

# Investments: Non-Endowment

Quarter Ending September 30, 2025



A non-endowment fund is impermanent. The entire balance is available for grantmaking, which provides flexibility to recommend grants of any size at any time.

## Q3 Update

The Long-Term Portfolio had a net return of 5.5% for the quarter and 13.3% year-to-date. Performance was in line with the benchmark over both periods and ranks in the top quartile among peers. Like the Endowment Portfolio, the Long-Term Portfolio was bolstered by the strong performance of U.S. large-cap equities and experienced some drag in other areas such as U.S. small-cap equities and international equities.

The Medium-Term Portfolio was ahead of its benchmark slightly for the quarter and year-to-date periods, posting a net return of 3.5% and 9.1% respectively. The allocation to U.S. large-cap equities had less of an impact on the portfolio compared to the Endowment and Long-Term due to a smaller allocation to the asset class. However, the portfolio's large weight to bonds helped drive performance as our bond managers continue to perform well in this rate-cutting cycle.

The Intermediate-Term Portfolio had a net return of 2.1% for the quarter and 6.3% year-to-date. The portfolio experienced a more notable outperformance over its benchmark which, like the Medium-Term Portfolio, was driven by strong performance by the portfolio's bond managers.

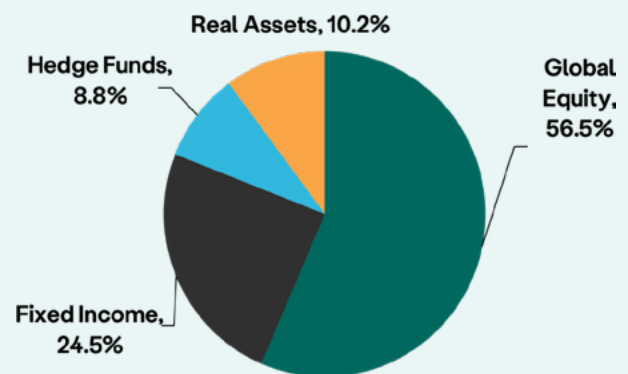
The Short-Term Portfolio posted net returns of 1.1% for the quarter and 3.2% year-to-date. Returns for the portfolio are slowly reverting to the longer-term average as rates continue to be cut by the Federal Reserve. This phenomenon is expected given the portfolio's investment allocation, which is more directly correlated to Treasury yields driven by the Federal Reserve's decision on rates.

## Long-Term Non-Endowment Portfolio

The Long-Term Non-Endowment Portfolio maximizes capital appreciation and income to grow grantmaking beyond the initial investment. The portfolio leverages higher levels of investment risks to obtain market-like returns and is best for donors who intend to grant funds over a long period of time.

