Global Endowment Management

GEM GROWTH FUND

Q4 2023 INVESTOR LETTER

Performance – Preliminary Q4 2023

We project that the Growth Fund (GF) returned +6.1% in the fourth quarter and +13.8% for the calendar year 2023 (net of all fees and expenses), inclusive of GEM's Q4 projection for the contribution from private investments of +1.25%.[1] The fund is behind the MSCI All Country World Index for the quarter and year, but is projected to be ahead of its benchmark over three years and since its inception on January 1, 2020. Those figures are summarized in the table below.

Preliminary 12/31/2023 Performance	4Q23	1 Year	3 Year	Since Inc.*	Since Inc. Std. Dev.*
Growth Fund (est.)	4.9%	12.4%	5.9%	8.5%	12.1%
Projected Growth Fund [1]	**6.1%**	**13.8%**	**6.4%**	**8.8%**	**12.2%**
MSCI ACWI	11.0%	22.2%	5.7%	8.3%	18.9%
Difference vs MSCI ACWI	*-4.9%*	*-8.4%*	*+0.6%*	*+0.5%*	*-6.7%*
Growth Fund (gross, est.)	5.0%	13.1%	6.6%	9.1%	12.1%

** Growth Fund inception January 1, 2020.*

Although we invest and operate our firm for a horizon measured in decades not months, 2023 was a strong year for the GF on an absolute basis and for GEM. Double digit returns after such a challenging 2022 help, to be sure, but of the initiatives we set out at the start of the year, we met or exceeded the mark in each. They were:

1. Investment Team integration in a generalist format to unlock broader perspective and increased competition for capital across asset classes,
2. Enhancements to process and construction within our Public Equity portfolio in efforts to improve risk-adjusted returns and to ensure balance,
3. Rigorous pursuit of elite managers in targeted and compelling areas of interest, and
4. Securing and investing in the firm's culture, strategy, independence, and leadership for the next generation.

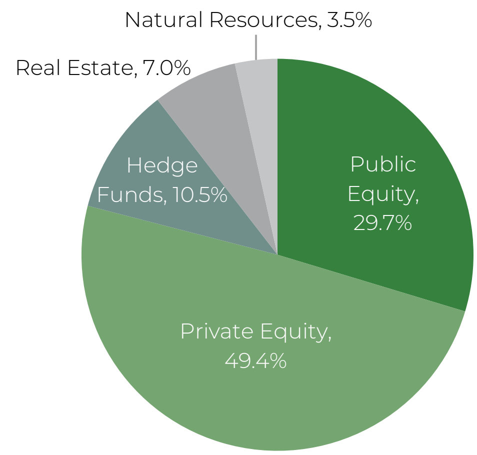
We believe the execution by our team and by our managers throughout the year was excellent. The lag of private asset valuations dampened the year's relative results (just as it helped 2022's relative results), but the things we can influence year-to-year all contributed to results. The dozens of judgments we make every week on managers, sizing, research, and risk—to balance preservation and growth of capital—are in service of long-term stewardship. The GF hasn't reached "long-term" yet, but over its first four years is outperforming the MSCI ACWI benchmark with less volatility.

[1] Projected performance figures incorporate GEM's Private Projection for the final month of the most recently completed quarter. The Private Projection is GEM's current expectation for such portion of the portfolio that is not yet "Priced," which is generally the private portfolio. GEM bases its expectation on (i) a quantitative assessment of historical investment performance of such asset, and (ii) adjustments to valuations reflecting material changes and activity of individual assets, using information available as of the date of this report. In this process, GEM typically (a) considers any preliminary estimates provided by underlying managers or sponsors, (b) uses publicly available pricing information relating to assets in the private portfolio, (c) factors in any commentary or material valuation movements that have been communicated by underlying managers or sponsors, and (d) assesses historical returns to determine GEM's confidence in the accuracy of any preliminary marks. GEM's Private Projection is a hypothetical or projected return determined by GEM based on actual portfolio holdings but estimating values for the "unpriced" portion of the portfolio. Actual returns will be determined when final marks are available and will vary, perhaps materially (either positively or negatively). Past performance is not indicative of future results.

Portfolio Drivers

- Public Equity and Hedge Funds outperformed benchmarks in all four quarters of 2023, delivering strong absolute and relative results.
- Private investments have performed well. Although Private Equity and Natural resources lag their passive benchmarks over the 1- and 3-year periods respectively, we are ahead of Burgiss over 1- and 3-years in all segments: our Buyouts, Venture Capital, Real Estate, and Natural Resources.
- Buyouts, especially lower middle market investments, performed well despite slower deal volume across the industry. Venture capital activity remains anemic, limiting any uplift in valuations.
- Real Estate and Natural Resources performed as expected, adding value in aggregate despite volatile industry dynamics.

Asset Allocation [2]

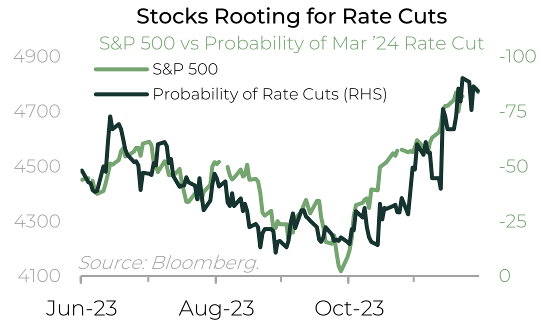


[2] Growth Fund Public Equity includes cash. When applicable, negative cash equals portfolio-level leverage, as defined in Important Notes.

WHIPLASH

In last quarter's letter, we highlighted the sharp negative turn in market sentiment. A "higher for longer" narrative took hold, hopes for near-term interest rate cuts faded, and stock and bond markets sank.

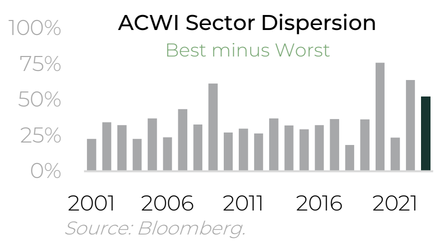
That was then. Expectations lurched the other way in Q4. A cool October CPI report followed by dovish Fed coos sent stocks and bonds soaring. In fact, the last forty trading days of 2023 salvaged what would have been a lousy year for most of the equity and bond market. The equal weighted S&P 500 was down 4.0% for the year through October 27, but surged 18.5% to finish up 13.9%. Treasury Bonds too flipped from down 3.3% through October 19 to up 4.1% by year-end.



