



THE ENDOWMENT AT A GLANCE

7.5%

FY19 return

10.7%

10-year annualized return

\$5.7 Billion

endowment value as of 6/30/19

\$89 Million

in FY19 gifts from
The Call to Lead Campaign

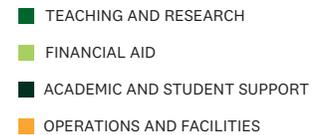
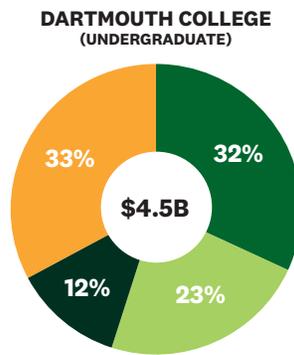
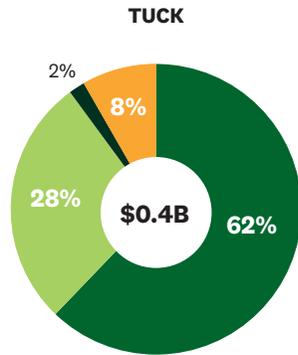
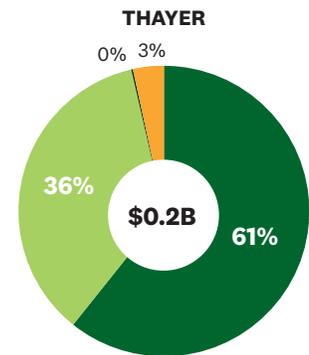
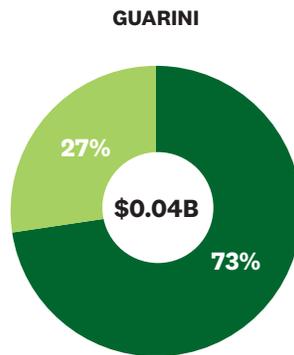
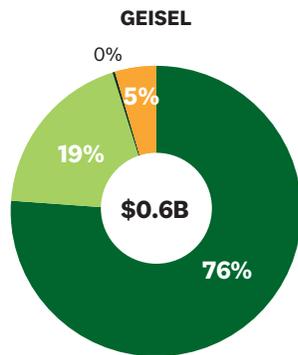
\$253 Million

FY19 spending distribution

>6,100

total number of endowments

TOTAL VALUE OF ENDOWMENTS BY SCHOOL



DARTMOUTH AT A GLANCE

1,193

members of the Class of 2023 are from all 50 states, D.C., Guam, and Puerto Rico as well as 25 tribal nations and indigenous communities, 51 countries, and every inhabited continent

\$26,002

average student debt for all four years combined

\$54,105

average annual undergraduate scholarship

7

NIH Centers of Excellence at Geisel School of Medicine

284

incoming PhD, MS, and MA students in fall 2019 at the Guarini School of Graduate and Advanced Studies

55%

of Thayer School of Engineering tenure-track faculty have founded startups

96%

of Tuck School of Business graduates had job offers three months post-graduation

DEAR FRIEND OF THE DARTMOUTH COLLEGE INVESTMENT OFFICE,

I am pleased to share our endowment report for fiscal year 2019, to thank you for your contributions to the work of the Dartmouth College Investment Office (DCIO) during the past year, and to share with you important initiatives underway at Dartmouth, largely funded by the strength of the endowment.

For fiscal year 2019, Dartmouth's endowment generated an investment return of 7.5 percent and was valued at \$5.7 billion as of June 30, 2019. Although one year of positive returns is important, we remain focused on the long-term results, which remain very strong relative to broader equity market returns and common institutional portfolio benchmarks. For the past 10 and 20 years, ending on June 30, 2019, the endowment returned 10.7 percent and 9.4 percent, respectively. These results continue to ensure Dartmouth's endowment is succeeding in its goal of supporting current students and faculty while preserving the endowment's purchasing power for future generations.

