

# Callan



August 2021

## **Endowment Fund Investment Board**

Second Quarter 2021  
Performance Review

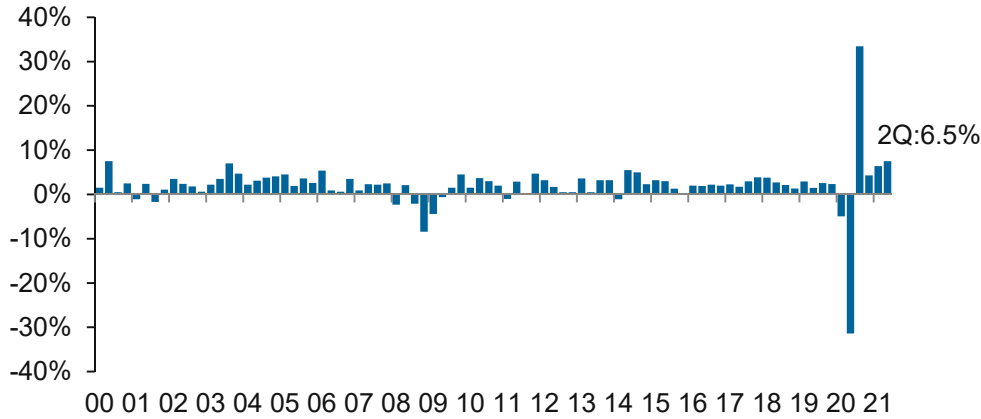
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**Janet Becker-Wold, CFA**  
Senior Vice President

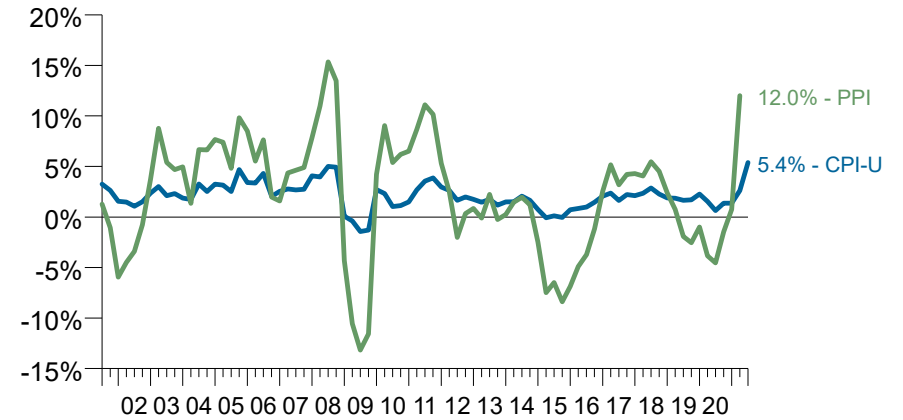
# U.S. Economy—Summary

For periods ended June 30, 2021

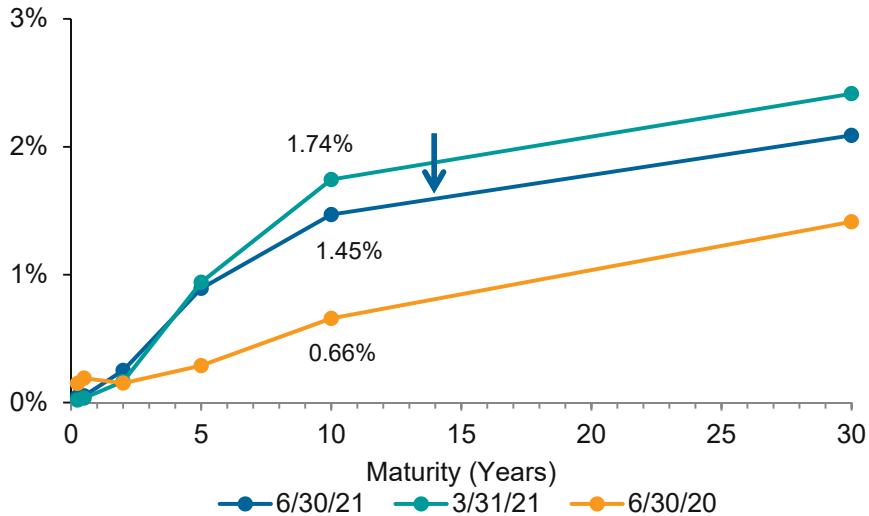
## Quarterly Real GDP Growth\*



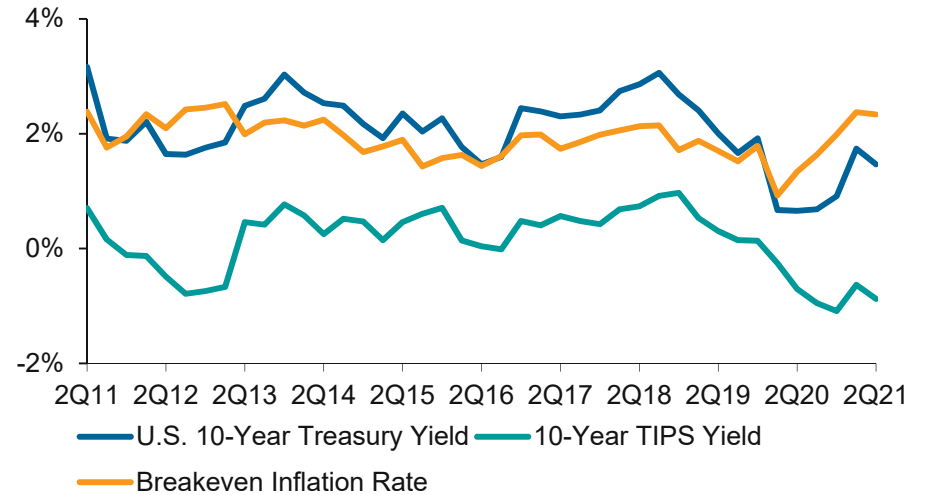
## Inflation Year-Over-Year



## U.S. Treasury Yield Curves



## Historical 10-Year Yields

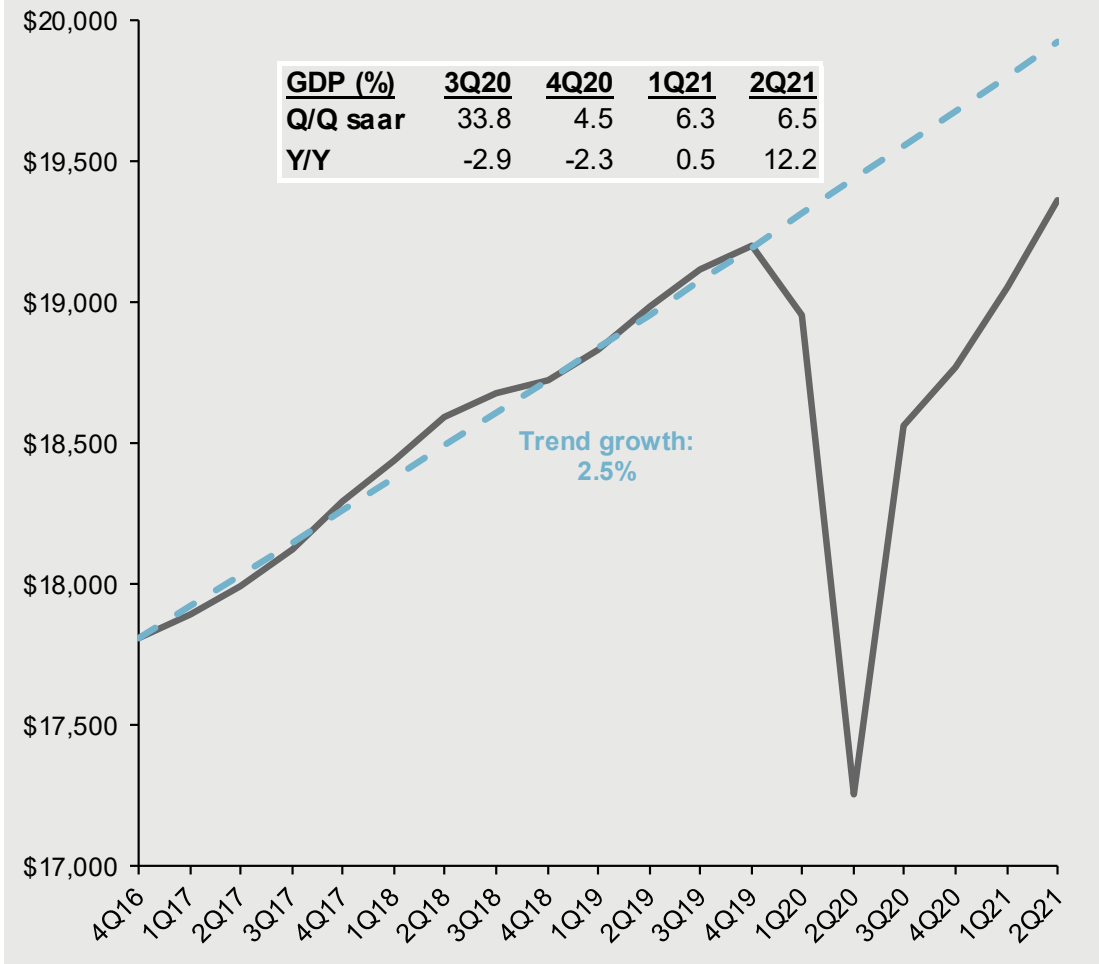


\*Advanced estimate for 2Q21. Sources: Bloomberg, Bureau of Labor Statistics, Callan, IHS Markit

