



WAYNE STATE UNIVERSITY

Investors Forum
December 4, 2018

Agenda

1. Wayne State University Foundation Overview
2. Portfolio Asset Allocation and Investment Performance
3. Strategy and Outlook
4. Peer Group Comparisons
5. Closing Remarks



The Wayne State University Foundation and Investment Committee oversees the Endowment assets

- The Wayne State University Foundation was established by the University's Board of Governors in 2000 to develop a centralized means of encouraging and managing financial support by private sources.
- The Foundation seeks to promote advocacy and generate meaningful financial support from private sources as an essential supplement to state appropriations, tuition and research related income.
- This private support allows the University to provide its students, faculty and researchers with opportunities for learning and discovery that otherwise would not be possible.
- The Investment Committee assists the Wayne State University Foundation Board with all investment related decisions, including policy and strategic planning, annual spending rate review, and oversight of the Outsourced Chief Investment Officer (OCIO)



Investment Committee Members

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

Mr. William Decatur
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

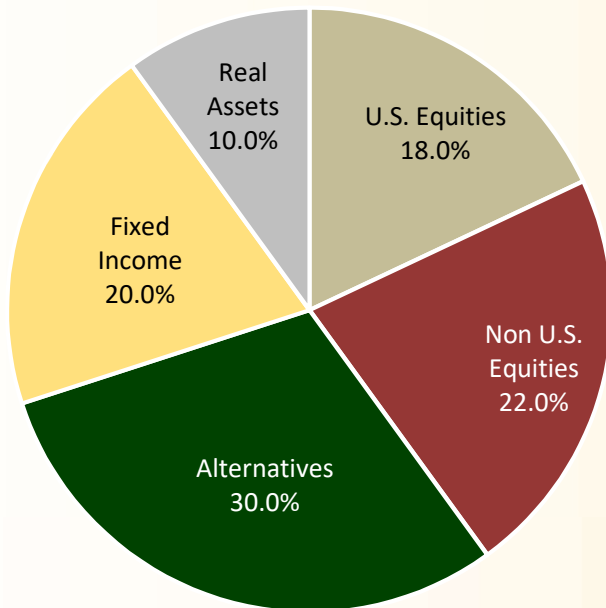
Mr. James C. Roumell (Chair)
President, Roumell Asset Management, LLC

Mr. Frederick J. Sievert
Retired President, New York Life Insurance Company

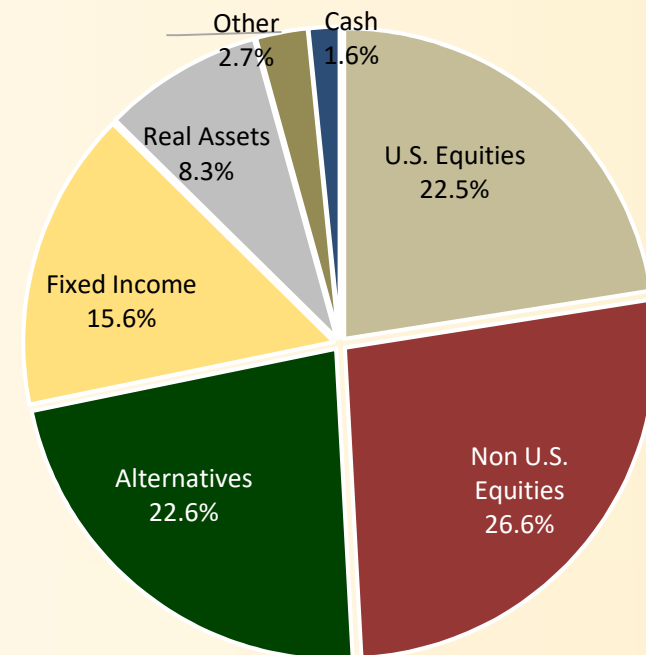


Current asset allocation is in line with the Long-Term Policy allocation and reflects current valuation tilts

