



THE  
CAMPANILE  
FOUNDATION

*Supporting San Diego State University*

**Endowment Pool Performance Update  
As of June 30, 2024**



## High-Level Summary for the Quarter Ending June, 2024

**Portfolio Performance Overview:** Our endowment pool has performed steadily for the quarter ending 6/30/2024. Our portfolio returned 1.2% during the quarter, and the ending market value is \$476,947,340.

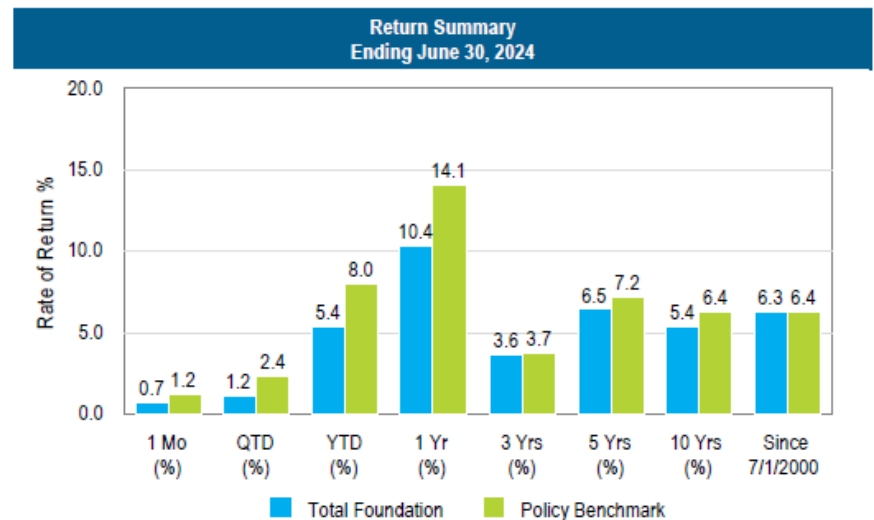
**Growth Assets Success:** The global equity and private equity investments continue to be significant contributors to our long-term capital appreciation. Global equity returned 1.7% for the quarter, while private equity returned 1.1%.

**Credit Market Resilience:** Our high-yield bonds and bank loans performed positively, delivering a 0.9% return for the quarter, with a strong 3.5% year-to-date return.

**Inflation Hedge Stability:** Despite some volatility in real estate, our inflation hedges, including TIPS, natural resources, and gold, offered protection against inflation. Gold, in particular, returned 5.2% for the quarter, contributing to a robust 9.1% year-to-date return.

**Risk Mitigation Effectiveness:** Our risk mitigation strategies, especially in core fixed income and hedge funds, have continued to play an essential role in reducing overall portfolio risk.

Summary of Cash Flows Ending June 30, 2024		
	Last Month	One Year
<b>Beginning Market Value</b>	<b>470,805,520</b>	<b>432,346,470</b>
Net Cash Flow	2,791,174	-119,793
Net Investment Change	3,350,646	44,720,663
<b>Ending Market Value</b>	<b>476,947,340</b>	<b>476,947,340</b>





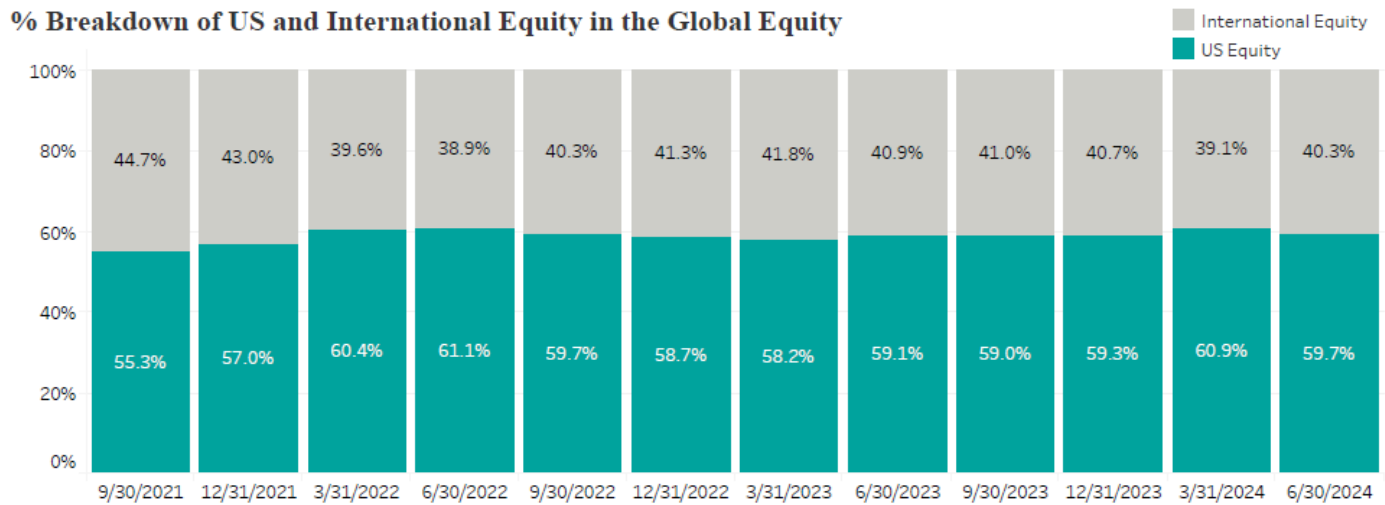
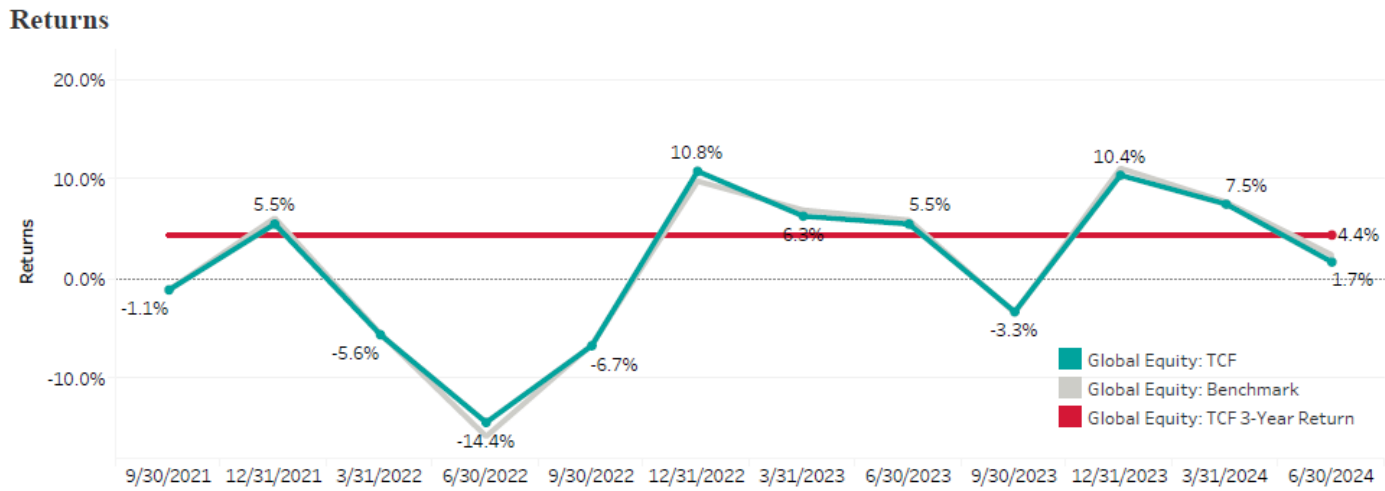
## Asset Allocation vs. Target Asset Allocation as of June 30, 2024

