

2024 NACUBO-Commonfund Study of Endowments



Summary observations from the 2024 NACUBO-Commonfund Study of Endowments

658

colleges, universities, and education-related foundations completed the FY24 survey

\$234.1 million

median endowment size for FY24 survey respondents

\$873.7 billion

of endowment assets represented in the FY24 survey

86%

of total market value is held by 144 survey respondents who have more than \$1 billion in endowment assets

\$1.3 billion

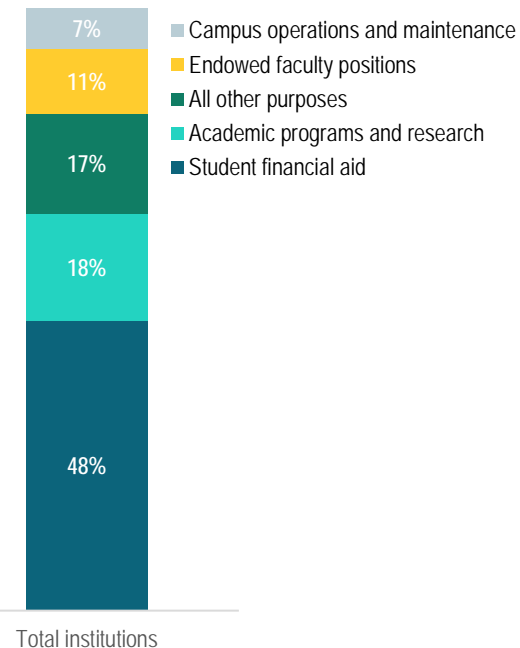
average endowment size for FY24 survey respondents

The Survey was conducted from September 4 through December 16, 2024, and covers the 2024 fiscal year (July 1, 2023 – June 30, 2024).

Endowment spending: Both spending and spending rates increased in FY24

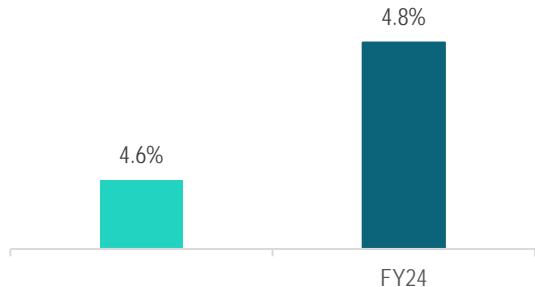
Participating institutions withdrew a total of \$30.0 billion from their endowments in FY24, a 6.4 percent increase over \$28.2 in withdrawals in FY23 - 86.7 percent were distributions within the institution's spending policy and 3.3 percent were special appropriations above the normal policy. Institutions' average annual effective spending rate increased moderately to 4.8 percent from 4.6 percent in FY23. By purpose, the largest share of spending in FY24, 48.1 percent, went to student financial aid, a level that was nearly three times that spent on academic programs and research.

Spending Policy Distributions by Purpose

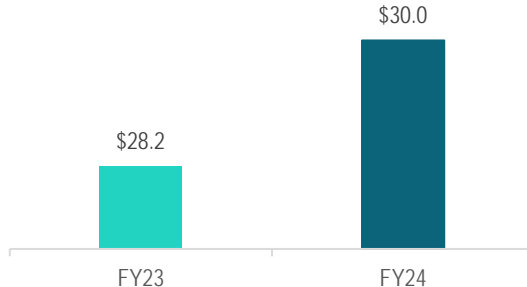


Spending rates and withdrawals from endowment

Average Annual Effective Spending Rates



Total Withdrawals (\$ billions)



Gifting: Surge in gifting signals a turnaround

The combination of good returns from publicly traded equities and gift-giving, after netting out spending, meant that institutions in the two cohorts with smaller endowments grew the combined market value of their endowments by 9.8 percent during the year, while institutions in the two largest size cohorts grew theirs by 6.3 percent.

Despite a decline in gifts in FY22 to FY23, in FY24 there was a turnaround. The average new gift in FY24 was \$24.4 million compared with last year's \$20.1 million – a nearly 18% change year over year.



