



Quarterly Investment Report: January-March 2023

Financial Markets Review

Global financial markets rallied in the first quarter but experienced heightened volatility following turmoil in the banking sector that stemmed from the collapse of Silicon Valley Bank. The market volatility proved to be short-lived as the Federal Reserve (Fed) implemented extensive measures to support the US banking system. The Fed raised interest rates by 25 basis points in both February and March, but investors believe signs of economic softening and cooling inflation could allow the Fed to end its hiking cycle in the near future.

Global equities, as represented by the MSCI ACWI Index, gained 7.3% during the quarter. The S&P 500 Index advanced 7.5%, while international developed stocks added 8.5%, benefiting from a weaker US dollar. Emerging markets lagged their developed market counterparts, gaining 4.0% for the quarter. In a reversal from 2022, growth stocks significantly outperformed value stocks in the first quarter of 2023.

Treasury yields declined during the quarter as markets repriced the outlook for monetary policy following the banking turmoil. While the 10-year Treasury yield reached 4.1% in early March, it dropped to 3.4% by quarter-end. The Bloomberg US Aggregate Index rose 3.0% during the quarter, with corporate credit outperforming US Treasuries.

Investment Pool Commentary

The **Long Term Diversified Pool (LTD)** returned 4.2% during the quarter, slightly behind its Strategic Policy Benchmark as underperformance from Neuberger Berman (International Equity) detracted from results while Champlain (Small-cap Equity) added value. The LTD Pool trailed its Public Markets Benchmark for the quarter as its allocations to alternative asset classes (private markets and hedge funds) underperformed public equity and fixed income markets. The Pool outperformed both of its benchmarks for the one-year period as its exposure to alternative asset classes proved beneficial. For the 10-year period, the LTD Pool had an annualized return of 6.3%, slightly behind its Strategic Policy Benchmark and ahead of its Public Markets Benchmark.

In February, the ACF Investment Committee approved an increase in the LTD Pool's strategic target to public fixed income from 10% to 20% and a reduction in the Pool's strategic target to public equity from 55% to 45%.

The **Long Term Aggressive Growth Pool (LTAG)** gained 5.6% for the quarter, moderately trailing its benchmark driven by underperformance from the international equity allocation. For the one-year period, the LTAG Pool underperformed its benchmark due to underperformance from Western Asset (fixed income). Since its inception (April 2019), the LTAG Pool had an annualized return of 5.9%, slightly outperforming its benchmark.

The **Socially Responsible Pool (SRI)** returned 7.1% during the quarter, outperforming its benchmark due to strong results from the Vanguard FTSE Social Index Fund (US Equity) and the Calvert Bond Fund (Fixed Income). The SRI Pool lagged its benchmark for the one-year period as the Environmental, Social, and Governance (ESG) screens utilized by the equity managers proved unfavorable. For the 10-year period, the SRI Pool had an annualized return of 7.6%, matching its benchmark.

In February, the ACF Investment Committee approved an increase in the SRI Pool's strategic target to fixed income from 30% to 40% and a decrease in the Pool's strategic target to equity from 70% to 60%.

