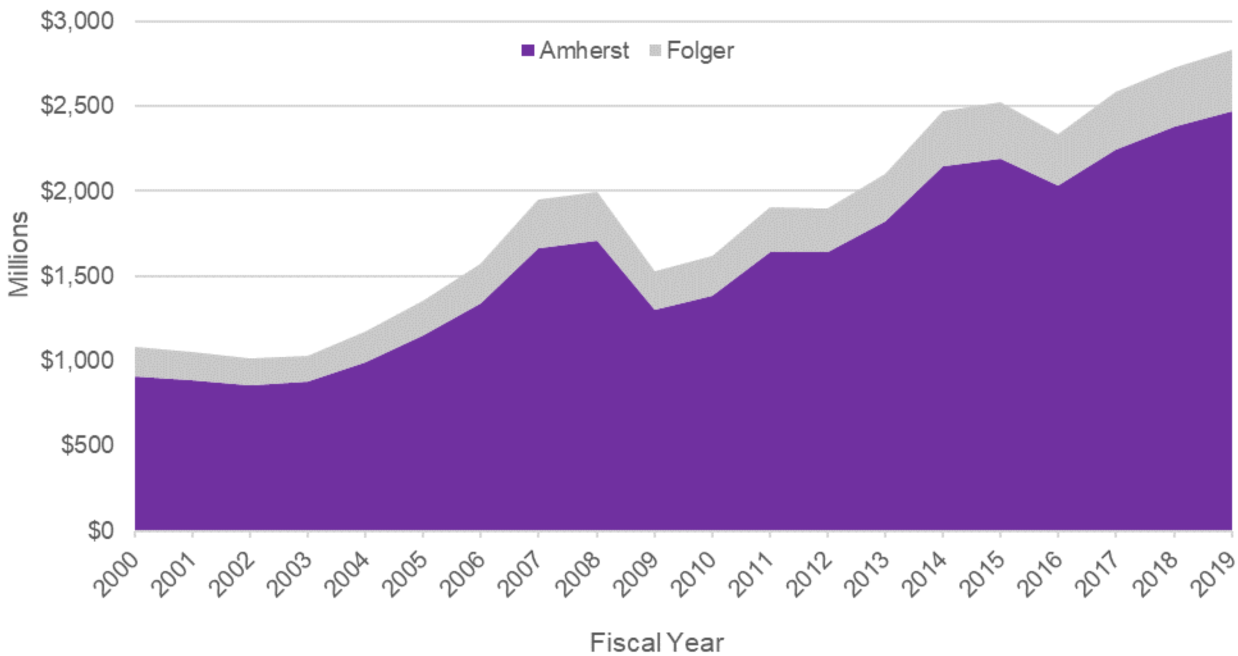
REPORT of the CHIEF INVESTMENT OFFICER

COLLEGE AND LIBRARY ENDOWMENT and SIMILAR FUNDS

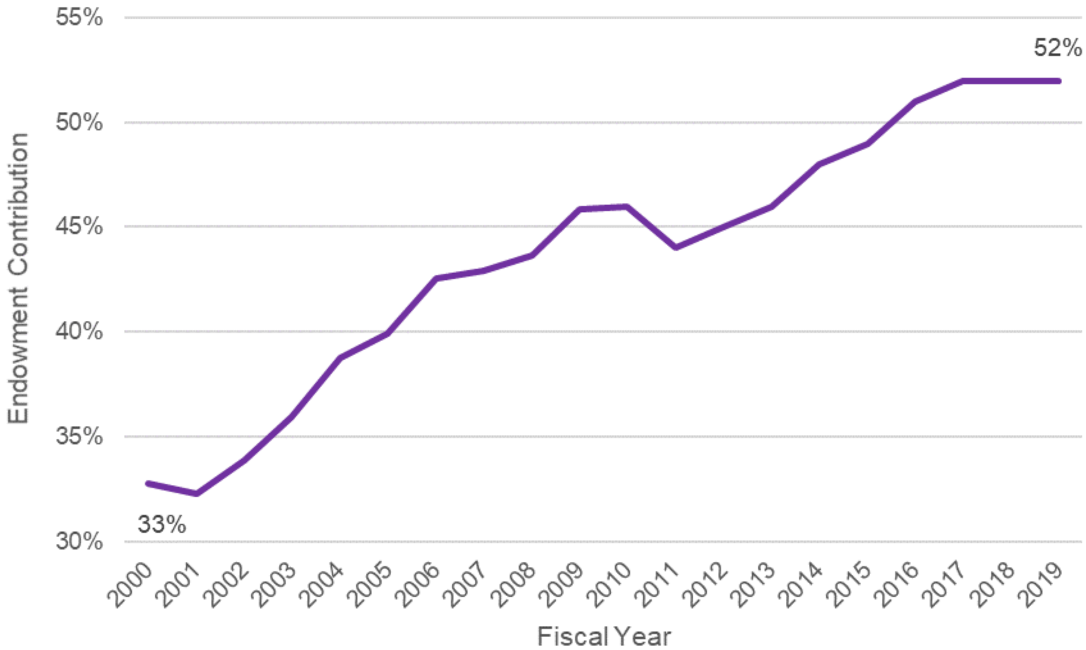
The Amherst College Office of Investments and Investment Committee manages funds on behalf of the College and the Folger Shakespeare Library. Together, these funds are referred to as the Long-Term Investment Pool, or the "LTIP". For the fiscal year ended June 30, 2019, the LTIP delivered a 7.2% net return. This return, coupled with gift receipts of $36 million, brought the College's Endowment to an all-time high value of $2.473 billion, an increase of $96 million over last fiscal