



UNC MANAGEMENT COMPANY, INC.

The University of North Carolina at Chapel Hill

FOUNDATION INVESTMENT FUND, INC.



FISCAL YEAR 2022

ANNUAL REPORT

Table of Contents



2 [OVERVIEW](#)

4 [A MESSAGE FROM THE CHAIRMAN OF THE BOARD](#)

5 [CHAPEL HILL INVESTMENT FUND BOARD OF DIRECTORS](#)

6 [PORTFOLIO AT A GLANCE](#)

7 [FISCAL YEAR 2022 OVERVIEW](#)

10 [INVESTMENT PRINCIPLES](#)

11 [STRATEGIC INVESTMENT POLICY PORTFOLIO
& ASSET ALLOCATION](#)

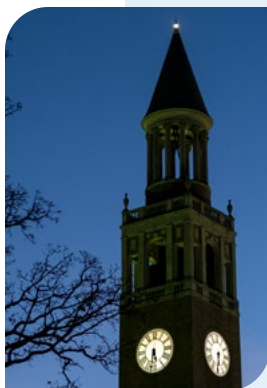
14 [SPENDING DISTRIBUTION POLICY](#)

16 [THE FUND IN ACTION](#)

20 [INVESTMENT PERFORMANCE](#)

25 [UNC MANAGEMENT COMPANY, INC.](#)

27 [CHAPEL HILL INVESTMENT FUND PARTICIPANTS](#)



Overview

THE FUND

The UNC Investment Fund, LLC ("Fund" or "UNCIF") is the commingled vehicle created to invest the assets of The University of North Carolina at Chapel Hill Foundation Investment Fund, Inc. ("Chapel Hill Investment Fund" or "CHIF") along with other eligible entities affiliated with the University of North Carolina System ("Members"). CHIF is the Fund's controlling Member with its Board of Directors ("Board") responsible for the Fund's governance.

In addition to The University of North Carolina at Chapel Hill Endowment, there are currently 25 other participants represented in CHIF. [A complete list of participants can be found on page 27.](#)

These entities are comprised of more than 2,000 individual underlying funds.

By investing in the Fund, CHIF receives:

- Investment management and oversight by a team of professionals dedicated to achieving the Fund's objectives and focused on protecting the Fund's assets during periods of market weakness
- Access to superior external investment management firms
- Competitive fees
- Highly diversified portfolio of investments allocated across asset classes, sectors, geographies, and investment managers
- Proven long-term investment track record generated with moderate volatility



THE INVESTMENT OBJECTIVES

Primary Objective:

Support the current and future needs of the Fund's Members by generating, in perpetuity, a predictable and stable stream of annual spending distributions while also preserving purchasing power (net of inflation) after accounting for spending distributions.

Secondary Objective:

Achieve a rate of return, net of all fees and expenses, which exceeds the Fund's primary benchmark, the Strategic Investment Policy Portfolio ("SIPP").

[More information on SIPP can be found on page 11-13.](#)

THE MANAGEMENT COMPANY

The UNC Management Company, Inc. ("Management Company") has been appointed by CHIF's Board to provide investment management services to the Fund as well as Fund administration and performance reporting. The Management Company works closely with the Board and its Executive Committee to:

- Determine asset allocation
- Hire and terminate external investment management firms
- Direct purchase or liquidation of assets



A Message from the Chairman of the Board

John L. Townsend III



“

I am extremely proud of what both the Board and the UNC Management Company have accomplished together in their pivotal role as stewards of the endowment assets of the University as well as the other institutions within the UNC System.

We are pleased to present the Fiscal Year 2022 Annual Report for the Chapel Hill Investment Fund which invests in the UNC Investment Fund, LLC (“Fund”). In this report we not only detail the Fund’s investment performance but also highlight some of the students, faculty, and organizations it supports. We are extremely mindful of the impact our investment efforts have on the University and are honored to support it.

Marked by two distinct halves, Fiscal Year 2022 was a challenging year over which the Fund recorded a modest +4.4 percent net investment return. In the first half of the year, domestic equity markets performed well with the S&P 500 Index returning +11.7 percent. Over this period the Fund returned +8.1 percent. However, during the second half of Fiscal Year 2022, global equity and fixed income markets dropped sharply and acted as a significant headwind to the Fund’s performance. Amid this challenging market environment during which the S&P 500 Index slumped -20.0 percent, the Fund returned -3.5 percent boosted by its Private Portfolio and with downside protection provided by its Diversifying Strategies managers. To achieve its long-term objective, the Fund is positioned to protect value in periods of financial market weakness, such as the one experienced in the second half of Fiscal Year 2022, and to mitigate year-over-year volatility. This is achieved through a highly diversified multi-asset class and multi-strategy investment approach with a significant allocation to alternative assets.

The 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. Annualized returns in excess

of approximately +8.0 percent are deemed to have achieved this target. While the Fund’s +4.4 percent return for Fiscal Year 2022 falls short of this goal in the short term, our primary focus remains on the long term. The Fund has been successful in achieving this objective across each of the 3-, 5-, 10-, 15-, and 20-year time periods while a more traditional portfolio of global equities and domestic fixed income has fallen short. Additionally, for each of these periods, the Fund has performed exceptionally well relative to peers with its returns ranking in the top decile of the Cambridge Associates universe of college and university endowments.

I am extremely proud of what both the Board and the UNC Management Company have accomplished together in their pivotal role as stewards of the endowment assets of the University as well as the other institutions within the UNC System. The Fund’s long-term track record reflects their ability to successfully navigate various market environments with the two distinct halves of Fiscal Year 2022 being a perfect example. Recession fears, rising inflation, rapid interest rate increases, and the ongoing conflict in Ukraine have overtaken concerns about the coronavirus pandemic. We are cautious as we start Fiscal Year 2023 and recognize that the number of challenges over the coming months may exceed the number of opportunities. To navigate the Fund through this challenging period we rely on our conviction in our long-term oriented investment philosophy with its key tenets of capital preservation and downside protection. We achieve this by investing in private asset classes and constructing a diversified portfolio across asset classes, investment managers, and investment strategies.

Chapel Hill Investment Fund Board of Directors

One of the distinguishing features of the Chapel Hill Investment Fund is the oversight and governance provided by its Board of Directors to the UNC Investment Fund, LLC as its controlling Member. The Board, focused on the long-term strategy of the Fund, convenes to discuss and debate asset allocation and investment policy and to monitor performance. The Board's Executive Committee meets more frequently to review intermediate-term recommendations made by the Management Company. With its collective financial market expertise and extensive experience, the Board serves as an invaluable resource to the Management Company in its mission to deliver exceptional risk-adjusted returns.



John Townsend III*

CHAIRMAN



David Boliek Jr.

Attorney & Partner, Williford, Boliek and Frangakis, LLP



Anne Brennan*

Chief Risk Officer, Neuberger Berman



James Keith Brown

Senior Managing Director-Partner, Coatue Management, LLC



David Carroll

Principal, Carroll Family Holdings LLC; Retired Wells Fargo Senior Executive Vice President Wealth and Investment Management



Munroe Cobey

Retired Partner, Tudor Investment Corporation



David Craver*

Co-Chief Investment Officer, Lone Pine Capital LLC



John Ellison Jr.*

President & Chief Executive Officer, The Ellison Company, Inc.



