ON THE COVER: An artwork from the extraordinary gift of more than 4,000 textiles assembled by the late philanthropist Lloyd Cotsen. Learn more about this gift on page 12.

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This is an important moment at the George Washington University. We have an opportunity to build upon our strong foundation – our comprehensive academic programs, our exceptional students and faculty, our influential global research – and think strategically about the future.

Philanthropic investments are a critical part of this foundation. At the end of the 2018-19 fiscal year, our total endowment assets equaled $1.779 billion. These funds not only support initiatives selected by our donors; they also generate vital strategic support for the future. We are able to pursue our highest aspirations because of these generous commitments.

As we enter our third century in a rapidly changing world, we have the chance to evolve as an institution. We must expand our cross-disciplinary research, increase the engagement of our alumni and donors, and build a better living and learning environment for our students. This is the moment to think big and aim high. Our aspirations are limited only by our ability to provide resources in support of these ideas.

In this report, you will see how endowed gifts have changed lives, enhanced student and faculty scholarship, and advanced life-saving research – all examples of the extraordinary opportunities that emerge when our ideas and resources intersect.

We are grateful for your continued partnership. Together, we will continue to build on GW’s strong foundation and shape a bold future.

For GW,

Donna Arbide
Vice President for Development and Alumni Relations
The George Washington University is focused on establishing a best-in-class fundraising operation, bolstering GW pride, and encouraging an ongoing culture of giving. The university has embarked on a strategic planning process, and philanthropy and constituent engagement underpin the foundation that will support the university’s aspirations in the coming years.

In fiscal year 2018-19, GW had its third highest fundraising year ever. The university surpassed its fundraising goal and raised more than $122.6 million thanks to the generous contributions of more than 22,000 donors. Approximately 29 percent of funds raised in 2018-19 were directed to the Endowment.

These alumni, families, grateful patients, faculty, staff, students, corporations, foundations, and friends are enabling current and future generations of students to accept unpaid internships, study abroad, and take advantage of hundreds of other only-at-GW opportunities.

Philanthropy provides classrooms, technology, and equipment that support cross-disciplinary teaching and research designed to emphasize collaboration between science, technology, engineering, mathematics (STEM), and liberal arts fields. These are only a few examples of the daily and long-term investments donors make in GW.

Through the commitment of our donors, GW students and faculty are empowered to achieve their highest aspirations. Continued support from our donors is critical to ensure a sustainable future for the university.

**HIGHLIGHTS OF FISCAL YEAR 2019**

- $20.3 Million raised for Power & Promise Student Aid
- 40 New Endowment funds established
- $36 Million in funds raised for the Endowment
- 32% increase in cash receipts
Endowed gifts create a permanent legacy and play a critical role in enabling the university to achieve its mission by providing stable financial support now and in the future. The Endowment comprises both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments, sometimes referred to as quasi endowments. The majority of donor-restricted endowment gifts are invested in the Pooled Endowment, together with the university’s quasi endowments. The remainder of the Endowment is composed of separately managed funds and a portfolio of real estate investment properties.

Total endowment market value at June 30, 2019, was $1.779 billion.

* GW Libraries and Academic Innovation (GWLAI) excludes Himmelfarb Health Sciences Library and Jacob Burns Law Library, which are housed under SMHS and Law School, respectively, on the above chart.

** University Other comprises the university’s unrestricted quasi endowment (including the portfolio of real estate investment properties) plus other endowment funds that support the university as a whole.
The Pooled Endowment is made up of 1,457 individual endowment funds that provide perpetual financial support for an array of programs benefiting students across the university. The annual Endowment payout, which is approved by the Board of Trustees, supports scholarships and fellowships, professorships, academic and research programs, libraries, facilities, and many other programs.

**Total endowment market value at June 30, 2019, was $1.779 billion.**

* General Support comprises the university’s unrestricted quasi endowment (including the portfolio of real estate investment properties) plus other endowment funds where the university may use its discretion to determine the specific use.
Endowment
MANAGEMENT

In managing the Endowment, the university seeks to balance the dual objectives of enhancing the future purchasing power of Endowment funds and meeting current spending needs. The Endowment is invested with a long-term horizon in mind, with the goal of growing at a rate above inflation while providing a stable stream of income to support the purposes for which its individual funds were created.

