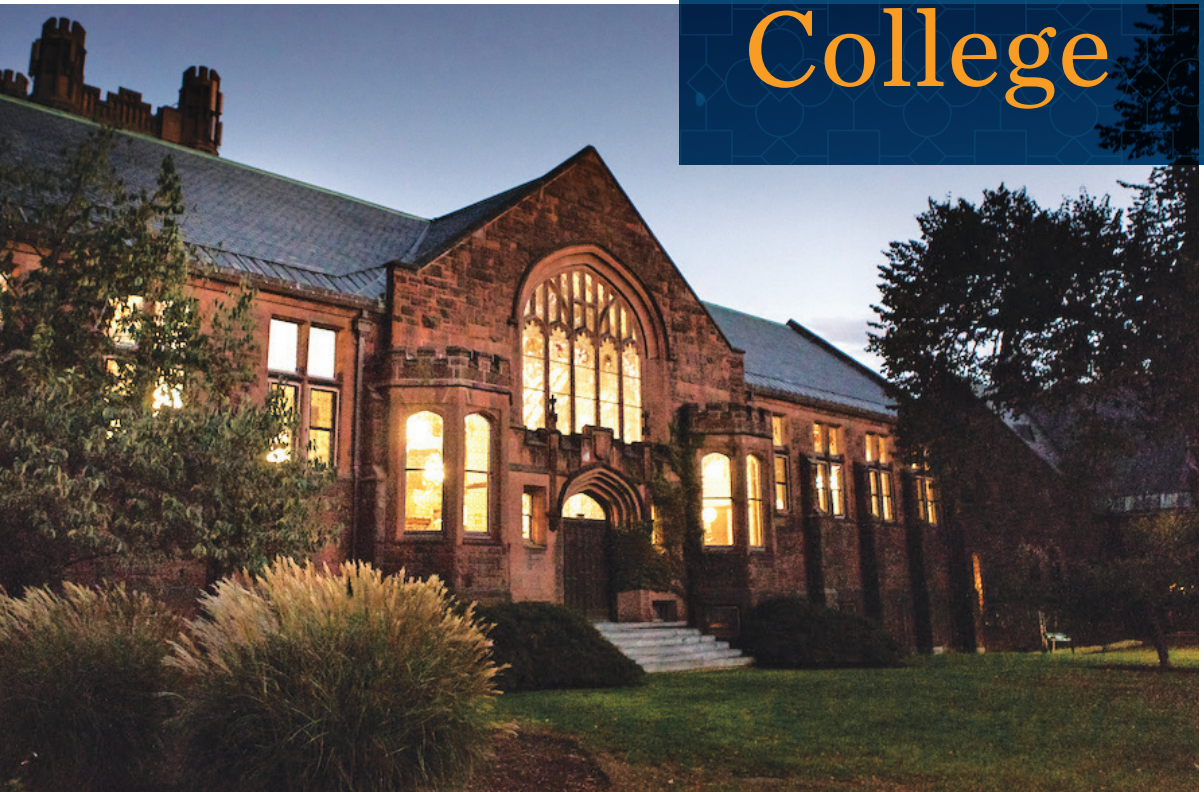




Mount Holyoke College



2021 Investment Report





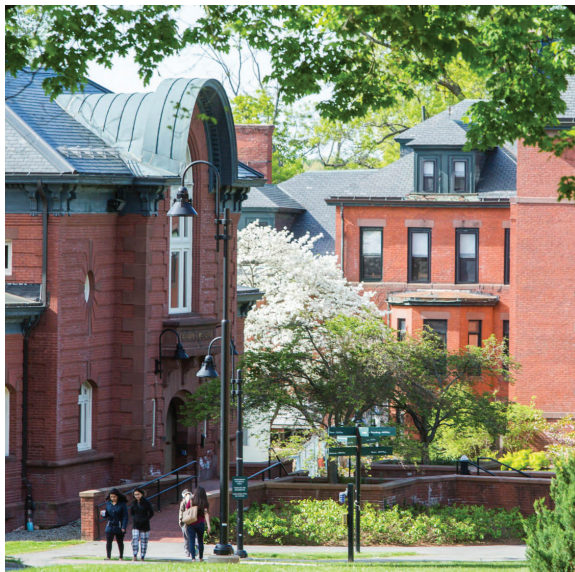
“At Mount Holyoke College, we are deeply committed to ensuring that each new generation of students is able to access, afford and enjoy the exceptional education provided by our distinguished faculty, that the excellence of our academic program is uncompromised and that our support for deep and purposeful engagement with the world is enduring.”

