



2019 | NACUBO-TIAA Study of Endowments: Summary Results and Key Insights



Summary Observations from the 2019 NTSE

Study Summary

774 Colleges, universities, and education-related foundations completed the FY19 survey.

5.3% average return delivered by endowments in FY19 compared to 8.2% in FY18.

\$630 billion
in total endowment assets as of June 30, 2019 for participating institutions.

8.4% 10-year average returns for FY19. Increased from 5.8% in FY18. Exceeding the average institutional target of 7.0%.

The median endowment was

\$144.4 million

Summary Observations from the 2019 NTSE

Study Insights

4.9% to 5.9%

average performance range across the different cohorts. The largest size cohorts exhibited the strongest returns in FY19.

8.4%

10-year average return is materially above longer-term endowment performance and reflects the strong market recovery since the 2008 financial crisis.

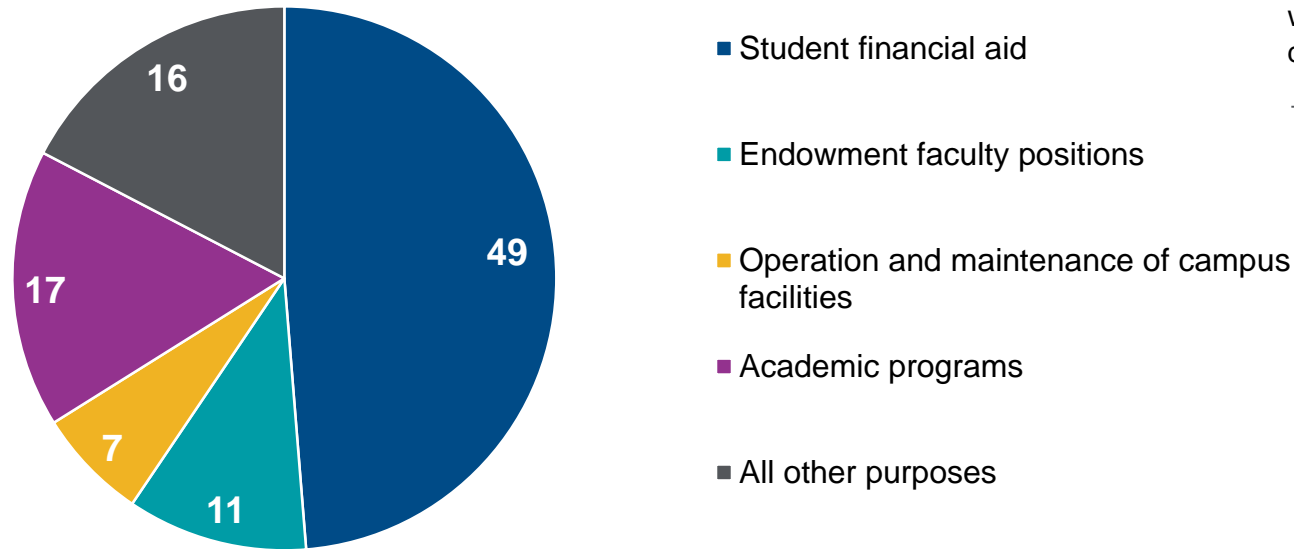
5.3%

average return in FY19 was below the FY19 average spending rate of 4.5% plus the Commonfund Higher Education Price Index® (HEPI) of 2.5%.

Impact of Endowment Spending on Campus

Institutions are overwhelmingly using endowment spending to support their students.

