

ENDOWMENT REPORT 2022

A glimpse at your impact on
Abilene Christian University





“My professors are relatable and make connections between the material and my career. I’m so grateful for people in the ACU community who invest in me. I always know they’ll go the extra mile to help me succeed.”

JASON MASSEY ('23)
Criminal Justice major



“I love the hands-on experiences I’ve had studying entrepreneurship, and from my first day in class, I’ve been encouraged and challenged to grow. From here, I can intentionally build my business to cultivate relationships with people in need.”

TAYLOR WALLING ('23)
Management major



“At ACU, I’ve built some amazing relationships with professors and classmates. They are passionate about science, and they have a really solid foundation with God. My time here has made me a better scholar and a stronger Christian.”

SYDNEE ERVIN ('22)
Biochemistry major



“ACU has been the best place for me to grow in every area – mentally, physically and spiritually. I have felt nothing but support from everyone – from classmates to professors and university leadership.”

ANTHONY EGBO JR. ('22)
Psychology major

It may not have been what she originally signed up for, but **Audrey Gibbs** returned from a six-week internship and mission trip in Guatemala this summer feeling changed.

The senior marketing and human resource management major from Edmond, Oklahoma, was preparing for a summer internship in Europe last year through an outside organization that promotes Christianity in the workplace. But when her particular program was canceled, Gibbs was left to scramble.

With the help of ACU's Halbert Center for Missions and Global Service, she found an opportunity to work and serve others in Magdalena, Guatemala.

Partnering with Students International, Gibbs worked in the organization's microfinance division to help support local businesses. Using skills she's honed in ACU's College of Business Administration, she worked on a marketing campaign and materials for a new water purification business.

In addition to the work, they also ministered. They traveled to rural, mountainside villages to visit the people applying for loans to start new businesses. Gibbs and others working with the microfinance division would pray, conduct Bible studies and connect with them to help foster relationships and help nurture their faith.

Although Gibbs began the trip knowing only a little Spanish, some things can be communicated regardless of language barriers. She said she was constantly touched by the hospitality of the people she met, from the host family she stayed with to the people they met through work and ministry.

Gibbs had experienced brief mission opportunities previously, but the six-week trip to Guatemala pushed her out of her comfort zone.

"I knew it would be six weeks of being uncomfortable every single day," she said. "But there's also a lot of growth that can happen in being uncomfortable. That's definitely the main reason that I stuck with it.



And I feel like I came back changed."

Now back on campus as a senior, Gibbs is a recipient of the Timothy and Dede Brown and Katherine and Brett Mach Endowed Scholarship.

The endowment has been providing scholarships to deserving students who are enrolled in the College of Business Administration since it was established in 2010. These types of endowments make it possible for students to choose ACU and experience all it has to offer. For Gibbs, it meant discovering new interests through her classes in COBA.

She entered ACU as a marketing major in 2019, but a course in

organizational behavior with **Dr. Dennis Marquardt**, associate professor of management sciences, inspired Gibbs to add a human resource management major.

Despite the extra hours it took for her to complete a double major, Gibbs is set to graduate a semester early this December. She plans to pursue a career in either marketing or HR, but she's also considering applying to attend law school.

No matter which direction she goes professionally, Gibbs is thankful for all the donors who have contributed to help make all parts of her ACU experience possible, from her scholarship to the Guatemala trip this summer.

"I'm so grateful to have had this opportunity," she said. "Donating to missions and international travel is really important – especially in the context of Christianity – because there's so much you can learn from other cultures that you can't get in the U.S."

As she prepares to finish her time on campus, Gibbs hopes students in the future will have the same opportunities she has had to attend ACU, find their passions and "take a leap of faith and give yourself a chance to learn and grow – as a person, as a Christian and in your professional pursuits."

OPERATIONAL ENDOWMENT SPOTLIGHT

Christopher and Mary Lou Hutson Africana Studies Collection Endowment

James Wisner likens his role as dean of library information services and educational technology to being the host of one big dinner party for the campus. Each new book the Brown Library acquires is like adding a guest to the intellectual party.

Collections endowments give Wisner and the library the resources they need to do just that while building excellence in a particular area of study.

One such endowment – the Christopher and Mary Lou Hutson Africana Studies Collection Endowment – is already paying big dividends after it began providing support for library collections last year.

