



Year-End Review and 2024 Outlook

Thank you for the continued opportunity to manage capital on your behalf and for your trust in us in 2023. As always, our galvanizing ethos remains delivering strong investment results and custom advice to help you achieve your investment and mission objectives. In 2023, distinctively strong equity markets facilitated achieving these objectives, as did more stable, income-generating fixed income markets. This was in stark contrast to 2022, when both equity and fixed income portfolios experienced one of the worst years on record.

The past 12 months have been eventful across many metrics, with each metric having important implications for you and the portfolios we manage for you. Below we will:

- explore briefly some of those important events and their potential impact on your portfolio;
- highlight a series of strategic evolutions at TIFF that we believe will help us better serve you; and
- conclude with a few key firm updates.

GLOBAL DEVELOPMENTS

United States' Challenges

Although the United States has been at the forefront of economic, technological, scientific, and financial-market advancement for much of the past century, certain trends are worrisome. First, the US is experiencing an unusually high degree of political polarization. In addition to the governing challenges this creates, this polarization has also brought about social unrest and violence. Second, although such venerated US institutions as the Federal Reserve, the Supreme Court, and the US Electoral College have

always endured challenges, they are at risk of having their independence questioned. Third, the quantity of US government debt issuance in recent years and shifting geopolitical factors are causing some to question the status of the US Dollar as the world's leading reserve currency. Servicing the mountain of debt has become a concern, even as the US retains many distinct advantages that should allow it to continue to deliver strong economic and earnings growth. *To be clear, we remain highly confident in the United States and its attractiveness for investment, but we note the trends above are worth monitoring.*

Innovation

The ability of human beings to innovate – and for us to invest in that ability! – continued unabated as a positive trend in 2023. For example, 2023 saw remarkable innovations in artificial intelligence, healthcare, and energy; any and all have the potential to meaningfully enhance societal outcomes over the long term. In 2023, they also helped power the markets to approach new all-time highs. Of course, many bring novel and challenging policy considerations, but we are hopeful that current and future leaders are up to the task. There is little doubt that these innovations are likely to power significant productivity gains, which may continue to lay the groundwork for long-term equity appreciation. As Jay Willoughby, our CIO, often notes: Investing in equities means benefiting from the hard work and innovation of humankind over long periods, and we believe that is a good bet with which to ground one's portfolio.

Geopolitical Unrest

Similar to 2022, geopolitical unrest was, unfortunately, a major theme in 2023. The wars in Ukraine and Middle East are humanitarian tragedies that we are reminded of daily. Although we have strong views on these events, our focus for you is on how these events impact your portfolios. From that prism, the global economy and financial markets managed to perform very well over the course of the year, despite these ongoing atrocities. That said, it is worth mentioning the significant downside risks associated with these conflicts broadening in scope or new conflicts emerging.

Global Energy

Last year, we noted that the world had failed to make substantial progress in addressing climate change and that the vast majority of the hottest reported global temperatures have been recorded recently. Weather patterns are subject to significant variation, and modeling them is an inherently imprecise science, but that trend continued through 2023: The nine hottest years ever recorded are *the last nine full calendar years*.¹ (In

¹ "Assessing the Global Climate in 2022," National Centers for Environmental Information ("NCEI") at The National Oceanic and Atmospheric Administration ("NOAA"), January 12, 2023. NOAA is an agency within the US Department of Commerce.

order, these are 2016, 2020, 2019, 2015, 2017, 2022, 2021, 2018, and 2014). We continue to believe that policy makers have moved from a somewhat fanciful state of wishing for lower emissions to a more realistic stance. For example, the recent UN Climate Change Conference ("COP28") resulted in an agreement that saw roughly 20 countries pledge to triple their nuclear energy capacity by 2050.² We are not scientists – and we are not climate alarmists – but we believe we should focus on the empirical evidence of climate change and work toward sensible policies to avoid doomsday outcomes. Energy policy affects nearly every investment we make, and effective energy policies are good for your portfolios and for society.³

STRATEGIC CHANGES AT TIFF

The above themes and others have caused meaningful changes in the markets and to the investment portfolios that we manage. Similarly, the evolving needs of our clients have changed our approach to serving clients. In this year's letter, we want to address how we as a firm have advanced our offerings to meet these changing needs. The developments we describe are exciting for us and, we believe, position us to continue to deliver outstanding outcomes to you in the coming years.

