

University of Washington

Quarterly Investment Performance Report

As of September 30, 2021

University of Washington Investment Management Company

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Performance and Distribution Highlights

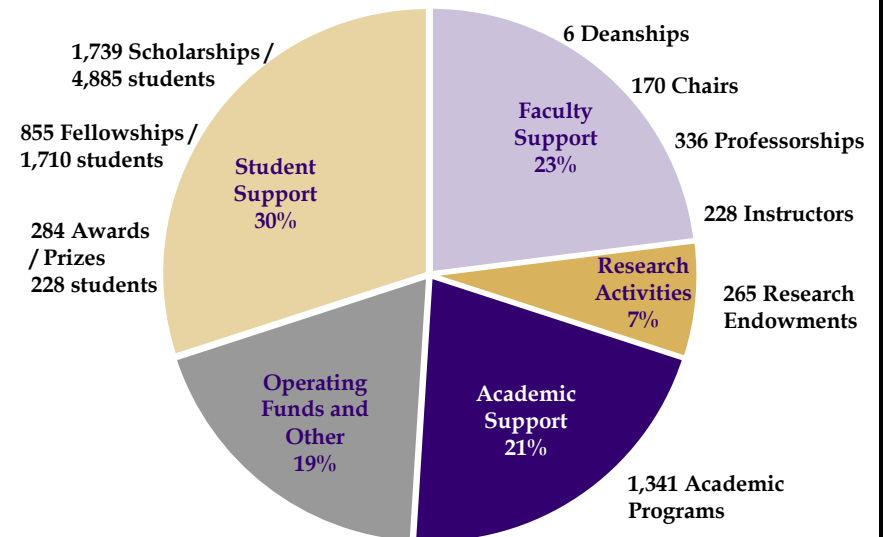
As of September 30, 2021

- The total value of the Consolidated Endowment Fund (CEF) was \$4.9 billion in September 2021.
- The CEF returned +1.7% for 3Q and +28.6% for the 1-year period. The 10- and 20-year returns were +10.4% and +8.5%, respectively.
- The Invested Funds (IF) returned +0.5% for the quarter and +6.3% for the year. The 10-year return was +3.7%.
- The CEF provides critical support to UW students, faculty, and research.
- The CEF distributed \$137 million to campus unit holders over the past year and \$1.8 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	\$137	\$642	\$1,133	\$1,840
Advancement Support from CEF	27	128	226	352
Invested Funds Distributions (in June)	49	253	465	904
Total Campus Support	\$213	\$1,023	\$1,824	\$3,096

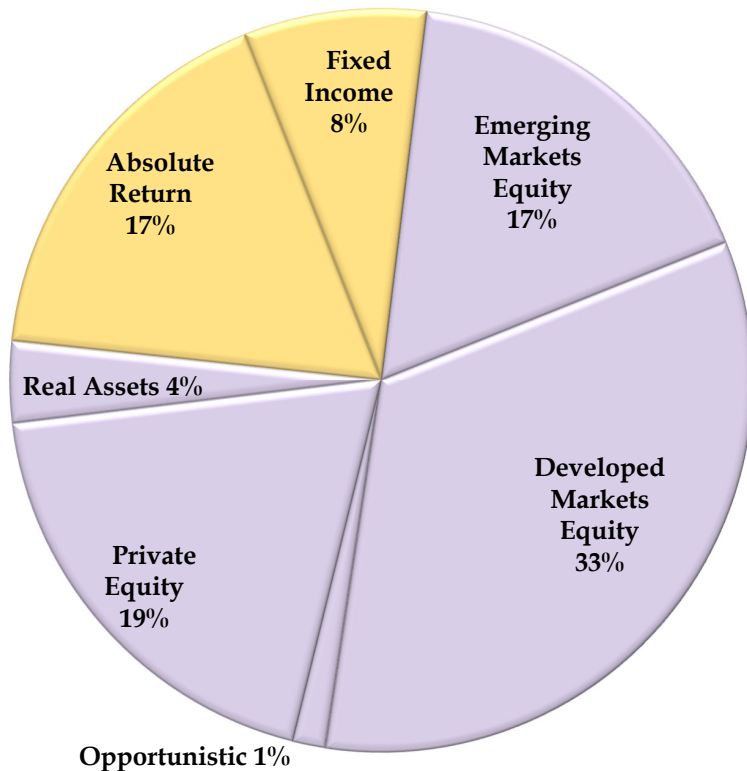
FY 2021 Endowment Support



Consolidated Endowment Fund* (CEF) Asset Allocation

As of September 30, 2021

(\$ Millions)



