



UCLA Foundation

ANNUAL REPORT
2015





Our Message

On Turning Points and Trust

This past fiscal year brought much in the way of positive news to UCLA. For one thing, the past year represents an unambiguous turning point in our recovery from the financial crisis that began in 2007–08. As with the nation as a whole, we have seen progress, and we now can welcome the return of financial stability. Research funding, so critical to UCLA's mission, reached \$1 billion this year after having dipped to its low point of \$900 million. And the Centennial Campaign for UCLA is on track to end the calendar year at the \$2.1-billion mark, bringing us halfway to the \$4.2-billion goal.

UCLA continues to rank among the very best colleges and universities according to several rankings. In addition, we are consistently among the top five universities in research funding, with research results and reputation that surpass Yale and Columbia.

Two other big reasons to be confident: private philanthropy, like yours, and the UCLA Investment Company (IC). Since 2011, the IC has had oversight of the endowment and assets of the Foundation, offering independent, professional management of the funds. The nation's top 30 endowments, private and public, have just such a structure because it is the ideal organization to advance UCLA's mission, extend its reach, and secure its future — in other words, to strengthen the university's foundation and its Foundation.

We have work to do. As you'll see in this annual report, student support — a priority for the Foundation — still lags. We hope the IC's expert management of private contributions will inspire more giving to UCLA, whether to scholarships, to another area of interest, or to the unrestricted pool.

Optimism abounds at UCLA, tempered by just the right amount of financial acumen. That combination, along with your support, will take us well funded into the future. Thank you for your gifts. We will use them wisely.



Who We Are

The Right Mix

UCLA Foundation board members represent a diversity of strengths and interests, but they all are interested in seeing UCLA soar. Talented and accomplished women and men in the fields of finance, investment, law, education, media, real estate, business, and more, board members bring a collective of talents, strategy, guidance, and financial support to the table. Add to that the UCLA Investment Company (IC), and you have the perfect formula for success. Set up to manage monies internally, the IC creates transparency for internal and external stakeholders. President and Chief Investment Officer Srinivas “Srini” Pulavarti and an experienced team lead the IC. Characterized by excellent governance, the IC protects and grows The UCLA Foundation endowment and other assets — steadily and smartly.



