

## VANDERBILT'S ENDOWMENT: FREQUENTLY ASKED QUESTIONS

### THE VANDERBILT ENDOWMENT AT A GLANCE

- Market value as of June 30, 2018:  
\$4.6 billion
- Annual investment returns: \*
 

FY 2018:	12.6%
FY 2017:	11.5%
FY 2016:	-4.3%
FY 2015:	3.7%
FY 2014:	13.3%
- Average annual compounded rate of return over the most recent five years: 7.1%

\* These returns are gross of internal management fees of approximately 20 basis points.

#### **What is the endowment?**

The role of Vanderbilt's endowment is to provide a permanent source of support for the university's students, faculty and programs. While current-use gifts support the university's immediate needs, the endowment ensures long-term sustainability.

Vanderbilt's \$4.6 billion endowment includes more than 2,700 individual funds with unique restrictions and designations. As with a mutual fund, these assets are pooled and invested collectively. When donors make endowed gifts, shares are purchased in the university's endowed pool. The value of the shares reflects investment returns after the annual endowment payout.

#### **What is the payout?**

A portion of the endowment's value is distributed monthly to support the donor-designated purpose such as scholarship, faculty or program support. This distribution is known as the payout. Currently, the payout rate is five percent of each individual endowment's average share price for the prior three calendar years. In fiscal year 2018, the endowment paid out a total of \$207 million.

#### **Who manages Vanderbilt's endowment?**

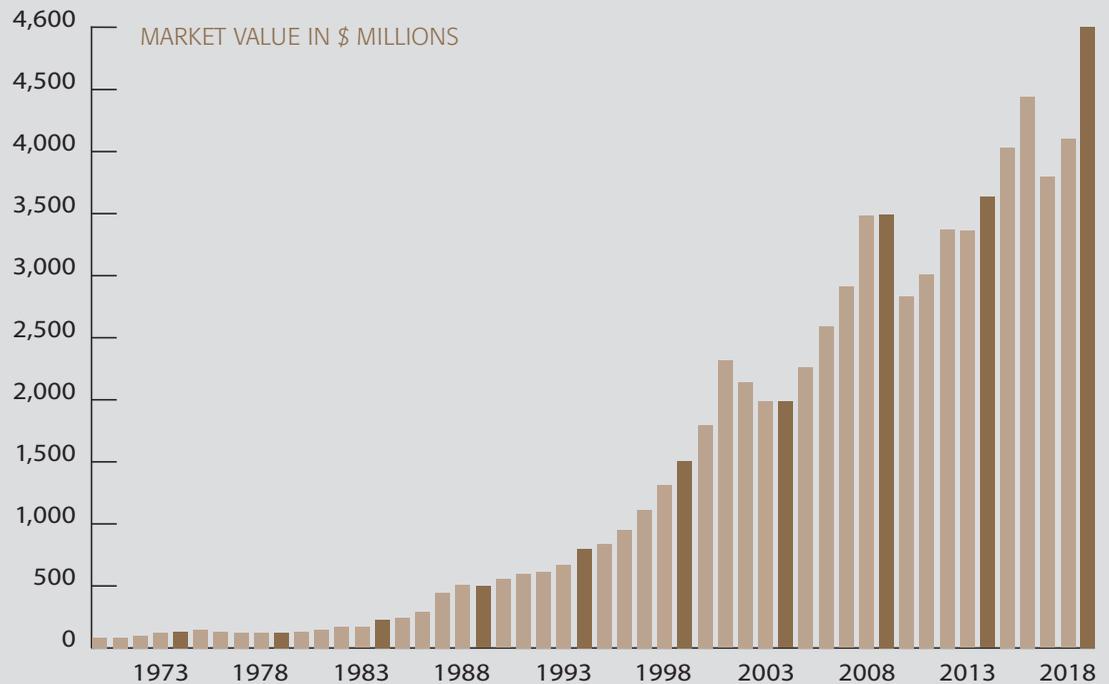
The university's Office of Investments manages the endowment under the direction of the Vanderbilt University Board of Trust Investment Committee. Vanderbilt maintains a highly diversified investment portfolio designed to mitigate downturns in any one sector of the economy. The Board of Trust also periodically reviews the endowment's payout rate to ensure that the university's current needs are met while also safeguarding the endowment's future.

#### **How did Vanderbilt's endowment perform this year?**

During fiscal year 2018, Vanderbilt's endowment returned 12.6 percent, reflecting a robust capital market environment over the past year with strong contributions from investments in buyout and venture capital funds as well as commodities. This return, along with additions to the endowment such as new endowed gifts, helped the endowment grow to \$4.6 billion.

## VANDERBILT ENDOWMENT MARKET VALUE GROWTH

Over the past half-century, Vanderbilt's endowment has grown 54-fold.



### What percentage of Vanderbilt's annual budget does the endowment fund?

In fiscal year 2018, endowment distributions comprised 16 percent of the university's operating budget. The remaining 84 percent came from other sources such as grants and contracts, student tuition and fees, and current use philanthropy.

### What does Vanderbilt's endowment support?

The endowment provides a permanent source of support to advance the university's mission of teaching, research and service. See the Endowment by Use chart on the right for more information.

### Why does Vanderbilt devote so much of its endowment to scholarships and financial aid?

Scholarships and financial aid constitute the largest category of endowment use. In fiscal year 2018, more than 4,500 undergraduate students and more than 5,000 graduate and professional students received financial assistance. In 2000, Vanderbilt began expanding financial assistance for undergraduates, ultimately launching Opportunity Vanderbilt in 2008, its bold initiative to replace all undergraduate need-based student loans with grants and scholarships. Scholarship support is a top priority for **all** undergraduate, graduate and professional schools. This support allows Vanderbilt to recruit increasingly talented and diverse students.

### Can I create an endowment through my estate?

Absolutely! The vast majority of testamentary gifts are directed for endowed purposes. Such gifts can become a donor's legacy at the university, benefiting students, faculty, programs or other special interests.

## ENDOWMENT BY USE

