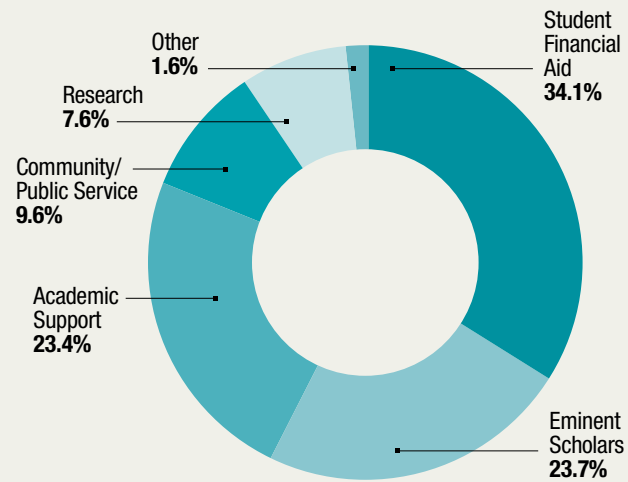
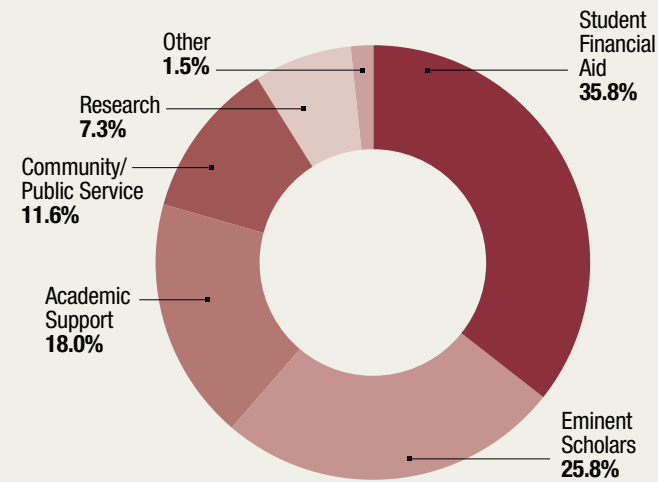


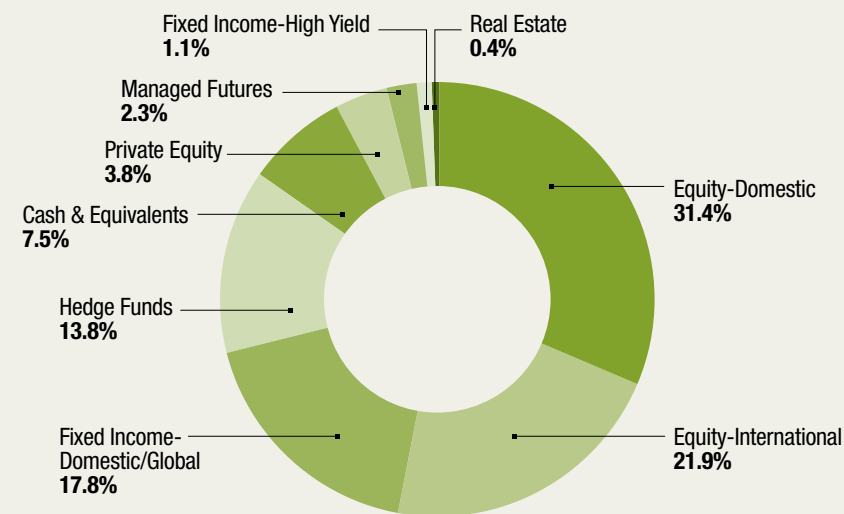
FY 2019 ENDOWMENT MARKET VALUE BY PURPOSE (\$113 MILLION)



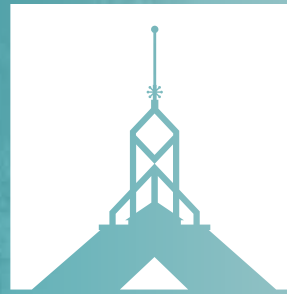
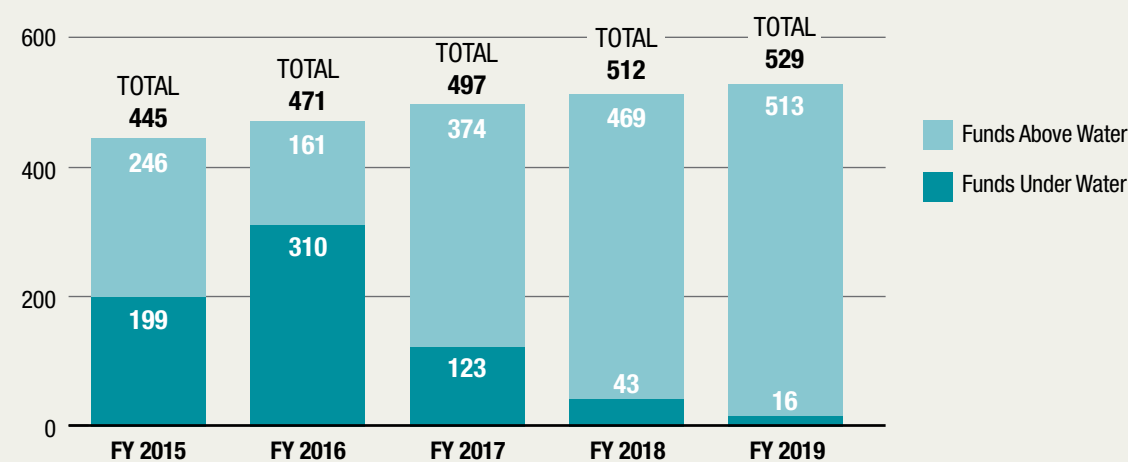
FY 2019 ENDOWMENT PAYOUT BY PURPOSE (\$2.1 MILLION)



