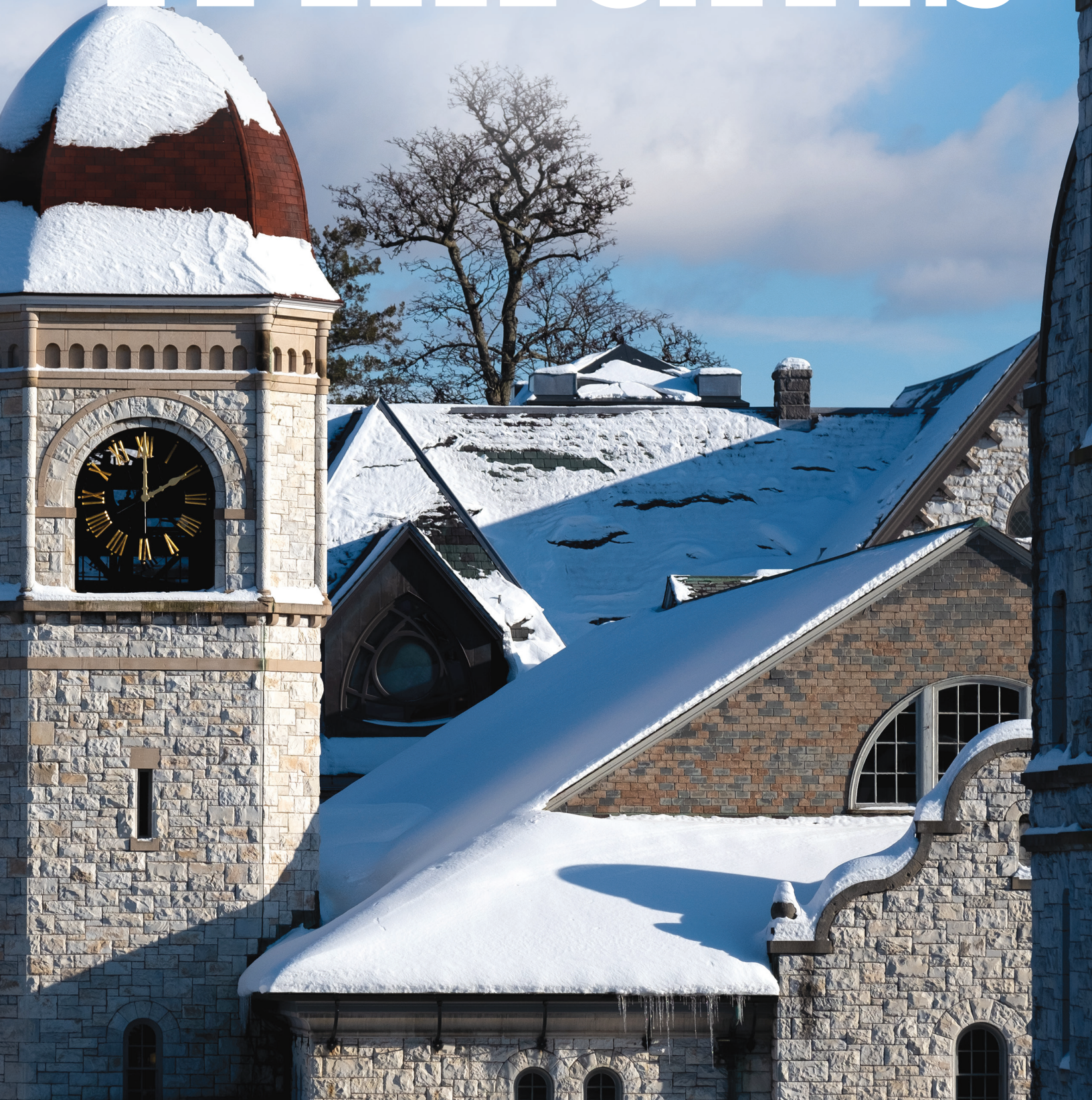


Annual Investment Report 2023

Williams





Williams invests with an eye to the future as well as the present. The college aims to take maximum advantage of long-term opportunities while managing through short-term challenges and carefully adjusting priorities as needed.

