

# ENDOWMENT FINANCIAL REPORT



## TERMS AND DEFINITIONS

**ENDOWED FUNDS** — Gifts accepted subject to the requirement that the principal be maintained and invested to create a stream of income. Endowed funds are intended to exist in perpetuity. Only a portion of the earnings are expended to benefit the program or activity designated by the donor.

**HISTORIC GIFT VALUE** — The sum of the original contributions that established an endowment fund, any subsequent donations to the fund, and any accumulations made as a result of directions in the memorandum of understandings or other gift agreements that govern the administration of the fund.

**MARKET VALUE** — The sum of all contributions plus realized and unrealized earnings less distributions, fees, and assessments at a particular moment in time; typically tracked based on the last business day of the quarter.

**SPENDABLE INCOME** — Funds made available from accumulated investment earnings to be used for the specific purpose designated by the donor.

**ABOVE-WATER FUNDS** — Funds where the market value exceeds the historic gift value by at least the calculated spendable income and fees.

**AT-RISK FUNDS** — Funds where the difference between the market value and historic gift value is less than the calculated spendable income and fees.

**UNDERWATER FUNDS** — Funds where the market value is less than the historic gift value.

**SAFE ASSETS** — Investments with little to no principal risk. These assets are cash, U.S. Government securities, and prime market funds. This portion of the portfolio is in place to provide capital preservation and stability during volatile periods as well as to facilitate spending and capital call requirements. Maintaining safe assets minimizes the risk of becoming forced sellers of assets during moments of market stress.

**INTERMEDIATE ASSETS** — Private, finite life investment vehicles whose term is generally longer than public risk assets, but shorter than private risk assets. Since there is modest illiquidity within these investments, they seek to earn returns above market lending rates, but not as high as private risk assets. Many strategies within this asset class have a credit or contractual yield orientation, with lower correlations to public equity markets. These include strategies such as direct lending, distressed lending/sales, and niche credit opportunities. In many cases, collateral is attached to these investments and/or they seek a higher priority of payments within a stressed or distressed environment. They offer idiosyncratic return/risk profiles that are generally more predictable and consistent, thereby aiming to reduce overall portfolio risk in tandem with earning attractive returns.

**PRIVATE RISK ASSETS** — The illiquid portion of the portfolio, serving as the primary return enhancement over broad public equity markets. Because of the long-term nature of the endowment's capital, the portfolio can hold illiquid investments that may take years for profit realization. While the use of capital is sacrificed during this time frame, these investments are held to higher hurdles of performance, as they are expected to earn a significant return premium over public market equivalent investments. These investments seek to invest in the debt and/or equity of businesses as well as physical assets. A wide variety of strategies is utilized across varied geographies, sectors, and liquidity profiles, so as to achieve market and vintage year diversification.

**PUBLIC RISK ASSETS** — These are primarily liquid investments. These investments are traded in liquid markets/exchanges. Within this section of the portfolio, a number of uncorrelated objectives across equity and credit managers and instruments are sought. Orientations vary as they seek growth, value, momentum, inflation protection, and/or catalyst-driven events. Some of these investments will track closely to market indices, with a goal to earn or exceed the benchmark return, but with less risk than the benchmark. Other investments will not closely follow a market benchmark, as they seek to offer broad diversification for the aggregate portfolio, while still earning high-risk adjusted returns, and while muting general equity market volatility when possible.

**UPMIFA** — Uniform Prudent Management of Institutional Funds Act, passed by the Maryland General Assembly in April 2009. These are the statutes under which endowed funds are invested in the state of Maryland.

**UMB** – University of Maryland, Baltimore

**UMBF** – University of Maryland Baltimore Foundation, Inc.

**USM** – University System of Maryland

**USMF** – University System of Maryland Foundation

**COMMON TRUST** — Common Trust of the University System of Maryland





“

This scholarship enabled me to really focus on my studies and begin to build a career through which I can offer care to underserved populations. I'm really grateful for that.”

