



ENDOWMENT MANAGEMENT PRACTICE

The USM Foundation (USMF) Board of Directors has sole discretion for managing and investing endowments entrusted to their care. Currently, the USM Foundation partners with FEG Investment Advisors (FEG) as its Outsourced Chief Investment Officer (OCIO) to safeguard and grow your investments at USMF.

ENDOWMENT PORTFOLIO

The USM Foundation's investment portfolio is designed to return a long-term target of 4.5% plus inflation annually, helping to ensure inter-generational equity for USMF – equity today that will have the same economic impact as future spending.

SPENDING POLICY

The USM Foundation's spending policy is designed to be in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA requires institutions ensure the duration and preservation of endowed funds by appropriating a prudent amount for expenditure from the funds, within the restrictions of any gift agreement and with consideration for the following key components:

- Duration of the endowment fund
- Purpose of the Foundation and its endowed funds
- General economic conditions
- Potential effects of inflation or deflation
- Expected total return of the endowment
- Other Foundation resources
- The Foundation's investment policy

In consideration UPMIFA guidance noted above, the USM Foundation has set a distribution rate of 4.5%, comprised of 3.5% to the spendable fund and 1% for endowment administration costs, unless otherwise stipulated by a donor. The USM Foundation Board of Directors determines the annual distribution percentage rates in accordance with donor intentions and to support endowment management and related operations.

Revision date:
January 2025 (Board Approved)



ABOUT FEG

- Established in 1988
- 130+ employees

ASSETS

\$82 billion in assets under advisement, including \$14.5 billion in discretionary assets¹

NONPROFIT FOCUS

89% of FEG's OCIO clients are nonprofits²

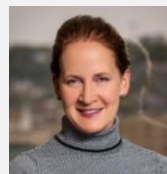
HIGHER EDUCATION

FEG has 46 higher education clients, representing \$27 billion in assets

INDEPENDENT OWNERSHIP

100% employee-owned promoting alignment with clients

SERVICE TEAM



Kathryn Mawer, CFA, CAIA
Managing Director / Lead Advisor

- 18 years at FEG⁴
- Serves on FEG Leadership Team

¹ As of June 30, 2024. Assets under Advisement (AUA) include discretionary and non-discretionary assets of FEG and its affiliated entities. These assets are typically non-discretionary. Some asset values may not be readily available at the most recent quarter-end; therefore, the previous quarter's values were used and may be higher or lower depending on current market conditions. Of the \$82.2bn in assets under advisement, FEG's total assets under management (AUM) of \$14.5bn includes discretionary (\$12.4bn) and non-discretionary AUM (\$2.1bn). ² Institutional clients/investors include corporate, charitable, community foundations, healthcare, higher education, independent schools, insurance, private foundations, public funds, religious organizations, and Taft Hartley. ³ Nonprofit organizations include the following FEG client types: Charitable, Community Foundations, Healthcare (nonprofit), Independent Schools, Institutions of Higher Education, Private Foundations, and Religious Organizations. ⁴ As of September 30, 2024