Baylor’s Endowment grew by almost $80 million over Fiscal Year 2017 with your support. A growing endowment is critical to Baylor’s continued fulfillment of its distinctive mission as a preeminent Christian university. Endowed funds foster the long-term affordability and educational excellence essential to attracting talented students in the competitive higher education marketplace.

Endowment donors get to witness firsthand the impact of their gifts on current students and professors, along with the satisfaction of knowing that future students and faculty will benefit from their generosity for generations to come.

Scholarship donors and recipients meet annually to share a personal connection.

Baylor’s Investment Team

The Office of Investments is responsible for the management of the Endowment portfolio. The office is staffed with a strong team of investment professionals who are experienced in investing across all aspects of the globally diversified portfolio. The team collectively has more than 80 years of investment experience in the areas of stock, bond, alternative and private investments. A distinguishing feature of the team is previous leadership experience at global investment firms and hedge funds. This firsthand knowledge is useful in evaluating investment managers that will best serve Baylor’s endowment needs.
Endowment Tops $1.2 billion

Endowment Value

Baylor’s Endowment hit an all-time high of $1.23 billion in Fiscal Year 2017. Continuing to grow the Endowment is a key initiative of the University. Ongoing gifts from alumni and friends along with annual investment returns from the Endowment portfolio are foundational to the continued advancement of the University.

Endowment Distributions

Approximately 5% of the Endowment’s value is distributed to the University each year in monthly installments. $65.7 million was distributed from the Endowment to the University over Fiscal Year 2017.

Distributions Top $65 million

Endowment Distributions

Annual Returns Are Strong

Endowment Returns

Fiscal Years ending May 31: 2004-2017

Baylor’s Endowment has outperformed the average of U.S. endowments by a wide margin since the inception of the Office of Investments. The portfolio’s policy benchmark represents a strategic blend of stock, bond, alternative and private investments consistent with the largest and best performing endowments across the U.S. Managing Baylor’s Endowment against this diversified benchmark enhances long-term value through strong returns with better downside protection.
Technological innovations in healthcare, energy, transportation, manufacturing, information technology and most other economic sectors are changing the investment landscape today. Changes of this magnitude create opportunities for the astute investor. Investments in companies best able to adapt and benefit from the technological advances such as those referenced here will be rewarded. Equally important is avoiding those companies that are slow in making changes needed to compete in a more technologically advanced world.
Cloud Computing
Cloud computing will increasingly replace on-site IT staff and hardware while offering more flexibility and security to users.

Genetically Targeted Medicines
Genetically targeted medicines increasingly harness the body’s immune system to attack previously incurable diseases.
Baylor’s Endowment portfolio benefits from a diverse blend of stock, bond, alternative equity and debt, and private investments. Investing within strategic ranges for each of these investment types serves as a control mechanism for the overall risk of the portfolio. Tactical shifts within approved ranges provide the flexibility to adjust risk as market conditions vary and to reposition the portfolio as technological innovations occur. Diversity and flexibility allow the Office of Investments to optimize the long-term value of the Endowment with more stable returns that successfully compete with the top performing endowments in the U.S.

Endowments have infinite lives and should therefore be invested with a long time horizon in mind. Baylor’s Endowment portfolio is strategically invested 75% across equity and 25% across credit markets.

The Endowment portfolio is invested with 83 managers located in 22 cities across the globe. These managers are evaluated by the Office of Investments as the best and brightest in their various areas of expertise. Extensive due diligence is performed before a manager is brought into the portfolio. Every selected manager is a proven professional who exhibits the highest level of integrity and fiduciary responsibility, practices operational transparency and follows institutional quality valuation and reporting standards.
Dear Alumni and Friends,

Just as technological innovations are changing the investment landscape, so too are they changing higher education and the employment markets our graduates are entering. Advanced degrees are increasingly impacting lifetime earnings as automation reduces the demand for unskilled labor. Online degrees, courses and modules from leading universities now provide more accessible opportunities for those motivated to advance their economic potential.

While the traditional college experience (four years on campus taking courses with new, lifelong friends) remains in demand, the pool of available students is shrinking due to demographic trends and affordability challenges. A rationalization of the number of four-year colleges and universities needed in the U.S. has already begun, and endowment size is important in determining the success of a university over time.

Endowments are appreciating assets that help to address the long-term affordability and competitiveness issues that all universities face. They annually provide a reliable stream of income to universities in support of scholarships and professorships, while maintaining the purchasing power of those annual distributions over the perpetual life of the university. Donors witness firsthand the benefit they are providing to current students and professors through distributions from their endowed funds, confident they are supporting the mission of Baylor University to educate men and women for worldwide leadership and service within a caring Christian community for generations to come.

The Baylor Endowment distributed an all-time high of more than $65 million over Fiscal Year 2017 and increased in size to $1.23 billion thanks to your gifts. While investment returns provide the source of distributions from existing endowed funds, ongoing gifts are needed to grow our programs and scholarships now and over the long run for talented and deserving students. Your contributions to the Endowment are greatly appreciated.

With sincere regards,

R. Brian Webb, Ph.D.
Vice President &
Chief Investment Officer