MESSAGE FROM THE CHIEF INVESTMENT OFFICER

Brian Neale

The objective for the University of Nebraska Foundation’s endowment is to balance the need for sustained growth for future generations against the need for sufficient liquidity for the needs of the University of Nebraska today. It is a permanent endowment, established in 1936, with an investment horizon of “forever.” Given this long-term horizon, we primarily measure performance not on one or three year results, but on five year intervals. Our five-year return for the year ending June 30, 2022, was 6.0%. This was below our benchmark of 6.6%, mainly due to underperformance in international equities and emerging markets due to strife in Eastern Europe and unanticipated price spikes in commodities. These latter two factors affected many investors last year, and university endowments were no exception. Looking at longer term intervals, the 10-year return of our endowment as of June 30, 2022, was 6.8% and the since-inception return was 8.3%. While we measure ourselves primarily on the 5-year return, our one-year return for the fiscal year was -9.3%.

We continue to evolve our investment strategy to capitalize on changing market dynamics. This includes a recent reduction in our exposure to core bonds, an increase in floating rate credit exposure and implementing an overweight position in our Real Assets portfolio. Additionally, while we are still building out our private equity program, we have seen excellent results and remain confident that this strategy will continue to provide strong contributions to our investment returns. While markets are likely to remain challenging in the foreseeable future, the foundation continues to maintain a patient and disciplined approach to managing investments.

FOUNDATION ENDOWMENT PERFORMANCE  
(Net of Investment Fees and Expenses)

<table>
<thead>
<tr>
<th></th>
<th>1 YEAR</th>
<th>5 YEAR</th>
<th>SINCE INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Endowment</td>
<td>-9.3%</td>
<td>6.0%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>-7.8%</td>
<td>6.6%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

FOOTNOTES
1. The benchmark is constructed from a composite of market indices reflecting the portfolio’s asset allocation structure.
2. Private Investment returns and market values are as of March 31, 2022, and adjusted for cash flows through the end of June 30, 2022. A 0% return is assumed for the quarter ending June 30, 2022, to allow for the calculation of performance composites. Performance is updated on a one-quarter lag.
3. While the foundation has been receiving endowed gifts since its founding in 1936, the since-inception date is June 30, 1989, when performance tracking began.

FOUNDATION ENDOWMENT MARKET VALUE

$1,591,888,000

INVESTMENT OBJECTIVE:

The primary objective of the foundation’s endowment is to earn an annualized return of at least 6.5% plus the Consumer Price Index net of investment management fees, oversight expenses and transaction costs, when measured over five-year rolling periods.