



Wright State University Investment Fund

Quarterly Investment Review

Fourth Quarter 2017

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Executive summary as of 12/31/17

Summary

- Wright State University Investment Fund total market value at December 31, 2017: **\$ 44,575,295.**
- Combined with PE: FYTD return = **2.0%** net; 1 Year return = **4.4%** net as of 12/31/17
- Changes in 2017: reduced allocations to riskier asset classes to improve liquidity within the portfolio; maintained allocations in private equity strategies

Market recap

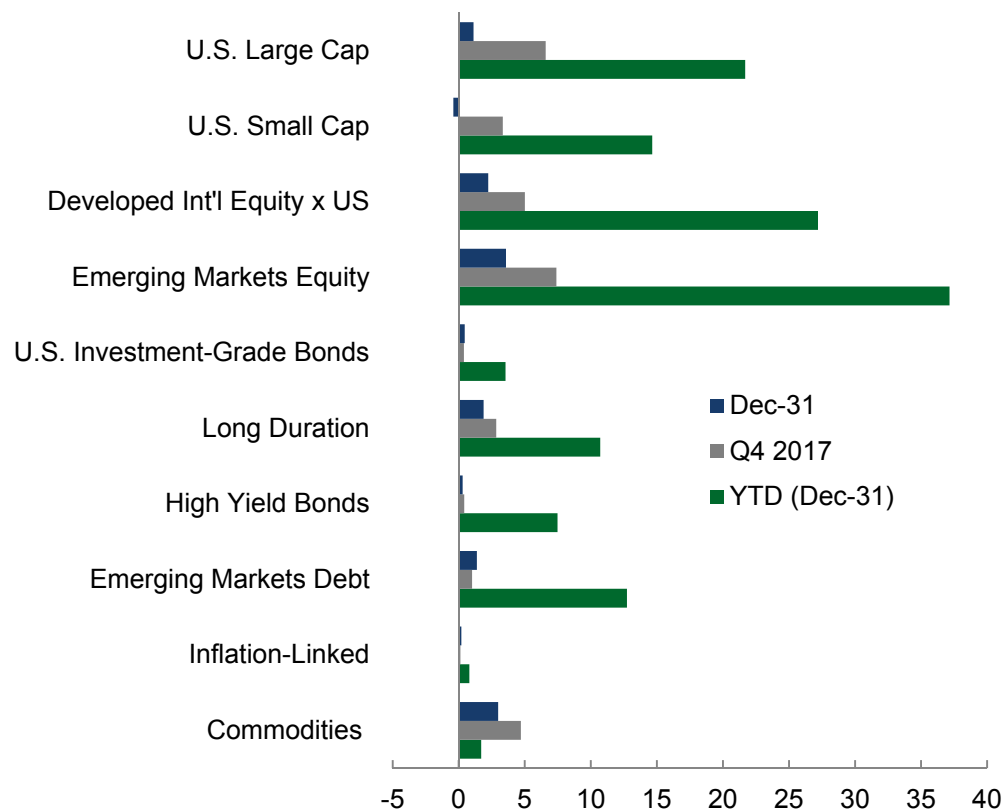
- The Federal Reserve (Fed) increased its funds rate, as expected, in December and maintained projections for three rate hikes in 2018
- US stocks closed the year with sustained strength as the S&P 500 Index was up over **6.5%** for Q4 and north of **21.5%** for 2017
- Developed markets outside of the US performed well (**5.7%**) in the fourth quarter but slightly trailed their US counterparts. However, calendar performance was up over **27%**.
- Strength in emerging markets remained throughout the year with stocks up **7.44%** for Q4 and above **37%** for 2017
- US Treasury yield curve flattened as short-term rates increased and long-term rates declined.
- Oil prices were strong in Q4 and finished the year above **\$60** per barrel – first time since July 2015

* Please refer to the Portfolio Summary page for additional information on portfolio performance.

Market and performance overview

- 2017 was another good year for the global economy and financial markets.
 - Equities and other risky assets performed well in the fourth quarter and on the year.
 - Growth in world gross domestic product (GDP) ticked higher during the first three quarters of 2017.
- A major tax overhaul passed US Congress and was signed into law by President Trump on December 22nd, to take effect starting in 2018, sending US equities charging straight into year end.
- The US Federal Reserve increased its funds rate as expected in December and maintained expectations for three additional hikes in 2018.
 - The US Treasury yield curve flattened in the fourth quarter as short-term rates increased and long-term rates decline.
- We have held a bullish view of risk assets for most of this long bull market and maintain our positive outlook for the New Year. Until we see a more significant deterioration in the economic and financial fundamentals that have underpinned the global bull market in risk assets over the past two years, our default investment stance is to stay the course.

