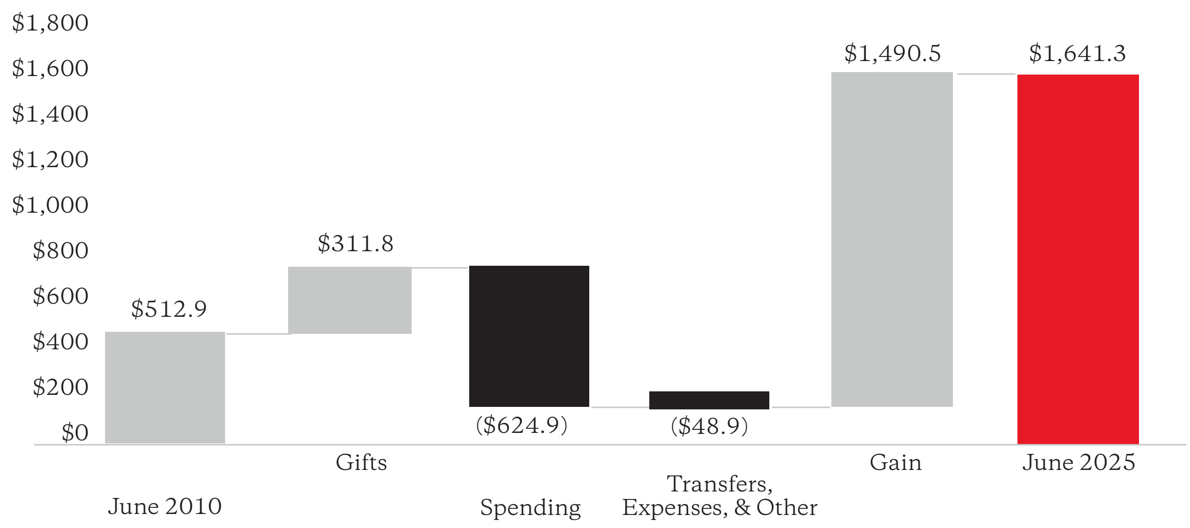
To our stakeholders,

This year marks the 15th anniversary of the Wesleyan Investments Office (WIO) as it exists today. While 15 years is typically long enough to span at least one market cycle, the S&P 500 has dropped more than 20% three times over this period. Over these periods of crisis and recovery, we have seen major shifts in how capital is priced and how investment opportunities are created. Fifteen years is also long enough for compounding—both financial compounding and institutional compounding—to take hold. Looking back on this period, we are proud of what has been accomplished. Today, Wesleyan's endowment is larger, more resilient, and better positioned to support the University than it was when the current WIO began its work at the beginning of fiscal year 2011.

An account of the past 15 years is ultimately a story about the combined impact of **alumni generosity and investment performance** and the powerful way these two strengths reinforce one another over time. Gifts increase the endowment's base; returns compound that base. Over the 15-year period, Wesleyan's endowment received **$311.8 million in gifts**, contributing more than **$573 million of value** to the endowment today. Every gift is an investment not just in the present but in the future—an act of confidence that Wesleyan will steward capital carefully and ensure that it strengthens the institution across generations. Without this generosity, the endowment would be meaningfully smaller today, and the University would have received $135.7 million less operating support over the period. Gifts have helped expand financial aid, strengthen academic programs, maintain and improve the campus, and preserve flexibility in the face of uncertainty.