Total Institutions (%)



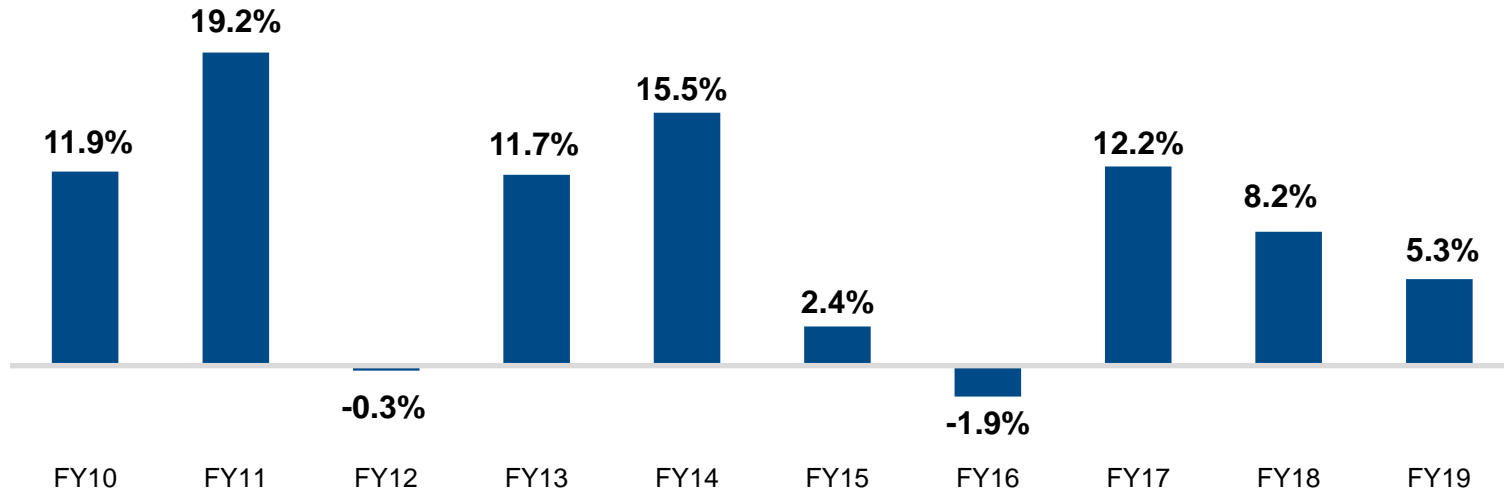
Colleges and universities remain committed to supporting students with 49% of endowment spending directed to student financial aid.

