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Invest Staff See Salary Boost

The base salaries for investment staff at foundations and endowments increased by 2.4% from 2009 to 2010.

See story, page 2

ATLANTA HOSPITAL WEIGHS HEDGE FUND BOOST

Children's Healthcare of Atlanta is considering increasing the hedge fund allocation of its roughly $1.8 billion portfolio to 10% from roughly 2%. The hospital is mulling direct hedge funds, and if it decides to go ahead with the play, it could hire around five firms, said **Al Gasiorek**, cio. The move is contingent upon investment committee approval and would likely move at a

(continued on page 20)

Starts Review

CALTECH TAPS CIO

The **California Institute of Technology** has hired **Scott Richland** to be cio for its roughly $1.6 billion endowment. Richland told *FEMM* that he is reviewing the asset allocation and manager roster. "I've been tasked by the investment committee to look at [everything] from an outsider's perspective," he said.

The review is not focused on any particular asset class and should be completed in the next three to six months. Caltech does not use a consultant for asset allocation, but does tap

(continued on page 20)

NONPROFITS EYE LATIN AMERICAN OPPORTUNITIES

Latin American economies have made much progress in the last decade and are rife with opportunities for nonprofit investors. In particular, Brazil, Chile, Mexico and Peru are in the spotlight, but political risk still exists, particularly in places such as a Venezuela. *FEMM* Contributing Reporter **Joseph D'Allegro** recently spoke with **Andy Iseri**, an international investment consultant at **Callan Associates**; **Bertrand Delgado**, senior analyst for emerging

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Nonprofit Awards For Excellence

OHIO STATE, OBERLIN AMONG WINNERS

The Ohio State University and **Oberlin College** took top honors at *FEMM*'s annual awards ceremony on Sept. 20 when they were named Large Nonprofit and Midsize Nonprofit of the Year, respectively. **Bruce Madding**, former cio of **Henry J. Kaiser Family Foundation**, was also honored at the **Park Hyatt Aviara Resort** in San Diego with a Lifetime Achievement Award. This year's event, co-hosted by *FEMM* and **Information Management Network**, also recognized **CornerStone Partners** as the winner of the inaugural Multi-Manager of the Year award. Turn to page 7 to read about what made each nominee stand out this year.

Int'l Boost?

Kaiser Hires Investment Chief

The roughly $520 million **Henry J. Kaiser Family Foundation** has hired **Koonal Gandhi** to be its new cio. He replaces long-time investment chief **Bruce Madding**, who left to join **C.M. Capital Corporation**, the U.S. investment arm of the **Cha Group**, which is run by the Cha family of Hong Kong (*FEMM*, 6/28). Gandhi, who joined from the **Overseas Private Investment Corporation** where he worked in private equity, told *FEMM* that he is reviewing the portfolio and could increase its international exposure.

Kaiser currently allocates about 15% of its liquid assets to international investments. The foundation has not determined how much this could increase, but 20-25% could be a good target, said Gandhi. Possible plays would include fixed income, absolute return and long-only equity investments, he added.

The foundation will consider developed, emerging and frontier markets. It is examining the move because it believes that there will be growth in this market over the next five years with a chance to boost alpha, said Gandhi.

Gandhi spent the past five years at OPIC. He worked on Madding's staff at Kaiser from 2000 to 2003.

Investment Staff Base Salaries Increase

The base salaries of investment professionals at foundations and endowments increased 2.4% from 2009 to 2010. The increase pales in comparison with a 9.5% boost from 2008 to 2009, according to data from **Mercer** that tracked 486 individuals. Although it's difficult to predict what the trend will be for next year, it's likely that base salaries will increase further because many institutions have held them steady for the past one or two years, said **Nanci Hibschman**, principal. Generally base salaries increase more dramatically among nonprofits than for the rest of the market because endowments and foundations are constantly competing with, and trailing, the higher paying for-profit universe, she explained.

Endowment and foundation cios have a healthy bonus considerations in their overall compensation. All of the cio respondents surveyed had incentive components to their compensation. Due to challenging markets in 2009, more than half of cios earned less than their targeted compensation, compared to just over 20% in 2008.

Other investment staff also has incentive compensation components. Ninety-three percent of investment operations staffers, which include risk management chiefs, have incentive compensation. Even 85% of investment analysts have an incentive component. For those that do not, some are working on fixed-year terms with the anticipation they will leave and attend graduate school, said Hibschman. In those cases, it's often the case that they will receive a lump sum bonus after their tour is complete, she added.

Tell Us What You Think!

Questions? Comments? Criticisms? Do you have something to say about a story that appeared in *FEMM*? Or is there information you'd like to see published? Whether you're irate with your boss, would like to discuss a new business strategy or crow about a big hire, give us a call. Managing Editor **Mark Faro** can be reached at (212) 224-3813 or mfaro@iinews.com.

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Searches

Wofford Weighs EM Equity

Wofford College is examining whether to make a maiden allocation to emerging markets equity for its roughly $140 million endowment. The Spartanburg, S.C.-based school has some exposure through international equity managers but is considering increasing it, possibly through a dedicated EM manager, said **Barbara Jefferson**, controller.

The Terriers are keen on emerging markets equity because the sector has performed well, said Jefferson. The school does not have a timetable for a decision, and allocation sizes have not yet been determined, she added. The endowment is advised by **Prime**, **Buchholz & Associates**.

South Dakota Eyes Equity Play

The **University of South Dakota** is considering investing $6 million in actively managed U.S. large-cap equity for its $125 million endowment. The Vermillion, S.D.-based school is currently investing that amount in an index fund managed by **Vanguard Group**, said **Karen Davies**, cfo. It has already identified a field of prospective managers for the play, she added, declining to name the firms. The Coyotes have not yet determined whether they will use one or multiple managers.

South Dakota parked the money in the index fund this summer following a redemption from a **Loomis Sayles** high-yield strategy. The high-yield investment had good returns, but the school wanted to exit the strategy while it was at its peak, explained Davies. The Coyotes are advised by **Jeffrey Slocum & Associates**.

North Dakota Foundations To Shift Assets

The **Dakota Medical Foundation** and **Dakota Medical Charities**, which combined have a roughly $84 million portfolio, are shifting the asset allocation. The move, which will occur over the next three-four months, will involve increasing hedge funds and fixed income while decreasing equities, said **Dave Gibb**, director of finance. The play is part of a desire to make the portfolio more conservative, he added.

The foundations plan to decrease their equity exposure to 35% from 45% while increasing their fixed-income investments to 50% from 45% and alternatives to 15% from 10%. The moves will be done by **SEI**, which serves as a manager-of-managers for the entire portfolio. The underlying managers are all co-mingled SEI investments, explained Gibb.

