

ENDOWMENT STEWARDSHIP REPORT 2023-2024





Office of Donor Relations

Division of Development and Alumni Relations

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**THE GEORGE
WASHINGTON
UNIVERSITY**

WASHINGTON, DC

Pictured on cover

Unity by John Safer (1987)

Norma Lee and Morton Fungler Hall
Gifted by the Fungler Family



LETTER FROM THE VICE PRESIDENT

I hope this message finds you well. As I reflect on the incredible journey of the George Washington University, I am heartened by the amazing impact we've made together. Our institution is truly one of the nation's gems, known for its rich legacy of transformative education, innovative research, exceptional healthcare, and a deep commitment to public service. This legacy is built on the strong foundation of our Endowment.

Thanks to your generous support, we're able to nurture the remarkable talents of our students and faculty—today and in the years to come—as they discover, create, and lead in a global community. Your investments play a crucial role in providing scholarships, extending our research programs, enhancing our facilities, and attracting world-class faculty to our beloved institution.

As we navigate the complexities of our ever-changing world, the growing engagement from our GW community of donors speaks volumes about the belief they have in GW's enduring ability to make a difference. At GW, we take immense pride in our unique blend of talent, resources, and commitment to service. It's partners like you who make our mission possible and inspire us in our tireless pursuit of excellence.

I am genuinely grateful for the meaningful ways you have supported GW. Thank you for being such an essential part of our community.

For GW,

Donna Arbide
Vice President for Development & Alumni Relations

REPORT ON PHILANTHROPY

Fiscal year 2024 was truly remarkable thanks to GW's community of donors—whose unwavering support and generosity made a significant impact on our community and the wider world.

Open Doors: *The Centuries Initiative for Scholarships & Fellowships* is at the heart of these efforts. More than 5,100 generous donors came together to give nearly \$33 million this year—a remarkable achievement that marks our strongest year for scholarship contributions in a decade.

Our GW donor community has truly embraced the *Third Century Scholarship Endowment Match*, an innovative \$12 million program to enhance need-based endowed scholarships for undergraduate students. This initiative's impact pairs donor support with GW's commitment to create lasting change in our students' lives.

GW's community of supporters is strong. In fiscal year 2024, compared to the prior year, we experienced:

- 7.8% increase in our donor base
- 20% increase in contributions for student scholarships and fellowships
- 36% increase in new Endowment funds for student aid

Every gift, regardless of size, plays a vital role. Giving Day 2024 was a shining example of this collective spirit, with nearly 3,500 donors uniting to support the GW people, places, and programs they hold dear. In total, \$1.8 million was raised to make this the most successful Giving Day in GW's history. The enthusiasm and generosity came from near and far, with Revolutionaries from all 50 states and over a dozen countries joining this GW celebration.

