



**UF** | UNIVERSITY *of* FLORIDA  
INVESTMENT CORPORATION

**Annual Performance Report**

**UF Foundation – Endowment Pool**

Fiscal Year-ended June 30, 2023

## Endowment Pool

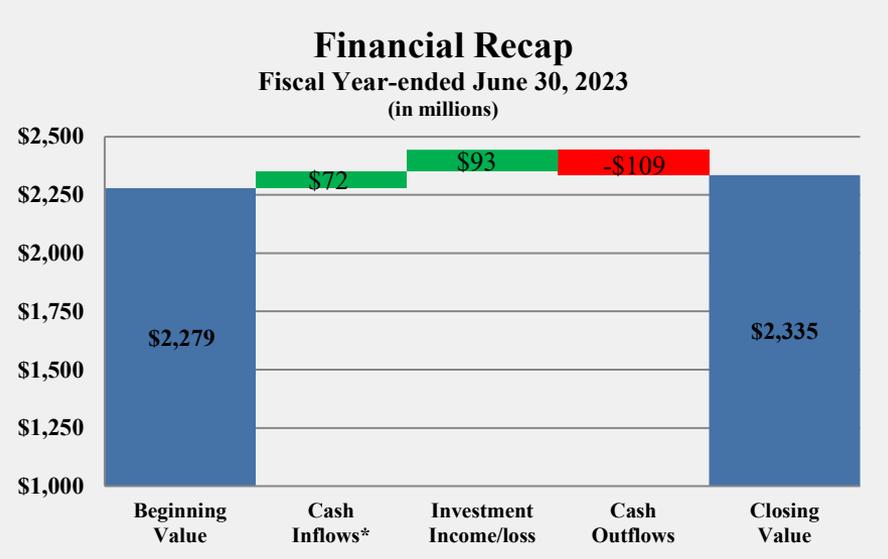
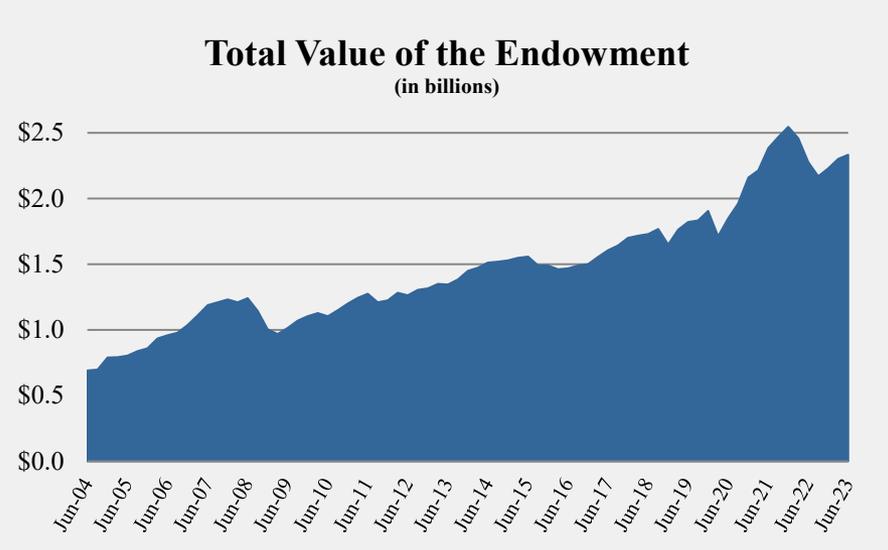
Since the founding of the University of Florida (UF) in 1853, generous alumni, corporations, foundations, parents and friends have contributed financial resources to assist UF in achieving its long-term mission of providing a superb education for undergraduates while maintaining excellent graduate programs and professional schools.

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

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

Endowments are an irreplaceable source of quality, stability, productivity and creativity for the University of Florida. The thoughtful individuals and organizations who create endowments provide security and confidence for our students and faculty, now and in the future. As such, the UF Foundation invests gift assets to protect the ability of the endowment to provide, in perpetuity, an income stream sufficient to support the University activity designated by the donor, and to ensure the proceeds thereof are used in accordance with their designation.

For the fiscal year-ended June 30, 2023, the Endowment Pool started with a balance of \$2.3 billion. During the fiscal year, \$72 million in cash flowed into the Endowment Pool thanks to the generous support of the donors. Endowment investment performance resulted in a net gain of \$93 million for the fiscal year. Additionally, the Endowment Pool had \$109 million of cash outflows during the fiscal year to help support the University of Florida and its programs. The fiscal year ended with an Endowment Pool balance of \$2.3 billion.



\* The timing of cash inflows does not always correspond with the timing of endowment gifts.

