

FALL 2022  
**Investment  
Report**



**TOWSON UNIVERSITY  
FOUNDATION**



## **Fed Changes Course, Markets Correct, Investment Policy Matters...**

I am pleased to share the Towson University Foundation (TUF) Fall Investment Report. We are keenly aware, as I'm sure you are, of the recent market volatility, and I want to assure you that the TUF Investment Committee takes our role as fiduciaries very seriously. We are engaged and active managers in this rapidly changing market, routinely reviewing our performance, policies and benchmarks and adjusting our investments as necessary. As the chair of the TUF Investment Committee, I and my fellow investment committee members make managing the generous contributions to the TU Foundation our top priority.

Traditionally, the Federal Funds Interest Rate Policy goal has been to promote maximum employment, stabilize prices and moderate interest rates. Since 1981, this Fed policy has led to interest rates ranging from about 20% to less than 1% in 2021. Strategically, this Fed variable has also been employed to bolster the economy in times of weakness or to protect the economy from peril. Consider the great financial-crisis of 2008 and the COVID crisis as two examples of extreme Fed Fund Rate reduction cycles. Over most investment periods, bond holders have usually had positive investment experiences during times of falling rates and are adversely impacted by rising rates cycles. In early 2022, Fed policy changed course and began to increase rates. During that same period, "equities" were expensive and continued the longest bull-market run in history, beginning in March of 2009 and continuing through early 2022.

In April of 2022, America's most referenced market indicator, The S&P 500, had its worst April in 52 years at -8.8%. According to Bloomberg and going back to 1928, April is the second strongest month for returns each year and can have a significant impact on the calendar year outcome. As far back as market statistics will allow, market extremes eventually move indices towards normal levels. Regardless of the catalyst for a market correction, investors are often shocked by the timing, severity and duration of the event. On June 16th, 2022 equity markets, as defined by the S&P 500, briefly reached bear market territory. **Bear Markets are defined by a market correction of 20% or more.**

In 2022, equity markets suffered through their worst first-half performance in more than 50 years. The bond market, which is supposed to offer ballast when equities are selling off, was also battered. Considering a traditional 60/40 endowment investment model (stocks/bonds), what has been unusual in 2022, is that bonds and stocks (Barclays Bloomberg Aggregate and S&P 500) experienced negative returns simultaneously. Through August 12th of 2022, the Bloomberg US Agg Bond Index was down -8.89%, The S&P 500 -9.34% and smaller Stocks with respect to the Nasdaq were off -16.66%.

At the end of the day, the primary responsibility of the Towson University Foundation (TUF) is to manage an endowment that generates income for purposes of scholarships and other university initiatives. The TUF Investment Committee is fortunate to maintain a long-term consultant relationship with Marquette, along with a solid Investment Policy, which together, continue to be the bedrock to reduce volatility and enhance our investment success over time. As a result, again in 2022, the TUF Endowment Portfolio has experienced less downside participation in fixed income and less downside volatility in equity allocations, leading us to outperform our policy benchmark.

Considering these recent corrections in equity and fixed income markets, the endowment now has an opportunity to re-allocate to higher income asset classes that continue to support the foundation's objectives.

It's hard to believe the beginning of the school year is already upon us. I hope that you were able to enjoy time with family and friends during the summer season. And, as always, thank you for your interest and support of the TUF which ultimately benefits the students of TU.

Wishing you well.

A handwritten signature in black ink, appearing to read "Ira Cox". The signature is fluid and cursive.

Ira Cox '88  
TUF Investment Committee Chair



## NEW Center for Innovative and Interdisciplinary Cybersecurity

A physical home for the Center for Innovative and Interdisciplinary Cybersecurity, under development in the former Towson Marriott, will cement Towson University's place as a leader in cybersecurity. The university is accelerating the creation of this state-of-the-art center, operationalizing a Sensitive Compartmented Information Facility (SCIF) and bringing video technology to the center. **The Towson University Foundation is leading the way with a \$250,000 challenge grant to match private gifts to the Center.**

### The fully operational Center will include the following:

- **Sensitive Compartmented Information Facility (SCIF).** This highly secure, third-party resource will function primarily as collaborative and cleared work space for industry partners. This sophisticated flagship area will ensure that TU remains at the forefront of the cybersecurity industry and will position TU well to compete successfully for federal research grants.
- **The Video Wall,** spanning three floors in the Center's atrium, will display information on current events, cutting edge research results, open challenges in cybersecurity, scholarships and other opportunities for students. During cyber exercises and competitions, the wall will be used as a dashboard and for team debriefings.
- **Pre-incubator and research spaces** will promote commercialization and facilitate work with TU's StarUP Accelerator @The Armory in downtown Towson.
- **Lab spaces and classrooms** will offer an energy-filled environment that houses cutting-edge research, student competitions and special classes.
- **Shared meeting spaces** will encourage collaboration with industry partners and informal cross-disciplinary conversations among faculty colleagues and students from many of the university's colleges.

This innovative and dynamic space brings interdisciplinary cybersecurity education and research together, where government/industry partnerships thrive to solve some of the most challenging questions in cybersecurity. The end goal: transfer results to deployable and game-changing technologies.



