

2023 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 endowed support. As lasting legacies, endowed gifts provide perpetual resources 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](#)



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The University of Washington Endowment

Generous donors have created a lasting legacy

TOTAL ENDOWMENTS
IN CEF

5,691

NEW ENDOWMENTS ADDED
IN FISCAL YEAR 2023

126

FISCAL YEAR 2023
ENDOWMENT DISTRIBUTIONS

\$161 million

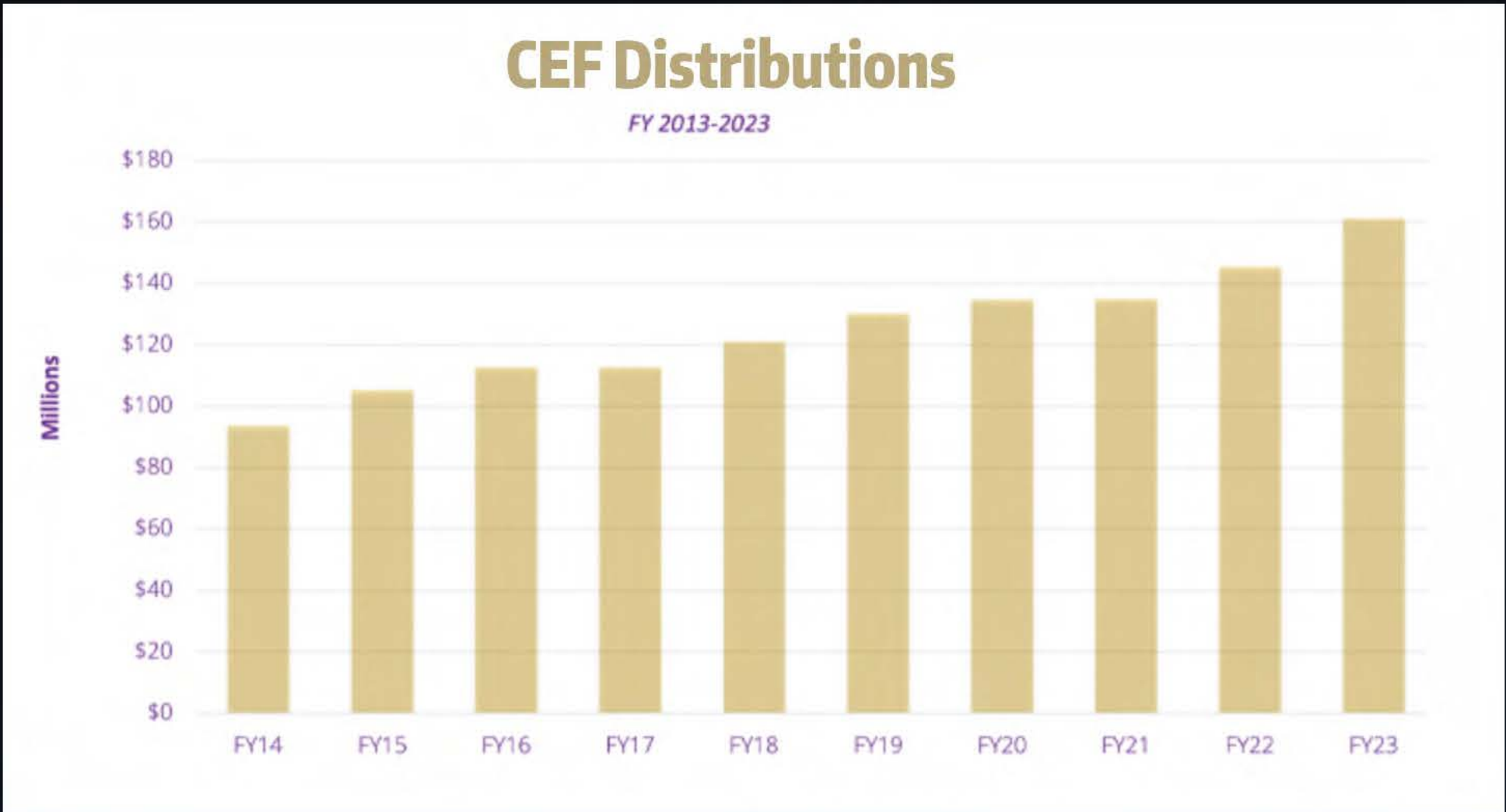
Endowment Highlights by Fiscal Year

	2019	2020	2021	2022	2023
Market Value (in millions)	\$3,588	\$3,560	\$4,712	\$4,678	\$4,940
Return	5.8%	1.1%	35.1%	-5.5%	6.0%
Number of Endowments	5,076	5,253	5,411	5,572	5,691
Distributions to campus (in millions)	\$130	\$135	\$135	\$146	\$161
New endowments	172	177	158	161	126

