SEMI-ANNUAL | UNAUDITED

BUCKNELL UNIVERSITY

ENDOWMENT REPORT | SPRING 24

Each year, the cultivation of Bucknell's endowment combines carefully invested resources with a focus on reliability, astute planning and lasting returns. This revenue leaves an enduring mark on present and future students, and enhances accessibility, academic excellence and the student experience. The Bucknell Investment Office remains steadfast in its prudent management of funds, guided by the discerning oversight of the Board of Trustees' Investment Committee. Donors who contribute with an eye toward the future enact an immediate and enduring impact on current and future students.

Your Endowment Questions Answered:

Why did my funding have a negative return when the general endowment had a positive return?

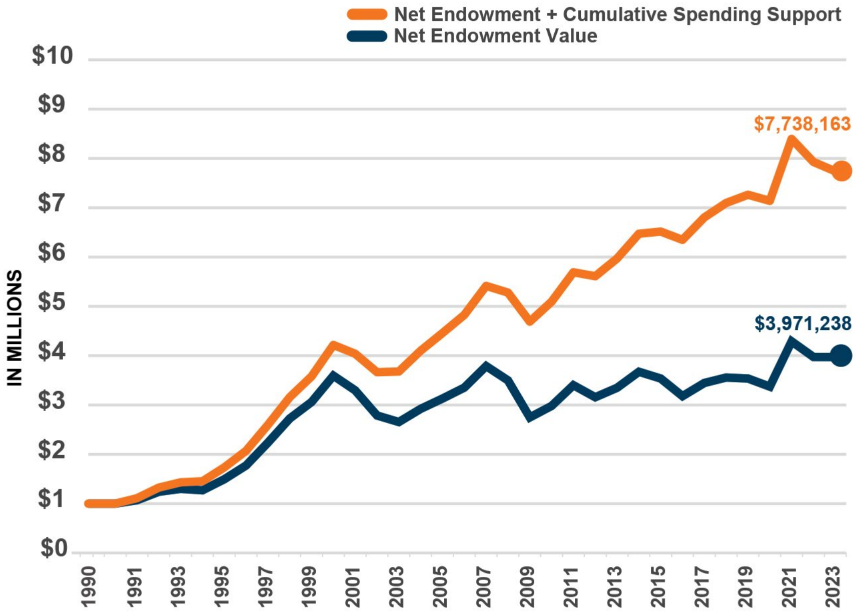
The difference in performance between individual funds and the pooled endowment stems from when gifts are received. When the University receives a gift, it uses it to buy units in the pooled endowment **at the previous quarter's market price**. If the pooled endowment is performing well, the gift buys fewer units compared to periods of decline, similar to the dynamics of a mutual fund.

When does spending begin?

Newly received gifts generate spendable income in the next fiscal year. For example, gifts received in June will be used for spending the following fiscal year, beginning July 1.

HYPOTHETICAL ENDOWMENT GIFT GROWTH

Dec. 31, 2023



This chart illustrates the performance of a $1 million gift made in 1990.

Who is managing my money?

Bucknell's endowment is managed by the Board of Trustees' Investment Committee. This elite team of investment professionals works closely with the Investment Office to ensure adherence to the endowment's Investment Policy Statement. A strategic advisor recommends asset allocation and risk management tactics, while a private markets specialist focuses on private strategic goals. By diversifying resources, the Investment Committee executes unique strategies with investment manager specialists to advance financial stewardship.

Why do we use both public and private investments?

Investing across public and private markets allows for the strategic construction of portfolios that deliver strong returns, and mitigates the impact of market fluctuations and economic downturns. Endowments benefit from the flexibility of perpetuity, enabling them to pursue unique strategies in private markets that foster innovation and long-term growth. Select private investments hedge against inflation, while public investments provide regular income.

Learn more about the efforts of Bucknell's Investment Office at bucknell.edu.

Macro Update

In the first half of 2023, the global economy demonstrated remarkable resilience, navigating high inflation, tightening monetary policies by central banks, and continued geopolitical concerns and war. This steadfast performance, coupled with the year-end indications of cooling inflation, central banks halting rate hikes and the continued excitement around advancements in artificial intelligence, bolstered global sentiment. Risk assets held their ground, with major indices like the S&P 500 and MSCI ACWI surpassing investor expectations.

The equities market experienced a significant surge in the fourth quarter, largely driven by the optimistic outlook for U.S. interest rates and the substantial gains of specific S&P 500 stocks, commonly referred to as the "Magnificent Seven." However, the concentration of these stocks in the index, which reached record highs, strongly affected the relative performance of investors with diversified risk asset portfolios.

