

The Oski and Oskina Bear Opportunity Fellowship in Mental Health

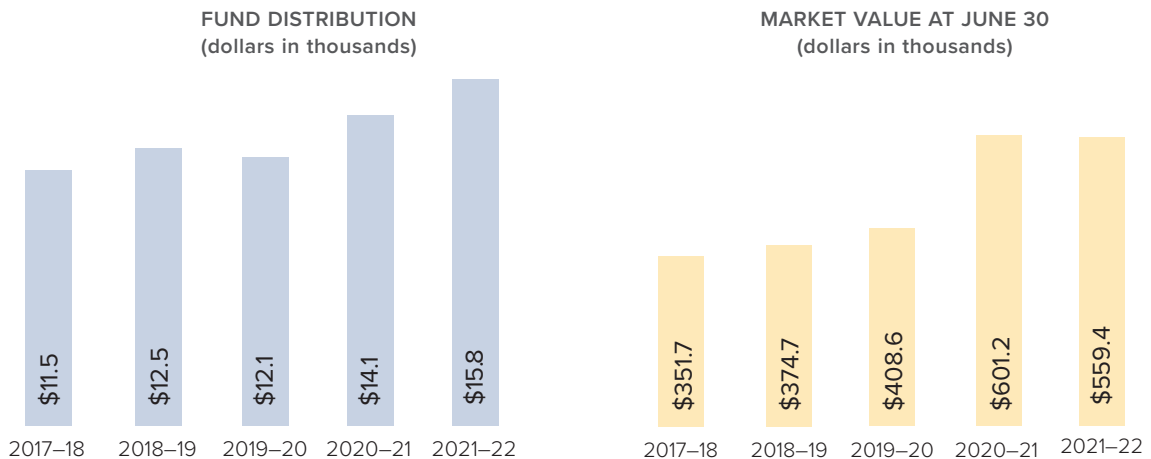
Below is your Endowment Fund Activity Report for the period July 1, 2021 through June 30, 2022.

Assets of this endowment, which was established on October 1, 1996, are held and invested by the Foundation.

CHANGE IN MARKET VALUE

Market Value at July 1, 2021	\$601,241.73
Gifts Received	\$50,000.00
Philanthropic Allocation and Bank Fees	(\$2,500.00)
Matching Funds	\$0.00
Total Return	(\$73,527.37)
Fund Distribution (2021–22)	(\$15,773.50)
Other Transfers	\$0.00
Market Value at June 30, 2022	\$559,440.86
Current Year Distribution	\$17,801.07
Graduate Fellowships Matching Program Payout Augmentation	\$15,201.00

5-YEAR HISTORY OF FUND DISTRIBUTION AND MARKET VALUE



Impact

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After more than two years of challenges brought on by the pandemic, Berkeley students and faculty have fully returned to campus. They are taking advantage of the great programs and iconic spaces that make Berkeley feel like Berkeley. The libraries and lecture halls are full once again, and students are gathering in Sproul Plaza and relaxing on Memorial Glade.

This triumphant return to campus is made possible, in part, through the endowment, which provided a sustained source of funding through this difficult period. Because of the generosity of our endowment donors, funds were available to reimagine and restructure the way we teach, learn, and serve the public. We maintained our connections, continued our research, and went through a challenging transition period, welcoming our students and faculty back to a stronger, more resilient Berkeley.

In the following pages, we are pleased to share stories that represent the impact endowment gifts have on our undergraduate, graduate student, and faculty experience at Berkeley.

For 2021–22, the annual returns for the UC Berkeley Foundation and the UC Regents were -11.3 percent and -7.6 percent, respectively. The combined value of the endowment at June 30, 2022 was \$6.9 billion, and in 2021–22 the endowment provided a total payout of \$184 million to the campus.



PROFESSOR SAIKAT CHAUDHURI

In 2021, Saikat Chaudhuri became the inaugural director of the Management, Entrepreneurship, & Technology (M.E.T.) Program. This dual-degree program in engineering and business is made possible by the **GRIMES M.E.T. CHANCELLOR'S CHAIR**, which provides a joint faculty appointment in the Haas School of Business and the College of Engineering. Chaudhuri's experience, including 16 years on the faculty of the University of Pennsylvania's Wharton School, numerous awards and accolades across his career, and his research on corporate growth and innovation make him uniquely qualified for this challenge.

