Investment Performance Summary

As of 3/31/2022

KERN COMMUNITY FOUNDATION | Growing community. Growing philanthropy.

Individual Investment Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Domestic Equity Pool TR*	**-5.44**	**3.25**	**-5.44**	**11.71**	**18.17**	**15.38**	
Domestic Equity Benchmark*	-5.44	3.25	-5.44	11.71	18.17	15.38	14.26
S&P 500 TR USD	-4.60	3.71	-4.60	15.65	18.92	15.99	14.64
International Equity Pool TR*	**-6.04**	**-0.34**	**-6.04**	**-1.49**	**7.92**	**6.88**	
International Equity Benchmark*	-5.27	0.27	-5.27	-0.91	7.99	6.96	6.11
MSCI ACWI Ex USA NR USD	-5.44	0.16	-5.44	-1.48	7.51	6.76	5.55
Intermediate-Term Fixed Income Pool TR	**-5.63**	**-2.98**	**-5.63**	**-4.03**	**2.02**	**2.39**	
Intermediate-Term Fixed Income Benchmark	-5.69	-2.98	-5.69	-4.01	2.09	2.45	2.66
Short-Term Fixed Income Benchmark	**-3.42**	**-1.88**	**-3.42**	**-3.37**	**1.33**	**1.61**	**1.57**
Short-Term Fixed Income Pool TR	-3.50	-1.88	-3.50	-3.49	1.18	1.50	
Money Market Pool TR	**0.00**	**0.00**	**0.00**	**0.00**	**0.58**	**0.76**	**0.40**
USTREAS T-Bill Auction Ave 3 Mon	0.08	0.04	0.08	0.12	0.68	1.10	0.62

Individual investment options allow donors to recommend a custom allocation strategy, which can include one or more Investment Pools. Please refer to the quarterly Investment Performance Supplemental Report for benchmark definitions.

*The Domestic Equity TR, the International Equity TR, the Domestic Equity Benchmark and the International Equity Benchmark have an inception date of 6/30/19: performance prior to that date is pro-forma.

Investment Mix Options	YTD	1 Month	3 Months	1 Year	3 Years	5 Years	10 Years
Aggressive Mix TR	**-5.19**	**1.23**	**-5.19**	**5.31**	**12.25**	**10.65**	**10.04**
Aggressive Mix Benchmark	-5.00	1.36	-5.00	5.49	12.29	10.68	10.09
Moderately Aggressive Mix TR	**-4.75**	**0.57**	**-4.75**	**3.51**	**9.94**	**8.67**	**8.14**
Moderatly Aggressive Mix Benchmark	-4.59	0.68	-4.59	3.67	10.00	8.73	8.13
Moderate Mix TR	**-4.27**	**-0.20**	**-4.27**	**1.39**	**7.04**	**6.30**	**5.98**
Moderate Mix Benchmark	-4.15	-0.13	-4.15	1.53	7.12	6.40	5.93
Conservative Mix TR	**-3.59**	**-0.89**	**-3.59**	**-0.63**	**4.07**	**3.87**	**3.78**
Conservative Mix Benchmark	-3.49	-0.85	-3.49	-0.51	4.17	4.01	3.70
Risk Averse Mix TR	**0.00**	**0.00**	**0.00**	**0.00**	**0.58**	**0.76**	**0.40**
USTREAS T-Bill Auction Ave 3 Mon	0.08	0.04	0.08	0.12	0.68	1.10	0.62

Investment Mix options offer a simple, one-stop approach to an investment strategy that best reflects your charitable goals. Donors recommend one option, which the Community Foundation rebalances.

