

# The Kemper Foundation

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Total Return and Risk Tracking – March 31, 2021

# Strategic Asset Allocation

## The Kemper Foundation vs. Benchmark 3/31/2021

Asset Class	Market Value (m)	Market Value %	Risk Contribution %	Benchmark Market Value %	Benchmark Risk Contribution %	Active Market Value %	Active Risk Contribution	Policy Limits
JSK	48,240	100%	100%	100%	100%	0%	0%	
JSK Alternatives	18,483	38%	29%	40%	35%	-2%	-6%	10-50%
JSK Hedge Funds	13,124	27%	7%	25%	12%	2%	-5%	
JSK Private Equity	5,359	11%	22%	15%	23%	-4%	-1%	
JSK Debt	4,506	9%	1%	10%	1%	-1%	0%	5-50%
JSK Core	4,506	9%	1%	10%	1%	-1%	0%	
JSK Equity	24,223	50%	71%	47%	64%	3%	6%	20-70%
JSK Domestic	12,089	25%	38%	25%	37%	0%	1%	
JSK Developed ex-US	8,017	17%	21%	17%	21%	0%	0%	
JSK Emerging	4,118	9%	12%	5%	7%	4%	5%	
JSK Cash	1,028	2%	0%	3%	0%	-1%	0%	1-15%

Source: BlackRock Aladdin. Risk is predicted volatility over a 1-year time horizon.

# Total Return by Period

## The Kemper Foundation and Benchmark with Component Detail 3/31/2021

	QTD*	YTD*	1 Year	3 Year (Annualized)	5 Year (Annualized)
JSK Foundation		20.73	35.82	10.02	9.73
Benchmark <sup>1</sup>		17.15	35.41	10.06	10.01
MSCI USA Investable Market Index	6.65	25.55	62.03	16.55	16.06
MSCI AC World ex- U.S. Investable Market Index	5.16	24.25	48.47	6.41	9.15
MSCI Emerging Markets Net Index	(0.76)	23.13	58.39	6.47	12.06
ICE BofAML US Corporate , Government & Mortgage Index	(2.87)	(3.96)	0.38	4.67	3.11
HFRI Fund of Funds Composite Index	6.65	25.55	62.03	16.55	16.06
Cambridge Associates LLC U.S. Private Equity <sup>2</sup>	-	24.14	19.75	15.68	15.45
ICE BofAML 1-3 Month US Treasury Index	0.02	0.10	0.13	1.45	1.16