"I believe that UC Berkeley is uniquely placed to lead the world in bridging technology and business, and thereby foster innovations which address society's most pressing challenges," says Chaudhuri. "As a faculty member in both the Haas School of Business and the Department of Mechanical Engineering in the College of Engineering, I'm excited to serve as a boundary spanner, working to develop M.E.T. into a shining light at the university, and making contributions to the departments, schools, and university I am part of."

This is an inspiring example of an endowment created by donors committed to supporting partnerships across fields of study and attracting globally renowned faculty to Berkeley.



MELLONY PALMA '23

During her senior year of high school, Mellony Palma went to school every morning, worked every evening, and did her homework late at night. As an emancipated minor supporting herself, she knew that graduating with honors and getting into Berkeley would not be enough to achieve her goals without the funds to attend.

Palma received the **ROBERT AND LAUREL MOYER FAMILY SCHOLARSHIP**, part of Berkeley's Hope Scholars Program — an academic retention program for students who are current and former foster youth, probation youth, or were orphaned before the age of 18. With this aid, she is able to follow her dream of helping students with backgrounds like her own. She is earning her B.A. in sociology and plans to work as a resource counselor for disadvantaged youth. Explains Palma, "I know firsthand the weight of what these children walk with every day, and it's for this reason that I understand the type of empathy needed to help them discover their dreams and potential."

As the parent of a young son, Palma is an example of how endowed scholarships can mean much more than tuition. To the Moyer family, Palma expressed, "I feel so grateful because you're not only helping me find happiness in my dreams, but you're making sure that he has a better future."

**FLORICA CONSTANTINE '26****AMY LU '28**

GRADUATE EDUCATION IN THE DIVISION OF COMPUTING, DATA SCIENCE, AND SOCIETY

Supported by the **ELIZABETH SCOTT FELLOWSHIP IN COMPUTING, DATA, SCIENCE, AND SOCIETY**, Florica Constantine is dedicated to her research in statistics, which she hopes will bring about advancements in the medical field through data science. Elizabeth “Betty” Scott, for whom the fellowship is named, joined the mathematics faculty at Berkeley in 1951, and in 1962 became the first female professor in the Statistics Department. Scott single-handedly ran the statistics program for 15 years and was a role model in a field of study that had almost no women. Says Constantine, “I was honored to have been chosen for such a fellowship, especially since Elizabeth Scott’s legacy as a scientist and as the first female professor in the statistics department here at UC Berkeley is immense.”

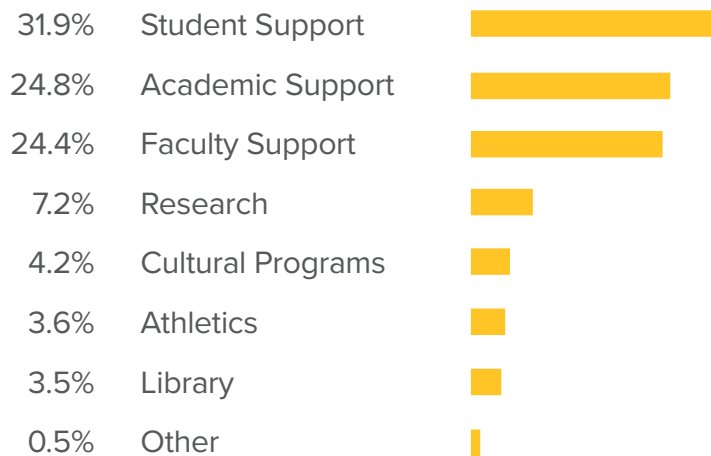
Amy Lu is supported by the **PAULA HAWTHORN FELLOWSHIP IN COMPUTING, DATA SCIENCE, AND SOCIETY**, and also seeks to innovate in the medical field through data science. “My research is in developing artificial intelligence methods for developing new medical therapies, such as discovering new drugs and vaccines,” says Lu. The fund’s honoree, Dr. Paula Hawthorn, decided at a young age that she would be a math teacher, but an arrest for her involvement in the civil rights movement kept her from doing so. As a result, she began working with computers and today is recognized as a pioneer in database systems. She is also the founder of several organizations that support women and minorities in the field.

These endowed fellowships, created by Michael and Teresa Olson, benefit the Division of Computing, Data Science and Society (CDSS), Berkeley’s newest academic division. CDSS was established in 2019 with the aim of connecting computing and data science with other fields of scientific and societal inquiry.