Kevin Guskiewicz

Chancellor, The University of North Carolina at Chapel Hill



Stephon Jackson

Head of T. Rowe Price Investment Management



Michael Kennedy

Senior Client Partner, Korn Ferry



Nathan Knuffman*

TREASURER
Vice Chancellor for Finance & Operations, The University of North Carolina at Chapel Hill



John Preyer

Co-Founder & President, Restoration Systems, LLC



David Routh

SECRETARY
Vice Chancellor for University Development, The University of North Carolina at Chapel Hill



Kristen Tongberg

Chief Investment Officer, Cambridge Associates



Portfolio at a Glance

FISCAL YEAR END • AS OF JUNE 30					
	2022	2021	2020	2019	2018
CHIF Market Value (\$ millions)	\$5,245.6	\$5,100.8	\$3,642.4	\$3,641.7	\$3,429.2
UNCIF Market Value	\$10,433.4	\$9,964.3	\$6,679.0	\$6,568.9	\$6,155.9
UNCIF Return	4.4%	42.3%	2.3%	7.7%	12.0%
SIPP Benchmark Return	0.1%	32.6%	2.1%	6.7%	8.8%
UNCIF Asset Allocation					
Long Equity	23.4%	29.5%	29.5%	27.5%	31.1%
Long/Short Equity	14.2%	15.0%	17.3%	15.5%	15.9%
Diversifying Strategies	8.2%	6.4%	9.2%	9.9%	9.1%
Fixed Income	7.0%	7.0%	8.7%	9.4%	8.9%
Private Equity	34.3%	27.8%	23.6%	24.1%	19.6%
Real Estate	7.0%	5.4%	6.2%	5.8%	6.0%
Energy & Natural Resources	4.8%	3.8%	4.5%	6.8%	7.2%
Cash	0.9%	4.9%	1.1%	1.1%	2.1%



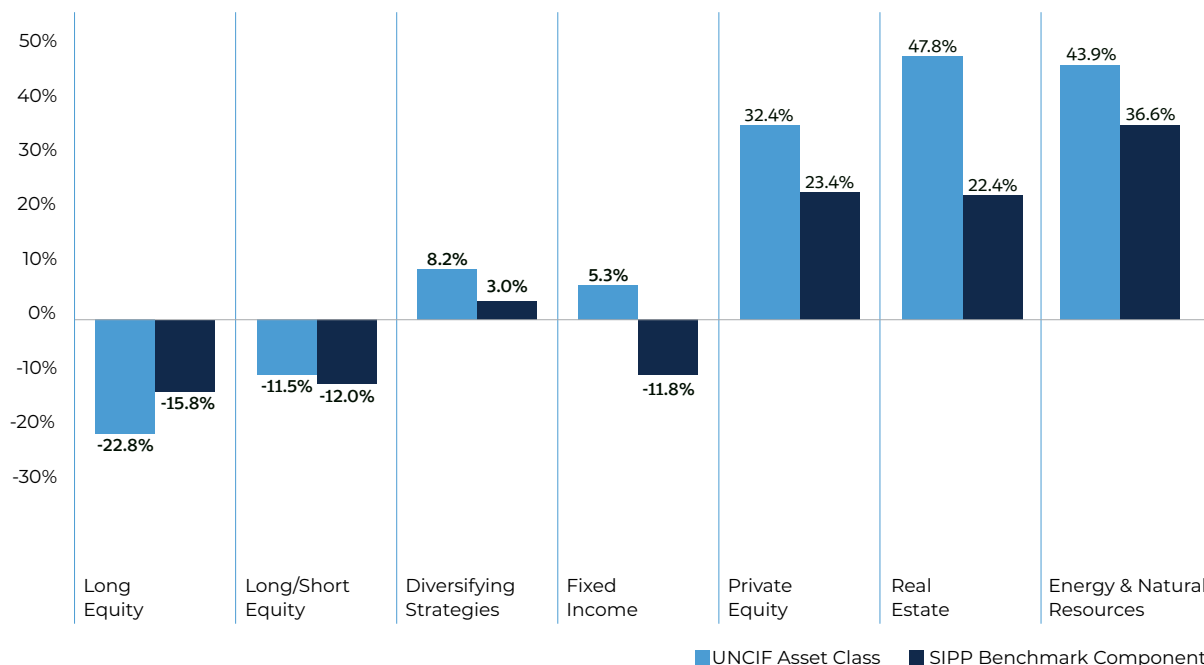
Fiscal Year 2022 Overview

After a strong performance in Fiscal Year 2021, global equities slumped in Fiscal Year 2022 (12 months ended June 30, 2022) as fears mounted that central banks would push economies into a recession amid their efforts to fight inflation. In the final quarter of the fiscal year, major market indexes suffered their biggest declines since the start of the pandemic with the S&P 500 Index and the MSCI All Country World Index (ACWI) generating returns of -10.6 percent and -15.8 percent, respectively, for the 12-month period. In the first half of the year, equities were supported by the notion that the omicron variant of the coronavirus prevalent at that time caused milder illness and seemed to have peaked rapidly in South Africa, where it was first discovered. Strong corporate earnings, despite higher input and wage costs, and signs of solid economic growth also boosted sentiment over the six-month period. However, in the second half of the fiscal year, global equity and fixed income markets fell sharply as fears around rising interest rates and inflation were compounded by the Russian invasion of Ukraine. During the final quarter of the year, the S&P 500 Index suffered its worst quarterly loss since the start of the pandemic dropping -16.1 percent. With the quarter's loss, the S&P 500 Index entered bear market territory, finishing down more than 21 percent from its January peak. Fears of a supply-driven “stagflationary” period marked by low growth combined with high inflation like that seen in the 1970s gave way to worries

FIGURE 1

ASSET CLASS RETURNS VS. SIPP BENCHMARKS · FISCAL YEAR 2022

The Private Portfolio drove the Fund's performance during a challenging period for markets.



that the U.S. Federal Reserve (“Fed”) would be unable to achieve a “soft landing” and would instead push the economy into a recession. As mortgage rates spiked, existing home sales slumped. Retail sales declined in May due in part to higher rates on car loans and lower inflation-adjusted incomes. By the end of the quarter, consumer sentiment had fallen to its lowest level on record, dating back over four decades, to roughly half of its pre-pandemic level. As the fiscal year drew to a close, investors braced themselves for major earnings downgrades as firms struggled with not only a softening economy but higher input and wage costs. Shares of Target and several other large retailers fell sharply following earnings misses driven in part by their inability to move inventory stockpiled in recent months.

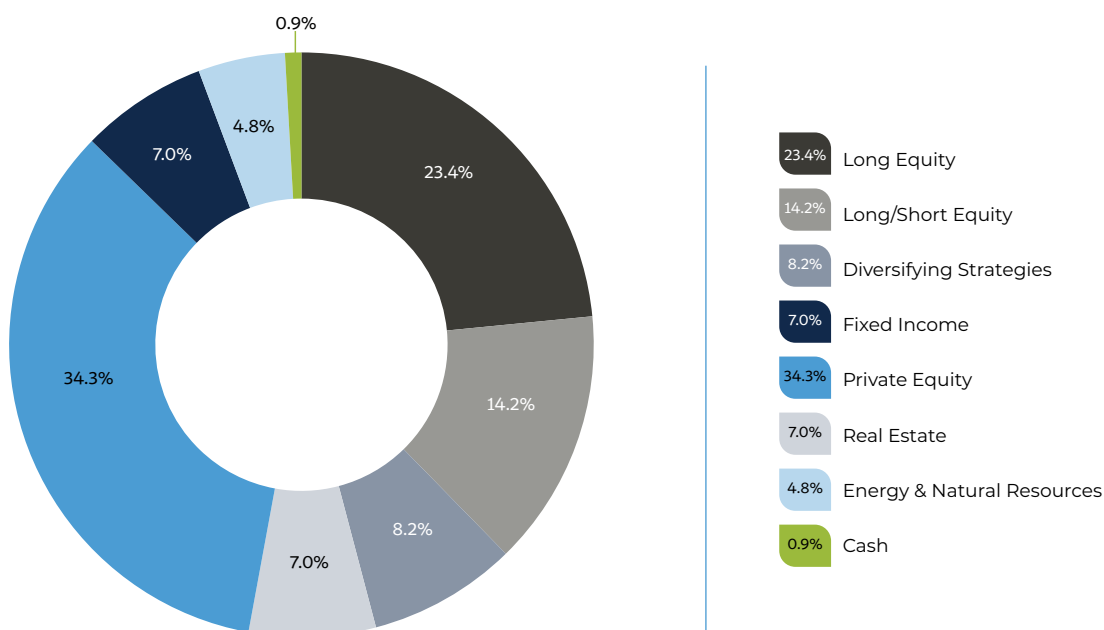
Despite the increasing fragility of the global economy during the second half of the fiscal year, Fed officials appeared resolved to act quickly to head off inflationary pressures, which they acknowledged were no longer transitory. Following their March meeting, Fed officials increased interest rates by 25 basis points (0.25 percent), their first hike since 2018. Then in the final quarter of the fiscal year,

