

A large, light gray watermark of the OSU Foundation logo is centered on the page. It features a circular border containing a stylized building with a steeple, flanked by laurel branches. Below the building, the text "OSU" is written in a large, serif font, with "FOUNDATION" and "est. 1961" in smaller fonts underneath.

2019-2020

ENDOWMENT
REPORT

FOUNDATION

est. 1961



6.7%

INVESTMENT RETURN

Read more about our investment strategy in the performance section.



>82%

OF STUDENTS RELY ON FINANCIAL ASSISTANCE



\$375M

BRIGHTER ORANGE, BRIGHTER FUTURE CAMPAIGN GOAL

The campaign will raise unprecedented levels of student scholarship support. Learn more at OSUgiving.com.



DEAR COWBOY FAMILY,

It is my pleasure to present your 2019-2020 Endowment Report! We're excited to share this update and hope it finds you well.

To say the past year was "unprecedented" may be an understatement. As we reflect on the resilience of the Cowboy family, especially in the midst of the global pandemic, we're inspired by the opportunities your generosity provided. From the highly anticipated opening of The McKnight Center for the Performing Arts and the naming of the Ferguson College of Agriculture, to breaking ground on the Greenwood School of Music building and the Ray and Linda Booker Flight Center, the face of OSU is transforming rapidly to keep up with the innovative and bright scholars welcomed to campus each year. This transformation accelerates the incredible impact made to solve many of our society's greatest challenges; from a global health crisis to racial injustice and inequality, Oklahoma State is passionately devoted to advancing our state, nation and world.

In fact, it is this land-grant mission that drives us forward. Your investment in the endowment for OSU provides a firm foundation so a degree from Oklahoma State can continue to inspire hope and confidence in our students and alumni. Last fall, we launched the Brighter Orange, Brighter Future campaign to ensure our students have the resources to thrive on their journey from enrollment to graduation and beyond. Together, we are dreaming as big as the sky and equipping generations to come for a limitless future.

I look forward to the success stories being written even as you review this report. Your passionate support sustains our momentum. Thank you for your incredible impact on the OSU community!

Go Pokes!

Blaire Atkinson

OSU Foundation President



P.S. Please visit OSUgiving.com/feedback to provide us your suggestions or reach out to Donna Koeppel, Vice President of Administration and Treasurer at 800.622.4678 or dkoeppel@osugiving.com.

uniting donor and university passions and priorities to achieve excellence

YOUR IMPACT

Thank you! Your investment allows OSU to continue impacting the world by providing a quality education to leaders of tomorrow. Endowed gifts are vital to OSU's long-term success because they provide a consistent, reliable source of support each year. Last year, OSU received \$24.9 million in spending from endowments - nearly a four-fold increase over the amount of spending provided a

decade ago - thanks to our dedicated donors. As OSU's endowment grows, so does our ability to promote knowledge, enrich lives and stimulate economic development. Our students and faculty rely on your generous support to advance OSU's land-grant mission through teaching, research and outreach. Together, we are creating a brighter ORANGE future.

TOTAL ENDOWMENT IN MILLIONS | FY10 - FY20



\$643.1M

TOTAL ENDOWMENT ON JUNE 30, 2020

| | |
|------|----------|
| FY19 | \$642.5M |
| FY18 | \$642.9M |
| FY17 | \$586.7M |
| FY16 | \$545.5M |
| FY15 | \$581.4M |
| FY14 | \$579.4M |
| FY13 | \$517.2M |
| FY12 | \$452.2M |
| FY11 | \$456.1M |
| FY10 | \$350.7M |

FY20 reflects pre-audited amounts

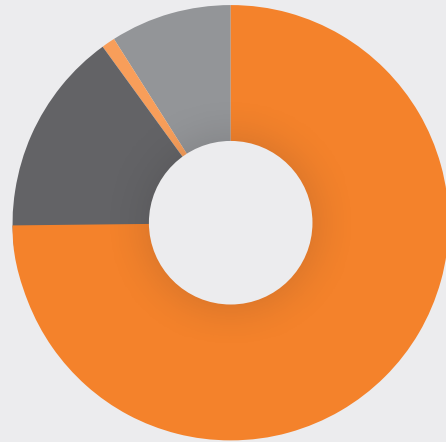
\$24.9M

TOTAL SPENDING AVAILABLE TO OSU IN FY20

3,621

TOTAL NUMBER OF ENDOWMENTS

BY AREA:

