


# Mount Holyoke College

2023 INVESTMENT REPORT



“Your investment in Mount Holyoke is more than a gift; it is a testament to the trust you have placed in us — to lead boldly, honor your values and inspire future generations. We hold this trust profoundly and value your partnership in our future.”

**DANIELLE R. HOLLEY**  
PRESIDENT

## **Mount Holyoke is pleased to provide you with this report on the endowment investments for the fiscal year ended June 30, 2023.**

The endowment is a foundational source of sustaining support for Mount Holyoke College. Through distributions that fund the College's annual operating budget, the endowment allows the College to provide an intellectually rigorous education for students of all backgrounds and strengthens the College's legacy of leadership in education. Additionally, the endowment helps the College invest in key areas such as scholarship aid for students, internship experiences and faculty support.

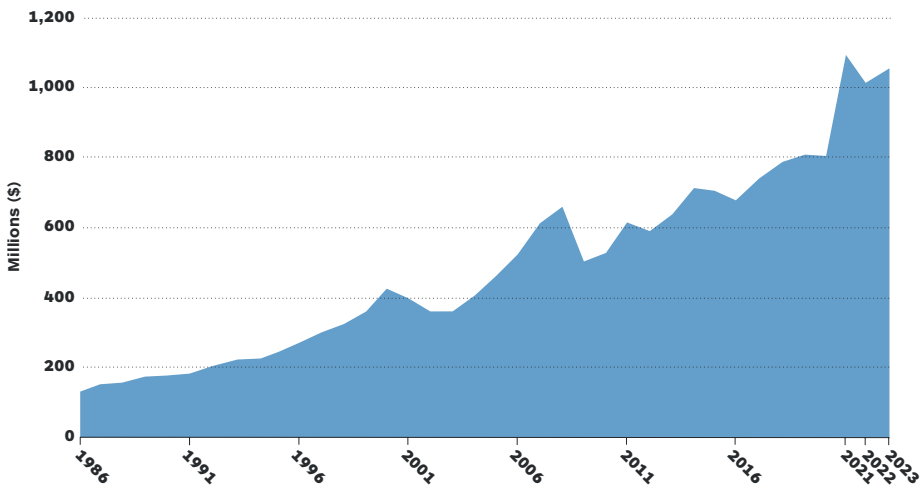
The endowment stood at \$1.0362 billion as of June 30, 2023. The invested pool generated a return of 7.2%, net of fees, over the fiscal year 2023. Following a tumultuous year for markets in fiscal year 2022, the endowment returned to growth while distributing over \$40 million to support college operations.

Following a challenging market environment in fiscal year 2022, which produced the first year of negative returns since 2016, equity markets rebounded as inflation moderated and economic growth remained healthy despite a widely anticipated recession. While the pace of tightening monetary policy slowed, buoying equity markets, bond prices continued to fall throughout the year, weighing on returns. In private markets, the lagged response from the public market selloff in 2022 began to weigh on results as valuations broadly fell and capital for earlier-stage companies diminished. Within this backdrop, equity exposure and excellent security selection decisions from our investment partners drove strong results for the endowment. Spending from the endowment has grown every year over the last decade, generating cumulative distributions of \$367 million over a decade. Today, it is the second-largest revenue source after tuition and accounts for about a third of the College's revenues. In fiscal year 2023, distributions from the endowment equated to almost \$19,000 per student.

Over the past 20 years, the endowment has grown from \$367.6 million to \$1.0362 billion. This represents an 8.5% investment return per year, net of investment expenses and excluding new gifts. This result places Mount Holyoke's endowment in the top quartile when compared with hundreds of peer institutions. More importantly, 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.

Fiscal year 2023 was the third full year of operation for the College's Investment Office in Boston. The Investment Office was established on April 1, 2020, and 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. 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. This objective results in a portfolio that 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. These partners build their investment portfolios through deep fundamental research.

### ENDOWMENT MARKET VALUE



## Fiscal Year 2023: Performance

Following the exceptional 38.0% gain in 2021 and the subsequent -5.9% pullback in 2022, fiscal year 2023 saw a return to growth in the investment portfolio. Global equities rose 16.5% and bonds lost -0.9%. Amid this backdrop, the equity-oriented nature of the invested pool shone through and produced strong returns. Investments in public companies and hedge funds, as well as strong manager selection, contributed to these results.

