

**Submitted by: Rebecca Cooke, Interim Vice President, Finance and Business Operations**

**Annual Report on the Long-Term Investment Program  
(For the Endowment Funds)  
For the Fiscal Year Ending September 30, 2020**

In accordance with the Board of Governors Statutes (WSUCA) 2.73.02, the Administration presents the annual report of our long-term investment program for the fiscal year ending September 30, 2020. This annual report was prepared by the Wayne State University Foundation's investment consultants, Strategic Investment Group. The long-term investment program includes all investment activity performed for the endowment fund by external managers and represents approximately 99 percent of all endowment resources. At September 30, 2020, the fund was approximately \$425 million.

In 2000, the University created the Wayne State University Foundation (the Foundation) as a Michigan non-profit corporation. The Foundation was established by the University to assist it with various functions with special emphasis on fundraising and oversight of the investment portfolio for endowments. The Board of Governors approved the transfer of existing and future endowments to the Foundation for holding and investing such endowments. The official date for the transfer of endowment assets was October 1, 2002, the beginning of the new fiscal year for the University and the Foundation. The Foundation established its Investment Committee to specifically oversee and manage the endowments, especially those held in the "Common Trust" pool (the Pool) of assets. The Investment Committee has engaged Strategic Investment Group (Strategic) as its Outsourced Chief Investment Officer (OCIO) to manage all of the funds held in the Pool.

The University and Foundation has been partnering with Strategic to manage its endowment portfolio since October 2016. As an OCIO, Strategic is a discretionary advisor who is delegated a major role in investment management of the endowment portfolio. Strategic manages the endowment in accordance with investment guidelines established by the Foundation Board, which maintains oversight over the endowment portfolio. The Investment Committee has detailed oversight of the endowment portfolio, and Strategic and Treasury staff coordinate detailed operations of endowment portfolio activities.

Collaborating with the Foundation Board, Investment Committee, and Treasury staff, a new Investment Policy Statement (IPS) was designed to define financial objectives and risk parameters and provide the framework for asset allocation guidelines, benchmarks, and risk control ranges. A new asset allocation strategy was developed relative to that policy. Implementation of the new portfolio was substantially complete as of March 31, 2017, except the private equity allocation which will be funded over time by incremental commitments every three years.

The endowment portfolio's investment returns were 7.0% net of investment sub-manager fees (6.7% net all investment manager fees) for the fiscal year ending September 30, 2020. This is below the policy benchmark of 8.5% for the fiscal year and ranks in the 70<sup>th</sup>

**Submitted by: Rebecca Cooke, Interim Vice President, Finance and Business Operations**

percentile of the Wilshire TUCS peer universe of endowments. The Wilshire TUCS peer universe consists of non-profit plans of \$100 million to \$1 billion.

Fiscal year 2020 results reflect the dramatic collapse of the markets in Q1 of the calendar year due to the COVID-19 pandemic, followed by a V-shaped, but extremely narrow, retail driven recovery. Despite strong gains in Q2 and Q3 of the calendar year and massive policy stimulus, global equity and credit markets remained down through September 30, 2020 with notable exceptions of China and the U.S. Returns of the Foundation's investment portfolio were a positive 6% for FY2020 first quarter, followed by a negative 15% for the second quarter. The investment portfolio returns were approximately 16% for the last six months of the fiscal year.

The following additional information is attached:

- Performance Summary
- Performance and Investment Committee Members

# Investment Committee Members

Ms. Susan E. Burns  
Vice President, Development and Alumni Affairs, Wayne State University  
President Wayne State University Foundation

Ms. Rebecca Cooke  
Interim Vice President, Finance & Business Operations & Treasurer, Wayne State University

Mr. Paul A. Glantz  
Co-Founder/Chairman, Emagine Entertainment, Inc.

Ms. Denise J. Lewis  
Partner, Honigman, Miller, Schwartz and Cohn LLP

Mr. David Meador  
Vice Chairman and Chief Administrative Officer, DTE Energy

Mr. Dennis J. Mooradian  
Retired President, CEO and Chairman, HighMark Capital Management, Inc.