In the fixed-income markets, the Bloomberg Barclays U.S. Aggregate Bond Index delivered solid gains despite volatility. Long-dated maturities faced challenges due to the Federal Reserve's aggressive monetary policy response, which significantly impacted market dynamics and investor sentiment. The Reserve's cautious stance is expected to continue, potentially contributing to further market volatility.

Private markets remained challenged by macroeconomic headwinds, rising financing costs and the uncertain growth outlook. An imbalance between available capital, investment entry and exit opportunities, as well as uncertainty in asset valuations, led to cautious investment behavior and liquidity concerns for larger asset managers.

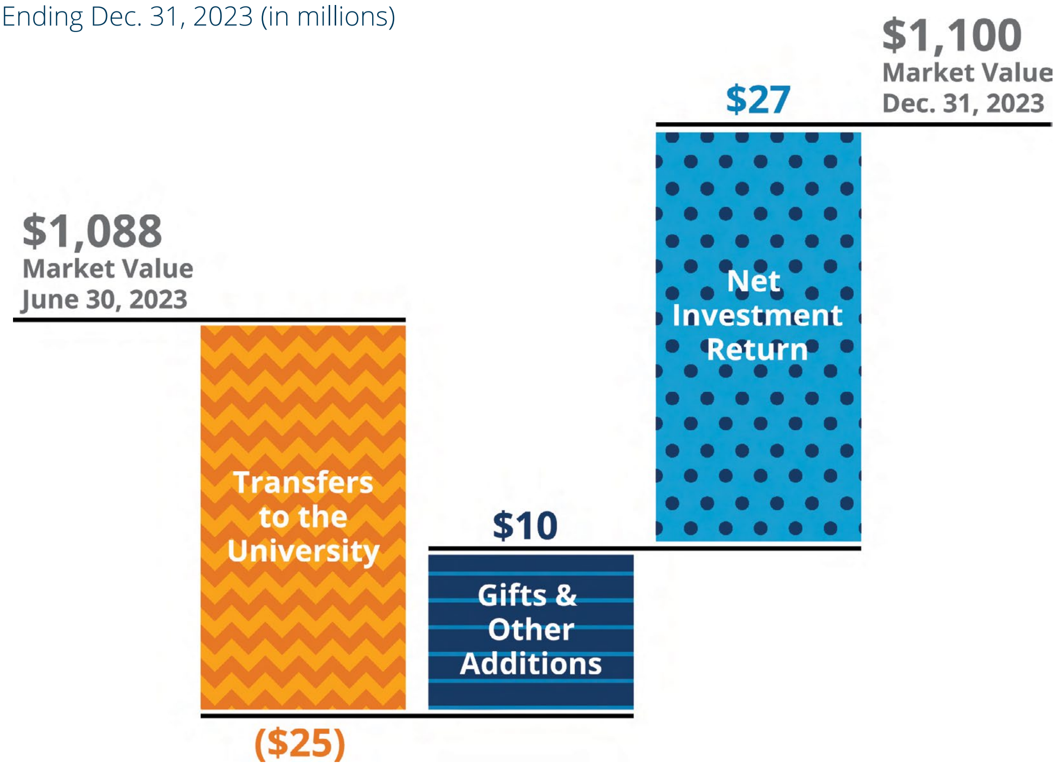
Private real estate in 2023 presented mixed performance. Higher interest rates and ongoing concerns over office space usage had a discernible impact on specific market segments. Thematic areas linked to technological advancements continued to thrive and deliver positive returns. This resilience in specific sectors hints at potential opportunities for investors.

Pockets of private equity and venture capital experienced a slowdown in limited partner investment. Others, such as secondary and co-investments, saw growth in their asset base.

Private debt remained resilient, with increased investor appetite and strong returns driven by a high-rate environment.

TOTAL ENDOWMENT ACTIVITY

Six Months Ending Dec. 31, 2023 (in millions)



Portfolio Update

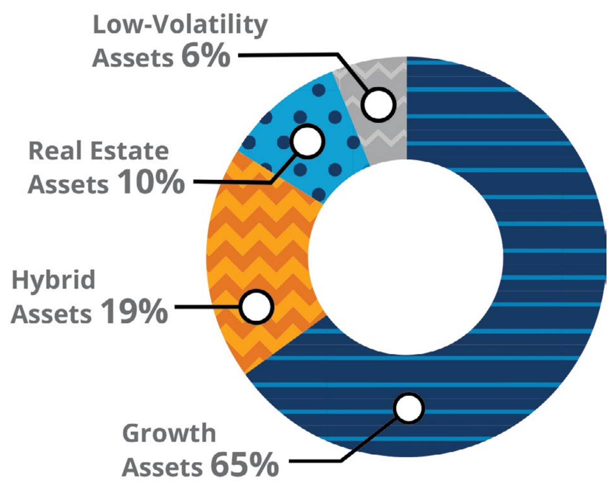
The endowment's governance and management framework positions the fund for future prosperity and underscores its capacity for strategic thinking and long-term viability. *A diversified portfolio strategy achieves the delicate balance between perpetuity and meeting present-day beneficiary needs. In times of market volatility, short-term portfolio performance may waver.*

