UNH Foundation Endowment Report

Fiscal Year 2019

JULY 1, 2018 – JUNE 30, 2019

University of New Hampshire

unh.edu

Investment Philosophy

The University of New Hampshire Foundation, Inc. is committed to prudent, time-tested investment strategies and fiscal policies. Foundation funds are managed under a total return concept within New Hampshire's Uniform Prudent Management of Institutional Funds Act (NH RSA 292-B:3). The Investment & Finance Committee of the foundation's Board of Directors is charged with overseeing the investments and measuring the returns they produce against nationally recognized standards and metrics for investment performance. The University System of New Hampshire maintains a comparable investment philosophy and operational approach to investment selection and monitoring. The system board's Finance Committee on Investments oversees its investment pool, which is composed of funds from UNH, Keene State College, Plymouth State University, Granite State College and other USNH assets.

Careful management of both the UNH Foundation endowment and the USNH endowment assets through the evaluation of risk, reward and liquidity in the various asset classes is undertaken with the long-term goal of producing returns sufficient to preserve and enhance the real-dollar principal of the funds over time, while providing a dependable source of funding for scholarships, programs and operations each year.

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A listing for the UNH Foundation Board of Directors can be found at unh.edu/give/board-directors.
More information on UNH Foundation endowment management can be found at unh.edu/give/endowment-info.

Gifts to an endowed fund are invested in the foundation's pooled endowment portfolio, with a percentage (currently 4.25% of the 12-quarter moving average) of the fund's market value supporting a specific university purpose as directed by the donor(s). An administrative fee of 1% is assessed annually on each fund. All remaining income is reinvested into the endowment, ensuring that the value of the investment grows in perpetuity.

UNH Foundation, Inc.

The UNH Foundation, Inc. is an independent, 501(c)(3) nonprofit entity with 170(b)(1)(a)(iv) "publicly supported" status. The foundation's purpose is to coordinate the acquisition of private support, with particular emphasis on building the endowment, for the benefit of the University of New Hampshire. Since the establishment of the UNH Foundation in 1989, newly created endowed funds in support of UNH scholarships, programs, faculty chairs and other activities are included in the foundation endowment pools.

The foundation thanks all of those alumni, parents, friends, corporations, private and public foundations and volunteer-support organizations for their generous gifts to UNH. Endowment growth is a combination of this wonderful generosity and the careful stewardship of the funds provided by the foundation board's Investment & Finance Committee.

Fiscal Year Highlights

As of June 30, 2019, the UNH endowment totaled $404 million, which includes the UNH Foundation endowment pool of $236 million and the University of New Hampshire portion of the University System of New Hampshire endowment pool of $168 million.

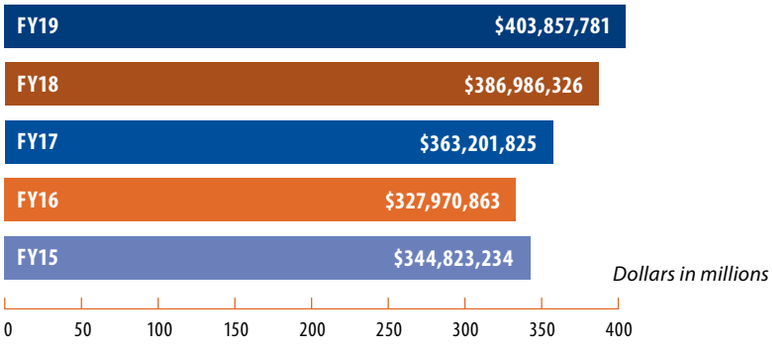
The UNH investment pools of the USNH and UNH Foundation endowments experienced a combined gain of 5.3% in fiscal year 2019.

UNH endowed funds provided $15 million to support UNH students, faculty and programs, a 1.8% increase over fiscal year 2018.

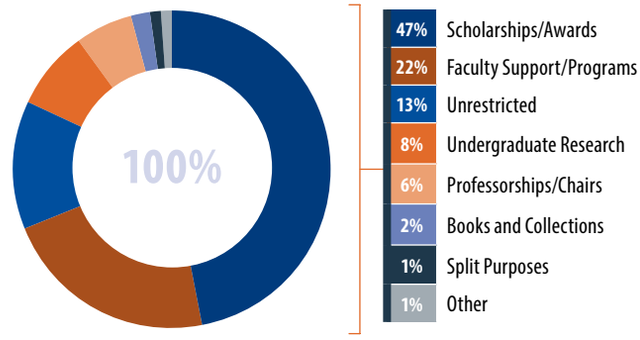
Snapshot of Endowment Funds, Trends and Purposes

New donations and net market growth have expanded UNH's endowment pools, and annual distributions benefit a vast array of purposes at UNH, as shown below. At the end of fiscal year 2019, the UNH endowment pool included 1,169 unique funds, an 8.7% increase since 2015.

Five-Year Trends



Endowment by Purpose, UNHF and USNH



Investment Strategies

UNH endowed funds are invested in one of three pools. Funds received prior to 1990 are invested in the USNH pool, while funds received in 1990 or later are invested in one of two foundation pools at the foundation. The USNH pool and the foundation's main pool are very similar in strategy and allocation, with a modest overlap in fund managers. In 2015, a new sustainable investing option at the foundation — the ESG* pool — was created to provide a sustainability-oriented option to interested endowment donors. In 2019, four endowed funds with significant sustainability and governance purposes were moved from the main pool to the ESG pool. This increased the ESG pool to 17.1% of foundation assets under management. The tables below and at the right present some key characteristics of these investment pools. The ESG pool's heavier weight in equity and limited hedge funds exposure resulted in stronger performance in 2019.

	Balance at 6/30/19 ($ millions)	# of endowed funds	Returns		
			1-year	5-year	10-year
Main Pool	195.9	673	4.2%	4.9%	8.7%
ESG* Pool	40.4	8	9.0%	NA	NA
USNH Pool	167.6	488	5.8%	5.1%	7.4%
COMBINED	**403.9**	**1169**	**5.3%**	**5.0%**	**8.2%**

**ESG = Environmental, Social and Governance*

UNH Foundation Portfolio Composition

Asset Class Overview

Asset Class	Main	ESG	USNH	Definition
Global Public Equity	**42%**	**61%**	**50%**	*Active and low-cost passive strategies spanning the domestic, international and emerging capital markets spectrum.*
Private Equity	**6%**	**0%**	**6%**	*Direct-niche hedge fund managers coupled with top-tier fund-of-funds.*
Flexible Capital	**28%**	**21%**	**27%**	*Long-term partnerships in non-publicly traded companies spanning multiple managers and strategies.*
Fixed Income	**10%**	**11%**	**11%**	*Fixed income funds, via U.S. Treasury Securities and NH-based CDFI (community development) loan funds.*
Real Assets	**10%**	**7%**	**5%**	*Public and private investments in real estate and commodities (e.g., food, energy, natural resources), and TIPS (Treasury Inflation Protected Securities).*
Liquid Capital	**4%**	**0%**	**1%**	*Cash held in 100 percent U.S. Treasury money market funds.*

In the fall of 2019, 90% of UNH first-time students received some form of financial assistance. Philanthropic support makes college accessible for many of these students.

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