



FY18 INVESTMENT COMMENTARY

The \$1.7 billion endowment investment pool managed by the University of Arkansas Foundation, Inc. benefiting multiple campuses of the University of Arkansas system saw another year of strong investment returns for the fiscal year ended June 30, 2018 (FY18) earning a 10.2% return net of all internal and external investment expenses. The FY18 investment return exceeded both the pool's internal portfolio benchmark of 9.9% and the 8.3% median return for 143 college endowments based on data published by Cambridge Associates. This follows an FY17 investment return of 15.4% that handily topped the NACUBO average return of 12.2% for all endowments and marked the eighth consecutive year that the pool has outperformed the NACUBO average. The endowment pool's diversified global equity portfolio returned 11%, led by its U.S. stock portfolio that matched the S&P Index (+14.4%) for the same period. The pool also benefitted from strong returns to private equity (+15.3%) and hedge funds (+10.4%), as well as the continuing multi-year effort to reduce investment manager fees across all asset classes.

During FY18, approximately \$55 million was distributed from the endowment pool under the Foundation's spending policy to the campuses of the UA system, the vast majority of which has been directed by donors for use on a particular campus for the support of students, faculty or educational programs.

The University of Arkansas Foundation, Inc. serves the University of Arkansas system by providing investment management and administrative services for non-endowed and endowed private gifts. The endowment is the result of private donations made by the University's many exceptional donors and is comprised of more than three thousand individual endowment accounts, all managed and accounted for separately but pooled for investment purposes.

Fayetteville Arkansas

October 9, 2018