“We believe in the opportunity set available to focused long-term investors like the Fund and look forward to capturing these opportunities and enabling our member institutions to meet their goals far into the future.”

JONATHON C. KING
PRESIDENT & CEO, CHIEF INVESTMENT OFFICER
UNC MANAGEMENT COMPANY, INC
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The UNC Investment Fund, LLC

The key benefits of investing in The UNC Investment Fund include:

1. Investment management and oversight by a team of professionals dedicated solely to the Fund
2. Access to superior external investment management firms
3. Strategic and tactical asset class allocation and manager diversification
4. Attractive long-term investment track record, as described on page 22 of this report
5. Moderate volatility of returns and reasonable downside protection during periods of market weakness, as described on page 24 of this report
6. Competitive fees
7. Monthly and quarterly performance reporting with online access available
8. Back office support providing accounting and performance measurement services
IT IS OUR PLEASURE to present the Fiscal Year 2013 Annual Report for the UNC Investment Fund, LLC ("Investment Fund" or "Fund") and provide an overview of the Fund’s investment approach, asset allocation, and historical performance. In the most recent fiscal year ended June 30, 2013, the Investment Fund posted a healthy 12.1 percent return benefiting from the strong returns experienced by both public and private equity markets. The Investment Fund’s primary objective is to maintain the purchasing power of its underlying funds after accounting for spending distributions and inflation over the long-term. Returns in excess of 8.5 percent are deemed to have achieved this target. In addition to contributing to the Investment Fund’s long-term return objective, the fiscal year 2013 return of 12.1 percent comfortably exceeded the Investment Fund’s primary benchmark, the Strategic Investment Policy Portfolio (“sIPP”) which recorded a 10.4 percent return for the year. Relative to other endowments, the Investment Fund’s return for the fiscal year beat the 11.9 percent median return of the constituent institutions in the Cambridge Associates College & University universe of endowment funds.

In order to achieve its long-term objectives, the Fund is positioned to protect value in periods of financial market weakness and mitigate year over year volatility. This is achieved through a highly diversified multi-asset class, multi-strategy investment approach with a significant allocation to alternative assets. Given this posturing, the Fund tends to lag behind traditional equity oriented benchmarks, as well as other endowment funds, in very strong up markets such as those experienced in fiscal year 2013 and significantly outperform in weak markets. This return capture pattern has proven successful as, over reasonably long periods of time, the Investment Fund has produced competitive rates of return with lower levels of volatility and more downside protection than most institutional funds.

Over the past five years, the market value of the Fund has grown by over $1 billion from $2.53 billion at June 30, 2008 to $3.54 billion at June 30, 2013. Over fiscal year 2013, the Fund grew by $368.5 million from $3.18 billion at the start of the year. The growth in the market value is attributed to both investment gains as well as contributions from existing and new Fund members.

We are pleased with the fiscal year 2013 return of 12.1 percent and its contribution to the Fund’s primary objective of maintaining its purchasing power after accounting for spending distributions and inflation. The investment approach employed to meet this objective has remained consistent and, as such, been tested across various market environments and through evolving challenges faced by markets. With the oversight, direction, and support provided by the Fund’s Board of Directors and the diligent efforts of our investment team in implementing this approach, the Fund’s ten-year annualized return of 9.2 percent has delivered on this primary goal.

On behalf of the Chapel Hill Investment Fund Board as well as the UNC Management Company, we thank all investors for their continued support, trust, and open communication. Despite the uncertainty that persists in financial markets, we remain committed to achieving the Fund’s objectives and are confident in our ability to do so. We believe in the opportunity set available to focused long-term investors like the Fund and look forward to capturing these opportunities and enabling our member institutions to meet their goals far into the future.
InVESTMENT FUND BOARD

A | MAX C. CHAPMAN, JR., CHAIRMAN*
Chairman, Gardner Capital Management

B | JOHN G.B. ELLISON, JR.*
President & Chief Executive Officer,
The Ellison Company, Inc.

C | PAUL FULTON, JR.
Non-Executive Chairman of the Board,
Bassett Furniture Industries, Inc.

D | PETER T. GRAUER
Chairman, Bloomberg LP

E | KAROL K. GRAY, TREASURER*
Vice Chancellor for Finance & Administration,
The University of North Carolina at Chapel Hill

F | JULIA GRUMBLES, SECRETARY
Vice Chancellor for University Advancement,
The University of North Carolina at Chapel Hill

G | WADE H. HARGROVE
Partner, Brooks Pierce Attorney & Counselors

H | WILLIAM B. HARRISON, JR.
Former Chairman & Chief Executive Officer,
JP Morgan Chase & Co.

I | SALLIE KRAWCHECK
Independent Consultant

J | WILLARD J. OVERLOCK, JR.*
Senior Director, Goldman Sachs Group, Inc.

K | NELSON SCHWAB, III
Managing Partner, Carousel Capital

L | SALLIE SHUPING-RUSSELL, VICE PRESIDENT
Managing Director, BlackRock

M | DR. H. HOLDEN THORP
Chancellor, The University of North Carolina at Chapel Hill

N | JOHN L. TOWNSEND, III*
Senior Advisor, Tiger Management LLC

*Executive Committee Member

THE UNIVERSITY OF NORTH CAROLINA at Chapel Hill Foundation Investment Fund, Inc. (“Chapel Hill Investment Fund”) is the controlling member of the UNC Investment Fund, LLC.

The Chapel Hill Investment Fund’s Board of Directors is comprised of up to 15 members including 11 ex-officio members: Chancellor, Chairman of the Board of Trustees of The University of North Carolina at Chapel Hill (“UNC Chapel Hill”), the other seven trustees of The Board of Trustees of the Endowment Fund at UNC Chapel Hill, and the Vice Chancellors for Finance & Administration and for University Advancement of UNC Chapel Hill. These ex-officio members may elect two further members to the Board and two additional members may be elected by the Board of Directors of The University of North Carolina at Chapel Hill Foundation, Inc.