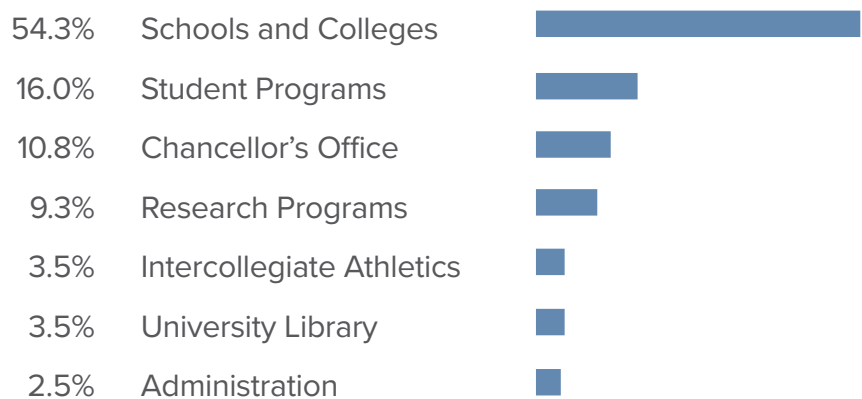
Today, Constantine and Lu continue the legacy of UC Berkeley women who are thriving in the sciences, their path paved by Drs. Hawthorn and Scott. “The goal and intent of these funds,” says Michael Olson, is, “to support young thinkers who show promise of applying new advances in technology and analysis to the world in which they live. We favor broad, interdisciplinary thinking. We believe that a diverse professional cohort thinks better and sees further than a narrow one. We seek to support those whose backgrounds and minds can add new verses, rather than simply repeat the chorus.” The creation of these funds, choice of honorees, and thoughtful placement in CDSS reflect the donors’ and Berkeley’s shared values of honoring our past by investing in our future.

The endowment provides a stable and enduring source of support for every school, college, and program at Berkeley..

ENDOWMENT BY PURPOSE



ENDOWMENT BY AREA



Guide

THE ANNUAL REPORT OF BERKELEY'S ENDOWMENT 2021-22

The Oski and Oskina Bear Graduate Student Support Fund

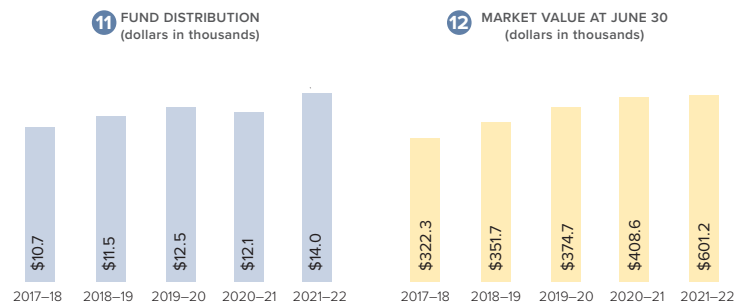
Below is your Endowment Fund Activity Report for the period July 1, 2021 through June 30, 2022.

Assets of this endowment, which was established on February 22, 1996, are held and invested by the UC Berkeley Foundation.

CHANGE IN MARKET VALUE

1	Market Value at July 1, 2021	\$601,241.73
2	Gifts Received	\$50,000.00
3	Philanthropic Allocation and Bank Fees	(\$2,500.00)
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5-YEAR HISTORY OF FUND DISTRIBUTION AND MARKET VALUE



- 1 The actual value of the fund at the beginning of the fiscal year, e.g., July 1, 2021.
- 2 Gifts deposited into the fund during the fiscal year; gifts include corporate matching gifts.
- 3 The philanthropic allocation on gifts deposited to the fund and/or bank fees from credit card transactions and wire transfers.
- 4 Any matching gifts received during the fiscal year through one of the campus's matching programs.
- 5 The result of market performance during the fiscal year, including realized/unrealized gains and losses as well as income received.
- 6 The amount transferred from the endowed fund to the area of campus benefitting from the fund in the fiscal year the report covers.
- 7 Any extraordinary distributions from or additions to the fund.
- 8 The final actual value of the fund at the end of the fiscal year, e.g., June 30, 2022.
- 9 The amount to be transferred from the endowed fund to the area of campus benefitting from the fund in the fiscal year following the one the report covers. The Foundation distributes payout on a quarterly schedule. Figure shown is the total expected to be distributed.
- 10 If this figure appears in your report, it is the additional funding provided by the Graduate Fellowships Matching Program.
- 11 The fund distribution amount produced by the fund for each of the last five years.
- 12 The final value of the fund for each of the last five years.