Despite the consensus for continued disinflation and a soft economic landing, risks abound. Geopolitics is one. The 183 active conflicts around the world is the most in 30 years, many of them underpinned by nuanced economic statecraft.[3] There's also electoral politics—not only the likely Barnum & Bailey affair in the US, but the opportunity in 2024 for roughly four billion people to cast ballots and affirm a political course in Taiwan, India, Mexico, UK, Russia, Pakistan, and elsewhere. That will all induce plenty of teeth gnashing to be sure, but the market is still in the Fed's hands.

Growth

Global equities, as measured by the MSCI ACWI, surged 11% in Q4. The index ended the year up 22.2%, climbing nearly all the way out from 2022's 19.7% loss. The Magnificent Seven giants stole all the headlines, but the technology sector broadly led the rebound (+51.3%), followed by the tech-heavy Communication Services sector (+38.0%). More defensive Consumer Staples (+3.1%) and Utilities (+1.6%) lagged by a lot. It was the fourth highest year for sector dispersion since 2001.



Credit, as measured by the Bloomberg US High Yield Index, rose 7.2% in Q4, bringing the index's 2023 return to +13.4%. Spreads tightened yet again despite rising defaults.

Inflation

Commodities, as measured by the Bloomberg Commodity Index, fell 4.6% in Q4 and 7.9% for the year—the worst performing factor in our Policy framework. Much of the drawdown came from the energy component of the index. There's plenty impacting energy markets—from Middle East unrest to ESG and regulatory agitation—but the commodities have followed the path of inflation lower.

REITs, as measured by the MSCI US REIT Index, jumped 16.0% in Q4, erasing losses and ending the year +13.7%. Data centers (+30.1%) and regional malls (+29.9%) drove the returns on AI exuberance and consumer spending, respectively, while free standing malls (-1.5%) and diversified REITs (-7.6%) lagged.

Income

It was another choppy year for the bond market and interest rate volatility. After yields spiked in Q3, bonds had a strong Q4, with nominal Treasuries up 5.7% and TIPS up 4.7%. For the year, nominals rose 4.1% and TIPS 3.9%, implying little shift in inflation expectations. The 5-year breakeven did fall to 2.05%, its lowest level since early 2021, but real yields still drove the bulk of return as we near the beginning of the rate cut cycle.

[3] Financial Times, The unwelcome resurgence of war.

APPLES, ORANGES, AND PRIVATE EQUITY

We make this point every time the market moves a lot in either direction, but bear with us: **the pattern of returns for private equity differs from that of its closest liquid cousins**.[4] Definitionally, private and public equity are both equity—they represent a residual interest in the earnings of an operating enterprise. But compared to the public stock market, where prices are screamed at you tick-by-tick on Bloomberg, the prices of private assets respond to a long supply chain of inputs: the allocation decisions of institutional investors, private fund manager deal sourcing, prevailing transaction multiples, lending conditions and leverage, and, maybe lastly, changes in company earnings.

Given a long enough horizon, the timing mismatches between forms of equity mostly wash out. *Reporting lags are not diversification.* Private equity is just equity with a better opportunity for outperformance. That said, over the short run, and especially over a volatile short run, public and private performance can diverge meaningfully.

That's fine in principle. It's a fact of life. But with the GF's *out*performance of liquid global stocks in a painful 2022 and the mirror-image *under*performance in a more sanguine 2023, you could logically ask the question: Are we giving you the right benchmark?

In Theory. In 2003, Laurence Siegel wrote a monograph titled, Benchmarks and Investment Management.[5] The piece explored a range of topics: benchmark construction, best practices, pitfalls, and challenges to orthodoxy. Siegel articulated all the traditional attributes of a "good" benchmark (completeness, investability, consistent rules, timeliness, low turnover, et cetera), and acknowledged the particular challenge of constructing benchmarks for multi-asset portfolios, which are often benchmarks comprised of benchmarks. How to discretely divide up the opportunity set? How to account for alternative assets? How to maintain relevance for the portfolio's goals? In the end, he concluded, there is no silver bullet. Choices of benchmark construction can reasonably reflect institutional preferences and opinions. He did establish one unequivocal requirement, though, which is that fiduciaries are clear about what they're trying to measure. Siegel quoted Peter Bernstein, saying that investors are often "in a horse race with no well-defined track and a constantly moving finish line."

For us, the GF's liquid global stock benchmark is a nod to simplicity; to the recognition that for most investors, the opportunity cost of an investment in the GF is global equities. The GF represents the implementation of a total return-oriented portfolio through a collection of alternative strategies and investments. Comparisons of actual portfolio returns to that benchmark, then, incorporate the forms of "active risk" that we take:

1. Policy decisions to combine distinct market opportunity sets (e.g., buyouts, venture capital, hedge funds, etc.) into a specific allocation mix,
2. Strategic decisions to target sub-strategies within those opportunity sets (e.g., lower middle market buyouts, long/short biotech hedge funds, self-storage real estate, etc.),
3. Manager selection decisions to pick specific funds we think can outperform peers, and
4. Decisions our managers make on individual investments in their actively managed portfolios.

Comparisons to the global stock benchmark help answer the question: Did all of those dimensions of active management, in total, add value net of fees? It does not shed any light on which forms of active management added value.

[4] Notice that we didn't say the level of returns differs. Outperformance is not a right but a privilege of manager selection skill.

[5] Benchmarks and Investment Management, Laurence B. Siegel.

In Practice. Does the theory matter? Probably not. The returns of the portfolio are the returns of the portfolio. Benchmarks are about comparisons, not outcomes. Still, we believe benchmark selection should illuminate rather than obfuscate our performance. We advise GF clients to consider the following ingredients in the evaluation of results:

1. *Absolute return and risk*. What's paramount is to start with the assets' purpose; to determine "the required return of the total portfolio and the degree of volatility that client can live with in the search for that required return." That serves as a long-term cost of capital.
2. *Global stocks*. As a proxy for the portfolio's purpose, we believe a simple, passive benchmark is superior to a more complex one. Siegel agrees with us, complaining that tinkering with the strategies included in the benchmark "looks too much like active management." We're responsible for meeting the objective over time and shouldn't try to pre-ordain the path.
3. *Asset class benchmarks*. There is a place for isolating measurement of manager selection skill, of course, and it's at the asset class or strategy level. We provide benchmarks we feel best represent the opportunity set—Public Equity is global stocks, Hedge Funds is the Credit Suisse Hedge Fund Index, et cetera. Now, nothing is perfect. Part of the return difference between our Real Estate portfolio and a Burgiss real estate "index," for example, will inevitably come from our allocations to specific property types and strategies and not just pure alpha. But it is the best we can do.
4. *Time*. If our portfolio implementation differs from the benchmark, as it likely will, then there is a frustrating irrelevance to the short-term. In other words, the portfolio's return pattern is not meant to match that of the benchmark, it's meant to improve upon it over the long term. With any comparison to an active portfolio, the fair horizon over which to judge success is almost certainly longer than most committees would hope.

