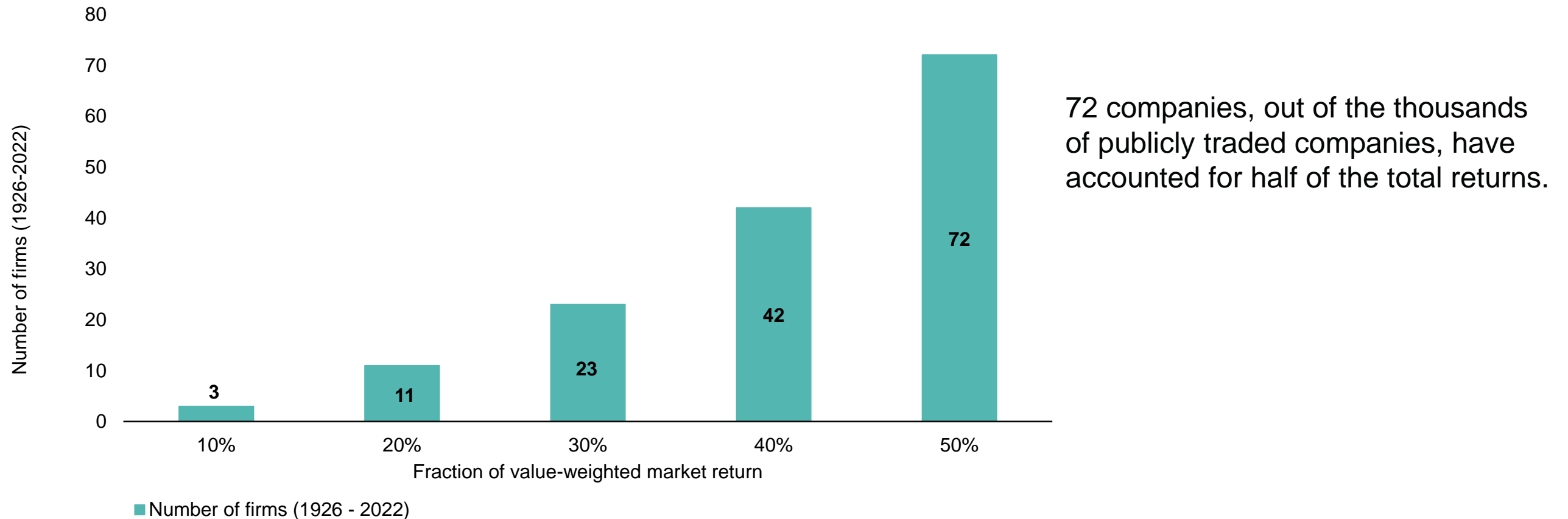
Note: Magnificent seven includes Apple, Microsoft, Alphabet, Amazon, NVIDIA, Tesla, and Meta.

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Equity concentration isn't new – a small percentage of U.S. stocks produced much of the market's historical returns

Number of firms that explain fractions of market returns (1926-2022)



Sources: Investment Advisory Research Center analysis using data from Shareholder Wealth Enhancement, Bessembinder (2023).

Francis M. Kinniry Jr, Ted Dinucci, Chris Tidmore, 2023. From downturn to upswing: Strong fourth-quarter returns in stocks and bonds. Valley, Forge, Pa.: The Vanguard Group.

Notes: Calculations based on total asset-weighted returns of individual U.S. publicly traded stocks as a percentage of total U.S. asset-weighted returns from all publicly traded U.S. stocks.

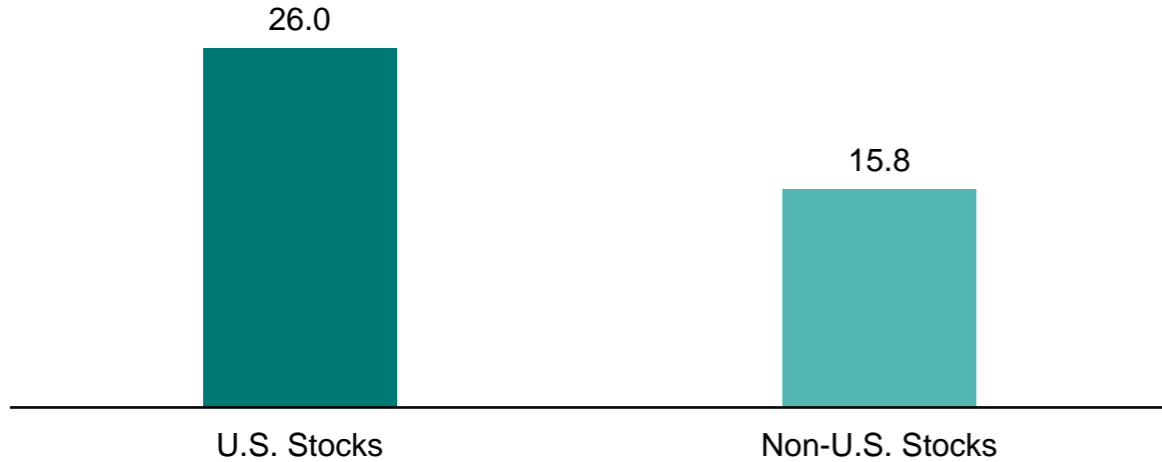
The performance data shown represent past performance, which is not a guarantee of future results.

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AI boom benefits IT sector and large cap/growth

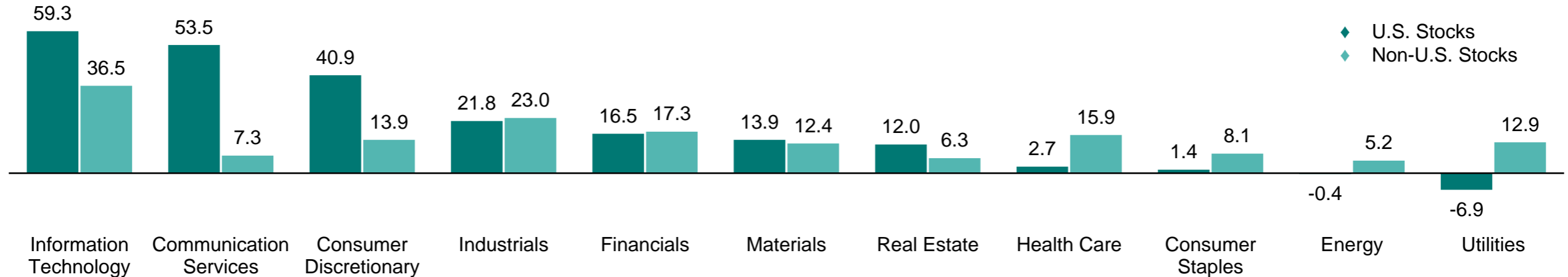
Broad market returns (%)



U.S. Size and style return (%)

	Value	Blend	Growth
Large Cap	9.2	27.3	46.9
Mid Cap	9.8	16.0	23.2
Small Cap	15.9	18.1	21.3

Sector returns (%)



Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: FactSet and Vanguard. Data as of December 31, 2023.

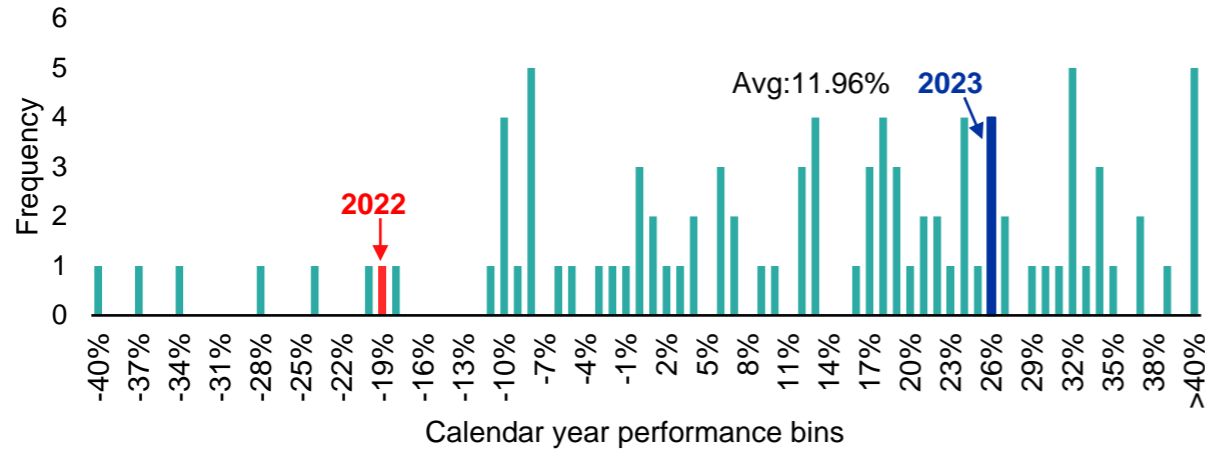
US Stocks represented by CRSP US Total Market, Non-US stocks represented by FTSE Global All-Cap ex-US Index. Large-cap stocks represented by CRSP US Large Cap Value Index, CRSP Large Cap Index, and CRSP Large Cap Growth Index. Mid-cap stocks represented by CRSP US Mid Cap Index, CRSP US Mid Cap Value Index, and CRSP Mid Cap Growth Index. Small-cap stocks represented by CRSP US Small Cap Index, CRSP US Small Cap Growth Index, and CRSP US Small Cap Value Index.

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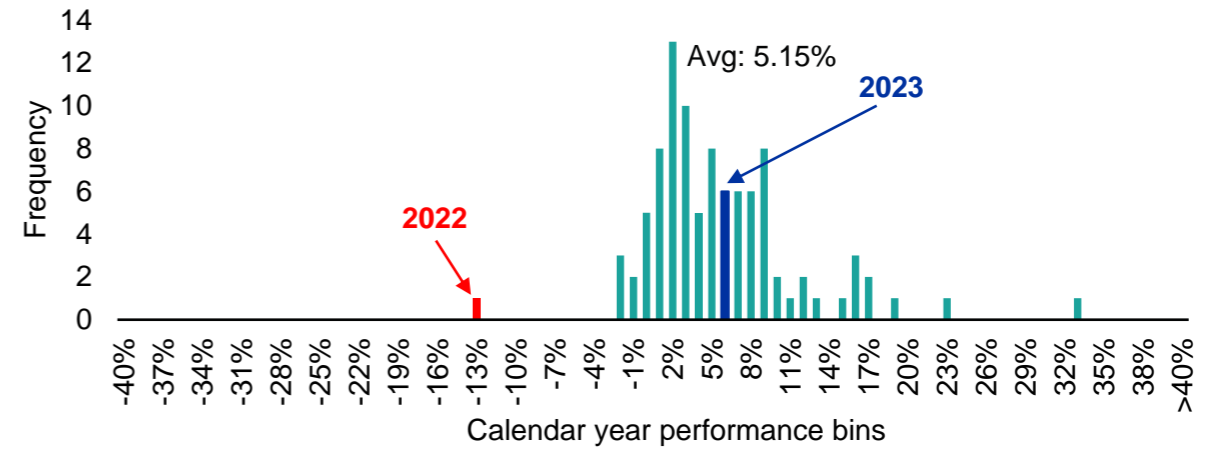


