



**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**



**PERIOD ENDING: DECEMBER 31, 2025**

Investment Performance Review for

**Community Foundation of North Central Washington**

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Investment Landscape

TAB I

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Investment Performance  
Review

TAB II

A decorative geometric pattern of overlapping triangles in shades of blue and green is overlaid on the left side of the image. A large white triangle is positioned to the left of the main text.

**PERSPECTIVES  
THAT DRIVE  
ENTERPRISE  
SUCCESS**

1<sup>ST</sup> QUARTER 2026  
Investment Landscape

# Verus business update

## Since our last Investment Landscape webinar:

- We celebrate our 40<sup>th</sup> anniversary this year. Wurts Johnson & Company (founding name) was established in January 1986.
- We are excited to host a Client Summit in Seattle in July!
- Verus employees recently passed CFA exams: Dillon Kuk (*Level I*); Lukas Seeley, Dan Hougard, James Wadner (*Level II*).
- Verus professionals were quoted in ten articles last quarter including an article on our CIO's opinion that challenged the notion of illiquidity premiums in private equity.
- Recent research, found at [verusinvestments.com/research](https://verusinvestments.com/research):
  - *Capital Markets Assumptions*
  - *Top 10 Thoughts for 2026*
- Eileen Neill, Managing Director | Senior Consultant, plans to retire on June 30, 2026. As the weeks and months ahead unfold, we will find ways to thank Eileen and wish her well on her retirement.



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# Recent Verus research

Visit: [verusinvestments.com/research](https://verusinvestments.com/research)

## Thought leadership

### TOP TEN THOUGHTS FOR 2026

Every year Verus identifies a series of topics that we believe will be important for investors to consider during the coming year. Some of those tend to be economics or markets focused, while others tend to focus on geopolitics or other broader issues. The paper also looks back at the past years' forecasts.

### STATE OF THE CORE REAL ESTATE FUND UNIVERSE

Verus addresses the state of the core real estate fund universe. Discussion includes the mixed fundamental conditions facing the asset class and the heavy redemption queues that continue to challenge certain funds and frustrate investors who are seeking liquidity.

### LDI FOR PUBLIC SPONSORS

We explore the dichotomy in LDI adoption between sponsor types. We discuss the characteristics of pension plans that make LDI strategies beneficial. We assess the current environment, to illustrate why LDI may appear relatively attractive today.

### THIS MATTERS, AND THIS DOESN'T

We offer perspectives regarding what we watch out for to acknowledge or even avoid biases where possible. Deciding what matters most to the portfolio by ensuring a balanced set of information sources, keeping a watchful eye for biases and carefully thinking about incentives, and also determining what doesn't matter.

# 4<sup>th</sup> quarter summary

## THE ECONOMY

- U.S. real GDP grew at an impressive rate in Q3 QoQ, fueled by consumer purchases, exports, and government spending. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14<sup>th</sup>. The economy may continue to surpass expectations in 2026 with strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.
- U.S. inflation eased during Q4. The November report was surprisingly soft at 2.7% YoY and December data reinforced this figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and questions remain broadly about the robustness of recent inflation reports.

## EQUITY

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%). The outperformance of non-U.S. was materially larger for investors with currency hedging programs in place, due to the pain of U.S. dollar appreciation.
- U.S. equity P/E multiples moved further upwards, on positive earnings surprise and enthusiasm that certain headwinds may be easing. Tariff-fueled inflation has been far more tepid than feared, international trade volume has fared well despite trade frictions, and growth has been resilient.

## FIXED INCOME

- High-quality bonds produced slightly positive returns in Q4 and mid single digit returns over the full year. Riskier fixed income delivered stronger returns during those periods. Falling long-term bond yields boosted the returns of duration assets, while stable spreads and mild default activity allowed investors to capture the spreads of risk assets such as high yield bonds and bank loans.
- High yield bond defaults rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader systemic issues.

## ASSET ALLOCATION ISSUES

- Investors benefited from strong returns across most asset classes during 2025. Global equities delivered +22.3% on earnings growth and surprisingly resilient economic conditions, U.S. high yield bonds generated +8.6% as spreads were stable, and core fixed income delivered +7.3%, fueled by lower yields and Fed rate cuts.
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout the period as the U.S. government shutdown shook markets on multiple days, along with tariff surprises. Volatility may continue to ease as fears around inflation and the economy fade.

Strong Q4 gains across most asset classes closed out an incredible year for total portfolio performance

Although risk asset valuations are generally expensive, earnings momentum and productivity improvements could support further gains in 2026

# What drove the market in Q4?

## “S&P 500 ends Friday with another record close, scores a winning week”

S&P 500	09/30	10/31	11/30	12/31	01/20
	6198	6238	6460	6704	6850

Article Source: CNBC, January 8<sup>th</sup>, 2026

## “December’s Jobs Data Reinforces Fed’s Cautious Approach to Future Cuts”

Effective Federal Funds Rate	09/2024	12/2024	03/2025	06/2025	09/2025	12/2025
	5.13%	4.48%	4.33%	4.33%	4.22%	3.72%

Article Source: New York Times, January 9<sup>th</sup>, 2026 – end of month figures shown

## “US job growth stuck at stall speed in December; unemployment rate dips to 4.4%”

% Monthly Change in Employment					
June '23	Dec '23	June '24	Dec '24	June '25	Dec '25
0.17%	0.17%	0.06%	0.20%	-0.01%	0.03%

Article Source: Reuters, January 9<sup>th</sup>, 2026

## “US Core CPI Rises 0.2%, Bucking Estimates for Bigger Rebound”

U.S. Inflation (year-over-year)							
May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25
2.4%	2.7%	2.7%	2.9%	3.0%	N/A	2.7%	2.7%

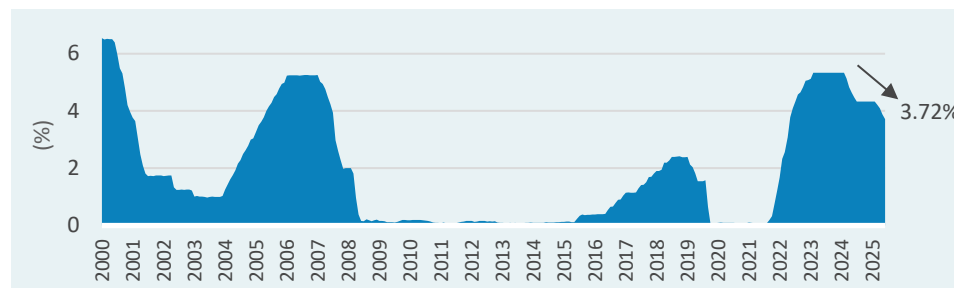
Article Source: Bloomberg, January 13<sup>th</sup>, 2026

## U.S. EQUITY PERFORMANCE



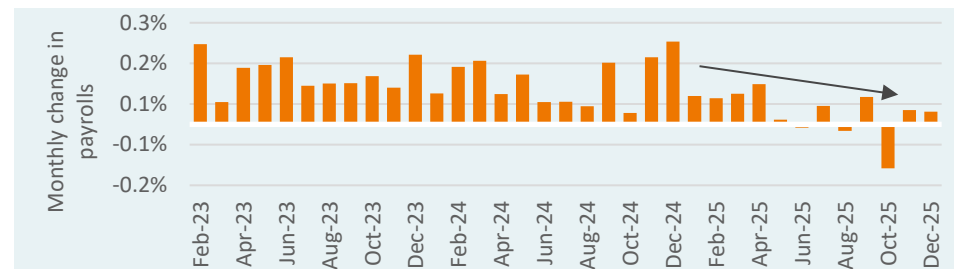
Source: Standard & Poor's, as of 12/31/25

## EFFECTIVE FEDERAL FUNDS RATE



Source: FRED, as of 12/31/25

## U.S. MONTHLY JOB GROWTH



Source: Verus, FRED, as of 12/31/25

# Economic environment

# U.S. economics summary

- The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% QoQ, fueled by consumer spending, exports, and government spending while investment was flat. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th. We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.
- Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has been very weak but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. The current labor market has been recently described as *low hires and low fires*.
- The Federal Reserve voted to cut interest rates again by 0.25% at the December meeting, marking three consecutive meetings of cuts. Focus seems to have

shifted away from inflation and towards the labor market, as job gains have slowed and households express less confidence in job availability.

- U.S. inflation eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% YoY rate, which was also the core inflation figure. Inflation was not reported in October due to the government shutdown and a lack of price data collection. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as ‘partially complete’ as questions remain around the robustness of recent figures.
- Poor consumer sentiment continued during Q4, with sentiment of lower income consumers rising and sentiment of higher income consumers falling, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans, which could be AI-driven. Households expressed frustration over high prices and a softening labor market, though tariffs are becoming less of a focus.

	Most Recent	12 Months Prior
Real GDP (YoY)	2.3% 9/30/2025	2.8% 9/30/2024
Inflation (CPI YoY, Core)	2.6% 12/31/2025	3.2% 12/31/2024
Expected Inflation (5yr-5yr forward)	2.2% 12/31/2025	2.3% 12/31/2024
Fed Funds Target Range	3.50% - 3.75% 12/31/2025	4.25% - 4.50% 12/31/2024
10-Year Rate	4.2% 12/31/2025	4.6% 12/31/2024
U-3 Unemployment	4.4% 12/31/2025	4.1% 12/31/2024
U-6 Unemployment	8.4% 12/31/2025	7.6% 12/31/2024

# Inflation

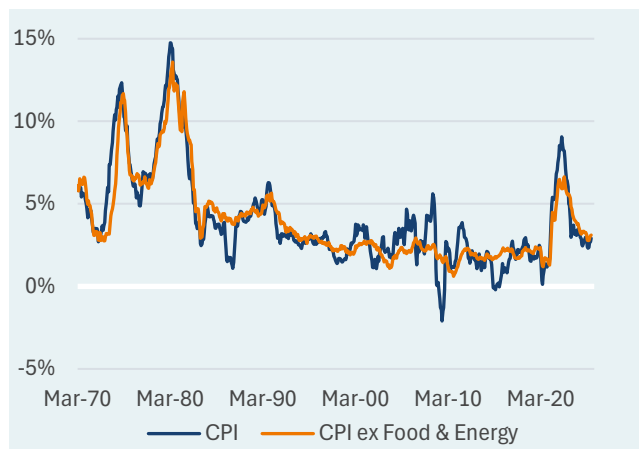
U.S. inflation (CPI) eased during Q4 according to the Bureau of Labor Statistics. The December report reflected a 2.7% rate of inflation year-over-year, which was also the core inflation figure (ex-food & energy). Inflation was not reported in October due to the government shutdown and a lack of price data collection during that time. This was the first missed inflation report in modern history, and we believe it is fair to categorize that report as ‘partially complete’. Controversies exist around the way in which partial data was handled, and investors may consider monitoring the next few inflation reports to gain more clarity.

Many goods categories that are most exposed to tariff price hikes have shown only mild price rises over the past year, or have even shown negative price movement. It seems likely that tariff-driven inflation will be moderate in nature overall, with price rises that do occur taking more time to be worked out.

Tariff-fueled inflation has been much more moderate than initially expected

We believe that the rate of inflation in 2026 will remain sticky and above the Fed’s target, and that a stronger than expected economy may present some ongoing upward price pressure.

## U.S. CPI (YOY)



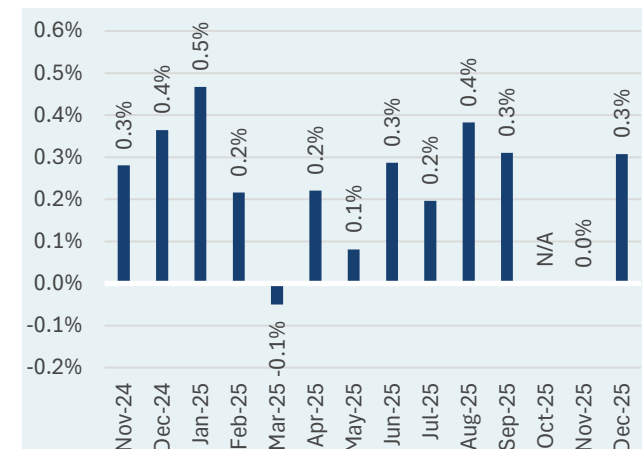
Source: BLS, as of 12/31/25

## WHERE IS THE TARIFF INFLATION?

Categories less related to tariffs:	Size of category in the overall inflation calculation	Inflation (YoY)
Food	13.7%	3.1%
Food away from home	5.7%	2.4%
Meats, poultry, fish, & eggs	1.5%	6.9%
Shelter	35.5%	3.2%
Tuition, other school fees & childcare	2.5%	2.9%
Recreation services	3.4%	4.0%
Energy services	3.2%	7.7%
Medical care services	6.8%	3.5%
Categories more related to tariffs:		
Apparel	2.5%	0.6%
Toys	0.3%	0.8%
Footwear	0.6%	1.1%
New vehicles	4.3%	0.3%
Televisions	0.1%	-7.2%
Household furnishings & supplies	3.4%	3.4%
Tools, outdoor equipment & supplies	0.9%	5.4%

Source: Verus, BLS, as of 12/31/25

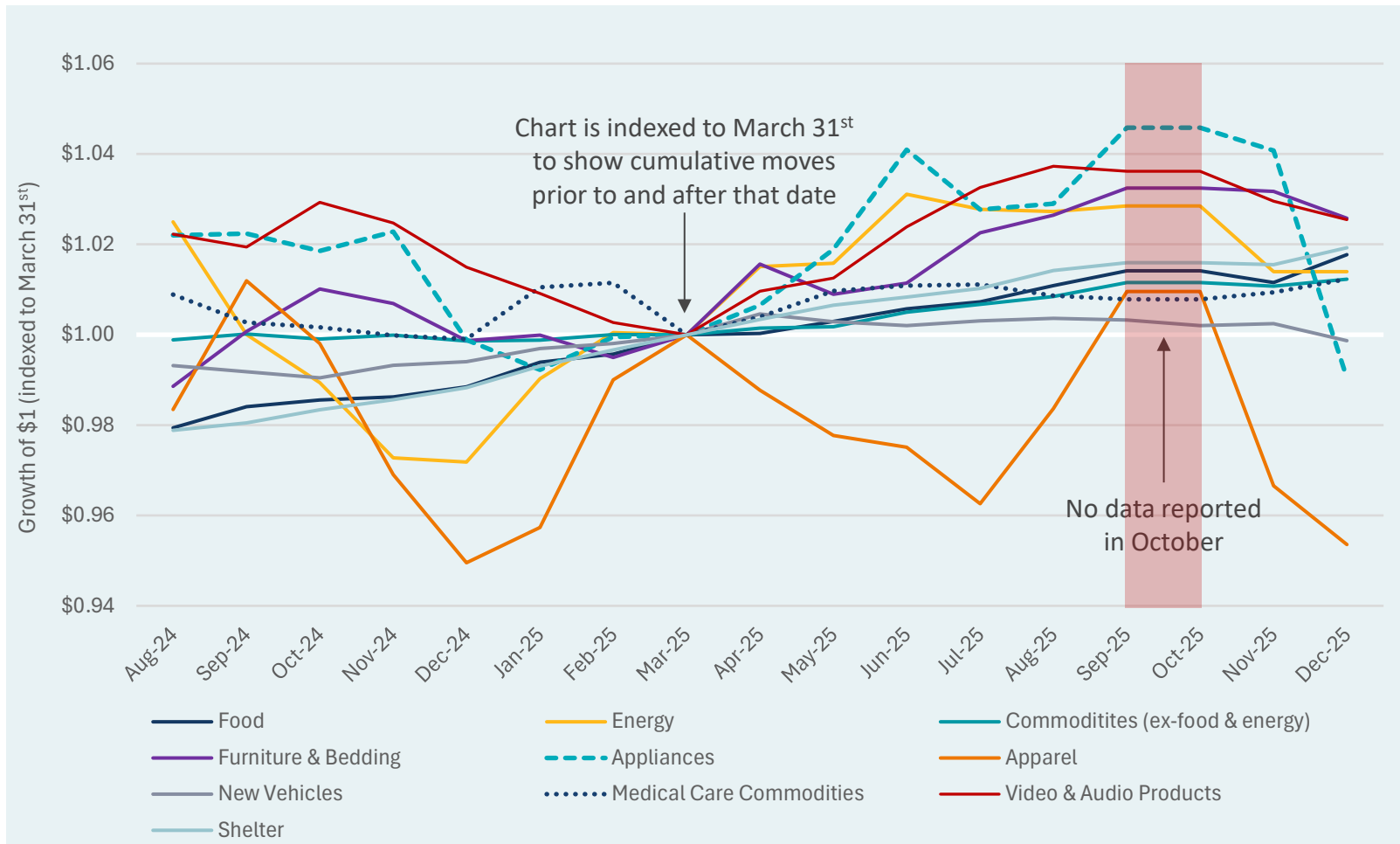
## MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, as of 12/31/25

# Few signs of tariff-driven inflation

## INFLATION TRENDS SINCE APRIL

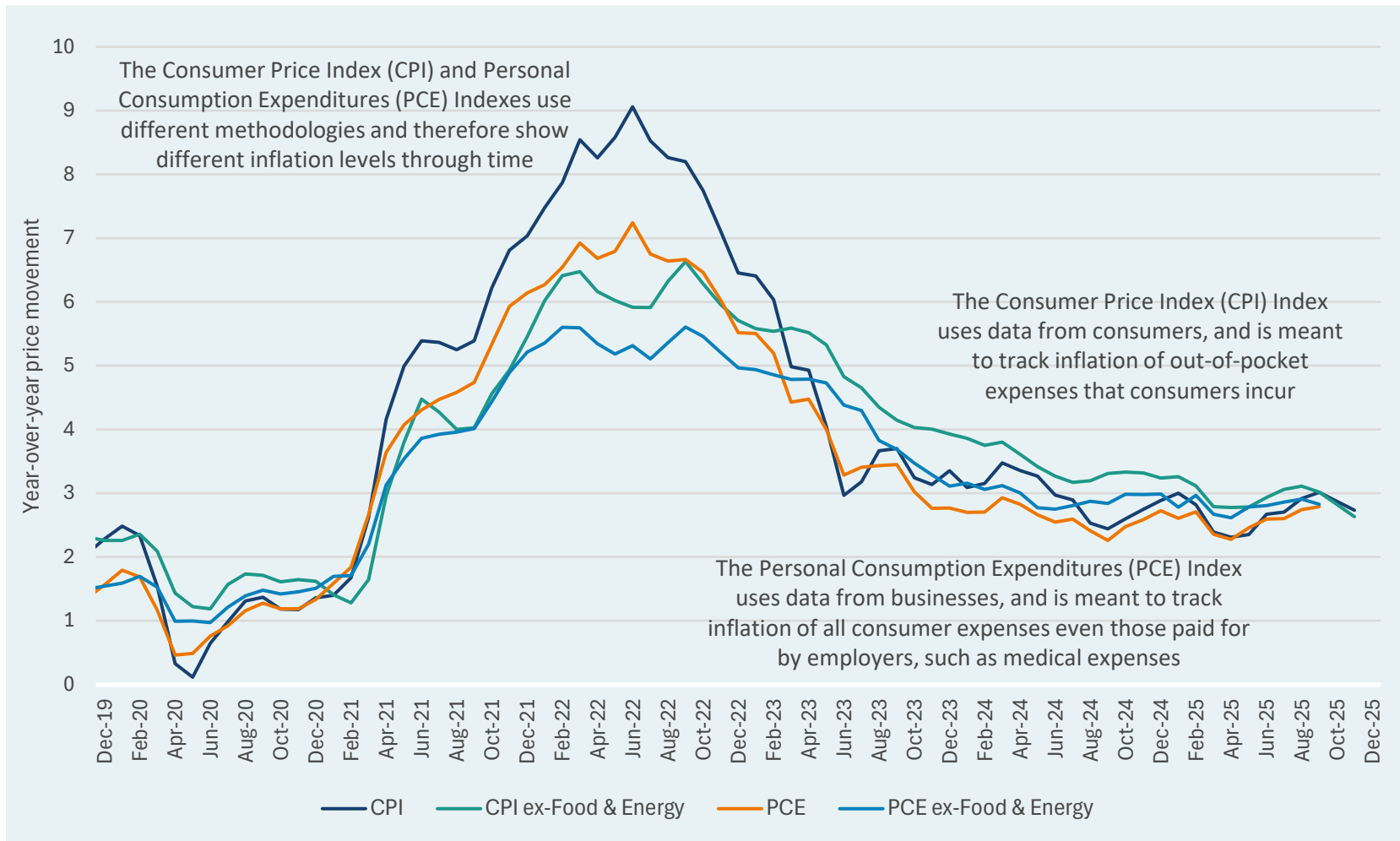


There has been a surprising absence of excess inflation following April's trade policy shift

Certain goods that were expected to show the largest price rises, such as new cars and apparel, have seen negligible price moves

Source: Verus, FRED, as of 12/31/25

# ...while inflation remains above target



Inflation eased during Q4, though controversy exists around the way in which partial data was handled following the government shutdown

Source: FRED, Verus, as of 12/31/25 or most recent release

# GDP growth

The U.S. Q3 GDP report reflected an impressive annualized real growth rate of 4.3% quarter-over-quarter that was fueled by consumer spending, exports, and government spending, while investment was flat. Calendar year 2025 might reasonably be described as a time of resilient consumer spending, a lower trade deficit with fewer imports providing some support to domestic growth, and government spending playing less of a role following broad cuts by the administration. The Atlanta Fed GDPNow indicator suggested an incredible 5.3% QoQ growth rate in Q4, as of January 14th.

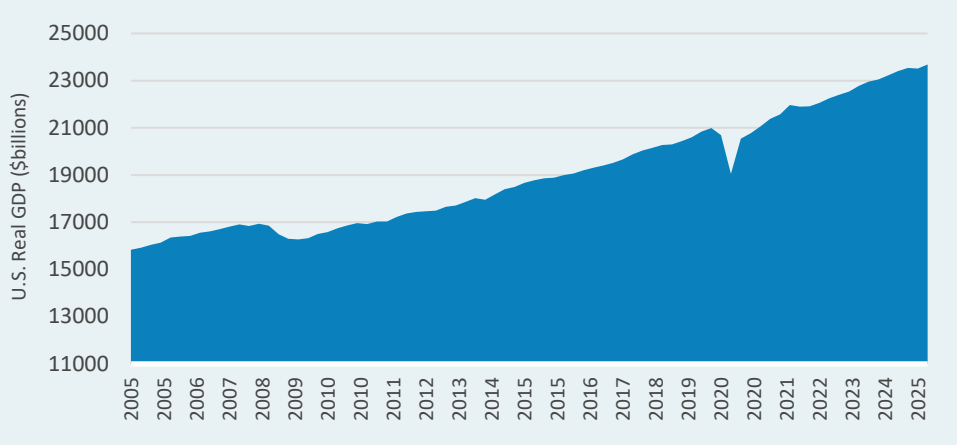
As 2025 has come to a close, we note a fairly consistent and salient theme—the degree to which economists missed the mark this year on a variety of predictions. First, dire forecasts

for spiking inflation fueled by tariffs turned out to be incorrect, as inflation is slightly lower year-over-year. Second, materially slower economic growth due to new trade barriers, or even a seizing up of international supply chains, has not happened. Domestic growth rates in Q2 and Q3 were some of the strongest of the past decade. Lastly, forecasts for spiking inflation and falling growth culminated in an intense popularity of the word “stagflation” since April; however, the U.S. economy has exhibited the opposite—a relatively good rate of growth with some moderation of inflation.

We believe the economy may continue to surpass expectations in 2026, on strong spending, monetary and fiscal easing, and further signs of productivity gains from AI investment.

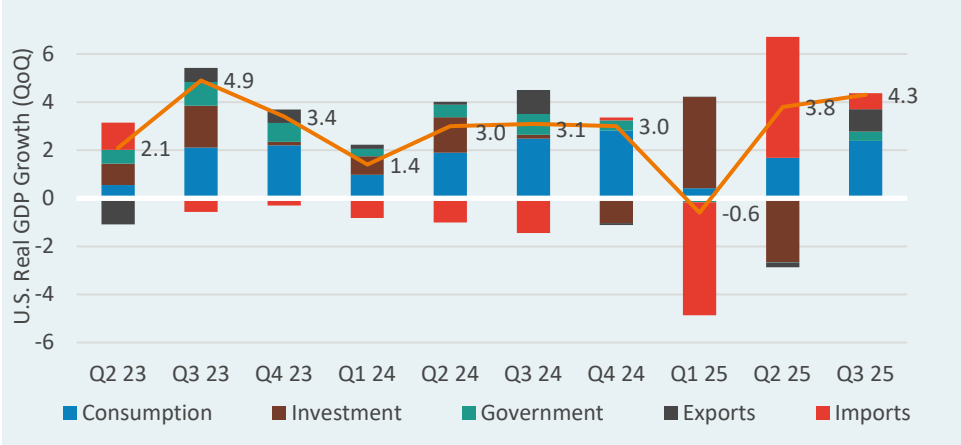
The economy grew at an impressive 4.3% annualized rate during Q3, and this is expected to continue in Q4

## U.S. GDP GROWTH



Source: FRED, as of 9/30/25

## U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 9/30/25

# Labor market

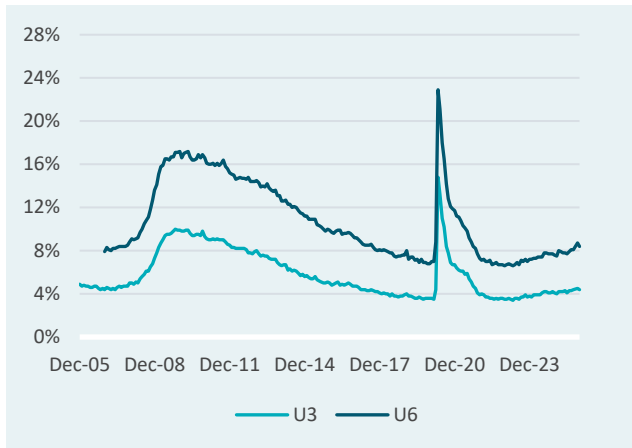
Unemployment increased during the quarter from 4.4% to 4.5% but fell back to 4.4% in December. Job growth has continued to be slow but does not appear to be moving towards net job loss, which historically has been a flashing signal of recession. It is worth noting that most job creation this past year has been in the healthcare sector. If this sector were excluded, job growth would have effectively been zero. Despite new hiring activity suggesting a sour labor market, layoffs remain very low relative to history. Some investors recently have described the labor market environment as *low hires and low fires* — a description that we believe is appropriate.

Falling immigration and a growing economy might imply a lower unemployment rate in 2026, but the year may be more

complicated than that. Unemployment is based on the number of people in *on the books* jobs relative to the number of people in the workforce (which excludes people who would be able to work but who are not looking for work). It seems likely the number of people working in fully *on the books* jobs will increase as the economy grows, and perhaps a small amount of onshoring occurs. However, one of the results of economic expansion is likely to be that more and more previously discouraged workers come back into the workforce — this increases the number of available workers in the labor force, which raises the unemployment rate all else equal. Therefore, we may well see either a flat or slightly increasing unemployment rate over the year, despite good economic growth.

An environment of *low fires & low hires* seemed to continue during Q4

## U.S. UNEMPLOYMENT



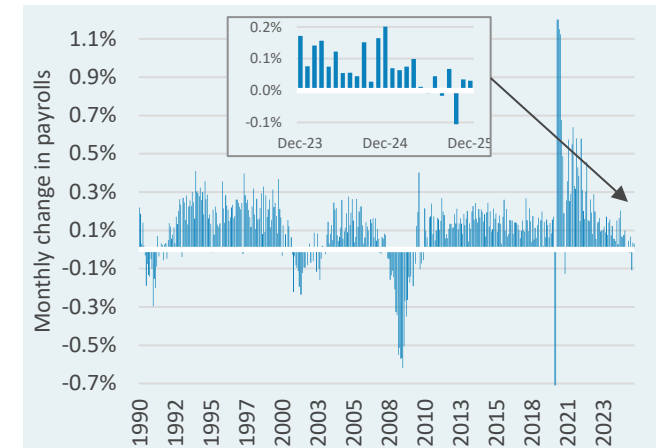
Source: FRED, as of 12/31/25

## JOBS AVAILABLE VS WORKERS AVAILABLE



Source: FRED, as of 11/30/25

## JOB GROWTH



Source: Verus, FRED, as of 12/31/25

# The consumer

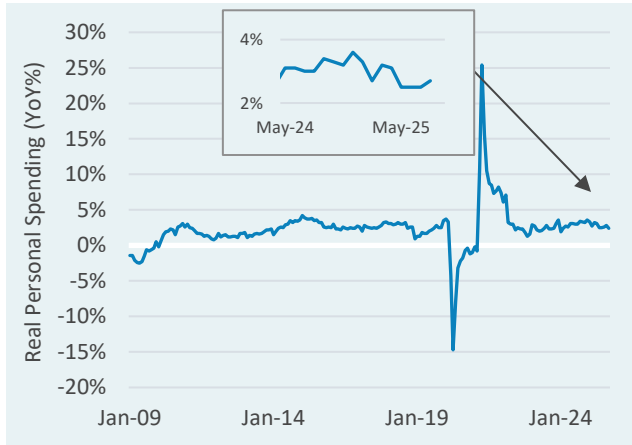
Retail sales growth was strong—fueled by impressive holiday shopping trends and auto sales. Broader personal spending data releases have been significantly delayed due to the government shutdown, but as of September these data also showed a relatively good inflation-adjusted growth rate of 2.4% year-over-year. Household spending overall has been robust, defying expectations for a slowdown and supporting the economy.

A notable contrast exists regarding sour consumer sentiment but strong household spending patterns, though this may be a feature of what has recently been referred to as a “K-shaped” spending environment. This term describes a gap between upper income households, which are spending heavily, and lower income households which are feeling pain from higher prices and

housing costs, and can afford less. Substantial stock market gains and real estate appreciation in recent years have pushed up the wealth of those that own more of those assets (upper income households), while lower income households that rely primarily on wages have been squeezed by inflation and have not seen large wealth gains.

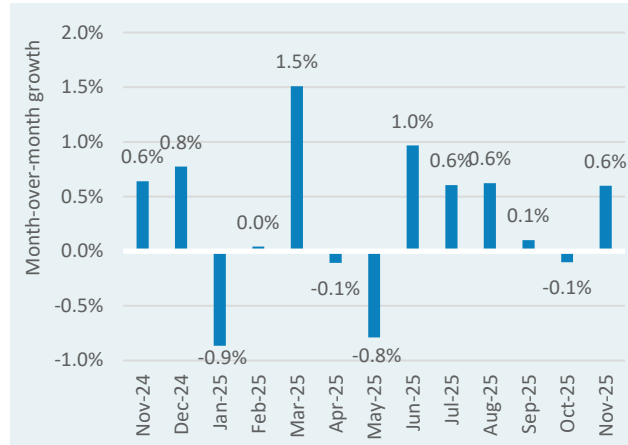
Personal savings rates dropped from a highpoint of 5.5% in April to 4.0% in September, alongside robust consumer spending. This was the lowest savings rate since 2022. While typically investors might perceive strong spending and low savings as an indication of economic strength and confidence in the future, in the current environment this may be less positive and more related to the mentioned “K-shape” effect.

## REAL PERSONAL SPENDING



Source: FRED, as of 12/31/25

## RETAIL SALES



Source: Verus, FRED, as of 11/30/25

## PERSONAL SAVINGS RATE



Source: FRED, as of 9/30/25

# Sentiment

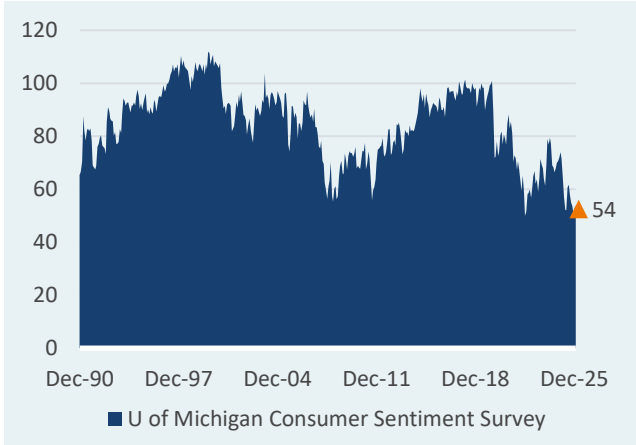
Poor consumer sentiment continued during Q4, with sentiment of lower income consumers beginning to rise and sentiment of higher income consumers beginning to fall, according to the University of Michigan. This coincided with a trend of greater job loss among higher educated Americans. Households expressed frustration over high prices and a softening labor market, while concerns about tariffs faded.

The Conference Board Consumer Confidence Index—another gauge of confidence—also indicated ongoing poor sentiment. Specifically, the survey reflected a sharp drop in how households feel about current business and labor market conditions, while the longer-term outlook for jobs, income,

and business conditions was stable but materially below late-2025 levels.

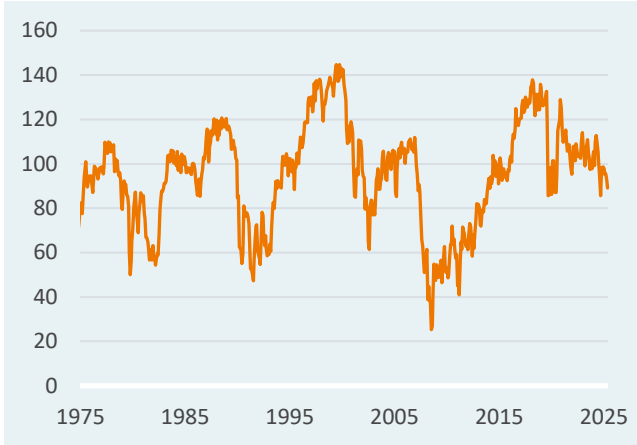
Small business sentiment in November, as indicated by the NFIB Small Business Optimism Index, was relatively stable during Q4 and slightly above the long-term average. Despite the ongoing national trend of low hiring activity, one-third of small businesses reported difficulties in finding qualified candidates to fill open positions (far above the long-term average). ‘Labor quality’ overtook ‘inflation’ as a greater business concern. A growing number of small businesses plan to create new jobs in the next three months, which was the highest reading of 2025.

**CONSUMER SENTIMENT (UNIV. OF MICHIGAN)**



Source: University of Michigan, as of 12/31/25

**CONSUMER CONFIDENCE (CONFERENCE BOARD)**



Source: Conference Board, as of 12/31/25

**NFIB SMALL BUSINESS SENTIMENT**



Source: NFIB, as of 12/31/25

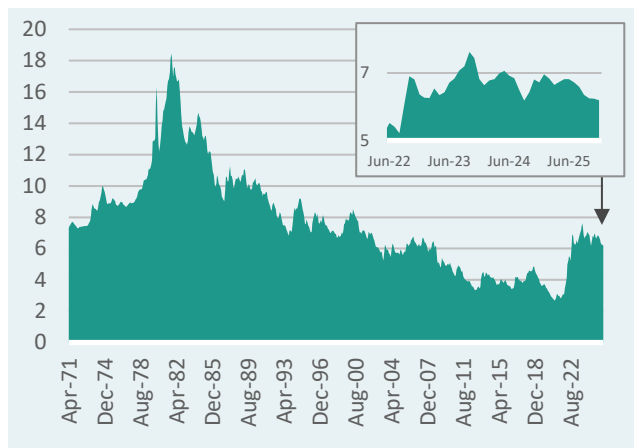
# Housing

Home price appreciation slowed, up only 0.7% in November year-over-year, according to Redfin. Sales activity was reportedly down -7.0% year-over-year during this time, despite a material drop in the 30-year average fixed mortgage rate from 6.9% to 6.2%. The housing market appears to be still frozen in place, as high prices and interest rates have significantly damaged affordability, and many existing homeowners are disincentivized to sell and forego their existing low mortgage rate. On balance, there are fewer potential buyers and sellers in this environment, though sellers are greater in number. According to MLS data, in November there were 37% more sellers than buyers—a historically large mismatch.

New building permits continued to fall and are at levels not seen since 2019. Housing starts have remained stable over the past three years.

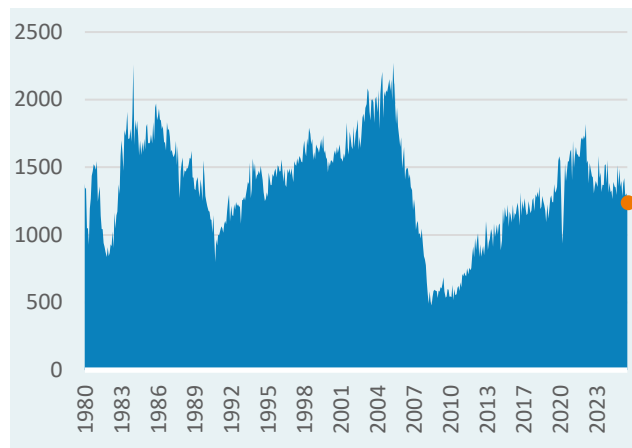
New home construction fell to the lowest level in five years in October, with larger multi-family projects experiencing the sharpest drop. This was despite mortgage rates moving lower (the 30-year average fixed mortgage reached 6.06% on January 15<sup>th</sup>). Home affordability has become a top concern in the U.S., and each political party appears to be working to make progress on this concern. During the first week of 2026, President Trump proposed a ban on institutional investor purchases of single-family homes. Shortly thereafter, the President directed Fannie Mae and Freddie Mac to purchase \$200 billion in mortgage-backed securities in order to push down the spreads of these securities, with the goal of pushing down mortgage rates. We expect there to be much more discussion of these topics leading up to U.S. midterm elections.

**30-YEAR MORTGAGE RATE (%)**



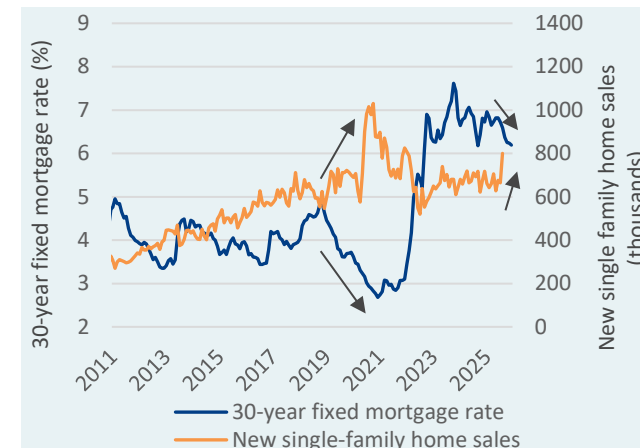
Source: Freddie Mac, as of 12/31/25

**EXISTING HOME SALES**



Source: FRED, as of 10/31/25

**RATES DROP & NEW HOME SALES JUMP**



Source: Verus, FRED, as of 11/30/25 (home sales as of 8/31/25)

# International economics summary

- Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate. Canada grew at a 0.4% YoY rate in October. International economic growth, as well as growth forecasts, have generally outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown.
- Inflation trends have eased in many regions, which has helped to mitigate investor concerns and allowed central banks more flexibility in monetary decisions. In particular, Eurozone rate of inflation fell from 2.5% YoY at the beginning of the year to 2.0% in December, as energy price shocks faded a bit from the lookback period.
- The tariff environment showed signs of gradual easing as U.S. negotiations with key partners continued, several planned increases were deferred, and exemptions from USMCA provisions helped moderate headline tariff rates. The Supreme Court’s review of the administration’s IEEPA-based tariffs further introduced the possibility of reduced tariff pressures in the future. Policy and legal uncertainty remains a major global concern for investors and central banks.
- During Q4, the ECB held rates steady at 2.00% for a fourth consecutive meeting, citing inflation stabilizing near its 2% target and a resilient eurozone outlook. The central bank signaled no urgency to adjust policy further.

The BOE, facing easing inflation and softer economic momentum, reduced the Bank Rate by 25 bps to 3.75% in December but emphasized that any additional cuts would be gradual and data-dependent.

- The U.S. continued negotiating efforts toward a Russia–Ukraine ceasefire, supported by major dialogues including U.S.–Ukraine consultations in Geneva and U.S.–Russia talks in Moscow. These efforts, backed by European allies, created periods of constructive engagement, though Russia maintained extensive demands. Negotiations seem to have stalled as of early January, and the conflict has re-intensified, likely reducing near-term prospects for progress.
- In early January, U.S. forces captured Venezuelan President Maduro, citing narcotics-related criminal activity, illegitimate governance, strategic interests tied to Venezuela’s oil sector, and goals of destabilizing foreign influence and improving regional security. The U.S. indicated plans to guide Venezuela’s political transition and support rebuilding its oil infrastructure, while issuing follow-on threats toward Colombia, Mexico, and Cuban leadership. At the same time, the U.S. administration expanded comments around the national security importance of Greenland, prompting rejection from Greenlandic and Danish leaders and a NATO response.

	<b>GDP (Real, YoY)</b>	<b>Inflation (CPI, YoY)</b>	<b>Unemployment</b>
United States	2.3% <i>9/30/2025</i>	2.7% <i>11/30/2025</i>	4.4% <i>12/31/2025</i>
Eurozone	1.4% <i>9/30/2025</i>	2.0% <i>12/31/2025</i>	6.3% <i>11/30/2025</i>
Japan	0.6% <i>9/30/2025</i>	2.9% <i>11/30/2025</i>	2.4% <i>11/30/2025</i>
Canada	0.4% <i>10/31/2025</i>	2.2% <i>11/30/2025</i>	6.8% <i>12/31/2025</i>
BRICS Nations	4.7% <i>9/30/2025</i>	1.0% <i>12/31/2025</i>	5.1% <i>12/31/2025</i>
Brazil	1.8% <i>9/30/2025</i>	4.3% <i>12/31/2025</i>	5.2% <i>11/30/2025</i>
Russia	0.6% <i>9/30/2025</i>	6.6% <i>11/30/2025</i>	2.1% <i>11/30/2025</i>
India	8.2% <i>9/30/2025</i>	0.7% <i>11/30/2025</i>	8.5% <i>12/31/2017</i>
China	4.8% <i>9/30/2025</i>	0.8% <i>12/31/2025</i>	5.1% <i>11/30/2025</i>

*NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.*

# International economics

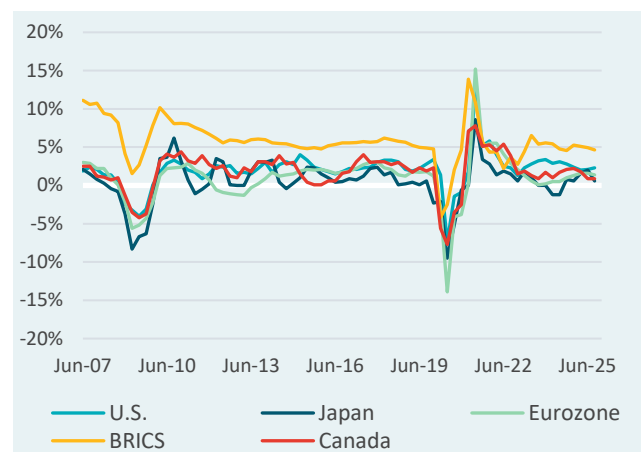
Eurozone GDP growth was 1.4% YoY in Q3, while Japan grew at a 0.6% rate and Canada at a 0.9% rate. International economic growth, as well as growth forecasts, have far outpaced expectations since the U.S. trade policy shift in April contributed to widespread fears of a global slowdown. Inflation trends have eased in many regions, which has helped to ease investor concerns and allowed central banks far more flexibility in monetary decisions. In particular, the Eurozone rate of inflation fell from 2.5% YoY in January to 2.0% in December, as energy price shocks faded a bit from the lookback period.

A wide set of trade news has continued to affect market pricing, though late 2025 was characterized by broad de-escalations. This included a China trade truce, partner exemptions and trade frameworks (autos, energy, timber), and pauses on escalations. This helped drive tariff collection rates far below April's headline peaks (the effective average U.S. tariff rate stabilized around 10-17% by late year). Although the situation is fluid and changing quickly, here we mention a few notable developments of recent months.

In September 2025, the U.S. announced tariffs on timber/lumber and furniture, which took effect in October for most, with escalations planned for January 2026. The U.S. threatened additional tariffs on pharmaceuticals and heavy trucks and followed with October threats to increase tariffs on Chinese rare earth issues.