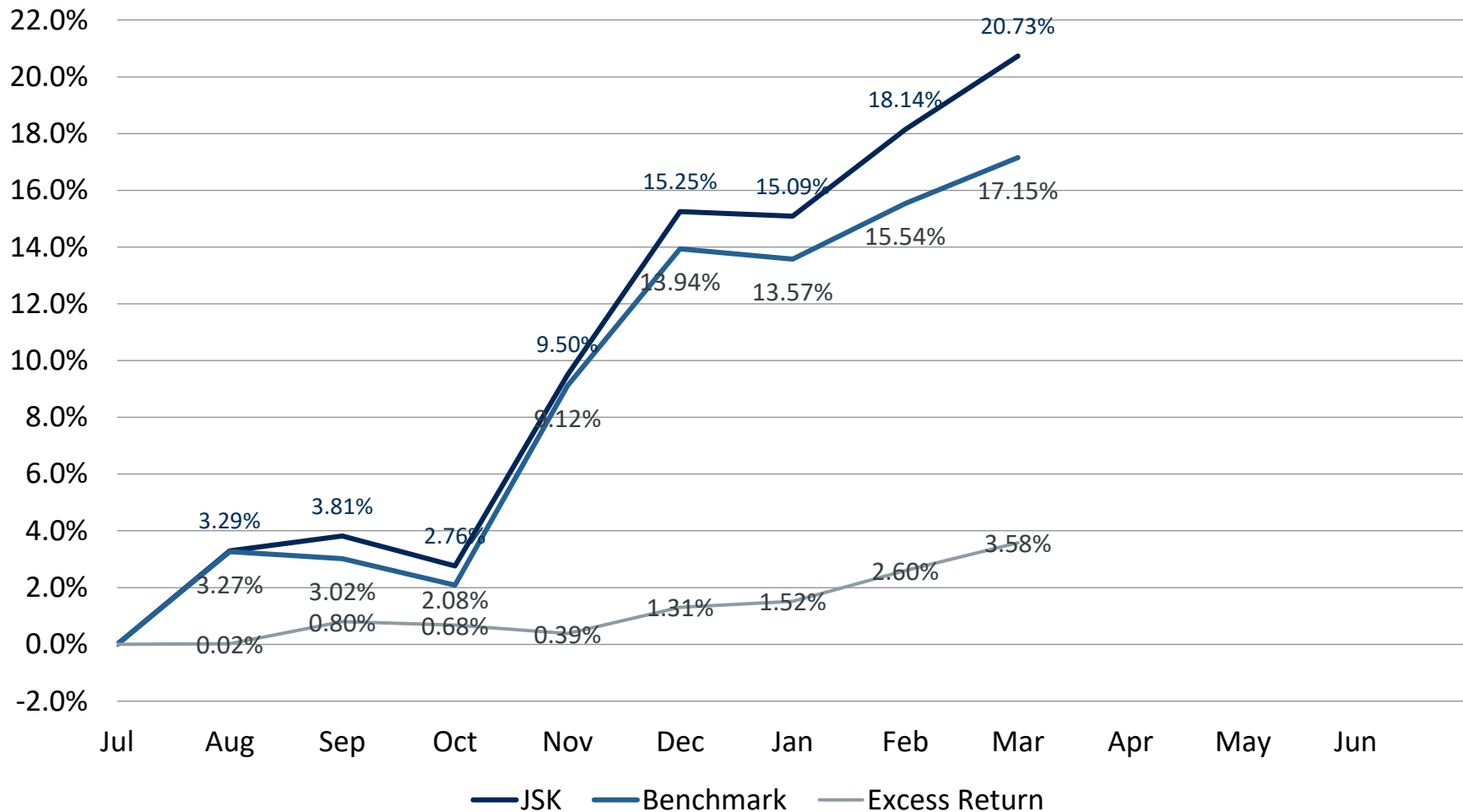
<sup>1</sup> **Benchmark: Beginning 1/1/2015** = 45% MSCI All Country World Investable Market Index, 10% Barclays US Aggregate Index, 40% HFRI Fund of Fund Composite Index, and 5% Barclays 1-3 Month Treasury Bill Index. **Beginning 8/1/2017**=30% HFRI Fund of Funds Composite Index, 10% Cambridge Associates U.S. Private Equity Index, 10% Bloomberg Barclays US Aggregate Index, 23% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 5% Bloomberg Barclays 1-3 Month Treasury Bill Index. **Beginning 8/1/2019**=30% HFRI Fund of Funds Composite Index, 10% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 23% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 5% ICE BofAML 1-3 Month US Treasury Index. **Beginning 2/1/2021**: 25% HFRI Fund of Funds Composite Index, 15% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 25% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 3% ICE BofAML 1-3 Month US Treasury Index. 1yr/3yr/5yr based on Current Benchmark. *Source for Benchmark Component Returns: Bloomberg (returns shown in USD, net of foreign tax withholding where applicable).*

<sup>2</sup>As of March 2021, Cambridge returns no longer publicly available. Replacement to be researched.

