



Presentation to Economic Outlook and Revenue Assessment Committee

January 7, 2022

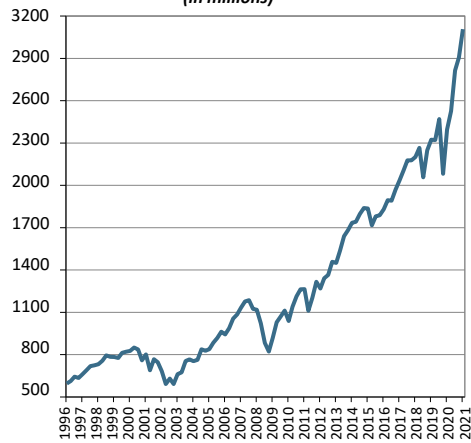
Chris Anton
 Manager of Investments
 Endowment Fund Investment Board

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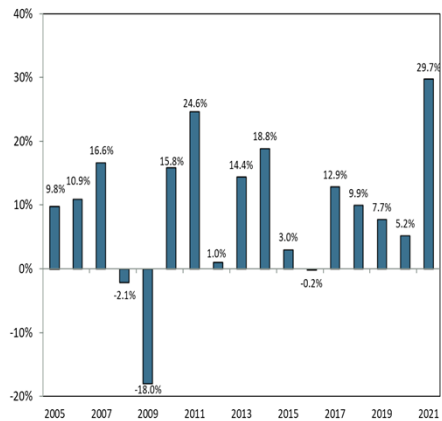
Endowment Fund Investment Board

Strong performance since the great financial crisis that ended in March of 2009.

Land Grant Endowment Fund Assets
June 1996 - June 2021
 (in millions)



Annual Gross Fund Returns



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Periodic Chart of Returns

The performance of U.S. Large Cap Equity (particularly growth/technology) has been exceptional.

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
International Equity	U.S. Fixed Income	International Equity	US Small-Mid	Real Estate	US Small-Mid	US Small-Mid	Large Cap Equity	Real Estate	US Small-Mid	International Equity	Real Estate	Large Cap Equity	US Small-Mid
16.65%	5.24%	41.45%	26.71%	14.96%	17.88%	36.80%	13.69%	13.95%	17.59%	27.19%	7.36%	31.49%	19.99%
Real Estate	Real Estate	US Small-Mid	Real Estate	U.S. Fixed Income	International Equity	Large Cap Equity	Real Estate	Large Cap Equity	Large Cap Equity	Large Cap Equity	U.S. Fixed Income	US Small-Mid	Large Cap Equity
14.84%	-10.70%	34.39%	15.26%	7.84%	16.83%	32.39%	11.46%	1.38%	11.96%	21.83%	0.01%	27.77%	18.40%
U.S. Fixed Income	US Small-Mid	Large Cap Equity	Large Cap Equity	Large Cap Equity	Large Cap Equity	International Equity	US Small-Mid	U.S. Fixed Income	Real Estate	US Small-Mid	Large Cap Equity	International Equity	International Equity
6.97%	-36.79%	26.46%	15.06%	2.11%	16.00%	15.29%	7.07%	0.55%	7.79%	16.81%	-4.38%	21.51%	10.65%
Large Cap Equity	Large Cap Equity	U.S. Fixed Income	International Equity	US Small-Mid	Real Estate	Real Estate	U.S. Fixed Income	US Small-Mid	International Equity	Real Estate	US Small-Mid	U.S. Fixed Income	U.S. Fixed Income
5.49%	-37.00%	5.93%	11.15%	-2.51%	9.79%	12.90%	5.97%	-2.90%	4.50%	6.66%	-10.00%	8.72%	7.51%
US Small-Mid	International Equity	Real Estate	U.S. Fixed Income	International Equity	U.S. Fixed Income	U.S. Fixed Income	International Equity	International Equity	U.S. Fixed Income	U.S. Fixed Income	International Equity	Real Estate	Real Estate
1.38%	-45.52%	-30.40%	6.54%	-13.71%	4.21%	-2.02%	-3.87%	-5.66%	2.65%	3.54%	-14.20%	4.39%	0.34%

Source: Callan

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COVID-19 Pandemic Dealt a Crushing Blow to Global Economies