**Change in total
endowment assets
from FY23**

+6.7%

Respondents to this year's survey reported a collective endowment size of \$873.7 billion as of June 30, 2024, up from the \$839.1 billion reported for FY23.



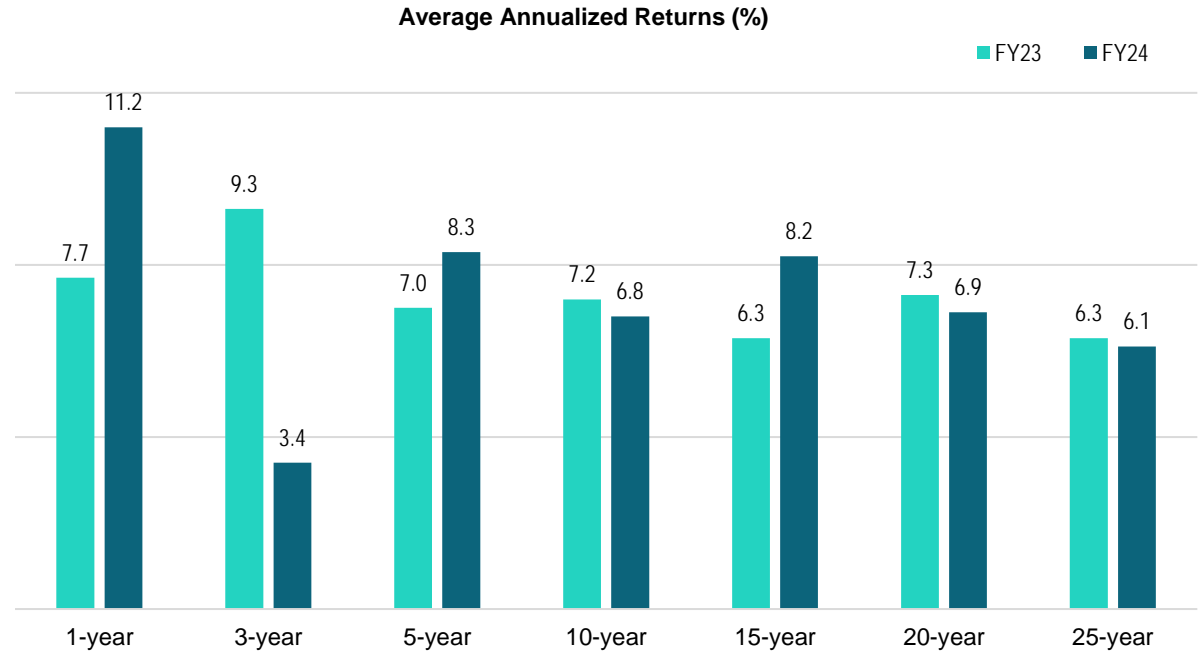
**Change in total
gifts to
endowments from
FY23**

+21%

Respondents to this year's survey received a total of \$15.0 billion in gifts, up from the \$12.4 billion received in FY23.

Investment returns: The bulls carried the day in FY24

FY24 was characterized by a strong U.S. economy: steady consumer spending, strong employment data including higher wages, easing inflation accompanied by the prospect of lower interest rates, reasonable energy costs and a prosperous high-tech sector headlined—in both public and private markets—by artificial intelligence. International equity markets were good, but not quite as robust as U.S. Fixed income returned to positive territory and after a flat to slightly negative FY23 most private strategies staged a moderate rebound.



Return objectives: Unique to each institution

If an institution of higher education aspires to maintain the purchasing power of the investment pool over time, then assumptions must be made about the long-term spending rate from the endowment, the anticipated rate of inflation and investment management costs.

The conventional approach for many endowments is to set CPI or HEPI +5% (i.e., inflation plus a spending/distribution percentage) as a return target. Often, there may be other unique variables for organizations which can influence their return targets and those should also be considered.

