

ENDOWMENT RETURN GETS HIGH MARKS

Stability and growth of a nonprofit institution's endowment funds are essential for its current financial health and future sustainability.

Exeter's endowment is managed today according to the same rigorous principles that guided it through the boom of the 1990s. Investment and spending policies are designed to provide reliable support for the operating budget and to ensure the Academy's long-term welfare. As of June 30, 2003, the Exeter endowment was valued at \$557.4 million, and posted a gain of 10.9 percent for the fiscal year. Investment returns outpaced standard market benchmarks, as well as most of the school, college and university endowments to which Exeter compares itself.

Cambridge Associates LLC is the school's endowment advising and research firm. They track and advise 423 foundation, hospital, museum, university, college and independent school endowments nationwide.

In general, the trustees on the Investment Committee expect endowment returns to equal or exceed certain market benchmarks determined by the Academy's investment objectives. These include a benchmark of 75 percent Standard & Poor's 500 and 25 percent Lehman Brothers Bond Index, as well as other benchmarks used by Cambridge Associates. For the fiscal year ending June 30, 2003, Exeter achieved first rank across the board for one-, three-, five- and 10-year returns among peer institutions nationwide. Strict spending disciplines adopted in the early 1980s, combined with the boom market of the 1990s, considerably strengthened the Exeter endowment over the last two decades. These spending disciplines remain firmly in place and are protecting the value of the endowment today.

The figures look like this:

Average Annual Compound Return Comparisons:			
	PEA Endowment	75% S&P 500 25% LB G/C Blend	Cambridge Associates Endowment Universe Mean
10-year return	12.7 %	9.6 %	9.7 %
5-year return	9.8 %	1.1 %	4.3 %
3-year return	7.5 %	(5.7) %	(0.9) %
1-year return	10.9 %	3.9 %	3.7 %

The Academy's chief financial officer, Joseph E. Fellows '62, credits the expertise of past and present trustees on the Investment Committee for the endowment's performance. "These committee members take their jobs seriously and are generous with their expertise and with their time. They have allocated our assets with an emphasis on diversity and chosen excellent managers. This has been done with an eye toward controlling risk and ensuring that our investments are protected during difficult times."

TRUSTEE ROUNDUP

The trustees of the Academy met on campus October 22 to 26, 2003. At that time, the trustees heard news of and made decisions regarding an upcoming comprehensive campaign.

Most exciting was the announcement that the Academy Center Project has been fully funded and is expected to be complete by the fall of 2006. Thanks to the generosity of a small handful of donors, the \$27.2 million needed to fund the reconstruction has been raised.

The trustees were also told of a gift from Tom Steyer '75 that will fund two Steyer Distinguished Professorships. He pledged to establish these chairs at a commitment of \$2.5 million apiece. His enthusiasm for and appreciation of the role of Exeter's faculty in his own education is manifested by this gift.

The trustees agreed to enter into a comprehensive campaign later next year. The Exeter Initiatives, profiled in the most recent issue of *Non Sibi*, reflect the

trustees' thinking on how best to position Exeter in the immediate future to preserve the quality of the school's faculty and students. The precise dollar amount of the campaign will be determined when we know the final program cost estimates and the costs associated with the ongoing curricular review. More information about the school's plans will be shared in the months ahead.

Other activities filled almost half the time the trustees were on cam-