

FINANCIAL INFORMATION **2019-2020**

EXECUTIVE SUMMARY

IESE's activities in the fiscal year (FY) ending on August 31, 2020 were inevitably affected by the consequences of the COVID-19 pandemic. From the middle of March, when Spain declared a state of alert and a national lockdown, there was a decrease in face-to-face classes and activities. As a result, revenues decreased by 14% to €98.1 million, while expenditures were reduced by 11% to €100.5 million.

This resulted in an operational profit margin of €4.9 million, which fell short of the extra costs incurred and the amortizations. The final result was a deficit of €2.4 million.

The figures up to February revealed that IESE activity showed slightly better growth than predicted. In addition to the launch of two new programs – the Master in Management (MiM) on the Madrid campus and the Executive MBA (EMBA) on the Munich campus, figures from most other programs were exceeding projections. From March, however, the unprecedented crisis saw a reduction in program revenue of 14%, to €86.4 million.

Thanks to the contributions from alumni, friends, donors and sponsors, IESE was able to increase its research activities through its centers and chairs, recruit top student and faculty talent, innovate with new technologies and carry out long-term campus-development projects, such as the expansion of IESE Madrid. After all of these investments for the future of the school were taken into account, the IESE Endowment closed the fiscal year with a value of €36.1 million.

This report is drawn from IESE's accounting records from all programs and activities. It reflects all related economic flows, consolidating the activities of New York, Munich and Singapore. Legal requirements and accounting principles have been stringently applied to accurately reflect the school's assets and financial situation. As the graduate business school of the University of Navarra – a nonprofit entity – IESE's accounts are audited together with those of the rest of the University (available at www.unav.edu).

The accounts are compiled in accordance with the provisions specified in the Corporate Law Code in Spain and the New General Accounting Standards, whose main administrative framework is that of a nonprofit organization. In addition, financial statements follow the standards and procedures of the Spanish Association of Accounting and Business Administration and the pertinent fiscal regulations.

The financial statements obtained using Spanish accounting standards are not substantially different from those obtained when US GAAP or International Financial Reporting Standards (IFRS) apply.

IESE-USA Inc., IESE gGmbH and IESE SEA Ltd. are responsible for the school's activities in the United States, Germany and Singapore, respectively. These entities maintain their accounting records according to the legislation in their respective countries. In accordance with current legislations, IESE, IESE-USA and IESE gGmbH have a nonprofit status.



The *Financial Times* ranked IESE's Executive Education first in the world.

PROGRAMS

At the beginning of the 2019-2020 academic year, IESE launched two new programs. The 11-month Master in Management (MiM), held on the Madrid campus and aimed at recent university graduates, allowed the school to cater to business education needs at all stages of professional development and complete its portfolio of programs. On the Munich campus, the Executive MBA (EMBA) was launched with 61 students. The Munich EMBA has the same program content as the EMBA's held in Barcelona, Madrid and São Paulo.

With the addition of these new programs, revenue for Masters programs has grown by 8.5%. Revenue for the Executive Education programs has been most severely impacted by the pandemic, since the courses due to begin in March had to be postponed to June or the following academic year, leading to a fall in revenue of 35%. Overall, programs generated revenue of €86.5 million – a decrease of 14%.

Degree programs

In addition to the two new programs: the MiM and the EMBA Munich, also this year, the school's PhD program celebrated five decades of rigorous training in research and academia. Cross-cultural learning is significant in this type of program. MBA programs

have more than 70 nationalities in class, but the percentage of international students in the MiM (60%), Global Executive MBA (85%) and the PhD (98%) is also considerable.

