

## Philosophy & Facts

**Investment Philosophy:** The CFNC believes strongly in holding a diversified portfolio of securities across various asset classes. The goal is to minimize expenses and to provide a fair return, net of all costs, per risk taken. The Investment Policy Statement, revised August 15, 2017, was established to ensure that CFNC's assets will be invested prudently and in a manner calculated to achieve the investment goals. CFNC's Board of Trustees is responsible for reviewing and acting upon the Investment Policy with the advice of its Investment Committee. All of the investments are overseen by the foundation's Investment Committee, comprising of community leaders across various industries. The Investment Committee has retained First National Investment Management as the primary manager of CFNC assets.

**Balanced Pool Objective:** To provide long-term growth of capital and generation of income by investing in a diversified mix of domestic and foreign equities, fixed income securities and alternative investments. This pool is appropriate for donors who seek moderate growth paired with stability.

	Target Allocation			
	Equity	Fixed Income	Alternative	Category Range
Balanced Pool	55%	30%	15%	+/- 15%

**First National Investment Management:** The CFNC Balanced Pool utilizes a tactical asset allocation model to improve upon a passive mix of equities and fixed income securities through a disciplined approach. This strategy adjusts asset class weightings within the market for changing economic conditions and relative values. For equity exposure, First National utilizes exchange traded funds (ETFs) and mutual funds representing the following asset classes: Large Cap Value, Large Cap Growth, Small Cap Value, Small Cap Growth, Developed International, Emerging Markets, U.S. REITs and International REITs. For the fixed income portion of the Pool, they employ an actively managed individual bond portfolio, complimented with mutual funds for yield and diversification.

In 2013, the Investment Committee approved an allocation to a U.S. Index approach utilizing equity and fixed income ETFs and mutual funds. For equity exposure, the strategy has exposure to a U.S. Broad Market Index and U.S. REITs. For fixed income, the strategy holds an allocation to a short-term investment grade corporate bond mutual fund and the Barclay's U.S. Aggregate Index ETF.

**Alternatives:** In 2015, the Investment Committee approved an allocation to alternative investments. The goal of this asset class is to strategically manage risk and increase diversification, while meeting return goals. Each investment in an alternative investment is evaluated by the Investment Committee independently of marketable securities, and authorized by the Committee.

**Morgan Stanley:** In 2019, the Investment Committee approve the addition of Morgan Stanley as an alternative manager for the Balanced Pool. Morgan Stanley is a global leader in alternative investments, offering a comprehensive suite of products that encompasses both proprietary and third-party managers.

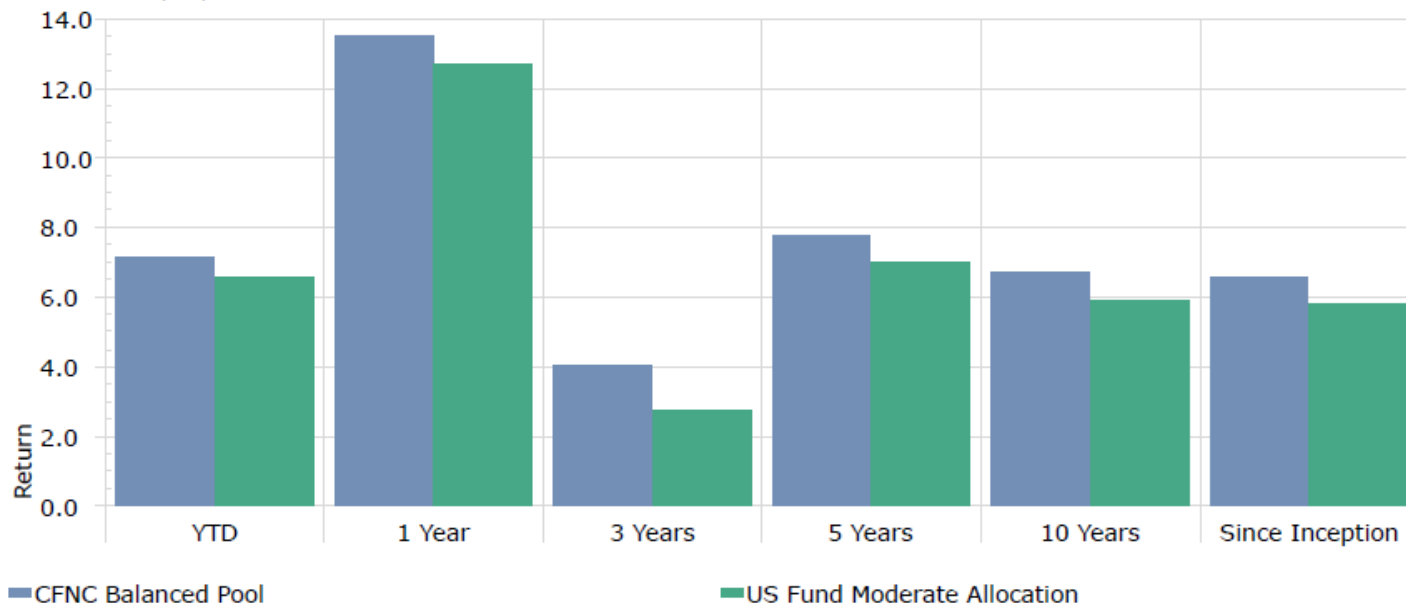
## Portfolio Return vs. Morningstar Category

