



Sixties Alumni Memorial Fund Pharmacy Endowed Scholarship

*THOMAS J. LONG SCHOOL OF PHARMACY AND HEALTH SCIENCES*

2017 ENDOWMENT REPORT

PREPARED FOR ESPECIALLY FOR MR. AND MRS. JOHN SMITH

March 2017

Mr. and Mrs. John Smith  
123 Main Street  
Sacramento, CA 94123-4567

Dear, Mr. and Mrs. Smith:

**Pamela A. Eibeck, Ph.D.**  
President

*Office of the President*  
3601 Pacific Avenue  
Stockton, CA 95211  
Tel 209.946.2222

It's been an extraordinary year at Pacific. On October 21 we publicly launched *Leading with Purpose: The Campaign for University of the Pacific* – our most ambitious fundraising campaign to date – in front of thousands of alumni, students, faculty and friends at Homecoming. Your investment in this \$300 million dollar campaign will touch every aspect of university life, supporting the ideas, people and places that make Pacific such a remarkable university. That's why I am pleased to present this annual report for the Sixties Alumni Memorial Fund Pharmacy Endowed Scholarship.

Pacific has a gift for finding the moments that give life purpose, and when we seize those moments, things change for the better – including the lives of our students and faculty, our communities and the world. This year's annual report illustrates some of the many possibilities created through private support.

As we continue to make excellent progress toward our mission of providing a superior, student-centered learning experience, I am enormously grateful for your generosity.

Thank you,



Pamela A. Eibeck, PhD  
President



# 2017 University of the Pacific Endowment Report

## ENDOWMENT DESCRIPTION *(Your story is shared with the scholarship recipient)*

This award is supported by a group of alumni who are committed to their alma mater and to the profession of pharmacy. It is the donor's hope that students who receive the scholarship will continue the tradition of giving as alumni of our pharmacy school. This scholarship is awarded to a first or second year doctor of pharmacy student with a GPA between 2.5 and 3.5.

## RECIPIENTS

The 2017-2018 Sixties Alumni Memorial Fund Pharmacy Endowed Scholarship was awarded to the following scholars:

Name	Year	Major	Hometown
Julie Jones	3 <sup>rd</sup> Year Pharmacy	Pharmacy	Sacramento, CA

## ENDOWMENT DISTRIBUTION

The approved Pacific Board of Regents' 2017-2018 endowment distribution rate is 4.00%. Accordingly, the endowment will distribute \$ for use this academic year. In 2016-2017, the period covered in this report, \$2,130 was distributed in scholarships.

