

University of Washington

Quarterly Investment Performance Report

As of September 30, 2023

University of Washington Investment Management Company

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Performance and Distribution Highlights

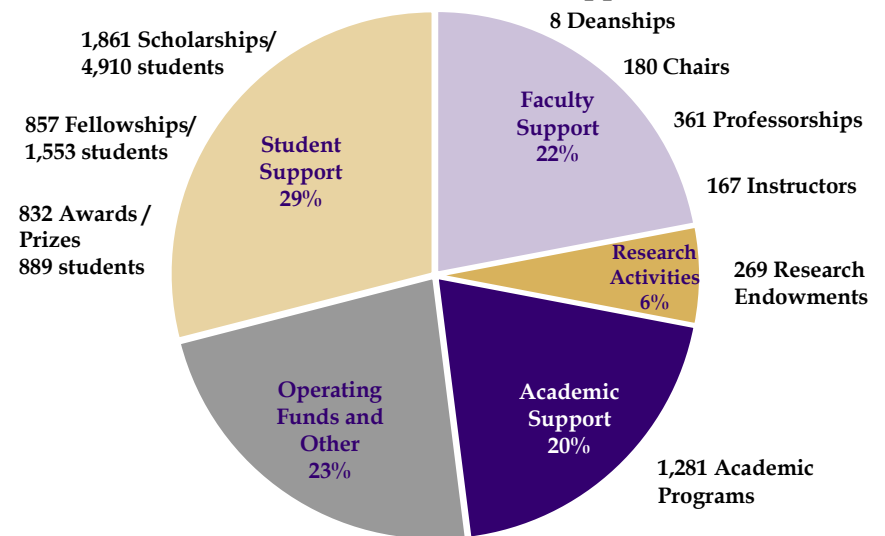
As of September 30, 2023

- The total value of the Consolidated Endowment Fund (CEF) was \$4.9 billion in September 2023.
- The CEF returned -0.4% for 3Q and +10.1% for the 1-year period. The 10- and 20-year returns were +7.7% and +8.0%, respectively.
- The Invested Funds (IF) returned +0.2% for the quarter and +5.2% for the year. The 10-year return was +3.0%.
- The CEF provides critical support to UW students, faculty, and research.
- The CEF distributed \$164 million to campus unit holders over the past year and \$2.0 billion during the last 20 years.
- Nearly all of the CEF and IF are restricted for specific purposes.

Campus Support from Investments

<i>\$ = Millions</i>	1 Year	5 Year	10 Year	20 Year
CEF Distributions to Unit Holders	\$164	\$718	\$1,273	\$2,042
Advancement Support from CEF	33	144	255	399
Invested Funds Distributions (in June)	65	254	473	890
Total Campus Support	\$262	\$1,115	\$2,001	\$3,332

FY 2023 Endowment Support

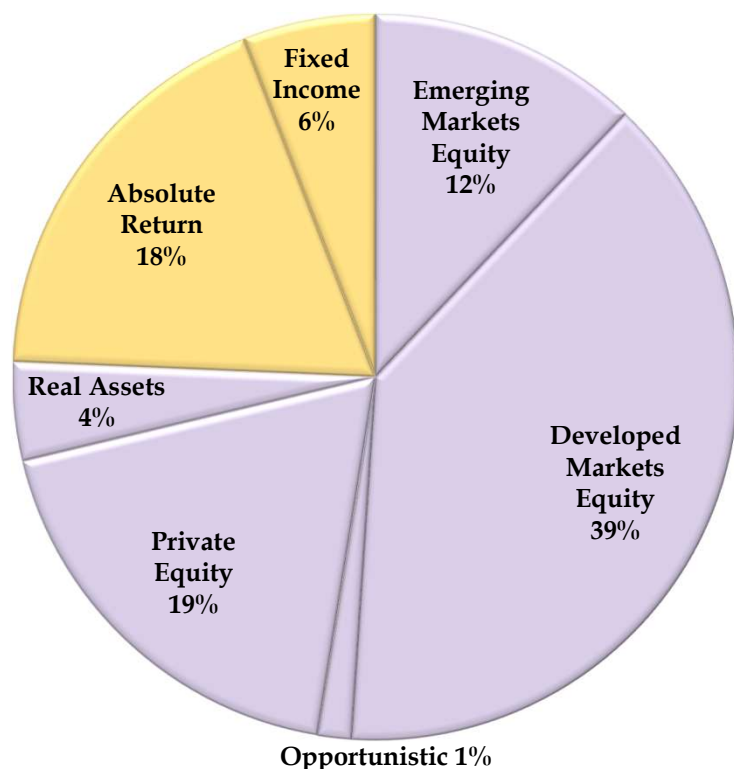


Consolidated Endowment Fund* (CEF)

Asset Allocation

As of September 30, 2023

(\$ Millions)



Current Allocation			Policy	
			Target	Range
Emerging Markets Equity	\$592	12%	17%	
Developed Markets Equity	1,908	39%	30%	
Private Equity	916	19%	20%	
Real Assets	215	4%	5%	
Opportunistic	73	1%	3%	
Capital Appreciation	\$3,705	76%	75%	60% - 90%
Absolute Return	902	18%	17%	
Fixed Income	289	6%	8%	
Capital Preservation	\$1,191	24%	25%	10% - 40%
Consolidated Endowment Fund**	\$4,896	100%		

* Nearly all of the CEF is restricted for specific purposes to support students, faculty, and research.