See Q&A for more details

Q&A

1. Who manages Berkeley's endowment investments?

The endowment is divided between the UC Berkeley Foundation and the UC Regents. The Berkeley Endowment Management Company manages the majority of the endowment invested through the Foundation; funds under the purview of the Regents are managed by the UC Investments Team. All new term endowments invested through the Foundation are managed by TIAA-Kaspick.

2. I made a gift that qualified for matching funds. Will it appear on my report?

Gifts that qualify for a campus matching program, as well as Big Give contest funds, are generally matched within the fiscal year. If you created a fund that is participating in the Graduate Fellowships Matching Program, you will see a reduced payout and faster endowment growth during partial payout reinvestment.

3. When will a gift of endowment start to provide funding?

Depending on when in the fiscal year a gift is made to establish an endowed fund, it may take from 6 to 17 months for initial funding to be distributed to campus. Subsequent distributions will be made annually for the Regents and quarterly for the Foundation.

4. Are endowments subject to any fees?


Berkeley uses a portion of each gift to support fundraising and engagement efforts. The university depends on this portion, the philanthropic allocation, to support its growing investment in fundraising. This has minimal impact on investment earnings, future growth of the principal, and distributions. In addition, an endowment cost-recovery fee is deducted annually to recover the cost of administering the endowment.

The Foundation endowment cost recovery is 80 basis points and is taken from investment returns, while the Regents endowment cost recovery is 55 basis points and is taken from distributions.

5. How is the endowment distribution amount determined?

The spending policies of the UC Berkeley Foundation and UC Regents determine the amount paid out in a given year. Rather than being directly applied to each individual fund, the annually set payout rates for the Foundation and the Regents are used to calculate the aggregate payout amount for each of the two pools. This amount is based on a historical rolling-average market value of the pools, as of March 31 for the Foundation and December 31 for the Regents. The aggregate payout for each pool is then allocated to each fund based on the proportion of the pool the fund represents and the portion of the year in which the fund was invested in the pool. The calculation involves both historical averages (of the pool) and the current valuations (of each fund), and as a result the fund distribution rate for individual funds is lower than the declared payout rate when the endowment is growing.

6. How do I make additional contributions to my fund or find out more about the impact it is having?

To find out how your fund is benefitting the university, please speak with your development contact on campus. You can make a gift by contacting Gift Services at gifthelp@berkeley.edu and inquire about your fund by contacting Fund Stewardship and Compliance at endowmentreport@berkeley.edu. 

Berkeley Endowment Management Company

2021-22 ENDOWMENT REPORT

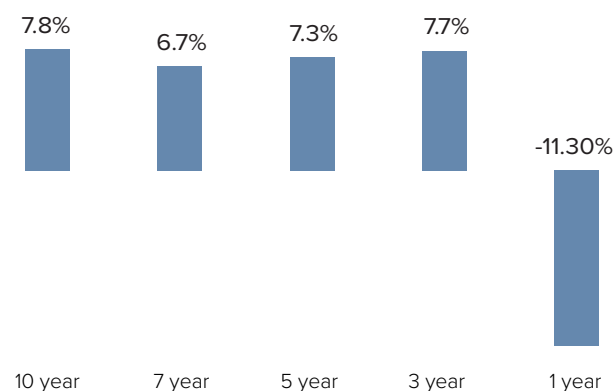
Endowed assets gifted to the UC Berkeley Foundation are managed by the Berkeley Endowment Management Company (BEMCO). The following pages provide data and insights on the endowment's performance and BEMCO's investment approach.

INTRODUCTION

The Berkeley Endowment Management Company (BEMCO), a nonprofit subsidiary of the UC Berkeley Foundation (the Foundation), manages the investment of endowment funds given in support of UC Berkeley. For the fiscal year ending June 30, 2022, the Foundation's general endowment pool (GEP)¹ posted results of -11.3 percent², with assets declining to \$2.65 billion. The payout distribution from the endowment to campus was \$84.8 million.