This approach works. In fact, Williams' long-term returns remain well ahead of the college's target of 5% real growth. The investment pool's annualized returns for the past 10 and 20 years, respectively, are 9.9% and 9.5%.

The Williams Investment Pool returned to positive territory in fiscal year 2023. The pool yielded 2.96% for the year that concluded on June 30, 2023, ending with a market value of \$3.5 billion. That compares to a -11.2% return the previous year (a year characterized by down markets, high inflation and other obstacles to performance).

Although improved from FY2022, the FY2023 return nevertheless was muted in a year when global equities were up more than 16%.

There were many contributing factors. The most significant, however, was the performance of venture capital, which posted a -13% return during FY2023.

As always, context is critical. Longtime followers of our annual reports will recall that venture capital has been extraordinarily important to the pool's very strong track record over the long term. In fact, venture has been Williams' top-performing asset class in six of the past 10 years, with a 10-year annualized return of nearly 25%.

This most recent year notwithstanding, investments in venture capital have been critical to funding Williams' current spending priorities—especially student financial aid—while maintaining and even increasing the endowment's real value and preserving the college's spending power for future years.

A Letter to the Williams Community

Detailed information about the investment pool's performance by asset class in FY2023 is contained in this report.

We also want to call attention to significant transitions in the Williams College Investment Office and the Board of Trustees Investment Committee. After 16 years as the college's first full-time chief investment officer, Collette Chilton stepped down at the end of FY2023. She is serving as senior advisor prior to her retirement on Dec. 31, 2023.

Collette built our Investment Office; with the colleagues she recruited, she is responsible for its record of accomplishment. Her work, paired with the philanthropic generosity for which Williams alumni and other supporters are known, has quite simply made possible the Williams of today: a college that excels, one that constantly seeks to break new ground, and one that produces graduates who make the world better.

There is more on Collette's achievements—and observations and wisdom from Collette herself—in a question-and-answer piece you will find later in this report.

We also want to recognize and thank outgoing Investment Committee chair Tim Barrows '79 and retiring Investment Committee member Andreas Halvorsen '86, who is also the former co-chair of the Marketable Assets Advisory Committee.

We have benefited from Tim's leadership since he took over the committee from Jonathan Kraft '86 in 2018 and from his expertise for far longer. Tim joined the Investment Committee in 2010 and the Board of Trustees in 2015 but volunteered in support of our investment program before there even was an Investment Office.

Andreas has been an important part of the Williams investment program for even longer, starting in 1999 as a member of the Special Strategies Investment Committee.

The judgment, knowledge and experience of these remarkable Williams alumni have had immeasurable impact on the college's investment program. We are pleased that both have agreed to remain in close touch as emeritus members of the Investment Committee.

The two of us are honored to follow Tim and Collette in our new positions. We look forward to working with our extraordinary colleagues on the Investment Committee, the advisory committees and the staff of the Investment Office. They are listed at the end of this report. Together, we all seek to build on the long-term success of the Williams Investment Pool.