Allocation vs. Targets and Policy						
	Current Balance (\$)	Current Allocation (%)	Policy (%)	Difference (%)	Policy Range (%)	Within IPS Range?
<b>Growth Assets</b>	<b>288,220,766</b>	<b>60.4</b>	<b>60.0</b>	<b>0.4</b>	<b>0.0 - 100.0</b>	<b>Yes</b>
Global Equity	235,028,335	49.3	42.0	7.3	40.0 - 72.0	Yes
Private Equity	53,192,431	11.2	18.0	-6.8	5.0 - 23.0	Yes
<b>Credit</b>	<b>38,179,615</b>	<b>8.0</b>	<b>8.0</b>	<b>0.0</b>	<b>0.0 - 100.0</b>	<b>Yes</b>
Emerging Markets Debt		0.0	2.0	-2.0	0.0 - 4.0	Yes
High Yield Bonds / Bank Loans	38,179,615	8.0	6.0	2.0	0.0 - 12.0	Yes
<b>Inflation Hedges</b>	<b>60,209,581</b>	<b>12.6</b>	<b>13.0</b>	<b>-0.4</b>	<b>0.0 - 100.0</b>	<b>Yes</b>
TIPS	15,836,578	3.3	3.0	0.3	0.0 - 6.0	Yes
Private Real Estate	15,300,258	3.2	4.0	-0.8	0.0 - 8.0	Yes
Public/Private Natural Resources	14,374,088	3.0	3.0	0.0	0.0 - 6.0	Yes
Gold	14,698,657	3.1	3.0	0.1	0.0 - 6.0	Yes
<b>Risk Mitigation</b>	<b>90,337,378</b>	<b>18.9</b>	<b>19.0</b>	<b>-0.1</b>	<b>0.0 - 100.0</b>	<b>Yes</b>
Core Fixed Income	67,037,724	14.1	14.0	0.1	6.0 - 22.0	Yes
Hedge Funds	22,686,422	4.8	5.0	-0.2	0.0 - 10.0	Yes
Cash	613,232	0.1	0.0	0.1	0.0 - 5.0	Yes
<b>Total</b>	<b>476,947,340</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>		

