

2020 Consolidated Endowment Fund (CEF) Report



At the University of Washington our mission promises to enhance lives everywhere— a goal that would simply not be possible without your endowed support. As lasting legacies, endowed gifts provide perpetual support for students, faculty, and university programs and services. They serve as the foundation upon which we build our success. While we can measure the endowment's annual fiscal performance in this report, the impact that your gift will make in perpetuity is immeasurable.



Endowment



Impact



Investment



Contact

The University of Washington Endowment

Generous donors have created a lasting legacy

TOTAL ENDOWMENTS
IN CEF

5,253

NEW ENDOWMENTS ADDED
IN FISCAL YEAR 2020

177

FISCAL YEAR 2020
ENDOWMENT DISTRIBUTIONS

\$135 million

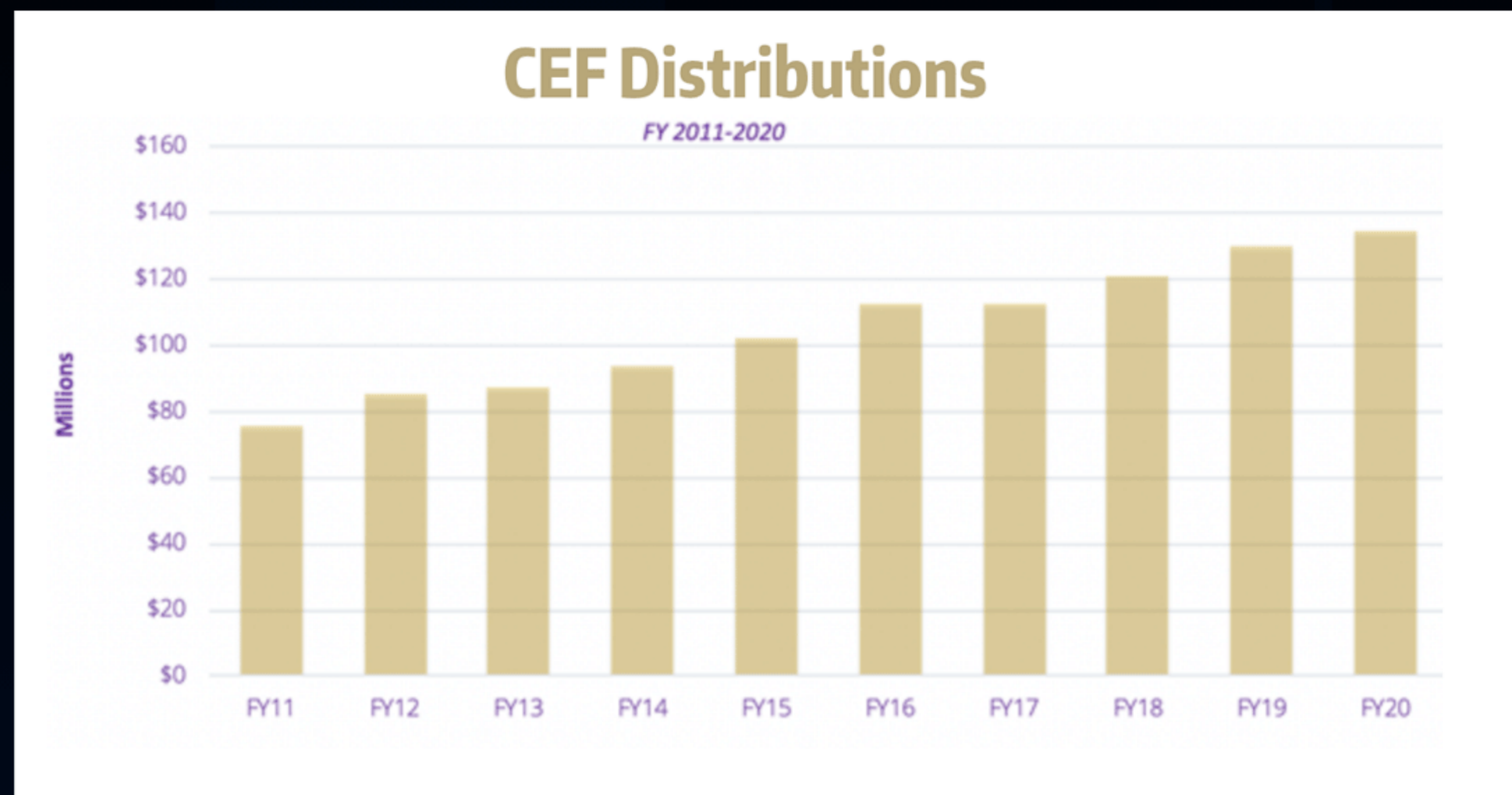
Endowment Highlights by Fiscal Year

	2016	2017	2018	2019	2020
Market Value (in millions)	\$2,968	\$3,144	\$3,407	\$3,588	\$3,560
Return	-1.6%	13.6%	9.6%	5.8%	1.1%
Number of Endowments	4,506	4,685	4,904	5,076	5,253
Distributions to campus (in millions)	\$113	\$113	\$121	\$130	\$135
New endowment	143	179	219	172	177