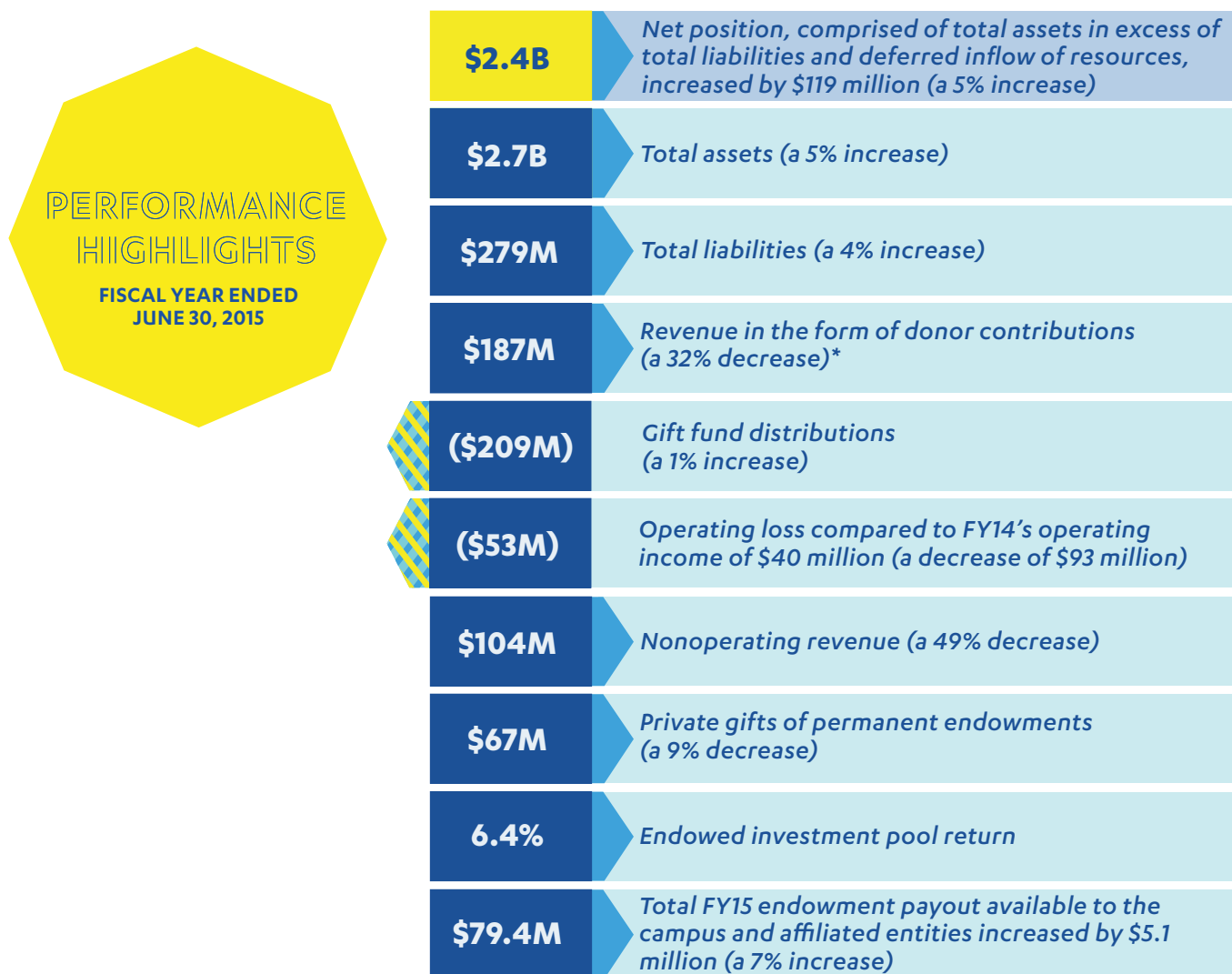
UCLA Investment Company Philosophy

IC members are value investors. Currently less than two percent of UCLA's operating budget comes from the endowment's payout. And although one of the IC's goals is to make the endowment more meaningful to the university, that low liability has an advantage. It allows the IC to invest aggressively for the next 20 years or so, taking the appropriate level of risk for the long term. Among those entities in which the IC will continue to invest are UCLA's own people and their discoveries and innovations. By doubling the university's endowment every seven years — a very attainable goal — the IC will bring UCLA in line with peer institutions, bolstering the university's efforts to recruit and retain the very best faculty and students.

Performance Highlights

The UCLA Foundation's support to the campus remains strong, and the investment returns were favorable for the fiscal year. The Foundation's net position increased by 5% (\$119 million) to \$2.4 billion. Total assets increased by 5% (\$130 million) to \$2.7 billion, while total liabilities only increased by 4% (\$10 million) to \$279 million.