For the quarter ending June 30, 2024



**1. Growth Assets**  
**1-1. Global Equity**



For the quarter ending June 30, 2024



**1. Growth Assets (continued)**

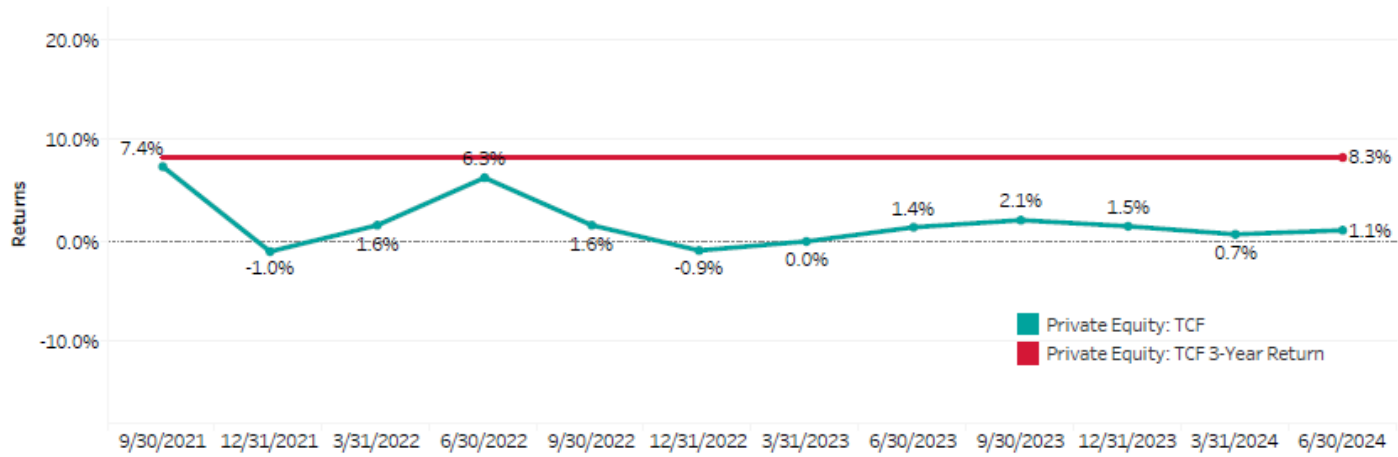
**1-1. Global Equity (continued)**

Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Economic Recovery:</b> The global economic recovery has continued, supporting corporate earnings and investor confidence, contributing to a 1.7% return for the quarter.</li> <li>• <b>Technology Sector:</b> Ongoing advancements in AI and digital transformation initiatives have bolstered the performance of the technology sector.</li> <li>• <b>Geopolitical Stability:</b> Despite global tensions, relative stability in key regions has minimized disruptions, maintaining positive investor sentiment.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Public Trading:</b> Gains are quickly recognized due to the real-time pricing of publicly traded stocks.</li> <li>• <b>Dividends:</b> Regular dividends provide a steady stream of income, which is recognized as earned.</li> <li>• <b>Capital Gains:</b> Gains are realized upon the sale of securities at a higher price than their purchase price, providing flexibility in timing the recognition of these gains.</li> </ul>

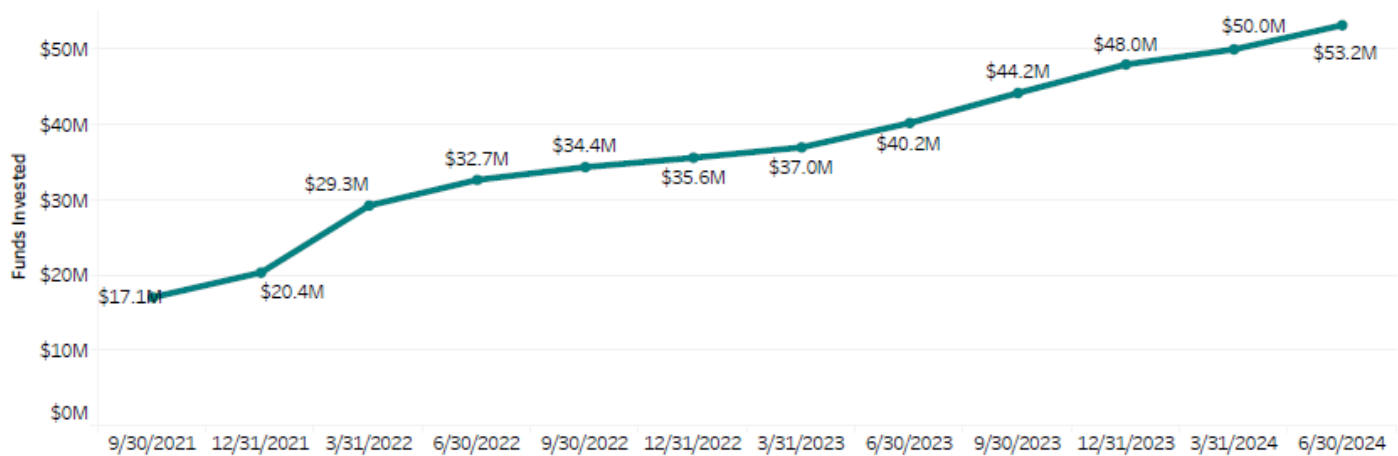


**1. Growth Assets (continued)**  
**1-2. Private Equity**

**Returns**



**Funds Invested**



For the quarter ending June 30, 2024

## 1. Growth Assets (continued)

### 1-2. Private Equity (continued)

Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Delayed Valuations:</b> Private equity valuations are updated less frequently, typically quarterly, leading to periods of minimal reported returns.</li> <li>• <b>Investment Horizon:</b> Private equity investments often take years to mature, with gains realized upon successful exits through IPOs, mergers, or acquisitions.</li> </ul>	<ul style="list-style-type: none"> <li>• Valuation updates are infrequent (quarterly or annually).</li> <li>• Illiquid investments are not publicly traded, resulting in less frequent pricing updates.</li> <li>• Gains are realized over a multi-year horizon, often through significant events like IPOs, sales, or mergers.</li> </ul>

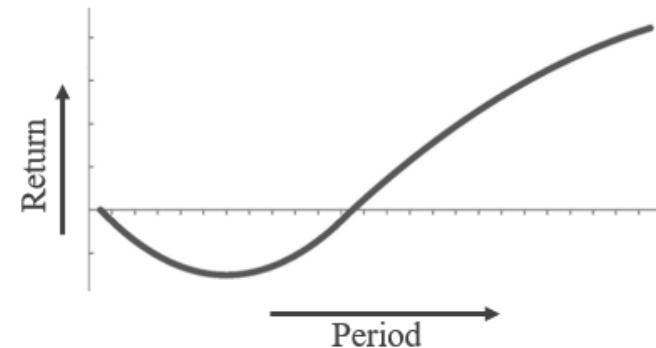
#### Insight Regarding Private Equity:

In December 2021, our Investment Policy Statement was revised to accommodate the target allocation change for Private Equity, increasing it from 10% to 18%. This adjustment was made to enhance portfolio returns through increased exposure to alternative investments. The reallocation has been implemented incrementally to ensure that the expansion of risk is averaged over multiple quarters.