	Current Allocation		Policy	
			Target	Range
Emerging Markets Equity	\$829	17%	17%	
Developed Markets Equity	1,631	33%	30%	
Private Equity	939	19%	17%	
Real Assets	175	4%	5%	
Opportunistic	71	1%	3%	
Capital Appreciation	\$3,645	75%	72%	60% - 90%
Absolute Return	845	17%	18%	
Fixed Income	387	8%	10%	
Capital Preservation	\$1,231	25%	28%	10% - 40%
Consolidated Endowment Fund**	\$4,876	100%		

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

** Uncalled capital commitments: 13%

Note: Percentages may not sum due to rounding.

CEF Performance Summary

As of September 30, 2021

	Rolling Year Returns (%)				
	Quarter	1 Year	5 Year	10 Year	20 Year
CEF Return	1.7	28.6	11.8	10.4	8.5
<i>70% Stocks / 30% Bonds</i> ¹	-0.7	18.3	10.0	9.0	7.0
Capital Appreciation	2.4	36.9	14.5	12.7	9.5
<i>MSCI ACWI (Net)</i>	-1.1	27.4	13.2	11.9	8.1
Capital Preservation	1.4	8.9	4.3	4.3	4.8
<i>BB/BC Intermediate Gov't Bond</i>	0.0	-1.3	2.0	1.8	3.3

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

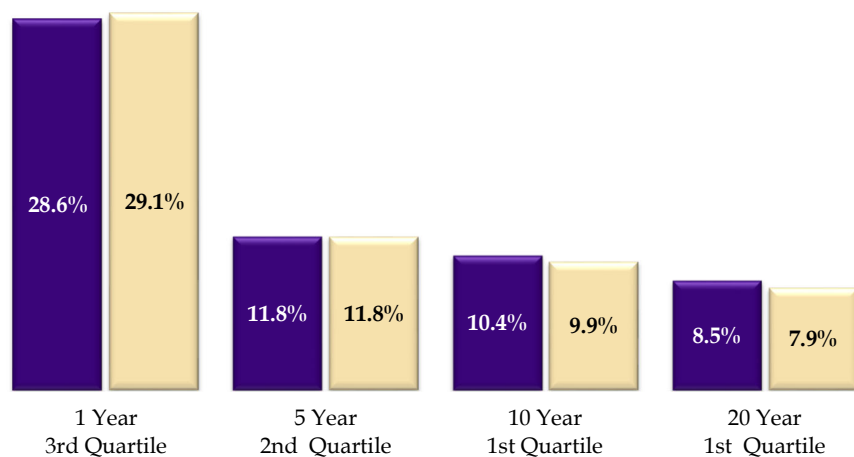
	Fiscal Year ¹ Returns (%)				
	2021	2020	2019	2018	2017
CEF Return	35.1	1.1	5.8	9.6	13.6
<i>70% Stocks / 30% Bonds</i> ²	26.0	4.2	6.2	7.3	12.4
Capital Appreciation	46.0	0.2	7.0	11.2	16.7
<i>MSCI ACWI (Net)</i>	39.3	2.1	5.7	10.7	18.8
Capital Preservation	9.3	1.6	2.1	4.5	4.5
<i>BB/BC Intermediate Gov't Bond</i>	-1.1	7.0	6.2	-0.7	-1.2