** Uncalled capital commitments: 16%

Note: Percentages may not sum due to rounding.

CEF Performance Summary

As of September 30, 2023

	Quarter	Rolling Year Returns (%)			
		1 Year	5 Year	10 Year	20 Year
CEF Return	-0.4	10.1	7.2	7.7	8.0
70% Stocks / 30% Bonds ¹	-2.6	14.8	5.1	5.7	6.3
Capital Appreciation	-1.2	11.1	8.2	8.9	9.1
MSCI ACWI (Net)	-3.4	20.8	6.5	7.6	7.7
Capital Preservation	1.8	7.5	4.4	4.1	4.5
BB/BC Intermediate Gov't Bond	-0.8	1.3	0.7	0.8	2.3

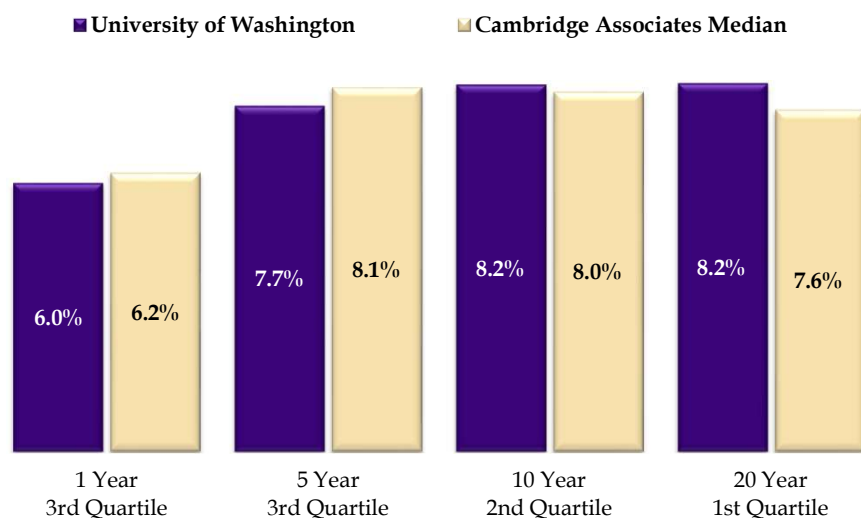
¹ MSCI ACWI (Net) / BB/BC Intermediate Government Bond Index

	Fiscal Year ¹ Returns (%)				
	2023	2022	2021	2020	2019
CEF Return	6.0	-5.5	35.1	1.1	5.8
70% Stocks / 30% Bonds ²	11.3	-12.8	26.0	4.2	6.2
Capital Appreciation	6.1	-7.7	46.0	0.2	7.0
MSCI ACWI (Net)	16.5	-15.8	39.3	2.1	5.7
Capital Preservation	5.4	3.0	9.3	1.6	2.1
BB/BC Intermediate Gov't Bond	-1.0	-6.3	-1.1	7.0	6.2

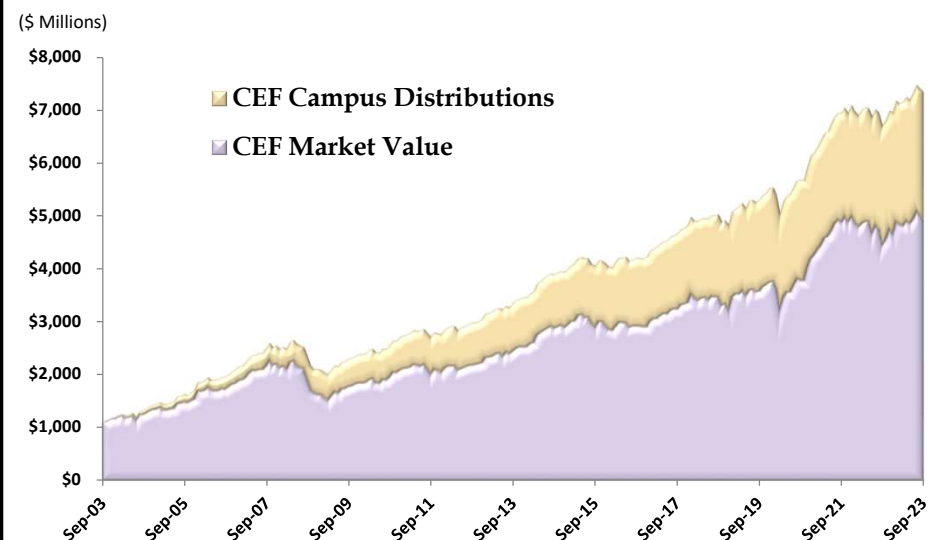
¹ The University of Washington fiscal year runs from July 1st to June 30th

