

Haverford College

Haverford College
370 Lancaster Avenue
Haverford, PA 19041

November 7, 2024

Dear Haverford College Community,

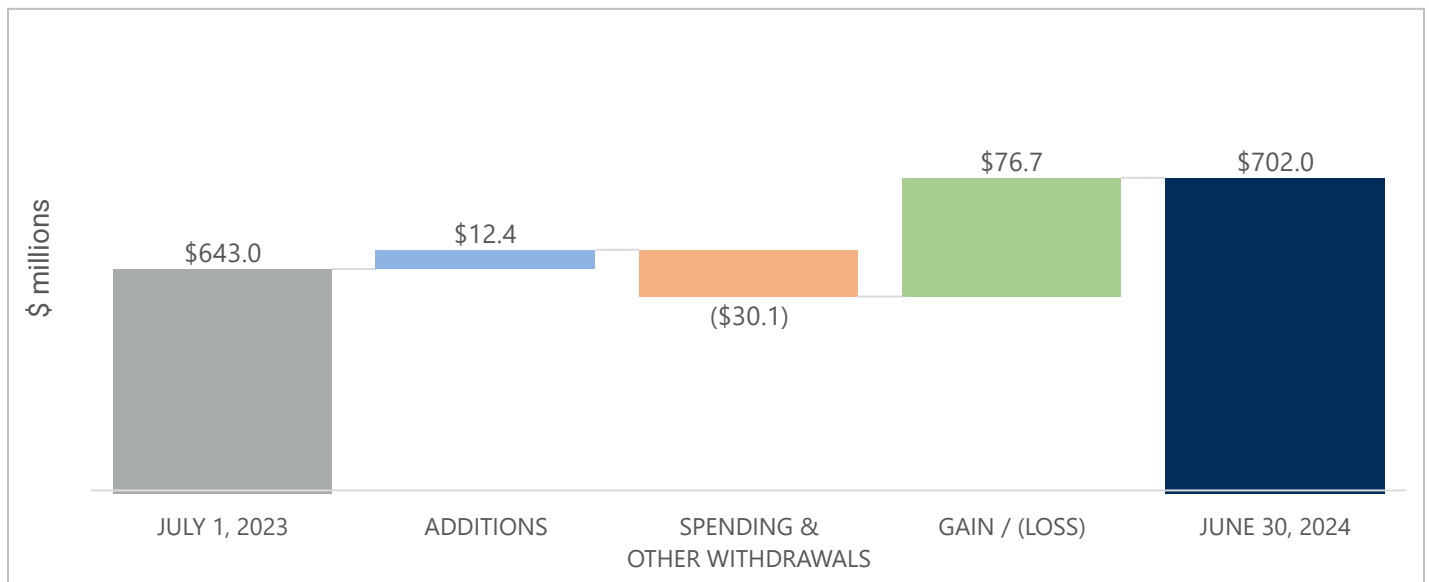
We are pleased to provide the annual update on the investment activity and performance of the Haverford endowment for the fiscal year ended on June 30, 2024.

The total endowment returned +12.1% in fiscal year 2024 (July 1, 2023 through June 30, 2024), net of all fees and expenses. Though official college and university survey results have not been reported, based on public news releases, we expect that larger endowments with greater exposure to private market investments will underperform those with higher exposure to public markets. While performing well in this one-year period, the portfolio underperformed the passive portfolio benchmark (described below, +14.4%) due to (1) the overall strength and rapid rise of public markets and (2) the more muted positive returns from the private portion of the portfolio. Importantly, the endowment has outperformed this passive benchmark over longer trailing historical periods.

Change in Endowment Value

As of June 30, 2024, the total endowment market value was \$702 million, a net total increase of \$59.0 million (or +9%) from the beginning of the fiscal year. The components of this increase included: (1) new gifts and other inflows of +\$12.4 million, (2) spending and other withdrawals in support of the College's academic mission, scholarship, and operations of -\$30.1 million, and (3) an investment return of +\$76.7 million.

The spending withdrawal, which is derived from the College's spending policy and formula, represented 24% of the College's operating revenues for the year, and a one-year endowment spending rate of 4.7%, based on the beginning of year endowment market value. These metrics fall within our customary and expected projections.



