



NCCU BOARD OF TRUSTEES MEETING

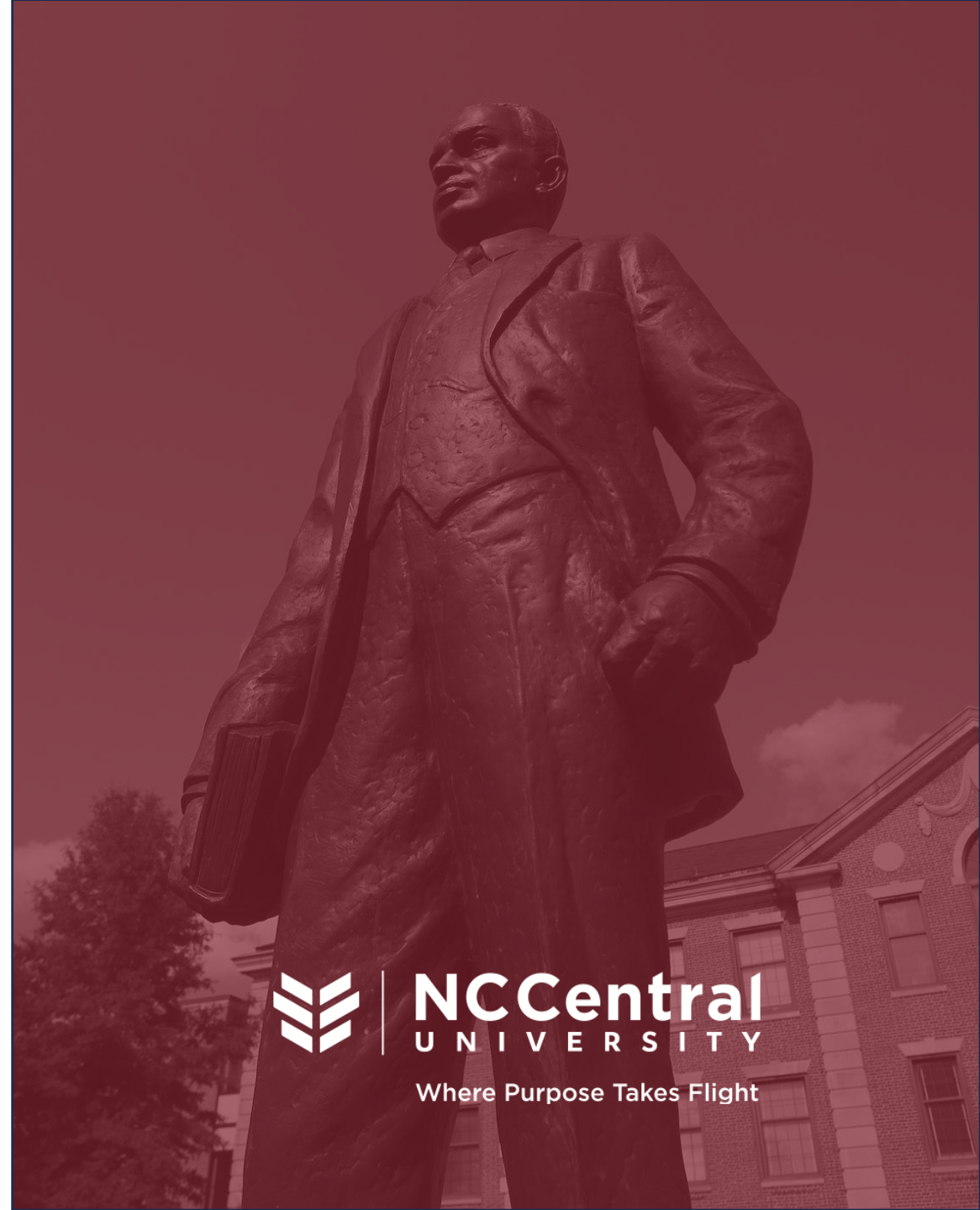
**DIVISION OF
ADMINISTRATION AND
FINANCE**
Endowment Update

Mary Peloquin-Dodd, Interim CFO
September 30, 2024



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University Endowment Overview

The university's endowment funds are managed in two different strategies:

1. **UNCMC** – diversified portfolio comprised of multiple asset classes and a high level of alternative investments; and
2. **Xponance** – equity driven portfolio with multiple equity positions in individual stocks, along with a handful of REITS. The Committee on Endowments approved a new investment strategy on June 16, 2024.

Total university endowment of \$88 million includes the NCCU Foundation with \$25 million of endowment.

There are 22 endowed professorships, and 44 endowed scholarships held by the university.

