

ENDOWMENT UPDATE

Fiscal Year 2008

- The University's endowment posted a -3.9 percent return for the fiscal year ending June 30, 2008. Net of spending, gifts, and transfers, the endowment now totals \$6.3 billion.
- The endowment significantly outperformed the S&P 500, which returned -13.9 percent for the same period. We believe our ability to protect value in such a difficult market environment confirms the soundness of our investment strategy.
- Penn's long-term returns are solid. The annualized return for the three-year period ending June 30, 2008, is 9.1 percent versus a composite benchmark of 9.4 percent while the annualized return for the five-year period ending June 30, 2008, is 10.5 percent and exceeded the composite benchmark of 10.2 percent.
- Returns for the one-, three-, and five-year periods were significantly improved by changes in the strategic asset allocation initiated in early 2005 which led to greater diversification of the portfolio across both asset classes and geographies. We estimate these moves have added approximately 8% to both the AIF and composite benchmark returns over the past three and a half years.
- In the past fiscal year, the endowment provided \$223 million of support to the University's operating budget to support financial aid, faculty research and other academic support. The total support has increased 60% since June 1, 2004, reflecting the tremendous growth in the University endowment.
- The endowment provides support to approximately 8% of the University's total operating budget exclusive of the Health System.
- Over the past fiscal year, new gifts to endowment totaled \$219 million – the highest amount in the University's 268 year history – in large part due to the successful launch of the University's *Making History* capital campaign.