they raised short-term interest rates by a further 125 basis points (1.25 percent), the most aggressive move in nearly three decades. At the end of the fiscal year, price pressures for both consumers and businesses remained near multi-decade highs, however, some signals began to emerge suggesting that inflationary pressures had begun to peak. Data published during the final quarter of the year also indicated that inflationary pressures were becoming more embedded in the economy, spreading beyond areas impacted by rising energy costs and stressed manufacturing supply chains. Longer-term Treasury yields also moved sharply higher during the year with the yield of the benchmark 10-year U.S. Treasury note touching 3.49 percent on June 14, its highest level in more than a decade before finishing the fiscal year at 2.98 percent, up 149 basis points from the start of the year (June 30, 2021). The Bloomberg U.S. Aggregate Bond Index, a measure of the broader domestic fixed income market, finished the year down -10.3 percent. (Interest rates and bond prices move in opposite directions.)

Stocks abroad also declined sharply during Fiscal Year 2022 with concerns about elevated inflation

FIGURE 2

UNCIF ASSET ALLOCATION (% OF TOTAL MARKET VALUE) • AS OF JUNE 30, 2022



levels, aggressive monetary policy tightening by central banks, and the negative economic impact of the conflict in Ukraine straining investor sentiment. Developed markets equities outside the U.S., as measured by the MSCI EAFE Index (Europe, Australasia, Far East), dropped -17.8 percent with shares in Europe falling by the most since coronavirus lockdowns began in early calendar year 2020. Inflation in the eurozone accelerated to a record high of 8.6 percent in June as food costs surged along with energy prices with European Union leaders agreeing to ban all seaborne Russian oil deliveries, covering about two-thirds of such imports. Emerging markets equities (MSCI Emerging Markets Index) also dropped during the year losing -25.3 percent led by Chinese equity market weakness with stocks declining sharply as the government there unleashed a regulatory offensive against major technology firms and other influential industries in the name of national security and social stability. China's ongoing property sector downturn also negatively weighed on investor sentiment.

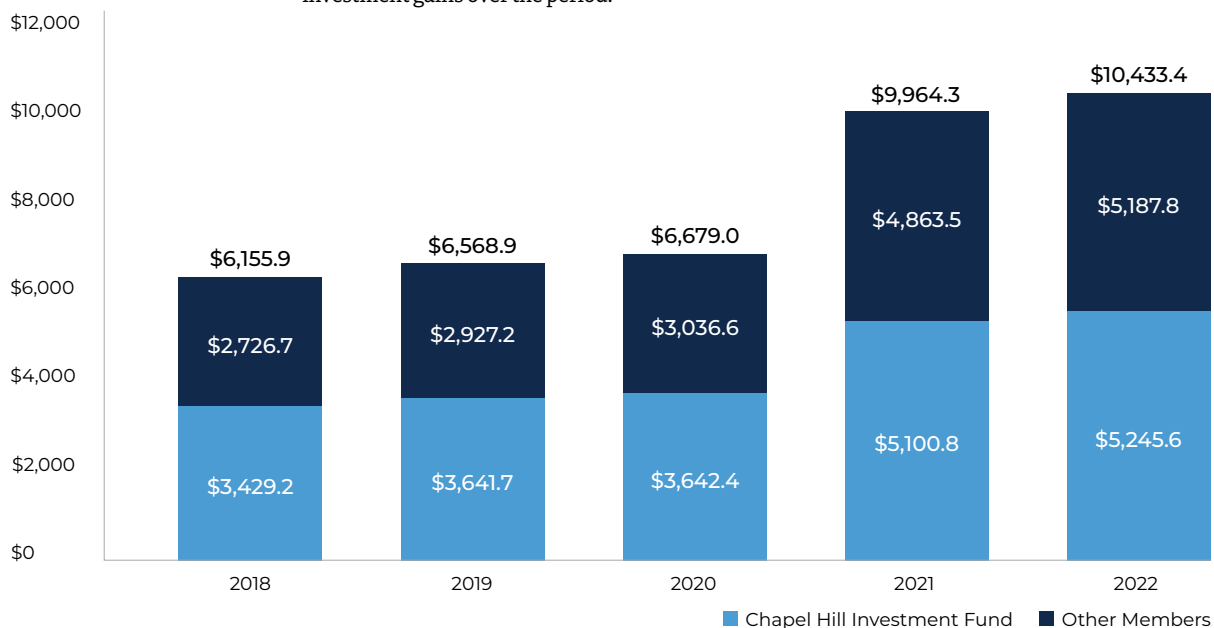
Despite the sharp pull-back in public equity and fixed income markets over the second half of Fiscal

Year 2022, the Fund returned +4.4 percent for the year, outperforming global public equity markets by more than 20 percent. The Fund's performance for Fiscal Year 2022 is strong relative to its primary SIPP benchmark which returned +0.1 percent for the fiscal year and relative to the -14.0 percent return of a more "traditional", equity market focused Global 70/30 Portfolio comprised of 70 percent global equities (MSCI ACWI) and 30 percent bonds (Bloomberg U.S. Aggregate Bond Index). This significant outperformance is a result of the strong returns generated by the Fund's exposure to private investments with its Private Portfolio (Private Equity, Real Estate, Energy & Natural Resources) returning more than +35 percent in aggregate for the 12-month period. The Fund's portfolio of Diversifying Strategies managers was also a significant contributor, with its +8.2 percent return providing critical downside protection during a challenging period in global public equity markets. Relative to peers, the Fund's +4.4 percent Fiscal Year 2022 return ranks in the top decile of the Cambridge Associates' College and University universe of endowment funds.

FIGURE 3

UNC INVESTMENT FUND MARKET VALUE (\$ MILLIONS) • AS OF JUNE 30

Over the past five years, the Fund's market value has nearly doubled with over \$4.7 billion in net investment gains over the period.





Investment Principles

The Fund's primary objective is to support the current and future needs of its Members by generating, in perpetuity, a predictable and stable stream of annual spending distributions while also preserving purchasing power (net of inflation) after accounting for spending distributions. More simply, the Fund, over the long term, needs to return approximately +8.0 percent to achieve its primary objective: the spending rate (usually around 5.5 percent) plus inflation (around 2.5 percent).

While this objective is straightforward in concept, it is a challenge to achieve in practice. To achieve this goal, the Fund's investment philosophy has been built around three core principles:

1. MAINTAIN A LONG-TERM PERSPECTIVE

By taking a long-term view, the Fund can benefit from inefficiencies that arise from the short-term focus of many market participants.

2. PARTNER WITH BEST-IN-CLASS INVESTMENT MANAGERS

The Fund invests its assets with third-party investment managers. The UNC Management Company is steadfast in its pursuit of exceptional investment managers. Our research process takes us across the globe as we seek to partner with managers that possess highly specialized skills, deep market knowledge, an ability to think independently, and who have a demonstrated track record of investment success and value creation.

3. MANAGE RISK THROUGH DIVERSIFICATION

We strive to make the best investment decisions all of the time but accept that this is not possible given the uncertainty of financial markets. Risk management is a core tenet woven throughout our investment process and diversification serves as one of our primary risk management tools. We believe that investing across asset classes, geographies, and investment managers positions the Fund to achieve long-term success by limiting drawdowns associated with poor market conditions and the occasional inability of some investment managers to meet their risk/return targets.



