

Endowment Presentation

S A I N T L O U I S U N I V E R S I T Y

Presentation to
Faculty Senate
February 25, 2014

Agenda

- Endowment Objective
- Spending Rate
- Market Values
- Investment Returns
- Asset Allocations

Investment Objective for the Endowment

- Provide an annual, predictable, source of revenue for operations and scholarships
- Preserve the purchasing power of the original gifts
- Support access to the debt markets (ancillary benefit)

Endowment Value Depends On:

- Investment Returns
- Spending Rate
- Gifts/Transfers
- Inflation

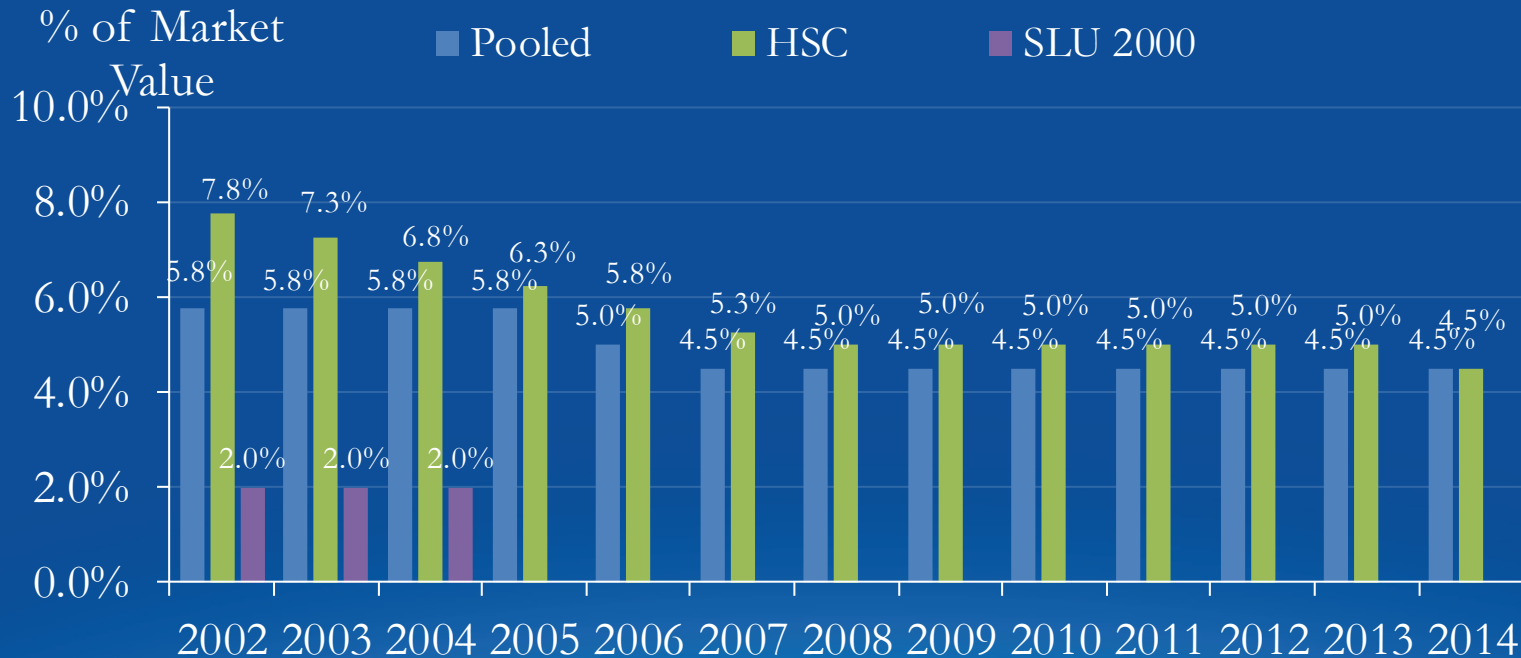
Endowment Spending

- The annual spending amount is based upon the average market value of the endowment over the previous 12 quarters times the spending rate
- Structured to provide annual revenue for University operations and scholarships while preserving the original value of the gifts
- Recommended annually by the Finance Committee
- Approved annually by the Board of Trustees

