

ENDOWMENT REPORT 2019



Any text in cyan is not for printing.

Notes for folder flap

- All white text and graphics to be printed on the flap.
- Two slits for a card with variable text
- The card shown here is only for demonstration – please use the separate InDesign file we sent.

Printer to re-adjust the size of folder flap as needed.

Card size: 3.5" x 2"

Slits
Printer to re-adjust
as needed

go.umd.edu/endow

To provide you with instant access to timely, secure and comprehensive information about your endowed fund, visit your internet-based portal.

Accessible at **go.umd.edu/endow**, your personal endowment portal can show you:

- QUARTERLY MARKET VALUES
- ANNUAL SPENDABLE INCOME
- FUND PERFORMANCE OVER TIME
- SCHOLARSHIP RECIPIENTS
- AND EVEN THIS DOCUMENT!

Message from the Vice President



On behalf of the University of Maryland College Park Foundation, I would like to share our 2019 endowment report with you—our institution's most dedicated supporters.

As we continue to raise funds for *Fearless Ideas: The Campaign for Maryland*, we are pleased to report on a positive growth trajectory within our endowment portfolio. In service of our mission as the state's flagship university and land-grant institution, our endowment provides a permanent source of income to enhance our academic and research programs, to ensure deserving students have access to an affordable education and to strengthen our status as a world-class institution.

This year's report highlights several donors whose philanthropy has transformed our university for the better. We hope you'll enjoy hearing about a new named fund supporting The Clark Challenge for the Maryland Promise, our newest—and largest—need-based scholarship program. A fund established to support our nation's veterans is helping them pursue a Maryland education, while tremendous impact bounds through endowed support in the College of Education and the School of Architecture, Planning & Preservation. We're also thrilled to share the story of Maryland's newest educational building on campus, The Brendan Iribe Center for Computer Science and Engineering.

We are thankful to have you as a member of the Maryland family; your support propels the University of Maryland to new heights in honoring its land-grant mission and serving future generations of our global community.