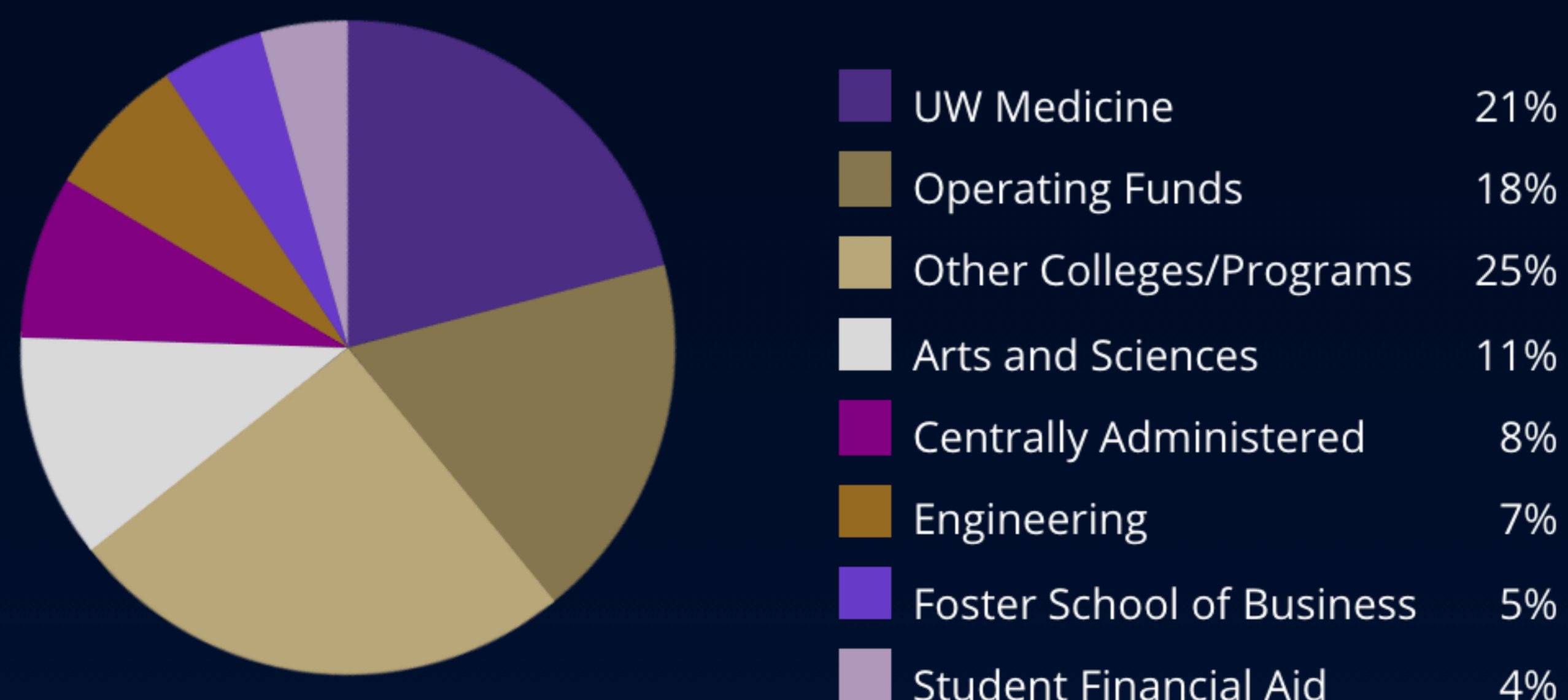
The impact is felt year after year,
generation after generation.

DISTRIBUTED OVER LAST 10 YEARS

\$1.1 billion



Endowments provide opportunities for
students and faculty in their quest for
excellence and innovation.



Endowments by Schools, Colleges, and Programs

Schools, Colleges, and Programs	Endowment Value at 6/30/2020	Number of Individual Endowments
UW Medicine	\$719,023,806	991
College of Arts and Sciences	415,743,123	946
College of Engineering	255,468,829	422
Foster School of Business	185,230,412	236
Student Financial Aid	168,258,539	251
Office of the President and Provost	318,798,749	531
Law School	104,561,500	107
College of the Environment	104,467,964	282
Intercollegiate Athletics	88,581,302	226
University Libraries	51,702,446	108
Graduate School	41,127,191	78
School of Nursing	50,462,630	149
Tacoma Campus	42,734,310	80
Undergraduate Academic Affairs	52,818,461	35
College of Built Environments	43,454,171	127
School of Dentistry	27,561,858	89
College of Education	25,548,023	80
Evans School of Public Policy & Governance	22,408,216	39
School of Pharmacy	22,306,548	71
Health Sciences	17,485,157	4
School of Public Health	19,735,306	89
School of Social Work	29,116,138	46
Office of Research	8,530,575	4
University of Washington Press	7,301,508	17
Information School	7,688,514	52
Bothell Campus	4,576,102	26
Office of Minority Affairs and Diversity	6,480,416	49
CoMotion	13,229,777	2
Finance and Facilities	9,608,909	10
Office of the Vice President of Student Life	3,880,211	27
Continuum College	1,772,427	8
University Advancement	17,597,939	7
	2,887,261,057	5,189
Operating Funds	625,127,995	2
Non-UW Endowment	47,597,352	67
Total	\$3,559,986,364	5,253

