

INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through March 31, 2021

| | Market Value | Actual (%) | Target (%) | + / - | Quarter | 1 Yr | 3Yr* | 5 Yr* | 7 Yr* | 10 Yr* |
|--|-------------------|------------|------------|-------|------------|-------------|------------|-------------|------------|------------|
| Equity | 38,412,703 | 66.7% | 65.0% | +1.7% | 5.5 | 67.6 | 12.7 | 14.0 | 10.2 | 9.7 |
| Fixed Income | 13,580,716 | 23.6% | 25.0% | -1.4% | -1.4 | 8.9 | 5.4 | 5.3 | 3.7 | 4.4 |
| Real Assets/Real Return | 4,847,010 | 8.4% | 10.0% | -1.6% | 5.2 | 35.8 | -- | -- | -- | -- |
| Cash | 740,436 | 1.3% | 0.0% | +1.3% | 0.0 | 0.1 | 1.6 | -- | -- | -- |
| Total Fund w/o Student Investment | 57,580,864 | -- | -- | -- | 3.7 | 45.0 | 9.9 | 11.2 | 7.9 | 8.0 |
| Student Investment Equity | 1,049,302 | 81.7% | 75.0% | +6.7% | 4.5 | 49.8 | 10.7 | 11.9 | 9.5 | 9.5 |
| Student Investment Fixed | 234,785 | 18.3% | 25.0% | -6.7% | -3.3 | -0.3 | 3.7 | 5.1 | 3.9 | 3.8 |
| Total Investment Fund | 58,864,951 | | | | 3.7 | 44.8 | 9.9 | 11.2 | 7.9 | 8.0 |

Totals may not sum due to rounding. All performance is net of (after) investment manager fees *annualized for periods longer than one year

Market Summary in Q1 2021:

- Equities maintained their upward momentum with the MSCI ACWI and S&P 500 index gaining 4.6% and 6.2% respectively for the quarter. The improving pace of vaccinations in developed economies drove optimism that restrictions on activities will continue to be gradually lifted as the year progresses. This contributed to a shift in sentiment away from the technology heavy "stay-at-home" stocks that had outperformed during the early recovery toward more cyclical sectors that should benefit from re-openings. From a sector perspective, energy posted the best results for the quarter. Value outperformed growth across the size spectrum during Q1, and small-caps outperformed large-caps as the reopening of trade continued.
- The Bloomberg Barclays Aggregate declined 3.4% during Q1 with Treasuries slightly outperforming corporate bonds due to the Aggregate's shorter duration. The yield curve steepened during the quarter, with 3-month yields declining 8 bps, while 10- and 30-year yields rose by 81 bps and 76 bps, respectively. Investment-grade corporate bond spreads fell an average of 5 bps during the quarter to 0.9%, which is roughly 20 bps below the long-term median level.
- REITs outperformed the broader market in Q1. However, REITs have lagged by a sizeable margin over the past year as reduced mobility and social distancing measures weighed on certain segments of the market. MLPs, natural resource stocks, and commodities all posted strong gains during Q1 as markets began to price in an increase in inflation expectations. Infrastructure stocks generally lagged the broader market.

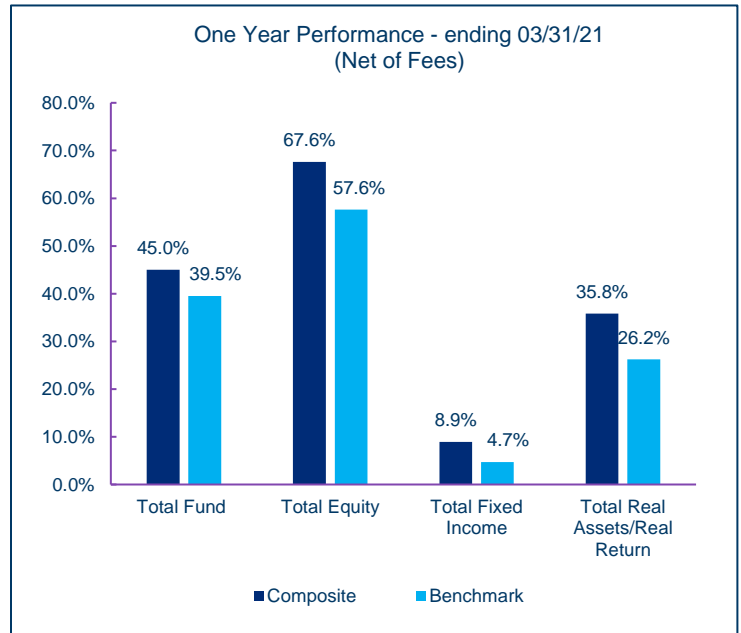
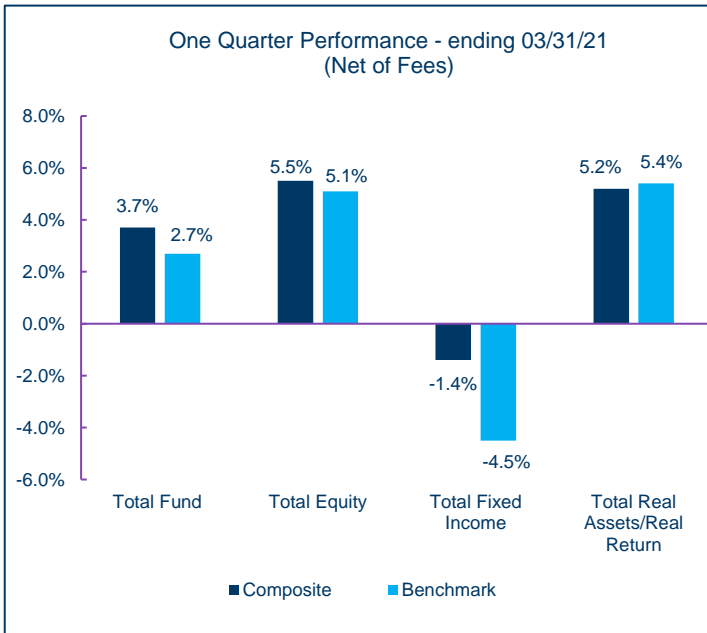
Portfolio Update:

- The **Total Equity Composite** returned +5.5%, outperforming the Blended Equity Index by +30 bps. The momentum to value and small cap stocks continued during the quarter, leading to outperformance from DFA and Causeway. DFA benefited from stock selection within Consumer Discretionary and an underweight allocation to Health Care. Relative outperformance from Causeway was driven by stock selection within North America and an overweight allocation to Consumer Discretionary.
- The **Total Fixed Income Composite** (-1.4%) posted negative absolute performance during the quarter, but outperformed on a relative basis. Active management was beneficial as the Bloomberg Barclays Global Aggregate index declined -450 bps during Q1 2021. DoubleLine and BlackRock both outperformed their respective benchmarks as lower duration positioning and diversified exposure away from treasuries helped relative outperformance.
- The **Total Real Assets/Real Return Composite** (+5.2%) posted strong results during the quarter, but slightly trailed its benchmark by 20 bps. Principal's CMBS exposure held back composite returns during the quarter.

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Through March 31, 2021



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 as outlining responsibilities of the Board, Investment Committee, Staff, Investment Managers, and Consultants.

Pavilion, a Mercer Practice serves as investment consultant for the McCoy College of Business Foundation. For more information please visit their website <https://www.pavilion-notforprofit.com/>