2026 Investment Policy Review

A Conversation with Our Chief Investment Officer

It's been three years since our last Policy review, and in that time the regime we anticipated has solidified: rates remain higher for longer, inflation is sticky above target, and the stock-bond correlation has turned positive. Forward expected returns look low across most assets, highlighting the importance of alpha generation and disciplined portfolio construction. Against that backdrop, we're stepping back for a more expansive review than usual, revisiting not just capital market assumptions and weights but the framework itself.

The following is a discussion with Matt Bank, GEM's Chief Investment Officer, examining our asset allocation methodology, how we build portfolios, and what that means for the decade ahead.

This review is the starting point, not the conclusion. Over the coming months we'll work with clients directly on the Policy construction that fits their specific goals, liquidity needs, and constraints. We look forward to those conversations.

Prefer to listen? A recorded presentation is available here.

Password: GEM2026PolicyReview

Remind us of the role and relevance of an Investment Policy.

Of course. An Investment Policy is the blueprint for a portfolio's architecture, and it serves three functions. First, it is the primary link between your tolerance to distinct forms of risk and your ambition for return. Second, it is the north star for the asset allocation that we believe, given enough time, will satisfy your goals. And third, it is the benchmark for active management, which lets you measure the value we add through manager and security selection, and tactical tilts. We revisit Investment Policy every three to five years, and have done so regularly since 2007.

Investment Policy's Purpose

- Link between risk and return
- "North Star" for asset allocation
- Benchmark for active management

What are you seeking to accomplish with this year's review?

We have two primary goals. The first is to reassess our asset allocation, aiming to ensure our blueprint is properly and optimally designed for the environment we are likely to face over the next decade. The second is to take any resulting enhancements to that methodology and apply them to each client's very specific circumstances, operational realities, committee preferences, and risk tolerance.

How does this review differ from prior years?

Two things set this year apart: the **market backdrop**, and the **breadth** of what we are reviewing.

Back in our 2023 Policy Review, much of what drove our analysis was speculation on a shift in the economic regime: the return of interest rates from almost a decade spent near the zero lower bound, and inflation that we expected to be more volatile and stickier above the Fed's 2% target. We also watched rising populism drive heavy spending by both political parties, which raised the risk of fiscal dominance, where central banks are implicitly pressured to keep rates low in service of managing the national debt, at the expense of price stability. That regime has since solidified. Rates are structurally higher, inflation has run above target for years, and the correlation between stocks and bonds has flipped positive, which stresses portfolio resilience and puts a premium on finding different sources of diversification. We believe these conditions will extend into the coming decade and our working assumption is that the world and capital markets will look quite different from those of the post-GFC environment.

On breadth, this review is more expansive than our usual in two respects. For much of GEM's history, we operated with a single Investment Policy. Today we have more than a dozen—driven by client needs and preferences—with distinct expressions for risk, goals, liquidity, mission alignment, and active-passive splits. This year we're conducting a full framework review, in the spirit of what the Federal Reserve does every five years, stepping back to ask whether we are looking at things the right way and whether we are using the right models for decision making. The last time we asked those questions at this depth was 2017, when we moved away from traditional asset class buckets and adopted the factor framework you know today.

What was the original intention behind introducing the factor framework?

The purpose of the factor framework was to let us see total portfolio risk clearly, cutting through manager structures and strategies to the underlying holdings and the core exposures they contribute. Managers are not return streams unto themselves. They are vessels of equity ownership, of creditorship, of claims on an asset's cash flows, on the future price of a commodity, or some combination of any of these. The factor framework frees us from filling an asset class bucket, and focuses us instead on whether the portfolio has the right amount of Equity exposure, for example, across all sources—public and private. Underpinning it are six factors, chosen to target true diversification across the four possible states of the economy—goldilocks, inflationary boom, stagflation, and recession.

How did you determine which six factors to use?

The six factors were designed to be the smallest set of independent return sources that still span the four states.

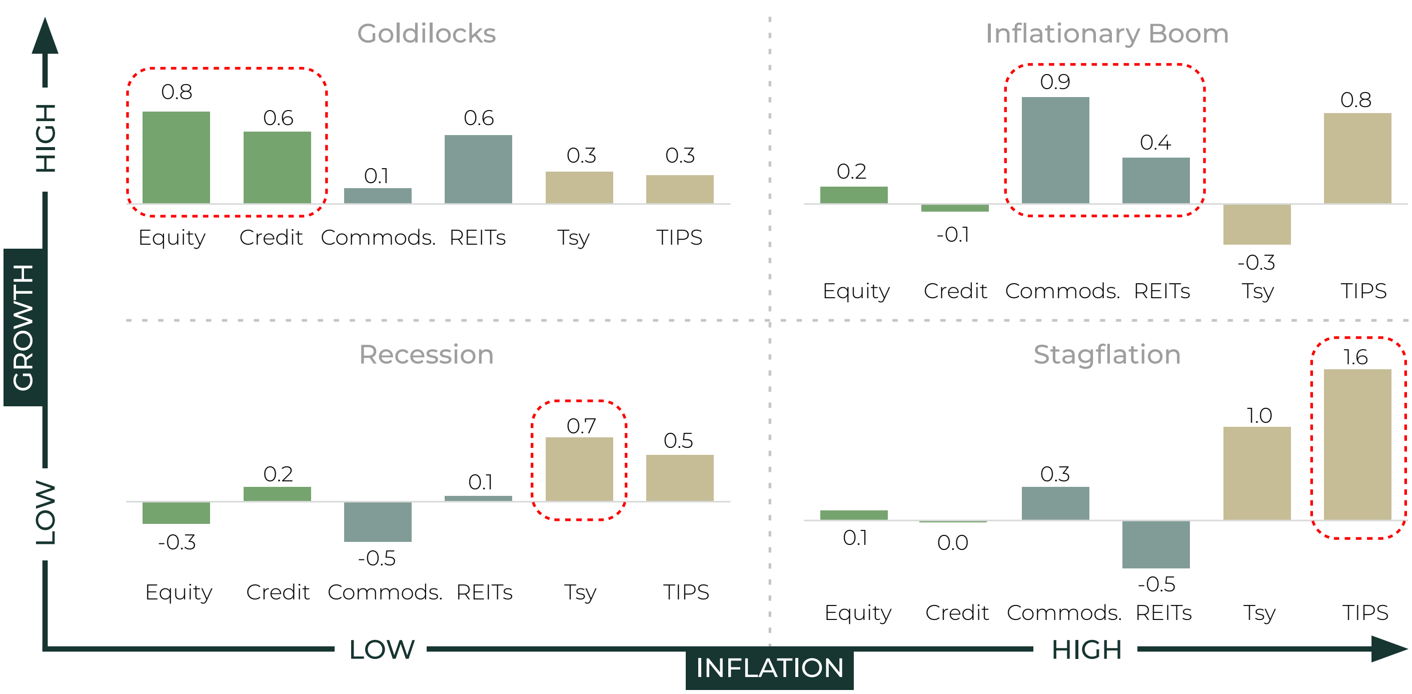
Our **growth-oriented** factors, Equities and Credit, do best in a goldilocks environment (high growth, low inflation), and that's where we've historically spent the most time.

