



ANNUAL ENDOWMENT REPORT

FISCAL YEAR
2021

- The Stevens endowment continues to grow and generate positive returns, helping to ensure the quality, affordability, and accessibility of a stellar education for our students. On behalf of the university's Board of Trustees Investment Committee, I am pleased to present the Fiscal Year 2021 Endowment Report.

The endowment grew to \$273 million as of June 30, 2021. The portfolio has increased \$129 million over the past ten years, after reductions for annual spending distributions. This growth is the result of consistent contributions to the endowment and accumulated investment returns. The portfolio grew by \$48 million during the past fiscal year, through a combination of gifts and transfers totaling \$5.1 million and investment gains of \$50.4 million (representing a total return of 24% on the portfolio), offset by actual net spending distribution to operations of \$7.5 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 enhance the growth of the endowment portfolio and maintain stability in the endowment's support for students, faculty and academic programs, the university has implemented an annual spending rate of 4.5% and 4.4% for the endowment for Fiscal Years 2021 and 2022, respectively, which is comparable to peer institutions. The 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 17% of the portfolio last year to 25% in Fiscal Year 2021 and fixed income investments were reduced from 27% to 18%, resulting in an overall return of 24%.

In 2021 Stevens successfully concluded its capital campaign, *The Power of Stevens*. The campaign raised more than \$200 million, exceeding our goal and enhancing the university's future fundraising capacity. Endowment gifts comprised the greatest single element of the campaign, totaling nearly \$87 million, and

including \$31 million in qualified bequest intentions. Over time, these bequest intentions will contribute to future endowment growth.

The celebration continues with *On the Rise*, recognizing a decade of transformative change at Stevens. The impact of our 10-year strategic plan, buoyed by the funds raised through the campaign, has resulted in monumental advancements across all areas of the university. Stevens is enjoying record enrollment growth, an unparalleled academic profile of students, unprecedented increases in research funding, and significantly improved access, diversity and student outcomes.

These successes demonstrate the strength of the university's leadership and donor support, and of Stevens' ability to successfully implement an ambitious strategic plan. While we are bold in our vision for the university, we continue to be fiscally prudent in our investment strategies. We carefully steward donors' contributions with great care, and with the understanding that the endowment is a vital and enduring resource for the continued enhancement of academics, student experience, research, and financial accessibility.

When discussing the future of Stevens, President Farvardin likes to say that "the sky is the limit." This is true for so many reasons — world-class faculty, dedicated staff, engaged alumni, and promising, hardworking and talented students. I would like to take this opportunity to acknowledge the extraordinary participation of our donors. The value of your support multiplies with the accomplishments of every Stevens graduate. We are very grateful and inspired by your generosity.

Per aspera ad astra,

J. Scott Swensen '74

Chair of the Investment Committee

THE POWER OF STEVENS
OUR CAMPAIGN. OUR IMPACT.



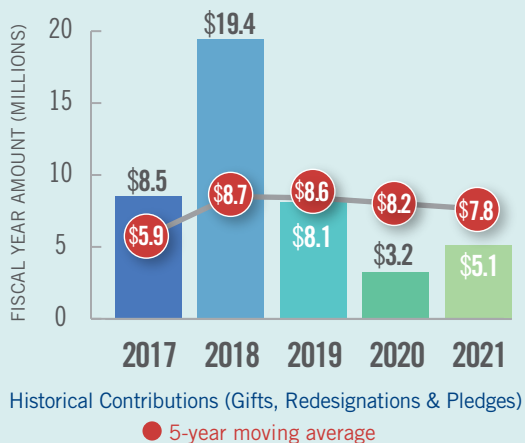
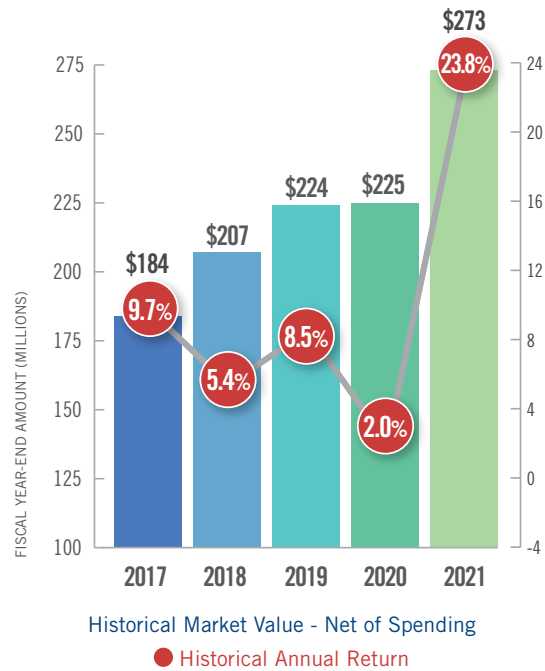
STEVENS
INSTITUTE OF TECHNOLOGY
THE INNOVATION UNIVERSITY

