



FALL 2023

Investment Report



TOWSON UNIVERSITY
FOUNDATION



What Lies Beneath ...

As we study global markets, what we often see on the surface may not reveal what is truly happening below.

For the first half of 2023, global markets have, for the most part, been quite resilient. Despite ongoing concerns over the expectations of U.S. recession, equities, as represented by the S&P 500, have shown notable gains. Through early August, the S&P has increased 17.8%. Let's take a moment to understand that number.

Concentration in S&P 500: While the S&P is a well-known U.S. benchmark for 500 U.S. companies, a major component of its capitalization continues to be concentrated in 10 stocks, primarily in technology and consumer discretionary areas. These 10 stocks represent about 35% of the total market capitalization of the index. Over the last 35 years, the top 10 stocks have represented around 20% of that index. So, these elements may warrant some cautious consideration when using only the S&P 500 as a measure of good and bad markets. What this means is that 10 stocks are responsible for 67% of the attributed return this year. In a bad market, the opposite may also be true. Diversification beyond the S&P is crucial to any long-term investment strategy.

Global Markets Overview: Global stock markets have demonstrated remarkable resilience as well. While global politics, rising rates and inflationary pressures have introduced uncertainty, major indices like the MSCI World and MSCI EAFE are positive 15.5% and 12.9% respectively in 2023. Emerging markets are positive by 8.6%. Keep in mind that over the last 12 years, generally U.S. markets have outperformed non-U.S., confirming the need for strategic diversification.

US Federal Reserve Rate Increases: The U.S. Federal Reserve has embarked on a gradual path of interest rate increases to temper inflationary pressures and cool the economy. The Fed has increased rates 11 times in the last 12 meetings, signaling a commitment to address inflation while attempting to balance economic growth. Going too far could have an impact on equity and fixed-income markets. While these actions are beginning to have an effect, core inflation continues to be persistent and high at 4.8%. Unemployment continues to be low at 3.5%.

“While interesting and important to understand, our investment management policy and process is unmoved by market volatility, trends or global index performance.”

Opportunities in Bonds vs. Equities: As equities have seen substantial growth, fixed-income markets, now present alternative opportunities, particularly in the context of higher bond yields. Bonds, both government and corporate, have the potential to offer more stable returns and act as a hedge against market volatility. Future interest rate adjustments remain questionable, but many believe that the largest increases are in the rear-view mirror. Furthermore, many fixed income instruments offer compelling valuations and yields after such a difficult 2022.

In conclusion, the global investment landscape during the first half of 2023 has showcased incredible resilience. Equity markets have displayed positive trends, but continued awareness of concentration is prudent. The Federal Reserve’s rate adjustments underscore the need for a diversified investment approach, with fixed-income opportunities offering a counterbalance to equities. As always, sound research, risk assessment, policy and alignment with TU Foundation’s investment goals remain paramount in navigating these dynamic markets.

Our process remains consistent, and we remain committed to responsible stewardship of the gifts entrusted to us by our many donors. Through this generosity, our portfolio continues to grow and give to the needs of Towson University and its students.



Ira Cox '88

TUF Investment Committee Chair



\$102M

\$100M RISE GOAL EXCEEDED

"This historic achievement was possible because of deeply committed volunteers, incredibly generous donors and the collective dedication of our faculty and staff."



Brian DeFilippis
EVP Towson University Foundation
VP University Advancement

RISE Campaign Eclipses \$100 Million Goal

The largest campaign in TU's history closed on June 30, 2023, with more than \$102 million raised in gifts and commitments, creating pathways for growth and engaged learning.

Gifts to the RISE campaign support every area of TU, from diversity, equity and inclusion efforts to state-of-the-art infrastructure and construction to scholarships, new student support services and programs.