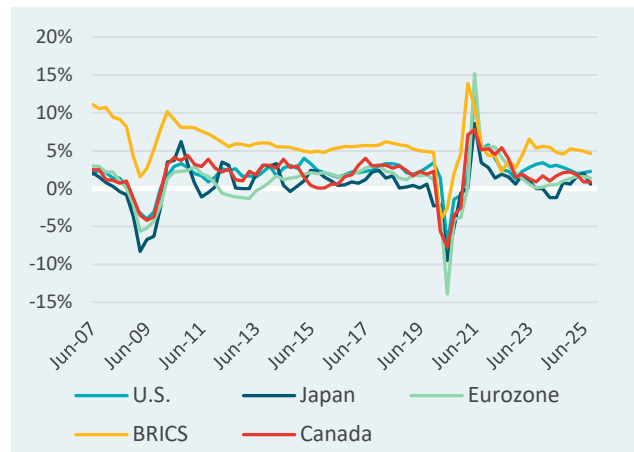
In November 2025, a major U.S.-China deal reduced fentanyl-related tariffs on Chinese goods from 20% to 10% (effective November 10), extended the pause on heightened reciprocal tariffs through November 2026, and secured Chinese concessions on rare earth export controls, retaliatory tariffs (ex: U.S. agriculture), and resumed purchases of soybeans/sorghum. Frameworks with partners including Argentina, Ecuador, El Salvador, Guatemala, and Switzerland expanded exemptions for agricultural goods (beef, coffee, fruit), textiles, and critical minerals. In December 2025, an agreement delayed the scheduled tariff hikes on furniture, cabinets, and vanities for another year (to 2027), maintaining 25% rates during negotiations.

## INFLATION (CPI YEAR-OVER-YEAR)



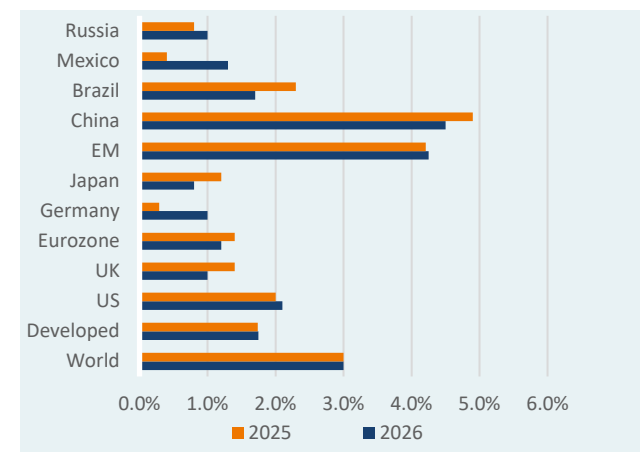
Source: BLS, Verus, as of 12/31/25 or most recent date

## REAL GDP GROWTH (YEAR-OVER-YEAR)



Source: BLS, Verus, as of 12/31/25 or most recent date

## GDP GROWTH EXPECTATIONS



Source: Bloomberg, as of 1/20/26

# Fixed income rates & credit

# Fixed income environment

- Riskier fixed income delivered stronger returns during Q4 and also during the full year, while higher-quality exposures produced slightly positive returns during Q4 and mid single digit returns over the year. Slightly lower long-term bond yields boosted the returns of duration assets, while stable spreads and mild credit default activity allowed investors to capture credit spreads of riskier assets such as high yield and bank loans.
- The 10-year U.S. Treasury yield ended Q4 unchanged at 4.16%, fluctuating in a tight range as investors tried to work out the balance of labor market weakness, inflation pressures, the trajectory of the economy, and how those dynamics will affect the Fed's rate path. Additionally, the government shutdown caused extended delays in the release of key economic data which has further clouded the picture.
- The Federal Reserve cut rates once in October and again in December, bringing the target range to 3.50%-3.75%. The FOMC appears to have shifted into an easing and liquidity-supporting stance with these cuts and

public comments, which came alongside the announcement that the Fed balance sheet runoff would end, and T-bill purchases would resume.

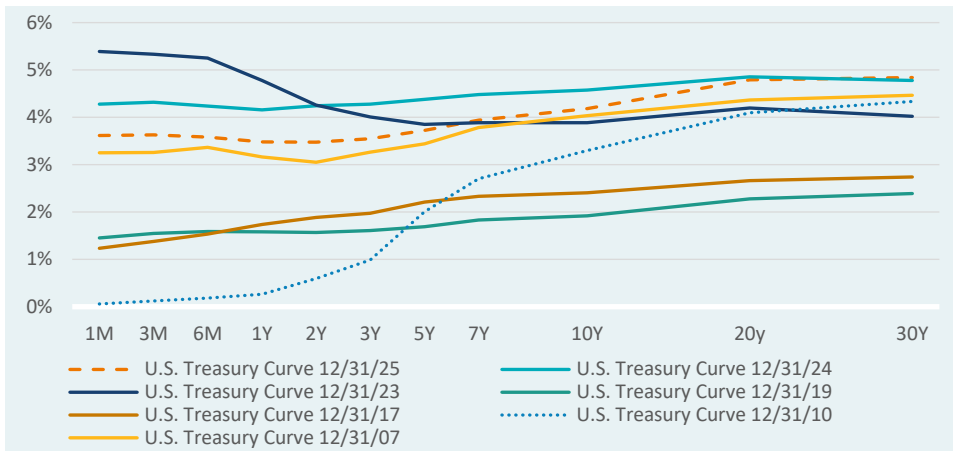
- Market inflation fears appear to have eased during the quarter, as the 10-year TIPS Breakeven Rate fell from 2.36% to 2.25%.
- The U.S. yield curve showed further normalization, exhibiting the steepest shape since early 2022. The 10-year Treasury minus 2-year Treasury yield was 0.71% as of December 31<sup>st</sup>, as short-term rates fell with Fed rate cuts and longer-term yields were stable.
- High yield bond default activity rose slightly to 1.9% YoY, below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, slightly above the 15-year average of 2.4%. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	1.1%	7.3%
Core Plus Fixed Income (Bloomberg U.S. Universal)	1.2%	7.6%
U.S. Treasuries (Bloomberg U.S. Treasury)	0.9%	6.3%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	-0.5%	4.6%
U.S. High Yield (Bloomberg U.S. Corporate HY)	1.3%	8.6%
Bank Loans (Morningstar LSTA Leveraged Loan)	1.2%	5.9%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	3.3%	19.3%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	3.3%	14.3%
Mortgage-Backed Securities (Bloomberg MBS)	1.7%	8.6%

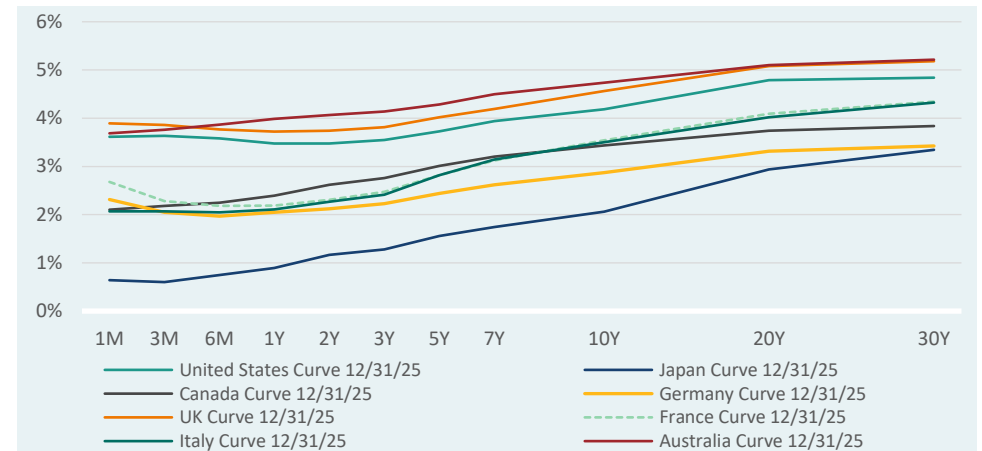
Source: Standard & Poor's, J.P. Morgan, Bloomberg, as of 12/31/25

# Yield environment

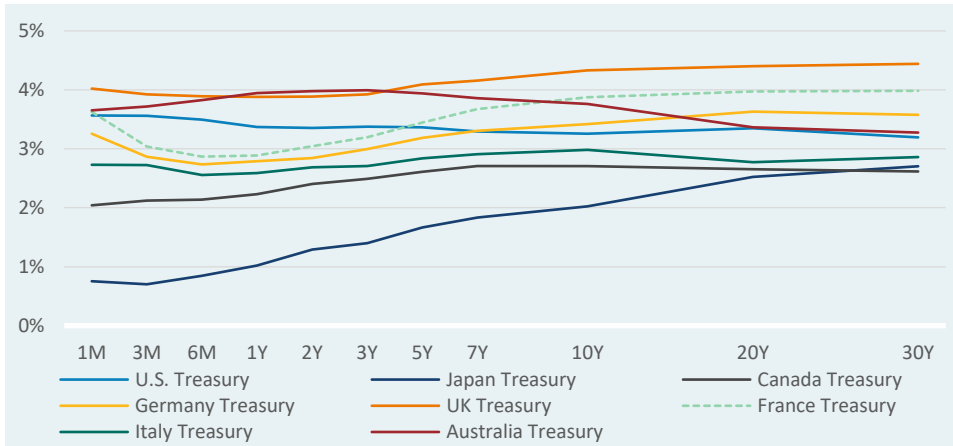
## U.S. YIELD CURVE



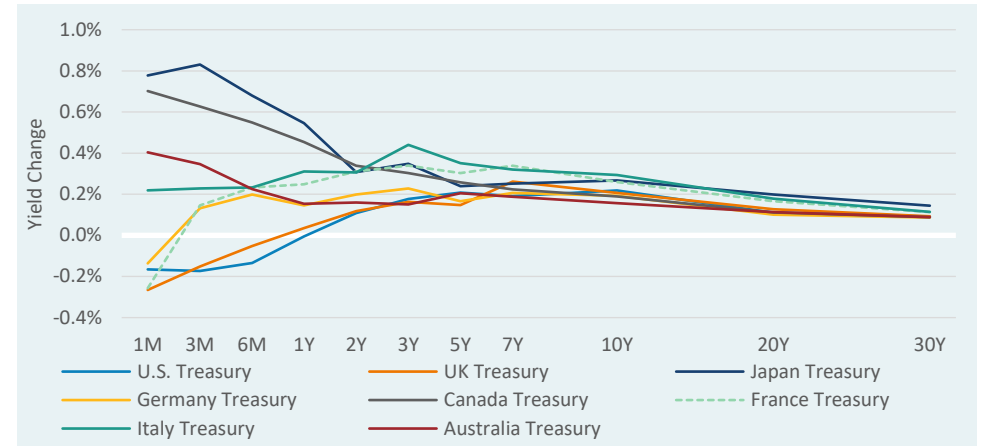
## GLOBAL GOVERNMENT YIELD CURVES



## YIELD CURVE CHANGES OVER LAST FIVE YEARS



## IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 12/31/25

# Credit environment

During Q3, credit delivered positive returns alongside strong investor sentiment and demand for yield. Bank loans and high yield returned +1.3% and +1.2%, respectively (Bbg U.S. Corporate High Yield, Morningstar LSTA Leveraged Loan). High yield outpaced bank loans over the full year (+8.6% vs. +5.9%) as the Federal Reserve cut rates and longer bond yields moved mildly lower which supported longer-duration assets.

Within the high yield space, lower quality credits underperformed BB- and B-rated names during October and November, representing the first negative monthly returns since April. However, positive momentum in December led to a slight recovery in CCC rate bonds (+0.6% during Q4),

though this segment still lagged BB- and B-rated bonds (+1.7% and +1.8%, respectively). In 2025, BB rated bonds returned +9.4%, while B rated returned +8.9% and CCC returned +8.1%.

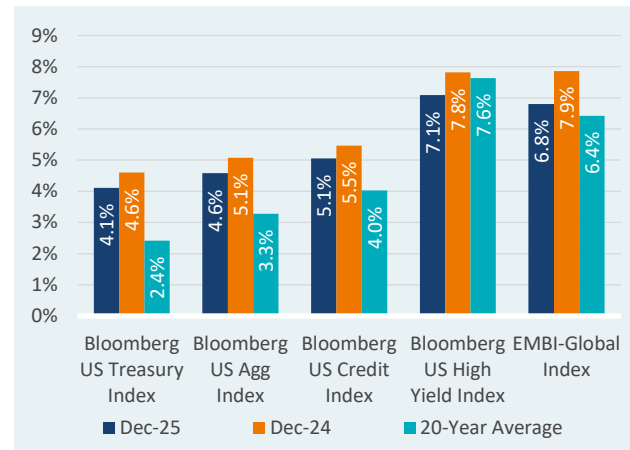
High yield bond spreads ended the quarter unchanged at 2.7%, though spreads widened to as much as 3.2% intra-quarter. Investment grade spreads rose slightly to 0.8%. Bank loan spreads initially widened closer to 4.5% but ended the quarter at similar levels to Q3 at 4.3%. While major concerns circulated during 2025 around tariffs and broad policy impacts on U.S. corporations and consumers, markets now appear to have returned to a level of optimism in line with past years.

## SPREADS



Source: Barclays, Bloomberg, as of 12/31/25

## YIELD TO MATURITY



Source: Morningstar, as of 12/31/25

## CREDIT SPREAD (OAS)

Market	12/31/2025	12/31/2024
Long U.S. Corp	1.0%	1.0%
U.S. Inv Grade Corp	0.8%	0.8%
U.S. High Yield	2.7%	2.9%
U.S. Bank Loans*	4.3%	4.5%

Source: Barclays, Credit Suisse, Bloomberg, as of 12/31/25

\*Discount margin (4-year life)

# Default & issuance

Default/distressed activity was higher during Q4, with defaulted payments totaling \$11.8 billion. The level of distressed exchange and LME (liability management exercise) activity was similar in size to defaults, totaling \$11.2 billion, which was a notable increase from prior quarters. December marked a 6-month high for distressed/LME volume and was the third time since 2022 that high yield bond volume outpaced loan volume. However, credit markets continue to exhibit relatively muted default and distressed activity.

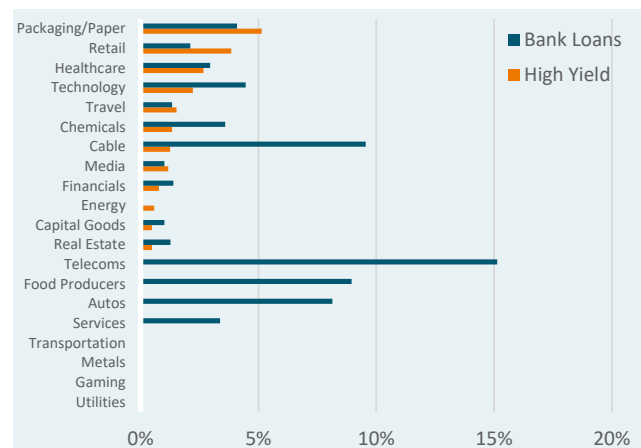
High yield bond defaults rose to 1.9% YoY, which was 0.4% higher than 2024 activity levels, though still below the 15-year average of 2.5%. Loan default rates fell to 2.9% YoY, representing 1.7% less than the four year high that occurred in January. While lower, this figure was still above the 15-year average of 2.4%.

During 2025, 30 companies defaulted on obligations, totaling \$35 billion, with bonds representing 39% of this total and loans representing 61%. Additionally,

30 companies completed a distressed exchange, totaling \$32.8 billion, with bonds representing 37% of the total and loans representing 63%. The combined total of 60 defaults/LMEs in 2025 represented a -19% and -21% decrease from 2024 and 2023, respectively. However, default activity in 2025 was primarily characterized by short periods of elevated activity followed by periods of minimal stressed actions, rather than a consistent flow of activity. Following the First Brands and Tricolor defaults in late 2025 which created a market-wide credit scare, recent evidence seems to suggest that these were isolated incidents of fraud rather than indicative of broader underlying systemic issues.

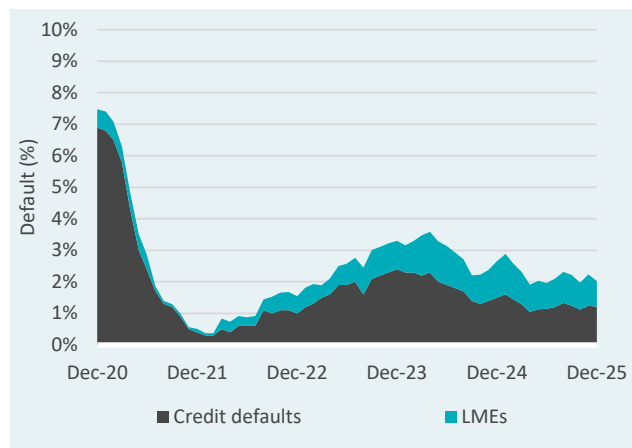
Gross high yield issuance in 2025 reached a four-year high of \$332 billion, up 15% YoY. Bank loan issuance was slightly lower than 2024 but still exhibited one of the largest volumes of the past decade.

## PAST 12 MONTHS (PAR DEFAULT RATE)



Source: BofA Global Research, ICE, LCD /Pitchbook, as of 12/31/25

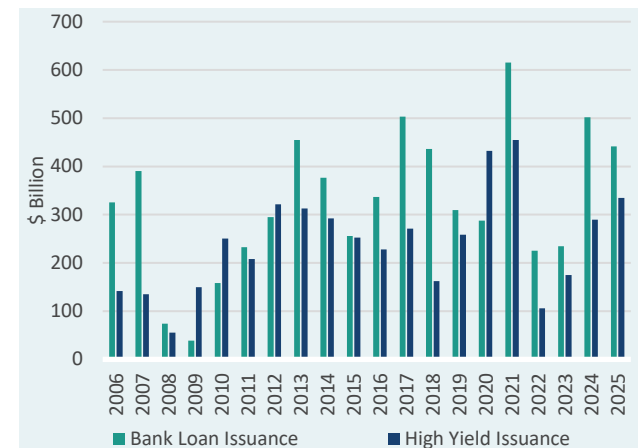
## U.S. HIGH YIELD: DEFAULTS + LME (PAST YEAR)



Source: BofA Merrill Lynch, as of 12/31/25 – par weighted

NOTE: "LME" stands for liability management exercise, which is effectively a renegotiation of debt terms but without an official default

## DEVELOPED MARKET USD ISSUANCE



Source: BofA Merrill Lynch, as of 12/31/25

# Equity

# Equity environment

- International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged S&P 500 (+2.7%). Domestic equities also lagged over full year 2025, although most of the performance difference was due to foreign currency volatility.
- Fourth quarter YoY earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9<sup>th</sup>. Information technology stocks fueled the largest upside surprise and were the largest contributor to calendar year 2026 upward earnings adjustments. Earnings growth expectations for calendar year 2026 are +14.9%, and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.
- Business investment in artificial intelligence including software, services, and infrastructure, may have summed to \$1.5 trillion in

2025, according to Reuters. Total spending may surpass \$2 trillion in 2026.

- Chinese equities had begun to rebound during 2025, after substantial underperformance. However, this market began to suffer in Q4, down -7.5% (MSCI China) while emerging market ex-China gained +10.0% (MSCI EM ex-China). It is unclear whether the country can mitigate deep structural problems, including property market weakness, population decline, and deflationary trends exacerbated by massive excess industrial capacity.
- Market-priced volatility ended Q4 at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

	QTD TOTAL RETURN		1 YEAR TOTAL RETURN	
	(unhedged)	(hedged)	(unhedged)	(hedged)
U.S. Large Cap (S&P 500)	2.7%		17.9%	
U.S. Small Cap (Russell 2000)	2.2%		12.8%	
U.S. Equity (Russell 3000)	2.4%		17.1%	
U.S. Large Value (Russell 1000 Value)	3.8%		15.9%	
U.S. Large Growth (Russell 1000 Growth)	1.1%		18.6%	
Global Equity (MSCI ACWI)	3.3%	3.7%	22.3%	20.3%
International Large (MSCI EAFE)	4.9%	6.7%	31.2%	23.1%
Eurozone (EURO STOXX 50)	5.0%	5.6%	37.5%	23.4%
U.K. (FTSE 100)	6.8%	6.8%	35.1%	25.6%
Japan (TOPIX)	2.8%	9.7%	27.7%	31.7%
Canada (S&P/TSX)	7.1%	6.1%	34.5%	30.4%
Emerging Markets (MSCI Emerging Markets)	4.7%	5.7%	33.6%	31.5%

Source: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 12/31/25 – performance quoted from perspective of U.S. dollar investor

# Domestic equity

U.S. equities generated a moderate return of +2.7% (S&P 500) during Q4, continuing a steady march upward alongside surprisingly strong U.S. economic news and positive corporate earnings guidance. Concerns grew amongst investors that U.S. large cap equity indexes have become even more concentrated in AI-related businesses and reliant on AI trends.

Year-over-year Q4 earnings growth of the S&P 500 is expected to be +8.3%, according to FactSet, as of January 9<sup>th</sup>. Information technology stocks fueled by far the largest upside surprise to quarterly earnings and were the largest contributor to calendar year 2026 upward earnings

adjustments. At the industry level, semiconductors, semiconductor equipment, and software businesses were the largest contributors to positive earnings surprise. The fourth quarter would mark the tenth consecutive positive growth quarter for the index. Earnings growth expectations for calendar year 2026 are +14.9% and then +14.9% again in 2027. These forecasts are higher than they were before April's tariff announcements.

Domestic equity fundamentals have been consistently outperforming. If this trend continues, indices could move higher despite lofty valuations.

U.S. equities delivered further gains again in Q4, on positive earnings surprise, fading inflation fears, and Fed rate cut hopes

**S&P 500 PRICE INDEX**



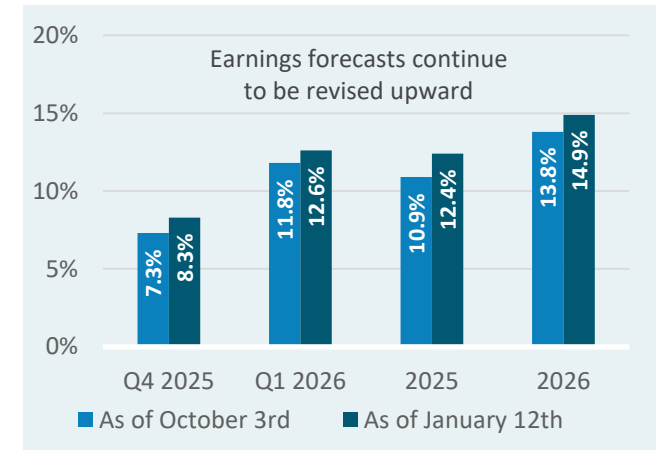
Source: Standard & Poor's, as of 12/31/25

**S&P 500 DIVIDEND YIELD**



Source: Bloomberg, as of 12/31/25

**S&P 500 EARNINGS FORECASTS (YOY)**



Source: Factset, Verus, as of 1/12/26

# Domestic equity size & style

Small cap equities underperformed large caps during Q4 (FTSE Russell 2000 +2.2% vs. FTSE Russell 1000 +2.4%) and also lagged over the full year (+12.8% vs. +17.4%). Many investors predicted that Federal Reserve rate cuts could ignite a small cap comeback, but that has failed to materialize. Value stocks outperformed growth during the quarter (Russell 1000 Value +3.8% vs. Russell 1000 Growth +1.1%) but also lagged over the full year (+15.9% vs 18.6%) as artificial intelligence trends have pushed high-growth names further upward.

(though this is a tenuous proposition in most environments). The market leadership of the Magnificent 7 stocks, and now the substantial AI-related rally, create a situation where investors likely must bet against these major trends to tactically lean into value or small caps. As we have expressed in this document for many years, we believe style factor positions should be longer-term in nature, with the exception of rare timing opportunities that come along only once in a while.

Style factor performance remains very unpredictable in the current environment

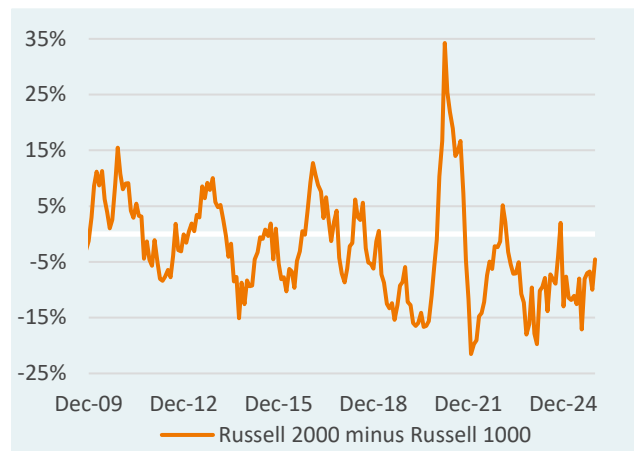
Attempting to make positioning bets or tilts into certain U.S. style factors has been incredibly difficult in this environment

## VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE, as of 12/31/25

## SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE Russell, as of 12/31/25

## 1-YEAR SIZE & STYLE PERFORMANCE

	Value	Core	Growth
Large Cap	15.9%	17.4%	18.6%
Mid Cap	11.0%	10.6%	8.7%
Small Cap	12.6%	12.8%	13.0%

Source: FTSE Russell, as of 12/31/25

# International developed equity

International developed equity (MSCI EAFE +4.9%) and emerging market equities (MSCI EM +4.7%) led during Q4, while domestic equities lagged (S&P 500 +2.7%).

Regional developed equity performance was generally strong across the board. European equities outperformed (MSCI UK +7.0%, MSCI Euro +5.2%) while Japan showed a mild positive return (MSCI Japan +3.2%). Non-U.S. equities substantially outpaced the U.S. equity market in 2025, although a large portion of this outperformance was due to foreign currency movement (depreciation of the U.S. dollar). It will be important

to monitor these dynamics in 2026, though we would be surprised to see material dollar weakening if U.S. economic exceptionalism persists.

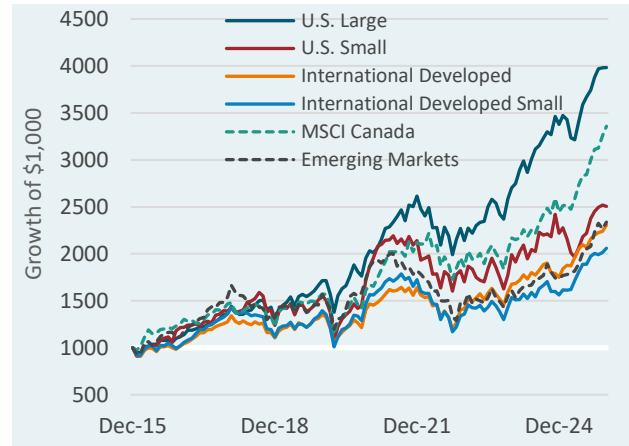
The continuation of AI growth trends would likely benefit the United States and China in outsized ways, as these countries lead the world in innovation across these areas and stand to benefit the most. Europe in particular has lacked a start-up culture as well as a robust venture capital market, therefore benefiting from less business creation. In short, sustained European performance may remain challenging unless valuations continue to expand.

**INTERNATIONAL DEVELOPED EQUITY**



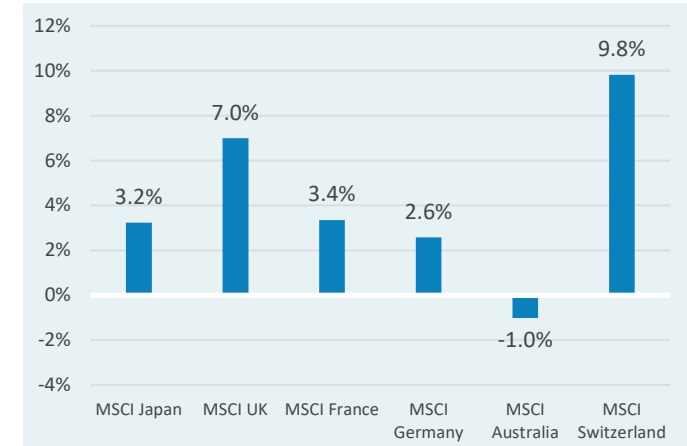
Source: MSCI, as of 12/31/25

**CUMULATIVE PERFORMANCE (10 YEARS)**



Source: Verus, as of 12/31/25

**REGIONAL RETURNS (QUARTER-TO-DATE)**



Source: MSCI Indices, as of 12/31/25

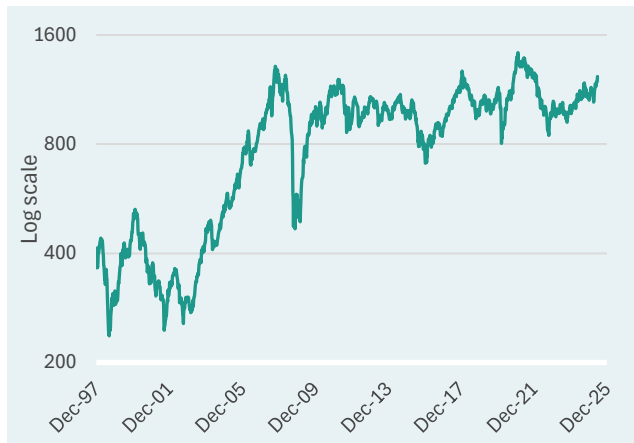
# Emerging market equity

Emerging market equities delivered strong performance during Q4 (MSCI EM +4.7%), resulting in a robust +33.6% return for 2025 which was nearly double the return of the domestic market (S&P 500 +17.9%).

Latin American equities delivered an incredible +54.8% during the year, fueled by the Mexican market. This compared to +32.1% from Asia. Despite longer-term underperformance, Chinese equities had been roaring back to life recently. However, this market began to suffer in Q4, down -7.5% while emerging market ex-China was up +10%.

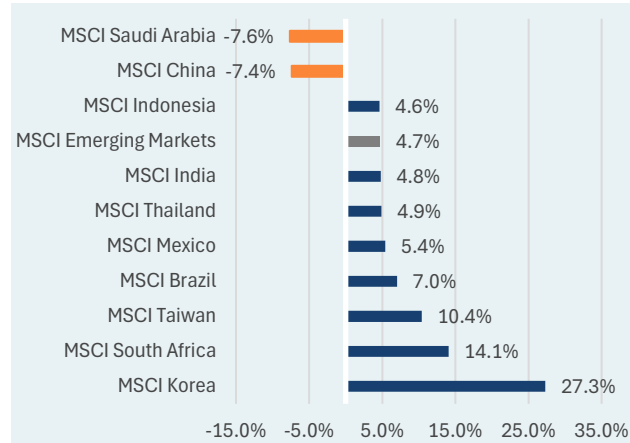
It remains unclear whether China can mitigate the various structural problems hanging overhead, including widespread property market weakness, population decline, and a deflation problem which is being exacerbated by massive excess industrial capacity and overproduction which has flooded many markets and pushed down prices domestically and abroad. It appears that China's reported real GDP growth is moderating in the 4% range, which would be a pace not experienced since the 1980s.

**EMERGING MARKET EQUITY**



Source: MSCI, as of 12/31/25

**MSCI EM 2025 Q4 COUNTRY RETURNS (USD)**



Source: Verus, Bloomberg, as of 12/31/25

**CHINA RECOVERY**



Source: MSCI, as of 12/31/25

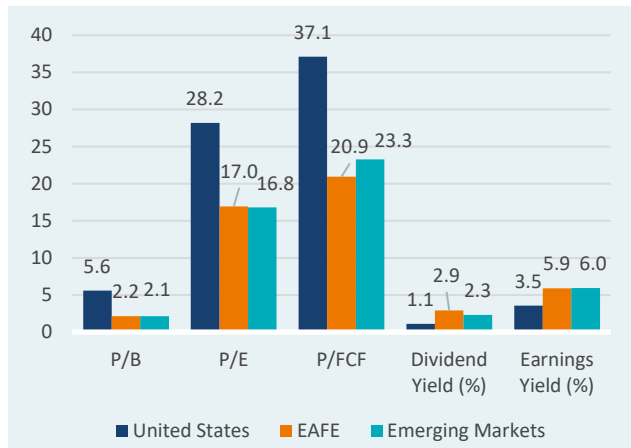
# Equity valuations

U.S. equity P/E multiples moved further upwards during Q4, on positive earnings surprise and likely on enthusiasm that some headwinds of 2025 are easing. Tariff-fueled inflation increases have been far more tepid than initially feared, international trade has fared well despite new trade barriers, and U.S. economic growth has shown surprising strength.

When discussing domestic valuations, it is reasonable to ask how much of a market loss would be incurred if valuations came back to longer-term average levels (and that would in fact be a large loss). However, current valuations are partly a product of evolving index sector

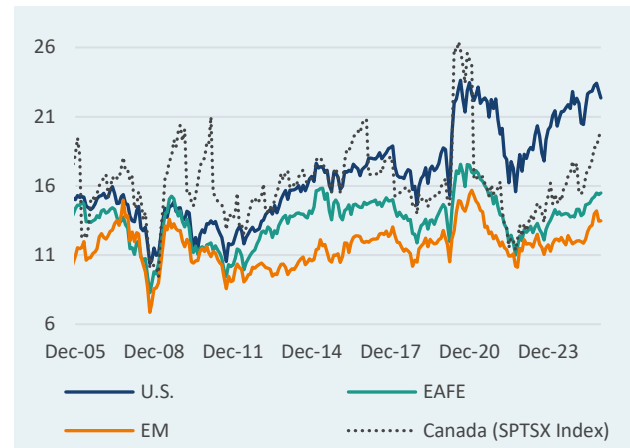
composition (high growth tech-focused businesses tend to command higher multiples). Additionally, A.I. investments and innovation may unlock significant future productivity gains, and earnings forecasts for future years remain very strong. In other words, history may not provide a perfect guide to future performance. For example, it is possible that strong market performance continues if earnings forecasts are further guided upward, the “Magnificent 7” stocks show consistent strong earnings momentum, and the AI narrative remains alive and well. But in a situation where 2026 gains are once again large, and that is driven mostly by higher valuations, we believe investors may be well-served by reevaluating their risk stance.

**MSCI VALUATION METRICS (3-MONTH AVG)**



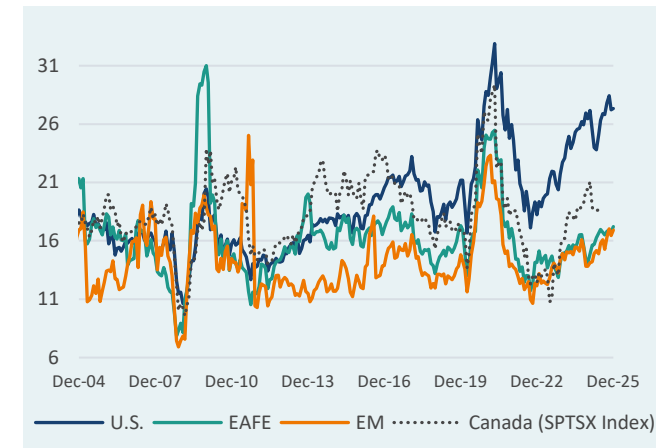
Source: MSCI, Verus, as of 12/31/25 – trailing P/E

**FORWARD P/E**



Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

**TRAILING P/E**



Source: MSCI, Canada shown as S&P/TSX, as of 12/31/25

# Market volatility

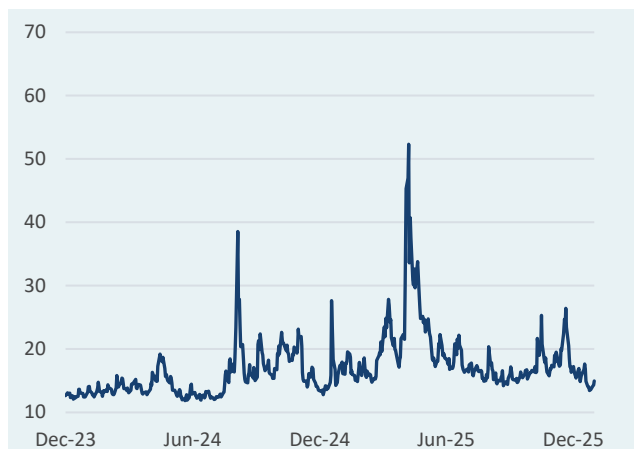
Market-priced volatility (Cboe VIX Index) ended the quarter at a very low level of 14%, but exhibited spikes throughout as the U.S. government shutdown shook markets on multiple days, along with tariff surprises.

Volatility gauges of fixed income volatility, such as the “MOVE Index” have been slowly declining to historical levels in recent years, alongside easing inflation uncertainty and therefore better clarity regarding future Federal Reserve actions. This indicator is now within a normal range and may see further easing if the impacts of tariffs on the economy become

better known (specifically, if it becomes clear that tariffs will not in fact lead to an inflationary spiral or immediate recession).

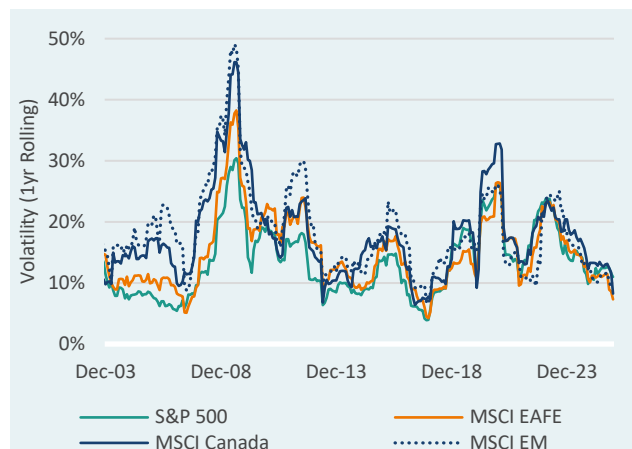
Despite what felt like a fairly volatile year for a variety of reasons, the past 12-month volatility of most equity regions was very low—at at 11% volatility level for the S&P 500, 9% volatility of the MSCI Emerging Markets Index, and slightly above 7% from MSCI EAFE Index (monthly annualized volatility).

**U.S. IMPLIED VOLATILITY (VIX)**



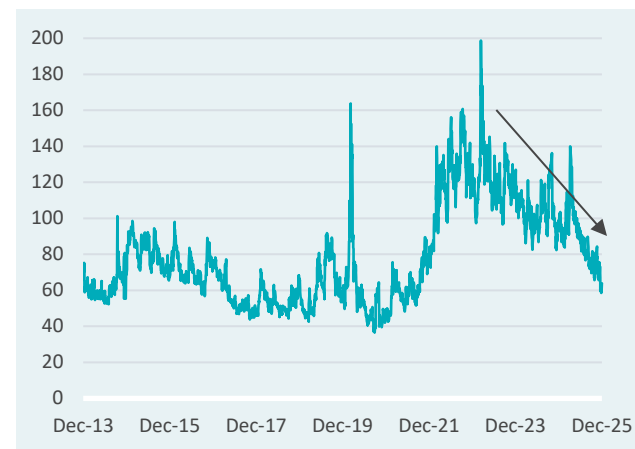
Source: Cboe, as of 12/31/25

**REALIZED VOLATILITY**



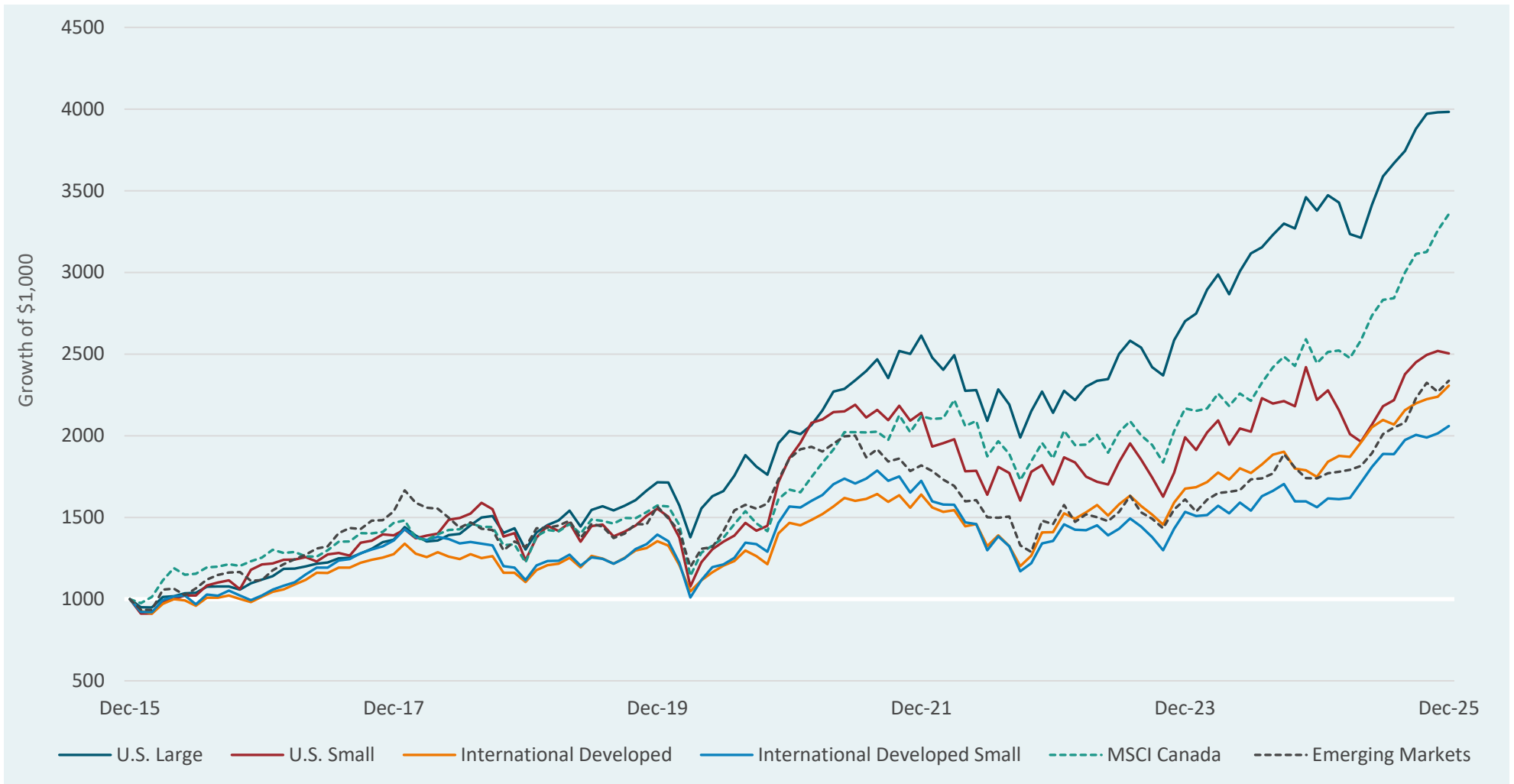
Source: Standard & Poor's, MSCI, Verus, as of 12/31/25

**U.S. TREASURY IMPLIED VOL (“MOVE” INDEX)**



Source: BofA, as of 12/31/25

# Long-term equity performance



Source: Standard & Poor's, FTSE, MSCI, Verus, as of 12/31/25

# Other assets

# Currency

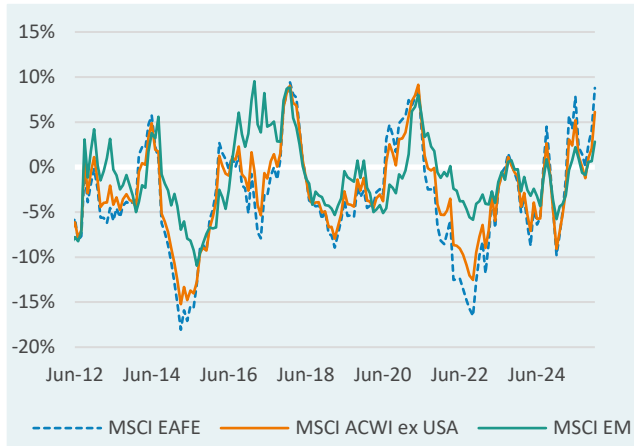
The U.S. dollar was broadly stable on a trade-weighted basis during Q4. However, certain individual currency movements such as USD vs. Japanese yen or USD vs. Euro saw notable changes that impacted the performance of investors without a currency hedging program in place. Currency movement has had frequent large impacts on the performance of equity programs. During 2025, unhedged currency resulted in a positive swing of +8.8% for U.S. investors in international developed equities and +2.8% in emerging markets.

Predicting the direction of currency markets is incredibly difficult and we believe investors should generally avoid making decisions based on these views. For example, a common narrative in 2025 revolved around a worsening U.S. fiscal picture that would result in a shock to the dollar, possible due to a *return of the bond vigilantes* (bond investors who sell government bonds in protest of fiscal policies such as excessive government spending or deficits). This was referred to as the *dollar debasement* trade. Instead, the U.S. dollar is

roughly unchanged in value since the time the One Big Beautiful Bill Act was passed.

