



1824-2024 | *Then. Now. Next.*

Changing What's Possible

Investing in the Medical University of South Carolina

MUSC Foundation
Annual Impact Report Fiscal Year 2024

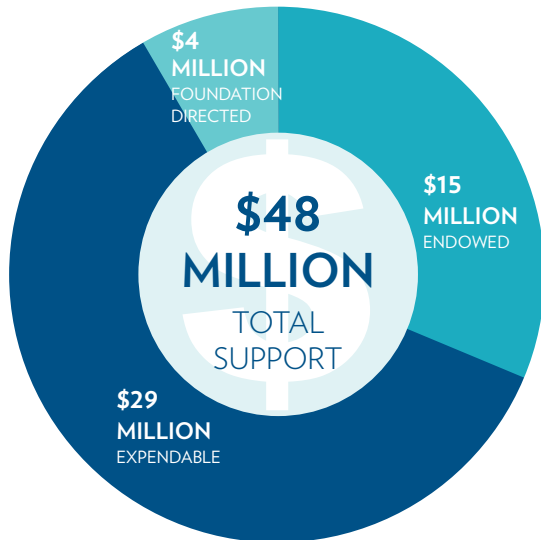
FY 2024 Highlights

GIFTS RECEIVED

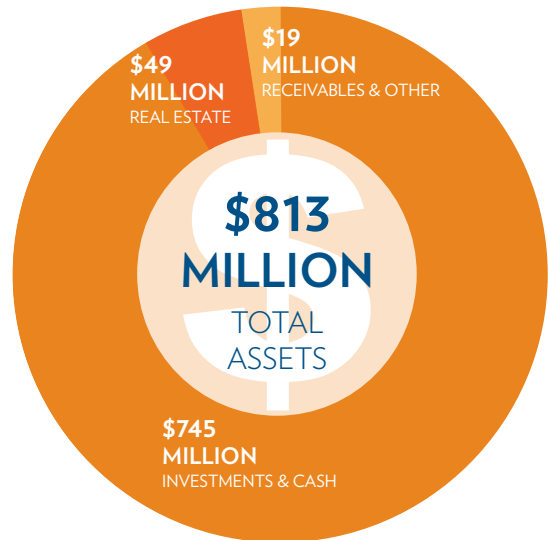


18,763 GIFTS | \$61 MILLION FUNDS RECEIVED | \$9 MILLION NEW PLEDGES

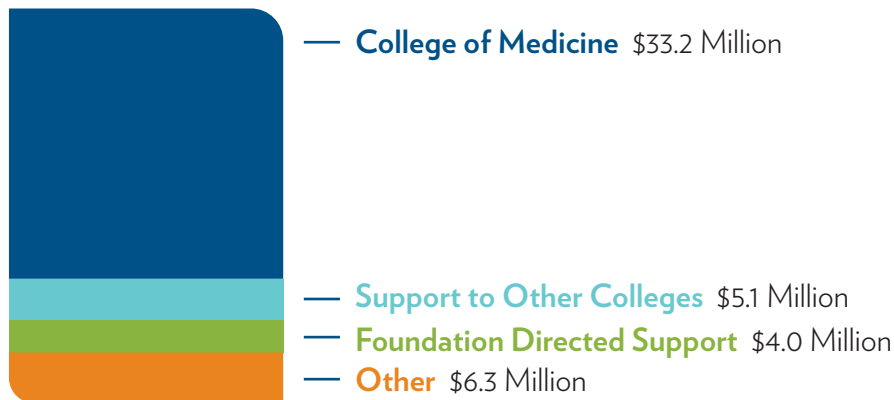
SUPPORT PROVIDED



TOTAL ASSETS



FOUNDATION SUPPORT PROVIDED



Purpose of the Foundation

The purpose of the MUSC Foundation is to provide financial and other support to the Medical University of South Carolina and to MUSC Health. This happens in four primary ways:

- Gifts** Raise funds and administer gifts
- Investments** Increase the value and impact of gifts
- Real Estate** Own property for the benefit of MUSC
- Other Support** Provide strategic advice and other support to MUSC

Message from the Foundation CEO

MUSC celebrates its bicentennial year in 2024! I like to look back to 1824 and picture a prominent state in a young country that needed physicians with the most current medical training. Near the corner of Queen and Pitt Streets, the newly established Medical College of South Carolina opened its doors. I doubt those leaders and doctors in 1824 could even dream of what the next two hundred years would bring for the nascent college. Today, MUSC educates about 3,200 students, provides care to patients in over 2 million visits each year, and serves South Carolinians in all 46 counties in some fashion. Like those leaders two hundred years ago, I too, cannot imagine what MUSC is going to look like in 2224.

