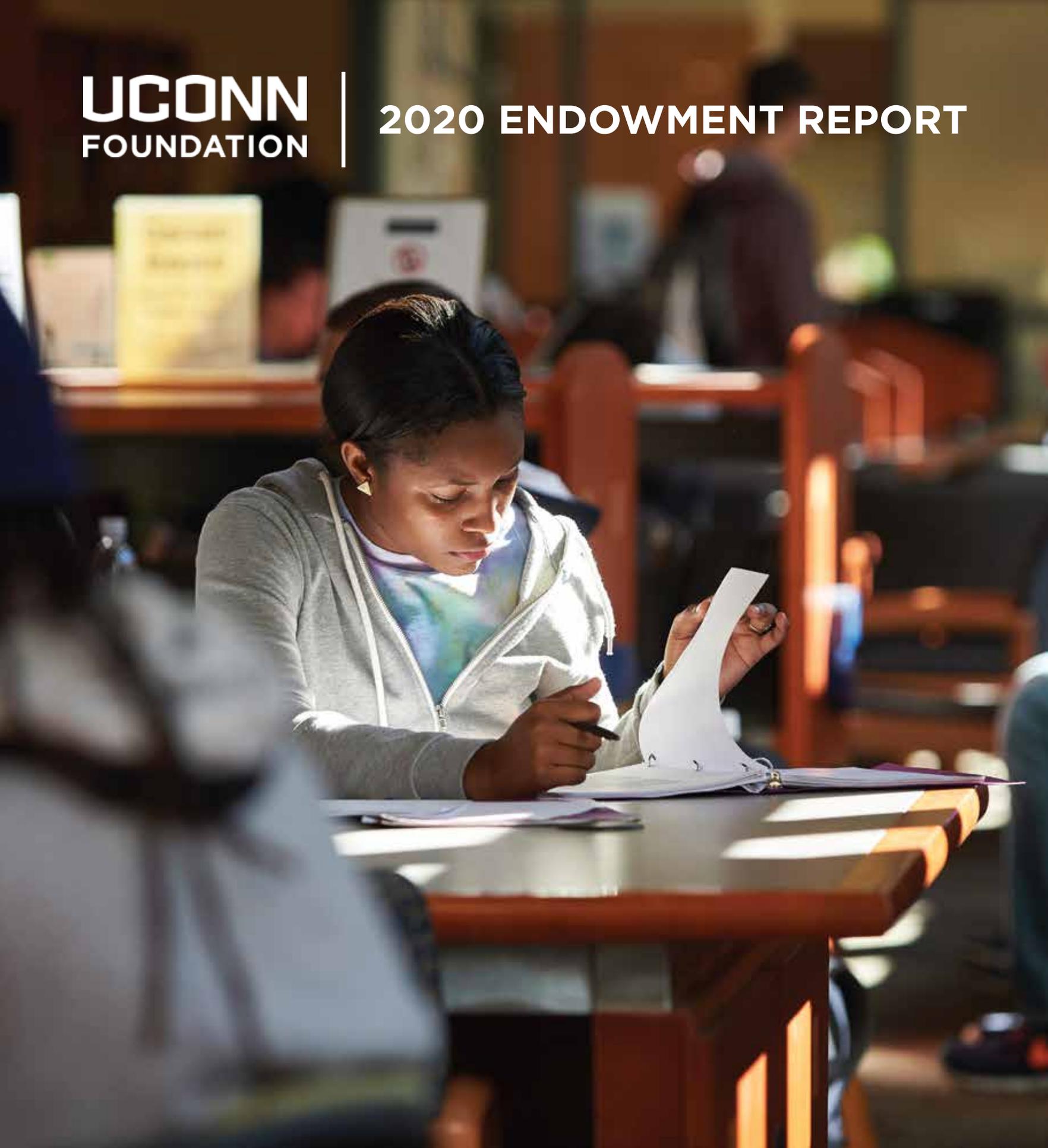