In 2023, the markets put 2022's challenges in the rear-view mirror

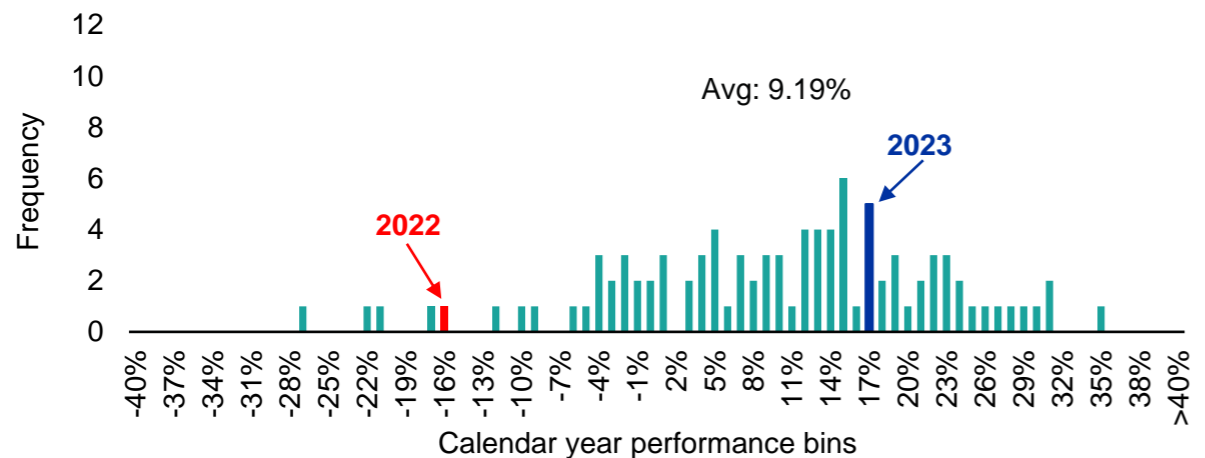
a.) Distribution of annual **stock** performance (1928-2023)



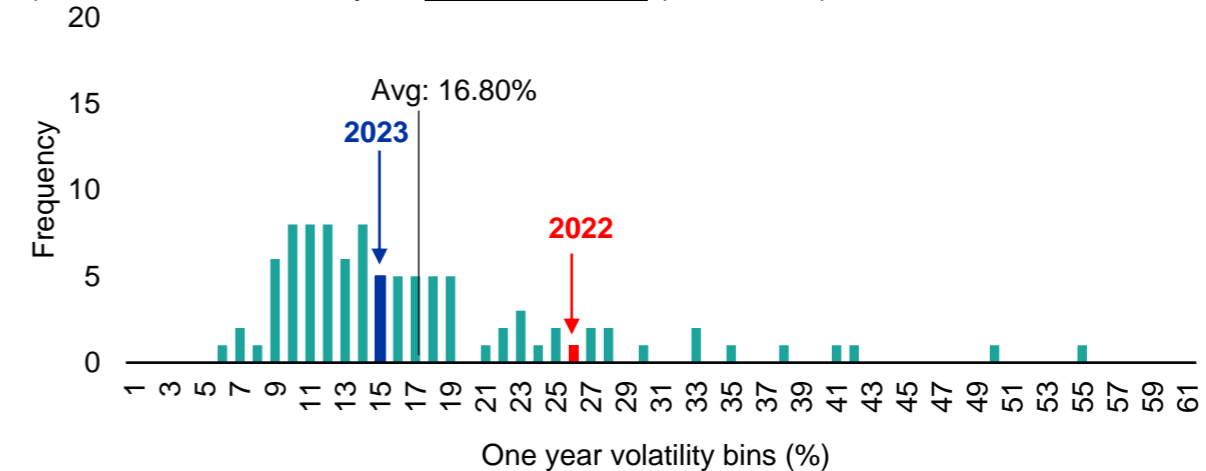
b.) Distribution of annual **bond** performance (1928-2023)



c.) Distribution of annual **60-40** performance (1928-2023)



d.) Distribution calendar year **stock volatility** (1928-2023)



Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

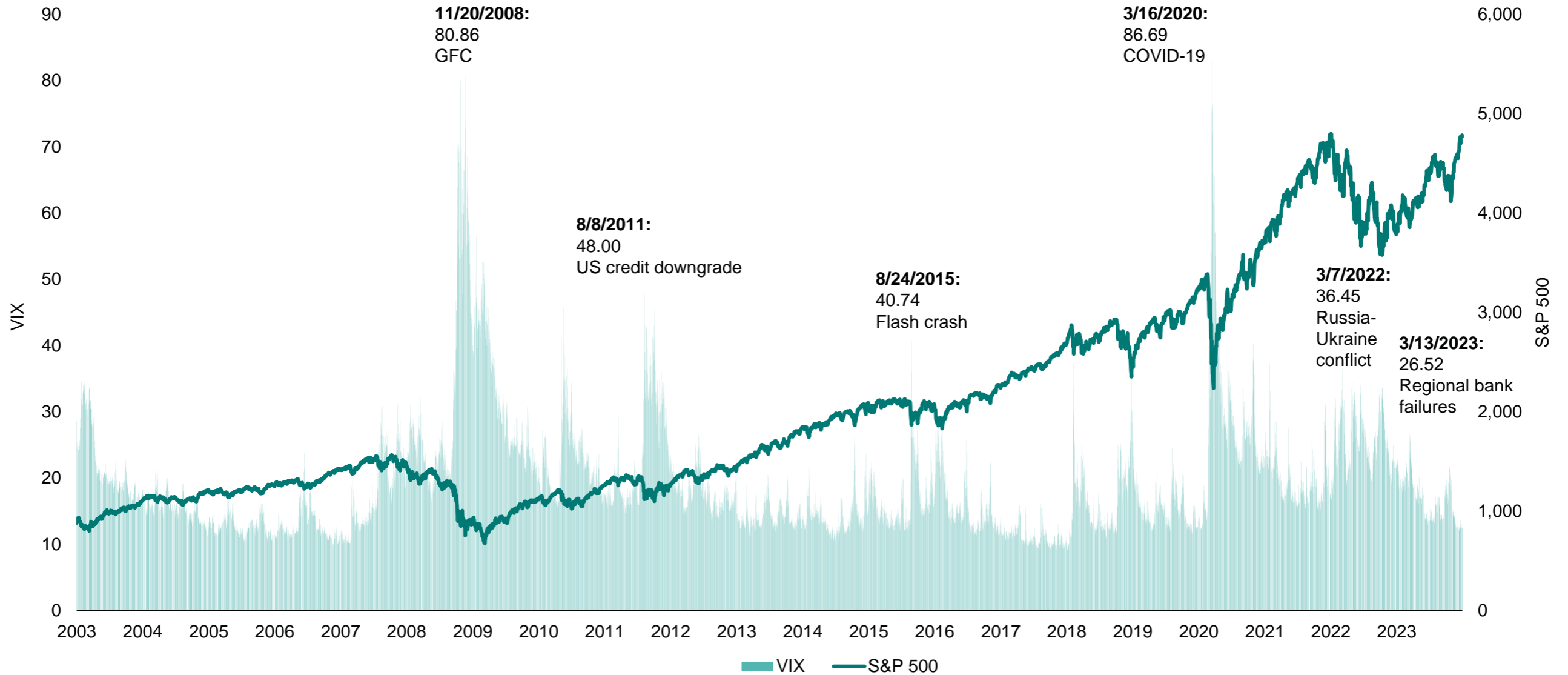
Notes: Figures a. through c. show the cumulative performance from January through December each calendar year going back to 1928. Figure d. shows the annualized volatility for the year.

Sources: Figures a.-c.: Stocks: S&P 90 Index from 1928 through 3/3/1957; S&P 500 Index from 3/4/1957 through 1970; Wilshire 5000 from 1971 through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; CRSP US Total Market Index thereafter. Bonds: IA SBBI U.S. Intermediate-Term Government Bond Index through 1972; Bloomberg U.S. Government/Credit Intermediate-Term Index from 1973 through 1975; Bloomberg U.S. Aggregate Bond Index thereafter.

60-40: Simulated portfolio with 60% allocated to stocks and 40% allocated to bonds. Figure d.: S&P 500 from 1928 through December 31, 2023.

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VIX near lows as S&P 500 returns near 2021 highs