² MSCI ACWI (Net) / BB/BC Intermediate Government Bond Index

Public Peers with Endowments \$1-7 Billion
Fiscal Year 2023



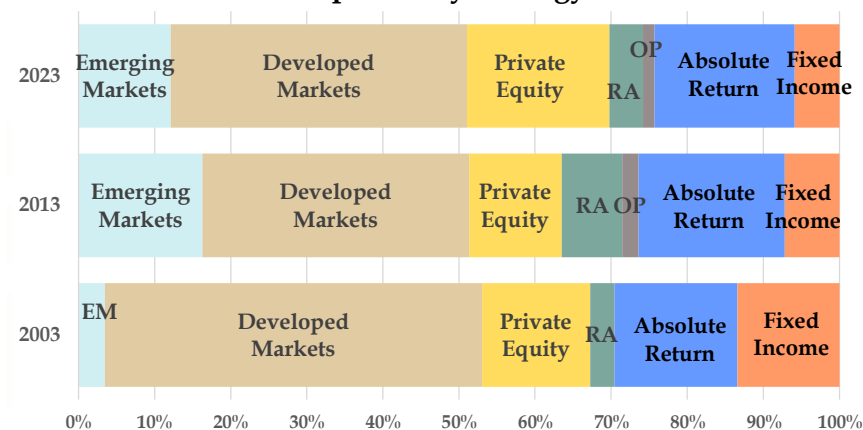
Market Value and Distributions Over 20 Years



CEF Exposures

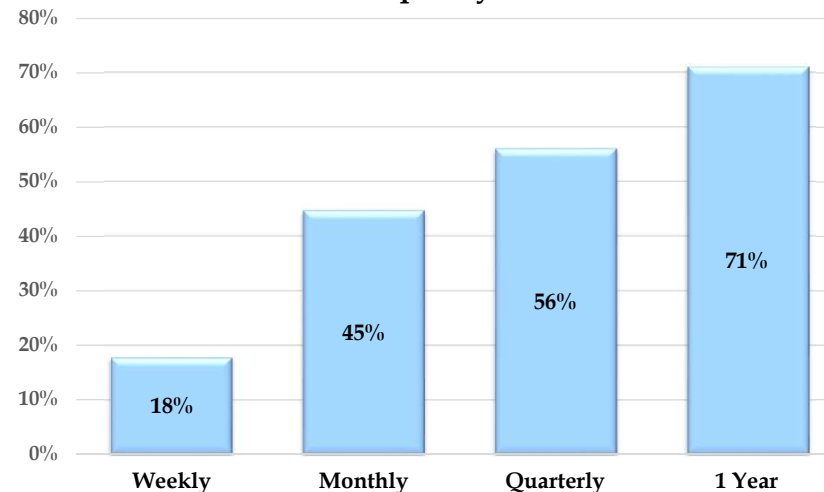
As of September 30, 2023

Exposure by Strategy

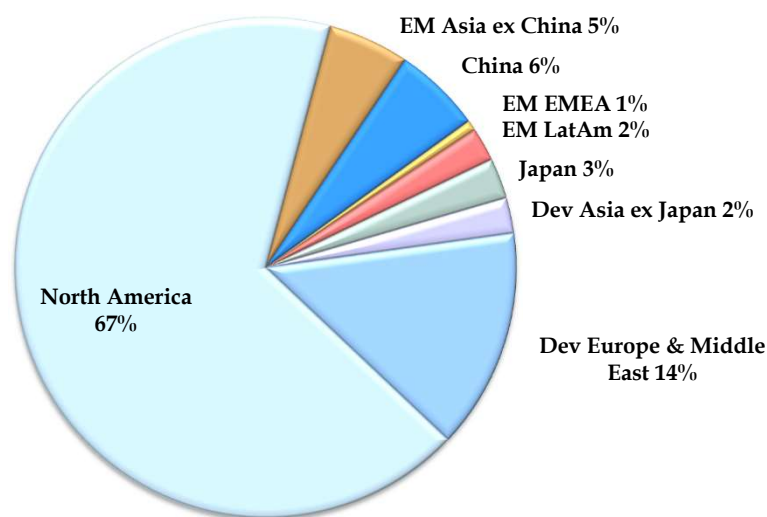


OP (Opportunistic - none in 2003)

