

Callan

August 14, 2023



**Idaho Endowment Fund
Investment Board**

Second Quarter 2023
Performance Review

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Senior Vice President

Callan

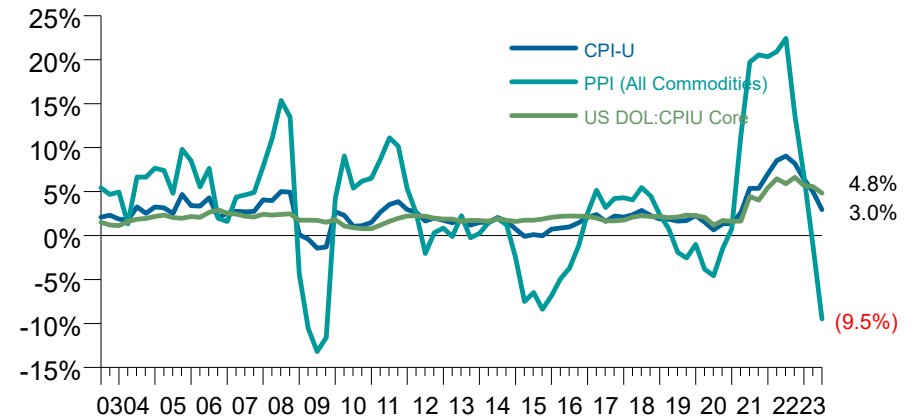
Economic and Market Update

U.S. Economy—Summary

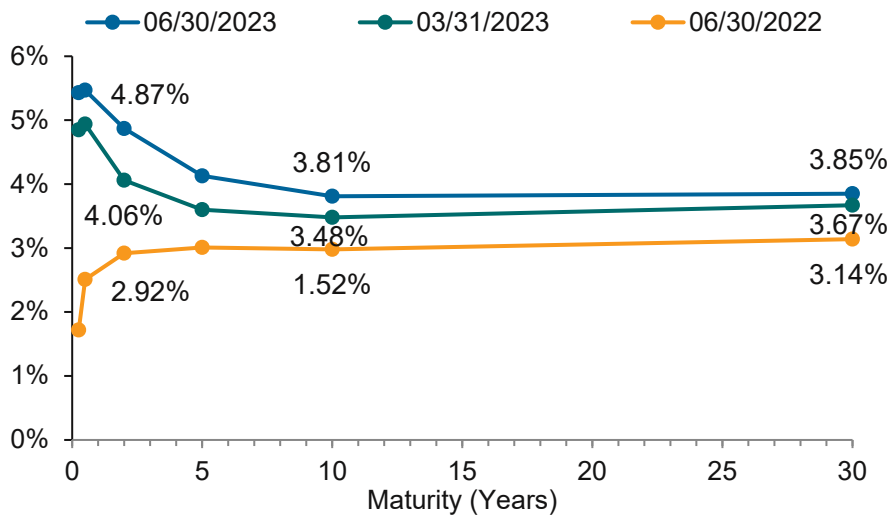
Second Quarter 2023

- U.S. economy grew 2.4% in Q2, ahead of the 2.0% growth seen in at the end of the first quarter.
- Headline inflation softened to 3% year-over-year through June, down from 5% at the end of March.
- The Federal Reserve hiked interest rates by 25 bps at their May meeting before pausing in June. The Fed resumed their hiking at the end of July (target range 5.25-5.50%).
- Unemployment increased slightly to 3.5% in the second quarter.

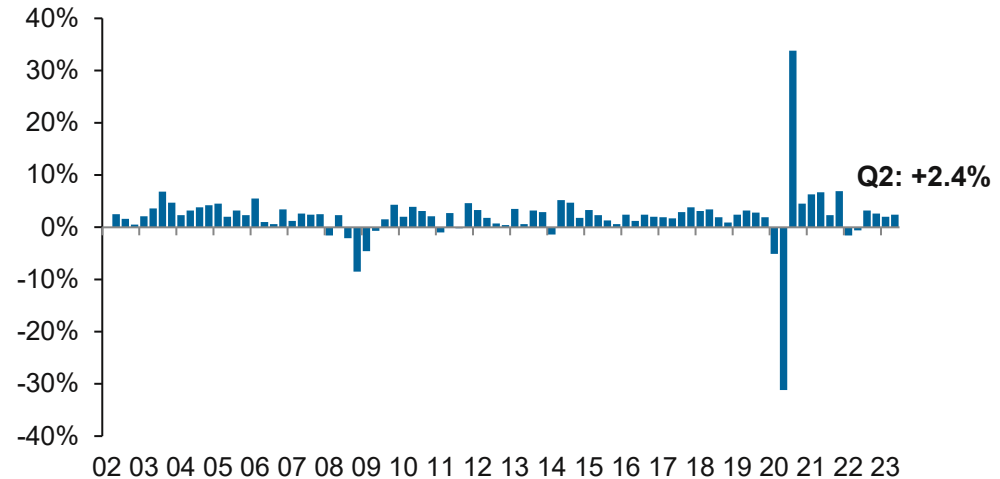
Inflation Year-Over-Year



U.S. Treasury Yield Curves



Quarterly Real GDP Growth

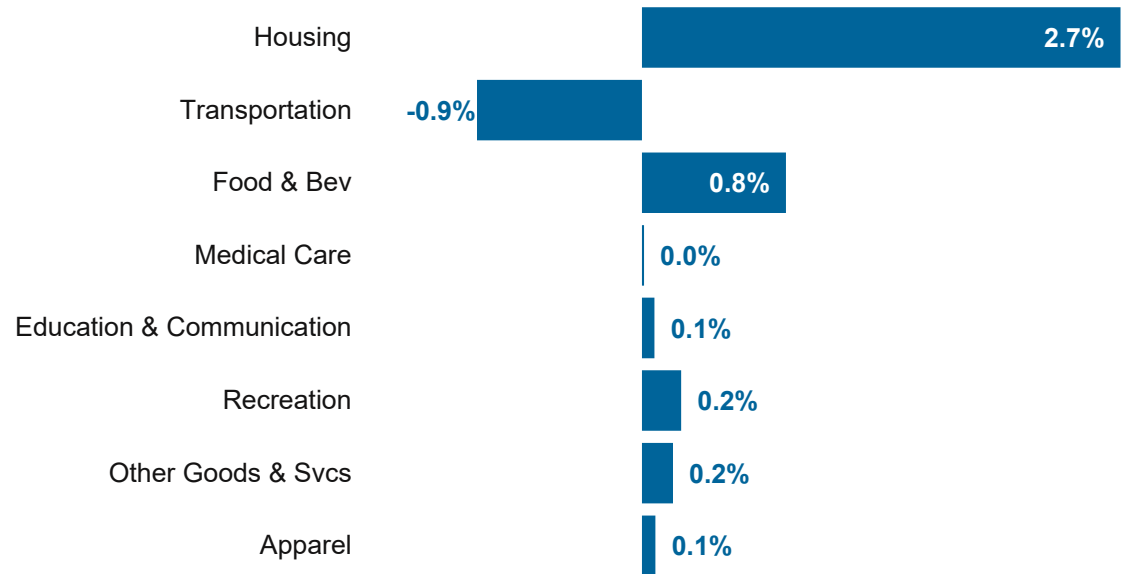


Sources: Bloomberg, Bureau of Labor Statistics, Callan. GDP reflective of 2Q23 Estimate.

Contributors to Recent Inflation: Primary Categories

- ▶ Transportation inflation has swung all the way from biggest contributor to an overall detractor from headline inflation.
- ▶ Housing took over as the biggest weighted contributor to headline inflation due to the category's high weight in the index (42.4%).
- ▶ Transportation's downward trend in inflation has been somewhat offset by high Food & Beverage and Housing inflation.

Contribution to June 2023 Year-Over-Year Inflation



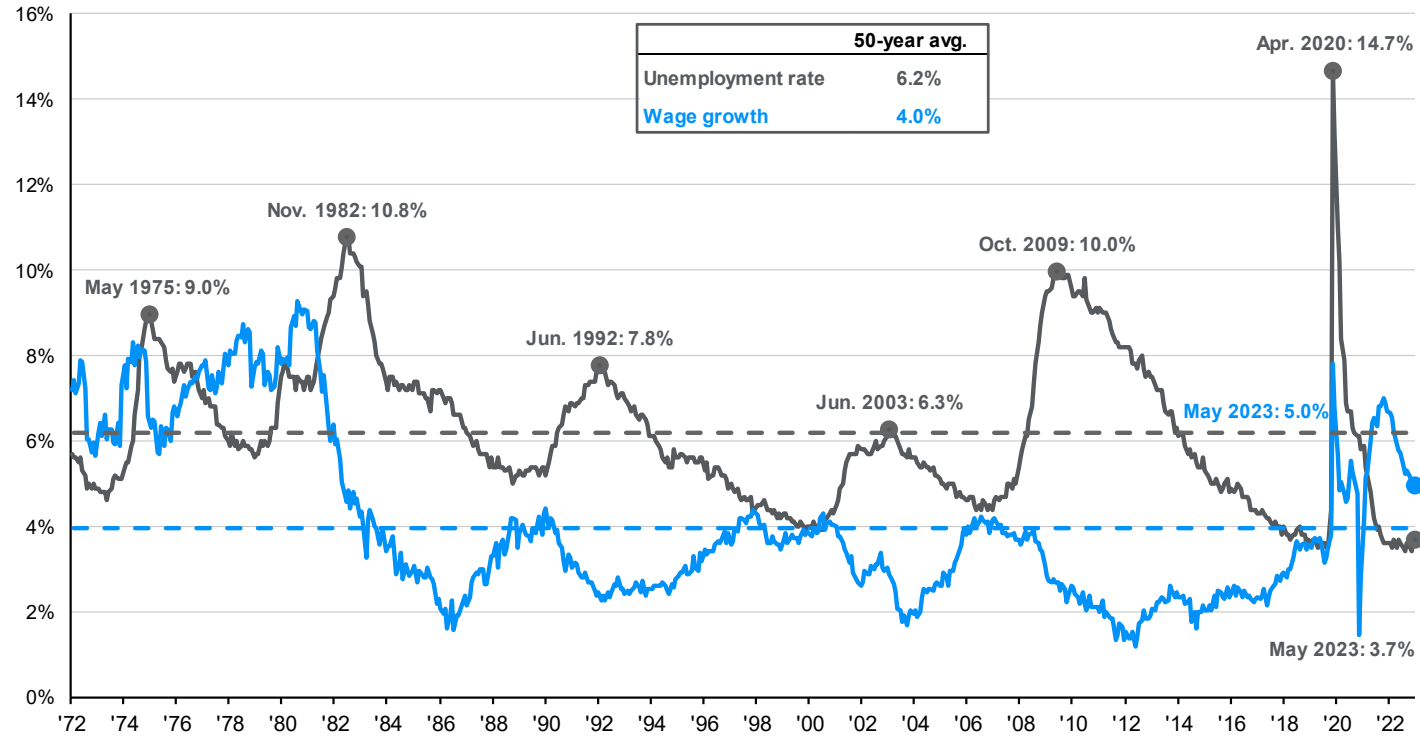
Primary Category	Primary Category Weight	Year-over-Year Change											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
All Items	100.0%	8.5%	8.3%	8.2%	7.7%	7.1%	6.5%	6.4%	6.0%	5.0%	4.9%	4.0%	3.0%
Housing	42.4%	7.4%	7.8%	8.0%	7.9%	7.8%	8.1%	8.2%	8.2%	7.8%	7.5%	6.8%	6.3%
Transportation	18.2%	16.4%	13.4%	12.6%	11.2%	7.8%	3.9%	3.8%	2.6%	-1.0%	0.2%	-2.0%	-5.1%
Food & Bev	14.3%	10.5%	10.9%	10.8%	10.6%	10.3%	10.1%	9.9%	9.2%	8.3%	7.5%	6.6%	5.7%
Medical Care	8.5%	4.8%	5.4%	6.0%	5.0%	4.2%	4.0%	3.1%	2.3%	1.5%	1.1%	0.7%	0.1%
Education & Communication	6.4%	0.5%	0.5%	0.2%	0.0%	0.7%	0.7%	1.0%	1.0%	1.4%	1.6%	1.5%	1.1%
Recreation	5.1%	4.4%	4.1%	4.1%	4.1%	4.7%	5.1%	4.8%	5.0%	4.8%	5.0%	4.5%	4.3%
Other Goods & Svcs	2.7%	6.3%	6.6%	6.9%	6.5%	7.0%	6.4%	6.2%	6.1%	6.1%	6.6%	6.7%	6.3%
Apparel	2.5%	5.1%	5.1%	5.5%	4.1%	3.6%	2.9%	3.1%	3.3%	3.3%	3.6%	3.5%	3.1%