Ana Marshall, the longtime CIO at the Hewlett Foundation, recently wrote a book, *The Climb to Investment Excellence*. In it, she leans heavily on a mountaineering metaphor. At each stage of perpetual investing—the planning, the preparation, the route finding, the ascent, and finally the summit—she stops and articulates the key elements of success. The summit she likens to the trust and confidence a board has in an investment team's capacity to deliver the results needed over the long run, measured in decades. "What is essential," she says about benchmarks, and so many other things, "is a shared philosophy and framework." The principles are only as useful as they are mutually understood.

Regardless of the complexion of short-term comparisons—the gaps in either direction between the apples of public equity and oranges of private equity—we will continue to invest in pursuit of risk-adjusted returns over our clients' multi-generational horizon. We are grateful for the confidence and trust you have in us, in our frameworks, and in our stewardship.

ASSET CLASSES[6, 7]

Public Equity (estimated)

Preliminary 12/31/23 Performance	4Q23	1 Year	3 Year	5 Year	10 Year
Public Equity (net, gross)	13.9%	34.5%	-0.7%	7.6%	6.4%
MSCI ACWI	11.0%	22.2%	5.7%	11.7%	7.9%
Difference	*+2.9%*	*+12.3%*	*-6.5%*	*-4.1%*	*-1.5%*
Public Equity (net, net)	13.8%	33.6%	-1.5%	6.8%	5.6%

The Growth Fund's Public Equity portfolio rose 13.9% in Q4 and climbed 34.5% for the past year.[8] The portfolio outperformed the primary benchmark, the MSCI All Country World Index (ACWI), by 2.9% for the quarter and 12.3% for the year.

As we've described in prior letters, the goal for 2023 was to ensure more balance in the Public Equity portfolio and to deliberately bring down tracking error in line with our historical averages. That would allow manager stock picks (rather than market or sector tilts) to drive relative results. We said we would:

1. Re-underwrite every manager. We completed that work, redeeming from two (Keenan and Dorsey), and trimming from or adding to several others.
2. Refine our sizing criteria to enable more active rebalancing.
3. Add more foundational, quality, stock exposure. We added TCI in Q3 2022 and AKO in Q3 2023.
4. Manage overall risk and diversification via indexed positions and overlays. We owned defensive sectors passively throughout much of 2023 and hedged certain other exposures.
5. Avoid whipsaw. We pledged to adjust steadily and patiently.

On all measures, we delivered in 2023. To be sure, we would not have anticipated outperforming in every quarter—that kind of consistency will be hard to replicate—but we're pleased the tables turned. Importantly, as we described last quarter, the predominance of the outperformance was attributable to stock selection and not sector, style, or regional exposures. Performance variance from those kinds of tilts we view as less reliably driven by our managers' investment skill. Magnificent Seven stocks weren't the primary drivers either. We were underweight that cohort in 2023 by roughly 3%.

For the year, RV Capital (+50.1% net, gross | +49.3% net, net), tech-focused Nellore (+48.6% net, gross | +47.8% net, net), and Blacksheep (+46.6% net, gross | +45.8% net, net) contributed most conspicuously. Blacksheep's positions in serial acquirer Constellation Software and Auto Trader drove the bulk of that firm's gains. Fairmount had the best Q4 as Spyre, the incubated biotech company we discussed in depth last quarter, continued to perform. Our co-investment position in Spyre finished the year at a roughly 3x net return in six months.

The worst performers for the year were Punch Card (weighed down by Berkshire Hathaway) and crossover fund Dragoneer (weighed down by late-stage venture), though each fund still earned better than 19%. The only exposures in the Public Equity portfolio that lost money were an assortment of our diversifying holdings: a short India position, software hedges, utilities, and energy, all offset by some diversifying winners: long Japan and long semiconductors, specifically. These holdings in aggregate help to balance the portfolio's active risk. We will expect to keep them and others as the composition

[6] Please see the note regarding Asset Class and Investment Performance in the Important Notes. Exposures are as of first day of subsequent quarter.
[7] A full list of top contributors and detractors is available upon request.
[8] Performance is net of manager fees and expenses, gross of GEM's oversight fee and fund expenses.

of the portfolio evolves. Looking ahead, we continue to focus our due diligence on select activist opportunities in Japan for reasons discussed in our 2024 Outlook. We're confident in the Public Equity process and portfolio construction as refined, and in the skill and capacity of our managers to express differentiated, winning stock views.

Hedge Funds (estimated)

Preliminary 12/31/23 Performance	4Q23	1 Year	3 Year	5 Year	10 Year
Hedge Funds (net, gross)	**7.3%**	**17.7%**	**2.0%**	**8.6%**	**6.8%**
Credit Suisse Hedge Fund Index	2.0%	5.8%	5.0%	6.1%	3.9%
Difference	*+5.3%*	*+11.8%*	*-3.0%*	*+2.4%*	*+3.0%*
Hedge Funds (net, net)	7.2%	16.8%	1.2%	7.8%	6.0%

The Growth Fund's Hedge Fund portfolio returned +7.3% in Q4 and +17.7% for the year on a net, gross basis. The benchmark, the Credit Suisse Hedge Fund Index, returned +2.0% in Q4 and +5.8% for the year. Relative to global stocks and given our Hedge Fund portfolio's roughly 50% beta, the portfolio generated approximately three percentage points of alpha for the year, with nine of ten managers contributing.

683 led the way for the year (+36.8% net, gross | +36.0% net, net), followed by Teton (+28.4% net, gross | +27.6% net, net) and Sessa (+26.3% net, gross | +25.5% net, net). All delivered results from solid stock selection on the long and short sides across varied sectors, including biopharma, tech, utilities, commodities, and real estate. 683 demonstrated the kind of creativity we would expect from them, buying the bonds, preferred stock, and common equity, for example, of Signature Bank ahead of its sale to New York Community Bank. Sessa and Teton are two of our longer-held manager relationships, from 2012 and 2010 respectively. Each has compounded capital net of fees at high rates since then—Sessa at 17.1% per annum, and Teton at 10.8%, both exceptional levels of alpha. China-focused Teng Yue was the lone detractor for the year, falling 11.5% net, gross (-12.3% net, net) on higher net long exposure amid weakness in Chinese markets.

