



Endowments Quarterly

A Look at Asset Allocation and Total Returns for US Endowments and Foundations

First Quarter 2015

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William Prout | Jonathan Morris-Eppolito

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The Cambridge Associates US endowment and foundation universe includes colleges and universities, cultural and environmental institutions, health care institutions, independent schools, and other endowed nonprofit institutions as well as foundations. This report provides asset allocation and return analyses for 424 US endowments and foundations that participated in our quarterly survey. The average market value of participating long-term investment portfolios was \$1.1 billion. The median value was \$249.7 million.

Examining Returns

The average return of the US endowment and foundation universe was 2.0% for the quarter ended March 31, 2015. Trailing one-year returns averaged 4.8%. Returns are reported on a net-of-fees basis for 99% of the US endowment and foundation universe.

Per the Consumer Price Index, the rate of inflation was 0.6% for first quarter 2015. For the trailing one-year period, inflation was negative (-0.1%). Adjusting nominal returns to reflect inflation, the average real return for US endowments and foundations falls to 1.4% for the first quarter but rises to 4.9% for the trailing one-year period.

Risk-Adjusted Performance. Investors spend much time and effort analyzing the returns of their portfolios. Measuring risk is just as important, however, as investors should only take risks for which they are compensated and should recognize whether any incremental return they have earned is simply the result of their having taken more risk.

Risk-adjusted performance, as measured by the Sharpe ratio,¹ averaged 1.01 for the trailing five-year period, ranging from 0.67 to 1.70 after removing outliers that make up the top and bottom 5% of the universe. Relative to a pair of simple 70/30 portfolio benchmarks,² the average Sharpe ratio of respondents exceeded the portfolio containing a global benchmark for the equity component (0.85), but was lower than the portfolio containing a US benchmark for the equity component (1.20).

Performance Attribution

When looking at investment returns for the trailing one-year period, divergence in asset allocation between the top and bottom performers was largest within private equity and venture capital. Allocations to private real assets, bonds, and global ex US developed equities also varied considerably between top and bottom performers.

Private Equity and Venture Capital.

Endowments and foundations that posted a trailing one-year return in the top quartile entered the year with the highest average PE/VC allocation (12.4%). In contrast, the average beginning PE/VC allocation for those in the bottom-performing quartile was 3.5%. The degree of divergence is especially meaningful given the recent strong returns in private markets, particularly for venture capital.

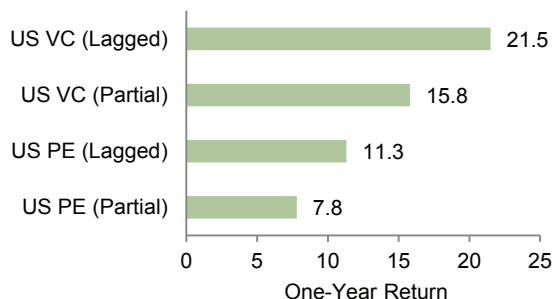
¹ The Sharpe ratio is the most common approach to measuring risk-adjusted performance. It shows how much return above the risk-free rate (T-bills) the investor has earned per unit of risk (defined as the standard deviation of returns). The higher the Sharpe ratio, the more the investor has been compensated for each unit of risk taken.

² The global equity benchmark is the MSCI All Country World Index and the US equity benchmark is the Wilshire 5000 Index. Bonds are represented by the Barclays Government/Credit Bond Index.

Geoffrey Bollier also contributed to this report.

Cambridge Associates Private Equity and Venture Capital Index Returns

As of March 31, 2015 • Percent (%)



Source: Cambridge Associates LLC.

Notes: US PE and US VC data are pooled end-to-end returns, net of fees, expenses, and carried interest. Partial year return represents the period 4/1/14–12/31/14 and aligns with endowments and foundations using the flat methodology to report private investment performance. Lagged return represents the period 10/1/13–9/30/14.

Private investment index returns in the table above are shown on a lagged and partial basis to reflect the varying methodologies that clients use for their one-year return calculation. Most participants with private investment allocations reported first quarter 2015 private investment returns on a flat (0%) basis. This method of reporting is consistent with the partial index returns, which include only three quarters of private returns for the trailing one-year period. As valuations become available, returns will be restated to reflect actual private performance.