HIGHLIGHTS

\$96.1 Million

total gifts and commitments

18,041

total donors

\$32.9 Million

raised for scholarships and fellowships

\$32.4 Million

in funds raised for the Endowment

81

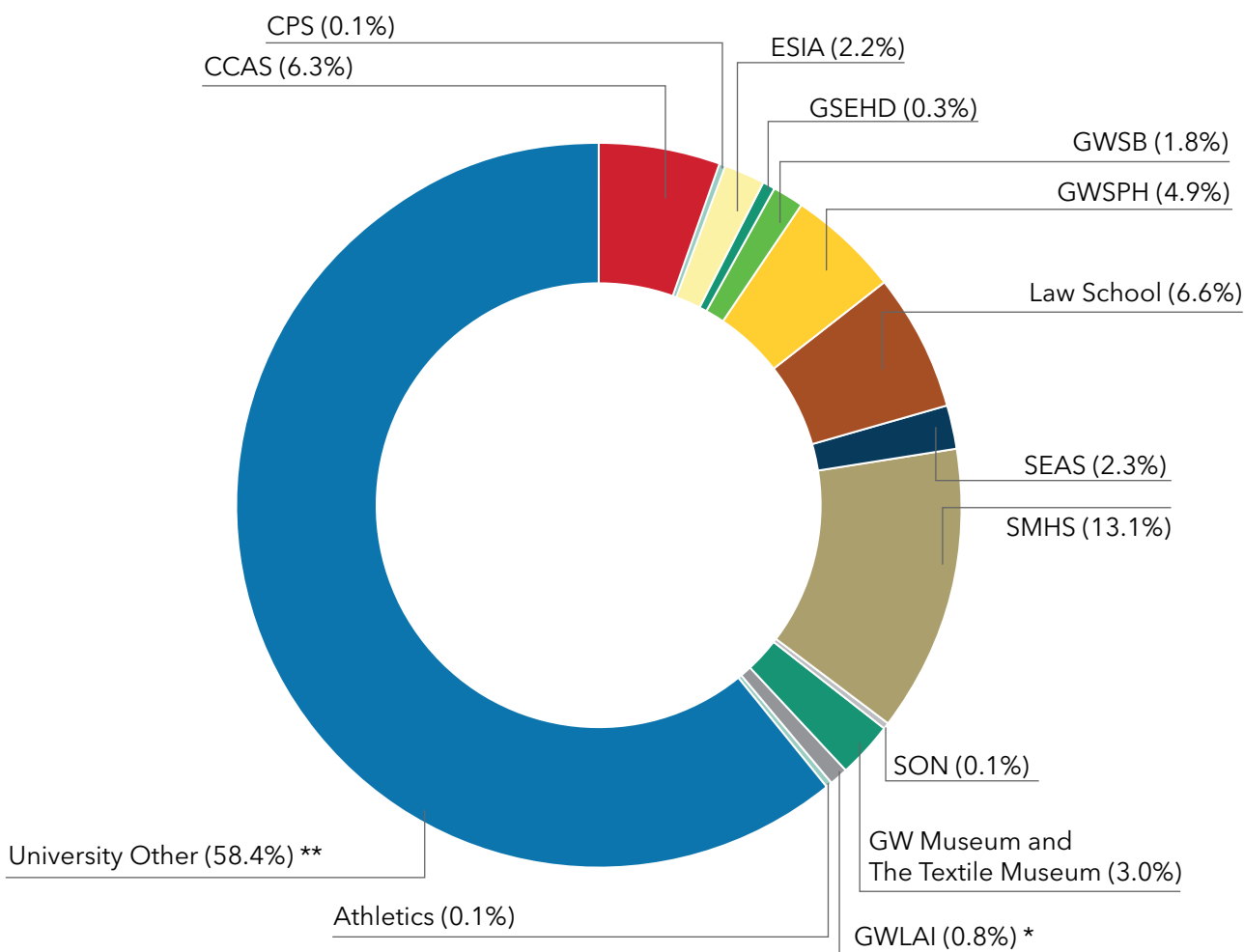
new Endowment funds established



OVERVIEW OF THE ENDOWMENT

Endowed gifts create a permanent legacy and play a critical role in enabling the university to achieve its mission by providing stable financial support now and in the future. The Endowment comprises both donor-restricted endowment funds and funds designated to function as endowments, sometimes referred to as quasi endowments. The majority of donor-restricted endowment gifts are invested in the Pooled Endowment, together with some of the university's quasi endowments. The remainder of the Endowment is composed of separately managed funds and a portfolio of real estate investment properties.

