

University of Washington

Quarterly Investment Performance Report

As of December 31, 2023

University of Washington Investment Management Company

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Quarterly Investment Performance Report

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Performance and Distribution Highlights

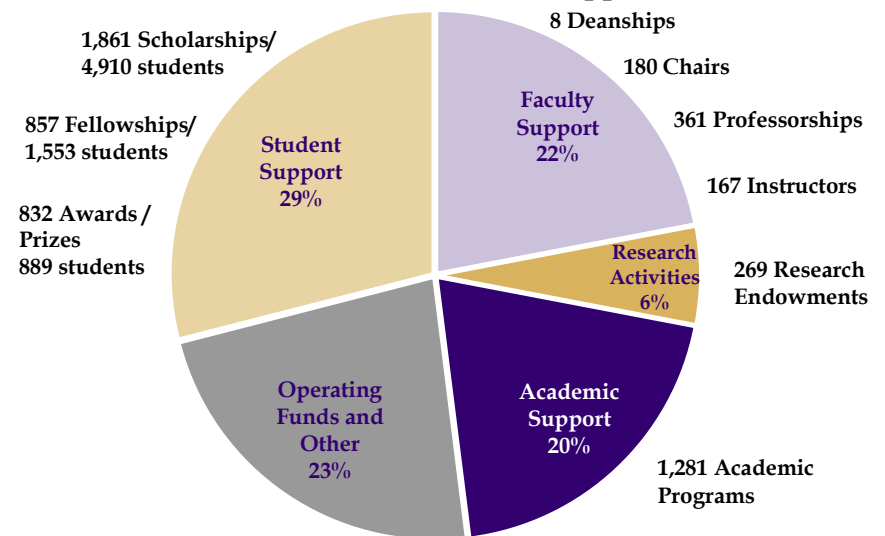
As of December 31, 2023

- The total value of the Consolidated Endowment Fund (CEF) was \$5.2 billion in December 2023.
- The CEF returned +6.2% for 4Q and +11.7% for the 1-year period. The 10- and 20-year returns were +7.9% and +7.8%, respectively.
- The Invested Funds (IF) returned +4.0% for the quarter and +7.3% for the year. The 10-year return was +3.3%.
- The CEF provides critical support to UW students, faculty, and research.
- The CEF distributed \$167 million to campus unit holders over the past year and \$2.1 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	\$167	\$728	\$1,293	\$2,071
Advancement Support from CEF	33	146	259	405
Invested Funds Distributions (in June)	65	254	473	890
Total Campus Support	\$266	\$1,128	\$2,025	\$3,367

FY 2023 Endowment Support

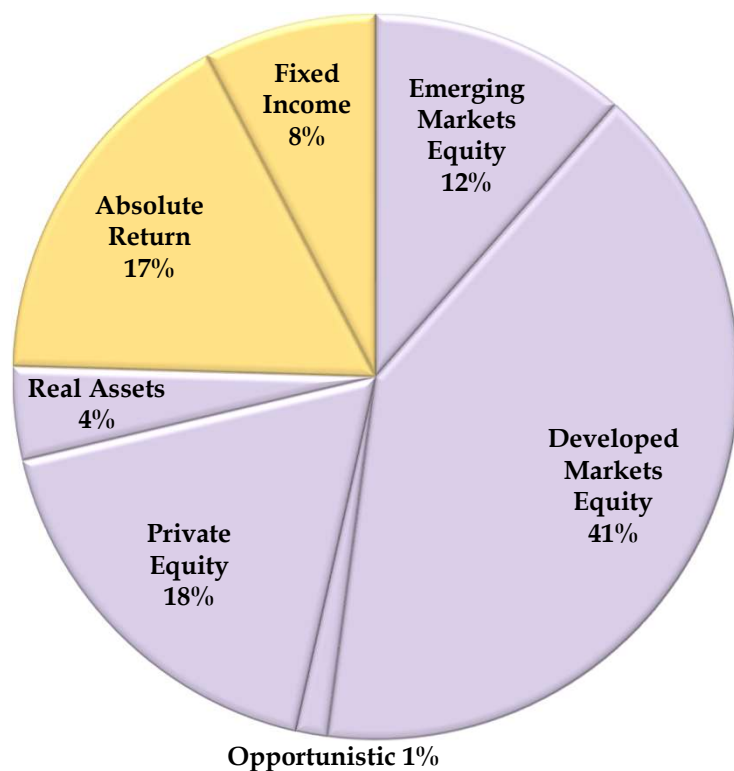


Consolidated Endowment Fund* (CEF)

