Agenda: Thursday, October 26, 2017

(1) Call to Order
(2) Approval of Minutes - April 20, 2017
(3) Endowment Investment Performance
(4) Endowment Spending Distributions for FY 2018-19
(5) Investment Policy Statement Update
(6) Endowment Giving Update
(7) Conflict of Interest forms
(8) Closed Session (if needed)
(9) Old Business
(10) New Business
(11) Adjournment
Endowment Portfolio
(3) Endowment Investment Portfolios Benefiting UNCW
$99 million Market Value at June 30, 2017

- UNCW Endowment, $92,835,707
- Foundation of UNCW Endowments, $4,409,900
- Donald Watson Foundation Endowment, $1,526,446
University Endowment at June 30, 2017

<table>
<thead>
<tr>
<th>University Endowment Assets</th>
<th>Market Value</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNC Investment Fund</td>
<td>$68,157,112</td>
<td>73%</td>
</tr>
<tr>
<td>TIFF * Multi-Asset Fund</td>
<td>13,649,132</td>
<td>15%</td>
</tr>
<tr>
<td>State Treasurer’s Short-Term Investment Fund</td>
<td>**11,029,463</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Investable Assets</strong></td>
<td>$92,835,707</td>
<td>100%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>$4,745,964</td>
<td>100%</td>
</tr>
<tr>
<td>Non-investable Capital Assets</td>
<td>$4,745,964</td>
<td>100%</td>
</tr>
</tbody>
</table>

* The Investment Fund for Foundations

** $5.3M in expendable quasi-endowment for Administrative Annex
$4.3M for spending and fee distributions in July 2017
### Endowment Owned Real Estate

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements at Center for Innovation &amp; Entrepreneurship (CIE)</td>
<td>$2,237,832</td>
<td>47%</td>
</tr>
<tr>
<td>Student parking lot at former College Road Cinema</td>
<td>2,013,366</td>
<td>43%</td>
</tr>
<tr>
<td>Center for Marine Science/MARBIONC Facility Lot</td>
<td>290,000</td>
<td>6%</td>
</tr>
<tr>
<td>Residence on College Acres Drive – hospitality housing</td>
<td>204,000</td>
<td>4%</td>
</tr>
<tr>
<td>Land gift – 1/16 interest in lot at Wrightsville Beach</td>
<td>766</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Real Estate</strong></td>
<td><strong>$4,745,964</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Growth of UNCW Endowment Investments (in Millions)

Fiscal Year Ending June 30

- 2003: $23.3
- 2004: $28.7
- 2005: $33.5
- 2006: $38.5
- 2007: $47.9
- 2008: $53.5
- 2009: $46.2
- 2010: $50.3
- 2011: $61.0
- 2012: $61.6
- 2013: $69.8
- 2014: $79.1
- 2015: $81.8
- 2016: $80.1
- 2017: $92.8
Endowment Investment Performance

Through June 30, 2017
Asset Allocation
June 30, 2017

- 35.1% Fixed Income
- 15.0% Long Bias Equity
- 7.9% Diversifying Strategies
- 5.2% Long/Short Equity
- 4.4% Private Equity
- 9.5% Real Estate
- 9.0% Energy & Natural Resources
- 13.9% Cash
## Quarterly Portfolio Performance

### June 30, 2017

<table>
<thead>
<tr>
<th>Performance</th>
<th>1 YR</th>
<th>3 YR Annualized</th>
<th>5 YR Annualized</th>
<th>10 YR Annualized</th>
<th>Inception Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNCW Endowment</strong></td>
<td>12.0%</td>
<td>5.7%</td>
<td>8.8%</td>
<td>5.8%</td>
<td>7.6%</td>
</tr>
<tr>
<td><strong>Benchmarks</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.5% Annual &quot;Real&quot; Return</td>
<td>6.1%</td>
<td>5.4%</td>
<td>5.8%</td>
<td>6.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Policy Index (1)</td>
<td>11.8%</td>
<td>4.6%</td>
<td>7.8%</td>
<td>5.7%</td>
<td></td>
</tr>
<tr>
<td>Global Index (2)</td>
<td>12.7%</td>
<td>4.2%</td>
<td>8.1%</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>BNY E&amp;F Univ (3)</td>
<td>12.9%</td>
<td>4.8%</td>
<td>8.4%</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td><strong>UNCW Endowment Fund Managers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UN CIF (8/2003)</td>
<td>12.1%</td>
<td>6.3%</td>
<td>9.3%</td>
<td>5.4%</td>
<td>8.7%</td>
</tr>
<tr>
<td>TIFF Multi-Asset Fund (3/2006)</td>
<td>12.0%</td>
<td>2.6%</td>
<td>6.6%</td>
<td>4.9%</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

