



Clemson University Foundation Newsletter

Volume 1, Issue 6, October 2008

Message from the Foundation President

Dear Board Members,

This past week the Clemson University Foundation accomplished a round of board and committee meetings and a celebration of its 75th anniversary.

If you were present for the board sessions, you saw much activity that continues to allow CUF to serve its mission. Your engagement and commitment to serving Clemson was notable. The exchange we all shared to fine tune our Strategic Direction Setting framework was energizing, and will assuredly help us focus as we move to establish our priorities for the next few years.

The 75th anniversary celebration brought together so many who have played such an important role in making the foundation what it is today. As Jimmy Addison relayed that evening, we do, indeed stand on the shoulders

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of giants! As your President, I must say that it was a humbling event.

Once again, I was reminded how fortunate I am to be able to serve "where the Blue Ridge yawns its greatness!"

Thanks for all you do for Clemson.

Sincerely,

Harrison F. Trammell
President & CEO

Go Tigers!

Baby Evatt Has Arrived!

Baby Evatt decided to arrive early!

I am happy to announce that Thomas Evatt was born on Sunday, September 28, 2008 at 8:39PM. He weighed in at 6 pounds, 3 ounces and 18 inches long. Both Alice and Baby Thomas are doing well and resting comfortably at St. Francis Women's Hospital in Greenville. I know you all join me in wishing Alice and Curt the best as they enjoy the new arrival to their family.



Clemson University News

Clemson site of September 11 commemoration (9/11/08) – In the crisp air of Thursday morning in front of Clemson University's Tillman Hall, 21 rifle cracks split the silence.

<http://www.independentmail.com/news/2008/sep/11/clemson-site-september-11-commemoration/>

Judge refuses to dismiss suit against Clemson (9/17/08) – U.S. District Judge Matthew Perry has refused to dismiss a lawsuit by a former Clemson University official against the school.

<http://www.thestate.com/statewire/story/527139.html>

Clemson lawsuit allowed to proceed (9/17/08) – University says it plans counterclaim over missing computer files.

<http://www.greenvilleonline.com/apps/pbcs.dll/article?AID=/20080917/NEWS01/809170361/1004/NEWS01>

Four members join Clemson University Real Estate Foundation board (9/18/08) – Four men will join the Clemson University Real Estate Foundation board of directors.

http://www.clemson.edu/newsroom/articles/2008/september/CUREF_newmembers.php5

Clemson to headquarter national "town-gown" group (9/22/08) – Clemson will be the national headquarters of a newly formed "town-gown" association of universities and their surrounding communities.

<http://www.greenvilleonline.com/apps/pbcs.dll/article?AID=/20080922/NEWS01/80922018/-1/rss>

President Bush nominates Dean Gulari to National Science Board (9/24/08) – Esin Gulari, dean of the College of Engineering and Science at Clemson University, has been nominated by President George Bush to serve on the National Science Board, the university is reporting.

http://www.clemson.edu/newsroom/articles/2008/september/NSB_gulari.php5

<http://www.thestate.com/breaking/story/535592.html?RSS=breaking>

Former Clemson President Curris retires from national post (9/29/08) – Former Clemson University president Constantine W. (Deno) Curris announced today his plans to retire as president of the American Association of State Colleges and Universities (AASCU).

<http://www.greenvilleonline.com/apps/pbcs.dll/article?AID=/20080929/NEWS01/80929018/-1/rss>

Clemson University urges students to keep "other you" inside (9/29/08) – In the classic horror story, Dr. Henry Jekyll drank a potion of his own making to turn into the not-so-nice Edward Hyde.

<http://www.independentmail.com/news/2008/sep/28/clemson-university-urges-students-keep-other-you-i/>

Clemson University Foundation celebrates 75 years (9/29/08) – In 1933, four members of the Clemson Alumni Association started the Clemson College Foundation.