Financial Markets Review (%)



U.S. Large Cap = Russell 1000, U.S. Small Cap = Russell 2000, Developed International Equity x U.S. = MSCI ACWI ex-US, Emerging Markets Equity = MSCI EFM (Emerging+Frontier Markets), U.S. Investment Grade Bonds = Bloomberg Barclays U.S. Aggregate, High Yield = BofA ML Master II HY Constrained, Emerging Markets Debt = 50% JPM EMBI GD / 50% GBI- EM GD Index, Long Duration = Bloomberg Barclays Long US Govt/Credit, Inflation Linked = Barclays 1-5 Year TIPS, Commodities = Bloomberg Commodity. Source: SEI. Past performance is no guarantee of future results.

Current views on the capital markets

Maintaining a positive view on the global economy

- Above trend growth will likely continue in the months ahead on a global basis as monetary policy remains supportive and inflation expectations are benign
- Breadth of the improvement has been impressive – almost 70% of the countries and regions tracked by the Organization for Economic Co-operation and Development (OECD) showing rising readings in its composite index of leading economic indicators
- US tax legislation – permanent corporate tax changes, repatriation holiday, and the full expensing of capital equipment purchases over the next five years are positive developments for economic growth and investments

Understanding higher stock valuations

- In the past year, the S&P 500 Index's price gain was 19.4% - three-fifths of that gain came from improving earnings while the rest was due to the rise in the P/E ratio from 16.8 to 18.0
- Valuations can be justified by the low level of bond yields and the strong trends in profit growth
- Higher the valuation, more vulnerable to unanticipated bad news; would not rule out a correction of 5 – 10% at some point

Areas of concern

- A more aggressive swing in monetary policy by the Fed and other central banks towards tightness in response to an unexpected acceleration in global inflation
- Harsher reaction by the markets to attempts by the Fed and ECB to normalize their balance sheets
- Policy mistakes in China that causes a credit crunch in the financial system and the property markets
- Disruption in US trade relations



WSU Investment Fund Performance Summary

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Important information re: asset valuation and portfolio returns

Inception date 6/30/14. Historical Total Index can be provided upon request. Alternative, Property and Private Assets valuations and performance may be reported on a monthly or quarterly lag.

The Portfolio Return and fund performance numbers are calculated using Gross Fund Performance, using the Modified Dietz method of calculation, which considers the timing of cash flows during the periods. Gross Fund Performance reflects the effective performance of the underlying mutual funds that are selected or recommended by SIMC to implement an institutional client's investment strategy. Gross Fund Performance does not reflect the impact of fund level management fees, fund administration or shareholder servicing fees, all of which, if applicable are used to offset the account level investment management fees the client pays to SIMC. Gross Fund Performance does reflect certain operational expenses charged by the funds and the reinvestment of dividends and other earnings. The inclusion of the fund level expenses that the client incurs but that are offset against the client's account level investment management fees would reduce the Gross Fund Performance of the mutual funds. If applicable, alternative, property and private equity performance and valuations may be reported on a monthly or quarterly lag. If applicable, Alternative, Property and Private Assets performance is calculated gross of investment management fees and net of administrative expenses and underlying fund expenses. However: Structured Credit Fund performance is calculated gross of investment management fees and net of administrative expenses; SEI Offshore Opportunity Fund II Ltd. Class A performance is calculated net of investment management and administrative fees; and Energy Debt Fund performance is calculated net of management fees and operating expenses and is based on the July 2015 series. Clients implemented via collective investment trusts incur product-level fees, including trustee and administrative fees, which will affect performance.

Net Portfolio Returns since 6/30/12 reflect the deduction of SIMC's investment management fee and the impact that fee had on the client's portfolio performance. Prior to 6/30/12, Net Portfolio Returns deduct a proxy annual fee for all periods to demonstrate the impact that SIMC's investment management fee had on the portfolio performance. However, this is a hypothetical calculation, as it does not reflect the actual fees paid by the client during the period. Please see your client invoice for actual fees paid.