\*QTD and YTD Fiscal August 1st – Current

# Cumulative YTD\* Total Return

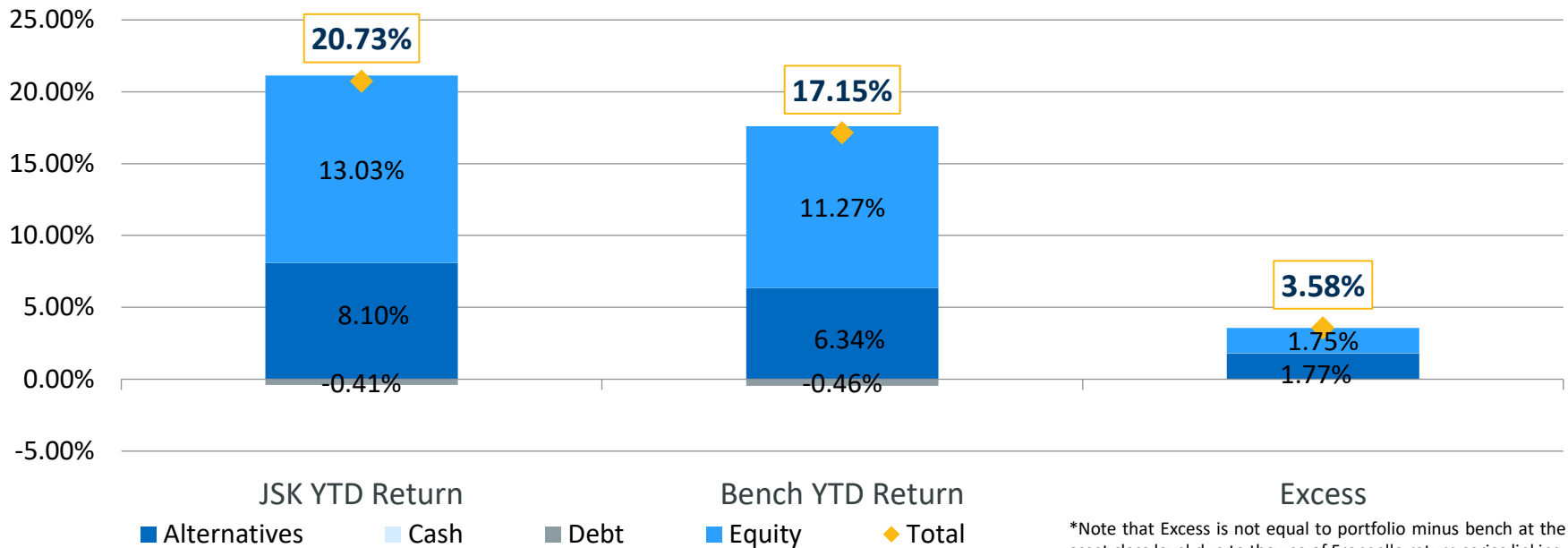
## The Kemper Foundation vs. Benchmark YTD 3/31/2021



**Benchmark:** Beginning 8/1/2019=30% HFRI Fund of Funds Composite Index, 10% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 23% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 5% ICE BofAML 1-3 Month US Treasury Index. Beginning 2/1/2021: 25% HFRI Fund of Funds Composite Index, 15% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 25% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 3% ICE BofAML 1-3 Month US Treasury Index. \*YTD Fiscal August 1st – Current

# YTD\* Total Return

## The Kemper Foundation vs. Benchmark 3/31/2021



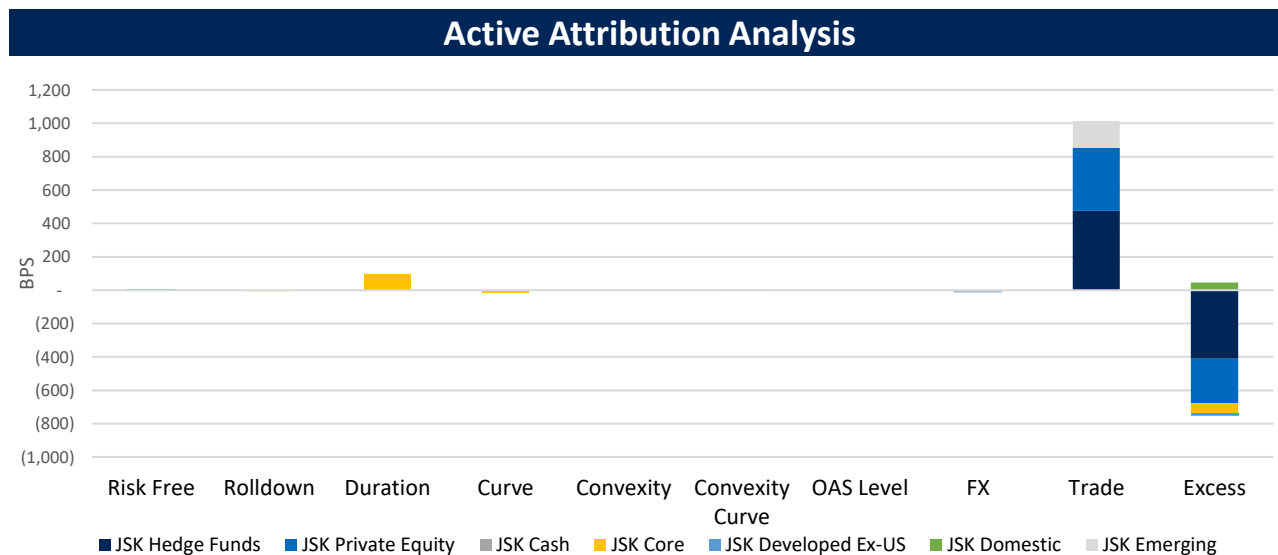
- JSK's relative outperformance of +358bps has been driven nearly equally by Alternatives (+177bps) and Equity (+175bps).
- Within Equity, Emerging Markets (+146bps) outperformed due to our overall overweight positioning as well as strong selection. Domestic Equity has been a positive active performer (+45bps) due to allocation while Developed ex-US has been negative (-15bps) due to weaker Selection.
- Alternatives relative performance of +177bps is reflective of strong relative performance in both Private Equity YTD (+114bp) and Hedge Funds (+63bps).
- Core Debt has slightly outperformed by +6bps as we have been slightly overweight an asset class with a negative return (-1.14%) in this fiscal year.
- Cash has been neutral, neither adding or hurting returns, although the class as a whole has underperformed this fiscal year.