**LaShonda Shepherd**

School of Dentistry, DDS Class of 2021  
Dean's Scholarship for Leadership & Excellence recipient

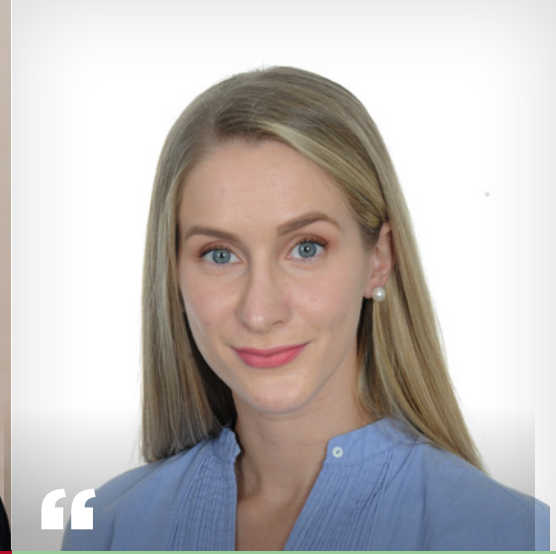


“

As an innovating entrepreneur, I have learned to grow from my failures and use the experiences to continuously develop new ideas and business models. I am incredibly honored by the recognition and award from a university that provides numerous opportunities and resources for student pharmacists to become pharmapreneurs. Words also cannot express my gratitude for the generous support from the Gyi family. Thank you.”

**Sean Kim**

School of Pharmacy, PharmD Class of 2023  
Felix A. Khin-Maung-Gyi Memorial Scholarship for Pharmapreneurship recipient



“

It goes without saying that I am grateful for your kindness to bestow this scholarship on me. I have felt called to be a psychiatrist since I was a child, and words cannot describe the sense of thankfulness I feel that you have recognized my passion. Your support nourishes my drive, propelling me further into what I know will be a fruitful and overflowing career. Thank you dearly.”

**Kayli Workman**

School of Medicine, MD Class of 2021  
Dr. Jacob H. Conn Presidential Scholarship in Psychiatry recipient



“

This scholarship has greatly lifted much of the financial burden that I faced during my schooling. I worked as a part-time certified nursing assistant and was taking care of COVID-19 patients. The experience humbled me, prepared me for real-world scenarios and working life, and taught me not to take my health or any educational opportunity for granted.”

**Dylan Arthur Contento**

School of Nursing, BS Class of 2021  
Betty H. Wagner Honorary Nursing Scholar



“

Before starting law school, I worked for an environmental nonprofit, and through this experience I decided I wanted to study environmental law at Maryland Carey Law. I am grateful that the Green Scholarship Fund made it possible for me to focus on my academic and professional goals, in addition to facilitating meaningful connections with alumni in the field.”

**Michelle Kim**

Maryland Carey Law, JD Class of 2021  
Frances "Kelley" Green Scholar



“

Dr. Harrington's legacy has had a transformative impact on me — helping me fall in love with quantitative data analysis and advancing my skills beyond what I thought possible.”

**Jeffrey Anvari-Clark, MA, MSW**

School of Social Work, PhD Class of 2022  
Donna Harrington Fellowship Award

**Composed of six nationally ranked professional schools and its interdisciplinary Graduate School, the University of Maryland, Baltimore (UMB) is the state's premier public health, law, and human services institution.** UMB advances the human condition through its synthesis of academic excellence, transformative research, and life-enhancing public service. The University provides a comprehensive education to the next generation of physicians, lawyers, dentists, nurses, pharmacists, social workers, and biomedical scientists under the distinguished instruction of renowned faculty. Through its dynamic array of programs and initiatives, UMB continues to make unprecedented strides in its global quest to equitably meet the unique needs of individuals and communities.

We are profoundly grateful to all who have supported our mission by making endowment gifts. Endowment gifts to UMB are the most enduring investments in our community and perpetuate a critical source of income, weathering market fluctuations to provide scholarships, fellowships, professorships, and other vital resources to generation after generation of scholars. These contributions represent a legacy to the institution. They allow the University to attract the best students and faculty and ensure that critical programs and public service initiatives will continue. The UMB endowment portfolio is composed of 1,049 funds with a market value of \$412.82 million (as of Dec. 31, 2020).

### **Managing the Endowment**

Philanthropic funds to benefit UMB are managed in one of three endowment pools — the University of Maryland Baltimore Foundation (UMBF), the Common Trust of the University System of Maryland (Common Trust), and the University System of Maryland Foundation (USMF).