# GDP Recovering after Steep Decline

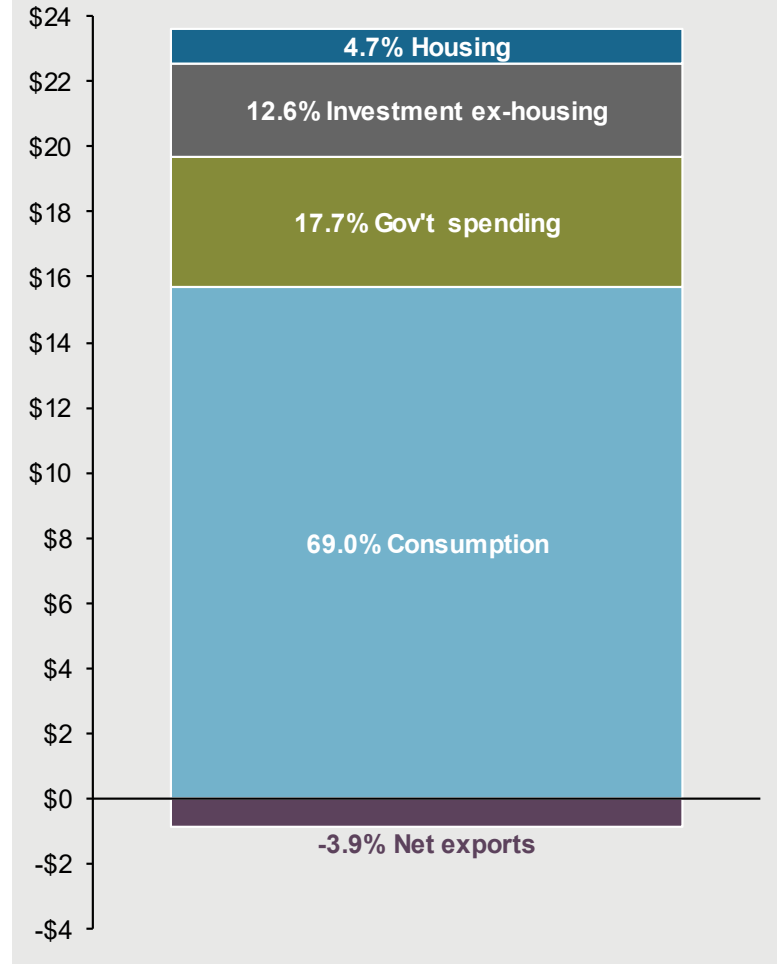
## Real GDP

Billions of chained (2012) dollars, seasonally adjusted at annual rates



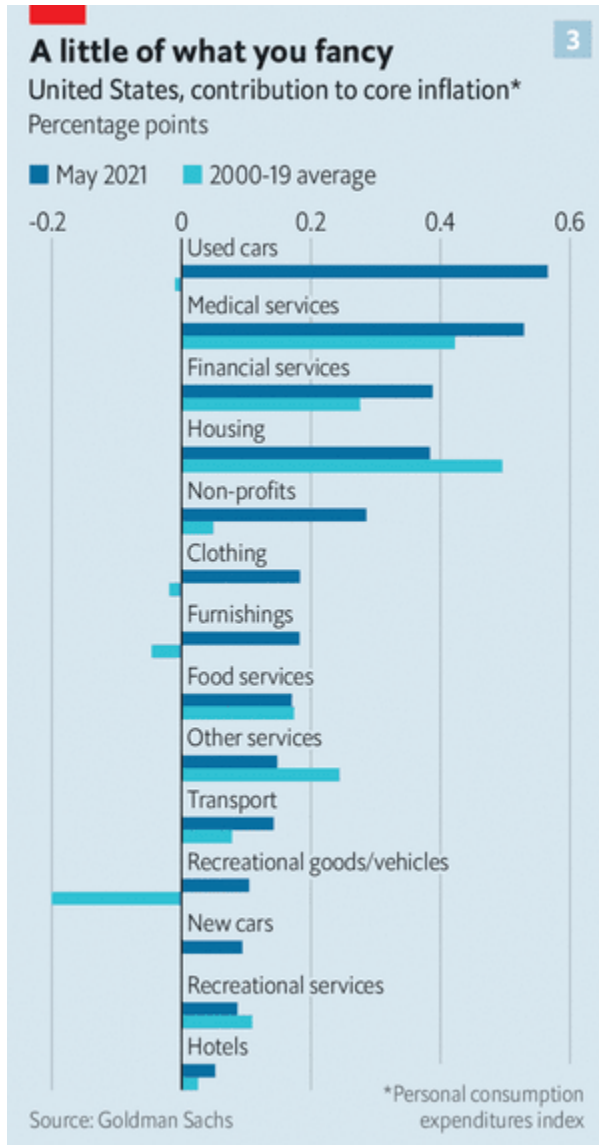
## Components of GDP

2Q21 nominal GDP, USD trillions



Source: St. Louis FRED.

# Inflation: Transitory or Persistent?



The Economist

US Inflation rose 5.4% in June, above expectations

The Congressional Budget Office doubled its growth forecast from 3.7% to 7.4% on July 1

Base effects were expected to drive headline inflation due to low prices (especially commodities) this time last year.

Major factors pushing up inflation

- Boom in demand for goods (cars, furniture and appliances)
- Disruption in global supply chain (microchips for cars)
- Rebound in the price of services – labor shortages pushing up wages
- Rents rising again after being depressed in 2020
- Housing stock in short supply and low rates driving up prices

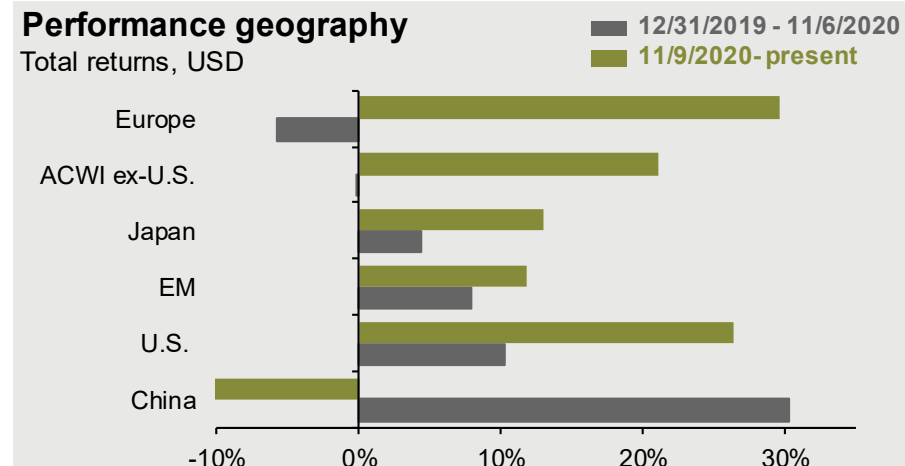
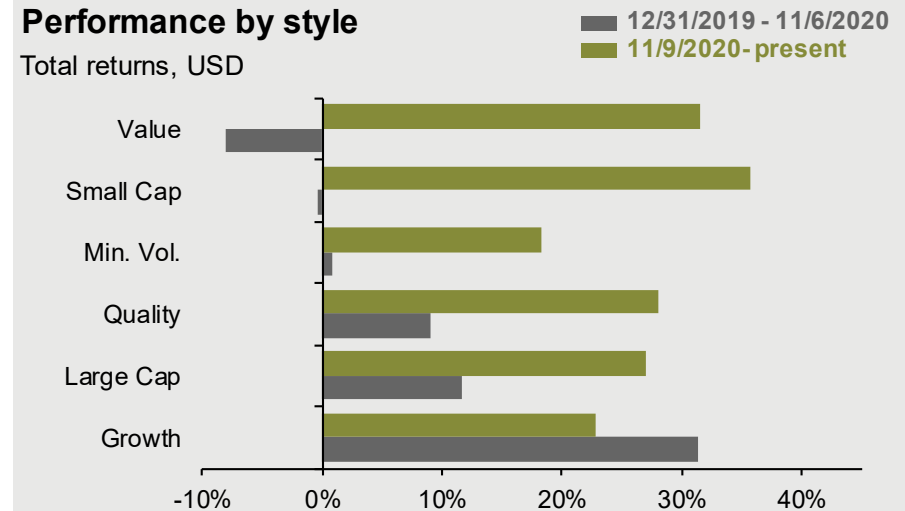
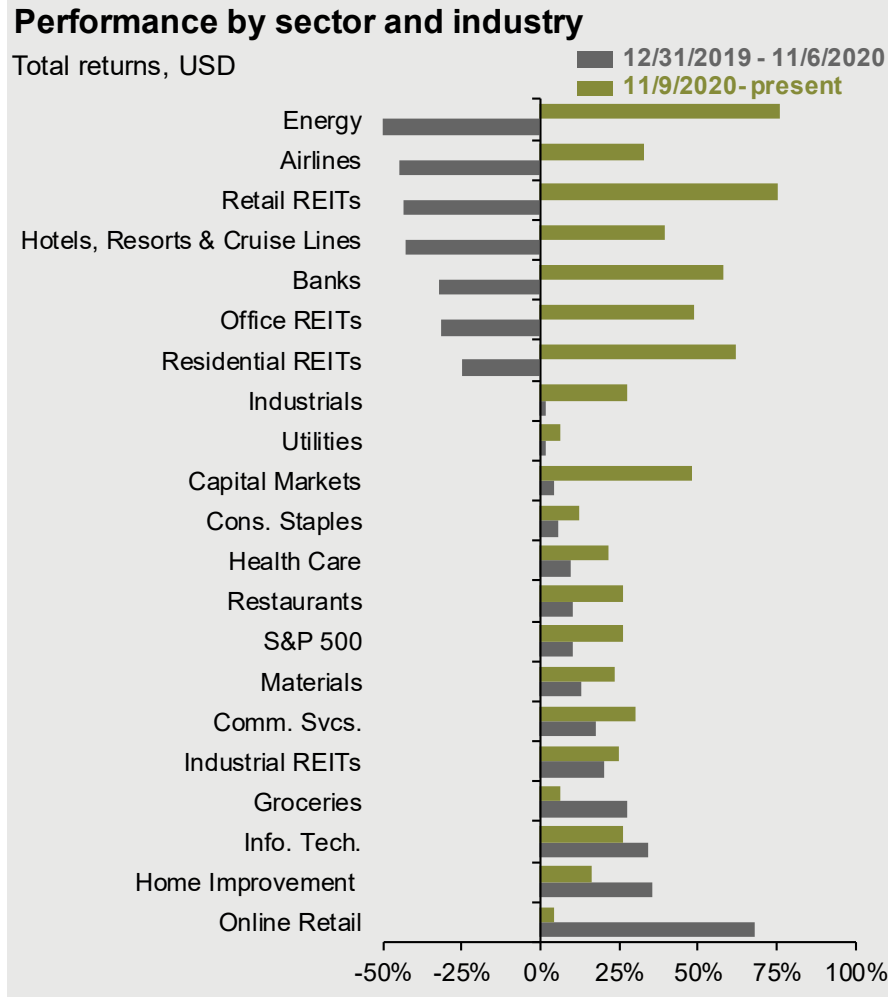
# Callan Periodic Table of Investment Returns

| Cumulative Returns Ending June 30, 2021 |                             |                             |                             |                             |                             | Monthly Returns             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Last Quarter                            | Last Year                   | Last 3 Years                | Last 5 Years                | Last 7 Years                | Last 10 Years               | April 2021                  | May 2021                    | June 2021                   |
| Large Cap Equity                        | Small Cap Equity            | Large Cap Equity            | Large Cap Equity            | Large Cap Equity            | Large Cap Equity            | Large Cap Equity            | Dev ex-U.S. Equity          | Large Cap Equity            |
| 8.55%                                   | 62.03%                      | 18.67%                      | 17.65%                      | 14.10%                      | 14.84%                      | 5.34%                       | 3.48%                       | 2.33%                       |
| Dev ex-U.S. Equity                      | Emerging Market Equity      | Small Cap Equity            | Small Cap Equity            | Small Cap Equity            | Small Cap Equity            | Dev ex-U.S. Equity          | Emerging Market Equity      | Small Cap Equity            |
| 5.65%                                   | 40.90%                      | 13.52%                      | 16.47%                      | 11.39%                      | 12.34%                      | 3.15%                       | 2.32%                       | 1.94%                       |
| Emerging Market Equity                  | Large Cap Equity            | Emerging Market Equity      | Emerging Market Equity      | Real Estate                 | Real Estate                 | Emerging Market Equity      | Global ex-U.S. Fixed Income | High Yield                  |
| 5.05%                                   | 40.79%                      | 11.28%                      | 13.03%                      | 7.43%                       | 8.60%                       | 2.49%                       | 1.36%                       | 1.34%                       |
| Small Cap Equity                        | Dev ex-U.S. Equity          | Dev ex-U.S. Equity          | Dev ex-U.S. Equity          | Emerging Market Equity      | High Yield                  | Small Cap Equity            | Real Estate                 | Real Estate                 |
| 4.29%                                   | 33.60%                      | 8.57%                       | 10.36%                      | 6.36%                       | 6.66%                       | 2.10%                       | 1.21%                       | 1.21%                       |
| Real Estate                             | High Yield                  | High Yield                  | High Yield                  | High Yield                  | Dev ex-U.S. Equity          | Global ex-U.S. Fixed Income | Large Cap Equity            | U.S. Fixed Income           |
| 3.68%                                   | 15.37%                      | 7.45%                       | 7.48%                       | 5.47%                       | 5.70%                       | 1.62%                       | 0.70%                       | 0.70%                       |
| High Yield                              | Real Estate                 | U.S. Fixed Income           | Real Estate                 | Dev ex-U.S. Equity          | Emerging Market Equity      | Real Estate                 | U.S. Fixed Income           | Emerging Market Equity      |
| 2.74%                                   | 7.09%                       | 5.34%                       | 5.62%                       | 4.90%                       | 4.29%                       | 1.21%                       | 0.33%                       | 0.17%                       |
| U.S. Fixed Income                       | Global ex-U.S. Fixed Income | Real Estate                 | U.S. Fixed Income           | U.S. Fixed Income           | U.S. Fixed Income           | High Yield                  | High Yield                  | Dev ex-U.S. Equity          |
| 1.83%                                   | 4.60%                       | 4.60%                       | 3.03%                       | 3.28%                       | 3.39%                       | 1.09%                       | 0.30%                       | -1.02%                      |
| Global ex-U.S. Fixed Income             | U.S. Fixed Income           | Global ex-U.S. Fixed Income | Global ex-U.S. Fixed Income | Global ex-U.S. Fixed Income | Global ex-U.S. Fixed Income | U.S. Fixed Income           | Small Cap Equity            | Global ex-U.S. Fixed Income |
| 0.92%                                   | -0.33%                      | 3.12%                       | 1.63%                       | 0.66%                       | 0.99%                       | 0.79%                       | 0.21%                       | -2.02%                      |

Sources: ● Bloomberg Barclays Aggregate ● Bloomberg Barclays Corp High Yield ● Bloomberg Barclays Global Aggregate ex US  
 ● NCREIF ODCE Val Wtd ● MSCI World ex USA ● MSCI Emerging Markets ● Russell 2000 ● S&P 500

# Equity Performance by Sector, Style and Geography

COVID trade flipped to a 'GDP growth trade' with the announcement of vaccines in November



Source: JP Morgan Guide to the Markets – Data as of August 2, 2021

# U.S. Equity Performance: 2Q21

## Rotation in market leadership

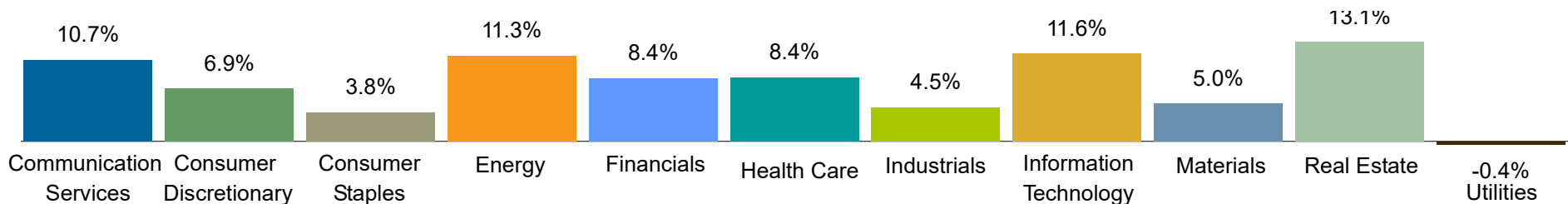
### Markets continue setting all-time highs

- The S&P 500 Index continued to reach record highs in 2Q21.
  - The 12-month rebound following the market low in March 2020 exceeded 75% for the S&P 500, which surpasses the rebound during the same time period after the Global Financial Crisis and the Tech Bubble.
  - Since March 2020 market low, the S&P is up 96.1%, with all sectors posting gains over 45%; Energy +140.6%
  - All sectors posted positive returns except for Utilities. 2Q21 top sectors were Technology and Energy.

