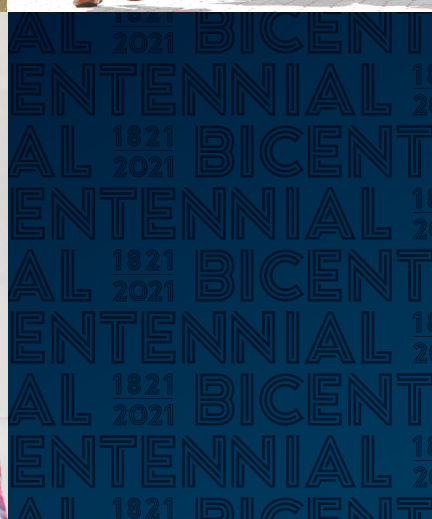


# ENDOWMENT STEWARDSHIP REPORT 2021

200<sup>GW</sup>  
1821-2021

THE GEORGE  
WASHINGTON  
UNIVERSITY







**Office of Donor Relations**

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**THE GEORGE  
WASHINGTON  
UNIVERSITY**

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WASHINGTON, DC





## Letter from the Vice President

Because of you, the George Washington University has embarked on its third century stronger than ever, despite recent adversities that still test the world. Your support of GW's Endowment catalyzes positive change across our university and around the globe: advancing academics, research, and service as it provides critical support for students and faculty, and enriches our entire community.

Your philanthropy allows our students to achieve their dreams, providing the resources required for a top-tier education. Our graduates leave ready and eager to make their mark on the world, joining a long line of trailblazers and leaders who will advance society for the better.

Their achievements are your legacy, as are the lasting effects of groundbreaking research at GW, our influence on public policy, our thought leadership, and our innovation.

Thank you for your commitment to GW.

For GW,

Vice President for Development & Alumni Relations



# Report on Philanthropy

The George Washington University has continued to forge a best-in-class fundraising operation that leverages philanthropy into tangible impact and demonstrates institutional responsibility. In fiscal year 2020-2021, GW weathered the unexpected circumstances that came with the global health pandemic and navigated its way to one of the better fundraising efforts in our institution's history. Over 16,000 alumni, faculty, friends, parents, and staff came together to support our endeavors in a number of areas.

Thanks to you, we were able to exceed our initial goal and raised more than \$105 million. Approximately 42 percent of funds raised in 2020-2021 were directed to the Endowment. The donors who invested in GW to make this past year such an outstanding success, further confirming our institution's resilience, have directly contributed to opportunities for current and future generations of students to experience invaluable internships, study abroad, and hundreds of other "only at GW" moments.

