

## **TREASURER'S REPORT**

1. **Division and Department:** Finance and Administration, Budget and Financial Planning, Treasury Management, and Facilities Management

2. **General Fund Budget Performance:** Oakland University's (University) actual year-to-date (through Summer II and Fall 2019) enrollment, measured by student credit hour production, is 1.5% below prior year actual but exceeds budget by 1.5%. Financial aid distributions are tracking on budget, resulting in year-to-date net tuition revenues slightly over budget. Monthly State appropriation payments of \$4,857,500 begin October 2019, according to the State of Michigan's Public Act 62 of 2019. The final annual State appropriation is \$395,500 less than what the University budgeted for FY2020; the shortfall will be absorbed within the General Fund budget. Expenditures are tracking consistent with budget and historical spending patterns at this point in the year, with no major spending variances in any division or unit.

A monthly budget monitoring process managed by the Budget and Financial Planning Office helps ensure budget management accountability.

3. **Investment Performance:** A summary of the results of the University's working capital and endowment investment activities is presented in Attachments A and B.

Investment performance associated with the working capital pool for the quarter ended June 30, 2019 was positive and consistent with the quarterly benchmark. Performance for fiscal year 2019 was positive and exceeded the overall benchmark for the year.

The University's endowment portfolio performance for the quarter ended June 30, 2019 was positive and exceeded the overall benchmark. Performance for fiscal year 2019 was positive and exceeded the overall benchmark for the year. The June 30, 2019 endowment balance of \$106.7 million, was \$4.8 million higher than the June 30, 2018 balance.

NACUBO's FY2018 annual endowment survey revealed that the University's endowment portfolio exceeded the average investment performance of similar sized university endowments for all measured periods; one, three, five, and ten years.

Liquidity of both the working capital and endowment investments remains strong. The University's investments are being managed according to the Board's policies. The University's Investment Advisors continue to adhere to a long-term investment strategy that focuses on outperforming identified benchmarks over time. The Advisors will make their annual presentation to the Board at the October 14, 2019 Formal Session.

4. **Debt Management:** The *Capital Debt Report, September 30, 2019* (Attachment C) shows the University's amount of outstanding principal, unamortized premiums, rate

**Treasurer's Report**  
**Oakland University**  
**Board of Trustees Formal Session**  
**October 14, 2019**  
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of interest, weighted average cost of capital, type of debt, annual debt service, maturity, and purpose of each debt issuance, and information about the University's two swap arrangements. The University's debt, which has a weighted average cost of capital of 3.61%, is being managed according to the Board's policies and approvals.

In August 2019 the Board authorized the issuance of General Revenue Bonds (Series 2019) for \$90 million, excluding bond issuance costs and capitalized interest. The University received strong interest from institutional investors for the bonds, which helped secure a favorable fixed borrowing rate of 3.307%. During the course of the issuance process, Moody's Investor Services assigned an A1 rating for the Series 2019 bonds and re-affirmed the rating on the University's entire debt portfolio as A1, with a financial outlook of "Stable". On September 12, 2019, the University finalized the Series 2019 issue.


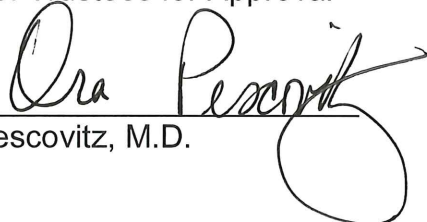
5. **Construction Report:** The *Construction Report, September 30, 2019* (Attachment D) includes budget information, source of funding, forecasted final costs, and comments for all ongoing capital projects over \$500,000, as required by Board policy. All projects have been properly approved and are within budget.
6. **University Reviews/Approvals:** The Treasurer's Report and attachments were prepared by the Budget and Financial Planning, Treasury Management, and Facilities Management Departments, and reviewed by the Treasury Committee, Vice President for Finance and Administration and Treasurer to the Board of Trustees, and President.
7. **Recommendation:**  
RESOLVED, that the Board of Trustees accepts the Treasurer's Report.
8. **Attachments:**
  - A. UBS – Oakland University Endowment Performance Review – Year Ended June 30, 2019
  - B. Commonfund – Oakland University June 30, 2019 Treasury Solutions Quarterly Investment Report
  - C. Capital Debt Report, September 30, 2019
  - D. Construction Report, September 30, 2019

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Submitted to the President  
on 10/8, 2019 by

  
\_\_\_\_\_  
John W. Beaghan, CMA  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 10/10, 2019  
to the Board of Trustees for Approval

  
  
\_\_\_\_\_  
Ora Hirsch Pescovitz, M.D.  
President



# **OAKLAND UNIVERSITY ENDOWMENT**

**Board Meeting - October 2019**

**Performance Review - Year Ended June 30, 2019**

Presented By:  
UBS Financial Services, Inc.

Rebecca S. Sorensen, CFP®, CIMA®  
Senior Vice President - Wealth Management  
Institutional Consultant  
Wealth Advisor

Darin S McBride, CRPC®  
Senior Vice President - Wealth Management  
Senior Portfolio Manager

Mark Anderson  
Senior Vice President - Wealth Management





## Oakland University Endowment Market Review

October, 2019

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### **Recap of the Fiscal Year ended June 2019**

The one year period ended June 2019 provided positive returns for the Oakland University Endowment Fund. Equities, fixed income, and alternative investments provided solid returns in line with their benchmarks. Large cap stocks out-performed small cap, and growth, once again, out-performed value. International equities lagged US stocks, but the Endowment Fund's international managers all out-performed their benchmarks for the period.

Equities added 6.82% to the portfolio for the year ended June 30 net of fees. Fixed income contributed 7.46%; hedge funds added 3.24% and private equity 3.54%. The net return for the endowment for the period ended June 30, 2019 was 6.49% compared to the Oakland University pooled benchmark return of 6.14% for the same period.

### **Going Forward**

***The first half of calendar 2019 saw the largest increase in returns for global equities since 1997, but market volatility has increased and global growth has slowed.***

After posting significant returns for the first half of 2019, stocks have struggled to move higher from their summer peaks. We believe that 2019 global growth may end up being the slowest in a decade, and that 2020 could be even weaker. In the US, growth has also slowed, but the labor market is still strong enough to support consumer spending. Inflation is below the Fed target of 2% and Central Banks are easing. Trade issues continue to be an issue as does political unrest.

The market cycle and expansion are both in uncharted territory. These statistics alone cause concern for many. But expansions have grown longer and slower for many reasons, including: the US economy has moved toward a service based economy that is less reliant on manufacturing; the government has exhibited increased policy flexibility to respond to slower growth; and we've seen a decline in inflation since the early 1980's, with expectations falling again this year. Economic cycles have changed over the past forty years, and what was once considered old may now be middle age.

Structural changes to the economy that have helped extend expansions have also made it more difficult to interpret typical economic indicators. Data points that could be sending negative signals, such as an inverted yield curve, may not be cause for concern, but it's hard to ascertain with certainty. Some see the current inverted yield curve as an indicator of an upcoming recession and a sell signal for equities. But historically, the two years following an inverted yield curve have been positive for stocks. Of the eight instances of inversion since 1965, returns in the following three years have been negative only once. Large Cap US stocks have averaged an 8% return the year following inversion, with an average return of 15% after two years.

There is concern that policymakers have fewer options available to stimulate a slowing economy. A split US congress is unlikely to back any large fiscal stimulus, making monetary policy easing, perhaps, the best means to curb the global slowdown. Central banks have demonstrated their willingness to use monetary policy, with eight major central banks cutting rates in the past month, but there is only so much they can do and only so far that rates can be cut.

US – China negotiations are a concern. While President Trump continues to follow through on his tariff pledges, he also seems aware of their impact on the market. As market volatility increases, he may become more sensitive to negative economic impact at home and delay implementation. Trade negotiations have been disruptive to business investment and have attributed to slower global growth, especially manufacturing.

Central banks continue to support economic growth by driving down returns on safe assets to support risk assets. The banks' shift from "normalization" to monetary easing tends to be more supportive of equity pricing. Additionally, the

Federal Reserve, the European Central Bank, the Bank of Japan, and the People's Bank of China have all supplied stimulus to the global economy and are likely to continue to do so as needed.

Impeachment has dominated the news media, but we don't anticipate that the process, should there be one, will greatly impact policy or market fundamentals. Past investigations of President Trump have thus far had little negative impact on the market. And in the event of a Pence Presidency, his conservative views suggest a continuation of Trump policies.

In summary, stocks still look attractively valued when compared to bonds. The yield on the ten year treasury, 1.60% as of October 2, 2019, has fallen below the yield of the one year government bond. Long term fixed income rate expectations have fallen significantly, making fixed income investments less attractive to investors. We believe equities can move higher from here, but returns are likely to be more muted. Markets have become more vulnerable.

We believe some fears of a looming recession are valid and others are overstated, but the current economy does require close attention. While we are not recommending significant changes to portfolios, we do believe that increased caution is advisable and that it makes sense to review short term cash flow needs, which we have undertaken with the University.

We are overweight US equities versus global equities. We believe that Eurozone stocks are vulnerable in the current environment of global trade uncertainty and weaker global growth; as such, we reduced our already low international exposure slightly over the past year.

In the past year, we reduced equity exposure and increased fixed income by adding to Treasury Inflation Protection Securities (TIPS). We have also raised cash sufficient to cover the majority of anticipated OU withdrawals for the coming year and have invested those funds in an institutional government money market fund, currently yielding close to 1.8%. Our equity managers were chosen primarily for their long-term positive returns when markets are good but were also selected because of their attractive downside capture ratios.

For Oakland University's long-term endowment plan, we believe that a well-balanced diversified portfolio continues to be appropriate.