For fiscal year 2019, the spending distribution from the endowment to fund cash flow to the College's operating budget was more than \$250 million, approximately 27 percent of Dartmouth's total revenue. As a result, every student at Dartmouth benefits from the endowment, particularly those who receive financial aid. Dartmouth is committed to admitting students based on their abilities, regardless of their ability to pay, and to meeting 100 percent of undergraduate students' demonstrated financial need—a commitment that is among the most generous in the country. In fiscal year 2020, the budget for undergraduate financial aid is \$111.3 million. As part of the financial aid program, students from families earning \$100,000 a year or less receive free tuition. This benefits 245 students, about 20 percent of the first-year undergraduates in the Class of 2023.

Dartmouth's 250th year is the perfect time for President Hanlon's milestone goal of raising 250 new scholarship endowments through The Call to Lead campaign, making Dartmouth even more accessible for middle- and low-income families, international students, and first-generation students.

In the DCIO, we share and support Dartmouth's core belief that the liberal arts are the foundation of an education that broadens one's thinking and ability to create new knowledge. We are thrilled to be involved in the mission of building a better world through cultivating critical thinking, a thirst for lifelong learning, and a spirit of adventure in our students. We are continually exploring new investment opportunities and working with new investment talent in order to position Dartmouth for the future.

The power of the DCIO network is gratifying and inspiring, representative of both long-cultivated relationships with the investment community and more recent referrals from alumni, faculty, and current and former investment partners. Equally important is the enduring success of the DCIO strategy, which continues to be appropriately long-term focused and yet agile and open to new opportunities in the global investment universe.

We thank our investment managers, who deliver investment performance and thought partnership, as we work together to provide exemplary stewardship and thoughtful investment of Dartmouth's capital.

We are grateful to every donor and to all members of the Dartmouth community whose talents and passion for this unique institution help us make Dartmouth one of the world's preeminent institutions of higher learning.

In particular, we thank our alumni, who are generous donors to the endowment, introduce us to new financial talent, and volunteer their time serving as referrals in our due diligence work on our investment committee. We are continuously honored and humbled by these relationships.

Thank you for your support.

Alice A. Ruth '83

Chief Investment Officer (CIO)

CONTENTS

The Endowment Mission and Investment Strategy ...	1
Importance of Philanthropy in the Endowment ...	2
Endowment Performance: Fiscal Year 2019 and Long Term ...	6
Asset Allocation and Asset Class Performance ...	7
Perpetual Support: Advancing Teaching and Research Across Dartmouth ...	8
Partnering for Success ...	10
Investment Committee and Office ...	11



THE ENDOWMENT: IN SERVICE TO DARTMOUTH'S MISSION

Since its founding in 1769, Dartmouth has provided an intimate and inspirational setting where talented faculty, students, and staff—diverse in background but united in purpose—contribute to the strength of an exciting academic community that cuts easily across disciplines.

A member of the Ivy League and consistently ranked among the world's greatest academic institutions, Dartmouth is committed to providing the best undergraduate liberal arts experience and outstanding graduate programs in the Geisel School of Medicine (founded in 1797), Thayer School of Engineering (1867), the Tuck School of Business (1900), and the Guarini School of Graduate and Advanced Studies (2016).

A Dartmouth education is unlike any other. Through person-to-person teaching and opportunities to create and apply knowledge on campus and across the globe, Dartmouth instills a love of learning in its students and empowers them for a lifetime of leadership.

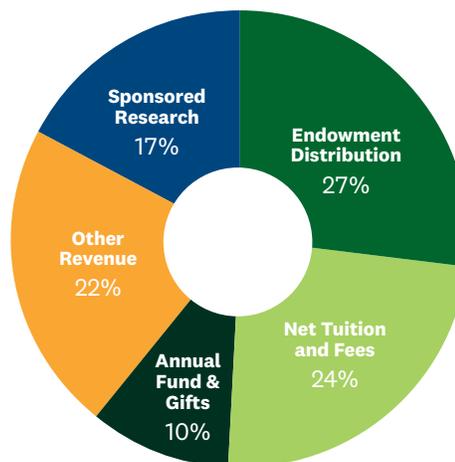
The purpose of the endowment is to provide maximum sustainable financial support to Dartmouth to serve its mission in perpetuity. Core to the endowment's purpose is balancing the interests of current and future generations of Dartmouth students. Maintaining the inflation-adjusted value of the endowment underpins this concept of intergenerational equity. To serve this purpose, the primary investment objective of the endowment is to generate, on average and over time, inflation-adjusted gains from investment returns that at least match distributions to the

institution; the investment strategy is structured to serve this objective. The spending distribution policy provides a mechanism for delivering financial support to the operating budget while also ensuring some level of protection from the volatility of the capital markets.

