



Endowment Snapshot

As of June 30, 2017



DEPAUW
UNIVERSITY

Est. 1837

Overview

DePauw University has more than 900 endowment funds thanks to the generous gifts of thousands of alumni, parents and friends of DePauw. DePauw's endowment supports the University and its educational mission in perpetuity, while providing inter-generational equity for current and future students, faculty and other interested parties. Donors wishing to make a lasting impact often use an endowed gift to assist in achieving DePauw's goal of educating students for a lifetime of success. Each endowed fund tells a unique story; including the origins of the endowment, the benefactor's experience at DePauw and the impact the endowment has had on students and the campus. Most importantly, the endowment will be a significant driver of DePauw's future.

Governance

The Investments Committee of the Board of Trustees is responsible for establishing and monitoring investment policies—considering both potential return and associated risk—in the context of the overall strategic goals and initiatives of the University. In May 2013, the Investments Committee delegated to its outsourced Chief Investment Officer, CornerStone Partners (CornerStone), responsibility for managing the University's endowment in accordance with the University's Statement of Investment Objectives and Policies. The Investments Committee oversees CornerStone's activities. CornerStone employees work with DePauw staff on policy implementation and day-to-day endowment operations.

Investment Approach

The DePauw endowment is invested with the principle that attractive long-term investment returns are best generated through a consistent investment philosophy, team and process. The CornerStone team has several core investment principles that guide their approach to managing DePauw's endowment.

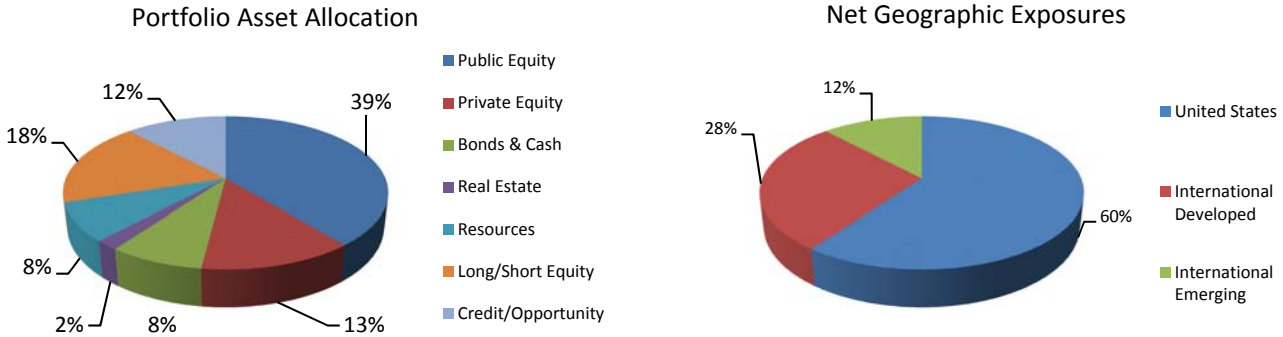
- *Maintain a long-term investment horizon.*
- *Seek to add value through external manager selection, asset allocation, and opportunistic tilts to specific investment themes.*
- *Pursue a patient, value-oriented approach toward managing the endowment's capital.*
- *Create value through the quality of people hired, both internally as well as external managers.*

Spending

The University has designed its spending and investment policies to provide a stable source of financial support for the University's annual operations while preserving the purchasing power of the endowment. The spending rate, which is approved by the Board of Trustees, is currently set at annual distributions of 5.5 percent of the trailing 12-quarter average market value of the total endowing assets. This trailing average spending calculation allows the school to gradually adjust to sudden market fluctuations instead of making drastic, short-term changes.