Source: U.S. Bureau of Labor Statistics

Unemployment and Wages

Civilian unemployment rate and year-over-year wage growth

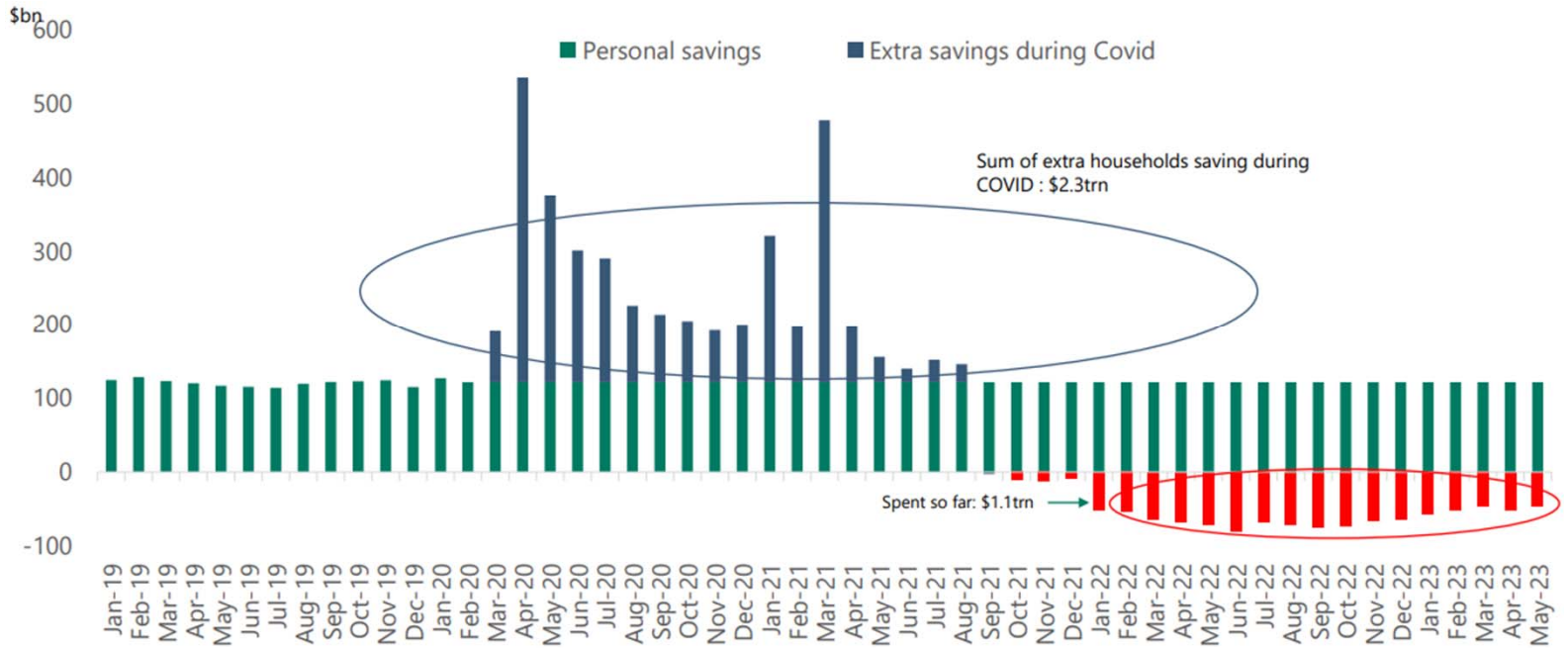
Private production and non-supervisory workers, seasonally adjusted, percent



- ▶ Wage growth remains above long-term averages.
- ▶ Unemployment continues to be sticky, supporting wage growth and inflation in the overall market.

Source: JP Morgan Asset Management (2Q23 Guide to the Markets), BLS, FactSet. As of June 30, 2023

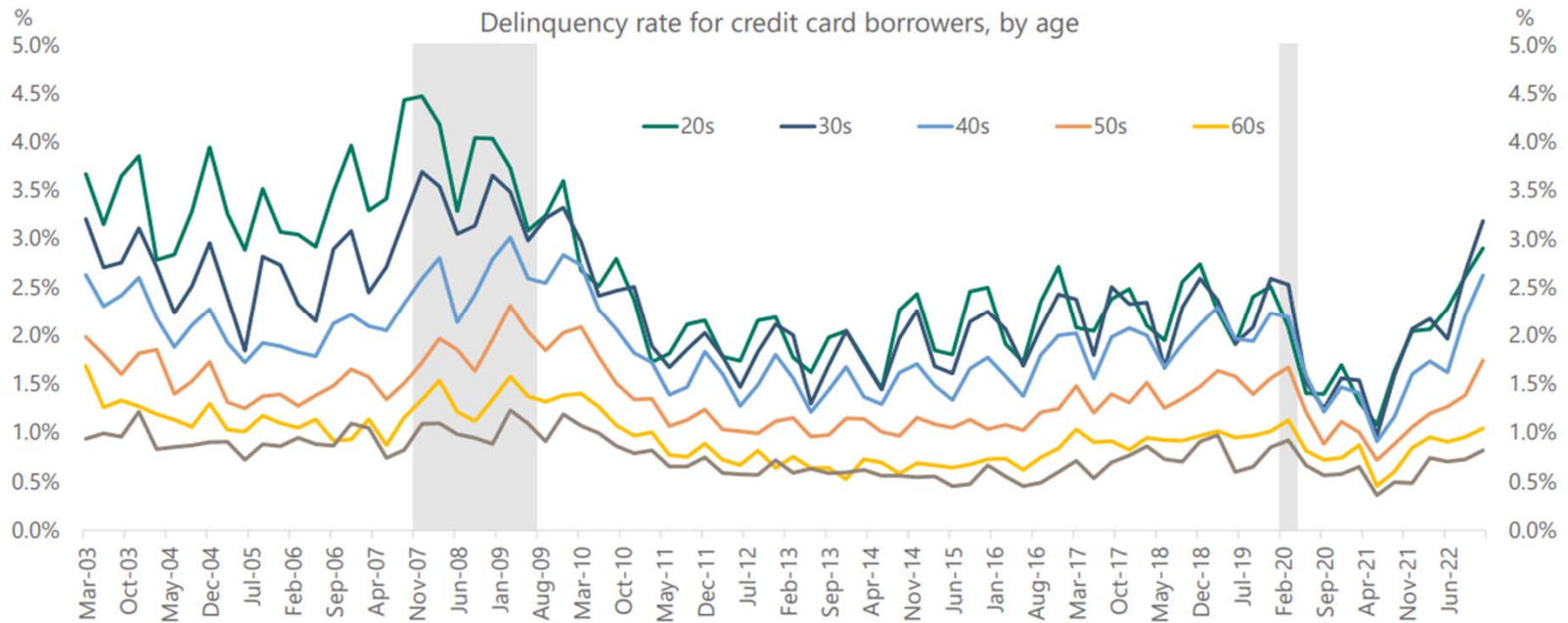
Household Burning Through Excess Savings



► Personal savings remain relatively strong, at the same time, households have been running through their excess savings.

Source: Bloomberg, Apollo

Credit Card Delinquency Rates



► Credit card delinquency rates are trending higher, reflecting the diminishing excess savings in American households.

Source: NY Fed Consumer Credit Panel/Equifax, Apollo

Equity Markets Surged and Fixed Income Fell in Q2

Narrow markets drove large cap US stocks in the second quarter.

- ▶ The “Magnificent Seven” were the main contributors in the second quarter, and growth dominated value to finish the first half of the year.

Fixed income fell as rates rose in Q2.

- ▶ Bloomberg Aggregate: -0.8% for the quarter

After a bumpy first quarter, equities rebounded in the second quarter across the board.

- ▶ S&P 500: +8.7% for the quarter
- ▶ Russell 2000: +5.2% for the quarter

Inflation eased to 3.0%, and one additional rate hike from the Fed came in Q2.

- ▶ Target rate is now 5.25-5.50%

Returns for Periods ended 6/30/23

	Quarter	Year to				
		Date	1 Year	5 Years	10 Years	25 Years
U.S. Equity						
Russell 3000	8.39	16.17	18.95	11.39	12.34	7.72
S&P 500	8.74	16.89	19.59	12.31	12.86	7.61
Russell 2000	5.21	8.09	12.31	4.21	8.26	7.26
Global ex-U.S. Equity						
MSCI World ex USA	3.03	11.29	17.41	4.58	5.40	4.49
MSCI Emerging Markets	0.90	4.89	1.75	0.93	2.95	--
MSCI ACWI ex USA Small Cap	2.05	6.84	10.93	2.62	5.75	6.73
Fixed Income						
Bloomberg Aggregate	-0.84	2.09	-0.94	0.77	1.52	3.90
90-day T-Bill	1.17	2.25	3.59	1.55	0.98	1.89
Bloomberg Long Gov/Credit	-1.29	4.39	-2.56	0.66	2.86	5.33
Bloomberg Global Agg ex-US	-2.16	0.83	-1.83	-2.65	-0.90	2.62
Real Estate						
NCREIF Property	-1.81	-3.59	-6.44	5.94	7.84	8.53
FTSE Nareit Equity	2.62	5.37	-0.13	4.55	6.42	8.32
Alternatives						
CS Hedge Fund Index*	--	--	--	--	--	--
Cambridge Private Equity*	--	--	--	--	--	--
Bloomberg Commodity	-2.56	-7.79	-9.61	4.73	-0.99	2.04
Gold Spot Price	-2.86	5.65	6.76	8.99	4.66	7.76
Inflation - CPI-U	1.08	2.80	2.97	3.90	2.71	2.54

Sources: Bloomberg, Callan, Cambridge, Credit Suisse, FTSE Russell, MSCI, NCREIF, S&P Dow Jones Indices

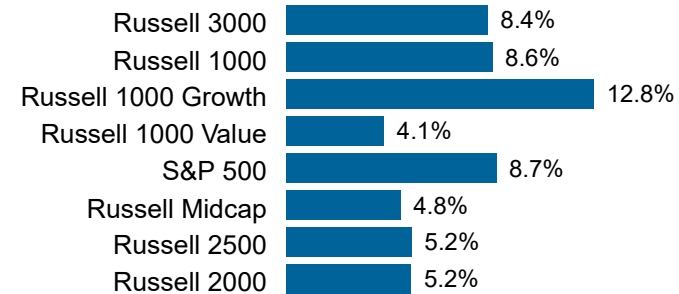
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Public Markets

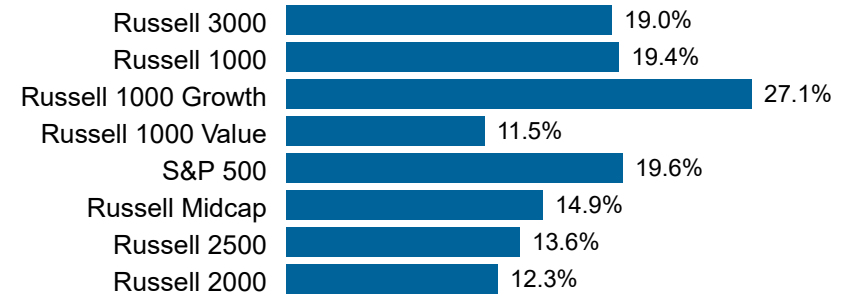
U.S. Equity Performance: 2Q23

- ▶ S&P 500 posted a second straight quarter of positive performance; large cap growth led all styles, advancing 12.8%.
- ▶ All U.S. equity indices produced positive returns; small value and low volatility trailed other segments.
- ▶ Within the S&P 500, the Technology and Consumer Discretionary sectors were the strongest performers, while Utilities and Energy posted negative returns.
- ▶ Small cap continues to trade at a meaningful discount to its historical valuations; large cap (particularly growth) continues to trade at a premium.
 - On average, small cap companies have a higher exposure to variable debt than large cap counterparts.