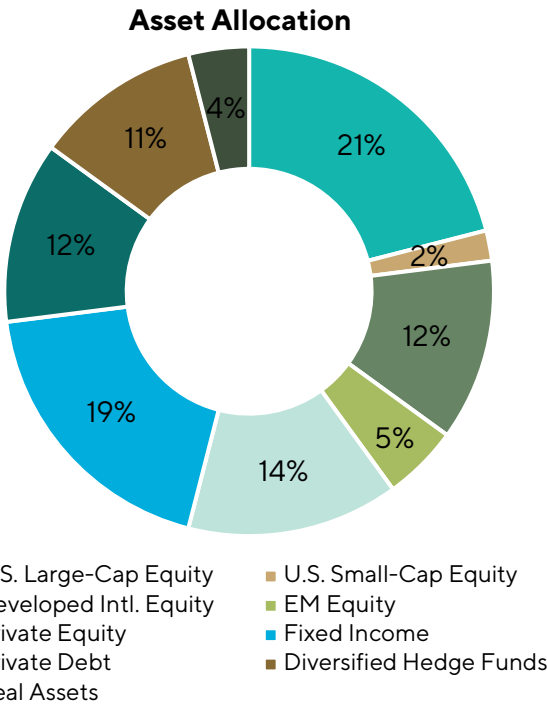
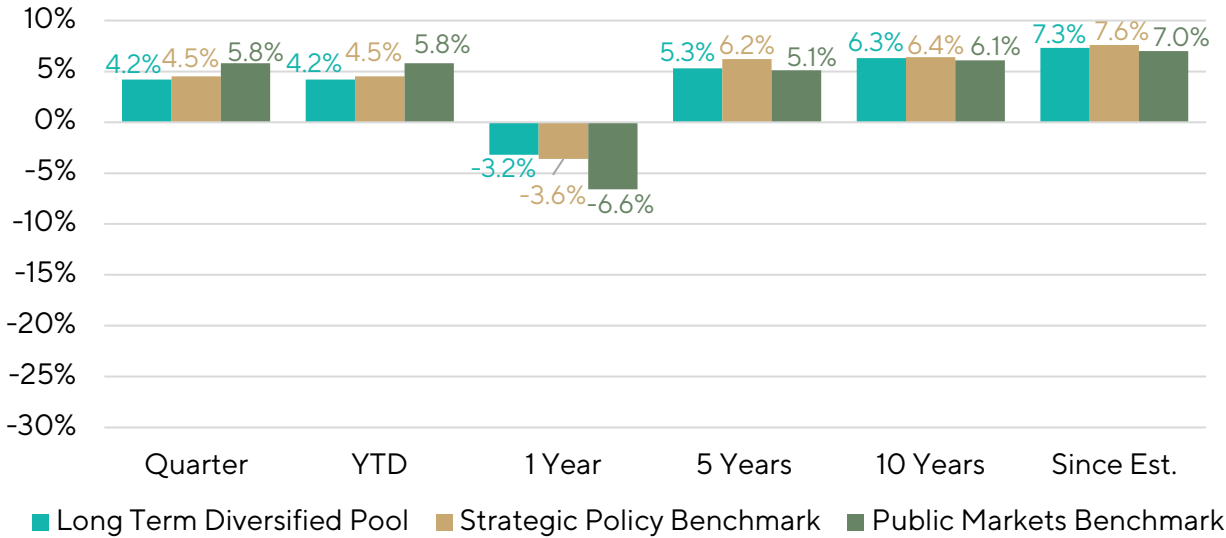
The **Intermediate Pool (INT)** returned 5.2% for the quarter, slightly ahead of its benchmark driven by outperformance from the DFA Emerging Markets Core Fund and the diversified hedge fund portfolio. For the one-year period, the INT Pool slightly lagged its benchmark primarily due to underperformance from Western Asset (fixed income). For the 10-year period, the INT Pool had an annualized return of 5.5%, slightly ahead of its benchmark.

The **Short Term Pool (ST)** returned 1.0% for the quarter, comparable to the 90-Day US Treasury Bill. As of March 31, 2023, the ST Pool's annualized yield stood at 4.56%.

For questions or additional information, please contact your relationship manager or [click here to visit our website](#).