Dartmouth's endowment has played a critical role in supporting the operations of the institution, including the professional schools. In fiscal year 2019, the endowment distribution represented 27% of revenues to support operating activities.

FISCAL YEAR 2019 OPERATING REVENUE SOURCE

Based on US GAAP financial reporting. Tuition and fees are net of financial aid.



INVESTMENT STRATEGY: LONG-TERM ORIENTATION

The purpose of the endowment informs our investment approach and strategy. In keeping with the endowment's infinite time horizon, Dartmouth takes a long-term orientation in its capital allocation and portfolio management decisions. The portfolio has a strong equity bias for long-term growth, with significant participation across strategies, regions, and assets, which offers diversification benefits.

Its profile is consistent with the liquidity needed to serve near-term portfolio and institutional requirements.

In managing the endowment, Dartmouth's main interests are to:

- Find exceptional investment opportunities globally, with superior return potential, while maintaining awareness of the types of exposures and risks that result from this bottom-up orientation.
- Provide capital when it can generate an equity return. This is often when capital is scarce, and when Dartmouth can capitalize on dislocations caused by the short-term focus of many market participants.
- Concentrate investments where conviction is high.

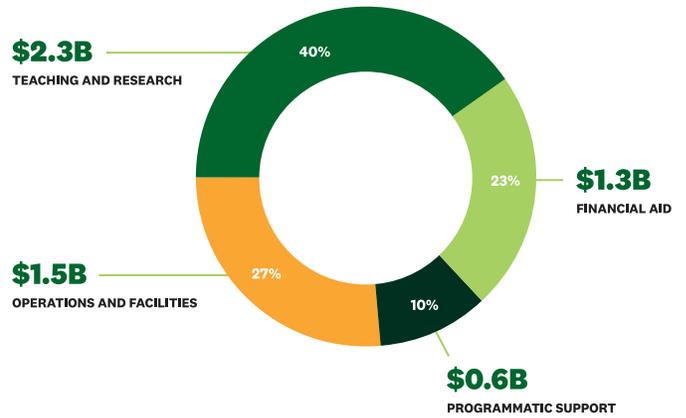
IMPORTANCE OF PHILANTHROPY IN THE ENDOWMENT

ENDOWMENT COMPOSITION

Dartmouth’s endowment comprises over 6,100 individual endowed funds with varied purposes across the institution, and in most cases funds are restricted for a specific use. Dartmouth’s long history of generous alumni has contributed to creating these endowed funds, with the oldest fund dating back to 1789. Each restricted fund has a designated purpose and serves to provide long-term funding for that activity in perpetuity. Teaching, research, and academic support account for half of the total \$5.7 billion endowment value, with financial aid representing nearly one-quarter of the total.

The Call to Lead campaign is targeting \$1.6 billion in gifts to the endowment to provide critical ongoing financial support for the key campaign priorities and initiatives. In this way, the endowment serves as an invaluable tool for Dartmouth to continue to advance its mission, which is grounded on strong and prudent financial management of its assets.