### Market leadership has changed in 2Q21

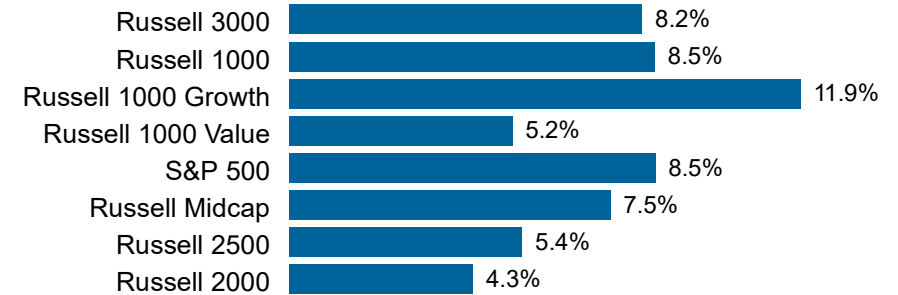
- Generally, growth outperformed value stocks during the quarter. The only exception was in small caps where the Russell 2000 Growth underperformed the Russell 2000 Value. Continued outperformance of meme stocks helped small cap value stock performance.
- Larger cap stocks outperformed smaller cap stocks, reversing the recent trend of small cap outperformance.

### Industry Sector Quarterly Performance (S&P 500)

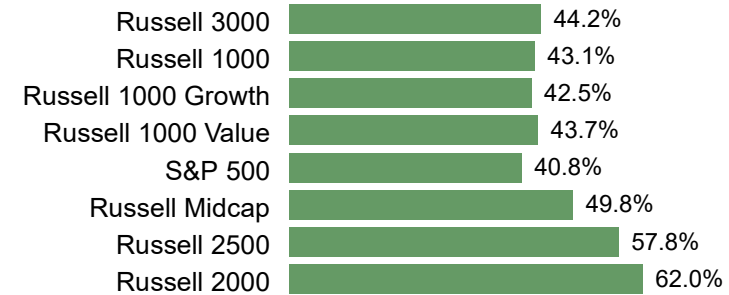


Sources: FTSE Russell, S&P Dow Jones Indices

### U.S. Equity: Quarterly Returns



### U.S. Equity: One-Year Returns



# Global ex-U.S. Equity Performance: 2Q21

## Strong growth despite pockets of COVID-19 outbreaks

- Government stimulus and a continued “return to normal” spurred positive sentiment.
- Risk assets lost some steam amid concerns around the Delta variant.
- Small cap was largely in-line with large, except within emerging markets where smaller companies benefited from rebounds within industrials and basic materials.
- Despite return dispersions within regions, developed and emerging markets performed similarly over the quarter.

## Market shifted away from cyclicals

- Expectations remain positive, but cooled from previous quarters causing cyclical stocks to lag.
- Factor performance showed a preference for quality and growth, a divergence from last quarter.

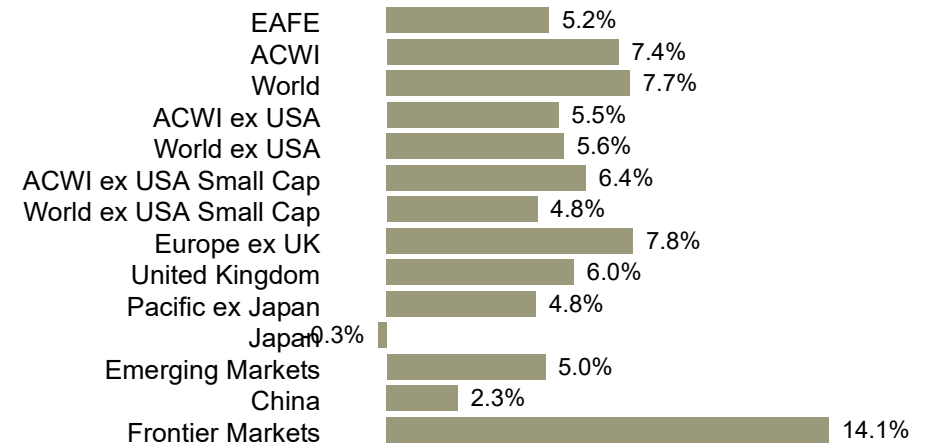
## U.S. dollar vs. other currencies

- The U.S. dollar was mixed versus other currencies and did not contribute meaningfully to global ex-U.S. results.

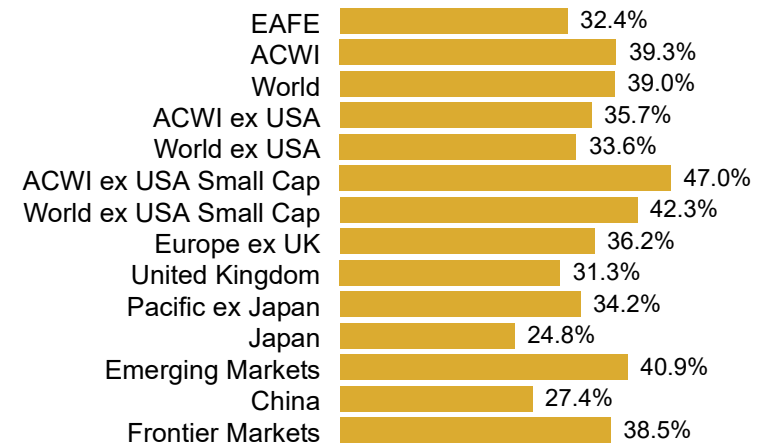
## Growth vs. value

- Growth overturned value, except in Emerging Markets where commodity-rich countries rallied.

## Global Equity: Quarterly Returns



## Global Equity: One-Year Returns



Source: MSCI



# U.S. Fixed Income Performance: 2Q21

## The U.S. Treasury yield curve flattened

- The 10-year U.S. Treasury yield closed 2Q21 at 1.45%, declined 29 bps from 1Q21.
- The short-end of the curve remained anchored, though a hawkish tone from Fed’s June meeting rallied rates on the long-end.
- TIPS outperformed nominal U.S. Treasuries given strong relative performance in April and May.

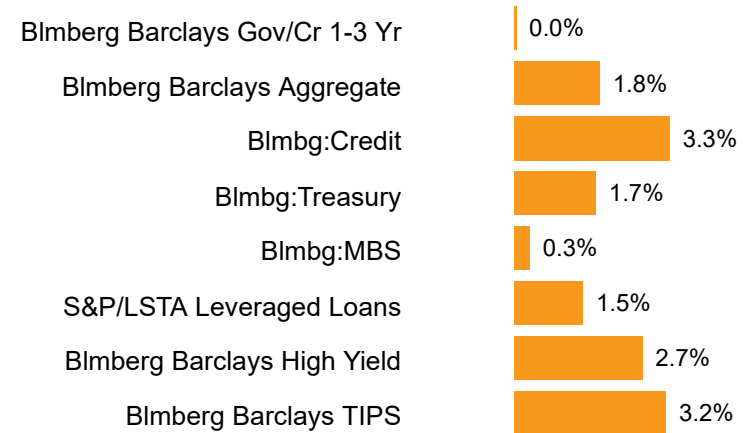
## Bloomberg Barclays Aggregate rallied

- The Bloomberg Barclays US Aggregate Bond Index added 1.8%, with spread sectors outperforming treasuries.
- Demand for corporate credit remained strong, with spreads tightening 11 bps over the quarter, to 80 bps.

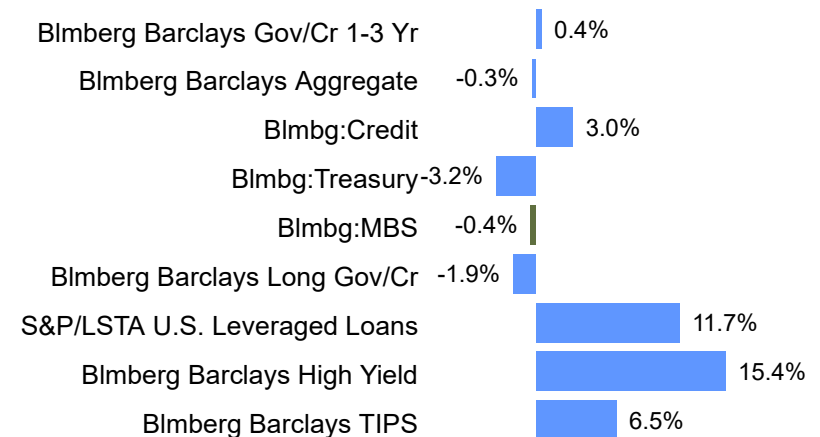
## High yield continued its rally on lowered default expectations

- High yield (HY) bonds outperformed investment grade (IG) in 2Q adjusted for duration, but underperformed IG in absolute terms.
- Leveraged loans returned 1.5% for the quarter, driven by favorable supply/demand dynamics

## U.S. Fixed Income: Quarterly Returns



## U.S. Fixed Income: One-Year Returns



Source: Bloomberg Barclays

# U.S. Private Real Estate – Macro Themes

## KEY MACRO THEMES

|   | TREND  | DRIVERS  | WINNERS                    | LOSERS                                |
|---|--|--|----------------------------|---------------------------------------|
| 1 | <b>“Lower for Longer”<br/>(Interest Rates)</b>           | Recession<br>Savings Glut  | Real Estate                | Cash                                  |
| 2 | <b>Inflation</b>   | Fed/Fiscal stimulus<br>Economic capacity constraints<br>De-Globalization | Real Assets                | Bonds                                 |
| 3 | <b>Performance<br/>Dispersion</b>                        | Technology<br>Migration  | See #4 and #5              |                                       |
| 4 | <b>Technology:<br/>E-commerce and<br/>Work-From-Home</b> | Innovation<br>Consumer/Worker preferences                                | Industrial<br>Tech Markets | Retail<br>Office?<br>Non-Tech Markets |
| 5 | <b>Migration: Sun Belt<br/>and Suburbs</b>               | Cost<br>Demographics<br>Work-From-Home<br>Social Unrest                  | Sun Belt<br>Suburbs        | Coastal Gateways<br>City Centers      |

