

2022-2023  
E N D O W M E N T  
R E P O R T

FOUNDATION  
est. 1961



>88%

**OF STUDENTS RELY ON  
FINANCIAL ASSISTANCE**

\$30.5M

**TOTAL SPENDING  
AVAILABLE TO OSU IN FY23**

+7.68%

**INVESTMENT  
RETURN**

*Our Mission: Unite donor passions with university priorities to elevate the impact of OSU*

## 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 \$30.5 million in spending from endowments – 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 | FY14 - FY23



# \$938.7M

TOTAL ENDOWMENT ON JUNE 30, 2023

FY22	\$822.3M
FY21	\$813.9M
FY20	\$648.5M
FY19	\$642.5M
FY18	\$642.9M
FY17	\$586.7M
FY16	\$545.5M
FY15	\$581.4M
FY14	\$579.4M

FY23 reflects pre-audited amounts

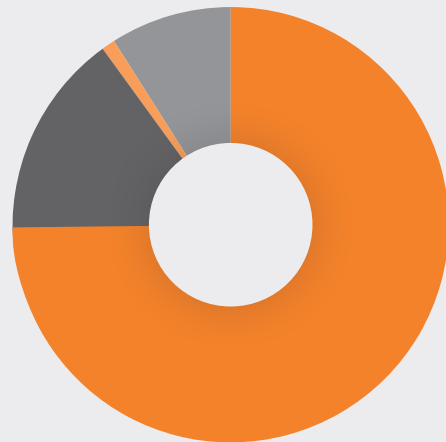
# \$30.5M

TOTAL SPENDING AVAILABLE TO OSU IN FY23

# 4,022

TOTAL NUMBER OF ENDOWMENTS

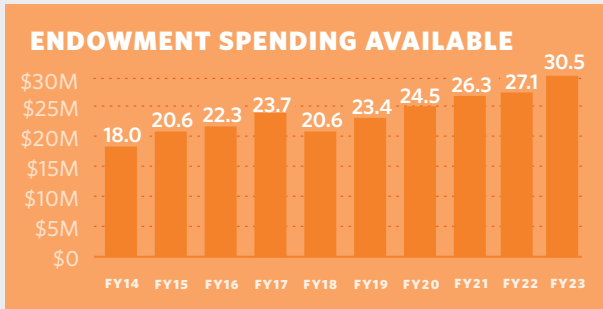
### BY AREA:



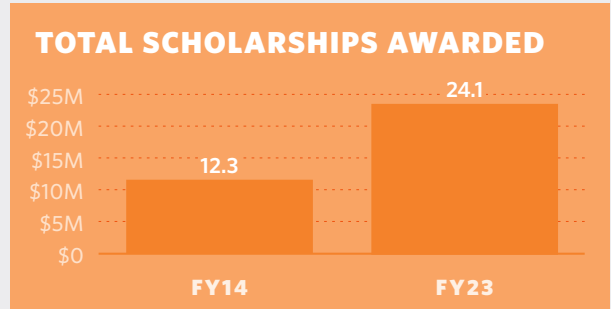
- STUDENT SUPPORT ..... 76%
- FACULTY & RESEARCH ..... 14%
- FACILITIES ..... 1%
- PROGRAM OPERATIONS ..... 9%

{    7,710    }

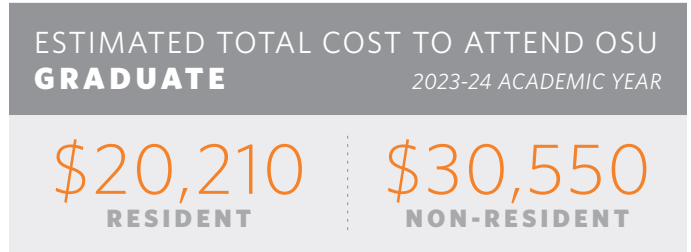
**STUDENTS BENEFITED FROM PRIVATE SCHOLARSHIP SUPPORT IN FY23**



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/endorowments](https://OSUgiving.com/endorowments).



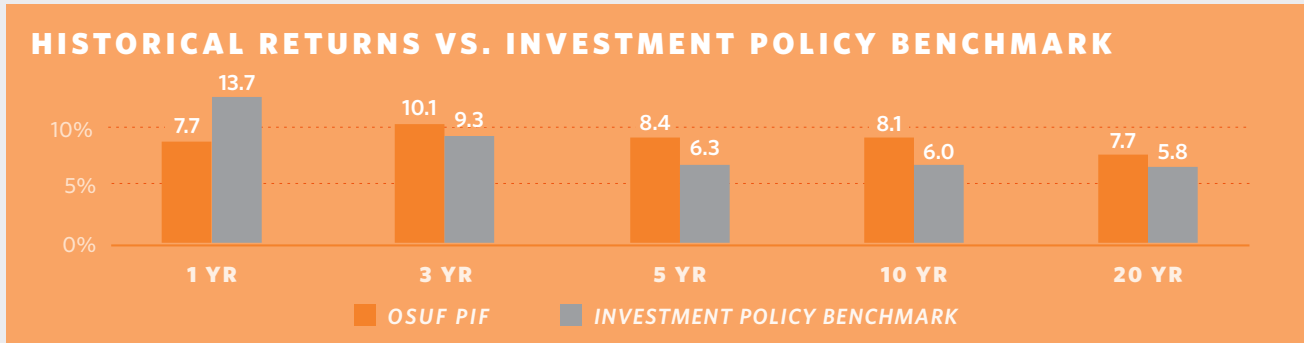
Scholarships help offset the increasing cost of higher education and provide hope for a brighter future to students across the OSU System. This graph represents the increase in OSU scholarships awarded over the past decade. Need-based scholarships remain the university's top fundraising priority. To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