Returns for periods greater than 1 year are compound annual returns. TR = Total Return

Current Investment Mix Allocations	Domestic Equity Pool	Int'l Equity Pool	Interm-Term Fixed Income Pool	Short-Term Fixed Income Pool	Money Market Pool
Aggressive	55%	22%	10%	10%	3%
Moderately Aggressive	43%	17%	10%	25%	5%
Moderate	29%	11%	15%	35%	10%
Conservative	14%	6%	18%	42%	20%
Risk Averse	0%	0%	0%	0%	100%

Estimated Investment Management Fees for the Investment Mix Options

Aggressive	0.05%
Moderately Aggressive	0.06%
Moderate	0.07%
Conservative	0.08%
Risk Averse	0.14%

Performance is presented gross of Kern Community Foundatoin administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Customer Service

If you have any questions about your fund or wish to request a change in your investment mix, please contact Donor Services at 661.616.2617 or

donorservices@kernfoundation.org.

Contact Danette Rinehart at danette@kernfoundation.org or 661.616.2602 for more information on the pools, including their component funds and blended benchmarks, the Board of Directors Investment Committee, or the Investment Policy Statement.

5701 Truxtun Avenue, Suite 110, Bakersfield, CA 93309

661.325.5346 **www.kernfoundation.org**

Domestic Equity Pool

As of 3/31/2022

Trailing Returns

Domestic Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Domestic Equity Pool TR	**-5.44**	**-5.44**	**11.71**	**18.17**	**15.38**	
Domestic Equity Benchmark	-5.44	-5.44	11.71	18.17	15.38	14.26
S&P 500 TR USD	-4.60	-4.60	15.65	18.92	15.99	14.64
Russell 3000 TR USD	-5.28	-5.28	11.92	18.24	15.40	14.28

Purpose

The purpose of the Domestic Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the Equity Pool is to obtain broad equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Trailing Returns

Equity Pool Holdings & Benchmarks	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Instl Ttl Stk Mkt Idx InstlPls	**-5.44**	**-5.44**	**11.72**	**18.19**	**15.40**	**14.30**
CRSP US Total Market TR USD	-5.44	-5.44	11.71	18.17	15.38	14.26

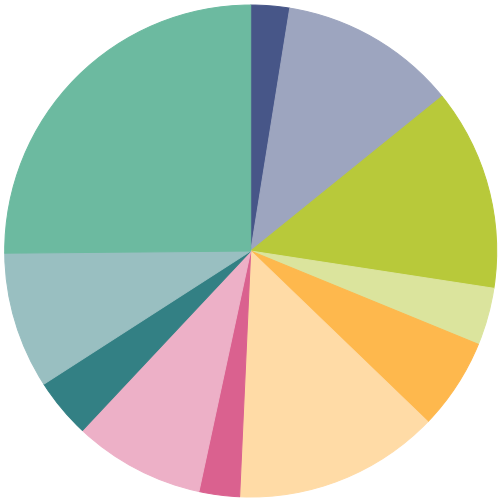
Top Holdings - Domestic Equity Pool

Portfolio Date: 3/31/2022

Total Market Value: $543,477,392	Market Value (mil)	Portfolio Weighting %
Vanguard Instl Ttl Stk Mkt Idx InstlPls	$ 543.5	100%

Equity Sectors (Morningstar) - Domestic Equity Pool

Portfolio Date: 3/31/2022



Equity Benchmark	Current
CRSP US Total Stock Market	100%

	%
Basic Materials	2.5
Consumer Cyclical	11.6
Financial Services	13.2
Real Estate	3.8
Consumer Defensive	6.0
Healthcare	13.5
Utilities	2.7
Communication Services	8.6
Energy	3.9
Industrials	9.0
Technology	25.1
Total	**100.0**

Source: Morningstar Direct

Top Stock Holdings

1. Apple Inc.
2. Microsoft Corp
3. Amazon.com Inc.
4. Tesla Inc
5. Alphabet Inc Class A
6. Alphabet Inc Class C
7. NVIDIA Corp
8. Berkshire Hathaway Inc Class B
9. Meta Platforms Inc Class A
10. UnitedHealth Group Inc

Trailing Twelve Month Dividend Yield: 1.5%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .03%