REITs and Commodities—together, our **inflation-oriented** factors—perform well in an inflationary boom (high growth, high inflation).

While nothing does especially well in stagflation (low growth, high inflation), TIPS provide the greatest protection. Together with Treasuries—which do well in a recessionary environment (low growth, low inflation)—they constitute our **income-oriented** factors.

Ultimately, a portfolio appropriately diversified across these risk factors should have exposure to something that works in any market environment.

True Diversification: Information Ratio by Regime



Source: Bloomberg. Calculations represent all one-year periods from 6/30/1971 to 9/30/2025. Information ratio is calculated as average (asset return - cash return) divided by the sample standard deviation of (asset return - cash return) within each regime. Returns are not guaranteed. Past performance is not indicative of future results. See Important Notes for definition of factor benchmarks.

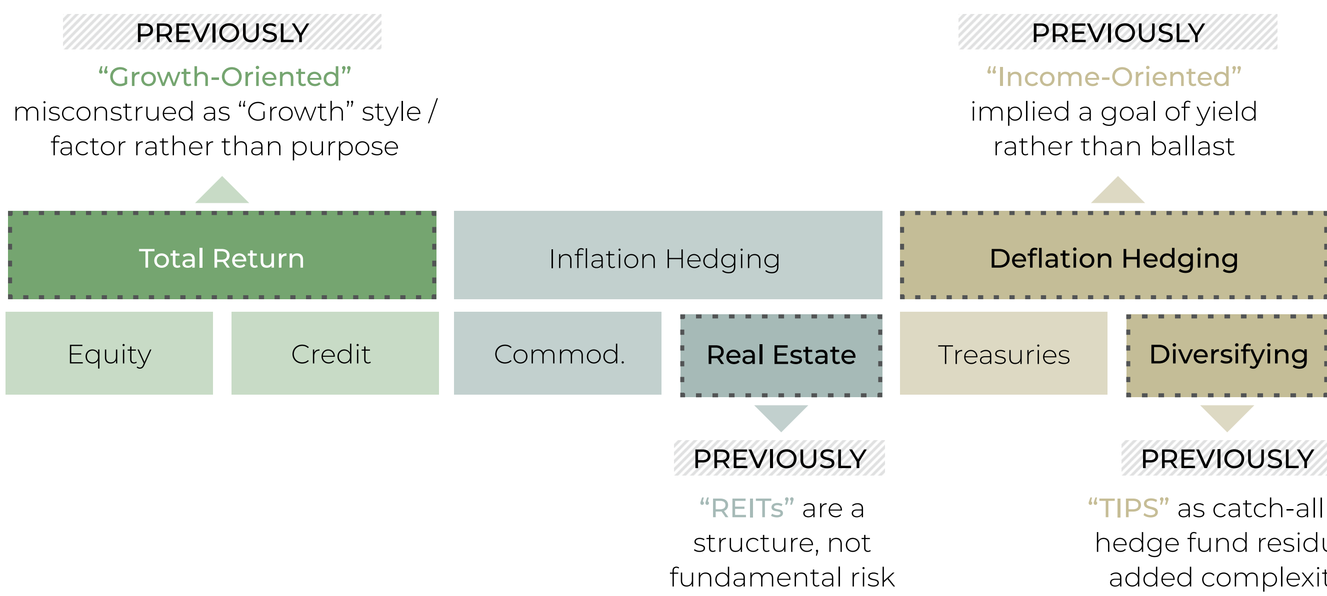
So, after nearly a decade of using the factor framework, what have you learned?

While we believe the factor framework has been successful in its original intention of distilling actual portfolio exposure, we've identified three key limitations we're seeking to address with this review.

1) The first is an opportunity to refine the language we use with our clients. This is partly a communication challenge, but words shape understanding. As I just described, we've historically referred to Equities and Credit as "growth-oriented" at the group level. "Growth" is a loaded term, often misinterpreted as referring to growth-versus-value or growth equity. To clarify our intention, we are renaming the group to represent its purpose directly: Total Return. Similarly, "inflation-oriented" and "income-oriented" are becoming, more simply, Inflation Hedging and Deflation Hedging.

We are also relabeling two factors within these groups: (1) We will use Real Estate instead of REITs to better reflect the actual risk, rather than a structure. (2) And finally, we will relabel what we previously referred to as the TIPS factor, which has primarily served as a placeholder for the residual risk contributed by hedge funds. As a quick illustration, if we invested with an equity long-short fund, managing to 50% net exposure, we would assign half the exposure to the Equity factor and half the exposure to TIPS, representing a real, above-inflation cost of capital. That exposure, of course, is not actually TIPS, so we are calling it what it is: Diversifying. It is not a beta at all, but an aggregation of hedged or uncorrelated manager skill. We can and will still own TIPS to hedge against deflation, but it no longer warrants its own category.

