2023–2024

Endowment Report

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

FISCAL YEAR 2024

By the Numbers

5,525 donors

MADE GIFTS TO AN ENDOWED FUND

OVER $68 MILLION CONTRIBUTED

115

NEW ENDOWED FUNDS

were created

Endowed professorships and faculty funds distributed

$56.5M

IN SUPPORT FOR FACULTY*

Endowed scholarships and fellowships distributed

$29,687,928

IN FINANCIAL AID to STUDENTS*

**These figures are for endowments held in The Endowment Fund and in The University of North Carolina at Chapel Hill Foundation, Inc.*

Carolina's Endowment funds are at the very core of everything that we must do: attract top-tier students and faculty, pioneer groundbreaking research and advance a better world.

Strategically invested for growth while preserving its principal, an endowment ensures a perpetual and reliable stream of revenue. This stability is crucial as we navigate the fluctuations of state funding, tuition income and federal grants. From undergraduate scholarships to faculty professorships, research initiatives to arts programs, our thriving Carolina community owes its impact to the steadfast support of our endowment and its dedicated donors.

Overview

The UNC Investment Fund, LLC ("Fund" or "UNCIF") is the commingled vehicle created to invest the assets of The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. ("Chapel Hill Investment Fund" or "CHIF") along with other eligible entities affiliated with the University of North Carolina system ("Members"). CHIF is the Fund's controlling Member with its Board of Directors ("Board") responsible for the Fund's governance.

In addition to The University of North Carolina at Chapel Hill Endowment, there are currently 23 other participants represented in CHIF. These entities are comprised of more than 2,000 individual underlying funds.

By investing in the UNC Investment Fund, CHIF receives:

- Investment management and oversight by a team of professionals dedicated to achieving the Fund's objectives and focused on protecting the Fund's assets during periods of market weakness
- Access to superior external investment management firms
- Competitive fees
- Highly diversified portfolio of investments allocated across asset classes, sectors, geographies and investment managers
- Proven long-term investment track record generated with moderate volatility

The Investment Objectives

The Investment Fund's primary long-term investment goal is to provide an increasing stream of spending support in perpetuity while simultaneously ensuring that the underlying value of invested gifts grows at a rate at least equal to inflation. This rather straightforward goal, however, creates an ongoing conflict between maximizing current spending and protecting the original corpus of gifts from inflation. A dollar spent today cannot be reinvested to generate additional dollars tomorrow, and losses impair the Investment Fund's ability to earn returns sufficient enough to meet future spending needs. The Investment Fund's investment strategy must manage the delicate balance between protecting the corpus, which favors a more conservative investment strategy, and growing asset values over time, which favors a more aggressive investment strategy.

To achieve its long-term investment objective, the Investment Fund is:

- Diversified across asset classes and investment strategies including a significant allocation to alternative strategies
- Primarily invested via external, third-party investment managers
- Structured to protect capital during periods of declining markets

The Management Company

The UNC Management Company, Inc. ("Management Company") has been appointed by CHIF's Board to provide investment management services to the Fund as well as Fund administration and performance reporting. The Management Company works closely with the Board and its Executive Committee requiring their direction and approval for:

- Determination of asset allocation
- Hiring and termination of external investment management firms
- Direct purchase or liquidation of assets

STUDENT HIGHLIGHT

The Pogue Endowment keeps on giving back

ADAM SHERIF '26 has always known that he wanted his college experience to be about more than just attending classes. He was deeply engaged with research and community service in high school, even combining the two passions when he worked on a research report for the low-income Paso Heights community, near his Sacramento, California, hometown.

Pursuing these passions in college didn't always feel straightforward, though. His parents were committed to providing each of their children with a quality education, but with two older siblings who had already gone to college, additional college costs for Sherif felt like a significant financial burden.

Shortly after being accepted at Carolina, Sherif learned that he had been awarded a full scholarship through the Pogue Endowment. As an out-of-state student, his scholarship covers tuition, fees, room and board, and is renewable for four years of undergraduate study.