Asset Allocation

As of December 31, 2023

(\$ Millions)



Current Allocation			Policy	
			Target	Range
Emerging Markets Equity	\$600	12%	17%	
Developed Markets Equity	2,118	41%	30%	
Private Equity	926	18%	20%	
Real Assets	218	4%	5%	
Opportunistic	74	1%	3%	
Capital Appreciation	\$3,936	75%	75%	60% - 90%
Absolute Return	878	17%	17%	
Fixed Income	402	8%	8%	
Capital Preservation	\$1,280	25%	25%	10% - 40%
Consolidated Endowment Fund**	\$5,216	100%		

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

** Uncalled capital commitments: 15%

Note: Percentages may not sum due to rounding.

CEF Performance Summary

As of December 31, 2023

	Rolling Year Returns (%)				
	Quarter	1 Year	5 Year	10 Year	20 Year
CEF Return	6.2	11.7	9.8	7.9	7.8
70% Stocks / 30% Bonds ¹	8.9	16.7	8.8	6.1	6.3
Capital Appreciation	7.3	12.6	11.5	9.1	8.9
MSCI ACWI (Net)	11.0	22.2	11.7	7.9	7.5
Capital Preservation	2.9	8.9	5.4	4.3	4.5
BB/BC Intermediate Gov't Bond	4.0	4.3	1.0	1.2	2.5

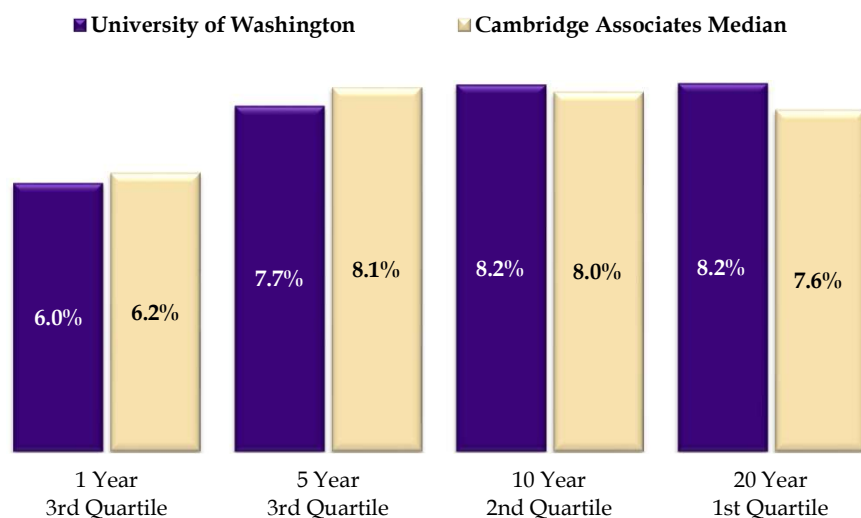
¹ MSCI ACWI (Net) / BB/BC Intermediate Government Bond Index

	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

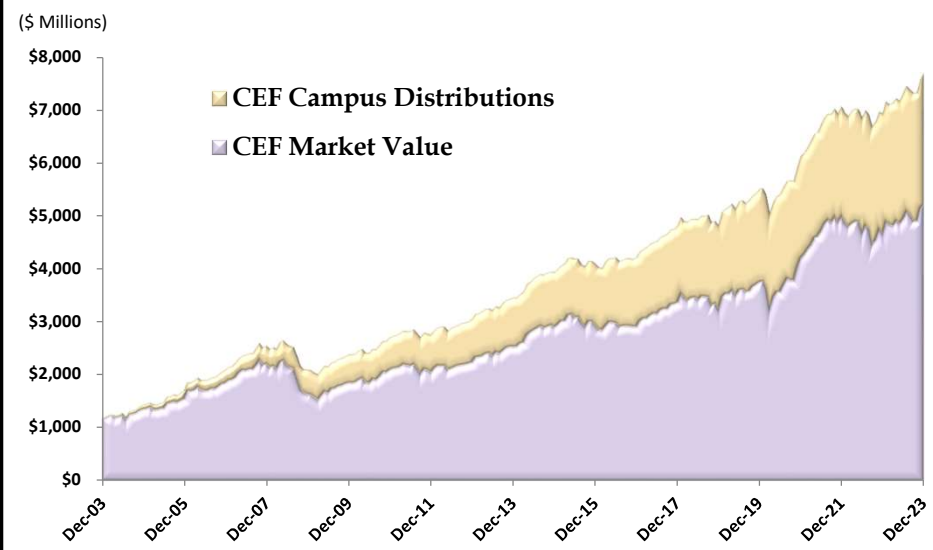
¹ The University of Washington fiscal year runs from July 1st to June 30th

