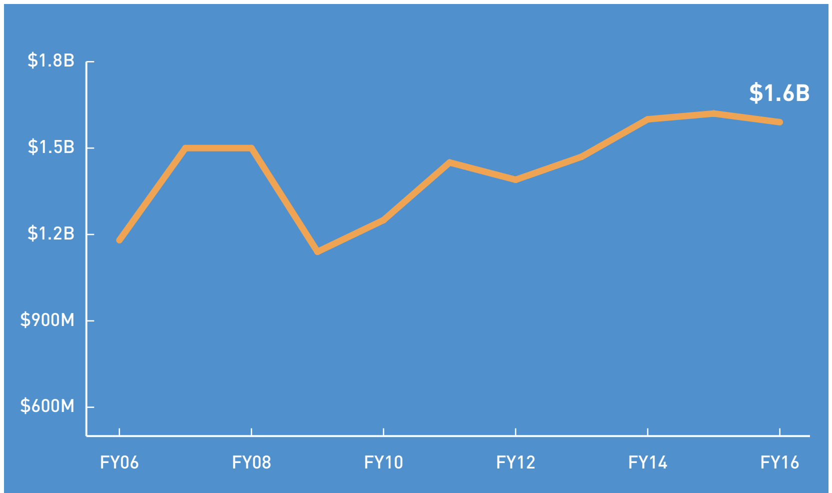
Endowment Performance and Policies

Endowments provide a steady stream of support for our priorities and are invested responsibly to ensure these funds continue to support 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, 2016, the endowment stood at $1.6 billion.

Tufts Total Return Pool (TRP) Performance

The majority of endowed funds at Tufts are invested in the Tufts Total Return Pool (the TRP). As of June 30, 2016, Tufts' Total Return Pool returned -1.4 percent net of fees for fiscal year 2016. On an annualized basis, Tufts returned 5.38 percent, 5.34 percent, and 4.56 percent for the three-, five-, and ten-year periods ended June 30, 2016, respectively. In fiscal year 2016, spending from the Tufts endowment was $83.1 million, up from $78.8 million in fiscal year 2015. Tufts' spending rate was 5.3 percent in fiscal year 2016.

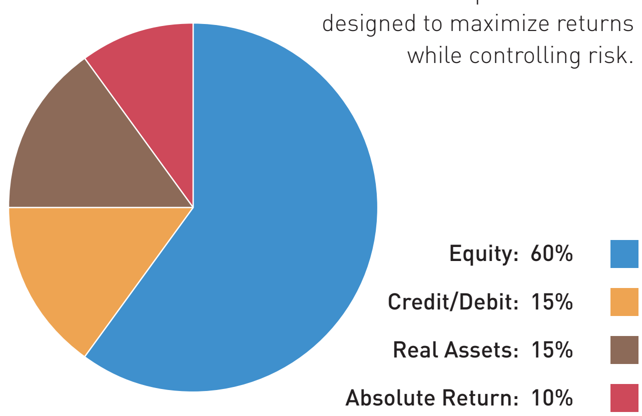
TRP Investment Strategy & Asset Allocation Policy

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 objectives are to grow the principal as well as the income. 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' asset allocation policy ensures a well-diversified portfolio that is designed to maximize returns while controlling risk.



Endowment Policies

The following information provides important background about how the university manages endowed funds.

SHARES IN THE ENDOWMENT POOL

At the time a new endowed fund joins the endowment, it acquires units in much the same manner as a mutual fund. These units provide the basis for determining an individual fund's portion within the overall investment pool and its share of the annual distribution.

UNIVERSITY SPENDING RULE

Distributions from the endowment are determined by the university's spending rule. This rule is designed to balance the *level* of dollars available to support university operations and the year-to-year *stability* of that support.

Initially, a new endowment fund will distribute an amount equivalent to the current spending level of all funds in the pool. This is generally about 5 percent of the fund value, but will vary with market conditions. The dollar amount distributed is then increased each year by a percentage to keep pace with inflation. In recent years this increase has been 3 percent. Adjustments are made to keep the distribution within a range of 4.5–5.5 percent of the endowment market value. Earnings in excess of the amount distributed are added to the individual endowment funds. In the event that market conditions temporarily drive an individual fund's market value below the contributed value, Tufts University may apply a payout formula to ensure that the fund provides immediate and consistent benefits to the purpose of the fund, with the goal of restoring the original spending power of the fund within a reasonable timeframe.

TIMING OF FIRST DISTRIBUTION

New endowment funds acquire units and are added to the TRP effective in the first full month following the date the gift is received. Consequently, new endowment funds will begin to provide support for the designated purpose within a period no more than 30 days from the date of the gift.

The Tufts University Sustainability Fund (TUSF)

At Tufts, donors now have an alternative investment option to the TRP called the 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.[1] As of June 30, 2016 — the end of its first full fiscal year of investment — the TUSF returned - 6.76 percent net of fees.

TUSF Investment Strategy & Asset Allocation Policy

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.

[1] For the TUSF, the spending rule is 4–5% of the market value.