

ENDOWMENT OVERVIEW

FISCAL YEAR 2023

The University of Tennessee, Knoxville's, fiscal year is the 12-month accounting period that begins on July 1 and ends on June 30. **This financial report is reflective of Fiscal Year 2023, which began on July 1, 2022 and closed on June 30, 2023.**

As of June 30, 2023, the university's Endowment consisted of more than 3,800 individual endowment accounts with an aggregate market value of roughly \$1 billion. The total Endowment for the University of Tennessee System stood at roughly \$1.4 billion. For the twelve-month period, the Endowment trailed its primary benchmark of "inflation plus spend," producing an estimated return of +7.8% versus the benchmark's +8.5%. Over the same period, the Policy Benchmark produced a +9.1% return. This benchmark, a roughly 60%/40% mix of global stocks and investment-grade bonds, outperformed more diversified portfolios, due to the strong performance of U.S. and developed-market equities. These two segments of the stock market produced returns well in excess of all other major asset classes. Over longer time periods, however, the endowment remains ahead of or in line with this benchmark.

The Endowment takes a long-term approach to investing, and its goal is to achieve an annualized return greater than the rate of inflation plus spending, while preserving capital through a full market cycle. To that end, it implements a disciplined strategy that incorporates both active and passive management, depending on the target market or manager strategy. This approach enables the University to maintain its long-term, strategic focus and avoid the distractions of short-term market movements. It is important to note that the Endowment is broadly diversified across multiple asset classes. Consequently, over any given time period, its return may diverge significantly from popular indices such as the S&P 500, individual mutual funds, and its peers.

Spending policy is approved by the Board of Trustees and is equivalent to 4.5% of that endowment's average market value at the measurement date (12/31). The market value is calculated using a rolling average of prior year-end values. The use of a rolling average smooths cash distribution allocations and minimizes dramatic swings in the cash distribution amounts. Spending policy distributions support students, faculty, facilities and programs. Many Important university activities could not be achieved without the financial support from endowment funds.

THE TOTAL ENDOWMENT FOR THE UT SYSTEM

STOOD AT ROUGHLY

\$1.4 billion

THE UNIVERSITY'S ENDOWMENT CONSISTED OF MORE THAN

3,800

individual endowment
accounts

Aggregate market
value of roughly

\$1 billion

**Many important university
activities could not be
achieved without the
financial support from
endowment funds.**



THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

**UT KNOXVILLE
ENDOWMENTS**
3,858



**NEW ENDOWMENTS
IN FY23**
135



8,969
**DONORS TO
ENDOWMENTS**



**SIZE OF
UT KNOXVILLE
ENDOWMENT**

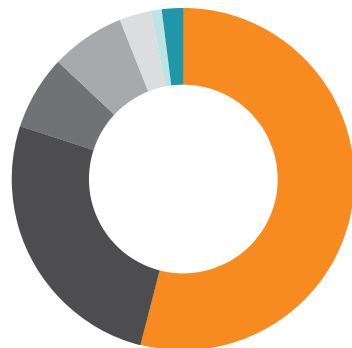
Book Value
\$794,255,934

Market Value
\$1,005,498,984

TOTAL GIFTS TO ENDOWMENTS
\$33,715,847.94

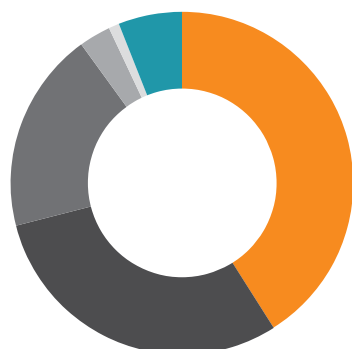
CORPORATIONS/FOUNDATIONS	\$13,965,685.02
ALUMNI	\$12,651,431.03
FRIENDS	\$3,023,394.60
OTHER	\$3,653,436.00
FACULTY/STAFF	\$219,308.02
PARENTS	\$200,278.73
STUDENTS	\$2,314.54

