


MEMORANDUM

TO: Executive Officers and Deans
Office of Finance and Administration Leadership Team
Development Officers

FROM:  Mary Peloquin-Dodd, Interim Vice Chancellor, Finance and Administration

SUBJECT: University Endowment Market Value and Investment Performance for Fiscal 2019

DATE: August 21, 2019

I am pleased to report that as we closed fiscal year 2019, the Total Endowment achieved top-quartile performance relative to other endowments, returning 7.3 percent for the fiscal year ending June 30, 2019. This exceptional return in a challenging year, coupled with gift receipts, helped to raise the University's Total Endowment to a historical high of \$1.401 billion (compared with \$1.297 billion on June 30, 2018), or an increase of \$104 million.

NC State will report a June 30, 2019 market value of \$1.4 billion in total endowment and 7.3% combined performance for the University and its associated entities to NACUBO and other national endowment surveys.

While recent investment market performance generates media headlines, we are more concerned about long term performance. The NC State Investment Fund (Fund), our centrally managed pooled investment fund, achieved top-quartile performance relative to other endowments, returning 7.3% for fiscal 2019. The Fund's three, and five year average annual returns of 10.3%, and 7.6% as of June 30, 2019 place it in the top-quartile relative to other university endowments. The 9.4% percent average annual return over the 10 years ended June 30, 2019 was generated with 64% percent less volatility than the S&P 500 Index and 66% less volatility than the MSCI All Country World Index (MSCI ACWI).

The 2019 fiscal year was one characterized by volatility and the end stage of a long economic recovery; however, we also recognize that trying to predict "when" and the "where" for a market correction is a recipe for failure and beyond our abilities. Instead, we maintain a long-term focus, investing with best-in-class managers across a diversified mix of strategies. The purpose of diversification is to help ensure that no single class of securities has a disproportionate impact on aggregate performance results. In addition, we have sufficient liquidity since over 30% of the endowment could be liquidated within a month.

Within this context, philanthropy will always be important. As the University continues its "Think and Do the Extraordinary" Campaign, we are grateful for the tremendous support of our donors.

For more information on the Fund, please use this link:

<https://foundationsaccounting.ofa.ncsu.edu/investment-fund/>