### CFNC Balanced Pool



#### Manager vs Index

As of Date: 6/30/2024



#### Manager vs Index

As of Date: 6/30/2024

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
CFNC Balanced Pool	7.15	13.55	4.02	7.95	6.85	6.60
US Fund Moderate Allocation	6.57	12.69	2.71	7.00	5.90	5.82

Source: Morningstar Direct

#### What the graph shows us:

The graph reflects the average annualized returns for the CFNC Balanced Pool and the Morningstar benchmark for the different periods within the analysis time frame (1 year, 3 year, etc.). Annual Return graph plots the annualized returns of the CFNC Balanced Pool against the returns of the Morningstar 50% to 70% Equity benchmark.

#### What the table shows us:

The manager vs. benchmark table is a numerical representation of the graph above. It displays the average annualized returns for the CFNC Balanced Pool and Morningstar benchmark for the different periods within the analysis timeframe (1 year, 3 year, etc.). The blue bars represent the CFNC Balanced Pool and the green bars represent the Morningstar benchmark.

\*The Morningstar 50% to 70% Equity benchmark consists of a peer group of mutual funds that seek to provide both capital appreciation and income by investing 50-70% of assets in equities and the remainder in fixed income and cash.

Source: Morningstar

Past performance is not a guarantee of future results.

