

INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through March 31, 2022

	Market Value	Actual (%)	Target (%)	+ / -	Quarter	1 Yr.	3 Yr.*	5 Yr.*	7 Yr.*
Equity	42,583,913	64.5%	65%	-0.5%	-8.8	2.2	13.5	11.1	9.5
Fixed Income	16,122,943	24.4%	25%	-0.6%	-4.1	-2.6	2.3	1.8	2.1
Real Assets/Real Return	6,812,691	10.3%	10%	+0.3%	1.7	12.6	10.1	--	--
Cash	515,305	0.8%	0%	+0.8%	0.0	0.1	1.0	--	--
Total Fund w/o Student Investment	66,034,851	--	--	--	-6.6	2.1	10.0	8.3	7.2
Student Investment Equity	1,222,779	82.3%	75%	+7.3%	-3.7	12.6	15.3	11.7	9.3
Student Investment Fixed	262,258	17.7%	25%	-7.3%	-4.4	-2.1	2.1	2.2	3.1
Total Investment Fund	67,519,888				-6.5	2.3	10.1	8.3	7.2

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

Market Summary in Q1 2022:

- Expectations for Fed tightening became a headwind for markets. The Fed raised rates by 25 basis points in its March meeting and in subsequent comments, Fed officials have signaled increasingly hawkish views. The market has priced a Fed Funds rate of nearly 3% by the end of 2022. The minutes from the March meeting showed that Fed officials discussed shrinking the Fed's balance sheet beginning in May, which will drain liquidity from the market. The Russian invasion of Ukraine has caused a spike in the price of commodities, which is adding to already elevated inflationary pressures. While this has created an uncertain growth outlook, Fed officials seem focused on inflation.
- Geopolitical risks are high. Russia's invasion of Ukraine has heightened tensions around the globe. The human impact has been devastating and the risk of escalation remains. While markets have remained relatively calm to date, the supply shock to energy and other commodities raises downside economic risks. The war's impact on food inputs also risks spilling over and creating unrest in other parts of the world. COVID related lockdowns in China have weighed on output and sentiment, adding to global supply chain constraints.
- Downside economic risks have grown. Global economic growth entered the year on a strong trajectory, and should be able to absorb the short-term impacts of the Russia-Ukraine conflict and Fed tightening. The labor market remains strong and is likely nearing full employment. This has contributed to wage increases, and is supporting consumer spending. While demand for goods remains strong and firms have been able to maintain healthy margins, there is likely a point where continued rising prices would begin to weigh on economic activity. The war in Ukraine is expected to cause supply disruptions and shortages in energy, metals, food, fertilizer and other commodities. This will add to existing supply chain problems in many sectors of the economy.

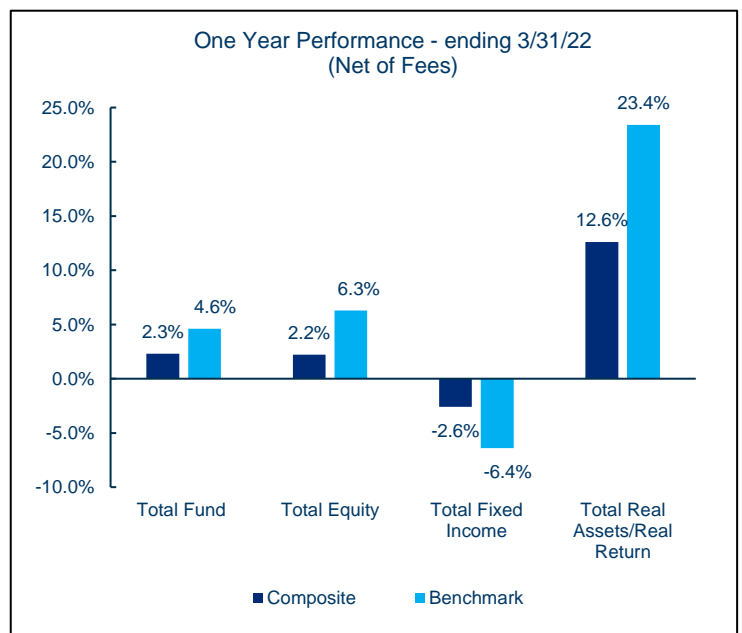
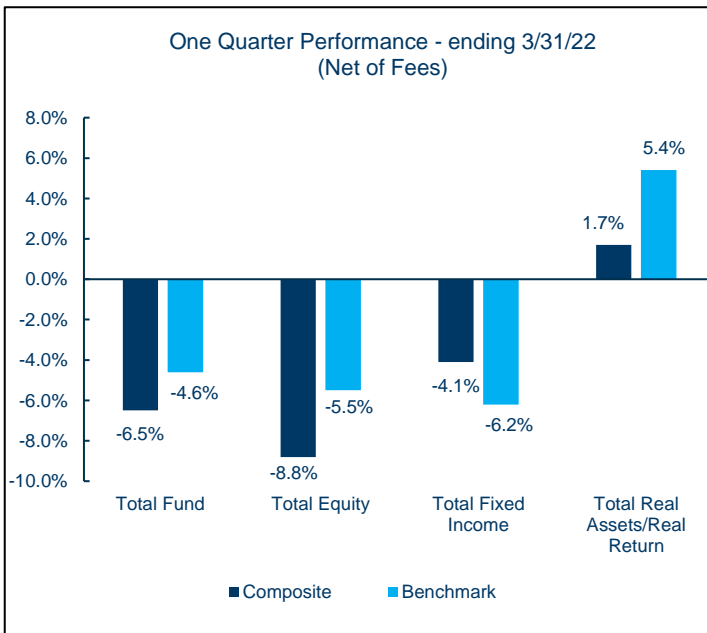
Portfolio Update:

- The Total Equity Composite (-8.8%) underperformed the Blended Equity Index by -330 basis points. Global equity managers, WCM and Causeway, struggled during the quarter due to the geopolitical events and higher rates, which caused the composite to detract. Domestic and emerging market managers held up on a relative basis.
- The Total Fixed Income Composite (-4.1%) outperformed its benchmark by +210 bps during the quarter, as the diversified approach to sectors like MBS, high yield and shorter duration position helped relative returns.
- The Total Real Assets/Real Return Composite gained +1.7% during the quarter, but trailed on a relative basis. Principal DRA continued to generate solid returns as the inflation hedge for the portfolio, while PIMCO All Asset fell due to the risk asset exposures.

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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.

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