

## Analysis of Large US University Endowment Outperformance

### November 2025 Update

This paper is an update two years on from our whitepaper entitled “Analysis of Large US University Endowment Outperformance” covering the 10-years ending June 2023 of a select group of 12 US university endowments. This update covers the 10-year period ending June 2025. We have made one small change to the methodology and that is to report portfolio performance net of endowment internal investment team costs. Our past reports have not ensured these were reported on an “apples to apples” basis. This has been corrected in both 10-year periods (ending 2023 and 2025) with the methodology described in the footnotes to Exhibit 1.

The average 10-year performance for the 12 has dropped from 9.8% p.a. through June 2023 to 9.2% through June 2025, largely reflecting weak private equity performance in the last two years compared to that of 2014-15 which has dropped off the time series. In the 10-year period to 2023, Large endowments (defined as having a 2025 AUM >\$25B) returned 10.0% compared to 9.6% for Medium endowments. By the 10-year period to 2025, this gap had closed, with both groups averaging 9.2%. Brown, Cornell and Harvard managed to maintain or marginally improve their absolute performance, despite the headwinds of lower private equity market returns. In contrast, the largest decline in 10-year average absolute returns among the group was Princeton, seeing a 1.7% reduction.

**Exhibit 1: 10-Year Normalised Endowment Return for the periods ending 30 June 2023 and 30 June 2025**

	Large endowments						Medium endowments								
Endowment	Harvard	Stanford	Yale	Princeton	MIT	Average	U Penn	Notre Dame (1)	Columbia	UVIMCO	Cornell	Dartmouth	Brown	Average	Total average
AUM (\$B, 2025)	57	48	44	36	27	43	25	18	16	16	12	9	8	15	26
10-Yr Average AUM (\$B, ending 2025)	45	34	34	28	20	32	17	14	12	11	8	7	5	10	20
10-Yr Annual Normalised Return (ending 2023) (2)	7.9%	9.5%	10.7%	10.6%	11.5%	10.0%	9.5%	10.6%	7.9%	9.6%	8.2%	10.3%	11.0%	9.6%	9.8%
10-Yr Annual Normalised Return (ending 2025)	8.0%	9.4%	9.2%	8.8%	10.7%	9.2%	8.9%	10.0%	7.6%	8.9%	8.4%	9.5%	11.2%	9.2%	9.2%
Delta period ending '23 v '25	0.0%	-0.1%	-1.5%	-1.7%	-0.8%	-0.8%	-0.5%	-0.6%	-0.3%	-0.6%	0.2%	-0.8%	0.2%	-0.3%	-0.5%

**Footnotes:**

- (1) Notre Dame's 2025 performance results have not yet been released; the average performance of the other eleven institutions has been used as a proxy for Notre Dame and Notre Dame's 2024 AUM has been listed
- (2) All performance is reported net of actual or estimated internal endowment team operating expenses. Internal cost adjustments are based on figures extracted directly from FY2025 Form 990 filings wherever detailed endowment-level disclosures were available. For institutions without explicit endowment-office reporting, internal costs were estimated using a size-based approach calibrated to available Form 990 data points and secondary research. Large endowments (defined as those with 2025 AUM > \$25bn) were normalised using an assumed internal cost rate of 22 bps, while medium sized endowments were normalised using 25 bps, unless more specific information could be derived from filings or other verified sources.

The average annual alpha calculated using the **Equity-like-risk (ENEB – equivalent net equity beta)** benchmark across the endowments over a 10-year rolling period **declined from 2.5% p.a. for the 10 years ending June 2023 to 0.5% for the 10 years ending June 2025**. The average equity like risk of the 12 endowments was 71.5% for the 10-years ending June 2023 vs 74.6% for the 10-years ending June 2025, translating into 10-year ENEB benchmarks of 7.3% and 8.7% for 2023 vs 2025, respectively. This jump in benchmark returns reflects the very strong global public equities performance in 2024 and 2025 as shown in Exhibit 2 below.

This measure effectively risk-adjusts the absolute performance of each endowment for the level of equity-like risk undertaken by each endowment based on their 10-year average individual asset allocations. This, in essence, quantifies the extent to which an endowment portfolio outperforms a mix of equities and cash reflecting the average portfolio risk taken over the 10-year period. The relative decline in performance versus the ENEB benchmark over the past two years has been driven primarily by weaker results from private capital compared with public equities, with the Prequin Global PE benchmark underperforming the Bloomberg MSCI ACWI equities index (unhedged) by 15.3% in 2024 and 9.4% in 2025. While endowments were previously rewarded by the ENEB benchmark for their higher allocations to private markets through an illiquidity premium, the recent performance of public markets has effectively reversed that advantage.