Policy Asset Allocation*



Actual Asset Allocation*



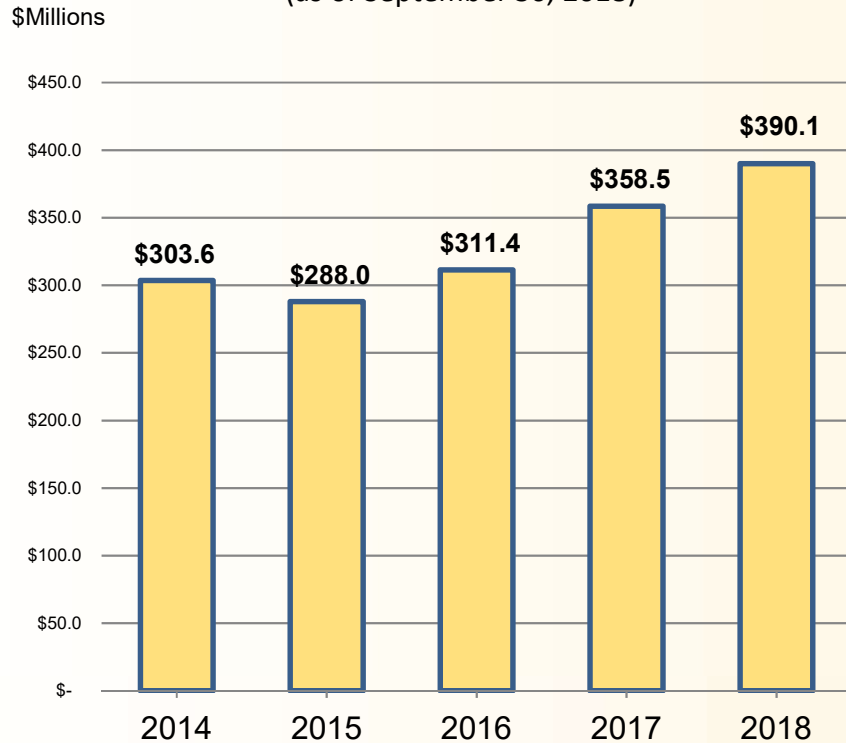
*As of September 30, 2018 (unaudited)

*Private Equity allocation is not yet fully funded. Committed funds are currently invested in U.S. Equities

Continued growth and strong performance of Foundation's Endowment Portfolio provides funds to support the University's students now and in the future

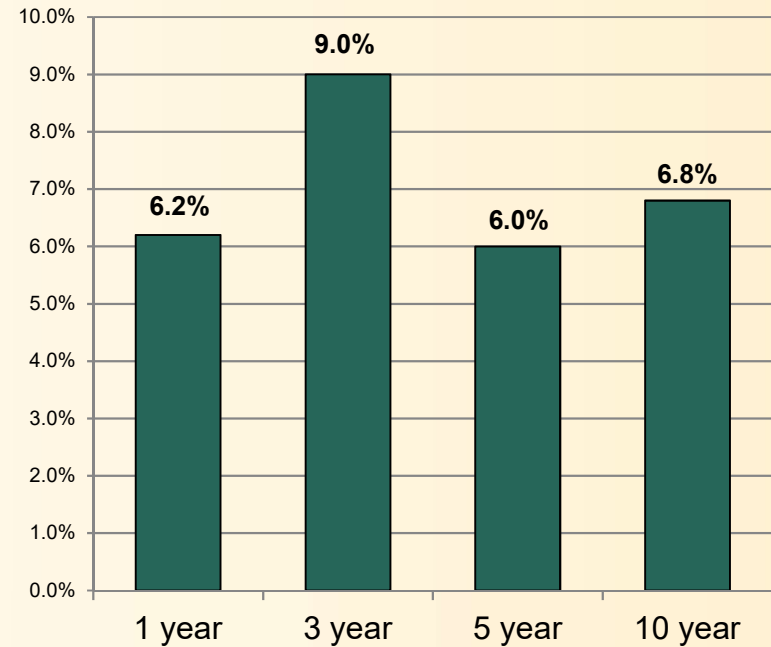
Total Investments*

(as of September 30, 2018)