## Portfolio Risk Return vs. Morningstar Category

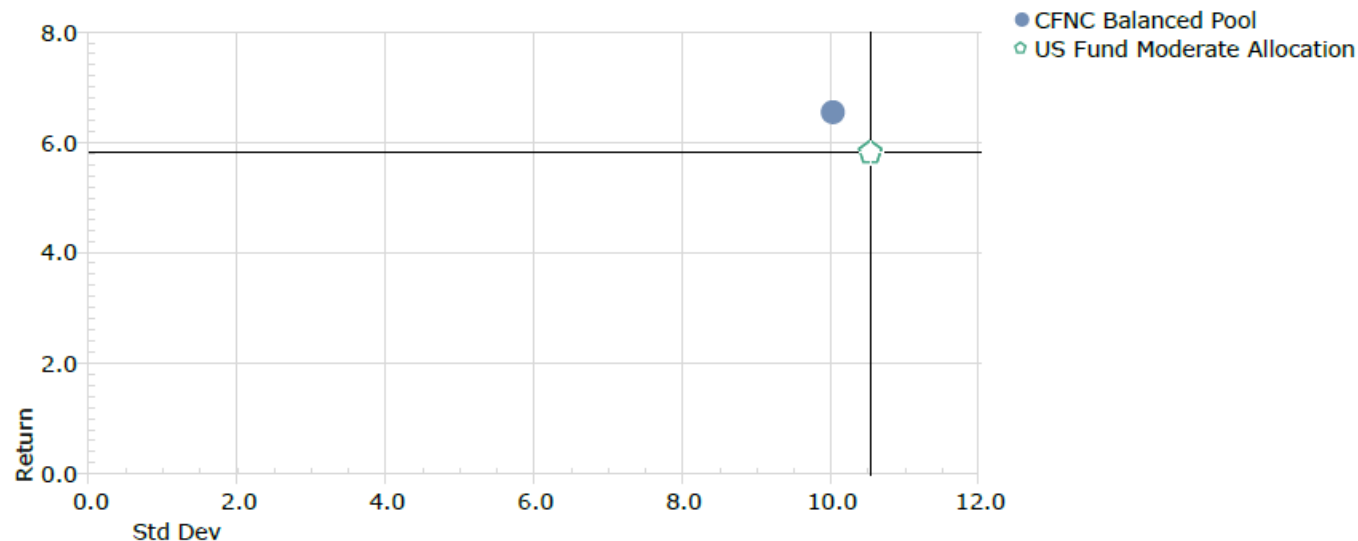
### CFNC Balanced Pool



#### Manager Risk/Return

Time Period: 7/1/2006 to 6/30/2024

Calculation Benchmark: US Fund Moderate Allocation



#### Risk-Return Table

Time Period: 7/1/2006 to 6/30/2024

Calculation Benchmark: US Fund Moderate Allocation

	Return	Std Dev	Beta	Alpha	Sharpe Ratio (geo)
CFNC Balanced Pool	6.60	10.03	0.94	0.89	0.50
US Fund Moderate Allocation	5.82	10.54	1.00	0.00	0.41

Source: Morningstar Direct

#### What the graph shows us:

The Portfolio Risk / Return graph plots the CFNC Balanced Pool's return (annualized %) against the portfolio's standard deviation. The blue dot represents the CFNC Balanced Pool and the white dot represents the Morningstar 50% to 70% Equity benchmark.

If the CFNC Balanced Pool has outperformed the Morningstar benchmark, the portfolio will plot above the horizontal line. If the total risk is less than that of its benchmark, the portfolio will plot to the left of the vertical line.

#### What the table shows us:

**Return** - The annualized portfolio return over the entire analysis period.

**Standard Deviation** - The total risk or variability of the portfolio's returns about its mean.

**Beta** - The systematic (market) risk of a portfolio. A portfolio with a beta of one is considered to be as risky as the market.

**Alpha** - Measures the difference between a portfolio's actual returns and the return one would expect given the portfolio's level of risk. A positive Alpha means the portfolio has exceeded expectations based on the level of risk.

**Sharpe Ratio** - A measurement of risk adjusted return and the excess return of a portfolio over the risk free rate (3 month T-Bill) per unit of risk (Std. Deviation).

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**Growth Pool Objective:** To provide long-term growth of capital and with production of income being secondary. Funds shall be invested primarily in a diversified mix of domestic and foreign equities, fixed income securities and alternative investments. This pool is appropriate for donors seeking capital appreciation who have a higher tolerance for volatility.

	Target Allocation			
	Equity	Fixed Income	Alternative	Category Range
Growth Pool	75%	10%	15%	+/- 15%

**First National Investment Management:** The CFNC Growth Pool utilizes a tactical asset allocation model to improve upon a passive mix of equities and fixed income securities through a disciplined approach. This strategy adjusts asset class weightings within the market for changing economic conditions and relative values. For equity exposure, First National utilizes exchange traded funds (ETFs) and mutual funds representing the following asset classes: Large Cap Value, Large Cap Growth, Small Cap Value, Small Cap Growth, Developed International, Emerging Markets, U.S. REITs and International REITs. For the fixed income portion of the Pool, they employ an actively managed individual bond portfolio, complimented with mutual funds for yield and diversification.

In 2013, the Investment Committee approved an allocation to a U.S. Index approach utilizing equity and fixed income ETFs and mutual funds. For equity exposure, the strategy has exposure to a U.S. Broad Market Index and U.S. REITs. For fixed income, the strategy holds an allocation to a short-term investment grade corporate bond mutual fund and the Barclay's U.S. Aggregate Index ETF.

**Alternatives:** The Investment Committee approved an allocation to alternative investments in 2017. The goal of this asset class is to strategically manage risk and increase diversification, while meeting return goals. Each investment in an alternative investment is evaluated by the Investment Committee independently of marketable securities, and authorized by the Committee.

**Morgan Stanley:** In 2019, the Committee approved the addition of Morgan Stanley as an alternative manager for the Growth Pool. The firm is a global leader in alternative investments, offering a comprehensive suite of products that encompasses both proprietary and third-party managers.

