



UCF Board of Trustees

Budget and Finance Committee

September 27, 2024

Agenda Item

INFO-2: University Investment Report – 4th Quarter, Ended June 30, 2024

Proposed Action

This information is being presented for information purposes only.

Authority for Board of Trustees Action

Sections 1011.42(5) and 218.415, Florida Statutes; UCF-4.014 Investments; UCF Investment Policy Manual

Supporting Documentation Included

Attachment A: University Investment Report – 4th Quarter, Ended June 30, 2024

Facilitators/Presenters

Gerald Hector, Senior Vice President for Administration and Finance

Bert Francis, Assistant Vice President for Debt Management and University Treasurer

Summary of Key Observations/Recommendations

This quarter includes the following highlights and notable changes:

- In late June, the university rebalanced \$11 million by selling equities in Pools III and IV and reinvested the proceeds into Treasury securities in Pool I, in line with the Investment Policy. This strategic move realized a \$4.5 million gain, capitalizing on favorable market conditions and ensuring policy compliance by fiscal year-end. The timely rebalancing also mitigated potential losses, as market volatility increased in early August. This demonstrates the effectiveness of our disciplined Investment Policy in achieving strong returns while managing risk.
- The University Structured Investment Portfolio (SIP) generated favorable returns of 1.63% for the quarter ended June 30, 2024.
- Pool I, primarily comprised of US Treasury securities, continued to deliver consistent results. These holdings yielded a consistent quarterly return of 1.31% and contributed over \$4.6 million in net interest income.
- Pool III and Pool IV generated the highest levels of return for the quarter with total returns of 1.55% and 2.66% respectively. Both pools were driven by unrealized gains on the equity portfolio with domestic equities increasing by 4.28%.
- As of June 30, 2024, the university has liquidated the State of Florida Special Purpose Investment Account (SPIA) fund down to a minimum balance of \$7.0 million and has reinvested these funds into Pool I. The balance in Pool I as of June 30, 2024, is \$340.7 million. The SPIA fund continues to be reduced and redistributed to Pool I, and as of August 23, 2024, the balance in SPIA is \$3.6 million.
- Over the course of fiscal year 2024, the university posted record level returns of \$52.2 million, including over \$26 million in realized investment income and an additional \$26 million in market appreciation.
- This item is provided to the Trustees quarterly for information purposes only.

Additional Background

The attached report provides an update on the university's investment portfolio for the quarter ended June 30, 2024 (Attachment A).

As of June 30, 2024, the university had the following cash and investment balances:

Bank of America operating account	\$ 9,304,809
State of Florida Special Purpose Investment Account (SPIA)	7,003,072
Bank of New York Structured Investment Portfolio	<u>711,266,253</u>
Total Cash and Investments	\$ 727,574,134

The structured investment portfolio achieved quarterly gains net of fees totaling \$11,778,488, which includes \$4,598,688 in market appreciation and \$7,239,976 in interest and dividend income.

Implementation Plan

N/A

Resource Considerations

N/A