Performance**

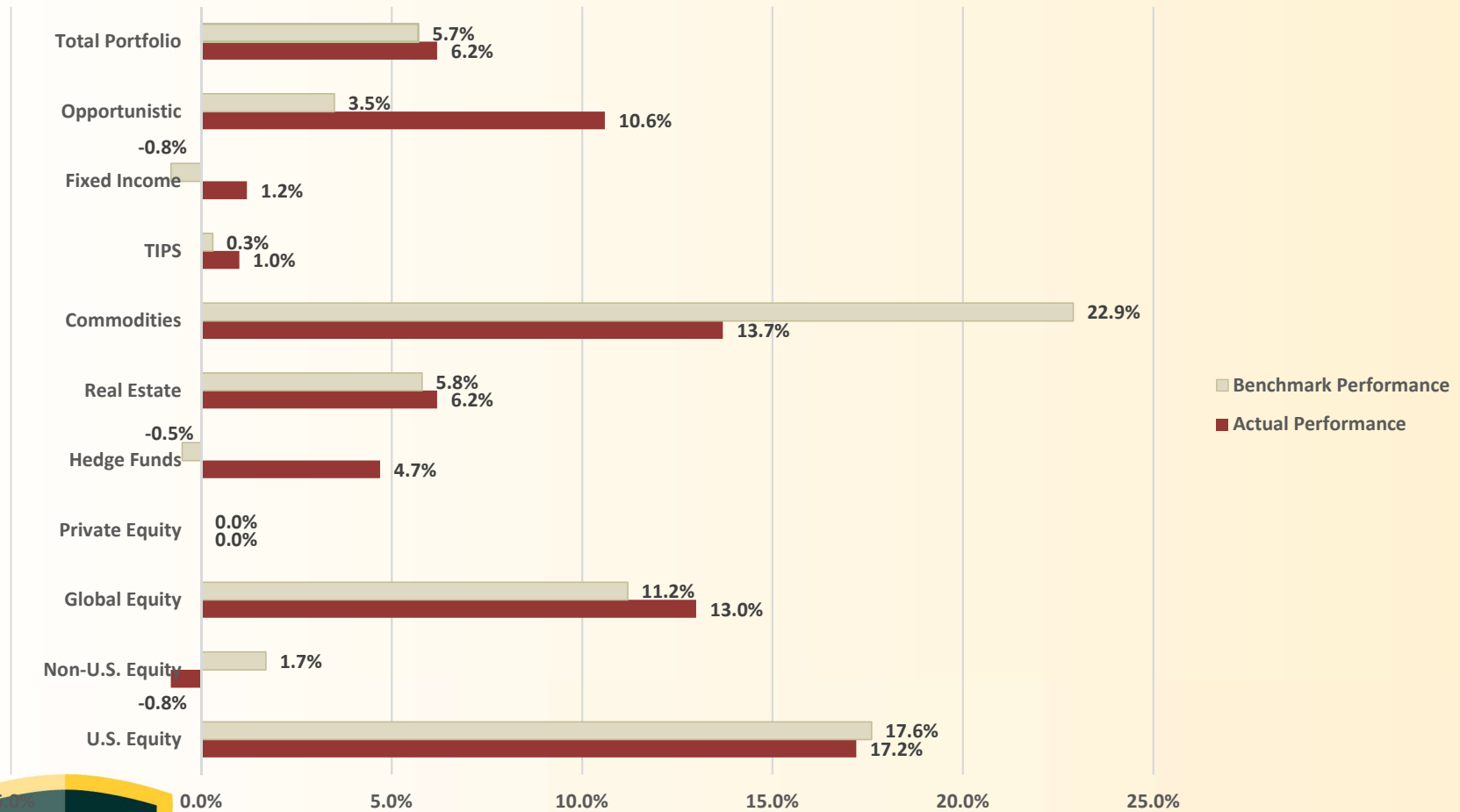
(as of September 30, 2018)



* Common Trust Fund (CTF) investments.

** The current investment policy with Strategic Investment Group was incepted on March 31, 2017. One year performance is shown net of sub-manager and Strategic fees. Three, five, and ten year annualized performance figures are shown net of sub-manager fees.

The endowment total portfolio outperformed the benchmark for FY2018 although there was variability by asset class



Fiscal year portfolio and policy benchmark performance figures are shown as of 09/30/2018 (unaudited).

The endowment portfolio's performance results reflect 2018's global economies and markets divergence

Asset Class	FY2018 Performance
U.S. Equities	Major U.S. equity markets reached new highs with record long rally due to strong economic growth, low inflation, easy monetary policy. Growth stocks have outpaced value, technology sector outpaced other sectors.
Non-U.S. Equities	Developed and EM equities have lagged the U.S. this year largely reflecting the weakness of their economies. Global Equity manager in portfolio has consistently beat the benchmark.
Alternatives*	The Hedge Fund portfolio outperformed its benchmark as rising dispersion and widening valuation create positive environment for security selection. Credit value and credit long/short strategies generated positive returns on an absolute basis as well as versus the benchmark.
Real Assets	Commodities performed well in absolute terms but relative returns lagged the benchmark. TIPS returns were close to flat and real estate slightly underperformed.
Fixed Income	Active credit managers have contributed to positive fixed income returns.