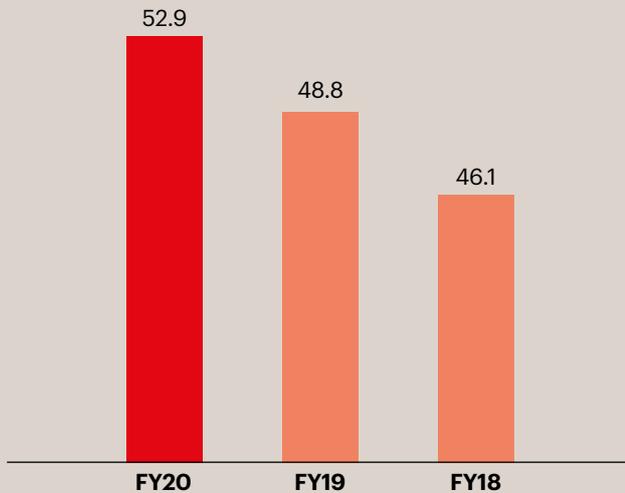
The positive impact of IESE's programs was reflected in their international rankings: IESE's full-time MBA was again recognized for its excellence by prestigious international publications. In 2020, the *Financial Times* ranked the full-time MBA #1 in the world for Corporate Social Responsibility (determined by hours dedicated to social and environmental issues and ethics) and among the top five in Europe and top 15 in the world overall. The *Economist* ranked the program #2 in Europe and among the world's top ten overall in 2019. This ranking emphasized the outstanding career placement of IESE MBA alumni and the international reach of the program's alumni network. *Forbes*, meanwhile, ranked the IESE full-time MBA #3 in the world.

MBA FULL-TIME

Class of	2021	2020	2019
Enrollment	349	367	354
Fees (€)	89,950	88,150	81,600



DEGREE PROGRAMS REVENUE (in million €)



Executive Education programs

In 2019-2020, IESE's Executive Education programs were ranked the best in the world by the *Financial Times* for a record-breaking sixth consecutive year. This run of success is the result of the school's performance in categories including program innovation, the ability to provide executives with

new skills, the follow-up given to participants, program internationality and faculty.

IESE's Executive Education portfolio includes general management open programs, which account for the largest percentage of revenue, followed by custom programs and focused programs.

The school offered seven different general management programs in Spanish and English in 10 cities around the world this year. Both the national and international programs have seen a reduction in income due to the decrease in the number of participants, as programs were stopped and postponed from March to June. The final revenue was €20.4 million.

Custom Program activity continued as expected until February, after which – due to the difficulty of travel and the uncertainty of the situation – programs were postponed until the following academic year. By the end of August, a total of 68 programs had been delivered in 19 different locations, generating €9.2 million.

Revenue from Focused Programs also dropped, to €4.8 million. The school delivered 28 on-campus Focused Programs in Barcelona, Madrid, and New York campuses, and 10 online editions.



181 professors and 566 non-teaching staff work for IESE.

FACULTY AND STAFF

The school seeks to attract, develop and retain professionals who understand IESE’s mission and can help us achieve it. IESE also strives to ensure it is a healthy and safe workplace, where people can thrive in an atmosphere of trust.

The school is committed to gender equality. The development of work relations based on equal opportunity, non-discrimination and respect for diversity is a strategic goal. To meet this objective, IESE creates an inclusive work environment and provides measures based on best practices for balancing personal and work life. As a result of these and other measures, IESE is certified as a Family-Responsible Company by Fundación Másfamilia, which is approved by Spain’s Ministry of Health, Consumer Affairs and Social Welfare.

At present, 566 non-teaching staff, made up of 36 nationalities, work for IESE at 11 different locations. IESE’s faculty comprised 113 full-time professors from 23 different countries. Eight new members of faculty were recruited in September 2019 to join the School. The school also benefited from the input of nine visiting professors and 68 external collaborators. Faculty and staff account for more than half of the school’s costs, at 52%. This year personnel expenditure decreased 4%.

FACULTY

	FY20	FY19	FY18
Full-Time Professors	113	115	114
Part-Time Professors	68	68	68
Expenses (in thousand €)	24,138	26,164	24,857

TECHNOLOGY

As its campuses around the world were obliged to close, IESE was able to rapidly move programs online, thanks to recent investment in technological infrastructure and flexibility from both IT staff and faculty, who were themselves working from home. Technology expenses increased by 10% this year, mainly due to the cost of running online activities. In addition to teaching sessions, IESE also ran 43 open-access LinkedIn live sessions from March to June 2020,

FINANCIAL INFORMATION

reaching an audience of over 520,000 people. The covered topics related to leading and working in times of crisis, and looked ahead to what the future may hold post-pandemic.

Much of the investment this year has gone toward technology, especially audiovisual hardware and software, to adapt classrooms for delivering programs in a hybrid format. This has allowed classes to take part with students engaging both online and in person simultaneously.

INFRASTRUCTURE & OTHERS

The decrease in activity between March and June meant that costs for travel, catering, marketing and other overheads were reduced.