## Investment Objectives

Since the inception of the University of Florida Investment Corporation (UFICO) in June 2004, the investment of the Endowment Pool has been managed by UFICO. Through UFICO’s management of the Endowment Pool, the UF Foundation seeks to achieve an annualized real rate of return (net of inflation and expenses) of at least 5% to preserve and enhance the purchasing power of the endowment. Returns are measured over the long-term as the Endowment Pool is able to tolerate variability in the short and intermediate-term given its long investment horizon.

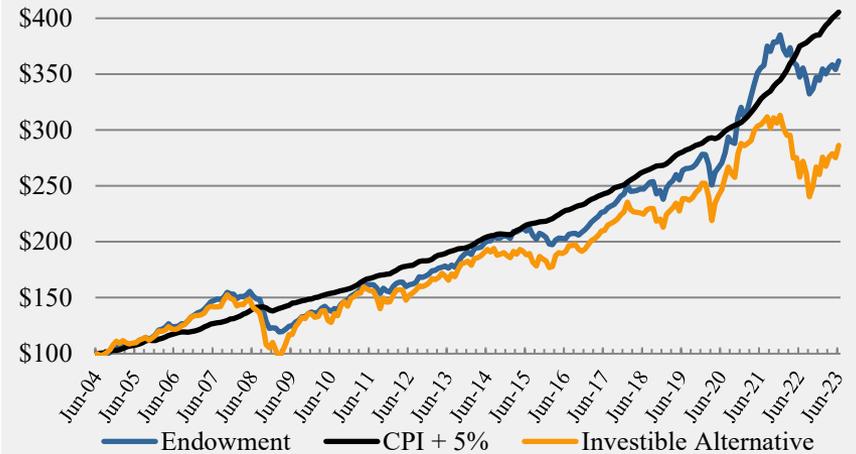
To measure performance results, investment returns are compared against the following benchmarks:

Benchmark	Purpose
<b>CPI + 5%</b>	The consumer price index plus the average gross spending rate for the endowment. This is a long-term growth benchmark that seeks to measure the purchasing power of the endowment over time.
<b>70/30 Investible Alternative</b>	Comprised of 70% - MSCI All Country World Index and 30% - Barclays Global Aggregate Bond Index, this benchmark represents the investible alternative for the endowment.

UFICO manages the Endowment Pool based on the objectives for the endowed assets as established by the UF Foundation’s Executive Board of Directors. UFICO has constructed a long-term strategic asset allocation for the endowment portfolio based on the prioritization of these requirements including:

- **Positive Real Returns** – Intergenerational equity and maintaining the real purchasing power of the assets
- **Liquidity** – Retaining the ability to fund endowment obligations in all market conditions
- **Good Stewardship** – Maximizing *risk adjusted* returns
- **Growth** – Increasing the endowment’s ability to support the University

**Growth of \$100 Invested in the UF Endowment**  
UFICO Inception to date



Note: Based on endowment accounting returns. Investible Alternative = 60/40 up to 6/30/22, then 70/30 as of 7/1/22.

## Strategic Asset Allocation

As of 6/30/2023

Strategy	Asset Classes	Target Allocation	Actual Allocation
Growth	Public Equities Hedged Strategies Private Equity	85.0%	81.1%
Diversifying	Hedged Strategies	7.5%	10.0%
Liquidity	Fixed Income Cash	7.5%	8.9%

## Investment Performance

In the first half of fiscal 2023, public market performance continued to be weighed down by the inflationary pressures that began in fiscal 2022. Equity markets, however, proved resilient and bounced back with a strong second half surge. For the full year, the Consumer Price Index (CPI), a broad measure of inflation, showed a +3.0% increase. Global equity markets, as measured by the MSCI AC World Index, rose by 16.5% for the one year ending June 30, 2023. The U.S. fixed income markets, as measured by the Bloomberg Global Aggregate Bond Index returned -1.3% for the fiscal year. The 70% global equities / 30% global bond benchmark rose 11.1% for the fiscal year ended June 30, 2023.

The Endowment returned 5.2% for the fiscal year ended June 30, 2023, net of all investment management fees and expenses, compared to the 11.1% performance of the 70% equity / 30% bond investable alternative benchmark and the 8.1% performance of the primary CPI+5% benchmark. The Endowment’s long-term focus and significant allocation to private strategies which underperformed public equities in most recent year drove relative performance. Private strategies have historically outperformed public equities and contributed significant performance to the Endowment return with the exception of the most recent fiscal year.

Over the longer time periods that we feel are more appropriate to evaluate performance, the Endowment Pool significantly exceeded its investable benchmark return for the previous 3, 5 and 10 year time periods. For the trailing ten-year period ended June 30, 2023, the Endowment has performed generally in line with its long-term primary CPI + 5% benchmark. An additional important metric in evaluating investment returns is the measure of volatility the portfolio experienced in generating returns. As shown on the accompanying graph, for the ten-year period ended June 30, 2023, the Endowment has outperformed the investable alternative by 1.8% annually while realizing approximately 90% of the volatility of the investable 70/30 benchmark.