British Columbia School Seeks Manager

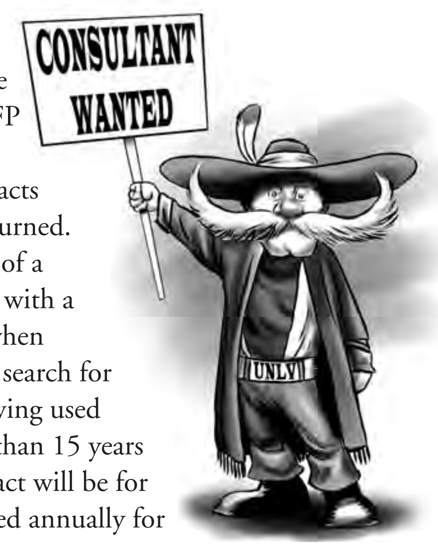
Vancouver Island, B.C.-based **North Island College** has issued a request for proposals seeking an investment manager for its $9 million endowment. Responses to the RFP were due Sept. 17, and the contract will be for a three-year period. North Island is planning to select a winner by Nov. 5.

The portfolio is currently managed by **Scotiabank Asset Management**, said **Katrina Ball**, budget analyst. Calls to Scotiabank were not returned by press time.

Jackpot

UNLV Issues Consultant RFP

The **University of Nevada, Las Vegas Foundation** has issued a request for proposals for a consultant for its $88.9 million endowment and its $41.2 million fiduciary fund. The Runnin' Rebels are seeking a firm to review, recommend and implement strategies for the funds. Responses to the RFP were due Sept. 30. Calls to **Rolando Mosqueda**, contracts administrator, were not returned.



This is the second stage of a process that initially began with a request for qualifications when UNLV opted to conduct a search for due diligence purposes, having used **Morgan Stanley** for more than 15 years (*FEMM*, 7/14). The contract will be for one year and can be renewed annually for up to 10 years.

As of the end of June, the endowment allocated 42.6% to U.S. equities, 17.61% to global equities, 29.7% to fixed income, 6.07% to inflation hedging strategies, 1.34% to private equity and 2.65% to cash.

The fiduciary fund had a 91.63% fixed income investment, with the remainder allocated to equities and cash equivalents at 7.85% and 0.52%, respectively.

International Searches

London Foundation Converts To Equity

London-based foundation for the **Association of Commonwealth Universities** (ACU) has converted its assets from cash to equities. The change was made earlier this year, moving the cash liquidity fund into a mixed equity fund with sole asset manager **Newton Investment Management**. "In the long run our interests are better served by equities, while in the short run the returns are better," said **Keith Stephenson**, director of finance.

According to its 2009 annual report, "the ACU reviewed the performance of its investment managers, comparing it with several others, and concluded to leave the portfolio with Newton, subject to satisfactory performance."

U.K. University Keeps Manager Despite Loss

The endowment fund for **Durham University** is satisfied with the performance of its sole asset manager **Sarasin & Partners** despite a GBP1 million loss the fund has incurred from a GBP26 million peak in value in May. According to Deputy Treasurer and Director of Finance **Brian Steemson**, the manager—appointed at the end of 2008—had been steadily increasing asset value since then.

The fund is working with a benchmark asset allocation of 65% in equity, 12.5% in bonds, 7.5% in property and 15% alternatives. It has flexibility to make changes to its asset mix, although Steemson was not aware of any recent changes.

The fund does not have a retained consultant, but uses **Jewson Associates** as its adviser for any manager searches on an ad hoc basis.

Oxford Shared Investment Office May Boost EM Equity

The GBP350 million ($544.75 million) **OXIP Limited Partnership Fund**, which is managed by **Oxford Investment Partners**, may increase its emerging equity stake by reducing hedge funds and its long/short portfolio. The firm is a shared investment office of five Oxford colleges. The decision regarding emerging equity is likely to be made in the first quarter, said CIO **Paul Martin**, declining to discuss the reasons for the move. The firm may hire a specialist manager for the first time, he added.

The diversified growth fund uses **Towers Watson** as its investment consultant. It invests in a range of assets, including: 20% long short equity, 7% long short credit, 6.4% macro, 19.8%, global equity, 5.3%, emerging equity, 7.8% private equity, 3.2% emerging private equity, 0.1% credit, 4.7% emerging debt, 2.9% commodities, 4.4% insurance, 4.3% infrastructure, 4.3% property, and remaining 9.8% in cash.

Marketing

Commonfund: University Inflation To Drop

William Jarvis

University endowments are facing a lower rate of inflation as they enter their new fiscal years. The **Commonfund Institute**'s Higher Education Price Index (HEPI) is projecting inflation to be 0.9%, down from 2.3% in the previous year. This is important because some universities use HEPI as a hurdle rate for their investment portfolios, said **William Jarvis**, managing director at Commonfund.

In an earlier study, Commonfund found that 17% of schools that used HEPI did so for benchmarking. The HEPI is a better inflation indicator for universities than the Consumer Price Index because it's customized to include more labor costs, said Jarvis. This is important because the largest cost drivers for educational institutions are salaries and benefits, he added.

People

Seix CEO Exits Firm

Jim Keegan

Bob Sherman, ceo of New Jersey-based **Seix Investment Advisors**, has left the firm. He has been replaced by **Jim Keegan**, the firm's cio. **Mike McEachern** will remain as president and head of the firm's High Yield Group.

Sam Zona, who had been part of the client services and marketing team for 12 years, was appointed head of client services and marketing, replacing Sherman. **George Way**, who has been cfo for six years, has been elevated to coo. Zona and Way have also been appointed to the firm's management team. Seix is owned by **Ridgeworth Capital Management**.

Zona said that the details regarding Sherman's leaving the firm were not for public disclosure. "I don't think you want to call it a retirement," he said. "It's totally his decision whether he works again or sits on a beach."

Pyramis Sales Vet Hops To Consultant

Patrick McNelis, head of global distribution and client service for Smithfield, R.I.'s **Pyramis Global Advisors**, has joined Stamford, Conn.-based **Greenwich Associates** as a managing director in its strategic consulting and investment management groups. McNelis was hired for his extensive operational experience, which will strengthen the firm's consulting practice going forward, said a Greenwich spokeswoman. McNelis had been with Pyramis since 2008, when he was hired as an executive v.p in global sales and distribution.

A spokesman for **Fidelity Investments**, Pyramis' parent company, said the firm's sales, relationship management and consulting relations practices were reorganized earlier this year and that McNelis will not be replaced. **Michael Barnett** an executive v.p. at Pyramis, currently oversees sales in the U.S. and Canada. Senior V.P. **Jim Carroll** handles relationship management and consultant relations for the firm.

