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The Northern Kentucky University Foundation, Inc. endowment pool is currently made up of approximately 333 individual funds. The individual funds work together as a single entity to maximize returns and encourage growth. A unitized method of calculation is used to determine the market value of each fund within the endowment pool.

**NKU FOUNDATION, INC.  
 ENDOWMENT VALUE**

As of June 30, 2019, the Endowment pool supporting Northern Kentucky University was valued at \$105.5 million.

**MARKET VALUE**

Market value is the value of the endowed scholarship, or programmatic fund, established with your gift. The market value is based on the fair market value of all assets as of June 30, 2019. It includes realized and unrealized capital appreciation and is net of spending that has taken place to support the scholarship or program.

**PROGRAM SUPPORT**

The individual funds within the endowment pool support students, faculty, and programs, as

designated by the donors. These funds provide scholarships, fellowships and professorships, and assist with building operations, research activities, and general operations. All areas of support are intended to enhance the University and provide ongoing support to current and future generations.

**INVESTMENT RETURNS**

The long-term goals of the Foundation endowment pool (as outlined in our Investment Policy Statement) focus on investing to achieve consistent growth while managing annual spending, inflation and administrative fees. Historically, the Foundation has been able to achieve earnings while meeting individual donor's wishes to fund scholarships, programs, professorships, and other awards.

**INVESTMENT PERFORMANCE AS OF JUNE 30, 2019**

Fiscal Year Returns

|                   | QTR         | CYTD          | 1 YR         | 3 YR         | 5 YR         | 10 YR        | SINCE<br>MAR '92 |
|-------------------|-------------|---------------|--------------|--------------|--------------|--------------|------------------|
| <b>TOTAL FUND</b> | <b>2.1%</b> | <b>10.8 %</b> | <b>3.4 %</b> | <b>8.5 %</b> | <b>4.7 %</b> | <b>8.9%</b>  | <b>7.7 %</b>     |
|                   | <b>2019</b> | <b>2018</b>   | <b>2017</b>  | <b>2016</b>  | <b>2015</b>  | <b>2014</b>  | <b>2013</b>      |
| <b>TOTAL FUND</b> | <b>3.4%</b> | <b>8.1%</b>   | <b>14.2%</b> | <b>-2.7%</b> | <b>1.4%</b>  | <b>18.8%</b> | <b>13.8%</b>     |

## CURRENT ASSET ALLOCATION

The composition of the pooled endowment by major investment categories is determined by the Board of Directors. The NKU Foundation endowment pool is invested for a total return with an emphasis on equity investments for growth of the fund over time.

The target for the asset allocation to improve yield and diversification, and reduce risk is 53% global equity, 18% global fixed, 14% real assets and 15% diversifying strategies, which includes absolute return and niche strategies.

## SPENDING POLICY/ENDOWMENT PAYOUT

To lessen the impact of short-term market volatility on the endowment pool, the spending rate is based on a 16-quarter moving average of the market value as of June 30 of the previous year. The approved distribution rate is based upon a total return approach, which utilizes both income and capital appreciation. The distribution percentage (approved annually by the Board of Directors) for the fiscal year ending June 30, 2019 was a combined total of 4.75%, including a 1.00% administrative fee.

## OVERSIGHT

The Executive Committee carries out the business of the Foundation and has the authority to act on all matters affecting the Foundation other than regular or special meetings of the Foundation Board. The Executive Committee is responsible for adopting policies recommended to it by the Investment Committee, including the Investment Policy Statement.

## COMPOSITION OF POOLED ENDOWMENT

| ASSET CLASS                    | CURRENT WEIGHT | TARGET WEIGHT | TARGET RANGE |
|--------------------------------|----------------|---------------|--------------|
| Large Cap Equity               | 25.70%         | 14.00%        | 5.0% - 30.0% |
| Mid Cap Equity                 | 5.50%          | 5.00%         | 0.0% - 15.0% |
| Small Cap Equity               | 4.00%          | 5.00%         | 0.0% - 15.0% |
| International Equity           | 11.20%         | 5.00%         | 0.0% - 20.0% |
| International Small Cap Equity | 2.50%          | 3.00%         | 0.0% - 10.0% |
| Emerging Markets               | 8.80%          | 8.00%         | 0.0% - 15.0% |
| Private Equity                 | 6.10%          | 13.00%        | 0.0% - 15.0% |
| Fixed Income                   | 13.10%         | 18.00%        | 5.0% - 35.0% |
| Private Debt                   | 2.40%          | 2.00%         | 0.0% - 10.0% |
| Private Natural Resources      | 9.30%          | 5.00%         | 0.0% - 15.0% |
| Public Natural Resources       | 2.80%          | 2.00%         | 0.0% - 10.0% |
| Private Real Estate            | 2.10%          | 5.00%         | 0.0% - 15.0% |
| Low Volatility                 | 6.40%          | 15.00%        | 0.0% - 30.0% |
| Cash                           | 0.00%          | 0.00%         | 0.0% - 10.0% |

The Investment Committee monitors and evaluates the investments of Foundation assets (exclusive of cash and real properties) and recommends investment policies to the full Board through the Executive Committee.

The Endowment Investment Consultant\* is responsible for assisting the Investment Committee and Executive Director in all aspects of managing and overseeing the Foundation investment portfolio.

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### EXECUTIVE COMMITTEE

*(as of June 30, 2019)*

Jason O. Jackman, President  
Martin Butler, Vice President  
Kara Williams, Secretary  
Kevin Gessner, Treasurer  
Richard A. Boehne  
Eric C. Gentry  
Lee Scheben  
Ashish Vaidya  
Mary Zalla  
Barry Kienzle

### INVESTMENT COMMITTEE

*(as of June 30, 2019)*

Tim Schigel, Chair  
Paul W. Chellgren  
Garren Colvin  
Eric C. Gentry  
Jason O. Jackman  
Barbara M. Johnson  
Chad Scott  
Kevin M. Sheehan  
William C. Vermillion

### \*FUND EVALUATION GROUP, LLC

- Investment advisory services for institutions and financial advisors
- Over 30 years of professional investment experience
- Internal research engine powered by tenured investment professionals
- Locations in Cincinnati, Dallas, and Indianapolis
- Employee owned