Clemson University Foundation

Annual Endowment Report For Fiscal Year Ending 6/30/2017

CORE BELIEFS

CUF invests the managed endowment so as to maximize long-term returns, while simultaneously mitigating risks. A long-term multi-generational window, not only allows us the benefit of time-diversification across both bull and bear markets, but also allows CUF to pursue investment strategies that may not be prudent for the ordinary investor with a shorter investment horizon.

We believe that the only certain component of an investment return is the expenses or cost of holding the investment. CUF seeks out asset classes that have investable indexes to represent them, and the managed pool is largely comprised of mutual funds and exchange traded funds representing these indexes. These funds are chosen based upon their reoccurring expenses, and are among the lowest cost funds available in the industry. Investing in indexes not only helps us control costs, but gives us complete transparency for much of the investment pool.

In instances where there may be no suitable investable index; CUF leverages its investment consultant to gain access to active managers within the asset class. Assets are placed with managers that are selected based upon safety, reputation, service, fees, and execution.

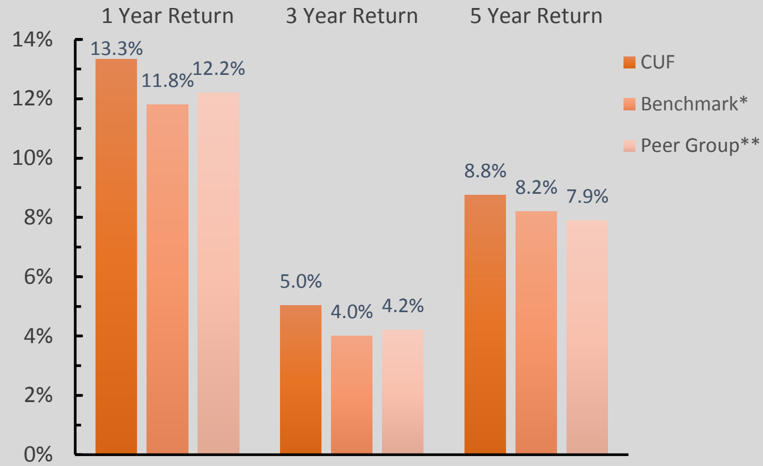
Research in portfolio management has shown that the allocation across asset classes explains up to 90% of the volatility of portfolio returns, whereas stock selection explains less than 10%. We use well-respected quantitative investment models, to assist us in determining which asset classes we will hold and what proportion we will hold in each class. We also consider the valuation of the asset class, and how far that valuation may be from its historical mean. The signals generated by the models provide important input into the decision processes. Each signal is evaluated by the CIO relative to reasonableness and timeliness to what is going on in the worldwide economy.

Our investment process attempts to constantly add new asset classes based upon their characteristics of return, risk and co-movement with the existing asset classes. Although we might have up to 30 different asset classes we monitor and track, we seldom will be invested in more than half of these monitored classes.

Prepared by John C. Alexander, Jr., Ph.D.
Chief Investment Officer, CUF

PERFORMANCE

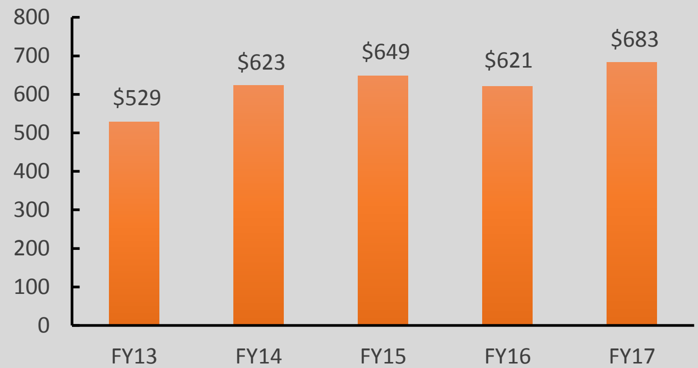
Consolidated Endowment Performance



*55.7% Russell 3000 Index, 15% HFRI Composite Index, 10% Barclays Aggregate Bond Index, 7.3% Actual PE/VC Performance, 3.37% Bloomberg Commodity Index, 3.37% S&P GNR Index, 3.37% FTSE/EPRA NAREIT Global Index, 1.9% Private Real Assets Performance

**NACUBO All Institutions Average (n=808)

Value of Endowment in Millions



RISK METRICS

5 Year Period	Annualized Return	Annualized Volatility[1]	Annual Sharpe Ratio[2]
CUF	8.8%	6.7%	1.25
Benchmark	8.2%	6.2%	1.24

1. The higher the volatility, the riskier the portfolio.
2. The greater the value of the Sharpe ratio, the more attractive the risk-adjusted return.