Sincerely,

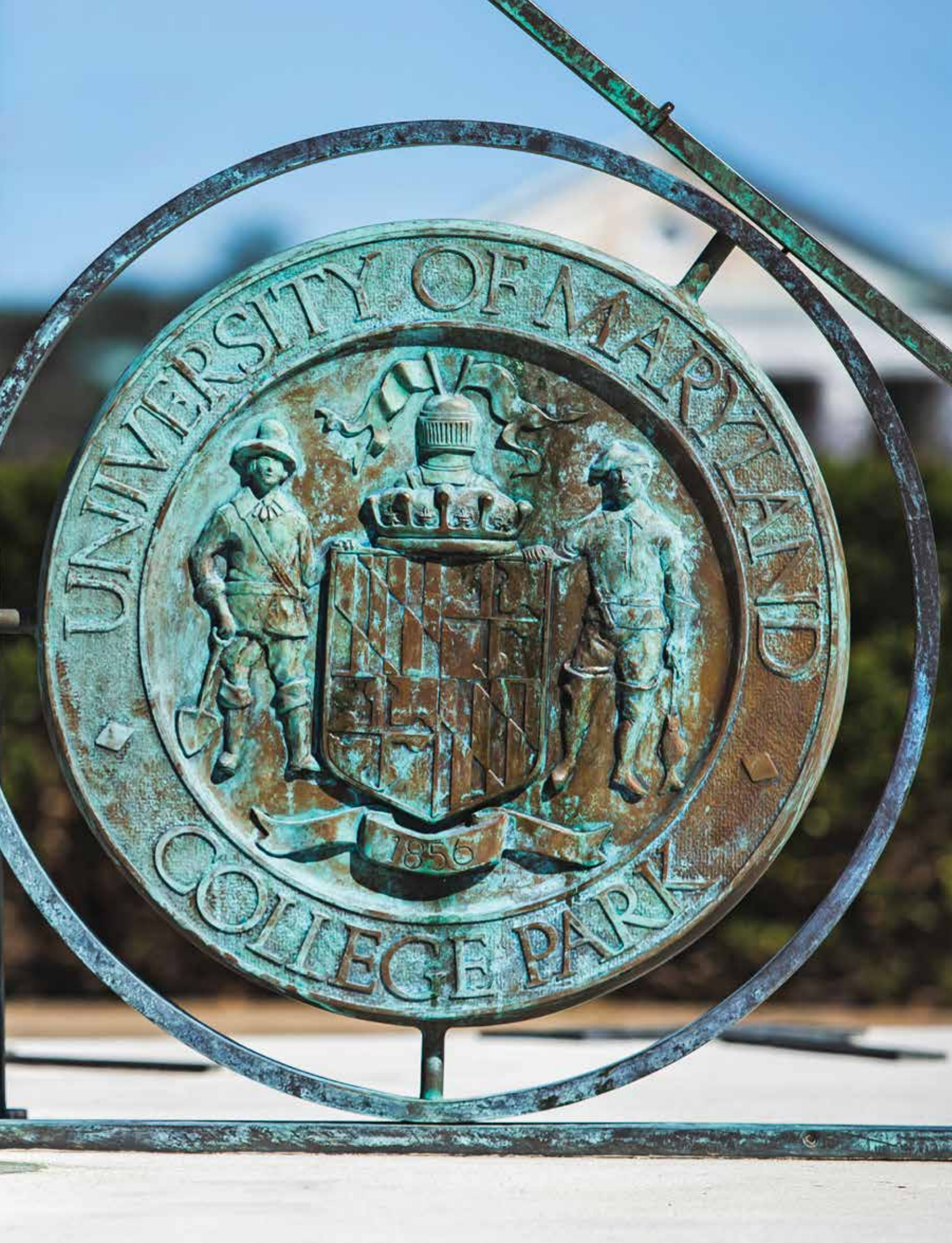
A handwritten signature in black ink that reads "Jacqueline Lewis". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Jacqueline Lewis

Vice President, University Relations

President, University of Maryland College Park Foundation





Investment Overview

Endowment Funds

The University System of Maryland (USM) Foundation manages endowment funds and operating funds for institutions and foundations affiliated with the USM, as well as six Maryland community college foundations. These funds support scholarships, research, faculty, academic programs and various special initiatives.

With endowed funds, the objective is to generate returns to meet spending requirements while preserving the purchasing power of the endowment over time. With operating funds, which are fully expendable and can be spent at any time, the investment objective is to maintain a high level of liquidity with a low risk profile. The key difference is that endowment funds are meant to exist in perpetuity, while operating funds can be fully expended.

Investment Committee

The Investment Committee, made up of volunteers from a wide range of financial and investment backgrounds, oversees endowment and operating portfolios. The committee members meet formally throughout the year, and are in frequent communication with the staff and with each other between meetings. The committee's primary roles are to establish investment objectives and set asset allocations.

INVESTMENT COMMITTEE

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–Investment Officer
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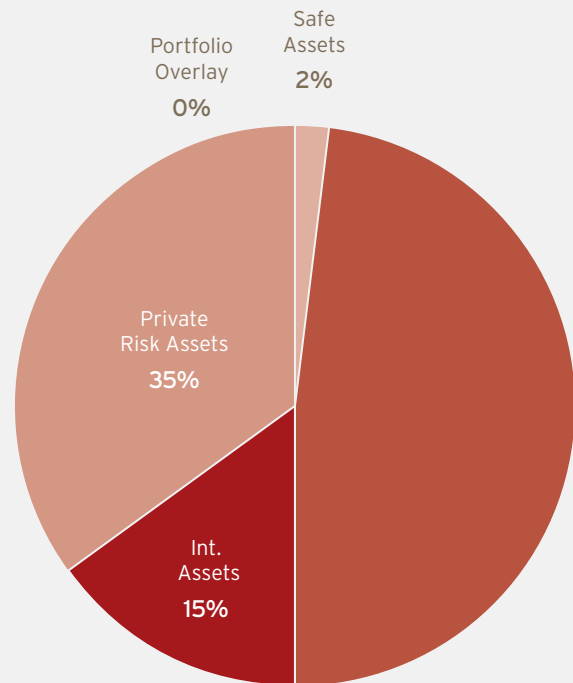
Board Relations Associate