## PERFORMANCE

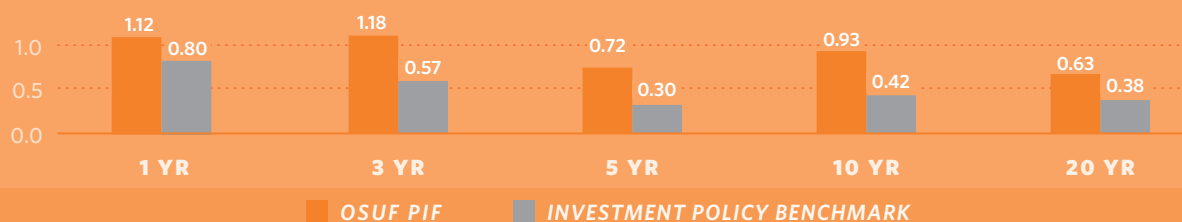
Endowment gifts for the benefit of Oklahoma State University (OSU) are placed in the Pooled Investment Fund (PIF). The OSU Foundation Board of Trustees and its Investment Committee have adopted an investment strategy to preserve the long-term purchasing power of the endowments while prudently managing risk. The portfolio is overseen and managed by Multilateral Endowment Management Company (MEMCO), which the Board of Trustees established in June 2019 to manage the OSU Foundation's investments. The PIF delivered +7.7% in

FY 2023, as public equity markets recouped losses from their FY 2022 drawdown. MEMCO and the Investment Committee remain committed to maintaining a diversified portfolio that exhibits significantly less risk than 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 OSU. For more information about MEMCO, visit [OSUgiving.com/endorowments](https://OSUgiving.com/endorowments).



The Investment Policy Benchmark (IPB), 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. After delivering strong outperformance in FY 2022, the PIF lagged the IPB, which earned +13.7% in FY 2023. Despite the modest underperformance this year, as shown in the graph above, the PIF has generated strong excess returns over longer periods.

## 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. The Investment Committee and MEMCO regularly measure the Sharpe ratio, which indicates the amount of return produced for each unit of risk taken. As shown in the graph above, the PIF continues to generate superior risk-adjusted returns relative to the IPB.

## ASSET ALLOCATION BY STRATEGY

JUNE 30, 2023

Allocations	6/30/23	Neutral	(Under)/ Overweight
<b>Capital Appreciation</b>	<b>82.1%</b>	<b>85.0%</b>	<b>-2.9%</b>
Public Equity & Alternatives	24.9%	35.0%	-10.1%
Private Investments	40.0%	35.0%	5.0%
Other Directional Strategies	17.3%	15.0%	2.3%
<b>Capital Preservation</b>	<b>18.3%</b>	<b>15.0%</b>	<b>3.3%</b>
Relative Value Strategies	10.4%	10.0%	0.4%
Global Fixed Income	4.7%	3.0%	1.7%
Cash & Cash Alternatives	2.9%	1.5%	1.4%
Portfolio Hedges	0.3%	0.5%	-0.2%

After a challenging equity market last fiscal year, markets gained momentum in FY 2023, particularly during the second half of the year. The Federal Reserve remained in the spotlight, as they publicly battled against the inflation that was spawned by the COVID stimulus response. Early results have been encouraging, as inflation declined from over 9% in June 2022 to only 3% in June 2023. Global equities responded positively, gaining +12.8% over the second half of the year, as market participants welcomed the clearer path forward for rates, along with widespread optimism around Artificial Intelligence (AI). OpenAI's ChatGPT release in December 2022 marked the fastest technology adoption in history, reaching 100 million users in only two months. Investors quickly rallied around this theme, with seven large tech companies accounting for almost the entirety of U.S. equity market gains through the first half of 2023. However, at the same time, the U.S. economy is slowing, stoking fears of a potential "hard landing," and a likely U.S. recession within the next 12 months. Accordingly, the PIF remains modestly underweight risk assets, given our view of elevated equity valuations and numerous macroeconomic risks. While it is difficult to predict what markets may bring in the near-term, the PIF has been constructed to outperform in a wide variety of scenarios, and we remain confident in its ability to meet the needs of OSU over the long-term.

Balances reflect final capital statements and estimates received as of 8/28/2023. Gross exposures are >100% due to the use of equity futures, which are not fully collateralized.

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



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