SONYA STEPHENS

President



Mount Holyoke is pleased to provide you with this report on the endowment investments for the fiscal year ending June 30, 2021.



The endowment is a foundational element in sustaining Mount Holyoke College. It allows the College to provide an intellectually rigorous education for students of all backgrounds and strengthens the College's legacy of empowering diverse leaders.

Spending from the endowment has grown every year over the last decade, generating cumulative distributions of \$340 million. Today it is the second-largest revenue source after tuition and accounts for about a third of the College's revenues. In fiscal year 2021, distributions from the endowment equated to almost \$20,000 per student.

Over the past 15 years, the endowment has grown from \$508.4 million to \$1,068.3 million. This represents an 8.4% investment return per year, net of investment expenses and excluding new gifts. This result has allowed the pool to grow by outpacing the spending rate of about 5% and inflation of about 2% and places Mount Holyoke in the top quartile of hundreds of peer institutions. More important, this return has achieved the goal of supporting the operating budget while preserving, and even growing, the purchasing power of the endowment for future generations.

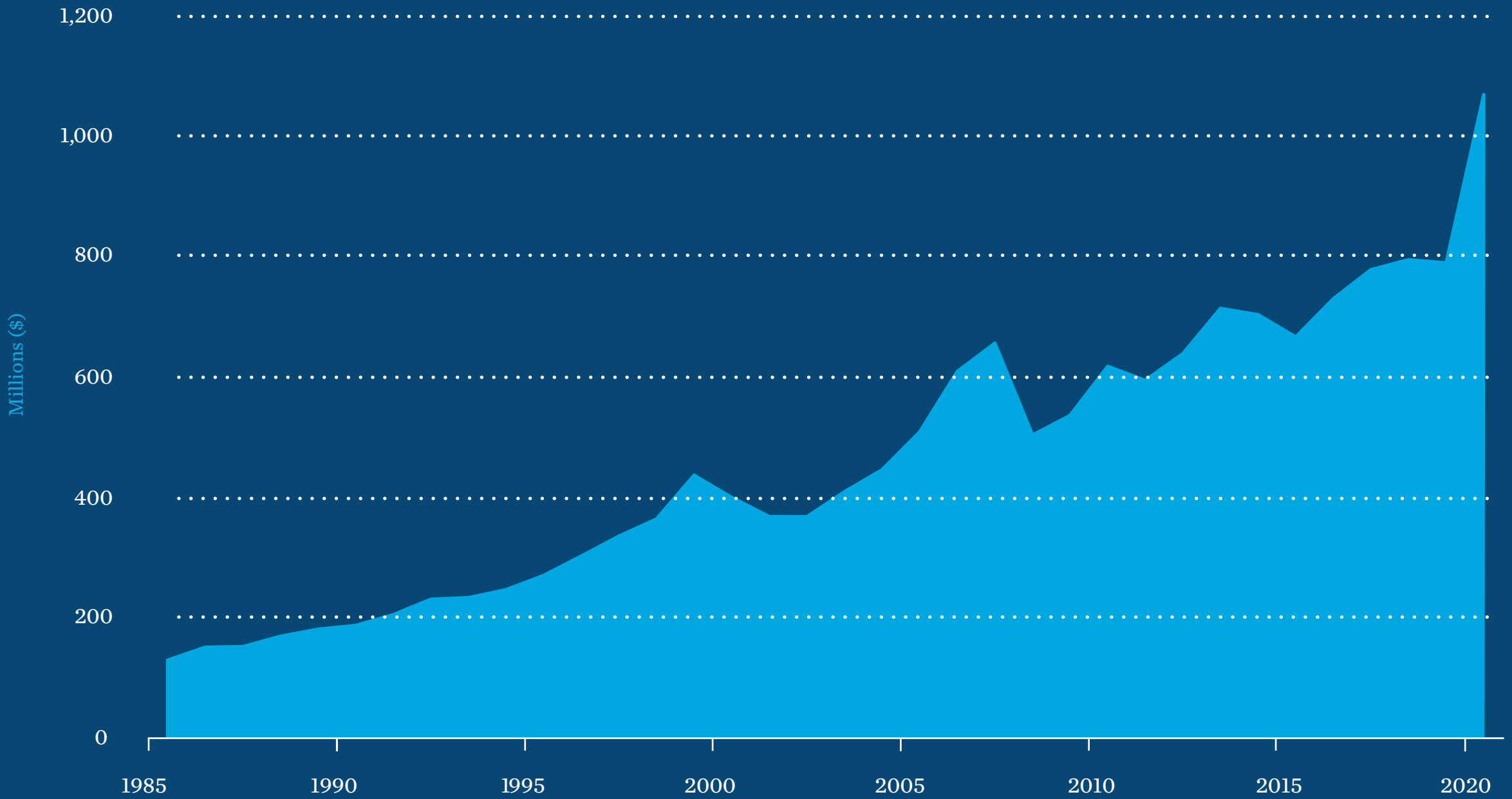
Investment Office

Fiscal year 2021 was the first full year of operation for the College's investment office in Boston. Established on April 1, 2020, the office is responsible for the management of the endowment investment portfolio, including asset allocation, portfolio structure and positioning, as well as sourcing, selecting and monitoring investments. Responsible to the Board of Trustees for oversight, the Investment Committee works with the investment office to oversee the endowment and maintains the fiduciary responsibility of investing the College's assets.

The investment office and the Investment Committee remain focused on long-term portfolio growth to ensure that the endowment continues to support the College's mission; thus, the portfolio is tilted toward investments in equity and equity-like instruments across public and private markets. The endowment seeks to establish long-term partnerships with specialized external investment managers who tend to build their investment portfolios through deep, fundamental research that drives a high degree of conviction.



