

The Skorina Letter

• Retained Executive Search •

Our clients: visionary families, transformative nonprofits, Wall Street trailblazers

Our vision: build investment preeminence, create opportunity, enrich lives

Our work: provide talent, access, relationships, and insights



Foundation Investment Performance: doing good, investing well

The problem of our age is the proper administration of wealth. —
Andrew Carnegie, [The Gospel of Wealth](#), June 1889

Who manages foundation money and how well are they doing?

John Seitz, CEO of [FoundationMark](#), gnawed on that bone for years while working as a hedge fund analyst, portfolio manager, and Outsourced Chief Investment Officer (OCIO). Finally, in 2015, frustrated at the lack of available data, he established FM to produce and provide performance indices, peer group data, and research tools for nonprofits, asset managers, and Wall Street sellside.

As recruiters, we are avid consumers of investment metrics and publish a yearly endowment performance [report](#) to support our candidate and

OCIO selections. So, we asked Mr. Seitz if he would share his data on one hundred large US private foundations. You will find his latest available foundation investment returns below.

We think his research and rankings are useful companions to our endowment studies, of interest to asset owners and all purveyors of investment products and services.

Foundations everywhere

College endowments bask in media attention, yet foundations embrace a much larger market, both in numbers and assets – about 3,300 foundations versus 573 endowments over \$50 million, totaling \$1.4 trillion versus \$807 billion.

While the corporate world jettisons their pension liabilities, and head count flattens at endowments, health systems, and public pensions, the foundation community and family office segment (a major source of charitable largesse) is flourishing.

US Private Foundations

- 151 over \$1 billion
- 185 between \$500 million - \$1 billion
- 343 between \$250 million - \$500 million
- 1,076 between \$100 million - \$250 million
- 1,613 between \$50 million - \$100 million
- 116,000 under \$50 million

Source: John Seitz, CEO, FoundationMark

US Endowments

- 131 over \$1 billion
- 75 between \$500 million to \$1 billion
- 257 between \$100 million to \$500 million

- 210 between \$1 million to \$100 million

Source: [NACUBO 2022 report](#)

So far, so good

When Andrew Carnegie endowed his newly formed Carnegie corporation with \$125 million in 1911 – roughly \$3 billion in current dollars – he founded the largest charitable entity of its day. Along with the creation of the Rockefeller Foundation in 1913, this marked the beginning of the modern era of foundation philanthropy.

Today, U.S. tax-exempt charitable organizations are a major force in American life, administering 3.8 trillion dollars in assets, of which approximately a third reside in [private foundations](#).

Jon Hirtle, executive chairman of OCIO provider Hirtle Callaghan puts it this way:

Foundations are responsible for a meaningful portion of society's accumulated and monetized patrimony. That financial patrimony is used to enhance social services, the arts, scholarship, research...human progress, if you will. Managed well, it means more human progress; managed poorly, the opposite is true. So, better foundation investing means more human progress. How about that for an inspiring mission?

Counting the ways

Foundations make grants and, in the case of “operating” foundations, run their own, internally managed charitable programs. But surprisingly [few Americans](#) know or care.

The [J. Paul Getty Trust](#), largest US based operating foundation, rings our bell because of their museums and global endeavors, but how about [Casey Family Programs](#)?

Dr. William Bell, CEO, Joseph Boateng, CIO, and staff are bedrock supporters of foster care in America thanks to [Mr. James E. Casey's](#) generous gifts and a legacy of dedicated stewardship. But unless you have personally passed through the system, you've probably never heard of them.

And all investment professionals owe a debt to the [Ford Foundation](#).

Professor Harry M. Markowitz laid the theoretical underpinnings for modern portfolio management and the late David F. Swensen, Yale's long-serving CIO, turned Harry's theory into practice, but it was the Ford Foundation that connected the dots.

The conceptual groundwork for Mr. Swensen's investment heresy was prepared in 1967 by another Yale alum, McGeorge Bundy A.B. '40, then-president of the Ford Foundation.

In the Foundation's ['67 annual report](#) (pg9), President Bundy wrote that "we have begun our promised study of the problems and possibilities in the management of endowment funds."

Along with the dissemination of modern portfolio theory, the Ford initiatives cleared a path for Swensen's sophisticated and non-traditional portfolio management style at Yale and, in the years that followed, allowed other schools and foundations to diversify across the investment spectrum.

That's all there is

Foundations do good by investing well. And like any big business, they have budgets, expenses, and commitments. But the revenue to fund their pursuits typically flows through a single pipe, investment returns from a one-off family or institutional gift, and skillfully managing the legacy is vital to mission survival.