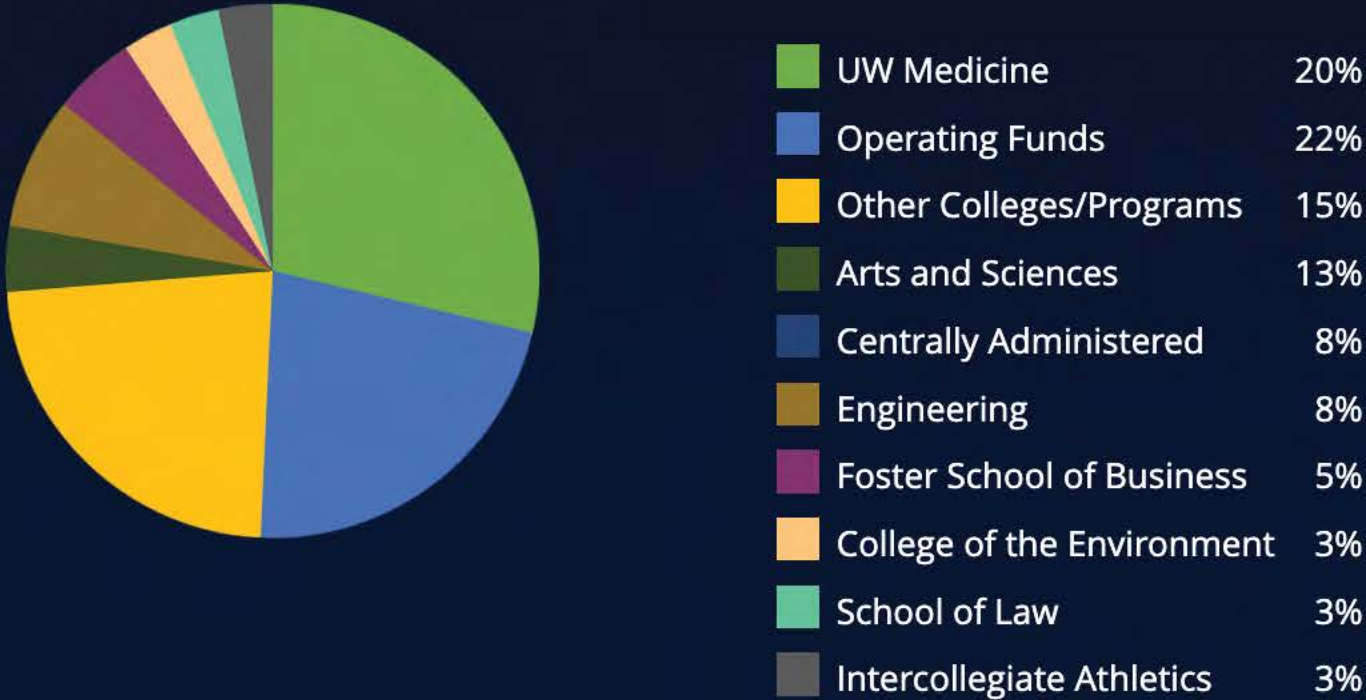
The impact is felt year after year,
generation after generation.

