

# UNIVERSITY AT BUFFALO FOUNDATION, INC.

## Investment Performance and Policies June 30, 2022

### 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, 2022 (in millions)	June 30, 2021 (in millions)	June 30, 2020 (in millions)
Endowment Funds	\$907.9	\$1,020.1	\$788.9
Non-Endowed Funds	266.2	313.7	259.5
Total	\$1,174.1	\$1,333.8	\$1,048.4

Portfolio	June 30, 2022 (in millions)	June 30, 2021 (in millions)	June 30, 2020 (in millions)
Long Term Portfolio	\$1,147.5	\$1,294.7	\$1,022.4
Other Portfolios	26.6	39.1	26.0
Total	\$1,174.1	\$1,333.8	\$1,048.4

These funds are managed under the supervision of the investment committee of the UBF Board of Trustees.

### 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 that 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 2022

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

Total Annualized Return as of June 30, 2022 was as follows:

<b>Total Annualized Return</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>
Long Term Portfolio	-7.1%	6.6%	7.0%	7.6%
Policy Benchmark <sup>1</sup>	-9.9%	5.5%	6.4%	7.1%
CPI-U <sup>2</sup> +5%	14.1%	10.0%	8.9%	7.6%

<sup>1</sup> Policy Benchmark: (07//01/2021 – Present) 40% Morgan Stanley Capital International ACWI (N),10% Bloomberg 3-10 Year Treasury Bond Index,18% Hedge Fund Research Asset Weighted Composite Index, 30% Custom Private Benchmark and 2% BofA ML 91-Day T-Bills

<sup>2</sup> CPI-U: Consumer Price Index for All Urban Consumers

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Total Global Equity Return as of June 30, 2022 was as follows:

	1 Year	3 Year	5 Year
Long Term Portfolio	-15.8%	5.7%	6.5%
MSCI ACWI (N)	-15.8%	6.2%	7.0%

Fixed Income Return as of June 30, 2022 was as follows:

	1 Year	3 Year	5 Year
Long Term Portfolio	-5.3%	0.3%	1.6%
Bloomberg 3-10 Year Treasury	-8.3%	-0.6%	0.9%

Hedge Funds Return as of June 30, 2022 was as follows:

	1 Year	3 Year	5 Year
Long Term Portfolio	-2.8%	2.9%	2.9%
HFRI Asset Weighted Composite Index	3.6%	4.9%	4.5%

Private Equity\*Investment Return as of June 30, 2022 was as follows:

	1 Year	3 Year	5 Year
Long Term Portfolio	2.8%	16.7%	15.1%
mPME <sup>3</sup> Total Portfolio Blend	-10.9%	11.7%	10.5%

\* Final results

### **Long Term Portfolio Performance Compared to Benchmarks for Fiscal Years 2012-2021**

The accompanying chart reflects the performance of 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 <sup>4</sup> Median	NTSE Rank
2021	25.0%	30.6%	78%
2019-2021	9.9%	12.4%	82%
2017-2021	10.4%	11.4%	69%
2012-2021	7.9%	8.5%	62%

<sup>3</sup> mPME: Public Market Equivalent

<sup>4</sup> NTSE – NACUBO-TIAA Study of Endowments

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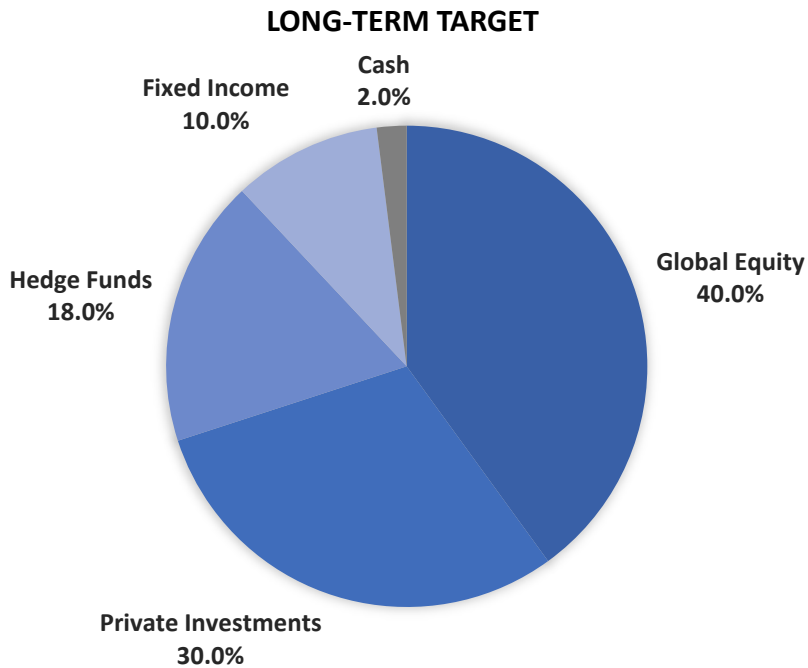
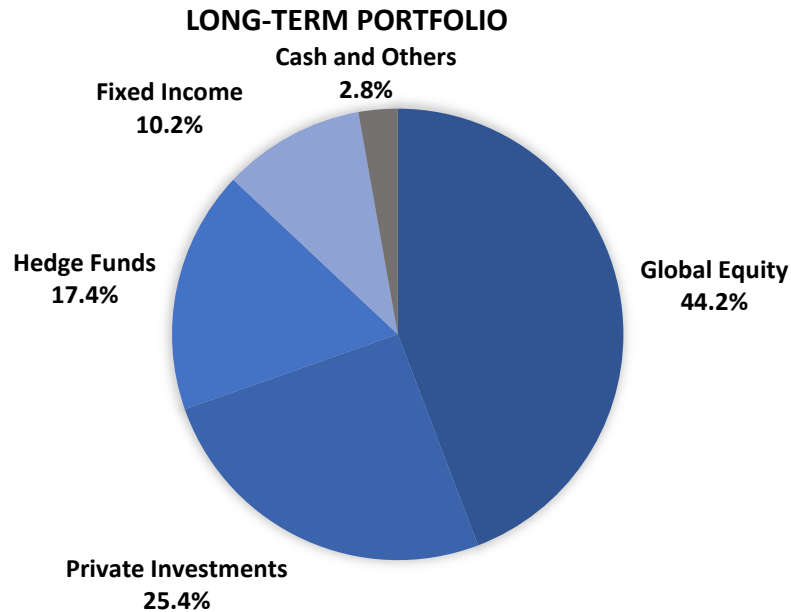
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### Asset Allocation Policy