As Kim Lew, Columbia University's chief investment officer, and former CIO at the Carnegie Corporation, told us in an interview a few years ago:

A private foundation is not a university endowment. We don't have rich alumni we can go to for help if we take an unexpected haircut. We have constraints which demand close attention to liquidity. That means we can't lay out sixty to seventy percent of the portfolio in private equity, venture capital, timber, and other assets which might take years to sell.

Cash and kindness

Foundations enjoy tax breaks, i.e., taxpayer subsidies. So, it seems reasonable to ask what they are doing with the money. But alas, cash and kindness are the bane of many a benefactor as we noted in a recent piece, [Saints, Sinners, and Foundation Money](#).

Adding to the muddle, many foundations are public relations troglodytes. Most organizations in this space decline to publish official investment returns. They don't have to and you can't make them, but this creates complications for service providers like us who recruit chief investment officers and select OCIO providers. We would like to know who they are and how we can help.

“Who you gonna call?”

Mr. Seitz and FoundationMark are here to fill the gaps. To be sure, his estimates, as he emphatically reminds us, are based on IRS filings – 990PFs to be precise, which foundations must swear to “under penalty of perjury” – and not our go-to sources for endowment data, internal performance disclosures and annual reports.

But thanks to the IRS, foundations are required to disclose a greater level of detail about their portfolios than college endowments; ergo, the source for FoundationMark’s calculations.

One last note. Foundations have a hodgepodge of fiscal year-ends and, adding complications to the complexity, many are excruciatingly slow to file the IRS forms no matter what their fiscal year. As a result, December 31, 2021, is the most recent year-end to provide a meaningful number of return samples for our research.

An interview with Mr. John Seitz

Skorina: John, what prompted you to start FoundationMark?

Seitz: As you mentioned in your introduction, I started managing money at a mutual fund, then moved to a hedge fund, and finally joined an OCIO firm doing asset allocation and manager selection for nonprofit clients.

The SEC requires mutual funds to report their holdings on a quarterly basis and most include discussions of performance, while hedge funds disclose investment returns for marketing purposes, but nonprofits are only required to file annual 990s, which the IRS then releases “for public inspection.”

The challenge for us was, how could we find data that wasn't disclosed? We discovered that private foundations reveal a lot to the IRS, more than public charities. They must disclose their holdings, the fair market value, and their cash flows, the very inputs we needed to compute performance.

Eight years on we now have a database of virtually all foundations with over \$1 million in assets, about 50,000 portfolios, and we calculated returns for all of them. This allowed us to construct performance indices by asset size and examine portfolio strategy.

Foundations love this data. Trustees can request reports free of charge from FoundationMark and evaluate their performance against peers and third-party managers.

Skorina: What's so different about Foundation portfolios?

Seitz: It turns out, quite a lot. Foundation portfolios show much more variability in asset allocation and returns than endowments. Our calculations for five-year returns as of 2021 show a spread of 40% in performance, from 37% to -3%.

I think your ten-year college report (granted it's not apples to apples) shows just a 7% spread, from 13.3% to 6.3%.

You would never see an endowment with an 80 percent allocation to venture like the Crankstart Foundation. Or "single stock" portfolios like the Lilly, or the Susan Thompson Buffett Foundation with about 75% Berkshire Hathaway stock.

Finally, foundations have unique time horizons – the Gates, for example, intends to wind down, and the Atlantic Philanthropies gave

the last of their eight billion away in 2020. But I don't think we will see Harvard calling it a day within the next 50 years.

Skorina: Given what you see about foundation performance, how many would you say might be better off considering outside investment help, the OCIO option for example?

Seitz: Once you drop below the billion dollars in assets group, I would say most of them. As I mentioned earlier, there are over 3000 foundations with assets above \$50 million versus under 600 college endowments.

Looking at their performance and allocations we see that foundations, especially those with less than \$1 billion haven't performed as well as they should have given the risk they took, which suggests that outside help should be on the table.

Skorina: Expenses are another big concern. Based on your data, do you think they are paying too much?

Seitz: That's hard to say. Each Foundation has its own objectives, so expenses should be looked at on a case-by-case basis. But we do know that in aggregate they reported close to \$6 billion in investment expenses and the actual number is much higher because alternative fees are rarely accounted for. We think it's useful to know what your peers are paying.

Skorina: Where is the biggest demand for your data coming from?