During the first months of the year, IESE continued to minimize the environmental impact of its activities and campuses, making ongoing improvements based on regular audits. Among the initiatives carried out were the installation of new water fountains (which were used to refill 139,000 bottles of water) on the Barcelona and Madrid campuses, a branded refillable IESE bottle, the installation of more charging points for electric vehicles, the expansion of electric scooter parking areas, the replacement of conventional lighting with LED lighting and a new agreement that means the electricity used on the Barcelona campus is now entirely generated from renewable sources.

In the first quarters of the 2019-2020 academic year, the terrace above the catering service was renewed on the Barcelona south campus, becoming a multifunctional space with benches and tables that allow eating and outdoor meetings.

RESEARCH

Every year, IESE's research work, which is channeled through its 27 chairs and 12 research centers, generates and disseminates new knowledge, aiming to have a positive impact on the theory and practice of management. New this year is the creation of the INTENT HQ Chair on Changing Consumer Behavior under the direction of Prof. José Luis Nuño. The objective of the INTENT HQ Chair is to advance knowledge about customers through best-in-class models and processes based on massive amounts of

digitally acquired data, while creating an unparalleled automatic bench test for quantitatively different customer models in real-world environments.

In 2019-2020, two new internally funded IESE High Impact projects were approved: "The Changing Landscape of Ownership around the World: Implications for Corporations and Society," with Profs. Mireia Giné and Miguel Antón, and "Global Work Role Transitions and the Evolutions of Collective Identities and Well-Being Over Time," with Prof. Sebastian Reiche.

Sixteen new competitive projects were also launched, with funding reaching more than €866,300. An EU Horizon 2020 fellowship under the Marie Skłodowska-Curie program was awarded to Prof. Diego Aparicio, and Prof. Valentina Raponi received the Beatriu de Pinós Scholarship from AGAUR (the Agency for Management of University and Research Grants in Catalonia). Overall, €1.4 million was obtained from competitive projects financed by the European Union and €1.1 million in funding was provided by IESE itself.

Revenues from research grants were consistent with last year's figure of €4.5 million, mainly provided from European funds, company grants and endowment returns for the Chairs.

The research Chairs are financed by allocated funds from the endowment and by their capacity to generate income. During the academic year they were allocated resources worth €638,000.

With respect to the Research Centers, the volume of activity continued to grow (12%), generating income worth €1.6 million (sponsorships, projects, and so on).

RESEARCH

	FY20	FY19	FY18
Research Grants (in thousand €)	4,482	4,600	3,825
Articles in referred journals	59	74	51
Cases	84	75	80

FINANCIAL INFORMATION

INCOME STATEMENT (in € thousand)

	FY20	FY19	FY18
Revenue	98,110	112,832	110,151
Academic fees	87,982	101,749	99,565
Grants & contracts	1,559	1,500	1,568
Donations	5,155	4,449	5,024
Financial income & others	3,414	5,134	3,994
Expenses	100,485	112,355	108,241
Faculty & staff	52,100	54,426	51,540
Collaborators	4,369	4,739	5,035
Marketing	4,584	5,364	4,414
Technology	5,834	5,303	4,940
Catering	4,101	6,023	5,927
Travel & accommodation	4,061	6,699	6,413
Teaching material & printing	2,993	3,628	3,328
Facilities & supplies	8,485	9,639	8,731
Professional services	4,505	5,839	6,702
Depreciation	5,993	6,326	6,053
Other	3,462	4,369	5,159
Surplus	-2,375	478	1,910

ENGAGEMENT

Through the Alumni Association, IESE fosters lifelong relationships with more than 51,000 former students. This community includes leaders at every stage of their careers, from new graduates in their twenties to industry veterans in their seventies. The Alumni Association helps them through lifelong learning, career development activities and through involvement in this exclusive community. The Alumni Learning Program sessions provide direct access to the latest research of IESE faculty, as well as the insights of leading business practitioners and thought leaders. IESE is able to provide key information on current events affecting management across various formats, including presentations, conferences and webinars. “Learning Pills” on the Alumni App provide an additional resource for alumni to draw from at any time. Covering a range of subjects, they comprise condensed, digitized text and short videos, complemented by exercises and/or further reading.

This year, the Alumni Association offered specialist resources to those who wanted to build their personal

brand in order to explore a new career path or find a new role. This was especially relevant given the disruption experienced by many sectors.

IESE’s alumni are stakeholders in the future of IESE, and the Alumni Executive Committee continues to work with the school to strengthen connections with our global alumni community. We support them as they support us with their invaluable donations, which allow us to carry out our vision.