It is important to remember that private equity investments require patience and a long-term perspective. The nature of these investments means it takes time to recognize gains, but they are a crucial part of our diversified strategy. By gradually increasing our allocation to private equity, we aim to capture higher returns while managing the overall risk profile of our portfolio.

#### J-Curve in Private Equity:

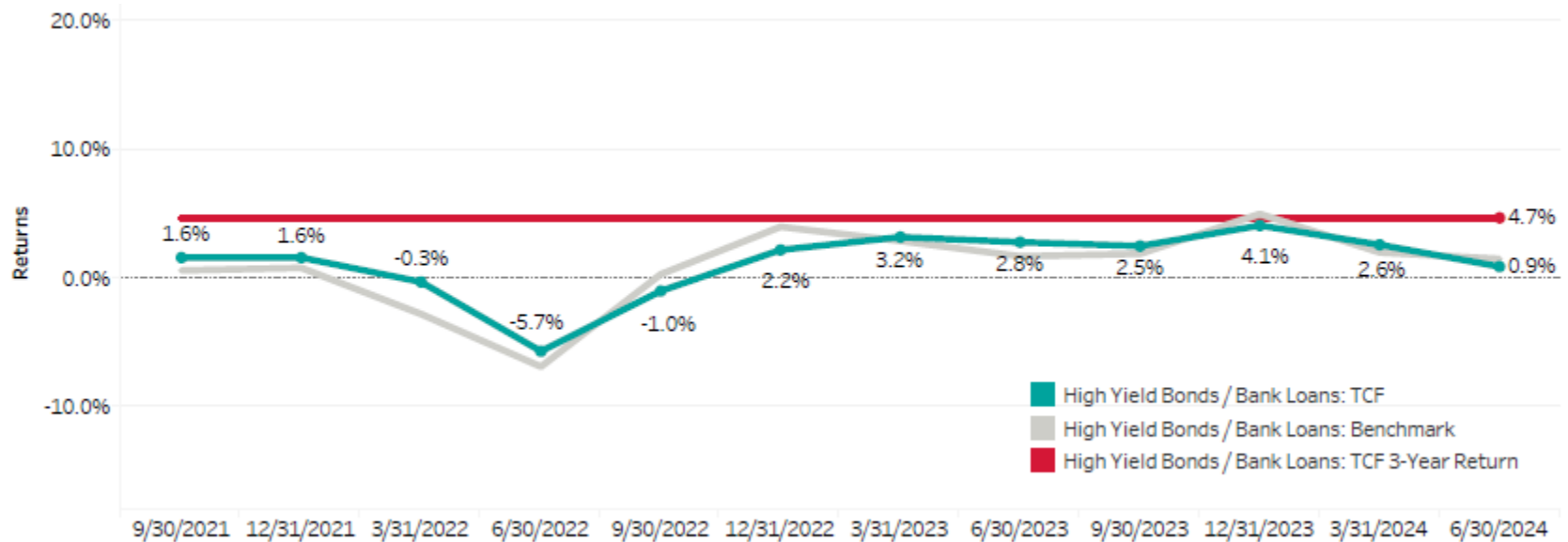
In private equity, the J-curve effect is typical, where funds often experience negative returns in the early years. This initial dip is usually due to management costs, investment expenses, operational fees, and an immature portfolio. However, as the portfolio matures, returns can significantly increase, creating the characteristic J-curve shape.





