

**UNIVERSITY OF  
MAINE SYSTEM**

**ENDOWMENT FUND  
ANNUAL REPORT**

**JUNE 30, 2004**



*Maine's  
Public  
Universities*

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**UNIVERSITY OF MAINE SYSTEM  
OFFICE OF FINANCE AND TREASURER**

## ANNUAL ENDOWMENT REPORT

The endowment funds of the University of Maine System are subject to the restrictions of gift instruments requiring that the principal be invested and current expenditures be funded from related income and appreciation.

The University's Pooled Endowment is diversified amongst 11 different asset classes and is managed by 10 different investment managers. The Investment Policy established by the Investment Committee targets a long run minimum return objective of 9.0%.

The equity markets did well in FY04, with most equity classes showing solid returns. The S&P 500 Index rose 19.1%, the Russell 1000 Growth Index increased 17.9%, the Russell 1000 Value Index was up 21.1%, and international stocks posted high returns of 31.6%.

The Fixed Income markets significantly underperformed in FY04, with the LB Aggregate Index returning .3%. High-yield bonds did better, with the Citigroup BB&B All (High-Yield Index) rising 9.2%.

The total return on the Pooled Endowment investments on a net of fees basis for FY04 was 19.2%. The following information is provided as of June 30, 2004 for the total endowment fund for FY04.

<b>Total Endowment at Market Value - June 30, 2004</b>	<b>\$92,541,856</b>
<b>Total Endowment at Market Value - June 30, 2003</b>	<b>\$77,855,165</b>

The FY04 increase of **\$14,686,691** is comprised of:

**Inflows:**

Gifts (UMS and UMS affiliated organizations)	3,149,874
Charitable Gift Annuities	69,950
Investment Returns:	
Income	1,905,863
Net Appreciation	13,837,668
Fees/Expenses	<u>(739,460)</u>
	15,004,071

**Outflows:**

5.25% Spending for Scholarships & Operations	(4,767,277)
Transfers	<u>1,230,073</u>
	(3,537,204)

**Net of Inflows and Outflows: \$14,686,691**

**Attachment I** reports the total returns for the fund on a net of fees basis and the fund's growth for the past 5 years, as well as the asset allocation for the fiscal years ended June 30, 2003-2004.

# Attachment I

## UNIVERSITY OF CALIFORNIA SYSTEM POOLED ENDOWMENT FUND

AS OF JUNE 30, 2004

The following tables present the System's Pooled Endowment Fund asset allocation for the fiscal years ended June 30, 2003 and June 30, 2004, the growth of the endowment, and the total return figures net of fees since FY00.

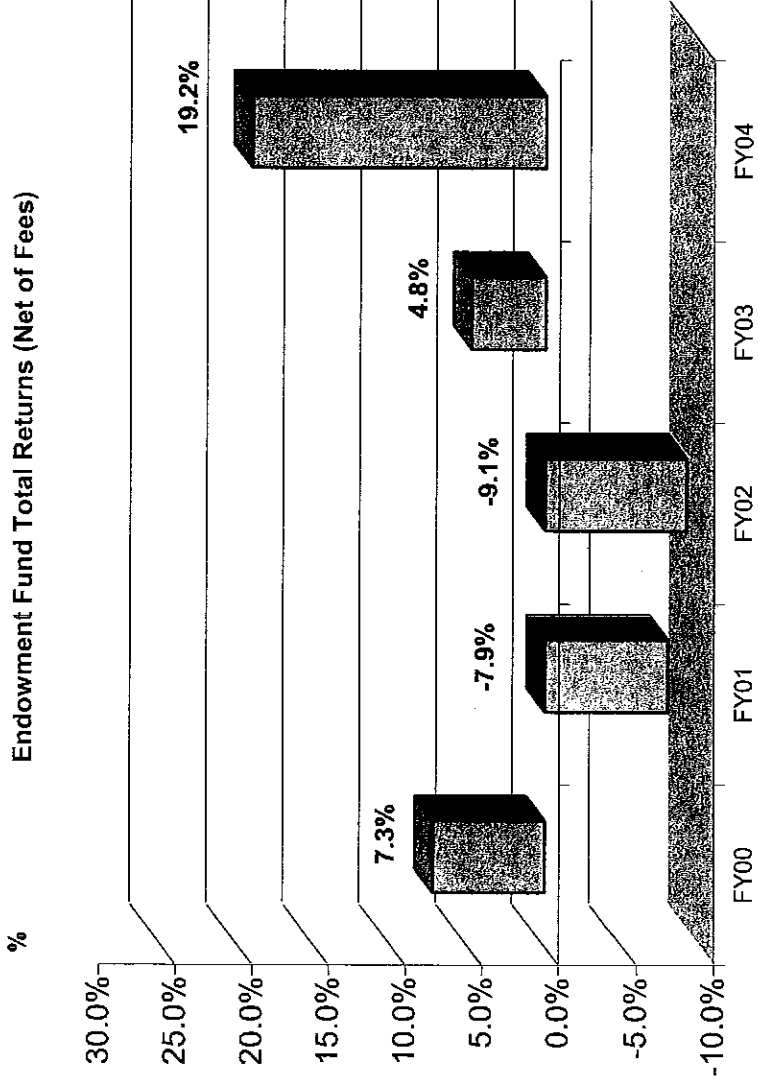
### June 30, 2003

Total Pooled Endowment: \$77,855 (000's)		% of Total
Domestic Equities	\$ 40,385	52%
Int'l Equities	8,765	11%
Fixed Income	18,413	24%
High Yield Bond	5,577	7%
Market Neutral	4,623	6%
Cash	92	0%
<b>Total</b>	<b>\$ 77,855</b>	<b>100%</b>

### June 30, 2004

Total Pooled Endowment: \$92,454 (000's)		% of Total
Domestic Equities	\$ 44,220	48%
Int'l Equities	11,480	12%
Fixed Income	16,811	18%
High Yield Bond	5,742	6%
Market Neutral	7,585	8%
Global Absol.Return	6,579	7%
Cash	37	0%
<b>Total</b>	<b>\$ 92,454</b>	<b>100%</b>

### Endowment Fund Total Returns (Net of Fees)



### Fiscal Year-End Endowment Fund Market Values (\$ in millions)

