Agnes Scott College Endowment Update

Overview of the Agnes Scott Endowment

While distinct in purpose or restriction, individual endowed funds in the Agnes Scott endowment are commingled in one investment pool. Within the pool, gifts, returns and spending draws are tracked separately by donor account, much like how a large mutual fund company tracks separate accounts, with net investment returns allocated quarterly.

The college trustees established an endowment spending policy, which attempts to balance the long-term objective of maintaining intergenerational purchasing power of the endowment with the goal of providing funds to underwrite the educational needs of current students and to enhance the college's financial well-being. The policy allows for standard annual spending draws between three percent and six percent of the 12-quarter average market value pegged to June 30.

For restricted endowed accounts, the overall draw total includes a one percent administrative charge. College policies also require that spending draws per donor-endowed account represent only portions of net investment returns accumulated over time, such that spending draws do not come from a donor account's corpus (accumulated gift receipts) without prior discussions with donors.

Donors' gifts remain intact over time in their respective endowed accounts. The college's investment advisor firm is helping the trustees align the endowment investment pool to continue to provide adequate liquidity for college spending needs, to lower investment fees via the use of mutual funds and index funds where appropriate, and to engage active managers when there is a high likelihood those managers can provide additional earnings above benchmarks.

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Endowment Structure & Performance Summary

Ellwood Associates was hired in 2018 as the investment advisor for the Agnes Scott Endowment portfolio. Since that time, Ellwood has worked closely with the Board, Investment Committee and Staff to understand the needs and circumstances of the College and the Endowment assets. Ellwood subsequently restructured the portfolio to better meet both the short-term and long-term goals of the College. Improvements to the portfolio and investment process include:

- **Governance Structure:** Ellwood acts in an implemented consulting capacity, which is similar to OCIO (Outsourced Chief Investment Officer), except instead of having full discretion, Ellwood recommends potential changes to investment strategies and the Investment Committee either approves or rejects the proposed changes. Ellwood is permitted to execute trades among existing investment strategies without approval from the Investment Committee. This process allows Ellwood to tactically respond to changing market conditions.

- **Liquidity:** Once hired in 2018, Ellwood and the Investment Committee worked quickly to improve the liquidity profile and simplify the structure of the portfolio. The percentage of investments with daily liquidity increased from less than 50% in 2018 to 90% today.

- **Fees:** Investment management fees are nearly 50% lower today than they were in 2018. This is largely due to the simplification of the investment structure and liquidation of hedge funds. The fee reduction saves the Endowment nearly $1 million annually.

- **Performance:** Portfolio performance continues to show meaningful improvement. For fiscal year 2021, the Agnes Scott Endowment portfolio generated an investment return of 28%. The Ellwood Advised portfolio of the portfolio (which excludes cash, Coca-Cola stock and illiquid legacy investments) returned 31.4% for the fiscal year, compared to a benchmark return of 27.4%. The strong performance resulted in a fiscal year-end market value of nearly $246 million, the highest level the College has seen since the year 2015. Relative to other endowments, we also continue to trend in a positive direction. The Total Endowment portfolio beat 57% of similar sized endowments in fiscal year 2021. If you exclude the high cash balance needed to accommodate spending, the portfolio outperformed 73% of peers.