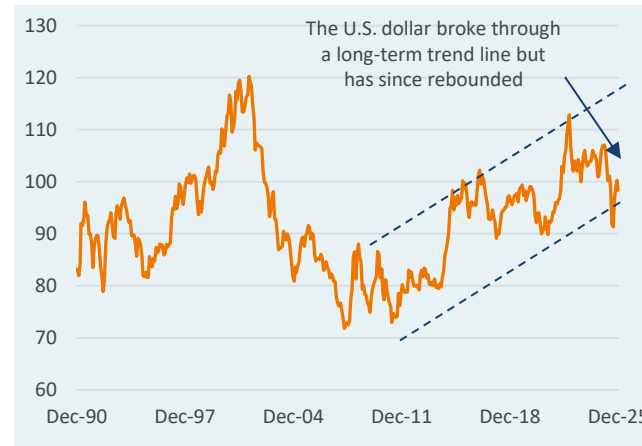
A more thoughtful portfolio approach to currency exposure has provided lower portfolio volatility and higher long-term returns—a rare proposition. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure, making a passive investment in the currency market by investing in currencies with higher interest rates, undervalued currencies, and currencies showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index, has offered a positive one-year rolling return over most periods with far lower volatility than an unhedged approach, although the past year of currency volatility has resulted in an historically less common environment of Currency Factor Mix underperformance relative to embedded (unhedged) currency.

## EFFECT OF CURRENCY (1-YEAR ROLLING)



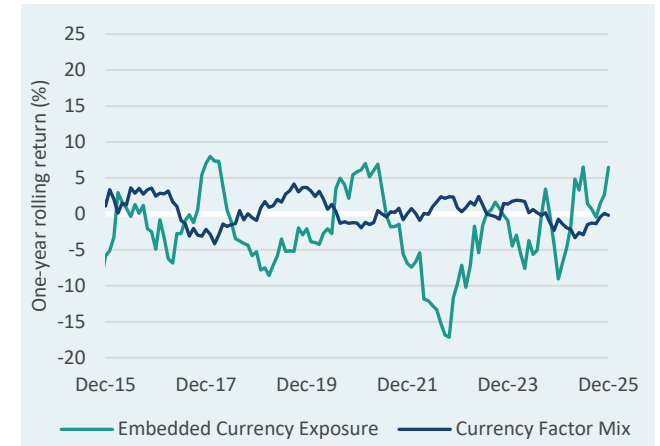
Source: MSCI, Verus, as of 12/31/25

## U.S. DOLLAR MAJOR CURRENCY INDEX



Source: Bloomberg, DXY Index, Verus, as of 12/31/25

## EMBEDDED CURRENCY VS CURRENCY FACTORS

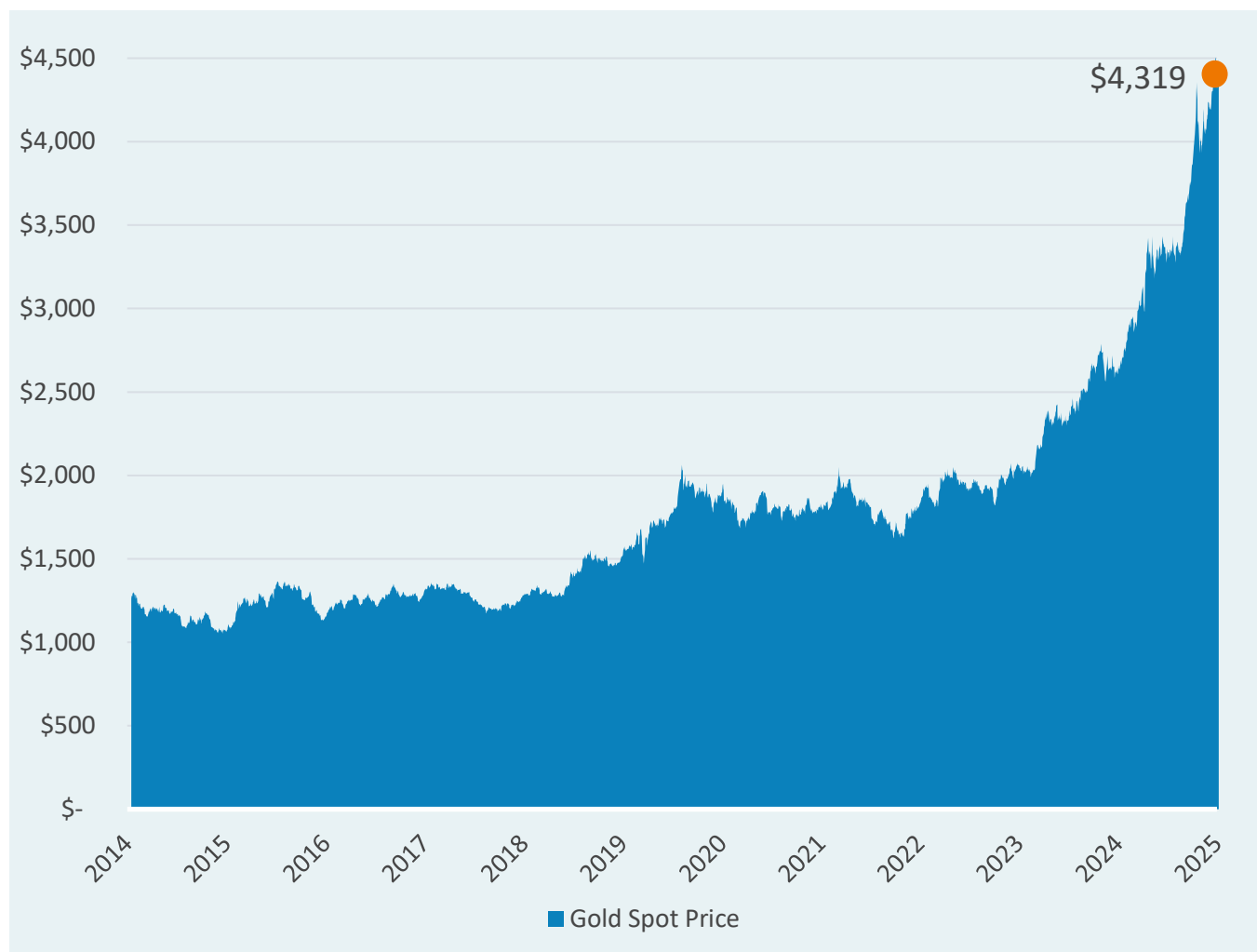


Source: MSCI, Verus, as of 12/31/25 "Embedded Currency Exposure" is the currency return impact from not hedging currency risk

# The gold rally continues

The price of gold has continued to skyrocket, up a whopping +65% during 2025. A wide variety of factors can influence the price of gold, including government purchase trends, interest rate fluctuations which impact the opportunity cost of holding the metal (gold provides no yield, which means it is more costly to hold during higher interest rate environments), investor demand for safe-haven assets, and fears of inflation and/or currency debasement. This makes it especially difficult to pin down why gold has moved so dramatically in recent years.

Much of the recent commentary around gold's rally has pinned this trend on rising risks of inflation and currency debasement. We are skeptical of this story, at least in terms of describing year-to-date performance, given that inflation expectations have not moved higher during that time (neither TIPS Breakeven Rates nor 5-year 5-year forward inflation), and the U.S. dollar is slightly higher since passing of the "One Big Beautiful Bill Act" in July.



Source: Verus, Bloomberg, price as of morning 12/31/25

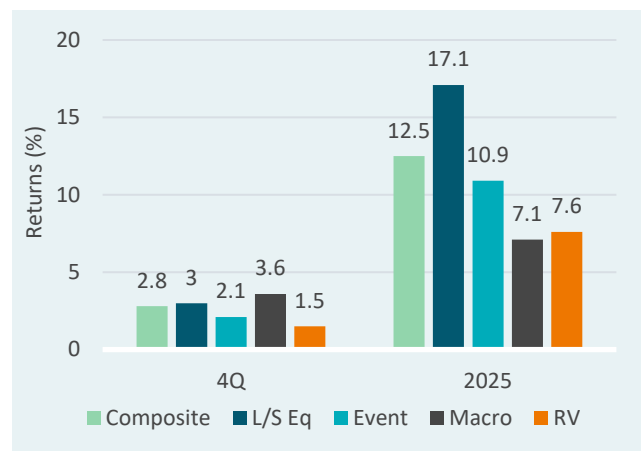
# Hedge funds

Hedge funds finished 2025 up +12.5% (HFRI Composite), their highest annual return since 2009. Gains were broad based, with Long/Short Equity (+17.1%) and Event Driven (+12.5%) the top performing sectors for the year. Calendar year 2025 was the third year since 2006 in which each of the four primary sectors returned at least 7%.

Within long/short equity, healthcare and energy/materials-focused funds outperformed the rest, including technology/TMT funds. Healthcare strategies had their all-time best year since that composite began tracking those funds (2008). Energy and materials-focused funds were able to capitalize on the meteoric rise in precious metals and industrial commodities in Q4.

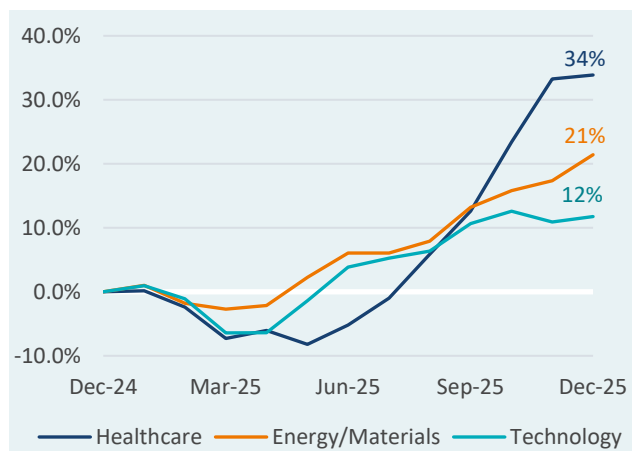
After several consecutive quarters of outperformance, quant funds took a backseat to traditional fundamental growth and value strategies in the second half of 2025. Most of this reversal has been the lack of upside capture from quants while absolute returns remained steady. The four-month period of April through August—a period of significant market gains following the volatility of liberation day and tariff announcements—saw the most extreme differential between the two styles. Quants, and systematic trading in general, continues to remain susceptible to underperformance around macro-driven market events.

4Q AND 1 YEAR RETURNS FOR HFR SECTORS



Source: MPI, HFR

LONG/SHORT SECTOR PERFORMANCE - 2025



Source: MPI, HFR

12M RETURNS – QUANT V FUNDAMENTAL



Source: MPI, HFR

# Appendix

# Periodic table of returns

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	5-Year	10-Year
Emerging Markets Equity	34.0%	32.1%	39.4%	5.2%	78.5%	29.1%	11.0%	18.2%	43.3%	13.5%	13.3%	31.7%	37.3%	6.7%	36.4%	38.5%	28.3%	16.1%	42.7%	33.4%	33.6%	15.3%	18.1%
International Equity	23.3%	26.3%	16.2%	1.8%	37.2%	26.9%	7.8%	18.1%	38.8%	13.2%	5.7%	21.3%	30.2%	1.8%	31.4%	34.6%	27.6%	9.4%	26.5%	24.5%	31.2%	13.6%	14.6%
Large Cap Growth	13.9%	23.5%	15.8%	-6.5%	34.5%	24.5%	2.6%	17.5%	34.5%	13.0%	0.9%	17.3%	25.0%	0.0%	28.5%	21.0%	27.1%	1.5%	18.7%	15.2%	18.6%	11.3%	10.5%
Large Cap Equity	13.5%	22.2%	11.8%	-21.4%	31.8%	18.9%	1.5%	17.3%	33.5%	11.8%	0.5%	12.1%	22.2%	-1.5%	26.5%	20.0%	26.5%	-5.6%	18.2%	14.4%	17.4%	10.6%	9.6%
60/40 Global Portfolio	7.1%	18.4%	11.2%	-23.4%	28.4%	16.8%	0.4%	16.4%	33.1%	6.0%	0.0%	11.8%	21.7%	-4.0%	25.5%	18.3%	25.2%	-7.5%	16.9%	11.5%	16.7%	8.9%	9.6%
Large Cap Value	6.3%	15.5%	10.8%	-28.9%	27.2%	16.7%	0.1%	16.4%	32.5%	5.6%	-0.3%	11.3%	17.3%	-4.8%	22.4%	13.4%	17.7%	-13.0%	15.6%	9.8%	15.9%	8.9%	9.3%
Commodities	5.4%	15.2%	10.3%	-33.8%	23.5%	16.1%	-2.2%	15.3%	22.8%	4.9%	-0.8%	11.2%	14.6%	-6.1%	22.0%	10.9%	14.8%	-14.5%	14.6%	9.2%	15.8%	6.1%	8.4%
Small Cap Growth	5.3%	13.3%	7.0%	-35.6%	20.6%	15.5%	-2.9%	14.6%	12.6%	4.2%	-1.4%	7.1%	13.7%	-8.3%	18.7%	7.8%	11.3%	-14.5%	11.5%	8.1%	13.0%	5.9%	8.2%
Small Cap Equity	4.7%	11.6%	7.0%	-36.8%	19.7%	13.1%	-4.2%	11.4%	11.0%	3.4%	-2.7%	6.1%	7.8%	-9.3%	18.4%	7.5%	9.2%	-17.5%	9.8%	7.5%	12.8%	4.9%	7.5%
Small Cap Value	4.7%	9.1%	5.8%	-37.6%	18.9%	9.8%	-5.2%	10.5%	9.0%	2.7%	-3.8%	5.6%	6.8%	-11.0%	8.7%	4.6%	6.2%	-19.1%	5.5%	5.4%	12.6%	4.2%	5.7%
Hedge Funds of Funds	4.6%	8.5%	4.8%	-38.4%	11.5%	7.8%	-5.5%	4.8%	0.0%	0.0%	-4.4%	2.6%	5.1%	-11.2%	8.4%	2.8%	2.8%	-20.1%	5.1%	5.3%	9.2%	3.6%	4.7%
US Bonds	4.2%	4.8%	-0.2%	-38.5%	5.9%	6.5%	-12.1%	4.2%	-2.0%	-2.2%	-7.5%	1.0%	3.5%	-12.9%	7.7%	1.6%	0.0%	-20.4%	3.9%	3.8%	7.3%	3.2%	4.7%
Cash	3.0%	4.3%	-1.6%	-43.4%	0.1%	5.7%	-13.3%	0.1%	-2.6%	-4.9%	-14.9%	0.3%	1.7%	-13.8%	6.4%	0.5%	-1.5%	-26.4%	-5.1%	1.3%	4.3%	3.2%	2.2%
Real Estate	2.4%	2.1%	-9.8%	-53.3%	-16.8%	0.1%	-18.4%	-1.1%	-9.5%	-17.0%	-24.7%	-0.4%	0.8%	-14.6%	2.2%	-3.1%	-2.5%	-29.1%	-7.9%	0.4%	3.7%	-0.4%	2.0%

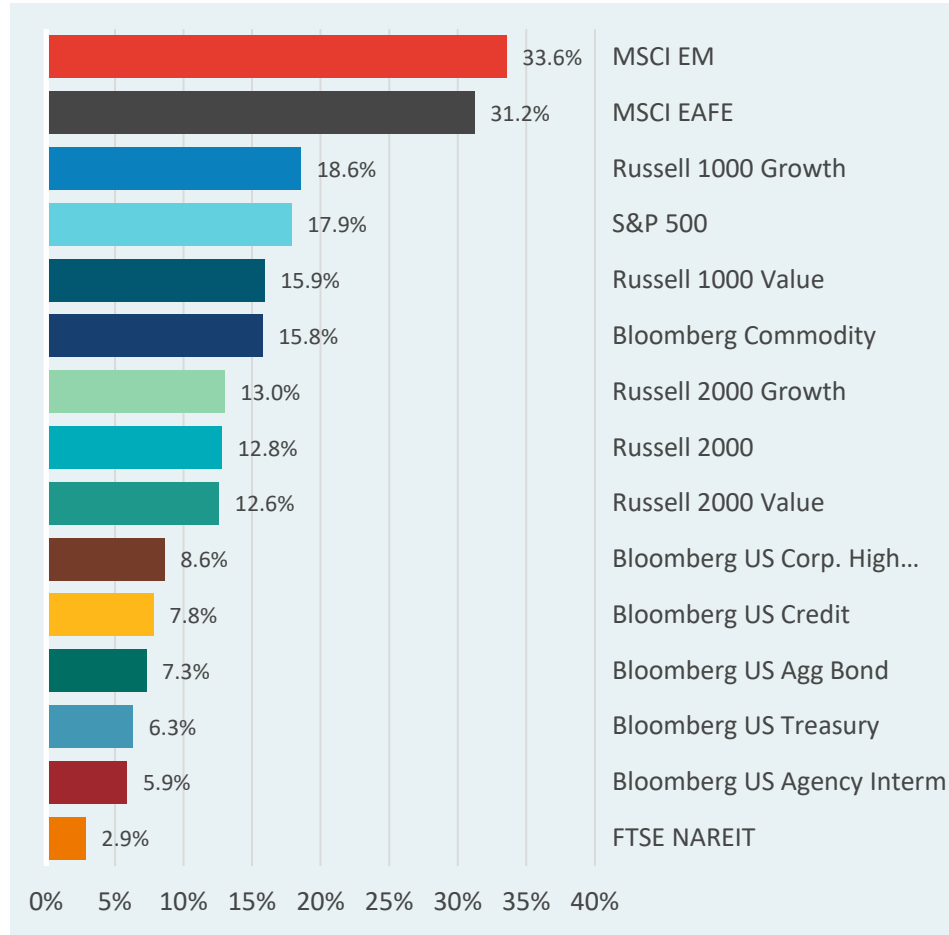
BEST  
↑  
↓  
WORST

 Large Cap Equity	 Small Cap Growth	 Commodities
 Large Cap Value	 International Equity	 Real Estate
 Large Cap Growth	 Emerging Markets Equity	 Hedge Funds of Funds
 Small Cap Equity	 US Bonds	 60% MSCI ACWI/40% Bloomberg Global Bond
 Small Cap Value	 Cash	

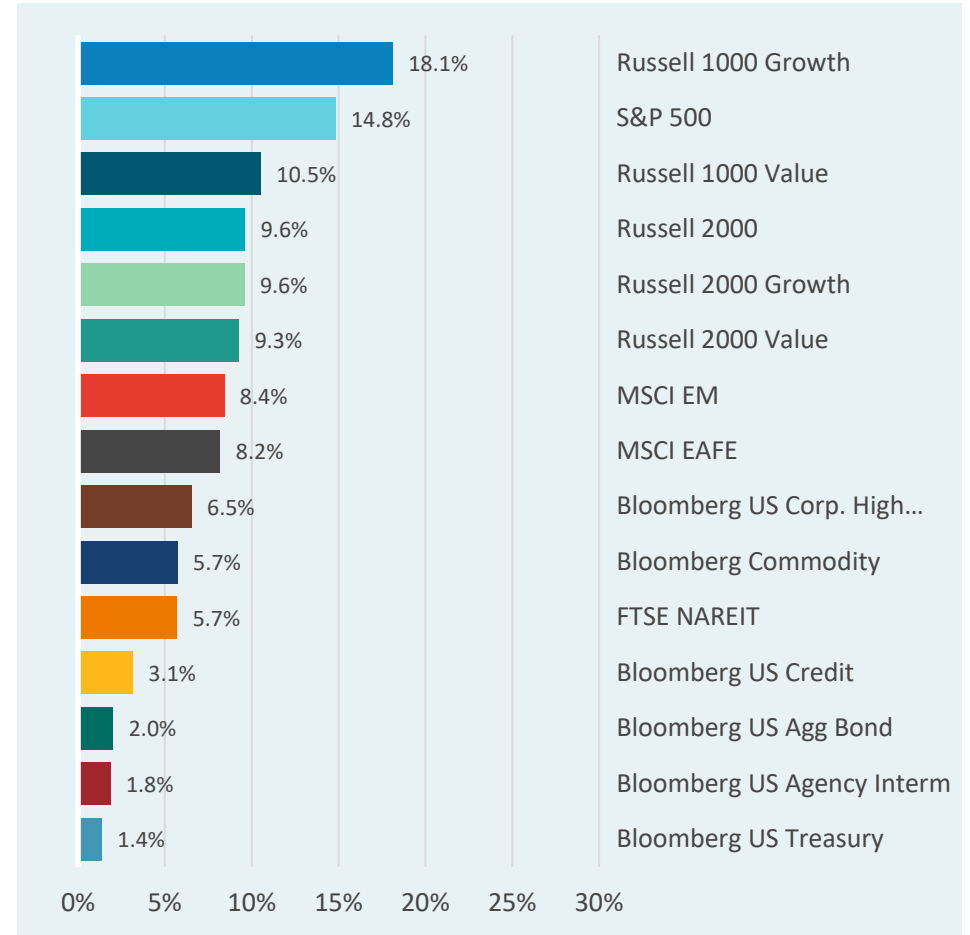
Source Data: Bloomberg, Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Growth, Russell 2000, Russell 2000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, 90-Day T-Bills, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 9/30/25.

# Major asset class returns

## ONE YEAR ENDING DECEMBER



## TEN YEARS ENDING DECEMBER



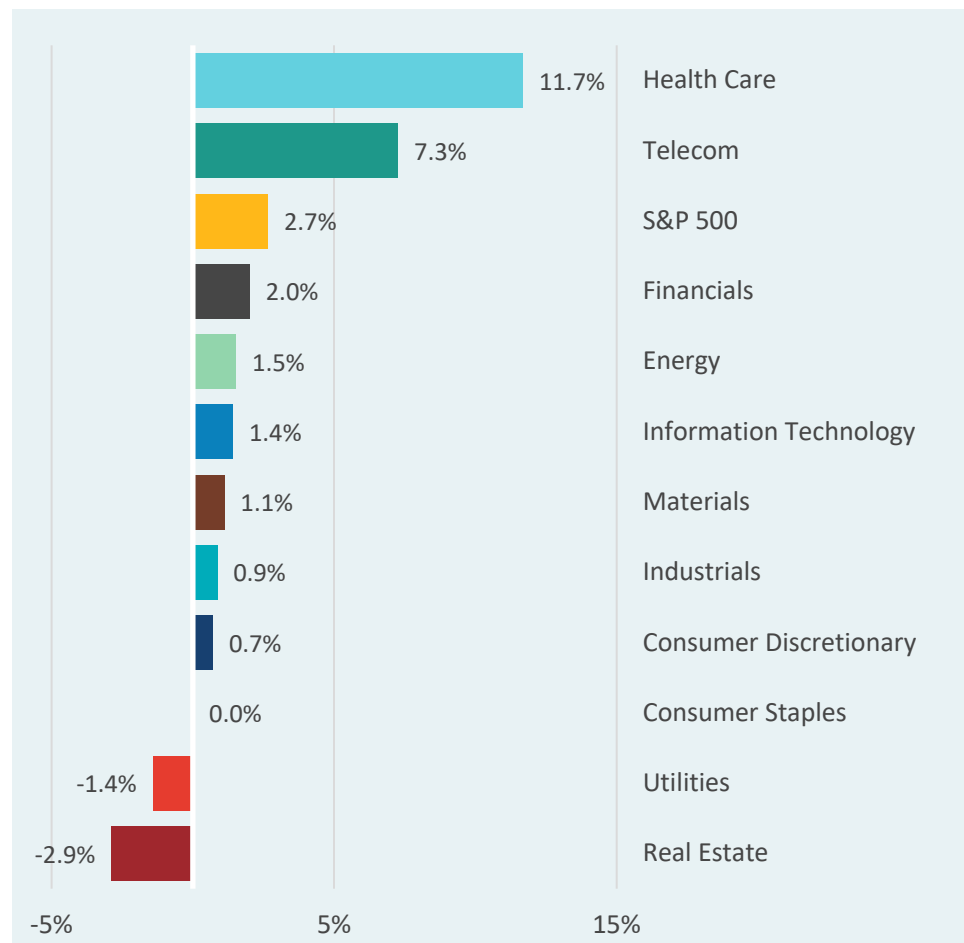
\*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

Source: Bloomberg, as of 12/31/25

Source: Bloomberg, as of 12/31/25

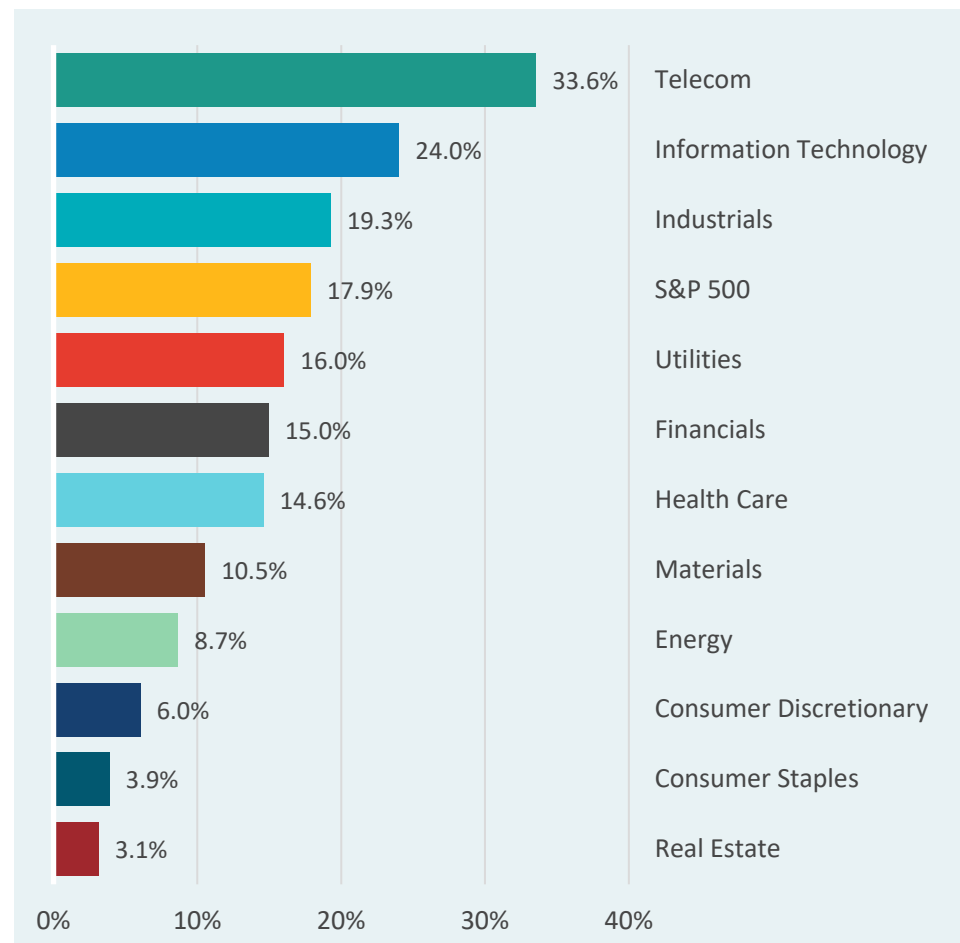
# S&P 500 sector returns

QTD



Source: Bloomberg, as of 12/31/25

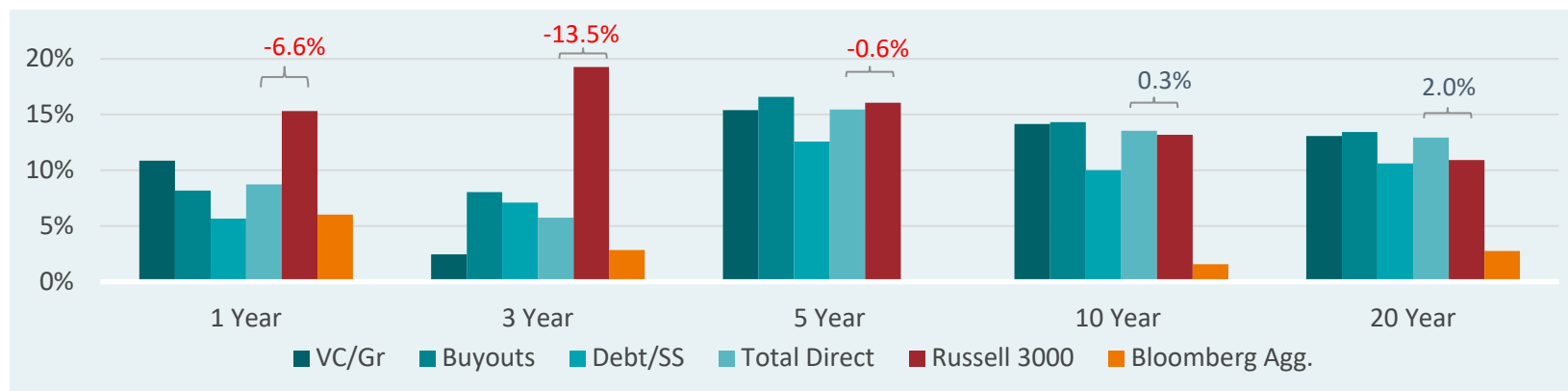
ONE YEAR ENDING DECEMBER



Source: Bloomberg, as of 12/31/25

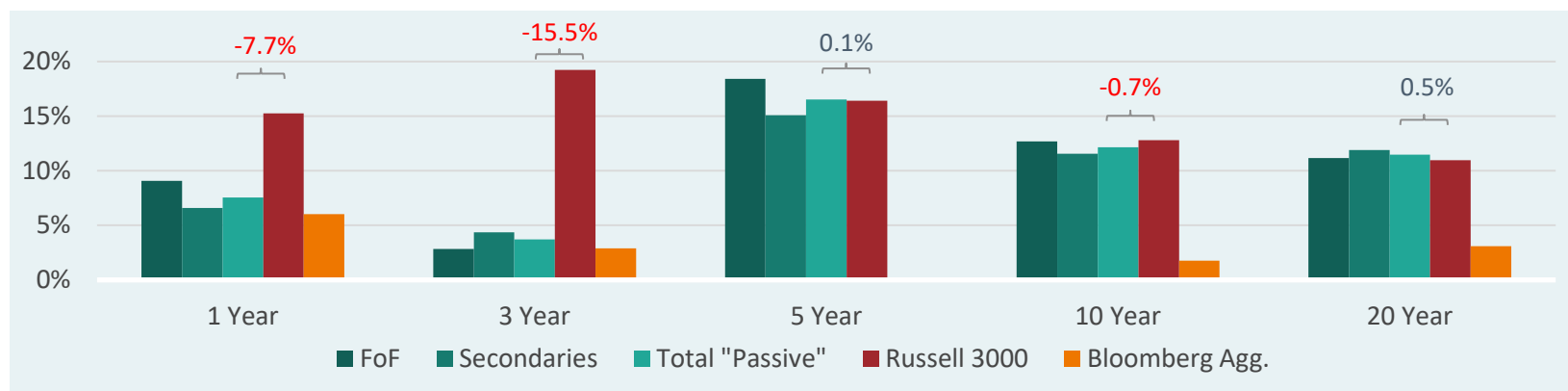
# Private equity vs. traditional assets performance

## DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments outperformed public equities in longer time periods

## "PASSIVE" STRATEGIES

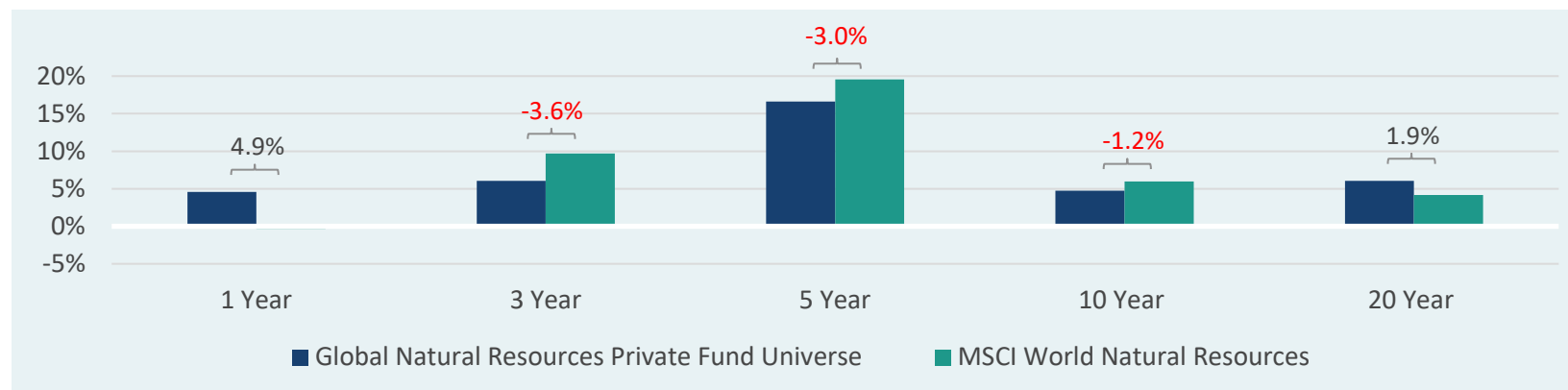


"Passive" strategies vs. public equities has been mixed

Sources: FTSE PME: U.S. Direct Private Equity and "Passive" returns are as of June 30, 2025. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.

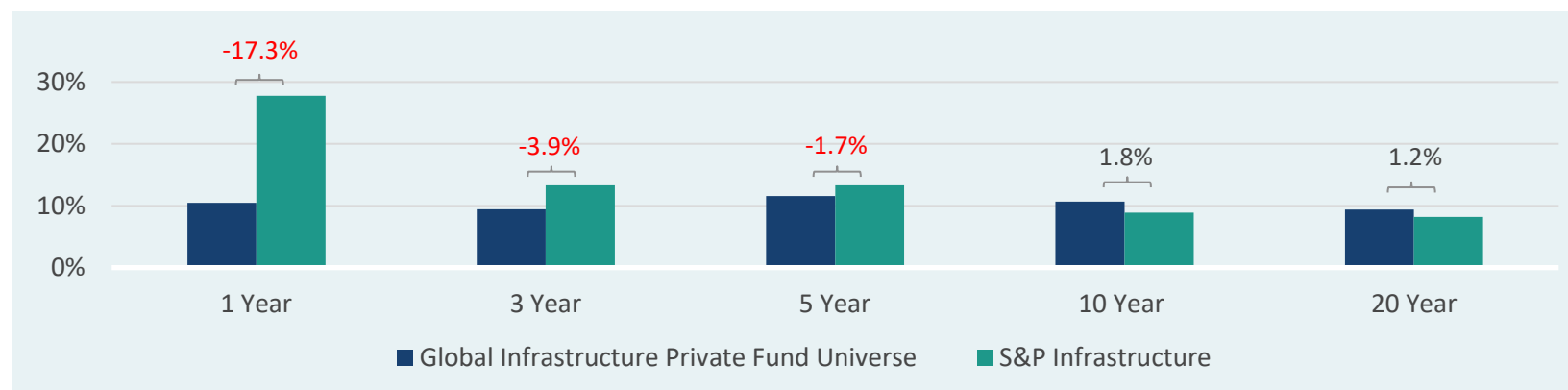
# Private vs. liquid real assets performance

## GLOBAL NATURAL RESOURCES FUNDS



N.R. funds vs MSCI World Natural Resources has been mixed

## GLOBAL INFRASTRUCTURE FUNDS

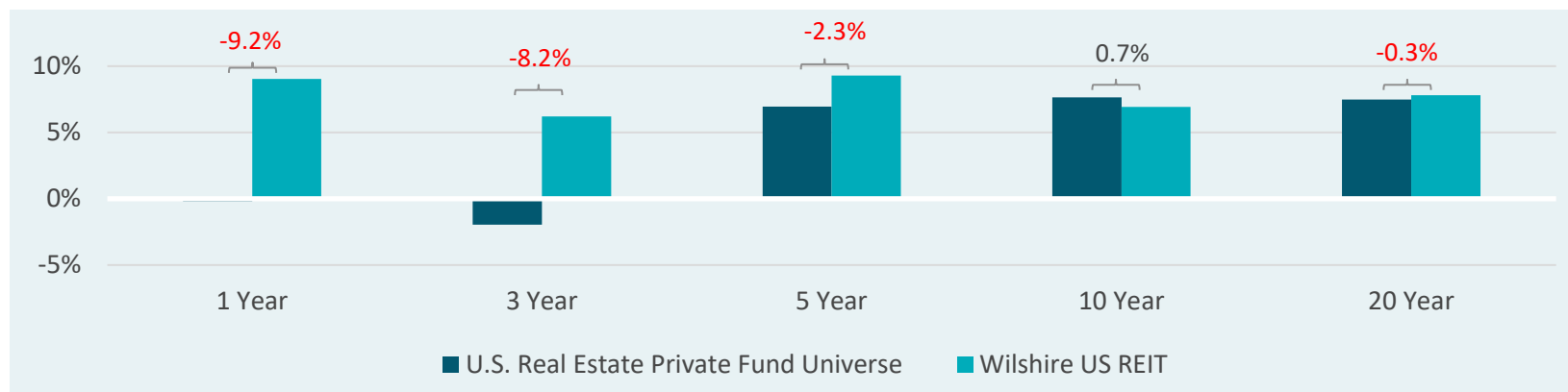


Infra. funds outperformed S&P Infra across longer periods

Sources: FTSE PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.

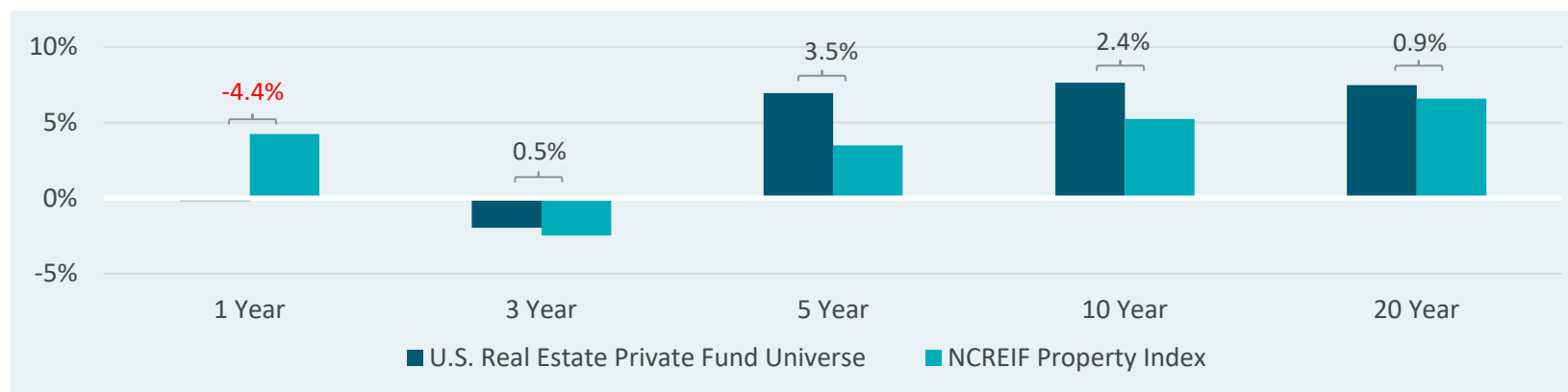
# Private vs. liquid and core real estate performance

## U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. funds underperformed the Wilshire U.S. REIT across most time periods

## U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index across most time periods

Sources: FTSE PME: U.S. Real Estate universes as of June 30, 2025. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.

# Detailed index performance

DOMESTIC EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
S&P 500	0.1%	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%
S&P 500 Equal Weighted	0.4%	1.4%	11.4%	11.4%	12.7%	10.5%	11.7%
DJ Industrial Average	0.9%	4.0%	14.9%	14.9%	15.3%	11.6%	13.1%
Russell Top 200	0.1%	3.0%	19.2%	19.2%	25.4%	15.1%	15.8%
Russell 1000	0.0%	2.4%	17.4%	17.4%	22.7%	13.6%	14.6%
Russell 2000	-0.6%	2.2%	12.8%	12.8%	13.7%	6.1%	9.6%
Russell 3000	0.0%	2.4%	17.1%	17.1%	22.2%	13.1%	14.3%
Russell Mid Cap	-0.3%	0.2%	10.6%	10.6%	14.3%	8.7%	11.0%
<b>Style Index</b>							
Russell 1000 Growth	-0.6%	1.1%	18.6%	18.6%	31.1%	15.3%	18.1%
Russell 1000 Value	0.7%	3.8%	15.9%	15.9%	13.9%	11.3%	10.5%
Russell 2000 Growth	-1.3%	1.2%	13.0%	13.0%	15.6%	3.2%	9.6%
Russell 2000 Value	0.2%	3.3%	12.6%	12.6%	11.7%	8.9%	9.3%

INTERNATIONAL EQUITY	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
MSCI ACWI	1.0%	3.3%	22.3%	22.3%	20.6%	11.2%	11.7%
MSCI ACWI ex US	3.0%	5.1%	32.4%	32.4%	17.3%	7.9%	8.4%
MSCI EAFE	3.0%	4.9%	31.2%	31.2%	17.2%	8.9%	8.2%
MSCI EM	3.0%	4.7%	33.6%	33.6%	16.4%	4.2%	8.4%
MSCI EAFE Small Cap	2.3%	2.7%	31.8%	31.8%	14.9%	5.6%	7.5%
<b>Style Index</b>							
MSCI EAFE Growth	1.8%	1.9%	20.8%	20.8%	13.1%	4.4%	7.4%
MSCI EAFE Value	4.2%	7.8%	42.2%	42.2%	21.3%	13.4%	8.7%
<b>Regional Index</b>							
MSCI UK	3.8%	7.0%	35.1%	35.1%	18.3%	13.3%	7.8%
MSCI Japan	0.5%	3.2%	24.6%	24.6%	17.5%	6.6%	7.6%
MSCI Euro	3.6%	5.2%	38.7%	38.7%	21.0%	11.0%	9.0%
MSCI EM Asia	3.0%	4.5%	32.1%	32.1%	16.8%	3.6%	8.9%
MSCI EM Latin America	1.1%	8.2%	54.8%	54.8%	14.8%	8.6%	8.8%

FIXED INCOME	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg US TIPS	-0.4%	0.1%	7.0%	7.0%	4.2%	1.1%	3.1%
Bloomberg US Treasury Bills	0.4%	1.0%	4.3%	4.3%	4.9%	3.2%	2.2%
Bloomberg US Agg Bond	-0.1%	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%
Bloomberg US Universal	-0.1%	1.2%	7.6%	7.6%	5.2%	0.1%	2.4%
<b>Duration</b>							
Bloomberg US Treasury 1-3 Yr	0.3%	1.1%	5.2%	5.2%	4.5%	1.8%	1.8%
Bloomberg US Treasury 20+ Yr	-2.1%	-0.5%	4.6%	4.6%	-0.4%	-8.2%	-0.4%
Bloomberg US Treasury	-0.3%	0.9%	6.3%	6.3%	3.6%	-1.0%	1.4%
<b>Issuer</b>							
Bloomberg US MBS	0.2%	1.7%	8.6%	8.6%	4.9%	0.1%	1.6%
Bloomberg US Corp. High Yield	0.6%	1.3%	8.6%	8.6%	10.0%	4.5%	6.5%
Bloomberg US Agency Interm	0.2%	1.1%	5.9%	5.9%	4.8%	1.2%	1.8%
Bloomberg US Credit	-0.2%	0.9%	7.8%	7.8%	6.0%	0.0%	3.1%

OTHER	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Index</b>							
Bloomberg Commodity	-0.3%	5.8%	15.8%	15.8%	3.9%	10.6%	5.7%
FTSE NAREIT Equity REITS	-2.3%	-1.6%	2.9%	2.9%	8.3%	6.6%	5.7%
Morningstar LSTA US LL	0.7%	1.2%	5.9%	5.9%	9.3%	6.4%	5.8%
S&P Global Infrastructure	-0.7%	2.4%	22.6%	22.6%	14.6%	11.0%	9.4%
Alerian MLP Infrastructure	-1.5%	3.1%	8.1%	8.1%	19.2%	25.7%	8.1%
<b>Emerging Market Debt</b>							
JPM EMBI Global Div	0.7%	3.3%	14.3%	14.3%	10.6%	1.8%	4.4%
JPM GBI-EM Global Div	1.5%	3.3%	19.3%	19.3%	9.5%	1.1%	3.9%
<b>Hedge Funds</b>							
HFRI Composite	0.0%	1.3%	10.9%	10.9%	9.6%	6.8%	6.5%
HFRI FOF Composite	0.0%	1.9%	9.2%	9.2%	8.1%	4.9%	4.7%
<b>Currency (Spot vs. USD)</b>							
Euro	1.3%	0.1%	13.4%	13.4%	3.1%	-0.8%	0.8%
Pound Sterling	1.8%	0.2%	7.7%	7.7%	3.7%	-0.3%	-0.9%
Yen	-0.3%	-5.6%	0.3%	0.3%	-5.8%	-8.0%	-2.6%

Source: Bloomberg, HFRI, as of 12/31/25

# Definitions

**Bloomberg US Weekly Consumer Comfort Index** - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. ([www.lanqerresearch.com](http://www.lanqerresearch.com))

**University of Michigan Consumer Sentiment Index** - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conditions conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. ([www.Bloomberg.com](http://www.Bloomberg.com))

**NFIB Small Business Outlook** - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (<http://www.nfib-sbet.org/about/>)

**NAHB Housing Market Index** – the housing market index is a weighted average of separate diffusion indices for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula  $(\text{Good-Poor} + 100)/2$  to the present and future sales series and  $(\text{High/Very High-Low/Very Low} + 100)/2$  to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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# Community Foundation of North Central Washington

Investment Performance Review  
Period Ending: December 31, 2025



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CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

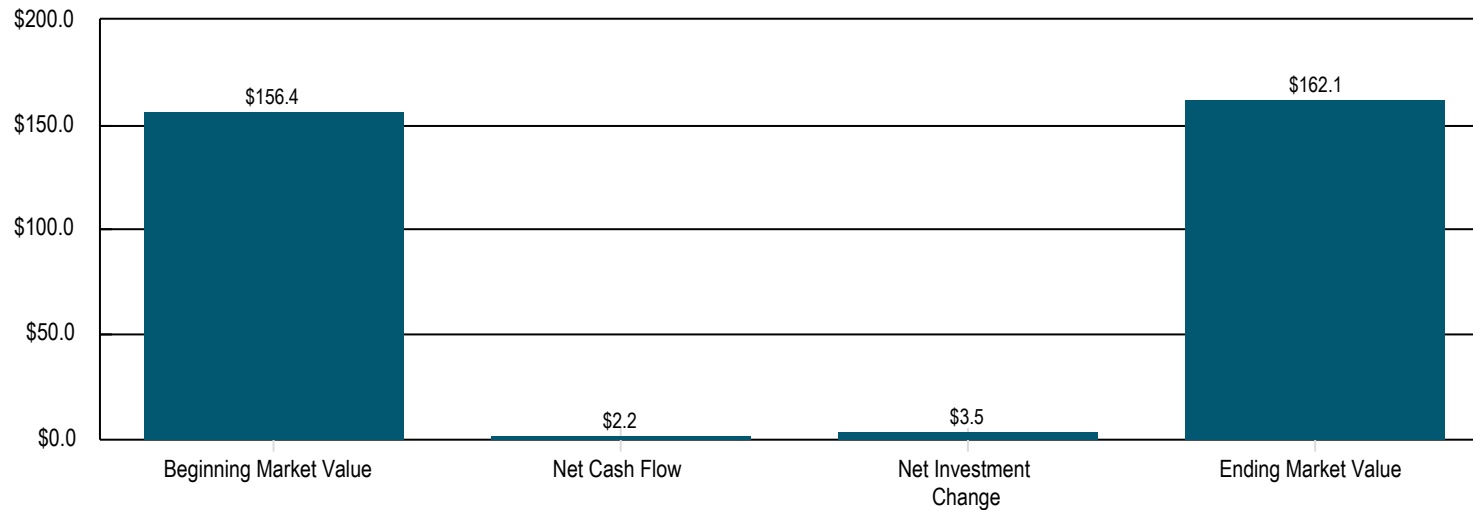
LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Portfolio Reconciliation

	Last Three Months	1 Yr
Beginning Market Value	156,432,813	143,678,509
Net Cash Flow	2,231,601	-1,033,668
Net Investment Change	3,453,699	19,509,671
<b>Ending Market Value</b>	<b>162,101,852</b>	<b>162,101,852</b>

Change in Market Value  
Last Three Months



Net Additions/Withdrawals may include intra-account transfers between managers/funds.

