



**ENDOWMENT
REPORT 2017-18**



**“WITHOUT
YOUR SUPPORT,
IT WOULD BE
HARDER TO
DREAM BIG.”**

Lydia Galvan

CLASS OF 2020

Political science major with
business and religion minors,
Greg Trevino Memorial Scholarship

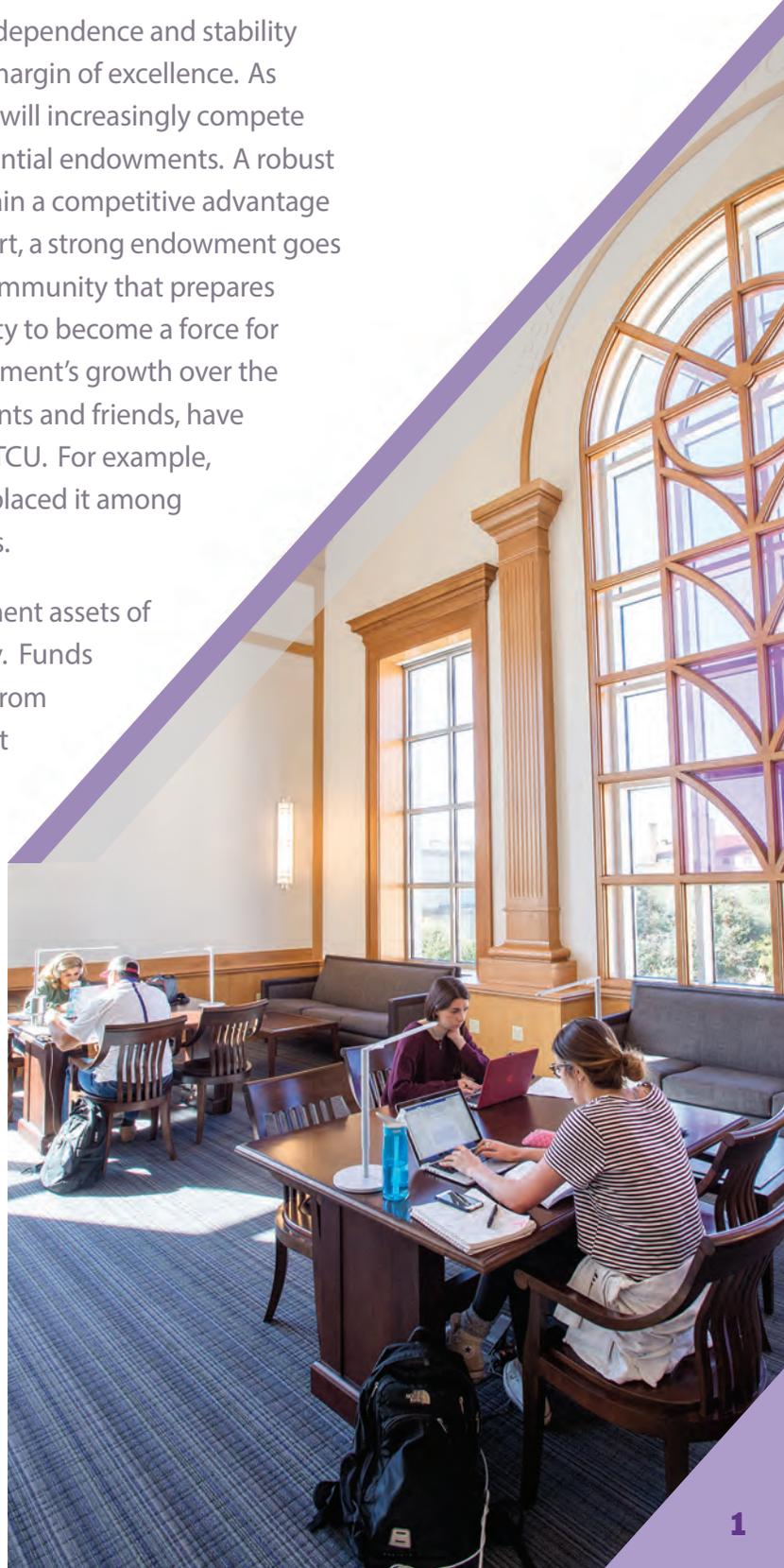
ENDOWMENT MANAGEMENT

TCU's robust and growing endowment helps build and sustain a high margin of academic excellence

The Texas Christian University endowment provides independence and stability as well as a means of achieving and sustaining a high margin of excellence. As TCU's position rises in higher education, the University will increasingly compete for talent with prestigious peer institutions with substantial endowments. A robust and growing endowment, therefore, is needed to sustain a competitive advantage and to provide enduring support for critical goals. In short, a strong endowment goes hand-in-hand with becoming a powerful academic community that prepares global leaders with excellence, perspective and integrity to become a force for the greater good. The cumulative effects of the endowment's growth over the decades, plus new endowment gifts from alumni, parents and friends, have had a significant impact upon academic excellence at TCU. For example, the University's *U.S. News & World Report* ranking has placed it among the nation's top 100 universities for the past eight years.

At TCU, the endowment refers to the long-term investment assets of the University. These assets are invested in perpetuity. Funds enter the endowment from two primary sources: gifts from donors and additions to long-term savings that are set aside each year by the Board of Trustees. Over the years, generous donors have contributed to the endowment, creating endowed funds that support scholarships, faculty positions, academic programs and other top priorities. In Fiscal Year 2018, endowment income provided for 11 percent of the University's budgeted operating expenses.

