

Investment Performance Summary

As of 12/31/2024

| Investment Mix Options | YTD | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Domestic Equity Benchmark | 23.77 | -3.02 | 2.63 | 23.77 | 7.87 | 13.81 | 12.50 |
| Domestic Equity Pool TR | 23.74 | -3.03 | 2.62 | 23.74 | 7.88 | 13.82 | 12.52 |
| S&P 500 TR USD | 25.02 | -2.38 | 2.41 | 25.02 | 8.94 | 14.53 | 13.10 |
| International Equity Pool TR | 4.70 | -2.82 | -7.54 | 4.70 | 0.63 | 4.33 | 5.08 |
| International Equity Benchmark | 5.04 | -2.15 | -7.62 | 5.04 | 0.63 | 4.17 | 4.99 |
| MSCI ACWI Ex USA NR USD | 5.53 | -1.94 | -7.60 | 5.53 | 0.82 | 4.10 | 4.80 |
| Intermediate-Term Fixed Income Pool TR | 1.95 | -1.56 | -3.02 | 1.95 | -1.76 | 0.21 | 1.75 |
| Intermediate-Term Fixed Income Benchmark | 1.91 | -1.51 | -2.98 | 1.91 | -1.70 | 0.26 | 1.84 |
| Short-Term Fixed Income Pool TR | 3.50 | -0.37 | -1.07 | 3.50 | 0.63 | 1.13 | 1.62 |
| Short-Term Fixed Income Benchmark | 3.56 | -0.37 | -0.99 | 3.56 | 0.74 | 1.23 | 1.73 |
| Money Market Pool TR | 4.81 | 0.35 | 1.12 | 4.81 | 3.19 | 1.95 | 1.35 |
| USTREAS T-Bill Auction Ave 3 Mon | 5.28 | 0.37 | 1.14 | 5.28 | 4.26 | 2.63 | 1.86 |

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools.

*The Domestic Equity TR, the International Equity TR, the Domestic Equity Benchmark and the International Equity Benchmark have an inception date of 6/30/19: performance prior to that date is pro-forma.

| Investment Mix Options | YTD | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years |
|-------------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|
| Aggressive Mix TR | 14.51 | -2.47 | -0.62 | 14.51 | 4.63 | 8.92 | 8.67 |
| Aggressive Mix Benchmark | 14.63 | -2.31 | -0.61 | 14.63 | 4.67 | 8.91 | 8.67 |
| Moderately Aggressive Mix TR | 12.06 | -2.01 | -0.67 | 12.06 | 3.87 | 7.33 | 7.15 |
| Moderately Aggressive Mix Benchmark | 12.17 | -1.89 | -0.65 | 12.17 | 3.95 | 7.37 | 7.18 |
| Moderate Mix TR | 9.19 | -1.52 | -0.78 | 9.19 | 2.86 | 5.32 | 5.32 |
| Moderate Mix Benchmark | 9.30 | -1.43 | -0.75 | 9.30 | 3.01 | 5.41 | 5.42 |
| Conservative Mix TR | 6.28 | -0.96 | -0.85 | 6.28 | 1.90 | 3.25 | 3.45 |
| Conservative Mix Benchmark | 6.42 | -0.91 | -0.81 | 6.42 | 2.16 | 3.42 | 3.61 |
| Short-Term Mix TR | 3.97 | -0.12 | -0.30 | 3.97 | 1.54 | 1.43 | 1.53 |
| Short-Term Mix Benchmark | 4.17 | -0.11 | -0.24 | 4.17 | 1.98 | 1.73 | 1.78 |
| Risk Averse Mix TR | 4.81 | 0.35 | 1.12 | 4.81 | 3.19 | 1.95 | 1.35 |
| USTREAS T-Bill Auction Ave 3 Mon | 5.28 | 0.37 | 1.14 | 5.28 | 4.26 | 2.63 | 1.86 |

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which the Community Foundation rebalances.

