

**ENDOWMENT
FINANCIAL REPORT
FISCAL YEAR 2024**

**WISCONSIN
FOUNDATION AND
ALUMNI ASSOCIATION**



CEO's Message

Greetings,

We are grateful for your generous support of endowed funds at the University of Wisconsin–Madison. Through your endowed gift, you have created a permanent legacy. Endowed funds at UW–Madison fuel groundbreaking research, empower talented students, and improve lives. Thank you for entrusting us with your gift.

I hope you enjoy the new format and financial statements, which were designed based on donor feedback. This report represents fiscal year 2024 – July 1, 2023 through June 30, 2024. Chief Investment Officer Michael Stohler's companion letter covers the performance and broad sources of attribution for our funds.

Under Mike's leadership, we have reshaped our strategy and enhanced and evolved the people, platforms, and partnerships that ultimately drive performance. Relative to our history, our new strategy is a more concentrated, equity-oriented portfolio with a higher proportion of private markets investments.

We have rebranded our investment division as the "Wisconsin Investment Management Company," or WISIMCO, which is a name analogous to those of investment divisions at other major public universities. This new brand will improve our visibility with the fund management community that generally sees endowments as the best long-term partners due to the perpetual nature of capital.

We remain pleased by the quality of our partners and the relationships we have formed, as well as the quality of the other investors in these funds. I continue to trust the expertise of Mike and the entire WISIMCO team as they focus on growing the impact of gifts on the university and programs our donors have chosen to support.

WFAA's investment performance and development results continue to drive ever greater impact to campus. In FY24, we transferred a record \$456.3 million to UW–Madison. These critical philanthropic resources are being put to work in donor-designated UW units and affiliates to support research, scholarships, educational programs, facilities, and other vital activities. Thank you for making this incredible work possible.

We appreciate your support, and we remain committed to delivering strong performance and exemplary stewardship, all in support of one of the world's great universities.

On, Wisconsin!



Mike Knetter
CEO

Wisconsin Foundation and Alumni Association

Endowments at the Wisconsin Foundation and Alumni Association



An endowed fund is established with a gift from a generous donor.



Through prudent management by the investment staff and board, the endowed funds grow to support annual distributions.



The distributed income supports needs as designated by the donor.

An endowment is an investment in future generations. Endowed funds are managed as long-term investments to provide annual income in perpetuity. Once established, these funds offer an immediate and future impact. The goal is to have a consistent, everlasting, and high-quality influence on the university's and its partners' missions. This is accomplished through support for scholarships, fellowships, research, patient care, professorships, chairs, and other programmatic funds. Individual endowed funds are combined and invested within the endowment pool, and each endowed fund owns units in the pool.

INVESTMENT GOALS

For endowed funds to remain impactful, purchasing power needs to be preserved over the long term. Therefore, the investment return seeks to outpace the spending rate and inflation. The portfolio is appropriately diversified across asset classes while concentrating capital alongside the endowment's strongest investment managers and their best ideas. The endowment is invested in a mix of growth and value-oriented investments across the globe, focusing on areas where the Foundation's investment team sees the greatest risk-adjusted opportunity.

pay out, which annually distributes 4.5 percent of the endowment's average market value over the previous 16 quarters. The investment team and investment committee continually monitor the endowment pool's performance. The current return objective, reviewed annually by the board, is to achieve an annualized return of 6.6 percent over a complete market cycle (typically a five- to 10-year period).