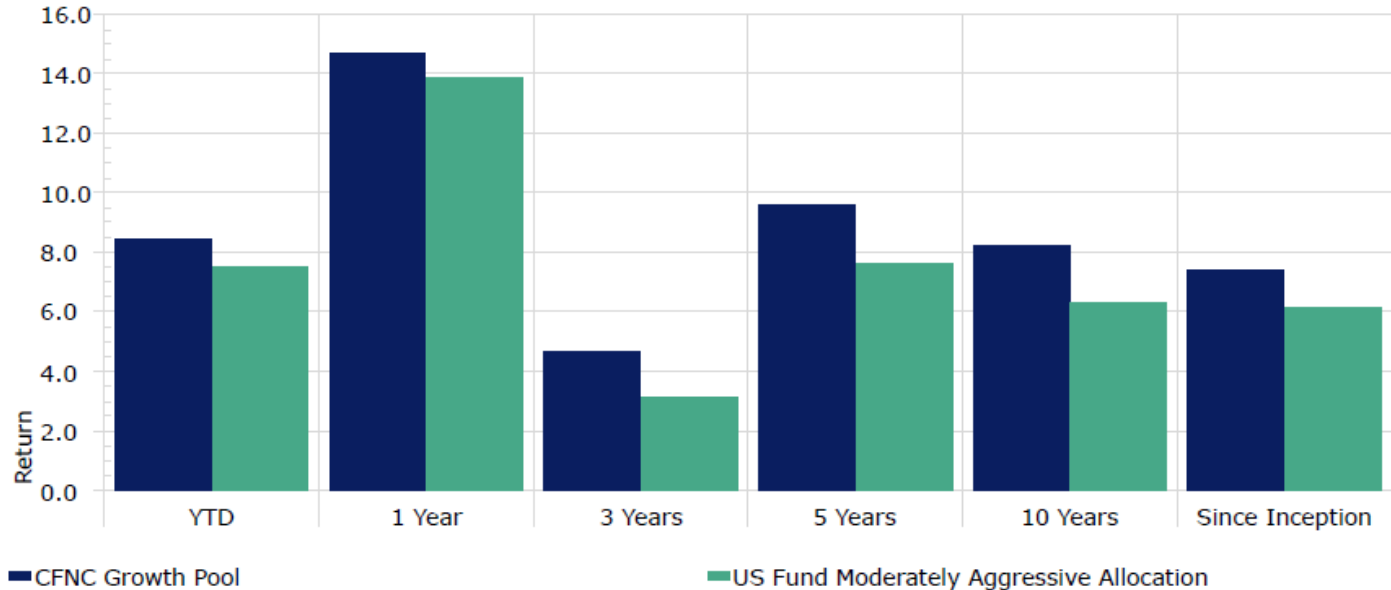
## Portfolio Return vs. Morningstar Category

### CFNC Growth Pool



#### Manager vs Index

As of Date: 6/30/2024



#### Manager vs Index

As of Date: 6/30/2024

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
CFNC Growth Pool	8.43	14.64	4.60	9.58	8.21	7.41
US Fund Moderately Aggressive Allocation	7.50	13.89	3.12	7.64	6.30	6.14

Source: Morningstar Direct

#### What the graph shows us:

The graph reflects the average annualized returns for the CFNC Growth Pool and the Morningstar benchmark for the different periods within the analysis time frame (1 year, 3 year, etc.). Annual Return graph plots the annualized returns of the CFNC Growth Pool against the returns of the Morningstar 70% to 85% Equity benchmark.

#### What the table shows us:

The manager vs. benchmark table is a numerical representation of the graph above. It displays the average annualized returns for the CFNC Growth Pool and Morningstar benchmark for the different periods within the analysis timeframe (1 year, 3 year, etc.). The blue bars represent the CFNC Growth Pool and the green bars represent the Morningstar benchmark.

\*The Morningstar 70% to 85% Equity benchmark consists of a peer group of mutual funds that seek to provide both capital appreciation and income by investing 70-85% of assets in equities and the remainder in fixed income and cash.

