



The University of South Dakota
Endowment Fund
2018



1110 N. Dakota Street | Vermillion, SD 57069

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 fund 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

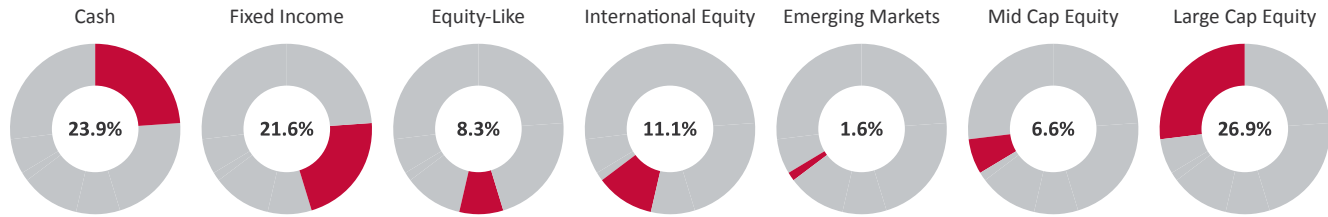
The University of South Dakota Foundation Investment Committee oversees management of the pooled endowment. The committee has responsibility for being prudent investors while setting the strategic asset allocation, portfolio policies and objectives, and monitoring the results. Investment objectives are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

The investment objectives are as follows:

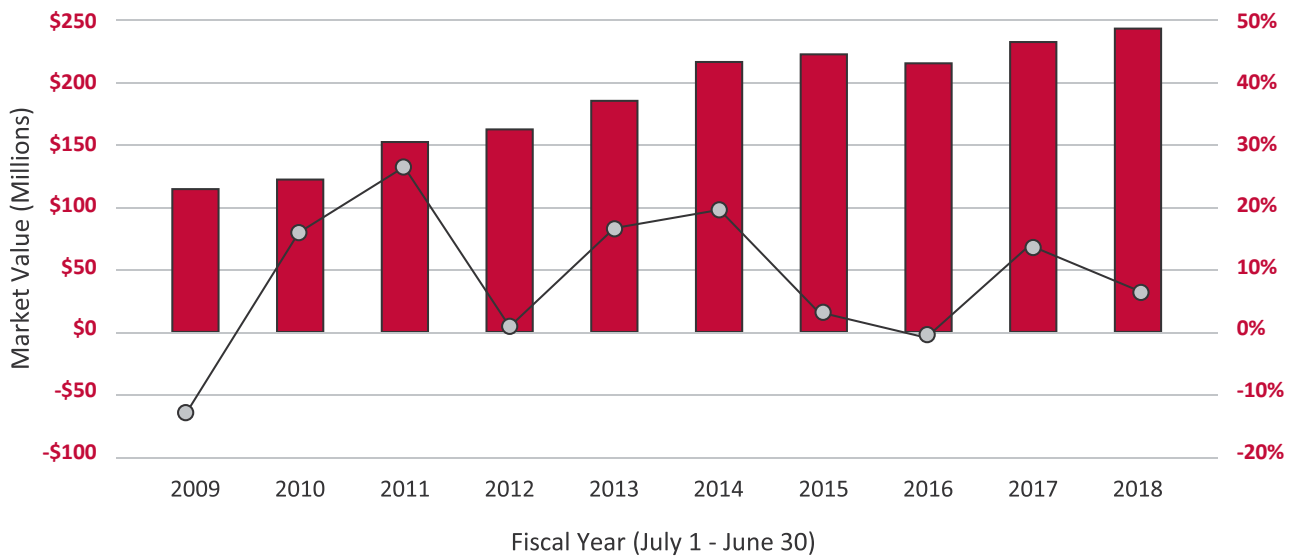
- **Portfolio Performance.** The return over the long-term is expected to be greater than the median return on a universe of comparable foundation and endowment portfolios.
- **Asset Class Performance.** The risk-adjusted performance of each asset class should, over time, meet or exceed that of its respective 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.

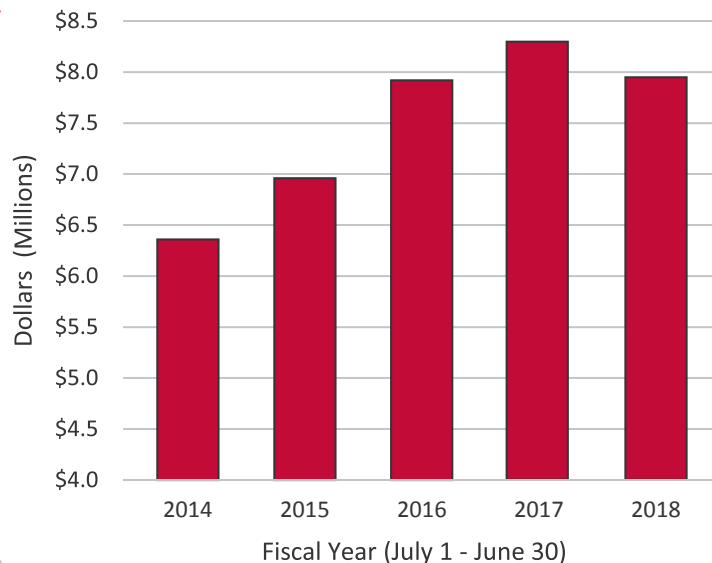


Endowment Pool Market Values and Annual Returns



Endowment Distribution Policy

The principal of an endowed gift may never be expended. In order to maximize long-term total return, the spending policy (payout) was reduced from 4.2 to 4.0 percent for the 2017-2018 academic year. 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.





UNIVERSITY OF
SOUTH DAKOTA
FOUNDATION

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



CHRISTINE TJELMELAND
Chief Financial Officer

Direct: 605.274.7861

christine.tjelmeland@usdfoundation.org