**Benchmark:** Beginning 8/1/2019=30% HFRI Fund of Funds Composite Index, 10% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 23% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 5% ICE BofAML 1-3 Month US Treasury Index. Beginning 2/1/2021: 25% HFRI Fund of Funds Composite Index, 15% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 25% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 3% ICE BofAML 1-3 Month US Treasury Index. \*YTD Fiscal August 1st – Current

# Attribution YTD\* vs Benchmark

The Kemper Foundation vs. Benchmark 3/31/2021

Attribution Detail (BPS)	
Portfolio Return	2073
Benchmark Return	1715
Active Return	358
Risk Free Contribution	0
Rolldown Contribution	-7
Duration Contribution	97
Curve Contribution	-18
Convexity Contribution	-1
Convexity Curve Contrib	0
FX Contribution	-18
Trade Contribution	1015
OAS Level Contribution	-4
Excess Contribution	-708



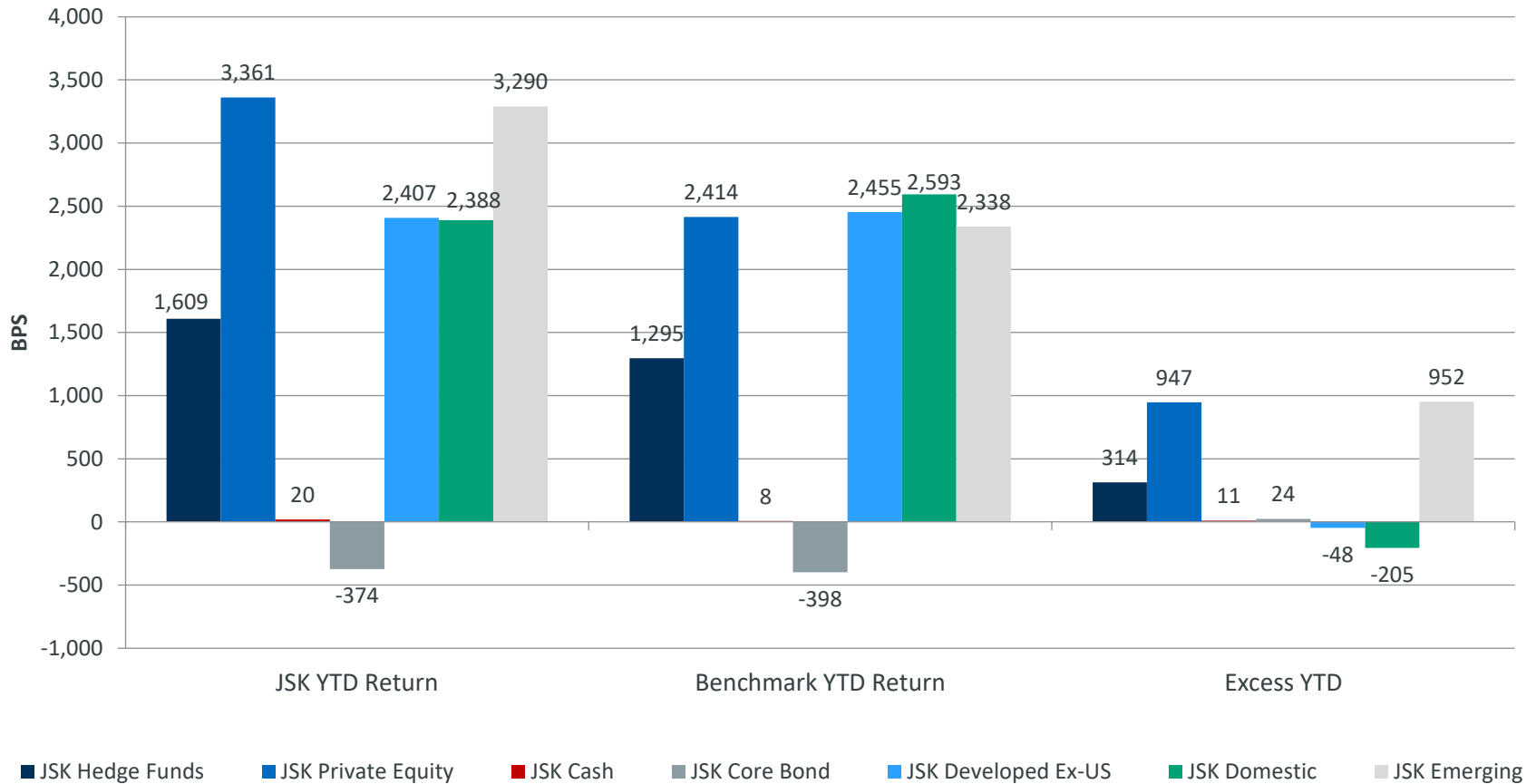
## Total Return Contribution

Description	Market Value Weight			Total Return			Total Return Contribution		
	Portfolio	Benchmark	Active	Portfolio (bp)	Benchmark (bp)	Active (bp)	Portfolio (bp)	Benchmark (bp)	Active (bp)
∨ JSK	100.0%	100.0%	0.0%	2,073	1,715	358	2,073	1,715	358
∨ JSK Alternatives	38.3%	40.0%	-1.7%	2,082	1,545	537	810	634	177
