

INVESTMENT STRATEGY UPDATE



We are updating our investment offerings to better reflect the evolving needs of our donors and MCF's position as one of the largest community foundations in the country.

The new strategies were developed by MCF in conjunction with our new investment advisor, Cambridge Associates, and will launch on April 1, 2026. All donor funds will be transferred automatically from the existing pools into the new strategies on April 1 and the existing pools will cease to exist.¹

Here we introduce the investment offerings and transition process. The updated investment strategies are designed to provide donors with flexibility to meet diverse grantmaking objectives, wide-ranging time horizons and varying tolerance for market fluctuations. The strategies include the following:

Cornerstone Strategy

Serves most MCF donors by seeking to grow assets and preserve long-term purchasing power.

North Star Strategy

Prioritizes values-alignment while also seeking to grow assets and preserve long-term purchasing power.

Short-Term Strategy

Preserves principal and provides liquidity for nearer-term grantmaking.

Balanced Strategy

Strives to balance growth and stability for donors with lower tolerance for market fluctuations and a long time horizon.

CommunityFirst Loan Fund Strategy

Seeks to build on its 20-year record of achieving direct impact in Marin by supporting local non-profits via low-cost loans, as a complement to donors' primary strategy.

Consistent with our longstanding approach, the strategies will offer regular liquidity to fund donor grantmaking.²



Cornerstone Strategy

Objective

The Cornerstone Strategy is invested for long-term growth and appreciation. It seeks to preserve purchasing power and provide real growth of assets over an indefinite time horizon, while funding annual donor grantmaking.

Best Fit for

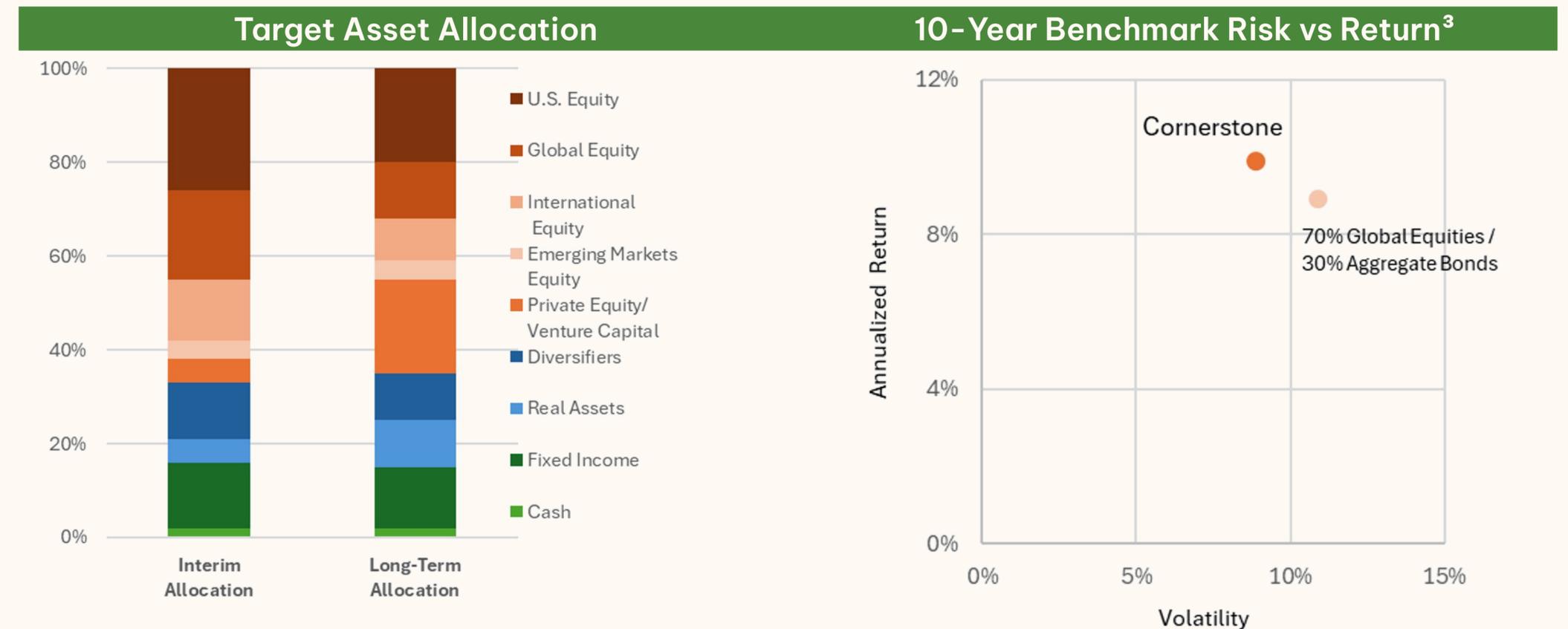
The Cornerstone Strategy, MCF's flagship, is appropriate for most MCF donors as it seeks to deliver long-term growth in excess of annual grant distributions. It is also the strategy for permanent endowments.