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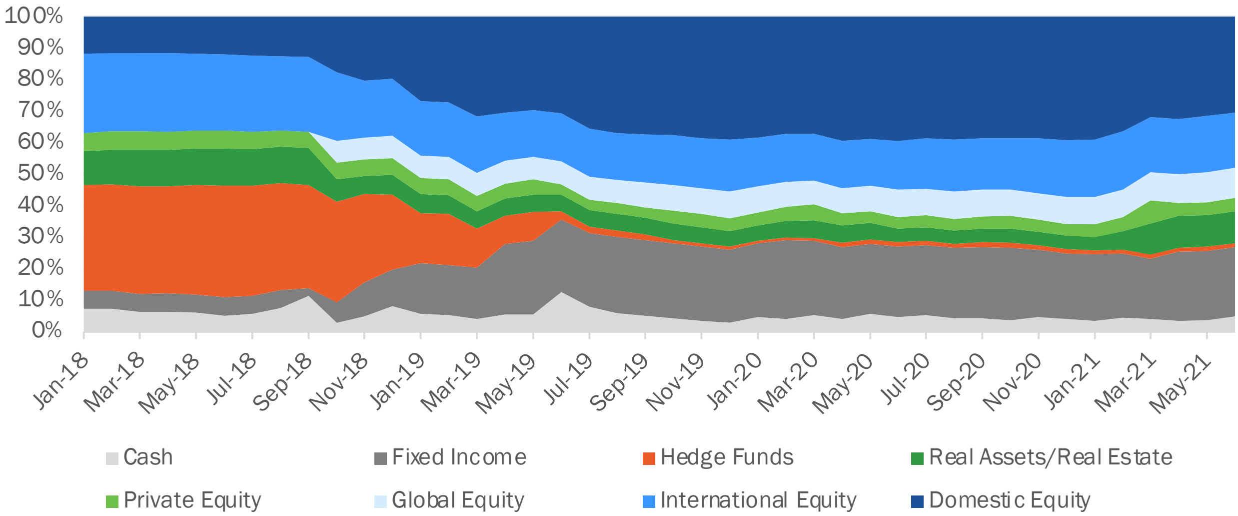
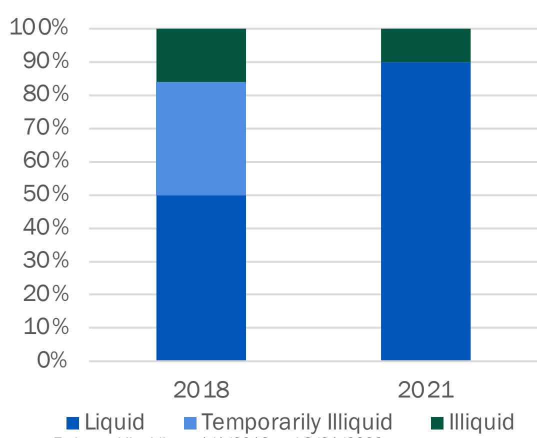
Evolution of Portfolio Asset Allocation



The chart above highlights the transition progress from an asset allocation perspective. Over the past three years the portfolio has shifted dramatically away from hedge funds in favor of public equities, high quality fixed income and private investments, including private equity and real estate.

Portfolio Liquidity

Portfolio Liquidity Comparison



Estimated liquidity at 1/1/2018 and 3/31/2020.
Temporarily Illiquid Assets have a liquidity range from 1 – 24 Months

- The percentage of highly liquid assets has increased considerably from 50% in 2018 to 90% today.
- Today the portfolio holds approximately $12 million in cash and $38 million in Treasuries and High Quality Corporate Bonds, which can be readily accessed to meet liquidity needs
- Over time the goal is to fully wind down temporarily illiquid assets and allocate up to 20% to illiquid asset classes such as private equity, real estate and private credit. The remaining 80% is expected to remain in daily liquid investments.

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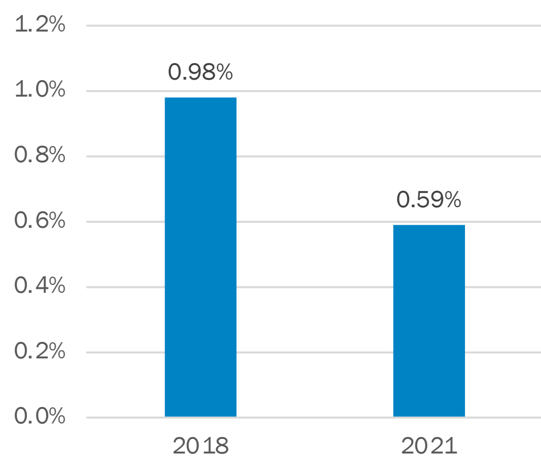
Investment Management Fees

- Investment management fees have been cut in half by roughly 40%, from 0.98% annually to 0.59% annually. Long term fees are expected to level out at approximately 0.52%. Long term fee reductions are expected to save the Endowment over $1 million annually.

- Ellwood and the Investment Committee carefully analyzed investment management fees and made strategic decisions to lower fees through the elimination of hedge funds and reassessment of active vs. passive management in select areas of the portfolio.

- Looking forward, fees will be a key consideration when making investment decisions. In some cases higher-fee investments (e.g. private equity) will be utilized when performance is expected to be additive on a net-of-fee basis.