Endowment & Foundation CIO Searches

FUND	OLD CIO	HEAD HUNTER	COMMENTS
Texas Health Resources	N/A	unknown	The hospital is looking for its first-ever cio.
Dartmouth College	David Russ	unknown	The school is searching for his successor.
University of Southern California	Ruth Wernig	The Prince Houston Group	The Trojans are searching for her replacement.
Rice Management Company	Scott Wise	Russell Reynolds	Rice is seeking a replacement.
University of Virginia Investment Management Company	Christoper Brightman	unknown	UVIMCO is searching for a cio.
Henry J. Kaiser Family Foundation	Bruce Madding	unknown	Kaiser has hired Koonal Gandhi as its new cio.
Cornell University	James Walsh	Russell Reynolds	The Ivy League school is searching for a cio.
California Institute of Technology	Sandra Ribovec-Ell	unknown	Caltech has hired Scott Richland as its new cio.

University Endowment Returns For The Fiscal Year Ending June 30, 2010

School	Return	Difference From Wilshire TUCS Median 12.22% Return
University of Virginia Investment Management Company	15.10%	2.88%
Dartmouth College	10%	-2.22%
Yale University	8.90%	-3.32%
Harvard Management Company	11%	-1.22%
Columbia University	17%	4.78%
Massachuesetts Institute of Technology	10%	-2.22%
Stanford Management Company	14.40%	2.18%
The Ohio State University	15.50%	3.28%
DUMAC (Duke University)	13%	0.78%
Bowdoin College	10.30%	-1.92%
University of Pennsylvania	13%	0.78%
Oberlin College	11.50%	-0.72%
University of Florida Investment Management Corporation	10.20%	-2.02%
Boston University	12.70%	0.48%
Tufts University	12%	-0.22%
Cambridge University	19%	6.78%

Source: *University News Releases*

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2010 Nonprofit Awards for Excellence

Large Nonprofit of the Year

The Ohio State University

Jonathan Hook

The Ohio State University spent the past year revamping its $1.95 billion portfolio, finishing the fiscal year ending June 30 with an impressive 15.5% return. By comparison, the **Wilshire** Trust Universe Comparison Service's median return for foundations and endowments was 12.22%.

To achieve this goal, the Buckeyes have been progressive with investments, going beyond straightforward alternatives into the more innovative structures. CIO **Jonathan Hook** has revamped the hedge fund portfolio by adding more long/short managers at the expense of long-only investments. The Buckeyes now invest 15% of the total endowment in long/short, up from 3% last year. Ohio State has also added macro commodities and secondary private equity. This was done at the expense of long-only managers, which now manage 27% of the portfolio versus 65% at the start of 2009.

Hook, the school's first-ever cio, built an investment office while transforming the portfolio over the last two years. "His ability to successfully build out the portfolio while tackling operational needs has been impressive," said **Scott Pittman**, cio of **The Mount Sinai Medical Center**.

Mid-Sized Nonprofit of the Year

Oberlin College

Marcia Miller

Oberlin College, now roughly $650 million, made over its governance to look like many of its larger peers, bolstering opportunities and enhancing returns in the process. The college endowment's investments are now run primarily by its investment team instead of the board, which gives the nonprofit more flexibility to change allocations tactically. The board instead directs the endowment's broader strategic focus. The change resulted in better performance, with 11.5% return for fiscal year 2010. The previous year, the endowment lost close to 22% when the board was involved in day-to-day decisions.

CIO **Marcia Miller** said she focused on the fiduciary needs of the school as she put together the school's portfolio. She took the endowment more conservative just before the markets ran into turbulence in 2010 and ensured the fund had enough cash on hand to cover its capital commitments. The college doesn't have the large entrenched donor base that many of its larger peers can rely on, so Miller must remain more defensive than many. To do so, Oberlin cut its leverage and bumped up its fixed-income allocation, picking yield-bearing investments.

Since its commitments and cash needs have been met, Miller plans to go back into other alternatives such as private equity, venture capital and real estate that lost steam during the recession.

Small Endowment of the Year

Culver Academies

Jeffrey Adams

The $300 million **Culver Academies** endowment's investments mirror those of a larger fund, albeit with better performance. The school returned 27.91% for the 2009 calendar year and returned 15.43% for the fiscal year ending June 30. By comparison, the **Wilshire** Trust Universe Comparison Service's median return for foundations and endowments was 12.22% for a one-year period ending June 30. The performance represents a stark turnaround for Culver, which had returned -12.9% for the fiscal year ending June 30, 2009.

The Culver investment committee is packed with financial industry veterans, including **Peter Fasseas**, chairman of **Metropolitan Bank Group**, and **Paul Gignilliat**, senior v.p. of **UBS Financial Services**—that's part of the reason why the endowment's strategy emulates that of its far more moneyed peers. Over the past year, Culver raised its commitment to alternatives to 55% from 40%, moving out of large-cap domestic equity and adding new investments in private equity and hedge funds. Culver also used $50 million from its fundraising campaign to invest in multi-strategy funds, emerging markets and sovereign debt that smoothed out the fund's returns. Led by **John Buxton**, head of schools, and **Jeffrey Adams**, chairman of the investment committee, the fund continues to push into more cutting-edge strategies to keep up performance.

Awards For Excellence Winners

Jonathan Hook of **The Ohio State University** introduces Lifetime Achievement award winner **Bruce Madding**.


Margaret Foley of **BNY Mellon Asset Management** accepts her Rising Star plaque.

Lifetime Achievement award winner **Bruce Madding** discusses his more than 20 year stretch as investment chief for the **Henry J. Kaiser Family Foundation**.


FEMM's **Veronica Belitski** presents the Hedge Fund Manager of the year award to **Taconic Capital Advisors**' **Jenny Fung** and **Laura Rose**.


Brandon White of **Charlesbank Capital Partners** accepts the Private Equity Manager of the Year award from **Veronica Belitski**.


FEMM's **Mark Faro** and **Atalaya Capital Management**'s **Richard Lieberman** reflect on the latter's Marketer of the Year award.


Mark Faro poses with **Toby Seggerman** of **State Street Global Advisors**, winner of the Equity Manager of the Year award.


Jeff Seaver of **Loomis Sayles** accepts the Bond Manager of the Year award from **Mark Faro**.


Marcia Miller of **Oberlin College** snags her Midsize Nonprofit of the Year award from **Tim Hennig** of **FAF Advisors**.


Kevin Schuyler and **Chris Laing** from **CornerStone Partners** receive the Multi-Manager of the Year award from **Institutional Investor**'s **Tracey Redmond**.


Lori Van Dusen of **Convergent Wealth Advisors** exuberantly accepts her honor as Consultant of the Year.