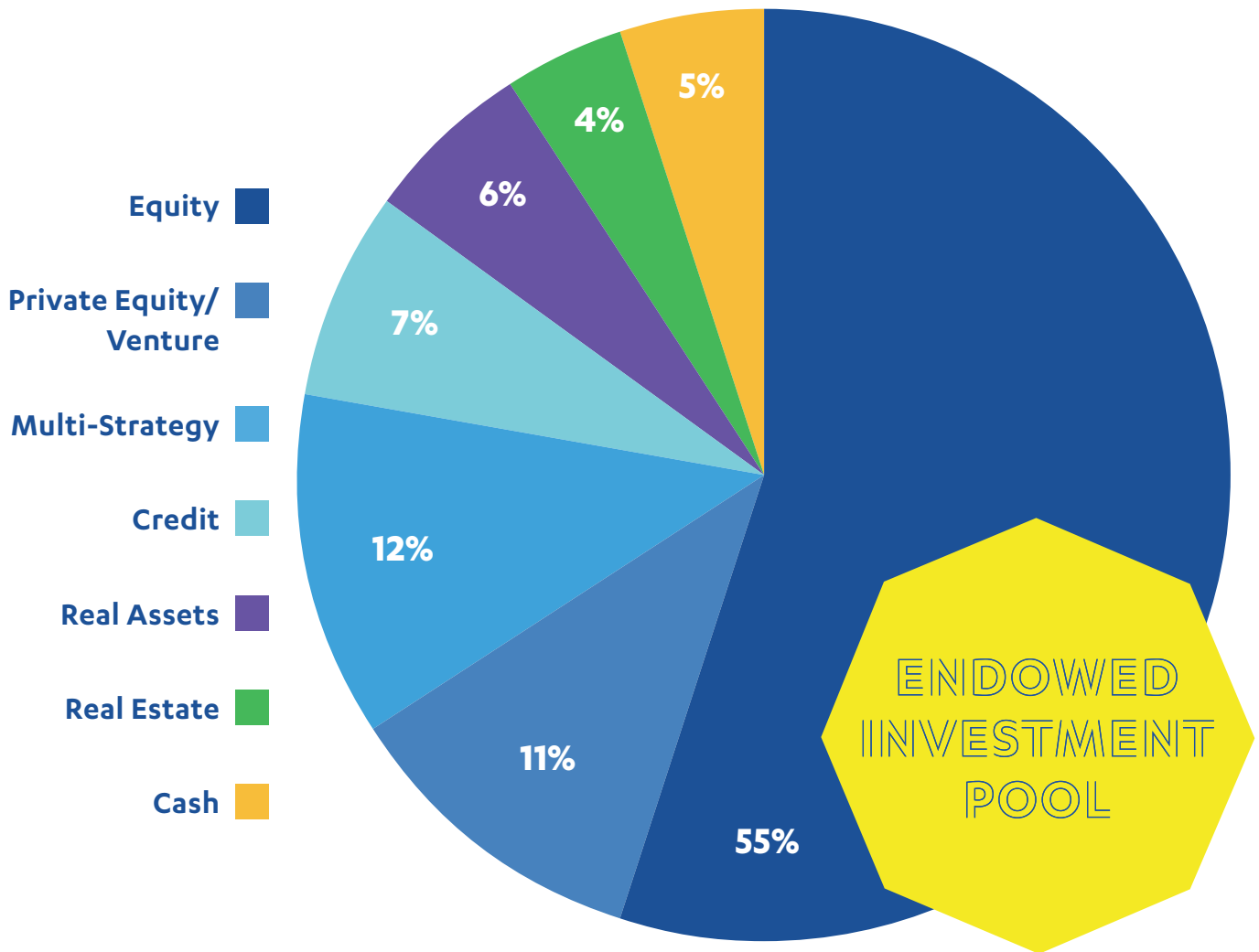
The financial statements reflect \$104 million of nonoperating revenue resulting from positive investment returns.



*Excludes contributions managed by The Regents, additions to permanently endowed funds and endowed or conditional pledges.

