

Bentley's Endowment

FY2016 Report

As of June 30, 2016, the Bentley University Endowment was valued at \$242M, as compared with \$200M on July 1, 2011—an overall increase of \$42M that includes the effect of \$66M in investment returns, \$44M in spending, \$6M in gifts—and \$14M in other additions. The endowment contains hundreds of individual funds with various purposes and restrictions that are combined in an investment pool and tracked with unit accounting similar to a mutual fund. Approximately 38 percent of Bentley's endowment represents true endowment, which are gifts restricted by donors to provide permanent funding for specific purposes. The remaining 62 percent is board-designated and accumulated net gains, which are funds the Board of Trustees has chosen to invest and treat as endowment.



Purpose and Philosophy of the Endowment

The primary purpose of the endowment is to provide a permanent and sustainable source of operating support to university programs and to provide financial assistance to qualified students. The endowment spending policy is designed to balance Bentley's current and future needs by maintaining the purchasing power of each gift against inflation over the long-term, and to minimize the impact of short-term changes in investment market value on annual operations.

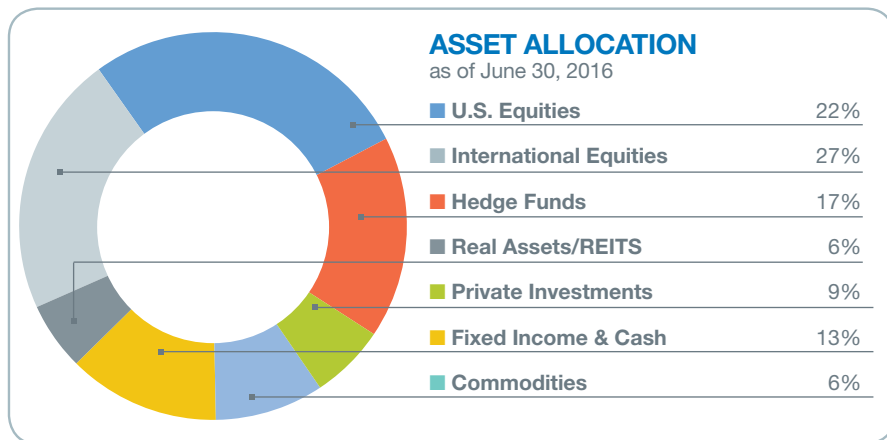
The endowment spending rate is annually approved by the trustees and seeks to achieve these long- and short-term objectives. Spending is budgeted at no more than 5 percent of a 12-quarter moving average of the fund's market value and is typically closer to 4.5 percent. Based on the endowment's beginning fiscal year balance, the effective spending rate was 4.0 percent for FY2016. The difference between total return and spending is added to or subtracted from principal to maintain purchasing power in perpetuity by increasing the size of the endowment in years when the return exceeds spending, and providing protection in years when total returns are low or negative.

Asset Allocation

The endowment is diversified into various investment strategies (as shown on the right) aimed to reduce risk and volatility, but also to generate the desired mix of income and capital appreciation, while providing adequate liquidity.

ENDOWMENT ACTIVITIES (not including deferred gifts) (\$ in millions)

For the fiscal year ended June 30	2012	2013	2014	2015	2016
Beginning Balance	\$ 200	193	218	258	257
Gifts	1	2	1	1	1
Other Additions	1	5	5	2	1
Total Return	(2)	26	43	6	(7)
Spending	(7)	(8)	(9)	(10)	(10)
ENDING BALANCE	\$ 193	218	258	257	242



Management

The Bentley endowment is managed by the Investment Committee of the Board of Trustees with input from professional investment advisers, Cambridge Associates (CA). As fiduciaries, the Investment Committee meets regularly to review manager performance, asset allocations, investment transactions and balances, all of which are subject to independent overall audit by KPMG. Bentley endowed funds are managed under a total return concept within the regulations of the Massachusetts Uniform Prudent Management of Institutional Funds Act (UPMIFA).



HISTORICAL PERFORMANCE

During the five years ended June 30, 2016, the Bentley Endowment has grown from **\$200M** to **\$242M**.

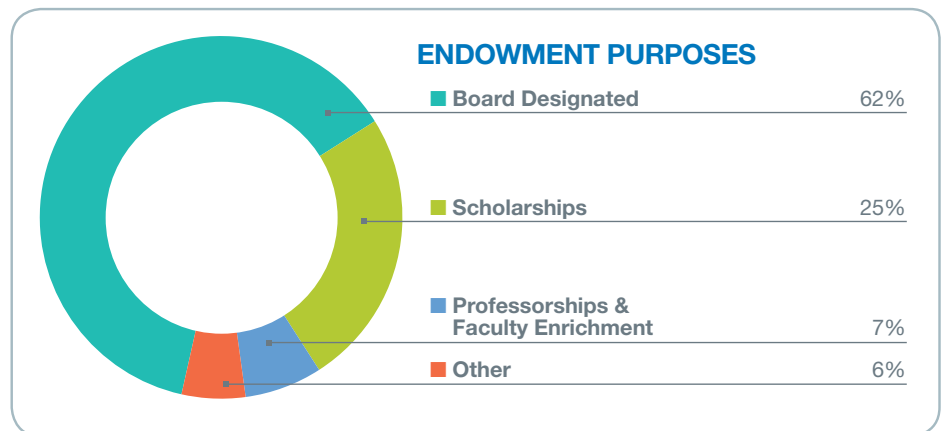
BENTLEY'S FIVE-YEAR

6.2%

return placed the University in the **top 17th percent** of 428 colleges and universities reporting in the Cambridge Associates endowment survey.

Endowment Impact

In fiscal year 2016, Bentley's \$10.3M spending payout was applied to important functions such as need-based grants and scholarships for students, faculty professorships, library acquisitions, student-related programs, and operational support. For the five fiscal years ended June 2016, the endowment has distributed more than \$44M for vital scholarship assistance, professorships, operational support, and other academic-related purposes.



For more information about Bentley's endowment, please contact: Ken Cody, vice president for administration and finance and treasurer: kcody@bentley.edu

For information about supporting Bentley, please contact: Maureen Flores, associate vice president of development: mflores@bentley.edu

INVESTMENT PERFORMANCE AND RANKING

(For periods ended June 30, 2016)	One Year	Three Years	Five Years	Ten Years
Bentley University	(2.9)%	6.2%	6.2%	4.3%
Cambridge Associates Median ¹	(2.7)%	4.8%	4.8%	5.0%
Bentley's Percentile Ranking	55	16	17	74
Number of Institutions Reporting	439	435	428	394

¹ CAMBRIDGE ASSOCIATES MEDIAN

Cambridge Associates, a leading global investment advisory firm, conducts an annual survey of colleges and universities regarding endowment performance. The data from this survey helps the Investment Committee to benchmark Bentley's results against other institutions.