Fiscal year 2013 was a year of change for the Stevens Institute of Technology endowment. After considerable research and deliberation, the Stevens Board of Trustees decided to alter the approach to managing the endowment assets and voted to adopt an Outsourced Chief Investment Officer (OCIO) model. The trend toward this approach for university endowment investment management has accelerated greatly in recent years. Goldman Sachs & Company's Investment Management Division was selected as Stevens’ new OCIO in May 2013.

This change to an OCIO model improves the professional asset management skills, analysis and expertise necessary for the investment management of the endowment. Outsourcing this function will allow the Investment Committee to focus on oversight and strategic decision-making to guide the endowment to a model of prudent investing and governance with strong performance results. The Investment Committee will retain responsibility for asset allocation, spending distribution, performance analysis and fee review. The change to Goldman Sachs also produced an attractive immediate cost reduction which will continue for years to come.

The future of Stevens’ endowment looks bright and, on behalf of the entire Investment Committee, I thank our donors for their generosity and continued support. Please be assured that we are working hard as stewards of these gifts and target the Stevens’ endowment to be “best in class” in all respects.

Sean Hanlon ’80
Chair of the Investment Committee

Stevens’ endowment has grown $27 million during the past 5 years from $129 million in 2009 to $156 million in 2013.
The endowment distributed $25 million over the last 5 years to support students, faculty and operations.
We continue to drive down management fees and associated costs and concentrate on managing toward prudent risk-adjusted net returns in the endowment.
It is our goal to increase the value of the endowment significantly over the next five years. One important way to achieve this is through the generous support of donors. This will help the endowment grow over the long term and provide support to Stevens’ Strategic Plan, “The Future. Ours to Create.”

A copy of this Strategic Plan is available at www.stevens.edu/strategy
Giving to Stevens’ endowment is one way to support the university in a permanent fashion. The endowment allows donors to give generously and establish funds to support particular areas of interest at Stevens. The endowment is carefully invested and managed so as to use a portion of the annual investment earnings to support the university each year while also protecting the principal in perpetuity.

The market value of the Stevens’ endowment was $156 million as of June 30, 2013. This was a 10 percent increase over the endowment’s June 30, 2012 value of $141 million. Endowment gifts from donors increased during fiscal year 2013 and totaled $6 million. Net investment return was $14 million, which was offset by $5 million in spending distribution to operations. Our net investment rate of return for the year ending June 30, 2013 was 10.2 percent and our 3-year annualized return was 7.5 percent.

The endowment is composed of 336 individual funds, each established by a dedicated and generous donor or group of donors for a specific purpose. The money is invested as a single pool but tracked and allocated separately. At Stevens, endowed funds primarily support scholarships and professorial chairs, but library operations, athletics, laboratories, educational programs and commencement awards are also partially funded by the endowment. The current Board of Trustees authorized spending rate is 5 percent of a three-year trailing average of the total market values on funds that have no other limitations.

Stevens’ endowment investments are overseen with prudence and care by the Board of Trustees whose eight-member Investment Committee is composed of alumni and faculty with knowledge of finance and investing. The investments are well diversified across investment managers, asset classes, geographies and time horizons.

The tables below illustrate the endowment’s asset allocation as of June 30, 2013, and the endowment’s performance, market value and spending distribution history.