The lagged basis (i.e., fourth quarter 2014 private return used in the first quarter 2015 total portfolio return) was the second most frequently used methodology for institutions with private investment allocations. For these investors, four quarters of private performance were included in the trailing one-year return. In periods where private market returns are positive, the lagged basis, with the inclusion of four quarters of performance, will result in a higher one-year return relative to the partial basis. Over 70% (53 of 75) of participants that use the lagged methodology were in the top

performance quartile for the trailing one-year period. Of the participants that use the partial methodology, only 16% (38 of 233) were in the top performance quartile.

Cambridge Associates Private Investment Index Returns

	One Quarter End-to-End Pooled Return (%)				
	Q1	Q2	Q3	Q4	Q1
	2014	2014	2014	2014	2015
US Private Equity	3.1	5.4	1.4	0.8	NA
US Venture Capital	4.9	3.0	2.4	9.9	NA
Real Estate	2.6	3.9	2.1	4.9	NA
Natural Resources	1.1	8.6	-0.5	-11.4	NA

Lagged Basis Partial Basis

Source: Cambridge Associates LLC.

Note: NA indicates data were not available.

Private Investment (PI) Reporting Methodology by Trailing One-Year Performance Quartile

As of March 31, 2015

	Reporting Methodology (n)			
	Lagged	Partial	Current/ Other	No PI Allocation
Top Quartile	53	38	11	4
2nd Quartile	11	74	6	14
3rd Quartile	8	65	3	30
Bottom Quartile	3	56	0	47

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Real Assets. Real assets consist of a diversified group of investments, including natural resources, commodities, real estate, and inflation-linked bonds. The range of returns for these various strategies was considerable for the trailing one-year period. Real estate was the strongest-performing asset class, with public US REITs returning 21.5% and the Cambridge Associates Private Real Estate Index posting double-digit returns on both a lagged and partial basis. Meanwhile, commodities and

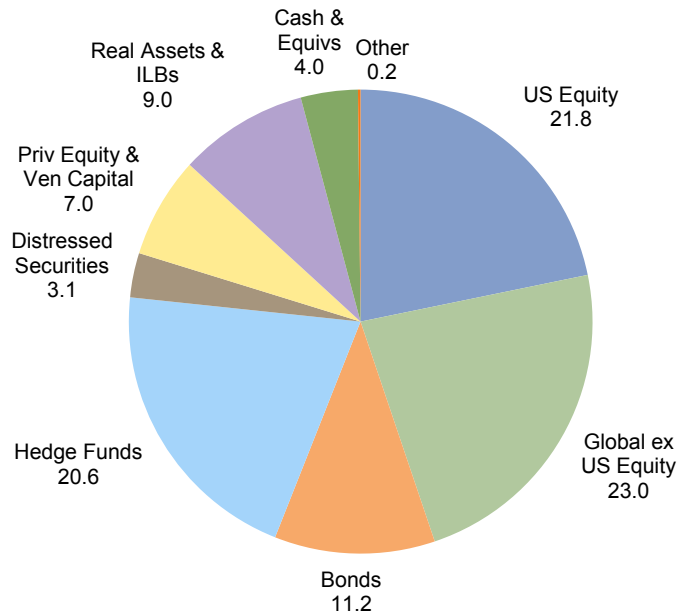
natural resources equities were dragged down considerably by collapsing oil prices in the second half of 2014. Returns for public natural resources were significantly weaker than those in the private markets. Endowments and foundations in the top performance quartile entered the one-year period with the highest average allocation to private real assets (8.6%) and the lowest allocation to public real assets (3.2%). In contrast, institutions in the bottom quartile had the lowest average allocation to private real assets (1.7%) and the highest allocation to public real assets (7.8%).

Bonds. The trailing one-year return for the Barclays Government/Credit Bond Index (5.9%) was higher than the median total portfolio return (4.6%) for the participant group. However, endowments and foundations with higher allocations to the outperforming private equity and venture capital asset classes also tend to have lower bond allocations. Therefore, those in the top performance quartile reported the lowest average allocations to bonds (7.4%), while those in the bottom performance quartile reported the highest average allocation (14.4%).