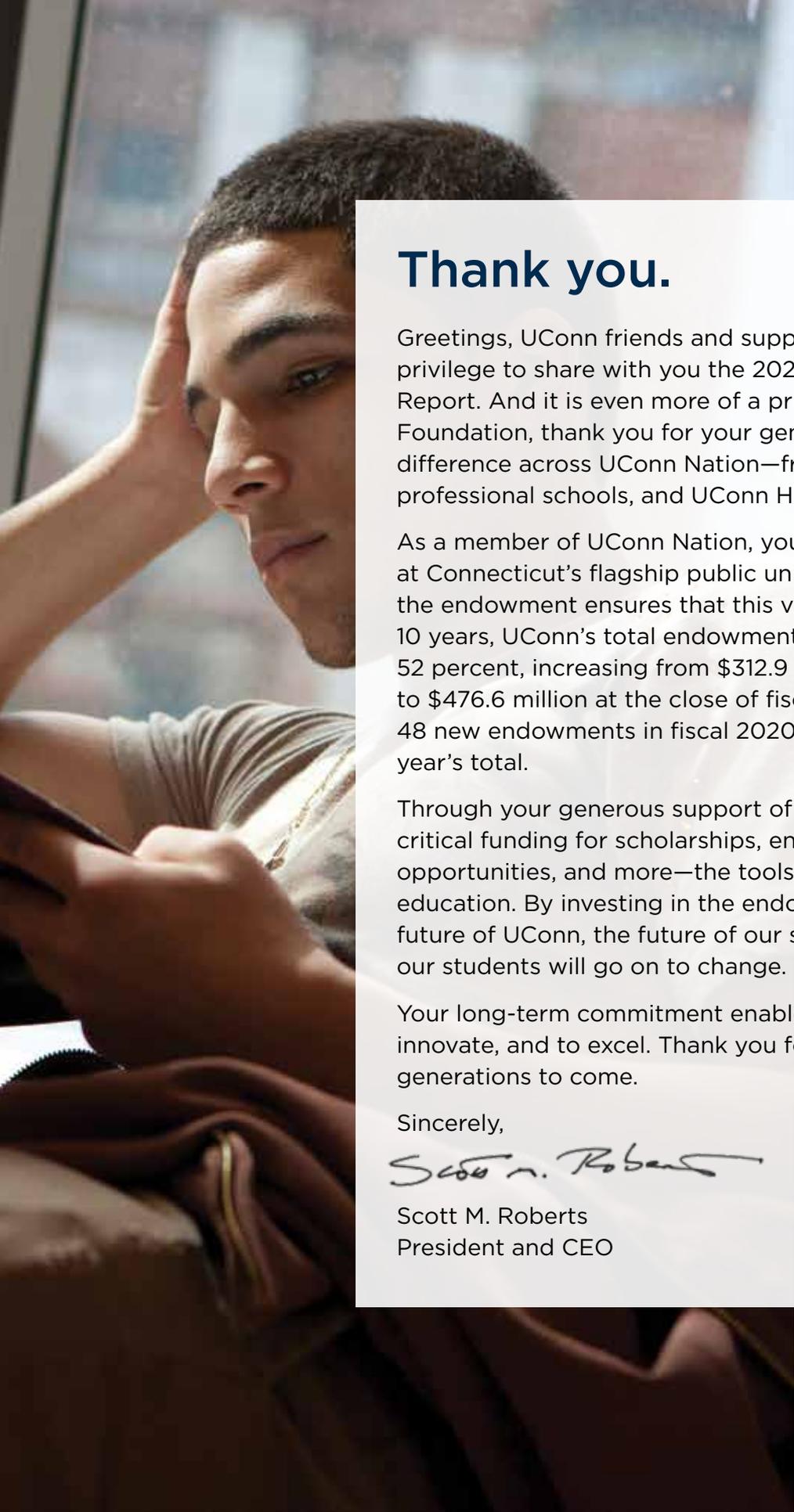


