

**Minutes of the Meeting  
of the Investment Committee of the  
F. M. Kirby Foundation, Inc.  
July 23, 2024**

A meeting of the Investment Committee of the Board of Directors of the F. M. Kirby Foundation, Inc. (the Foundation), was held at 17 DeHart Street, Morristown, NJ and via Zoom on July 23, 2024, at 10:00 a.m. The following Committee members participated:

S. Dillard Kirby  
Jefferson W. Kirby  
William J. Raver  
Ward K. Horton (via Zoom)  
F. Morgan Kirby, IV (via Zoom)  
Evan C. Lorey (via Zoom)  
J. Walker Kirby, Jr. (via Zoom)

Mr. S. Dillard Kirby, Chairman, presided and Ms. Helen Benson, Director of Finance/Treasurer, recorded the minutes of the meeting. Mr. Justin J. Kiczek, President, and Ms. Laura H. Virkler, Chair of the Board participated in the meeting as guests. Messrs. Matthew Ruhl, Senior Investment Consultant, and Ralph Ivory, Director, Nonprofit Solutions, also joined the meeting, representing Mercer.

The Chairman welcomed the J.P. Morgan team which included Messrs. Jeff Geller, Chief Investment Officer, Phil Camporeale, Client Portfolio Manager, Steve Hess, Managing Director and Michael Griffin, Executive Director from J.P. Morgan (via Zoom). The Chairman inquired if the JPM team would consent to having the meeting recorded and they did. Mr. Camporeale began by highlighting that the JPM Global Allocation Fund (Fund) is having the strongest start to a year since 2015, delivering approximately 164 bps of alpha year-to-date. He stated that they believe the US will avoid a recession and will not have to worry about tightening of financial

conditions which is driving the Fund's view to be actively overweight in risk which is occurring in both the equity and fixed income markets. He also noted that the quarterly dividend is on track going forward as the Fund has paid out distributions for the first and second quarter of 2024, as compared to 2023 when none were made. Mr. Geller then discussed the structural differences between the Fund and its peers, noting that the Fund has a bias towards large cap, which has been beneficial this year, and that the Fund maintains a balance between growth and value versus the ACWI index, which has no distinct tilt towards growth versus value. He also stated that a significant differentiator is that the Fund is producing alpha versus its peers. He acknowledged that the consequential active decisions the portfolio has made include 1) giving the Global Select Strategy manager responsibility for thirty-four percent of the Fund and 2) the method in which the Fund is leaning into credit which is an important part of the fixed income portfolio.

Mr. Geller then recommended having Michael Feser, Portfolio Manager, come to the next IC meeting, as he will be Mr. Geller's natural successor. He highlighted the Global Select Portfolio which has provided a significant portion of the Fund's alpha in 2024. He also commented on the significance of the research platform in guiding the fund's strategy and how it has delivered over the last 27 years. Lastly, Mr. Geller discussed how the research team will need to get creative and determine how the Fund can benefit from the growth of the remaining 493 companies in the S&P (aside from the "Magnificent Seven") and highlighted that there is value to be added through stock picking. Mr. Camporeale highlighted how global allocation utilizes leverage for active asset allocation and risk management. He emphasized the fact that the portfolio is much less leveraged than last year because it holds much less duration. The Chairman thanked the team for their time and confirmed they would be in attendance with Mr. Michael Feser on January 21, 2025.

The PIMCO and Research Affiliates team then joined the meeting. Mr. Joe Xu, PIMCO Account Manager, attended in person and Messrs. Joe Masturzo, Partner, Chief Investment Officer, Multi Asset Strategies CEO and CIO Research Affiliates and Brent Leadbetter, Partner Head of Equity Solutions Distribution, attended via Zoom. The Chairman inquired if the RA and PIMCO team would consent to having the meeting recorded and they did. Mr. Xu kicked off the meeting by thanking the Committee for the partnership and proceeded to give a macro review of the economy. He discussed the fact that June inflation came in softer than anticipated and that shelter inflation has moderated. Mr. Xu added that the Federal Reserve Chairman stated that the Fed will not wait for inflation to reach two percent to cut interest rates, PIMCO believes that there will be two rate cuts in 2024, one in September and one in December. Mr. Xu also stated that, over the long term, PIMCO believes the yield curve will steepen primarily because the US deficit will continue to grow regardless of who wins the presidential election. He then briefly reviewed PIMCO's five-year secular outlook. Ms. Benson inquired about the calculation of the gross yield of 7% as reflected in the presentation. Mr. Masturzo explained that it reflects a gross figure based on the stated yield of the equities plus the yields on all the fixed income in the Fund. It is not reflective of the actual distributions of the Fund. Mr. Xu agreed to forward the details regarding the calculation.