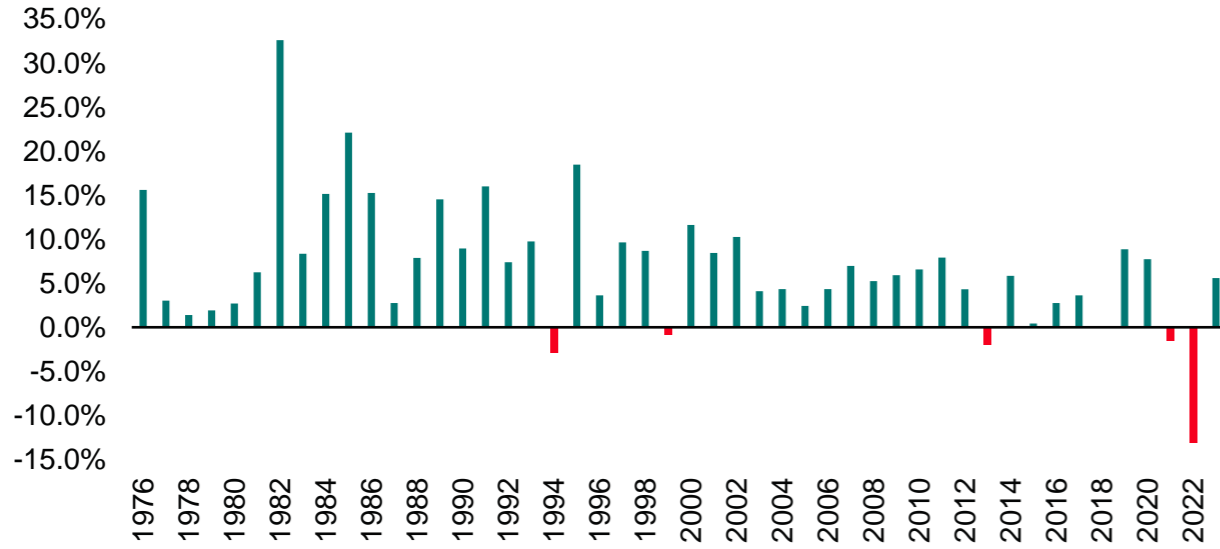


Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

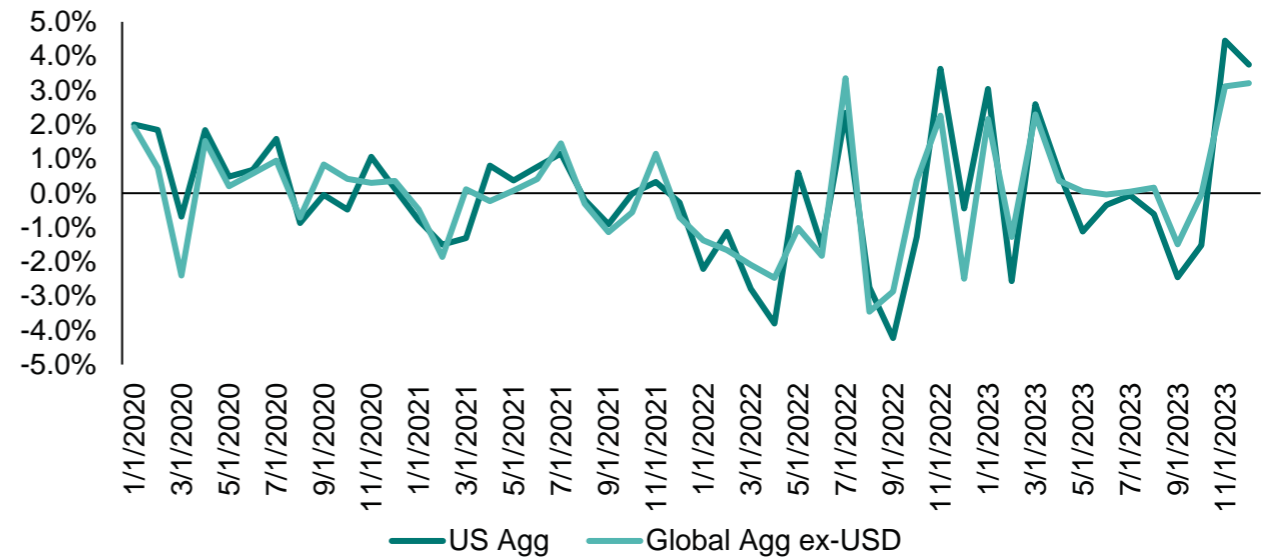
Source: FactSet. Daily data from 1/1/2003-12/31/2023 as of December 31, 2023. Volatility as measured by the VIX.

2023 Fixed income performance

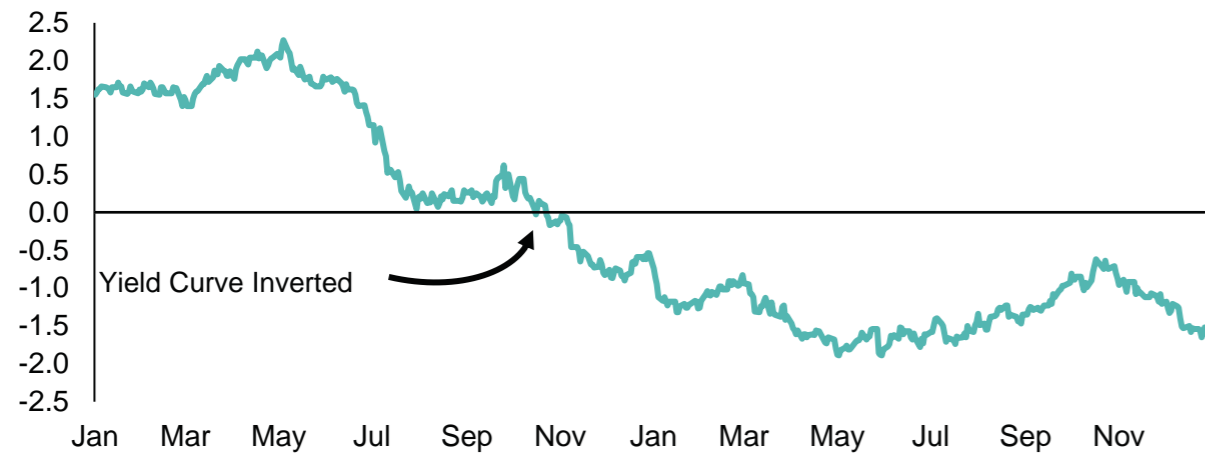
US fixed income returns drifted back well into positive territory in 2023



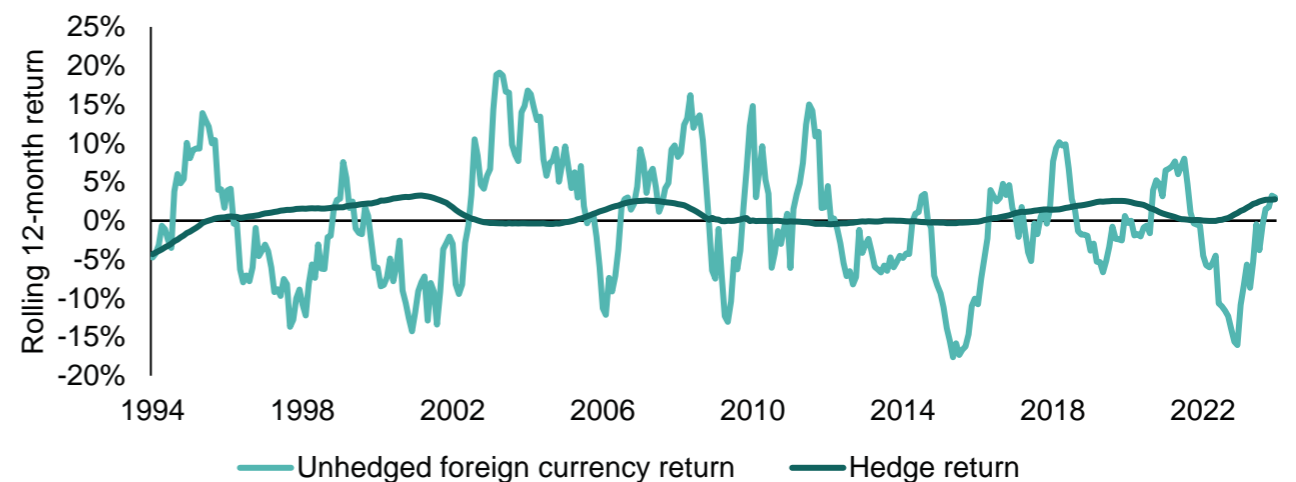
Broad fixed income monthly returns, 2020-2023



10-year/3-month Treasury spread negative since October 18th 2022



Currency return created significant downside volatility in unhedged portfolios 1994 - 2023



Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Vanguard calculations, based on data from Barclays and Federal Reserve Bank of St. Louis

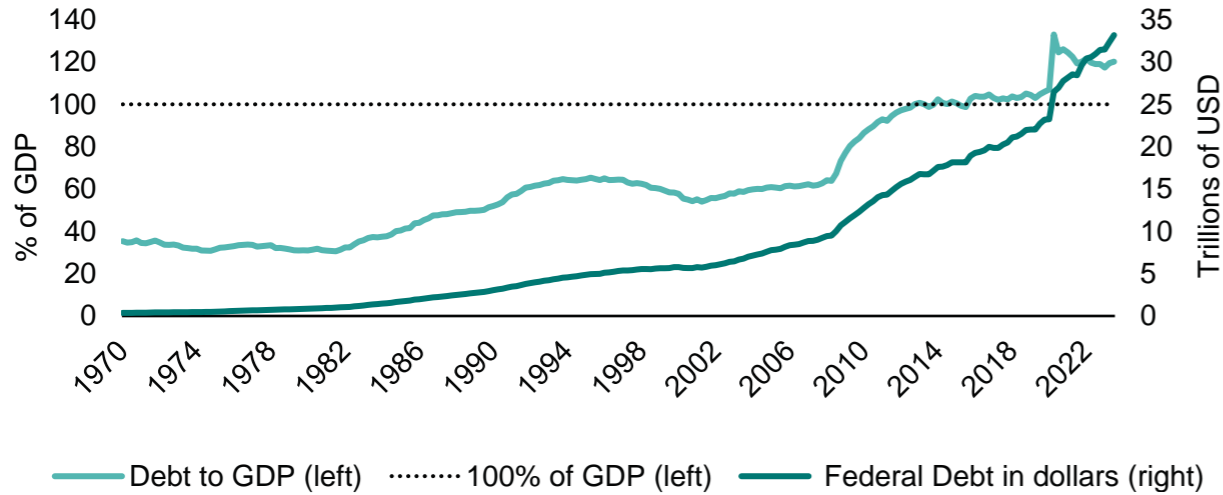
Notes: "Hedge return" is defined here as the currency return for the Barclays Global Aggregate ex-USD index, hedged to US dollars. "Unhedged foreign currency return" is defined here as the currency return for the Barclays Global Aggregate ex-USD index, unhedged, in US dollars.

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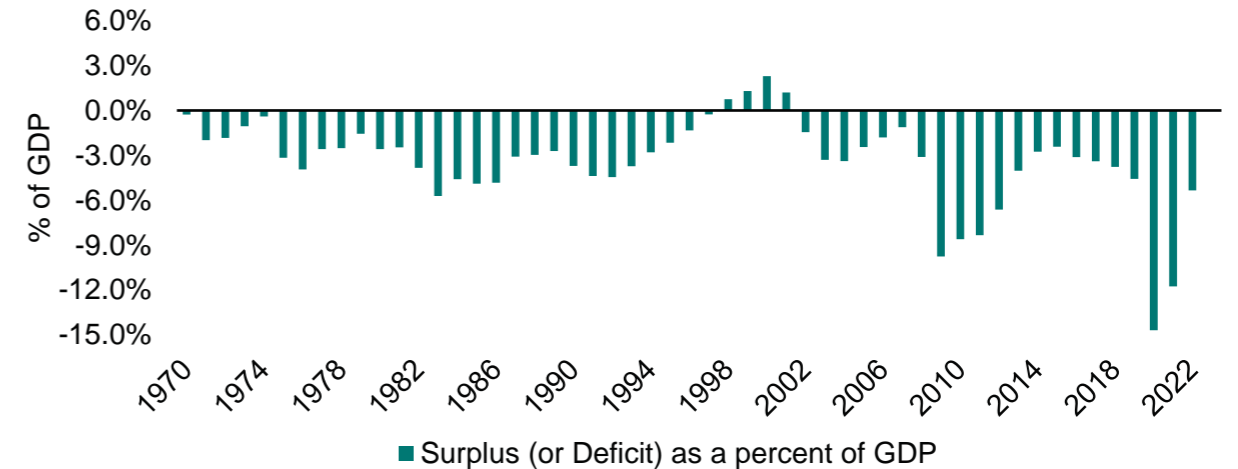