UBS Wealth Strategy Group

Rebecca S. Sorensen, CFP, CIMA  
Sr. Vice President – Wealth Management, US  
Institutional Consultant

Darin McBride, CRPC  
Sr. Vice President – Wealth Management, US  
Sr. Portfolio Manager

Mark Anderson  
Sr. Vice President - Wealth Management, US  
Sr. Portfolio Manager





# Oakland University Endowment Review - Period Ending June 30 2019

Endowment Fund	Manager	Index	June 30, 2019 Value	June 30, 2019 % Alloc	Quarter Return 3/31/19-6/30/19		Fiscal Yr Return 6/30/18-6/30/19		Account Number
					OU	Benchmark	OU	Benchmark	
Equities Total	Bahl & Gaynor LCV	S&P 500	\$ 6,638,770	6.2%	5.23%	4.30%	15.00%	10.42%	TZXX815
	AIG Focused Div LCV (1)	Russell 1000 V	8,944,072	8.4%	0.52%	3.84%	2.03%	8.46%	TZXX034
	Alger LCG	S&P 500	4,232,784	4.0%	5.86%	4.30%	9.78%	10.42%	TZXX824
	S&P 500 SPDR ETF	S&P 500	7,114,333	6.7%	4.26%	4.30%	10.31%	10.42%	TZXX824
	Loomis Sayles LCG	Russell 1000 G	7,656,451	7.2%	5.16%	4.64%	14.80%	11.56%	TZXX537
	MFS MCV	Russell MCV	3,624,250	3.4%	4.56%	3.19%	5.50%	3.68%	TZXX826
	Wm Blair SMCG	Russell MCG	4,584,452	4.3%	6.24%	5.40%	9.65%	13.94%	TZXX837
	Russell Mid Cap ETF	Russell MCG	4,638,160	4.3%	4.07%	5.40%	7.73%	13.94%	TZXX837
	MFS New Discovery Value	Russell 2000	3,058,112	2.9%	3.54%	2.10%	2.48%	-3.31%	TZXX827
	Russell 2000 ETF	Russell 2000	3,599,203	3.4%	2.07%	2.10%	-3.36%	-3.31%	TZXX827
	T. Rowe Price SCG	Russell 2000 G	3,456,171	3.2%	5.34%	2.75%	6.84%	-0.49%	TZXX035
	American Fds SCW	MSCI ACWI x US Net	3,661,375	3.4%	4.19%	2.98%	4.01%	1.29%	TZXX840
	American Fds International Gr	EAFE Free Net	2,716,908	2.5%	3.80%	3.68%	1.57%	1.08%	TZXX836
	MFS International Value	MSCI ACWI x US Net	3,462,447	3.2%	4.27%	2.98%	6.59%	1.29%	TZXX829
	MSCI EAFE ETF	EAFE Free Net	1,718,577	1.6%	3.75%	3.68%	1.04%	1.08%	TZXX836
	Am Fds New Wld	MSCI Emerg Mkt Eq Net	1,196,316	1.1%	3.77%	0.61%	6.42%	1.21%	TZXX796
	Oppenheimer EM	MSCI Emerg Mkt Eq Net	1,715,148	1.6%	2.75%	0.61%	2.71%	1.21%	TZXX796
	MSCI EM ETF	MSCI Emerg Mkt Eq Net	1,858,904	1.7%	0.50%	0.61%	0.72%	1.21%	TZXX796
			<b>73,876,431</b>	<b>69.2%</b>	<b>3.87%</b>	<b>3.69%</b>	<b>6.82%</b>	<b>6.63%</b>	
Fixed Income Total	FCI	BC GC	10,287,712	9.6%	3.47%	3.53%	8.94%	8.52%	TZXX811
	Lord Abbett High Yield	BoA-ML High Yield II	1,112,506	1.0%	3.77%	2.55%	7.00%	7.56%	TZXX811
	Blackrock Strategic Income	BC Agg	3,002,384	2.8%	2.52%	3.08%	4.64%	7.87%	TZXX873
	SEIX High Yield	BoA-ML High Yield II	1,327,822	1.2%	2.16%	2.55%	6.00%	7.56%	TZXX812
	Fixed Income TIPS	BC US Tsy Infl Prot	2,978,025	2.8%	2.74%	2.86%	4.70%	4.84%	TZXX839
			<b>18,708,449</b>	<b>17.5%</b>	<b>3.13%</b>	<b>3.25%</b>	<b>7.46%</b>	<b>7.72%</b>	
Real Asset Total	AG Energy Credit	Private Equity	33,116	0.0%	0.00%	0.00%	-26.49%	-26.49%	TZXX223
			<b>33,116</b>	<b>0.0%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>-26.49%</b>	<b>-26.49%</b>	
Hedge Funds Total	Alphakeys	HFRI Fd Wgt Comp	1,406,552	1.3%	1.39%	2.02%	1.05%	1.68%	TZXX777
	Skybridge/Arden	HFRI Fd of Fds Comp	879,162	0.8%	1.71%	1.54%	2.73%	1.25%	TZXX851
	Alkeon	HFRI Fd of Fds Div	2,918,204	2.7%	2.66%	0.02%	9.05%	-4.24%	TZXX036
	Prisma	HFRI Fd of Fds Div	1,559,241	1.5%	0.46%	1.62%	-0.13%	1.76%	TZXX874
	Blue Mountain	BoA-ML High Yield II	782,232	0.7%	0.09%	2.55%	-5.07%	7.56%	TZXX535
			<b>7,545,392</b>	<b>7.1%</b>	<b>1.58%</b>	<b>1.16%</b>	<b>3.24%</b>	<b>-0.03%</b>	
Private Equity Total	NB Crossroads	Private Equity	620,509	0.6%	0.00%	0.00%	-1.60%	-1.60%	TZXX778
	AI-Canyon Distressed	Private Equity	1,081,480	1.0%	4.39%	4.39%	2.87%	2.87%	TZXX707
	Portfolio Advisors 2017	Private Equity	849,528	0.8%	0.00%	0.00%	14.71%	14.71%	TZXX644
	AI-StepStone Tactical Gr II	Private Equity	1,124,435	1.1%	0.00%	0.00%	0.73%	0.73%	TZXX643
	AI- Avenue Aviation Opp Fd II	Private Equity	882,097	0.8%	0.01%	0.01%	1.31%	1.31%	TZXX428
Money Market Total	Portfolio Advisors 2015	Private Equity	1,524,700	1.4%	0.00%	0.00%	7.69%	7.69%	TZXX717
			<b>6,082,749</b>	<b>5.7%</b>	<b>0.78%</b>	<b>0.78%</b>	<b>3.54%</b>	<b>3.54%</b>	
Endowment Total	UBS Government Fund/UBS Bank	CG T-Bill	501,252	0.5%	0.62%	0.62%	2.27%	2.27%	TZXX818
	Returns net of fees		<b>\$ 106,747,389</b>	<b>100.0%</b>	<b>3.40%</b>	<b>3.25%</b>	<b>6.49%</b>	<b>6.14%</b>	

Presented by UBS Financial Services Inc. - The Wealth Strategy Group;  
Rebecca Sorensen, CFP®, CIMA® - Sr. Vice President-Wealth Management, Institutional Consultant  
Mark Anderson - Sr. Vice President - Wealth Management  
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The information is based upon the market value of your account(s) as of the close of business on June 30, 2019, is subject to daily market fluctuation and in some cases may be rounded for convenience.

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You have discussed the receipt of this individually customized report with your Financial Advisor and understand that it is being provided for informational purposes only.



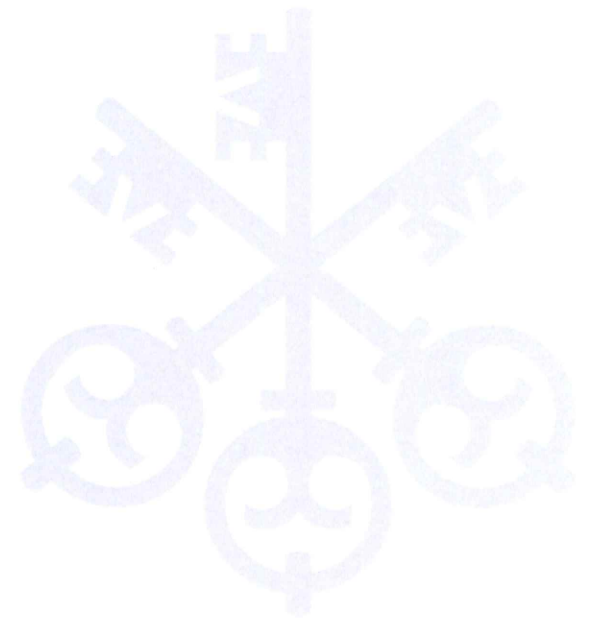
# Quarterly review & outlook

3Q19 into 4Q19

**Chief Investment Office GWM**

**October 2019**

This report has been prepared by UBS Financial Services Inc. (UBS FS).  
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# 3Q was marked by a Treasury bond rally and EM stock losses

Performance, select asset classes

Asset class	September 2019	3Q 2019	YTD 2019	Trailing 1 year
Cash	0.2%	0.5%	1.8%	2.3%
<b>Fixed income</b>	<b>-0.5%</b>	<b>2.3%</b>	<b>8.5%</b>	<b>10.3%</b>
US government	-0.8%	2.4%	7.7%	10.4%
US Treasuries (long-duration)	-2.7%	8.1%	20.2%	25.2%
US TIPS	-1.4%	1.3%	7.6%	7.1%
US municipals	-0.8%	1.6%	6.7%	8.6%
US IG credit	-0.7%	3.0%	12.6%	12.6%
US high yield	0.4%	1.3%	11.4%	6.4%
Int'l dev FI	-1.4%	-0.6%	4.4%	5.3%
EM USD FI	0.0%	1.3%	10.8%	10.6%
EM LC FI	0.5%	-0.5%	5.3%	7.9%
<b>Global stocks</b>	<b>2.1%</b>	<b>0.0%</b>	<b>16.2%</b>	<b>1.4%</b>
US large-cap	1.7%	1.4%	20.5%	3.9%
US large-cap value	3.6%	1.4%	17.8%	4.0%
US large-cap growth	0.0%	1.5%	23.3%	3.7%
US mid-cap	2.0%	0.5%	21.9%	3.2%
US small-cap	2.1%	-2.4%	14.2%	-8.9%
Int'l dev equity	2.9%	-1.1%	12.8%	-1.3%
Int'l dev value	4.8%	-1.7%	7.7%	-4.9%
Japan Equity	4.0%	3.1%	11.1%	-4.7%
EM equity	1.9%	-4.2%	5.9%	-2.0%
Commodities	1.2%	-1.8%	3.1%	-6.6%
Preferreds	0.7%	3.1%	15.4%	10.1%
MLPs	0.7%	-5.0%	11.1%	-8.1%
US Real Estate	2.9%	7.8%	27.0%	18.4%
Senior loans	0.2%	-0.1%	4.6%	-1.4%