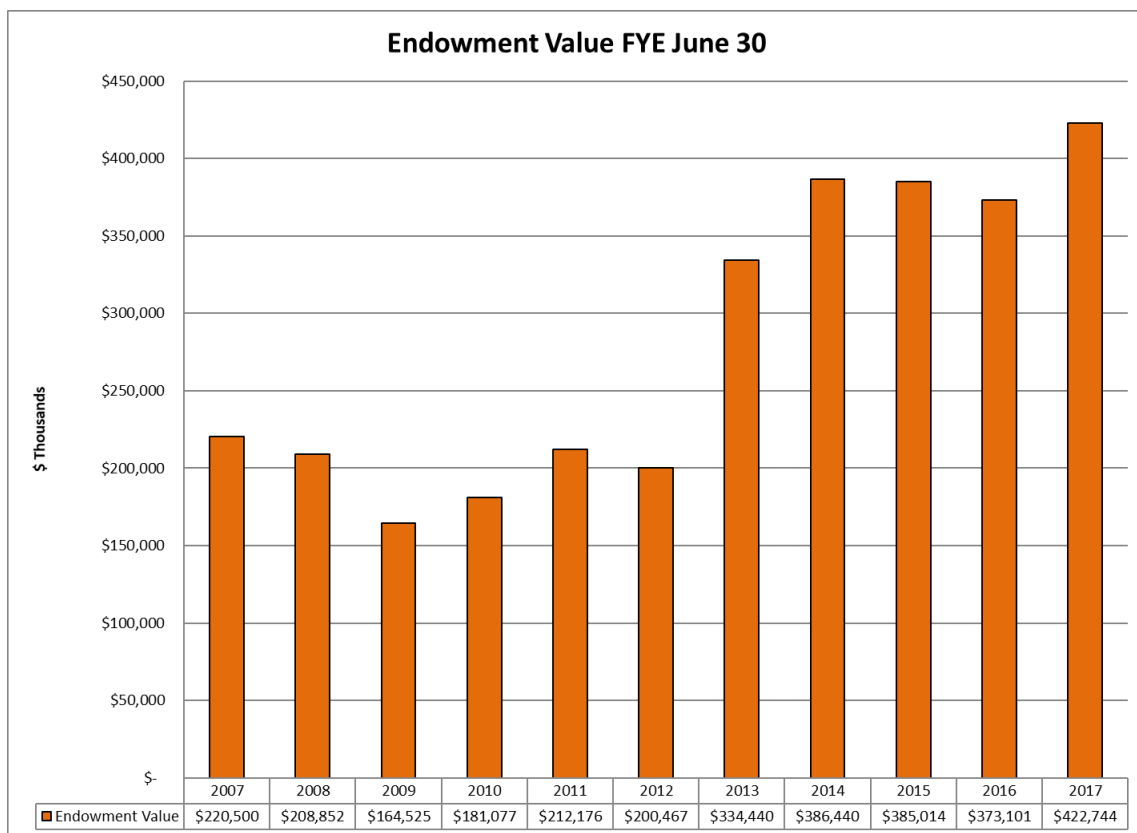
## MARKET VALUE OF THE ENDOWMENT

Below is a summary of the endowment activity for the 2016-2017 academic year and the market value of the Sixties Alumni Memorial Fund Pharmacy Endowed Scholarship as of June 30, 2017. This information was included in the University's most recently audited financial statements approved by the Pacific Board of Regents at its October 2017 meeting. The cumulative gift total of this endowment as of June 30, 2017 was \$47,673.

Academic Year	Beginning Market Value	New Gifts	Earnings/ (Losses)	Scholarship Distribution	Ending Market Value
2016-2017	\$58,293	\$1,000	\$6,357	\$2,130	\$63,520
2015-2016	\$60,622	\$1,500	(\$1,872)	\$1,957	\$58,293
2014-2015	\$56,246	\$5,000	\$1,235	\$1,859	\$60,622
2013-2014	\$47,176	\$3,000	\$7,875	\$1,805	\$56,246