Endowment Market Value



Fiscal Year 2021 Performance

Fiscal year 2021 was the **strongest year of performance** for the endowment pool in the last 35 years. The **38.0% return** resulted in close to \$300 million of gains after contributing close to \$40 million to the operating budget. These gains drove the pool above **\$1 billion** in assets for the first time and were the result of both a favorable market environment and superior manager selection. This exceptional return was also driven by the portfolio's equity orientation and markets recovering to all-time highs following the initial shock of the global pandemic.

The endowment pool continues to be managed with a long-term orientation that is designed to successfully weather a number of possible future market environments. A commitment to prudent portfolio management, disciplined manager selection and a long-term investment horizon were vital to laying the foundation of the fiscal year 2021 return. While the absolute magnitude of the results created in fiscal year 2021 is unlikely to be repeated in the near future, a continued focus on long-term value creation with an equity orientation should continue to create substantial value in support of the College's mission.



“Fiscal year 2021 generated the largest gains in our endowment history. We are delighted that this significant growth will provide even stronger support for our mission over the coming years, yet we also recognize the extraordinary nature of these returns. Through ups and downs, the investment office remains focused on delivering the best long-term outcomes for the College.”

ANA YANKOVA '97
Chief Investment Officer

ANNUAL EXTERNAL INVESTMENT POOL RETURNS (AS OF JUNE 30, 2021)

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
20.6%	-0.1%	11.5%	16.0%	2.7%	-2.4%	13.4%	9.1%	5.7%	3.9%	38.0%

Period	Mount Holyoke (%)	CJA Endowment Median (%)	80% Stock/20% Bond Portfolio ¹ (%)	Inflation ² (%)
1 year	38.0	33.4	30.5	5.4
3 year	14.9	12.3	13.0	2.5
5 year	13.4	11.7	12.4	2.4
10 year	9.3	8.3	8.8	1.9
15 year	8.4	7.3	7.2	2.0
20 year	8.3	7.4	7.0	2.1
Since inception*	11.1	11.0 ³	9.5	2.7

¹ 80/20 Stock/Bond Portfolio represents 80% MSCI All Country World Index (Net) and 20% Barclays Aggregate Bond Index. The MSCI All Country World Index was backfilled with the MSCI World Index prior to 1988.
² Inflation represents Consumer Price Index — All Urban Consumers.
³ Since first full quarter (3Q 1983) 36 years.