Targeted Return

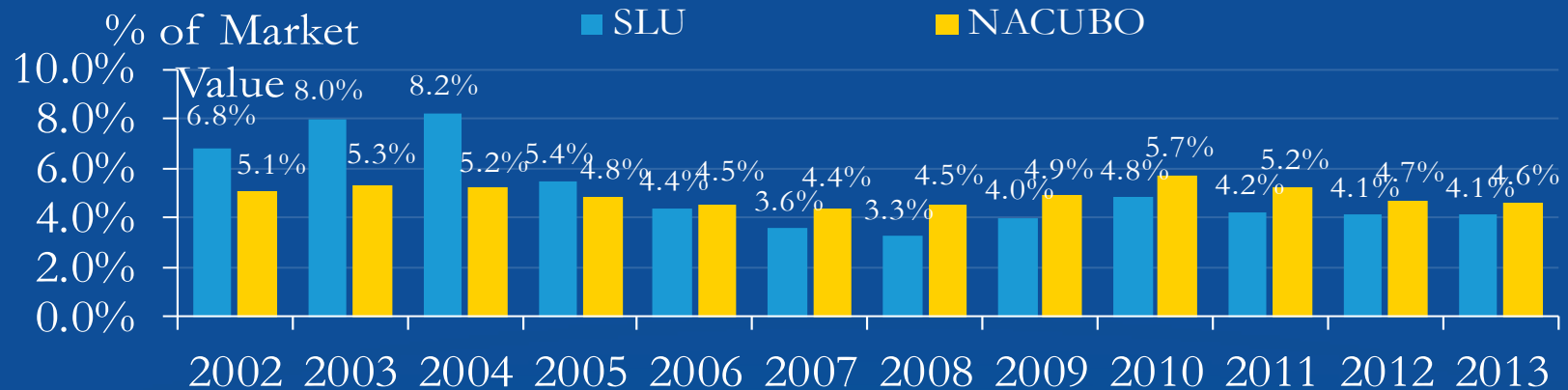
- Spending Rate 4.5%
 - Inflation Rate 2.5%
 - Growth Rate 0.5 - 1.0%
 - **Target Return** **7.5 – 8.0%**
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- University targets an 7.5% to 8.0% return for the Pooled and HSC endowments over the long-run

Historical Spending Rates



“SLU 2000” project spending ended in Fiscal Year 2004.

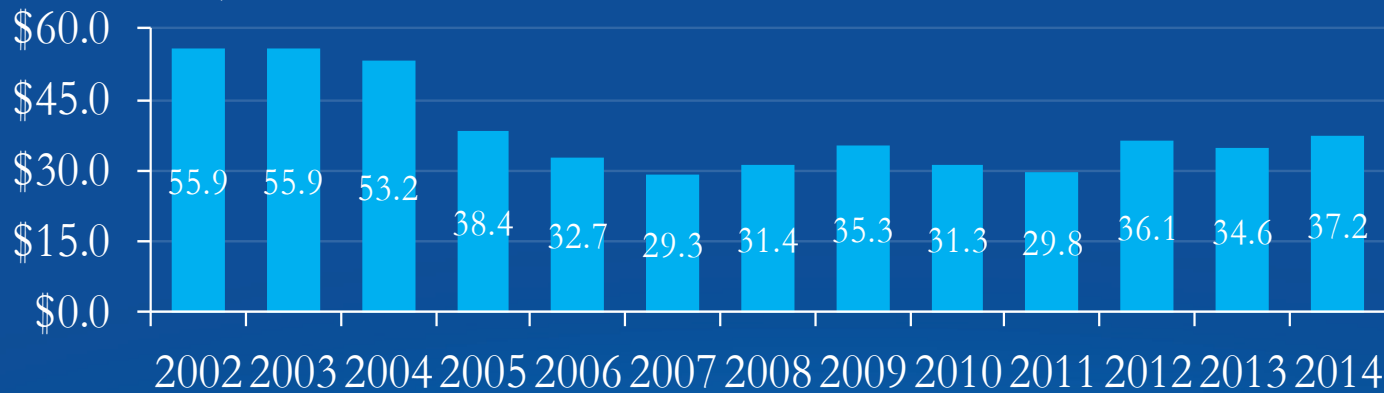
SLU Effective Spending Rate vs. NACUBO



NOTE: "NACUBO" represents average spending rate of NACUBO respondents with \$500 million to \$1 billion in assets