“This endowment is exciting because we will be able to build one of the most outstanding Africana studies collections of a university of our profile,” Wisner said.

For **Dr. Christopher Hutson**, associate dean of ACU’s College of Biblical Studies, that’s exactly why he and his wife established the endowment.

“We have a lot of talented African American students at ACU, and they deserve better support from their library,” Hutson said. “All scholars need to take into account how the African Diaspora has shaped our world.”

Wisner said he has worked with professors over the past year to determine the best ways to use the funds, and as others see the success of the endowment, momentum builds. “People are seeing us invest in these areas, and they want to be involved as well” through additional donations of funds and materials, Wisner said.

And with each dollar and donation, the library can add another guest to an ever-growing intellectual dinner party.

Joe Lee wasn’t looking to leave his job as managing director of an investment firm in Dallas.



Joe Lee

But when he heard about ACU’s opening for a chief investment officer and president of Abilene Christian Investment Management Company, he was impressed by the strength of the endowment and an opportunity to do work he loved while also living out his Christian faith.

“My entire career has been working with for-profit companies, where the goals and internal culture are very different,” he said. “I never felt that I had done anything in the work environment to serve. So the idea of joining a faith-based, higher ed organization was certainly appealing.”

Lee officially joined the university July 25. For the past three years, he served as managing director for the family office of Strait Lane Capital Partners in Dallas, where he led a five-person investment team. Lee, who earned his undergraduate degree in economics from Harvard University, previously held senior investment positions at HBK Capital Management, JANA Partners and Fortress Investment Group.

After conducting a national search, **Dr. Phil Schubert** (’91), ACU president, said Lee immediately distinguished himself.

“He brings tremendous investment knowledge, broad experience and most importantly, Joe embraces ACU’s faith-based mission to honor Christ in all that we do,” Schubert said. “Our committee felt he was exactly the right leader to continue the legacy of excellence Jack Rich has established.”

Rich will retire in December after 31 years of service at the university, including the past 16 as CIO and president of ACIMCO. Lee said he’s taking advantage of the five-month crossover with Rich, learning from his experience and institutional knowledge.

In the meantime, Lee looks forward to building on a strong foundation laid before him.

“The endowment is critical to the mission of ACU, and it’s a responsibility I don’t take lightly,” he said. “We have a great opportunity to have a very direct impact on a very important mission.”

Dr. Christopher and Mary Lou Hutson



As Jack Rich prepares to retire,
ACU's endowment is growing on a

FIRM FOUNDATION



Jack and Karen Rich



Rich and his team also coped this summer with the sudden loss of **Kent Rideout ('86)**, senior vice president and chief operating officer of ACIMCO, who died in a vehicle accident in June. Rideout was employed by his alma mater for 27 years, beginning as assistant controller for plant and endowment in 1995.

"Kent was a true partner in the success of this office," Rich said. "He was a teacher at heart. And it's a credit to him, with his unexpected passing, that we had people ready to step up because he had been preparing them. We miss him greatly."

Despite the changes, Rich is confident in the leadership of the endowment going forward.

"We have an endowment management process that starts with long-term board oversight," he said. "Many endowments have boards with short-term appointments or have members that are not familiar with endowments. We are blessed to have consistent and knowledgeable leadership. I cannot stress enough how important this has been to our long-term investment performance."

Part of that leadership is ACU president **Dr. Phil Schubert ('91)**, who also serves on ACIMCO's board. Schubert is confident in the future thanks to the foundation Rich laid.

"It's impossible to overstate the enormous positive impact Jack Rich has had on ACU," Schubert said. "I had the good fortune to work directly for Jack for most of my early career at ACU. He is highly intelligent, incredibly disciplined, uniquely creative and a consummate professional. The impact of his leadership goes beyond the amazing growth of our endowment. Jack has helped build a culture of determination, excellence and faithfulness that will far outlive his tenure of leadership."

Rich is looking forward to having more time to spend with his 10 grandchildren. He and his wife, Karen, will continue to travel extensively – they've already visited more than 100 countries and still have a long list of places to see.

As he prepares to hand over the reins, he's grateful for the donors whose gifts enabled him to leave the endowment in such a strong position.

"Every gift is important," Rich said. "When you look at the cumulative value of the endowment, that blessing is thanks to every gift, large and small, from our generous donors."

