To our stakeholders:

The Wesleyan Managed Pool (assets controlled by the Wesleyan Investments Office) gained 5.5% during fiscal 2024, ending the year at $1.57 billion. While the year saw strong public markets, private portfolio returns continued to lag. With more than 50% of the Managed Pool invested in private assets, returns in any given year are highly dependent on returns from our venture, buyout, and real estate managers. Public markets react to new information in real time, with prices adjusting immediately based on investor sentiment and market dynamics. In contrast, private assets—such as real estate, private equity, or venture capital—are valued less frequently, often quarterly or annually, relying on appraisals or models that reflect past market conditions. This slower adjustment cycle means private assets may experience delays in reflecting both gains during market rallies and losses during downturns.

While private assets have lagged publicly traded markets over the past year, we remain confident that, over longer periods, they will generate superior risk-adjusted returns. Private investments offer unique advantages—including access to niche opportunities, active management, and the ability to invest in long-term growth stories—that are not always available in the public markets. Their illiquidity premium, combined with our ability to be patient and take advantage of mispricings, aligns well with the long-term nature of the endowment. We remain committed to our long-term investment horizon, knowing that private markets can experience periods of delayed gains but ultimately reward patient capital with stronger, more stable returns over time.

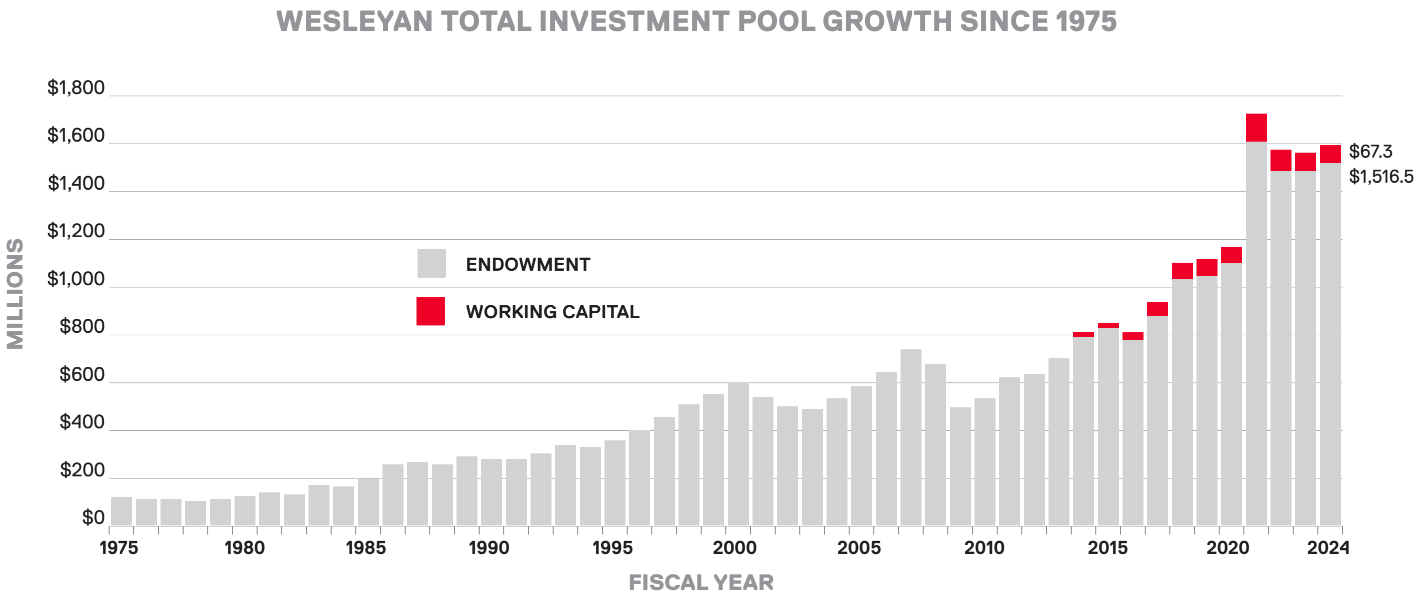
Since fiscal 2010, when the current governance structure and Investments Office were put in place, the endowment has made steady progress in its growth. Over the 14-year period ending in fiscal 2024, the portfolio achieved solid annualized returns of 10.4%, comfortably within our modeled expectations. Compared to the performance of our peer colleges and universities, the endowment has generated roughly $395.4 million in excess returns over the last 14 years.

