

UNIVERSITY AT BUFFALO FOUNDATION, INC.

Investment Performance and Policies June 30, 2021

The Portfolio and its Management

The market value for total investments of the University at Buffalo Foundation and Affiliates (UBF) can be summarized as follows:

Type of fund	June 30, 2021 (in millions)	June 30, 2020 (in millions)	June 30, 2019 (in millions)
Endowment Funds	\$1,020.1	\$788.9	\$797.9
Non-Endowed Funds	313.7	259.5	268.3
Total	\$1,333.8	\$1,048.4	\$1,066.2

Portfolio	June 30, 2021 (in millions)	June 30, 2020 (in millions)	June 30, 2019 (in millions)
Long Term Portfolio	\$1,294.7	\$1,022.4	\$1,041.8
Other Portfolios	39.1	26.0	24.4
Total	\$1,333.8	\$1,048.4	\$1,066.2

These funds are managed under the supervision of UBF's board investment committee. More than eighty professional investment firms currently share in the administration of the portfolios.

Long Term Portfolio (LTP) Investment Objective

The primary investment objective is to preserve the inflation-adjusted purchasing power of the LTP, including the endowment. LTP's investment strategy uses the "total return" approach for calculating investment returns. Investment performance is most appropriately reviewed over the longer term, with an expectation that returns will fluctuate over the interim. It is recognized the investment objective can only be achieved while assuming risk levels commensurate with market volatility.

Long Term Portfolio Performance Compared to Benchmarks for Fiscal Year 2021

Investment performance, on a total return basis net of fees, is most appropriately reviewed over the longer term with benchmarking to proper indices. Policy Benchmark returns are average returns of indices weighted consistent with portfolio allocation.

Total Annualized Return at June 30, 2021 was as follows:

Total Annualized Return	1 Year	3 Year	5 Year	10 Year
Long Term Portfolio	25.0%	9.9%	10.4%	7.9%
Policy Benchmark ¹	20.4%	10.2%	10.4%	7.7%
CPI-U ² +5%	10.4%	7.5%	7.4%	6.9%

¹ Policy Benchmark: 20% Russell 3000 / 14% MSCI EAFE (N) / 12.5% BofA ML 1-3 Year Treasury / 12.5% HFRI Fund of Funds Composite Index / 6% MSCI Emerging Market (N) / 35% Private Investments Benchmark

² CPI-U: Consumer Price Index For All Urban Consumers
MSCI: Morgan Stanley Capital International
EAFE: Europe, Australia, Far East
HFRI: Hedge Fund Research, Inc

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U.S. Equity Return at June 30, 2021 was as follows:

US Equity	1 Year	3 Year	5 Year
Long Term Portfolio	41.1%	18.7%	17.7%
Dow Jones US Total	44.3%	18.7%	17.9%
S&P 500 ³	40.8%	18.7%	17.9%

International Equity Return at June 30, 2021 was as follows:

International Equity	1 Year	3 Year	5 Year
Long Term Portfolio	36.4%	8.8%	10.5%
MSCI ⁴ AC World ex USA	35.7%	9.4%	11.1%

Fixed Income Return at June 30, 2021 was as follows:

Fixed Income	1 Year	3 Year	5 Year
Long Term Portfolio	-1.0%	4.6%	2.8%
BofA ML 1-3 Yr Treasury	0.1%	2.7%	1.6%

Hedge Funds Return at June 30, 2021 was as follows:

Hedge Funds	1 Year	3 Year	5 Year
Long Term Portfolio	16.5%	4.3%	5.2%
HFRI ⁵ Fund of Funds	18.2%	6.3%	6.1%

Private Investment Return at June 30, 2021 was as follows:

Private Equity	1 Year	3 Year	5 Year
Long Term Portfolio	51.4%	18.7%	17.0%
mPME ⁶ Total Portfolio Blend	39.7%	15.8%	15.6%

Long Term Portfolio Performance Compared to Benchmarks for Fiscal Years 2011-2020

The accompanying chart reflects performance for the LTP in comparison with over 700 other colleges, universities, endowments, and foundations across the country.