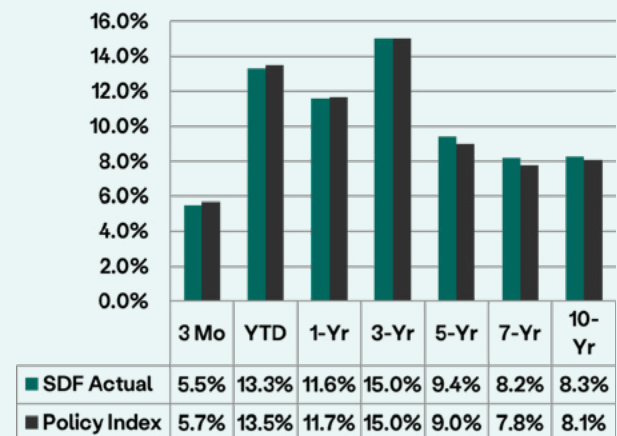
### Asset Allocation

\$111.6 million as of September 30, 2025



### Total Returns\*

As of September 30, 2025



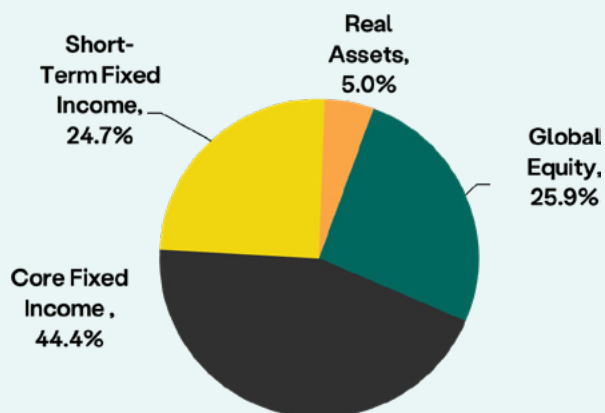
\*The Foundation's Policy Index for Long Term Pool is 50% MSCI ACWI IMI (net), 20% BBgBarc US Universal Bond Index, 20% HFRI FOF Index, 10% Custom Real Assets Index. Fixed Income Index: 100% BBgBarc US Universal Bond Index.

## Medium-Term Non-Endowment Portfolio

The Medium-Term Non-Endowment Portfolio incorporates opportunities for capital appreciation to enhance investment rate of return and allow for more grantmaking. This portfolio tolerates moderate levels of risk and is recommended for donors with a granting time horizon of two to five years.

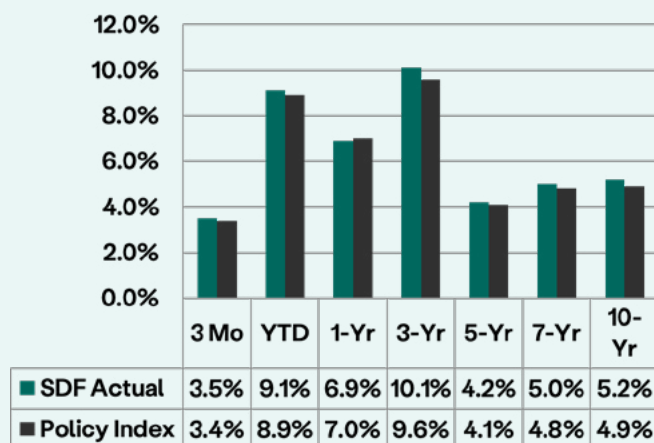
### Asset Allocation

\$107.2 million as of September 30, 2025



### Total Returns\*

As of September 30, 2025



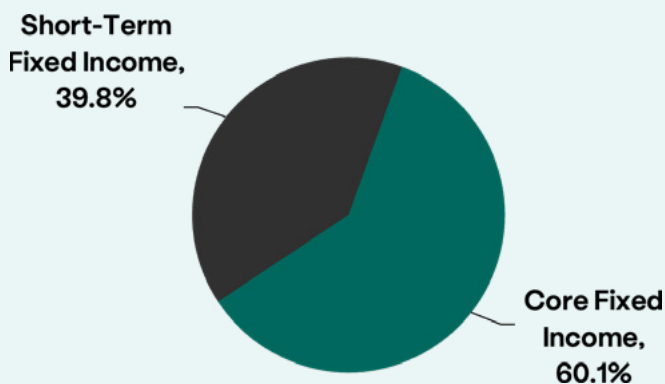
\*The Foundation's Policy Index for Medium Term Portfolio is 30% MSCI ACWIIMI (net), 45% BBgBarc US Universal Bond Index, 20% BofA ML 1-3 Yr Treasury, 5% 91-Day T-Bills.

## Intermediate-Term Non-Endowment Portfolio

The Intermediate-Term Non-Endowment Portfolio's goal is to give donors more opportunities to grant to their favorite nonprofits by generating a yield that can partially or fully offset San Diego Foundation fund fees by investing 100% in fixed-income funds. It carries risk, primarily in the form of interest rate risk and credit risk. Principal volatility should be expected, though the range of potential outcomes is narrower than the Medium- or Long-Term Portfolios managed by San Diego Foundation. This portfolio is recommended for donors with a granting time horizon of two years or greater.