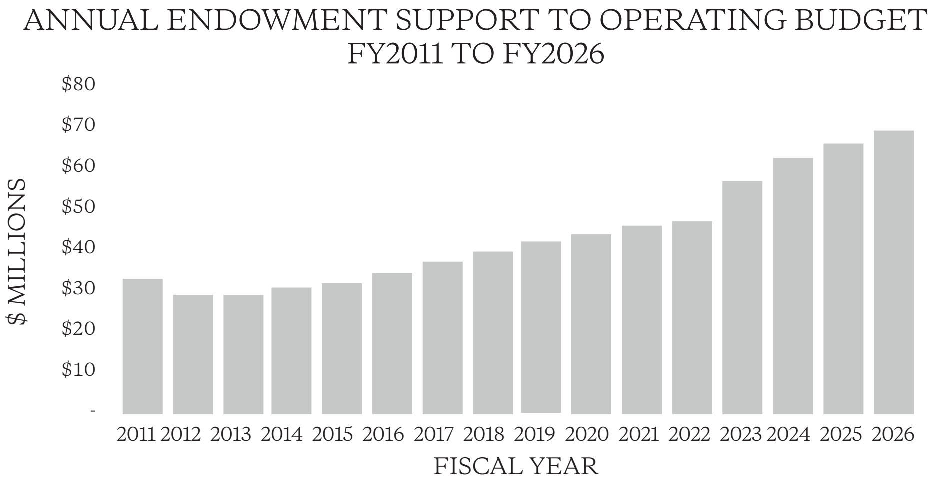
At the same time, strong investment returns amplified the impact of these gifts and strengthened the endowment far beyond what contributions alone could have achieved. The WIO managed the endowment to a 15-year annualized return of **10.2% through June 30, 2025**, exceeding our policy benchmark and delivering meaningful excess returns relative to peers. Gains on our starting value of nearly $513 million at the end of fiscal 2010 have totaled just shy of $1.5 billion.

CHANGE IN ENDOWMENT VALUE OVER 15 YEARS ($MM)

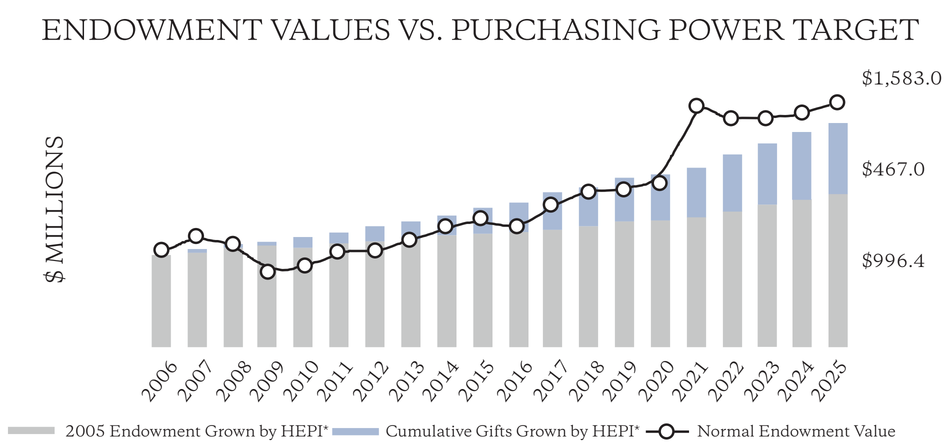


Relative to peer outcomes, our investment performance produced an estimated **$346 million in excess returns** over the 15-year period—resources that directly affect annual operating support and increase the University's capacity to invest in its students and faculty.

The endowment has provided more than **$624.9 million** in support of Wesleyan's operating budget over the past 15 years. Those distributions have been central to the University's ability to fund scholarships, faculty, student services, and core academic priorities. Yet the endowment also grew substantially over that period, achieving its dual goals of supporting the University today while preserving and strengthening purchasing power for the Wesleyan of tomorrow.



The University's broader financial discipline has also played a critical role. Endowment success is not only about investment performance but also about how the University manages the endowment's spending and protects its purchasing power. Wesleyan's revised spending rule, adopted in 2012, was designed to prioritize annual payout stability while incorporating market realities over time. By smoothing payouts and targeting an appropriate long-term spending rate, the policy ensures that neither current students nor future generations consume more than their fair share of the endowment's value. That discipline has been essential to sustaining purchasing power and enabling the endowment's growth.



* HEPI = the Commonfund Higher Education Price Index

The last 15 years have not been a smooth path upward. When the WIO took its current form in 2010, the world was recovering from the global financial crisis. Markets were fragile, confidence was shaken, and the lessons of liquidity, diversification, and excessive leverage were fresh. Wesleyan made an important strategic commitment: to build an investment program with a long-term horizon, a diversified exposure to global equity and private market opportunities, and a reliance on skilled managers capable of navigating varied investment regimes.

