

Investment Performance Summary

As of 9/30/2024

Individual Investment Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Domestic Equity Pool TR	20.59	2.05	6.17	35.26	10.13	15.20	12.80
Domestic Equity Benchmark	20.60	2.05	6.18	35.23	10.11	15.19	12.79
S&P 500 TR USD	22.08	2.14	5.89	36.35	11.91	15.98	13.38
International Equity Pool TR	13.24	2.21	7.87	24.59	4.03	7.80	5.48
International Equity Benchmark	13.70	2.58	8.27	24.77	3.88	7.71	5.44
MSCI ACWI Ex USA NR USD	14.21	2.69	8.06	25.35	4.14	7.59	5.22
Intermediate-Term Fixed Income Pool TR	5.12	1.41	5.43	12.23	-0.85	0.88	2.21
Intermediate-Term Fixed Income Benchr	5.05	1.35	5.37	12.20	-0.77	0.96	2.30
Short-Term Fixed Income Pool TR	4.62	1.01	3.78	8.95	0.83	1.46	1.78
Short-Term Fixed Income Benchmark	4.60	0.96	3.76	8.95	0.90	1.57	1.88
Money Market Pool TR	3.65	0.39	1.20	4.91	2.81	1.81	1.24
USTREAS T-Bill Auction Ave 3 Mon	4.09	0.41	1.30	5.53	3.88	2.48	1.75

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools. Please refer to the quarterly Investment Performance Supplemental Report for benchmark definitions.

*The Domestic Equity TR, the International Equity TR, the Domestic Equity Benchmark and the International Equity Benchmark have an inception date of 6/30/19; performance prior to that date is pro-forma.

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Aggressive Mix TR	15.22	1.87	6.08	26.78	6.71	10.53	9.01
Aggressive Mix Benchmark	15.33	1.94	6.16	26.83	6.71	10.54	9.01
Moderately Aggressive Mix TR	12.82	1.67	5.53	22.66	5.52	8.64	7.44
Moderatly Aggressive Mix Benchmark	12.91	1.72	5.59	22.71	5.57	8.69	7.48
Moderate Mix TR	10.05	1.44	4.90	18.00	4.04	6.27	5.57
Moderate Mix Benchmark	10.12	1.46	4.94	18.08	4.16	6.37	5.66
Conservative Mix TR	7.19	1.18	4.13	13.10	2.58	3.85	3.65
Conservative Mix Benchmark	7.28	1.17	4.16	13.23	2.82	4.04	3.81
Risk Averse Mix TR	3.65	0.39	1.20	4.91	2.81	1.81	1.24
USTREAS T-Bill Auction Ave 3 Mon	4.09	0.41	1.30	5.53	3.88	2.48	1.75

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which the Community Foundation rebalances.

Returns for periods greater than 1 year are compound annual returns. TR = Total Return

Current Investment Mix Allocations	Domestic Equity Pool	Int'l Equity Pool	Inter-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	55%	22%	10%	10%	3%
Moderately Aggressive	43%	17%	10%	25%	5%
Moderate	29%	11%	15%	35%	10%
Conservative	14%	6%	18%	42%	20%
Risk Averse	0%	0%	0%	0%	100%

Estimated Investment Management Fees for the Investment Mix Options

Aggressive	0.06%
Moderately Aggressive	0.07%
Moderate	0.09%
Conservative	0.09%
Risk Averse	0.14%

Performance is presented gross of Kern Community Foundation administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs

Customer Service

Customer Service
If you have any questions about your fund or wish to request a change in your investment mix, please contact Donor Services at 661.616.2617 or donorservices@kernfoundation.org.

Contact Danette Rinehart at danette@kernfoundation.org or 661.616.2602 for more information on the pools, including their component funds and blended benchmarks or the Investment Policy Statement.