Mr. Xu reviewed the flows of the Fund in response to an inquiry made by Mr. Raver. The highwater mark of the Fund was in April 2013, at approximately \$35 billion, and today sits at \$12 billion. Over the last five years, it has declined about \$6 billion. He noted that RFP activity over the past few years has remained robust. Mr. Raver also inquired about the flows for the All Authority. Mr. Xu agreed to follow up with the flows for the All Authority Fund.

Mr. Leadbetter then reviewed the Fund's performance noting that for the 2Q of 2024 and year to date, performance was muted on average across most asset classes, except for US equities. The strategy's allocations to diversifiers, such as emerging market equities and commodities along with short term bonds, have contributed to the performance while allocations to long-duration bonds and US and global core bonds have detracted from performance as rates rose modestly over the same periods. The PIMCO fund alpha has been a contributor to long term returns, as reflected in the 106 bps of alpha since inception and 53 bps year to date.

Mr. Masturzo reviewed outlook and positioning and began with a review of Research Affiliate's (RA) current long-term nominal return forecasts. He began by stating that over the last decade there has been a focus on buying growth stocks and the S&P and no other asset class has broken out in a meaningful way. RA believes this is poised to change over the next decade. The 60/40 portfolio over the last decade has experienced double digit returns annually but RA is projecting it to come in at closer to 4% in the future while diversifiers are forecasted to have a return of 7%. They believe diversifiers are priced for superior returns than conventional stocks and bonds in the long term. Additional highlights included the forecasted probabilities of economic slowdown, which is defined as GDP growth that is below trend. The probability of a slowdown for Emerging Markets (EM) is forecasted to be less than for the US and Developed ex-US markets; therefore, the potential growth is greater for EM. Inflation in EM is currently below the level in developed markets and provides opportunities in these markets as it results in currency stabilization and more foreign investment. Most portfolios are currently underweight in EM. He also reviewed the All-Asset positioning and noted the fixed income position has been growing since 2022 and there is currently a healthy allocation to diversifiers. Finally, he discussed RA's view on inflation and its projected impact on the market. RA feels confident that

inflation volatility will increase in the coming years which will lead to growth volatility. They forecast that this ultimately results in opportunities to implement tactical asset allocation as tactical asset allocation makes the most sense during inflation volatility. The Chairman thanked the RA and PIMCO team for their time and confirmed their attendance for the next meeting.

After a short break for lunch, the Chairman resumed the meeting at 12:15pm. The Chairman mentioned that as part of the Mercer update, he requested that Mr. Ruhl provide recommendations that the IC may want to consider to address the portfolio's slight overweight in international versus domestic equities and the more pronounced overweight in value versus growth on the equity side. The Chairman reiterated that that these were merely considerations in the event the IC felt it necessary to adjust the portfolio at this time. He then invited Mr. Ruhl and Mr. Ivory to begin their session. Mr. Ivory began with a Mercer update and discussed their attendance at the Mercer Global Investment Forum that recently took place in Nashville, TN. In attendance was an equal mix of Mercer clients, Mercer consultants and asset managers. The invitation to this annual event will be extended to the Foundation annually. He also mentioned the integration of the Fact Set performance system is going well and will be the standard for all clients. The Foundation's financial information has already been migrated to this system prior to the merger, so there is no transition necessary for the Foundation. Mr. Ruhl then reviewed the portfolio's performance highlighting that although the portfolio is below the custom policy benchmark for the YTD and 1-year periods, it is slightly ahead of the benchmark for the 5-year and since inception periods. The YTD and 1-year shortfalls are primarily driven by the International Value Fund and Walter Scott lagging their benchmarks. He also noted that the Windsor Fund is lagging YTD and for the 1-year period but not meaningfully against the Russell 1,000 and performing well over the 3-year and 5-year periods. He reviewed the top contributors

