ENDOWMENT MANAGEMENT AND PERFORMANCE

A gift to the endowment at Wayne State University is an investment in the future. Endowed funds grow in value over time, providing resources in perpetuity to support their specified purposes.

At Wayne State, endowed funds are pooled together and reside in the Common Trust Fund. The Wayne State University Foundation Investment Committee is responsible for managing the endowment fund investments. The committee selects external managers to invest the funds and closely monitors their performance. The committee is assisted with endowment management activities by university staff and an external advisor, NEPC, Inc.

As of June 30, 2015, the market value for Wayne State University’s endowment totaled $308 million.
ANNUALIZED INVESTMENT RETURNS
For the period July 1, 2014, through June 30, 2015, Wayne State University’s annualized investment return was zero percent. During the past three years through June 30, the return was 8.1 percent. The rate of return for the past five years through June 30 totaled 7.9 percent. The rate of return for the ten-year period ending June 30, 2015 was 6.2 percent. All returns are net of investment management fees.

INVESTMENT PHILOSOPHY
The Wayne State University Foundation Investment Committee designed an investment policy to grow the endowment and protect the purchasing power of its assets over time. The policy ensures a diversified portfolio with a carefully managed asset allocation, with each asset class having an allowable range. Further diversification is provided by using a mix of investment managers. The asset classes of opportunistic investments and cash and cash equivalents, which also have allowable ranges, are not indicated in the chart below because their target allocation is zero percent.

ASSET ALLOCATION
- Domestic equity – 30%
- Fixed income – 20%
- Non-U.S. equity – 15%
- Global asset allocation – 15%
- Hedge funds – 15%
- Real assets – 5%
YOUR INVESTMENT CONTRIBUTES TO THE ONGOING SUCCESS OF WAYNE STATE.

With your support, Wayne State:

• Provides leadership for the state’s economic renewal with 75 percent of the university’s 260,000 alumni living in Michigan

• Is one of the nation’s 50 largest public universities, with the most diverse student body among Michigan public universities

• Offers more than 380 degree and certificate programs in 13 schools and colleges, as well as the lowest undergraduate resident tuition among Michigan’s three public research universities

• Provides more than 80 percent of students with financial aid

• Ranks among only 3.5 percent of U.S. universities with the Carnegie Foundation classification of RU/VH (Research University, Very High research activity)

• Partners with Michigan State University and the University of Michigan in the University Research Corridor, helping to create a vibrant state economy

ENDOWMENT IMPACT

At Wayne State University, the endowment provides annual income to support university programs and initiatives in accordance with donor-specified terms. Although some of the endowment is unrestricted, most of it is designated for specific purposes. Below is a breakdown of the areas that are supported by the Wayne State endowment.

- Student scholarships, fellowships and awards – 37%
- Chairs, professorships and lectureships – 27%
- Miscellaneous special purpose – 19%
- Research – 12%
- Unrestricted/to be determined – 4%
- Facilities – 1%
DISTRIBUTION TO SPENDING ACCOUNTS

Distributions from the endowment to the spending accounts are made on a quarterly basis. The amount distributed is determined by the endowment spending rate policy, which is codified in a Wayne State University statute approved by the Board of Governors. The spending rate policy stipulates that the distribution is determined by averaging the quarter-end market value from the previous three-year period and multiplying that number by the distribution rate. Using an average over time minimizes the impact of dramatic fluctuations in the market and ensures more stable distributions to the spending accounts.

DISTRIBUTION RATE

Distributions from the endowment to the beneficiary spending accounts are made in accordance with university policy. In June 2013, the Board of Governors approved a change to the distribution rate from 5.0 to 4.5 percent. This change will better protect the value of the endowment over the long term.

Endowed funds are assessed an annual administrative fee at the rate in effect at the time the distributions are made to the beneficiary spending accounts. With the change in the distribution rate, the Board of Governors also approved a reduction in the administrative fee from 0.50 percent to 0.45 percent annually. The fee is assessed on a quarterly basis against the average of the fair market value of the endowed fund for the prior 12 calendar quarters.
WAYNE STATE UNIVERSITY FOUNDATION INVESTMENT COMMITTEE

Paul A. Glantz, chair
President, Proctor Financial Inc.

Paul Cavazos
Chief Investment Officer, DTE Energy

William Decatur
Vice President for Finance and Business Operations, Treasurer and Chief Financial Officer, Wayne State University

Joseph G. Horonzy
Horonzy and Associates LLC

Chacona W. Johnson
Vice President, Development and Alumni Affairs, Wayne State University
President, Wayne State University Foundation

Howard M. Perlman
Senior Vice President, Friedman Integrated Real Estate Solutions

Alan E. Schwartz
Partner, Honigman, Miller, Schwartz & Cohn

Leonard Smith
Chair of the Board of Trustees and Chief Investment Officer, Ethel and James Flinn Family Foundation

Stephen Strome
Retired Chairman and Chief Executive Officer, Handleman Company