5701 Truxtun Avenue, Suite 110, Bakersfield, CA 93309

661.325.5346

www.kernfoundation.org

Domestic Equity Pool

As of 9/30/2024

Trailing Returns

Domestic Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Domestic Equity Pool TR	20.59	6.17	35.26	10.13	15.20	12.80
Domestic Equity Benchmark	20.60	6.18	35.23	10.11	15.19	12.79
S&P 500 TR USD	22.08	5.89	36.35	11.91	15.98	13.38
Russell 3000 TR USD	20.63	6.23	35.19	10.29	15.26	12.83

Trailing Returns

Equity Pool Holdings & Benchmarks	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	20.60	6.17	35.29	10.14	15.21	12.82
CRSP US Total Market TR USD	20.60	6.18	35.23	10.11	15.19	12.79

Purpose

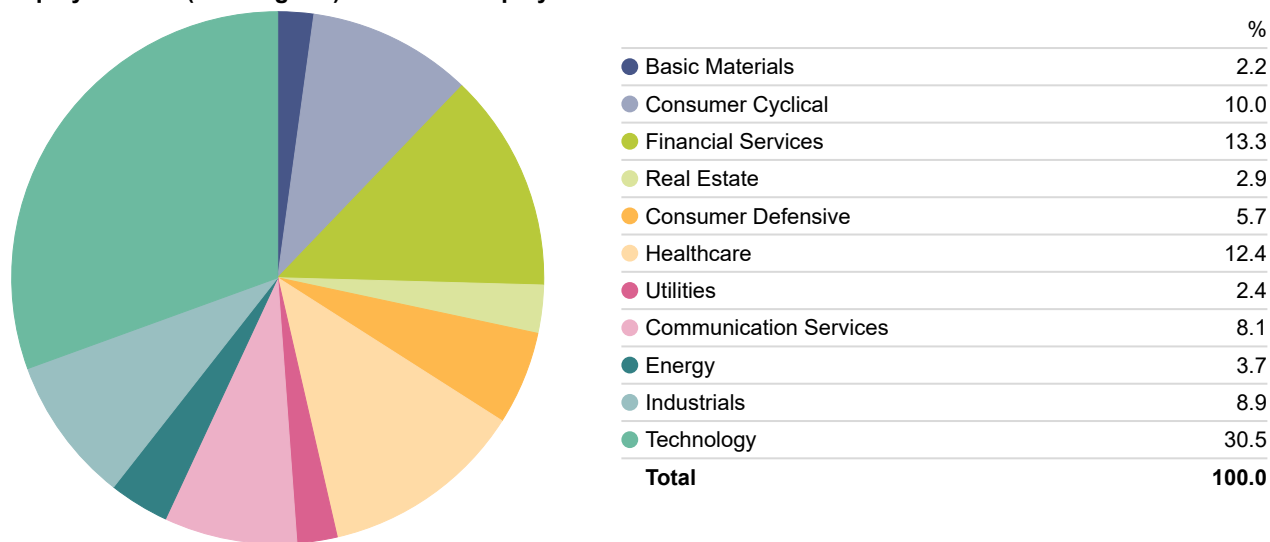
The purpose of the Domestic Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - Domestic Equity Pool

Portfolio Date: 9/30/2024

Total Market Value: \$601,802,800	Market Value (mil)	Portfolio Weighting %
Vanguard Instl Ttl Stk Mkt Idx InstlPIs	\$ 601.8	100.0%

Equity Sectors (Morningstar) - Domestic Equity Pool



Equity Benchmark	Current
CRSP US Total Stock Market	100%

Source: Morningstar Direct

Top Stock Holdings

1. Apple Inc
2. Microsoft Corp
3. NVIDIA Corp
4. Amazon.com Inc.
5. Meta Platforms Inc Class A
6. Alphabet Inc Class A
7. Berkshire Hathaway Inc Class B
8. Eli Lilly and Co
9. Alphabet Inc Class C
10. Broadcom Inc

Trailing Twelve Month Dividend Yield: 1.53%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .04%

International Equity Pool

As of 9/30/2024

Trailing Returns

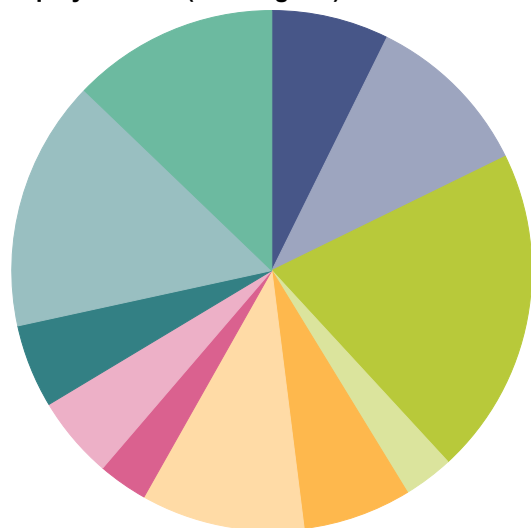
Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
International Equity Pool TR	13.24	7.87	24.59	4.03	7.80	5.48
International Equity Benchmark	13.70	8.27	24.77	3.88	7.71	5.44
FTSE Global All Cap ex US TR USD	14.38	8.47	25.61	4.42	8.28	5.85