Jonathan Hook beams with Buckeye pride as he accepts the Large Nonprofit of the Year award for **The Ohio State University**.

Awards Dinner & Ceremony Photo Gallery











2010 Nonprofit Awards for Excellence

Marketer of the Year

Richard Lieberman, Atalaya Capital

Richard Lieberman

Richard Lieberman helped **Atalaya Capital Management** recover from the market downturn, successfully marketing a highly illiquid fund at time when investors were terrified of illiquidity. Atalaya raised its target amount of $250 million, including $170 million from nine endowments and foundations, for a fund that invests in illiquid credit assets sold by the **Federal Deposit Insurance Corporation** and failed financial institutions. "I think Atalaya's capital raise was, by all accounts, a raging success given the difficult fundraising environment for less-liquid strategies," said **Todd Corbin**, cio of **The New York Public Library**.

Lieberman, who raised most of the capital himself, accomplished the feat in three and a half months earlier this year. Although he hadn't worked as a dedicated foundation and endowment marketer in the past, Lieberman developed a winning strategy. He told *FEMM* that his task was to convince endowments to see Atalaya was more like a private equity manager than a hedge fund with the promise of quarterly distribution of profits. "He was able to communicate to investors a true opportunity set that existed, and we are now taking advantage of," said **Patrick O'Connor**, cio of **Cook Children's Health Care System**.

Consultant of the Year

Lori Van Dusen, Convergent Wealth Advisors

Lori Van Dusen

Lori Van Dusen has been lauded by clients such as the **Rhode Island School of Design** and the **Boyce Thompson Institute** for being exceptionally hands-on and conscientious in helping them re-evaluate their portfolios after the recession. Van Dusen not only acts as a consultant for 20 institutional clients, but she also brings her background in consulting and alternatives to their boards– including those of **Nazareth College**, **Northeastern Seminary** and **Roberts Wesleyan College**.

She's conducted multiple allocation reviews this year, advising clients to go underweight traditional equity in the fourth quarter of 2009 before turbulence hit the markets in 2010, and recommending diversified commodity exposure to emerging markets. This approach has resulted in higher returns and protection against market turbulence. Since then, the firm has been advising clients to maintain conservative allocations to equities but increase allocations to small/mid-cap equities with a long/short approach. Van Dusen and the rest of the firm expect directional hedge funds to recover after correlations among stocks have decreased.

Multi-Manager of the Year

CornerStone Partners

Kevin Schuyler

CornerStone Partners landed the $1.1 billion **Lumina Foundation for Education** by elbowing out 11 rivals for the coveted prize, including the incumbent, and did a good job steering its existing clients, such as the $100 million **Obici Healthcare Foundation**, which closed its fiscal year up 31%.

Led by **Peter Brooks** and **Donald Laing**, the firm gets props for keeping its small and manageable client list happy with specially crafted service packages. "The model of a limited number of clients with customized solutions works well," said **Alice Handy**, president of **Investure**, another firm in the outsourced cio market. An example was the work CornerStone did for the **Fund for Wisconsin Scholars** since the fund's inception in 2007 with a $170 million gift of **Cisco Systems** stock. CornerStone has guided the fund in selling roughly 2/3 of the stock and diversifying its portfolio, said **Mary Gulbrandsen**, executive director. Over the past two years, CornerStone advised the fund to sell covered calls on the stock as opposed to outright sales, which greatly boosted returns, she added.

Chris Laing

CornerStone also counts as a client the $1.5 billion **The Nature Conservancy**, which it landed in 2002 when the fund had around $800 million. Over that time period, the total portfolio has outperformed its benchmark by over 300 basis points, added CIO **Craig Neyman**. "While I retain the title of cio, CornerStone acts as my cio office, working closely with me every step of the way," he explained.

2010 Nonprofit Awards for Excellence

Hedge Fund Manager of the Year

Taconic Capital Advisors


Jenny Fung & Laura Rose

Taconic Capital Advisors has delivered a one-two punch this past year sure to please endowments and foundations. The $9 billion firm led by **Ken Brody** created an investor-friendly new share class, which calls for Taconic to defer its performance fee until the end of a three-year period. Investors hailed the move as refreshing since the hedge fund industry typically bankrolls that fee annually, no matter how long the lockup.

Investors set to benefit from the move include several nonprofits including the **University of Hawaii Foundation**, **UCLA Foundation** and **University of Toronto Asset Management**.

The firm has also delivered steady performance. For the fiscal year ending June 30, the *Taconic Opportunity Fund* returned 9.25% and 19.91% for the calendar year 2009. To get results, the manager took advantage of several opportunities in the credit markets, residential mortgage-backed securities and merger arbitrage.

Private Equity Firm of the Year

Charlesbank Capital Partners


Brandon White

Charlesbank Capital Partners launched its seventh fund in April 2009, and although that period was marked by concerns over market turbulence and lockups, the fund was full by summer and saw roughly $2 billion of institutional interest. It also saw strong performance in the middle-market area, boasting funds that are up between 20% and 30% on an annualized basis, with a 29% overall internal rate of return for the past seven years.

The firm is transparent with its clients, said **Williams College** CIO **Collette Chilton**. "They do a great job keeping us informed as limited partners about the size of the fund and the underlying portfolio," she said. "They make it easy to understand the investments they're making."

Managing Director **Michael Choe** said that the firm's middle-market positioning gives it some advantage, as public capital markets have been hesitant to work with companies that aren't large or repeat issuers of debt. The fund was also able to sell **Papa Murphy's**, a pizza chain, in the rough market of 2009 at 4.4 times the initial investment.

Real Assets Manager of the Year

Westport Capital Partners


Russel Bernard

Westport Capital Partners took advantage of the national real estate crisis by focusing on distressed assets. The firm returned 70-100% on some of its investments by buying cheap, distressed property in early 2009. The firm's main fund was up 32% for 2009, topping the **Wilshire** Real Estate Index's 29.2% return.

Westport made money so fast that it cashed out after one year instead of the three years it had planned, said **Russel Bernard**, managing principal. **Ed Johnson**, president and ceo of consulting firm **LCG Associates**, noted that Bernard combines sterling performance with phenomenal customer service. "He's genuinely great with clients, in a way most portfolio managers can't match," Johnson said. "He'll come in and explain exactly what's going on in a clear and concise way."

More than half of Westport's clients are foundations and endowments, including **Southern Methodist University**, **Cornell University**, **University of Florida Foundation**, **University of Miami** and the **Michael & Susan Dell Foundation**.

