

February 2019

Mr. Amine Mohamad Daouk
Brummana High School
Brummana
Metn, Lebanon

Dear Mr. Daouk,

I am honored to write to you and inform you that the Lebanese American University continues to serve our young men and women with profound pride and inspiring pride commitment. Your support of our noble mission has turned into consuming passion our commitment to provide any qualified student to come to LAU and earn an education that is second to none. By your genuine loyalty, you have contributed significantly to our drive for excellence in all our endeavors; indeed, your contributions have inspired our growth in size, standing, and reputation, and strengthened our resolve to serve society impeccably and help all Lebanese meet their challenges in a complex, complicated, and globalized world. We are profoundly thankful for your generosity and wish you success in meeting all of your wishes and realizing all of your dreams.

As part of our continued effort to keep you informed of your investments, we provide you, or your representatives, with annual endowment reports. These reports reflect the fiscal status of endowment growth of each fund. We have made every effort to ensure the accuracy of the data, both with respect to the funds and their appropriate donors.

I extend to you my heart-felt thanks for making the Lebanese American University (LAU) one of your philanthropic priorities. Your endowed gift helps our students succeed in their passionate drive to attain impressive academic excellence and awesome personal maturity. I am profoundly grateful for your continuous and generous support.

Enclosed for your information, please find a detailed annual report on the status of your endowment fund, its performance, and distribution through August 31, 2018.

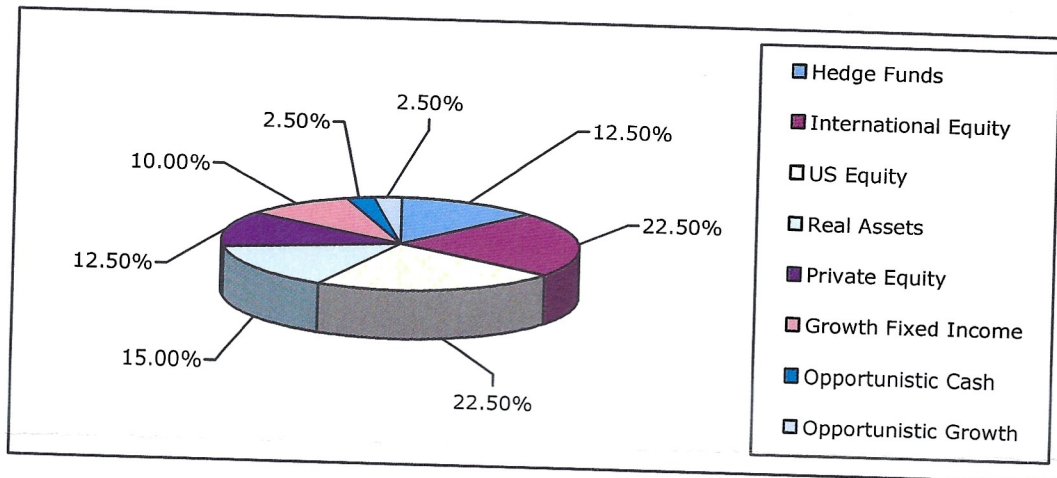
With gratitude,



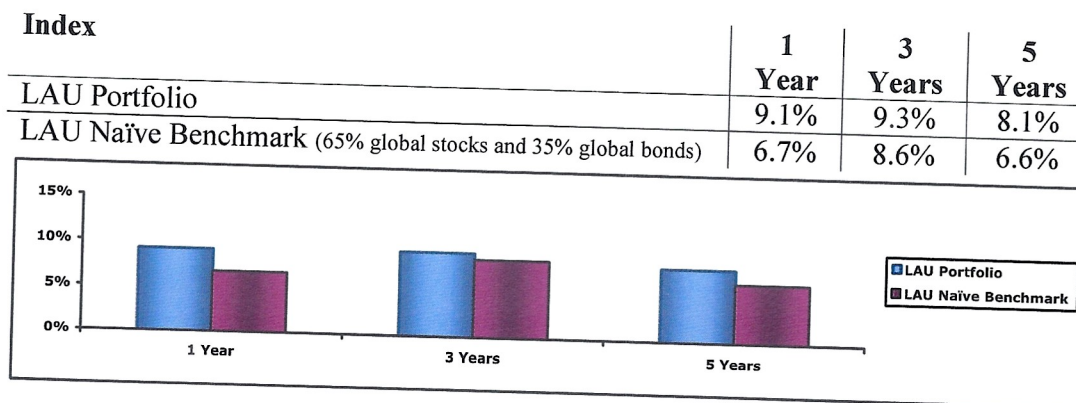
Joseph G. Jabbra, Ph.D.,
President
Lebanese American University

Enclosures

Endowment Target Asset Allocation



Portfolio Performance



The year in a glance

On a year to date basis (September 1, 2017 to August 31, 2018), the S&P 500 Index gained +19.7%, international developed equities returned +4.4% but international emerging markets dropped -0.7%. For the broad fixed income market, the Barclays Aggregate index fell -1.0%. In the hedge fund industry, the HFRI fund of funds composite index gained +4.7%.

The fiscal year was filled with volatility resulting in a high dispersion of returns between indices. The US Federal Reserve increased rates in three times in the fiscal year which caused a selloff in US Treasury Bonds.

Looking forward, well-structured portfolios can achieve realistic investment goals. Volatility could easily spike higher, however, creating a temporary shake-out and return expectations will be low across asset classes. Further US interest rate hikes, US tariffs, a spike in oil prices, and political tension in the Middle East and North Korea could increase volatility and lead to a flight to more conservative investments.

LAU's Investment Committee, Investment Office, advisor Offit Capital, and CAPTRUST consultants continue to focus on winning strategies while monitoring diligently the Endowment portfolio, assessing market conditions and building strategic asset allocation mix and robust manager selection processes that can manage possible risks and take advantage of potential return opportunities.