Long-held hedge fund relationships are less common than you might expect. Firms change, grow, evolve in good ways and bad. Plus, the successful hedge fund is a such an effective wealth creation vehicle that the experience and motivation of the principals tend to be negatively correlated—as experience climbs, hunger wanes. We always try to ensure the portfolio is balanced with managers at various stages of the life cycle, blending proven talent with the next generation of talent.

GUMSHOE CAPITAL

To that end, we recently became day-one investors of Gumshoe Capital, staging in $32 million through Q4 with the opportunity to exercise capacity rights and add to our investment in the future. The firm was founded by Eric Wolff, who spent the last decade as a partner and portfolio manager at Hawk Ridge Capital, a successful long/short firm that Eric helped grow from $50 million to $2.5 billion under management. At Gumshoe, we expect Eric to build a team and continue his focus on mispriced global small cap equities—firms with less than $5 billion market caps that are too small for many successful funds to invest in. He pledged to constrain his own fund size to capture that opportunity set, and we expect it will run with net exposures between 40% and 60%.

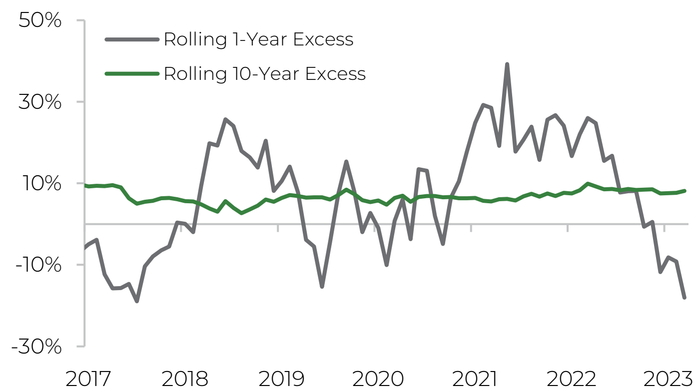
Private Equity

Final 9/30/23 Performance	1 Year	3 Year	5 Year	10 Year
Private Equity (net, gross)	3.2%	20.1%	16.4%	16.7%
MSCI ACWI	20.8%	6.9%	6.5%	7.6%
Difference	*-17.6%*	*+13.2%*	*+9.9%*	*+9.1%*
Private Equity (net, net)	2.3%	19.4%	15.6%	15.9%

The Growth Fund's Private Equity portfolio returned 3.2% on a net, gross basis for the trailing twelve months ended September 30. We continue to be pleased with the long-run absolute and relative results versus both liquid benchmarks (global stocks) and the private equity fund universe (Burgiss Universe +12.5% median IRR over ten years).[9] Comparisons to the first are highly volatile over any given year, but our rolling 10-year Private Equity returns against global stocks is a picture of consistent, and significant, outperformance. Comparisons to the letter indicate manager selection skill within the private equity universe, and we expect our selection process and access advantages in both buyouts and venture capital to deliver portfolio returns in excess of the median fund.

Consistent, Long-Term Outperformance[10]

Rolling GEM PE Returns (net, net) vs. MSCI ACWI



Buyouts

As of September 30, buyouts are ahead of the Burgiss universe over one year (+11.1% net, gross IRR | +10.1% net, net vs. Burgiss +5.4%) and three years (+24.3% net, gross IRR | +22.9% net, net vs. Burgiss +17.0%).

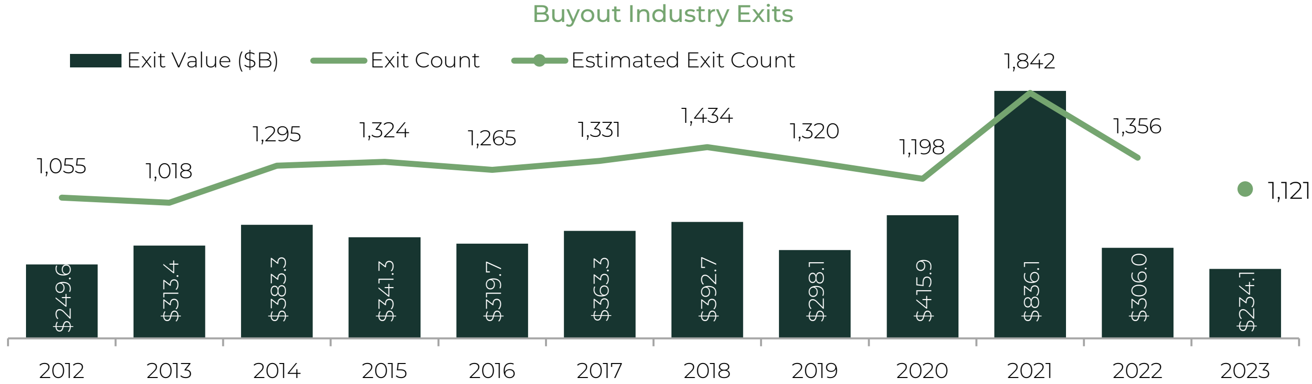
Kingswood, a 2.7% position in the GF, contributed significantly for the year, with a further markup in its grocery retailer, Save Mart, plus value accretion from Versar's acquisition of Louis Berger Services (LBS), which handles operations and maintenance services for complex infrastructure assets around the world. Versar and LBS share a number of large customers, including the US Army, which should provide cross-selling opportunities.

Middle market software-focused firm Diversis (0.8% of GF) detracted, as its revenue management software company Marketron was marked down on declining valuations of similar public companies. Diversis' playbook is to acquire software companies that have stagnated and execute operational enhancements, and often those operational changes take time to impact progress and valuations.

At the industry level, exits and liquidity across buyouts are down significantly. The following chart from Pitchbook shows that the deal count fell back to just 2020 levels, but exit value fell to the lowest level since 2011.

