



THE USC ENDOWMENT

Your Charitable Investment at Work

| Fiscal year ending June 30, 2024 |

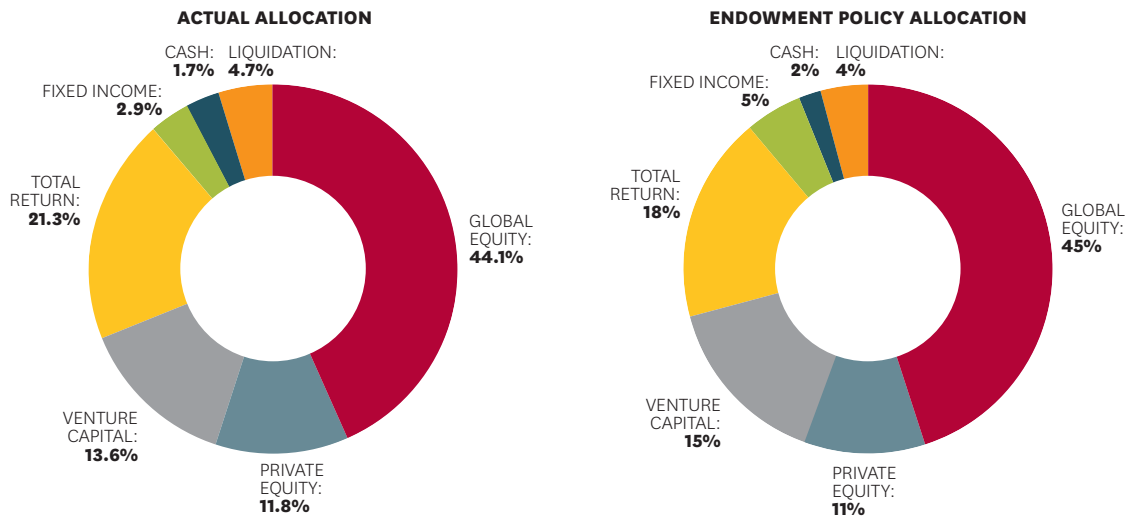


ENDOWMENT FUND MANAGEMENT

In accepting your gift to its endowment, the university has assumed responsibility for ensuring that it will perpetually support its specified purpose. Gifts to the endowment are invested in the University of Southern California's Endowment Fund, a balanced portfolio invested in diversified asset classes including global stocks and bonds, private equity, venture capital and total return strategies. Recognizing that market volatility and economic change create both risks and opportunities, the university employs a long-term and active investing philosophy that responds to changing environments and takes advantage of valuation extremes. This approach is designed to enable the endowment to grow in real terms, providing meaningful annual returns that keep pace with inflation while minimizing risk and volatility.

The USC Investment Office manages the investment assets, including the Endowment Fund, with oversight by the Investment Committee of the Board of Trustees. The Investment Committee sets the Endowment Fund Asset Allocation Policy with the objective of maximizing returns at acceptable levels of risk. The Investment Office implements this Asset Allocation Policy through the selection and oversight of external asset managers and advisors. By investing the Endowment Fund with outside managers, USC reduces its total portfolio risk through manager and strategy diversification. This allows the Investment Office's expert team of professionals to maximize the benefits of diversification and minimize investment risk.

Investment Policy Allocation



INVESTMENT GOVERNANCE

The university's chief investment officer heads the Investment Office and reports directly to the president of the university, with oversight provided by the Investment Committee of the Board of Trustees. This board committee regularly reviews and monitors investment results and asset allocation policy. The members of this committee consist of experienced and notable investors and investment professionals, who share their expertise and help USC gain access to top-tier investment managers and opportunities.

USC's Competitive Advantages

- USC's extensive and long-standing relationships in the investment world are important sources of access to investments that produce excess returns.
- USC's loyal alumni network has been critical to the university's success in gaining access to superior investment opportunities.
- The USC Investment Office has a full-time staff of investment professionals whose sole goal is to maximize return on the university's assets and manage risks.

