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Susan I. Krauss
Co-Executive Director, The Treasury Institute for Higher Education

Nancy Rohde
Investment Director, University of Kentucky

Advanced Endowment Management

SACUBO
SOUTHERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

UK Auxiliary Services

Susan I. Krauss

Susan currently serves as Co-Executive Director for the Treasury Institute for Higher Education and Senior Fellow for the Kentucky Council on Postsecondary Education (CPE). She retired from the University of Kentucky in 2020 following 21 years of service, the last six of which she served as UK's Treasurer. Susan joined UK with a diverse financial background in corporate finance, public accounting, and internal auditing.

Susan remains engaged in the higher education industry through her work with the Treasury Institute and CPE, and by serving as a faculty member for the College Business Management Institute at the University of Kentucky.

Nancy K. Rohde

Nancy Rohde is an Investment Director at the University of Kentucky. Having joined in 2018, she provides investment support, including manager review and monitoring, for the institution’s $2.7 billion endowment.

Prior to joining UK, she spent nearly six years at Pavilion Advisory Group, a global investment consulting organization, where she co-managed the Global Equity manager research team and guided clients on public equity-related manager research recommendations and perspective. Her career has also included manager mutual fund research at Edward Jones and hedge fund manager research and portfolio management at Amundi Alternative Investments, a fund-of-hedge-funds. She began her career at Citadel Investment Group.

Ms. Rohde holds a BA in Economics from Northwestern University, an MBA with Honors from the University of Chicago Booth School of Business, and is a CFA charterholder. Originally from St. Louis, she now lives in Lexington with her husband and her two 10-year old daughters.

Learning Objectives

Participants will gain an understanding of:

1) Uniform Prudent Management of Institutional Funds Act (UPMIFA) requirements
2) Endowment asset classes and alternative investments
3) Endowment spending policies
4) External pressures and common misperceptions regarding higher education endowments
5) Student-managed investment funds
6) Hot topics in the endowment investment industry

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Are you involved in the management of the endowment-investment program at your institution?

ⓘ The Slido app must be installed on every computer you're presenting from

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What is the survey of your institution's endowment portfolio?

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What is the primary objective/objectives of higher ed operating fund portfolios?

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What is the primary role of higher ed endowment fund portfolios?

Refresher from Morning Session:
Role of Endowment Funds in Higher Education

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- Primary Role/Objective
  - Perpetual source of funding
  - Provide stable, reliable income stream
- Secondary Role/Objective
  - Provide long-term matching of assets and liabilities

- Characteristics
  - Individual funds pooled and invested together
  - Long-term investment horizon
  - Diversified investment pool with stocks, bonds and various alternative investments
  - Defined spending policy to smooth distributions from year to year

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Refresher from Morning Session:
Intergenerational Equity

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“The trustees of endowed institutions are the guardians of the future against the claims of the present. Their task is to preserve equity among generations.”

- James Tobin
Yale University

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Refresher from Morning Session:
The Endowment Model

- Return goal over time: CPI + spending
- Key endowment investment principles:
    - Equity bias
    - Diversification
    - Illiquidity premium

UPMIFA

Uniform Prudent Management of Institutional Funds Act

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What is UPMIFA?

- A state law governing fiduciaries of donor-restricted investment funds
  - Model act approved by the Uniform Law Commission in 2006 and adopted in all states except PA
  - UPMIFA replaced UMIFA, which was adopted in 1972
- Three principal areas addressed:
  - Scope of coverage
  - Investment obligations
  - Expenditure of funds

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UPMIFA

Uniform Prudent Management of Institutional Funds Act

Scope of Coverage

- Applies to funds held in any form, including nonprofit corporate form, except charitable trusts, with a commercial or individual trustee
- Establishes a statutory standard of prudence for the behavior of fiduciaries who have authority over donor-restricted funds
  - Incorporates the fiduciary standards of the Uniform Prudent Investor Act (UPIA)
  - UPMIFA’s prudence standard is designed to complement the three fiduciary duties of care, loyalty and obedience

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UPMIFA

Uniform Prudent Management of Institutional Funds Act

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Expenditure Provisions

- Total return expenditure authorized
    - May appropriate for expenditure as much of the endowment the institution determines is prudent, <u>subject to the intent of the donor expressed in the gift instrument</u>
    - UPMIFA abolished the historic dollar value limitation imposed by UMIFA
- Good Faith Prudence Standard
    - "In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances,…"

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UPMIFA

Uniform Prudent Management of Institutional Funds Act

Expenditure Provisions

- Must consider the following factors:
  - Duration and preservation of the endowment fund
  - Purposes of the institution and endowment fund
  - General economic conditions
  - Possible effect of inflation or deflation
  - Expected total return from income and appreciation
  - Other resources of the institution
  - Investment policy of the institution
- Optional seven percent rule
  - Expenditure > 7% creates a rebuttable presumption of imprudence

UPMIFA

Uniform Prudent Management of Institutional Funds Act

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Investment Provisions

- Good Faith Prudence Standard
  - "…each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

- Required use of special skills
  - "A person that has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds."

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UPMIFA

Uniform Prudent Management of Institutional Funds Act

Investment Provisions

- Must consider the charitable purposes of the institution and the purposes of the fund, subject to the intent of the donor expressed in the gift instrument
- Costs must by appropriate and reasonable in relation to the assets, the purposes of the institution and the skills available to the institution
- Must make reasonable effort to verify facts related to the management/investment of the fund

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Uniform Prudent Management of Institutional Funds Act

Investment Provisions

- Pooling of funds for investment permitted
- Decisions must be made in the context of the portfolio as a whole as part of an overall investment strategy having risk/return objectives (modern portfolio theory)
- May invest in any kind of property or type of investment
- Diversification required unless purposes of the fund are better suited without diversification
- Rebalancing required

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Uniform Prudent Management of Institutional Funds Act

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Investment Provisions

- Must consider the following factors:
  - General economic conditions
  - Possible effect of inflation or deflation
  - Expected tax consequences
  - Role of each investment or course of action to the overall portfolio
  - Expected total return from income and appreciation
  - Other resources of the institution
  - Needs of the institution/fund to make distributions and to preserve capital
  - An asset's special relationship or value to the charitable purposes of the institution

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UPMIFA

Uniform Prudent Management of Institutional Funds Act

Other Provisions

- Delegation of Management/Investment
  - Prudent delegation in good faith; care standard of prudent person
  - Agent has duty of reasonable care
  - Agent subject to court jurisdiction
  - Delegation to committees, officers or employees as authorized by other law
- Release or Modification of Restrictions
  - Detailed provisions on release or modification of restrictions with Court approval; prior notice to Attorney General required
  - Detailed provisions on release or modification of purpose restrictions with Court approval; prior notice to Attorney General required and must be consistent with donor's intent
  - Detailed provisions on release or modification of restrictions on small, old funds without Court approval; prior notice to Attorney General required

The Endowment Model

- Return goal over time: CPI + spending

- Key endowment investment principles:
  - Equity bias
  - Diversification
  - Illiquidity premium

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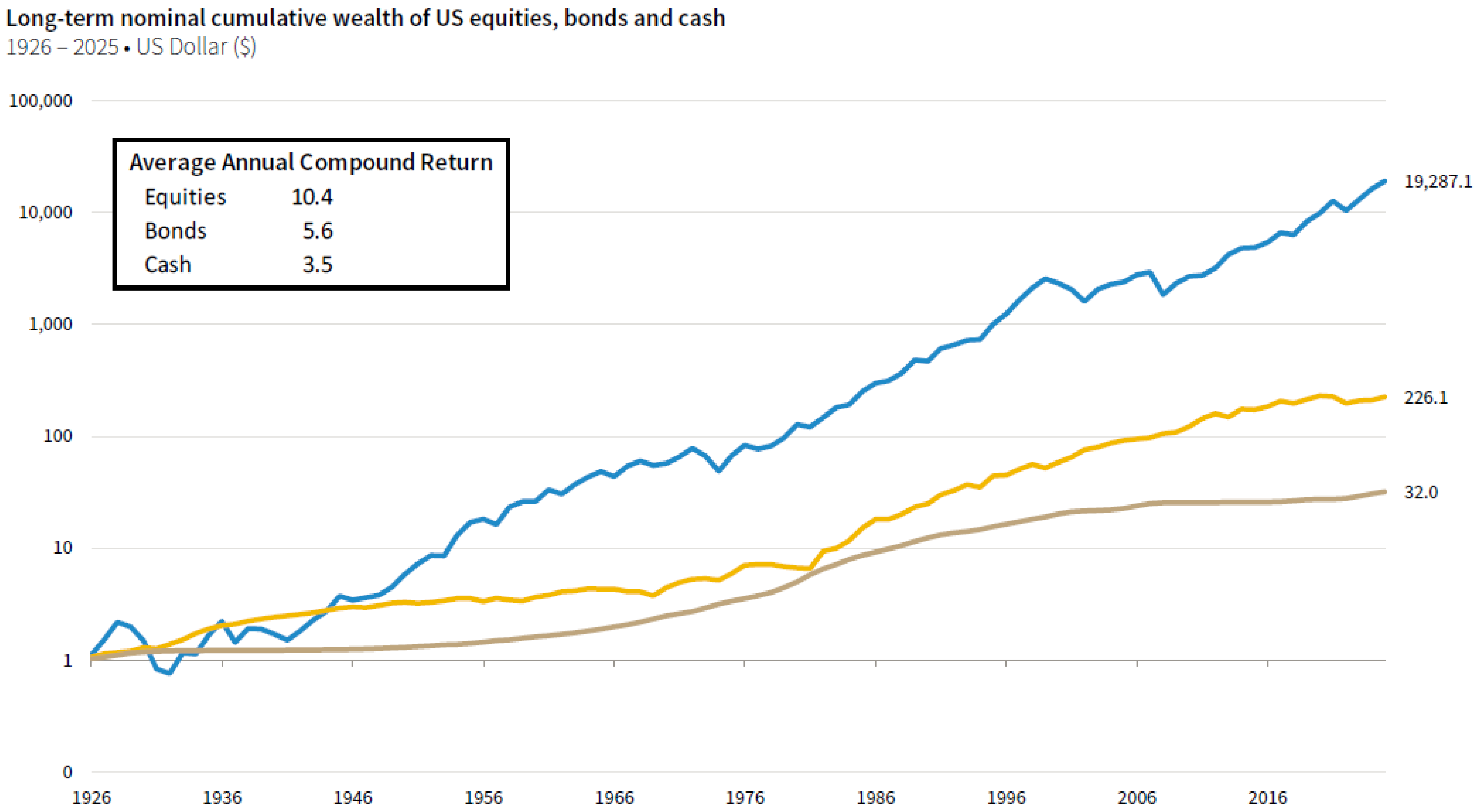
Why The Equity Bias Is So Important