## HIGHLIGHTS

**\$29.4 Million**

raised for scholarships  
and financial aid

**\$44.7 Million**

in funds raised for  
the Endowment

**37**

new Endowment  
funds established

**16,495**

total donors



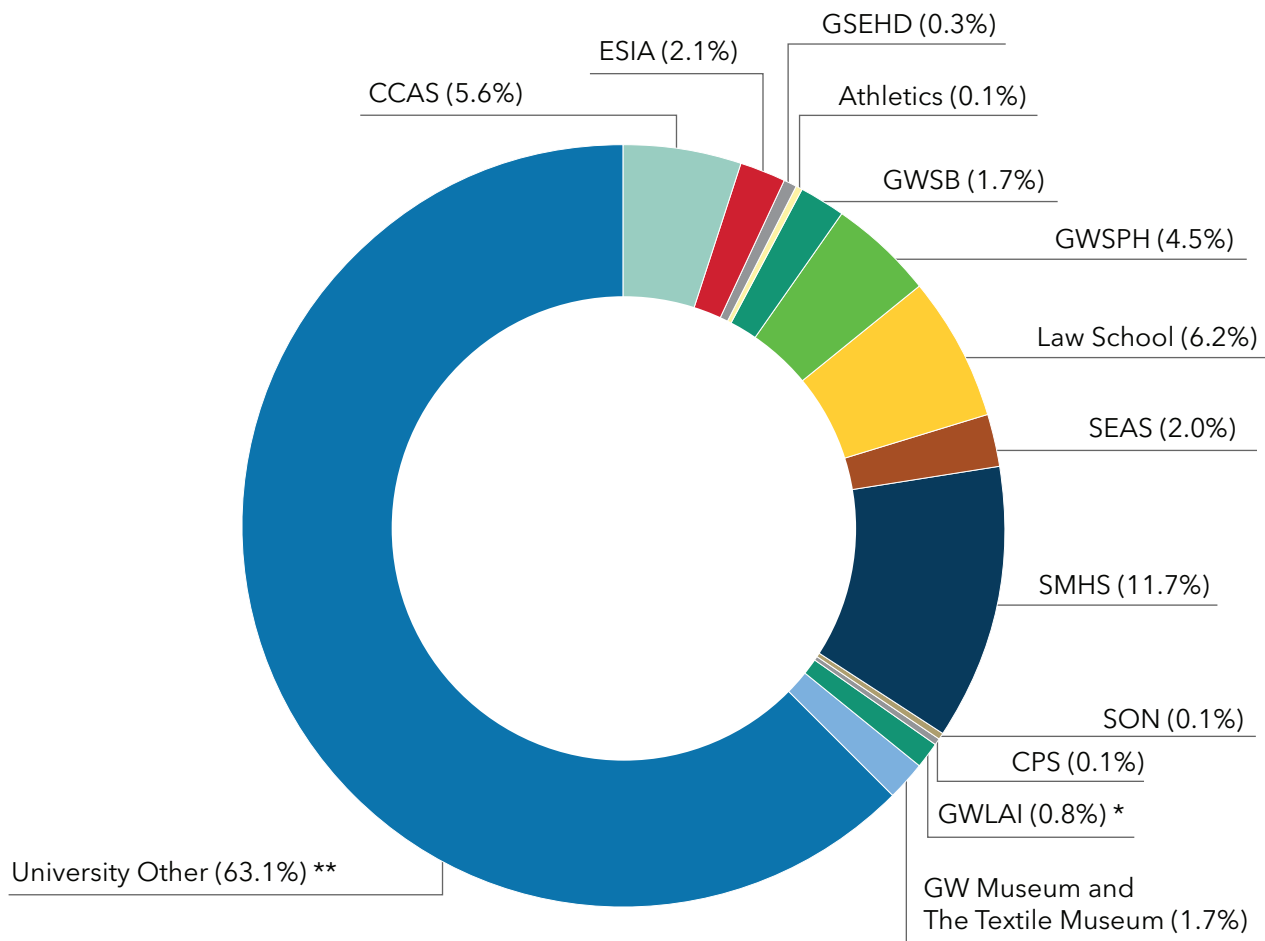




# Overview of the Endowment

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, 2021



**Total endowment market value at June 30, 2021 was \$2.411 billion.**

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