Endowment Fund Review

In the fiscal year ending June 30, 2019, the endowment portfolio increased 6.8%. We are pleased by the endowment's relative performance to its portfolio benchmark, which increased 4.7%. We consider the fiscal year results a success, as we created long-term principal growth, outperforming our benchmark by roughly +210 basis points. Looking at generating return and mitigating risk, we earned attractive risk-adjusted performance. Funds under management totaled over \$1.4 billion as of June 30, 2019.

Target Weights

ASSET CLASS	RANGES		
	MIN	TARGET	MAX
Safe Assets	0%	2%	25%
Public Risk Assets	45%	48%	75%
Intermediate Assets	15%	15%	25%
Private Risk Assets	20%	35%	40%
Portfolio Overlay	0%	0%	5%



Investment Strategy

Our portfolio positioning is based on risk tolerances and return objectives of a traditional university endowment. Central to this concept is the idea that capital is not immediately needed, and thus some of our portfolio is invested in opportunities that materialize over longer timeframes. By locking up our capital, we capture an extra risk premium, known as the illiquidity premium. This premium is expected to enhance the portfolio's return, while also reducing its longer-term risk profile.

To balance the portfolio's need for current income, we invest a material amount of capital in shorter duration, liquid investments. In fact, approximately 54% of our investments can be converted to cash in less than one year, with a portion of these assets being exchange-listed and traded. Thus, staff can invest in attractive opportunities when they arise.

Endowment funds are invested for the long term and portfolio performance is assessed over varied market cycles. These cycles can persist over several years, irrespective of the calendar or fiscal year. We purposely design our portfolio for long-term diversification among factors such as geographic, strategy, sector, liquidity and instrument or investment vehicle type. While equity risk is a large part of our asset allocation, the portfolio is not designed to match U.S. equity market performance. Rather, the portfolio is constructed to provide less volatile year-over-year returns, capturing upside market potential and growth while protecting funds from downside losses.



Portfolio

The portfolio can be divided into five broad asset classes: (1) **SAFE ASSETS**, (2) **PUBLIC RISK ASSETS**, (3) **INTERMEDIATE ASSETS**, (4) **PRIVATE RISK ASSETS** and (5) **PORTFOLIO OVERLAY**. In the accompanying pie graph, we have further detailed the composition of these allocations by policy target. Safe assets and public risk assets represent our more liquid asset classes. In contrast, our longer term investments reside in intermediate assets and private risk assets. We have outlined each of these strategies in the paragraphs to follow.

SAFE ASSETS are investments with little to no principal risk. The current environment aside, we consider these to be U.S. government securities, cash-enhanced investment products and cash. They preserve the capital and provide stability to our returns during volatile periods as well as facilitate our spending and capital call requirements. Maintaining safe assets minimizes the risk of having to sell assets during moments of market stress. Though small, these assets are an important part of our overall asset mix.

PUBLIC RISK ASSETS are generally traded in liquid markets/exchanges. Within this section of the portfolio, we seek a number of uncorrelated objectives across equity and credit managers and instruments. Orientations vary as they seek

growth, value, momentum, inflation protection and catalyst-driven events. Some investments will track closely to market indices, with a goal to earn or exceed the benchmark return, but with less risk than the benchmark. Others seek to offer broad diversification for the aggregate portfolio, while still earning high risk-adjusted returns and muting general equity market volatility when possible.