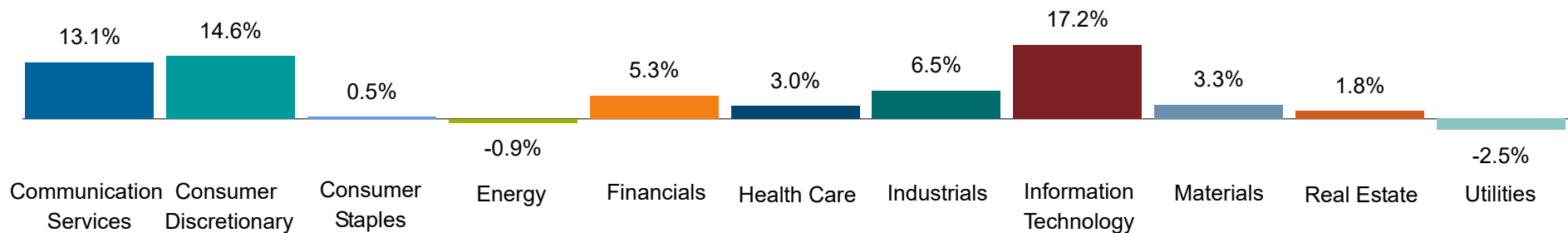
U.S. Equity Returns: Quarter Ended 6/30/23



U.S. Equity Returns: One Year Ended 6/30/23



Industry Sector Quarterly Performance (S&P 500) as of 6/30/23



Sources: FTSE Russell, S&P Dow Jones Indices

S&P 500 Index Concentration

P/E ratio of the top 10 and remaining stocks in the S&P 500
Next 12 months, 1996 - present



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

% of market capitalization of the S&P 500



- ▶ S&P 500 performance has been dominated by mega-cap growth stocks through the first half of the year.
 - 10 stocks account for 80% of the return
- ▶ Valuations of the top 10 stocks in the S&P 500 are roughly 45% greater than the historical average, and 65% greater than the remaining stocks in the index.
- ▶ The top 10 stocks in the S&P 500 now constitute ~32% of market cap, as of June 30.
- ▶ The year-to-date difference between the cap (16.9%) and equal weighted (7.0%) S&P 500 is roughly 10%.

Source: FactSet, S&P, JP Morgan Asset Management (2Q23 Guide to the Markets)

Global/Global ex-U.S. Equity Performance: 2Q23

Developed outperforms emerging; China continues to fall

2Q23 continued global and global ex-U.S. equity markets positive performance from the prior quarter.

Technology stocks lead markets higher

- ▶ The second quarter of the year saw global markets led higher by mega cap technology stocks, in part due to increased optimism around artificial intelligence advancements.
- ▶ Market expectations of a recession decreased as inflation showed signs of abating while the Fed kept rates unchanged in June.
- ▶ Japan outperformed other regions in local currency as valuations continued to be attractive alongside the Bank of Japan's easy monetary policy.

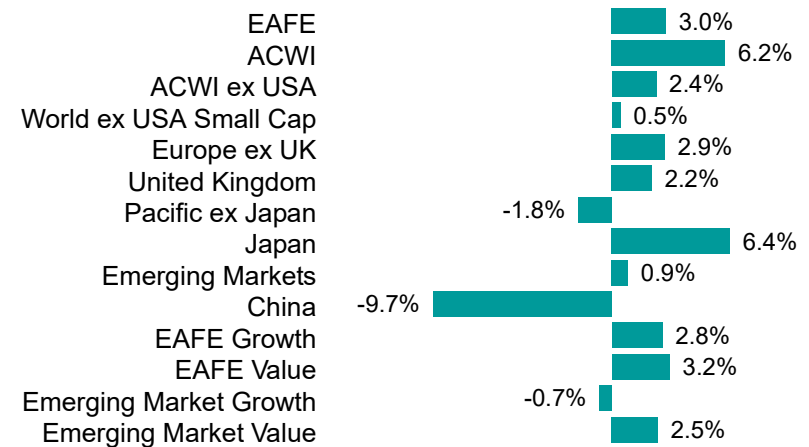
Developed vs. emerging markets

- ▶ Developed markets outperformed emerging markets as China weighed on EM indices.

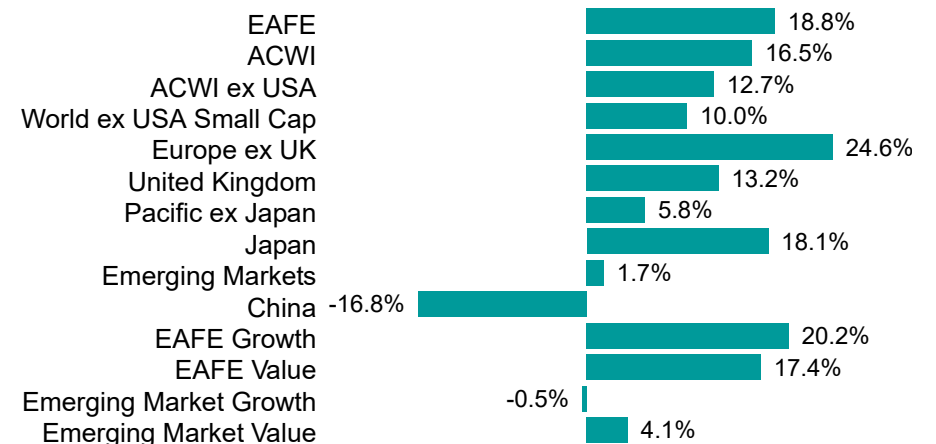
Growth vs. value

- ▶ Mega cap technology companies, which are primarily U.S.-based, led markets higher and resulted in large dispersions between U.S. growth and value indices. Outside of the U.S., growth and value index returns were relatively balanced.

Global Equity Returns: Quarter Ended 6/30/23



Global Equity Returns: One Year Ended 6/30/23



Source: MSCI

U.S. Fixed Income Performance: 2Q23

Bloomberg Aggregate down as rates rose, risk appetite and solid economic news spurred returns for spread sectors and lower quality

- IG Corporate excess return: +131 bps
- AA excess returns: +84 bps
- BBB excess returns: +157 bps

U.S. Treasury yield curve inversion steepened to 106 bps from 58 bps on 3/31

- 2- year UST: 4.87%; 10-year UST: 3.81%

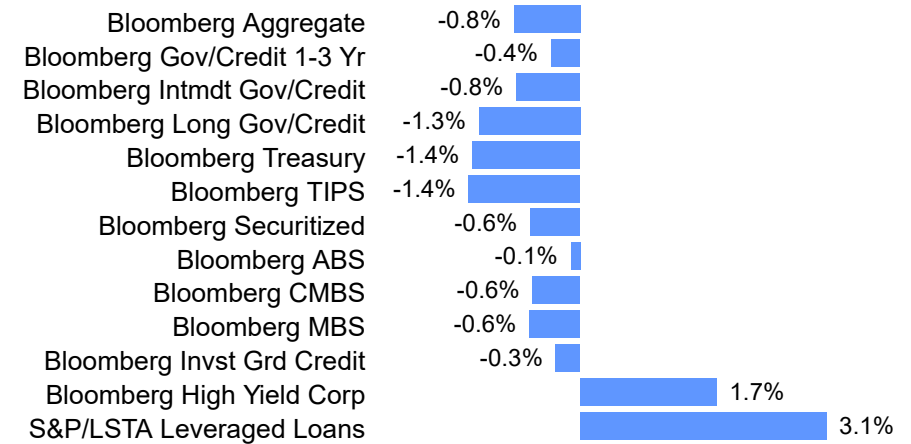
Fed Funds target raised to 5.00% - 5.25%

- Paused at June meeting but increased 25 bps in July to 5.25% - 5.5% (July 26)

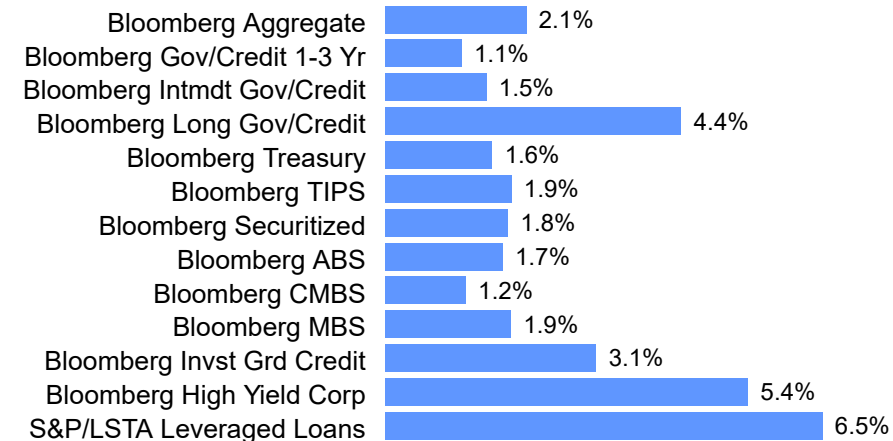
Valuations fair

- Credit spreads have not widened materially and are close to historical averages
- Demand has remained robust with muted issuance

U.S. Fixed Income Returns: Quarter Ended 6/30/23



U.S. Fixed Income Returns: Six Months Ended 6/30/23



Sources: Bloomberg, S&P Dow Jones Indices

U.S. Private Real Estate Performance: 2Q23

Income returns positive but appreciation returns negative once again

Valuations reflect higher interest rates

- Income returns were positive across sectors and regions.
- All property sectors and regions, except for Hotel, experienced negative appreciation.
- Valuations are reflective of higher interest rates, which have put upward pressure on capitalization rate and discount rate assumptions.
- Return dispersion by manager within the ODCE Index was due to the composition of underlying portfolios.

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
NCREIF ODCE	-2.9%	-10.7%	7.0%	5.6%	7.8%
Income	0.7%	2.5%	2.8%	3.0%	3.4%
Appreciation	-3.6%	-13.0%	4.2%	2.5%	4.3%
NCREIF Property Index	-2.0%	-6.6%	6.8%	5.9%	7.8%
Income	1.0%	4.0%	4.1%	4.2%	4.6%
Appreciation	-3.0%	-10.3%	2.6%	1.6%	3.1%