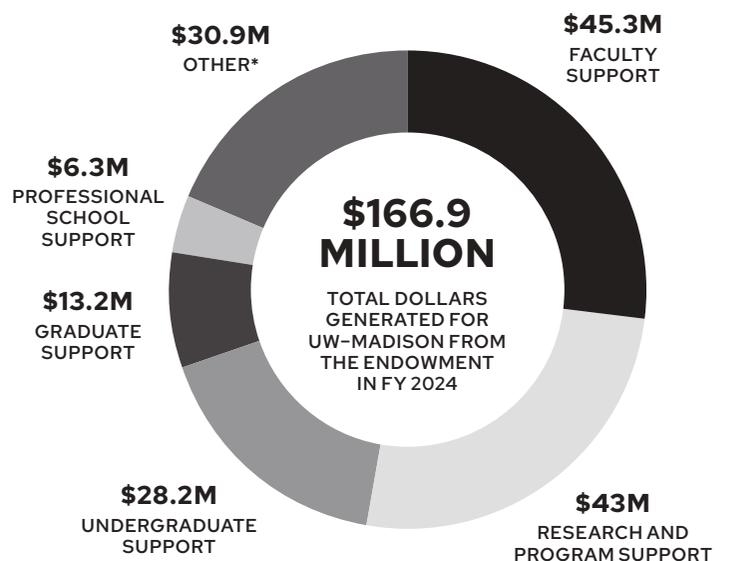
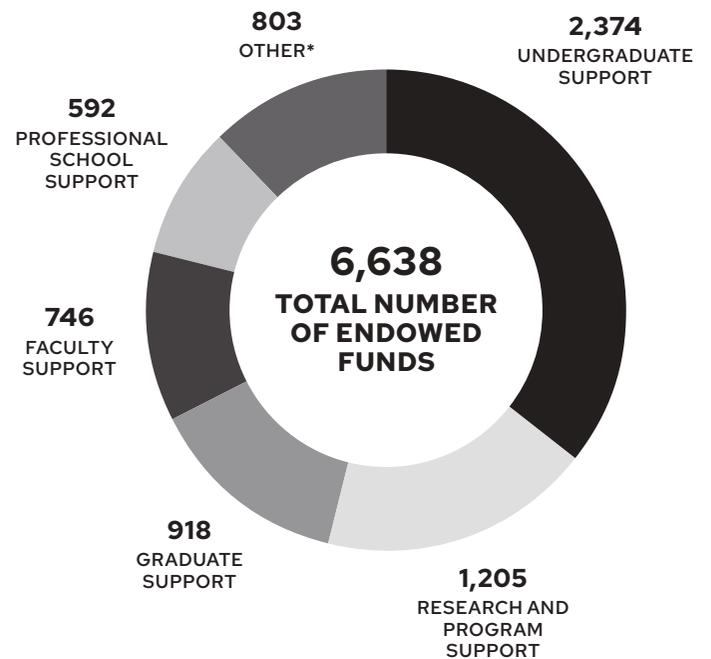
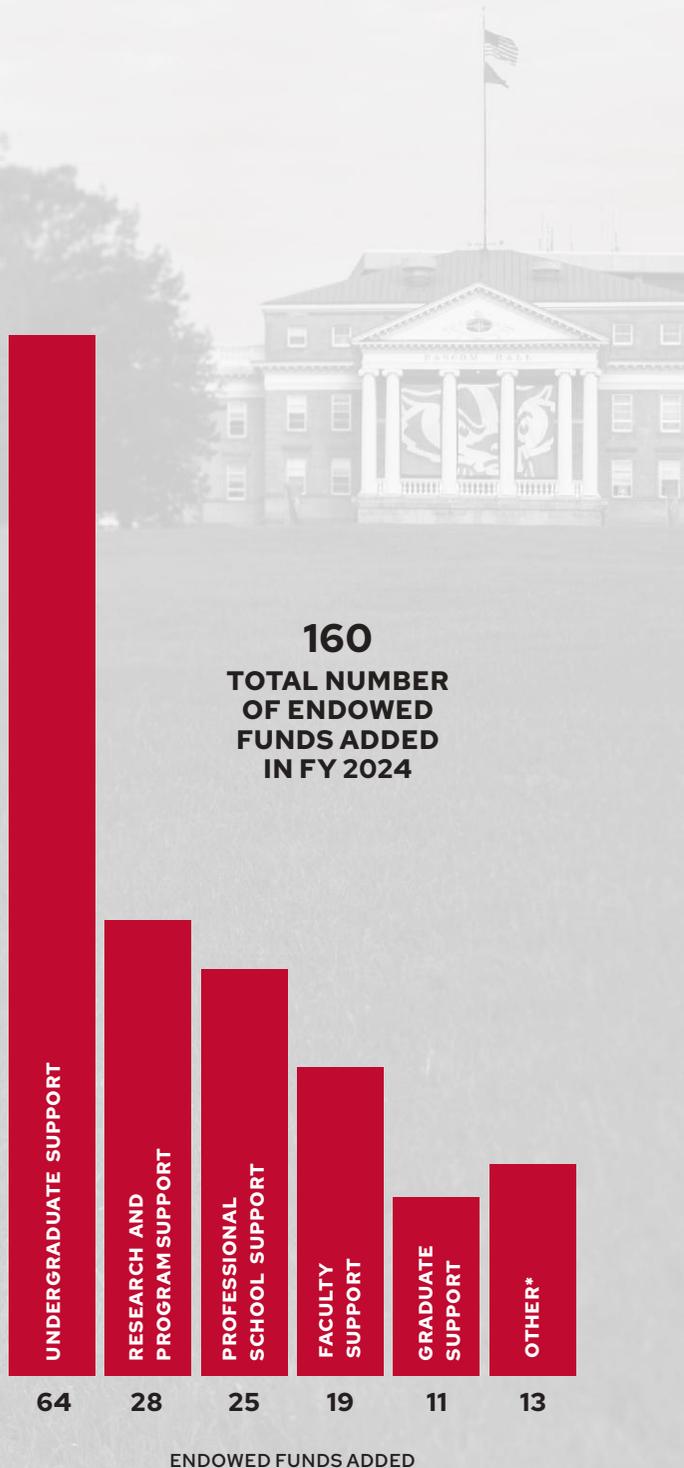
COMMITMENT