**Long Term Diversified Pool
Established December 1990**

Net Returns - As of As of March 31, 2023

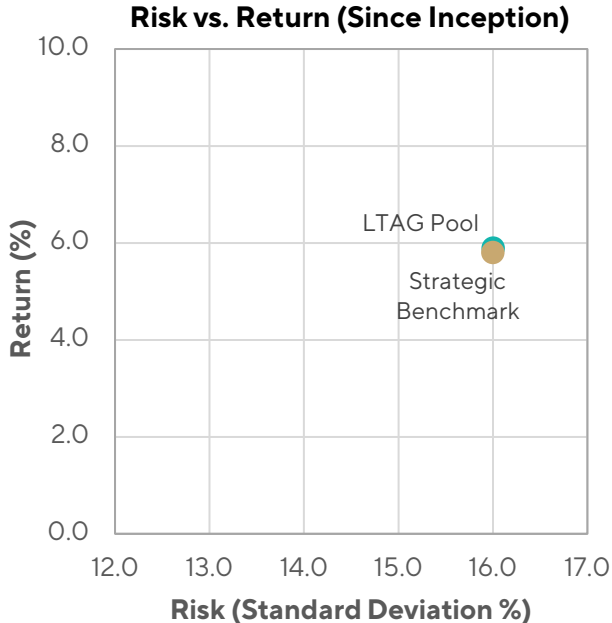
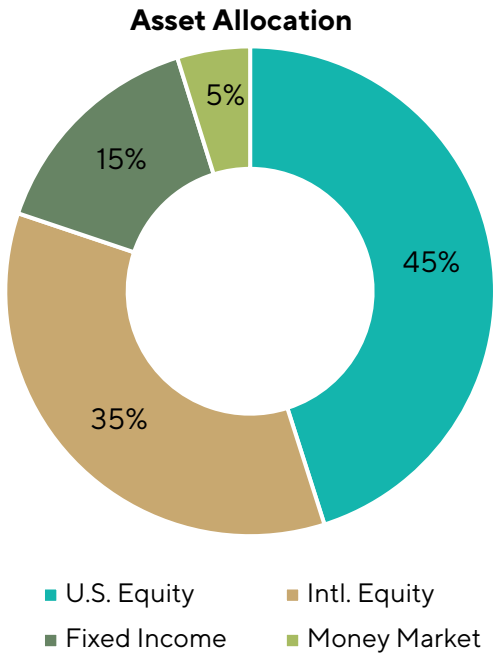
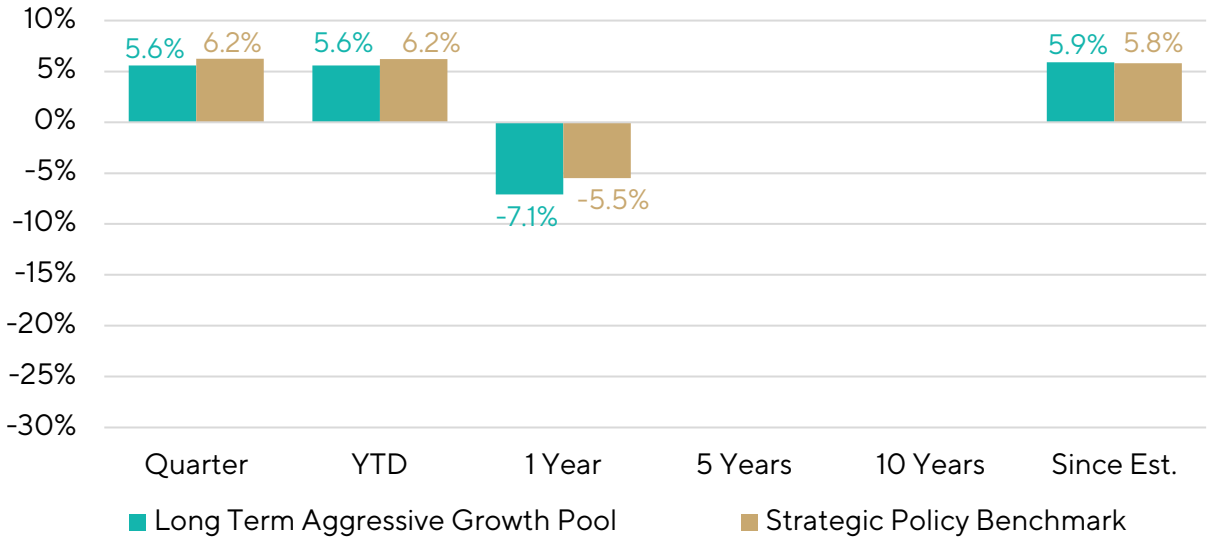


The Strategic Policy Benchmark represents the weighted average return of the underlying asset class benchmarks using the pool's strategic asset allocation through time. The Public Markets Benchmark represents 70% MSCI All Country World Index (ACWI) / 30% Bloomberg Barclays Aggregate Bond Index.

Per industry standard, investment pool returns are reported net of underlying investment manager fees. Returns do not incorporate other pool expenses including custody, consulting, and legal fees, or ACF's investment oversight fee. Actual returns for individual fund-holders may vary from the pool(s) in which they are invested due to the timing of contributions and grants/distributions.