Listed above are the Directors as of June 30, 2013. ▼
**PORTFOLIO at a GLANCE**

**FISCAL YEAR AS OF JUNE 30**

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<thead>
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<tbody>
<tr>
<td>Market Value (in millions)</td>
<td>$3,554.0</td>
<td>$3,175.5</td>
<td>$2,903.7</td>
<td>$2,535.4</td>
<td>$2,255.1</td>
</tr>
<tr>
<td>Return</td>
<td>12.1%</td>
<td>2.1%</td>
<td>15.3%</td>
<td>6.8%</td>
<td>-19.6%</td>
</tr>
<tr>
<td>SIPP Return</td>
<td>10.4%</td>
<td>4.7%</td>
<td>20.2%</td>
<td>10.9%</td>
<td>-17.1%</td>
</tr>
</tbody>
</table>

**Asset Allocation**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Long Biased Equity</td>
<td>29.0%</td>
<td>24.5%</td>
<td>24.3%</td>
<td>19.7%</td>
<td>17.0%</td>
</tr>
<tr>
<td>Long/Short Equity</td>
<td>18.3%</td>
<td>17.8%</td>
<td>19.5%</td>
<td>22.2%</td>
<td>25.3%</td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>10.6%</td>
<td>13.4%</td>
<td>14.2%</td>
<td>15.6%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>8.3%</td>
<td>8.8%</td>
<td>7.2%</td>
<td>10.5%</td>
<td>10.8%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>18.1%</td>
<td>17.8%</td>
<td>17.1%</td>
<td>15.7%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>7.5%</td>
<td>7.2%</td>
<td>7.4%</td>
<td>7.3%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Energy &amp; Natural Resources</td>
<td>7.0%</td>
<td>7.2%</td>
<td>7.5%</td>
<td>8.0%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.2%</td>
<td>3.3%</td>
<td>2.8%</td>
<td>1.0%</td>
<td>2.1%</td>
</tr>
</tbody>
</table>
IN STARK CONTRAST to fiscal year 2012, the fiscal year ended June 30, 2013 saw equity markets, particularly those in the U.S., deliver strong performance as improved macroeconomic data and solid corporate profits drove markets higher. Expansive monetary policies, and the expectation that such policies would continue for some time, from the U.S. Federal Reserve, the European Central Bank, and the Bank of Japan muted investors’ concern about lingering global fiscal issues. The S&P 500 index of large capitalization U.S. stocks returned 20.6 percent for the year with domestic small cap stocks (as measured by the Russell 2000 index) faring even better with a 24.2 percent return. While developed country international equities produced solid gains, they trailed the U.S. market with the MSCI EAFE index (International Developed Countries) finishing the year up 18.6 percent.

Despite the strong gains in developed equity markets, emerging market equities struggled with the MSCI Emerging Markets index returning a modest 2.9 percent for the year as concerns surrounding a slowing of the Chinese economy roiled markets. In turn, these concerns regarding Chinese growth also led to a weaker outlook for commodities leading to an 8.1 percent loss for the Dow Jones-UBS Commodity index. The sharp drop in commodities prices hit equity values in Brazil and Russia particularly hard.

Unlike developed world equities, fixed income markets experienced a sharp decline during the fiscal year, particularly in the last quarter, following comments by U.S. Federal Reserve Chairman Ben Bernanke indicating a possible slowing (often referred to as tapering) of the $85 billion per month pace of bond purchases under their quantitative easing (QE) program. While Bernanke’s comments shook markets across the board and led to increased volatility across asset classes, fixed income markets were hit particularly hard. The decline in fixed income markets was generally broad-based with U.S. Government securities and corporate credit suffering sharp reversals alongside structured credit markets as well. For the year, the Barclays Long-Term Treasury index lost 8.1 percent. High yield securities proved resilient, however, with the Barclays U.S. Corporate High Yield index returning 9.5 percent for fiscal year 2013.

Benefiting from the strong returns experienced by both public and private equity markets, the UNC Investment Fund posted a solid 12.1 percent return for the 12-month period ended June 30, 2013. The Investment Fund’s primary objective is to maintain the purchasing power of its underlying funds after accounting for spending distributions and inflation over the long-term. Returns in excess of 8.5 percent are deemed to have achieved this target. In addition to contributing to the Investment Fund’s long-term return objective, the fiscal year 2013 return of 12.1 percent exceeded the Investment Fund’s primary benchmark, the Strategic Investment Policy Portfolio (“SIPP”), as well as the more traditional Global 70/30 portfolio (consisting of 70 percent MSCI All Country World index and 30 percent Barclays U.S. Aggregate Bond index) which recorded 10.4 percent and 11.2 percent returns for the year, respectively. Relative to other endowments, the Investment Fund’s return ranks in the second quartile of the BNY Mellon Endowment & Foundation Universe.

With the exception of June, the Investment Fund generated a positive return in each of the seven major asset classes produced positive returns in fiscal year 2013 with five of seven outperforming their SIPP benchmark.
return in each month of the fiscal year. Also, each of the Investment Fund’s seven primary asset classes produced a positive return for the year with five of seven outperforming their respective benchmarks. With the strong gains in equity markets for the fiscal year, Long Biased Equity, the portfolio’s largest allocation comprising 29.0 percent of the Fund’s fiscal year end assets, was the Investment Fund’s top performing asset class with a 19.6 percent return for the year. Energy & Natural Resources was the Investment Fund’s biggest relative outperformer, beating its SIPP benchmark by almost 10 percentage points (10.0 percent vs. 0.1 percent benchmark return). The Private Equity allocation benefited from the exit opportunities created for private investments on the heels of solid equity markets. Fixed Income was also a strong relative performer in fiscal year 2013, returning nearly 7 percent despite the slide in fixed income markets in the last two months of the fiscal year. Diversifying Strategies, an underweight position in the Fund, generated a positive 6.2 percent return for the year but trailed its SIPP benchmark by 180 basis points as global macro and commodity-oriented investment managers struggled. Figure 1 on page 7 shows the fiscal year 2013 returns for each of the seven main asset classes versus their respective SIPP benchmarks.

As a result of positive investment performance as well as additional contributions by member institutions, the market value of the Fund increased by $368.5 million during the fiscal year to $3.54 billion as of June 30, 2013. Figure 3 below illustrates the nearly $1 billion dollar increase in the Fund’s market value over the past five years.

While the economic backdrop has marginally improved from last year, uncertainty continues to linger requiring investors to exercise caution. Economic reports in the U.S. continue to paint a mixed picture but tend to point toward the continuation of modest growth with employment, housing statistics, and auto sales figures improving, albeit at a modest pace. Economic data from Europe is also showing signs of improvement as business and consumer sentiment rise. During the quarter, the European Central Bank reduced its main policy rate to 0.50 percent and reiterated its stance that monetary policy would continue to be accommodative for the foreseeable future.