Foundation staff and the investment committee are focused on responsibly stewarding and investing philanthropic gifts. In addition to the ongoing responsibility of monitoring the asset-allocation targets and annually reviewing the long-term expected return, the Foundation is committed to running a high-performing investment operation. The focus continues to be on investing gifts so their impact is meaningful and transformative for many years to come.

SPENDING POLICY

Endowed funds provide a stable and consistent stream of income to provide support in perpetuity. Because the endowment pool performance fluctuates in the short term, the Foundation uses a spending policy to help stabilize the income stream over time. This determines the endowment

FISCAL YEAR 2024 ENDOWMENT SNAPSHOT



**Now includes discretionary funds, which were formerly included in research and program support.*

Investing in the Future

One of the secrets to long-term success is knowing what's important. Your charitable planning demonstrates your understanding of what's at stake. What we do here together is changing Wisconsin and the world. **Thank you for helping us build a better future.**



Progress isn't possible without thoughtful planning, ongoing collaboration, and essential investment in building an environment that attracts talent and gives it space to flourish. Your generosity is part of a powerful, collective endowment that is making a difference across the university by bolstering research, medicine, athletics, professorships, and scholarships and offering access to vital opportunities.

It takes each of you to create this level of innovation and evolution.

Thanks to a vibrant culture in which we strive for excellence, in FY 2024, the UW saw \$43 million in research awards, and our endowment exceeded \$4.3 billion. You make it possible for the university to support exceptional people, amplifying the unmatched potential of Wisconsin and changing the world through transformational pursuits.

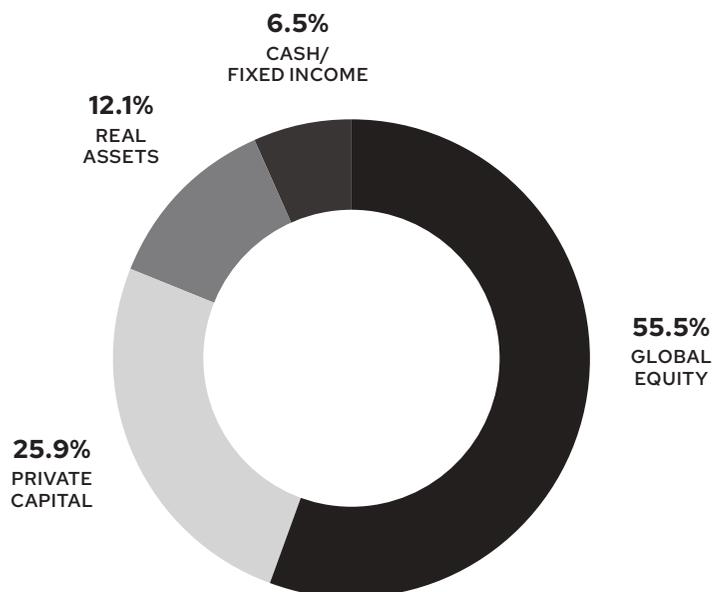
Your endowments have made a UW education possible for tens of thousands of students. These generous funds aid in the recruitment and research of some of the world's leading minds, supporting faculty members across every college, school, and program at the university. The collective endowment builds the foundation for groundbreaking discoveries and advancements.