2026 Updated Factor Framework Language



Note: Opinions are based on GEM analysis, assumptions, and data interpretations. For illustrative purposes only. Returns are not guaranteed. See Important Notes for definition of factor benchmarks.

2) Second, in practice, the factor framework is an imperfect risk lens. It abstracts all the contributions to a given factor exposure as benchmark proxies.

Consider a portfolio that has 58% Equity exposure, against a Policy weight of 53%. That would suggest the portfolio is overweight Equity by 5 points. But does that overweight translate directly into proportionally greater sensitivity to moves in ACWI?

Well, it depends on what comprises the exposure.

What if the public equity portfolio is overweight low-beta stocks, dampening its responsiveness? Or the reverse—managers leaning into higher-beta, more volatile names, amplifying it? What if our private equity is dampening or amplifying risk through its sector or geographic weights? What if we are tilted toward value or growth, small-cap or large-cap? Each of these should influence how much Equity risk we are willing to carry relative to Policy.

Our desired positioning relative to the Policy weight should always be informed by a clear understanding of what we actually own. In practice, we manage our factor tilts as a combination of our actual holdings and tactical views. But that positioning can be difficult to communicate via the factor framework alone.

3) The third challenge is that the factor framework provides no natural guidance to GEM's Investment Research Group on where to source each form of risk.

If we are underweight Real Estate, the framework does not tell us whether to source a manager or close the gap passively. Nor does it help us choose among the half-dozen routes to Equity exposure—public equity, buyouts, venture capital, et cetera.

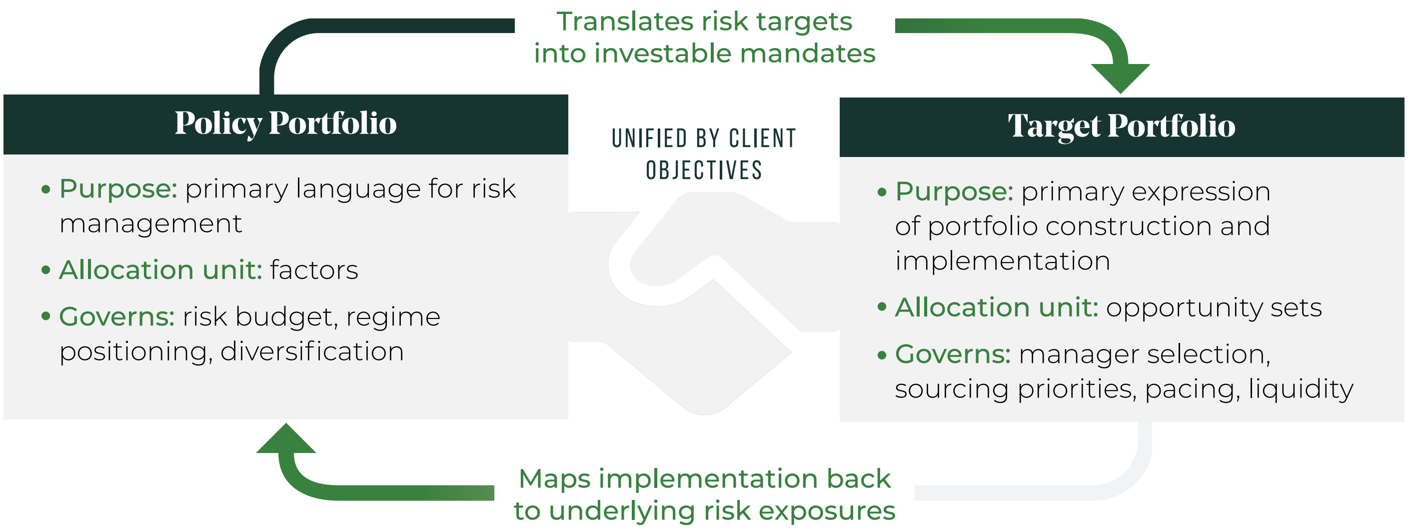
A decade of implementing the factor framework has illuminated the need for another step. We need to marry factor Policy to a more traditional portfolio view that can incorporate other forms of risk tolerance like illiquidity or committee preferences, and better guide our research activity.

How do you intend to fill that gap and provide greater guidance?

For each client, we will pair the factor-based Policy with a "Target Portfolio" or the desired expression of that factor portfolio in more typical asset category terms (e.g., Public Equity, Venture Capital, et cetera).

The Policy Portfolio remains our language for overall, long-term risk as we still believe monitoring aggregate factor exposure is crucial. However, the Target Portfolio will be the primary expression of portfolio construction and implementation, translating the risk target into investable mandates. The two are stitched together at the outset and monitored in tandem on an ongoing basis.

Target Portfolios are intended to complement our factor framework



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It's an interesting time to be pursuing a more traditional asset allocation approach. How do you reconcile that with the broader industry trend moving towards a Total Portfolio Approach ("TPA")?

TPA is certainly in vogue, although it's difficult to define. Its advocates point to the ability to break down siloed thinking that can plague large organizations employing a Strategic Asset Allocation (SAA) approach in which asset classes are typically managed more or less independently. TPA sheds the strictures of asset class and benchmark and starts with a different question: What is the optimal allocation of capital—right now—to achieve the highest possible risk-adjusted return, in total? Every potential investment contributes both return and risk and is therefore in competition for capital with every other potential investment, all the time.

The trouble is that in solving certain problems, TPA introduces a series of others. We sometimes say pejoratively that an investment "looks great on a spreadsheet." In my view, the Total Portfolio Approach sounds great in a board memo. But it sacrifices clarity for theory, and it trades the challenges of team culture and incentives for the challenges of board oversight and governance.