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

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



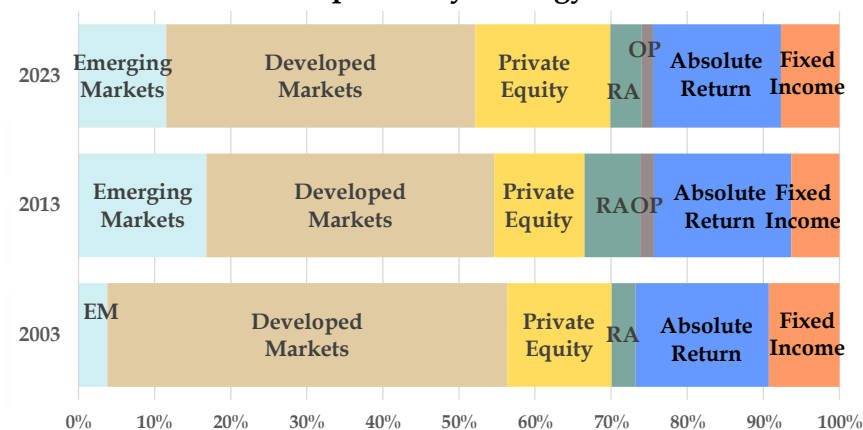
Market Value and Distributions Over 20 Years



CEF Exposures

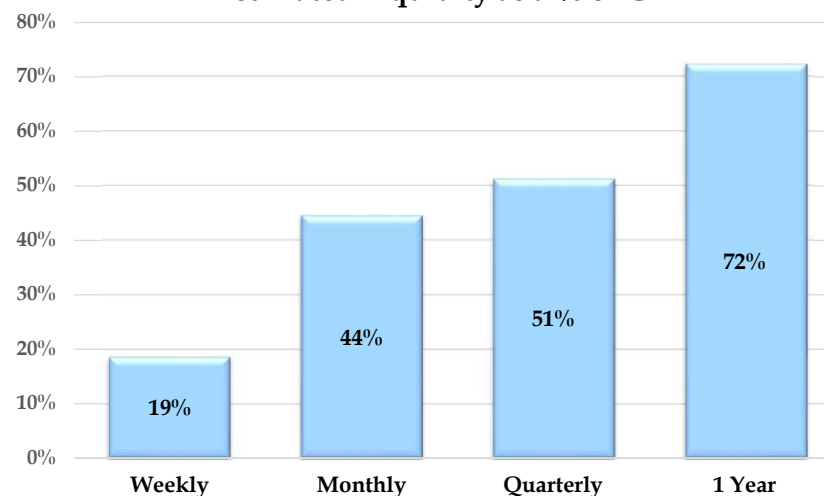
As of December 31, 2023

Exposure by Strategy

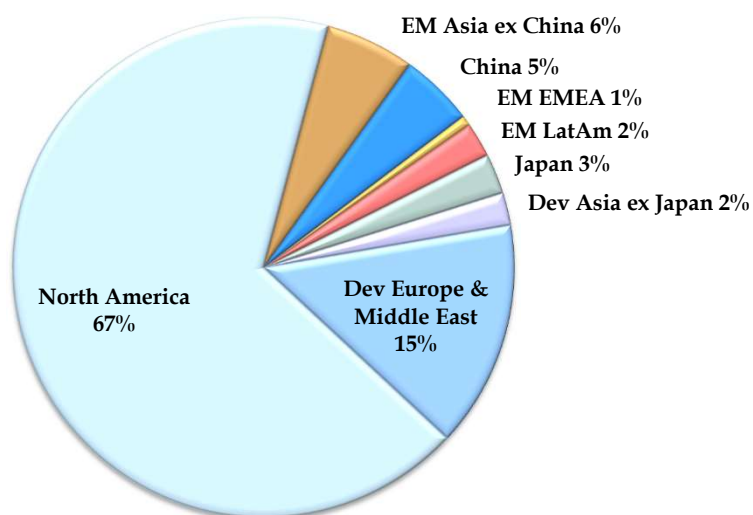


OP (Opportunistic - none in 2003)