Here are just a few of the ways donor generosity is shaping the future of Towson University:

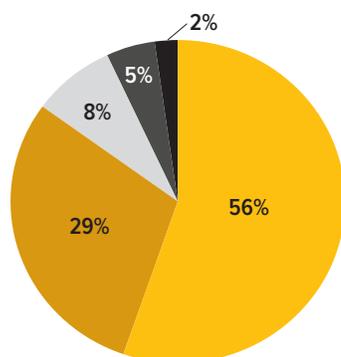
- Opening in 2024, the new 320,000-square-foot building for **the College of Health Professions** includes cutting-edge simulation and skills labs, patient exam rooms, lecture halls and research labs.
- The new **Soistman Family Athletics Academic Achievement Center** offers student-athletes the support they need to be successful in the classroom and on the field.
- The **Hill-Lopes Scholars Program** offers professional development, research experiences and mentorship for women in STEM.
- TU continues as the top provider of health professionals in MD and will award **16 new nursing scholarships**.
- The Murray Jazz Residency** will offer students hands-on, small-group learning opportunities.
- The **Dr. Nancy Grasmick Leadership Institute** was unveiled and offers transformational outcomes for leaders in all industries.



College of Health Professions Building



Soistman Family Athletics Academic Achievement Center



Capital projects	\$56,724,649.15
Endowment	\$30,125,714.74
Unrestricted	\$7,884,759.31
Non-endowed scholarships	\$4,908,053.71
Operating/programming	\$2,403,215.70

TOTAL: \$102,046,392.61



29,000+
New Donors



\$353.89
Average Gift Size



202
New Scholarships
Established

Fall 2023 Investment Report

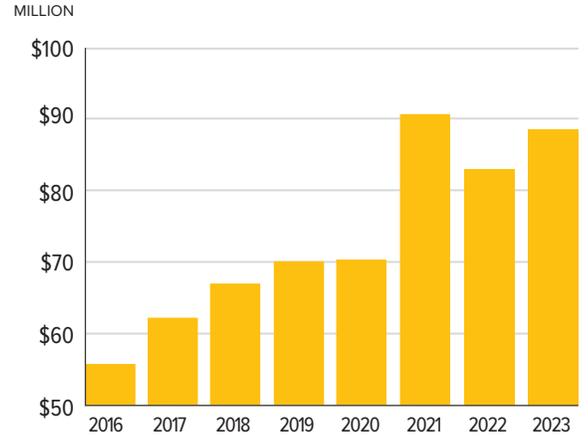
Performance Results: TUF Outperforms Policy Index

	Performance ending June 30, 2023			
	1-Year	3-Year	5-Year	10-Year
TU Foundation Endowment	-8.7%	6.6%	7.0%	8.1%
Policy Index	-14.5%	5.0%	6.2%	7.9%
Peer Ranking* (1=Best, 100=Worst)	21	18	17	10

Towson ranks in the top 25th percentile over 10 years against peers.

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

Endowment Portfolio Value by FY



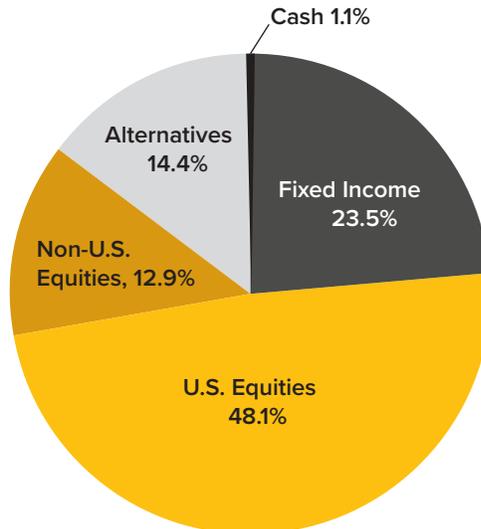
2022 Achievements

- Outperformed target index by +5.8% 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**

0.9%
Annualized Alpha

86.3%
Down Market Capture

1.8%
Lower Standard Deviation

**5 Years Ending June 30, 2023, Relative to Policy Benchmark

TUF Board 2015–2023

Eight years of work to benefit TU students



In the spring TU Investment Report, we shared the good news of a newly integrated board of directors for the TU Foundation. As our work continued to identify the skills and talent of our new board members, we determined that adding advisory committees to the board structure would ensure the work of the board remains focused and aligned with both the TUF and the university’s strategic plans. **Each TUF board member will serve on at least one of the following committees:**

Athletics Advisory Committee

The Athletics Advisory Committee works with and supports the Athletic Department and advises on matters concerning TU’s intercollegiate athletics program. Committee members focus on strategic initiatives, revenue generation, resource allocation and external relations.