Before we explore some of our strategic enhancements, we remind you of our main focus: When TIFF was founded in 1991, the premise was simple and two-fold. *First, set up the firm to deliver differentiated and outstanding investment results.* At our founding, a vast majority of our resources were not dedicated to asset raising or client service, but to evaluating and capitalizing on attractive investment opportunities. We had distinctive advantages in our pursuit of alpha, with our specific incentive structure in which senior investors were compensated for long-term results; we had differentiated access to strong underlying managers; and our Board was comprised of nonprofit investment leaders. Although many things have changed in the past three decades, we believe these same advantages continue to drive investment excellence, and this remains a key focus.

Our second objective was to provide strong investment outcomes primarily to nonprofit organizations who are not positioned to attract and retain in-house investment talent. In 1991, this was a novel concept; over time we partnered with nonprofits of varying sizes and types throughout the US. This focus on nonprofits is still a core part of who we are at TIFF and has allowed us to cultivate and advance investment, governance, and organizational best practice for mission-oriented organizations.

² "COP28 Agreement Signals 'Beginning of the End' of the Fossil Fuel Area," United Nations Climate Change Conference, December 13, 2023.

³ For more on energy and the other global developments and their implications for your portfolios, please Jay Willoughby's [4th Quarter 2023 CIO Commentary](#).

These two defining characteristics remain at the heart of our commitment to our members. As we preserve these core values, we continue to add capabilities that we believe improve our ability to serve you. The four most significant enhancements are:

1. Greater ability to provide organization-specific advice on Strategic Asset Allocation and overall investment program architecture
2. Improved capacity to deliver customized implementation across a number of dimensions
3. Enhanced portfolio transparency, including with insightful analysis on economies, markets, and what is driving investment outcomes
4. Our organizational structure

Organization-Specific Advice

Selecting investments that outperform the broad markets is a critical aspect of great long-term investment outcomes, but it is only one driver of success. We also stress the importance of positioning an organization optimally in terms of its Strategic Asset Allocation – the long-term weights to the major asset classes.

We have allocated a significant portion of our resources to providing our members with highly customized advice on their Strategic Asset Allocation and investment programs. We will be releasing a series of white papers in 2024 where we will address a handful of Strategic Asset Allocation issues that tend to be top of mind for nonprofits. We will also share insights into how we believe investment programs should be customized to the specific circumstances of each individual organization.

Over the past couple of years, we have helped several members update their Strategic Asset Allocation to reflect evolving organizational objectives. Although Strategic Asset Allocation is inherently oriented to the long term, members have already benefited from changes. We look forward to engaging with many more of our members on this critical topic in the upcoming year.

Customized Implementation

We know from members and prospects that there is an increasing desire to implement investment programs with some combination of the following:

- Customized constraints (for example, excluding certain sectors or geographies)
- Incorporation of direct manager positions sourced by the member or by TIFF
- Implementation options that allow for direct contracts with underlying investment managers
- Shared responsibility between the investment committee and TIFF for portfolio decision-making

At the same time, many of our members continue to prefer that their investment program be implemented as investments in one or more of our funds. We certainly believe that this makes sense for a great number of nonprofit organizations.

However, for organization of varying levels of size and complexity, we are increasingly delivering these features to existing and new members in response to demand. How individual organizations express each of these elements is custom to its organization-specific needs.

Our increased ability to deliver these elements has been an exciting development that we are enthusiastic about expanding.

Enhanced Portfolio Transparency and Market Insights

Over time, as the nonprofit investment industry has progressed, we have observed a desire for more technical and detailed discussions at committee meetings. In short, our members no longer simply want to know how the portfolio performed. They also want to understand the rationale for our decisions; how we are processing a variety of market events; and what has driven our performance. In response, we have developed a suite of performance and portfolio analytics to facilitate these detailed conversations. Additionally, we have created mechanisms for providing greater look-through to investments recently added to the portfolio. Last, we are providing insights into such secular themes as energy investments, green transition, and artificial intelligence and how they are impacting the investment landscape and our portfolios.

To deliver these enhancements to our members, we have continued to grow our Member Strategy Group, the client-facing function at TIFF. Now 11 people as of January 2024, we have been able to attract investment-savvy directors to serve our members. By bringing together a diverse set of experiences and pedigrees, we believe we have enhanced our ability to serve the most complex and sophisticated nonprofits. These expanded resources, coupled with our longstanding investment and operational teams, position us to serve you well into the future.