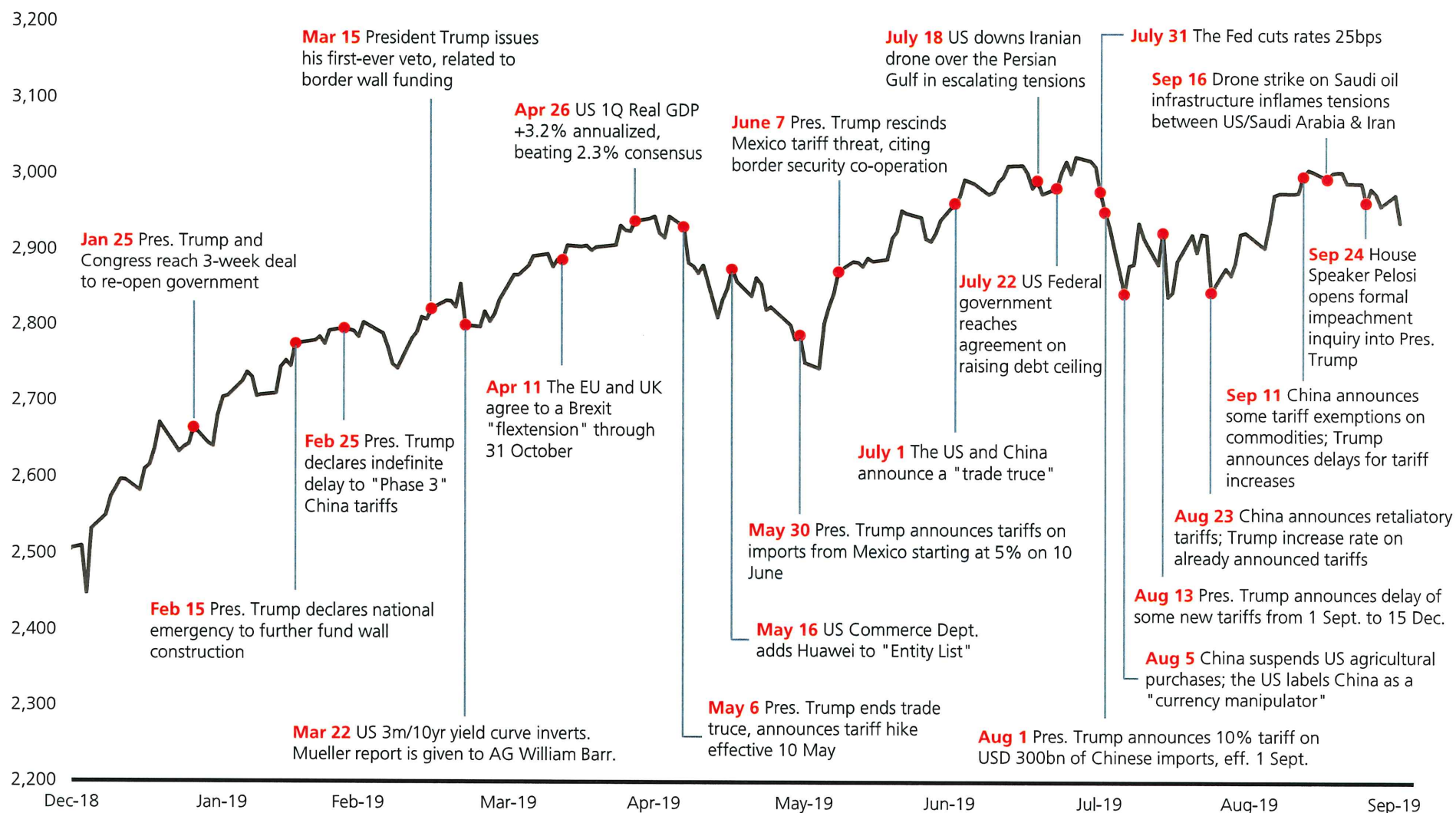
Source: Bloomberg, UBS, as of 30 September 2019. Fixed income returns are based on the Bloomberg Barclays US Aggregate Bond Index.



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# Stocks stalled in 3Q amid trade and growth worries...

S&P 500 index level, with callouts for select news items



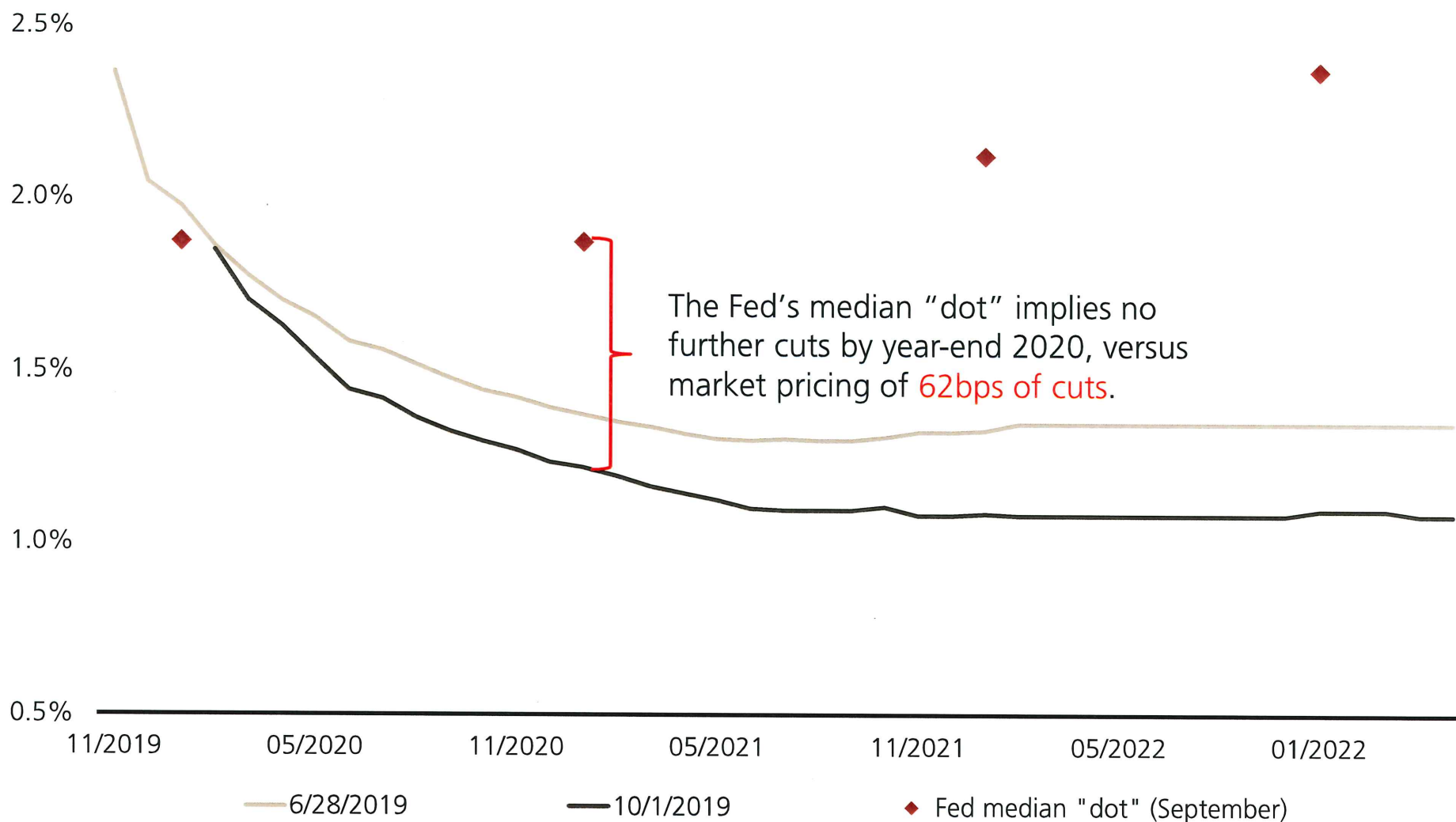
Source: Bloomberg, UBS, as of 1 October 2019



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# ...while bond markets continue to price additional rate cuts

Fed funds futures and median Fed projections, yield in %



Source: Bloomberg, UBS, as of 1 October 2019

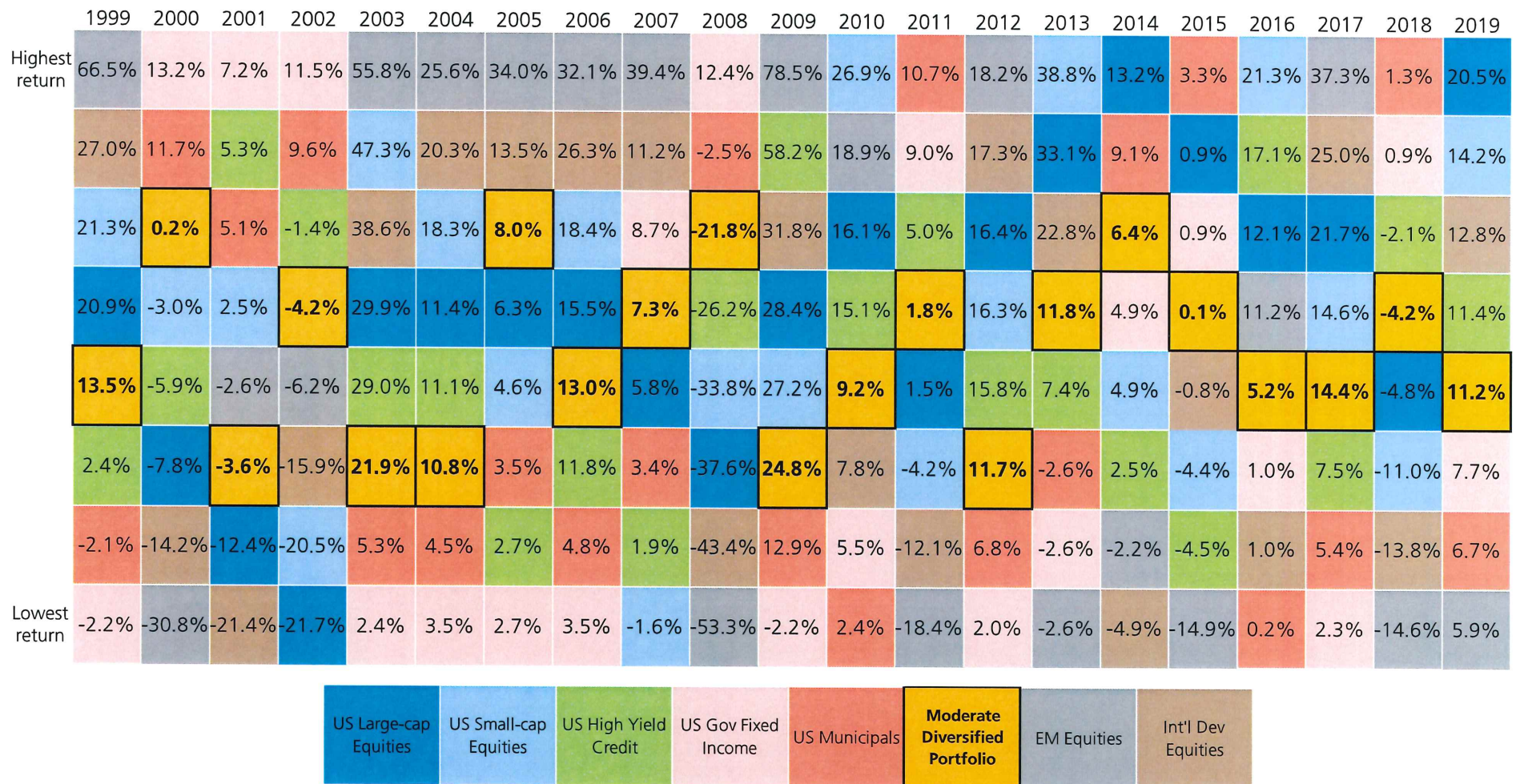


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# 2019 has been a strong year, so far

Quilt chart of select asset classes' calendar year performance



Source: Bloomberg, UBS, as of 30 September 2019.