Long Term Aggressive Growth Pool
Established April 2019

Net Returns - As of March 31, 2023

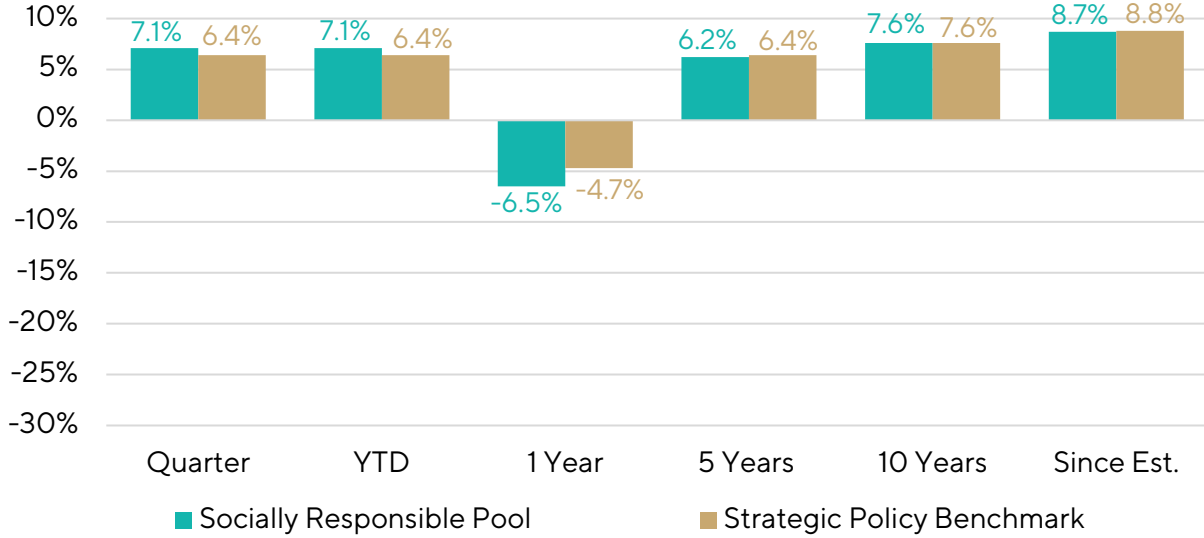


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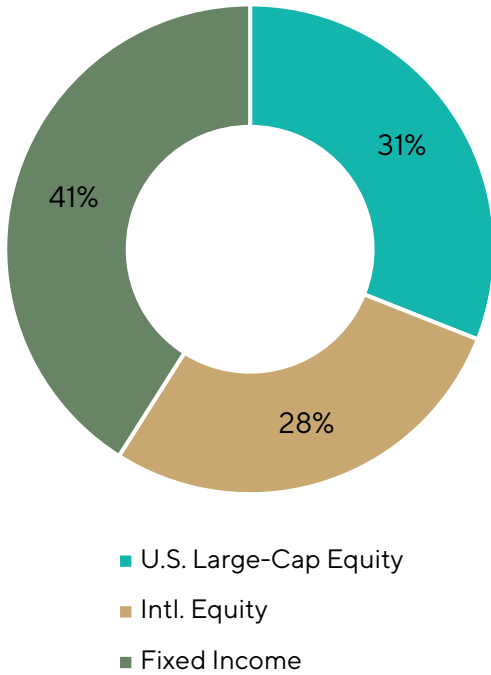
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Socially Responsible Pool
Established September 2011

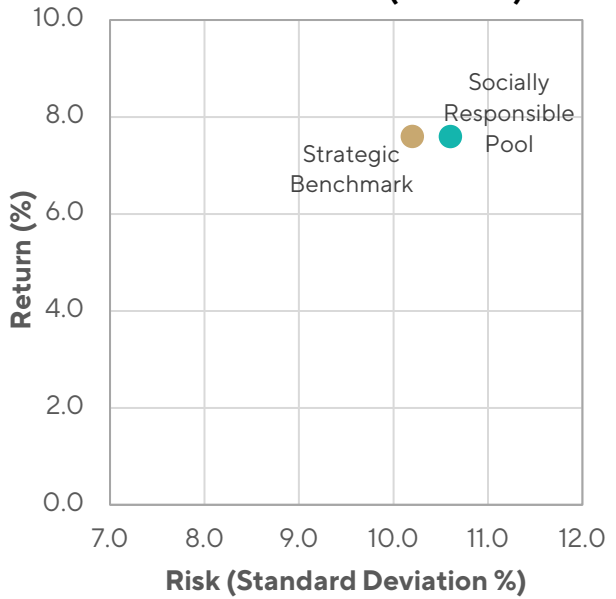
Net Returns - As of March 31, 2023



Asset Allocation



Risk vs. Return (10 Years)

