

PORTFOLIO ANALYSIS & CONSULTING

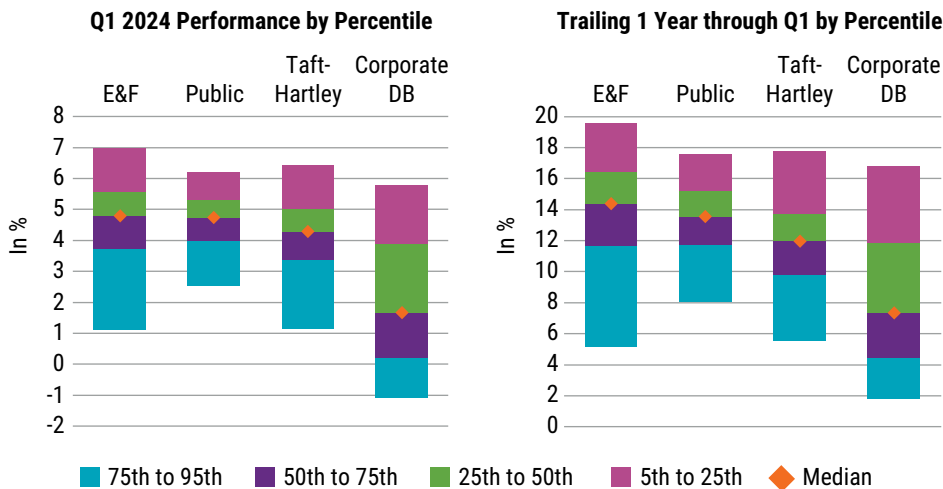
Top Institutional Trends in 1H 2024



Endowments and foundations (E&Fs) lead performance pack

Institutional portfolios posted strong returns in Q1 2024, with E&F and public pension median returns outpacing Taft Hartley and corporate pensions.

FIGURE 1: Q1 2024 Performance vs. Trailing 1 Year Through Q1 2024 by Percentile



Source: Natixis Investment Managers Solutions, InvMetrics

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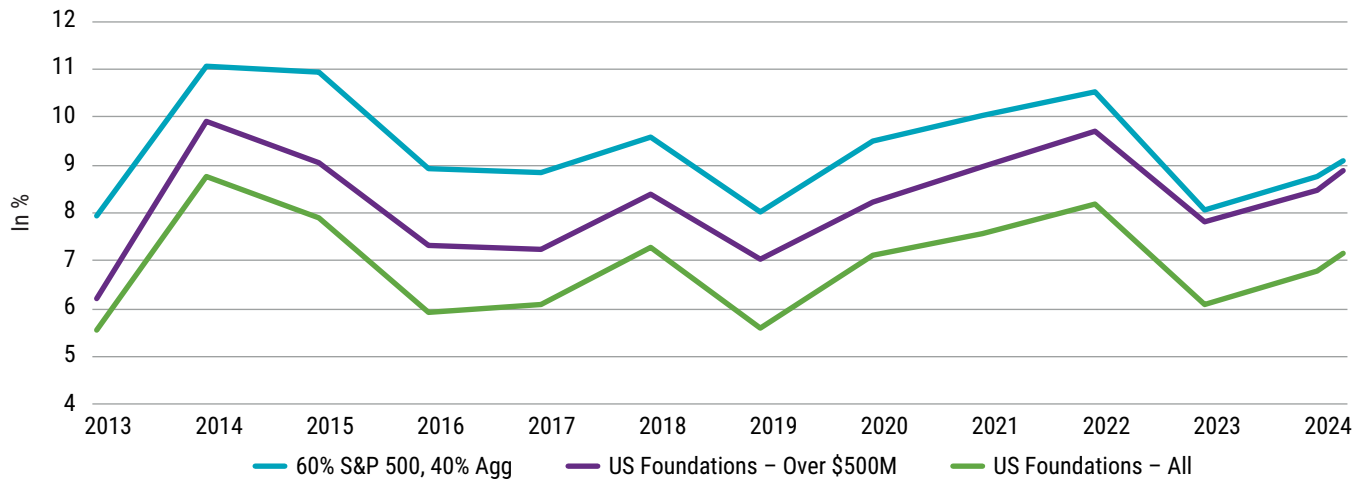
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Complexity not rewarded

Despite the strong returns, many foundations continue to lag broad benchmarks over longer time periods. Through Q1 2024, the median US foundation has trailed a 60% S&P 500®, 40% Bloomberg Aggregate portfolio by nearly 2% annualized since 1/1/2011. Larger foundations above \$500 million in AUM fared much better, trailing the 60/40 bench by just 0.2% annualized.