### ANNUAL EXTERNAL INVESTMENT POOL RETURNS

(as of June 30, 2023)

Period	Mount Holyoke(%)	CIA Endowment Median(%)	80% Stock/20% Bond Portfolio <sup>1</sup> (%)	5% + Inflation <sup>2</sup> (%)
1 year	7.2	7.6	13.4	8.1
3 years	11.7	9.8	8.4	10.7
5 years	8.9	7.1	7.2	8.9
10 years	8.2	7.2	7.9	7.7
15 years	6.5	6.1	6.5	7.3
20 years	8.5	7.3	7.8	7.6
Since Inception	10.5	10.3	9.2	7.8

<sup>1</sup> Since inception CA endowment median figure includes 18 E&Fs.

The foundation of the College's investment approach is a commitment to prudent portfolio management, disciplined manager selection and a long-term investment horizon. The endowment pool continues to be managed with a long-term orientation that is designed to successfully weather an array of market environments. While there will be up and down years along the way, a constant focus on long-term value creation with an equity orientation should continue to create substantial value in support of the College's mission.

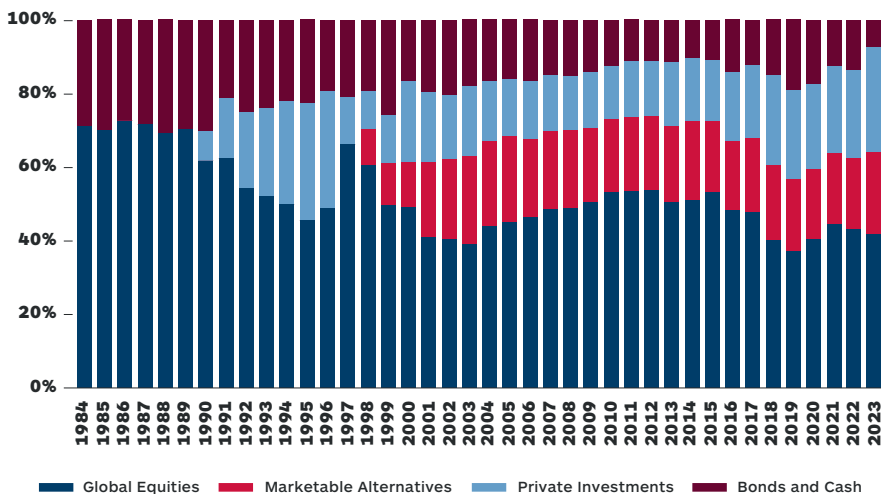
Public equity investments were the largest contributor to returns for the fiscal year, with a 20.7% return. While global stocks rallied during the year, strong security selection by our investing partners led to significant outperformance of the benchmark. Similarly, marketable alternatives, also referred to as hedge funds, rose 8.5% and meaningfully outpaced their benchmark. Bond investments fell -1.6% as monetary policy continued to tighten. Private investments, which were the largest contributor to growth

in the prior fiscal year, were the largest detractor, falling -6.7%. These results were largely driven by markdowns of venture capital investments, which tend to lag the public markets, effectively giving back some of the gains of the last few years. Given the steep selloff in public markets in 2022, the negative performance from private investments was not a surprise. Private investments have been a foundational and consistent contributor to the long-term growth of the endowment. The year reminded us of the power of diversification. While each type of investment, or asset class, may experience volatility or a drawdown, others should help pull the portfolio forward.

### Asset Allocation over Time

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, also known as hedge funds, provide portfolio diversification and deliver equity-like returns with lower-than-equity volatility. The bond allocation is composed of high-quality U.S. government bonds and serves as a source of liquidity in the event of a significant equity market drawdown.