Returns are geometrically linked

NCREIF Property Index Quarterly Returns by Region and Property Type

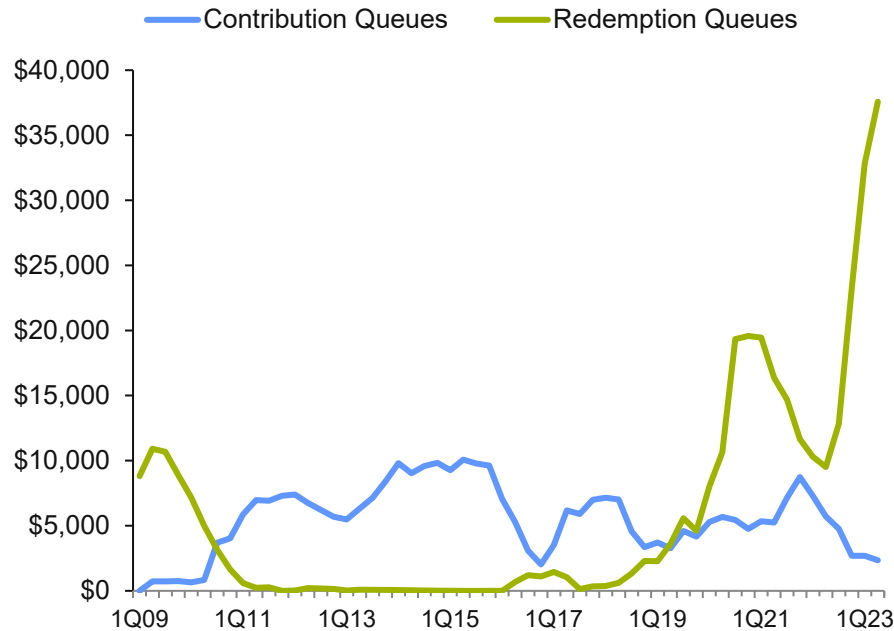


Source: NCREIF, ODCE return is net

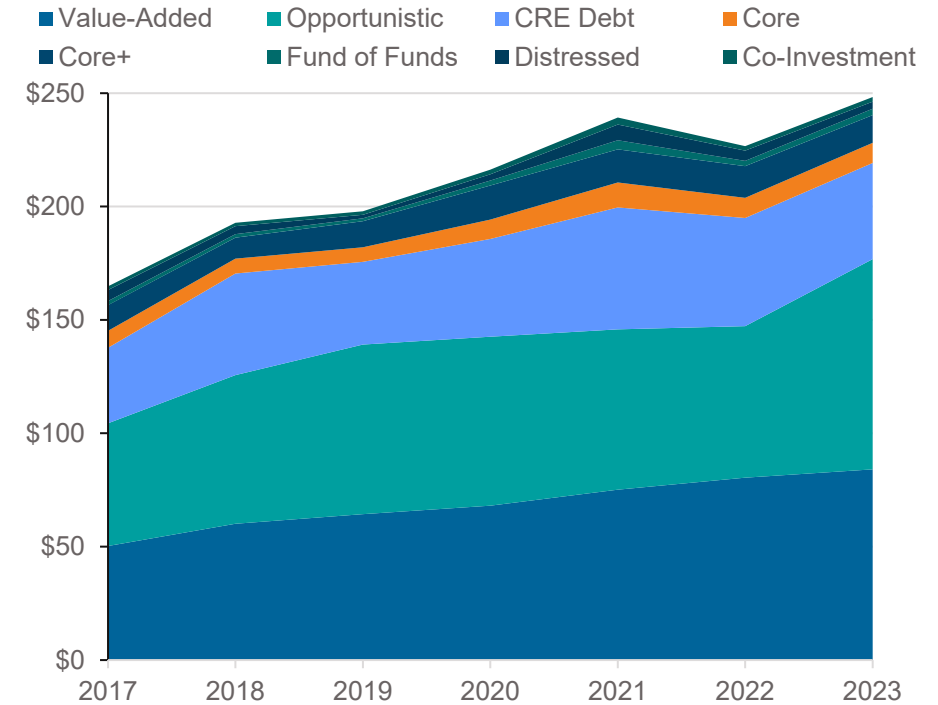
U.S. Private Real Estate Market Trends

Dry powder nears \$250 billion

Core Fund Contribution/Redemption Queues (\$mm)^A



Dry Powder for CRE Investment in North America (\$bn)

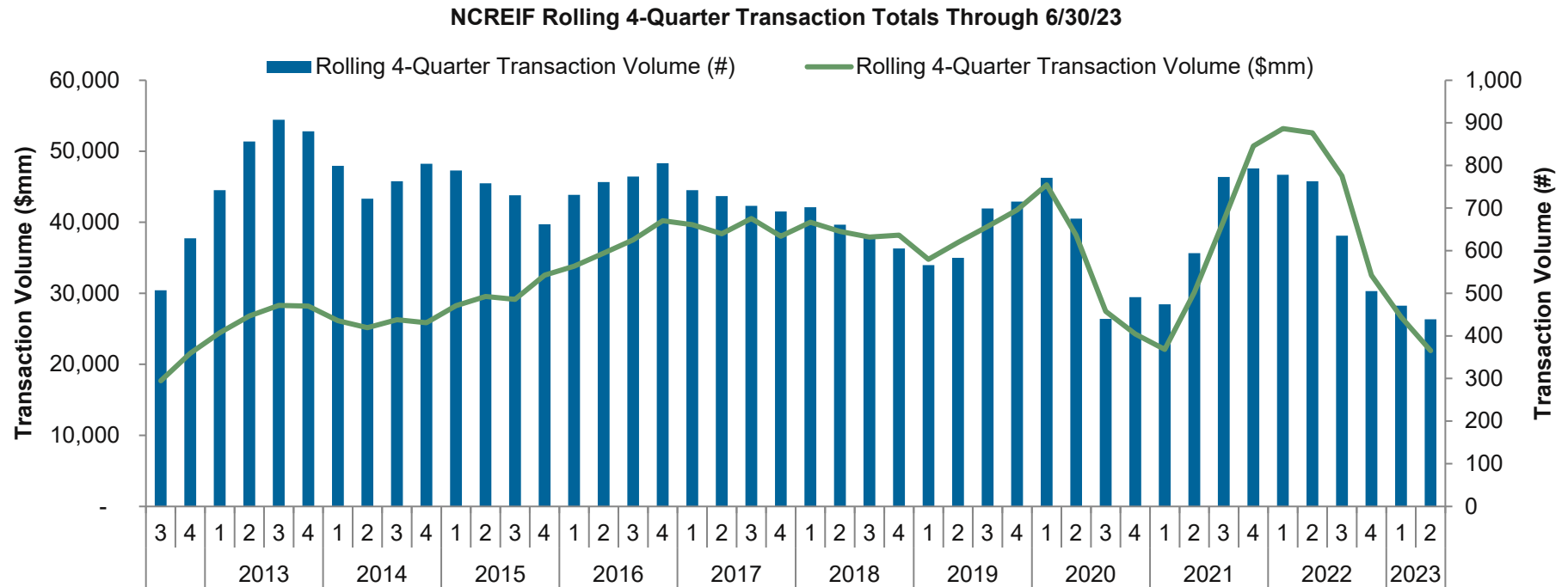


- ▶ Total of all ODCE redemption queues is \$38 billion as of 1Q, average queue per fund of 13.7%. Below GFC high of roughly 18%.
- ▶ Outstanding redemption requests for most large ODCE funds are approximately 10% to 16% of net asset value. Additional redemption requests have slowed substantially. Expectation is for trend to continue driven by public markets recovery.
- ▶ For a large proportion of funds these redemptions are partial redemptions, due to portfolio rebalancing and liquidity needs. For a smaller underperforming subset, redemption requests are full redemptions indicative of manager termination.

Sources: AEW, NCREIF, Preqin
Queue data as of 1Q23, the latest available at time of publication

U.S. Private Real Estate Market Trends

Pricing and transaction volumes decline through 2Q23

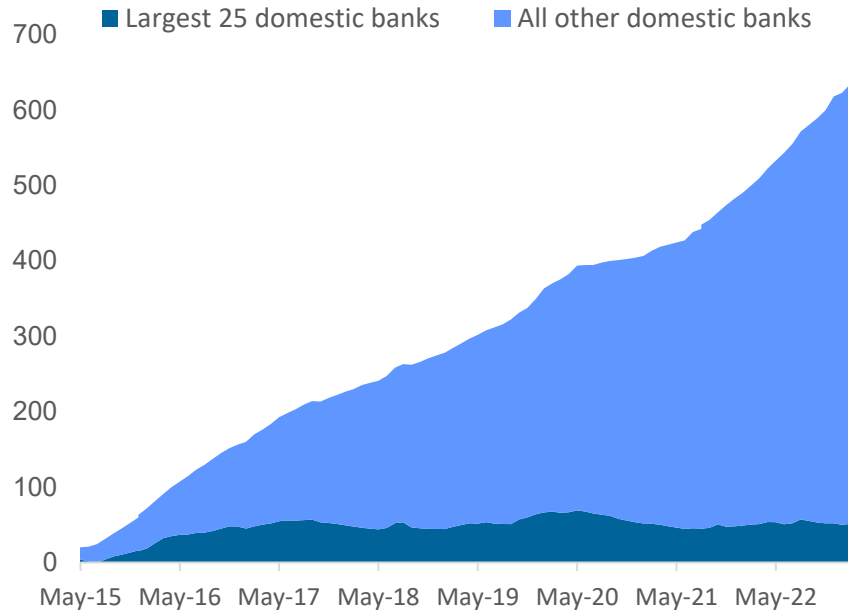


- ▶ Transaction volume continues to decrease on a rolling four-quarter basis and is now below five-year averages.
- ▶ In 2Q23 transaction volume decreased on a quarter-over-quarter basis; transaction volume is significantly lower compared to 2Q22.
- ▶ The rise in interest rates is the driving force behind the slowdown in transactions. A bid-ask spread remains and price discovery continues to occur among market participants. Sectors that are in favor, such as multi-family and industrial, are more liquid.

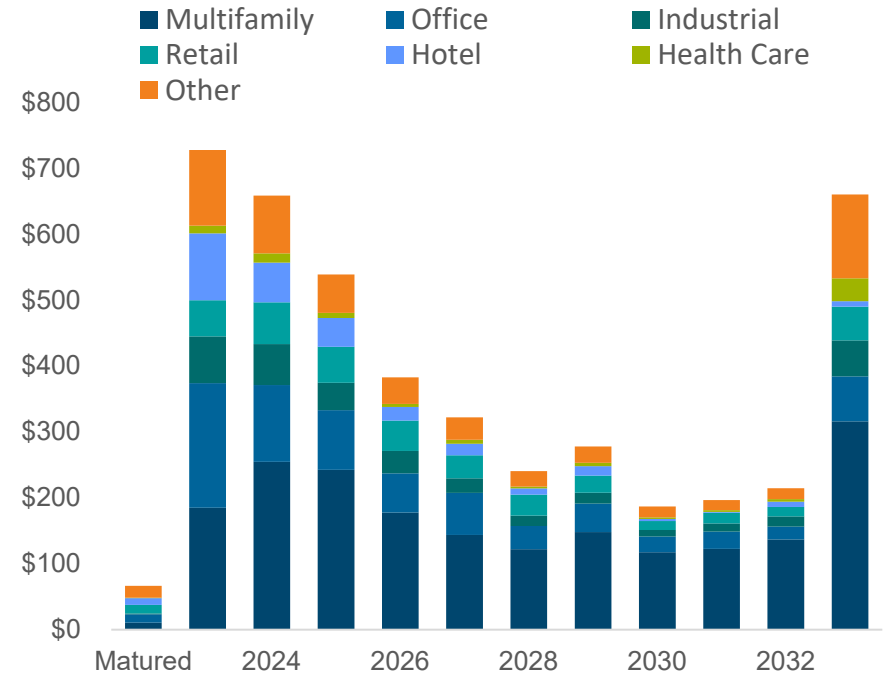
Source: NCREIF

Real Estate Capital Markets

Cumulative Increase in Bank Commercial Real Estate Loan Book (ex. MF), \$ bil



Loan Maturities by Sector, \$ bil



- ▶ Smaller and regional banks represent a large and growing share of commercial real estate lending; additional sources of lending are needed, debt investment opportunities are increasingly attractive
- ▶ A sizeable pool of loans maturing in 2023 - 2025, particularly office, will put further pressure on lending markets.

Sources: JPMAM, Moody's, FDIC, MBA

Fund Specific Review

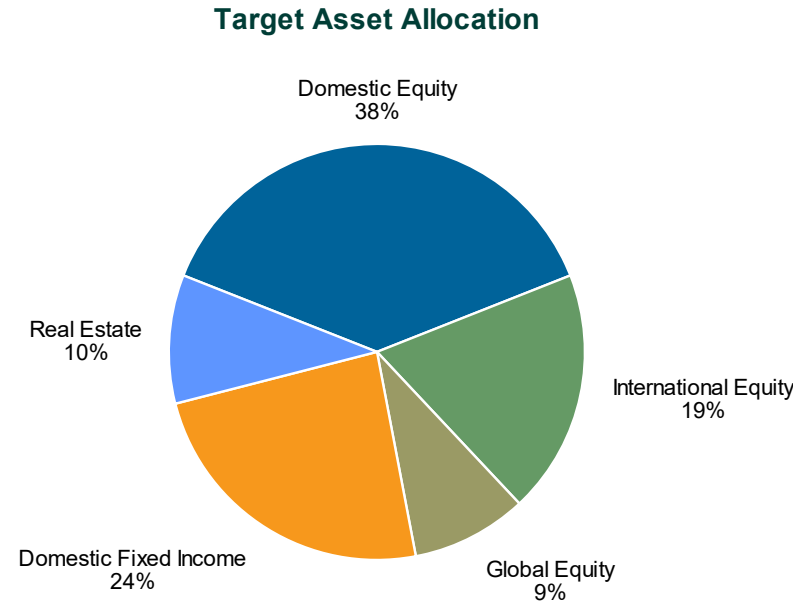
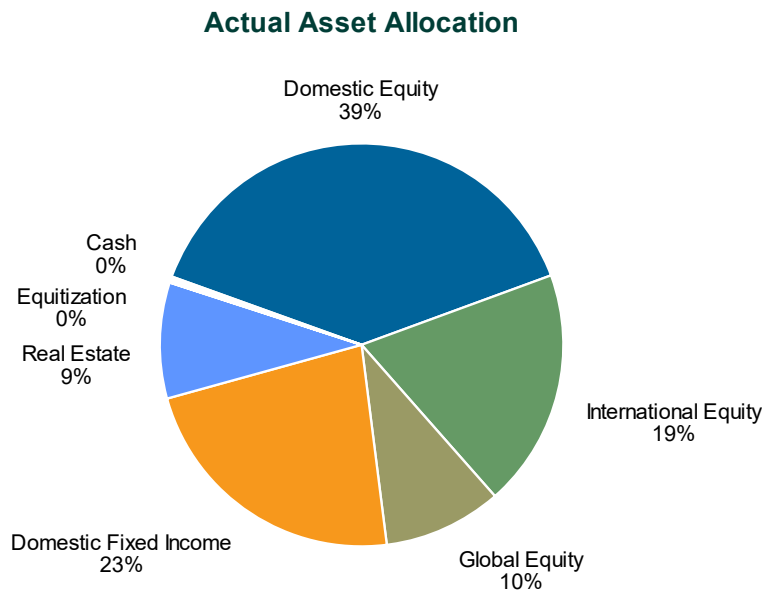
Endowments – Asset Allocation