Nathan K. Sleeper '95
Chair, Investment Committee

Abigail G. Wattlely '05
Chief Investment Officer

AT A GLANCE

The Williams College Investment Office

WHO WE ARE

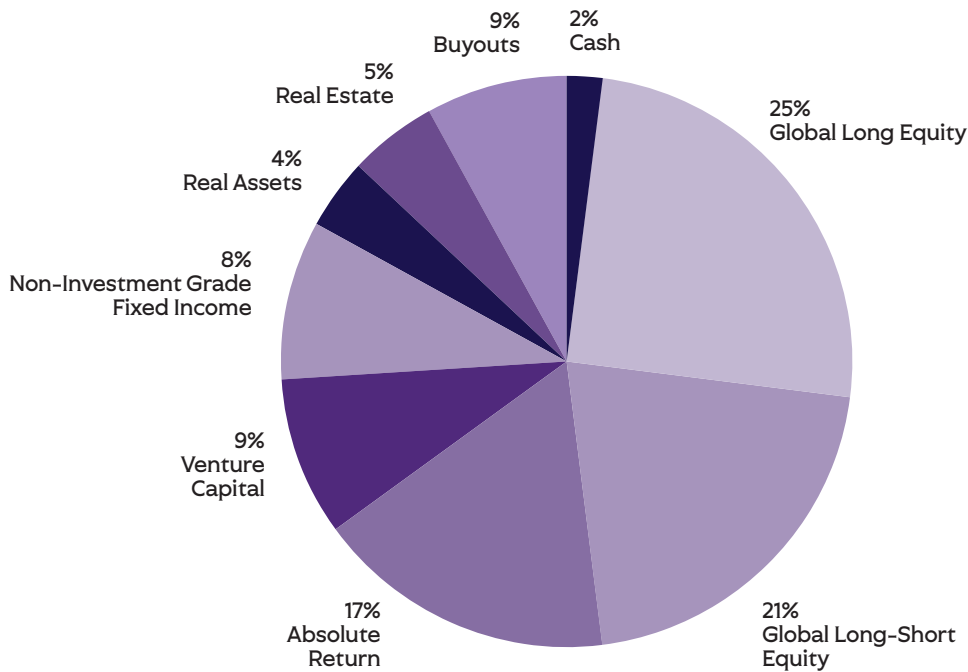
- > \$3.5 billion in the investment pool
- > 2006 Year founded
- > 9.9% 10-year return
- > Overseen and guided by the Investment Committee
- > Based in Boston

WHAT WE DO

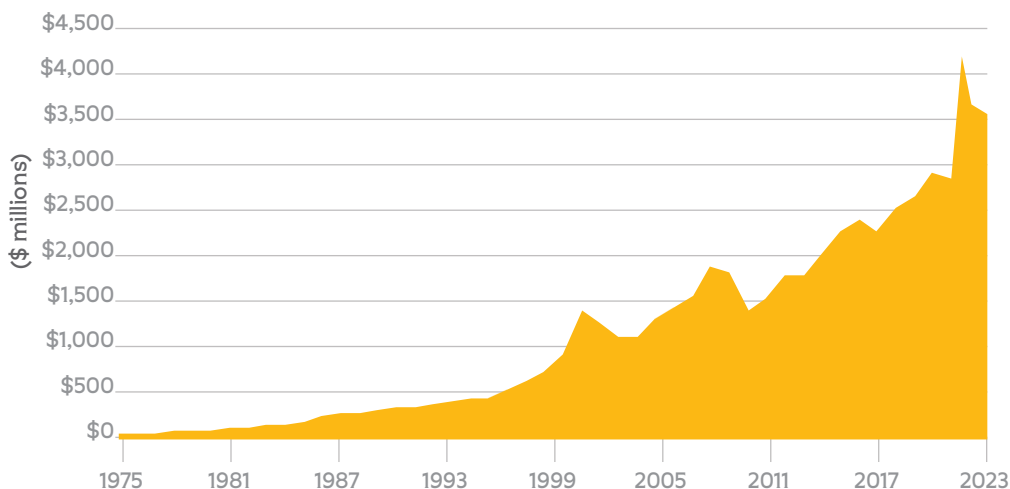
Our investment objectives:

- > Achieve a 5% real return to support the college and maintain intergenerational equity
- > Manage risk/dampen volatility in the portfolio
- > Maintain liquidity to be able to transfer funds to the college's operating account