DISTRIBUTED OVER LAST 10 YEARS

\$1.3 billion



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



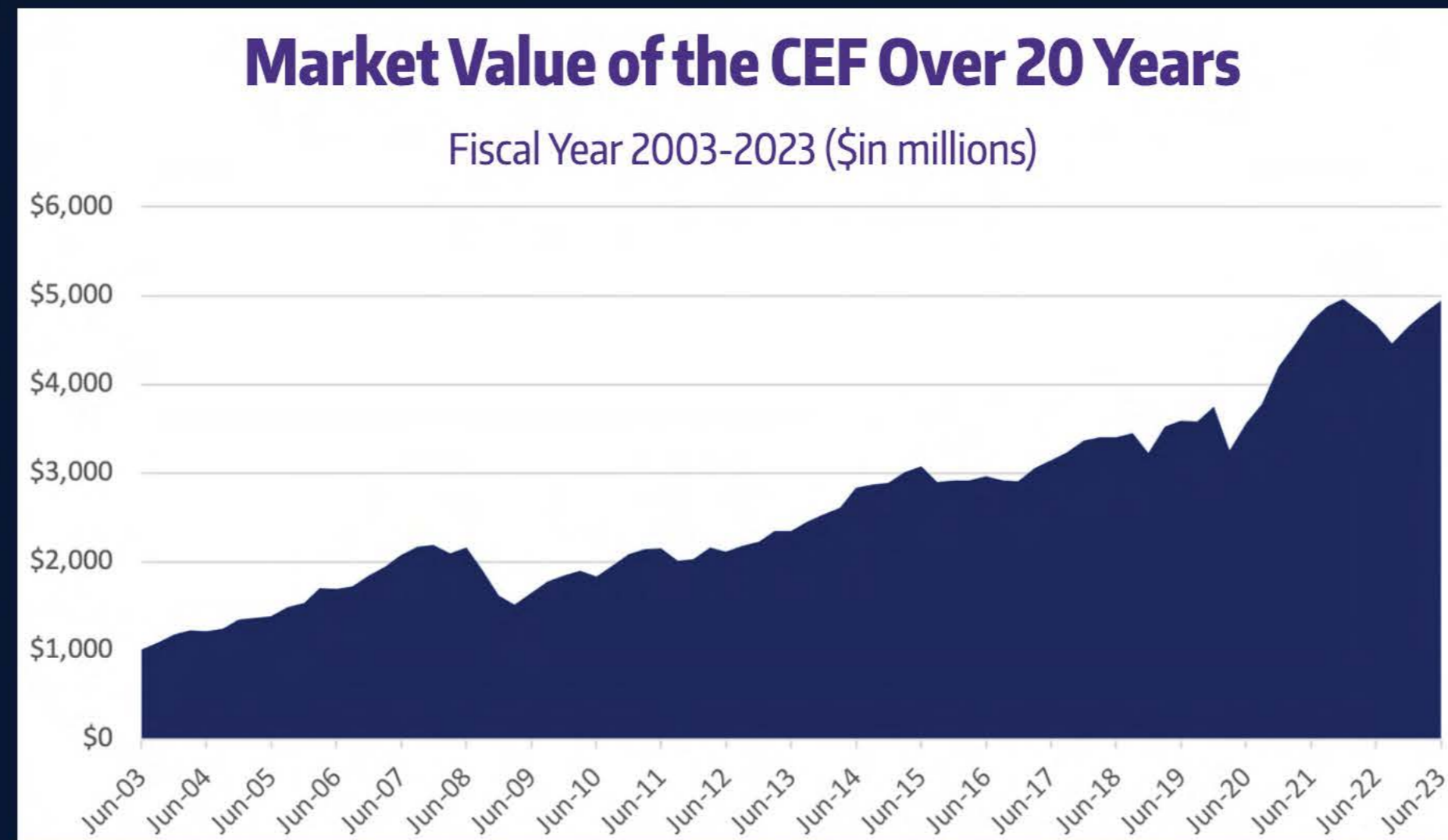
Endowed gifts coupled with investment returns
resulted in the growth of the CEF.

8.2%

ANNUALIZED RETURN OVER LAST
20 YEARS

\$3.92 billion

IN NET GROWTH OVER
LAST 20 YEARS



TOTAL ENDOWMENT ON JUNE 30, 2023

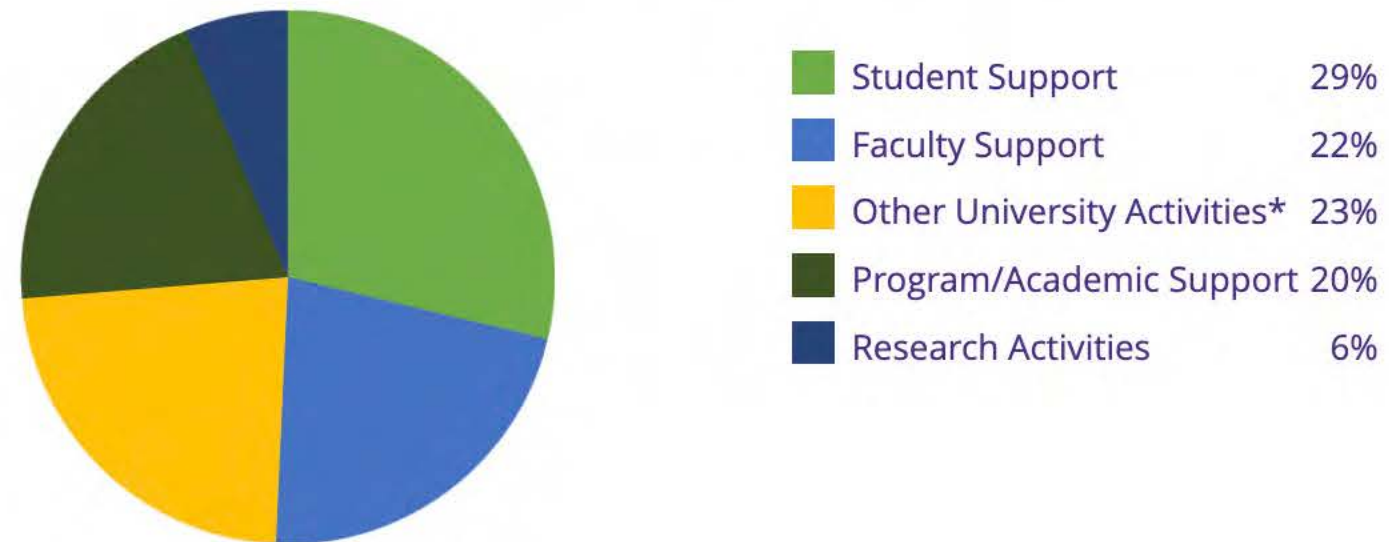
\$4.9 BILLION
since the first \$400 cash endowed gift in 1905