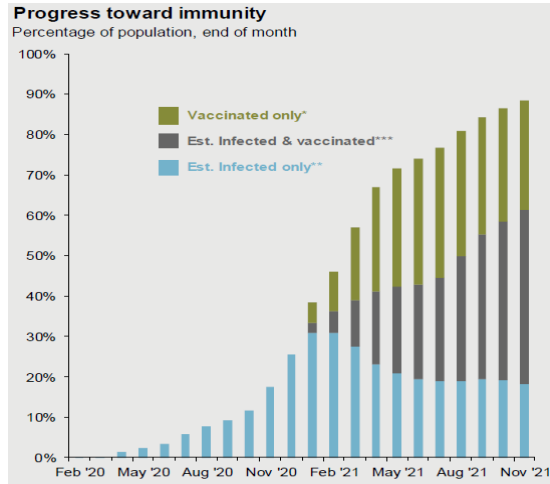
- The development and deployment of vaccines and incredible monetary and fiscal support created a path forward.
- We are learning to live with COVID-19, but it remains a serious challenge. The Delta variant is more infectious than prior variants and has led to an uptick in cases worldwide. The Omicron variant may replace Delta.
- Pfizer/BioNTech said its vaccine will provide at least partial immunity against Omicron and, if necessary, they could produce a new version of its vaccine in six weeks with initial shipments in about three months.
- New antiviral medications are said to cut the risk of hospitalizations by nearly 90% if taken within three days from the onset of symptoms.



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Vaccination Status

Immunity is growing through vaccination and response to infection, but global vaccination rates are too low to stop COVID from circulating.



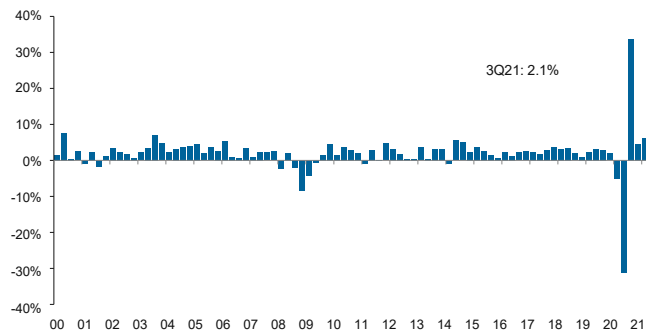
Source: JP Morgan Guide to the Markets: November 30, 2021

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GDP

GDP collapsed when COVID19 quarantines hit but recovered rapidly.

Quarterly Real GDP Growth



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GDP

GDP is decelerating from peak recovery levels but expected to remain above pre-pandemic trends.

BLOOMBERG SURVEY OF ECONOMISTS GDP GROWTH EXPECTATIONS												
	2021*				2022*				2023*	2021** 2022** 2023**		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1			
US	6.3%	6.7%	2.1%	4.9%	4.5%	4.0%	3.2%	2.6%	2.4%	5.5%	3.9%	2.5%
EURO AREA	-1.2%	8.7%	9.1%	2.8%	3.2%	3.2%	2.8%	2.4%	2.0%	5.1%	4.2%	2.3%
UK	-5.5%	23.9%	5.3%	4.5%	4.1%	3.2%	2.4%	2.4%	2.0%	7.0%	5.0%	2.1%
JAPAN	-4.1%	1.5%	-3.0%	5.3%	4.5%	3.1%	2.0%	1.3%	1.2%	2.0%	2.6%	1.3%
CANADA	4.9%	-3.2%	5.5%	4.7%	5.0%	4.5%	3.8%	2.8%	2.7%	5.0%	4.1%	2.6%
AUSTRALIA	7.4%	2.8%	-7.4%	7.4%	8.0%	5.7%	4.1%	3.2%	2.8%	3.9%	3.8%	3.0%
BRAZIL	4.9%	-0.4%	0.9%	1.9%	0.6%	0.3%	0.5%	1.2%	1.5%	5.0%	1.3%	2.2%
CHINA	0.8%	4.9%	0.8%	4.9%	5.7%	6.1%	5.7%	5.3%	4.7%	8.0%	5.3%	5.3%
INDIA***	...	...	...	...	...	...	...	...	...	9.2%	7.5%	...
RUSSIA**	...	...	...	...	...	...	...	...	...	4.2%	2.5%	2.1%
G7****	1.8%	7.2%	3.6%	4.5%	4.1%	3.6%	2.9%	2.3%	2.1%	5.0%	3.9%	2.2%
G7**** EX. US	-2.9%	7.6%	5.3%	4.1%	3.8%	3.3%	2.6%	2.1%	1.8%	4.4%	3.9%	1.9%