Regardless, we want to get away from this duality (TPA or SAA), because no single framework is sufficient for understanding and constructing a portfolio, and none captures every variable in a client's utility function. Frankly, little about TPA is novel. Much of it is meant to solve issues we believe we addressed with the factor framework almost a decade ago. So rather than choose a side, we are pairing the two—factor framework (TPA) and Target Portfolios (SAA).

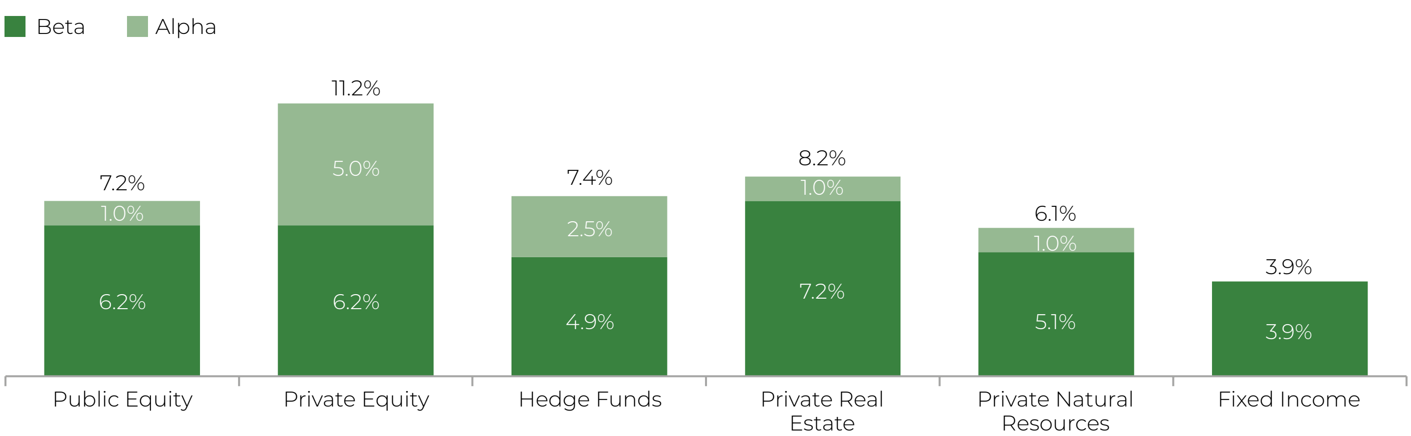
So, with the methodology solidified, what's the next step?

We **refresh our inputs**. We have a robust process for developing our 10-year, forward-looking capital market assumptions for each of our core factors.

Since our last review in 2023, cash rates have come down marginally and equities have done extremely well. The result is that the capital market line has shifted lower but remains relatively flat versus history. This indicates lower expected returns across the board, and means investors will be less compensated for taking on incremental volatility.

To calculate expected returns for each asset class, we translate our factor CMAs into an expected beta, and then layer on an alpha assumption aligned with the opportunity set.

Asset Class Expected Returns



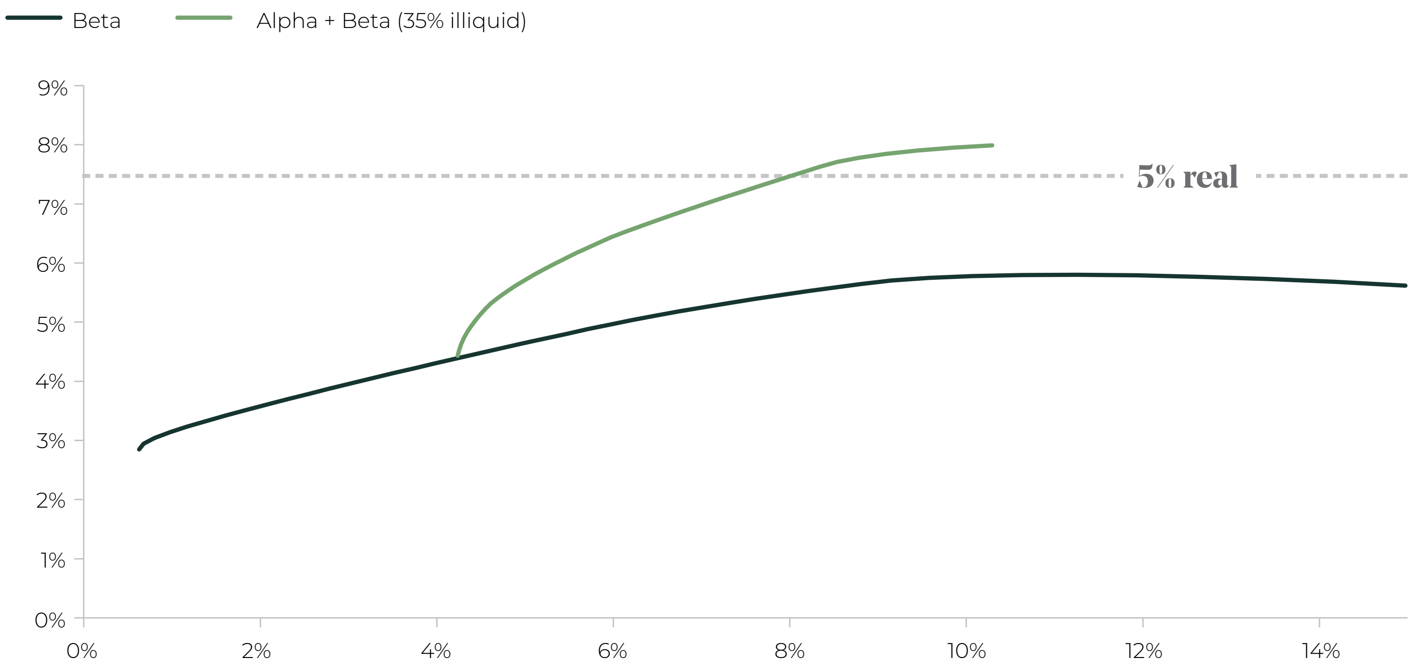
Note: For illustrative purposes only. Returns are not guaranteed. Forward looking calculations are based on GEM's 2026 long-term capital market assumptions. Please see disclosure of forward-looking returns and hypothetical and illustrative presentations within the Important Notes. Actual results will likely vary.

