

Submitted by: Dave Massaron, Chief Business Officer, Chief Financial Officer and Senior Vice President for Finance and Business Operations; Treasurer

Annual Report on the Long-Term Investment Program
(For the Endowment Funds)
For the Fiscal Year Ending September 30, 2021

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, 2021. 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, 2021, the fund was approximately \$518 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 22.6% net of investment sub-manager fees (22.3% net all investment manager fees) for the fiscal year ending September 30, 2021. This is above the policy benchmark of 19.1% for the fiscal year and

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ranks in the 22nd 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.

Absolute and relative investment returns were exceptionally strong in fiscal year 2021. The equity portfolio returned 33.2%, 4.7% ahead of the benchmark. Stock markets were supported by expansionary economic policies, ample liquidity, and the expectation of a continued global economic rebound. Alternative assets had a positive impact on performance. Strong private equity returns reflected, among other factors, strong venture capital results. Hedge funds benefited from their ability to respond swiftly to COVID-related capital market dislocations and opportunities. Real assets had a strong year with a solid rebound of real estate, surging commodity prices, and strong TIPS performance. Fixed income returns benefited from strong corporate bond returns and low exposure to interest rate risk.

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

Mr. David Massaron
Vice President, Finance & Business Operations & Treasurer, Wayne State University

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

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

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

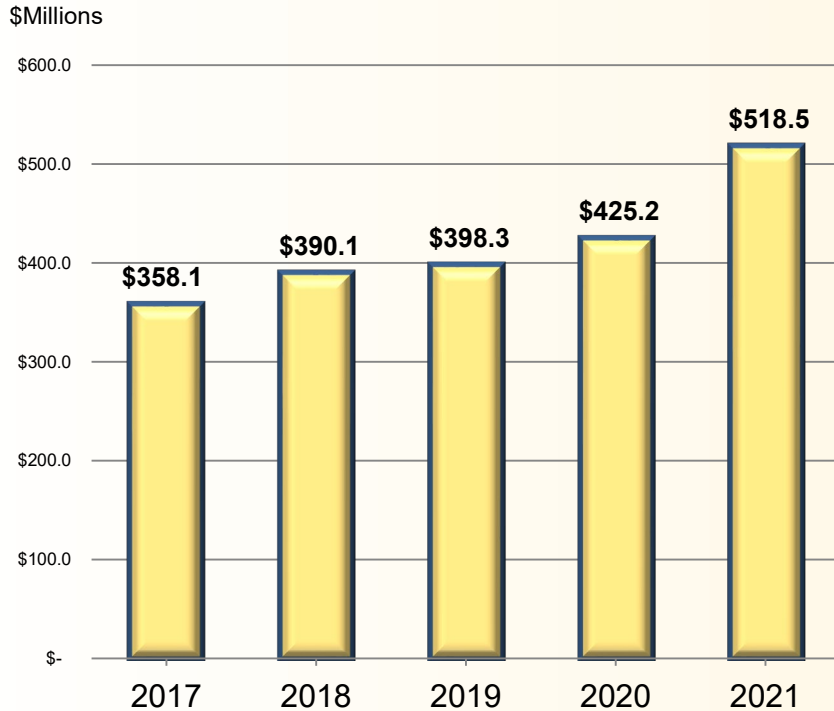
Mr. Dennis J. Mooradian
Retired President, CEO and Chairman, HighMark Capital Management, Inc.



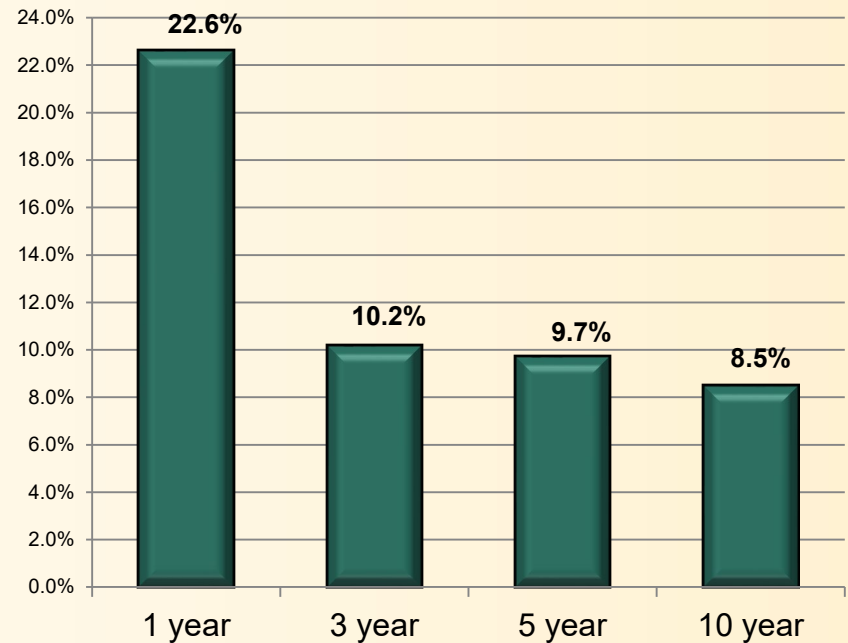
As of September 30, 2021

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

Total Investments (September 30, 2021)



Performance (As of September 30, 2021)



Policy inception date for portfolio transition to Strategic complete: March 31, 2017

Performance net of investment sub-manager fees.