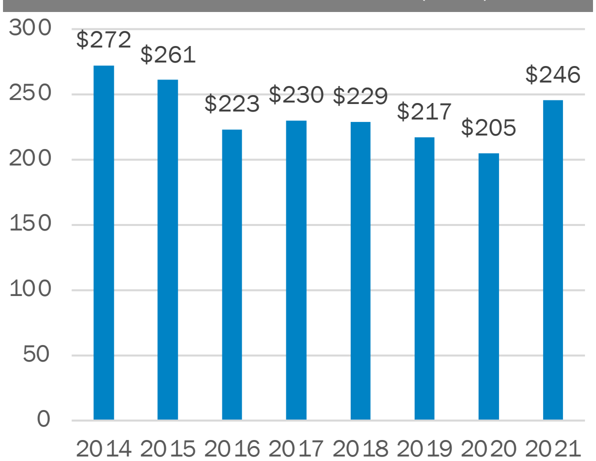
Investment Management Fee Comparison



Fees are represented as a % of Total Portfolio Value

Portfolio Value

Fiscal Year Market Value ($, m)



Estimated portfolio value as of June 30, 2014 – June 30, 2020

- Ellwood has worked closely with the Investment Committee and College Finance & Advancement Staff to analyze the impact of cash flows on the future of the Endowment portfolio.

- The goal is to focus on preserving and growing the base of the portfolio while providing liquidity to meet ongoing pending needs.

- Favorable investment decisions in 2020 combined with strong equity markets resulted in significant portfolio growth in Fiscal Year 2021. Assets are currently at $246 million, the highest level the College has seen since 2015.

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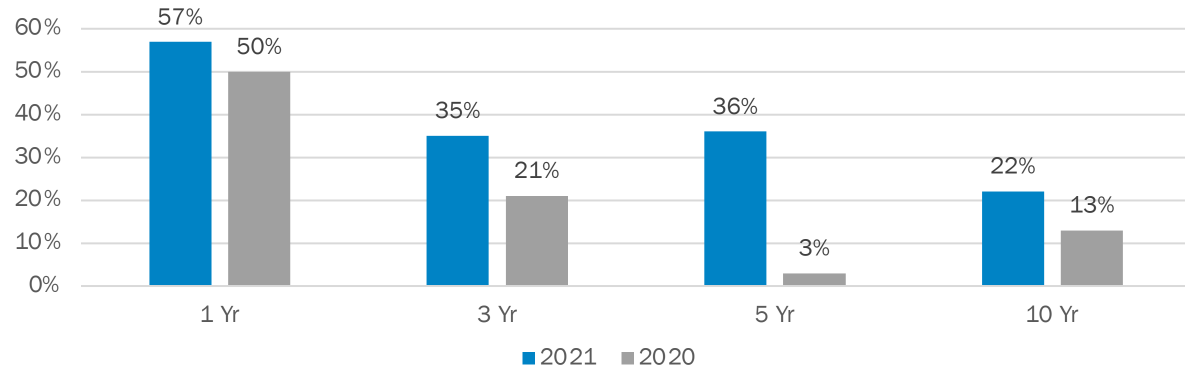
Portfolio Performance

Peer Universe Rankings (% of Peers that the Agnes Scott Endowment is Outperforming)



FY 2021 Performance:	28.0%	10.2%	10.0%	7.0%

Actual performance of the Total Agnes Scott Endowment Portfolio including cash over the past 1, 3, 5 and 10 years. Rankings are considerably higher when excluding cash. Universe consists of Endowments in the $50m - $250m range. Performance ending June 30, 2021

- Agnes Scott Endowment portfolio performance continues to improve. Compared with similar sized Endowments ($50 to $250 million) Fiscal Year 2021 performance ranks in the 43rd percentile (outperforming 57% of peers).

- Longer term returns (3, 5 and 10 year) have shown a significant improvement from last year. Most notable is the 5-year performance figure which was in the 36th percentile in 2021 compared to the 3rd percentile in 2020.

- Ellwood expects continued improvement in long term returns as legacy assets continue to wind down and more capital is deployed into private investments.

Future of the Agnes Scott Endowment

- Over the next 10 years the portfolio is expected to generate annual average investment returns of 6.5%, with a worst case scenario one-year loss projected to be -21.0%.

- Spending needs are relatively high today but are projected to gradually decline over the next 10 years. The Endowment draw for fiscal year 2021 was 8.2% but is expected to fall below 6% within the next 5 years.

- As spending needs decline over time the portfolio may be able to take on additional risk to increase long-term expected returns.

Forward Looking Expectations	
10 Year Expected Return	6.5%
1 Year Downside Risk (CVaR[1])	-21.0%
10 Year Projected Annual Spending Average (%)	5.9%
10 Year Projected Annual Spending Average ($,m)	$15.4

CVAR = Conditional Value at Risk measures the predicted portfolio drawdown at a certain probability level (e.g. 1.0%) during a given period, in this case a peak to trough decline over a 12 month timeframe