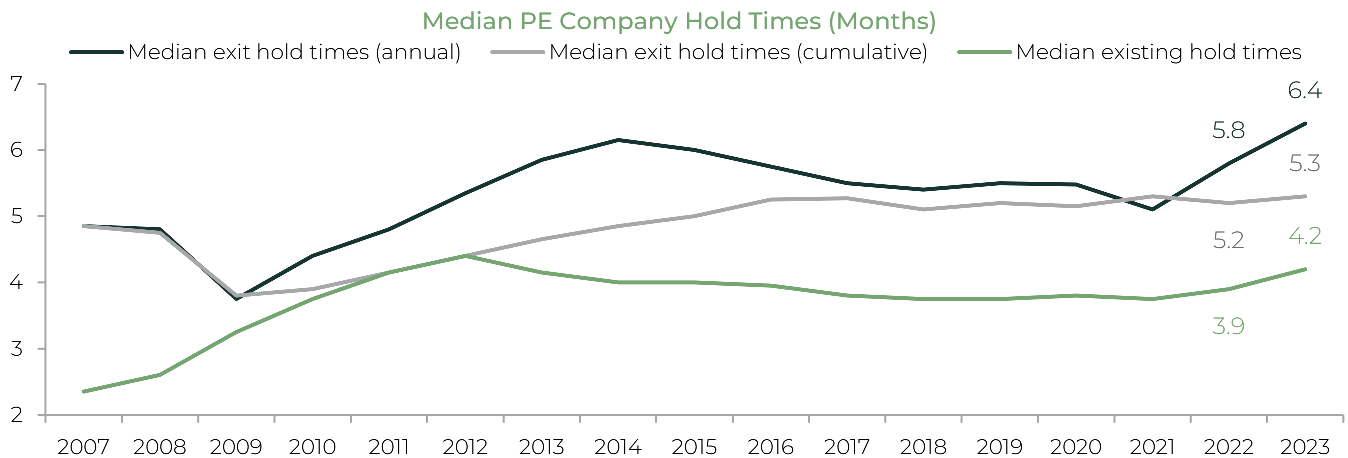
[9] Please see Burgiss and the definition of IRR in the Important Notes.

[10] Please see disclosure regarding Asset Class net/gross reporting in Important Notes. Past performance is not indicative of future results. Benchmarks defined in Important Notes. Returns are not guaranteed.



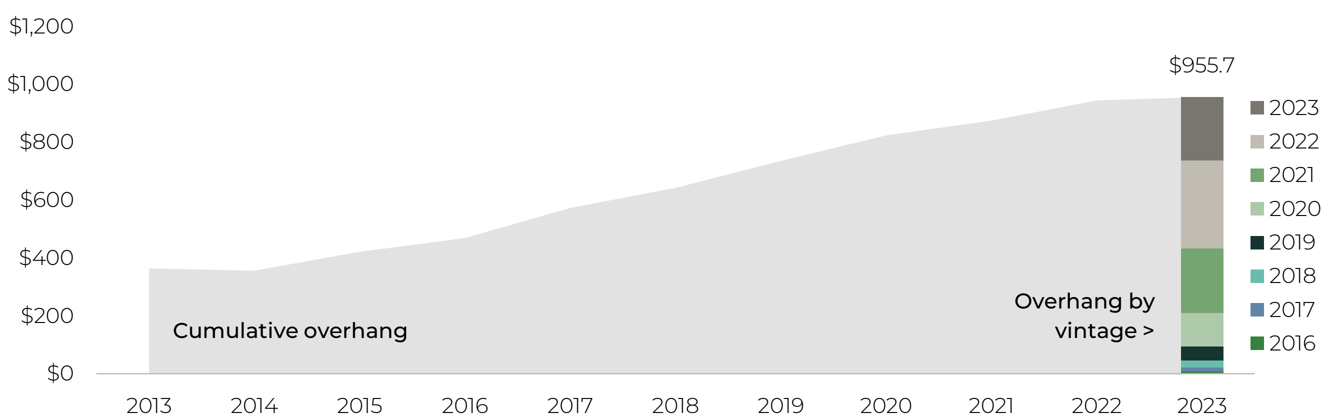
Source: Pitchbook.

Managers are holding companies longer, as a result, ostensibly waiting for prices to stabilize.



Source: Pitchbook. Includes US geographies as of December 31, 2023.

Our experience has been better than the industry. In GEM's portfolio, exit volumes are down modestly but certainly not precipitously. Some strategic acquirers are flush with capital and looking to consolidate competitors. Larger funds upstream continue to pursue M&A of our managers' companies to justify purchase prices or delever balance sheets. The dry powder in the industry or uninvested "overhang" continues to be enormous, approaching $1 trillion. That money will be spent eventually, and we hope to be in the way of much of it.



Source: Pitchbook.

This quarter, we committed $15 million to small buyout manager Syntagma Capital. Founded in 2020 and led by Sebastien Kiekert Le Moult, who spent his prior seven years at OpenGate Capital, the team focuses on carve outs and special situation buyouts in chemicals, industrials, and business services sectors, primarily in Europe. They invest in complex companies that can benefit from operational and/or organizational transformation. We spent several years tracking the Syntagma team. Some of our comfort with an allocation to this particular fund comes from our visibility into the first four fund investments, which will represent 40% of the portfolio. We believe these are all strong opportunities in line with the strategy and with clear operational plans for improvement.

We also re-upped with Turnspire, a turnaround-focused manager led by Ilya Koffman, formerly of KPS. We completed eight investments with Turnspire as an independent sponsor between 2015 and 2021, which generated wide-ranging returns that were strong in aggregate. Interestingly, we believe the deep value-oriented turnaround approach that Ilya and the team pursue will work even better in a fund format versus a deal-by-deal structure, and we feel the team's early transaction pipeline is robust.

Venture Capital

As of September 30, our venture capital portfolio is ahead of the Burgiss universe over the past year (-5.7% net, gross IRR | -6.6% net, net vs. Burgiss -6.7%) and over three years (+12.0% net, gross IRR | +10.7% net, net vs. Burgiss +6.4%).

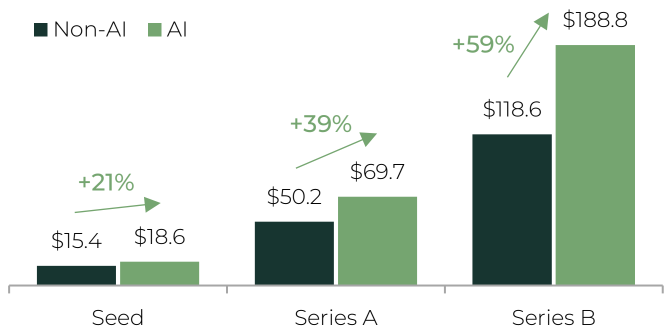
We wrote about Aditum Bio's progress last quarter. The firm has generated some of the best VC results in our portfolio over the last year, driven by exits and markups from early drug trials. Life sciences VC has also had a clearer path to value creation than software or tech VC.