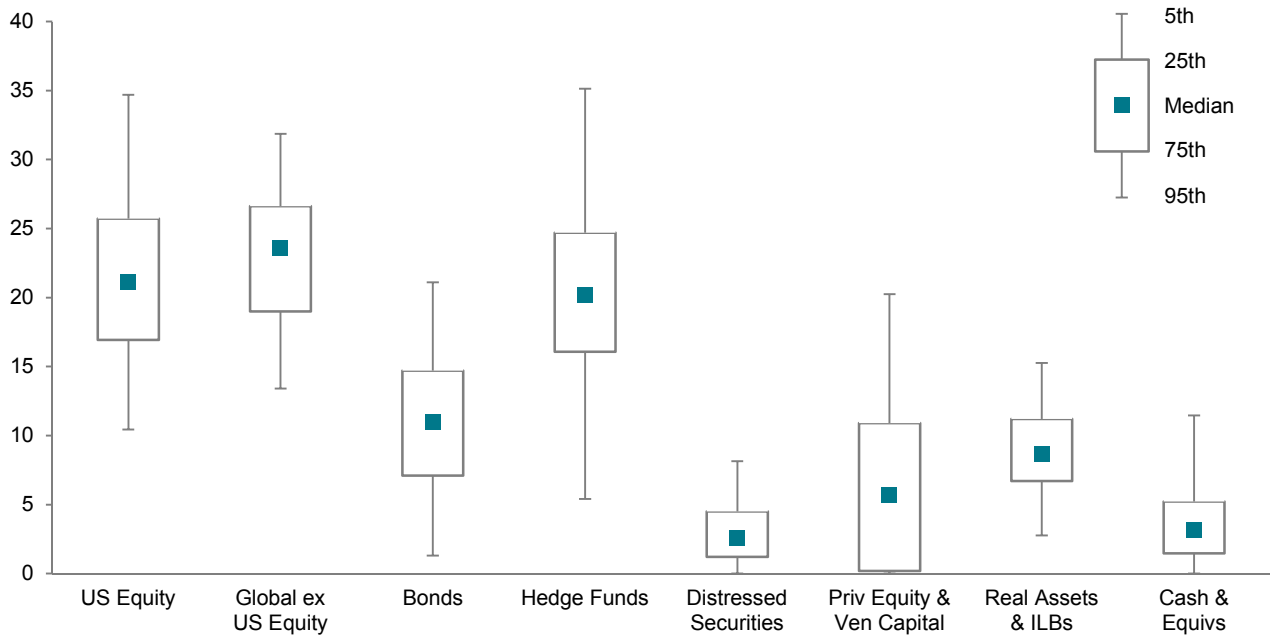
Global ex US Developed Equities. The US dollar began consistently rising against other major currencies in July 2014 and continued strengthening through first quarter 2015. This reduced foreign currencies' purchasing power of US dollars and negatively impacted the return of global ex US holdings for unhedged US investors. Endowments and foundations in the top performance quartile for 2014 entered the year with the lowest average allocation to global ex US developed equities (12.5%), while those in the bottom performance quartile had the highest average allocation (18.0%). ■

Exhibit 1
Asset Allocation Snapshot: US Endowments and Foundations
 As of March 31, 2015 • Percent (%)

Mean Asset Allocation (n = 424)

