Saint Vincent College

ENDOWMENT

The Saint Vincent College endowment honors the generous intentions of alumni, families, friends, and the Benedictine community by providing a permanent and reliable source of funding for the institution. This funding supports scholarships and student programs, faculty and academic initiatives, as well as the College's long-term strategic priorities.

Investment Strategy

The primary investment goal of the endowment is preserving and growing its inflation-adjusted value in perpetuity. It aims to generate investment returns that exceed annual spending plus inflation, thereby maintaining its purchasing power over time. To achieve these goals, the Endowment employs a long-term, globally diversified investment strategy. Approximately 70% of the assets are allocated to equities, which provide growth through broad diversification across sectors, geographic regions, and investment styles. The remaining 30% is invested in fixed income securities, which offer income and stability through high-quality government and corporate bonds, complemented by selective exposure to high yield and opportunistic credit when appropriate.

Saint Vincent College aligns with Pennsylvania law in choosing to adopt the "total return" concept, seeking total return on the principal of endowment assets, from capital appreciation, earnings (dividends or fixed income coupons) or both. Therefore, "income" is this total return, rather than income from just dividends or interest. The endowed fund, or corpus, along with annual distributions are designed to grow over time. Distributions typically range from 3% to 7% of the three-year rolling average. This approach balances the College's need for stable funding with the long-term preservation of the endowment's purchasing power.

The Saint Vincent College endowment frequently invests through commingled funds alongside other institutional investors, an approach which offers significant advantages. By pooling assets, the endowment benefits from scale, which lowers management fees, enhances operational efficiency, and provides access to specialized research and reporting resources. Commingling also opens doors to top-tier managers, many of whom impose high minimum investments or limit new investors, thus allowing the endowment proportional exposure to these exclusive opportunities. Larger pools further enable broader diversification across asset classes, regions, and specialized strategies, which reduces concentration and liquidity risks. Finally, institutional structures inherent in commingled funds support rigorous manager selection, comprehensive due diligence, and collective bargaining power, all of which enhance governance and transparency.

Recognizing the value of additional diversification and unique return opportunities, a portion of the portfolio may also be allocated to alternative investments. These decisions are made collaboratively with the Vice President for Finance, with a strong emphasis on maintaining sufficient liquidity to meet the College's needs. Furthermore, multiple investment managers are employed across potential investment asset classes to mitigate risks associated with any single manager or investment style.

Performance measurement plays a critical role in ensuring the Endowment meets its objectives. The Endowment's returns are evaluated against a variety of benchmarks, as well as peer comparisons based on weighted by target allocations.

Distribution and Spending Strategy

The endowed fund, or corpus, along with annual distributions are designed to grow over time.

Distributions typically range from 3% to 7% of the three-year rolling average. As noted, this approach balances the College's need for stable funding with the long-term preservation of the endowment's purchasing power.

The three-year rolling average uses the average of the past three years of endowment value to determine the acceptable range for the spending calculation. For example, the calculation for 2025 spend used the average value of the years 2022, 2023 and 2024. The use of a three-year rolling average ensures a smoothing of spending, not overspending when markets have performed well, nor limiting the ability to meet obligations when the market has periods of poor performance. By averaging the past three years of endowment values, spending at the highest-highs and lowest-lows is avoided to better ensure the sustainability of the endowment fund corpus.

The Corporation's policy of appropriating for distribution is the previous year distribution increased by the same percentage that tuition was increased plus 5% of the gifts received to the endowment in the previous fiscal year.

22/23 Appropriation for expenditure	$7,061,545
Tuition increase -3%	213,181
5% of 21/22 Contributions received	6,981,923
23/24 Appropriation for expenditure	**7,482,701**

Such spending must be within a range of 3 to 7% of the market value of endowment assets computed on a moving three-year (12 quarters) market value average of the endowment assets.

Market value average of endowment assets 3/31/21-12/31/23 (12 quarters)	$126,079,493
Min -3% of average	3,782,385
Max -7% of average	8,825,565
23/24 Appropriation for expenditure	**7,482,701**

% of market value average	5.9%
Is value within range (3-7%)?	**PASS**

Governance

Governance and oversight are fundamental to the endowment's long-term success. The Board of Trustees holds ultimate fiduciary responsibility, delegating investment oversight to the Investment Committee. This Committee collaborates closely with the Vice President for Finance, who selects and monitors investment managers and regularly reports to the Committee. The Investment Policy Statement is reviewed periodically to ensure it remains aligned with the College's mission, with any significant amendments requiring Board approval.