Sources: Cambridge Associates, Bloomberg Index Services, FactSet Research Systems, Federal Reserve, FTSE International Limited, Global Financial Data, Inc., Intercontinental Exchange, Inc., Standard & Poor's, and US Department of Labor – Bureau of Labor Statistics.

Notes: US common equity series consists of Global Financial Data (1900–68) and the Standard & Poor's 500 Index (1969 to date). The long-term bonds series is composed of Global Financial Data (1900–01), a total return bond index constructed from Standard & Poor's yield data (1902–68), the Salomon Brothers High-Grade Corporate Bond Total Rate of Return Index (1969 to 1979), the FTSE AAA/AA Long-Term Corporate (High-Grade) Bond Index (1980 to 2021), and the Bloomberg US Aggregate Corporate Long AA or > Bond Index (2022 to date). The money market instrument return series is composed of Global Financial Data (1900 to March 1970), Federal Reserve (April 1970 to December 1977), and the ICE BofAML 91-Day Treasury Bill Index total returns (January 1978 to date). Cumulative wealth indices are shown on a logarithmic scale. Current year's data are as of December 31, 2025.

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The Case for Diversification

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2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	5-year annual	10-year annual	Since Inception (Jul-92)
Private Equity 10.0%	U.S. Equity 12.7%	Emerging Markets 37.3%	Private Equity 11.2%	U.S. Equity 31.0%	Private Equity 33.1%	Public RE 43.2%	Commod 16.1%	U.S. Equity 26.0%	U.S. Equity 23.8%	Emerging Markets 33.6%	U.S. Equity 13.1%	U.S. Equity 14.3%	Private Equity[1] 15.1%
Public RE 3.2%	Commod 11.8%	Int'l 25.0%	Bonds - Agg 0.0%	Public RE 26.0%	U.S. Equity 20.9%	Private Equity 38.5%	Div. Strats. -4.1%	Int'l 18.2%	Div. Strats. 9.8%	Int'l 31.2%	Private Equity[1] 12.8%	Private Equity[1] 14.0%	U.S. Equity 10.8%
Bonds - Agg 0.5%	Emerging Markets 11.2%	U.S. Equity 21.1%	UK -2.5%	Int'l 22.0%	Emerging Markets 18.3%	Commod 27.1%	UK -8.5%	60/40 15.4%	UK 9.7%	U.S. Equity 17.1%	Commod 10.6%	Emerging Markets 8.4%	Public RE 9.6%
U.S. Equity 0.5%	Private Equity 9.0%	Private Equity 21.0%	Public RE -4.6%	60/40 18.6%	60/40 14.0%	U.S. Equity 25.7%	Private Equity -10.5%	Public RE 13.7%	60/40 9.5%	60/40 16.6%	Int'l 8.9%	Int'l 8.2%	Div. Strats. 8.5%
UK -0.1%	Public RE 8.5%	60/40 17.1%	Div. Strats. -4.7%	Emerging Markets 18.4%	Div. Strats. 11.8%	UK 16.2%	Bonds - Agg -13.0%	UK 10.9%	Public RE 8.7%	Commod 15.8%	UK 7.9%	UK 7.9%	UK 7.4%
Int'l -0.8%	UK 6.1%	UK 11.8%	U.S. Equity -5.2%	Private Equity 17.7%	UK 11.8%	Int'l 11.3%	Int'l -14.5%	Emerging Markets 9.8%	Emerging Markets 7.5%	UK 13.7%	Div. Strats. 7.1%	60/40 7.6%	Emerging Markets 7.1%
Div. Strats. -1.1%	60/40 5.7%	Div. Strats. 8.6%	60/40 -6.0%	UK 13.1%	Int'l 7.8%	Div. Strats. 10.2%	60/40 -17.3%	Div. Strats. 8.1%	Private Equity 5.9%	Div. Strats. 12.4%	Public RE 6.6%	Div. Strats. 6.6%	60/40 7.0%
60/40 -2.5%	Div. Strats. 5.4%	Public RE 5.2%	Commod -11.2%	Div. Strats. 10.4%	Bonds - Agg 7.5%	60/40 8.8%	U.S. Equity -19.2%	Private Equity 5.7%	Commod 5.4%	Private Equity[1] 9.2%	60/40 5.8%	Commod 5.7%	Int'l 6.4%
Emerging Markets -14.9%	Bonds - Agg 2.6%	Bonds - Agg 3.5%	Int'l -13.8%	Bonds - Agg 8.7%	Commod -3.1%	Bonds - Agg -1.5%	Emerging Markets -20.1%	Bonds - Agg 5.5%	Int'l 3.8%	Bonds - Agg 7.3%	Emerging Markets 4.2%	Public RE 5.7%	Bonds - Agg 4.6%
Commod -24.7%	Int'l 1.0%	Commod 1.7%	Emerging Markets -14.6%	Commod 7.7%	Public RE -8.0%	Emerging Markets -2.5%	Public RE -24.4%	Commod -7.9%	Bonds - Agg 1.3%	Public RE 2.9%	Bonds - Agg -0.4%	Bonds - Agg 2.0%	Commod 3.0%

*60/40 is comprised of 60% MSCI AC World Index and 40% Bloomberg Barclays Global Aggregate Index. Trailing performance is as of 12/31/25.
[1]Private Equity reflects CA Global Private Equity and Venture Capital index returns as of 9/30/25.

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Illiquidity Premium

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- Illiquidity premium is the excess return investors demand for investing in illiquid assets
- What is “illiquid”?

  Illiquid is a term commonly used to describe assets or investments that cannot be quickly and easily converted into cash at the current fair market price.

- Alternative or private investments typically have lock-up or long-term investment periods, therefore investors expect a higher return versus what can be achieved in the public markets

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Defining "Alternative Investments"

- Alternatives are every investment category except long-only publicly traded stocks and bonds
    - Some alternatives are truly a distinct asset class – e.g. real estate
    - Other alternatives are simply strategies within traditional asset classes – e.g. long/short equity strategies
- Common characteristics – strategies to take advantage of market inefficiencies, and/or requiring niche, highly specialized skills

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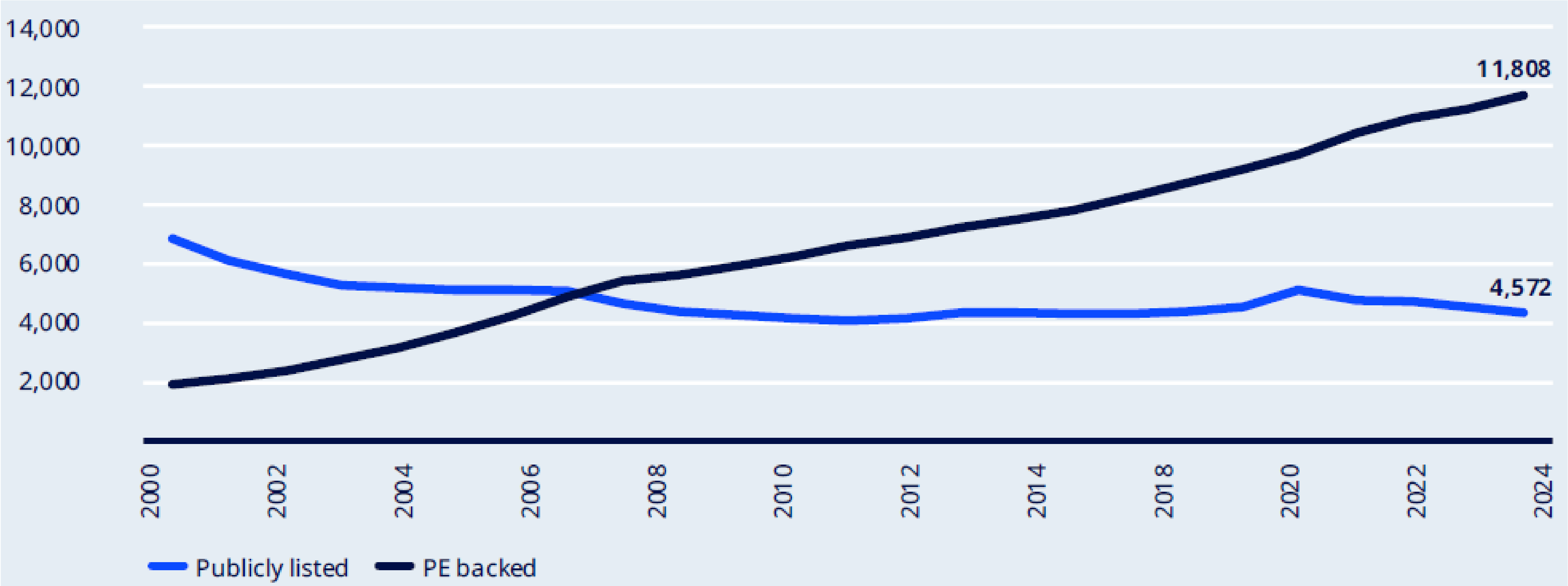
Investment opportunities shifting