Historical Endowment Spending

Market Value
(\$ in millions)



NOTE: "SLU 2000" project spending ended in Fiscal Year 2004;

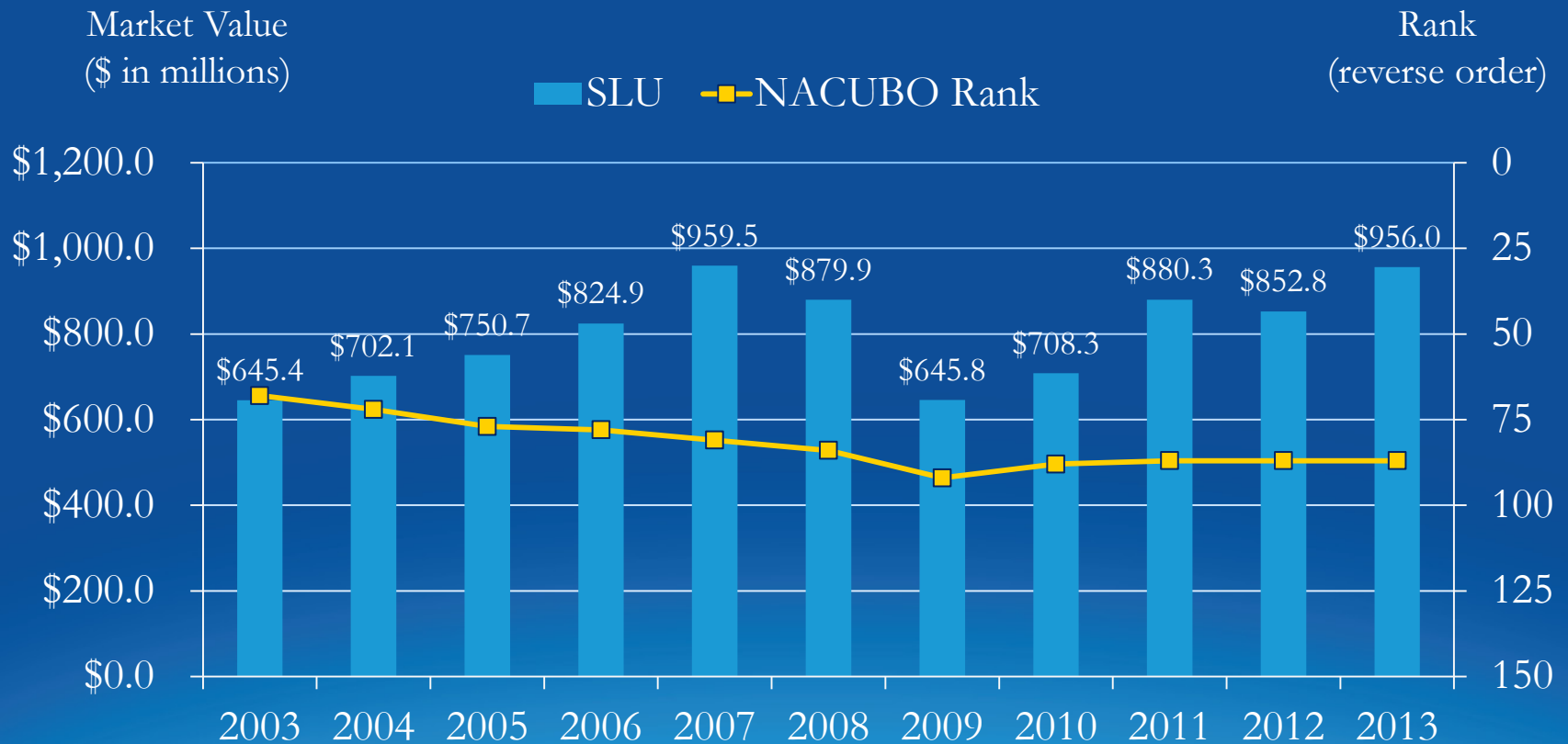
Endowment History

- In FY97 the endowment was \$513 million
- As of December 2013 the endowment was \$1.027 billion.
- SLU 2000 included \$100 million of extra spending over five years to fund new faculty positions, new programs, increased faculty salaries, building and technology improvements
- Since then fundraising focused on important capital projects, Doisy, Chaifetz, Med Center Education Union and Stadium and new Law Center
- This strategy kept debt levels low and manageable while providing valuable flexibility and capacity for future needs

