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

ASSET ALLOCATION

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Corporate Pool</th>
<th>ESG Pool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>39%</td>
<td>49%</td>
</tr>
<tr>
<td>International Equity</td>
<td>16%</td>
<td>19%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>7%</td>
<td>-</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>10%</td>
<td>-</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Cash</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

INVESTMENT PERFORMANCE

<table>
<thead>
<tr>
<th>Investment Pool</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>-16.64%</td>
</tr>
<tr>
<td>ESG</td>
<td>-18.60%</td>
</tr>
</tbody>
</table>

1in millions, unaudited.
2As of 12/31/2022.
3Corporate Pool performance does not include Private Equity.
ECONOMIC & MARKET REVIEW AND OUTLOOK

Both equities and bonds struggled with the confluence of macro-economic headwinds in 2022; the S&P 500 fell 18.1% and the Bloomberg U.S. Aggregate declined 13.0%. Markets in 2022 were driven by four primary macro-economic headwinds – elevated inflation, aggressive Federal Reserve (Fed) monetary policy, significant strength in the U.S. Dollar Index, and geopolitical tensions most notably with the Russia-Ukraine conflict.

The Consumer Price Index (CPI) climbed to a 40-year high of 9.1% mid-year, and remained elevated at year-end. To combat inflation, the Fed funds rate increased this year at the most rapid pace in history. Fed funds started the year with a target range of 0.00% – 0.25% and ended the year at 4.25% – 4.50%. As the Fed tightened policy and high inflation gripped much of the globe, the U.S. Dollar Index reached the highest level in 20 years; an additional headwind for international markets.

At the February 2023 Federal Open Market Committee meeting, the Fed hiked rates by 25 basis points (bps), bringing the Fed funds rate to 4.50 - 4.75%. Chair Jerome Powell warned against premature policy loosening and reiterated the Fed’s resolve to achieve price stability. We continue to view the Fed’s forward guidance as the key driver of market volatility and expect further price swings until investor expectations converge with the path of monetary policy.

We believe there is a significant probability of an economic slowdown in 2023. We are currently projecting a moderate recession for the 2nd quarter of 2023, with the potential to be pushed out for the 2nd half of 2023. Despite the bearish outlook, we do believe that there are opportunities in the market, especially if inflation keeps its trajectory downward toward the Fed’s target. This would present the opportunity for a rate pause and eventual easing of financial conditions which could be beneficial for both fixed income and equity markets.

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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