Note: The Moderate Diversified Portfolio performance calculations are a hypothetical analysis based on historical asset class returns. This backward-looking illustration assumes an investment in asset class indexes represented by the current Strategic Asset Allocation (SAA) for a moderate risk profile investor in a taxable portfolio without non-traditional assets. Performance calculations assume annual rebalancing, don't take into account any prior SAA for this investor profile, and include time periods before the SAA was created. See the latest UBS House View: Investment Strategy Guide (ISG) for the detailed SAA of the taxable portfolio without non-traditional assets. These calculations will not match the performance measurement published in the ISG, which reflects a monthly rebalancing. For periods prior to 2009, this illustration assumes that the Bloomberg Barclays EM Local Currency Government Total Return Index allocation (inception date of 4 July 2008) was invested fully in the Bloomberg Barclays EM USD Aggregate Total Return Index.



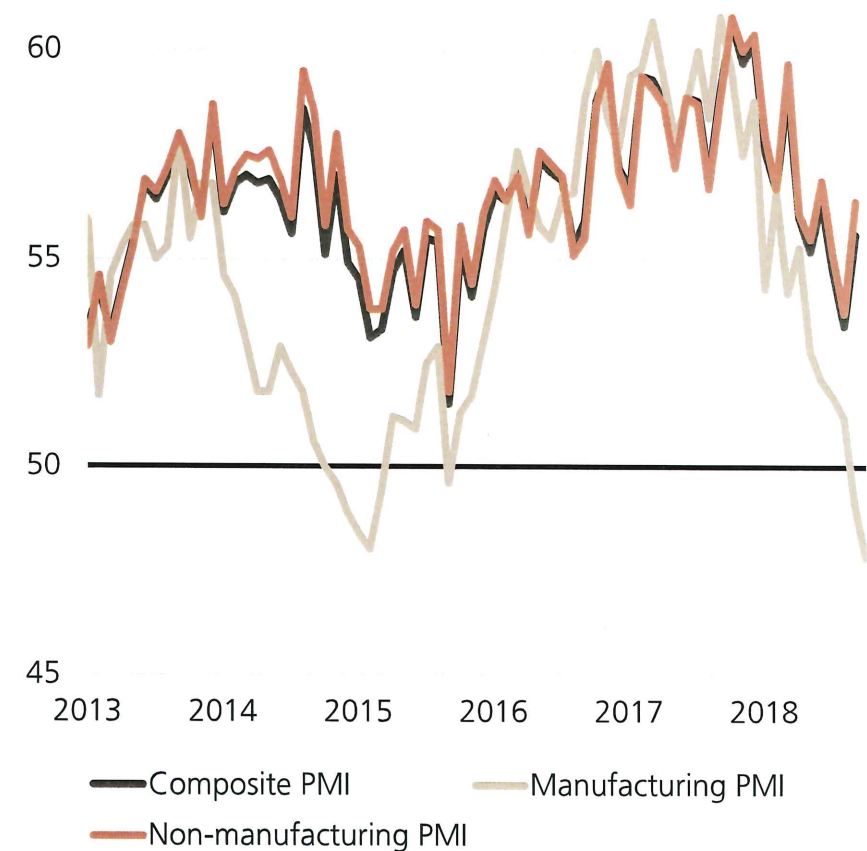
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# 3Q19 economic review

- **Economic growth** decelerated during the third quarter. The manufacturing PMI fell to 47.8 in September, the lowest reading since the last recession and marginally lower than the trough seen during the 2015–2016 “shale boom hangover” soft patch.
- **Inflation** has remained below the Fed’s target. Core PCE picked up a little, rising to 1.77% in August, but headline PCE remains at 1.4%, well below the Fed’s 2% target.
- **US labor market** data were mixed, with nonfarm payroll growth of 159,000 jobs in July and 130,000 in August. The unemployment rate remains near an all-time low of 3.7%, and average hourly earnings growth remains in the 3.1–3.3% range. Businesses continue to report high demand for workers, but with little slack left we expect job growth to slow naturally to a more sustainable pace.

**US PMIs have decelerated, with manufacturing falling into contraction territory (<50)**  
ISM Purchasing Managers' Indices (PMIs)

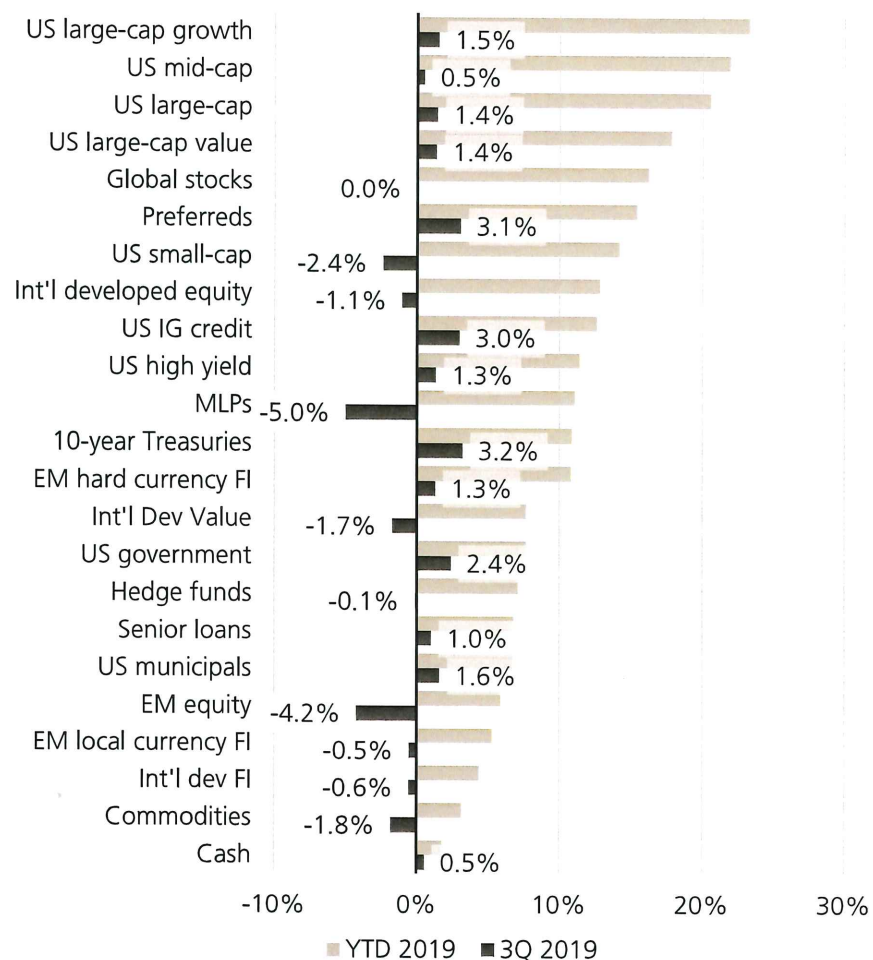


Source: Bloomberg, UBS, as of 1 October 2019

# 3Q19 market review

- **Equities** – Global stocks struggled to advance in 3Q. International markets faced particular pressure amid growth uncertainty and a further round of US-China trade tariffs.
- **Fixed income** – Interest rates trended lower for the quarter; the 10-year Treasury yield fell as low as 1.47% in August before ending the quarter at 1.68%. Falling yields helped fuel a rally in fixed income, with the 10-year Treasury return outpacing stocks for the second quarter in a row.

## Amid uncertainty, Treasuries added to gains in 3Q Total return, with callouts for 3Q19 returns



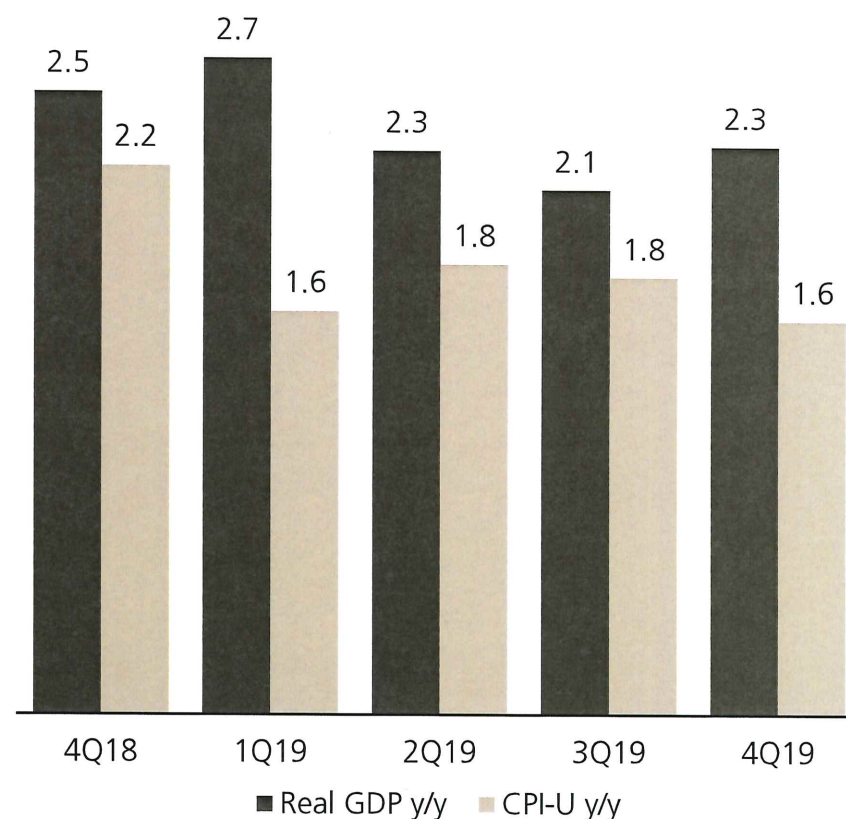
Source: Bloomberg, UBS, as of 30 September 2019. Hedge fund index returns through 31 August 2019.

# 4Q19 economic and market outlook

- **Central bank policy** – In our base case, the Fed will cut the top of its federal funds rate range to 1% by 4Q20. One 25bps cut could occur in 4Q19, depending on trade negotiations. We also expect the People's Bank of China to cut its 7-day repo rate in 4Q19, to 2.3%.
- **Earnings** – The S&P 500's earnings per share (EPS) is on track for 1% growth, hampered by slower economic growth and lower business spending due to trade tensions. We expect S&P 500 EPS growth of about 5% in 2020.
- **Markets** – The S&P 500 now trades at 18x trailing 12-month earnings, versus a 20.7x historical average when the economy has had this mix of stable growth and contained inflation.