<http://www.midlandsbiz.com/articles/1378/>

http://www.clemson.edu/newsroom/articles/top-stories/CUF_75.php5

Industry News

Colleges and Lawmakers Discuss Endowment Spending (9/9/08) – Lawmakers ease pressure for mandatory payouts as colleges increase aid.

http://chronicle.com/daily/2008/09/4536n.htm?utm_source=at&utm_medium=en

Duke launches \$500 million expansion plan (9/15/08) – Duke University's School of Business is embarking on an aggressive expansion plan that calls for five campuses in strategic locations worldwide.

<http://www.bizjournals.com/triangle/stories/2008/09/15/daily4.html>

Boeing to rank colleges by measuring graduate's job success (9/18/08) – There's about to be a new entrant in the college-ranking business: the Boeing Company.

http://chronicle.texterity.com/chronicle/20080919a/?sub_id=c5pDtAdgQlr4

More colleges make consumer information public (9/18/08) – As tuitions climb and calls for accountability in higher education grow louder, more colleges are making more consumer-oriented data available to the public.

http://www.usatoday.com/news/education/2008-04-06-nsse-database_N.htm

Greer gets high-tech startup (9/24/08) – S.C. Launch helps Invenca LLC get established in Upstate.

<http://www.greenvilleonline.com/apps/pbcs.dll/article?AID=2008809240373>

As Endowment Returns Fall, Colleges' Expectations Dim (9/26/08) – After years of double-digit gains, college endowments are feeling the pinch from distressed financial markets.

http://chronicle.com/daily/2008/09/4763n.htm?utm_source=at&utm_medium=en

The \$375-Billion Question: Why Does College Cost So Much? (9/30/08) – From the halls of Congress to the kitchen tables of American families, that long simmering complaint – Why Does College Cost So Much? – is getting louder and more urgent.

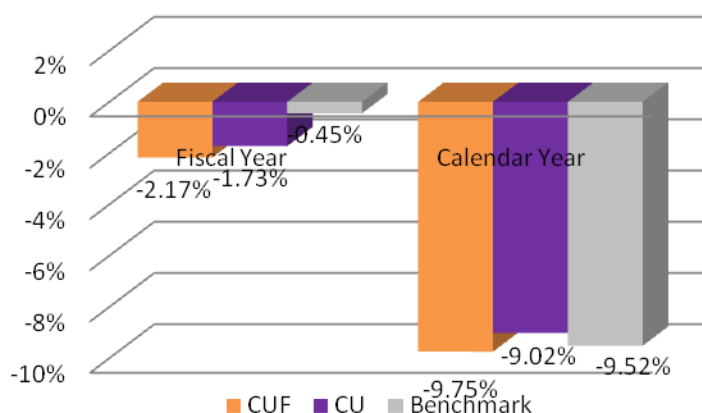
http://chronicle.texterity.com/chronicle/20081003a/?sub_id=c5pDtAdgQlr4

Investment Performance & Endowment Reporting

Executive Summary Clemson University Foundation Investment Performance, thru 8/30/08

Preliminary investment performance for the managed pools thru 8/30/08 was as follows:

Recent Investment Performance



For the Fiscal Year and Calendar Year-to-date, both the CUF investment pool and the CU investment pool suffered losses. As noted above, preliminary returns for the first two months of the current Fiscal Year indicate the CUF pool's investment return is -2.17%, while the CU pool's investment return is -1.73%. The benchmark's return for the same period is -1.26%. As the asset allocation of the two pools have come more closely aligned, the calendar year returns for both pools are more similar, with the CUF return at -9.75% and the CU return at -9.02%. Over this same period, the benchmark had a return of -9.52%.

The times we are witnessing in the current markets have been rarely experienced in the history of our markets. Credit markets are having substantial problems, both domestically and abroad. Many of America's most well known financial institutions either no longer exist, or have significantly changed in form. Even the concept of "risk free" is being tested. The Government is working on a bail out for our financial institutions, but the form of that plan, and the expected benefits of the plan are hotly debated.

Our long-term horizon is a significant advantage to navigating difficult markets. It allows us the luxury of time diversification, where the lack luster performance of bear markets can be offset by bull markets. Given our current holding of 10% cash, these market pull backs represent a buying opportunity. Buying on these pull backs will help our portfolio recover more quickly than a simple hold strategy. Further, we continue to better diversify our portfolio.