Returns for periods greater than 1 year are compound annual returns.
TR = Total Return

| Current Investment Mix Allocations | Domestic Equity Pool | Int'l Equity Pool | Inter-Term Fixed Income Pool | Short-Term Fixed Income Pool | Money Market Pool |
|------------------------------------|----------------------|-------------------|------------------------------|------------------------------|-------------------|
| Aggressive | 55% | 22% | 10% | 10% | 3% |
| Moderately Aggressive | 43% | 17% | 10% | 25% | 5% |
| Moderate | 29% | 11% | 15% | 35% | 10% |
| Conservative | 14% | 6% | 18% | 42% | 20% |
| Short Term | 0% | 0% | 0% | 65% | 35% |
| Risk Averse | 0% | 0% | 0% | 0% | 100% |

Estimated Investment Management Fees for the Investment Mix Options

| | |
|-----------------------|-------|
| Aggressive | 0.05% |
| Moderately Aggressive | 0.06% |
| Moderate | 0.07% |
| Conservative | 0.08% |
| Short Term | 0.11% |
| Risk Averse | 0.14% |

Performance is presented net of all investment management fees, brokerage, consulting and other transaction costs but gross of Long Beach Community Foundation administrative fees.

Customer Service

If you wish to request a change to your investment mix, or have any questions about your fund, information on the pools, including their component funds and blended benchmarks, the Board of Directors Investment Committee, or the Investment Policy Statement please contact LBCF at (562) 435-9033 or Info@longbeachcf.org.

Domestic Equity Pool

As of 12/31/2024

Trailing Returns

| Domestic Equity Pool & Benchmark | YTD | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|----------------------------------|--------------|-------------|--------------|--------------------|--------------------|---------------------|
| Domestic Equity Pool TR | 23.74 | 2.62 | 23.74 | 7.88 | 13.82 | 12.52 |
| Domestic Equity Benchmark | 23.77 | 2.63 | 23.77 | 7.87 | 13.81 | 12.50 |
| S&P 500 TR USD | 25.02 | 2.41 | 25.02 | 8.94 | 14.53 | 13.10 |
| Russell 3000 TR USD | 23.81 | 2.63 | 23.81 | 8.01 | 13.86 | 12.55 |

Trailing Returns

| Equity Pool Holdings & Benchmarks | YTD | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|--|--------------|-------------|--------------|--------------------|--------------------|---------------------|
| Vanguard Instl Ttl Stk Mkt Idx InstlPIs | 23.77 | 2.63 | 23.77 | 7.90 | 13.83 | 12.53 |
| CRSP US Total Market TR USD | 23.77 | 2.63 | 23.77 | 7.87 | 13.81 | 12.50 |

Purpose

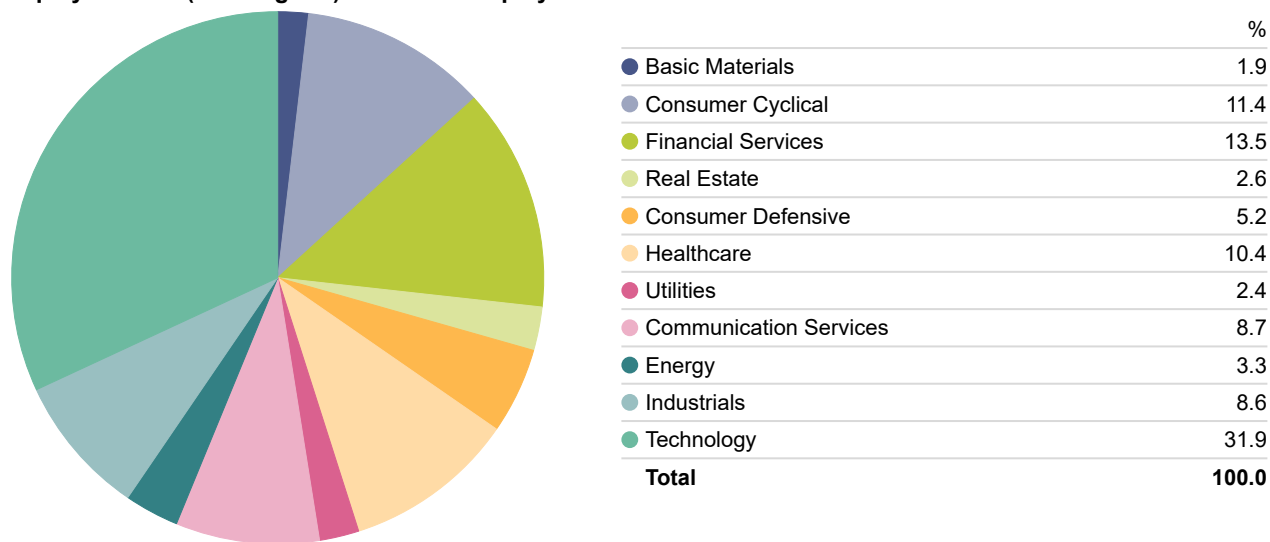
The purpose of the Domestic Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - Domestic Equity Pool

