



UNIVERSITY *of* MARYLAND
BALTIMORE

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 — 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 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 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



At UMB, I have learned the immeasurable value of people. Classmates, faculty, staff, patients, family, and friends have been essential to not only my growth, but also to my happiness. I've learned that even when there are a million things going on, there is always time for people!"

Kelly O'Keefe

School of Dentistry, DDS Class of 2023
Dean's Scholarship for Leadership and Excellence recipient



Receiving a scholarship has been transformational in realizing my lifelong dream of becoming an attorney. I have advocated and created spaces in pursuit of meaningful diversity and change. I am proud to be student body president and student attorney in the Consumer Protection Clinic, among other roles. These opportunities would not have been possible but for critical scholarship support from Judge William H. 'Billy' Murphy and his family."

Maya Foster

School of Law, JD Class of 2022
The Honorable William H. '46 and Madeline W. Murphy Scholar



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



The William F. and Caroline Hilgenberg Foundation Scholarship enabled me to continue the pursuit of my nursing degree while simultaneously mentoring young people interested in a health care career. I want to continue to teach as a clinical instructor, mentor new nurses as a clinical preceptor, and serve as an ambassador for young men who are unsure of where to put their love of science and desire to help people and want to find meaning in their career."

Aaron Ludensky

School of Nursing, MSN, CNL Class of 2022
William F. and Caroline Hilgenberg Foundation Scholar



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



The Peace Corps Fellowship and the Sandra Hess Scholarship, as well as my UMB experience, opened the door for me to fortunately help promote the well-being of Baltimore's residents in disinvested communities, by connecting them to much-needed resources. Thank you."

Maria Mora

School of Social Work, MSW Class of 2023
Peace Corps Fellow and Sandra Hess Scholar

Opened in 1807, the University of Maryland, Baltimore (UMB) is Maryland's premier public health, law, and human services university, dedicated to excellence in education, research, clinical care, and public service.

UMB enrolls over 7,200 students in six nationally ranked professional schools — dentistry, law, medicine, nursing, pharmacy, and social work — and an interdisciplinary Graduate School. The University offers 86 doctoral, master's, baccalaureate, and certificate programs and confers most of the professional practice doctoral degrees awarded in Maryland.

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. Currently, the UMB endowment portfolio is composed of 1,098 funds with a market value of \$492.62 million (as of Dec. 31, 2021).

Managing the Endowment

Philanthropic funds to benefit UMB are managed in one of three endowment pools — the University of Maryland Baltimore Foundation (UMBF), Common Trust of the University System of Maryland (Common Trust), and 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 investment committee at USMF 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 the 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 for the interests of the future, nor future needs sacrificed for 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

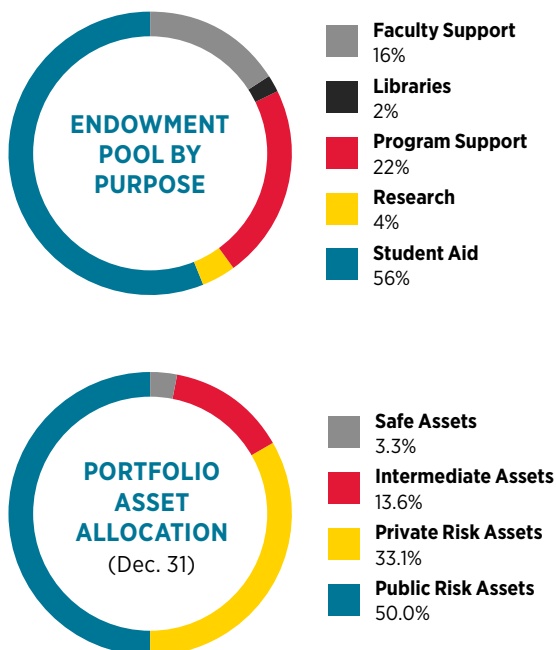
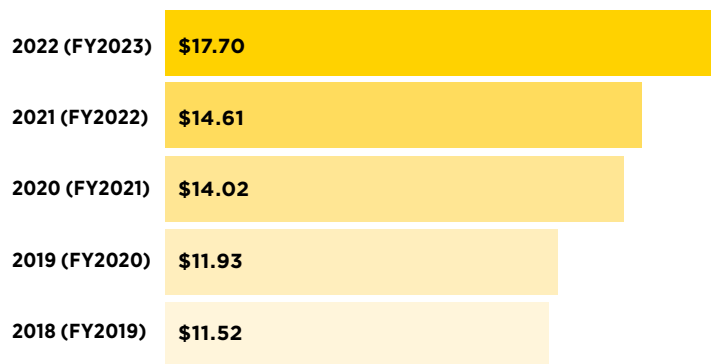
Several factors determine the spending rate set for each endowment pool (UMBF, Common Trust, and USMF). Broad factors such as actual market returns, projected future returns, and inflation are considered, along with more fund-specific factors like the variance between market value and historic gift value 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 \$17.7 million.