Investment Pool Policy Asset Allocation – FY2023



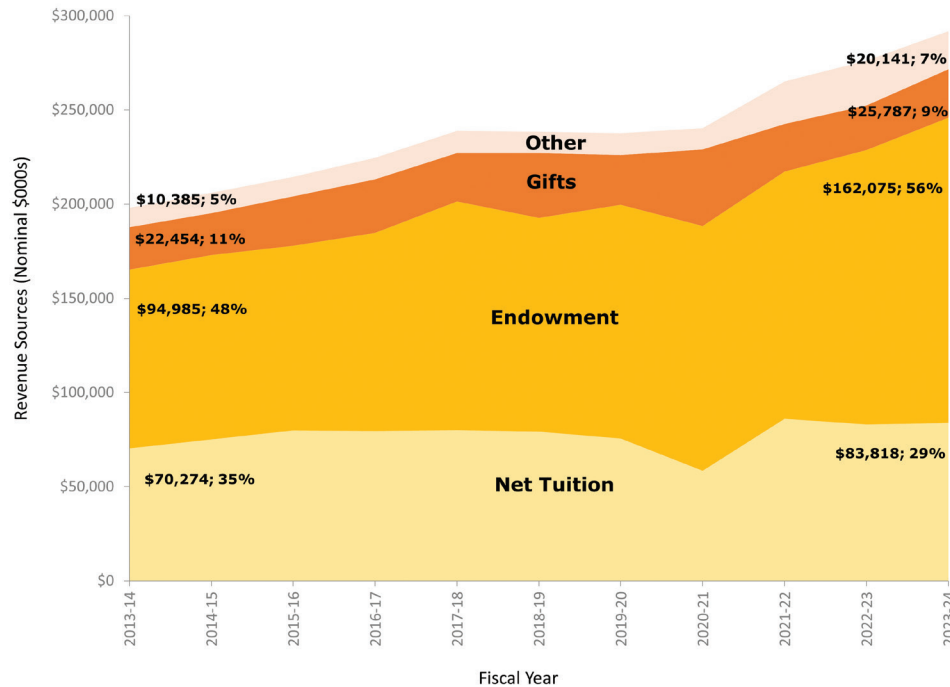
Williams College Investment Pool Value Over Time



OUR ROLE IN SUPPORTING THE COLLEGE

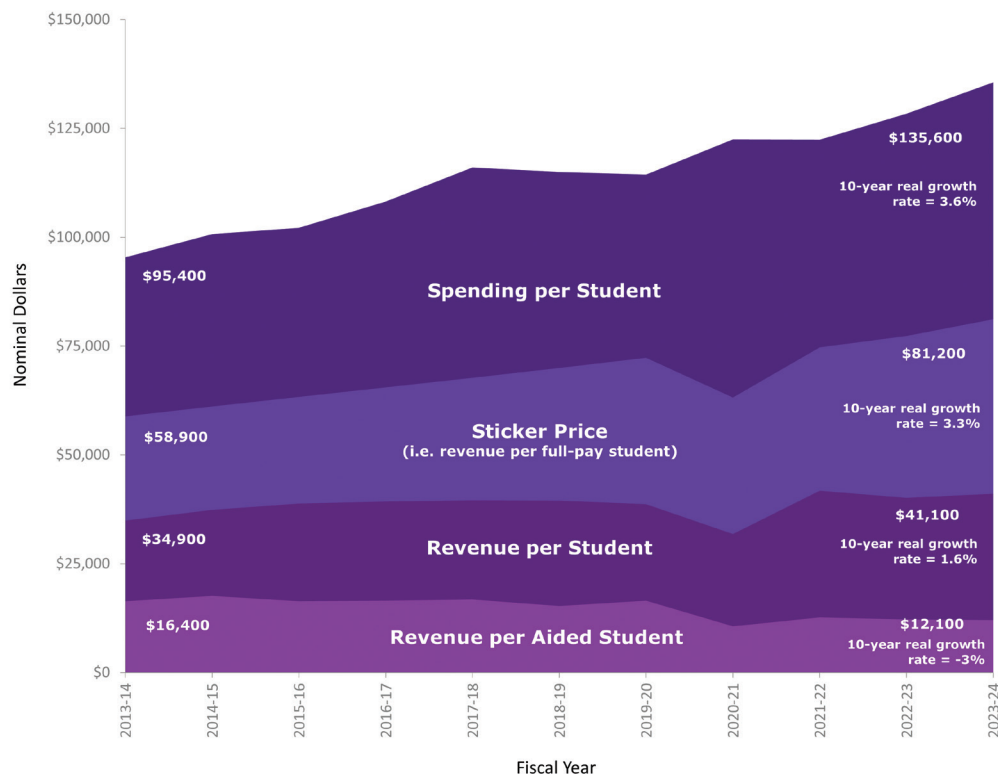
- > Over time, Williams has become more reliant on the endowment and current gifts and less reliant on net tuition revenue.