During the academic year, alumni contributions were similar to those of the previous year, totalling €4.4 million. The surplus for this year was €1.6 million and was allocated in 2020-2021 to research projects and awards, as well as to MBA and MiM scholarships. The distribution criteria for the surplus are defined by the IESE Alumni Association Executive Committee.

ADVANCEMENT

Work continues to develop donor relationships and stewardship to position the school for future campaigns.

The school works to transform lives by investing in people through scholarships; developing new ideas; innovating through state-of-the-art methodologies and tools; and developing global understanding by reinforcing our physical presence in strategic locations, but none of this would be possible without the support of IESE's alumni, friends, partners and the corporate community, who share our belief that business leaders can change the world for the better. They understand that in order to develop future leaders who are ready to contribute to society, and respond to 21st-century challenges, we must create a powerful, impactful learning experience.

Despite a difficult year, companies and donors have continued to support IESE. The school is very grateful for the donors who have supported the school this year, thanks to whom €6.1 million was received, 12% more than the previous year. This ongoing assistance allows the school to continue to make the necessary investments to improve the business education we provide. Over the course of the academic year, IESE also signed or renewed some 30 agreements with Partner Companies that made financial contributions.

A total of €2.9 million was used for the expansion of the Madrid campus. Within the fundraising for the Madrid campus, a specific campaign for the auditorium was launched, "The future of IESE is written with your name," which consists of direct contributions from alumni, after whom seats are named.

In this academic year, €809,593 of donations were set aside for the scholarship fund. The school distributed €5.5 million in scholarships, of which €4.6 million were for IESE's Master in Management, Master of Research in Management, PhD and MBA Programs (full-time MBA, Executive MBA and Global Executive MBA). A highlight of the year was the launch of IESE's first ever Five-Year MBA Reunion Challenge. In total, nine MBA Classes from 1975 to 2015 joined forces in this competition to raise funds for MBA scholarships. A total of 1,177 alumni were involved.

A further €2.1 million was invested in the important area of generating and sharing new ideas. These donations allow IESE to carry out relevant and impactful research, which helps students to become competent leaders and helps corporate leaders to find solutions for the real challenges they face.

FISCAL OUTLOOK 2021

The 2020-2021 academic year arrives with the uncertainty caused by COVID-19, which has significantly influenced the forecasts. In recent months, the Board of Directors has been working on possible scenarios, preparing for circumstances that are more adverse than the current ones.

The admissions situation regarding program participants is better in full-time master's programs (such as MiM and MBA), where it seems that there is a good intake of students, than in the rest of the portfolio. Executive education programs, as well as suffering the impact of the health crisis, are more affected by the economic crisis, restrictions on international and national transport, possible lockdowns, and so on.

A revenue scenario of around € 95 million is expected, similar to the end of the previous year, although 15% below FY19 revenues. Along with the decrease in income, margins are also affected by the increase in endowments for aid and scholarships, while maintaining in general terms the academic fees of the previous year.

In the midst of a crisis, executives can perceive education as being low priority. As a result, higher marketing budgets are needed to convince the market of the importance of ongoing education and training of entrepreneurs and executives. The innovative work carried out in recent months has allowed the launch of new programs, with new formats and with different profiles, but continued future investment is needed to consolidate their position in the market. Likewise, investments in technology aimed at improving the experience of participants will take priority in the face of fewer resources being available in the near future.

In this context, it has been necessary to thoroughly review the expenditure structure, adjusting the budgets to this new reality in order to achieve a balanced result in FY21.



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Párrafo de énfasis. Base contable y restricción a la distribución y a la utilización

Llamamos la atención sobre las notas 2 y 4 de los estados financieros combinados que describen la base de los principios y criterios contables utilizados. Tal como se indica en la nota 2, estos estados financieros combinados no se han preparado en virtud de requerimientos legales y han sido preparados para facilitar información de la situación financiera y de los resultados del Grupo Combinado a su Consejo de Dirección. En consecuencia, los estados financieros combinados pueden no ser apropiados para otra finalidad. Nuestro informe se dirige únicamente al Consejo de Dirección del Grupo Combinado en este contexto, y no debe ser distribuido ni utilizado por otras partes distintas de dichos destinatarios. Esta cuestión no modifica nuestra opinión.