However, I can project what is going to happen over the next couple of decades. MUSC is going to become bigger and smarter. The research we conduct, the students we teach, and the work we do will keep changing the world for the better. MUSC's promise and prominence will continue to rise.

The Foundation has supported MUSC since 1966 – administering charitable support for student scholarships, faculty positions, research programs, and clinical care. But with the dramatic increase in the size of MUSC and the speed at which it is innovating, the Foundation needs to quicken its own pace. Over the last five years, we have focused on building our operational capacity, designing our investment strategy to generate better long-term returns, and staying flexible to meet MUSC's new and varied needs with the help of philanthropic support.

One big new change in 2024 is the restructuring of the Foundation and the Institutional Advancement teams. Historically, fundraising activities occurred within MUSC, and the accounting, administration, and investment activities were housed separately in the Foundation, an independent non-profit that supports MUSC exclusively. But MUSC and Foundation leadership saw the opportunity for greater effectiveness by bringing the two teams together within the Foundation. The next year will be a time of transition, but we are confident that this change will bear much fruit.

I am grateful to the 19th century leaders who had the foresight to dream big and the fortitude to build for the future. And every day, I am humbled to work with their modern-day successors – donors, leaders, faculty, and students with faith in MUSC's bright future.

Sincerely,

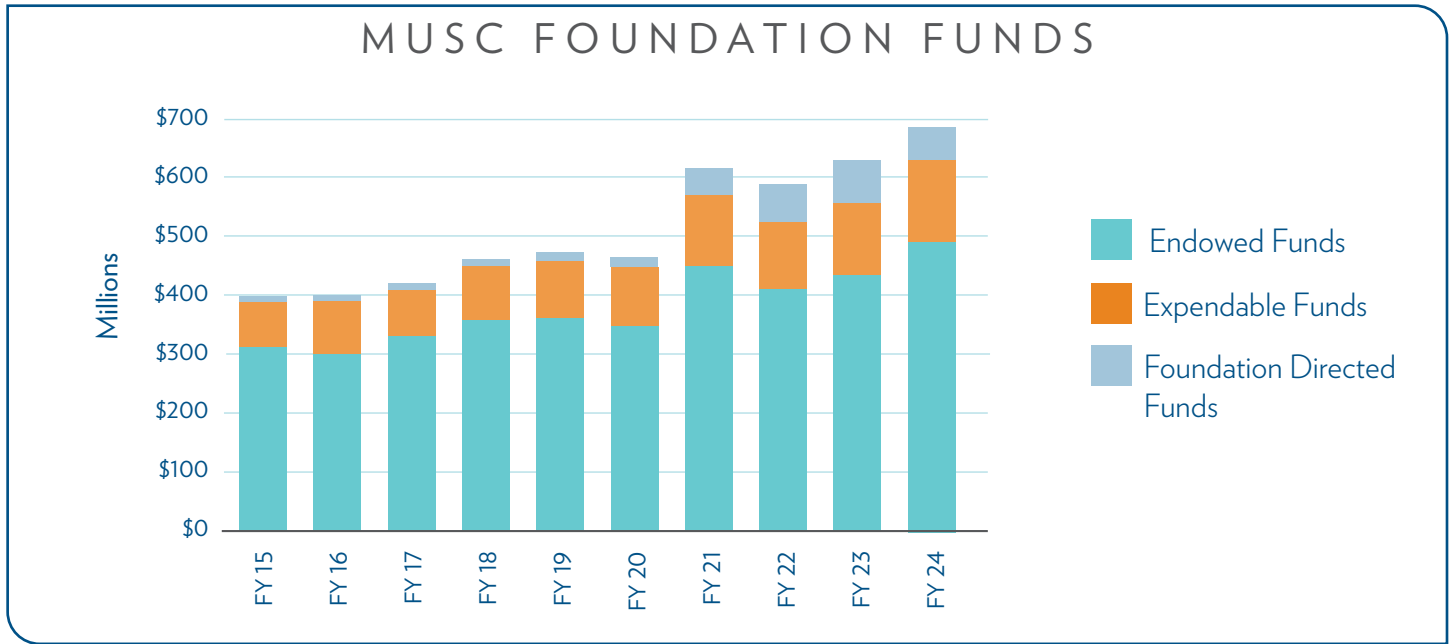


Chief Executive Officer
MUSC Foundation

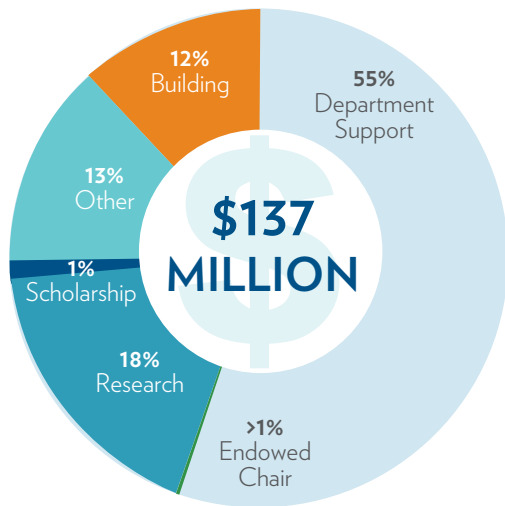


Growth of Foundation Funds

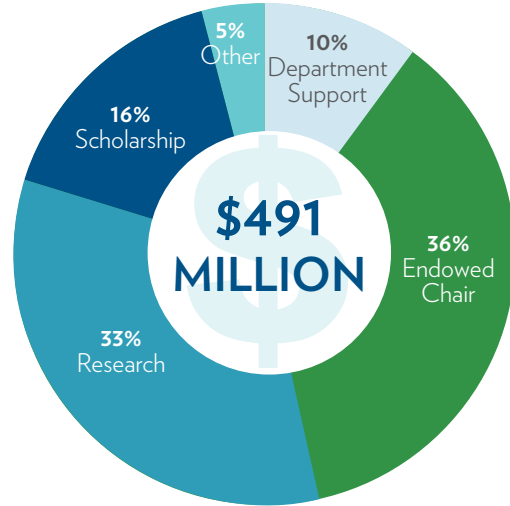
The Foundation manages almost 1,800 funds that support education, research, and patient care across the MUSC community. Investment returns continue to drive significant growth in the value of these funds.



EXPENDABLE FUNDS



ENDOWED FUNDS



FOUNDATION FUNDS AT A GLANCE