Strategic Investment Policy Portfolio & Asset Allocation

Fundamental to the Fund's Investment Objectives is the Strategic Investment Policy Portfolio ("SIPP") established by the Board. SIPP provides asset allocation guidelines for the management of the Fund in accordance with its long-term return objectives and risk tolerance. SIPP is a broadly diversified portfolio with exposure to seven primary asset classes each of which is further divided into sub-strategies. SIPP establishes 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. SIPP reflects the long-term investment horizon of the Fund with its components reviewed periodically. Any modifications tend to be gradual and made to reflect such factors as changes in market conditions, return expectations, and market liquidity.

Key characteristics of SIPP include:

- Diversification across asset classes to allow the Fund to achieve its objectives through varying market environments
- Reliance on equity-related investments, both in public and private markets, to achieve long-term return objectives
- Significant allocation to private investments to capture the associated liquidity premium
- Emphasis on equities over fixed income securities to reflect the Fund's inflation sensitivity

FIGURE 4

STRATEGIC INVESTMENT POLICY PORTFOLIO (SIPP)

Asset Class	Fund Allocation ¹	Strategic Target	Tactical Range	Benchmark
Long Equity	23.4%	30.0%	24 – 36%	MSCI All Country World Index (ACWI)
Long/Short Equity	14.2%	15.0%	10 – 20%	Hedge Fund Research Institute (HFRI) Equity Hedge Index
Diversifying Strategies	8.2%	10.0%	6 – 14%	(50% HFRI Fund of Fund Conservative Index + 50% HFRI Fund of Fund Defensive Index) + 0.5%
Fixed Income	7.0%	9.0%	5 – 14%	Fixed Income Custom Index ²
Private Equity	34.3%	22.0%	17 – 27%	Cambridge Associates Composite Index ³
Real Estate	7.0%	8.0%	5 – 12%	90% NCREIF / 10% MSCI U.S. REIT Index
Energy & Natural Resources	4.8%	4.0%	2 – 8%	50% S&P Goldman Sachs Commodity Index / 50% (CPI + 3%)
Cash	0.9%	2.0%	-2 – 8%	90-Day T-Bills

1. As of June 30, 2022

2. 30% Bloomberg U.S. Government/Credit Long Term Index, 30% Bloomberg U.S. Aggregate Bond Index, 20% Bloomberg Corporate High Yield Index, 20% 90 Day T-Bill

3. 60% Cambridge Associates Private Equity Index (Global), 40% Cambridge Associates Venture Capital Index (U.S.)

Each of the seven underlying asset classes within SIPP provides different benefits to the overall portfolio across different market environments. The Fund is allocated across the different asset classes through investments with investment managers chosen following a rigorous selection process.

LONG EQUITY

A traditional asset class characterized by ownership of publicly traded equity securities listed on global equity markets. This asset class is further divided into the following geographic sub-asset classes: domestic equity, developed markets international equity, emerging markets equity, and global equity.

LONG/SHORT EQUITY

An asset class characterized by a manager's ability to buy and/or sell short publicly 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 intended to complement the aggregate portfolio by including investment strategies that tend to be relatively uncorrelated with major equity market indices.

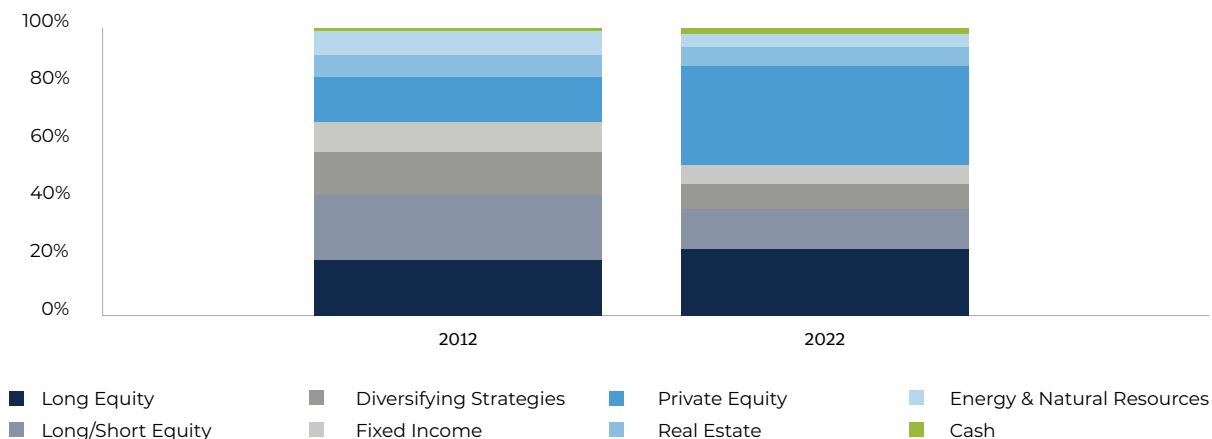
FIXED INCOME

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 Equity asset class.

FIGURE 5

HISTORICAL ASSET ALLOCATION · AS OF JUNE 30

Over the past ten years, the Fund has maintained its diversification amongst asset classes. While the Fund's aggregate exposure to public equities has remained consistent, the Long/Short Equity allocation has been reduced. Over the period, the Fund's allocation to Private Equity has increased significantly.



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 generate higher returns than public equity investments over the long term.

REAL ESTATE

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

ENERGY & NATURAL RESOURCES

An asset class comprised of investment managers that purchase oil, natural gas, power, and other commodity-related investments. Similar to Real Estate, Energy & Natural Resources investments provide a hedge against future inflation and can benefit from an inefficient market for such investments.

Decisions regarding allocations to each of the primary asset classes can have a significant impact on an investment portfolio's absolute 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 Members and other liquidity needs of the Fund. As such, establishing the strategic asset allocation targets of SIPP is the first step of the investment process utilized to construct the Fund. 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, 2022, is illustrated in [Figure 4 on page 11](#).

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



Spending Distribution Policy

Endowment funds play a primary role in the funding of higher education and have become a crucial source of support to The University of North Carolina at Chapel Hill. Each year, CHIF participants receive a spending distribution of between 4 and 7 percent of their beginning market value to support various program expenditures. Maintaining a clearly defined spending distribution policy provides these underlying programs with a sustainable and stable source of financial support for ongoing operations and a potential source of capital for future enhancements.

The Chapel Hill Investment Fund's spending distribution policy attempts to accomplish two objectives:

First, the policy strives to provide CHIF participants with financial support at a rate that is sustainable over the long term. The Fund's long-term investment objective is to maintain the purchasing power of its underlying assets after accounting for both spending distributions and the effects of inflation. Achieving this objective requires a spending distribution rate that can be funded by the long-term investment

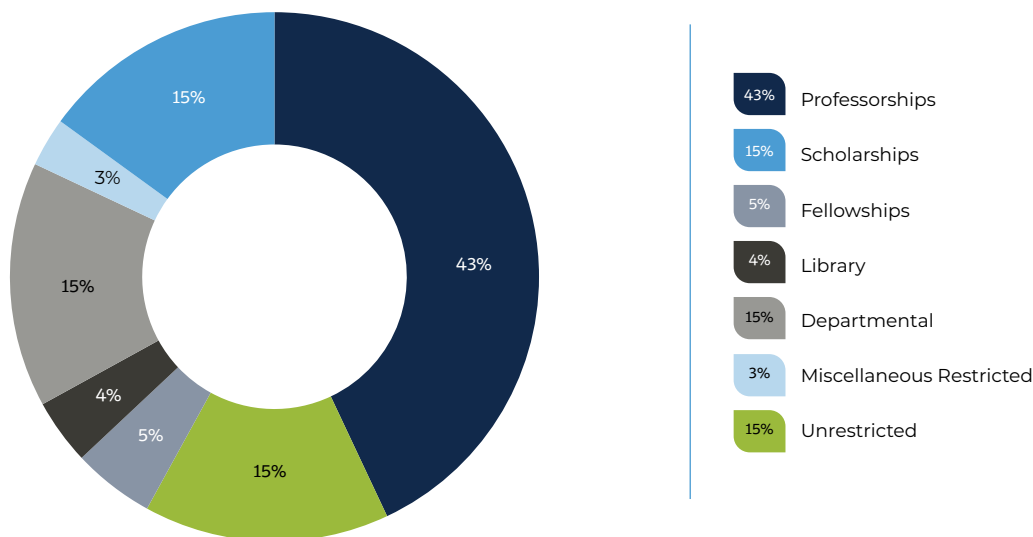
returns of the Fund given its risk/reward profile.

