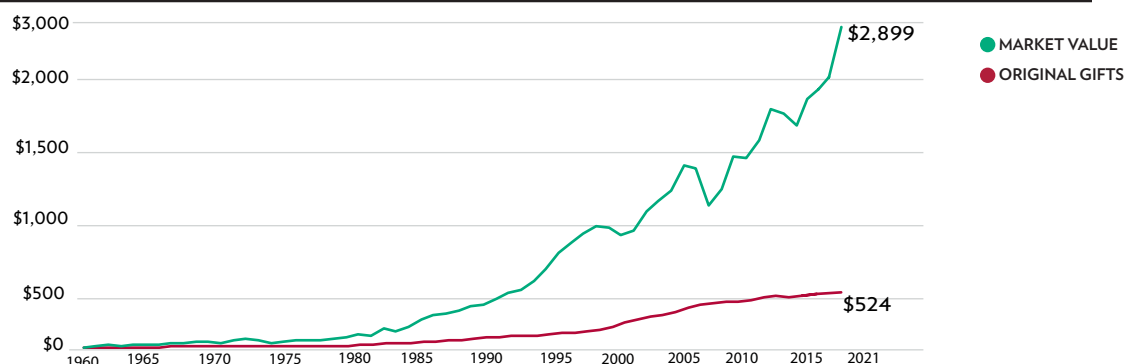


# Swarthmore College Endowment Report

FOR THE YEAR ENDING JUNE 30, 2021

## VALUE OF ORIGINAL GIFTS TO ENDOWMENT AND THE MARKET VALUE OF THOSE GIFTS (millions of dollars)



## ANNUALIZED RATES OF RETURN WITH BENCHMARKS

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
SWARTHMORE COLLEGE	44.0%	16.8%	15.4%	10.8%
HEPI + 4.25%	7.0%	6.8%	6.9%	6.6%

The Commonfund Higher Education Price Index (HEPI) is an inflation index designed specifically to track the main cost drivers in higher education. It measures the average relative level of prices in a fixed basket of goods and services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research. The Investment Committee uses HEPI as a long-term measure of the endowment's ability to support the College's present and future operations.

## ASSET ALLOCATION



- DOMESTIC EQUITY (17%)
- INTERNATIONAL EQUITY (17%)
- ALTERNATIVE STRATEGIES (13%)
- PRIVATE EQUITY (33%)
- REAL ASSETS (9%)
- FIXED INCOME, CASH, AND CASH EQUIVALENTS (11%)

DOMESTIC EQUITY includes investment in publicly-traded stocks of companies domiciled in the U.S.

INTERNATIONAL EQUITY includes investment in publicly-traded stocks of companies domiciled in international countries.

ALTERNATIVE STRATEGIES include investments in corporate direct lending, financial assets and distressed debt, and investments in multistrategy hedge funds.

PRIVATE EQUITY includes investments in privately-held companies including leveraged buyout and venture capital companies that are domiciled in the U.S. or in international countries.

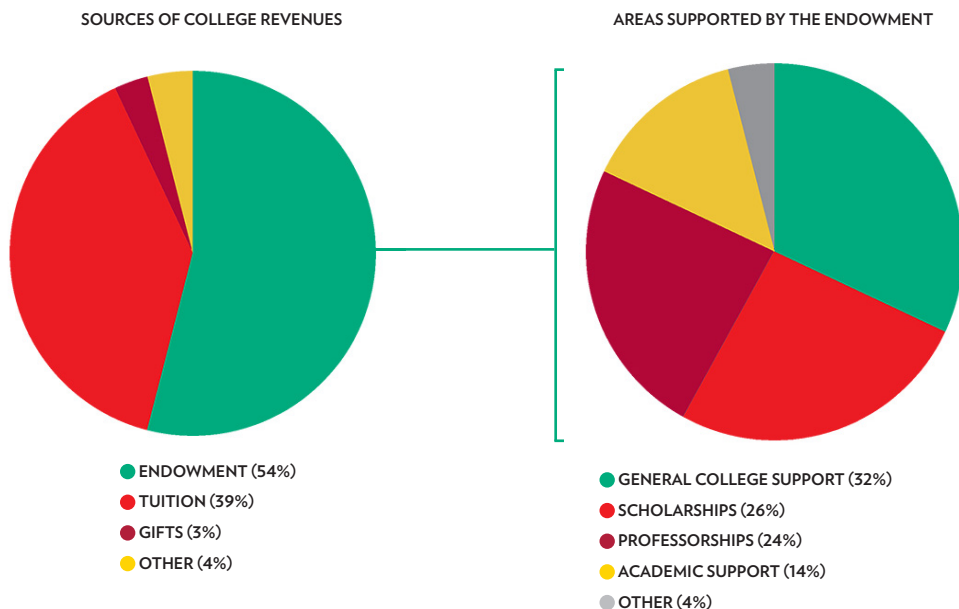
REAL ASSETS include investments in real estate and natural resources.

FIXED INCOME includes investment in fixed income securities, such as U.S. Treasury bonds and Treasury Inflation-Protected securities.

CASH AND CASH EQUIVALENTS are investments in cash and money market instruments that can be liquidated immediately or within 30 days.

## HOW MUCH OPERATING REVENUE DOES THE ENDOWMENT PROVIDE AND WHAT DOES IT SUPPORT?

The endowment provides the largest source of revenue for the College through an annual distribution. Donors who have supported the endowment continue to make a perpetual impact on Swarthmore. In Fiscal Year 2021, the operating revenue budget, including debt service, was \$183.1 million. The endowment distributed \$98.8 million, or 54.0% of College operating revenue.



## WHAT IS THE ENDOWMENT?

The endowment is a pool of investments made up of gifts and bequests by donors, funds allocated by the College, and accumulated interest, dividends, and capital appreciation. Donors have contributed funds to the endowment that support buildings, equipment, collections, professorships, scholarships, awards, general operating expenses, and more. The endowment, which grows over time, contributes in perpetuity to the operating budget of the College and safeguards the institution from economic and political forces.

## WHO MANAGES THE ENDOWMENT?

The Board of Managers reviews and approves investment policies annually. In conformity with those policies, the Investment Committee of the Board sets the asset allocation; approves the selection of investment managers and partnerships (not individual securities); and monitors and evaluates performance of the endowment and the investment managers. The Investment Office works collaboratively with the Investment Committee to meet their goals.

## HOW ARE DISTRIBUTIONS CALCULATED?

Swarthmore uses a growth-based formula to calculate endowment spending. The spending rate varies from year to year within a target range of 3.5%–5%. In Fiscal Year 2021, the spending rate was 4.7%. The spending rate is applied to the endowment's value on a quarterly basis, and distributions are made based on the previous quarter's value (e.g. the December distribution is based on September's units).

## WHAT HAPPENS TO ENDOWED GIFTS?

When endowed gifts are received, they are allocated to the endowment at the previous quarter's market value per unit. Funds are pooled for investment purposes but tracked individually. College Advancement will send an annual letter with a statement reporting on the growth of your fund and its distributions.

*For more information, please contact:*

Liam McAlpine  
Assistant Vice President  
for Advancement  
lmcaldi1@swarthmore.edu

Swarthmore College  
500 College Avenue  
Swarthmore, PA 19081  
swarthmore.edu/giving

**SWARTHMORE**