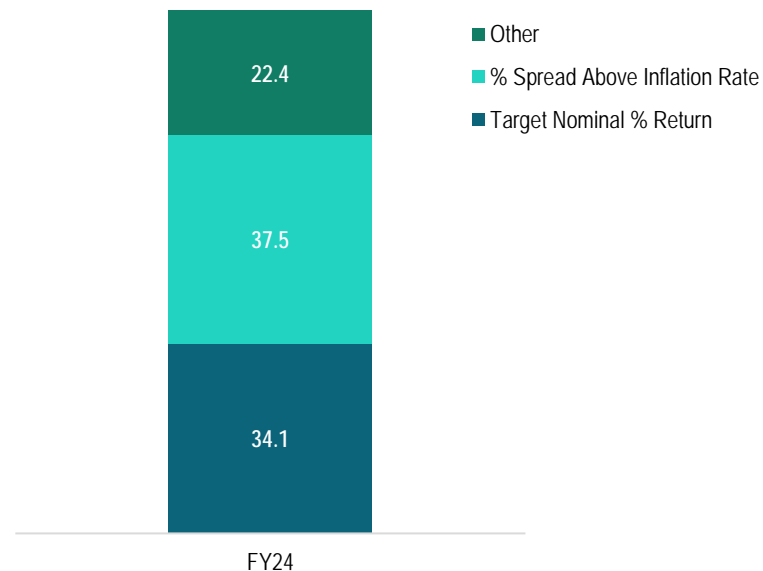
Average target nominal return for FY24

7.2%

Average spread above the rate of inflation for FY24

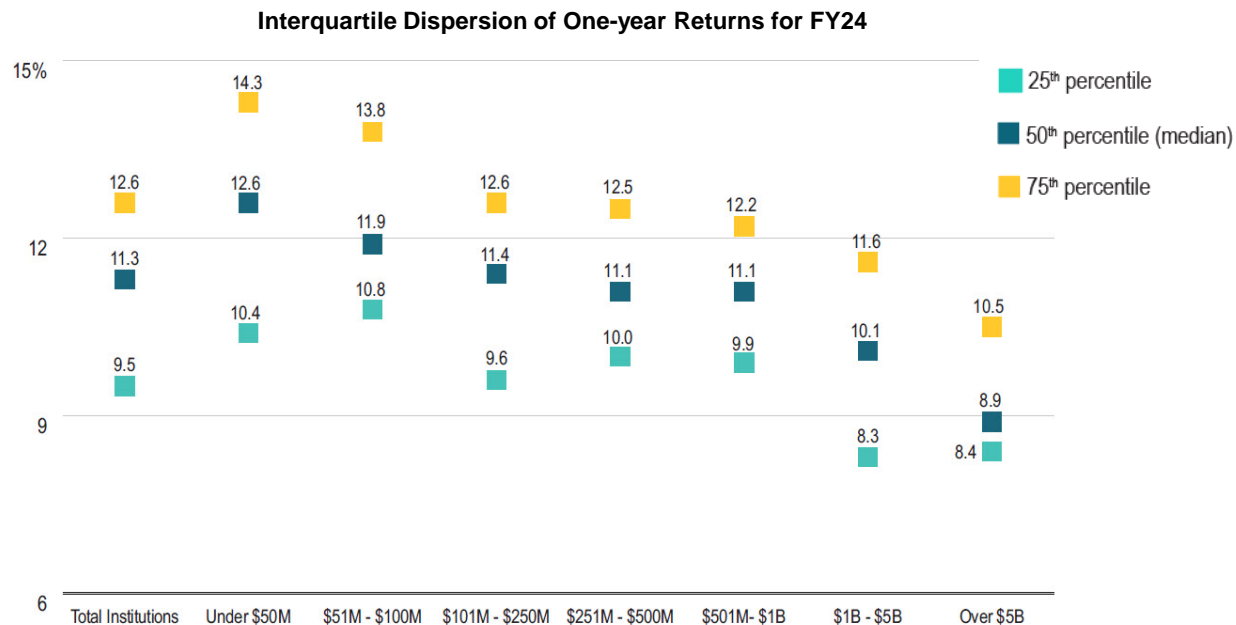
4.7%

Method Used to Define Return Objective (%)