8,969
DONORS TO ENDOWMENTS



Alumni	53.63%
Friends	26.36%
Faculty/Staff	6.99%
Parents	6.91%
Corporations/Foundations	3.26%
Students	1.03%
Others	1.83%

**UT KNOXVILLE ENDOWMENT
FUNCTIONAL AREAS**



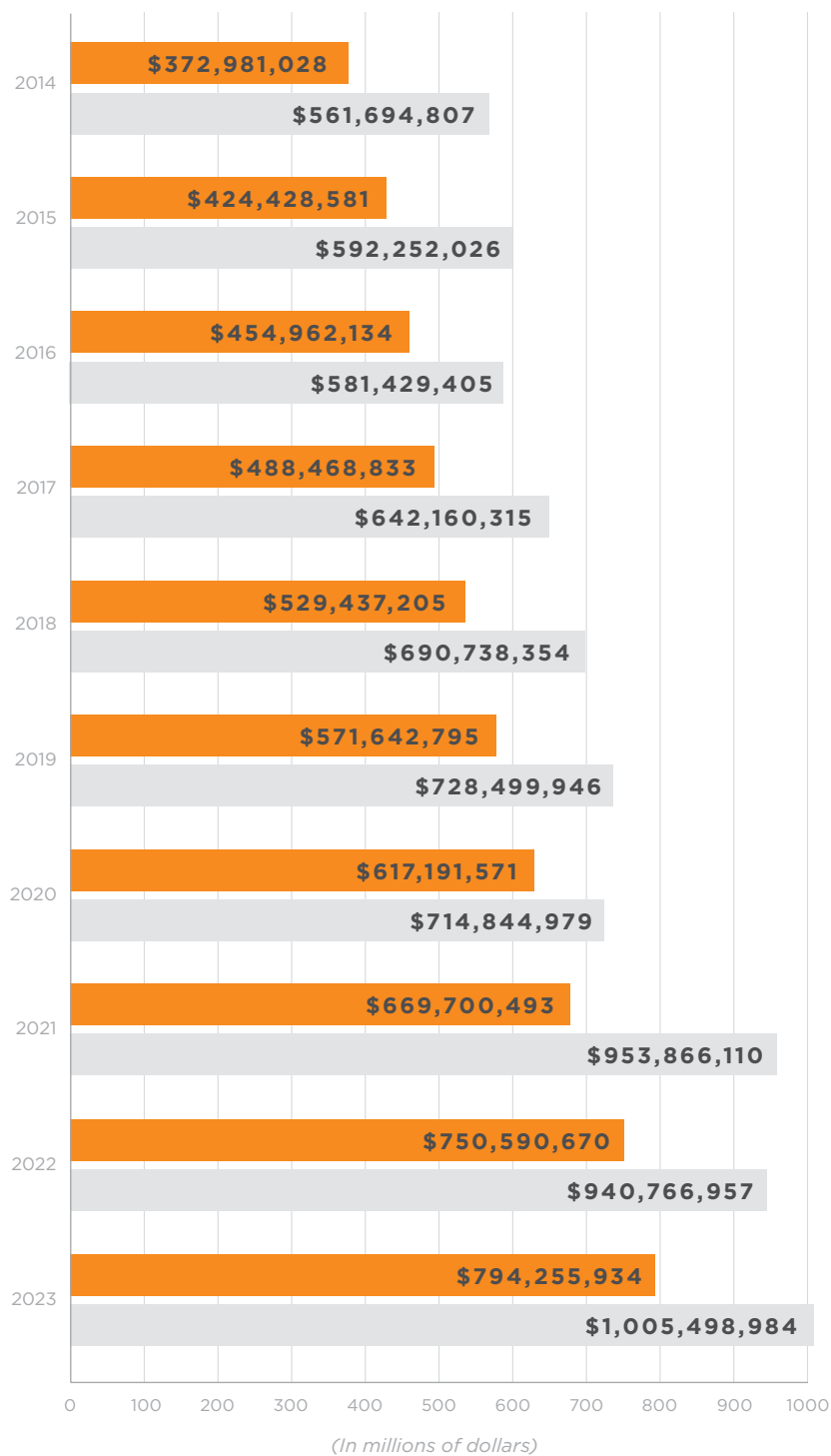
Scholarships and Fellowships	41.64%
Instruction/Department Uses	30.05%
Academic Support	18.63%
Libraries	2.81%
Research	0.55%
Capital Projects	0.01%
Other	6.31%

