

# Indian River State College

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## Quarterly Highlights and Report of Performance

1. Market Review
2. Performance Summary
3. Outlook
4. Intro to Mercer
5. Appendix

# Agenda

# Market Review



# Monthly Capital Market Monitor

March 2024

## Solid growth, central banks deferring rate cuts

Global equities continued their strong momentum in March. Global fixed income had low positive returns. US equities marginally underperformed international developed equities but outperformed emerging market equities. Contrary to recent months, value outperformed growth as equity performance broadened beyond just technology stocks. As the corporate earnings season wound down, markets shifted focus to economic growth and key central bank decisions. In general, developed market central banks remained dovish. In the US, the Federal Reserve ('Fed') released an updated dot plot, reaffirming their intention to cut rates up to three times in 2024, even if this is now expected to happen later in the year than originally expected. Yields slightly fell across the board and credit spreads declined further. Strong growth momentum and monetary policy remaining on track to becoming looser this year despite resilient growth and inflation supported equity momentum. It also led to a modestly positive returns for fixed income and other yield sensitive equity sectors.

Forward looking composite purchasing manager indexes (PMI) slightly eased in the US and UK but remain in expansionary territory. Elsewhere in developed markets, PMIs increased in Japan and the Eurozone, however the latter remains just below expansionary territory. China's manufacturing PMI returned into positive territory after declining for five months. The US economy added 275k jobs in February, beating expectations of 200k. With that said, previous months were revised sharply lower. Retail sales in the US increased month over month but came in below expectations. Overall, economic data continues to show a resilient global economy, led by the US.

US headline inflation increased to 3.2% while core inflation eased to 3.8%. Both inflation prints were slightly above market forecasts for the second month in a row. Inflation expectations rose in March as the Fed also revised their inflation forecasts slightly higher. Inflation moved lower in the UK and Eurozone, as expected. Inflation in Japan increased but came in below expectations. The Bank of Japan (BOJ) raised interest rates and terminated yield curve control as inflation has been rising above the BOJ's target. This increase brings an end to negative interest rates, which have been in place for eight years. Other developed market central banks left rates unchanged, except for the Swiss National Bank, which was the first G10 country to cut rates this cycle. Inflation in China increased for the first time since last August following increased spending during the Lunar New Year holiday.

Conflicts in the Middle East and Ukraine continued. In the US, "Super Tuesday" saw President Biden and former President Trump secure enough votes to most likely be nominated as presidential candidate for their respective parties. The tragic collapse of a bridge in Baltimore disrupted the operations of a busy US port but the overall impact on supply chains is expected to be limited. Elsewhere, Sweden officially joined NATO, becoming its 32nd member. Russian President Vladimir Putin was re-appointed for his fifth term in office. China's President Xi met CEOs from US companies promising to address concerns and improve business conditions in China. The market impact of political and geopolitical developments was limited.

The US dollar strengthened against most major developed and some emerging market currencies in March as markets continue to expect the US to maintain its rate advantage. Natural resource equities rallied while global REITs outperformed global equities. Oil increased by around 6%, closing a strong first quarter. Gold and Natural resources moved meaningfully higher in March as well, for gold this was partly due to purchases from China.

## At a Glance

### Market Returns in % as of end of March 2024 in USD

Major Asset Class Returns	1M	3M	YTD	1Y
MSCI ACWI	3.1%	8.2%	8.2%	23.2%
S&P 500	3.2%	10.6%	10.6%	29.9%
Russell 2500	4.1%	6.9%	6.9%	21.4%
MSCI EAFE	3.3%	5.8%	5.8%	15.3%
MSCI EM	2.5%	2.4%	2.4%	8.2%
Bloomberg Treasury	0.6%	-1.0%	-1.0%	0.1%
Bloomberg Credit	1.2%	-0.4%	-0.4%	4.1%
Bloomberg Credit Long	1.9%	-1.6%	-1.6%	3.3%
Bloomberg Aggregate	0.9%	-0.8%	-0.8%	1.7%
Bloomberg US TIPS	0.8%	-0.1%	-0.1%	0.5%
Bloomberg High Yield	1.2%	1.5%	1.5%	11.2%
FTSE WGBI	0.4%	-2.4%	-2.4%	-0.8%
JPM GBI-EM Global Diversified	0.0%	-2.2%	-2.2%	4.8%
NAREIT Equity REITs	1.8%	-1.3%	-1.3%	8.0%
NAREIT Global REITs	3.6%	-1.0%	-1.0%	8.6%
FTSE Global Core Infrastructure 50/50	3.5%	1.8%	1.8%	4.1%
Bloomberg Commodity TR	3.3%	2.2%	2.2%	-0.6%

Source: Refinitiv, as of 3/31/24  
Past performance is no guarantee of future results

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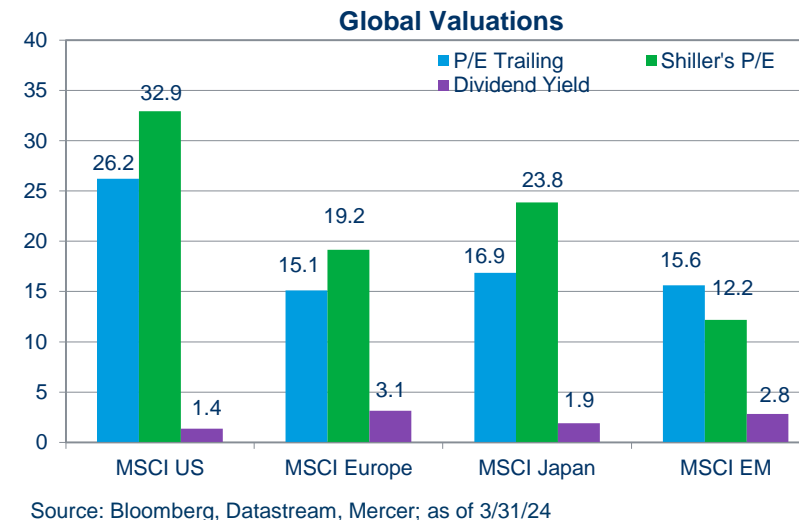
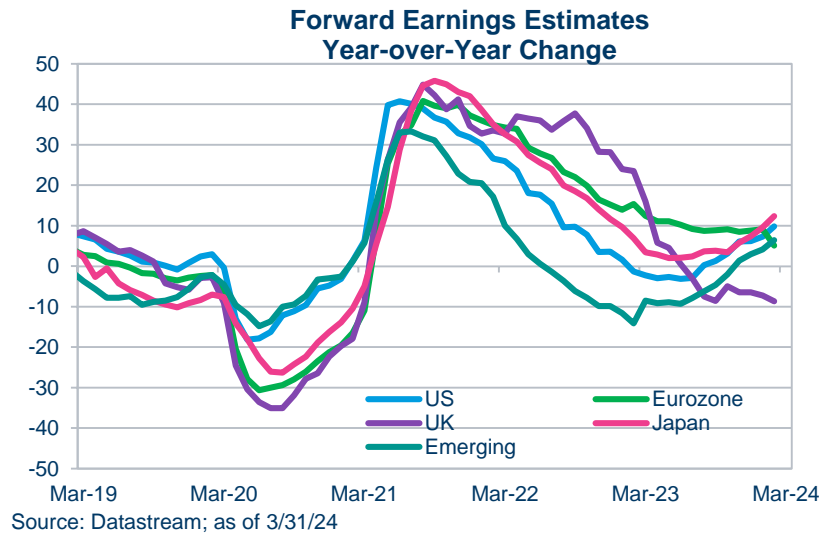
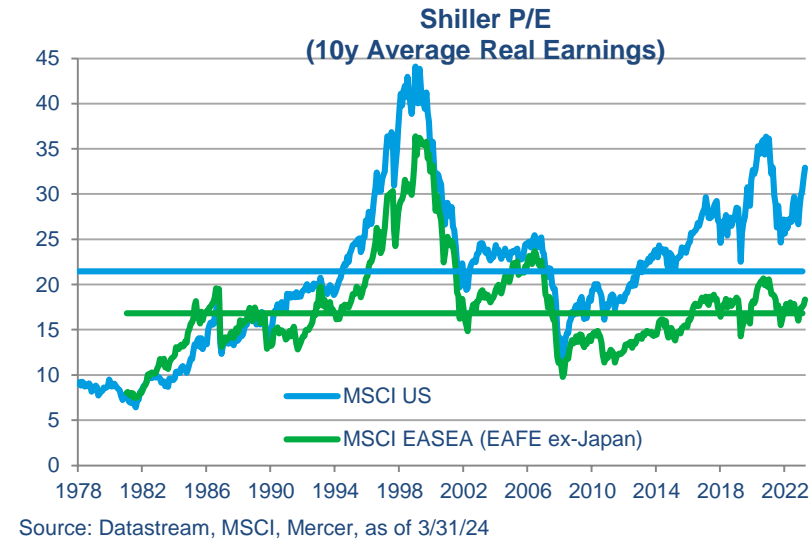
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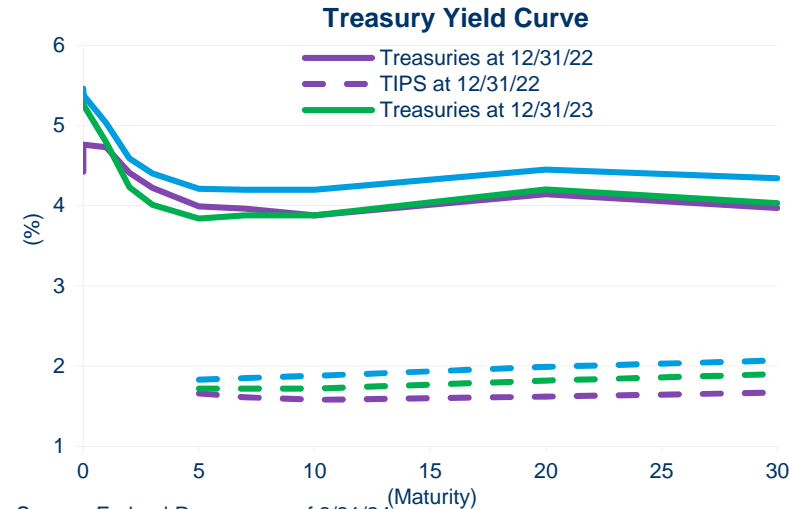
# Strong month for global equities

- Global equities returned ~3.0% in March and ~8% for the quarter, with US equities slightly underperforming international developed equities and outperforming emerging market equities in March. The S&P 500 had its strongest first quarter since 2019 and outperformed international and emerging market equities.
- Value outperformed growth for the month of March, but Growth outperformed for the quarter.
- US small and SMID stocks outperformed large stocks for the month. Small cap also outperformed on a global level for the month, but large cap stocks outperformed for the quarter.
- Developed markets corporate earnings are expected to grow ~7.5% in 2024, with the US and Japan leading the way. Weak overall emerging market performance in March was driven by low single digit returns for China and India and negative returns for Brazil.