Otras cuestiones

Los estados financieros combinados adjuntos han sido auditados aplicando las Normas Internacionales de Auditoría, el presente informe en ningún caso puede entenderse como un informe de auditoría en los términos previstos en la normativa reguladora de la actividad de auditoría de cuentas vigente en España.

Responsabilidades del Administrador General en relación con los estados financieros combinados

El Administrador General es responsable de la preparación de los estados financieros combinados adjuntos de conformidad con los criterios de elaboración de la información financiera, y del control interno que considere necesario para permitir la preparación de estados financieros combinados libres de incorrección material, debida a fraude o error.

En la preparación de los estados financieros combinados, el Administrador General es responsable de la valoración de la capacidad del Grupo Combinado de continuar como empresa en funcionamiento, revelando, según corresponda, las cuestiones relacionadas con la Empresa en funcionamiento y utilizando el principio contable de empresa en funcionamiento excepto si la dirección tiene intención de liquidar la entidad o de cesar sus operaciones, o bien no exista otra alternativa realista.

Responsabilidades del auditor en relación con la auditoría de los estados financieros combinados

Nuestros objetivos son obtener una seguridad razonable de que los estados financieros combinados en su conjunto están libres de incorrección material, debida a fraude o error, y emitir un informe de auditoría que contiene nuestra opinión.

Seguridad razonable es un alto grado de seguridad, pero no garantiza que una auditoría realizada de conformidad con las NIA siempre detecte una incorrección material cuando existe. Las incorrecciones pueden deberse a fraude o error y se consideran materiales si, individualmente o de forma agregada, pueden preverse razonablemente que influyen en las decisiones económicas que los usuarios toman basándose en los estados financieros combinados.



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Como parte de una auditoría de conformidad con las NIA, aplicamos nuestro juicio profesional y mantenemos una actitud de escepticismo profesional durante toda la auditoría. También:

- Identificamos y valoramos los riesgos de incorrección material en los estados financieros combinados, debida a fraude o error, diseñamos y aplicamos procedimientos de auditoría para responder a dichos riesgos y obtenemos evidencia de auditoría suficiente y adecuada para proporcionar una base para nuestra opinión. El riesgo de no detectar una incorrección material debida a fraude es más elevado que en el caso de una incorrección material debida a error, ya que el fraude puede implicar colusión, falsificación, omisiones deliberadas, manifestaciones intencionadamente erróneas, o la elusión del control interno.
- Obtenemos conocimiento del control interno relevante para la auditoría con el fin de diseñar procedimientos de auditoría que sean adecuados en función de las circunstancias, y no con la finalidad de expresar una opinión sobre la eficacia del control interno de la entidad.
- Evaluamos si las políticas contables aplicadas son adecuadas y la razonabilidad de las estimaciones contables y la correspondiente información revelada por el Administrador General.
- Concluimos sobre si es adecuada la utilización, por el Administrador General, del principio contable de empresa en funcionamiento y, basándonos en la evidencia de auditoría obtenida, concluimos sobre si existe o no una incertidumbre material relacionada con hechos o con condiciones que pueden generar dudas significativas sobre la capacidad del Grupo Combinado para continuar como empresa en funcionamiento. Si concluimos que existe una incertidumbre material, se requiere que llamemos la atención en nuestro informe de auditoría sobre la correspondiente información revelada en los estados financieros combinados o, si dichas revelaciones no son adecuadas, que expresemos una opinión modificada. Nuestras conclusiones se basan en la evidencia de auditoría obtenida hasta la fecha de nuestro informe de auditoría. Sin embargo, los hechos o condiciones futuros pueden ser causa de que el Grupo Combinado deje de ser una empresa en funcionamiento.
- Obtenemos evidencia suficiente y adecuada en relación con la información financiera de las entidades o actividades empresariales dentro del grupo combinado para expresar una opinión sobre los estados financieros combinados de propósito especial. Somos responsables de la dirección, supervisión y realización de la auditoría del Grupo Combinado. Somos los únicos responsables de nuestra opinión de auditoría.

Nos comunicamos con los responsables del gobierno de IESE Business School, IESE USA Inc., IESE gGmbH e IESE Southeast Asia Limited en relación con, entre otras cuestiones, el alcance y el momento de realización de la auditoría planificados y los hallazgos significativos de la auditoría, así como cualquier deficiencia significativa del control interno que identificáramos en el transcurso de la auditoría.

KPMG Auditores, S.L.

Jorge García Cestas
23 de marzo de 2021



KPMG AUDITORES, S.L.