Seitz: We have two business groups. FoundationMark provides data free-of-charge to the nonprofit community, while FoundationIQ, a paid service, offers innovative search tools and a wide range of investment

performance data to consultants, assets managers, RIAs, OCIOs, and banks.

For example, if you wanted a list of California foundations with over \$50 million AUM that have underperformed over the past 5 years, you can create one in a few clicks; over 100 foundations in this case.

Then you can drill down to see their performance and holdings as well as trustees, employees, and contribution information. Firms can also use the data to see how they are doing versus competitors, or how their portfolios are structured versus peers.

Skorina: Thank you, John for letting us use this data. I think our readers will appreciate it.

Seitz: You're welcome. Anytime.

Private Foundation Performance

As practitioners, we tend to feel that approximate data you actually have is better than precise data you can't get, so we'll go with Mr. Seitz.

But please proceed with caution. These estimates are per FoundationMark, not from the respective organizations.

[We welcome updates and corrections. If something is off, please let us know.]

Foundation Performance

Ranked by 5-year returns as of December 31, 2021 (latest available)

Charles Skorina & Company: <http://www.charlesskorina.com>

Source: John Seitz, CEO, FoundationMark

—	Foundation (over \$1billion AUM)	Head of Investments (President/CEO/CFO/CIO)	5-yr rtn%	1-yr rtn%	AUM \$bn
—	—	—	—	—	—
1	Winshape Foundation	Cathy Truett, Founder, Chick-fil-A John Carter, CFO	37.0	1.2	1.7
2	Crankstart Foundation	Michael Moritz & Harriet Heyman, Founders Carol (Jin) Kim, Director Finance	34.5	20.8	5.1
3	Lilly Endowment	Peter A. Buck , VP investments & grants Fund Evaluation Group	31.5	62.4	32.8
4	Foundation for a Just Society	Nicky McIntyre, CEO Marina Shmoukler, CFO	30.8	46.2	1.2
5	Patterson Foundation	Debra M. Jacobs, President & CEO JPMorgan Investment Services	26.3	44.9	1.5
6	Otto Bremer Trust	Daniel Reardon , co-CIO & Trustee, Investments	25.4	8.4	2.2
7	M J Murdock Charitable Trust	Elmer Huh , CIO	24.2	19.9	2.4
8	Sunderland Foundation	Randy Vance, President & COO	23.2	12.2	1.5
9	Cummings Foundation	Eric Anderson, CIO, Trustee, Cummings Properties Commonfund , OCIO	22.8	30.6	2.7
10	Barr Foundation	Barbara & Amos, Co-founders, Jim Canales, President & Trustee	22.4	21.2	3.5
11	Simons Foundation	Jim & Marilyn Simon, Co-chairs, David Spergel, President	22.1	32.6	5.3
12	The Schmidt (Eric) Family Foundation	Jeanne Huey, CFO Hillspire (OCIO) , Chuck Chai, CEO	21.9	36.5	2.3
13	Carl Victor Page Memorial Foundation	Lawrence E Page "Larry", Founder Lucinda Southworth, CFO Morgan Stanley Investment Mgmt.	21.7	39.0	6.7

14	Charles & Lynn Schusterman Family Foundation	David Weil, Co-President Sender Cohen , CIO	20.8	39.6	4.1
15	Schmidt Science & Philanthropic Foundation	Hillspire (OCIO) , Chuck Chai, CEO	20.8	36.0	1.7
16	Crown Family Philanthropies	Newton N Minow, President	20.0	15.1	2.2
17	Sherman Fairchild Foundation	Bonnie Burke Himmelman, President Walter (Wally) Burke III , Investments	19.8	18.2	1.3
18	Conrad N Hilton Foundation	Michael Buchman , CIO	19.7	17.6	8.7
19	James Irvine Foundation	Tim Recker , CIO	19.5	18.1	4.1
20	Fred C And Katherine B Andersen Foundation	Keith Olson, President	19.3	22.2	1.2
21	Bush Foundation	Carol Peterfeso , MD Investments	19.2	17.0	1.8
22	Grantham Foundation for the Protection of the Environment	Jeremy & Hannelore Grantham, Co-Founders Cambridge Associates	19.2	37.3	1.1
23	Hillman Family Foundations	David K. Roger, President Kevin Lavelle , CEO, Hillman Co. IM	18.8	26.4	2.3
24	Paul G Allen Family Foundation	Cercano IM	17.8	17.8	1.3
25	Duke Endowment	Rhett N. Mabry, President K. Todd Walker , MD Investments (liaison btw Duke Edn and DUMAC)	17.3	30.9	5.9
26	Rockefeller Foundation	Chun Lai , CIO	17.2	14.0	7.5
27	Walton Family Foundation	Kevin Stephenson . President, WIT (Investment team Walton Enterprises)	17.0	21.2	7.9
28	Ewing Marion Kauffman Foundation	Lisa Murray , CIO	16.8	18.5	3.5
29	W M Keck Foundation	Allison M. Keller, Exec Dir, CFO, COO Cambridge Associates	16.6	20.2	1.9
30	Liliuokalani Trust	Dawn Harflinger, President, CEO Tina Keane, CFO Cambridge Associates	16.5	10.8	1.3
31	William Penn Foundation	MaDoe Htun , CIO	16.4	27.3	3.9
32	William & Flora Hewlett Foundation	Ana Marshall , CIO	16.1	19.1	14.9
33	Annie E Casey Foundation	Xander Perry , CIO	15.6	20.4	4.2