ENDOWMENT MARKET VALUE BY SCHOOL AND UNIT As of June 30, 2024



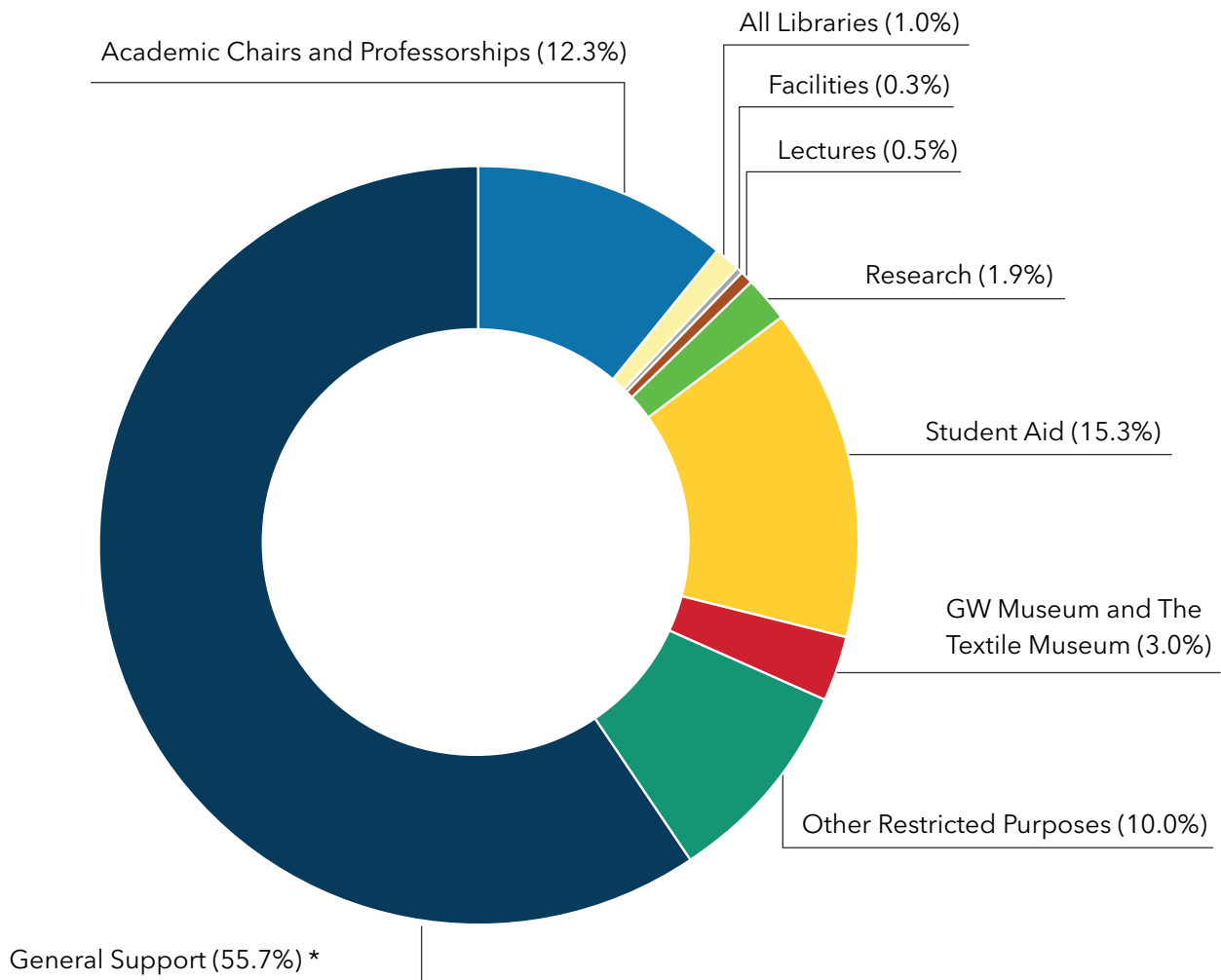
Total endowment market value at June 30, 2024 was \$2.640 billion.

* GW Libraries and Academic Innovation (GWLAI) excludes Himmelfarb Health Sciences Library and Jacob Burns Law Library, which are housed under SMHS and Law School, respectively, on the above chart.

** University Other comprises the university's unrestricted quasi endowment (including the portfolio of real estate investment properties) plus other endowment funds that support the university as a whole.

The Pooled Endowment is made up of 1,717 individual endowment funds that provide perpetual financial support for an array of programs benefiting students across the university. The annual Endowment payout, which is calculated according to the spending policy approved by the Board of Trustees, supports scholarships and fellowships, professorships, academic and research programs, libraries, facilities, and many other programs.

ENDOWMENT MARKET VALUE BY PURPOSE
As of June 30, 2024



Total endowment market value at June 30, 2024 was \$2.640 billion.

* General Support comprises the university's unrestricted quasi endowment (including the portfolio of real estate investment properties) plus other endowment funds where the university may use its discretion to determine the specific use.

