INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through December 31, 2023

	Market Value	Actual (%)	Target (%)	+ / -	Quarter	1 Yr.	3 Yr.*	5 Yr.*	7 Yr.*
Equity	44,171,382	65.1%	65%	0.1%	11.2	22.2	5.0	12.3	9.9
Fixed Income	16,967,730	25.0%	25%	0.0%	5.6	7.0	-1.1	2.9	1.7
Real Assets/Real Return	6,260,021	9.2%	10%	-0.8%	6.9	5.9	4.0	--	--
Cash	408,147	0.6%	0%	0.6%	1.3	5.8	2.4	2.1	--
Total Fund w/o Student Investment	**67,807,279**	**--**	**--**	**--**	**9.4**	**16.3**	**3.4**	**9.1**	**7.3**
Student Investment Equity	907,924	60.0%	75%	-15.0%	10.1	20.3	7.9	12.8	10.0
Student Investment Fixed	626,883	40.0%	25%	15.0%	5.9	4.3	-2.8	1.1	1.4
Total Investment Fund	**69,342,087**				**9.4**	**16.3**	**3.5**	**9.2**	**7.3**

*All performance is net of (after) investment manager fees *annualized for periods longer than one year*

Market Summary in Q4 2023:

- Global equity markets performed strongly during the fourth quarter, largely driven by a sharp decrease in longer-term rates following the Fed's more dovish than expected statement in December. This led the market to price in significant rate cuts in 2024. Volatility remained subdued and declined during the quarter as asset classes rallied across the board.
- Treasury yields fell during the quarter and the yield curve remained flat to slightly inverted. The 2-year Treasury yield fell 80 bps from 5.0% to 4.2% during Q4, while the 30-year Treasury yield fell 70 bps from 4.7% to 4.0%. Credit spreads also declined during the risk-on quarter, most notably for high yield bonds.
- The Bloomberg US Aggregate Bond Index returned 6.8% in Q4, while the MSCI ACWI returned 11.0%. As a result, a traditional 60/40* portfolio returned 9.4%. For 2023, a 60/40* portfolio returned 15.4%.
- US economic growth proved remarkably resilient in 2023 and investors are now hoping that easier monetary policy will continue to serve as a tailwind in in 2024, offsetting less expansionary fiscal policy and potentially lower consumer spending. We expect the US to avoid a hard landing, especially following the Fed's latest comments. Economic activity in the UK and Eurozone remained slow in Q4. China's economy continued to struggle and entered deflation in the fourth quarter but seemed to be touching its bottom with targeted stimulus measures to support the housing market.
- US inflation has fallen significantly. Headline CPI was 3.4% year-over-year through December, while core CPI came in at 3.9%, an over two-year low. Inflation is expected to decline further as remaining inflationary components such as shelter roll over. Labor markets have shown signs of softening from tight levels, which also should help inflation fall back to target.
- With rates ending the year in restrictive territory, central banks are now openly signaling an end to the hiking cycle. Markets have priced in several rate cuts in the US for the year, starting as early as March while the Federal Reserve's own rate projections indicate lower rates by the end of 2024. Others such as the European Central and Bank of England remain more cautious while the Bank of Japan, which had kept rates near all time lows despite rising inflation, has entertained the possibility that it will not enter a hiking cycle.
- Geopolitical risks remained in the forefront as the Gaza and Ukraine conflicts continued and shipping in the Red Sea was temporarily disrupted in December due to missile attacks. While the initial market impacts have been limited, there is the risk of escalation with potential impacts on oil markets.
- Our outlook for global equities has improved from a macro and policy standpoint but high US equity valuations remain a concern after strong quarterly returns. We believe the rally in Treasuries has brought yields out of the extremely attractive territory reached in September. For the whole of 2023, US yields rose marginally.

Portfolio Update:

- The Total Equity Composite (+11.2%) was positive on an absolute basis and outperformed the Blended Equity Index by +10 basis points. Strong absolute performance from US SMID Cap helped, while Global manager, WCM added to the performance in relative terms during the quarter.
- The Total Fixed Income Composite (+5.6%) underperformed its benchmark by -250 bps during the quarter, as both core fixed manger Doubleline and global/unconstrained manager BlackRock lagged their respective benchmarks.

