



ANNUAL ENDOWMENT REPORT

FISCAL YEAR 2022

The Stevens endowment provides a crucial financial foundation for the university, supporting our vision of stellar technology-centered higher education. We are pleased to present the Fiscal Year 2022 Endowment Report.

Since Stevens was founded in 1870, the university has been at the forefront of technological changes that have transformed how we live, work, travel, communicate and transact business. In June 2022, the university launched *Stevens 2032: Inspired by Humanity, Powered by Technology™*. It is an ambitious ten-year strategic plan that will amplify Stevens' role as a beacon of technology-rich education for the 21st century.

The new plan comes on the heels of record-breaking enrollment growth, a heightening academic profile, greater diversity among students, an expanded faculty with increased impact in teaching and research, and new and enhanced physical and IT infrastructure. These gains were realized with the engagement and support of more than 50,000 alumni across the globe, as well as fiscally prudent investment strategies.

Increasing the Stevens endowment is a key component of meeting the future goals of our growing university. As of June 30, 2022, the endowment totaled \$269 million. Gifts and redesignations during Fiscal Year 2022 were \$14.7 million. Although there was a net investment loss in the fiscal year ending June 30, 2022, due to recent volatility in the markets, it was less than the benchmark index. Despite these recent market conditions, the portfolio has increased \$127.9 million over the past ten years, after reductions for annual spending distributions. The endowment's long-term growth is the result of consistent contributions to the endowment, which have totaled \$51 million over the past five years, and accumulated investment returns.

The Board of Trustees Investment Committee continued to work diligently with university management and our Outsourced Chief Investment Officer (OCIO), Goldman Sachs, to analyze and optimize portfolio scenarios. Based on the factor-based portfolio analysis performed by Goldman Sachs last year, our asset allocation profile continues to be adjusted to more effectively optimize long-term growth. Accordingly,

investments in private equity and hedge funds grew from 24% of the portfolio last year to 26% in Fiscal Year 2022. The goal is to increase these investments to 30% of the portfolio over the next three years to maximize long-term appreciation of the endowment.

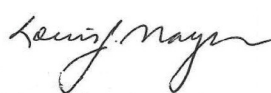
The authorized net spending distribution for operations to support students, faculty and academic programs was \$8.4 million. The spending distribution represents the endowment's annual financial support for a variety of academic programs, including student scholarships, endowed faculty chairs, faculty research, capital improvements and renovations of campus facilities, the Samuel C. Williams Library, and more.

In order to support the growth of the endowment portfolio and maintain stability in the endowment's support for students, faculty and academic programs, the university implemented a Fiscal Year 2022 spending rate of 4.5%, which is comparable to peer institutions.

We would like to take this opportunity to thank our donors, who help ensure the quality and accessibility of a Stevens education while also sharing – and fueling – our vision of what Stevens can be. Every Stevens graduate is a testament to the value of your generosity.

In introducing *Stevens 2032*, President Farvardin encouraged us to “reach for the stars.” In the coming decade, Stevens will do that and more: Together we will use what we know – and what we have yet to learn – to create positive change in the world.

Per aspera ad astra,



Louis J. Mayer, Ed.D.
Chief Financial Officer, Vice
President for Finance and
Treasurer

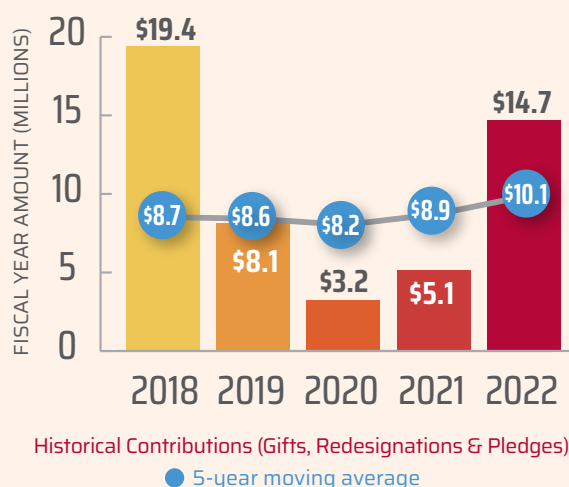
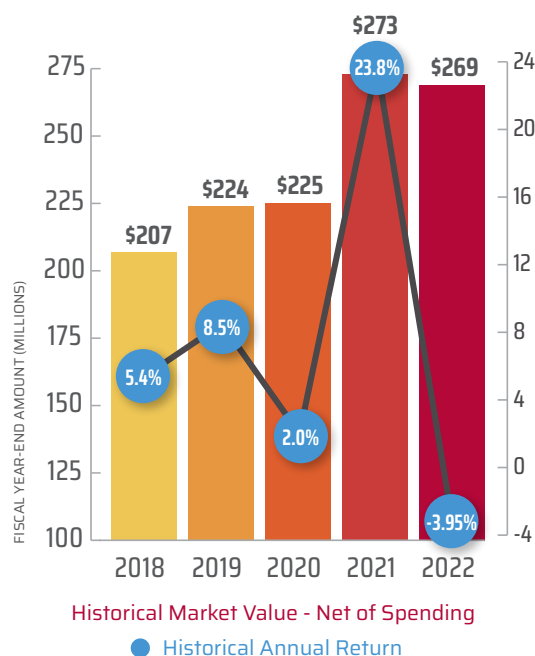