INTERMEDIATE ASSETS represent private, finite life investment vehicles whose term is generally longer than public risk assets, but shorter than private risk assets. Many strategies within this asset class have a credit or contractual yield orientation, with lower correlations to public equity markets, including strategies such as direct lending, distressed lending/sales and niche credit opportunities. Collateral is often

attached to these investments, 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 while earning attractive returns.

PRIVATE RISK ASSETS are the illiquid portion of our portfolio, serving as the primary return enhancement over broad public equity markets. Because of the long-term nature of the endowment's capital, we can enter into illiquid investments that may take years for profit realization. While we sacrifice the use of our capital during this timeframe, we hold these investments to higher performance hurdles, as we expect to earn a significant return premium over public

market equivalent investments. Thus, similar to public risk assets, private risk asset investments will also have orientations toward growth, momentum, value, inflation protection and catalyst-driven events. Investments will vary in structure as well as duration, all adding up to a broadly diversified portfolio.

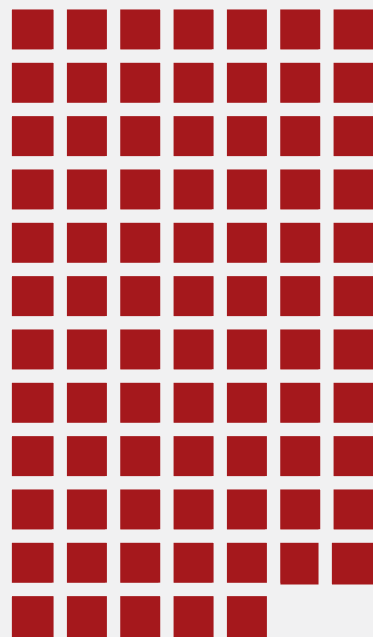
PORTFOLIO OVERLAY is another line of defense for our capital. We allocate assets toward this class infrequently and in line with protecting the entire portfolio from unwanted risks and market shocks. While in most cases our investment managers achieve this result, sometimes staff needs to protect the aggregate portfolio. Allocating capital to this asset class will be on an as-needed, opportunistic basis, which is why its target allocation is set to 0%.



Endowed Funds Established in Fiscal Year 2019
in Support of the University of Maryland