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

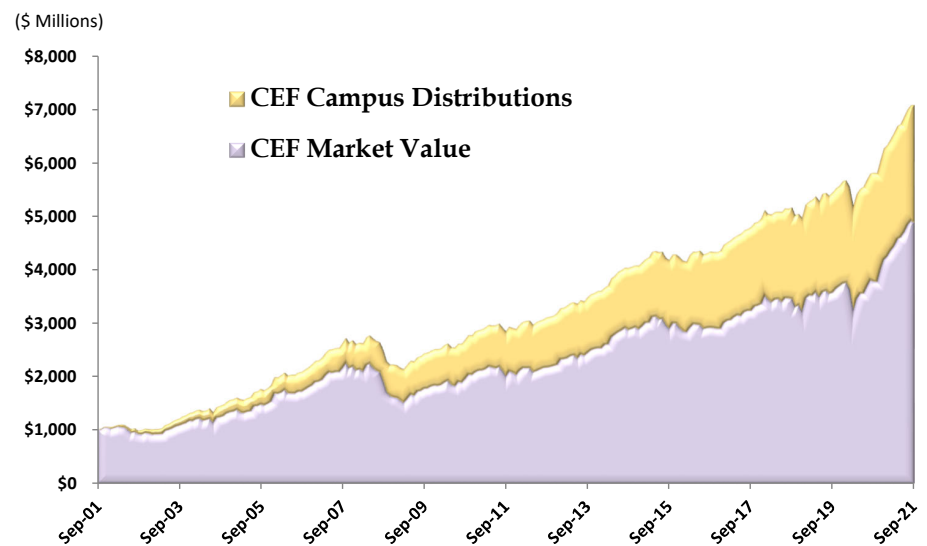
² MSCI ACWI (Net) / BB/BC Intermediate Government Bond Index

Public Peers with Endowments \$1-7 Billion

■ University of Washington ■ Cambridge Associates Median (Preliminary)



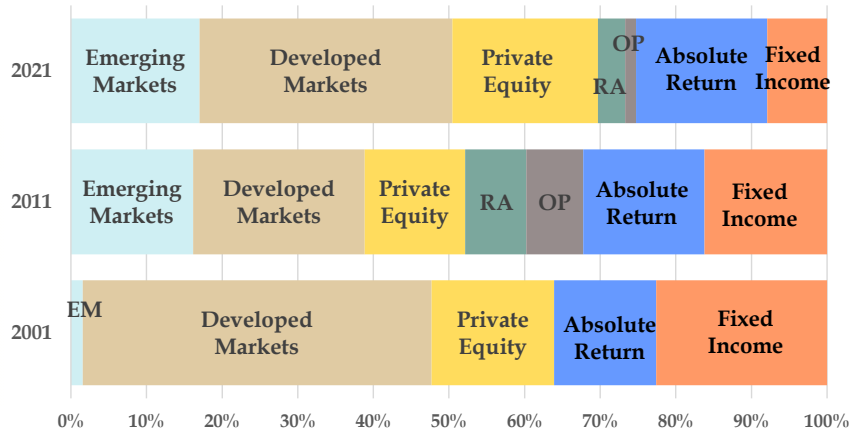
Market Value and Distributions Over 20 Years



