



MIRACOSTA COLLEGE FOUNDATION BOARD FINANCE COMMITTEE MEETING

Tuesday, February 10, 2026 2:00 – 3:30 p.m.

3333 Manchester Avenue Cardiff, CA 92007
Conference Room 1131

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

Finance Committee Members:

Michelle Gray, Neil McCarthy, Dave McGuigan,
Cindy Musser, Josh Mazur

Staff Support, Guests & Advisors:

Elizabeth Lurenana, Andrew Maslick,
Shannon Stubblefield

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 Payómkawichum (the People of the West) as the traditional land caretakers of the land on which MiraCosta College is built and its surrounding traditional cultural landscapes. Today, the Payómkawichum are known as Luiseño and are made up of seven bands: La Jolla, Pala Pauma, Pechanga, Rincon, San Luis Rey, and Soboba. We, the MiraCosta College Foundation, are mindful of the Indigenous peoples in this place, and we pay our respects to the Luiseño - past, present, and emerging. We are grateful to have the opportunity to be part of this community in Luiseño territory and to honor their history, culture, and perseverance of spirit.

Pronunciations: Luiseño (Loo-sin-yo) Payómkawichum (Pie-yom-ko-wi-shum)

AGENDA

I. CALL TO ORDER

This meeting's audio will be live-streamed.

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 November 4, 2025

VI. PRESENTATION(S)

A. Andrew Maslick, Mercer (30 minutes) (Materials included at the end of Agenda Packet)

VII. COMMITTEE REPORT(S)

A. Finance Committee (Musser)

- i. Review and approve FY25/26 Q2 Financial Statements & Recap action - **Action Required**
- ii. Review Key Performance Indicators for FY25/26 Q2

- iii. Review Operations & Allocations Budget to Actual for FY25/26 Q2
 - a. Proposed Modifications (**Action Required**)
- iv. Review Draft Operations & Allocations Budget for FY26/27
- v. Policy Reviews
 - a. Investment & Spending Policy and Spend Rate - **Action Required**
- vi. Investment Firm Evaluation & Selection
 - a. Request For Proposals (RFP) Process/Background
 - b. RFP Decision
 - c. RFP Content
 - d. RFP Committee Makeup

VIII. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

Next Finance Committee Meeting (San Elijo Campus)

Tuesday, May 19, 2026 at 2:00 – 3:30 p.m.

Next Executive Committee Meeting (San Elijo Campus)

Tuesday, February 10, 2026 at 3:45 – 5:00 p.m.

Next Quarterly Board Meeting (Oceanside – Barnard Campus)

Tuesday, February 24, 2026 at 3:00 – 5:00 p.m.

Next Resource Development Ad hoc Committee Meeting (Zoom)

Monday, March 9, 2026 at 2:00 – 2:45 p.m.

Next Grants & Scholarships Ad hoc Committee Meeting (Oceanside Campus & Zoom)

Tuesday, May 5, 2026 at 2:00 – 3:00 p.m.

Next Governance & Nominations Committee Meeting (TBD)

Tuesday, May 12, 2026 at 2:00 – 3:30 p.m.

Next Audit Committee Meeting (San Elijo Campus)

Tuesday, May 19, 2026 at 1:00 – 1:30 p.m.

Scholarship Awards Celebration (Oceanside – Barnard Campus)

Friday, February 27, 2026 at 5:00 – 6:30 p.m.

Dr. Cooke Retirement Fundraising Event (Oceanside – Barnard Campus)

Saturday, June 13, 2026 at 4:00 – 8:30 p.m.

IX. FUTURE AGENDA ITEMS

X. 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, 760.757.2121, extension 6645. The California Relay Service is available by dialing 711 or 800-735-2929 or 800-735-2922.

In compliance with Government Code §54957.5, nonexempt writings that are distributed to a majority or all of the MiraCosta Community College District Foundation Board in advance of their meetings may be viewed at the Office of Institutional Advancement, 1 Barnard Drive, Oceanside, California, 92056 or by clicking on the Foundation website at <http://foundation.miracosta.edu>. Such writings will also be available at the board meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the board assistant by e-mail at foundation@miracosta.edu



FOUNDATION

MIRACOSTA COLLEGE FOUNDATION BOARD FINANCE COMMITTEE

MINUTES OF REGULAR MEETING

November 4, 2025
DRAFT

I. CALL TO ORDER

The MiraCosta College Foundation Finance Committee met in open session on Tuesday, November 4, 2025 in Conference Room 1131 on the MiraCosta College District's San Elijo Campus (3333 Manchester Avenue, Cardiff, CA 92007). The meeting was live-streamed via Zoom. Treasurer Cindy Musser called the meeting to order at 2:01 p.m.

II. ROLL CALL, WELCOME and INTRODUCTIONS

Committee Members Present

Michelle Gray Dave McGuigan Cindy Musser Josh Mazur

Committee Members Absent:

Neil McCarthy (attended via Zoom, so unable to participate as a committee member per the Brown Act)

Staff and Advisors Present:

Tori Fishinger (Zoom) Elba Gomez (Zoom) Elizabeth Lurenana
Andrew Maslick (Zoom) Shannon Stubblefield

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 Vice Chair Gray, seconded by Committee Member McGuigan, the minutes of the regular meeting of August 12, 2025 were approved as presented.

Vote: 3/0/1/1

Aye: Gray, McGuigan, Musser

Nay: None

Abstain: Mazur

Absent: McCarthy

VI. PRESENTATION(S)

- A. Advisor Maslick reviewed the presentation on market and portfolio performance, which was provided in the meeting's agenda packet, highlighting concerns around overvaluation, especially in AI-related stocks; the status of the labor market; and current performance updates (since the report is through 9/30/25).
- i. Committee members asked about alternative strategies and discussed the options.
 - a. Advisor Maslick noted the \$25 million minimum in investable assets.
 - b. The committee would like to discuss this option further, and asked Advisor Maslick to bring some forecasts and options for a future meeting.
 - He will also send the committee reading material to prepare.
 - Staff and the committee would need to determine the comfort level around liquidity and possible additional management costs.

VII. COMMITTEE REPORT(S)

- A. Finance Committee (Musser)

- i. Chair Musser reviewed the FY24/25 Year-End Financial Statements & Recap. By motion of Vice Chair Gray, seconded by Committee Member McGuigan, the FY24/25 Year End Financial Statements were approved by the committee.

Vote: 4/0/0/1
Aye: Gray, Mazur, McGuigan, Musser
Nay: None
Abstain: None
Absent: McCarthy

- ii. Chair Musser reviewed the FY25/26 Financial Statements & Recap. VP/ED Stubblefield provided additional commentary on several large gifts in the fiscal year to date, including a \$1 million stock gift for scholarships that will be reflected in Q2 financials. By motion of Committee Member McGuigan, seconded by Committee Member Mazur, the FY25/26 Q1 Financial Statements & Recap action were approved by the committee.

Vote: 4/0/0/1
Aye: Gray, Mazur, McGuigan, Musser
Nay: None
Abstain: None
Absent: McCarthy

- iii. Treasurer Musser reviewed the Key Performance Indicators for FY25/26 Q1 and committee members discussed and asked questions.
- iv. Treasurer Musser reviewed the Operations & Allocations Budget to Actual for FY25/26 Q1 and the committee members discussed and asked questions.

v. Policy Reviews

- a. By motion of Committee Member Mazur, seconded by Vice Chair Gray, the committee voted to approve the Allowable Expenses and Reimbursements Policy, with changes as reflected in the red-lined version in the agenda packet.

Vote: 4/0/0/1
Aye: Gray, McCarthy, McGuigan, Musser
Nay: None
Abstain: None
Absent: McCarthy

- b. By motion of Vice Chair Gray, seconded by Committee Member Mazur, the committee voted to approve the Cash Deposit & Withdrawal Procedures Policy, with changes as reflected in the red-lined version in the agenda packet.

Vote: 4/0/0/1
Aye: Gray, McCarthy, McGuigan, Musser
Nay: None
Abstain: None
Absent: McCarthy

VIII. ANNOUNCEMENTS, MEETING AND EVENT CALENDAR REVIEW

Next Finance Committee Meeting (San Elijo Campus)
Tuesday, February 10, 2026 at 2:00 – 3:30 p.m.

Next Quarterly Board Meeting (Community Learning Center)
Tuesday, November 18, 2025 at 3:00 – 5:00 p.m.

Next Resource Development Ad hoc Committee Meeting (Zoom)
Monday, December 1, 2025 at 2:00 – 2:45 p.m.

Next Grants & Scholarships Ad hoc Committee Meeting (Oceanside Campus & Zoom)
Tuesday, January 20, 2026 at 2:00 – 3:00 p.m.

Next Governance & Nominations Committee Meeting (Oceanside Campus)

Tuesday, January 27, 2026 at 2:00 – 3:30 p.m.

Next Executive Committee Meeting (San Elijo Campus)

Tuesday, February 10, 2026 at 3:45 – 5:00 p.m.

Next Audit Committee Meeting (San Elijo Campus)

Tuesday, May 19, 2026 at 1:00 – 1:30 p.m.

IX. FUTURE AGENDA ITEMS

- A. Discussion on alternative investment strategies.

X. ADJOURNMENT

- A. Meeting adjourned at 3:13 p.m.

DRAFT

CR ACC - Foundation Balance Sheet

Period FY2025-26 - 06-Dec

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted	Restricted & Unrestricted	Restricted & Unrestricted
Period: FY2025-26 - 06-Dec			Total FY25-26 (Jul 2025 to December 2025)	Prior Year FY24-25 (Jul 2024 to December 2024)	Prior Year FY24-25 (Jul 2024 to June 2025)
Assets	3,251,046.48	25,707,246.15	28,958,292.63	24,184,071.93	25,742,340.23
Cash	1,246,783.95	479,589.93	1,726,373.88	925,217.46	902,717.47
Investments	1,924,202.27	24,643,365.58	26,567,567.85	22,333,561.25	23,930,869.45
Deferred Gifts - Assets	68,501.00	584,241.04	652,742.04	885,889.20	887,679.04
Accounts Receivable/Prepays	11,559.26	49.60	11,608.86	39,404.02	21,074.27
Total Assets	3,251,046.48	25,707,246.15	28,958,292.63	24,184,071.93	25,742,340.23
Liabilities	27,633.98	37,263.52	64,897.50	43,654.60	94,763.19
Accounts Payable	27,633.98	37,263.52	64,897.50	43,654.60	94,763.19
Due To Related Entities	-	-	-	-	-
Due From Related Entities	-	-	-	-	-
Total Liabilities	27,633.98	37,263.52	64,897.50	43,654.60	94,763.19
Net Position	3,223,412.50	25,669,982.63	28,893,395.13	24,140,417.33	25,647,577.04
Total Liability/Net Position	3,251,046.48	25,707,246.15	28,958,292.63	24,184,071.93	25,742,340.23

CR ACC - Foundation Income Statement

Period FY2025-26 - 06-Dec

<i>MiraCosta College Foundation</i>	Unrestricted	Restricted	Restricted & Unrestricted	Restricted & Unrestricted	Restricted & Unrestricted
<i>Period: FY2025-26 - 06-Dec</i>			Total FY25-26 (Jul 2025 to December 2025)	Prior Year FY24-25 (Jul 2024 to December 2024)	Prior Year FY24-25 (Jul 2024 to June 2025)
Revenues	564,815.79	4,265,364.90	4,830,180.69	2,139,983.85	5,481,099.40
Non-Charitable Revenue	-	162,274.44	162,274.44	18,846.79	42,411.35
Deferred Gifts- Revenue	-	-	-	-	300.84
Contributions	456,360.58	2,295,103.81	2,751,464.39	1,044,580.51	1,703,323.51
Investment Activity	108,455.21	1,637,752.15	1,746,207.36	951,368.73	2,738,439.11
Gifts In Kind- Revenue	-	170,234.50	170,234.50	125,187.82	996,624.59
Total Revenue	564,815.79	4,265,364.90	4,830,180.69	2,139,983.85	5,481,099.40
Transfers	348,686.63	(348,686.63)	-	-	-
Total Transfers	348,686.63	(348,686.63)	-	-	-
Total Revenue and Transfers	913,502.42	3,916,678.27	4,830,180.69	2,139,983.85	5,481,099.40
Expenditures	251,905.97	1,332,456.63	1,584,362.60	1,237,648.65	3,071,604.49
General And Administrative	230,068.24	342,182.44	572,250.68	393,999.24	1,662,795.42
Direct Student Aid- Non Cash	3,638.20	17,251.66	20,889.86	63,698.76	80,305.23
Student Financial Support - Scholarships And Emergency Funds	18,199.53	802,788.03	820,987.56	654,762.83	987,906.64
7500:Student Financial Aid Expense - Scholarships	13,399.53	714,852.47	728,252.00	570,642.00	832,406.90
7500:Student Financial Aid Expense - Emergency Funds	4,800.00	87,935.56	92,735.56	84,120.83	155,499.74
Gifts In Kind- Expense	-	170,234.50	170,234.50	125,187.82	340,597.20
Total Expenditures	251,905.97	1,332,456.63	1,584,362.60	1,237,648.65	3,071,604.49
Net Fund Balance, Beginning of Year	2,561,816.05	23,085,760.99	25,647,577.04	23,238,082.13	23,238,082.13
Revenues Over (Under) Expenditures	661,596.45	2,584,221.64	3,245,818.09	902,335.20	2,409,494.91
Net Fund Balance, End of Period	3,223,412.50	25,669,982.63	28,893,395.13	24,140,417.33	25,647,577.04

As of 12.31.2025		
CASH & ST OPERATING		
		UB Statement balance; Cash in ledger may have a different balance due to outstanding checks or deposit in transit.
US Bank	998,198.07	
LAIF	749,845.71	LAIF Statement balance
	1,748,043.78	
INVESTMENTS		
Vanguard - Endowment Portfolio	18,338,181.90	
Vanguard - Excess Reserve Portfolio	5,510,628.39	
Vanguard - Reserve Portfolio	1,008,701.29	
Vanguard - JAFFY	85,680.03	
Vanguard - Title V	719,475.82	
Osher, as of June 30, 2025	904,900.42	
	26,567,567.85	
*Recommendations for transfer		
Transfer from VG Endowment to US bank - Endowment	218,095.80	
Transfer from VG Endowment to LAIF - Distribution	517,796.07	

Statement of Expenses
7/1/2025 to 12/31/2025

Sum of Net Amount	Column Labels		
Row Labels	2002_DG MCCF Management & Admin	2003_DG MCCF Programming	Grand Total
2800:Salary Expense	145,588.27	114,254.08	259,842.35
4500:Supplies	1,093.10	83,072.12	84,165.22
4700:Non-cash Gift-in-Kind		170,234.50	170,234.50
5060:Rents and Leases		16,928.58	16,928.58
5100:Other Services	9,359.07	5,268.00	14,627.07
5200:Travel, Conferences, Training	13,640.26	43,849.43	57,489.69
5300:Dues and Memberships	5,190.00	7,435.00	12,625.00
5600:Contract Services	6,874.76	80,135.11	87,009.87
5800:Advertising and Postage	29,200.00	10,362.90	39,562.90
7500:Student Financial Aid Expense		820,987.56	820,987.56
7600:Other Student Aid		20,889.86	20,889.86
Grand Total	210,945.46	1,373,417.14	1,584,362.60

Expenses by PG - 2003_DG (excluding transfers)
7/1/2025 to 12/31/2025

Ledger Account	(Multiple Items)	<i>Exclude transfer expense ledgers 7200 and 7203</i>	
Sum of Net Amount	Column Labels		
Row Labels	2003_DG	MCCF Programming	Grand Total
9922_PG Events - Campus Programs	42,704.29		42,704.29
9923_PG Direct Student Support	1,054,639.57		1,054,639.57
9924_PG Campus Programs Support	150,979.20		150,979.20
9926_PG Community Sponsorships -Campus Requested	10,840.00		10,840.00
9928_PG Campus Programs Staffing	114,254.08		114,254.08
Grand Total	1,373,417.14		1,373,417.14

	Actual FY23/24	Actual FY24/25	Budgeted Goal FY25/26	STRETCH Goal FY25/26	Q1 YTD FY25/26	* Q2 YTD FY24/25	Q2 YTD FY25/26	Percentage Above/Below Budgeted Goal
Students Supported								
Number of Students Supported (unduplicated)*	720	1080	Not Projected		224	700	781	N/A
Scholarships	624	808	Not Projected		111	545	611	N/A
Direct Student Aid Cash	358	368	Not Projected		117	186	214	N/A
Direct Student Aid- Non Cash (Gift Cards and Campus Fees)	Not Tracked Yet	Not Tracked Yet	Not Tracked Yet		Not Tracked Yet	Not Tracked Yet	Not Tracked Yet	N/A
<i>*Please see financial statements for the dollar amount.</i>								
Fundraising Plan Priorities**	\$1,722,362	\$1,703,324	\$1,435,000	\$2,087,000	\$636,017	\$1,044,331	\$2,751,564	192%
Direct Student Support	\$279,230	\$474,939	\$400,000	\$750,000	\$159,938	\$294,395	\$1,407,417	352%
Resilience Funds	\$43,694	\$104,578	\$150,000	\$250,000	\$29,389	\$98,993	\$178,678	119%
Scholarships (excl Matching Gift End Funds)	\$235,536	\$370,361	\$250,000	\$500,000	\$130,549	\$195,402	\$1,228,739	491%
Campus Programs and/or Direct Student Support	\$1,117,997	\$994,458	\$750,000	\$900,000	\$355,381	\$599,694	\$1,120,342	149%
Matching Gift Endowed Funds	\$225,122	\$61,506	\$120,000	\$187,000	\$59,635	\$39,666	\$66,270	55%
Unrestricted Funds	\$100,013	\$172,421	\$165,000	\$250,000	\$61,063	\$110,576	\$157,535	95%
Annual Fund (incl President's Circle)	\$76,513	\$99,197	\$100,000	\$150,000	\$28,772	\$70,824	\$75,101	75%
Event Sponsorships	\$23,500	\$50,390	\$40,000	\$60,000	\$21,775	\$22,025	\$34,875	87%
Gift Fees	N/A	\$22,835	\$25,000	\$40,000	\$10,516	\$17,727	\$47,559	190%
<i>** Cash only; Gift in Kind not included</i>								
Fundraising Plan Statistics								
Estate Giving: In plan, budgeted at \$0	\$0	\$92,127	\$0	\$0	\$92,000	\$0	\$443,120	N/A
Board								
Board 'Give'	\$43,400	\$42,660	\$150,000	\$250,000	\$19,836	\$36,981	\$48,272	60%
Board 'Get'	\$156,848	\$23,012			\$3,555	\$10,000	\$41,798	
Major Gifts								
Number of Individual Major Gifts \$10k+	10	12	12	15	5	10	15	42%
Total Raised from Individual Major Gifts \$10k+	\$465,020	\$355,500	\$250,000	\$350,000	\$217,500	\$273,500	\$1,400,643	87%
Planned Giving								
Number of New Heritage Society Members	2	2	5	7	0	2	1	0%
Number of Estate Gifts Received	0	4	N/A	N/A	1	0	3	N/A
Annual Donors								
Number of Members in President's Circle by FY	54	42	55	75	7	17	24	13%
Number of Annual Fund Donors by Fiscal Year	69	93	75	100	27	58	83	36%
Payroll Giving								
Number of Payroll Donors	134	134	140	160	128	129	122	91%
Total Raised in Payroll Donations	\$72,388	\$66,286	\$65,000	\$80,000	\$15,652	\$33,058	\$32,251	24%
Grants (incl Federal government)								
Number of Grant Donors	25	24	21	26	5	17	15	24%
Total Raised from Grants Received	\$809,250	\$657,558	\$470,000	\$787,000	\$176,000	\$427,418	\$589,756	37%

**These numbers are not cumulative.*

FY 2026/27 Annual Operating Budget (D1)

Unrestricted Operations Revenue	FY 2024/25 - Actual	FY 2025/26 - Budget	FY2025/26 - Actual 12/31	Projected at 6/30/26	% at 6/30/26	FY 2026/27 - Budget D1	FY 2025/26 Notes
Endowment Fees (1.5% in Dec only)	\$207,251	\$207,000	\$218,096	\$218,096	105%	\$210,000	
Interest	\$29,162	\$16,000	\$16,631	\$26,631	166%	\$25,000	
Administration Fees (4%)	\$32,922	\$35,000	\$10,051	\$20,051	57%	\$20,000	
Initial Grant Fees (4% if allowable expense)	\$2,500	\$10,000	\$19,656	\$31,656	317%	\$30,000	
Initial Endowment Fees (3%)	\$1,500	\$5,000	\$2,122	\$2,122	42%	\$5,000	
Donor Management Sys - (Charitable; Online)	\$4,077	\$10,000	\$2,437	\$4,437	44%	\$5,000	
Trusts and Planned Gifts Fee (5%)	\$3,000	\$0	\$22,116	\$22,116	n/a	\$0	Budget at 0
Subtotal - Operations Revenue	\$280,411	\$283,000	\$291,108	\$325,108	115%	\$295,000	
Unrestricted Dev/Event Revenue							
Unrestricted Event Revenue (Charitable)	\$39,875	\$40,000	\$34,875	\$39,875	100%	\$41,000	
Subtotal - Unrestricted Event Revenue	\$39,875	\$40,000	\$34,875	\$39,875	100%	\$41,000	
Unrestricted Allocation Funds							
Foundation Directed Endmt Dist (Dec only)	\$93,167	\$93,000	\$96,482	\$96,482	104%	\$94,000	
Allocate from Existing Unrestricted Funds	\$0	\$52,000	\$52,000	\$52,000	100%	\$41,735	Utilizing Savings
Subtotal - Existing Funds Utilized	\$93,167	\$145,000	\$148,482	\$148,482	204%	\$135,735	
Total Revenue & Existing Funds	\$413,453	\$468,000	\$474,465	\$513,465	110%	\$471,735	
Operational Expenses	FY 2024/25 - Actual	FY 2025/26 - Budget	FY2025/26 - Actual 12/31	Projected at 6/30/26	% at 6/30/26	FY 2026/27 - Budget D1	FY 2025/26 Notes
Foundation Staffing	\$247,899	\$287,000	\$145,588	\$291,177	101%	\$305,735	
Management	\$10,755	\$13,000	\$12,045	\$24,045	185%	\$25,000	
Donor Management Systems	\$11,855	\$15,000	\$3,838	\$6,838	46%	\$8,000	
Foundation Board	\$1,369	\$6,000	\$4,273	\$5,473	91%	\$6,000	
Donor Cultivation & Stewardship	\$3,086	\$4,000	\$2,264	\$9,889	247%	\$10,000	
Campus Program Support	\$0	\$0	\$356	\$356	n/a	\$1,000	
Community Sponsorships - Fdn Requested	\$13,562	\$15,000	\$9,300	\$15,000	100%	\$15,000	
Marketing & Communications - Foundation	\$30,730	\$15,000	\$11,000	\$11,000	73%	\$15,000	
Subtotal Operations w/o Events	\$319,255	\$355,000	\$188,664	\$363,777	102%	\$385,735	
Dev/Event Expenses							
Events - Foundation Cultivation & Stewardship	\$5,718	\$11,000	\$6,380	\$9,380	85%	\$8,500	
Events - Campus & Programs	\$31,593	\$27,000	\$5,337	\$22,337	83%	\$32,500	
Subtotal Events	\$37,311	\$38,000	\$11,717	\$31,717	83%	\$41,000	
Foundation Allocated Expenses							
Executive Director's Fund	\$10,000	\$10,000	\$8,374	\$10,000	100%	\$10,000	
Alumni	\$5,000	\$15,000	\$353	\$10,353	69%	\$15,000	
Foundation Board Grants	\$10,000	\$50,000	\$9,880	\$49,880	100%	\$20,000	Current bal of \$27k
Subtotal Allocations	\$25,000	\$75,000	\$18,607	\$70,233	94%	\$45,000	
Total Operations and Allocations	\$381,566	\$468,000	\$218,988	\$465,728	100%	\$471,735	
NET	\$31,887	\$0		\$47,738		\$0	

NEW: Proposed 2026 (FY 2026/27 and FY2026/27)

1. Fundraising Event: Dr. Cooke's Retirement Celebration

FY 2025/26 - Budget

FY 2026/27 - Budget D1

REV: Allocation from 101406_GF Follett Unrestricted \$100,000
 EXP: Event Expenses \$100,000

Timing: Most exp Jan - June 2026; some in Q3

Outcome: 100% of event proceeds will support the Sunny Futures Fund

Action Recommended: Transfer \$100,000 from 101406_GF Follett Unrestricted to the newly established 102241_GF Development Event - Superintendent President Retirement Event to support the Sunny Futures Fund and Retirement Event.

2. Public Support Campaign

FY 2025/26 - Budget

FY 2026/27 - Budget D1

REV: Allocation from Board Reserves and Unrestricted Fund \$200,000
 EXP: Campaign Expenses \$100,000

\$100,000

Timing: Spring 2026 through Fall 2026 (likely \$100k this FY and \$100k next FY)

Outcome: Potential new funding source secured for College capital projects

Actions Recommended:
 1. Transfer \$150,000 from 100832_GF Unrestricted Fund to 100838_GF Board Reserves, bringing the Board Reserves balance to \$200,000.
 2. Approve spending up to \$200,000 from Board Reserves for a public support campaign, with spending to be reporting in quarterly financial reporting.

RESERVE : OPERATING RATIO

RESERVE FUNDS	Actual at 6/30/24	Actual at 6/30/25		Projected at 6/30/26	# Years Operating in Reserve 6/30/26	Projected at 6/30/27	# Years Operating in Reserve 6/30/26
Total Unrestricted Funds - without extra spending	\$1,807,138	\$1,842,830		\$1,803,103	3.9	\$1,731,368	3.7
Total with Spending: \$100k Event + \$200k Public Support over 2 Years (est \$100k/year)				\$1,603,103	3.4	\$1,431,368	3.0

I. Background and Mission

The MiraCosta College Foundation (hereafter referred to as the “Foundation”) is an independent, 501(c)(3) nonprofit corporation created to support students by funding their pursuits toward a higher education and providing the resources to help guide them toward success.

For over 40 years, the vision of the Foundation has supported the vision that no one is denied access to education because of financial need and that resources are available to enrich the college experience for all students. In service to this vision, the Foundation’s mission is to promote the interests and welfare of the college and to secure resources that will transform student lives.

II. Introduction

This policy is intended as a basic guide for safeguarding and managing the Foundation’s assets including the development of spending goals, investment strategies (including asset allocation) and investment performance review and reporting collectively comprise the “Portfolio”. The Portfolio’s assets will normally be held in one of four subordinate portfolios (or pools). These are (1) the “Reserve Portfolio” (2) Excess Reserve Portfolio (3) the “Endowment Portfolio” and (4) Title V Grant Endowment.

This investment Policy Statement sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Foundation and any other parties to whom the Foundation has delegated investment management responsibility for Portfolio assets.

The investment policies for the Foundation contained herein have been formulated consistent with the Foundation’s Mission, reflects its anticipated financial needs and its willingness to assume investment and financial risk, as reflected in the majority opinion of the Foundation.

Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Foundation. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Foundation.

III. Role of the Finance Committee and the Foundation Board

The Foundation Board (the “Board”) has a fiduciary responsibility to comply with the restrictions imposed by the donors of endowment funds. The Board also has a legal responsibility to ensure that the management of endowment funds is in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

The Finance Committee of the Foundation Board (the “Committee”) acts in a fiduciary capacity with respect to the Foundation and is accountable to the College and the Board for overseeing the investment and safeguarding of all assets owned by or held in trust.

