



ENDOWMENT REPORT

July 1, 2020 – June 30, 2021



GROWTH LIKE NO OTHER



In February 2021, the university publicly launched its most ambitious fundraising effort, *Like No Other: The Campaign for UNCW*. The campaign seeks to enrich and expand what makes UNCW unique by increasing support for students, programs, faculty and facilities.

I'm thrilled to share that as of June 30, 2021, we are more than 90 percent toward our \$100 million goal, thanks to the generous support of alumni and friends like you.

The University of North Carolina Wilmington has achieved extraordinary growth with quality under Chancellor Jose V. Sartarelli's leadership. For the past three years, UNCW has been one of only three UNC System institutions ranked among the "Top 100 Public National Universities," according to *U.S. News & World Report*. We have enhanced and sustained student enrollment, leading to an accomplished alumni network.

During his tenure, the university's endowment has also grown – from \$86 million in Fiscal Year 2016 to a record \$149 million in Fiscal Year 2021. This perpetual source of funding will be a hallmark of the chancellor's legacy when he retires at the end of this academic year.

While we are proud of these accomplishments, we remain cautiously optimistic about the future. We are wary of the current environment of low interest rates and high equity valuations and how these might create future financial market headwinds. To navigate this challenge, we maintain our conviction in our investment philosophy and its key

principles of capital preservation and downside protection. Portfolio diversification across asset classes and managers, and investments in private asset classes, are key to achieving our investment objectives. As an institution, we must continue to be fiscally responsible in our plan to uphold our mission of teaching, research and service. Inevitable challenges will arise, but with your continued support, UNCW will be able to further shape our region and stand out as a leader on critical matters.

To date, new gifts to the endowment totaling \$38 million has been received during the campaign. With those investments, UNCW can recruit acclaimed scholars for emerging disciplines like pharmaceutical sciences and coastal engineering. Cohorts of business students will have the financial flexibility to immerse themselves in competitive internships. The next generation of health care providers will be able to better understand the effects of disease with access to a human cadaver laboratory; and future educators will be more reflective of, and therefore better able to serve, underrepresented communities.

Thank you for being an active part of our work to create student experiences and produce global solutions like no other institution.

In gratitude,

A handwritten signature in black ink, appearing to read "Eddie Stuart".

Eddie Stuart '05M
Vice Chancellor for University Advancement

THE UNCW ENDOWMENT

The University of North Carolina Wilmington and the UNCW Foundation Inc. depend on endowment gifts to ensure UNCW's students, faculty and programs will thrive in perpetuity. An endowment is a long-term investment that creates financial stability, allowing the university to plan using dependable and predictable sources of revenue. Moreover, an endowed gift offers donors an opportunity to connect a family name or loved one to an area of UNCW in which they have a special interest. Endowment donors may make gifts to either an unrestricted endowment, which provides support for programs at the university's discretion, or they may establish an agreement for a restricted

endowment, which supports a specific purpose such as a scholarship, professorship, athletic or academic program.

This Annual Endowment Report provides an overview of what the endowment portfolio does for the university and serves as a financial summary of its investment and distribution activities for the past year. A separate statement detailing information on a donor's particular endowment(s) may also be enclosed. Additional information about UNCW's endowment, including frequently asked questions and definition of terms, can be found online at www.uncw.edu/endowmentreport.

FINANCIAL SUMMARY

as of June 30, 2021	2020-21	2019-20
Opening Balance	\$104,112,959	\$104,125,813
Additions	9,073,572	2,627,746
Net Earnings	41,595,721	2,296,924
Spending Distribution	(4,253,151)	(3,913,787)
Administrative fees	(1,116,840)	(1,023,737)
Year-end balance	\$149,412,261	\$104,112,959

Endowments can be established through outright or planned gifts.

The Charles V. Allo Support Fund for Psychology was created through the estate of a 1980 psychology graduate. The support fund will benefit innovative programs like UNCW's new Ph.D. program in psychology.

Sydney Batchelder '21 (pictured) is the program's first graduate. "My experiences are incredibly wide and far-reaching," she says. "I think that's a huge advantage to UNCW's program."



Most photos in this publication were taken before the pandemic.

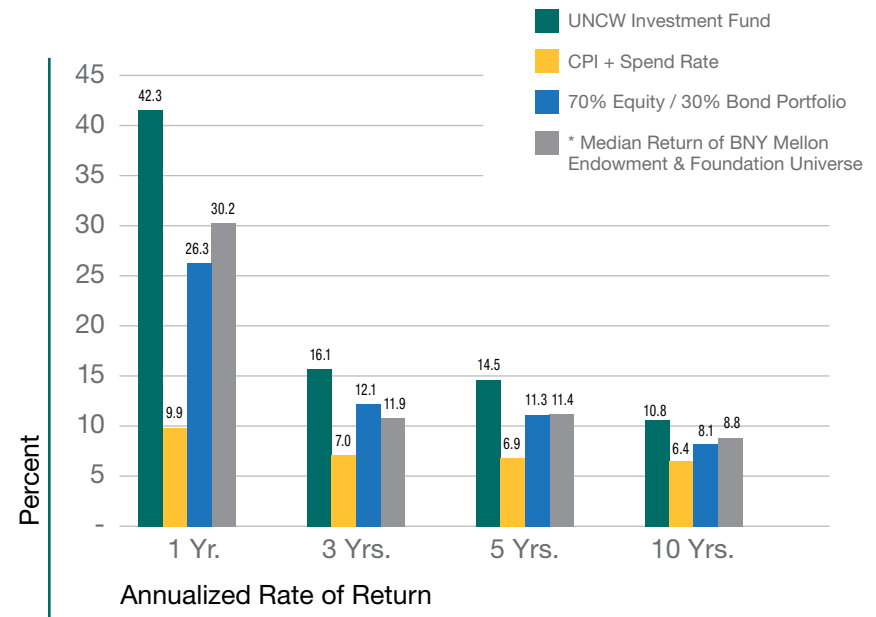
OBJECTIVES AND PERFORMANCE



Unrestricted endowments maximize the opportunities UNCW facilities can provide, giving students, faculty and community partners a competitive edge. Dobo Hall, UNCW's main science building, is named in honor of brothers William "Bill" Dobo '51 and Robert "Bob" Dobo Sr. '50, who established a \$5 million endowment through their estates. The facility was recently retrofitted after destruction caused by 2018's Hurricane Florence. "The new laboratories are well-designed to meet researchers' specific needs, and other spaces have been created for collaboration," said Jeff Hill, chair of the Department of Environmental Sciences.

