



UNIVERSITY OF WISCONSIN SYSTEM TRUST FUNDS

**Annual Endowment Peer Benchmarking Report
Year Ended June 30, 2013**

UW SYSTEM TRUST FUNDS
Annual Endowment Peer Benchmarking Report
Fiscal Year Ended June 30, 2013

SUMMARY DATA

	NCSE Study	Penn State Survey
Number of Institutions Reporting – Total	835	19
Number of Institutions Reporting – Public	302	14
Number of Institutions Reporting – Private	533	5
Largest Endowment – Public	\$20.5 billion ¹	\$3.5 billion ³
Largest Endowment – Private	\$32.3 billion ²	\$6.7 billion ⁴
Average Endowment Size	\$537.0 million	\$1.8 billion
Participating UW Institutions	UW System Trust Funds	UW System Trust Funds
	UW-Madison Foundation	UW-Madison Foundation
	UW-Eau Claire Foundation	
	UW-Oshkosh Foundation	
<i>UW System Trust Funds Endowment</i>	<i>\$352 million</i>	

¹ University of Texas System

² Harvard University

³ University of North Carolina

⁴ University of Chicago

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ASSET ALLOCATION

Asset Class	UW Trust Funds¹	NCSE All Pools²	NCSE \$100-\$500MM	NCSE >\$1B	Penn State Survey³
Equities (sub-total)	56%	49%	47%	34%	36%
U.S. Equities	25%	31%	28%	16%	21%
Non-U.S. Equities	31%	18%	19%	18%	15%
Developed	22%	11%	14%	10%	10%
Emerging	9%	7%	5%	8%	5%
Fixed Income	20%	18%	15%	10%	12%
Alternatives (sub-total)	23%	28%	32%	52%	47%
Private Capital ⁴	12%	6%	7%	17%	17%
Hedge Funds ⁵	9%	13%	16%	20%	19%
Real Estate ⁶	0%	3%	3%	6%	6%
Natural Resources ⁷	2%	4%	4%	7%	5%
Other Alternatives	2%	2%	2%	2%	5%
Cash/Other	1%	5%	6%	4%	5%
TOTAL	100%	100%	100%	100%	100%

¹ It should be noted that UW Trust Funds employs a "global tactical asset allocation" strategy for a significant portion of the endowment fund, which involves tactical shifts in asset allocation. The numbers provided here, however, are allocations only as of the fiscal year-end.

² All NCSE figures represent equal-weighted averages.

³ Penn State Survey figures represent equal-weighted averages.

⁴ Category consists primarily of venture capital and other private equity.