Estimated Liquidity as a % of CEF

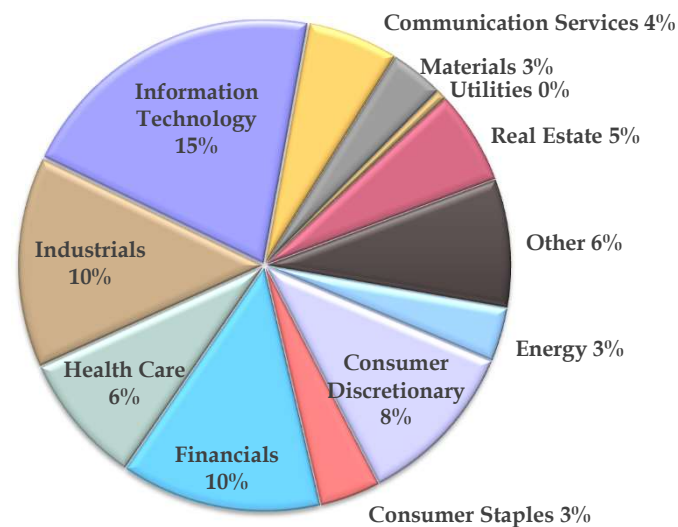


Geographic Exposure as a % of CEF*



*Foreign currency exposure: 33%

Equity Sector Exposure as a % of CEF*



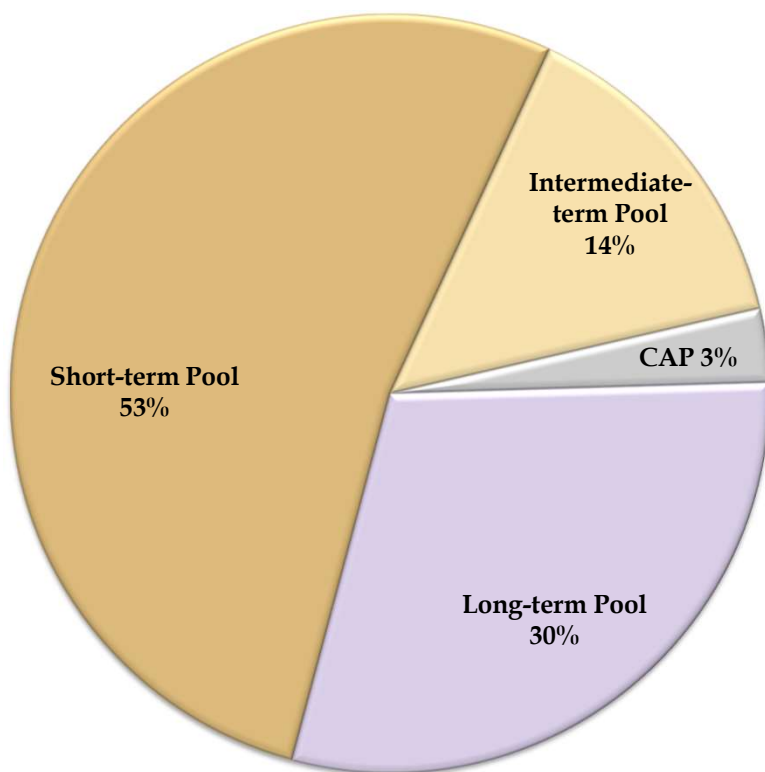
*Non-equity exposure (credit, fixed income, cash): 27%

Invested Funds¹ (IF)

Asset Allocation

As of September 30, 2023

(\$ Millions)



	Fund Allocation		Range	Duration (Years)	
				Actual	Maximum
Short-term Pool	\$2,129	53%	10%-50%	1.6	3.0
Intermediate-term Pool	585	14%	15%-60%	2.3	5.0
Long-term Pool ²	1,196	30%	15%-45%		
IF excluding CAP	\$3,910	97%			
Capital Assets Pool ³	127	3%	0%-15%		
Total Invested Funds	\$4,037	100%			

¹ Nearly all of the IF is restricted for specific purposes.

² LTP consists of \$1,066m of CEF units included in the CEF MV and \$131m of public equity.

³ Capital Assets Pool (CAP) consists of UW internally financed projects.

IF Performance Summary

As of September 30, 2023

	Rolling Year Returns (%)				
	Quarter	1 Year	5 Year	10 Year	20 Year
Short-term Pool	0.7	3.2	1.5	1.1	1.6
Intermediate-term Pool	0.4	3.9	1.4	1.7	2.7
Long-term Pool ¹	-0.7	9.9	7.3	7.7	8.0
IF excluding CAP²	0.2	5.2	2.9	3.0	3.7
Weighted Benchmark	-0.6	5.7	1.9	2.1	3.4
IF including CAP²	0.2	5.2	2.9	3.0	3.8

¹ LTP consists of both CEF units and public equity investments.

² Capital Assets Pool (CAP) consists of UW internally financed projects.