Source: Morningstar

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## Portfolio Risk Return vs. Morningstar Category

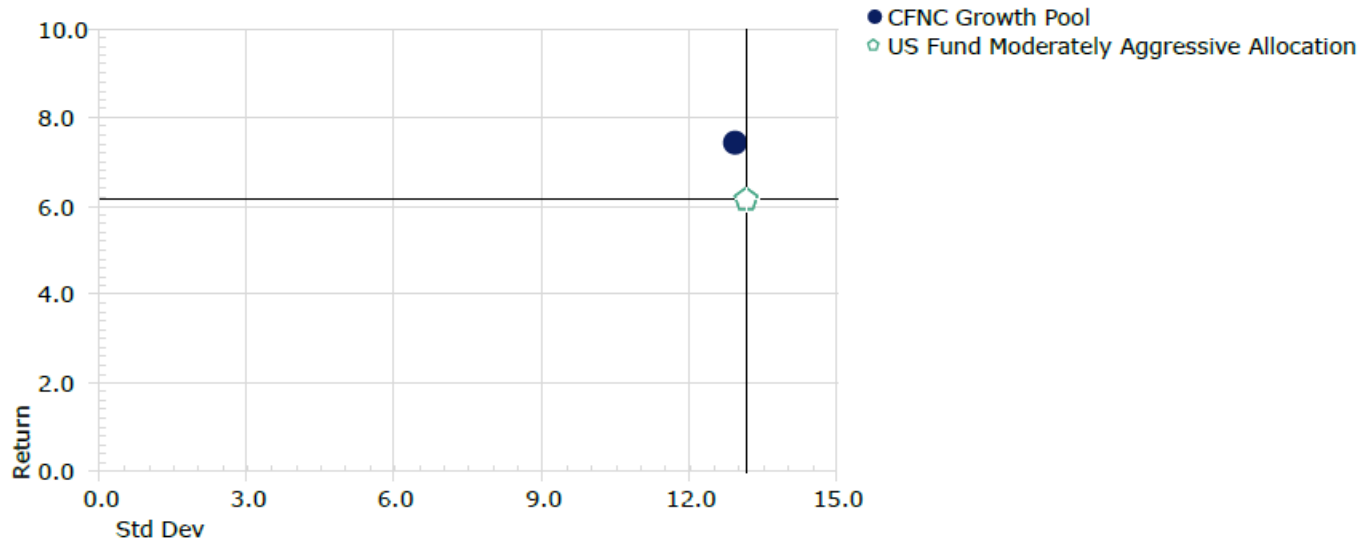
### CFNC Growth Pool



#### Manager Risk/Return

Time Period: 7/1/2006 to 6/30/2024

Calculation Benchmark: US Fund Moderately Aggressive Allocation



#### Risk-Return Table

Time Period: 7/1/2006 to 6/30/2024 Calculation Benchmark: US Fund Moderately Aggressive Allocation

	Return	Std Dev	Beta	Alpha	Sharpe Ratio (geo)
CFNC Growth Pool	7.41	12.92	0.97	1.32	0.46
US Fund Moderately Aggressive Allocation	6.14	13.16	1.00	0.00	0.35

Source: Morningstar Direct

#### What the graph shows us:

The Portfolio Risk / Return graph plots the CFNC Growth Pool's return (annualized %) against the portfolio's standard deviation. The blue dot represents the CFNC Growth Pool and the white dot represents the Morningstar 70% to 85% Equity benchmark.

If the CFNC Growth Pool has outperformed the Morningstar benchmark, the portfolio will plot above the horizontal line. If the total risk is less than that of its benchmark, the portfolio will plot to the left of the vertical line.

#### What the table shows us:

**Return** - The annualized portfolio return over the entire analysis period.

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**Alpha** - Measures the difference between a portfolio's actual returns and the return one would expect given the portfolio's level of risk. A positive Alpha means the portfolio has exceeded expectations based on the level of risk.

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**Conservative Pool Objective:** To provide current income with long-term growth of capital being secondary. Funds shall be invested primarily in fixed income securities, with a smaller allocation to a diversified mix of domestic and foreign equities and alternative investments. This pool is appropriate for donors who seek some opportunity for capital appreciation, but have a lower tolerance for volatility.