Foundation Management (“Management”) is defined as the Foundation’s Executive Director who oversees endowment accounting and makes recommendations to the Committee.

- a. **The Committee will review this Investment Policy Statement at least once per year.** Changes to this Investment Policy Statement can be made only by affirmation of a majority of the Committee, and final Board approval. Written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Foundation as soon thereafter as is practicable.
- b. **Standard of Fiduciary Care.** The primary and constant standard for making investment and spending decisions for all Portfolio assets is the “Prudent Person Rule” which states that “the members of the governing board shall act with the care, skill, prudence, and diligence under the circumstances then prevailing a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the purposes of the institution” in compliance with Uniform Prudent Management of Institutional Funds Act.

IV. Manager Selection

Investment management of the Portfolio (including its constituent pools) shall be recommended by the Committee for approval by the Board based on a selection process as established by the Committee. The Committee may elect to appoint a single manager for the Reserve Portfolio, Excess Reserve Portfolio, Endowment Portfolio, and the Title V Grant Endowment Portfolio, or separate managers for each. The Committee may also elect to manage the Reserve Portfolio itself. In addition to evaluating a manager’s historical performance compared to appropriate benchmarks, a manager’s ethical standards, financial viability, organizational structure, experience of key personnel, and investment philosophy will also be reviewed.

V. Investment Objectives

- a. The Endowment Portfolio is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the institution. The attainment of this broad objective will provide a balance between current spending needs of the Foundation and the need to preserve the purchasing power of the endowment for future generations. It is the Board’s intent to invest all long-term funds using the same target allocation, whether funds are endowed or Board designated/quasi-endowed funds. Gifts with donor restrictions will be invested as per instructions.

- b. The Reserve Portfolio. Assets apportioned to the Reserve Portfolio are intended for use “on demand” are to be invested with the objective of preservation of capital and short-term liquidity. Only high-quality short-term investment vehicles are appropriate for this portfolio.
- c. The Excess Reserve Portfolio is to be comprised of funds that are above an approved threshold to adequately fund the Reserve Portfolio. Assets in the Excess Reserve Portfolio are intended to preserve capital, provide a relatively predictable stream on income, and achieve moderate growth of principal. Assets are to be used as a supplemental source of funds for the Reserve Portfolio.
- d. The Title V Grant Endowment is to be comprised of Endowment Fund corpus (an amount equal to the endowment challenge grant or grants awarded under this part plus matching funds if available) and Endowment Fund Income (an amount equal to the total value of the fund, including appreciation and retained interest and dividend, minus the endowment fund corpus). Each endowment challenge grant awarded must be matched by the Foundation, must be invested by the Foundation, and must have a duration of 20 years (Please reference spending rules in grant document PART 628 for additional spending rules).

NOTE: Please reference the Investment and Spending Policy Flow Chart located within the appendix.

VI. Solicitation and Acceptance of Gifts Policy

- A. A separate policy has been adopted and approved by the Foundation to provide general information about the criteria and framework by which donations may be accepted or recommended to the Board for acceptance. This information should not be interpreted as legal advice, nor is the policy intended to override current IRS code and regulations. This policy includes:
 - Special gifts acceptance
 - Gifts of tangible property and equipment (gifts-in-kind)
 - Gifts of real property
 - Gifts of securities, limited partnerships and other tangible property
 - Gifts of life insurance
 - Charitable Remainder Trusts
 - Digital currency

VII. Spending Policy

A. Foundation spending shall be funded from these sources:

- Current undesignated gifts (not designated as endowments),
- An annual endowment management fee (presently 1.5%) assessed on total Endowment Portfolio assets, and
- Partial distributions of net investment income (from interest or dividends) or net realized capital gains from the Endowment Portfolio
- Short term deficiencies or excess of cash needs may be balanced by withdrawals from/deposits to the Reserve Portfolio. Cash accumulations from earnings and capital gains that exceed the approved spending budget for any year will be reinvested.

B. Purpose of Spending.

The Foundation exists to support the educational needs of the College. Consistent with prudent financial stewardship, the Foundation will spend its income each year for the purposes designated and/or approved by its Board. This will include a portion (1.5% endowment management fee) designated for the foundation's business operations, fundraising and other work of the Foundation and a percentage set by the Board (currently 3.5%) for charitable purposes. Thus, the current spending rate is 5%.

Endowment Portfolio earnings in excess of the Board established spending rate will be reinvested in the Endowment Portfolio to protect the endowment's purchasing power from one generation to the next.

NOTE: Title V Grant Endowment must be held for 20 years. Please reference spending rules in grant document PART 628. Title V Grant Endowment funds will not be included in the aforementioned 'Purpose of Spending'.

C. Limitations on Spending -- General Policy.

In general, current spending will not be funded by accessing the principal corpus of the Endowment Portfolio. The distribution of Endowment Portfolio assets will be permitted to the extent that such distributions do not exceed a level that would erode the Foundation's real assets over time. The Committee will seek to reduce the variability of annual Foundation distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Foundation's spending policy, its target asset allocation, or both. Establishing the Spending Rate. The Committee will review and recommend the annual spending rate to

the Board within 60 days following the end of each calendar year. The Foundation presently seeks to maintain an annual spending rate of no more than 5.5% of the 3-year trailing average of the Endowment Portfolio (valued on December 31 of each year.) Any excess earnings will be re-invested into the Endowment Portfolio. An endowment management fee of 1.5% will be assessed first, then a maximum of 4% will be used for charitable purposes as designated by the donor or determined by the Board. (See Appendix 1 for related administrative procedures.)

D. Adjusting the Endowment Management Fee.

The Committee has the option of adjusting the endowment management fee up to the Uniform Prudent Management of Institutional Funds Act mandated maximum of 2%. The Committee also has the option of reducing the fee as long as the resulting fee income to the Foundation is adequate to fully fund operational and employee costs. (See Appendix 1 for related administrative procedures.)

E. Maintaining an Operational Reserve.

Recognizing that stability and continuity are important to good management and administration, the Management will seek to hold an operational reserve such that in down market years reductions in business operations and layoffs are unnecessary. In addition, Management will aim for a stable budget, and when necessary, plan for significant increases or cuts to the budget to meet extraordinary one-time costs.

VIII. Portfolio Investment Policies

A. Diversification – All Portfolios

Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:

1. With the exception of fixed income investments explicitly guaranteed by the U.S. Government, no single investment security shall represent more than 5% of total Portfolio assets.
2. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or

investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

3. With respect to fixed income investments, for individual bonds, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).

Other Investment Policies. Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

1. Purchasing securities on margin or executing short sales.
2. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
3. Engaging investment managers who promise to engage in such practices.

B. Asset Allocation-General

1. The Committee recognizes that the careful allocation of Portfolio assets among financial asset and sub asset categories with varying degrees of risk, return, and risk-return correlation will be the most significant determinant of long-term investment returns and achievement of Portfolio objectives for each of the Foundation's Portfolios.
2. The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Foundation, to the assumptions underlying Foundation spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.

C. Asset Allocation Policy-Specific to the Endowment Portfolio and Excess Reserve Portfolio

1. Foundation assets comprising the Endowment and Excess Reserve Portfolios will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of equity investments will be to maximize the long-term real growth of Endowment and Excess Reserve Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more

stable periodic returns, and provide some protection against a prolonged decline in the market value of the equity investments.

2. Cash investments will, under normal circumstances, only be considered as temporary holdings in the Portfolio, and will be used for Foundation liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.
3. Exhibit A (below) presents the long-term strategic asset allocation guidelines, presently determined by the Committee to be the most appropriate for the Endowment, given the Foundation's long-term objectives and short-term constraints.

D. Asset Allocation Policy-Specific to the Reserve Portfolio

Assets are to be invested in cash or cash/equivalents or as outlined in Exhibit B (below). Any fixed income investment duration should be aligned with the potential need for funds; resulting is a duration target not to exceed 3 years. All investments are required to exceed a minimum standard of investment-grade (BBB or Baa)

E. Asset Allocation Policy-Specific to the Excess Reserve Portfolio

Exhibit C (below) reflects the asset allocation recommended by the Committee for the Excess Reserve Portfolio.

F. Asset Allocation Policy-Specific to the Title V Grant Endowment Portfolio

Exhibit D (below) reflects the asset allocation recommended by the Committee for the Title V Grant Endowment within the stated parameters of the grant bylaws.

G. Rebalancing

1. It is expected that the Endowment Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub asset classes. The Endowment and Excess Reserve Portfolio will be rebalanced to its target normal asset allocation under the following procedures:
 - i. The investment manager will use incoming cash flow (contributions) or outgoing money movements (disbursements) of the Portfolio or realign the current weightings closer to the target weightings for the Portfolio.

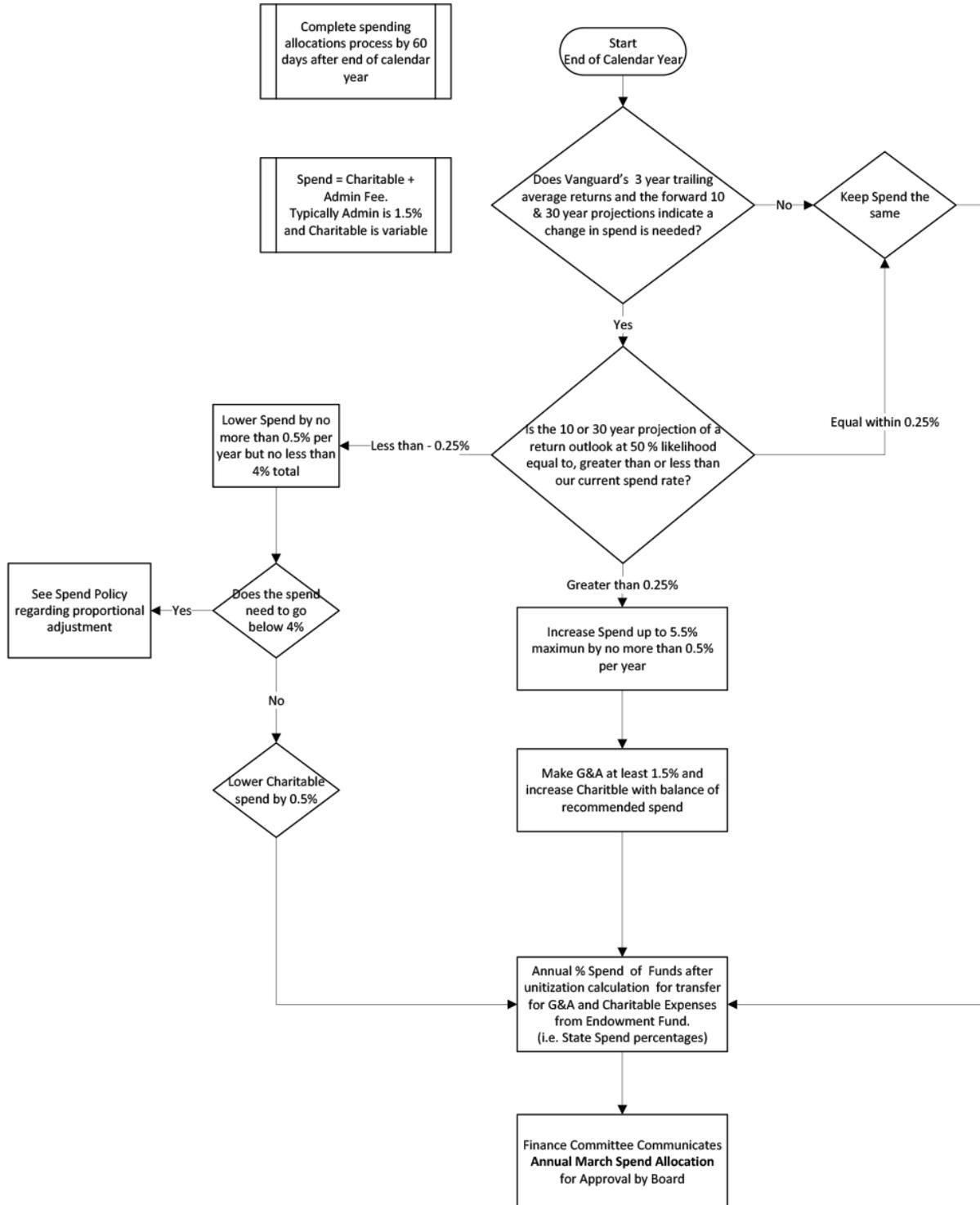
- ii. The investment manager will review the Portfolio quarterly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
 - a. If any asset class (equity or fixed income) within the Portfolio is +/- 5 percentage points from its target weighting, the Portfolio will be rebalanced.
 - b. If any fund within the Portfolio has increased or decreased by greater than 20% of its target weighting, the fund will be rebalanced.
 - iii. The investment manager may provide a rebalancing recommendation at any time.
2. Performance shall be measured on a total return, time-weighted basis and presented for the most recent quarter, year-to-date, and the trailing years, three years, and five years. Performance for periods greater than one year shall be expressed on an annualized basis. To facilitate performance comparisons, investment results should be expressed both gross and net of fees.
 3. The specific performance objective is to attain, within acceptable risk levels, an average annual long-term total return that meets or exceeds the sum of the Foundation's spending rate plus inflation (as measured by the CPI, consumer price index) plus investment management and related fees. In cases where the Foundation is appointed trustee of a charitable trust, the investment objective is to achieve a return that satisfies the distribution rate while retaining as much corpus as possible.

G. Reporting

Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or more frequently if requested by the Committee. Each investment manager is expected to be available to review portfolio structure, strategy, and investment performance annually with the Finance Committee.

Appendix

Investment and Spending Policy Flow Chart



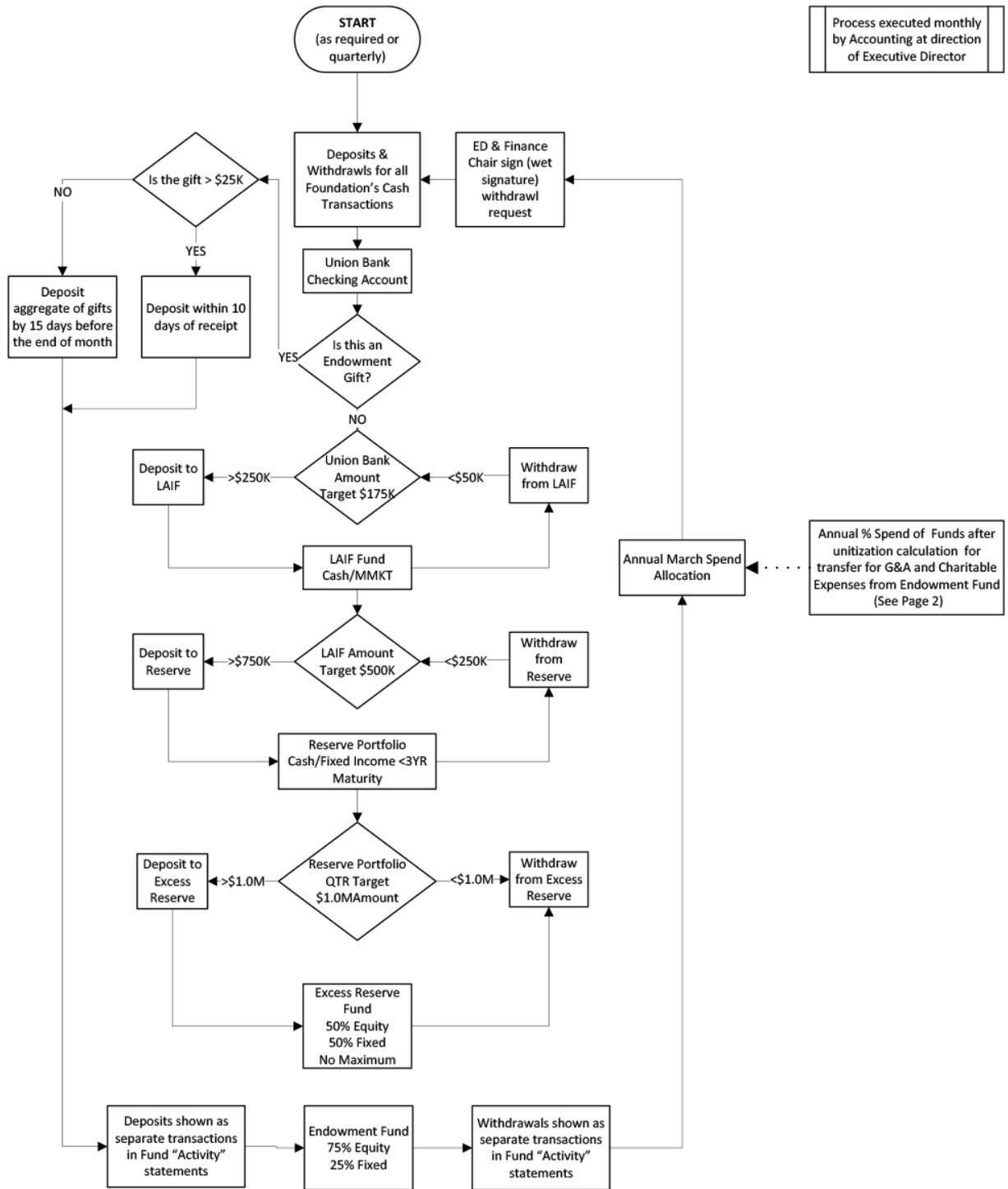


Exhibit A: Asset Allocation Guidelines for the "Endowment Portfolio"

ASSET CLASS	Conservative Limit	Target Allocation	Aggressive Limit
Equities			
U. S. Equities International	36%	45%	48%
Equities	24%	30%	32%
Total Equities	60%	75%	80%
Fixed Income			
U.S. Fixed Income International	28%	17.5%	14%
Fixed Income	12%	7.5%	6%
Total Fixed Income	40%	25%	20%
Cash and Cash Equivalents	10%	0%	0%

Exhibit B: Asset Allocation Guidelines for the "Reserve Portfolio"

<i>Asset Class</i>	<i>Sub-Asset Class</i>	<i>Target Allocation</i>
Equities		0%
	Domestic (U.S.) Equities	0%
	International (Non U.S.) Equities	0%
Fixed Income*		100.00%
	Domestic (U.S.) Investment Grade	100%
	International (Non U.S.) Bonds	0%
Total		100.00%

* Any fixed income investment duration should be aligned with the potential need for funds; resulting is a duration target not to exceed 3 years. All investments are required to exceed a minimum standard of investment-grade (BBB or Baa)

Exhibit C: Asset Allocation Guidelines for the "Excess Reserve Portfolio"

Asset Class	Sub-Asset Class	Target Allocation
Equities		50.00%
	Domestic (U.S.) Equities	30%
	International (Non U.S.) Equities	20%
Fixed Income		50.00%
	Domestic (U.S.) Investment Grade	35.00%
	International (Non U.S.) Bonds	15.00%
Total		100.00%

Exhibit D

a) A grantee shall invest, for the duration of the grant period, the endowment fund established under this part in savings accounts or in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located.

(b) When investing the endowment fund, the grantee shall exercise the judgment and care, under the circumstances, that a person of prudence, discretion and intelligence would exercise in the management of his or her own financial affairs.

(c) An institution may invest its endowment fund in savings accounts permitted under paragraph (a) of this section such as—

- (1) A federally insured bank savings account;
- (2) A comparable interest-bearing account offered by a bank; or
- (3) A money market fund.

(d) An institution may invest its endowment fund in low-risk securities permitted under paragraph (a) of this section such as—

- (1) Certificates of deposit;
- (2) Mutual funds;
- (3) Stocks; or
- (4) Bonds.

(e) An institution may not invest its endowment fund in real estate.

Administrative Procedures for providing to the Committee the Information they Need to Establish the Spending Policy

Established by Management: 11/10/2016

1. Within 60 days following the end of the calendar year, Management will provide to the Finance Committee the following information:
 - a. Rate of returns on the Endowment Fund for each of the three previous calendar years
 - b. Recommended spending rates based on the three-year trailing average value for the Endowment Fund and normal accounting procedures. The recommendations will include:
 - i. Endowment management fee, not to exceed to 2% (currently 1.5%)
 - ii. Recommended charitable purpose spending rate that is compliant with prudent management and industry best practices.
2. The process for allocating endowment earnings are as follows:
 - a. In accordance with Board policy, the endowment management fee (currently set at 1.5%) is allocated first to the operational fund for the Foundation.
 - b. Funds are secondly allocated for charitable purposes (currently set at 3.5%) as designated by the donor or for allocation by the Board.
 - c. The calculation that is currently used to establish the Foundation maximum spending is as follows: 1.5% (endowment management fee + 4% (charitable purpose allocations) = 5.5% (maximum spending limit as established by policy)
3. When earnings are below the Board's established spending limits:
 - a. If the three-year average growth rate of the Endowment Portfolio were to decline, and 5.2% was determined to be the prudent maximum spending rate, the calculation to derive charitable spending would be: 5.2% (earnings) – 1.5% (endowment management fee) = 3.7% for charitable purpose allocations.
4. Adjusting the endowment management fee: In the occurrence when endowment portfolio earnings drop below 5.5%, the Finance Committee may consider reducing the 1.5% endowment management fee, so long as the funding provided is adequate to fully fund the Foundation's business and operating costs, including essential and

productive staff positions. If the management fee is to be reduced, the reduction should be proportional. Here is an example:

- a. The 1.5% endowment management fee expressed as a percentage of the 5.5 distribution is 27.27% ($1.5\%/5.5\% = 27.27\%$) Therefore, if the earnings were to decline to 4.9% and the Committee agreed to proportionally reduce the management fee, the calculation would be as follows, $(4.9\% \times 27.27\%) / 100 = 1.34\%$. This would provide a 1.34% spending rate for charitable purposes.

**Approved by the MCCF Board on August 27, 2024

		Commonfund	Vanguard	ML/BlackRock	Bernstein	Payden&Rygel	Beacon Point
Delivery		Single Fund-Multi Strategy	Core Index w complementary Active funds	WDPortfolios SMA, Funds	Mutual Funds	Mutual funds and ETF Active Managers	Mutual funds, ETF Active Managers
Non-profit assets managed		24.4B	not disclosed	62.2B	not disclosed	82B	4.5B
Alternatives		Yes	REIT and abs return		Real Asset, MM Alt		
Fiduciary Responsibility		Yes	?	?	?	Yes	Yes
Portfolio Analysis Tool		Proprietary	Proprietary	Proprietary	Proprietary	Multiple & Prop	
Fee	Inv Management Sub adv/Fund Total	0.37 <u>0.49</u> 0.86	0.27 <u>0.10</u> 0.37 Need clarification on fund fee	0.85 ?	1.058 ?	0.60 ?	0.50 <u>.43-.77</u> .93-1.27
Perfomance							
Callan and NCSE	6/30/2012 6/30/2013	1,3,5 outperform	index outperforms peer 73,79,87,90	n/a	n/a	n/a	
Service Location		San Francisco, CA	Malvern PA	Indian Wells Ca	San Diego, CA	Los angeles, Ca	Newport Beach, CA
Contact-Client Service		Issa Brandt	Tim McNally	Christopher Palmer Wealth Manager Support of Philanthropic Solutions Team	Shawn Wamstad Advisor Support of Non-Profit Adv Services Team	Greg Brown	Gina Fales

MIRACOSTA COLLEGE FOUNDATION
1 Barnard Drive
Oceanside, CA 92056

September 21, 2013

Subject: Request for Proposal - Financial Advisory Services

Introduction. The MiraCosta College Foundation is an independent organization established in 1967 in service to the MiraCosta Community College District. The Foundation operates exclusively for charitable and educational purposes within the meaning of section 501 (c) (3) of the Internal Revenue Code. The mission of the Foundation is to promote the interests and the welfare of the college and secure resources that will transform student lives.

The Foundation presently has assets of approximately \$8.3 million of which approximately \$6 million are invested. The majority of the Foundation's invested assets are presently divided approximately 75%/25% between the multi-strategy equity and multi-strategy bond funds of Commonfund Securities, Inc. A copy of our present Investment Policy is attached to this RFP.

Objectives of this Solicitation. The Foundation's Finance Committee (the Committee) oversees the investment activities of the Foundation. The Committee wishes to consider proposals from qualified organizations that have a demonstrated capability to provide the following services to the Foundation:

1. Assist in developing or updating our Investment Policy and monitoring adherence to that policy;
2. Initiate recommendations for Asset-Class Allocations within the Foundation's portfolio and, when appropriate, suggest changes to our Asset-Class Allocations;
3. Recommend specific Investment Selections within asset classes and assist the Committee with ongoing Portfolio Management;
4. Portfolio Performance Reporting and Evaluation;
5. Asset Safekeeping;

6. Measure and Control the Cost of the above services.

Our Process. After reviewing the proposals the Committee will select one or more firms to make a formal presentation. Following the formal presentation(s) the Committee may:

- Reject any or all of the proposals
- Issue subsequent RFP's
- Cancel the RFP or terminate the process altogether
- Negotiate with any, all or none of the respondents
- Solicit a "best and final" submission from some or all of the respondents
- Award a contract or enter into an agreement with one or more of the respondents
- Accept a written proposal as an offer without negotiation and issue a contract

This RFP solicitation does not commit the Committee or the Foundation to negotiate a contract or enter into an agreement, nor does it obligate the Foundation to pay for any costs incurred in the preparation or submission of any proposal or in anticipation of a contract or agreement.

The Committee and the Foundation reserves the right to contract and/or agree to do business with any one or more of the firms responding to this RFP based solely on its judgment of the qualifications and capabilities of the firm.

Engagement Period. The term of any proposed contract should be at least three years with the basis for calculating fees fixed for at least three years. The Foundation will reserve the right to terminate any contract resulting from this RFP at any time with or without cause upon 30 days written notification.

Inquiries. Questions relating to this RFP should be directed to:

Linda Fogerson
Executive Director
MiraCosta College Foundation
1 Barnard Drive
Oceanside, CA 92056

With a copy to:

Bruce Bandemer
Chair, Finance Committee
Bandemer Accountancy Corp.
2720 Jefferson
Carlsbad, CA 92008

Your Proposal. You are invited to organize and present your proposal as you judge most effective. Rather than extensively listing questions here, we will count on you to anticipate our questions. Any that remain unanswered will be presented later.

Some specific requirements:

1. Our preference is for at least eight (8) hard-copy specimens of your proposal. We ask, further, that if you wish to incorporate information existing in your internet site that you provide hard-copy printouts of these as an appendix and not merely website links. Please note that we expect the content of your proposal to potentially form a part of a subsequent contract and we will, accordingly, require hard copy data.
2. Please give evidence of your firm's financial strength and how client assets are safeguarded.
3. Please include an organization chart and provide biographies of key individuals that you would assign to support us. Indicate persons responsible for (a) asset allocation analyses, (b) portfolio recommendations, (c) portfolio performance measurement, and (d) client relationship service. Indicate clearly any functions that are subcontracted or are not performed by employees of your firm. Describe how your organization fosters checks and balances and avoids conflicts of interest.
4. Describe any proprietary resources you rely on for portfolio analysis and describe how portfolio recommendations for us would be vetted.
5. Please indicate the fee(s) that would be associated with each of the key services you will perform for us. (see list above)
6. Please include current client references
7. Include current copies of your SEC form ADV filings
8. Describe or provide a copy of your internal code of ethics.

