



NCCU BOARD OF TRUSTEES MEETING

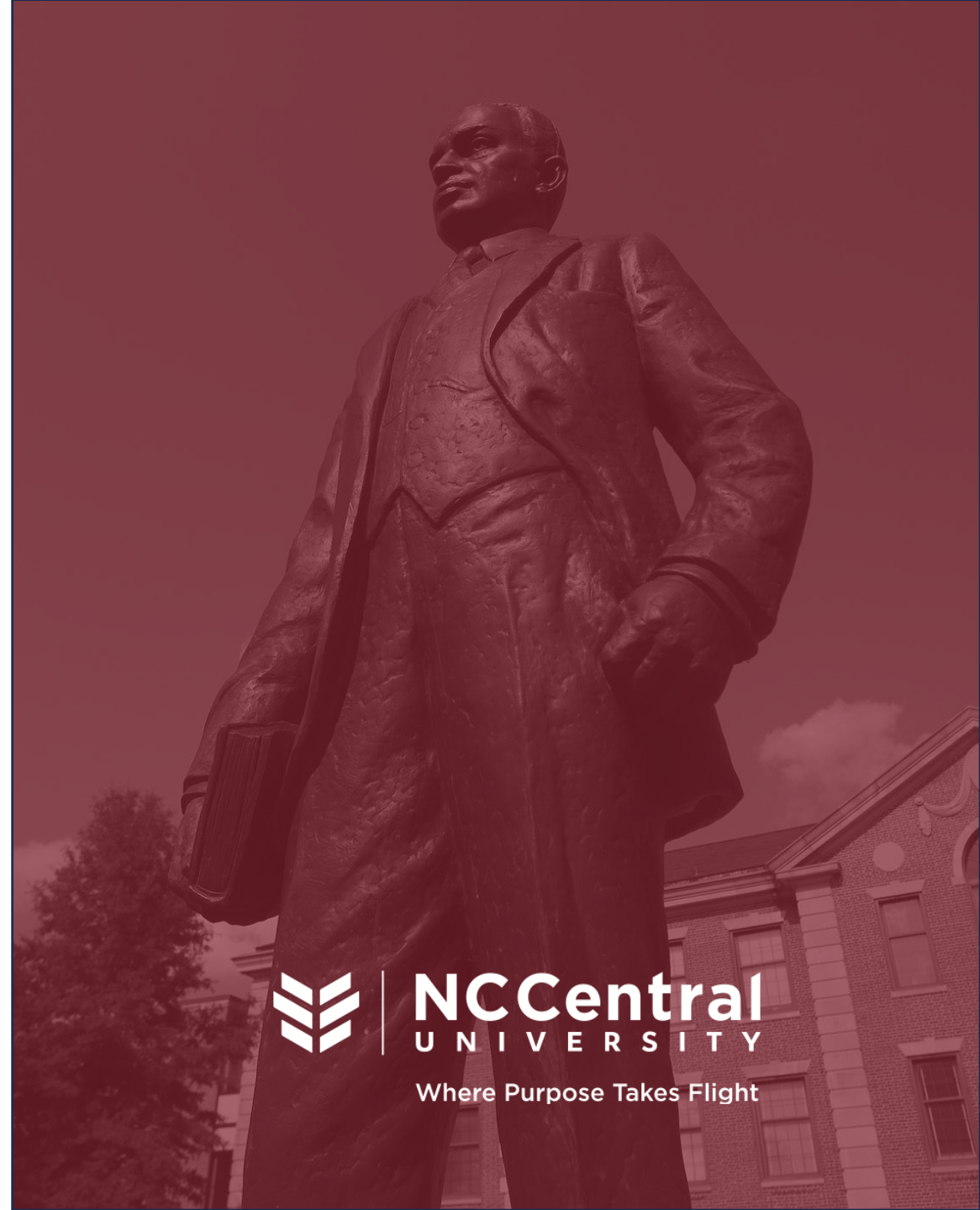
**DIVISION OF
ADMINISTRATION AND
FINANCE**
Endowment Fund Update

Mary Peloquin-Dodd, Interim CFO
December 18, 2024



NCCentral
UNIVERSITY

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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.
3. Total university endowment of approximately \$89 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 2025 was \$2.8 million (\$2.3 million for professorships and \$0.5 million for scholarships).