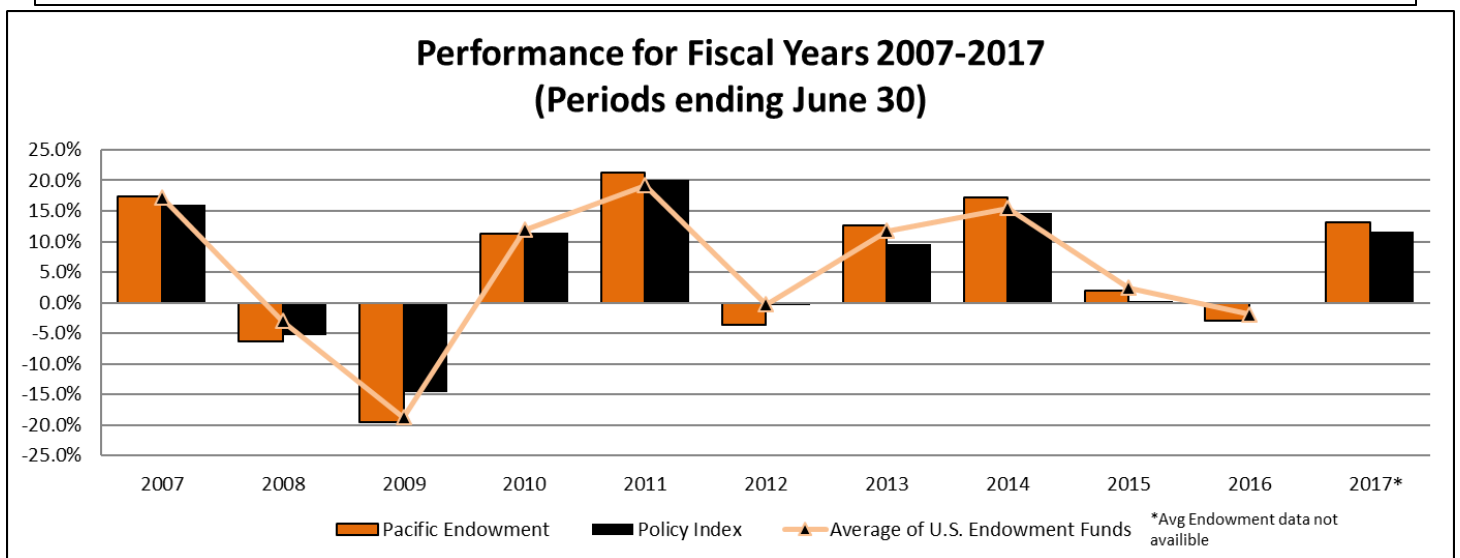
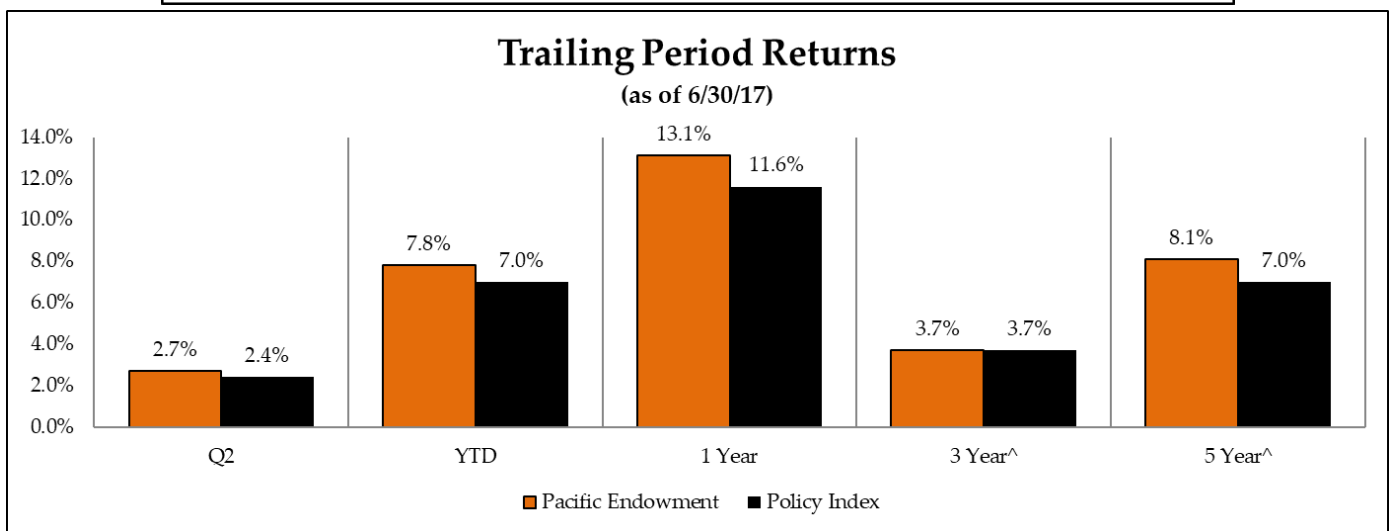
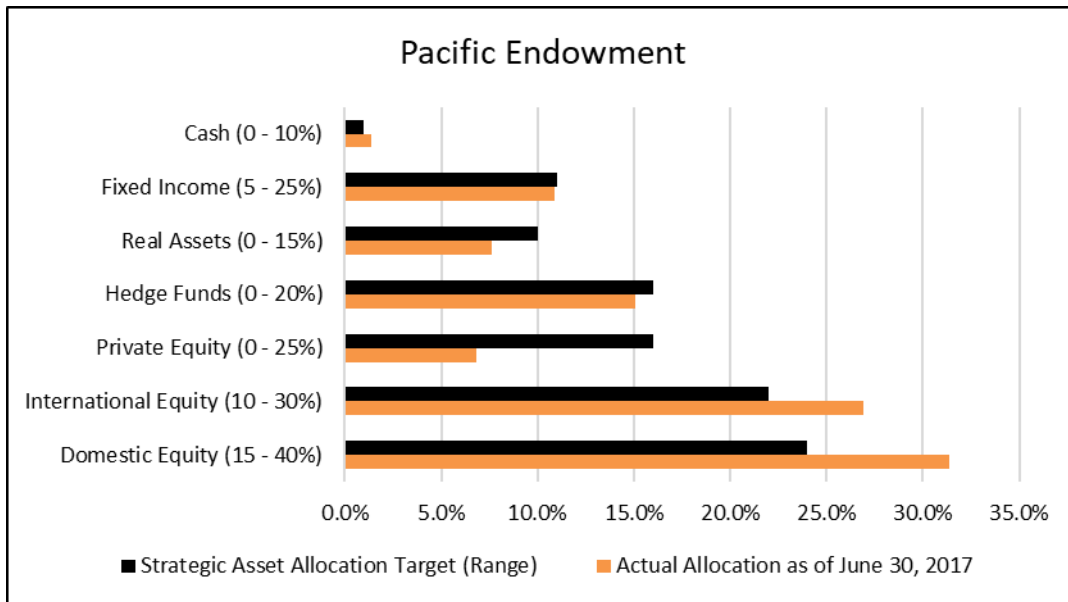
# University of the Pacific FY17 Endowment Facts and Charts