Our projected timetable.

RFPs mailed	September 21, 2013
Proposals due	October 31, 2013

Committee reviews, meets to discuss, selects firms for formal presentations	November 4, 2013
Formal Presentations begin	November 11, 2013
Committee meets to decide action	Date To be Determined
Formal Agreement with new advisor is prepared/vetted	Date To be Determined
New Advisor commences duties	Date To be Determined

Attachment: Investment and Spending Policy

MiraCosta College Foundation



Agenda

1. Executive Summary, Fee Schedule, and Spending Analysis
2. Performance Summary
3. Higher Education Update
4. Markets and Macro
5. Appendix

Executive Summary, Fee Schedule, and Spending Analysis

01

Executive Summary

Asset Allocation (S/B): Endowment 77.8/22.2; Excess Reserve: 50.3/49.7; Title V Grant Endowment: 76.3/23.7

Cash Flows:	Q4	2025
Endowment	91,058.52	-376,209.54
Excess Reserve	523,856.31	929,862.10
Reserve	-143,856.31	-145,237.73
Title V Grant		110,944.56

Equity Performance Summary:

- S&P posted 39 record closing highs in 2025 (compared to 57 in 2024) and closed the year up +17.9% (compared to +25% in 2024 and +26% in 2023).
- Alphabet led the “Magnificent 7” with +28.9% Q4 (65% for the year), resulting in a 2025 Mag 7 return of 27.5%.
- Among U.S. markets, Canada (+8%) and the UK (+6.5%) led in Q4, while China lagged (-6.8%). For the year, South Korea led non-U.S. markets with a remarkable +76.3% return.
- Key indices:

CRSP US Total Market: +2.4% Q4 (17.2% YTD)

FTSE Global All-Cap ex-US: +4.8% Q4 (+31.7% YTD)

Sector performance: Healthcare led in Q4 with +11%, while Real Estate (-3.3%) and Utilities (-2.3%) lagged. For the full year, 9 out of 11 sectors finished positive, led by Communication Services (+24.9%) and IT (+21.2%). RE (-0.43%) and Consumer Staples (-0.23) were slightly negative.

Volatility: The VIX Index ranged primary between 13.4 - 26.5 during the quarter, closing at 14.95 (VIX level below 20 typically signifies a more stable, low-risk environment; above 20 indicates heightened market uncertainty; above 30 suggests significant market fear).

Valuation: S&P 500 forward 12-month P/E ratio ended the year at 22.0, above the 5-year, 10-year, and 30-year averages of 19.9, 18.6, and 17.1, respectively.

Fixed Income Performance Summary:

- The 3-month Treasury yield declined 31 bps in Q4, while the 30-year increased 12 bps. Both IG and HY spreads tightened further, nearing historic lows, suggesting low perceived risk and strong corporate fundamentals.

○ Yields: 3Mo: 3.62% (-.69% YTD) 2Yr: 3.48% (-.77%) 5Yr: 3.74% (-.65%) 10Yr: 4.19% (-40%) 30Yr: 4.87% (+.06%)

- Key indices:

Bloomberg US AGG: +.1.1% Q4 (+7.1% YTD)

Bloomberg non-US AGG (hedged): +0.5% Q4 (3.1% YTD)

Sources: Mercer; Vanguard: FactSet; NASDAQ; MarketWatch; Reuters analysis of LSEG data; NPR: Wall Street Journal; Bureau of Labor Statistics

Executive Summary (cont.)

Economic Key Highlights

Monetary Policy:

- The Federal Open Market Committee (FOMC) cut rates by 25 basis points on December 10, lowering the federal funds rate to 3.50%-3.75%. This marks the third consecutive rate cut in 2025, following four cuts totaling 1.0% in 2024.
- The December Summary of Economic Projections (SEP) median forecast anticipates one rate cut in 2026 and another in 2027, with a terminal rate of 3.125%.
- Fed Chair Powell noted:
 - The central bank is well positioned to “wait and see” how the economy evolves.
 - Tariffs were the primary cause of the current inflation “overshoot” above the 2% target.
 - There is significant concern that the labor market may be weaker than official data suggests.
 - After halting its balance sheet runoff, the Fed will resume buying \$40 billion in Treasuries.

Inflation:

- Core Personal Consumption Expenditures (PCE) rose 2.8% year-over-year (YoY) in September, matching the headline PCE increase of 2.8%.
- Core Consumer Price Index (CPI) ended the year at 2.6% YoY in December, with headline CPI up 2.7% YoY.

Labor Market:

- The U.S. labor market has slowed considerably:
 - October saw a loss of 173,000 jobs, largely due to federal job cuts. November added 56,000 jobs. December added 50,000 jobs.
 - Employers added 584,000 jobs in 2025 compared to 2 million in 2024. Worst year in hiring since 2020. Healthcare and social services accounted for 733,000
 - The unemployment rate declined to 4.4% in December.
 - Underemployment, which includes unemployed plus those working part time for economic reasons and discouraged workers was 8.4% in December.

GDP: Real GDP grew 4.3% in Q3, driven by accelerated consumer spending, and increases in exports and government spending. Imports, which subtract from GDP, decreased.

Hourly Earnings: Average hourly earnings grew 3.8% YoY in December, an increase from 3.5% YoY in November, which was the smallest increase since August 2023.

S&P 500 Earnings Growth: Estimated year-over-year earnings growth for Q4 is 13%. If realized, this will mark the 10th consecutive quarter of earnings growth.

Consumer Confidence: The Consumer Confidence Index (CCI) declined 3.8 points in December to 89.1 (a reading above 100 indicates optimism about the economic outlook).

Savings: The personal savings rate fell to 4.0% in September, its lowest level since late 2022.

Currency: The U.S. dollar rose 0.6% in Q3 but is down 9.4% year-to-date (YTD).

Sources: Mercer; Vanguard: FactSet; NASDAQ; MarketWatch; Reuters analysis of LSEG data; NPR: Wall Street Journal; Bureau of Labor Statistics

Institutional Advisory Services advisory fee schedule

Asset level	Advisory fee
First \$25 million	0.25%
Next \$25 million	0.10%
Next \$50 million	0.09%

All-in fee review

Advisory fee*	0.25%	\$63,077
Fund expense ratio estimates*	0.05%	\$12,789
Approximate all-in fees	0.30%	\$75,866

*Advisory fee subject to a minimum of \$30,000. Relevant portion of schedule shown. Estimated advisory fees and expense ratios based on 12.31.2025 balance of \$25,576,987.

Asset Class Return Outlooks

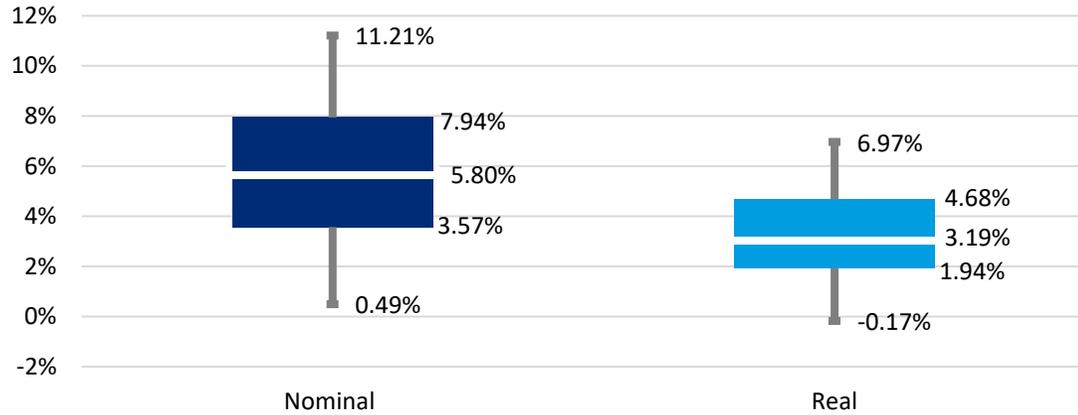
Forecasts as at 09/30/2025

Equities	10 yr. Return Projection	Volatility
US All Cap Equity	5.4%	19.6%
US Large Cap Equity	5.2%	19.0%
US Small Cap Equity	5.7%	24.1%
US Real Estate - REITS	6.3%	20.9%
AC World ex-US All Cap Equity Unhedged	6.2%	22.8%
Non-US Developed All Cap Equity Unhedged	6.1%	22.0%
Emerging Markets Equity Unhedged	6.5%	25.5%
Fixed Income	10 yr. Return Projection	Volatility
US Aggregate FI	4.5%	6.2%
US Government FI	4.5%	5.8%
US Credit FI	4.9%	7.0%
US High Yield FI Aggregate	5.5%	8.6%
US Inflation Indexed FI	4.5%	6.1%
US Cash	3.3%	2.6%
Non-US Broad FI Hedged	4.1%	5.1%
EM Govt FI - Hard Currency	5.7%	10.6%
Inflation	2.5%	3.3%

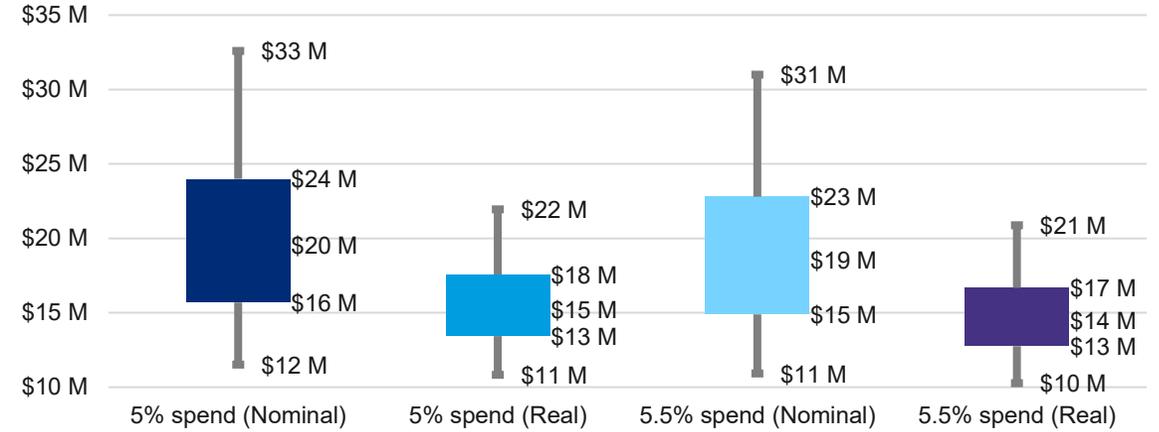
Source: Mercer Capital Market Assumptions, as of 09/30/25. All expected returns are gross of fees, unless indicated otherwise. There are no guarantees Mercer assumptions are or will be accurate. Actual performance is likely to vary.

Portfolio Analytics – 10 year forward looking

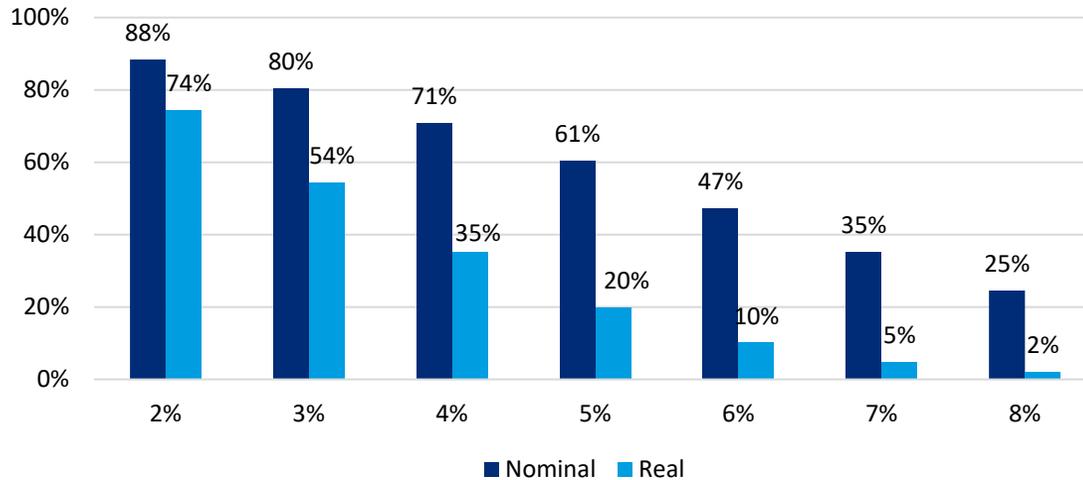
Distribution of annualized returns



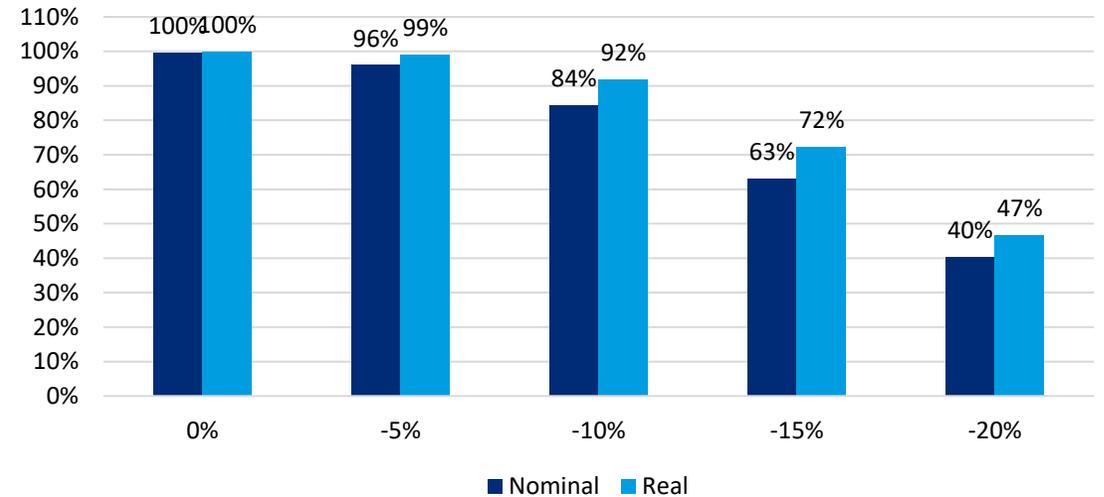
Distribution of ending balances (starting valuation \$18,338,000)



Probability of return exceeding:

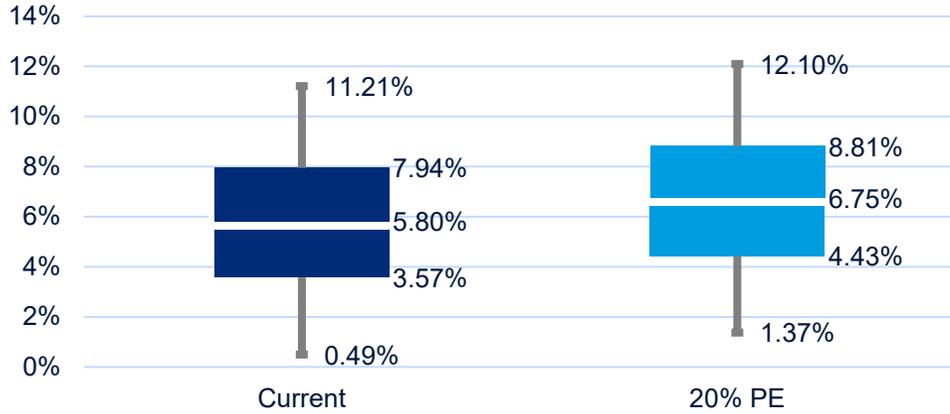


Probability of negative return in any one year:

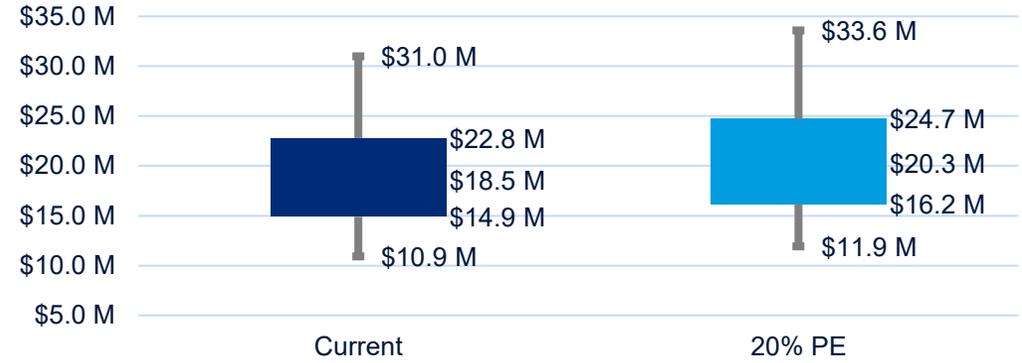


Portfolio Analytics – 10 year forward looking

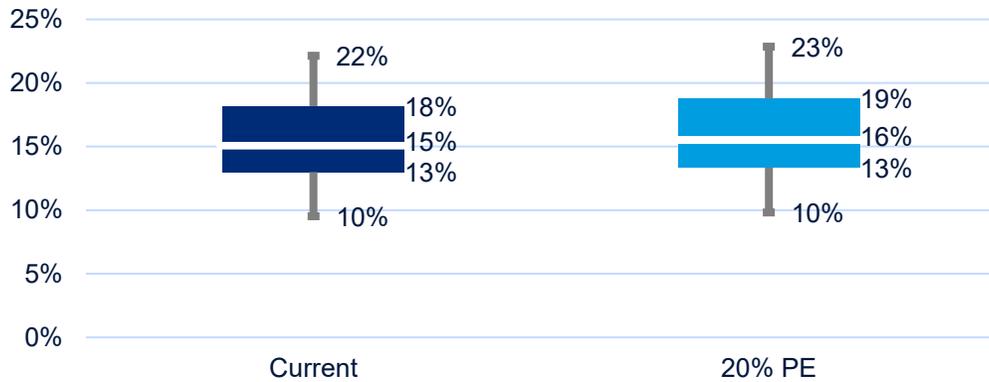
Distribution of nominal annualized returns (portfolio)



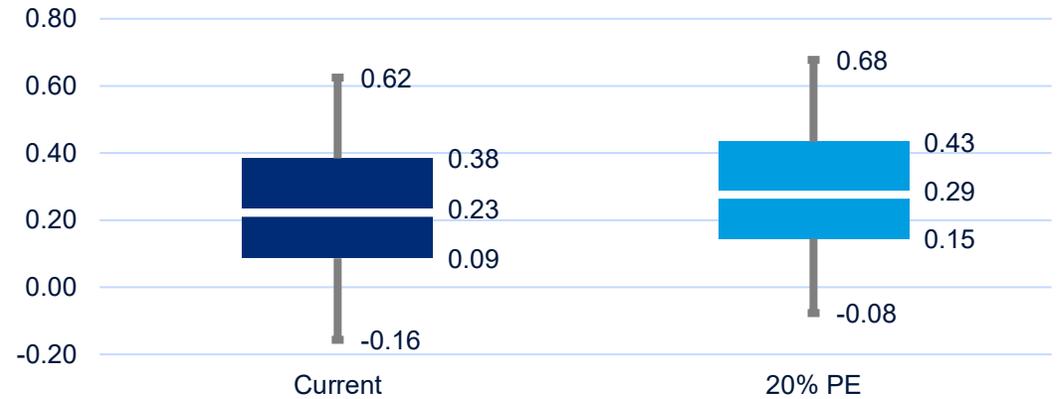
Distribution of nominal ending balances (starting valuation \$18,338,000)



Distribution of volatility (standard deviation)



Distribution of arithmetic Sharpe ratios



Performance Summary

02

As of December 31, 2025

	31-Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25
Endowment	15,878,124	15,900,341	16,618,280	17,763,267	18,338,182
Excess Reserve Portfolio	3,925,407	3,942,860	4,655,903	4,883,291	5,510,628
Reserve Portfolio	1,098,476	1,111,799	1,124,551	1,140,058	1,008,701
Title V Grant Endowment	506,211	505,205	550,024	700,744	719,476
Total	21,408,218	21,460,205	22,948,758	24,487,360	25,576,987

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Endowment (75/25)

	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
Client portfolio (gross)	0.75%	2.71%	18.74%	18.74%	16.56%	8.38%	9.73%	8.84%	01/31/2014
Client portfolio (net)	0.69%	2.65%	18.45%	18.45%	16.27%	8.13%	9.46%	8.58%	01/31/2014
<i>Policy benchmark</i>	<i>0.81%</i>	<i>2.78%</i>	<i>18.58%</i>	<i>18.58%</i>	<i>16.35%</i>	<i>8.30%</i>	<i>9.66%</i>	<i>8.81%</i>	<i>01/31/2014</i>

Excess Reserve Portfolio (50/50)

	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	Since inception	Inception date
Client portfolio (gross)	0.39%	2.01%	14.81%	14.81%	12.91%	5.51%	7.10%	03/31/2016
Client portfolio (net)	0.33%	1.96%	14.54%	14.54%	12.63%	5.27%	6.85%	03/31/2016
<i>Policy benchmark</i>	<i>0.47%</i>	<i>2.15%</i>	<i>14.27%</i>	<i>14.27%</i>	<i>12.43%</i>	<i>5.37%</i>	<i>6.92%</i>	<i>03/31/2016</i>

Reserve Portfolio (100% bonds)

	1 mo	3 mo	YTD	1 yr	Since inception	Inception date
Client portfolio (gross)	0.43%	1.14%	5.10%	5.10%	5.45%	03/31/2023
Client portfolio (net)	0.36%	1.07%	4.83%	4.83%	5.19%	03/31/2023
<i>Policy benchmark</i>	<i>0.40%</i>	<i>1.02%</i>	<i>4.31%</i>	<i>4.31%</i>	<i>4.78%</i>	<i>03/31/2023</i>

Title V Grandt Endowment (75/25)

	1 mo	3 mo	YTD	1 yr	Since inception	Inception date
Client portfolio (gross)	0.73%	2.67%	18.59%	18.59%	15.69%	12/31/2023
Client portfolio (net)	0.67%	2.61%	18.32%	18.32%	15.45%	12/31/2023
<i>Policy benchmark</i>	<i>0.81%</i>	<i>2.78%</i>	<i>18.58%</i>	<i>18.58%</i>	<i>15.55%</i>	<i>12/31/2023</i>

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Performance summary

MiraCosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2025

	Market 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)	\$18,338,182	100.0%	100.0%	0.75%	2.71%	18.74%	18.74%	16.56%	8.38%	9.73%	8.84%	01/31/2014
Client portfolio (net)				0.69%	2.65%	18.45%	18.45%	16.27%	8.13%	9.46%	8.58%	01/31/2014
<i>Policy benchmark</i>				0.81%	2.78%	18.58%	18.58%	16.35%	8.30%	9.66%	8.81%	01/31/2014
Equity	\$14,267,973	77.8%	75.0%	1.04%	3.27%	22.68%	22.68%	20.26%	11.08%	12.02%	10.83%	01/31/2014
<i>Equity - Policy benchmark</i>				1.15%	3.41%	22.99%	22.99%	20.33%	11.15%	12.03%	10.84%	01/31/2014
Domestic Equity	\$8,477,379	46.2%	45.0%	-0.03%	2.44%	17.13%	17.13%	22.24%	13.07%	14.25%	13.28%	01/31/2014
International Equity	\$5,790,593	31.6%	30.0%	2.66%	4.51%	32.23%	32.23%	17.13%	7.96%	8.53%	6.77%	01/31/2014
Fixed Income	\$4,070,209	22.2%	25.0%	-0.26%	0.80%	6.03%	6.03%	5.25%	-0.04%	2.34%	2.42%	01/31/2014
<i>Fixed Income - Policy benchmark</i>				-0.21%	0.89%	5.95%	5.95%	4.83%	-0.29%	2.12%	2.25%	01/31/2014
Domestic Fixed Income	\$2,869,974	15.7%	17.5%	-0.24%	0.92%	7.36%	7.36%	5.29%	0.03%	2.45%	2.44%	01/31/2014
International Fixed Income	\$1,200,235	6.5%	7.5%	-0.31%	0.52%	2.96%	2.96%	5.12%	-0.22%	2.09%	2.44%	01/31/2014

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Performance summary-by securities

MiraCosta College Foundation - Endowment Portfolio

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Client portfolio (net)				0.69%	2.65%	18.45%	18.45%	16.27%	8.13%	9.46%	8.58%	01/31/2014
<i>Policy benchmark</i>				0.81%	2.78%	18.58%	18.58%	16.35%	8.30%	9.66%	8.81%	01/31/2014
Equity	\$14,267,973	77.8%	75.0%	1.04%	3.27%	22.68%	22.68%	20.26%	11.08%	12.02%	10.83%	01/31/2014
<i>Equity - Policy benchmark</i>				1.15%	3.41%	22.99%	22.99%	20.33%	11.15%	12.03%	10.84%	01/31/2014
Domestic Equity	\$8,477,379	46.2%	45.0%	-0.03%	2.44%	17.13%	17.13%	22.24%	13.07%	14.25%	13.28%	01/31/2014
<i>Domestic Equity - Policy benchmark</i>				-0.03%	2.45%	17.15%	17.15%	22.24%	13.08%	14.25%	13.28%	01/31/2014
Vanguard Total Stock Market Index Fund Institutional Shares	\$8,477,379	46.2%	-	-0.03%	2.44%	17.13%	17.13%	22.24%	13.07%	-	15.33%	09/30/2019
<i>Spliced Total Stock Market Index</i>				-0.03%	2.45%	17.15%	17.15%	22.24%	13.08%	-	15.33%	09/30/2019
<i>Multi-Cap Core Funds Average</i>				0.21%	1.95%	14.17%	14.17%	18.01%	10.82%	-	12.61%	09/30/2019
International Equity	\$5,790,593	31.6%	30.0%	2.66%	4.51%	32.23%	32.23%	17.13%	7.96%	8.53%	6.77%	01/31/2014
<i>International Equity - Policy benchmark</i>				2.93%	4.85%	31.95%	31.95%	17.26%	8.04%	8.56%	6.82%	01/31/2014
Vanguard Total International Stock Index Fund Institutional Shares	\$5,790,593	31.6%	-	2.66%	4.51%	32.23%	32.23%	17.13%	-	-	7.03%	04/30/2021
<i>Spliced Total International Stock Index</i>				2.93%	4.85%	31.95%	31.95%	17.26%	-	-	7.06%	04/30/2021
<i>International Funds Average</i>				2.55%	3.90%	29.76%	29.76%	16.51%	-	-	6.42%	04/30/2021

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Performance summary-by securities

MiraCosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2025

	Market value (\$)	% of portfolio	Policy benchmark	1 mo	3 mo	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception	Inception date
Fixed Income	\$4,070,209	22.2%	25.0%	-0.26%	0.80%	6.03%	6.03%	5.25%	-0.04%	2.34%	2.42%	01/31/2014
<i>Fixed Income - Policy benchmark</i>				-0.21%	0.89%	5.95%	5.95%	4.83%	-0.29%	2.12%	2.25%	01/31/2014
Domestic Fixed Income	\$2,869,974	15.7%	17.5%	-0.24%	0.92%	7.36%	7.36%	5.29%	0.03%	2.45%	2.44%	01/31/2014
<i>Domestic Fixed Income - Policy benchmark</i>				-0.16%	1.07%	7.21%	7.21%	4.68%	-0.37%	2.05%	2.12%	01/31/2014
Vanguard Total Bond Market Index Fund Admiral Shares	\$1,433,648	7.8%	-	-0.28%	0.99%	7.15%	7.15%	4.67%	-0.42%	1.99%	2.06%	01/31/2014
<i>Spliced Bloomberg U.S. Aggregate Float Adjusted Index</i>				-0.16%	1.07%	7.21%	7.21%	4.68%	-0.37%	2.05%	2.12%	01/31/2014
<i>Spliced Intermediate Investment-Grade Debt Funds Average</i>				-0.36%	0.66%	7.20%	7.20%	4.94%	-0.27%	2.09%	2.06%	01/31/2014
Vanguard Short-Term Investment-Grade Fund Admiral Shares	\$794,702	4.3%	-	0.29%	1.16%	6.84%	6.84%	6.02%	2.29%	2.84%	2.58%	01/31/2014
<i>Bloomberg U.S. 1-5 Year Credit Bond Index</i>				0.31%	1.24%	6.74%	6.74%	5.80%	2.15%	2.84%	2.59%	01/31/2014
<i>1-5 Year Investment-Grade Debt Funds Average</i>				0.33%	1.26%	6.26%	6.26%	5.62%	1.83%	2.26%	1.97%	01/31/2014
Vanguard Long-Term Investment-Grade Fund Admiral Shares	\$335,670	1.8%	-	-1.50%	-0.17%	7.30%	7.30%	4.52%	-3.64%	-	1.73%	01/31/2019
<i>Bloomberg U.S. Long Credit A or Better Bond Index</i>				-1.13%	0.10%	7.54%	7.54%	4.49%	-3.69%	-	1.56%	01/31/2019
<i>Corporate A-Rated Debt Funds Average</i>				-0.59%	0.62%	7.39%	7.39%	4.83%	-0.91%	-	2.02%	01/31/2019

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Performance summary-by securities

MiraCosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2025

	Market 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	\$305,955	1.7%	-	-0.03%	1.25%	9.64%	9.64%	7.14%	0.95%	3.27%	3.22%	01/31/2014
<i>Bloomberg U.S. 5-10 Year Credit Bond Index</i>				<i>0.00%</i>	<i>1.32%</i>	<i>9.57%</i>	<i>9.57%</i>	<i>6.96%</i>	<i>0.77%</i>	<i>3.55%</i>	<i>3.49%</i>	<i>01/31/2014</i>
<i>Spliced Core Bond Funds Average</i>				<i>-0.23%</i>	<i>1.05%</i>	<i>7.29%</i>	<i>7.29%</i>	<i>4.97%</i>	<i>-0.26%</i>	<i>2.10%</i>	<i>2.07%</i>	<i>01/31/2014</i>
International Fixed Income	\$1,200,235	6.5%	7.5%	-0.31%	0.52%	2.96%	2.96%	5.12%	-0.22%	2.09%	2.44%	01/31/2014
<i>International Fixed Income - Policy benchmark</i>				<i>-0.34%</i>	<i>0.48%</i>	<i>3.03%</i>	<i>3.03%</i>	<i>5.16%</i>	<i>-0.12%</i>	<i>2.25%</i>	<i>2.62%</i>	<i>01/31/2014</i>
Vanguard Total International Bond Index Fund Admiral Shares	\$1,200,235	6.5%	-	-0.31%	0.52%	2.96%	2.96%	5.12%	-0.22%	2.09%	2.44%	01/31/2014
<i>Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged</i>				<i>-0.34%</i>	<i>0.48%</i>	<i>3.03%</i>	<i>3.03%</i>	<i>5.16%</i>	<i>-0.12%</i>	<i>2.25%</i>	<i>2.62%</i>	<i>01/31/2014</i>
<i>International Income Funds Average</i>				<i>0.32%</i>	<i>0.87%</i>	<i>7.94%</i>	<i>7.94%</i>	<i>5.13%</i>	<i>-1.13%</i>	<i>1.55%</i>	<i>0.93%</i>	<i>01/31/2014</i>

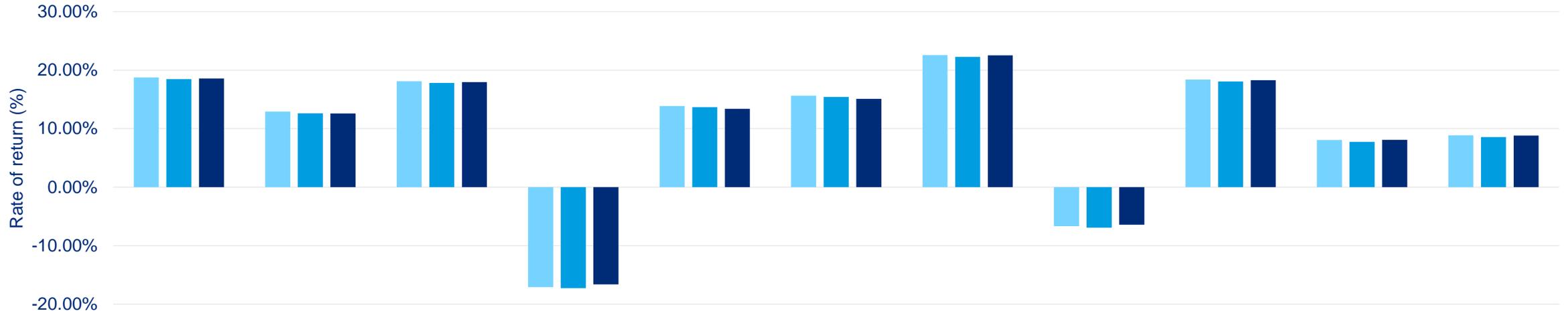
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Portfolio performance-annual periods

MiraCosta College Foundation - Endowment Portfolio

For the period ended December 31, 2025



	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	SI 01/31/2014
● Gross return	18.74%	12.93%	18.09%	-17.07%	13.86%	15.64%	22.55%	-6.66%	18.38%	8.05%	8.84%
● Net return	18.45%	12.64%	17.80%	-17.28%	13.66%	15.44%	22.28%	-6.91%	18.06%	7.73%	8.58%
● Policy benchmark	18.58%	12.60%	17.95%	-16.59%	13.40%	15.10%	22.51%	-6.41%	18.28%	8.10%	8.81%

Certain performance information presented was obtained from The Vanguard Group, Inc. and Vanguard Advisers, Inc. (collectively referred to as "Vanguard"). Mercer Investments LLC acquired the institutional advisory services business of Vanguard on March 15th, 2024. The performance figures sourced from Vanguard are not intended to represent Mercer's performance. Certain information contained herein may be legacy or historical Vanguard information and shown for informational purposes only. Past performance is not indicative of future results and should not be relied upon as a guarantee of future performance.

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Cash flow and market value summary

MiraCosta College Foundation - Endowment Portfolio

For the periods ended December 31, 2025

	Last month	Last three months	Year-to-Date	One year
Beginning Market Value	\$18,201,549.62	\$17,763,267.01	\$15,878,123.73	\$15,878,123.73
Net Cash Flow	\$0.00	\$91,058.52	-\$376,209.54	-\$376,209.54
Contributions	\$11,102.04	\$102,160.56	\$364,699.06	\$364,699.06
Redemptions	\$0.00	\$0.00	-\$699,558.59	-\$699,558.59
Advisory Fees	-\$11,102.04	-\$11,102.04	-\$41,350.01	-\$41,350.01
Net Investment Change	\$136,632.28	\$483,856.37	\$2,836,267.71	\$2,836,267.71
Net Capital	-\$24,095.21	\$297,663.59	\$2,390,714.82	\$2,390,714.82
Investment Income	\$160,727.49	\$186,192.78	\$445,552.89	\$445,552.89
Ending Market Value	\$18,338,181.90	\$18,338,181.90	\$18,338,181.90	\$18,338,181.90

Investment expense summary

MiraCosta College Foundation - Endowment Portfolio

As of December 31, 2025

	Market value (\$)	% of portfolio	Expense ratio	Estimated expense
Total Equity	\$14,267,972.55	77.8%		\$6,017.57
Domestic Equity	\$8,477,379.27	46.2%		\$2,543.21
Vanguard Total Stock Market Index Fund Institutional Shares	\$8,477,379.27	46.2%	0.030%	\$2,543.21
International Equity	\$5,790,593.28	31.6%		\$3,474.36
Vanguard Total International Stock Index Fund Institutional Shares	\$5,790,593.28	31.6%	0.060%	\$3,474.36
Total Fixed Income	\$4,070,209.35	22.2%		\$3,099.95
Domestic Fixed Income	\$2,869,974.48	15.7%		\$1,899.72
Vanguard Total Bond Market Index Fund Admiral Shares	\$1,433,647.81	7.8%	0.040%	\$573.46
Vanguard Short-Term Investment-Grade Fund Admiral Shares	\$794,701.78	4.3%	0.090%	\$715.23
Vanguard Long-Term Investment-Grade Fund Admiral Shares	\$335,669.84	1.8%	0.100%	\$335.67
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	\$305,955.05	1.7%	0.090%	\$275.36
International Fixed Income	\$1,200,234.87	6.5%		\$1,200.23
Vanguard Total International Bond Index Fund Admiral Shares	\$1,200,234.87	6.5%	0.100%	\$1,200.23
Total	\$18,338,181.90	100.0%	0.050%	\$9,117.52

Estimated annual investment expenses are shown for public/liquid investments held in the portfolio. If any non-public/illiquid investments are held in the portfolio then they will be excluded due to the variability of fees inherent in that space.

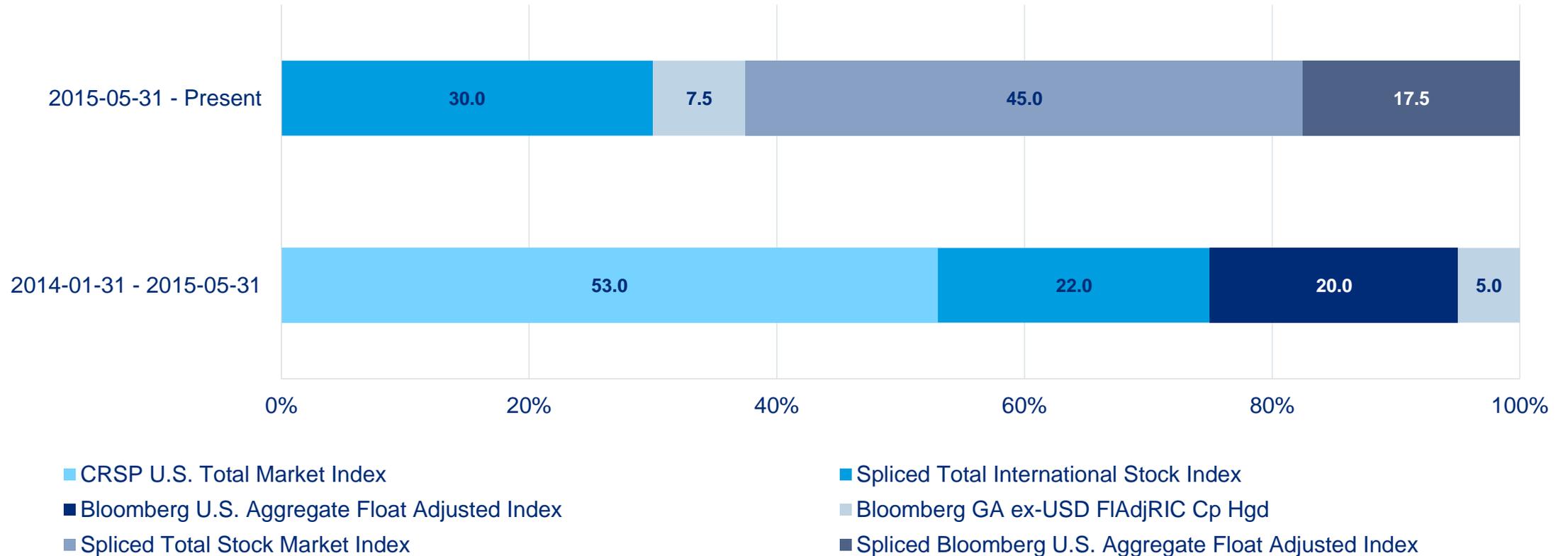
Estimated annual investment expenses are forward looking and can be subject to change. Advisory fees paid by the portfolio for all investments held are captured in the Cash flow and market value summary report.

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Benchmark allocation history

MiraCosta College Foundation - Endowment Portfolio

Policy benchmark allocations up to December 31, 2025



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

Higher Education Update

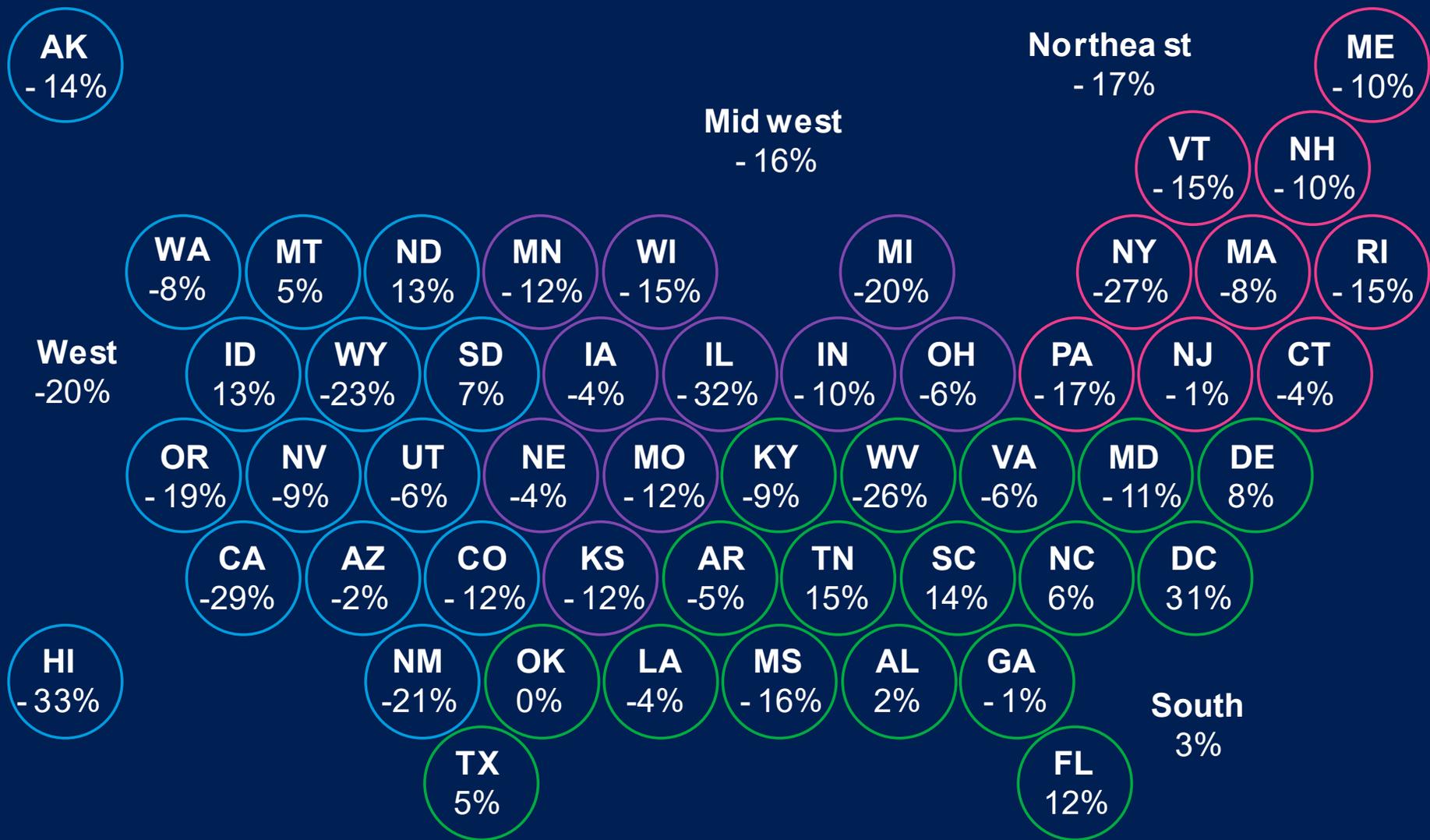
03

Higher Education Institutions are addressing a myriad of headwinds, increasing the importance of the endowment

- Declining enrollments
- Rising operating costs
- The start of a demographic cliff
- Changes in the Federal Policy Environment
 - Changes to federal student loan programs, loan limits, reduced payment options, and institutional accountability
 - Increases to the endowment excise tax for some to whom it is subject
 - Cuts to federal research and other grants, changes/potential changes to Pell and other grant programs
 - Policies limiting international student enrollments
 - DEI prohibitions
 - Department of Education Restructuring/Downsizing
 - Changes to admissions policies

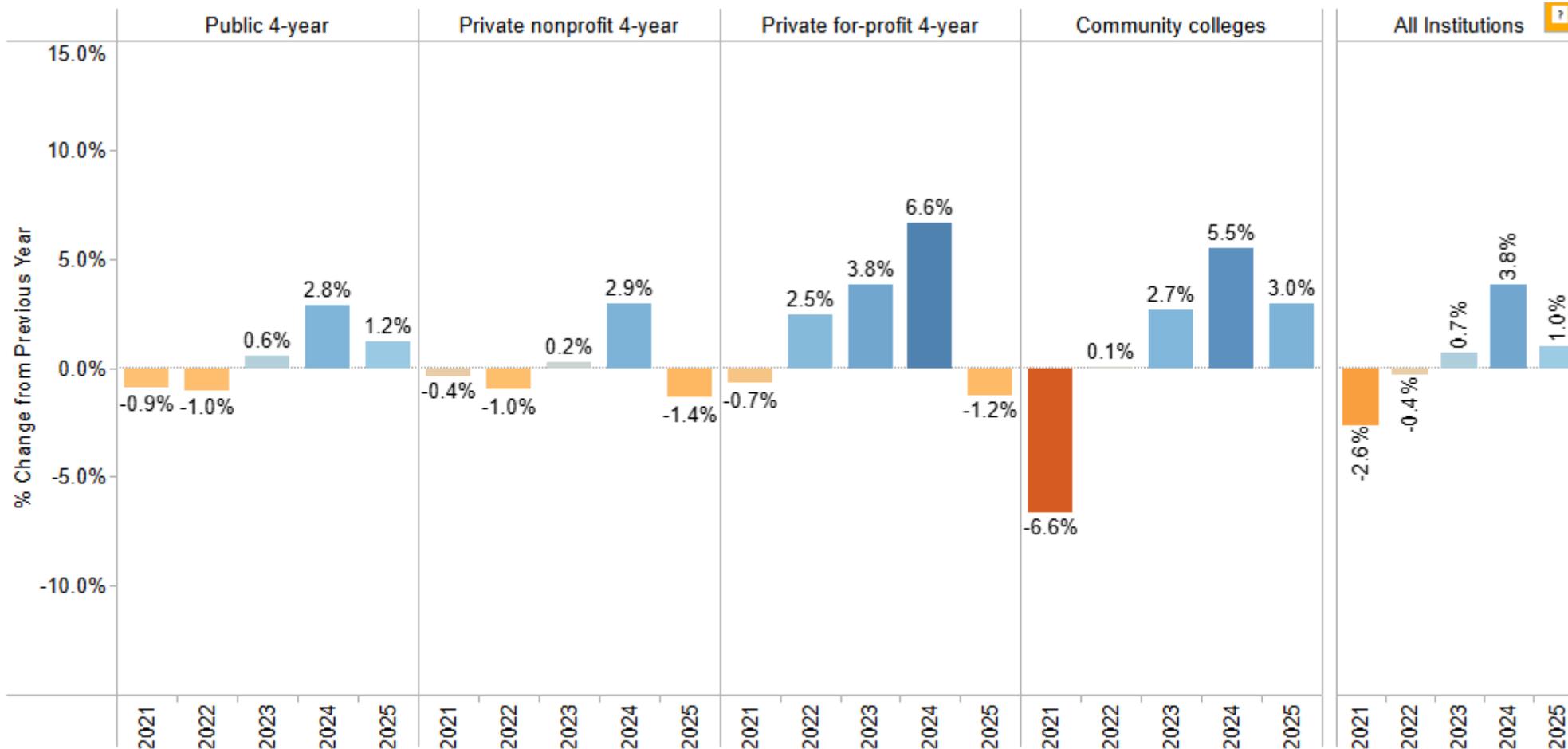
These headwinds can impact institutional risk profiles

The start of a demographic cliff that won't be experienced equally



Source: WICHE's "Knocking at the College Door" 2024

Positive Turnaround in Enrollments at Community Colleges



Source: Clearinghouse Enrollment Insights January 2026

Changes to Federal Student Loans and Pell Grants from One Big Beautiful Bill: Workforce Pell Grants may help Community Colleges

Key Provisions	Change
Accountability of higher education institutions on student outcomes	Imposes student outcomes-based undergraduate institutional aid, contingent on earning more than the median high school grad.
Grad PLUS loans	Ends Grad PLUS loans; challenging for schools who are reliant on this support
Parent PLUS	Caps these loans at \$65,000 per student
Regulatory relief	Delays 2022 borrower defense and closed school discharge rules until 2035
Loan repayment limited to 2 options	Previously had 7 options. Now, there is a fixed payment option over 10 –25 years or an income-based plan.
Pell Grant eligibility	Creates workforce Pell Grants for accredited, shorter-term programs. Changes eligibility to reflect that students who get a full ride are excluded from Pell.
Pell Grant Shortfall	Adds \$10.5 billion to address Pell shortfall

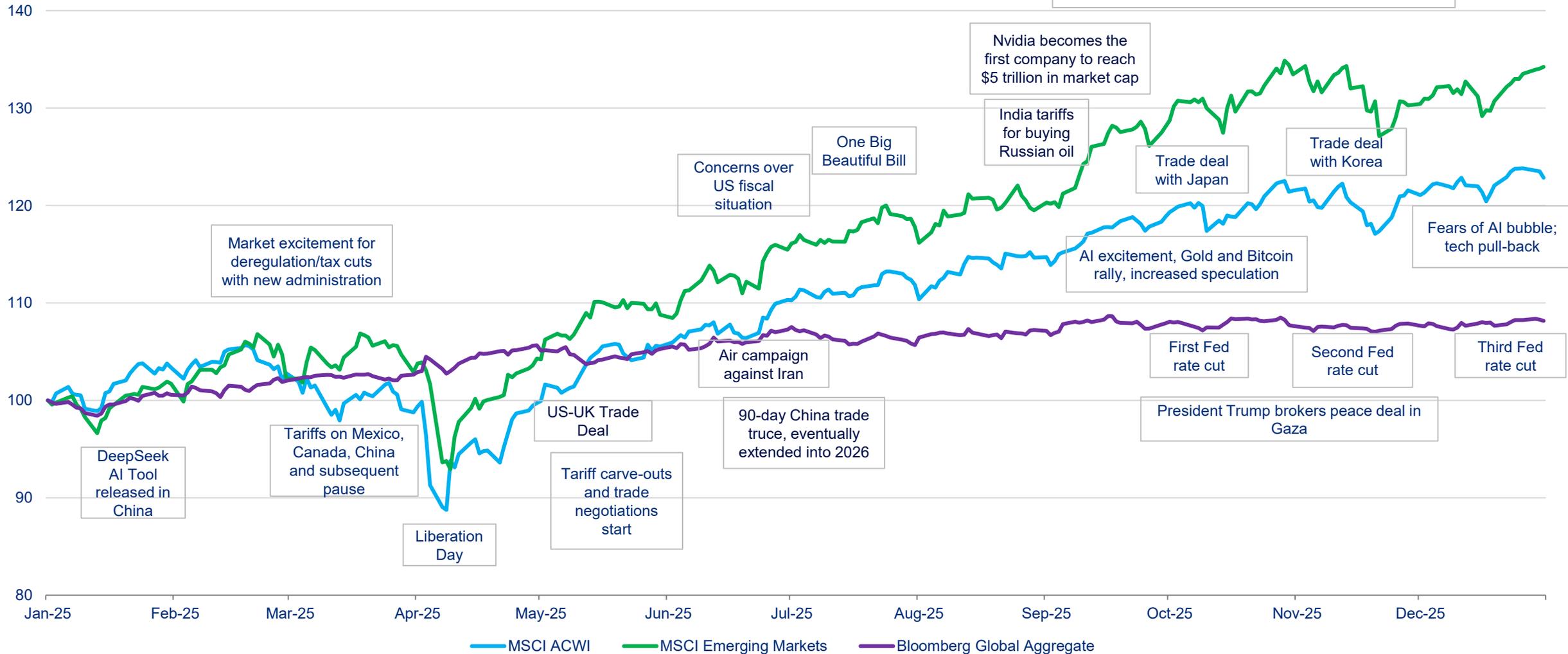
This is not to be considered tax advice.

Markets and Macro

04

2025 in review

Markets and major developments



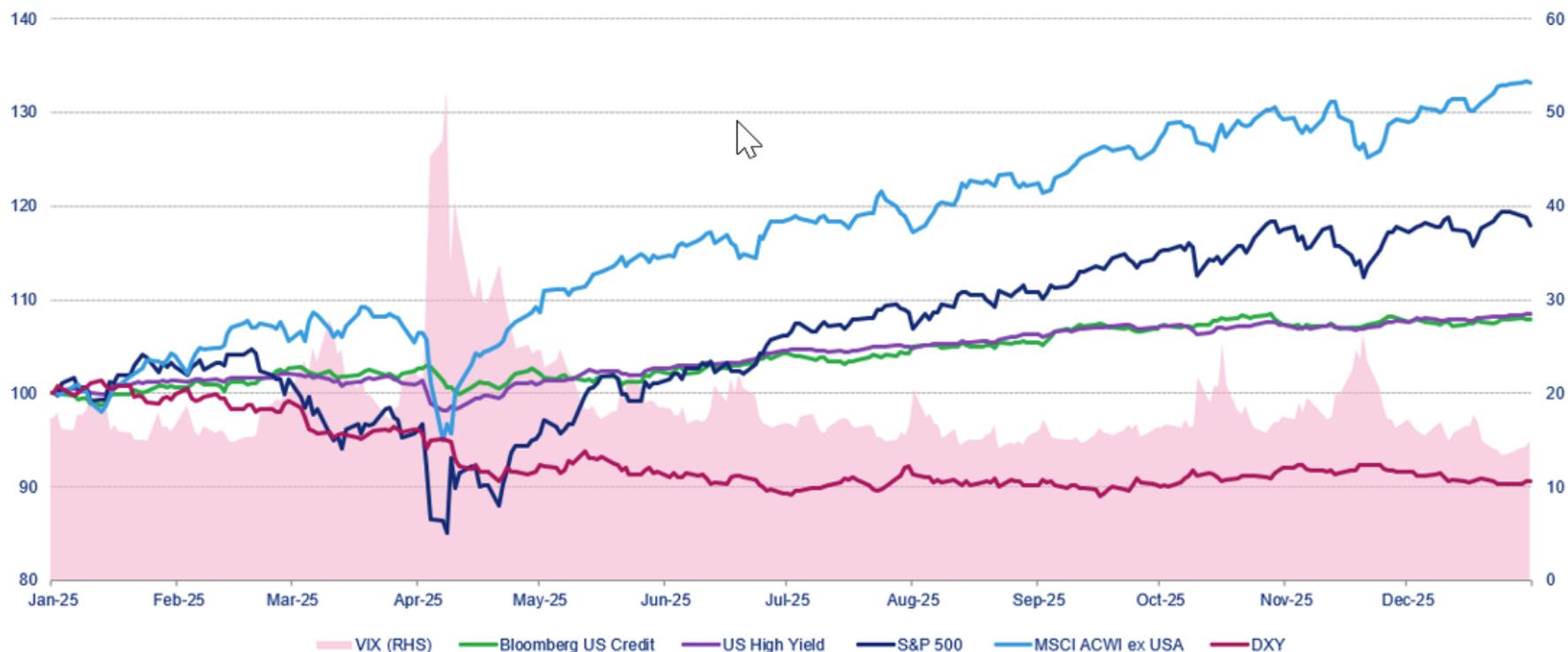
Source: Refinitiv and Mercer Research; as of 12/31/25. All indices in USD. Total return indices for MSCI ACWI, MSCI Emerging Markets and Bloomberg Global Aggregate.