2010 Nonprofit Awards for Excellence

Equity Manager of the Year

State Street Global Advisors

Tobias Seggerman

Nervous nonprofits flocked to passive index strategies in 2009 and **State Street Global Advisors** pounced on the opportunity. The firm added 39 new foundation and endowment accounts last year and an additional 24 so far this year, including **Oregon Health Sciences University Foundation**, **Ursinus College** and the **Wisconsin Alumni Research Foundation**.

SSgA's hallmark is the firm's willingness to customize indices for clients. "They will try to construct a better index than the more popular indices," said **Amy Chen**, cio at **Smithsonian Institution**.

The firm also rolled out a passive strategy in December based on the U.S. Community Investing Index. The index, which was originally created by the mission-related investing pioneer **F.B. Heron Foundation**, is comprised of 300 large- and mid-cap companies that support local community initiatives. The strategy has been a hit for nonprofits eager to combine mission-related investing with market return strategies.

Bond Manager of the Year

Loomis Sayles

Jeff Seaver

Loomis Sayles made itself the go-to name for credit plays last year, picking up 170 new foundation and endowment investors with $2.28 billion of new business.

The firm made high-quality corporate bond investments when the market was valuing more risk into debt than what was reflected in valuations, and its funds were able to capture value. Loomis's funds readily outperformed benchmarks as a result—for example, the *Core Plus Bond Fund* has returned 15% in the last year, compared with **Lipper**'s peer group average of 12.96%, and the credit-focused *Bond Fund* has returned 21.5% over its peer group average of 17%. "They're very professional, very ethical, and the returns were even better than we thought we'd get," said **Joe Gahlinger**, director, investment and financial management at **University of Louisville**.

Jae Park, head of fixed income, has also been spearheading initiatives to expand Loomis's research and risk management team, making hires in most of the fixed income strategies.

THE RISING STARS OF FOUNDATIONS & ENDOWMENTS

The **Rising Stars of Foundations and Endowments** are chosen annually by the publishers of *Institutional Investor News* and represent up-and-comers whose accomplishments in, and contributions to, the industry make them standout among their peers and position them as future industry leaders. Stars may hold any professional position and may hail from foundations, endowments, asset management firms, law firms, accountants, investment advisory firms and consulting firms.This year's **2010 Rising Stars of Foundations & Endowments** were honored at the **10th Annual Nonprofit Awards Dinner & Ceremony** on Monday, September 20, 2010 at the Park Hyatt Aviara Resort in San Diego, California.

TODD CORBIN
Chief Investment Officer
The New York Public Library

AMY FALLS
Chief Investment Officer
Phillips Academy, Andover

MARGARET FOLEY
Director of Endowments and Foundations Resource Center
BNY Mellon Asset Management

ANDY T. ISERI
International Investment Consultant
Callan Associates

BILL SUTTON, JR.
Head of Philanthropic Services, U.S.
UBS

MICHAEL WELZ
Vice President and Senior Investment Strategist
USI Consulting Group

FOR FULL PROFILES ON THIS YEAR'S STARS, PLEASE VISIT WWW.NONPROFITAWARDS.COM

Foundation & Endowment Summit

***Information Management Network** held its Fifth Annual Foundations & Endowment Summit at the **Park Hyatt Aviara Resort** near San Diego last month. Managing Editor **Mark Faro** moderated a panel and covered the event.*

Hook Throws Wet Blanket On Outsourcing Trend

The trend of outsourcing the cio function for endowments will not continue at the rapid pace it's been growing, **Jonathan Hook**, cio of **The Ohio State University**, told attendees. Endowments with at least $500 million can have internal staff and those with more than $1 billion can internally manage the endowment particularly well, he added. This, combined with a desire to maintain local control, could slow down the outsourcing trend, explained Hook.

Others viewed outsourcing more favorably. **Bruce Madding**, formerly cio of the **Henry J. Kaiser Family Foundation**, told attendees that the rate of outsourcing will increase, particularly because of cio turnover. **Ronald Klotter**, a consultant at **Ennis, Knupp & Associates**, noted that some of his clients were on their fifth cio in the past 13 years ago.

Also, some endowments are outsourcing portions of their portfolio. The **Meredith Family Foundation** manages fixed-income internally but outsources its equity oversight, said CIO **Roy Allen**. This is ideal for smaller funds because it can be cost-effective and frees up the investment committee's time to deal with other matters, said Allen.

Regulatory Scrutiny To Increase


Tom Heck

Although legislators at the state and federal levels are preoccupied with other matters, in the next two-four years their attention could turn to endowments and foundations. In particular, the **Internal Revenue Service** could be lurking with new regulations in the wake of revised Form 990 filings that nonprofits have been completing, **James Lanier**, senior fellow for board education at the **Association of Governing Boards of Universities and Colleges**, told attendees. It's not clear what the IRS will do with all the additional information, but some form of new regulations will be in the mix, agreed **Tom Heck**, cio at **Ball State University Foundation**.

State legislators are also concerned about openness and transparency of foundations and endowments, said Lanier. Increased disclosure also makes it more difficult for compensation issues, especially for public universities seeking to pay investment chiefs. The issue is challenging because many cios could earn significantly more in the for-profit sector, he added.

Turbulent Markets Provide Governance Lessons

The turbulent investment markets of the past two years have heightened the importance of governance for endowments and foundations. In particular, many boards are suffering from fatigue as investment committee members have been required to put in more hours, **Lori Van Dusen**, a consultant at **Convergent Wealth Advisors**, told attendees. As a result there has been increased turnover on boards, she added.

It is also become evident that investment committee members need to be well-versed on the entire financial structure of the organization, said Van Dusen. This is important because investment committees need to understand the endowment's role in the larger organization in order to make appropriate decisions, she explained.

Seen & Heard

- THE TEXAS TORNADO: All he was missing was a ten gallon hat. **Steven Shaw**, vice-chairman of the **Dallas Police & Fire Pension System**, was the moderator for a panel on credit strategies, but he came off sounding like **Don Imus**. Rather than sit down with his fellow panelists, Shaw walked around in the crowd with a portable microphone launching barbs at the bond managers on the panel, telling them to speak slower or clearer if they ever hoped to sell anything. But it was one comment directed to marketers that had attendees talking all day. "We are out of money; quit calling. For you women, we have plenty of money, call me." Oh, my!


Steven Shaw

- A FLY IN MY SOUP: Given the favorable weather (as if it could be any other way in San Diego), lunch was held outside on the hotel lawn. In what could be described as delectable Mexican food was, however, ruined somewhat by the constant buzzing of flies and bees along the buffet lines. The tortilla soup would have been more enjoyable *sin moscas*.

FUND FOCUS

Taft Weighs Brazilian Equity

The Taft School's $180 million endowment may add Brazilian equity within the next eight months as it seeks to invest in the fastest growing stable economies in the world. The Watertown, Conn., boarding school, which outsources the oversight of its endowment to **New Providence Asset Management**, has not decided on the size or details of the addition, said **Lance Odden**, who handles business development for New Providence. He had served as Taft's headmaster from 1972 to 2001.