Sherif is now a data science and public policy double major. Without the financial burden of paying for college, and with the support of dedicated faculty mentors, Sherif has also had ample opportunity to pursue passions outside the classroom.

Empowering scholars to make an impact

Sherif is a first-generation college student whose Egyptian and Syrian parents immigrated to the U.S. as refugees shortly before he was born. While at Carolina, Sherif worked with fellow students to found the nonprofit Middle Eastern Refugee Aid, which works to deliver aid to refugees both internationally and locally. The nonprofit partnered with UNC Health, the UNC School of Nursing and other Triangle area organizations for a health drive to provide basic health services, nutrition facts, toothbrushing instructions, free food and other items to local refugees. They've also done smaller health drives for international refugee camps, and raised enough money to provide convoys of aid that included items like ventilators, tents, bandages and medicine.

Sherif has also taken full advantage of research opportunities during his first two years at Carolina. As a junior, he's already collaborated on implementation science research at the UNC Eshelman School of Pharmacy, taken a biology education research course, and he currently works with Professor Maxine Eichner at the UNC School of Law on medical child abuse research.

This past summer Sherif interned in the Washington, D.C., office of U.S. Senator Laphonza Butler, his hometown senator. He learned about the opportunity, which was through the Congressional Black Caucus Foundation, from another Pogue Scholar who had interned with the program the previous year. Sherif worked as a legislative assistant, doing legislative research in areas like artificial intelligence, mental health, homeland security, rural postal service and health topics.

It's no coincidence when a Pogue Scholar is found leading the way at Carolina. The values of academic excellence, leadership and commitment to implementing positive change and serving the community are core elements that the UNC Office of Scholarships and Student Aid looks for when selecting which students are awarded Pogue Scholarships.

> "The Pogue Scholarship has not only eased the financial burden of higher education for me as a first-generation college student, it has empowered me to make a meaningful impact on the world around me."
>
> *— Adam Sherif '26*

Pogue Scholar Adam Sherif '26

"The Pogue Scholarship has not only eased the financial burden of higher education for me as a first-generation college student, it has empowered me to make a meaningful impact on the world around me," said Sherif. "Ninety percent of the things that I've done since coming to Carolina, I wouldn't have been able to do without the privilege of having this scholarship."

An endowment with a rich history

In 1976, Dr. Joseph E. Pogue and Mrs. Grace Needham Pogue's estate bestowed an $11 million gift to UNC-Chapel Hill, establishing the Pogue Endowment. Dr. Pogue worked as a curator at the Smithsonian Museum, a geologist for the U.S. Geological Survey, vice president of the Chase Manhattan Bank from 1936-1949, and eventually became a successful businessman in the oil industry. He and his wife, Grace, were both philanthropists who supported many organizations, with a particular passion for education.

The donors gave the University full discretion on how to use the estate gift. From the original $11 million gift, a little over $6 million was endowed, which has enabled the funds to grow significantly over the years, providing a greater impact than the Pogues ever could have imagined. The investment of the principal is used for a development program, library acquisitions, University research council, research and study projects, fellowships, scholarships, and for special opportunities available to the chancellor.

Endowments have a uniquely powerful impact on the University. Because they are invested and generate increasing income over time, their impact reaches far beyond what would be possible with the initial gift.

Today, the scholarship portion of the Pogue Endowment supports about 43 students a year, with 10-11 Pogue Scholars per class.