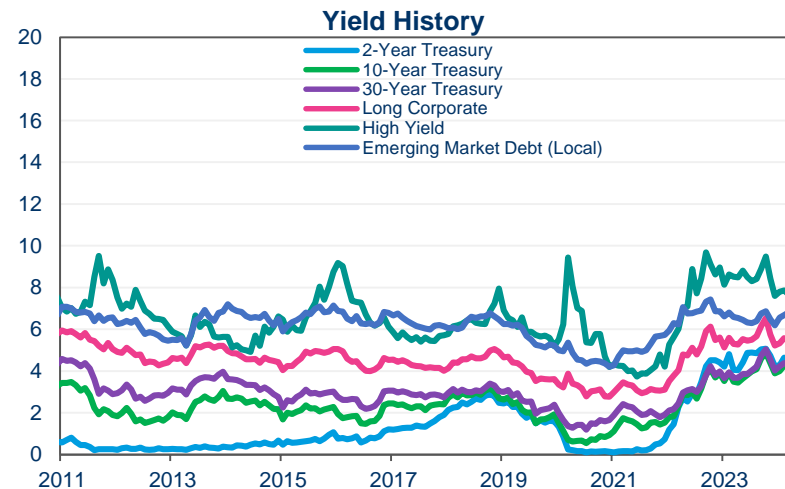


# Fixed income rebounds as yield and spreads decrease

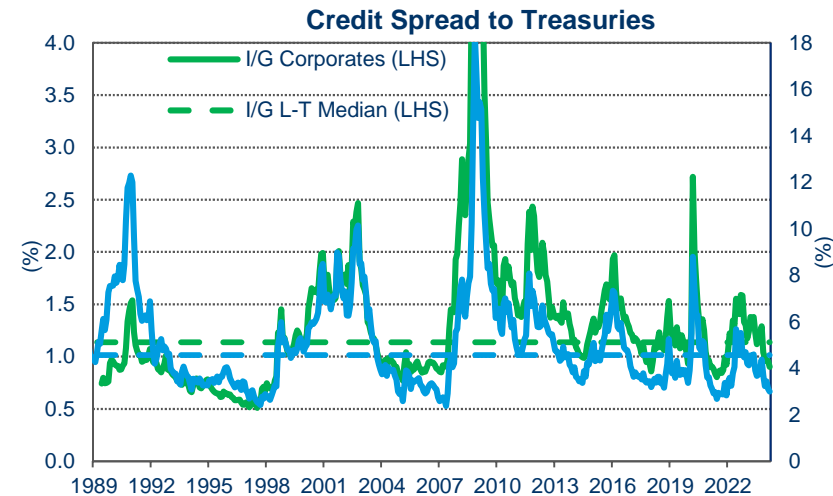
- Fixed income, as measured by the Bloomberg Aggregate Index, returned 0.9% in March as yields decreased in most major regions while coupon income remained high. Falling credit spreads were an additional tailwind. The index's return for the quarter remains negative as rates are elevated relative to the beginning of the year.
- In the US, the 10-year yield decreased ~5 basis points in March while the 30-year yield decreased ~4 basis points. UK and Eurozone 10-year yields decreased by roughly 20 and 10 basis points, respectively.
- Investment grade and high yield credit spreads fell slightly and remain below long-term averages. Long duration bonds outperformed shorter duration bonds due to their increased sensitivity to rates. High yield and investment grade fixed income had similar returns. Emerging market local currency debt was flat amid the strengthening US dollar while hard currency debt had positive returns.



Source: Federal Reserve; as of 3/31/24



Source: Bloomberg, Federal Reserve; as of 3/31/24



Source: Bloomberg; as of 3/31/24

# Performance Review

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## Portfolio allocation summary as of March 31, 2024

Strategy	Market value as of 03/31/2024		Strategic asset allocations – Foundation			
			U.S. Stocks	Intl. Stocks	U.S. Bonds	Private Markets
<b>Public markets</b>						
Total Stock Market Index Fund Institutional	\$37,847,274	Target	44.0%	29.0%	15.0%	12.0%
PRIMECAP Core Fund	\$10,868,453	Current	45.4%	30.1%	16.4%	8.2%
U.S. Growth Fund Admiral	\$4,262,239	Over/Under:	1.4%	1.1%	1.4%	-3.8%
Equity Income Fund Admiral	\$4,318,498					
Explorer Fund Admiral	\$1,800,314					
Total International Stock Market Index Institutional	\$25,011,782					
International Value Fund	\$7,111,288					
International Growth Fund Admiral	\$7,052,720					
Core Bond Fund Admiral	\$21,346,236					
<i>Subtotal</i>	<i>\$119,618,804</i>					
<b>Private markets</b>						
ISQ Global Infrastructure Fund II (USTE), L.P. (as of 12.31.2023 adjusted for cash flows)	\$562,903					
Intercontinental U.S. Real Estate Investment Fund, LLC (as of 12.31.2023 adjusted for cash flows)	\$3,624,688					
Strategic Investors Fund X Cayman, L.P. (as of 09.30.2023 adjusted for cash flows)	\$820,887					
Pointer Offshore, Ltd. (as of 02.29.2024)	\$410,696					
HarbourVest 2015 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$681,720					
HarbourVest 2016 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$731,064					
HarbourVest 2017 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$845,219					
HarbourVest 2018 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$1,058,800					
HarbourVest 2019 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$967,300					
HarbourVest 2020 Global Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$891,709					
Vanguard HarbourVest 2023 Private Equity Fund L.P. (as of 09.30.2023 adjusted for cash flows)	\$50,000					
<i>Subtotal</i>	<i>\$10,644,986</i>					
<b>Subtotal</b>	<b>\$130,263,790</b>					
<b>Expendable Pool</b>						
Treasury Money Market Fund	\$12,252,890	Current:	---	---	100.0%	---
<i>Subtotal</i>	<i>\$12,252,890</i>					
<b>Total</b>	<b>\$142,516,681</b>					

Non-Vanguard private equity or third party custodied asset data is provided as of February 29, 2024, December 31, 2023, or September 30, 2023 and held at the discretion of the client. Additionally, the information and reporting are offered at the specific request of the client. Vanguard is providing the data via third party custody reporting and therefore the information may be subject to change or fluctuation.

Please read additional information in Disclosures sections.



# Portfolio monthly snapshot

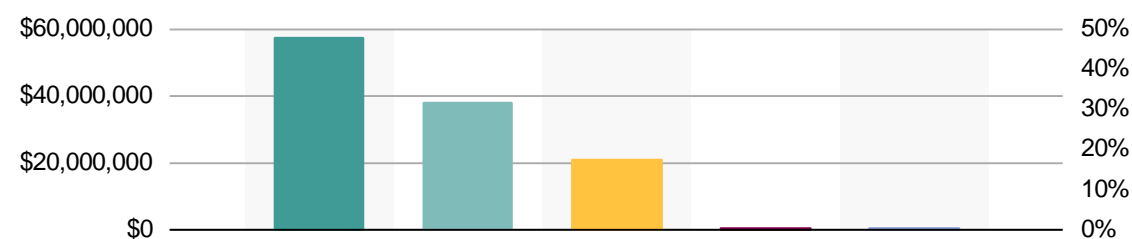
## Indian River State College Foundation, Inc.

As of February 29, 2024

### Cash flow and market activity by portfolio

	One Month	Year-to-Date	One Year
Beginning Market Value	\$110,212,907.12	\$106,959,144.03	\$121,646,204.36
Net Cash Flow	\$2,368,512.36	\$5,837,583.68	-\$20,664,468.52
Net Capital Appreciation	\$3,800,069.90	\$3,509,777.20	\$12,836,321.18
Investment Income	\$75,055.40	\$150,039.88	\$2,638,487.76
<b>Ending Market Value</b>	<b>\$116,456,544.78</b>	<b>\$116,456,544.78</b>	<b>\$116,456,544.78</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Private Equity	Money Market
Current \$	57,157,105	38,113,705	21,060,036	50,000	75,699
Current %	49.08%	32.73%	18.08%	0.04%	0.07%
Policy %	49.00%	33.00%	18.00%	0.00%	0.00%
Difference	0.08%	-0.27%	0.08%	0.04%	0.07%

### Performance summary

	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	3.50	8.52	9.86	16.40	-	-	-	16.40	02/28/23
<b>Client portfolio (net)</b>	3.47	8.49	9.75	16.27	-	-	-	16.27	02/28/23
<b>Policy benchmark</b>	3.18	8.46	10.33	18.42	-	-	-	18.42	02/28/23

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Portfolio monthly snapshot

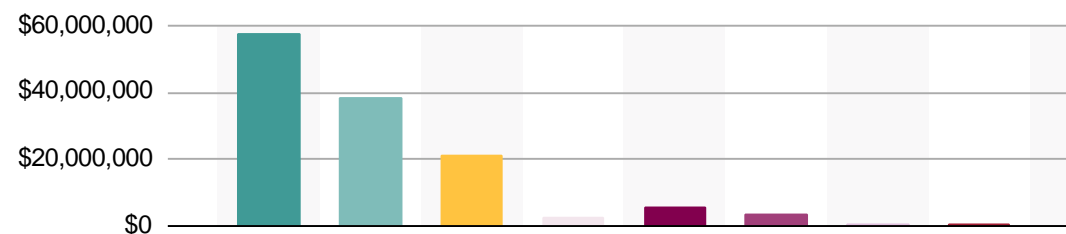
## Indian River State College Foundation Inc - VIAS Consolidated

As of February 29, 2024

### Cash flow and market activity by portfolio

	One Month	Year-to-Date
Beginning Market Value	\$122,947,965.12	\$119,644,202.03
Net Cash Flow	\$2,368,512.36	\$5,837,583.68
Net Capital Appreciation	\$3,800,069.90	\$3,559,777.20
Investment Income	\$75,055.40	\$150,039.88
<b>Ending Market Value</b>	<b>\$129,191,602.78</b>	<b>\$129,191,602.78</b>

### Current asset allocation by sub-asset class



	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Hedge Fund	Private Equity	Private Real	Venture Capital
Current	\$57,157,100	\$38,113,700	\$21,060,030	\$2,544,020	\$5,820,463	\$3,624,688	\$795,887
Current %	44.24%	29.50%	16.30%	1.97%	4.51%	2.81%	0.62%
Policy %	44.00%	29.00%	15.00%	0.00%	9.00%	3.00%	0.00%
Difference	0.24%	0.50%	1.30%	1.97%	-4.49%	-0.19%	0.62%

### Performance summary

	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	3.14	7.40	8.54	-	-	-	-	11.90	04/30/23
<b>Client portfolio (net)</b>	3.11	7.37	8.44	-	-	-	-	11.78	04/30/23
<b>Policy benchmark</b>	2.85	7.07	9.41	-	-	-	-	12.82	04/30/23

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Portfolio monthly snapshot

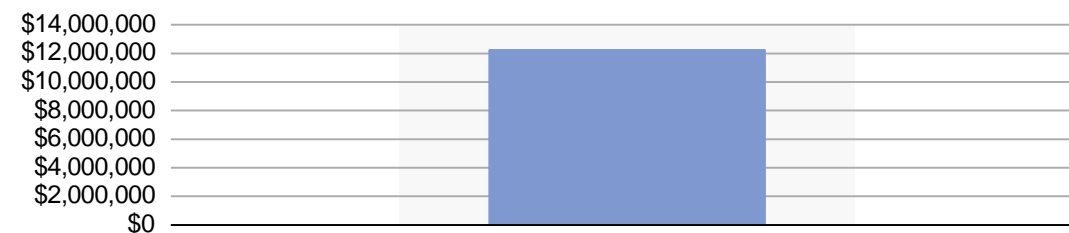
## Indian River State College Foundation Inc - MM

As of February 29, 2024

### Cash flow and market activity by portfolio

	One Month	Year-to-Date
Beginning Market Value	\$14,547,506.64	\$18,377,161.63
Net Cash Flow	-\$2,405,600.62	-\$6,305,600.62
Net Capital Appreciation	\$0.00	\$0.00
Investment Income	\$56,235.65	\$126,580.66
<b>Ending Market Value</b>	<b>\$12,198,141.67</b>	<b>\$12,198,141.67</b>