Portfolio Date: 12/31/2024

| Total Market Value: \$585,333,205 | Market Value (mil) | Portfolio Weighting % |
|---|--------------------|-----------------------|
| Vanguard Instl Ttl Stk Mkt Idx InstlPIs | \$ 585.3 | 100.0% |

Equity Sectors (Morningstar) - Domestic Equity Pool



Top Stock Holdings

1. Apple Inc
2. Microsoft Corp
3. NVIDIA Corp
4. Amazon.com Inc.
5. Meta Platforms Inc Class A
6. Alphabet Inc Class A
7. Tesla Inc
8. Broadcom Inc
9. Alphabet Inc Class C
10. Berkshire Hathaway Inc Class B

Trailing Twelve Month Dividend Yield: 1.65%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .04%

| Equity Benchmark | Current |
|----------------------------|---------|
| CRSP US Total Stock Market | 100% |

Source: Morningstar Direct

International Equity Pool

As of 12/31/2024

Trailing Returns

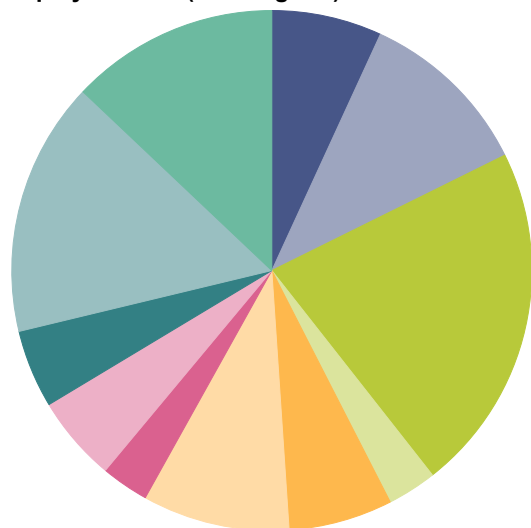
| Equity Pool & Benchmark | YTD | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|-------------------------------------|-------------|--------------|-------------|--------------------|--------------------|---------------------|
| International Equity Pool TR | 4.70 | -7.54 | 4.70 | 0.63 | 4.33 | 5.08 |
| International Equity Benchmark | 5.04 | -7.62 | 5.04 | 0.63 | 4.17 | 4.99 |
| FTSE Global All Cap ex US TR USD | 5.86 | -7.45 | 5.86 | 1.16 | 4.73 | 5.44 |

Performance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

| International Equity Pool Holding & Benchmark | YTD | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|---|--------------|--------------|--------------|--------------------|--------------------|---------------------|
| Vanguard Developed Markets Index Instl | 3.00 | -8.17 | 3.00 | 0.91 | 4.77 | 5.49 |
| FTSE Developed ex US All Cap NR USD | 3.14 | -7.92 | 3.14 | 0.75 | 4.58 | 5.14 |
| Vanguard Emerging Mkts Stock Idx Instl | 11.00 | -5.36 | 11.00 | -0.09 | 3.02 | 4.03 |
| FTSE Emerging NR USD | 12.35 | -6.50 | 12.35 | 0.33 | 3.01 | 4.30 |