82

STUDENT
SUPPORT
FUNDS



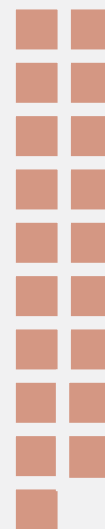
5

FACULTY
SUPPORT
FUNDS



19

OTHER OR
MULTI-USE
FUNDS





Doubling Your Impact

The Clark Challenge for the Maryland Promise

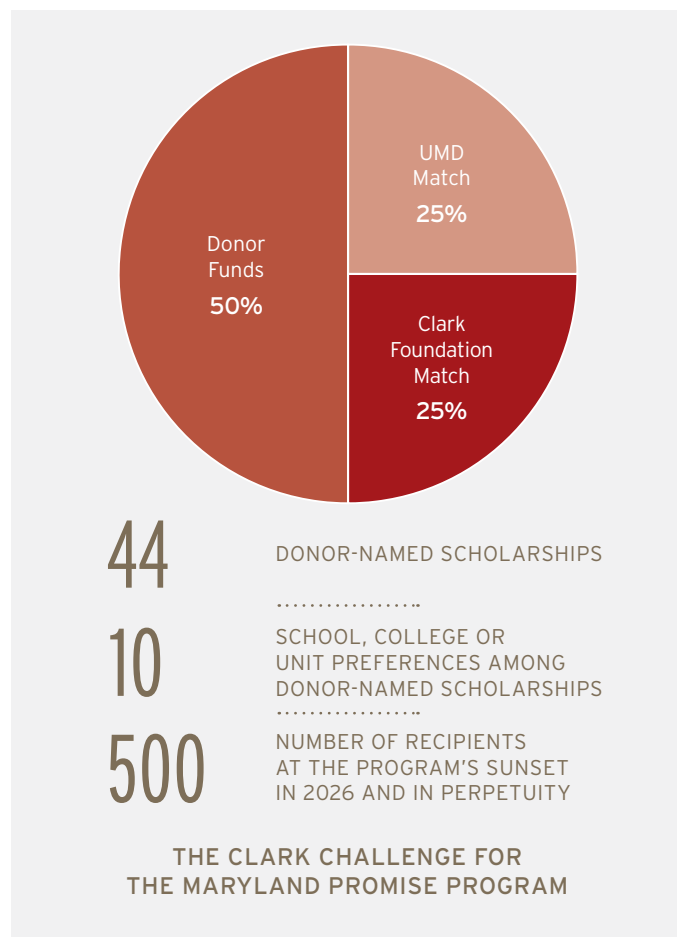


This fall, the University of Maryland welcomed its first cohort of Maryland Promise Scholars to campus. The Clark Challenge for the Maryland Promise Program was established thanks to the historic Building Together investment from the A. James and Alice B. Clark Foundation. As Maryland's largest need-based scholarship program,

the Maryland Promise Program supports local students who otherwise could not afford to attend college.

And for alumna Julie Klingenstein '80, nothing could be more exciting than helping first-generation college students attend the University of Maryland. Julie and her husband Andrew are ardent supporters of education, having channeled their philanthropy to support students and educational institutions. In honor of Julie's 60th birthday, Andrew, his siblings and his mother Patricia, established the Julie S. Klingenstein Maryland Promise Scholarship. With this scholarship fund, the Klingenstein family will support a Maryland Promise Scholar each year—in perpetuity.

"I hope our scholarship recipients get the opportunities I had as an undergraduate," says Julie. "To take full advantage of Maryland's resources, find the best teachers, do their best work and learn about the world while they are on campus."



This \$50,000 endowment will be matched dollar for dollar by the A. James & Alice B. Clark Foundation and the University of Maryland, doubling the Klingensteins' impact on local students. "We hope that by telling our story more and more families will step up to say 'yes let's do this' for this special occasion," says Julie. "Let's give back to Maryland."



"Teacher of Teachers" Helps Prepare Next Generation of Educators



Jean E. Lokerson's interest in education began at an early age when she would assume the role of teacher for her four siblings in a makeshift classroom in the family's basement. She would go on to spend more than 50 years in the field and is now leaving a legacy to support other aspiring educators.

Lokerson Ph.D. '70 bequeathed a generous estate gift to provide merit- and need-based student scholarships in the College of Education. The John T. and Dorothy E. Lokerson Endowed Scholarship in Education, named in honor of Lokerson's parents who encouraged her to pursue a career in education, provides tuition and fees equivalent to two years of full-time upper-level undergraduate or graduate study. The first recipients were named this fall. In addition to her bequest, which stands as the largest endowment in the College of Education's history, Jean established the Jean E. Lokerson Endowed Fellowship for full-time Ph.D. students who are pursuing a degree in special education.

"This remarkable gift will help students excel in their academic pursuits and ensure that the college can attract the most talented students," said Jennifer King Rice, dean of the College of Education. "Dr. Lokerson's passion for the field of education and for teaching teachers is reflected in this endowed scholarship, which will help transform students' experiences and enhance research and instruction through the contributions of the best and brightest students."

After receiving an undergraduate degree in elementary education from the George Washington University in 1959, Lokerson taught elementary education in Montgomery County, Md. before pursuing a master's degree in special education from Syracuse University. She completed her doctorate in special education from UMD with a minor in human development.

"Jean valued her education at the University of Maryland, her professors and the many opportunities it provided her, which helped shape her career," said Elise Blankenship, a longtime friend and colleague of Lokerson.

A pioneer in the emerging field of special education, Lokerson was dedicated to understanding and addressing the challenges of having a disability. She helped prepare special education teachers for the classroom at a number of institutions. In addition to receiving numerous professional honors, she was recognized for her innovative use of simulations, technology and hands-on experiences in teaching special education. She was a professor emerita at Virginia Commonwealth University when she passed away in 2016.

