LETTER FROM OUR CHIEF INVESTMENT OFFICER

We are pleased to share the endowment’s fiscal year results with you in this Fiscal Year 2022 Endowment Report (July 1, 2021–June 30, 2022). It was a remarkable year in capital markets, defined by volatility in the last six months driven by the war in Ukraine, persistent inflationary pressure, and rising interest rates.

While not immune to a market sell-off, Tufts’ endowment remains in a very strong position to weather the current economic and investment environment, ensuring ongoing support to the university’s mission while maintaining flexibility to take advantage of exceptional investment opportunities that arise in such times. Even though nearly all market indices posted double-digit negative returns in FY22 (e.g., global equities returned -16% and U.S. bonds returned -10%), Tufts’ endowment returned -9.8% for the year, ending with a total value of $2.4 billion. For the first time ever, the endowment distributed more than $100 million to advance Tufts’ mission, providing current and future financial support to students, faculty, and researchers.

Aided by diversifying alternative investments that posted meaningfully positive absolute returns during the challenging year, the endowment significantly outperformed its Policy Benchmark, which reflects the endowment’s intended risk profile. However, the endowment lagged its custom Reference Benchmark during the year due to relative underperformance of equity-oriented private investments. Despite the near-term lag, these investments have still been the highest returning investments for Tufts on a long-term basis. Against the broad peer universe, as defined by the NACUBO-TIAA Study of Endowments, Tufts was slightly below median for the current fiscal year but remains in the first or second quartile over 3-, 5-, 10-, and 20-year horizons.

No one knows how long the current period of market stress will last, but Tufts’ endowment is structured to withstand these periodic bouts of market volatility and be well-positioned for the ultimate recovery and higher future returns.

Your generosity is an essential pillar supporting the ongoing positive impact Tufts’ mission is having on generations of students and scholars, and we remain incredibly grateful for your continued commitment to Tufts.

Craig W. Smith
CIO, Tufts University Investment Office
TUFTS UNIVERSITY

TUFTS FY22 ENDOWMENT AT A GLANCE

$2.4 BILLION ENDOWMENT VALUE

-9.8% INVESTMENT RETURN*

8.4% 10-YEAR ANNUALIZED RETURN*

$104 MILLION DISTRIBUTION

*$These figures represent the performance of the Tufts Total Return Pool (TRP). The majority of the endowed funds at Tufts are invested in the TRP.

TUFTS UNIVERSITY

11,620 TOTAL STUDENTS

5,490 GRADUATE AND PROFESSIONAL STUDENTS

1,250 TOTAL FACULTY

5,990 UNDERGRADUATES

1,400+ INTERNATIONAL STUDENTS

3,250 TOTAL STAFF

125,000+ CURRENT ALUMNI
FULFILLING TUFTS’ MISSION

In the years since its founding in 1852, Tufts University has earned a distinctive reputation as being a blend of both research university and liberal arts college. It’s a dynamic combination that attracts students, faculty, and staff from around the world who thrive in our inclusive, collaborative, and student-centered community. As part of our mission, we are committed to maintaining an environment in which creative scholars are encouraged to generate bold ideas and innovate in the face of complex challenges.

Tufts’ endowment was established to ensure a perpetual source of support to serve this mission. Its funds provide access to an exceptional education for dedicated students from all social and economic backgrounds, attract world-class educators and scholars, and support the development of leading-edge educational opportunities. As a reliable pool of funds, the endowment enables the university to meet budgetary obligations when other sources of revenue fluctuate.

Endowment Directed Support to the University

- 38% GENERAL UNIVERSITY
- 32% FINANCIAL AID
- 14% PROFESSORSHIPS, FACULTY DEVELOPMENT & LECTURESHIPS
- 12% OTHER
- 4% DEPARTMENT/PROGRAMMATIC

“...My Tufts education has transformed my life. Surrounded by brilliant minds to guide me, I’m now considering a career making electric cars—or rockets that go to Mars. To all who support student journeys, thank you!”

