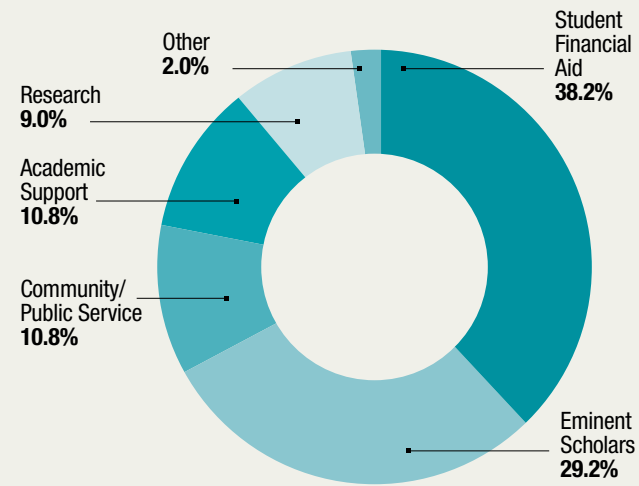
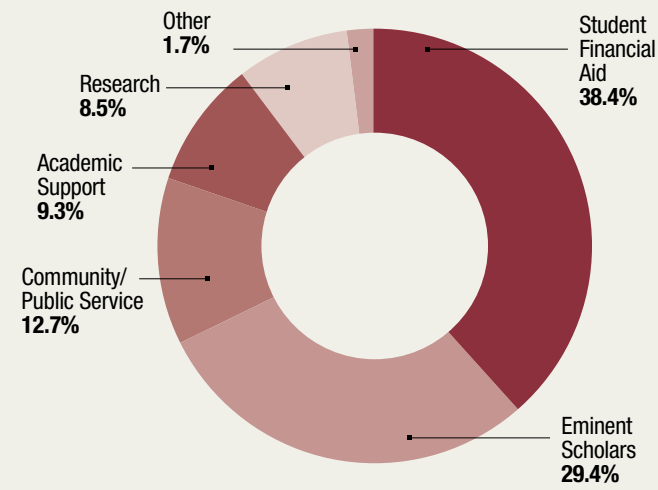


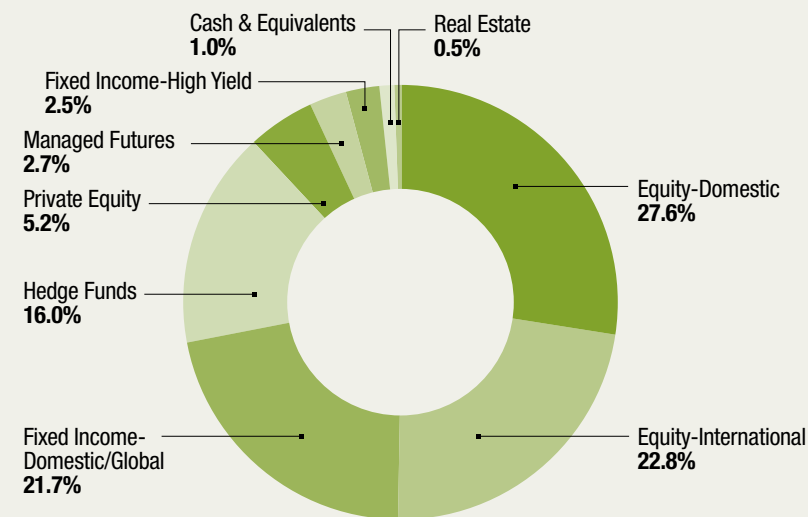
FY 2018 ENDOWMENT MARKET VALUE BY PURPOSE (\$91.8 MILLION)



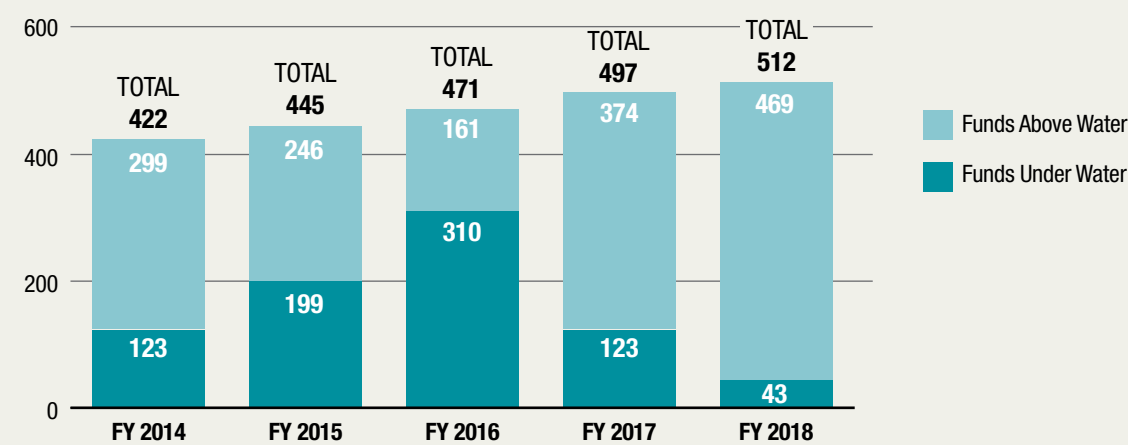
FY 2018 ENDOWMENT PAYOUT BY PURPOSE (\$1.9 MILLION)



FY 2018 ENDOWMENT ASSET ALLOCATION (\$91.8 MILLION)



PROPORTION OF FUNDS ABOVE WATER (ABOVE ORIGINAL GIFT VALUE)



George Mason University Foundation Inc.
 4400 University Drive, MS 1A3
 Fairfax, Virginia 22030

campaign@gmu.edu
fasterfarther.gmu.edu
 703-993-8850

FASTER FARTHER

THE CAMPAIGN FOR GEORGE MASON UNIVERSITY



ENDOWMENT REPORT
 FISCAL YEAR 2018

GEORGE MASON UNIVERSITY FOUNDATION INC.