What does this imply for a client with an absolute return objective—seeking to meet spending plus inflation?

One stubborn feature of most of the post-GFC environment—and one that still persists today—is that on a forward-looking basis, our capital market assumptions suggest that there is no passive combination of factors that will deliver a return of 5% plus inflation. Even a 100% passive equity portfolio is not priced, in our opinion, to deliver the necessary 7.5-8.0% nominal return.

Of course, that doesn't mean the market won't continue to outperform our capital market assumptions. Realized returns have outrun industry expected returns for a very long time, and we are not blindly faithful to any forecasts or models. But we would rather build portfolios that model to the return target on conservative inputs and treat any beta upside as a bonus, than build to a target that depends on the market bailing us out. Once we layer in alpha, constrained by an illiquidity budget, the efficient frontier can meet the goal.[1]

Forward Looking Efficient Frontiers



Note: Forward looking calculations are based on GEM's 2026 long-term capital market assumptions. Please see disclosure of forward-looking returns and hypothetical and illustrative presentations within the Important Notes. Actual results will likely vary. For illustrative purposes only. Returns are not guaranteed. GEM reserves the right to modify its proposed investment techniques, exposures, and strategies based on changing market dynamics or client needs.

[1] Returns are not guaranteed.

How do you determine where on that efficient frontier each client should sit?

The "optimal" portfolio allocation will differ for every client. To solve for it, we first need to understand a client's tolerance for the four key risks:

1) drawdown, the downside volatility that impairs spending,
2) shortfall, the risk of not meeting the portfolio's return goals,
3) illiquidity, the risk of insufficient access to capital; and
4) variance, the risk of underperforming benchmarks.

A shortcoming of a purely factor-based construction is that it assumes drawdown is every client's primary risk. Accordingly, the objective function has always been optimized to meet a return target while minimizing the drawdown risk, defined as the average loss in the left tail of the distribution.

But what if drawdown risk or downside volatility is not the primary risk for a client? If the biggest risk is falling short of the return target—that 10 years from now the client will have insufficient capital to service its liabilities—then we should focus on the probability of achieving that objective, even at the cost of some additional volatility. If the biggest concern is, instead, an unexpected spending need that cannot be met because of too many private investments, we should set a steady, minimum threshold for liquidity. If the concern is temporary but embarrassing underperformance of benchmarks, we should add passive assets and reduce our alpha assumptions accordingly. Clients have limited tolerance to each of these four key risks, but it's the *rank order* of them that sharpens our understanding of the client's utility function, and it is what should define the objective for portfolio optimization.

Risk prioritization should be client-directed and tied to utility function

PRIORITY RANK ORDER DIFFERS BY CLIENT

Dimension of Risk	Objective Function
Drawdown	Tolerable cVaR
Shortfall	Probability of achieving return goal
Illiquidity	Minimum access to capital
Variance	Tracking error to benchmark

LEADING TO DIFFERENT TRADE OFFS

Note: Returns are not guaranteed.

How does that work in practice? How does a client's utility function translate to a different asset allocation?

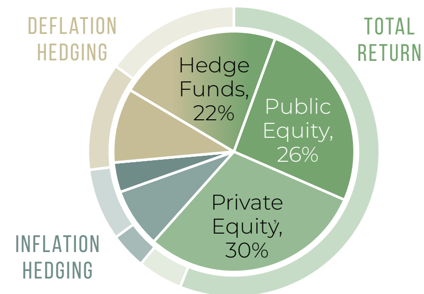
Client A

Consider Client A whose primary concern is drawdown risk. Their objective function would be preserving purchasing power with the least amount of volatility. This is the classic endowment-style portfolio, and in fact it's our Endowment Fund's mandate. The probability of maintaining purchasing power sits very close to 50%—which is the logical conclusion of a commitment to intergenerational equity—and the probability of a large decline in spending is relatively low.

Objective Function: Preserve purchasing power with the least amount of volatility

EQUITY EXPOSURE
56%

PRIVATE TARGET
35%



Probability of maintaining purchasing power
54%

Probability of a 15% decline in spending
6%

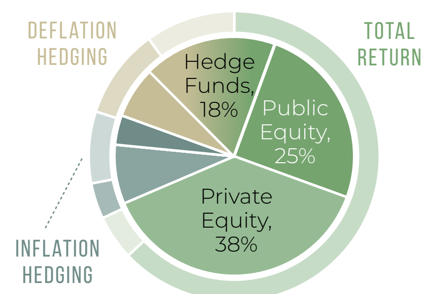
Client B

Now take Client B with the *same annual spending* who worries more about falling short of the return target. To increase the odds that this client maintains its purchasing power, we increase both Equity exposure and the private target. While probability itself rises only marginally, it's important to consider the range of outcomes, not just the point estimate. Since equity has a fatter right tail, this portfolio benefits from a stronger top percentile. The tradeoff is a higher probability of a large spending decline along the way.