Interest Costs and the US National Debt

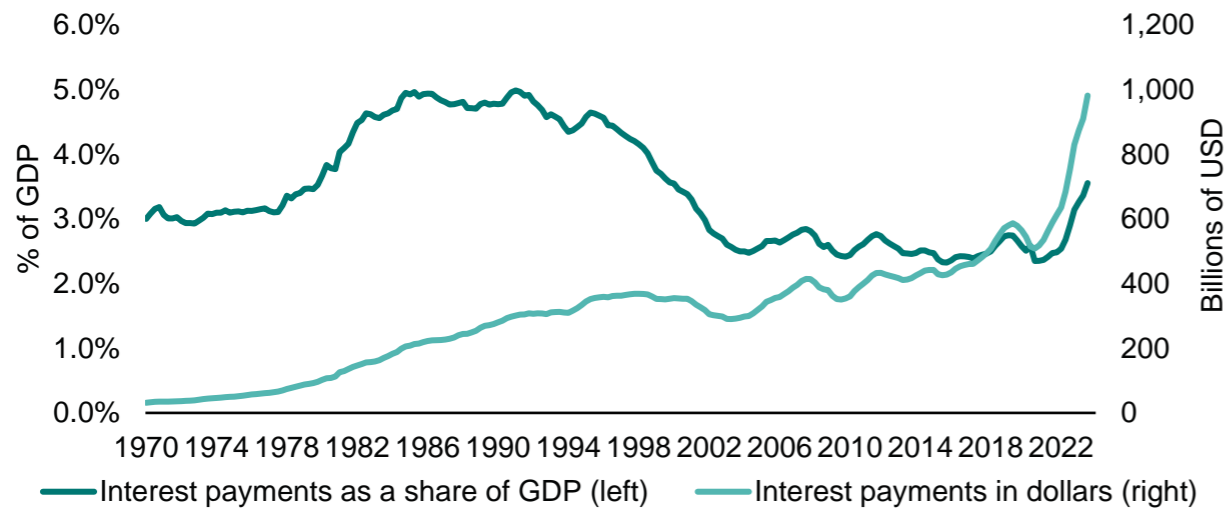
Federal debt continues to rise both in nominal terms and as a share of GDP



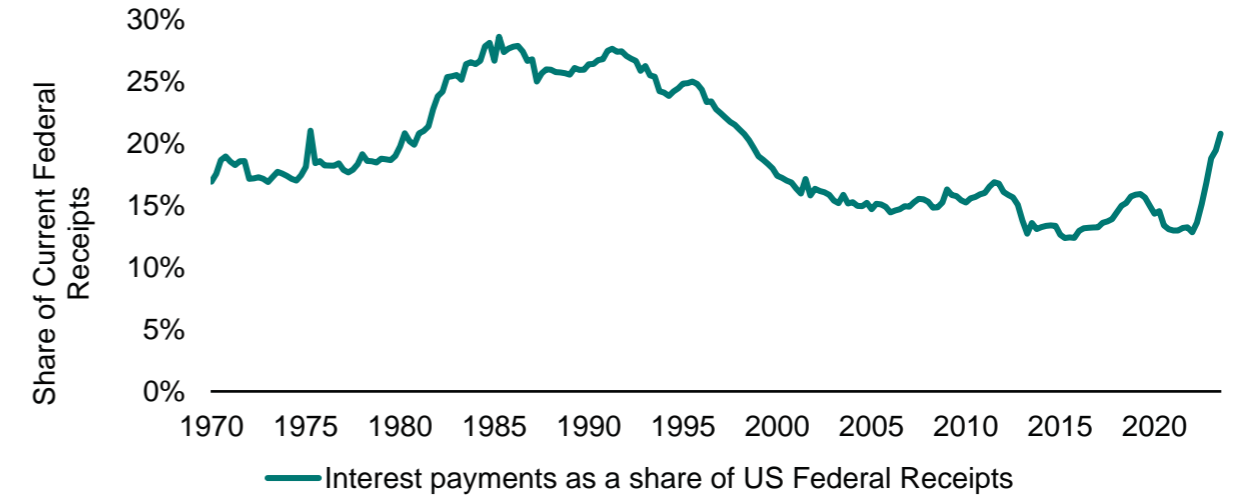
The federal government continues to rely on borrowing to finance government spending



Due to higher refinancing costs, interest payments on the debt are growing



Recent interest payments represent a higher share of what the government is taking in



Sources: Vanguard calculations, based on data from the Federal Reserve Bank of St. Louis.

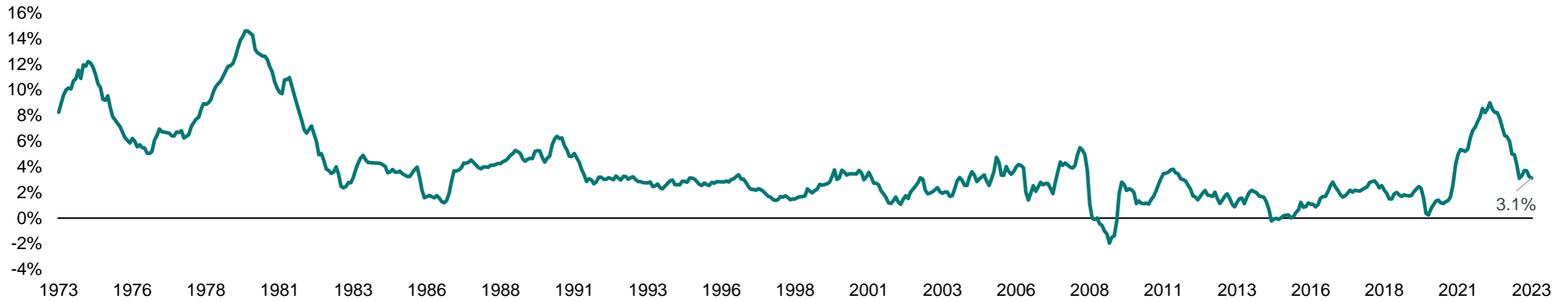
Notes: All charts use seasonally-adjusted quarterly data, with the exception of the surplus/deficit slide which depicts annual, not seasonally adjusted, data based on the Federal government's fiscal year-end of 9/30. Charts depict Q1 1970 through Q3 2023.

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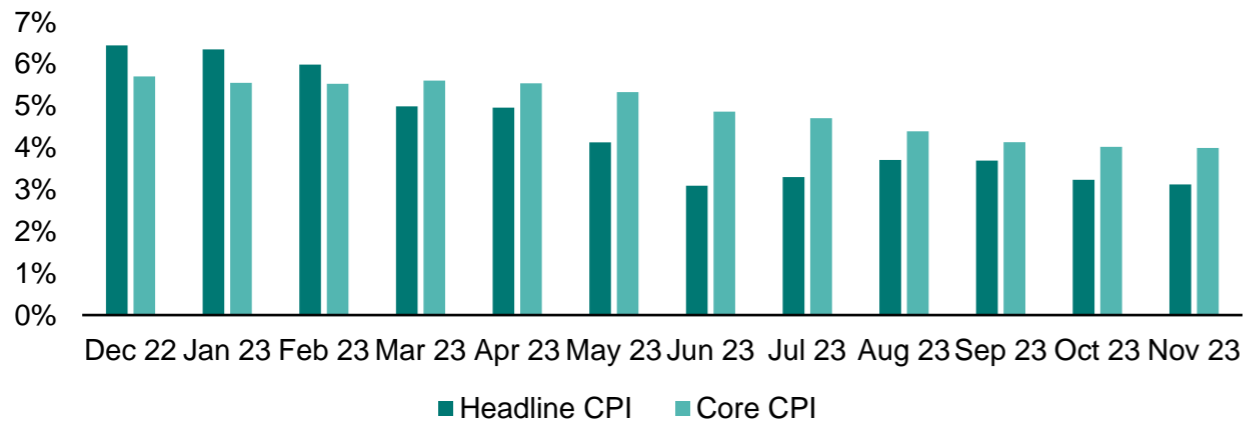
Inflation returned to more typical levels

Inflation continued to slow in 2023 as the Fed hiked rates



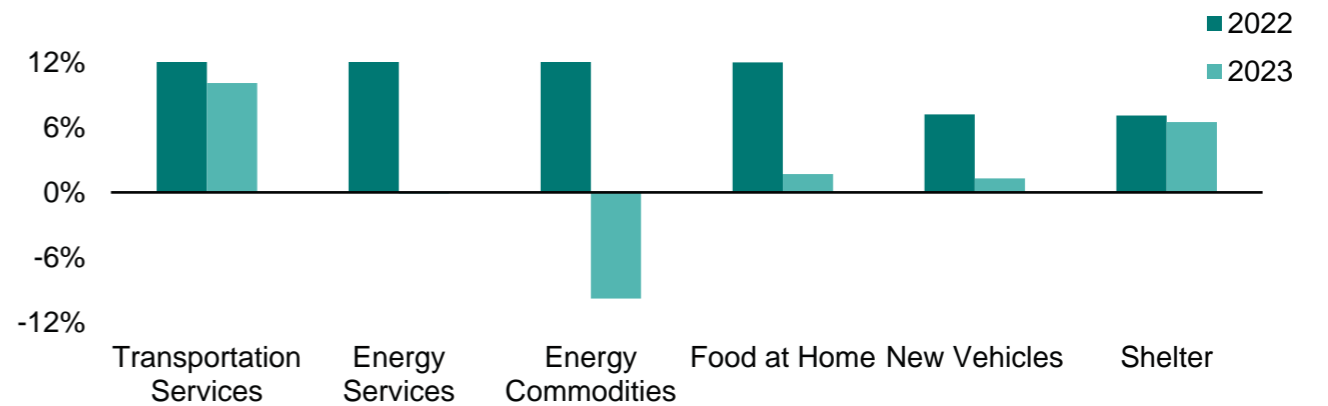
Source: FactSet. CPI data as of November 2023.

Both headline CPI and core CPI slowed but remain above target



Source: Federal Reserve Bank of St. Louis. Data as of November 2023.

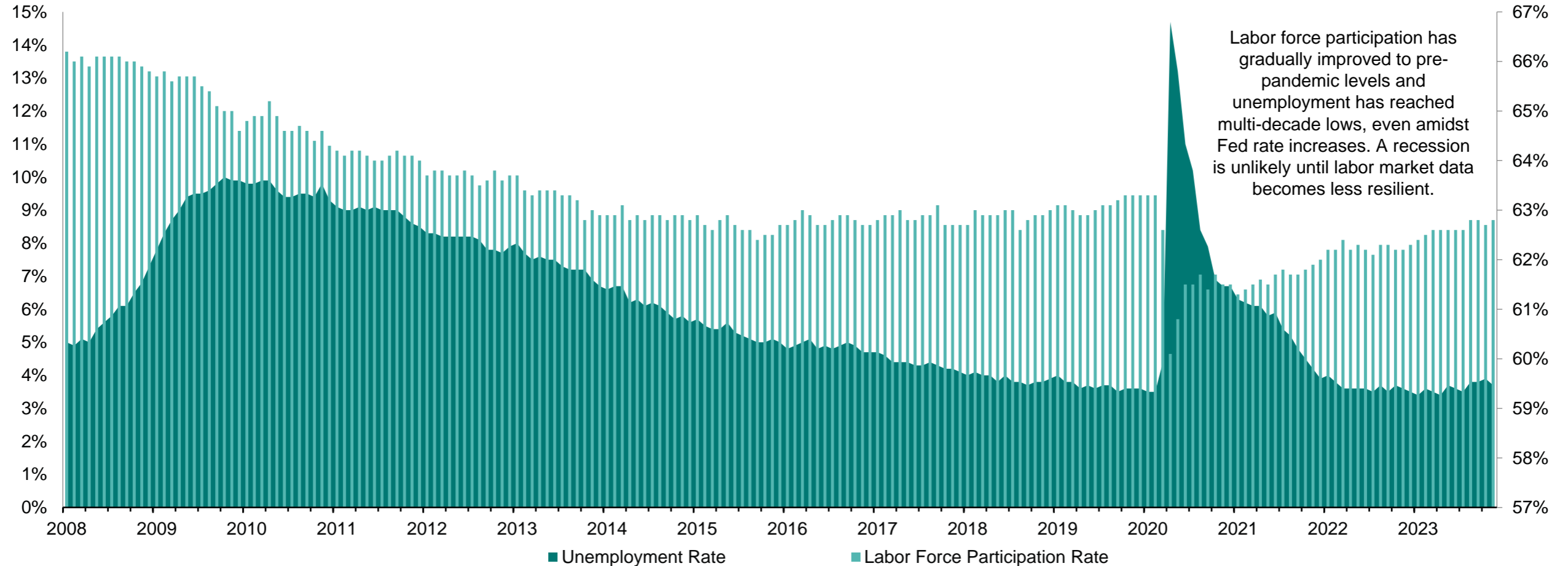
Biggest contributors to CPI have changed from 2022 to 2023



Source: Bureau of Labor Statistics.

