Objectives

Financial Objectives:
• Support a stream of regular distributions in support of annual budgetary needs; and
• Preserve the real (inflation-adjusted) purchasing power of the Endowment Fund net of regular distributions

Investment Objectives:
• Target a real annualized total return, net of investment expenses, over a five to seven year horizon, that aligns with financial objectives;
• Outperform the Endowment Fund’s benchmark consistent with volatility targets; and
• Adhere to the Social Witness Principles of the General Assembly of the PC(USA)

Commentary

Current Quarter
• For the quarter, the program returned -15.1% vs. the PCF Historical benchmark of -13.5% as higher allocations to risk assets detracted from relative returns. U.S. Equities were down -22.1% in Q1 and -8.8% in the trailing year.
• Clean Energy performed better than public equities, down -18.7% during this quarter.
• Real Assets were down -23.0% in Q1, but MFS outperformed its benchmark by 550 bps.
• Fixed Income program was up +1.2% for the quarter, performing its function as a protector of capital.
• Lagged Private Equity valuations were also additive to returns. The liquid portion of the portfolio (79.9%) was down -18.0% in Q1 vs. -17.3 for the liquid benchmark.

Tactical Themes
• Allocations have reverted backed towards long-term target, which will be maintained at present as uncertainty remains high and overall market risk has risen.
• Current positioning will focus on U.S. based and developed market assets as well as select real assets to manage risk and capture returns.
• Core fixed income, will be used as a source of cash to avoid selling risk assets at depressed values.
• New Private Equity commitments will be put on hold in support of overall target allocations.

Actual vs. Target Allocation

Asset allocation does not guarantee a profit or protection against a loss in declining markets