

The Skorina Letter

News, Interviews, Research for Institutional and Family Office Investors

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<http://www.charlesskorina.com/> skorina@charlesskorina.com

Office: 520-529-5677

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Five-year endowment performance: The Big List

In February we published an [abbreviated list](#) of five-year endowment performance for fiscal year end June 30, 2018 for 61 schools to compliment the release of the annual NACUBO TIAA study. Today, we introduce our big list with one hundred large endowments.

Every CIO on our list is experienced, dedicated, and adept at running a diversified portfolio. But MIT produced a five-year return of 12 percent while the University of Chicago posted 6.87. Why the divergence?

Different institutions, different goals

Every school has its own endowment payout rate and tolerance for risk. Some schools rely heavily on the income, others place more weight on growing the principal.

It takes years to fully implement a multi-asset, multi-generational investment strategy and altering course mid-stream – a new investment chair? a change in CIOs? – can [sap performance for a decade](#).

The challenge for the board and chief investment officer is to maintain course when market fluctuations shake conviction and crowd psychology rattles trustees.

Most high-performance institutions on our list have stable boards and long serving chief investment officers. See: [A College Investor Who Beats the Ivys.](#)

Happy boards, happy staffs

The personalities, preferences, and experiences of board members interact in a variety of ways, usually good, sometimes bad, and occasionally incoherently. The trick is to figure out how to work together, achieve a consensus on investment policy, and let the staff handle the investing.

#1: No surprises

Serving on a nonprofit board has many upsides; personal satisfaction, peer recognition, and an opportunity to make a difference. But when things go wrong, the reputational risk is brutal.

No board member at Michigan State or Southern Cal could have foreseen the scandals that erupted on their watch. And we wrote at length about past [challenges at the Harvard endowment](#). It takes a long time to dig out from under poor management as the current board and CEO/CIO can attest.

The job of the investment staff is not to beat Yale, it's to meet the objectives set by the board. Committee members show up once a quarter and shift through hundreds of items in a day. Memories of prior meetings and who-agreed-to-what fade over time. And bad news travels slowly.

Most CIOs issue quarterly reports to the boards, but a few brief key members more frequently, particularly the committee chairs. Boards hate surprises, so keep them informed.

It's better for staff to be part of the solution than seen as the problem.

#2: Education is key

Most members of most boards are not in the asset management business. Don't assume they know what the investment staff is taking about. They are often highly accomplished individuals who succeeded by applying laser-focus to a single pursuit. They may have deep knowledge in their field, but that doesn't necessarily contribute to a coherent investment strategy.

CEOs and entrepreneurs succeed by catering to what is popular and in demand, but successful investing is often counter-intuitive.

Howard Marks, among others, has pointed out that the [best investors seldom run with the herd](#). They invest in opportunities that are not obvious or in favor. And sometimes things just don't work out.

Two recent papers – [Volatility Lessons](#) by Fama and French and [Volatility: It's Worse Than You Thought](#) by Phil Davis – make the point that unpredictable investment returns can upset the best laid investment plans over the “three to five-year periods commonly used to evaluate asset allocations.”

Time, patience, and the magic of compounding are powerful tools in the tax-exempt world and the CIOs on our list have spent their careers learning how to use them. The more board members understand, the better the odds for solid long-term earnings.

Successful chief investment officers are usually excellent teachers.

#3: Build consensus and trust

Mark Baumgartner, CIO at the Institute for Advanced Study, noted in a recent article, [Minority Rapport: In Praise of Being Different](#), that, *unless there is strong alignment of beliefs and significant trust between the board and the investment team, when an unconventional approach results in relative underperformance, there is often pressure to shift towards a more conventional approach.*

Chief investment officers invest across asset classes, continents, and time horizons; meet with the best and brightest asset managers in the business; and are the first to hear of intriguing new opportunities. Their focus is expansive, eclectic, and fluid and as broad as board members are deep.