## 2. Credit

### 2-1. High Yield Bonds / Bank Loans



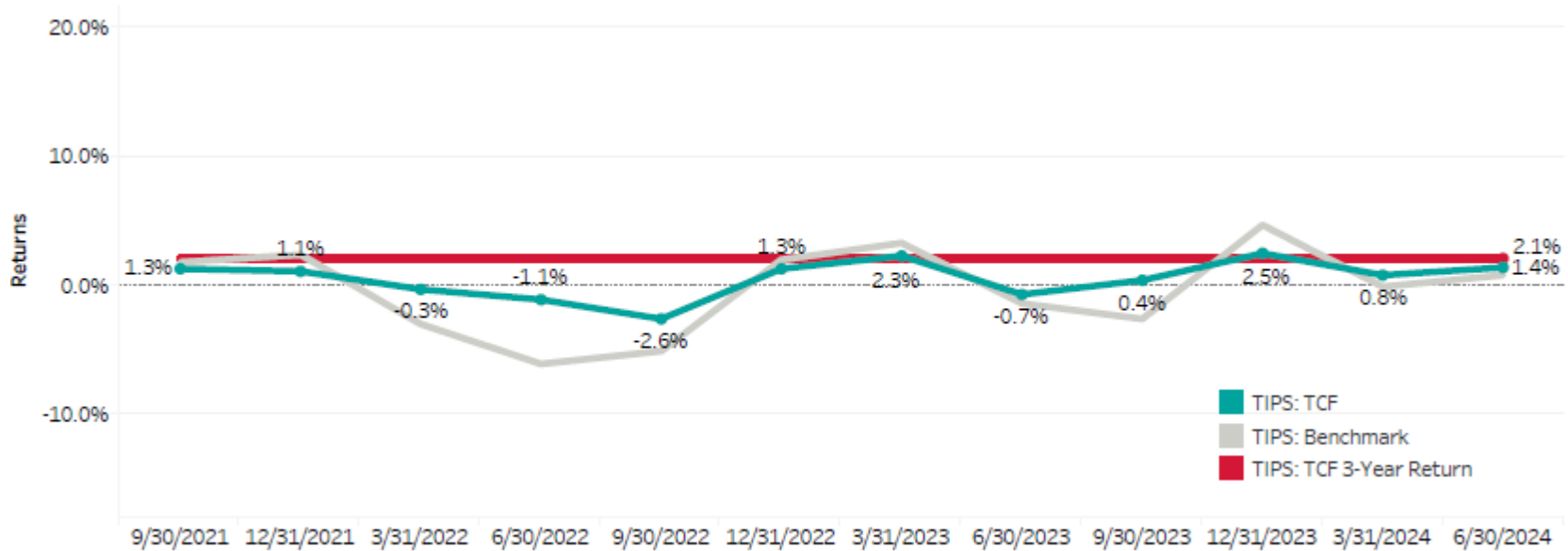
Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Economic Growth:</b> The steady economic growth has reduced default rates among high-yield issuers, contributing to a 0.9% return for the quarter.</li> <li>• <b>Credit Spreads:</b> Narrowing credit spreads have increased the prices of high-yield bonds and loans.</li> <li>• <b>Sector Performance:</b> Strong performance in sectors like energy and consumer discretionary has bolstered returns.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Coupon Payments:</b> Regular interest payments provide steady income.</li> <li>• <b>Capital Gains:</b> Gains are realized upon selling bonds or loans at a higher price than their purchase price.</li> <li>• <b>Credit Events:</b> Changes in the creditworthiness of issuers can lead to gains or losses.</li> </ul>





### 3. Inflation Hedges

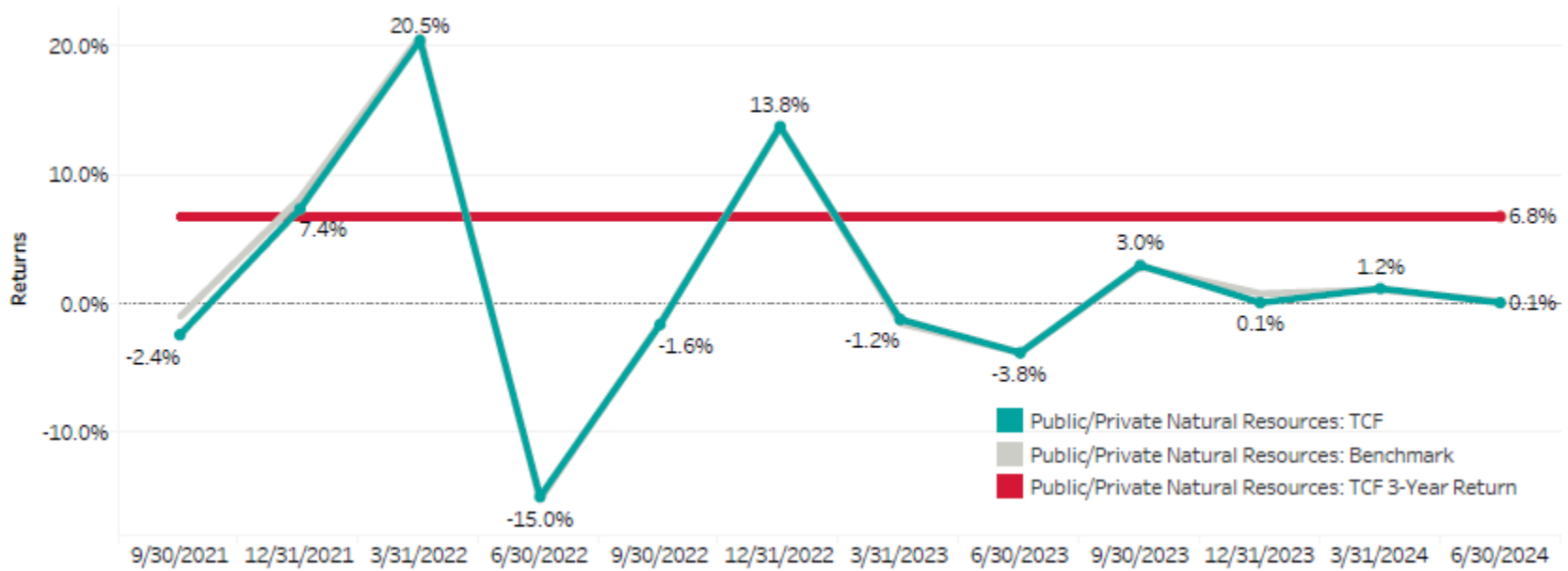
#### 3-1. TIPS (Treasury Inflation-Protected Securities)



Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Inflation Expectations:</b> Rising inflation expectations have increased demand for TIPS, leading to a 1.4% return for the quarter.</li> <li>• <b>Economic Indicators:</b> Positive economic indicators have supported the performance of inflation-protected securities.</li> <li>• <b>Monetary Policy:</b> Central banks' policies aimed at controlling inflation have impacted TIPS yields.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Inflation Adjustments:</b> Principal adjustments based on inflation are recognized regularly.</li> <li>• <b>Interest Payments:</b> Regular interest payments are recognized as earned.</li> <li>• <b>Capital Gains:</b> Gains are realized upon selling TIPS at a higher price than their adjusted principal.</li> </ul>