International Equity Pool

As of 3/31/2022

Trailing Returns

Equity Pool & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
International Equity Pool TR	**-6.04**	**-6.04**	**-1.49**	**7.92**	**6.88**	
International Equity Benchmark	-5.27	-5.27	-0.91	7.99	6.96	6.11
FTSE Global All Cap ex US TR USD	-5.24	-5.24	-0.44	8.52	7.39	6.30

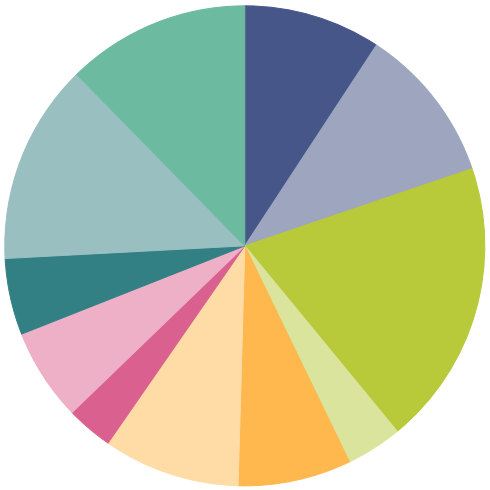
Peformance for the International Equity Pool prior to 06/30/2019 is pro-forma based on the experience of the previous Equity Pool

Trailing Returns

International Equity Pool Holding & Benchmark	YTD	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Developed Markets Index Instl	**-6.04**	**-6.04**	**0.66**	**8.56**	**7.18**	**6.69**
FTSE Developed ex US All Cap NR USD	-5.32	-5.32	1.39	8.68	7.15	
Vanguard Emerging Mkts Stock Idx Instl	**-6.24**	**-6.24**	**-8.64**	**5.64**	**5.87**	**3.36**
FTSE Emerging NR USD	-5.25	-5.25	-8.04	5.79	6.31	3.71

Equity Sectors (Morningstar) - International Equity Pool

Portfolio Date: 3/31/2022



	%
Basic Materials	9.2
Consumer Cyclical	10.5
Financial Services	19.3
Real Estate	3.8
Consumer Defensive	7.6
Healthcare	9.2
Utilities	3.1
Communication Services	6.2
Energy	5.1
Industrials	13.5
Technology	12.3
Total	**100.0**

International Equity Benchmark	Current
FTSE Developed ex US All Cap	82%
FTSE Emerging Markets	18%

Source: Morningstar Direct

Purpose

The purpose of the International Equity Pool is to facilitate the funding of current and future charitable needs of participating charitable funds and organizations. The long term investment objective of the International Equity Pool is to obtain broad international equity market exposure utilizing a passive, cost effective approach that is diversified across market capitalizations and regions. A secondary objective is to provide cash flows to fund distributions and to preserve the purchasing power of the funds to meet charitable needs now and in the future.

Top Holdings - International Equity Pool

Portfolio Date: 3/31/2022

Total Market Value: $189,039,601	Market Value (mil)	Portfolio Weighting %
Vanguard Developed Markets Index Ins Pls	$ 141.8	75%
Vanguard Emerging Mkts Stock Idx Instl	$ 47.3	25%

Top Stock Holdings

1. Taiwan Semiconductor Manufacturing Co Ltd
2. Nestle SA
3. Roche Holding AG
4. Tencent Holdings Ltd
5. Samsung Electronics Co Ltd
6. ASML Holding NV
7. Toyota Motor Corp
8. Shell PLC
9. AstarZeneca PlC
10. BHP Group Ltd

Trailing Twelve Month Dividend Yield: 2.92%

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transaction costs.

