

INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through June 30, 2019

	Market Value	Actual (%)	Target (%)	+ / -	Quarter	1 Yr	3Yr*	5 Yr*	7 Yr*
Equity	\$28,378,636	62.6%	65.0%	-2.4%	3.9	2.0	11.7	6.7	10.9
Fixed Income	\$12,010,466	26.5%	25.0%	+1.5%	2.9	5.3	3.8	2.4	5.0
Real Assets/Real Return	\$4,173,999	9.2%	10.0%	-0.8%	2.1	--	--	--	--
Other	\$8,517	0.0%	0.0%	+0.0%	--	--	--	--	--
Cash	\$750,272	1.7%	0.0%	+1.7%	0.5	2.1	--	--	--
Total Fund w/o Student Investment	\$45,321,890				3.4	2.3	9.3	5.2	9.2
Student Investment Equity	\$772,075	80.6%	75.0%	+5.6%	4.5	4.0	10.5	6.7	9.6
Student Investment Fixed	\$185,834	19.4%	25.0%	-5.6%	2.2	5.4	5.4	3.8	3.7
Total Investment Fund	\$46,279,799				3.4	2.4	9.3	5.2	9.2

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

Market Summary in Q2 2019:

- **Global equity markets rebounded from May's decline and closed out a solid first half of 2019 with the S&P 500 reaching a new high.** Dovish statements from the Fed, ECB and PBoC eased financial conditions. Trade tensions also eased as US and China renewed negotiations and the Trump administration dropped threatened tariffs on Mexico. These factors contributed positively to market sentiment, and investors anticipated easing monetary conditions to offset weaker global economic growth.
- **Bond markets delivered solid returns over the quarter, reflecting a flight to quality and the increasing likelihood of easier monetary policy.** The Fed has indicated that its next move will be to cut rates as it left rates unchanged in Q2 and its forward guidance became more dovish. The bond market suggests a rate cut is likely in July, and has priced a total of four rate cuts by the end of 2020. The front end of the yield curve remains inverted. This may not yet signal a recession given the expectation that the Fed will cut rates to lift inflation to target and as insurance against slowing growth.
- **REITs lagged the broader market for the quarter, while public infrastructure outperformed.** Over the past year, REITs performed in line with the broader market while infrastructure outperformed. Natural resource stocks declined -1.4% during the quarter, as oil and other commodities declined. Global private equity outperformed global developed stocks by a wide margin over most trailing periods.

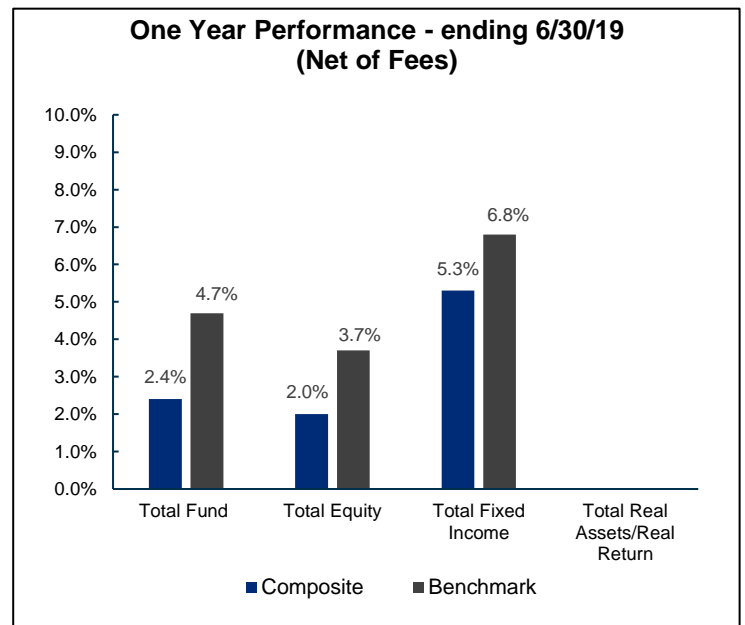
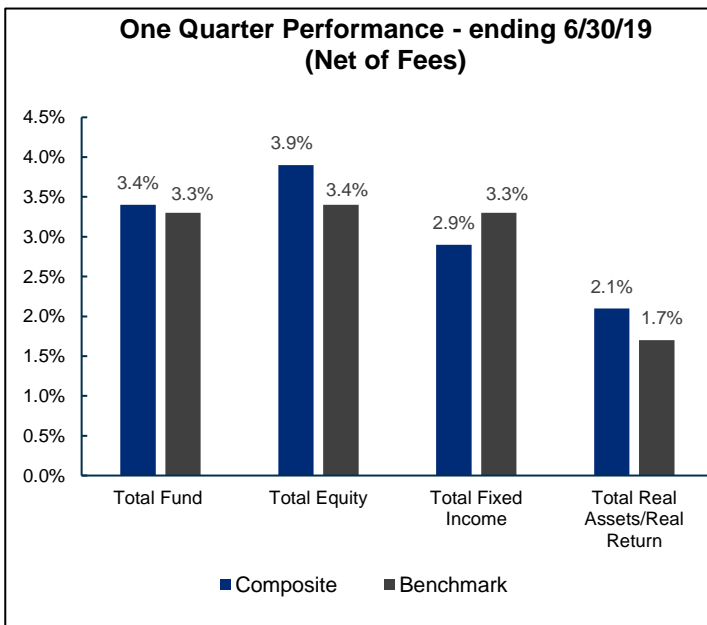
Portfolio Update:

- **Total Equity:** The Total Equity Composite (+3.9%) finished the quarter on a positive absolute and relative basis, as the allocation outperformed the benchmark by +50 basis points. Signals of future rate cuts and easing trade tensions drove equities higher.
- **Total Fixed Income:** The Total Fixed Income Composite (+2.9%) produced positive absolute returns but underperformed the global benchmark by -40 basis points during the quarter. Global/Unconstrained manager, BlackRock, was underweight investment grade credit exposure which held back relative returns.
- **Total Real Assets/Real Return:** The Total Real Assets/Real Return Composite (+2.1%), composed of Principal DRA and PIMCO All Asset, contributed to Total Fund returns, with third pillar assets and infrastructure exposure pushing performance higher.

INVESTMENT EXECUTIVE SUMMARY

McCoy College of Business Foundation

Through June 30, 2019



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/>