and detractors of the Portfolio noting that not owning Nvidia is impacting the Portfolio's performance as compared to the benchmark. Mr. Ruhl then reviewed the Style Analysis which outlines the Portfolio's current weight in US, Non-US and value and growth equities and gives examples of what the portfolio would look like with larger US broad market index exposure as well as greater US growth exposure. The Chairman brought up the fact that the breakout of US and Non-US is not an exact representation of the allocation since the American depository receipts in the Windsor Fund are being reflected in US equities and should technically be reflected in Non-US equities. After some discussion, Mr. Ruhl agreed that the ADRs are not included in international equities as the funds do not break out the performance for these specific equities for performance purposes. Mr. Ruhl also reviewed that the current active line up of the portfolio reflects that there are meaningful underweights to the Magnificent Seven which are contributing to the underperformance.

The Chairman thanked the Mercer team and then began the F. M. Kirby Foundation Business portion of the agenda. The Chairman asked for a motion to approve the minutes from the April 23, 2024, meeting. A motion was made, seconded and the minutes were approved. Per the minutes of the last meeting, Mr. Raver reminded the group that Mr. Leckie asked if the Committee might consider having Mr. Alan Lander, Head of Research, attend a future IC meeting. The group agreed that they would like him to attend along with either Mr. Torrens or Mr. Leckie at a future meeting. Ms. Benson noted she would coordinate this with her Walter Scott contact. Ms. Benson then shared following 2Q 2024 highlights from the investment reports sent to the Committee in advance of the meeting:

- The portfolio has a YTD return of +4.6% versus the 75% ACWI/ 25% Global Aggregate benchmark, +7.5%. The top performers in terms of alpha YTD included the JPM Global Allocation Fund producing 190 bps of alpha, and Cohen and Steers producing 20bps of alpha.

- YTD the portfolio has received approximately \$3.5M in dividends which is approximately \$1M greater than 2023 for the same period.
- For the twelve-month period, the attribution report reflects strong beta as the portfolio has a return of +10.18% but weak alpha as it is underperforming against the benchmark by 436 bps. Equities represented the top asset class in terms of contribution to the return with US equities contributing returns of +5.2% and non-US equities contributing +2.7%.
- The Foundation is lagging the Callan peer group by 49 bps for the 1Q 2024 and 28 bps for the 1-year period while outperforming in the 3-year and 5-year periods by 58 bps and 44 bps respectively. The Foundation is outperforming the Alpha CIO peer groups across all periods except for the 1-year period for the Moderately Aggressive group, for which it is underperforming against the benchmark by 16 bps.
- The expense ratio as of June 30, 2024, was 47 bps, down from 55 bps for 2023 and is primarily attributed to a lower performance fee for Walter Scott.

The Chairman asked Ms. Benson to give an update on the transition from Advent to Black Diamond. Ms. Benson said she is getting closer to fully transferring over to the Black Diamond platform for the monthly reporting and is hopeful a full transition will occur in the coming months. Mr. Ruhl then inquired about the Foundation's use of eVestment and agreed to look at the current eVestment reporting to see if Mercer could recreate the reports for the Foundation to create expense savings. The Foundation currently pays \$14k to eVestment for the use of the platform to create the reports and vet new investment managers.

The Chairman then began the discussion about the morning sessions. Mr. Raver mentioned the two GTAA funds are performing in the way the IC had anticipated when they entered into these investments, quipping "when one zigs the other zags." He mentioned that he believes PIMCO will perform better in the coming years as compared to the JPM Allocation Fund which currently has an over exposure to the equity market. A broader discussion of the market occurred, and the Chairman noted that he believed the Portfolio's overexposure in international and value is partially attributed to having pulled a considerable amount of funds

from our growth manager, Walter Scott, over the past three years as they have been our “winner.” Mr. J. Walker Kirby mentioned that although the Foundation may have missed out on greater returns as a result of an overweight in international and value, the rebalancing of the portfolio would not be advised now, given where current valuations are, but should be reconsidered in the future.