Objective Function: Improve probability of meeting absolute return goal

EQUITY EXPOSURE
63% ↑

PRIVATE TARGET
45% ↑



Probability of maintaining purchasing power
58% ↑

Probability of a 15% decline in spending
8% ↑

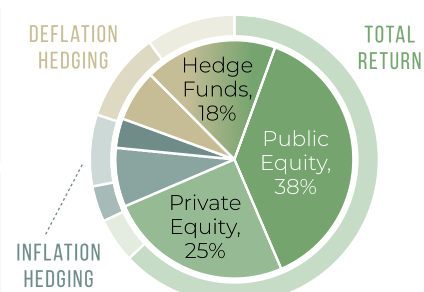
Client C

Client C needs to cap illiquid assets at 25%—perhaps because of an uncertain operating environment or potential strategic uses for capital. That cap impedes alpha generation, so meeting the same return requires more equity beta. They still have about a 50% chance of meeting the goal, but the probability of a large spending decline increases. That is a more volatile portfolio by design, because the primary risk we are solving for is access to capital, with drawdown risk subordinate.

Objective Function: Maximize returns while preserving access to capital

EQUITY EXPOSURE
63% ↑

PRIVATE TARGET
25% ↓



Probability of maintaining purchasing power
51% ↓

Probability of a 15% decline in spending
9% ↑

Note: For illustrative purposes only. Forward looking calculations are based on GEM's 2026 long-term capital market assumptions. Assumes a 5% annual spending and 12 quarter smoothing period. Please see disclosure of forward-looking returns and hypothetical and illustrative presentations within the Important Notes. Actual results will likely vary. Returns are not guaranteed.

Illiquidity risk can be tricky to diagnose. How do you think about setting a private target for a client portfolio?

It's true—this is where most institutions get themselves into trouble, either by holding too much in private assets and underestimating the claims on their capital, or by holding too little and missing alpha opportunities. For our clients, we use a three-step process to set an illiquidity budget.

First, we establish a maximum **illiquidity tolerance** by answering one question: under worst-case conditions (defined as periods when public markets sell off, capital calls outpace distributions, and unanticipated spending needs rise all at once), do you still have enough liquidity to meet portfolio and operational needs? The second step is to haircut that maximum by 5-10%. The reason is variability. If you target a 35% private allocation and pace in a disciplined fashion, about half the time you will sit between 30% and 40%, which means the other half of the time you will be outside that band. Those are normal allocation fluctuations—resulting from public market performance and the fact that distributions tend to be lumpy—but it's important to set your target beneath actual tolerance to account for this range. Third, we input the **private target**, less any current legacy exposure, into our pacing model to help determine the correct commitments to the right opportunity sets, accounting for duration, possible changes in total portfolio size, and other idiosyncrasies.

You're also considering refinements to the implementation of certain opportunity sets—can you start by telling us about "allocation assets"?

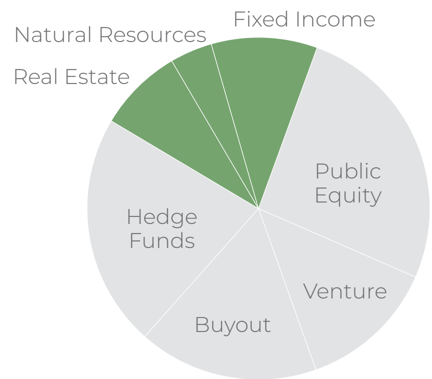
Sure. "**Allocation asset**" is a term we use to encompass the assets we hold primarily to hedge an adverse state of the world. They are meant to reduce portfolio variance, so think of deflation hedges like fixed income or inflation hedges like real estate and natural resources. To ultimately play that role effectively, we believe an allocation asset must do two things: (1) It should be genuinely sensitive to the risk it is there to offset, and (2) it should be liquid enough that you can sell it, monetize the diversification benefit, and rebalance. This is precisely how we've implemented fixed income: owning it in liquid, passive form, as pure interest rate risk with no friction to selling.

However, we historically have not done that with our inflation hedges. We've held a significant portion of our inflation-hedging assets privately or in illiquid form. Our view on this opportunity set has evolved over time. Our expectation for the alpha we can generate in Private Real Assets has come down, informed by our lived experience; importantly, this lies in contrast to other private asset classes (such as Private Equity), where our alpha expectation is still high. That weakens the case for the private structure—particularly because public inflation hedges are naturally more sensitive to the risk we are hedging, so we need less of them to get the same protection. As we refresh client Target Portfolios, we intend to prioritize a more liquid implementation of inflation hedging.

We believe allocation assets should:

1. Show **sensitivity** to the risk they are meant to offset
2. Be liquid enough to **rebalance** when it matters

Allocation assets



Do you expect the composition within the inflation Hedging category to change?

Yes, on the margin. We are leaning into Commodities. Even though inflation has receded from its 2022 highs, recurring supply shocks, electrification demand, and seemingly insatiable growth in computing capacity are all straining the physical world. We will readily admit that—outside the China-driven supercycle of the 2000s—the period since the 1970s has been a painful one for commodity investors, so we do not lean in lightly. But we see two reasons the next decade looks different, beyond the near-term picture.

The first is the inflation regime itself. If we are right that inflation will run structurally higher and be more volatile, driven by deglobalization, energy-transition, AI-infrastructure spending, and fiscal dominance, then commodities are a useful portfolio hedge. Their prices are anchored to the replacement cost of new supply, and a capital-starved supply base only amplifies the response.

The second is that the supply side is genuinely constrained. Beyond a decade of underinvestment and multi-year permitting timelines, refining has grown dangerously concentrated. China is now the dominant refiner for 19 of 20 strategic minerals, and more than half of them sit under some form of export control.[2] Meanwhile, demand projections for critical commodities like copper and lithium are wildly outstripping supply. These are not soft commodities you can simply plant more of next year. A new copper mine can take decades to permit and bring online.

I am not Malthusian, but I do expect resource scarcity to resurface periodically over the next decade, if not from supply and natural demand alone, then from geopolitically motivated hoarding. Critically, this extends well beyond fossil fuels. Much of the pressure comes from the materials underpinning the green transition itself. Reflecting this belief, we plan to add a Commodity allocation for every client, regardless of their stance on fossil fuel divestment, likely around 4% in most cases.