Achieving these objectives requires appropriate asset allocation, careful implementation of investment strategies, and vigilant risk management. The Committee on Finance and Investments of the GW Board of Trustees is the governing body for Endowment management. This committee performs oversight of our Outsourced Chief Investment Office (OCIO) and approves the asset allocation policy. Strategic Investment Group has been our OCIO since 2015 and is responsible for day-to-day management of most assets in the Endowment. Certain separately managed funds and the portfolio of real estate investment properties are managed by the university rather than Strategic Investment Group.

End of Year Total Endowment
Market Value (in millions)

<table>
<thead>
<tr>
<th>FY</th>
<th>Pool</th>
<th>Real Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>1,144</td>
<td>228</td>
</tr>
<tr>
<td>FY11</td>
<td>1,331</td>
<td>317</td>
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<tr>
<td>FY12</td>
<td>1,306</td>
<td>309</td>
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<td>FY13</td>
<td>1,375</td>
<td>334</td>
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<td>FY14</td>
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<td>450</td>
</tr>
<tr>
<td>FY18</td>
<td>1,799</td>
<td>469</td>
</tr>
<tr>
<td>FY19</td>
<td>1,779</td>
<td>460</td>
</tr>
</tbody>
</table>
Statement on POOLED ENDOWMENT PERFORMANCE

Provided by Strategic Investment Group

Market Overview
U.S. equity markets recovered fully from a fourth quarter 2018 downturn to register positive returns for the university’s 2018-19 fiscal year, with the S&P 500 returning 10.4 percent for the period. Non-U.S. equity returns for the period lagged U.S. markets, in part due to slower economic growth and in part due to currency weakness relative to the U.S. dollar. U.S. fixed income markets had positive returns, reflecting a generally benign credit environment and declining interest rates. Private equity returns generally were very strong for the fiscal year.

Portfolio Overview
As of June 30, 2019, the Pooled Endowment portfolio of $1.002 billion was 56.8 percent invested in equity, 23.5 percent invested in fixed income and cash, and 19.7 percent invested in other asset classes including private equity and hedge funds. The Pooled Endowment lagged its market benchmark for the fiscal year. The largest negative impact came from legacy private equity holdings, held in the portfolio prior to the hiring of Strategic Investment Group as OCIO, which considerably lagged their benchmark index. The legacy private equity portfolio is declining over time, and new private equity investments, which are more diversified across industries, have been added to the portfolio in recent quarters. Active equity and fixed income lagged their benchmarks for the fiscal year, while hedge funds were ahead of benchmark.

Components of Change in Endowment Market Value (in millions)

* Net Change in Market Value for the fiscal year is calculated as Gifts and Transfers, less Endowment Payout, plus or minus Investment Return.
Endowment payout provided $88.8 million in support of university activities.

The total Endowment value of $1.779 billion as of June 30, 2019, equates to approximately $75,000 per full-time equivalent student.

Endowment assets in aggregate generated a fiscal-year investment return of 0.7%.

Endowment assets in aggregate generated a five-year annualized investment return of 4.8% and a 10-year annualized investment return of 9.1%.
## 2018-19 Fiscal Year

### ENDOWMENT IMPACT

<table>
<thead>
<tr>
<th>Category</th>
<th>Increase from prior year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of students who received an endowed scholarship</td>
<td>14%</td>
<td>1,119</td>
</tr>
<tr>
<td>Number of professorships that were funded (either fully or in part) by the Endowment</td>
<td>1%</td>
<td>97</td>
</tr>
<tr>
<td>Number of students who received an endowed award/prize</td>
<td>14%</td>
<td>270</td>
</tr>
<tr>
<td>Number of students who received a stipend funded by the Endowment</td>
<td>5%</td>
<td>136</td>
</tr>
</tbody>
</table>
ENVISIONING A CANCER-FREE WORLD

Lymphoma research and treatment pioneer Eduardo Sotomayor named the Dr. Cyrus Katzen Family Director of the GW Cancer Center

Eduardo Sotomayor, an internationally recognized visionary in the field of lymphoma research and treatment, was recently installed as the inaugural Dr. Cyrus Katzen Family Director of the George Washington University Cancer Center.