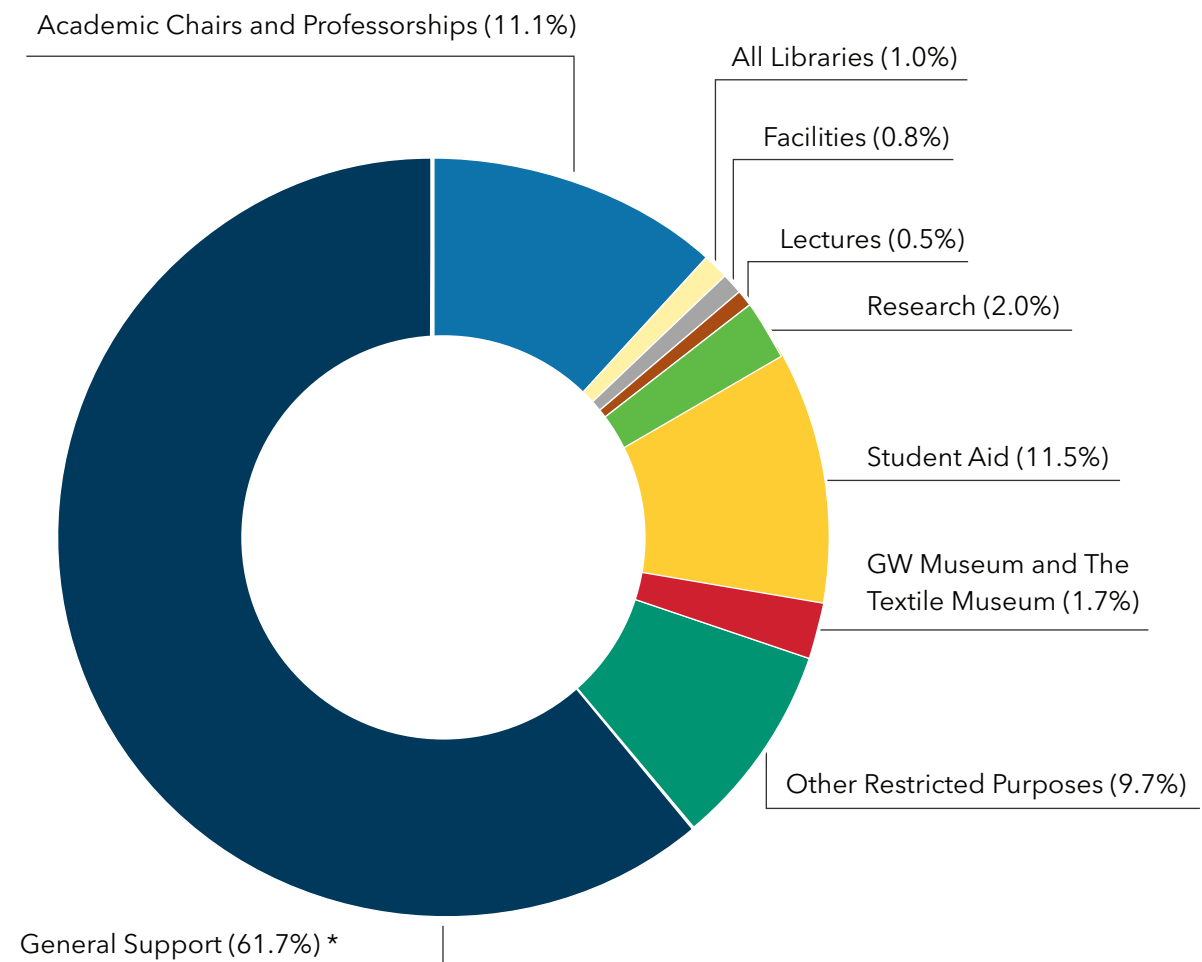
\*\* University Other comprises the university's unrestricted quasi endowment (including the portfolio of real estate investment properties) plus other endowment funds that support the university as a whole.





The Pooled Endowment is made up of 1,526 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, 2021