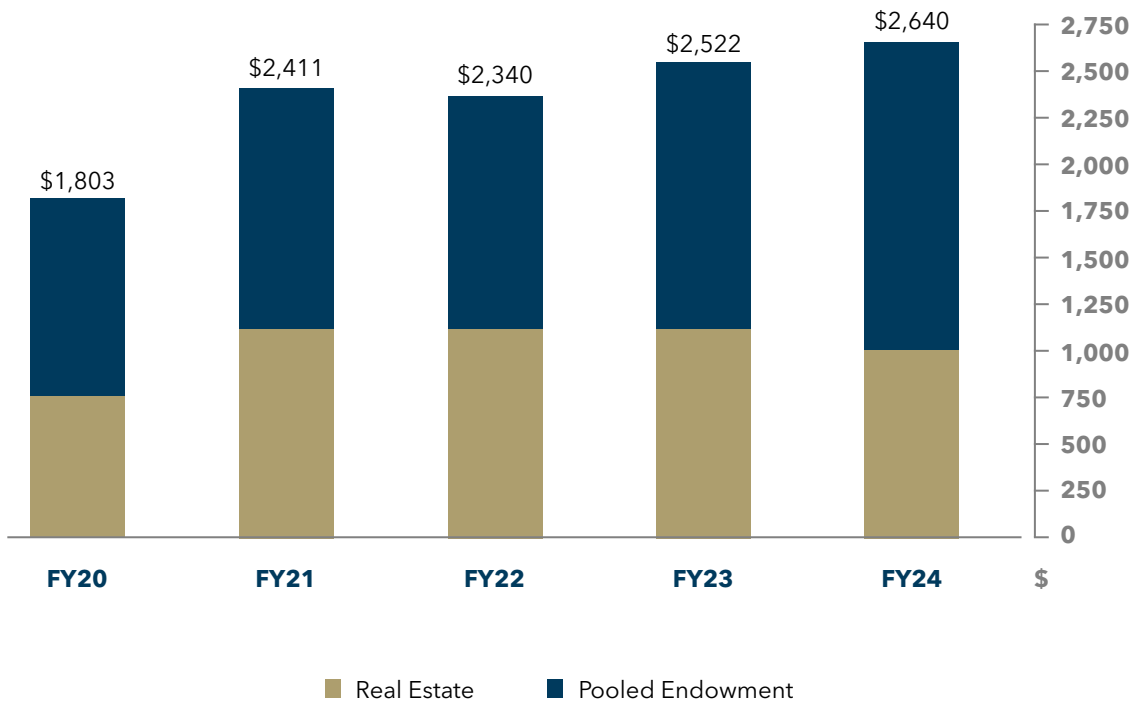
ENDOWMENT MANAGEMENT

In managing the Endowment, the university seeks to balance the dual objectives of enhancing the future purchasing power of Endowment funds and meeting current spending needs. The Endowment is invested on a long-term horizon, with the goal of growing at a rate above inflation while providing a stable stream of income to support the purposes for which its individual funds were created.

Achieving these objectives requires appropriate asset allocation, careful implementation of investment strategies, and vigilant risk management. The Committee on Finance and Investments of the GW Board of Trustees is the governing body for Endowment management. This committee performs oversight of our Outsourced Chief Investment Office (OCIO) and approves the asset allocation policy.

The Endowment spending policy, approved by the University's Board of Trustees, is designed to balance current and future spending requirements. Currently, payout is calculated as 4.5% of the rolling 12-quarter average market value, adjusted for new gifts received during the year.

END OF YEAR TOTAL ENDOWMENT MARKET VALUE (IN MILLIONS)