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 who choose the UW because of scholarships and fellowships.

Endowment Support by Purpose



* A portion of the University's operating funds is 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

**STEM
and the
Symphony**

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Faculty



**On the
Scene
of Change**

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Research

**Vaccines
to Treat
Cancer**

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Programs



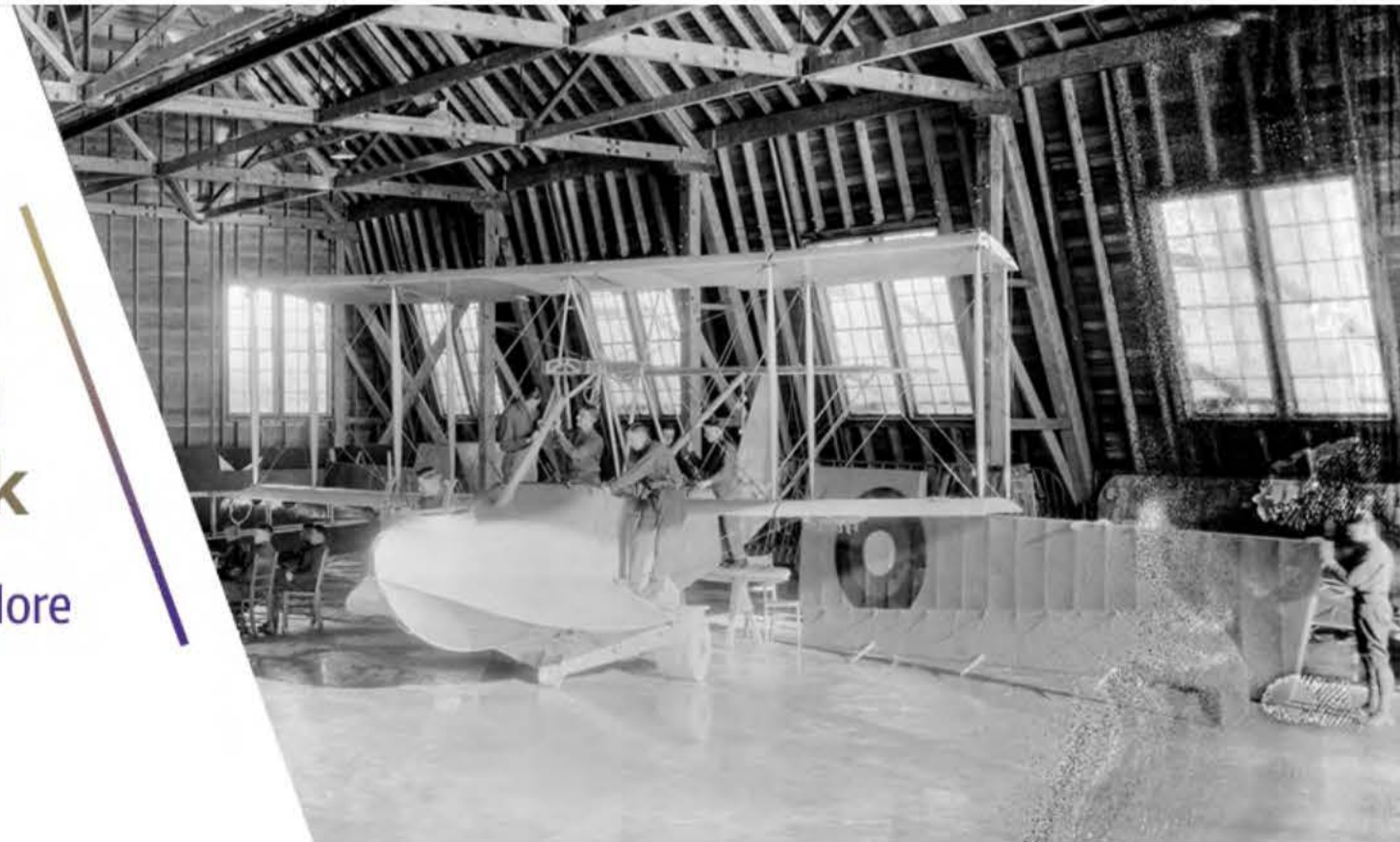
A Source
of
Support

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University

A Cathedral
and a
Landmark

[Read More](#)