### Current asset allocation by sub-asset class



Money Market	
Current	\$12,198,142
Current %	100.00%
Policy %	100.00%
Difference	0.00%

### Performance summary

	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	0.42	1.33	3.55	-	-	-	-	4.41	04/30/23
<b>Client portfolio (net)</b>	0.38	1.29	3.51	-	-	-	-	4.37	04/30/23
<b>Policy benchmark</b>	0.43	1.38	3.73	-	-	-	-	4.61	04/30/23

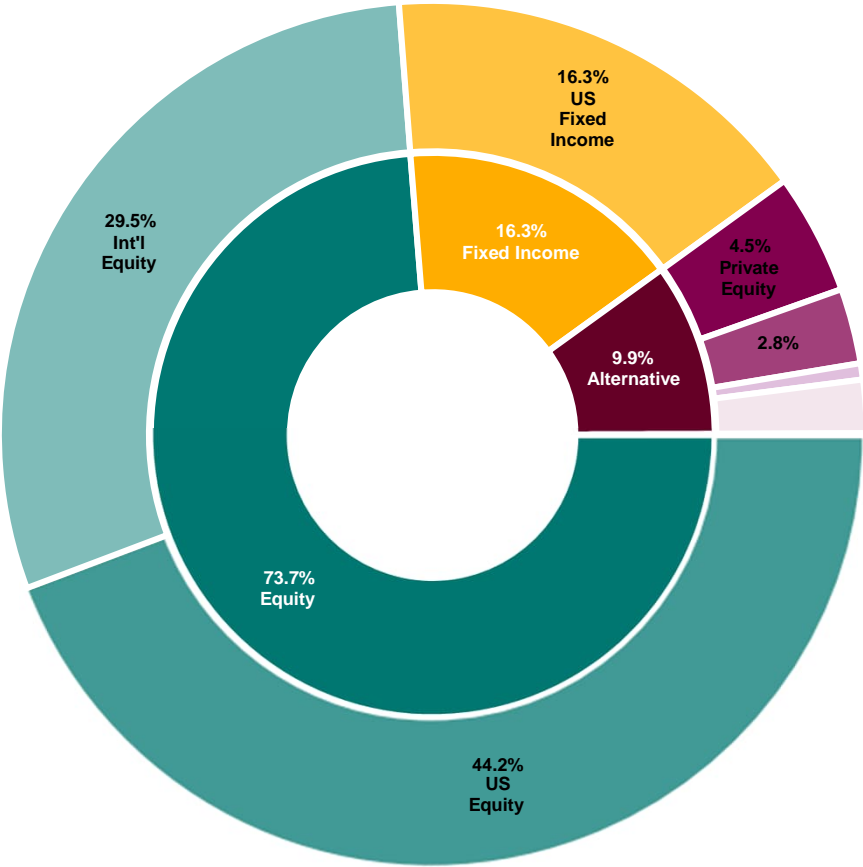
**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark represents. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Portfolio allocation snapshot (continued)

Indian River State College Foundation Inc - VIAS Consolidated

As of February 29, 2024

Asset allocation



Sub-asset classes and manager styles

Asset class	Sub-asset class	Manager style	Percentage
Equity	US Equity	Large Blend	36.5%
Equity	US Equity	Large Growth	3.3%
Equity	US Equity	Large Value	3.2%
Equity	US Equity	Small Growth	1.4%
Equity	Int'l Equity	Foreign Large Blend	18.8%
Equity	Int'l Equity	Foreign Large Growth	5.4%
Equity	Int'l Equity	Foreign Large Value	5.3%
Fixed Income	US Fixed Income	Intermediate-Term Investment Grade	16.3%
Alternative	Private Equity	Alternative Stock	4.5%
Alternative	Private Real Estate	Alternative Stock	2.8%
Alternative	Venture Capital	Alternative Stock	0.6%
Alternative	Hedge Fund	Hedge Fund	2.0%
Short-term Reserves	Money Market	Taxable Money Market	0.1%

The Asset allocation percentages represent the client's current allocations to the total portfolio. **Neither asset allocation or diversification can guarantee a profit or prevent loss.**

# Performance summary (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	129,191,603	100.0	100.0	3.14	7.40	8.54	-	-	-	-	11.90	04/30/23
<b>Client portfolio (net)</b>				3.11	7.37	8.44	-	-	-	-	11.78	04/30/23
<b>Policy benchmark</b>				2.85	7.07	9.41	-	-	-	-	12.82	04/30/23
<b>Equity</b>	<b>95,270,810</b>	<b>73.7</b>	<b>73.0</b>	<b>4.68</b>	<b>10.00</b>	<b>11.64</b>	-	-	-	-	<b>17.05</b>	<b>04/30/23</b>
Equity - Policy benchmark				4.19	9.92	12.28	-	-	-	-	17.54	04/30/23
<b>Domestic Equity</b>	<b>57,157,105</b>	<b>44.2</b>	<b>44.0</b>	<b>5.34</b>	<b>12.20</b>	<b>15.47</b>	-	-	-	-	<b>23.81</b>	<b>04/30/23</b>
<b>International Equity</b>	<b>38,113,705</b>	<b>29.5</b>	<b>29.0</b>	<b>3.66</b>	<b>6.74</b>	<b>6.06</b>	-	-	-	-	<b>7.50</b>	<b>04/30/23</b>
<b>Fixed Income</b>	<b>21,060,036</b>	<b>16.3</b>	<b>15.0</b>	<b>-1.42</b>	<b>2.17</b>	<b>2.16</b>	-	-	-	-	<b>0.71</b>	<b>04/30/23</b>
Fixed Income - Policy benchmark				-1.38	2.07	1.73	-	-	-	-	0.24	04/30/23
<b>Domestic Fixed Income</b>	<b>21,060,036</b>	<b>16.3</b>	<b>15.0</b>	<b>-1.42</b>	<b>2.17</b>	<b>2.16</b>	-	-	-	-	<b>0.71</b>	<b>04/30/23</b>
<b>Alternative</b>	<b>12,785,058</b>	<b>9.9</b>	<b>12.0</b>	<b>0.00</b>	<b>-1.46</b>	<b>-1.62</b>	-	-	-	-	<b>-2.16</b>	<b>04/30/23</b>
Alternative - Policy benchmark				0.00	-3.63	0.73	-	-	-	-	0.03	04/30/23
<b>Private Equity</b>	<b>5,820,463</b>	<b>4.5</b>	<b>9.0</b>	<b>0.00</b>	<b>0.52</b>	<b>-0.43</b>	-	-	-	-	<b>0.99</b>	<b>04/30/23</b>

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary (continued)

### Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
● Private Real Estate	3,624,688	2.8	3.0	0.00	-5.76	-6.66	-	-	-	-	-12.05	04/30/23
● Venture Capital	795,887	0.6	-	0.00	0.00	0.39	-	-	-	-	-2.81	04/30/23
● Hedge Fund	2,544,020	2.0	-	0.00	0.00	2.81	-	-	-	-	4.87	04/30/23
■ Short-Term Reserves	75,699	0.1	-	0.42	-	-	-	-	-	-	0.87	12/31/23
● Money Market	75,699	0.1	-	0.42	-	-	-	-	-	-	0.87	12/31/23

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
<b>Client portfolio (gross)</b>	129,191,603	100.0	100.0	3.14	7.40	8.54	-	-	-	-	11.90	04/30/23
<b>Client portfolio (net)</b>				3.11	7.37	8.44	-	-	-	-	11.78	04/30/23
<b>Policy benchmark</b>				2.85	7.07	9.41	-	-	-	-	12.82	04/30/23
<b>■ Equity</b>	<b>95,270,810</b>	<b>73.7</b>	<b>73.0</b>	<b>4.68</b>	<b>10.00</b>	<b>11.64</b>	-	-	-	-	<b>17.05</b>	<b>04/30/23</b>
Equity - Policy benchmark				4.19	9.92	12.28	-	-	-	-	17.54	04/30/23
<b>● Domestic Equity</b>	<b>57,157,105</b>	<b>44.2</b>	<b>44.0</b>	<b>5.34</b>	<b>12.20</b>	<b>15.47</b>	-	-	-	-	<b>23.81</b>	<b>04/30/23</b>
Domestic Equity - Policy benchmark				5.41	12.25	15.58	-	-	-	-	24.00	04/30/23
<b>- Vanguard Total Stock Market Index Fund Institutional Shares</b>	<b>36,668,975</b>	<b>28.4</b>	<b>-</b>	<b>5.40</b>	<b>12.25</b>	<b>15.62</b>	-	-	-	-	<b>24.04</b>	<b>04/30/23</b>
Spliced Total Stock Market Index				5.41	12.25	15.58	-	-	-	-	24.00	04/30/23
Multi-Cap Core Funds Average				5.12	12.07	14.15	-	-	-	-	20.85	04/30/23
<b>- Vanguard PRIMECAP Core Fund</b>	<b>10,447,437</b>	<b>8.1</b>	<b>-</b>	<b>4.98</b>	<b>11.70</b>	<b>15.42</b>	-	-	-	-	<b>23.54</b>	<b>04/30/23</b>
MSCI US Prime Market 750 Index				5.40	12.13	15.93	-	-	-	-	24.49	04/30/23
Multi-Cap Core Funds Average				5.12	12.07	14.15	-	-	-	-	20.85	04/30/23
<b>- Vanguard U.S. Growth Fund Admiral Shares</b>	<b>4,198,805</b>	<b>3.3</b>	<b>-</b>	<b>7.79</b>	<b>16.38</b>	<b>22.45</b>	-	-	-	-	<b>39.08</b>	<b>04/30/23</b>

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

## Performance summary—by securities (continued)

### Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Russell 1000 Growth Index				6.82	14.34	21.08	-	-	-	-	35.26	04/30/23
Large-Cap Growth Funds Average				6.84	15.16	21.35	-	-	-	-	34.89	04/30/23
<b>- Vanguard Equity Income Fund Admiral Shares</b>	<b>4,091,645</b>	<b>3.2</b>	<b>-</b>	<b>2.76</b>	<b>7.64</b>	<b>9.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10.37</b>	<b>04/30/23</b>
Spliced Equity Income Index				2.72	9.30	10.81	-	-	-	-	10.95	04/30/23
Equity Income Funds Average				3.12	8.71	9.82	-	-	-	-	12.45	04/30/23
<b>- Vanguard Explorer Fund Admiral Shares</b>	<b>1,750,242</b>	<b>1.4</b>	<b>-</b>	<b>6.34</b>	<b>15.12</b>	<b>11.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18.68</b>	<b>04/30/23</b>
Russell 2500 Growth Index				8.10	17.43	10.83	-	-	-	-	19.45	04/30/23
Small-Cap Growth Funds Average				7.41	16.15	10.12	-	-	-	-	17.58	04/30/23
<b>• International Equity</b>	<b>38,113,705</b>	<b>29.5</b>	<b>29.0</b>	<b>3.66</b>	<b>6.74</b>	<b>6.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.50</b>	<b>04/30/23</b>
International Equity - Policy benchmark				2.35	6.42	7.37	-	-	-	-	8.24	04/30/23
<b>- Vanguard Total International Stock Index Fund Institutional Shares</b>	<b>24,273,665</b>	<b>18.8</b>	<b>-</b>	<b>3.10</b>	<b>6.39</b>	<b>6.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.78</b>	<b>04/30/23</b>
Spliced Total International Stock Index				2.35	6.42	7.37	-	-	-	-	8.24	04/30/23
International Funds Average				2.96	7.24	6.75	-	-	-	-	7.48	04/30/23
<b>- Vanguard International Growth Fund Admiral Shares</b>	<b>6,942,193</b>	<b>5.4</b>	<b>-</b>	<b>6.29</b>	<b>8.59</b>	<b>4.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7.51</b>	<b>04/30/23</b>
Spliced International Index				2.53	6.61	7.21	-	-	-	-	7.95	04/30/23