Note: For visual reasons, events might not exactly pinpoint to the day they actually happened. We do not imply a direct causal relationship between market movements and every single event. Past index performance does not guarantee future results.

Markets and volatility

Market overview

Strong performance in 2025

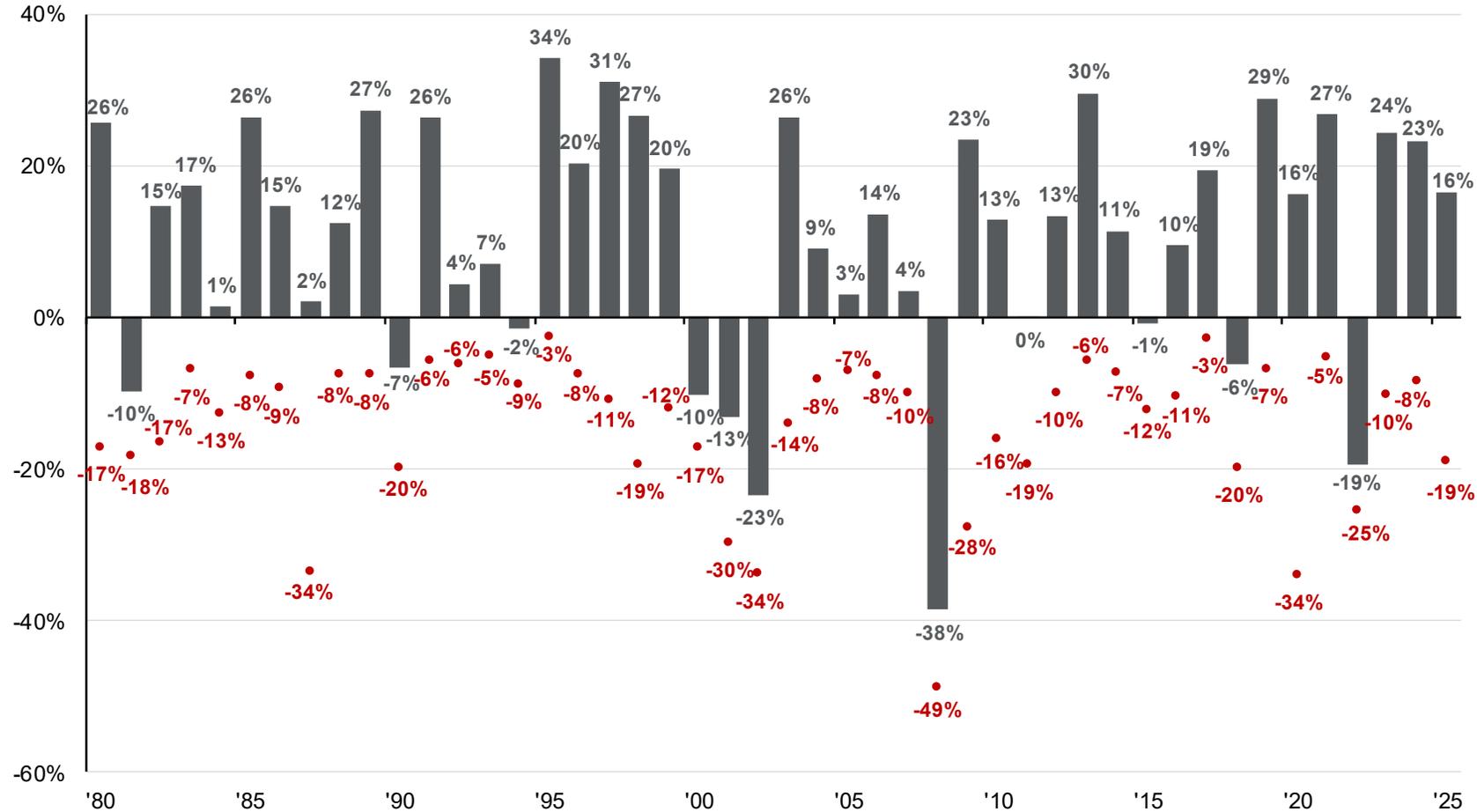


Source: Refinitiv and Bloomberg. Data as of December 31, 2025. MSCI ACWI ex-US, S&P 500, Bloomberg US Credit, DXY and US High Yield indexed to 100 at December 31, 2024.

Annual returns and intra-year declines

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.2%, annual returns were positive in 35 of 46 years



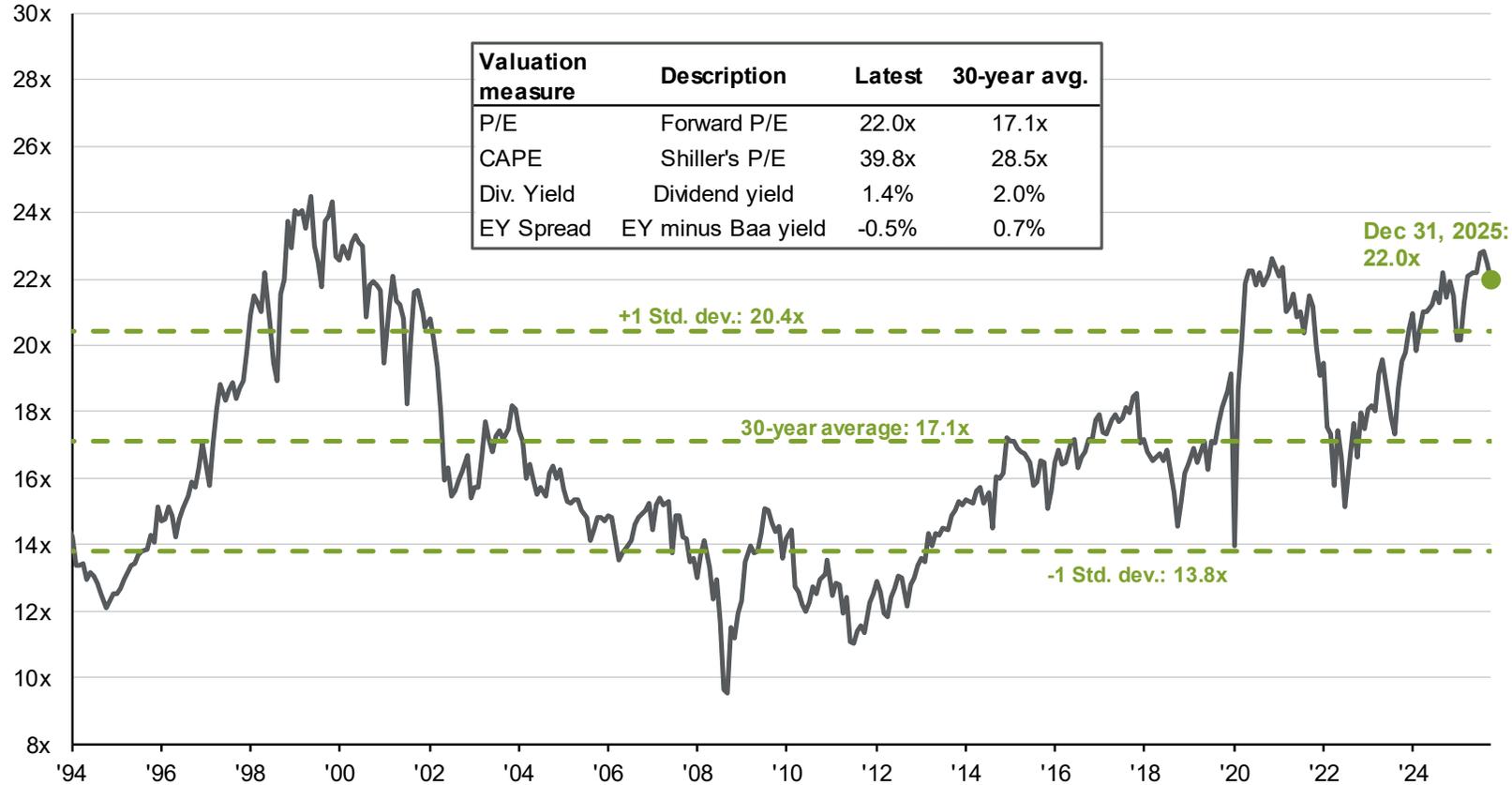
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2025, over which the average annual return was 10.7%. Past performance is no guarantee of future results.

Guide to the Markets – U.S. Data are as of December 31, 2025.

S&P 500 valuation measures

S&P 500 index: Forward P/E ratio

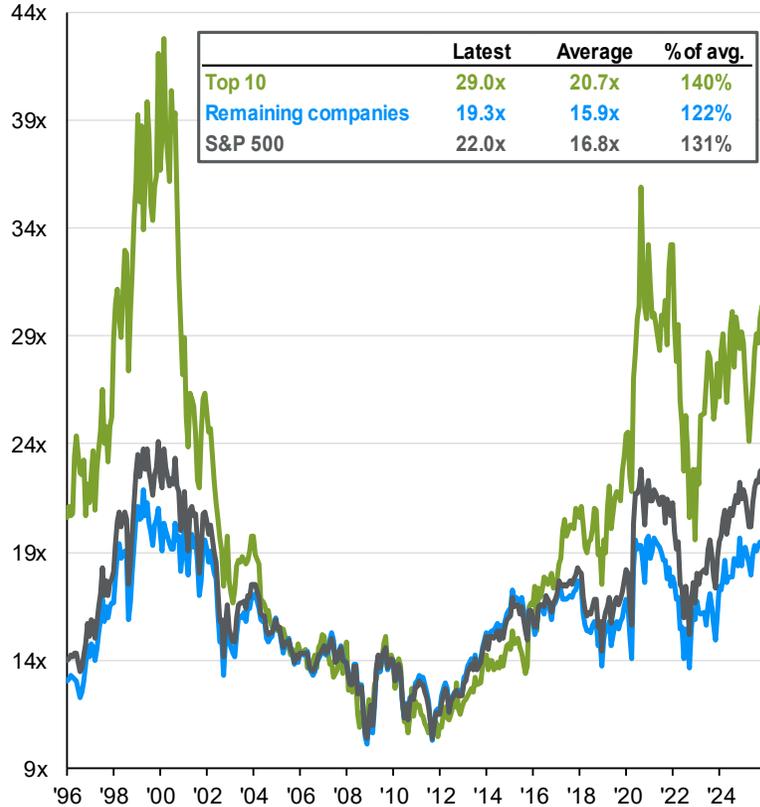


- Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management.
- Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

S&P 500: Index concentration

P/E of top 10 and remaining companies in S&P 500

Next 12 months



Weight of the top 10 companies in the S&P 500

% of market capitalization, % of last 12 months' earnings

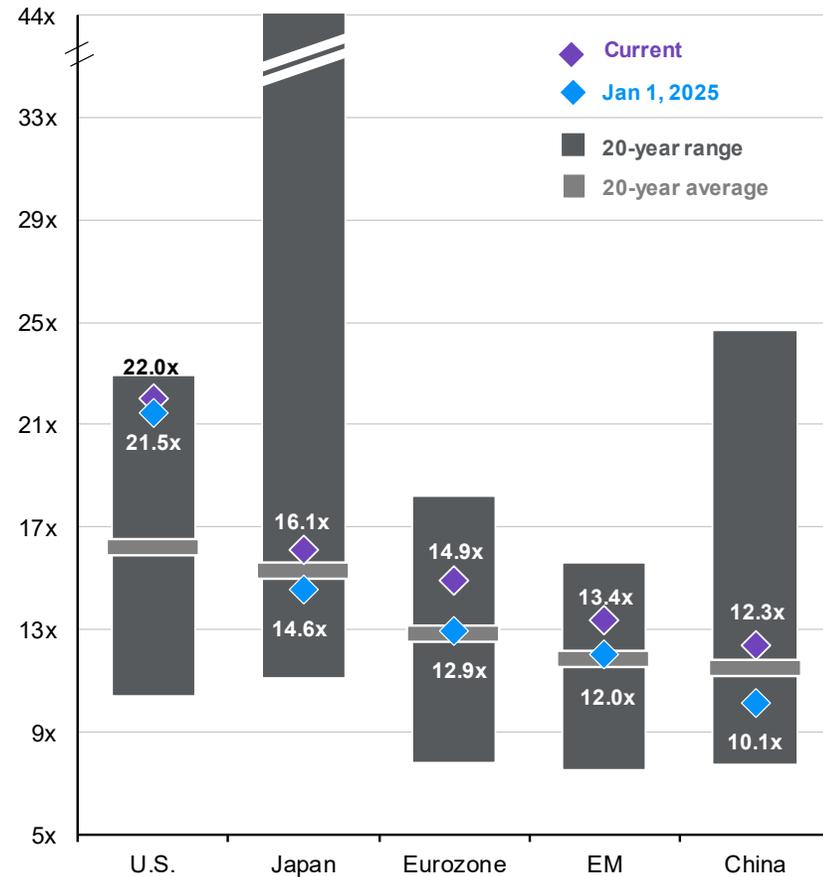


- Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
- Forward P/E ratio is the most recent price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1996 and FactSet since January 2022. The remaining stocks represent the rest of the 490 companies in the S&P 500, and their P/E ratio is calculated by backing out the nominal earnings and market cap of the top 10 from that of the S&P 500.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

Global equity valuations

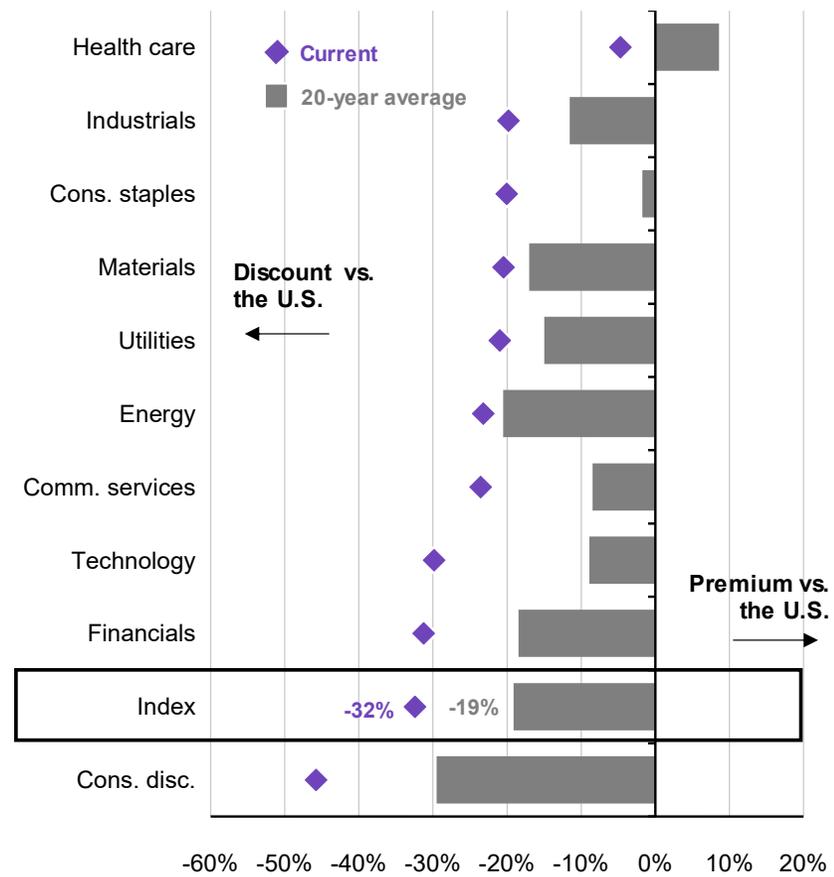
Valuations by region/country

Forward P/E ratio



Relative valuations by sector

Forward P/E ratio, MSCI ACWI ex-U.S. divided by S&P 500

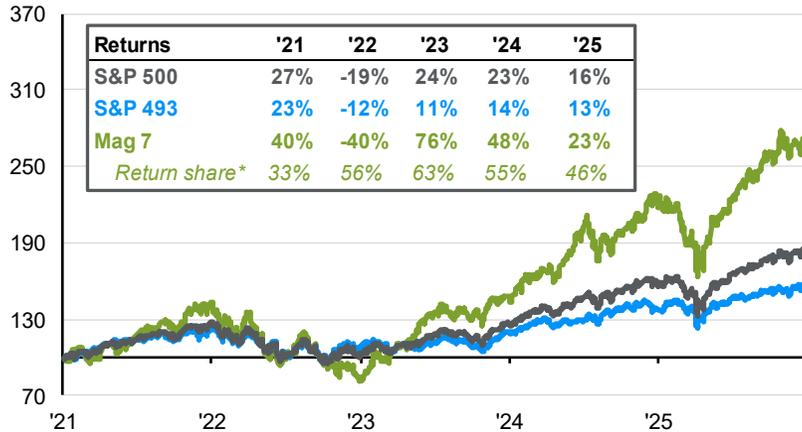


- Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
- Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

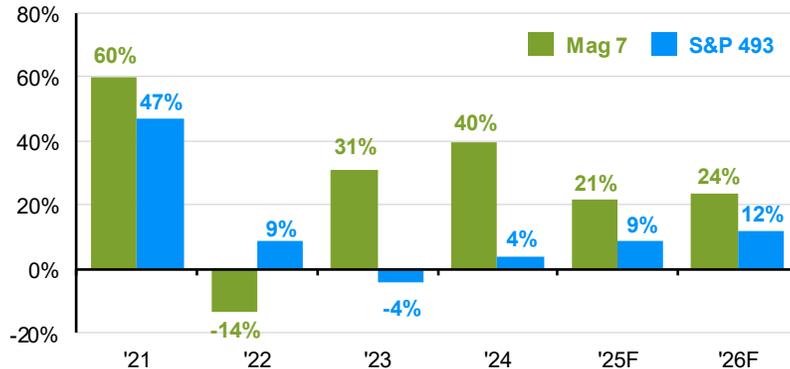
Magnificent 7: Performance, earnings and dispersion

Magnificent 7 performance in the S&P 500

Indexed to 100 on 1/1/2021, price return

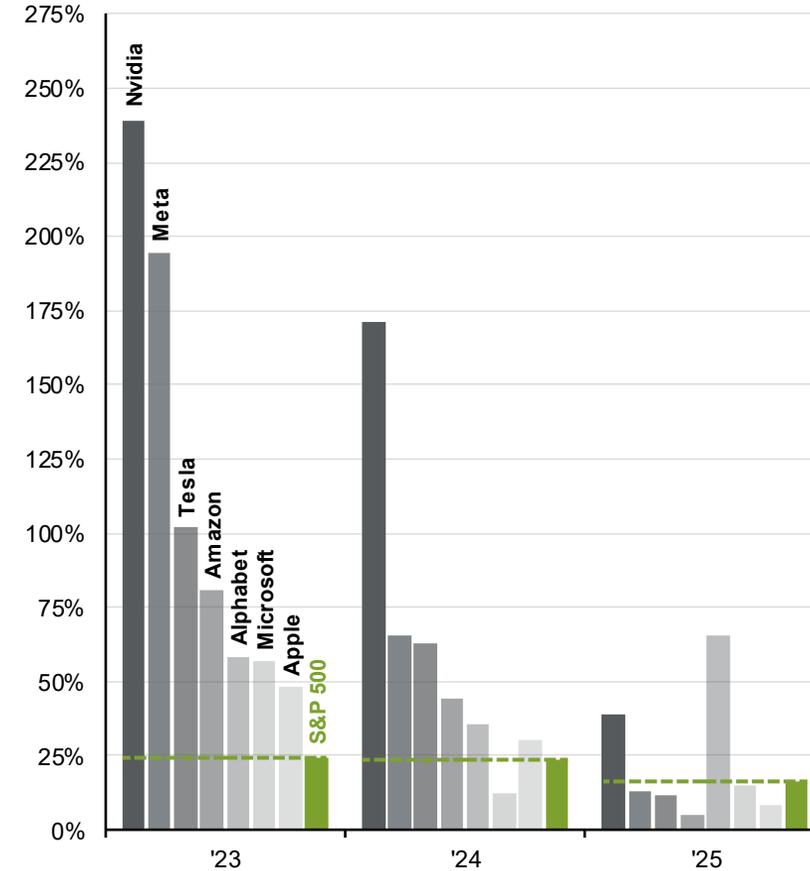


Year-over-year earnings growth



Magnificent 7 performance dispersion

Price return



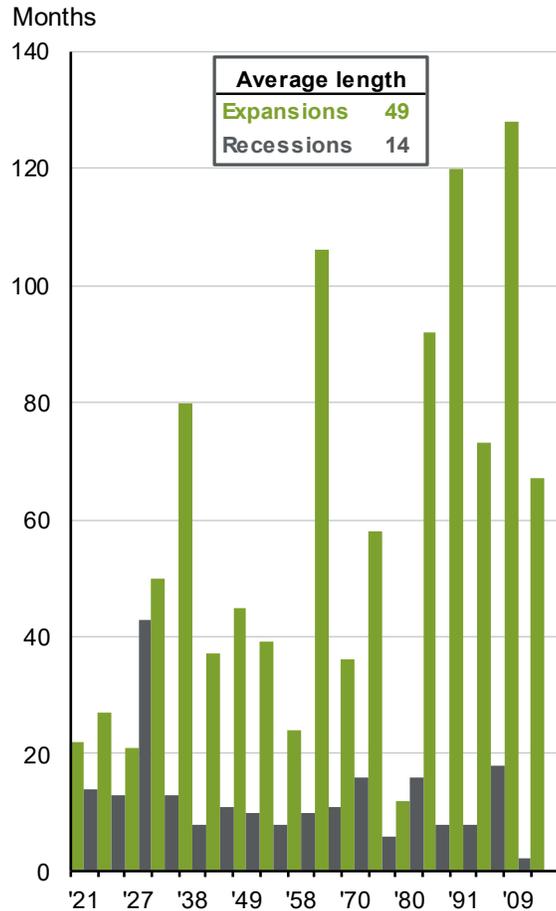
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Magnificent 7 (Mag 7) includes AAPL, AMZN, GOOGL/GOOG, META, MSFT, NVDA and TSLA. The S&P 500 ex-Mag 7 (S&P 493) is calculated by backing out a weighted average Mag 7 price return from the S&P 500 price return. *Share of returns represents the Mag 7's contribution to the index return. Past performance is no guarantee of future results.

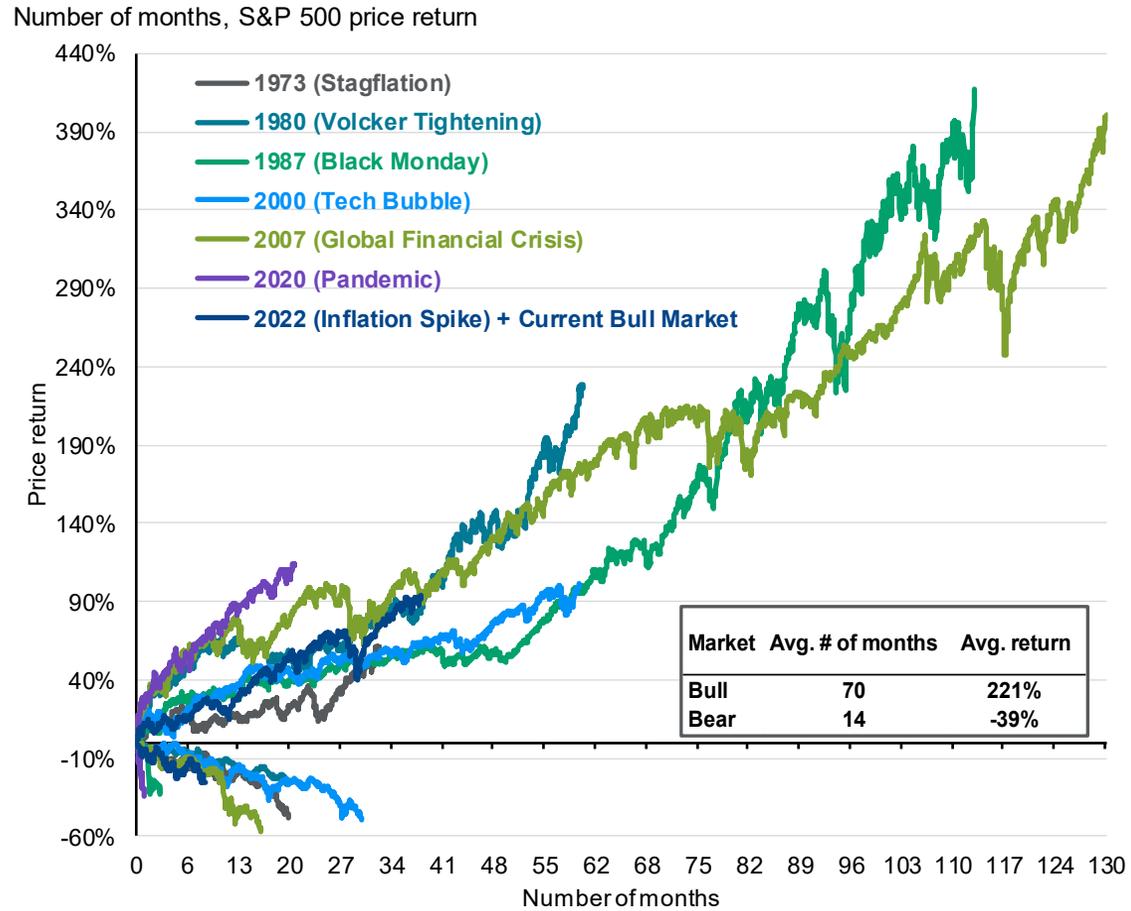
Guide to the Markets – U.S. Data are as of December 31, 2025.