Conversely, we are reducing our allocation to Real Estate—from 12% to 8%—within the Endowment Fund, primarily because we do not expect it to hedge inflation as well as it has in the past. Through the 2022 cycle, private real estate tracked inflation early on, then fell off a cliff as interest rates climbed, not recovering until rates began to fall again. Given that private real estate is generally financed with significant leverage, its behavior seems driven more by funding costs than by inflation. Consequently, it behaves more like a leveraged equity sector than a true inflation hedge. REIT correlation to equities was modest in the late 1990s and early 2000s, but in recent years has climbed to 60-80%, and we expect it to stay there. Put plainly: if owning real estate means buying equity beta in a trenchcoat, we would rather just own the equity.

But that does not mean we want none. We have excellent managers in the real estate space, our team sources new opportunities well, and we want the flexibility to allocate tactically when it looks cheap. We are simply resizing Real Estate to be a smaller portion of the average portfolio.

[2] Source: IEA Global Critical Minerals Outlook 2025

What about investments that don't fit into a standard asset class?

We acknowledge that not everything fits into traditional asset class categories. Our network is bult to consistently surface high-conviction opportunities, be they unique deals or dislocated situations, that do not slot neatly anywhere. Until now we have either shoehorned them into the most similar bucket, which distorts the risk profile of that category, or passed on them entirely. Both outcomes are suboptimal, because we believe the best ideas from our platform should benefit every client, even when they defy conventional classification.

Opportunistic asset class allows us to:

1. Capture the full value of our **sourcing advantage**
2. Retain **benchmark fidelity** within asset classes
3. **Act decisively** when compelling, time-sensitive opportunities arise

To solve this issue, we are introducing an Opportunistic category as the dedicated, transparent home for these investments. It is built to do three things: enable clients to capture the full value of our sourcing advantage, keep each traditional asset class clean in its risk characteristics and benchmark fidelity, and give the team flexibility to act decisively when compelling, time-sensitive opportunities arise. Over time this will include investments that clear a very high cost of capital: idiosyncratic take-privates, secondaries, certain co-investments, other sidecar vehicles, or temporary allocations.

Beyond construction, how does this review change the way you manage risk?

Introducing Target Portfolios alongside Policy factors gives us two new lenses on portfolio risk.

1) The first is the concept of effective beta. We are fond of saying that equity is equity, and that owning it in private or public form does not change the underlying economic forces it is subject to. That is true over long horizons. But private and public do not behave alike over shorter ones. As an example, if we measure the equity beta of the Endowment Fund using monthly returns, it is ~0.4. Using quarterly returns, it is ~0.5. And using annual returns, it rises to ~0.6. The more time private exposure can adjust to the dynamics shaping public market pricing, the more it resembles its public counterpart. The practical outcome is that a heavily private multi-asset portfolio's long-term beta is very different from its short-term effective beta. But short term is *precisely the horizon* over which we are most often tactically managing risk.

A recent example came in March of this year, when the Iran War caused commodities to spike and equities to fall. Private equity's share of the pie grew mechanically. While the total “Equity” exposure of the portfolio was relatively unchanged, our expected beta had dropped. We were concerned that a quick reversal would leave us underexposed, so we added index call exposure. That's an idiosyncratic case but exemplifies how monitoring effective beta can influence portfolio strategy.

And the second way?

2) The second way is implementing a mega-trend tracker. These are the themes shaping capital flows that transcend asset class boundaries. With hindsight, only a few things really mattered over the last 15 years: the outperformance of the US over the rest of the world, much of it driven by the technology sector's relentless margin expansion, and the end of the commodity supercycle.

As we look into the next decade, there are a few **mega-trends** emerging:

- **AI**, which is one of the broadest cross-asset phenomena in history;
- **resource scarcity**, driven by geopolitically motivated hoarding of critical materials alongside massive industrial demand;
- **demographic shifts**, as aging populations and reduced immigration pressure wages and inflation;
- **fiscal dominance**, and the possibility of persistent large deficits that keep Treasury duration unattractive and argue for more gold and more uncorrelated return streams; and
- the **financialization of everything**, where our working hypothesis is that financial markets have become the business cycle.

There are others, of course, and these aren't meant to be especially novel, nor am I suggesting we're thematic investors just going out and expressing our top-down views. In general, I think that's a fool's errand. The goal is simply to understand how we are exposed to these themes and to have a well-considered opinion (rather than an unintended one) on whether we have too little, too much, or the right amount.

What's next in the process? What should clients expect?

The next step is to work with each of our clients to settle on the Investment Policy construction that fits them best. This work will begin over the next few months, whether as part of an upcoming meeting or in ad hoc discussions, and we will walk through any aspect of this that warrants discussion and start weighing the considerations together. Most of all, what we need from clients are the inputs: the clear, rank-ordered goals and risk tolerances that define the utility function, because those are what let us build the right portfolio rather than a generic one.

Those conversations will conclude in reaffirmed or revised Investment Policy Statements, and potentially in portfolio structure shifts to help ensure alignment. Policy updates for our commingled funds will be implemented at year-end, in keeping with historical timing. For custom Policies the timing is more flexible—at year-end or after—depending on the organization's governance norms and how quickly we work through the evaluation.

Next steps

TODAY	Present updated framework and methodology to all clients
2H26	Client Portfolio Management teams to work directly with clients on refreshed enterprise assessments
2H26	Reporting refreshed and updated
2027	Investment Policy Statement refreshed consistent with governance protocols and client meeting schedules

We are standing by to support our client partners, working to position them appropriately, and to steward their capital into the next decade.[3]

[3] For discussion purposes only. Opinions are based on GEM's analysis, assumptions, and data interpretations and should not be relied on as fact. Past performance is not indicative of future results. Returns are not guaranteed.