Taft's endowment returned 15.5% for the fiscal year ending June 30 due to moves the fund made following the market upheaval in the fall of 2008. The school began increasing its equity exposure in January of 2009 with a focus on the U.S., including distressed. Earlier this year, it began adding emerging markets, particularly China and India, while limiting positions in MSCI, EAFE, and Japan.

"We greatly favor managers who have their own money invested alongside their clients. It proves that they're committed."

—**Andrew Vogelstein**, managing partner, New Providence

"At the end of 2007, seeing that markets were overleveraged, we wanted to increase liquidity, so we reduced long-only equity, and increased our hedging investments," said **Rafe de la Gueronniere**, managing partner at outsourced cio New Providence, which handles the school's account. "And we sought out managers who had performed particularly well in past bear markets. We also increased fixed income, especially in government-guaranteed securities." He declined to name managers.

Performance

Taft has outperformed the broad equity markets continuously since 1999, averaging over 6% per annum, net of all fees. Also noteworthy is the school's performance over the past three years. Taft was down -12.5% for fiscal 2009, compared to -22.5% for the average endowment of its size. For the calendar year 2009, Taft was up 26% versus its benchmark, which was up 18.1%.

"Asset allocation and manager selection are the keys to performance," de la Gueronniere explained. Taft's fund currently allocates 77% of its assets in a combination of long-only domestic and international equity, long, short and distressed hedge funds, and private equity. It invests 10% in fixed income and alternatives and the rest in cash and treasury bills.

The Taft endowment has avoided going long in both real estate and commodities and has remained highly liquid. "We always hold at least two years of draw in fixed income or cash," de la Gueronniere said. "As a result, we have never had to sell equity in a down market."

Manager Selection

The school has gravitated toward managers that are flexible and opportunistic. "We favor value investors who utilize a bottom-up research approach and are also strategic buyers who take a macro, top-down view," explained **Andrew Vogelstein**, managing partner at New Providence. "We greatly favor managers who have their own money invested alongside their clients. It proves that they're committed," he added. Taft avoids managers that are overly diversified or lack transparency.

Taft uses 25 managers for its portfolio. "It is a manageable number, neither too concentrated, nor too diverse," said Vogelstein. Firms are sourced using networking, leveraging relationships with existing managers and the investment committee.

Origins

John Vogelstein and de la Gueronniere purchased New Providence in 2003. They both previously served on Taft's investment committee and were responsible for managing the school's endowment from 1999 to 2004, prior to their firm being hired for an outsourced cio assignment. The firm's other endowment and foundation clients include **The John A. Hartford Foundation**, **Germantown Academy**, **The Osborn Retirement Community**, **Blythedale Children's Hospital** and **Nightingale-Bamford School of New York**.

Rafe de la Gueronniere

ASSET CLASS

NONPROFITS EYE

(continued from page 1)

markets and Latin America at **Roubini Global Economics**; **George Hoguet**, managing director at **State Street Global Advisors**; **William Pingleton**, managing director at **Franklin Templeton Investments** and president and ceo of **Templeton Franklin Investment Services**; and **Stephen Dover**, managing director and international cio for Franklin's Local Asset Management groups, about investing in Latin America.

FEMM*: Should endowments and foundations invest in Latin America? Why?*

Andy Iseri

Iseri: We believe that all regions, including Latin America, should be considered for investment if global investing is in line with an investor's return goals and risk tolerance. We would need a good reason not to invest in Latin America to avoid recommending it. Investors should always be mindful of valuations, corporate governance and political risks, but they should not ignore a region so rich in resources and consumer growth potential.

Hoguet: Yes. They should consider publically quoted equities, hard and local currency bonds, and possibly real estate and alternatives. Latin American allocations can provide endowments and foundations with the possibility of return enhancement, diversification, and a broader investment opportunity set. A strategic allocation is well worth it. Since the inception of the **MSCI** Emerging Markets Index, Latin American equities have outperformed their emerging Asian counterparts.

Pingleton: Yes, they should. Well-resourced, sophisticated institutional investors such as E&Fs are interested not only in selectively targeting specific regions/countries, but they are also increasingly targeting specific investment realms within those areas. In Latin America, many investors continue to favor Brazil's strong growing economy. However, they don't want to mirror the top-heavy, industry-concentrated benchmark. They are looking for locally-based managers who invest across all industries and market capitalizations.

FEMM: *Which countries or asset classes there are most attractive?*
Delgado: Brazil, Chile and Peru are fundamentally the most attractive at the moment. Diligent macroeconomic management has given [the countries] the ability to apply deep and credible countercyclical policies. Moreover, their solid financial systems and healthy public balance sheets have proven sturdy buffers against external shocks. Meanwhile, deepening financial intermediation over the years means their growing middle classes are further strengthening domestic consumption, while policy predictability and a market-friendly environment have served as a platform for domestic and foreign investment. Although all are commodity exporters, domestic demand is the main driver. Venezuela and Argentina, however, are the least attractive, given the uncertainty about the macroeconomic outlook and the regulatory environment as well as policies that are unfriendly to markets. Crowding out of the private sector and lack of will to control elevated inflation expectations make domestic and foreign investment decisions blurry.

William Pingleton

Pingleton: As part of the BRIC investment theme, Brazil represents one of the largest and fastest growing emerging economies in the world, with a population of approximately 200 million and a growing middle class. Its extensive agricultural and mineral resources, including offshore oil, provide for strong export growth. In fact, Brazil emerged remarkably quickly from the crisis and in the first quarter of 2010 grew 9% compared to the same period of 2009. For 2010, the Brazilian economy should deliver about 7% growth. Beyond Brazil, several South American governments have been very forward-thinking about the management of their public retirement schemes. The pension markets of Chile, Peru and Colombia, in particular, have demonstrated huge growth.

Hoguet: Presently, we are overweight in Peru and Mexico. In Brazil, we're keeping an eye on the election and the recent **Petrobras** equity placement.

Iseri: Investors exposed to Brazil and Chile have been rewarded nicely. Opportunities arising from developing consumer economies include staples, retail, healthcare and credit.

FEMM: *What risks are there? Is political risk rising or falling across the region as a whole?*
Hoguet: There's risk from inflation and devaluation, among other factors. A principal risk is the potential re-adoption of populist economic policies and the negative impact that would have on corporate profits. Also, Brazil, in particular, is sensitive to moves in the global equity markets.

Dover: Taking Latin America as a whole, political risk is definitely declining. There are some exceptions in Venezuela and Peru, but we also recognize that the areas of highest perceived risk tend to have the thinnest research coverage and attractive situations can hover below the radar, which can create opportunity.