34	Davis Family Foundation	Molly Macleod, Exec Dir, Trustee	15.3	19.9	1.3
35	The Heinz Endowments	Edward Kolano , VP Fin, Admin, CIO	15.1	26.7	2.5
36	Charles Stewart Mott Foundation	Harris Sibunruang , interim CIO	15.1	16.6	4.4
37	Skoll Foundation	Capricorn Investment Group (OCIO)	15.0	-0.8	1.0
38	Andrew W Mellon Foundation	Scott Taylor , CIO	14.9	23.8	9.6
39	Houston Endowment	Steve Hartman, VP Finance Investure OCIO	14.8	21.7	2.7
40	Ford Foundation	Eric Doppstadt , CIO	14.6	18.2	20.1
41	Broad Foundation	Katharine "K.C." Krieger , CIO	14.6	16.1	2.4
42	Richard King Mellon Foundation	Doug Sisson, President , CEO & CIO	14.5	15.0	3.8
43	Doris Duke Charitable Foundation	Leena Bhutta , CIO	14.4	17.0	2.7
44	Harold Alfond Foundation	Gregory W. Powell, Board Chair, CEO Dexter Enterprises wealth mgmt.	14.4	24.7	1.6
45	Publix Super Markets Charities	Fred H. Senft, Jr. , Investment Director	14.3	20.5	1.2
46	Gordon & Betty Moore Foundation	Denise Strack , CIO	14.2	19.5	9.6
47	Gerson Bakar Foundation	Barbara Bass Bakar, President Hall Capital Partners OCIO	14.2	9.8	2.7
48	Joyce Foundation	Nickol R. Hackett , CIO	14.2	18.3	1.4
49	John D & Catherine T Macarthur Foundation	Susan E. Manske , CIO	14.1	21.7	9.5
50	Harry & Jeanette Weinberg Foundation	David Gilmore , CIO	14.1	17.0	3.4
51	Ford Family Foundation	Aden Bliss, CRO & COO Cambridge Associates	13.9	21.6	1.2
52	Rockefeller Brothers Fund	Stephen B. Heintz, President, CEO Agility OCIO	13.9	18.7	1.7
53	David & Lucile Packard Foundation	Kimberly Sargent , CIO	13.7	18.0	10
54	The Susan Thompson Buffett Foundation	Ted Weschler , Investment Manager Todd Combs , Investment Manager	13.3	39.4	1.6
55	The California Wellness Foundation	Anabel Giron , Dir Investments Cambridge Associates, OCIO	13.3	20.4	1.2