Count of PE-backed companies versus US-listed firms



Sources: Mercer (US) LLC, PitchBook Q1 2025 Quantitative Perspectives US Market Insights, as of December 31, 2024. Underlying data sources: NYSE, Nasdaq, World Bank Statista

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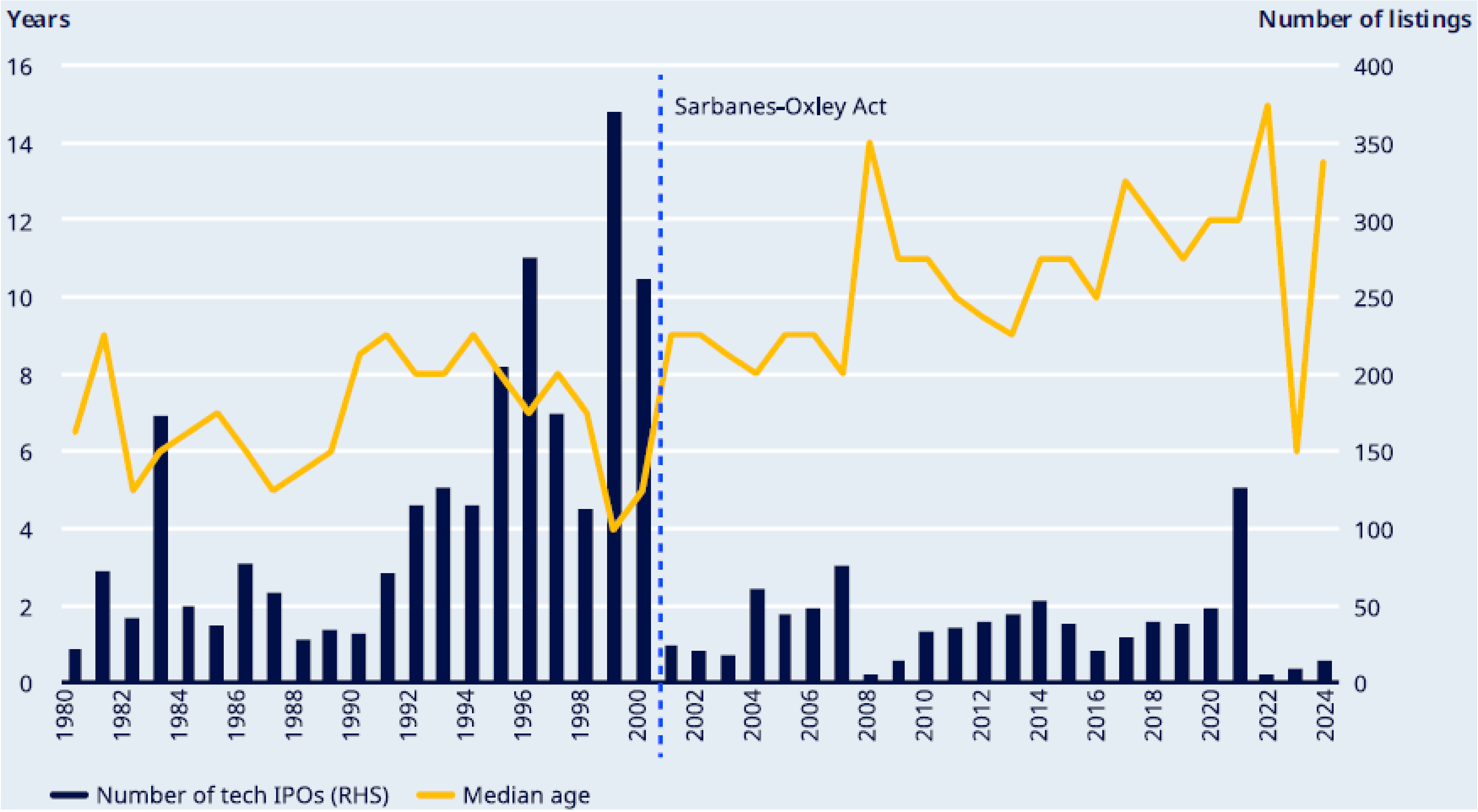
Companies are staying private for longer

Median age at IPO - Technology



Source: Mercer (US) LLC, Underlying source: “Initial Public Offerings: Median Age of IPOs Through 2024,” Jay Ritter, University of Florida (as of June 3, 2025)

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Capital Market Return & Volatility Projections

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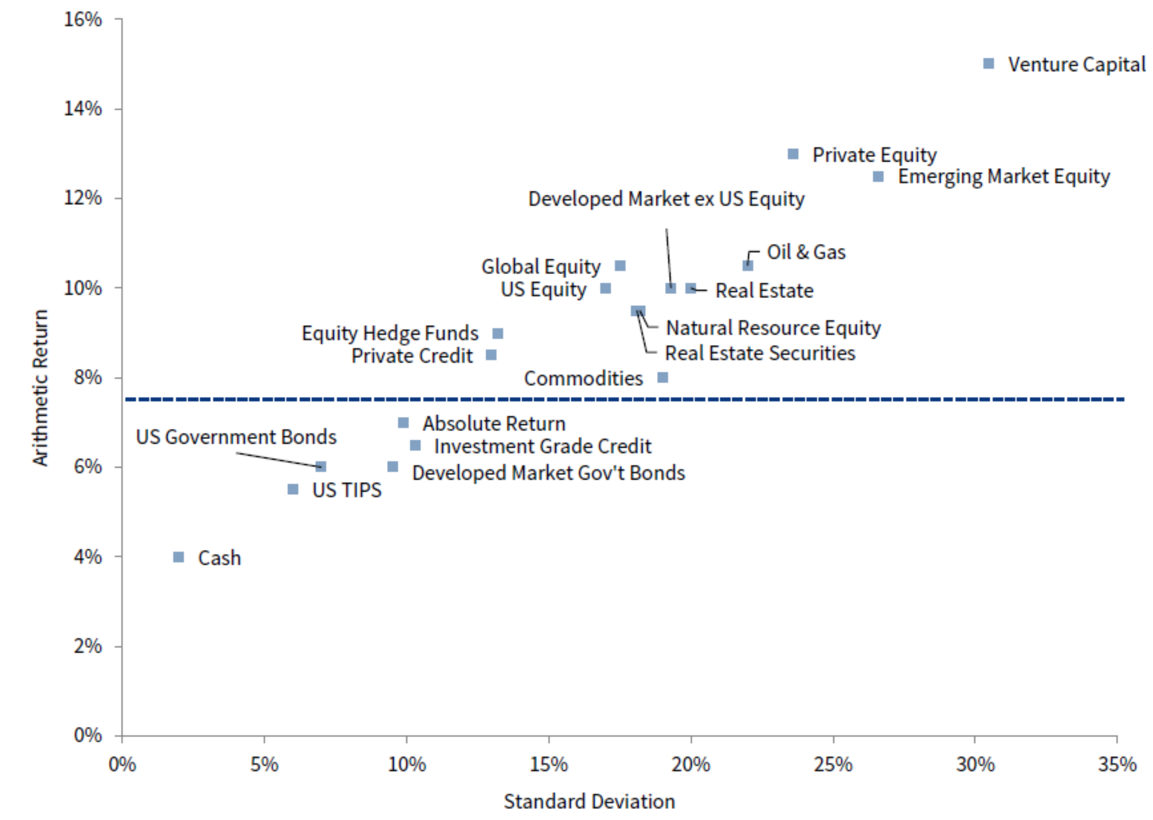
Risk and return (%)



	Nominal Arithmetic Return	Standard Deviation
US Equity	10.0	17.0
Developed Market ex US Equity	10.0	19.3
Emerging Market Equity	12.5	26.6
Global Equity	10.5	17.5
Absolute Return	7.0	9.9
Equity Hedge Funds	9.0	13.2
Venture Capital	15.0	30.5
Private Equity	13.0	23.6
Commodities	8.0	19.0
Natural Resources Equity	9.5	18.2
Real Estate Equity	9.5	18.1
Real Estate	10.0	20.0
Oil & Gas	10.5	22.0
US Government Bonds	6.0	7.0
US TIPS	5.5	6.0
Developed Market Gov’t Bonds	6.0	9.5
Investment-Grade Credit	6.5	10.3
Private Credit	8.5	13.0
Cash	4.0	2.0

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Source: Cambridge Associates LLC.
Note: Private Credit assumes a 200 basis point return premium to investment-grade credit and volatility and correlations commensurate with high-yield bonds
[1] Over 25-year periods arithmetic returns are expected to fall within the range half the time.