The UMBF Board of Trustees manages and sets the yearly spending rate for the majority of the funds that make up the UMB endowment portfolio. Ever-mindful of the need to balance current University requirements with the future needs of our students and faculty, the board's oversight ensures that gifts are invested prudently and endowment proceeds are used according to the donor's intended purpose.

To maximize growth and broaden investment possibilities, UMBF pools its endowment with funds from the other University System of Maryland institutions by contracting with USMF for investment services. The USMF Investment Committee establishes investment allocations, selects investment managers, and monitors results.

Endowed funds that are not managed by UMBF are held by the Common Trust and USMF. Common Trust and USMF funds are part of the pooled endowment managed by the USMF Investment Committee.

### **Investment Policy and Performance**

The primary investment objective is to generate returns sufficient to meet spending requirements while preserving the purchasing power of the endowment over time. To this end, the USMF Investment Committee manages endowment assets in accordance with the following principles that — regardless of cyclical ebbs and flows in capital markets — ensure the long-term health and viability of the pool:

**Time horizon:** On one hand, the endowment's investment time horizon should be infinite, because the institution is expected to exist in perpetuity. On the other hand, the purpose of the endowment is to provide a steady and sustainable distribution of funds, which means that large fluctuations in endowment market value over short time periods are highly undesirable. In setting asset allocation policy, the committee carefully considers both of these conflicting time horizons.

**Spending:** The ideal endowment spending policy considers intergenerational equity, whereby the current needs of the institution are not sacrificed in the interests of the future, nor future needs sacrificed to those of the present.

**Diversification:** By allocating funds to asset classes whose returns are not highly correlated over time, the committee is able to mitigate some of the volatility inherent in equities and thereby provide greater stability in spending distributions than might be possible with a more concentrated portfolio. Although such diversification means the endowment may not reap all of the benefits of equity bull markets, it also helps avoid the full brunt of bear markets. No more than 5 percent of the fund's assets may be invested with one investment fund and no more than 10 percent of the fund's assets may be invested with one investment manager. The committee may, however, make exceptions in special circumstances.

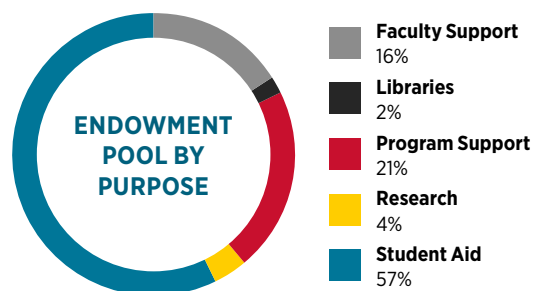
### Endowment Spending

Several factors determine the spending rate set for each endowment pool (UMBF, Common Trust, USMF). Broad factors such as actual market returns, projected future returns, and inflation are considered, along with more fund-specific factors like the variance between market value and historic gift value and the length of time the individual funds have been in existence.

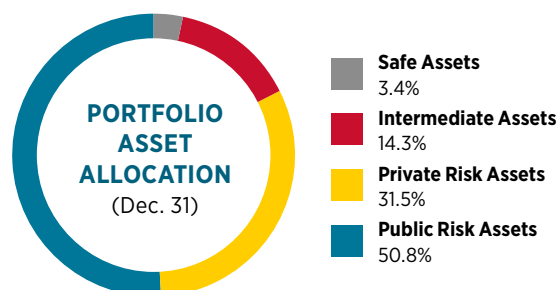
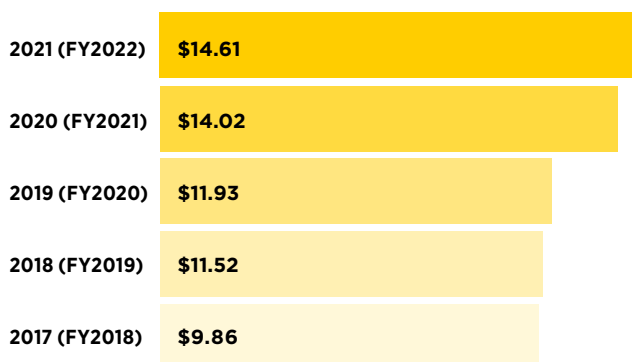
Spendable income calculations are based on the prior Dec. 31 market value of each fund. The results allow for full spending from funds that are above water and limited spending from funds classified as at risk or underwater. This fiscal year, the total amount of spendable income is \$14.61 million.