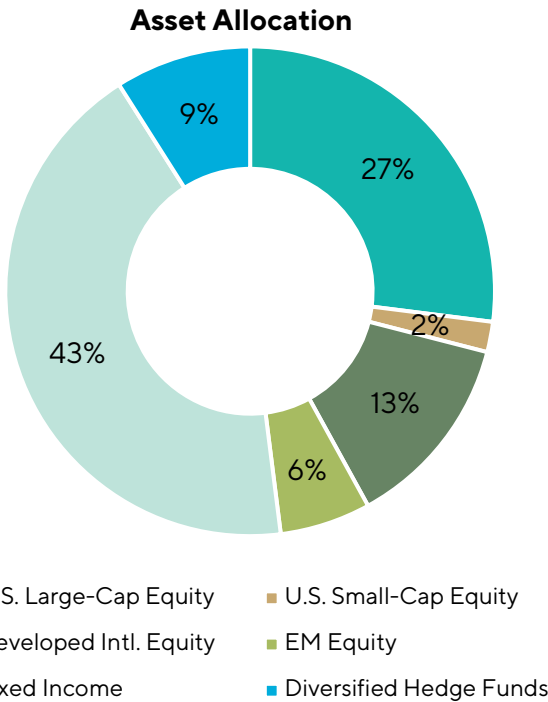
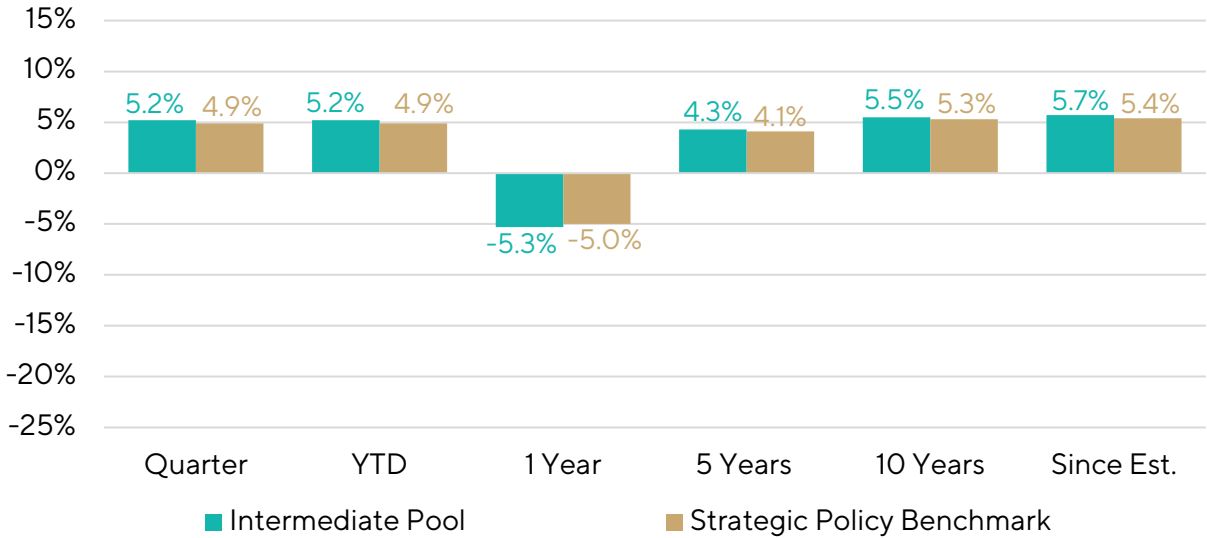


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Intermediate Pool
Established December 2005