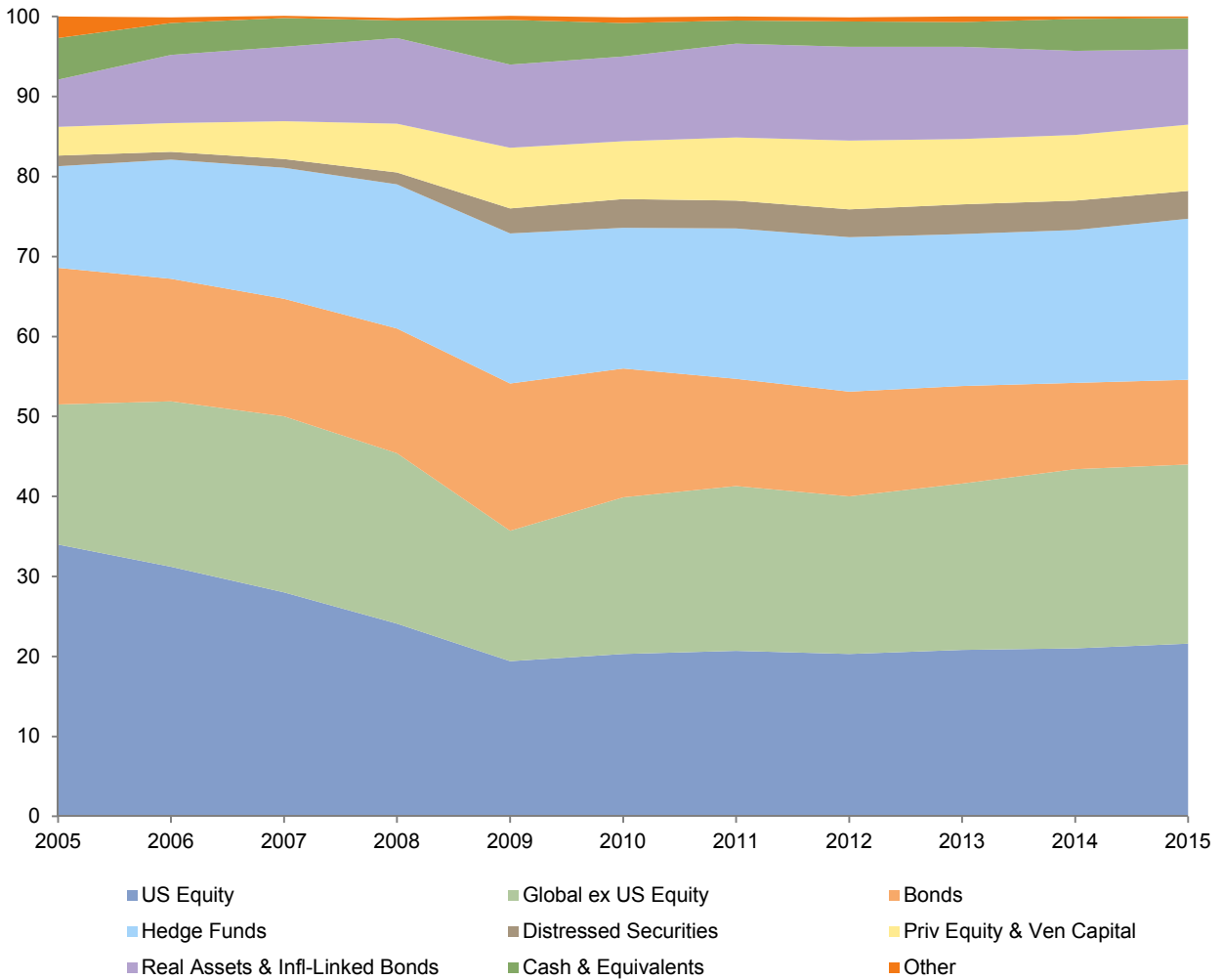


Distribution by Asset Class: Asset Allocation (n = 424)



Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 2
Historical Mean Asset Allocation Trends: US Endowments and Foundations
 Years Ended March 31 • Percent (%)