STATEMENT ON POOLED ENDOWMENT PERFORMANCE

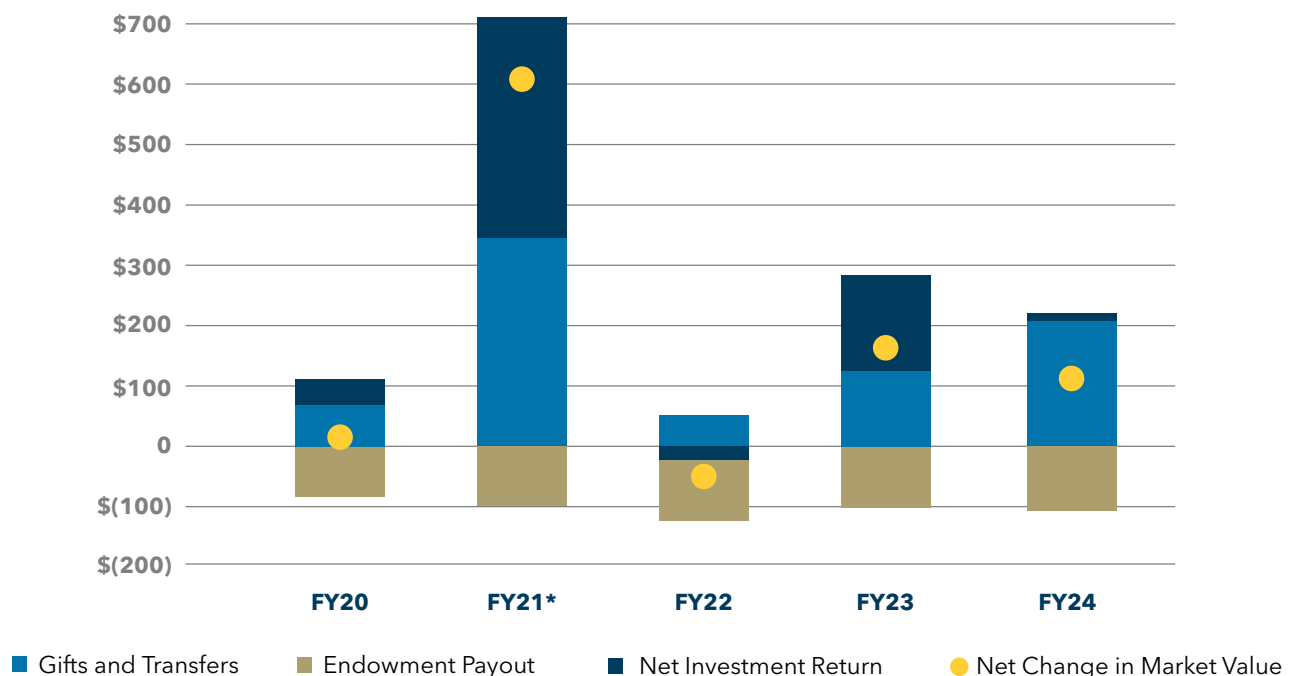
Market Overview

Markets rose over the course of the fiscal year despite notable fluctuations driven by concerns about a potential recession, high, but moderating inflation, restrictive monetary policies, and slowing economic growth. Bonds saw moderate gains as central banks, including the Federal Reserve, signaled a more measured approach to interest rate hikes, stabilizing the market. Stocks experienced a strong rebound, driven by improved economic data and corporate earnings, though gains in the U.S. market were largely driven by a narrow set of mega-cap technology stocks. Against this backdrop, U.S. equities rose more than 20%, non-U.S. developed market equities increased by 11%, and emerging market equities generated a 13% return during the fiscal year. Bond markets reacted to increasing and then ebbing inflation concerns and ended the fiscal year with modest increases despite a volatile year.

Portfolio Overview

The Pooled Endowment gained 13.3% for the fiscal year, bringing its total value to \$1.6 billion as of June 30, 2024. The portfolio outperformed its policy benchmark by 1.1%, driven by strong manager performance. The Pooled Endowment's significant allocation to public equities was the primary driver of performance with solid double digit returns across global markets. The hedge fund portfolio also delivered strong absolute returns, well ahead of its benchmark, benefiting from its diverse set of strategies. The private equity portfolio earned modestly positive returns, driven again by buyout strategies, in a year when venture strategies faced market headwinds. Fixed income, which includes both high-yielding debt instruments as well as U.S. Treasuries, generated positive returns for the fiscal year despite a rise in interest rates over the course of the year. The Pooled Endowment portfolio closed the fiscal year with 59% of assets invested in global equities, 31% held in alternative assets such as hedge funds and private equity, and 10% in fixed income and cash.

COMPONENTS OF CHANGE IN ENDOWMENT MARKET VALUE (IN MILLIONS)



This graph depicts components of the change in the total Endowment's market value, including both the Pooled Endowment and the portion of the university's quasi endowment invested in a portfolio of real estate investment properties. When disaggregated, the Pooled Endowment's 2023-2024 net investment return was 13.3%, whereas the portfolio of real estate investment properties earned a net investment return of -14.3%, resulting in a blended total Endowment return of 0.7%.

* Effective June 30, 2021, the University reclassified internal debt previously allocated to the portfolio of real estate investment properties. The resulting increase in value is reflected as part of FY21 Gifts and Transfers.

2023-2024 FISCAL YEAR ENDOWMENT HIGHLIGHTS

Endowment payout provided
\$110 MILLION
in support of university activities

Endowment assets in aggregate
generated a five-year annualized
investment return of **5.8%**
and a 10-year annualized
investment return of **5.3%**

The total Endowment
value of **\$2.640 billion**
as of June 30, 2024,
equates to approximately

\$121,000
**PER FULL-TIME
EQUIVALENT STUDENT**

Endowment assets in aggregate generated a fiscal-year investment return of **0.7%**,
with the Pooled Endowment returning 13.3% and the portfolio of real estate
investment properties decreasing by 14.3%

IMPACT



1,182

Number of
students who
received an
endowed
scholarship



105

Number of
professorships
that were
funded (either
fully or in
part) by the
Endowment



221

Number of
students who
received an
endowed
award/prize



198

Number of
students who
received
a stipend
funded by the
Endowment

FREQUENTLY ASKED QUESTIONS

How is GW's Endowment currently managed?

