

The MIT Endowment



Vital and Sustained Support for MIT

MIT's endowment is the financial bedrock of the Institute. A permanent resource built by MIT's donors, the endowment supports MIT's current and future scholars, generating an annual income stream for today while sustaining the Institute for the long term.

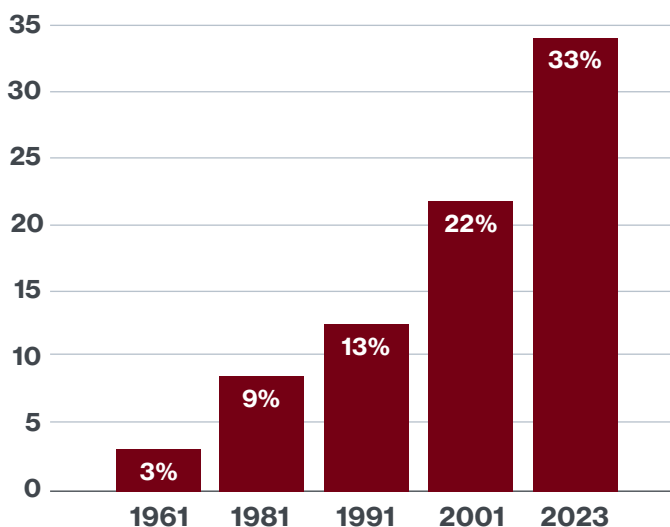
The MIT endowment is a collection of more than 4,500 individual funds. These funds—gifts from MIT's donors—are managed collectively and are invested in perpetuity. MIT depends on annual income from endowment investments to fund almost every aspect of its operations, from scholarships, fellowships, professorships, and student life to the activities of its schools, college, departments, labs, centers, and institutes.

Since FY2019, the endowment has grown by approximately \$6B, due to the generous gifts of donors and strong investment performance. In FY2023, the endowment's value was \$23.6B, including pledges, and contributed \$1.1B to the Institute's \$3.3B campus revenues. Moreover, income from MIT's endowment and other investments is an increasingly vital source of support. In 1961, investment income provided just 3% of campus revenue; today it contributes 33%. Investment income, driven by endowment support, is currently MIT's

second-largest source of revenue, behind research grants and contracts.

The endowment is now an indispensable resource for MIT. Thanks to the generosity of our donors, sound investment management, and a prudent spending policy, it will fuel our drive to solve the world's greatest challenges and serve humanity far into the future.

Investment Revenue as a Percentage of Campus Revenue 1961–2023



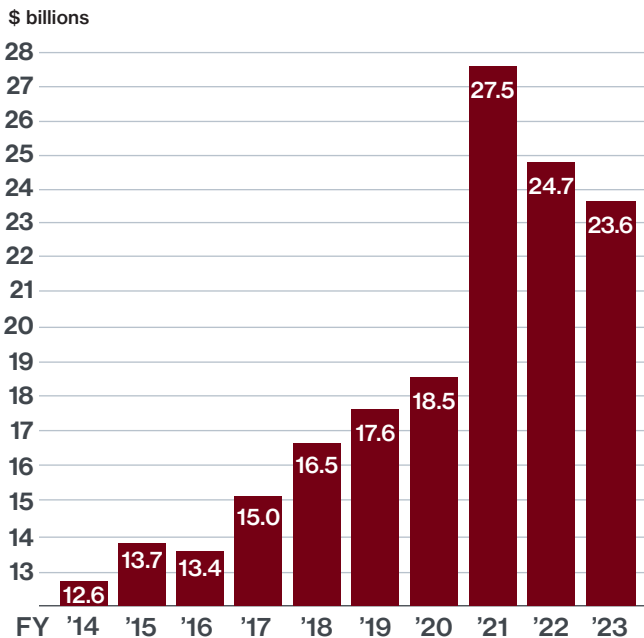
Performance Measures

Consistent Performance

MIT's endowment, including pledges, started FY2023 valued at \$24.7B. It generated an investment return of -2.9% and received \$231.4M in new gifts and transfers, ending the year with a total value of \$23.6B, including pledges.

MIT's disciplined execution of its investment policy has led to strong, long-term investment performance. The endowment's 10-year average annualized return was 11.5%, contributing to the endowment's growth from \$12.6B in FY2014 to \$23.6B in FY2023.