While it is still unclear when the Fed will slow its bond purchase program, it is likely to maintain interest rates near zero well into 2015. Winding down the bond purchase program would remove an important source of liquidity that has been fueling the demand for financial assets and driving U.S. and global stock indexes to record levels. Due to a lack of precedent, there is a high degree of uncertainty as to the impact a reduction in QE would have on markets. We believe fundamental factors would return as a significant driver of asset values if such a reduction in QE were to occur. Markets driven by technical and political factors, such as those in recent history, tend to be difficult for investment managers to navigate. We are optimistic the Fund’s underlying alternative investments will perform well as fundamental market drivers return. Additionally, we have confidence that these investments will provide downside protection as overall uncertainty persists and with it the potential for increased market volatility.
INVESTMENT OBJECTIVES

THE FUND IS GOVERNED by a Statement of Investment Objectives and Policies established by its Board of Directors. These policies ensure the prudent management of the Fund in order to serve the best interests of the various programs that rely on the distributions from their investment for operational support. The statement reflects the long-term investment time horizon of the Fund and ensures prudent financial management principals and discipline. The four primary investment goals and objectives of the Fund are:

- To preserve the real (net of inflation) purchasing power of the Fund while providing a predictable, stable, and constant (in real terms) stream of spending distributions.
- To earn an annualized real total rate of return of at least 5.5 percent per year, net of all fees and expenses, over the long-term.
- To earn an annual rate of return, net of all fees, that exceeds the Strategic Investment Policy Portfolio (“SIPP”).
- To earn a rate of return that places the Fund among the top third of university endowment funds as ranked by the National Association of College and University Business Officers (“NACUBO”).
STRATEGIC INVESTMENT POLICY PORTFOLIO and ASSET ALLOCATION

FUNDAMENTAL TO THE FUND’S Investment Objectives outlined on page 9 is the Strategic Investment Policy Portfolio (“SIPP”) established by the Fund’s Board of Directors. The SIPP provides asset allocation guidelines for the management of the Fund in accordance with its long-term return objectives and risk tolerance. The SIPP represents a broadly diversified portfolio with exposure to seven primary asset classes each of which is further divided into sub-strategies. Established by the SIPP are strategic asset allocation targets and tactical asset allocation ranges for the Fund’s seven primary asset classes. Each asset class is measured against a benchmark index which, when aggregated, serves as a method of assessing the Fund’s overall performance.

Key characteristics of the SIPP include:
- Diversification across asset classes to allow the Fund to achieve its objectives through varying market environments
- A reliance on equity-related investments, both in public and private markets, to achieve long-term return objectives
- A significant allocation to private securities to capture the illiquidity premium associated with them
- Emphasis on equities over fixed income securities to reflect the Fund’s sensitivity to inflation

The SIPP reflects the long-term time horizon of the Fund. As such, modifications tend to be gradual with significant revisions occurring infrequently. To more accurately reflect the risk and return profiles and return drivers of the Fund’s underlying investment managers, the Board of Directors revised the SIPP’s primary asset classes, their strategic allocation target and tactical allocation range as well as their representative benchmark at its October 2012 meeting. These changes were implemented in January 2013. Rather than acting as a fundamental shift in asset allocation, the SIPP revisions implemented in fiscal year 2013 better reflect the investment characteristics of the Fund and provide for a more concise framework for portfolio construction.

Each of the seven underlying asset classes within the SIPP provides different benefits to the overall portfolio across different market environments. The Fund allocates to the different asset classes through investments with a number of investment managers retained following a rigorous selection process. Below is a brief description of each of the asset classes including the investment strategy used and the types of investments typically held.

LONG BIASOED EQUITY
A traditional asset class characterized by managers who adopt an investment strategy to primarily hold long positions in publicly listed equity securities to gain equity market exposure globally.

LONG/SHORT EQUITY
An asset class characterized by a manager’s ability to buy and/or sell short individual publically listed equity securities that the manager believes the market has mispriced relative to their fundamental intrinsic value. The long and short positions are generally independent of one another and portfolios typically result in an overall net long exposure to equities. This flexibility is intended to add value and/or decrease risk.

DIVERSIFYING STRATEGIES
An asset class that includes investment strategies that tend to be uncorrelated with major equity market indices. Diversifying Strategies consist of the following three sub-strategies: multi-strategy, credit long/short, and macro/commodities.

FIXED INCOME
A broad and traditional asset class that generally comprises investment strategies (almost always including debt instruments) that are focused on income generation. The Fixed Income asset class tends to provide diversification to the portfolio acting as a complement to the Long Biased Equity asset class.

PRIVATE EQUITY
An asset class that includes equity investments and transactions in private companies (i.e., companies that are not publicly listed on any stock
exchange). As the investments are illiquid, they are expected to provide higher returns than public equity investments over the long-term.

**REAL ESTATE**
An asset class in which investment managers invest in private real estate opportunities (primarily commercial) globally. Investments in Real Estate tend to provide a hedge against rising inflation, a source of current income, and diversification to the aggregate Fund. Also, Real Estate markets can be markedly inefficient and, as such, provide significant potential for investment gains.

**ENERGY & NATURAL RESOURCES**
An asset class comprised of investment managers who purchase oil, natural gas, power, and other commodities. Similar to Real Estate, these investments provide a hedge against future inflation and can benefit from an inefficient market for such investments.

Decisions regarding the allocation to each of the primary asset classes can have a significant impact on an investment portfolio’s return and ability to achieve its return objectives within a given level of risk. Asset allocation decisions also influence the Fund’s ability to provide a sufficient level of liquidity to meet the annual payout to member institutions and other liquidity needs of the Fund. As such, establishing the strategic asset allocation targets of the SIPP is the first step of the investment process utilized to construct the Fund. The SIPP, including the strategic targets and tactical ranges for each underlying asset class as well as the Fund’s actual allocations as of June 30, 2013, is illustrated below.

While the strategic asset allocation targets provide long-term guidance for the Fund, the tactical asset allocation ranges established by the SIPP allow the Fund to react quickly when specific market conditions present themselves, purchase assets when they seem attractively valued, and sell assets deemed overpriced. These decisions may lead to pronounced deviations from the strategic policy and should, over the long-term, contribute to the Fund’s return goals.