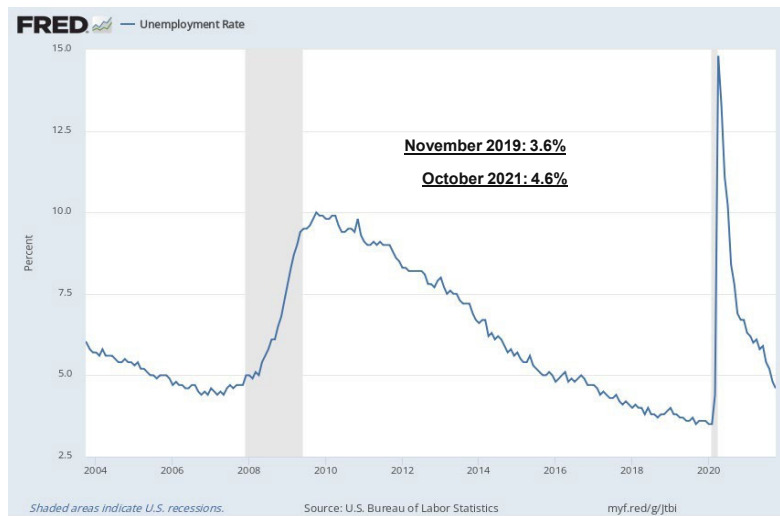
* QUARTERLY RATE OF CHANGE, ANNUALIZED.
 ** ANNUAL RATE OF CHANGE.
 *** THE 2021 FORECAST FOR INDIA REFERS TO THE APRIL 2021-MARCH 2022 PERIOD, WHILE THE 2022 FORECAST REFERS TO APRIL 2022-MARCH 2023.
 **** INCLUDES US, CANADA, JAPAN, GERMANY, FRANCE, ITALY AND THE UK.
 SOURCE: BLOOMBERG FINANCE L.P.
 NOTE: ACTUAL VALUES FOR Q1 AND Q2 OF 2021 ARE USED FOR ALL COUNTRIES. FOR G7 COUNTRIES, THE EURO AREA, AUSTRALIA, AND CHINA, ACTUAL VALUES ARE USED FOR Q3 AS WELL.

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Unemployment

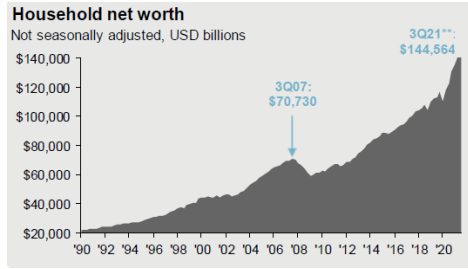
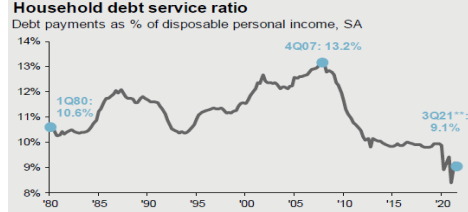
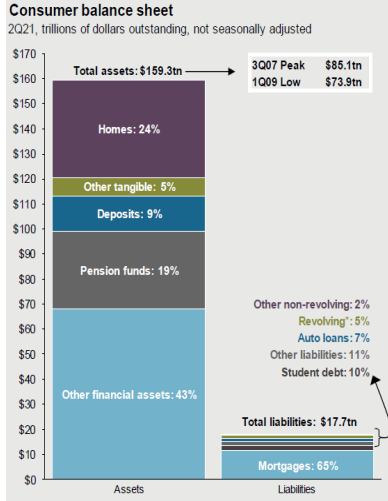
Employment continues to expand, but reaching pre-pandemic levels remains a challenge. Improvements in labor force participation will take time.



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Consumer Balance Sheet

Household balance sheets have improved due to fiscal stimulus, greater savings during the pandemic and growth in asset values. This strength should support consumer spending and the economic recovery.