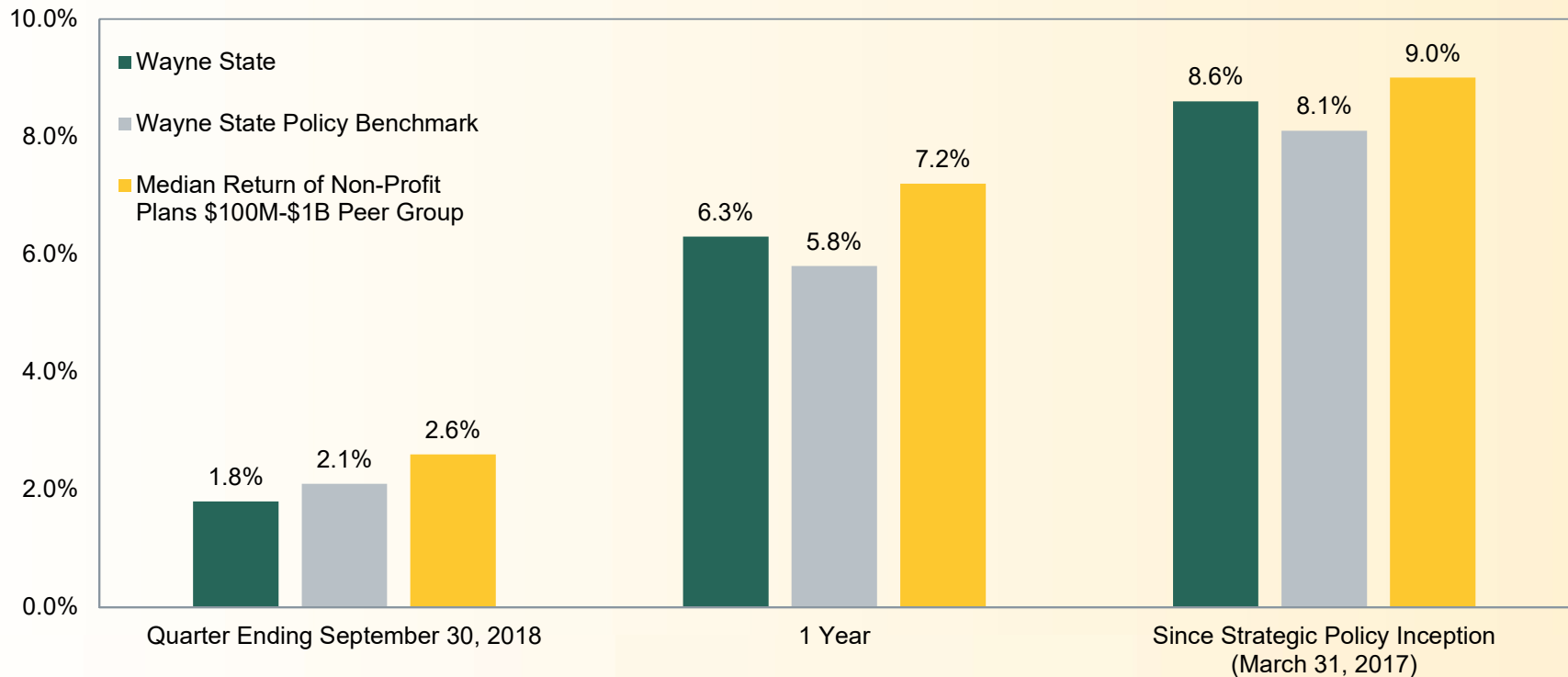
*Includes Opportunistic strategies

For FY 2019, the current conservative stance of the endowment portfolio is considered appropriate given the opportunities and challenges of the current environment

- Risk friendly economic optimism is gradually giving way to end-of-cycle caution
 - Strategic does not believe that recession is imminent
- Any deviations from long-term allocation targets are guided by a disciplined valuation-based framework, and adjustments are implemented overweights and underweights to policy targets

