

INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through September 30, 2025

	Market Value	Actual (%)	Target (%)	+ / -	Quarter	1 Yr.	3 Yr.*	5 Yr.*	7 Yr.*
Equity	56,557,055	66.0%	65%	1.0%	8.1	19.7	23.5	14.7	11.2
Fixed Income	20,977,217	24.5%	25%	-0.5%	1.8	4.7	6.4	1.9	2.8
Real Assets/Real Return	8,130,289	9.5%	10%	-0.5%	4.4	6.7	9.6	7.7	--
Cash	90,949	0.1%	0%	0.1%	0.8	4.1	4.9	3.1	2.8
Total Fund w/o Student Investment	85,755,510	--	--	--	6.2	14.5	17.6	10.6	8.4
Student Investment Equity	1,332,763	67.0%	75%	-8.0%	11.4	24.9	23.7	15.0	12.5
Student Investment Fixed	657,612	33.0%	25%	8.0%	2.1	1.4	3.3	-0.6	1.6
Total Investment Fund	87,745,885				6.2	14.6	17.5	10.6	8.4

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

Market Summary in Q3 2025:

- Global equity markets posted their second strong quarter in a row, with US and emerging markets equities performing the best. Technology and growth sectors led the charge as appetite for AI names intensified despite ongoing concerns about elevated valuations. Political uncertainty eased somewhat as trade negotiations made progress, and tariffs have not had a major impact on growth and inflation. The One Big Beautiful Bill that was passed early in the quarter buoyed market sentiment further due to is numerous growth-enhancing provisions, most notably tax cuts and deregulations.
- The 2-year Treasury yield fell by ~12 bps from 3.72% to 3.60% as market priced in upcoming rates cuts, while the 10-year Treasury yield declined 8 bps from 4.24% to 4.16%. Credit spreads tightened during this risk-on quarter. These factors contributed to solid single-digit performance for bonds this quarter. Gold also rose as real rates declined and geopolitical events along with concerns over the federal budget deficit kept demand for safe-haven assets high. Oil prices dropped following OPEC+'s announcements of plans for an increase in supply.
- The Bloomberg US Aggregate Bond Index returned 2.0% in Q3 as falling yields created a tailwind for fixed income. Tightening spreads helped credit, even if default rates ticked up slightly. The MSCI ACWI returned 7.6%. As a result, a traditional 60/40* portfolio was up 5.4%.
- The US economy remained remarkably resilient. GDP rose 3.8% in Q2, significantly surprising on the upside. The labor market seemed to be the only soft spot this quarter, which was the main motivation for the Federal Reserve ('Fed') to implement its 'risk management' rate cut in September. It is important to understand declining nonfarm payroll figures in the context of decreasing immigration. Fewer jobs now need to be created to keep the unemployment rate steady, as it did over the quarter. This paints the picture of a strong economy that has defied ess optimistic expectations from earlier this year.
- Trade tensions eased over the quarter as investors and businesses settled into the "new normal" of a 15-20% tariff floor which is high compared to recent history but lower than what was expected right after Liberation Day. The end of the quarter saw additional tariffs on pharmaceuticals and other items. US equity markets shrugged this off and continued to perform well.
- US headline inflation rose 2.9% year-over-year in August, in line with expectations, but flattening its pace of decline. Unemployment rose marginally to 4.3%, with slowing labor force growth balanced against a slower pace of job creation.
- On October 1st, the US federal government began a shutdown as Democrats and Republicans failed to reach an agreement on the spending bill. Historically, government shutdown has a limited impact on markets.
- The Fed cut rates by 25 bps in September and signaled two more 25 bps cuts this year. Central banks in the UK, Japan, Eurozone, and China all held rates steady after a cutting cycle to evaluate growth and inflation going forward. Inflation remains notably above target in some countries such as the UK and Japan. With rates being cut in the US and steady in other developed countries, global monetary policy remains expansionary.
- Forward-looking GDP growth estimates were revised upward late in the quarter after gloomy predictions from spring did not materialize. Inflation expectations remained stable amid the tug of war between potential impacts of tariffs and falling immigration levels on one hand and slowing job growth amid expectations of weaker economic growth on the other hand.