### ENDOWMENT MARKET VALUE as of Dec. 31 (in millions)

	2016	2017	2018	2019	2020
UMBF	\$175.34	\$199.86	\$210.37	\$247.16	\$268.25
COMMON TRUST	\$81.06	\$102.72	\$111.02	\$122.88	\$126.45
USMF	\$15.56	\$16.64	\$16.27	\$17.65	\$18.12
TOTAL	\$271.96	\$319.22	\$337.66	\$387.69	\$412.82



### TOTAL SPENDABLE INCOME (in millions; available to spend on July 1)



**1,049** NUMBER OF INDIVIDUAL **FUNDS THAT MAKE UP THE UMB ENDOWMENT PORTFOLIO**, EACH ESTABLISHED BY A DEDICATED AND GENEROUS DONOR OR GROUP OF DONORS

<p><b>STUDENT DEMOGRAPHICS</b></p> <ul style="list-style-type: none"> <li>69% IN STATE</li> <li>31% OUT OF STATE</li> <li>73% FEMALE</li> <li>27% MALE</li> <li>18% AFRICAN AMERICAN</li> <li>45% MINORITIES</li> </ul>	<p><b>7,137</b> NUMBER OF STUDENTS ENROLLED IN FALL 2020</p>	<p><b>1,748</b> NUMBER OF DEGREES AWARDED IN MAY 2020</p>	<p><b>\$412.82 MILLION</b> Market value of UMB's endowment as of Dec. 31, 2020, a 6.5 percent increase over 2019</p>
<p><b>8 PERCENT</b> Total endowment return for calendar year 2020</p>			

Students, faculty, and staff contribute more than 2 million hours of service annually to citizens throughout Maryland, providing programming that improves health and wellness, advances justice, promotes economic development, and strengthens families and communities.

UMB has a total of **80** degree and certificate programs:

- |  |   |  |
|--|---|--|
| <b>6</b> professional practice doctorate     | <b>24</b> master's                      | <b>6</b> postdoctoral certificate      |
| <b>15</b> research and scholarship doctorate | <b>3</b> bachelor's                     | <b>4</b> certificate of advanced study |
|  | <b>22</b> postbaccalaureate certificate |  |

**\$14.61 MILLION**  
Total income from the endowment available for schools to spend on July 1, 2021, with 57 percent designated by donors to support students.

**\$19.42 MILLION**  
Amount of new gifts and pledges to endowed funds in 2020

**2,405** TOTAL NUMBER OF DEGREES AWARDED IN FISCAL YEAR 2020 (JULY 1, 2019-JUNE 31, 2020)

**AVERAGE DEBT OF UMB STUDENTS / MAY 2020 GRADUATES**

SCHOOL	AMOUNT	PERCENTAGE OF GRADUATES WITH DEBT
DENTISTRY (DDS)	\$256,074	92%
LAW (JD)	\$123,144	66%
MEDICINE (MD)	\$181,746	66%
NURSING (DNP)	\$114,602	50%
PHARMACY (PHARM.D)	\$101,967	74%
SOCIAL WORK (MSW)	\$39,031	39%

Source: UMB Student Financial Assistance and Education



# THE **CATALYST** CAMPAIGN

*catalyst.umaryland.edu*

## SEVEN SCHOOLS, ONE MISSION

At the University of Maryland, Baltimore, we remain steadfast in our mission to improve the human condition and serve the public good of Maryland and society at-large through education, research, clinical care, and service.

### **School of Medicine**

*founded 1807*

### **Francis King Carey School of Law**

*founded 1824*

### **School of Dentistry**

*founded 1840*

### **School of Pharmacy**

*founded 1841*

### **School of Nursing**

*founded 1889*

### **Graduate School**

*founded 1918*

### **School of Social Work**

*founded 1961*

## CORE VALUES

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**Respect and Integrity**

**Well-Being and Sustainability**

**Equity and Justice**

**Innovation and Discovery**