CEF Exposures

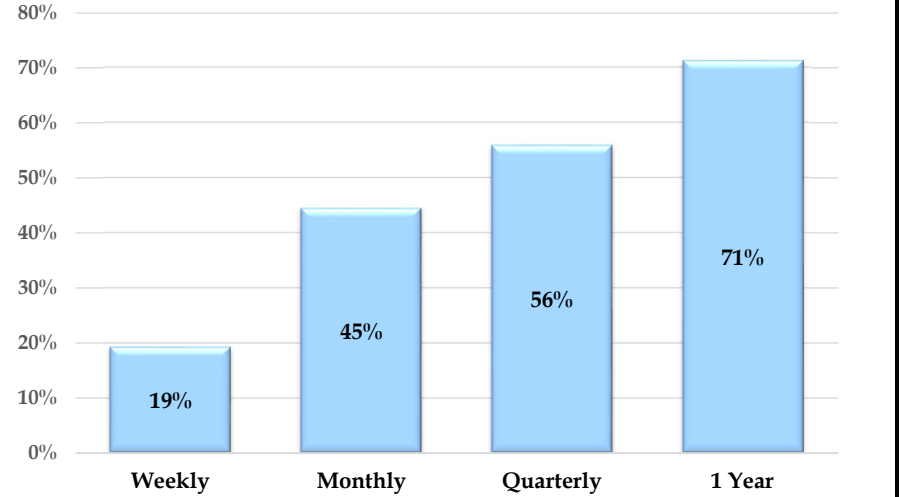
As of September 30, 2021

Exposure by Strategy

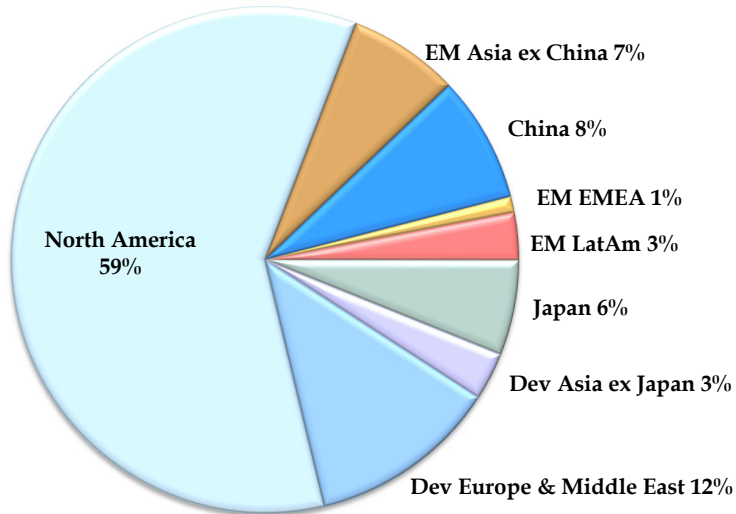


RA (Real Assets-none in 2001); OP (Opportunistic - none in 2001)

Estimated Liquidity as a % of CEF

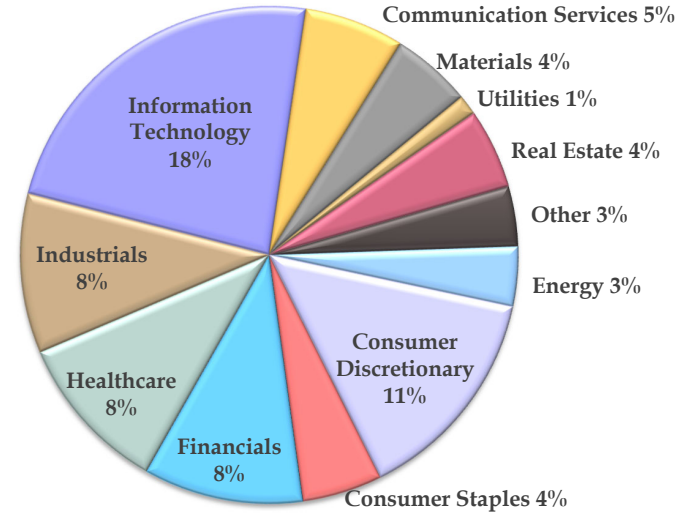


Geographic Exposure as a % of CEF*



*Foreign currency exposure: 38%.

Equity Sector Exposure as a % of CEF*

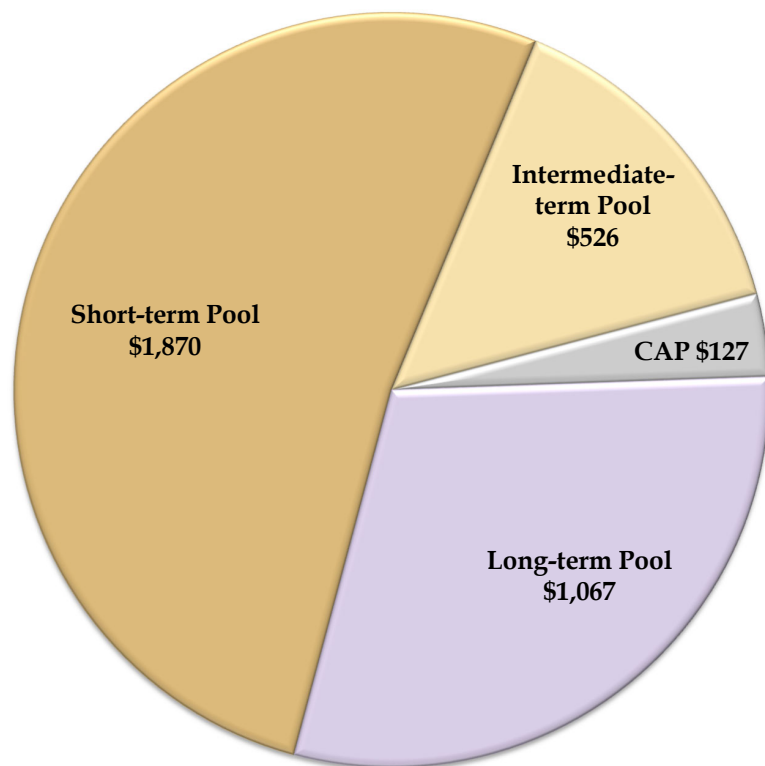


*Non-equity exposure (credit, fixed income): 23%

Invested Funds¹ (IF) Asset Allocation

As of September 30, 2021

(\$ Millions)