Endowment Balance Detail

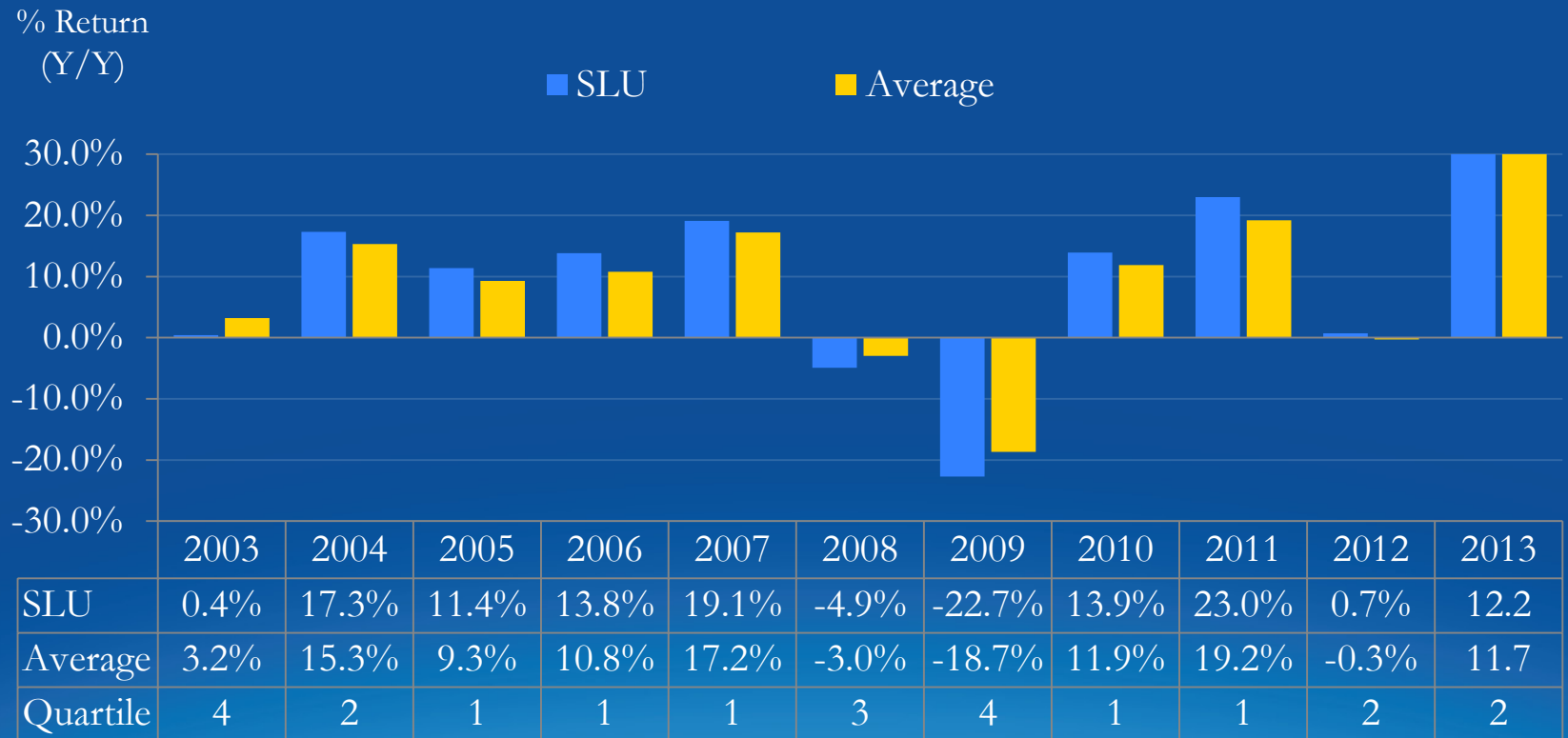
<i>(in millions)</i>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Pooled</u>								
<u>Endowments:</u>								
Pooled Funds	421.4	513.0	480.2	346.8	381.5	657.3	632.0	719.7
HSC Funds	193.7	221.5	201.9	145.7	156.8	181.8	171.9	185.6
Total Pooled	615.1	734.5	682.1	492.5	538.3	839.1	803.9	905.3
<u>Non-Pooled</u>								
<u>Endowments:</u>								
Biochemistry Fund	166.9	183.0	157.1	119.0	134.5	0.0	0.0	0.0
Other Funds	42.9	42.0	40.7	34.3	35.6	41.2	48.9	50.7
Total Non-Pooled	209.8	225.0	197.8	153.3	170.1	41.2	48.9	50.7
Total Endowment	824.9	959.5	879.9	645.8	708.4	880.3	852.8	956.0