Hollings Cancer Center

MUSC Hollings Cancer Center is the state's only National Cancer Institute (NCI)-designated cancer center – one of only 72 across the nation.



What does that mean for South Carolinians? It means that there's a place where researchers and providers are working together every day to improve cancer care for everyone. From understanding how cancer starts to developing more effective, less toxic treatments, Hollings is committed to improving care across the state and bringing the latest developments to patients.



In 2024, Hollings achieved its best ever score of "outstanding performance" when the NCI reviewed its record and renewed the NCI designation for another five years.

This renewal will provide Hollings with almost \$11 million over the next five years. The funding includes new support for lifesaving clinical trials, innovative cancer research and community outreach and engagement programs that are not found anywhere else in the state.



NCI-designated cancer centers are recognized for their scientific leadership in laboratory and clinical research, in addition to serving their communities and the broader public by integrating training and education for biomedical researchers and health care professionals. They dedicate significant resources toward developing research programs, faculty and facilities that will lead to better

and innovative approaches to cancer prevention, diagnosis and treatment.

Hollings currently has more than 140 specialists across more than 20 academic departments who study and treat cancer from diverse perspectives. With an annual research funding portfolio of more than \$52 million and more than 200 clinical trials, Hollings focuses on getting this research to where it matters most: into clinics for the benefit of cancer patients.

With a strong belief that the best care is local, Hollings is partnering with community hospitals and hospitals in the MUSC Regional Health Network to build the Hollings Cancer Network. This network enables patients to benefit from the expertise of subspecialists at Hollings while receiving care in their own communities.