	Fund Allocation		Range	Duration (Years)	
				Actual	Maximum
Short-term Pool	\$1,870	52%	10%-50%	1.3	3.0
Intermediate-term Pool	526	15%	15%-60%	2.3	5.0
Long-term Pool ²	1,067	30%	15%-45%		
IF excluding CAP	\$3,464	96%			
Capital Assets Pool ³	127	4%	0%-15%		
Total Invested Funds	\$3,591	100%			

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

² LTP consists of \$918m of CEF units included in the CEF MV and \$149m of public equity.

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

IF Performance Summary

As of September 30, 2021

	Rolling Year Returns (%)				
	Quarter	1 Year	5 Year	10 Year	20 Year
Short-term Pool	0.0	-0.3	1.7	1.0	2.0
Intermediate-term Pool	0.2	1.6	2.6	2.4	3.4
Long-term Pool ¹	1.3	28.2	11.8	10.4	8.5
IF excluding CAP²	0.5	6.3	4.2	3.7	4.3
Weighted Benchmark	-0.1	4.0	3.7	3.3	4.1
IF including CAP²	0.5	6.2	4.3	3.7	4.3

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

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

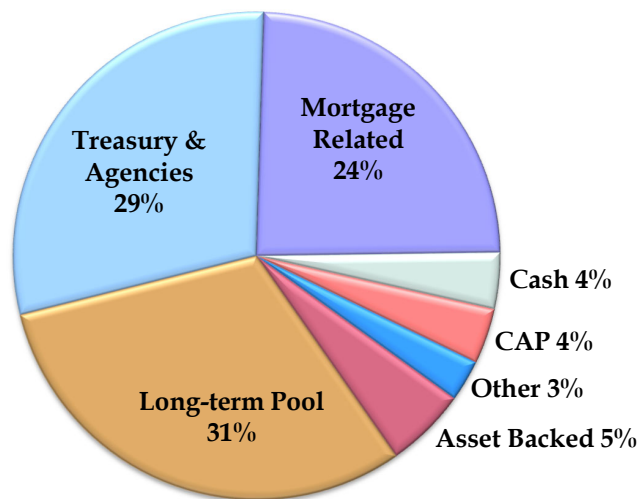
	Fiscal Year ¹ Returns (%)				
	2021	2020	2019	2018	2017
Short-term Pool	-0.1	4.1	3.3	0.8	0.6
Intermediate-term Pool	2.8	3.0	5.1	1.3	1.1
Long-term Pool ²	35.1	1.1	5.8	9.6	13.6
IF excluding CAP³	7.8	3.1	4.4	3.3	3.7
Weighted Benchmark	5.7	4.2	5.5	1.9	2.4
IF including CAP²	7.7	3.2	4.4	3.3	3.8

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

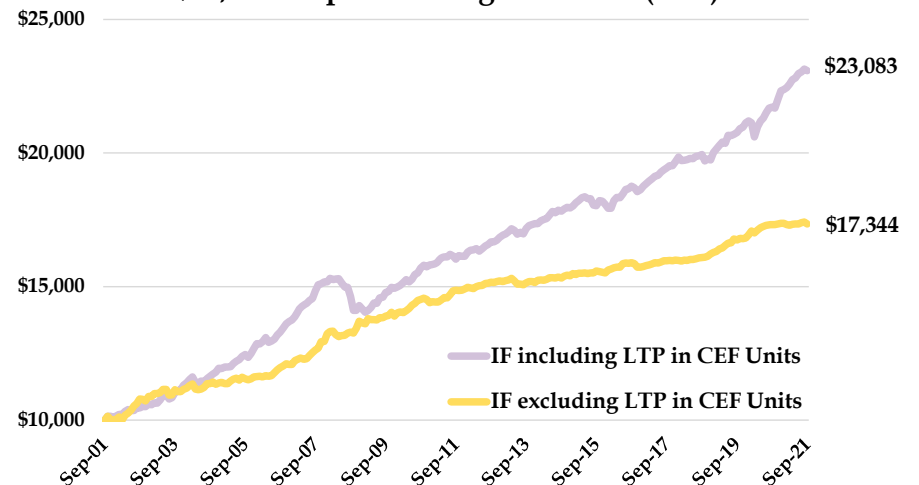
² LTP consists of both CEF units and public equity investments.

