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

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The University of South Dakota
ENDOWMENT FUND
2019
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.
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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.

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 ended June 30, 2019, the endowment distribution to the University exceeded $8 million.

As of June 30, 2019, the Foundation’s pooled endowment was valued at $244.5 million. The Foundation manages more than 1,280 individual endowed funds. 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 4.0 percent of the 36-month rolling average of the ending market value).
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