Impact of Endowment Spending on Campus

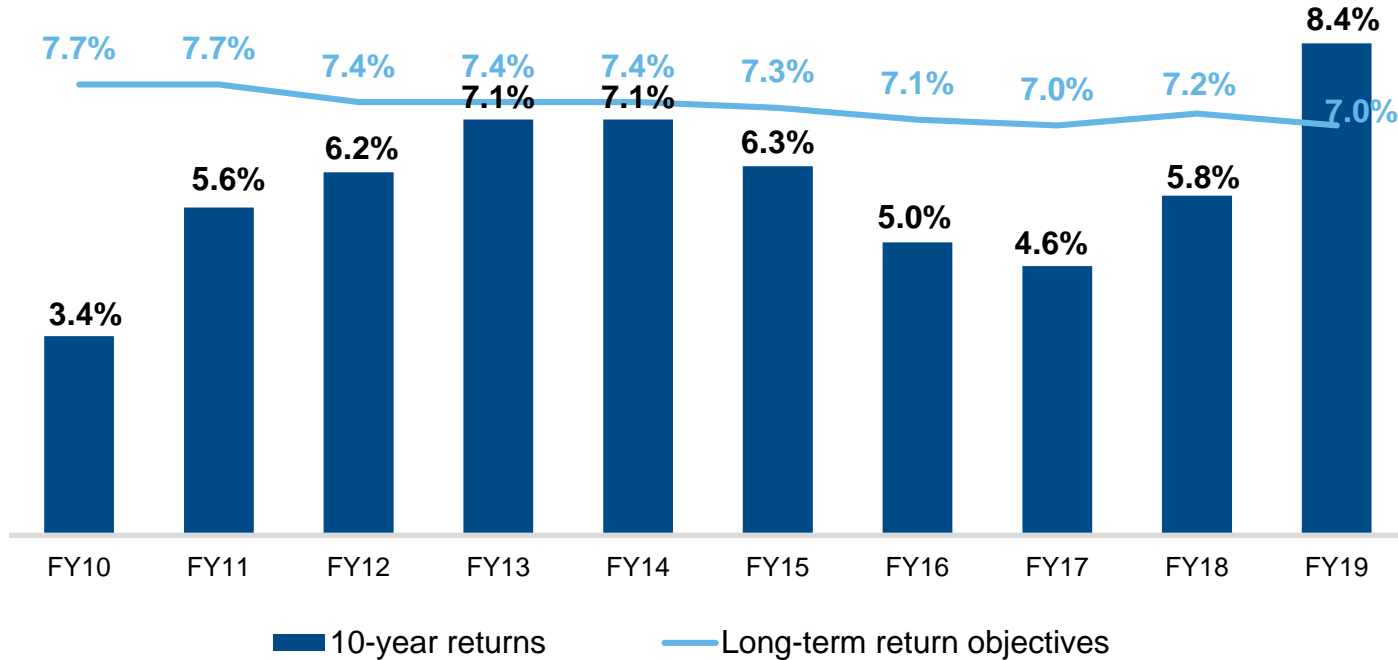
Total Withdrawals from the Endowment

	2019	2018	
Total Dollars	\$22,652,785,472	\$21,026,365,279	8% ↑
Average	\$30,365,664	\$28,646,274	6% ↑
Median	\$6,629,563	\$6,017,820	10% ↑

Average Fiscal Year Net Returns: FY10–FY19



10-Year Average Endowment Returns: FY10–FY19



Average One-, Three-, Five-, and Ten-Year Returns By Endowment Size: FY19

Net Annualized Return	Total institutions	Over \$1 Billion	Over \$500 Million – \$1 Billion	Over \$250 Million – \$500 Million	Over \$100 Million – \$250 Million	Over \$50 Million – \$100 Million	Over \$25 Million – \$50 Million	\$25 Million and Under
1-year (FY19)	5.3%	5.9%	5.1%	5.0%	5.1%	4.9%	5.5%	5.8%
3-year	8.7%	9.6%	8.9%	8.9%	8.5%	8.3%	8.3%	8.3%
5-year	5.2%	6.1%	5.1%	5.3%	5.0%	4.9%	4.9%	5.5%
10-year	8.4%	9.0%	8.5%	8.4%	8.3%	8.2%	8.4%	7.7%

In FY19, larger cohorts outperformed the others. The larger cohorts outperformed based on the strong results of their large exposures to buyout and venture capital investments.