Grantmaking Horizon

2 or more years

Asset Allocation

The portfolio will be invested in a well-diversified mix of public and private equity to generate growth, alternative strategies and real assets that help provide diversification and reduce market volatility, fixed income and cash. The interim allocation reflects that private investment exposure will be built out over years to help ensure appropriate diversification; during the multi-year build-out period, public equity allocations will be above long-term targets, and private equity and venture capital allocations will be below the long-term targets.



Observations

The Cornerstone Strategy has the highest return potential and the best probability of maintaining value after inflation and annual grantmaking over the long term. It is intended to offer risk-return in line with a portfolio that is 70% equity and 30% fixed income, while also providing exposure to active strategies with high potential value add and private investments. There is a high probability of short-term declines given the equity orientation. The estimated expense ratio is 0.80-0.90% for the interim allocation, and will increase as private exposure is built out.⁴

Disclaimer: Information provided by Marin Community Foundation regarding donor funds is for general informational purposes only and does not constitute financial, legal, tax, or investment advice. MCF does not provide professional advisory services. Donors should consult their own qualified financial, legal, and tax advisors before making charitable giving or fund-related decisions. All funds are subject to MCF's governing documents and policies.

North Star Strategy

Objective

The North Star Strategy is invested for long-term growth and appreciation using a sustainability lens. It seeks to preserve purchasing power and provide real growth of assets over an indefinite time horizon, while funding annual donor grantmaking.

Best Fit for

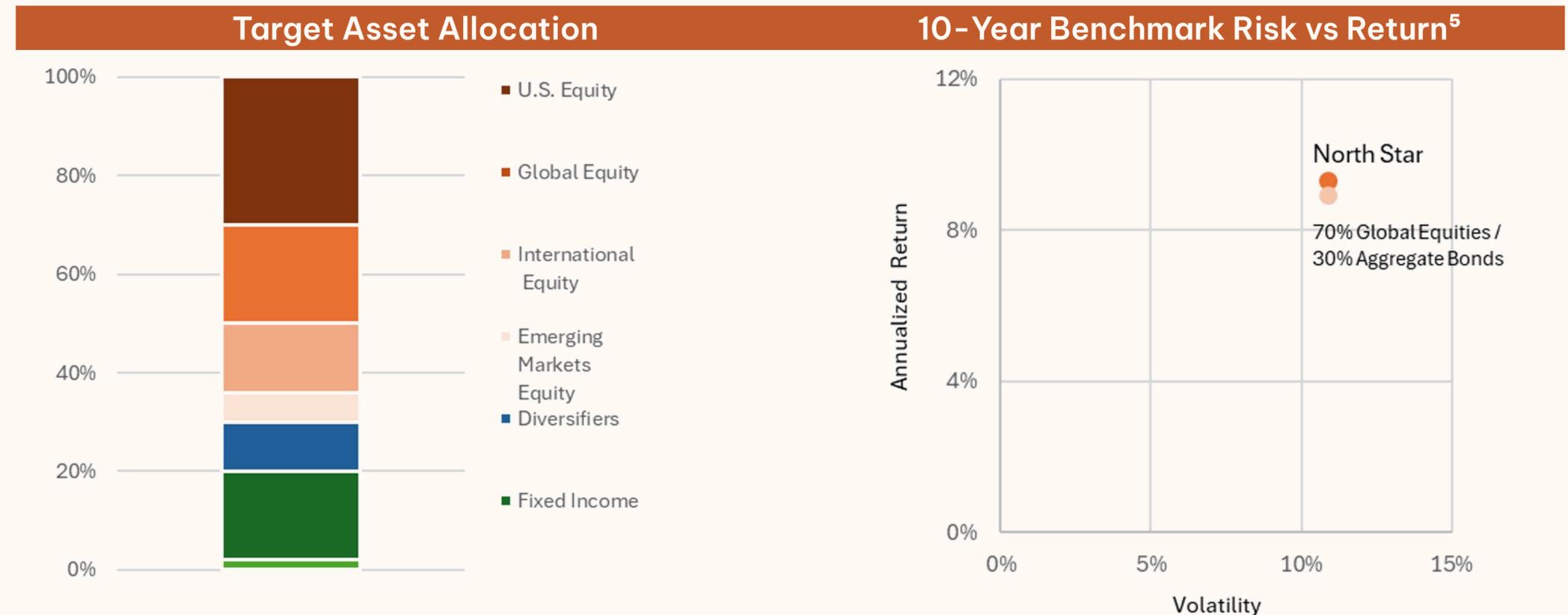
The North Star strategy is appropriate for donors who place a priority on values-aligned investing and approach grantmaking with a multi-year horizon.