 **ON THE RISE**

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 grew to \$273 million as of June 30, 2021. Gifts and redesignations during Fiscal Year 2021 were \$5.1 million (see chart below for details). Net investment gain was \$50.4 million. Net spending distribution for operations to support students, faculty and academic programs was \$7.5 million. The Goldman Sachs-managed portion of the endowment (94% of the total portfolio) returned 23.9%, slightly under the investment portfolio’s strategic benchmark of 24.3%. 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 gain for the entire endowment portfolio for the year ending June 30, 2021, was 23.8%.

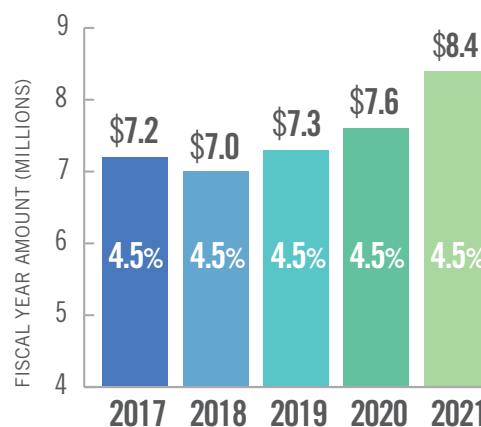


Note: 2018 included contribution of \$15M for new scholarship fund

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

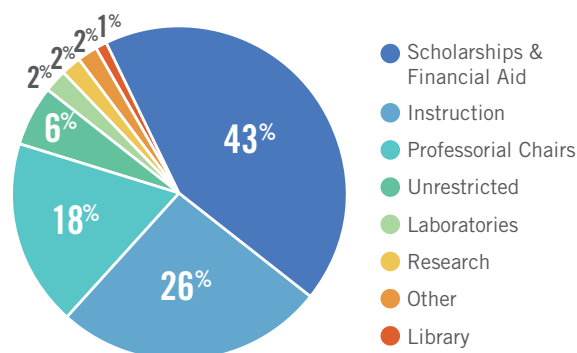
The Board of Trustees authorized the Fiscal Year 2021 spending rate of 4.5% of a three-year trailing average of total market values of all pooled invested funds in the endowment. Since Fiscal Year 2017, the Board of Trustees has approved a consistent rate of 4.5% after contemplating Goldman Sachs' modeling 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 403 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 Designations - 6/30/2021

■ 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 the total portfolio assets and 97% of 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.



FY 2021 Endowment Highlights

\$273M

Stevens' endowment, net of spending, has grown by \$107 million during the past five years, from \$166 million on June 30, 2016, to \$273 million on June 30, 2021.

403

The endowment comprises 403 individual endowment funds to support the university as directed by our generous donors.

\$45M

Contributions to the endowment totaling \$45 million have been received during the past five years.

\$37.5M

Authorized endowment distributions totaling \$37.5 million over the past five years to support students, faculty and academic programs.



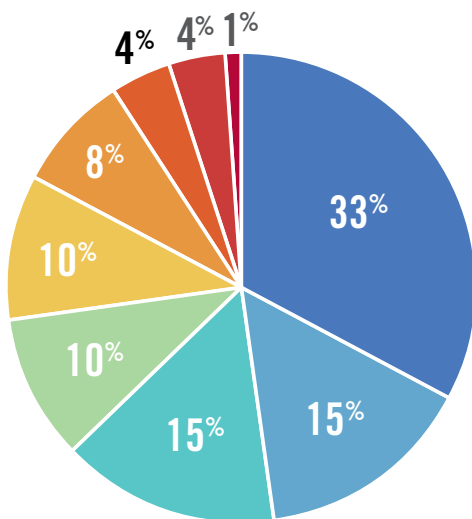
80%

Portion of new endowment funds that 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	\$89	33%
Non-U.S. Equity	\$42	15%
Private Equity	\$41	15%
Investment Grade Fixed Income	\$28	10%
Hedge Funds	\$27	10%
Other Fixed Income	\$24	8%
Tactical Asset Allocation	\$10	4%
Other	\$10	4%
Cash & Money Market	\$2	1%

\$273 **100%**

Asset Allocation - 6/30/2021