Estimated Liquidity as a % of CEF

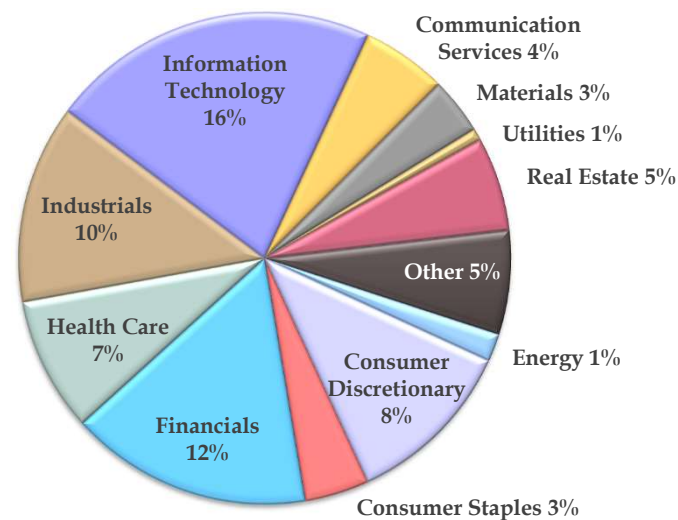


Geographic Exposure as a % of CEF*



*Foreign currency exposure: 32%

Equity Sector Exposure as a % of CEF*



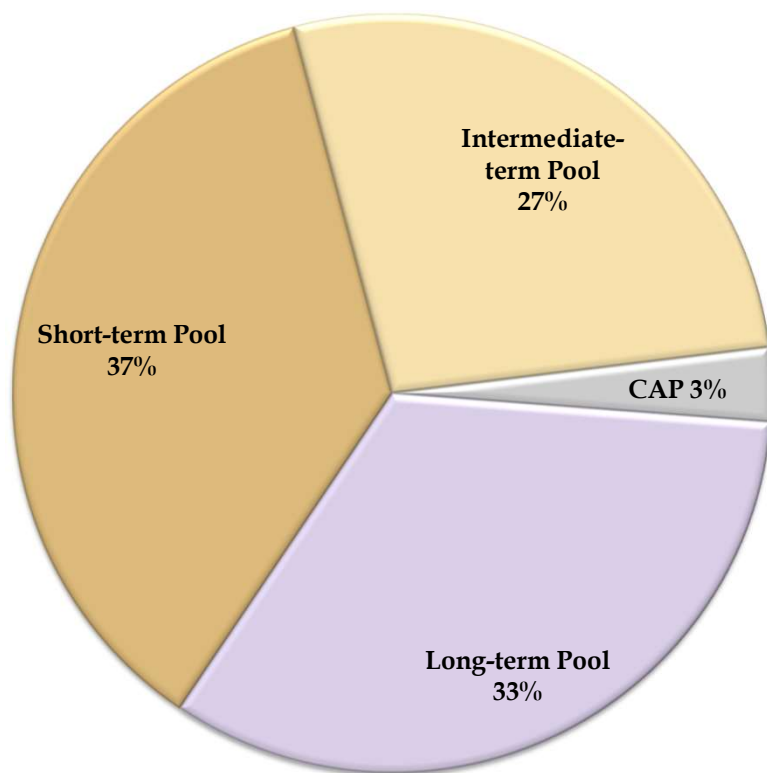
*Non-equity exposure (credit, fixed income, cash): 25%

Invested Funds¹ (IF)

Asset Allocation

As of December 31, 2023

(\$ Millions)



	Fund Allocation		Range	Duration (Years)	
				Actual	Maximum
Short-term Pool	\$1,467	36%	10%-50%	1.4	3.0
Intermediate-term Pool	1,098	27%	15%-60%	2.2	5.0
Long-term Pool ²	1,340	33%	15%-45%		
IF excluding CAP	\$3,905	97%			
Capital Assets Pool ³	127	3%	0%-15%		
Total Invested Funds	\$4,032	100%			

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

² LTP consists of \$1,173m of CEF units included in the CEF MV and \$167m of public equity.