Estimated Pool Investment Management Fee: .06%

Intermediate-Term Fixed Income Pool

As of 3/31/2022

Trailing Returns

Int-Term Fixed Income Pool & Blended Benchmark	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Intermediate-Term Fixed Income Pool TR	**-5.63**	**-5.63**	**-4.03**	**2.02**	**2.39**	
Intermediate-Term Fixed Income Benchmark	-5.69	-5.69	-4.01	2.09	2.45	2.66

Purpose

The purpose of the Intermediate-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasuries notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The average effective duration and interest rate risk of the Pool will be commensurate with broad fixed income benchmarks such as the Barclays U.S. Aggregate Bond Index.

Trailing Returns

Int-Term Fix. Income Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Interm-Term Bond Index I	**-6.25**	**-6.25**	**-4.43**	**2.19**	**2.56**	**2.78**
Bloomberg US 5-10 GovCredit FlAdj TR USD	-6.40	-6.40	-4.55	2.22	2.58	2.81
Vanguard Mortgage-Backed Secs Idx Instl	**-5.01**	**-5.01**	**-5.19**	**0.39**	**1.20**	
Bloomberg US MBS TR USD	-4.97	-4.97	-4.92	0.56	1.36	1.70
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	**-0.29**	**-0.29**	**3.88**	**4.35**	**3.08**	
Bloomberg US TIPS 0-5 Year TR USD	-0.30	-0.30	3.92	4.41	3.12	1.73
Xtrackers USD High Yield Corp Bd ETF	**-4.40**	**-4.40**	**-0.94**	**3.48**	**3.89**	
Solactive USD HY Corp Total Mkt TR USD	-4.35	-4.35	-0.83	3.72	4.12	5.14

Intermediate-Term Fixed Income Pool Holdings

Portfolio Date: 3/31/2022

Total Market Value $139,726,377	Market Value (mil)	Portfolio Weight %
Vanguard Interm-Term Bond Index Ins Plus	$ 97.7	70%
Vanguard Mortgage-Backed Secs Idx Instl	$ 27.9	20%
Xtrackers USD High Yield Corp Bd ETF	$ 7.2	5%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	$ 6.9	5%

Int.-Term Fixed Income Benchmark Weights	Percent
Barclays US 5-10Y Gov/Credit FlAdj TR USD	70%
Barclays US MBS Float Adjusted TR USD	20%
Solactive USD HY Corp Total Mkt TR USD	5%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.06%

Fixed Income Pool Statistics

Average Yield to Maturity	3.0%
Average Effective Duration	6.2 years
Trailing Twelve Month Yield	2.17%

Source: Morningstar Direct

Short-Term Fixed Income Pool

As of 3/31/2022

Trailing Returns

Short-Term Fix. Inc. Pool & Blended Benchmark	Year To Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Short-Term Fixed Income Pool TR	**-3.50**	**-3.50**	**-3.49**	**1.18**	**1.50**	
Short-Term Fixed Income Benchmark	-3.42	-3.42	-3.37	1.33	1.61	1.57

Purpose

The purpose of the Short-Term Fixed Income Pool is to provide capital preservation and current income to help meet spending requirements of donor portfolios. The Pool will utilize a passive, cost effective approach with a secondary objective to provide broad exposure to U.S. income markets. The Pool is diversified across U.S. Treasury notes and bonds, corporate bonds, bank loans, mortgaged-backed securities and U.S. Treasury Inflation-Protected Securities. The Pool will have a lower average effective duration than broad fixed income market benchmarks such as the Barclays U.S. Aggregate Bond Index, hence limiting overall interest rate risk.