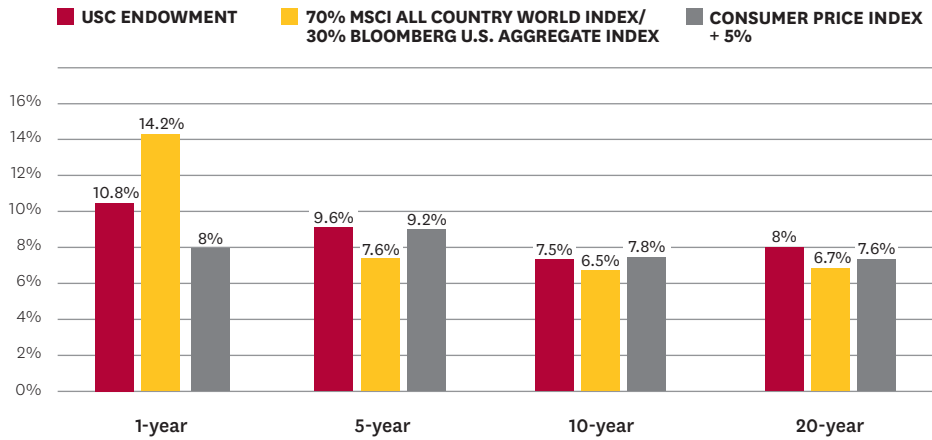
In short, our breadth and depth of investment experience allow us to partner with the very best managers in their respective market niches.

INVESTMENT PERFORMANCE FOR FY 2023-2024

FINANCIAL REPORT ON ENDOWED FUNDS

For the fiscal year ending June 30, 2024, the endowment gained 10.8% and ended the period with a \$8.15 billion market value. Given the volatility in shorter-term periods, it is important to review the performance over longer timeframes. Over the 5-, 10- and 20-year periods, the endowment's returns have compared favorably with the primary benchmark of a passive 70% stocks/30% bonds portfolio, as well as with a real return benchmark of the Consumer Price Index plus 5% over the 1-, 5-, and 20-year periods.

*Endowment
Fund Annualized
Returns as of
June 30, 2024*

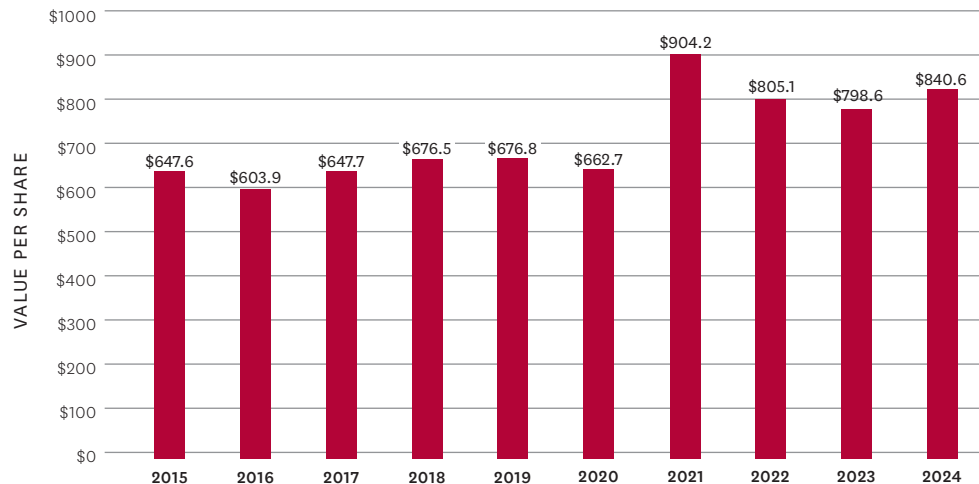


ENDOWMENT FUND PAYOUT

SUPPORTING UNIVERSITY PURPOSES IN PERPETUITY

Gifts to the university's endowment purchase shares of the Endowment Fund at the current market value when the gift is received by USC and designated as an endowment. Each share produces an annual payout amount that becomes available for the university to use for the purpose designated by the donor. The payout is set annually by the Finance and Campus Planning Committee of the Board of Trustees, and is generally between 4% and 6% of the average market value of the Endowment Fund for the previous 12 calendar quarters. This allows the university to smooth Endowment Fund payout year to year, so that university programs can plan and budget more efficiently while building in potential for real (inflation-adjusted) growth in the fund principal. The Endowment Fund market value per share over the past 10 years is shown below:

*Endowment
Fund Value
Per Share (\$)
at fiscal year end*



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UNIVERSITY ADVANCEMENT Stewardship and Donor Relations

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USC University of
Southern California