Source: JP Morgan Guide to the Markets: November 30, 2021

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Investment Climate Promises to Be More Challenging in the Years Ahead

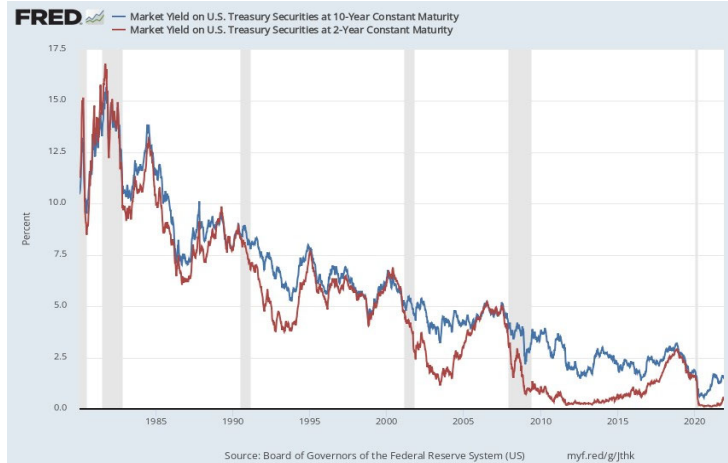
Where do we go from here?



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Interest Rates

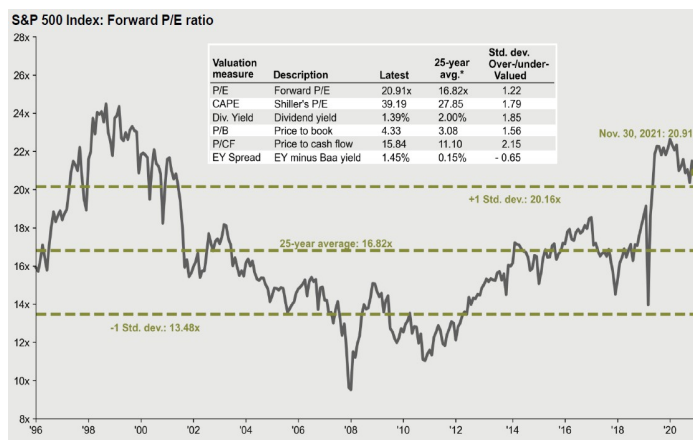
Stocks, bonds, real estate and most other assets have benefited enormously from the persistent decline in interest rates since the early 1980's. The era of declining interest rates is over barring a slide into global deflation.



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S&P 500 Valuations

Rich equity valuations create a major headwind for real returns over the next decade.

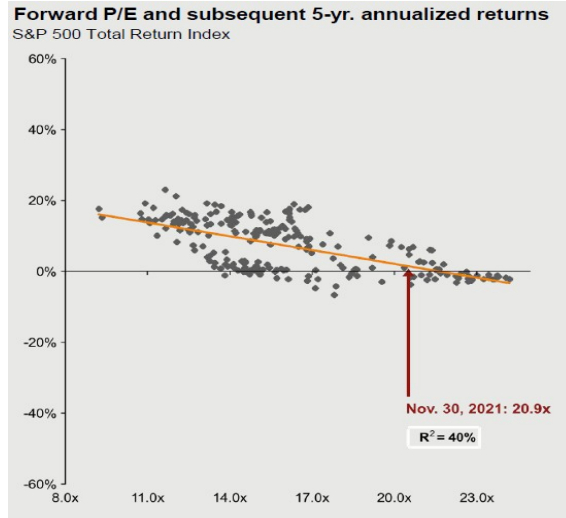


Source: FitchI/S&P, FRED, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management
 Source: JP Morgan Guide to the Markets: November 30, 2021

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Equity Valuations and Forward Returns

Elevated current equity valuations point to lower future returns. Reversion to the mean.

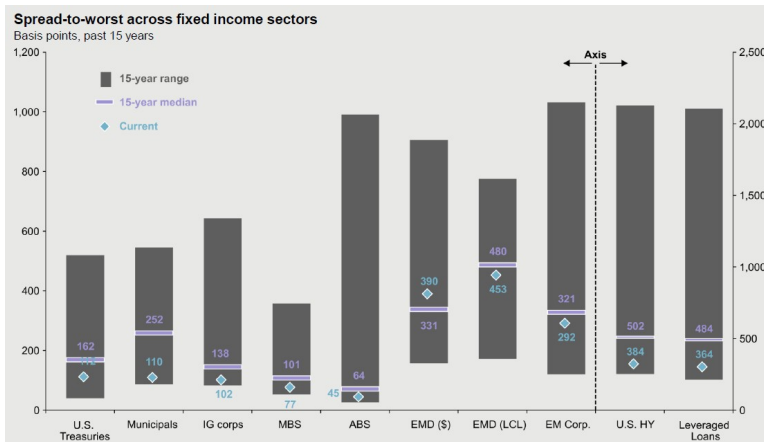


Source: JP Morgan Guide to the Markets: November 30, 2021

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Fixed Income Valuations

There are no bargains in fixed income. Credit spreads are very tight as investors seek yield.