Total available spending from university-held endowment for fiscal 2024 was \$2.6 million (\$2.1 million for professorships and \$0.5 million for scholarships).



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Portfolio Manager & Performance

<u>Portfolio Manager</u>	MV as of 7/1/23	MV as of 6/30/24	% Change
UNCMC	\$46,679,883	\$49,446,706	5.9%
XPonance	\$11,383,757	\$13,256,948	16.5%
Total*	\$58,063,640	\$62,703,654	8%

** \$63.7 million was reported at 4/30/24 but did not reflect \$3.9 million of withdrawals from UNCMC in May and June 2024*



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Book Value vs Market Value

(06.30.24 | In Millions)

Professorships	(Both Managers)	\$18.71 BV	\$47.90 MV
		Difference - \$29.2 million	

Scholarships	(UNCMC only)	\$ 4.54 BV	\$15.24 MV
		Difference - \$10.7 million	



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Periodic Performance vs Benchmark

UNCMC vs SIPP

NC Central joined the UNCMC investment pool on July 1, 2006. As of June 30, 2024, Net Investment Return

UNCMC

1 year	3 Years	5 Years	Since 2006
12.39	5.2	11.01	8.16

SIPP

8.57	4.02	8.79	7.34
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UNCMC FLASH REPORT

- The UNC Investment Fund, LLC (the “Fund”) returned +0.7% for June, the final month of FY 2024, with a FY 2024 investment return for FY 2024 of +12.6%.
- Boosted by solid absolute and relative performance from both its Long/Short Equity (+18.6%) and Private Equity (+17.3%) allocations...
- The Fund’s +12.6% FY 2024 return significantly outperformed its primary benchmark, the Strategic Investment Policy Portfolio (“SIPP”) which returned +8.6%.
- For the 12-month period, the Fund’s +12.6% return marginally underperformed the Global 70/30 Portfolio which returned +14.2% with the MSCI ACWI producing an impressive +19.4% return for the year.
- For the 3- and 5-year periods ending June 30, 2024, the Fund returned +5.4% and +11.2%, respectively, outperforming both the SIPP benchmark and the Global 70/30 for each of these time periods.



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ASSET ALLOCATION

UNCMC June 30, 2024 | By Size

Asset Class	Actual	Target	Range
1. Private Equity	32.4	27.0	20-34
2. Long Equity	25.6	26.0	20-32
3. Long/Short Equity	14.9	15.0	10-20
4. Diversifying Strategies	9.1	10.0	6-14
5. Real Estate	8.0	8.0	5-12
6. Fixed Income	5.5	8.0	5-12
7. ENR	3.5	4.0	2-8
8. Cash and Liq. Holdings	1.0	2.0	(2)-8



UNCMC vs XPONANCE

UNCMC –As of June 30, 2024, Net Investment Return

1 year	3 Years	5 Years	Since 2006
12.39	5.2	11.01	8.16

Xponance Since 2003

16.65	7.12	10.89	9.02
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NCCU joined the UNCMC investment pool on July 1, 2006



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XPONANCE CHANGE STRATEGY

Based on a Committee approval on June 16, 2024, the manager has shifted strategy to two components of the portfolio:

As of June 30, 2024,

	% of Portfolio	MV
Equity Income	60%	\$8.00 Million
SMID Cap Core	40%	\$5.27 Million



RECOMMENDATIONS

- ❖ Institute a regular practice of endowment spending withdrawals to avoid market timing and underspending of endowments
- ❖ Provide more information on the volatility and risk-adjusted performance for the Xponance portion of the portfolio
- ❖ Work with the Foundation and Advancement to create endowment tracking software that uses the same tracking systems to improve stewardship
- ❖ Work with Advancement to ensure information on individual endowments and endowment spending is always available and transparent to donors
- ❖ Review the 2016 Investment Policy and the 5.5% programmatic spending rate



ACTION ITEM

Resolution to Approve Administrative Assessment

Whereas, NCCU has Endowment Funds of \$63.1 million managed by UNC Management Company, and XPonance and a substantial cushion between the book and market value of endowments as of June 30, 2024,

Whereas, Many other universities and the NCCU Foundation assess an administrative fee on their endowments to assist with strategic initiatives to further grow the endowment, and pay for expenses associated with fundraising and endowment initiatives,

UPMIFA permits the prudent spending of endowment for administrative purposes that will further grow endowments;

And having sufficient discretionary resources is important for the university and for endowment infrastructure to further grow the university's endowments;

The university therefore requests the implementation of an administrative assessment of 1.25% on Endowment Fund endowments held at the university to support fundraising and endowment management infrastructure, effective fiscal 2025.