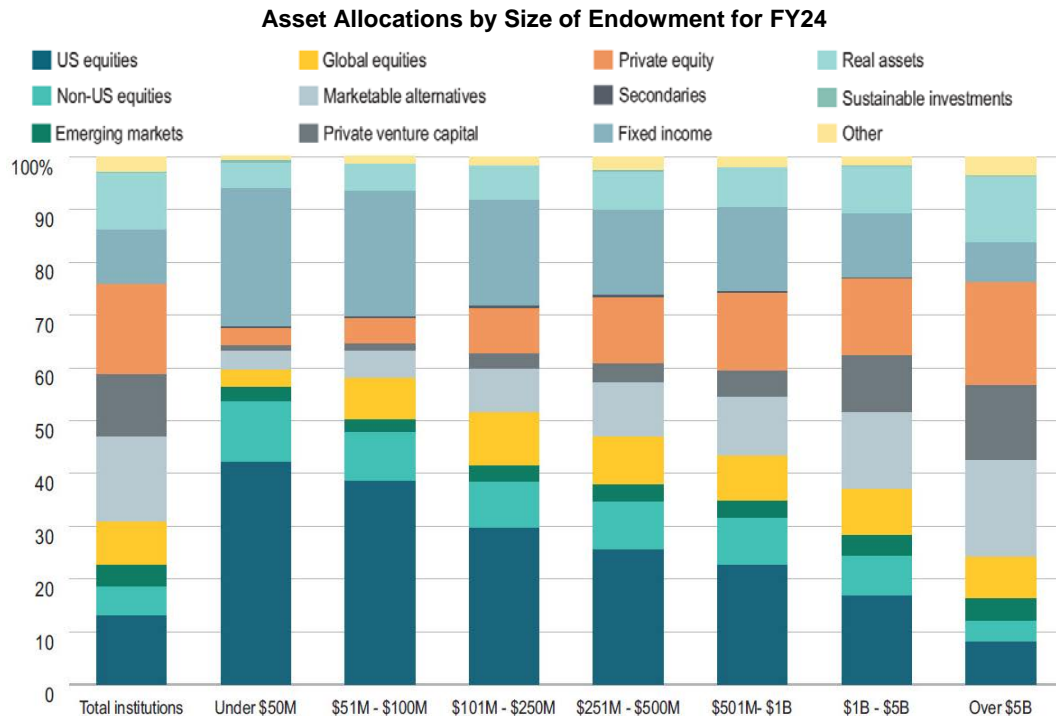
Returns dispersion: Interquartile dispersion tighter in FY24

While asset allocation was the primary reason for the lower returns of the largest endowments, it did not result in significant differences in return dispersion between the largest endowments and other size cohorts, however, compared to the past few years, the interquartile dispersion of returns was even tighter in FY24, at 3.1 percent, than it was in FY23 (4.3 percent).



Asset allocation: Private equity, marketable alternatives and U.S. equities exceeded other categories

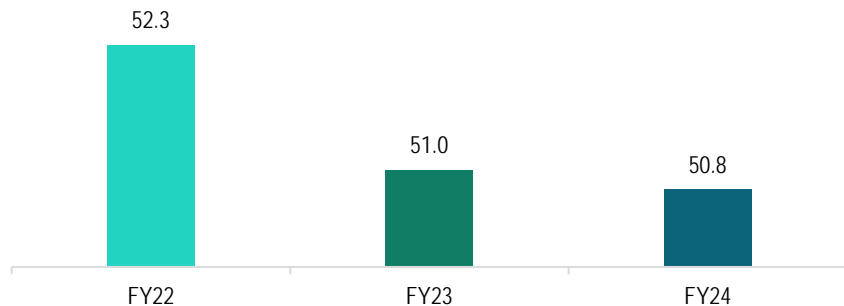
As they did last year, institutions with assets below \$50 million reported the largest average allocation to U.S. equities and, like last year, they also reported the highest one-year investment returns. Versus institutions with assets over \$5 billion, smaller institutions' average allocation to U.S. equities was more than five times larger.