Ribbit (2.3% of GF) detracted. Fintech has been one of the most challenged segments of the startup market for many months, with funding in the sector at its lowest levels in five years. Many consumer-facing applications in insurance, digital banking, lending, wealth management, payroll services, and capital markets, have been hampered by higher funding costs and slower growth. Ribbit specializes in the sector and so has seen a fair share of write downs, most recently in Brex, the spend management company.

In fintech and beyond, it has been a bumpy ride for venture capital. AI-related deal activity and the valuation premium ascribed to that sector's companies has provided a modest reprieve, but there's no escaping the capital cycle unfolding across the venture landscape. Many companies, flush with cash, are uncertain what to do now that growth has stalled. The false comfort of the cash pile is also an issue. Jamin Ball of Altimeter advised startups to ask themselves, "Have we really built something that has differentiated product market fit and can sustainably exist as a standalone company? Or are we essentially walking dead but on endless life support with our big cash balance?"[11]

The AI Valuation Premium

Median valuations for VC-backed deals in 2023 ($M)



Source: CB Insights.

[11] Clouded Judgement, Hard Truths, January 12, 2024.

One of our client committee chairs, in his venture capital day job, now refers not to *unicorns* (companies with $1 billion valuations) but to *centaurs*, or companies with $100 million of annual recurring revenue. The recognition that it's not the last post-money valuation but the durability of the enterprise and its position in a market that may be a more reliable predictor of long-run success is an important mindset shift for the industry.

To that end, in 2024 we are again cutting the GF's pacing to venture capital modestly, expecting more rationalization in the area and fewer managers coming back for re-ups. The funds in our roster have ample unfunded capital from prior years to capitalize as valuations continue to cool and activity reaccelerates. Overall, we continue to expect (and cheer on) smaller fund sizes and fewer firms. Those less competitive dynamics will likely lay the groundwork for the next leg of the cycle.

Still, we are prioritizing our seats in the funds that we believe have an edge. During the quarter, we re-upped in the third fund of Moxxie, a seed stage-focused firm run by Katie Stanton, a former technology operator who spent time in the Obama administration as a Special Advisor to the Office of Innovation within the State Department. She has a strong reputation in the venture community and beyond, demonstrating a knack for sourcing and leading rounds in distinctive opportunities, and for supporting companies via operational expertise and her network. We invested in Moxxie's Fund II in 2021 as part of our efforts to partner with pure-play early-stage managers as so many other firms were bolting on bloated late-stage funds to their more capacity-constrained strategies, and we've been pleased with Moxxie's progress.

Real Estate

Final 9/30/23 Performance	1 Year	3 Year	5 Year	10 Year
Private Real Estate (net, gross)	**4.6%**	**19.6%**	**11.0%**	**12.0%**
MSCI REITs	3.2%	5.7%	2.8%	5.9%
Difference	*+1.5%*	*+13.9%*	*+8.2%*	*+6.1%*
Private Real Estate (net, net)	3.8%	18.8%	10.2%	11.2%

The Growth Fund's Private Real Estate portfolio continued to deliver strong results through Q3, returning 4.6% net, gross (and 3.8% net, net) over the past year, against the MSCI REIT benchmark return of 3.2%. Relative to the Burgiss Universe, our Private Real Estate portfolio has outperformed over the last year (+3.1% net, gross IRR | +2.0% net, net vs. Burgiss -4.9%) and three years (+18.7% net, gross IRR | +17.5% net, net vs. Burgiss +4.6%).

Affordable housing manager Belveron—a 0.6% position in the GF—continued to perform throughout 2023. Demand for affordable housing and tailwinds from state and local government policy has insulated the sector and Belveron from some of the macro challenges facing other real estate segments. Our co-investment in cold storage facilitates alongside Platform Ventures, Vertical Cold Storage, also contributed on strong earnings growth of over 150% versus a year ago. Platform represents a 1.3% allocation in the GF, with its Vertical position representing 0.3% of GF exposure.

On the flip side, lodging manager MCR—a 0.2% position—has not yet been able to find liquidity for its portfolio of 57 select service hotels, which is weighing on valuations. These are stabilized, performing assets, and in our view will transact once macro conditions settle.

We wrote in the Outlook that our preference in real estate at the moment is tilted toward public over private, but that within private assets there are sectors and strategies with attractive tailwinds.

Industrial, affordable housing, and data centers have all proven to be resilient, especially in markets where considerable growth in demand provides ample insulation from rising cap rates.

We re-upped during the quarter in Belveron's seventh fund. Our Belveron relationship dates back to the Duke days, and since then the thesis has remained broadly consistent: that the demand for affordable housing, the regulatory complexity of operating in the space, and the expertise of the team at Belveron make for a compelling set up. Returns have been strong over time, and in this next fund, there are already three identified properties.

We also provided capital for an interest in a portfolio of affordable housing properties managed by Tangram, a spinout from Belveron, which is led by Louis Harrison, Belveron's former Chief Investment Officer. The strategy is modestly distinct, with a focus on opportunities around low-income housing tax credits rather than Section 8 properties. The former deals tend to be more complicated and smaller, but with the opportunity for superior upside. The first transaction with Tangram is a pool of 18 properties across 10 states. We view this as a pre-fund co-investment—similar to our independent sponsor transactions in the buyout portfolio—as the Tangram team looks to begin raising for a Fund I in 2025.

Beyond certain well-positioned sectors, we also mentioned in the Outlook our interest in the "co-GP" real estate structure. GPs are required in every transaction to put up personal capital to establish proper alignment with LPs. Many independent real estate sponsors, however, are not in a financial position to contribute 10% of the cash in a $100 million transaction. They may not have it, or they may be too illiquid. In a co-GP model, an investor funds a portion of the GP commitment, effectively acquiring an interest in the GP's economics. It improves the net return prospects for the investor relative to a typical LP position, with the same exposure to the underlying real estate opportunity. We invested with Telis in our first co-GP fund. Telis is a multi-family firm recently founded by Keller Reese and RD Khoury. Both were previously with current GEM manager Phoenix Capital Management. The team has solid experience in the multi-family space, and has a unique partnership with a large developer, the Garrett Companies, to source opportunities and add value to developers.

