

Morgan Stanley



Colorado Gives Foundation: Annual Investor Meeting Highlights

February 2026

Capital Markets Summary

2025 Recap

- The S&P 500 gained 18% in 2025, marking its second consecutive year of over 20% gains. The yield curve continued to normalize with 90-day treasury yields declining from 4.4% to 3.7% and 10-year yields moving from 4.6% to 4.2% over the course of 2025.
 - Robust economic growth was fueled by enthusiasm for artificial intelligence.
 - The US Aggregate Bond market rose only 7.3% as yields went down over the year.

2026 Outlook

- 2025 marked a third year of top quartile returns for the US equity market. Continued price gains in the S&P 500 suggest best case scenarios were being priced in for 2025 where valuations are near extremes and expectations were robust.
- Likely continuation of a late-cycle / normalization environment: slower but positive growth, more two-way volatility than the prior “liquidity-driven” bull phases.
- 2026 S&P 500 gains likely at highest up 5-10% as price/earnings multiple expansion is stalled and earnings struggle to surpass ambitious forecasts. Financials, domestic industrials, health care, energy infrastructure and mid-cap growth preferred. On a risk-adjusted basis, we suggest broad diversification where 10% potential total returns in areas like IG and real assets are possible.
- US equity valuations continue to be rich, at approximately 22x forward earnings and above fair value estimates. However this is being supported by a reduced interest rate environment and increasing money supply. We anticipate that valuation level to remain elevated throughout the year.
- Regarding Mag 7 (AI Stocks), we are observing rational “de-concentration” of the top of the index as idiosyncratic performance between and among the names become more pronounced.

EQUITIES

- **Cautiously optimistic on the earnings expectations for US and international markets.**
- **Expect modest market growth for the year.**
- **Favor quality companies that can benefit from AI data center fueled spending**

FIXED INCOME

- **With spreads widening and long-term rates reflecting a more reasonable terminal value, bonds are a decent relative alternative to stocks**
- **Cash flow opportunities exist with Investment Grade corporates showing greater than average debt service coverage**

Portfolio Highlights – Long Term

Long Term Pool Illustrated– As of 12/31/25

Performance

- Long-term trailing portfolio return lagging behind benchmark due to benchmark tech concentration
- Since inception, the portfolio has compounded capital at 7.1% annualized, ahead of the benchmark

Cost Efficiency

- Annual investment management costs of 0.25%

Multi-Period Performance Analysis



	QTD	1 Year	5 Years	10 Years	Since Inception Jan 2010
Long-Term Portfolio	2.22	13.91	4.98	7.17	7.11
Long-Term Benchmark	2.23	14.68	5.68	7.32	6.80

Positioning Highlights

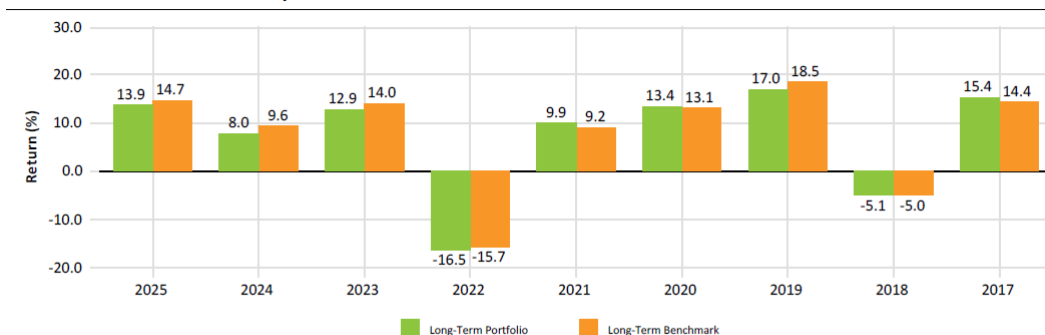
Equity

- Tactical underweight to global equities with an emphasis on active management.
- While short-term estimates for equities are flat, we still see relative value opportunities within selective segments of the equity markets that should bode well for active managers.

Fixed Income

- Tactical overweight to investment grade fixed income.
- Front end investment grade offers attractive risk/reward with decent interest rate levels, amid improving credit quality and interest coverage

Calendar Year Performance Analysis



	YTD	2024	2023	2022	2021	2020	2019	2018	2017
Long-Term Portfolio	13.91	8.00	12.88	-16.49	9.94	13.45	16.97	-5.08	15.35
Long-Term Benchmark	14.68	9.57	14.03	-15.75	9.19	13.08	18.51	-5.04	14.37

Portfolio Highlights – Short Term

Short Term Pool Illustrated– As of 12/31/25

Performance

- Short-term trailing portfolio annualized return performing in line with benchmark.
- Since inception, the portfolio has compounded capital at 4.8% annualized, ahead of the benchmark return of 3.5%.
- Current Yield approx. 4.1%.

Cost Efficiency

- Annual investment management costs of 0.30%

Positioning Highlights

Equity

- Tactical underweight to global equities with an emphasis on active management.
- While short-term estimates for equities are flat, we still see relative value opportunities within selective segments of the equity markets that should bode well for active managers. Dividend / cash flow quality strategies are key overweights.

Fixed Income

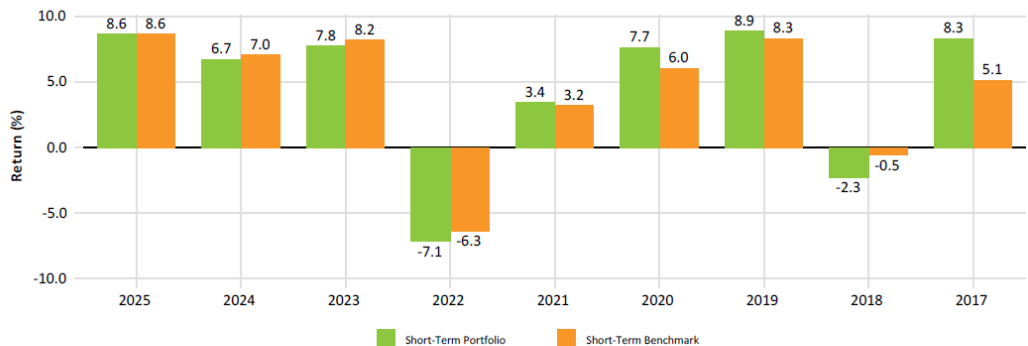
- Tactical overweight to investment grade fixed income, with a focus on interest rate sensitivity management
- Shorter duration investment grade offers attractive risk/reward with decent carry, amid improving credit quality and interest coverage

Multi-Period Performance Analysis



	QTD	1 Year	5 Years	10 Years	Since Inception Jan 2010
Short-Term Portfolio	1.66	8.60	3.69	4.64	4.76
Short-Term Benchmark	1.60	8.61	3.97	4.12	3.53

Calendar Year Performance Analysis



	YTD	2024	2023	2022	2021	2020	2019	2018	2017
Short-Term Portfolio	8.60	6.71	7.78	-7.15	3.37	7.67	8.88	-2.28	8.34
Short-Term Benchmark	8.61	7.00	8.16	-6.31	3.17	6.01	8.27	-0.54	5.15