Responsible investing: Adoption rates and manager due diligence remain largely static

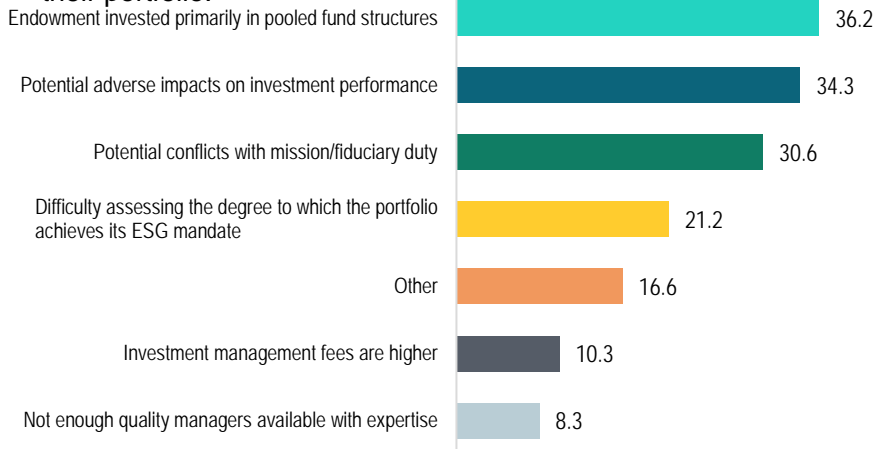
The rates of adoption for various responsible investing practices remained largely static from FY23 to FY24; that said, all three approaches showed moderate increases - 62.5 percent of respondents said they did not practice responsible investing in any form in FY24, down from last year's 65.4 percent.

Manager due diligence Percent of endowments that factor responsible investing into their investment manager due diligence and evaluation process.