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

Asset allocation as of June 30, 2022 was as follows:



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### Spending Policy

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

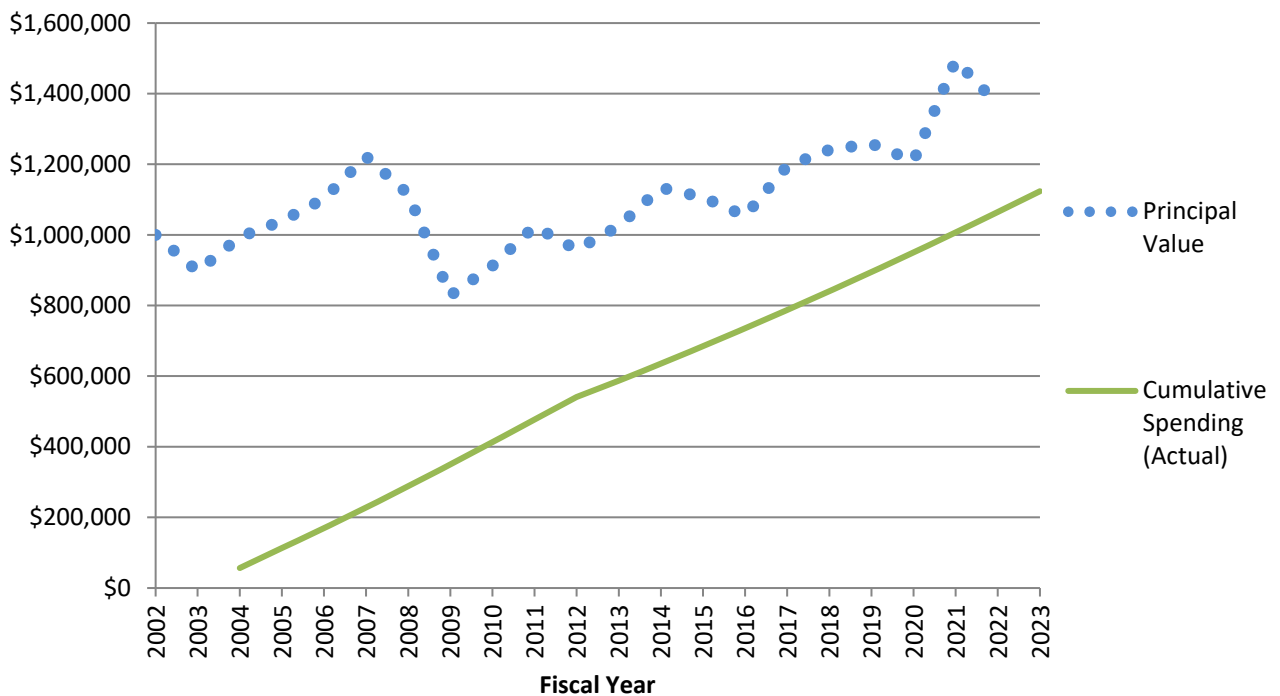
Spending on university programs will be approximately 4% of the donor's entire original contribution after the first full year of participation in the LTP. Afterwards, spending will increase annually at the average rate of inflation, regardless of market performance. This approach provides a stable and 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 Rate<sup>5</sup>, not to exceed an annual increase of 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 the historic dollar value of the original gift.

### Long Term Portfolio Performance and Spending – Fiscal Year 2002 to Fiscal Year 2023

A \$1,000,000 gift on June 30, 2002 invested in the LTP would have been worth \$1,368,723 as of June 30, 2022, prior to the Fiscal Year 2023 distribution. In addition, \$1,123,943 will be cumulatively distributed for spending needs from Fiscal Year 2004 through Fiscal Year 2023, with annual spending growing from \$56,557 in Fiscal Year 2004 to \$59,218 in Fiscal Year 2023.



<sup>5</sup> 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.