In the 2028 renewal cycle, Hollings will seek the highest level of excellence in cancer research from the NCI: Comprehensive Cancer Center status. This elite designation recognizes cancer centers for their leadership, infrastructure and resources, in addition to demonstrating an enhanced depth and breadth of research as well as substantial transdisciplinary research that bridges multiple scientific areas.

Growth of Foundation Funds

ENDOWED FUNDS

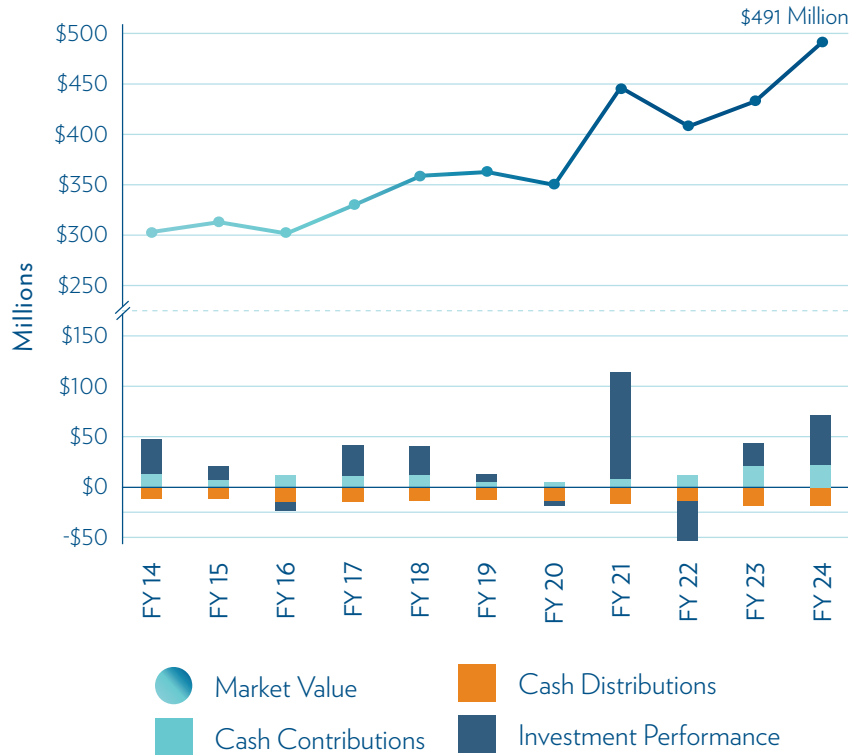
Endowed funds provide perpetual financial support for MUSC. Therefore, the Foundation takes great care to invest with the future in mind. When determining the annual distribution rate – currently set at 4 percent – the Foundation’s Board of Directors carefully balances the benefits provided today with the projected benefits available to future generations.

This year, the value of endowed funds grew to \$491 million as of June 30, 2024, increasing by \$56 million.

A number of factors determine the market value of endowed funds. Donor contributions add to their value; annual support distributions to MUSC draw down the balances. Investment performance can be either positive or negative in any given year, but we expect investments to increase their value, net of inflation and distributions, over the long-term. For the last ten years, endowed funds have grown by \$188 million.

Annual distributions are calculated on the average value of funds over the last three years. Most endowment distributions will be 3% higher in FY 2025 than they were in FY 2024.