2021 Núm. 16/21/0004
96,00 EUR

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BALANCE SHEET

In €

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COMBINED FINANCIAL STATEMENT*

	31.08.20	31.08.19
Intangible assets	5,010,630	3,052,655
Property, plant and equipment	24,686,432	26,991,594
Non-current investment	13,906,726	16,878,477
Total non-current assets	43,603,788	46,922,726
Trade and other receivables	18,995,539	21,350,946
Current investments	140,242	130,491
Prepayments for current assets	620,093	698,764
Cash and cash equivalents	13,337,621	8,399,753
Total current assets	33,093,495	30,579,954
TOTAL ASSETS	76,697,283	77,502,680
Funds and reserves	22,267,836	25,033,525
Valuation adjustments	-556,942	135,608
Grants, donations and bequests	3,314,595	2,654,571
Total net assets	25,025,489	27,823,704
Non-current provisions	3,536,352	3,662,687
Non-current payables	5,530,162	1,299,056
Total non-current liabilities	9,066,514	4,961,743
Current payables	3,445,543	6,137,759
Trade and other payables	11,344,884	15,314,602
Current accruals	27,814,853	23,264,872
Total current liabilities	42,605,280	44,717,233
TOTAL LIABILITIES AND NET ASSETS	76,697,283	77,502,680

INCOME STATEMENT

In €

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COMBINED FINANCIAL STATEMENT*

CONTINUING OPERATIONS	2019-2020	2018-2019
Income on the entity's own activity	92,827,600	107,865,363
Services rendered	88,448,804	105,028,119
Grants, donations and bequests recognised in surplus for the year	4,378,796	2,837,244
Other operating income	4,057,441	3,583,923
Non-trading and other operating income	4,057,441	3,583,923
Personnel expenses	(52,446,939)	(54,425,872)
Salaries and wages	(42,773,635)	(44,156,711)
Employee benefits expenses	(9,673,304)	(10,269,161)
Other operating expenses	(41,780,348)	(51,636,193)
External services	(41,104,359)	(51,234,282)
Tax	-	-
Losses, impairment and changes in trade provisions	(675,989)	(401,911)
Amortization and depreciation	(6,808,859)	(6,325,800)
Grants, donations and bequests taken to surplus for the year	1,005,141	861,530
Overprovision	-	(507)
Impairment and gains on disposal of fixed assets		
Other income / (expenses)	154,854	
RESULTS FROM OPERATING ACTIVITIES	(2,991,110)	(77,556)
Finance income	415,219	385,353
Marketable securities and other financial instruments	415,219	385,353
Finance costs	(17,851)	(9,516)
Other	(17,851)	(9,516)
Exchange gains	182,745	42,745
Impairment and gains on disposal of financial instruments	35,724	136,526
Impairment and losses		
Gains on disposal and other	35,724	136,526
NET FINANCE INCOME	615,837	555,108
SURPLUS BEFORE TAX	(2,375,273)	477,552
SURPLUS FROM CONTINUING OPERATIONS AND COMBINED SURPLUS FOR THE YEAR	(2,375,273)	477,552



IESE launched new hybrid formats.

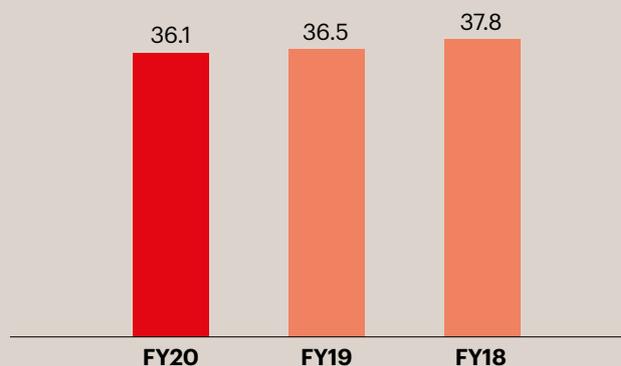
ENDOWMENT

The Endowment is an investment fund that seeks to support research activities and scholarship programs, as well as the overall institutional development of IESE. By the end of August 2020, the value of the Endowment was €36.1 million, down 0.9% from its value at the beginning of the academic year. Over the course of 2019-2020 IESE received donations of €2.7 million of which, in agreement with the spending policy and the school's goal, €1.6 million was distributed. Of this, 60% (€960,000) went to Chairs and Research, and 40% (€646,000) to funded scholarships.