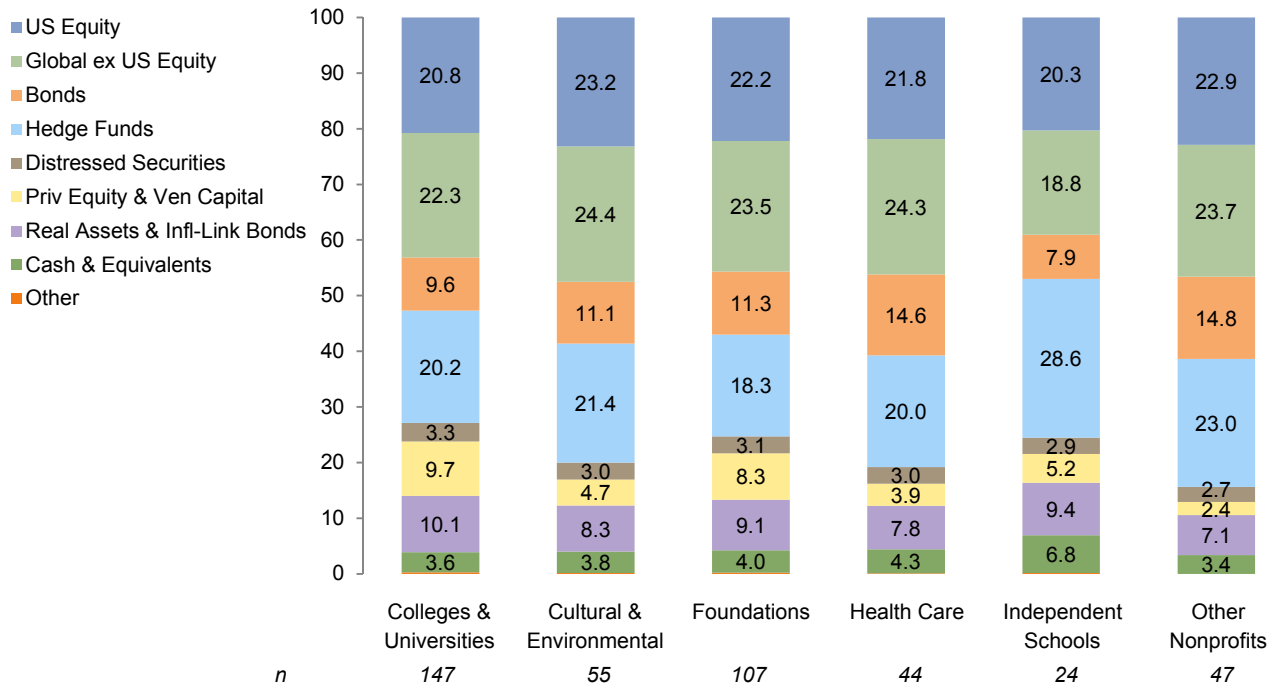
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
US Equity	34.0	31.2	28.0	24.1	19.4	20.3	20.7	20.3	20.8	21.0	21.6
Global ex US Equity	17.5	20.7	22.0	21.3	16.3	19.6	20.6	19.7	20.8	22.4	22.4
<i>Developed Markets</i>	14.2	16.1	17.1	16.2	12.4	14.1	14.3	13.3	13.9	15.4	15.1
<i>Emerging Markets</i>	3.3	4.6	4.8	5.1	3.9	5.4	6.3	6.4	6.9	7.0	7.2
Bonds	17.1	15.3	14.7	15.6	18.4	16.1	13.4	13.1	12.2	10.8	10.6
Hedge Funds	12.7	14.9	16.4	18.0	18.8	17.6	18.8	19.3	19.0	19.1	20.1
Distressed Securities	1.3	1.0	1.1	1.5	3.1	3.6	3.5	3.5	3.7	3.7	3.5
Priv Equity & Ven Capital	3.6	3.6	4.7	6.1	7.6	7.2	7.9	8.6	8.2	8.2	8.3
Real Assets & Infl-Linked Bonds	5.9	8.5	9.3	10.7	10.4	10.6	11.7	11.7	11.5	10.5	9.4
Cash & Equivalents	5.2	4.0	3.6	2.2	5.6	4.2	2.9	3.2	3.1	4.0	3.9
Other	2.7	0.7	0.3	0.3	0.5	0.7	0.5	0.5	0.7	0.3	0.2