Total Fund  
 Manager Reconciliation

Community Foundation of North Central Washington  
 Period Ending: December 31, 2025

Cash Flow Summary

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Vanguard Total Stock Market Index Adm	\$17,835,391	\$0	\$434,914	\$18,270,306
T. Rowe Price Large-Cap Growth Fund - I Class	\$22,146,632	\$0	\$393,822	\$22,540,454
Dodge & Cox Stock	\$20,093,535	\$0	\$502,629	\$20,596,164
Vanguard Small Cap Growth Index ETF	\$7,728,530	-\$21,237	\$126,419	\$7,833,712
DFA US Targeted Value I	\$7,529,961	\$0	\$216,263	\$7,746,223
American Funds EUPAC Fund F3	\$12,593,601	\$0	\$580,758	\$13,174,359
DFA World Ex US Core Equity Ins	\$11,193,473	\$0	\$522,320	\$11,715,793
Dodge & Cox Income	\$18,641,122	\$0	\$239,485	\$18,880,607
Baird Core Plus Bond	\$8,795,810	\$0	\$97,190	\$8,893,000
Aristotle Core Income	\$8,813,842	\$0	\$88,277	\$8,902,119
Voya Senior Loan Fund	\$14,464,257	\$0	\$219,307	\$14,667,303
Cash	\$3,835,701	\$2,252,838	\$566	\$6,089,105
Schwab Government Money Fund	\$2,760,957	\$0	\$31,749	\$2,792,707
<b>Total Fund</b>	<b>\$156,432,813</b>	<b>\$2,231,601</b>	<b>\$3,453,699</b>	<b>\$162,101,852</b>

Net Cash Flow may include intra-account transfers between managers/funds. Thornburg liquidated 8/18/17 and replaced with DFA World Ex US Core on 8/28/17. Schwab Treasury Obligations Money Fund liquidated 8/12/2024. Vanguard Short-Term Inflation Protected Adm liquidated 2/11/2020. Schwab Government Money Fund funded 2/22/2024. TCW Met West Total Return Bond I liquidated 6/25/2025. Aristotle Core Income FD and Baird Core Plus Bond INS funded 6/30/2025.

Total Fund  
Executive Summary (Net of Fees)

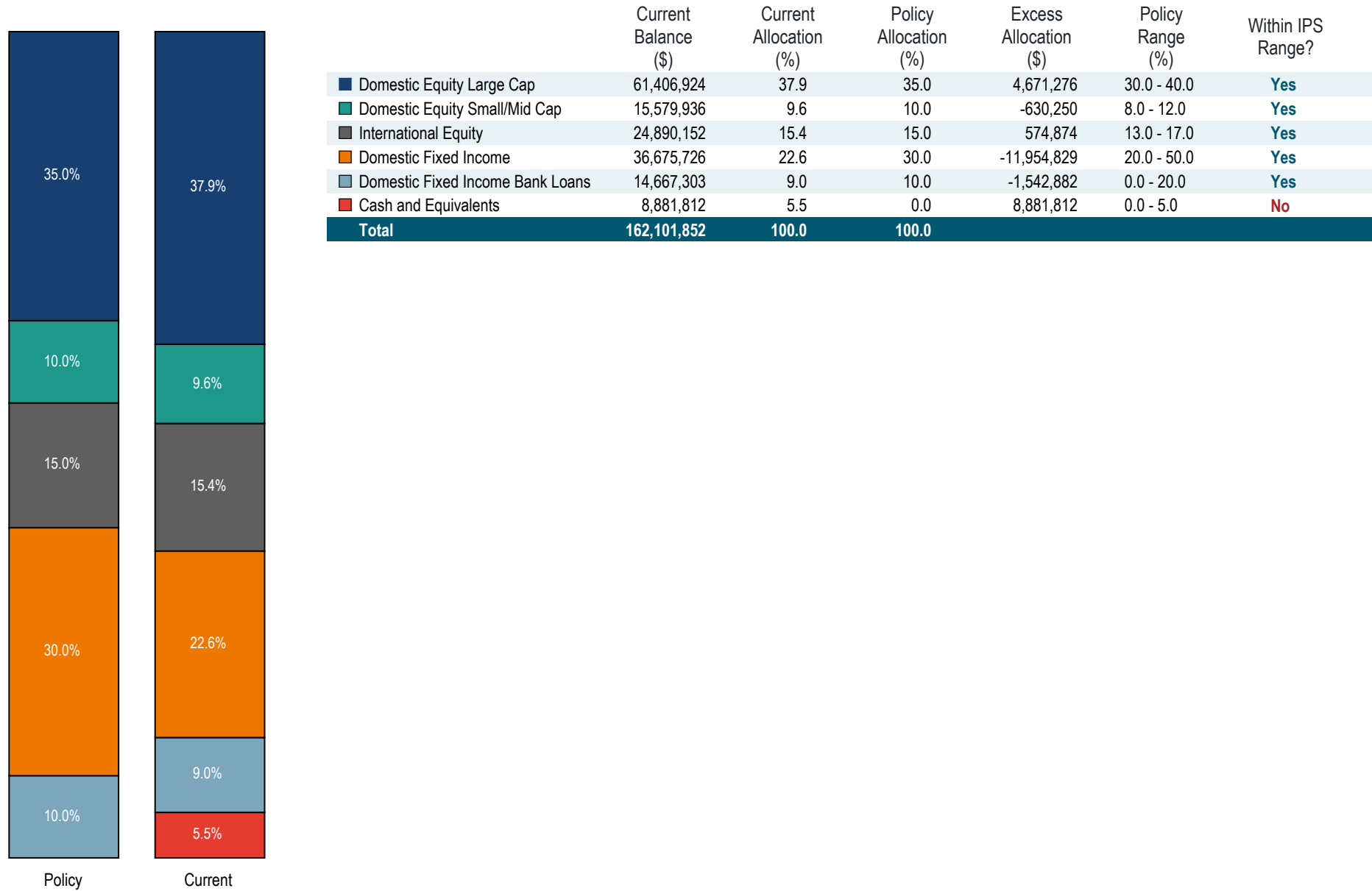
Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Fund</b>	<b>162,101,852</b>	<b>100.0</b>	<b>2.2</b>	<b>13.9</b>	<b>13.9</b>	<b>14.5</b>	<b>7.2</b>	<b>8.7</b>	<b>11.5</b>	<b>18.3</b>	<b>-16.4</b>	<b>12.5</b>	<b>14.6</b>
<i>Policy Index</i>			2.3	14.9	14.9	14.4	7.9	8.9	11.7	16.6	-14.0	13.6	13.2
<b>Total Domestic Equity</b>	<b>76,986,859</b>	<b>47.5</b>	<b>2.2</b>	<b>14.6</b>	<b>14.6</b>	<b>20.9</b>	<b>11.7</b>	<b>13.8</b>	<b>20.7</b>	<b>27.8</b>	<b>-21.2</b>	<b>24.8</b>	<b>22.3</b>
<i>Domestic Equity Benchmark</i>			2.6	16.6	16.6	21.0	12.9	13.9	22.2	24.4	-18.1	26.4	19.0
<b>Total Large Cap Equity</b>	<b>61,406,924</b>	<b>37.9</b>	<b>2.2</b>	<b>16.1</b>	<b>16.1</b>	<b>22.8</b>	<b>12.7</b>	<b>14.6</b>	<b>22.9</b>	<b>29.9</b>	<b>-22.3</b>	<b>26.3</b>	<b>22.8</b>
<i>S&amp;P 500 Index</i>			2.7	17.9	17.9	23.0	14.4	14.8	25.0	26.3	-18.1	28.7	18.4
<b>Total Small Cap Equity</b>	<b>15,579,936</b>	<b>9.6</b>	<b>2.2</b>	<b>9.0</b>	<b>9.0</b>	<b>13.9</b>	<b>8.0</b>	<b>10.7</b>	<b>12.9</b>	<b>20.1</b>	<b>-16.7</b>	<b>19.5</b>	<b>20.6</b>
<i>Russell 2000 Index</i>			2.2	12.8	12.8	13.7	6.1	9.6	11.5	16.9	-20.4	14.8	20.0
<b>Total International Equity</b>	<b>24,890,152</b>	<b>15.4</b>	<b>4.6</b>	<b>31.3</b>	<b>31.3</b>	<b>17.0</b>	<b>6.9</b>	<b>8.2</b>	<b>4.7</b>	<b>16.4</b>	<b>-18.5</b>	<b>7.3</b>	<b>17.6</b>
<i>MSCI EAFE (Net)</i>			4.9	31.2	31.2	17.2	8.9	8.2	3.8	18.2	-14.5	11.3	7.8
<b>Total Domestic Fixed Income</b>	<b>36,675,726</b>	<b>22.6</b>	<b>1.2</b>	<b>8.0</b>	<b>8.0</b>	<b>5.5</b>	<b>0.5</b>	<b>2.4</b>	<b>1.7</b>	<b>6.9</b>	<b>-12.7</b>	<b>0.0</b>	<b>6.3</b>
<i>Fixed Income Benchmark</i>			1.1	6.9	6.9	6.0	1.6	3.2	3.5	7.8	-9.6	0.4	6.4
<b>Bank Loans</b>	<b>14,667,303</b>	<b>9.0</b>	<b>1.4</b>	<b>6.2</b>	<b>6.2</b>	<b>8.4</b>	<b>5.5</b>	<b>-</b>	<b>8.4</b>	<b>10.7</b>	<b>-2.2</b>	<b>4.7</b>	<b>0.6</b>
<i>Morningstar LSTA U.S. Leveraged Loan</i>			1.2	5.9	5.9	9.4	6.4	5.8	9.0	13.3	-0.8	5.2	3.1
<b>Total Cash</b>	<b>8,881,812</b>	<b>5.5</b>	<b>0.4</b>	<b>2.7</b>	<b>2.7</b>	<b>2.8</b>	<b>1.7</b>	<b>0.9</b>	<b>3.3</b>	<b>2.3</b>	<b>0.2</b>	<b>0.0</b>	<b>0.1</b>
<i>90 Day U.S. Treasury Bill</i>			1.0	4.2	4.2	4.8	3.2	2.2	5.3	5.0	1.5	0.0	0.7

Policy Index: 35% S&P 500 Index, 10% Russell 2500 Index, 15% MSCI EAFE Index, 25% Bloomberg U.S. Aggregate Index, 10% Morningstar LSTA US Leveraged Loan Index, 5% Bloomberg U.S. TIPS. Domestic Equity Benchmark: 78% S&P 500 Index, 22% Russell 2500 Index. Fixed Income Benchmark: 71% Bloomberg U.S. Aggregate Index, 29% Morningstar LSTA US Leveraged Loan Index.

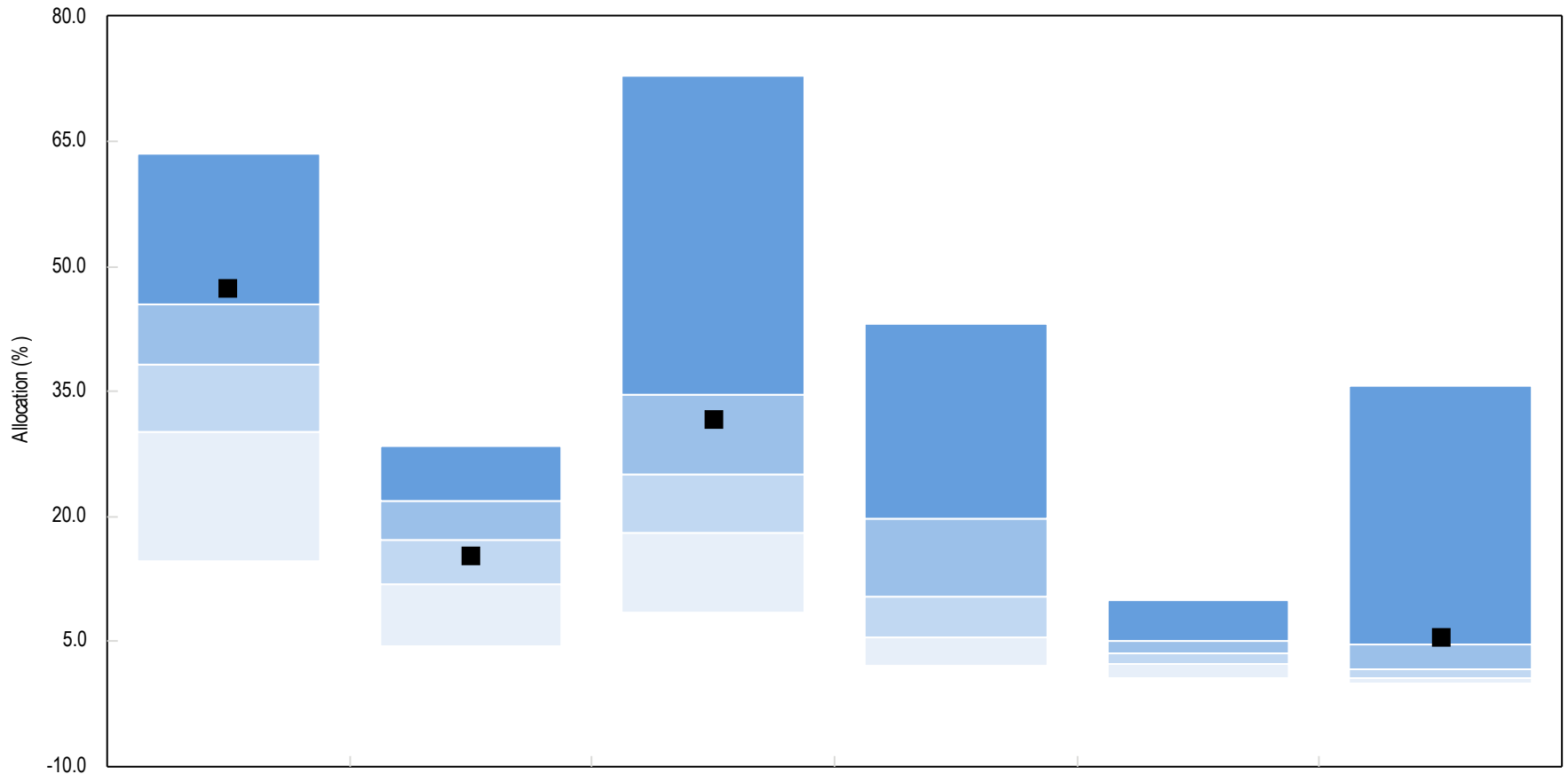
Total Fund  
Asset Allocation vs. Policy

Community Foundation of North Central Washington  
Period Ending: December 31, 2025



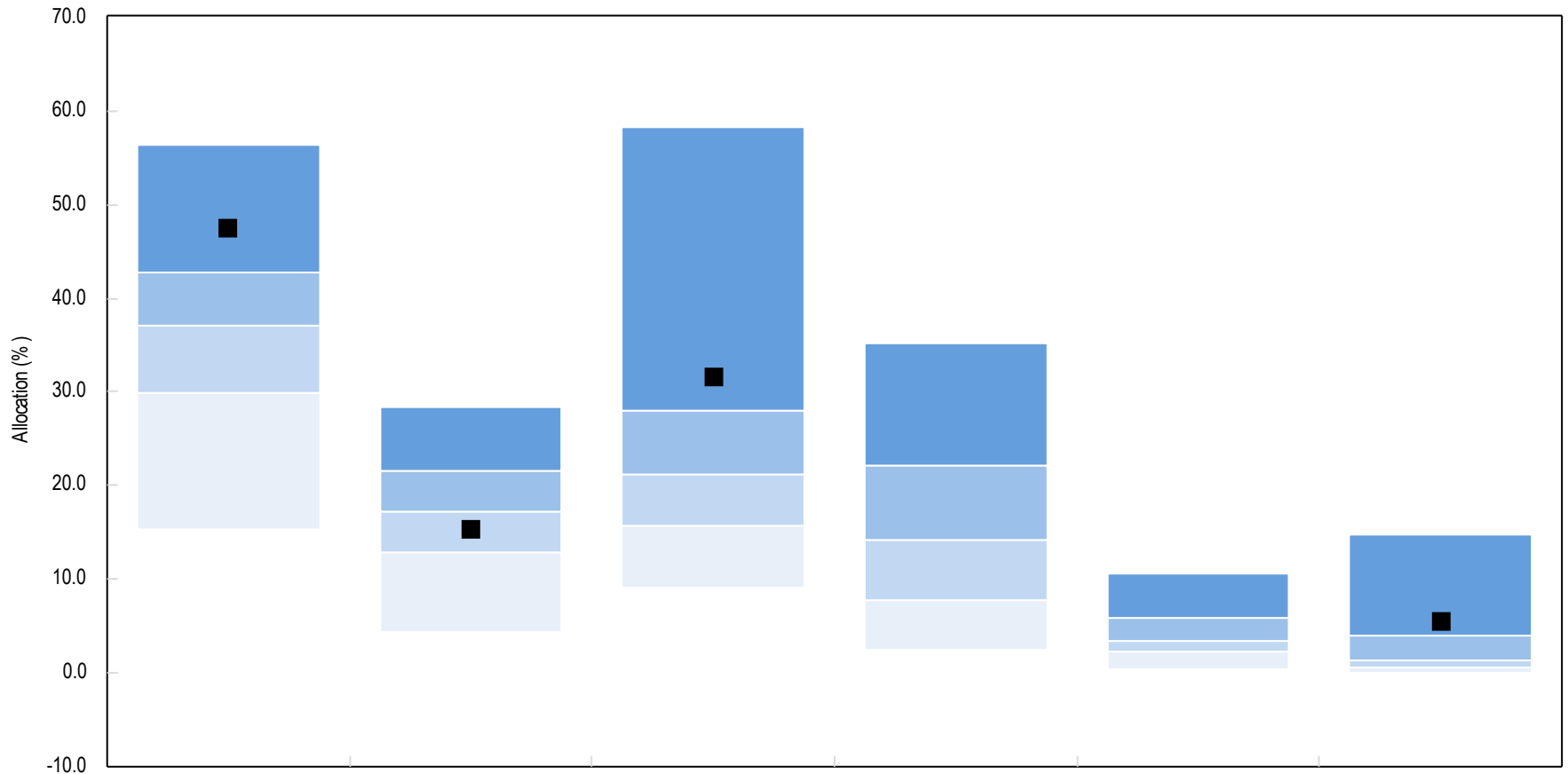
Policy Index: 35% S&P 500 Index, 10% Russell 2500 Index, 15% MSCI EAFE Index, 25% Bloomberg U.S. Aggregate Index, 10% Morningstar LSTA US Leveraged Loan Index, 5% Bloomberg U.S. TIPS

Total Fund vs. InvMetrics All E&F Net



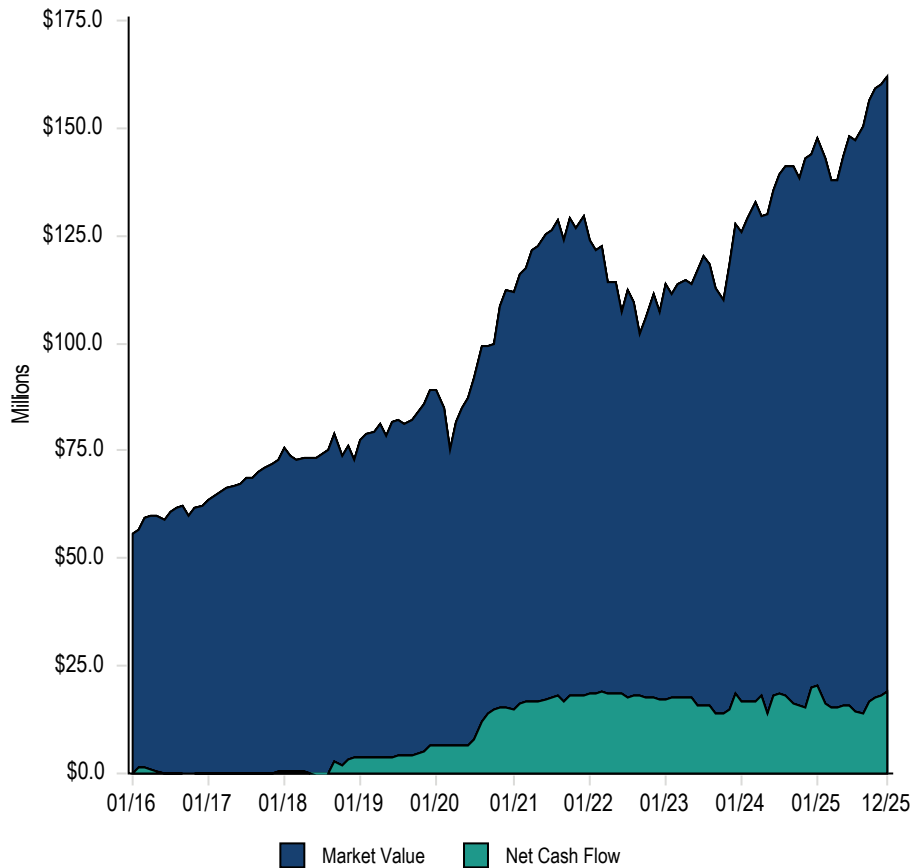
	US Equity	Global ex-US Equity	US Fixed	Alternatives	Total Real Estate	Cash & Equivalents
■ Total Fund	47.5 (21)	15.4 (61)	31.7 (31)	-	-	5.5 (22)
5th Percentile	63.6	28.4	73.0	43.1	10.0	35.7
1st Quartile	45.6	21.9	34.6	19.7	5.2	4.6
Median	38.3	17.2	25.2	10.4	3.6	1.7
3rd Quartile	30.1	12.0	18.2	5.5	2.4	0.6
95th Percentile	14.6	4.4	8.5	2.1	0.6	0.0
Population	1,353	1,286	1,419	876	487	1,315

Total Fund vs. InvMetrics All E&F \$50mm-\$250mm

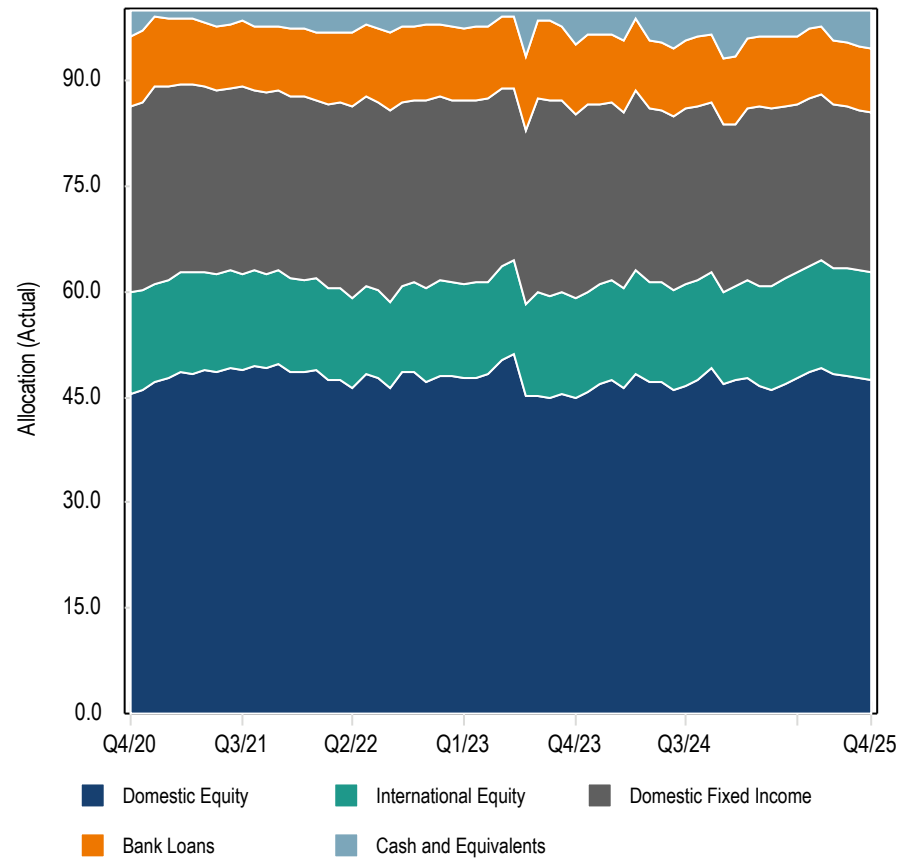


	US Equity	Global ex-US Equity	US Fixed	Alternatives	Total Real Estate	Cash & Equivalents
■ Total Fund	47.5 (16)	15.4 (63)	31.7 (16)	-	-	5.5 (17)
5th Percentile	56.5	28.5	58.3	35.3	10.7	14.9
1st Quartile	42.9	21.6	28.0	22.1	5.9	4.0
Median	37.1	17.2	21.2	14.2	3.5	1.4
3rd Quartile	29.9	12.9	15.7	7.9	2.3	0.6
95th Percentile	15.4	4.3	9.2	2.5	0.3	0.1
Population	363	352	373	301	160	336

Market Value History



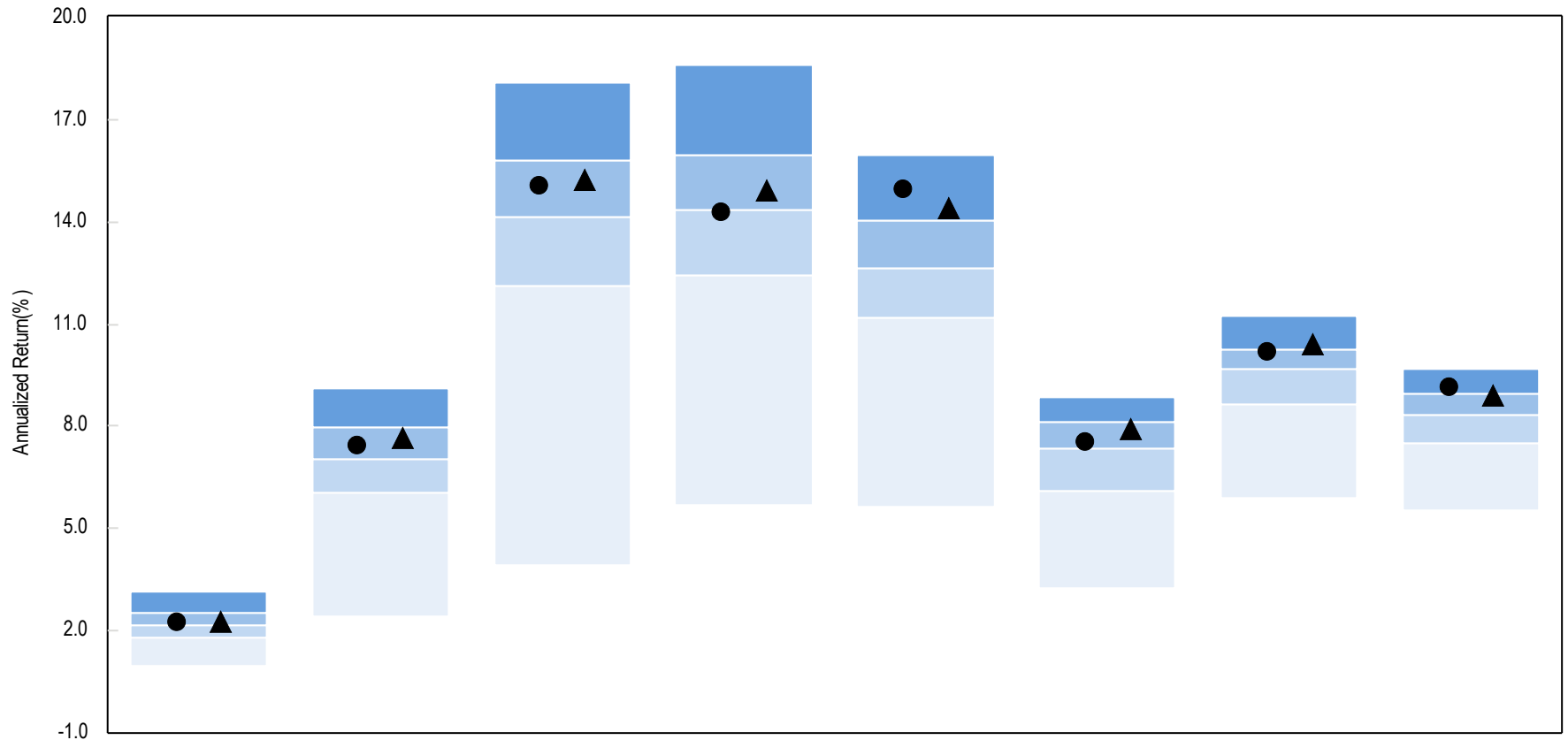
Asset Allocation History



Total Fund  
Peer Universe Comparison: Cumulative Perf (Gross of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F \$50mm-\$250mm

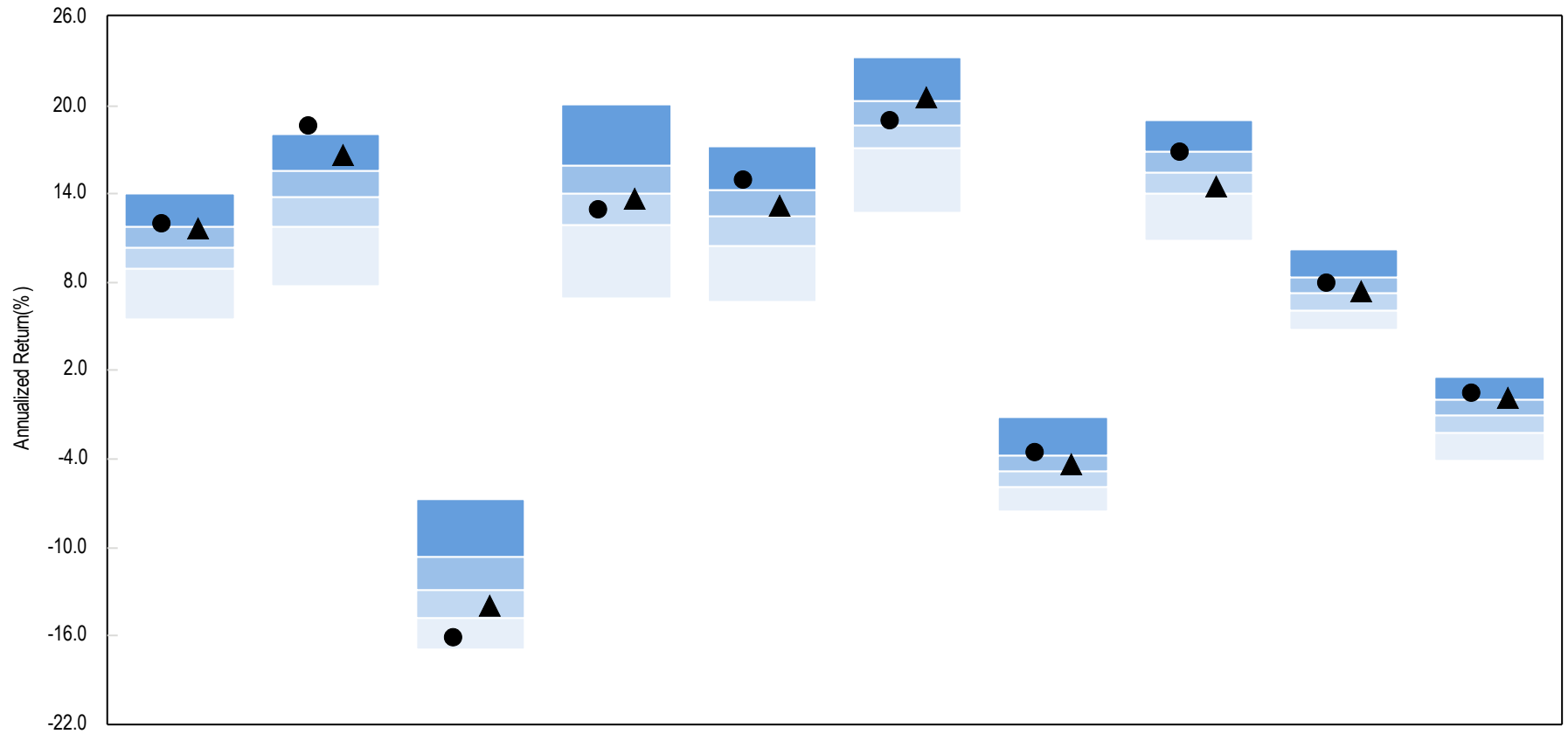


	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	2.27 (42)	7.45 (40)	15.08 (33)	14.32 (52)	14.96 (14)	7.57 (46)	10.17 (29)	9.14 (14)
▲ Policy Index	2.29 (41)	7.66 (32)	15.23 (32)	14.91 (39)	14.40 (21)	7.92 (32)	10.39 (20)	8.91 (28)
5th Percentile	3.13	9.13	18.07	18.58	15.95	8.87	11.25	9.71
1st Quartile	2.54	7.97	15.81	15.94	14.02	8.10	10.25	8.94
Median	2.14	7.02	14.14	14.37	12.66	7.35	9.66	8.33
3rd Quartile	1.80	6.03	12.11	12.45	11.21	6.10	8.63	7.49
95th Percentile	0.99	2.42	3.91	5.69	5.66	3.24	5.92	5.52
Population	254	254	254	253	247	237	222	194

Total Fund  
Peer Universe Comparison: Consecutive Perf (Gross of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F \$50mm-\$250mm

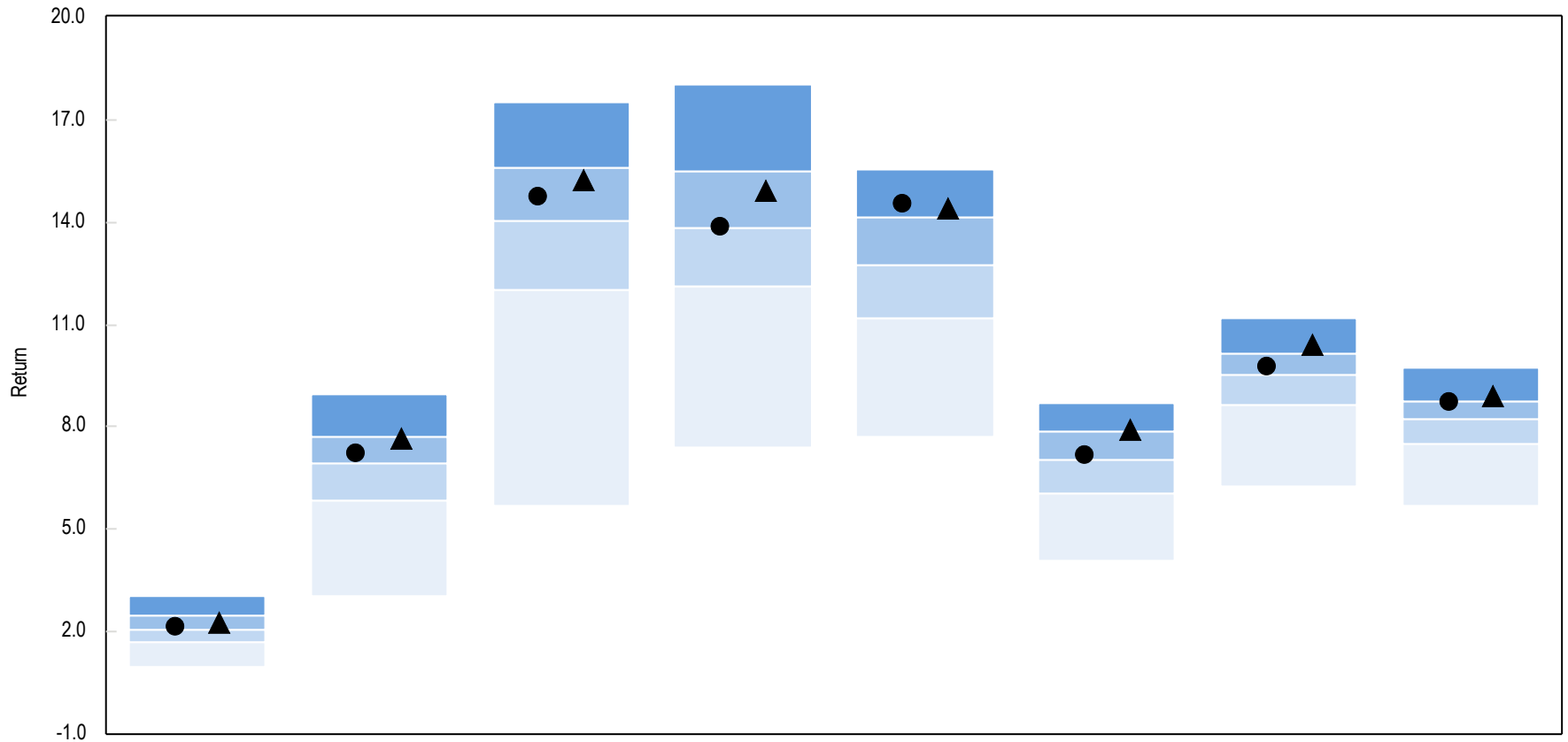


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● Total Fund	11.96 (22)	18.70 (4)	-16.05 (90)	12.94 (61)	14.99 (19)	18.96 (47)	-3.54 (23)	16.86 (25)	7.96 (32)	0.53 (18)
▲ Policy Index	11.70 (26)	16.64 (15)	-13.95 (63)	13.64 (54)	13.17 (41)	20.54 (22)	-4.37 (39)	14.46 (70)	7.40 (43)	0.14 (25)
5th Percentile	13.99	18.06	-6.68	20.11	17.21	23.24	-1.17	19.04	10.21	1.57
1st Quartile	11.73	15.55	-10.63	15.90	14.33	20.31	-3.69	16.83	8.34	0.09
Median	10.30	13.84	-12.88	14.01	12.45	18.70	-4.80	15.48	7.22	-0.96
3rd Quartile	8.91	11.82	-14.83	11.87	10.47	17.11	-5.89	14.04	6.10	-2.21
95th Percentile	5.55	7.78	-16.92	6.95	6.72	12.71	-7.50	10.88	4.84	-4.16
Population	436	456	456	532	545	451	384	389	348	333

Total Fund  
Peer Universe Comparison: Cumulative Perf (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F \$50mm-\$250mm

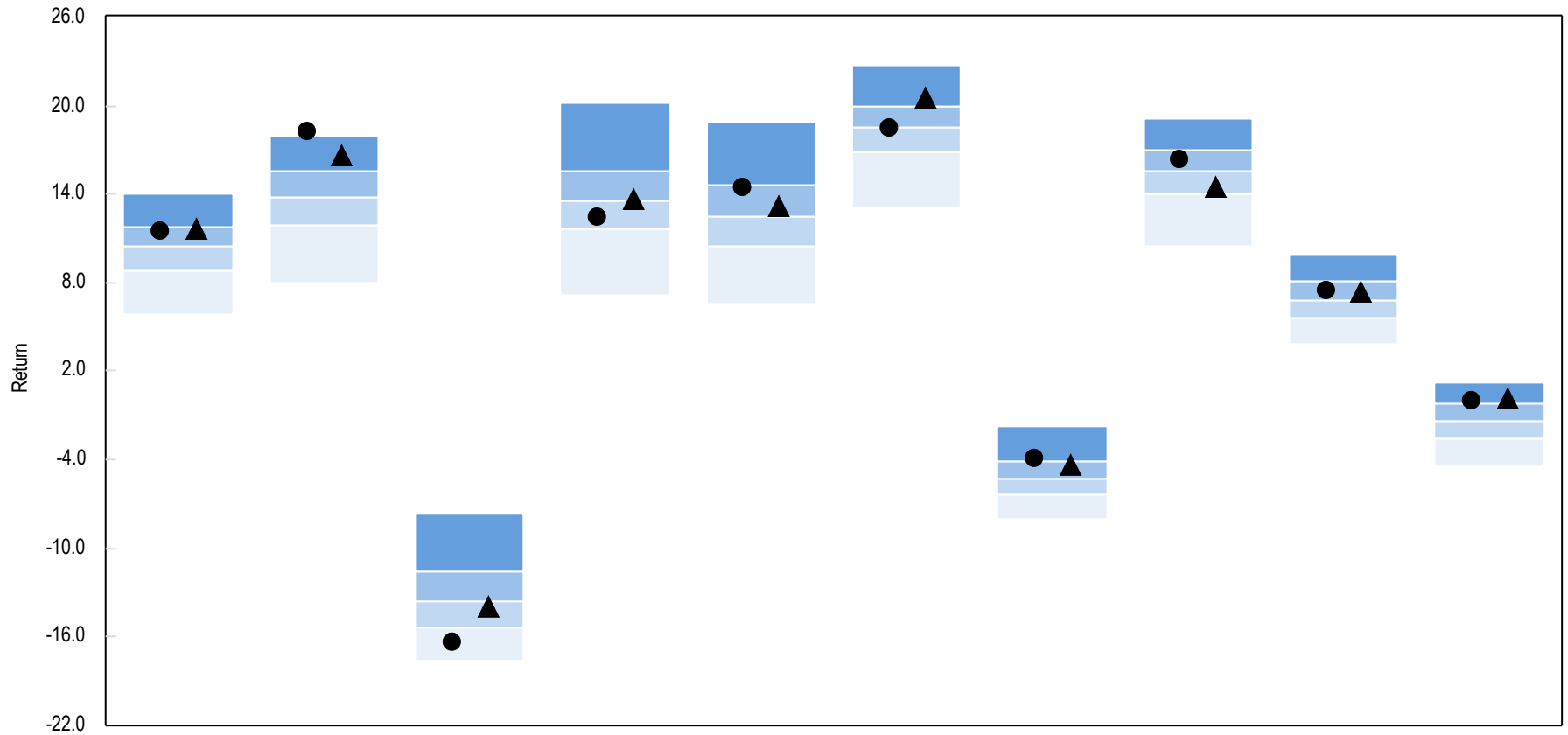


	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	2.18 (41)	7.26 (39)	14.78 (35)	13.91 (49)	14.54 (18)	7.18 (47)	9.77 (42)	8.73 (27)
▲ Policy Index	2.29 (35)	7.66 (27)	15.23 (30)	14.91 (31)	14.40 (19)	7.92 (23)	10.39 (18)	8.91 (18)
5th Percentile	3.03	8.94	17.53	18.01	15.54	8.69	11.17	9.73
1st Quartile	2.46	7.73	15.60	15.48	14.13	7.84	10.14	8.77
Median	2.07	6.91	14.04	13.81	12.76	7.04	9.52	8.23
3rd Quartile	1.71	5.87	12.01	12.09	11.19	6.05	8.64	7.48
95th Percentile	0.97	3.02	5.68	7.39	7.69	4.06	6.26	5.69
Population	314	314	314	313	306	291	271	239