The objective for all money managers - tax exempt funds, Wall Street asset managers, and family offices - is to combine the knowledge and experience of the investment staff and governing boards and work together to meet their goals.

Investment committees set broad policies. Executing those policies in the day-to-day scrum of the markets — hiring, firing and monitoring of external managers — is the province of the CIO and his/her staff.

That's how it's supposed to work.

Our big list: half a loaf

Our SEER 100 list below shows five-year investment returns for one hundred endowments. Almost all are currently over \$1 billion AUM.

It would be great to have the target return for each school based on its policy portfolio for our 5-year period. That would help us separate skill from luck.

Unfortunately, portfolio benchmarks are not always available, rarely comparable, and change with circumstances at each school.

The University of Chicago's investment office, for example, consistently beats their internal performance benchmarks year after year, but ranks low on our performance chart because of the board's investment policy. A list based on risk-adjusted returns would make that obvious, but we haven't attempted that here.

So, our big list compares performance among schools, but not how each school's endowment performed relative to their own internal targets.

We have, however, inserted some industry-standard benchmarks to help orient the reader.

Note that the average 5-year return for our 100 schools is 8.32 percent. This is only slightly higher than the 8.20 reported by NACUBO for over-\$1 billion AUM schools in the same period. We would expect this, as the two lists are highly overlapped.

We also see that, in this period, a traditional 60/40 portfolio returned 8.96 percent, significantly outperforming the 5-year return average for both the 104 over-\$1 billion schools per NACUBO and our own SEER 100 list.

We think our chart highlights what the best institutional investors are capable of achieving in a specific period, but we remind our readers that there's much more to the story.

And now, on to the big list.

Five-year endowment performance FY2018

Rnk	Institution 5-yr Rtns FY 6/30/18 Source: Charles Skorina & Co.	Pres/CEO/CIO	AUM FY18 \$000	1-yr Rtn %	5-yr Rtn %
-	-	-	-	-	-
-	S&P 500	-	-	-	13.40
1	Mass Inst of Tech (MIT)	Alexander, Seth	16,529,432	13.50	12.03
2	Bowdoin College	Volent, Paula	1,628,165	15.70	11.80
3	Princeton University	Golden, Andrew	25,917,199	14.20	11.79
4	Yale University	Swensen, David F.	29,351,100	12.30	11.61
5	Williams College	Chilton, Colette D.	2,749,653	13.50	10.60
6	Dartmouth College	Ruth, Alice A.	5,494,203	12.20	10.60
7	U of Alberta	Ritter, Ron, Dir Inv	1,090,429	8.00	10.46
8	U of Notre Dame	Malpass, Scott C.	10,727,653	12.20	10.38
9	U of Toronto	Smith, Daren	1,925,509	8.40	10.30
10	Queen's University	O'Neill, Brian, Dir Inv	831,779	7.35	10.02
11	McGill University	Leblanc, Sophie	1,256,358	6.90	10.00
12	U of Pennsylvania	Ammon, Peter H.	13,777,441	12.90	9.90
13	U of British Columbia	Silgado, Rajiv	1,477,886	7.70	9.65
14	Rice University	Thacker, Allison K.	6,277,506	12.40	9.60
15	U of Virginia	Durden, Robert	6,953,380	11.40	9.60
16	Carnegie Mellon U	Kennedy, Charles A.	2,385,986	11.20	9.60
17	Stanford University	Wallace, Robert	26,464,912	11.30	9.40
18	Rockefeller University	Falls, Amy C.	2,194,255	11.30	9.40
19	Tulane University	Jeremy T, Crigler	1,384,371	10.80	9.40
20	Wesleyan University	Martin, Anne	1,065,000	13.70	9.30
21	Wellesley College	Kuenstner, Deborah Foye	2,105,212	11.00	9.25
22	Brown University	Dowling III, Joseph L.	3,603,848	13.20	9.20
23	Duke University	Triplett, Neal F.	8,524,846	12.90	9.20
24	U of N. Carolina, Chapel Hill & Fdns	King, Jonathan	3,432,911	12.00	9.20
25	N. Carolina State U Fdns	<i>Managed by committee & consultant</i>	1,293,743	11.60	9.20