"I realized that the field of special education needed more teachers who had the opportunity to explore and develop teaching skills that I had learned from the many professors and educators in my degree programs," Jean said of her lifelong dream to be a teacher of teachers. "I couldn't have made a better choice to further my decision than in the College of Education at the University of Maryland."





Projecting a Better Future

The Brendan Iribe Center for Computer Science and Engineering

Standing six stories over the main entrance to the University of Maryland, with its curved-glass exterior and striking cantilevered roof topping a sweeping ground-floor plaza, the Brendan Iribe Center for Computer Science and Engineering is a monument to the institution's commitment to excelling in technology, innovation and collaboration.

The impressive new facility, home to the university's top-ranked Department of Computer Science and its renowned Institute for Advanced Computer Studies (UMIACS), was made possible by a leadership gift of \$30 million from Iribe, a Maryland alumnus and co-founder of virtual reality company Oculus.

"I came out of Maryland with a business partnership and many personal relationships that have lasted my whole life," Iribe said. "I wanted this gift to support a place that inspires students to form friendships and teams that last a lifetime, where students have access to everything they need to build the next great company or breakthrough technology."

In addition to being home to computer science, the biggest and fastest-growing major at Maryland, and UMIACS, a group of 80-plus faculty and research scientists from across campus, the center also includes tech-infused classrooms, spacious labs and a makerspace for students and faculty.

"This transformative building will take one of the nation's top computer and data science programs to even greater heights," said UMD President Wallace D. Loh. "Our leadership in fields like artificial intelligence and virtual and augmented reality will grow, making our campus an even greater hub for innovation and economic development."



Michael Antonov '03 and Brendan Iribe



Robert Reisse M.S. '70, Ph.D. '76 and his wife, Dana MLS '73 at the dedication of the Andrew Reisse Art Gallery.

The remarkable story that led to the opening of the university's newest building began more than 20 years ago when Iribe, Michael Antonov '03 and Andrew Reisse '01 met as UMD freshmen in Denton Hall. Their friendship quickly grew into a partnership and the founding of multiple tech startups and eventually Oculus.

Returning to campus to speak in 2014 at the first Bitcamp student hackathon, Iribe was struck by the contrast between the university's inspiring work in technology and the lackluster atmosphere of where some of it was taking place.

Iribe soon made his generous donation to create a new hub for computer science innovation but didn't stop there. He also created an endowed scholarship for students which was quickly followed by a \$4 million gift for the building and a scholarship from Antonov and \$3 million for endowed faculty positions from Iribe's mother, Elizabeth Iribe.

Many others were inspired by the idea as well. In total, private donors—including an unprecedented number of faculty and staff members—gifted \$38 million for the new building. With the addition of nearly \$105 million in state funds and nearly \$10 million from the university, the Brendan Iribe Center became a reality.

"It's a remarkable building that demonstrates the University of Maryland is at the leading edge of computer science," Antonov said. "This is where the next generation of startups and technology innovations are being nurtured. Students and faculty have world-class resources and facilities that enable them to achieve the seemingly impossible."

The building also stands as a living tribute to Andrew Reisse, who was killed in an accident in 2013. A passionate hiker and natural mentor who inspired others around him, Andrew Reisse's legacy lives on in the lush rooftop garden and art gallery in the Brendan Iribe Center; the Andrew Reisse Memorial Scholarship in Computer Science; and the Andrew Reisse Endowed Teaching Award, which supports undergraduates teaching Student Initiated Courses (STICs).

Robert Reisse M.S. '70, Ph.D. '76 and his wife, Dana MLS '73, created the award in memory of their son. "I've been so impressed with the students we met who were teaching through the STICs program," said Dana Reisse. "I think it's very important to support students who are willing to take the time and effort to teach a class to their peers."