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

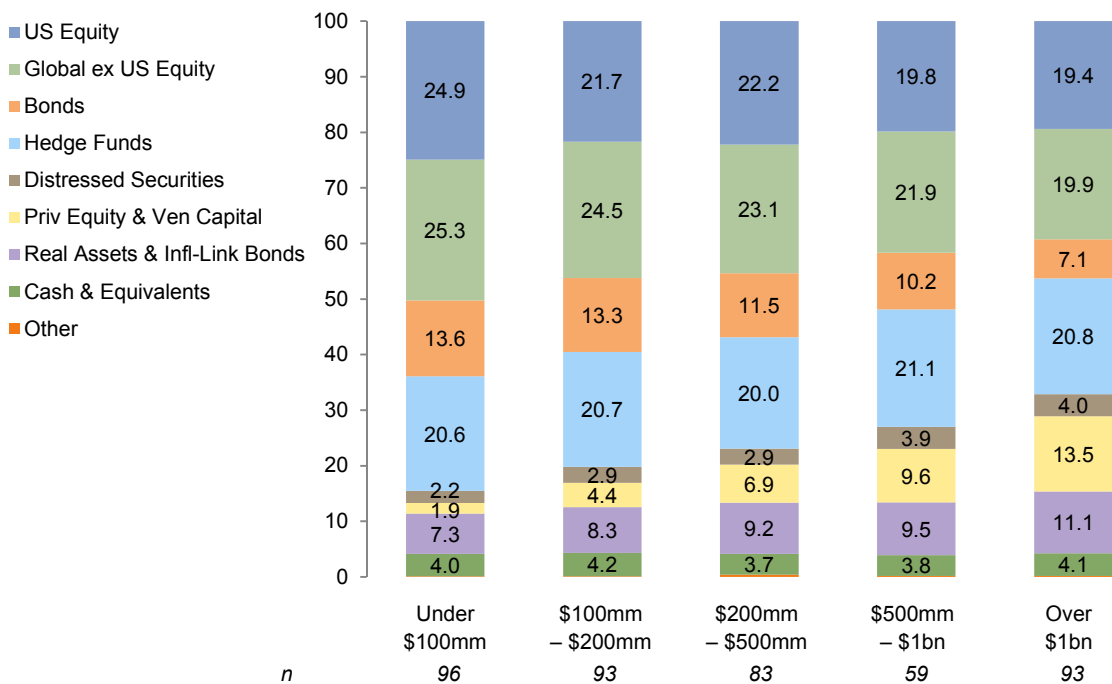
Note: The table represents 199 US endowments and foundations that provided asset allocation data for each year from 2005 to 2015.

Exhibit 3
Summary Asset Allocation: US Endowments and Foundations
 As of March 31, 2015 • Percent (%)

By Peer Group



By Asset Size



Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 4
Detailed Asset Allocation by Peer Group: US Endowments and Foundations
 As of March 31, 2015 • Percent (%)

	Colleges & Universities (n = 147)		Cultural & Environmental (n = 55)		Foundations (n = 107)		Health Care (n = 44)		Independent Schools (n = 24)		Other Nonprofits (n = 47)	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
US Equity	20.8	20.1	23.2	21.8	22.2	21.0	21.8	22.1	20.3	19.5	22.9	23.4
Global ex US Equity	22.3	22.8	24.4	25.4	23.5	23.9	24.3	24.8	18.8	18.9	23.7	23.5
Developed Markets	15.0	15.0	16.8	17.1	15.8	16.0	17.2	16.4	13.0	13.4	16.8	16.2
Emerging Markets	7.3	7.2	7.6	7.5	7.7	7.8	7.2	6.9	5.8	5.4	6.9	7.2
Bonds	9.6	9.1	11.1	11.1	11.3	10.8	14.6	13.7	7.9	8.6	14.8	15.0
US Bonds	7.6	7.2	9.0	8.8	9.2	9.7	11.7	11.5	6.5	7.0	11.9	12.5
Global ex US Developed Markets	0.9	0.0	0.7	0.0	0.8	0.1	1.2	0.9	0.6	0.0	1.2	1.0
Global ex US Emerging Markets	0.6	0.0	1.0	0.4	0.8	0.1	0.8	0.5	0.5	0.0	1.1	0.8
High-Yield Bonds	0.5	0.0	0.4	0.0	0.4	0.0	0.9	0.0	0.3	0.0	0.6	0.0