- As of June 30, 2017, the value of the University of the Pacific Endowment was \$422,744,005.
- In 2016-2017 more than \$14.9 million was distributed from the endowment.
  - Of the amount distributed, approximately \$8.3 million was for student scholarships.
- Over the past 10 years, the endowment has distributed \$98 million for scholarship and institutional support.
- There are 1,139 individual endowment funds with 68.5% of them supporting the schools and programs in Stockton, 22.0% supporting the Arthur A. Dugoni School of Dentistry in San Francisco, and 9.1% supporting McGeorge School of Law in Sacramento.
- **105 Powell Matched Scholarship Endowments** met the funding threshold of \$50,000 prior to December 31, 2016. Those scholarships distributed \$479,302 for the 2017-2018 academic year.



## University of the Pacific Endowment Returns 13.1% for Fiscal Year

For the 12 months ending June 30, 2017, University of the Pacific's Endowment returned 13.1% vs 11.6% for its custom benchmark, reported Bayani Jol Manilay, Assistant Vice President and Chief Investment Officer for the University. Over longer periods, the endowment has returned 3.7% and 8.1% respectively for the last three and five years, on an annualized basis. Pacific's endowment had total assets of \$422 million at June 30, 2017 across all investment pools. The Endowment remains broadly invested across various asset classes and with the careful application of the Board's investment and spending rate policies, along with a strong fundraising effort, will ensure that the University's endowment can continue to rank in the top third of its peer group.



\*Source: Preliminary 2016 NACUBO-Common Fund Study of Endowments. ^ Annualized.

# University of the Pacific's Endowment

## Frequently Asked Questions

### WHAT IS AN ENDOWMENT? WHAT IS AN ENDOWED FUND?

Endowment refers to assets that are permanently restricted and are invested for the long term, unlike expendable funds which are typically used for immediate needs. Currently, Pacific donors have established nearly 1,200 endowment funds for scholarships, professorships, academic programs, athletics, and other purposes. When a donor creates an endowed fund, the gift “buys shares” in Pacific’s Endowment Pool, which operate similar to a mutual fund. Each endowment is used in accordance with the donor’s wishes and distributes a portion of earnings each year.