Source: DWS

# U.S. Private Real Estate Market Trends

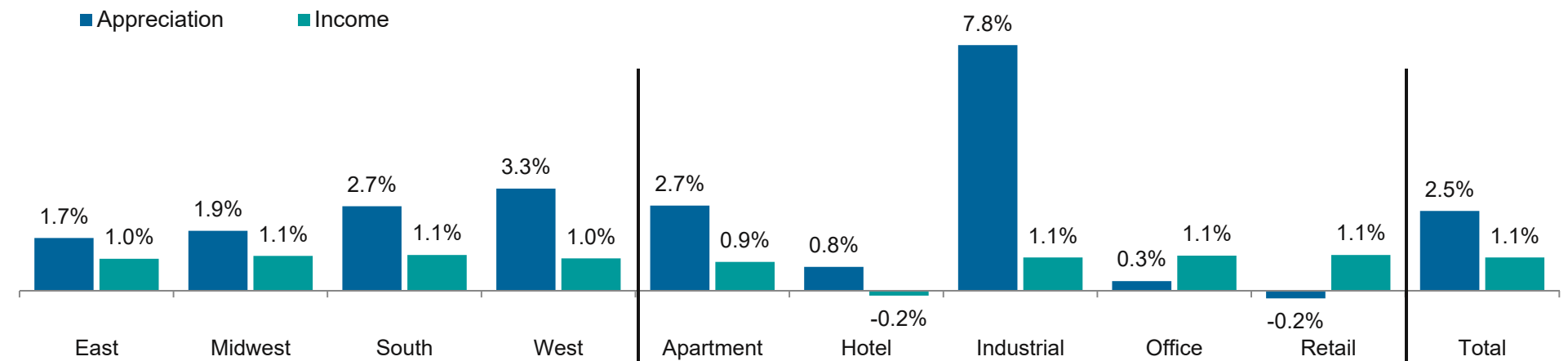
## Results

- Recovery continues as ODCE posts strongest return in 10 years; Industrial remains the best performer.
- Income remains positive except in Hotel sector.
- Appraisers beginning to price in recovery due to strong fundamentals within Industrial and Multifamily.
- Return dispersion by manager within the ODCE Index due to composition of underlying portfolios
- Exposure to niche sectors; self-storage & life sciences continue to be accretive

|                       | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|-----------------------|--------------|-----------|--------------|--------------|---------------|
| NCREIF ODCE           | 3.7%         | 7.1%      | 4.6%         | 5.6%         | 8.6%          |
| Income                | 0.8%         | 3.0%      | 3.1%         | 3.3%         | 3.8%          |
| Appreciation          | 2.9%         | 4.0%      | 1.4%         | 2.3%         | 4.8%          |
| NCREIF Property Index | 3.6%         | 7.4%      | 5.5%         | 6.1%         | 8.8%          |
| Income                | 1.1%         | 4.2%      | 4.4%         | 4.5%         | 5.0%          |
| Appreciation          | 2.5%         | 3.1%      | 1.1%         | 1.6%         | 3.7%          |

Net of fees

## NCREIF Property Index Returns by Region and Property Type



Source: NCREIF

Callan

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**Fund Specific Review**

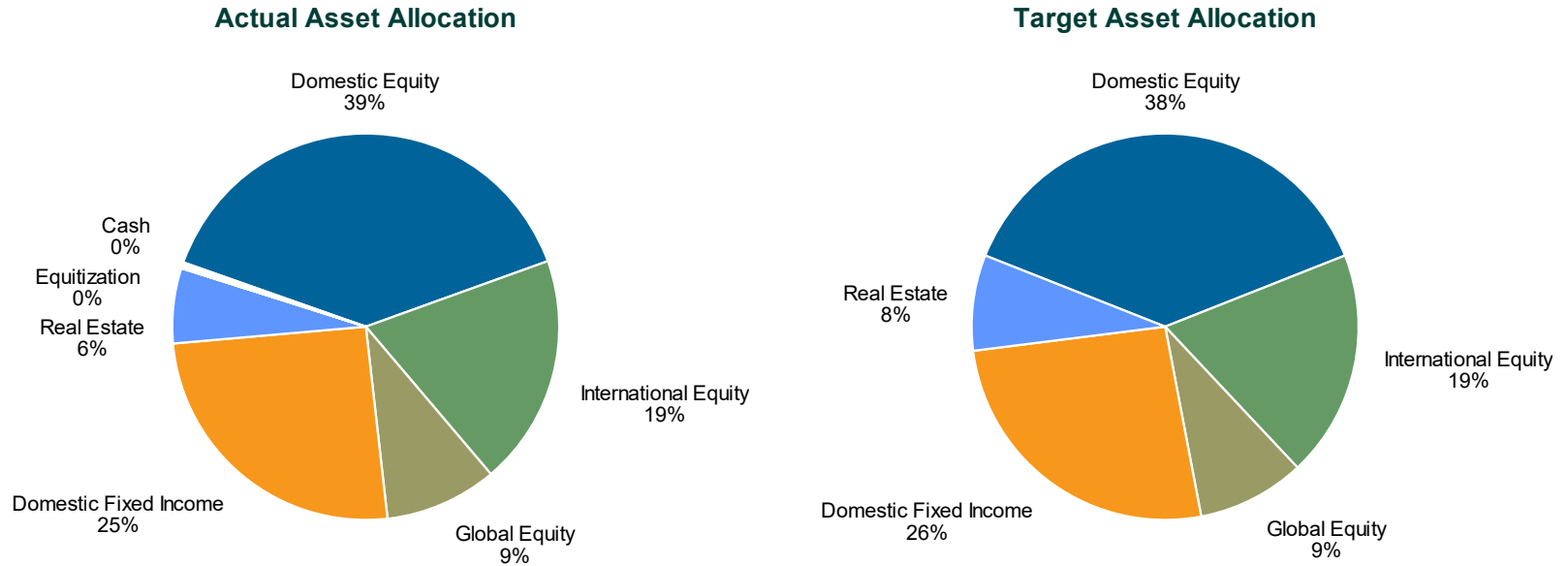
# Endowments – Asset Allocation

|                                   | June 30, 2021          |               |                       |                      | March 31, 2021         |               |
|-----------------------------------|------------------------|---------------|-----------------------|----------------------|------------------------|---------------|
|                                   | Market Value           | Weight        | Net New Inv.          | Inv. Return          | Market Value           | Weight        |
| <b>Total Equity</b>               | <b>\$2,222,869,528</b> | <b>67.79%</b> | <b>\$(21,000,000)</b> | <b>\$162,128,869</b> | <b>\$2,081,740,659</b> | <b>67.56%</b> |
| <b>Domestic Equity</b>            | <b>\$1,283,289,628</b> | <b>39.13%</b> | <b>\$(21,000,000)</b> | <b>\$89,221,747</b>  | <b>\$1,215,067,882</b> | <b>39.43%</b> |
| <b>Large Cap</b>                  | <b>\$885,091,220</b>   | <b>26.99%</b> | <b>\$(16,000,000)</b> | <b>\$65,660,053</b>  | <b>\$835,431,167</b>   | <b>27.11%</b> |
| NTGI S&P 500 SMA                  | 382,208,516            | 11.66%        | 0                     | 30,003,123           | 352,205,393            | 11.43%        |
| LSV Asset Mgmt                    | 159,714,559            | 4.87%         | (21,000,000)          | 8,482,322            | 172,232,236            | 5.59%         |
| Boston Partners                   | 163,002,865            | 4.97%         | (21,000,000)          | 9,718,389            | 174,284,476            | 5.66%         |
| Sands Capital                     | 180,165,281            | 5.49%         | 26,000,000            | 17,456,218           | 136,709,062            | 4.44%         |
| <b>Mid Cap</b>                    | <b>\$256,506,130</b>   | <b>7.82%</b>  | <b>\$(13,000,000)</b> | <b>\$19,668,887</b>  | <b>\$249,837,243</b>   | <b>8.11%</b>  |
| Sycamore Capital                  | 124,006,732            | 3.78%         | (17,000,000)          | 8,006,430            | 133,000,302            | 4.32%         |
| Times Square                      | 132,499,398            | 4.04%         | 4,000,000             | 11,662,458           | 116,836,941            | 3.79%         |
| <b>Small Cap</b>                  | <b>\$141,692,278</b>   | <b>4.32%</b>  | <b>\$8,000,000</b>    | <b>\$3,892,806</b>   | <b>\$129,799,472</b>   | <b>4.21%</b>  |
| Barrow, Hanley                    | 67,545,651             | 2.06%         | 2,000,000             | (605,584)            | 66,151,235             | 2.15%         |
| Eagle Asset Management            | 74,146,627             | 2.26%         | 6,000,000             | 4,498,390            | 63,648,237             | 2.07%         |
| <b>International Equity</b>       | <b>\$632,065,677</b>   | <b>19.27%</b> | <b>\$0</b>            | <b>\$47,004,396</b>  | <b>\$585,061,281</b>   | <b>18.99%</b> |
| Allianz                           | 3,159                  | 0.00%         | 0                     | 29                   | 3,131                  | 0.00%         |
| Schroder QEP Intl Value           | 278,333,302            | 8.49%         | (7,000,000)           | 15,748,068           | 269,585,234            | 8.75%         |
| SSgA MSCI EAFE                    | 28,494                 | 0.00%         | 0                     | 319                  | 28,175                 | 0.00%         |
| Vanguard                          | 66,259,798             | 2.02%         | 0                     | 3,549,836            | 62,709,962             | 2.04%         |
| WCM                               | 287,440,924            | 8.77%         | 7,000,000             | 27,706,145           | 252,734,779            | 8.20%         |
| <b>Global Equity</b>              | <b>\$307,514,222</b>   | <b>9.38%</b>  | <b>\$0</b>            | <b>\$25,902,726</b>  | <b>\$281,611,496</b>   | <b>9.14%</b>  |
| Aberdeen                          | 7,742                  | 0.00%         | 0                     | 69                   | 7,673                  | 0.00%         |
| Fiera                             | 155,086,761            | 4.73%         | 0                     | 14,456,099           | 140,630,663            | 4.56%         |
| Wellington                        | 152,419,361            | 4.65%         | 0                     | 11,446,283           | 140,973,078            | 4.57%         |
| Lazard                            | 358                    | 0.00%         | 0                     | 275                  | 83                     | 0.00%         |
| <b>Domestic Fixed Income</b>      | <b>\$832,449,719</b>   | <b>25.39%</b> | <b>\$37,000,000</b>   | <b>\$18,676,535</b>  | <b>\$776,773,184</b>   | <b>25.21%</b> |
| DoubleLine                        | 184,798,640            | 5.64%         | 16,000,000            | 3,116,267            | 165,682,373            | 5.38%         |
| State Street Global Advisors      | 461,427,612            | 14.07%        | 5,000,000             | 10,382,417           | 446,045,194            | 14.48%        |
| Western                           | 186,223,468            | 5.68%         | 16,000,000            | 5,177,852            | 165,045,616            | 5.36%         |
| <b>Real Estate</b>                | <b>\$207,622,741</b>   | <b>6.33%</b>  | <b>\$0</b>            | <b>\$3,575,640</b>   | <b>\$204,047,101</b>   | <b>6.62%</b>  |
| RREEF America REIT II             | 107,056,118            | 3.26%         | 0                     | 2,042,289            | 105,013,829            | 3.41%         |
| UBS Trumbull Property             | 100,566,623            | 3.07%         | 0                     | 1,533,351            | 99,033,272             | 3.21%         |
| <b>Equitization</b>               | <b>\$1,879,994</b>     | <b>0.06%</b>  | <b>\$500,000</b>      | <b>\$957,594</b>     | <b>\$422,400</b>       | <b>0.01%</b>  |
| <b>Cash</b>                       | <b>\$14,378,447</b>    | <b>0.44%</b>  | <b>\$(4,056,360)</b>  | <b>\$10,400</b>      | <b>\$18,424,407</b>    | <b>0.60%</b>  |
| <b>Total Plan ex Equitization</b> | <b>\$3,277,320,435</b> | <b>99.94%</b> | <b>\$11,943,640</b>   | <b>\$184,391,444</b> | <b>\$3,080,985,350</b> | <b>99.99%</b> |
| <b>Total Plan</b>                 | <b>\$3,279,200,429</b> | <b>100.0%</b> | <b>\$12,443,640</b>   | <b>\$185,349,038</b> | <b>\$3,081,407,750</b> | <b>100.0%</b> |

