MSU ENDOWMENT GROWTH

The MSU endowment was valued at $2.9 billion at the conclusion of the fiscal year ending on June 30, 2018. It saw returns of 11.1 percent, which beat both the 7.4 percent benchmark return of the common 70/30 blend of global stocks and bonds, and our peer institution median performance of 8.9 percent. Over the last decade, the endowment has had an annualized return of 6.0 percent and funded $926 million towards scholarships, endowed chairs and faculty support, program support and other university expenses.

OUR APPROACH

We began the last fiscal year with some reservations about the continued pace of global growth, but the cut in corporate tax rates helped spur United States equity markets to record heights with unusually low volatility in prices. However, while the stimulus pushed U.S. equities higher, non-U.S. equities struggled to keep pace, adding some drag to our overall public equity performance. This was more than made up for by our private equity investments, which were the highest returning asset class for the year.

FUTURE OUTLOOK

Despite the strong year, central banks wean markets off loose monetary policy and without new stimulus, headwinds will persist. We have already seen significant volatility return to the markets last fall. However, as perpetual capital, we remain focused on the long term, fully invested, and striving to earn high risk-adjusted returns.

It is an honor and privilege to continue to be the steward of your legacy and generosity. I will remain dedicated to maintaining your trust for our university and the investment process. If you would like more information on our investment objectives, philosophy and approach to managing this important asset for future generations of Spartans, please contact your college’s or unit’s development officer.

Go Green!

Philip Zecher, Ph.D.
Chief Investment Officer
Michigan State University