	June 30, 2023				March 31, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Equity	\$2,108,790,133	67.54%	\$(44,987,334)	\$114,954,231	\$2,038,823,237	66.90%
Domestic Equity	\$1,213,953,850	38.88%	\$0	\$81,205,248	\$1,132,748,602	37.17%
Large Cap	\$831,318,419	26.63%	\$0	\$60,578,138	\$770,740,280	25.29%
Large Cap Core Composite	\$368,531,196	11.80%	\$0	\$29,525,181	\$339,006,014	11.12%
NTGI S&P 500 SMA	368,531,196	11.80%	0	29,525,181	339,006,014	11.12%
Large Cap Value Composite	\$300,177,776	9.61%	\$0	\$11,033,294	\$289,144,483	9.49%
LSV Asset Mgmt	150,207,754	4.81%	0	4,280,875	145,926,878	4.79%
Boston Partners	149,970,023	4.80%	0	6,752,418	143,217,604	4.70%
Large Cap Growth Composite	\$162,609,446	5.21%	\$0	\$20,019,663	\$142,589,783	4.68%
Sands Capital	162,609,446	5.21%	0	20,019,663	142,589,783	4.68%
Mid Cap	\$249,361,273	7.99%	\$0	\$11,234,232	\$238,127,040	7.81%
Sycamore Capital	121,463,751	3.89%	0	2,747,749	118,716,002	3.90%
Times Square	127,897,522	4.10%	0	8,486,484	119,411,038	3.92%
Small Cap	\$133,274,159	4.27%	\$0	\$9,392,878	\$123,881,281	4.07%
Barrow, Hanley	69,188,996	2.22%	0	5,725,391	63,463,605	2.08%
Eagle Asset Management	64,085,162	2.05%	0	3,667,486	60,417,676	1.98%
International Equity	\$596,981,340	19.12%	\$(29,954,965)	\$16,199,483	\$610,736,822	20.04%
Allianz	2,903	0.00%	(1,862)	1,875	2,889	0.00%
Schroder QEP Intl Value	244,771,311	7.84%	(14,952,799)	3,959,132	255,764,978	8.39%
SSgA MSCIEAFE	12,044	0.00%	(304)	77	12,272	0.00%
Vanguard	102,652,316	3.29%	0	3,131,202	99,521,114	3.27%
WCM	249,542,766	7.99%	(15,000,000)	9,107,198	255,435,568	8.38%
Global Equity	\$297,854,944	9.54%	\$(15,032,369)	\$17,549,499	\$295,337,813	9.69%
Aberdeen	7,122	0.00%	(129)	31	7,220	0.00%
Fiera	149,228	0.00%	(32,241)	2,777	178,692	0.01%
StonePine	147,805,596	4.73%	(7,500,000)	8,070,985	147,234,611	4.83%
Wellington	149,892,915	4.80%	(7,500,000)	9,475,707	147,917,208	4.85%
Lazard	82	0.00%	0	0	82	0.00%
Domestic Fixed Income	\$709,817,751	22.73%	\$20,000,000	\$(3,778,412)	\$693,596,164	22.76%
DoubleLine	190,057,802	6.09%	0	(53,933)	190,111,735	6.24%
State Street Global Advisors	335,864,684	10.76%	20,000,000	(2,720,588)	318,585,272	10.45%
Western	183,895,265	5.89%	0	(1,003,891)	184,899,156	6.07%
Real Estate	\$289,962,218	9.29%	\$(2,652,335)	\$(12,340,826)	\$304,955,380	10.01%
CBRE	98,619,140	3.16%	(908,628)	(1,267,625)	100,795,393	3.31%
RREEF America REIT II	177,223,406	5.68%	(1,331,810)	(10,643,979)	189,199,195	6.21%
UBS Trumbull Property	14,119,672	0.45%	(411,897)	(429,222)	14,960,792	0.49%
Equitization	\$2,285,910	0.07%	\$0	\$(567,081)	\$2,852,991	0.09%
Cash	\$11,445,856	0.37%	\$4,181,266	\$115,685	\$7,148,905	0.23%
Total Plan ex Equitization	\$3,120,015,959	99.93%	\$(23,458,403)	\$98,950,677	\$3,044,523,685	99.91%
Total Fund	\$3,122,301,869	100.0%	\$(23,458,403)	\$98,383,596	\$3,047,376,677	100.0%

+\$74.9 Million

Endowments – Asset Allocation

June 30, 2023



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	1,213,954	38.9%	38.0%	0.9%	27,479
International Equity	596,981	19.1%	19.0%	0.1%	3,744
Global Equity	297,855	9.5%	9.0%	0.5%	16,848
Domestic Fixed Income	709,818	22.7%	24.0%	(1.3%)	(39,535)
Real Estate	289,962	9.3%	10.0%	(0.7%)	(22,268)
Equitization	2,286	0.1%	0.0%	0.1%	2,286
Cash	11,446	0.4%	0.0%	0.4%	11,446
Total	3,122,302	100.0%	100.0%		

All asset classes are within their rebalancing ranges.

Endowments – Total Fund Performance

June 30, 2023

Performance vs Callan Public Fund Sponsor Database (Gross)



10th Percentile	5.62	11.98	10.35	8.04	8.93	8.47	7.63	
25th Percentile	4.16	10.71	9.31	7.35	8.49	8.05	7.20	
Median	3.46	9.27	7.96	6.71	7.87	7.54	6.86	
75th Percentile	2.73	7.76	6.85	5.88	7.20	6.93	6.40	
90th Percentile	2.28	5.70	5.84	5.35	6.57	6.34	5.89	
Total Plan	● A	3.26	10.89	7.74	7.20	8.38	7.94	7.44
Secondary Benchmark	■ B	3.53	10.45	7.52	6.65	7.76	7.45	6.82
Total Plan Target	▲	3.87	10.87	7.46	6.90	7.94	7.68	6.97

For the quarter, the Endowment underperformed the target by 0.6%, ranking 58th percentile against both Public Funds and the Endowment/Foundation Database.

For the fiscal year, the Fund returned 10.9% (22nd percentile), 2 basis points ahead of the target benchmark.

Endowments – U.S. Equity Manager Performance

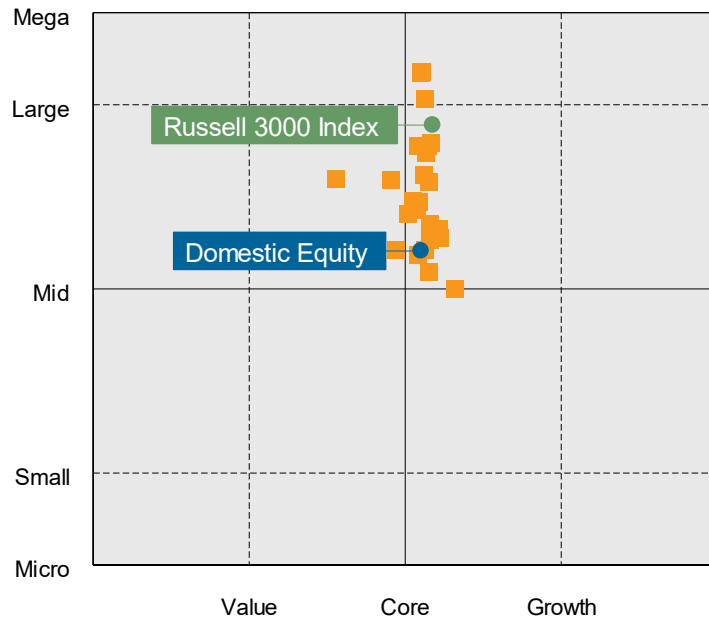
June 30, 2023

		Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years		
-1.2%	Domestic Equity	Russell 3000	7.17%	18.66%	13.55%	10.51%	11.99%	
			8.39%	18.95%	13.89%	11.39%	12.34%	
-0.7%	Large Cap	Russell 1000	7.86%	19.04%	12.93%	10.44%	12.13%	
			8.58%	19.36%	14.09%	11.92%	12.64%	
	Large Cap Core	NTGI S&P 500 SMA	8.71%	19.57%	14.50%	12.20%	12.80%	
		S&P 500	8.74%	19.59%	14.60%	12.31%	12.86%	
	Large Cap Value	LSV Asset Management	3.82%	11.37%	16.66%	8.36%	10.02%	} Growth >Value
		Boston Partners	2.93%	10.84%	15.85%	7.25%	9.77%	
		Russell 1000 Value	4.71%	11.90%	17.47%	9.42%	10.25%	
			4.07%	11.54%	14.30%	8.11%	9.22%	
	Large Cap Growth	Sands Capital	14.04%	33.31%	(0.25%)	8.17%	13.02%	}
		Russell 1000 Growth	14.04%	33.31%	(0.25%)	8.17%	13.01%	
			12.81%	27.11%	13.73%	15.14%	15.74%	
-0.0%	Mid Cap	Russell MidCap Index	4.72%	17.34%	15.64%	11.82%	11.89%	} Lg>Mid>Small
		Sycamore Capital	4.76%	14.92%	12.50%	8.46%	10.32%	
		Russell MidCap Value Idx	2.31%	14.29%	19.90%	-	-	
		Times Square	3.86%	10.50%	15.04%	6.84%	9.03%	
		Russell MidCap Growth Idx	7.11%	20.34%	11.06%	12.50%	12.79%	
		6.23%	23.13%	7.63%	9.71%	11.53%		
+2.3%	Small Cap	Russell 2000	7.58%	18.76%	12.93%	8.13%	10.93%	}
		Barrow, Hanley	5.21%	12.31%	10.82%	4.21%	8.26%	
		Russell 2000 Value	9.02%	25.52%	22.37%	9.87%	11.58%	
		Eagle Asset Management	3.18%	6.01%	15.43%	3.54%	7.29%	
		Russell 2000 Growth	6.07%	12.23%	3.61%	5.80%	9.93%	
		7.05%	18.53%	6.10%	4.22%	8.83%		

U.S. Equity Style Map

(\$1.2 Billion; 38.9% of the Portfolio)

Style Map vs Pub Pln- Dom Equity Holdings as of June 30, 2023



U.S. Equity composite exhibits a smaller capitalization bias. Primarily resulting from an overweight to mid cap.

Index performance for quarter: Large > Small > Mid

Large cap outperformed for the quarter and year, while small caps trailed.