Asset Class	Portfolio Strategy
U.S. Equities	Underweight: U.S. equities are richly priced. Monetary policy tightening and policy uncertainty are likely to become headwinds.
Non-U.S. Equities	Overweight: Non-U.S. equity valuations are more attractive than U.S. equities and the asset class remains attractive relative to bonds.
Alternatives	Overweight to Neutral: Hedge Funds should find improved fundamental opportunity as sharp macro forces abate.
Real Assets	Underweight: Real estate valuations consistent with low bond yields but provides solid diversification. TIPS yields still very low, while commodities valuations are largely in line with long-term trends.
Fixed Income	Underweight: Government bond yields continue to be low relative to history; U.S. corporate spreads continue to be tight; Active management remains an attractive option in some less efficient segments.

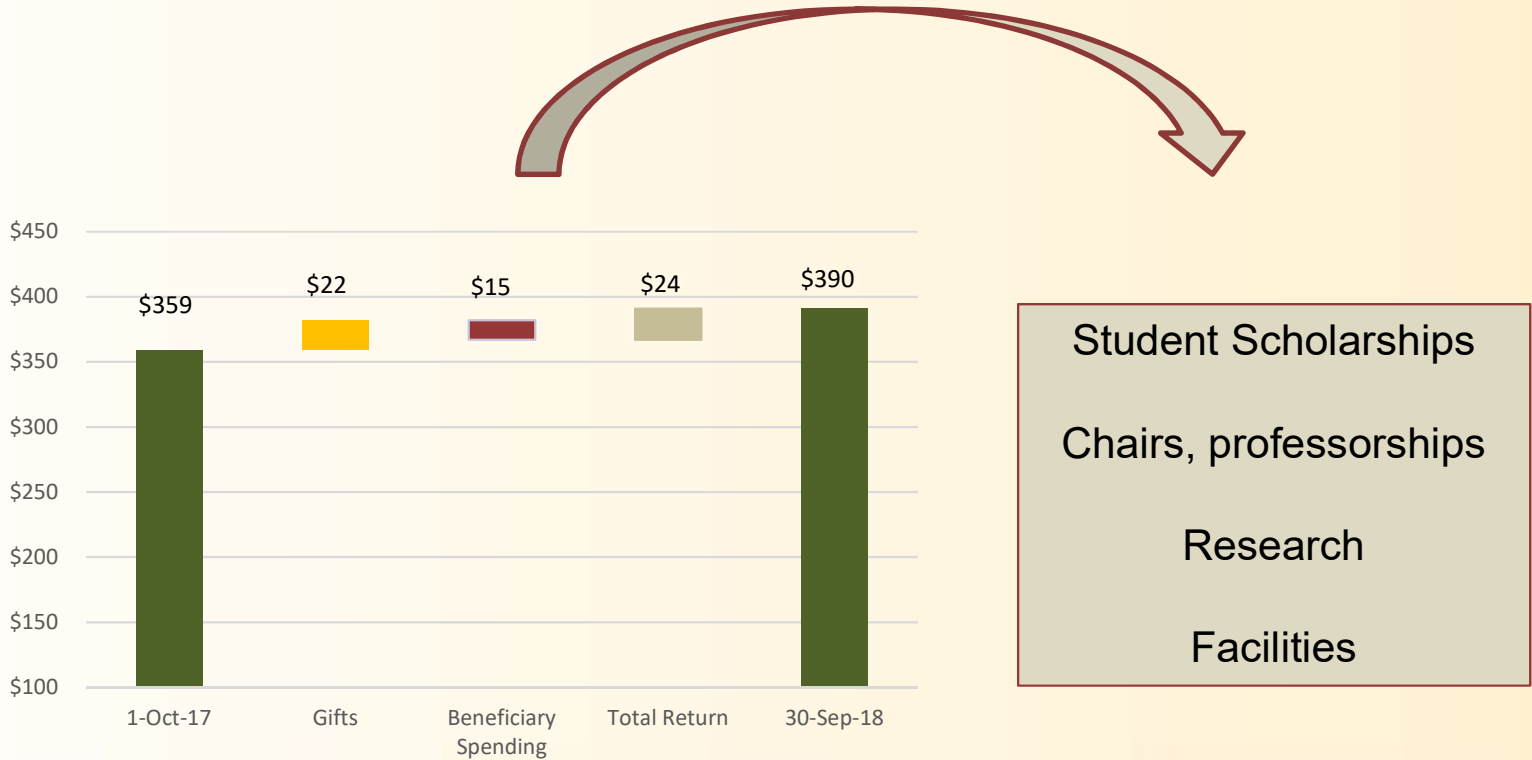
Peer group comparisons of investment performance indicate that the Foundation's performance is near peer returns and above policy benchmark returns.



