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 and YTD, the program declined -4.2% vs. the PCF Total Benchmark of -2.5% as both equity (public and private) and fixed income markets pulled backed driven by rising interest rates, higher inflation and the Russian invasion of Ukraine. Long-term 3-year performance of 13.3% for the program is slightly ahead of the 13.1% return for the total benchmark.
- Clean Energy rose during the quarter, returning +1.7% supporting total program performance and reversing its more recent negative returns. Since inception in the portfolio (2018), the fund is up +24.1%
- Real Assets were down -5.1% for the quarter and YTD also being challenged by the current economic and geopolitical environment.
- While fixed Income performed in line with benchmarks, it was nonetheless down -5.9% as interest rates, rising inflation, and the Russian invasion are increasing concerns over future economic growth and inflation.
- Private Equity returns trailed their lagged benchmarks but have been supportive of the overall portfolio as returns have been positive while public market performance has been negative.

Forward Looking Considerations
- Allocations continue to be close to target, staying aware of overall program risk as markets weigh economic growth, inflation, and future rate hikes while the crisis in the Ukraine continues.
- Current positioning will continue to focus on supporting target allocations with a greater focus around higher risks in Europe and active shifts away from risk assets there. Recent cash raises have come from sales of non-U.S. equities.
- Core fixed income and cash remain at or near targets, but allocations may drift higher should equity markets decline further. Forward looking focus remains on risk management in support of near-term cash needs.
- New Private Equity commitments have begun with one commitment made to date. Future commitments will be carefully considered as the year moves ahead, and opportunities arise subject to our policy targets and liquidity constraints.

Historical Benchmark: NT Policy Benchmark (9/1/2017 –Present), Cambridge Total Policy Benchmark (1/1/2013-8/31/2017), 60% MSCI ACWI ND / 40% Bloomberg Barclays US Aggregate (for periods prior to 1/1/2013)

Historical Benchmark:
- NT Policy Benchmark: 27% Russell 3000 / 25% MSCI ACWI ex US / 20% Cambridge Private Equity and Venture Capital Indices by Vintage Year / 16% Barclays’s US Agg / 9% FTSE EPRA NAREIT Global Index / 3% BofA ML US 3 Month T-Bill Index
- All returns are net of fees - Past performance is no guarantee of future investment results.

Actual vs. Target Allocation

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

The information contained herein is intended for use with current or prospective clients of Northern Trust Investments, Inc. The information is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. Northern Trust and its affiliates may have positions in and may affect transactions in the markets, contracts and related investments different than described in this information. This information is obtained from sources believed to be reliable, and its accuracy and completeness are not guaranteed. Information does not constitute a recommendation of any investment strategy, is not intended as investment advice and does not take into account all the circumstances of each investor. Opinions and forecasts discussed are those of the author, do not necessarily reflect the views of Northern Trust and are subject to change without notice.

This report is provided for informational purposes only and is not intended to be, and should not be construed as, an offer, solicitation or recommendation with respect to any transaction and should not be treated as legal advice, investment advice or tax advice. Recipients should not rely upon this information as a substitute for obtaining specific legal or tax advice from their own professional legal or tax advisors. References to specific securities and their issuers are for illustrative purposes only and are not intended and should not be interpreted as recommendations to purchase or sell such securities. Indices and trademarks are the property of their respective owners. Information is subject to change based on market or other conditions.

All securities investing and trading activities risk the loss of capital. Each portfolio is subject to substantial risks including market risks, strategy risks, adviser risk and risks with respect to its investment in other structures. There can be no assurance that any portfolio investment objectives will be achieved, or that any investment will achieve profits or avoid incurring substantial losses. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Risk controls and models do not promise any level of performance or guarantee against loss of principal. Any discussion of risk management is intended to describe Northern Trust’s efforts to monitor and manage risk but does not imply low risk.

Past performance is no guarantee of future results. Performance returns and the principal value of an investment will fluctuate. Performance returns contained herein are subject to revision by Northern Trust. Comparative indices shown are provided as an indication of the performance of a particular segment of the capital markets and/or alternative strategies in general. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index. Net performance returns are reduced by investment management fees and other expenses relating to the management of the account. Gross performance returns contained herein include reinvestment of dividends and other earnings, transaction costs, and all fees and expenses other than investment management fees, unless indicated otherwise. For additional information on fees, please refer to Part 2a of the Form ADV or consult a Northern Trust representative.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors Inc., 50 South Capital Advisors, LLC and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

© 2022 Northern Trust Corporation. Head Office: 50 South La Salle Street, Chicago, Illinois 60603 U.S.A.