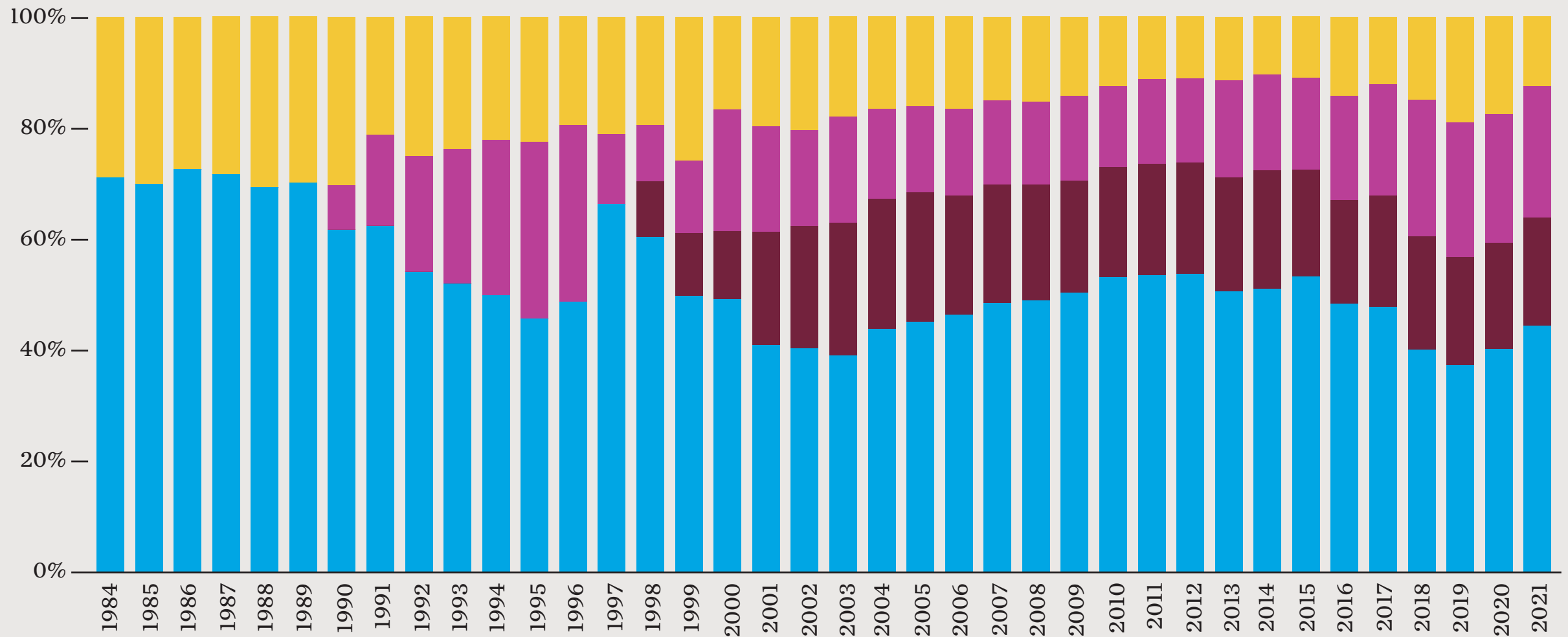
Equity investments were the largest contributor to overall performance for the fiscal year, with a significant contribution from private equity. Private investments rose 61.0% for the year. These gains were mostly driven by investments in venture capital, which have been built through steady commitments over the last two decades. Global public equity investments rose 40.4% for the fiscal year, with stocks in the United States leading the way. Marketable alternatives, also referred to as hedge funds, made a positive contribution too, rising 22.1% and outpacing their benchmark. Bonds were the only major asset class that declined over the period, falling a modest -1.6% for the fiscal year.

Asset Allocation over Time

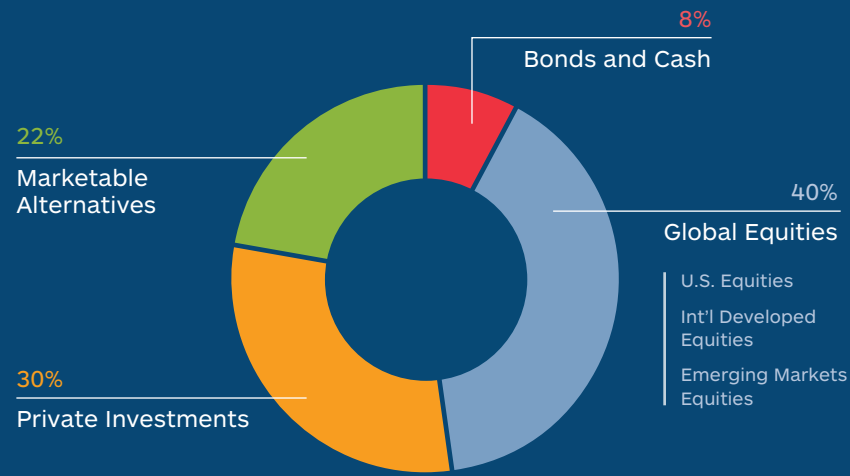
■ Global Equities
 ■ Marketable Alternatives
 ■ Private Investments
 ■ Bonds and Cash

The portfolio is broadly diversified with a strong orientation toward investments that seek to deliver equity-like returns over the long term. The overall equity bias in the portfolio allows the College to meet operational needs while preserving the endowment's purchasing power for future generations by protecting against inflation. Consistent with this goal, global public equities and private investments represent