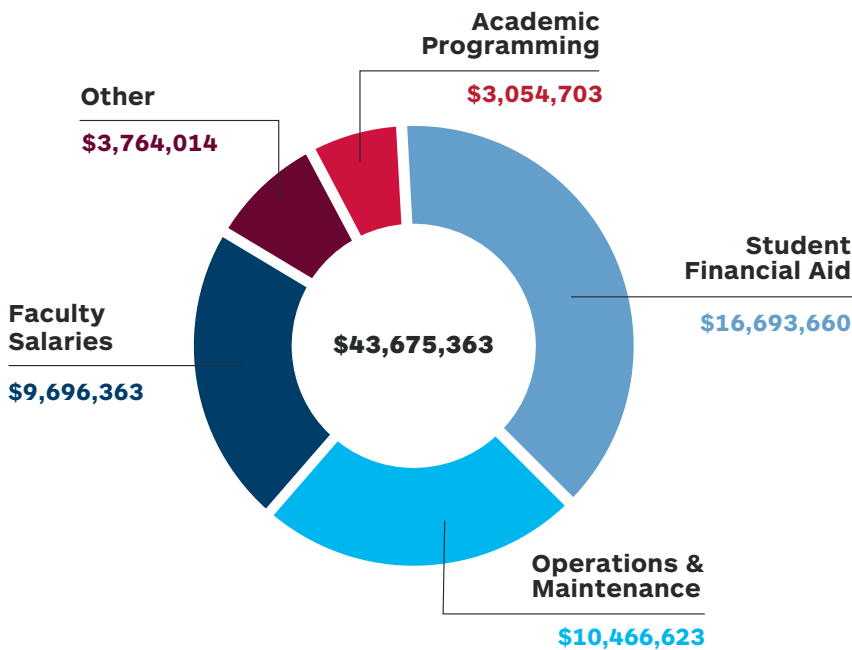
**ASSET ALLOCATION OVER TIME**



## How the Endowment Supports the College

Spending from the endowment provides a significant portion of the operating budget. Income distributions from the endowment provided close to a third of the College's operating revenue in fiscal year 2023. Significant portions of the distributions support College priorities such as student scholarship aid, internship experiences, faculty salaries, the academic centers and the Art Museum.

### ENDOWMENT DISTRIBUTION BY TYPE



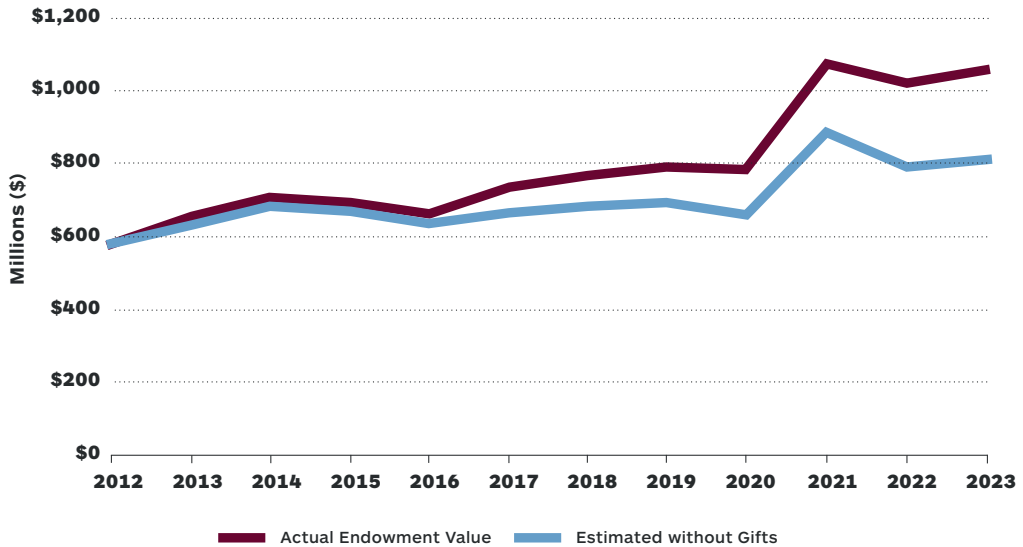
Both prudent spending and management of the endowment directly affect the endowment's growth. The endowment spending policy limits the annual distribution to the operating budget to a 5% increase over the preceding annual distribution, within a range of 4.5% to 5.5% of a 12-quarter average market value. 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 align spending for current operations with the expected long-term rate of return from the endowment.

## Gifts to the Endowment

The long-term growth of the Mount Holyoke College 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 and friends of the College have contributed \$148 million to the endowment in support of critical College priorities, with an additional \$25 million of pledges. The combination of these gifts and their investment growth has resulted in almost \$200 million of incremental endowment value over the last decade.

Today, the operating budget is enjoying a significantly larger contribution from the endowment thanks to these gifts and their compounding. Fiscal year 2023 was another strong year of giving, with \$10.4 million of gifts coming into the endowment. Today, the endowment is composed of nearly 1,800 individual endowment funds.