Average Annual Compounded Nominal Return Fiscal Years Ended June 30

Year(s)	LTP Return	NTSE ⁷ Median	NTSE Rank
2020	0.3%	1.8%	72%
2018-2020	5.1%	5.0%	47%
2016-2020	5.5%	5.0%	34%
2011-2020	7.5%	7.3%	45%

³ S&P 500: Standard and Poors 500 Index

⁴ MSCI: Morgan Stanley Capital International

⁵ HRFI: Hedge Fund Research, Inc.

⁶ mPME: Public Market Equivalent

⁷ NTSE – NACUBO-TIAA Study of Endowments

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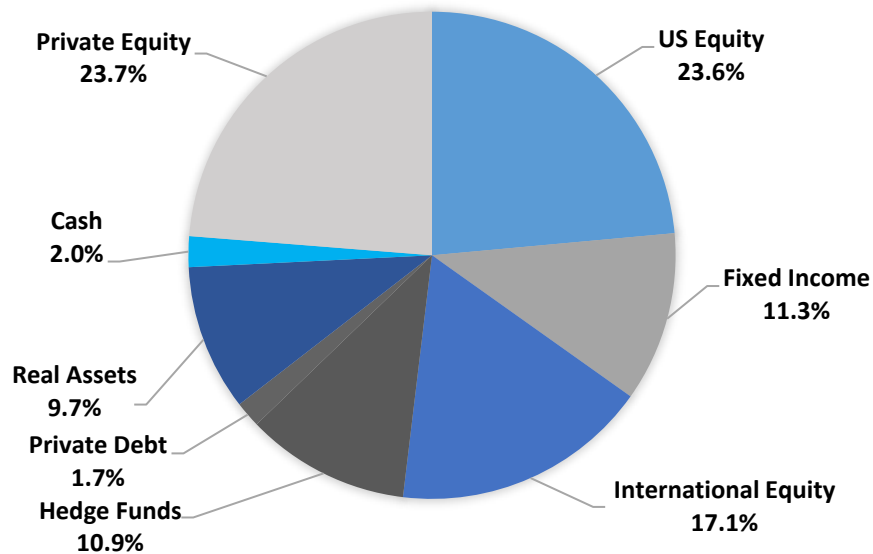
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Asset Allocation Policy

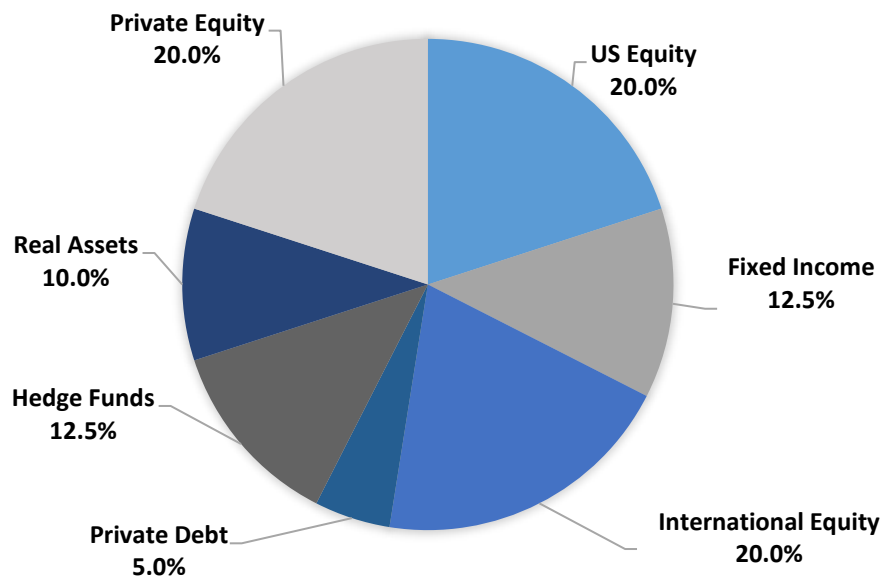
The proper and prudent distribution of investments among various asset classes offers a high probability of achieving the Foundation's investment objectives commensurate with acceptable risk levels.

Asset allocation at June 30, 2021 was as follows:

Long Term Portfolio Actual



Long Term Portfolio Target



NOTE: Long-term target is goal for 2023

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Spending Policy

Spending is defined as funds made available annually from the LTP for university programs and administrative expenses.