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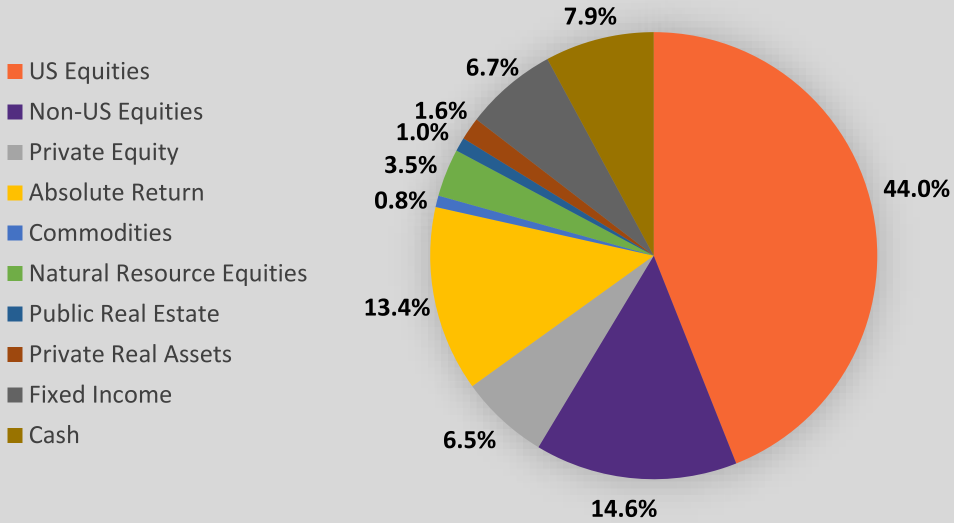
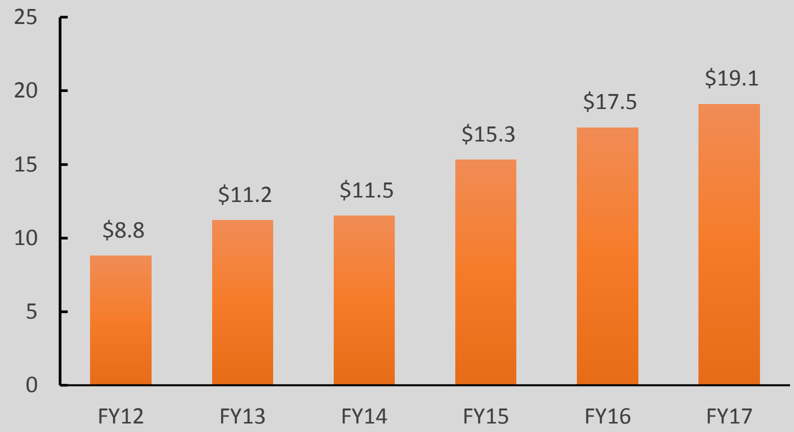
ASSET ALLOCATION

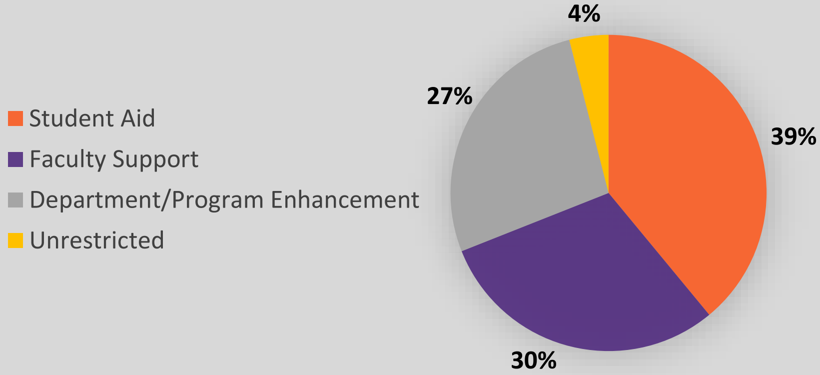


ENDOWMENT DISTRIBUTION

Endowment Distribution in Millions



Endowment Distribution by Donor Purpose



2017 NACUBO RESULTS

Annually, the NACUBO – Commonfund Study of Endowments (NCSE) releases results of their survey of over 800 colleges, universities and their related foundations. The annual NCSE analyzes return data and a broad range of related information gathered from private and public U.S. colleges and universities and institutionally-related foundations. The size and scope of the Study make it the most comprehensive annual report on the investment management and governance practices and policies of institutions of higher education across the U.S.

CUF's FY 2017 investment return of 13.3% was 110 basis points higher than the NACUBO All Institution Average of 12.2%, and 60 basis points higher than our peers with assets between \$500 million and \$1 billion. This year represents the 5th year in a row that CUF's results have outperformed the NACUBO All Institutions Average.

Taking a longer sweep at the results provided, the following table provides CUF's average annual one -, three -, and five-year returns compared to peers in this study.

Avg. Annual Returns	1-yr	3-yr	5-yr
Clemson University Foundation	13.3%	5.0%	8.8%
NACUBO Study (All institutions)	12.2%	4.2%	7.9%
NACUBO Study (>$500M-$1B)	12.7%	4.2%	8.1%