The current upheaval in the markets has not caused us to deviate from the three strategies that we pursued last year. We are continuing to overweight our allocation to international equity, large capitalization domestic equity, and growth. Despite current strength, we feel that it is likely that the dollar will continue to weaken. Further, although the large capitalization stocks have gotten hit hard as institutions liquidated these stocks to raise capital, we feel that this sector will come back the quickest as the large amount of cash on the sidelines enters the market. Finally, we feel that the balance sheets of many of the largest growth companies in America are much healthier than the balance sheets of our largest value companies.

**Clemson University Foundation
Portfolio Balances and Performance
August 30, 2008**

Manager/Funds	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Aug-08	FY08 YTD % Return*	CY08 YTD % Return*
Institutional Index Fund	4.1	4.3	4.7	10.8	15.9	18.1		
Growth Index Fund Inst	33.4	34.3	40.6	35.2	33.8	33.6		
S&P 100 ETF (OEF)				14.9	13.3	14.3		
Dow Jones ETF (DIA)					11.6	11.7		
Mid-Cap Index Fund Inst	35.8	42.4	48.6	52.4	46.3	45.1		
Small-Cap Growth Index Fund Inst	18.3		16.9	19.6	12.9	13.2		
Small-Cap Value Index Fund Inst	24.2	28.1	16.3	13.5				
Total U.S. Equity	\$115.8	\$109.1	\$127.1	\$146.4	\$133.8	\$136.1	-0.3%	-9.7%
Developed Markets Index		4.9	8.7	16.5	15.6	15.4		
EAFE Index ETF (EFA)			8.5	10.5	8.9	8.3		
Emerging Markets Stock Index Fund	8.8	11.9	15.9	20.0	20.9	18.5		
Emerging Market ETFs - (EEM)		13.0						
Europe ETF (VGK)				19.2	16.5	15.4		
Total Non-U.S. Equity	\$8.8	\$29.8	\$33.1	\$66.2	\$61.9	\$57.6	-8.6%	-19.0%
Short-Term Treasury Fund	11.9	12.3	12.5	9.0	9.8	9.9		
Total Bond Market Index Fund				6.4	6.9	7.4		
Inflation-Protected Securities Fund	10.9	12.0	11.8	7.4	8.5	8.5		
Total Fixed Income	\$22.8	\$24.3	\$24.3	\$22.8	\$25.2	\$25.8	0.6%	3.6%
PA Stable Value Fund	7.0	7.1	7.5	8.3	8.6	8.3		
PA Hedged Equity Fund	3.6	3.8	4.0	4.9	5.0	4.8		
Ivy Clarus Assoc II	7.2	7.7	8.3	9.6	0.0	0.0		
Total Hedge Funds	\$17.8	\$18.6	\$19.8	\$22.8	\$13.6	\$13.2	-2.5%	-5.6%
PA Small Co. Buyout Fund II, LP (\$6M)	0.2	0.6	1.8	3.2	3.8	4.0		
RCP Funds (II-V) (\$6M)	0.1	0.2	0.6	1.1	3.2	3.3		
Trelys Funds, LP (\$250K)	0.1	0.1	0.2	0.2	0.2	0.3		
Diversified Trust Private Equity II, LP (\$2.5M)			0.0	0.4	0.9	1.0		
Total Private Equity Funds (\$14.75)	\$0.4	\$0.9	\$2.6	\$4.9	\$8.1	\$8.5		
Crow Holdings Realty Partners (\$9M)			0.7	3.6	6.1	6.7		
Total Real Estate (\$9M)			\$0.7	\$3.6	\$6.1	\$6.7		
Total Cash	\$11.5	\$15.4	\$15.0	\$9.3	\$14.8	\$28.5	0.4%	2.0%
CUF MANAGED PORTFOLIO	\$177.1	\$198.1	\$222.6	\$276.0	\$263.5	\$276.2	-2.2%	-9.8%
				Wilshire 5000 Equity Index			0.7%	-10.3%
				MSCI EAFE Index			-7.1%	-17.3%
				Lehman Aggregate Bond Index			0.9%	2.0%
				Benchmark ⁽¹⁾			-0.5%	-9.5%