**Note 1:** Policy Index = Strategic Investment Policy Portfolio Index (SIPP)

**Note 2:** Global Index = 70% ACWI; 30% Barclay's Aggregate

**Note 3:** BNY Mellon Endowment & Foundation Universe Median Return-164 portfolios
UNCW Annual Net Returns 2003-2017

*Impact on 10 Year Annualized Return*

17.4%  13.6%  16.1%  18.4%  16.9%  12.9%  14.6%  12.0%
-14.5%  5.0%  6.5%  3.0%  5.4%  0.0%
Endowment Spending
Distributions
2018-19
Spending Policy Objectives

• **Goals**
  - Protect the real (inflation adjusted) value of endowment assets over the long term and manage in a way that provides equity among generations
  - Rate of annual spending kept below the long term average real rate of return on total portfolio
  - Distribute dollars to support programs at a stable and sustainable rate

• **Methodology**
  - Spending policy rate of 4.5% approved by Board of Trustees, upon recommendation from Endowment Board
  - Spending policy rate applied to endowment portfolio’s three-year average balance
  - 77% of institutions surveyed apply spend rate to a moving average of endowment value, per 2016 NACUBO* Commonfund Endowment Study

* National Association for College & University Business Officers
Endowment spending reserves must be adequate at June 30, 2017 in order to fund a spending distribution in FY2018-19.
Growth of Endowment Spending
($ Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$0.79</td>
<td>$1.18</td>
<td>$1.45</td>
<td>$1.78</td>
<td>$2.12</td>
<td>$2.18</td>
<td>$1.47</td>
<td>$1.68</td>
<td>$2.25</td>
<td>$2.37</td>
<td>$2.98</td>
<td>$3.33</td>
<td>$3.61</td>
<td>$3.66</td>
<td>$3.86</td>
</tr>
</tbody>
</table>

Source: UNIVERSITY OF NORTH CAROLINA WILMINGTON
## Endowment Spending Supports UNCW Mission

<table>
<thead>
<tr>
<th>ENDOWMENT PURPOSE</th>
<th>2018-2019</th>
<th></th>
<th>2017-2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># NAMED</td>
<td>DOLLARS</td>
<td># NAMED</td>
<td>DOLLARS</td>
</tr>
<tr>
<td></td>
<td>ENDOWMENTS</td>
<td>DISTRIBUTED</td>
<td>ENDOWMENTS</td>
<td>DISTRIBUTED</td>
</tr>
<tr>
<td>Scholarships</td>
<td>307</td>
<td>$1,718,749</td>
<td>275</td>
<td>$1,577,806</td>
</tr>
<tr>
<td>Academic Support</td>
<td>47</td>
<td>684,727</td>
<td>40</td>
<td>646,529</td>
</tr>
<tr>
<td>(instructional purposes, research &amp; academic departments)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professorships</td>
<td>17</td>
<td>720,294</td>
<td>17</td>
<td>712,180</td>
</tr>
<tr>
<td>Facilities</td>
<td>7</td>
<td>261,254</td>
<td>7</td>
<td>260,762</td>
</tr>
<tr>
<td>Discretionary Support</td>
<td>5</td>
<td>343,114</td>
<td>5</td>
<td>337,687</td>
</tr>
<tr>
<td>Public Service</td>
<td>1</td>
<td>129,456</td>
<td>1</td>
<td>127,342</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>384</strong></td>
<td><strong>$3,857,594</strong></td>
<td><strong>345</strong></td>
<td><strong>$3,662,306</strong></td>
</tr>
</tbody>
</table>
Endowment Spending Supports UNCW Mission
2018-19

Scholarships $1,718,749 44%
Professorships $720,294 19%
Academic Support $684,727 18%
Discretionary Support $343,114 9%
Facilities $261,254 7%
Public Service $129,456 3%

UNCW Endowments 3,621,396
Foundation of UNCW 176,117
Donald R. Watson Foundation 60,081
$ 3,857,594
Investment Policy Statement (IPS)  

Recommended Update
Highlights of IPS Update

Components of policy updated to reflect best practices per Endowment Institute and key features of UNC System Fund

- Addresses fund structure and delegation of substantial portion of portfolio to UNC System Fund
- Table of target allocations for each asset class, with bands around each allocation, and appropriate benchmarks
- Updated definitions of portfolio’s asset classes
- Roles and responsibilities of Board, UNC System Fund and other external professional investment firm and UNCW staff
Endowment Giving Update
Agenda: Thursday, October 26, 2017

(1) Call to Order
(2) Approval of Minutes - April 20, 2017
(3) Endowment Investment Performance
(4) Endowment Spending Distributions for FY 2018-19
(5) Investment Policy Statement Update
(6) Endowment Giving Update
(7) Conflict of Interest forms
(8) Closed Session (if needed)
(9) Old Business
(10) New Business
(11) Adjournment
Thank You!