Equity Sectors (Morningstar) - International Equity Pool



| | % |
|------------------------|--------------|
| Basic Materials | 6.9 |
| Consumer Cyclical | 10.8 |
| Financial Services | 21.7 |
| Real Estate | 3.1 |
| Consumer Defensive | 6.5 |
| Healthcare | 9.1 |
| Utilities | 3.0 |
| Communication Services | 5.3 |
| Energy | 4.9 |
| Industrials | 15.8 |
| Technology | 12.9 |
| Total | 100.0 |

| International Equity Benchmark | Current |
|--------------------------------|---------|
| FTSE Developed ex US All Cap | 80% |
| FTSE Emerging Markets | 20% |

Source: Morningstar Direct

Purpose

The purpose of the International Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the International Equity Pool is to obtain broad international equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - International Equity Pool

Portfolio Date: 12/31/2024

| Total Market Value: \$208,135,115 | Market Value (mil) | Portfolio Weighting % |
|--|--------------------|-----------------------|
| Vanguard Developed Markets Index Ins Pls | \$ 166.5 | 80% |
| Vanguard Emerging Mkts Stock Idx Instl | \$ 41.6 | 20% |

Top Stock Holdings

- Taiwan Semiconductor Manufacturing Co Ltd
- ASML Holding NV
- SAP SE
- Novo Nordisk A/S Class B
- Toyota Motor Corp
- Tencent Holdings Ltd
- Nestle SA
- AstraZeneca PCL
- Novartis AG Registered Shares
- Roche Holding AG

Trailing Twelve Month Dividend Yield: 3.17%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .07%

Intermediate-Term Fixed Income Pool

As of 12/31/2024

Trailing Returns

| Int-Term Fix. Inc. Pool & Blended Benchmark | Year To Date | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|---|--------------|--------------|-------------|--------------------|--------------------|---------------------|
| Intermediate-Term Fixed Income Pool TR | 1.95 | -3.02 | 1.95 | -1.76 | 0.21 | 1.75 |
| Intermediate-Term Fixed Income Benchmark | 1.91 | -2.98 | 1.91 | -1.70 | 0.26 | 1.84 |

Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities, and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays US Aggregate Bond index.

Trailing Returns

| Short-Term Fix. Inc. Pool Holdings & Benchmarks | Year to Date | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|---|--------------|--------------|-------------|--------------------|--------------------|---------------------|
| Vanguard Interm-Term Bond Index I | 1.53 | -3.40 | 1.53 | -2.24 | 0.04 | 1.78 |
| Bloomberg US 5-10 GovCredit FIAdj TR USD | 1.45 | -3.41 | 1.45 | -2.25 | 0.03 | 1.82 |
| Vanguard Mortgage-Backed Secs Idx Instl | 1.42 | -3.00 | 1.42 | -1.98 | -0.72 | 0.86 |
| Bloomberg US MBS TR USD | 1.20 | -3.16 | 1.20 | -2.13 | -0.74 | 0.91 |
| Vanguard Shrt-Term Infl-Prot Sec Idx Ins | 4.75 | -0.10 | 4.75 | 2.13 | 3.33 | 2.54 |
| Bloomberg US TIPS 0-5 Year TR USD | 4.69 | -0.11 | 4.69 | 2.11 | 3.34 | 2.57 |
| SPDR® Portfolio High Yield Bond ETF | 8.27 | 0.26 | 8.27 | 3.14 | 4.35 | 4.61 |
| ICE BofA US High Yield TR USD | 8.20 | 0.16 | 8.20 | 2.91 | 4.04 | 5.08 |