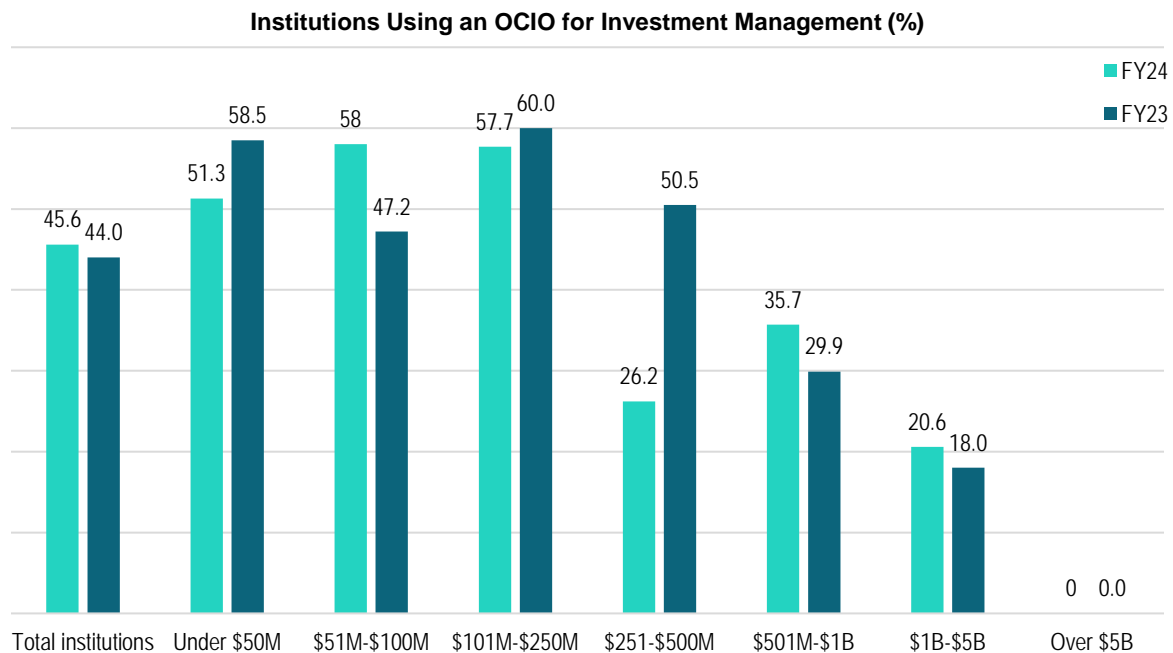
Barriers to implementation

Percent of endowments reporting that the following factors were reasons for not pursuing ESG (environmental, social, and governance) investing, negative screening, or impact investing in their portfolio.



OCIO Use: Most common amongst smaller institutions

The use of external resources—principally, consultants and outsourced chief investment officer relationships—remains widespread (while showing little change in usage rates in recent years). The share of institutions using an OCIO declined as asset levels rose. While smaller to mid-sized organizations are more likely to outsource, their larger counterparts generally have the resources and staffing to perform the function internally or enhance internal resources by retaining a consultant.

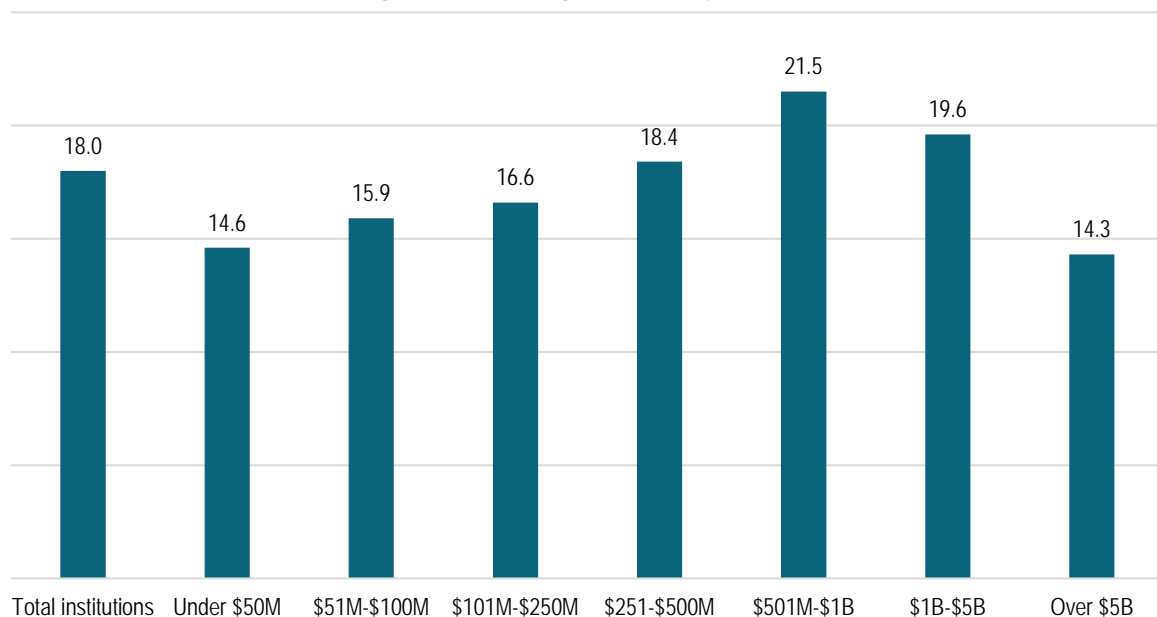


Student managed endowments: A unique way for students to get investment management experience

The primary benefit of maintaining a student-managed fund is the educational opportunity it offers by providing a hands-on enhancement to classroom learning.

Students managed a portion of endowment funds at 36.5 percent of responding institutions in FY24, totaling more than \$633 million in cumulative assets.

Student Managed Fund Average Returns by endowment size (%)





commonfund
INSTITUTE

Keep exploring the survey results



Scan the QR code
to access the
publicly available
tables from this
year's survey.

*Note: The 2024 NCSE public
tables will be available on
February 12 at 12:01 a.m.*

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