Economic and market cycles

Length of expansions and recessions



Length and severity of bear and subsequent bull markets



- Source: BEA, FactSet, NBER, Standard & Poor's, J.P. Morgan Asset Management.
- (Left) Chart assumes the current expansion lasted until at least the end of last month. (Right) Bear markets are defined as a 20% drawdown from the prior peak and measured from peak to bottom. Bull markets are measured from the bottom of the prior bear market to the peak.
- *Guide to the Markets – U.S. Data are as of December 31, 2025.*

Asset class returns

2011 - 2025		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Ann.	Vol.															
Large Cap	Small Cap	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap	EM Equity
14.1%	20.3%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	34.4%
Small Cap	EM Equity	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Small Cap	DM Equity
9.5%	17.5%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	31.9%
REITs	REITs	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Asset Alloc.	Large Cap
7.8%	16.4%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	17.9%
Asset Alloc.	DM Equity	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.
7.3%	15.7%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	15.8%
DM Equity	Comdty.	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	Comdty.
7.1%	15.4%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	15.8%
High Yield	Large Cap	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Comdty.	Small Cap
5.7%	14.7%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	12.8%
EM Equity	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	High Yield
4.2%	10.1%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	12.1%
Fixed Income	High Yield	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	Fixed Income
2.4%	9.1%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	7.3%
Cash	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	DM Equity	Cash
1.5%	4.6%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.3%
Comdty.	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	Fixed Income	REITs
-1.1%	0.9%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	2.3%

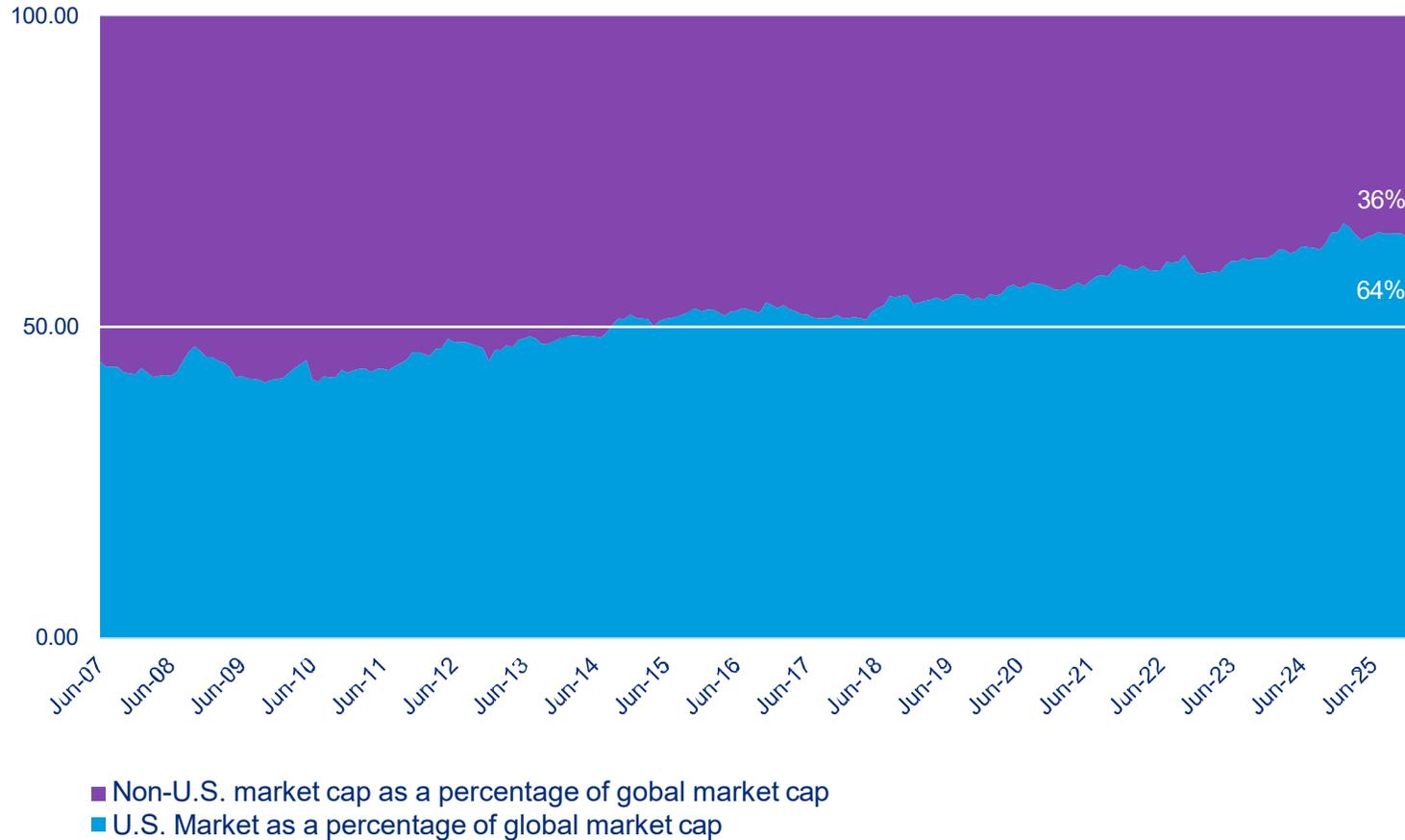
Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large Cap: S&P 500, Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio is for illustrative purposes only and assumes annual rebalancing with the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Annualized (Ann.) return and volatility (Vol.) represents the period from 12/31/2010 to 12/31/2025. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is no guarantee of future results.

Guide to the Markets – U.S. Data are as of December 31, 2025.

Why international stocks?

U.S. and international market value, as a percentage of global market value



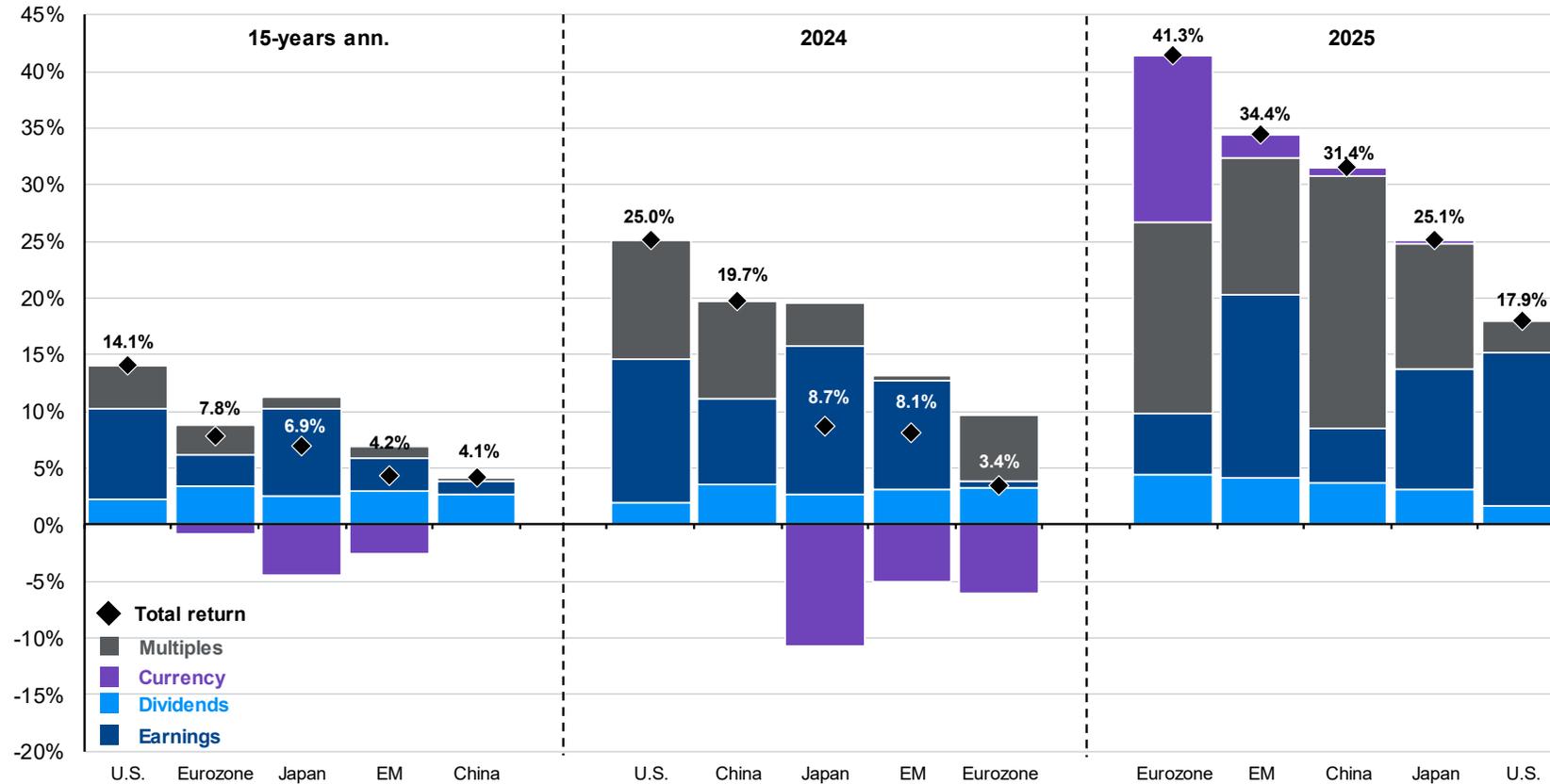
- They are a valuable diversifier to a balanced portfolio and can serve to dampen volatility over the long term
- International stocks, including emerging markets account for 36% of the global equity market
- Offer exposure to global industries and a wider array of economic and market forces

Notes: The U.S. and Non-U.S. market cap is a percentage of the MSCI ACWI from June 30, 2007, through December 31, 2025.
Source: Morningstar Direct from 06.30.2007 to 12.31.2024 and FactSet from 01.31.2025 to 12.31.2025

Global equity return composition

Sources of global equity returns*

Total return, USD

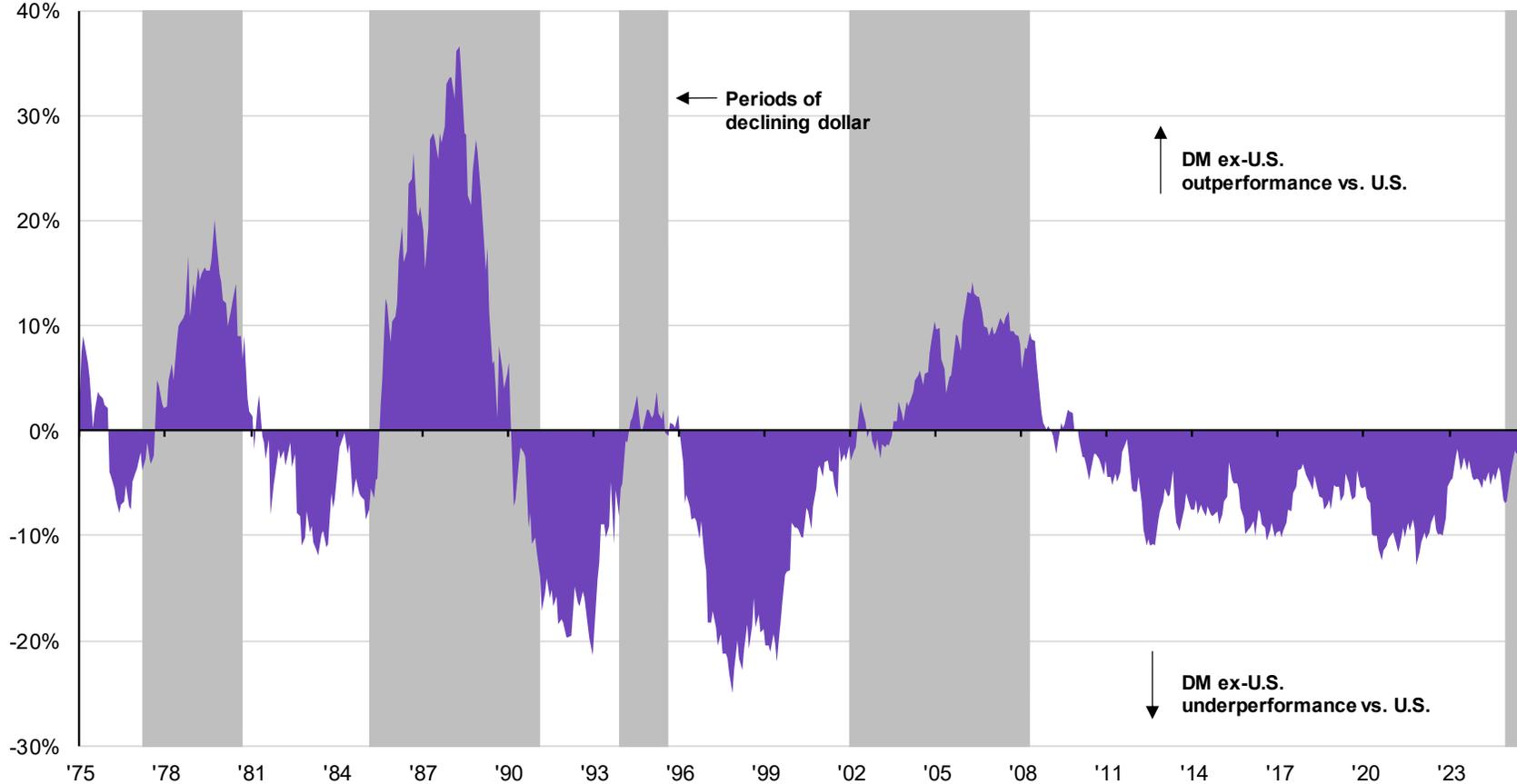


- Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
- 15-years ann. is a rolling 15-year period ending with the previous month-end. All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. *Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on next 12 months earnings estimates. Chart is for illustrative purposes only. Past performance is no guarantee of future results.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

International developed equities and the U.S. dollar

Cycles of DM ex-U.S. outperformance and USD

International developed out/underperformance vs. U.S., MSCI EAFE, MSCI USA, DXY Index, total return, rolling 3-year ann.

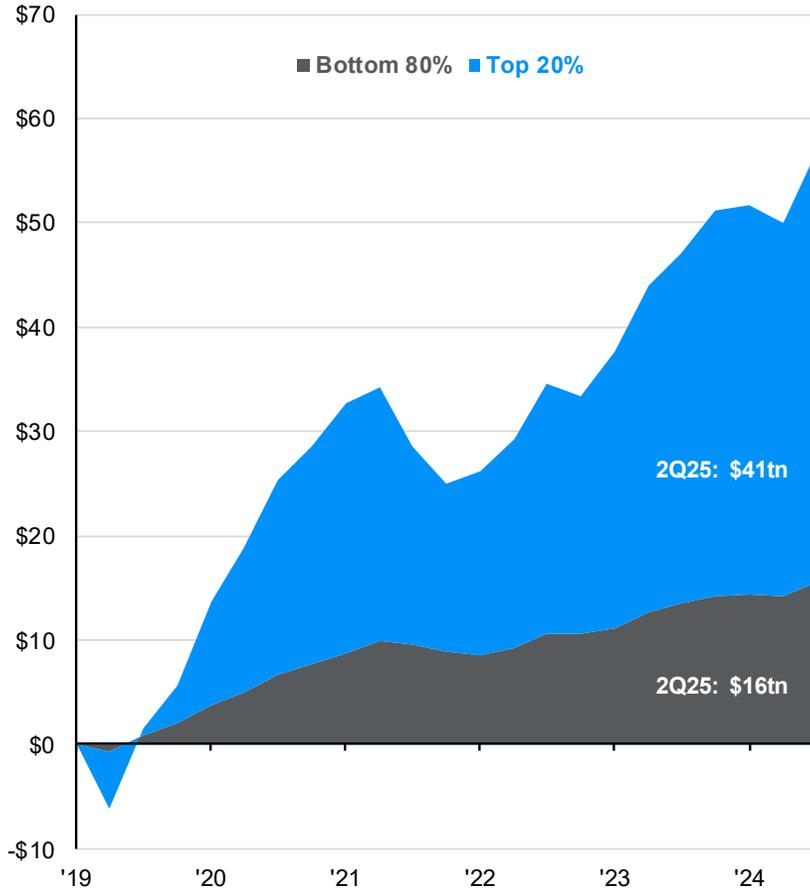


- Source: FactSet, MSCI, J.P. Morgan Asset Management.
- MSCI EAFE Index: A benchmark tracking large- and mid-cap stocks in developed markets across Europe, Australasia and the Far East, excluding the U.S. and Canada. Past performance is no guarantee of future results.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

Drivers of consumer spending

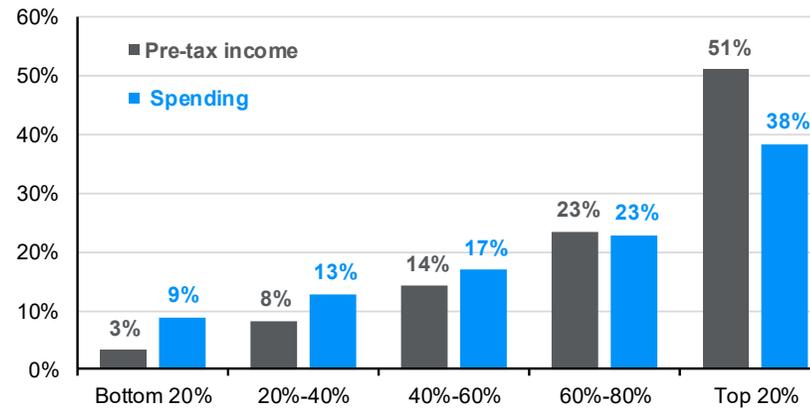
Net worth growth by income cohort

Cumulative growth from 4Q19, by pre-tax income cohort, USD trillions



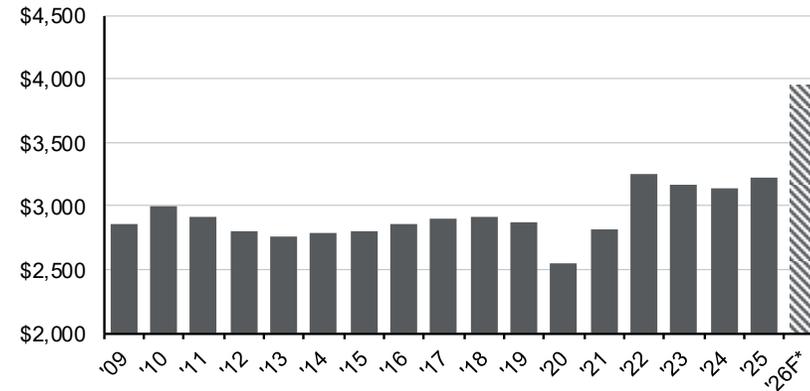
Consumer share of total pre-tax income and spending

By pre-tax income cohort, 2024



Average income tax refund by filing year

2009 - 2026F*

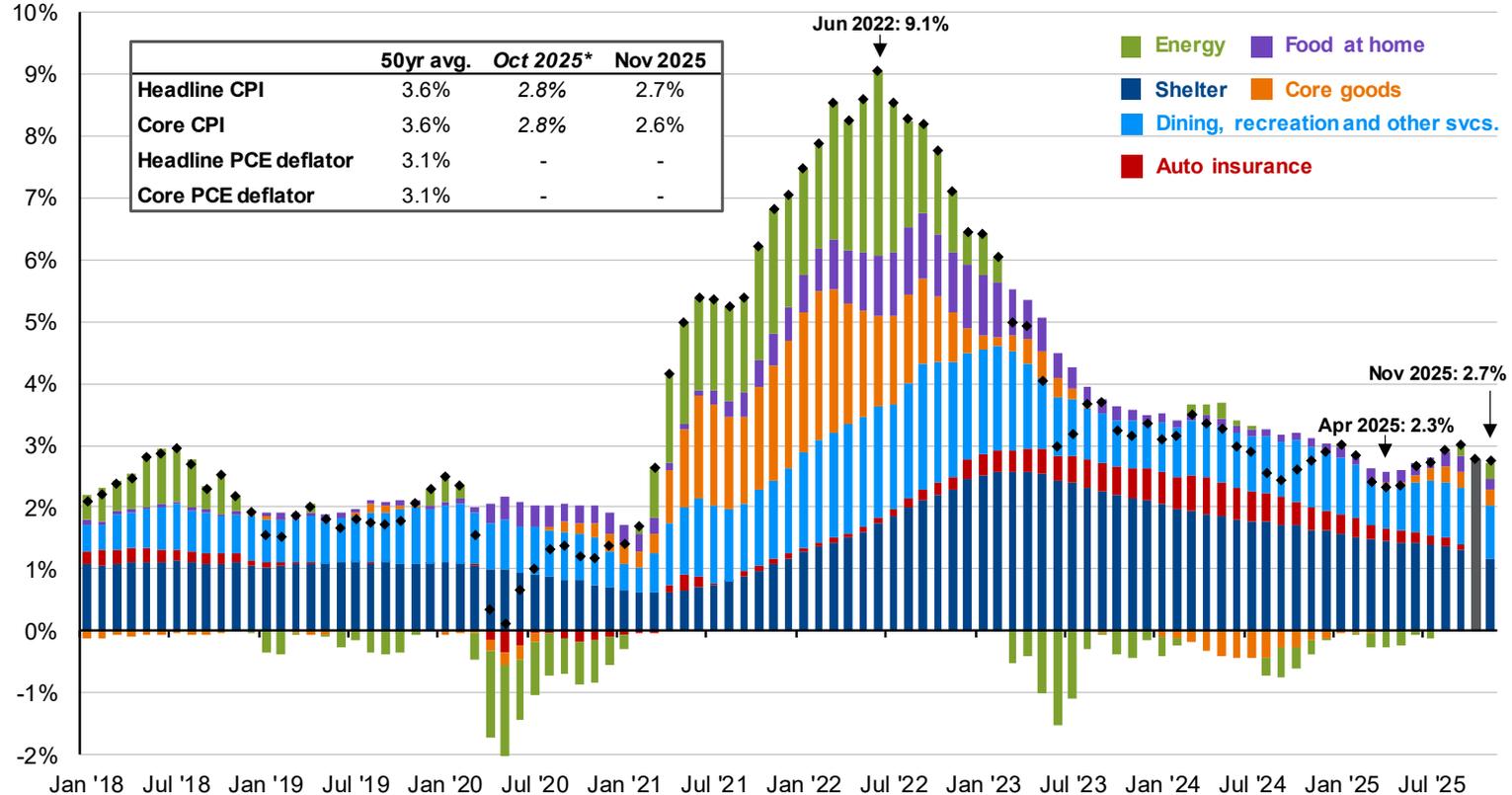


- Source: J.P. Morgan Asset Management; (Left) Federal Reserve; (Top right) BLS; (Bottom right) IRS.
- (Left) Data sourced from the 2024 Consumer Expenditure Survey. (Top right) Data sourced from the Federal Reserve's Distributional Financial Accounts report. (Bottom right) *2026 figure is a J.P. Morgan Asset Management forecast.
- *Guide to the Markets* – U.S. Data are as of December 31, 2025.

Inflation components

Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted

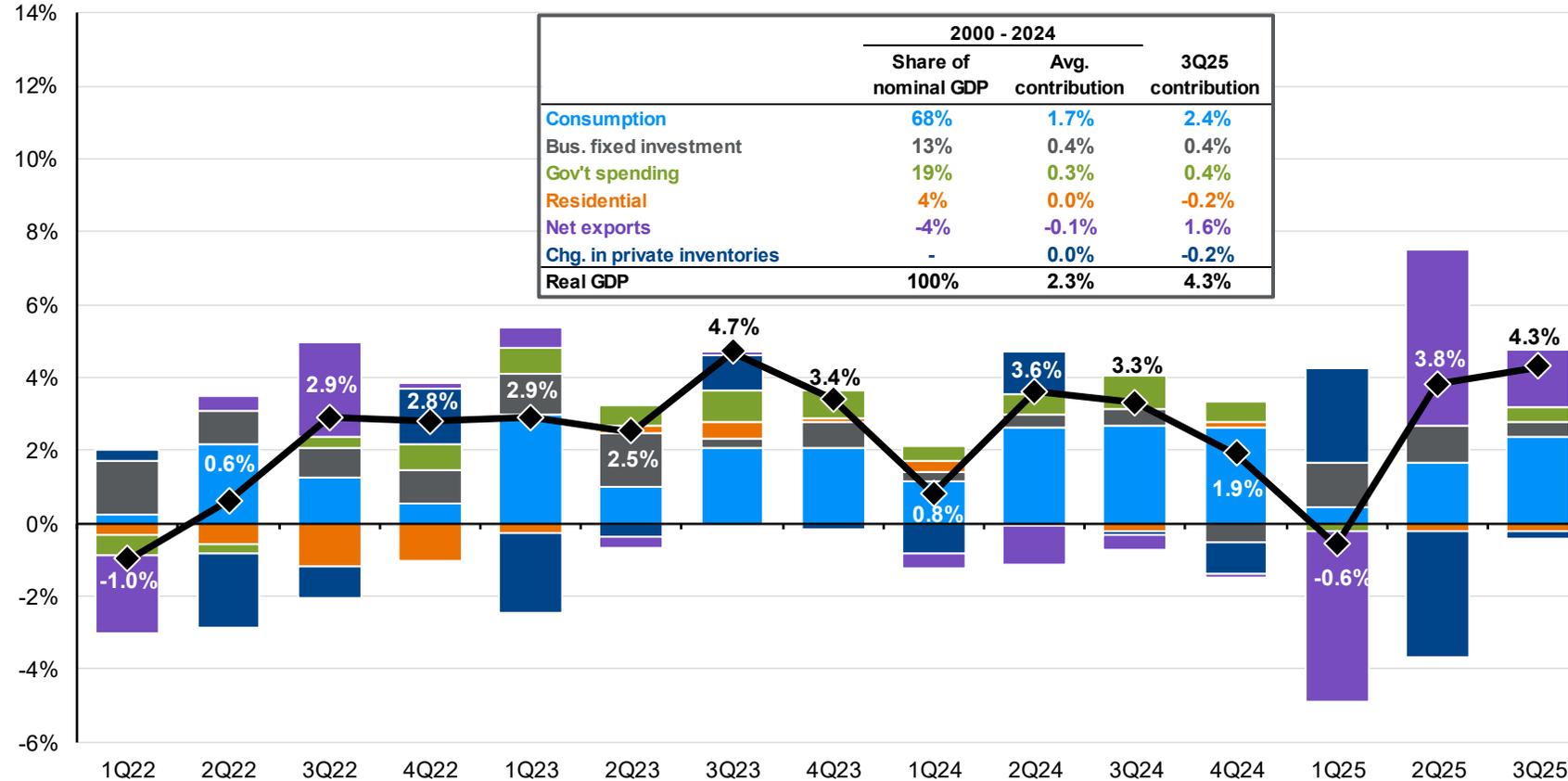


- Source: BLS, FactSet, J.P. Morgan Asset Management.
- Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. *Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates.
- *Guide to the Markets* – U.S. Data are as of December 31, 2025.