Grantmaking Horizon

2 or more years

Asset Allocation

The strategy will be invested in a diversified mix of public equity, alternative strategies that help reduce market volatility, fixed income and cash. Private investments are not anticipated, but may become appropriate depending on how the strategy evolves.



Observations

The North Star Strategy will have a focus on fund managers with values-aligned objectives, potentially including sustainable energy, infrastructure and transport, affordable housing, education and workforce development, and health and wellness. It is intended to offer risk-return in line with a portfolio that is 70% equity and 30% fixed income, while also providing exposure to selected public active strategies with high potential value add. There is a high probability of short-term declines given the equity orientation. The estimated expense ratio is 0.70-0.75%.⁶

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Short-Term Strategy

Objective

The Short-Term Strategy is intended to preserve principal and provide liquidity.

Best Fit for

The Short-Term Strategy is appropriate for donors who seek to avoid market volatility and expect to make significant grants in the short term.

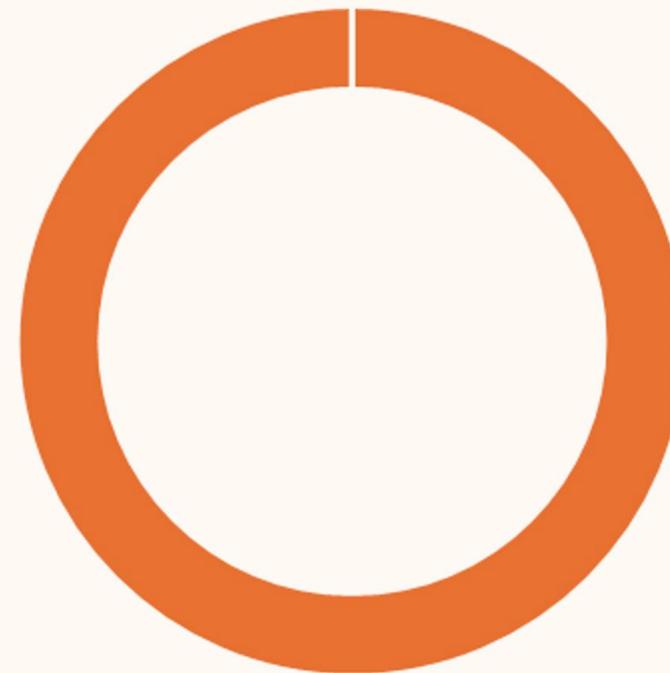
Grantmaking Horizon

Up to 2 years

Asset Allocation

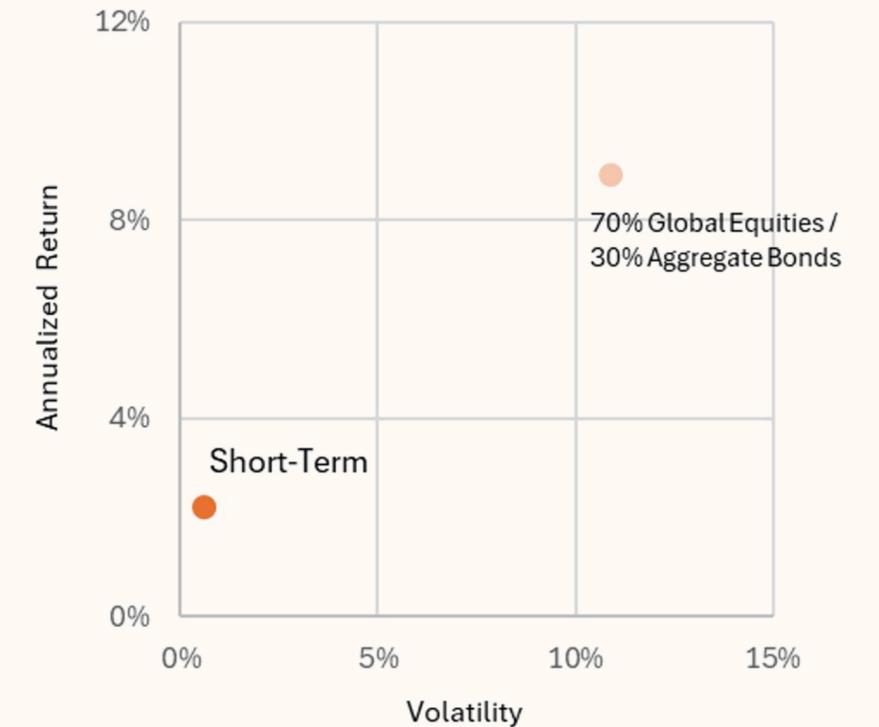
The strategy will be invested in money market funds or similar structures with attention to high liquidity, high quality and low fees.

Target Asset Allocation



■ Money Market Fund(s)

10-Year Benchmark Risk vs Return⁷



Observations

The Short-Term Strategy is expected to generate modest current income and should exhibit low volatility. The estimated expense ratio is 0.30%.

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Balanced Strategy

Objective

The Balanced Strategy is invested to strike an equilibrium between growth and stability.

Best Fit for

The Balanced Strategy is appropriate for donors who have lower tolerance for market fluctuations and approach grantmaking with a multi-year horizon.

