### Market Summary in Q2 2020:

- **The global economy experienced a recovery in economic activity** as lockdowns were relaxed and monetary and fiscal response from around the globe helped mitigate economic damage. Global equities rebounded during the quarter, as the MSCI ACWI gained 19.2%. Domestic equities outperformed most other markets with the S&P 500 Index down only 3.1% year-to-date. Growth outperformed value across the size spectrum and small cap stocks outperformed larger caps. Large-cap value was the worst performing style box segment for the quarter.

- **Monetary and fiscal support remains significant.** Corporate bonds outperformed Treasuries during the quarter, as the Federal Reserve pledged to continue its bond buying programs at its current pace for the foreseeable future and expanded its corporate bond purchase program from ETFs to single issues. The Fed’s balance sheet crossed $7T during the second quarter. The yield curve saw very modest changes during the quarter, with 3-month yields rising by 5 bps, while 10-year yields fell by 4 bps and 30-year yields rose by 6 bps. Growth fixed income did well as credit spreads for investment grade, high yield, and emerging markets continued to tighten.

- **REITs continue to lag the broader market given the high level of uncertainty around how certain segments of the real estate market will be impacted by COVID-19.** Commodity related sectors saw some of the strongest rebounds in Q2, supported by an increase in economic activity and renewed production cuts.

### Portfolio Update:

- **Total Equity:** The Total Equity Composite (+22.5%) finished the quarter positive and outperformed its benchmark by +270 basis points as Global Equites and U.S. Small Cap rebounded on the back of monetary and fiscal stimulus programs, and encouragement from a gradual relaxation of lockdowns. On a manager level, Causeway and WCM drove composite level performance, noting stock selection in the Technology sector within North America as the main driver of performance.

- **Total Fixed Income:** The Total Fixed Income Composite (+5.7%) outperformed the Bloomberg Barclays Global Aggregate by +230 basis points, supporting Total Fund performance. Exposure to the sectors that were hit hardest in Q1, led the rebound as exposure to investment grade credit, high yield, and emerging market debt drove much of the returns.

- **Total Real Assets/Real Return:** The Total Real Assets/Real Return Composite (+11.8%) posted strong relative and absolute performance, outperforming the Blended Real Assets/Real Return Index on a relative basis by +290 basis points. Principal DRA and PIMCO All Asset supported composite level performance as exposure to diversified risk assets and inflation sensitive sectors contributed to performance of increased economic activity and renewed production cuts.
INVESTMENT EXECUTIVE SUMMARY
McCoy College of Business Foundation
Through June 30, 2020

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.

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/