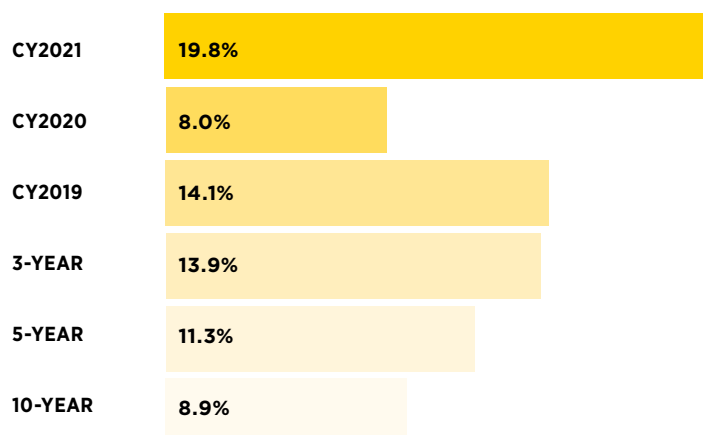
ENDOWMENT MARKET VALUE as of Dec. 31 (in millions)

	2017	2018	2019	2020	2021
UMBF	\$199.86	\$210.37	\$247.16	\$268.25	\$326.42
COMMON TRUST	\$102.72	\$111.02	\$122.88	\$126.45	\$145.32
USMF	\$16.64	\$16.27	\$17.65	\$18.12	\$20.88
TOTAL	\$319.22	\$337.66	\$387.69	\$412.82	\$492.62

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



TOTAL RETURNS



1,098 NUMBER OF INDIVIDUAL **FUNDS THAT MAKE UP THE UMB ENDOWMENT PORTFOLIO**, EACH ESTABLISHED BY A DEDICATED AND GENEROUS DONOR OR GROUP OF DONORS

<p>STUDENT DEMOGRAPHICS</p> <ul style="list-style-type: none"> 66% IN STATE 34% OUT OF STATE 73% FEMALE 27% MALE 18% AFRICAN AMERICAN 45% MINORITIES 	<p>7,244 NUMBER OF STUDENTS ENROLLED IN FALL 2021</p>	<p>1,908 NUMBER OF DEGREES AWARDED IN MAY 2021</p>	<p>\$492.62 MILLION Market value of UMB's endowment as of Dec. 31, 2021, a 19.3 percent increase over 2020</p>
<p>19.8 PERCENT Total endowment return for calendar year 2021</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 **86** degree and certificate programs:

- | | | |
|--|--|--|
| 6 professional practice doctorate | 28 master's | 6 postdoctoral certificate |
| 16 research and scholarship doctorate | 3 bachelor's | 4 certificate of advanced study |
| | 23 post-baccalaureate certificate | |

\$17.7 MILLION
Total income from the endowment available for schools to spend on July 1, 2022, with 56 percent designated by donors to support students

\$21.19 MILLION
Amount of new gifts and pledges to endowed funds in 2021

2,534 TOTAL DEGREES AWARDED IN FISCAL YEAR 2021 (JULY 1, 2020-JUNE 30, 2021)

AVERAGE DEBT OF UMB STUDENTS / MAY 2021 GRADUATES

SCHOOL	AMOUNT	PERCENTAGE OF GRADUATES WITH DEBT
DENTISTRY (DDS)	\$293,570	84%
LAW (JD)	\$127,584	72%
MEDICINE (MD)	\$167,048	63%
NURSING (DNP)	\$109,819	53%
PHARMACY (PharmD)	\$163,717	79%
SOCIAL WORK (MSW)	\$62,479	84%

Source: UMB Student Financial Assistance and Education

USMF Wins Endowment of the Year Award

The USMF investment team has been named Endowment of the Year by *Institutional Investor*, which honors the very best investment programs in nine categories. USMF's program won as Endowment of the Year for 2022, beating out Harvard Management Company, Hamilton College, Villanova University, Washington University, and Williams College — a very impressive group of competitors.

USMF manages endowment funds for the benefit of institutions and foundations affiliated with USM, including UMBF, as well as six Maryland community college foundations. This award is a

tremendous tribute to the USMF Investment Office's incredible skill in managing UMBF's endowment assets and those of our university system partners.

"USMF does a phenomenal job of maximizing the impact of all of UMB's generous donors," said UMBF Interim President James L. Hughes, MBA. "It is very gratifying to see our program held in such high regard."

Congratulations to USMF on this wonderful honor!

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

School of Dentistry

founded 1840

School of Nursing

founded 1889

School of Social Work

founded 1961

Carey School of Law

founded 1824

School of Pharmacy

founded 1841

Graduate School

founded 1918

CORE VALUES

Respect and Integrity

Well-Being and Sustainability

Equity and Justice

Innovation and Discovery



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