

Associated Investments Fund

Penn's asset allocation strategy, one of the major determinants of its long-run investment performance, is implemented through a pooled investment fund called the Associated Investments Fund ("A.I.F."). The vast majority of the University's endowment is invested in the A.I.F., which had a market value of \$2.8 billion as of June 30, 2002.

The A.I.F. is managed externally by third parties to maximize total returns from both current income and capital appreciation while assuming a tolerable level of risk. Over the years the University has strategically changed the A.I.F.'s asset allocation by increasing its diversification and reducing its dependence on long-only public domestic equities and bonds.

For fiscal 2002 the endowment generated an investment return of 0.1%, out-performing its composite benchmark by 6.8%. For comparison, a hypothetical portfolio invested 70% in the Wilshire 5000 stock index and 30% in the Lehman Government/Corporate bond index would have produced a loss of 9.4% over the same period. Long-term performance provides a meaningful context in which to evaluate investment performance, as illustrated below:

When emphasizing how well pooled asset investments are doing, I can see why a hypothetical portfolio would be handy....

Total Return Performance Comparison

Periods Ended June 30, 2002

Annualized Returns (%)

Category	10 Years	5 Years	3 Years	1 Year
Associated Investments Fund (AIF)	10.5	5.5	1.4	0.1
Composite Index *	9.4	4.1	-3.3	-6.7
Wilshire 5000	10.9	2.8	-10.5	-16.6
Lehman Bros. Gov't./Credit Index	7.4	7.5	7.9	8.2

* The Composite Index is a benchmark that consists of the Wilshire 5000, EAFE, NCFE, Lehman Gov't./Credit, and Salomon High Yield indices in a weighting consistent with the A.I.F.'s policy asset allocation.

Image Filename defines the "AIF" referenced as source of ASC Trust for the University of Pennsylvania:

"AIF is Associated Investmtns Fund third-parties-managed then 2'8B (excerpt from FY2001 UofP Financial Statemt) Screen Shot 2017-04-17 at 6.03PM.png"