

**Consolidated Endowment Fund
Portfolio Target Returns**

	2012		2013		2014	
	Foundation Pooled Endowment Funds	UA Land Grant Endowment Funds	Foundation Pooled Endowment Funds	UA Land Grant Endowment Funds	Foundation Pooled Endowment Funds	UA Land Grant Endowment Funds
Maximum Distribution Requirements:						
Endowment Fee (current rate)	1.00%	0.50%	1.00%	0.50%	1.00%	0.50%
Investment Costs (estimated)	0.22%	0.22%	0.22%	0.22%	0.10%	0.10%
Annual Spending Rate (current rate)	4.00%	4.50%	4.00%	4.50%	4.00%	4.50%
Distribution Requirements	<u>5.22%</u>	<u>5.22%</u>	<u>5.22%</u>	<u>5.22%</u>	<u>5.10%</u>	<u>5.10%</u>
Planned Portfolio Growth:						
Inflation Provision (Note 1)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other	0.33%	0.33%	0.00%	0.00%	0.00%	0.00%
Desired Return (Note 2)	<u>8.05%</u>	<u>8.05%</u>	<u>7.72%</u>	<u>7.72%</u>	<u>7.60%</u>	<u>7.60%</u>
Shortfall	<u>0.00%</u>	<u>0.00%</u>	<u>-0.29%</u>	<u>-0.29%</u>	<u>-0.48%</u>	<u>-0.48%</u>
Projected Return (Note 3)	<u>8.05%</u>	<u>8.05%</u>	<u>7.43%</u>	<u>7.43%</u>	<u>7.12%</u>	<u>7.12%</u>
Portfolio Risk (Standard Deviation, Note 4)	<u>13.68%</u>	<u>13.68%</u>	<u>13.92%</u>	<u>13.92%</u>	<u>14.30%</u>	<u>14.30%</u>

Notes:

1. The inflation provision based on Callan Associates forecast of inflation.
2. The return required to fund the current spending rate and set aside a provision for inflation equal to the forecasted CPI.
3. Projected Return is based on Callan Associates forecast of returns based on the portfolio's asset allocation and risk characteristics.
4. Projected by Callan Associates based on asset allocation targets approved by the Investment Committee
5. This schedule demonstrates the trend of expected risk and return and the impact on spending and accumulation decisions