Total Fund  
Peer Universe Comparison: Consecutive Perf (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F \$50mm-\$250mm

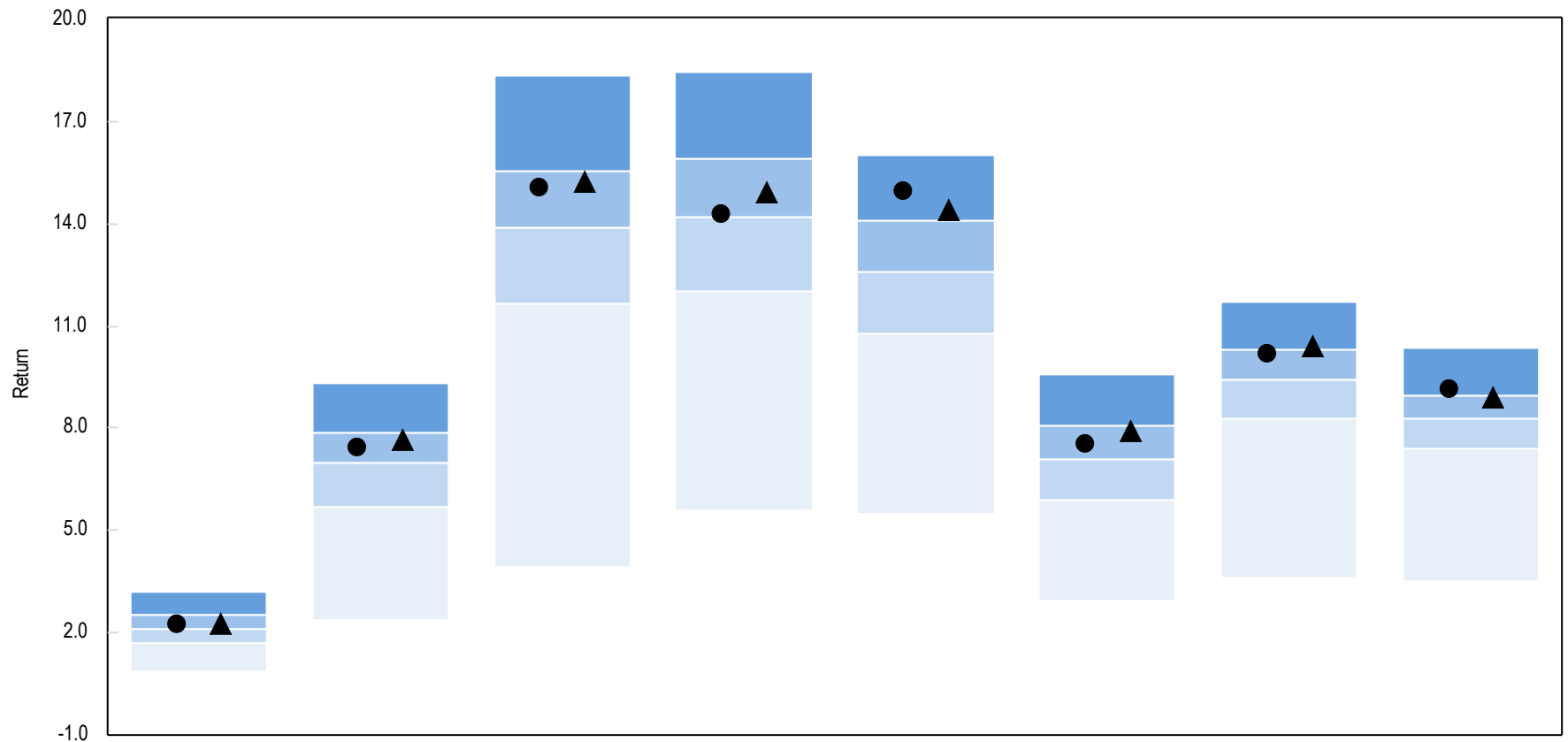


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● Total Fund	11.54 (29)	18.27 (4)	-16.37 (87)	12.52 (61)	14.56 (26)	18.52 (50)	-3.90 (22)	16.40 (34)	7.48 (33)	0.07 (21)
▲ Policy Index	11.70 (27)	16.64 (14)	-13.95 (55)	13.64 (49)	13.17 (41)	20.54 (19)	-4.37 (30)	14.46 (69)	7.40 (34)	0.14 (20)
5th Percentile	13.99	17.92	-7.65	20.22	18.92	22.73	-1.73	19.13	9.88	1.19
1st Quartile	11.81	15.59	-11.56	15.59	14.62	19.99	-4.10	16.96	8.09	-0.20
Median	10.52	13.85	-13.59	13.56	12.50	18.50	-5.30	15.51	6.80	-1.41
3rd Quartile	8.80	11.88	-15.41	11.61	10.45	16.82	-6.37	13.98	5.60	-2.53
95th Percentile	5.88	8.01	-17.67	7.16	6.57	13.12	-8.03	10.52	3.79	-4.49
Population	607	636	631	737	757	657	584	586	525	515

Total Fund  
Peer Universe Comparison: Cumulative Perf (Gross of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F Gross

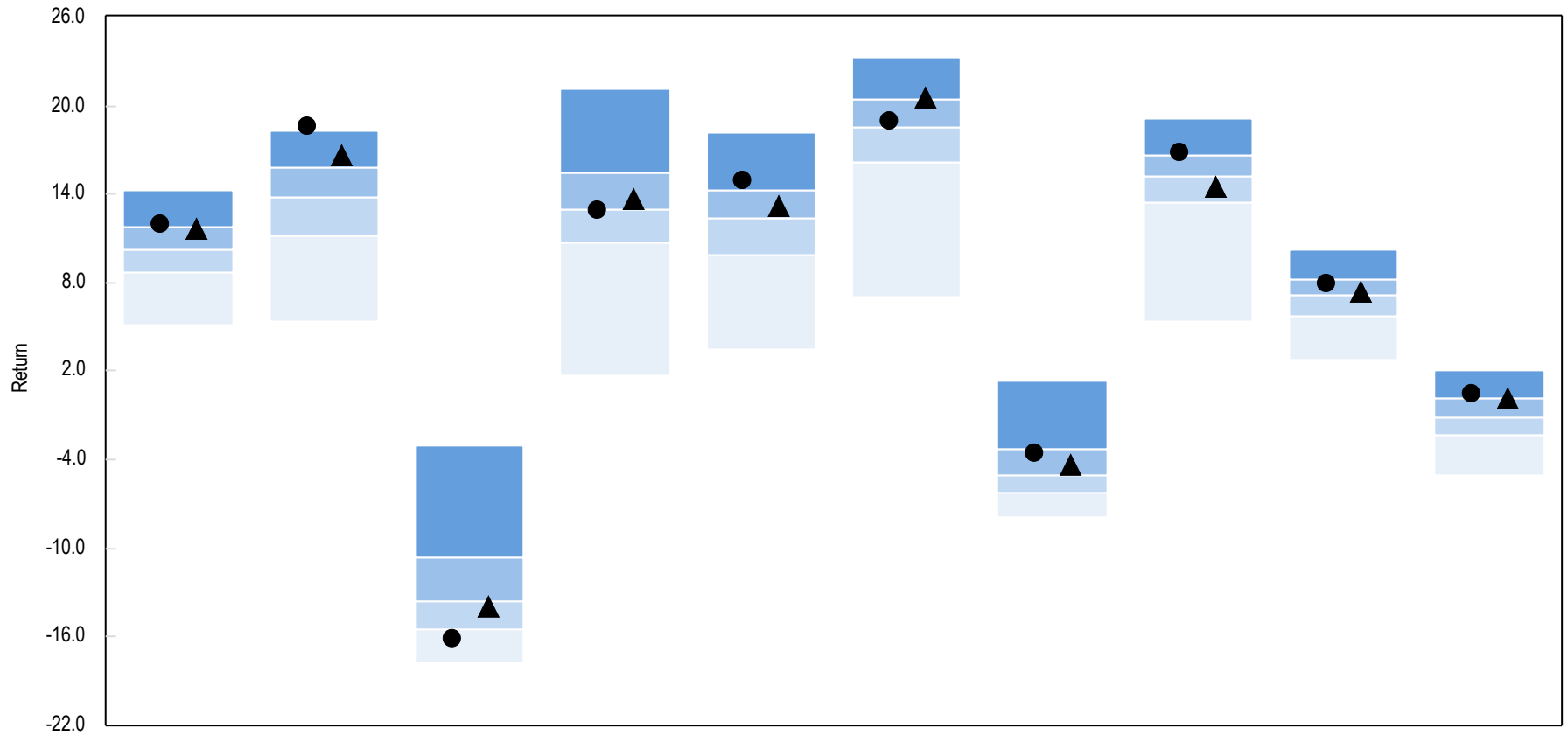


	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	2.27 (40)	7.45 (37)	15.08 (31)	14.32 (49)	14.96 (13)	7.57 (40)	10.17 (29)	9.14 (19)
▲ Policy Index	2.29 (39)	7.66 (32)	15.23 (29)	14.91 (39)	14.40 (20)	7.92 (30)	10.39 (23)	8.91 (29)
5th Percentile	3.18	9.33	18.34	18.45	16.01	9.56	11.72	10.38
1st Quartile	2.53	7.86	15.52	15.89	14.08	8.08	10.30	8.97
Median	2.11	6.96	13.86	14.18	12.58	7.10	9.44	8.29
3rd Quartile	1.71	5.67	11.64	12.01	10.79	5.92	8.27	7.42
95th Percentile	0.89	2.37	3.94	5.58	5.49	2.94	3.59	3.52
Population	944	937	931	927	896	837	773	654

Total Fund  
Peer Universe Comparison: Consecutive Perf (Gross of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F Gross

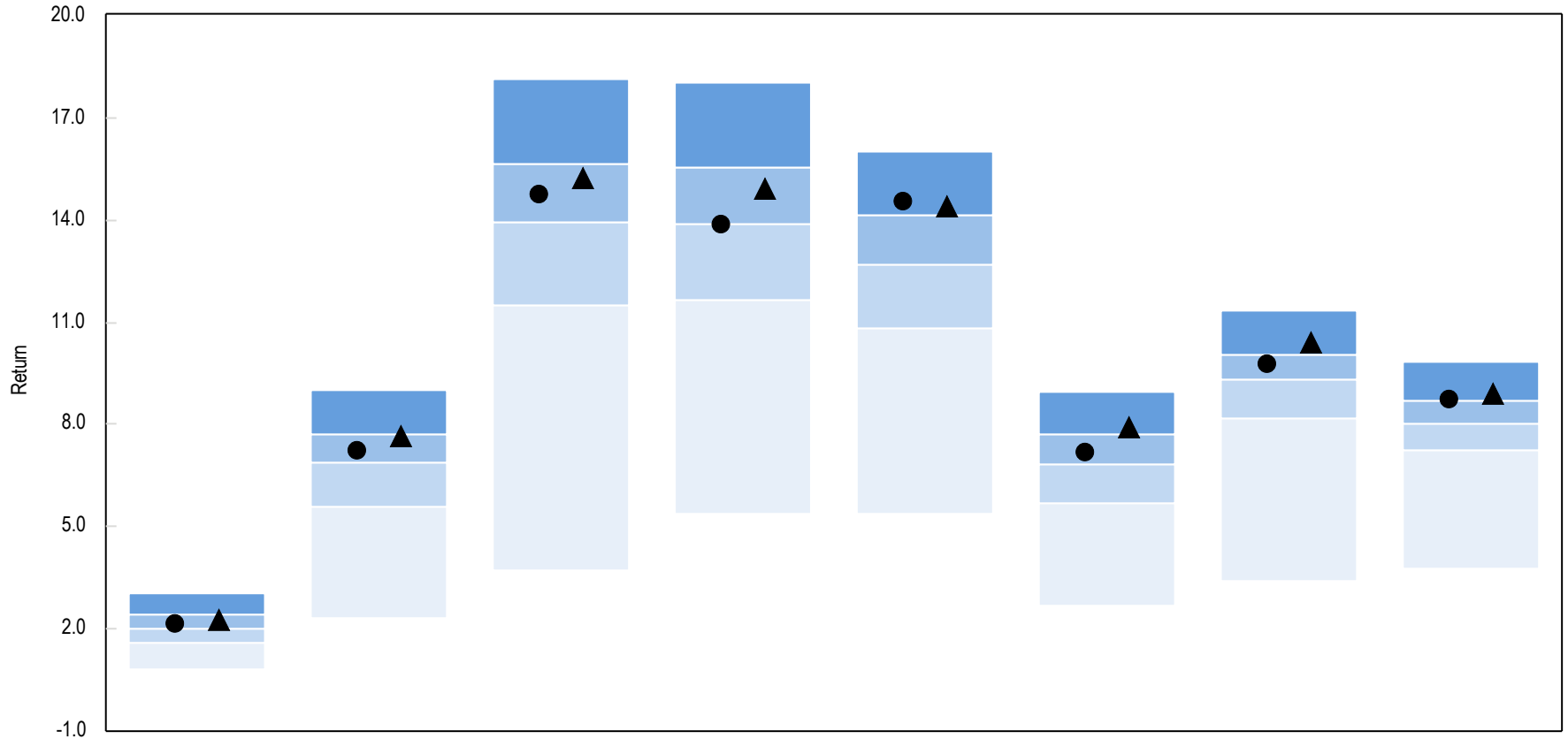


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● Total Fund	11.96 (24)	18.70 (4)	-16.05 (84)	12.94 (52)	14.99 (19)	18.96 (46)	-3.54 (29)	16.86 (21)	7.96 (30)	0.53 (19)
▲ Policy Index	11.70 (27)	16.64 (17)	-13.95 (54)	13.64 (43)	13.17 (40)	20.54 (24)	-4.37 (39)	14.46 (62)	7.40 (44)	0.14 (25)
5th Percentile	14.26	18.34	-3.04	21.16	18.15	23.22	1.35	19.10	10.29	2.04
1st Quartile	11.82	15.84	-10.59	15.42	14.32	20.46	-3.25	16.61	8.24	0.13
Median	10.30	13.83	-13.59	13.02	12.33	18.57	-5.00	15.17	7.10	-1.15
3rd Quartile	8.65	11.18	-15.50	10.71	9.89	16.18	-6.22	13.39	5.78	-2.37
95th Percentile	5.13	5.34	-17.76	1.72	3.43	7.02	-7.85	5.41	2.83	-5.02
Population	1,564	1,666	1,730	1,894	1,996	1,941	1,642	1,532	1,472	1,372

Total Fund  
Peer Universe Comparison: Cumulative Perf (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F Net

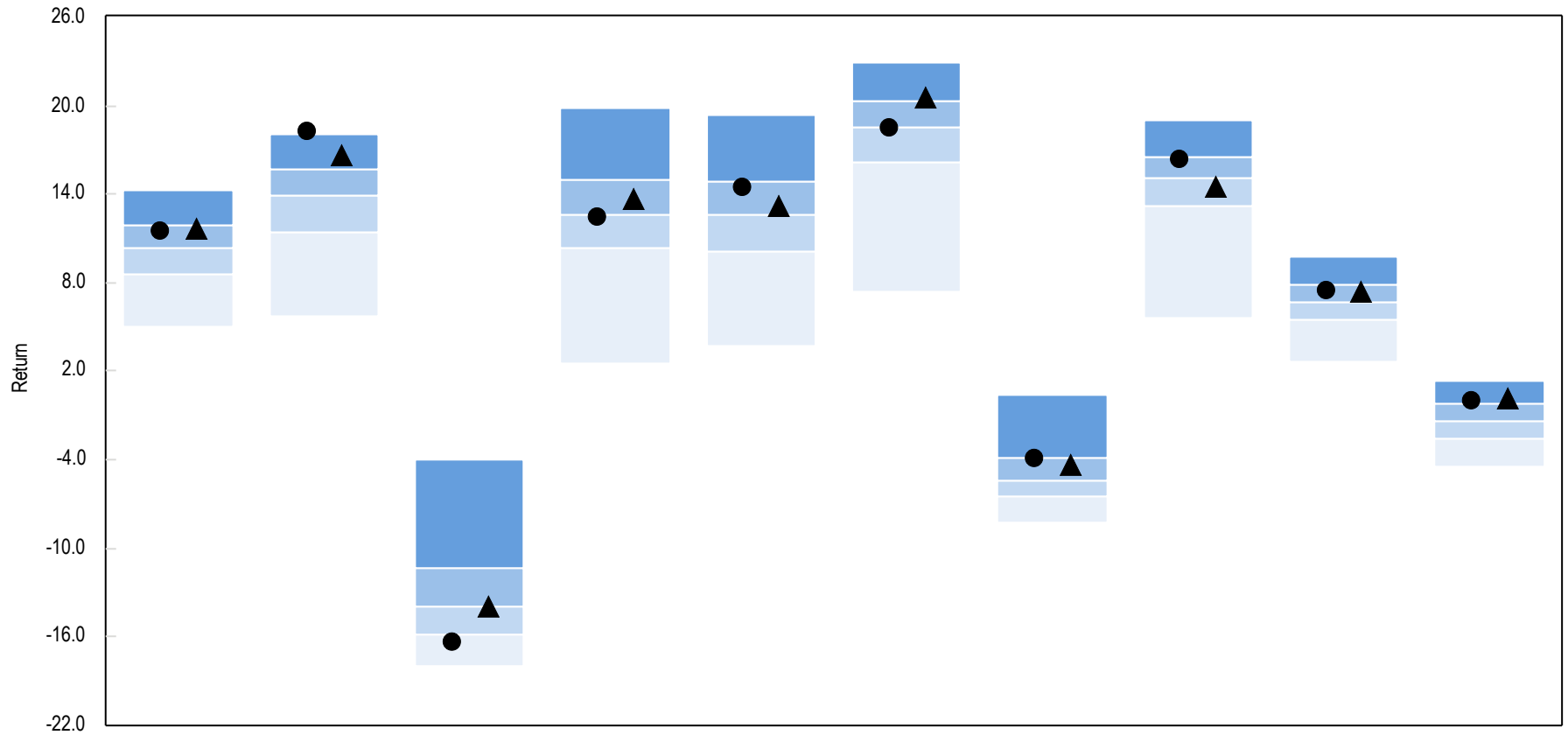


	Quarter	2 Quarters	3 Quarters	1 Year	3 Years	5 Years	7 Years	10 Years
● Total Fund	2.18 (38)	7.26 (38)	14.78 (36)	13.91 (50)	14.54 (20)	7.18 (40)	9.77 (36)	8.73 (24)
▲ Policy Index	2.29 (32)	7.66 (27)	15.23 (30)	14.91 (35)	14.40 (21)	7.92 (20)	10.39 (16)	8.91 (17)
5th Percentile	3.03	9.03	18.16	18.05	16.02	8.96	11.35	9.85
1st Quartile	2.41	7.72	15.63	15.56	14.17	7.72	10.05	8.69
Median	2.01	6.87	13.96	13.89	12.67	6.84	9.31	8.04
3rd Quartile	1.60	5.57	11.47	11.67	10.84	5.69	8.18	7.22
95th Percentile	0.83	2.32	3.71	5.38	5.35	2.66	3.42	3.75
Population	1,165	1,158	1,150	1,145	1,095	1,003	911	765

Total Fund  
Peer Universe Comparison: Consecutive Perf (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Total Fund vs. InvMetrics All E&F Net

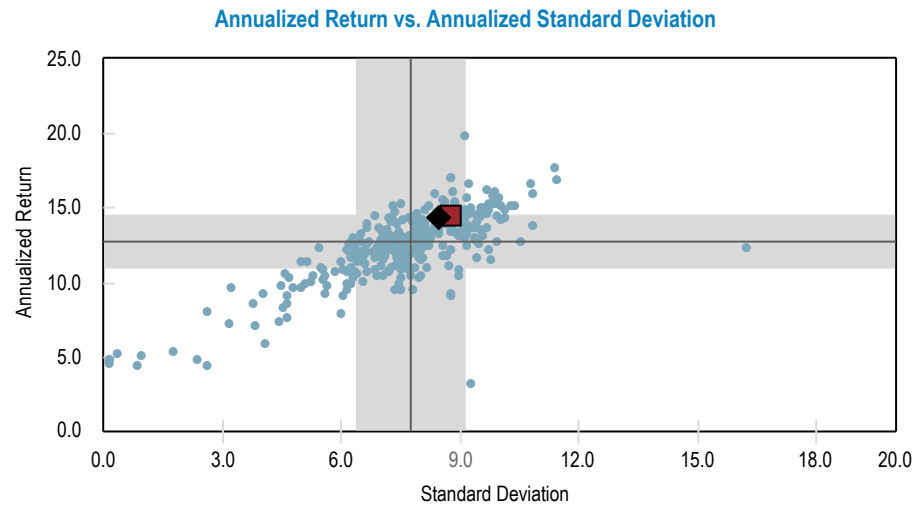


	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
● Total Fund	11.54 (30)	18.27 (5)	-16.37 (82)	12.52 (52)	14.56 (28)	18.52 (51)	-3.90 (26)	16.40 (28)	7.48 (32)	0.07 (21)
▲ Policy Index	11.70 (28)	16.64 (14)	-13.95 (50)	13.64 (39)	13.17 (43)	20.54 (23)	-4.37 (33)	14.46 (61)	7.40 (34)	0.14 (20)
5th Percentile	14.31	18.03	-3.97	19.81	19.35	22.86	0.45	19.04	9.79	1.36
1st Quartile	11.86	15.67	-11.38	15.03	14.83	20.33	-3.85	16.56	7.83	-0.20
Median	10.39	13.88	-13.99	12.66	12.58	18.58	-5.35	15.11	6.68	-1.40
3rd Quartile	8.63	11.46	-15.83	10.40	10.12	16.15	-6.51	13.16	5.52	-2.53
95th Percentile	5.05	5.69	-17.99	2.51	3.70	7.36	-8.19	5.65	2.66	-4.42
Population	1,936	2,047	2,142	2,323	2,500	2,200	1,999	1,981	1,881	1,769

Total Fund  
Risk Analysis - 3 Years (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Anlzd Standard Deviation	Anlzd Alpha	Beta	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio	Information Ratio	Tracking Error	Sharpe Ratio
Total Fund	8.77	-0.25	1.03	0.99	100.37	98.90	0.14	1.05	1.07
Policy Index	8.46	0.00	1.00	1.00	100.00	100.00	-	0.00	1.09



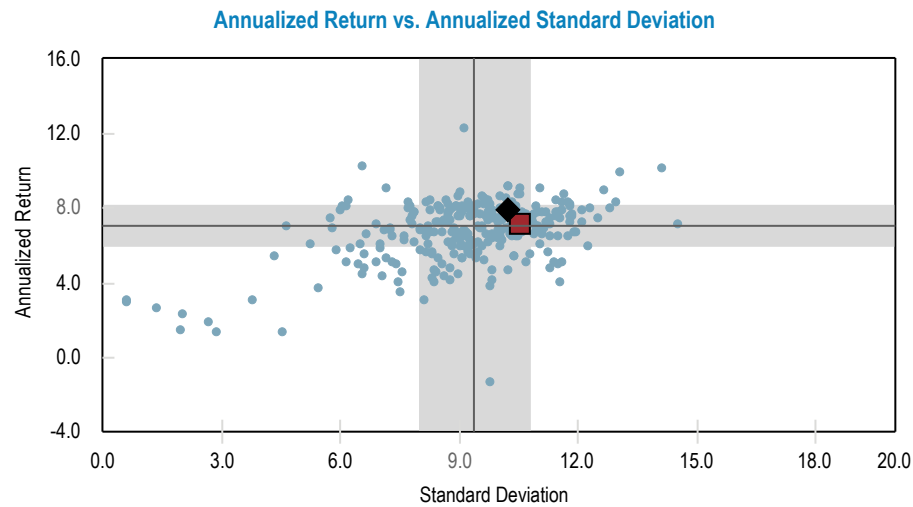
InvMetrics All E&F \$50mm-\$250mm

	Return	Standard Deviation
■ Total Fund	14.54	8.77
◆ Policy Index	14.40	8.46
— Median	12.76	7.76
Population	306	306

Total Fund  
Risk Analysis - 5 Years (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

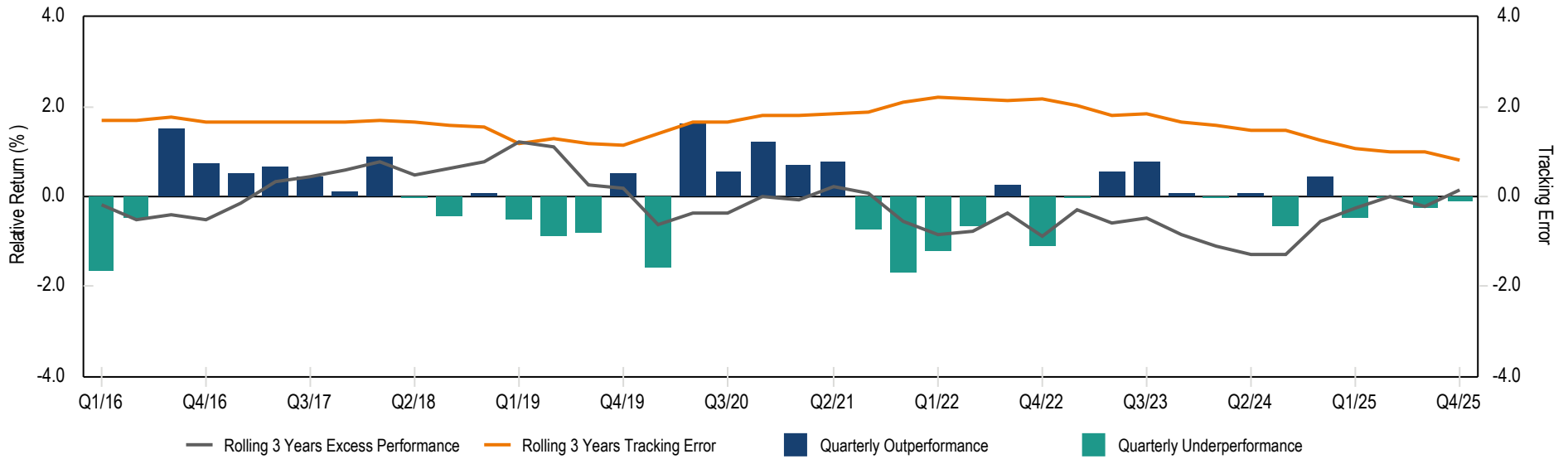
	Anlzd Standard Deviation	Anlzd Alpha	Beta	R-Squared	Up Mkt Capture Ratio	Down Mkt Capture Ratio	Information Ratio	Tracking Error	Sharpe Ratio
Total Fund	10.52	-0.83	1.02	0.98	98.14	102.85	-0.51	1.32	0.42
Policy Index	10.24	0.00	1.00	1.00	100.00	100.00	-	0.00	0.50



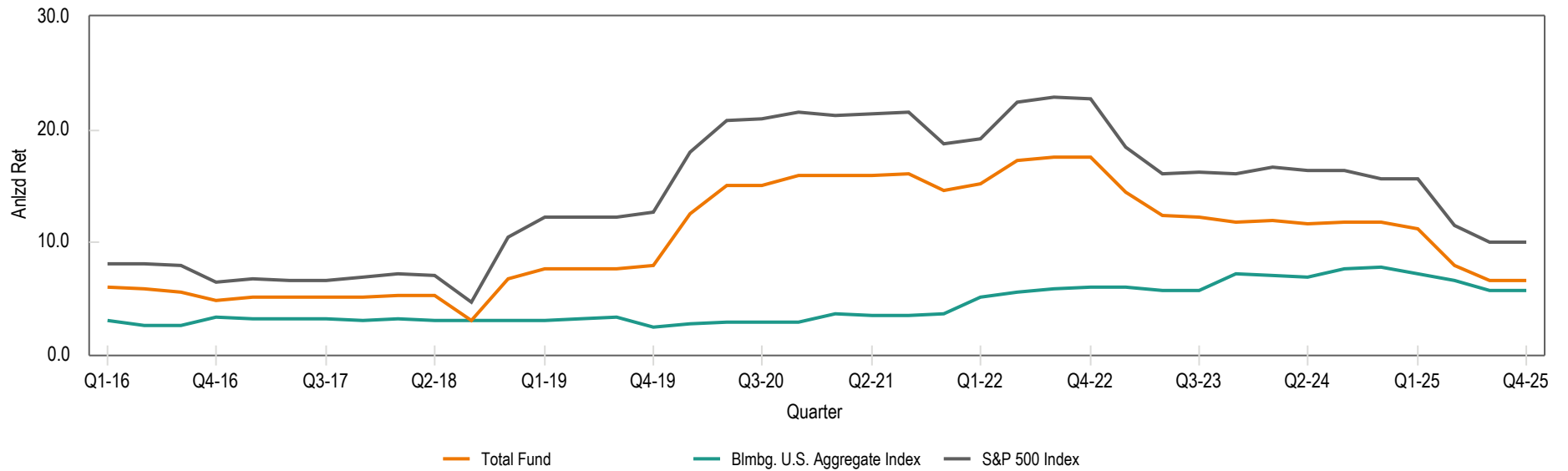
InvMetrics All E&F \$50mm-\$250mm

	Return	Standard Deviation
■ Total Fund	7.18	10.52
◆ Policy Index	7.92	10.24
— Median	7.04	9.38
Population	291	291

Rolling Annualized Excess Performance and Tracking Error



Rolling 3 Years Standard Deviation



Total Fund  
Performance Summary (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Fund</b>	<b>162,101,852</b>	<b>100.0</b>	<b>2.2</b>	<b>13.9</b>	<b>13.9</b>	<b>14.5</b>	<b>7.2</b>	<b>8.7</b>	<b>11.5</b>	<b>18.3</b>	<b>-16.4</b>	<b>12.5</b>	<b>14.6</b>
<i>Policy Index</i>			2.3	14.9	14.9	14.4	7.9	8.9	11.7	16.6	-14.0	13.6	13.2
<i>InvMetrics All E&amp;F \$50mm-\$250mm Rank</i>			41	49	49	18	47	27	29	4	87	61	26
<b>Total Domestic Equity</b>	<b>76,986,859</b>	<b>47.5</b>											
Vanguard Total Stock Market Index Adm	18,270,306	11.3	2.4	17.1	17.1	22.2	13.1	14.2	23.7	26.0	-19.5	25.7	21.0
<i>Vanguard Spliced Total Stock Market Index</i>			2.4	17.2	17.2	22.2	13.1	14.3	23.8	26.0	-19.5	25.7	21.0
<i>Large Blend Rank</i>			49	42	42	42	53	38	44	35	73	66	22
T. Rowe Price Large-Cap Growth Fund - I Class	22,540,454	13.9	1.8	17.7	17.7	31.1	12.5	16.9	31.0	46.2	-35.2	23.2	39.6
<i>Russell 1000 Growth Index</i>			1.1	18.6	18.6	31.2	15.3	18.1	33.4	42.7	-29.1	27.6	38.5
<i>Large Growth Rank</i>			33	39	39	32	43	19	44	22	74	45	36
Dodge & Cox Stock	20,596,164	12.7	2.5	13.7	13.7	15.2	13.3	12.8	14.5	17.5	-7.2	31.7	7.2
<i>Russell 1000 Value Index</i>			3.8	15.9	15.9	13.9	11.3	10.5	14.4	11.5	-7.5	25.2	2.8
<i>Large Value Rank</i>			63	68	68	30	22	9	50	17	62	8	29
Vanguard Small Cap Growth Index ETF	7,833,712	4.8	1.6	8.5	8.5	15.4	3.0	10.3	16.5	21.4	-28.4	5.5	35.4
<i>Spliced Vanguard Small Growth Index</i>			1.5	8.4	8.4	15.3	3.0	10.2	16.5	21.3	-28.4	5.7	35.4
<i>Small Growth Rank</i>			50	49	49	30	51	46	30	17	55	72	56
DFA US Targeted Value I	7,746,223	4.8	2.9	9.5	9.5	12.6	13.6	10.8	9.3	19.3	-4.6	38.8	3.8
<i>Russell 2000 Value Index</i>			3.3	12.6	12.6	11.7	8.9	9.3	8.1	14.6	-14.5	28.3	4.6
<i>Small Value Rank</i>			33	28	28	21	11	11	47	27	15	12	48
<b>Total International Equity</b>	<b>24,890,152</b>	<b>15.4</b>											
American Funds EUPAC Fund F3	13,174,359	8.1	4.6	29.2	29.2	16.3	4.6	8.4	5.0	16.1	-22.7	2.9	25.2
<i>MSCI AC World ex USA Growth</i>			2.6	25.7	25.7	14.6	4.0	7.9	5.1	14.0	-23.1	5.1	22.2
<i>Foreign Rank</i>			42	59	59	57	82	44	42	57	78	94	12
DFA World Ex US Core Equity Ins	11,715,793	7.2	4.7	33.8	33.8	17.7	9.5	9.2	4.3	16.7	-14.0	12.5	9.3
<i>MSCI AC World ex USA Growth</i>			2.6	25.7	25.7	14.6	4.0	7.9	5.1	14.0	-23.1	5.1	22.2
<i>Foreign Rank</i>			41	34	34	37	31	22	51	50	34	33	52
<b>Total Domestic Fixed Income</b>	<b>36,675,726</b>	<b>22.6</b>											
Dodge & Cox Income	18,880,607	11.6	1.3	8.3	8.3	6.1	1.0	3.4	2.3	7.7	-10.9	-0.9	9.5
<i>Bimbg. U.S. Aggregate Index</i>			1.1	7.3	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
<i>Intermediate Core Bond Rank</i>			9	2	2	4	3	1	19	2	12	19	11

Policy Index: 35% S&P 500, 10% Russell 2500, 15% MSCI EAFE, 25% Bloomberg US Aggregate, 10% S&P/LSTA Leveraged Loan Index and 5% Bloomberg US TIPS. Cash account with a market value of \$2,922,240.50 is included in Total Fund market value. Thornburg liquidated 8/18/17 and replaced with DFA World Ex US Core Equity Intl 8/28/17. Schwab Treasury Obligations Money Fund liquidated 10/2019. Vanguard Short-Term Inflation Protected Adm liquidated 02/11/2020. TCW Met West Total Return Bond I liquidated 6/25/2025. Aristotle Core Income FD and Baird Core Plus Bond INS funded 6/30.

Total Fund  
Performance Summary (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

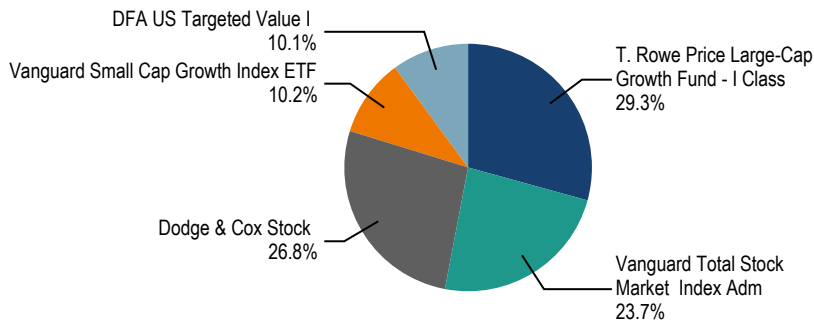
	Market Value	% of Portfolio	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
Baird Core Plus Bond	8,893,000	5.5	1.1	7.5	7.5	5.6	0.3	2.9	2.5	6.9	-12.9	-1.0	8.8
<i>Bimbg. U.S. Aggregate Index</i>			1.1	7.3	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
<i>Intermediate Core-Plus Bond Rank</i>			39	51	51	40	42	30	43	34	33	71	42
Aristotle Core Income	8,902,119	5.5	1.0	7.4	7.4	6.1	1.0	3.3	2.8	8.2	-12.2	-0.1	8.7
<i>Bimbg. U.S. Aggregate Index</i>			1.1	7.3	7.3	4.7	-0.4	2.0	1.3	5.5	-13.0	-1.5	7.5
<i>Intermediate Core-Plus Bond Rank</i>			61	59	59	16	15	13	30	6	17	27	44
<b>Bank Loans</b>	<b>14,667,303</b>	<b>9.0</b>											
Voya Senior Loan Fund	14,667,303	9.0	1.4	6.2	6.2	8.4	5.5	4.6	8.4	10.7	-2.2	4.7	0.6
<i>Morningstar LSTA U.S. Leveraged Loan</i>			1.2	5.9	5.9	9.4	6.4	5.8	9.0	13.3	-0.8	5.2	3.1
<i>Bank Loan Rank</i>			31	30	30	68	57	79	55	95	56	38	79

# Total Domestic Equity Performance Summary (Net of Fees)

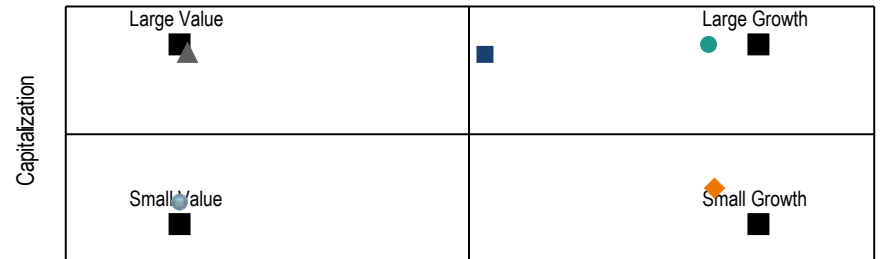
Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Domestic Equity</b>	<b>76,986,859</b>	<b>2.2</b>	<b>14.6</b>	<b>14.6</b>	<b>20.9</b>	<b>11.7</b>	<b>13.8</b>	<b>20.7</b>	<b>27.8</b>	<b>-21.2</b>	<b>24.8</b>	<b>22.3</b>
<i>Domestic Equity Benchmark</i>		2.6	16.6	16.6	21.0	12.9	13.9	22.2	24.4	-18.1	26.4	19.0
Vanguard Total Stock Market Index Adm	18,270,306	2.4	17.1	17.1	22.2	13.1	14.2	23.7	26.0	-19.5	25.7	21.0
<i>Vanguard Spliced Total Stock Market Index</i>		2.4	17.2	17.2	22.2	13.1	14.3	23.8	26.0	-19.5	25.7	21.0
<i>Large Blend Rank</i>		49	42	42	42	53	38	44	35	73	66	22
T. Rowe Price Large-Cap Growth Fund - I Class	22,540,454	1.8	17.7	17.7	31.1	12.5	16.9	31.0	46.2	-35.2	23.2	39.6
<i>Russell 1000 Growth Index</i>		1.1	18.6	18.6	31.2	15.3	18.1	33.4	42.7	-29.1	27.6	38.5
<i>Large Growth Rank</i>		33	39	39	32	43	19	44	22	74	45	36
Dodge & Cox Stock	20,596,164	2.5	13.7	13.7	15.2	13.3	12.8	14.5	17.5	-7.2	31.7	7.2
<i>Russell 1000 Value Index</i>		3.8	15.9	15.9	13.9	11.3	10.5	14.4	11.5	-7.5	25.2	2.8
<i>Large Value Rank</i>		63	68	68	30	22	9	50	17	62	8	29
Vanguard Small Cap Growth Index ETF	7,833,712	1.6	8.5	8.5	15.4	3.0	10.3	16.5	21.4	-28.4	5.5	35.4
<i>Spliced Vanguard Small Growth Index</i>		1.5	8.4	8.4	15.3	3.0	10.2	16.5	21.3	-28.4	5.7	35.4
<i>Small Growth Rank</i>		50	49	49	30	51	46	30	17	55	72	56
DFA US Targeted Value I	7,746,223	2.9	9.5	9.5	12.6	13.6	10.8	9.3	19.3	-4.6	38.8	3.8
<i>Russell 2000 Value Index</i>		3.3	12.6	12.6	11.7	8.9	9.3	8.1	14.6	-14.5	28.3	4.6
<i>Small Value Rank</i>		33	28	28	21	11	11	47	27	15	12	48

**Total Domestic Equity  
Current Allocation**



**Domestic Effective Style Map**



- Vanguard Total Stock Market Index Adm
- T. Rowe Price Large-Cap Growth Fund - I Class
- ▲ Dodge & Cox Stock
- ◆ Vanguard Small Cap Growth Index ETF
- DFA US Targeted Value I

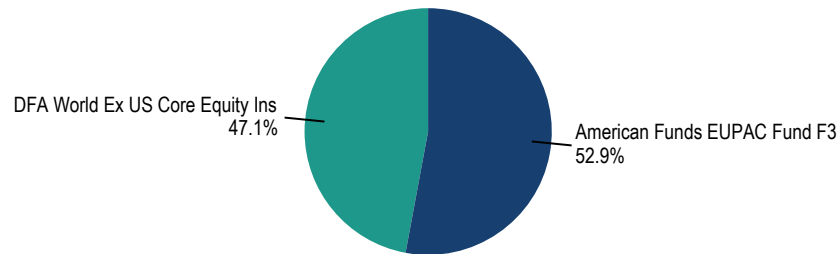
Domestic Equity Benchmark: 78% S&P 500 Index, 22% Russell 2500 Index.