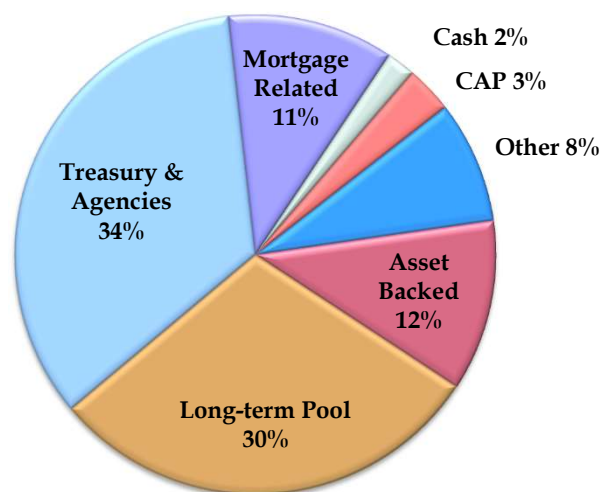
	Fiscal Year ¹ Returns (%)				
	2023	2022	2021	2020	2019
Short-term Pool	2.2	-1.9	-0.1	4.1	3.3
Intermediate-term Pool	1.8	-5.3	2.8	3.0	5.1
Long-term Pool ²	6.5	-5.5	35.1	1.1	5.8
IF excluding CAP³	3.4	-3.4	7.8	3.1	4.4
Weighted Benchmark	3.3	-6.8	5.7	4.2	5.5
IF including CAP²	3.5	-3.2	7.7	3.2	4.4

¹ The University of Washington fiscal year runs from July 1st to June 30th

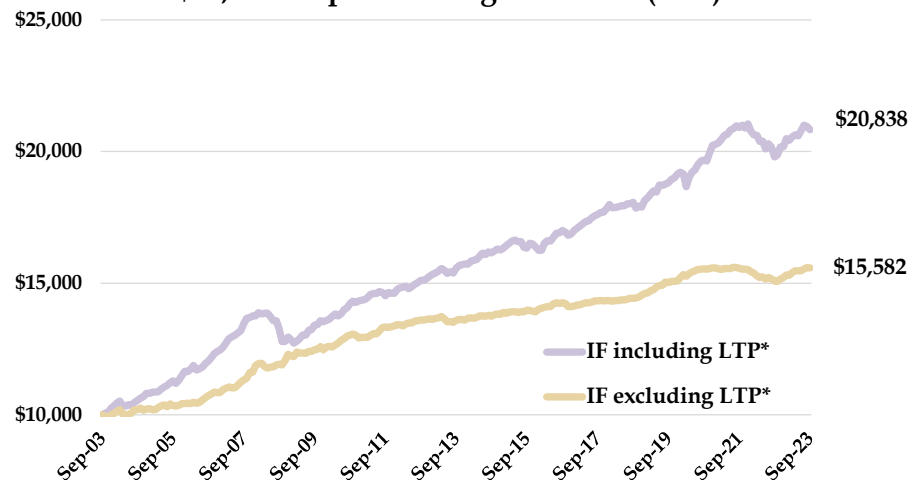
² LTP consists of both CEF units and public equity investments.

³ Capital Assets Pool (CAP) consists of UW internally financed projects.

Mix of Investments



Growth of \$10,000: Impact of Long-term Pool (LTP) in CEF Units



*LTP consists of both CEF units and public equity investments.