### IMPACT OF GIFTS ON ENDOWMENT





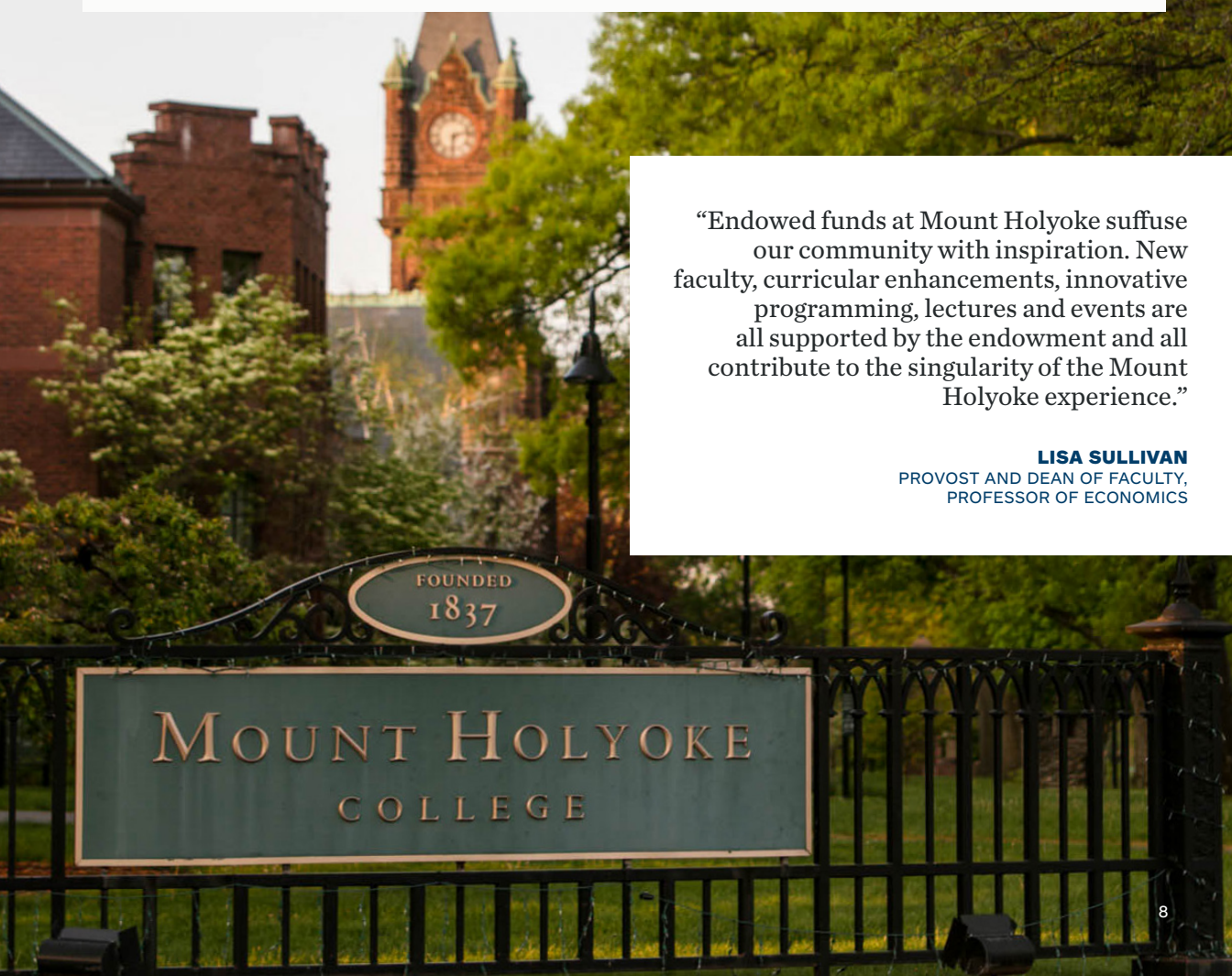
## Environmental Sustainability

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, 2023, the College held \$26.0 million of exposure to these funds, representing 2.5% of the total portfolio. This commitment aligns with the College's goal of achieving carbon neutrality by 2037, the year of its bicentennial.

Over time, the endowment has invested in a number of impact funds focused on innovative solutions for a more sustainable world. In addition, the investment staff includes a section on Environmental, Social and Governance (ESG) in every due diligence report on new portfolio investments. The Investment Policy Statement, the endowment's governing document, states that the endowment will consider return-enhancing investment opportunities in the area broadly defined as ESG.

“Endowed funds at Mount Holyoke suffuse our community with inspiration. New faculty, curricular enhancements, innovative programming, lectures and events are all supported by the endowment and all contribute to the singularity of the Mount Holyoke experience.”