**FIGURE 4**
**STRATEGIC INVESTMENT POLICY PORTFOLIO**

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Current Allocation</th>
<th>Strategic Target</th>
<th>Tactical Range</th>
<th>Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-Biased Equity</td>
<td>29.0%</td>
<td>27.0%</td>
<td>20 – 35%</td>
<td>MSCI All Country World Index</td>
</tr>
<tr>
<td>Long/Short Equity</td>
<td>18.3%</td>
<td>18.0%</td>
<td>12 – 24%</td>
<td>HFRI Equity Hedge Index</td>
</tr>
<tr>
<td>Diversifying Strategies</td>
<td>10.6%</td>
<td>12.0%</td>
<td>8 – 16%</td>
<td>HFRI Conservative Fund of Funds Index + 1%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>8.3%</td>
<td>10.0%</td>
<td>5 – 18%</td>
<td>50% BC LT Gov’t/Credit, 30% BC Aggregate, 20% BC HY Corporate, 20% 90-Day T-Bills</td>
</tr>
<tr>
<td>Private Equity</td>
<td>18.1%</td>
<td>18.0%</td>
<td>14 – 22%</td>
<td>70% CA PE Index / 30% CA Venture Capital Index</td>
</tr>
<tr>
<td>Real Estate</td>
<td>7.5%</td>
<td>8.0%</td>
<td>5 – 12%</td>
<td>90% NAREIT / 10% NAREIT</td>
</tr>
<tr>
<td>Energy &amp; Natural Resources</td>
<td>7.0%</td>
<td>7.0%</td>
<td>5 – 10%</td>
<td>50% GSCI / 50% Real + 3%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.2%</td>
<td>0.0%</td>
<td>0 – 10%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

In fiscal year 2013 several tactical asset allocation decisions were made including an increased allocation to Long Biased Equity in order to increase the Fund’s exposure to equity markets. The Fund also decreased its allocation to Diversifying Strategies and Fixed Income to a level below their strategic targets as investment opportunities in these asset classes were deemed less attractive. The Fund will continue to serve its investors through a combination of the strategic long-term asset allocation policy and shorter-term tactical allocation shifts permitted by the SIPP.
The University of North Carolina Press, Inc.

In 2012-13, UNC Press celebrated its 91st year with the publication of several outstanding books including War on the Waters: The Union and Confederate Navies, 1861-1865 by James M. McPherson, Longleaf, as Far as the Eye Can See: A New Vision of North America’s Richest Forest by Bill Finch, et. al., The Chesapeake House: Architectural Investigation by Colonial Williamsburg by Cary Carson and Carl R. Lounsbury, and A Field Guide to Gettysburg by Carol Reardon and Tom Vossler. We also celebrated the completion of the 24-volume, ten-years-in-the-making The New Encyclopedia of Southern Culture. We launched an ambitious new series, Justice, Power, and Politics, with the publication of Power to the Poor by Gordon K. Mantler, and launched a series of books in conjunction with the Documenting the American South collection at the UNC-Chapel Hill Library, DocSouth Books. The awards won by UNC Press books include the Frederick Douglass Book Prize, the Ragan Old North State Award, and the Gilder Lehman Lincoln Prize.

For more information, visit us at www.uncpress.unc.edu

North Carolina Agricultural and Technical State University Endowment Fund

American dancer and choreographer Twyla Tharp once said, “I have the wherewithal to challenge myself for my entire life. That’s a great gift.” For Clara Adams-Ender it has always been about the challenge. As the young daughter of a sharecropper, she had dreams of going to law school. Her dad, however, believed it more prudent to study for a “job you can have at any time”, she recalled. Taking her father’s advice, Adams-Ender, who celebrated her 50 year class reunion in 2011, enrolled in the nursing program at North Carolina A&T State University knowing the university would provide her with numerous career opportunities. While Adams-Ender had great educational ambition she faced financial limitations. After graduation, the Army was Adams-Ender’s next challenge. Her career in the Army Nurse Corps led her to train a generation of Army nurses and later run the department of nursing at Walter Reed Army Medical Center. Adams-Ender’s military career, which she began as a private, ended when she retired as a brigadier general.

Today, Adams-Ender is adamant about giving back and supporting young students. She credits her time at A&T with providing the foundation to her career. As a result, she has created two endowed scholarships at the university. In addition to these scholarships, the Clara Adams-Ender Endowed Professorship has been established in the School of Nursing.

Gifts to the North Carolina Agricultural and Technical State University Endowment Fund support the university’s mission and help enrich the lives of students who seek knowledge and personal growth in order to welcome challenges and turn their talents and aspirations into meaningful careers.
North Carolina Central University 2012-13: The Most Graduates Ever

North Carolina Central University completed a record year for the number of degrees awarded at its dual commencement exercises in May 2013. On May 11th, the university awarded 672 baccalaureate degrees with 230 master’s and 160 law degrees conferred on May 10th. In total, 1,062 degrees were awarded topping the previous record set in 2012 of 943. When combined with the 597 degrees awarded in December 2012, the total for the 2012-13 academic year of 1,659 trumps the 2011-12 record of 1,550. At the commencement ceremonies, some of the graduates were recognized for their accomplishments and success in overcoming obstacles.

Shawn Muslim, a mother of ten, graduated with honors with a B.S. in physics after initially enrolling in undergraduate studies more than 30 years ago. During this time, despite the increasing demands of parenting, she has operated a school for her children and others focused on Islamic values, opened a mental health center, and opened her own home to numerous families facing hardship. One of Shawn’s goals was to complete her college degree before any of her children did. She was able to accomplish this goal even if just by a few hours. Her oldest daughter, Sajaa Waheed, graduated later the same day with honors from Meredith College.

Korey J. Mercer graduated with a B.A. in political science. Active throughout his four years at NCCU as a volunteer and student leader, Mercer was one of 35 graduating members of the first cohort of the Centennial Scholars Program. Established in 2009, the program strives to improve retention and graduation rates of male students by providing mentoring, networking, advising, leadership, and training opportunities to more than 400 students today.
Winston-Salem State University Foundation, Inc.

Winston-Salem State University is deeply dedicated to our mission of preparing diverse students for success in the 21st century. Our faculty members make profound differences in the intellectual, social, and emotional development of our students. The university’s devoted professors and deans balance their research and teaching responsibilities in order to have time to work side-by-side with individual students, something that rarely happens at larger universities. Our faculty’s collective reputation for research and commitment to teaching draws bright, talented, and motivated undergraduate and graduate students who enrich our campus community.

Understanding that attracting outstanding faculty requires offering competitive salaries, innovative technologies, and opportunities for professional development, the university has established several distinguished professorships in fields such as computer science, business and economics, religion and ethics, elementary education, justice studies, Chinese and cultural studies, and biopharmaceuticals. Distinguished professorships reward exceptional scholars for their research, teaching, and public service and can be used to attract experts who possess a wealth of knowledge, innovative thinking, and research ability to join our faculty.

With this in mind, Winston-Salem State University sought funds to create the John W. and Anna Hodgin Hanes Distinguished Professorship in the Humanities which attracted Dr. Corey D. B. Walker, a former associate professor and chair of the department of Africana studies at Brown University, to become the Dean of the College of Arts and Sciences and a tenured professor in the social sciences at Winston-Salem State University.

