OVERVIEW

“The trustees of endowed institutions are the guardians of the future against the claims of the present. Their task is to preserve equity among generations.” – James Tobin, Economist

The UofU’s Endowment Pool continues to receive additional support from donations from UofU friends and alumni. Distributions from the Endowment Pool play a sizeable role in funding scholarships, research initiatives, and facilities for colleges and departments. Endowment funds provide financial flexibility to help sustain the extraordinary efforts of the UofU community of scholars, students, and staff as they pursue the university’s mission of leadership in higher education, research, and community engagement.

Investment management of endowment assets requires balancing portfolio risks and expected returns to meet long-term objectives. Our goal is to provide a steady stream of income to academic departments, clinical and research centers, and community programs while preserving the purchasing power of the assets for the benefit of future generations.

INVESTMENT ALLOCATION

Asset allocation includes a diverse mix of investments with a target allocation of 30% global marketable fixed income, 45% global marketable equities, and 25% alternative investments. The current asset allocation is shown in the pie chart below.

The Investment Management Office selectively seeks new investments in hedge funds, real estate, and private capital to statically shift investment capital from equities/fixed income into alternative investments to achieve the target allocation.

December 31, 2012 Asset Allocation:

PERFORMANCE & RETURNS

Fourth calendar quarter investment returns were less impressive following a strong third quarter for the Endowment Pool. U.S. Equity markets declined modestly from the third quarter that was fueled by another round of stimulus efforts, “QE3”. The S&P 500 posted negative returns while the bond markets had only modest returns. While the Fed continued to purchase Treasuries, suppressing yields for fixed income, it incentivized investors to seek higher yielding assets which started to show towards the end of the calendar year. During the quarter, markets were impacted by uncertainty from Washington as the “fiscal cliff” intensified after President Obama was re-elected and congress remained divided. With the cliff averted, now comes the uncertainty of the sequester avoidance and the U.S. debt ceiling.

The Endowment Pool’s market value ended at $568M, an increase of $1.7M from the previous quarter resulting from net transfers of ($3.9M) and a net gain of $5.6M. The quarterly investment performance had a total return of 1.0%.

ENDOWMENT RETURNS

For more information regarding the Endowment Pool and the Investment Management Office, please visit our website at invest.utah.edu