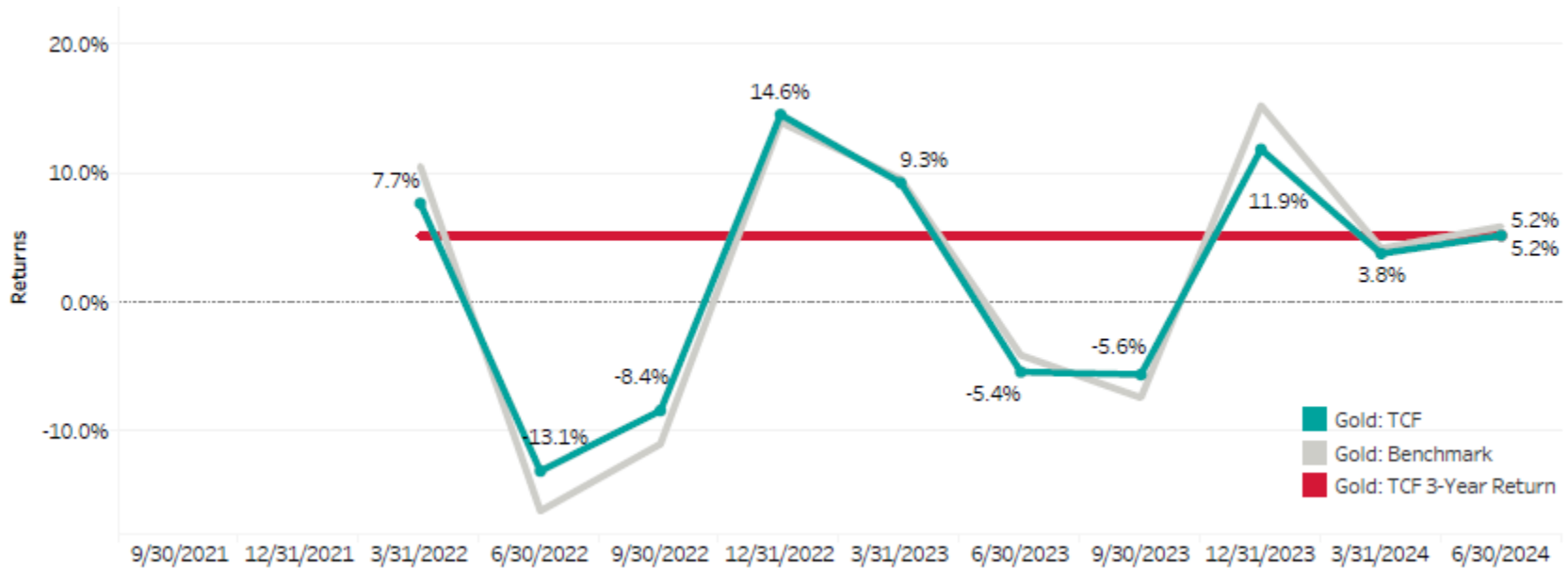
**3. Inflation Hedges (continued)**  
**3-2. Public/Private Natural Resources**



Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Commodity Prices:</b> Fluctuations in commodity prices, particularly oil and gas, have driven performance.</li> <li>• <b>Economic Growth:</b> Increased industrial activity and economic growth have boosted demand for natural resources.</li> <li>• <b>Geopolitical Events:</b> Political stability in key producing regions has influenced supply and prices, contributing to performance.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market Prices:</b> Gains are recognized based on changes in commodity prices.</li> <li>• <b>Income:</b> Income from resource extraction is recognized as earned.</li> <li>• <b>Capital Gains:</b> Gains are realized upon the sale of resource assets at a higher price than their purchase price.</li> </ul>



### 3. Inflation Hedges (continued) 3-3. Gold

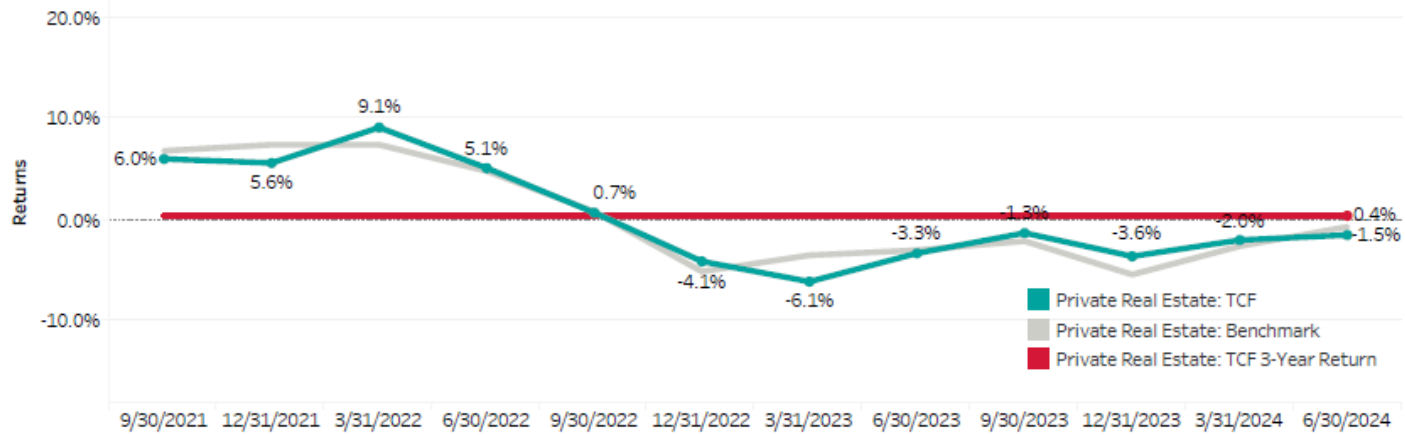


Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Safe Haven Demand:</b> Increased demand for gold as a safe haven during periods of market volatility led to a 5.2% return for the quarter.</li> <li>• <b>Inflation Hedge:</b> Gold's role as an inflation hedge has attracted investors amid rising inflation concerns, contributing to the strong performance.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Spot Price Changes:</b> Gains are recognized based on changes in the spot price of gold.</li> <li>• <b>Capital Gains:</b> Gains are realized upon selling gold at a higher price than its purchase price.</li> </ul>