+ \$197 Million

# Endowments – Asset Allocation

June 30, 2021

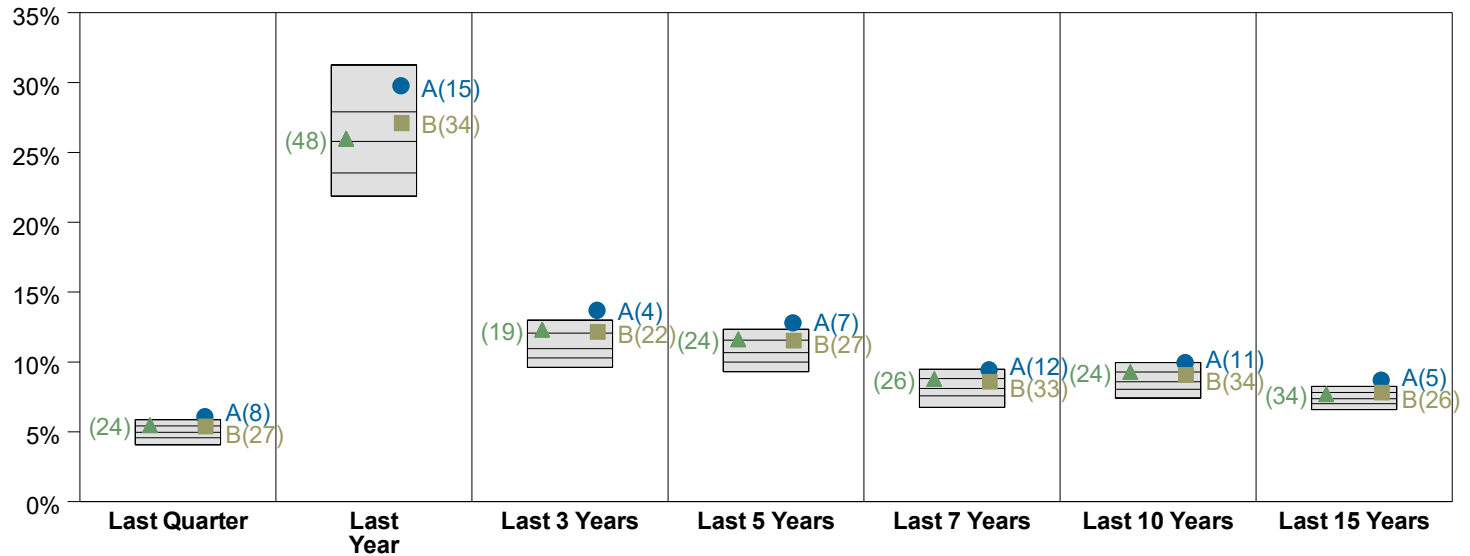


| Asset Class           | \$000s Actual    | Weight Actual | Target        | Percent Difference | \$000s Difference |
|-----------------------|------------------|---------------|---------------|--------------------|-------------------|
| Domestic Equity       | 1,283,290        | 39.1%         | 38.0%         | 1.1%               | 37,193            |
| International Equity  | 632,066          | 19.3%         | 19.0%         | 0.3%               | 9,018             |
| Global Equity         | 307,514          | 9.4%          | 9.0%          | 0.4%               | 12,386            |
| Domestic Fixed Income | 832,450          | 25.4%         | 26.0%         | (0.6%)             | (20,142)          |
| Real Estate           | 207,623          | 6.3%          | 8.0%          | (1.7%)             | (54,713)          |
| Equitization          | 1,880            | 0.1%          | 0.0%          | 0.1%               | 1,880             |
| Cash                  | 14,378           | 0.4%          | 0.0%          | 0.4%               | 14,378            |
| <b>Total</b>          | <b>3,279,200</b> | <b>100.0%</b> | <b>100.0%</b> |                    |                   |

# Endowments – Total Fund Performance

June 30, 2021

## Performance vs Callan Public Fund Sponsor Database (Gross)

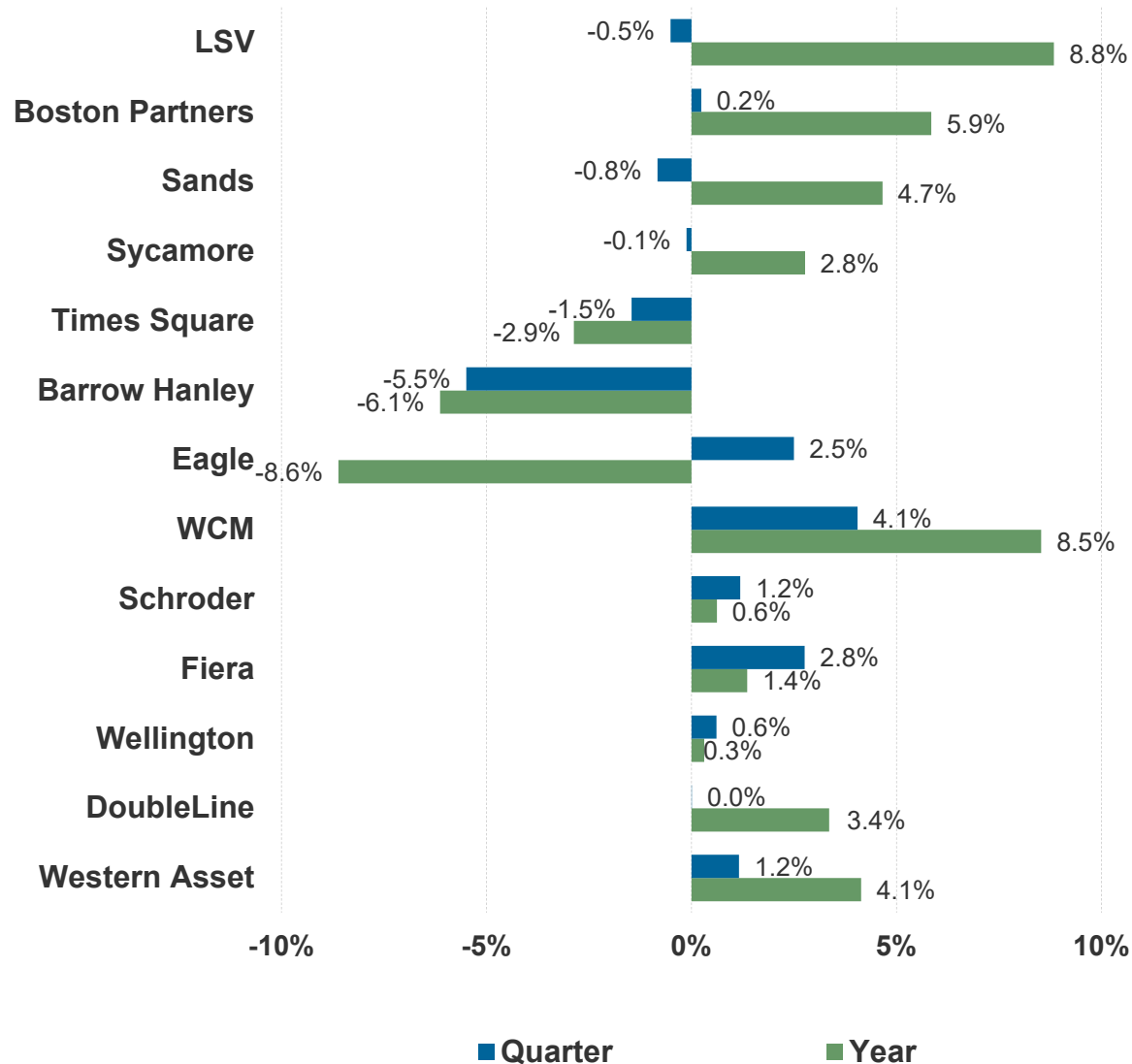


|                     |      |       |       |       |       |      |      |      |
|---------------------|------|-------|-------|-------|-------|------|------|------|
| 10th Percentile     | 5.87 | 31.25 | 12.99 | 12.34 | 9.48  | 9.96 | 8.26 |      |
| 25th Percentile     | 5.43 | 27.90 | 12.07 | 11.57 | 8.82  | 9.28 | 7.82 |      |
| Median              | 4.96 | 25.78 | 10.95 | 10.67 | 8.11  | 8.59 | 7.37 |      |
| 75th Percentile     | 4.59 | 23.52 | 10.29 | 10.00 | 7.58  | 8.05 | 7.02 |      |
| 90th Percentile     | 4.08 | 21.86 | 9.61  | 9.32  | 6.75  | 7.42 | 6.59 |      |
| Total Plan          | ● A  | 6.03  | 29.71 | 13.65 | 12.75 | 9.39 | 9.90 | 8.65 |
| Secondary Benchmark | ■ B  | 5.39  | 27.09 | 12.15 | 11.53 | 8.58 | 9.07 | 7.81 |
| Total Plan Target   | ▲    | 5.48  | 25.98 | 12.32 | 11.62 | 8.78 | 9.29 | 7.69 |

- For the quarter, the Endowment outperformed the target by 0.6%, ranking 8<sup>th</sup> percentile (31<sup>st</sup> percentile against Endowment/Foundation Database).
- For the Fiscal Year, the Fund returned 29.7% (15<sup>th</sup> percentile), 3.7% ahead of the target benchmark.
- Fund ranks 12<sup>th</sup> and 11<sup>th</sup> percentile for the 7 and 10-year periods, respectively; 5<sup>th</sup> percentile for 15 years.

# Endowments Dashboard

## % Deviation from Benchmark (Net)



### Quarter:

Below Benchmark:

- LSV
- Sands
- Sycamore
- Time Square
- Barrow Hanley

### Year:

Below Benchmark:

- Time Square
- Barrow Hanley
- Eagle

Performance is listed net of investment management fees



# Endowments – U.S. Equity Manager Performance

June 30, 2021

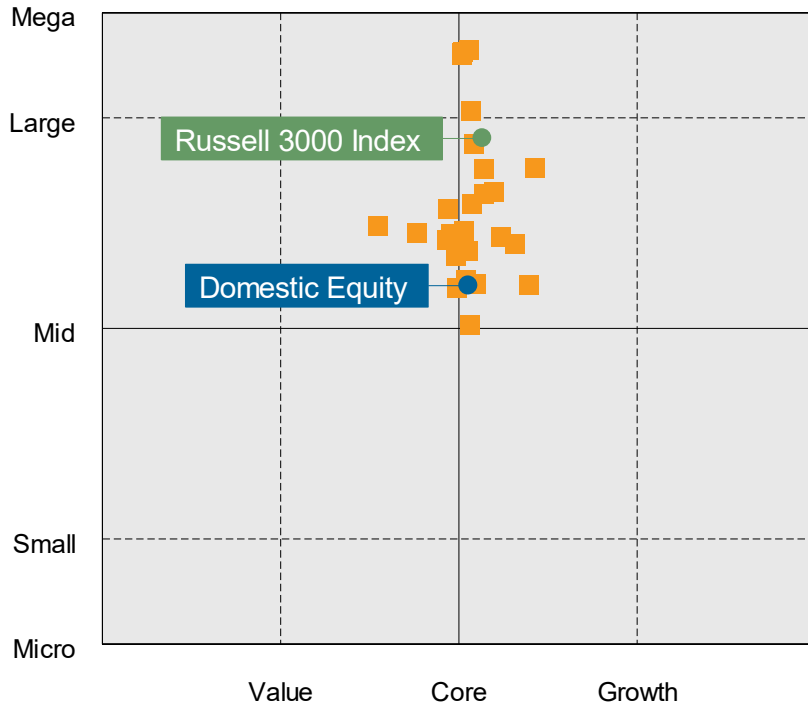
|                | Last Quarter              | Last Year     | Last 3 Years     | Last 5 Years  | Last 10 Years |               |
|----------------|---------------------------|---------------|------------------|---------------|---------------|---------------|
| <b>-0.9%</b> { | <b>Domestic Equity</b>    | <b>7.39%</b>  | <b>48.80% !!</b> | <b>18.77%</b> | <b>18.74%</b> | <b>14.90%</b> |
|                | Russell 3000              | 8.24%         | 44.16%           | 18.73%        | 17.89%        | 14.70%        |
| <b>-0.6%</b> { | <b>Large Cap</b>          | <b>7.92%</b>  | <b>47.24%</b>    | <b>18.88%</b> | <b>18.69%</b> | <b>15.25%</b> |
|                | Russell 1000              | 8.54%         | 43.07%           | 19.16%        | 17.99%        | 14.90%        |
|                | <b>Large Cap Core</b>     | <b>8.52%</b>  | <b>40.66%</b>    | <b>18.55%</b> | <b>17.57%</b> | <b>14.79%</b> |
|                | NTGI S&P 500 SMA          | 8.52%         | 40.66%           | 18.55%        | 17.57%        | -             |
|                | S&P 500                   | 8.55%         | 40.79%           | 18.67%        | 17.65%        | 14.84%        |
|                | <b>Large Cap Value</b>    | <b>5.18%</b>  | <b>51.60%</b>    | <b>12.57%</b> | <b>13.75%</b> | <b>12.72%</b> |
|                | LSV Asset Management      | 4.80%         | 53.16%           | 11.81%        | 13.27%        | 12.69%        |
|                | Boston Partners           | 5.55%         | 50.09%           | 13.24%        | 14.17%        | 12.73%        |
|                | Russell 1000 Value        | 5.21%         | 43.68%           | 12.42%        | 11.87%        | 11.61%        |
|                | <b>Large Cap Growth</b>   | <b>11.26%</b> | <b>48.02%</b>    | <b>30.22%</b> | <b>29.42%</b> | <b>20.32%</b> |
|                | Sands Capital             | 11.26%        | 48.02%           | 30.22%        | 30.32%        | 20.71%        |
|                | Russell 1000 Growth       | 11.93%        | 42.50%           | 25.14%        | 23.66%        | 17.87%        |
| <b>+0.4%</b> { | <b>Mid Cap</b>            | <b>7.93%</b>  | <b>49.69%</b>    | <b>19.16%</b> | <b>18.32%</b> | <b>13.87%</b> |
|                | Russell MidCap Index      | 7.50%         | 49.80%           | 16.45%        | 15.62%        | 13.24%        |
|                | Sycamore Capital          | 5.64%         | 55.47%           | -             | -             | -             |
|                | Russell MidCap Value Idx  | 5.66%         | 53.06%           | 11.86%        | 11.79%        | 11.75%        |
|                | Times Square              | 9.80%         | 41.93%           | 23.13%        | 20.88%        | 16.06%        |
|                | Russell MidCap Growth Idx | 11.07%        | 43.77%           | 22.39%        | 20.52%        | 15.13%        |
| <b>-1.3%</b> { | <b>Small Cap</b>          | <b>2.97%</b>  | <b>55.42%</b>    | <b>16.85%</b> | <b>19.38%</b> | <b>14.19%</b> |
|                | Russell 2000              | 4.29%         | 62.03%           | 13.52%        | 16.47%        | 12.34%        |
|                | Barrow, Hanley            | (0.79%)       | 68.12%           | 13.68%        | 17.13%        | 13.37%        |
|                | Russell 2000 Value        | 4.56%         | 73.28%           | 10.27%        | 13.62%        | 10.85%        |
|                | Eagle Asset Management    | 6.60%         | 43.73%           | 19.66%        | 21.34%        | 14.63%        |
|                | Russell 2000 Growth       | 3.92%         | 51.36%           | 15.94%        | 18.76%        | 13.52%        |