The strength of Abilene Christian's endowment is undeniable. Since the endowment was created in 1948 through June 30, 2022, \$269 million in gifts from generous donors has grown to \$681 million in current investments. Over that time it has distributed \$407 million back to the university in support of its mission and students.

And for the past 31 years, the man behind the endowment has been **Jack Rich ('76)**, who is planning to retire in December.

Rich has overseen the endowment throughout his tenure at ACU, during which time it has grown from about \$50 million. From 1991 to 2005, it was part of his responsibilities as he served in a variety of positions including vice president for business and executive vice president. As the endowment grew, so did the need for full-time stewardship, which he took on in 2006 in his current role as chief investment officer and president of Abilene Christian Investment Management Company (ACIMCO).

As Rich prepares to retire, he is pleased with the foundation that has been built and is confident in the direction of the endowment moving forward thanks to strategies already in place.

"We think long term," Rich said. "We don't look at monthly or quarterly information. We look at 3-, 5- and 10-year information so we don't get caught up in the short-term noise."

To be sure, some things are changing within the office. In July, the university hired **Joe Lee** to succeed Rich as CIO and president of ACIMCO, and the two are working together during a five-month transition period.



WHAT IS THE ENDOWMENT?

Endowment gifts and the support they provide make an extraordinary difference in defining the strengths, quality and success of Abilene Christian University. The endowment provides the second-largest revenue stream for ACU, accounting for 18% of annual operating income in a typical year.

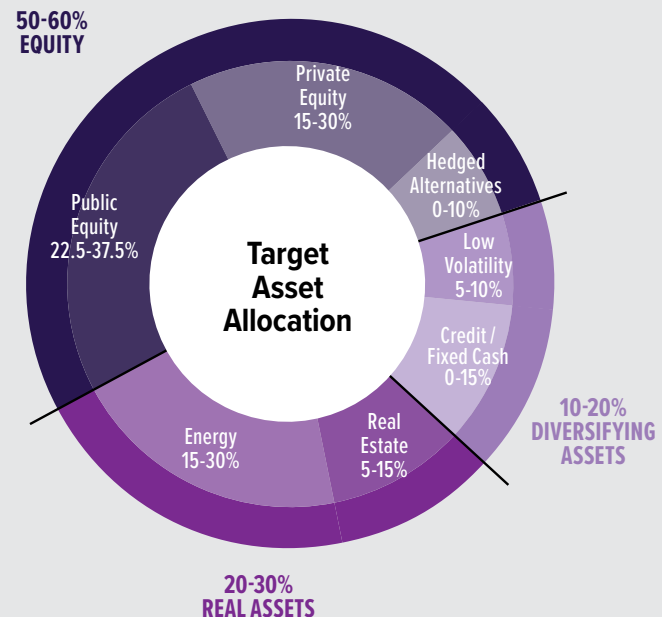
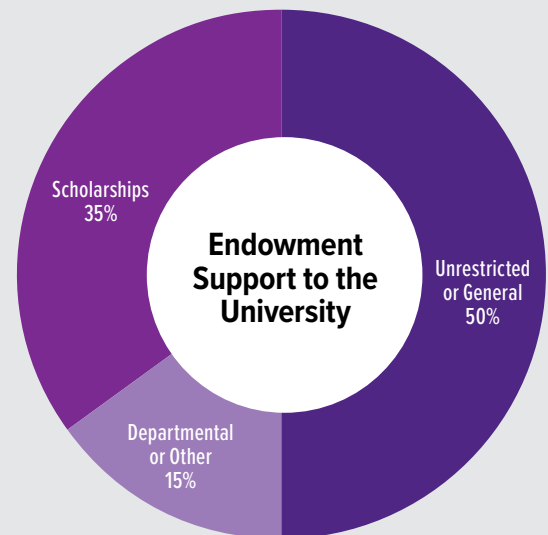
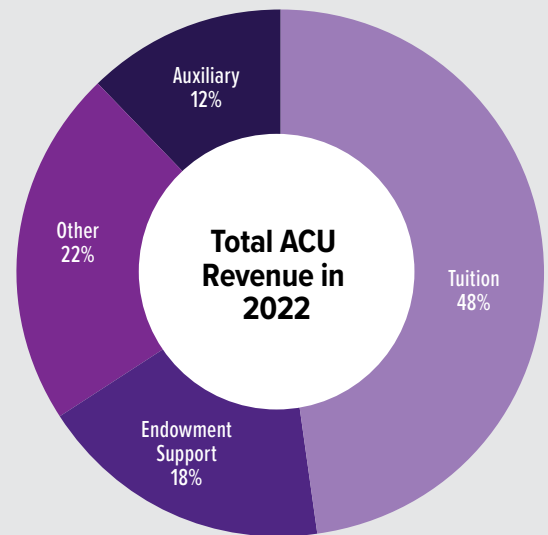
An endowment is a fund intended to benefit the university every year in perpetuity. Unlike current-use gifts, which are spent completely for immediate needs, endowed funds are invested for long-term growth, and a portion of the return on those investments is spent each year.