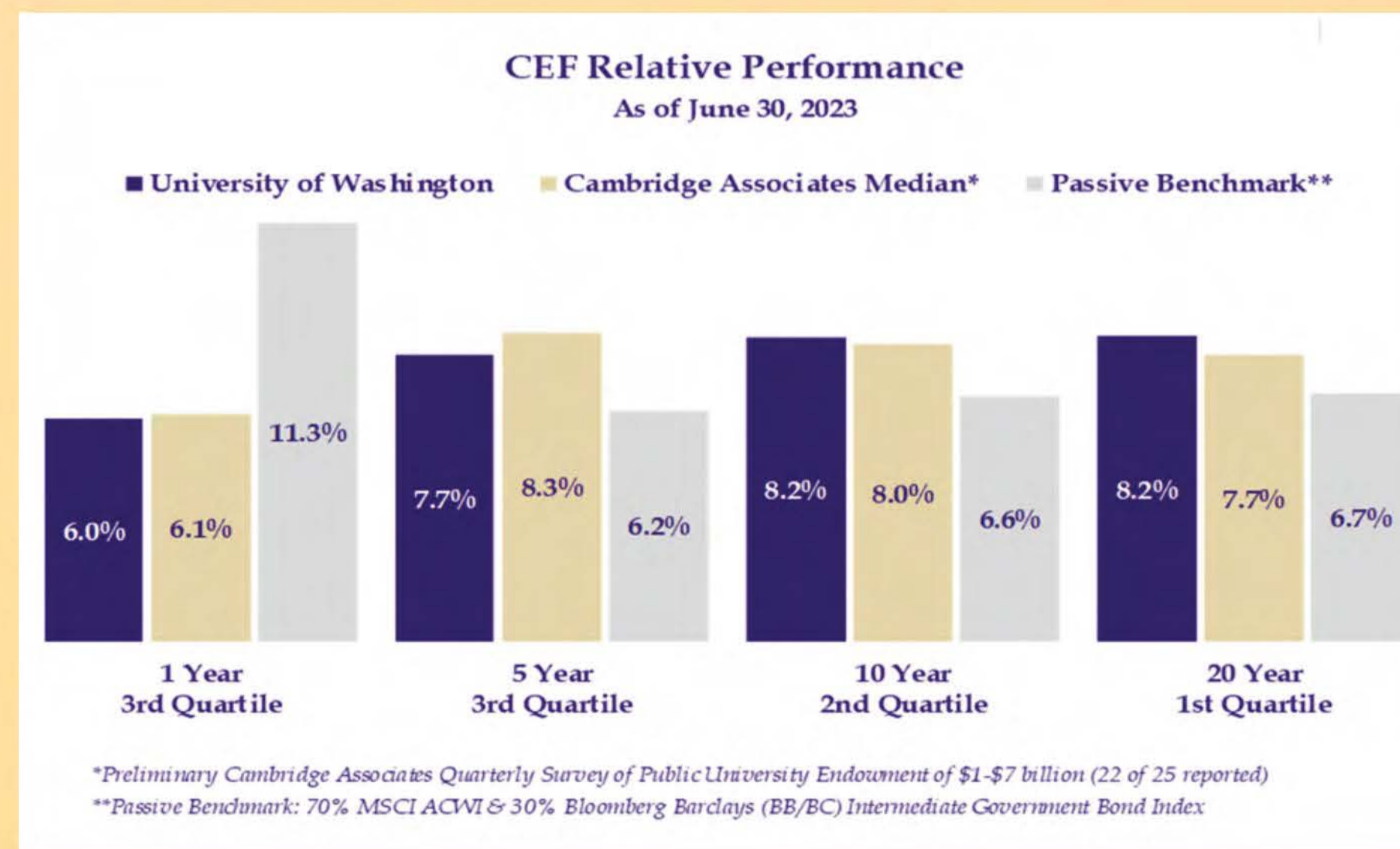


Investment

Investment Performance

For the fiscal year ending June 30, 2023 (FY23), the University of Washington's Consolidated Endowment Fund (CEF) returned +6.0% versus +11.3% for the passive benchmark and +6.1% for the public university peer median. Following a dismal FY22, global public equity markets recovered strongly in FY23. Monetary tightening continued throughout the fiscal year and equity markets benefited from rising optimism as inflation moderated. There was significant dispersion between developed and emerging markets this year with U.S. equities leading gains and emerging markets underperforming significantly. While overall relative performance lagged, the CEF had positive absolute and relative performance across most portfolio strategies.