Performance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

International Equity Pool Holding & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Developed Markets Index Instl	12.17	7.49	24.71	4.84	8.30	5.94
FTSE Developed ex US All Cap NR USD	12.01	7.53	24.10	4.42	8.08	5.59
Vanguard Emerging Mkts Stock Idx Instl	17.28	9.29	24.99	1.63	6.42	4.21
FTSE Emerging NR USD	20.17	11.02	28.06	2.25	6.75	4.64

Equity Sectors (Morningstar) - International Equity Pool



	%
Basic Materials	7.3
Consumer Cyclical	10.5
Financial Services	20.4
Real Estate	3.1
Consumer Defensive	6.8
Healthcare	10.2
Utilities	3.1
Communication Services	5.1
Energy	5.2
Industrials	15.6
Technology	12.8
Total	100.0

International Equity Benchmark	Current
FTSE Developed ex US All Cap	80%
FTSE Emerging Markets	20%

Source: Morningstar Direct

Purpose

The purpose of the International Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the International Equity Pool is to obtain broad international equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - International Equity Pool

Portfolio Date: 9/30/2024

Total Market Value: \$209,403,122	Market Value (mil)	Portfolio Weighting %
Vanguard Developed Markets Index Ins Pls	\$ 167.3	80%
Vanguard Emerging Mkts Stock Idx Instl	\$ 42.2	20%

Top Stock Holdings

1. Taiwan Semiconductor Manufacturing Co Ltd
2. Novo Nordisk A/S Class B
3. ASML Holding NV
4. Nestle SA
5. Samsung Electronics Co Ltd
6. AstraZeneca PCL
7. Novartis AG Registered Shares
8. SAP SE
9. Roche Holding AG
10. Shell PLC

Trailing Twelve Month Dividend Yield: 2.76

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .07%

Intermediate-Term Fixed Income Pool

As of 9/30/2024

Trailing Returns

Int-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Intermediate-Term Fixed Income Pool TR	5.12	5.43	12.23	-0.85	0.88	2.21
Intermediate-Term Fixed Income Benchmark	5.05	5.37	12.20	-0.77	0.96	2.30

Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgage-backed securities, and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays US Aggregate Bond index.

Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Interm-Term Bond Index I	5.10	5.63	12.33	-1.25	0.72	2.33
Bloomberg US 5-10 GovCredit FIAdj TR USD	5.03	5.57	12.32	-1.21	0.75	2.37
Vanguard Mortgage-Backed Secs Idx Instl	4.55	5.34	12.23	-1.14	0.03	1.33
Bloomberg US MBS TR USD	4.50	5.53	12.32	-1.20	0.04	1.41
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	4.85	2.50	7.53	2.54	3.56	2.40
Bloomberg US TIPS 0-5 Year TR USD	4.80	2.48	7.53	2.55	3.60	2.42
SPDR® Portfolio High Yield Bond ETF	7.99	5.22	15.79	3.32	4.88	4.68
ICE BofA US High Yield TR USD	8.03	5.28	15.66	3.08	4.55	4.95

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 9/30/2024

	Market Value (mil)	Portfolio Weight %
Total Market Value: \$170,502,255		
Vanguard Interm-Term Bond Index Ins Plus	\$ 120.0	70.4%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 35.8	21.0%
SPDR® Portfolio High Yield Bond ETF	\$ 7.5	4.4%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 7.3	4.3%

Intermediate-Term Fixed Income Benchmark Weights

Percent

Barclays US 1-5Y GovCredit FIAdj TR USD	70%
Barclays US MBS Float Adjusted TR US	21%
Barclays U.S. Treasury TIPS 0-5Y TR USD	4.5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	4.5%

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.07%

Fixed Income Pool Statistics

Average Yield to Maturity	4.34%
Average Effective Duration	5.59 years
Trailing Twelve Month Yield	3.77%