Trailing Returns

Short-Term Fix. Inc. Pool Holdings & Benchmarks	Year to Date	Quarter	1 Year	3 Years Annualized	5 Years Annualized	10 Years Annualized
Vanguard Short-Term Bond Idx I	**-3.39**	**-3.39**	**-3.85**	**1.08**	**1.39**	**1.30**
Bloomberg US 1-5Y GovCredit FlAdj TR USD	-3.45	-3.45	-3.84	1.14	1.42	1.36
Vanguard Mortgage-Backed Secs Idx Instl	**-5.01**	**-5.01**	**-5.19**	**0.39**	**1.20**	
Bloomberg US MBS Float Adjusted TR USD	-4.86	-4.86	-4.86	0.55	1.33	1.67
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	**-0.29**	**-0.29**	**3.88**	**4.35**	**3.08**	
Bloomberg US TIPS 0-5 Year TR USD	-0.30	-0.30	3.92	4.41	3.12	1.73
Invesco Senior Loan ETF	**-0.48**	**-0.48**	**1.37**	**2.47**	**2.62**	**3.00**
S&P/LSTA U.S. Leveraged Loan 100 TR USD	-0.18	-0.18	2.30	3.81	3.68	3.87

Short-Term Fixed Income Pool Holdings

Portfolio Date: 3/31/2022

Total Market Value: $310,470,672	Market Value (mil)	Portfolio Weight %
Vanguard Short-Term Bond Idx InstlPls	$ 217.0	70%
Vanguard Mortgage-Backed Secs Idx Instl	$ 62.0	20%
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	$ 15.7	5%
Invesco Senior Loan ETF	$ 15.7	5%

Short-Term Fixed Income Benchmark Weights	Percent
Barclays US 1-5Y GovCredit FlAdj TR USD	70%
Barclays US MBS Float Adjusted TR US	20%
Barclays U.S. Treasury TIPS 0-5Y TR USD	5%
S&P/LSTA U.S. Leveraged Loan 100 TR USD	5%

Inception Date: January 1, 2014

Performance is presented gross of administrative fees but net of all investment management fees, brokerage, consulting and other transactions costs.

Estimated Pool Investment Management Fee: 0.09%

Fixed Income Pool Statistics

Average Yield to Maturity	2.63%
Average Effective Duration	3.34 years
Trailing Twelve Month Yield	1.47%

Source: Morningstar Direct

Money Market Pool

As of 3/31/2022

Purpose

The purpose of the Money Market Pool is to provide liquidity for participating charitable funds and organizations in funding grant making and payment of fees and administrative costs while providing desired principal stability. The long term investment objective of the Money Market Pool is to seek a competitive market return to preserve and grow the portfolio, provide cash flows to meet charitable needs now and those in the future. As such, the Money Market Pool is highly liquid, which enables donors to access funds for grants in a timely manner. The Money Market Pool invests in bank deposits and obligations of the United States government and its agencies.

Money Market Trailing Returns

Time Period	Money Market Pool	90 Day Treasury Bills
Year to Date	0.00%	0.08%
3 Months	0.00%	0.08%
1 Year	0.00%	0.12%
3 Years	0.58%	0.68%
5 Years	0.76%	1.11%
10 Years	0.40%	0.62%

Performance periods greater than 12 months are annualized.
Performance is net of investment management fees but not the Foundation's administrative fees.