The following table presents a summary of the endowment's returns over trailing periods relative to benchmarks:

WESLEYAN UNIVERSITY ANNUALIZED PERFORMANCE (%)
ENDING JUNE 30, 2024

	1-year	3-year	5-year	10-year	15-year
Wesleyan Managed Pool[1]	5.5%	1.1%	11.5%	9.3%	10.6%
Wesleyan Policy Benchmark[2]	8.2%	3.7%	9.9%	7.8%	9.3%
70% Stocks/30% Bonds[3]	14.2%	3.0%	7.6%	6.5%	8.2%
Higher Education Price Index (HEPI) + 4.5% (Absolute Return Hurdle)	7.9%	8.7%	7.9%	7.4%	7.1%
Median: College & University[4]	10.1%	3.0%	9.0%	7.2%	8.7%
Top Quartile: College & University	11.7%	4.3%	9.9%	7.9%	9.2%

Notably, our longer-term returns were significantly boosted in fiscal 2021, with the portfolio capturing an almost 54% return in a single year. To put this in perspective, this performance was more than three standard deviations above our expected returns: something we would expect to happen fewer than once every 100 years. The gains from fiscal 2021, nearly $590 million, exceeded the total value of the endowment at the start of fiscal 2011. Over that one year, the endowment moved from $1.1 billion to $1.7 billion, a value our models predicted we would hit in 2031. In short, the gains from fiscal 2021 were transformational for the school; as is evident in the graph of endowment value over 50 years shown below. (Working capital pools that are invested alongside the endowment are shown in red.)



During fiscal 2021, the endowment effectively pulled forward future returns into a single, extraordinary year, as many assets in the private portfolio capitalized on favorable market conditions to achieve timely exits at high valuations. The unique economic environment—driven by pandemic-related disruptions and unprecedented fiscal stimulus—fueled valuation levels that have been challenging to replicate since. This acceleration of value extraction not only contributed to the transformational gains of fiscal 2021 but led to the flatter returns of the last three years.

FY 2024 PERFORMANCE COMMENTARY

The Wesleyan Managed Pool gained 5.5% during fiscal 2024. While the year saw strong public markets, private portfolio returns continued to lag. On a brighter note, all asset classes outside of real estate, venture, and natural resources delivered positive gains for the year.

The following table shows fiscal 2024 asset class returns relative to benchmarks:

ONE-YEAR PERFORMANCE
ENDING JUNE 30, 2024

ASSET CLASS	ENDOWMENT RETURN (%)	BENCHMARK RETURN (%)	VALUE ADDED (%)	BENCHMARK
Developed Equity	14.4	20.2	(5.8)	MSCI World
Emerging Markets Equity	10.1	12.5	(2.4)	MSCI Emerging Markets
Absolute Return	8.1	11.0	(2.9)	Passive Benchmark[5]
Real Estate	(9.1)	(3.6)	(5.5)	C.A. U.S. Real Estate
Natural Resources	(5.3)	(5.3)	0.0	Custom C.A. Benchmark[6]
Buyout	8.5	7.4	1.1	C.A. U.S. Buyout
Venture Capital	(0.2)	(0.7)	0.5	C.A. U.S. Venture Capital
Fixed Income	4.1	3.4	0.7	Bloomberg Intermediate U.S. Treasury
Managed Pool[1]	**5.5**	**14.2**	**(8.7)**	**Passive Benchmark[3]**
Managed Pool[1]	**5.5**	**8.2**	**(2.7)**	**Policy Benchmark[2]**
Managed Pool[1]	**5.5**	**7.9**	**(2.4)**	**HEPI + 4.5%**

The developed equity asset class was the largest contributor to endowment returns with a 14.4% year. Our portfolio continues to exhibit a small cap bias, which was a drag on returns in a year in which the small cap Russell 2000 benchmark underperformed the S&P 500 by more than 1,000 basis points. Our lack of exposure to large and mega cap companies drove the bulk of the asset class's underperformance. The buyout portfolio was the second largest contributor to returns due to a sizable allocation to the asset class in the endowment and its 8.5% return for the period. The absolute return asset class returned 8.1% over the fiscal year, as credit-oriented managers had a strong year. The emerging markets asset class rose 10.1% but underperformed its benchmark by 2.4%. Exposure to Chinese equities was a drag on performance, while investments in India drove most of the asset class's return.