Second, the policy strives to provide CHIF participants with financial support at a rate that is stable over the long term. Stability is important as large fluctuations in year-to-year spending distribution amounts make budgeting and funding programs and awards difficult.

There is an important tradeoff to consider when selecting an appropriate spending distribution policy. When a participant elects to withdraw a dollar in the current year, it foregoes the opportunity to reinvest that dollar to provide capital for future programs. Conversely, when a participant elects to retain and reinvest a dollar, it is foregoing the opportunity to provide a benefit today in order to provide for more spending in the future. Thus, any decision regarding present versus future spending involves judgments on the benefits generated from current expenditures versus benefits received from future expenditures. Capital distributed from the Fund is done on a total return basis, which recognizes that the source of the dollars spent, be it dividends, interest, or realized and unrealized appreciation, is irrelevant. Regardless of its source, a dollar can either be spent today or reinvested for the future.

FIGURE 6

ENDOWMENT FUND OWNERSHIP • FISCAL YEAR 2022



Considering the Fund's expected rate of investment return is crucial in determining and setting the spending distribution rate. Predicting the Fund's expected rate of return is extremely difficult, however, based on the Fund's asset allocation, its long-term expected real (i.e., inflation adjusted) rate of return is approximately +5.5 percent. If the distribution rate is less than the +5.5 percent rate, the Fund should maintain its real value with new gifts to the Fund representing opportunities for incremental spending rather than serving to replenish the Fund to its initial pre-spending distribution levels.

Utilizing a constant growth rate rule, the initial distribution rate for the CHIF was set at 5 percent of its beginning market value in 2000. From year-to-year, the distribution rate is typically

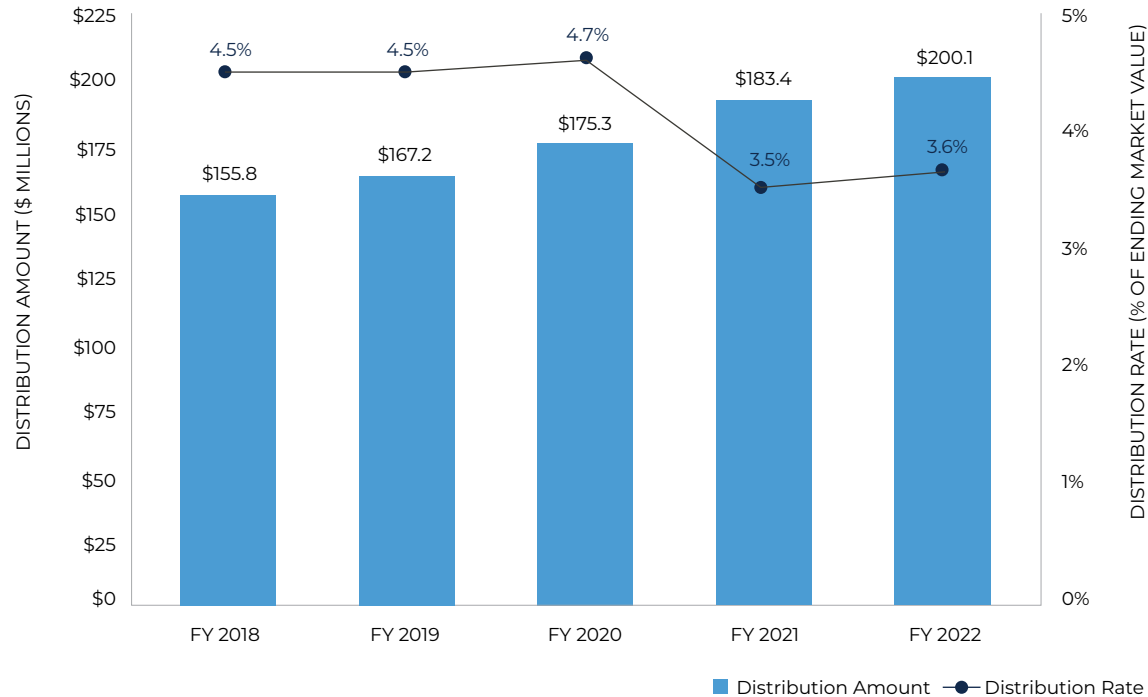
increased at the rate of inflation, as measured by the Consumer Price Index ("CPI"), over the preceding calendar year. The annual distribution rate, however, is generally subject to a minimum of 4 percent and a maximum of 7 percent.

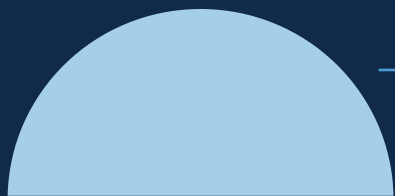
The Board elected to increase the spending distribution rate by 7 percent from \$474 to \$507 per CHIF unit for FY 2022. This increase resulted in an annual distribution rate of 3.6 percent of ending market value, which, as a result of the Fund's extremely strong return of +42.3 percent in FY 2021, falls just below policy guidelines. Over the past ten years, CHIF has distributed over \$1.5 billion to support University programs with its distribution rate growing in line with inflation.

FIGURE 7

HISTORICAL SPENDING DISTRIBUTION (\$ MILLIONS)

While the annual spending distribution rate as a percentage of market value has fluctuated, the dollar amount distributed from the Chapel Hill Investment Fund has grown sustainably over the past five years providing continued support to University programs.





THE FUND IN ACTION

Harold J. Glass USAF Faculty Mentor/Graduate Fellow Distinguished Term Professor

Graeme Robertson, a professor of political science whose research investigates dissent and protest within Russia and Ukraine, has been named The Graduate School's Harold J. Glass USAF Faculty Mentor/Graduate Fellow Distinguished Term Professor.

Robertson is the author of *Putin v. the People: The Perilous Politics of a Divided Russia* (with co-author Samuel A. Greene) and *The Politics of Protest in Hybrid Regimes: Managing Dissent in Post-Communist Russia*. He is also the director of the UNC-Chapel Hill Center for Slavic, Eurasian and East European Studies, and regularly provides analysis on Russia and Ukraine within national and international publications.

Harold E. and Holly Glass provided a gift to establish the three-year Glass Distinguished Term Professorship and a corresponding fellowship for a graduate student the professor selects to mentor. The faculty member selected for the professorship receives a stipend and research fund for three years.

The graduate student selected receives a competitive stipend, full tuition, fees, and health insurance during the fellowship.

The Glasses named the professorship and fellowship in memory of Harold E. Glass's father and his service in the U.S. Army Air Corps during World War II. A UNC-Chapel Hill doctoral graduate in political science, Harold E. Glass is a member of The Graduate School's Graduate Education Advancement Board.

"I am absolutely thrilled and honored to have been selected for the Glass Distinguished Professorship," said Robertson, who joined the UNC-Chapel Hill faculty in 2004.

"Graduate students are at the core of our research and teaching mission at UNC, and working with these brilliant emerging scholars has been one of the best and most meaningful experiences of my career."

Suzanne Barbour, dean of The Graduate School, said Robertson has an exemplary record for graduate student mentoring, having shepherded more than 100 doctoral students



during his service as director of graduate studies (2011-2018), advised 10 doctoral students, served on nearly two dozen dissertation committees, and directed scores of master's theses.

Robertson selected Sean Norton, a doctoral student in political science, as the 2020–21 fellowship recipient. "Sean's research on protest and opposition in Russia is really the epitome of the best new research in political science, blending expertise in computational social science with deep knowledge of the country and its language," Robertson said.

The fellowship will be offered to a different student for each of the three years of Robertson's distinguished professorship.

