# 2025-2026 Prospectus

2025
2020
2015
2010
2005

USF Foundation
UNIVERSITY of SOUTH FLORIDA

## USF FOUNDATION BOARD INVESTMENT COMMITTEE

The Investment Committee is the USF Foundation Board's conduit for the investment of all funds held by the USF Foundation. In carrying out this responsibility, the Investment Committee employs professional investment managers to invest and oversee the Foundation's Endowment and Operating Pools. The Investment Committee has adopted board-approved investment guidelines that each investment manager is charged with following. The Investment Committee may recommend that the board employ one or more entities to have custody of the Foundation's investments.

## PHILOSOPHY OF ASSET MANAGEMENT

The USF Foundation considers all combinations of asset classes in order to obtain the highest level of return given an acceptable level of risk. The Investment Committee reviews capital market projections to assist in determining the asset allocation. Investment managers are selected by the Investment Committee to manage funds in each of the asset classes in the portfolio. Benchmarks are established and performance is measured for each manager on a quarterly basis by an independent advisor retained by the Foundation. The advisor is recommended by the Investment Committee and approved by the board.

## INVESTMENT OBJECTIVES

The primary long-term investment objective of the endowment is to preserve the intergenerational equity of endowed gifts while providing a consistent source of funding for the university. This is accomplished by implementing an investment strategy to earn a total rate of return that exceeds the spending rate, plus long-term inflation and the costs of managing the investment fund. This results in a target return of about 7.2%, net of all fees.

## ASSET ALLOCATION PLAN

The endowment portfolio is diversified into two investment types. The majority of the portfolio is invested in marketable securities consisting of domestic and international stocks, fixed income, real assets and cash equivalents. The remaining portion of the assets is invested in non-marketable investments through partnerships in private equity, venture capital, real estate and natural resources. Initially, investments are placed in a variety of asset classes including equities, fixed income, real assets, and private equity and venture capital partnerships. Additionally, the investments are diversified by geographic segment, market capitalization, economic sector and industry.

The purpose is to take advantage of the long-term investment horizon in which the endowment invests and captures market appreciation while maintaining an acceptable level of risk and volatility. The Investment Committee sets asset allocation targets and ranges. The actual allocation of assets is rebalanced as needed through additions and withdrawals of funds among managers to conform to these targets. The Investment Committee may revise the asset allocation targets within this range, but permanent targets outside of these ranges must be approved by the board.

## INVESTMENT MANAGEMENT

The USF Foundation, with the assistance of an investment consultant, contracts with investment managers to invest the assets of the Foundation. Investment managers have discretion to manage the assets entrusted to them to best achieve the investment objectives while adhering to the guidelines set for them by the Foundation. Managers are typically selected to manage a portion of the Foundation's assets in a specific asset class. Investment managers are expected to use strategies to limit risk and protect asset value in order to avoid major market declines. All goals, objectives and policies are in effect until modified by the Investment Committee. Managers are continuously monitored through regular due diligence. Any deviations from the policy are brought to the Investment Committee for review. Fees charged by investment managers average approximately 0.87% and are paid from each investment account.

## COMMUNICATION AND REPORTING

The investment managers are responsible for frequent and open communication with the Investment Committee, Foundation investment management and the investment consultant on all significant matters pertaining to investment policies. Responsibilities include the obligation to:

- provide appropriate information on the investments to the custodian;
- inform of major changes in the investment manager's investment outlook, strategy and portfolio structure;
- advise of any significant changes in the ownership, organizational structure, financial condition or senior personnel staffing of each investment manager;
- give quarterly transaction, valuation and performance reports to coincide with the Foundation's fiscal quarters;
- generate proof of liability and fiduciary insurance coverage upon request;
- meet with Foundation staff and Investment Committee upon request.



## ENDOWMENT POOL — ASSET ALLOCATION

| | MIN. | TARGET | MAX. | BENCHMARK |
|---|---|---|---|---|
| **U.S. EQUITY** | **25.0%** | **30.0%** | **35.0%** | **DJ Wilshire 5000** |
| Large Cap Core | 13.5% | 16.5% | 19.5% | Russell 1000 |
| Defensive Equity | 2.3% | 3.0% | 3.8% | S&P 500 |
| Large Cap Value | 2.5% | 4.5% | 6.5% | Russell 1000 Value |
| Large Cap Growth | 2.5% | 4.5% | 6.5% | Russell 1000 Growth |
| Small Cap Core | 0.5% | 1.5% | 2.5% | Russell 2000 Value |
| | | | | Russell 2000 Growth |
| **INTERNATIONAL EQUITY** | **10.0%** | **15.0%** | **20.0%** | **MSCI ACWI excl US** |
| **FIXED INCOME** | **22.5%** | **27.5%** | **30.0%** | **Custom Benchmark** |
| Cash Equivalents | 0.0% | 0.0% | 5.0% | 91 Day T-Bill Index |
| Core Fixed Income | 7.5% | 10.0% | 12.5% | Barclays Aggregate |
| Opportunistic/Private Credit | 6.0% | 17.5% | 22.5% | Custom Benchmark |
| **REAL ASSETS** | **0.0%** | **15.0%** | **17.5%** | **Custom Benchmark** |
| **ALTERNATIVE ASSETS** | **0.0%** | **12.5%** | **15.0%** | **MSCI AC World** |
| **TOTAL FUND** | | **100.0%** | | **A composite of the weighted averages of the targets of the major asset classes** |