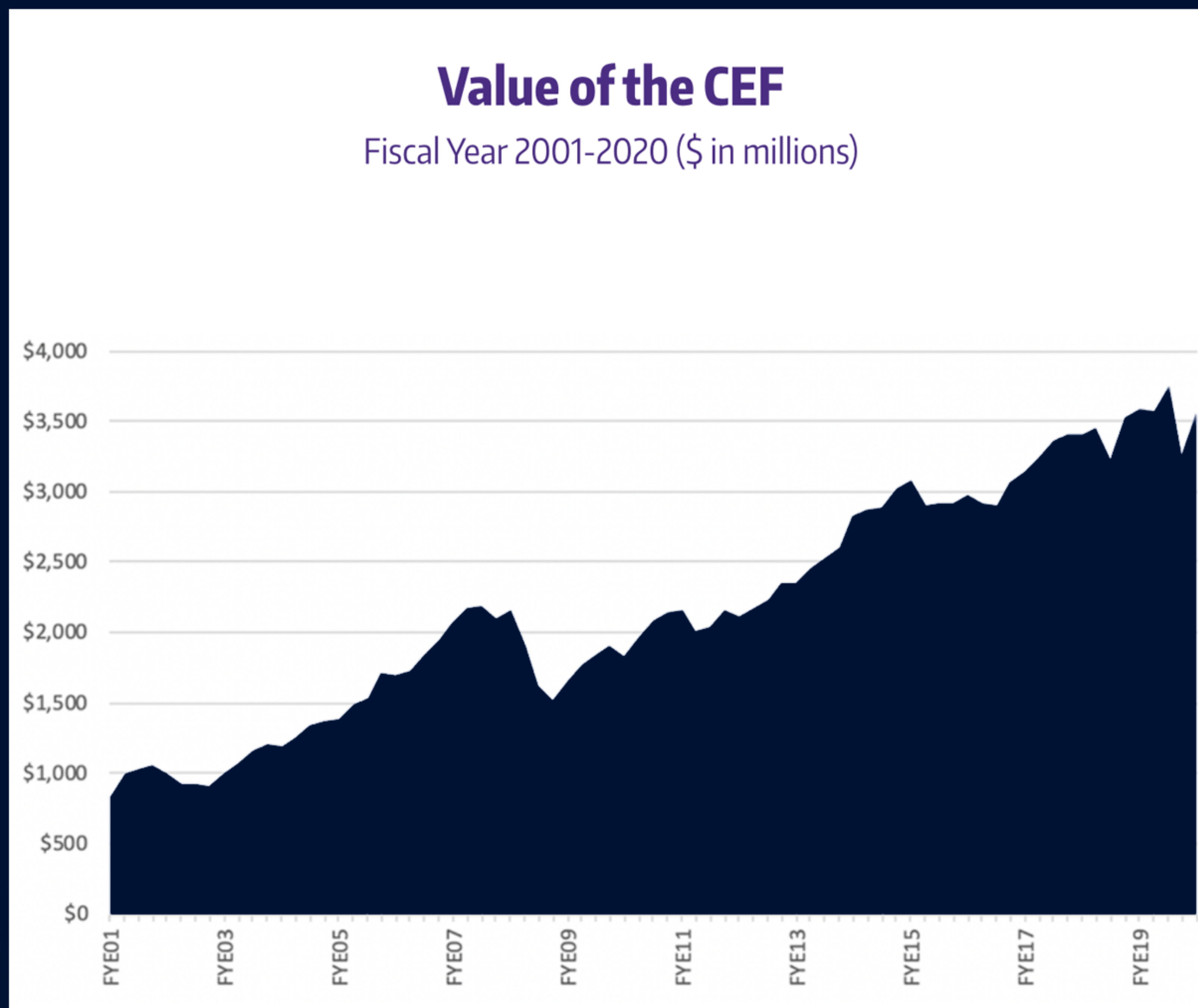
Endowed gifts coupled with investment returns
resulted in the growth of the CEF.