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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 performance figures for the Endowment Strategy Funds, unless otherwise noted, are net of all GEM fees and fund expenses, as well as any performance-based compensation received by GEM or its affiliates in certain prior years. Such total performance figures exclude side-pocketed investors. Individual investor performance will vary based upon date of admission and such investor's applicable percentage used to calculate the management fee, as set forth in more detail in the 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.
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- 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.

Important Notes

- 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.
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- 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.
- 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.

Important Notes

- Hypothetical and Illustrative Presentations: Performance and risk metrics presented for any current or proposed GEM Policy Portfolio and other back-tested performance are derived from the retroactive application of a portfolio with the benefit of hindsight concerning prior market behavior and economic conditions. There are inherent limitations to the value of data derived from the retroactive application of any such hypothetical portfolio, including, but not limited to, whether GEM's actual portfolio would have been invested similarly to the Policy Portfolio or other back-tested portfolio and would have performed in a similar manner. The compounding of materially different results would have a significant impact on the cumulative performance of the portfolio. Decisions about the actual management of the GEM Policy Portfolio or other back-tested portfolio in prior periods would have been materially influenced by economic and market factors in play during these prior periods. Hypothetical performance and risk metrics presented herein do not take these variables into consideration. Unless otherwise noted, hypothetical performance is shown net of expenses and the highest fee rate for the fund or portfolio shown. Additional information about the criteria and assumptions utilized to formulate the hypothetical performance is available upon request.

BENCHMARKS, ABBREVIATIONS, AND DEFINITIONS

Endowment Strategy Benchmarks

- 5% Real Return: 5% plus CPI – All Urban Consumers annual percentage change.
- Global 70/30: Blended portfolio representing 70% MSCI ACWI/30% Bloomberg U.S. Aggregate Bond index returns.

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

Alternatives Mandate: GEM clients are considered to have an alternatives mandate if the investment strategy we employ on their behalf is primarily invested in alternative assets; this includes the GEM Growth Fund, private closed-end funds, and bespoke advisory funds.

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.

Efficient Frontier: Geometric expected long-term returns presented herein are 10-year forward-looking. Please see note above regarding forward-looking returns.

Endowment Fund: GEM Endowment Fund, 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: 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, 2026, the Endowment Strategy is comprised of the Endowment Fund, the Offshore Fund, the Green Endowment Fund, and certain series of Global Endowment Targeted Strategy Fund, LP (excluding series that do not adhere to GEM's Investment Policy Statements).

Important Notes

Fossil Fuel Investments: Investments in private or public companies that either own fossil fuel reserves, or extract or provide services related to the extraction of fossil fuels. For portfolio construction, GEM defines exposure to such investments as: (a) ownership of interests in commingled funds when the primary purpose of the fund is making Fossil Fuel Investments, (b) co-investments alongside any commingled fund, regardless of its primary purpose, in Fossil Fuel Investments, and (c) direct investments, including through a separately managed account, of such Fossil Fuel Investments. There is no guarantee that GEM will be successful in identifying or avoiding all exposure to Fossil Fuel Investments and based on GEM's definition of "exposure" (set forth above), there may be "Fossil Fuel Investments" held indirectly.

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

Growth Fund: GEM Growth Fund, 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.

IRR, or internal rate of return, may be provided for a particular asset class or other subset of investments within the GEM portfolio. 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. Gross IRR 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.

Policy Portfolio represents the hypothetical portfolio that results from investing in the benchmark for each return factor based on the "Target" allocation for each return factor determined for the applicable policy set forth below, which benchmarks and targets have varied over time, generally within the ranges presented below. The returns for the Policy Portfolio do not reflect GEM management fees, performance-based compensation in certain prior years, and certain expenses in respect of the relevant investments.

Portfolio-level Leverage represents exposure in excess of portfolio cash as a % of pool NAV. Short options are counted as notional underlying exposure (i.e. delta adjusted), CDS as maximum loss, currency forwards other than direct hedges counted as 1 month estimated maximum loss. Relative value positions represent the higher of required margin and 1 month estimated max loss. 1 month estimated max loss is based on internal calculations.

EF POLICY PORTFOLIO WEIGHTS & BENCHMARKS

Return Factor	Target	Range	Benchmark
Growth-Oriented	60%	30-75%	
Equity	53%	30-70%	MSCI ACWI
Credit	7%	-5-20%	Bloomberg High Yield Index
Inflation-Oriented	15%	5-30%	
Commodities	3%	0-15%	Bloomberg Commodity Index
REITs	12%	0-20%	MSCI US REIT Index (gross)
Income-Oriented	25%	10-40%	
Treasuries	15%	5-30%	Bloomberg US Treasury Index
TIPs	10%	0-30%	Bloomberg US Tsy Inflation Notes Index

ENDOWMENT STRATEGY ASSET CLASS PERFORMANCE REPORTING BENCHMARKS

Asset Class	Benchmark
Global Equity	MSCI ACWI
Hedge Funds	HFRI Fund of Funds Index
Credit	Bloomberg High Yield Index
Real Estate	MSCI REIT Index
Natural Resources	Bloomberg Commodity Index
Fixed Income	Bloomberg Treasury Index
Overlays / Portfolio Hedges	3 Month SOFR

Important Notes

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.

Further information on the Endowment Fund, including return factor definitions, can be found in the Endowment Fund's Investment Policy Statement, available upon request. Historical Policy Portfolio weights and benchmarks are available upon request.

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

ABOUT GEM

GEM is an independent investment management firm that provides customized solutions for long-term investors worldwide. Since 2007, we have sought to deliver superior risk-adjusted returns to our clients by combining disciplined investment research and active portfolio management with exceptional service and enduring partnership. With a global platform, broad institutional investment capabilities, and an experienced team, we design portfolios to meet the unique needs of each investor we serve.

For more information, visit www.geminvestments.com.

Connect with our team:
gemteam@geminvestments.com

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