

UNIVERSITY of NEBRASKA FOUNDATION

# FY23 FOUNDATION ENDOWMENT REPORT

## AS OF JUNE 30, 2023

### MESSAGE FROM THE CHIEF INVESTMENT OFFICER



**Brian Neale**

The University of Nebraska Foundation’s endowment must balance sustained growth to meet the needs of future generations against the needs of the university today. Established in 1936, it is a permanent endowment, with an investment horizon of “forever.” Given the long-term horizon, we primarily measure performance not on short-term results but on five-year intervals. Our five-year annualized return for the year ending June 30, 2023, was 6.2%, which matched our benchmark of 6.2%. While the five-year return is the primary measure, the one-year return for the fiscal year was 9.8%, beating the benchmark of 8.0%.

Our performance relative to our benchmark was driven by positive results in multiple asset classes, with all major categories outpacing their respective benchmarks, save for fixed income. Of note, our U.S. public equity outpaced the benchmark by 50 basis points; non-U.S. public equity outperformed its benchmark by 130 basis points; and private investments outperformed its blended benchmark return by more than 600 basis points. At nearly one-quarter of the portfolio, the outperformance of private investments was a strong contributor to our overall performance. Finally, though multi-asset credit is a modest 6% of our allocation, it outperformed its benchmark by more than 200 basis points.

We continue to maintain a disciplined and consistent approach to our investment management, and emphasize asset allocation as the key driver of returns. During the fiscal year, we increased our private investments target allocation from 30% to 40%, added exposure to unconstrained credit and concurrently reduced our core bond allocation. These changes were made after carefully considering the liquidity needed to meet the endowment’s distribution obligations. These changes will help our short-term returns, but importantly, are expected to provide strong returns over a longer time frame.

### FOUNDATION ENDOWMENT PERFORMANCE (Net of Investment Fees and Expenses)

	1 YEAR	5 YEAR	SINCE INCEPTION
<b>Foundation Endowment</b>	9.8%	6.2%	8.3%
<b>Benchmark</b>	8.0%	6.2%	8.0%

#### 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, 2023, and adjusted for cash flows through the end of June 30, 2023. A 0% return is assumed for the quarter ending June 30, 2023, 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.

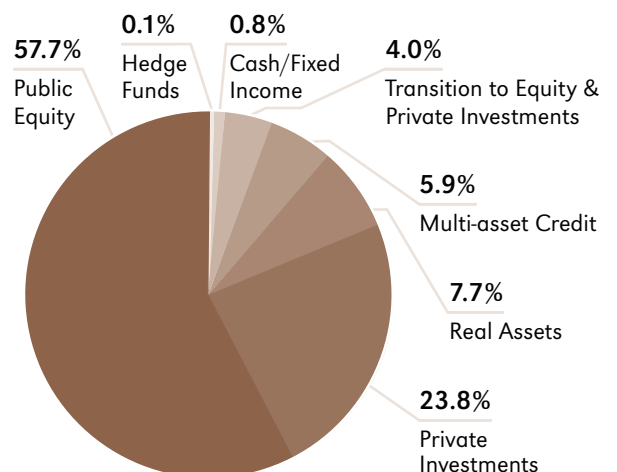
### FOUNDATION ENDOWMENT MARKET VALUE

\$1,746,006,000

### 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.

### FOUNDATION ENDOWMENT ASSET ALLOCATION



#### For more information, contact:

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