6.1%

ANNUALIZED RETURN OVER LAST
20 YEARS

\$2.5 billion

IN GROWTH OVER LAST
20 YEARS





TOTAL ENDOWMENT ON JUNE 30, 2020

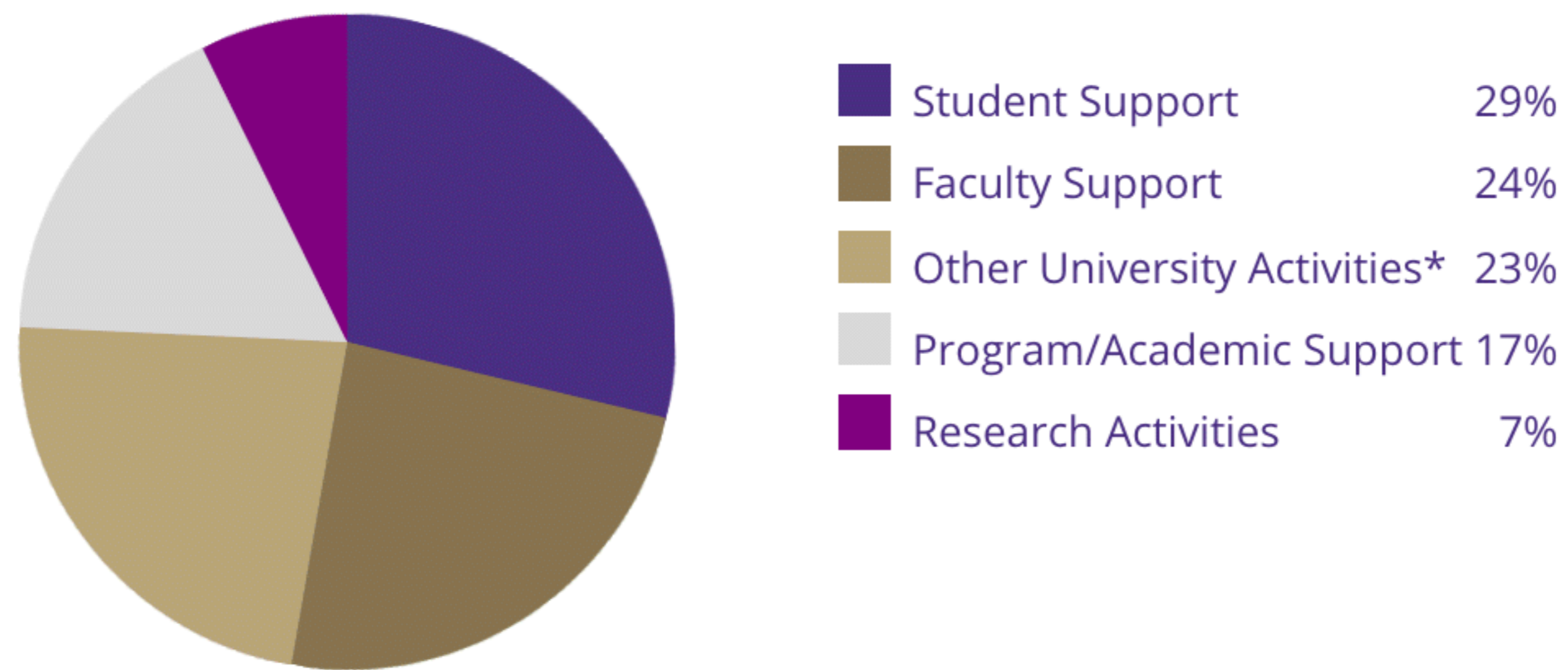
\$3.6 BILLION

since the first \$400 cash endowed gift in 1905

Impact

The impact of endowment gifts is evident in every corner of the University of Washington, from the inspiring faculty who hold endowed professorships to the extraordinary students that choose the UW because of scholarships and fellowships.

Endowment Support by Purpose



* A portion of the University's operating funds are invested in the CEF. Distributions benefit campus-wide programs.

Gifts at Work

Endowments create extraordinary impact across our campuses. These are just a few of the countless stories that philanthropy makes possible year after year, generation after generation.

Students

2,813
Endowments

\$39.5 million
Distributed in 2020

**Path to
Healing**

[Read More](#)



Faculty

660
Endowments

\$31.6 million
Distributed in 2020



**Raising their
Voices**

[Read More](#)

Research

261
Endowments

\$9.6 million
Distributed in 2020

**Treating Mind
and Body**

[Read More](#)



Programs

1,302
Endowments

\$23.2 million
Distributed in 2020



**Changing the
Future of
Engineering**

[Read More](#)