Risk Management

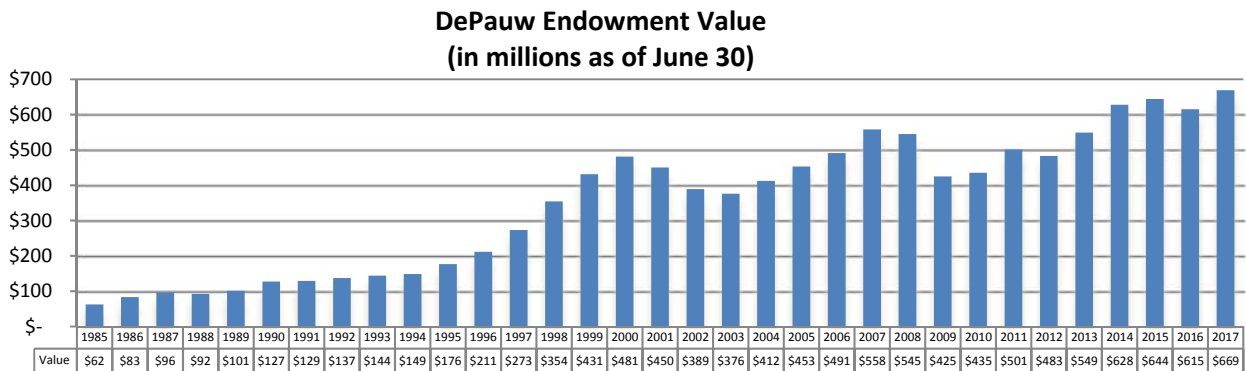
Achieving prudent portfolio diversification and maintaining adequate liquidity are critical to managing risk and reaching the endowment’s investment objectives. The endowment is well diversified across managers, strategies and geographies as illustrated in the charts below.



The liquidity profile of the managed endowment is within the guidelines established in the *Statement of Investment Objectives and Policies*. Adequate liquidity ensures that the necessary funds are readily available to meet the spending policy and capital call requirements over time regardless of market conditions.

Endowment Assets

Over the last 30 years, DePauw’s endowment has grown substantially through prudent investing and significant donor contributions. As of June 30, 2017, the University’s endowing resources totaled \$669 million. The following chart depicts the endowment growth since 1985.

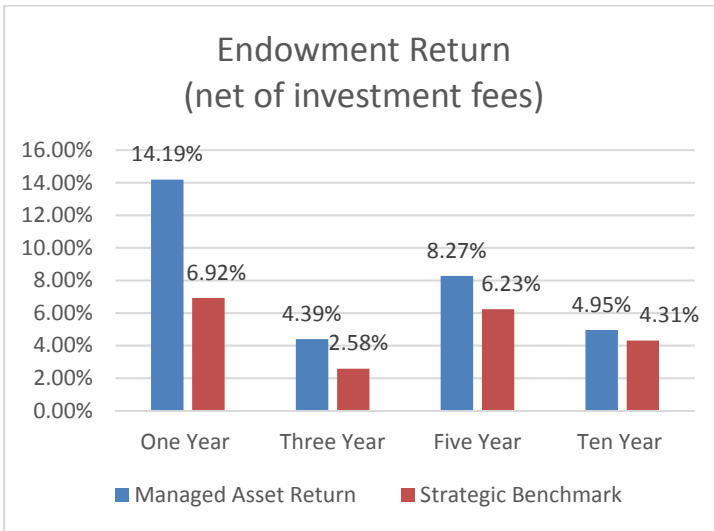


Performance

The primary return objective for the managed endowment is to achieve average annual returns over rolling five-year periods greater than the spending rate plus inflation (5.5% + CPI), net of all fees and expenses. The secondary return objective is to outperform the Strategic Policy Benchmark over rolling three-to-five year periods or a full market cycle, whichever is longer. An additional performance comparison is a peer group of US colleges and universities.

DePauw Managed Endowment Fiscal Year Net Returns	
2009-2010	10.3%
2010-2011	20.5%
2011-2012	0.4%
2012-2013	11.9%
2013-2014	16.9%
2014-2015	5.4%
2015-2016	-5.5%
2016-2017	14.2%

Source: CornerStone Partners



10 Year Annualized Returns (as of June 30, 2017)	
DePauw Managed Endowment (net)	4.95%
Absolute Return Benchmark (net)*	6.65%
Strategic Policy Benchmark (net)**	4.31%
NACUBO Peer Group (Net)***	5.30%

Source: CornerStone Partners, Northern Trust, NACUBO

*5.0% + CPI

**55% MSCI AC World Index (Net), 25% HFRX Global Hedge Fund Index, 10% Barclays Intermediate Government/Credit Index, 5% Dow Jones - UBS Commodities Index, 5% NCREIF Property Index

***NACUBO \$500 Million-\$1 Billion Endowment Universe; as of June 30, 2016(latest available)

Source: CornerStone Partners, Northern Trust

*55% MSCI AC World Index (Net), 25% HFRX Global Hedge Fund Index, 10% Barclays Intermediate Government/Credit Index, 5% Dow Jones - UBS Commodities Index, 5% NCREIF Property Index