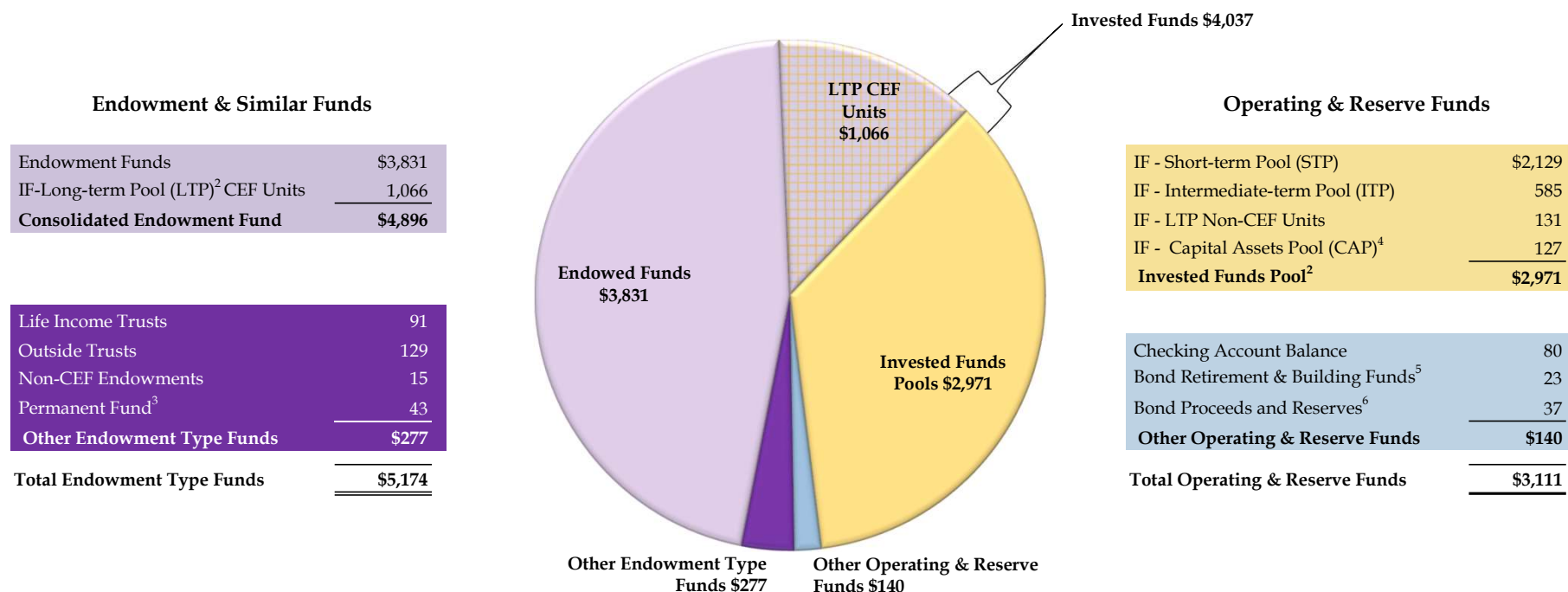
Appendix

UW Financial Assets Overview¹

As of September 30, 2023

(\$ Millions)

Total Assets \$8,285



¹ Assets whose management falls under the auspices of the Finance & Asset Management Committee of the Board of Regents, excluding Metro Tract and Forest Trust Lands.

² Invested Funds (IF) Long-term Pool holds units of the Consolidated Endowment Fund (CEF). To avoid double counting, the dollars are included only in the CEF total.

³ Proceeds from sale of land grants and subsequent investment returns on deposit with the state of Washington.

⁴ Invested Funds (IF) Capital Assets Pool (CAP) consists of UW internally financed projects.

⁵ Bond Retirement Fund and Building Fund on deposit with the state of Washington.

⁶ Debt service reserve funds and construction project funds which have not yet been disbursed.

Note: Numbers may not sum due to rounding.

CEF Performance Update

As of September 30, 2023

	Quarter	CYTD	1 Year	3 Year	5 Year	10 Year	20 Year
CONSOLIDATED ENDOWMENT FUND							
70% Stocks / 30% Bonds ¹	-0.4	5.1	10.1	8.0	7.2	7.7	8.0
CAPITAL APPRECIATION	-1.2	4.9	11.1	9.0	8.2	8.9	9.1
MSCI ACWI (Net)	-3.4	10.1	20.8	6.9	6.5	7.6	7.7
Emerging Markets Equity	-2.9	-4.0	1.8	-3.0	2.0	4.7	10.3
Developed Markets Equity	-2.3	10.4	20.7	6.2	5.8	7.3	7.7
Opportunistic (Credit)	0.2	7.9	10.1	7.1	3.4	7.2	NA
Subtotal	-2.3	6.5	15.1	3.6	4.8	6.6	NA
MSCI ACWI (Net)	-3.4	10.1	20.8	6.9	6.5	7.6	7.7
Private Equity ²	1.7	0.9	2.8	22.6	19.7	16.7	14.1
PE Benchmark ²	1.8	2.0	1.1	20.6	17.3	15.7	13.5
Real Assets ²	0.9	4.1	4.6	12.6	4.6	7.6	6.4
RA Benchmark ²	-0.5	-0.6	-1.9	10.7	4.0	4.9	7.2
CAPITAL PRESERVATION	1.8	5.9	7.5	5.9	4.4	4.1	4.5
BB/BC Intermediate Government Bond	-0.8	0.3	1.3	-3.2	0.7	0.8	2.3
Absolute Return	1.9	6.3	8.1	8.5	5.6	5.3	6.7
Policy Benchmark ³	1.5	3.5	5.0	5.7	4.1	3.5	3.1
Fixed Income	1.5	4.5	5.4	1.3	2.3	2.0	2.4
BB/BC Intermediate Government Bond	-0.8	0.3	1.3	-3.2	0.7	0.8	2.3
MARKET INDICES							
S&P 500	-3.3	13.1	21.6	10.2	9.9	11.9	9.7
MSCI EM (Net, USD)	-2.9	1.8	11.7	-1.7	0.6	2.1	7.3
Bloomberg 3 Month T-Bill	1.3	3.7	4.6	1.8	1.7	1.1	1.4

¹ MSCI ACWI (Net) / BB/BC Intermediate Government Bond Index

² Reported on a quarter lag

³ Preliminary

CEF Activity and Campus Support

As of September 30, 2023

(\$ Millions)

CEF Activity							
	<u>FYTD 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>Rolling Years</u>			
				<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>20 Year</u>
Beginning Balance	\$4,940	\$4,678	\$4,712	\$3,782	\$3,454	\$2,450	\$1,085
Purchase CEF Units - Gifts	31	126	103	316	533	927	1,631
Purchase CEF Units - Transfers	0	11	13	31	52	122	213
Operating Funds-CEF Unit Trades	0	50	300	350	350	429	599
Total Additions	32	187	417	696	935	1,479	2,442
Net Investment Return	(23)	277	(269)	982	1,404	2,559	3,910
Distributions to Unit Holders ¹	(42)	(161)	(146)	(451)	(718)	(1,273)	(2,042)
Internal Fees ¹ :							
Advancement	(8)	(32)	(29)	(90)	(144)	(255)	(399)
UWINCO	(2)	(8)	(7)	(23)	(36)	(64)	(100)
Ending Balance	\$4,896	\$4,940	\$4,678	\$4,896	\$4,896	\$4,896	\$4,896