Recognizing the importance of community, Iribe summed up his hopes for the future when reflecting on his personal journey. "This building symbolizes that friendship Andrew, Michael and I made and I hope inspires other students to create friendships like that."



A COMMITMENT TO INCLUSION

An additional gift from Brendan Iribe will support and help expand the number of students pursuing a degree in computer science at Maryland from groups underrepresented in the field.

Iribe donated \$1 million to create the Iribe Initiative for Inclusion and Diversity in Computing, aimed at increasing diversity and fostering a stronger environment of inclusion in the Department of Computer Science. The initiative expands on the successes of the Maryland Center for Women in Computing (MCWIC)—which has provided a variety of opportunities for female students at UMD and local K-12 schools to engage in computing activities since 2014—by offering programs for students of all backgrounds.

“We are extremely grateful for Brendan’s generosity,” said the initiative’s director, Jandelyn Plane, who is also a principal lecturer in computer science. “It’s very motivating to have someone who shares our vision and dedication to creating an inclusive environment for everyone interested in computing.”



LIFETIME OF GENEROSITY

Brendan Iribe credits his mother’s generous and selfless nature with inspiring him to give back. Elizabeth Iribe personally donated \$3 million, which received \$2.15 million in matching funds from the state of Maryland’s E-Innovation Initiative. These combined donations led to the creation of three endowed faculty positions: the Elizabeth Iribe Chair for Innovation in the Department of Computer Science, the Paul Chrisman Iribe Endowed Professorship (in honor of her brother) and the Reginald Allan Hahne Endowed Professorship (in honor of Iribe’s high school computer science teacher).

“With my gift, I wanted to help the University of Maryland become a leader in virtual reality, an emerging field that has become a big part of my life through my son, Brendan,” says Elizabeth.



2018 Veterans Reception at the University of Maryland.

Supporting Future Generations of Student Veterans

Tyler Austin, Henry Carbajales and Samm Gillard served in different branches of the military—the Air Force, Marines and Army respectively—but it was the desire to see other veterans avail themselves of an education at Maryland that united them with a common purpose.

The three veterans established the Terp Vets Alumni Endowed Scholarship in 2016 to support future generations of student veterans, especially those nearing the end of their GI Bill benefits. The difference a scholarship can make in helping veterans achieve an education was something they knew all too well.

"I really benefited from scholarships," Tyler said of the need to pay it forward. "I was able to focus on school, and I got a great job immediately after. I wanted to give back." It was this credo of giving back or "paying it forward" that inspired the three veterans to donate.

While there are programs in place to help those who've served receive a college education, there are limits, which is where this scholarship comes in. The Terp Vets Alumni Endowed

Scholarship provides support for military veterans who seek higher education but are without the means to realize it.

Henry had the benefit of seeing Kenth Rivera, from his native country of El Salvador, receive the scholarship last year. Inspiring not only a fellow veteran but another Salvadoran means a lot to Henry. "I think it was important for Kenth to see somebody from his home country join the military, receive an education, obtain the American dream and still go back and try to foster growth and support for academia as a whole," Henry says.

This year's recipient of the Terp Vets Alumni Endowed Scholarship, Yaggya Thapa, is a veteran of the U.S. Army with five years of service as a medic. Much like the veterans who established this scholarship, the military helped instill in him the concept of paying it forward. He's diligently working on his bachelor's degree in kinesiology but already has ideas on how he wants to give back. "In the future I hope to make my own contribution," Thapa says. "This scholarship was here when I needed it, so I have to pay it back to the community."



Winning illustration of the 2019 Innovation in Affordable Housing Student Design and Planning Competition, sponsored by the U.S. Department of Housing and Urban Development.

Inspiring the Future of the Built Environment

25 Years of Endowment Impact



As an architect who became president and chief executive officer of CHK Architects and Planners, Jack Smith Kerxton knew the importance of a strong foundation.

