INNOVIA FOUNDATION

PORTFOLIO UPDATE

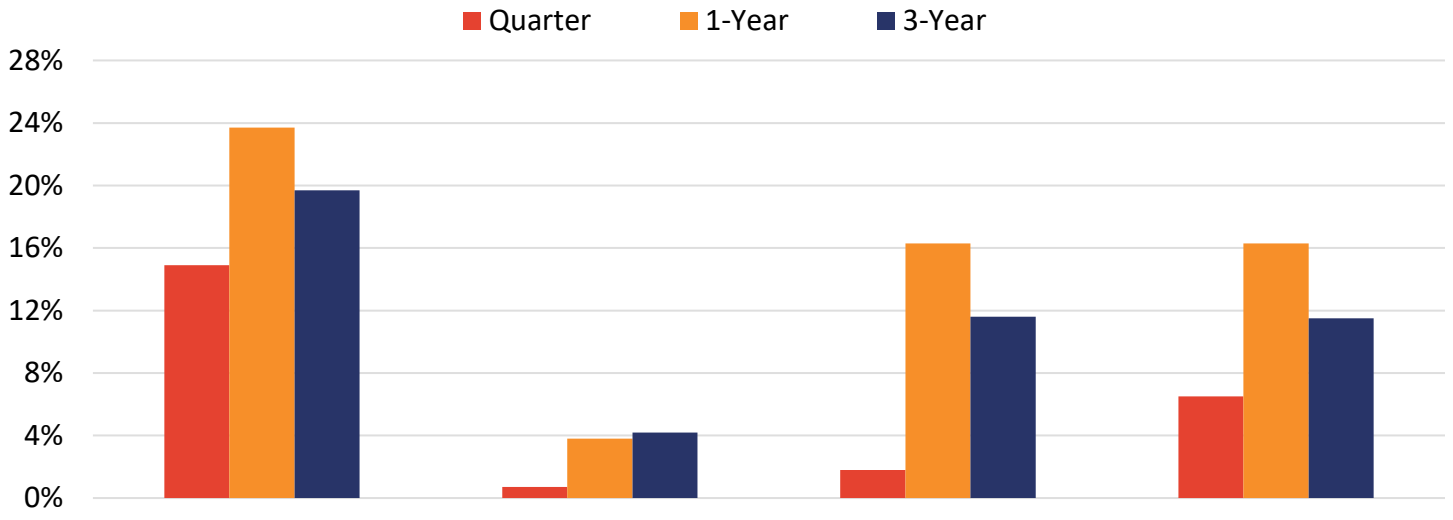
Second Quarter 2026

MARKET UPDATE

Public markets rebounded in the second quarter as easing geopolitical concerns, strong earnings, and investment in artificial intelligence supported the rally. Equities led the advance across most regions, with small cap stocks, emerging markets, and AI-linked sectors among the stronger areas of performance. Fixed income generated modest positive returns despite higher long-term yields, while real assets were mixed, with REITs recovering while energy prices declined sharply. Overall, the quarter reinforced a market environment supported by improving fundamentals but increasingly dependent on sustained earnings growth, capital discipline, and the ability of AI-related investment to translate into durable returns.

Markets have entered a familiar phase of the cycle. Innovation is accelerating, earnings are strong, and investors are increasingly willing to pay for future growth. Artificial intelligence has fueled these trends. That optimism is not without support. Unlike the late stages of the dot-com bubble, today's market is supported by strong earnings growth, record or near-record profit margins, and early signs that technology investment is beginning to improve productivity. The strongest companies are not simply promising growth—they are delivering it.

MARKET INDEX PERFORMANCE



	MSCI All-Country World	Bloomberg U.S. Aggregate Bond	S&P Real Assets Equity	HFRX Global Hedge Fund
Quarter	14.9	0.7	1.8	6.5
1-Year	23.7	3.8	16.3	16.3
3-Year	19.7	4.2	11.6	11.5

F·E·G investment advisors

PORTFOLIO PERFORMANCE[1]

	Qtr	1-Year	3-Year	5-Year	7-Year	10-Year	Inception Date
Traditional Pool	**10.1**	**19.0**	**14.4**	**7.2**	**9.0**	**8.7**	**Dec, 1994**
Custom Benchmark[2]	*10.8*	*17.9*	*14.1*	*7.9*	*9.3*	*8.9*	
Faith-Based Pool	**9.5**	**19.4**	**-**	**-**	**-**	**-**	**Jan, 2025**
ESG Pool	**9.1**	**14.7**	**12.3**	**5.1**	**8.4**	**-**	**Nov, 2018**
Moderate Pool	**6.9**	**-**	**-**	**-**			**Dec, 2025**
Conservative Pool	**2.1**	**-**	**-**	**-**			**Dec, 2025**

- The Traditional Pool returned 10.1% for the quarter vs. the benchmark return of 10.8%. Most asset categories posted strong performance, including the S&P 500, which rebounded in the second quarter as easing geopolitical concerns, strong earnings, and investment in artificial intelligence supported the rally. As a result, diversified portfolios benefitted. Active management within U.S. and global equities were the main contributor to outperformance. U.S. value and international/global managers rebounded to start the year, and diversifying strategies continued its strong performance.
- The ESG and Faith-based pools returned 9.1% and 9.5%,respectively. Both portfolios were boosted by international equities, among other areas of the market. Growth oriented strategies in the Faith Based pool also provided a relative boost to returns.
- The recently launched Moderate and Conservative pools posted 6.9% and 2.1%, respectively and are allocated toward a reduction in portfolio volatility, relative to the Traditional Pool.

PORTFOLIO POSITIONING – TARGET ASSET ALLOCATION

	Traditional	Faith Based	ESG	Moderate	Conservative
GLOBAL EQUITY	70%	70%	60%	50%	10%
GLOBAL FIXED INCOME & CASH	25	30	40	50%	90%
DIVERSIFYING STRATEGIES	4	0	0	0%	0%
REAL ASSETS / *OPPORTUNISTIC*	1	0	0	0%	0%

- At the macro-asset category level, all portfolios are positioned conservatively and are close to the IPS targets, given several mixed market signals that make it difficult to identify any significant opportunistic positioning.
- Within equities, our micro cap manager rallied posting returns of 31% on the quarter and 82% for the past 12 months.
- Emerging Markets managers also posted strong returns of 27% and 39% for the past twelve months.
- Real asset managers struggled in the quarter as oil prices declined based on geopolitical optimism in the Gulf.

1 Portfolio performance is reported net of investment management fees.
2 The Endowment custom benchmark is currently comprised of 70% MSCI ACWI, 25% Bloomberg U.S. Aggregate Index, 5% HFRX Global Hedge Fund Index.