ENDOWED FUNDS MARKET VALUE

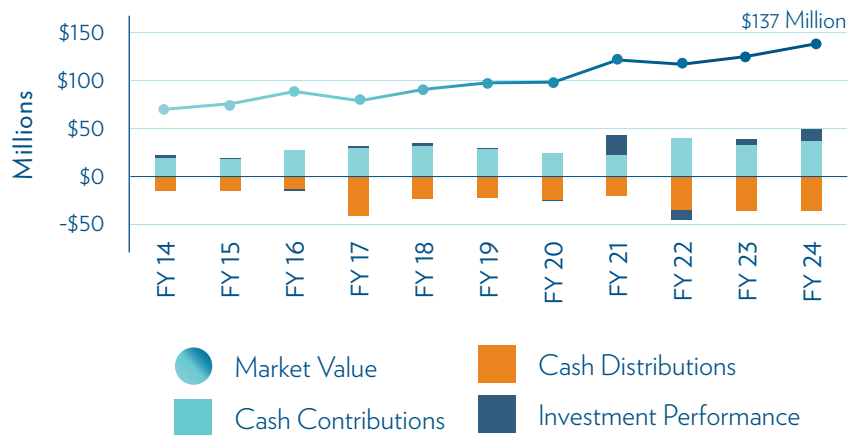


EXPENDABLE FUNDS

Expendable funds differ from endowed funds because they are intended for current use. While endowed funds are established to provide perpetual support, expendable funds may be spent in their entirety, depending on the donor’s intentions and MUSC’s needs.

Thankfully, generous donors have established new funds and contributed to many existing funds. The total value of the expendable funds at the Foundation has nearly doubled over the last ten years – from \$71 million to \$137 million at the end of FY 2024.

EXPENDABLE FUNDS MARKET VALUE



MUSC College of Medicine

MUSC College of Medicine is Changing What's Possible.



The College of Medicine is now observing its bicentennial. While this is an appropriate time to celebrate the achievements of our past, we also must embrace it as an opportunity to invest in our future and set the stage for the next 200 years. That begins with building a new home for the college, its first dedicated space in over a century.

New College of Medicine Building

The new College of Medicine Building will be designed, constructed and equipped to empower us to meet the needs of our students, faculty, alumni and staff, as well as the growing healthcare needs of our state. Throughout South Carolina, patients are waiting weeks or even months to see a doctor. Looking ahead, the U.S. is expected to have a shortage of 124,000 physicians within the next decade, with a deficit of 3,200 here in South Carolina alone (AAMC, AMA). Our new building will help us meet this shortage head-on, providing us with the space needed to increase our medical student enrollment.



Leveraging the Power of Innovation

Medicine today is more collaborative and interdisciplinary than in the past, with a focused emphasis on team-based communication, decision-making and real-time accountability. Our new building will include large, flexibly designed spaces that can be configured for both traditional, large-group lectures and small-group team-building exercises. We have studied innovative, leading-edge facilities at peer institutions across the country and have worked to incorporate their best elements into our building design.

Unprecedented Heights in Medical Education

This building will help us continue to meet accreditation standards, so that we can rise to meet the challenges posed by the growing physician shortage. It will put MUSC on the map of the nation's top medical campuses. And it will help attract the best and brightest medical students. Here, they will find a supportive, well-equipped environment where they can excel in their studies, fully empowered to become the best doctors possible.

**Medical University
of South Carolina** | 1824-2024
Then. Now. Next.

Investment Portfolios

LONG TERM PORTFOLIO

Objective

The LT Portfolio has a perpetual investment horizon. The Foundation manages the LT Portfolio with the goal of maintaining the real value of the investments net of inflation and endowment distributions. In line with this goal, our long-term investment objective is to outperform CPI + 5% over time. Endowed funds are invested in the LT Portfolio to maintain real permanent capital and to enhance donors' gifts with long term investment appreciation. Portions of most expendable funds are also invested in the LT Portfolio.

Asset Allocation

The LT Portfolio's allocation is based on the endowment model of investing. It is equity-oriented – both public and private capital investments. Diversification comes from traditional fixed income and other diversifying, hedged strategies.

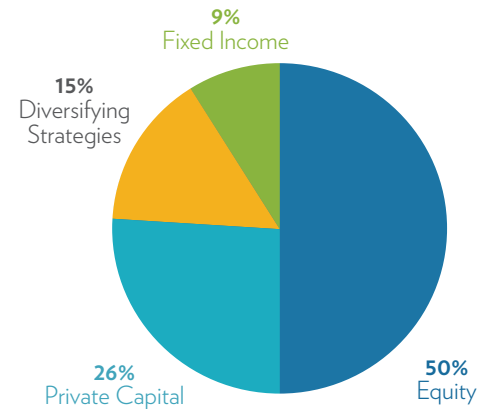
Performance

Ultimately, the objective of the Long-Term Portfolio is to increase the value of its assets net of spending, inflation, and fees. In the Foundation portfolio, this equates to an 8 percent target return, which is a higher rate of return than we expect from even public equity. The only way to achieve this long-term goal is to invest with value-adding managers in both public and private equity strategies. However, illiquid, private investments require long-term horizons and do not generate significant returns in the early years of the fund.