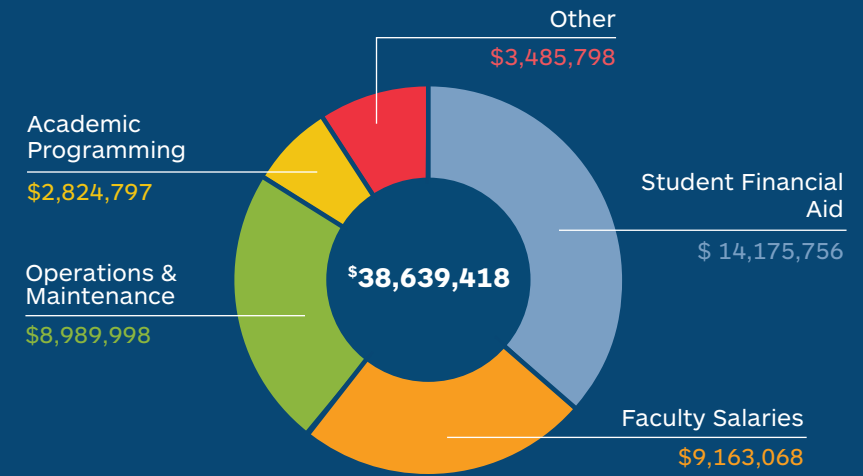
the majority of assets in the portfolio. Marketable alternatives provide portfolio diversification and deliver equity-like returns with lower-than-equity volatility. The bond allocation comprises high-quality domestic government bonds and serves as a source of liquidity and insurance in the event of a financial crisis.



PORTFOLIO POLICY ALLOCATION



ENDOWMENT DISTRIBUTION BY TYPE



How the Endowment Supports the College

Income distributions from the endowment provided close to a third of the College's operating revenue in fiscal year 2021. Significant portions of the distributions support the College's priorities such as student scholarship aid, internship experiences, faculty salaries, the academic centers and the Art Museum.

Both prudent spending and management of the endowment directly affect the endowment's growth. The endowment spending policy limits the annual distribution to the operating budget to a 5% increase over the preceding annual distribution, within a range of 4.5% to 5.5% of a 12-quarter average market value. The 12-quarter average balances the endowment distribution so that the operating budget is less vulnerable to large swings in endowment valuation. The spending policy is designed to limit spending for current operations to the expected long-term rate of return from the endowment.



INVESTING IN FUTURE GENERATIONS

The power of philanthropy rests in its ability to change a life. For Leslie Miller '73 and husband Richard Worley, it also has the power to change the planet.

In 1998 Mount Holyoke opened the Center for Environmental Literacy, a hub to enhance hands-on environmental learning within the living laboratory of its ecologically diverse 700-acre campus. Small in scope but big in ambition, the Center needed partners who could help address, as then-president Joanne Creighton called them, "the most critical matters of our time."

Leslie and Richard answered that call. In 2010 the couple made a significant gift that would position Mount Holyoke as a leader in the fight against climate change. In honor of their generosity, the Center for Environmental Literacy was renamed the Leslie Miller '73 and Richard Worley Center for the Environment. Endowed funding breathed new life into the Center.