## We expect solid (but decelerating) growth, along with contained inflation

US growth and inflation, with UBS forecasts, in %



Source: Bloomberg, UBS, as of 30 September 2019



# Recap

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- With few signs of acute excesses, our base case calls for **a continued expansion** and **an enduring bull market**.
- **Solid labor markets** are supporting consumption growth, **inflation pressures remain contained**, and **central banks are easing** to support the expansion.
- However, risks are beginning to cloud this outlook. **Global growth is slowing**, and while we expect a rebound later this year, **the US-China trade conflict is increasing uncertainty** that could hamper business investment.
- A potential downturn remains a risk case—not our base case—but the economy appears to be performing **a delicate balancing act**.
- In this context, we recommend **a slight underweight to stocks**, in particular **emerging market** and **international developed market stocks**, which are more susceptible than the US market to further trade and growth risks.
- Within fixed income, we favor strategies that can benefit from easier monetary policy, such as **Treasury Inflation-Protected securities (TIPS)**, which should benefit from rising inflation expectations; and **USD-denominated emerging market sovereign bonds**, which offer an attractive yield pickup over similar-risk corporate bonds

Source: UBS, as of 30 September 2019



The views expressed in this slide belong to CIO Americas, GWM

# Statement of Risk

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1. Equity markets are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions, and other important variables.
2. Bond market returns are difficult to forecast because of fluctuations in the economy, investor psychology, geopolitical conditions and other important variables. Corporate bonds are subject to a number of risks, including credit risk, interest rate risk, liquidity risk, and event risk. Though historical default rates are low on investment grade corporate bonds, perceived adverse changes in the credit quality of an issuer may negatively affect the market value of securities. As interest rates rise, the value of a fixed coupon security will likely decline. Bonds are subject to market value fluctuations, given changes in the level of risk-free interest rates. Not all bonds can be sold quickly or easily on the open market. Prospective investors should consult their tax advisors concerning the federal, state, local, and non-U.S. tax consequences of owning any securities referenced in this report.
3. Prospective investors should consult their tax advisors concerning the federal, state, local, and non-U.S. tax consequences of owning preferred stocks. Preferred stocks are subject to market value fluctuations, given changes in the level of interest rates. For example, if interest rates rise, the value of these securities could decline. If preferred stocks are sold prior to maturity, price and yield may vary. Adverse changes in the credit quality of the issuer may negatively affect the market value of the securities. Most preferred securities may be redeemed at par after five years. If this occurs, holders of the securities may be faced with a reinvestment decision at lower future rates. Preferred stocks are also subject to other risks, including illiquidity and certain special redemption provisions.
4. Although historical default rates are very low, all municipal bonds carry credit risk, with the degree of risk largely following the particular bond's sector. Additionally, all municipal bonds feature valuation, return, and liquidity risk. Valuation tends to follow internal and external factors, including the level of interest rates, bond ratings, supply factors, and media reporting. These can be difficult or impossible to project accurately. Also, most municipal bonds are callable and/or subject to earlier than expected redemption, which can reduce an investor's total return. Because of the large number of municipal issuers and credit structures, not all bonds can be easily or quickly sold on the open market.



# Appendix

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## Emerging Market Investments

Investors should be aware that Emerging Market assets are subject to, amongst others, potential risks linked to currency volatility, abrupt changes in the cost of capital and the economic growth outlook, as well as regulatory and socio-political risk, interest rate risk and higher credit risk. Assets can sometimes be very illiquid and liquidity conditions can abruptly worsen. WMR generally recommends only those securities it believes have been registered under Federal U.S. registration rules (Section 12 of the Securities Exchange Act of 1934) and individual State registration rules (commonly known as "Blue Sky" laws). Prospective investors should be aware that to the extent permitted under US law, WMR may from time to time recommend bonds that are not registered under US or State securities laws. These bonds may be issued in jurisdictions where the level of required disclosures to be made by issuers is not as frequent or complete as that required by US laws.

For more background on emerging markets generally, see the WMR Education Notes "Investing in Emerging Markets (Part 1): Equities", 27 August 2007, "Emerging Market Bonds: Understanding Emerging Market Bonds," 12 August 2009 and "Emerging Markets Bonds: Understanding Sovereign Risk," 17 December 2009.

Investors interested in holding bonds for a longer period are advised to select the bonds of those sovereigns with the highest credit ratings (in the investment grade band). Such an approach should decrease the risk that an investor could end up holding bonds on which the sovereign has defaulted. Sub-investment grade bonds are recommended only for clients with a higher risk tolerance and who seek to hold higher yielding bonds for shorter periods only.

## Non-Traditional Assets

Non-traditional asset classes are alternative investments that include hedge funds, private equity, real estate, and managed futures (collectively, alternative investments). Interests of alternative investment funds are sold only to qualified investors, and only by means of offering documents that include information about the risks, performance and expenses of alternative investment funds, and which clients are urged to read carefully before subscribing and retain. An investment in an alternative investment fund is speculative and involves significant risks. Specifically, these investments (1) are not mutual funds and are not subject to the same regulatory requirements as mutual funds; (2) may have performance that is volatile, and investors may lose all or a substantial amount of their investment; (3) may engage in leverage and other speculative investment practices that may increase the risk of investment loss; (4) are long-term, illiquid investments, there is generally no secondary market for the interests of a fund, and none is expected to develop; (5) interests of alternative investment funds typically will be illiquid and subject to restrictions on transfer; (6) may not be required to provide periodic pricing or valuation information to investors; (7) generally involve complex tax strategies and there may be delays in distributing tax information to investors; (8) are subject to high fees, including management fees and other fees and expenses, all of which will reduce profits.

Interests in alternative investment funds are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other governmental agency. Prospective investors should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment in an alternative investment fund and should consider an alternative investment fund as a supplement to an overall investment program.

In addition to the risks that apply to alternative investments generally, the following are additional risks related to an investment in these strategies:

- **Hedge Fund Risk:** There are risks specifically associated with investing in hedge funds, which may include risks associated with investing in short sales, options, small-cap stocks, "junk bonds," derivatives, distressed securities, non-U.S. securities and illiquid investments.
- **Managed Futures:** There are risks specifically associated with investing in managed futures programs. For example, not all managers focus on all strategies at all times, and managed futures strategies may have material directional elements.
- **Real Estate:** There are risks specifically associated with investing in real estate products and real estate investment trusts. They involve risks associated with debt, adverse changes in general economic or local market conditions, changes in governmental, tax, real estate and zoning laws or regulations, risks associated with capital calls and, for some real estate products, the risks associated with the ability to qualify for favorable treatment under the federal tax laws.
- **Private Equity:** There are risks specifically associated with investing in private equity. Capital calls can be made on short no-tice, and the failure to meet capital calls can result in significant adverse consequences including, but not limited to, a total loss of investment.
- **Foreign Exchange/Currency Risk:** Investors in securities of issuers located outside of the United States should be aware that even for securities denominated in U.S. dollars, changes in the exchange rate between the U.S. dollar and the issuer's "home" currency can have unexpected effects on the market value and liquidity of those securities. Those securities may also be affected by other risks (such as political, economic or regulatory changes) that may not be readily known to a U.S. investor.



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# Oakland University

June 30, 2019

Treasury Solutions Quarterly Investment Report

commonfund

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## About Commonfund

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Commonfund was founded in 1971 as an independent nonprofit investment firm with a grant from the Ford Foundation. Commonfund today manages customized investment programs for endowments, foundations and pension funds. Among the pioneers in applying the endowment model of investing to institutional investors, Commonfund provides extensive investment flexibility using independent investment sub-advisers for discretionary outsourcing engagements, single strategies and multi-asset solutions. Investment programs incorporate active and passive strategies in equities and fixed income, hedge funds, commodities and private capital. All securities are distributed through Commonfund Securities, Inc., a member of FINRA. For additional information about Commonfund, please visit [www.commonfund.org](http://www.commonfund.org).



# Quarterly Investment Report

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## Portfolio Highlights

- As we reflect on fiscal year 2019, the overarching themes of the past four quarters have remained consistent but the current environment indicates that tide may be shifting. One aspect that wasn't consistent was the volatility of the capital markets from quarter to quarter throughout the year. Sharp spikes in volatility in the second and fourth quarters had investors worried, but the correct course of action was to stay consistent with their policy portfolios.
- The Oakland University Treasury Solutions portfolio returned 4.07 percent for the quarter as investors were rewarded for holding risk and risk-free assets, domestically. Overall, the portfolio returned 7.76 percent for the fiscal year outperforming the policy portfolio by 171 basis points. The final value of the portfolio was \$222,518,453.
- For the quarter, the Intermediate Term Fund outperformed the ICE BAML 1-3-year index but the Contingent Asset Portfolio fell short. The Intermediate Term Fund returned 1.52 percent for the quarter, while its benchmark, the ICE BAML 1-3 Year Treasury Index, returned 1.44 percent. The fund's exposure to spread sectors benefited return as investment-grade corporates, ABS and CMBS outperformed duration-adjusted U.S. Treasuries. The Contingent Asset Portfolio, LLC returned 1.14 percent. Fund level duration, which was kept underweight relative to benchmark, was the primary detractor, as short to intermediate U.S. Treasuries rallied strongly. The High-Quality Bond Fund was up 3.17 percent for the quarter outperforming the Bloomberg Barclays Capital U.S. Aggregate Bond Index, which returned 3.08 percent. Fund-level underweight duration positioning hurt return as U.S. Treasury yields decreased significantly on the quarter. Exposure to spread sectors aided return as corporate credit and securitized spreads tightened.
- In the core allocation, the Core Equity Fund returned 2.54 percent for the quarter, underperforming the 4.30 percent return of the S&P 500 Index. At the fund level, four out of eleven sectors had positive relative returns. Stock selection was the primary reason for underperformance while sector allocation was a modest detractor. Levin was terminated at quarter end due to continued underperformance in their portfolio. The Strategic Solutions Equity Fund (low volatility equities) returned 4.97 percent for the

Past performance is not indicative of future results.

Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.

quarter. While lower risk securities lagged in April and June when the market was trending upward, the strategy's downside protection in May fully offset two lagging months. Overall, strong stock selection more than offset sector selection, which was a modest detractor during the quarter.

- Eleven years into the economic recovery investors have endured a higher degree of uncertainty via both economic slowdowns in 2011 and 2014 and bouts of market volatility in 2011, 2015, 2016 and most recently, 2018/2019. However, every market disruption has prompted a recovery catalyzed by the prudent application of economic and fiscal policy measures both domestically and abroad. It remains to be seen if the same measures can be relied on to sustain this economic trajectory into the future. No matter what, adherence to a well-crafted investment policy will help to prevent portfolio mis-steps as markets inevitably move up and down.

## Economic Commentary

- Many of the themes we highlighted as potential pitfalls at the beginning of the year came to fruition. Global growth largely remains positive but has slowed in just about every region, including the United States. In response, global central banks have shifted gears from the first half of the year and, either via messaging or actions, have moved from hawkish to dovish with investors anticipating outright accommodation in the near term.

The initial stimulus from the Tax Cuts and Jobs Act and the current administration's commitment to deregulation provided an initial boost to domestic corporate earnings for S&P 500 companies, however, this too has abated in calendar year 2019. Finally, a constant this fiscal year was geopolitical risk in many forms. Economic realignment via trade wars and tariffs can now be coupled with potential standoffs with Iran and North Korea.