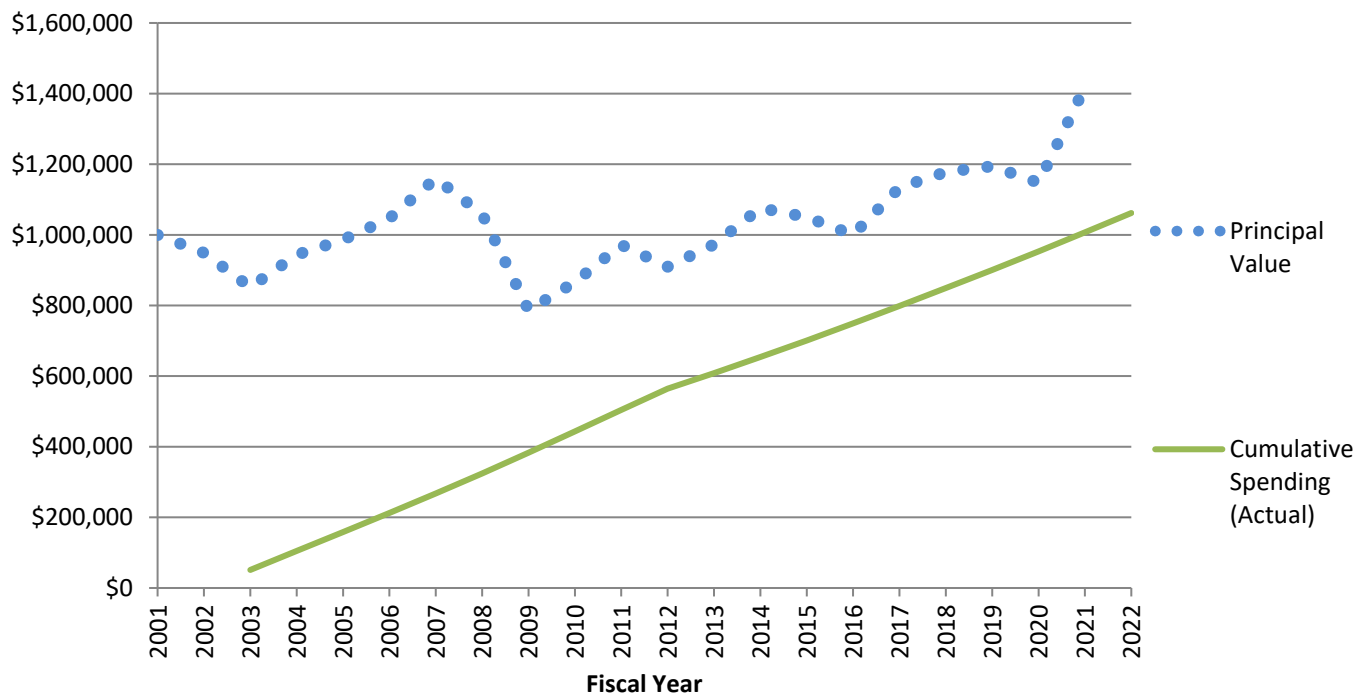
Spending on university programs will be approximately 4% of the donor's entire original contribution after the first full year of participation in the LTP. Afterwards, spending will increase annually at the average rate of inflation, regardless of market performance. This approach provides a stable and predictable annual stream of funds for use that maintains its purchasing power over time.

The Spending Rate will be determined and approved annually by the Investment Committee. The desired result is to achieve a year to year spending increase for individual funds that approximates the Inflation Rate⁸, not to exceed 3%.

Total spending dollars are limited to a floor of 4% and a ceiling of 6% of the three-year average market value of the LTP, measured on a quarterly basis. Special spending rules are followed for individual endowments where the value has fallen below historic dollar value.

Long Term Portfolio Performance and Spending – Fiscal Year 2001 to Fiscal Year 2022

A \$1,000,000 gift on June 30, 2001 invested in the LTP would have been worth \$1,418,699 as of June 30, 2021, prior to the Fiscal Year 2022 distribution. In addition, \$1,061,842 will be cumulatively distributed for spending needs from Fiscal Year 2003 through Fiscal Year 2022, with annual spending growing from \$51,138 in Fiscal Year 2003 to \$54,968 in Fiscal Year 2022.



⁸ Inflation Rate is the average of the Higher Education Price Index (HEPI) and the Consumer Price Index (CPI) for the most recent three calendar years.