	Target Allocation			Category Range
	Equity	Fixed Income	Alternative	
Conservative Pool	25%	65%	10%	+/- 10%

**First National Investment Management:** The CFNC Conservative Pool utilizes a tactical asset allocation model to improve upon a passive mix of equities and fixed income securities through a disciplined approach. This strategy adjusts asset class weightings within the market for changing economic conditions and relative values. For equity exposure, First National utilizes exchange traded funds (ETFs) and mutual funds representing the following asset classes: Large Cap Value, Large Cap Growth, Small Cap Value, Small Cap Growth, Developed International, Emerging Markets, U.S. REITs and International REITs. For the fixed income portion on the Pool, they employ an actively managed individual bond portfolio, complimented with mutual funds for yield and diversification.

**Alternatives:** In 2017, the Investment Committee approved an allocation to alternative investments. The goal of this asset class is to strategically manage risk and increase diversification, while meeting return goals. Each investment in an alternative investment is evaluated by the Investment Committee independently of marketable securities, and authorized by the Committee.



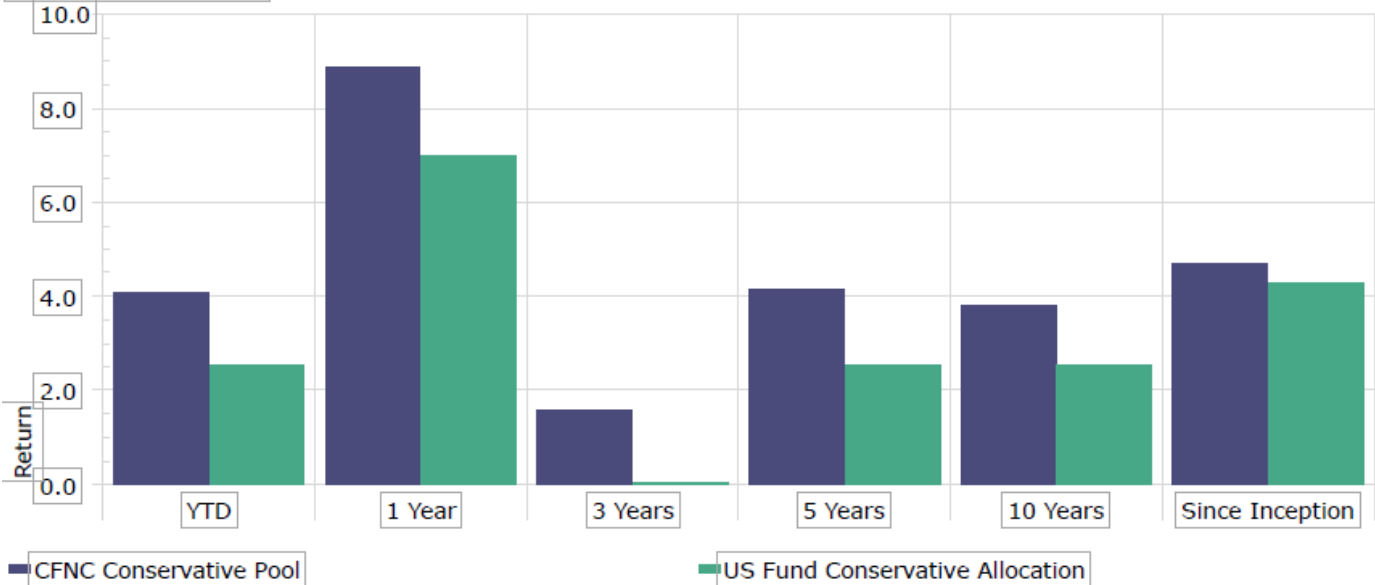
## Portfolio Return vs. Morningstar Category

### CFNC Conservative Pool



#### Manager vs Index

As of Date: 6/30/2024



#### Manager vs Index

As of Date: 6/30/2024

	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
CFNC Conservative Pool	4.04	8.86	1.56	4.13	3.79	4.69
US Fund Conservative Allocation	2.54	7.01	0.02	2.53	2.56	4.29

Source: Morningstar Direct

#### What the graph shows us:

The graph reflects the average annualized returns for the CFNC Conservative Pool and the Morningstar benchmark for the different periods within the analysis time frame (1 year, 3 year, etc.). Annual Return graph plots the annualized returns of the CFNC Conservative Pool against the returns of the Morningstar 15% to 30% Equity benchmark.