Intermediate-Term Return Expectations

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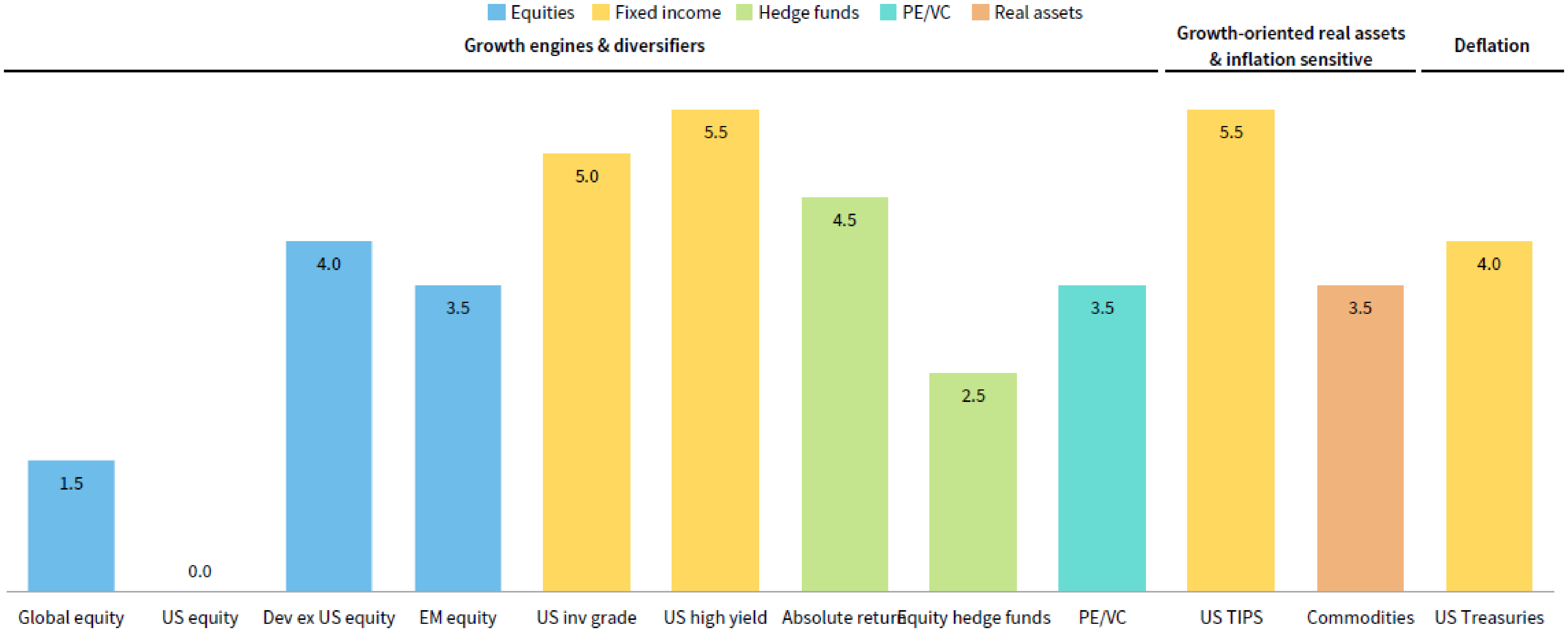
Ten-year nominal return scenarios: "Return to normal"

As of February 28, 2026 • Nominal AACR (%)



Key assumptions: Inflation: 3%; real EPS growth: 2% for US and Dev ex US, 3% for EMs; ending 10-yr US Treasury yield: 5.0%; ending 10-yr US TIPS yield: 2.0%; equity valuations: revert to long-term medians

Sources: Bloomberg Index Services Limited, Bloomberg L.P., Cambridge Associates LLC, Global Financial Data, Inc., MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: All projections are in local currency terms and are intended to represent total returns rounded to the nearest half decimal. Projected global equity returns are based on a weighted average of the projections for US, developed ex US, and EM equities using month-end weights for the MSCI All Country World Index. Projected hedge fund returns are intended to reflect market-wide performance as defined by particular HFRI indexes, and not the performance or potential for value-added of a specific program. The return projection for private equity/venture capital is not calculated using the same "bottom up" methodology as the other asset classes; rather, it is calculated as the projected global equity return plus 2%.

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Role of Asset Classes

GROWTH | **PROTECTION** | **LIQUIDITY**

PUBLIC EQUITY (40.0%)

Drive long-term returns and provide liquid source for spending when growth assets are performing well.

PRIVATE INVESTMENTS (24.0%)

Drive long-term returns in excess of public equity markets.

DIVERSIFYING STRATEGIES (12.0%)

Reduce total portfolio equity risk while maintaining long-term return potential.

REAL ASSETS (Inflation sensitive) (12.0%)

Offer protection against inflationary pressure and provide spending reserve.

FIXED INCOME & CASH (Deflation sensitive) (12.0%)

Offer protection against deflationary pressure and provide spending reserve. Total liquidity for immediate spending needs.

Source: Cambridge Associates,

Note: % of Current Portfolio Policy Targets. Effectiveness of asset classes in these roles depends on valuations and implementation considerations.
Private investments includes private equity, and venture capital. Real assets includes Public Real Assets (commodities, natural resource equity, TIPS) and Private Real Assets. Fixed Income and Cash includes Aggregate Bonds and Private Credit.

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Today's landscape of private equity implementation

1 Primary Commitments

A high-quality primary portfolio focused on middle market buyouts with growth and venture capital seeking to provide diversification and broad market exposure.

2 Secondaries

Adding a blend of LP and GP secondaries can potentially benefit the portfolio especially when looking to increase exposure. LP may offer diversification and higher cash flow. GP may provide access to top quality assets with higher potential total return.

3 Co-Investments

The co-investment opportunity set has expanded in the current market environment. While few investors currently have the governance and bandwidth to participate directly, the potential benefit from low or no fees could be attractive.

Potential pros	Potential cons
Broad Opportunity Set Vintage Diversification	Speed of Deployment Fees Blind Pool Risk
Speed of Deployment J-Curve Mitigation Known Underlying	Capacity-Constrained Double Fee Load
Fee Savings J-Curve Mitigation Tailored Exposure	Capacity-constrained Relationship-based Governance burden

Source: Mercer (US) LLC

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Key Risks in Managing an Endowment

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There is no single definition of risk. Some of the most common types of risk are:

- Variability of returns (standard deviation)
- Sensitivity to equity markets (beta)
- Liquidity risk
- Behavioral Risk
- Concentration Risk
- Headline Risk
- Peer Risk (a.k.a., “Maverick Risk”)
- Shortfall risk (risk of failing to meet the primary objective)

Source: Cambridge Associates,

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Definition of Key Risk Terms

- **Standard Deviation** measures the degree of dispersion of returns, estimating the extent to which actual returns over a period are likely to differ from the average historical return. The larger the standard deviation, the wider the range of likely returns. The implicit assumption is that the greater the variability of a rate of return, the greater the risk associated with that return.

- **Beta** measures the sensitivity of the portfolio rate of return to changes in the market rate of return. It is the portion of portfolio risk which is linked to overall market movements and is therefore considered to be the non-diversifiable risk of the portfolio.
  - *If beta is 1, a 1% increase in the market return will result, on average, in a 1% increase in the portfolio return. When beta is 1, the market return and fund return are equally volatile. The portfolio displays no more risk than the market itself. If a portfolio has a beta of 2, a 10% increase in the market return will result, on average, in a 20% increase in the portfolio return. Thus, if beta is greater than 1, the portfolio is considered riskier (volatile) than the market.*

Source: Cambridge Associates,

Liquidity Risk

Endowment versus Total Enterprise

- A premium exists for investing in illiquid markets
- This illiquidity premium has served long-term investors well
- Liquidity allocation should be viewed from a policy standpoint just like asset allocation
- Test liquidity under various scenarios
  - Worst case scenario should not determine asset allocation
- Liquidity for the enterprise should be viewed both with and without the endowment
- Review options for operating independently from the endowment (or long-term pool) with debt capacity or committed credit line