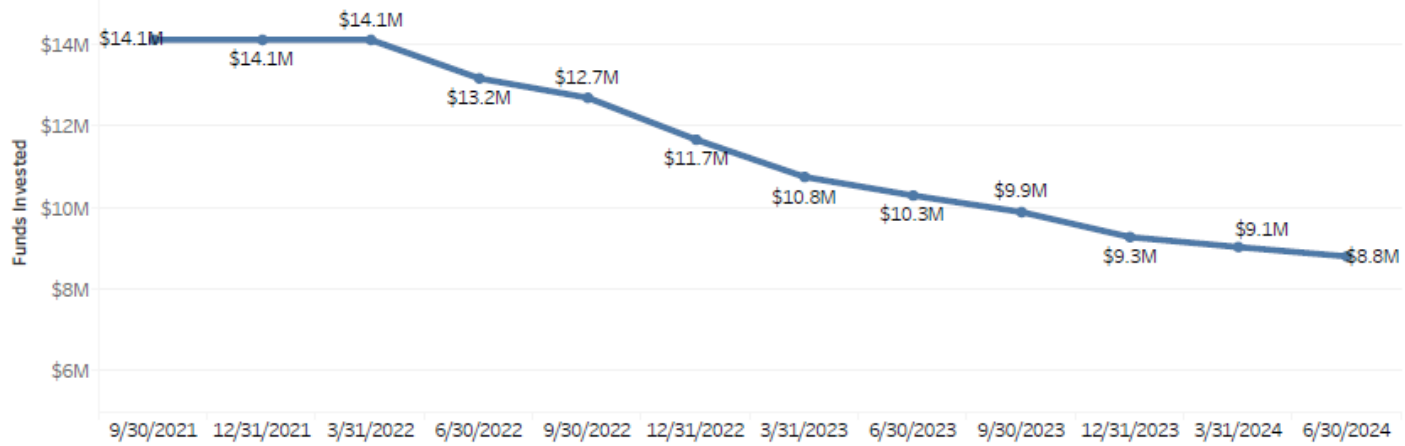


**3. Inflation Hedges (continued)**  
**3-4. Private Real Estate**

**Returns**



**Funds Invested**



For the quarter ending June 30, 2024



**3. Inflation Hedges (continued)**  
**3-4. Private Real Estate (continued)**

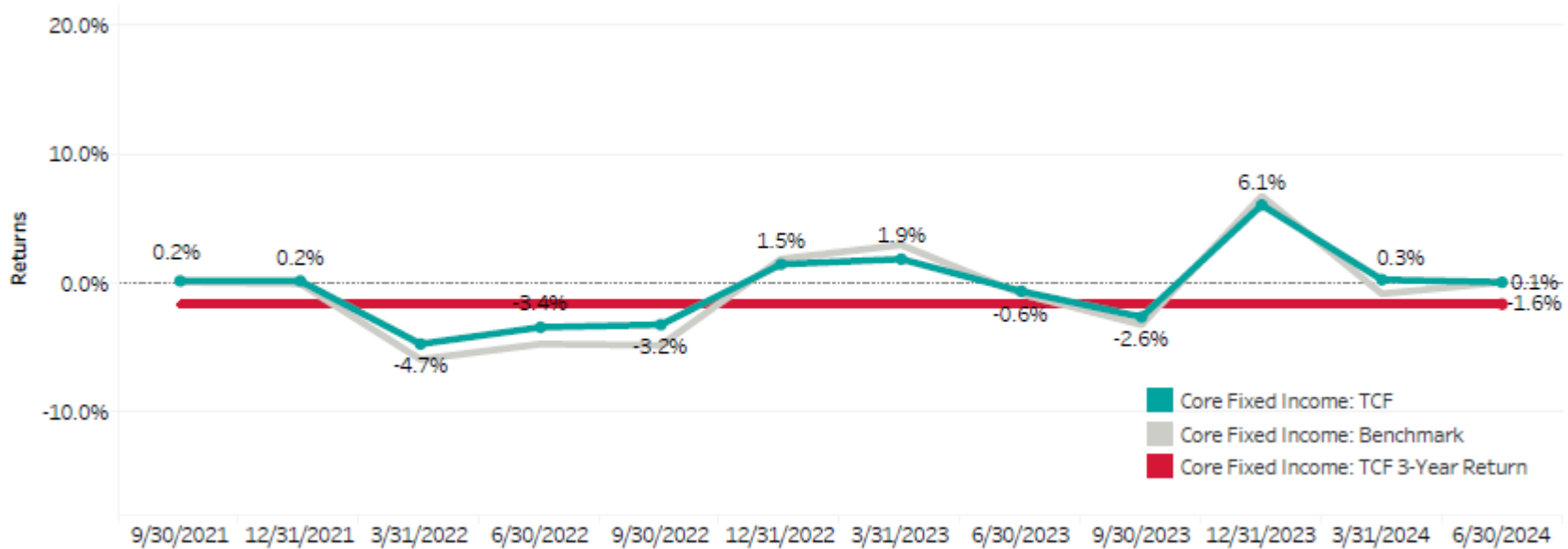
Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Market Conditions:</b> Sluggish growth in the real estate market and increased vacancy rates have negatively impacted returns, with the asset class returning -1.5% for the quarter.</li> <li>• <b>Interest Rates:</b> Rising interest rates have increased borrowing costs, impacting property values.</li> <li>• <b>Economic Uncertainty:</b> Ongoing economic uncertainties have dampened demand for commercial real estate, further affecting performance.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Appreciation:</b> Property value appreciation upon sale or revaluation.</li> <li>• <b>Rental Income:</b> Rental income is recognized as earned.</li> <li>• <b>Improvements:</b> Capital improvements can increase property value, recognized through revaluation or sale.</li> </ul>