Barbour said the professorship would allow Robertson to build on the important contributions he has made to the ongoing campus and national dialogue on best practices in faculty mentorship. "The Graduate School is grateful to Harold and Holly Glass for creating a professorship that encourages innovation and dissemination of best practices in the

crucial faculty-graduate student relationship. Graeme is a leading scholar in his field, a generous mentor to graduate students and a most deserving recipient of this honor. I also congratulate Sean, who is creating valuable new knowledge in his field and will benefit greatly from this experience."

Norton, who has advanced proficiency in both the Russian language and Python programming language, applies computational social science to investigate authoritarianism and contention in Russian politics. Specifically, he focuses on urban opposition movements, the connection between state decentralization and protest, and the role of alternative media readership and social media manipulation within authoritarian governments.

"I'm grateful to the Glass family and Dr. Robertson for providing this fellowship," he said. "Their generosity gives me the time and resources I need to focus on the most difficult parts of my dissertation." 🌟

Dr. and Mrs. Richard E. Workman Dental Leadership Endowment Fund

Reinventing Modern Dental Education

Students at the UNC Adams School of Dentistry will continue learning valuable leadership skills to help them excel in their careers as oral health professionals, thanks to a \$5 million gift to the school from Dr. Richard and Angela Workman.

The Workmans' gift establishes The Dr. and Mrs. Richard E. Workman Dental Leadership Endowment Fund. The fund will support innovative leadership courses – including Bell Leadership Institute courses – and professional development initiatives for students in the school's Doctor of Dental Surgery (D.D.S.), post-D.D.S. and dental hygiene programs.

"We know that honing leadership skills is foundational to positive patient outcomes and that dental teams deliver their best level of care when led by thoughtful and collaborative oral health professionals," said Ed Swift, D.M.D., M.S., interim dean of the Adams School. "We are incredibly grateful for the investment in this professional development by the Workmans, and the work that the Bell Leadership Institute team puts in to ensure our students graduate with strong leadership skills."

With a focus on reinventing modern dental education beyond classic clinical training, the Adams School of Dentistry launched its new Advocate-Clinician-Thinker, or ACT, curriculum in 2021. ACT offers students training in leadership, person-centered care, effective decision making, practice management and behavioral sciences.

The Dr. and Mrs. Richard E. Workman Dental Leadership Endowment Fund ensures

leadership training programs become a permanent part of the ACT curriculum.

"While they are in dental school, students obviously should focus on obtaining the technical and clinical skills needed to enter the profession," Richard Workman said. "But over the course of their careers, the advancement of their leadership skills will be the most important variable on their influence within their practice, family and community. That is why I am so honored to establish the endowment that will bring Bell Leadership courses to all students at the UNC Adams School of Dentistry."

The Adams School of Dentistry and the ACT curriculum exemplify UNC-Chapel Hill's focus on integrating career preparation opportunities into the student experience. Carolina is strategically committed to ensuring students are equipped to adapt in a rapidly changing global economy and workplace landscape.

"The Bell Leadership Institute is excited to be part of UNC Adams School of Dentistry's



significant initiative to build future leaders in our university,” said Dr. Gerald Bell, founder and CEO of the Bell Leadership Institute. “Dr. Richard and Angela Workman’s leadership and support for leadership development within the dental profession and the dental school curriculum provides an important foundation to help dental professionals become even more effective leaders and contributors in their communities and practices.”

An innovator and leader in the field and practice of dentistry, Richard Workman founded Heartland Dental in 1997. A Southern Illinois University graduate, Workman started his career with a single dental office in Effingham, Illinois. Angela Workman is a University of Missouri graduate, a former Heartland Dental employee and a member of the Heartland Foundation Advisory Board. Heartland Dental is the world’s largest dental service organization, supporting more than 2,400 doctors in 1,600 offices across 38 states.

In 2020, the Workmans contributed \$1 million in expendable funds to launch leadership training programs for dental students developed and led by Dr. Gerald Bell, founder and CEO of the Bell Leadership Institute and adjunct professor at UNC Kenan-Flagler Business School. Founded in 1972, the Bell Leadership Institute has worked with more than 5,000 organizations in more than 50 countries through consulting, coaching, training seminars and lecture series. ▲



Investment Performance

The Fund is constructed to achieve its primary investment objective over a long-term time horizon. By investing for the long term, the Fund can capture extended trends in markets and the illiquidity premiums associated with investments in private securities. Investing for the long term also allows the Fund to maintain discipline in the face of short-term market disruptions. Measured tactical tilts in asset allocation also allow short-term market dislocations to be opportunistically captured. While shorter-term performance is actively monitored, our primary focus remains on meeting the Fund’s long-term return objective.

In addition to maintaining a long-term investment horizon, the Fund is 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 SIPP’s seven primary asset classes and through

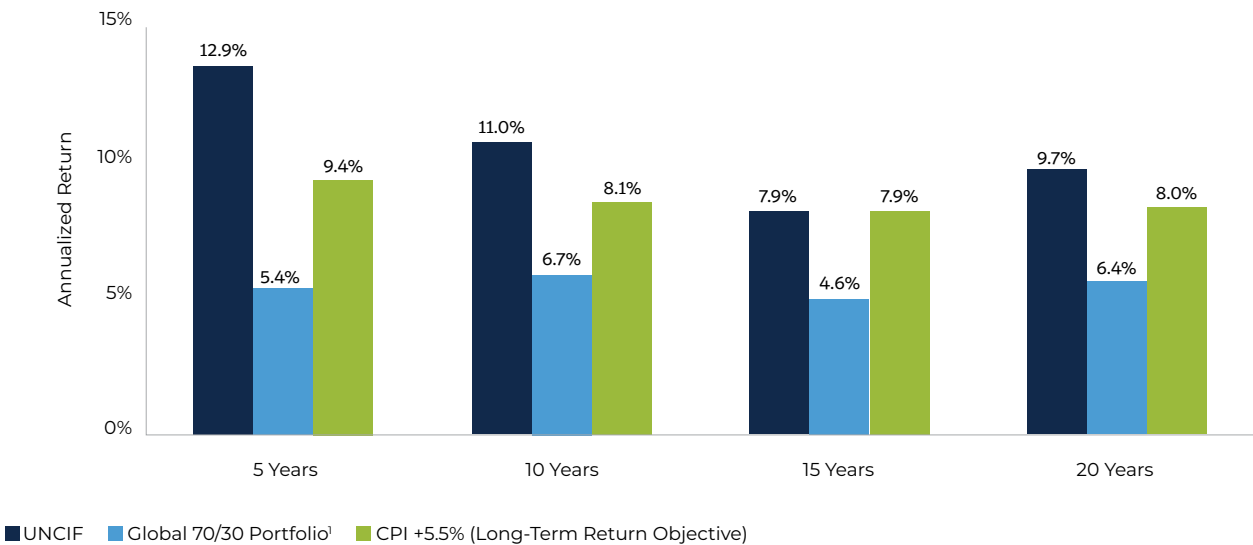
diversification among third-party investment managers within each of the asset classes. [Figure 10 on page 22](#) displays the Fund’s total returns during those periods since the beginning of 2007 when the S&P 500 Index dropped more than -10 percent. This figure illustrates that during periods of market stress, like that seen in the second half of FY 2022 during which the S&P 500 Index dropped -20 percent, the Fund provided downside protection, sustaining just a fraction of the market’s losses.

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. By investing for the long term, tactically shifting between asset classes, and selecting top performing investment managers, the Fund has achieved this objective over both the medium and long term. [Figure 8 on page 20](#) highlights the long-term benefits

FIGURE 8

RELATIVE LONG-TERM PERFORMANCE

A traditional equity/bond portfolio fails to achieve the Fund’s primary objective highlighting the need for diversification and private investments.



Note: Annualized performance for periods ending June 30, 2022
1. Global 70/30 Portfolio - 70% MSCI All Country World Index (ACWI), 30% Bloomberg U.S. Aggregate Bond Index

of investing in a diversified mix of asset classes, as a more “traditional”, equity market focused Global 70/30 Portfolio comprised of 70 percent equities and 30 percent bonds falls short of meeting the Fund’s long-term return target across all time periods.