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



Appendix

UW Financial Assets Overview¹

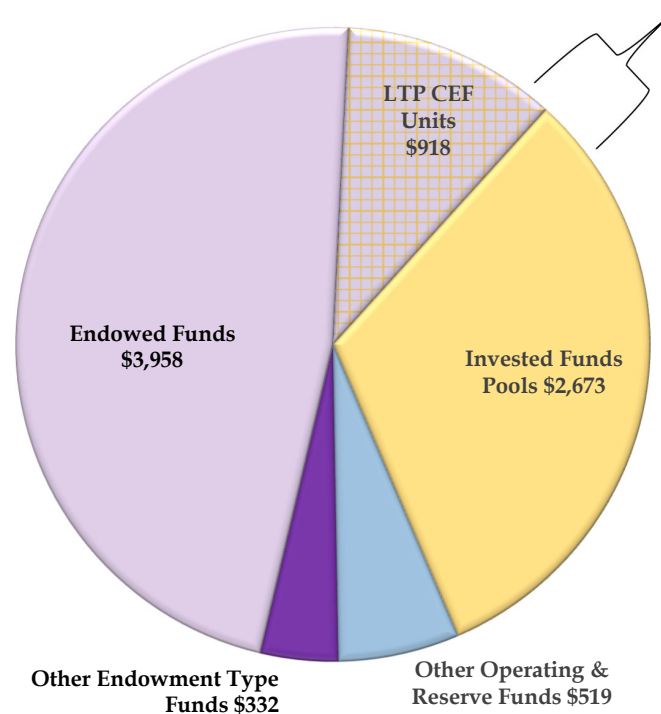
As of September 30, 2021

(\$ Millions)

Total Assets \$8,400

Invested Funds \$3,591

Endowment & Similar Funds	
Endowment Funds	\$3,958
IF-Long-term Pool (LTP) ² CEF Units	918
Consolidated Endowment Fund	\$4,876
Life Income Trusts	119
Outside Trusts	150
Non-CEF Endowments	18
Permanent Fund ³	46
Other Endowment Type Funds	\$332
Total Endowment Type Funds	\$5,208



Operating & Reserve Funds	
IF - Short-term Pool (STP)	\$1,870
IF - Intermediate-term Pool (ITP)	526
IF - LTP Non-CEF Units	149
IF - Capital Assets Pool (CAP) ⁴	127
Invested Funds Pool²	\$2,673
Checking Account Balance	88
Bond Retirement & Building Funds ⁵	16
Bond Proceeds and Reserves ⁶	70
Supplemental Retirement Plan ⁷	345
Other Operating & Reserve Funds	\$519
Total Operating & Reserve Funds	\$3,192

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.

⁷ Supplemental Retirement Plan assets are restricted and segregated.