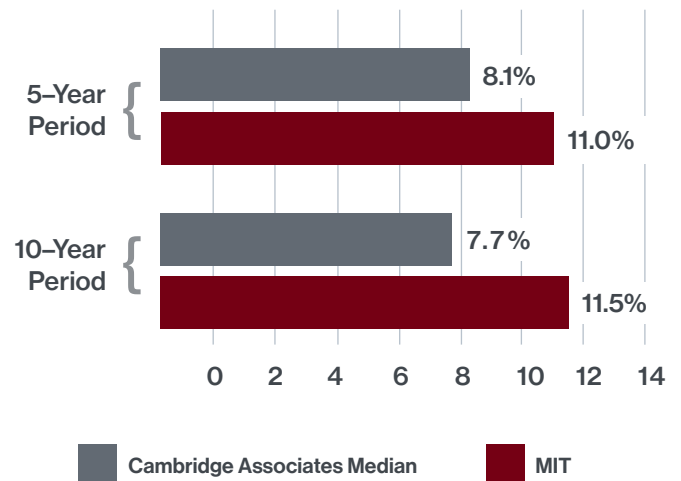
Endowment Market Value, FY2014–2023



Benchmarks

The long-term performance of MIT's endowment compares well to institutional benchmarks. Over the 10-year period ended June 30, 2023, MIT outperformed the median endowment—as measured by consulting firm Cambridge Associates—by 3.8 percentage points per year. If MIT had earned investment returns at the median, the endowment would be valued at \$9B less than it is today.

MIT and Cambridge Associates Median



Source: Cambridge Associates Client Database
Average annual compound return (%) as of June 30, 2023.

Ranking

At the close of FY2022, MIT's endowment was the sixth-largest university endowment in the United States, according to the National Association of College and University Business Officers.

Source: NACUBO
Data as of June 30, 2022.
Ranking of 678 US and Canadian colleges, universities, and university foundations.

Endowment Standings

University	Rank	Value in \$ billions
Harvard University	1	49.4
University of Texas System	2	42.7
Yale University	3	41.4
Stanford University	4	36.3
Princeton University	5	35.8
Massachusetts Institute of Technology	6	24.7
University of Pennsylvania	7	20.7
Texas A&M University System and Foundatons	8	18.2
University of Michigan	9	17.3
University of Notre Dame	10	16.7

The MIT Approach

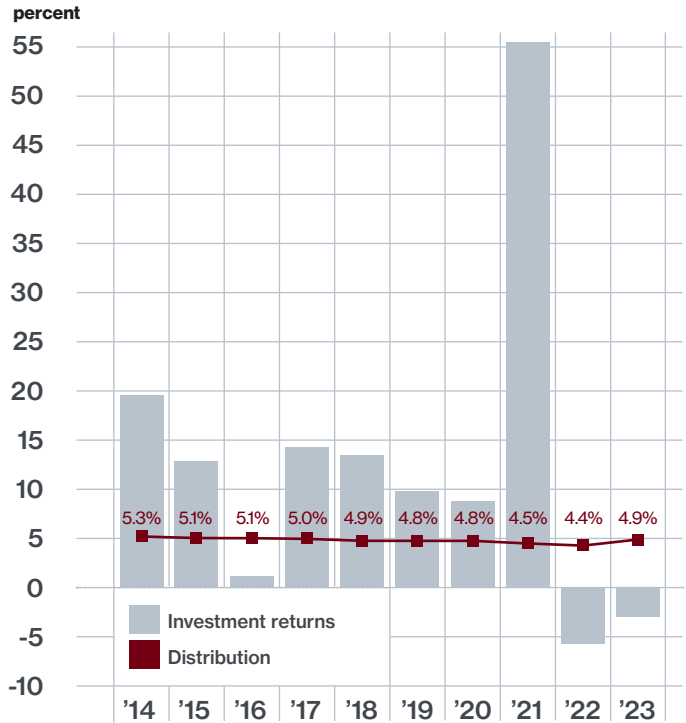
Philosophy and Strategy

The endowment is managed by the MIT Investment Management Company (MITIMCo), a professionally staffed investment organization, structured as a division of MIT.

MITIMCo's mission is to deliver outstanding long-term investment returns to MIT. It considers investments over a time horizon measured in decades, not years. This translates into a competitive advantage over more traditional institutional investors who face short-term pressures on performance. Factoring in inflation and an annual distribution, MITIMCo focuses on achieving high real rates of return to support MIT today and to sustain MIT long into the future.

The portfolio is invested primarily in equities, and heavily weighted toward private equity, real estate, and marketable alternatives.