University

217
Endowments

\$30.6 million
Distributed in 2020



**Unearthed
and Retooled**

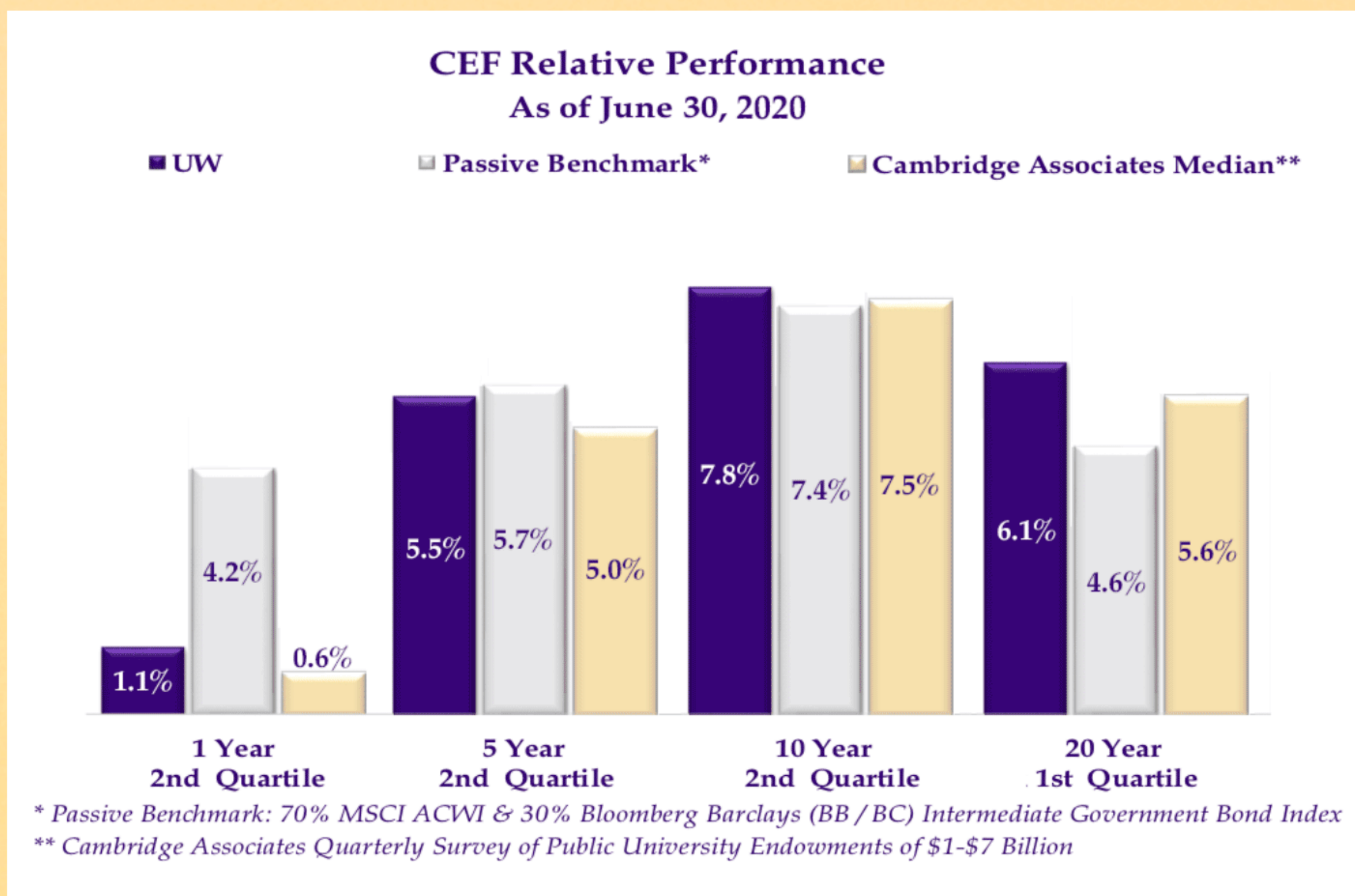
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Investment

Investment Performance

For the fiscal year ending June 30, 2020 (Fiscal Year 2020) the University of Washington's Consolidated Endowment Fund (CEF) returned +1.1% versus +4.2% for the passive benchmark and +0.6% for the public university peer median. Markets were extremely volatile, particularly in the second of half of fiscal year 2020, when global equity markets dropped precipitously due to the Covid-19 crisis, but then experienced an almost equally dramatic rebound. The rebound was driven by a narrow set of technology companies, with six stocks accounting for nearly all of US returns. Holding a diversified portfolio was challenging and the CEF's geographic and sector positioning greatly impacted performance.

