

VILLANOVA UNIVERSITY PERFORMANCE AS OF JUNE 30, 2018

Performance	1-Year	3-Year	5-Year	10-Year
Villanova Portfolio¹	10.1%	6.4%	7.7%	4.8%
Dynamic Policy Benchmark¹	8.9%	6.5%	7.4%	4.9%
Villanova Portfolio (ex. Private Investments)	9.1%	5.9%	7.1%	4.5%
Marketable Dynamic Benchmark	8.1%	5.5%	6.5%	4.0%

¹ Portfolio and portfolio benchmark results as of 6/30/2018 incorporate lagged valuations as of 3/31/2018 for all private investments

Dynamic Benchmark: The dynamic benchmark reflects the actual asset allocation as opposed to long-term policy target weights

Villanova University's portfolio generated strong absolute returns over the year-ended June 30, 2018, benefitting from the upward momentum of global equity markets. The total portfolio returned 10.5%, with private investments marked as of March 31, 2018. Portfolio results outperformed the Dynamic Benchmark, which takes into account the portfolio's current allocation. Excluding private investments, Villanova's marketable portfolio returned 9.4% for the fiscal year, outperforming the Dynamic Benchmarks, which also exclude private investments.

Over the trailing year, global equity markets marched higher despite the recent uptick in volatility seen in early-2018. Most equity markets saw double-digit returns. Among developed markets, the US and Japan led the way. Eurozone equities lagged as geopolitical tensions rose during the back half of the period. Developed markets outpaced emerging markets for the year, despite strong performance by China. After a stellar FY 2017, Information Technology stocks continued their run in 2018. Defensive sectors, including telecommunication services and consumer staples declined. Villanova's public equity exposure, approximately 52% of assets, generated an aggregate return of 12.7%, outperforming the MSCI All Country World Index by 2.0% for the one year period. Returns above the benchmark are attributable to strong manager results, particularly from developed equity managers with a growth style bias. These managers were able to capture returns from market leaders in Information Technology and Consumer Discretionary sectors.

The portfolio holds approximately 16% of assets in private investments. These investments are intended to capture return premiums above public equities over long periods of time. Villanova's private investment portfolio saw meaningful increases in valuations as the young portfolio starts to season. In aggregate the asset class rose by 16.3% for the year.

Diversifying Assets comprise approximately 23% of the portfolio. These investments provide diversification and offer potential returns from differentiated sources. Diversifying Assets are expected to generate returns between stocks and bonds, which was achieved over the fiscal year as the asset class returned 5.2%, outperforming its benchmark.

Bonds and Cash account for approximately 10% of Villanova's portfolio. These assets serve as deflation and economic contraction hedges, an important role in the portfolio given high global equity valuations.

Relative to the portfolio's Dynamic benchmark, Villanova's results lagged over the trailing 3-year period but exceeded the benchmark over the trailing 5-year period. Marketable portfolio results have outpaced the benchmarks over the trailing 1-, 3-, and 5-year periods.

