

September 8, 2022

## Letter from the Outsourced Chief Investment Officer

Fiscal year 2022 began much like fiscal year 2021 ended, as strong economic fundamentals and rising equity prices continued to bolster the net asset values of endowments and foundations. As the second half of the fiscal year began, the headwinds associated with rising inflation, impending tightening of monetary policy, and a slowdown in economic activity globally all weighed on investor sentiment and caused asset prices to fall rather dramatically. In the paragraphs that follow, we will discuss the performance of the various asset classes that comprise the total Endowed Pool portfolio, as well as the overall performance for the Endowed Pool for fiscal year 2022.

Global equity markets finished down -15.75% (as measured by the MSCI All Country World Index) for the fiscal year, as investors responded to higher interest rates, slowing economic activity, and the war in Ukraine, and sold riskier assets like equities. Global fixed income markets were also negative for the period (-15.25%, as measured by the Bloomberg Global Aggregate Bond Index). Hedge funds performed relatively better compared to public stocks and bonds due to their defensive positioning and finished down -5.65% (as measured by the HFRI Fund of Funds Index) for the fiscal year. Commodities were a bright spot and posted significant gains for the year (+24.27%, as measured by the Bloomberg Commodity Index).

Against this backdrop, the Oregon State University Foundation's Endowed Pool returned -7.89% (net of all fees and expenses) for the June 30, 2022 fiscal year, and in doing so, outperformed the -15.56% return for the policy benchmark<sup>1</sup>. Compared to peers<sup>2</sup>, the Foundation's performance was in the top quartile for the fiscal year and was well ahead of the median return of -12.35%. Diversification proved particularly beneficial this year as the Endowed Pool's Private Capital (+21.29%) and Real Assets (+12.53%) portfolios generated significantly positive results and drove the majority of the total Portfolio's outperformance<sup>3</sup>. Four out of five of the Portfolio's asset classes beat their respective benchmarks' returns for the period.

Despite the Portfolio's negative absolute performance during fiscal year 2022, we are pleased with its strong relative performance compared to both its benchmarks and peers. We manage the Endowed Pool using an "all-weather" approach so that the Portfolio is positioned to minimize losses in a year like fiscal year 2022. We view the current market environment as unpredictable, but with the Foundation's diversified portfolio and our commitment to investing with high quality managers, we continue to believe that the Portfolio is well-positioned to endure today's volatile market environment and thrive over the long-term.

Best regards,



Trey Thompson, CFA  
Partner & President

<sup>1</sup> The policy benchmark is a blend of the MSCI All Country World Index (80%) and the Bloomberg Global Aggregate Bond Index (20%).

<sup>2</sup> Ranking is from the Investment Metrics database, which represents the net returns of over \$140 Billion in approximately 1,000 foundation/endowment plans. This ranking may not be indicative or representative of an Agility client's experience. These rankings are not indicative of Agility's future performance. There may be material differences between the Portfolio and constituents in the database.

<sup>3</sup> Asset class performance is net of underlying manager fees and expenses, but gross of Agility's fees which are taken at the total portfolio level.

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### Investor Benchmarks

**The Endowed Pool Benchmark** reflects the returns of a hypothetical blend of (i) the MSCI All Country World Net Index (80%) and (ii) the Bloomberg Global Aggregate Bond Index (20%). Returns assume reinvestment of dividends and capital gains.