As of the close of business on 7/31/2017, the Total Index Composition is as follows:

- 90.0 % BofA ML 3 Month US T-Bill Index
- 5.0 % Blmbrg Barcl 9-12 Month Short Treas Index
- 2.0 % S&P 500 Index
- 2.0 % Bloomberg Barclays GNMA Index (USD)
- 1.0 % BofA ML 1-3 Year Treasury Index

WSU Investment Fund – Total Combined Portfolio

Investment Returns and Asset Summary as of December 31, 2017

Total including Private Equity

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	44,575,295	100	0.27	0.93	2.19	4.91	3.86	-	-	3.41
<i>Standard Deviation Portfolio</i>							3.10	-		
Total Portfolio Return Net			0.27	0.90	2.00	4.40	3.24	-	-	2.84
<i>Standard Deviation Portfolio (Net)</i>							3.10	-		

Total ex-Private Equity

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	36,849,932	100	0.12	0.51	1.66	4.17	3.23	-	-	2.87
<i>Standard Deviation Portfolio</i>							3.27	-		
Total Portfolio Return Net			0.12	0.48	1.41	3.51	2.53	-	-	2.23
<i>Standard Deviation Portfolio (Net)</i>							3.27	-		
Total Portfolio Index			0.13	0.39	0.72	2.80	2.55	-	-	2.21
<i>Standard Deviation Index</i>							3.74	-		

Summary for periods ending 12/31/2017

	One Month	Three Month	Year To Date
Portfolio Value	\$44,699,090.64	\$51,712,079.40	\$40,570,940.83
Net Cash Flows	(\$250,017.01)	(\$7,560,779.32)	\$1,849,377.94
Realized Gains	\$0.00	(\$1.87)	\$852,987.60
Unrealized Gains	\$82,959.72	\$294,755.87	\$893,934.27
Interest	\$0.00	\$0.00	\$0.00
Dividends	\$43,261.37	\$129,240.63	\$408,054.07
Ending Portfolio Value	\$44,575,294.72	\$44,575,294.72	\$44,575,294.72

Alternative, Property and Private Assets values and performance may be reported on a monthly or quarterly lag.

Important information re: asset valuation and portfolio returns

Inception date 6/30/14. Historical Total Index can be provided upon request. Alternative, Property and Private Assets valuations and performance may be reported on a monthly or quarterly lag.

The Portfolio Return and fund performance numbers are calculated using Gross Fund Performance, using the Modified Dietz method of calculation, which considers the timing of cash flows during the periods. Gross Fund Performance reflects the effective performance of the underlying mutual funds that are selected or recommended by SIMC to implement an institutional client's investment strategy. Gross Fund Performance does not reflect the impact of fund level management fees, fund administration or shareholder servicing fees, all of which, if applicable are used to offset the account level investment management fees the client pays to SIMC. Gross Fund Performance does reflect certain operational expenses charged by the funds and the reinvestment of dividends and other earnings. The inclusion of the fund level expenses that the client incurs but that are offset against the client's account level investment management fees would reduce the Gross Fund Performance of the mutual funds. If applicable, alternative, property and private equity performance and valuations may be reported on a monthly or quarterly lag. If applicable, Alternative, Property and Private Assets performance is calculated gross of investment management fees and net of administrative expenses and underlying fund expenses. However: Structured Credit Fund performance is calculated gross of investment management fees and net of administrative expenses; SEI Offshore Opportunity Fund II Ltd. Class A performance is calculated net of investment management and administrative fees; and Energy Debt Fund performance is calculated net of management fees and operating expenses and is based on the July 2015 series. Clients implemented via collective investment trusts incur product-level fees, including trustee and administrative fees, which will affect performance.

Net Portfolio Returns since 1/1/2014 reflect the deduction of SIMC's investment management fee and the impact that fee had on the client's portfolio performance. Prior to 1/1/2014, Net Portfolio Returns deduct a proxy annual fee for all periods to demonstrate the impact that SIMC's investment management fee had on the portfolio performance. However, this is a hypothetical calculation, as it does not reflect the actual fees paid by the client during the period. Please see your client invoice for actual fees paid.