**LISA SULLIVAN**  
PROVOST AND DEAN OF FACULTY,  
PROFESSOR OF ECONOMICS



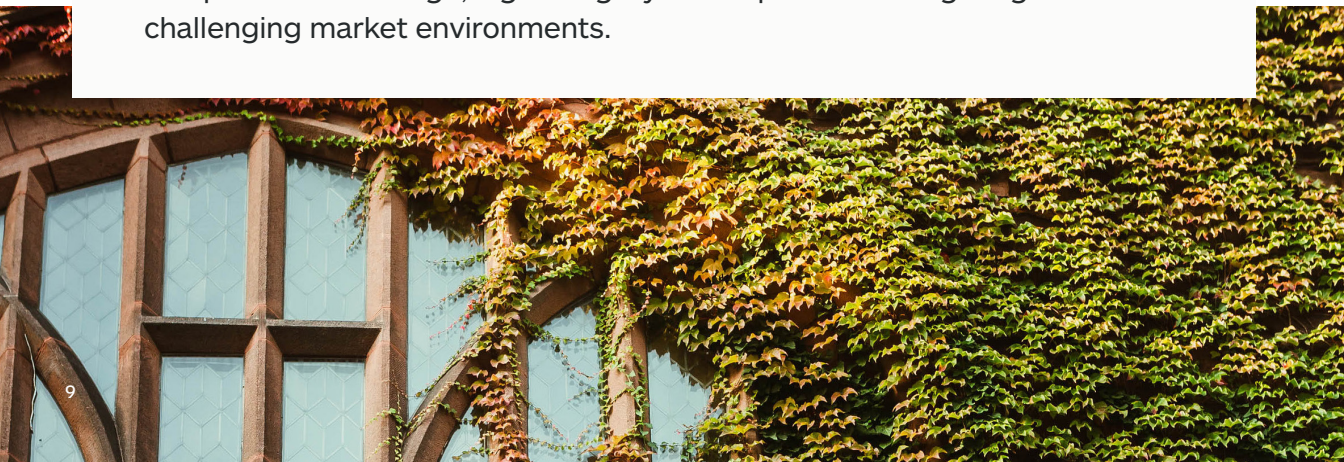
## Diversity, Equity and Inclusion

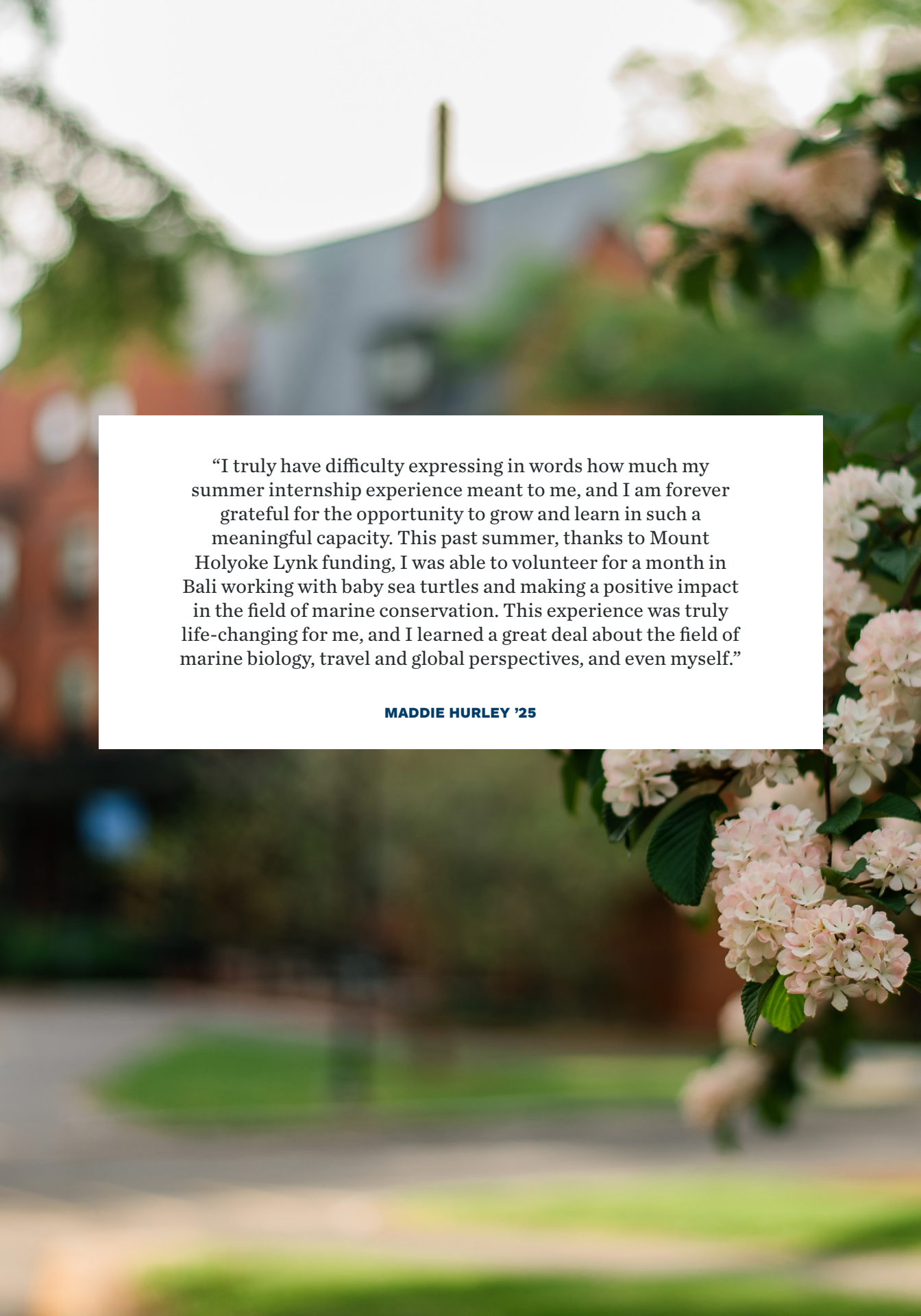
The establishment of a dedicated in-house Investment Office has allowed the College to enhance its focus on investment manager diversity. Diversity, Equity and Inclusion (DEI) questions are part of each new manager's due diligence. In addition, an independent third-party advisor, Cambridge Associates, regularly conducts a DEI 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