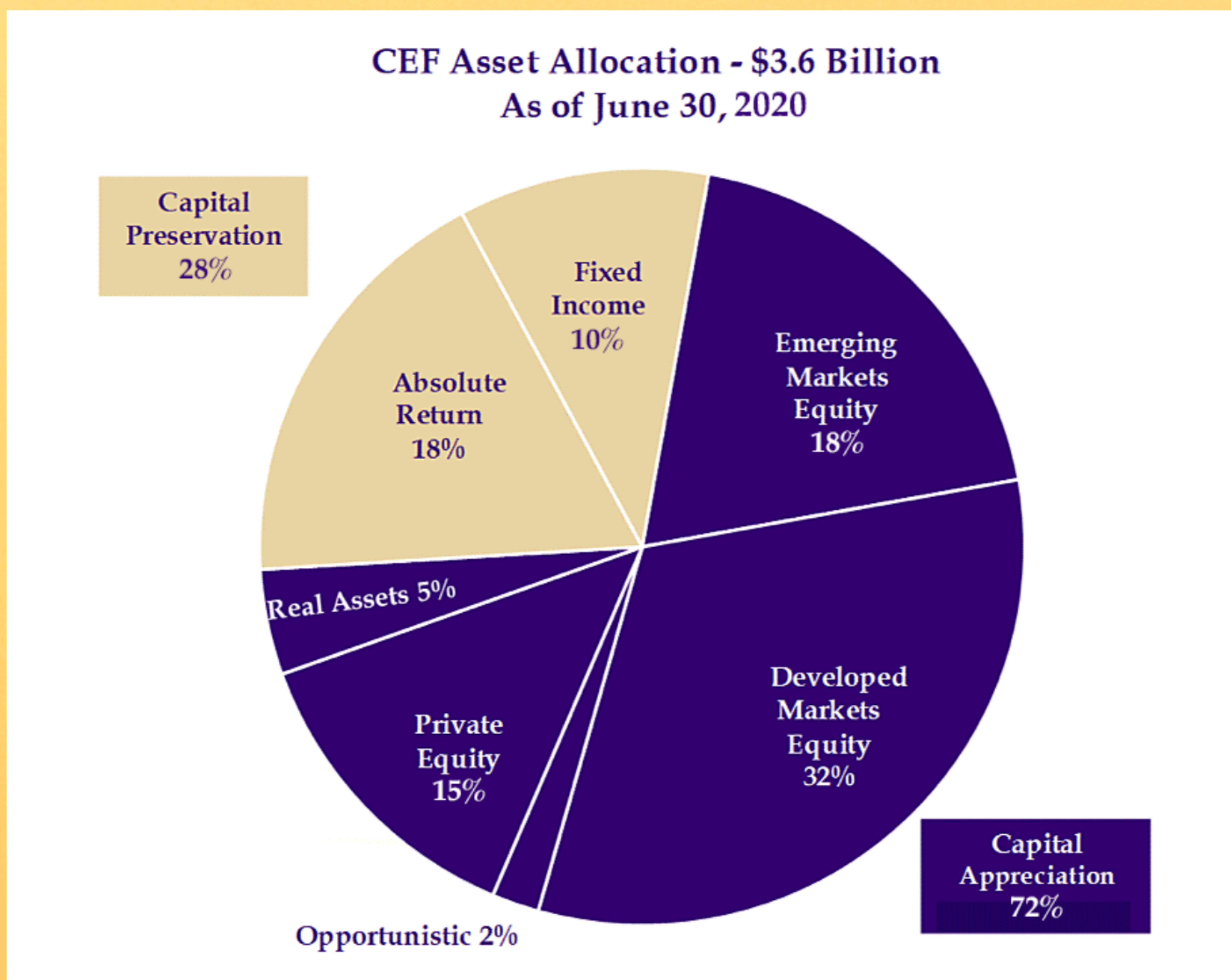
Our focus remains on long-term results where the CEF has solid performance. The chart below shows that the CEF has returned +5.5%, +7.8% and +6.1% for the 5, 10 and 20-year periods, respectively, and continues to outperform the passive benchmark over the long term. Despite a challenging fiscal year 2020, the UW is above median performance relative to public peers for all periods.



The 20-year picture also highlights remarkable growth for the endowment. The CEF grew from \$1.1 billion to \$3.6 billion. In addition to new gifts totaling \$1.1 billion (net of fees), nearly \$2.0 billion of investment returns was paid out primarily to support campus scholarships, professorships and research over the last 20 years.

Investment Strategy

Asset allocation is critical to balancing the long-term potential return and the risk tolerance appropriate for the University of Washington.



The CEF's \$3.6 billion portfolio is diversified across two clearly defined categories of investments: those which facilitate growth or appreciation (Capital Appreciation), and those which preserve endowment values and provide liquidity (Capital Preservation). As of June 30, 2020, 72% of the CEF was invested in Capital Appreciation and 28% in Capital Preservation. During the Covid-induced market correction and continued volatility, our focus has been on actively rebalancing the portfolio to both preserve liquidity and to take advantage of market dislocations. UW remains differentiated from peers by a larger allocation to public international equities, particularly emerging markets in Asia.

Spending Policy

Given current financial market volatility and projected lower returns for the CEF, the UW Investment Management Company (UWINCO) Board recommended a reduction in the endowment spending rate from a total spend of 5.0 percent to 4.5 percent. The Board of Regents is vested with the responsibility to set an endowment distribution spending policy that balances the needs of current endowment beneficiaries with the requirement to protect the corpus of the endowment to meet future University needs. On February 14 2019, the Board of Regents approved an amendment to the Consolidated Endowment Fund Policy to implement a phased reduction to 4.5 percent starting fiscal year 2022.