ENDOWMENT BY PURPOSE

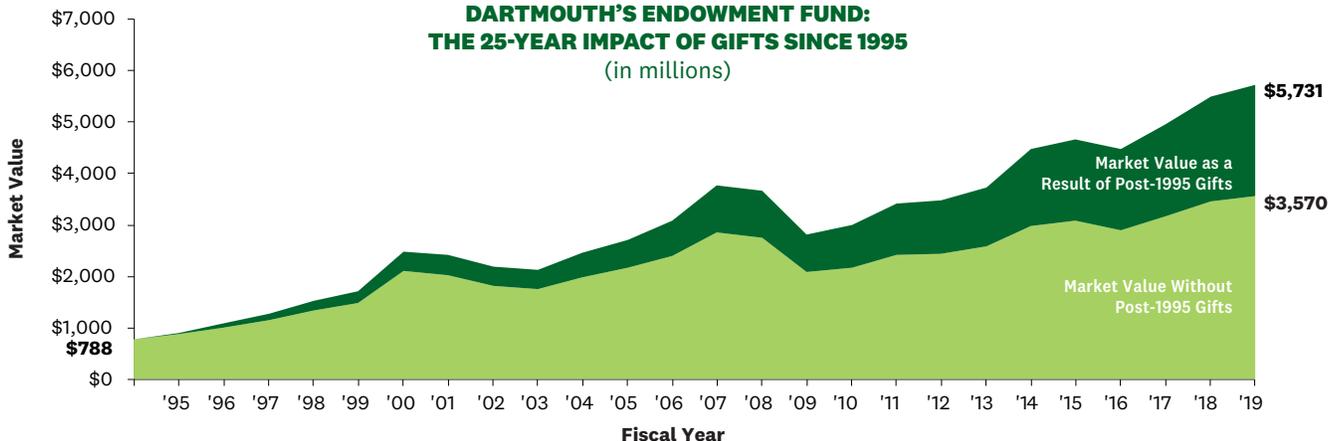


ENDOWMENT GIVING

Donor support has been, and continues to be, crucial in fulfilling Dartmouth’s broad mandate of teaching and research excellence. In fiscal year 2019, gifts to the endowment from alumni, parents, and friends totaled \$89 million. Over time, the endowment has

benefited substantially from the continued support of generous donors and the power of investment compounding of those endowment gifts, without which the endowment’s market value and impact would be significantly lower.

**DARTMOUTH’S ENDOWMENT FUND:
THE 25-YEAR IMPACT OF GIFTS SINCE 1995**
(in millions)









ENDOWMENT PERFORMANCE: FISCAL YEAR 2019 AND LONG TERM

For the period from July 1, 2018-June 30, 2019, the MSCI All-Country World Index increased by 5.7%, fueled by gains from U.S. equity markets. The S&P 500 gained 10.4% for the 12-month period, compared to gains of 1.1% and 1.2% from the international developed MSCI EAFE Index and the MSCI Emerging Markets Index, respectively. The U.S. outperformed as the economic expansion entered its 10th year, while growth expectations in international markets fell. The U.S. experienced double-digit returns across most sectors, (Utilities +19%, InfoTech +14%) with only biotech (NASDAQ Biotech Index -0.2%) and energy (-13.2%) in negative territory. However, markets were volatile, as uncertainties surrounding a trade war with China and a potential U.S. recession weighed heavily on U.S. investors at times. In March 2019, the yield curve inverted prior to the U.S. Federal Reserve lowering interest rates by 0.25% in June, benefiting fixed income investors (Bloomberg Aggregate Bond Index +7.9%).

In fiscal year 2019, the endowment returned +7.5%, outperforming the median institution in the Cambridge Associates (“CA”) College & University universe. These

results were driven by excess returns across the portfolio generated from world-class investment managers, as well as positive contributions from the portfolio’s asset allocation. Due to the long-term nature of the endowment, Dartmouth seeks diversified sources of return to manage risk and drive superior returns throughout a market cycle, and remains focused on sustained outperformance over long time periods. For the 10 years ending June 30, 2019, Dartmouth’s endowment generated an annualized return of 10.7%, outperforming the 8.0% return of a general 60 percent equity/40 percent bond benchmark over the same period. Over the past 20 years, Dartmouth’s endowment has generated an annualized return of 9.4%, and therefore has succeeded in meeting its primary objective of generating investment returns in excess of the spending distribution rate plus inflation. Dartmouth’s endowment continues to rank in the top quartile of colleges and universities as reported by Cambridge Associates over the trailing 1-, 3-, 5-, 10-, and 20-year time periods.

