

The Skorina Letter

News, Interviews, Research for Institutional and Family Office Investors

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Fiscal Year-end Confusion

Most nonprofit funds - endowments, foundations, health systems, etc.
- close their books for the fiscal year on June 30 and release preliminary performance results soon thereafter.

Timing is everything

For the last decade, public and private market investments have moved pretty much in sync, rising and falling like two riders on a tandem bike.

Before the COVID-19 crisis - or "the great cull" as my Australian friends call it - those preliminary investment returns reported to boards and the press were reasonably accurate reflections of the portfolio's trendline for the previous twelve-months.

Not this year.

Here's the problem. Public market results are computed and consolidated by investment custodians and reported to their clients

usually within a month of the fiscal close. But private market valuations take much longer.

There is at least a three-month lag before the private market investments are valued, marked, and reported to their investors who, in turn, consolidate the data into their financial reports.

Most investment teams will not know their June 30th private investment performance until September 30th or later. In some cases, much later.

As a result, the fiscal year-end performance data released to the media later this fall by endowments, foundations and other diversified, multi-asset funds won't tell us much.

The statements will reflect June 30th public market marks (up nicely) but March 31st private market valuations (down and dated), a recipe for confusion.

Furthermore, adding March lows to the spring rally could make for unhappy boards and donors. And heaven forbid the time spent explaining to reporters why performance really wasn't so bad.

So here's the conundrum. Should investment offices flush the news right away? Get it all out there and enjoy a better 2021?

Or should they hold off until every last mark is settled? Be slow rather than sorry?

We'll see.

But for the record, most family offices and nonprofit investors have done ok this year.

So, kudos to the chief investment officers and staffs.

[See our one and five-year performance chart for 2019 below, listing one hundred endowments. We publish it as a reference and reminder of what returns in a normal year looked like.]

It's a cold cruel world

Lamentably, the schools, health systems, museums, and cultural institutions the CIOs work for are in deep trouble.

Tuition, government aid, donor gifts, room and board revenue, and visitor and patient revenue have all collapsed.

Staff and pay cuts have hit many of the well-known institutions we work with and more are in the works.

The [pay study](#) we published a few weeks ago on one hundred chief investment officers incorporated the most recent comprehensive public data available, December 2017.

But we expect pay cuts as high as twenty percent from our baseline comp for some investment teams as institutional budgets implode.

We're in the Mergers and Acquisitions Business

In our world, the world of recruiting and consulting for Wall Street money managers, nonprofits, and family offices, the big news is M&A.

Searches for CIOs and senior investment executives may have slowed due to travel restrictions and Zoom-only interviewing (the hunts for new CIOs at University of Southern California and Australia's Future Fund are notable exceptions), but in money management the deals keep on coming.

Asset managers, including OCIOs and RIAs, are hungry for scale and market share. And with organic growth increasing at a snail's pace, old fashion M&A is king.

We've made the case for years that a growing book of business is a sure-fire measure of client satisfaction and the best defense against the unexpected.

Not to mention increasing career opportunities for staff, monetizing sweat equity, and preparing for succession - over half of RIAs and OCIOs, by the way, do not have a succession plan in place.

The desire of many OCIO and RIA firms to remain independent is understandable.

But, we live in an unpredictable world and we believe our client's goal to add financial muscle, build distribution, enhance investment capabilities, and develop bench strength through a robust acquisition program is the right way to proceed.

We have mandates from our clients to build and buy.

So if your firm is one of the two-hundred we have contacted so far this year (with 600 more on our target list) please keep our client's proposition in mind and give us a call.

We're well underway.

100 Endowment Investment Returns

FY June 30, 2019

Endowment Performance 2019

One and Five-year returns for FY 6-30-19

Charles Skorina & Co.

