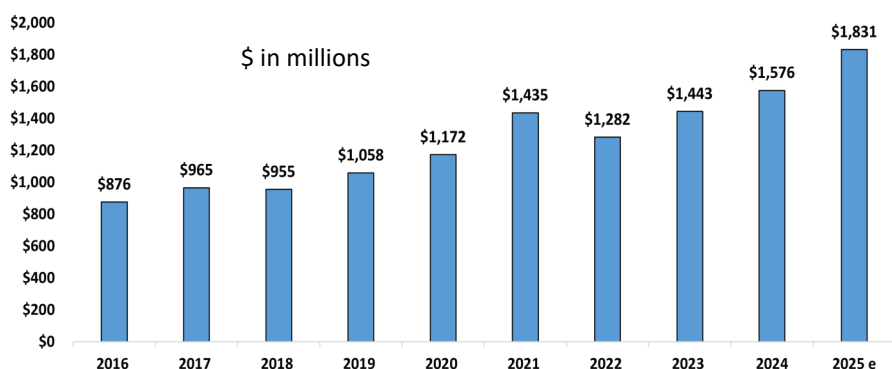


### Vision

The University is committed to providing the people of Tennessee with access to exceptional higher education, and the financial support of the Endowment is critical to achieving that goal. State funds and tuition are insufficient to ensure that the University can continue to offer high-quality academic programs, attract top faculty, and produce cutting-edge research. Ultimately, friends and supporters who share that vision make up the difference, and it is their gifts, invested for the generations yet-to-come, that comprise the Endowment today.

### History

In July 1954, the University adopted the policy of investing Endowment funds over which it had full investment discretion in a Consolidated Investment Pool (CIP). This pooling of investments allowed for closer supervision of the investment portfolio and made available to all eligible Endowment Funds the advantages of a diversified portfolio of investments. In 1981, the University restructured the CIP portfolio to gain broader exposure to the capital markets, including non-traditional assets. Effective in late 1993, the University formally adopted the “total return” approach to investment management.



### Areas of Support

Instruction / Academic Support	<b>29%</b>
Scholarships / Fellowships	<b>38%</b>
Academic Programs / Research	<b>25%</b>
Public Service / Other	<b>8%</b>

### Target Asset Allocation

Asset allocation is based on long-term investment objectives and risk parameters. Performance is monitored on an ongoing basis, and a full re-assessment of the target ratios is performed at least annually, or more often as circumstances require. Because of the Endowment’s size, it invests in both the public and private markets, across a range of assets. The asset classes shown below represent just one level of diversification of the Consolidated Investment Pool.

Public Equity	<b>45%</b>
Private Equity	<b>27%</b>
Diversifiers	<b>15%</b>
Real Assets	<b>5%</b>
Fixed Income & Cash	<b>8%</b>

### Investment Approach

The University’s Endowment takes a long-term approach to investing. Its primary objective is to achieve an annualized return greater than the rate of inflation plus spending, while preserving capital through a full market cycle. To that end, it has implemented a disciplined strategy that incorporates both active and passive management, depending on the target market or manager strategy. The University works with an outside consultant to find managers that possess a repeatable strategy, solid investment culture, and emphasis on risk management. This approach enables the University to maintain its long-term, strategic focus and avoid the distractions of short-term market movements. It is important to note that the Endowment is broadly diversified across multiple asset classes. Consequently, over any given time period, its return may diverge significantly from popular indices such as the S&P 500, individual mutual funds, and its peers.

#### **Endowment Calendar-year Total Return vs. Public Market Benchmark:**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 Est.
<b>UT</b>	7.3%	11.4%	-3.2%	12.9%	10.6%	20.3%	-11.5%	13.1%	10.4%	13.6%
<b>Benchmark</b>	5.8%	17.3%	-6.5%	18.5%	13.3%	9.1%	-17.4%	15.2%	9.2%	16.5%

Current benchmark is comprised of 60% MSCI ACWI IMI, 39% Bloomberg Barclays Global Aggregate Index, and 1% US 91-day Treasury Bills.



## **FAQ's**

### **Is student tuition or state money included in the Endowment?**

No. Invested funds are derived solely from gifts and contributions to the University, which are managed according to state and federal statutes.

### **What is the return objective of the University of Tennessee's Endowment?**

At a minimum, the objective is to achieve an annualized return greater than the rate of inflation plus spending, measured over a multi-year time period. This is commonly referred to as "intergenerational equity." Beyond that, the Endowment seeks the highest total return possible that is compatible with the University's risk tolerance and time horizon, and fully consistent with prudent investment practices.

### **Does the University use an external consultant to advise on Endowment investments?**

Yes. The University works with Cambridge Associates out of Boston, Massachusetts.

### **What is the selection process for managers for the Endowment?**

The Investment Office works closely with the consultant to source and vet potential managers during the selection process. If a manager's strategy is deemed to be a fit for the Endowment, that manager undergoes a rigorous review, including strategic and operational due diligence.

Given the Endowment's all-important task of preserving and growing the asset base for future generations, managers must at least meet "institutional" standards before being considered for investment. No preference is given to Tennessee-based managers or to managers with a tie to the University. Every manager is given equal consideration and must meet the same due diligence benchmarks.

### **If I want to make a gift to the University, whom should I contact?**

Please use the link provided below to make a gift online or to contact one of the listed Development Offices. <https://give.tennessee.edu/>

## **Why Give to UT?**



UT senior and Haslam Scholar Caitlin Conley's college dreams were made a reality by Steve and Laura Morris who established the M. Steven and Laura Capps Morris Endowed Honors Scholarship. The scholarship program works in collaboration with the Haslam Family Scholars Program Endowment provided by UT benefactors Jim, Natalie, Jimmy, and Dee Haslam. Haslam Scholars are given a distinctive four-year educational experience that includes a practical internship, a study-abroad mini-term, and a thesis. Individual scholarships, such as the Morris Endowed Honors Scholarship which Conley received, provide funding to recruit the brightest students.

Conley is part of the University's first-year class of Haslam Scholars and the first student to benefit from the M. Steven and Laura Capps Morris Endowed Honors Scholarship, awarded to an outstanding student each fall.

Raised in the Morris's hometown of Franklin, Tennessee, Conley said she plans to stay in touch with the Morris's and hopes she can be a godsend like them someday.

"It seemed surreal that absolute strangers would invest in me and care about my journey through college," said Conley as she recalled the dinner she had with the Morris's. "I want to do something for them to say thank you. But they just want me to be the best student that I can."

Photo: Justin Fee