Education Policy & Student Life Committee

The Committee on Education Policy and Student Life serves as a resource for Academic and Student Affairs. In an advisory capacity, and with a lens on industry trends, the Committee offers advice and validation on experiential learning and skill enhancement opportunities, including mentorship and internships. With their guidance and wisdom, the end result ensures a well-rounded and meaningful TU experience and post-graduation success for students.

Strategic Partnerships & Applied Research Committee

The committee considers how TU can best utilize its resources to promote the economic development of the region. It will encourage economic development and community engagement across the region through strengthening links between TU and business, government, and communities. The committee will consider issues, resources and policies related to economic development, research, technology transfer, workforce development and accountability.

Board of Directors

OFFICERS

Edna Primrose '84, President

Founder & President, Differenza

Christopher J. Cavallaro '01, Secretary

AVP, Market Manager, SECU of Maryland, Inc.

Salvatore Correnti '82, Vice President

Investment Advisory Counselor

Christopher Evans '93, Treasurer

Senior Vice President/Business Banking Manager

Baltimore, Wells Fargo Bank, N.A.

Kim Fabian '88, Vice President

Non-Profit Leadership Consultant

Patricia Hoge, Ph.D. '81,'82, Vice President

Chief Academic Officer, Hudson Global Scholars

David M. Vahos, Vice President

CFO & Treasurer, BGE

DIRECTORS

Eileen Auen '85

CEO, Deep Run Consulting, LLC

Raymond J. Brusca '80

Human Resources Executive/Lawyer

Bradley S. Chambers '91

Senior Vice President and Chief Operating Officer, Baltimore Region, MedStar Health

Thomas Coard '00

Office Manager, Berkshire-Hathaway Home Services

Ira W. Cox '88, MBA, CIMA, CPWA

Senior Vice President, AMUNDI Asset Management, Distribution Americas

David Diaz '99

Chief Audit Executive, Exelon

Douglas Erdman '80

President, Community Realty Company, Inc.

Susan J. Ganz

CEO & Chairman, Lion Brothers Company, Inc.

Nancy Grasmick, Ed.D. '61

Presidential Scholar at Towson University

Paul-Sean Gray '88

Vice President of Government Programs, Mind Over Machines

Anthony Hamlett Sr. '76

FBA Consulting, LLC

Stephanie Johnson '95

Senior Director, System Web Services, University of Maryland Medical System

Eric M. Kruk '97

Vice President, Legg Mason (Acquired by Franklin Templeton)

Larry Letow

CEO, U.S. & Canada, CyberCX

Denny B. Mather '72

Real Estate Agent, Long & Foster Real Estate

Steven E. Peck

Executive Director, EY

Debora A. Plunkett '81

CEO, Plunkett Associates, LLC

Sherman L. Ragland '84

CEO, Tradewinds International Holdings, LTD

Jeff S. Rosen

Managing Partner, RS&F

Thomas B. Smyth, M.D.

President & CEO, University of Maryland St. Joseph Medical Center

Shanna N. Warburton-Barnes '99

Marketing Director, Vistant

EX-OFFICIO OFFICERS

Melanie Perreault, Ph.D.

Interim President, Towson University

Jordan Colquitt

President, Student Government Association, Towson University

Bartosz J. Debicki, Ph.D.

*Chair, Towson University Academic Senate
Chair, Professor, Department of Management,
Towson University*

Brian J. DeFilippis

Vice President, University Advancement, Towson University

Jonas Jacobson '90

*President, Towson University Alumni Association
Board of Directors*

Todd Langenberg

Associate Vice President Development, Towson University

Benjamin Lowenthal

*Vice President, Administration & Finance,
Towson University*

John J. Mease Jr.

Vice President & CFO, Towson University Foundation, Inc.

Lisa A. Plowfield, Ph.D., R.N.

Dean, College of Health Professions, Towson University

Heather Sorensen '95

*Senator & Chair, Towson University Staff Senate
Manager, Facility Reservations, Event and Conference
Services, Towson University*



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