CORPORATE & ESG POOLS FACTSHEET

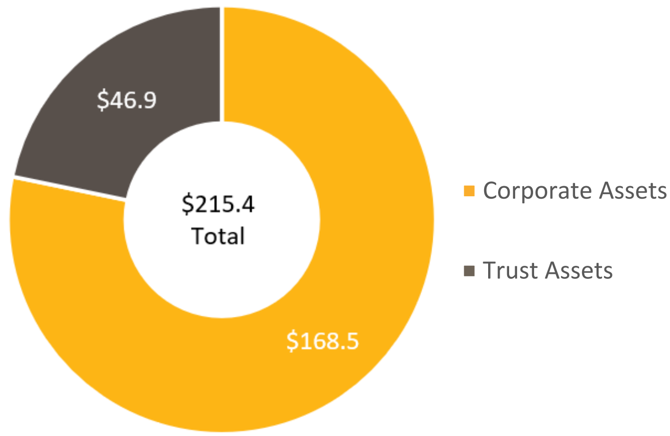
December 31, 2023

Lancaster County Community Foundation was formed as a community trust in 1924. At that time, all gifts were required to be placed in trust. Those trusts were perpetual and still exist today, accounting for about one quarter of the assets of the Foundation. In 2005, the Lancaster County Community Foundation corporation became operational. As a nonprofit corporation, the Foundation became a more flexible and nimble organization that better serves its donors, beneficiaries and the community. The Foundation accepts gifts of all sizes and types- including donor advised funds, charitable gift annuities, and bequests from donors- helping Embolden Extraordinary Community in Lancaster, Forever.

INVESTMENT OBJECTIVE

The overall investment objective of the Investment Pools is growth while minimizing risk. As it is reflected in the strategic asset allocation, we expect equity investments will provide greater long-term returns than traditional fixed income investments, and that alternatives can provide additional diversification in the Corporate Pool while allowing the opportunity for income/return. The long-term return objective is to preserve the real value of the Pooled assets while supporting the spending policy of the Pools. The Investment Pools will be required to fund a long-term, inflation-adjusted annual spending policy of 5% in order to maintain the purchasing power of the principal over the long-term.

ASSETS UNDER MANAGEMENT[1,2]



INVESTMENT STRATEGY

Corporate Pool

The Corporate Pool allocates capital across equities, fixed income and alternative asset classes while making use of both active and passive investment strategies. The equity allocation is broken down to have dedicated exposure across capitalization (large, mid, small), style (core, value, growth) and domicile (U.S., developed international, emerging markets). The fixed income allocation diversifies beyond core bonds to include core plus, strategic (or unconstrained) fixed income, high yield bonds and non-U.S. debt. Within alternative investments, the portfolio considers private equity, private debt, private real estate and hedge funds. The Pool recognizes the importance of maintaining a logical investment philosophy and utilizing a high conviction, disciplined and repeatable investment process to proactively manage risks and pursue opportunities.

ESG Pool

The ESG Pool selects investments that exhibit a clear commitment to environmental, social, and governance (ESG) issues. The allocation is similar to our Corporate Pool, just without any alternative investments. This strategy is reflective of the current market environment to allow for long-term growth of the fund and grants to be made in perpetuity.

Additional Pools

- Direct Impact Investing
- Enhanced Cash Strategy

ASSET ALLOCATION[2]

Asset Type	Corporate Pool	ESG Pool
Domestic Equity	44%	50%
International Equity	17%	20%
Real Estate	-	-
Private Equity	7%	-
Hedge Funds	9%	-
Fixed Income	20%	26%
Cash	3%	4%

INVESTMENT PERFORMANCE[2,3]

Investment Pool	Year-to-Date
Corporate	14.8%
ESG	15.6%

[1]in millions, unaudited.
[2]As of 12/31/2023.
[3]Corporate Pool performance does not include Private Equity.

ECONOMIC & MARKET REVIEW AND OUTLOOK

Markets experienced volatility throughout the year, with events ranging from the banking crisis in the spring to a year-end rally catalyzed by hopes for a Federal Reserve (Fed) monetary policy "pivot". In between, it was a highly concentrated market, driven by the "Magnificent 7". Beyond the S&P 500, most major asset classes - even fixed income - were down for the year through October, driven by weak earnings growth and a slowing global economic backdrop. The Fed paused rate hikes in July, and by early November, some policymakers had begun to comment about the potential for rate cuts in early 2024.

The US Equity rally during 2023 had large-cap stocks leading the way, while mid and small cap companies were able to gain during the end of year rally. Developed International equities rebounded as falling inflation increased expectations for rate cuts in 2024, and a weakening U.S. dollar helped the recovery. Emerging markets lagged on a relative basis, primarily due to equities in China which continue to be challenged by a slowing economy.

Fixed income had a volatile year, but it ended in positive territory as we saw the Bloomberg US Aggregate finish up 5.5% on the year. With long-term interest rates reaching multi-decade highs, duration risk was a headwind for core fixed income for most of the year. Gains during the fourth quarter helped offset losses earlier in the year.

The path of earnings growth and Fed policy remain key drivers heading into the new year. A sustained market rally in 2024 is going to require an earning reacceleration, especially in sectors that significantly lagged in 2023. The path of Fed Policy rate cuts will also play a role, with the potential to ease financial conditions even further in 2024.

ESG POOL FAQs

What are the trends in ESG?

According to a recent Corporate Social Responsibility survey, there has been a growing interest in ESG investing. Four in ten organizations are already investing with an ESG lens and nearly as many are planning to do so. These organizations are likely to both proactively invest in companies that align with their values and avoid investing in companies that don't. Executives are optimistic about ESG investing and its potential to have a positive influence on corporate behavior.

Does ESG investing restrict investment returns?

When values are mapped to investment strategies, those strategies or approaches may have different return expectations. By removing securities from a portfolio through negative screening, or seeking to exclude companies that do not comply with a predetermined set of ESG criteria, there are potential tradeoffs in performance compared to investing in a more ESG-integrated portfolio, where we might not be constraining the investable universe as much.

Our ESG Pool consists of positive screening, where we are seeking to proactively identify companies that have more desirable ESG characteristics. This enables us access to a broader investment universe in order to meet our return objectives as well as our ESG objectives. Responsible Investing (RI) practices not only represent good stewardship towards the environment and society, but they also represent prudent strategies for achieving favorable long-term investment returns.

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