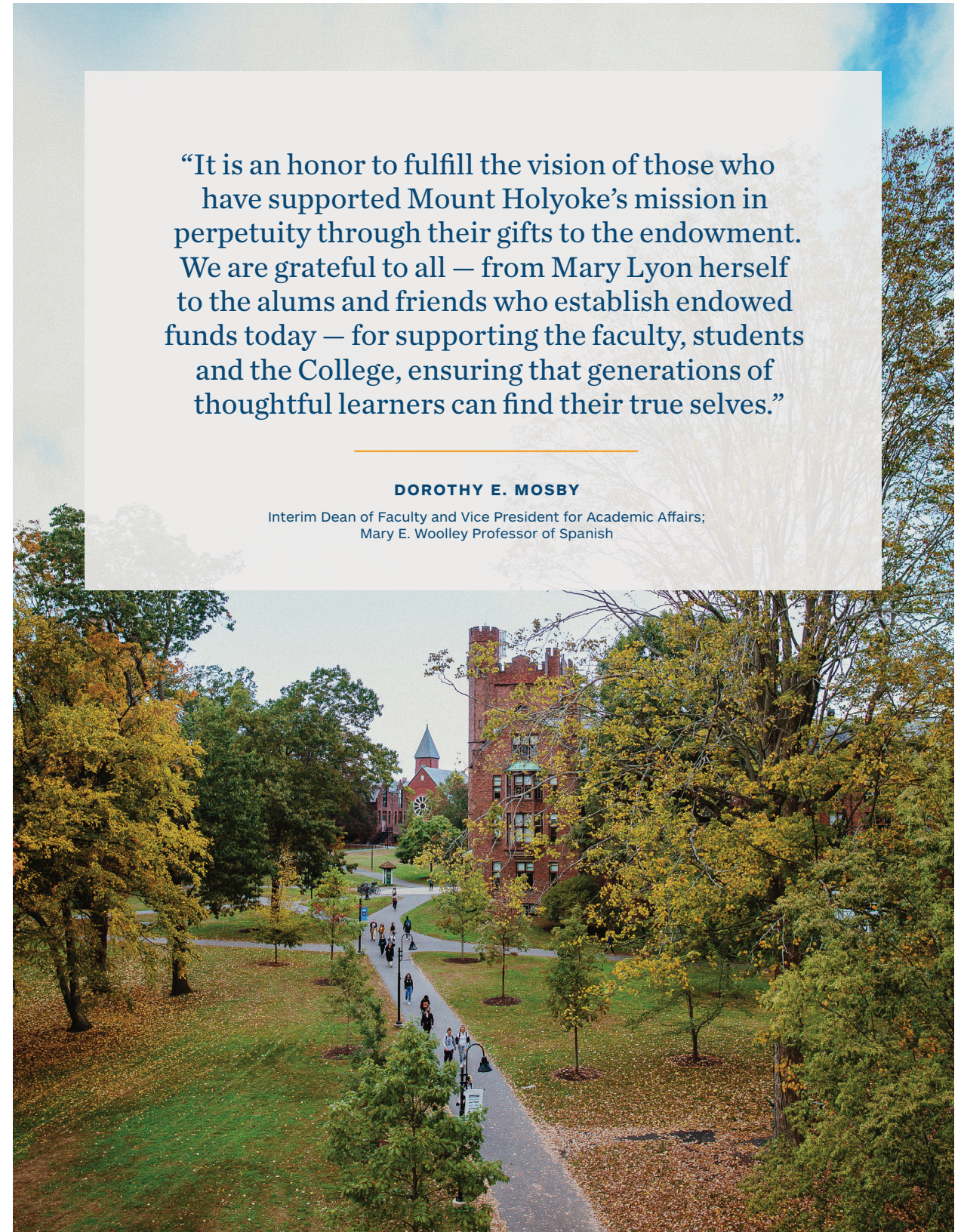
As Leslie remarked on the occasion of the Center's renaming, "We believe that this gift will position Mount Holyoke as a leader in environmental studies and advocacy and help the College fulfill its mission to educate its students on how to grapple with current, pressing concerns. Richard and I see this gift as central to the College's evolving curriculum, which fuses academic rigor and purposeful engagement with real issues."

Over 600 students have participated in paid environmental internships, attended national conferences and fostered student-driven initiatives, including residence hall composting and the phasing out of disposable utensils in the Dining Commons. The Center has been a driving force behind Mount Holyoke's public commitment to reaching carbon neutrality by 2037, the College's bicentennial.



Gifts to the Endowment

The long-term growth of the endowment can be attributed to strong returns from the portfolio coupled with gifts to the endowment. Philanthropic gifts to the endowment have been significant contributors to the total value of the fund. Over the last 10 years, alums, parents and friends have contributed \$153 million to the endowment in support of critical College priorities. The fiscal year 2021 was a record year of giving, with \$26.4 million of gifts coming into the endowment and a total of nearly \$45 million in gifts and pledges, including more than \$39 million for the Meet the Moment Scholarship Challenge. Today the endowment comprises nearly 1,800 individual endowment funds.



“It is an honor to fulfill the vision of those who have supported Mount Holyoke’s mission in perpetuity through their gifts to the endowment. We are grateful to all – from Mary Lyon herself to the alums and friends who establish endowed funds today – for supporting the faculty, students and the College, ensuring that generations of thoughtful learners can find their true selves.”