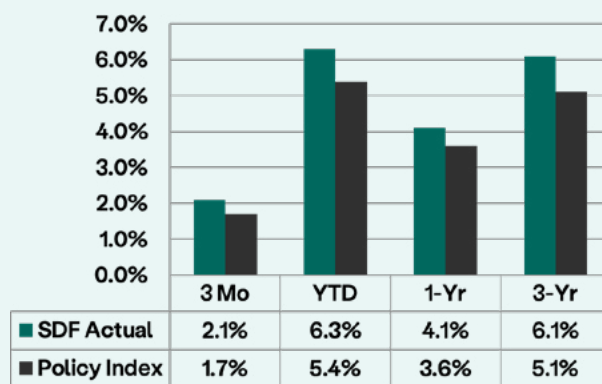
### Asset Allocation

\$10.3 million as of September 30, 2025



### Total Returns\*

As of September 30, 2025

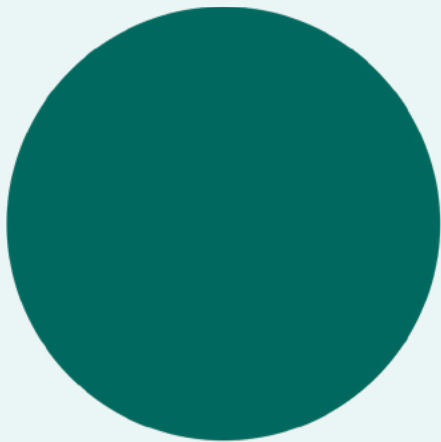


\*The Foundation's Policy Index for Intermediate-Term Portfolio is 60% BBgBarc US Universal Bond Index, 40% BofA ML 1-3 yr Treasury, 0% 91 Day T-Bills.

# Short-Term Non-Endowment Portfolio

## Asset Allocation

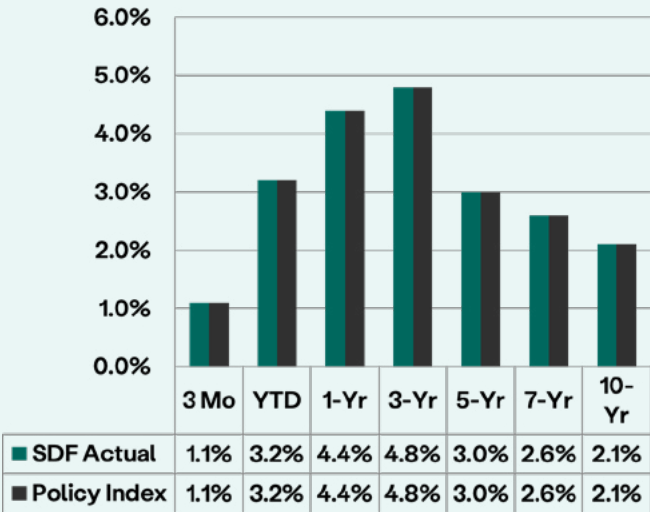
\$71.5 million as of September 30, 2025



■ US Govt & Prime Money Market Funds

## Total Returns

As of September 30, 2025



For Long-, Medium- and Short-Term Portfolios:

Investment returns are presented net of money management fees, but do not include SDF fees. Custodial and reporting fees are netted against earnings reported via the fund statement. Investment performance of individual funds may vary from the total portfolio return due to the timing of contributions and grants.

## Investment Committee

With over 150 years of combined global and domestic expertise, San Diego Foundation Board of Governors Investment Committee drives asset management and investment growth to meet fund objectives.

### The Investment Committee is committed to:

- Protecting the corpus of SDF
- Preserving the spending power of the income from the fund
- Maintaining a diversified portfolio of assets to meet investment return objectives while keeping the level of risk commensurate with the median fund in a representative foundation and endowment universe
- Complying with applicable law



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## How We Can Help

Our experienced staff understands the technical complexities of charitable giving and helps simplify the process. Contact us at (619) 814-1332 or [DonorServices@sdfoundation.org](mailto:DonorServices@sdfoundation.org).