## OPERATING POOL

| | | | | |
|---|---|---|---|---|
| **CASH EQUIVALENTS** | **30.0%** | **35.0%** | **40.0%** | **91 Day T-Bill Index** |
| **CORE FIXED INCOME** | **40.0%** | **45.0%** | **50.0%** | **Barclays Aggregate** |
| **INVESTMENT IN THE ENDOWMENT FUND** | **15.0%** | **20.0%** | **25.0%** | **The weighted benchmark of the Endowment Fund** |
| **TOTAL FUND** | | **100%** | | **A composite of the weighted averages of the targets of the major asset classes.** |

## ANNUALIZED ENDOWMENT INVESTMENT RETURNS (THROUGH JUNE 2026)

| 1-YEAR | 3-YEAR | 5-YEAR | 10-YEAR | INCEPTION* |
|---|---|---|---|---|
| 14.8% | 13.4% | 7.1% | 10.7% | 9.7% (*SINCE MARCH 31, 1990) |

The preceding outlines the investment operations of the USF Foundation, the fiduciary responsibility of the Foundation Board, and the investment of the assets held by the Foundation. Returns shown above are based on past results and are not an indication of future performance. The USF Foundation, a 501(c)(3) not-for-profit corporation, supports the University of South Florida's mission to advance teaching, research and public service. For further information about a particular aspect of the USF Foundation's Prospectus, please contact the USF Foundation at 813-974-2035.

## SPENDING POLICY

The spending policy of the Endowment Pool is to allow a portion of the total return to be spent each year for current needs. The remainder of the return is reinvested to keep pace with and exceed inflation. The policy for dividends (payments to support endowed university programs and scholarships) and the administrative fee is to spend a percentage of the prior five calendar years' average market value. The approved rates are listed on the right.

| Effective | FY 26/27 | FY 25/26 |
|---|---|---|
| Dividend | 4.00% | 4.00% |
| Administrative fee | 2.00% | 2.00% |
| **Total** | **6.00%** | **6.00%** |

The spending rate includes dividends paid by the Endowment Pool to the university as well as the administrative fee. The total spending rate is determined by the Investment Committee and the Finance Committee on an annual basis and is approved by the Foundation Board. The goal of such oversight is to ensure that the dividends grow on an inflation-adjusted basis, given the projected long-term rate of return.

## ADMINISTRATIVE FEE POLICY

In order to cover Foundation fundraising and operating expenses, an administrative fee is charged annually against each investment pool. For the Endowment Pool, see the spending policy section of this document. For the Operating Pool, the Foundation retains the earnings of the pool's investments.

## UNDERWATER ENDOWMENTS

An endowment is considered underwater if the current market value is less than the historical value of the gifts or principal used to create the endowment. This condition is normally considered temporary, as market fluctuations are anticipated when employing a long-term investment strategy. Under the spending policy, the Foundation Board considers if expenditures from endowments in the form of a dividend or payout are prudent and consistent with the goal of preserving the purchasing power of the endowment. The board considers many factors to ensure the endowment's preservation in perpetuity, including the purposes of the institution, intent of the donors, the long-term and short-term needs of the institution in carrying out its purposes, general economic conditions, the possible effect of inflation or deflation, and the other resources of the institution.

## GIFT ACCEPTANCE CRITERIA

The USF Foundation accepts various types of gifts in support of the University of South Florida. The Foundation encourages all donors to seek the assistance of personal legal and financial advisors in matters related to their gifts and estate planning for potential tax consequences.

The Foundation accepts gifts at the fair market value or at the appropriate value allowed by law. These include gifts such as:

**Cash or cash equivalents** — includes cash, checks, money orders, electronic fund transfer, credit card and debit card transactions. Gifts of cash are the easiest and most direct way to give to USF.

**Gifts of securities** — may be publicly traded securities that are negotiable on the open market, including stocks, bonds and mutual funds or non-liquid business interests such as gifts of closely held or restricted securities, partnership interests or S corporation stocks that are not generally negotiable on the open market. Publicly traded securities will be accepted at fair market value as determined under Internal Revenue Service rules. Non-liquid business interests will be valued by the Foundation at liquidation.

**Tangible personal property** — includes gifts of equipment, works of art, manuscripts, literary works, boats, motor vehicles, computer hardware, software, etc. The donor may be required to obtain an appraisal prior to transferring tangible personal property to the Foundation.

**Real property** — real estate gifts include developed and undeveloped property, gifts subject to a retained life estate and real property acquired through a bargain sale. After site visit analysis and environmental review, a recommendation for acceptance may be made to the Foundation CEO or the Foundation Board. Unencumbered real property may be accepted at fair market value as established by a qualified real estate appraisal.

**Planned gifts** — consist of future commitments, life income gifts and gifts of complex assets. These gifts include charitable gift annuities, charitable lead trusts, charitable remainder trusts, wholly charitable trusts administered by others, life estates, bequests, IRA rollovers and life insurance.

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