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**



## Performance summary—by securities (continued)

### Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
International Funds Average				2.96	7.24	6.75	-	-	-	-	7.48	04/30/23
<b>- Vanguard International Value Fund</b>	<b>6,897,848</b>	<b>5.3</b>	<b>-</b>	<b>3.01</b>	<b>6.14</b>	<b>4.31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6.41</b>	<b>04/30/23</b>
Spliced International Index				2.53	6.61	7.21	-	-	-	-	7.95	04/30/23
International Funds Average				2.96	7.24	6.75	-	-	-	-	7.48	04/30/23
<b>■ Fixed Income</b>	<b>21,060,036</b>	<b>16.3</b>	<b>15.0</b>	<b>-1.42</b>	<b>2.17</b>	<b>2.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.71</b>	<b>04/30/23</b>
Fixed Income - Policy benchmark				-1.38	2.07	1.73	-	-	-	-	0.24	04/30/23
<b>● Domestic Fixed Income</b>	<b>21,060,036</b>	<b>16.3</b>	<b>15.0</b>	<b>-1.42</b>	<b>2.17</b>	<b>2.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.71</b>	<b>04/30/23</b>
Domestic Fixed Income - Policy benchmark				-1.38	2.07	1.73	-	-	-	-	0.24	04/30/23
<b>- Vanguard Core Bond Fund Admiral Shares</b>	<b>21,060,036</b>	<b>16.3</b>	<b>-</b>	<b>-1.42</b>	<b>2.17</b>	<b>2.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.71</b>	<b>04/30/23</b>
Bloomberg U.S. Aggregate Float Adjusted Index				-1.38	2.07	1.73	-	-	-	-	0.24	04/30/23
Spliced Core Bond Funds Average				-1.32	2.41	2.18	-	-	-	-	0.75	04/30/23
<b>■ Alternative</b>	<b>12,785,058</b>	<b>9.9</b>	<b>12.0</b>	<b>0.00</b>	<b>-1.46</b>	<b>-1.62</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-2.16</b>	<b>04/30/23</b>
Alternative - Policy benchmark				0.00	-3.63	0.73	-	-	-	-	0.03	04/30/23
<b>● Private Equity</b>	<b>5,820,463</b>	<b>4.5</b>	<b>9.0</b>	<b>0.00</b>	<b>0.52</b>	<b>-0.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.99</b>	<b>04/30/23</b>

**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Performance summary—by securities (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

	Mkt value (\$)	% of portfolio	Policy benchmark	1 mo (%)	3 mo (%)	FYTD (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception	Inception date
Private Equity - Policy benchmark				0.00	-4.14	2.56	-	-	-	-	2.70	04/30/23
• <b>Private Real Estate</b>	<b>3,624,688</b>	<b>2.8</b>	<b>3.0</b>	<b>0.00</b>	<b>-5.76</b>	<b>-6.66</b>	-	-	-	-	<b>-12.05</b>	<b>04/30/23</b>
Private Real Estate - Policy benchmark				0.00	-2.10	-4.93	-	-	-	-	-8.08	04/30/23
- <b>Intercontinental U.S. Real Estate Investment Fund, LLC</b>	<b>3,624,688</b>	<b>2.8</b>	-	<b>0.00</b>	<b>-5.76</b>	<b>-6.66</b>	-	-	-	-	<b>-12.05</b>	<b>04/30/23</b>
• <b>Venture Capital</b>	<b>795,887</b>	<b>0.6</b>	-	<b>0.00</b>	<b>0.00</b>	<b>0.39</b>	-	-	-	-	<b>-2.81</b>	<b>04/30/23</b>
- <b>Strategic Investors Fund X Cayman, L.P.</b>	<b>795,887</b>	<b>0.6</b>	-	<b>0.00</b>	<b>0.00</b>	<b>0.39</b>	-	-	-	-	<b>-2.81</b>	<b>04/30/23</b>
• <b>Hedge Fund</b>	<b>2,544,020</b>	<b>2.0</b>	-	<b>0.00</b>	<b>0.00</b>	<b>2.81</b>	-	-	-	-	<b>4.87</b>	<b>04/30/23</b>
- <b>Pointer Offshore, Ltd.</b>	<b>2,544,020</b>	<b>2.0</b>	-	<b>0.00</b>	<b>0.00</b>	<b>2.81</b>	-	-	-	-	<b>4.87</b>	<b>04/30/23</b>
■ <b>Short-Term Reserves</b>	<b>75,699</b>	<b>0.1</b>	-	<b>0.42</b>	-	-	-	-	-	-	<b>0.87</b>	<b>12/31/23</b>
• <b>Money Market</b>	<b>75,699</b>	<b>0.1</b>	-	<b>0.42</b>	-	-	-	-	-	-	<b>0.87</b>	<b>12/31/23</b>
- <b>Vanguard Federal Money Market Fund</b>	<b>75,699</b>	<b>0.1</b>	-	<b>0.42</b>	-	-	-	-	-	-	<b>0.87</b>	<b>12/31/23</b>
U.S. Government Money Market Funds Average				0.38	-	-	-	-	-	-	0.79	12/31/23

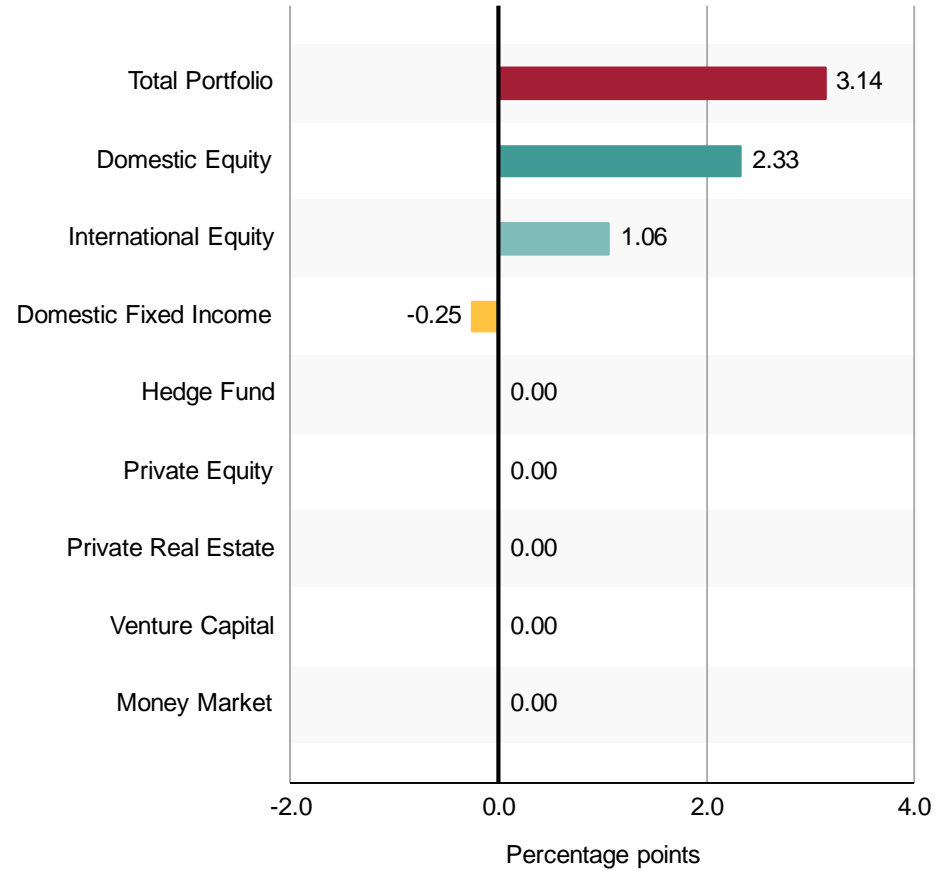
**Source:** Vanguard. See Benchmark allocation history for description of what the policy benchmark and asset-class benchmarks represent. Policy Benchmark is rebalanced monthly. Portfolio is generally rebalanced quarterly, but may vary. All Returns greater than one year are annualized. **Past performance is not a guarantee of future results.** Diversification and asset allocation can not ensure profit or prevent loss. All returns shown are time-weighted (TWR). Gross Portfolio returns include the deduction of all underlying fund expense ratios, but are gross of advisory, service fees, and purchase/redemption fees applied to the client portfolio. Net Portfolio returns are net of all advisory and security-level fees and expenses. Both Gross and Net returns do reflect the reinvestment of dividends, capital gains, and interest but do not reflect the deduction of taxes. Had those expenses been deducted then performance would have been lower. Indexes are unmanaged; therefore direct investment is not possible. Unless otherwise noted, index returns do not reflect deduction of fees and expenses but do reflect reinvestment of dividends, capital gains, and interest. **Read additional information in Benchmark and Disclosures sections.**

# Asset-weighted contributions to performance (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

Contribution to portfolio returns for the periods ended February 29, 2024

One month



Contributions to returns are gross of advisory fees and are time-weighted.

For Institutional use only. Not for distribution to retail investors.

# Cash flow and market value summary (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

For the periods ended February 29, 2024

### Cash flow summary and market value history

	Last month	Last three months	Fiscal-year-to-date	Since inception (Apr-2023)
Beginning Market Value	\$122,947,965.12	\$112,115,956.94	\$108,576,028.04	\$110,213,385.06
Net Cash Flow	\$2,368,512.36	\$8,484,740.34	\$10,889,608.62	\$5,910,521.64
Contributions	\$2,401,094.00	\$8,651,874.08	\$11,302,087.88	\$11,363,155.76
Redemptions	\$0.00	-\$134,552.10	-\$315,861.10	-\$5,335,702.10
Advisory Fees	-\$32,581.64	-\$32,581.64	-\$96,618.16	-\$116,932.02
Net Investment Change	\$3,875,125.30	\$8,590,905.50	\$9,725,966.12	\$13,067,696.09
Net Capital	\$3,800,069.90	\$7,480,036.19	\$8,048,759.82	\$10,924,749.77
Investment Income	\$75,055.40	\$1,110,869.31	\$1,677,206.30	\$2,142,946.32
Ending Market Value	\$129,191,602.78	\$129,191,602.78	\$129,191,602.78	\$129,191,602.78