BEMCO's directive is to protect the endowment and nurture growth while providing reliable financial support to the UC Berkeley community. A balanced, disciplined, and long-term oriented strategy is essential to ensure fulfillment of this responsibility. This year has seen significant market volatility on a global scale, but BEMCO is well-positioned to navigate these challenging market conditions while maintaining strategic objectives and providing stable support to campus.

AVERAGE ANNUALIZED INVESTMENT RESULTS
AS OF JUNE 30, 2022



BEMCO returns are reported net of external fees.

¹ A small portion of the Foundation's assets, in which donors have stipulated that funds be spent in a shorter timeframe, are managed by TIAA-KASPICK. All information contained in this report excludes those assets.

² Performance is reported net of investment manager fees but gross of BEMCO costs. BEMCO costs were 22 basis points in this fiscal year.

INVESTMENT STRATEGY

BEMCO has been engaging in a multi-year rebalancing of the portfolio in order to align investments with areas that provide the best potential for long-term growth. In some years, such as the last fiscal year, this strategy realignment has the potential to underperform on absolute and relative measures. This is expected as portfolio rebalancing takes place. BEMCO has made notable progress in attaining asset-class strategic targets articulated by the revised Investment Policy Statement (IPS) that BEMCO and the Foundation have embraced — a long-term asset allocation strategy that began in 2018. BEMCO has maintained near-target exposure in emerging markets, increased private equity to target, increased absolute return to above target levels, and purposely reduced developed equity exposure.

BEMCO's team is confident in its ability to weather the recent volatility and difficult near-term performance as it maintains a focus on the longer-term. BEMCO has embraced adding risk to the portfolio, such as more private investments (illiquidity), more technology, and rapid-growth investments (volatility), as well as more exposure to

top-performing companies in emerging economies. Research and strategic new investments have continued unabated during this uncertain time in the capital markets, with some longer-term opportunities stemming from short-term volatility. The team is focused on pairing Foundation capital with the best risk-adjusted returns they can find to drive long-term performance.

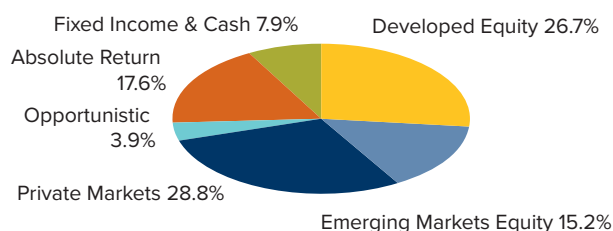
BEMCO YEAR IN REVIEW

Throughout fiscal year 2021–22, the rise of inflation, rising interest rates, fallout from global supply-chain disruptions, increasing geopolitical tensions between the U.S. and China, and the war between Russia and Ukraine all contributed to capital market turmoil. BEMCO's portfolio was down during a fiscal year in which many areas of the market suffered significant declines. It was a notable year in that public equity and fixed income markets were down concurrently, making it uniquely challenging to preserve capital over the course of the year.

While it was not unexpected to experience a period of negative returns after the outsized and historic positive returns in fiscal 2021, BEMCO was disappointed by fiscal 2022 results. Performance

MANAGED ENDOWMENT FUNDS BY ASSET ALLOCATION

As of June 30, 2022



Asset Class Targets

Developed Equity	28.00%
Emerging Markets Equity	15.00%
Private Markets	32.00%
Opportunistic	0.00%
Absolute Return	15.00%
Fixed Income & Cash	10.00%

was difficult in absolute terms, relative to the total portfolio benchmark, and relative to many peer endowments, many of whom benefited from more exposure to mature private market exposure (positive returns during the fiscal year). Encouragingly, BEMCO is confident that many of the areas that most contributed to short-term losses offer compelling and outsized forward looking returns, with attractive valuation and growth characteristics. These areas remain core to long-term strategy and asset allocation intentions.

Despite a difficult year in public equities, there were multiple positive performing areas of the BEMCO portfolio. Private equity (VC and buyout) generated strong positive returns as did private real assets. Absolute return exposure, designed to be “all weather”, performed its intended role well in the face of broad capital market and real economic stress – generating modest positive returns for the year. Multiple asset classes in the portfolio out-performed their benchmarks, including emerging markets, private equity, absolute return, and fixed income.

