Dear Mr. Michelsen,

Your gifts to endowed funds at the University of Minnesota are more than financial contributions; they are an expression of what’s important to you and of your hopes and dreams for the future. By giving to endowed funds, you show that you care about the University and want your support to make a lasting impact for years to come. Thank you!

We are deeply grateful for your investment in the University and are dedicated to the wise stewardship of your gifts. On behalf of the University of Minnesota Foundation (UMF), I’m pleased to enclose your 2015 Report on Endowments with fiscal year results for the endowed fund(s) of interest to you.

I’m also proud to report strong results from UMF and the University during fiscal year 2015, including:

- A phenomenal, record-breaking year for philanthropy to the U, with $351 million in gifts from more than 78,000 donors.
- $196 million transferred to the University, creating opportunities beyond measure for students, faculty, and programs.

The enclosed Report on Giving, this year titled Taking Flight, illustrates some of the wonderful and inspiring ways in which donors are helping the University of Minnesota reach new heights. Also included is an update from our investment advisors that shows the growth of UMF’s endowment over the past 25 years, along with related information about investment performance.

Together, we’re creating a future transformed by philanthropy, one dream and one legacy at a time. Thank you for your partnership and generosity. If you have any questions or comments about your report, please contact us at donorrelations@umn.edu or 612-626-9565.

Sincerely,

Kathleen M. Schmidkofer
President and CEO

OUR MISSION | To connect passion with possibility, inspire generosity, and support greatness at the University of Minnesota

930232633
CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION (CFMA) ENDOWED SCHOLARSHIP

A report prepared especially for
Twin Cities Area Chapter of CFMA
July 1, 2014 – June 30, 2015

Fund Purpose

Created in 2003, this fund supports upper-division students at the Carlson School of Management who are majoring in accounting or finance.

Financial Statement (Endowment Fund No. 6593)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal value as of June 30, 2015</td>
<td>$66,993</td>
</tr>
<tr>
<td>As of June 30, 2014</td>
<td>$67,670</td>
</tr>
<tr>
<td>As of June 30, 2013</td>
<td>$62,338</td>
</tr>
<tr>
<td>FY15 Endowment payout</td>
<td>$2,769</td>
</tr>
</tbody>
</table>

Turn over for award recipient information
CONSTRUCTION FINANCIAL MANAGEMENT ASSOCIATION (CFMA) ENDOWED SCHOLARSHIP

Recipients for the 2015–2016 academic year*

Congratulations to the student(s) listed below who met the criteria and were selected to receive this award for the 2015–2016 academic year!

<table>
<thead>
<tr>
<th>Name</th>
<th>City, State</th>
<th>School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Henry Brandon</td>
<td>New Brighton, MN</td>
<td>College of Science and Engineering Carlson School of Management</td>
</tr>
<tr>
<td>Jacob Leech</td>
<td>Mound, MN</td>
<td>Carlson School of Management</td>
</tr>
</tbody>
</table>

*As of October 2015. Please note, the student information in this report is not public information. In accordance with the Family Educational Rights and Privacy Act, it may not be reproduced or shared, either in print or online, without written permission from the student(s).

If you have questions about your report, please contact the University of Minnesota Foundation at donorrelations@umn.edu or 612-626-9565.
Connecting passion with possibility

The mission of the University of Minnesota Foundation (UMF) is to connect passion with possibility, inspire generosity, and support greatness at the University of Minnesota. UMF is a key partner in building excellence among students and faculty and fueling important discovery on all five University campuses. UMF accomplishes this by raising gifts from individuals and organizations, investing funds for maximum impact, and stewarding gifts to ensure they are used as donors intended. An independent, nonprofit organization, UMF is designated by the Board of Regents as the central development office for the University.

Thanks to the generosity of our donors, UMF set a new record in fiscal 2015 by raising $351 million, surpassing the previous record of $289 million set in fiscal 2008.

Financial expertise

Donors may make endowed gifts to create new funds or contribute to existing funds. These funds are pooled and invested together as the UMF endowment. This portfolio, currently valued at $2.2 billion, is invested by UMF Investment Advisors (UMFIA). A nonprofit subsidiary formed in 1998 to focus on long-term investment goals, UMFIA has an 11-member board of directors with expertise in financial management. Visit give.umn.edu/about/umfia/board for a list of UMFIA board members.

Investment objectives

The investment policy, set by the UMF Board of Trustees, seeks to maximize growth while minimizing annual risk and volatility. To achieve these goals, the portfolio is highly diversified and actively managed. A portion of each endowed fund’s value, currently 4.5% of the fund’s average market value over the previous 20 quarters, is made available for spending each year to support the fund’s designated program.

Investment results

for the periods ending June 30. Total value of UMF endowment: $2.2 billion.

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Goal*</th>
<th>Policy Benchmark**</th>
<th>65/35 Benchmark***</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>5.4%</td>
<td>5.1%</td>
<td>4.6%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>5-Year</td>
<td>10.6%</td>
<td>7.1%</td>
<td>10.5%</td>
<td>9.0%</td>
</tr>
<tr>
<td>10-Year</td>
<td>7.1%</td>
<td>7.8%</td>
<td>7.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>20-Year</td>
<td>9.1%</td>
<td>8.2%</td>
<td>8.5%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

* The investment goal is to achieve an annualized return of 5% in excess of inflation. The goal, set by UMFIA, is intended to cover the spending rate as well as administrative fees to ensure permanent endowment value.

** The policy benchmark’s components and asset class weightings are based on the portfolio’s asset allocation policy.

*** The 65/35 benchmark is a blend of stock and bond indices (65% stocks and 35% bonds).
Value of UMF endowment over time

The UMF endowment has performed well over the long term, making it possible for well-established funds to provide predictable and stable funding to support their designated programs. The chart below shows the growth of the endowment, compared with the foundation’s policy goal and a 65/35 market benchmark, illustrated as the growth of $1 since 1990.

The 65/35 benchmark is a weighted blend of stock and bond indices (65% equities and 35% bonds). To minimize the higher risk inherent in equities, the equity component of UMF’s portfolio is closer to 50%. Portfolio diversification is important because the endowment supports current spending. From time to time, simple stock/bond portfolios more heavily weighted in favor of stocks may outperform the UMF portfolio. Our goal is to achieve equity-like returns over the long run but with far less volatility.

Since the inception of UMFIA, our portfolio return has exceeded equity and passive benchmark returns by +2.9% annually, with less downside risk.