26	Columbia University	Holland, Peter	10,869,245	9.00	9.20
27	U of Oklahoma	Johnson, Bradley J.	1,735,527	10.00	9.10
28	Amherst College	Geissler, Mauricia	2,377,537	10.75	9.02
29	Baylor College of Medicine	Walker, William D.	1,272,276	10.20	9.00
-	60/40 S&P/Barclays	-	-	-	8.96
30	U of Colorado Fdn	<i>OCIO, Agility/Perella Weinberg</i>	1,360,521	11.07	8.93
31	U of Minnesota OIB	Mason, Stuart	1,420,000	8.60	8.90
32	U of Michigan	Lundberg, Erik L.	11,901,760	10.70	8.88
33	Swarthmore College	Amstutz, Mark C.	2,115,768	12.40	8.80
34	U of Calif. Regents	Bachher, Jagdeep S.	11,008,035	8.90	8.80
35	U of Arkansas	Ferguson, Vickie, Dir Inv <i>OCIO, Cambridge Assoc.</i>	1,199,303	10.20	8.70
36	Virginia Tech Fdn	Ward, Dan	1,146,055	7.30	8.70
37	California Institute of Tech	Richland, Scott H.	2,879,493	11.10	8.60
38	Boston College <i>*FY May 31</i>	Zona, John J.	2,477,700	10.70	8.60
39	U of Rochester	Phillips, Douglas W.	2,257,557	10.00	8.60
40	U of Washington	Ferguson, Keith	2,764,166	9.60	8.60
41	UC Irvine & Fdn	<i>Managed by committee & Callan</i>	970,000	8.60	8.60
42	U of Southern California	Mazzocco, Lisa	5,544,267	9.40	8.57
43	Texas Christian U	Hille, James R.	1,627,790	12.00	8.50
44	Northwestern <i>*FY Aug 31</i>	McLean, William H.	11,087,659	10.30	8.50
45	Michigan State U	Zecher, Phil	2,907,967	11.10	8.40
46	Tufts University	Dungan, Sally M.	1,845,956	10.70	8.40
47	UTIMCO (U Tx/Tx A&M)	Harris, Britt	32,300,000	11.37	8.34
-	SEER 100	5-yr average return	-	-	8.32
48	UCLA Foundation	Barton, Justin	2,522,638	10.49	8.26
49	Middlebury College	<i>OCIO, Investure</i>	1,124,144	9.70	8.20
50	U of Missouri	Richards, Thomas F.	1,675,019	9.40	8.20
-	NACUBO (>\$1bn)	5-yr average return	-	-	8.20
51	Phillips Academy, Andover	Glantz, Kirsten Landers	1,100,000	10.10	8.00
52	Rutgers University	MacDonald, Jason	1,330,011	9.30	8.00
53	Emory University	Pulavarti, Srinivas "Srini"	7,292,165	9.49	7.92
54	Oklahoma State U Fdn	Tidwell, Ryan	950,000	10.60	7.90
55	Indiana University & Fdn	Stratten, Gary A.	2,397,369	10.50	7.90
56	Brandeis University	Warren, Nicholas	1,046,000	10.10	7.90
57	U of Pittsburgh	Schuler, Greg.	4,200,206	8.90	7.90
58	Pennsylvania State U	(ret.) Pomeroy, John C.	4,264,222	7.80	7.90
59	Kansas University	Clarke, James, SVP Inv & Treasurer	1,740,763	10.50	7.80
60	West Virginia U Fdn	Kraich, Rick	610,000	8.60	7.80
61	Pomona College	Wallace, Dave	2,273,707	8.20	7.80
62	Syracuse University	<i>OCIO, Mercer</i>	1,338,287	8.10	7.80
63	Texas Tech University	Barrett, Tim	1,306,551	9.24	7.77
64	U of Wisconsin Fdn	Van Cleave, Julie	2,985,251	9.21	7.71
65	U at Buffalo Fdn (SUNY)	<i>Managed by committee & Mercer</i>	730,000	9.10	7.70