**Total endowment market value at June 30, 2021 was \$2.411 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

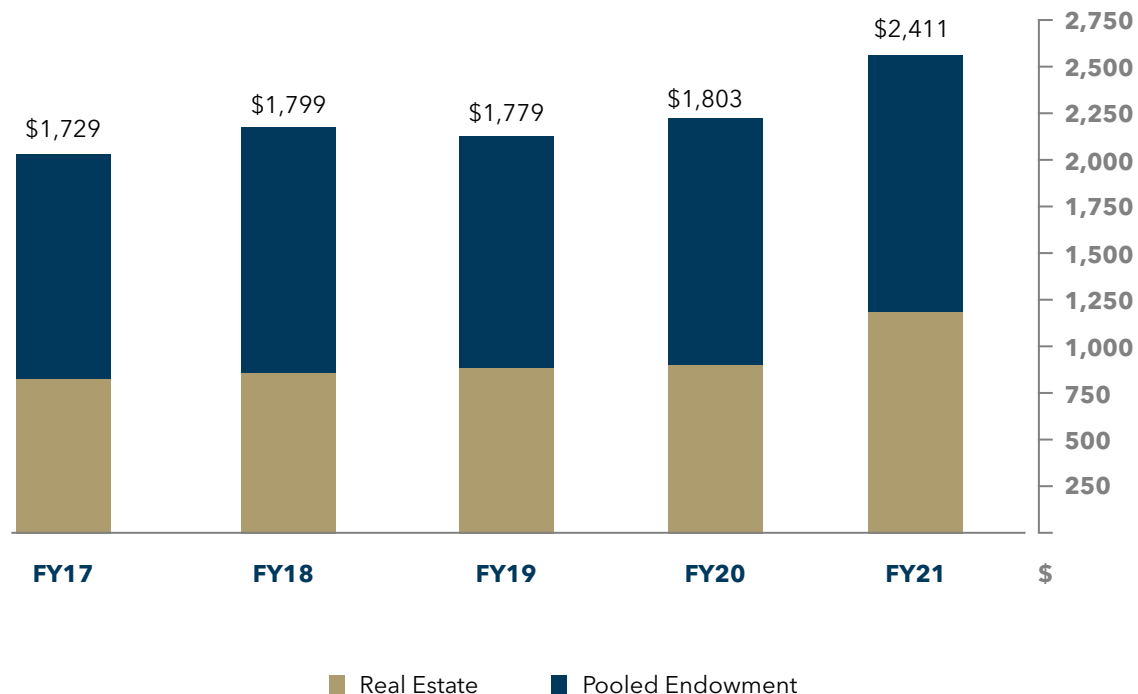
In managing the Endowment, the university seeks to balance the dual objectives of enhancing the future purchasing power of Endowment funds and meeting current spending needs. The Endowment is invested on a long-term horizon, with the goal of growing at a rate above inflation while providing a stable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

In October 2019, the Board of Trustees approved a new Pooled Endowment spending policy effective July 1, 2020. The new spending policy calculates payout as 4.5% of the rolling 12-quarter average market value of the Pooled Endowment. Using a multi-period average market value reduces potential volatility in the payout resulting from short-term market swings. Lowering the target payout rate from 5.0% to 4.5% allows for retention of more investment earnings, thereby increasing the ability of Endowment gifts to support future generations.

To ease the transition to the lower payout rate, during fiscal year 2020-2021 the University provided supplemental funding to those endowments which existed as of June 30, 2020, and had previously received the higher payout rate.

