

OUSFIMG Alumni,

The Sustainable portfolio had a total return of 0.13% over the second quarter which outperformed our benchmark, the Bloomberg Barclays US Aggregate Bond Index, by 0.29%. This puts the total return for the year at -0.97% with an excess return of 0.65%.

The portfolio's positioning reflects our market and economic expectations as of the last week of April. No changes have been made since then because our weekly operations have been paused while members of the group are away for the summer.

We maintained our underweight duration strategy from the first quarter with the expectation that rates would continue to rise. This has provided a tailwind to our performance as rates have increased at every point on the yield curve. However, we had a larger underweight position on the back end of the curve relative to the front end which caused our benefit from this strategy to be smaller than it could have been as the curve has flattened substantially over the quarter.

Security selection was a significant driver of excess returns this quarter, driving .40% of outperformance. Corporate debt selection accounted for 35 basis points of our excess return with the remainder split evenly between government and agency mortgage backed securities. However, our allocation paired back that progress, reducing our excess return by 18 basis points and resulting in a total excess return of 22 basis points. Curve change added 9 basis points to our active return while curve carry had a minor -2 basis point impact on our total curve return of 0.07%.

The group will resume active management of the portfolio in early September when members return for the beginning of the 2018-2019 school year. At that time, we will consider the market and economic conditions to then position the portfolio for long-term, stable growth of Ohio University's assets.

Regards,

Jacob McKee
VP of Portfolio Management



OHIO UNIVERSITY STUDENT FIXED INCOME MANAGEMENT GROUP

Sustainable Portfolio
2nd Quarter 2018
As of June 30, 2018

Objective	Executive Board	
OUSFIMG is a student-run organization that manages a portion of the Ohio University's working capital pool. The group operates under the supervision of the College of Business and the OU Division of Finance and Administration. The group strives to produce long-term, stable growth of the University's assets through selective asset analysis and portfolio strategy.	President	Dane Toadvine
	VP of Investments	Jeff Darfus
	VP of Portfolio Mgmt	Jacob McKee
	VP of Operations	Russell Baldrick

Total Return (%)	1mo	3mo	6mo	9mo	1yr	Annualized		
						3yr	5yr	10yr
FIMG Sustainable	-0.01	0.13	-0.97	-0.61	0.07	2.46	-	-
Barclays US Aggregate Bond Index (AGG)	-0.12	-0.16	-1.62	-1.15	-0.34	1.81	2.33	3.75
FIMG Sustainable over Barclays US AGG	0.11	0.29	0.65	0.55	0.41	0.65	-	-

Holding	MTY	RTG	CPN (%)	YTM (%)	OAD	OAS	WGT (%)	MV
US TREASURY N/B	2021	AAA	1.38	2.66	2.45	0.34	3.43	\$ 48,474.50
US TREASURY N/B	2045	AAA	3.00	3.02	18.56	1.43	7.11	\$ 100,352.00
US TREASURY N/B	2019	AAA	1.50	2.50	1.25	7.16	8.75	\$ 123,447.50
US TREASURY N/B	2024	AAA	2.25	2.81	5.11	1.49	8.62	\$ 121,621.25
US TREASURY N/B	2037	AAA	5.00	2.93	13.03	-1.42	6.94	\$ 97,924.50
US TREASURY N/B	2020	AAA	1.38	2.57	1.53	6.19	3.48	\$ 49,107.50
US TREASURY N/B	2020	AAA	1.63	2.64	2.17	0.71	3.47	\$ 48,951.00
US TREASURY N/B	2028	AAA	2.75	2.90	8.28	0.72	1.76	\$ 24,786.25
APPLE INC	2026	AA+	3.25	3.51	6.54	63.30	6.92	\$ 97,610.00
MERRILL LYNCH	2026	BBB+	3.10	3.65	-0.03	133.63	6.82	\$ 96,205.00
DOLLAR GENERAL	2023	BBB	3.25	3.66	4.25	88.47	6.96	\$ 98,263.00
O'REILLY AUTOMOT	2027	BBB	3.60	4.30	7.52	140.96	6.69	\$ 94,483.00
SHELL INTL FIN	2018	A+	1.63	2.34	0.30	33.49	7.06	\$ 99,660.00
SMUCKER (J.M.)	2021	BBB	3.50	3.36	3.01	66.85	7.11	\$ 100,396.00
FG Q20860	2043	AAA	3.50	3.47	5.44	21.08	8.60	\$ 121,349.73
FN AD1608	2025	AAA	4.00	2.84	2.26	17.05	3.31	\$ 46,776.87
GN 717835	2024	AAA	4.00	3.05	2.21	40.66	0.83	\$ 11,782.87
Cash	-	-	-	-	-	-	2.13	\$ 30,106.79
Sustainable		AA-	2.87	3.06	5.18	39.94	100.00	\$ 1,411,297.76
Barclays US Aggregate Bond Index		AA	3.11	3.31	6	41.91		
Difference			-0.24	-0.25	-0.82	-1.97		