Note: Wayne State's peer group is the Wilshire TUCS Non-Profit Plans - \$100M to \$1B peer group. As of 09/30/2018, the peer group is comprised of 54 peer institutions. The number of peer institutions in a peer group may vary due to report timing. Wayne State total portfolio and policy benchmark returns are shown net of sub-manager and Strategic fees.

Donor gifts and investment return continue to provide increasing support to students

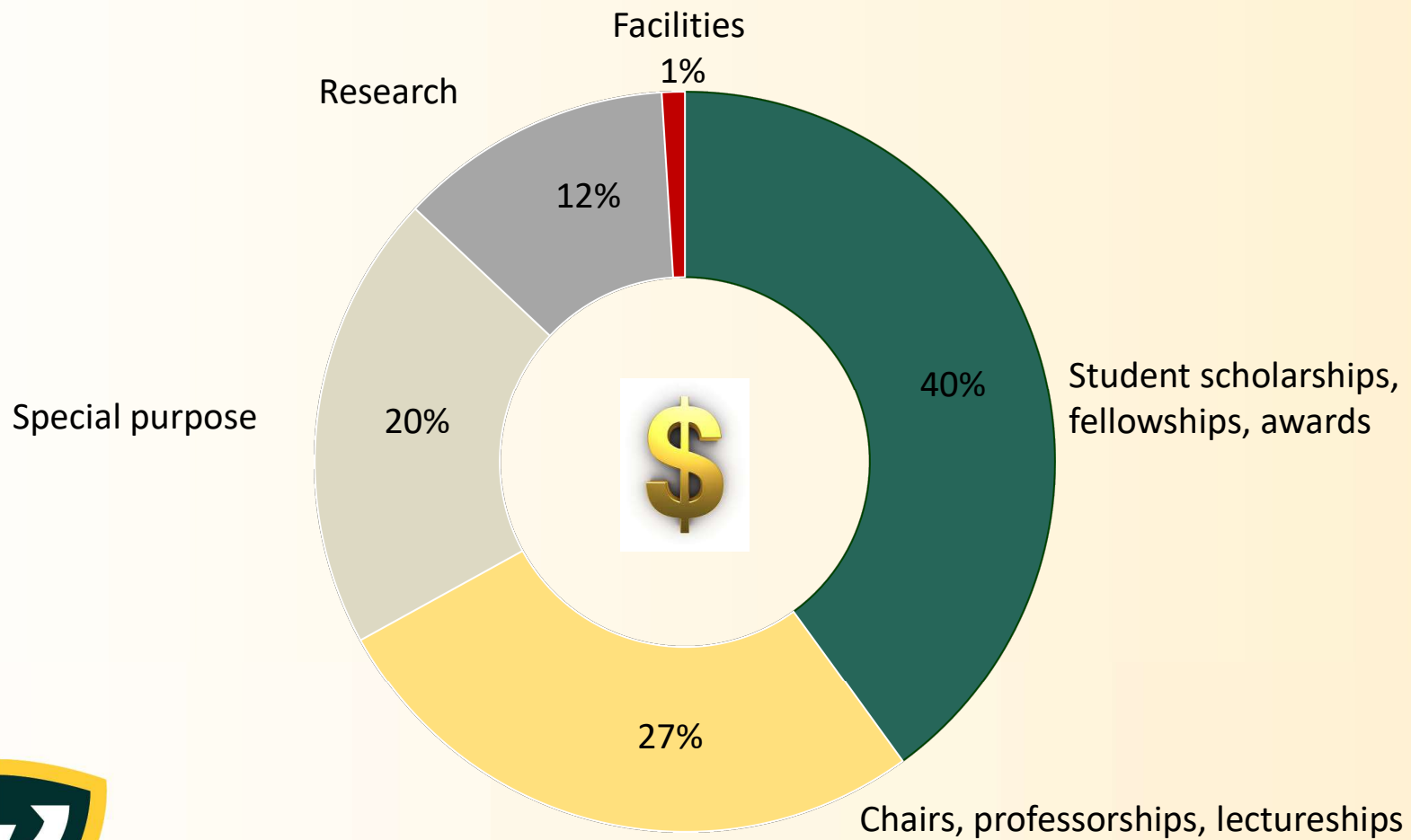
\$millions



The distribution rate from the endowment to beneficiary spending accounts is 4.5 percent, of the 3 year moving average market value

