

Endowment Pool

Since the founding of the University of Florida (UF) in 1853, generous alumni, corporations, foundations, parents and friends have contributed financial resources to assist UF in achieving its long-term mission of providing a superb education for undergraduates while maintaining excellent graduate programs and professional schools. As a result, UF’s total endowment market value is among the largest public university endowments in the United States.

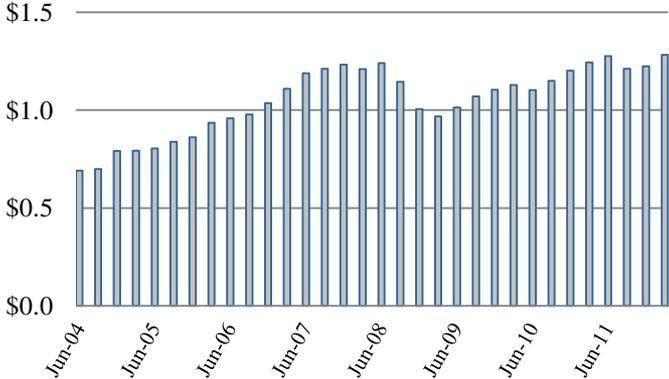
The UF endowment assets reside with the University of Florida Foundation (UFF). UFF is a private, not-for-profit, 501(c)(3) direct support organization of UF that raises and manages all gift money for the benefit of UF. UFF’s management of the Endowment Pool is designed to accomplish two goals:

1. Provide a total return from assets invested that will preserve or increase the purchasing power of the endowment capital, and;
2. Generate the maximum current spendable income stream to support activities of funds held for colleges and units of UF.

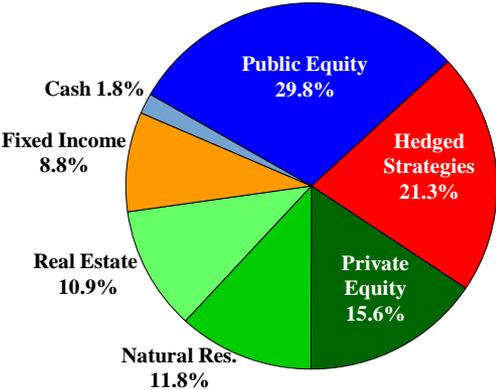
The investment of the Endowment Pool is overseen by the Finance Committee of the UFF Board of Directors, which establishes the goals and performance benchmarks for the pool.

Endowment Assets

(in billions)



Asset Allocation



Investment Management

UFF’s endowment assets are managed by the University of Florida Investment Corporation (UFICO). UFICO was created by the UF Board of Trustees in June 2004 to manage the long-term investable assets of UF and its affiliates. UFICO’s assets under management are in excess of \$1.9 billion.

UFICO is governed by a Board of Directors appointed by UF’s President. The Board approves the investment policies, objectives and broad asset allocations for the investment pools managed by UFICO and approves all investment manager and service provider changes for amounts greater than 2% of assets.

UFICO Staff members oversee the day-to-day operational investment activities subject to the policies established by the Board. The Staff performs manager due diligence on current and prospective investment managers, and retains or dismisses investment managers and service providers for amounts up to 2% of assets.

March 31, 2012

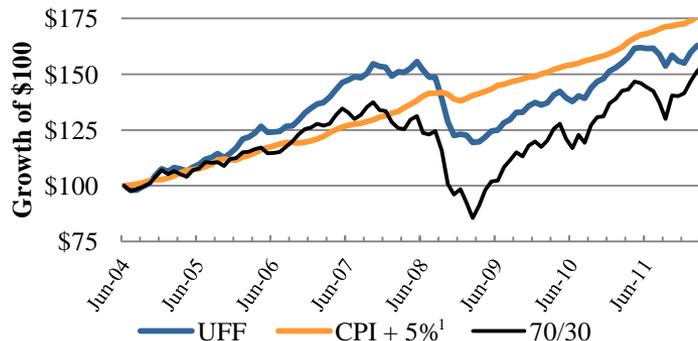
Investment Objective

Through UFICO’s management of the Endowment Pool, UFF seeks to achieve an annualized real rate of return of at least 5.3% net of fees to preserve and enhance the purchasing power of the endowment. To measure performance results, returns are compared against the following benchmarks:

- 70/30 Benchmark – The composite index is comprised of 70% of the Russell 3000 Index, representing the broad US public equity market, and 30% of the Barclays Capital Aggregate Index, which represents the broad US bond market.
- CPI + 5.3% Benchmark¹ – The consumer price index plus the current gross spending rate for the endowment. This is a measure of the purchasing power of the endowment over time considering the effects of inflation.
- UFICO Policy Benchmark – This is an asset-weighted composite index which represents a passive implementation of the Pool’s strategic asset allocation.

Returns are measured over the long-term as the Endowment Pool is able to tolerate variability in short and intermediate-term given its long investment horizon.

Purchasing Power Inception to Date²

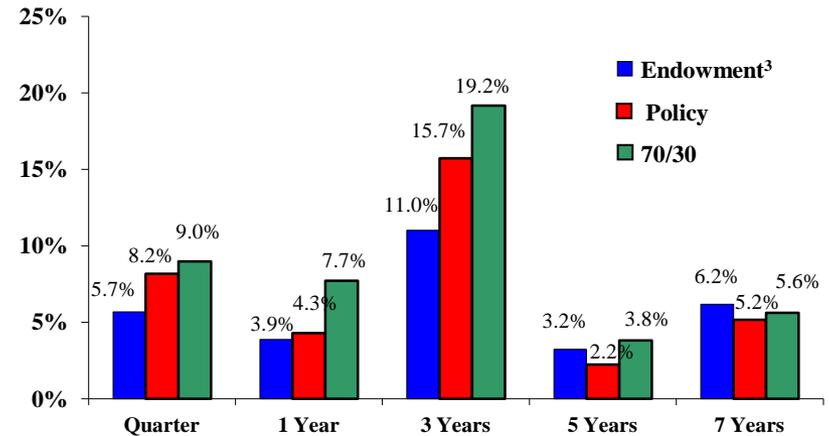


¹ Benchmark consists of CPI +5% from 6/1/04 – 6/30/09, and CPI + 5.3% from 7/1/09 to date.

² UFICO inception of June 2004.

³ Actual returns are net of all investment management fees, but gross of UFF annual management fees.

Endowment Pool Returns



Performance Commentary

As the US economy has continued to show signs of a slow recovery and Europe has managed to keep its debt crisis at bay, the S&P 500 Index experienced its best first-quarter performance since 1998. The UFF Endowment Pool gained 5.7% for the quarter, trailing its Policy Benchmark return of 8.2% and the 70/30 Benchmark return of 9.0% for the quarter. The poor relative performance was primarily attributed to the Private Equity and Natural Resources asset classes which returned 2.6% and 5.0%, respectively, trailing their public market index return of 13.4% for the quarter. Asset classes that added value in the quarter include Hedged Strategies and Fixed Income.

For the 12-month period ended March 31st, the UFF Endowment Pool returned 3.9%, behind the Policy Benchmark return of 4.3% and the 70/30 Benchmark return of 7.7% for the same period. During the trailing three-, five-, and seven-year periods, the UFF Endowment Pool was up 11.0%, 3.2%, and 6.2%, respectively, versus the Policy Benchmark returns of 15.7%, 2.2%, and 5.6% over the same periods.