Short-Term Fixed Income Pool

As of 9/30/2024

Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Short-Term Fixed Income Pool TR	4.62	3.78	8.95	0.83	1.46	1.78
Short-Term Fixed Income Benchmark	4.60	3.76	8.95	0.90	1.57	1.88

Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Short-Term Bond Idx I	4.53	3.48	8.08	0.92	1.50	1.73
Bloomberg US 1-5Y GovCredit FIAdj TR USD	4.50	3.50	8.10	0.94	1.54	1.78
Vanguard Mortgage-Backed Secs Idx Instl	4.55	5.34	12.23	-1.14	0.03	1.33
Bloomberg US MBS Float Adjusted TR USD	4.52	5.32	12.14	-1.04	0.14	1.41
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	4.85	2.50	7.53	2.54	3.56	2.40
Bloomberg US TIPS 0-5 Year TR USD	4.80	2.48	7.53	2.55	3.60	2.42
Invesco Senior Loan ETF	5.78	2.09	8.94	5.20	4.17	3.46
Morningstar LSTA US LL100 Index TR USD						

Short-Term Fixed Income Pool Holdings

Portfolio Date: 9/30/2024

	Market Value (mil)	Portfolio Weight %
Total Market Value: \$337,963,361		
Vanguard Short-Term Bond Idx InstlPIs	\$ 237.8	70.4%
Vanguard Mortgage-Backed Secs Idx Instl	\$ 70.6	20.9%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	\$ 15.2	4.5%
Invesco Senior Loan ETF	\$ 14.4	4.3%

Short-Term Fixed Income Benchmark Weights

	Percent
Barclays US 1-5Y GovCredit FIAdj TR USD	70%
Barclays US MBS Float Adjusted TR US	21%
Barclays U.S. Treasury TIPS 0-5Y TR USD	4.5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	4.5%

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.10%

Fixed Income Pool Statistics

Average Yield to Maturity	4.38%
Average Effective Duration	2.99 years
Trailing Twelve Month Yield	3.37%

Money Market Pool

As of 9/30/2024

Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
Year to Date	3.65%	4.09%
3 Months	1.20%	1.30%
1 Year	4.91%	5.53%
3 Years	2.81%	3.88%
5 Years	1.81%	2.48%
10 Years	1.24%	1.75%

*Performance periods greater than 12 months are annualized.
Performance is net of investment management fees but not the
Foundation's administrative fees.*

Current Month Return Annualized: 4.86%

Investment Commentary

September 30, 2024

The third quarter delivered another period of solid returns across capital markets, although volatility spiked at several points. August, in particular, was marked by significant volatility as major indices sold off due to concerns over softening economic data and a surprise interest rate hike by the Bank of Japan, which triggered the unwinding of a popular Japanese Yen carry trade. Despite these events, equity markets recovered and finished the quarter with positive returns, once again nearing all-time highs.

The U.S. Federal Reserve (the "Fed") lowered interest rates for the first time in four years with a 50-basis point (0.50%) rate cut in September. Markets reacted positively as the prospect of a "soft landing" economic scenario became more likely. Market breadth also improved significantly over the quarter, a welcome sign for investors and a notable shift from previous periods where performance was concentrated among a small number of mega-cap technology names. Since mid-July (when the Nasdaq 100 and the "Magnificent Seven" peaked), nearly three-quarters of all stocks in the S&P 500 have outperformed the index itself.

As measured by the S&P 500 Index, domestic equity markets gained +5.9% during the third quarter and are up +22.1% year-to-date ("YTD"), marking one of the best years through the first three quarters in decades. The third quarter also saw several shifts in market leadership from both a sector and style perspective. Specifically, interest rate-sensitive sectors, including utilities (+19.4%, +30.1% YTD), real estate (+17.0%, +14.8% YTD), and industrials (+11.5%, +19.6% YTD), were the best-performing sectors over the period. Energy continued to struggle (-2.3%, +7.5% YTD), while the best-performing sectors from the second quarter, technology (+1.6%, +29.6% YTD) and communication services (+1.7%, +27.8% YTD), significantly lagged the broader market. Style leadership also reversed during the third quarter, with value stocks significantly outperforming growth stocks across all market capitalizations. The largest spread occurred among domestic large-cap stocks, where value outperformed growth by more than 600 basis points, as measured by their respective Russell 1000 benchmark indices. Broadly speaking, small- and mid-cap stocks outperformed their large-cap peers during the quarter in anticipation of lower rates, though they still lagged on a YTD basis.