The Chairman then asked if Ms. Benson could give an update on Hamilton Lane EO VI Fund. Ms. Benson informed the group that the first close for the fund occurred June 30, 2024, and anticipates a capital call in the fourth quarter totaling between ten and fifteen percent of the total commitment or \$1.6M to \$2.4M. The Chairman then mentioned that Mr. J. Walker Kirby and Mr. Lorey had performed some follow up regarding Collier Capital (Collier), as this was the second PE investment the Foundation was considering investing in. Mr. J. Walker Kirby (Walker) gave an overview of some key statistics of Collier, highlighting that it is a top-tier, secondaries fund manager. Collier is currently looking to fund the Collier International Partners IX Fund (CIP IX) which is the ninth flagship fund with a target fund size of \$10 billion to be invested over 5 years. Collier is targeting 1.8x to 2x net return in two to three years. It has raised \$5.5 billion so far and has invested \$2.5 billion across fifteen investments. He also reviewed the statistics for the previous flagship fund (CIP VIII) which had exposure to approximately three thousand companies across 280 managers. He mentioned the Foundation should expect a capital call quickly upon formalizing a subscription agreement and the Foundation would also be responsible for an interest payment of approximately seven percent on any previous closings of which the Foundation was not involved. He reviewed a slide that outlined the CIP IX Fund’s largest investments which include LP-led, GP-led and Direct investments and mentioned he would be having a reference call with Grant Wentworth of Springcoast. Mr. Wentworth is a



friend of the family, and an LP partner with Coller. Walker then reviewed a slide of Coller's performance from 2004 through 2020, which reflected that Coller Funds have consistently performed in the second or third quartile in the Global Secondaries market. This investment would allow the Foundation to get beta exposure to the PE market. He also reviewed a slide that highlighted Select Secondaries Funds as a basis of comparison to Coller. He then mentioned he is having a second reference call with the lead at Hunter Point Capital, which owns ten percent of Coller Management Company (n.b. Broadfield Capital is an investor in Hunter Point Capital). Mr. Lorey then added that he believes that Coller's consistent pattern of performance in the second and third quartile makes it a sound investment as the IC is looking to take a "dip your toes" strategy to invest in private markets. Mr. Lorey also mentioned he had a call with a contact at Helmsley Trusts, who has been with the entity for ten years and is a long-time investor with Coller Capital. His contact stated Coller has been nothing short of a spectacular partner in terms of deploying capital, getting investment results and being a resource whenever needed. He asked if Walker considered the fund fees to be reflective of market fees to which Walker responded that they are in the appropriate range. Finally, Walker reviewed Secondaries Market Trends, which underscores there is still a strong demand for secondaries markets and room for growth in these private investments. Walker agreed to follow up with the Committee once his reference calls were completed.

The Chairman asked the Committee for their thoughts regarding making an investment in the CIP IX Fund. Mr. Raver mentioned that the due diligence and analysis performed thus far makes for a compelling case to invest in it and that he would be in favor of it. Mr. Jefferson W. Kirby agreed and proposed that the Chairman consider granting management the authority to move forward with submitting a subscription agreement and make a commitment, prior to the

next IC meeting, so long as there were no red flags upon the completion of the reference calls, due diligence and review of the subscription agreement. The Chairman agreed with this proposal and the rest of the Committee was in favor of this plan as well.

Ms. Benson addressed cash needs, noting that the Foundation would require approximately \$3.5M for grantmaking, administrative expenses and the potential capital call for Hamilton Lane EO VI fund in the coming months. Between anticipated third quarter dividends and cash in the money market, Ms. Benson requested the latitude to liquidate up to \$3.5M. She recommended that \$1.0M be drawn down from Walter Scott, which would bring the manager closer to the 25% threshold of the total portfolio. She also recommended that the balance of the funds, \$2.5M, come from proceeds from the sale of the Total International Value Fund based on the Portfolio's current overweight in international and value equities. Mrs. Virkler inquired if additional funds may be necessary in the event a capital call for the CIP IX occurs prior to the next IC meeting. The Chairman then proposed that management be given the latitude to fund potential capital calls for the Coller IX Fund from the Vanguard International Value Fund in the event a capital call occurs prior to the next IC meeting. The Committee agreed to this proposal. The meeting was adjourned at 2:15 p.m.