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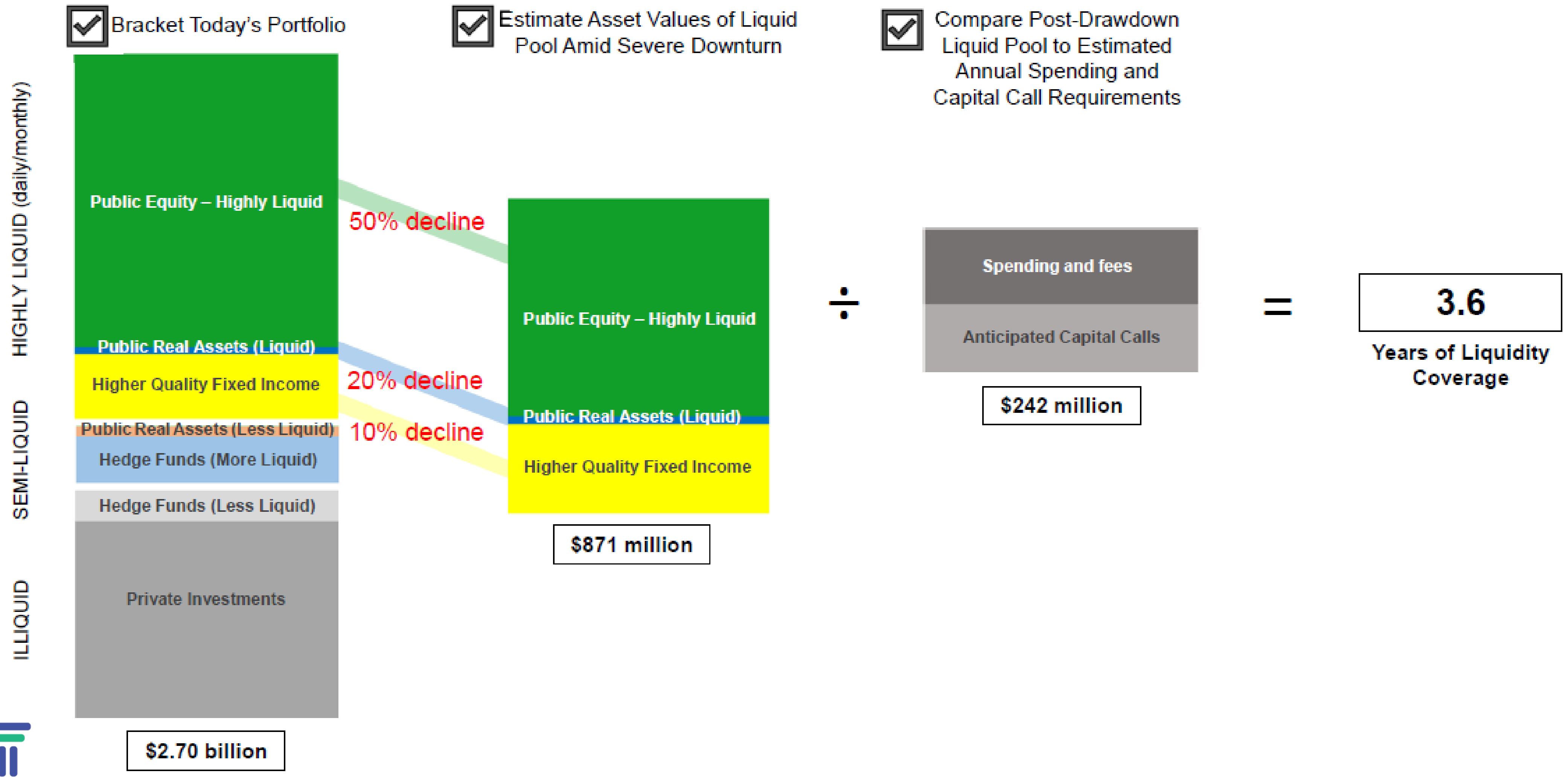
Liquidity Risk in Practice

Stress testing UK's Endowment (Data as of January 31, 2026)



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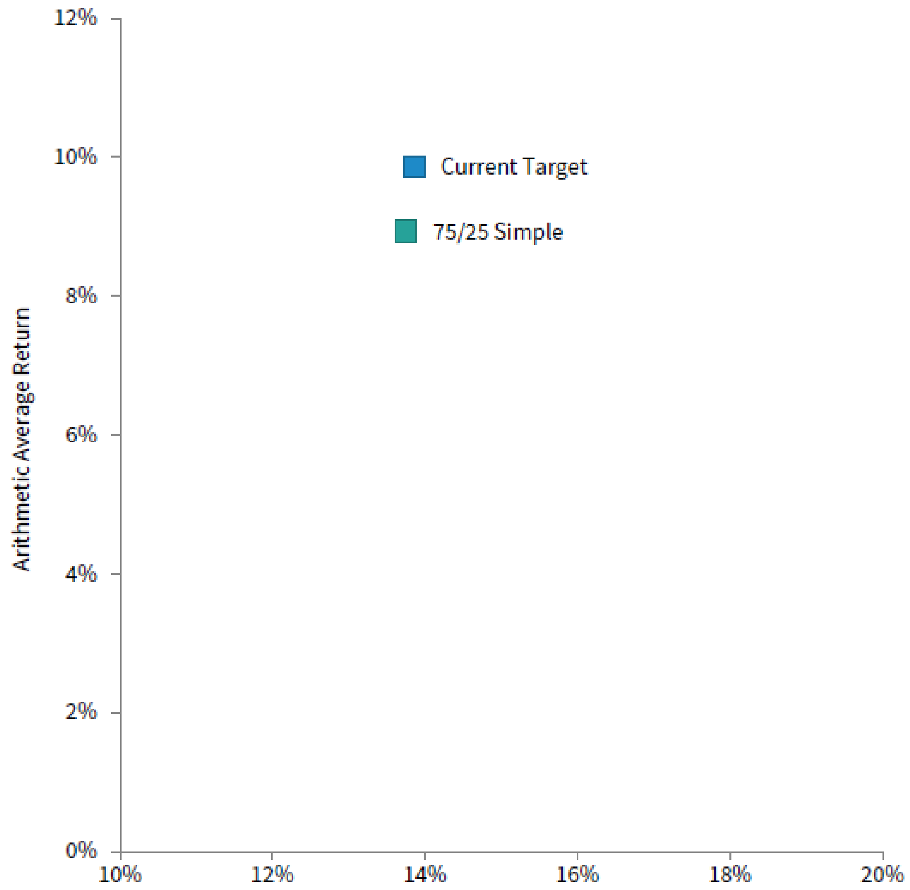
UK Endowment Risk/Return Metrics

Expected risk vs return



Asset Class	UK Current Target	75/25 Simple
Global Public Equity	40.0	75.0
Private Equity	24.0	
Diversifying Strategies	12.0	
Private Credit	2.0	
Public Real Assets	3.0	
Private Real Assets	9.0	
Fixed Income & Cash	10.0	25.0

Nominal Arithmetic Return:	9.9	8.9
Nominal Compound Return:	9.0	8.1
Standard Deviation:	13.9	13.8
Sharpe Ratio:	0.46	0.39
Beta:	0.76	0.78

Source: Cambridge Associates

Notes: Modeling assumes annual inflation rate of 2.5% and utilizes long-term equilibrium assumptions. For modeling purposes, private equity exposure utilizes PE/VC look-through weights as of most recent fiscal year end.

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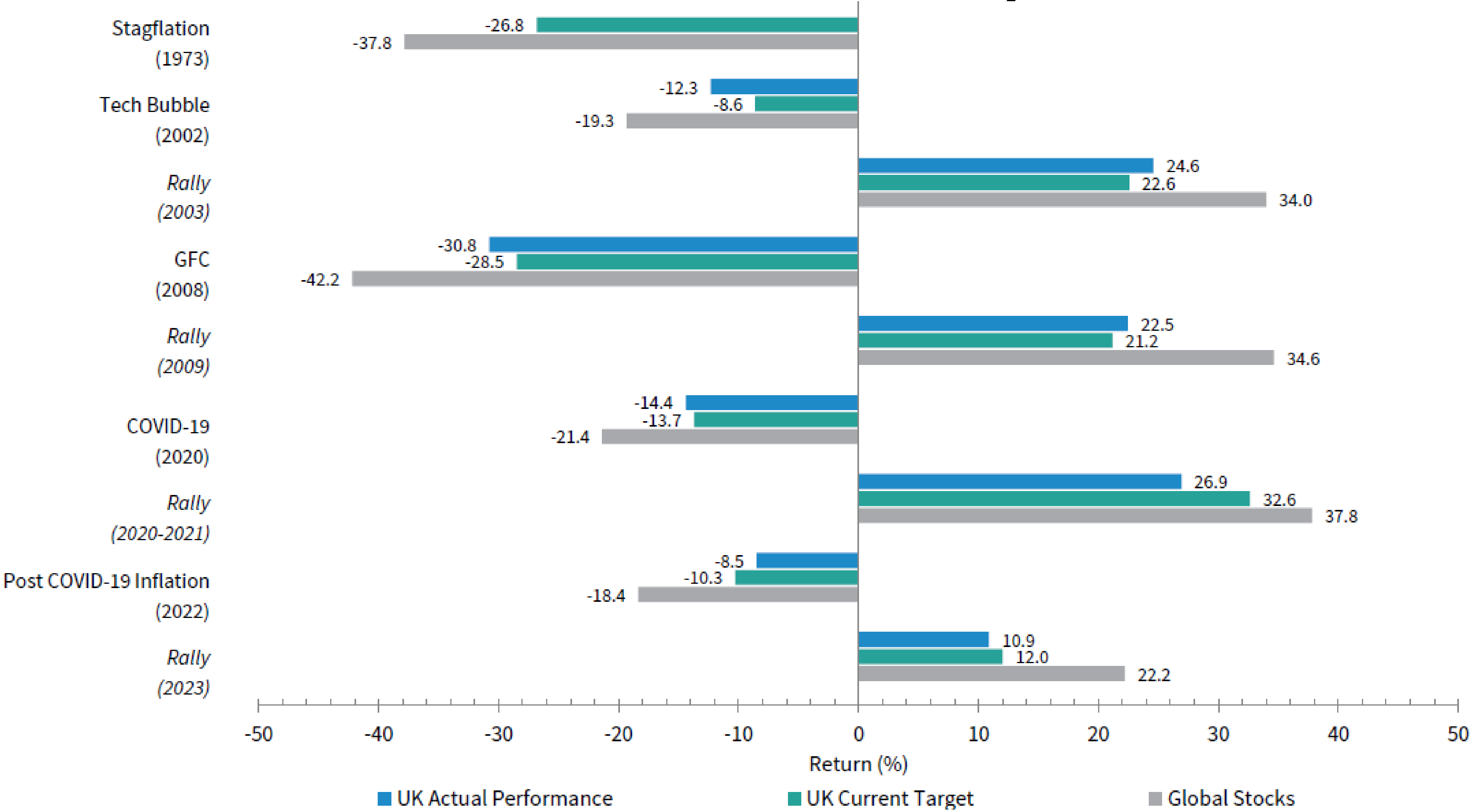
UK Endowment Scenario Analysis



Source: Cambridge Associates

Note: Stress scenario returns represent calendar year returns for time periods designated except for COVID-19 Returns are from January through March 2020. The post COVID Rally returns are from April 2020 through December 2021.The Post COVID-19 Inflation returns are from January through December 2022. The Post COVID-19 Inflation Rally returns are from January through December 2023.