Trend in Revenues by Source



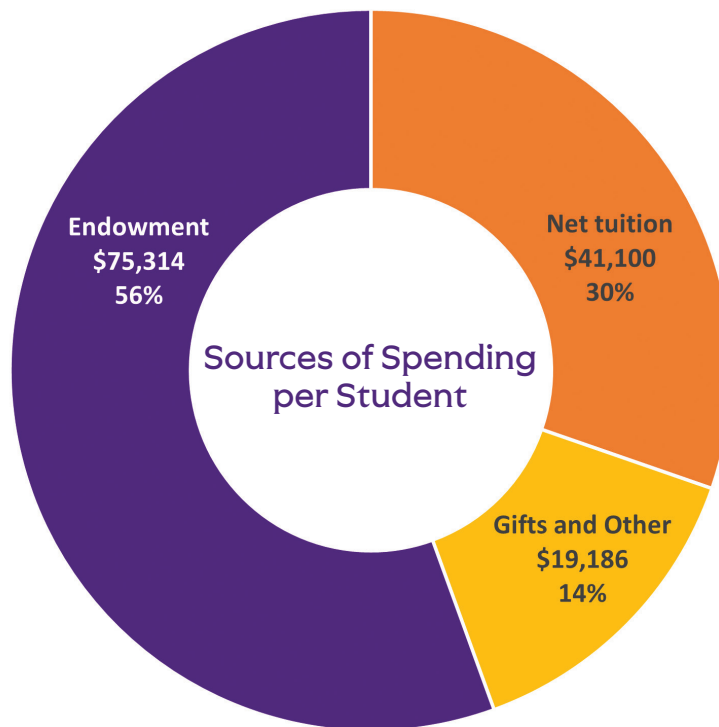
- > The college spends more than it charges and charges more than it collects.
- > The average aided student pays significantly less than 10 years ago.

What Williams Actually Spends, Charges and Collects per Student



Williams spends \$135,600 per student from three sources:

- > The college collects an average of \$41,100 in net tuition per student;
- > The college raises an average of \$19,186 in gifts and other revenue per student;
- > Which means the college needs, on average, to use \$75,314 from the endowment for every student.



Summary Investment Performance

The Williams College investment pool returned 2.96% for the fiscal year ended June 30, 2023, and ended the year with a market value of \$3.5 billion. The table below presents asset class level performance.

Williams College Investment Pool Returns in FY2023

ASSET CLASS	POLICY WEIGHT	FY2023 RETURNS
Global Long Equity	25%	16.1%
Global Long-Short Equity Hedge Funds	21%	6.3%
Absolute Return Hedge Funds	17%	6.3%
Venture Capital	9%	-13.4%
Buyouts	9%	7.8%
Real Assets	4%	-3.4%
Real Estate	5%	-1.0%
Non-Investment Grade Fixed Income	8%	4.5%
Cash and Short-Term Treasuries	2%	3.5%
Total	100%	3.0%

FY2023 Investment Results in a Nutshell

► Traditional public equities rallied during fiscal year 2023. The global equity markets were up 16.1% for the year, a nice rebound from FY2022, when they were down 16.5%.

► Other equity-biased portfolios did well. For instance, our hedge fund portfolios and buyout portfolio produced solid returns.

► Venture capital—both the industry in general and our portfolio in particular—had a difficult year. Our venture portfolio fell 13.4%. We note the asset class also fell 13% in FY2022. It was, however, up by double digits in nine of the 10 years before that—and up 124% in FY2021.

The following tables present our investment performance over various periods through June 30, 2023, and our annual returns for the past 10 years.