EDUARDO VARGAS GUTIERREZ, E22
Douglas and Susan Present Scholar
School of Engineering
GIVING IN SUPPORT OF TUFTS’ LONG-TERM EXCELLENCE

Endowed gifts exist in perpetuity—that is, when the gift is invested, the principal value is preserved and an established percentage of the endowment is distributed annually for use by the university. Over time, each gift grows in value, providing increasing resources in future years and enabling the university to plan with confidence.

ENDOWED GIFTS STRENGTHEN TUFTS BY:

• Giving Tufts the resources to increase access to education for the best students across the globe. Financial aid remains the single greatest challenge facing all of Tufts’ schools, and endowed scholarships ensure that we can maintain our legacy of diversity and inclusion.

• Helping the university attract and retain outstanding faculty. Endowed named professorships, for instance, offer prestige and recognition to leading Tufts scholars and researchers whose expertise invigorates the entire academic enterprise.

• Providing the university the flexibility and freedom to seize every opportunity and continue to support innovation and discovery in all their forms. Endowed centers and other cutting-edge research programs further our mission to inspire a world of good.

“I am a first-generation American, and attending Tufts’ medical school was a dream come true. TUSM opened the door to innumerable opportunities. To help preserve the ability for students from all financial circumstances to attend Tufts medical school, my wife and I established an endowed scholarship fund. It’s important for those of us who have benefited from a great education to extend the same opportunity to current and future generations.”

WINDSOR TING, M.D., M79, A23P
Vascular Surgery, Mount Sinai
The endowment investment strategy is designed to maximize long-term returns while providing sufficient liquidity to support the university’s current operations and satisfying risk guidelines specific to the university’s objectives.

To achieve this mission, the Investment Committee and Investment Office pursue a highly diversified and equity-oriented portfolio structure. They seek to capture the required high returns of equity investments while reducing some of the volatility associated with such investments. Each year, the strategic asset allocation is reviewed and assessed to determine if a change is desired in the context of the university’s forecast needs and expected long-term market conditions. Within each asset class, the Investment Office selects outside experts to pursue security-level investment decisions within their strategies.
My dream of becoming a veterinarian began when I was a child and was further envisioned when I took my first animal science class at Cornell University. It was there I was able to handle large animals and work in research for the first time. After graduating, it was financial aid and scholarships like this one, along with the welcoming community Tufts has, that ultimately contributed to my decision to attend Cummings School of Veterinary Medicine over other veterinary schools. Being able to limit the number of loans I take on now will allow me to better maintain my focus on academics so that I can succeed.”

JENISE CARTER, V25
William and Bernice P. Sabo Scholarship
Cummings School of Veterinary Medicine
INVESTMENT PERFORMANCE

The primary financial objective for the endowment is to maintain or grow its real purchasing power over the long term to support current and all future generations of Tufts’ students, faculty, and researchers at the same level at which they are supported today. To achieve this, the long-term investment return of the endowment must be equal to or greater than the annual spending rate plus inflation. Despite the recent market sell-off and spike in inflation, over the past 10 years the endowment has generated an annualized return of 8.4%, which exceeds the rate of spending plus inflation (7.8%) and, consequently, its real purchasing power has grown.

On a shorter-term basis, the endowment’s investment performance is compared against two benchmarks: an investment policy benchmark, which reflects the performance of a simple 70% global equity/30% U.S. bond portfolio, and a custom reference benchmark, which reflects the portfolio’s strategic asset allocation. For FY22, Tufts’ Total Return Pool (TRP) returned -9.8% and the TRP’s returns exceed the returns of the investment policy benchmark over 1, 3, 5, 10, and 20 years. Given relative underperformance against the reference benchmark in FY22, the TRP lags this benchmark on 1-, 5-, and 20-year horizons and leads the benchmark on 3- and 10-year horizons.

Finally, Tufts seeks long-term endowment performance that is competitive with other colleges and universities. According to NACUBO-TIAA, which provides comparative data on the returns of college and university endowments, the TRP’s performance was below median on a 1-year basis and above median over 3-, 5-, 10-, and 20-year horizons.

