

Investor Disclosure

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About

THE TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA

General

The Trustees of the University of Pennsylvania (the "University" or "Penn") is an independent non-sectarian research institution of higher education chartered under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). One of only nine colleges and universities established during the colonial period, the University is the third oldest Ivy League school. It is a privately endowed, gift-supported non-profit corporation and is exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The University has a full-time student body of over 23,000 and a 280-acre campus in West Philadelphia (excluding the Hospital of the University of Pennsylvania) on which over 150 University buildings are situated.

The University is comprised of an academic component (see "Programs- Academic" below) and a Health System component.

Governance

The University is governed by its Board of Trustees (the "University Trustees"). The Executive Committee of the University Trustees (the "Executive Committee") is elected annually and can act on behalf of the full University Trustees in most matters.

Programs

Academic

The University is comprised of the twelve schools listed below, four of which, marked by an asterisk (*), offer undergraduate degrees. Graduate and professional degrees are offered by all twelve schools:

- School of Arts and Sciences *
- School of Engineering and Applied Science *
- School of Nursing *
- Wharton School *
- Annenberg School for Communication
- Graduate School of Education
- Stuart Weitzman School of Design
- School of Dental Medicine
- School of Law
- Perelman School of Medicine
- School of Social Policy and Practice
- School of Veterinary Medicine

The quality and success of the programs offered by the University have been consistently recognized around the world. The University was ranked sixth in the 2020 U.S. News and World Report National Universities Ranking and fifteenth on the Best Values Schools. In these same rankings, the University's Wharton School was ranked first for undergraduate business students. In the 2021 U.S. News and World Report Best Graduate Schools rankings, the University's Wharton School was ranked first among graduate business schools, the School of Nursing was ranked third among nursing schools, and the Law School (7th), the Perelman School of Medicine (3rd in research, 14th in primary care), the School of Veterinary Medicine (4th), and the School of Graduate Education (2nd) – as well as departments across the School of Arts and Sciences, the School of Engineering, the School of Nursing, the Wharton School, the Graduate School of Education, and the Perelman School of Medicine – were all ranked in the top ten among the survey's wide range of specific academic areas. From a global perspective, the University is ranked among the top 19 institutions around the world in all three of the major international university rankings: the Academic Ranking of World Universities of the Center for World-Class Universities at the Shanghai Jiao Tong University, the QS World University Rankings, and the Times Higher Education World University Rankings. In 2014, the Middle States Commission on Higher Education reaffirmed the University's accreditation, following a rigorous, two-year process in which the University first prepared an in-depth, campus-wide Self-Study Report and was then reviewed by an external evaluation team of faculty members and senior administrators from peer institutions.

The proximity of all twelve of the University's schools on a single campus has stimulated a number of renowned multi-disciplinary enterprises aimed at solutions to major issues impacting a global society. Among them are: the Center for Public Health Initiatives, Penn Institute for Urban Research, Leonard Davis Institute of Health Economics, Laboratory for Research on the Structure of Matter, David Mahoney

Institute for Neurosciences, Lauder Institute, Abramson Family Cancer Research Institute, and Institute for Regenerative Medicine, as well as globally-focused initiatives such as the Perry World House and the Penn Wharton China Center.

The twelve schools also combine their expertise in campus-wide academic theme years, which bring together a wide range of perspectives to illuminate critical issues such as civic engagement, health, water, data, media, and the role of art in urban settings.

Students

Undergraduate Student Applications and Enrollment

The following table sets forth certain information regarding undergraduate applicants, acceptances and matriculates for the academic years indicated:

Applicants, Acceptances and Matriculants					
Academic Year	Applicants	Acceptances	Acceptance Percentage	Matriculants	Matriculation Percentage
2016-2017	38,918	3,674	9.4%	2,491	67.8%
2017-2018	40,413	3,757	9.3%	2,456	65.4%
2018-2019	44,961	3,740	8.4%	2,518	67.3%
2019-2020	44,961	3,446	7.7%	2,400	69.6%
2020-2021*	42,205	3,626	8.6%	2,390	65.9%

* 2020-2021 information is as of June 2, 2020 and is subject to change.