Despite the impact from the coronavirus pandemic and the sharp drawdown in equity markets in the second half of FY 2022, the Fund’s ten-year annualized return to June 30, 2022 of +11.0 percent easily exceeds the +8.1 percent return of this long-term objective. Additionally, the Fund’s return over the ten-year period easily exceeds both the SIPP benchmark and the Global 70/30 Portfolio which returned +8.6 percent and +6.7 percent, respectively. Over the last ten years, each of the Fund’s asset classes has positively contributed to performance both in absolute terms and relative to its benchmark. With consistently strong performance from both the

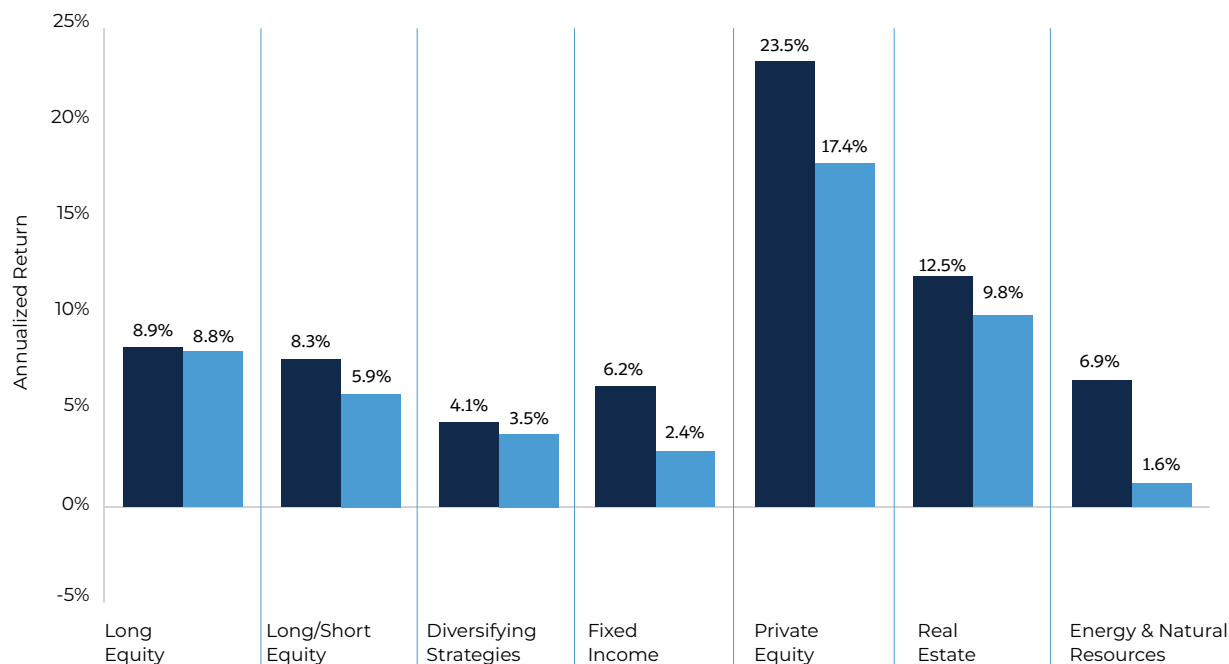
Buyout and Venture Capital portfolios, the Fund’s Private Equity asset class has generated a ten-year annualized return of +23.5 percent, leading the Fund’s strong aggregate performance. Private Equity has also added significant value over public equity markets, nearly tripling the +8.8 percent annualized return of the broader global equity market (MSCI ACWI) over the last ten years and highlighting the integral role private investments play in helping the Fund achieve its long-term investment objectives.

Over medium-term time horizons (three-, five-, and seven-years), the Fund also easily exceeds its SIPP benchmark and the Global 70/30 Portfolio. Across both the medium and long term, the Fund has performed exceptionally well compared to its peers with its 3-, 5-, 10-, 15-, and 20-year returns each ranking in the top decile of the Cambridge Associates universe of college and university endowments.

FIGURE 9

ASSET CLASS RETURNS VS SIPP BENCHMARKS • 10 YEARS

Over the long term, each of the Fund’s seven major asset classes has produced a positive return with equities (both public and private) driving performance.



Note: Annualized performance for ten-year period ending June 30, 2022

■ UNCIF Asset Class ■ SIPP Benchmark Component

FIGURE 10

UNC INVESTMENT FUND: DRAWDOWN PROTECTION · S&P 500 INDEX

The Fund provides significant drawdown protection during periods of market stress. The most important and difficult challenge remains striking the proper portfolio balance between upside participation and downside protection.

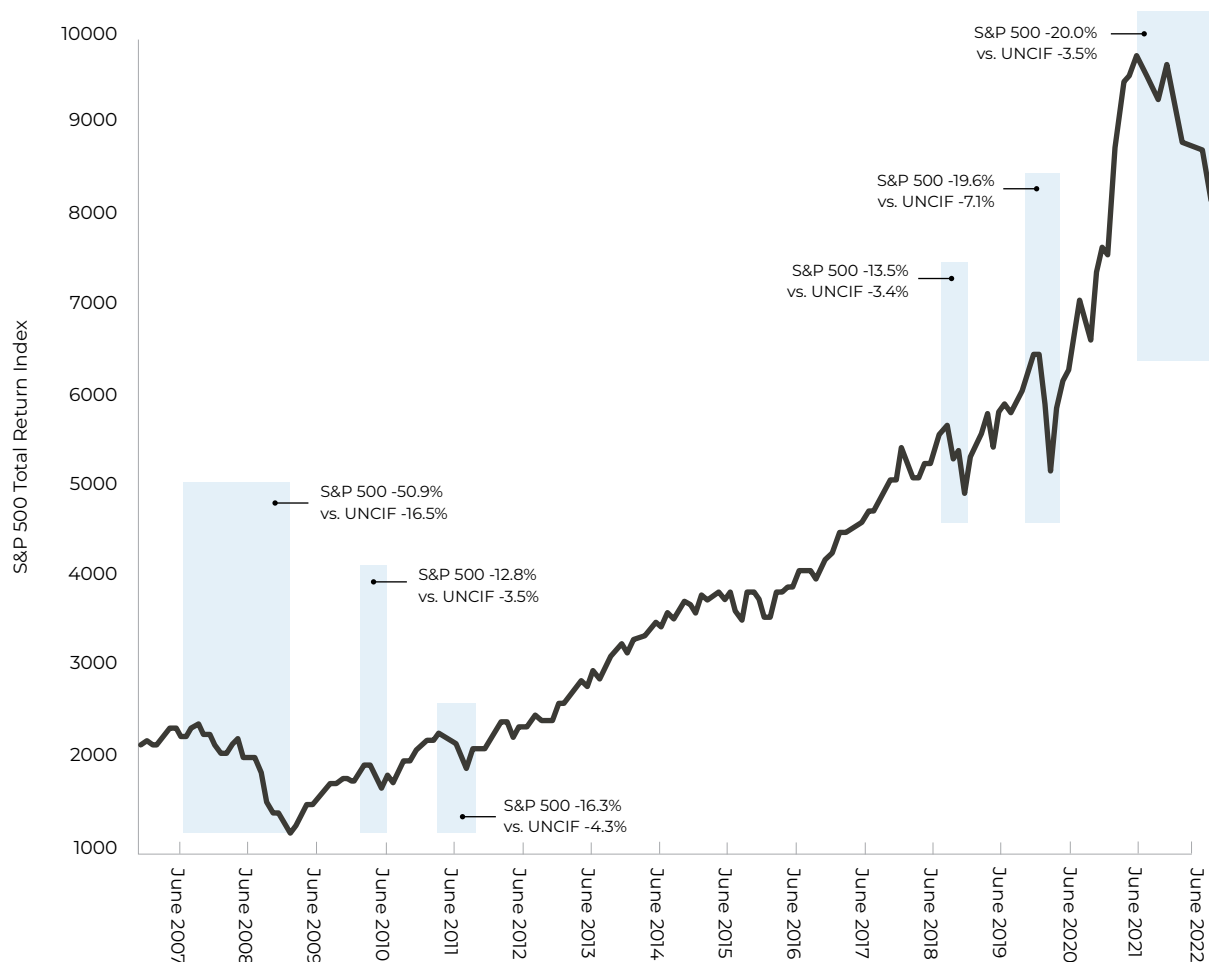


FIGURE 11

INVESTMENT PERFORMANCE · FISCAL YEAR

	2022	2021	2020	2019	2018
UNCIF Return (Net)	4.4%	42.3%	2.3%	7.7%	12.0%
SIPP Benchmark Return	0.1%	32.6%	2.1%	6.7%	8.8%
Peer Universe Median ¹	-6.6%	36.7%	2.1%	5.6%	9.1%