“ I have always been engaged in the pursuit of the public good, both in deeds and through my career path. My Fletcher education has empowered me, and I now know I can help solve the world’s most challenging problems. I want to thank Fletcher alumni and my family, who believe in me and have invested in helping me become a future international public servant.”

CHEPKORIR SAMBU, F23

Focusing on negotiation and conflict resolution and international legal studies, with a region focus on Africa
As of June 30, 2022, the value of the endowment was approximately $2.4 billion.

**TUFTS ACTUAL**: RETURNS FOR THE TOTAL RETURN POOL (TRP) ARE NET OF EXTERNAL MANAGERS’ FEES AND GROSS OF INTERNAL ADMINISTRATIVE EXPENSES.

**TUFTS REFERENCE PORTFOLIO**: CUSTOM BENCHMARK REFLECTING THE APPROVED ASSET ALLOCATION POLICY AND RESPECTIVE MARKET INDICES.

**TUFTS INVESTMENT POLICY BENCHMARK**: 70% GLOBAL EQUITY/30% U.S. BONDS.
ENDOWMENT OPERATIONS

At the time a new fund joins the endowment, it acquires units (shares) within the endowment 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 units are acquired in the first month following the date that the gift is received. Distributions start that same month for all endowment funds and will provide support for their designated purpose no more than 30 days from the date of the gift.

ENDOWMENT SPENDING POLICY

The level of spending from an endowed fund fluctuates from year to year because the distribution is based, in part, on the market value of the endowed fund. When investment returns exceed the annual payout over time, the fund will grow and the amount distributed will increase. If investment returns fall below the annual payout rate over time, the fund will decline in value and the amount distributed will decrease. The university’s spending policy is designed to reduce year-to-year payout volatility and provide more consistent financial support to the university’s programs.

The endowment distribution amount is established annually in accordance with the university’s endowment spending policy, and the

“Support of graduate student fellowships has an enormous impact beyond the individual recipient. Fellowships allow graduate students to focus on their own research and scholarship, enriching their interactions with undergraduate students in the classrooms and laboratories and enhancing the research of the faculty they work with. Fellowship support is critical to attract a diverse population of students who add meaningfully to the broader arts and sciences intellectual and scholarly landscape.”

BÁRBARA M. BRIZUELA, PH.D., AG961
Dean of the Graduate School of Arts and Sciences and Professor of Education
amount is reviewed and approved by the trustees. The current spending policy states that the distribution paid by an endowment unit shall increase by 2.5% each year, provided that this amount falls within a certain range. The range is defined as a percentage of the average endowment unit value over a 12-quarter period ending September 30 of the prior year. For Fiscal Year 2022, the distribution was 5.1% of the average endowment market value.

In the event that market conditions temporarily drive an individual fund’s market value below the original contributed amount plus any subsequent gifts and/or additions, Tufts applies a reduced payout formula. This calculation distributes a reduced amount and invests the remaining amount that would have been distributed back into the fund to restore some of its original spending power.

Institute for Research on Learning and Instruction (IRLI)

Made possible by an endowed gift from the McDonnell Family Foundation School of Arts and Sciences and School of Engineering

A joint initiative of the School of Arts and Sciences and the School of Engineering, the Institute for Research on Learning and Instruction (IRLI) is the first research center of its kind to focus on better understanding how students learn at the collegiate level—across their courses and other experiences—and what instructors can do to help improve outcomes. IRLI faculty members will do research on learning in their own respective disciplines, grounding their inquiries in what they see every day in the classroom. “I’m enormously grateful to the McDonnell family,” says David Hammer, co-director of IRLI. “This is happening because of their gift, and it’s fantastic.”
THE ENDOWMENT AND ENVIRONMENTAL SUSTAINABILITY

Tufts has a long history of leadership within higher education on issues of sustainability, ranging from initiating the Talloires Declaration in 1990 to its work today to minimize its carbon footprint, foster groundbreaking research and scholarship, and prepare students to become the next generation of leaders on climate change.