year. The Folger Shakespeare Memorial Library's Endowment Fund increased from $352.9 million to $361.3 million over the year.

AMHERST COLLEGE ENDOWMENT VALUE:



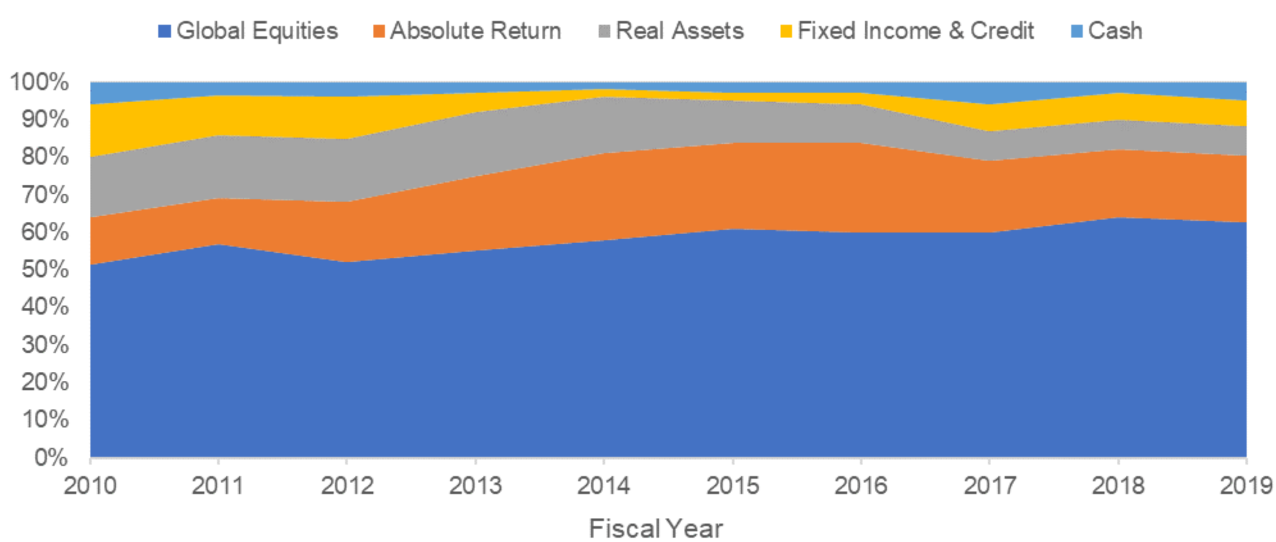
The LTIP's support of both the College's and the Library's operating budgets remains substantial, totaling 52% and 62% respectively, representing – in both cases - their largest single source of revenue. For the College, reliance on the endowment has never been higher. Spending from the LTIP is used to advance the College's strategic initiatives, including attracting the most talented faculty and most promising students regardless of their financial need.