LOOKING AHEAD

Market stress has persisted into the current fiscal year. The team remains active in seeking to position Foundation capital against some of the most compelling long-term areas of opportunity. These areas are fundamentally likely to be of critical importance to the ongoing economic foundation of the global economy as it emerges from the latest bout of market, economic, and geopolitical turmoil.

The team is encouraged by opportunities being researched in biotechnology, healthcare services, entrepreneurship, software and technology, industrial realignment, energy transition, and emerging market equity in Southeast Asia, India, Brazil, and China – to name a few.

There is always risk and uncertainty in the market and in the world at large. The degree to which this disrupts markets and affords opportunities changes over time. BEMCO is hyper-aware of the many risks investments are exposed to, and understands the deep fiduciary responsibility of navigating the portfolio through risk and uncertainty. Without a clear view of the future, BEMCO is grounded in maintaining discipline around target allocations and a balanced, diversified portfolio.

The UC Berkeley Foundation's payout policy was designed to withstand the short-term volatility seen this fiscal year. The five-year rolling formula for determining endowment payout to campus creates payout stability even in times such as these, where we experience negative total portfolio level returns. BEMCO is confident in continuing to meet its objective of providing the campus with steady funding.

For more information on BEMCO's activities, please visit www.berkeleyendowment.org. 

The UC Regents Endowment

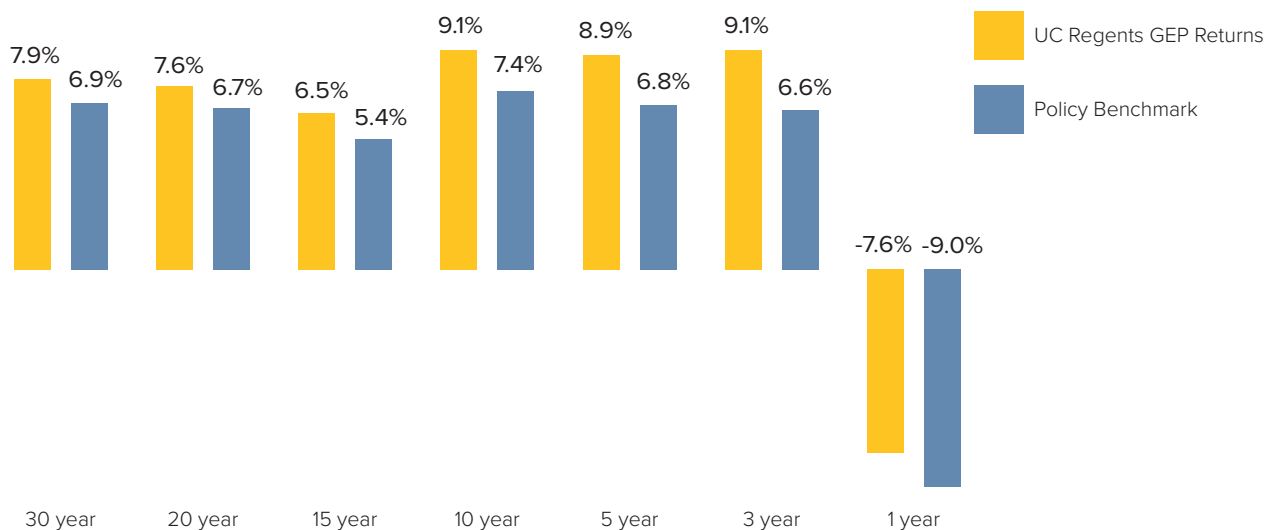
2021-22 ENDOWMENT REPORT

The following pages provide data and insights on the endowment's performance this year based on information from the University of California Board of Regents Investment Subcommittee meeting on September 22, 2022.

The Office of the Chief Investment Officer of the Regents manages a portion of Berkeley's endowment, as well as portions of the endowments of other University of California campuses, the UC System's retirement pool, short-term investment pools, and cash assets through its UC Investments team. This past fiscal year represented the 91st year of endowment investing for the UC System. The General Endowment Pool (GEP) stood at \$18.2 billion as of June 30, 2022, down \$800 million from the prior year, though still representing an increase of \$9.9 billion since 2014 (a 125 percent increase). The one-year net return was -7.6 percent.