> JSK Hedge Funds	27.1%	28.7%	-1.6%	1,609	1,295	314	458	389	63
> JSK Private Equity	11.3%	11.3%	0.0%	3,361	2,414	947	352	244	114
> JSK Cash	-1.1%	4.5%	-5.6%	20	8	11	0	0	0
∨ JSK Debt	9.8%	10.0%	-0.2%	-374	-398	24	-41	-46	6
> JSK Core	9.8%	10.0%	-0.2%	-374	-398	24	-41	-46	6
∨ JSK Equity	53.0%	45.5%	7.5%	2,530	2,548	-18	1,303	1,127	175
> JSK Developed Ex-US	17.2%	17.0%	0.2%	2,407	2,455	-48	401	410	-15
> JSK Domestic	27.7%	23.5%	4.2%	2,388	2,593	-205	648	600	45
> JSK Emerging	8.2%	5.0%	3.2%	3,290	2,338	952	255	117	146

Source: BlackRock Aladdin, note market value weights are average YTD weights. \*YTD Fiscal August 1st – Current

# Total Return by Asset Class

The Kemper Foundation vs. Benchmark Components YTD\* 3/31/2021



**Benchmark:** Beginning 8/1/2019=30% HFRI Fund of Funds Composite Index, 10% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 23% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 5% ICE BofAML 1-3 Month US Treasury Index. Beginning 2/1/2021: 25% HFRI Fund of Funds Composite Index, 15% Cambridge Associates U.S. Private Equity Index, 10% ICE BofAML US Corporate , Government & Mortgage Index, 25% MSCI USA IMI, 17% MSCI World ex-US IMI, 5% MSCI Emerging Market, and 3% ICE BofAML 1-3 Month US Treasury Index. \*YTD Fiscal August 1st – Current