NOTE FROM THE INVESTMENT COMMITTEE CHAIR

As chair of the Investment Committee of the George Mason University Foundation Board of Trustees, I have had the opportunity to oversee the investment process and observe the work of our investment advisors, the Sardana Group of UBS Financial Services, over the past three years.

The 2018 fiscal year (which ended June 30, 2018) was a successful one for the endowment, with a return of 8.02 percent, exceeding the established benchmark. We expect that when the results of the industry-standard survey from the National Association of College and University Business Officers (NACUBO) are published in early 2019, this performance will once again be competitive with our designated peer institutions. Full details of the endowment performance, including five-year trends, are provided on the following pages.

An endowment is a fund that is intended to generate income in perpetuity. To achieve that, an endowment must be invested and managed so that it remains financially sound. That is our promise to our donors, and as trustees of the George Mason University Foundation, our fiduciary duty. By investing endowed funds in a mix of equity, fixed-income, and alternative investments, we achieve the diversification needed to both grow and protect the portfolio over the long term, allowing for expected market volatility.

Our overriding goal is to manage a sound fiduciary process that results in competitive returns and responsible spending policies. This approach brings the most attainable and steady path to sustainability, while still funding scholarships and essential university programs.

In 2017, the Investment Committee adopted a new endowment spending policy, the Banded Inflation Method, to address the fact that market downturns had caused many of our endowed funds to fall below their original gift value (this method was explained in detail in last year's endowment report). Two years into the implementation plan, we can report that the policy change is having the intended effect. The percentage of these "below water" funds has declined dramatically, to just 8.3 percent in 2018. We are encouraged by this validation of the new spending policy.

As a business leader and alumnus who proudly supports George Mason University, I would like to thank you for your past gifts to our endowment and for your continued support. With an ever-expanding community of more than 187,000 alumni and nearly 13,000 donors last year alone, we are confident that Mason will continue to be an essential part of the Northern Virginia success story.

Sincerely,

John Paul Phaup, MBA '91
Chair, Investment Committee
George Mason University Foundation Board of Trustees

October 2018



ABOUT THE GEORGE MASON UNIVERSITY FOUNDATION

The George Mason University Foundation is an independent 501(c)(3) nonprofit corporation established in 1966 to receive, invest, and administer private gifts, including endowment and real property.

The foundation is governed by an independent volunteer Board of Trustees, separate from the university's Board of Visitors. The Investment Committee of the Board of Trustees, which meets a minimum of four times per year, serves as financial steward of the endowment. The staff and trustees of the foundation have

accepted a fiduciary responsibility to steward these assets and abide by high standards of performance and ethical behavior.

The foundation is committed to providing comprehensive and timely information about its operations to the public, the media, and university stakeholders. Essential organizational information, such as audited financial statements, the IRS Form 990, and other governing documents, are posted on the foundation's website and are available to the public upon request.

George Mason University Foundation Board of Trustees

(terms effective July 1, 2018)

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ABOUT THE ENDOWMENT

The endowment represents the generosity and vision of hundreds of donors and stewards who, by their gifts to the foundation over several decades, have helped ensure financial stability for George Mason University. Because state funding, tuition, and student fees provide only a portion of the revenue needed to offer world-class education and research opportunities, private philanthropy plays an increasingly critical role at Mason.

The endowment comprises hundreds of individually endowed funds managed by the foundation, most of which have specific donor-designated restrictions on their purpose and use. Income from these funds provides perpetual support for Mason's schools and colleges, students, faculty, and programs.

Increasing the number and strength of these endowed funds has been a major priority of our Faster Farther fundraising campaign, which draws to a successful conclusion on December 31, 2018. Fundraising for the university's priorities continues, of course, and new gifts to the endowment, added to your ongoing support, can ensure that Mason's inspiring trajectory continues.

Fifteen new endowed funds were established by our donors in the past year, bringing the total to 512 separate funds. Endowment assets are invested by the foundation in a widely diversified portfolio that includes traditional and alternative equities, international and emerging market holdings, traditional and alternative fixed income funds, hedge funds, private equity, and real estate.

As reflected in the chart that follows, the total value of the endowment as of June 30, 2018, was \$91.8

million, a 7.5 percent increase over the previous year. The endowment's return for fiscal year 2018 was 8.02 percent, slightly exceeding its established benchmark of 7.98 percent. The endowment's payout to support university activities was \$1.9 million, consistent with the prior year's figure.

The 2018 return, which meets our goal, reflects a portfolio allocation intended to preserve the corpus of the endowment by minimizing risk from market downturns. Conversely, in rising markets such as were experienced in 2017 and 2018, the endowment will capture less of the upside trend. The foundation's portfolio is appropriately positioned for the expected market and economic outlook for the coming year, which includes continued global expansion, solid U.S. growth, rising interest rates, and market volatility.

FOR THE FISCAL YEAR ENDING JUNE 30

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Endowment Return	14.77%	1.45%	-0.21%	9.20%	8.02%
Policy Benchmark	15.14%	3.09%	-1.76%	11.30%	7.98%
NACUBO Survey	15.20%	2.00%	-1.80%	11.90%	TBD
Endowment Distribution for Mason Programs (millions)	\$2.1	\$2.1	\$2.0	\$1.9	\$1.9
Endowment Year-End Market Value (millions)	\$70.2	\$73.0	\$76.8	\$85.4	\$91.8