1. Cambridge Associates universe of college and university endowments

FIGURE 12

UNC INVESTMENT FUND: FEE TABLE

	% of Investment Balance
Investment Management Fee	
First \$50 million of investment balance	0.35%
Remainder of investment balance over \$50 million	0.20%
Legal & Accounting ¹	0.01%
Other Operating Costs ¹	0.01%

1. Indicative, subject to variation





UNC Management Company, Inc.



The Management Company has been appointed by the Board to provide, under its supervision, investment and administrative services to the Fund. These include identifying, analyzing, and selecting external investment managers and tactical opportunities, monitoring the Fund's performance, and serving as a liaison between the Fund and its Members through regular communication and performance reporting.

The Management Company was formed under Section 501(c)(3) of the Internal Revenue Code as a nonprofit organization. With 35 employees, the Management Company is divided across four functional areas: Investment Management, Investment Strategy & Risk Management, Operations & Finance, and Investor Relations & Communications.

Photos from left to right

Top Row: Keegan Alston, Kimberly Baker
Anita Barber, Chris Bartholomew

2nd Row: Elaine Brim, Timothy Burch,
Janine Vanzetta Burke, Jeffrey Chamberlain

3rd Row: Kimberly Woodlief Eddins, Angela Elam,
Deana Griffin, Rodgers Harshbarger

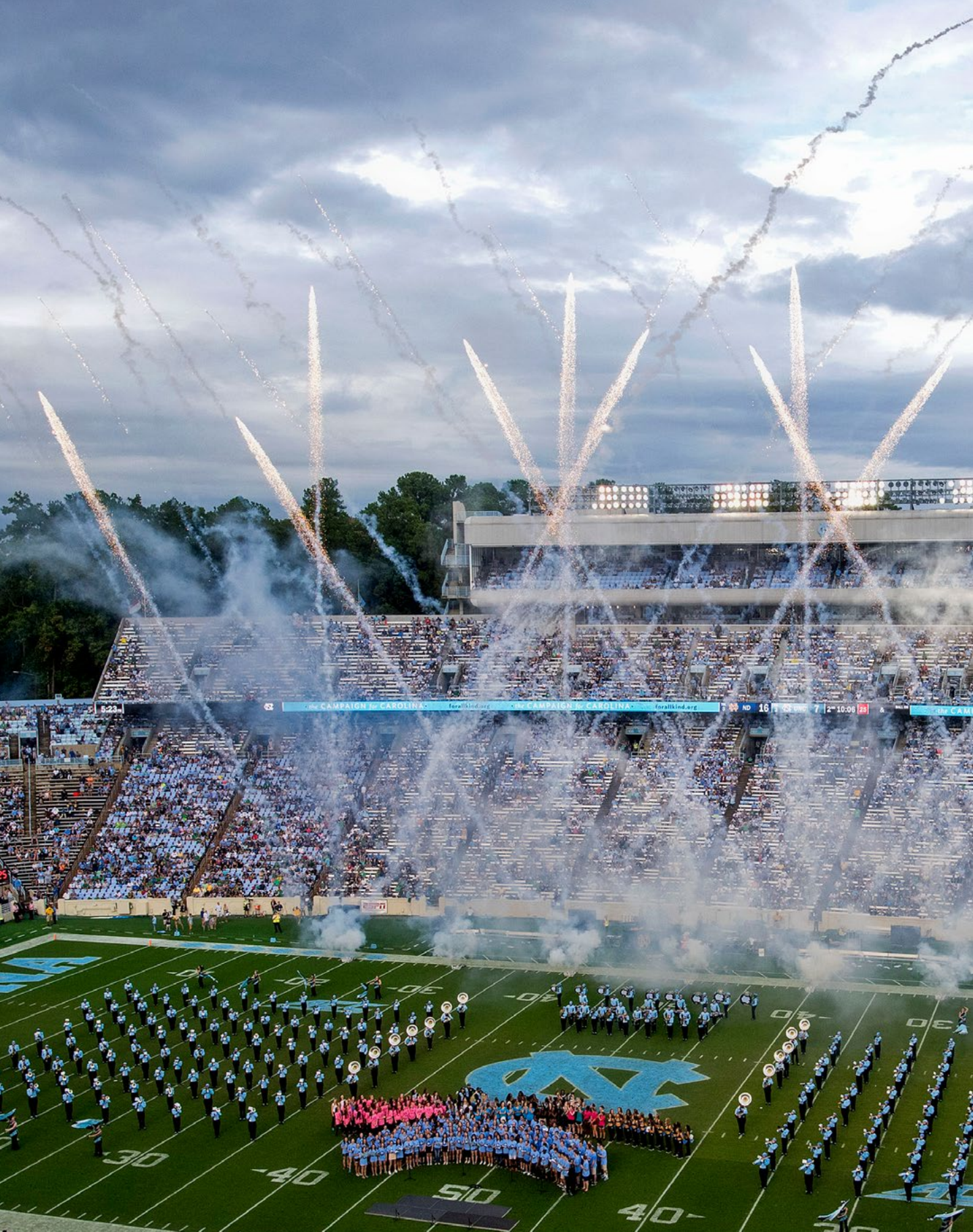
4th Row: Ed Hetherington, Margaret Holder,
Elaine Jeffries, Jonathon King

5th Row: Matt Lesesky, Juddy Mair,
Chris Mattke, Meredith Mayer-Salman

6th Row: Jay Mehalek, Angus O'Rourke,
Sarah Rivera, Chris Rudolph

Bottom Row: Joshua Shapiro, Ellie Sullivan,
Benjamin Wendt, Bobby Williams

Not pictured: Nicholas Bailey, Angela Moss, Celeste Reed, Clay Robinson, Susan Smith, Gina St. Phillips



Chapel Hill Investment Fund Participants

1. Carolina for Kibera, Inc.
2. Dental Foundation of North Carolina, Inc.
3. Educational Foundation, Inc.
4. Kenan-Flagler Business School Foundation
5. Morehead-Cain Foundation
6. Morehead-Cain Scholarship Fund
7. North Carolina Botanical Garden Foundation, Inc.
8. North Caroliniana Society, Inc.
9. Order of the Golden Fleece Foundation
10. Order of the Grail-Valkyries Foundation, Inc.
11. UNC Eshelman School of Pharmacy Foundation
12. UNC General Alumni Association
13. UNC Gillings School of Global Public Health Foundation, Inc.
14. UNC Health Foundation
15. UNC Hussman School of Journalism and Media Foundation, Inc.
16. UNC Law Foundation, Inc.
17. UNC School of Dentistry Alumni Association
18. UNC School of Education
19. UNC School of Government Foundation, Inc.
20. UNC School of Nursing
21. UNC School of Social Work
22. University of North Carolina at Chapel Hill Arts and Sciences Foundation, Inc.
23. University of North Carolina at Chapel Hill Endowment Fund
24. University of North Carolina at Chapel Hill Foundation, Inc.
25. University of North Carolina at Chapel Hill Foundation, Inc. Gift Annuity Program
26. University of North Carolina at Chapel Hill Temporary Pool







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