The Endowment Fund continues to perform ahead of peer institutions and meet our primary objectives to include:

- Maintaining the inflation-adjusted purchasing power after costs and spending
- Providing a stable source of liquidity and financial support for the university's mission
- Diversifying the fund's exposure to all asset classes by hiring external managers



* Based on Bank of New York Mellon endowment survey of about 121 college and university endowments.



A DIVERSIFIED PORTFOLIO

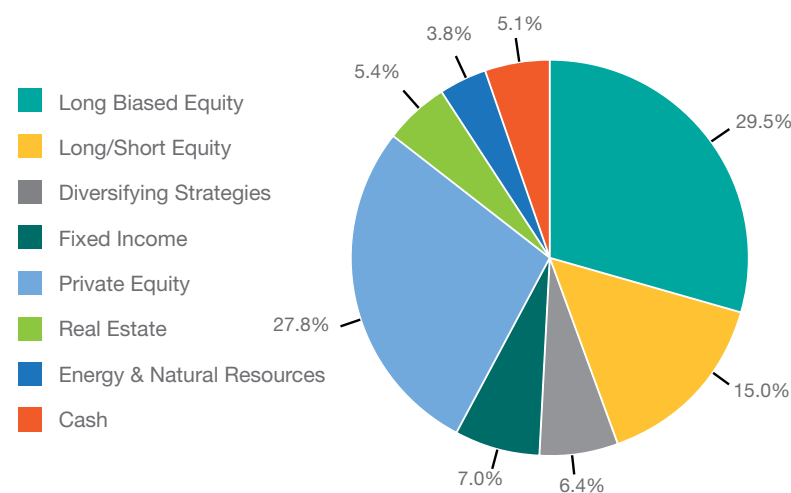
Endowed scholarships provide resources that allow students to receive more than an excellent education. **The Kelbley Fellows Program** was established in 2021 by Stephen and Kathleen Kelbley to support students in the Cameron School of Business. The fellowship program seeks to supplement traditional educational scholarships with unique applied learning activities that remove barriers to student involvement in engaged, experiential learning.

PORTFOLIO MANAGEMENT AND ASSET POOL ALLOCATION

The Endowment Fund is governed by a nine-member, university-appointed board whose primary role is to oversee the allocation of the Endowment Fund's portfolio among asset classes and investment vehicles and to monitor performance.

UNCW utilizes the management services of UNC Management Company (www.uncmc.unc.edu) for substantially all of its assets. The fund is subject to the UNC Policy for Endowment established by the UNC Board of Governors and is subject to an annual review by State of North Carolina auditors.

A unitized endowment pool allows multiple endowments to invest in the same pool of assets and has mechanics similar to that of a mutual fund.



SPENDING POLICY AND DISTRIBUTION

Annually, the Endowment Board and the Investment Committee of the UNCW Foundation Board review the spending policy payout for the upcoming fiscal year (July 1 through June 30). These boards have approved a 4.5 percent annual spending rate since Fiscal Year 2013.

Spending rates for individually named endowment funds are determined by calculating 4.5 percent of the pool's average market value at June 30 for the previous three years. That value is then divided by the pool's total units. This spending rate per unit is then applied to the ending units of each fund and serves as the next fiscal year's distribution.

DISTRIBUTION BY SPENDING PURPOSE

	2020-21	2019-20
Scholarships	\$1,931,890 (45.5%)	\$1,741,817 (44.5%)
Academic Support	748,986 (17.5)	718,810 (18.0)
Professorships	854,031 (19.5)	762,453 (19.0)
Facilities	273,284 (6.0)	264,736 (6.5)
Public Service	140,833 (3.5)	141,889 (3.5)
General Support	359,782 (8.0)	348,482 (8.5)
	\$4,308,806 (100%)	\$3,978,187 (100%)



BENEFITS BEYOND OUR CAMPUS

Distinguished professorships foster an academic experience like no other. Endowed funds help UNCW attract and retain nationally acclaimed scholars who are experts in their fields. UNCW's **Frank Hawkins Kenan Distinguished Professor in Marine Sciences**, Joseph Pawlik (pictured), researches coral reef sponges, which are critical to protecting our shorelines. His work and legacy will be commemorated by his own planned gift, which will establish a distinguished professorship in the same discipline.

Professorships can be funded in part through the UNC System Board of Governor's Distinguished Professors Endowment Trust Fund (DPETF). The DPETF program is a matching of private contributions with State appropriations to create endowments for distinguished professorships on the 16 campuses of The University of North Carolina.



LIKE NO OTHER.

The Campaign for UNCW



UNIVERSITY *of* NORTH CAROLINA WILMINGTON

DIVISION *for* UNIVERSITY ADVANCEMENT

UNCW is an equal opportunity/affirmative action institution.
600 copies of this public document were printed at a cost of \$1,722.50 or \$2.87 per copy (G.S. 143-170.1).
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