Laura Rose
Vice President for
Development and Alumni
Engagement

A gift to the Stevens endowment is an investment in the future of the university, and in the future of the students who choose a Stevens degree as their path to career success. It is a permanent legacy that provides an enduring source of future revenue to support students, faculty or academic programs as directed by each donor's wishes. The endowment, a set of pooled assets, is composed of individual funds and is invested as one commingled portfolio in a purposeful and accountable manner to generate capital gains and income that will honor our donors' intended purposes.

ENDOWMENT ACTIVITY

The market value of the Stevens endowment as of June 30, 2022 was \$269 million. Gifts and redesignations during Fiscal Year 2022 were \$14.7 million (see chart for details). There was a net investment loss of \$8.9 million due to recent volatility in the markets. Net spending distribution for operations to support students, faculty and academic programs was \$8.4 million. Although the Goldman Sachs-managed portion of the endowment (94% of the total portfolio) incurred a loss of 8.5%, this was less than the investment portfolio's strategic benchmark's loss of 12.2%. While private equity investments have been increased in the past year, this is a multi-year initiative as we increase our commitments toward our strategic allocation in this area. Overall, including legacy private equity investments, the net investment loss for the entire endowment portfolio for the year ending June 30, 2022 was 3.95%.

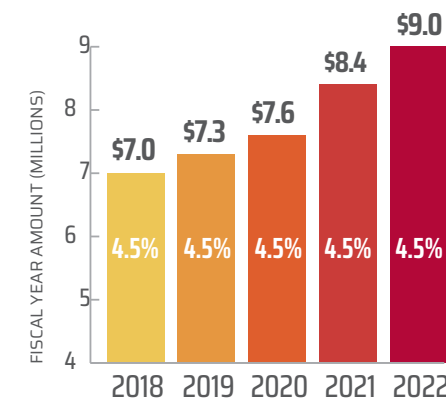


Note: 2018 included contribution of \$15M for new scholarship fund

Endowment contributions typically include cash and securities, or sometimes real estate or other assets. Contributions recorded in the current year may be payments received in the current year or pledges that promise payments in future years. Contributions received during a particular year from estates, known as bequests, are also included in these figures. Bequest expectancies, where donors name Stevens in their wills to receive a gift from their estates in the future, are not included in these numbers. In addition, contributions include donor and Board of Trustees redesignations of prior gifts. Due to the various sources of contributions, the pattern of values associated with annual giving to the endowment can vary from year to year. Nevertheless, Stevens' endowment giving overall, as the five-year moving average line indicates, generally is positive.

SPENDING

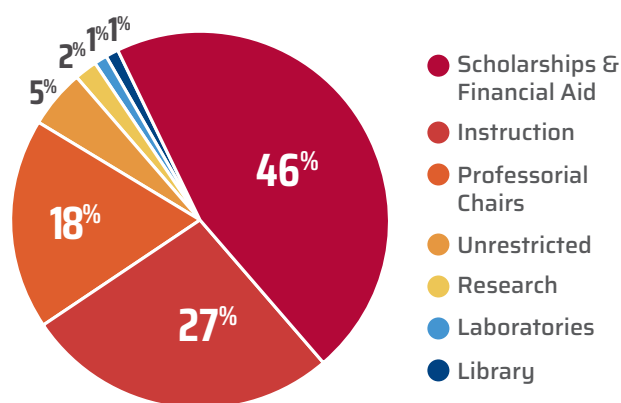
The Board of Trustees authorized the Fiscal Year 2022 spending rate of 4.5% of a three-year trailing average of total market values of all pooled invested funds in the endowment. Since Fiscal Year 2017, the Board of Trustees has approved a consistent rate of 4.5% after contemplating Goldman Sachs' modeling of portfolio scenarios and being mindful to provide steady support to university programs. The Board of Trustees is committed to applying a fiscally prudent approach for the endowment to continue to grow in perpetuity and reevaluates the spending rate each year.