Returns for Periods Ended June 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Russell:1000 Index	8.6	19.4	14.1	11.9	12.6
Russell:Midcap Index	4.8	14.9	12.5	8.5	10.3
Russell:2000 Index	5.2	12.3	10.8	4.2	8.3

Endowments – International Equity, Fixed Income & RE Performance

June 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
International Equity	2.86%	15.68%	9.34%	7.09%	6.92%
International Equity Target (1)	2.44%	12.72%	7.22%	3.52%	4.75%
MSCI ACWI x US (Net)	2.44%	12.72%	7.22%	3.52%	4.75%
Vanguard	3.15%	16.63%	8.95%	-	-
MSCI EAFE - Net	2.95%	18.77%	8.93%	4.39%	5.41%
WCM	3.78%	20.68%	8.16%	10.68%	-
MSCI ACWI ex US Growth	2.08%	13.65%	4.27%	4.39%	5.96%
Schroder	1.85%	10.58%	10.51%	3.87%	-
MSCI ACWI ex US Value	3.28%	13.03%	11.16%	3.32%	4.32%
Global Equity	6.24%	20.78%	12.11%	10.35%	8.64%
StonePine	5.76%	20.36%	14.10%	12.98%	12.92%
Wellington	6.73%	21.11%	10.05%	-	-
MSCI ACWI - Net	6.18%	16.53%	10.99%	8.10%	8.76%
Domestic Fixed Income	(0.55%)	(0.48%)	(2.87%)	1.05%	1.62%
Fixed Income Target (2)	(0.84%)	(0.94%)	(3.30%)	1.09%	1.64%
State Street Global Advisors	(0.83%)	(0.94%)	(2.79%)	1.33%	1.76%
SSGA Benchmark (3)	(0.84%)	(0.94%)	(2.76%)	1.41%	1.80%
DoubleLine	(0.03%)	0.99%	(2.14%)	-	-
Western	(0.54%)	(1.08%)	(3.75%)	-	-
Blmbg Aggregate	(0.84%)	(0.94%)	(3.96%)	0.77%	1.52%
Real Estate	(4.07%)	(5.35%)	6.04%	6.09%	-
Real Estate Target (4)	(1.08%)	(1.97%)	6.29%	5.70%	-
CBRE	(1.27%)	(7.51%)	-	-	-
RREEF America REIT II	(5.64%)	(4.54%)	7.12%	6.72%	-
NCREIF ODCE Value Wt Lag	(1.08%)	(0.99%)	9.18%	7.97%	-
UBS Trumbull Property Income	(2.89%)	0.69%	9.08%	7.95%	-
Hybrid Debt Index Lag	(1.38%)	(0.72%)	4.23%	3.92%	4.98%
Cash	1.21%	4.14%	1.46%	1.58%	0.96%
3-month Treasury Bill	1.17%	3.59%	1.27%	1.55%	0.98%
Total Plan ex Equitization	3.28%	11.05%	7.84%	7.31%	7.93%
Total Plan	3.26%	10.89%	7.74%	7.20%	7.94%
Total Plan Target	3.87%	10.87%	7.46%	6.90%	7.68%
Secondary Benchmark	3.53%	10.45%	7.52%	6.65%	7.45%
CPI All Urban Consumers	1.08%	2.97%	5.78%	3.90%	2.71%

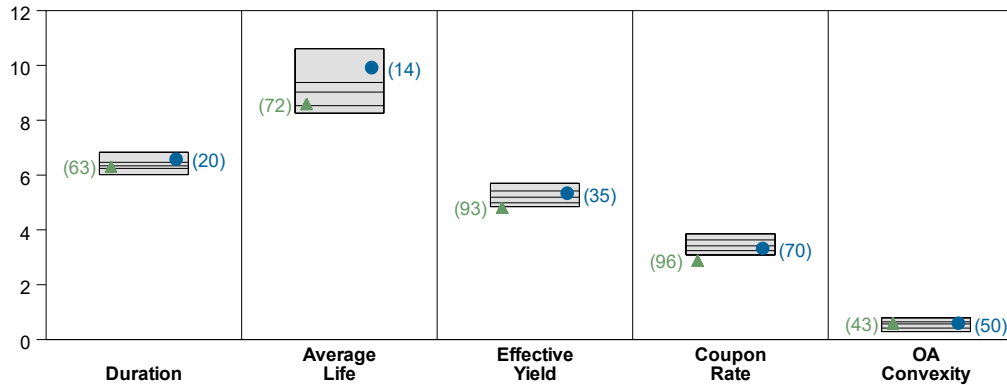
- The international equity composite appreciated 2.9% for the quarter
 - WCM (growth) outperformed Schroder (value)
- Global equity climbed 6.2%:
 - StonePine lagged the index while Wellington led for the quarter
- Fixed income slid 0.6% for the quarter and outpaced the index
 - DoubleLine beat Western
- For the trailing year, Real Estate lagged the benchmark with a return of -5.4%.

See benchmark footnotes in the appendix

Fixed Income

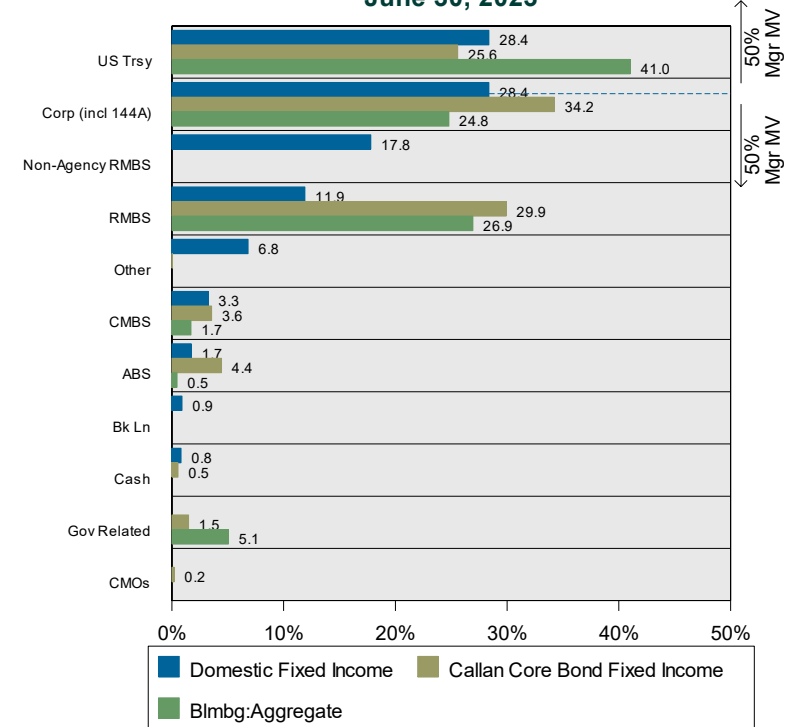
(\$709.8 Million; 22.7% of the Portfolio)

Fixed Income Portfolio Characteristics
Rankings Against Callan Core Bond Fixed Income
as of June 30, 2023



	Duration	Average Life	Effective Yield	Coupon Rate	OA Convexity
10th Percentile	6.84	10.62	5.70	3.86	0.80
25th Percentile	6.47	9.38	5.42	3.63	0.65
Median	6.34	9.03	5.20	3.42	0.57
75th Percentile	6.24	8.53	4.99	3.25	0.42
90th Percentile	6.02	8.26	4.85	3.09	0.29
Domestic Fixed Income ●	6.56	9.90	5.32	3.30	0.57
Blmbg:Aggregate ▲	6.31	8.60	4.81	2.88	0.60

Sector Allocation
June 30, 2023



Composite duration is slightly long the benchmark, while the effective yield is higher (Western, overweight credit).

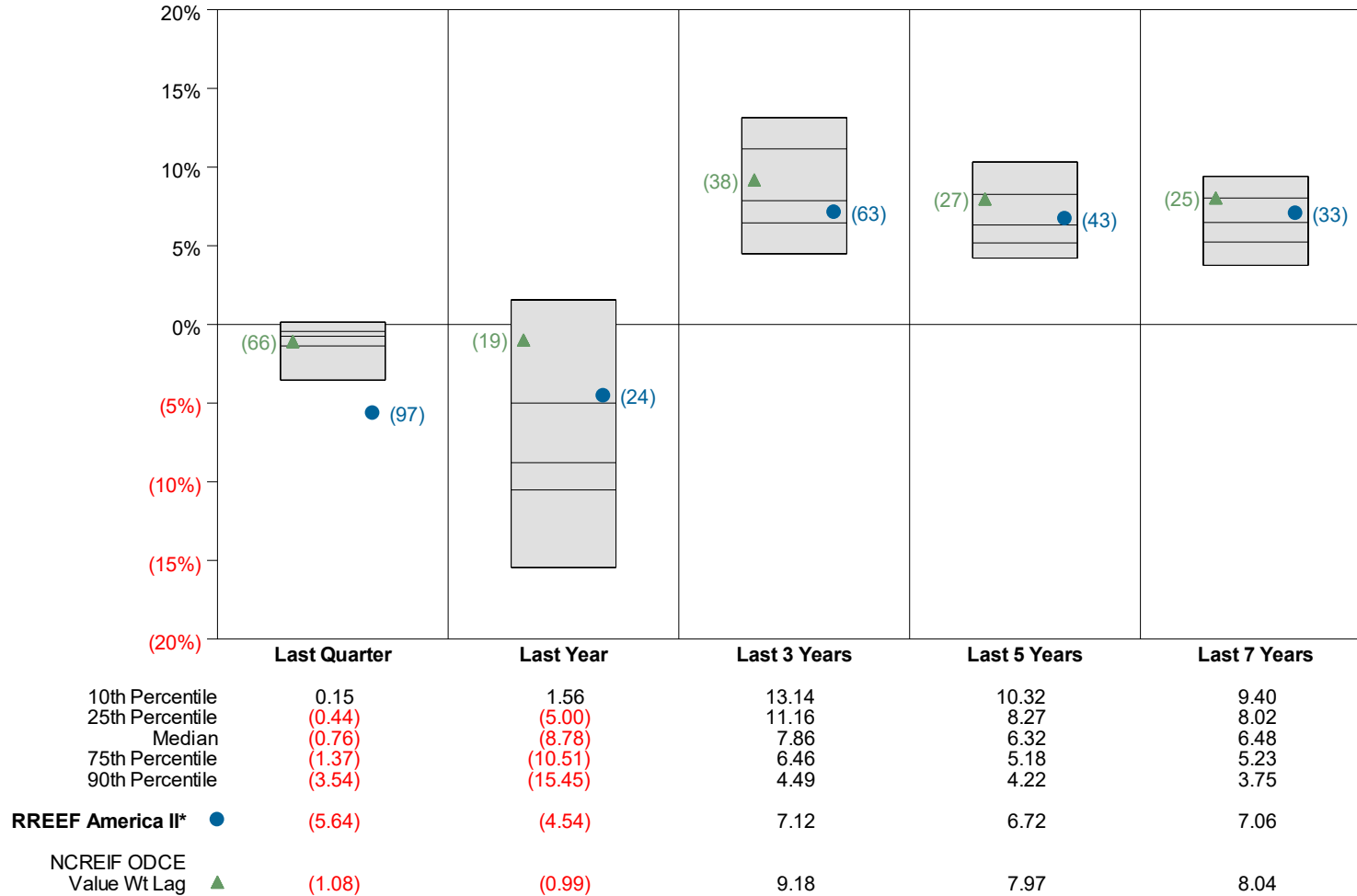
DoubleLine was the same duration as the Aggregate Index, while Western was long in the first quarter.

Composite is underweight US Treasuries and Agency RMBS and overweight Credit and non-agency RMBS.

Real Estate Performance and Ranking (March 31, 2023)

(\$290.0 M, 9.3% of portfolio)

Performance vs Callan Open End Core Cmmingled Real Est

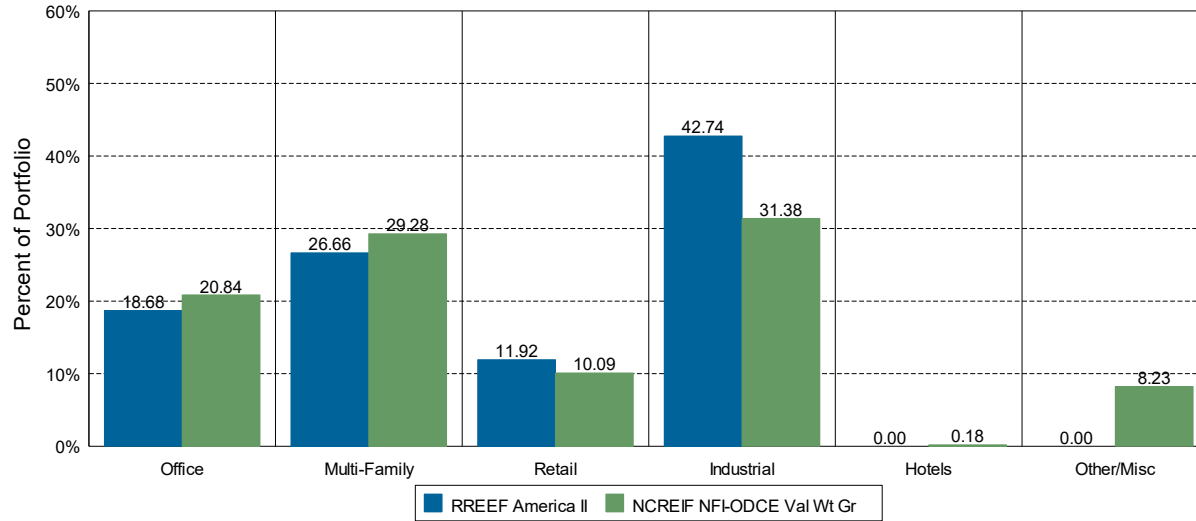


There are three funds in the Real Estate Portfolio: UBS Trumbull Property Income (in liquidation), RREEF America II, and CBRE.

