



▶ Endowment *Fund Overview*



2018

AS OF JUNE 30, 2018

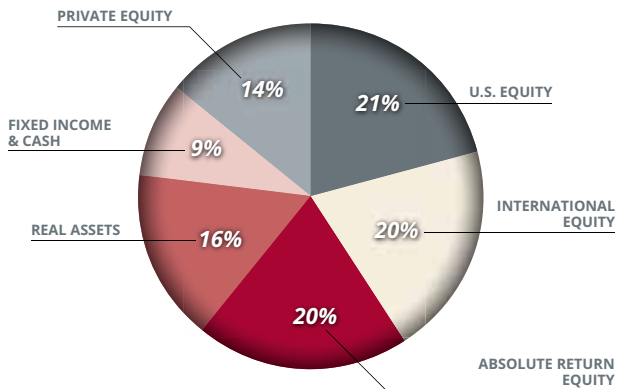
INVESTMENT STRATEGY

The investment objectives of the Washington State University Foundation's Endowment Fund reflect its long-term nature. It is recognized that the desire to grow endowment gifts and to produce a large, stable, and predictable payout stream involves tradeoffs that must be balanced in establishing the investment and spending policies. Considerations that shape the Endowment's objectives include:

- Producing a relatively predictable and stable payout stream to WSU's programs that are supported by endowment funds;
- Increasing the inflation-adjusted value of the endowment in the long term, while assuming only moderate risk;
- Balancing the support of present and future generations of students and faculty.

The WSU Foundation seeks to achieve these investment objectives by diversifying across major asset classes (e.g., marketable equities, non-marketable investment, absolute return, fixed income), as well as within each asset class (e.g., investment style, capitalization, industry).

WSU FOUNDATION ENDOWMENT ACTUAL ASSET ALLOCATION
(AS OF JUNE 30, 2018)

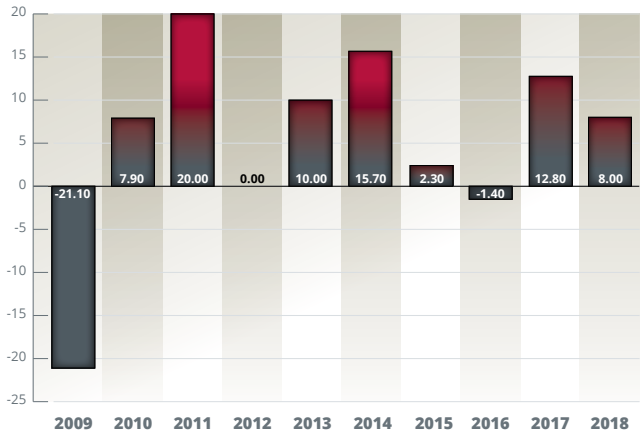


INVESTMENT PERFORMANCE

For the period of July 1, 2017 to June 30, 2018, the Endowment portfolio produced a total return of 8%. Additions to the Endowment Fund for this fiscal year totaled \$24,101,183. The Endowment Fund distributed \$18,629,989 in support of programs at Washington State University.

FY INVESTMENT RETURN

(AS A PERCENTAGE)



INVESTMENT RETURN COMPARISON

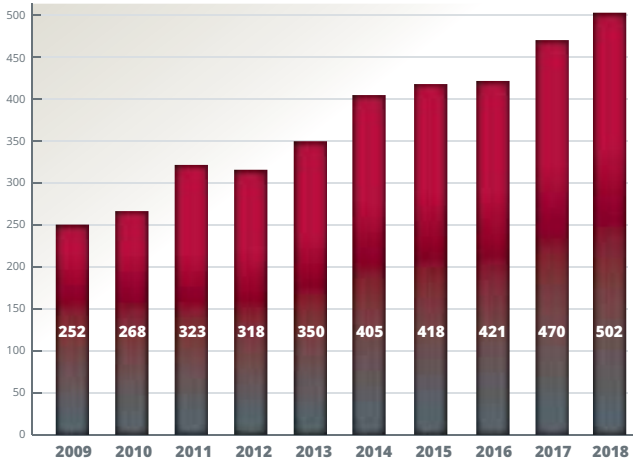
(AS A PERCENTAGE)

WSU FOUNDATION ENDOWMENT RETURNS			
DATE	1-YEAR	5-YEAR	10-YEAR
6/30/2009	-21.10	3.30	N/A
6/30/2010	7.90	3.10	3.40
6/30/2011	20.00	4.40	5.60
6/30/2012	0.00	0.70	6.10
6/30/2013	10.00	2.40	6.90
6/30/2014	15.70	10.50	6.90
6/30/2015	2.30	9.40	6.20
6/30/2016	-1.40	5.10	4.80
6/30/2017	12.80	7.70	4.20
6/30/2018	8.00	7.30	4.80

ENDOWMENT GROWTH

The WSU Foundation consolidates all funds available for long-term investment in its Endowment Fund, with the exception of funds restricted by law or by special donor limitations. This fund is the investment pool for approximately 2,314 privately endowed funds supporting a wide variety of education, research and service programs across Washington State University. Because of private giving, investment returns, and institutional fund transfers, the WSU Foundation Endowment Fund grew from \$252 million in 2009 to \$502 million as of June 30, 2018.

WSU FOUNDATION ENDOWMENT FUND 10-YEAR VALUE
(IN MILLIONS)



ENDOWMENT MANAGEMENT AND FEES

In accordance with WSU Foundation bylaws, this Endowment Fund is managed by the Investment Committee, a sub-committee of the WSU Foundation Board of Directors. The Investment Committee is responsible for investments, reinvestments, and general management of the Endowment. The committee establishes policies for investing capital, monitoring and reviewing investment performance, establishing appropriate benchmarks, and managing the investments to maximize the Endowment's financial potential while minimizing risk. Mercer Investment Consulting, Inc., serves as the Foundation's investment consultant.

Each year, the WSU Foundation distributes 4.0 percent of the endowed fund's 36-month rolling average to benefit WSU as designated in the Gift Use Agreements. Additionally, a 1.5 percent endowment advancement fee is charged to the distribution from the Endowment. There are other costs associated with the Endowment, such as investment management fees, custodial costs, and consulting expenses. Investment growth beyond the University distribution and the advancement and management fees grows the value of the fund.

For more information about the WSU Foundation's fee structure, visit: foundation.wsu.edu/fees

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