- Active management was challenged during the quarter, especially in small cap (Barrow, Hanley).
- For the fiscal year, strong absolute and relative performance overall.

# U.S. Equity Style Map

(\$1.3 Billion; 39.1% of the Portfolio)

Style Map vs Pub Pln- Dom Equity Holdings as of June 30, 2021



- U.S. Equity composite exhibits a smaller capitalization bias. Primarily resulting from an overweight to mid cap.
- Index performance for quarter: large cap beat mid and small cap. For last year: small>mid>large.
- Mid and small cap bias detracted for quarter, additive for year.

Returns for Periods Ended June 30, 2021

|                      | Last Quarter | Last Year | Last 3 Years | Last 5 Years | Last 10 Years |
|----------------------|--------------|-----------|--------------|--------------|---------------|
| Russell:1000 Index   | 8.5          | 43.1      | 19.2         | 18.0         | 14.9          |
| Russell:Midcap Index | 7.5          | 49.8      | 16.4         | 15.6         | 13.2          |
| Russell:2000 Index   | 4.3          | 62.0      | 13.5         | 16.5         | 12.3          |

# Endowments – International, Fixed Income & RE Performance

June 30, 2021

|                                   | Last Quarter | Last Year     | Last 3 Years  | Last 5 Years  | Last 10 Years |
|-----------------------------------|--------------|---------------|---------------|---------------|---------------|
| <b>International Equity</b>       | <b>8.03%</b> | <b>41.08%</b> | <b>14.99%</b> | <b>14.44%</b> | <b>7.28%</b>  |
| International Equity Target (1)   | 5.48%        | 35.72%        | 9.38%         | 11.08%        | 5.45%         |
| MSCI ACWI x US (Net)              | 5.48%        | 35.72%        | 9.38%         | 11.08%        | 5.45%         |
| Vanguard                          | 5.66%        | 35.78%        | -             | -             | -             |
| MSCI EAFE - Net                   | 5.17%        | 32.35%        | 8.27%         | 10.28%        | 5.89%         |
| WCM                               | 10.92%       | 43.56%        | 23.53%        | 20.50%        | -             |
| MSCI ACWI ex US Growth            | 6.73%        | 34.06%        | 13.60%        | 13.75%        | 7.65%         |
| Schroder                          | 5.82%        | 39.71%        | 7.76%         | -             | -             |
| MSCI ACWI ex US Value             | 4.53%        | 38.32%        | 5.83%         | 9.17%         | 4.07%         |
| <b>Global Equity</b>              | <b>9.20%</b> | <b>40.94%</b> | <b>17.84%</b> | <b>15.22%</b> | <b>9.75%</b>  |
| Fiera                             | 10.28%       | 41.55%        | 20.61%        | -             | -             |
| Wellington                        | 8.12%        | 40.32%        | -             | -             | -             |
| MSCI ACWI - Net                   | 7.39%        | 39.26%        | 14.57%        | 14.61%        | 9.90%         |
| <b>Domestic Fixed Income</b>      | <b>2.38%</b> | <b>2.41%</b>  | <b>5.60%</b>  | <b>3.24%</b>  | <b>3.43%</b>  |
| 85% Agg/ 15% TIPS                 | 2.04%        | 0.67%         | 5.53%         | 3.20%         | 3.40%         |
| State Street Global Advisors      | 2.32%        | 1.41%         | 5.65%         | 3.27%         | 3.44%         |
| SSGA Benchmark (2)                | 2.21%        | 1.48%         | 5.79%         | 3.36%         | 3.48%         |
| DoubleLine                        | 1.88%        | 3.26%         | -             | -             | -             |
| Western                           | 3.04%        | 4.07%         | -             | -             | -             |
| Blmbg Aggregate                   | 1.83%        | (0.33%)       | 5.34%         | 3.03%         | 3.39%         |
| <b>Real Estate</b>                | <b>1.75%</b> | <b>1.80%</b>  | <b>4.70%</b>  | <b>5.44%</b>  | -             |
| RREEF America REIT II             | 1.94%        | 2.12%         | 4.77%         | 6.01%         | -             |
| NCREIF ODCE Value Wt Lag          | 2.11%        | 2.32%         | 4.88%         | 6.20%         | -             |
| UBS Trumbull Property Income      | 1.55%        | 1.45%         | 4.64%         | -             | -             |
| Hybrid Debt Index Lag             | 0.87%        | (0.24%)       | 2.21%         | 3.06%         | 5.00%         |
| <b>Cash</b>                       | <b>0.10%</b> | <b>0.12%</b>  | <b>1.21%</b>  | <b>1.03%</b>  | <b>0.55%</b>  |
| 3-month Treasury Bill             | (0.00%)      | 0.09%         | 1.34%         | 1.17%         | 0.63%         |
| <b>Total Plan ex Equitization</b> | <b>6.00%</b> | <b>29.78%</b> | <b>13.77%</b> | <b>12.79%</b> | <b>9.80%</b>  |
| <b>Total Plan</b>                 | <b>6.03%</b> | <b>29.71%</b> | <b>13.65%</b> | <b>12.75%</b> | <b>9.90%</b>  |
| Total Plan Target                 | 5.48%        | 25.98%        | 12.32%        | 11.62%        | 9.29%         |
| Secondary Benchmark               | 5.39%        | 27.09%        | 12.15%        | 11.53%        | 9.07%         |
| CPI All Urban Consumers           | 2.57%        | 5.39%         | 2.54%         | 2.43%         | 1.87%         |

- International equity exceeded the target for the quarter (+2.6%) and fiscal year (+5.4%).
- Global equity beat the target by 1.8% for the quarter and 1.7% for the fiscal year.
- Fixed income beat the target by 0.3% for the quarter and +1.7% for the fiscal year.
- Real estate returned 1.8% for the fiscal year.

\*Current Quarter Target = 38.0% Russell 3000 Index, 26.0% Blmbg Aggregate, 19.0% MSCI ACWI ex US (Net), 9.0% MSCI ACWI (Net), and 8.0% NCREIF NFI-ODCE Val Wt Gr lagged 3 months.

\*\*Secondary Benchmark = 26.2% Russell 1000 Index, 22.0% Blmbg Aggregate, 19% MSCI ACWI ex US (Net), 9% MSCI ACWI (Net), 7.6% Russell MidCap Index, 8.0% NCREIF NFI-ODCE Val Wt Gr lagged 3 months, 4.2% Russell 2000 Index, and 4.0% Blmbg US TIPS.

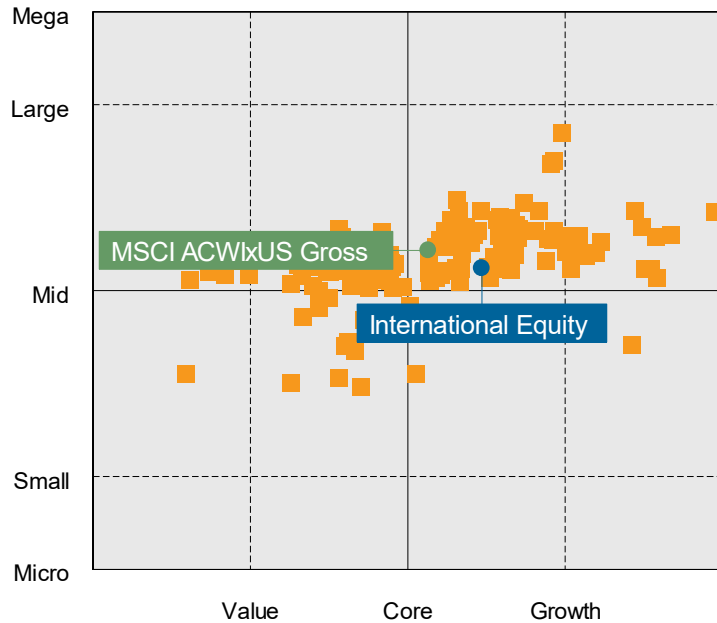
(1) International Equity Target = 100% MSCI ACWI x US (net). Prior to 6/30/2008 = 100% MSCI EAFE

(2) SSGA Benchmark = 73% Agg/ 27% TIPS. Prior to 12/31/18 = 85% Agg/ 15% TIPS

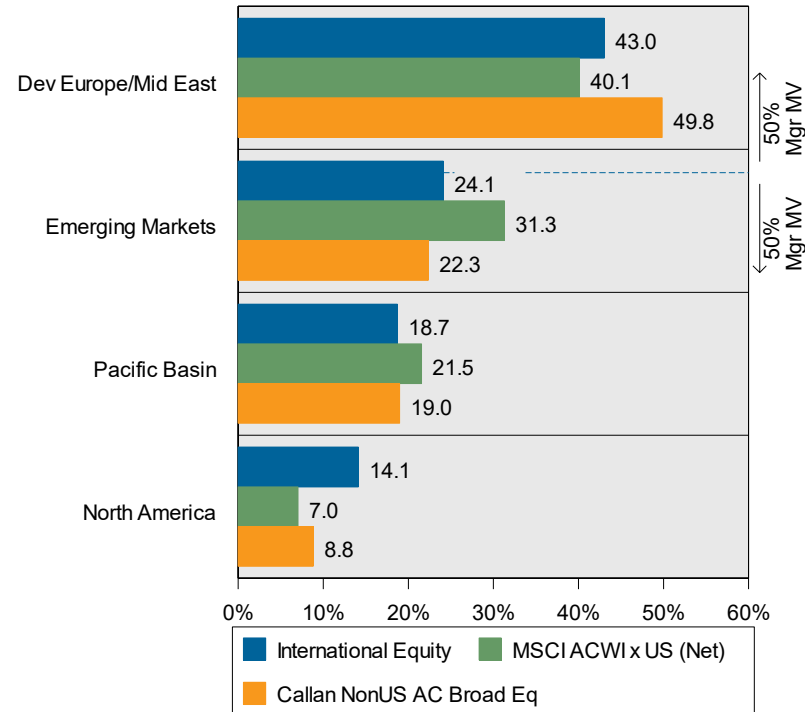
# International Equity

(\$632.1.1 Million; 19.3% of the Portfolio)

Style Map vs Callan NonUS Eq Holdings as of June 30, 2021



Regional Allocation June 30, 2021

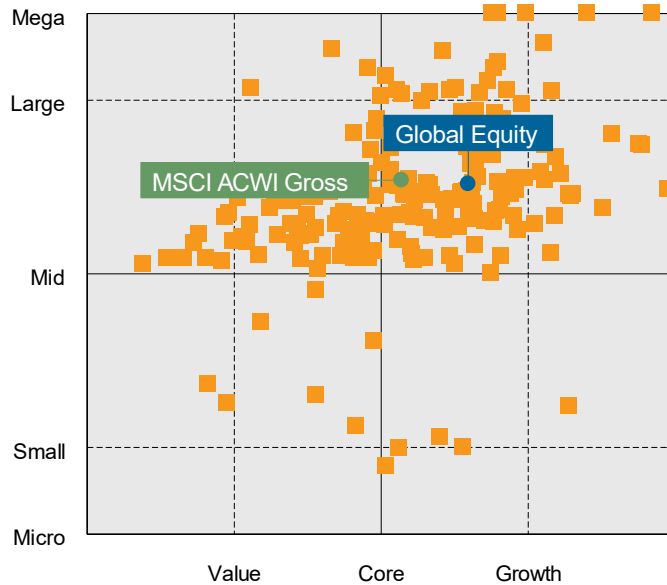


- International composite exhibits a growth bias relative to the Index. WCM is more growth than Schroder is value.
- Portfolio's regional exposure is tilted toward North America and Developed Europe/Middle East and away from Emerging Markets and the Pacific Basin.