Since 2010, the endowment has experienced years of exceptional gains, periods of muted returns, and inevitable drawdowns. Indeed, the past few years are a clear reminder that annual results can diverge from expectations and that portfolios do not move in straight lines. What matters for an endowment is not whether any single year exceeds a benchmark but whether the portfolio compounds at a rate that sustains payouts, covers inflation, and builds purchasing power over time. Over 15 years, the endowment has done that.

Results of this magnitude require effective governance, a disciplined spending policy, the generosity of alumni, and enduring partnerships with talented investment managers. A willingness is required to make decisions that may not look optimal in the short run but are designed to build strength through full market cycles. The WIO has benefited from this alignment, and the University is meaningfully stronger.

	15-year	10-year	5-year	3-year	1-year
Wesleyan Managed Pool	10.2%	9.5%	11.5%	5.5%	8.2%
Wesleyan Composite Benchmark[1]	9.2%	8.7%	11.2%	7.8%	10.0%
70% Stocks (ACWI)/30% Bonds (Barclays Agg)	8.3%	7.7%	9.3%	12.8%	13.2%
HEPI[2] + 4.5% (Absolute Return Hurdle)	7.3%	7.6%	8.3%	8.2%	8.2%
Median: College & University[3]	8.7%	8.1%	11.0%	9.3%	11.6%

FISCAL 2025 RESULTS

Fiscal 2025 marked the third consecutive year of positive returns for the Wesleyan Managed Pool. The portfolio gained **8.2%** for the year, increasing the fiscal year-end balance of the total endowment pool to approximately **$1.64 billion**. While this was a reasonable absolute result—keeping up with inflation and spending and reflecting steady progress in rebuilding value since the high-water mark in fiscal 2021—the portfolio underperformed most benchmarks over the year.

Fiscal 2025 was another year in which public markets delivered results well above long-term expectations, and those gains were driven by an exceptionally narrow set of mega-cap technology companies. In effect, broad global indices were lifted disproportionately by a small group of firms at the center of AI infrastructure, cloud computing, and advanced semiconductor manufacturing. These companies now represent an unprecedented share of the overall public market. Their outperformance, while remarkable, has introduced a form of concentration risk that is historically unusual.

[1] A benchmark based on policy asset class weights and corresponding indices.

[2] The Commonfund Higher Education Price Index

[3] All college and university returns as of June 30, 2025 as reported to Cambridge Associates.

Our portfolio did not have significant exposure to this concentrated group of companies. This was not the result of an explicit view that these businesses would perform poorly, nor was it an intentional underweight designed around short-term positioning. Rather, it reflected how the endowment's public equity portfolio has been built over time: anchored in manager-driven, benchmark-agnostic investing, diversified across styles and geographies, and oriented toward fundamental stock selection rather than index replication. In a market where a handful of companies drove so much of the benchmark return, this approach created meaningful relative headwinds. Despite producing strong long-term returns, our large biotech position was a significant drag on public equity portfolio returns, as the sector faltered in the face of regulatory and drug pricing risks. Consequently, our developed equity portfolio meaningfully underperformed its benchmark and was a large factor in why the Wesleyan Managed Pool return trailed a passive 70/30[4] portfolio and the policy benchmark for the year.

The venture capital portfolio returned 8.2%. After two consecutive years of negative performance, valuations in our venture portfolio began to recover as public markets rallied and enthusiasm for AI and related technologies brought capital back into growth investing. However, with one-quarter of the endowment allocated to venture, the asset class's return was another headwind to keeping pace with the passive 70/30 portfolio.

Returns in venture can be extraordinary but episodic. We wrote about this dynamic in our fiscal 2022 letter following the asset class's remarkable returns that contributed significantly to our fiscal 2021 results. While we have since experienced a stretch of muted returns, we remain disciplined in our commitment to the asset class. History has shown that trying to time venture cycles is more likely to guarantee disappointment than ensure outperformance.

Outside of public equities and venture capital, the endowment produced several encouraging results. The absolute return asset class was the strongest contributor, generating a **14.7%** gain. Managers with net long-equity exposure benefited from the market's tailwind, while other gains came from credit dislocations and idiosyncratic opportunities.