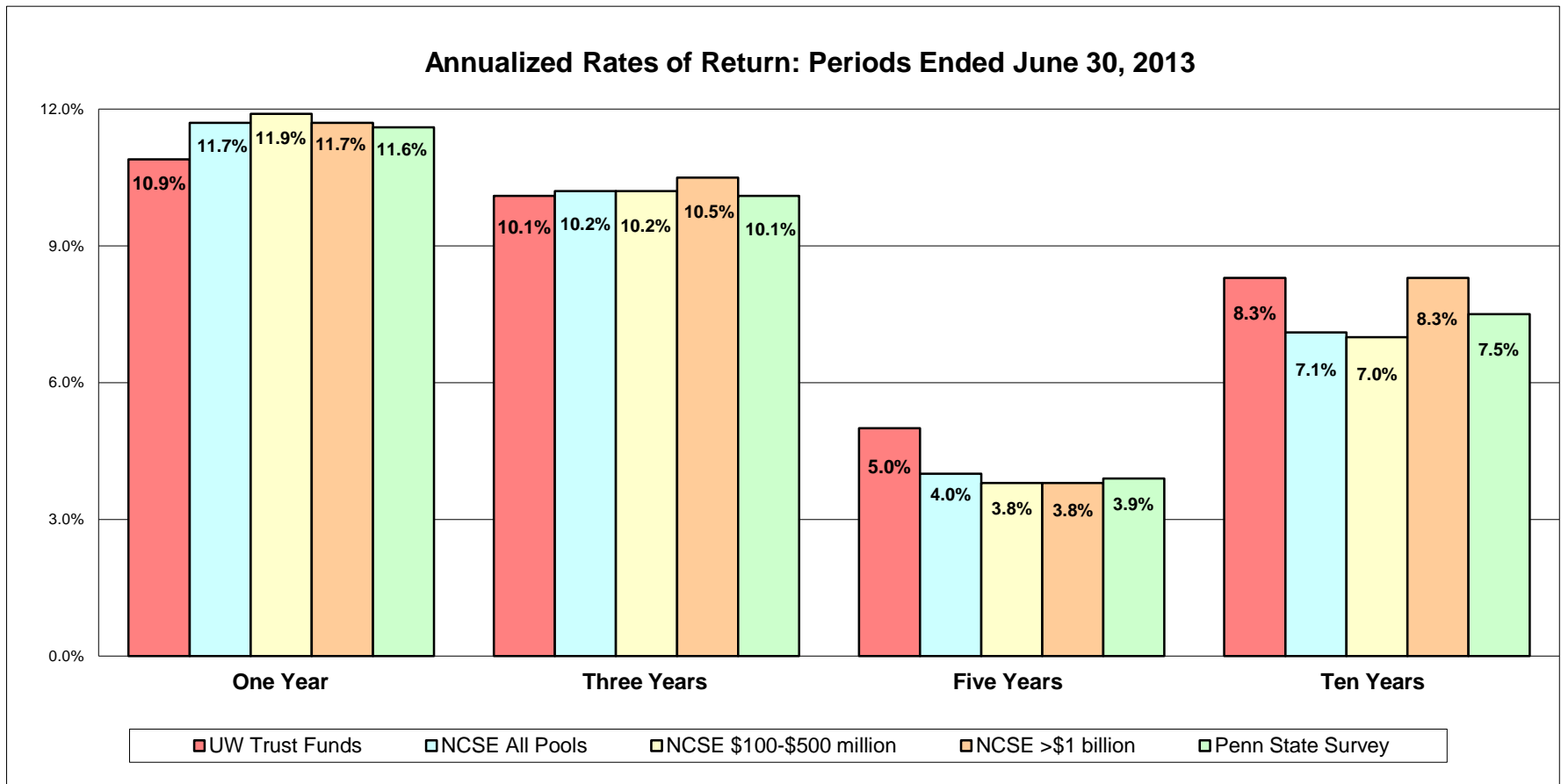
⁵ Category consists primarily of unregulated private investment partnerships investing in mostly marketable securities, but employing strategies (long/short, convertible arbitrage, leverage, etc.) designed to provide for more absolute returns with low correlation to the markets.

⁶ Category includes both public and private real estate.

⁷ Category includes timber, oil and gas partnerships, commodities, and managed futures.

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INVESTMENT PERFORMANCE



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INVESTMENT PERFORMANCE

Range of Returns: NCSE All Pools

	1 Year	3 Year	5 Year	10 Year
25 th Percentile Average ¹	14.7%	11.7%	5.2%	7.5%
Average	11.7%	10.2%	4.0%	7.1%
<i>UW Trust Funds Return</i>	10.9%	10.1%	5.0%	8.3%
<i>UW Trust Funds Rank</i>	3rd Quartile	3rd Quartile	2nd Quartile	1st Quartile

¹ These NCSE figures represent the average values of investment returns of those endowments whose returns were in the top 25% of all endowments.

Range of Returns: Penn State Survey¹

	1 Year	3 Year	5 Year	10 Year
25 th Percentile ²	12.5%	11.0%	4.8%	8.1%
Median	11.7%	10.7%	4.1%	7.5%
75 th Percentile ²	10.9%	9.4%	3.1%	6.8%
<i>UW Trust Funds Return</i>	10.9%	10.1%	5.0%	8.3%
<i>UW Trust Funds Rank</i>	3rd Quartile	3rd Quartile	1st Quartile	1st Quartile

¹Note that for the Penn State Survey cohort, the average endowment size is \$1.8 billion, the median endowment size is \$1.6 billion, and the UW Trust Funds endowment is the 3rd smallest reporting organization among the 19 represented here.

² These Penn State Survey figures represent the "cut-off" investment returns for the 25th and 75th percentile groups.