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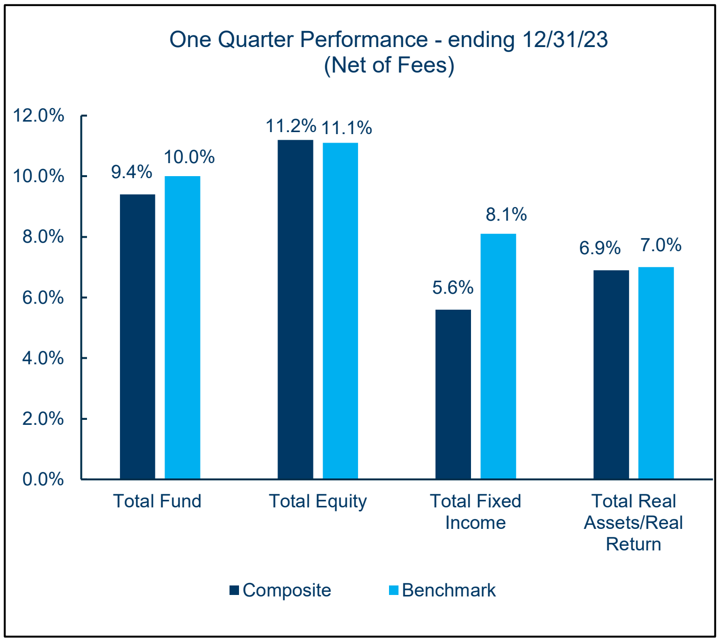
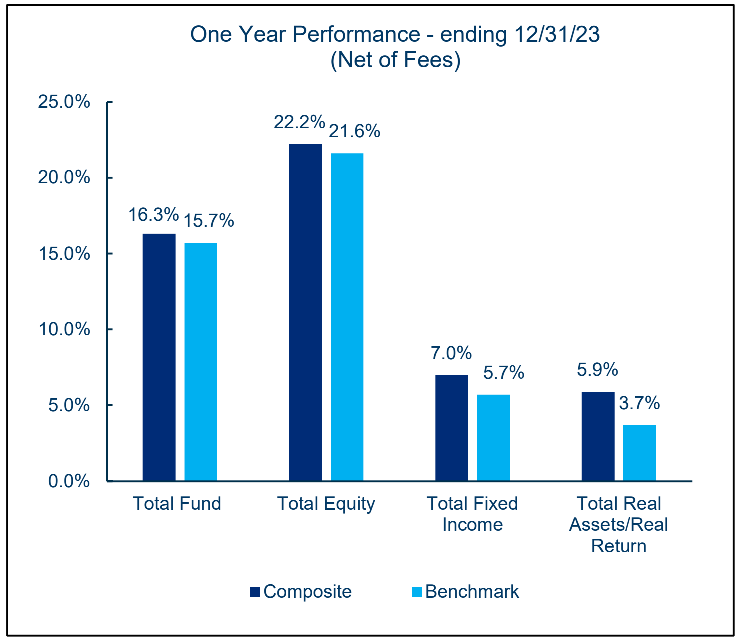
Through December 31, 2023

- The Total Real Assets/Real Return Composite gained +6.9% during the quarter but trailed on a relative basis by -10 bps. Principal DRA's exposure to commodities and natural resources hurt returns relatively, while PIMCO All Asset's exposure to risk assets contributed to the performance.





Investment Philosophy & Process

Purpose: The purpose of the Investment portfolio is to provide for the Foundation’s operating needs and to fund the Foundation’s mission-related programs and activities both today and into the future.

The Foundation’s objective is to grow the market value of assets net of inflation, administrative, and investment expenses, over a full market cycle without undue exposure to risk.

The Fund possesses a long-term time horizon, with primary objective to provide long-term growth of capital and liquidity. Secondary objectives are to provide a mix of growth and income and preservation of capital.

The Foundation and Investment Committee are governed by the Investment Policy Statement, reviewed at least annually by the Committee and Board. The Investment Policy Statement is a comprehensive document which incorporates best practices and outlines investment objectives, investment guidelines, and risk policy, as well out outlining responsibilities of the Board, Investment Committee, Staff, Investment Managers, and Consultants.

Mercer serves as investment consultant for the McCoy College of Business Foundation. For more information please visit their website https://www.mercer.com