66	U of Minnesota Fdns	Gorence, Doug	2,300,000	8.60	7.70
67	U of Iowa	Bethea, Jim	1,079,000	8.40	7.70
68	Washington U, St. Louis	Wilson, Scott	7,594,159	10.90	7.60
69	Boston University	Hunnewell, Clarissa	2,197,808	9.80	7.60
70	Cornell University	Miranda, Ken	7,230,291	10.60	7.58
71	U of Illinois & Fdn	Ellison, Ellen J.	2,623,389	8.30	7.58
72	Case Western Reserve U	Milanich, Tim R.	1,886,761	9.20	7.56
73	Southern Methodist U	Dahiya, Rakesh	1,632,763	9.65	7.53
74	Texas A&M U Fdns	Wall, Benjamin K.	1,490,000	8.90	7.52
75	U of Georgia & Fdns	Bull, Jason	1,274,343	9.10	7.50
76	U Calif., Berkeley Fdn	McAuliffe, David	1,944,306	8.40	7.50
77	Washington State U	<i>Managed by committee & Mercer</i>	1,024,067	7.90	7.40
78	Harvard University	Narvekar, Nirmal	38,303,383	10.00	7.31
79	Lehigh University	Agatone, Kristin	1,353,116	9.50	7.30
80	Oregon State U Fdn	<i>OCIO, Agility/Perella Weinberg</i>	510,423	9.49	7.30
81	Johns Hopkins U	Perlioni, Jason	4,325,020	9.00	7.30
82	University of Cincinnati	Scheer, Karl L.	1,367,426	8.50	7.30
83	U Sys of Maryland Fdn	Gallo, Samuel N.	1,297,783	9.10	7.20
84	Ohio State University	Lane, John C.	5,211,434	7.70	7.20
85	Vanderbilt University	Hall, Anders W.	4,608,461	12.60	7.15
86	U of Florida Fdn	Reeser, William S.	1,734,661	9.50	7.10
87	Georgia Inst of Tech Fdns	Pellegrino, Brian H.	2,091,110	9.00	7.10
88	Smith College	<i>OCIO, Investure</i>	1,875,093	8.30	7.10
89	U of Miami	Maynard, Charmel, VP Inv & Treasurer	1,021,508	8.31	7.01
90	U Calif., San Francisco	Harkins, David	1,664,471	9.60	7.00
91	Iowa State U & Fdn	Eslinger, Lisa, CFO <i>OCIO, Cambridge Assoc.</i>	1,063,772	8.40	7.00
92	Purdue U, Research Fdn	Cooper, David	2,523,770	7.80	6.88
93	University of Chicago	Schmid, Mark	7,928,485	8.00	6.87
94	Reed College	Lonergan, Andrew	580,000	9.20	6.80
95	Bucknell	<i>OCIO, Commonfund</i>	851,000	8.80	6.80
96	U of Nebraska Fdn	Neale, Brian	1,723,230	8.50	6.60
97	U of Tennessee	Mecherle, Rip	1,298,212	8.10	6.60
98	U of Kentucky	Shupp, Todd	1,361,246	6.50	6.60
99	University of Utah	Shear, Jonathan	1,186,952	6.16	6.16
100	Arizona State U Fdn	<i>OCIO, Blackrock</i>	751,000	6.90	6.10
-	Barclay's Agg Bond	-	-	-	2.30
-	-	-	-	-	-
-	AUM Total	-	445,449,135	-	-
-	1-year return	Arithmetic Average	-	9.89	-
-	5-year return	Arithmetic Average	-	-	8.31

Women in the top job: stiff headwinds

There is a paucity of women chief investment officers at university endowments, a puzzling statistic we have pondered in past newsletters.

