

University of Virginia Investment Management Company

ANNUAL REPORT 2024

HIGHLIGHTS



With UVIMCO’s fiftieth anniversary this year, it is especially fulfilling to see how our investment decisions from decades ago continue to provide intergenerational equity for today’s students, alumni, staff, faculty, and patients.”

- Robert Durden, Chief Executive Officer and Chief Investment Officer, UVIMCO

Serving the University

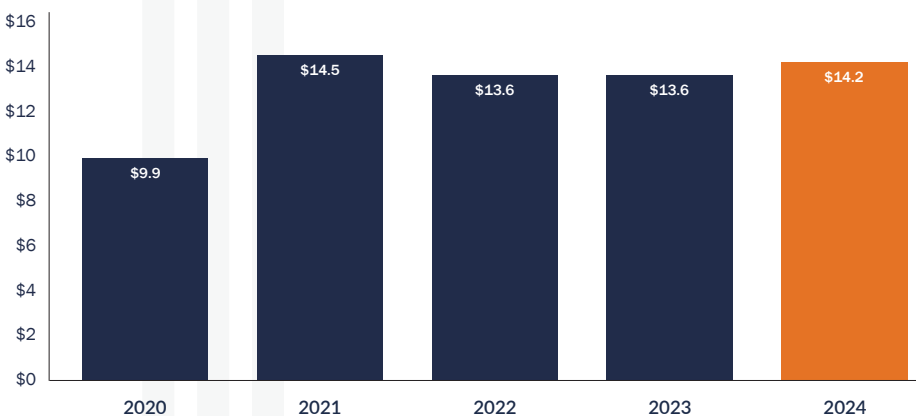
The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the University of Virginia (UVA) and University-associated organizations to serve the University’s mission. UVIMCO’s primary objective is to maximize the long-term, inflation-adjusted returns commensurate with the risk tolerance of the University.

As of June 30, 2024, UVIMCO’s assets under management were \$14.2 billion in the Long Term Pool (LTP) and \$88.3 million in the Short Term Pool (Graph 1). The LTP is comprised of the Rector and Visitors’ endowment (\$7.2 billion), the University’s Strategic Investment Fund (\$1.9 billion), other University long-term assets (\$1.9 billion), and University-associated organizations’ funds (\$3.2 billion), including the Darden School Foundation, Law School Foundation, UVA Alumni Association, and Jefferson Scholars Foundation.

Since 2020, UVIMCO’s assets under management have grown from \$9.9 billion to \$14.2 billion (Graph 2). By generating returns in excess of the University’s spending rate plus inflation, UVIMCO is providing a steady source of income to support the University’s mission for future generations of students, alumni, faculty, staff, and patients through scholarships, professorships, research funding, and other important initiatives.

GRAPH 2 Long Term Pool Market Value

In billions, as of June 30

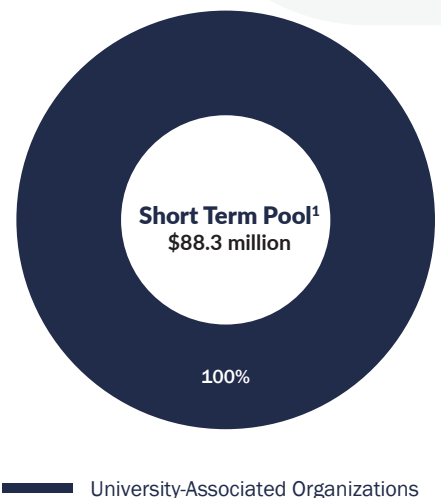
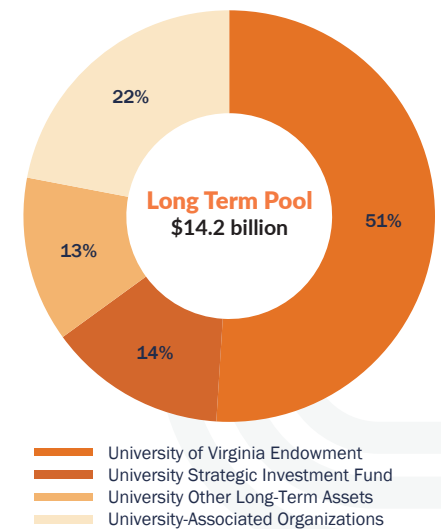


Scan the QR code to check out UVIMCO’s 50th Anniversary Timeline



GRAPH 1 Investor Composition

As of June 30, 2024



(1) The Long Term Pool’s cash portfolio invests in the Short Term Pool. The Short Term Pool market value reflected above excludes Long Term Pool assets.

