



UNIVERSITY OF
SOUTH DAKOTA
FOUNDATION & ALUMNI



THE UNIVERSITY OF SOUTH DAKOTA

ENDOWMENT REPORT

20 23

UNIVERSITY OF SOUTH DAKOTA

► Foundation Endowments

Endowments are a vital financial resource to support the University of South Dakota. As such, the foundation strives to advance purchasing power of the university's endowment, while achieving the maximum total return consistent with preservation of the principal. It is through these efforts that the foundation can create an endowment strong enough to defend against economic fluctuation.

For investment purposes, the University of South Dakota Foundation utilizes a pooled endowment where each endowment owns individual units in the unitized investment pool.

► En-dow-ment

An endowment is a long-term investment in the University of South Dakota that creates perpetual support of the designated purpose as stipulated in a gift agreement. The principal amount remains intact, with a portion of the investment earnings utilized annually to support the ongoing needs of the university, leaving a portion of the earnings to be reinvested and thus allowing the fund to grow over time.

► Investment Overview

The University of South Dakota Foundation Investment Committee oversees management of the pooled endowment. The committee has responsibility for being prudent investors while setting the strategic asset allocation, establishing portfolio policies and objectives and monitoring the results. Investment objectives are designed to respond to changes in the economic environment, philosophy of the university and foundation and market conditions.

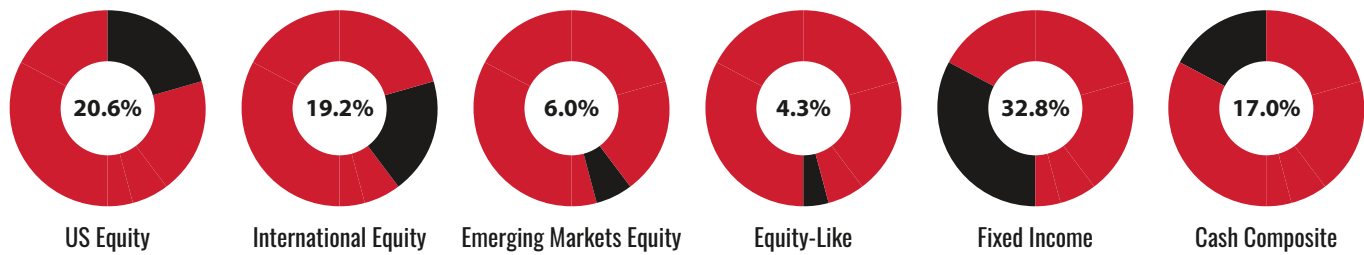
The investment objectives are as follows:

- **Portfolio Performance.** The return over the long-term is expected to be greater than the median return on a universe of comparable foundation and endowment portfolios.
- **Asset Class Performance.** The risk-adjusted performance of each asset class should, over time, meet or exceed that of its respective benchmark.
- **Liquidity.** Adequate provisions are made in the invested funds of the foundation to provide access to liquid assets for anticipated withdrawals.
- **Diversification.** Thoughtful and strategic diversification of asset classes is important to reflect and be consistent with the investment objectives and risk tolerances for the portfolio.

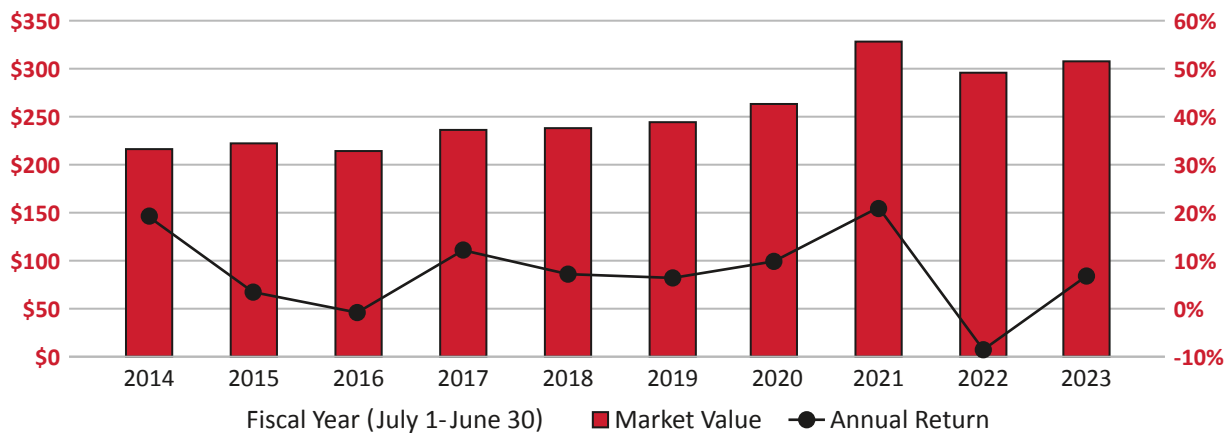


▶ Asset Allocation

Normal target allocation among asset classes may vary based on the risk/reward analysis of the Investment Committee. The illustration below represents the pooled endowment's asset allocation as of June 30, 2023.



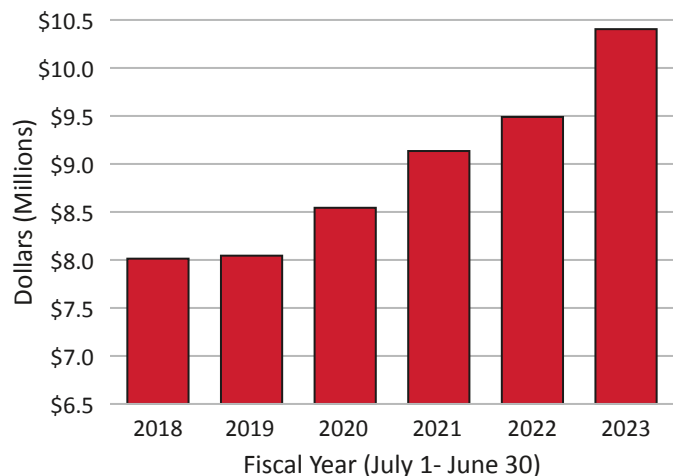
▶ Endowment Pool Market Values and Annual Returns



As of June 30, 2023, the foundation's pooled endowment was valued at \$307.0 million. The funds are pooled together for investment purposes, yet each endowed fund is accounted for separately. Amounts available for distribution are calculated annually using a spending formula consisting of a percentage of each fund's average market value over a period of time (currently 3.9 percent of the 36-month rolling average of the ending market value).

▶ Endowment Distribution Policy

To preserve the value of the endowment, investment returns (interest, dividends and realized and unrealized capital gains and losses) in excess of the payout and the foundation's 1.5 percent administrative fee are annually reinvested to the endowment. For the fiscal year ending June 30, 2023, the endowment distribution to the university reached \$10.4 million.





UNIVERSITY OF
SOUTH DAKOTA
FOUNDATION & ALUMNI

1110 N. Dakota Street | Vermillion, SD 57069

The University of South Dakota Foundation is committed to judicious management of the endowment and the considerate cultivation of long-term relationships with donors.



PEGGY MACH
Controller

800.521.3575
Peggy.Mach@usdfoundation.org