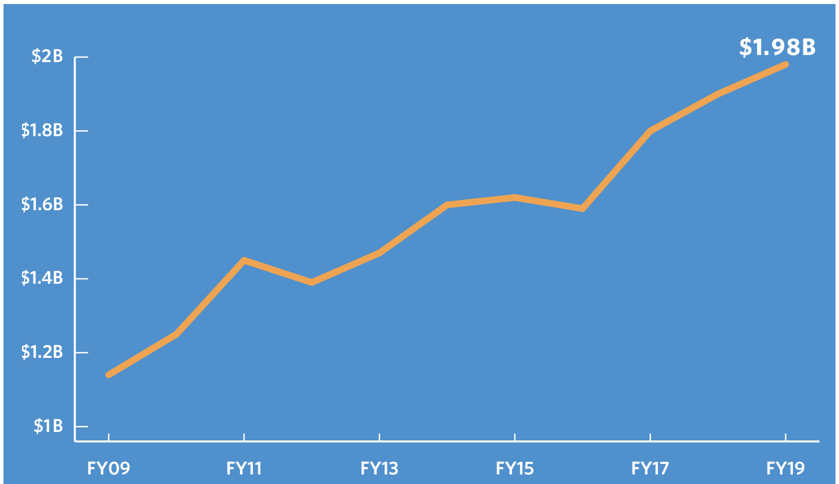
Tufts UNIVERSITY

Endowment Performance and Policies

Endowments provide a steady stream of support for our priorities and are invested responsibly to ensure these funds continue to promote excellence and innovation far into the future. Donors who invest in Tufts' endowment are investing in both our present and our future, and we are most grateful for their generosity and commitment.



As of June 30, 2019, the endowment stood at $1.98 billion.

Tufts Total Return Pool Performance

The majority of endowed funds at Tufts are invested in the Tufts Total Return Pool (TRP). In fiscal year 2019 the TRP returned 3.99 percent net of fees. On an annualized basis, the TRP returns were 9.71 percent and 6.26 percent for the three- and five-year periods ending June 30, 2019, respectively. In fiscal year 2019, spending from the Tufts endowment was $76.4 million.

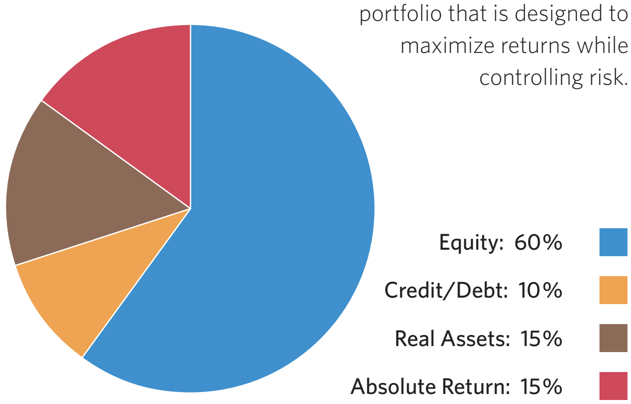
TRP Investment Strategy & Asset Allocation Policy

Tufts actively manages its endowment portfolios with the goal of achieving returns that are commensurate with an acceptable level of risk. In order to preserve the purchasing power of these funds over time, the objective is to earn a return at a rate equal to at least the internal rate of inflation plus the spending rate. This supports current spending and grows the funds at a rate to maintain the purchasing power of the funds. To fulfill these objectives, the Investment Committee (a subcommittee of the Administration and Finance Committee of Tufts' Board of Trustees), along with the University Investment Office, determines an asset allocation policy, which is reviewed periodically.

Within each asset category, the Investment Committee and the University Investment Office carefully select individual investment managers who actively manage specific strategies. Each of these managers is then authorized to purchase securities appropriate to those strategies. The current asset allocation policy is reflected in the pie chart below.

Asset Allocation for Tufts Total Return Pool

Tufts' fiscal year 2019 asset allocation policy ensures a well-diversified portfolio that is designed to maximize returns while controlling risk.



Endowment Policies

SHARES IN THE ENDOWMENT

At the time a new fund joins the endowment, it acquires TRP units (shares) in much the same manner as a mutual fund. These units provide the basis for determining an individual fund's value within the overall investment pool and its share of the annual distribution of funds for the donor's designated purpose. These TRP units are acquired in the first month following the date that the gift is received. Distributions start that same month for all endowment funds, except for professorships which distribute as soon as the professorship is filled by a faculty member. For the remainder of the endowed funds, they will provide support for their designated purpose no more than 30 days from the date of the gift.

UNIVERSITY SPENDING POLICY

The level of spending from endowments fluctuates slightly every year, because the distribution from an endowed fund is a percentage of the rolling three-year value of that fund. When investment values are rising, the fund will grow, and the amount distributed will increase. If investment values level off over a three-year period, the amount distributed will level off commensurately. The university smooths spending over a three-year period to even out levels of support to programs. If investment returns and account values decline over longer periods, then the amount distributed will decline.

The endowment distribution amount is established annually in accordance with the university's endowment spending policy. For fiscal year 2019, the distribution was 4.9 percent of the 12-quarter moving average endowment market value as of September 30 of the prior year.

In the event that market conditions temporarily drive an individual fund's market value below the original contributed amount, Tufts applies a reduced payout formula, which distributes a reduced amount and invests the remaining amount that would have been distributed back into the fund to restore some of the original spending power of the fund.

The Tufts University Sustainability Fund

At Tufts, donors now have an alternative investment option to the TRP called the Tufts University Sustainability Fund (TUSF). The TUSF was established in 2015 to encourage activity that can diminish, mitigate, or reverse the impact of global climate change through investment in assets consistent with those goals, such as renewable energy, energy efficient projects, and fossil fuel–free investments. While the investment of the funds differs from the TRP, endowed funds invested in the TUSF follow the same endowment policies described above. In fiscal year 2019 the TUSF returned 12.06 percent net of fees.

The TUSF portfolio is fossil fuel free. The Tufts University Investment Office evaluates each manager's policies and practices with regard to fossil fuel exposure and other environmental, social, and governance ("ESG") factors as part of the selection process. The Investment Office receives input from the TUSF Advisory Committee—comprising members from the administration, faculty, and students—on the TUSF and its mission.

If you are interested in investing your gift in the TUSF, please inform your development officer.

For other questions or further information, please contact the Office of Stewardship and Donor Relations at 617-627-3429.

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