Outside of the U.S., developed international markets posted positive gains of +7.3% for the quarter, as measured by the MSCI EAFE Index. Year-to-date, the MSCI EAFE Index is up +13.0%, with global central bank policy remaining a significant driver of market performance. European stocks posted gains as investors continued to expect further interest rate cuts from the European Central Bank following two reductions earlier this year. Japanese equity markets were notably volatile, dropping more than 12% in a single day in early August after the Bank of Japan announced a surprise hawkish rate hike. Emerging market equities outperformed developed international markets during the period, returning +8.7% for the quarter (+16.9% YTD), as measured by the MSCI Emerging Markets Index. Chinese equities climbed throughout the quarter as investors reacted positively to the government's continued stimulative efforts to boost the economy, including interest rate cuts and pledges to stabilize real estate assets.

Lower interest rates propelled fixed-income markets to positive quarterly returns, with the Bloomberg U.S. Aggregate Index gaining +5.2%, turning positive for the year (+4.5% YTD). After being inverted since mid-2022—meaning yields on shorter-duration bonds were higher than those on longer-duration bonds—the U.S. Treasury yield curve (2-year vs. 10-year) flipped back to a positive slope during the period. Longer-dated bonds performed well as rates declined, with the 10-year U.S. Treasury yield finishing the third quarter at 3.8%, down from 4.4% at the previous quarter's end. In credit markets, investment-grade bonds returned +5.8%, and high-yield bonds gained +5.3%, measured by their respective Bloomberg indices. Municipal bonds, mortgage- and asset-backed securities, and convertibles also posted positive returns during the quarter. The U.S. dollar