DOROTHY E. MOSBY

Interim Dean of Faculty and Vice President for Academic Affairs;
Mary E. Woolley Professor of Spanish

MEET THE MOMENT SCHOLARSHIP CHALLENGE

72 new endowed funds for scholarship aid

20 new gifts to existing endowed funds for scholarship aid

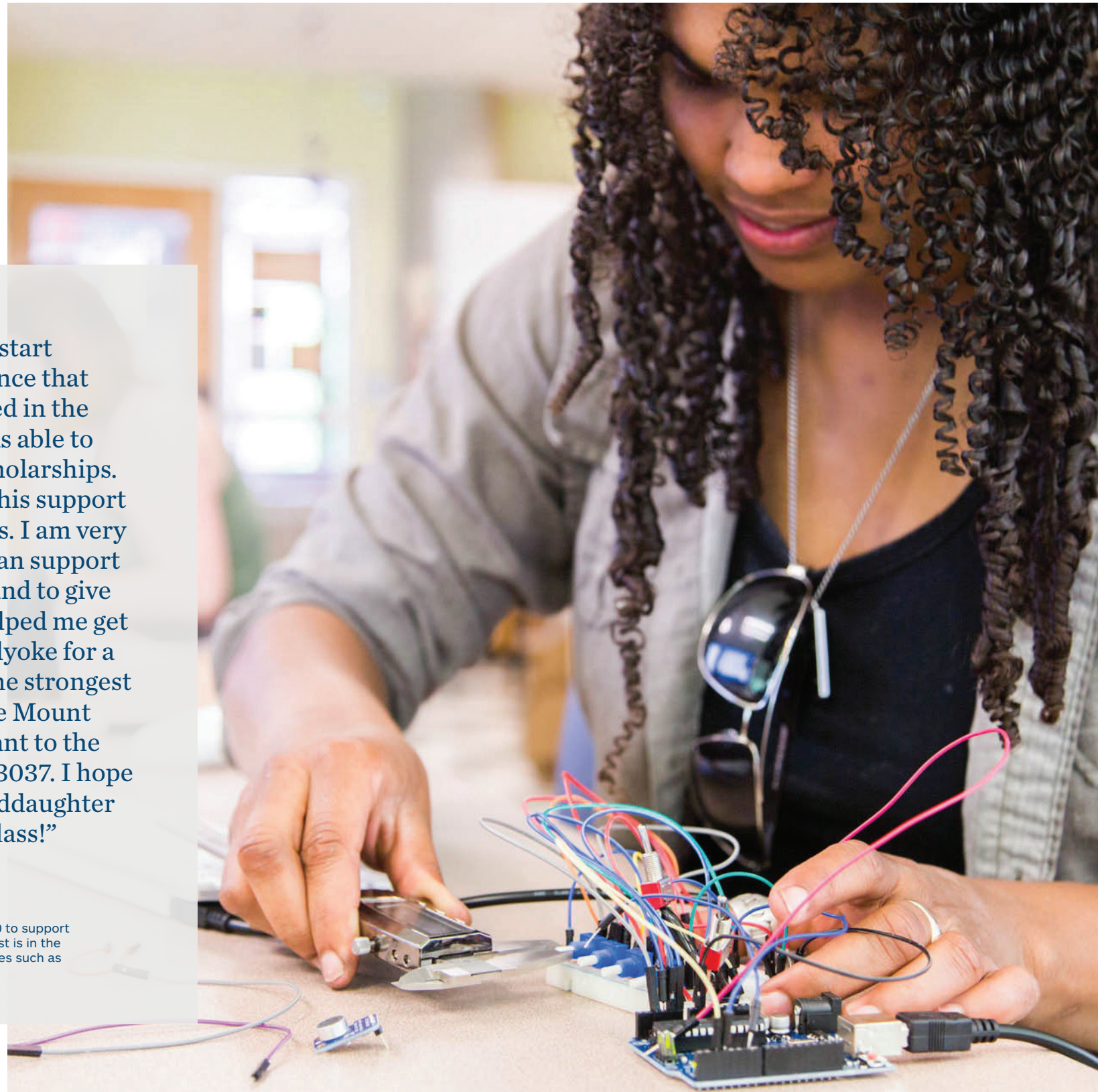
Together, these funds will ultimately generate close to \$2 million annually to support financial aid at Mount Holyoke.

Investing in Future Leaders

“At Mount Holyoke I was able to start building the confidence and resilience that I have needed to endure and succeed in the male-dominated world of tech. I was able to attend Mount Holyoke because of scholarships. I established this fund to ensure that this support is available to Mount Holyoke students. I am very fortunate to be in a position where I can support the causes that are important to me and to give back to those institutions that have helped me get where I am today. I give to Mount Holyoke for a number of reasons, but I believe that the strongest one is to enable the long view where Mount Holyoke is still thriving and is relevant to the education of young women in the year 3037. I hope that my great-great-great-great-granddaughter will be part of that graduating class!”