Despite last year's losses, the endowment pool continues to maintain its long-term growth. The 30-year annualized return for the endowment is 9 percent, surpassing its benchmark by 0.8 percent. In the past eight years, the UC campuses have added \$5.6 billion in new gifts to the endowment — with over \$1 billion coming from UC Berkeley. UC Berkeley's portion of the total endowment managed by UC Investments is \$4.3 billion.

AVERAGE ANNUALIZED INVESTMENT RESULTS AS OF JUNE 30, 2022



YEAR IN REVIEW

While the 2021–2022 fiscal year was uniquely challenging for investment professionals throughout the world, UC Investments took a bumpy year in stride and owed its success to the entire UC Investments team, which has continued to outperform while working remotely for more than two years. UC Investments focused on general trends, gauged risk, and looked toward what opportunities the future may hold. The team kept to its plans and largely beat or met its benchmarks.

For the year's first three quarters, UC rode waves of market volatility. Then came Russia's invasion of Ukraine, record-high inflation, disruptions in the energy markets, continuing supply snarls, and an insidiously adaptive COVID. Coupled with the Federal Reserve Board's interest rate hikes, the equity and bond markets headed south, officially moving into bear territory. As of June 30, 2022, this

combination of factors resulted in negative returns across most asset classes, around the world.

Asset allocation drives returns for UC Investments. In the equity markets, growth has been erratic. Though U.S. equities outperformed global equities, overall public equity in the GEP portfolio returned -18.5 percent. During the last fiscal year, China experienced one of its weakest years in equity markets, due in part to continued struggles from COVID, as well as problems in the real estate market and increased regulations. Equities in the communication industry, along with those in the consumer, industrial, and real estate sectors, declined globally. One outlier was equities in the energy sector, which brought better than expected returns due to high demand from post-COVID activity as well as the war in Ukraine.

In the negative market, UC Investments was again able to add value to University of California

MANAGED ENDOWMENT FUNDS BY ASSET ALLOCATION (AS OF JUNE 30, 2022)

	PERCENTAGE	OVER/UNDERWEIGHT RELATIVE TO POLICY	POLICY WEIGHT
Public Equity	43.0%	3.0%	40.0%
Fixed Income	6.4%	-1.6%	8.0%
Cash	3.6%	1.6%	2.0%
Private Equity	24.3%	0.3%	24.0%
Absolute Return	8.2%	-1.8%	10.0%
Private Credit	4.6%	0.6%	4.0%
Real Estate	6.4%	-1.6%	8.0%
Real Assets	3.5%	-0.5%	4.0%

portfolios. For example, the real estate portfolio returned more than 30 percent after well-timed sales netted nearly \$2 billion in gains across all portfolios. For the endowment pool, real estate investments led to a positive return of 32.2 percent, outperforming a benchmark of 28.3 percent. In addition, private assets, private credit, and real assets produced positive returns of 2.6 percent, 4.6 percent, and 10 percent respectively. While these were all certainly positive economic indicators, UC was positioned conservatively lest the economy would experience a decline, in which case it would be good to have cash. UC Investments presently has \$6 billion in cash across its investment portfolios.

LOOKING AHEAD

Inflation in the US has recently surged to levels unlike anything seen in 40 years. Energy, vehicle, housing, and commodity prices are all affected. Federal Reserve rate hikes, meant to suppress inflation, have also affected the markets and caused declines in the last fiscal year. UC Investments maintains an advisory committee of economic advisers composed of faculty across the system. This committee has noted that inflation is surprisingly stubborn across the world. This persistence means that in the U.S., the Fed is committed to lowering inflation through interest rate hikes. However, these direct Fed actions can depress the economy and run the risk of triggering a recession. As a result, looking toward the new year, UC Investments remains largely focused on the possibility of a recession brought on by high inflation.

A FOSSIL-FREE PORTFOLIO

UC Investments also doubled down on its conviction that fossil fuel investments will not be profitable in the longer-term and that alternative energy technologies will one day power a world grappling with climate change. As it has done in the pension and the endowment, UC Investments has also made the Retirement Savings Program fossil-free. The office realized that, unlike institutional investors, mainstream “retail” investors do not have an easy way to make their portfolios fossil-free. As such, in an effort to democratize green investing, it seeded two Exchange-Traded Funds offered by its partner State Street Global Advisors that are aligned with the Paris Climate Accords. With this early \$300 million investment, UC Investments hopes to pave the way for others who share its conviction that clean energy will fuel the world’s future.