The unaudited positive absolute return of 2.5% for the first half of the fiscal year 2023, although below the University's policy benchmark of 5.2%, is a testament to the endowment's resilience. This performance was driven by strong returns in real estate and low volatility investments, while challenges were encountered in growth equity. The continued strength of private real estate investments, which consistently outperforms benchmarks and is strategically aligned with thematic growth prospects, remains a cornerstone of the portfolio strategy.

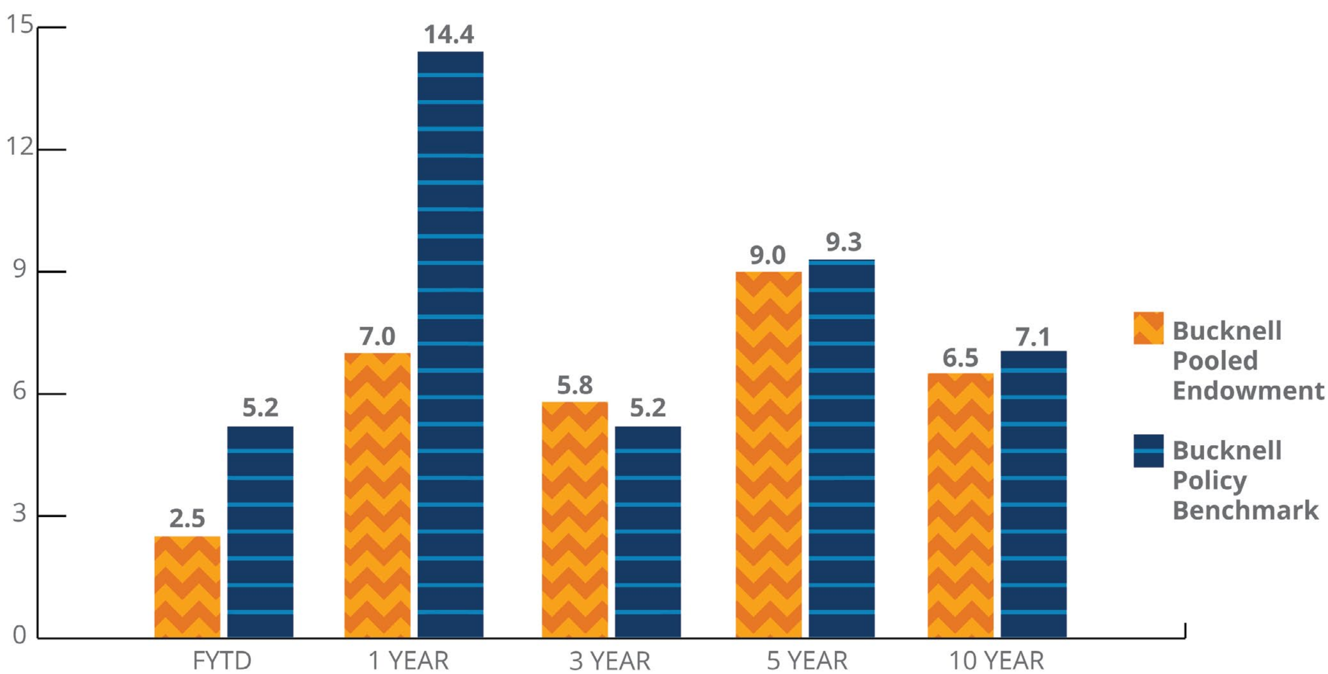
Diversification of the public equity portfolio was challenged to outperform benchmarks dominated by the "Magnificent Seven." Private equity experienced a notable reversal from performance strength witnessed in 2022, and was the key detractor from overall returns. *This reversal was evident across all investors with meaningful allocations to alternative investments for the first half of the year.*

This cyclical market dynamic coupled with Bucknell's strong financial standing and disciplined capital allocation presented an opportune moment for the endowment to leverage its framework. This involved improving both public and private manager rosters, identifying areas of inefficiency and opportunities for transformational growth, thereby embedding long-term value for the endowment. We remain encouraged by the prospects ahead and the strategic construction of the portfolio's exposure.