As dean, Dr. Walker serves as the academic and administrative head for the College’s more than 200 full-time and part-time faculty members across 13 departments that enroll and educate more than 3,300 students each year. Funds invested in the UNC Investment Fund support initiatives such as this which foster student success and prepare our graduates to become leaders in their professions and the community more broadly.

Appalachian State University Foundation Inc.
Appalachian State University Endowment

Appalachian State University (“Appalachian”) began a strategic planning process in 2012-13 to address how, as an institution, it can best serve the region and beyond. Major emphasis is being placed on ensuring Appalachian remains a sustainable institution, serving as an active steward of North Carolina’s interconnected financial, cultural, and natural resources. Once complete, the strategic plan will set the course for the university for decades to come.

Appalachian is in the final leg of its $200 million Campaign for Appalachian, which is set to conclude on June 30, 2014. With funds from the Campaign for Appalachian, the Appalachian State University Foundation, Inc. and Appalachian State University Endowment provide the supportive funding necessary to bring the university’s strategic vision into focus and enhance the Appalachian Experience through strong academic, athletic, and arts programs.

Contributions to the Campaign for Appalachian already make aspirational ideas and initiatives that support Appalachian’s role in creating a better world possible. These include the Wilson Scholars Program, which emphasizes commitment to service and leadership; the Solar Decathlon Europe 2014, an international competition for which students design and build a cost-effective, energy-efficient and attractive solar-powered house; and the Schaefer Center for the Performing Arts, an aging auditorium that has been refurbished into a showcase venue that will host over 100 events this year. A recent campaign gift alongside an additional investment by the Appalachian State University Endowment are also making the Martha and Nancy Lee Bivens Distinguished Professorship for Children and Reading a reality. This professorship, held by the Instructional Materials Center Librarian in Belk Library and Information Commons, provides for increased professional outreach and scholarship and prepares Appalachian’s Reich College of Education graduates to promote a love of reading and children’s literature in schools.
East Carolina University Endowment Fund
East Carolina University Foundation, Inc.

Following Their Mothers’ Examples - Mary Plybon & Nancy Windes

It has been said that children are the sum of what mothers contribute to their lives. For cousins Nancy Windes and Mary Plybon, that statement rings true.

“As cousins growing up in North Carolina and Virginia, we thought it was very special that our mothers, Grace Edwards and Eula Sawrey, were nurses. Their friendship and nursing careers, as well as the example they set for us by reaching out in service to others, inspired Mary and me,” Nancy said.

Grace and Eula’s friendship began more than 70 years ago, when they met as roommates at Carolina General School of Nursing in Wilson, N.C. After graduation, Nancy’s mother, Grace, cared for her ill father and worked as a private duty nurse in North Carolina and Virginia. She was an OB-GYN nurse for more than 30 years until retiring at which time she returned to the hospital as a volunteer.

Mary’s mother, Eula, joined the Women’s Army Corps, where she served as a field hospital nurse in France during World War II. She fell in love with and eventually married Grace’s brother, Charles. Eula worked as a nurse in North Carolina for 25 years and after retiring she continued helping people in her community by checking blood pressures, giving allergy shots and pulling babies’ teeth – all free of charge.

Nancy and Mary decided to establish the Wellons-Edwards Nursing Scholarship at East Carolina University in their mothers’ names to honor their selfless contributions to others during their nursing careers.

“Our mothers had to work hard in order to help pay for their education. Nancy and I did not. Now, it’s our turn to help someone else and I know our mothers would be honored and delighted!” said Mary, an ECU alumna.

Letters Nancy and Mary receive from the scholarship recipients mean a great deal to them. “It’s a pleasure to learn about their lives growing up in North Carolina, their excitement about their studies, and their future goals and hopes as nurses,” Nancy said. Mary attended the ECU School of Nursing Banquet last fall and met the 2012 scholarship recipient. “I was humbled to see and hear firsthand how important the scholarship was to her and her family.”

NC State Investment Fund, Inc.

The Endowment Fund within the NC State Foundation was established in 2010 to provide support for the College of Veterinary Medicine (CVM) at NC State Summer Research Program. It has continued to achieve its long term financial objectives allowing it to support student success, as well as attract and retain top faculty.

The Herbert Benjamin Distinguished Professorship was established by an anonymous donor and contributions from RB Terry Foundation and the University of North Carolina System Distinguished Professors Endowment Trust Fund. Endowed professorships help support the CVM’s mission of preparing veterinarians and veterinarian scientists while advancing animal and human health. Located on 180 acres near downtown Raleigh, more than 20,000 patients are diagnosed and treated annually.

Dr. Sam Jones, director of the Comparative Biomedical Sciences Program and the Combined DVM/PhD Program as well as co-director of the Veterinary Scholars Program, has been named the first recipient of the Herbert Benjamin Distinguished Professorship. With a research focus on gastrointestinal, infectious, and inflammatory diseases in horses, Dr. Jones is the principal investigator on the CVM Leukocyte Biology Lab. “I am profoundly grateful for this tremendous honor," said Dr. Jones. “The endowment that enabled the Herbert Benjamin Distinguished Professorship to be created was established because of a unique and passionate relationship between the donor and the mentors and students in our Veterinary Scholars Program Summer Research Internship.”
Fayetteville State University
Fayetteville State Foundation, Inc.

During fiscal year 2013, Fayetteville State University embarked upon the silent phase of its first comprehensive campaign, the $25 million Campaign for Fayetteville State University: From a Proud Legacy to a 21st Century University. Under the leadership of Chancellor James Anderson, the University most recently announced at its public celebration that $7.2 million had been raised (gifts and pledges) in support of the Campaign.

Giving to the university increased by 253% percent during the silent phase (fiscal year 2012), which is reflective of new strategies and initiatives that have been incorporated into the advancement process at FSU. Represented in the silent phase total are thirteen new endowed scholarships, 4 general scholarships, one endowed professorship, 10 corporate gifts and 3 major bequests.

Concurrently, the FSU Foundation, Inc. and all University’s stakeholder groups have committed to specific goals in support of the largely student scholarship support campaign and are committed to growing the culture of philanthropy at the University. The FSU Foundation also continues its recalibration and has positioned itself in support of the campaign as the repository of record for all funds and adheres to all Council for Advancement and Support of Education (CASE) reporting standards.

To address the growing demand for Science, Technology, Engineering and Mathematics (STEM) professionals, Fayetteville State University opened the four-story, 62,000 square foot Science and Technology Building in spring 2013. Built at a cost of nearly $21 million, this LEED Silver Certified building contains faculty offices, laboratories, and classrooms.