Real Estate Funds Sector Exposure

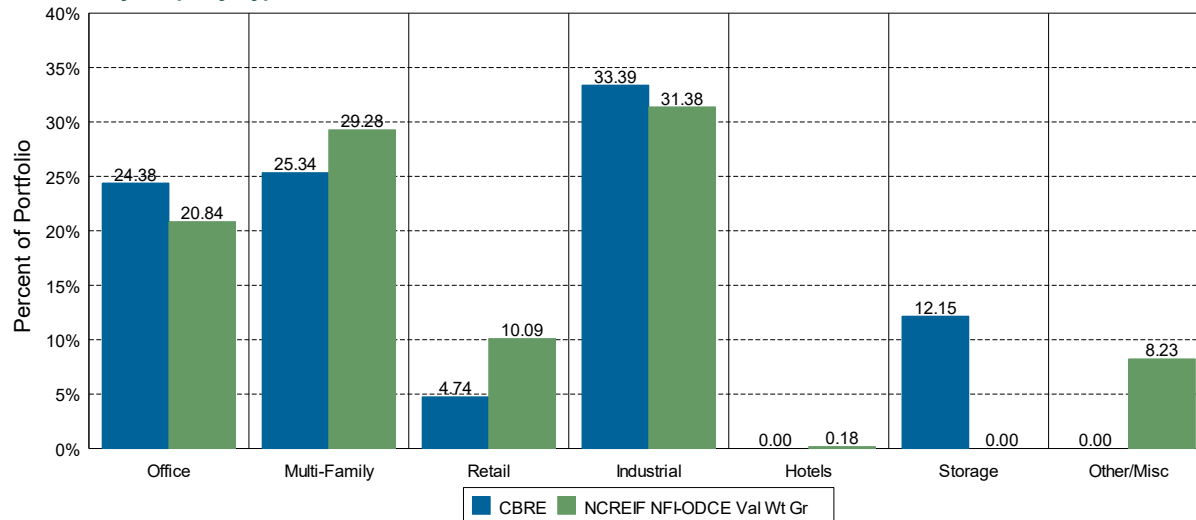
RREEF America II

Diversification by Property Type as of March 31, 2023



CBRE

Diversification by Property Type as of March 31, 2023



Real Assets Monitoring

Returns Period Ending March 31, 2023

	1 Quarter	1 Year	3 Years	5 Years	7 Years	10 Years
Russell:3000 Index	7.2	(8.6)	18.5	10.5	12.0	11.7
MSCI ACWI ex USA	6.9	(5.1)	11.8	2.5	5.9	4.2
Blmbg:Agg Idx	3.0	(4.8)	(2.8)	0.9	0.9	1.4
IFM Global Infrastructure	2.6	9.6	11.8	11.2	--	--
JPMAM:Infrastructure Invmt Fd	2.7	6.5	7.8	5.5	6.2	5.6
First Sentier:Glb Diversfied Infra Fd	0.8	3.5	10.7	6.1	6.9	--
NCREIF:NFI-ODCE Val Wt Nt	(3.4)	(3.9)	7.5	6.6	6.8	8.5
NCREIF:Timberland Index	1.7	11.3	8.1	5.5	5.0	5.8

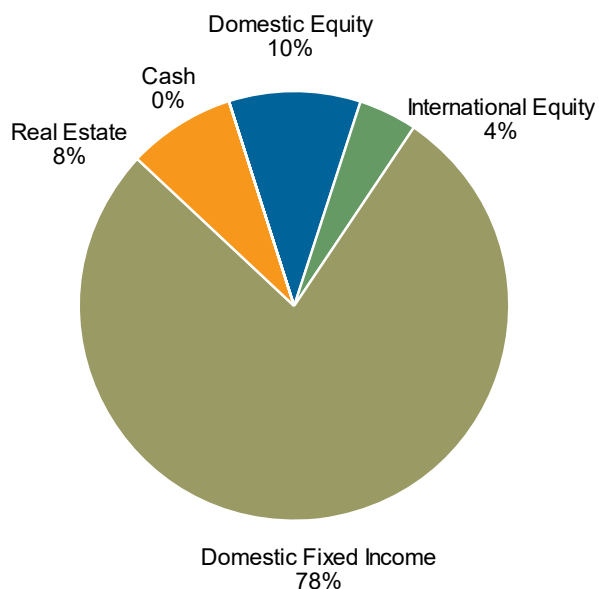
Standard Deviation for Period Ending March 31, 2023

	4 Years	5 Years	7 Years
Russell:3000 Index	21.8	21.6	18.3
MSCI ACWI ex USA	21.9	20.9	18.1
Blmbg:Agg Idx	6.1	5.6	5.0
IFM Global Infrastructure	4.8	4.6	--
JPMAM:Infrastructure Invmt Fd	5.8	5.3	5.1
First Sentier:Glb Diversfied Infra Fd	9.4	8.6	7.8
NCREIF:NFI-ODCE Val Wt Nt	7.1	6.3	5.3
NCREIF:Timberland Index	3.1	2.9	2.5

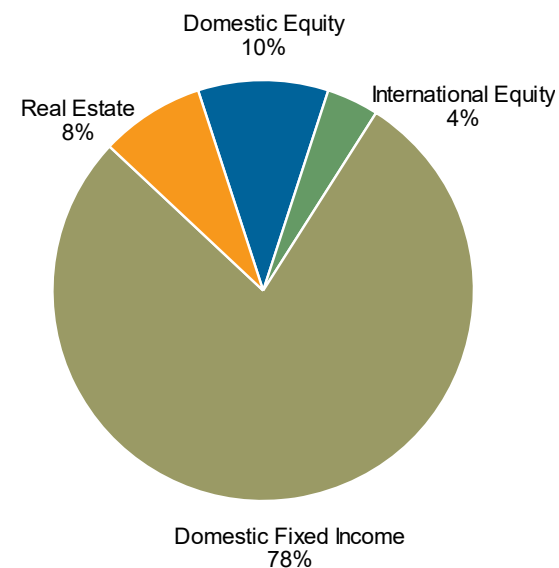
SIF Asset Allocation

As of June 30, 2023

Actual Asset Allocation



Target Asset Allocation



Asset Class	\$000s Actual	Weight Actual	Target	Percent Difference	\$000s Difference
Domestic Equity	93,406	10.1%	10.0%	0.1%	753
International Equity	36,394	3.9%	4.0%	(0.1%)	(668)
Domestic Fixed Income	725,532	78.3%	78.0%	0.3%	2,837
Real Estate	71,198	7.7%	8.0%	(0.3%)	(2,924)
Cash	2	0.0%	0.0%	0.0%	2
Total	926,532	100.0%	100.0%		

SIF – Asset Allocation

	June 30, 2023				March 31, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Equity	\$129,799,902	14.01%	\$(12,000,000)	\$9,165,215	\$132,634,687	14.35%
Domestic Equity	\$93,406,290	10.08%	\$(7,000,000)	\$7,991,700	\$92,414,590	10.00%
Large Cap	\$93,406,290	10.08%	\$(7,000,000)	\$7,991,700	\$92,414,590	10.00%
NTGI S&P 500	93,406,290	10.08%	(7,000,000)	7,991,700	92,414,590	10.00%
International Equity	\$36,393,611	3.93%	\$(5,000,000)	\$1,173,515	\$40,220,096	4.35%
Vanguard FTSE ex-US	36,393,611	3.93%	(5,000,000)	1,173,515	40,220,096	4.35%
Domestic Fixed Income	\$725,532,230	78.31%	\$12,578,385	\$(4,220,741)	\$717,174,586	77.58%
DoubleLine	111,425,158	12.03%	5,000,000	(944,197)	107,369,355	11.61%
IR&M	131,553,302	14.20%	0	(850,209)	132,403,510	14.32%
NTGI Fixed Income Fund	259,173,876	27.97%	3,000,000	(2,123,487)	258,297,363	27.94%
NTGI BC US 1-3 YR Treas	111,770,035	12.06%	2,578,385	(301,799)	109,493,449	11.84%
Western	111,609,858	12.05%	2,000,000	(1,050)	109,610,908	11.86%
Real Estate Composite	\$71,198,353	7.68%	\$(578,788)	\$(2,830,646)	\$74,607,787	8.07%
CBRE	30,804,151	3.32%	(275,617)	(404,027)	31,483,794	3.41%
RREEF America REIT II	40,394,202	4.36%	(303,171)	(2,426,620)	43,123,993	4.66%
Cash	\$1,588	0.00%	\$724	\$15	\$850	0.00%
Total Fund	\$926,532,072	100.0%	\$321	\$2,113,842	\$924,417,910	100.0%

+\$2.1M

SIF Performance

June 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 10 Years
Total Equity	6.93%	17.54%	12.46%	9.36%	10.37%
Domestic Equity	8.72%	19.44%	14.37%	11.62%	12.34%
Domestic Equity Target (1)	8.74%	19.59%	14.70%	11.87%	12.58%
Large Cap	8.72%	19.44%	14.54%	12.25%	12.79%
NTGI S&P 500	8.72%	19.56%	14.58%	12.27%	12.80%
S&P 500	8.74%	19.59%	14.60%	12.31%	12.86%
International Equity	2.72%	12.70%	7.59%	3.96%	5.12%
Vanguard FTSE ex-US	2.72%	12.70%	7.59%	3.96%	5.12%
MSCI ACWI x US (Net)	2.44%	12.72%	7.22%	3.52%	4.75%
Domestic Fixed Income	(0.58%)	(0.19%)	(3.00%)	0.79%	1.26%
Domestic Fixed Income Target (2)	(0.67%)	(0.41%)	(3.09%)	0.77%	1.20%
DoubleLine	(0.73%)	(1.67%)	-	-	-
Custom Securitized Index (3)	(0.53%)	(1.13%)	-	-	-
IR&M	(0.64%)	(0.28%)	-	-	-
BB Aggregate	(0.84%)	(0.94%)	(3.96%)	0.77%	1.52%
NTGI Fixed Income Fund (4)	(0.82%)	(0.91%)	(4.12%)	0.10%	0.91%
NTGI Custom Benchmark	(0.84%)	(0.94%)	(4.00%)	0.21%	0.92%
NTGI US 1-3 YR Treasury	(0.27%)	0.68%	-	-	-
BB Treas 1-3 Yr	(0.60%)	0.15%	(1.12%)	0.93%	0.75%
Western Asset	(0.00%)	2.56%	-	-	-
BB Intermediate Credit	(0.26%)	1.56%	(1.86%)	1.82%	2.17%
Real Estate (5)	(3.82%)	(5.62%)	-	-	-
CBRE	(1.29%)	-	-	-	-
RREEF America REIT II	(5.66%)	(5.41%)	-	-	-
NCREIF ODCE Value Wt Lag	(1.08%)	(0.99%)	9.18%	7.97%	-
Total Plan	0.23%	1.41%	(0.84%)	2.11%	2.56%
Total Plan Target*	0.35%	2.08%	(0.44%)	2.40%	2.64%
CPI All Urban Consumers	1.08%	2.97%	5.78%	3.90%	2.71%

Total Equities gained 6.9% and 17.5% for the quarter and year, respectively.

- US Equities rose 8.7% in the quarter and 19.4% for the year.
- International equities appreciated 2.7% in the quarter and 12.7% for the year.

Fixed Income returned -0.6% in 2Q and fell 0.2% for the year.

Real Estate (lagged a quarter) underperformed over the trailing year.