**Exhibit 2: Impact of Dropped and Added Years Since 2023 on 10-Year Average Returns**

Status of Years in 10-Yr Average	Dropped from 10 yr period		Added to 10 yr period	
Year Ending June	YE June 2014	YE June 2015	YE June 2024	YE June 2025
Bloomberg MSCI ACWI Unhedged	23.7%	1.3%	20.0%	16.7%
Prequin Private Equity	21.4%	14.8%	4.7%	7.3%
Average Endowment Absolute Performance	17.8%	8.1%	8.3%	12.1%

**Footnote:**

(1) Prequin Private Equity benchmark constructed as a weighted composite of 25% Prequin Venture Capital Index and 75% Prequin Buyout Index, consistent with endowments' historical allocation of private capital across investment stages.

In contrast to the equities/cash benchmark (ENEB), the **asset allocation benchmark** reflects the blended performance of each asset class index weighted by the average asset allocation over the past 5 years. This benchmark gives endowment teams credit only for returns generated in excess of the average performance of each asset class, even if that average performance is not strictly achievable through any passive implementation of their strategy. This measure removes the impact of receiving, or, in recent years, paying, an

illiquidity premium when investing in private markets. **The average annual alpha calculated using the non-investible asset allocation benchmark over the 10-year period to 2025 was 1.1% p.a., a slight improvement of 0.1% since 2023.** The strongest performer (Endowment C) achieved an asset allocation alpha of 3.4% over the 10-year period to 2025, representing an improvement of 1.1% from 2023–25. In contrast, the weakest endowment (Endowment K) recorded an alpha of 0.0% in the 10-year period to 2025, with the spread between the strongest and weakest alpha generators widening from 2.8% in 2023 to 3.4% in 2025. Over the 10-year period to 2023, Large endowments outperformed Medium ones (1.2% vs. 0.8%). This gap narrowed in the 10-year period to 2025, with Large endowments generating 1.2% of alpha and Medium endowments generating 1.1%.

**Exhibit 3: 10-Year Normalised Endowment Return vs. Asset Allocation Benchmark for the periods ending 30 June 2023 and 30 June 2025 (disguised)**

Rank	Large endowments						Medium endowments								Total avg.
	1	2	3	4	5	Avg.	1	2	3	4	5	6	7	Avg.	
Endowment code	C	H	E	J	F		B	A	G	D	I	L	K		
Asset Allocation Alpha (2023)	2.3%	1.0%	1.1%	0.8%	1.1%	1.2%	2.4%	1.9%	0.2%	1.4%	0.5%	-0.5%	-0.2%	0.8%	1.0%
Asset Allocation Alpha (2025)	3.4%	0.9%	1.1%	0.3%	0.1%	1.2%	2.8%	1.5%	1.2%	0.9%	0.7%	0.3%	0.0%	1.1%	1.1%
Delta period ending '23 v '25	1.1%	-0.1%	0.0%	-0.4%	-0.9%	0.0%	0.4%	-0.4%	1.0%	-0.5%	0.2%	0.8%	0.1%	0.3%	0.1%

**Footnote:**

(1) Alpha is calculated against a multi-asset class benchmark using the average asset allocation from the 10 years ending June 2025 for most endowment, but we assumed 2025 allocations (used in the 10-year average allocation calculation) to be the same as actual 2024 portfolio allocations for Brown, Cornell, Dartmouth, Notre Dame, Princeton, Stanford, and Yale. Allocations from one year to the next change very little, so this simplifying assumption should not have a material impact on the alpha calculations.

## Appendix

### Definitions & Methodology

**Alpha.** We refer to this as outperformance, value-added and excess returns. Partners Capital and the True North Institute were both conceived out of strong belief that much of the cost and effort of investment management is wasted and shifts too much value away from the asset owner in favour of the asset manager. Alpha calculations are therefore quite logically at the heart of our being. The very essence of the calculation is the return in excess of what can be done without human intervention beyond constructing a multi-asset class portfolio from largely low-cost passive vehicles that successfully achieve average asset class returns, by design.

The controversy about what is passively replicable comes when we discuss private equity and property. In most other asset classes, there are investible instruments that achieve average asset class returns. In private equity and property, there are costly fund of fund vehicles that generally achieve average private equity and private property asset class returns that are accessible to lean institutional investment teams. Accordingly, we quantify alpha with two benchmarks, our equity-like-risk-based benchmark which is investible and our asset allocation benchmark which is not investible.