Located near the Lyons Science Center, the Science and Technology Building consists of two, four-story wings connected by a Discovery Forum, which is the focal point and heart of the building. In this area, seminar rooms, building entry, a science porch, circulation elements and a coffee shop combine to create the center for the students’ learning experience. The teaching laboratory and classrooms wing are comprised of four stories. This area supports the chemistry, forensics science and math and computer science departments. The faculty offices wings consist of four stories. Like the teaching laboratory and classrooms wings, it is accessed through the Discovery Forum.

The building also serves as the home for the Center for Defense and Homeland Security. The Center for Defense and Homeland Security is the only one of its kind among Historically Black Colleges and Universities (HBCU). It has been established at FSU to improve research opportunities and capabilities for current faculty and to attract new faculty with interests in the Department of Defense, homeland security, and state government grants and contracts.

The University of North Carolina at Wilmington Endowment Fund
The Foundation of the University of North Carolina at Wilmington, Inc.

At The University of North Carolina at Wilmington (UNCW), there is a belief that the journey of learning isn’t limited to the excellent education offered in the classroom. UNCW is an outstanding place for students to experience the journey of learning, to develop a love of place, and to explore the power of ideas and innovation. Sustainable support provided through the university endowment creates the underpinning necessary to deliver on our promise to students, faculty, and our community.

The Ann Sherman-Skiba Fund for Undergraduate Research and Community Engagement offers support to students involved in faculty-mentored research focused on issues in Southeastern North Carolina. The Michael Wentworth Travel Series empowers students by affording them with the opportunity to travel internationally to further their literary studies. The Neal-McCaffray Student Research Support Fund for History supports student travel related to research at archival and research facilities such as the U.S. National Archives and the Library of Congress. Programs like these, funded through endowments, provide opportunities for students and faculty to dare to soar.
The North Carolina School of Science and Mathematics Foundation

The North Carolina School of Science and Mathematics (NCSSM) is the state’s premier high school for science, technology, engineering and mathematics (STEM) education. Every year, the school serves nearly 700 students in its residential program and 150 in its NCSSM Online program. Through partnerships with schools across the state, NCSSM provides meaningful educational opportunities to students far beyond its Durham campus. In fact, NCSSM touches the lives of students and teachers in nearly every county of the state each year. The NCSSM Foundation supports this mission through its unrestricted and restricted programs, and its various endowments.

The NCSSM Foundation provides funding for the academic and extracurricular pursuits of the School’s various programs, including support for academic competitions, mentorship and research opportunities, athletics, student activities, and students with expressed need. In fiscal year 2013, the NCSSM Foundation raised nearly $1.1 million to aid students’ educational and residential experiences.

The NCSSM Foundation’s newest endowment, the Dr. Joan Barber Endowment for Underrepresented Minority Students (URM Endowment), funds and supports the efforts and activities of underrepresented minority students at NCSSM. The endowment is named in honor of NCSSM’s Vice Chancellor for Student Life, Dr. Joan Barber, who has long been a champion for students of all backgrounds.

The University of North Carolina at Asheville Endowment Fund

The University of North Carolina at Asheville Foundation, Inc.

With liberal arts as a foundation, UNC Asheville has integrated interdisciplinary learning throughout its curriculum and undergraduate research efforts. A newly endowed professorship made possible by the C. D. Spangler Foundation along with matching funds from the North Carolina General Assembly and the UNC Asheville Foundation, is building upon that foundation and raising the profile of the issues unique to the Mountain South.

UNC Asheville’s Interdisciplinary Distinguished Professor of the Mountain South, Leah Greden Mathews, has focused her research efforts on estimating the value of things you can’t buy on grocery store shelves such as the scenic quality of the Blue Ridge Parkway, the value of farmland, and the talk at tailgate markets. As a professor of economics, she’s improving the economic literacy of students and making connections across courses and communities that will lead to more informed choices on the issues facing the Appalachian region. She’s also engaging students in the place-based, applied, policy-relevant scholarship and teaching that has become her specialty.

The interdisciplinary position is the sixth distinguished professorship established over the last six years. The university also awards the Cary Owen Distinguished Professorship in Economics, the Ruth Paddison Distinguished Professorship in Music, the GlaxoSmithKline Distinguished Professorship in Molecular and Chemical Biology, the Roy Carroll Distinguished Professorship in Honors, Arts and Sciences and the Thomas M. Howerton Distinguished Professorship in the Humanities – all of which elevate the associated academic programs and provide high-quality, distinctive scholarly endeavors for students and faculty.
University of North Carolina at Charlotte Investment Fund

As Artistic Director of the Violins of Hope project, David Russell, the Anne R. Belk Distinguished Professor of Violin at UNC Charlotte, united the stories of violin musicians lost during the Holocaust. With the support of the Charlotte community and partners in the arts and education, Dr. Russell and the College of Arts and Architecture brought Violins of Hope to Charlotte for a series of ground-breaking exhibitions and performances focused on 18 instruments. Many of these violins were once played by Jewish prisoners in Nazi concentration camps, others belonged to the Klezmer musical culture, which was all but destroyed during the Holocaust. Violins of Hope was a poignant and powerful reminder of the human capacity for resilience and of ability to create beauty in the face of adversity and trauma.

Dr. Russell served as a catalyst for collaboration and engagement with seven academic units at UNC Charlotte, ten universities, colleges, or conservatories, and every major arts organization in the region. He personally arranged for top international names in classical music to travel to Charlotte to participate in the venture, and collaborated with University students and faculty to present over 23 public lectures, exhibitions, and performances in the most prestigious venues in the Charlotte Metro area.

Violins of Hope provided a new platform for UNC Charlotte to engage with the community and share the power and significance of the arts to the human experience. More than 12,000 people attended Violins of Hope events, including more than 4,000 visitors to the exhibition. Among exhibition visitors were a group of Holocaust survivors, a group of concentration camp liberators, and students from 28 local schools. While activities took place in Mecklenburg, Rowan, and Orange counties, broadcasts via NPR, CBS, ABC, and the Associated Press extended coverage of the event across the United States and to countries as far away as Brazil, Spain, Jamaica, and Australia. The Violins of Hope project established the College of Arts and Architecture as a leader in defining the region’s cultural landscape, a position that will grow as the college develops new programs of extraordinary significance.

Charlotte 49ers Kickoff 2013

Fall 2013 marks UNC Charlotte’s first season of college football. On August 31, the 49ers inaugural season opened with a game against Campbell University played to a standing-room-only crowd of 16,630 at sold-out Jerry Richardson Stadium. Approximately 7,500 students filled the 49ers student section, while others watched the game at viewing parties across campus. The game, televised locally on WCCB Charlotte, won the college football ratings battle for the opening weekend – a coup for the upstart program that will quickly make the jump from FCS to FBS when it joins Conference USA in 2015.