Source: FY2018 unaudited financial results

The endowment provides annual income to support numerous University programs

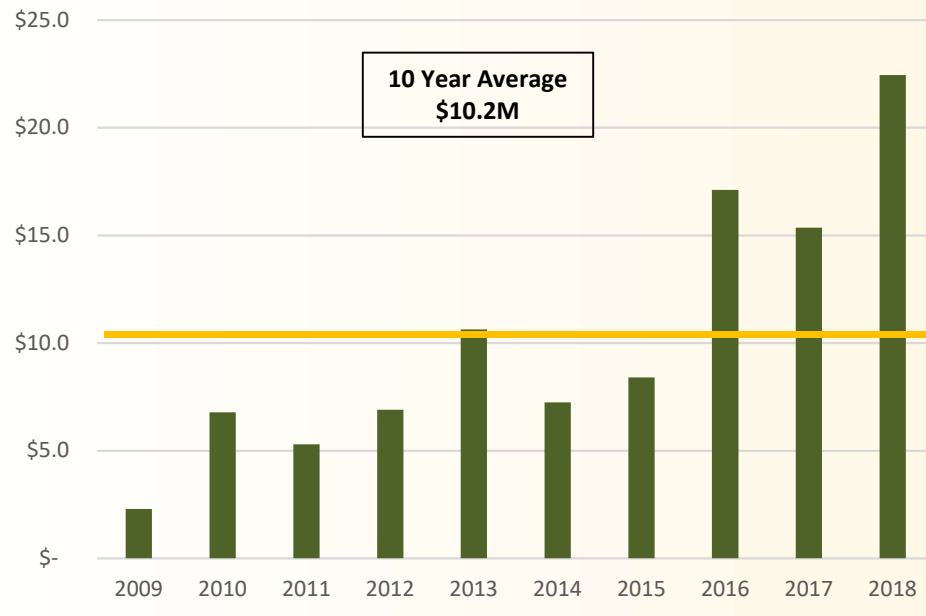


Source: June 2018

Gifts and Beneficiary Distributions History

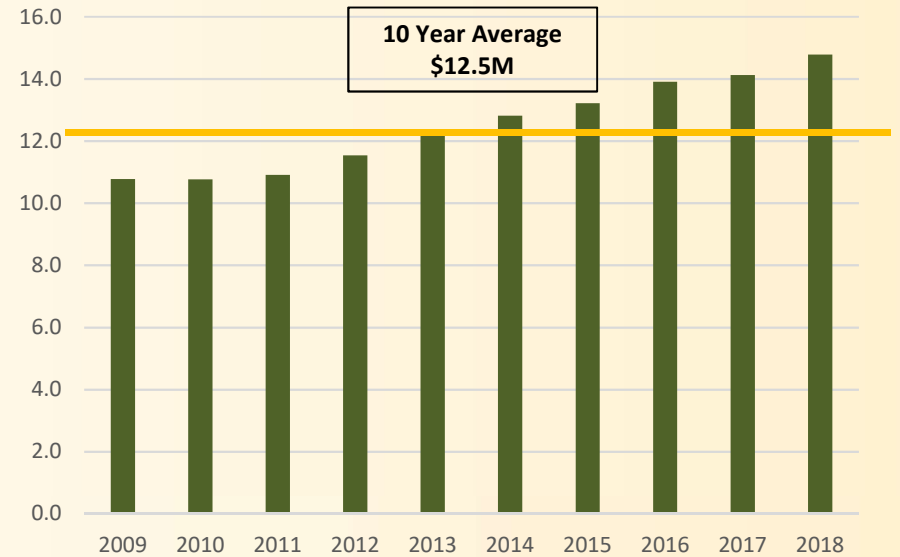
(\$ millions)

Gifts Received by Fiscal Year



(\$ millions)

Distributions to Beneficiary Accounts by Fiscal Year



Source: FY2018 unaudited financial results which contain some estimates

**Thank you for your continued
support!**