Buyout produced a **12.0%** return, supported by improving operating results and stabilizing valuation marks. Wesleyan's exposure in this asset class is broadly balanced between technology, industrials, and healthcare, and much of the year's gains were driven by technology and industrial holdings. Emerging markets equities gained just shy of 9.9%, though they lagged their benchmark significantly: Exposures to China helped buoy performance while investments in India dragged down returns. Real estate was a modest detractor as property values continued to be depressed amid a persistently troubled office landscape and higher costs of financing. Natural resources, in liquidation, was immaterial to the overall portfolio.

While annual results matter, one-year performance is inherently volatile and highly dependent on narrow market conditions. It is not the lens through which endowment stewardship should ultimately be judged. The portfolio's structure is designed to compound over long time horizons while maintaining resilience through market shocks. In this context, fiscal 2025 is best understood as a year of continued progress and steady rebuilding, occurring in a market environment where returns were both unusually strong and uncommonly concentrated.

[4] 70% MSCI ACWI Index and 30% Bloomberg U.S. Aggregate Bond Index

ASSET ALLOCATION

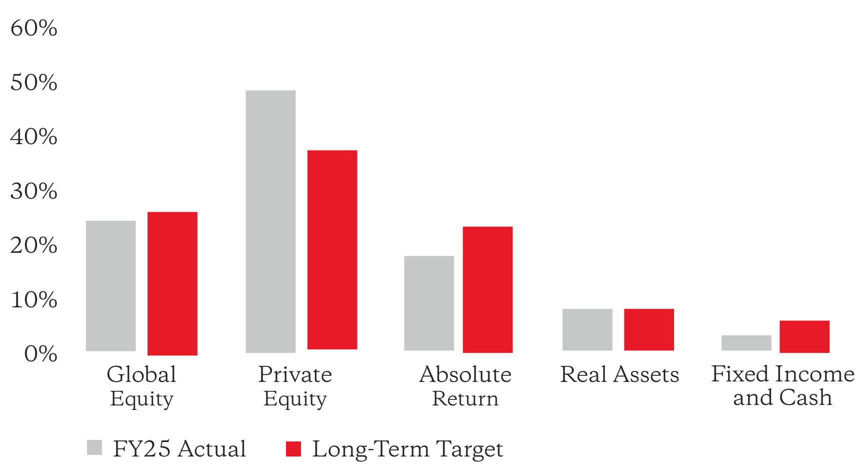
Asset allocation is an important long-term determinant of endowment performance. Our asset allocation policy helps define Wesleyan's ability to tolerate volatility and illiquidity as well as balance long-term growth with resilience through drawdowns. With our commitment to illiquid asset classes, we must ensure adequate liquidity to meet both annual payouts and capital calls from our private commitments.

The endowment's strategic asset allocation includes exposures to global public equities, absolute return strategies, private equity, venture capital, real assets, and fixed income. Public equities provide broad participation in global growth and remain an essential component of long-term real return. Absolute return strategies play a different role: They are designed to provide diversification and opportunistic return generation in environments where traditional asset classes may struggle. Private equity and venture capital are intended to capture long-duration value creation and innovation that often occur outside public markets. Real assets theoretically provide inflation sensitivity and portfolio ballast, though their composition and effectiveness must be evaluated continually to consider changing market dynamics. Fixed income and cash serve primarily as risk mitigation and liquidity management tools.

Over the past several years, we have revisited our asset allocation in response to evolving market conditions. Some asset classes that once behaved distinctly now move together more often, reducing diversification benefits. Public markets have become increasingly concentrated, raising questions about the relationship between benchmark exposures and manager-driven selection. Meanwhile, private markets have grown more competitive, making manager selection and pacing more important than ever. These realities have driven the WIO to adapt without abandoning our core principles. We have consolidated our public equity categories into a single global equity portfolio, improved liquidity planning, decreased equity exposure within absolute return mandates, and remained disciplined in private market pacing. These changes are implementation adjustments, not a change in philosophy.

A target asset allocation is aspirational rather than something that we can control in the short term. Recognizing that, we operate within acceptable tolerance ranges around our long-term asset allocation targets, enabling us to size up our best ideas and tolerate venture exposure above our target during periods of outperformance.