TUFTS UNIVERSITY SUSTAINABILITY FUND

At Tufts, donors have a unique alternative in endowment giving through the Tufts University Sustainability Fund (TUSF). This distinct pool of endowed assets was launched by the Board of Trustees in 2015 to pursue a fossil fuel–free investment mandate for donors wishing to direct their gifts in this way. While the strategic allocation of the TUSF pool differs from the main endowment, it benefits from the same governance oversight and investment resources. In Fiscal Year 2022, the TUSF returned -13.7%, lagging its custom benchmark return (-10.2%).

"The Gershoff Diversity Fellowship has been a life-changing opportunity and provides empowerment to people from around the world. It has given me added motivation to give my best and to pay it forward so that others may realize their potential too."

ANA MAAFS, doctoral candidate
Stanley N. Gershoff Scholar
Friedman School of Nutrition Science & Policy
ADVANCING TUFTS’ COMMITMENT TO SUSTAINABILITY

On February 10, 2021, the Board of Trustees announced its adoption of several measures to consider environmental sustainability in relation to the investment of the university’s main endowment. These measures include prohibition on direct investments in 120 coal and tar sands companies with the largest reserves; a commitment to invest in positive impact funds related to climate change; proactive communication to Tufts’ investment managers to encourage them to further integrate climate-change risk and other environmental, social, and governance (ESG) considerations into their processes; and development of a reporting dashboard to share the university’s progress toward these actions. In addition, the trustees committed to conducting a formal review of this effort by the middle of this decade.

“Coming to Tufts, I’ve learned so much more than I ever imagined possible. The challenge—to do more, learn more, be more—really came alive. I’m so grateful to Mr. Tu for understanding the value of education and giving so generously to help every student receive the same privileges and experiences.”

MAKOYAN TOURE, A23
Loring W. Tu Scholar
School of Arts and Sciences
THE INVESTMENT COMMITTEE

Composed of trustees and non-trustees who have expertise in financial management, the Investment Committee is responsible for the overall investment and management of endowment assets. This committee has oversight responsibility for the Investment Office. It approves investment policy and strategic asset allocation and oversees portfolio implementation. Members of the Investment Committee have an in-depth understanding of how to build and manage a portfolio based on investment objectives and risk tolerance.

Robert R. Gheewalla, A89, A18P, M23P, Chair, Trustee
Eileen A. Aptman, J90, Trustee
E. Michael Fung, A79, A12P, Trustee
Brian H. Kavoogian, A84, Trustee Emeritus
M. Stephen McDermid, A01, F06
Jeffrey M. Moslow, A86, A16P, A18P, Trustee
Douglas A. Rachlin, A85, A20P, A22P, Trustee
James A. Stern, E72, H14, A07P, Trustee Emeritus
INVESTMENT OFFICE

The mission of the Investment Office is to support the Board of Trustees and administration in ensuring the long-term financial health of Tufts University. To do this, the Investment Office—in conjunction with the Investment Committee—thoughtfully stewards the assets that the university has accumulated over the years from generous donors and as a result of prudent financial management.

Proper stewardship of donor assets requires a patient, focused long-term approach. Investment Office staff possess both a clear understanding of the university’s risk tolerance and a growth mentality. They develop investment strategy and run the endowment on a day-to-day basis with the objective of supporting today’s students, faculty, and researchers and all future generations to come.

• Craig Smith, Chief Investment Officer
• Matthew Craig
• Tryfan Evans
• David Hohmann
• Paul Mace
• Timothy Mathien
• Lilliam Miller, A21

• Brennan Murray, F22
• Glorimar Perez
• Saheba Sahni, F17
• Brunet Saintil
• Chris Spyropoulos, A22
• Michelle Yu
“We are tremendously grateful to the alumni, parents, and friends who support the Tufts endowment. Their generosity safeguards and strengthens our excellence in teaching, research, and scholarship for generations of students and faculty to come.”

Anthony P. Monaco,
President, Tufts University