



SPRING 2023
Investment
Report



TOWSON UNIVERSITY
FOUNDATION



Surprise...

Around the time that I was writing this letter, the investment world's attention was quickly redirected from inflation, the Fed and rising interest rates to the Silicon Valley Bank (SVB) situation.

Multiple variables have created a storm of volatility across many market segments and, the fallout may remain unclear for some time. We should be mindful of the fact that "not every bank" is structured like SVB and maintains a client base that is venture capital related. Keep in mind that since the Great Financial Crisis, many of the larger well-known financial institutions are better capitalized and maintain higher and more stringent credit lending standards than before the crisis. Amid this event, are inflationary pressures, rising rates and a looming recession which has had an impact on the health of this segment of the banking world.

Since early 2023, inflation concerns have been front and center and continue to be persistent. After eight Fed interest rate hikes, in February, Chairman Powell signaled that inflation seemed to be easing by moving to a 25-basis point rate increase. Since then, and until the SVB event, signals were leaning towards the 50-basis point level, creating some confusion. Situational tightening since the SVB event may lead to a less active Fed.

Economic signals continue to lean toward a 2023 recession. Since 1954, whenever inflation has been above 5 percent, S&P earnings have always declined, leading to weakness in equity markets. During those declines, companies with high quality orientations generally outperformed their lower quality counterparts. Year 2023 may just be one of those years. So, as we all wait for some clarity with respect to interest rates, market adjustments and recession, life goes on.

With respect to the Towson University Foundation (TUF), what does all of this really mean? Well, not much and possibly some good things.

In most conversations, you will hear me reference higher quality, diversification and active management, which characterizes how the TUF manages the endowment.

Quality: Our consultant, Marquette, continues to evaluate and lead us to higher quality investment managers with a history of solid risk management and long-term success.

Diversification: One segment has little impact on our portfolio over time.

Active management: Maintaining a collaborative decision-making process with our consultant team has helped us to maintain consistency within the guidelines of investment policy over time.

Maintaining acceptable levels of risk (volatility) in our endowment is critically important - as is the generation of income. Experiencing lower levels of volatility in our portfolio and maintaining cash positions in 2022, and moving into 2023, has provided us with an opportunity to redeploy assets into some higher yielding instruments. This is the good news.

Looking beyond market volatility, the FED, looming recession and the SVB event, it is much more important to have a master plan and process in place to accomplish established objectives in the management of TUF's endowment. TUF's endowment continues to be positioned to deliver income needs that support scholarships and serve the university's initiatives.

Marquette and the TUF Investment Committee continue to be confident that our collaborative process will continue to be the foundation of our future success and continue to increase student scholarships and support the university's expansion in the coming years.

Let's wish the best to our student body as they finish the 2023 academic year.

Wishing you well.

A handwritten signature in black ink, appearing to read 'Ira Cox', written in a cursive style.

Ira Cox '88
TUF Investment Committee Chair

A New TUF Board: Integration In Support of TU

A single, integrated TU Foundation Board of Directors brings engaged, generous, and deeply committed volunteers together and amplifies the collective work of the University, the Foundation, and volunteer leaders.

At the November, 2022 meeting of the TUF Board, votes were cast in support of a newly integrated Foundation Board of Directors, comprised of volunteer leaders from both the former TU Board of Visitors and the TU Foundation Board. Creating one volunteer leadership board (that operates as the TU Foundation Board) expands the role of all volunteer leaders. It enhances the fiduciary and operational capacity of the Foundation and allows volunteers to provide guidance and counsel to the University President and senior leaders.

Elevating the combined leadership of the two volunteer boards also brings broader and more diverse skills and knowledge to the University and Foundation, magnifies the impact of our volunteer leaders and more closely aligns the goals and objectives of Towson University and the TU Foundation.

"The decision to combine Towson's Board of Visitors and Foundation Board is already proving to be a brilliant strategy to harness the capacity of both bodies to support current and emerging opportunities at Towson. The strength of any body is in its parts, and this is indeed the case with the new Foundation Board. Having served for several years on the Board of Visitors, I have observed the passion and commitment of board members to support and be champions for TU."



DEBORA PLUNKETT '81
TUF Board Member

"The opportunity to align the vision of the University with the goals and objectives of the Foundation has never been greater. Re-casting our TUF Board deploys superlative people-assets in support of TU's goals."



BRIAN DEFILIPPIS
VP, University Advancement, Towson University
EVP, Towson University Foundation

"The University continues to evolve to better serve our students – I barely recognize Towson University today as compared to the University I attended over 20 years ago. Combining the two boards is just another example of the kind of change that helps move the university forward, which creates an opportunity to better align the priorities of the Foundation with those of the University."