Components of GDP growth

Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate

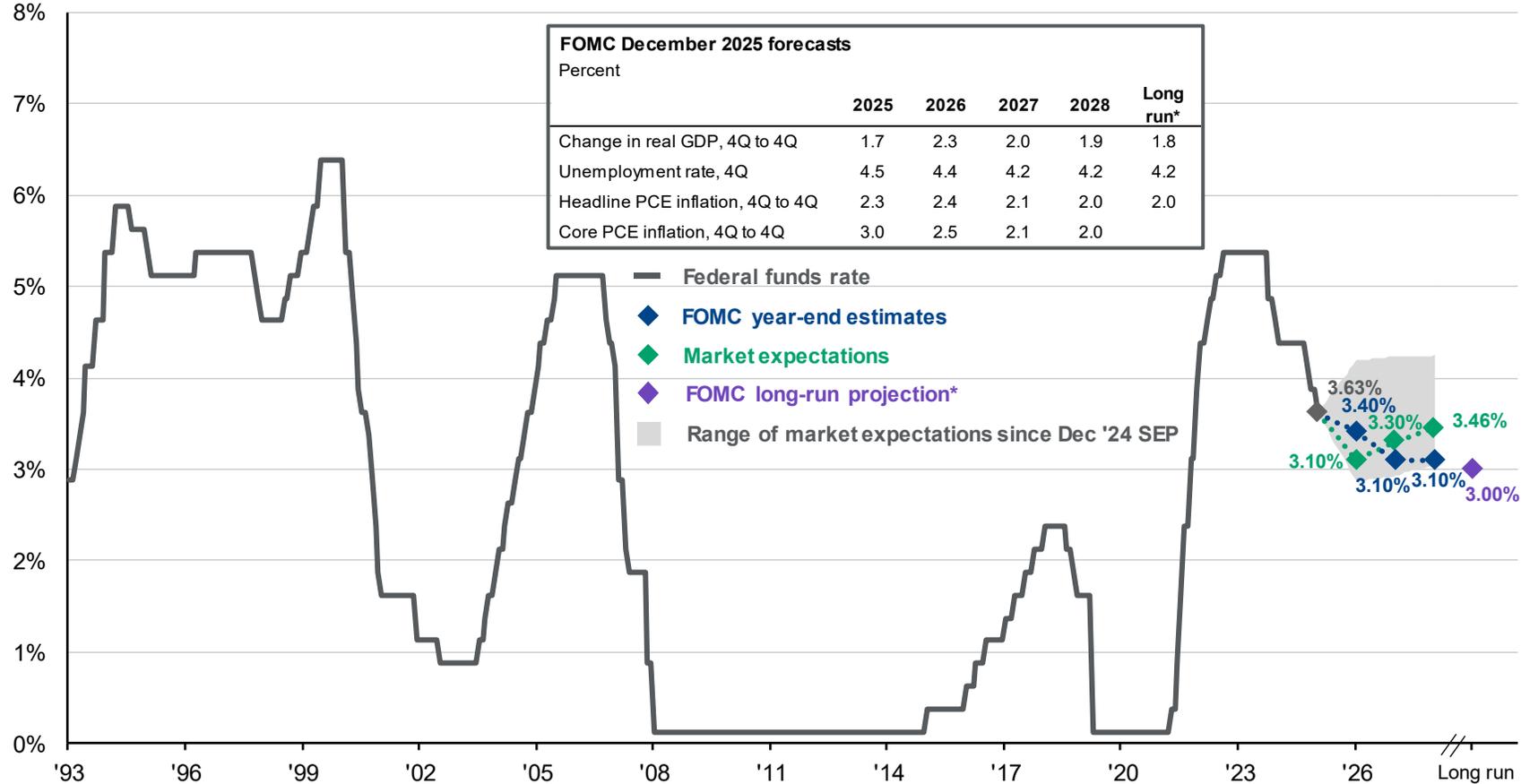


- Source: BEA, FactSet, J.P. Morgan Asset Management.
- *Guide to the Markets* – U.S. Data are as of December 31, 2025.

The Fed and interest rates

Federal funds rate expectations

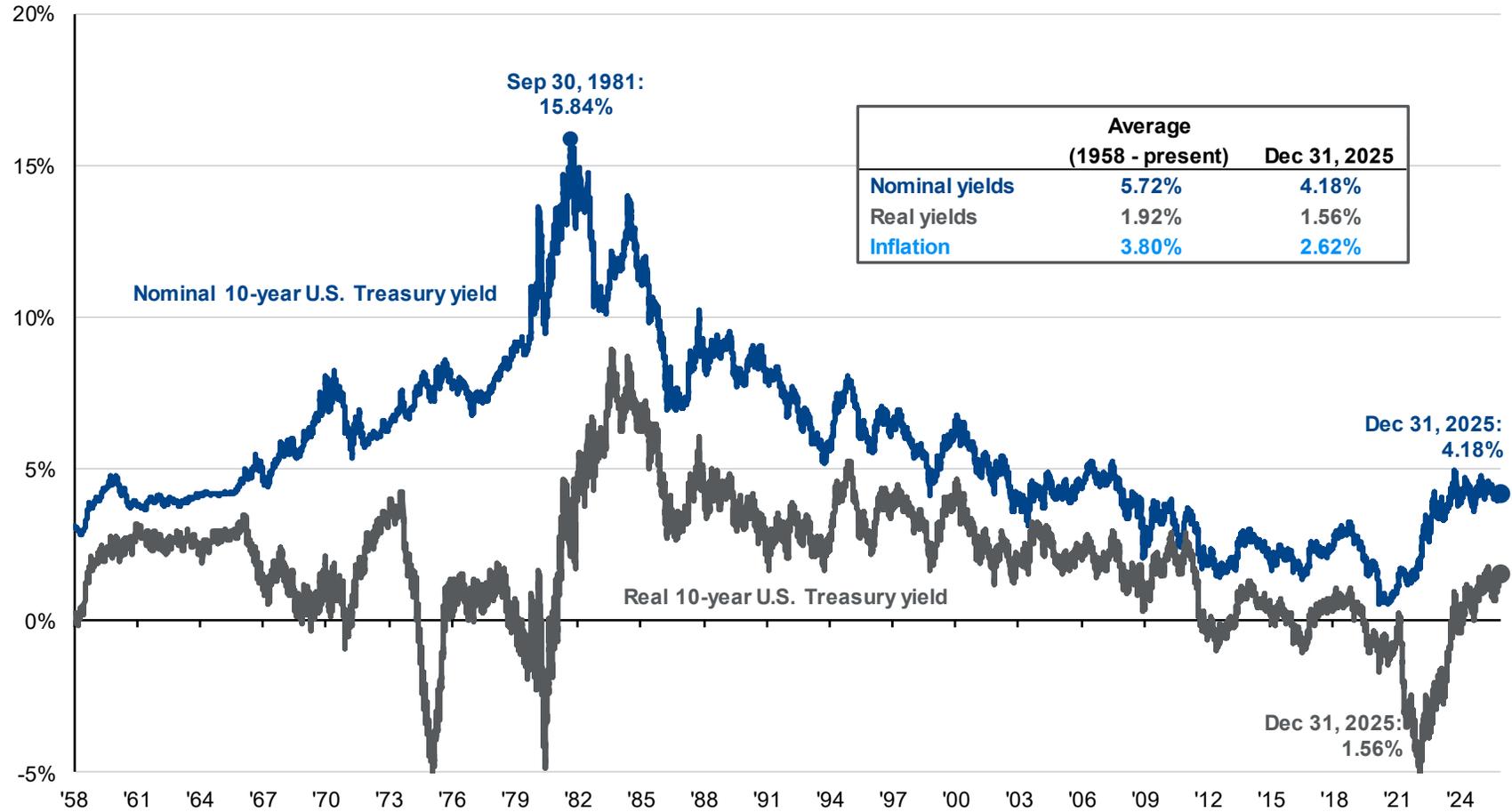
FOMC and market expectations for the federal funds rate



- Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
- Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

Interest rates and inflation

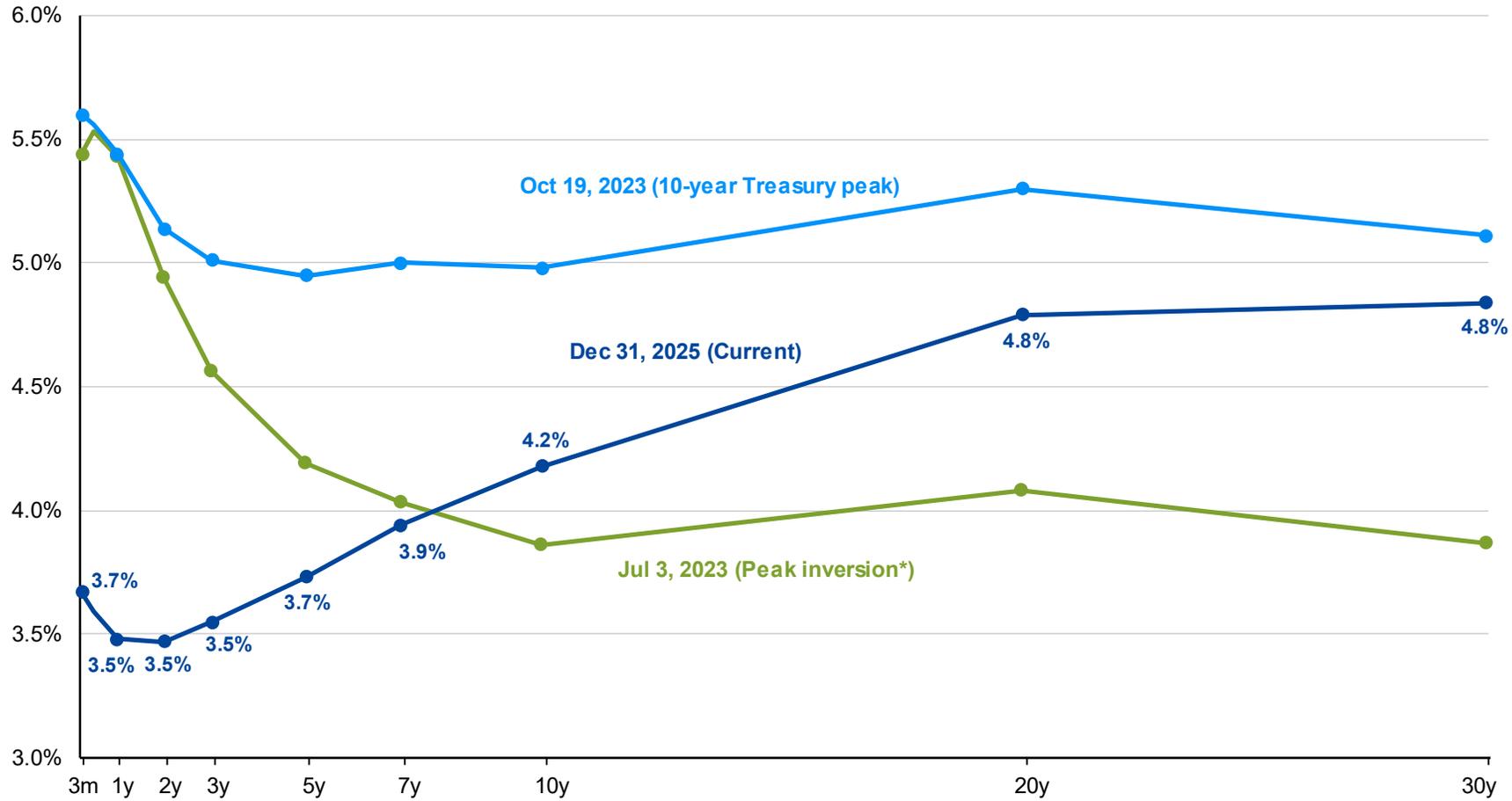
Nominal and real U.S. 10-year Treasury yields



- Source: BLS, FactSet, Federal Reserve, J.P. Morgan Asset Management.
- Real 10-year Treasury yields are calculated as the daily Treasury yield less y/y core CPI inflation for that month. For the current month, we use the prior month's core CPI figures until the latest data are available.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

Yield curve

U.S. Treasury yield curve



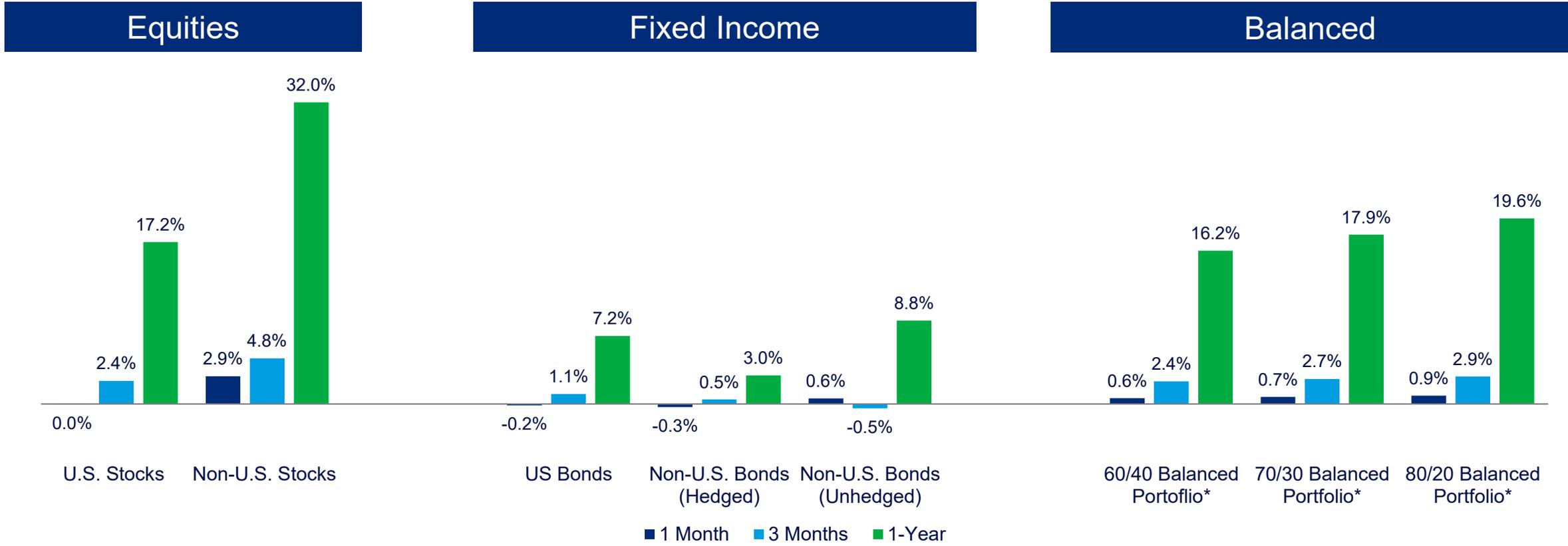
- Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
- Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
- *Guide to the Markets – U.S.* Data are as of December 31, 2025.

Appendix

04

Global market returns – overview

Global market returns as of December 31, 2025 (%)



Source: Refinitiv, Bloomberg, as of 12/31/25.

US Stocks (CRSP US Total Market Index), Non-US Stocks (FTSE Global All-Cap ex-US Index), US Bonds (Bloomberg US Aggregate Float Adjusted Index), Non-US Bonds hedged (Bloomberg Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged), Non-US Bonds unhedged (Bloomberg Global Aggregate Index ex-USD).

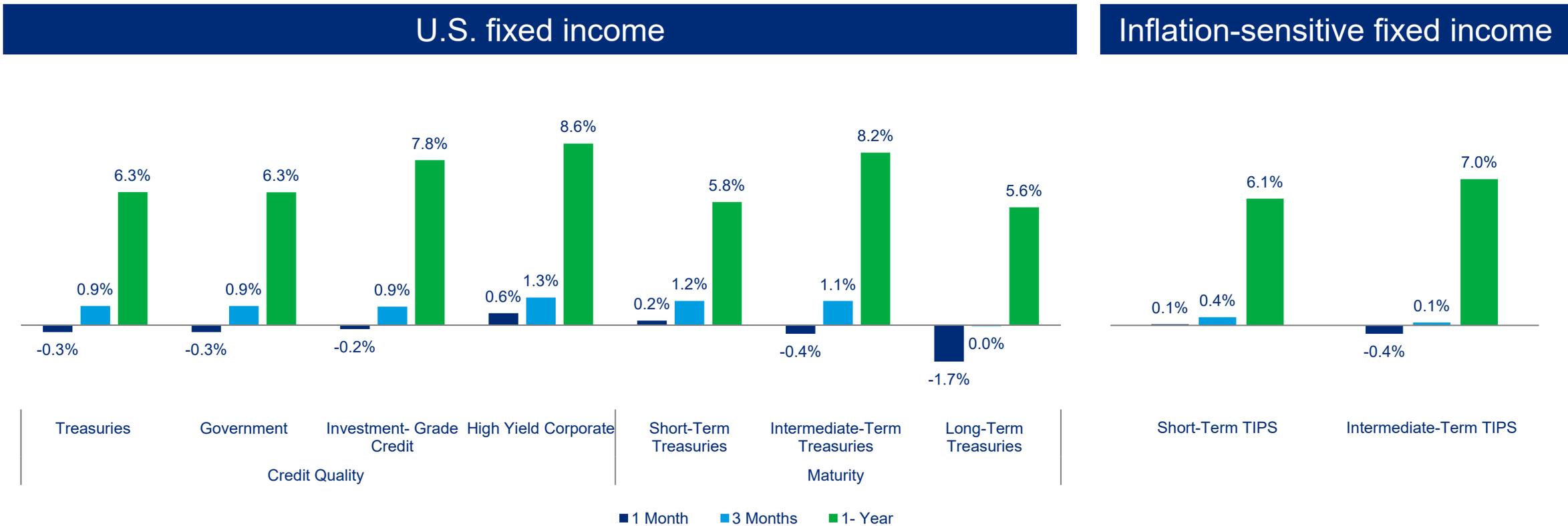
*60/40 balanced portfolio Static Composite (36% U.S. stocks, 24% international stocks, and 28% U.S. bonds, 12% international bonds).

*70/30 balanced portfolio Static Composite (42% U.S. stocks, 28% international stocks, and 21% U.S. bonds, 9% international bonds).

*80/20 balanced portfolio Static Composite (48% U.S. stocks, 32% international stocks, and 14% U.S. bonds, 6% international bonds).

Global market returns – fixed income

Global market returns as of December 31, 2025 (%)



Source: Refinitiv, Bloomberg; as 12/31/25.

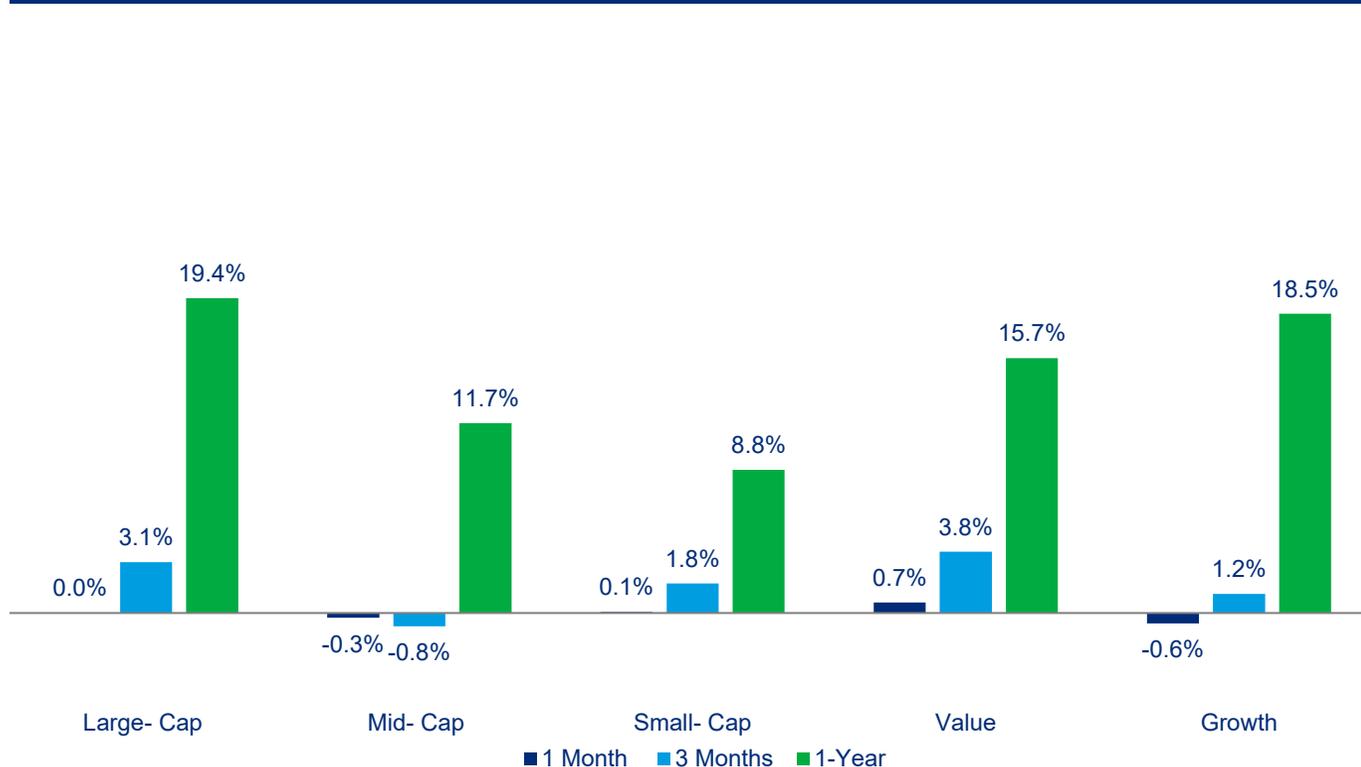
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Treasuries (Bloomberg US Treasury Index), Government (Bloomberg US Government Index), Investment-grade credit (Bloomberg US Credit Index), High Yield Corporate (Bloomberg US High Yield Corporate index), Short Term treasuries (Bloomberg US 1-5yr Treasury Index), Intermediate term treasuries (Bloomberg US 5-10yr Treasury Index), Long term Treasuries (Bloomberg US Long Treasury Index), Short Term TIPS (Bloomberg US Treasury 0-5yr TIPS Index), Intermediate term TIPS (Bloomberg US TIPS Index)

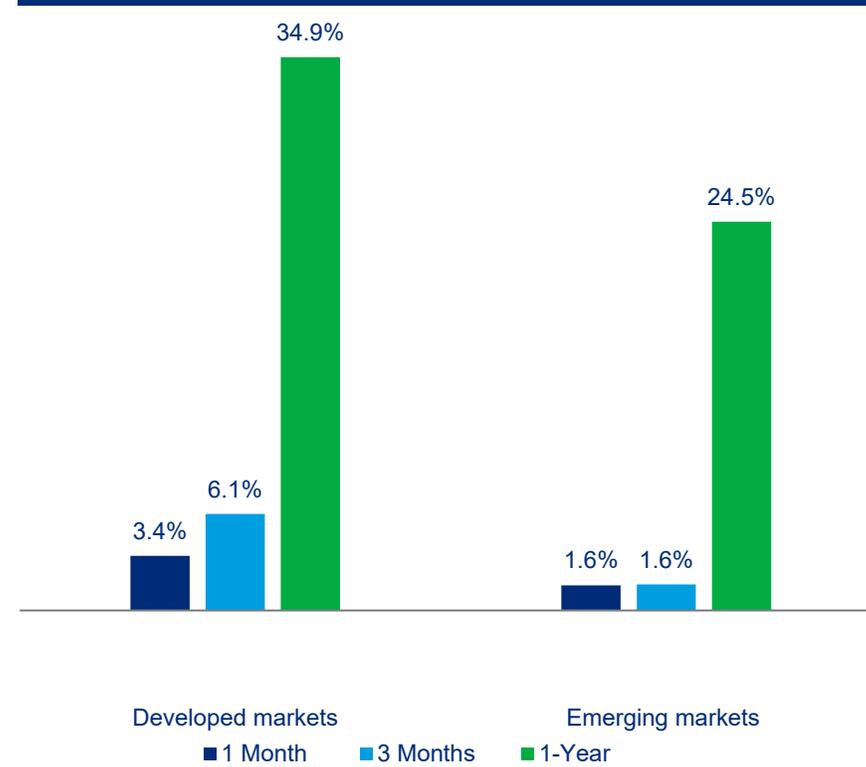
Global market returns – equities

Global market returns as of December 31, 2025 (%)

U.S. equities



Non-U.S. equities



Source: Refinitiv, Bloomberg; as of 12/31/25.

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.

Large-Cap (CRSP US Mega Cap Index), Mid-Cap (CRSP US Mid Cap Index), Small-Cap (CRSP US Small Cap Index), Value (Russell 3000 Value Index), Growth (Russell 3000 Growth Index), Developed Markets (FTSE Developed All Cap ex US Index), Emerging Markets (FTSE Emerging Markets All Cap China A Inclusion Index)

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 over time 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 proportional 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.

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 measures the performance of U.S. treasury bills 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 year 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, putable, 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 years 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. 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.

Benchmark descriptions

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 0-5 year 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 markets. It is free float-adjusted market-capitalization weighted.

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 markets. 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.

Custom Opportunistic Fixed Income Benchmark consists 50% BofA ML Global HY/50% JPM GBI EM Global Div Index Local Currency through June 30, 2023, and 35% Bloomberg Global Aggregate Corporate Hedged, 17.5% Bloomberg Global High Yield, 10.5% JPM CEMBI Diversified, 7% S&P/LSTA Leveraged Loan, 30% JPM GBI-EM Diversified Index through 4/15/2025; 30% Bloomberg Global Aggregate Corporate Hedged Index; 15% Bloomberg Global High Yield Index; 9% JP Morgan CEMBI Diversified Index; 19.4% S&P/LSTA Leveraged Loan Index; 13.3% Bloomberg U.S. Corporate High Yield; 13/3% JP Morgan EMBI Global Diversified through 4/30/2025; 33.4% Bloomberg U.S. Corporate High Yield Index; 33.3% Morningstar LSTA US Leveraged Loan Index; 33.3% J.P. Morgan EMBI Global Diversified Index effective thereafter.

Additional information

Gross Portfolio Returns represent client-specific time-weighted returns (TWR) of the entire portfolio including the deduction of mutual fund expense ratios 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.

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All investments have risks. **Growth investments** target companies with above-average earnings that may be subject to price volatility if earnings expectations are not met. Although **value investments** target stocks believed to be priced too low, there is no guarantee that they will appreciate. There are risks associated with **international investments** including currency fluctuations, economic instability, and political developments. Additional risks may be associated with **emerging market securities**, including liquidity and volatility. Investing in **small and/or midsize companies** may increase the risk of greater price fluctuations. **Bonds** are subject to certain risks including interest rate risk, credit risk, and inflation risk. As interest rates rise, the price of bonds will fall. Long-term bonds have more exposure to interest rate risk than short-term bonds. Government and agency securities are not guaranteed. **Mortgage backed securities** are subject to prepayment risk. Lower quality bonds may offer higher yields in return for more risk. The value of **REIT shares** is affected by, among other factors, changes in the value of the underlying properties owned by the REIT and/or changes in the prospects for earnings and/or cash flow growth of the REIT itself. In addition, certain risks associated with general real estate ownership apply to REIT investments, including risks related to general and local economic conditions, possible lack of availability of financing, and changes in interest rates.

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S&P 1500 Funded Status Performance - Mercer estimates the aggregate combined funded status position of plans operated by S&P 1500 companies on a monthly basis. For S&P 1500 companies that do not have a December 31 fiscal year end, this is based on projections of their reported financial statements adjusted from each company's financial year end to December 31 in line with financial indices. This includes US domestic qualified and non-qualified plans and all non-domestic plans.

Source of Financial Statement Data: 10-K reports filed by the companies in the S&P 1500, as provided by S&P Capital IQ, a Standard & Poor's business.

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We are leaders in risk, strategy and people. One company, with four global businesses, united by a shared purpose to build the confidence to thrive through the power of perspective.

Alternative Asset Class Playbook



What are Alternative Investments?