# Total International Equity Performance Summary (Net of Fees)

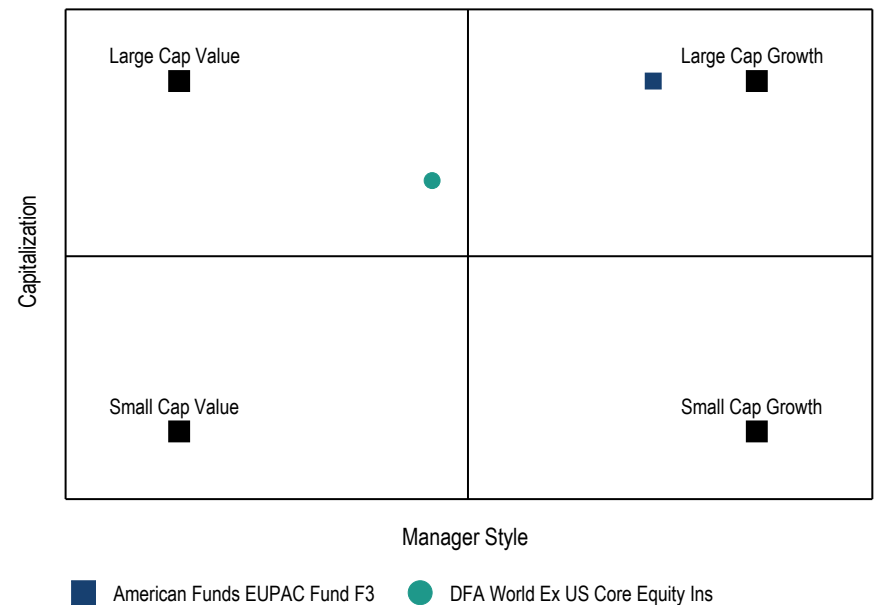
Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total International Equity</b>	<b>24,890,152</b>	<b>4.6</b>	<b>31.3</b>	<b>31.3</b>	<b>17.0</b>	<b>6.9</b>	<b>8.2</b>	<b>4.7</b>	<b>16.4</b>	<b>-18.5</b>	<b>7.3</b>	<b>17.6</b>
<i>MSCI EAFE (Net)</i>		4.9	31.2	31.2	17.2	8.9	8.2	3.8	18.2	-14.5	11.3	7.8
<i>MSCI AC World ex USA Index</i>		5.1	33.1	33.1	18.0	8.5	8.9	6.1	16.2	-15.6	8.3	11.1
American Funds EUPAC Fund F3	13,174,359	4.6	29.2	29.2	16.3	4.6	8.4	5.0	16.1	-22.7	2.9	25.2
<i>MSCI AC World ex USA Growth</i>		2.6	25.7	25.7	14.6	4.0	7.9	5.1	14.0	-23.1	5.1	22.2
<i>Foreign Rank</i>		42	59	59	57	82	44	42	57	78	94	12
DFA World Ex US Core Equity Ins	11,715,793	4.7	33.8	33.8	17.7	9.5	9.2	4.3	16.7	-14.0	12.5	9.3
<i>MSCI AC World ex USA Growth</i>		2.6	25.7	25.7	14.6	4.0	7.9	5.1	14.0	-23.1	5.1	22.2
<i>Foreign Rank</i>		41	34	34	37	31	22	51	50	34	33	52

**Total International Equity  
Current Allocation**



**International Effective Style Map**

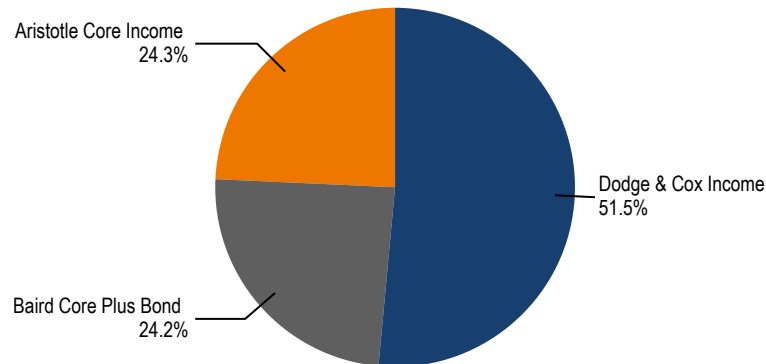


Total Fixed Income  
Performance Summary (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Total Domestic Fixed Income</b>	<b>36,675,726</b>	<b>1.2</b>	<b>8.0</b>	<b>8.0</b>	<b>5.5</b>	<b>0.5</b>	<b>2.4</b>	<b>1.7</b>	<b>6.9</b>	<b>-12.7</b>	<b>0.0</b>	<b>6.3</b>
<i>Fixed Income Benchmark</i>		<i>1.1</i>	<i>6.9</i>	<i>6.9</i>	<i>6.0</i>	<i>1.6</i>	<i>3.2</i>	<i>3.5</i>	<i>7.8</i>	<i>-9.6</i>	<i>0.4</i>	<i>6.4</i>
Dodge & Cox Income	18,880,607	1.3	8.3	8.3	6.1	1.0	3.4	2.3	7.7	-10.9	-0.9	9.5
<i>Bmbg. U.S. Aggregate Index</i>		<i>1.1</i>	<i>7.3</i>	<i>7.3</i>	<i>4.7</i>	<i>-0.4</i>	<i>2.0</i>	<i>1.3</i>	<i>5.5</i>	<i>-13.0</i>	<i>-1.5</i>	<i>7.5</i>
<i>Intermediate Core Bond Rank</i>		<i>9</i>	<i>2</i>	<i>2</i>	<i>4</i>	<i>3</i>	<i>1</i>	<i>19</i>	<i>2</i>	<i>12</i>	<i>19</i>	<i>11</i>
Baird Core Plus Bond	8,893,000	1.1	7.5	7.5	5.6	0.3	2.9	2.5	6.9	-12.9	-1.0	8.8
<i>Bmbg. U.S. Aggregate Index</i>		<i>1.1</i>	<i>7.3</i>	<i>7.3</i>	<i>4.7</i>	<i>-0.4</i>	<i>2.0</i>	<i>1.3</i>	<i>5.5</i>	<i>-13.0</i>	<i>-1.5</i>	<i>7.5</i>
<i>Intermediate Core-Plus Bond Rank</i>		<i>39</i>	<i>51</i>	<i>51</i>	<i>40</i>	<i>42</i>	<i>30</i>	<i>43</i>	<i>34</i>	<i>33</i>	<i>71</i>	<i>42</i>
Aristotle Core Income	8,902,119	1.0	7.4	7.4	6.1	1.0	3.3	2.8	8.2	-12.2	-0.1	8.7
<i>Bmbg. U.S. Aggregate Index</i>		<i>1.1</i>	<i>7.3</i>	<i>7.3</i>	<i>4.7</i>	<i>-0.4</i>	<i>2.0</i>	<i>1.3</i>	<i>5.5</i>	<i>-13.0</i>	<i>-1.5</i>	<i>7.5</i>
<i>Intermediate Core-Plus Bond Rank</i>		<i>61</i>	<i>59</i>	<i>59</i>	<i>16</i>	<i>15</i>	<i>13</i>	<i>30</i>	<i>6</i>	<i>17</i>	<i>27</i>	<i>44</i>

Total Fixed Income  
Current Allocation



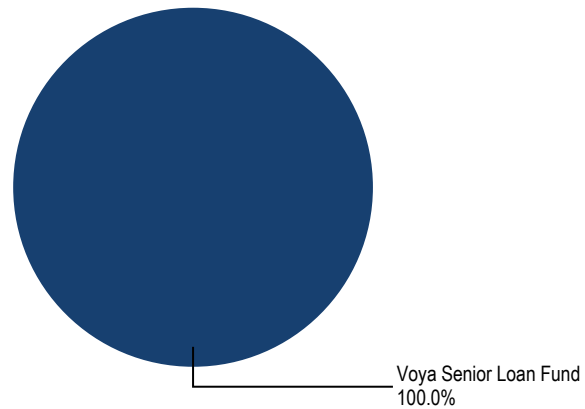
Fixed Income Benchmark: 71% Bloomberg U.S. Aggregate Index, 29% Morningstar LSTA US Leveraged Loan Index.

Alternative  
Performance Summary (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

	Market Value	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
<b>Bank Loans</b>	<b>14,667,303</b>	<b>1.4</b>	<b>6.2</b>	<b>6.2</b>	<b>8.4</b>	<b>5.5</b>	<b>-</b>	<b>8.4</b>	<b>10.7</b>	<b>-2.2</b>	<b>4.7</b>	<b>0.6</b>
Voya Senior Loan Fund	14,667,303	1.4	6.2	6.2	8.4	5.5	4.6	8.4	10.7	-2.2	4.7	0.6
<i>Morningstar LSTA U.S. Leveraged Loan</i>		1.2	5.9	5.9	9.4	6.4	5.8	9.0	13.3	-0.8	5.2	3.1
<i>Bank Loan Rank</i>		31	30	30	68	57	79	55	95	56	38	79

Total Alternative  
Current Allocation



Total Fund  
Watch List (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Fund Name	Allocation Group	Overall Status	Outperformed Index (3 yrs)	Outperformed Median Rank (3 yrs)	Outperformed Index (5 yrs)	Outperformed Median Rank (5 yrs)	Standard Deviation Less Than 25% Above Index (5 yrs)	Index Fund Tracking Error over 0.25% (1 yr)	Concern
Vanguard Total Stock Market Index Adm	Domestic Equity	■	-	-	-	-	-	✓	-
T. Rowe Price Large-Cap Growth Fund - I Class	Domestic Equity	■	R	✓	R	✓	✓	-	-
Dodge & Cox Stock	Domestic Equity	■	✓	✓	✓	✓	✓	-	-
Vanguard Small Cap Growth Index ETF	Domestic Equity	■	-	-	-	-	-	✓	-
DFA US Targeted Value I	Domestic Equity	■	✓	✓	✓	✓	✓	-	-
American Funds EUPAC Fund F3	International Equity	■	R	R	R	R	✓	-	P
DFA World Ex US Core Equity Ins	International Equity	■	R	✓	✓	✓	✓	-	-
Dodge & Cox Income	Domestic Fixed Income	■	✓	✓	✓	✓	✓	-	-
Baird Core Plus Bond	Domestic Fixed Income	■	✓	✓	✓	✓	✓	-	-
Aristotle Core Income	Domestic Fixed Income	■	✓	✓	✓	✓	✓	-	-
Voya Senior Loan Fund	Bank Loans	■	R	R	R	R	✓	-	-

Legend For Overall Status

No Issues	■
Watch	■
Terminate	■

Legend for Standards

Meets or exceeds	✓
Do Not Meet	R

Legend for Concern

Provisional	P
Restricted	R
No Issues	--

EUPAC: due to recent changes to the portfolio management team, following a sustained period of relative underperformance, with the strategy's 5-year trailing return lagging the benchmark

# Total Fund Investment Fund Fee Analysis

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

Name	Asset Class	Identifier	Market Value	% of Portfolio	Expense Ratio (%)	Median Expense Ratio (%)	Estimated Expense
Vanguard Total Stock Market Index Adm	Domestic Equity	VTSAX	\$18,270,306	11.27	0.04	0.82	\$7,308
T. Rowe Price Large-Cap Growth Fund - I Class	Domestic Equity	TRLGX	\$22,540,454	13.91	0.55	0.98	\$123,972
Dodge & Cox Stock	Domestic Equity	DODGX	\$20,596,164	12.71	0.51	0.94	\$105,040
Vanguard Small Cap Growth Index ETF	Domestic Equity	VBK	\$7,833,712	4.83	0.05	1.27	\$3,917
DFA US Targeted Value I	Domestic Equity	DFFVX	\$7,746,223	4.78	0.29	1.23	\$22,464
American Funds EUPAC Fund F3	International Equity	FEUPX	\$13,174,359	8.13	0.47	1.15	\$61,919
DFA World Ex US Core Equity Ins	International Equity	DFWIX	\$11,715,793	7.23	0.30	1.15	\$35,147
Dodge & Cox Income	Domestic Fixed Income	DODIX	\$18,880,607	11.65	0.41	0.67	\$77,410
Baird Core Plus Bond	Domestic Fixed Income	BCOIX	\$8,893,000	5.49	0.30	0.79	\$26,679
Aristotle Core Income	Domestic Fixed Income	PLIIX	\$8,902,119	5.49	0.45	0.79	\$40,060
Voya Senior Loan Fund	Bank Loans		\$14,667,303	9.05	0.45	1.06	\$66,003
Cash	Cash and Equivalents		\$6,089,105	3.76			
Schwab Government Money Fund	Cash and Equivalents	SGUXX	\$2,792,707	1.72	0.19	0.42	\$5,306
<b>Total</b>			<b>\$162,101,852</b>	<b>100.00</b>	<b>0.35</b>		<b>\$575,227</b>

Mutual fund fees shown are sourced from Morningstar and are as of the most current prospectus.

# Domestic Equity

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# Vanguard Total Stock Market Index Adm Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

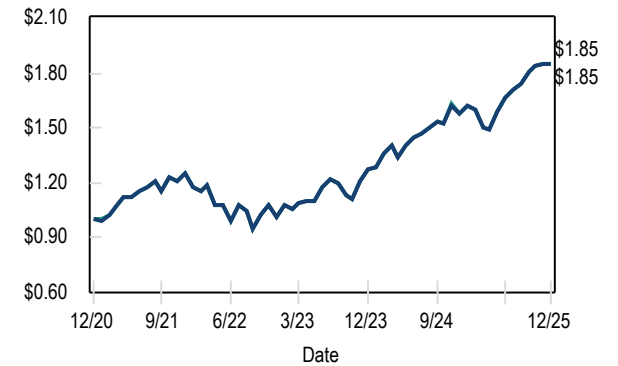
## Description:

The investment seeks to track the performance of the CRSP US Total Market Index that measures the investment return of the overall stock market. The fund employs an indexing investment approach designed to track the performance of the index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq. It invests by sampling the index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full index in terms of key characteristics. The fund is non-diversified.

## Portfolio Fund Information as of December 31, 2025

Ticker	VTSAX
Category	Large Blend
Net Assets	453,421.11 Million
Manager Name	Birkett,N/Louie,M/Nejman,W
Manager Tenure	9 Years 8 Months
Expense Ratio	0.04 %

## Growth of a Dollar



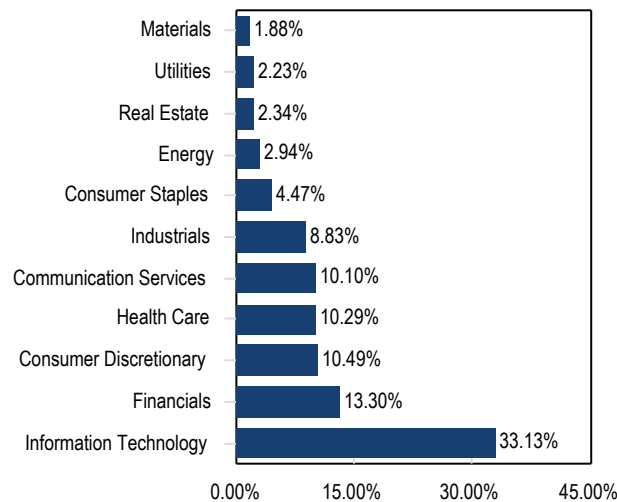
## Fund Characteristics as of 12/31/2025

Total Securities	3,526
Avg. Market Cap	288,718.37 Million
P/E	21.46
P/B	4.06
Div. Yield	1.24%

## 3 Year Statistics as of December 31, 2025

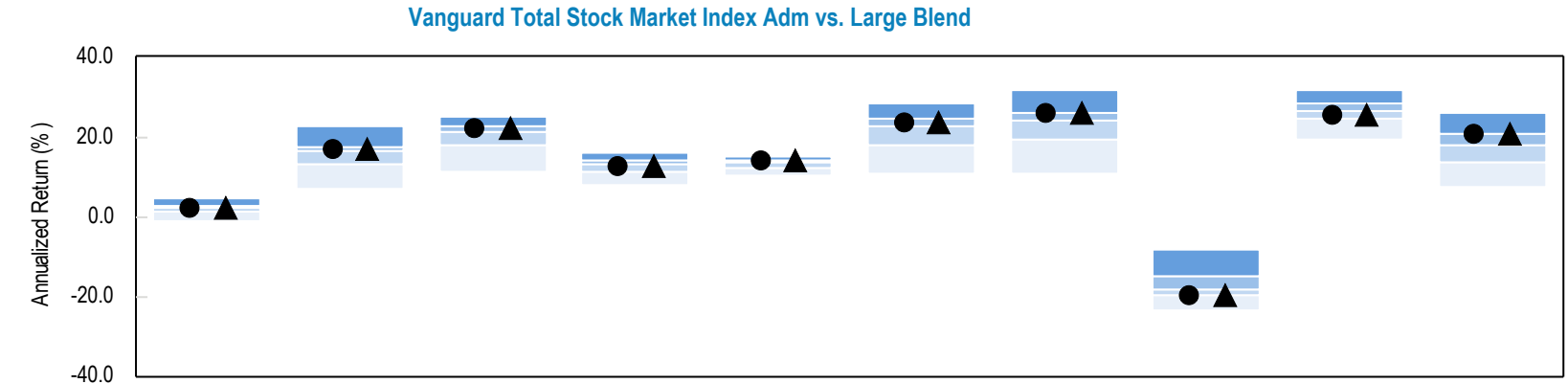
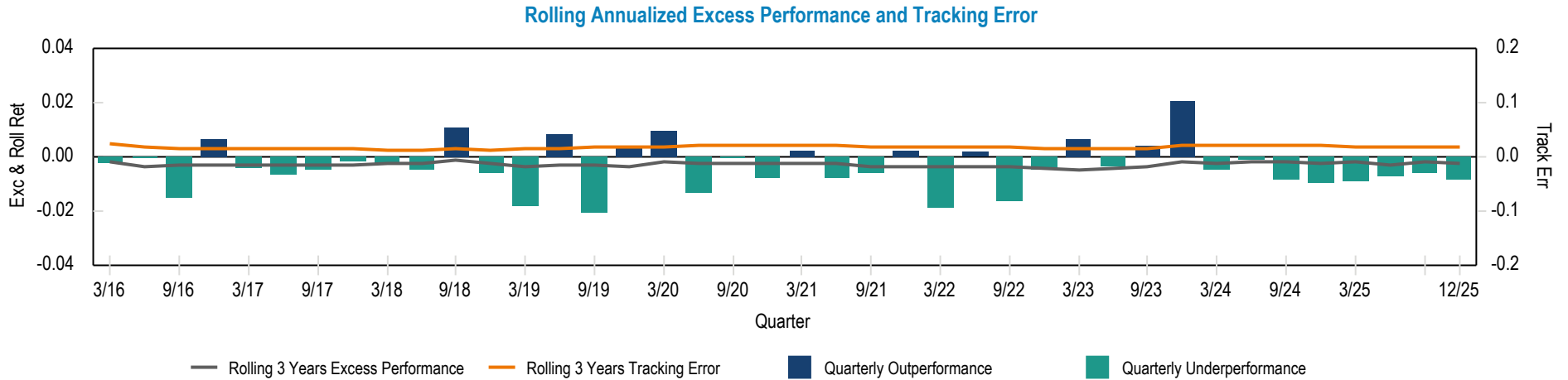
R-Squared	1.00
Alpha	-0.02
Beta	1.00
Sharpe Ratio	1.32

## Sector Allocation as of 12/31/2025



## Top Holdings as of 12/31/2025

NVIDIA Corp	6.56 %
Apple Inc	6.12 %
Microsoft Corp	5.47 %
Amazon.com Inc	3.38 %
Alphabet Inc Class A	2.77 %
Broadcom Inc	2.49 %
Alphabet Inc Class C	2.20 %
Meta Platforms Inc Class A	2.19 %
Tesla Inc	1.94 %
Eli Lilly and Co	1.39 %
<b>Total</b>	<b>34.50 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Vanguard Total Stock Market Index Adm	2.44 (49)	17.12 (42)	22.23 (42)	13.06 (53)	14.24 (38)	23.74 (44)	26.01 (35)	-19.53 (73)	25.71 (66)	20.99 (22)
▲ Vanguard Spliced Total Stock Market Index	2.45 (48)	17.15 (41)	22.24 (42)	13.08 (52)	14.25 (36)	23.77 (44)	25.98 (35)	-19.49 (72)	25.72 (66)	21.00 (22)
5th Percentile	4.98	22.99	25.42	15.98	15.37	28.60	31.74	-8.30	32.00	26.17
1st Quartile	3.02	17.83	22.93	14.18	14.51	24.97	26.42	-14.58	28.62	20.75
Median	2.42	16.54	21.41	13.14	13.77	23.07	24.40	-18.19	26.84	18.05
3rd Quartile	1.40	13.22	17.88	11.46	12.51	18.22	19.64	-19.72	24.83	13.64
95th Percentile	-1.06	6.91	11.66	8.17	10.34	10.87	10.83	-23.35	19.61	7.54
Population	663	617	540	481	356	608	594	582	538	501

# T. Rowe Price Large-Cap Growth Fund - Class I Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

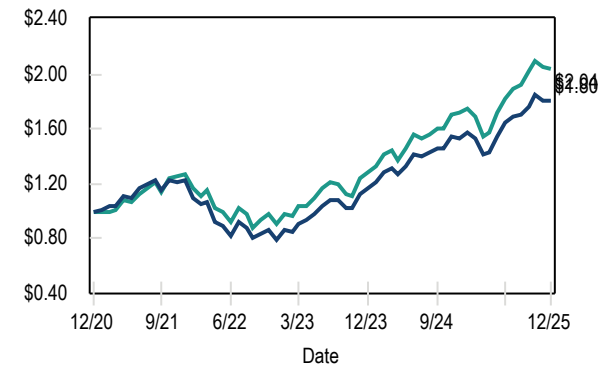
## Description:

The investment seeks to provide long-term capital appreciation through investments in common stocks of growth companies. The fund normally invests at least 80% of its net assets (plus any borrowings for investment purposes) in securities of large-cap companies with growth characteristics. For purposes of the fund's 80% investment policy, the fund's managers consider a company to have growth characteristics if the company's securities are represented in an appropriate third-party growth-oriented index. The fund is non-diversified.

## Portfolio Fund Information as of December 31, 2025

Ticker	TRLGX
Category	Large Growth
Net Assets	20,791.51 Million
Manager Name	Friar, J/Tamaddon, T
Manager Tenure	8 Years 11 Months
Expense Ratio	0.55 %

## Growth of a Dollar



— T. Rowe Price Large-Cap Growth Fund - I Class  
— Russell 1000 Growth Index

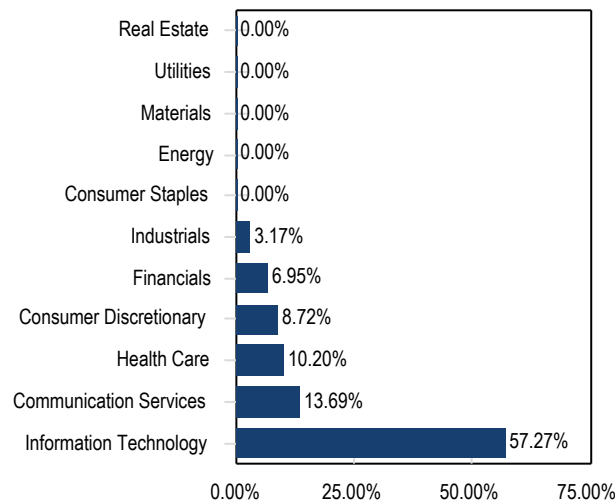
## Fund Characteristics as of 12/31/2025

Total Securities	49
Avg. Market Cap	739,872.78 Million
P/E	29.64
P/B	8.43
Div. Yield	0.43%

## 3 Year Statistics as of December 31, 2025

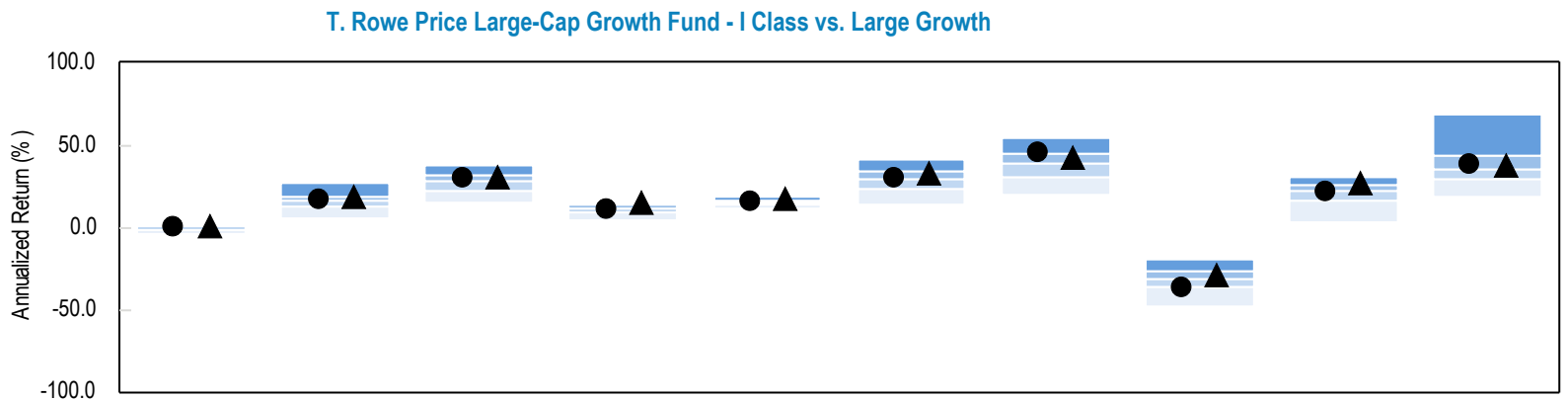
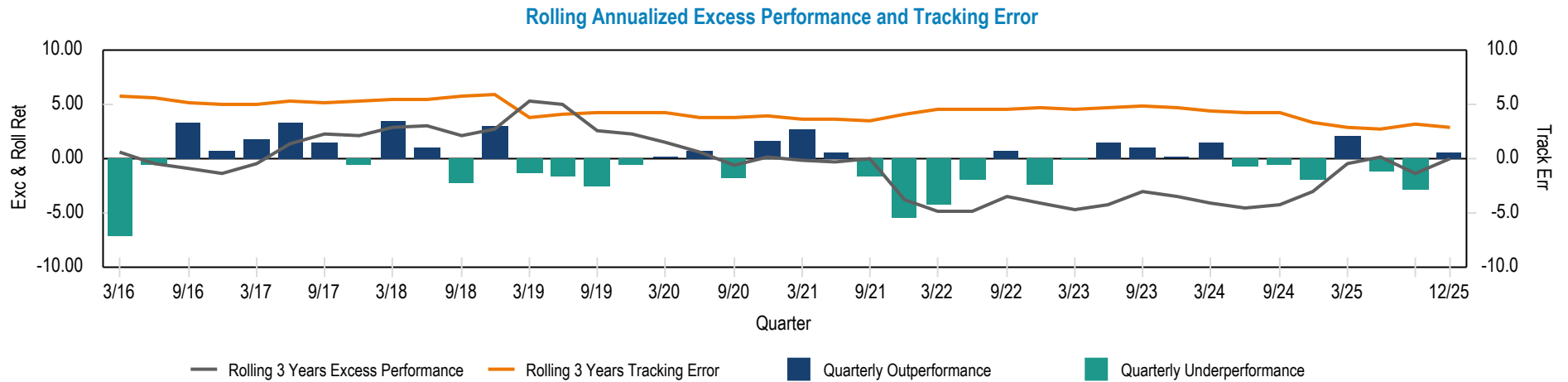
R-Squared	0.96
Alpha	2.11
Beta	0.92
Sharpe Ratio	1.71

## Sector Allocation as of 12/31/2025



## Top Holdings as of 12/31/2025

Microsoft Corp	11.35 %
NVIDIA Corp	11.31 %
Apple Inc	9.14 %
Alphabet Inc Class A	7.34 %
Broadcom Inc	5.13 %
Amazon.com Inc	4.19 %
Meta Platforms Inc Class A	3.69 %
Mastercard Inc Class A	3.08 %
Visa Inc Class A	2.58 %
Aggregate Miscellaneous Equity	2.52 %
<b>Total</b>	<b>60.32 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● T. Rowe Price Large-Cap Growth Fund - I Class	1.78 (33)	17.65 (39)	31.10 (32)	12.46 (43)	16.91 (19)	30.99 (44)	46.21 (22)	-35.18 (74)	23.18 (45)	39.56 (36)
▲ Russell 1000 Growth Index	1.12 (47)	18.56 (28)	31.15 (31)	15.32 (10)	18.13 (10)	33.36 (28)	42.68 (36)	-29.14 (40)	27.60 (18)	38.49 (40)
5th Percentile	4.03	26.93	37.54	16.04	18.99	42.19	55.04	-19.31	31.53	69.30
1st Quartile	2.07	19.04	31.83	14.10	16.58	34.04	45.21	-25.87	26.57	44.53
Median	0.99	16.08	28.37	11.78	15.52	29.72	39.28	-30.72	22.54	35.84
3rd Quartile	-0.71	12.65	22.99	9.63	13.95	24.39	31.28	-35.94	17.03	29.22
95th Percentile	-3.97	6.11	16.02	4.25	11.85	14.01	20.58	-47.49	3.49	19.62
Population	413	395	357	318	262	386	391	393	364	338

# Dodge & Cox Stock Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

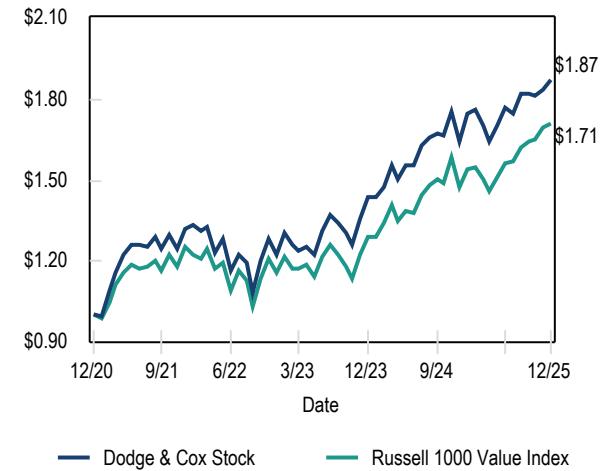
## Description:

The investment seeks long-term growth of principal and income; a secondary objective is to achieve a reasonable current income. The fund invests primarily in a diversified portfolio of equity securities. It will invest at least 80% of its total assets in equity securities, including common stocks, depositary receipts evidencing ownership of common stocks, certain preferred stocks, securities convertible into common stocks, and securities that carry the right to buy common stocks. The fund may invest up to 20% of its total assets in securities of non-U.S. issuers that are not in the S&P 500 Index.

## Portfolio Fund Information as of December 31, 2025

Ticker	DODGX
Category	Large Value
Net Assets	69,311.26 Million
Manager Name	Team Managed
Manager Tenure	23 Years 11 Months
Expense Ratio	0.51 %

## Growth of a Dollar



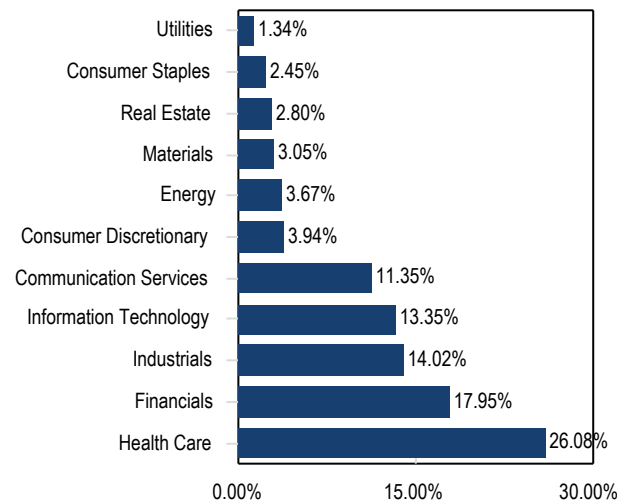
## Fund Characteristics as of 12/31/2025

Total Securities	88
Avg. Market Cap	97,724.23 Million
P/E	14.83
P/B	2.47
Div. Yield	1.87%

## 3 Year Statistics as of December 31, 2025

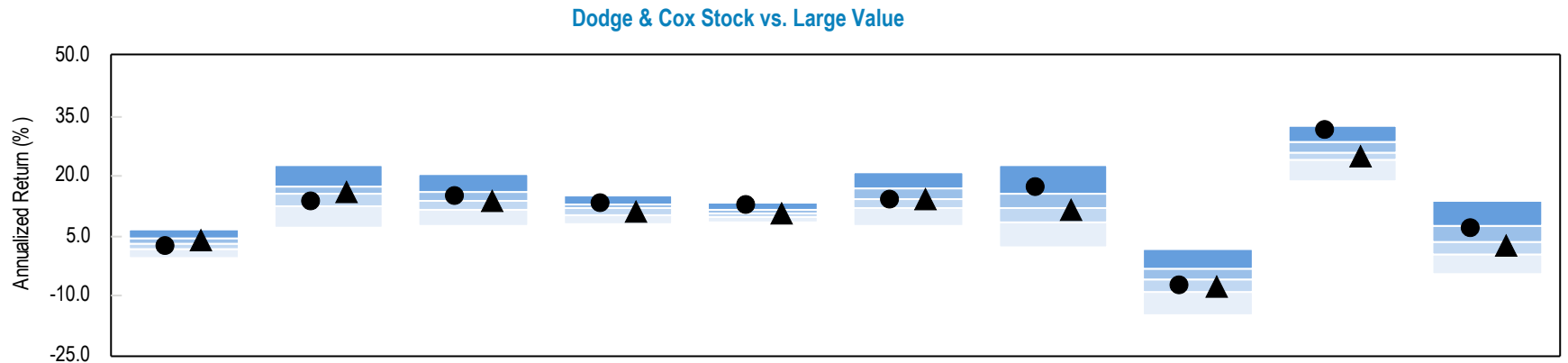
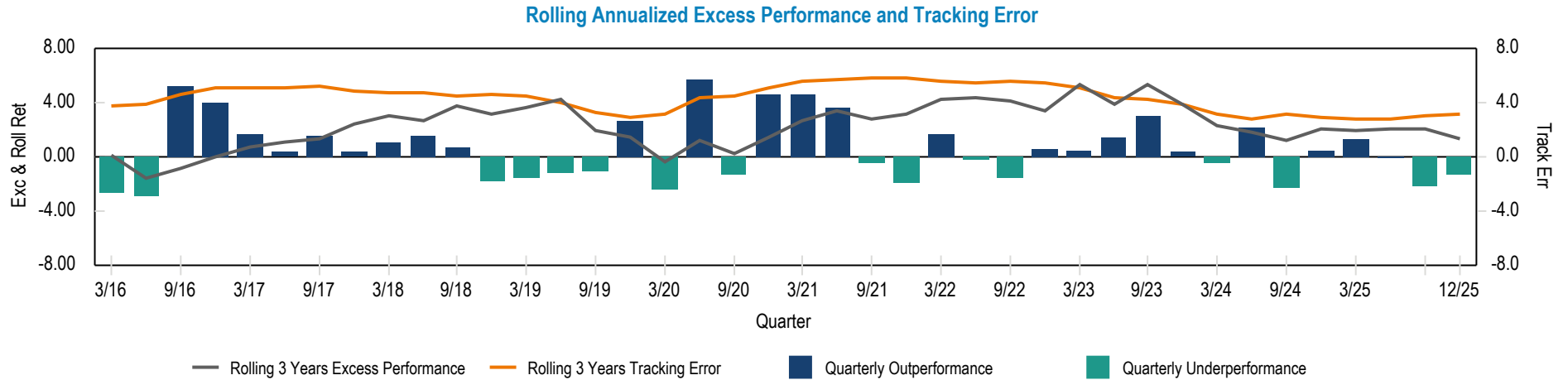
R-Squared	0.94
Alpha	1.66
Beta	0.96
Sharpe Ratio	0.83

## Sector Allocation as of 12/31/2025



## Top Holdings as of 12/31/2025

Charles Schwab Corp	4.36 %
RTX Corp	3.86 %
Johnson Controls International	2.97 %
CVS Health Corp	2.78 %
FedEx Corp	2.55 %
MetLife Inc	2.52 %
Alphabet Inc Class A	2.21 %
Taiwan Semiconductor Manufacturing	2.10 %
GSK PLC ADR	2.07 %
Gilead Sciences Inc	2.00 %
<b>Total</b>	<b>27.42 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Dodge & Cox Stock	2.50 (63)	13.65 (68)	15.20 (31)	13.32 (22)	12.79 (9)	14.51 (50)	17.48 (17)	-7.22 (62)	31.73 (8)	7.16 (29)
▲ Russell 1000 Value Index	3.81 (38)	15.91 (42)	13.90 (48)	11.33 (61)	10.53 (61)	14.37 (52)	11.46 (53)	-7.54 (65)	25.16 (62)	2.80 (56)
5th Percentile	6.70	22.69	20.33	14.96	13.20	21.00	22.87	1.97	32.72	13.64
1st Quartile	4.43	17.34	15.89	13.03	11.65	16.98	15.54	-3.18	28.62	7.77
Median	3.18	15.47	13.77	11.91	10.80	14.51	11.84	-5.95	26.00	3.51
3rd Quartile	1.83	12.69	11.72	10.49	9.99	12.06	8.50	-8.81	23.99	0.66
95th Percentile	-0.35	6.96	7.78	8.10	8.52	7.55	2.30	-14.68	18.63	-4.61
Population	427	412	379	345	289	418	411	399	380	371

# Vanguard Small Cap Growth Index ETF Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

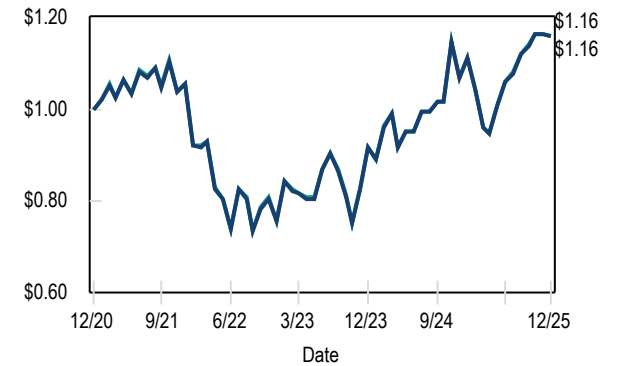
## Description:

The investment seeks to track the performance of the CRSP US Small Cap Growth Index that measures the investment return of small-capitalization growth stocks. The fund advisor employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Growth Index, a broadly diversified index of growth stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

## Portfolio Fund Information as of December 31, 2025

Ticker	VBK
Category	Small Growth
Net Assets	20,814.88 Million
Manager Name	Choi,A/Narzikul,K/O'Reilly,G
Manager Tenure	21 Years
Expense Ratio	0.07 %

## Growth of a Dollar



— Vanguard Small Cap Growth Index ETF  
— Spliced Vanguard Small Growth Index

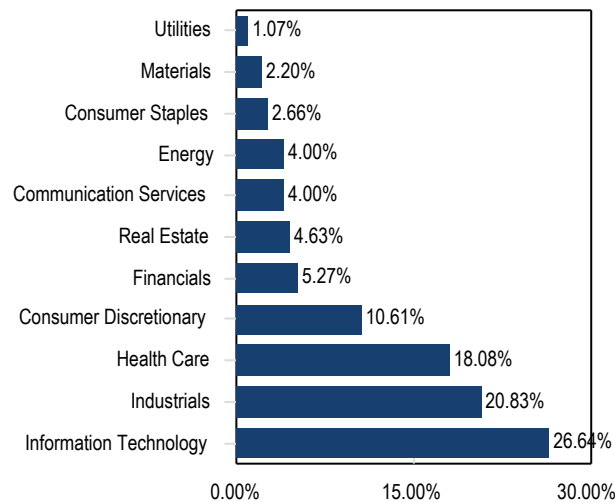
## Fund Characteristics as of 12/31/2025

Total Securities	582
Avg. Market Cap	10,137.78 Million
P/E	24.93
P/B	3.69
Div. Yield	0.65%

## 3 Year Statistics as of December 31, 2025

R-Squared	1.00
Alpha	0.04
Beta	1.00
Sharpe Ratio	0.60

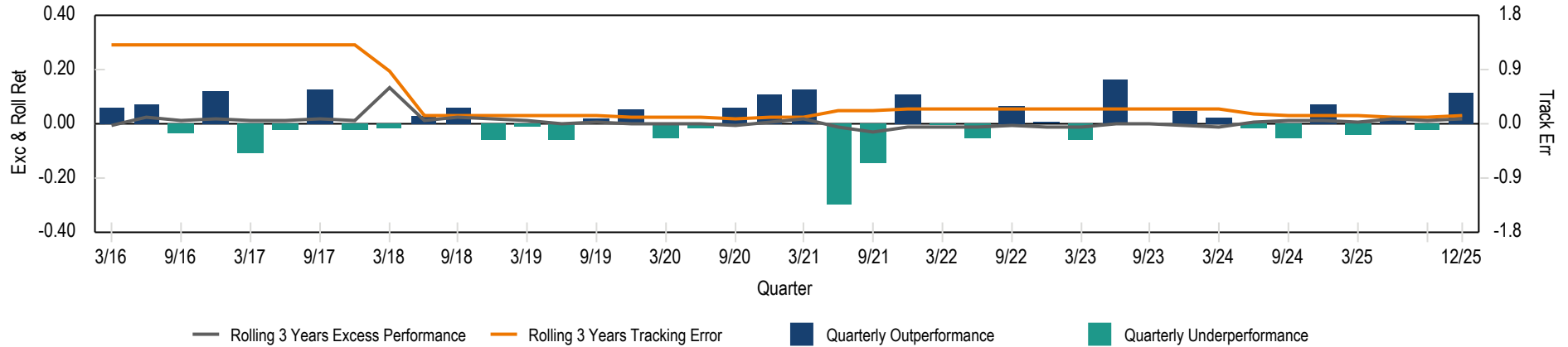
## Sector Allocation as of 11/30/2025



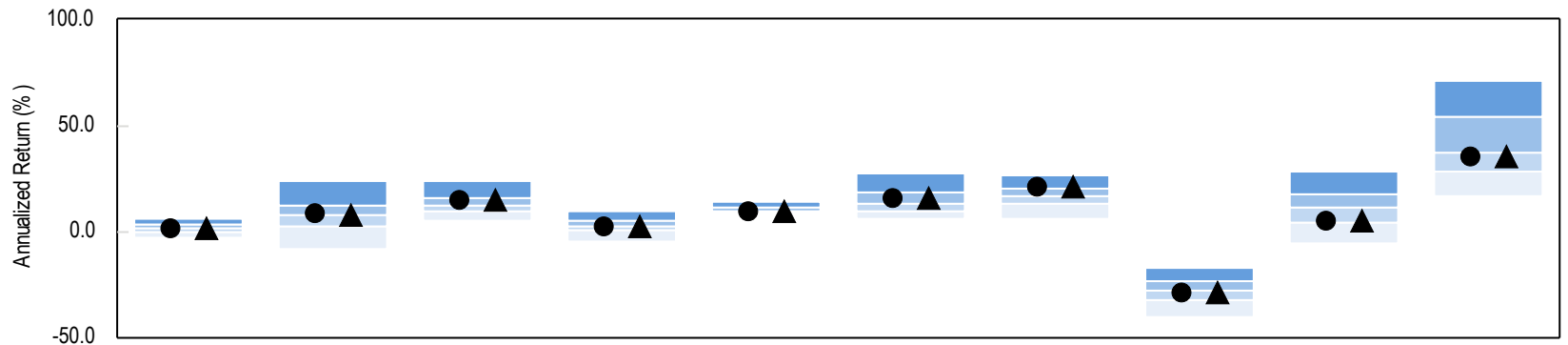
## Top Holdings as of 11/30/2025

Insmed Inc	1.44 %
Comfort Systems USA Inc	1.13 %
SoFi Technologies Inc Ordinary	1.11 %
Natera Inc	1.02 %
Ciena Corp	0.95 %
Pure Storage Inc Class A	0.91 %
Credo Technology Group Holding	0.86 %
Coherent Corp	0.84 %
Bloom Energy Corp Class A	0.76 %
Lumentum Holdings Inc	0.71 %
<b>Total</b>	<b>9.71 %</b>

Rolling Annualized Excess Performance and Tracking Error



Vanguard Small Cap Growth Index ETF vs. Small Growth



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Vanguard Small Cap Growth Index ETF	1.63 (50)	8.50 (49)	15.36 (30)	2.99 (51)	10.26 (46)	16.50 (30)	21.45 (17)	-28.44 (55)	5.49 (72)	35.43 (56)
▲ Spliced Vanguard Small Growth Index	1.52 (52)	8.44 (50)	15.28 (31)	2.99 (51)	10.23 (46)	16.48 (30)	21.28 (18)	-28.44 (55)	5.71 (70)	35.35 (56)
5th Percentile	6.27	24.31	23.97	9.64	14.71	27.74	26.77	-16.76	28.79	71.29
1st Quartile	3.39	12.62	15.82	5.41	11.24	18.51	20.11	-23.64	17.67	54.23
Median	1.59	8.34	12.63	3.08	10.11	13.74	17.01	-28.03	11.36	37.51
3rd Quartile	-0.21	2.84	9.92	0.48	8.83	10.20	13.37	-31.81	4.61	28.24
95th Percentile	-2.88	-8.28	5.66	-4.46	7.78	5.99	6.42	-40.18	-5.53	17.13
Population	162	162	157	151	131	172	184	184	176	175

# DFA US Targeted Value I Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

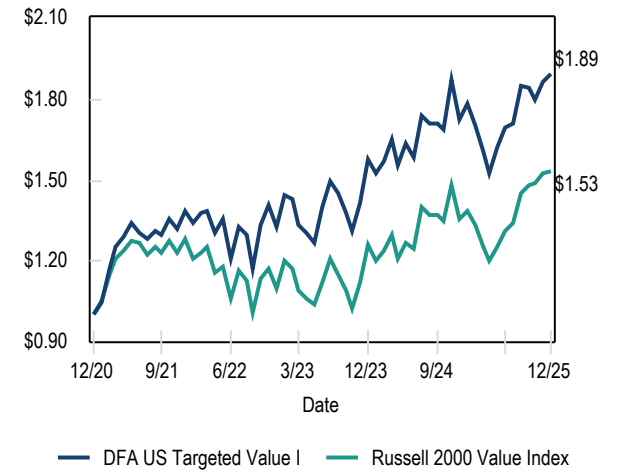
## Description:

The investment seeks long-term capital appreciation. The fund purchases a broad and diverse group of the readily marketable securities of U.S. small and mid cap companies that the advisor determines to be value stocks with higher profitability. It may purchase or sell futures contracts and options on futures contracts for U.S. equity securities and indices, to increase or decrease equity market exposure based on actual or expected cash inflows to or outflows from the fund.

