Investments: Non-Endowment

Quarter Ending September 30, 2026

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 declined 0.4% for the quarter, slightly behind its benchmark's 0.3% decline, and delivered an 11.6% net return over the past year, outperforming its benchmark by 0.2 percentage points. Quarterly losses in bonds, small-cap equities and hedge funds outweighed gains in large-cap equities and real assets. Over the past year, equities and real assets were important contributors to overall performance.

The Medium-Term Portfolio declined 1.7% for the quarter, trailing its benchmark by 0.5 percentage points, and delivered a 4.3% net return over the past year, trailing its benchmark by 0.3 percentage points. With approximately 70% of the portfolio invested in fixed income, rising interest rates were the primary source of pressure during the quarter. Over the past year, positive equity returns supported overall results, while recent bond market weakness limited gains.

The Intermediate-Term Portfolio declined 2.7% for the quarter, trailing its benchmark by 0.6 percentage points. Its bond allocation was affected by the sharp rise in interest rates, with longer-term holdings experiencing greater losses than shorter-term investments. Over the past year, the portfolio had a net return of negative 0.6%, compared with a 0.2% decline for its benchmark. While rising rates reduced the value of existing holdings, higher rates can also provide opportunities to earn more income as funds are reinvested.

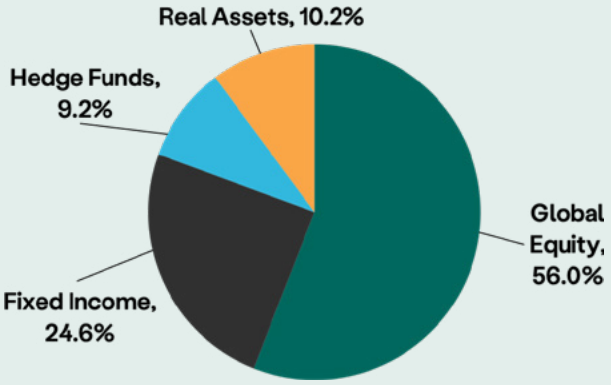
The Short-Term Portfolio returned 0.9% for the quarter, matching its benchmark, and delivered a 3.7% net return over the past year, slightly ahead of its benchmark's 3.6% return. The portfolio's cash and money market investments continued to benefit from elevated short-term interest rates and were less affected by the rise in longer-term rates that pressured bond markets. Going forward, performance will continue to be influenced primarily by short-term interest rates and Federal Reserve policy.

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.

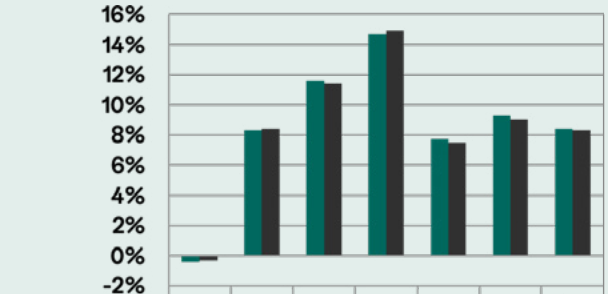
Asset Allocation

$134.5 million as of September 30, 2026



Total Returns*

As of September 30, 2026



	3 Mo	YTD	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr
SDF Actual	-0.4%	8.3%	11.6%	14.7%	7.7%	9.3%	8.4%
Policy Index	-0.3%	8.4%	11.4%	14.9%	7.5%	9.0%	8.3%

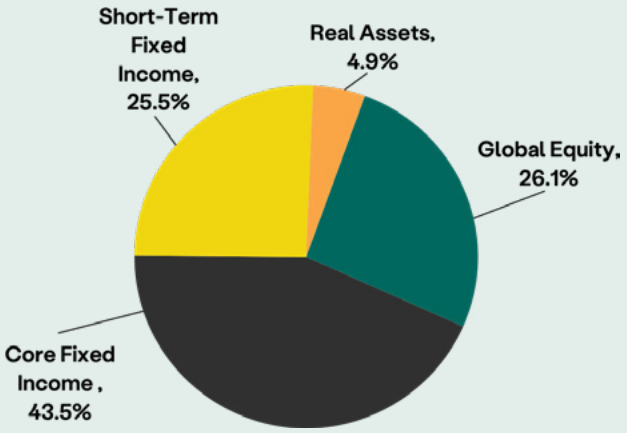
**The Foundation's Policy Index for Long Term Pool is 50% MSCI ACWI IMI (net), 20% BBgBarc US Universal Bond Index, 20% HFRI FOF Index, 10% Custom Real Assets Index. Fixed Income Index: 100% BBgBarc US Universal Bond Index.*

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.