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

IF Performance Summary

As of December 31, 2023

	Rolling Year Returns (%)				
	Quarter	1 Year	5 Year	10 Year	20 Year
Short-term Pool	2.4	4.8	1.9	1.3	1.8
Intermediate-term Pool	3.2	6.3	1.8	2.0	2.8
Long-term Pool ¹	6.8	12.2	10.0	8.0	7.9
IF excluding CAP²	4.1	7.5	3.9	3.3	3.8
Weighted Benchmark	5.2	8.3	3.2	2.6	3.6
IF including CAP²	4.0	7.3	3.9	3.3	3.8

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

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

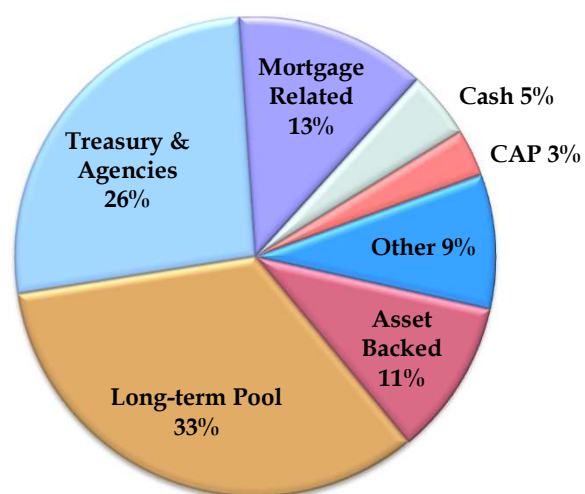
	Fiscal Year ¹ Returns (%)				
	2023	2022	2021	2020	2019
Short-term Pool	2.2	-1.9	-0.1	4.1	3.3
Intermediate-term Pool	1.8	-5.3	2.8	3.0	5.1
Long-term Pool ²	6.5	-5.5	35.1	1.1	5.8
IF excluding CAP³	3.4	-3.4	7.8	3.1	4.4
Weighted Benchmark	3.3	-6.8	5.7	4.2	5.5
IF including CAP²	3.5	-3.2	7.7	3.2	4.4

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

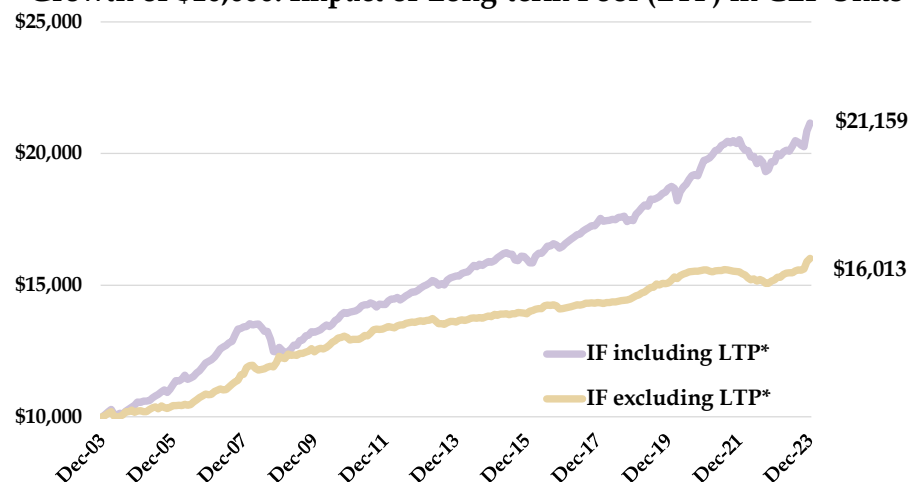
² LTP consists of both CEF units and public equity investments.

³ Capital Assets Pool (CAP) consists of UWV 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.