Diversified Pool

As of the close of business on 7/31/2017, the Total Index Composition is as follows:

58.0 % BofA ML 3 Month US T-Bill Index
42.0 % S&P 500 Index

Liquidity Pool

As of the close of business on 3/31/2017, the Total Index Composition is as follows:

53.0 % BofA ML 3 Month US T-Bill Index
28.0 % Blmbrg Barcl 9-12 Month Short Treas Index
10.0 % Bloomberg Barclays GNMA Index (USD)
9.0 % BofA ML 1-3 Year Treasury Index

WSU Investment Fund – Diversified, Cash & Liquidity

Investment Returns as of December 31, 2017

	Returns for periods ending 12/31/2017									
	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	2,776,592	100	0.37	3.22	6.82	11.95	6.92	-	-	5.99
<i>Standard Deviation Portfolio</i>							5.18	-		
Total Portfolio Return Net			0.37	3.22	6.82	11.62	6.06	-	-	5.21
<i>Standard Deviation Portfolio (Net)</i>							5.18	-		
Total Portfolio Index			0.53	2.93	4.10	7.82	5.07	-	-	4.34
<i>Standard Deviation Index</i>							5.90	-		

	Returns for periods ending 12/31/2017									
	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	27,020,312	100	0.10	0.32	0.51	0.90	0.58	-	-	0.59
<i>Standard Deviation Portfolio</i>							0.25	-		
Total Portfolio Index			0.11	0.28	0.55	0.86	0.41	-	-	0.36
<i>Standard Deviation Index</i>							0.12	-		

	Returns for periods ending 12/31/2017									
	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	7,053,028	100	0.12	0.21	0.59	1.13	1.28	-	-	1.36
<i>Standard Deviation Portfolio</i>							0.94	-		
Total Portfolio Return Net			0.11	0.04	-0.14	-0.26	0.53	-	-	0.72
<i>Standard Deviation Portfolio (Net)</i>							1.01	-		
Total Portfolio Index			0.10	0.16	0.49	0.99	0.79	-	-	0.83
<i>Standard Deviation Index</i>							0.76	-		

* Does not include Private Equity assets

Total Combined Fund Performance

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	6/30/2014
Total Portfolio Return	44,575,295	100	0.27	0.93	2.19	4.91	3.86	-	-	3.41
<i>Standard Deviation Portfolio</i>							3.10	-		
Total Portfolio Return Net			0.27	0.90	2.00	4.40	3.24	-	-	2.84
<i>Standard Deviation Portfolio (Net)</i>							3.10	-		
Cash/Cash Equivalents	32,274,503	72.3	-	-	-	-	-	-	-	-
Star Ohio	22,832,410	51.2	0.10	0.31	0.61	1.06	0.52	-	-	0.45
JPMorgan Chase Savings	4,187,902	9.4	0.02	0.07	0.13	0.23	0.12	-	-	0.11
SEI Daily Income TR Govt Portfolio A	3,712,904	8.3	-	-	-	-	-	-	-	-
SEI Special Situations Escrow	768,113	1.7	-	-	-	-	-	-	-	-
SEI Structured Credit Fund Escrow	773,173	1.7	-	-	-	-	-	-	-	-
Alternatives	7,725,363	17.4	1.00	2.96	6.89	11.84	7.86	-	-	6.99
Venture Investment Associates VII, LP	4,980,768	11.2	0.00	3.00	4.57	6.16	15.00	-	-	12.71
SEI Global Private Asset Fund III	2,744,595	6.2	2.86	2.86	7.87	15.12	-	-	-	12.67
Total Fixed Income	3,340,123	7.5	0.16	0.22	0.82	2.61	-	-	-	3.43
SEI Ultra Short Duration Fund	1,993,962	4.5	0.17	0.40	0.88	-	-	-	-	1.33
<i>Blmbrg Barcl 9-12 Month Short Treas Index</i>			0.05	0.09	0.38	-	-	-	-	0.53
SEI GNMA Bond Fund	710,630	1.6	0.18	-0.02	1.08	2.71	-	-	-	2.46
<i>Bloomberg Barclays GNMA Index (USD)</i>			0.23	0.02	0.97	1.86	-	-	-	1.71
SEI Short-Duration Government Fund	635,531	1.4	0.09	-0.03	0.35	1.23	-	-	-	1.56
<i>ICE BofA ML 1-3 Year Treasury Index</i>			0.01	-0.25	-0.01	0.42	-	-	-	0.65
Total Equity	1,235,305	2.8	0.83	7.53	12.33	23.01	11.55	-	-	10.00
US Equity	1,235,305	2.8	0.83	7.53	12.33	23.01	12.95	-	-	12.55
Raider Asset Management	1,235,305	2.8	0.83	7.53	12.33	23.01	12.18	-	-	12.18
<i>S&P 500 Index</i>			1.11	6.64	11.42	21.83	11.41	-	-	11.57