Active Management Contribution							
Net Investment Return	(\$23)	\$277	(\$269)	\$982	\$1,404	\$2,559	\$3,910
Less: Passive Return ²	121	(592)	648	(566)	(1,039)	(1,972)	(3,111)
Less: UWINCO	(2)	(8)	(7)	(23)	(36)	(64)	(100)
Net Active Management	\$96	(\$322)	\$372	\$392	\$330	\$523	\$699

Campus Support from Investments							
CEF Distributions to Unit Holders	42	161	146	451	718	1,273	2,042
Advancement Support from CEF	8	32	29	90	144	255	399
Invested Funds Distributions ³	0	65	26	141	254	473	890
Total Campus Support	\$50	\$259	\$201	\$682	\$1,115	\$2,001	\$3,332

¹ Spending Policy change: FY19 5.0%, FY20 4.9%, FY21 4.7%, FY22 and thereafter 4.5%.

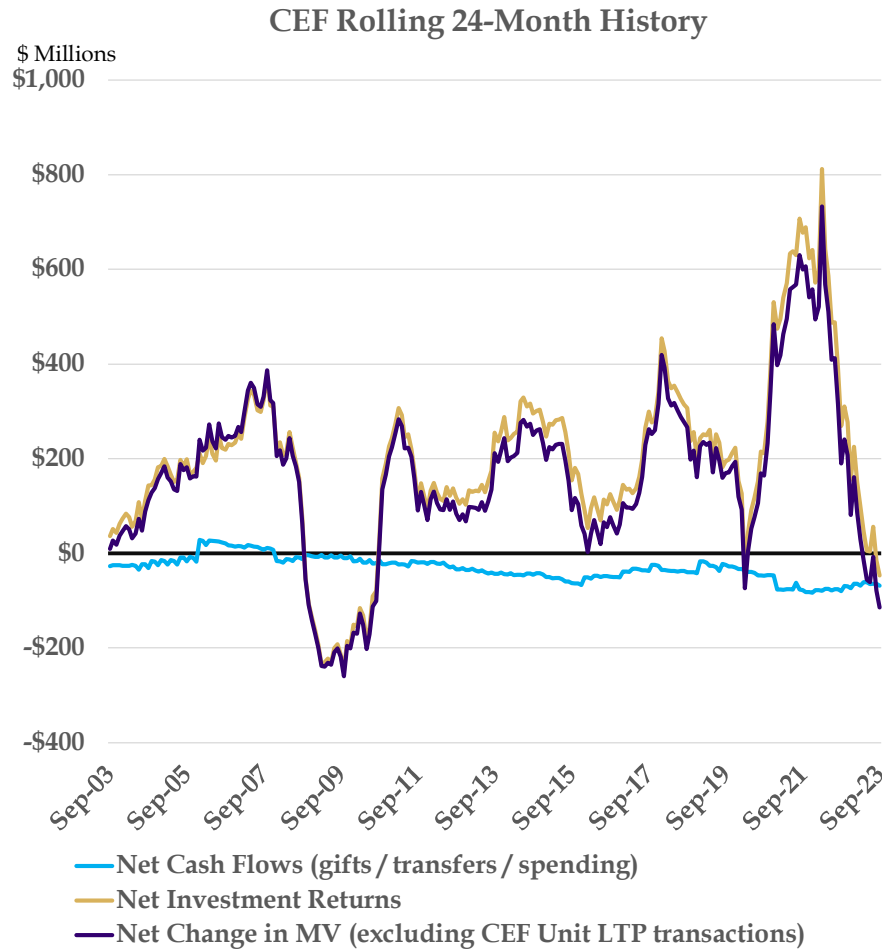
² 70% MSCI ACWI (Net) + 30% BB/BC Intermediate Government Bond Index

³ Invested Funds Distributions are made annually in June.