The net increase in the value of the Endowment since its creation has been 5% per year. This has been possible thanks to the donations received annually from companies and alumni, reaching €10.5 million in the nine years since the Endowment's constitution. This academic year, the amount distributed was double that of the Endowment's initial year.

The Endowment provides a way to avoid the negative effects of volatility in the economy on the stability of scholarship programs and research projects. As an instrument of academic excellence, it helps IESE attract the best talent: professors, researchers and students.

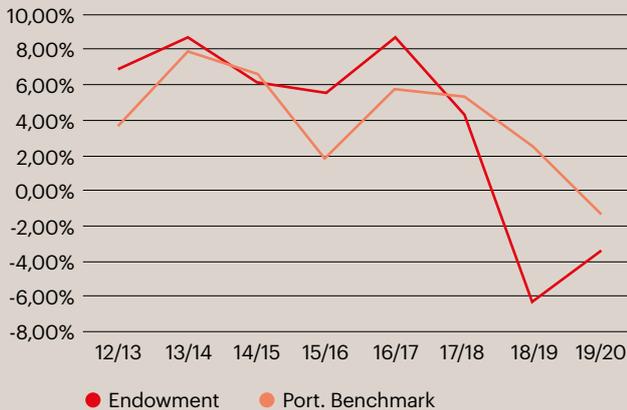
ENDOWMENT VALUE (in € million)



Asset allocation is established by the investment policy. In accordance with the policy, no position (except ETFs) may exceed 5%, limiting counterparty risk. Illiquidity risk is also minimal, as 89% of the assets can be liquidated at any time. The expenditure of the endowment is in euros, so a large portion of the assets (64%) are held in that currency, reducing exchange rate risk. The average duration of Fixed Income has been kept low (1.7 years), to minimize interest rate risk.

The investment return during FY20 was -3.4%, 200 BPS below the benchmark (-1.4%). The graph shows the return over the last few years, also compared to the benchmark.

ENDOWMENT VS BENCHMARK



Over the last eight years, the time-weighted return was 3.7%, while the benchmark was 4%. If we calculate the euro-weighted return of the endowment, however, taking into account the amounts invested at any given time and the flow of donations and distribution, IESE’s average annual return over eight years is 5.9%.

The 200 BP difference between the return on the Endowment and that of the benchmark is mainly due to the equity portfolio, for two reasons of equal importance: a) geographical distribution: the Investment Committee has “favored” Europe and emerging countries over the US, which it considers an expensive market; and b) stock selection in the active management part of the portfolio, which has favored value over growth, assuming that it should do better in the long term (because of the high valuations).

The Investment Committee maintained its position on these decisions. It argues that some of these measures have been taken not to take on more risk but to protect the endowment, and although this currently means a negative variation, in the view of the committee the measures will be an advantage in the long run, and will bring positive results beyond the indices.

SUPPORTING ORGANIZATIONS

IESE receives support in its fundraising activity from other non-profit organizations. Several independently governed foundations contribute to the school in accordance with their own statutes. Full details can be found in their own published annual reports.

IESE International Foundation promotes excellence in teaching, research and innovation from a humanistic standpoint. It collaborates with IESE’s endowed Chairs, and in 2019-2020 it raised scholarship funds for foreign students enrolled in IESE’s Master of Research in Management, PhD and MBA programs. The foundation also works with IESE’s partner schools in Africa.

Fundación IESE promotes and develops comprehensive academic, cultural and professional education based on humanistic values. Among its activities is the provision of funding for the construction of IESE facilities, and there is a current campaign to support the Madrid campus expansion. Fundación IESE also provides funding for tuition and grants for university students and researchers.

The U.S. IESE Foundation is a U.S. 501[c]3 nonprofit organization that aids management-related research and education programs in nonprofit organizations in the U.S. and other countries. Its activities include providing support to the Alumni Learning Program sessions and helping IESE establish a New York research center.

The IESE Foundation UK is a British charity registered number 11287347. As well as promoting research and educational projects with universities and business schools, it provides scholarships and bursaries to IESE MBA students from the Commonwealth and other countries.

The International Foundation for Educational Development supports culture and training by awarding university scholarships, funding cultural and educational centers, promoting scientific research, backing university initiatives, and leading social and economic development and volunteer work. In the last 15 years it has helped build some of IESE’s facilities, including the 2007 Barcelona campus expansion, and continues to support the school’s development.

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