INVESTMENT PERFORMANCE AND ASSET ALLOCATION

ASSET ALLOCATION

AS OF JUNE 30, 2024



INVESTMENT PERFORMANCE*

ANNUALIZED FOR PERIODS ENDING JUNE 30, 2024

1 YEAR	14.7%
3 YEARS	3.8%
5 YEARS	8.2%
10 YEARS	6.6%

**Net of external manager fees*

Investments

Perspective

Our endowment's equity orientation resulted in strong investment performance in fiscal year 2024. Public equities, both global and domestic, performed well against a backdrop of easing inflation, with the MSCI All Country World IMI returning +18.4 percent and the S&P 500 returning +24.6 percent. These strong returns persisted despite ongoing and new geopolitical events dominating headlines.

During fiscal year 2024, the Wisconsin Foundation and Alumni Association (WFAA) endowment portfolio returned +14.7 percent, outperforming our policy benchmark by 280 basis points and the 70/30 global stock/bond blend by 170 basis points. Our strong relative performance was driven by above-benchmark returns in both public and private markets.

Over the last 10 years, the endowment returned +6.6 percent per annum, above the spending and fee hurdle but short of our return target when factoring in inflation effects. As stewards of endowed resources, our team is focused on providing real growth and supporting the university's purchasing power for years to come.

This letter marks three years since I joined the organization. In that time, we've bolstered our investment team, reshaped the portfolio, and built strong relationships with high-quality, top-performing investment managers. Additionally, we're leveraging the University of Wisconsin-Madison community to enhance our investment research, source investment opportunities, and connect local talent and resources with world-class businesses and investors. We are fortunate to have such a large, talented, and enthusiastic Badger network to help us navigate financial markets. Together, we have built a durable portfolio that should be well-positioned to generate strong returns over a long-term investment horizon. None of this would be possible without the support and partnership of each of you.

Thank you for your generosity and continued support, and on, Wisconsin!



Michael Stohler
Chief Investment Officer
Wisconsin Foundation and Alumni Association

Glossary

CONTACTS

What if I have questions?

For general questions, please contact Central Stewardship at 877-461-7611 or stewardship@supportuw.org.

CONTRIBUTIONS are the total value of all cash gifts (including by check or credit card) added to the endowed fund during the year. Contributions also include all cash proceeds from stock gifts. If applicable, contributions are presented net of the historical dollar value of past gifts transferred out of the fund per donor request.

ENDOWMENT PAYOUT is a board-determined policy specifying that a certain percentage generated by endowed funds be allocated to the program or purpose specified by the donor. The payout is currently 4.5 percent of the endowment's average market value over the previous 16 quarters. Using a 16-quarter rolling average provides a stable income stream, helping the university and its partners with annual budgeting. For example, a fund with a \$100,000 market value annually generates approximately \$4,500 for the university to spend. This was previously referred to as spend plan allocation.

ENDOWMENT PAYOUT INCEPTION TO DATE is the income that has been generated since the fund was established. This income has been made available to be spent in accordance with the fund's purpose, specified by the donor. Endowed funds are designed to have an impact in perpetuity.

INSTITUTIONAL ADVANCEMENT FEE is the primary source of revenue funding WFAA's general operations in support of the university's and its partners' missions. Annually assessed at 1 percent, this fee is below the median of other independent foundations that support public universities and their partners. The fee has been at 1 percent for several decades.

INVESTMENT GAIN (LOSS) is the market performance – i.e., gain or loss – of the fund. All endowed funds are invested in the endowment portfolio and thus are subject to market fluctuation. Market performance is reported net of investment-related costs.

MARKET VALUE is the value of an endowed fund at a particular point in time. The endowment market value includes the market gain or loss during the year, as well as new contributions, and is reported net of endowment payout, the institutional advancement fee, and transfers.

TRANSFERS are all other activity that may occur in an endowment fund. Transfers include either additions or deductions for the following: reinvested income, donor-challenge matching gifts, transfers into or out of the endowment fund from other funds, corrections/adjustments if applicable, and additional spending beyond accumulated endowment payout, including spending from principal if admissible. Reinvested income is generated endowment payout that is reinvested back into the fund, if permissible.



Wisconsin Foundation
& Alumni Association
UNIVERSITY OF WISCONSIN-MADISON

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