- The domestic economy remains steady. Real GDP growth in the first quarter was a robust 3.1 percent – well ahead of expectations. The composition of growth tilted toward household spending as business investment slowed. Nonfarm payrolls rose 224,000 in June after a revised 72,000 advance the prior month. The jobless rate held at a historically low of 3.7 percent while average hourly earnings climbed 3.1 percent from a year earlier. The Federal Reserve's preferred core price gauge, tied to spending and excluding food and energy, rose 0.2 percent from the prior month and 1.6 percent from a year earlier. Lastly, the final tally of first quarter 2019 earnings season revealed 76 percent of the companies in the S&P 500 surprised to the upside on an earnings-per-share basis with approximately 65 percent reporting growth. The overall average earnings growth rate was a lower than expected 1.26 percent. Healthcare, telecommunications services, and consumer discretionary were the top performers in the earnings-per-share category.

## Economic Indicators

Economic Indicators	3/29/2019	6/30/2019
Gross Domestic Product	2.2% (4Q18)	3.1% (1Q19)
Unemployment Rate	3.8%	3.7%
Consumer Price Index (yoy)	1.9%	1.8%
CPI excl Food and Energy (yoy)	2.0%	2.0%
Real Personal Consumption Expenditures	2.5% (4Q18)	0.9% (1Q2019)

Source: Bloomberg

Past performance is not indicative of future results.

Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.



## Capital Markets

- During the most recent quarter, the odds of a rate cut by the Federal Reserve increased. The market has priced in an almost 85 percent chance of a rate cut this summer, with more potentially later in the year. Messaging from the June Federal Open Market Committee (FOMC) meeting showed policy makers demonstrating heightened sensitivity to both market and economic signals. Fed officials have pivoted sharply from attempting to push against market sentiment, as they did to unfavorable consequences at the end of 2018. Federal Reserve Chairman Jerome Powell said that the downside risks to the U.S. economy have increased recently, reinforcing the case among policy makers for somewhat lower interest rates. A consensus is building that Chairman Powell and his colleagues on the FOMC will cut interest rates in coming months if trade disputes hurt the outlook for the world economy.
- The Bloomberg Barclays U.S. Aggregate Bond Index returned 3.1 percent for the quarter. The yield curve inverted between the front-end and the 10-year but steepened slightly between 10s and 30s. Investment grade corporates outperformed duration-adjusted Treasuries led by industrials, financials and utilities. High yield corporates also outperformed duration-adjusted Treasuries. Within the securitized sector, agency fixed-rate pass-throughs, a substantial component of the sector, underperformed duration-matched U.S. Treasuries while CMBS outperformed. The 10-year breakeven inflation rate decreased to 1.70 percent from 1.88 percent. The 10-year breakeven inflation rate has trended downward since April 2018, dropping below 2.0 percent in 2018: Q4. This trend has continued into 2019, suggesting complacency about future inflation pressures and pessimism about the global economy.

### Other Markets

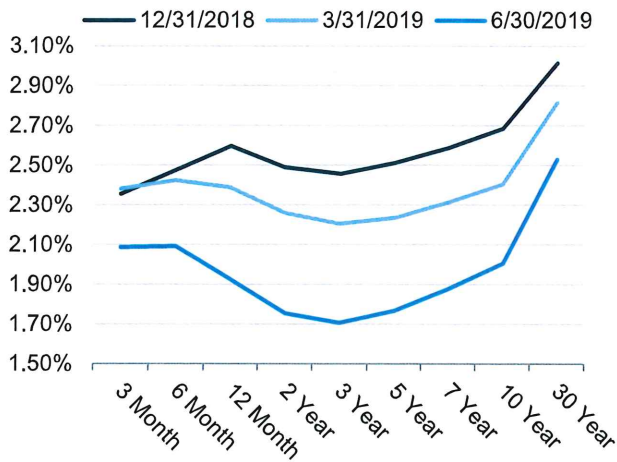
Other Markets	12/31/2018	3/29/2019	6/28/2019
S&P 500 Index	2507	2834	2942
WTI Lt Crude (\$/barrel)	\$45.41	\$60.14	\$58.47
US Dollar Index	96.17	97.28	96.13
BAML High Yield Credit Index	1233.608	1324.91	1358.89
Volatility Index	25.4	13.7	15.1

Source: Bloomberg

Past performance is not indicative of future results.

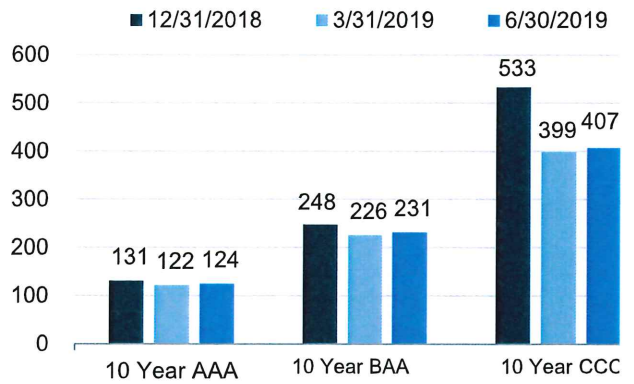
Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.

## U.S. TREASURY YIELD CURVE



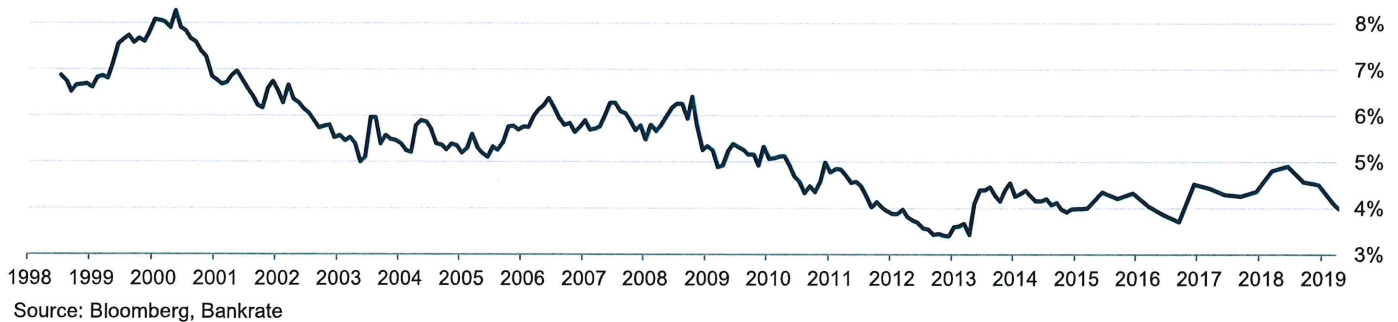
Source: Bloomberg

## COMPOSITE CREDIT SPREADS



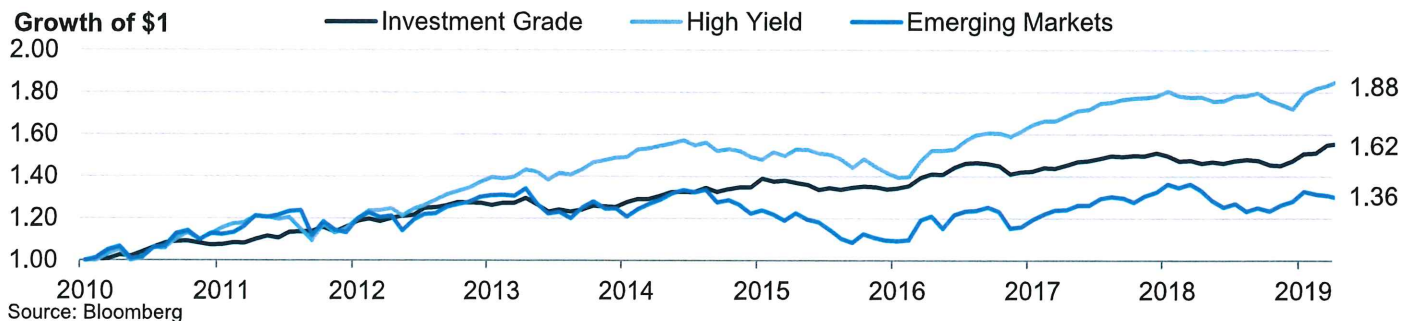
Source: Bloomberg, Moody's

## 30-YEAR FIXED MORTGAGE RATE



Source: Bloomberg, Bankrate

## BLOOMBERG CREDIT INDICES



Source: Bloomberg

Past performance is not indicative of future results.

Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.

# Investment Report

## PERFORMANCE – TREASURY SOLUTIONS

As of June 30, 2019

Performance Item	QTD	FYTD	3 Years	5 Years	Account Inception	Account Inception Date
<b>State Street Inst US Govt Money Mkt Fund</b>	<b>0.58</b>	<b>2.20</b>	<b>1.29</b>		<b>1.13</b>	<b>12/31/2015</b>
ICE BofA ML 3-Month US T-Bill Index	0.62	2.28	1.33		1.17	12/31/2015
<b>Total Liquidity Funds</b>	<b>0.58</b>	<b>2.20</b>	<b>1.29</b>	<b>0.82</b>	<b>0.81</b>	<b>5/31/2014</b>
<b>Intermediate Term Fund</b>	<b>1.52</b>	<b>4.35</b>	<b>1.61</b>	<b>1.50</b>	<b>1.49</b>	<b>8/31/2013</b>
ICE BofA Merrill Lynch (ML) 1-3 Yr Treasury	1.44	3.96	1.29	1.21	1.16	8/31/2013
Income Research & Management	1.48	4.31	1.71	1.55		
Logan Circle Partners	1.15	3.70	1.72	1.60		
Sit Fixed Income Advisors	2.35	6.29	2.09			
<b>CF Contingent Asset Portfolio, LLC</b>	<b>1.14</b>	<b>3.49</b>	<b>1.35</b>		<b>1.64</b>	<b>12/31/2014</b>
ICE BofA Merrill Lynch (ML) 1-3 Yr Treasury	1.44	3.96	1.29		1.30	12/31/2014
SIT Fixed Income Advisors	1.69	5.07	1.95			
Logan Circle	0.83	2.89				
MD Sass Investors Services	1.18	3.54				
<b>High Quality Bond Fund</b>	<b>3.17</b>	<b>8.08</b>	<b>3.16</b>	<b>3.50</b>	<b>5.16</b>	<b>9/30/2007</b>
Bloomberg Barclays US Aggregate Bond Index	3.08	7.87	2.31	2.95	4.19	9/30/2007
Rimrock Capital Management	3.27	7.59	3.96	4.01		
Income Research & Management	3.25	8.03	2.68	3.29		
Western Asset Management Company	3.28	9.06	3.86	4.09		
<b>Total Contingency</b>	<b>1.97</b>	<b>5.43</b>	<b>2.16</b>	<b>2.28</b>	<b>4.45</b>	<b>9/30/2007</b>
<b>Core Equity Fund</b>	<b>2.54</b>	<b>8.18</b>	<b>12.99</b>	<b>9.23</b>	<b>9.53</b>	<b>5/31/2014</b>
S&P 500 Index	4.30	10.42	14.19	10.71	10.97	5/31/2014
Aronson Johnson Ortiz	4.95	10.06				
Two Sigma Advisers	3.76	12.00				
Levin Capital Strategies	-2.14	1.75	9.57	8.81		
<b>CF Strategic Solutions Equity Fund, LLC</b>	<b>4.97</b>	<b>14.72</b>	<b>11.86</b>		<b>11.99</b>	<b>10/31/2014</b>
S&P 500 Index	4.30	10.42	14.19		10.68	10/31/2014
Martingale Asset Management	5.06	15.10	12.21			
<b>Total Core</b>	<b>4.07</b>	<b>12.19</b>	<b>12.41</b>	<b>10.53</b>	<b>10.81</b>	<b>5/31/2014</b>
<b>Total Portfolio Return</b>	<b>2.67</b>	<b>7.76</b>	<b>5.47</b>	<b>4.93</b>	<b>5.65</b>	<b>9/30/2007</b>
Traditional Benchmark	0.97	3.84	2.95	2.41		
Policy Benchmark	2.30	6.05	4.72	3.84		

Source: Commonfund Client Reporting Portal. Please see Important Notes | Performance Comparisons.