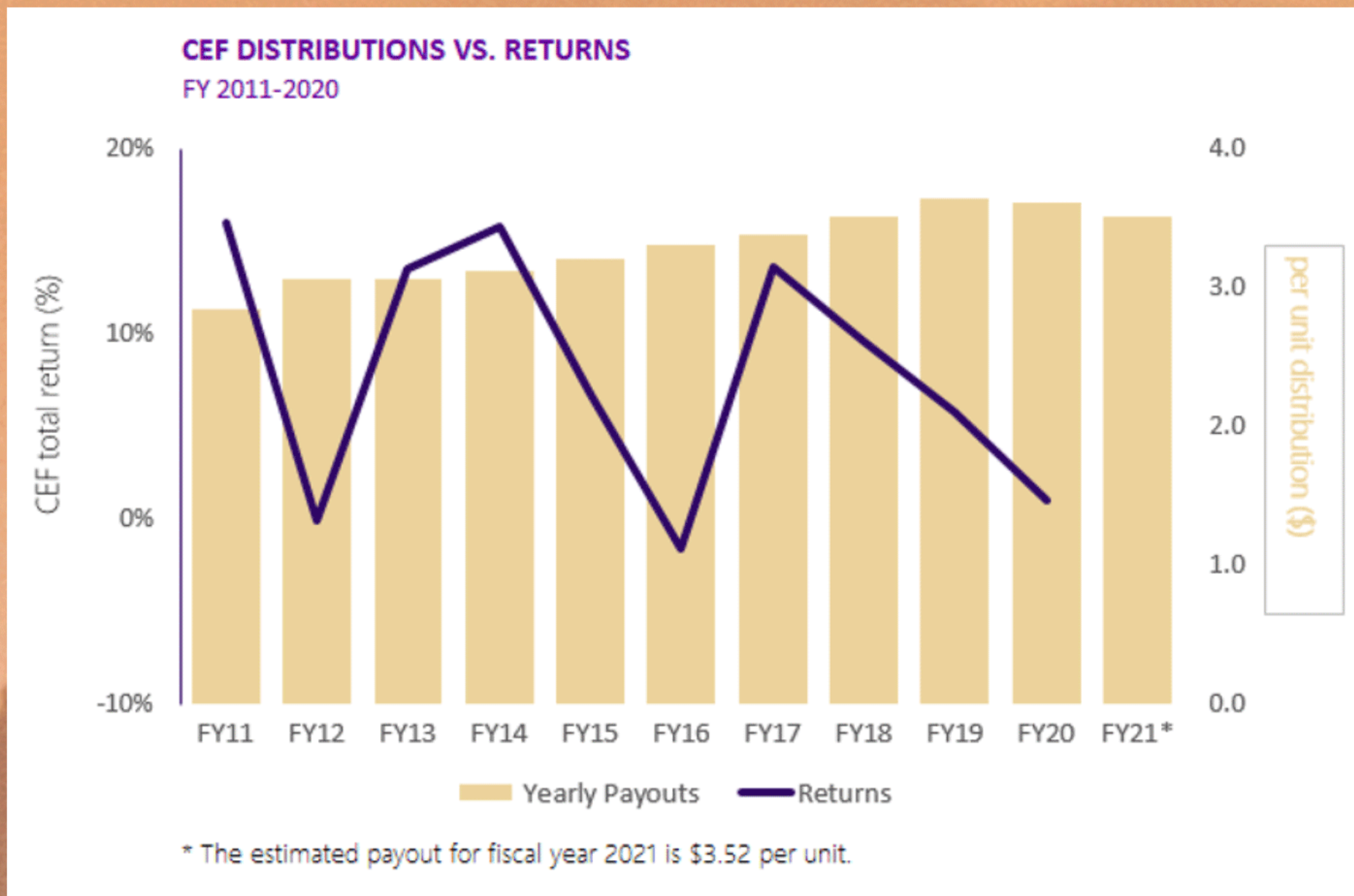
To cushion the impact of a reduction to units, a 3-year stepped reduction in the spending rate was developed. The distribution rate reduction will be phased as follows:

- **Fiscal Year 2020:** 10 basis points to 4.9 percent
- **Fiscal Year 2021:** 20 basis points to 4.7 percent
- **Fiscal Year 2022:** 20 basis points to 4.5 percent

All endowments will utilize the same rates. Once fully implemented, the program distribution rate will be 3.6 percent and the administrative fee distributions rate will be 0.90 percent to reflect a total distribution rate of 4.5 percent.

If the endowment achieves positive returns and continued growth through contributions, the impact of the gradual reduction in the distribution rate to units should be minimal.