UK Actual Performance is comprised of historic returns of the portfolio.

UK Current Target is comprised of 40.0% MSCI All Country World Index (Net), 24.0% CA Private Equity & Venture Capital Index, 12.0% HFRI FOF Composite Index, 1.0% Alerian MLP Index, 1.0% FTSE NAREIT All Equity REITS Index, 4.0% CA Real Estate, 5.0% CA Private Natural Resources & Infrastructure, 10.0% Bloomberg Barclays Aggregate Bond Index, 1.0% Bloomberg Barclays US TIPS Index, 2.0% Bloomberg Barclays US Corporate High Yield Index (Private Credit)

Global Stocks is comprised of the MSCI ACWI.

Global Equity is 50% S&P 500 and 50% MSCI EAFE for the Stagflation period due to unavailability of returns for "Global Index" MSCI ACWI.

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Spending Policies

- Typically based on:
  - Percentage of market value
  - Rolling average of market value
  - Inflation-based
  - Collared minimum and maximum
  - Hybrid approach

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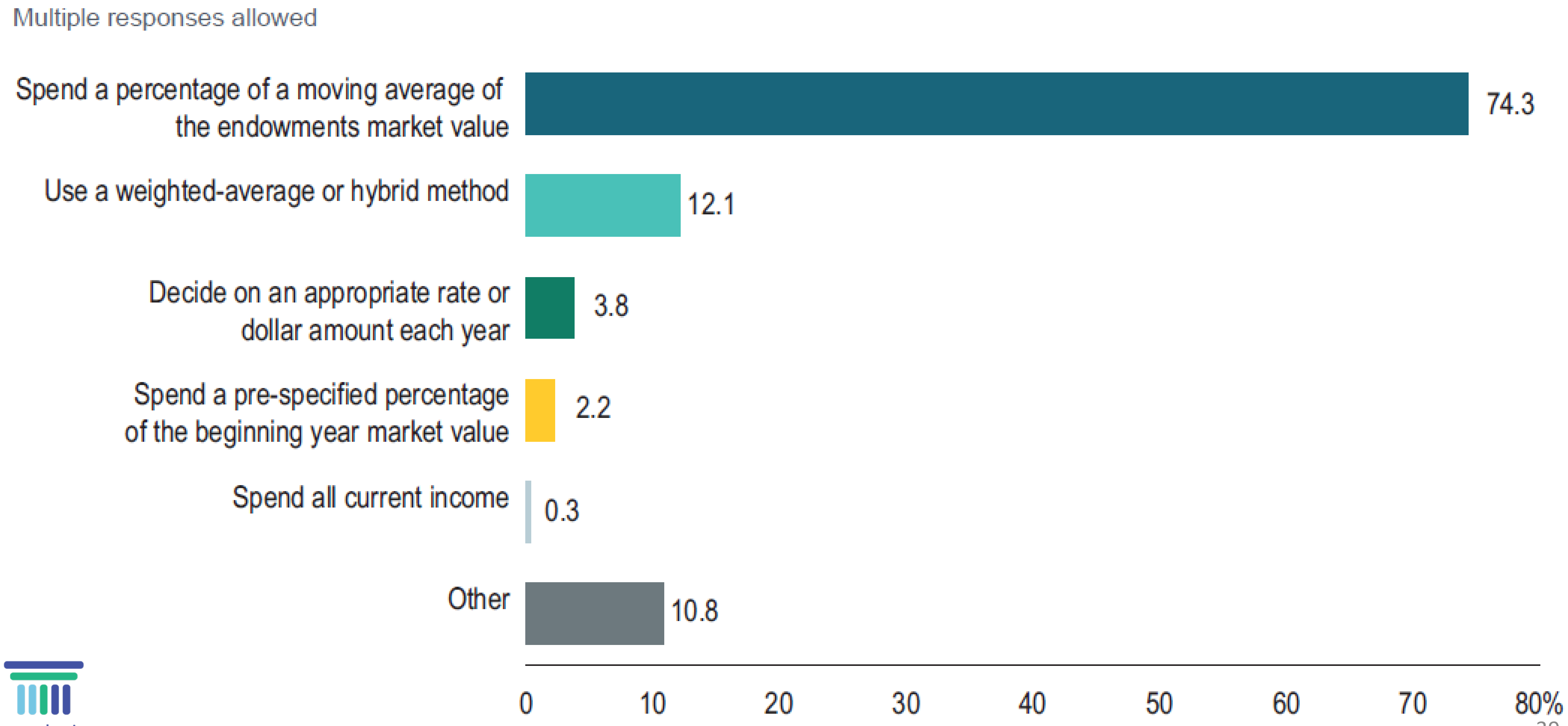
Spending Policies

2025 NACUBO-Commonfund Study of Endowments

SPENDING METHODOLOGY FOR TOTAL INSTITUTIONS



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UK Spending Policy

- The University of Kentucky's Investment Committee has established a "hybrid" spending distribution policy
  - Includes both the market value of the endowment and the level of inflation
  - The spending distribution amount is constrained so that the calculated rate is at least 3.5%, and not more than 5%, of the current endowment market value

- Hybrid spending formula:

$$\mathbf{60\% * (\mathit{Prior\ Year\ Spending\ Distribution} * [1 + \mathit{Annual\ Percent\ Change\ in\ CPI} - \mathit{U}])}$$
$$+$$
$$\mathbf{40\% * (4\% * \mathit{Average\ Market\ Value\ for\ Preceding}\ 36\ \mathit{Months})}$$

What is your Institution's spending policy based on?

Underwater Endowment Spending Policies

- Definition of underwater endowment:

An endowment is "underwater" if its market value is lower than its historical dollar value (the value of the original gift or contributed value) .

- Typical spending policies:
  - Stop spending distributions altogether
  - Stop spending distributions if market value is underwater by a defined % or amount
  - Spend only interest and dividends

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UK Underwater Endowment Spending Policy

- The University of Kentucky Treasurer may reduce or suspend withdrawals from individual endowment funds that are underwater

- Spending distributions and management fee withdrawals will be suspended on all endowments underwater by more than 20%

- Endowments underwater by more than 10% will undergo a formal review by University Financial Services and the appropriate college dean to determine the appropriate level of spending distributions in accordance with the Kentucky UPMIFA

Endowment Investment Management

External Pressures and Common Misperceptions

- Federal and State political pressures
  - Endowment Tax
  - Pressures to spend more from endowment to award more scholarships and lower the cost of tuition
  - Difficult to make the case for additional funding with a large endowment
- Increased pressure on the endowment model due to strong equity market performance

- Difficult to defend higher cost of the endowment model versus lower cost strategies that have performed well in recent years
- Inherent conflicts of interest between asset managers and Endowment Board/Investment Committee Members

Student-Managed Investment Funds
2025 NACUBO-Commonfund Study of Endowments

COLLEGE BUSINESS MANAGEMENT INSTITUTE

DOES YOUR ORGANIZATION HAVE A STUDENT MANAGED ENDOWMENT FUND BY ENDOWMENT SIZE

Numbers in percent (%)	TOTAL INSTITUTIONS	UNDER $50M	$51M - $100M	$101M - $250M	$251M - $500M	$501M - $1B	$1B - $5B	OVER $5B
TOTAL INSTITUTIONS	**657**	**76**	**96**	**154**	**102**	**74**	**125**	**30**
RESPONDED INSTITUTIONS	**637**	**75**	**95**	**152**	**101**	**72**	**115**	**27**
Yes	35.5	17.3	26.3	34.9	39.6	41.7	47.0	40.7
No	63.6	82.7	73.7	65.1	59.4	58.3	49.6	55.6
Uncertain	0.9	0.0	0.0	0.0	1.0	0.0	3.5	3.7

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UK Student Managed Investment Funds

- SMIF program was established in 2013 and now consists of three funds

Undergraduate SMIF

$6,323,959

Graduate SMIF

$5,929,599

Responsible Investing SMIF

$2,115,002

Market values are as of March 31, 2026

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Does your institution have a student-managed investment fund for a portion of the Endowment?

Endowment Investment Industry

Hot Topics

- AI remains a dominant force shaping market structure and performance
  - Elevated valuations and concentration in a narrow set of market leaders
  - "SaaSpocalypse" narrative reflects growing differentiation in software outcomes
- Managing forward expectations after an extended U.S. equity rally
- Private markets remain under pressure
  - Continued underperformance relative to public markets
  - Prolonged slowdown in distributions impacting liquidity and pacing
  - Growing scrutiny of private credit, particularly around retail access and liquidity mismatch
- Heightened geopolitical risks complicate inflation and interest rate outlooks

Do not edit
How to change the design

Which of the following is not a Kentucky bourbon?

The Slido app must be installed on every computer you're presenting from

slido

Additional Materials

- University of Kentucky Endowment Investment Policy

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Resources

- **The Treasury Institute for Higher Education**
  https://www.treasuryinstitute.org/
- **Association for Financial Professionals**
  https://www.afponline.org/
- **National Association of College and University Business Officers**
  https://www.nacubo.org/
- **Investment Company Institute**
  - https://www.ici.org/
- **Cambridge Associates**
  - https://www.cambridgeassociates.com/
- **Commonfund Institute**
  - https://www.commonfund.org/institute

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THANK YOU!