#### What the table shows us:

The manager vs. benchmark table is a numerical representation of the graph above. It displays the average annualized returns for the CFNC Conservative Pool and Morningstar benchmark for the different periods within the analysis timeframe (1 year, 3 year, etc.). The blue bars represent the CFNC Conservative Pool and the green bars represent the Morningstar benchmark.

\*The Morningstar 15% to 30% Equity benchmark consists of a peer group of mutual funds that seek to provide both capital appreciation and income by investing 15-30% of assets in equities and the remainder in fixed income and cash.

Source: Morningstar

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## Portfolio Risk Return vs. Morningstar Category

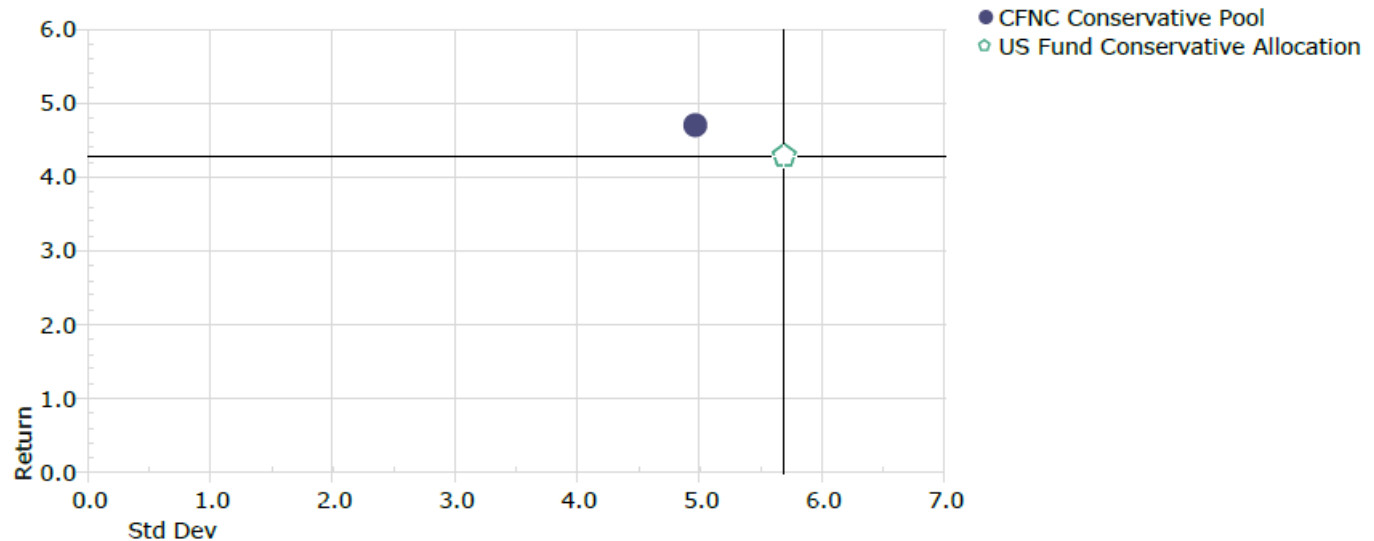
### CFNC Conservative Pool



#### Manager Risk/Return

Time Period: 7/1/2009 to 6/30/2024

Calculation Benchmark: US Fund Conservative Allocation



#### Risk-Return Table

Time Period: 7/1/2009 to 6/30/2024

Calculation Benchmark: US Fund Conservative Allocation

	Return	Std Dev	Beta	Alpha	Sharpe Ratio (geo)
CFNC Conservative Pool	4.69	4.97	0.85	0.85	0.71
US Fund Conservative Allocation	4.29	5.69	1.00	0.00	0.55

Source: Morningstar Direct

#### What the graph shows us:

The Portfolio Risk / Return graph plots the CFNC Conservative Pool's return (annualized %) against the portfolio's standard deviation. The blue dot represents the CFNC Conservative Pool and the white dot represents the Morningstar 15% to 30% Equity benchmark.

If the CFNC Conservative Pool has outperformed the Morningstar benchmark, the portfolio will plot above the horizontal line. If the total risk is less than that of its benchmark, the portfolio will plot to the left of the vertical line.

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