Venture capital, real estate, and energy all had negative returns in fiscal 2024. Our venture allocation remains heavily overweight, despite write-downs in recent years, reflecting a difficult exit environment for venture-backed companies. Because of its heavy weight in the endowment, its flattish results dampened the entire portfolio's returns. Real estate markets continue to see limited transaction activity, and this year saw managers bring valuations down, most acutely in the office property sector. Wesleyan no longer invests in oil- and gas-focused managers, and this part of our portfolio continues to wind down.

10-YEAR RETURNS

For the 10-year period ending June 30, 2024, the Managed Pool returned an annualized 9.3%. Incorporating non-managed assets, the Total Investment Pool returned 9.2%. The Total Investment

Pool grew to $1.58 billion on June 30, 2024, from $793.3 million on June 30, 2014, a net increase of $790.4 million.

The following table presents longer-term performance numbers by asset class relative to benchmarks. All asset classes except cash have outperformed their respective benchmarks over the last 10 years.

TEN-YEAR PERFORMANCE
ENDING JUNE 30, 2024

ASSET CLASS	ENDOWMENT RETURN (%)	BENCHMARK RETURN (%)	VALUE ADDED (%)	BENCHMARK
Developed Equity	9.3	9.2	0.1	MSCI World
Emerging Markets Equity	3.6	2.8	0.8	MSCI Emerging Markets
Absolute Return	5.4	5.2	0.2	Passive Benchmark[5]
Real Estate	10.7	9.3	1.4	C.A. U.S. Real Estate
Natural Resources	(5.7)	(6.9)	1.2	Custom C.A. Benchmark[6]
Buyout	18.2	15.0	3.2	C.A. U.S. Buyout
Venture Capital	18.6	14.4	4.2	C.A. U.S. Venture Capital
Fixed Income	1.3	1.1	0.2	Bloomberg Intermediate U.S. Treasury
Managed Pool[1]	**9.3**	**6.5**	**2.8**	**Passive Benchmark[3]**
Managed Pool[1]	**9.3**	**7.8**	**1.5**	**Policy Benchmark[2]**
Managed Pool[1]	**9.3**	**7.4**	**1.9**	**HEPI + 4.5%**

ENDOWMENT MANAGEMENT AT WESLEYAN

The endowment is more than a collection of funds governed by rules to honor donors' wishes. It represents nearly two centuries of generosity from alumni, philanthropists, and benefactors who share a profound connection to the University and its mission. These individuals gave back as a testament to their belief in Wesleyan's enduring legacy, culture, and values. Each gift tells a story of commitment, ensuring that Wesleyan's impact continues for generations to come.

Endowment gifts stand apart from other forms of University support due to their permanence. The principal—the original gift amount—remains untouched, invested to generate returns that fund the institution's operations. This preservation ensures the endowment provides lasting financial support, sustaining the University indefinitely. By maintaining the principal in perpetuity, the endowment becomes a vital bridge between the past and the future, linking the generosity of alumni with the evolving needs of current and future students.

The first gift to the Wesleyan endowment was received in 1847 from the Second Wesleyan Chapel of New York City and totaled $1,000. It wasn't until 1866 that the University moved to raise a Permanent Fund through its first capital campaign, which represents the endowment today. Wesleyan collected $93,153.01 through this initiative, equivalent to roughly $4.6 million in today's currency.[7] Since then, the endowment has grown through a combination of investment returns and the continued generosity of Wesleyan stakeholders.

The management of the endowment has evolved significantly over time, reflecting its growing size, increasing importance to the University, and the complexities of modern financial markets. Fifty years ago, a single individual could reasonably assemble a diversified portfolio of U.S. stocks and bonds to steward the endowment. Investment options were limited, primarily to publicly listed equities and government or corporate bonds. Today, the landscape has transformed dramatically, with a vastly expanded array of investment opportunities and a rapidly growing number of professionals evaluating them. As markets have become broader and more efficient, the days of one person picking individual securities are firmly in the past. The job of the investments staff today is to identify an appropriate asset allocation and invest with experts across the many different asset types and geographies available to the modern investor, ensuring the endowment is managed with the highest level of expertise.