Source: JP Morgan Guide to the Markets: November 30, 2021

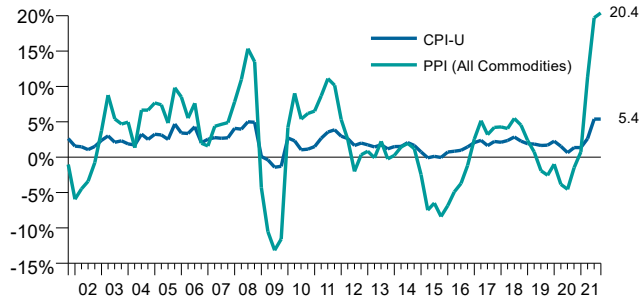
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Inflation

Through 3Q 2021

Inflation is a significant wildcard. Some of the recent surge in inflation is due to supply constraints and the release of pent-up demand, but the longer it persists the greater the probability policy makers will be forced to cool things down. Inflation is particularly challenging for low-income families with modest resources.

Inflation Year-Over-Year

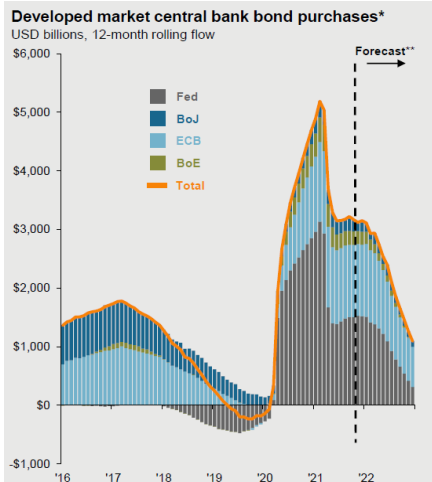


Source Callan

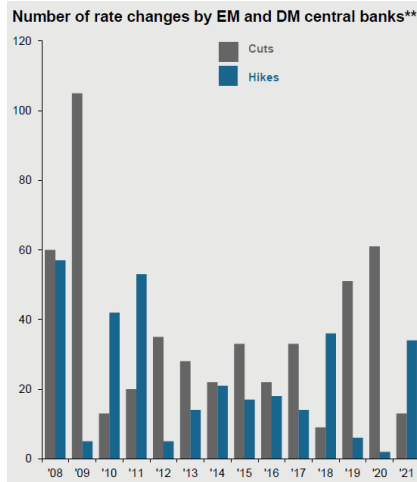
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Central Bank Stimulus and Rate Policy

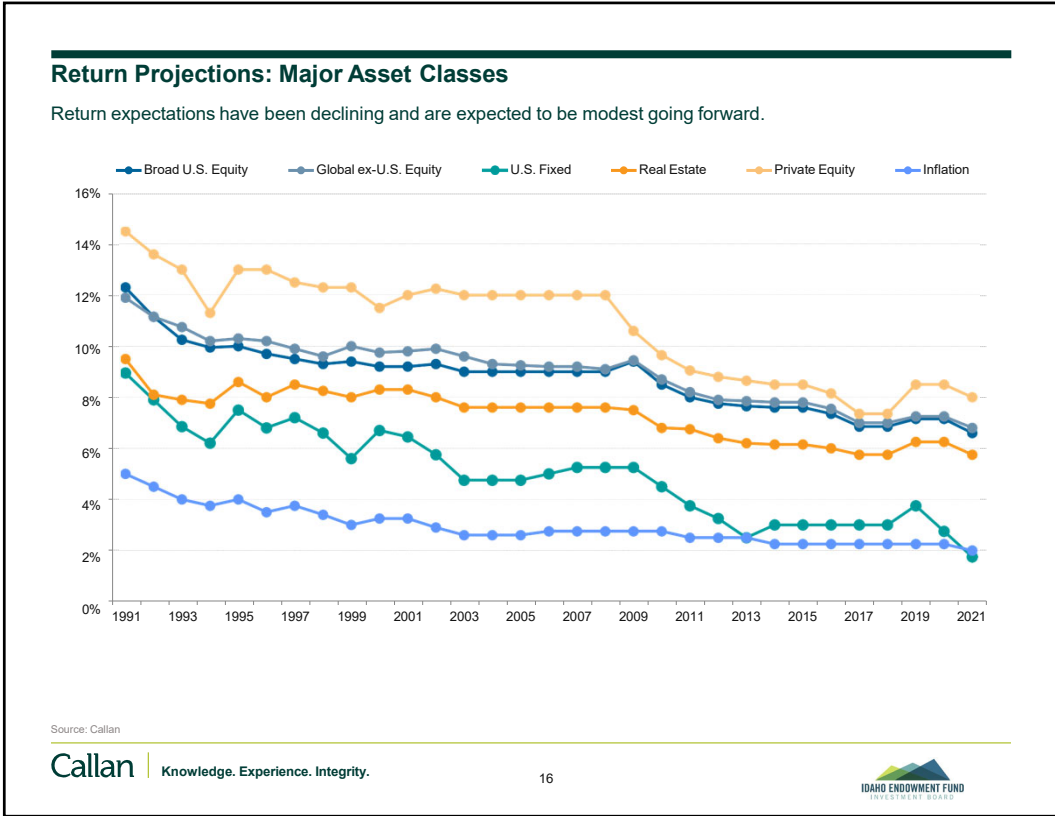
With the Fed and other central banks committed to tapering and the massive wave of liquidity tightening, financial market volatility will likely increase. Central banks are walking a tightrope between too much inflation and insufficient employment. The Fed will be cautious as they considering hiking interest rates.