Mr. Mark Rolling  
Vice President, Treasurer and Investor Relations, DTE Energy

Ms. Elizabeth Goldsberry (Chair)\*  
Director Investment Risk and Operations, The Kresge Foundation



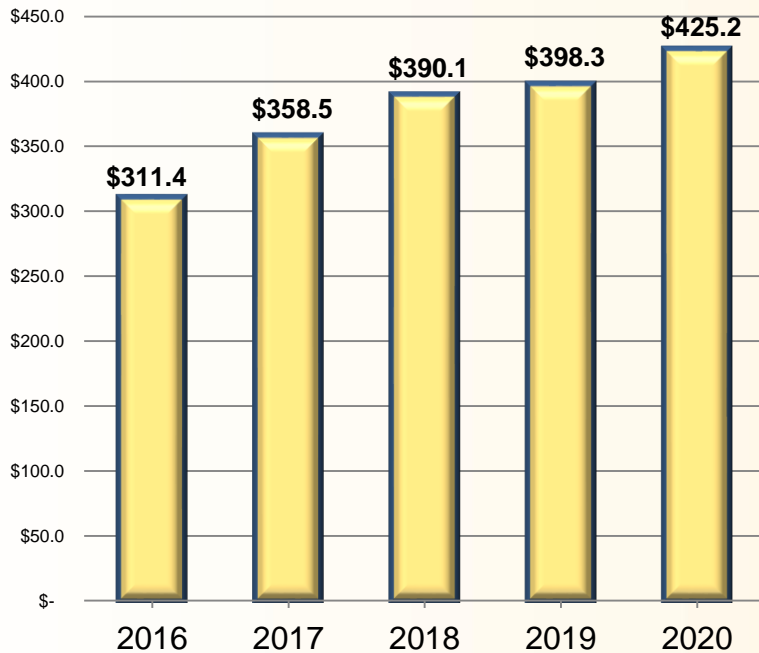
\*As of November 4, 2020

The Foundation's Endowment Portfolio continues to grow and provide funds to support the University's Mission

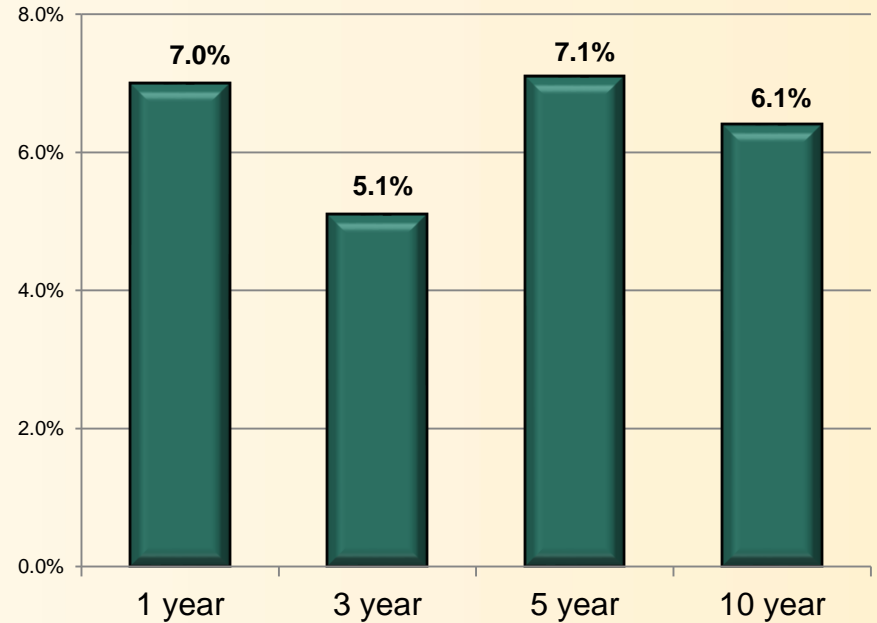
The COVID-19 Pandemic triggered a dramatic collapse in risk assets in Q1 CY2020, followed by a V-shaped, retail driven recovery.

**Total Investments**  
(September 30 Fiscal Year End)

\$Millions



**Performance**  
(As of September 30, 2020)



Policy inception date for portfolio transition to Strategic complete: March 31, 2017  
Performance net of investment sub-manager fees