The sparkling new stadium, which sits amid the University’s Campus Research Institute on the north side of campus, was decked in green and white. Game day attendees included North Carolina Governor and former Charlotte Mayor Pat McCrory, Carolina Panthers owner Jerry Richardson, former Bank of America executive Hugh McColl, as well as 49ers football proponents Mac Everett and Gene Johnson.
The University of North Carolina Hospitals at Chapel Hill

Earlier this year, we assumed administration of the WakeBrook Campus, a crisis care facility that was previously operated by Wake County. Reopening under our management in September, WakeBrook helps us to ensure that patients seeking mental health services have greater access to a high-quality, streamlined care experience, while alleviating the burden on local emergency departments. We have plans to expand the facility with a 16-bed inpatient mental-health wing, similar to the psychiatric unit we run at our flagship campus in Chapel Hill. The new unit will complement the existing care provided at WakeBrook by allowing us to offer crisis and assessment services, short-stay residential inpatient, medical detox treatment, and other services.

WakeBrook is just one part of our larger plan to improve mental health services in Wake County. We are working closely with Wake County, Alliance Behavioral Healthcare, and other partners to improve the quality of and access to behavioral health services. The 16 new beds to come at WakeBrook are part of our commitment to develop and operate at least 28 inpatient psychiatric beds and make other investments to improve inpatient care in Wake County. Additionally, we have committed $10 million to enhance Wake County’s outpatient mental health services.

WakeBrook and our larger efforts to improve mental health in the county provide much-needed services to a fragile and important population.

Western Carolina University Endowment Fund
Western Carolina University Foundation

There are 25 distinguished professorships made possible by endowment funding at Western Carolina University (WCU). Three scholars and nationally recognized experts in their academic disciplines who have recently joined the faculty of WCU through these endowed professorships are R. Turner Goins, Kofi Lomotey, and Joseph P. Lakatos.

R. Turner Goins, a specialist in American Indian aging issues, is WCU’s first Ambassador Jeanette Hyde Distinguished Professor of Gerontological Social Work. Before coming to WCU, Goins served as the associate director of the Center for Healthy Aging Research at Oregon State University. She will have an immediate impact on WCU’s efforts to equip students with the skills they need to serve Western North Carolina’s growing number of retired baby boomers, and she will work closely with the Eastern Band of Cherokee Indians on Native American health care initiatives.

Kofi Lomotey, a former senior fellow for the American Association of State Colleges and Universities, is WCU’s first Chancellor John Bardo and Deborah Bardo Distinguished Professor of Educational Leadership. Lomotey’s extensive experience in higher education includes service as chancellor at Southern University and A&M College, executive vice president and provost at Fisk University, and president and professor at Fort Valley State University in Georgia. At WCU, he is working directly with a recently redesigned executive doctoral program that focuses on preparing senior-level educational leaders to address complex problems.

An educator with a business background in a variety of roles, Joseph P. Lakatos, has joined the faculty as the Wesley R. Elingburg Distinguished Professor of Business Innovation. Lakatos comes to WCU from the University of North Carolina at Pembroke, where he was an associate professor and recipient of the UNC Board of Governors Award for Excellence in Teaching in 2011. WCU students will benefit from his experience as a certified public accountant, attorney, risk manager, and merger and acquisitions expert. His role on campus also will include directing the university’s Center for Entrepreneurship and Innovation.
The University of North Carolina School of the Arts Board of Trustees Endowment Fund
University of North Carolina School of the Arts Foundation, Inc.

The University of North Carolina School of the Arts (UNCSA) is experiencing an exciting period of transition, building on the success of the past and looking with great enthusiasm to the future. As its approaches its 50th anniversary, the school is engaged in an extensive strategic plan which will drive fundraising and endowment goals for the next decade, focusing on artistic and academic excellence, campus culture, financial stability and accessibility, and distinctive impact. UNCSA has broken ground on four bond-financed buildings with a total value of $46.7 million. Set for completion in 2014 are a state-of-the-art library, a central storage facility, a campus police station, and a film technology building which will provide cutting-edge facilities for film, animation, and gaming. UNCSA is grateful for the leadership of Interim Chancellor James Moeser while the search for a new chancellor is underway.

Winston-Salem State University Endowment Fund

The School of Business and Economics at Winston-Salem State University (WSSU) has opened a trading room designed to enhance students’ learning experience and better prepare them for careers in business, finance, and economics.

“We are excited that we can provide a realistic experience by bringing our students world-wide current financial market information,” said Dr. Jessica Bailey, dean of the School of Business and Economics. “This room, which incorporates the latest in instructional technology, will allow students to learn experientially about financial markets. Having this facility will let us offer financial seminars for high school and community groups as well.”

Located in the R. J. Reynolds Building on campus, the trading room includes a 45-foot New York Stock Exchange ticker tape of the Dow Jones Industrial Average stocks in the hallway and a market wall inside the room with current information on stocks, bonds, commodities, foreign exchange rates, and trading indices from various world financial markets. Data will be provided from the Morningstar Direct financial platform to dual screen monitors at the 26 workstations in the room. Additional details such as displays of local times in eight world-wide financial centers and financial news cable channels are also included.

“The trading room will add a new dimension to our curriculum, which will be invaluable to our students and certainly support our efforts to bring in financial services practitioners to expand our educational opportunities,” said Nick Daves, director of the Center of Excellence in Financial Services at WSSU. “We will be able to teach investment classes with current market data in the trading room and it will be available to other parts of the university and to the Winston-Salem community. Additionally, the trading room will facilitate research on financial topics by students at the undergraduate and graduate levels, as well as by faculty.”

The trading room will also be home to a Student Investment Fund that will allow students to work with real money to make investment decisions under the supervision of faculty and industry professionals. Investment gains will be used to fund scholarships for the School of Business and Economics.

Another way WSSU is preparing students for careers in business is through The Center of Excellence in Financial Services which is responsible for the undergraduate personal financial planning curriculum. Students completing the required coursework are eligible to take the nationally-administered examination for qualification as a Certified Financial Planner®. In 2008, WSSU became the first of the Historically Black Colleges and Universities to register its undergraduate finance curriculum with the Certified Financial Planner Board of Standards, Inc.
**INVESTMENT PERFORMANCE**

**THE FUND IS CONSTRUCTED** to achieve its primary investment objective over a long-term horizon. By investing for the long-term the Fund can accept equity market risk to capture long-term market returns as well as the illiquidity premiums associated with investments in private assets. Measured tactical tilts in asset allocation, however, allow for short-term market dislocations to be opportunistically captured. Investing for the long-term also allows the Fund to maintain focus in the face of short-term market events and disruptions. While short-to-medium-term performance is actively monitored, the Fund’s primary focus remains on its long-term return objective which could result in shorter term underperformance from time to time.