DAVID DIAZ '99
TUF Board Member

Spring 2023 Investment Report

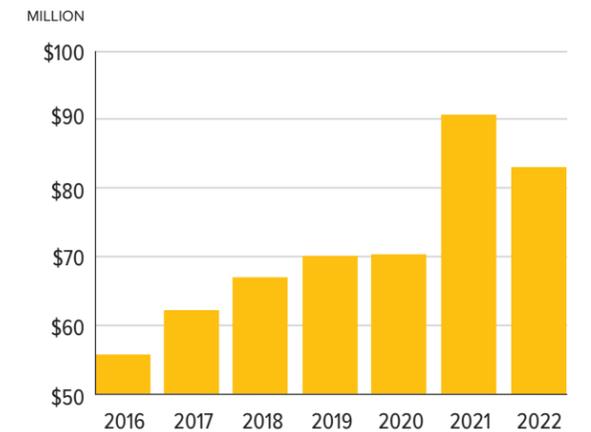
Performance Results: TU Foundation Strong Net-of-Fee Results

	Performance ending December 31, 2022			
	1-Year	3-Year	5-Year	10-Year
TU Foundation Endowment	-11.1%	4.9%	5.7%	7.6%
Policy Target Index	-16.6%	3.0%	4.8%	7.4%
Peer Ranking* (1=Best, 100=Worst)	23	21	16	7

- TUF ranks in the top 10th percentile over 10 years against peers.

*Source: InvMetrics All E&F \$50 million-\$250 million

Endowment Portfolio Value by FY



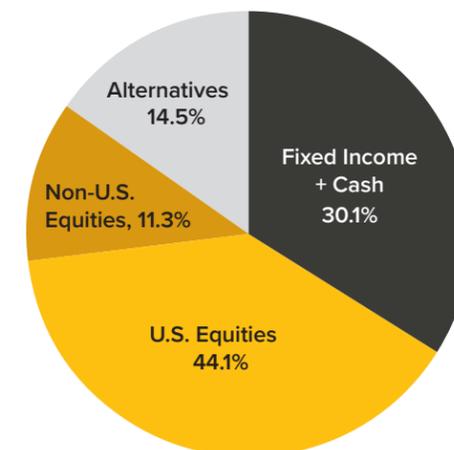
2022 Achievements

- Outperformed target index by +5.5% in a down market
- Thoughtfully de-risked a portion of the equity portfolio

ESG Report

- No direct fossil fuel investments
- 6% allocation to ESG managers
- 100% ESG endowment available for interested donors

Asset Allocation



Strong Risk-Adjusted Returns**

1.0%
Annualized Alpha

93.4%
Down Market Capture

0.5%
Lower Standard Deviation

**5 Years Ending December 31, 2022, Relative to Policy Benchmark

2023 Grant Awards

The projects funded through grants from the TUF represent a wide variety of initiatives and include interdisciplinary research in the fields of criminal justice, health care, forensics and nanoscience as well as academic success, mental health, leadership and entrepreneurship.

2023 marks the TUF's fifth consecutive year of funding grant awards. A total of 19 grant applications, totaling more than \$450,000, were received. Five projects were awarded a total of \$100,000.

The following projects will benefit in 2023 from TUF grant awards made in December 2022.

College of Health Professions and College of Liberal Arts

The Correlation Between Communication and Cognitive Disorders, Academic Success, and Involvement with Disciplinary Actions for Black and Latinx Youth (\$25,000) investigates communication and cognitive disorders (CCD) in Black and Latinx males and potential correlation with disciplinary actions.

With the funding, the research team will identify factors related to CCD in the targeted population, disseminate the findings to the broader professional community and educate speech-language pathology and criminal justice students about social and youth justice through an elective, interdisciplinary Inside Out course. Additionally, this research project will recruit undergraduate and graduate research assistants from both departments.

Fisher College of Science & Mathematics

Rapid Identification of Gunshot Residue Using Surface-enhanced Raman Spectroscopy (\$25,000) will engage five undergraduate students in forensics research and open opportunities for them to intern through local laboratories.

Current testing for gunshot residue (GSR) in forensic casework is time consuming and expensive. The grant will fund work to develop a cheap, rapid and sensitive analysis for screening and confirming GSR. The research will yield shorter turnaround times for prosecuting cases, thereby improving social justice.

The Dr. Nancy Grasmick Leadership Institute

2023 Signature Forum on Ethical Leadership (\$25,000)

intends to inspire successful careers rooted in strong leadership principles.

The Annual Signature Forum will become the preeminent leadership symposium and catalyst for strong and lasting connections from high school, through college and beyond. The TU campus will overflow with 400 Maryland leaders from corporations, for-profits, government and academia along with a top-tier, nationally recognized keynote speaker.

Division of Student Affairs

Suicide Prevention: Expanding Campus Support (\$10,900)

aims to expand the ways the TU Counseling Center's (TUCC) reaches students who may be struggling with suicidal thoughts, feelings or behaviors. The TUCC will provide increased training to faculty, staff and students on how to recognize and support students in distress and provide easily accessible and strategically placed crisis information to students.

Almost 40% of 710 clients served so far in the 2022-23 academic year reported having had suicidal ideation.

Division of Enrollment Management

Tutoring & Learning Center (TLC) Peer Academic Coaching Program (\$14,100) will implement a peer academic coaching program to meet the growing number of students who need support.

The TLC's professional staff will expand their human resources to train peer coaches to help students enhance their general study skills and learning strategies, such as self-efficacy and metacognition. With the grant funding, the program will support between 150-200 additional students annually.



"We are excited about the programs that are being funded this year. They represent TU's commitment to academic excellence, research, community and caring. The pool of applications was high caliber, and we are pleased that interest in the TUF grant program continues to grow each year."

Edna Primrose '84
President, Towson University Foundation

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and Communication, Towson University



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