Hedge funds

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

Private market funds

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



Higher Relative Risk & Return

- Venture Capital
- Growth



Intermediate Relative Risk & Return

- Private Equity
- Secondaries
- Co-investments



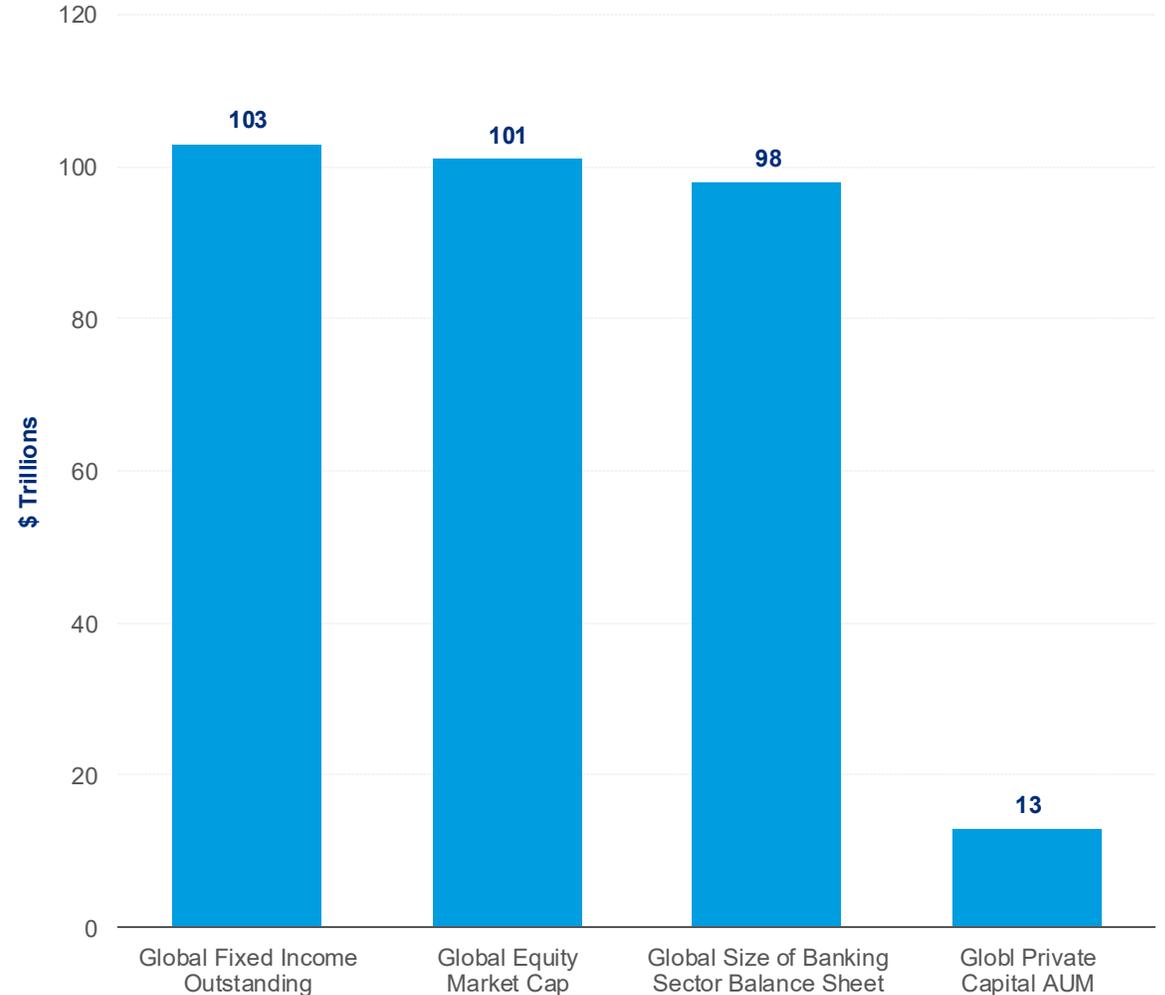
Lower Relative Risk & Return

- Hedge Funds
- Real Assets
- Private Credit

Why Invest in Alternative Investments?

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

Public and Private Market Sizes



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

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

What is the Role of Alternative Investments in a Portfolio?

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



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

What is Private Equity?

What is Private Equity

Summary

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

Venture Capital

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

Growth Equity

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

Secondary

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

Buyout

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

Distressed / Special Situations

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

Co-Investments

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

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Private Equity Can Potentially Be A Source of Value Creation

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

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



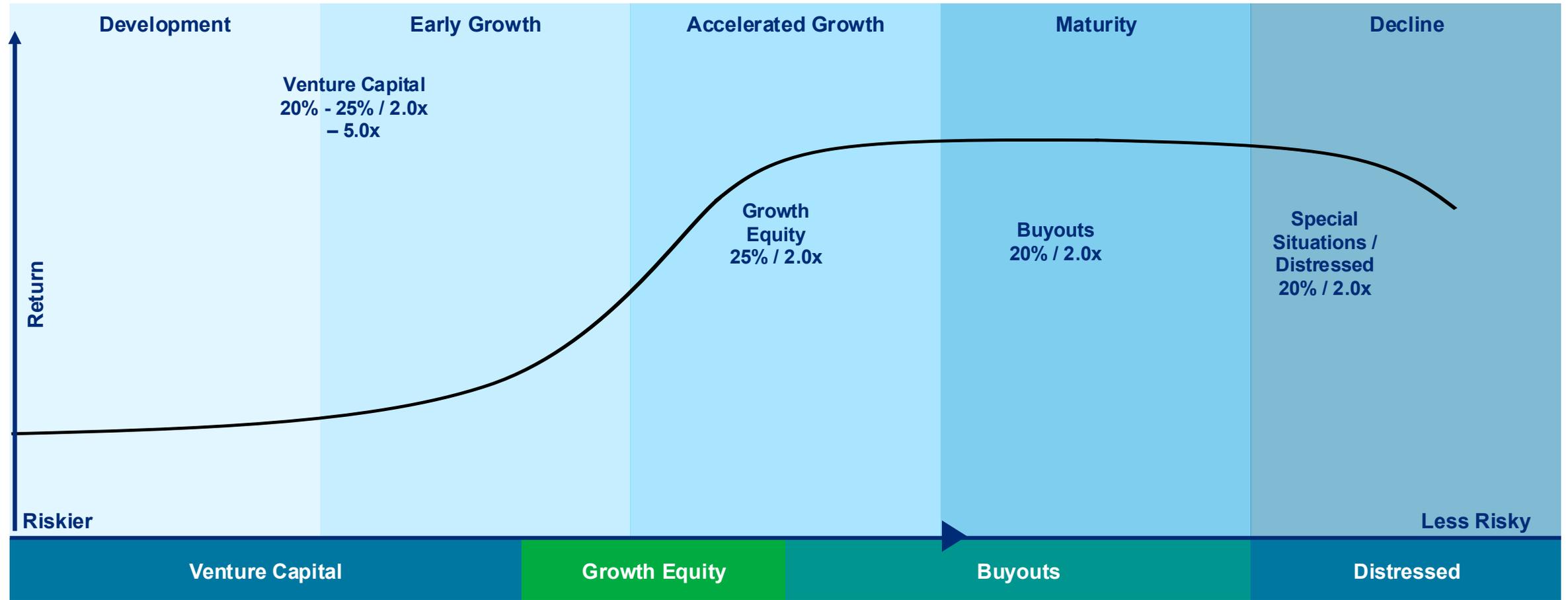
Source: Burgiss Private iQ (Q2 2024). Returns are net to investors after management fees and carried interest. Pooled IRR is calculated by treating all funds as a single “fund” by summing their monthly cash flows together. Past performance is not indicative of future results. One cannot invest directly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

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

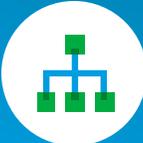
Target spectrum



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

Thoughtfully Implementing a Private Equity Program

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

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

For informational purposes only

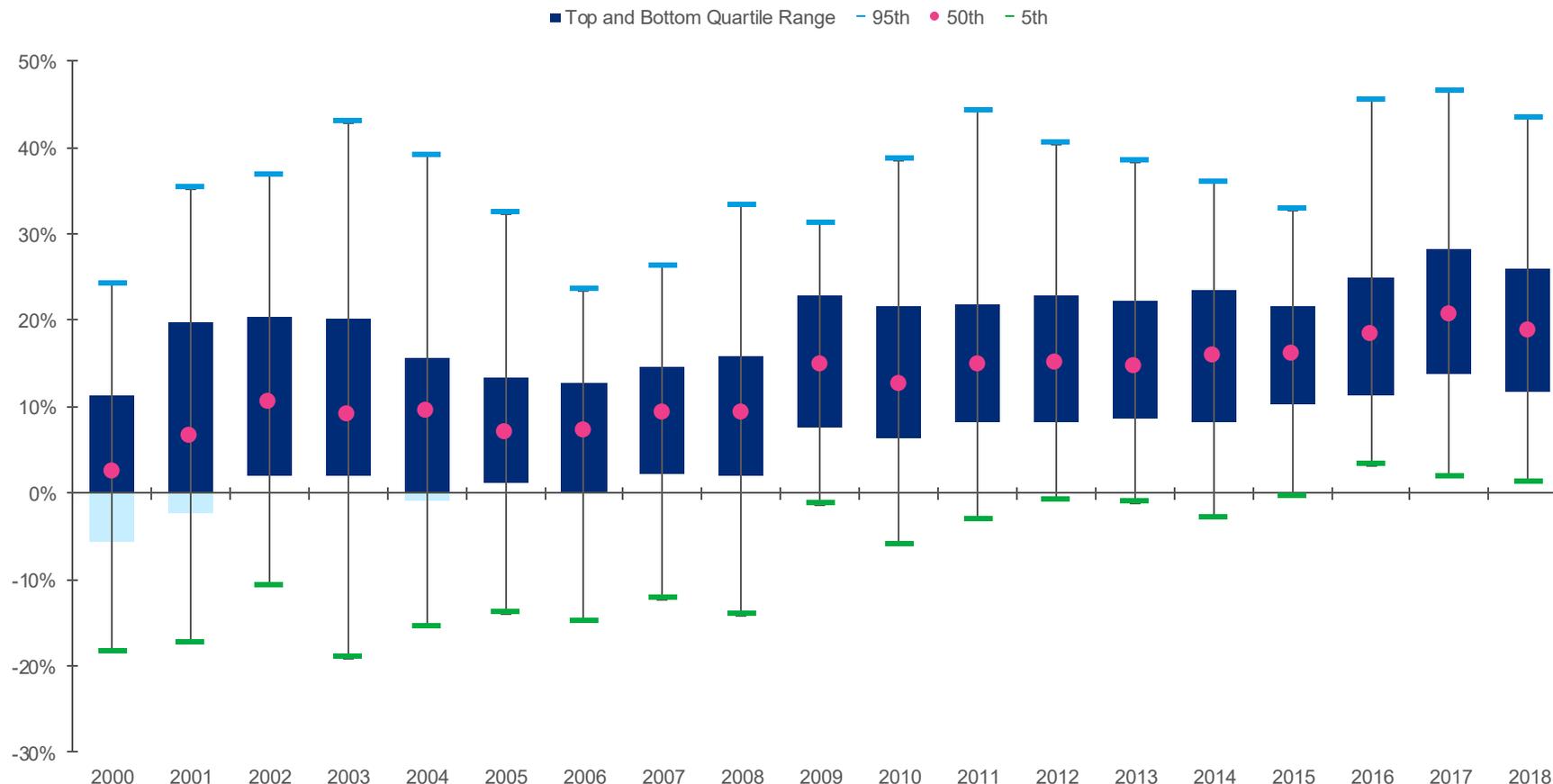
Private Equity Guiding Principles

Principle 2: Manager relationships and selection make a big difference

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

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

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



Source: Burgiss Private i

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

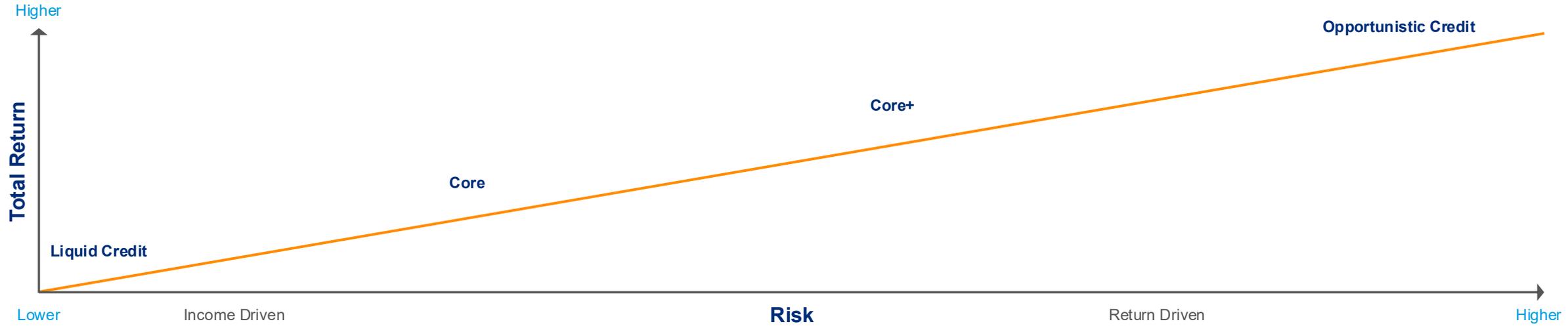


What is Private Credit?

What is Private Credit?

Summary

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



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

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



What is Private Credit?

Private Credit universe

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

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

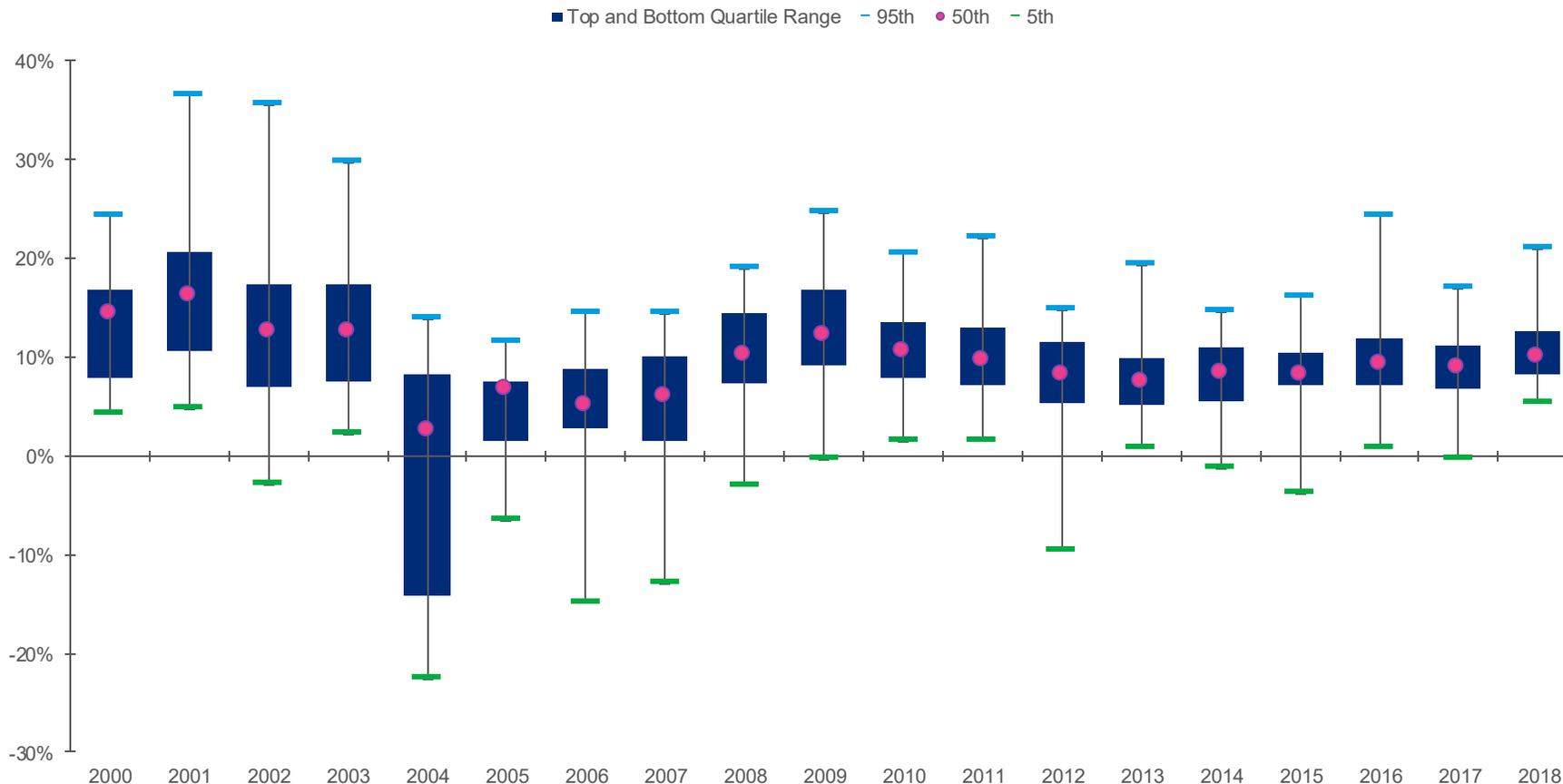
Private Credit Guiding Principles

Principle 2: Manager selection and access can make a big difference

Key Points

- As with many private asset classes, performance varies significantly between managers relative to liquid asset classes. However, certain asset classes (ie. core direct lending) will typically see less dispersion than others (ie specialty finance/distressed) between managers. Dispersion also varies through time indicating a need to take business cycles into account when allocating capital
- Consequently, fee efficiency has a larger impact on relative performance in certain sectors (direct lending) than others (specialty finance/distressed) and our approach to manager selection and fee considerations should vary by sector. Fees and fee discounts are very important in competitive areas with less dispersion such as direct lending
- Individual private debt managers often build very concentrated portfolios. Private debt does not offer the same asymmetric upside (ability for one high quality idea to impact performance heavily) as private equity. It offers exactly the opposite (ability for one bad idea to sink the portfolio). Diversification across managers and sectors is critical.

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



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

Private Credit Guiding Principles

Principle 3: Portfolio Construction can be an Alpha driver



Traditional Closed-Ended Funds

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



Evergreen Funds

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



Considerations

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

What is Infrastructure?

What Is Infrastructure?

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



Social Infrastructure
(schools, hospitals, etc.)



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



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



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



Communications
(telecom towers, data centers, etc.)

Why Invest in Infrastructure



Downside protection

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



Stable cash flows

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



Absolute return generator

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



Diversifier

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



Customized risk

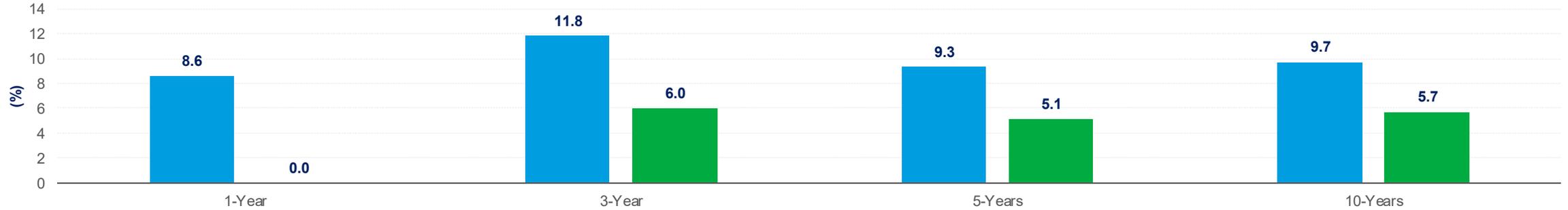
Risk profile varies widely by underlying asset exposure (ie greenfield vs brownfield)

What is the Role of Infrastructure in the Portfolio?

Return Enhancement

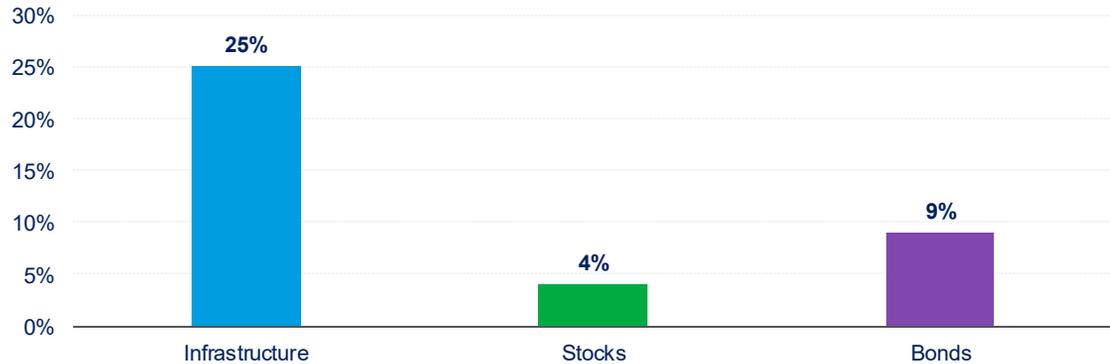
Historical Returns on Private Infrastructure vs. Public Infrastructure

■ Private Infrastructure ■ Public Infrastructure

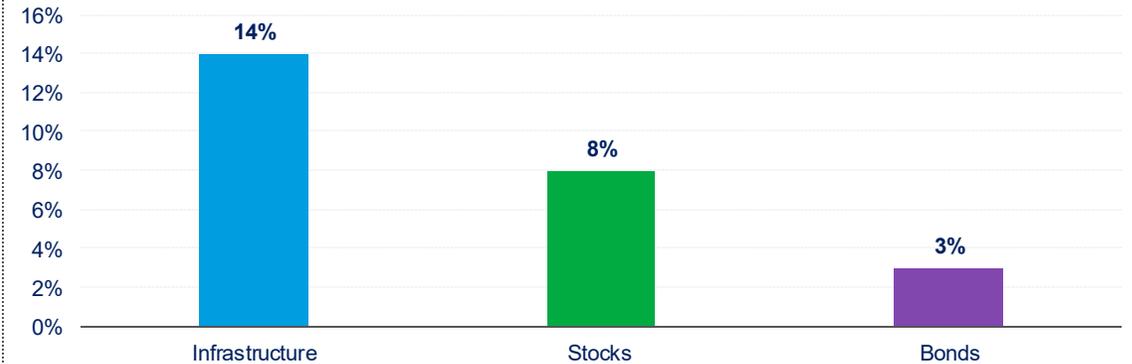


Inflation Protection in a New Regime

Low Growth/High Inflation



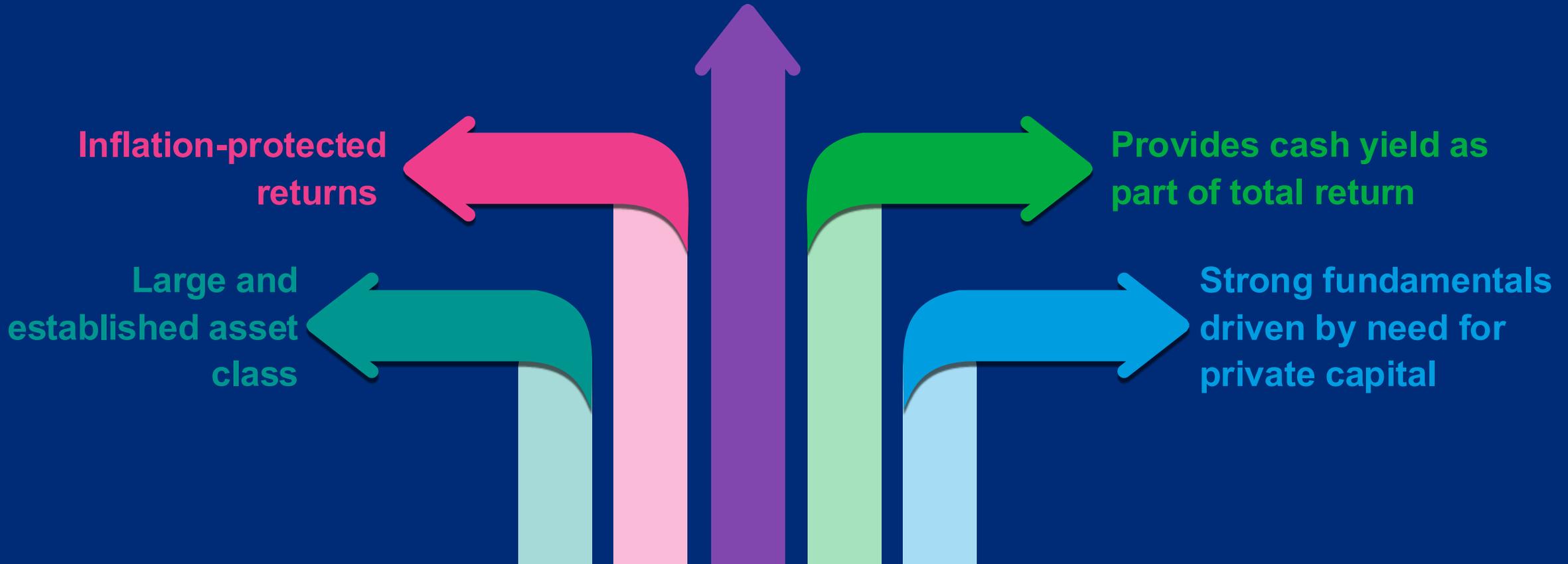
High Growth/High Inflation



Private Real Estate: Burgiss Private i (June 30, 2023). Returns are net to investors after management fees and carried interest. FTSE Nareit Equity (June 30, 2023), NAREQU Index. **Private infrastructure:** Burgiss Private i (June 30, 2023); **Public infrastructure:** S&P Global Infrastructure Index (June 30, 2023), SPGINF Index. MSCI World Infrastructure Net (June 30, 2023), MSWDIF Index.

Why Invest In Infrastructure?

Infrastructure is an asset class that emerged in the mid-1990s and the market is now over US\$100 billion in terms of capital raised with more than 100 funds raised annually. An infrastructure portfolio is meant to provide steady, inflation-sensitive, reliable returns across a wide variety of economic conditions.



What is Real Estate?

What is Private Real Estate

Real Estate

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

Representative Property Types

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

Building blocks of a total real estate portfolio

Core	Core Plus	Value-Add	Opportunistic
High Quality Assets offer stable and growing income	Proactive asset managers can add value while limiting risk via re-leasing and light reposition strategies	Redevelopment and repositioning of assets to NOI and create asset-level value	Acquiring full development, distressed and severely discounted assets or real estate companies

Why Invest in Real Estate?

Inflation protection

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

Income

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

Growth

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

Large investment universe

Institutional real estate market:
USD 13 trillion¹

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

What is the Role of Real Estate in the Portfolio?

As of September 30, 2023
(trailing 30 years)

Private
RE

Equities

REITs

Fixed
Income

Treasury
Bonds

NCREIF NFI-ODCE (Gross)

1.00

S&P 500

0.07

1.00

FTSE NAREIT All Equity REITs

0.15

0.63

1.00

Bloomberg Barclays US Aggregate

-0.13

-0.05

0.15

1.00

Bloomberg Barclays US Treasury

-0.03

-0.33

-0.10

0.91

1.00

Real Estate has low correlation with other asset classes.

For illustrative purposes only”

Sources: NCREIF, S&P, FTSE, NAREIT, Bloomberg, Mercer calculations

Please see the following link for information on indexes: <https://www.mercer.com/content/dam/mercera/attachments/private/nurture-cycle/gl-investment-management-index-definitions-mercera.pdf>

What are Hedge Funds?

What are Hedge Funds?



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

For Illustrative Purposes Only

Hedge Fund Types

We classify strategies into three broad Hedge Fund types

Absolute Return Oriented

01

- Multi-Strategy
- Event-Driven
- Relative Value

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

Security Selection Strategies

02

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

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

Macro/Diversifying Strategies

03

- Managed Futures
- Macro
- Tail Risk Hedging

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

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For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

Please see the following link for information on indexes: <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-investment-management-index-definitions-mercer.pdf>

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