CEF Performance Update

As of September 30, 2021

	Quarter	CYTD	Rolling Returns %				
			1 Year	3 Year	5 Year	10 Year	20 Year
CONSOLIDATED ENDOWMENT FUND	1.7	15.4	28.6	13.1	11.8	10.4	8.5
70% Stocks / 30% Bonds ¹	-0.7	7.4	18.3	10.4	10.0	9.0	7.0
CAPITAL APPRECIATION	2.4	18.9	36.9	16.3	14.5	12.7	9.5
MSCI ACWI (Net)	-1.1	11.1	27.4	12.6	13.2	11.9	8.1
Emerging Markets Equity	-2.6	5.5	27.4	15.5	13.0	10.9	15.0
Developed Markets Equity	0.4	14.7	30.9	13.2	12.8	12.8	8.8
Opportunistic (Credit)	-1.1	11.6	23.5	5.9	7.4	10.8	0.4
Subtotal	-0.3	11.9	30.0	13.9	12.8	12.0	NA
MSCI ACWI (Net)	-1.1	11.1	27.4	12.6	13.2	11.9	8.1
Private Equity ²	10.2	43.7	64.5	29.9	23.5	17.4	11.9
PE Benchmark ²	13.1	47.9	65.5	28.0	23.1	17.0	11.0
Real Assets ²	3.9	17.7	19.2	1.4	7.0	7.0	NA
RA Benchmark ²	6.0	14.9	15.9	1.4	4.5	5.2	NA
CAPITAL PRESERVATION	1.4	6.6	8.9	4.4	4.3	4.3	4.8
BB/BC Intermediate Government Bond	0.0	-1.1	-1.3	4.0	2.0	1.8	3.3
Absolute Return	2.4	11.2	15.0	5.8	5.8	6.0	6.9
Policy Benchmark ³	1.2	7.1	13.4	5.6	5.0	4.1	4.5
Fixed Income	0.2	0.1	0.5	2.7	2.2	1.9	2.8
BB/BC Intermediate Government Bond	0.0	-1.1	-1.3	4.0	2.0	1.8	3.3
MARKET INDICES							
S&P 500	0.6	15.9	30.0	16.0	16.9	16.6	9.5
MSCI EM (Net, USD)	-8.1	-1.2	18.2	8.6	9.2	6.1	11.0
Citigroup 3 Month T-Bill	0.0	0.0	0.1	1.1	1.1	0.6	1.3

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, 2021

(\$ Millions)

CEF Activity							
	FYTD 2022	FY 2021	FY 2020	Rolling Years			
				3 Year	5 Year	10 Year	20 Year
Beginning Balance	\$4,712	\$3,560	\$3,588	\$3,453	\$2,921	\$2,014	\$1,019
Purchase CEF Units - Gifts	25	67	91	298	491	810	1,466
Purchase CEF Units - Transfers	4	10	16	31	56	114	200
Operating Funds-CEF Unit Trades	100	0	0	100	100	191	399
Total Additions	129	77	107	429	647	1,115	2,065
Net Investment Return	78	1,243	34	1,497	2,111	3,162	4,072
Distributions to Unit Holders ¹	(35)	(135)	(135)	(403)	(642)	(1,133)	(1,840)
Internal Fees ¹ :							
Advancement	(7)	(27)	(27)	(81)	(128)	(226)	(352)
UWINCO	(2)	(7)	(7)	(20)	(32)	(57)	(88)
Ending Balance	\$4,876	\$4,712	\$3,560	\$4,876	\$4,876	\$4,876	\$4,876

Active Management Contribution							
Net Investment Return	\$78	\$1,243	\$34	\$1,497	\$2,111	\$3,162	\$4,072
Less: Passive Return ²	27	(950)	(142)	(1,189)	(1,768)	(2,691)	(3,333)
Less: UWINCO	(2)	(7)	(7)	(20)	(32)	(57)	(88)
Net Active Management	\$103	\$287	(\$115)	\$288	\$311	\$414	\$651

Campus Support from Investments							
CEF Distributions to Unit Holders	35	135	135	403	642	1,133	1,840
Advancement Support from CEF	7	27	27	81	128	226	352
Invested Funds Distributions ³	0	49	67	162	253	465	904
Total Campus Support	\$42	\$211	\$229	\$646	\$1,023	\$1,824	\$3,096

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.