Natural Resources

Final 9/30/23 Performance	1 Year	3 Year	5 Year	10 Year
Private Natural Resources (net, gross)	**1.1%**	**11.9%**	**-5.2%**	**-0.1%**
Bloomberg Commodity Index	-1.3%	16.2%	6.1%	-0.7%
Difference	*+2.4%*	*-4.3%*	*-11.3%*	*+0.7%*
Private Natural Resources (net, net)	0.2%	11.1%	-6.0%	-0.9%

The Growth Fund's Natural Resources portfolio returned 1.1% net, gross (+0.2% net, net) for the one-year period through Q3, against the Bloomberg Commodity Index benchmark return of -1.3%. Relative to the Burgiss Universe, our Private Natural Resources portfolio has outperformed over the last year (+16.0% net, gross IRR | +14.9% net, net vs. Burgiss +1.8%) and three years (+16.5% net, gross IRR | +15.3% net, net vs. Burgiss +13.1%). As an allocation in the broader asset mix, Natural Resources continues to wind down.

Commodities continue to respond to volatile macro conditions and uncertain supply and demand dynamics. Disinflation, de-stocking, deployment of the Strategic Petroleum Reserve, weather patterns, and other variables weighed on energy prices. Other commodities—certain precious metals and agricultural commodities—held up better. Others, like uranium, California carbon credits, and bitcoin, rose sharply.

EMG, a specialized natural resource-focused private equity firm founded in 2006, contributed during the year. The primary contributor was their investment in Spur Energy Partners, a Texas-based E&P, which paid dividends from free cash flow. We also successfully exited our investment in Washington State Carbon Allowances alongside carbon credit trading firm Bellus. We initially invested in February 2023 on the eve of allowance auctions, which stimulated demand and led to a 43.5% gain in just over eight months. Bellus closed the position and returned capital to investors, demonstrating a welcomed emphasis on return generation and long-term partnership over asset gathering.

Among detractors was LS Power, which wrote down its battery-storage project Bolt from a 2.7x multiple of invested capital to 2.4x on weaker demand in California. Greenstone—a quarter after seeing a write up in its Marimaca copper business—saw a write down due to copper extraction challenges at a separate mine. Greenstone has proven in the past to be sound operators despite the challenges of long-lived, complex mines, and we expect the funds to continue to perform.

FIRM DETAIL

Despite the market volatility, our business and operating metrics are healthy. As of January 1, GEM's total assets under management totaled $11.1 billion, flat quarter-over-quarter and up 2% over this time last year after paying out year-end distributions.[12]

Our client count moved to 43, down by one on a net basis year-over-year. We had four clients redeem at year-end and one new relationship join.[13] The new client is a large private foundation in the Pacific Northwest with a complete investment team that engaged us for a targeted private markets partnership on the strength of our program and access. We welcome them to the GEM community. The client base in aggregate continues to be well diversified across endowments, foundations, family offices, and sovereigns.

Employee count was unchanged on a net basis during the quarter, while the number of investment professionals fell by one.

2024 Quarterly Investor Calls	**April 30 | July 30 | November 12** GEM's quarterly update to investors will be held on the above Tuesdays from 2-3pm ET on Zoom.

Note: Listed communication and engagement items are not comprehensive and are subject to change.

[12] Total firm AUM includes all GEM assets under management; excludes assets under advisement and other related entities.

[13] Client count excludes GEM employees and those investors who do not require full investor service.

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GEM is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. More information about GEM's investment advisory services can be found in its Form ADV Part 2, which is available upon request.

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- Private investment NAV is based on the most recent NAV adjusted to reflect cash flows, if a current NAV is not yet available from the private investment sponsor.
- Totals may not sum due to rounding.
- Total Growth Fund performance figures, unless otherwise noted, are net of all GEM fees and fund expenses and any Special Allocation or other performance-based compensation received by GEM or its affiliates in prior years. Individual investor performance will vary based upon date of admission and such investor's applicable percentage used to calculate the management fee and/or Special Allocation, as set forth in more detail in the Confidential Offering Memorandum of the applicable fund(s). Returns reflect reinvestment of dividends and distributions. Figures are subject to revision until the independent audit(s) of the applicable fund(s) are complete.
- Asset Class Performance: The "net, gross" performance figures noted herein are net of underlying manager fees and expenses and gross of GEM advisory fees and fund expenses. The "net, net" performance figures are net of both underlying manager and GEM fees and expenses. GEM advisory fees and fund expenses are not specifically allocated at the asset-class or investment level. Therefore, in order to reasonably present net extracted performance in accordance with regulatory requirements, GEM has applied the "spread" between the investor's and/or fund's total portfolio's gross and net performance presented herein, plus a GEM historical investor- and/or fund-level expense ratio, to each asset class or investment as a proxy for a fee and expense load.
- Performance for periods of longer than one year is annualized unless otherwise noted.
- All exposures are as of first day of subsequent quarter to incorporate beginning of quarter flows, if applicable.
- GEM reserves the right to modify its current investment strategies, exposures and techniques based on changing market dynamics or client needs.
- Market-related data included in charts and graphs is sourced from various public, private and internal sources including, but not exclusively: Bloomberg and similar market data sources, central banks, government and international economic data bureaus, private index providers, bond rating agencies, industry trade groups and subscription services. The third-party sources of information used in this report are believed to be reliable. GEM has not independently verified all of the information and its accuracy cannot be guaranteed.
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- Burgiss Private Equity and Private Real Assets represent Burgiss Manager Universe performance metrics for select vintage years to align with GEM's portfolio as well as vintage years prior to GEM's inception in 2007 for historical presentations. The Burgiss Manager Universe provides coverage of research-quality performance and behavioral data on private capital funds and their holdings. The underlying dataset is sourced exclusively from limited partners and includes complete transactional history of thousands of funds. GEM is unable to access, and therefore cannot independently verify, the underlying data.
- References to specific securities and case studies are for illustrative and discussion purposes only and do not constitute investment recommendations.
- Because of confidentiality restrictions, we are unable to disclose certain manager names.
- Statements regarding forward-looking returns, market events, future events or other similar statements constitute only subjective views, are based upon GEM's current long-term capital market assumptions, expectations and beliefs, should not be relied on as fact, are subject to change due to a variety of factors including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond GEM's control. Future evidence and actual results could differ materially from those set forth in, contemplated by, or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are not or will prove to be accurate or complete in any way.
- Unless otherwise stated, forecasted or expected returns are presented net of GEM's management fees and include the reinvestment of all income. Past performance is no guarantee of future results and no assurance can be given that any structure described herein would yield favorable investment results or that investment objectives will be achieved or that the investor will receive a return of all or part of its investment. Actual performance results will vary.
- Projected performance: Projected performance figures incorporate GEM's Private Projection for the final month of the most recently completed quarter. The Private Projection is GEM's current expectation for such portion of the portfolio that is not yet "Priced," which is generally the private portfolio. GEM bases its expectation on (i) a quantitative assessment of historical investment performance of such asset, and (ii) adjustments to valuations reflecting material changes and activity of individual assets, using information available as of the date of this report. In this process, GEM typically (a) considers any preliminary estimates provided by underlying managers or sponsors, (b) uses publicly available pricing information relating to assets in the private portfolio, (c) factors in any commentary or material valuation movements that have been communicated by underlying managers or sponsors, and (d) assesses historical returns to determine GEM's confidence in the accuracy of any preliminary marks. GEM's Private Projection is a hypothetical or projected return determined by GEM based on actual portfolio holdings, but estimating values for the "unpriced" portion of the portfolio. Actual returns will be determined when final marks are available and will vary, perhaps materially (either positively or negatively)