Iseri: In Latin America, some risks are higher than in the developed world, but some are lower. Latin America, for example, has lower leverage than most developed regions; consumers and governments are less in debt. Risk of nationalization is high in certain countries like Venezuela. Firms that rate political risk put Venezuela and Argentina among the riskiest, with Brazil moderate, and Chile safer. Brazil is holding general elections in October, so investors should monitor that closely. At the portfolio level volatility risk is still high. Lower correlations, however, could still reduce overall portfolio risk.

Bertrand Delgado

Delgado: The main risk remains external—a global double dip, induced by a U.S. recession, to which RGE assigns a 40% probability. Although this time around a severe financial crisis might not be in the cards, a severe U.S. slowdown would certainly have negative effects around the world via trade and financial links. Among our top three countries, political risk in Chile is almost non-existent, while for Brazil and Peru it appears to be contained and manageable. In Brazil, elections are likely to run smoothly with **Lula da Silva**'s protégée, **Dilma Rousseff**, becoming the first female president on October 3. Although no changes in the current successful macroeconomic framework are expected, some improvement on the fiscal stance and further reduction of the role of the state on the economy are needed to keep enhancing Brazil's long-term fundamentals. In Peru, presidential elections will take place in April. So far, market-friendly candidates are ahead in the polls. In Venezuela and Argentina, political risk remains elevated as a deteriorated institutional framework and a fragmented opposition show little hope of limiting government interference in economic affairs. The Venezuelan case is one of predatory behavior against private property and the private sector.

FEMM: *What percentage of a foreign portfolio should be invested in Latin America?*

Iseri: Latin America represents 5% of the foreign public equity market. Investors should consider using this as a starting point and tilt higher or lower if they have a view on the relative attractiveness of Latin America.

Stephen Dover

Dover: Emerging market equities as a whole are estimated to comprise over 50% of global market cap in 20 years, from the current 30% level, surpassing developed markets, according to **Goldman Sachs**. Latin America is obviously a key component of the BRICs growth. So investors will need to raise their allocations to Latin America just to maintain benchmark neutral.

Hoguet: About 13% of global equities are in emerging markets and Latin America represents about a quarter of that, so 3-4% is a good place for investors to start.

FEMM: *How should nonprofits invest in the region?*
Iseri: I'd suggest gaining exposure through an all-country global or dedicated emerging market mandate. Investors could leverage the expertise of investment managers to have a blend of strategic exposure to Latin America while allowing for the flexibility to tactically manage the overall exposure to the region. If endowments or foundations have the staff and resources to monitor and manage a more fragmented portfolio, the case for regional or country specialists is strong. Specialists with local expertise often penetrate deeper into those markets and find undiscovered opportunities, but those allocations will need to be managed and rebalanced.

George Hoguet

Hoguet: Latin American public equity markets are dominated by Mexico and Brazil, although stocks in Colombia and Peru have made a lot of progress of late. The Latin American index has heavy exposure to financials and commodities and you have to look at that. I think the ongoing economic and political transformation in Brazil is important and investors should be aware of them. Real interest rates in Brazil continue to be high but should trend down over time. Investors need to look not only at public equity but also local currency and hard currency debt.

Dover: We think it makes sense to invest with a manager which maintains a large local presence of experienced analysts and research professionals who understand the market and can leverage their local relationships to evaluate company management and issues related to corporate governance. We feel it is critical both in the investment evaluation stage as well as during ongoing position monitoring to have multiple sets of eyeballs on the ground. In terms of specific sectors, we are looking closely at opportunities in agriculture and water-related sectors, which we believe will be critical to sustain Latin America's longer-term development.

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For further information on iisearches' daily search leads and searchable database of mandates awarded and lost since 1995, please visit iisearches.com or contact Keith Arends at (212) 224-3533 or karends@iinews.com

Potential Searches

Fund & City	Total Amount	Assignment	Account Size	Consultant	Comments/Firm Hired
Children's Healthcare of Atlanta, Atlanta	USD1,800	U.S. / Hedge Funds	N/A	Cambridge Associates, Boston	The fund is considering increasing its hedge fund allocation to 10% from roughly 2%. It is mulling direct hedge funds, and if it decides to go ahead with the play, it could hire around five firms. The move is contingent upon investment committee approval and would likely move at a deliberate pace thereafter. A specific timeframe was not disclosed.
Dakota Medical Foundation, Fargo, ND	USD84	U.S. / Hedge Funds	N/A	SEI Investments, Oaks, PA	The fund plans to increase its hedge fund exposure and will increase alternatives to 15% from 10%. The funding will come from decreasing its equity exposure to 35% from 45%. The move will occur over the next three-four months, and will be implemented by SEI Investments. The firm serves as a manager-of-managers for the entire portfolio.
Dakota Medical Foundation, Fargo, ND	USD84	U.S. / Active Fixed Income	N/A	SEI Investments, Oaks, PA	The fund plans to up its bond exposure to 50% from 45%. The funding will come from decreasing its equity exposure to 35% from 45%. The play is part of a desire to make the portfolio more conservative, and will occur over the next three-four months. SEI Investments, which serves as a manager-of-managers for the entire portfolio, will implement the move.
Shriners Hospitals for Children, Tampa	USD6,000	U.S. / Hedge Funds / Fund of Hedge Funds	N/A	NEPC, Cambridge, MA	The fund is considering a maiden hedge fund allocation as part of an asset allocation review. It may opt for a fund of hedge funds strategy if approval is granted. The investment committee plans to meet in the fourth quarter to make its decision.
Shriners Hospitals for Children, Tampa	USD6,000	U.S. / Real Estate	N/A	NEPC, Cambridge, MA	The fund for the first time is considering investing in real estate funds, which could possibly include REITs. Its current portfolio in the asset class consists of properties it has received through donations. A decision is expected during the fourth quarter.
Shriners Hospitals for Children, Tampa	USD6,000	Emerging Markets / Active Equity	N/A	NEPC, Cambridge, MA	The fund may consider upping its emerging markets exposure as part of an ongoing asset allocation review. Pending approval it may decide to search for new managers. A decision is expected during the fourth quarter.
University of South Dakota, Vermillion, SD	USD125	U.S. / Active Equity / Large-Cap	USD6	Jeffrey Slocum & Associates, Minneapolis	The endowment is considering investing $6 million in actively managed U.S. large-cap equity. It is currently investing that amount in an index fund managed by Vanguard Group, and has already identified a field of undisclosed prospective managers for the play. The fund has not yet determined whether it will use one or multiple managers.
Wofford College, Spartanburg, SC	USD140	Emerging Markets / Active Equity	N/A	Prime, Buchholz & Associates, Portsmouth, NH	The fund is examining whether to make a maiden allocation to emerging markets equity. It has some exposure through international equity managers but is keen on emerging markets equity because the sector has performed well. There is no timetable for a decision, and allocation sizes have not yet been determined.
OXIP Limited Partnership Fund	GBP350	Emerging Markets / Active Equity	N/A	Towers Watson Investment (formerly Towers Perrin)	The fund is planning to raise its emerging equity stake by reducing hedge funds and the long/short portfolio.The decision is likely to be made in the first quarter next year; the fund may hire a specialist manager for the first time.
New Mexico State Investment Council, Santa Fe	USD13,500	International / Active Equity	N/A	NEPC, Cambridge, MA	The system plans to increase its international equity investments to 15% from 9% over the long term. The funding will come from reducing its hedge fund allocation to 5% from 15%. Its hedge funds have experienced poor performance and have had a drop in returns of 0.2% for the quarter and 6.7% over three years. It was not disclosed whether the move would result in manager hires.