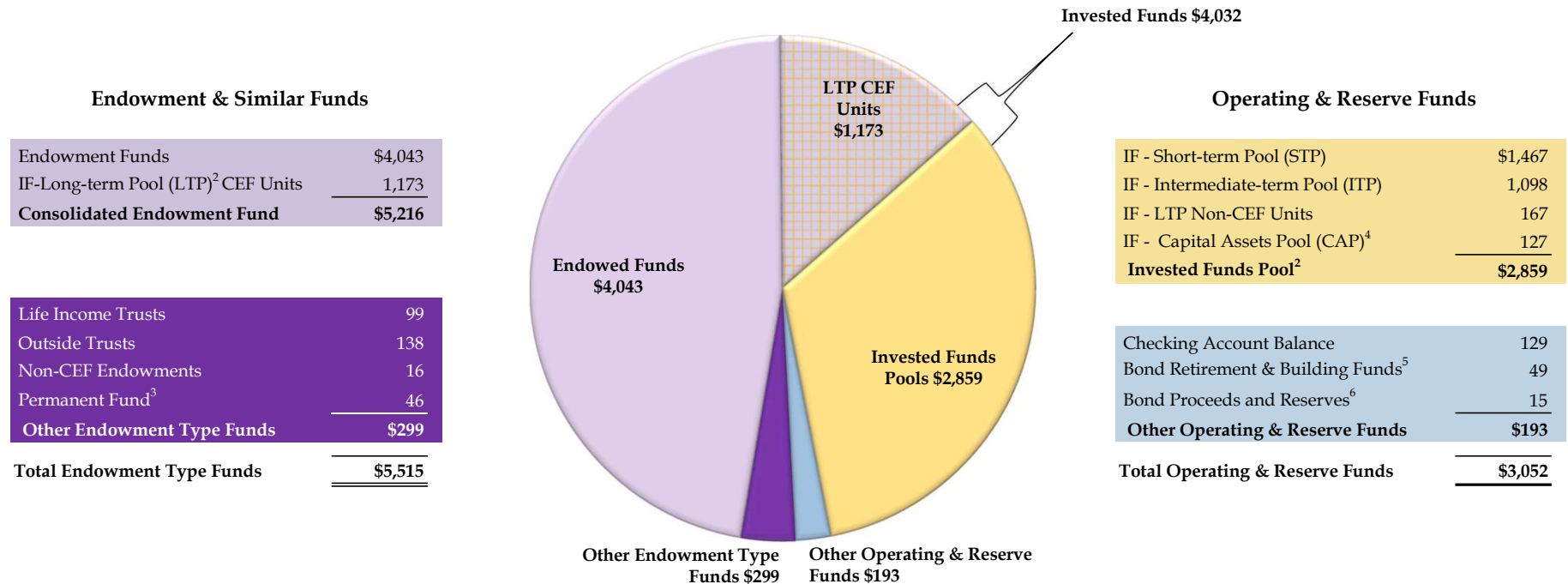
Appendix

UW Financial Assets Overview¹

As of December 31, 2023

(\$ Millions)

Total Assets \$8,567



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 December 31, 2023

	Quarter	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year
Rolling Returns %							
CONSOLIDATED ENDOWMENT FUND	6.2	5.7	11.7	6.3	9.8	7.9	7.8
70% Stocks / 30% Bonds ¹	8.9	6.1	16.7	3.6	8.8	6.1	6.3
CAPITAL APPRECIATION	7.3	6.1	12.6	6.5	11.5	9.1	8.9
MSCI ACWI (Net)	11.0	7.3	22.2	5.7	11.7	7.9	7.5
Emerging Markets Equity	5.5	2.5	1.3	-7.2	4.4	5.1	9.6
Developed Markets Equity	12.1	9.6	23.9	5.6	11.5	7.8	7.7
Opportunistic (Credit)	4.4	4.6	12.6	5.0	4.8	6.9	NA
Subtotal	10.3	7.8	17.5	1.8	9.3	7.1	NA
MSCI ACWI (Net)	11.0	7.3	22.2	5.7	11.7	7.9	7.5
Private Equity ²	0.5	2.2	1.3	17.4	18.8	16.2	13.8
PE Benchmark ²	-0.4	1.4	1.6	16.1	16.3	15.0	13.3
Real Assets ²	0.9	1.9	5.1	12.5	4.5	7.2	6.5
RA Benchmark ²	-1.7	-2.2	-2.3	9.7	3.3	4.5	7.1
CAPITAL PRESERVATION	2.9	4.7	8.9	6.1	5.4	4.3	4.5
BB/BC Intermediate Government Bond	4.0	3.2	4.3	-1.8	1.0	1.2	2.5
Absolute Return	3.2	5.1	9.7	8.4	7.0	5.5	6.5
Policy Benchmark ³	1.8	3.3	5.3	4.3	5.1	3.4	3.1
Fixed Income	2.0	3.6	6.6	1.9	2.6	2.2	2.5
BB/BC Intermediate Government Bond	4.0	3.2	4.3	-1.8	1.0	1.2	2.5
MARKET INDICES							
S&P 500	11.7	8.0	26.3	10.0	15.7	12.0	9.7
MSCI EM (Net, USD)	7.9	4.7	9.8	-5.1	3.7	2.7	6.8
Bloomberg 3 Month T-Bill	1.4	2.7	5.1	2.2	1.9	1.2	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 December 31, 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	\$4,195	\$3,224	\$2,521	\$1,174
Purchase CEF Units - Gifts	46	126	103	315	535	932	1,637
Purchase CEF Units - Transfers	0	11	13	28	48	120	211
Operating Funds-CEF Unit Trades	50	50	300	400	400	479	649
Total Additions	97	187	417	743	984	1,532	2,498
Net Investment Return	285	277	(269)	854	1,919	2,779	4,122
Distributions to Unit Holders ¹	(85)	(161)	(146)	(461)	(728)	(1,293)	(2,071)
Internal Fees ¹ :							
Advancement	(17)	(32)	(29)	(92)	(146)	(259)	(405)
UWINCO	(4)	(8)	(7)	(23)	(36)	(65)	(101)
Ending Balance	\$5,216	\$4,940	\$4,678	\$5,216	\$5,216	\$5,216	\$5,216