Long Term Pool Performance

During the twelve months ending June 30, 2024, the LTP returned 7.5% and earned \$1 billion in returns for investors. Public Equity (+10.5%) and Long/Short Equity (+7.4%) trailed the MSCI ACWI (+19.9%) by a large margin, in part due to our longstanding biases to small-caps and emerging markets, as well as underexposure to the select mega-cap companies that led the market rallies. Private strategies collectively generated 4.3%, while Real Assets (+10.8%) and our diversifying strategies (+6.5%) provided important diversification and meaningful returns for the LTP. The primary factor impacting fiscal year performance is the LTP's allocation to private investments, which drives significant basis risk versus the all-liquid passive benchmark. Importantly, the

TABLE 1 Long Term Pool Strategy Allocation and Investment Returns

In percentages, as of June 30, 2024

	Allocation ⁽¹⁾	Annualized				
		1YR	3YR	5YR	10YR	20YR
Long Term Pool⁽²⁾	100.0	7.5	1.5	10.4	8.7	9.7
Policy Benchmark ⁽³⁾		15.3	4.0	8.5	7.3	7.4
Public Equity	27.3	10.5	(3.0)	8.1	8.4	11.9
Long/Short Equity	9.4	7.4	(3.1)	5.5	4.8	7.2
Private Equity	27.0	4.3	0.8	18.5	16.1	15.0
Real Assets	16.1	10.8	17.6	14.9	11.0	10.0
Absolute Return	10.0	9.6	8.3	6.2	3.8	5.8
Credit	4.4	10.5	3.5	6.4	5.5	7.0
Fixed Income	4.9	0.5	(3.4)	1.1	1.4	3.0
Cash	0.9	5.0	2.8	1.9	1.4	--

(1) Percent of Long Term Pool net asset value.

(2) Long Term Pool returns are presented gross of UVIMCO management and incentive fees but net of underlying manager fees.

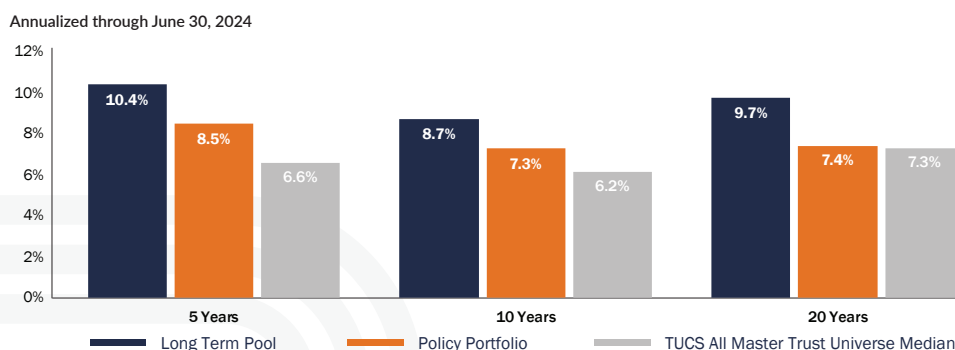
(3) Geometrically linked monthly average of 75% MSCI All Country World Equity and 25% Bloomberg U.S. Treasury Bond. The policy portfolio weights are 65/10/25 equity, real estate, fixed income between July 1, 2019 and June 30, 2020 and 60/10/30 prior to July 1, 2019.

success or failure of private investments can only be properly evaluated over long time periods that capture complete market cycles, provide ample opportunity for innovation to take hold, and enable business improvements to bear fruit.

Historically, we have been well paid for assuming market, manager, and liquidity risks that differ from that of the policy portfolio. Our longer-term performance (**Table 1**) continues to be excellent compared to both the policy benchmark and the required return. Over the past ten and twenty years, the LTP has generated annualized returns of 8.7% and 9.7%, respectively, exceeding the policy portfolio and the required return needed to preserve the purchasing power of the endowment.

According to Wilshire Trust Universe Comparison Service (TUCS) data, UVIMCO consistently outperforms its institutional peers. Over the past twenty years, UVIMCO's annualized return of 9.7% has well exceeded the 7.3% garnered by median peers (**Graph 3**).

GRAPH 3 Long Term Pool Relative Performance



Asset Allocation

UVIMCO's investment performance and strategy start with successful asset allocation and alignment with asset owners. UVIMCO's investment policy includes a policy portfolio allocation, which our Board of Directors establishes based on the University's risk tolerance and expected future capital requirements. The policy portfolio serves as an indicator of how the endowment would fare under passive management.

UVIMCO has a long history of partnering with exceptional investment managers, who add value to passive alternatives over time. Our managers invest in Public Equity, Long/Short Equity, Private Equity, Real Assets, Absolute Return, Credit, and Fixed Income. **Graph 4** displays the trends in the asset allocation of the LTP over the past decade, with shifts in recent years primarily due to relative performance.

GRAPH 4 Long Term Pool Historical Asset Allocation