Dr. Sotomayor, who also serves as a professor of medicine at the GW School of Medicine and Health Sciences, has made significant strides leveraging existing talent at the university and attracting new faculty hires who are working together on cutting-edge approaches.

The establishment of the Dr. Cyrus Katzen Family Director of the GW Cancer Center is thanks to a gift from Jay Katzen, CCAS BA ’67, SMHS MD ’72 and the Dr. Cyrus Katzen Foundation. The Katzen family’s support over the past two decades has been critical to cancer care at GW and in Washington, D.C. Their gift follows a $10 million gift made in 2008 by Cyrus and Myrtle Katzen that enabled GW to launch the Katzen Cancer Research Center, which fosters pioneering research, superior clinical care, and education to improve the diagnosis, prevention, and treatment of cancer.

TRANSFORMATIONAL GIFT ADVANCES TEXTILE SCHOLARSHIP

One of the world’s most significant study collections of textiles finds a new home at GW

The George Washington University received an $18.4 million gift, including more than 4,000 textiles from nearly every era and every region in the world, an endowment, and equipment to support the textile collections assembled by the late Lloyd Cotsen. Former chief executive officer and chair of the board of Neutrogena Corporation, Mr. Cotsen was a passionate art collector and philanthropist and a past trustee of The Textile Museum.

“I look forward to the journey ahead as we all together continue to fulfill the proud legacy of the Katzen family, a family that is an important part of our story here at the George Washington University.”

– Dr. Eduardo Sotomayor, Dr. Katzen Family Director of the GW Cancer Center

(L-R) Eduardo Sotomayor, Thomas LeBlanc, and Jay Katzen

(L-R) Thomas LeBlanc, Margit Sperling Cotsen, John Wetenhall, and Barry Munitz
The heart of the gift, from the Cotsen 1985 Trust, is the Cotsen Textile Traces Study Collection, which is one of the world’s most significant textile study collections ever assembled by an individual. The trust provides an accompanying Cotsen Textile Traces Study Collection Endowment to support the development and coordination of programs at the museum that emphasize research, scholarly projects, and professional outreach related to the Cotsen Textile Traces Study Collection. The gift also includes the creation of a dedicated space in the museum to enable scholars and students to research these fragile textiles.

GLOBAL PATHS TO OPPORTUNITY

Belief that education is a positive force for change motivates GW alumnus and parents Ali and Lama Kolaghassi to establish the Ali and Lama Kolaghassi Scholarship Fund

This fund, created in 2017, provides a full undergraduate scholarship for a graduate of King’s Academy in Jordan, where approximately 40 percent of students attend on scholarship. Ali and Lama Kolaghassi endowed this fund to provide opportunities for talented students with financial need to continue on their educational paths so they are able to positively change their lives, their families’ lives and, ultimately, entire communities. Omar Al-za’atreh, SEAS ’22, the inaugural recipient of the Kolaghassi Scholarship, completed his first year at GW in May.

In 2019, the Kolaghassis made a new commitment to expand the fund, enabling additional students from Jordan or the region to study at GW, one student per class year. This cohort will build community, participate in special programming, and act as and benefit from mentors in the same program.

Mr. Kolaghassi encourages his fellow GW alumni to support education. “So many of the world’s challenges are linked to the absence of education and, consequently, a lack of opportunities,” he said. “If everyone contributed even a small amount, we could make a tangible difference in addressing and solving some of these critical problems.”

“I’m very grateful to have such an extraordinary opportunity to pursue my dreams. This scholarship is paving the way for me to have a successful career when I go back to my home country, Jordan.”