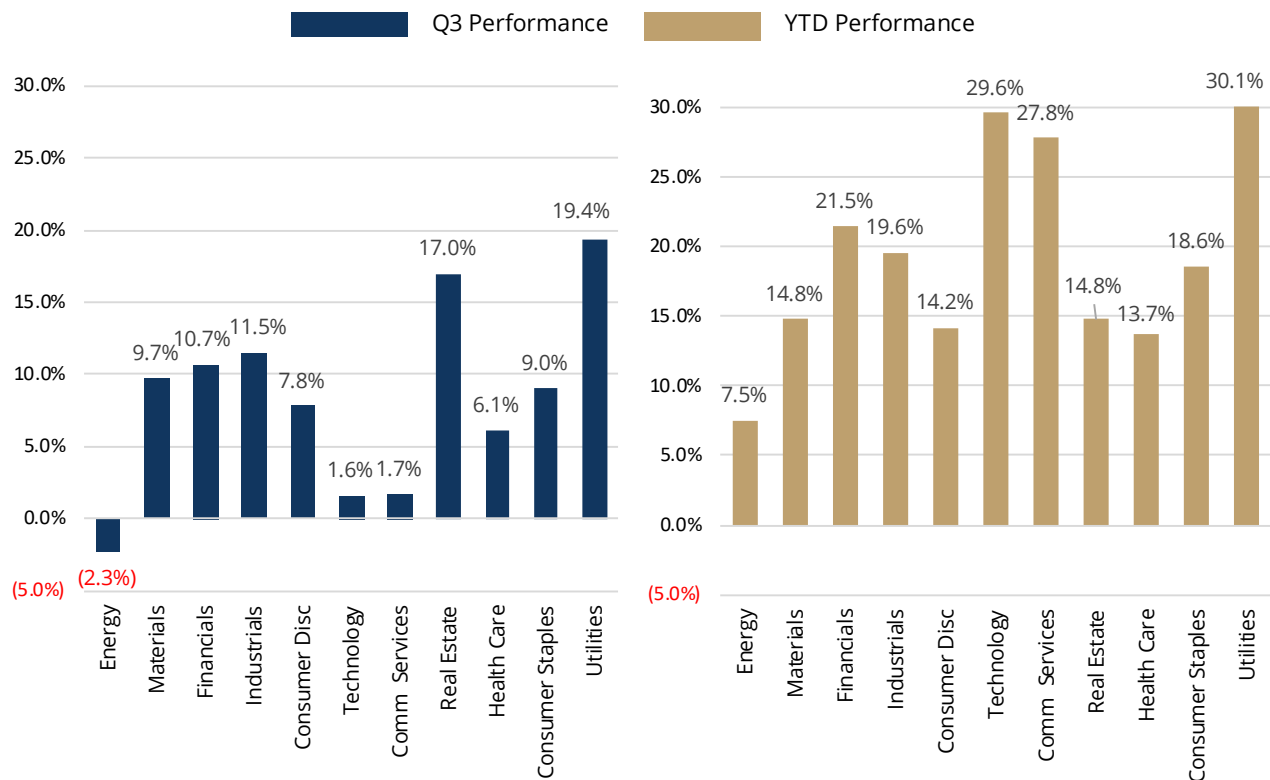
Investment Commentary

September 30, 2024

weakened against most major currencies (e.g., Euro, Yen), falling -4.8% for the quarter, as measured by the U.S. Dollar Index. Commodity returns were mixed, with gold notably rallying to near all-time highs, posting its largest quarterly gain since 2016 (+12.9%) as faster rate cuts were priced in, ending the quarter above \$2,600 per ounce. Oil prices, however, were down double digits as expectations for higher global production weighed on the market.

S&P 500 Sector Performance

Interest rate-sensitive sectors led performance in Q3, while AI themes have supported strong returns in the technology and communication services sectors YTD.



At its recent September meeting, the Fed initiated its first and widely expected interest rate cut, reducing the Fed Funds Rate by 50 basis points (0.50%) to a target range of 4.75-5.00%. Expectations regarding whether the initial cut would be 25 or 50 basis points had been mixed. However, the Fed demonstrated a willingness to react to an evolving market landscape with a front-loaded 50 basis point cut. The Fed's most recent "dot plot," a graph summarizing the committee members' rate projections, revealed that the decision was far from unanimous, as nine members did not support a 50-basis point cut this year. Nonetheless, Chairman Powell's press conference, the economic projections, and the decision underscored the Fed's focus on its "dual mandate" of pursuing maximum employment and price stability, shifting away from its earlier, narrower focus on taming inflation. Most economists anticipate smaller 25-basis point cuts between now and mid-to-late 2025.

A closer look at the underlying economic data suggests that economic growth remains positive, with the most recently revised second-quarter estimates showing GDP growth at an annual rate of +3.0%. However, other

Investment Commentary

September 30, 2024

indicators suggest that growth is slowing, a trend expected to continue. Data now indicates that the post-pandemic strain of decades-high pricing pressures is easing. Apart from a few areas, such as housing and insurance, prices have significantly eased across most categories. While rate cuts could put some upward pressure on demand and prices, economists expect inflation to continue trending down toward longer-term targets.

With inflation-related risks notably receding, the Fed has shifted its focus to economic growth and employment. While the labor market remains strong, it is undeniable that signs of cooling are emerging. Recent data highlights this moderation, with payroll numbers slowing and job openings decreasing. Over the past quarter, the average payroll gain was 116,000, compared to 267,000 in the first quarter and 147,000 in the second quarter. However, wages continue to rise at a healthy pace, outpacing inflation, and the unemployment rate remains near 4%.

By almost any measure, this year's market performance has been remarkable. Inflation continues to ease, trending toward more normalized levels; corporate profits remain robust, and consumer spending is still healthy. As the Fed enters its next policy cycle phase, lower interest rates should further support the economy. Although the Fed does not have a strong track record of successfully navigating economic "soft landings," the recent rate cut has boosted optimism that one may be achievable this time. On the other hand, there are (and always will be) risks worth monitoring closely. For one, equity markets remain highly concentrated in a small group of mega-cap companies, and the performance of these few firms heavily influences market index returns. Valuations for this cohort remain elevated compared to historical averages. Additionally, consumer health bears close watching. The higher borrowing costs that helped tame inflation also affect consumers, as evidenced by elevated delinquency rates on credit cards, auto loans, and other forms of debt.

Market participants are keeping a close eye on the upcoming election cycle. Recent polling data suggests a close race, both at the presidential level and in congressional races. Given their decidedly different policy agendas, whichever candidate emerges victorious in November will be crucial. These differences could have significant economic and financial implications. Election years often bring about market volatility.