As of December 31, 2017, the endowment totaled \$1.63 billion and ranked 66th in the nation in terms of asset value by the National Association of College and University Business Officers' most recent annual survey. While this signifies that TCU has encouraging momentum behind the endowment, the numbers also reflect that the University needs to further build the endowment to ensure that resources are available to recruit ►



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talented and diverse students regardless of their financial situation; accelerate improvements in teaching, research and entrepreneurial activities; and attract and retain preeminent scholars and rising stars to further enhance its national reputation.

Professional Stewardship

Endowed funds at TCU are invested by the University's chief investment officer with oversight by the Investment Committee of the Board of Trustees. The CIO is responsible for working closely with the Investment Committee to develop and adhere to an investment policy that governs decisions intended to maximize returns within appropriate levels of risk. The Investment Committee and the TCU administration seek to fulfill two endowment objectives: (1) to provide annual budgetary support and (2) to preserve the long-term value of the endowment for future generations. The endowment is invested using a broad array of investment strategies designed to balance annual payout needs with the desire for long-term growth. The diversified portfolio of assets includes global equities, marketable alternatives, private equity, venture capital, fixed income, real estate and minerals.

Endowed Funds

Each new endowed fund purchases shares in TCU's endowed investment pool, which operates in a manner similar to a mutual fund. Endowed funds are named and used according to the donor's wishes. Any annual spendable income from an endowed fund is restricted and can only be expended for the fund's specified purpose.

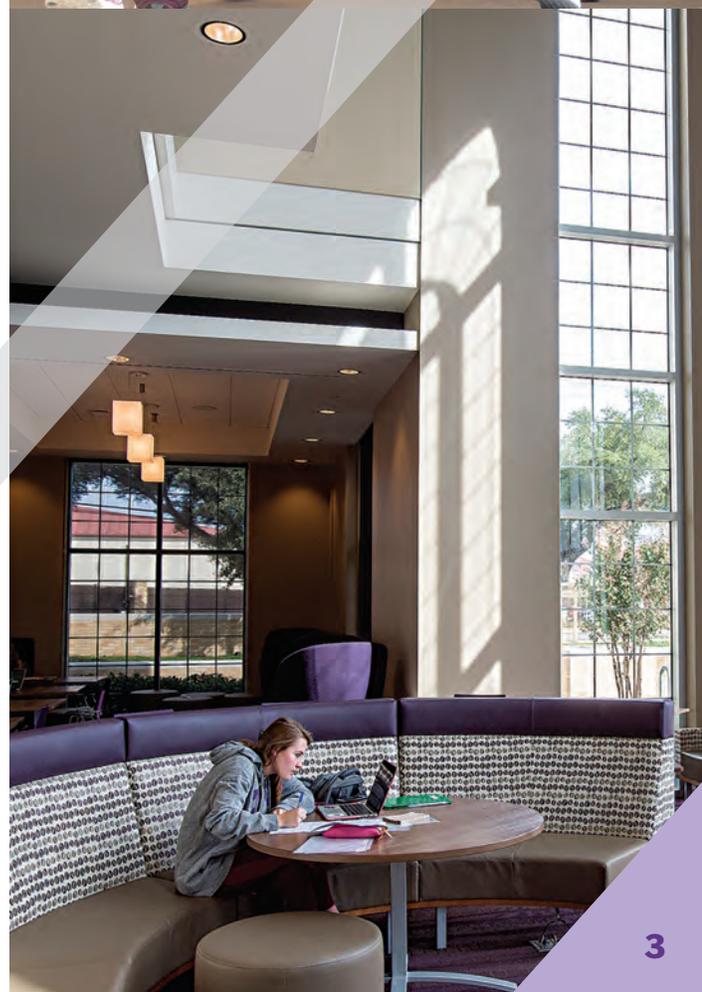


Spending Policy

For Fiscal Year 2019, the spending rate is 5.0 percent, within the range considered the optimum sustainable payout rate to secure long-term value. The spending rate is applied to the average of a series of 12 quarterly market values to derive a fund's payout for one fiscal year. Each year, the Board of Trustees sets the endowment's spending rate at a level that provides a reliable source of income while maintaining the endowment's long-term purchasing power.

Establishing an Endowed Fund

With each investment in the endowment, donors give TCU the confidence and independence to proactively pursue a bold vision and expand the University's ability to innovate and lead through its contributions to teaching, scholarship and service to society. The amount required to establish an endowed fund varies, depending on the fund's purpose — the income on the investment must be sufficient to achieve the donor's goals and the University's priorities. Endowed scholarships, for instance, can be created with gifts ranging from \$50,000 to \$1 million or more. The cost to fully endow a student's tuition today is \$937,200. Endowed faculty positions can be established with gifts of \$500,000 to \$10 million or more. Some donors choose to contribute over time, building toward the level at which their fund will be endowed.



ENDOWMENT FUNDS AT WORK



66

**Rank of TCU's endowment
among U.S. colleges and universities**

**Endowment
spending rate
for FY2019**

5%



*Percent of the market value
as of 12/31/2017*



11%

**Percent of income provided by
the endowment to the University's
budgeted operating expenses
for FY2017**



910

**Roughly the
number of endowed
scholarships**



72

**Number of endowed
faculty funds supporting
11% of TCU's full-time
faculty**