ASSET ALLOCATION
Dec. 31, 2023

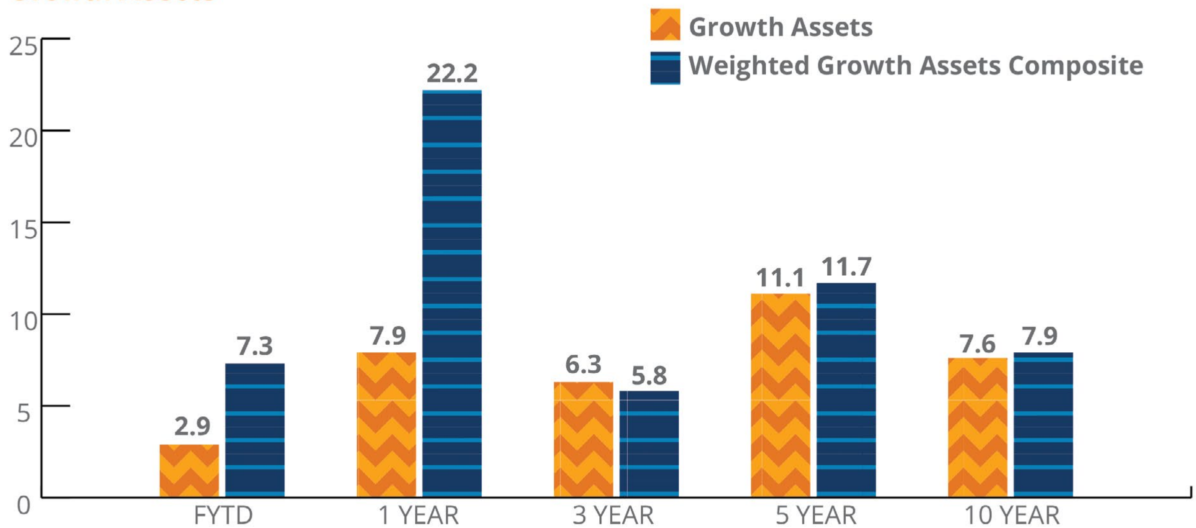


TOTAL PORTFOLIO PERFORMANCE
Dec. 31, 2023



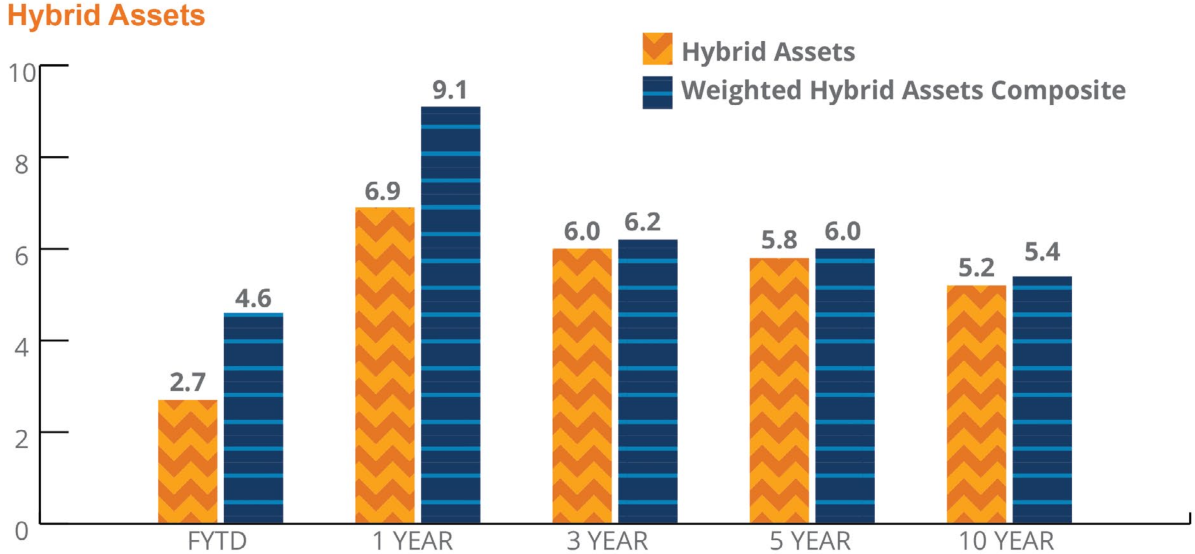
STRATEGY PERFORMANCE
Dec. 31, 2023

Growth Assets



Weighted Growth Assets Composite: 100.0% MSCI AC World Index Net

Hybrid Assets



Weighted Hybrid Assets Composite: 100.0% 3 Month U.S. TBill +4%

STRATEGY PERFORMANCE
Dec. 31, 2023

Weighted Real Estate Composite: 100.0% NCREIF Open-ended Diversified Core Index -0.25%

Weighted Low Volatility Assets Composite: 100.0% Bloomberg Barclays U.S. Aggregate Bond Index

**This report reflects preliminary, unaudited financial performance.*
NOTE that private valuations are lagged by a quarter.

FOR MORE INFORMATION

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