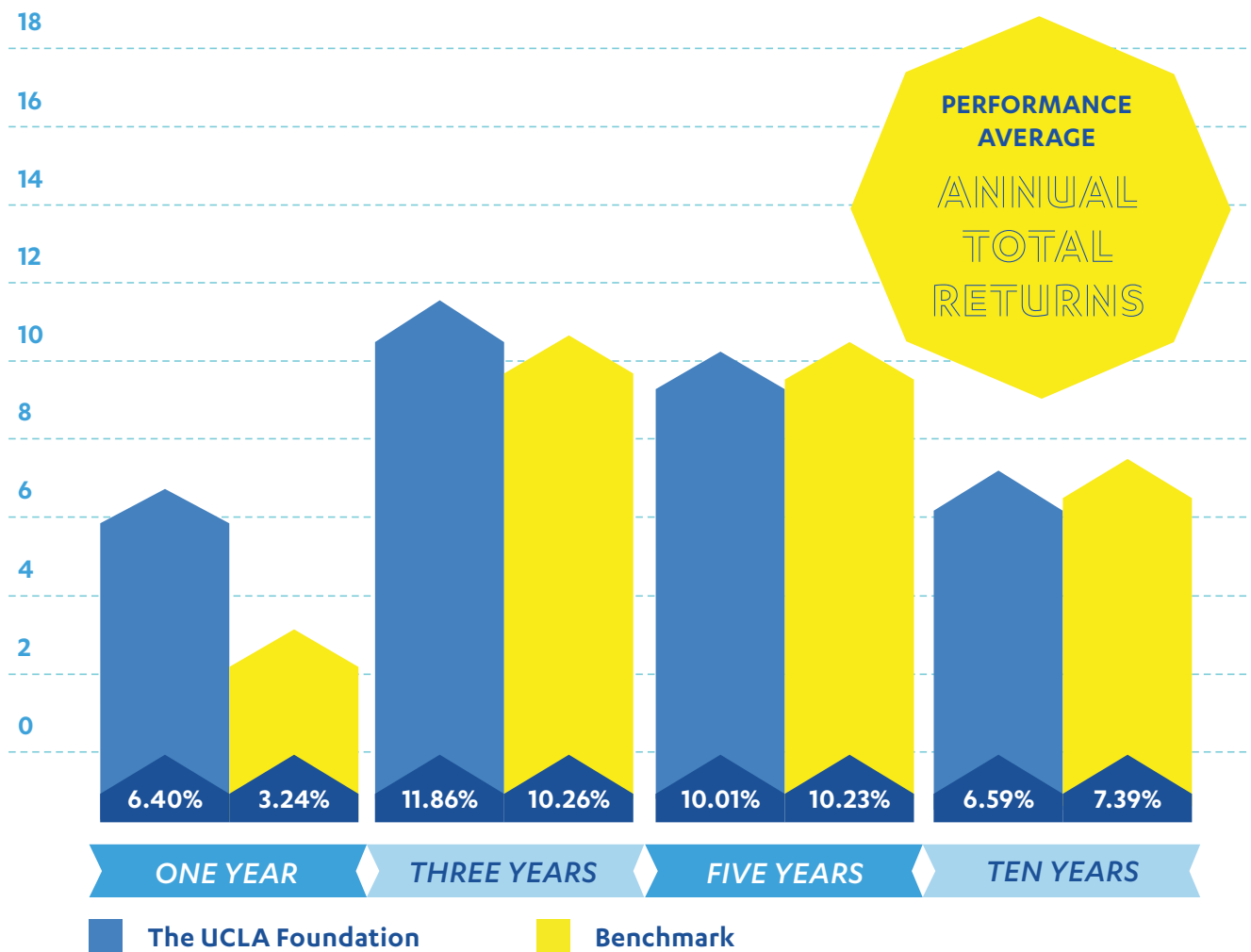
Endowed Investment Pool Asset Mix

The UCLA Foundation’s endowed investment pool totaled \$1.86 billion as of June 30, 2015. The endowed long-term pool is invested in a diversified investment portfolio designed to maximize long-term returns at prudent levels of risk, consistent with accepted institutional investing principles and practices. The pool is diversified by asset class, sector, and geography, and has been constructed to achieve a return objective sufficient to cover annual payout, inflation, and costs over the long term.



