CORPORATE & ESG POOLS FACTSHEET

December 31, 2025

Lancaster County Community Foundation was formed as a community trust in 1924. At that time, all gifts were required to be placed in trust. Those trusts were perpetual and still exist today, accounting for about one fifth of the assets of the Foundation. In 2005, the Lancaster County Community Foundation corporation became operational. As a nonprofit corporation, the Foundation became a more flexible and nimble organization that better serves its donors, beneficiaries and the community. The Foundation accepts gifts of all sizes and types- including donor advised funds, charitable gift annuities, and bequests from donors- helping Embolden Extraordinary Community in Lancaster for everyone.

INVESTMENT OBJECTIVE

The overall investment objective of the Investment Pools is growth while minimizing risk. As it is reflected in the strategic asset allocation, we expect equity investments will provide greater long-term returns than traditional fixed income investments, and that alternatives can provide additional diversification in the Corporate Pool while allowing the opportunity for income/return. The long-term return objective is to preserve the real value of the Pooled assets while supporting the spending policy of the Pools. The Investment Pools will be required to fund a long-term, inflation-adjusted annual spending policy of 5% in order to maintain the purchasing power of the principal over the long-term.

INVESTMENT STRATEGY

Corporate Pool

The Corporate Pool allocates capital across equities, fixed income and alternative asset classes while making use of both active and passive investment strategies. The equity allocation is broken down to have dedicated exposure across capitalization (large, mid, small), style (core, value, growth) and domicile (U.S., developed international, emerging markets). The fixed income allocation diversifies beyond core bonds to include core plus, strategic (or unconstrained) fixed income, high yield bonds and non-U.S. debt. Within alternative investments, the portfolio considers private equity, private debt, private real estate and hedge funds. The Pool recognizes the importance of maintaining a logical investment philosophy and utilizing a high conviction, disciplined and repeatable investment process to proactively manage risks and pursue opportunities.

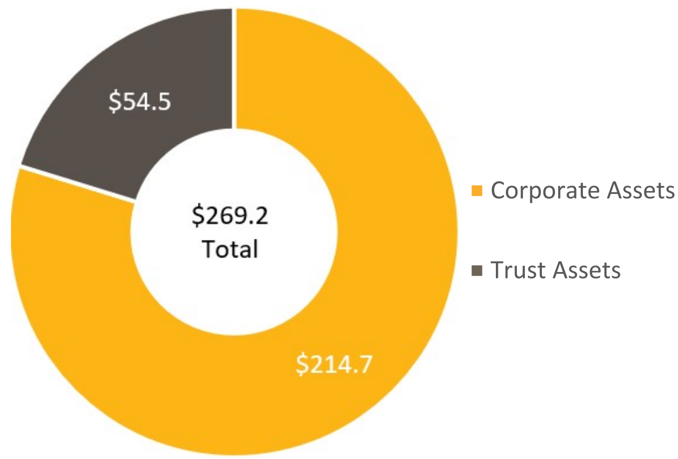
ESG Pool

The ESG Pool selects investments that exhibit a clear commitment to environmental, social, and governance (ESG) issues. The allocation is similar to our Corporate Pool, just without any alternative investments. This strategy is reflective of the current market environment to allow for long-term growth of the fund and grants to be made in perpetuity.

Additional Pools

- Direct Impact Investing
- Enhanced Cash Strategy

ASSETS UNDER MANAGEMENT[1,2]



ASSET ALLOCATION[2]

Asset Type	Corporate Pool	ESG Pool
Domestic Equity	46%	49%
International Equity	17%	21%
Real Estate	-	-
Private Equity	5%	-
Hedge Funds	7%	-
Fixed Income	22%	27%
Cash	3%	3%

INVESTMENT PERFORMANCE[2,3,4]

Investment Pool	Year-to-Date
Corporate	14.0%
ESG	15.3%

[1]in millions, unaudited.
[2]As of 12/31/2025.
[3]Corporate Pool performance does not include Private Equity.
[4] Net of fees.

ECONOMIC & MARKET REVIEW AND OUTLOOK

2025 marked the third consecutive year in which all asset classes delivered positive returns. Markets continued to climb to new highs, supported by stable economic growth and moderating inflation, which created room for an easing of U.S. monetary policy.

Equity markets posted broad gains in 2025. U.S. large cap stocks outperformed mid and small cap indices, while growth led over value after significantly underperforming in the first quarter. The S&P 500 returned 17.9%, driven primarily by growth sectors such as Information Technology. Uncertainty surrounding tariff policy prompted a rotation out of U.S. equities and into international markets. Developed international markets and emerging markets both outperformed the U.S. by a meaningful amount (up +31% on the year), driven primarily by a weakening U.S. dollar, global trade frictions, and lower valuations.

U.S. Treasury yields declined across most maturities. Credit spreads were volatile in 2025 – widening after the tariff announcements in April, but ultimately ending the year tighter than their starting levels. Below investment grade areas of the market such as high yield and emerging market debt, outperformed their higher quality core fixed income counterparts in 2025. The Federal Reserve resumed cutting rates in the latter half of 2025, with more dovish Fed policy expected, which should support both the economy and markets.

The investment landscape should continue to be favorable for risk assets. Earnings growth is poised to be the dominant driver of market returns, supported by easing inflation, dovish-leaning monetary policy and accelerating artificial intelligence (AI)-driven productivity.

ESG POOL FAQs

What are the trends in ESG?

According to a recent Corporate Social Responsibility survey, there has been a growing interest in ESG investing. Four in ten organizations are already investing with an ESG lens and nearly as many are planning to do so. These organizations are likely to both proactively invest in companies that align with their values and avoid investing in companies that don’t. Executives are optimistic about ESG investing and its potential to have a positive influence on corporate behavior.

Does ESG investing restrict investment returns?

When values are mapped to investment strategies, those strategies or approaches may have different return expectations. By removing securities from a portfolio through negative screening, or seeking to exclude companies that do not comply with a predetermined set of ESG criteria, there are potential tradeoffs in performance compared to investing in a more ESG-integrated portfolio, where we might not be constraining the investable universe as much.

Our ESG Pool consists of positive screening, where we are seeking to proactively identify companies that have more desirable ESG characteristics. This enables us access to a broader investment universe in order to meet our return objectives as well as our ESG objectives. Responsible Investing (RI) practices not only represent good stewardship towards the environment and society, but they also represent prudent strategies for achieving favorable long-term investment returns.

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