Hedge Funds	20.2	20.6	21.4	21.1	18.3	18.0	20.0	18.8	28.6	30.1	23.0	21.3
Long/Short Hedge Funds	9.3	9.4	9.8	9.0	8.9	8.0	10.2	10.0	14.8	13.6	10.9	10.2
Absolute Return (ex Distressed)	10.9	10.6	11.6	10.6	9.4	9.3	9.8	8.5	13.7	13.3	12.1	10.8
Distressed Securities	3.3	2.7	3.0	2.8	3.1	2.8	3.0	2.4	2.9	2.4	2.7	2.2
Hedge Fund Structure	1.9	1.6	1.9	1.9	1.8	1.6	2.3	1.9	1.4	1.2	1.9	1.9
Private Equity Structure	1.4	0.9	1.1	0.2	1.2	0.5	0.7	0.0	1.5	1.0	0.8	0.0
Private Equity & Venture Capital	9.7	9.2	4.7	3.5	8.3	6.3	3.9	1.4	5.2	5.5	2.4	0.0
Non-Venture Private Equity	5.2	4.6	2.3	1.2	3.2	2.1	1.7	0.0	2.7	1.8	1.0	0.0
Venture Capital	3.8	3.1	1.5	0.0	3.8	1.4	1.6	0.2	1.4	0.6	1.0	0.0
Other Private Investments	0.8	0.0	0.9	0.0	1.3	0.2	0.6	0.0	1.1	0.1	0.4	0.0
Real Assets & Infl-Linked Bonds	10.1	9.6	8.3	8.3	9.1	8.9	7.8	8.1	9.4	8.4	7.1	7.4
Private Real Estate	2.7	2.2	1.2	0.0	2.1	1.1	1.2	0.0	2.1	0.1	0.6	0.0
Public Real Estate	0.5	0.0	0.5	0.0	0.5	0.0	0.7	0.0	0.4	0.0	0.6	0.0
Commodities	0.9	0.7	1.0	0.0	1.2	0.8	0.9	0.7	1.0	1.0	1.4	0.9
Inflation-Linked Bonds	0.4	0.0	0.6	0.0	0.4	0.0	0.4	0.1	0.3	0.0	0.3	0.0
Private Oil & Gas/Natural Resources	2.4	2.0	1.3	0.0	1.8	1.1	1.1	0.0	2.2	1.6	0.7	0.0
Timber	0.3	0.0	0.1	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.0	0.0
Public Energy/Natural Resources	2.8	2.5	3.5	3.6	3.0	2.8	3.3	3.4	3.3	2.6	3.6	3.6
Cash & Equivalents	3.6	3.0	3.8	2.8	4.0	3.6	4.3	3.0	6.8	4.4	3.4	2.7
Other Assets	0.3	0.0	0.2	0.0	0.2	0.0	0.1	0.0	0.2	0.0	0.0	0.0