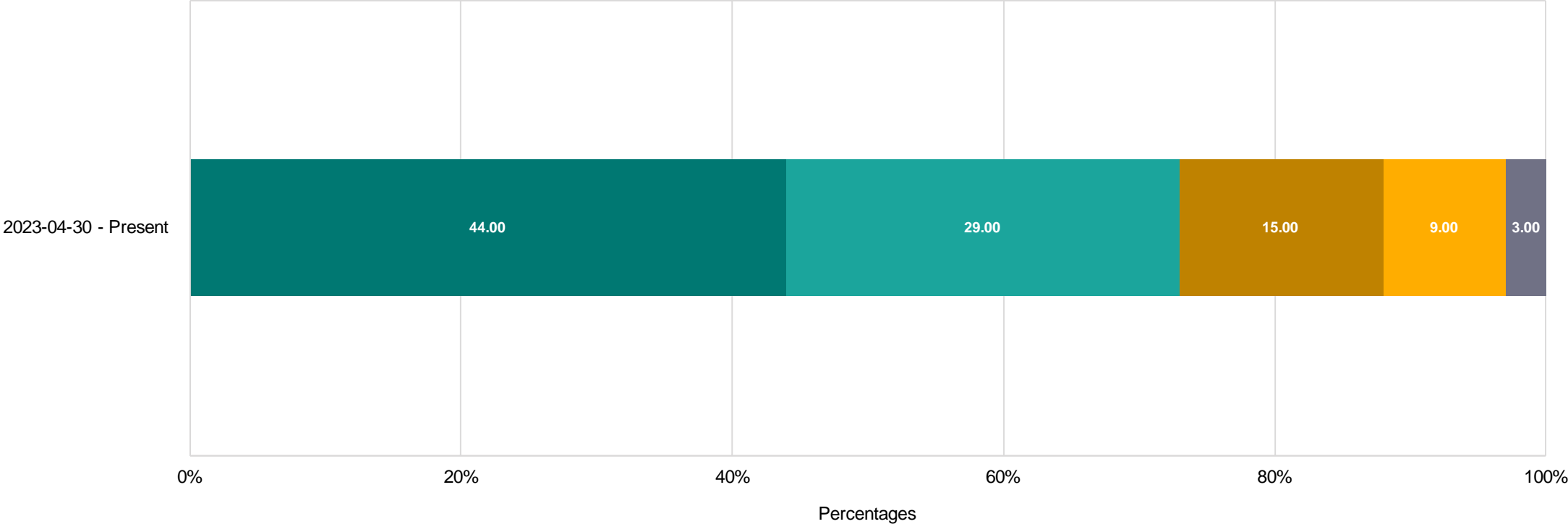
Source: Vanguard.

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# Benchmark allocation history (continued)

## Indian River State College Foundation Inc - VIAS Consolidated

Policy benchmark allocations up to February 29, 2024



■ Spliced Total Stock Market Index  
 ■ Spliced Total International Stock Index  
 ■ Spliced Bloomberg U.S. Aggregate Float Adjusted Index  
 ■ MSCI ACWI Quarter Lag  
 ■ NFI-ODCE X Net Quarter Lag

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

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**Outlook**

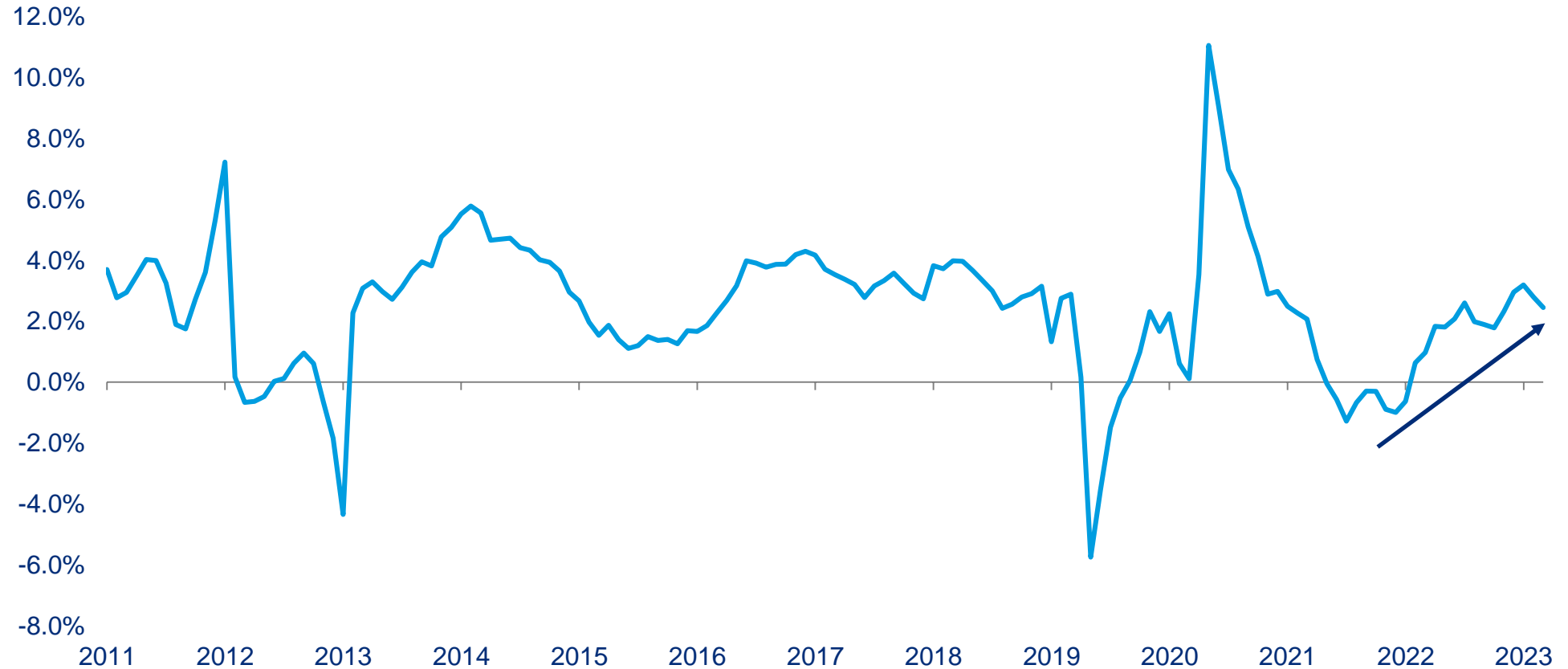
**3**

# Global economy should remain resilient driven by:

- Robust household balance sheets
- Easing financial conditions
- Loosening monetary policy
- Declining inflation
- Cooling labor markets

# Real income growth has supported consumption even as pandemic related savings were drained

## Year-on-year US real income growth

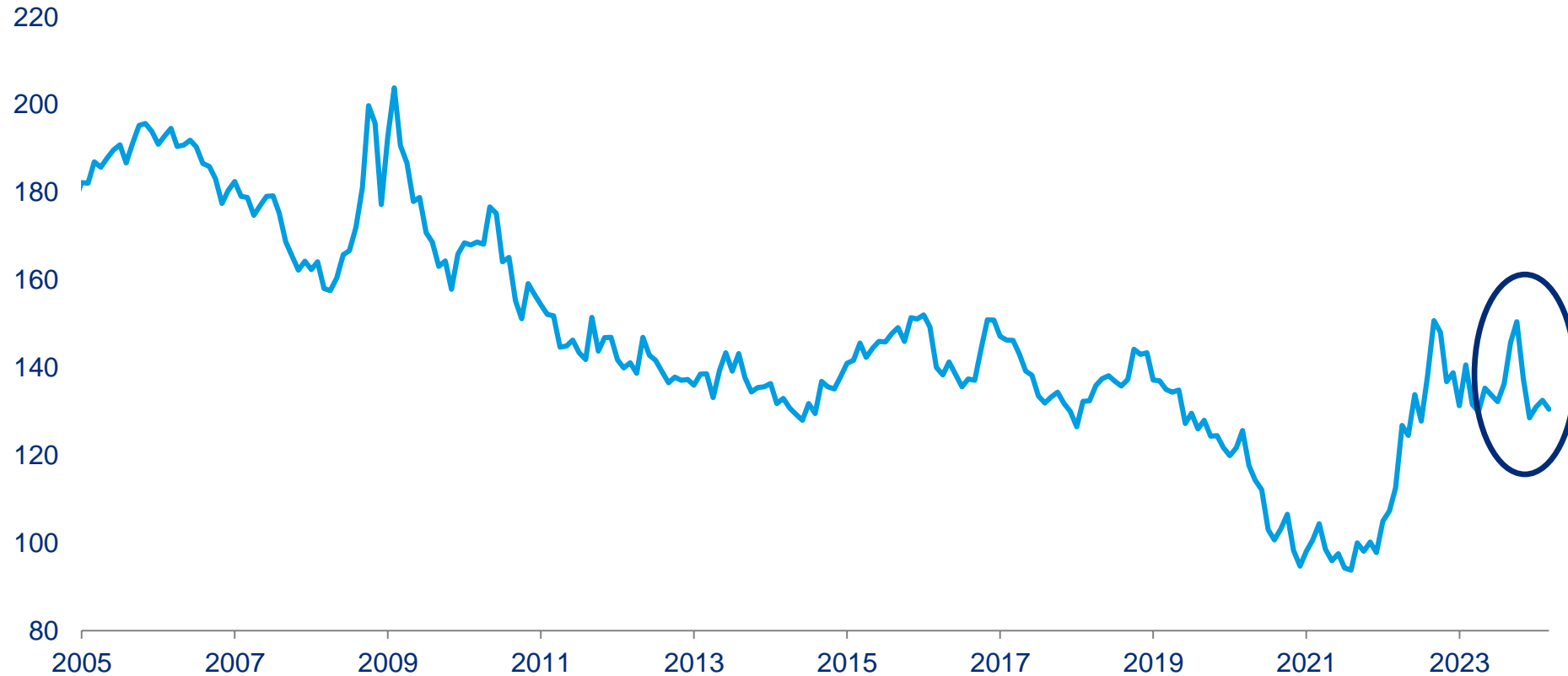


Source: Bloomberg. Data as of March 31, 2024.



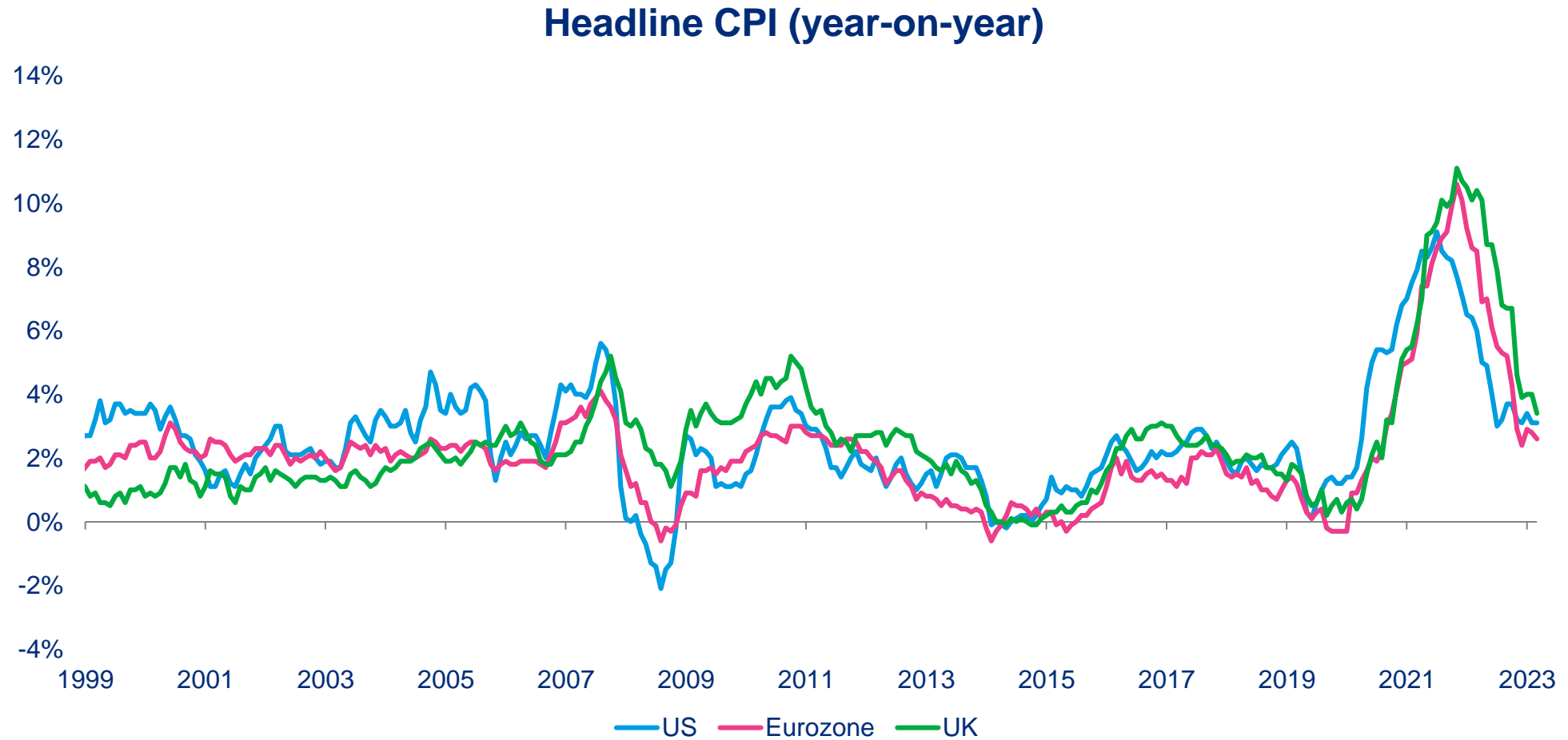
# Financial conditions have loosened, creating upside risks to growth