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COST OF MANAGING INVESTMENT PROGRAMS¹

	UW Trust Funds ²	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Average cost (\$ thousands)	\$2,618	\$1,707	\$1,395	\$15,130
Average cost (basis points)	77	64	70	74
Median cost (basis points)	N/A	52	58	50

¹ Figures represent dollar-weighted averages. Caution must be used in interpreting these figures as the survey data suggests responding institutions experienced difficulties in accurately calculating fees, and reported fees are likely not on an "apples-to-apples" basis.

² UW Trust Funds fees include only asset management and mutual fund expenses; most (86%) of reporting institutions included these fees and some included other fees (e.g., 55% included "direct expenses", 66% included "consultant fees", 20% included "internal staff").

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SPENDING POLICIES

Average Annual Effective Spending Rates¹

NCSE All Pools	4.4%
NCSE \$100-\$500 million	4.4%
NCSE >\$1 billion	4.8%
<i>UW Trust Funds</i>	<i>4.0%</i>

¹ Average annual effective spending rates are computed by dividing endowment dollars distributed for spending by the beginning endowment market value. Figures represent equal-weighted averages.

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INVESTMENT RETURN OBJECTIVES

	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Have return objectives	72.0%	76.0%	61.0%
Less than 5%	1.0%	1.0%	0.0%
5.0%-5.9%	9.0%	8.0%	6.0%
6.0%-6.9%	7.0%	9.0%	5.0%
7.0%-7.9%	17.0%	21.0%	12.0%
8.0%-8.9%	30.0%	31.0%	30.0%
9.0% and over	7.0%	7.0%	7.0%
Do not have return objectives	13.0%	13.0%	12.0%
No answer/uncertain	15.0%	11.0%	27.0%
Average return objective	7.4%	7.4%	7.7%
Median return objective	8.0%	7.9%	8.0%
<i>UW Trust Funds</i>	<i>7.5% - 8.5%</i>		

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RESOURCES, MANAGEMENT AND GOVERNANCE

Committee Size and Investment Staffing

	Average Number of Committee Members	Average Investment Staffing
NCSE All Pools	8.0	1.6
NCSE \$100-\$500 million	8.4	1.0
NCSE >\$1 billion	9.2	9.7
<i>UW Trust Funds</i>	8	1.5

Consultant Use¹

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500 mm	NCSE > \$1 billion
Consultant Used	No	85%	95%	82%
Consultant Services Used				
Asset allocation/rebalancing		84%	89%	46%
Manager selection		83%	92%	43%
Policy review		77%	81%	40%
Performance attribution and measurement		85%	94%	52%
Outsourced investment management		39%	34%	10%

¹ Multiple responses were allowed.

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RESOURCES, MANAGEMENT AND GOVERNANCE

Average Number of Separate Investment Firms Used by Asset Class

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500 mm	NCSE > \$1 billion
U.S. Equities	3	3.9	4.5	6.6
Non-U.S. Equities	2	3.5	3.8	9.1
Fixed Income	3	2.7	3.1	3.5
Alternative Strategies – Direct	1	13.8	9.5	79.4
Alternative Strategies – Fund of Funds	3	3.0	4.4	3.8

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SOCIALLY RESPONSIBLE INVESTING PRACTICES

Percent with Some Form of Social Investing Policy

NCSE All Pools	18%
<i>UW Trust Funds</i>	Yes¹

¹ *UW Trust Funds are subject to various Regent Policies dealing with SRI, actively votes SRI-related proxies, solicits student and public comment on social issues, and may take ad hoc actions on social responsibility issues.*

Criteria Considered in Policy¹

	<i>UW</i> <i>Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Environmental	Yes	7%	7%	9%
Social	Yes	16%	19%	20%
Governance	Yes	5%	5%	7%
Other	-	3%	5%	2%
None	-	71%	68%	56%
No answer	-	11%	9%	22%

¹ *Multiple responses were allowed.*

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SOCIALLY RESPONSIBLE INVESTING PRACTICES

Percent that Vote Proxies Consistent with Social Investing Policy¹

	<i>UW Trust Funds</i>	NCSE All Pools	NCSE \$100-\$500MM	NCSE >\$1B
Yes	Yes	48%	55%	50%
No	-	14%	15%	17%
No answer	-	38%	32%	33%

¹ Numbers are percentages of only those institutions reporting some form of social investment policy.