**Endowment internal expenses reported in investment performance.** All endowments incur material internal operating costs, but only MIT, Notre Dame and Stanford report performance net of these expenses. To enable an “apples to apples” comparison, we reviewed FY2025 financial statements and Form 990s for the remaining institutions to find that most do not disclose endowment-level internal costs. Where specific data were unavailable, we applied size-based estimates informed by FY2025 990 datapoints and Cambridge Associates’ 2017 survey of investment-office oversight costs which showed a range of costs from 15bps to 25bps, highly correlated with the size of the endowment reflecting the denominator (aum) effect on relatively fixed team costs. Hence, larger endowments typically exhibit lower cost ratios, leading us to assume 22 bps for endowments with 2025 AUM > \$25bn and 25 bps for medium-sized institutions.

**Equity-like-risk-based benchmark.** This benchmark converts the asset allocation of each endowment into a single equity equivalent risk measure (what we call equivalent net equity beta or “ENEB”) and applies this the performance of a the MSCI ACWI global equity index. ENEB is defined below. This is an investible benchmark to the extent that, for example, a 70% ENEB risk level can be replicated with 70% of the capital allocated to public equities and 30% to cash. This benchmark gives the endowment team credit for the performance improvement from allocations to illiquid asset classes, which are being benchmarked against liquid alternatives. Hence, the illiquidity premium is included in the calculated amount of alpha.

**Asset Allocation benchmark.** The second benchmark is a blended set of asset class indices’ performance, weighted by the asset allocation of the endowment in each year. There are two versions of the asset allocation benchmark – one using a set of indices that may not necessarily be investible, and the other only using investible indices. We will only use the non-investible asset allocation benchmark as the ENEB benchmark replicates index-based performance that is very close to that of an investible multi-asset class benchmark. The asset class benchmarking methodology is fraught with sources of potential error and misguided conclusions, but we believe it creates a more meaningful view on performance to the extent that it distinguishes outperformance over and above asset class average performance. Below, and in the footnotes, we show the benchmarks we have chosen for each asset class.

**Asset class benchmarks** are chosen based on assumptions about the strategies that each endowment uses. These assumptions are based on the publicly available information contained with annual reports, letters to the University, media articles, and other. The list of benchmarks is included at the beginning of this paper.

## Benchmarks

Domestic Equities	S&P 500 Index
International Equities	MSCI AC World ex USA NR USD
Developed Markets	MSCI World NR LC
Emerging Markets	MSCI Emerging Markets NR USD Net Total Return USD
Global Equities	Bloomberg MSCI ACWI Unhedged
Absolute Return	0.1x MSCI ACWI NR LC + 0.9x 3m US T-Bills
Long/Short Equity	½ MSCI ACWI NR LC + ½ 3m US T-Bills
Leveraged Buyouts	Preqin Buyout Index
Venture Capital	Preqin Venture Capital Index
Private Equity	¼ Preqin Venture Capital Index + ¾ Preqin Buyouts Index
Hedge Funds	0.1x MSCI ACWI NR LC + 0.9x 3m US T-Bills
Natural Resources	S&P Global Natural Resources Index
Real Estate	Preqin Real Estate Opportunistic Index (lagged 3 months) TR LC
Bonds/TIPS	Barclays Capital US Treasuries 5-10 Year TR
Corporate Debt	Barclays Capital Global Corporate BBB TR
Private Credit	Preqin Private Credit Index
Fixed Income	Barclays Capital US Treasuries 5-10 Year TR
Cash and short-term	US Treasury Bills 3M

Notes: “AC” stands for all country, which indicates the index covers 47 of the world’s largest equity markets. “NR” stands for net return which indicates that it includes dividends net of taxes withheld. “LC” stands for local currency returns with no currency gains or losses from taking return back to USD or any other currency. “TR” stands for Total Return which implies the total of interest income, gains and losses in the case of debt asset classes. In the case of real estate, it includes rental income, gains and losses.

**Disclaimer.** The value-added performance calculations in this document are being shared for illustrative purposes only. The assumptions used in our calculations may not accurately reflect the actual assets owned by the endowment and decisions made by the endowment investment management company. For example, the assumptions about average asset allocation may not reflect tactical asset allocation choices made by the management company during the year. Furthermore, the choice of benchmark for each asset class is based on available information about the endowment strategy but may not adequately reflect the total or type of risk being taken. Risk overlays and other hedges are not included in this analysis and may have a material effect on performance. Finally, the reporting periods for private equity and private debt may be different depending on the reporting standards each endowment uses. Each of these issues, and others not mentioned, could create basis risk between the illustrated value-added and the actual true value added.

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