Net Returns - As of March 31, 2023

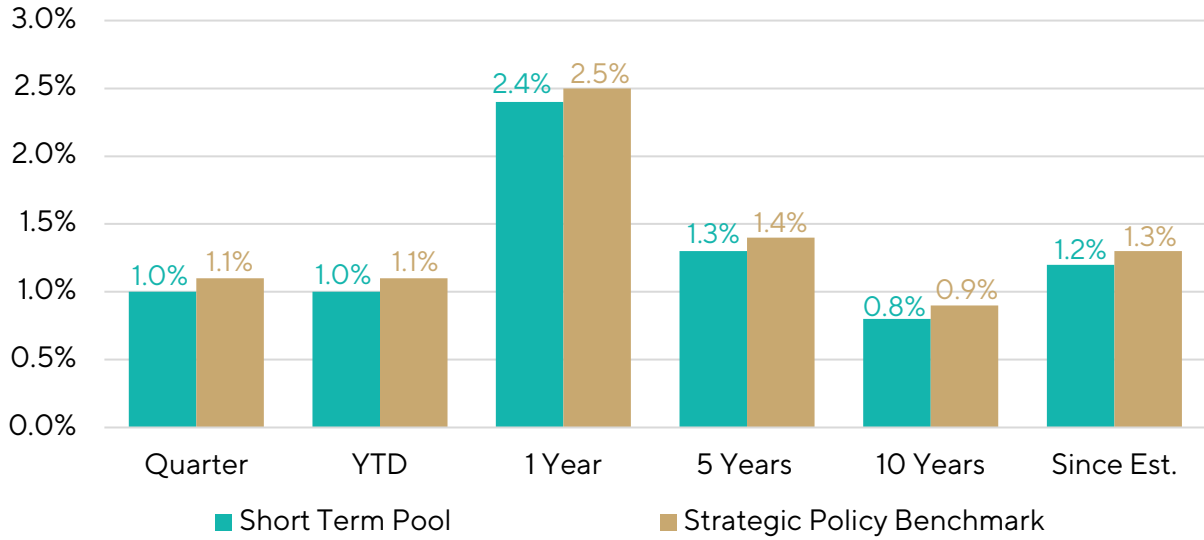


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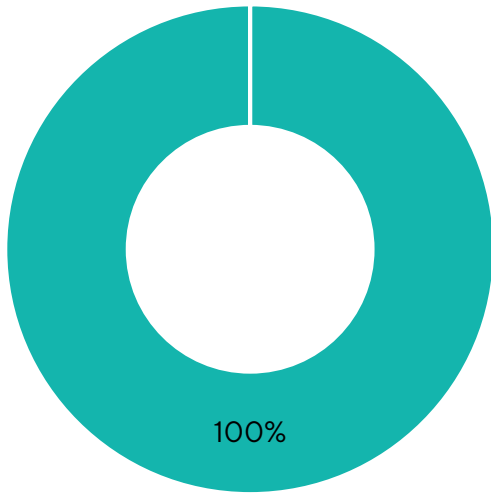
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Short Term Pool
Established May 2003

Net Returns - As March 31, 2023

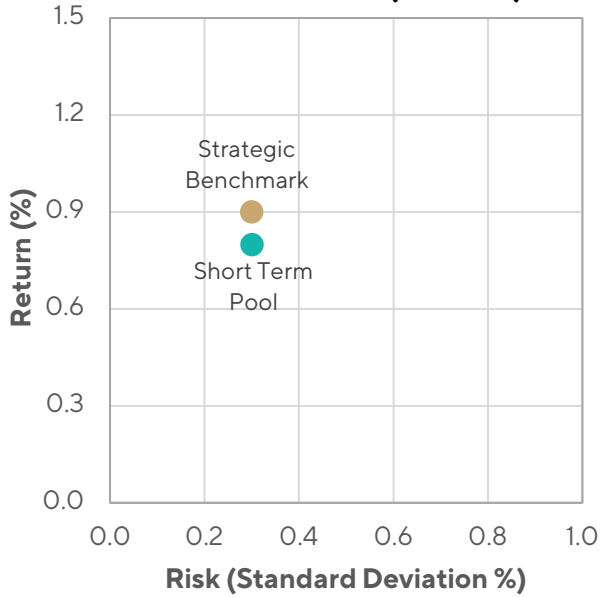


Asset Allocation



■ Treasury Money Market Fund

Risk vs. Return (10 Years)



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