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Portfolio Manager & Performance

<u>Portfolio Manager</u>	MV as of 6.30.24	MV as of 9.30.24	% Change
UNCMC	\$49,446,706	\$50,665,319	
XPonance	\$13,256,948	\$14, 205,507	
Total*	\$62,703,654	\$64,870,826	3.5%



Periodic Performance vs Benchmark



UNCMC vs SIPP

NC Central joined the UNCMC investment pool on July 1, 2006. As of September 30, 2024, Net Investment Return for the Quarter was 2.5% vs 2.9% for the SIPP

UNCMC

1 year	3 Years	5 Years	Since 2006
13.5	5.0	11.5	8.19

SIPP

12.8	3.9	9.1	7.41
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UNCMC FLASH REPORT

- The UNC Investment Fund, LLC (the “Fund”) returned +1.3% for September, the end of the 1st Qtr 2025 with a 2.5% investment return for the first quarter.
- The Fund’s +2.5% return slightly underperformed the Strategic Investment Policy Portfolio (“SIPP”) which returned +2.9%.
- For the 12-month period, the Fund’s +13.5% return outperformed its Benchmark of 12.8% but underperformed a Global 70/30 Portfolio which returned +25.4% with the MSCI ACWI producing an impressive +25.8% return for the year.
- For the 3- and 5-year periods ending June 30, 2024, the Fund returned an average annual +5.0% and +11.5%, respectively, outperforming both the SIPP benchmark and the Global 70/30 for each of these time periods.



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ASSET ALLOCATION

UNCMC September 30, 2024 | By Size

Asset Class	Actual	Target	Range
1. Private Equity	31.9	27.0	20-34
2. Long Equity	26.2	26.0	20-32
3. Long/Short Equity	15.1	15.0	10-20
4. Diversifying Strategies	8.5	10.0	6-14
5. Real Estate	8.2	8.0	5-12
6. Fixed Income	5.6	8.0	5-12
7. ENR	3.2	4.0	2-8
8. Cash and Liq. Holdings	1.3	2.0	(2)-8

* Limited change in percentage of actual holdings between June 30 and September 30, 2024



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UNCMC vs XPONANCE

UNCMC –As of September 30, 2024 Net Investment Return

1 year	3 Years	5 Years	Since 2006
13.5	5.0	11.5	8.19

NCCU joined the UNCMC investment pool on July 1, 2006

Xponance

Since 2003

29.34	9.23	11.79	9.26
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NCCU began investing with Xponance on June 30, 2003

There are two strategies in the Xponance Portfolio (60% MarketPlus, 40% SMID Cap Core)



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Status of Prior Recommendations

- ❖ Institute a regular practice of endowment spending withdrawals to avoid market timing and underspending of endowments
 - ❖ Began to institute a withdrawal for administrative assessments to improve philanthropic culture and infrastructure—will withdraw spending for fiscal 2026 endowment spending in early spring 2025
- ❖ Provide more information on the volatility and risk-adjusted performance for the Xponance portion of the portfolio
 - ❖ See Appendix
- ❖ Work with the Foundation and Advancement to create endowment tracking software that uses the same tracking systems to improve stewardship of endowments
 - ❖ Starting to explore systems for tracking and unitization
- ❖ Work with Advancement to ensure information on individual endowments and endowment spending is always available and transparent to donors
 - ❖ Fiscal 2022, 2023, and 2024 data evaluated as a group.
- ❖ Review the 2016 Investment Policy and the 5.5% programmatic spending rate



Appendix



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Xponance Risk Metrics

The table below summarizes the NCCU Endowment portfolio's volatility and risk-adjusted performance for the 1-year period ended 09/30/24

NCCU Endowment - 1 year ending 09/30/24		
Characteristics	Portfolio*	Benchmark**
Volatility (standard deviation)	14.35	14.19
Sharpe Ratio	1.71	1.91
Beta	0.99	

*** Portfolio Constituents**

09/30/23 to 07/09/24 - 60% Xponance Equity Income and 40% Xponance SMID Cap Core
07/09/24 to 09/30/24 - 60% Xponance Market Plus and 40% Xponance SMID Cap Core

**** Benchmark Constituents**

09/30/23 to 09/30/24 - 60% S&P 500 Index and 40% Russell 2500 Index

Xponance Strategy Descriptions:

- Equity Income – for comparison purposes the product is measured against the S&P 500 index. The product typically has between 35 and 45 holdings and a predicted tracking error range of 3% to 5% vs. the S&P 500.
- Market Plus - for comparison purposes is measured against the S&P 500 Index. The product typically has 100-175 holdings and a predicted tracking error range of 1% - 2% vs. S&P 500.
- SMID Cap Core - for comparison purposes is measured against the Russell 2500 Index. The product typically has fewer than 100 holdings and a predicted tracking error target range of 4% - 6% vs. Russell 2500