*CPI contributors are the 2nd level breakdown of CPI components, sorted from the highest of 2022 numbers.

Relationship between Unemployment and Labor Force Participation Rates: January 2008 to November 2023



Source: St. Louis Fed.

VCMM growth and spending

Vanguard Capital Markets Model

Portfolio Solutions	Asset Classes	10-year nominal	10-year real	
<ul style="list-style-type: none"> ✓ Review portfolio strategy ✓ Maintain a disciplined approach, adhere to enduring investment principles, and maintain a long-term focus ✓ Update investment policy statement to reflect strategy and allocation 	U.S. Equity	45%	45%	
	Non-U.S. Equity	30%	30%	
	U.S. Fixed Income	17.5%	17.5%	
	Non-U.S. Aggregate Fixed Income	7.5%	7.5%	
	VCMM Projected Outcomes			
	Median Return	6.02%	3.44%	
	Return Ranges (25 th to 75 th percentile)	4.77 – 7.32%	1.95 – 5.01%	
	Probability of meeting or exceeding 3%	95.23%	57.92%	
	Probability of meeting or exceeding 4%	86.47%	40.36%	
	Probability of meeting or exceeding 5%	71.11%	25.10%	
Probability of meeting or exceeding 6%	50.51%	13.46%		

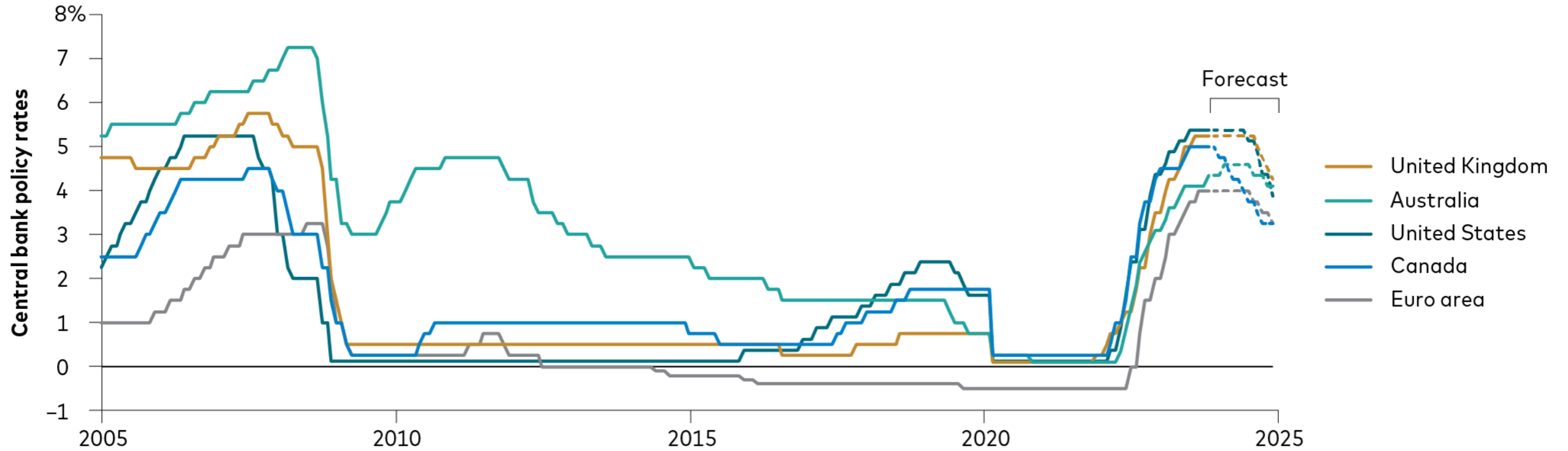
Source: Vanguard

IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of September 30, 2023. Results from the model may vary with each use and over time. For more information, please see the important information slide.

Projected performance returns of the asset classes within the portfolio(s) are based upon underlying benchmarks. Projected returns assume annual rebalancing. The returns shown reflect the deduction of all fees and expenses paid by the client with respect to services. The hypothetical performance shown also reflects the reinvestment of dividends, capital gains, and interest. Projected returns do not reflect the effect of taxes. Had taxes been included returns would have been lower. Indexes are unmanaged; direct investment is not possible. Projected returns may vary from actual portfolio performance and clients may have investment results that are materially different from results portrayed. There are limitations inherent in the projected results, particularly that the model does not reflect actual trading and may not reflect the effect that material economic and market factors had on the adviser's decision-making had the adviser actually managed the client's portfolio. Projected performance does not represent actual returns and the interpretation of the results should take into consideration the limitations inherent in the results of the projected performance model.

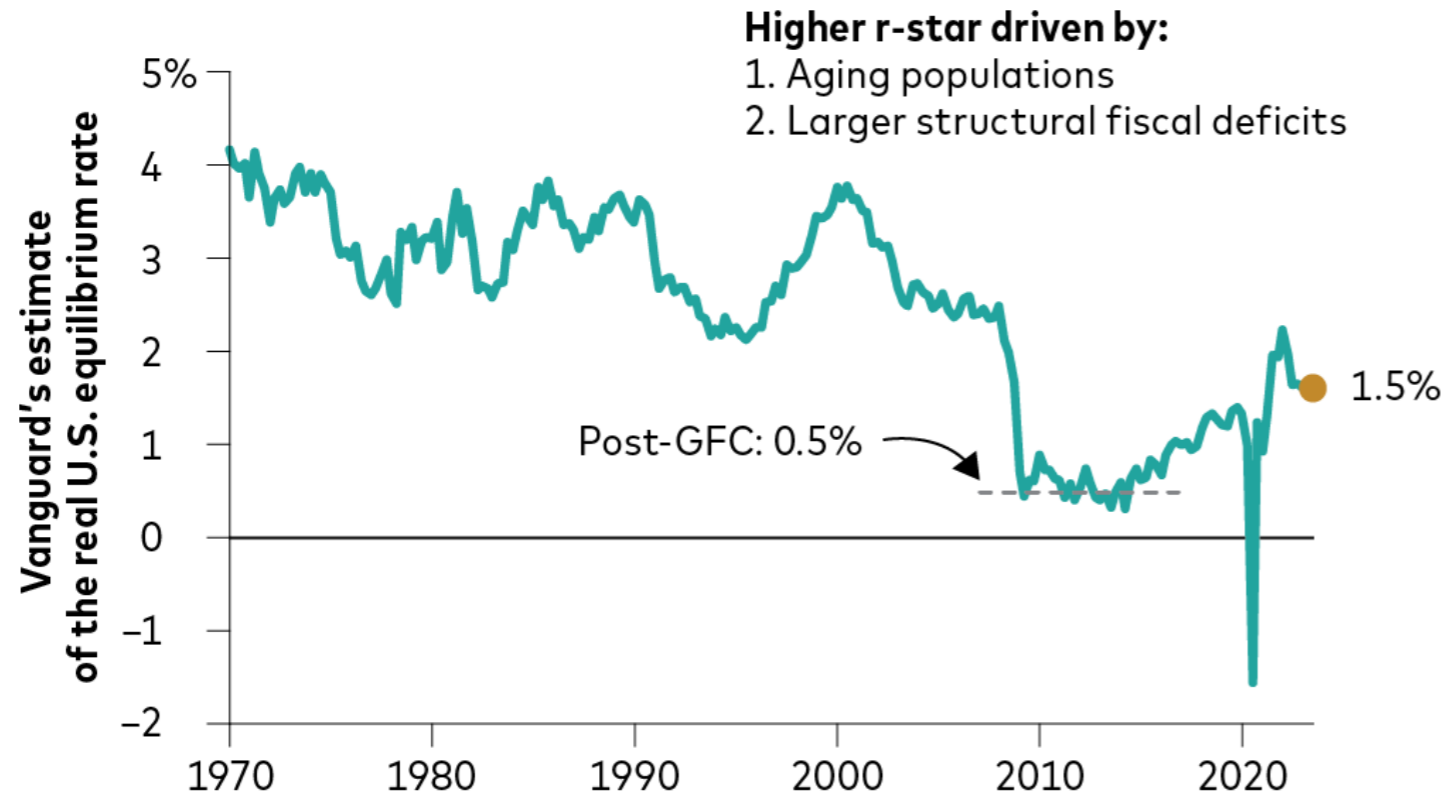
Market and economic outlook

Rate cuts in 2024, but zero rates are behind us



Notes: Monthly data are from January 2005 through November 2023. Forecasts thereafter run through year-end 2024.
Sources: Vanguard calculations, based on data from Bloomberg, as of November 30, 2023.

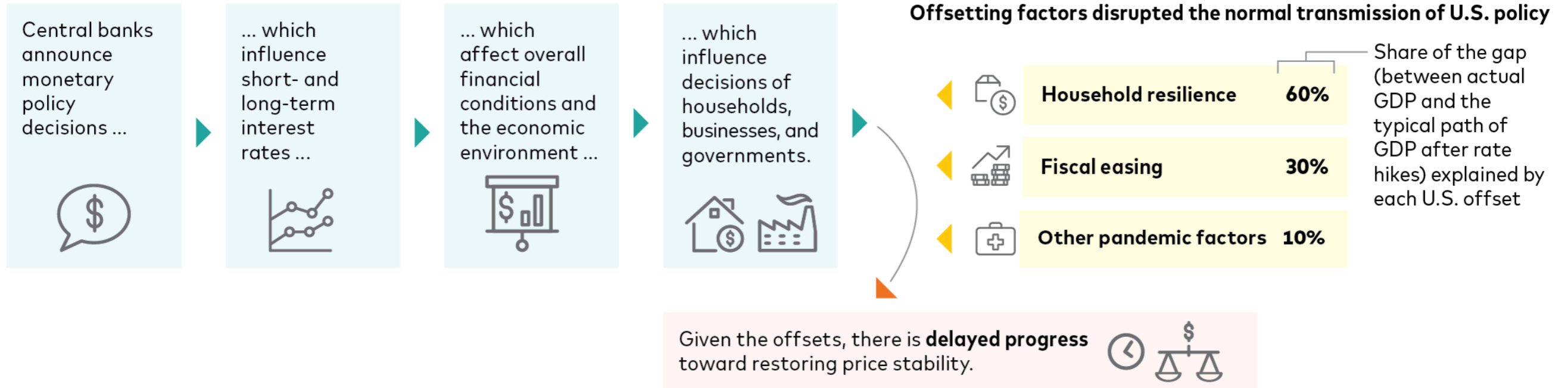
The U.S. neutral rate is likely to settle at a higher level



Notes: The chart depicts our estimate for the real U.S. neutral rate using our proprietary [extended Laubach-Williams model](#); a similar pattern exists for other developed markets. If inflation were at the Federal Reserve's 2% target and real r-star were 1.5%, then nominal r-star would be 3.5%.

