

MEMORANDUM – For Release October 31, 2016

TO: Executive Officers and Deans
Office of Finance and Administration Leadership Team
Development Officers

FROM: Mary Peloquin-Dodd, Associate Vice Chancellor, Finance, and University Treasurer



SUBJECT: University Endowment Market Value and Investment Performance for Fiscal 2016

DATE: October 31, 2016

I am pleased to report that the university's total endowment closed fiscal year 2016 at \$998.6 million and was an estimated \$1.01 billion at September 30, 2016. NC State will report the June 30, 2016 value of \$998.6 million, a combined market value for the University and its associated entities, to NACUBO and other endowment surveys. Our aggregate return, a number which will also be reported to NACUBO and other official surveys, was -1.47% for fiscal 2016. For comparative purposes, the value reported for fiscal 2015 was \$984 million and the return performance was 8.34%.

Fiscal 2016 was a challenging year for investment markets and for college and university endowments. The NC State Investment Fund (NCSIF), our centrally managed pooled investment fund, returned negative performance of -1.4% for fiscal 2016, compared with strong performance of 9.0% for the prior year. While we are never pleased with negative performance, our results still exceeded those announced by many of our peers. We will receive official results from NACUBO in late January and we expect that our performance for fiscal 2016 will be similar to or exceed that experienced by other large U.S. endowments, many of which are invested in a comparable manner. We are also long-term investors with an outlook that is considerably longer than what we manage to as individual investors in our retirement or savings. Our three and five year investment performance as of June 30, 2016 placed us in the top quartile relative to our institutional peers with average annual results of 7.5% and 7.4%, respectively.

Our endowment includes a number of components across a number of entities, but in total, represents a highly diversified portfolio of assets ranging from fixed income, to domestic and global equities and private equity. We also invest in an increasingly interconnected world. Events that cause turmoil in Europe (such as Brexit) and China (a slowdown in GDP) also impact our endowments, and this past year was one of increasing uncertainty and volatility. Combined with corporate earnings pressure, and uncertainty about the timing and impact of interest rate hikes here in the US--we don't expect to see a period of stability in the near term.

Growing our endowment continues to be an institutional priority for NC State and we look forward to the success of NC State's "Think and Do the Extraordinary" Campaign.

For more information on the NCSIF, please use this link:
<https://foundationsaccounting.ofa.ncsu.edu/investment-fund/>