BENCHMARKS, ABBREVIATIONS, & DEFINITIONS

BENCHMARKS

MSCI ACWI: MSCI All Country World Index

All benchmarks are unmanaged, assume reinvestment of proceeds and do not reflect the deduction of management fees, incentive fees and other expenses.

ABBREVIATIONS

EF: Endowment Fund
EP: Endowment Pool
GF: Growth Fund
Green EF: Green Fund or Green Endowment Fund
NAV: Net Asset Value
OF: Offshore Fund
SI: since inception

DEFINITIONS

Attribution measures GEM's 'value added' contribution to portfolio performance relative to the Policy Portfolio, which does not include any fees or expenses. Asset allocation effect measures the impact of the decision to allocate assets differently from the Policy Portfolio. Investment selection effect measures the relative performance between GEM's investments and the relevant asset class benchmark. Either of these effects may be positive or negative. This metric is calculated using GEM's total portfolio return net of transaction costs and underlying manager expenses, but, unless otherwise noted, gross of GEM advisory fees and fund expenses in order to provide the recipient with the actual contribution to total gross portfolio performance.

Direct Investments: GEM investments transacted in the open and/or over-the-counter markets and in private enterprises.

Endowment Fund: GEM Endowment Fund, LP (formerly known as Global Endowment Fund II, LP)

Endowment Pool: Prior to January 1, 2017, the Endowment Pool included the Growth Fund, the Endowment Fund and the Offshore Fund. From January 1, 2017, through December 31, 2019, the Endowment Pool included the Growth Fund and the Endowment Fund. As of January 1, 2020, the Endowment Pool is comprised solely of the Endowment Fund.

Endowment Strategy: T Through December 31, 2019, the Endowment Strategy included the Growth Fund, the Endowment Fund, the Offshore Fund, and certain series of Global Endowment Targeted Strategy Fund, LP (excluding series that do not adhere to GEM's Investment Policy Statements). From January 1, 2020 through December 31, 2021, the Endowment Strategy was comprised of the Endowment Fund, the Offshore Fund, and certain series of Global Endowment Targeted Strategy Fund, LP (excluding series that do not adhere to GEM's Investment Policy Statements). As of January 1, 2023, the Endowment Strategy is comprised of the Endowment Fund, the Offshore Fund, the Green Endowment Fund, the Impact Endowment Fund, and certain series of Global Endowment Targeted Strategy Fund, LP (excluding series that do not adhere to GEM's Investment Policy Statements).

Green Fund or Green Endowment Fund: GEM Green Endowment Fund, LP.

Growth Fund: GEM Growth Fund, LP (formerly known as Global Endowment Fund I, LP)

Historical volatility/standard deviation: annualized monthly standard deviation, calculated as sum of the square of the difference between monthly actual returns and average monthly return, multiplied by the square root of 12.

Impact Endowment Fund: GEM Impact Endowment Fund, LP.

IRR, or internal rate of return, may be provided for a particular asset class or other subset of investments within the GEM EP. IRR's are based upon valuations as of the date referenced and assume liquidation of the portfolio at fair market values on the date referenced. The figures do not reflect, and would therefore be reduced by, the GEM management fees, performance fees and certain expenses in respect of the relevant investments. There can be no assurances that current fair market value is a true representation of actual market value, nor can there be any assurances that the implied IRR will not be materially different from the actual IRR that may be achieved. There can be no assurances that unrealized value included in the fair market values will be realized at the time the investment is liquidated. Investments which are currently reflecting unrealized gain may realize a loss when actually liquidated.

Offshore Fund: GEM Endowment Fund Offshore, Ltd. (formerly known as Global Endowment Fund III, Ltd.)

GROWTH FUND ASSET CLASS LONG-TERM TARGET RANGES

ASSET CLASS	RANGE
Public Equity	20-60%
Hedge Funds	0-20%
Private Equity	30-70%
Private Real Estate	0-15%
Private Natural Resources	0-15%
Passive Equity	0-30%
Cash	-20-10%

GROWTH FUND ASSET CLASS REPORTING BENCHMARKS

ASSET CLASS	BENCHMARK
Equity	MSCI ACWI
Hedge Funds	Credit Suisse Hedge Fund Index
Private Real Estate	MSCI REIT Index
Private Natural Resources	Bloomberg Commodity Index
Overlays / Portfolio Hedges	3 Month SOFR

Any indices and other financial benchmarks are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of management fees, incentive fees and other expenses. Comparisons to indices/benchmarks have limitations because indices/benchmarks have volatility and other material characteristics that may differ from the relevant GEM fund. Any index/benchmark information contained herein is not meant to imply that these are the only relevant indices/benchmarks and is not intended to imply that the portfolio of the relevant GEM fund was similar to the index/benchmark either in composition or element of risk. There is no guarantee that the relevant GEM fund, or any subset thereof, will meet or exceed any applicable index/benchmark. Although the index and benchmark information presented herein has been obtained from sources believed to be reliable, GEM does not guarantee its accuracy, completeness or fairness. In addition, the composition of each of these indices/benchmarks is not under GEM's control and may change over time in the discretion of the respective provider of such index/benchmark, which may affect the results of the performance comparisons.

GEM reserves the right to modify its current investment strategies and techniques based on changing market dynamics or client needs.