Sources: Vanguard calculations, based on data from the Federal Reserve Bank of New York, as of June 30, 2023. More information can be found at www.newyorkfed.org/research/policy/rstar.

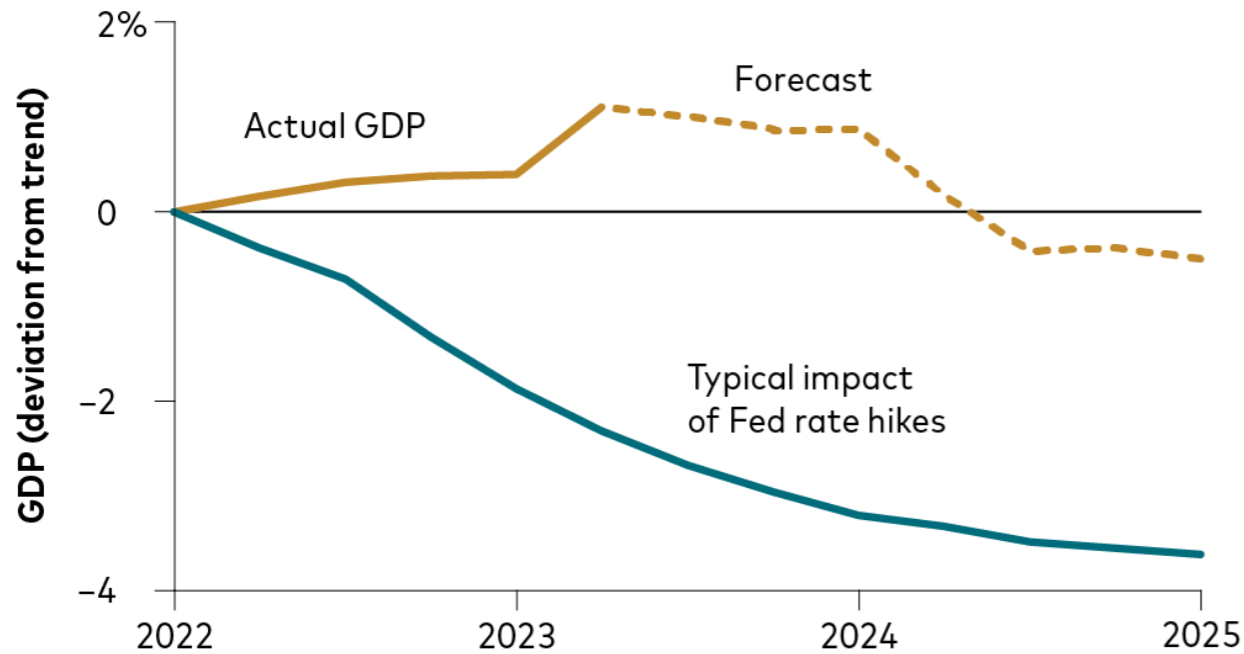
The transmission of monetary policy, disrupted



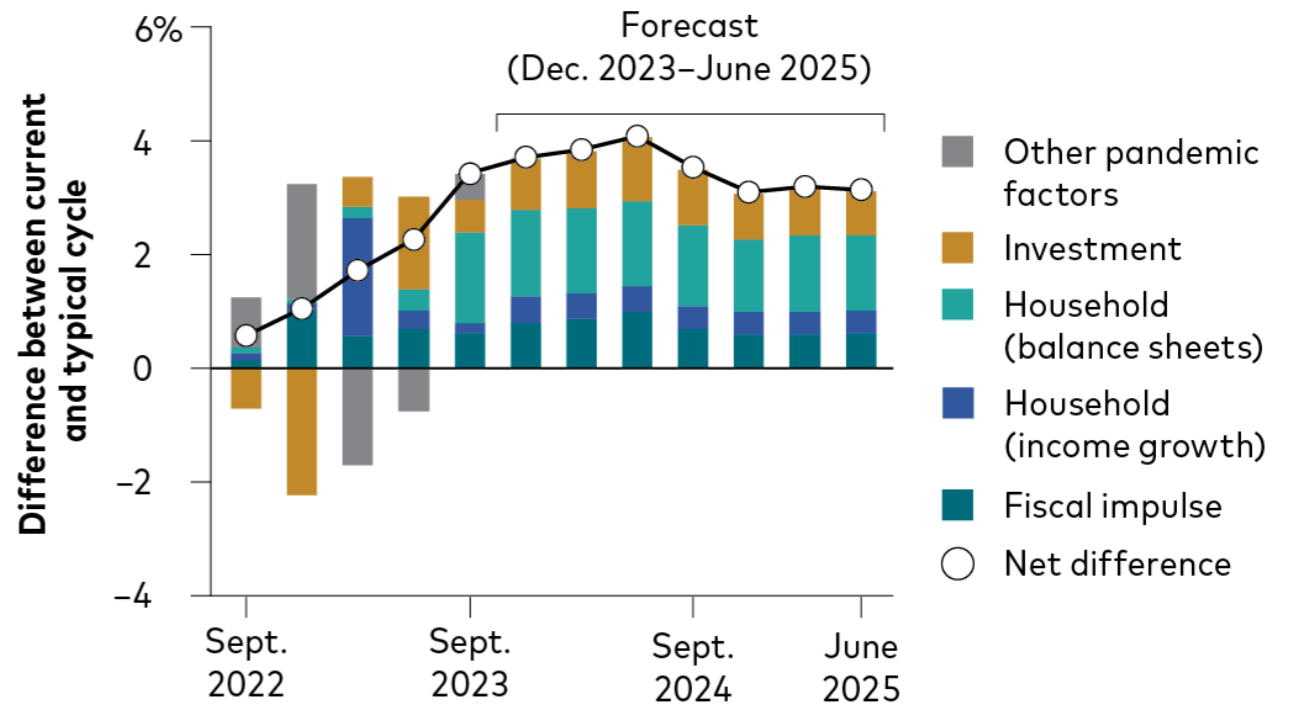
Notes: The graphic represents the period from the second quarter of 2022 through the third quarter of 2023. Shares of offsets are rounded. Business and residential investment, an additional offset not shown above, had a negligible contribution. Sources: Vanguard and the Federal Reserve, as of October 31, 2023.

Factors offsetting the impact of U.S. monetary policy

a. Growth has offset monetary policy impact ...



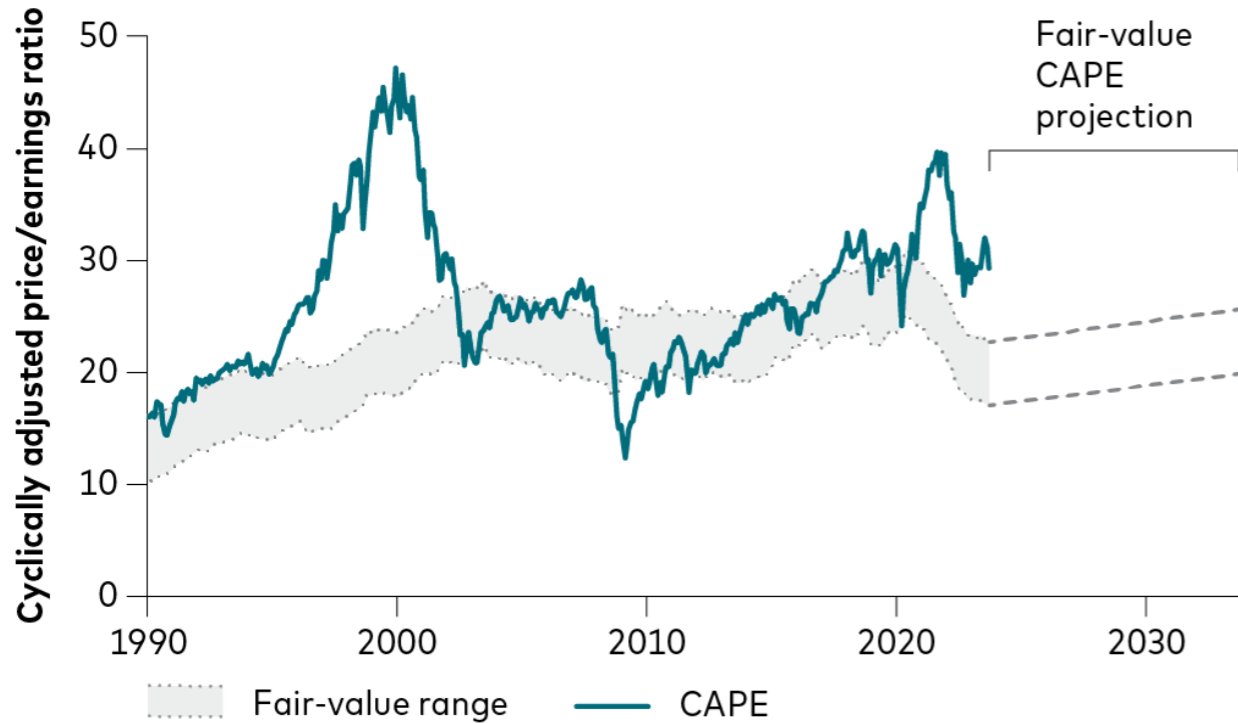
b. ... driven by consumer strength and fiscal policy



Notes: This simulation of the impact of the current U.S. rate hiking cycle on U.S. GDP was performed using a proprietary vector autoregression model with a combination of short- and long-run drivers including inflation, short-term and long-term interest rates, potential GDP, real disposable income, and commodity prices. The offset factors were measured using a growth decomposition model to assess the impacts of labor income, liquid asset balances, residential and business investment, and the fiscal impulse estimate using Congressional Budget Office (CBO) budgetary projections. The bars in Chart B reflect differences between actual and trend, or expected, growth for various growth drivers. We project the drivers' effects to wane in 2024 and 2025, when we foresee growth falling below trend.

Sources: Vanguard calculations, based on data from the CBO, as of September 30, 2023.

U.S. equity valuations need to fall to return to fair value



The components of our forecasts of equities' total returns

	Valuation change	+ Earnings growth	+ Dividend yield	+ Currency effect	= Total return
U.S. equities	-1.2%	4.4%	2.0%	—	5.2%
Global ex-U.S. equities	-0.1%	3.4%	3.7%	1.1%	8.1%

Notes: The chart shows the cyclically adjusted price/earnings (CAPE) ratio for U.S. equities, measured by the MSCI US Broad Market Index. CAPE reflects contemporaneous real equity prices and 10-year average historical real earnings. The chart also shows our estimates of fair value, considering inflation and interest rates. Our historical fair-value estimates are based on actual levels of inflation and interest rates and reflect underlying data since January 31, 1940, while our 10-year fair-value forecast considers our expectations for inflation and rates.