*"TU is a recognized leader in cybersecurity education and research. This new Center for Innovative and Interdisciplinary Cybersecurity will place TU among the very best and most well-respected centers in the country. It will solidify Maryland's position as a national and global leader in this critical area."*

**Sidd Kaza**  
Founding Director  
TU E-Novation Endowed Professor

## Fall 2022 Investment Report

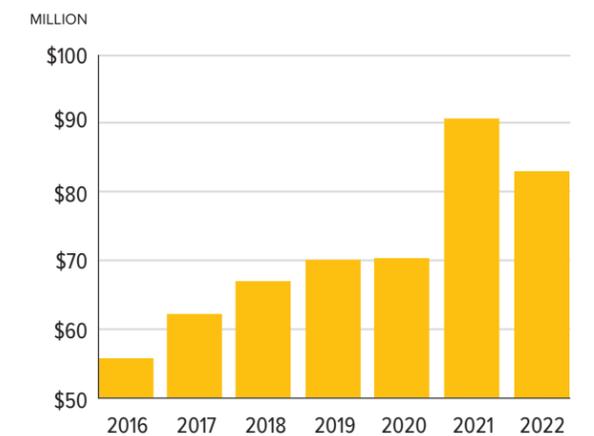
### Performance Results: TU Foundation Strong Net-of-Fee Results

	Performance ending June 30, 2022			
	1-Year	3-Year	5-Year	10-Year
<b>TU Foundation Endowment</b>	<b>-8.7%</b>	<b>6.6%</b>	<b>7.0%</b>	<b>8.1%</b>
Policy Index	-14.5%	5.0%	6.2%	7.9%
Peer Ranking* (1=Best, 100=Worst)	21	18	17	10

- TUF ranks in the top 10th percentile over 10 years against peers (as of June 30, 2022).

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

### Endowment Portfolio Value by FY



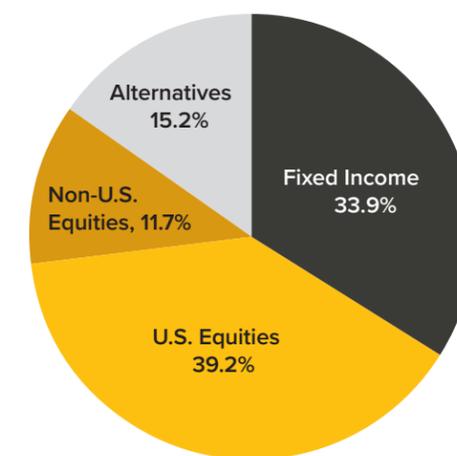
### 2022 Achievements

- 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\*\*

**0.8%**  
Annualized Alpha

**94.1%**  
Down Market Capture

**0.4%**  
Lower Standard Deviation

\*\*Five years ending June 30, 2022; relative to policy benchmark



## Grant Brings Virtual Symposium to Life

In 2021, the Towson University Foundation funded **Evidence Against Intolerance: A Virtual Symposium on Teaching the Holocaust in the Digital Disinformation Era** and the creation of an online, open access repository of Holocaust lesson plans. The project began a conversation between librarians and Holocaust educators about the role of education in combating hatred and antisemitism and showcased TU's expertise in the field of Holocaust education.

The February 23, 2022 Symposium featured a variety of speakers who discussed the state of Holocaust education, the connection between disinformation and antisemitism, and showcased available resources for teachers. 174 people from around the world, including the US, Israel, Ecuador, Chile, Canada, Germany, Brazil and England, registered to attend and the YouTube recordings were viewed more than 120 times. Symposium attendees/viewers learned new ways to approach Holocaust education and intend to recommend the event and TU's resources to others.

The creation of a repository of Holocaust lesson plans is underway with seven educators and librarians submitting completed lesson plans to date. Topics range from examining the Holocaust through music to analyzing themes in survivor testimonies.

"The Symposium, and the development of Holocaust lesson plans based on that event, brought together a global audience to examine Holocaust education," says Joyce Garczynski, Assistant University Librarian for Development & Communications. "The Symposium positioned TU as a leader in addressing issues of hatred, violence, and antisemitism and **we thank the TU Foundation for the grant funding that made it possible.**"

## Board of Directors

### OFFICERS

**J. William Murray '08, '11, President**  
*President, Murray Group*

**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*

**Edna Primrose '84, Vice President**  
*Founder and President, Differenza*

**David M. Vahos, Vice President**  
*CFO & Treasurer, BGE*

### DIRECTORS

**Raymond J. Brusca '80**  
*Human Resources Executive/Lawyer*

**Thomas Coard '00**  
*Branch Manager & Licensed Realtor, Long & Foster*

**Ira W. Cox MBA, CIMA, CPWA '88**  
*Senior Vice President, AMUNDI Asset Management,  
Distribution Americas*

**Douglas Erdman '80**  
*President, Community Realty Company, Inc.*

**Paul-Sean Gray '88**  
*VP for 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)*

**Honorable Theresa A. Lawler**  
*Retired Judge, Baltimore County*

**Rosemary Meyer**  
*Partner & Regional Leader, KPMG, LLP*

**Kelly A. Powers, Esq.**  
*Principal, Miles & Stockbridge P.C.*

**Howard J. Rosen, CPA**  
*President, Rosen, Sapperstein  
& Friedlander, Chartered*

**Shanna N. Warburton-Barnes '99**  
*Marketing Director, PM Consulting Group*

### EX-OFFICIO OFFICERS

**Kim Schatzel, Ph.D.**  
*President, Towson University*

**John J. Mease Jr.**  
*VP & CFO, Towson University Foundation, Inc.*

**Brian DeFilippis**  
*VP University Advancement, Towson University  
EVP, Towson University Foundation*

**Shohreh Kaynama '76**  
*Dean, College of Business & Economics  
Towson University*

**Benjamin Lowenthal**  
*VP Administration & Finance,  
Towson University*

**Todd Langenberg**  
*AVP Development, Towson University*

### INVESTMENT COMMITTEE

**Ira W. Cox '88, Chair**

**Salvatore Correnti '82**

**Christopher Evans '93**

**Paul-Sean Gray '88**

**Eric M. Kruk '97**

**J. William Murray '08, '11**



8000 York Road  
Towson, MD 21252-0001

[TOWSON.EDU](http://TOWSON.EDU)