Organizational Enhancement

In addition to our advice and service elements, as many of you know, we evolved our organizational structure this year to become an employee-owned public benefit corporation. Our members are already realizing the benefits of the new organizational structure through fee waivers and increased planned educational opportunities.⁴

⁴ ["TIFF Investment Management Completes Conversion to an Employee-Owned Public Benefit Company,"](#) September 29, 2024.

Members may access the TIFF Reorganization Overview Webinar held July 24, 2023, posted to TIFF's member portal.⁵

FIRM UPDATES

This year, we had several significant new additions and retirements within the firm and across our Boards. These important personnel updates include:

- **Rob Zion**, our Chief Operating Officer for the past six years, retired as of December 31, 2023, marking a transition in our leadership
- **David Brenner**, Rob's successor, joins us from Macquarie Asset Management, where he most recently served as Global Head of Digital, Chief Strategy Officer, and Chief Administrative Officer for the public investment division. Previously, he also served as Chief Operating Officer at UBS Asset Management, Americas. David will be based at our Radnor office, where he started January 2, 2024. We look forward to formally introducing him in the New Year
- **Willie Zantzinger** retired after serving as a client-facing executive for six years
- **Jim Russo**, who commenced his tenure at TIFF in October 2023, has taken over Willie's position
- After years of dedicated service, **Bill McCalpin**, the longest-standing member of TIFF's Mutual Fund Board, is retiring from his role as the Board's Chair
- **Mark Baumgartner**, with extensive experience as the Chief Investment Officer at the Dalio Family Office and seven years as a seasoned member of the Advisory Board, will step into the position of Chair of the Mutual Fund Board. Mark's appointment aims to continue and expand upon the lasting contributions made by Bill over decades, furthering TIFF's mission
- **Leena Bhutta**, the Chief Investment Officer of the Doris Duke Foundation, and **Thomas Lenehan**, the Chief Investment Officer of The Wallace Foundation, have joined the TIFF Mutual Fund Board, increasing its members to five. We are excited about Leena's and Tom's investment acumen and dedication to nonprofits
- **Robert Durden**, CEO and CIO at the University of Virginia Investment Management Company, was appointed Advisory Board Chair. As Chair, he will continue to work closely with TIFF management on all significant investment and TIFF initiatives
- **Dick Flannery**, former CEO of TIFF, has returned as a Director of TAS II, Inc. In this role, Dick oversees TIFF's resource allocation and provides both transparency and accountability to ensure execution of the reorganization noted above. His oversight is a crucial aspect of TIFF's mission to support the nonprofit community as an employee-owned public benefit limited liability company

⁵ To access the webinar recorded on July 24, 2023, members may login to TIFF's member portal. Click on the Thought Leadership tab, then click on "TIFF Reorganization Overview Materials and Recording."

Conclusion

Compared to some of the seismic shifts that have occurred in recent years, our evolution seems modest. Indeed, our core mission of delivering great investment outcomes primarily to nonprofits remains unchanged. That said, we believe that, as the needs of the nonprofit community expand over time, our continued evolution is imperative. We are hopeful that the elements we have briefly summarized in this letter have already directly impacted your organization positively and will continue to do so in the future.

As we enter 2024, we want to take an opportunity to say thank you – for your partnership and for entrusting your assets to TIFF. Our team continues to prioritize delivering strong outcomes, service, and advice for your organization.

We hope that you can join us October 22 to 23, 2024, at *Positioning for Prosperity*, our Investment Forum in Boston, MA. We have an outstanding agenda where we will engage in dialogue around how we are helping our members navigate the ever-evolving landscape. We wish you a healthy, happy, and prosperous 2024.

Sincerely,



C. Kane Brennan

Chief Executive Officer

Past performance is no guarantee of future results and the opinions presented cannot be viewed as an indicator of future performance. There is no guarantee that any particular asset allocation or mix of strategies will meet your investment objectives.

These materials are being provided for informational purposes only and constitute neither an offer to sell nor a solicitation of an offer to buy securities. These materials also do not constitute investment, legal or tax advice.

Opinions expressed herein are those of TIFF and are not a recommendation to buy or sell any securities. These materials may contain forward-looking statements relating to future events. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "intend," "anticipate," "believe," "estimate," "predict," "potential," or "continue," the negative of such terms or other comparable terminology. Although TIFF believes the expectations reflected in the forward-looking statements are reasonable, future results cannot be guaranteed.