Investment Returns and Distribution, FY2014–2023



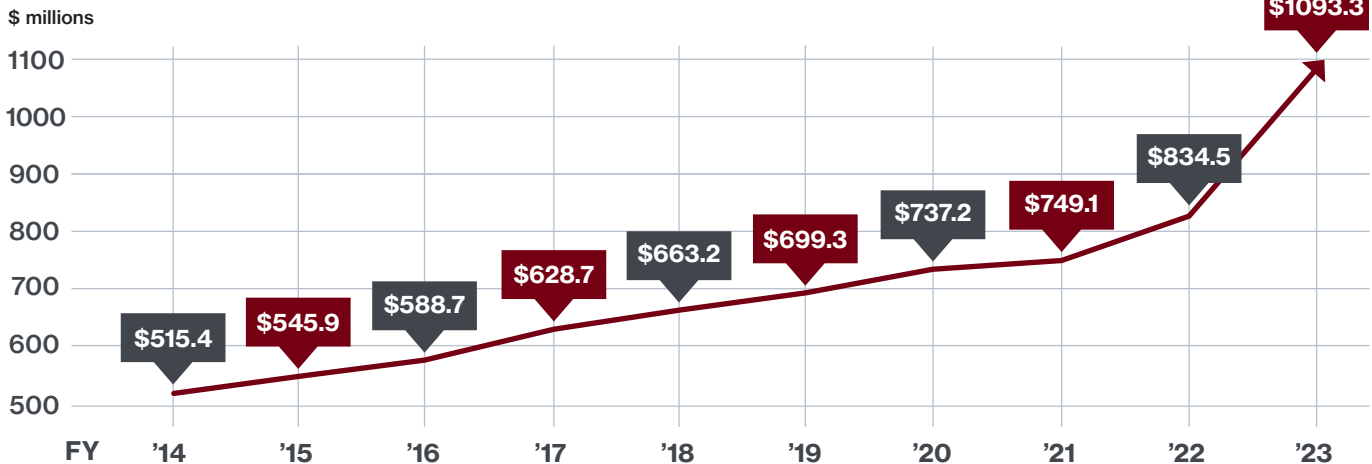
The distribution percentage is calculated by dividing the annual total payout to pooled funds by the trailing 36-month average market value of the investment pool.

Annual Operating Funds/Endowment Distribution

In setting the distribution payout rate—the amount that is paid out each year and available for spending—MIT applies a formula that weights both market value and investment returns. This approach ensures that MIT will have a steady stream of annual operating funds from the endowment, and provides protection from market volatility. Acting like a shock absorber, this policy keeps short-term spending relatively stable, and allows both positive and negative changes in the endowment value to filter gradually into changes in spending.

Over the last decade, MIT has distributed annually approximately 5% of its endowment. During that time, annual investment performance has ranged from -2.9% to +55.5%.

Distribution in Dollars, FY2014–2023



Economic Engine

The Power and Purpose of the Endowment

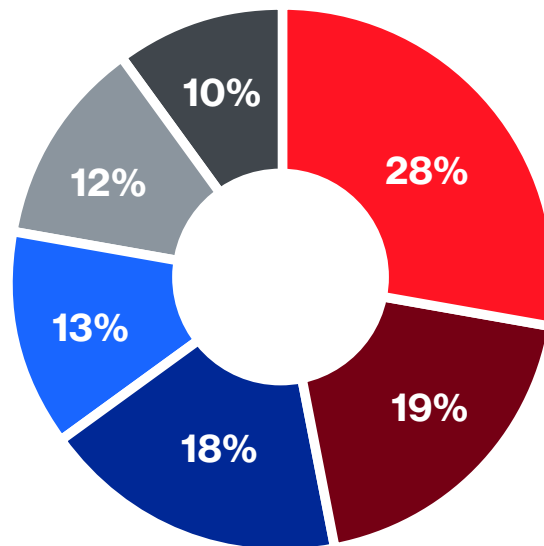
The endowment is a collection of more than 4,500 individual funds, most designated for a specific purpose by the donor. Half of the endowment's individual funds are dedicated to our students and faculty through undergraduate scholarships, graduate fellowships, and professorships.

Other funds are designated for education and research. These activities not only enrich the MIT experience for students and faculty, but also enable the Institute to make an impact on a global stage. Endowed funds support specific research initiatives across all schools and departments, educational opportunities for students from the Priscilla King Gray Public Service Center to the Undergraduate Research Opportunities Program, and crucial campus resources including libraries, athletics, and the MIT Museum.

Currently, 84% of endowed funds are dedicated to a purpose specified by the donor, while 18% of endowed funds are for general purposes. A priority for MIT is to increase the number of general purpose gifts to the endowment. These funds give MIT the most flexibility to respond to new opportunities, take on bold new initiatives, and invest in MIT's future.

Endowment Funds by Purpose, FY2023

In \$ millions and by percentage as of June 30, 2023



Purposes	in \$ millions
Professorships	\$6,545
Departments and Research	\$4,538
General Purposes	\$4,227
Undergraduate Scholarships	\$2,946
Other	\$2,893
Graduate Fellowships	\$2,304

The Impact of an Individual Fund

The power of compounded returns within the endowment strengthens MIT. Consider the actual performance of a \$428,965 gift made in 1960. Over more than half a century, this endowed gift has paid out nearly 18 times its starting value and its market value today is more than 25 times greater. The total value impact to MIT's mission of this gift is more than \$18M.

The Power of Compounded Returns (Example:1960–2023)

1960 gift value (fund principal)	\$0.43M
2023 gift value	\$10.98M
Change in value from fund principal	\$10.55M
Cumulative income distribution since 1960	\$7.52M
Total added value impact to MIT's mission	\$18.07M

For More Information

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