The University of South Dakota
Endowment Fund
2016
University of South Dakota Endowments

**Invest in the future.** An endowment is a long-term investment in the University of South Dakota. The principal amount remains intact, while only a portion of the investment earnings is spent, allowing the fund to grow over time—providing perpetual support for the designated purpose.

Introduction

This report provides information regarding the management of the endowed funds and the performance of the Pooled Endowment within the University of South Dakota Foundation. The Pooled Endowment is made up of the endowed funds in which private gifts received by the foundation are invested.

Advancement of the purchasing power of the university’s endowment while achieving the maximum total return consistent with preservation of the principal is the primary focus of the Foundation’s work. It is through these efforts that the Foundation can create an endowment strong enough to defend against economic fluctuation.

Investment Overview

The Foundation’s Investment Committee, which oversees management of the endowment fund, 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 of the committee are as follows:

- **Portfolio Performance.** The performance of the portfolio over time is expected to be greater than the median return on a universe of comparable Foundation and endowment portfolios.

- **Asset Class Performance.** Each component asset class in the portfolio is expected to outperform, on a risk-adjusted basis, its appropriate style benchmark and over the long-term exceed the broad benchmark, regardless of style.

- **Liquidity.** Adequate provision is made in the invested funds of the Foundation to provide for anticipated withdrawals.

- **Diversification.** Thoughtful and strategic diversification of asset classes to reflect and be consistent with the investment objectives and risk tolerances for the portfolio.
Endowment Distribution Policy

For the 2015–16 academic year, 4.4 percent was available for spending (payout). To preserve the value of the endowment, investment returns (interest, dividends, realized and unrealized capital gains and losses) in excess of the payout and the 2 percent Foundation administrative fee are annually reinvested to the endowment.
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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