It was in this spirit of designing, creating and building that his widow, Cookie, together with family members,

business associates and friends created the Jack Smith Kerxton Memorial Scholarship to honor his memory.

For 25 years, the Jack Smith Kerxton Memorial Scholarship has played a critical role in providing financial support to graduate students in the School of Architecture, Planning & Preservation –our future architects, designers, educators and leaders in the built environment. The scholarship also includes an internship at Torti Gallas + Partners (formerly CHK Architects and Planners), based in Silver Spring, Maryland.

The inaugural awardee, Lester Escobal M.Arch. '95, said receiving the scholarship shaped his path as an architect and designer. He went on to teach drawing at the School of Architecture, Planning & Preservation for 20 years.

"In 1994, when both graduate scholarships and entry-level positions were scarce, I was fortunate to have received the first scholarship and internship. This manifestation of Jack's life and legacy allowed his sunset to become my dawn," he says. "As a designer who services clients through rigorous exploration and development, it gives me a sense of accomplishment to partner with them and fulfill their needs and goals as Jack might have."

The 2019 recipient, Cassandra (Casey) Huntington, is a candidate for Master of Architecture/Master of Real Estate Development dual degree with a certificate in urban design. Casey was a member of UMD's winning team in the U.S. Department of Housing and Urban Development's 2019 Innovation in Affordable Housing Student Design and Planning Competition.

"I am intrigued by how the built environment can improve and support communities, something that Torti Gallas + Partners specializes in," Casey says. "Our shared values about creating equitable environments that transform people's lives make it a great fit."

The legacy of Jack Smith Kerxton lives on through the indelible impact of the scholarship that bears his name, offering students the chance to become future architects, designers and leaders in the built environment.

Endowment FAQs

▶ **Why are endowed funds important for a public higher education institution?**

Endowed funds provide stability and allow us to be innovative and develop new approaches to meet our strategic priorities. They offer a permanent source of income to support the university's academic and research programs, to ensure access to qualified students and to maintain its status as a world-class institution.

▶ **What are the benefits of using the University of Maryland's endowment portal?**

The endowment portal provides you with secure access to timely and comprehensive information about your endowed fund. It can show you quarterly market values, annual spendable income and fund performance over time. Visit umd.edu/endow and login with your activation code and PIN provided in this endowment overview, or with your already established email username and password. Email endowments@umd.edu or call 301.405.5196 should you need assistance.

▶ **What was the financial performance for my endowed fund last fiscal year?**

The endowment portfolio, managed by the University of Maryland System (USM) Foundation, boasted a positive performance in fiscal year 2019. With a return of 6.8%, we are pleased to report growth across time, across most asset classes and across portfolios.

▶ **What is market value?**

Market value is the current worth of the fund's investment, including realized and unrealized gains, additions and deductions.

▶ **What is spendable income?**

Spendable income is the amount that is taken from the endowment each year to support the institution, expressed as a percentage of the endowment's market value. Spendable income is calculated on December 31 of the previous year.

▶ **How can I learn more about my endowed fund or have someone added as a steward so they receive future endowment reports?**

Please email endowments@umd.edu or call 301.405.5196.

▶ **How do I make a gift to my endowed fund?**

CREDIT CARD: Visit giving.umd.edu

CHECK: Indicate the name or account number of the fund on the memo line and mail it to the address below. For accounts beginning in 21, please make your check payable to UMCPF; for 911, make payable to USMF; for CP, make payable to the University of Maryland.

Office of Gift Acceptance
4603 Calvert Road
College Park, MD 20742-3421

GIFTS OF LEGACY: To include the University of Maryland in your estate plans, or make a planned gift to augment your endowed fund, please contact the Office of Gift Planning at 866.646.4UMD or giftplanning@umd.edu, or visit giftplanning.umd.edu. The Office of Gift Planning can also assist with gifts made from your IRA, trust, real estate or other assets.

STOCK TRANSFER: Contact Kevin Pfister at 301.955.1268 or kpfigster@umd.edu