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2024

| | Market Value (mil) | Portfolio Weight % |
|--|--------------------|--------------------|
| Total Market Value: \$163,210,633 | | |
| Vanguard Interm-Term Bond Index Ins Plus | \$ 114.3 | 70.0% |
| Vanguard Mortgage-Backed Secs Idx Instl | \$ 34.2 | 20.9% |
| SPDR® Portfolio High Yield Bond ETF | \$ 7.5 | 4.6% |
| Vanguard Shrt-Term Infl-Prot Sec Idx Ins | \$ 7.2 | 4.4% |

Intermediate-Term Fixed Income Benchmark Weights

Percent

| | |
|---|------|
| Barclays US 1-5Y GovCredit FIAdj TR USD | 70% |
| Barclays US MBS Float Adjusted TR US | 21% |
| Barclays U.S. Treasury TIPS 0-5Y TR USD | 4.5% |
| S&P/LSTA U.S. Leveraged Loan 100 TR USD | 4.5% |

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.07%

Fixed Income Pool Statistics

| | |
|-----------------------------|------------|
| Average Yield to Maturity | 4.83% |
| Average Effective Duration | 5.64 years |
| Trailing Twelve Month Yield | 4.05% |

Short-Term Fixed Income Pool

As of 12/31/2024

Trailing Returns

| | Year To Date | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|---|--------------|--------------|-------------|--------------------|--------------------|---------------------|
| Short-Term Fix. Inc. Pool & Blended Benchmark | | | | | | |
| Short-Term Fixed Income Pool TR | 3.50 | -1.07 | 3.50 | 0.63 | 1.13 | 1.62 |
| Short-Term Fixed Income Benchmark | 3.56 | -0.99 | 3.56 | 0.74 | 1.23 | 1.73 |

Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Trailing Returns

| | Year to Date | Quarter | 1 Year | 3 Years Annualized | 5 Years Annualized | 10 Years Annualized |
|---|--------------|--------------|-------------|--------------------|--------------------|---------------------|
| Short-Term Fix. Inc. Pool Holdings & Benchmarks | | | | | | |
| Vanguard Short-Term Bond Idx I | 3.75 | -0.75 | 3.75 | 0.93 | 1.27 | 1.62 |
| Bloomberg US 1-5Y GovCredit FIAdj TR USD | 3.76 | -0.71 | 3.76 | 0.94 | 1.29 | 1.66 |
| Vanguard Mortgage-Backed Secs Idx Instl | 1.42 | -3.00 | 1.42 | -1.98 | -0.72 | 0.86 |
| Bloomberg US MBS Float Adjusted TR USD | 1.54 | -2.85 | 1.54 | -1.86 | -0.57 | 0.96 |
| Vanguard Shrt-Term Infl-Prot Sec Idx Ins | 4.75 | -0.10 | 4.75 | 2.13 | 3.33 | 2.54 |
| Bloomberg US TIPS 0-5 Year TR USD | 4.69 | -0.11 | 4.69 | 2.11 | 3.34 | 2.57 |
| Invesco Senior Loan ETF | 8.20 | 2.28 | 8.20 | 5.90 | 4.26 | 3.75 |
| Morningstar LSTA US LL100 Index TR USD | | | | | | |

Short-Term Fixed Income Pool Holdings

Portfolio Date: 12/31/2024

| | Market Value (mil) | Portfolio Weight % |
|--|--------------------|--------------------|
| Total Market Value: \$330,371,521 | | |
| Vanguard Short-Term Bond Idx InstlPIs | \$ 231.5 | 70.1% |
| Vanguard Mortgage-Backed Secs Idx Instl | \$ 69.3 | 21.0% |
| Vanguard Shrt-Term Infl-Prot Sec Idx Ins | \$ 14.8 | 4.5% |
| Invesco Senior Loan ETF | \$ 14.7 | 4.5% |

Short-Term Fixed Income Benchmark Weights

| | Percent |
|---|---------|
| Barclays US 1-5Y GovCredit FIAdj TR USD | 70% |
| Barclays US MBS Float Adjusted TR US | 21% |
| Barclays U.S. Treasury TIPS 0-5Y TR USD | 4.5% |
| S&P/LSTA U.S. Leveraged Loan 100 TR USD | 4.5% |