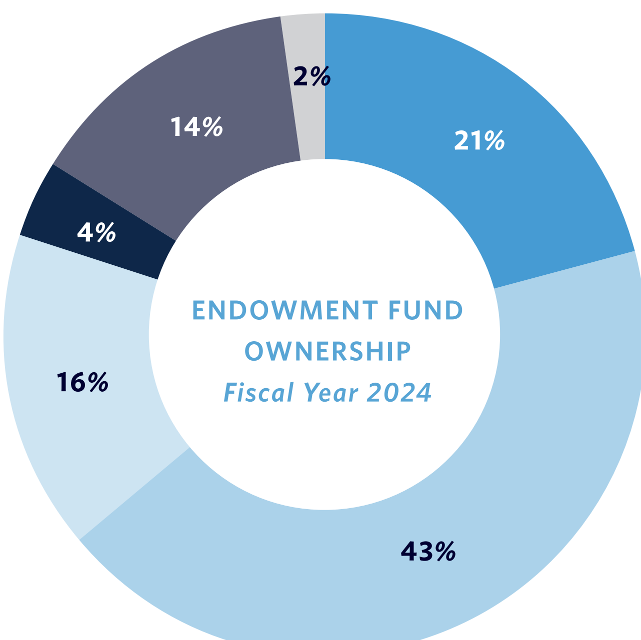
Spending Distribution Policy

Endowment funds play a primary role in the funding of higher education and have become a crucial source of support to the University of North Carolina at Chapel Hill. Maintaining a clearly defined spending distribution policy provides these underlying programs with a sustainable and stable source of financial support for ongoing operations and a potential source of capital for future enhancements.

The Chapel Hill Investment Fund's spending distribution policy attempts to accomplish two objectives:

01 First, the policy strives to provide CHIF participants with financial support at a rate that is sustainable over the long term.

02 Second, the policy strives to provide CHIF participants with financial support at a rate that is stable over the long term. Stability is important as large fluctuations in year-to-year spending distribution amounts make budgeting and funding programs and awards difficult.



One of the distinguishing aspects of the Chapel Hill Investment Fund is the use of a "constant growth" spending rule. Under this spending rule, the annual per-unit distribution amount is ordinarily increased by the inflation rate (CPI). This spending approach is designed to meet the stated objective of providing a predictable and growing stream of spending to support underlying endowed programs. Also by utilizing the constant growth approach, there is an increased likelihood that funds to support programs continually grow regardless of the financial market environment in a given year.

In June of each year, participants in CHIF receive a distribution of between 4% and 7% of their market value as of June 30 of the prior year. The distribution is calculated on a per unit basis, weighted by the length of time each unit is owned during the fiscal year and adjusted to take into account units sold in connection with the funding of the prior fiscal year's distribution.

In October 2023, the CHIF Board voted for a distribution rate amounting to approximately 4.67% of CHIF's June 30, 2023, market value. **For your endowment, this was the rate used to calculate the distribution that paid out on June 30, 2024, and was based on your fund's market value at June 30, 2023.**

- Scholarships & Fellowships
- Professorships
- Departmental
- Library
- Unrestricted
- Miscellaneous Restricted

DONOR HIGHLIGHT

Honoring a love for learning through travel

AS CLASSMATES at UNC Kenan-Flagler Business School, Michol Dawson ’99, ’03 (MBA) and David Amuda ’03 (MBA) seized the opportunity to study abroad through the school’s global immersion program. Their love for travel continued as their friendship grew into more: They got engaged on vacation in Hawaii and married in 2008. The newlyweds moved to Amuda’s home state of California.

Over the 20-plus years since they first met, Dawson and Amuda continued to travel, ultimately visiting all six inhabited continents.

“I’m convinced that in a former life Michol was a travel agent,” said Amuda. “She loved looking up destinations, always did a ton of research and acquired knowledge about a place to the level that she was practically a local. Whether it was Machu Picchu or the Australian outback, we did a lot of wonderful things together. And in retrospect, I’m so glad we did, because tomorrow is not promised.”

Dawson unexpectedly passed away in May 2022, barely two weeks after her 45th birthday. Even amid his shock and grief, Amuda drew inspiration from his late wife.

“During that first week without her, I thought a lot about her unfulfilled work. I wanted to pay it forward to help those in the future pursue their dreams — particularly in public health — like she had the opportunity to do.” (Dawson built a career caring for patients with sleep disorders.)

Dawson and Amuda had made it a tradition to donate annually to Carolina as a way to stay connected and reflect on their experiences there. Wanting to make a more lasting impact, Amuda and his father-in-law, Harold Dawson, established a new endowed fund in Michol Dawson’s memory at the UNC Gillings School of Global Public Health: The Michol Anne Dawson Student Acceleration Fund.