AUM Rnk	Institution	Pres / CEO / CIO	AUM FY19 \$bn	1-yr Rtn %	5-yr Rtn %
-	Endowments over \$1bn	Women CIOs in red	-	-	-
1	Harvard U	Narvekar, Nirmal	40.90	6.50	5.87
2	UTIMCO <i>*U Texas & Texas A&M</i>	Harris, Britt	34.10	5.00	6.20
3	Yale U	Swensen, David F.	30.30	5.70	8.78
4	Stanford U	Wallace, Robert	29.60	6.50	7.40
5	Princeton U	Golden, Andrew	26.10	6.20	9.20
6	Massachusetts Institute of Tech	Alexander, Seth	17.44	8.80	10.00
7	U of Pennsylvania	Ammon, Peter H.	14.70	6.50	7.80
8	U of Notre Dame	Malpass, Scott C.	13.80	7.20	7.98
9	U of California Regents	Bachher, Jagdeep S.	13.40	8.20	6.80
10	U of Michigan	Lundberg, Erik L.	12.40	6.40	6.50
11	Columbia U	Holland, Peter	10.95	3.80	6.53
12	Northwestern <i>*fiscal yr Aug 31</i>	McLean, William H.	10.80	2.50	5.70
13	U of Virginia	Durden, Robert	9.60	5.80	7.08
14	Washington U, St. Louis	Wilson, Scott	8.90	7.40	6.00
15	Duke U	Triplett, Neal F.	8.60	6.90	6.70
16	U of Chicago	Schmid, Mark	8.50	6.90	6.70
17	Emory U	Pulavarti, Srinivas "Srini"	7.87	9.05	6.03
18	Cornell U	Miranda, Ken	7.30	5.30	5.50
19	U of N. Carolina, Chapel Hill & Fdns	King, Jonathan	6.57	7.70	7.70
20	Rice U	Thacker, Allison K.	6.48	7.57	7.55
21	Vanderbilt U	Hall, Anders W.	6.30	6.70	5.80
22	U of Southern Calif	Mazzocco, Lisa	5.73	4.70	5.60
23	Dartmouth College	Ruth, Alice A.	5.70	7.50	7.99
24	Ohio State U	Lane, John C.	5.30	1.20	4.60
25	Brown U	Dietz, Jane A.	4.20	12.40	8.50
26	U of Washington	Ferguson, Keith	3.60	5.80	6.70
27	UCLA Fdn	Barton, Justin	3.40	3.68	6.24
28	U Wisconsin Fdn	Van Cleave, Julie	3.30	4.79	5.38

29	Pennsylvania State U	Cullen, Joe <i>*start 9-2019</i>	3.11	7.70	6.00
30	Michigan State U	Zecher, Phil	3.03	7.90	6.60
31	California Institute of Technology <i>*Jun30 data</i>	Richland, Scott H.	2.97	9.10	7.30
32	Williams College	Chilton, Colette D.	2.90	9.60	9.10
33	U Illinois Fdn	Ellison, Ellen J.	2.81	2.60	5.20
34	Purdue U & Research Fdn	Cooper, David	2.65	5.50	4.67
35	Boston College <i>*fiscal yr May 31</i>	Zona, John J.	2.60	4.80	6.20
36	U of Rochester	Phillips, Douglas W.	2.60	6.30	6.20
37	U Minnesota Fdns	Gorence, Doug	2.50	9.20	6.70
38	Amherst College	Johnson, Letitia	2.40	7.24	6.75
39	Indiana U & Fdn	Stratten, Gary A.	2.35	5.50	5.40
40	Pomona College	Wallace, Dave	2.30	6.50	5.60
41	Rockefeller U	Falls, Amy C.	2.29	8.50	7.70
42	Wellesley College	Kuenstner, Deborah Foye	2.17	7.20	7.10
43	Swarthmore College	Amstutz, Mark C.	2.14	7.20	6.80
44	Texas A&M U Fdns	Wall, Benjamin K.	2.09	5.50	5.34
45	Carnegie Mellon U	Kennedy, Charles (Chuck) A.	2.00	7.90	7.70
46	Tufts U	Dungan, Sally M. (dec.)	1.98	4.00	6.26
47	Case Western Reserve U	Milanich, Tim R.	1.87	5.90	5.70
48	UC San Francisco	Harkins, David	1.84	4.50	4.79
49	U of Florida Fdn	Reeser, William S.	1.80	7.00	5.50
50	GeorgiaTech	Pellegrino, Brian H.	1.78	5.10	5.30
51	U of Missouri	Richards, Thomas "Tom" F.	1.74	5.70	6.00
52	Bowdoin College	Volent, Paula	1.74	10.90	10.20
53	U of Nebraska Fdn	Neale, Brian	1.70	2.10	4.00
54	Southern Methodist U <i>*Jun30 data</i>	Dahiya, Rakesh	1.67	3.50	5.00
55	Kansas U Endowment Assoc.	Clarke, James, SVP Inv, Treasurer	1.61	5.60	5.50
56	Lehigh U	Agatone, Kristin	1.60	7.70	6.20
57	U of Iowa	Bethea, Jim	1.58	3.40	5.40
58	U of Kentucky	Shupp, Todd	1.57	5.50	4.50
59	Rutgers U	MacDonald, Jason	1.48	5.20	5.90