MUSC is experiencing this return profile as our allocation is growing and the average stage of our private investments is early in the investment cycle. This return discrepancy between our public equity (+18%) and our private capital (+0%) is the driver of our significant one-year underperformance. We had a similar underperformance last year, too, which affects the relative return over longer time periods. Despite this short-term reporting effect, we are confident that the returns will improve and exceed public market returns as the investments mature.

Public equity managers underperformed slightly, but they were significantly underweight the handful of large technology companies that drove recent market performance. Fixed income and hedge funds outperformed their benchmarks and added value in their role.

LONG TERM PORTFOLIO ALLOCATIONS
6/30/2024

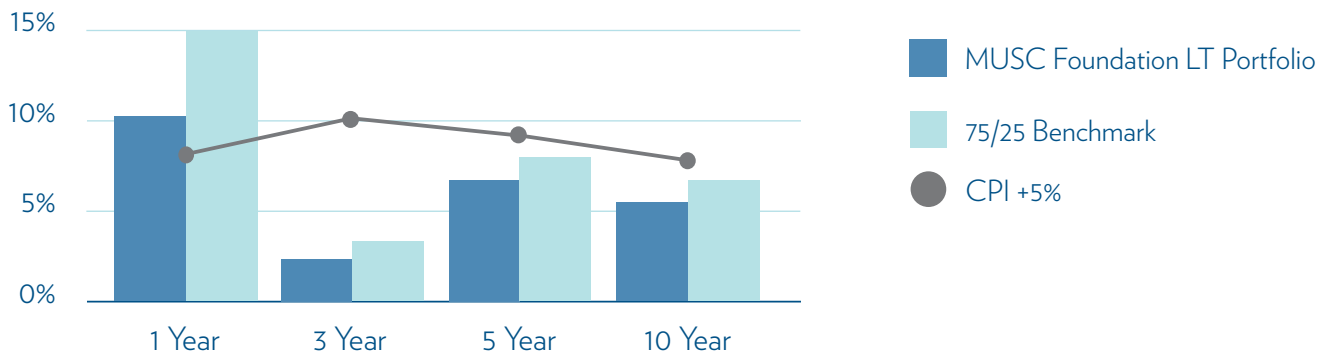


ASSET CLASS	DESCRIPTION	BENCHMARK
Equity	US, developed non-US, and emerging markets stocks; primarily invested in active strategies.	MSCI All Country World Index
Private Capital	Illiquid investments in venture capital, buyout, real estate, distressed, and private credit funds.	MSCI All Country World Index
Fixed Income	US fixed income investments, including cash.	Bloomberg US Aggregate Bond Index
Diversifying Strategies	Investments with low exposure to equity markets; primarily hedged strategies including relative value credit, equity market neutral, event driven, and multi-strategy funds.	HFRI FOF: Conservative

LONG TERM PORTFOLIO

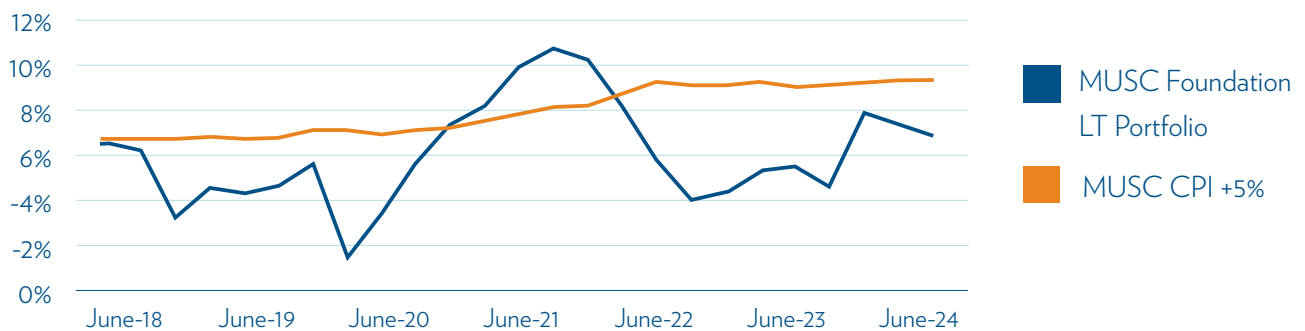


LONG TERM PORTFOLIO PERFORMANCE AS OF 6/30/24



	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MUSC Foundation LT Portfolio	10.3%	2.4%	6.8%	5.6%
75/25 Benchmark	15.0%	3.4%	8.1%	6.8%
CPI +5%	8.0%	10.1%	9.3%	7.8%