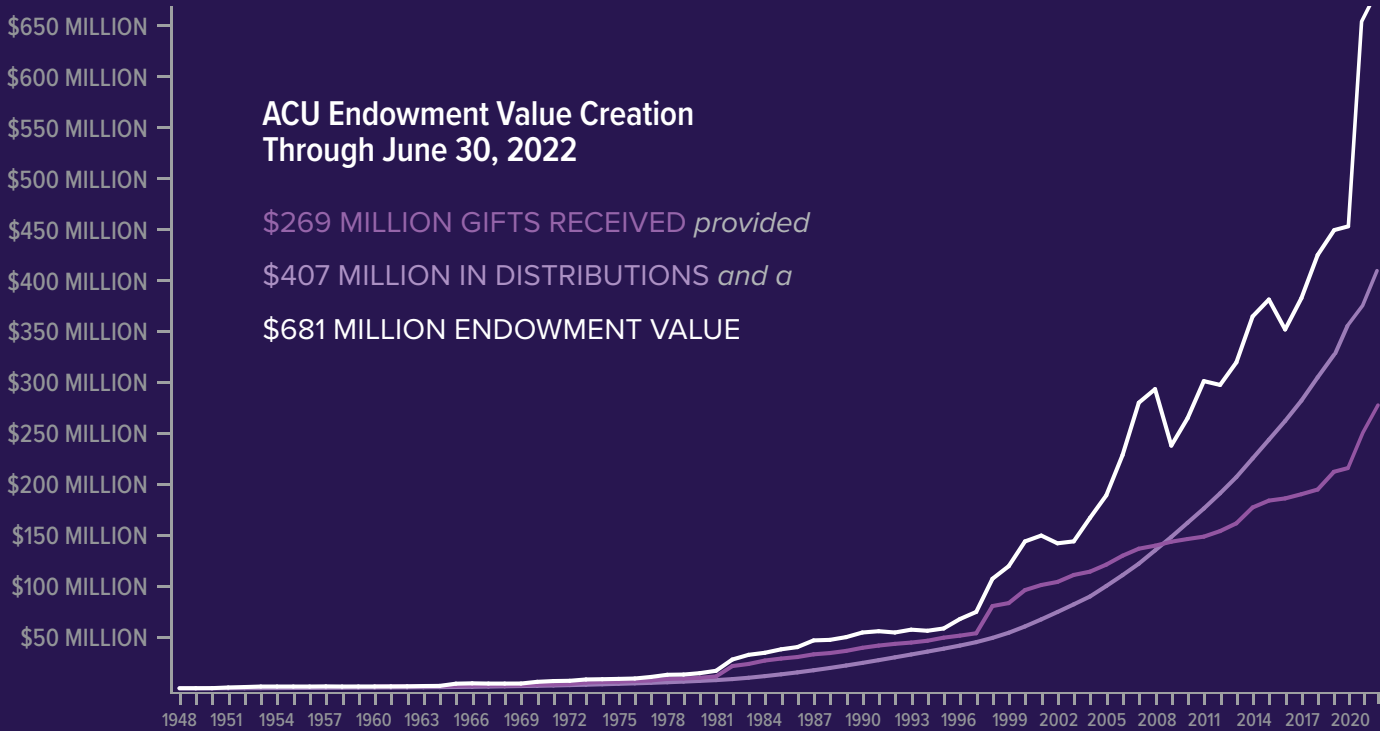
At ACU, our target distribution is 4.5% per year. The most flexible endowment gifts are unrestricted, allowing the university to use resources where they are most needed. Endowment funds cannot be redirected to purposes contrary to donor instructions. For example, a donor's gift restricted to supporting a scholarship cannot be repurposed to support departments. All such gifts honor in perpetuity the donor, the institution and those students and families who benefit from the support endowments make possible.