– Omar Al-za’atreh, School of Engineering and Applied Science ’22

“This gift further elevates our museum and university as an international destination for students and scholars alike and strengthens the museum’s commitment to education, research, and training the next generation of textile scholars and museum professionals.”

– John Wetenhall, Director of the George Washington University Museum and The Textile Museum
How is GW’s Endowment currently managed?
Strategic Investment Group, our Outsourced Chief Investment Office (OCIO), manages most assets in the Endowment, excluding certain separately managed funds and the portfolio of real estate investment properties. Strategic Investment Group works together with the Committee on Finance and Investments of the Board of Trustees to establish asset class targets and ranges consistent with the specific financial needs and objectives of our Endowment.

Does GW charge any administrative fees to manage my endowment gift?
The only fees charged to the Endowment are the expenses directly related to the management of the Endowment, such as costs related to the OCIO, investment managers, and custodian fees. The university does not charge additional overhead or administrative fees to the Endowment. Costs of managing the Endowment are netted from investment return and are comparable to the institutional expenses of investment company funds.

How is the amount of annual payout determined and then distributed?
The annual payout is intended to approximate 5 percent of the average fair value of the Endowment. The Board of Trustees approves the payout annually, and it is then allocated monthly to individual funds.

When will an endowment begin generating payout that can be spent?
Endowments are established once the initial gift is received and all required paperwork has been completed. Beginning with the second month after establishment, the endowment will generate payout. If the initial gift is below the minimum required funding level for the type of endowment established, endowment payout will be automatically reinvested into corpus until the sum of reinvested payout plus additional gifts brings the corpus to the minimum required funding level. Once the corpus reaches the minimum required funding level, payout generated from that point forward is available to be spent.

Will GW reinvest the annual payout to help my fund grow?
Accumulated unspent endowment payout may be reinvested into the corpus of the fund at the donor’s request, if the fund does not meet minimum required funding levels, or at the discretion of the university as long as reinvestment is not prohibited by the donor. Upon reinvestment, the fund is allocated additional units and, therefore, earns additional payout going forward.

What is an “underwater” endowment? Is there a policy for spending from underwater funds?
An endowment fund is “underwater” when its market value falls below the value of the original gift(s). The university’s policies permit spending from underwater endowment funds unless precluded by the donor or relevant laws and regulations. Further, the university follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the Council of the District of Columbia.

What are the minimum endowment levels to establish a new, named endowed fund?
A named endowed award or prize fund may be established with a minimum gift of $25,000, and the minimum gift for a named endowed scholarship or fellowship is $100,000. Endowment gifts may be pledged and paid over a period of up to five years. For more information about establishing an endowed fund at GW (such as internships, financial aid, research funds, capital funds, and faculty or staff positions), please contact Jennifer Riordan, Executive Director of Donor Relations, at jriordan@gwu.edu or (202) 994-9432.
**Definition of Terms in Your Endowment Report**

**Book value** - Cumulative sum of all gifts and transfers (see definition below) since the inception of the fund. Sometimes referred to as principal or corpus.

**Endowment payout** - Board-approved amount that is withdrawn from market value and made available for spending.

**Full-time equivalent student** - Undergraduate students are considered full-time if the student is enrolled for 12 or more semester credits. Many of the university’s students are enrolled full-time, but there are also students enrolled part-time. The full-time equivalent student calculation uses credit hours to convert part-time student counts into the equivalent count that the credits would represent if the students were enrolled at a full-time credit load.

**Gifts and transfers** - For donor endowments, this includes gifts and pledge payments plus reinvestment of unused payout. For board-designated quasi endowments, this includes additions of university funds, reinvestment of unused payout, and purchases or sales of Endowment real estate investment properties.

**Investment return, net** - Interest, dividends, realized gains/losses, and unrealized gains/losses, net of expenses directly related to the management of the endowment, such as costs related to the Outsourced Chief Investment Office, investment managers, and custodian fees.

**Market value** - Current value of the fund in today’s market. This includes the book value and all accumulated net investment return, minus payout over the life of the fund.