ENDOWMENT ASSETS

OVER THE PAST 10 YEARS

(actual number for each year)

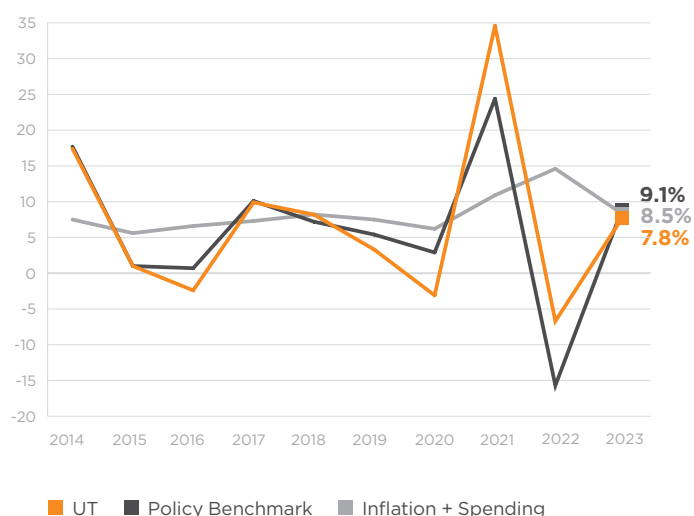
- Book Value
- Market Value



FISCAL YEAR RETURNS

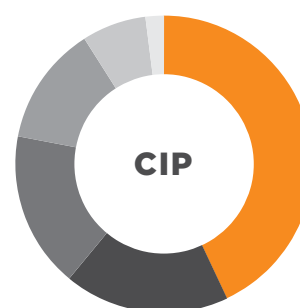
OVER THE PAST 10 YEARS

(percentage fiscal year returns)



CONSOLIDATED INVESTMENT POOL

ASSET ALLOCATION BY STRATEGY



Strategy	Actual
Public Equity	42.8%
Private Equity	18.4%
Diversifying Strategies	16.6%
Real Assets	13.3%
Bonds	7.2%
Cash	1.7%

ANNUALIZED RETURNS

*The Pool's inception date is 11/1990.

	1-YEAR	3-YEAR	5-YEAR	10-YEAR	Since inception*
CIP Return	7.8%	11.1%	6.7%	6.4%	7.9%
Policy Benchmark	9.1%	4.6%	4.4%	5.8%	6.8%
Inflation + Spending	8.5%	11.3%	9.5%	8.3%	8.1%

GLOSSARY

OF TERMS

Book Value represents the original contribution to establish the endowment plus any additional gifts and/or reinvestment added to the endowment.

Market Value represents the actual worth of the endowment invested in the Consolidated Investment Pool (CIP) as of the specified date.

Additions to Endowment represents the total of all gifts received to the endowment from private donors and/or reinvestment added to the endowment.

Earnings Distribution is the total of the quarterly earnings distributions made from endowment to spendable cash to support its designated purpose.

Disbursed Funds are the total of all expenses from spendable cash to support the endowment's designated purpose.

CIP stands for the Consolidated Investment Pool.

Policy Benchmark is 60% MSCI ACWI IMI Index, 39% Barclays Global Aggregate Bond Index, and 1% cash.

Inflation + Spending is the one-year Consumer Price Index plus a constant of 5.50%.