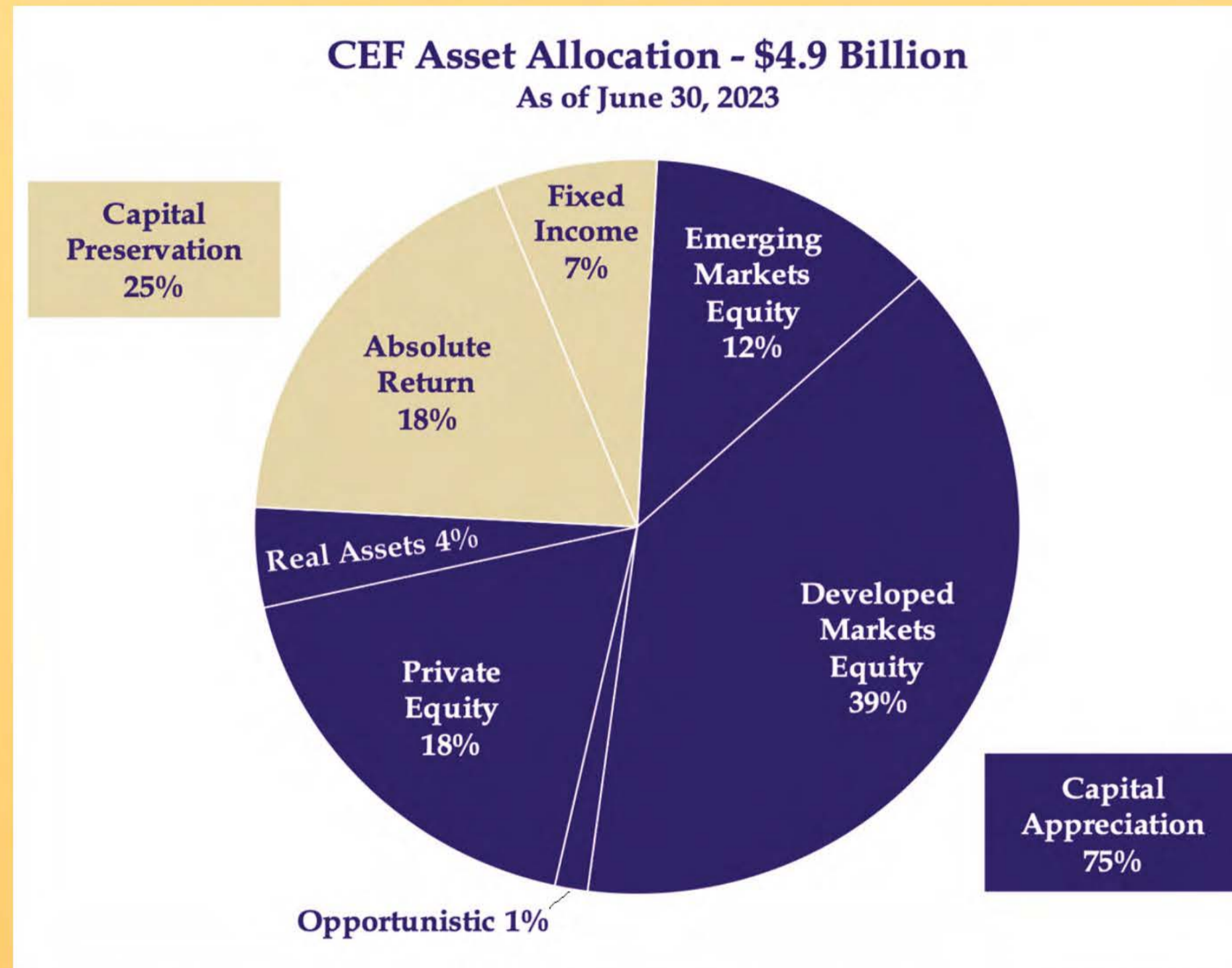
Our focus remains on long-term results, where the CEF has maintained solid relative performance. The chart below shows that the CEF has returned +7.7%, +8.2% and +8.2% for the 5-, 10- and 20-year periods, respectively, and outperforms the passive benchmark for all those periods. UW performance relative to public peers is near median for FY23 but remains above median for the 10- and 20-year periods.



The 20-year perspective highlights remarkable growth for the endowment. The CEF grew from \$1.0 billion to \$4.9 billion over this period, driven by a mix of investment returns and new gifts. The CEF distributed \$2.4 billion of cumulative investment returns 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.