The table reflects the distribution of 10,000 Vanguard Capital Markets Model (VCMM) simulations of annualized nominal equity returns, in U.S. dollars, over the 10-year period ending September 30, 2033. Nominal returns do not reflect investment expenses, taxes, or inflation.

Sources: Vanguard calculations, based on data from Refinitiv and Global Financial Data, as of September 30, 2023.

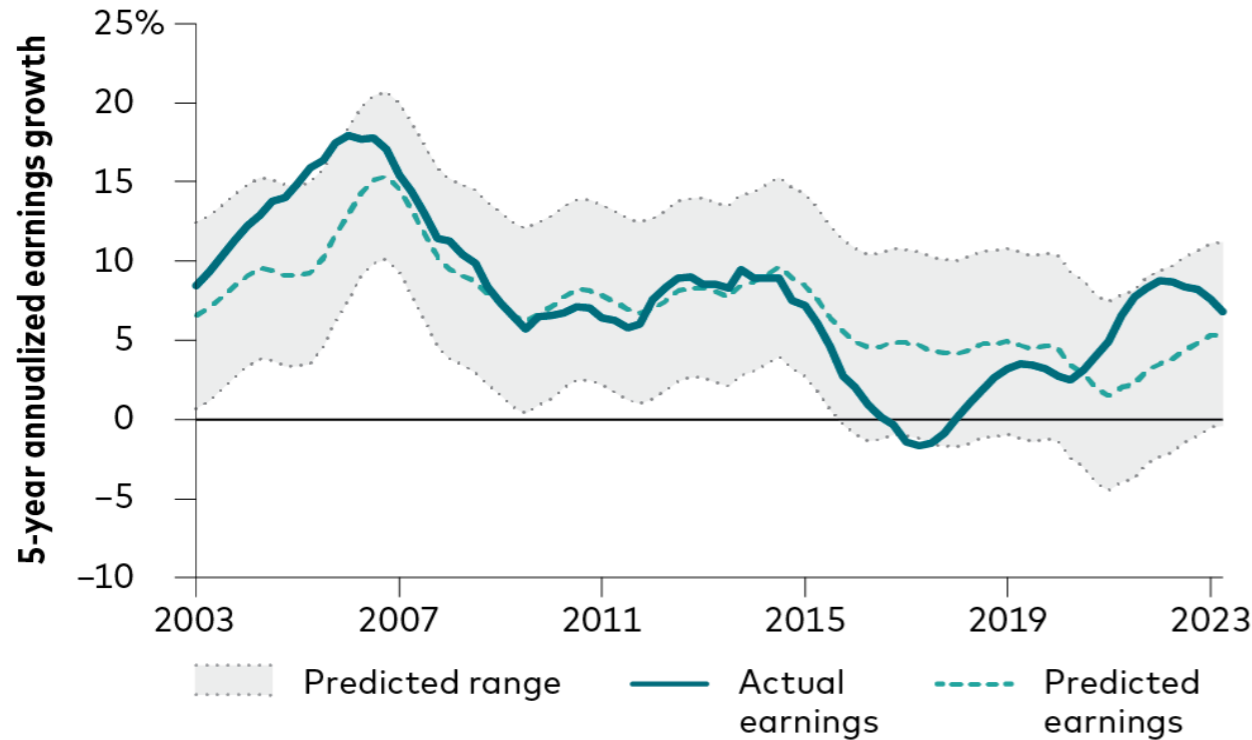
IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class.

Simulations as of September 30, 2023. Results from the model may vary with each use and over time.

Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.



Profit-margin-driven earnings growth has started to reverse



The components of our forecasts of equities' total returns

	Valuation change	+ Earnings growth	+ Dividend yield	+ Currency effect	= Total return
U.S. equities	-1.2%	4.4%	2.0%	—	5.2%
Global ex-U.S. equities	-0.1%	3.4%	3.7%	1.1%	8.1%

Notes: In the chart, five-year annualized earnings growth figures, actual and predicted, reflect the aggregate results of Standard & Poor's 500 Index constituents, including loss-making companies, as of June 30, 2023. Predicted earnings reflect the median forecast of a proprietary Vanguard model of corporate earnings, which is detailed in "From Economics to Earnings: A Macro-Based Equity Earnings Growth Forecasting Model," an article published in the February 2023 issue of *The Journal of Investing*.

The table reflects the distribution of 10,000 Vanguard Capital Markets Model (VCMM) simulations of annualized nominal equity returns, in U.S. dollars, for the 10 years ending September 30, 2033. Nominal returns do not reflect investment expenses, taxes, or inflation.

Sources: Vanguard calculations, based on data from Bloomberg, Refinitiv, and the Federal Reserve Bank of St. Louis FRED database.

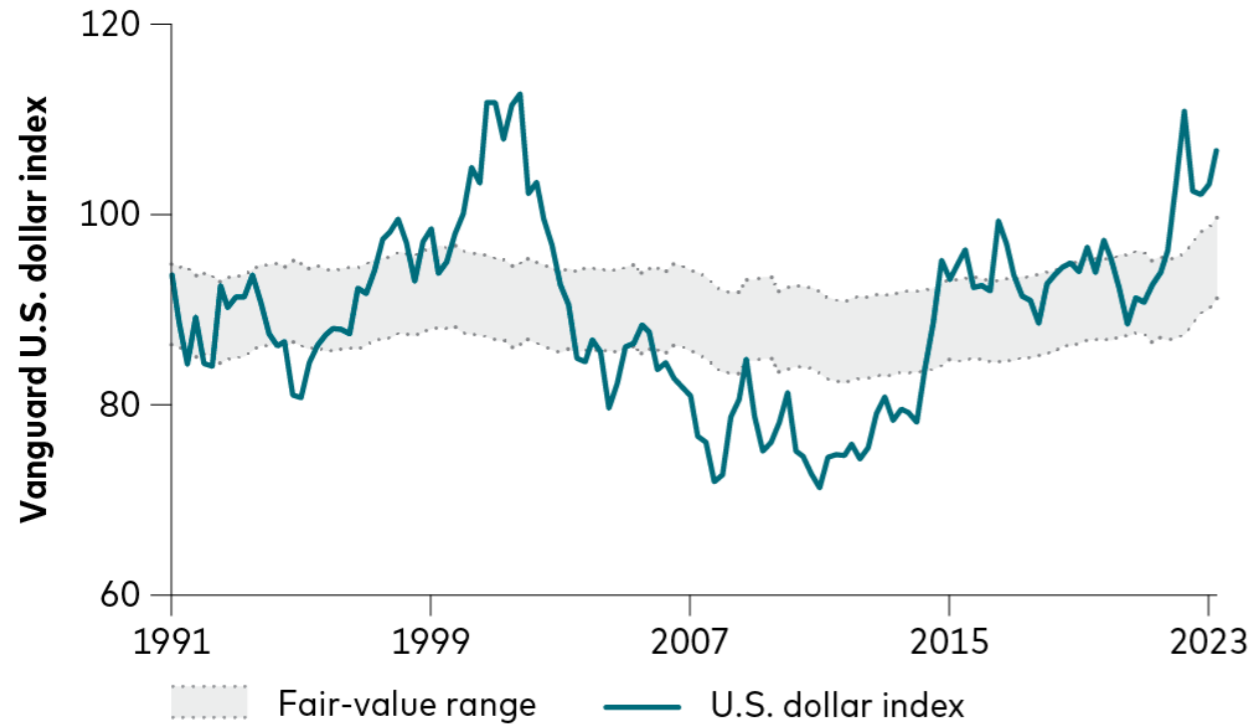
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Simulations as of September 30, 2023. Results from the model may vary with each use and over time.

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The U.S. dollar: Stronger than fundamentals warrant



The components of our forecasts of equities' total returns

	Valuation change	+ Earnings growth	+ Dividend yield	+ Currency effect	= Total return
U.S. equities	-1.2%	4.4%	2.0%	—	5.2%
Global ex-U.S. equities	-0.1%	3.4%	3.7%	1.1%	8.1%

Notes: Our U.S. dollar index and fair-value estimates are proprietary measures that compare the U.S. dollar with an equity market-capitalization-weighted basket of the euro, the Japanese yen, the British pound, the Canadian dollar, and the Australian dollar. The non-U.S. dollar currencies' index weights reflect the relative weights of MSCI World Index constituent regions and countries that typically trade goods, services, and securities in those currencies. The fair-value estimates are based on the portion of exchange rate movements that can be explained through differentials in relative economic strength, measured by productivity (GDP per capita at purchasing power parity) and long-term real rates.

The table reflects the distribution of 10,000 Vanguard Capital Markets Model (VCMM) simulations of annualized nominal equity returns, in U.S. dollars, during the 10 years ending September 30, 2033. Nominal returns do not reflect investment expenses, taxes, or inflation.

Sources: Vanguard calculations, based on data from Refinitiv and the International Monetary Fund, as of September 30, 2023.

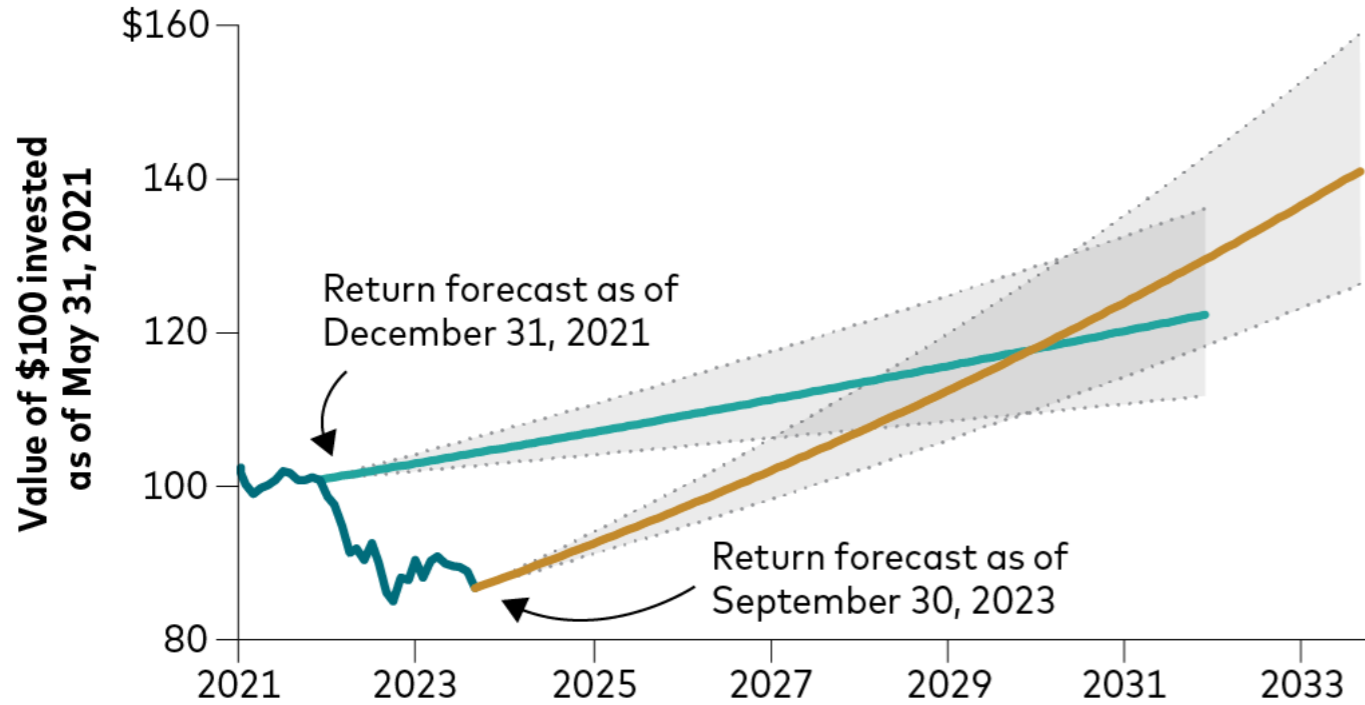
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Simulations as of September 30, 2023. Results from the model may vary with each use and over time.