ROLLING 5 YEAR PERFORMANCE MUSC LT PORTFOLIO vs CPI +5%



Investment Portfolios

SHORT TERM PORTFOLIO

Objective

The Foundation manages the Short Term Portfolio (“ST Portfolio”) to preserve capital and provide liquidity. Most of the ST Portfolio’s assets represent two years’ worth of expected spending from expendable funds. Therefore, the ST Portfolio is managed with a two-year investment horizon.

Asset Allocation

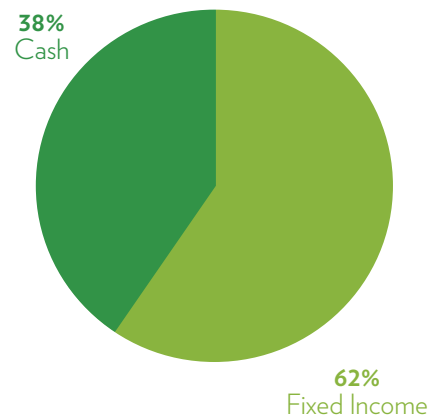
The Focus on capital preservation and liquidity determines the ST Portfolio’s conservative asset allocation.

Performance

The performance benchmark of the ST Portfolio is to outperform a mix of cash and short-term bonds (70% Bloomberg 1-3 Year Government/Corporate, 30% 3 Month US TBills).

In FY 2024, high interest rates continued to benefit cash positions, where the Foundation was overweight. Credit exposure in the short-term bond allocation helped. The Short-Term portfolio outperformed its benchmark by 1.1%.

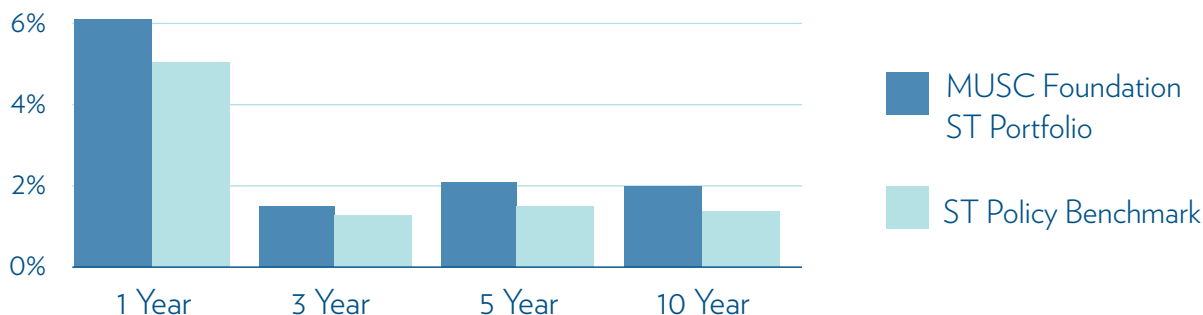
SHORT TERM PORTFOLIO ALLOCATIONS
6/30/2024



TOTAL ASSETS \$58 MILLION

Expendable Funds 100%

SHORT TERM PORTFOLIO PERFORMANCE
AS OF 6/30/24



	1 YEAR	3 YEAR	5 YEAR	10 YEAR
MUSC Foundation ST Portfolio	6.1%	1.5%	2.1%	2.0%
ST Policy Benchmark	5.0%	1.3%	1.5%	1.4%

Governance of MUSC Foundation

The Foundation is governed by its Board of Directors which establishes the Foundation's investment and other policies.

BOARD OF DIRECTORS

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Ms. Jan McCrary, *Board Vice Chair*

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MUSC FOUNDATION STAFF





MUSC Foundation

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giving.musc.edu/foundation