(1) 70% Wilshire 5000/15% MSCI EAFE/15% Lehman Aggregate

**Clemson University
Portfolio Balances and Performance
August 30, 2008**

Manager/Funds	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Aug-08	FY08 YTD % Return*	CY08 YTD % Return*
Institutional Index Fund	19.9	21.1	16.8	18.0	11.3	10.0		
Growth Index Fund Inst					8.0	9.3		
S&P 100 ETF (OEF)				5.4	5.1	5.4		
Dow Jones ETF (DIA)					4.4	4.5		
Ext'd Mkt Index Fund	6.3	7.2						
Mid-Cap Index Fund Inst			3.0	3.6	3.2	3.1		
S&P 400 Mid-cap ETF (MDY)		12.5	13.9	14.4	13.1	13.0		
Small-Cap Growth Index Fund Inst			5.6	6.6	4.7	4.9		
Small-Cap Value Index Fund Inst			5.7	6.7				
Total U.S. Equity	\$26.2	\$40.8	\$45.0	\$54.7	\$49.8	\$50.2	0.3%	-8.6%
International Growth Fund Admiral	5.2							
Developed Markets Index		5.9	11.4	14.5	12.6	9.7		
Emerging Markets Stock Index Fund					3.2	4.7		
Europe ETF (VGK)				7.1	6.1	5.7		
Total Non-U.S. Equity	\$5.2	\$5.9	\$11.4	\$21.6	\$21.9	\$20.1	-8.2%	-18.5%
Short-Term Treasury Fund Admiral	24.1	3.9	3.9	3.0	3.2	3.2		
Total Bond Market Index Fund				2.0	2.2	2.2		
Inflation-Protected Securities Fund		3.9	3.9	2.3	2.7	2.7		
Total Fixed Income	\$24.1	\$7.8	\$7.8	\$7.3	\$8.1	\$8.1	0.6%	3.6%
PA Stable Value Fund					2.6	2.5		
PA Hedged Equity Fund					1.7	1.6		
Ivy Clarus Fund		5.9	6.7	7.8	0.0	0.0		
Total Hedge	\$0.0	\$5.9	\$6.7	\$7.8	\$4.3	\$4.1	-2.5%	-5.8%
RCP Fund V-VI (\$1.35M)					0.1	0.1		
Total Private Equity (\$1.35M)					\$0.1	\$0.1		
Crow Holdings Realty Partners (\$3M)			0.2	1.2	2.0	2.2		
Total Real Estate (\$3M)			\$0.2	\$1.2	\$2.0	\$2.2		
Investment Pool Cash					6.4	9.2		
Total Cash		\$0.0	\$6.2	\$5.8	\$6.4	\$9.2	0.4%	2.0%
CU MINIPOOL PORTFOLIO ⁽²⁾	\$55.5	\$60.4	\$77.3	\$98.4	\$92.6	\$94.0	-1.7%	-9.0%
State Treasurer	20.0	27.5	13.4	34.9	15.7	15.4		
Other (Wachovia)	2.9	3.0	2.5	2.9	2.7	2.6		
Short-term Vanguard Money Mkt ⁽³⁾								
Loan balance CU-ICAR Land ⁽³⁾					20.0	20.0		
CLEMSON ENDOWMENT	\$78.4	\$90.9	\$93.2	\$136.2	\$131.0	\$131.9		
					Wilshire 5000 Equity Index		0.7%	-10.3%
					MSCI EAFE Index		-7.1%	-17.3%
					Lehman Aggregate Bond Index		0.9%	2.0%
					Benchmark ⁽¹⁾		-0.5%	-9.5%

(1) 70% Wilshire 5000/15% MSCI EAFE/15% Lehman Aggregate

(2) Loan balance with CU (Corpus): \$70,287,351 as of 2/29/08

(3) Loan balance to CUF for land purchase (\$20,000,000)

**Clemson University Foundation & Clemson University
Managed Portfolio
Allocation as of 8/30/08**