The endowed fund perpetually supports students studying global health, including research, travel, practice and dissertation projects, as well as other needs that allow students to apply knowledge beyond the classroom.

“Michol was always taking care of people, listening to their problems and trying to help,” her father Harold said. “That was just her personality, and that guided her to move in the direction she ultimately moved in with her career. She cared about helping people.”

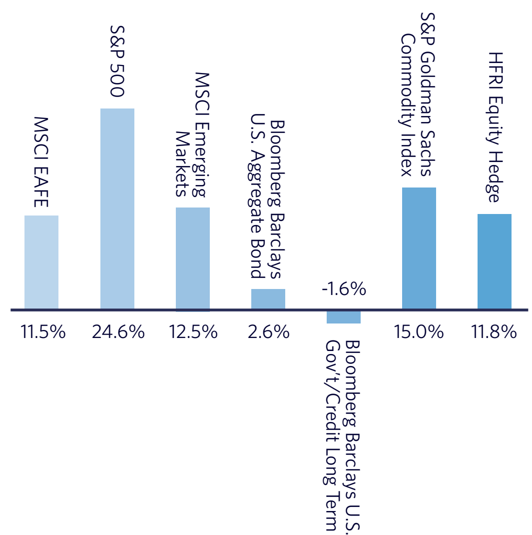
David Amuda (left), Michol Dawson (center) and Harold Dawson. Amuda and Dawson established an endowed fund in honor of Michol’s love for travel and helping others.

Fiscal Year 2024 in Review

Fiscal Year 2024 UNC Investment Fund Performance

Following a difficult year in FY 2023, the UNC Investment Fund (the "Investment Fund") generated strong performance in FY 2024 returning +12.6% for the 12-month period. For the year, six of the Investment Fund's primary asset classes generated positive returns with only Real Estate producing a loss. The Investment Fund's +12.6% return outpaces its primary benchmarks, the Strategic Investment Policy Portfolio ("SIPP") +8.6% return, but trails the +14.2% return of a more "traditional" equity market-focused Global 70/30 Portfolio comprised of 70% global equities [MSCI All Country World Index ("ACWI") and 30% bonds (Bloomberg U.S. Aggregate Bond Index)], which benefited from the MSCI ACWI's +19.4% return. Four of the Investment Fund's asset classes beat their individual SIPP benchmarks led by Long/Short Equity's +18.6% return, which beat its benchmark by 6.8%. Private Equity also performed well, generating a +17.3% return for the 12-month period, exceeding its benchmark by 14.2%. Although Long Equity recorded a respectable +14.0% return for the period,

MARKET INDICES FISCAL YEAR 2024



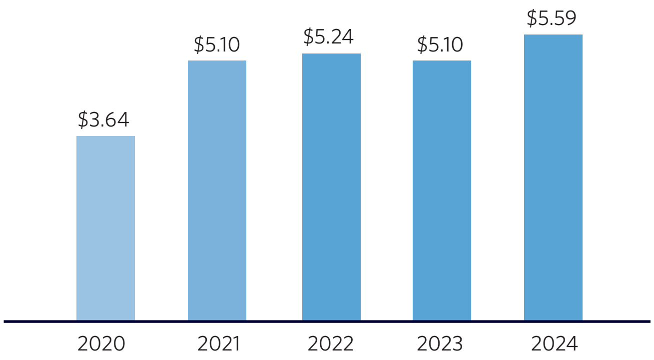
INVESTMENT RETURNS: A COMPARISON	FY 2024	3 YEAR	5 YEAR	10 YEAR	20 YEAR
UNC Investment Fund	**12.6%**	**5.4%**	**11.2%**	**9.4%**	**9.3%**
Primary Benchmark: SIPP	8.6%	4.0%	8.8%	7.3%	8.0%
Long-Term Return Objective[1]	8.5%	10.5%	9.7%	8.3%	8.1%
Traditional Portfolio: 70/30 Portfolio[2]	14.2%	3.0%	7.6%	6.5%	6.7%
Peer Universe Quartile Ranking[3]	Top	Top	Top	Top	Top