The Fund’s long-term return objective is to generate a real (inflation adjusted) return in excess of 5.5 percent, thus maintaining the after spending purchasing power of the underlying funds. The Fund has met this objective for the ten-year period ending June 2013, as the Fund returned 9.2 percent annualized which outpaced the SIPP by 0.5 percent and ranked the Fund in the top quartile of the BNY Mellon Endowment and Foundation Universe. Figure 7 below illustrates the comparative value created by investing $100 on July 1, 2003 through the end of fiscal year 2013 in each of the Fund, the SIPP benchmark, the Global 70/30 portfolio (consisting of 70 percent invested in the MSCI ACWI index and 30 percent in the Barclays Aggregate Domestic Bond index), and the S&P 500 index. Over this time period, an investment of $100 in the Fund would have produced $241, compared to $231 for the SIPP, $196 for the Global 70/30 balanced benchmark portfolio, and $202 for the S&P 500 index.

**FIGURE 6**

**TEN-YEAR RETURN AND RISK VS. BENCHMARKS AND PEERS**

The UNC Investment Fund has generated a higher rate of return over the past 10 years with lower volatility, as measured by standard deviation, than its benchmarks and peer group.

**FIGURE 7**

**TEN-YEAR CUMULATIVE PERFORMANCE**

(PERIOD ENDED JUNE 30, 2013)

On a cumulative basis, the Fund has outperformed its SIPP benchmark, the 70% MSCI ACWI / 30% Barclays Aggregate bond index, and the S&P 500 index over the past ten years.
During this ten-year period, each of the Fund’s asset classes generated a positive return and, with the exception of Real Estate, exceeded their benchmark return. Investments in private securities were the best performers over the period with Energy & Natural Resources and Private Equity returning 20.1 percent and 13.8 percent, respectively. These returns confirm the notion that, over the long-term, investors in private assets are rewarded for assuming illiquidity risk. The Fund’s Long/Short Equity allocation also added substantial value returning 9.5 percent versus 5.4 percent for its benchmark. This 9.5 percent return also exceeds the 7.4 percent annualized return generated by the broader equity market as measured by the MSCI All Country World index. Figure 9 shows the ten-year returns for each of the seven primary asset classes versus their respective SIPP benchmarks.

For the three-year period ended June 30, 2013, the Fund generated a 9.7 percent annualized return, achieving the Fund’s primary return objective of exceeding the sum of the spending rate plus inflation over the period. The Fund’s 2.5 percent five-year return, however, fell short of reaching the long-term return objective, reflecting the impact of the global financial crisis in fiscal year 2009. These returns compare to the

**Figure 8**

**INVESTMENT PERFORMANCE**
**(BY FISCAL YEAR)**

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<tr>
<td>Total Fund Return</td>
<td>12.1%</td>
<td>2.1%</td>
<td>15.3%</td>
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<td>SIPP Return</td>
<td>10.4%</td>
<td>4.7%</td>
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<td>BNY Mellon E&amp;F Universe Median</td>
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<td>19.5%</td>
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**Figure 9**

**ASSET CLASS RETURNS VS. SIPP BENCHMARKS**
**(TEN YEARS ENDED JUNE 30, 2013)**

Over the long-term, each of the Fund’s seven major asset classes has produced a positive return with all but one exceeding their benchmark.
9.9 percent and 3.6 percent returns earned on the Global 70/30 portfolio for the three and five-year periods, respectively. Figure 8 details the Fund’s return for each of the last five fiscal years.

In addition to achieving its long-term return objectives, the Fund has also been able to generate the required rate of return with a lower level of risk. One of the most commonly used absolute risk metrics is standard deviation, a statistical measure of dispersion around a central tendency. As shown in Figure 6 on page 22, over a ten-year period, the Fund had a much lower annualized standard deviation than the S&P 500 index (6.2 percent versus 14.6 percent) and a higher annualized return (9.2 percent versus 7.3 percent). The Fund also had a lower standard deviation and a higher return than the Global 70/30 portfolio. The SIPP, which represents a portfolio that includes traditional asset classes as well as asset classes such as international equities, private equity, and real estate, had a higher return and lower standard deviation than the Global 70/30 portfolio. Over the ten-year period, the Fund also achieved a higher return (9.2 percent versus 8.7 percent) with a lower standard deviation (6.2 percent versus 7.8 percent) than the SIPP.

As well as maintaining a long-term investment horizon, the Fund is also constructed to protect capital in down markets while participating in market rallies. This is achieved through the extensive degree of diversification created by investing across the SIPP’s seven primary asset classes. Figure 11 below displays the Fund’s total returns in periods of up markets, down markets, and cumulatively over the past ten years. The same chart also compares the Fund’s returns to those of the SIPP, the Global 70/30 portfolio, and the S&P 500 index. This figure shows that the Fund lagged the S&P 500 index when the S&P 500 index was up greater than 8 percent in a quarter (52 percent cumulative return versus 182 percent), gained more than the S&P 500 index when the index was up less than 8 percent during a quarter (96 percent versus 89 percent), and lost significantly less than the S&P 500 index when the index was down (negative 19 percent versus negative 62 percent). Overall, for the entire ten-year period on a cumulative basis, the Fund outperformed the S&P 500 index by a wide margin (141 percent versus 102 percent). By investing for the long-term, tactically shifting between asset classes on a short-term basis, and selecting top performing investment managers, the Fund has been successful in achieving its primary return objective with low volatility and embedded downside protection."
UNC MANAGEMENT COMPANY, INC,

established in January 2003, is a professionally staffed asset management company created to provide investment services to The University of North Carolina at Chapel Hill ("UNC at Chapel Hill"), the University of North Carolina and its constituent institutions, and the affiliated foundations and endowments that support UNC at Chapel Hill or other constituent institutions of The University of North Carolina. The Management Company is the manager of UNC Investment Fund, LLC and was formed under Section 501(c)(3) of the Internal Revenue Code.

The Management Company currently has 30 employees across three functional areas. Within the Investment Management Team there are twelve professionals responsible for evaluating and monitoring investment managers, recommending changes to investment objectives and asset allocation, and implementing investment decisions made by the Chapel Hill Investment Fund Board. The Investment Operations & Finance Team performs all administrative, accounting, and performance reporting duties related to the UNC Investment Fund and the Management Company as well as the coordination of legal and compliance investment due diligence. The Investment Communications Team manages all investor relations and external communications.
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