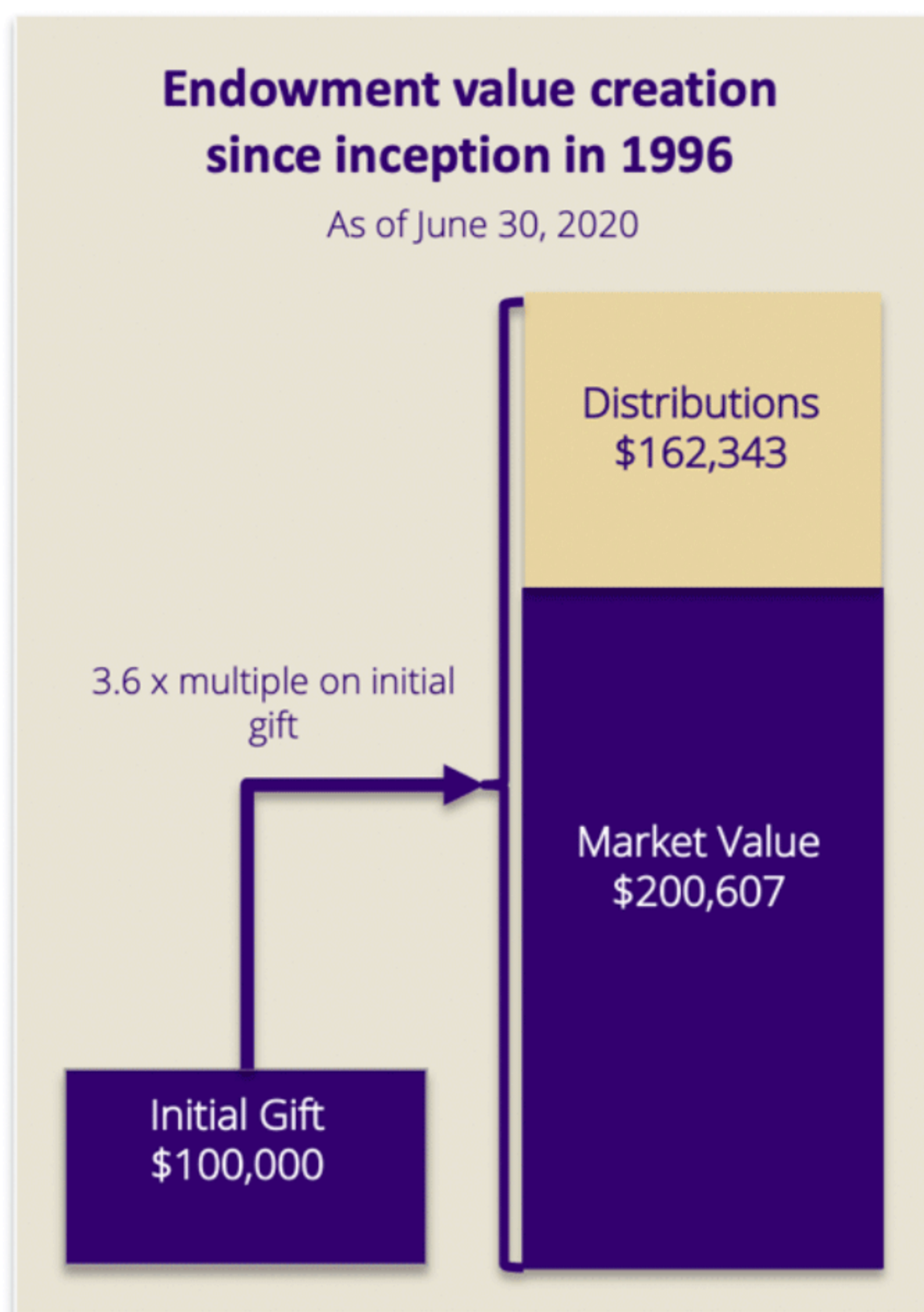
Revising the distribution rate now puts endowment funds on a more sustainable trajectory that benefits students, faculty and all CEF beneficiaries now and well into the future.



Power of Investment Returns & Prudent Spending Policy

The generous \$100,000 gift from William and Ruth Gerberding, invested in 1996, has provided powerful long-term impact, distributing over \$160,000 in fellowship support and still having a market value double its original value.

WILLIAM P. & RUTH GERBERDING ARCS® ENDOWED FELLOWSHIP GROWTH



Gerberding Beneficiary Highlights:

Currently supports two students in the medical field:

First-year student in
Speech & Hearing
Sciences



MD/PhD candidate
in Genome Sciences

Nine graduate scholars earned PhDs and launched promising STEM-area careers:

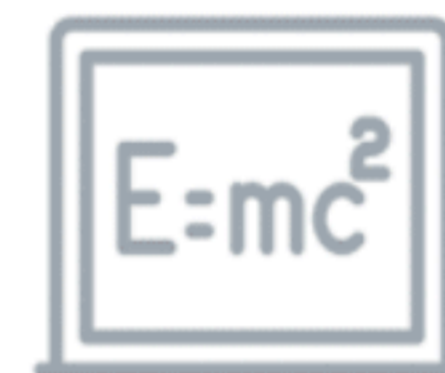
Research

Science Education

Medical



1 Research Director



4 Professors



4 Professors

Further Information

If you have any questions or comments about this report, or would like copies of the Consolidated Endowment Fund investment policies, please contact:

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For further information on the University's investment program, please visit:

<http://finance.uw.edu/treasury/CEF>

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UNIVERSITY *of* WASHINGTON

BE BOUNDLESS