Auxiliary Services

Treasury Institute for Higher Education

SACUBO SOUTHERN ASSOCIATION OF COLLEGE AND UNIVERSITY BUSINESS OFFICERS

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APPENDIX:

Highlights from the NACUBO-Commonfund Study of Endowments & CNBC Segment on Endowments

UK Auxiliary Services

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2025 NACUBO-Commonfund Study of Endowments

Summary observations from the 2025 NACUBO-Commonfund Study of Endowments

657
colleges, universities, and education-related foundations completed the FY25 survey

$944.3 billion
of endowment assets represented in the FY25 survey

$33.4 billion
total amount spent from survey respondents' endowments in FY25

$253.6 million
median endowment size for FY25 survey respondents

90%
of schools that participated in FY25 also participated in the FY24 study

The Survey was conducted from September 3 through December 12, 2025, and covers the 2025 fiscal year (July 1, 2024 – June 30, 2025).

SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

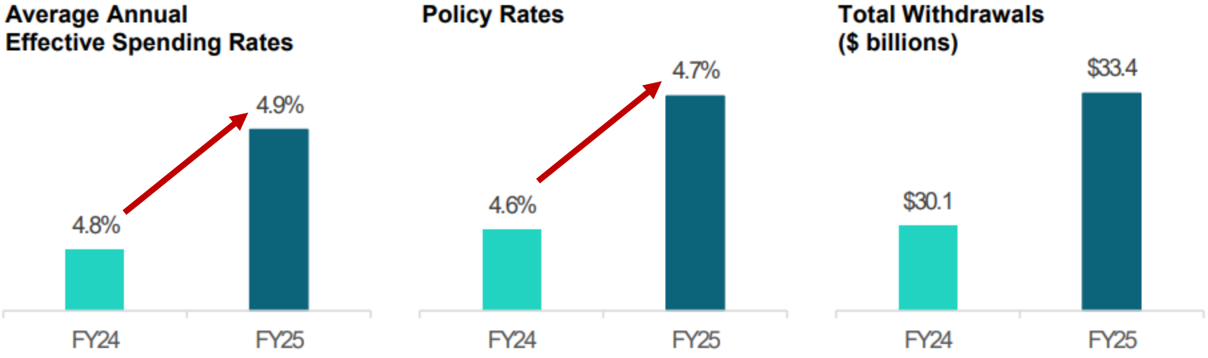
Treasury Institute for Higher Education

2025 NACUBO-Commonfund Study of Endowments

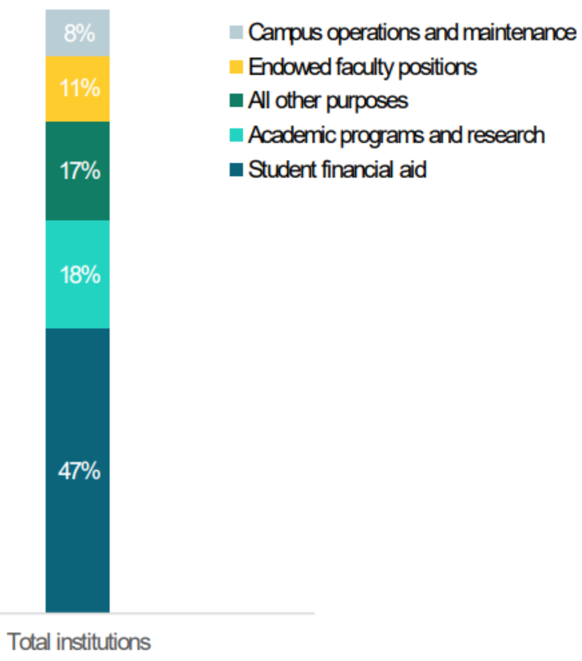
Endowment spending:
Both spending $ and spending rates increased again in FY25

Participating institutions withdrew a total of $33.4 billion from their endowments in FY25, a nearly 11 percent increase over the $30.1 withdrawn in FY24 – 83.5 percent were distributions within the institution's spending policy and 5.3 percent were special appropriations above the normal spending policy. Institutions' average annual effective spending rate increased moderately to 4.9 percent from 4.8 percent in FY24. By purpose, the largest share of spending in FY25, 47.4 percent, went to student financial aid, a level that was nearly three times more than the 17.7 percent spent on academic programs and research.

Spending rates and withdrawals from endowment



Spending Policy Distributions by Purpose



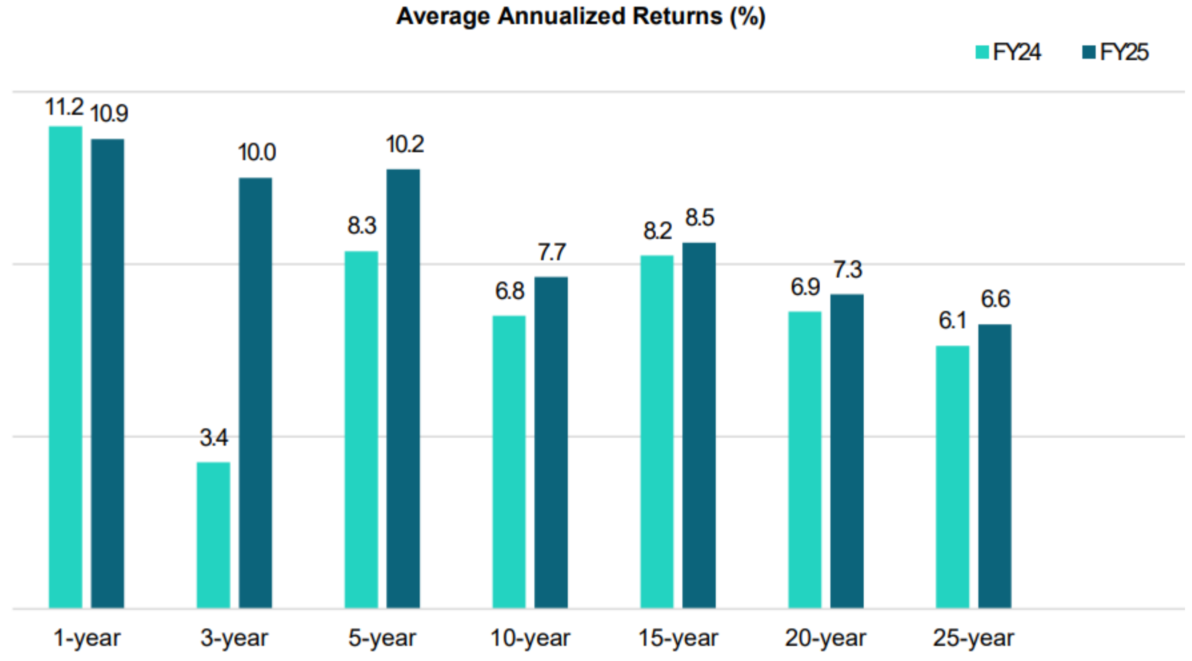
SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

Treasury Institute for Higher Education

2025 NACUBO-Commonfund Study of Endowments

Investment returns: Long-term mission support despite uncertainty and volatility

Despite periods of uncertainty and bouts of volatility during FY25, portfolio diversification—across both asset classes and strategies—delivered returns that supported the long-term missions and ongoing operations of endowed colleges and universities. Many of the same forces that drove FY24 performance remained in place: a generally sound U.S. economy, positive employment data, moderating inflation, and, most notably, continued investor enthusiasm for all things AI. The key difference was that FY25 unfolded against the backdrop of a presidential election.



SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

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2025 NACUBO-Commonfund Study of Endowments

Return objectives: Unique to each institution

If an institution of higher education aspires to maintain the purchasing power of the investment pool over time, then assumptions must be made about the long-term spending rate from the endowment, the anticipated rate of inflation and investment management costs.

The conventional approach for many endowments is to set CPI or HEPI +5% (i.e., inflation plus a spending/distribution percentage) as a return target. Often, there may be other unique variables for organizations which can influence their return targets and those should also be considered.