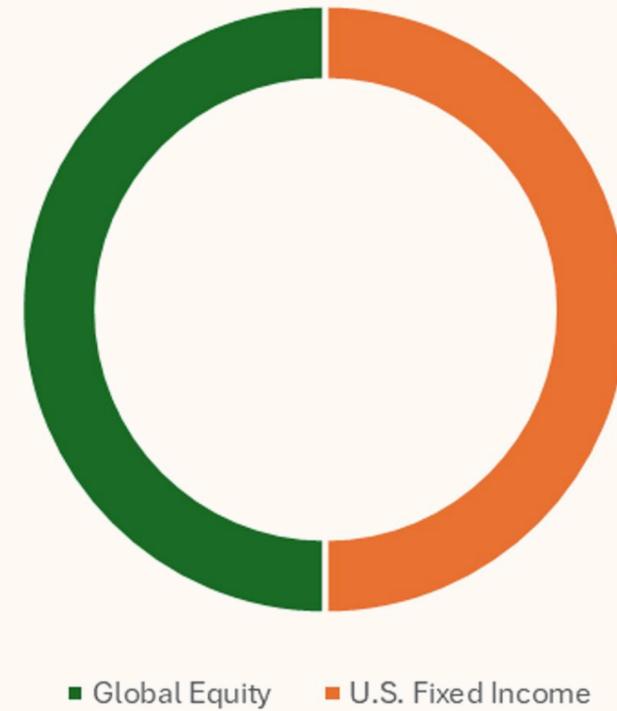
Grantmaking Horizon

2 or more years

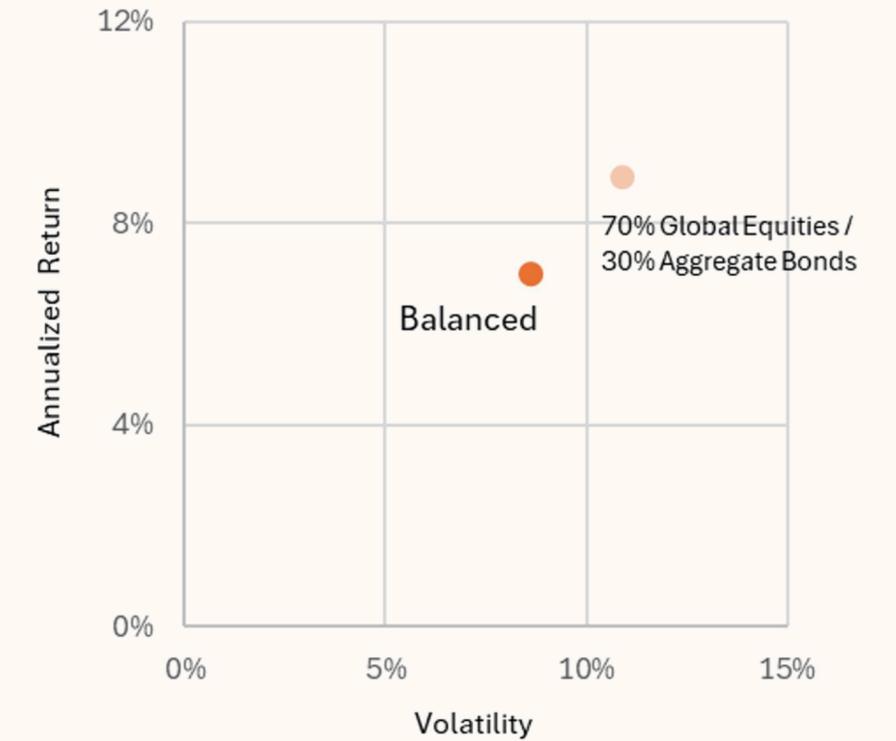
Asset Allocation

The strategy will seek to balance growth and stability by investing one-half of assets in a passive global equity index and one-half in a passive fixed income index. Regular monthly rebalancing to maintain the 50:50 split will be facilitated through use of mutual funds or exchange-traded funds (ETFs).

Target Asset Allocation



10-Year Benchmark Risk vs Return⁸



Observations

The Balanced Strategy is designed to capture some market growth with less volatility, and is expected to deliver lower returns over time than the Cornerstone or North Star Strategies. There is a high probability of short-term declines given the equity exposure. The estimated expense ratio is 0.15-0.20%.

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CommunityFirst Loan Fund Strategy

Objective

The CommunityFirst Strategy is a loan fund that provides relatively low-cost loans to nonprofit organizations within Marin County which may not be able to access or afford traditional commercial debt. The Strategy is intended to increase access to affordable housing, clean energy, social supports, and thriving nonprofits while seeking to deliver a 2% annual return to investors.

Best Fit for

The CommunityFirst Strategy is an appropriate complement to donors' primary investment strategy. It is especially useful for donors who seek to align their investments with their values and community, and for those who place a priority on Marin County with a longer time horizon.