## Portfolio Fund Information as of December 31, 2025

Ticker	DFFVX
Category	Small Value
Net Assets	14,630.44 Million
Manager Name	Fogdall,J/Leblond,M/Schneider,J
Manager Tenure	13 Years 10 Months
Expense Ratio	0.29 %

## Growth of a Dollar



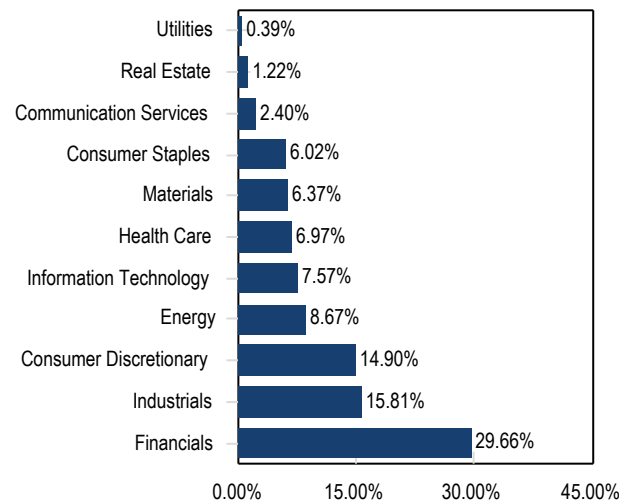
## Fund Characteristics as of 12/31/2025

Total Securities	1,275
Avg. Market Cap	4,432.63 Million
P/E	11.30
P/B	1.26
Div. Yield	2.08%

## 3 Year Statistics as of December 31, 2025

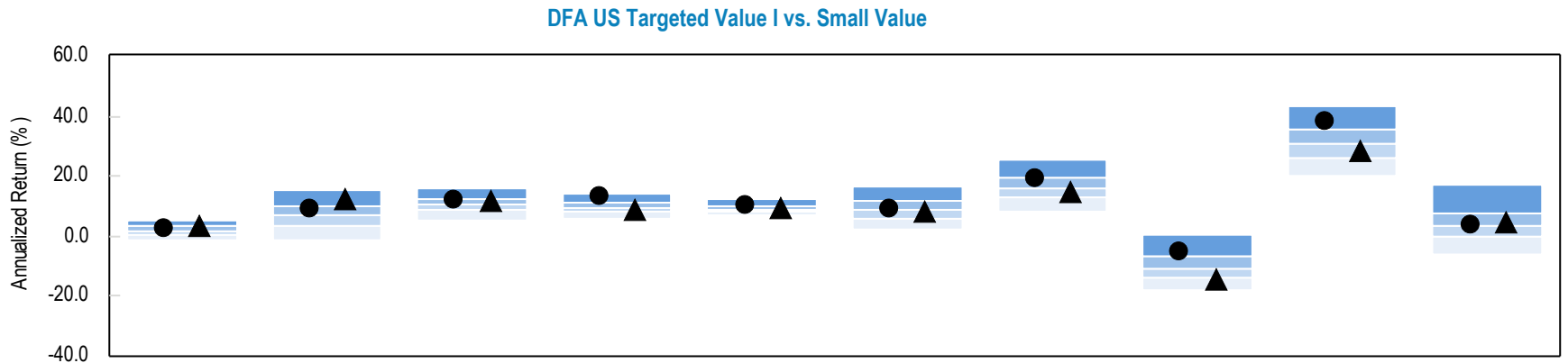
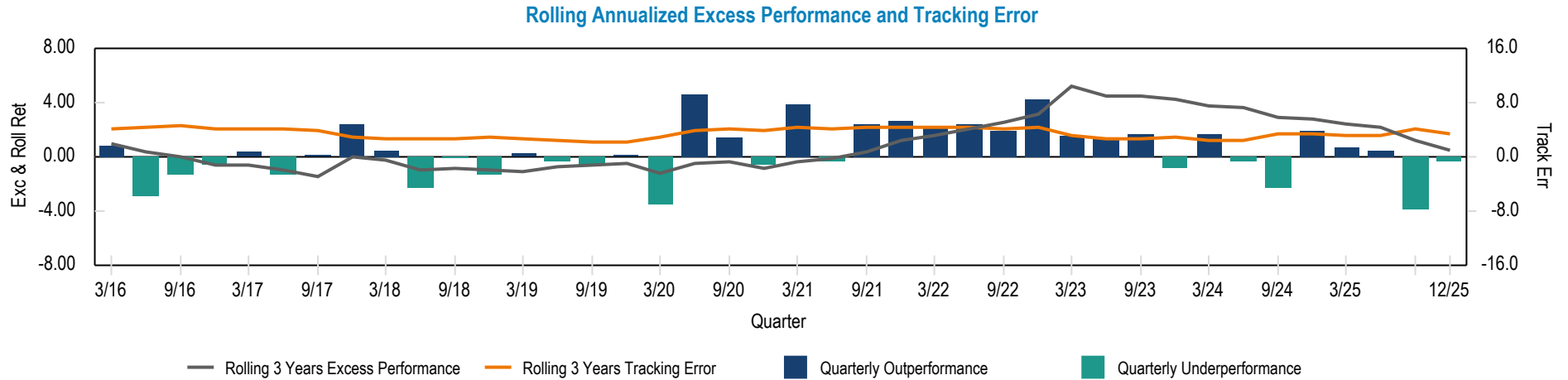
R-Squared	0.96
Alpha	1.29
Beta	0.96
Sharpe Ratio	0.47

## Sector Allocation as of 12/31/2025



## Top Holdings as of 12/31/2025

Alcoa Corp	0.75 %
Ally Financial Inc	0.71 %
TD Synnex Corp	0.68 %
First Horizon Corp	0.66 %
WESCO International Inc	0.65 %
Viatis Inc	0.65 %
Toll Brothers Inc	0.65 %
Future on E-mini S&P 500 Futures	0.63 %
Elanco Animal Health Inc	0.61 %
Invesco Ltd	0.58 %
<b>Total</b>	<b>6.56 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● DFA US Targeted Value I	2.87 (33)	9.55 (28)	12.64 (21)	13.60 (11)	10.81 (11)	9.33 (47)	19.31 (27)	-4.62 (15)	38.80 (12)	3.77 (48)
▲ Russell 2000 Value Index	3.26 (26)	12.59 (13)	11.73 (36)	8.88 (63)	9.27 (43)	8.05 (57)	14.65 (64)	-14.48 (83)	28.27 (62)	4.63 (40)
5th Percentile	4.96	15.32	16.15	14.15	12.17	16.63	25.45	0.45	43.58	17.02
1st Quartile	3.26	9.89	12.37	11.47	9.88	11.52	19.40	-6.96	35.43	7.82
Median	1.82	7.07	10.80	9.58	8.96	8.95	16.21	-10.69	30.70	3.55
3rd Quartile	0.66	3.21	8.65	8.22	7.98	6.03	12.89	-13.57	26.21	-0.20
95th Percentile	-1.38	-1.46	5.43	5.95	6.90	2.11	8.05	-17.72	19.92	-6.22
Population	181	178	167	158	137	181	181	176	174	170

# International Equity

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# American Funds EUPAC Fund F3 Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

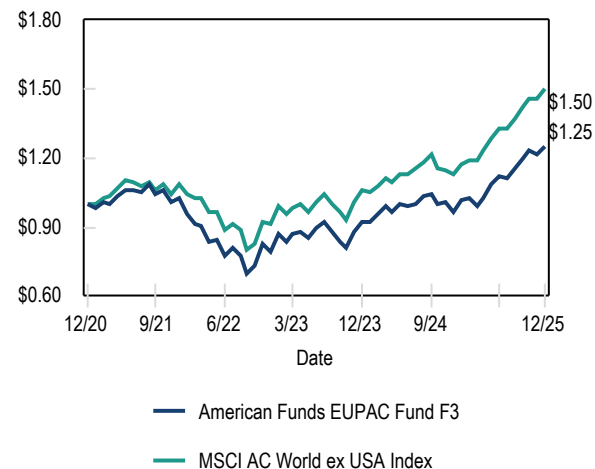
## Description:

The investment seeks long-term growth of capital. The fund invests primarily in common stocks in Europe and the Pacific Basin that the investment adviser believes have the potential for growth. Growth stocks are stocks that the investment adviser believes have the potential for above-average capital appreciation. It normally will invest at least 80% of its net assets in securities of issuers in Europe and the Pacific Basin. The fund may invest a portion of its assets in common stocks and other securities of companies in emerging markets.

## Portfolio Fund Information as of December 31, 2025

Ticker	FEUPX
Category	Foreign Large Growth
Net Assets	17,377.88 Million
Manager Name	Team Managed
Manager Tenure	24 Years 6 Months
Expense Ratio	0.47 %

## Growth of a Dollar



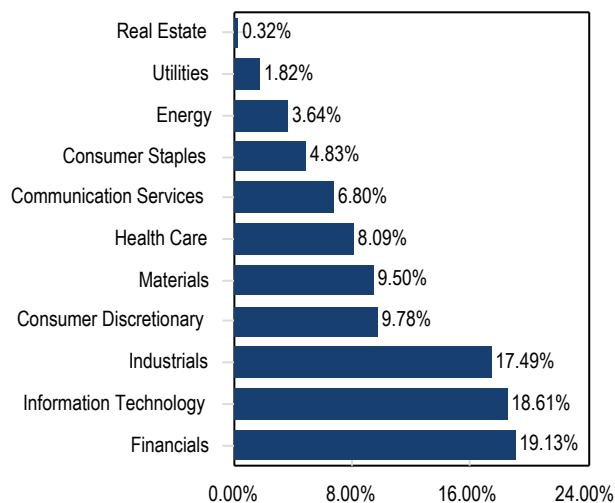
## Fund Characteristics as of 12/31/2025

Total Securities	348
Avg. Market Cap	89,720.93 Million
P/E	15.95
P/B	2.47
Div. Yield	2.31%

## 3 Year Statistics as of December 31, 2025

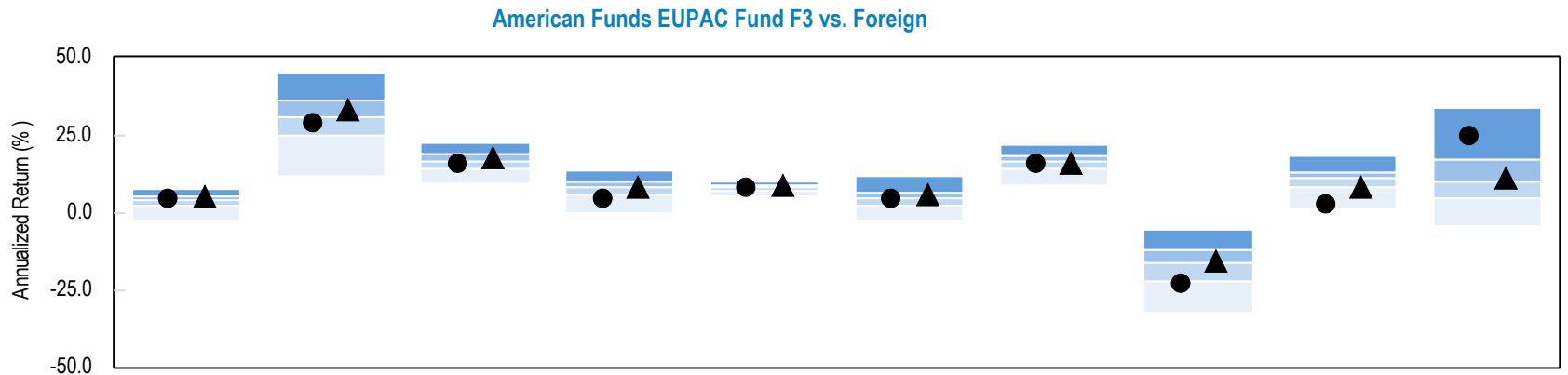
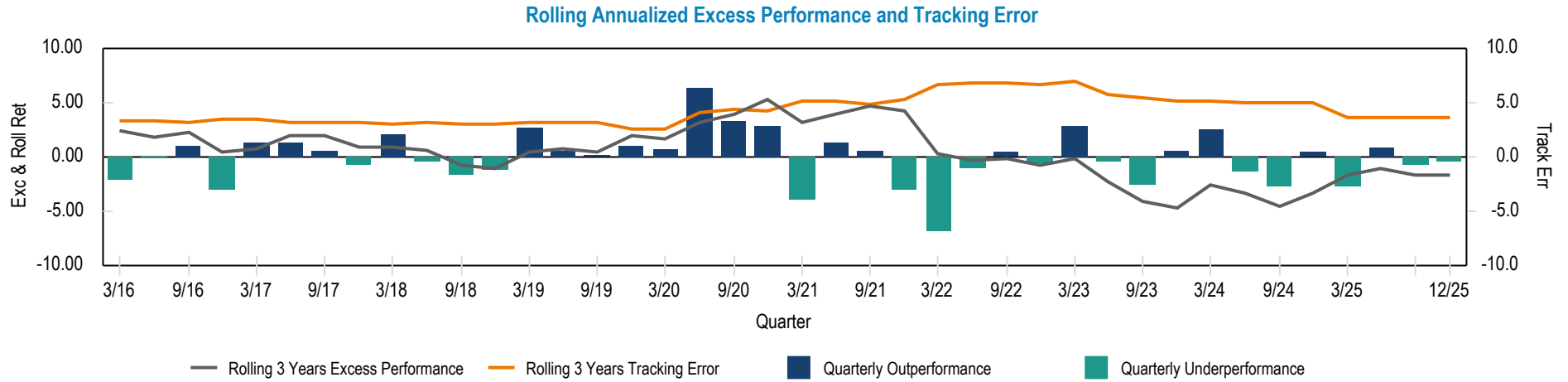
R-Squared	0.91
Alpha	-1.90
Beta	1.04
Sharpe Ratio	0.90

## Sector Allocation as of 12/31/2025



## Top Holdings as of 12/31/2025

Taiwan Semiconductor Manufacturing	6.61 %
Airbus SE	2.48 %
SK Hynix Inc	2.18 %
Novo Nordisk AS Class B	1.75 %
UniCredit SpA	1.52 %
AstraZeneca PLC	1.38 %
ASML Holding NV	1.36 %
SoftBank Group Corp	1.36 %
SAP SE	1.35 %
Tencent Holdings Ltd	1.27 %
<b>Total</b>	<b>21.26 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● American Funds EUPAC Fund F3	4.61 (42)	29.19 (59)	16.35 (57)	4.59 (82)	8.39 (44)	5.04 (42)	16.06 (57)	-22.73 (78)	2.85 (94)	25.24 (12)
▲ MSCI AC World ex USA Index	5.11 (32)	33.11 (37)	17.95 (34)	8.46 (46)	8.95 (28)	6.09 (29)	16.21 (55)	-15.57 (47)	8.29 (74)	11.13 (44)
5th Percentile	7.95	45.17	22.64	13.90	10.37	12.18	22.04	-5.12	18.38	34.09
1st Quartile	5.59	36.33	18.96	10.25	9.06	6.58	18.54	-11.81	13.27	17.16
Median	4.31	30.90	16.85	8.15	8.19	4.49	16.68	-16.04	11.09	9.90
3rd Quartile	2.26	24.86	14.39	5.76	7.19	2.09	14.27	-21.79	8.04	5.06
95th Percentile	-2.25	11.92	9.29	0.25	5.51	-2.43	9.17	-32.35	1.48	-3.89
Population	664	640	590	539	419	645	666	659	628	602

# DFA World Ex US Core Equity Ins Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

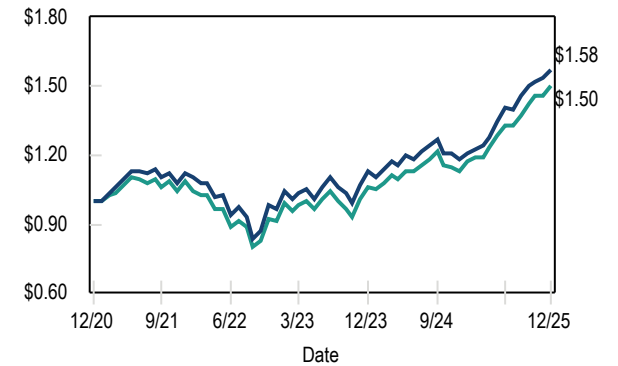
## Description:

The investment seeks long-term capital appreciation. The Portfolio is designed to provide exposure to a broad and diverse group of securities of non-U.S. companies in countries with developed and emerging markets. As a non-fundamental policy, under normal circumstances, it will invest at least 80% of its net assets in non-U.S. equity securities and/or investments that provide exposure to non-U.S. securities.

## Portfolio Fund Information as of December 31, 2025

Ticker	DFWIX
Category	Foreign Large Blend
Net Assets	5,171.97 Million
Manager Name	Team Managed
Manager Tenure	12 Years 8 Months
Expense Ratio	0.30 %

## Growth of a Dollar

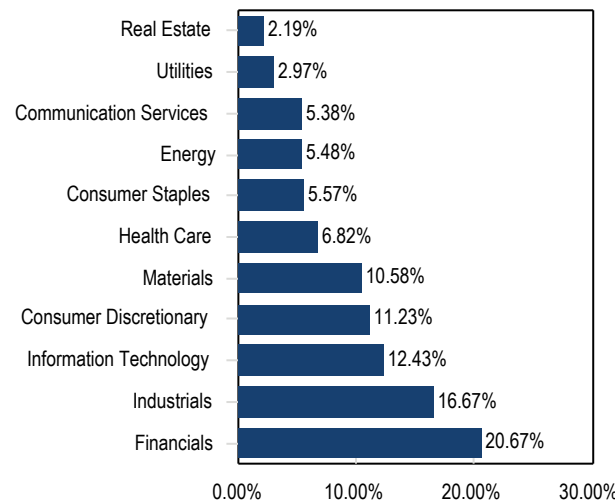


— DFA World Ex US Core Equity Ins  
— MSCI AC World ex USA Index

## Fund Characteristics as of 12/31/2025

Total Securities	10,689
Avg. Market Cap	17,660.66 Million
P/E	13.14
P/B	1.64
Div. Yield	3.25%

## Sector Allocation as of 12/31/2025

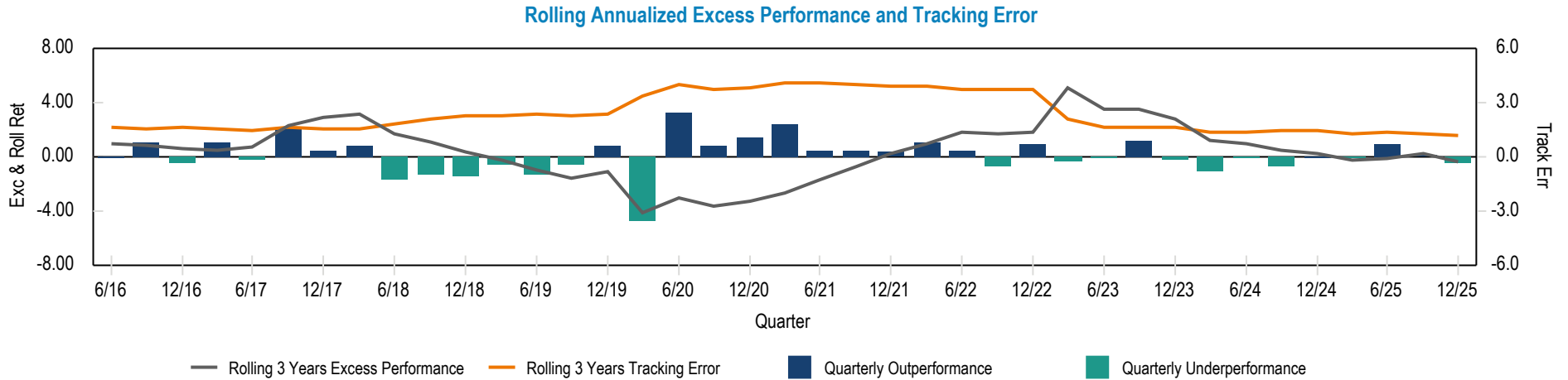


## Top Holdings as of 12/31/2025

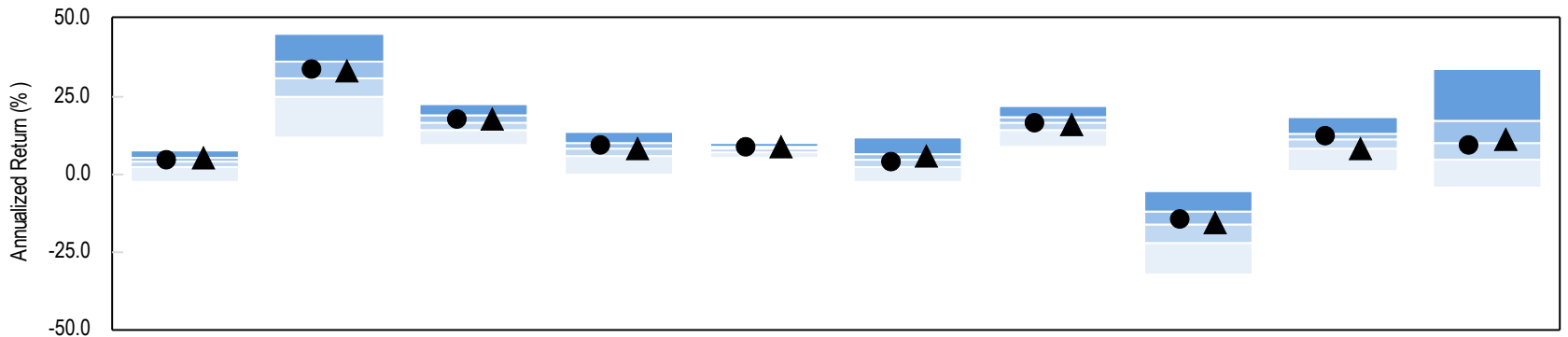
Taiwan Semiconductor Manufacturing	1.17 %
Future on E-mini S&P 500 Futures	0.90 %
Samsung Electronics Co Ltd	0.75 %
Tencent Holdings Ltd	0.65 %
Taiwan Semiconductor Manufacturing	0.64 %
Shell PLC ADR (Representing -	0.52 %
ASML Holding NV ADR	0.48 %
TotalEnergies SE	0.47 %
Royal Bank of Canada	0.47 %
Roche Holding AG	0.44 %
<b>Total</b>	<b>6.49 %</b>

## 3 Year Statistics as of December 31, 2025

R-Squared	0.96
Alpha	0.19
Beta	0.97
Sharpe Ratio	1.07



### DFA World Ex US Core Equity Ins vs. Foreign



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● DFA World Ex US Core Equity Ins	4.67 (41)	33.75 (34)	17.66 (37)	9.52 (31)	9.20 (22)	4.34 (51)	16.72 (50)	-14.01 (34)	12.51 (33)	9.34 (52)
▲ MSCI AC World ex USA Index	5.11 (32)	33.11 (37)	17.95 (34)	8.46 (46)	8.95 (28)	6.09 (29)	16.21 (55)	-15.57 (47)	8.29 (74)	11.13 (44)
5th Percentile	7.95	45.17	22.64	13.90	10.37	12.18	22.04	-5.12	18.38	34.09
1st Quartile	5.59	36.33	18.96	10.25	9.06	6.58	18.54	-11.81	13.27	17.16
Median	4.31	30.90	16.85	8.15	8.19	4.49	16.68	-16.04	11.09	9.90
3rd Quartile	2.26	24.86	14.39	5.76	7.19	2.09	14.27	-21.79	8.04	5.06
95th Percentile	-2.25	11.92	9.29	0.25	5.51	-2.43	9.17	-32.35	1.48	-3.89
Population	664	640	590	539	419	645	666	659	628	602

# Domestic Fixed Income

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# Dodge & Cox Income Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

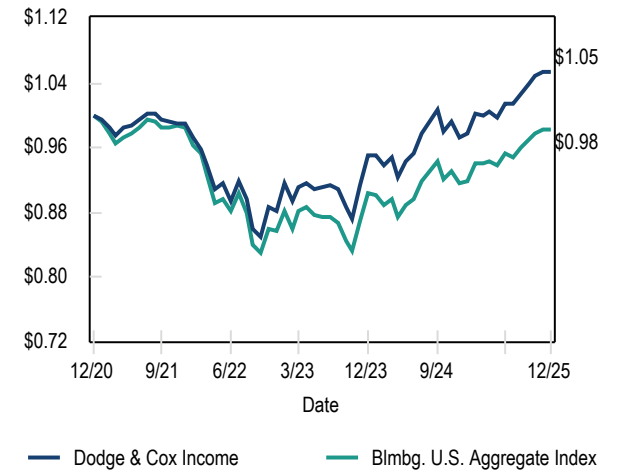
### Description:

The investment seeks a high and stable rate of current income, consistent with long-term preservation of capital; a secondary objective is capital appreciation. The fund invests in a diversified portfolio of bonds and other debt securities. The fund will invest at least 80% of its total assets in (1) investment-grade debt securities and (2) cash equivalents. "Investment grade" means securities rated Baa3 or higher by Moody's Investors Service, or BBB- or higher by Standard & Poor's Ratings Group or Fitch Ratings, or equivalently rated by any nationally recognized statistical rating organization, or, if unrated, deemed to be of similar quality by Dodge & Cox.

### Portfolio Fund Information as of December 31, 2025

Ticker	DODIX
Category	Intermediate Core-Plus Bond
Net Assets	82,646.72 Million
Manager Name	Team Managed
Manager Tenure	36 Years 11 Months
Expense Ratio	0.41 %

### Growth of a Dollar



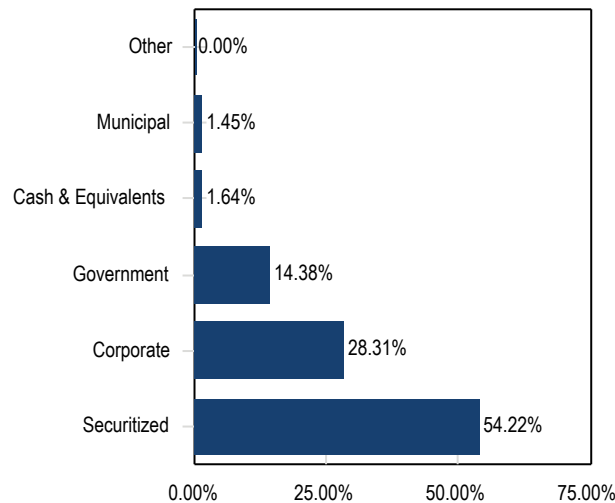
### Fund Characteristics as of 12/31/2025

Avg. Coupon	-
Avg. Effective Maturity	8.64 Years
Avg. Effective Duration	6.11 Years
Avg. Credit Quality	A
Yield To Maturity	4.72 %
SEC Yield	4.21 %

### 3 Year Statistics as of December 31, 2025

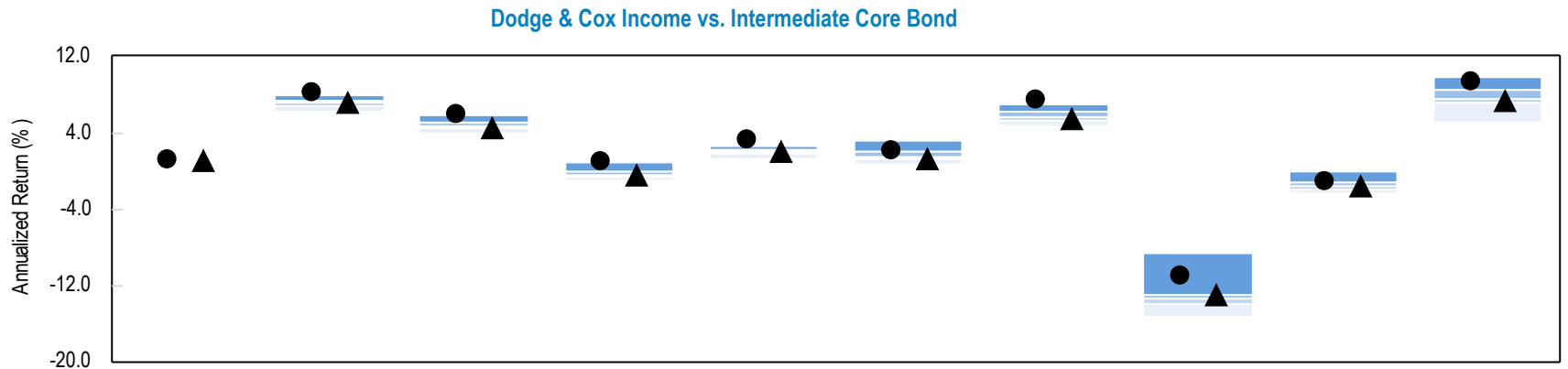
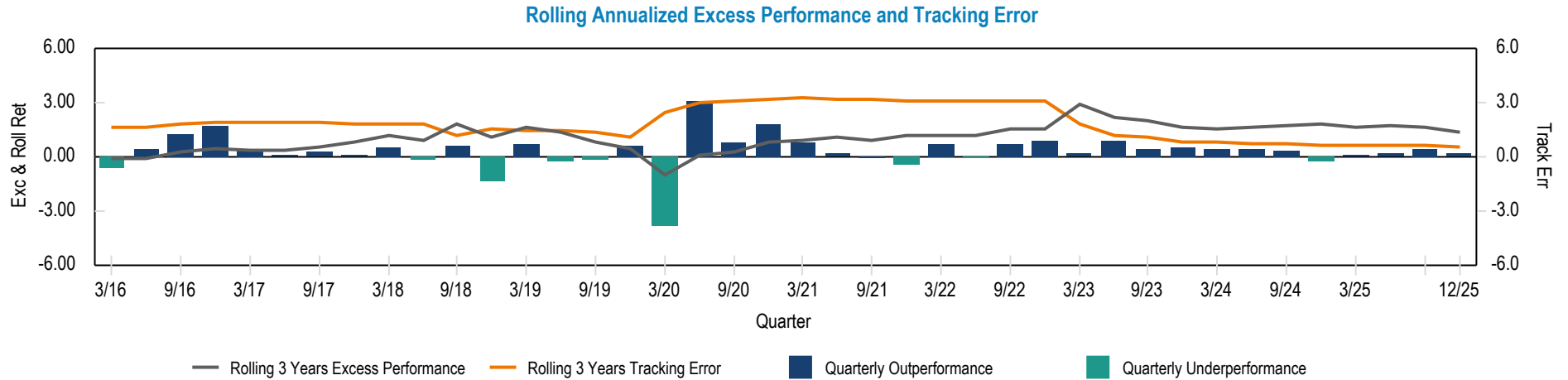
R-Squared	0.98
Alpha	1.23
Beta	1.03
Sharpe Ratio	0.22

### Fixed Income Sectors as of 12/31/2025



### Top Holdings as of 12/31/2025

Federal Home Loan Mortgage Corp.	2.79 %
United States Treasury Bonds	1.80 %
United States Treasury Bonds	1.55 %
Federal Home Loan Mortgage Corp.	1.46 %
United States Treasury Notes	1.32 %
United States Treasury Notes	1.25 %
Federal Home Loan Mortgage Corp.	1.19 %
Federal National Mortgage Asso	1.12 %
United States Treasury Bonds	0.93 %
Federal Home Loan Mortgage Corp.	0.88 %
<b>Total</b>	<b>14.29 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Dodge & Cox Income	1.28 (9)	8.32 (2)	6.06 (4)	1.05 (4)	3.35 (1)	2.26 (19)	7.70 (2)	-10.87 (12)	-0.91 (19)	9.45 (11)
▲ Blmbg. U.S. Aggregate Index	1.10 (26)	7.30 (41)	4.66 (63)	-0.36 (44)	2.01 (52)	1.25 (75)	5.53 (64)	-13.01 (30)	-1.55 (47)	7.51 (55)
5th Percentile	1.40	8.01	5.83	0.92	2.73	3.26	7.11	-8.52	-0.06	9.96
1st Quartile	1.11	7.49	5.20	-0.08	2.31	2.12	6.35	-12.91	-1.05	8.65
Median	1.00	7.19	4.73	-0.41	2.03	1.59	5.62	-13.27	-1.59	7.66
3rd Quartile	0.91	6.88	4.56	-0.57	1.90	1.24	5.41	-13.82	-1.86	7.15
95th Percentile	0.76	6.21	4.09	-0.90	1.42	0.78	4.70	-15.21	-2.37	5.23
Population	184	172	150	134	94	173	164	159	148	139

# Baird Core Plus Bond Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
Period Ending: December 31, 2025

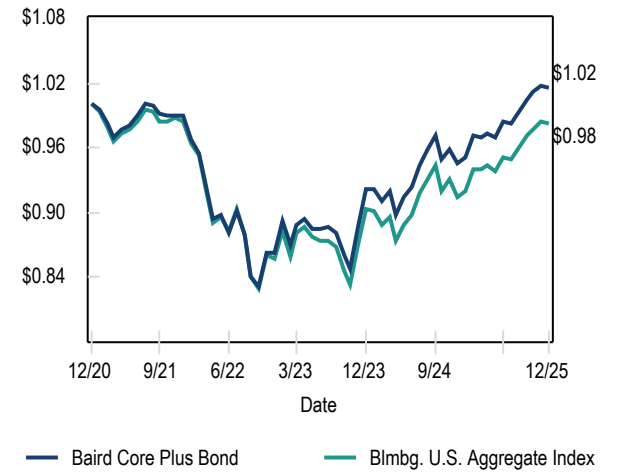
### Description:

The investment seeks an annual rate of total return, before fund expenses, greater than the annual rate of total return of the Bloomberg U.S. Universal Index. The fund normally invests at least 80% of its net assets in the following types of U.S. dollar-denominated debt obligations: U.S. government and other public-sector entities; asset-backed and mortgage-backed obligations of U.S. and foreign issuers; corporate debt of U.S. and foreign issuers. It invests primarily in investment-grade debt obligations, but may invest up to 20% of its net assets in non-investment grade debt obligations (sometimes referred to as "high yield" or "junk" bonds).

### Portfolio Fund Information as of December 31, 2025

Ticker	BCOIX
Category	Intermediate Core-Plus Bond
Net Assets	43,309.10 Million
Manager Name	Team Managed
Manager Tenure	25 Years 3 Months
Expense Ratio	0.30 %

### Growth of a Dollar



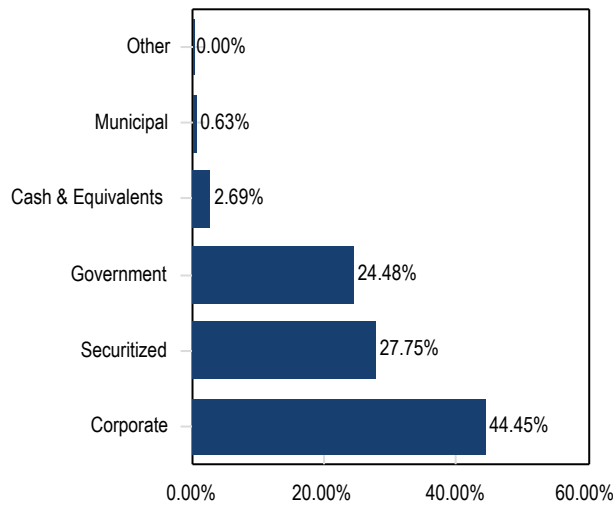
### Fund Characteristics as of 12/31/2025

Avg. Coupon	4.12 %
Avg. Effective Maturity	7.6 Years
Avg. Effective Duration	5.76 Years
Avg. Credit Quality	A
Yield To Maturity	4.6 %
SEC Yield	4.23 %

### 3 Year Statistics as of December 31, 2025

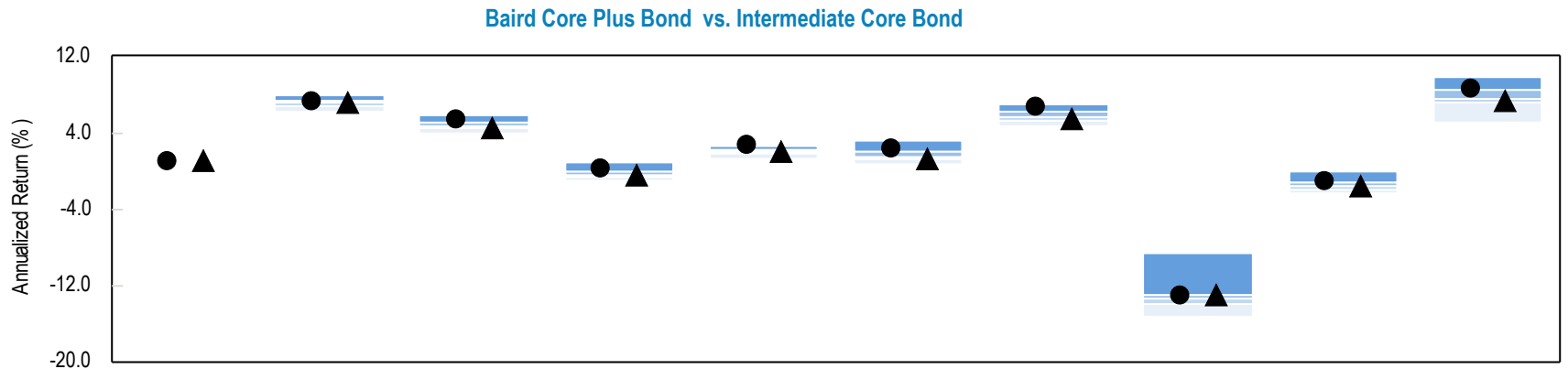
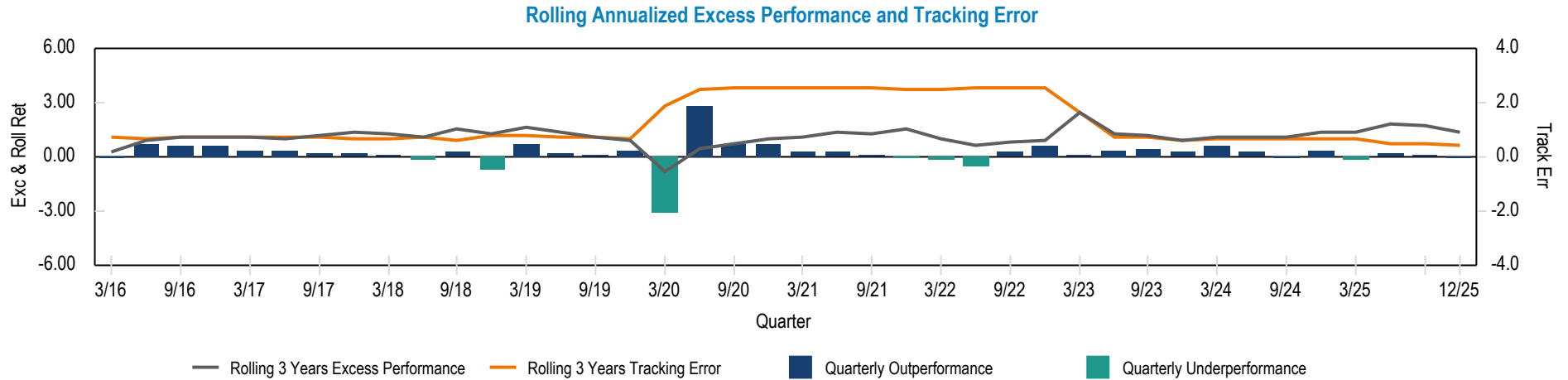
R-Squared	0.99
Alpha	1.02
Beta	0.98
Sharpe Ratio	0.16

### Fixed Income Sectors as of 12/31/2025



### Top Holdings as of 12/31/2025

First American Government Oblig	2.31 %
United States Treasury Notes 4%	2.16 %
United States Treasury Notes 3.63%	1.50 %
United States Treasury Bonds 3.38%	1.39 %
United States Treasury Notes 1.88%	1.36 %
United States Treasury Bonds 1.13%	1.35 %
United States Treasury Notes 4.25%	1.27 %
United States Treasury Bonds 3.88%	1.24 %
United States Treasury Bonds 2.88%	1.21 %
United States Treasury Bonds 2.88%	1.02 %
<b>Total</b>	<b>14.81 %</b>



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Baird Core Plus Bond	1.10 (26)	7.47 (27)	5.61 (7)	0.32 (14)	2.87 (3)	2.54 (13)	6.89 (9)	-12.87 (25)	-1.02 (23)	8.80 (21)
▲ Blmbg. U.S. Aggregate Index	1.10 (26)	7.30 (41)	4.66 (63)	-0.36 (44)	2.01 (52)	1.25 (75)	5.53 (64)	-13.01 (30)	-1.55 (47)	7.51 (55)
5th Percentile	1.40	8.01	5.83	0.92	2.73	3.26	7.11	-8.52	-0.06	9.96
1st Quartile	1.11	7.49	5.20	-0.08	2.31	2.12	6.35	-12.91	-1.05	8.65
Median	1.00	7.19	4.73	-0.41	2.03	1.59	5.62	-13.27	-1.59	7.66
3rd Quartile	0.91	6.88	4.56	-0.57	1.90	1.24	5.41	-13.82	-1.86	7.15
95th Percentile	0.76	6.21	4.09	-0.90	1.42	0.78	4.70	-15.21	-2.37	5.23
Population	184	172	150	134	94	173	164	159	148	139

# Aristotle Core Income FD

## Mutual Fund Overview (Net of Fees)

Community Foundation of North Central Washington  
 Period Ending: December 31, 2025

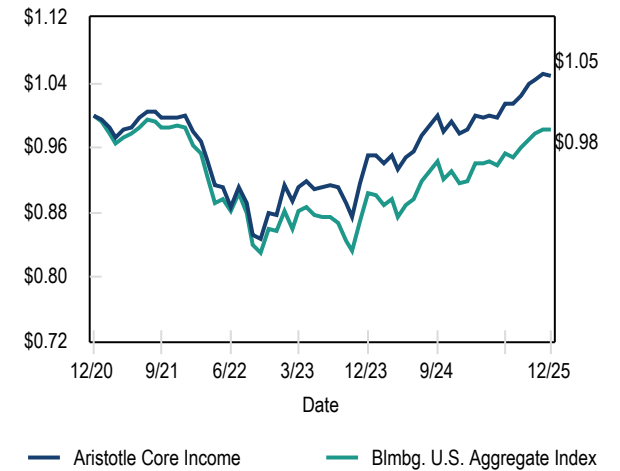
### Description:

The investment seeks a high level of current income; capital appreciation is of secondary importance. The fund invests principally in income producing debt instruments. It will generally invest at least 60% of its assets in investment grade debt instruments, including corporate debt securities, asset-backed securities, mortgage-related securities, U.S. government securities and agency securities. The fund may invest up to 35% of its assets in non-investment grade (high yield/high risk, sometimes called "junk bonds") debt instruments and floating rate senior loans.