Returns net of all investment fees: 1 year: 22.3% and 3 year: 9.9%

Based on SIG Performance Report

PERFORMANCE SUMMARY

The Wayne State University Foundation

September 30, 2021



Asset Class <i>Benchmark</i>	Market Value (\$ mill)	Total Portfolio (%)	Rates of Return (%)										
			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	Inception Date
U.S. Equity <i>U.S. Equity Policy Benchmark</i>	114,340	22.1%	(4.2) (4.5)	0.0 (0.1)	35.7 31.9	17.2 15.0	35.7 31.9	14.9 16.0	16.1 16.8	15.7 -	15.8 16.3	9.8 -	30-Nov-95
Non-U.S. Equity <i>Non-U.S. Equity Policy Benchmark</i>	126,252	24.3%	(2.7) (3.3)	(2.3) (2.9)	31.6 24.2	10.2 6.0	31.6 24.2	10.1 8.3	9.7 9.2	8.0 -	9.7 8.8	8.4 -	30-Sep-02
Global Equity <i>Global Equity Benchmark</i>	42,579	8.2%	(4.0) (4.1)	(1.6) (0.4)	30.0 28.8	11.3 12.4	30.0 28.8	13.5 12.9	- -	- -	15.1 13.2	15.2 13.1	17-Feb-17
Total Equity	283,171	54.6%	(3.6)	(1.2)	33.2	13.3	33.2	12.6	13.4	-	13.1	13.4	30-Sep-16
Private Equity - IRR <i>Private Equity Policy Benchmark - IRR</i>	15,013	2.9%	- -	- -	39.5 44.9	- -	39.5 44.9	15.1 24.9	10.3 20.4	- -	11.8 22.6	10.3 20.4	30-Sep-16
Hedge Funds (Net Exposure) <i>Hedge Funds Policy Benchmark</i>	33,270	6.4%	0.7 (0.3)	0.2 (0.5)	13.0 7.6	6.1 2.9	13.0 7.6	6.0 3.3	- -	- -	5.1 2.5	5.0 2.5	28-Feb-17
Total Alternatives	48,282	9.3%	-	-	-	-	-	-	-	-	-	-	28-Feb-17
Real Estate - IRR <i>Real Estate Policy Benchmark - IRR</i>	21,228	4.1%	- -	0.0 0.0	6.4 6.8	5.0 5.6	6.4 6.8	4.8 3.9	- -	- -	5.6 4.9	5.6 4.9	31-Mar-17
Commodities <i>Commodities Policy Benchmark</i>	11,067	2.1%	6.0 6.0	5.2 5.2	58.1 58.3	38.1 38.3	58.1 58.3	(3.3) (1.5)	1.7 3.9	- -	1.3 4.0	1.7 3.9	30-Sep-16
TIPS <i>TIPS Policy Benchmark</i>	26,311	5.1%	(0.3) (0.4)	1.6 1.7	4.6 5.7	3.5 4.1	4.6 5.7	6.0 6.4	- -	- -	4.2 4.4	4.3 4.4	07-Mar-17
Total Real Assets	58,605	11.3%	0.9	1.6	14.1	10.1	14.1	3.6	4.9	-	4.5	4.9	30-Sep-16
U.S. Fixed Income <i>U.S. Fixed Income Policy Benchmark</i>	100,804	19.4%	(0.4) (0.7)	0.5 0.2	4.9 1.0	2.3 (0.6)	4.9 1.0	5.8 5.7	5.1 4.2	5.1 -	4.7 4.1	6.2 -	30-Jun-96
Total Fixed Income	100,804	19.4%	(0.4)	0.5	4.9	2.3	4.9	5.8	5.1	-	4.7	5.3	30-Sep-16
Opportunistic - IRR <i>Opportunistic Benchmark - IRR</i>	7,690	1.5%	- -	- -	10.4 15.3	- -	10.4 15.3	4.6 2.7	8.2 4.7	- -	7.7 3.4	8.2 4.7	30-Sep-16
Total Opportunistic - IRR	7,690	1.5%	-	-	10.4	-	10.4	4.6	8.2	-	7.7	8.2	30-Sep-16
Total Cash, Accruals, and Pending Trades	19,946	3.8%	0.1	0.2	1.0	0.7	1.0	1.0	1.0	1.0	1.0	1.0	30-Sep-09
The Wayne State University Foundation Portfolio (Net of Sub-Mgr Fees)	518,499	100.0%	(1.9)	(0.4)	22.6	10.0	22.6	10.2	9.7	8.5	9.8	7.6	30-Nov-95
The Wayne State University Foundation Portfolio (Net of Sub-Mgr and Strategic Fees)	518,499	100.0%	(2.0)	(0.4)	22.3	9.8	22.3	9.9	-	-	9.5	-	31-Mar-17
<i>Total Portfolio Policy Benchmark</i>			(2.4)	(0.5)	19.1	7.9	19.1	10.3	9.6	9.3	9.6	7.9	
<i>Total Portfolio Policy Benchmark (Net of Fees)</i>			(2.4)	(0.6)	18.9	7.8	18.9	10.1	-	-	9.4	-	