Active Management Contribution							
Net Investment Return	\$285	\$277	(\$269)	\$854	\$1,919	\$2,779	\$4,122
Less: Passive Return ²	(344)	(592)	648	(640)	(1,794)	(2,316)	(3,467)
Less: UWINCO	(4)	(8)	(7)	(23)	(36)	(65)	(101)
Net Active Management	(\$63)	(\$322)	\$372	\$190	\$89	\$399	\$554

Campus Support from Investments							
CEF Distributions to Unit Holders	85	161	146	461	728	1,293	2,071
Advancement Support from CEF	17	32	29	92	146	259	405
Invested Funds Distributions ³	0	65	26	141	254	473	890
Total Campus Support	\$102	\$259	\$201	\$693	\$1,128	\$2,025	\$3,367

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

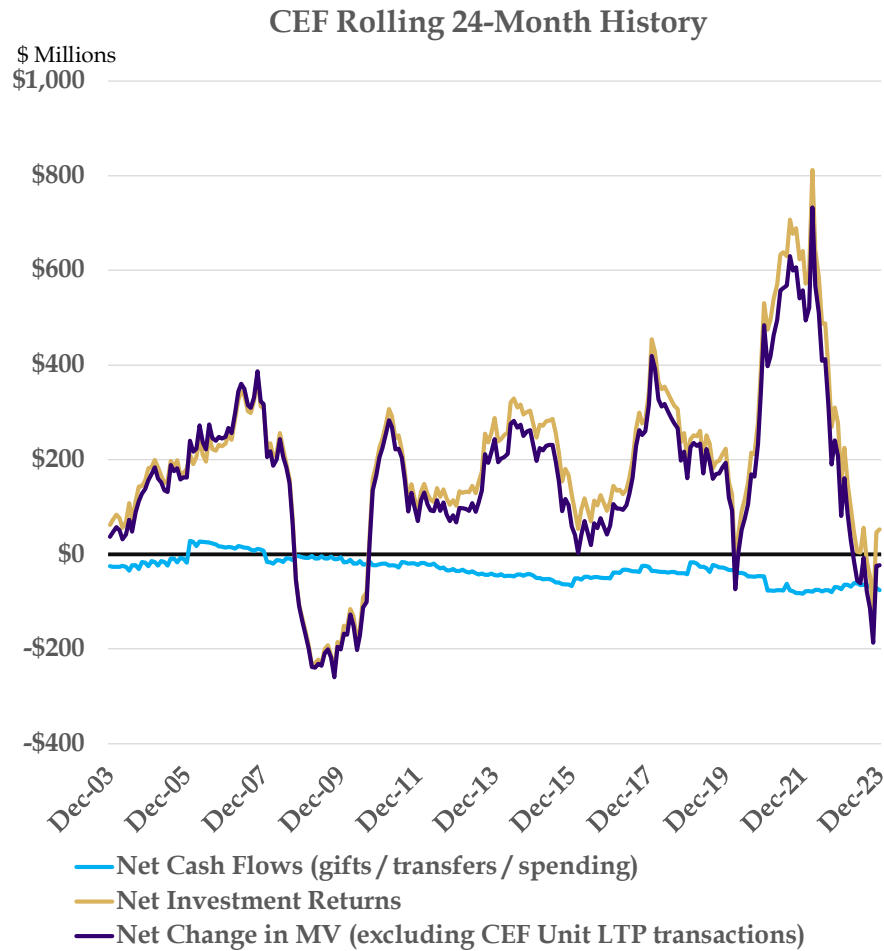
² 70% MSCI ACWI (Net) + 30% BB/BC Intermediate Government Bond Index

³ Invested Funds Distributions are made annually in June.

