

The Skorina Letter

● Retained Executive Search ●

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

Our vision: build investment preeminence, create opportunity

Our work: recruit, consult, connect



Washington University: movin' on up

Diversification is protection against ignorance; it makes little sense if you know what you are doing. —Warren Buffett ([1996 annual meeting](#))

How boards and investment offices make all the difference

Janet Lorin, Bloomberg News, [reported](#) recently that Washington University in St. Louis (WashU) could see an astonishing 3000 percent return on their endowment's \$50 million dollar investment in SpaceX.

When asked how this came about, [Scott Wilson](#), WashU's prescient chief investment officer said, "We try to find really great partners and do

interesting things. When they find something that is super attractive we try to add capital to those individual ideas.”

[For a more substantive reveal, here’s a recent [interview](#) with Mr. Wilson, courtesy of Ted Seides, [Capital Allocators](#)]

No free lunch

There has been a perceptible shift the last few years away from broadly diversified asset-class constructs toward more concentrated portfolios.

Jagdeep Singh Bachher, Ph.D. and chief investment officer at the University of California regents, wrote in UC’s [2025 annual report](#) that his staff intends to invest in fewer, higher quality, top-performing assets.

“Experience has shown us the value of lean, high-performance teams working collaboratively to manage a concentrated, high-conviction portfolio.

We’ve greatly reduced the number of external managers we use and the number of line items on our books. That makes it easier to understand what we own, especially in a crisis, and gives us fewer decisions to make.

The result is a small, agile team laser-focused on areas where we can outperform the market.”

Boards matter

Concentration and high conviction are all well and good, but how many university trustees have the fortitude to weather unruly markets? As it is, the double-edged attacks on university budgets from research cuts and endowments taxes have put schools in serious binds.

Richard J. Chang, reporting for FundFire (an FT service), noted recently that large endowments contribute on average about ten percent to university budgets, (source: Christian Tiu, associate professor of finance at the University at Buffalo School of Management).

However, some schools lean on their endowment for much greater support, in [Princeton's case](#) for example, sixty-five percent of the 2026-27 operating budget.

Mr. Wilson's winning ways

Embracing risk is a hard sell on campus these days.

As a former Wall Street trader, fly-over college CIO, and staunch individualist, how many schools would have hired Mr. Wilson as chief investment officer do you suppose? When, by our latest count, nearly two-thirds of university CIOs come from peer group endowments.

Fortunately, the WashU trustees spotted a winner and signed him up. And thanks to Mr. Wilson and his investment team, the endowment has moved from fourth to top quartile and even top decile since Scott joined in late Q4 2017.

In our latest [endowment performance report](#), WashU ranked seventh out of one-hundred twenty-two schools over one billion AUM for the ten-year period ending June 30, 2025, doubling in size on Mr. Wilson's watch from roughly seven billion to over fifteen billion dollars while maintaining a yearly distribution of four to five percent.

The rest of the story . . . ([Paul Harvey 1918 - 2009](#))

How WashU built a winning team.

The Washington University in St. Louis endowment had been underperforming its peer group for years and by 2016 the trustees had had enough.

So, the President and board forged a commitment to pursue whatever measures necessary to build a preeminent investment organization – keenly aware that better returns add millions, even billions, to school coffers over time.

In 2016, while he was still CIO of Makena (OCIO), the WashU board asked Eric Upin, an alumnus, university trustee, board chair of the investment management company (and former Stanford CIO) to serve as Interim CIO and Chair of the Search Committee – with emphasis on restructuring portfolio strategy, the investment team, board governance, compensation, and retention.

As a Trustee with full-on university support, Mr. Upin wielded a forceful writ.

The IMC board began their transformation with unvarnished self-reflection and concluded that tentative, short-term thinking was part of their problem. This, in turn, had led to conflicted guidance and mixed signaling to the investment staff.

The board asked:

- What is our primary goal?
- How should we measure success?
- Define the roles of the board and team?

During the year and a half period before hiring Scott Wilson, the board studied the qualities and characteristics of top-performing endowments and portfolios, as well as those that consistently underperformed or fell out of the elite class.

In total, the board spent five years working on governance, compensation, and liquidity management.

Lessons learned

The trustees observed that the best boards are committed, highly aligned, and dedicated. They are small and unified, with five to seven members, little turnover, and with an average tenure of ten years minimum.

The best boards have clarity of purpose. They set strategic goals, define what they want the investment team to accomplish, and grade and pay the team objectively and well.

Poor performing boards sit at crowded tables, with high turnover, and too many cooks in the kitchen. They have conflicting goals. For example, they don't allow the staff to take risks yet demand big returns. And they are often cheap. All this leads to poor performance and high staff turnover.

At top ranked endowments, the boards own the strategic asset allocation and lets the staff do the investing. The WashU IMC gives the team significant latitude, and in turn expects the team to shoot straight.

When they make mistakes, or something doesn't work out, the board understands, that's the nature of investing, but write down the thesis and the variance, and tell the board what lessons have been learned.

Performance and concentration

Peer rankings are important at WashU. Most leading schools compete fiercely for talent. The university is a major research institution with 18,000 employees and strives to hire experts and leaders in their fields. Leading academics and researchers, in turn, are drawn to schools that rank at the top in their areas of expertise.

The board set simple investment goals — long-term performance that exceeds internal benchmarks and returns that beat their peer group.

The board is comfortable with an aggressive portfolio. By aggressive the board means that they have studied and approved a concentrated portfolio with a small number of managers.

Mr. Wilson and the team get to know their managers very well. These managers, in turn, also run concentrated portfolios. And finally, the IMC will often coinvest with their managers.

The school can take a hit and plans accordingly. This means the WashU IMC can and will accept a few significant down years if over a ten-year period they remain in the top rankings.

Compensation

A great deal of effort was devoted to compensation, alignment, and long-term service to the University. When an outstanding team produces outstanding results, the focus shifts to retention.

There are multiple components to the investment team's compensation plan, heavily weighted toward longer term five-to-ten-year performance.

A major selling point during transition and implementation was, how much would a university pay for an extra hundred-million dollars or two of alpha?

One more thing

As the board set out to hire a CIO they had a certain type in mind. They wanted an investor, not just an allocator, someone who had managed money, dealt with markets, and sweated a P&L.

And, they wanted a good people manager, someone who could handle the demands and the pressure of staff, administrators, and other stakeholders.

The board applauds Mr. Wilson's skill and aplomb as an investor and leader, and the strength of his dedicated team.

As for Mr. Wilson? "We continue to be thankful for the support of the university's administration, the WashU IMC Board, and the WashU community. We pledge to continue the steady course of investing in support of scholarship, research, and public service for the benefit of WashU, the city of St. Louis, and beyond." [WashU IMC Endowment report 2024-2025](#).

—Charles Skorina

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