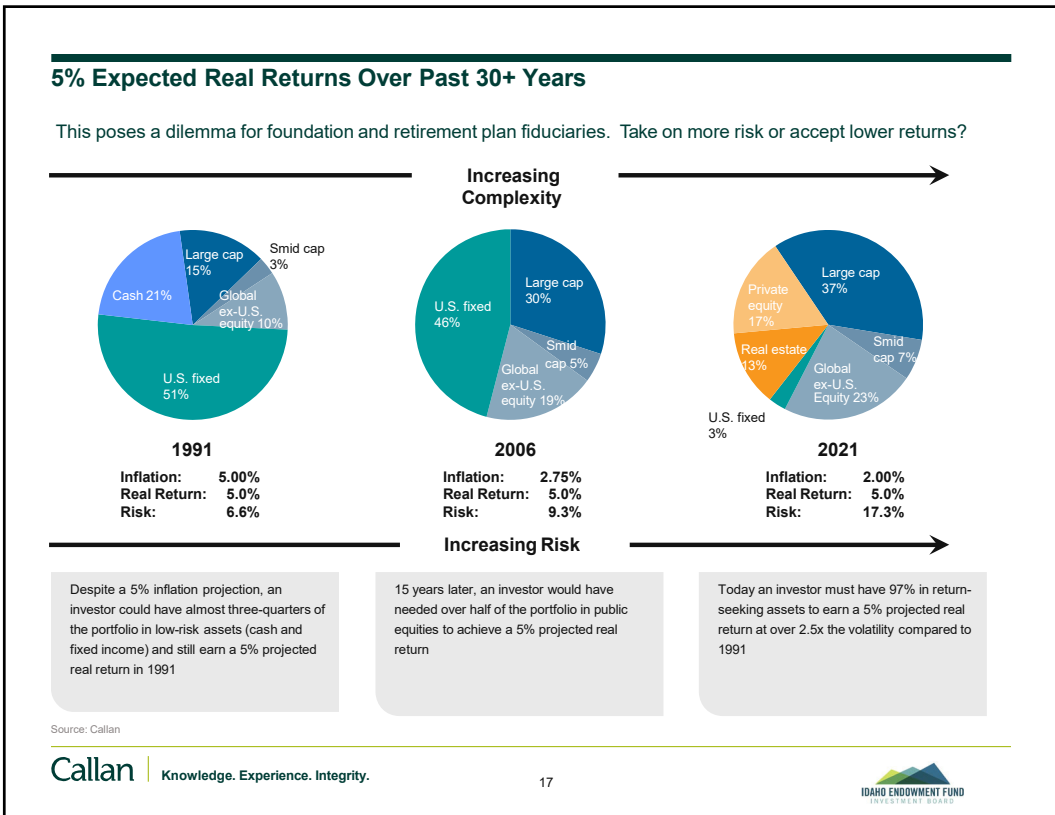
Source: JP Morgan Guide to the Markets: November 30, 2021



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