Allocations to Asset Classes: FY19

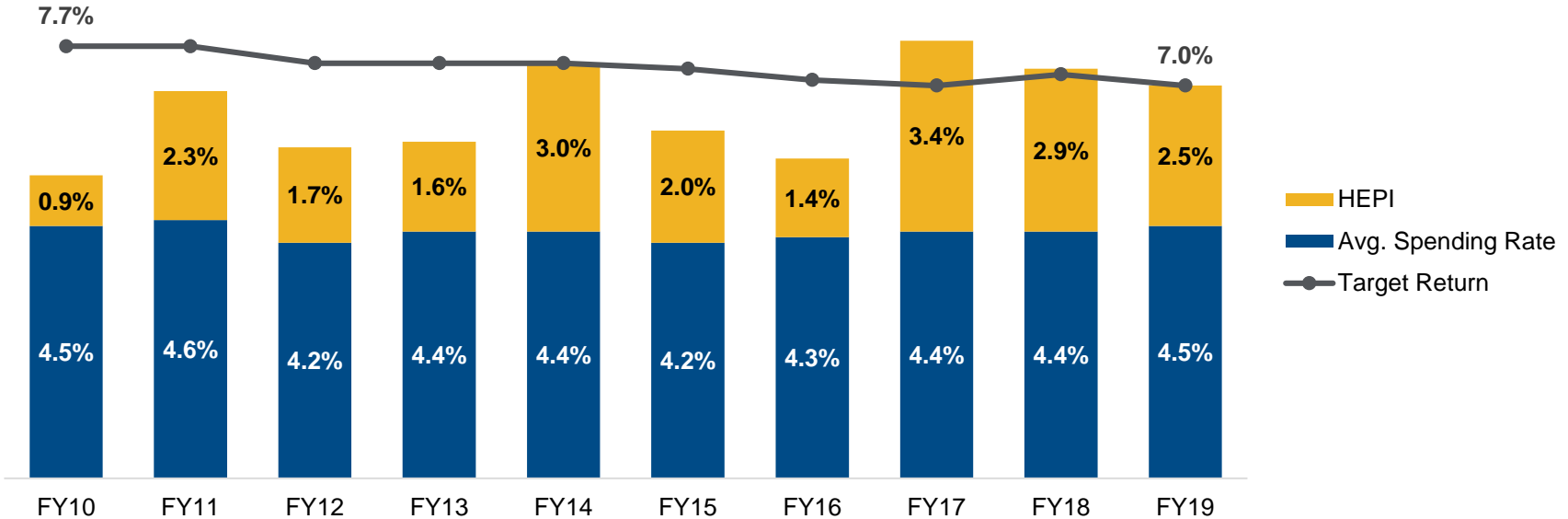
	Total institutions	Over \$1 Billion	Over \$500 Million – \$1 Billion	Over \$250 Million – \$500 Million	Over \$100 Million – \$250 Million	Over \$50 Million – \$100 Million	Over \$25 Million – \$50 Million	\$25 Million and Under
U.S. Equities	14.1%	11.2%	20.7%	21.1%	28.4%	31.6%	37.8%	45.7%
Non-U.S. Equities	14.5%	13.9%	17.1%	16.7%	15.7%	14.9%	14.6%	12.2%
Global Equities	6.6%	6.2%	7.5%	9.1%	9.1%	8.1%	5.3%	2.7%
Other Equities	39.0%	43.2%	30.3%	27.1%	18.1%	14.8%	10.1%	5.6%
Fixed Income	11.7%	10.1%	14.4%	15.7%	19.5%	23.1%	26.5%	29.7%
Real Assets	12.3%	13.5%	9.2%	8.4%	7.1%	6.0%	4.6%	3.2%
Cash/Other	1.7%	1.8%	0.8%	1.8%	2.0%	1.5%	1.1%	0.9%

*Dollar-weighted institutional average

Notes on asset class groupings shown above:

- Other Equities represents equity-related alternative asset classes including Private Equity, Venture Capital and Marketable Alternative Securities
- Fixed Income represents both traditional and alternative debt instruments including U.S. Bonds, Non-U.S. Bonds, Private Debt and Cash Equivalent Securities
- Real Assets combines both traditional and alternative real asset classes including TIPS, REITs, commodities/futures, MLPs, publicly traded natural resource equities, Private Energy and Mining, Private Real Estate and Private Agriculture/Timber

Average Spending Rate Plus HEPI: FY10–FY19



- Maintaining purchasing power for endowments requires long term investment performance that meets or exceeds the combination of the spending rate and applicable inflation rate HEPI over time.
- While the spending rate over the past 10 years has maintained a narrow range of 4.2% ~ 4.6% the HEPI inflation has ranged from 1.0% ~ 3.3%.

2019 NACUBO-TIAA Study of Endowments Summary



Returns

- FY19 return of 5.3% is below average long-term historical averages but consistent with FY19 market returns.
- 10-year average annual return of 8.4% reflects a strong recovery after the 2008 financial crisis.



Asset Allocation

- Asset allocations overall as well as by cohort are largely unchanged from FY18
- Small but notable increases in buyout and venture capital exposures in the larger cohorts.



Spending

- Collectively, colleges and universities spent about \$22 billion from their endowments on student financial aid and other campus operations in FY19.
- Support for student financial aid constitutes 49% of spending dollars with other beneficiaries being academic programs (17%), faculty positions (11%), and campus operations (7%).

Questions?
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