Historical Authorized Spending:
Gross dollar amount and % of endowment value

STRUCTURE

The endowment comprises 410 individual funds, most established by a dedicated and generous donor or group of donors for specified purposes. Other funds have been Board-designated to meet Stevens' immediate needs. The funds are pooled and invested as a single portfolio but are tracked and allocated individually. At Stevens, endowed funds support scholarships and financial aid, instruction, professorial chairs, laboratories, research, the library and various educational programs. These funds have appreciated in value over time while providing annual support for the designated purposes of the funds.



ENDOWMENT MANAGEMENT

Stevens' endowment investments are overseen with prudence and care by university management and the Board of Trustees, whose Investment Committee is composed of trustees and faculty with knowledge in finance and investments. The goal of the Investment Committee is to oversee the endowment to support the university's strategic plan and ensure that the endowment benefits both current and future generations. The Investment Committee is responsible for oversight and strategic decision-making covering asset allocation, spending policy, performance analysis, fee review and hiring of professionals. The committee works closely with Goldman Sachs, our OCIO, to construct a diversified investment portfolio that looks to capitalize on sources of long-term return. Goldman Sachs, currently managing 94% of both the total portfolio assets and the investable assets, advises and executes public and private market strategies that seek to generate an attractive risk/return profile in line with the goals set forth in the endowment's

Investment Policy Statement. The remaining assets primarily consist of legacy private equity investments which Stevens oversees.

With the goal of generating excess returns while maintaining an appropriate level of risk, the Board of Trustees, the Investment Committee and our OCIO have established a multi-year investment strategy to bring the portfolio to a strategic weighting in private equity and private credit assets. An increased allocation to a diversified set of strong private asset managers is expected to improve the overall risk/return profile of the portfolio, bring our return closer to the strategic benchmark, and better position the endowment to meet its long-term objectives. The portfolio is well diversified across investment managers, asset classes, geographies and time horizons. The endowment is broadly diversified into equities, fixed income and alternative investments, including private equity, private credit and hedge funds.

FISCAL YEAR 2022 ENDOWMENT HIGHLIGHTS

\$269M

Stevens' endowment, net of spending, has grown by \$85 million during the past five years, from \$184 million on June 30, 2017, to \$269 million on June 30, 2022.

\$51M

Contributions to the endowment totaling \$51 million have been received during the past five years.

410

The endowment comprises 410 individual endowment funds to support the university as directed by our generous donors.

\$39.3M

Authorized endowment distributions totaling \$39.3 million over the past five years supported students, faculty and academic programs.

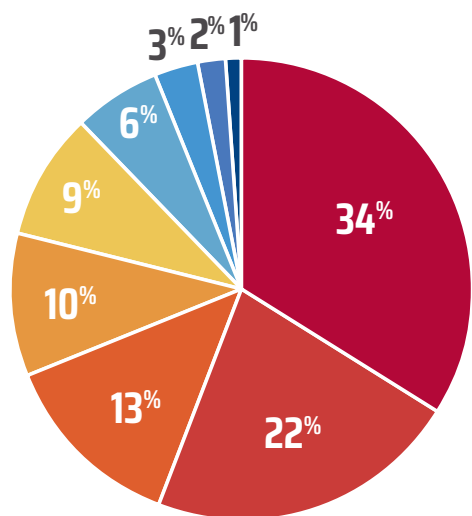
97%

97% of new endowment funds supported student scholarships.

RISK MANAGEMENT

By investing in both traditional and alternative investments, the endowment seeks to achieve diversification benefits. Our strategic asset allocation, over the longer term, strives to optimize return for a given level of portfolio risk. At least three times per year, the Investment Committee reviews the asset allocation of the portfolio and the individual managers' performance. Our OCIO will continue to model the portfolio and engage the Investment Committee in discussions

about long-term spending needs balanced against expected portfolio returns and volatility. Maintaining and growing the value of the endowment over time is critical to ensuring that the steady source of income the endowment provides to students, faculty and academic programs will not be eroded, and that endowment funds grow in support of our strategic goals in perpetuity. This objective is best accomplished by a well-diversified portfolio and a conservative spending policy.



	\$ (MILLIONS)	% OF TOTAL
U.S. Equity	\$92	34%
Private Equity	\$58	22%
Non-U.S. Equity	\$34	13%
Investment Grade Fixed Income	\$27	10%
Other Fixed Income	\$25	9%
Hedge Funds	\$17	6%
Tactical Asset Allocation	\$9	3%
Other	\$5	2%
Cash & Money Market	\$2	1%
	\$269	100%

Asset Allocation - 6/30/2022