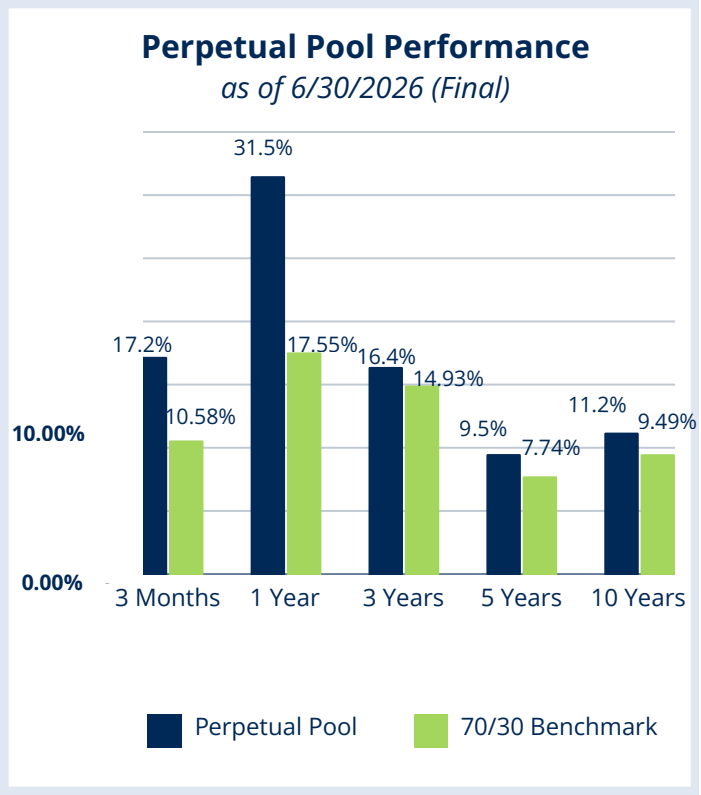
PERFORMANCE COMMENTARY

Perpetual Pool



Since our last update, Spider Management ("Spider") has received Q1 2026 valuations for private investments. The first quarter started strong, with the S&P 500 reaching a record high in January before declining more than 4% for the quarter. Software stocks sold off in February, as investors considered even greater potential productivity gains from AI that could eclipse the software subscription model. Private credit was also in the headlines as non-traded business development companies invested in software suffered outflows, and several funds put up gates. In addition, concerns about massive capital expenditures and valuations of mega-cap technology companies led value stocks to outperform growth stocks during the quarter. Meanwhile, geopolitical risk increased, first with the US capturing Venezuelan president Maduro in January. Then US and Israeli military strikes on Iran in late February closed the Strait of Hormuz, sending oil prices surging and triggering broad risk-off sentiment across global equity markets. The Private Equity portfolio had an especially strong quarter, returning 12.95%, and bringing the one-year return to 29.61%. Venture Capital was a significant driver of returns as the manager holding more than three-quarters of the portfolio's SpaceX exposure marked up that holding to reflect an $800 billion valuation, up from $400 billion at December 31. While this was the primary driver of the Venture Capital sub-portfolio's return of 22.48% for the quarter, several other private companies also increased in value in the first quarter. The Buyout sub-portfolio returned -0.34% for the quarter, reflecting few changes in valuation and a slight drag from software exposure.

Public markets rebounded sharply in the second quarter, as investors looked past the first quarter's drawdown and focused on resilient earnings, continued AI-related capital investment, and signs that the Middle East energy shock could moderate. The S&P 500 generated a 15.20% total return for the quarter, its strongest quarterly gain since 2020, as 85% of its constituent companies beat first-quarter earnings expectations. AI remained an important market theme, and several large private firms began preparations for IPOs. SpaceX was the most notable and went public on June 12 in the largest IPO ever, raising more than $85 billion at a company valuation of $1.77 trillion. The Signature Fund's second quarter preliminary net return was 5.71%, underperforming the 70/30 portfolio of 10.58%. This preliminary return holds the majority of private investments at 0% for the quarter, and private returns will be reported in September. It does not include public companies held by private managers and therefore does not yet reflect most of the impact of the SpaceX IPO.



community foundation

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