

FAQs

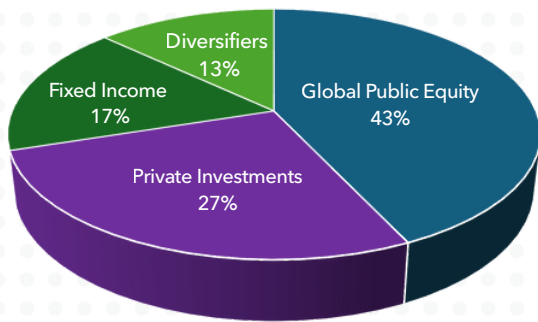
FY25 (July 1, 2024 – June 30, 2025)

Who manages the University of St. Thomas endowment?

The Board of Trustees is responsible for setting the Investment Governance Policy of the university. The Board delegates the management responsibility to the Investment Committee. The committee is comprised of experienced Board members and non-trustee investment professionals. The Investment Committee approves asset allocation recommended by an internal investment team and provides oversight to the investment program. St. Thomas utilizes an internal team (in-house Investment Office) to implement the investment policy and manage the endowment investments.

How is the university's endowment currently invested? How does St. Thomas manage its endowment? What is the strategy used?

The objectives of the endowment are to preserve purchasing power over the long term, produce a real investment return of 5% and achieve returns with a reasonable level of consistency.



In order to meet the investment return objectives, the endowment has a high allocation to equities with the remainder allocated to bonds (Fixed Income) and diversifying/hedged strategies (Diversifiers). The university has a diversified public equity portfolio and a strategic allocation to private investments that have the goal of adding higher returns over the public markets over time. Diversifying strategies are invested with the goal of reducing volatility while outperforming bonds. Investments in bonds provide protection against negative equity markets and liquidity for spending.

How does St. Thomas invest differently than an individual or a foundation?

The university's endowment currently has a 70% allocation to equities and private investments and a 30% allocation to bonds and diversifying strategies; however, it is invested very differently than a traditional 70/30 passively invested portfolio.

The equity allocation is invested 43% in global public equity diversified across geography and sectors, and 27% is invested in private investments. The 30% allocation to bonds and diversifying strategies is invested 17% in Fixed Income and 13% in a variety of hedged strategies intended to hold value in equity downturns. The St. Thomas Investment Office utilizes professional networks to source high-quality third-party managers to execute these asset allocations.

The St. Thomas endowment had a return of 9.2% in FY25. Did other institutions have a similar outcome?

The portfolio returns are in line with most institutions with a similar sized allocation to private investments.

The portfolio underperformed the portfolio benchmark over one year but has outperformed the benchmark since 2005. The portfolio generated strong positive returns across the public equity portfolio. The public markets rallied strongly to close out the fiscal year after a significant decline in the month of April. Most equity indices recorded double-digit returns during the fiscal year.

In contrast, the private markets did not replicate the public market rebound. This is not surprising given the large private market outperformance over the last five years and the lagging nature of private investment returns relative to public market returns. The Diversifiers/hedged strategies allocation generated positive returns during the fiscal year, providing valuable protection from the April sell-off in equities. The Fixed Income allocation, which consists of laddered treasuries and high-grade corporate bonds, provided solid returns and matched its benchmark returns during the fiscal year.

What does the future look like for our endowment?

The long-term outlook for the endowment is strong. The internal Investment Office is fully staffed and led by Sonali Dalal, Vice President and Chief Investment Officer. She is a 20+-year veteran with a proven track record. She joined St. Thomas in 2022 from Pennsylvania State University, where she served as the Deputy Chief Investment Officer.

What is available spending for awards?

Available spending for awards represents the income disbursed in a given fiscal year in accordance with the terms of the endowment. The spending rate in fiscal year 2025 was 5.0%. The Investment Committee at its March 2024 meeting approved an increase in spending rate from 4.5%. The market value of the endowment equals the cumulative total of gifts received, adjusted by the fiscal-year earnings or losses and disbursement awards. The amount listed on the donor's financial statement does not include any additional funds a donor contributes to the spending account.

How do our management fees compare to typical individual investment management fees?

Approximately 50% of the university's investment manager's fees are determined by performance-based fees, so the fees paid are not a constant percentage. The Investment Office evaluates manager fees for reasonableness before investing with the manager and negotiates lower fees where possible. The Investment Committee annually reviews total investment management fees.

What management and assessment fees are passed on?

There are no additional management fees or assessment fees charged to the endowment. Only the actual expenses relating to the management of the endowment assets are charged. All investment manager fees are netted against the manager's fund performance, so the investment performance results reflect net of all manager fees.

St. Thomas reports on a fiscal year that begins July 1 and ends June 30.

Questions? Contact University Advancement at (651) 962-6950.