What has remained constant throughout Wesleyan's nearly two centuries of history is the endowment's goal: to provide perpetual support to the institution while preserving intergenerational equity. This means ensuring that the endowment grows at a rate that not only covers its annual distributions to the University but also outpaces inflation, so that $1 today can provide the same level of support 100 years into the future. Achieving this balance translates to a target annualized return of approximately 8.0% to 8.5%. In addition, we seek to generate these returns with a reasonable amount of volatility to stabilize the support to the operating budget.

After the remarkable performance of public markets in recent years, it might be tempting to ask why we don't allocate the entire endowment to the S&P 500. After all, the index has delivered an impressive 12.8% annualized return over the past decade. But consider a different moment in time: July 2009. At that time, the same 10-year annualized return of the index was negative 2.2%, including one year with a 26% decline and two others with drops exceeding 15%. For an endowment that provides annual financial support to the University—now accounting for more than 20% of the operating budget—such volatility is simply unacceptable. The best defense against this level of volatility is a diversified portfolio, where declines in one asset class are mitigated by stability—or even gains—in others.

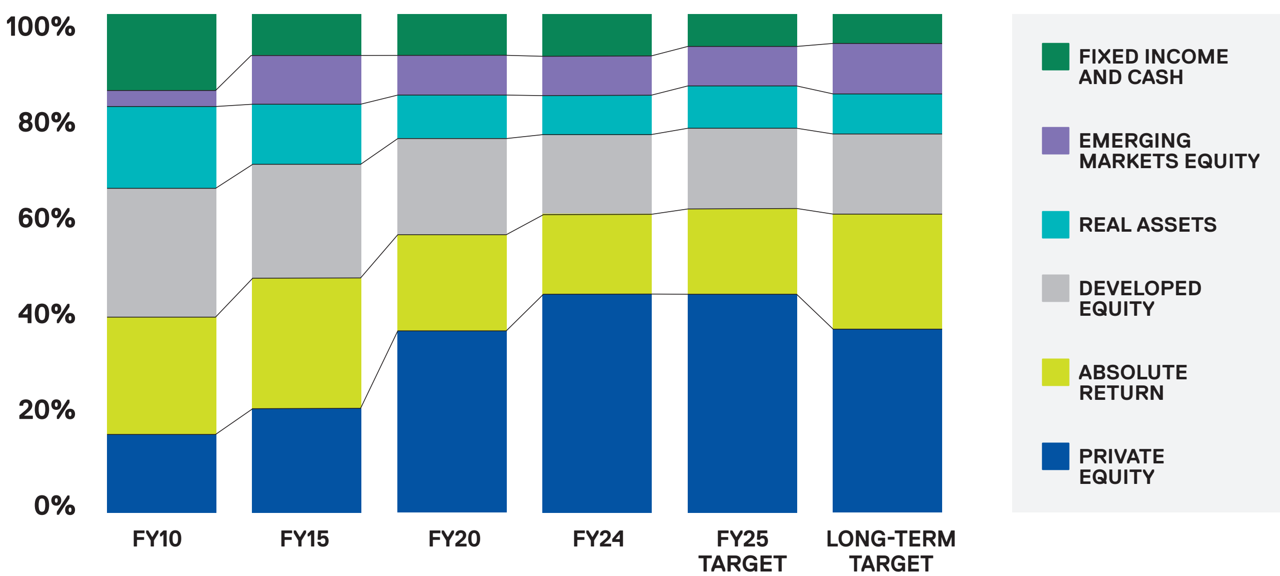
As financial markets have grown more complex and competitive, the endowment has embraced a model of partnering with investment managers who specialize in distinct niches. It is no longer feasible for the Investments Office to both pick individual U.S. stocks and navigate private markets for opportunities to buy businesses. Instead, we allocate capital to managers who focus exclusively on specific market segments, leveraging their expertise and experience to outperform market indices over the long term. By ceding the selection of individual securities to these managers, we believe we maximize our ability to achieve the returns necessary for our long-term goals.

This approach sets a high bar for manager relationships, fostering partnerships built on trust and mutual understanding. The investments staff's role is to thoroughly understand each manager's strategy and the specific markets in which they operate. We evaluate whether the potential returns justify the risks involved, but our investment decisions extend beyond profit alone. Just as our donors are deeply committed to their causes, we aim to honor their generosity by being thoughtful about how returns are generated. Our socially responsible investment policy is intentionally broad to adapt to an ever-changing investment landscape. While it is impossible to anticipate every controversial issue over an infinite time horizon, we strive to ensure we avoid exposure to objectionable areas. By thoroughly vetting the investment universe of each manager before committing capital, we believe we have effectively minimized investments that conflict with our values.