The following is a five-year analysis of the mean college entrance examination scores achieved by entering freshmen (2020-2021 test scores are as of June 16, 2020, and are subject to change):

Mean SAT Scores		
Academic Year	SAT 1 Critical Reading	SAT 1 Math
2016-2017	750	756
2017-2018	734	749
2018-2019	728	761
2019-2020	730	764
2020-2021	734	765

Mean ACT Scores	
Academic Year	ACT Score
2016-2017	33
2017-2018	33
2018-2019	33
2019-2020	33
2020-2021	34

The full-time equivalent enrollment at the University for the academic years indicated is as follows:

Full-Time Equivalent Enrollment					
Academic Year	Undergraduate	Graduate (1)	Professional (1)	Full-Time Equivalent Enrollment (2)	Total Degrees Awarded
2015-2016	10,800	3,175	8,692	22,667	8,021
2016-2017	10,884	3,156	8,519	22,559	8,129
2017-2018	10,907	3,202	8,746	22,885	8,104
2018-2019	11,020	3,292	8,947	23,260	8,429
2019-2020	10,923	3,445	9,402	23,770	8,296

Notes:

1. Graduate students are all non-undergraduate students pursuing degrees in Research Masters (AM, MS), PhD, or dual degree PhD (PhD and MD/VMD/DMD/JD), and Professional students are all non-undergraduate students pursuing degrees other than Research Masters, PhD, or dual degree PhD.

2. Standard Part-time = 1/3 FTE is applied

Endowment

As of June 30, 2019, the market value of the endowment totaled approximately \$14.7 billion.

Endowment Funds of the University (in millions)	
Fiscal Year ended June 30	Market Value
2015	10,134
2016	10,715
2017	12,213
2018	13,777
2019	14,650

Endowment Spending Policy

In 1981, the University Trustees adopted an endowment spending policy governing the expenditure of funds invested in the University's Associated Investments Fund ("AIF"). The spending policy is designed: (i) to smooth the impact of short-term market moves that may affect the endowment's value; (ii) to make endowment distributions more predictable for purposes of managing and planning the University's operating budget; and (iii) to protect the real value of the endowment over time.

Under the current spending policy, the distribution for Fiscal Year 2020 is the sum of: (i) 70% of the prior fiscal year distribution adjusted by an inflation factor; and (ii) 30% of the prior fiscal year-end fair value of the AIF, lagged one year, multiplied by 5.0%.

Investment Policy

The objectives of the endowment are to provide both stable and perpetual support for the mission and programs of the University. Penn's well-designed spending rule provides for stability of endowment spending, and its equity-oriented investment strategy provides long-term returns high enough to ensure original purchasing power is maintained after spending. The vast majority of the University's endowment funds are invested in the AIF, an open-ended, pooled investment vehicle that had a market value of approximately \$13.7 billion as of June 30, 2019. The AIF asset allocation as of June 30, 2019 is shown below.

Associated Investment Fund Asset Allocation Fiscal Year ended June 30, 2019	
Domestic Equity	5.7%
Internal Equity	10.8%
Emerging Market Equity	9.0%
Private Equity	27.3%
Real Estate	5.9%
Natural Resources	5.8%
Absolute Return Fixed Income/Cash	27.2%
Absolute Return Fixed Income/Cash	8.3%
Total	100%

Investment Performance

For Fiscal Year 2019, the AIF return was 6.5%. Longer measurement periods and comparisons with certain indices are reflected in the chart below.

Associated Investment Fund Annualized Returns for Periods ending June 30, 2019*				
	1-Year	3-Year	5-Year	10-Year
AIF (University Investment Pool)	6.5%	11.2%	7.8%	10.3%
Composite Benchmark**	6.3%	9.6%	5.7%	9.0%

* The investment returns shown above do not include expenses related to operating the Penn Office of Investments. Expenses related to the Penn Office of Investments are netted from returns on investments in the University's consolidated financial statements.

** The Composite Benchmark is a weighted average of the individual asset classes in the AIF, where the weights are set forth in accordance with AIF's strategic asset allocation.