Diversified Pool Performance

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	2,776,592	100	0.37	3.22	6.82	11.95	6.92	-	-	5.99
<i>Standard Deviation Portfolio</i>							5.18	-		
Total Portfolio Return Net			0.37	3.22	6.82	11.62	6.06	-	-	5.21
<i>Standard Deviation Portfolio (Net)</i>							5.18	-		
Total Portfolio Index			0.53	2.93	4.10	7.82	5.07	-	-	4.34
<i>Standard Deviation Index</i>							5.90	-		
Cash/Cash Equivalents	1,541,286	55.5	-	-	-	-	-	-	-	-
SEI Structured Credit Fund Escrow	773,173	27.8	-	-	-	-	-	-	-	-
SEI Special Situations Escrow	768,113	27.7	-	-	-	-	-	-	-	-
Total Equity	1,235,305	44.5	0.83	7.53	12.33	23.01	-	-	-	24.40
US Equity	1,235,305	44.5	0.83	7.53	12.33	23.01	12.92	-	-	12.53
Raider Asset Management	1,235,305	44.5	0.83	7.53	12.33	23.01	-	-	-	21.92
S&P 500 Index			1.11	6.64	11.42	21.83	-	-	-	19.77

Liquidity Pool Performance

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	6/30/2014
Total Portfolio Return	7,053,028	100	0.12	0.21	0.59	1.13	1.28	-	-	1.36
<i>Standard Deviation Portfolio</i>							0.94	-		
Total Portfolio Return Net			0.11	0.04	-0.14	-0.26	0.53	-	-	0.72
<i>Standard Deviation Portfolio (Net)</i>							1.01	-		
Total Portfolio Index			0.10	0.16	0.49	0.99	0.79	-	-	0.83
<i>Standard Deviation Index</i>							0.76	-		
Cash/Cash Equivalents	3,712,904	52.6	-	-	-	-	-	-	-	-
SEI Daily Income TR Govt Portfolio A	3,712,904	52.6	-	-	-	-	-	-	-	-
Total Fixed Income	3,340,123	47.4	0.16	0.20	0.77	1.59	-	-	-	1.73
SEI Ultra Short Duration Fund	1,993,962	28.3	0.17	0.39	0.86	-	-	-	-	1.31
<i>Blmbrg Barcl 9-12 Month Short Treas Index</i>			0.05	0.09	0.38	-	-	-	-	0.53
SEI GNMA Bond Fund	710,630	10.1	0.18	-0.07	0.98	2.49	-	-	-	2.36
<i>Bloomberg Barclays GNMA Index (USD)</i>			0.23	0.02	0.97	1.86	-	-	-	1.71
SEI Short-Duration Government Fund	635,531	9.0	0.09	-0.07	0.27	1.15	-	-	-	1.46
<i>ICE BofA ML 1-3 Year Treasury Index</i>			0.01	-0.25	-0.01	0.42	-	-	-	0.65

Cash Pool Performance

Returns for periods ending 12/31/2017

	Total Assets (\$)	Actual Alloc (%)	Cumulative (%)			Annualized (%)				Inception 6/30/2014
			1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year	
Total Portfolio Return	27,020,312	100	0.10	0.32	0.51	0.90	0.58	-	-	0.59
<i>Standard Deviation Portfolio</i>							0.25	-		
Total Portfolio Index			0.11	0.28	0.55	0.86	0.41	-	-	0.36
<i>Standard Deviation Index</i>							0.12	-		
Cash/Cash Equivalents	27,020,312	100.0	-	-	-	-	-	-	-	-
Star Ohio	22,832,410	84.5	0.10	0.31	0.61	1.06	0.52			0.45
JPMorgan Chase Savings	4,187,902	15.5	0.02	0.07	0.13	0.23	0.12			0.11

Appendix

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Important information

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Performance results do not reflect the effect of certain account level advisory fees. The inclusion of such fees would reduce account level performance, particularly when compounded over a period of years. The following hypothetical illustration shows the compound effect fees have on investment return: For an account charged 1% with a stated annual return of 10%, the net total return before taxes would be reduced from 10% to 9%. A ten year investment of \$100,000 at 10% would grow to \$259,374, and at 9%, to \$236,736 before taxes. For a complete description of all fees and expenses, please refer to SIMC’s Form ADV Part 2A, the investment management agreement between SIMC and each client, and quarterly client invoices.

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