## Goldman Sachs US Financial Conditions Index (FCI)



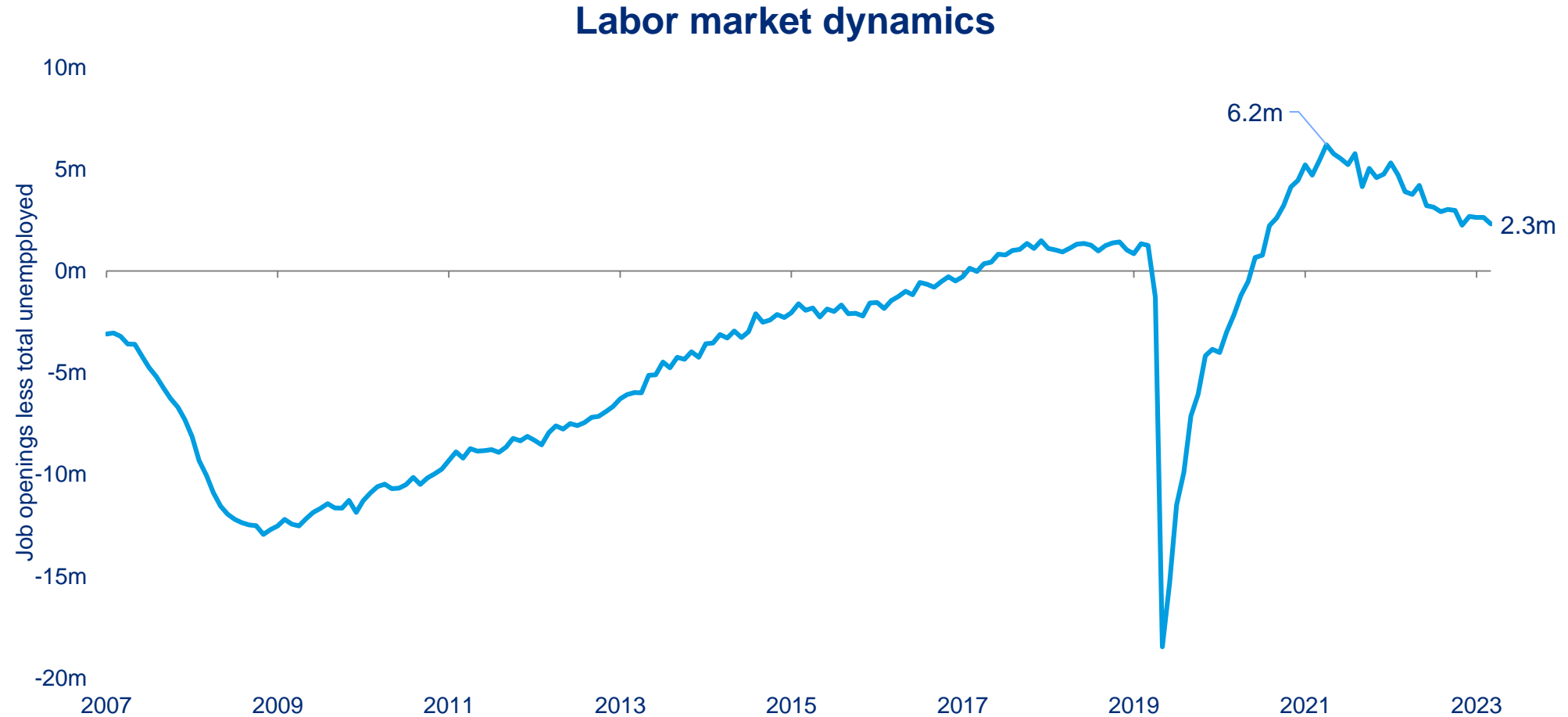
Source: Bloomberg. Data as of March 31, 2024.

# Inflation is returning back to normal



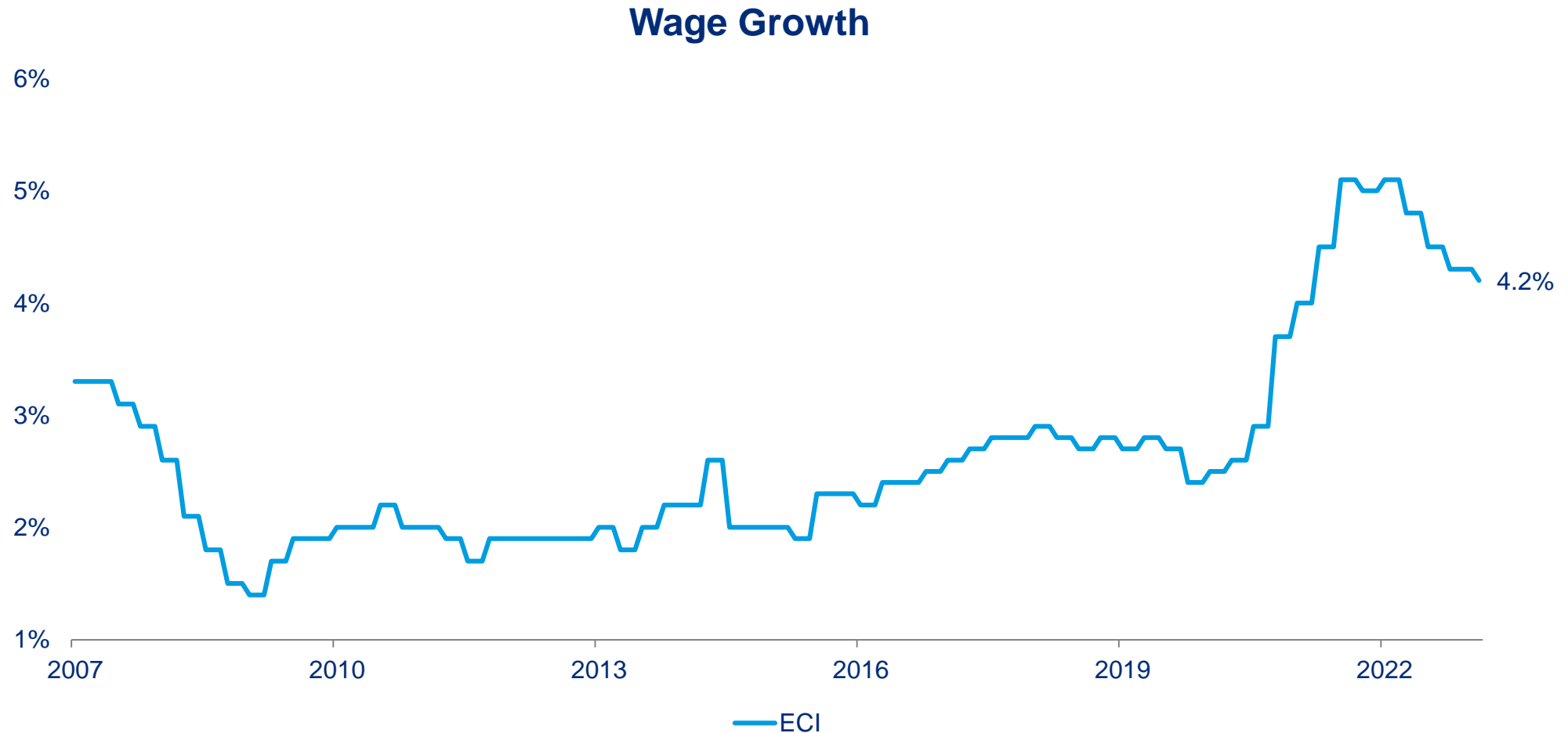
Source: Bloomberg. Data as of March 31, 2024.

# Finally, labor markets are cooling which supports inflation in the *final mile*



Source: Bloomberg. Data as of March 31, 2024.

# Final piece of the jigsaw for inflation to return to target is labor markets. We are seeing some cooling.



Source: Bloomberg. Data as of March 31, 2024

# Assumptions for key asset classes – Mercer compared to Vanguard – 10 years

Asset Class	10Y Mercer Jan-24	10Y Vanguard Jan-24		10Y Mercer Oct-23	10Y Vanguard Oct-23	Difference
US All Cap Equity	5.5%	4.7%	0.8%	5.8%	5.2%	0.6%
Non-US Developed All Cap Equity Unhedged	6.8%	7.9%	-1.1%	6.8%	8.0%	-1.2%
Emerging Markets Equity Unhedged	7.6%	7.1%	0.5%	8.1%	7.6%	0.5%
<b>ACWI*</b>	6.1%	5.9%	0.2%	6.4%	6.3%	0.1%
<b>US Aggregate FI</b>	4.5%	4.4%	0.1%	5.4%	5.3%	0.1%
<b>60/40**</b>	5.4%	5.3%	0.1%	6.0%	5.9%	0.1%
US Long Credit FI	4.8%			6.4%	5.3%	1.1%
US Inflation Indexed FI	4.5%	3.5%	1.0%	5.2%	4.2%	1.0%
US Cash	3.3%	3.9%	-0.6%	3.8%	4.6%	-0.8%
US High Yield FI	5.8%	5.7%	0.1%	6.8%	6.8%	0.0%
US Real Estate - REITS	5.6%	5.1%	0.5%	6.2%	5.9%	0.3%
Commodities - Long Only	3.7%	6.9%	-3.2%	4.2%	7.4%	-3.2%
Inflation	2.2%	2.4%	-0.2%	2.2%	2.5%	-0.3%

\*Based on 60% US, 30% Non-US Developed, 10% EM. The figure may differ slightly from Mercer's actual ACWI figure as it uses the exact weights and allows for rebalancing

\*\* 60% ACWI and 40% US Aggregate

# Intro to Mercer

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# Why Clients Choose Mercer: Best of Both Worlds