GOING FORWARD

While our performance over the past three years has been muted, it has been well within the realm of expectations given our asset allocation. One of our core beliefs is that the University's competitive advantage in the investing world is its infinite time horizon. Fourteen years ago, we embarked on a vision to build a portfolio that leveraged this long-term time horizon by growing our investments in private markets, where we believed better returns with acceptable risk were available to us. The following chart reflects the path on this journey, together with where we are aiming to be longer term.

THE PORTFOLIO HAS SHIFTED TO
MORE INEFFICIENT ASSET CLASSES OVER TIME



ARTIFICIAL INTELLIGENCE AND THE FUTURE

This year, discussions about AI featured prominently in nearly every manager meeting. The technology holds transformative potential to revolutionize how businesses are managed, drive groundbreaking innovation, and elevate productivity across the board. Recognizing its profound implications, we are approaching AI with the seriousness it demands. In addition to exploring how AI can enhance our own processes (including using ChatGPT to edit much of this letter), we have embedded AI-focused evaluations into our underwriting of both existing and prospective managers. Our managers, too, are deeply engaged in understanding and adapting to the evolutionary and revolutionary shifts that AI is driving. While AI's impact will differ across industries, those who fail to engage with its possibilities—whether as investors or operators—risk losing their competitive edge in an increasingly dynamic and fast-evolving world.

We continue to discuss what the world might look like 10 years from now and how we should be investing the endowment today to benefit from the world of tomorrow. Our venture portfolio, while outsized and a recent drag on returns, is likely to be a critical component of returns in the future as AI continues to permeate society. As Roy Amara, an early computer scientist at Stanford University, noted: "We overestimate the impact of technology in the short-term and underestimate the effect in the long run." Although we will see a few "troughs of disillusionment"[8] along the way, AI is likely to have a massive impact worldwide—and the endowment will be no exception. We must remain vigilant when positioning the portfolio for the future, become more technology-savvy so we can understand the changes around us, and be open to new, exciting opportunities that may emerge.

As we position Wesleyan's endowment for the future, we are deeply grateful for nearly 200 years of generosity that have made that future possible. Each gift—past, present, and future—represents a profound act of faith in Wesleyan's mission and enduring legacy. We are honored to steward these precious contributions, ensuring they continue to serve the school and its students for generations to come.

Sincerely,

Andrew Vogel
Investment Committee Chair

Anne Martin
Chief Investment Officer

[1] Assets under the direction of the Investments Office
[2] A policy benchmark replicates a portfolio using policy allocation targets and respective benchmarks
[3] 70% MSCI All Country World Index and 30% Bloomberg Barclays U.S. Aggregate Bond Index
[4] Results reported as of November 2024 to Cambridge Associates
[5] 30% Wilshire 5000 Index and 70% Bloomberg U.S. Corporate 1-3 Year Index
[6] Uses Cambridge Associates data from inception through June 30, 2019 and Wesleyan's actual returns from September 30, 2019 onward
[7] Assuming about 2.5% annual inflation
[8] Gartner hype cycle

WESLEYAN INVESTMENT COMMITTEE 2024–2025

ANDREW E. VOGEL ’95
Wesleyan Trustee | Chair, Investment Committee
Co-Chief Investment Officer & Managing Partner, ZMC
New York

JEREMY MINDICH ’87, MALS ’89
Vice Chair, Investment Committee
Founding Partner, Scopia Capital
New York

SOULEYMANE BA ’03
Wesleyan Trustee
Partner, LeapFrog Investments
London

ADAM C. BIRD ’87, P’19, ’22
Wesleyan Trustee
Senior Partner, McKinsey & Company
Germany

PHOEBE BOYER ’89, P’19, ’23 (ex-officio)
Wesleyan Trustee | Chair, Board of Trustees
President & CEO, The Children’s Aid Society
New York

BEEZER CLARKSON ’94
Partner, Sapphire Partners
Texas

VANITA GAONKAR ’00
Managing Director, DFO Management LLC
New York

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Wesleyan Trustee | Senior Vice Chair, Board of Trustees
CEO/President, Greystone Management Corp.
New York