**Insight Regarding Private Real Estate:**

We initiated a full redemption from the UBS Trumbull Property Fund in Q2 2020, with payouts starting in July 2020. The complete return of capital was expected to take around three years, but the exact timing is uncertain due to factors like future deposits, redemption pool size, and asset sales. These uncertainties and the extended redemption period have contributed to the negative returns in this asset class.



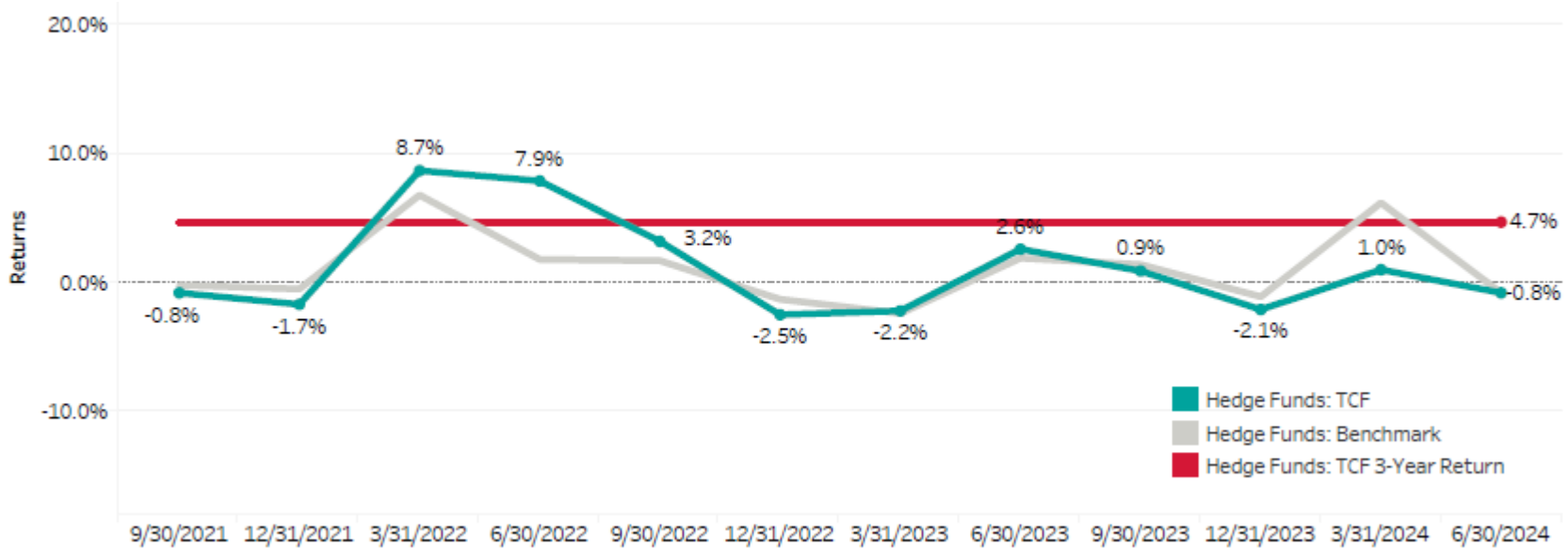
**4. Risk Mitigation**  
**4-1. Core Fixed Income**



Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Interest Rates:</b> Stability in interest rates has supported bond prices.</li> <li>• <b>Economic Conditions:</b> Steady economic growth has provided a favorable environment for fixed income investments.</li> <li>• <b>Credit Quality:</b> High credit quality of core fixed income securities has ensured steady returns.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Interest Payments:</b> Regular interest payments are recognized as earned.</li> <li>• <b>Capital Gains:</b> Gains are realized upon selling fixed income securities at a higher price than their purchase price.</li> </ul>



**4. Risk Mitigation (continued)**  
**4-2. Hedge Funds**



Factors Influencing Performance	Asset Class Valuation
<ul style="list-style-type: none"> <li>• <b>Investment Strategies:</b> Diverse hedge fund strategies have allowed for capitalizing on various market conditions.</li> <li>• <b>Market Volatility:</b> Hedge funds have benefited from market volatility, which creates opportunities for arbitrage and other strategies.</li> <li>• <b>Manager Skill:</b> The expertise of fund managers in navigating complex market environments has been crucial in maintaining positive returns.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Performance Relative to Strategy:</b> Gains are recognized based on the fund's performance relative to its strategy and market conditions.</li> <li>• <b>Income:</b> Income from certain hedge fund strategies is recognized as earned.</li> <li>• <b>Capital Gains:</b> Gains are realized upon selling hedge fund investments at a higher price than their purchase price.</li> </ul>