# Risk Delta Year-to-Date\*

The Kemper Foundation 3/31/2021

	Total Risk Contribution			% Total Risk	
	7/31/2020	3/31/2021	Delta	7/31/2020	3/31/2021
<b>Total Risk</b>	<b>13.39</b>	<b>13.61</b>	<b>0.22</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Alternative</b>	<b>3.41</b>	<b>3.30</b>	<b>-0.11</b>	<b>25.5%</b>	<b>24.2%</b>
<b>Equity</b>	<b>8.89</b>	<b>9.18</b>	<b>0.29</b>	<b>66.4%</b>	<b>67.4%</b>
<b>Rates</b>	<b>0.00</b>	<b>(0.00)</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Spreads</b>	<b>0.44</b>	<b>0.50</b>	<b>0.06</b>	<b>3.3%</b>	<b>3.7%</b>
<b>Volatility</b>	<b>0.00</b>	<b>-</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Foreign Exchange</b>	<b>0.65</b>	<b>0.64</b>	<b>-0.01</b>	<b>4.9%</b>	<b>4.7%</b>

## Risk Attribution YTD:

- Equity**

Increase in risk due to higher exposure (market value appreciation)

Source: BlackRock Aladdin. Weekly model, 2yr half life, 10yr history. Predicted volatility over a 1-year time horizon.

\*YTD Fiscal Year August 1st – Current



# Relative Contribution to Risk

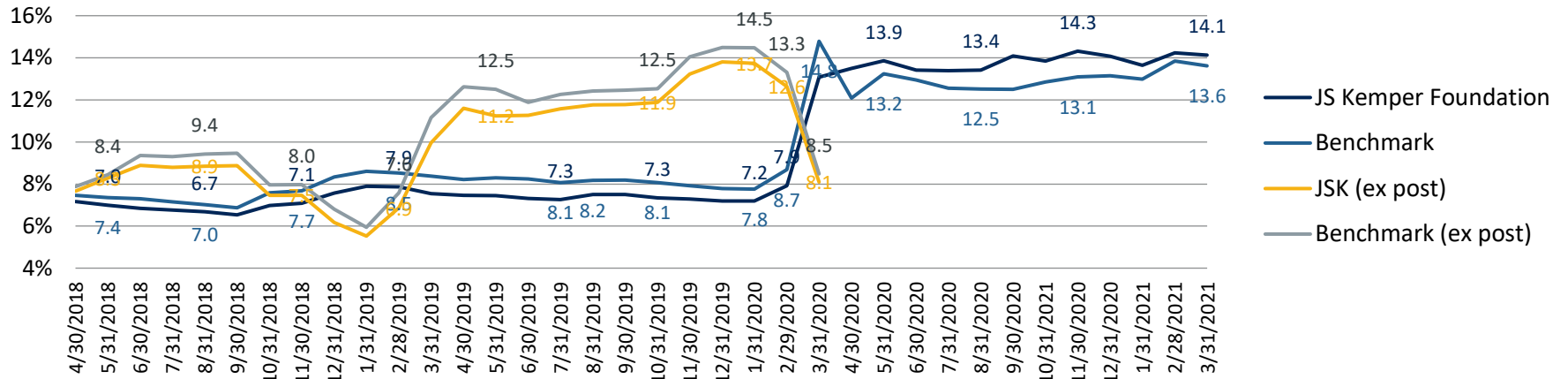
## The Kemper Foundation vs. Benchmark 3/31/2021

	Total Risk Contribution			% Total Risk	
	Benchmark	Portfolio	Delta	Benchmark	Portfolio
<b>Total Risk</b>	<b>14.12</b>	<b>13.61</b>	<b>-0.51</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Alternative</b>	<b>4.95</b>	<b>3.30</b>	<b>-1.65</b>	<b>35.0%</b>	<b>24.2%</b>
<b>Equity</b>	<b>8.64</b>	<b>9.18</b>	<b>0.54</b>	<b>61.2%</b>	<b>67.4%</b>
<b>Rates</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Spreads</b>	<b>0.08</b>	<b>0.50</b>	<b>0.42</b>	<b>0.6%</b>	<b>3.7%</b>
<b>Foreign Exchange</b>	<b>0.46</b>	<b>0.64</b>	<b>0.19</b>	<b>3.2%</b>	<b>4.7%</b>

### Relative Risk Attribution to Benchmark:

- JSK portfolio predicted volatility -0.5% lower than Benchmark driven by lower Alternative factor risk, slightly offset by higher Equity and Spread risk

### Predicted and Ex-Post (Realized) Risk



Source: Aladdin. BarraOne prior to 4/30/20. Proxies used for the benchmark alternative components. Predicted volatility over a 1-year time horizon

# KEMPER