Composite Scopes and Weightings:

Policy Benchmark: 7/1/2014 to 6/30/2019 35.0% ICE BofA Merrill Lynch (ML) 1-3 Yr Treasury; 25.0% S&P 500 Index; 25.0% 3 Month Tbill; 15.0% Bloomberg Barclays US Aggregate Bond Index

Traditional Benchmark: 7/1/2014 to 6/30/2019 100.0% 3 Month Tbill + 150

Note: Manager Performance depicted is net of the sub-advisor's management fees and expenses, and gross of Commonfund Fund fees and expenses.

The Fund periodically makes changes to its managers. There can be no assurance that the Fund will continue to invest with any of the listed managers.

Third party managers' investment approach and portfolio construction are subject to change and are governed by the Fund's Offering Documents or Investment Management Agreement.

Third party returns provided by Oakland University. Past performance is not indicative of future results.

Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.



## FUND ALLOCATION – TREASURY SOLUTIONS

As of June 30, 2019

	Target Allocation %	6/30/2019 Allocation %	Market Value (\$)
<b>Total Liquidity Funds</b>	<b>25.00</b>	<b>22.43</b>	<b>\$49,907,121.50</b>
Fifth Third Bank	25.00	10.38	\$23,089,703.61
Comerica Bank		0.02	\$33,213.82
Dexia Credit		0.48	\$1,060,000.00
JPM Cash – MMA Account		2.27	\$5,048,308.68
State Street Inst US Govt Money Mkt Fund		9.29	\$20,675,895.39
<b>Total Contingency</b>	<b>50.00</b>	<b>56.34</b>	<b>\$125,374,909.44</b>
Intermediate Term Fund	20.00	21.68	\$48,249,240.68
CF Contingent Asset Portfolio, LLC	15.00	18.07	\$40,204,557.58
High Quality Bond Fund	15.00	16.59	\$36,921,110.92
<b>Total Core</b>	<b>25.00</b>	<b>21.23</b>	<b>\$47,236,422.72</b>
Core Equity Fund	10.00	8.13	\$18,083,675.64
CF Strategic Solutions Equity Fund, LLC	15.00	13.10	\$29,152,747.08
<b>Total Portfolio</b>	<b>100.00</b>	<b>100.00</b>	<b>\$222,518,453.66</b>

Source: Commonfund Client Reporting Portal

Note: The Fund periodically makes changes to its managers. There can be no assurance that the Fund will continue to invest with any of the listed managers. Third party managers' investment approach and portfolio construction are subject to change and are governed by the Fund's Offering Documents or Investment Management Agreement.

Third party returns provided by Oakland University. Past performance is not indicative of future results.  
Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.



## MANAGER ALLOCATION AND PERFORMANCE – TREASURY SOLUTIONS

As of June 30, 2019

	Fund Breakdown	AUM	Bucket % AUM	Fund % AUM	Fund % of Sub	Mgr. % AUM	QTD June-19
<b>Liquidity Funds</b>			22.43%				
<b>State Street US Govt Money Market</b>		<b>\$20,675,895</b>		9.29%	41.43%	9.29%	<b>0.58%</b>
<b>JP Morgan MMKT</b>		<b>\$5,048,309</b>		2.27%	10.12%	2.27%	0.20%
<b>Comerica Bank</b>		<b>\$33,214</b>		0.02%	0.07%	0.01%	0.00%
<b>Dexia Credit</b>		<b>\$1,060,000</b>		0.48%	2.12%	0.48%	0.45%
<b>Fifth Third Bank</b>		<b>\$23,089,704</b>		10.38%	46.27%	10.38%	0.06%
<b>Contingency Funds</b>			56.34%				
<b>Intermediate Term Fund</b>		<b>\$48,249,241</b>		21.68%	38.48%		<b>1.52%</b>
Income Research & Management	40%	\$19,299,696				8.67%	1.48%
Logan Circle Partners	35%	\$16,887,234				7.59%	1.15%
SIT Fixed Income Advisors	25%	\$12,062,310				5.42%	2.35%
<b>High Quality Bond Fund</b>		<b>\$36,921,111</b>		16.59%	29.45%		<b>3.17%</b>
Income Research & Management	40%	\$14,768,444				6.64%	3.25%
Rimrock Capital Management	18%	\$6,645,800				2.99%	3.27%
Western Asset Management Company	40%	\$14,768,444				6.64%	3.28%
<b>Contingent Asset Portfolio</b>		<b>\$40,204,558</b>		18.07%	32.07%		<b>1.14%</b>
Logan Circle Partners	33%	\$13,267,504				5.96%	0.83%
MD Sass Investors Services	33%	\$13,267,504				5.96%	1.18%
SIT Fixed Income Advisors	33%	\$13,267,504				5.96%	1.69%
<b>Core Funds</b>			21.23%				
<b>Strategic Solutions Equity Fund</b>		<b>\$29,152,747</b>		13.10%	61.72%		<b>4.97%</b>
Martingale Asset Management	100%	\$29,152,747				13.10%	5.06%
<b>Core Equity Fund</b>		<b>\$18,083,676</b>		8.13%	38.28%		<b>2.54%</b>
Two Sigma Advisers	37%	\$6,690,960				3.01%	3.76%
Levin Capital Strategies	26%	\$4,701,756				2.11%	-2.14%
Aronson Johnson Ortiz	37%	\$6,690,960				3.01%	4.95%
<b>Total Assets</b>		<b>\$222,518,453</b>					

Source: Commonfund Client Reporting Portal. Please see Important Notes | Performance Comparisons.

Note: Manager Performance depicted is net of the sub-advisor's management fees and expenses, and gross of Commonfund Fund fees and expenses.

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Returns are depicted net of fees. Please see Important Notes | Market Commentary, Benchmarks and Performance.

## MANAGER ALLOCATION AND PERFORMANCE – TREASURY SOLUTIONS

As of August 31, 2019

	Fund Breakdown	AUM	Bucket % AUM	Fund % AUM	Fund % of Sub	Mgr. % AUM	QTD Aug-19
<b>Liquidity Funds</b>			<b>36.96%</b>				
<b>State Street US Govt Money Market</b>		<b>\$60,754,492</b>		21.92%	59.31%	21.92%	<b>0.37%</b>
<b>JP Morgan MMKT</b>		<b>\$5,054,697</b>		1.82%	4.93%	1.82%	0.13%
<b>Comerica Bank</b>		<b>\$296,870</b>		0.11%	0.29%	0.11%	0.00%
<b>Dexia Credit</b>		<b>\$2,100,000</b>		0.76%	2.05%	0.76%	0.32%
<b>Fifth Third Bank</b>		<b>\$34,228,168</b>		12.35%	33.41%	12.35%	0.04%
<b>Contingency Funds</b>			<b>45.78%</b>				
<b>Intermediate Term Fund</b>		<b>\$48,587,384</b>		17.53%	38.30%		<b>0.70%</b>
Income Research & Management	40%	\$19,434,954				7.01%	0.75%
Logan Circle Partners	35%	\$17,005,584				6.14%	0.64%
SIT Fixed Income Advisors	25%	\$12,146,846				4.38%	0.83%
<b>High Quality Bond Fund</b>		<b>\$37,853,315</b>		13.66%	29.84%		<b>2.53%</b>
Income Research & Management	40%	\$15,141,326				5.46%	2.88%
Rimrock Capital Management	20%	\$7,570,663				2.73%	1.49%
Western Asset Management Company	40%	\$15,141,326				5.46%	2.79%
<b>Contingent Asset Portfolio</b>		<b>\$40,422,473</b>		14.59%	31.86%		<b>0.54%</b>
Logan Circle Partners	33%	\$13,339,416				4.81%	0.47%
MD Sass Investors Services	33%	\$13,339,416				4.81%	0.57%
SIT Fixed Income Advisors	33%	\$13,339,416				4.81%	0.73%
<b>Core Funds</b>			<b>17.26%</b>				
<b>Strategic Solutions Equity Fund</b>		<b>\$29,902,267</b>		10.79%	62.50%		<b>2.57%</b>
Martingale Asset Management	100%	\$29,902,267				10.79%	2.63%
<b>Core Equity Fund</b>		<b>\$17,938,535</b>		6.47%	37.50%		<b>-0.80%</b>
Two Sigma Advisers	37%	\$6,637,258				2.39%	-0.89%
CF Direct Management Core Equity	26%	\$4,664,019				1.68%	-0.11%
Aronson Johnson Ortiz	37%	\$6,637,258				2.39%	-1.03%
<b>Total Assets</b>		<b>\$277,138,201</b>					

Source: Commonfund Client Reporting Portal. Please see Important Notes | Performance Comparisons.

Note: Manager Performance depicted is net of the sub-advisor's management fees and expenses, and gross of Commonfund Fund fees and expenses.

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### MARKET COMMENTARY

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## HYPOTHETICAL PORTFOLIOS AND HYPOTHETICAL RESULTS | GENERALLY

Certain asset-allocation framework depicted in this presentation is hypothetical and does not represent the investment performance or the actual accounts of any or investors ("Hypothetical Portfolio").

Performance of Hypothetical Portfolios and other composite performance results (based on sector attribution and other dissections and combinations of actual Investment Product performance) should be considered hypothetical results (collectively, "Hypothetical Results"). Hypothetical Portfolios and Hypothetical Results do not reflect actual trading or performance by an Investment Product or an investor, or a recommendation on the part of an Investment Manager or CSI to any particular investor; nor should they be considered as indicative of the skills of the Investment Adviser. Hypothetical Portfolios and Hypothetical Results are provided for illustrative purposes only and do not guarantee past or future investment results. Hypothetical Results are based on assumptions, and do not reflect the impact that economic and market factors may have on investment decisions for an Investment Manager. Differences between the hypothetical assumptions and an actual investment are material and decrease substantially the illustration value of any Hypothetical Results. Hypothetical Portfolios may not take into account the goals, risk tolerance and circumstances of each investor. An investment decision should not be based on Hypothetical Results.