HOPE E. GILES '87

Hope established The Hope Giles '87 STEM Scholarship Fund in 2020 to support financial aid for students whose primary academic or career interest is in the fields of technology, engineering, math or laboratory-based sciences such as biology, chemistry or physics.





Environmental Sustainability

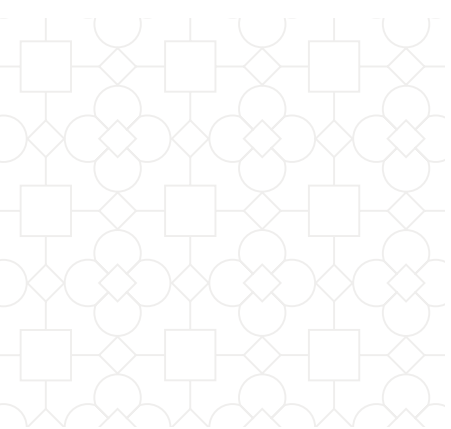
In its February 2021 meeting, the Board of Trustees voted to phase out any remaining investments in dedicated private funds focused on coal mining and the acquisition, exploration or production of oil over the next decade, if not sooner. As of June 30, 2021, the College held \$28.4 million of exposure to these funds, which represented 2.7% of the total portfolio. This commitment is aligned with the College's goal of achieving carbon neutrality by 2037, the year of its bicentennial.

This move followed a 2019 amendment to the endowment governing document, the Investment Policy Statement, stating that the endowment will consider return-enhancing investment opportunities in the area broadly defined as ESG (Environmental, Social and Governance). Over time the endowment has invested in a number of impact funds focused on investing in innovative solutions for a more sustainable world.

Diversity, Equity and Inclusion

The establishment of a dedicated in-house investment office allowed the College to enhance its focus on investment manager diversity. Diversity, equity and inclusion questions are part of each new manager's due diligence. In addition, an independent third-party advisor, Cambridge Associates, regularly conducts a diversity, equity and inclusion review of the portfolio. In its most recent review, Cambridge Associates gave the portfolio top marks, with women and minorities representing a meaningfully higher proportion of its investing partners and owners compared with current investment-industry benchmarks.

Looking Ahead



With the extraordinary returns of the fiscal year 2021 behind us, we will likely experience a more muted performance in the years to come. In a world of few obvious bargains, it is more important than ever to partner with managers who are well positioned to take advantage of unique investment opportunities. Uncovering those opportunities requires talent, expertise and resources.

The investment office and the Investment Committee remain focused on sowing the seeds for the future by aligning with strong investing partners, emphasizing superior value add and diversifying the drivers of performance. Every year the investment office meets with hundreds of investment managers around the globe to identify the handful who are truly extraordinary — possessing a distinct and sustainable competitive advantage coupled with high integrity, as well as deep experience navigating challenging market environments. Almost daily the investment team meets with investment managers who are focused on investing in companies that are building a better future through innovation in technology and health care, as well as providing vital goods and services in an increasingly complex world.

Mount Holyoke College Investment Committee

Strong governance is the cornerstone of successful endowment management. Fiduciary responsibility for the endowment's performance is entrusted to the Investment Committee of the Board of Trustees. The primary objective is to provide real after-inflation growth of the endowment in a prudently aggressive manner to support current distributions and ensure that future generations of students and faculty can enjoy outstanding levels of support. The committee is composed of members of the Finance Committee and other alums of the College who have institutional investment expertise.

2021 Investment Committee

Louise Wasso '75, chair
Elizabeth Weatherman '82, vice chair
Katherine Collins '74, ex officio
Ellen Ellison '80
Farah Khan '98
Monica Landry '90
Robin Chemers Neustein '75
Elizabeth Palmer '76
Ellen Petrino '68
Sonya Stephens, ex officio
Karena Strella '90, ex officio

2021 Finance Committee

Katherine Collins '74, chair
Heather Harde '91, co-chair
Sally Durdan '81
Monica Landry '90
David Mahoney P'18
Natasha Mohanty '03
Hallie Nath '92
Sonya Stephens, ex officio
Karena Strella '90, ex officio
Mona Sutphen '89
Louise Wasso '75
Elizabeth Weatherman '82
Sarah Wells '10

Note: The full list of members of the Board of Trustees can be found at mtholyoke.edu/president/board-trustees.

Financial Officers of the College (as of June 30, 2021)

Shannon D. Gurek
Vice President for Finance and
Administration and Treasurer

Ellen C. Rutan
Comptroller

Ana Yankova '97
Chief Investment Officer

MOUNT HOLYOKE

Mount Holyoke College
Office of Development
50 College Street
South Hadley, MA 01075