FISCAL YEAR ANNUALIZED RETURN

(as of 6/30/2019)

	1 Yr.	3 Yr.	5 Yr.	10 Yr.	20 Yr.
Dartmouth College	7.5%	11.4%	8.0%	10.7%	9.4%
60% MSCI ACWI/40% Barclays Aggregate	6.3%	7.9%	5.0%	8.0%	5.5%
CA Colleges & Universities Median	5.4%	9.2%	5.2%	8.6%	6.3%

ENDOWMENT OVERVIEW

	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011	FY2010
Market Value (\$M)	\$5,731.3	\$5,494.2	\$4,956.5	\$4,474.4	\$4,663.5	\$4,468.2	\$3,773.6	\$3,486.4	\$3,413.4	\$2,998.3
Endowment Distribution (\$M)	\$252.7	\$236.5	\$225.4	\$208.6	\$214.2	\$188.5	\$185.5	\$182.9	\$174.9	\$204.5
Endowment Distribution (% of Beg MV)	4.6%	4.8%	5.0%	4.5%	4.8%	5.0%	5.3%	5.4%	5.8%	7.2%

ASSET ALLOCATION AND LONG-TERM ASSET CLASS PERFORMANCE

The Endowment’s asset allocation reflects the long-term nature of the underlying capital and is a general framework for executing Dartmouth’s investment strategy and evaluating long-term investment performance results. The portfolio continues to have a high equity orientation to achieve long-term return goals. Yet, each separate asset class serves an important role in contributing to the expected level of return and risk in the portfolio.

For fiscal year 2019, and for the second year in a row, the Venture Capital portfolio generated the highest return on an absolute and relative basis. For the industry, continued technology innovation, plentiful capital, and a healthy IPO market created a robust valuation environment. Dartmouth’s venture capital managers continue to demonstrate a superior ability to access the best entrepreneurial talent and to add value through their time, expertise, and capital investment.

The Private Equity portfolio generated high double-digit returns for the fiscal year, delivering both strong absolute and benchmark-relative performance results. These returns are driven by skilled investment managers who expertly identify opportunities to add fundamental value in underlying portfolio companies. Recognizing the higher return potential of properly executed private investments, combined with Dartmouth’s long and successful history of investing with world-class private equity and venture capital managers, Dartmouth has intentionally and selectively increased its exposure to private equity and venture capital investments, where the combined 10-year annualized return is 18.3%.

The Global Equity portfolio generated a 13.0% annualized return for the 10 years ending June 30, 2019, outperforming the 10.3% return of its benchmark for the same time period. In the most recent year, the Global Equity portfolio significantly outperformed its benchmark, driven by outperformance among U.S. managers with strong stock selection results. Dartmouth partners with managers who demonstrate superior active stock picking ability in the U.S. and in local markets across the globe. The Global Equity portfolio represents 30% of the total portfolio, deliberately reduced from previous levels.

The Hedge Fund portfolio returned 7.7% annually over the past decade, outperforming its benchmark. For this part of the portfolio, Dartmouth seeks investments that will produce a differentiated source of return from the broad equity markets. As such, Dartmouth partners with specialist long-short equity managers who employ differentiated security selection strategies, as well as with value-oriented managers who will be well-positioned in the event of market weakness or increased volatility.

For the 10 years that ended June 30, 2019, the Natural Resources portfolio generated an annualized return of 9.0%, well above its benchmark; the Real Estate portfolio returned 8.0% for the same time period, also comfortably above its benchmark. The private Natural Resources and Real Estate portfolios remain underweight their respective asset allocation mid-points. In the energy sector, high historical capital distributions combined with soft returns in 2019 resulted in decreased exposure in the portfolio. For real estate, it continues to be a challenging valuation environment. However, Dartmouth continues to seek unique and specialized managers who can add value in current market conditions, both in the U.S. and internationally.

	Asset Allocation	Long Term Capital Allocation Ranges	10-Year Annualized Return*
Global Equity	30%	20-35%	13.0%
Hedge Funds	25%	20-30%	7.7%
Venture Capital and Private Equity	25%	20-30%	18.3%
Natural Resources	7%	5-15%	9.0%
Real Estate	4%	0-10%	8.0%
Fixed Income, Cash and Other	9%	3-12.5%	-0.1%

*Annualized return through June 30, 2019



Photo by Mark Washburn

PERPETUAL SUPPORT: ADVANCING TEACHING AND RESEARCH ACROSS DARTMOUTH

The endowment provides continuity and long-term support for faculty and students throughout the institution, assuring Dartmouth's sustained competitive edge in providing a world-class liberal arts education and research environment. Ongoing projects and initiatives made possible through the endowment include:

IMPROVING CARE FOR THE SERIOUSLY ILL

A disproportionately large share of medical spending in the United States is concentrated on people with serious illnesses—conditions that carry a high risk of mortality, negatively impact quality of life and daily function, and are burdensome in symptoms, treatments, and caregiver stress. Yet medical care for this population is often marked by inadequate symptom control, low levels of patient and family satisfaction, and misalignment with patient goals and preferences. Caring for patients with serious illnesses can also cause moral distress for health care providers.