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.10%

Fixed Income Pool Statistics

| | |
|-----------------------------|------------|
| Average Yield to Maturity | 4.72% |
| Average Effective Duration | 3.07 years |
| Trailing Twelve Month Yield | 3.61% |

Money Market Pool

As of 12/31/2024

Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

Money Market Trailing Returns

| Time Period | Money Market Pool | 90 Day Treasury Bills |
|--------------|-------------------|-----------------------|
| Year to Date | 4.81% | 5.28% |
| 3 Months | 1.12% | 1.14% |
| 1 Year | 4.81% | 5.28% |
| 3 Years | 3.19% | 4.26% |
| 5 Years | 1.95% | 2.63% |
| 10 Years | 1.35% | 1.86% |

*Performance periods greater than 12 months are annualized.
Performance is net of investment management fees but not the
Foundation's administrative fees.*

Current Month Return Annualized: 4.28%

Investment Commentary

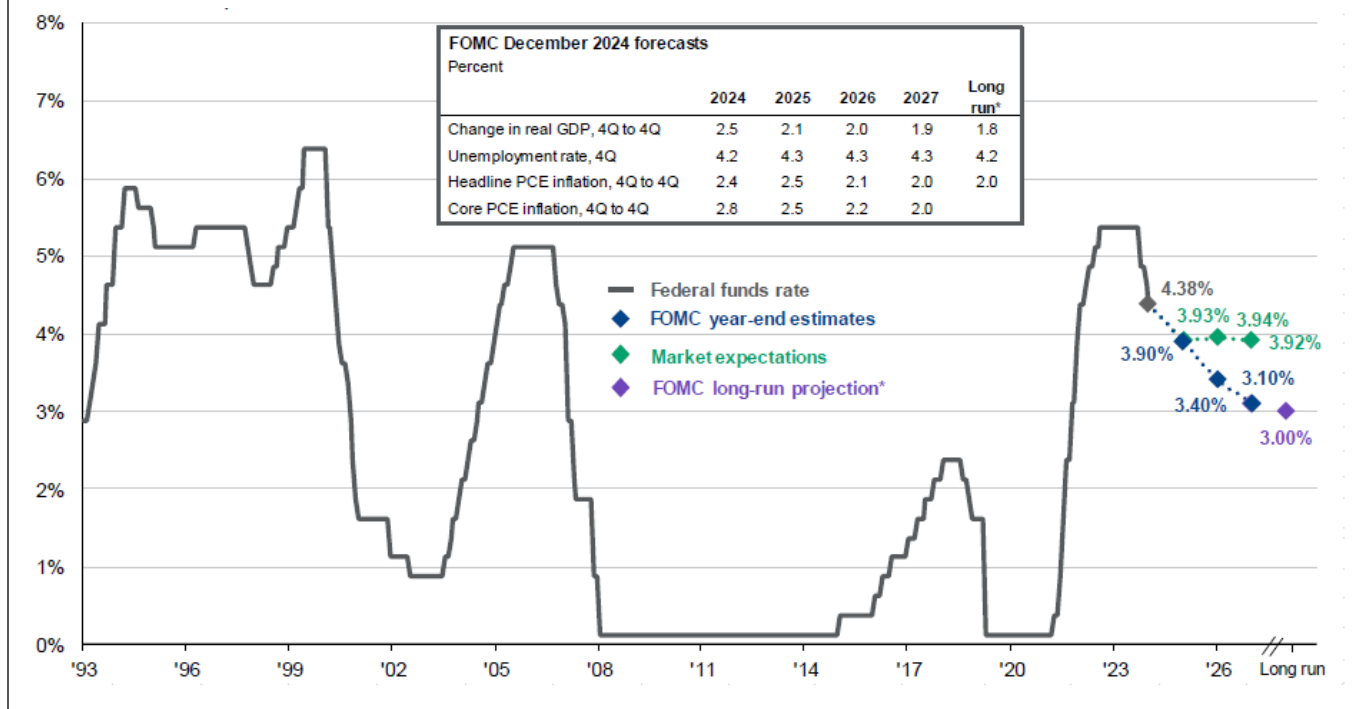
December 31, 2024

The year 2024 delivered another strong period of investment returns across most asset classes. Despite the absence of a traditional "Santa Claus" rally in December, with the S&P 500 declining -2.5% during the month, the index still achieved an impressive +25.0% gain for the year. This follows a similarly strong performance in 2023 (+26.3%), marking the best two-year return for the index since the late 1990s tech boom, with a surge of over 2,000 points. The fourth quarter saw a resurgence of familiar trends: intense market focus on artificial intelligence (AI) companies, large-cap domestic equities outperforming their smaller counterparts, and continued dominance of U.S. stocks over international markets.

U.S. economic data remained resilient, as annualized gross domestic product ("GDP") growth remained strong at +3.1% in Q3. The labor market data was more volatile, distorted by strikes and hurricanes, as non-farm payrolls rose by just 36,000 in October before a stronger November included a 227,000 net gain. Inflation continued to normalize over the period, leading to additional action by the U.S. Federal Reserve ("Fed"). After initiating its rate-cutting cycle with a 50-basis point (0.50%) reduction in September, the Fed continued with 25 basis point (0.25%) decreases in November and December. However, the December reduction unexpectedly triggered equity market volatility. This stemmed from the Fed's revised guidance, which scaled back the number of anticipated rate cuts for 2025 to just two (down from four in September). This suggested a more cautious approach from the central bank, continuing to utilize a data-driven approach and signaling its commitment to price stability as it navigates a complex economic environment.