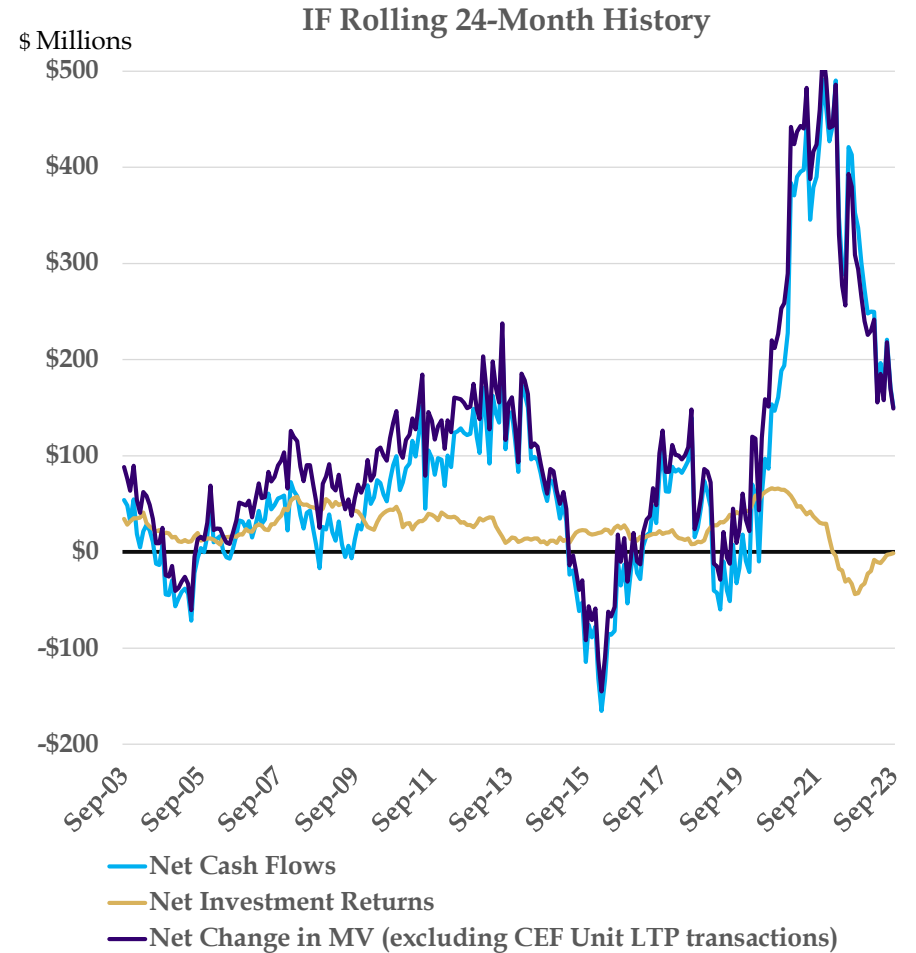
Note: Numbers may not sum due to rounding.

Drivers of CEF and IF Market Value Change

As of September 30, 2023



The CEF market value change (purple line) is driven by the investment returns (gold line). Net cash flows (blue line) are trending slightly negative.



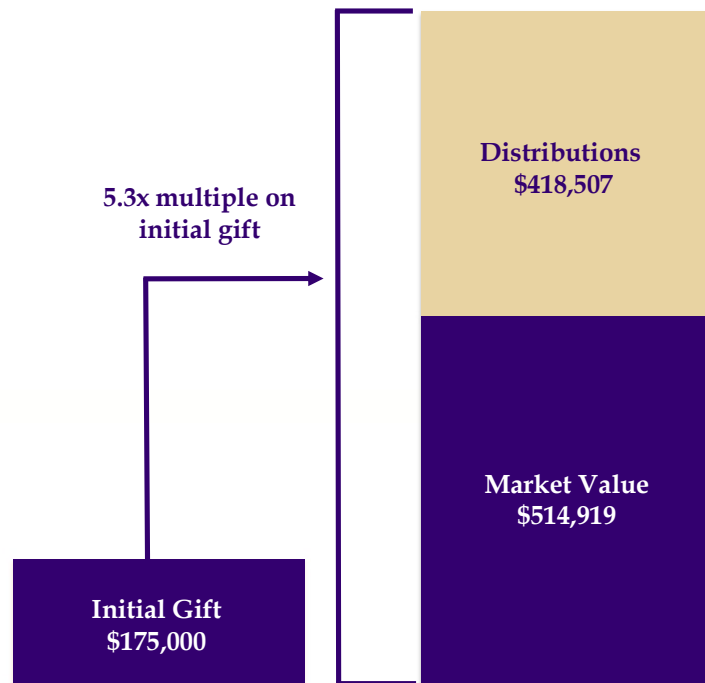
The IF market value change (purple line) is driven by net cash flows (blue line). Investment returns (gold line) have enhanced value over most periods.

UW Endowment Impact

As of September 30, 2023

Robert H Soper Endowed Scholarship Fund

**Endowment value creation
since January 1, 1995 inception**



Endowment Purpose

The Soper endowment provides support for any student who self-identifies as having a physical disability that limits one or more major life activities. Most of the recipients are supported with multi-year awards. As seen below with the current recipient, the endowment supports students across the entire campus spectrum.

Endowment Currently Supports

Senior - Mechanical Engineering

Establish an Endowment

If you are interested in learning more about establishing an endowment, please visit the Donor Services website at <https://www.washington.edu/giving/endowments/> or contact them at 877-UW-GIFTS (877-894-4387) or steward@uw.edu

Contribute to an Existing Endowment

Contact Donor Services to identify an existing endowment where your gift will provide intergenerational support to students, faculty, academic, research or operational activities at 877-UW-GIFTS (877-894-4387) or steward@uw.edu