The university's endowment is a collection of 1,060 individual funds invested for the long term. Most of the funds have their own sets of restrictions and guidelines as to how they may be used. Some of these endowment gifts are more than 68 years old and still carry out mission-critical donor wishes that continue to be relevant, even in changing times.

INVESTMENT PHILOSOPHY AND POLICIES

Endowment investment policies are designed to maximize long-term results at an acceptable level of investment risk. Endowed gifts are invested in ACU's pooled endowment, a globally diversified portfolio of assets including publicly traded stocks and bonds, hedged strategies, private equities, real estate and natural resources. The endowment's target asset allocation – the percent exposure to each asset class – is shown as of June 30, 2022.





PERFORMANCE SUMMARY

The diversified nature of ACU’s endowment has helped protect returns in a market environment that, during the past decade, has been characterized by significant volatility. Throughout this 10-year period, the endowment has produced an annualized return of 11.4% compared to the benchmark return of 6.3% annually.

Each year since 2006, ACU’s returns for 10-year periods consistently ranked in the top 10% of all university endowment returns.

TYPES OF ENDOWMENT FUNDS

- **Unrestricted endowments** support the general purposes of the university.
- **Student scholarship endowments** strengthen our ability to attract and retain the most talented students, regardless of their ability to pay. Endowed financial support enables ACU to enroll one of the most diverse and selective student bodies among our peers.
- **Endowed chairs, professorships and fellowships** are a powerful vehicle to recruit and retain pre-eminent scholars by recognizing and investing in groundbreaking research, exemplary teaching and faculty leadership.
- **ACU’s departments, centers and programs** (including ACU Athletics) foster environments that encourage new areas for interdisciplinary thinking and collaboration, advance innovative research and teaching, and develop leaders on and off the field. Endowed program funds provide ongoing support allowing faculty and staff, across a range of disciplines, to combine their unique expertise to inspire our students and to tackle some of the world’s most pressing challenges.

Performance as of June 30, 2022

	ACU	Benchmark*
3 year	16.8%	3.6%
5 year	14.6%	4.9%
10 year	11.4%	6.3%
5 year Stdev	12.6%	14.8%
5 year Sharpe	1.1	0.3

* 70% MSCI All Country World Index / 30% Barclays Global Aggregate Bond Index



GOVERNANCE

The Abilene Christian Investment Management Company (ACIMCO) is a wholly owned subsidiary of Abilene Christian University. ACIMCO is governed by a board consisting of current and former ACU trustees, the president of the university and independent members.

- Joe Lee – President, Chief Investment Officer

ACIMCO Board

- Rick Wessel ('81) – Chair, ACU trustee, public company CEO
- Todd Miller ('62) – Vice chair, former ACU trustee, real estate private equity partner
- Mark Anthony ('86) – Investor
- Mike Calvert ('67) – Former ACU trustee, business owner
- Kyle Hammond ('83) – ACU trustee, energy executive
- Eric Oliver ('81) – Hedge fund manager
- Kline Oliver – Hedge fund manager
- Scott Orr ('84) – Investment and governmental relations executive
- Danny Phillips ('81) – Former ACU trustee, investor
- Jim Porter – ACU trustee, venture capital
- Mark Rich ('05) – Foundation investment director
- Doug Robison – ACU trustee, energy executive
- Dr. Phil Schubert ('91) – ACU president



ABILENE CHRISTIAN UNIVERSITY

To make a gift or for information on donating stocks and bonds, visit acu.edu/give

To learn more about the endowment and how to make a gift, please contact the **OFFICE OF ADVANCEMENT**
ACU Box 29134, Abilene, Texas 79601-9134
325-674-2659

To learn how you can support ACU through endowment funds in your planned giving, contact **THE OFFICE OF GIFT PLANNING**
ACU Box 29200, Abilene, Texas 79699-9200
325-674-2508
giftplanning@acu.edu
acugiftplanning.org