Annualized Returns for the Fiscal Year Ended June 30, 2023

	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS
Williams Portfolio ¹	3.0%	11.1%	9.2%	9.9%	9.5%	10.7%
Policy Portfolio Benchmark ²	7.3%	11.4%	7.6%	7.6%	n/a	n/a
60/40 Stock/Bond Portfolio ³	11.2%	7.1%	7.9%	8.5%	7.5%	8.0%
Return Objective ⁴	8.1%	10.7%	8.9%	7.7%	7.6%	7.5%

1. Williams Portfolio returns are net of fees and annualized for periods over one year.

2. Policy Portfolio return data is not available for the 20- and 30-year periods.

3. A passive benchmark of 60% S&P 500 Index/40% the Bloomberg Barclays U.S. Aggregate Bond Index.

4. The Williams Return Objective is a 5% real return plus inflation, defined by the Consumer Price Index.

Annual Fiscal Year Returns

2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
3.0%	-11.2%	49.9%	3.3%	9.6%	13.5%	14.6%	-1.5%	9.9%	17.5%	14.8%	3.1%



Our Impact Investment Program

Williams seeks to invest significant funds with managers whose areas of expertise include companies, projects or technologies focused on the reduction of global greenhouse gas emissions. In 2015, the Investment Office was charged with deploying \$25 million in this area by 2020; we exceeded that goal and invested \$30 million. Since 2020, at the direction of President Maud Mandel and the Investment Committee, we have continued to seek opportunities for these impact investments and have deployed a total of \$50 million across six funds. During FY2023, we continued to research impact investments related to combatting climate change; we are excited about the pipeline ahead. Our goal is both to earn a market-rate return and to support projects that measurably reduce greenhouse gas emissions.

A Word on Diversity, Equity and Inclusion

President Maud Mandel has charged all Williams departments and offices to “suffuse our commitment to inclusion throughout every part of this institution. This isn’t a project that can be owned by one office or individual. We must all commit to removing barriers and creating equitable communities through long-term solutions embedded in our collective culture.” In the Investment Office, we believe we have a unique opportunity to support our students and advance our industry by becoming leaders with regard to DEI initiatives. We have organized our DEI work into three broad areas: governance, people and portfolio. We continuously strive to improve our investment decision-making process and, ultimately, investment results. To that end, we have and will continue to focus on partnering with diverse teams and emphasize inclusive decision-making practices. Our goal in doing so is to drive better investment results.

Collette Chilton, the college's first chief investment officer, has long been recognized as a leader and pioneer in investing. One of her most recent honors was the 2022 Americas Industry Leadership Award from 100 Women in Finance, a global organization. The award recognizes "exemplary professional talent, business ethics and passion for investing."

While building and leading one of the nation's most respected endowment management offices, Collette also dedicated herself to mentoring Williams students interested in careers in finance and investing. She created three programs that expose current students and young graduates to the work of the Investment Office, offering them invaluable insight and experience. Many participants have been from backgrounds underrepresented in finance.

Collette stepped down as CIO on June 30, 2023, and will retire December 31. We ask her now to look back to the Investment Office's beginnings (at a borrowed desk in an alumnus's office in Boston) and forward to the future of endowment management at Williams and in higher education.



REFLECTIONS

Collette Chilton

You became the college's first full-time chief investment officer in 2006. What made that the right moment for Williams?

Before I joined Williams, the college's investment portfolio was overseen by alumni volunteers; there were quite a few of them involved, as there are now, and they were dedicated and expert, as they are now. But the size of the endowment then was just under \$2 billion. Most schools had set up professionally staffed investment offices when they got to about a billion dollars.

So you asked what made 2006 the right moment; actually, the right moment had probably come earlier, but it took a while to get there. It was the size of the portfolio and the complexity of the college's portfolio that caused people on [what was then the trustee Finance Committee] to say, "We should be doing this." But the college worked on the idea of professionalizing for quite a while before they started talking to me.

Why did it take so long?

Williams was appropriately cautious about creating an investment office, because we have so many excellent alumni in the investing profession and so many were on the college's committees. The secret sauce of the investment program at Williams is all the people in the investment world who are on our committees and have helped us.

How did you go about building the Investment Office from nothing?

We looked at the size of the asset pool and how other offices were structured and landed on saying a well-sized team would be seven people.

At first, there was me, my assistant and our chief operating officer. In the first year, Abigail Wattlely [a 2005 Williams graduate who had been at Cambridge Associates] became our first analyst. All of those people are still

in the office, and now Abigail is the CIO. It's just an amazing story that it worked out that way.

What did you look for in the people you brought on—initially and over the years—to be a part of your team?