56	Marguerite Casey Foundation	Daniel Gould , VP Fin & Investments	13.3	20.8	1.0
57	The Annenberg Foundation	Paul Manganiello , Dir Investments & Treasurer	13.2	16.1	1.8
58	Lynde & Harry Bradley Foundation	Stephen Langlois , VP Fin, oversees investment portfolio Morgan Stanley Investment Mgmt.	13.1	16.5	1.2
59	Sarah Scaife Foundation	Michael W Gleba, Chairman & CEO, Treasurer & Trustee	13.1	16.8	1.1
60	Starr Foundation	Courtney O'Malley, President John Shannon , CIO Starr Companies Rockefeller Financial	13.0	14.2	1.7
61	Mcknight Foundation	Elizabeth McGeeveran , Dir Investments Cambridge Associates	12.7	18.0	3.2
62	Robert Wood Johnson Foundation	May Ng , CIO	12.6	16.6	14.8
63	Hall Family Foundation	Mayra Aguirre, President Cambridge Associates	12.6	19.8	1.2
64	The Wallace Foundation	Tom Lenehan , CIO	12.5	16.6	2.0
65	J Willard & Alice S Marriott Foundation	Mieka Wick, Executive Director Michelle Logsdon, Sr. Dir Finance	12.4	19.0	1.1
66	Lumina Foundation For Education	Cornerstone OCIO	12.4	20.3	1.6
67	The JPB Foundation	Gerald McNamara , CIO	12.4	15.4	5.0
68	Shelby Cullom Davis Charitable Fund	Carole Featherstone, CFO	12.0	9.2	3.7
69	Casey Family Programs	Joseph Boateng , CIO	12.0	18.4	3.0
70	Open Society Institute	Dawn Fitzpatrick , CIO	12.0	19.0	5.9
71	William Davidson Foundation	Darin McKeever, President & CEO Danielle Stewart, CFO Investure OCIO	12.0	19.1	1.6
72	Daniels Fund	Hanna Skandera, President, CEO Alex Ruehle , Dir Investments	11.9	13.8	1.8
73	Walter Scott Family Foundation	Calvin Sisson, President & CEO Christi Annin, Dir Finance	11.8	26.2	1.8
74	Klarman Family Foundation	David Berkowitz , CIO	11.7	23.1	1.2
75	Robert W Woodruff Foundation	Eli Niepoky, Treasurer	11.7	12.6	4.1
76	Alfred P Sloan Foundation	Elizabeth M. Hewitt , CIO	11.6	19.5	2.4

77	Fidelity Foundation	Maura Marx, President Daniel M. Ardito, CFO Fidelity Institutional Asset Mgmt.	11.6	11.1	3.1
78	Joseph B Whitehead Foundation	Eli Niepokoy, Treasurer	11.5	12.2	1.9
79	Foundation to Promote Open Society	Dawn Fitzpatrick , CIO	11.3	15.9	11.8
80	Knight Foundation	Juan J. Martinez, VP Finance & Treasurer	11.1	21.2	4.5
81	John Templeton Foundation	Brian Crawford , Dir Investments	11.1	8.4	3.9
82	Jack Joseph & Morton Mandel Foundation	Dr. Jehuda Reinharz, President, CEO Mark A. Madeja, COO, Treasurer	11.1	26.2	2.2
83	Moody Foundation	Garrik Addison, CFO	11.0	43.4	2.4
84	George Lucas Family Foundation	Michael Rider, Treasurer Northern Trust, OCIO	11.0	15.6	1.3
85	The Colorado Health Foundation	Aron Grodinsky , CIO	10.9	16.9	3.1
86	Margaret A Cargill Foundation	Shawn Wischmeier , CIO	10.8	17.8	3.8
87	Aphorism Foundation	Reid Hoffman, Founder Iconiq Capital, advisor	10.7	23.8	1.2
88	Kresge Foundation	John A. Barker , CIO	10.6	16.8	4.7
89	Koum Family Foundation	Yana Kalika, CFO Goldman Sachs OCIO	10.5	15.4	2.2
90	Engelstad Family Foundation	Sean McGarry , Investment Director	10.4	21.4	1.0
91	Rainwater Charitable Foundation	<i>Randy Kim, CIO, in memoriam 1975-2023</i>	10.3	14.4	1.3
92	Bill & Melinda Gates Foundation Trust	Michael Larson , CIO	10.1	8.6	53.9
93	Chan Zuckerberg Foundation	David Lee , CIO	9.5	11.1	7.1
94	Ralph C Wilson Jr Foundation	David Egner, President, CEO Norah M. O'Brien, Treasurer	9.5	12.9	1.3
95	The Michael & Susan Dell Foundation	Anand Srinivasan. COO BDT & MSD Partners	9.5	10.7	2.1
96	Laura & John Arnold Foundation	Laura and John Arnold, Founders Morgan Creek Capital Mgmt. Fidelity Institutional Asset Mgmt.	9.4	17.1	3.2
97	Wyss Foundation	Molly McUSIC, President	8.4	19.5	2.7

98	Dennis R Washington Foundation	Mike Halligan, Executive Director	7.1	8.4	1.1
99	Dalio Foundation	Mark Baumgartner, CIO	6.8	9.0	1.5
100	Waverley Street Foundation	Laurene Powell Jobs, Founder Jared Blumenfeld, President	6.8	9.0	3.3

Note1: 54 identifiable heads of investments

Note2: 15 OCIO relationships (not confirmed, but highly probable based on 990s)