The last three years have seen a shift from zero interest rates to monetary tightening, a widely anticipated recession that has yet to materialize, geopolitical tensions around the world and volatile securities markets. These environments present compelling opportunities for disciplined investors who have preserved the ability to focus on attractive long-term investment opportunities. The endowment is in a strong position to take advantage of these opportunities across public equity, credit and private markets. It is more important than ever to maintain portfolio balance, employ a long-time horizon and selectively partner with investment partners 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 seeds for the future by aligning with strong investing partners, emphasizing superior value-add strategies and diversifying the drivers of performance. Every year, the Investment Office meets with hundreds of investment managers around the globe to identify the handful that are truly exceptional — those possessing a distinct and sustainable competitive advantage, high integrity and experience navigating challenging market environments.





“I truly have difficulty expressing in words how much my summer internship experience meant to me, and I am forever grateful for the opportunity to grow and learn in such a meaningful capacity. This past summer, thanks to Mount Holyoke Lynk funding, I was able to volunteer for a month in Bali working with baby sea turtles and making a positive impact in the field of marine conservation. This experience was truly life-changing for me, and I learned a great deal about the field of marine biology, travel and global perspectives, and even myself.”

**MADDIE HURLEY '25**

## 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 to 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 with institutional investment expertise.

### 2023 Investment Committee

Elizabeth H. Weatherman '82, Chair  
Ellen J. Ellison '80, Vice Chair  
Sally Durdan '81, ex officio  
Farah Khan '98  
Monica Landry '90  
Robin Chemers Neustein '75  
Elizabeth Palmer '76  
Ellen Petrino '68  
Beverly Daniel Tatum, ex officio  
Karena Strella '90, ex officio  
Louise Wasso '75

**Note:** The full list of members of the Board of Trustees can be found at [mtholyoke.edu/president/board-trustees](https://mtholyoke.edu/president/board-trustees).

### Financial Officers of the College

Carl M. Ries  
Vice President for Finance and Administration and Treasurer  
Ana Yankova '97  
Chief Investment Officer  
Patricia Gallagher  
Associate Vice President for Finance and Treasurer

### 2023 Finance Committee

Katherine Collins '74, Chair  
Sally Durdan '81, Vice Chair  
Adam Falk  
Farah Khan '98  
Monica Landry '90  
KC Maurer '84  
Lourdes Melgar '85  
Natasha Mohanty '03  
Hallie Nath '92  
Raj Seshadri '87  
Karena Strella '90, ex officio  
Beverly Daniel Tatum, ex officio  
Louise Wasso '75  
Elizabeth Weatherman '82  
Sarah Wells '10