Federal Funds Rate Expectations

The Federal Open Market Committee and market expectations for the federal funds rate scaled back the number of anticipated rate cuts for 2025 to just two (down from four in September).¹



As measured by the S&P 500 Index, domestic equity markets delivered a solid +2.4% gain in the fourth quarter, bringing their year-to-date return ("YTD") to an impressive +25.0%. This marks a remarkable surge of nearly

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60% for the index over the past two years. However, 2024's gains were heavily concentrated in generative AI and mega-cap technology stocks (the "Magnificent Seven"), which drove two-thirds of the index's overall performance. These companies now comprise over 30% of the index's total market capitalization, raising concerns about market concentration. While market breadth showed improvement in the third quarter, it narrowed considerably in the fourth quarter, with the average stock within the index returning approximately +13% for the calendar year and the median stock rising less than 10%. Notably, over 30% of stocks in the index finished the year in negative territory. From a sector perspective, performance diverged significantly. Consumer Discretionary (+14.3%, +30.1% YTD), Communication Services (+8.9%, +40.2% YTD), and Financials (+7.1%, +30.6% YTD) led the way, while Materials (-12.4%, +0.0% YTD), Health Care (-10.3%, +2.6% YTD), and Real Estate (-8.5%, +5.0% YTD) lagged considerably. This divergence also played out in market-cap and investment style, with large-cap and growth stocks significantly outperforming their small-cap and value counterparts.

S&P 500 Index and the Magnificent Seven

Gains for the S&P 500 Index in 2024 were led by generative AI and mega-cap technology stocks. The Magnificent Seven accounted for two-thirds of the index's overall performance and now comprise over 30% of the index's total market capitalization.²

| Name | Ticker | Index % | YTD Return | Sector |
|----------------------------|--------|---------|------------|------------------------|
| Apple Inc | AAPL | 7.6% | 30.6% | Technology |
| NVIDIA Corp | NVDA | 6.6% | 171.2% | Technology |
| Microsoft Corp | MSFT | 6.3% | 12.9% | Technology |
| Amazon.com Inc | AMZN | 4.1% | 44.4% | Consumer Discretionary |
| Meta Platforms Inc Class A | META | 2.6% | 66.0% | Communication Services |
| Tesla Inc | TSLA | 2.3% | 62.5% | Consumer Discretionary |
| Alphabet Inc Class A | GOOGL | 2.2% | 35.9% | Communication Services |
| Alphabet Inc Class C | GOOG | 1.8% | 35.6% | Communication Services |