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Rising rates mean higher returns for long-term investors



Notes: The chart shows actual returns for the Bloomberg U.S. Aggregate Bond Index along with Vanguard’s forecast for cumulative returns over the subsequent 10 years as of December 31, 2021, and September 30, 2023. The dotted lines represent the 10th and 90th percentiles of the forecasted distribution. A hypothetical investor who had a lump sum invested in a bond portfolio similar to the Bloomberg U.S. Aggregate Bond Index at the end of 2021 would have had steep declines in 2022. But according to our model, that portfolio would “break even” in early 2030 (where the solid lines intersect) with a hypothetical portfolio in a world where interest rates remained low and bond prices didn’t suffer steep declines. Investing new money would mean arriving at that breakeven point earlier.

Sources: Vanguard calculations, based on data from Bloomberg, as of September 30, 2023.

IMPORTANT: The projections and other information generated by the VCMM regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from the VCMM are derived from 10,000 simulations for each modeled asset class.

Simulations as of December 31, 2021, and September 30, 2023. Results from the model may vary with each use and over time.

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Benchmark descriptions

Policy Benchmark:

The client's 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. See Benchmark allocation history for details.

The benchmarks for asset and sub-asset classes on the Performance summary reports is determined by the client's primary policy benchmark. Asset and sub-asset class benchmarks are a proportionally representation of their segment within the client's primary policy benchmark and adjusts over time with the changes in the policy benchmark. See Benchmark allocation history for details.

Vanguard spliced benchmarks:

Spliced Total Stock Market Index: Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

Spliced Total International Stock Index: Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.

Spliced Emerging Markets Index: Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; FTSE Emerging Markets All Cap China A Transition Index through September 18, 2016; and FTSE Emerging Markets All Cap China A Inclusion Index thereafter. Benchmark returns are adjusted for withholding taxes.

Spliced Extended Market Index reflects the performance of the Dow Jones U.S. Completion Total Stock Market Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.

Spliced Dev ex North America Index reflects the performance of the MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index thereafter

Real Estate Spliced Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through February 1, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Spliced Bloomberg U.S. Aggregate Float Adjusted Index: Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter.

Spliced Bloomberg U.S. 1-5Yr Government/Credit Float Adjusted Index: Bloomberg U.S. 1-5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 1-5 Year Government/Credit Float Adjusted Index thereafter.

Spliced Bloomberg U.S. Long Government/Credit Float Adjusted Index: Bloomberg U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. Long Government/Credit Float Adjusted Index thereafter.

Spliced Intermediate Investment-Grade Debt Funds Average: Lipper Intermediate US Gov't Funds Average through December 31, 2001; Lipper Intermediate Inv-Grade Debt Funds Avg through August 31, 2013; Lipper Core Bond Funds Average thereafter.

Spliced Small Cap Value Index: S&P SmallCap 600/Barra Value Index through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.

Benchmark descriptions (continued)

Market benchmarks:

Balanced Composite Index: Weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index thereafter.

Bloomberg Barclays 1-5 Yr Credit (Ret): The index measures the performance of the investment grade, US dollar denominated, fixed-rate, taxable corporate and government related bonds with maturity of 1-5 years. It is comprised of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays 1-5 Yr Treas (Ret): The index measures the performance of US treasuries with maturity of 1 to 4.9999 Years.

Bloomberg Barclays Global Aggregate ex USD Float Adjusted RIC - USD Hedged (Ret): The index measures the performance of the global, investment-grade, fixed rate debt markets, including government, government agency, corporate and securitized non-U.S. fixed income investments - all issued in currencies other than the U.S. dollar and with maturities of more than one year - with the foreign currency exposure of the securities included in the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged to the Canadian dollar. It is market capitalization-weighted.

Bloomberg Barclays Global Aggregate ex USD TR USD (Ret): The index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities.

Bloomberg Barclays Intermediate U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 1-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays Long A+ U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 10 years and greater that includes foreign agencies, sovereigns, supranationals and local authorities. It applies a more or less stringent set of constraints to any existing index. The index is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays Long Term U.S. Treasury (Ret): This index measure the performance of U,S. treasury bill with long term maturity. The credit level for this index is investment grade. The rebalance scheme is monthly.

Bloomberg Barclays Treasury 1-5 Year (Ret): This index measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 1-5 years maturities.

Bloomberg Barclays U.S. Aggregate (Ret): The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

Bloomberg Barclays U.S. Aggregate Float Adjusted (Ret): The index measures the performance of a new benchmark of the broad fixed-rate USD-denominated investment grade bond market that excludes securities held in the Federal Reserve System Open Market Account (SOMA).

Bloomberg Barclays U.S. Corporate High Yield (Ret): The index measures the performance of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds, including corporate bonds, fixed-rate bullet, puttable, and callable bonds, SEC Rule 144A securities, Original issue zeros, Pay-in-kind (PIK) bonds, Fixed-rate and fixed-to-floating capital securities.

Bloomberg Barclays U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Credit: 5-10 Yr (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 5-10 year that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Benchmark descriptions (continued)

Bloomberg Barclays U.S. Gov/Credit Float Adjusted: Long (Ret): The index measures the performance of the non-securitized component of the US Aggregate index with maturities of 10 years and greater. It uses alternative weighting schemes instead of market value weights.

Bloomberg Barclays U.S. Intermediate Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities with maturities of 1-10 years. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Long Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities with maturities of 10 years and greater. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury TIPS 0-5 Years (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L) with the 0-5 years maturities.

Bloomberg Barclays U.S. Treasury TIPS 1-5 Years (Ret): The index measures the performance of inflation-protected securities with maturities of 1-5 years issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L), with a 38.5% market value weight in the index (as of December 31, 2010), but is not eligible for other nominal Treasury or Aggregate indices.

Bloomberg Barclays U.S. Treasury: 5-10 Yr (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 5-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: Long (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 10 years and greater, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: U.S. TIPS (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L).

Bloomberg Barclays US Treasury Inflation Notes 5+ Years (Ret): The index measures the performance of inflation-protected securities issued by the U.S. Treasury (TIPS) with the maturities more than 5 years.

Bloomberg Barclays USD Emerging Markets Government RIC (Ret): The index measures the performance of US dollar-denominated bonds issued by emerging market governments, government agencies and government-owned corporations with maturities longer than one year. CRSP US Total Market: The index measures the performance of broad US securities that traded on NYSE, NYSE Market, NANASDAQ or ARCA. It captures nearly 100% of the US investable equity market with around 4000 constituents across mega, large, small and micro capitalizations.

Dow Jones U.S. Total Stock Market Index: The index measures the performance of all US equity securities with readily available prices. It represents the top 95% of the US stock market based on market capitalization. The index is float-adjusted market capitalization weighted.

FTSE GLOBAL ALL CAP EX US INDEX: The index measures the performance of large, mid and small cap stocks globally excluding the US. It is derived from the FTSE Global Equity Index Series (GEIS). The index is market-capitalization weighted.

MSCI ACWI - Daily: The index measures the performance of the large and mid cap segments of all country markets. It is free float-adjusted market-capitalization weighted.

MSCI ACWI ex USA - Daily: The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

Benchmark descriptions (continued)

MSCI EM (EMERGING MARKETS) - Daily: The index measures the performance of the large and mid cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

MSCI US BROAD MARKET INDEX - Daily: The index measures the performance of broad US equity market. It includes constituents across large, mid, small and micro capitalizations, representing most of the US equity universe. The index is free float adjusted market-capitalization weighted.

MSCI US REIT INDEX - Daily: The index measures the performance of the large, mid and small cap segments of the US equity securities. It is comprised of Equity REITs securities and based on the MSCI USA Investable Market Index, with the exception of Mortgage REIT and selected Specialized REITs. The index represents approximately most of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard. It is a free float market capitalization weighted index.

MSCI WORLD ex USA - Daily - Net: The index measures the performance of the large and mid cap segments of world, excluding US equity securities. It is free float-adjusted market-capitalization weighted.

Consumer Price Index for all Urban Consumers (CPI-U): This index measures the changes in prices of goods and services purchased by urban households.

IA SBBI US Inflation: An unmanaged index designed to track the U.S. inflation rate. The Consumer Price Index for All Urban Consumers, or CPI-U, is used by IA SBBI to measure inflation, which is the rate of change of consumer goods prices.

US Treasury T-Bill Auction Ave 3 Month: Three-month T-bills are government backed-short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

Additional Information

Gross Portfolio Returns represent client-specific time-weighted returns (TWR) of the entire portfolio including the deduction of mutual fund expense ratios, purchase/redemption fees, and other security-level expenses, but gross of advisory and service fees applied to the client portfolio.

Client performance inception date is generally the first month-end after initial funding.

Lipper Fund Average performance figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company, and was not adjusted for fees and loads.

Clients invested in Exchange-traded Funds “ETFs” transact at the market price during market trading hours. ETF performance for clients is also based on the market price at close, which may be different than the fund’s Net Asset Value.

Market value and returns for individual securities are calculated using the client’s daily custodial records. As a result, returns may vary slightly from the official month-end returns of a security as reported on Vanguard.com.

Glossary of risk metrics:

Standard Deviation is a risk measure of dispersion around the mean return.

Tracking Error is a relative risk measure of the standard deviation of excess returns.

Sharpe Ratio is a total risk measure of portfolio reward to variability.

Information Ratio is a relative risk measure of portfolio excess returns and tracking error.

Jensen's Alpha is a systematic risk measure of excess return adjusted for systematic risk.

Beta is a systematic risk measure of the sensitivity of portfolio returns to changes in benchmark returns.

R-Squared is the square of the correlation coefficient and is the proportion of portfolio returns variance that is related to benchmark returns variance.

Important information

For more information about any fund, visit institutional.vanguard.com or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock, they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.

While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

Investments in Target Retirement Funds and Trusts are subject to the risks of their underlying funds. The year in the fund or trust name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund/trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. The Income Trust/Fund and Income and Growth Trust have fixed investment allocations and are designed for investors who are already retired. An investment in a Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard is responsible only for selecting the underlying funds and periodically rebalancing the holdings of target-date investments. The asset allocations Vanguard has selected for the Target Retirement Funds are based on our investment experience and are geared to the average investor. Investors should regularly check the asset mix of the option they choose to ensure it is appropriate for their current situation.

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