1 Inflation (as measured by CPI) + 5.5% (spending rate)

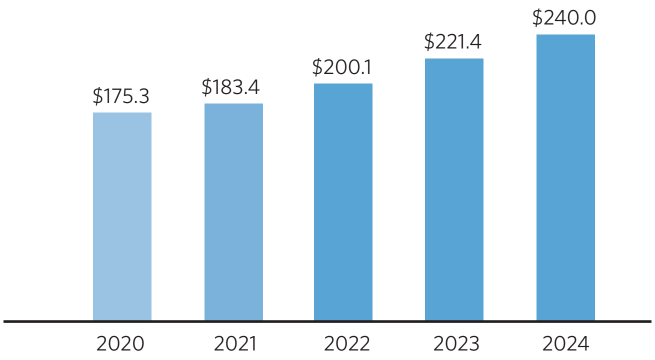
2 Global 70/30 Portfolio - 70% MSCI All Country World Index / 30% Bloomberg U.S. Aggregate Bond Index

3 Cambridge Associates' College and University Endowment Universe (preliminary as of 9/12/24)

CHAPEL HILL INVESTMENT FUND:
MARKET VALUE BY FISCAL YEAR *(in billions)*



CHAPEL HILL INVESTMENT FUND:
DISTRIBUTIONS BY FISCAL YEAR *(in millions)*



it trailed MSCI ACWI's +19.4% gain. Relative to peers, the Investment Fund's FY 2024 return ranks in the top quartile of the Cambridge Associates' College and University universe of endowment funds ("Cambridge Associates' Universe"). Over longer periods, three, five, 10, and 20 years, the Investment Fund's returns also rank in the top quartile relative to this endowment universe.

Fiscal Year 2024 Chapel Hill Investment Fund Market Value

The University of North Carolina at Chapel Hill Foundation Investment Fund ("Chapel Hill Investment Fund" or "CHIF") represents the portion of the Investment Fund that is invested on behalf of UNC-Chapel Hill and its affiliated foundations. The Investment Fund is managed by the UNC Management Company with oversight by the Chapel Hill Investment Fund's Board of Directors ("CHIF Board"). During FY 2024, CHIF's market value increased from $5.10 billion at the beginning of the fiscal year to $5.59 billion at June 30, 2024.

CHAPEL HILL INVESTMENT FUND	$ MILLIONS
Beginning Balance (6.30.2023)	**$5,100.6**
+ Investment Return	*$658.7*
+ Net Contributions	*$69.9*
- Annual Spending Distribution	*($240.0)*
FYE Balance (6.30.2024)	**$5,589.2**
Change	**$488.6**

Over the past 10 years, the market value of the Chapel Hill Investment Fund has more than doubled from $2.64 billion at June 30, 2014, to $5.59 billion at June 30, 2024. During this 10-year period, $2.06 billion has been distributed from the Chapel Hill Investment Fund to support University programs.

FACULTY HIGHLIGHT

Helping students learn effectively

NAMED PROFESSORSHIPS help support renowned scholars and propel research at Carolina. These privately funded endowments help attract and retain the academic leaders of today — leaders like UNC School of Education faculty Jeff Greene and Matt Bernacki.

