MESSAGE FROM THE VP OF INVESTMENTS

Brian Neale

The foundation endowment returned +32.3% net of investment fees and expenses vs. the policy benchmark return of +31.6% for the fiscal year ending June 30, 2021. All asset allocation positioning factors were positive for the year. The most significant factors contributing to the foundation endowment outperforming our benchmark was being overweight in the Small Cap U.S. Equity position and underweight in our Fixed Income position. We were also aided by managers making good selections across the portfolio.

Looking at returns on a five-year annualized basis, the foundation endowment returned +10.7% net of investment fees and expenses vs. the policy benchmark return of +11.0%. The principal factor in underperformance compared to the five-year benchmark is relative underperformance by active U.S. equity managers, but recent indexing of that U.S. equity portfolio has resulted in stronger returns at less cost, helping improve the performance. Other positive contributing factors were our active managers in the non-U.S. equity portfolio performing well, and we were underweight in our allocation to bonds.

We have a perpetual horizon for the University of Nebraska Foundation endowment; therefore, our investment philosophy continues to be focused on generating attractive long-term results while also ensuring we are meeting current spending needs. Our portfolio is well-positioned to continue meeting these objectives.

PERFORMANCE OF FOUNDATION ENDOWMENT (FUND A) Net of Investment Fees and Expenses

<table>
<thead>
<tr>
<th></th>
<th>1 YEAR</th>
<th>5 YEAR</th>
<th>SINCE INCEPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foundation Endowment</td>
<td>32.3%</td>
<td>10.7%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Custom Policy Benchmark</td>
<td>31.6%</td>
<td>11.0%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

FOOTNOTES
1. Custom policy benchmark is 48% MSCI ACWI, 30% private investments, 12% Bloomberg Barclays Aggregate Bond Index, 5% custom real assets benchmark, 5% custom multi-strategy credit benchmark.

2. Private Investment returns and market values are as of March 31, 2021, and adjusted for cash flows through the end of June 30, 2021. A 0% return is assumed for the quarter ending June 30, 2021, to allow for the calculation of performance composites. Performance is updated on a one-quarter lag.

3. While the foundation has been receiving endowed gifts since its founding in 1936, the since-inception date is June 30, 1989, when performance tracking began.

FOUNDATION ENDOWMENT (FUND A) MARKET VALUE:

$1,722,401,000

INVESTMENT OBJECTIVE:

The primary objective of the foundation’s endowment is to earn a real rate of return of at least 6% when measured on a five-year rolling basis.

For more information, contact:
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ASSET ALLOCATION OF FOUNDATION ENDOWMENT (FUND A)

- 59.9% Public Equity
- 9.3% Fixed Income
- 9.7% Diversifiers
- 5.1% Real Assets
- 16% Private Investments