FIGURE 2: Annualized Returns Since 2011

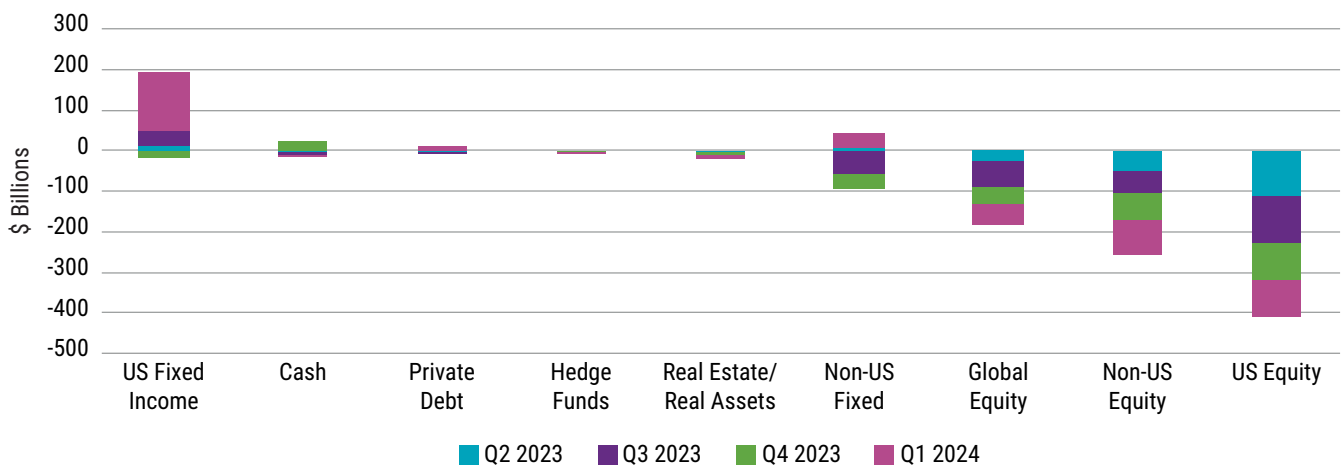


Source: Natixis Investment Managers Solutions, FactSet, FoundationMark (<https://foundationmark.com>)

Bond strategies pick up flows

By asset flows, the institutional asset category with the largest gains was US fixed income, due in part to strong relative performance for equities, leading to rebalancing opportunities. Private debt continued to post the strongest growth on a percentage basis.