Strategic advice of a consultant with investment capabilities of an asset manager

Everything  
under  
one roof

## Our **size** is an advantage for clients

- The depth and breadth of our offering gives Mercer an edge over competitors
- Utilize IP and research from other asset managers, funds and alternatives providers across the investment industry to inform innovation and investment thinking
- More boots on the ground to be closer to clients due to established advisory business; this can lead to low client to advisor ratios
- Attract talent, negotiate fees, re-investment in the business

## We offer specialized **expertise** and a custom experience

- Decades of designing solutions tailored to client's objectives marrying consultative approach with investment acumen
- Client segment specialists stay on top of industry trends to generate thought leadership; collaborative culture supports idea exchange
- Dedicated alternatives research team

## We're a **trusted partner** — clients have told us they have **confidence** in our strategic decisions

- Clients have peace of mind that we're aligned with their needs and objectives
- **95%<sup>1</sup>** client retention rate
- **95%<sup>2</sup>** client satisfaction scores

# What Mercer Provides Our Not-for-Profit Clients

Mercer clients join a community of like-minded organizations with access to extensive resources and networking opportunities

## Thought leadership

- **Strategic research** tailored for each sub-segment of the not-for-profit investment community
- **Dedicated access** to asset managers through client-accessible Global Investment Forums

## Peer perspective

- **Global NFP Survey** on portfolio practices, governance, and needs
- **Local events for Mercer Investments clients** that build local communities of investment fiduciaries and professionals
- **Healthcare Investment Study** spanning operating, pension, and insurance assets

## Full-spectrum support

- **“Stakeholder-centric”** engagement tailored to the needs of boards, donors, and communities
- Dedicated **values-alignment and sustainable investments teams** supporting each client’s values
- **Alleviating staff implementation burdens** through deep operational support

## Access

- Mercer’s leaders across strategy and research available to address **questions, needs, and “blue sky” plans**
- MercerInsight® Community for both **Mercer and third-party research**
- MercerInsight®, an alliance with eVestment, for **data and analytics on managers**, both public and private

**\$396** billion  
US NFP AUA\*  
as of 6/30/2023

**290+**  
US NFP Clients

**\$14+** billion  
US NFP AUM\*  
as of 9/30/2023

**100+**  
Dedicated US NFP  
Investment team members



# Our Core Investment Philosophy

## Determine Objectives and Risk Tolerances

- Understand and establish portfolio objectives and risk tolerances.
- Objectives/risk tolerances can be quantitative or qualitative in nature.

## Establish Strategic Allocation (long-term)

- Determine the blend of market constituents accessed based on portfolio objectives and constraints

## Overlay Market Outlook (intermediate-term)

- A review of the macroeconomic environment should advise how the portfolio tilts are implemented.
- Deviations should be compared versus opportunity costs/funding sources. The larger the deviation from market weights the greater tracking error (good and bad) that may arise. Understanding tracking error should allow for a proper evaluation of risk and reward.
- Stress testing should be completed to determine the underlying changes in portfolio risks.

## Implementation (manager selection & weighting)

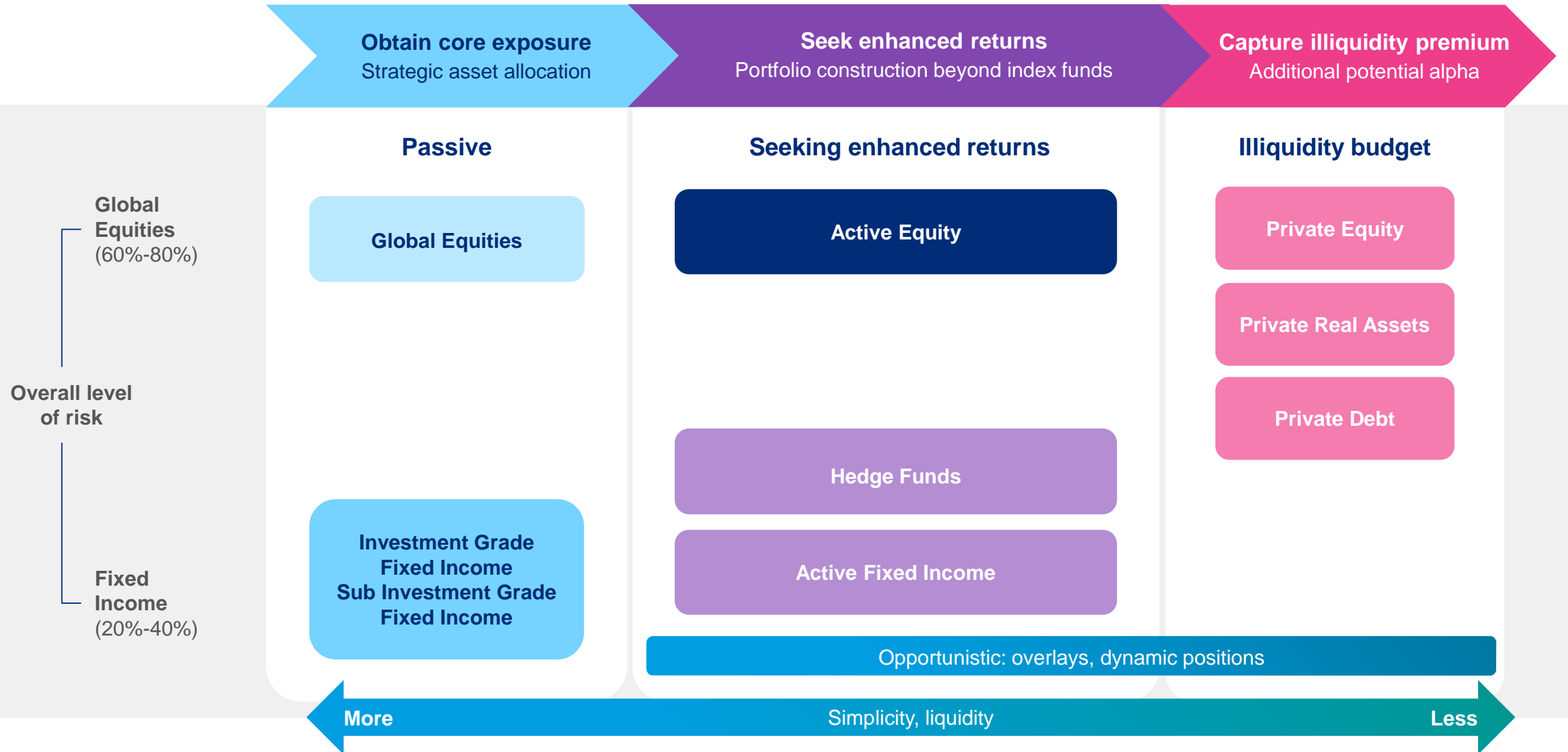
- Strike a balance between long-term and short-term objectives.
- Select managers representing desired characteristics.

## Monitoring

- Periodically assess each element of the asset allocation lifecycle.



# Implementation Spectrum



# What is Unique About Mercer's OCIO Platform

## What we do

We design and implement portfolios to help our clients meet their investment objectives with a focus on governance and risk management.

### Key firm facts



Entered the OCIO business ahead of the game in **1995**



Extensive **global research team of 214 members**<sup>1</sup> affords us access to highly rated managers<sup>5</sup>

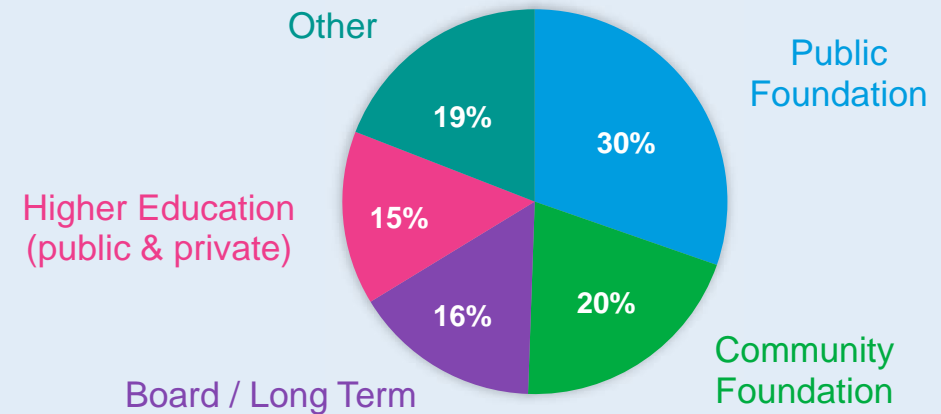


Manage **\$338 billion**<sup>2</sup> for **2,070 clients**<sup>3</sup> globally.



**30 years Private Markets Experience** including private markets, infrastructure, real estate, hedge funds

### Breakdown of our OCIO NFP client types<sup>4</sup>



"Other" includes: Private Foundations, Corporate Foundations, Cultural Organizations, Associations and Healthcare Foundations

## Value proposition

Our clients can benefit from a proven investment process, access to a robust investment platform and a flexible partner that brings a point of view while embracing unique circumstances

# Appendix

# 5

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The expectations for the modelled portfolio are a compilation of return, volatility, and correlation expectations of the underlying asset classes. Expected return, volatility, and correlation are hypothetical projections and are derived using Mercer's forward-looking Capital Market Assumptions methodology. Actual return, volatility, and correlation may be lower or higher than the data quoted. The views expressed are provided for discussion purposes and do not provide any assurance or guarantee of future returns. Portfolio expectations are forward looking and reflective of Mercer's Capital Market Assumptions, as defined by asset class and incorporating return, standard deviation, and correlations. Our process for setting asset class expected returns begins with developing an estimate of the long term normal level of economic growth and inflation. From these two key assumptions, we develop an estimate for corporate earnings growth and the natural level of interest rates. From these values, we can then determine the expected long term return of the core asset classes, equity and government bonds. We combine current valuations with our expectations for long term normal valuations and incorporate a reversion to normal valuations over a period of 10 years. Volatility and correlation assumptions are based more directly on historical experience except in cases in which the market environment has clearly changed. Manager impact on performance is not incorporated into expectations.

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Portfolio expectations are forward looking and reflective of Mercer's Capital Market Assumptions, as defined by asset class and incorporating return, standard deviation, and correlations. Our process for setting asset class expected returns begins with developing an estimate of the long term normal level of economic growth and inflation. From these two key assumptions, we develop an estimate for corporate earnings growth and the natural level of interest rates. From these values, we can then determine the expected long term return of the core asset classes, equity and government bonds. We combine current valuations with our expectations for long term normal valuations and incorporate a reversion to normal valuations over a period of up to five years. Volatility and correlation assumptions are based more directly on historical experience except in cases in which the market environment has clearly changed. Manager impact on performance is not incorporated into expectations. The views expressed are provided for discussion purposes and do not provide any assurance or guarantee of future returns.

Expected return is shown [gross] of [investment advisory, investment manager fees, brokerage and other commissions] and [assumes/does not assume] the reinvestment of dividends and other earnings. Periods over one year are annualized.

Hypothetical performance results [and related statistics] do not represent the results of actual trading using client assets.. Actual results may significantly differ from the hypothetical returns being presented. Investors may experience loss. The time periods shown represent a variety of economic and market conditions, including the unpredictability of such conditions and includes periods of market volatility. There are limitations with the data presented below as each client would have its own investment objectives, risk tolerance, goals and benchmarks for its portfolios. Performance results for individual client portfolios will vary due to possible inclusion of cash and cash equivalents, reinvestment of dividends, interest and other earnings including timing of investments, withdrawals among other reasons.