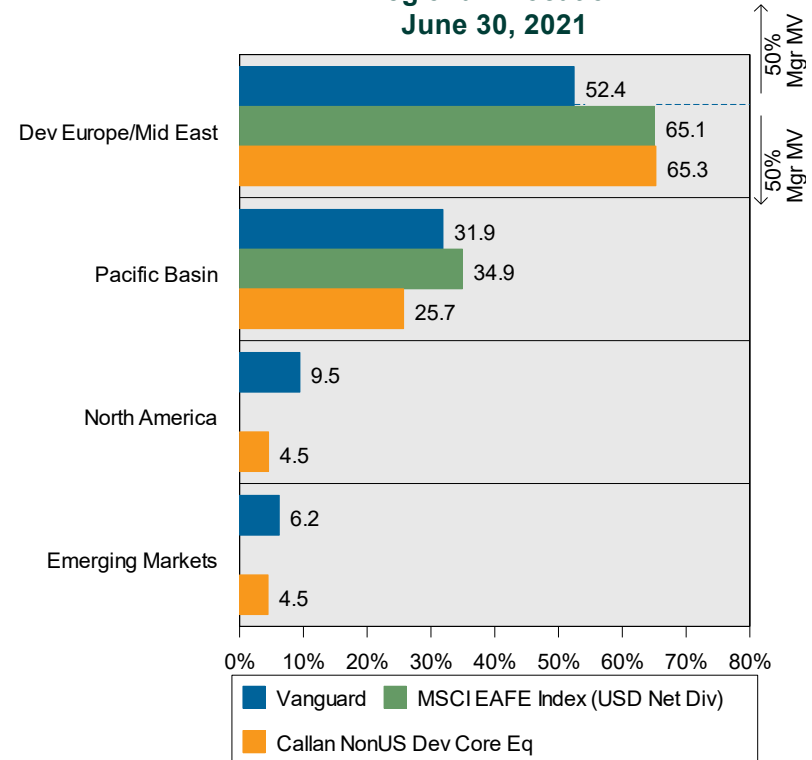
# Global Equity

(\$307.5 Million; 9.4% of the Portfolio)

Style Map vs Callan Global Equity Holdings as of June 30, 2021



Regional Allocation June 30, 2021

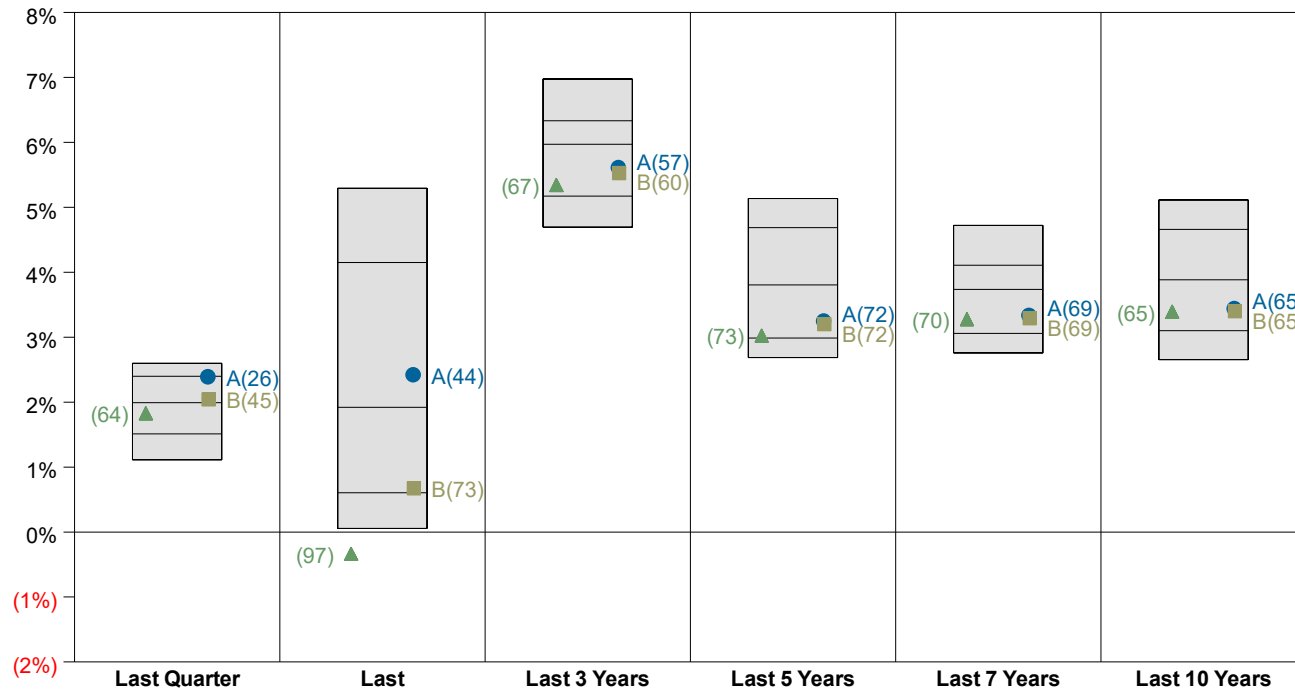


- Global composite exhibits a growth bias relative to the Index. Both Fiera and Wellington exhibit growth characteristics.
- Composite is modestly overweight North America and underweight Emerging Markets relative to the MSCI ACWI Index.

# Fixed Income Performance and Ranking

June 30, 2021

## Performance vs Public Fund - Domestic Fixed (Gross)



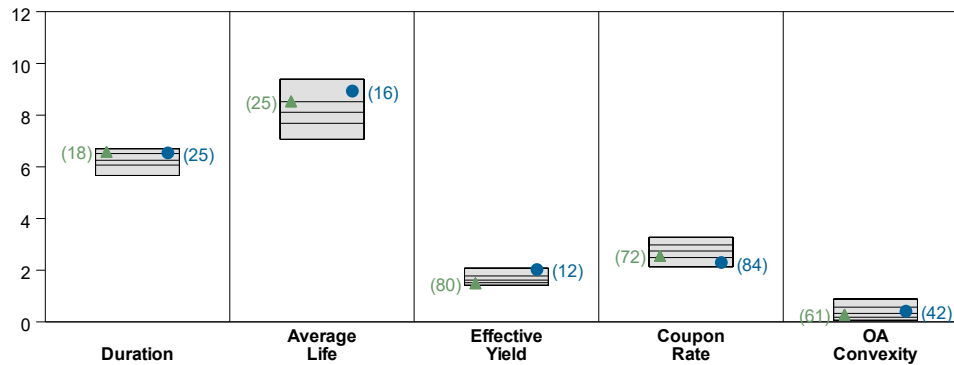
|                       |          |        |      |      |      |      |
|-----------------------|----------|--------|------|------|------|------|
| 10th Percentile       | 2.60     | 5.29   | 6.98 | 5.13 | 4.72 | 5.11 |
| 25th Percentile       | 2.40     | 4.15   | 6.33 | 4.69 | 4.11 | 4.66 |
| Median                | 1.99     | 1.92   | 5.97 | 3.81 | 3.74 | 3.88 |
| 75th Percentile       | 1.51     | 0.60   | 5.17 | 2.99 | 3.06 | 3.10 |
| 90th Percentile       | 1.11     | 0.06   | 4.69 | 2.69 | 2.76 | 2.66 |
| Domestic Fixed Income | ● A 2.38 | 2.41   | 5.60 | 3.24 | 3.33 | 3.43 |
| 85% Agg/ 15% TIPS     | ■ B 2.04 | 0.67   | 5.53 | 3.20 | 3.29 | 3.40 |
| Blmbg Aggregate       | ▲ 1.83   | (0.33) | 5.34 | 3.03 | 3.28 | 3.39 |

- Active managers, DoubleLine and Western, outperformed for the Aggregate Index for the quarter and fiscal year.
- DoubleLine's short duration helped in a rising rate environment while Western's credit exposure added value.

# Fixed Income

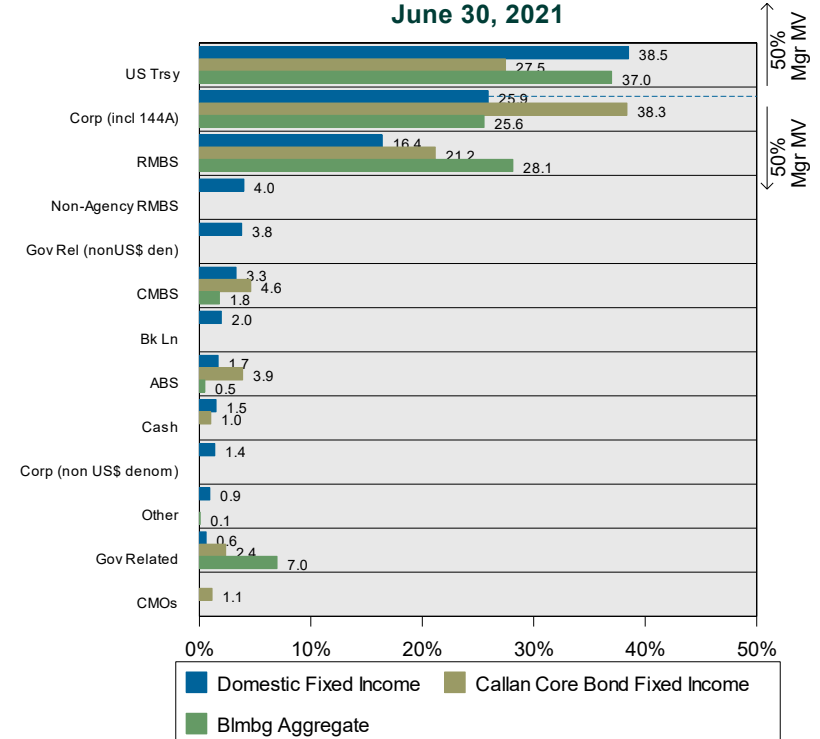
(\$832.4 Million; 25.4% of the Portfolio)

Fixed Income Portfolio Characteristics  
Rankings Against Callan Core Bond Fixed Income  
as of June 30, 2021



|                                | Duration | Average Life | Effective Yield | Coupon Rate | OA Convexity |
|--------------------------------|----------|--------------|-----------------|-------------|--------------|
| 10th Percentile                | 6.70     | 9.39         | 2.08            | 3.27        | 0.89         |
| 25th Percentile                | 6.51     | 8.52         | 1.78            | 2.98        | 0.57         |
| Median                         | 6.25     | 8.11         | 1.62            | 2.74        | 0.33         |
| 75th Percentile                | 6.07     | 7.68         | 1.52            | 2.49        | 0.18         |
| 90th Percentile                | 5.67     | 7.06         | 1.42            | 2.13        | 0.06         |
| <b>Domestic Fixed Income</b> ● | 6.51     | 8.91         | 2.01            | 2.28        | 0.39         |
| <b>Blmbg Aggregate</b> ▲       | 6.58     | 8.53         | 1.50            | 2.55        | 0.28         |