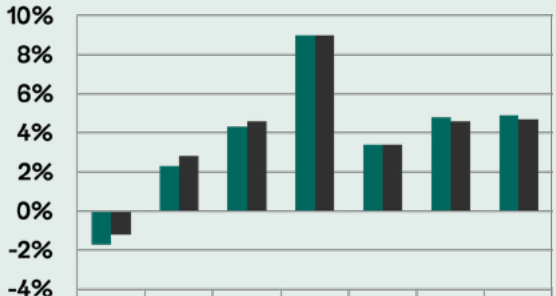
Asset Allocation

$100.6 million as of September 30, 2026



Total Returns*

As of September 30, 2026



	3 Mo	YTD	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr
SDF Actual	-1.7%	2.3%	4.3%	9.0%	3.4%	4.8%	4.9%
Policy Index	-1.2%	2.8%	4.6%	9.0%	3.4%	4.6%	4.7%

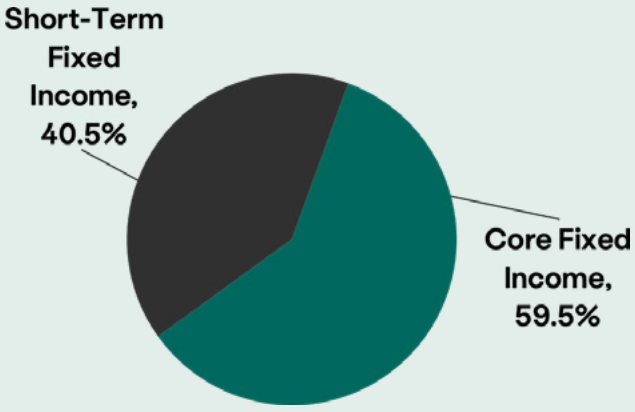
**The Foundation's Policy Index for Medium Term Portfolio is 30% MSCI ACWI IMI (net), 45% BBgBarc US Universal Bond Index, 20% BofA ML 1-3 Yr Treasury, 5% 91-Day T-Bills.*

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.

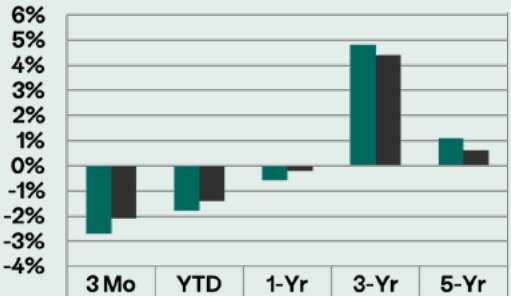
Asset Allocation

$10.1 million as of September 30, 2026



Total Returns*

As of September 30, 2026



	3 Mo	YTD	1-Yr	3-Yr	5-Yr
SDF Actual	-2.7%	-1.8%	-0.6%	4.8%	1.1%
Policy Index	-2.1%	-1.4%	-0.2%	4.4%	0.6%

**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

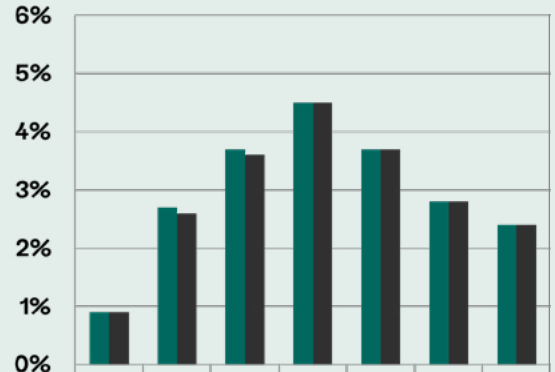
Asset Allocation

$74.6 million as of September 30, 2026



Total Returns

As of September 30, 2026



	3 Mo	YTD	1-Yr	3-Yr	5-Yr	7-Yr	10-Yr
SDF Actual	0.9%	2.7%	3.7%	4.5%	3.7%	2.8%	2.4%
Policy Index	0.9%	2.6%	3.6%	4.5%	3.7%	2.8%	2.4%

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.