Strategic Investment Group, our Outsourced Chief Investment Office (OCIO) since 2015, is responsible for day-to-day management of most assets in the Endowment. Certain separately managed funds and the portfolio of real estate investment properties are managed by the university rather than the OCIO. Strategic Investment Group works together with the Committee on Finance and Investments of the Board of Trustees to establish asset class targets and ranges consistent with the specific financial needs and objectives of our Endowment.

Does GW charge any administrative fees to manage my endowment gift?

The only fees charged to the Endowment are the expenses directly related to the management and recordkeeping of the Endowment, such as costs related to the OCIO, investment managers, and custodian fees. The university does not charge additional overhead or administrative fees to the Endowment. Costs of managing the Endowment are netted from investment return and are comparable to the institutional expenses of investment company funds.

How is the amount of annual payout determined and then distributed?

The spending policy calculates payout as 4.5% of the rolling 12-quarter average market value of the Endowment. Payout is allocated from market value monthly.

When will an endowment begin generating payout that can be spent?

Endowments are established once the initial gift is received and all required paperwork has been completed. Beginning with the second month after establishment, the endowment will generate payout. If the initial gift is below the minimum required funding level for the type of endowment established, endowment payout will be automatically reinvested into corpus until the sum of reinvested payout plus additional gifts brings the corpus to the minimum required funding level. Once the corpus reaches the minimum required funding level, payout generated from that point forward is available to be spent.

What is an "underwater" endowment? Is there a policy for spending from underwater funds?

An endowment fund is "underwater" when its market value falls below the value of the original gift(s). The university's policies permit spending from underwater endowment funds unless precluded by relevant laws and regulations. The university follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Council of the District of Columbia. The prudent spending from underwater endowments allows for consistent support for the scholarships and fellowships, professorships, academic and research programs, libraries, facilities, and many other programs supported by the endowment.

What are the minimum endowment levels to establish a new, named endowed fund?

A named endowed award or prize fund may be established with a minimum gift of \$25,000, and the minimum gift for a named endowed scholarship or fellowship is \$100,000. Endowment gifts may be pledged and paid over a period of up to five years. For more information about establishing an endowed fund at GW (such as internships, financial aid, research funds, capital funds, and faculty or staff positions), please contact Jennifer Riordan, Executive Director of Donor Relations, at jriordan@gwu.edu or (202) 994-9432.

DEFINITIONS OF TERMS IN YOUR ENDOWMENT REPORT

Book value - Cumulative sum of all gifts and transfers (see definition below) since the inception of the fund. Sometimes referred to as principal or corpus.

Endowment payout - Board-approved amount that is withdrawn from market value and made available for spending.

Full-time equivalent student - Undergraduate students are considered full-time if the student is enrolled for 12 or more semester credits. Many of the university's students are enrolled full-time, but there are also students enrolled part-time. The full-time equivalent student calculation uses credit hours to convert part-time student counts into the equivalent count that the credits would represent if the students were enrolled at a full-time credit load.

Gifts and transfers - For donor endowments, this includes gifts and pledge payments plus reinvestment of unused payout. For quasi endowments, this includes additions of university funds, reinvestment of unused payout, and purchases or sales of Endowment real estate investment properties.

Net investment return - Interest, dividends, realized gains/losses, and unrealized gains/losses, net of expenses directly related to the management of the Endowment, such as costs related to the Outsourced Chief Investment Office, investment managers, and custodian fees.

Market value - Current value of the fund in today's market. This includes the book value and all accumulated net investment return, minus payout over the life of the fund.



➔ impactreport.gwu.edu

The 2024 **GW Philanthropy Impact Report** highlights the remarkable outcomes achieved through the generous support of individuals, families, foundations, and public agencies. Read on for more ways philanthropy at GW is being lived out. Raise High!

*"Few organizations have **GW's talent, access, and commitment to public leadership**. This report reflects just some of the many ways these strengths, bolstered by your support, have an enduring impact."*

Donna Arbide, Vice President for Development & Alumni Relations



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