I think it took us a couple of years to get to seven people. This was a startup, from scratch. I had a vision, and the Investment Committee had a vision of what it could be. I talked to people in well-established places who didn't want to take the leap.

I was looking for people who were excited about an investment office startup. If you just wanted to show up at the office and do your thing and then take off for the day, that wasn't what we were looking for. We needed people who were scrappy and excited about the challenge.

There was no office space yet; I was interviewing people in coffee shops and random places. In the meantime, we were also managing the endowment. It was the expectation that you run this thing while trying to build the team.

Now, the office is 12 people. Two of the 12 are always recent Williams graduates who are part of our three-year full-time analyst program.

Otherwise, the people who are joining today tend to have more experience. We have more levels on the team. One of the things we focused on is that these are careers, not just jobs. We looked for people who wanted to stick around, who see endowment management as a career, not a stop along the way.

Why is that important?

What we do is a long, slow process, so it's important to have people around who were here three and four years ago and remember what we did then and why.

It's easier to recruit now, because people know what we've done and want to be a part of that, as opposed to back then, when it was, "What are you doing?"

An endowment is a complicated thing—not exactly a savings account, not exactly an investment account even. How do you explain to a layperson what the endowment is for?

The endowment is there to support the college. We support over 50% of the operating budget. It's not a checking account. But it's also not something that we don't touch and let grow to the sky.

We've had the question, "Why don't you make Williams tuition free and spend more of the endowment?" But if you spend down the endowment today, there is less for students to benefit from in the future. You have to spend today; we want to spend today to preserve the excellence of a Williams education and to help today's students. But you also have to protect the future—and future students.

The endowment is a powerful tool for the college. It allows [President Maud Mandel] and her senior staff to do what they do, to make the choices they make, for instance, about prioritizing financial aid and eliminating loans and work-study requirements for aided students.

Funding student aid is clearly an important priority for you.

The majority of students at Williams are on financial aid of some kind, and that wouldn't be possible without an endowment the size of what we have with the returns that we've had.

For the 10th year anniversary of the Investment Office, we looked at how much we outperformed the market. The outperformance had paid for financial aid in those first 10 years. Of course, alumni who give to the endowment to support financial aid are also an incredible part of that.

What gets us excited about the jobs we have [in the Investment Office] is that we really think about our work as being an engine of opportunity. When you think about all the students who come to Williams on financial aid, it's really impactful for them to graduate without debt and be able to support themselves and their families.

What are the important issues that the Williams endowment will have to grapple with in coming years?

We've come through a period of great returns in the financial markets. One of the contributors to that was low interest rates, rates so low they created an attractive environment for investing.

With rates going up, it's going to be a different investment environment, and nobody really knows what will happen. I think there's a lot of uncertainty going forward about what returns are going to be.

People on our Investment Committee think it's going to be a more challenging environment. That challenge is there for all college and university endowments. Everyone's trying to figure it out.

How well-positioned is Williams to face that challenge?

We always have a diverse portfolio. Nine asset classes. About 60 managers, hopefully none of whom is redundant to the others.

The reason for that is we don't know what's going to work from year to year. We have a diverse portfolio so that, at different points of time, different parts of the portfolio will be most productive.

No single asset class is the top performer every year. Within each of those asset classes, we have several [outside] managers who are all doing different things. That's how we manage risk, by not having too narrow a strategy.

We also have a terrific Investment Committee. They're very experienced investors. They're not impatient; they understand changes in the market. They are very supportive of the work that the Investment Office does.

That's incredibly valuable, always, but especially in the challenging environment we're in today. It's a very close, collaborative relationship with the members of the committee. There are other investment offices where it's less collaborative. But that's the Williams culture, right? It's not a "do-this, gotcha" kind of culture.

How have the environment and the opportunities for women in endowment management changed since you entered the field?

Most of my career, I feel like I've spent a lot of time in meetings, in teams and in rooms that were mostly men. But the endowment management world is definitely changing. Many CIOs today are women. It feels anecdotally to me like it's changing, but when you look at the data, it doesn't necessarily show that.

What are we doing? A lot of the people on our team are women. A lot of the students we hire [as summer employees or three-year analysts] are women or people of color. That's important to us and it's important to Williams, and we track that.