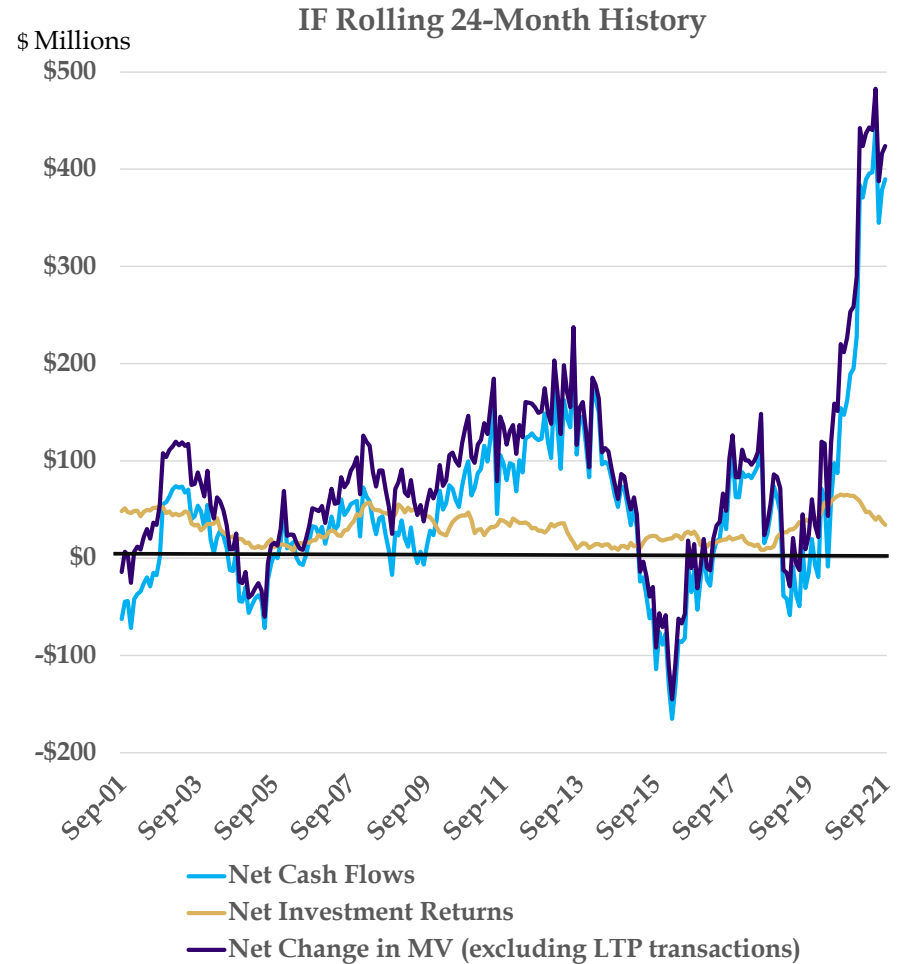
Note: Numbers may not sum due to rounding.

Drivers of CEF and IF Market Value Change

As of September 30, 2021



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



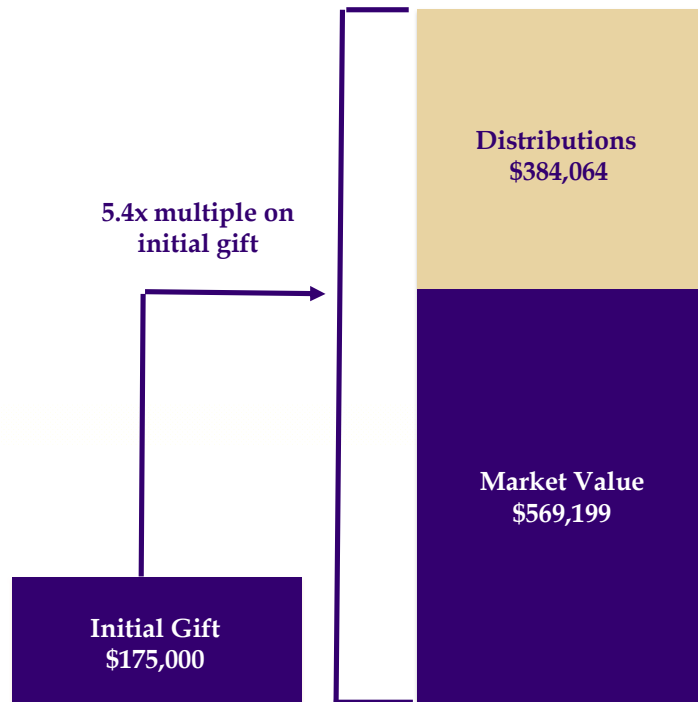
The IF market value change (purple line) is driven by net cash flows (blue line). Investment returns (gold line) have consistently enhanced value.

UW Endowment Impact

As of September 30, 2021

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 six current recipients, the endowment supports students across the entire campus spectrum.

Endowment Currently Supports

- PhD Candidate - School of Law
- Senior - Art
- Senior - Psychology
- Senior - Integrated Social Sciences
- Junior - Mechanical Engineering
- Junior - Psychology

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