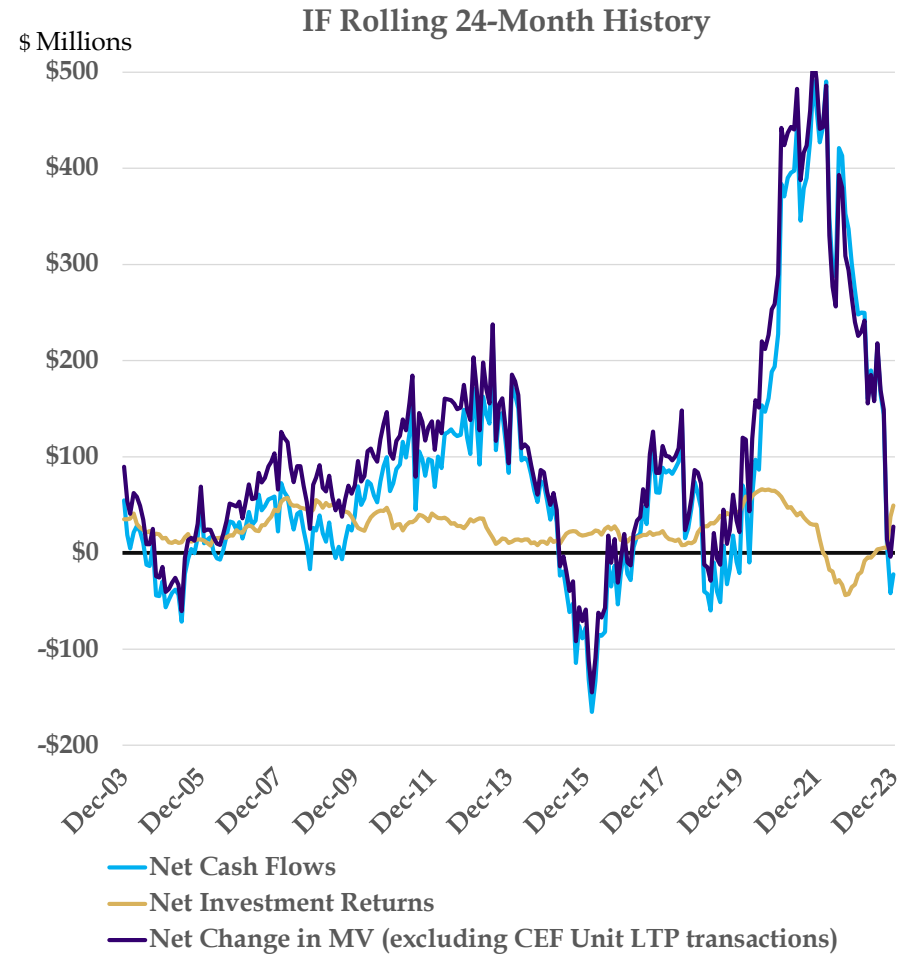
Note: Numbers may not sum due to rounding.

Drivers of CEF and IF Market Value Change

As of December 31, 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.



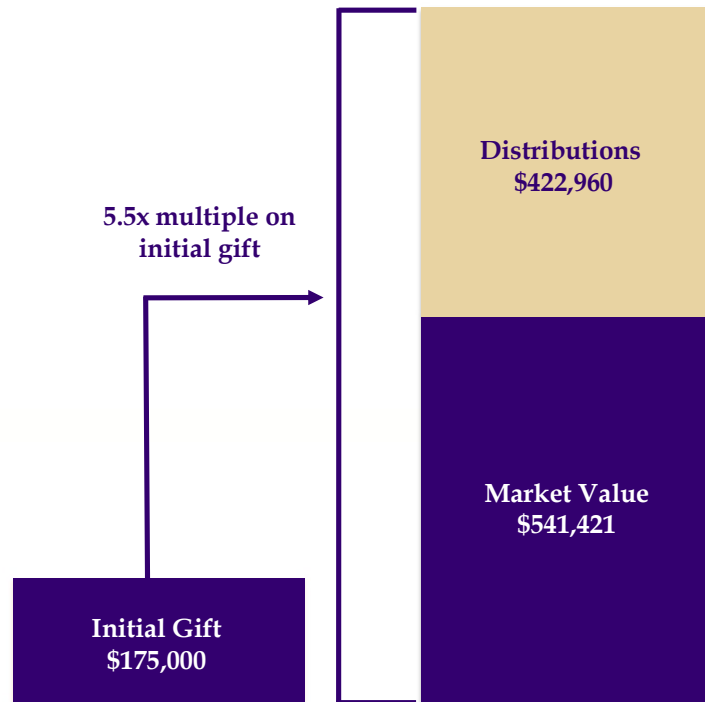
The IF market value change (purple line) is driven by net cash flows (blue line). Investment returns (gold line) have enhanced value over most periods.

UW Endowment Impact

As of December 31, 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