UConn
FOUNDATION

2020 ENDOWMENT REPORT







Thank you.

Greetings, UConn friends and supporters. It is my privilege to share with you the 2020 Endowment Report. And it is even more of a privilege to say, on behalf of the Foundation, thank you for your generous support. Your giving makes a difference across UConn Nation—from Storrs to our regional campuses, professional schools, and UConn Health—and I am deeply grateful.

As a member of UConn Nation, you share our vision for excellence at Connecticut's flagship public university and medical center, and the endowment ensures that this vision is realized. Over the past 10 years, UConn's total endowment has grown by more than 52 percent, increasing from \$312.9 million at the end of fiscal 2011 to \$476.6 million at the close of fiscal 2020. We also added 48 new endowments in fiscal 2020, nearly doubling the previous year's total.

Through your generous support of UConn's endowment, you provide critical funding for scholarships, endowed chairs, experiential learning opportunities, and more—the tools essential for a world-class education. By investing in the endowment, you are investing in the future of UConn, the future of our students, and the future of the world our students will go on to change.

Your long-term commitment enables UConn to continue to grow, to innovate, and to excel. Thank you for supporting UConn today and for generations to come.

Sincerely,

Scott M. Roberts
President and CEO

Portfolio Overview

*Prepared by Gerald J. Ganz, Jr., MBA, CPA, CGMA
Senior Vice President of Finance & Administration and Chief Financial Officer*

For the fiscal year ending June 30, 2020, the UConn Foundation’s long-term investment portfolio produced a return of 6.23 percent versus a Market-Value-Weighted Benchmark of 2.29 percent, for an outperformance of 3.94 percent.

As a result of the strong investment results from the final quarter of the fiscal year, the portfolio also outperformed its benchmark for the trailing three-year (6.22 percent versus 5.49 percent) and five-year (5.97 percent versus 4.90 percent) periods, while essentially matching its benchmark for the trailing ten-year period (6.87 percent versus 6.88 percent).

Fiscal year 2020 saw wide-ranging equity volatility, as strong equity returns in the second half of 2019 were reversed by a sharp decline in the first quarter of 2020, as COVID-19 brought global economies to a halt. Coordinated global central bank action, improved understanding of a spread prevention, and the increased likelihood of a vaccine help buoy equity markets to nearly flat for the year by June 2020. The Global Equity portfolio produced a return of 2.79 percent relative to the return of the MSCI ACWI benchmark of 2.05 percent. The portfolio’s average Global Equity allocation of 47.7 percent relative to the long-term target of 30 percent contributed positively to fiscal year returns.

The hedge fund portion of the portfolio includes directional and non-directional hedge fund strategies. The directional strategies have higher equity exposure and are expected to have higher long-term returns than a global equity strategy but with diversification benefits. The non-directional strategies have lower equity exposure and are designed to outperform liquid

| TOTAL UNIVERSITY ENDOWMENT | MARKET VALUE | NUMBER OF FUNDS | What’s included in the total endowment? The total includes all endowed funds that benefit UConn. The UConn Foundation coordinates the investment and management of its portfolio, as well as the endowed funds of the University. |
|--|----------------------|-----------------|---|
| UConn Foundation | \$461,394,594 | 1,863 | |
| University Endowment Managed by UConn Foundation | \$15,187,090 | 133 | |
| Total | \$476,581,684 | 1,996 | |

fixed income strategies over the long term. Collectively the hedge fund portfolio was up 0.94 percent relative to the HFRI Fund-of-Funds Conservative benchmark return of -1.59 percent.