The other thing I do personally: I'm involved with a group called Girls Who Invest [which offers online and summer programs for college women interested in investing careers]. I'm on the board, and I've been a recruiter at Williams since the organization started. Every year, I think, the college has had at least two women in the program.

It's really about creating a pipeline for women going into this business, and, honestly, I think that's how things are going to change.

You've been very intentional about creating opportunities for Williams students and young alumni to gain exposure to investment and finance. And you've been intentional about making sure those opportunities go to a diverse group of Ephs. What's important to you about those opportunities and about diversifying exposure to the field?

These are amazing jobs, and they're not widely known. I think that students at Williams and at many schools hear a lot about investment banking, but investment management isn't as well-known. We have been advocates. These jobs are awesome, and they're great for liberal arts students. It's about doing analysis and coming up with a thesis. Critical reading and writing are really important skills to have in this field.

The opportunities in investment management are typically well paid. It's an interesting job; it's global. So you can have a great career, and it's financially attractive. You can support yourself, and, in the case of Williams graduates who didn't grow up in affluent circumstances, you can help support your family.

It's hard to imagine you spending a lot of time in a rocking chair on the porch. What's next for Collette Chilton?

At first, I thought I was just going to goof off. But I'm on several boards, like Girls Who Invest, which I mentioned earlier, and the Boys and Girls Clubs of Boston, which is an amazing organization. And I'm on several investment committees. So I will probably be more busy than I thought I was going to be. But having more flexibility—being able to travel, being able to go to the gym at 8 a.m. instead of 7—having that kind of flexibility in life will be great. And, of course, spending more time with my family.

Governance and Management FY2024

INVESTMENT COMMITTEE

Nathan K. Sleeper '95
*Chair**

Noriko Honda Chen '89*

Matthew C. Harris '94*

May Y. Ng '92

Elizabeth B. Robinson '90*

Jonathan D. Sokoloff '79*

Timothy A. Barrows '79
Emeritus

Michael R. Eisenson '77
Emeritus

O. Andreas Halvorsen '86
Emeritus

Jonathan A. Kraft '86
Emeritus

INVESTMENT OFFICE STAFF

Reporting to the college president and the Investment Committee, the chief investment officer oversees and manages the college's investments, including the selection of investment managers, subject to the approval of the Investment Committee.

Abigail G. Wattley '05
Chief Investment Officer

Collette D. Chilton
*Senior Advisor to the
Investment Committee*

Paul B. Mace, CFA
Managing Director

Bradford B. Wakeman
*Managing Director and
Chief Operating Officer*

John J. Lewis, CFA '99
*Director of Investment Operations
and Risk Management*

Leah C. Anderson, CFA
Associate Director

Morgan E. Kochard
Associate Director

Ricardo Torres-Garzon '21
Investment Analyst

Leslie Arroyo
Investment Analyst

Kristin A. Corrigan
*Executive Assistant/
Office Manager*

Emilee G. Ensko
Administrative Assistant

ADVISORY COMMITTEES

MARKETABLE ASSETS

Noriko Honda Chen '89
*Co-Chair**

May Y. Ng '92
Co-Chair

Charles P. Coleman III '97

Anouk Dey '09

Jennifer A. Heller '00

Elizabeth B. Robinson '90*

Gordon Singer '96

Jonathan A. Kraft '86
Emeritus

NON-MARKETABLE ASSETS

Matthew C. Harris '94
*Co-Chair**

Jonathan D. Sokoloff '79
*Co-Chair**

Gretchen E. Howard '95*

Jeffrey K. Rhodes '97*

Elizabeth B. Robinson '90*

Nathan K. Sleeper '95*

Ray Whiteman '81

R. Eric Wilmes '94

Timothy A. Barrows '79
Emeritus

Michael R. Eisenson '77
Emeritus

REAL ASSETS

Michelle Y. Pak '91
Chair

David Morrison '90

Charles K. Thompson '83

**Williams College Trustee*

Thanks to Dennis O'Shea '77,
who again helped us in writing
our Annual Investment Report.

Williams

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