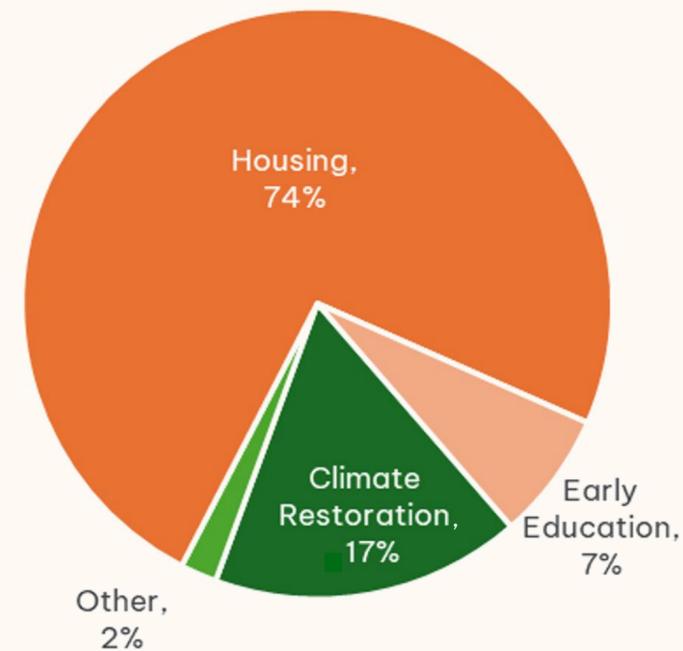
Grantmaking Horizon

Flexible but multi-year

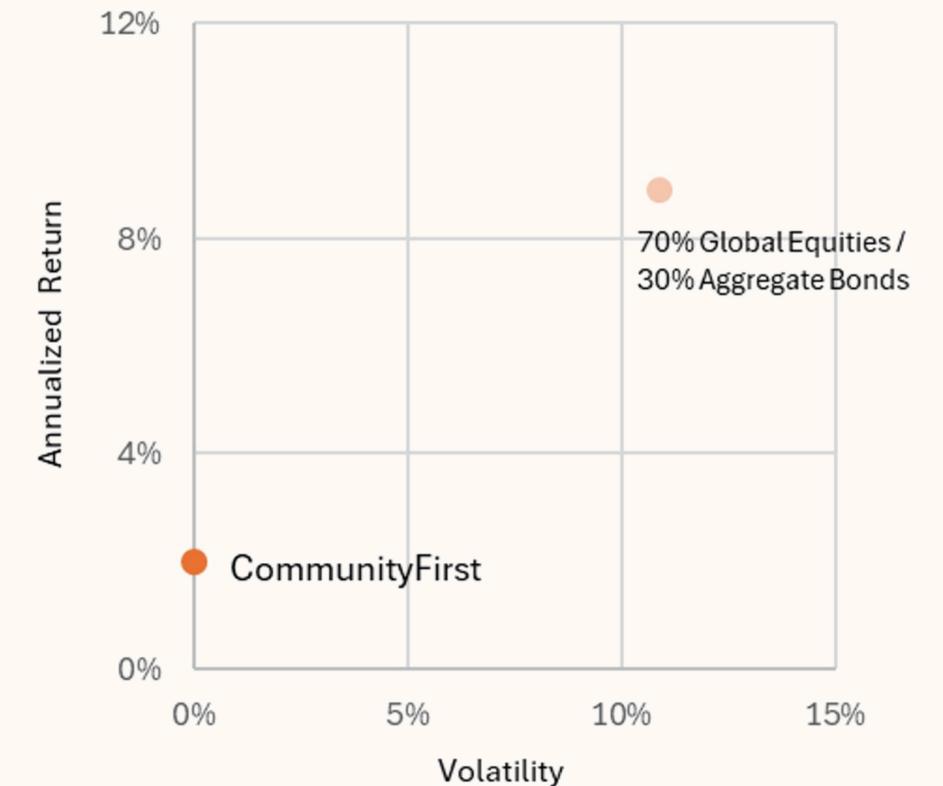
Asset Allocation

The Strategy will invest in loans to nonprofit organizations within Marin County.

Capital Deployed by Sector



Expected Risk vs Return⁹



Observations

The CommunityFirst Strategy is a longstanding MCF investment offering and has had no loan losses over the last 20 years. The CommunityFirst Strategy enables participants to engage directly in local impact investing initiatives, including projects such as affordable housing. The underlying loans are issued at below-market interest rates, catalyzing projects that would not otherwise happen. The Fund nonetheless seeks to provide a 2% annual return to investors. Because liquidity is tied to borrower repayment schedules, redemption requests by donors may take up to one year to be fulfilled. The Strategy is administered by MCF, which does not charge a management fee.