The fixed income portfolio returned 3.97 percent relative to its benchmark return of 6.02 percent. Policy response to COVID-19 included broad overnight interest rate cuts, rewarding long-duration government bond holders and challenging active fixed income managers invested in shorter-term credit securities. A sharp spread widening and increased defaults at the onset and throughout COVID-19 acted as a further headwind to active performance. The portfolio's average fixed income exposure of 6.5 percent relative to the 15 percent long-term target helped mitigate the impact of the strategy's underperformance.

The private markets portion of the portfolio is comprised of private capital, private debt, and real assets. Private capital is the largest underlying strategy (approximately 13.0 percent of the total portfolio during FY20) and it returned 38.2 percent relative to the benchmark's 5.31 percent during the fiscal year, primarily due to an IPO-based exit strategy relating to one of the investments in the portfolio. Private debt and private real assets made up an average of 3.6 percent and 9.8 percent of the portfolio, respectively, and returned 0.59 percent and -3.53 percent relative to benchmark returns of 0.91 percent and -2.88 percent, respectively.

The Foundation's long-term investment portfolio now totals \$451.4 million compared to \$435.4 million as of June 30, 2019. UConn's total endowment, which includes the Foundation's endowment and endowed gifts made directly to the University, is now \$476.6 million.

Policy Updates

Ensuring the long-term health of the endowment is one of our top priorities. We adjust policies from time to time to ensure good stewardship and protection for investments. To enhance our conservative approach, the threshold at which distributions are suspended for funds that are underwater was reduced from 25 percent to 15 percent. The advancement fee was reduced from 2 percent to 1.75 percent. The spending policy changed from 4.25 percent to 4 percent. These changes went into effect July 1, 2020.



Endowment Momentum

WHERE DO UNIVERSITY ENDOWMENT DOLLARS GO?

STUDENTS ▶ \$194.9M

Scholarships and fellowships put a UConn education within reach for promising students from a wide variety of backgrounds.

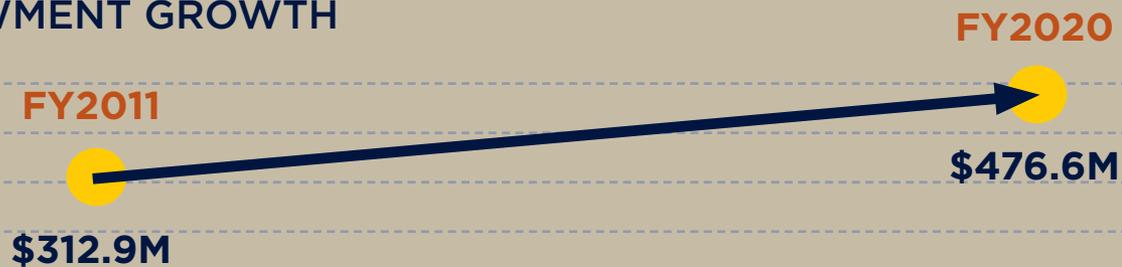
FACULTY ▶ \$126.7M

Endowed chairs, professorships, and other funds give scholars, researchers and physician-scientists across UConn the resources they need to pursue innovative work.

PROGRAMS ▶ \$155.0M

Endowed accounts support important programmatic priorities, including new technology, experiential learning opportunities, undergraduate research, and graduate student conference participation.

TEN-YEAR TOTAL UNIVERSITY ENDOWMENT GROWTH



Endowment Management

The UConn Foundation is honored to manage endowed funds in support of the University's mission. This fiduciary responsibility is carried out by members of the Foundation Board of Directors' Investment Committee, Foundation management, and staff. The endowment is managed as a single portfolio, but funds are invested in various asset classes in order to diversify risk.

The UConn Foundation distributes 4.25 percent of the rolling three-year average of quarterly market values of endowed funds to UConn. This spending policy is intended to provide stable income to the University for its current needs while maintaining the long-term purchasing power of the endowment. Earnings in excess of spending distributions and advancement fees are added to the balance of the endowment to help maintain the long term health of the endowment during periods of poor market performance.

UConn
FOUNDATION

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