FY25 ACTUAL AND LONG-TERM TARGETS



THE WORLD AHEAD

If the past 15 years were defined by falling interest rates, accelerating globalization, and abundant capital, the next 15 years are likely to be shaped by very different forces. The investing landscape is becoming more complex, and competitive advantages may erode more quickly. The cost of capital has risen meaningfully. Market structures are changing. Technological progress—especially the rapid adoption of generative AI—is reshaping business models and labor markets. Geopolitical shifts are reconfiguring supply chains and global alignments and creating new risks. Climate and energy transitions will drive multi-decade capital investment. These forces will influence every asset class and will challenge investors to remain adaptable.

The endowment enters this period from a position of strength. We are well-positioned through partnership with many long-standing managers who have successfully navigated multiple cycles. Our governance system is set up to support investing over a long time horizon. The portfolio is diversified across sectors and geographies and, perhaps more importantly in today's world, it is diversified across managers who think differently from one another about the future. Yet the world ahead requires that we continually reexamine how we express our strategy, especially in areas where markets have changed structurally.

One important structural question emerging today concerns public market concentration. When a small number of companies dominate benchmark returns, a diversified portfolio can lag despite being well-constructed for long horizons. This does not mean we should abandon manager-driven investing or begin index replication. But we must thoughtfully evaluate whether the portfolio's public equity structure adequately captures the most significant sources of global growth, especially when those sources become increasingly concentrated. We are actively addressing this imbalance and expect to continue doing so over the next several quarters, while preserving our ability to partner with opportunistic, benchmark-agnostic managers.

A second area requiring scrutiny is private market underwriting in a higher cost-of-capital environment with more competition. The returns of the last decade were amplified by falling rates and expanding valuation multiples. Those tailwinds may not recur. Private markets have been a large contributor to Wesleyan's endowment, but going forward, strong returns will depend more on careful manager selection, focusing on our partners' ability to add value operationally and maintain discipline on entry prices rather than depending on financial engineering or multiple expansion.

Real estate is another segment that warrants reassessment. The office sector, in particular, faces structural challenges that may persist for years. While we believe real assets can play an important role as income generators and inflation-sensitive diversifiers, we will need to be very selective given the challenges of high leverage, sector cyclicality, and the limited ability to add value that our investment managers face in this asset class.

Finally, the rise of AI is likely to reshape the opportunity set in ways we cannot fully predict. The investment challenge is twofold: identifying where AI creates durable competitive moats and avoiding areas where traditional business models become obsolete. We have spent the last year in conversation with managers about how their investments may be threatened by or benefit from AI, how they are leveraging it to improve their own decision-making, and where new investment opportunities may emerge. Responses vary widely, and it will take time to determine where sustained advantages and risks will exist. Our goal is not to predict the exact path of innovation but to position the portfolio to benefit from multiple future states.

CLOSING REFLECTIONS

We are proud to have served Wesleyan for the past 15 years. During this period, our work has always been guided by a simple goal: to strengthen the endowment so that Wesleyan can continue to thrive. The returns we have generated have gone right back into supporting the teaching, learning, and discovery that make this community special.

The first 15 years of the WIO reflect disciplined stewardship, aligned governance, and a powerful compounding flywheel driven by both investment performance and alumni generosity. The endowment has become a stronger engine of support for the University, not because markets always cooperated but because Wesleyan committed to principles that hold through cycles: a long time horizon, diversified return drivers, thoughtful risk taking, and a sustainable spending framework.

The next 15 years will bring new challenges and unprecedented opportunities. Our commitment is to remain intellectually flexible, continuously improve our approach, and position the endowment to thrive across a range of future environments. We are grateful for the trust placed in us and for the privilege of stewarding Wesleyan's resources to support generations of students to come.

Sincerely,

Andrew Vogel
Investment Committee Chair

Anne Martin
Chief Investment Officer

WESLEYAN INVESTMENT COMMITTEE 2024–2025

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Wesleyan Trustee | Chair, Investment Committee
Co-Chief Investment Officer & Managing Partner, ZMC
New York

JEREMY MINDICH ’87, MALS ’89
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Founding Partner, Scopia Capital
New York

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Partner, LeapFrog Investments
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