## END OF YEAR TOTAL ENDOWMENT MARKET VALUE (IN MILLIONS)







# Statement on Pooled Endowment Performance

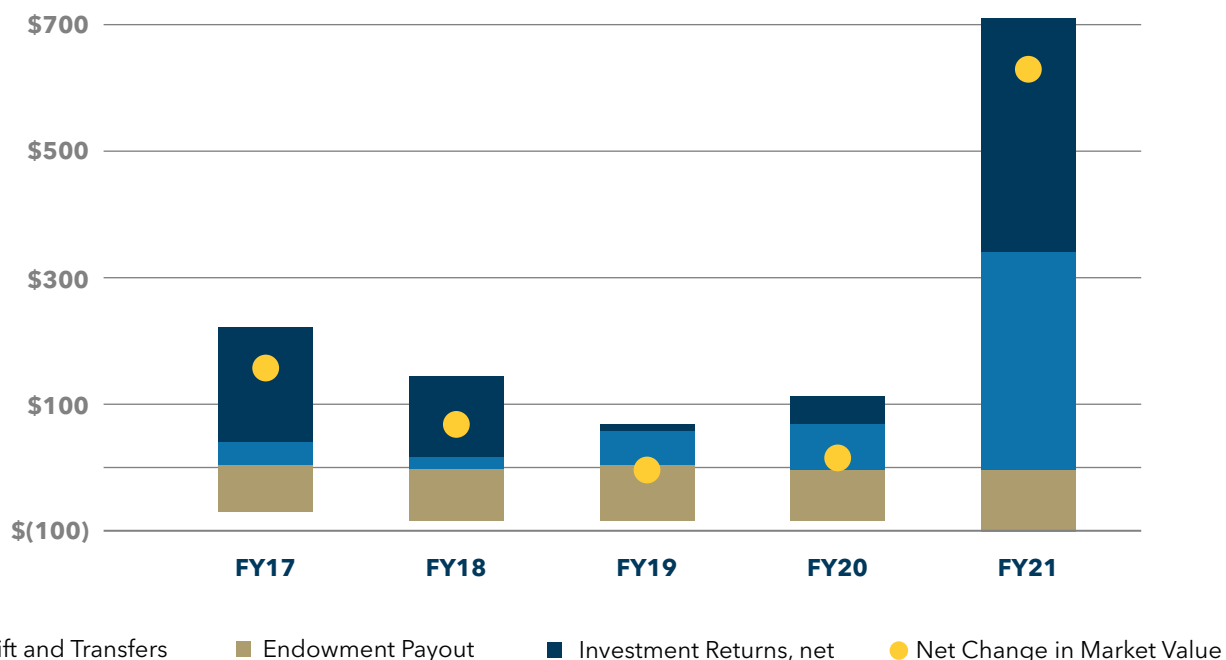
## Market Overview

Despite the worst pandemic since 1918, global equity markets climbed steadily throughout the fiscal year with many markets, including the U.S., finishing the year at or near record highs. Massive monetary and fiscal stimulus drove a strong rebound in global GDP following the deepest decline since the Great Depression. With these strong tailwinds, U.S. equities rose 41%, matching the return of emerging market equities, while non-U.S. developed-market equities climbed 34%. Government bond yields rose from record lows at the beginning of the period as economies rebounded, with U.S. Treasury rates peaking in March and then falling again through the end of the fiscal year as concerns about long-term inflation eased. Against this backdrop, U.S. bond returns were largely flat during the fiscal year, while U.S. Treasuries fell in value.

## Portfolio Overview

The Pooled Endowment portfolio reached a record high market value of \$1.2 billion as of June 30, 2021, representing roughly half of the total Endowment. The diversified pool achieved a return of 30.8%, well ahead of its benchmark. This exceptional absolute return was driven by the global equity portfolio, with active management contributing to strong relative returns in both the U.S. and non-U.S. segments of the portfolio. Market trends that had been headwinds in prior years reversed during the fiscal year and generated strong gains, an outcome anticipated and discussed in last year's report. The hedge fund portfolio, which is invested across a variety of strategies and limits exposure to equities and interest rates, considerably outperformed its benchmark and added to portfolio returns. Private equity generated strong returns, boosted by investments made in recent years, while bond investments, which generally decline as interest rate rise, produced modest returns. At the conclusion of the fiscal year, the Pooled Endowment portfolio held investments in global equities (57% of assets), alternative assets including private equity and hedge funds (25% of assets), and bonds and cash (18% of assets).

## 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 2020-2021 net investment return was 30.8%, whereas the portfolio of real estate investment properties earned a net investment return of 6.0%, resulting in a blended total Endowment return of 19.8%. Effective June 30, 2021, the University has reclassified internal debt previously allocated to the portfolio of real estate investment properties. The resulting increase in value is reflected as part of Gifts and Transfers.



# 2020-2021 FISCAL YEAR ENDOWMENT HIGHLIGHTS

Endowment payout provided  
**\$99.5 MILLION**  
in support of university activities

The total Endowment  
value of **\$2.411 billion**  
as of June 30, 2021,  
equates to approximately

**\$108,000**  
**PER FULL-TIME  
EQUIVALENT STUDENT**

Endowment assets in aggregate  
generated a fiscal-year investment  
return of **19.8%**

Endowment assets in aggregate generated a five-year annualized investment  
return of **8.4%** and a 10-year annualized investment return of **7.5%**

## IMPACT



**1,170**

Number of  
students who  
received an  
endowed  
scholarship



**101**

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



**195**

Number of  
students who  
received an  
endowed  
award/prize



**184**

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 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?***

In October 2019, the Board of Trustees approved a new spending policy effective July 1, 2020. The new 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.

## ***Will GW reinvest the annual payout to help my fund grow?***

Accumulated unspent endowment payout may be reinvested into the corpus of the fund at the donor's request, if the fund does not meet minimum required funding levels, or at the discretion of the university as long as reinvestment is not prohibited by the donor. Upon reinvestment, the fund is allocated additional units and, therefore, earns additional payout going forward.

## ***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](mailto:jriordan@gwu.edu) or (202) 994-9432.







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WASHINGTON, DC