Actual returns would be reduced by advisory and other expenses as brokerage commissions, custodial costs and other expenses. Actual fees would vary depending on, among other things, the applicable fee schedule, portfolio size and/or investment management agreement. Further information regarding investment advisory fees are described in our Form ADV, Part 2A.

There are substantial risks associated with investments classified as alternative investments. Investors should have the ability, investing sophistication and experience to bear the risks associated with such investments.

## Benchmark descriptions (continued)

### **Policy Benchmark:**

The client's policy benchmark is a weighted set of indices that align to the Investment Management Agreement Schedule B which sets forth the strategic asset allocation for the client portfolio. The Policy Benchmark is rebalanced monthly. Allocations may change overtime as the investment strategy changes. See Benchmark allocation history for details.

The benchmarks for asset and sub-asset classes on the Performance summary reports is determined by the client's primary policy benchmark. Asset and sub-asset class benchmarks are a proportionally representation of their segment within the client's primary policy benchmark and adjusts over time with the changes in the policy benchmark. See Benchmark allocation history for details.

### **Vanguard spliced benchmarks:**

Spliced Total Stock Market Index: Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

Spliced Total International Stock Index: Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.

Spliced Emerging Markets Index: Select Emerging Markets Index through August 23, 2006; MSCI Emerging Markets Index through January 9, 2013; FTSE Emerging Transition Index through June 27, 2013; FTSE Emerging Index through November 1, 2015; FTSE Emerging Markets All Cap China A Transition Index through September 18, 2016; and FTSE Emerging Markets All Cap China A Inclusion Index thereafter. Benchmark returns are adjusted for withholding taxes.

Spliced Extended Market Index reflects the performance of the Dow Jones U.S. Completion Total Stock Market Index through June 17, 2005; S&P Transitional Completion Index through September 16, 2005; S&P Completion Index thereafter.

Spliced Dev ex North America Index reflects the performance of the MSCI EAFE Index through May 28, 2013; FTSE Developed ex North America Index thereafter

Real Estate Spliced Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through February 1, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

Spliced Bloomberg U.S. Aggregate Float Adjusted Index: Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter.

Spliced Bloomberg U.S. 1-5Yr Government/Credit Float Adjusted Index: Bloomberg U.S. 1-5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 1-5 Year Government/Credit Float Adjusted Index thereafter.

Spliced Bloomberg U.S. Long Government/Credit Float Adjusted Index: Bloomberg U.S. Long Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. Long Government/Credit Float Adjusted Index thereafter.

Spliced Intermediate Investment-Grade Debt Funds Average: Lipper Intermediate US Gov't Funds Average through December 31, 2001; Lipper Intermediate Inv-Grade Debt Funds Avg through August 31, 2013; Lipper Core Bond Funds Average thereafter.

Spliced Small Cap Value Index: S&P SmallCap 600/Barra Value Index through May 16, 2003; MSCI US Small Cap Value Index through April 16, 2013; CRSP US Small Cap Value Index thereafter.

## Benchmark descriptions (continued)

### Market benchmarks:

Balanced Composite Index: Weighted 60% Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) and 40% Lehman Brothers U.S. Aggregate Bond Index through May 31, 2005; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Bond Index through December 31, 2009; 60% MSCI US Broad Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index through January 14, 2013; and 60% CRSP US Total Market Index and 40% Bloomberg U.S. Aggregate Float Adjusted Index thereafter.

Bloomberg Barclays 1-5 Yr Credit (Ret): The index measures the performance of the investment grade, US dollar denominated, fixed-rate, taxable corporate and government related bonds with maturity of 1-5 years. It is comprised of the US Corporate Index and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities.

Bloomberg Barclays 1-5 Yr Treas (Ret): The index measures the performance of US treasuries with maturity of 1 to 4.9999 Years.

Bloomberg Barclays Global Aggregate ex USD Float Adjusted RIC - USD Hedged (Ret): The index measures the performance of the global, investment-grade, fixed rate debt markets, including government, government agency, corporate and securitized non-U.S. fixed income investments - all issued in currencies other than the U.S. dollar and with maturities of more than one year - with the foreign currency exposure of the securities included in the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged to the Canadian dollar. It is market capitalization-weighted.

Bloomberg Barclays Global Aggregate ex USD TR USD (Ret): The index measures the performance of global investment grade fixed-rate debt markets that excludes USD-dominated securities.

Bloomberg Barclays Intermediate U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 1-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays Long A+ U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 10 years and greater that includes foreign agencies, sovereigns, supranationals and local authorities. It applies a more or less stringent set of constraints to any existing index. The index is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays Long Term U.S. Treasury (Ret): This index measure the performance of U,S. treasury bill with long term maturity. The credit level for this index is investment grade. The rebalance scheme is monthly.

Bloomberg Barclays Treasury 1-5 Year (Ret): This index measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 1-5 years maturities.

Bloomberg Barclays U.S. Aggregate (Ret): The index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS. It rolls up into other Bloomberg flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.

Bloomberg Barclays U.S. Aggregate Float Adjusted (Ret): The index measures the performance of a new benchmark of the broad fixed-rate USD-denominated investment grade bond market that excludes securities held in the Federal Reserve System Open Market Account (SOMA).

Bloomberg Barclays U.S. Corporate High Yield (Ret): The index measures the performance of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds, including corporate bonds, fixed-rate bullet, puttable, and callable bonds, SEC Rule 144A securities, Original issue zeros, Pay-in-kind (PIK) bonds, Fixed-rate and fixed-to-floating capital securities.

Bloomberg Barclays U.S. Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

Bloomberg Barclays U.S. Credit: 5-10 Yr (Ret): The index measures the performance of the US Corporate and a non-corporate component with maturities of 5-10 year that includes foreign agencies, sovereigns, supranationals and local authorities. It is a subset of the US Government/Credit Index and the US Aggregate Index.

## Benchmark descriptions (continued)

Bloomberg Barclays U.S. Gov/Credit Float Adjusted: Long (Ret): The index measures the performance of the non-securitized component of the US Aggregate index with maturities of 10 years and greater. It uses alternative weighting schemes instead of market value weights.

Bloomberg Barclays U.S. Intermediate Credit (Ret): The index measures the performance of the US Corporate and a non-corporate component that includes foreign agencies, sovereigns, supranationals and local authorities with maturities of 1-10 years. It is a subset of the US Government/Credit Index and the US Aggregate Index.

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Bloomberg Barclays U.S. Treasury (Ret): The index measures the performance of public obligations of the U.S. Treasury, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury TIPS 0-5 Years (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L) with the 0-5 years maturities.

Bloomberg Barclays U.S. Treasury TIPS 1-5 Years (Ret): The index measures the performance of inflation-protected securities with maturities of 1-5 years issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L), with a 38.5% market value weight in the index (as of December 31, 2010), but is not eligible for other nominal Treasury or Aggregate indices.

Bloomberg Barclays U.S. Treasury: 5-10 Yr (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 5-10 years, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: Long (Ret): The index measures the performance of public obligations of the U.S. Treasury with maturities of 10 years and greater, including securities roll up to the U.S. Aggregate, U.S. Universal, and Global Aggregate Indices.

Bloomberg Barclays U.S. Treasury: U.S. TIPS (Ret): The index measures the performance of rules-based, market value-weighted inflation-protected securities issued by the U.S. Treasury. It is a subset of the Global Inflation-Linked Index (Series-L).

Bloomberg Barclays US Treasury Inflation Notes 5+ Years (Ret): The index measures the performance of inflation-protected securities issued by the U.S. Treasury (TIPS) with the maturities more than 5 years.

Bloomberg Barclays USD Emerging Markets Government RIC (Ret): The index measures the performance of US dollar-denominated bonds issued by emerging market governments, government agencies and government-owned corporations with maturities longer than one year. CRSP US Total Market: The index measures the performance of broad US securities that traded on NYSE, NYSE Market, NANASDAQ or ARCA. It captures nearly 100% of the US investable equity market with around 4000 constituents across mega, large, small and micro capitalizations.

Dow Jones U.S. Total Stock Market Index: The index measures the performance of all US equity securities with readily available prices. It represents the top 95% of the US stock market based on market capitalization. The index is float-adjusted market capitalization weighted.

FTSE GLOBAL ALL CAP EX US INDEX: The index measures the performance of large, mid and small cap stocks globally excluding the US. It is derived from the FTSE Global Equity Index Series (GEIS). The index is market-capitalization weighted.

MSCI ACWI - Daily: The index measures the performance of the large and mid cap segments of all country markets. It is free float-adjusted market-capitalization weighted.

MSCI ACWI ex USA - Daily: The index measures the performance of the large and mid cap segments of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.

## Benchmark descriptions (continued)

MSCI EM (EMERGING MARKETS) - Daily: The index measures the performance of the large and mid cap segments of emerging market equity securities. It is free float-adjusted market-capitalization weighted.

MSCI US BROAD MARKET INDEX - Daily: The index measures the performance of broad US equity market. It includes constituents across large, mid, small and micro capitalizations, representing most of the US equity universe. The index is free float adjusted market-capitalization weighted.

MSCI US REIT INDEX - Daily: The index measures the performance of the large, mid and small cap segments of the US equity securities. It is comprised of Equity REITs securities and based on the MSCI USA Investable Market Index, with the exception of Mortgage REIT and selected Specialized REITs. The index represents approximately most of the US REIT universe and securities are classified in the REIT sector according to the Global Industry Classification Standard. It is a free float market capitalization weighted index.

MSCI WORLD ex USA - Daily - Net: The index measures the performance of the large and mid cap segments of world, excluding US equity securities. It is free float-adjusted market-capitalization weighted.

Consumer Price Index for all Urban Consumers (CPI-U): This index measures the changes in prices of goods and services purchased by urban households.

IA SBBI US Inflation: An unmanaged index designed to track the U.S. inflation rate. The Consumer Price Index for All Urban Consumers, or CPI-U, is used by IA SBBI to measure inflation, which is the rate of change of consumer goods prices.

US Treasury T-Bill Auction Ave 3 Month: Three-month T-bills are government backed-short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.

## Additional Information (continued)

**Gross Portfolio Returns** represent client-specific time-weighted returns (TWR) of the entire portfolio including the deduction of mutual fund expense ratios, purchase/redemption fees, and other security-level expenses, but gross of advisory and service fees applied to the client portfolio.

**Client performance inception date** is generally the first month-end after initial funding.

**Lipper Fund Average performance** figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company, and was not adjusted for fees and loads.

Clients invested in Exchange-traded Funds “ETFs” transact at the market price during market trading hours. ETF performance for clients is also based on the market price at close, which may be different than the fund's Net Asset Value.

Market value and returns for individual securities are calculated using the client's daily custodial records. As a result, returns may vary slightly from the official month-end returns of a security as reported on Vanguard.com.

### **Glossary of risk metrics:**

**Standard Deviation** is a risk measure of dispersion around the mean return.

**Tracking Error** is a relative risk measure of the standard deviation of excess returns.

**Sharpe Ratio** is a total risk measure of portfolio reward to variability.

**Information Ratio** is a relative risk measure of portfolio excess returns and tracking error.

**Jensen's Alpha** is a systematic risk measure of excess return adjusted for systematic risk.

**Beta** is a systematic risk measure of the sensitivity of portfolio returns to changes in benchmark returns.

**R-Squared** is the square of the correlation coefficient and is the proportion of portfolio returns variance that is related to benchmark returns variance.

## Disclosures (continued)

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