### Portfolio Fund Information as of December 31, 2025

Ticker	PLIIX
Category	Intermediate Core-Plus Bond
Net Assets	788.87 Million
Manager Name	Team Managed
Manager Tenure	15 Years
Expense Ratio	0.45 %

### Growth of a Dollar



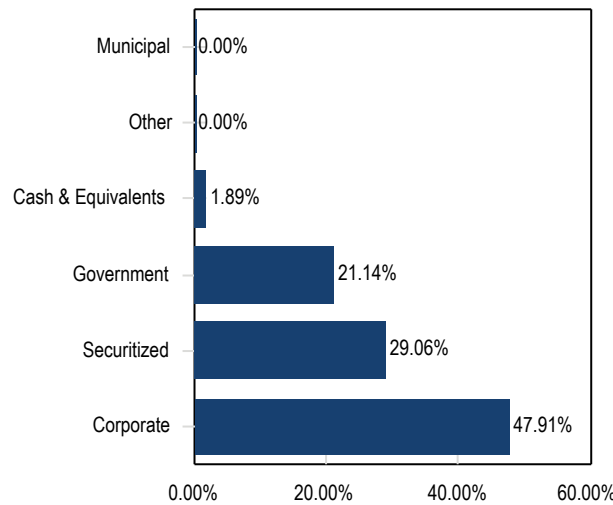
### Fund Characteristics as of 12/31/2025

Avg. Coupon	5.04 %
Avg. Effective Maturity	-
Avg. Effective Duration	6 Years
Avg. Credit Quality	BBB
Yield To Maturity	-
SEC Yield	4.7 %

### 3 Year Statistics as of December 31, 2025

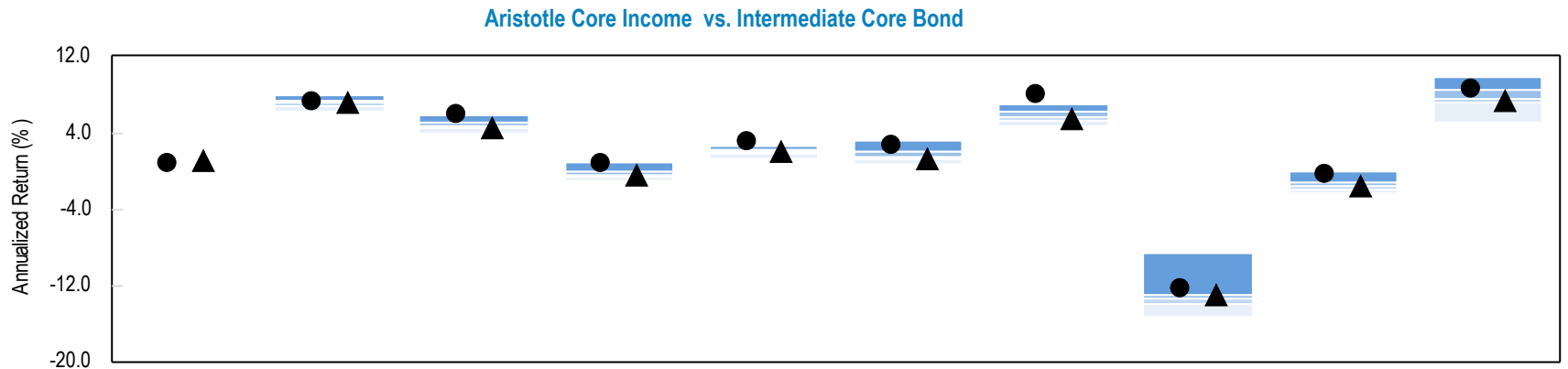
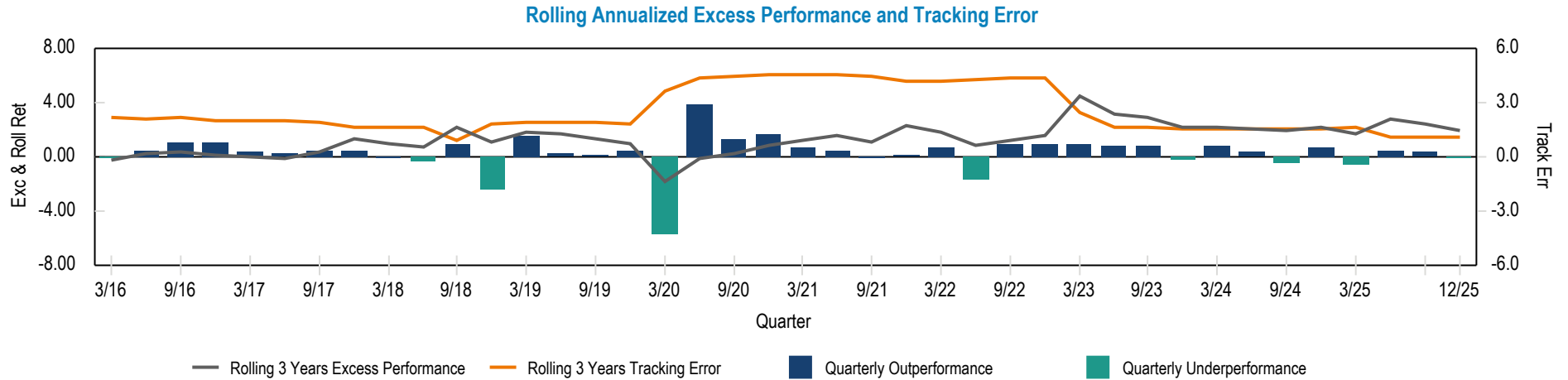
R-Squared	0.96
Alpha	1.75
Beta	0.92
Sharpe Ratio	0.25

### Fixed Income Sectors as of 12/31/2025



### Top Holdings as of 12/31/2025

United States Treasury Notes 4.63%	1.60 %
United States Treasury Notes 4.25%	1.53 %
Federal Home Loan Mortgage Corp.	1.35 %
Federal National Mortgage Asso	1.34 %
United States Treasury Notes 4%	1.30 %
United States Treasury Notes 4.5%	1.16 %
United States Treasury Notes 3.88%	1.05 %
United States Treasury Bonds 4.13%	0.94 %
United States Treasury Notes 4%	0.93 %
FEDERAL HOME LN MTG CORP MULTICLASS	0.85 %
<b>Total</b>	<b>12.04 %</b>

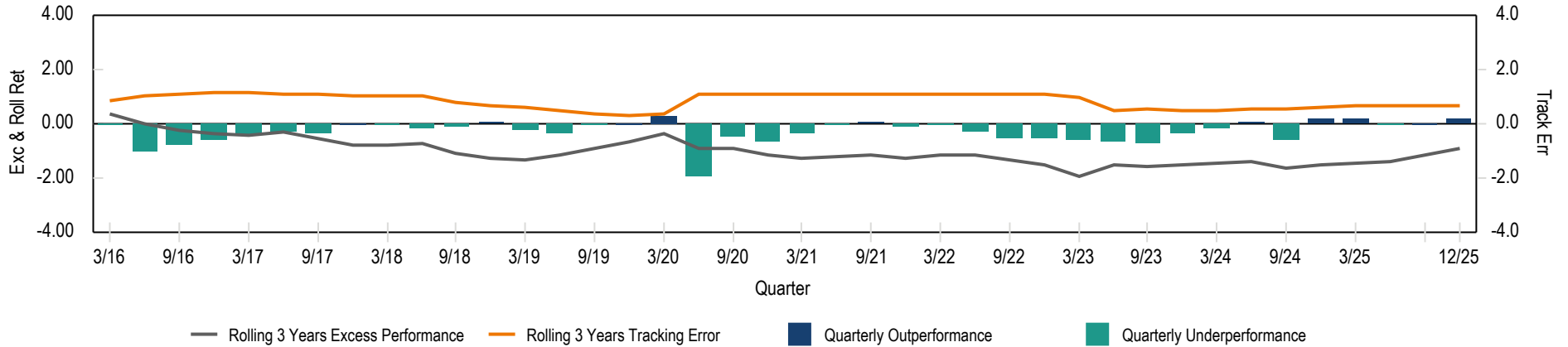


	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Aristotle Core Income	1.00 (51)	7.38 (34)	6.12 (4)	0.95 (5)	3.28 (1)	2.85 (9)	8.23 (1)	-12.16 (16)	-0.12 (6)	8.70 (24)
▲ Blmbg. U.S. Aggregate Index	1.10 (26)	7.30 (41)	4.66 (63)	-0.36 (44)	2.01 (52)	1.25 (75)	5.53 (64)	-13.01 (30)	-1.55 (47)	7.51 (55)
5th Percentile	1.40	8.01	5.83	0.92	2.73	3.26	7.11	-8.52	-0.06	9.96
1st Quartile	1.11	7.49	5.20	-0.08	2.31	2.12	6.35	-12.91	-1.05	8.65
Median	1.00	7.19	4.73	-0.41	2.03	1.59	5.62	-13.27	-1.59	7.66
3rd Quartile	0.91	6.88	4.56	-0.57	1.90	1.24	5.41	-13.82	-1.86	7.15
95th Percentile	0.76	6.21	4.09	-0.90	1.42	0.78	4.70	-15.21	-2.37	5.23
Population	184	172	150	134	94	173	164	159	148	139

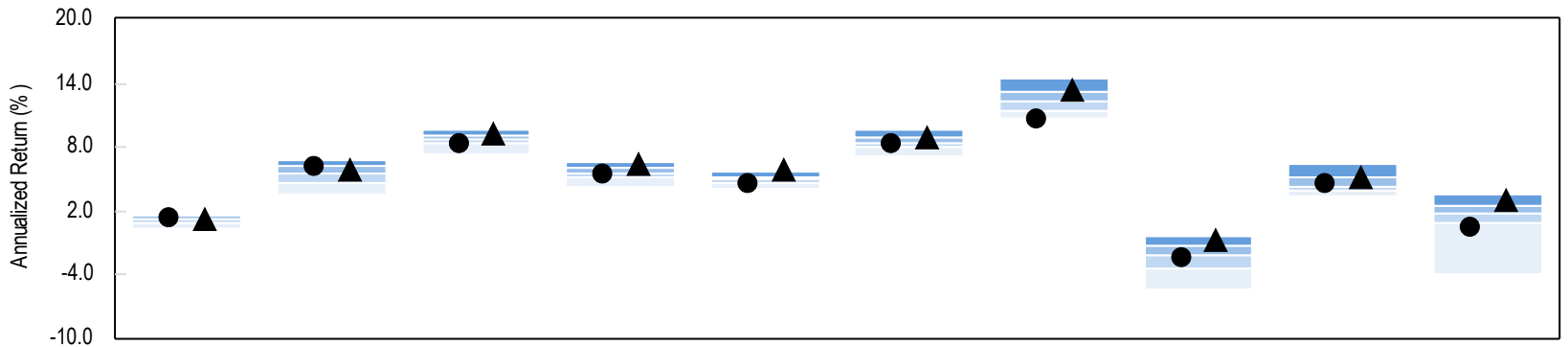
# Alternative

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Rolling Annualized Excess Performance and Tracking Error



Voya Senior Loan Fund vs. Bank Loan



	3 Mo	1 Yr	3 Yrs	5 Yrs	10 Yrs	2024	2023	2022	2021	2020
● Voya Senior Loan Fund	1.40 (31)	6.25 (30)	8.43 (68)	5.47 (57)	4.63 (79)	8.37 (55)	10.72 (95)	-2.25 (56)	4.72 (38)	0.57 (79)
▲ Morningstar LSTA U.S. Leveraged Loan	1.22 (48)	5.90 (38)	9.35 (21)	6.42 (10)	5.83 (4)	8.96 (27)	13.32 (22)	-0.77 (15)	5.20 (25)	3.12 (15)
5th Percentile	1.71	6.75	9.61	6.55	5.71	9.58	14.45	-0.41	6.45	3.61
1st Quartile	1.54	6.29	9.19	6.00	5.19	9.00	13.20	-1.31	5.20	2.58
Median	1.19	5.46	8.70	5.57	4.93	8.48	12.29	-2.07	4.33	1.77
3rd Quartile	0.89	4.66	8.32	5.20	4.72	8.09	11.50	-3.33	3.85	0.92
95th Percentile	0.36	3.52	7.38	4.27	4.13	7.15	10.69	-5.27	3.32	-3.85
Population	63	62	60	53	50	63	63	59	58	58

**Fixed Income**

<b><u>Name</u></b>	<b><u>Market Value</u></b>
UTAH TRAN AUTH SALE IRVING	\$25,034.50
TEX WTRWKS & & SEW REV NL	\$50,008.00
HAWLEY MINN	\$109,597.40
MASON CNTY WASH PUB	\$120,090.00
WASHINGTON ST HEALTH	\$100,032.00

**Cash and Cash Investments**

\$1.96

**Total Market Value**

\$404,763.86

#### Performance Return Calculations

Performance is calculated using Modified Dietz and for time periods with large cash flow (generally greater than 10% of portfolio value), Time Weighted Rates of Return (TWRR) methodologies. Monthly returns are geometrically linked and annualized for periods longer than one year.

#### Data Source

Verus is an independent third party consulting firm and calculates returns from best source book of record data. Returns calculated by Verus may deviate from those shown by the manager in part, but not limited to, differences in prices and market values reported by the custodian and manager, as well as significant cash flows into or out of an account. It is the responsibility of the manager and custodian to provide insight into the pricing methodologies and any difference in valuation.

#### Illiquid Alternatives

Due to the inability to receive final valuation prior to report production, closed end funds (including but are not limited to Real Estate, Hedge Funds, Private Equity, and Private Credit) performance is typically reported at a one-quarter lag. Valuation is reported at a one-quarter lag, adjusted for current quarter flow (cash flows are captured real time). Closed end fund performance is calculated using a time-weighted return methodology consistent with all portfolio and total fund performance calculations. For Private Markets, performance reports also include Verus-calculated multiples based on flows and valuations (e.g. DPI and TVPI) and manager-provided IRRs.

#### Current Managers

<u>Manager</u>	<u>Fund Incepted</u>	<u>Data Source</u>	<u>Manager</u>	<u>Fund Incepted</u>	<u>Data Source</u>
Vanguard Total Stock Market Index Adm	7/8/2009	Charles Schwab	DFA World Ex US Core Equity Ins	8/28/2017	Charles Schwab
T.Rowe Price Large-Cap Growth Fund - I Class	11/21/2011	Charles Schwab	Dodge & Cox Income	9/30/2002	Charles Schwab
Dodge & Cox Stock	3/31/1998	Charles Schwab	TCW Met West Total Return Bond I	5/15/2014	Charles Schwab
Vanguard Small Cap Growth Index ETF	8/18/2010	Charles Schwab	Cash	6/30/2009	Charles Schwab
DFA US Targeted Value I	8/18/2010	Charles Schwab	Aristotle Core Income FD	6/30/2025	Charles Schwab
American Funds EUPAC Fund F3	12/30/2014	Charles Schwab	Baird Core Plus Bond	6/30/2025	Charles Schwab
Schwab Government Money Ultra	2/22/2024	Charles Schwab	Voya Senior Loan Fund	4/30/2017	Voya

#### Policy & Custom Index Composition

Policy Index: (5/1/2017-Present)	35% S&P 500, 10% Russell 2500, 15% MSCI EAFE, 25% Bloomberg US Aggregate, 10% Morningstar/LSTA Leveraged Loan Index, and 5% Bloomberg US TIPS.
Policy Index: (1/1/2011-4/30/2017)	35% S&P 500, 10% Russell 2500, 15% MSCI EAFE, 25% Bloomberg US Aggregate, 10% Bloomberg Global Aggregate, and 5% Bloomberg US TIPS.
Old Policy Index:	35% S&P 500, 10% Russell 2500, 15% MSCI EAFE, 30% Bloomberg US Aggregate, 10% Bloomberg Global Aggregate.

#### Other Notes

Vanguard Total Stock mapped to Admiral share class on 6/4/2014.  
American Funds EuroPacific Growth F2 mapped to F3 share class on 6/22/2017.

# Glossary

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**Allocation Effect:** An attribution effect that describes the amount attributable to the managers' asset allocation decisions, relative to the benchmark.

**Alpha:** The excess return of a portfolio after adjusting for market risk. This excess return is attributable to the selection skill of the portfolio manager. Alpha is calculated as: Portfolio Return - [Risk-free Rate + Portfolio Beta x (Market Return - Risk-free Rate)].

**Benchmark R-squared:** Measures how well the Benchmark return series fits the manager's return series. The higher the Benchmark R-squared, the more appropriate the benchmark is for the manager.

**Beta:** A measure of systematic, or market risk; the part of risk in a portfolio or security that is attributable to general market movements. Beta is calculated by dividing the covariance of a security by the variance of the market.

**Book-to-Market:** The ratio of book value per share to market price per share. Growth managers typically have low book-to-market ratios while value managers typically have high book-to-market ratios.

**Capture Ratio:** A statistical measure of an investment manager's overall performance in up or down markets. The capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen (up market) or fallen (down market). The capture ratio is calculated by dividing the manager's returns by the returns of the index during the up/down market, and multiplying that factor by 100.

**Correlation:** A measure of the relative movement of returns of one security or asset class relative to another over time. A correlation of 1 means the returns of two securities move in lock step, a correlation of -1 means the returns of two securities move in the exact opposite direction over time. Correlation is used as a measure to help maximize the benefits of diversification when constructing an investment portfolio.

**Excess Return:** A measure of the difference in appreciation or depreciation in the price of an investment compared to its benchmark, over a given time period. This is usually expressed as a percentage and may be annualized over a number of years or represent a single period.

**Information Ratio:** A measure of a manager's ability to earn excess return without incurring additional risk. Information ratio is calculated as: excess return divided by tracking error.

**Interaction Effect:** An attribution effect that describes the portion of active management that is contributable to the cross interaction between the allocation and selection effect. This can also be explained as an effect that cannot be easily traced to a source.

**Portfolio Turnover:** The percentage of a portfolio that is sold and replaced (turned over) during a given time period. Low portfolio turnover is indicative of a buy and hold strategy while high portfolio turnover implies a more active form of management.

**Price-to-Earnings Ratio (P/E):** Also called the earnings multiplier, it is calculated by dividing the price of a company's stock into earnings per share. Growth managers typically hold stocks with high price-to-earnings ratios whereas value managers hold stocks with low price-to-earnings ratios.

**R-Squared:** Also called the coefficient of determination, it measures the amount of variation in one variable explained by variations in another, i.e., the goodness of fit to a benchmark. In the case of investments, the term is used to explain the amount of variation in a security or portfolio explained by movements in the market or the portfolio's benchmark.

**Selection Effect:** An attribution effect that describes the amount attributable to the managers' stock selection decisions, relative to the benchmark.

**Sharpe Ratio:** A measure of portfolio efficiency. The Sharpe Ratio indicates excess portfolio return for each unit of risk associated with achieving the excess return. The higher the Sharpe Ratio, the more efficient the portfolio. Sharpe ratio is calculated as: Portfolio Excess Return / Portfolio Standard Deviation.

**Sortino Ratio:** Measures the risk-adjusted return of an investment, portfolio, or strategy. It is a modification of the Sharpe Ratio, but penalizes only those returns falling below a specified benchmark. The Sortino Ratio uses downside deviation in the denominator rather than standard deviation, like the Sharpe Ratio.

**Standard Deviation:** A measure of volatility, or risk, inherent in a security or portfolio. The standard deviation of a series is a measure of the extent to which observations in the series differ from the arithmetic mean of the series. For example, if a security has an average annual rate of return of 10% and a standard deviation of 5%, then two-thirds of the time, one would expect to receive an annual rate of return between 5% and 15%.

**Style Analysis:** A return based analysis designed to identify combinations of passive investments to closely replicate the performance of funds

**Style Map:** A specialized form or scatter plot chart typically used to show where a Manager lies in relation to a set of style indices on a two-dimensional plane. This is simply a way of viewing the asset loadings in a different context. The coordinates are calculated by rescaling the asset loadings to range from -1 to 1 on each axis and are dependent on the Style Indices comprising the Map.

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# Sound Thinking

IAN TONER, CFA  
CHIEF INVESTMENT OFFICER

## Top 10 ideas for 2026

January 2026

Every year in early January we pull together a series of topics that we think investors should be thinking about as they approach a new year. Some of them tend to be market or economy specific forecasts, while others are more thematic. We try to make it clear what we define as success, and we try to make sure that the things we are concentrating on say something new – disagreeing with consensus where we think that is appropriate. At the end of each year, our Investment Committee chair – who otherwise is not involved in producing this document – evaluates our successes (and misses), in order to keep our yearend review as objective as we can.

We have a **generally positive outlook for 2026**. We think **economic growth is likely to continue** and that a broad risk-on bias is likely to be appropriate for most investors. At the same time, we are aware of the high valuations of risk assets (domestic assets in particular) and can see **a number of areas where news flow may cause short term volatility for investors**. We expect interesting times for domestic and global politics, and continuing pressure in the ESG space.


But first, let's take a look at our predictions for 2025 and how these forecasts fared.

### 2025: A Good Year for Investors (and for our forecasts)

We entered 2025 with many forecasters concerned. Most forecasters expected relatively poor economic growth and market conditions and thought that interest rates would likely fall rapidly. In contrast, we were relatively optimistic – a good number of our predictions were outside of consensus, and there was some trepidation within our investment team when we published our initial predictions as to whether we would be correct.

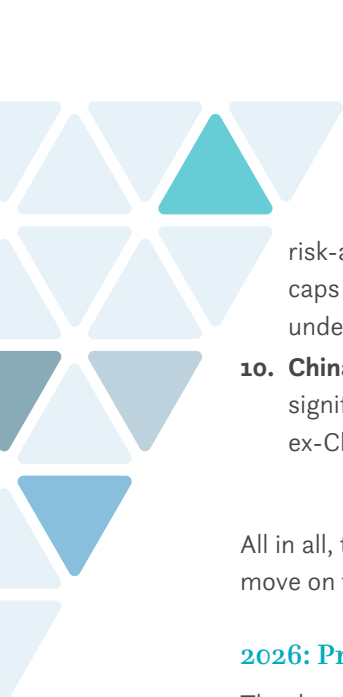
As things played out, 2025 was a much better year than expected, both for the economy and for portfolios – and indeed for our predictions, with 7 ½ of our 10 forecasts falling into the “correct” category. Our specific predictions, and how they turned out, are below.

- 1. Up not down: U.S. economic growth surprises to the upside. This was correct**, as GDP growth has surpassed expectations. Third quarter growth came in at an incredible 4.3% annualized rate, which followed a similarly impressive Q2 report. If Q4 growth is at least average in nature, 2025



will have shaped up to be a year of fairly average growth rather than slow or recessionary as many investors had initially expected.

2. **Up not down part 2: Continuing stubborn inflation. *This was correct.*** Continued economic strength as well as some tariff price pressure has kept inflation materially higher than most would like. We were also correct in our call that inflationary impacts from tariffs would be a smaller rather than larger effect.
3. **Higher not lower: normality resumes.** We forecasted that an expanding economy and hot inflation would keep interest rates higher than expected. ***This was a miss***, as the Fed did in fact pause rate cuts for most of 2025, but still managed to cut rates by a magnitude expected by investors. Longer interest rates also fell slightly during the year. However, we do note that timing matters here – Verus held this view through late 2024 when markets expected far more cuts in 2025 than what has occurred. Around the time that this document was written (December 2024) markets moved more in line with our *higher for longer* view.
4. **Tight for a reason: opportunities still available.** We predicted that credit spreads would provide investors with limited upside potential given their tight levels and would provide little cushion in the case of defaults. ***This was correct***, as credit spreads are effectively unchanged since the beginning of the year, and investors saw a notable drawdown during April market volatility.
5. **Seriously not literally: Trump 2.** Our prediction that investors should focus on the details of Trump policies once implemented, and that an approach of taking Trump “seriously but not literally” would be generally effective. ***We believe this was only partially correct.*** The administration pushed harder than expected on many policy areas but remained prepared to accept temporary partial success (putting Fed Chair Powell under significant pressure, rather than trying to fire him, and pushing for efficiency in Ukraine funding rather than cutting support completely, for example) in many of those areas of disagreement.
6. **Free(ish) trade: Putting the “if” in tariff.** In line with the “seriously not literally” approach outlined earlier, it appeared most likely that the use of tariffs would be considered and strategic, not unthinking and across the board. ***We missed on this call.***
7. **Active risk: global opportunities. *This was correct.*** We expected that U.S. equity indexes would remain very difficult for U.S. large cap actively managed funds to outperform, and the heavy weight of Magnificent 7 stocks in indexes have made that problem worse. The nature of standalone U.S. large cap equity mandates can incentivize active managers to overly-diversify their portfolios when trying to capture alpha in the market, in order to constrain tracking error. For this prediction, we said that the greater concentration inherent in active global equity strategies can help those global managers to generate U.S. security alpha. Year-to-date active global equity strategies outperformed U.S. large cap active managers by 75bps in terms of U.S. security selection performance, leading to our marking this call as accurate.
8. **Crypto clarity: the call is coming from inside the house. *This was correct.*** We said that once the regulatory agenda was clearly expressed and had begun to be implemented, investors with a higher level of risk tolerance may begin to consider whether crypto may have a role in their portfolios and what that role may look like. The crypto regulatory environment has changed significantly, and we have seen more institutional movement towards the space.
9. **U.S. small caps: strength matters. *This was correct.*** We predicted that investors with small cap allocations at a policy level should not necessarily expect small caps to outperform large caps on a



risk-adjusted basis or even on a total return basis. U.S. small caps have underperformed U.S. large caps in 2025, adding to their very long run of underperformance, and U.S. small caps have vastly underperformed in 2025 on a risk-adjusted basis.

- 10. China: is evitable even a word?** We said that the Chinese economy would continue to face significant structural headwinds and that there would be further interest from U.S. investors in ex-China mandates. **We count this as a success.**

All in all, then, 2025 was a fairly good year, and we can be happy with our forecasting record. So, we move on to the outlook for 2026: what are we expecting now?

### 2026: Prepare for Clarity & Surprises

The theme for this year is likely to be “surprise” – growth surprises, inflation surprises, data surprises, job market surprises, and political surprises. Most of that surprise is likely to be positive (on balance), but there are also likely to be some periods of increased volatility as the already richly-priced market processes the rapidly changing environment. We seem to be shifting towards an environment where different world views (on markets, on finances, on demographics and on politics) push harder against each other, and 2026 may prove to be an environment where these differences are confronted by clearer facts than have been available in recent years. That will mean clarity is provided on a number of important topics, but also with challenges, and potential short-term market volatility.

### GDP – GROSS DOMESTIC PRODUCT, OR GROWING DOMESTIC PRODUCT?

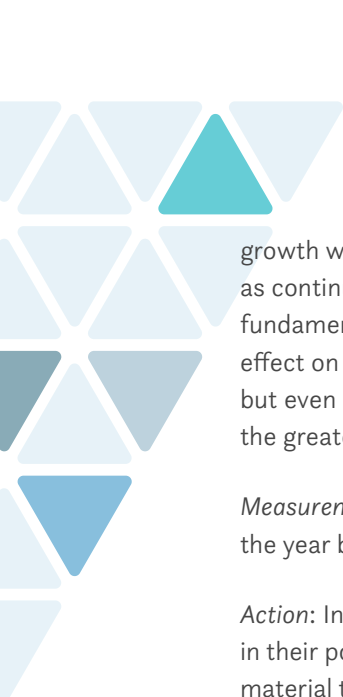
We believe GDP will come in towards the higher end of forecasters’ expectations: these are anchored around 2.0% real growth for 2026, while we believe a result closer to 2.5% is likely. The economy in the U.S. remains strong, even though there are individual metrics that can be pointed to as weak spots. The natural pessimism that forecasters can have during periods of positive growth is likely to continue, which may unreasonably bias expectations downward. The reality is that the U.S. economy remains resilient in most areas and is moving into an environment of lower taxes and broad fiscal easing, somewhat lower interest rates, and likely increased capital investments. Surprisingly positive economic growth should result: stagflation is highly unlikely without wholesale redefinition of the term to mean something quite different (the term “stagflation” was frequently misused during much of 2025).

*Measurement metric:* At the tail end of 2026, past 12-month real GDP growth will be materially above the current 2.0% consensus estimate.

*Action:* This positive economic surprise environment will likely be supportive for risk assets. Investors may be well-served by leaning into risk, and accumulating exposure during periods of weakness: investors should also be aware that there are likely to be one or more periods of heightened volatility as forecaster cognitive dissonance meets positive realities.

### INFLATION – DOWN AGAIN BUT NOT ENOUGH

We believe that inflation will continue to drop, but that this drop will not be enough to bring it to the target level for the Fed. Ongoing inflationary pressure will be fueled by the continuing strong economic



growth we expect: somewhat warm inflation is less concerning in this context. This is better thought of as continuing strength-driven stickiness, not materially driven by ongoing trade issues nor by fundamental problems in the economy. A possible sleeper effect on inflation could come from the effect on residential rental real estate from immigration policy changes – we will discuss this later – but even if this causes downward pressure on inflation, it will likely affect CPI more than PCE, which is the greater focus for Fed policy.

*Measurement metric:* PCE during 2026 will remain above the Fed’s 2% target for at least 10 months of the year but will not increase again to recent high levels.

*Action:* Investors may be tempted by continuing inflation talk to focus on “inflation protection sleeves” in their portfolio – we believe this temptation should be resisted, both as inflation is unlikely to be a material threat in the near-term, and because inflation protection is better done in the context of the whole portfolio rather than through a small allocation to particular assets perceived as inflation sensitive.

## **INTEREST RATES – UNEXPECTEDLY UNINTERESTING**

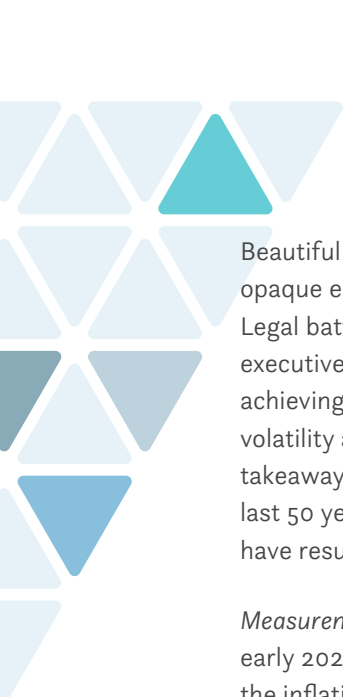
Many commentators are thinking of 2026 as a year where interest rate policy will be a hot topic – the final denouement of the Fed Chair saga, and many column inches and pixels spent discussing the effect of that change (and the other changes on the Board) on interest rate policy. We believe that reality will be less exciting. Market expectations for a couple of interest rate cuts by year end seems reasonable, the combination of stronger-than-expected growth and warmer-than-expected inflation is likely to continue, and while there will be plenty of discussion about interest rates, it seems unlikely there will be much new or surprising content to add to the discussion. Rates will likely come down in line with market expectations, long rates will stay higher than the administration would like, the administration will complain loudly about the level of rates, opponents of the administration will decry politicization of interest rate policy, actual interest rate policy will continue largely unaffected by the arguments, and the real economic excitement for the year will turn out to be generated elsewhere.

*Measurement metric:* The Fed Funds Rate will end the year close to 3% in line with market expectations, and long-term bond rates will stay close to their current level.

*Action:* Investors should not count on unanticipated interest rate changes, either at the short or the long end of the curve.

## **TARIFFS – THE ARGUMENT MAINLY SETTLED**

During 2026 we will be provided with further evidence regarding the ultimate effects of Trump administration tariff policies. Initial fears of a dramatic inflation spike will continue to prove overblown: while some industries and goods will show some inflationary pressure, most supply chains will allow for flexibility without too much impact. The other side of the argument – that some of the supply chain adjustments will involve re-onshoring of manufacturing – will likely begin to produce positive evidence as discussions turn into plans which turn into action, helped by the tax benefits from the One Big



Beautiful Bill Act. These effects may be strong enough to allow the administration to claim success, but opaque enough for opponents to be able to claim the positive news was caused by other variables. Legal battles over tariffs will certainly continue, with ongoing litigation around the exact scope of executive branch power in this realm. The end result will probably be a mixed bag, with each side achieving some wins and losses. Variable news-flow may produce short-term positive and negative volatility as markets over-compensate based on the most recent headline. However, we believe the key takeaways for 2026 will be that tariffs have settled at a much higher level than they have been for the last 50 years, that inflationary effects are mostly contained, and that some onshoring of supply chains have resulted from this change.

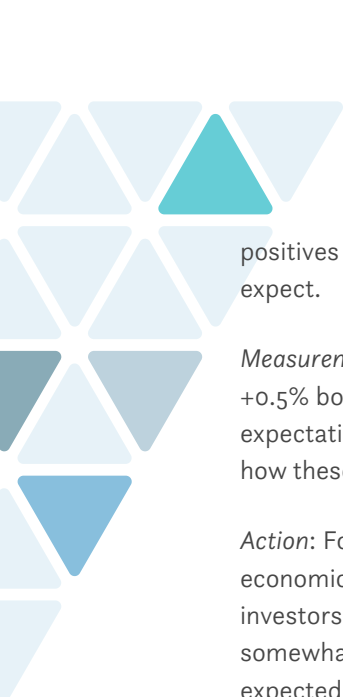
*Measurement metric:* Average tariff rates will continue to be materially higher than they were in the early 2020s for the year, while inflation due to tariffs will be minimal and will be mostly falling out of the inflation statistics by the end of the year.

*Action:* Investors should focus on the broad underlying drivers of the economy rather than be overly reliant on “tariff story” narratives.

## **THE YEAR OF THE UNSURPRISING SURPRISES**

During the next twelve months, the One Big Beautiful Bill (OB BB) Act will come into full effect. Many commentators have identified a range of positives (tax benefits from rapid expensing of capital expenditures, for example) and negatives (cuts to many social benefits that will hurt certain household budgets, for example) that will likely exist as this legislation takes effect. As has been a common investment theme in recent years, investors will be well-served by leaving their political biases at the door and evaluating impacts of the OB BB Act in a dispassionate way. Based on the tone of news flow and discussions recently around this legislation, we believe that, similar to 2025 with the shift in U.S. trade policy and substantial overestimation by investors of the size of negative economic and markets effects from policy, investors may, on average, be tilting too pessimistically in their views for 2026. For this theme, we believe the near-term positive economic effects of OB BB Act legislation on the economy will likely be bigger than expected, and the negative economic components could be smaller than expected (we focus our forecast here solely on the near-term effects on the economy, and acknowledge longer-run effects such as a more strained U.S. fiscal situation would require separate evaluation).

Taking a look under the hood of this legislation reveals a variety of specific areas that could be incrementally positive for economic growth to a degree that surprises investors. First, no tax on overtime pay raises take-home pay while incentivizing more work hours, raising the overall disposable income of many blue collar and essential workers (ex: manufacturing, logistics, healthcare), possibly also helping to alleviate labor shortages in certain sectors while translating to stronger overall consumer spending. Next, no tax on tips will boost take-home pay for many Americans, once again allowing more discretionary spending to flow through the economy. Third, tax breaks for U.S.-made automobiles may boost American car sales, generating local revenues, spending and possibly jobs. We of course note that strong arguments also exist for why many of these initiatives may be distortive of markets and could come with unintended side effects; however, we suspect that on balance the



positives for growth in the near-term will outweigh the negatives more than commentators currently expect.

*Measurement metric:* Positive effects from the OBBB Act will ultimately be estimated at more than a +0.5% boost to 2026 U.S. real GDP growth, which is towards the higher end of the range of current expectations. Also, there will be a feeling of surprise amongst media members and investors regarding how these positive effects flow through to the economy and American businesses.

*Action:* Following 2025 and preparation by many in the media and investor community for certain economic calamity due to U.S. Administration policies (calamitous effects which were never realized), investors should be open to the idea that positive economic impacts from the OBBB Act will be somewhat greater than expected and negative economic effects will be real but less bad than expected.

### **IMMIGRATION POLICY EFFECTS CLARIFY**

The first year of the second Trump administration involved significant changes in immigration policy enforcement, and this had an effect both on the number of people entering the country in irregular ways and on the number of people choosing to remain without full legal status. Understanding the scale and nature of this change is currently very difficult, both because the data involved is politically sensitive and because there are strong disincentives for those involved to report accurately due to concerns about how the data might be used. During 2026, we believe four key things will happen. First, the administration will expand the scope of their work on immigration, continuing to push hard on those in the U.S. without documentation while also expanding their focus on stricter enforcement of the legal immigration process and potentially making efforts to change the rules around legal immigration. Second, the number of people leaving the United States will increase, and this outflow will expand to include more affluent and educated individuals due to efforts to change the legal immigration process. Third, the effects of these changes will begin to be known as clearer data at the federal and state level is released, both in terms of the number of people involved and the economic impact. Fourth, there will be rising economic impacts from these changes: less demand for residential real estate in some markets due to lower population, increased demand for labor in certain sectors and locations that will likely cause increased participation rates from documented workers (due to decreasing supply of undocumented workers), and potential changes to public spending due to these dynamics. While the exact effects are currently difficult to predict, more clarity will allow for better assessment of the impacts. Those impacts will be a mix of both positive and negative for the overall economy, and many debates will be had regarding which of the effects are in fact “positive” or “negative” and for whom.

*Measurement metric:* U.S. population growth will be similar or lower to that observed in 2025, with the effects of this on the labor, and broader, economy beginning to be noticeable in a variety of areas.

*Action:* Concerns that continued immigration enforcement will significantly cramp economic growth are unlikely to be well founded. This supports the general acceptance of risk driven by domestic economic growth during 2026.



## EMPLOYMENT & PRODUCTIVITY – A COMPLICATED STORY


A drop in immigration and a growing economy might lead one to think that the unemployment rate is bound to fall significantly, but we believe that this year will be more complicated than that, and that this complexity will spill over into the question of productivity. Unemployment is based on the number of people in “above the board” jobs relative to the number of people in the workforce (which of course excludes people who would be able to work but who are not looking for work). It seems likely the number of people working in *fully on the books* jobs will increase as the economy grows, and with even a small amount of onshoring. However, as was the case during the latter part of the Obama economy, one of the results of economic expansion is likely to be that more and more previously discouraged workers come back into the workforce – this increases the number of *available workers* in the labor force, which raises the unemployment rate all else equal. We may well see either a flat or slightly increasing unemployment rate over the year, therefore, despite good economic growth. Further, we expect this to coincide with a productivity conundrum. The introduction of AI across the economy is likely to drive genuine productivity improvements, and investors should expect to see this in the statistics. However, as more marginal employees come back to the labor force (those who have just begun to participate in the labor economy having previously been discouraged workers) there will likely be some counteractive negative impact on productivity, given that many of them must relearn job skills. We believe this will all result in a more complex story than investors are expecting – not enough to kill the AI productivity narrative but enough to cause confusion during 2026.

*Measurement metric:* Unemployment will be sticky and will likely rise slightly, driven by an increase in people looking for work. Productivity will likely increase although it will be less than those predicting large AI productivity impacts would like, and this will likely produce some headlines unfairly questioning the AI productivity narrative.

*Action:* Investors should not be overly worried about labor market numbers during the year and should instead focus on the real internal dynamics of the labor market. Particular attention should be paid to the degree to which non-engaged workers are moving into the workforce, and the degree to which jobs which had previously existed *off the books* begin to move out of the gray area and into the legitimate economy.

## ILLIQUIDITY RISK – SELECTION STILL MATTERS

We have consistently warned about the dangers of illiquidity and made the case that illiquidity is always a risk: while illiquid asset classes can indeed be a source of excellent return, that return is driven by active investment management decisions made by the GPs of the vehicles used to invest in that asset class. There is typically no “free lunch” provided simply by investing in illiquidity. There are many institutional investors who have learned this lesson the hard way over the last few years – we believe that lesson will continue to be taught during 2026 and will become even more painful in many instances. Investors in private illiquid markets that are highly skilled in fund selection with proper access to top tier GPs will continue to be compensated during 2026, while the poor returns coming from poorly managed programs will weigh on the *average* returns of the private equity universe, and the liquidity problems caused by poor liquidity management will continue to cause practical challenges



for the effective implementation of many institutional investment programs.

*Measurement metric:* The return experience for private market investors in aggregate during 2026 will be below the average return over the last 25 years, and there will continue to be liquidity challenges for a material cohort of institutional investors who have overallocated to poorly performing programs. Successful programs will continue to perform well.

*Action:* Investors should focus hard on ensuring their private market programs are focused on true value generation at the GP level rather than simply financial engineering. Manager selection and liquidity risk modelling will remain the key to success in these programs and firms who are able to provide those skills will be in strong demand from investors.

### **NOISY BUT MORE PEACEFUL**


Geopolitical instability remains a market concern. The Ukraine conflict has not yet come to an end, China continues to assert their claim to Taiwan, and real peace in the Middle East remains elusive (also, 2026 news flow kicked off with the unexpected capture of Venezuela's Nicolas Maduro and his wife). However, there is reason to be broadly positive, and our expectation is that while the noise will continue, at least one or more of these flashpoint areas is likely to move materially towards resolution. It appears that both sides in the Russia / Ukraine conflict are nearing the end of their physical and emotional resources and a stable solution is increasingly in the interests of both sides – escalation events that happen in the meantime are likely positioning for a final conclusion than for a longer-term conflict. It also appears that there is increasing interest across the Middle East in creating a more stable set of relationships. Also, with the immediate Gaza problem more under control and the U.S. having been prepared during 2025 to apply limited targeted force against Iran, it is probable we see an expansion of the Abraham Accords process during 2026. China / Taiwan seems the stickiest issue, though we believe this is better viewed as a leverage tool for China regarding power positioning vis a vis the United States, rather than preparation for a hot war. In each of these cases, there will likely be plenty of non-traditional wording coming from the U.S. administration – but we expect some positive movement despite (or because of) that.

*Measurement metric:* A material improvement in two of the three friction points outlined above would count as success here. This could be a robust ceasefire in Ukraine, a real move towards the expansion of the Abraham Accords in the Middle East, or a de-escalation of military preparation by China relative to Taiwan.

*Action:* This supports the underlying theme of risk-on positioning. In particular, it suggests there will be the opportunity for risk-on moves to occur in markets outside the United States, not just domestically. A reduction in conflict may well provide an environment where oil prices remain somewhat weaker than expected on a neutral basis, allowing positive support for growth.

### **PEACEFUL BUT MORE NOISY**

Counteracting our previous forecast for some geopolitical conflict resolution in 2026, we expect there to be significant escalation in an unexpected place – across the Atlantic between the EU and the



United States. While these are natural allies in many ways, and those alliances will remain fundamentally intact, 2026 is likely to be a year where the different approaches to free speech and economic regulation come to a boil. The two fundamentally different approaches to speech regulation are already clashing, and there are a series of rapidly escalating lawsuits which could move this to the front burner and cause the issue to have a potentially significant impact not only on the topic of speech regulation but also on broader regulation in general. European investors are also now pushing much harder than before on investment management firms to implement ESG in a way that is compatible with their values, but which clash with the values of significant portions of the United States. At the same time, pressure in the U.S. on ESG issues from the administration and from various states is likely to get more intense. We believe this pressure will begin to turn into demands for specific actions to be taken. For example, recent plans to increase U.S. regulatory scrutiny of proxy voting firms may push on these ESG issues and be combined with agency enforcement actions regarding hiring policies related to gender and race issues to make this area broadly more challenging for investors to navigate. These political clashes may spill over into economic issues and may throw sand in the recent renewed enthusiasm for European equity markets. While the underlying collective history and interests of these nations are strong enough not to make this an existential risk to the relationship, commentators and investors are likely to be surprised about the speed at which this becomes an issue and the depth of emotion it unlocks.

*Measurement metric:* One or more significant free speech regulation or ESG issues will surface as a major cause of international tension during the year between the U.S. and the EU and will be introduced into economic discussions as a core regulatory issue.

*Action:* This, particularly the free speech regulation issue, will shine a spotlight on some of the most important growth stocks in the U.S. in the technology space, as the terms under which they are able to do business within an increasingly regulatorily focused EU will come into question. While this will not likely challenge their continuing economic model fundamentally, it may cause some short-term volatility at times for some of the most exposed enterprises and may impact broader market behavior.

## **CONCLUSION**

These ten ideas mesh together into a view of the important narratives of 2026. We believe the good is likely to outweigh the bad, although stretched valuations and strong opinions are likely to cause periods of higher volatility. The United States remains poised for continued growth, and with the rise of clearer data some commentators may find themselves surprised and reassessing their thinking throughout the year. Like 2025, 2026 is likely to be a year where politics is important – and the outlook for the last month of the year and for 2027 is likely to be materially driven by the results of the mid-term elections. Investors, though, should look through political headlines and focus on economic behaviors and effects. All in all, we believe a mild, careful, risk-on strategy is likely to serve investors well.



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#### ABOUT THE AUTHOR

Mr. Toner has a degree in Law from the University of Oxford in the United Kingdom and is a CFA charterholder (Chartered Financial Analyst). He is a regular author and speaker on a range of investment topics. He is a member of the Audit / Finance Committee of The Medina Foundation in Seattle. He is also a member of the CFA Institute and the CFA Society of Seattle. He is a former board member at the Seattle Metropolitan Chamber of Commerce, where he co-chaired the

finance & audit committee. Mr. Toner was formerly a trustee of the Charles Wright Academy and former chair of the endowment committee. He has been happily married to his wife, Heather, for over 30 years, and is the proud father of two children.

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