This is disappointing considering the number of highly-qualified female investment professionals we encounter every day in our work as executive recruiters.

Despite excellent credentials, deep experience, and solid performance, women don't seem to be making much headway.

Our SEER (Skorina's Enhanced Endowment Report) list below includes 17 women among the 100 endowments reporting investment returns.

Two others – Kathleen Jacobs at New York University, \$4.3bn AUM and Marla Dare at the University of Alabama, \$1.5bn AUM – manage large endowments but their boards do not release investment returns, so we don't include them.

And a third, Vickie Ferguson, director of investments at the University of Arkansas, co-manages the school's endowment with its OCIO provider, Cambridge Associates.

That brings the total to just 20 women -- highlighted in a separate chart below - in CIO or equivalent roles at endowments over one billion AUM.

There's obviously still work to be done!

Women chief investment officers at large US & Canadian endowments

AUM Rnk	Institution <small>Source: Charles Skorina & Co.</small>	Women CIOs	AUM FY18 \$000
-	-	-	-
1	Rice University	Thacker, Allison K.	6,277,506
2	U of Southern California	Mazzocco, Lisa	5,544,267
3	Dartmouth College	Ruth, Alice A.	5,494,203
4	New York University	Jacobs, Kathleen E.	4,266,000
5	U of Wisconsin Fdn	Van Cleave, Julie	2,985,251

6	Williams College	Chilton, Colette D.	2,749,653
7	U of Illinois & Fdn	Ellison, Ellen J.	2,623,389
8	Amherst College	Geissler, Mauricia	2,377,537
9	Boston University	Hunnewell, Clarissa	2,197,808
10	Rockefeller University	Falls, Amy C.	2,194,255
11	Wellesley College	Kuenstner, Deborah Foye	2,105,212
12	Tufts University	Dungan, Sally M.	1,845,956
13	Bowdoin College	Volent, Paula	1,628,165
14	University of Alabama	Dare, Marla - Dir Inv	1,451,750
15	Lehigh University	Agatone, Kristin	1,353,116
16	McGill University	Leblanc, Sophie	1,256,358
17	U of Arkansas, Fayetteville	Ferguson, Vickie, Dir Inv <i>Cambridge Assoc, OCIO</i>	1,199,303
18	Phillips Academy, Andover	Glantz, Kirsten Landers	1,100,000
19	Wesleyan University	Martin, Anne	1,065,000
20	Iowa State U & Fdn	Eslinger, Lisa, CFO/CAO	1,063,772

Notes

1. Nine endowments on our list have outsourced the investment function, something we'll take a closer look at in our upcoming OCIO report.
2. We lean heavily on university endowments for our institutional money management studies because that's where the data is. Foundations, family offices, and Wall Street firms employ top investment professionals, but it's difficult to extract meaningful data from opaque sources. So, we go with what we can get.
3. In our day jobs as executive recruiters, we consider five-year investment returns the most useful for understanding investment committee objectives and analyzing endowments performance because five years most closely matches the average tenure of an endowment chief investment officer, which we calculate at 5.8 years.

The Skorina Letter

Each issue explores how the world's most accomplished asset managers think and invest. Original content includes profiles and interviews with industry veterans and research on compensation and investment performance.

Our insights and commentary come from our clients - board members, CEOs, chief investment officers - and the global investment community within which we work as executive search professionals.

Institutional investors operate at the crossroads of capital, talent, and ideas, shepherding over seventy trillion dollars in global assets. It's a constantly evolving spectacle and The Skorina Letter gives readers a ringside seat.

Prior issues can be found in "[archives](#)" on our website.