Endowed Investment Pool

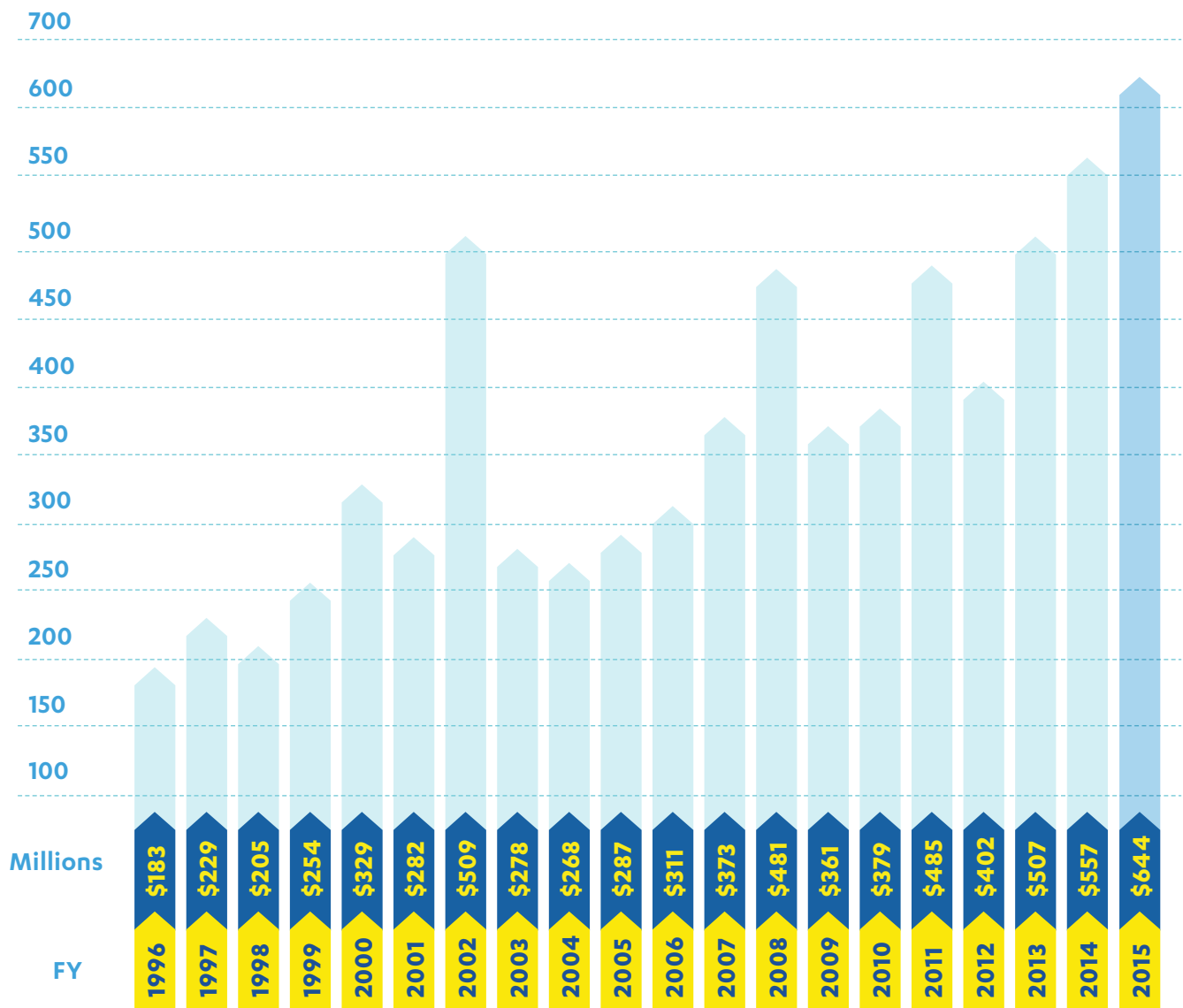
In fiscal year 2014–2015, The UCLA Foundation’s endowed pool experienced positive returns. The endowed pool returned 6.40% for the fiscal year ending June 30, 2015, outperforming its benchmark by more than 3%.