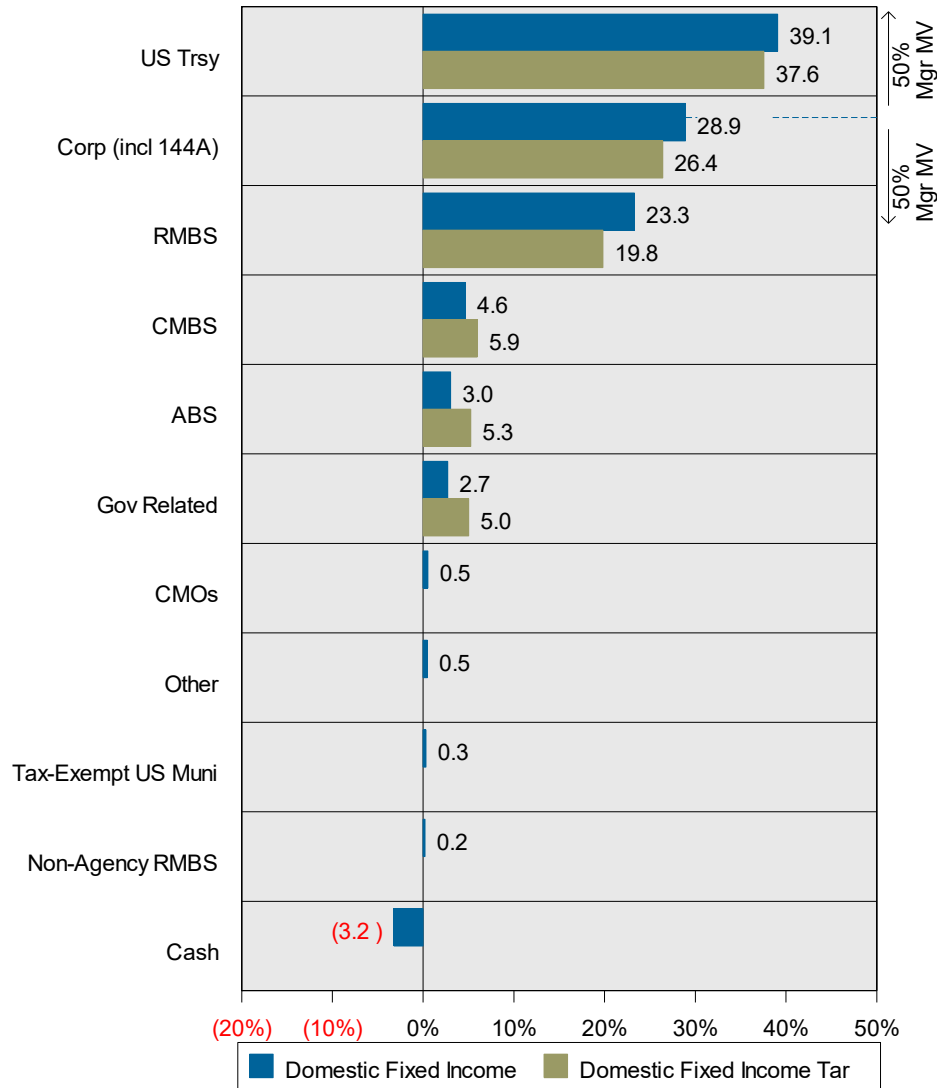
The Total Plan returned 0.2% and 1.4% for the quarter and year, respectively.

See benchmark footnotes in the appendix

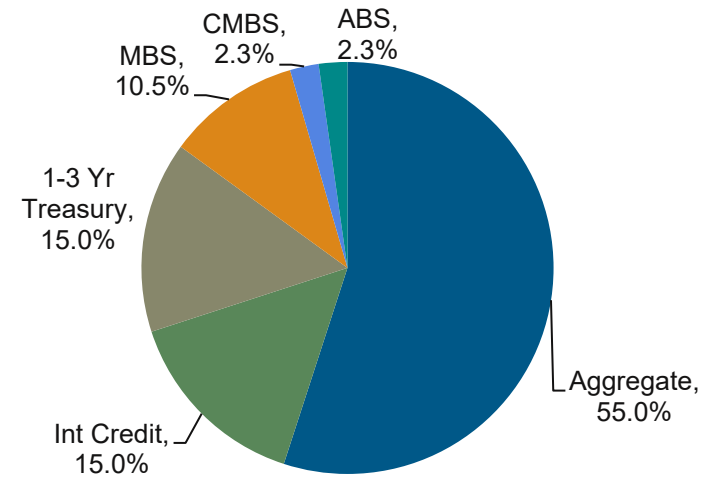
Fixed Income

(\$725.5M, 78.3% of Portfolio)

**Sector Allocation
June 30, 2023**



Fixed Income Target



As of June 30, 2023

Endowment Compliance Report

For Period Ending June 30, 2023

Asset Allocation			
Category	Range	Target	Actual
Equities	61.0% - 71.0%	66.0%	67.5%
Domestic	33.0% - 43.0%	38.0%	38.9%
Large cap	22.0% - 30.0%	26.0%	26.6%
Mid cap	5.0% - 11.0%	8.0%	8.0%
Small cap	2.0% - 6.0%	4.0%	4.3%
International	15.0% - 23.0%	19.0%	19.1%
Global	6.0% - 12.0%	9.0%	9.5%
Fixed Income	21.0% - 27.0%	24.0%	22.7%
Real Estate	7.0% - 13.0%	10.0%	9.3%
Cash and Equivalents	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 comment below

Over the trailing three-year period, Sands, Western Asset, Wellington, Schroder, and Eagle are below benchmark and median. LSV is below median.

SIF Compliance Report

For Period Ending June 30, 2023

Asset Allocation			
Category	Range	Target	Actual
Domestic	9.5% - 10.5%	10.0%	10.1%
International	3.5% - 4.5%	4.0%	3.9%
Fixed Income	73.0% - 83.0%	78.0%	78.3%
Real Assets	6.0% - 10.0%	8.0%	7.7%
Cash and Equivalents	0.0% - 2.0%	0.0%	0.0%

Rebalancing

Applied when appropriate Yes

Performance

Managers remain in specified style Yes

Active managers above median/indices for 3-years N/A See Note 1 below

Note 1: Active equity strategies were terminated in 3Q20 and active fixed income managers were hired in the same quarter. Real Estate was added in 4Q21. Therefore no active strategies have 3 years of performance to assess.

Callan

Callan Updates

Published Research Highlights from 2Q23

2023 Private Credit Fees and Terms Study



The Critical Underlying Technology Behind Digital Assets: A Primer for Institutional Investors



Understanding the DNA of the U.S. Life Sciences Sector



Research Café: ESG Interview Series Session



Recent Blog Posts

Biodiversity: A Relatively New Theme for ESG-focused Investors

Kristin Bradbury

How Your Public DB Plan's Returns Compare

Public DB Plan Focus Group

How to Improve DC Plans with DEI

Jana Steele

Additional Reading

Alternatives Focus quarterly newsletter

Active vs. Passive quarterly charts

Capital Markets Review quarterly newsletter

Monthly Updates to the Periodic Table

Market Pulse Flipbook quarterly markets update

Real Estate Indicators market outlook

Callan Institute Events

Upcoming conferences, workshops, and webinars

Callan College

Intro to Alternatives

This course is for institutional investors, including trustees and staff members of public plans, corporate plans, and nonprofits. This session familiarizes trustees and staff with alternative investments like private equity, hedge funds, and real estate and how they 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.

– August 23-24, 2023 – Virtual Session via Zoom

Intro to Investments—Learn the Fundamentals

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

– September 26–28, 2023 – Virtual Session via Zoom

– November 1–2, 2023 – Atlanta, Georgia

Please visit our website at callan.com/events-education as we add dates to our 2023 calendar!

Mark Your Calendar

2023 Regional Workshops

October 24, 2023 – New York

October 26, 2023 – Chicago

2024 National Conference

April 8 –10, 2024 – San Francisco

Watch your email for further details and an invitation.

Webinars & Research Café Sessions

Webinar:

The End of the Low-Yield Environment

August 9, 2023 – 9:30am (PT)

Callan Updates

Firm updates by the numbers, as of 6/30/23

Total Associates: ~200

Ownership

- 100% employees
- ~70% of employees are equity owners
- ~55% of shareholders identify as women or minority

Headquarters Office Move

- In August, Callan’s headquarters office will move to One Bush Street in San Francisco

Total General and Investment Consultants: more than 55

Total Specialty and Research Consultants: more than 50

Total CFA/CAIA/FRMs: more than 55

Total Institutional Investor Clients: more than 475

Assets Under Advisement: more than \$4 trillion

Milestones

- Celebrating our 50th anniversary

“Callan’s reputation for providing exceptional, thoughtful guidance to clients for the past 50 years initially drew me to the organization...it’s clear that quality people and a cohesive culture are essential to this enduring success. I’m excited about the opportunity to work in this collaborative environment to deliver the best outcomes for clients.”

— Tony Lissuzzo, SVP, on joining Callan’s Chicago Fund Sponsor Consulting this May



Callan

Appendix

SIF Benchmarks as of June 30, 2023

*Total Plan Target= 42.90% BB Aggregate, 11.70% BB Intermediate Credit, 11.70% BB 1-3 Treasury, 11.7% Custom Securitized Index, 10.00% S&P 500, 8.00% NCREIF NFI-ODCE Val Wt Gr Lagged 3 Months, 4.00% MSCI ACWI ex US. Prior to 6/30/2022 = 46.52% BB Aggregate, 11.16% BB Intermediate Credit, 11.16% BB 1-3 Treasury, 11.16% Custom Securitized Index, 10.00% S&P 500, 6.00% NCREIF NFI-ODCE Val Wt Gr Lagged 3 Months, 4.00% MSCI ACWI ex US. Prior to 12/31/21 = 50.00% BB Aggregate, 12.00% BB Intermediate Credit, 12.00% BB 1-3 Treasury, 12.00% Custom Securitized Index, 10.00% S&P 500, 4.00% MSCI ACWI ex US. Prior to 9/30/20 = 30.50% BB Int Gov/ Credit, 30.50% BB Aggregate, 17.40% BB 1-3 Treasury, 9.00% Russell 3000, 8.70% BB US TIPS and 4.00% MSCI ACWI ex US.

**Domestic Equity Target = 100.00% S&P 500. Prior to 9/30/20 = 100.00% Russell 3000

***Domestic Fixed Income Target = 55.00% BB Aggregate, 15.00% BB Intermediate Credit, 15.00% BB 1-3 Treasury, 15.00% Securitized Index. Prior to 6/30/2022 = 58.15% BB Aggregate, 13.95% BB Intermediate Credit, 13.95% BB 1-3 Treasury, 13.95% Securitized Index. Prior to 9/30/20 = 35.00% BB Int Gov/ Credit, 35.00% BB Aggregate, 20.00% BB 1-3 and 10.00% BB US TIPS.

****Custom Securitized Index = 70.00% BB US MBS, 15.00% BB CMBS IG and 15.00% ICE BofA ABS Index.

*****The current mandate for the NTGI Fixed Income Fund and Benchmark is 100.00% BB Aggregate. Prior to 9/30/20 = 39.00% BB Int Gov/ Credit, 39.00% BB Aggregate and 22.00% BB 1-3 Treasury.

EFIB Benchmarks as of June 30, 2023

Current Quarter Target = 38% Russell 3000, 24.0% Blmbg Aggregate, 19% MSCI ACWI x US (Net), 10.0% NCREIF NFI-ODCE Val Wt Gr lagged 3 Months and 9% MSCI ACWI (Net). **Secondary Benchmark = 26.2% Russell 1000 Index, 24.0% Blmbg Aggregate, 19% MSCI ACWI x US (Net), 10.0% NCREIF NFI-ODC Val Wt Gr lagged 3 Months, 9% MSCI All Count Wld-Net, 7.6% Russell Mid Cap Index and 4.2% Russell 2000 Index.

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

(2) Fixed Income Target = 100% BB Aggregate. Prior to 3/31/22 = 85% Agg/ 15% TIPS.

(3) SSGA Benchmark = 100% BB Aggregate. Prior to 3/31/22 = 73% Agg/ 27% TIPS. Prior to 12/31/18 = 85% Agg/ 15% TIPS.

(4) Real Estate Target = 100% NCREIF ODCE Value Weight Lag. Prior to 9/30/22 = 50% NCREIF ODCE Value Weight Lag and 50% Hybrid Debt Index Lag.