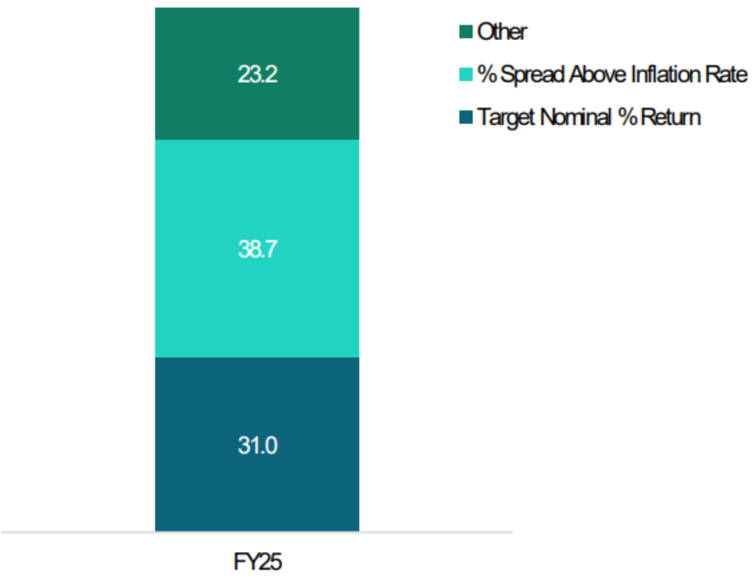
Average target nominal return for FY24

7.3%

Average spread above the rate of inflation for FY24

4.9%

Method Used to Define Return Objective (%)



SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

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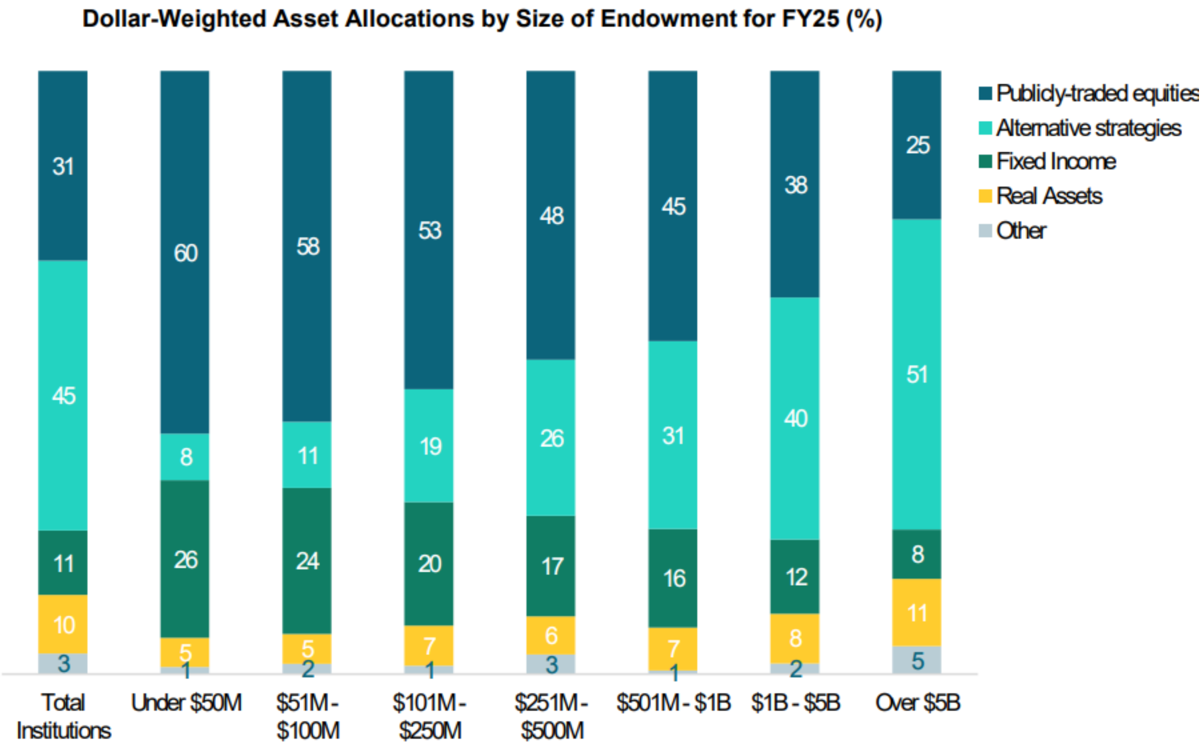
Asset allocation: Private equity, marketable alternatives and U.S. equities led other strategies

Asset allocation across the different strategies did not reflect material changes from FY24 to FY25 (measured on a dollar-weighted basis).

The comparatively level returns reported for FY25 across the various size segments—as noted, only 130 basis points separating high from low—may be attributed to good performance across asset classes and strategies. U.S., non-U.S. and global equities along with emerging markets posted the best gains but private strategies were not far behind.



SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

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2025 NACUBO-Commonfund Study of Endowments

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ASSET ALLOCATION | EQUAL-WEIGHTED BY ENDOWMENT SIZE

Numbers in percent (%)	TOTAL INSTITUTIONS	UNDER $50M	$51M - $100M	$101M - $250M	$251M - $500M	$501M - $1B	$1B - $5B	OVER $5B
TOTAL INSTITUTIONS	**657**	**76**	**96**	**154**	**102**	**74**	**125**	**30**
U.S. equities	28.6	44.1	38.8	30.9	27.3	21.4	17.6	11.6
Non-U.S. equities	8.5	9.9	8.8	9.2	8.6	9.1	7.3	4.4
Emerging markets	2.9	2.6	2.5	2.5	2.8	3.3	3.4	3.7
Global equities	8.9	2.8	7.7	10.2	9.3	11.6	10.1	7.7
Marketable alternatives	8.7	2.9	4.5	6.4	10.6	10.7	13.8	15.8
Private equity	9.9	2.4	5.5	8.5	11.3	14.3	14.2	16.3
Private venture capital	4.7	0.7	0.7	2.8	3.1	5.7	10.6	15.2
Secondaries	0.4	0.3	0.2	0.5	0.6	0.4	0.4	0.4
Fixed income	18.7	26.1	24.4	20.7	16.9	16.2	12.8	8.9
Real assets	6.7	5.1	5.1	6.7	6.0	6.9	8.1	11.1
Sustainable investments	0.1	0.2	0.2	0.0	0.3	0.0	0.1	0.1
Other	2.0	3.1	1.7	1.4	3.2	0.6	1.7	4.7

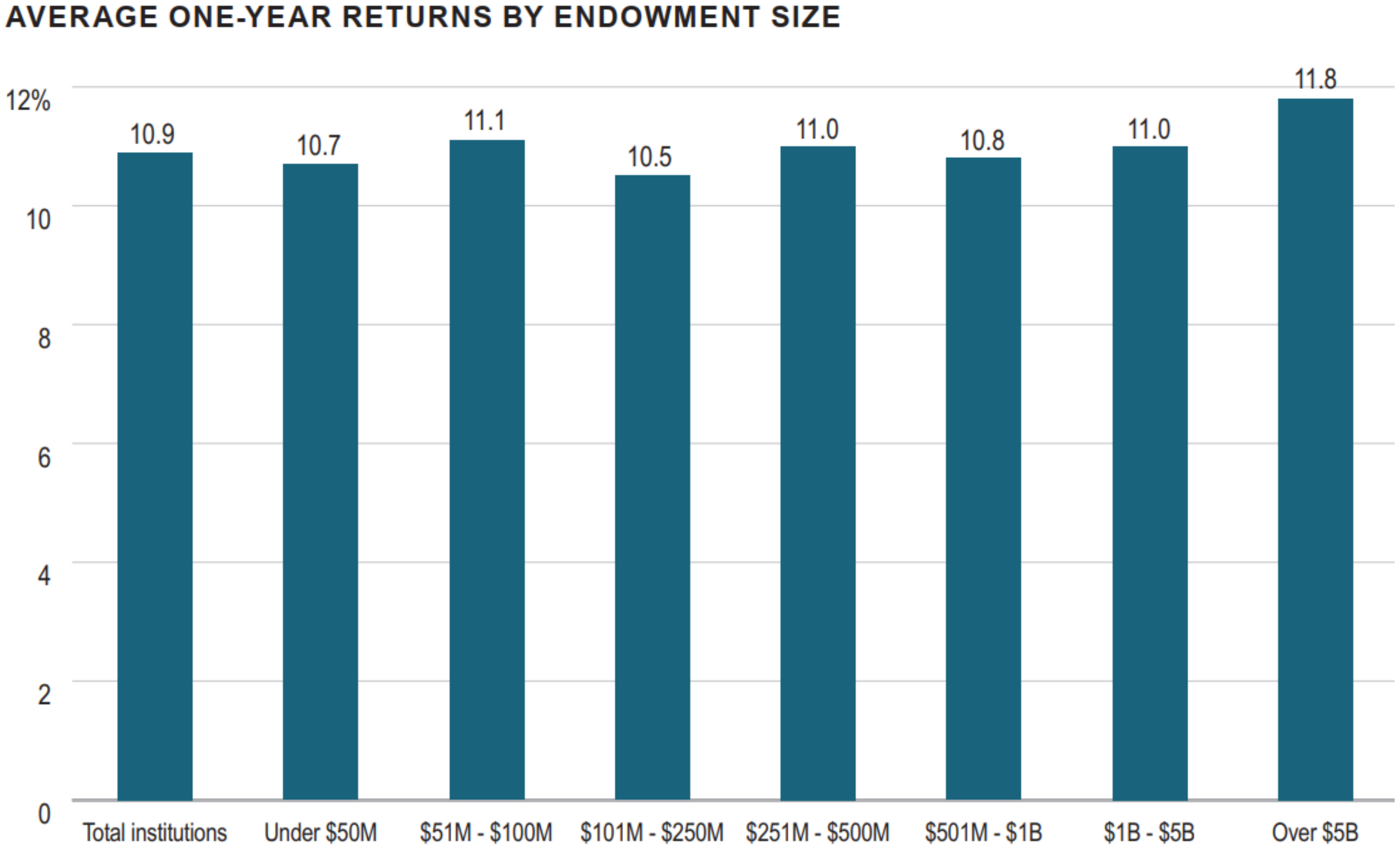
In general, larger institutions have higher allocations to private strategies and alternatives.

Private institutions also have higher allocations to privates and alternatives.

SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

Treasury Institute for Higher Education

2025 NACUBO-Commonfund Study of Endowments



In general, larger institutions have achieved higher returns over the last ten years due to higher allocations to private strategies and alternatives.

SOURCE: 2025 NACUBO-COMMONFUND STUDY OF ENDOWMENTS

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CNBC Segment on Endowments

March 30, 2019

Treasury Institute for Higher Education


CNBC
HOW THE
IVY LEAGUE
GOT SO
RICH