Fiscal Year Ended June 30, 2015

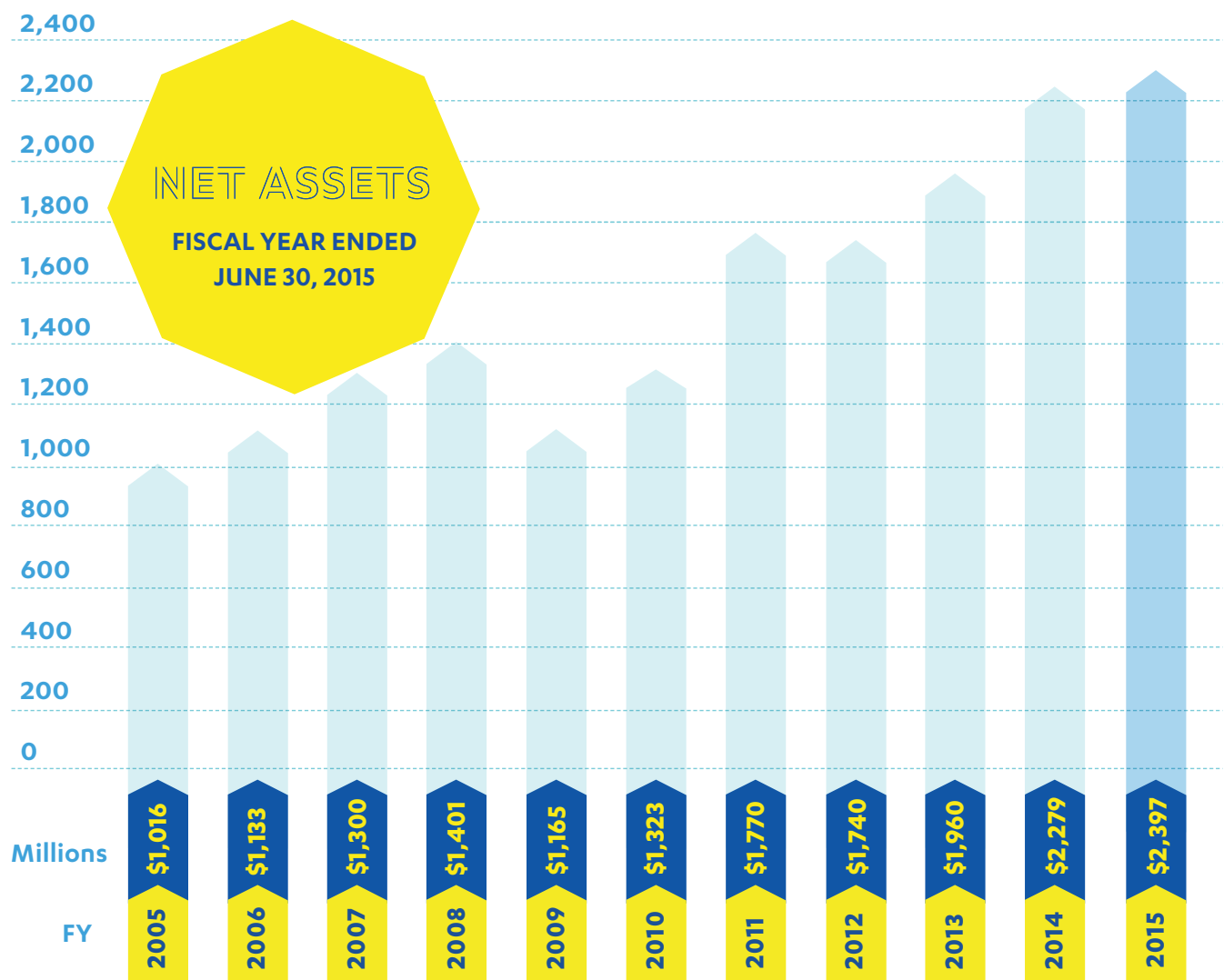
UCLA Gift History

UCLA set a new fundraising record last year, with \$644 million in gifts and pledges. In doing so, we created a stronger foundation from which to attract the best students and support innovative research and teaching. The generosity of over 119,000 donors enabled us to surpass our goal of \$550 million by 17%. This includes gifts to both The Regents and The Foundation.



The UCLA Foundation Net Position

The UCLA Foundation’s net assets (total assets exceeding total liabilities and deferred inflow of resources) reached \$2.4 billion, an increase of 5%. These funds support UCLA’s mission and address campus priorities. Over the past 10 years, The Foundation’s net assets have grown by 136%.



Endowed Investment Pool Payout

The UCLA Foundation has more than doubled its payout over the last 10 years as a result of increasing levels of donor support and prudent investment management. The Foundation has been able to meet its objective of providing a stable source of funding to the campus. The payout rate was 4.78% for the fiscal year ending June 30, 2015.



Fiscal Year Ended June 30, 2015

About The UCLA Foundation

The UCLA Foundation is grateful for the generous support of tens of thousands of donors who help ensure UCLA's excellence and reach. Private philanthropy provides renowned faculty, stellar students, and innovative researchers with the transformative resources they need to do transformative work. As we move toward greater self-reliance, gifts to grow our endowment are more crucial than ever to our mission to educate, discover, and serve.

The Foundation Board of Directors is deeply committed to cultivating the culture of philanthropy among all of our partners and to turn monies raised into meaningful action. Partnering with the UCLA Investment Company, The Foundation provides fiduciary oversight of the investment of assets managed to benefit the university. The Foundation receives contributions from UCLA's donor community of alumni, friends, private foundations and corporations, faculty, staff and students. With an eye toward the future, it invests those contributions for long-term value and growth.

Donor contributions and advocacy demonstrate confidence in UCLA. That confidence, in turn, fuels our optimism and commitment.

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UCLA Foundation

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