International developed equities, as measured by the MSCI EAFE Index, faced headwinds this quarter, declining -8.1% and reversing much of their gains from earlier in the year. Despite this, the index still returned +3.8% YTD, though significantly lagging U.S. market performance. This underperformance stemmed from several factors, including political uncertainty in the Eurozone, concerns about a potential recession, and worries over escalating global trade tensions. In response to these economic challenges, the European Central Bank ("ECB") cut interest rates by 25 basis points (0.25%) in both October and December, signaling a continued easing monetary policy in 2025. As measured by the MSCI Emerging Markets Index, emerging markets equities declined -8.0% for the period (+7.5% YTD). This weakness was attributed mainly to concerns about potential increases in trade tariffs, particularly those impacting China, which the new administration is discussing.

Fixed income markets experienced a challenging fourth quarter, with the Bloomberg U.S. Aggregate Index declining -3.1%. Despite this, the index ended the year with a modest gain of +1.3%, marked by elevated volatility. Rising U.S. government bond yields, driven by expectations of pro-growth policies and continued economic resilience, contributed to the negative returns. This trend was particularly evident in the long end of the Treasury yield curve, which steepened significantly despite the Fed's cumulative 1.0% rate cuts since September. The 10-year Treasury yield closed the year at 4.6%, up approximately 80 basis points from the

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previous quarter. In contrast to Treasuries, credit markets remained strong, with spreads narrowing to near-historical lows. The Bloomberg U.S. Credit and Corporate high-yield indices ended the year at spreads of 71 and 253 basis points, respectively, reflecting levels not seen since before the Global Financial Crisis. High-yield outperformed investment grades within corporate bonds for the quarter and the year. Other fixed-income sectors, including municipals, mortgage- and asset-backed securities, also posted negative returns for the quarter but finished the year in positive territory.

While pre-election fears centered around policy uncertainties, risk assets ultimately responded enthusiastically to the results of November's election. President Trump's decisive re-election, which defied most pollsters' predictions of a nail-biter race, ignited a strong market rally. The S&P 500 surged nearly +3% following the election, marking its best post-election day performance in history. This exuberance extended beyond large-cap stocks, with small-cap stocks soaring almost +6%. The positive sentiment reverberated across various asset classes, as evidenced by a surge in Bitcoin prices, tightening credit spreads, and a palpable sense of optimism among investors.

This wave of market confidence stemmed from the presidential election outcome and the decisive shift in the balance of power in Congress. With the president's party securing a majority in the Senate and the House of Representatives, investors anticipated a smoother path for implementing the administration's economic agenda, which could have significant implications for the overall economy. This agenda, widely perceived by economists and market analysts as favorable for U.S. growth, centers on revitalizing domestic activity. Key priorities include bolstering energy production, streamlining regulations, and fostering a supportive environment for mergers and acquisitions. These pro-growth initiatives are expected to strengthen the U.S. dollar and create a favorable business climate. In addition, President Trump has also discussed significant tax reform – both for individuals (extending tax cuts, lifting the cap on state and local tax deductions, etc.) and corporations (reducing corporate tax rates).

However, amidst this optimism, some market observers have voiced concerns about potential inflationary pressures associated with certain aspects of the agenda, particularly regarding the possibility of new trade tariffs and significant immigration reform. While the overall impact on economic activity is anticipated to be positive, implementing these policies will require time and could also result in a broad array of outcomes.

*¹ Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based on USD Overnight Index Swaps. *Long-run projections are the growth rates, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years without further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections, and other forward-looking statements are based on current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results, or performance may differ materially from those reflected or contemplated—data as of 12/31/24.*

² Source: FactSet, Standard & Poor's, Morningstar, Morgan Stanley. Magnificent Seven positions include Alphabet's A and C share class—data as of 12/31/24.