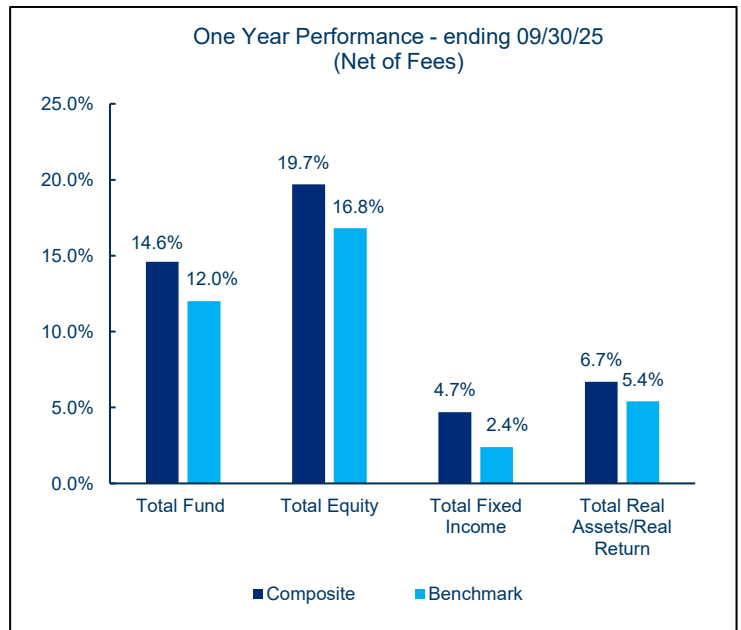
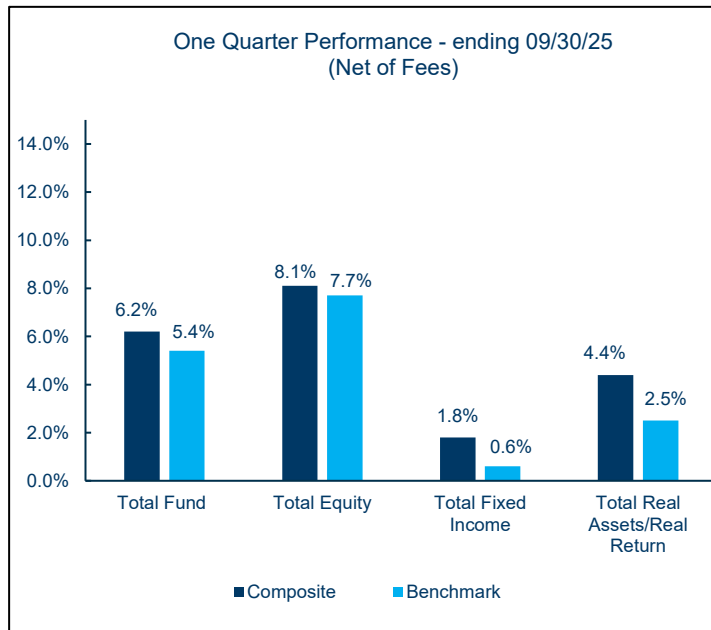
INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through September 30, 2025

Portfolio Update:

- The Total Equity Composite returned (+8.1%) this quarter, outperforming its benchmark by 40 bps. The composite benefited from strong US large cap, global growth and emerging market returns.
- The Total Fixed Income Composite (+1.8%) outperformed its benchmark by 120 bps during the quarter, as Global and the Unconstrained manager (BlackRock) outperformed its benchmark by 150 bps due to corporate credit and high yield exposure.
- The Total Real Assets/Real Return Composite (+4.4%) delivered positive absolute returns and exceeded its benchmark by 190 bps during the quarter. This was driven by PIMCO's strong outperformance, mainly attributable to risk assets on the quarter.



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 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>