60	U of Minnesota OIB	Mason, Stuart	1.48	8.30	6.60
61	Tulane U	Jeremy T, Crigler	1.45	5.40	7.20
62	U of Cincinnati	Scheer, Karl L.	1.45	5.30	5.10
63	U Sys Maryland Fdn	Gallo, Samuel N.	1.41	7.10	6.10
64	NC State U & Fdns	George, Libby Dir Inv	1.40	7.30	7.60
65	U of Oklahoma	Johnson, Bradley J.	1.37	7.01	6.69
66	Wake Forest U	Dunn, James J. <i>OCIO Verger</i>	1.37	5.40	4.90
67	U of Colorado Fdn	<i>OCIO - Agility (Perella Weinberg)</i>	1.36	6.51	6.51
68	Virginia Tech Fdn	Ward, Dan	1.36	3.40	5.50
69	U of Tennessee	Mecherle, Rip	1.36	3.30	3.90
70	Baylor College of Medicine	Walker, William D.	1.30	5.80	6.30
71	Texas Tech U	Barrett, Tim	1.30	0.18	4.87
72	U of Utah	Shear, Jonathan	1.23	4.00	4.50
73	U of Arkansas, Fayetteville	<i>Ferguson, Vickie, Dir Inv *OCIO Cambridge</i>	1.22	5.90	6.50
74	U Georgia & Fdns	Bull, Jason	1.13	4.50	5.10
75	Middlebury College	<i>OCIO - Investure</i>	1.10	7.90	6.58
76	Wesleyan U	<i>Martin, Anne</i>	1.08	4.30	7.00
77	U of Arizona & Fdn	Barker, Craig	1.08	4.00	4.10
78	U of Miami	Maynard, Charmel, VP Inv & Treasury	1.05	5.25	4.78
79	College of William & Mary	Hiestand, Brian	1.02	5.40	5.60
80	Oklahoma State U Fdn *Sept1 became MEMCO	Tidwell, Ryan	1.00	4.80	5.80
-	Endowments \$500 - \$1bn	-	-	-	-
81	Rochester Institute of Technology	Watters, James	0.945	6.00	6.39
82	Oberlin College	Yang, Jun	0.925	8.00	6.50
83	U Massachusetts Fdn	Gibbons, Jonathan	0.908	6.70	4.50
84	Carleton College	<i>Deshler, Kelsey</i>	0.892	3.20	5.20
85	Pepperdine U	Pippin, Jeff	0.887	6.80	5.70
86	Davidson College	Jacobson, Raymond A.	0.881	8.00	7.70
87	Denison U	<i>Browne, Kathleen</i>	0.880	8.80	6.48
88	Colby College	O'Donnell, Hugh J.	0.870	8.50	6.60

89	Claremont McKenna College	Floyd, James	0.865	6.10	5.43
90	Lafayette College	Bohrer, Joseph S.	0.832	3.70	4.71
91	Drexel U	Ulozas, Catherine	0.814	6.90	6.80
92	UC San Diego Fdn	Shaver, Marlene, CFO	0.792	7.10	6.00
93	Clemson U Fdn	Alexander, John	0.775	6.90	6.40
94	Villanova U	McAndrew, Shane	0.767	5.70	5.40
95	Macalester College <i>*FY Mar31</i>	Martin, Gary D.	0.763	5.30	5.30
96	Furman U	Kapoor, Kris	0.694	3.30	4.80
97	Lebanese American U	Grosner, David	0.543	4.10	5.20
98	U of Wyoming Fdn	Treick, Philip CIO	0.536	5.70	4.80
99	Haverford College	Casel, Michael H.	0.527	5.40	4.59
100	Washington State U	<i>Committee & Mercer</i>	0.515	4.20	5.10
-	-	-	-	-	-

The Skorina Letter

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