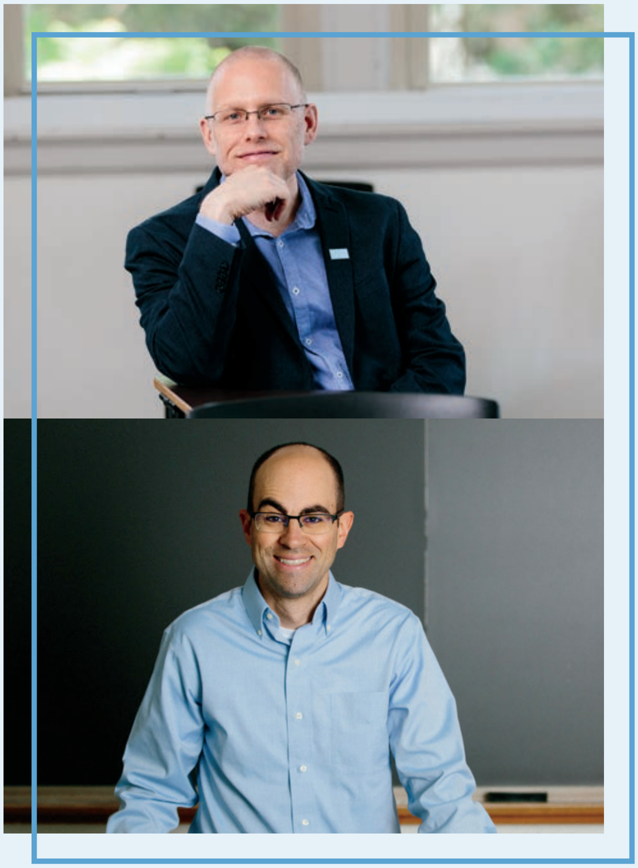
Greene, the McMichael Family Term Professor of Educational Psychology, and Bernacki, the Kinnard White Faculty Scholar in Education, are experts in the science of learning. They seek to understand how the human mind works and which methods are best for learning, recalling and applying information. They've developed a learning analytics system that can be used in courses across the University to identify students who need additional support and connect them with the specific help they need.

"I always say that the science of learning is not rocket science, but it's also not intuitive," said Greene, noting that first-year students often struggle as they adjust to learning in large 300-to-400-person introductory courses. "Students have to be taught how to learn effectively."

By using their new learning analytics system, Greene and Bernacki can predict within the first two weeks of the semester whether students will be successful in a course. They can then intervene and offer support before the students' grades begin to suffer.

Their system collects data from only those students who have consented to participate. At the beginning of the semester, participating instructors let their students know that learning analytics can provide insights that can improve the course and how sharing data can provide opportunities for feedback and support. For students who do opt in, Greene and Bernacki receive data about their learning behaviors.

"These data inform prediction algorithms that help us identify who is learning well already and who might benefit from feedback and support," noted Bernacki. Interventions include exercises that teach new study methods, suggesting they pursue tutoring or attend professors' office hours, and more.



Jeff Greene (top) and Matt Bernacki are exploring the value of data analytics in education.

"These interventions have benefited learners and improved achievement by as much as a whole letter grade for some students."

By endowing professorships, donors are providing the faculty holder with teaching and research support, directly impacting the students who are taught and the discoveries that are made here at Carolina.

Thank You

We are profoundly grateful for your generosity, your commitment and your passion for making Carolina the best that it can be.

Your endowment shows that you understand the value of financial stability for the long-term. In addition to attracting the best students and enhancing our world-class teaching and research mission, your commitment also expands our role in conversations that affect the world and society as a whole. The extraordinary work that is taking place at our University would not be possible without visionaries like you — people who say “yes” to creating profound, lasting change.

Thank you for the lasting impact that your generosity will have at Carolina for generations to come.

The latest annual report for the Chapel Hill Investment Fund is available for download at:
uncmc.unc.edu/the-fund

Glossary for Annual Endowment Financial Reports

Book Value Includes all gifts to this fund, transfers from other funds, withdrawals and income distributions that have been reinvested into this fund. Book Value is not directly affected by changes in the market.

Beginning Market Value The fair market value of your fund at the beginning of the fiscal year. It is based on your fund’s share of Carolina’s total endowment market value.

Additions to Principal Includes gifts made to the fund during the fiscal year and any income reinvested into the fund. Note: additions made in the month of June are not reflected in this total because they are not sent to CHIF until July.

Investment Return The value from investment performance over the fiscal year, net of fees.

Income Distribution The amount distributed in June 2024 for use in FY 2025. This amount is based on your fund’s market value at June 30, 2023, and the Investment Fund Board’s approved payout policy.

Withdrawals/Transfers The amount withdrawn or transferred out of the fund. Book Value is affected by this change.

Ending Market Value The fair market value of your fund at the end of the fiscal year. Note: additions made in the month of June are not reflected in this total because they are not sent to CHIF until July.

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