AMHERST COLLEGE ENDOWMENT CONTRIBUTION TO BUDGET:



Investment Strategy: Our ultimate objective for the LTIP is to generate the long-term returns needed to support the current and future endeavors of the College and Library, while being mindful of the need to support an annual draw that cannot - by nature of our high endowment dependence - be too volatile. The latter point can be managed in large part by a thoughtful spending policy that smooths spending over time; however, the LTIP must be managed such that liquidity can be sourced year in and year out for the draw, along with internal LTIP liquidity needs. This objective requires a long-term mindset, a growth orientation, and balance. Our strategy, therefore, is to be broadly invested in equity-oriented and growth-oriented strategies, while maintaining prudent portfolio level balance and liquidity. Our asset allocation is implemented through partnerships with excellent fund managers whose strategy and objectives are aligned with ours. In keeping with our long-term orientation, the LTIP's broad asset allocation does not change substantially from year to year, as you can see below. Equities comprise the bulk of our assets, half of which is invested in venture capital, buyouts, and other private investments.

AMHERST COLLEGE ENDOWMENT HISTORICAL ASSET ALLOCATION:



Fiscal Year and Long-Term Returns: Over the last 20 years, the LTIP has returned 9.8%, outperforming a ~5% spend rate well in excess of inflation and the broad equity markets (U.S. equities +5.9%, global equities +5.3%). These results were delivered with substantially less volatility (<9% versus ~15% for equities), and were the function of excellent manager selection and broad strategy and asset class diversification. The LTIP's 7.2% return for fiscal year 2019 was driven by substantial returns in private markets, with the private investment portfolio returning 17.5% and venture capital leading the way at a 29% return; in contrast, cash and international equities were a drag on performance.

	Annualized Returns for the Fiscal Year Ended June 30, 2019			
	20 Years	10 Years	5 Years	1 Year
Amherst Portfolio[1]	9.8%	9.4%	6.8%	7.2%
Policy Portfolio Benchmark[2]	5.6%	8.5%	6.1%	6.7%
60/40 Stock Bond Portfolio[3]	5.8%	10.5%	7.8%	9.9%
CA Mean[4]	6.7%	8.6%	5.5%	5.5%

[1] Amherst portfolio returns are net of all fees and expenses.
[2] Amherst's policy portfolio / strategic benchmark is a weighted average return derived by applying the target strategic policy portfolio weights of each asset class to the performance of the respective asset class benchmarks.
[3] A passive benchmark of 60 percent S&P 500 Index and 40 percent Bloomberg Barclays Aggregate Bond Index.
[4] Cambridge Associates mean for Colleges & Universities. Consists of 162 institutions reporting returns to Cambridge Associates for one year, 161 institutions reporting for five years, 155 institutions reporting for ten years, and 129 institutions reporting for twenty years. *Preliminary Data –subject to change.*

Sustainability: The Office of Investments is engaged in ongoing efforts to incorporate sustainability into its investment process. This includes engaging with our investment managers on these issues, voting shareholder proxies in support of sustainable & ESG-related corporate accountability, partnering with Ceres, a nonprofit organization that advocates for sustainability leadership, and investing in renewable energy, with a particular focus on wind, solar, and energy storage. With every passing year, issues of sustainability, shareholder engagement, and impact investing (among others) garner greater importance across the investment landscape, and we see this in our endowment as well. Sustainability is being incorporated across a wide variety of channels, through investments that are specifically focused on the issue and those that are coming to it less directly, through greater engagement with their constituency, consumers, or otherwise. This trend is gaining momentum and we believe will continue to impact our endowment over time. The Office of Investments embraces this "active engagement" approach by making our views known to current and prospective investment managers and by aggressively seeking to participate in collective efforts to influence action to address the real and acute problem of climate change.

Looking Ahead: As we begin FY20, both the Investment Committee and the Office of Investments staff recognize that the equity bull market in the U.S. is extended, and will eventually stall. To that end, we have been working on "crisis planning" to ensure we are as prepared as we can be for whatever the market throws our way. This includes running stress tests, liquidity modeling, and putting in place action plans. However, we also realize that trying to predict when or why the markets could hit a snag is a fool's errand, and is not the best way to manage a perpetual endowment. Instead, we are keenly focused on investing with a broad mix of the best partners, who, like us, are seeking to generate high, long-term real returns in this dynamic and complex investment universe. As the College continues its Promise campaign, both the Investment Committee and the staff are grateful for the tremendous support of the Amherst community.