Potential Searches (cont'd)

Fund & City	Total Amount	Assignment	Account Size	Consultant	Comments/Firm Hired
New Mexico State Investment Council, Santa Fe	USD13,500	U.S. / Active Fixed Income	N/A	NEPC, Cambridge, MA	The system has plans to up its domestic bond allocation to 20% from 15% over the long term. The funding will come from reducing its hedge fund allocation to 5% from 15%. Its hedge funds have underperformed and have had a drop in returns of 0.2% for the quarter and 6.7% over three years. It was not disclosed whether the move would result in manager searches.

New Searches

North Island College	USD9	Global / Multi Asset	USD9	Unknown	The endowment has issued a request for proposals seeking investment management services. All proposals were due by Sept. 17 with a selection slated for Nov. 5.

Updated Searches

University of Nevada Las Vegas Foundation, Las Vegas	USD100	U.S. / Consultant	N/A	None	The foundation has issued a request for proposals seeking investment consultant services from firms short listed based on the RFQ. All proposals were due Sept. 30.

Completed Searches

Shriners Hospitals for Children, Tampa	USD6,000	U.S. / Consultant	N/A	None	Earlier this year the fund tapped NEPC to replace Callan Associates as its investment advisor.
Nebraska Investment Council, Lincoln, NE	USD14,000	International / Passive Equity	USD300	Hewitt Ennis Knupp (formerly Ennis, Knupp & Associates), Chicago	State Street Global Advisors
Nebraska Investment Council, Lincoln, NE	USD14,000	U.S. / Private Equity	USD15	Hewitt Ennis Knupp (formerly Ennis, Knupp & Associates), Chicago	Aries Capital

Terminated Firms

Firm	Fund	Assignment	Account Size	Consultant	Comments/Firm Hired
BlackRock	Nebraska Investment Council	International / Passive Equity	USD300	Hewitt Ennis Knupp (formerly Ennis, Knupp & Associates)	State Street Global Advisors

ATLANTA HOSPITAL

(continued from page 1)

deliberate pace thereafter, he added.

Prior to the market downturn, the hospital invested mostly in funds of hedge funds with a 10% target. It decided to slash the allocation when the market turned south and overweighted fixed income and cash. "We did well by pursuing defensive posture, but it's time to reassess," said Gasiorek. The hedge fund play would be funded by reducing long-only equity, fixed income and cash, he added.

Children's Healthcare plans to rely on its consultant, **Cambridge Associates**, for assistance in vetting prospective managers, Gasiorek added. Its current hedge fund allocation consists of one long/short equity manager, Atlanta-based **GMT Capital**'s *Bay Resource Partners* fund. *—Mark Faro*

CALTECH TAPS

(continued from page 1)

Cambridge Associates for data. Richland is also examining internal staffing, which currently consists of six investment management professionals besides him. There are also five operations staffers.

Richland replaces **Sandra Ribovic-Ell**, who had been with Caltech's investment office since 1989. She did not respond to inquiries by press time.

Richland was most recently president of **Lunada Bay Investors**. He also spent several years as president of **Andell Holdings**, a Los Angeles-based family office. While at Andell, he was also vice chairman of the **Chicago Fire** soccer team, which is owned by the family office. *—M.F.*

Conference Calendar

- **Terrapinn**'s Hedge Funds World LatAM 2010, Miami, Oct. 5-7. For more information, visit *www.terrapinn.com*.
- **Opal Financial Group**'s Endowment & Foundation Forum, Boston, Nov. 1-3. For more information, visit *www.opal-group.net*.
- **National Association of College & University Business Officers**' Endowment Management Forum, New York, New York, January 26-28. For more information, visit *www.nacubo.org*.
- **Information Management Network**'s 3rd Annual Distressed Investment Summit, Huntington Beach, Calif., March 14-15. For more information, visit *www.imn.org*.

Quote Of The Month

"We are out of money; quit calling. For you women, we have plenty of money, call me."—**Steven Shaw**, *vice-chairman of the* ***Dallas Police & Fire Pension System****, with a not-so politically correct musing that had endowment and foundation conference attendees talking all day (see Seen & Heard, page 13).*

One Year Ago In Foundation & Endowment Money Management

Louisiana was planning an asset allocation study for three of its top funds totaling nearly $2.7 billion and was considering all options, including outsourcing. [The state was mulling outsourcing its fixed-income investments but opted to continue using internal management because it did not feel external managers would provide increased returns after fees. It did, however, switch custodians, dropping **JPMorgan Chase** in favor of **BNY Mellon**.]

FEMM's Final Word

Cambridge Crushes Ivy League Denizens

It's endowment performance reporting season, and the results are not very favorable for some the **Ivy League**'s most prominent members. In a turn of events sure to cause the wizards of New Haven and Harvard Yard to choke on their tea and crumpets, the U.S. stalwarts got their clocks cleaned by British powerhouse **University of Cambridge**. Cambridge returned a whopping 19%. **Yale University**, which has its endowment run by guru **David Swensen**, the man often credited for the "endowment model," returned 8.9%. Meanwhile, in Beantown, **Harvard Management Company**, which employs a small army of investment staff run by **Jane Mendillo**, clocked in at 11% (for more returns, see our chart on page 4).

Left to defend the honor of Ivies was **Columbia University**. The Lions returned an impressive 17%, but unfortunately that's 200 basis points less than their blue jacketed rivals across the Pond. **Dartmouth College** returned 10%, while the Quakers of the **University of Pennsylvania** turned in a 13% performance. That leaves **Brown University**, **Cornell University** and **Princeton University**, all of whom have not yet reported, as the last hope to fend off the British assault. Don't let us catch you singing "God Save The Queen" just yet!