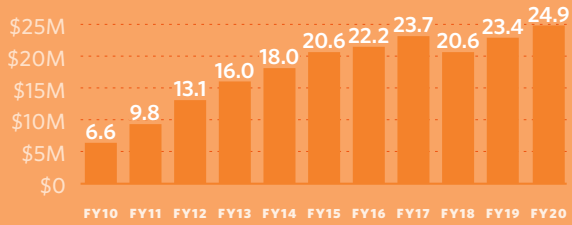


- STUDENT SUPPORT 75%
- FACULTY & RESEARCH 15%
- FACILITIES 1%
- PROGRAM OPERATIONS 9%

{  6,638  }

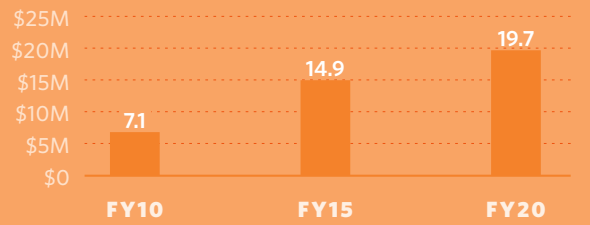
STUDENTS BENEFITED FROM PRIVATE SCHOLARSHIP SUPPORT IN FY20

ENDOWMENT SPENDING AVAILABLE



A goal of the Pooled Investment Fund is to achieve investment performance that supports stable annual spending policy distributions to OSU. The spending policy amount is reviewed regularly by the Investment Committee and approved by the Foundation Board of Trustees. The policy was revised in FY17 with changes effective in FY19. For more information visit OSUgiving.com/stewardship.

TOTAL SCHOLARSHIPS AWARDED



Scholarships help offset the increasing cost of higher education and provide hope for a brighter future to students across the OSU System. This graph represents the increase in OSU scholarships awarded over the past decade. Need-based scholarships remain the university's top fundraising priority. To learn more visit OSUgiving.com.

ESTIMATED TOTAL COST TO ATTEND OSU UNDERGRADUATE 2020-21 ACADEMIC YEAR



ESTIMATED TOTAL COST TO ATTEND OSU GRADUATE 2020-21 ACADEMIC YEAR

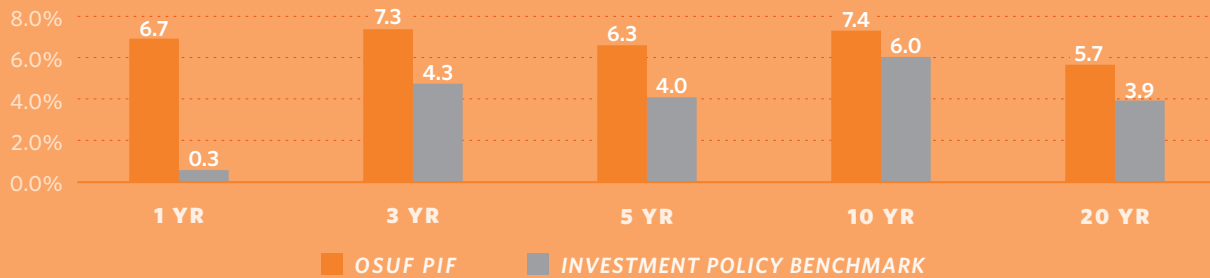


PERFORMANCE

Endowment gifts for the benefit of Oklahoma State University are placed in the Pooled Investment Fund (PIF). The OSU Foundation Board of Trustees and its Investment Committee have adopted an investment strategy to preserve the long-range purchasing power of the endowments while prudently managing risk. It is this strategy that enabled us to achieve a 6.7% return despite the turbulent market environment present during the third and fourth quarters of FY20. The Multilateral Endowment Management Company (MEMCO), which the Board of Trustees established in June 2019 to manage the investments of the OSU Foundation, was well-positioned for the drawdown in equity