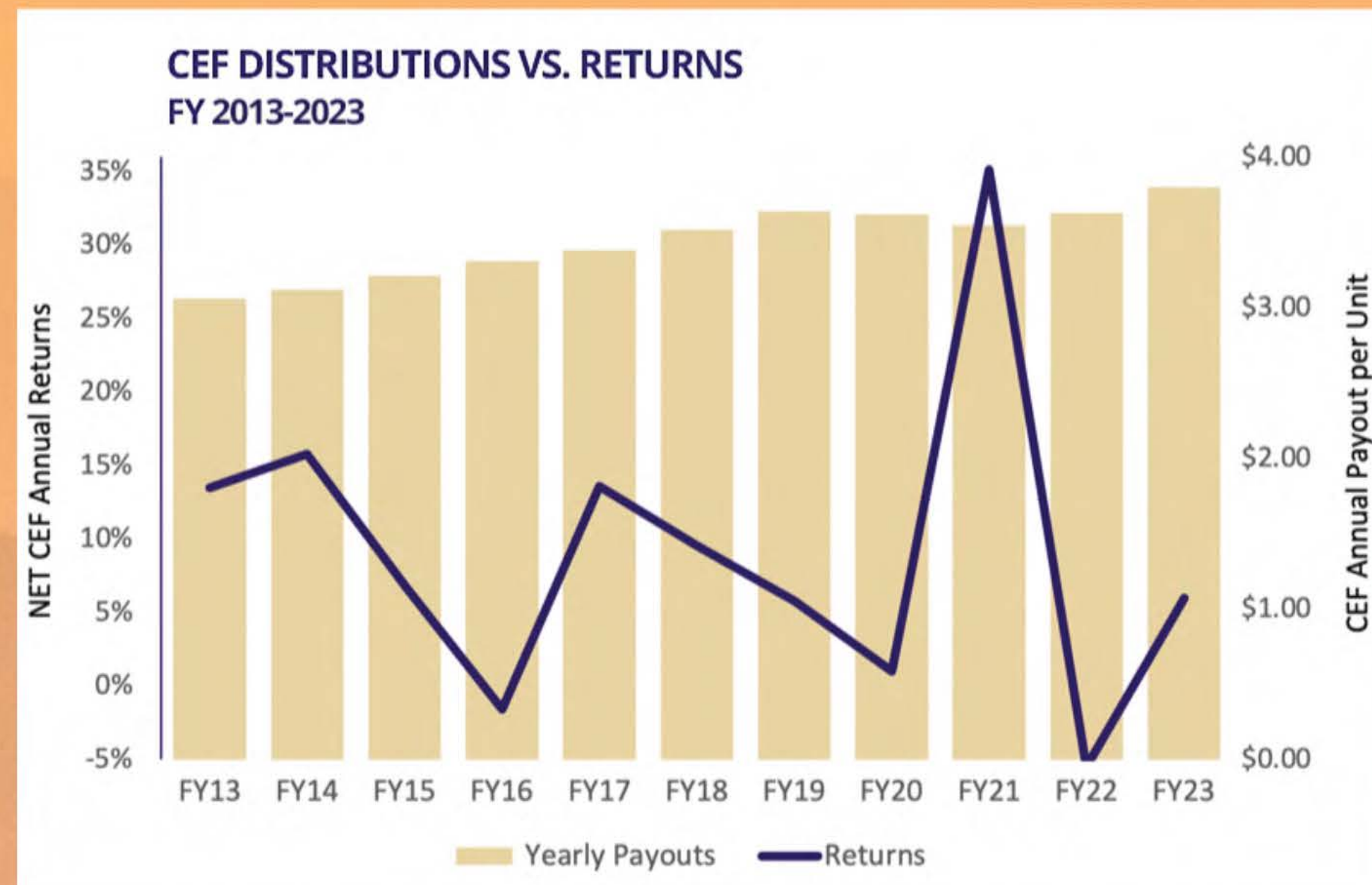
The CEF's \$4.9 billion portfolio is diversified across two distinct investment categories: capital appreciation and capital preservation. Capital appreciation investments are growth oriented and support the purchasing power of campus distributions over time. Capital preservation investments are stability oriented and facilitate liquidity. As of June 30, 2023, 75% of the CEF was invested in capital appreciation and 25% in capital preservation. Our long-term strategy is to favor an equity-oriented portfolio. In FY21 we revised our strategic asset allocation policy targets to increase our private equity exposure. This was phased in over three years and was fully implemented as of July 1, 2023. We continue to target ample liquidity within capital preservation to meet the CEF's funding requirements.

Spending Policy

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 from 5.0% to 4.5% by FY2022.

The CEF distributes quarterly to programs based on an annual percentage rate of 3.6%, applied to the five-year rolling average of the CEF's market value. Additionally, the CEF Investment Policy allows for an administrative fee of 0.90% which supports campus-wide fundraising and stewardship activities and offsets the internal cost of managing endowment assets.