# PERFORMANCE SUMMARY

## The Wayne State University Foundation

September 30, 2020



Asset Class <i>Benchmark</i>	Market Value (\$ mill)	Total Portfolio (%)	Rates of Return (%)										Inception Date
			1 Month	3 Month	Fiscal Year To Date	Calendar Year To Date	1 Year	3 Year	5 Year	10 Year	Since Policy Inception	Since Inception	
<b>U.S. Equity</b> <i>U.S. Equity Policy Benchmark</i>	104.754	24.6%	(3.9)	8.3	12.1	2.4	12.1	9.4	12.3	12.3	10.7	8.8	30-Nov-95
			(3.6)	9.2	15.0	5.4	15.0	11.6	-	-	12.3	-	
<b>Non-U.S. Equity</b> <i>Non-U.S. Equity Policy Benchmark</i>	103.431	24.3%	(2.2)	7.6	5.5	(4.7)	5.5	0.2	6.0	4.2	4.2	7.2	30-Sep-02
			(2.3)	6.9	4.1	(4.9)	4.1	1.3	-	-	4.7	-	
<b>Global Equity</b> <i>Global Equity Benchmark</i>	36.687	8.6%	(2.9)	7.7	6.2	(2.5)	6.2	8.3	-	-	11.2	11.4	17-Feb-17
			(3.3)	8.0	10.0	1.2	10.0	7.5	-	-	9.1	9.1	
<b>Total Equity</b>	244.872	57.6%	(3.0)	7.9	8.5	(1.2)	8.5	5.4	-	-	8.0	8.9	30-Sep-16
<b>Private Equity - IRR</b> <i>Private Equity Policy Benchmark - IRR</i>	7.654	1.8%	-	-	(3.6)	-	(3.6)	0.1	-	-	0.0	(0.2)	30-Sep-16
			-	-	5.1	-	5.1	10.3	-	-	11.3	13.5	
<b>Hedge Funds (Net Exposure)</b> <i>Hedge Funds Policy Benchmark</i>	23.606	5.6%	0.7	2.3	4.8	3.4	4.8	3.3	-	-	2.9	2.8	28-Feb-17
			(0.1)	2.3	3.0	1.1	3.0	0.6	-	-	1.2	1.1	
<b>Total Alternatives</b>	31.260	7.4%	-	-	-	-	-	-	-	-	-	-	28-Feb-17
<b>Real Estate - IRR</b> <i>Real Estate Policy Benchmark - IRR</i>	20.541	4.8%	-	0.0	1.5	(0.1)	1.5	4.8	-	-	5.0	5.0	31-Mar-17
			-	0.0	0.3	(1.0)	0.3	3.9	-	-	4.2	4.2	
<b>Commodities</b> <i>Commodities Policy Benchmark</i>	8.425	2.0%	(3.7)	4.6	(33.3)	(38.6)	(33.3)	(13.3)	-	-	(10.8)	(8.9)	30-Sep-16
			(3.6)	4.6	(27.8)	(33.4)	(27.8)	(9.5)	-	-	(7.8)	(6.4)	
<b>TIPS</b> <i>TIPS Policy Benchmark</i>	16.050	3.8%	(0.1)	2.3	7.0	6.4	7.0	4.8	-	-	4.1	4.2	07-Mar-17
			(0.4)	2.5	7.7	6.7	7.7	4.6	-	-	4.0	4.1	
<b>Total Real Assets</b>	45.017	10.6%	(0.7)	1.6	(4.0)	(6.6)	(4.0)	1.4	-	-	1.8	2.7	30-Sep-16
<b>U.S. Fixed Income</b> <i>U.S. Fixed Income Policy Benchmark</i>	89.798	21.1%	0.0	2.0	5.8	5.0	5.8	4.5	5.4	4.7	4.5	6.2	30-Jun-96
			(0.2)	1.3	6.5	5.9	6.5	5.0	-	-	5.0	-	
<b>Total Fixed Income</b>	89.798	21.1%	0.0	2.0	5.8	5.0	5.8	4.5	-	-	4.5	5.3	30-Sep-16
<b>Opportunistic</b> <i>Opportunistic Benchmark</i>	3.532	0.8%	0.5	1.8	0.6	0.8	0.6	4.9	-	-	6.0	6.8	30-Sep-16
			(0.7)	0.9	(3.7)	(4.9)	(3.7)	(1.2)	-	-	(0.1)	1.7	
<b>Total Opportunistic</b>	3.532	0.8%	0.5	1.8	0.6	0.8	0.6	4.9	-	-	6.0	6.8	30-Sep-16
<b>Total Cash, Accruals, and Pending Trades</b>	10.692	2.5%	0.1	0.2	1.0	0.7	1.0	1.0	1.0	1.0	1.0	1.0	30-Sep-09
<b>The Wayne State University Foundation Portfolio (Net of Sub-Mgr Fees)</b>	425.172	100.0%	(1.8)	5.1	7.0	0.9	7.0	5.1	7.1	6.1	6.3	7.0	30-Nov-95
<b>The Wayne State University Foundation Portfolio (Net of Sub-Mgr and Strategic Fees)</b>	425.172	100.0%	(1.8)	5.1	6.7	0.6	6.7	4.8	-	-	6.0	-	31-Mar-17
<i>Total Portfolio Policy Benchmark</i>			(2.0)	5.3	8.5	2.5	8.5	6.1	8.0	7.4	7.0	7.5	
<i>Total Portfolio Policy Benchmark (Net of Fees)</i>			(2.0)	5.3	8.3	2.3	8.3	5.9	-	-	6.8	-	