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**Oakland University  
Capital Debt Report  
September 30, 2019**

	<u>Amount</u>	<u>Rate of Interest</u>	<u>Interest Type</u>	<u>FY 20 Debt Service</u>	<u>Expires</u>	<u>Bond Rating</u>	<u>Purpose</u>	<u>Underwriter</u>
<b>Bonded Indebtedness:</b>								
Variable Rate Demand Bonds, Series 1998	\$ 4,600,000	1.590%	Variable	\$ 72,818	2023	Aa2	Sharf Golf Course	Comerica
General Revenue Refunding Bonds, Series 2008	41,465,000	3.373%	Variable/Hedged	3,126,234	2031	Aa2	AVN, Pawley, OC Expansion, Elec. Upgrade, Parking Deck I	Lehman
General Revenue Bonds, Series 2012	39,810,000	4.075%	Fixed	2,950,800	2042	A1	Engineering Center	Barclay's, 5/3rd
Unamortized Premium	2,971,789							
General Revenue Bonds, Series 2013A	53,445,000	4.028%	Fixed	3,889,300	2043	A1	Oakview, Parking Deck II, Upper Play Fields	BOAML, 5/3rd
Unamortized Premium	4,454,625							
General Revenue Refunding Bonds, Series 2013B	14,130,000	2.995%	Fixed	2,306,664	2026	A1	Recreation and Athletics Center	5/3rd, BOAML
General Revenue Refunding Bonds, Series 2014	24,525,000	3.562%	Fixed	1,966,250	2039	A1	HHB, Infrastructure Projects	JPM Chase
Unamortized Premium	2,847,884							
General Revenue Refunding Bonds, Series 2016	111,320,000	3.656%	Fixed	7,476,000	2047	A1	Hillcrest, Oakland Center, Other Capital Projects	Citigroup, PNC,
Unamortized Premium	17,253,929							5/3rd, Stifel
General Revenue Bonds, Series 2019	79,205,000	3.307%	Fixed	-	2050	A1	South Foundation, Varner, Dodge, Lepley, CHP, Research	BOAML, PNC
Unamortized Premium	18,986,496							
<b>Other Capital Debt:</b>								
2005 ESA II Loan	9,218,652	3.785%	Fixed	1,302,687	2027		Energy Services Agreement II	
2014 Central Heating Co-Gen	13,241,250	3.880%	Fixed	1,126,750	2031	A1	Combined Heat and Power Co-Generation System	
Unamortized Premium	1,184,921							
	<u>\$ 438,659,546</u>	<u>3.605%</u> <sup>(1)</sup>		<u>\$ 24,217,503</u>				

<sup>(1)</sup> Weighted Average Cost of Capital

**Debt covenant compliance:**

The University has a general revenue covenant in many of its borrowing agreements including bonded debt and other capital debt.

These covenants are consistent in all University debt agreements and commit the University to maintain "General Revenues" to exceed the sum of twice the annual debt service on senior debt and one times annual debt service on subordinate debt each fiscal year. The University is in compliance with its debt service covenant ratio requirements.

	<u>Counterparty</u>	<u>Current Notional Amount</u>	<u>Termination Present Value</u>	<u>Counterparty Rating</u>	<u>Purpose/Comment</u>
<b>Debt-Based Derivatives:</b>					
Constant Maturity Swap (CMS)	JP Morgan Chase Bank	\$ 28,625,000	\$ 462,028	Aa2	
Interest Rate Swap - Synthetically Fix 2008 Bonds	Dexia Credit Local	41,465,000	(7,048,372)	Baa3	Current low variable rates = High termination costs.

The CMS is performing as expected with total swap proceeds exceeding \$5 million.

The Interest Rate Swap fixes the interest rate paid on the 2008 bond issue at 3.373% for the life of the bond issue (and the swap agreement).

The Termination Present Value is dynamic, changing daily depending on interest rates and eventually becoming zero at the end of the swap agreements.

**Bond Ratings:**

The rating on the variable rate bonds reflects the current rating of the letter of credit provider, JP Morgan Chase Bank.

The rating on the fixed rate bonds reflects the University's underlying credit rating at the time the bonds were issued.

Oakland University's underlying credit rating, according to Moody's Investors Service's Global Rating Scale, is A1 - Stable.

**Oakland University**  
**CONSTRUCTION REPORT**  
**September 30, 2019**

Item	Projects in Progress - over \$500,000	JCOS Approval/Notification Required		Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding
1	<b>South Student Housing Complex - Hillcrest</b> Fund Number: 70224 Status: Completed, waiting on final invoices Board of Trustees Approved: February 22, 2016 Projected Completion Date: November 2019	Yes	6/30/2016	\$ 3,720,860	\$ 78,000,000	\$ 77,832,726	\$ 78,000,000	\$ 78,000,000 - #70228 2016 General Revenue Bonds
2	<b>Oakland Center Expansion</b> Fund Number: 70232 Status: Completed, waiting on final invoices Board of Trustees Approved: February 22, 2016 Projected Completion Date: February 2019	Yes	6/30/2016	\$ 3,281,000	\$ 47,326,974	\$ 46,752,364	\$ 47,326,974	\$ 40,000,000 - #70228 2016 General Revenue Bonds \$ 6,037,910 - #70215 Chartwells \$ 615,695 - #14520 FY17 Excess Debt Service \$ 519,305 - #24350 Capital Projects Supplement \$ 133,100 - OU Credit Union
3	<b>SFH Renovation and Expansion</b> Fund Number: 70009 Status: Design Phase - In Progress Board of Trustees Approved: April 8, 2019 Projected Completion Date: Fall 2022	Yes	6/30/2019	\$ 40,000,000	\$ 40,000,000	\$ 202,579	\$ 40,000,000	\$30,000,000 - State of MI Capital Outlay Appropriation \$10,000,000 - 2019 General Revenue Bonds
4	<b>WH Renovation &amp; Expansion (Project S.U.C.C.E.S.S.)</b> Fund Number: 70285 Status: Design Phase - In Progress Board of Trustees Approved: February 7, 2019 Projected Completion Date: TBD	Yes	6/30/2019	\$ 833,710	\$ 20,535,000	\$ 229,633	\$ 20,535,000	\$ 5,760,000 - #70228 2016 General Revenue Bonds \$ 7,501,290 - #24348 Investment Income Reserve \$ 833,710 - #24350 Capital Projects Supplement \$ 6,440,000 - #14520 FY19-21 Excess Debt Service
5	<b>Central Heating Plant Project - CoGen</b> Fund Number 70395 Status: Closed Board of Trustees Approved: October 7, 2013 Projected Completion Date: August 2017	Yes	12/1/2013	\$ 14,401,198	\$ 14,401,198	\$ 14,133,198	\$ 14,133,198	\$ 14,401,198 - #71177 2014 Certificates of Participation
6	<b>DH-2019 Renovation</b> Fund Number: 70050 Status: Design Phase - In Progress Board of Trustee Approved: August 12, 2019 Projected Completion Date: December 2020	Yes	12/31/2019	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000 - # TBD 2019 General Revenue Bonds
7	<b>Business School Expansion</b> Fund Number: 70233 Status: On Hold Board of Trustee Approved: Design only February 22, 2016 Projected Completion Date: TBD	Yes	6/30/2016	\$ 1,968,500	\$ 1,968,500	\$ 1,014,019	\$ 1,968,500	\$ 1,968,500 - # TBD
8	<b>Ann V. Nicholson Apartments - Exterior Renovation</b> Fund Number: 70147 Status: Completed, waiting on punch list items and final invoices Board of Trustee Approved: February 7, 2019 Projected Completion Date: August 2019	Yes	6/30/2019	\$ 55,000	\$ 1,816,035	\$ 1,618,297	\$ 1,816,035	\$ 1,816,035 - #45489 Residence Halls
9	<b>SST - Sunset Terrace Renovations</b> Fund Number: 70279 Status: Completed Board of Trustees Approved: October 16, 2017 Projected Completion Date: July 2019	No		\$ 960,000	\$ 960,000	\$ 932,565	\$ 960,000	\$ 960,000 - #24350 Capital Projects Supplement

**Oakland University**  
**CONSTRUCTION REPORT**  
**September 30, 2019**

Item	Projects in Progress - over \$500,000	JCOS Approval/Notification Required	Original Budget	Revised Project Budget	Actual Expenditures to Date	Forecast of Final Cost	Source of Funding
10	<b>KL-Flood</b> Fund Number: 70008 Status: Closed Projected Completion Date: July 2019	No	\$ 100,000	\$ 975,281	\$ 975,281	\$ 975,281	\$ 50,000 - #20921 Property Reserve Fund \$ 925,281- #24531 Insurance Proceeds
11	<b>Residence Hall Re-Keying</b> Fund Number: 70296 Status: 98% Completed Projected Completion Date: August 2019	No	\$ 950,000	\$ 950,000	\$ 261,878	\$ 950,000	\$ 950,000 - #45489 Residence Halls
12	<b>RAC Energy Saving</b> Fund Number: 70250 Status: 88% Completed Projected Completion Date: November 2019	No	\$ 364,305	\$ 859,541	\$ 599,247	\$ 859,541	\$ 859,541 - #14685 FY17 Excess Debt Service
13	<b>Athletic-Lepley Pool Renovation</b> Fund Number: 70241 Status: Design Phase (On Hold) Projected Completion Date: TBD	No	\$ 698,424	\$ 698,424	\$ 337,934	\$ 698,424	\$ 698,424 - #24350 Capital Projects Supplement
14	<b>CMP-Replace Water Lines-HH to NFH</b> Fund Number: 70146 Status: 99% Completed, waiting on punch list items and final invoices Projected Completion Date: December 2019	No	\$ 382,000	\$ 682,000	\$ 280,288	\$ 682,000	\$ 682,000 - #24810 Plant Renewal Supplement
15	<b>AVN Interior Room Renovations</b> Fund Number: 70031 Status: 60% Completed Projected Completion Date: June 2020	No	\$ 680,000	\$ 680,000	\$ 320,885	\$ 680,000	\$ 680,000 - #45489 Residence Hall Rooms
16	<b>HTHW Tunnel Piping Repair</b> Fund Number: 70283 Status: 15% Completed Projected Completion Date: November 2019	No	\$ 200,000	\$ 865,000	\$ 241,495	\$ 865,000	\$ 865,000 - #24810 Plant Renewal Supplement
17	<b>Katke Cousins Hole #17 Stormwater Enhancement</b> Fund Number: 70015 Status: 60% Completed Projected Completion Date: November 2019	No	\$ 500,000	\$ 500,000	\$ 28,201	\$ 500,000	\$ 500,000 - #42465 Katke Cousins Golf Course
<b>TOTAL PROJECTS IN PROGRESS</b>			\$ 72,094,997	\$ 214,217,953	\$ 145,760,590	\$ 213,949,953	

**Notes:**

- A. Revised Project Budget equals the Original Budget plus all approved changes to the budget.
- B. Projects are added to the report when a funding source has been identified, a plant fund is authorized for the project and the project is proceeding.
- C. The project status will be reported as CLOSED when the Actual Expenditures to Date equals the Forecast of Final Costs. work order system ties to Banner, and no additional expenditures or work are anticipated on the project.
- D. A project whose status has been reported as CLOSED to the Board will be removed from the report for the next Board meeting.