Background and History

The endowment is intended to be a source of ongoing annual support for Haverford College today and in the future. As an institution, we have a responsibility both to prudently manage the endowment as an important source of funding and grow the endowment through gifts, grants, and investments for future generations. We must do this while keeping up with inflation over time and generating enough appreciation from the endowment portfolio to support a sizable portion of the College’s annual operating budget.

As a reminder, Investure, LLC (“Investure”), a boutique investment firm founded in 2003 that works with a select group of colleges and private foundations across the country, was selected as Haverford’s investment office in late 2022. Investure began managing the College’s endowment assets on November 1, 2022.

Endowment Goals and Strategy

The endowment portfolio is a global, multi-asset class portfolio that is intentionally diversified and heavily weighted to equities and equity-oriented investments (broadly defined), given the portfolio’s goals to support the College for decades to come.

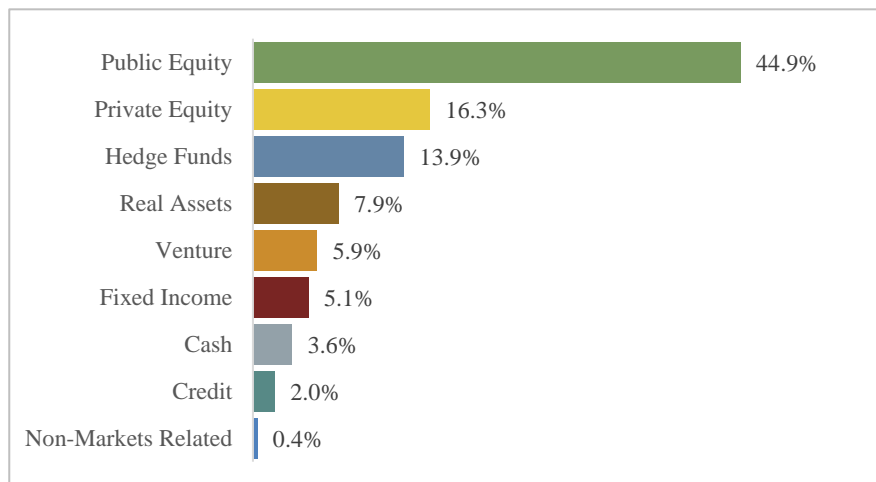
Before onboarding with Investure, Haverford’s Investment Committee worked with Investure to develop a portfolio transition plan and design a long-term asset allocation intended to accomplish the following:

- (1) Position Haverford to outperform across market cycles (defined as rolling 10–15-year periods) to ensure we both preserve and grow the value of the endowment (net of inflation) for future generations, and
- (2) Protect the portfolio against large drawdowns (defined as 25% or more) in the global equity markets and ensure adequate liquidity even in such times. As the endowment portfolio is a critical source of funding for Haverford’s annual operating budget, it is important that even in very down equity markets the College has the funding it needs to support our educational mission. It is often in challenging economic times that financial aid and other sources of support for students and faculty is most important.

The portfolio strategy approved by the Investment Committee and the Board focuses on utilizing an asset allocation that takes advantage of Haverford’s multi-decade time horizon and seeks to invest in top managers globally in a variety of asset classes. The return goal Haverford established with Investure is for the endowment portfolio, over time, to outperform (net of all fees and expenses) a passive portfolio benchmark comprised of 75% equities and 25% bonds (or 75% MSCI All Country World Index and 25% Barclays U.S. Treasury 7-10 Years). We refer to this portfolio benchmark as the “75/25” benchmark.

The current portfolio’s mix of asset classes as of June 30, 2024 is shown below:

As of June 30, 2024	
Public Equity	44.9%
Private Equity	16.3%
Hedge Funds	13.9%
Real Assets	7.9%
Venture	5.9%
Fixed Income	5.1%
Cash	3.6%
Credit	2.0%
Non-Markets Related	0.4%
Total	100%



We believe the endowment is well positioned for the future, considering the College's return goals and its risk tolerance. We look forward to sharing future updates.

With Appreciation,

The Investment Committee of Haverford College

and Investure, LLC