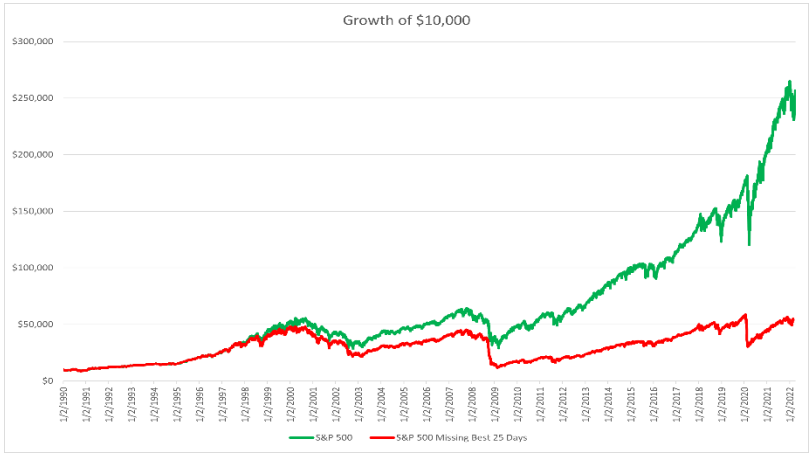
Current Month Return Annualized: 0.00%

Source: Morningstar Direct

Investment Commentary
March 31, 2022

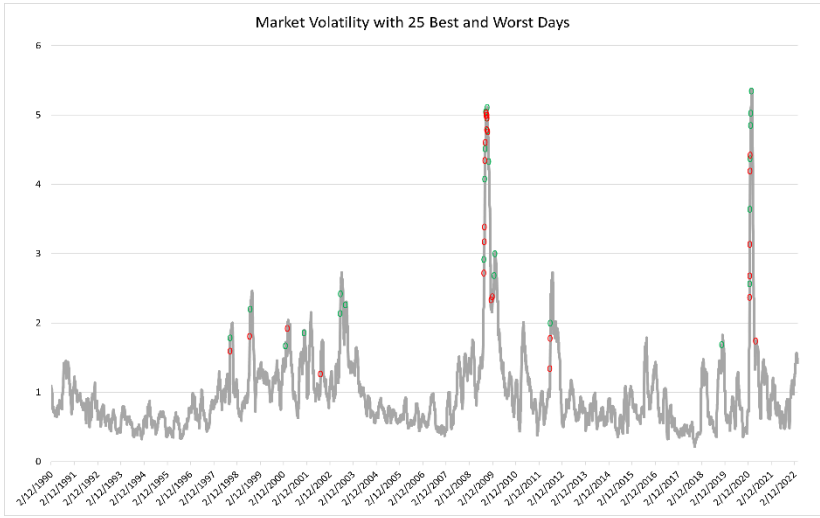
After a relatively calm 2021, the first quarter of 2022 came with a hefty bout of volatility in equity and fixed income markets. Inflation reached a 40-year high, the Federal Reserve indicated interest rates will rise faster than expected, and Russia attempted to invade Ukraine creating the first military conflict in Europe in decades. These issues pushed the CBOE Volatility Index (VIX) to above-average readings for most of the first quarter and caused stock prices to decline.

Increasing interest rates and investor fear caused both equities and fixed income securities to decline in price. During times of market stress, it is reasonable to consider selling investments and waiting for better times. The problem with this strategy is market timing is extremely difficult. Below is a graph of the Standard and Poor's 500 Index (S&P 500). The green line is the performance since January 1, 1990. The red line is the performance without its25 best days over the same 32 years. Incredibly, missing the 25 best days reduces the return from 2440% to 443%. That equates to an annualized return of 10.6% down to 5.4%. Missing 0.003% of trading days takes an investor from equity like returns down to bond like returns.



To make matters worse, the best and worst performance days typically occur in near proximity. The next chart is the 30-day standard deviation of the S&P 500 index. The best days in the market are labeled with a green circle and the worst days in the market are labeled with a red circle. The best and worst days tend to cluster together and occur when the market is experiencing above-average volatility.

Historically when volatility spikes and fear is rampant, the best thing an investor can do is sit back and stay the course. Though psychologically, this is a difficult feat.



The Domestic Equity Pool declined in January and February, then rebounded in March to end the quarter down –5.44%. The International Equity Pool had three consecutive down months to start the year, ending down –6.04% year-to-date.

Historically, equities and fixed income investments have had an inverse relationship. When equities have declined, fixed income investments have seen price appreciation. However, in the first quarter, fixed income investments were also down due to inflation concerns and increasing interest rates. The Bloomberg U.S. Aggregate Bond Index (The Agg) is currently down -8.22%. Looking back 44 years, the worst return for the Agg on record is -2.99%.

The Intermediate-Term Fixed Income Pool was down -5.62% and the Short-Term Fixed Income Pool was down -3.50% year-to-date. Both fixed income pools had negative performance all three months to start the year.