FY 2019 ENDOWMENT ASSET ALLOCATION (\$113 MILLION)



PROPORTION OF FUNDS ABOVE WATER (ABOVE ORIGINAL GIFT VALUE)



GEORGE MASON UNIVERSITY FOUNDATION, INC.

George Mason University Foundation, Inc.

4400 University Drive, MS 1A3
Fairfax, Virginia 22030

development@gmu.edu
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gmuf.org



ENDOWMENT REPORT

FISCAL YEAR 2019

GEORGE MASON UNIVERSITY FOUNDATION, INC.



NOTE FROM THE INVESTMENT COMMITTEE CHAIR

As a member of the George Mason University Foundation Board of Trustees and the chair of the Investment Committee, I am privileged to protect and steward your investments by evaluating and overseeing the work of our external investment advisors. I would like to share with you a short review of fiscal year 2019, which ended June 30, 2019.

During fiscal year 2019, the foundation received its largest-ever gift, a bequest to the endowment to support faculty chairs in the Antonin Scalia Law School. This milestone gift elevates our endowment to \$113 million and into the next endowment peer group as evaluated by the National Association of College and University Business Officers (NACUBO). This achievement—an impressive one for such a young and growing university—will bring modest changes to our return benchmark for fiscal year 2020.

The 2019 fiscal year brought significant market volatility, rising interest rates, and increased geopolitical risks driven by trade negotiations. The endowment returned 4.6 percent for the year, a reasonable outcome given the risks and volatility, though below our established benchmark return. The structure and risk parameters of our endowment portfolio seek to capture much of the market's upside while also protecting for downside risk.

An endowment is a fund that is intended to generate income in perpetuity. Therefore, an endowment must be invested and managed so that it remains financially sound. By investing endowed funds in a mix of equity, fixed-income, and alternative investments, we seek the diversification needed to both grow and protect the portfolio over the long term. We understand and accept that there will be years when this approach does not align with performance benchmarks, and that this is an inevitable part of managing for the long term. Our overarching goal is to manage a sound fiduciary process that results in appropriate risk-adjusted returns and responsible spending policies, ensuring sustainable support for the university's future.

In fiscal year 2017, the Investment Committee adopted a new endowment spending policy, the Banded Inflation Method, to address endowments that were "under water." As of June 30, 2016, 66 percent of our endowed funds were under water, in that the market value was lower than the original gift amount. The policy change has been a success and, as of June 30, 2019, only 3 percent of endowed funds were under water, with 97 percent of funds now above water.

As a business leader and alumnus who proudly supports George Mason University, I would like to thank you for your generous giving and for your continued support. Mason owes its success in large part to donors like you who have chosen to invest in the current and future success of the Mason community.

Sincerely,

Trevor Montano, BS '00
Chair, Investment Committee
George Mason University Foundation Board of Trustees

October 2019



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. The foundation posts essential organizational information—such as audited financial statements, its IRS Form 990, and other governing documents—on its website, and all documents are available to the public upon request.

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 more than 500 individually-endowed funds that 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. The total value of the endowment as of June 30, 2019, was \$113 million, a 23 percent increase over the previous year. The endowment's return for fiscal year 2019 was 4.6 percent. The endowment's payout to support university activities was nearly \$2.1 million, an increase over the prior year.

The foundation invests endowment assets in a widely diversified portfolio that includes traditional and alternative equities, international and emerging market holdings, traditional and alternative fixed income funds, and private equity. The 2019 return reflects a portfolio allocation intended to preserve the corpus of the endowment by minimizing risk from market downturns. Conversely, in rising markets such as those experienced in 2019, the endowment may 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 trade tensions, slowing U.S. and global growth, fluctuating interest rates, and ongoing market volatility.

FOR THE FISCAL YEAR ENDING JUNE 30

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Endowment Return	1.45%	-0.21%	9.20%	8.02%	4.60%
Policy Benchmark	3.09%	-1.76%	11.30%	7.98%	5.65%
NACUBO Survey	2.00%	-1.80%	11.90%	7.70%	TBD
Endowment Distribution for Mason Programs (millions)	\$2.1	\$2.0	\$1.9	\$1.9	\$2.1
Endowment Year-End Market Value (millions)	\$73.0	\$76.8	\$85.4	\$91.8	\$113.0

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(terms effective July 1, 2019)

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