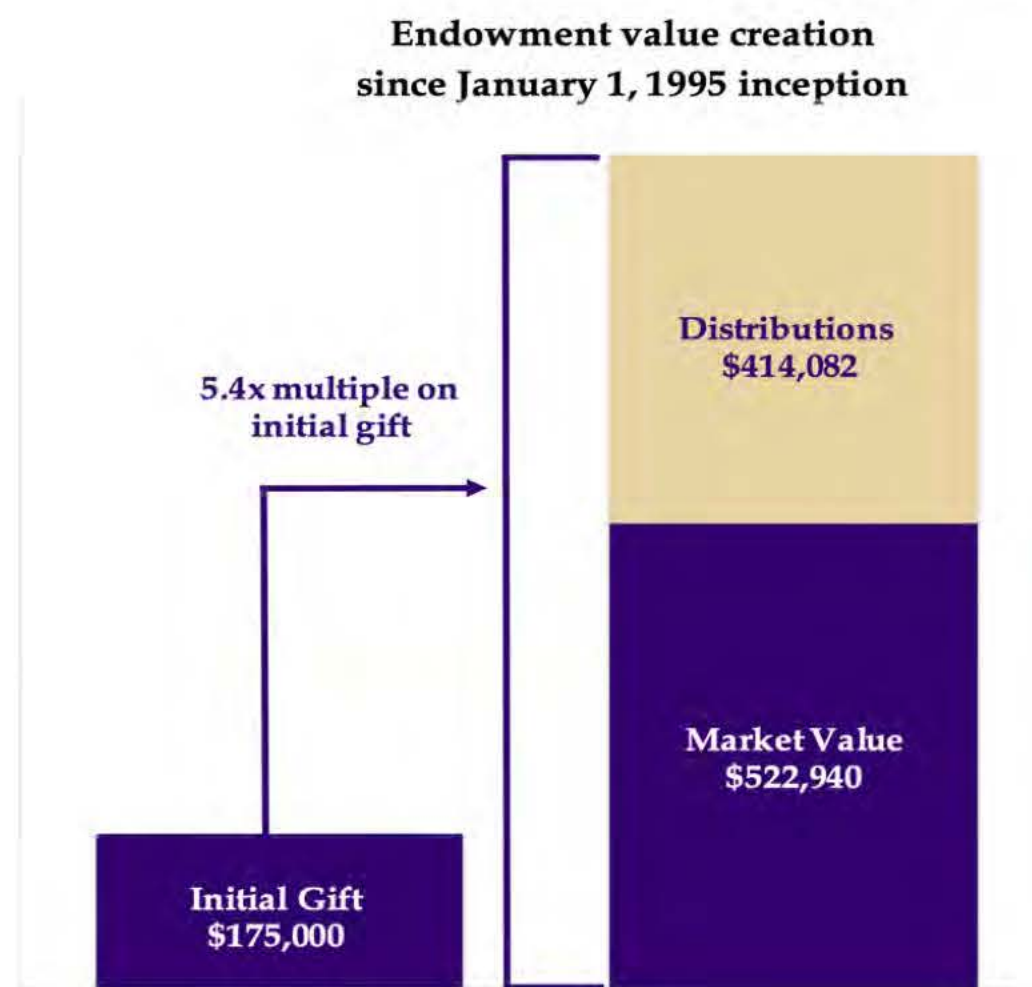
Absent a major market correction or prolonged downturn, distributions to campus are projected to increase going forward as FY21 performance (+35.1%) continues to factor into the five-year rolling average spending formula. Additionally, risk-free cash rates have risen significantly to over +4.0%, helping boost our return projection and the ability to meet our total spending hurdle. UWINCO, along with senior administration and the Regents, will continue to monitor spending to ensure alignment with projected longer-term returns and best practices.



The Power of Investment Returns & a Prudent Spending Policy

The generous \$175,000 gift from Robert H. Soper, invested in 1995, has had a powerful long-term impact. This fund has distributed over \$414,000 in support of students with disabilities and still has a market value five times more than its original value.

Robert H Soper Endowed Scholarship Fund



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

Further Information

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

<http://uwinco.uw.edu>

For endowment information, please visit: <http://finance.uw.edu/treasury/CEF>

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

Keith Ferguson

Chief Investment Officer

206-685-1822

invest@uw.edu

Robert Bradshaw

Senior Associate Treasurer

206-221-6752

robertcb@uw.edu

Endowment Giving

If you would like to receive information on how you can support the University's programs, please contact:

Tamara Michel Josserand

Vice President for Development

University Advancement

206-685-9925

tmiche@uw.edu

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