



ENDOWMENT MANAGEMENT AND PERFORMANCE | FISCAL YEAR 2020

NORTHEASTERN UNIVERSITY ENDOWMENT: YOUR INVESTMENT IN THE FUTURE

Your investment in Northeastern's endowment is characteristic of what unites our global network—a collective commitment to excellence, a belief in the capacity of experiential learning and innovative research to transform lives, and a relentless focus on inventing—and reinventing—the future. The university's endowment is the foundation that propels our students and faculty forward each day; because it is invested in the programs that sustain their ambitions, it also ensures a strong, resilient university for generations of students to come. As of June 30, 2020, Northeastern's endowment equaled approximately \$1.09 billion.

MANAGING YOUR PHILANTHROPIC INVESTMENT

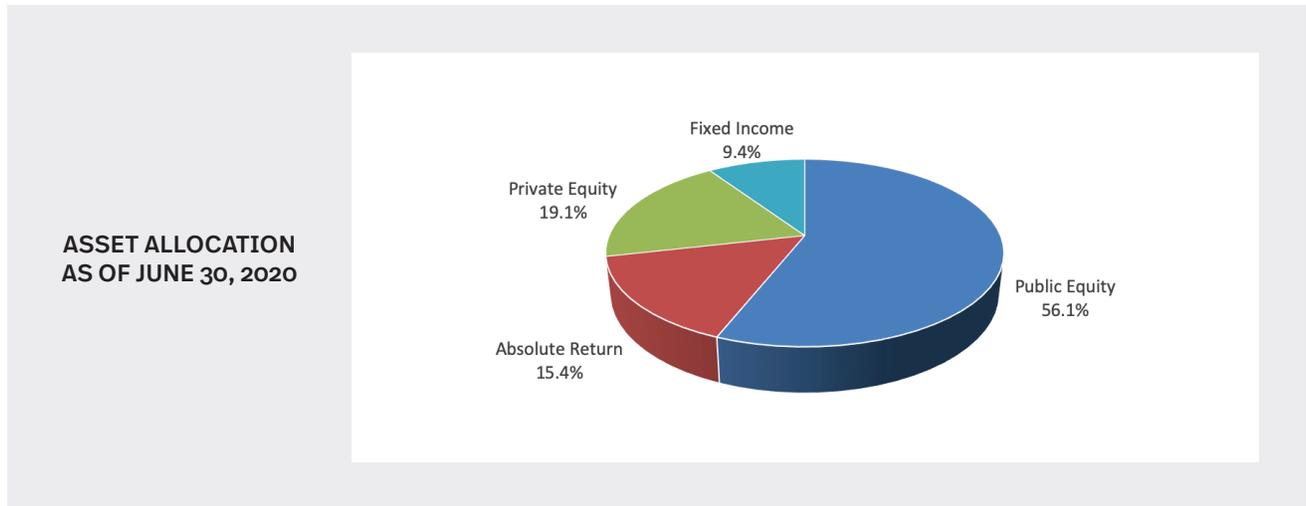
Gifts to endowed funds are carefully invested by a team of investment professionals with a strong track record in institutional asset management. Cambridge Associates acts as our primary advisor of the overall management of the university's endowment. This firm works in collaboration with the university's senior finance leadership as well as the dedicated volunteers who form the Funds and Investment Subcommittee of the Board of Trustees. Members of this subcommittee have strong financial backgrounds with extensive experience working with investments and corporate finance. Together, this group establishes investment objectives, sets asset allocation policy, and monitors performance and risk exposures—all with three goals in mind: (1) achieving a rate of return that supports current programs, (2) keeping pace with inflation so that Northeastern can rely on the endowment to support the university in the future, and (3) insulating the endowment's income and growth from market fluctuations.

INCOME, SPENDING, AND IMPACT

Each year, the Board of Trustees reviews and approves the university's spending rate, which is the percentage of the endowment's market value that is available for use. Currently, the annual spending rate is 4% of the average market value of the previous sixty months. When the endowment's returns exceed the spending rate, the excess is returned to the endowed fund, increasing its purchasing power.

RISK MANAGEMENT

The overall guidelines for the management of the endowment are established by the Northeastern Board of Trustees. Investments are reviewed by the members of the Funds and Investment Subcommittee to ensure that endowed funds achieve long-term performance objectives to support the educational and research goals of the university.



PERFORMANCE

When assessing the success of its investment strategy, Northeastern, like many universities, uses a combination of benchmarks, including the Cambridge Associates Endowment Median of all universities and a custom portfolio benchmark.



SUSTAINABILITY FOR THE LONG-TERM

Thank you for your commitment to a resilient future for the university. Through your endowed support, you make a Northeastern education more accessible to students, fuel research with broad reach and impact, and spark the creativity of our entire global community. Thank you for investing in Northeastern's endowment and the world of opportunities it opens.