Research by Amber Barnato MD, MPH, MS, the Susan J. and Richard M. Levy 1960 Distinguished Professor in Health Care Delivery at the Geisel School of Medicine, examines these problems, including variation in intensive care unit use at end-of-life and decision-making regarding life-sustaining treatment. In this endowed position, Barnato is also developing and testing strategies to support advance care planning and end-of-life decision-making, with the goal of better aligning patient values with medical decisions.

Now, Barnato is leading an innovative collaboration between Geisel's Dartmouth Institute for Health Policy and Clinical Practice and Dartmouth-Hitchcock Health to improve care for the seriously ill. The recently launched Serious Illness Health Care Delivery Incubator supports Dartmouth faculty, Dartmouth-Hitchcock clinicians, and their interdisciplinary care teams in designing, implementing, and testing innovations that will improve care experiences for seriously ill patients, their family members, and the providers who care for them while also lowering spending on unnecessary, ineffective or unwanted medical interventions.

SECURING THE FUTURE OF GRADUATE AND ADVANCED STUDIES

Dartmouth named its graduate school in honor of Frank J. Guarini '46, a former congressman, delegate to NATO, and U.S. Representative to the United Nations who made a historic gift in support of the College's graduate programs. The Dartmouth Board of Trustees created the school two years ago, making it the first new school established at Dartmouth in more than a century.

Specifically, the gift will be used to:

- expand graduate fellowships, to raise the scholarly output of targeted programs;
- recruit and retain exceptionally qualified, diverse students and faculty;
- implement best-in-class professional development; and
- create more undergraduate research opportunities with the mentorship of outstanding graduate students as well as Dartmouth faculty.

Congressman Guarini's gift is his third major commitment to Dartmouth. He has also made two sizeable gifts to endow Dartmouth's off-campus and foreign study programs, which are housed in the Frank J. Guarini Institute for International Education.

CREATING A SPACE FOR COLLABORATION

Construction is underway in the west end of campus on a new building to be shared by Thayer School of Engineering, the Department of Computer Science, and the Magnuson Center for Entrepreneurship. The Dartmouth Electron Microscope Facility will also be housed there.

The integration of engineering, computer science, and entrepreneurship in the new building will increase opportunities for collaboration as faculty and students share an open space designed to encourage informal conversation and meetings. The new building will feature a large atrium connected to student design spaces, making project work and studios visible to passersby.

Over time, the building will allow for the doubling of the Thayer faculty and a 50 percent increase in the computer science faculty. The facility will create space to offer engineering and computer science courses to all interested

Dartmouth students; support the growing number of majors in both areas (engineering and computer science majors have doubled over the past decade); and double the square footage available to the programs.

BUILDING A BASE CAMP TO THE WORLD

The Bakala Foundation USA—the American family foundation of Michaela and Zdenek Bakala, Tuck '89—has made an unprecedented \$25 million donation to endow the TuckGo global learning program. Their gift ensures that TuckGo will continue to connect students to the world's diversity, dynamism, and innovation through immersive educational experiences.

Part of The Tuck Difference: The Campaign for Tomorrow's Wise Leaders, the gift will strengthen existing TuckGO offerings and fund new and varied educational opportunities that take place in locations and industries that students seek. It will also help cover operational costs for the program, funding related logistics, travel, and preparatory expenses and furthering the personal scale that is the hallmark of learning at Tuck by allowing for continued small cohort sizes.

"At Tuck, we believe it's critical that every student has the skills, knowledge, and global mindset to successfully navigate the different cultures, economies, and industries in which they will work. This wonderful gift strengthens our ability to develop those capabilities," said Peter Golder, faculty director for TuckGO and a professor of marketing at Tuck.





PARTNERING FOR SUCCESS

Dartmouth's superior investment returns are a direct result of partnerships with world-class investment management firms, which bring breadth and depth to the portfolio and ensure best-in-class performance in service of Dartmouth's mission. Partnering with external investment managers allows us to benefit from deep expertise in investment strategies. It also yields an extraordinary constellation of investment opportunities that could not be replicated through internal management.