Sector Allocation  
June 30, 2021

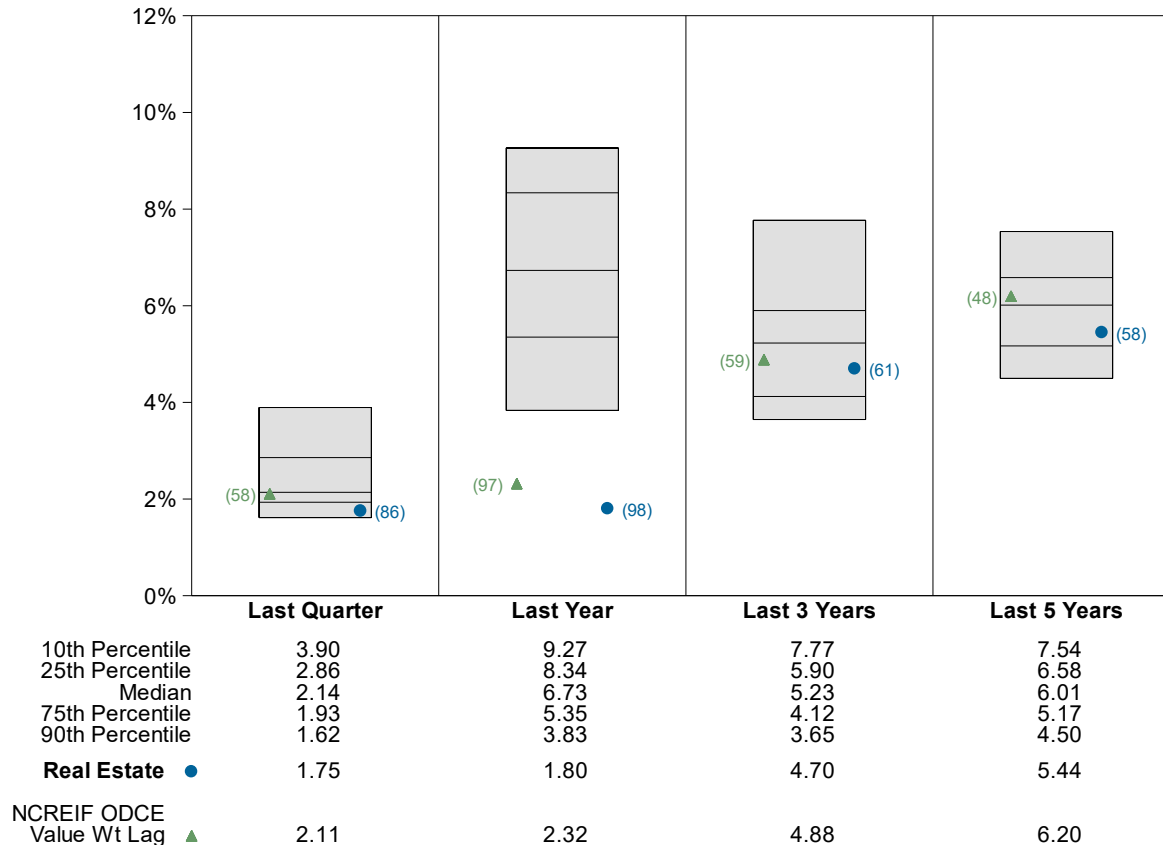


- Composite has a slightly shorter duration than the Index (DoubleLine) and a higher effective yield (Western).
- Composite is approximately index weight in US Treasuries and credit and underweight Agency RMBS (overweight non-Agency RMBS).

# Real Estate Performance and Ranking (Returns Lagged One Quarter)

March 31, 2021

Performance vs Callan Open End Core Cmmingled Real Est



- There are two funds in the Real Estate Portfolio: UBS Trumbull Property Income and RREEF America II.
- The RREEF America Fund is overweight Industrial, Retail and Office and underweight Multi-Family. The portfolio holds roughly 5% in self storage.
- The Trumbull Property Income Fund's (real estate debt) largest exposure is to Multi-Family followed by Retail and Industrial (no office).



# Endowments Compliance Report

For Period Ending June 30, 2021

| Asset Allocation    |               |        |        |
|---------------------|---------------|--------|--------|
| Category            | Range         | Target | Actual |
| Equities            | 61.0% - 71.0% | 66.0%  | 67.8%  |
| Domestic            | 33.0% - 43.0% | 38.0%  | 39.1%  |
| Large cap           | 22.2% - 30.2% | 30.2%  | 27.0%  |
| Mid cap             | 4.6% - 10.6%  | 7.6%   | 7.8%   |
| Small cap           | 2.2% - 6.2%   | 4.2%   | 4.3%   |
| International       | 15.0% - 23.0% | 19.0%  | 19.3%  |
| Global              | 6.0% - 12.0%  | 9.0%   | 9.4%   |
| Fixed Income        | 23.0% - 29.0% | 26.0%  | 25.4%  |
| Real Estate         | 6.0% - 10.0%  | 8.0%   | 6.3%   |
| Cash and Equivalent | 0.0% - 5.0%   | 0.0%   | 0.4%   |

## Rebalancing

Applied when appropriate Yes

## Performance

Managers remain in specified style Yes

Active managers above median/indices for 3-years No See Note 1 below

**Note 1:** Sycamore, Wellington, DoubleLine, and Western Asset have less than 3 years performance history.

Over the trailing three-year period, LSV is below benchmark and median. Times Square is below benchmark. Eagle is below median.

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## Callan Update

# Published Research Highlights from 2Q21

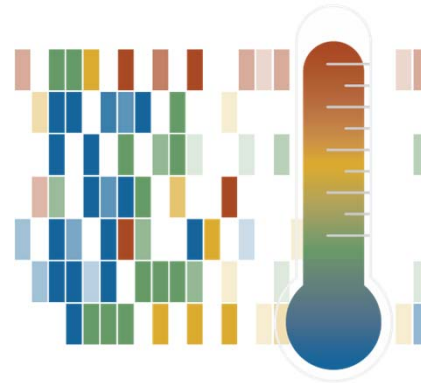
## 'PropTech' and Commercial Real Estate



## A Guide to Implementing a China A-Shares Allocation



## Real Estate Indicators, 1Q21 Update



## Webinar on Inflation and Institutional Investors



## Recent Blog Posts

**Capital Markets Assumptions and the Future**

Greg Allen

**When the Passive Index Is an Active Decision**

Weston Lewis

**Putting Values into Action: A Practical Guide for Institutional Investors**

Brad Penter and  
Lauren Mathias

### Additional Reading

*Private Equity Trends* quarterly newsletter

Active vs. Passive quarterly charts

*Capital Markets Review* quarterly newsletter

Monthly Updates to the Periodic Table

*Market Pulse Flipbook* quarterly markets update

# Callan Institute Events

Upcoming conferences, workshops, and webinars

## Callan College

### Intro to Investments - Learn the Fundamentals

This course is for institutional investors, including trustees and staff members of nonprofits, and public and corporate funds. This session familiarizes trustees and staff with basic investment theory, terminology, and practices.

Join our next virtual sessions (2-3 hour sessions over 3 days):

Aug. 17, 2021 – Aug. 19, 2021

Oct. 26, 2021 – Oct. 28, 2021

Join our next LIVE session in Chicago (1.5-day session):

Oct. 6, 2021 – Oct. 7, 2021

### Alternative Investments

Alternative investments like private equity, hedge funds, and real estate can play a key role in any portfolio. You will learn about the importance of allocations to alternatives, and how to consider integrating, evaluating, and monitoring them.

Join our next virtual session (2-3 hour sessions over 2 days):

Oct. 19, 2021 – Oct. 20, 2021

## Fall Regional Workshops

### Join us in person!

Our regional workshops will be covering ESG topics this Fall. Watch your email for further details and an invitation.

### November 2, 2021, in Atlanta

St. Regis Hotel

Eighty-Eight West Paces Ferry Road, Atlanta, GA 30305

### November 5, 2021, in San Francisco

Palace Hotel

2 New Montgomery St, San Francisco, CA 94105

### Agenda

8:30am - Breakfast

9:30am - Workshop

## Webinars

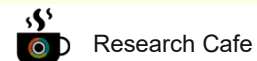
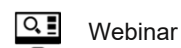
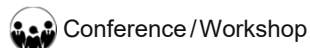
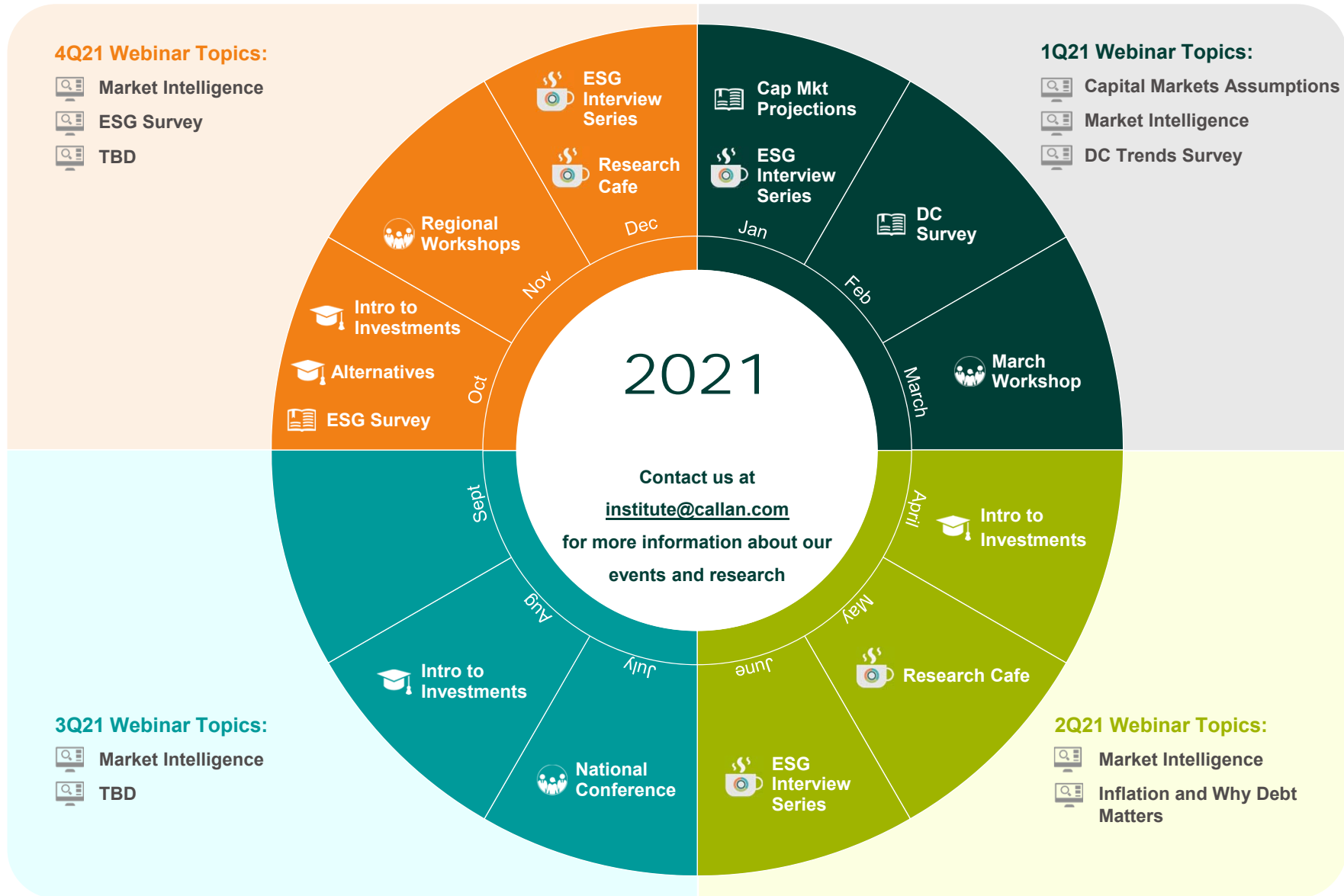
### Research Café: Property Technology

Aug. 30, 2021 – 9:30am (PT)

### Market Intelligence

Oct. 15, 2021 – 9:30am (PT)

# Content Calendar – Callan Institute



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## Callan Updates

Firm updates by the numbers, as of June 30, 2021

Total Associates: ~200

### Ownership

- 100% employees
- Broadly distributed across 99 shareholders

### Leadership Changes

- No changes to leadership this quarter

Total General and Fund Sponsor Consultants: more than 55

Total Specialty and Research Consultants: more than 60

Total CFA/CAIA/FRMs: more than 55

Total Fund Sponsor Clients: more than 400

AUA: more than \$3 trillion