FIGURE 3: Institutional Flows

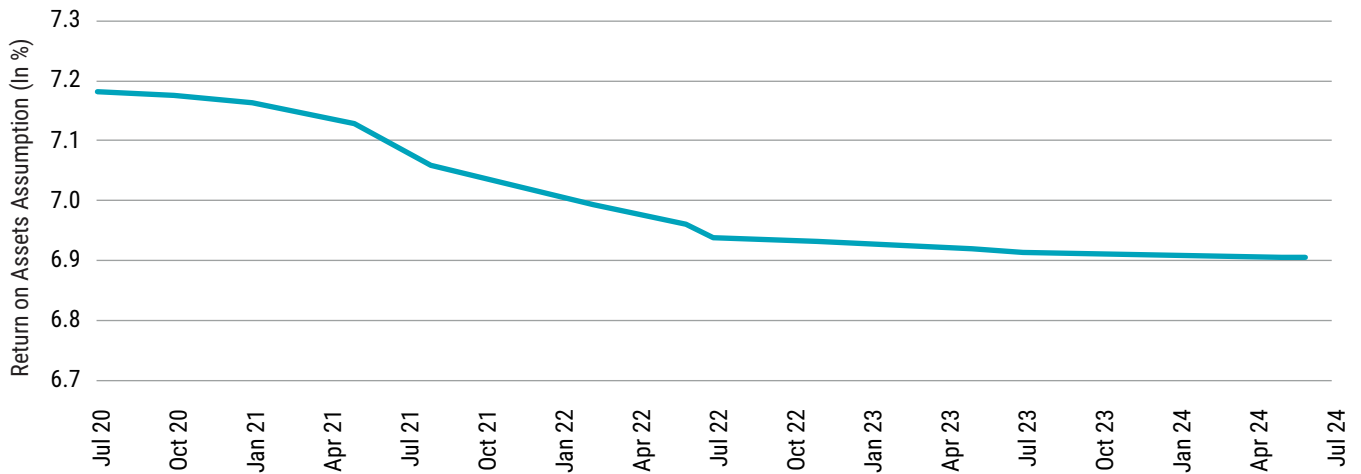


Source: eVestment

Investment return assumptions stabilizing

Higher yields and strong equity returns have stalled much of the momentum in recent years toward US public pension funds applying more conservative assumptions. Still, 71% of US public funds have reduced their assumption in the past four years, bringing the national average down from 7.2% to 6.9%.

FIGURE 4: Average Investment Return Assumptions

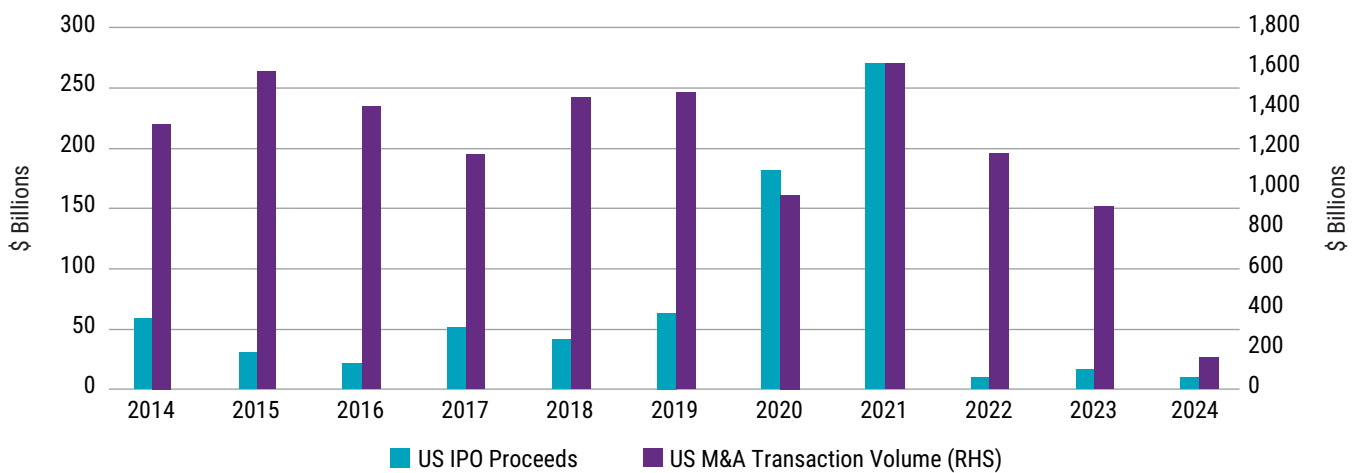


Source: Natixis Investment Managers Solutions, NASRA

Private equity distributions dry up

Muted IPO and M&A activity have led private equity managers to hold elevated levels of unsold assets vs. history. This means that the internal rate of return model used for performance measurement has become more valuation driven. An alternative measure of returns, distributed to paid-in capital, is much lower than usual for recent vintages.

FIGURE 5: US Private Equity Exit Volume



Source: Bloomberg

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Natixis Investment Managers, Global Survey of Institutional Investors conducted by CoreData Research in October and November 2023. Survey included 500 institutional investors in 27 countries throughout North America, Latin America, the United Kingdom, Continental Europe, Asia and the Middle East.

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