Dartmouth is constantly seeking exceptional investment opportunities—and outstanding investment talent. We look

for firms with a great team, a unique investment approach, an attractive opportunity set, and the willingness to engage in a true spirit of partnership. We have built strong relationships with firms of all shapes and sizes—both brand-new firms and long-established ones.

We conduct careful due diligence up front to verify the integrity and quality of prospective partners before we invest. Our work allows us to build solid relationships with new partners based on confidence and trust. Some of our partnerships have lasted several decades.

WE'D LOVE TO HEAR FROM YOU. HERE ARE SOME OF THE QUALITIES WE LOOK FOR IN OUR PARTNER FIRMS:

- **Focus, differentiation, and a clear investment edge.** We seek investors with a clearly defined circle of competence and unique capabilities to pursue a given strategy, whether through a differentiated research process, knowledge base, or time horizon.
- **Keen insights to capitalize on unique opportunities** where either capital or competitive advantage in investing is scarce.
- **A comprehensible strategy with a clear source of return.** Understanding the investment thesis and execution is a precondition for investing.
- **Superior capital allocation skill.** We value investors who demonstrate discipline in pursuing their opportunity set, letting fundamentals guide the decision-making process on deploying and harvesting capital.
- **A sustainable and distinctive organization.** The best firms are headed by the best leaders, those who can recruit and retain stellar investment talent while deliberately and thoughtfully building the firm's culture.
- **Alignment of interest.** We look for firms to be right-sized for the strategy they pursue and for principals to invest their own capital alongside Dartmouth's.

THE DARTMOUTH COLLEGE INVESTMENT COMMITTEE AND OFFICE

The Dartmouth College Investment Office, under the direction of the Board of Trustees Investment Committee, manages the endowment as well as other non-endowment Dartmouth investment portfolios.

The Investment Office makes recommendations to the Investment Committee on investment policies, strategies, and investments, and monitors the portfolio and its external managers day to day.

The Investment Committee is chaired by Richard Kimball '78, and is composed of trustees and non-trustees with significant experience in the investment industry. The committee consists of nine individuals and meets quarterly to discuss and review asset-allocation policies, investment performance, and current strategies proposed by the Investment Office staff.

INVESTMENT COMMITTEE 2019-2020

Elizabeth Cogan Fascitelli '80
Philip J. Hanlon '77, ex officio
David C. Hodgson '78
Richard H. Kimball '78, Chair
Brian K. Laibow '00
Christopher H. Lord '86
Greg Maffei '82
Laurel J. Richie '81, ex officio
William C. Vratatos '91

INVESTMENT OFFICE STAFF

Alice Ruth '83
Chief Investment Officer

Kelsey Morgan '02, Tuck '08
Deputy CIO

Michael Sullivan '91, Tuck '97
Managing Director Private Equity/Venture Capital

Jessica Jones
Managing Director Hedge Funds

Max Pasterczyk
Director Private Equity/Venture Capital

Heather Huff
Chief Operating Officer

Joseph Celli '11
Investment Associate - Portfolio Strategy

Michal Pramik
Investment Associate

Jon Xu '15
Senior Investment Analyst

Leah Anderson
Senior Investment Analyst

Preston Wessells
Investment Analyst

Barbara Ibey
Senior Investment Operations Manager

Kerri Gandin
Senior Investment Operations Manager

Maria Rublev
Office Manager/Executive Assistant

Danielle Skehill
Executive Assistant

Kathryn Esty
Administrative Assistant

Erin Sheehan
Investment Operations Assistant

Main Office:

222 Berkeley St., 10th Floor
Boston, MA 02116
P: 617-778-2720

investment.office@dartmouth.edu
dartmouth.edu/-investments

DARTMOUTH

ENDOWMENT REPORT 2019

Main Office:

222 Berkeley St., 10th Floor
Boston, MA 02116
P: 617-778-2720

Investment Operations Office:

12 South Street, Suite 1
Hanover, NH 03755
P: 603-646-2445

investment.office@dartmouth.edu
dartmouth.edu/~investments