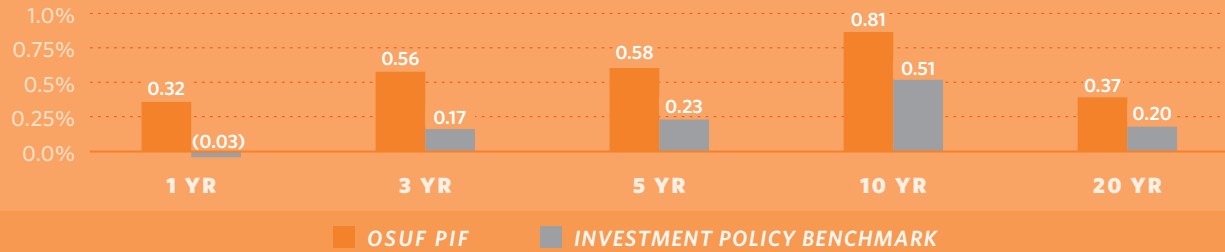
markets. As markets sold off in late February and March, OSUF added over 15% of equity exposure, much of which has now been realized as gains. MEMCO and the Investment Committee remain committed to maintaining a diversified portfolio that exhibits significantly less risk than the global equity markets. It is our view that a properly constructed, risk-controlled portfolio is able to achieve long-term equity-like returns with less risk of significant drawdowns, ultimately providing consistent support to Oklahoma State University. For more information about MEMCO visit OSUgiving.com/stewardship.

HISTORICAL RETURNS VS. INVESTMENT POLICY BENCHMARK



The Investment Policy Benchmark, which is approved by the Investment Committee, is a passive, non-investable portfolio representative of the exposures and risk level in the PIF, and is used to measure the value added by active management. While performance for several years around the global financial crisis fell short of expectations, both recent performance and longer-term performance has been strong relative to portfolio benchmarks. In FY 2020, the PIF returned 6.7%, outperforming the Investment Policy Benchmark by 6.4% on the heels of strong manager selection. While comprehensive peer data is not yet available, published results report that the median peer endowment is expected to return around 2%.

HISTORICAL SHARPE RATIOS VS. INVESTMENT POLICY BENCHMARK



While absolute returns are important, it is also appropriate to consider the amount of risk taken to achieve those returns. Thus, the Investment Committee and MEMCO regularly measure the Sharpe ratio, which indicates the amount of return produced for each unit of risk taken. Figures in the above graph were calculated based on quarterly standard deviations. Over long time periods, the PIF has generated superior risk-adjusted returns relative to the Investment Policy Benchmark, with outperformance accelerating in recent years.

ASSET ALLOCATION BY STRATEGY

JUNE 30, 2020

| Allocations | 6/30/20 | Neutral | (Under)/Over |
|-----------------------------------|--------------|--------------|--------------|
| Fixed Income & Cash | 16.3% | 10.0% | 6.3% |
| Relative Value Hedge Funds | 14.0% | 15.0% | -1.0% |
| Total Capital Preservation | 30.3% | 25.0% | 5.3% |
| Real Assets | 3.9% | 5.0% | -1.1% |
| Directional Hedge Funds | 19.4% | 15.0% | 4.4% |
| Long-Only Equities | 18.5% | 35.0% | -16.5% |
| Private Equity | 28.0% | 20.0% | 8.0% |
| Total Capital Appreciation | 69.7% | 75.0% | -5.3% |

OSUF is committed to using valuations as a guide for our equity exposure. At the February equity market peak, when markets were expensive, the OSUF portfolio had an equity exposure of 41%. As markets sold off in late February and March, OSUF added over 15% of equity exposure, much of which has now been realized as gains. After the fastest rebound in history, equity markets again appear to be expensive. In turn, the OSUF portfolio is again underweight equity and overweight cash.



FOR INVESTMENT INFORMATION PLEASE CONTACT:

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Please see the back of your endowment reports for a glossary of terms.