### WHAT IS THE STRENGTH OF PACIFIC'S ENDOWMENT?

As of June 30, 2017 (the end of Pacific’s fiscal year), the value of the endowment was approximately \$423 million.

### HOW LARGE IS THE ENDOWMENT RELATIVE TO PACIFIC'S EXPENSES?

In fiscal year 2017, endowment income covered less than 6 percent of Pacific’s operating expenses. Pacific must generate two-thirds of its operating budget—more than \$250 million every year—from student tuition and gifts from Regents, alumni, parents, and friends.

One of the most important challenges Pacific faces is to address the imbalance between the University’s endowment resources and the remarkable breadth of its academic and research programs. To that end, one of Pacific’s primary goals is to increase the proportion of operating budget funded by endowment income, thus providing a permanent source of funding for academic programs and financial aid.

### HOW DOES PACIFIC MANAGE ITS ENDOWMENT?

The endowment is managed by the Board of Regents’ Investment Committee through the Investment Policy Statement (IPS) in accordance with the California Uniform Prudent Management Investment of Institutional Funds Act (UPMIFA). The endowment is invested for growth to provide a reliable stream of income to support the University’s budget in perpetuity. The Committee works with the staff of the Business and Finance Division, as well as an investment consultant to ensure that investments are providing the income stream needed to support programs while continuing to grow the principal of the endowment pool.

### HOW MUCH OF THE ENDOWMENT DOES PACIFIC SPEND ANNUALLY?

Each year, the Board of Regents approves the rate of spending distribution for the endowment which determines the amount of income and appreciation that flows to Pacific’s budget. The spending distribution is currently 4.0% of the endowment’s twelve quarter rolling average of the market value at December 31<sup>st</sup> for distribution the following fiscal year.

### HOW DOES MARKET VOLATILITY AFFECT PACIFIC'S ENDOWMENT SPENDING DISTRIBUTION?

Pacific invests for the long-term and moderates the impact on the budget from year-to-year volatility in equities and other financial markets. It does so in several ways. First, the University manages risk by diversifying investments. Second, Pacific's spending distribution is based on a twelve quarter average market balance, which is based on the actual performance. Third, the Investment Committee regularly monitors performance, and makes adjustments as needed.

### WHAT INVESTMENT IS REQUIRED TO ESTABLISH AN ENDOWED FUND AT PACIFIC?

The amount required to establish an endowed fund varies depending on the fund's purpose. For example, endowed chairs may be endowed with a gift of \$2 million or more, while scholarship funds may be created at various recognition levels starting at \$50,000.

### WHAT IS THE SPENDING DISTRIBUTION?

Endowment spending represents the amount distributed from Pacific's endowed funds that is made available to support the funds' designated purposes. The policies that guide annual spending amounts are designed to provide a stable flow of income while protecting the real value of the endowment fund over time.

### HOW IS THE SPENDING DISTRIBUTION DETERMINED EACH YEAR?

The Board of Regents' policy is based upon the average market value as of December 31 for the past twelve quarters times the spending distribution rate factor, which is presently at 4.0%.

### WHY DOESN'T PACIFIC SPEND MORE OF ITS ENDOWMENT?

The investment returns vary from year to year, and Pacific must base its spending distribution on a long-term expected total rate of return if it is to guarantee support for activities in perpetuity. To end this, Pacific must retain a portion of each endowment fund's purchasing power to keep pace with inflation, as well as increased costs associated with the Endowment's program's growth.

### WHAT IF THE ENDOWMENT IS UNDERWATER?

At the October 2016 meeting, University of the Pacific's Board of Regents voted to adopt an underwater endowment spending policy. (An endowment is underwater when the market value is less than the original gift amount.)

The new policy states that if the market value is:

- 90% of the gift value or more - no change in spending
- 80% - 89% of gift value - 75% of spending
- Less than 80% of gift value - 50% of spending

*This report was compiled by Amy Martin, Assistant Director of Donor Relations.  
For questions or concerns, please call 209.946.2996 or e-mail [amartin@pacific.edu](mailto:amartin@pacific.edu).*