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What's Next?

The new strategies will launch on April 1, 2026, and MCF will transition the current investments in your fund to the new strategies. Your fund will be automatically mapped to the single strategy that most closely represents your current pool allocation. Once you feel fully apprised of the new options, you will be able to revise your selection to best suit your personal objectives.

Guidelines for how current donor allocations are being mapped to the new strategies include:

- Many of our donors are currently allocated 75% in the Equity Pool and 25% in the Fixed Income Pool and they will be moved to the flagship Cornerstone Strategy
- Donors who have their largest allocation in the Equity Pool will also be moved to the Cornerstone Strategy
- Donors who have their largest allocation in the FutureFirst Pool will be moved to the North Star Strategy
- Donors who have their largest allocation in any of the Fixed Income, Enhanced Cash or Money Market Pools will be moved to the Short-Term Strategy
- Donors with half of their fund allocated to equity (either Equity Pool or FutureFirst Pool) and half to fixed income (Fixed Income, Money Market and/or Enhanced Cash Pools) will be allocated to either the Cornerstone Strategy (if currently in the Equity Pool) or the North Star Strategy (if currently in FutureFirst Pool)
- Donors with a current allocation to the CommunityFirst Loan Fund Strategy will maintain that allocation separate from the rest of the mapping. Donors without a current allocation to CommunityFirst will be eligible to make an allocation after the transition.

We have developed an effective transition process to ensure that all funds are reassigned and that all existing investments are reallocated to the appropriate new strategy. We expect this process to be completed by the end of April at which point your new investment allocation will be visible on the MCF Donor Portal.

Should you choose to allocate some or all of your fund to a different strategy, including the CommunityFirst Loan Fund Strategy, the option will again be available on the MCF Donor Portal shortly after the transition process is completed.

General Notes:

The estimated expense ratio includes management fees charged by the underlying funds, the Cambridge Associates advisory fee and estimated MCF expenses. The MCF administrative fee is charged separately, based on a fee schedule that is available on the website at www.marincf.org.

Historical returns are through December 31, 2025. The 70% Global Equities Index/30% Aggregate Bonds Index is included for reference purposes. Global equities is represented by the MSCI ACWI Index, and fixed income by the Bloomberg Barclays Aggregate Bond Index.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

¹Should donors choose to allocate some or all of their fund to a different strategy, the option will be available on the MCF Donor Portal shortly after the transition process is completed.

²The CommunityFirst Strategy, with its focus on making loans to local non-profits, will have a more limited liquidity schedule. See details on the CommunityFirst Strategy summary.

³The Cornerstone Strategy Benchmark represents each individual asset class benchmark, weighted to its corresponding percentage of the Policy Target allocation, as detailed in the MCF Investment Policy Statement. Private Investment returns reflect the Cambridge Associate's PI Median constructed using total CA PE/VC universe quarterly returns from 01/01/2006 to 09/30/2025 (marketable benchmark MSCI ACWI used from 09/30/2025-12/31/2025 due to PI quarterly lag).

⁴Estimate is net of approximately 0.07% of fee reductions negotiated by Cambridge Associates. Excludes incentive fees that may be earned based on investment performance. Private investments, that typically charge higher fees, are assumed to increase over time and will increase the expense ratio.

⁵The North Star Benchmark represents each individual asset class benchmark, weighted to its corresponding percentage of the Policy Target allocation, as detailed in the MCF Investment Policy Statement.

⁶Estimate is net of approximately 0.05% of fee reductions negotiated by Cambridge Associates. Excludes incentive fees that may be earned based on investment performance.

⁷The Benchmark is the BAML 91-day U.S. T-Bills.

⁸The Benchmark represents 50% MSCI ACWI Index and 50% Bloomberg Barclays Aggregate Index.

⁹The CommunityFirst Loan Fund Strategy intends to pay a 2% annual return.

Customize your impact. Let's talk.



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