Endowment Value and NACUBO Rank



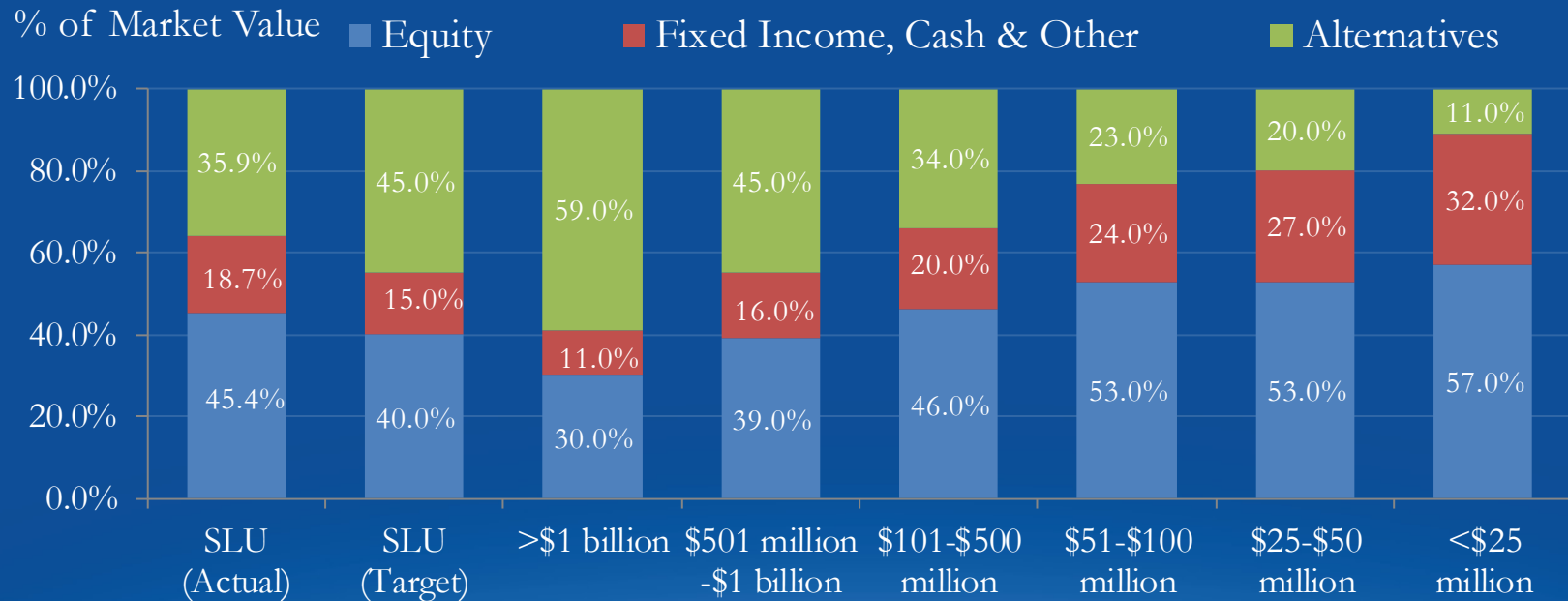
NOTE: "NACUBO Rank" represents SLU's ranking amongst all NACUBO survey respondents (800+).

Pooled Endowment Return vs. NACUBO Average



NOTE: "Average" represents the equal weighted average of all survey respondents; "Quartile" represents SLU's quartile ranking (1st quartile is best and 4th quartile is worst)

FY13 Endowment Asset Allocation vs. NACUBO



Questions?