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 5
Detailed Asset Allocation by Asset Size: US Endowments and Foundations
 As of March 31, 2015 • Percent (%)

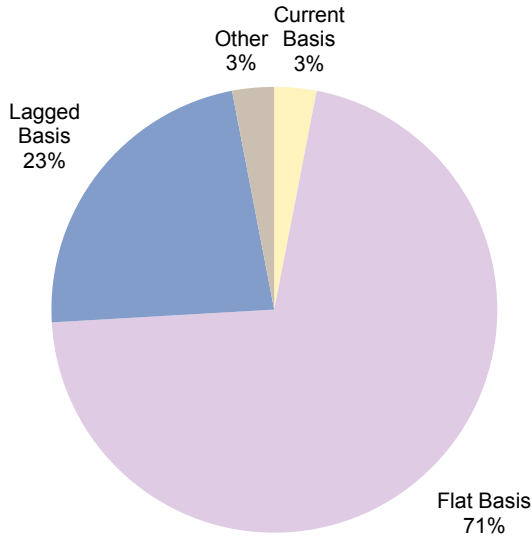
	All Endow & Foundation (n = 424)		Under \$100mm (n = 96)		\$100mm to \$200mm (n = 93)		\$200mm to \$500mm (n = 83)		\$500mm to \$1bn (n = 59)		Over \$1bn (n = 93)	
	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median
US Equity	21.8	21.2	24.9	24.5	21.7	21.7	22.2	21.4	19.8	19.2	19.4	17.9
Global ex US Equity	23.0	23.6	25.3	25.6	24.5	25.2	23.1	23.6	21.9	22.7	19.9	18.6
Developed Markets	15.8	15.8	18.3	18.1	17.3	17.3	15.6	15.8	14.5	14.7	12.5	11.5
Emerging Markets	7.3	7.4	7.0	7.2	7.2	7.2	7.5	7.4	7.3	7.8	7.4	7.2
Bonds	11.2	11.0	13.6	13.1	13.3	13.5	11.5	10.7	10.2	9.7	7.1	6.6
US Bonds	9.0	8.7	11.0	11.3	10.7	10.7	9.4	8.9	8.1	7.8	5.5	5.8
Global ex US Developed Markets	0.9	0.1	1.1	0.6	0.9	0.6	0.8	0.0	1.0	0.7	0.7	0.0
Emerging Markets	0.8	0.2	1.0	0.6	1.2	0.8	0.8	0.4	0.6	0.0	0.3	0.0
High-Yield Bonds	0.5	0.0	0.6	0.0	0.5	0.0	0.5	0.0	0.5	0.0	0.5	0.0
Hedge Funds	20.6	20.2	20.6	19.4	20.7	20.0	20.0	20.0	21.1	21.4	20.8	21.3
Long/Short Hedge Funds	9.8	9.5	11.5	11.6	10.4	10.1	8.1	7.8	8.5	8.1	9.9	9.5
Absolute Return (ex Distressed)	10.8	10.2	9.1	7.6	10.3	9.4	11.9	10.7	12.6	11.7	10.9	11.2
Distressed Securities	3.1	2.6	2.2	2.0	2.9	2.3	2.9	2.8	3.9	3.7	4.0	3.6
Hedge Fund Structure	1.9	1.7	1.7	1.7	1.9	1.7	1.7	1.6	2.1	1.9	2.3	1.8
Private Equity Structure	1.2	0.5	0.5	0.0	1.0	0.2	1.2	0.7	1.9	1.4	1.7	1.3
Private Equity & Venture Capital	7.0	5.7	1.9	0.0	4.4	2.1	6.9	5.4	9.6	8.5	13.5	12.8
Non-Venture Private Equity	3.3	2.1	0.5	0.0	1.6	0.4	3.3	2.2	5.0	4.1	7.0	7.0
Venture Capital	2.8	1.2	0.6	0.0	1.6	0.0	2.5	1.7	3.9	3.0	6.0	4.8
Other Private Investments	0.9	0.0	0.8	0.0	1.2	0.0	1.1	0.3	0.7	0.3	0.6	0.0
Real Assets & Infl-Linked Bonds	9.0	8.7	7.3	7.9	8.3	8.1	9.2	9.5	9.5	8.9	11.1	11.0
Private Real Estate	1.9	1.0	0.5	0.0	0.8	0.0	1.8	1.2	2.3	1.8	4.5	4.1
Public Real Estate	0.5	0.0	0.5	0.0	0.4	0.0	0.6	0.0	0.8	0.0	0.4	0.0
Commodities	1.0	0.7	1.4	1.0	1.2	1.0	1.0	0.8	0.8	0.4	0.7	0.0
Inflation-Linked Bonds	0.4	0.0	0.4	0.0	0.5	0.1	0.4	0.0	0.1	0.0	0.5	0.0
Private Oil & Gas/Natural Resources	1.8	1.0	0.4	0.0	1.1	0.0	1.6	1.3	2.4	2.4	3.7	3.6
Timber	0.2	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.3	0.0	0.5	0.0
Public Energy/Natural Resources	3.1	2.8	4.0	4.4	4.2	4.2	3.6	2.9	2.7	2.6	0.9	0.0
Cash & Equivalents	4.0	3.2	4.0	3.2	4.2	2.6	3.7	3.4	3.8	3.2	4.1	3.1
Other Assets	0.2	0.0	0.1	0.0	0.1	0.0	0.4	0.0	0.1	0.0	0.2	0.0

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 6
Performance Reporting Methodologies

As of March 31, 2015 • Methods Used to Account for Performance of Private Investments in First Quarter 2015

**Performance Reporting Methodology:
US Endowments and Foundations**
(n = 328)

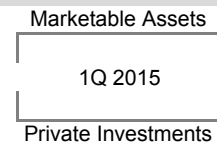


By Asset Size

	Current Basis	Flat Basis	Lagged Basis	Other
Under \$100 million	2%	98%	—	—
<i>n</i>	1	43	—	—
\$100 million to \$200 million	—	100%	—	—
<i>n</i>	—	66	—	—
\$200 million to \$500 million	—	91%	6%	3%
<i>n</i>	—	66	4	2
\$500 million to \$1 billion	7%	66%	21%	6%
<i>n</i>	4	36	12	3
Over \$1 billion	5%	25%	65%	5%
<i>n</i>	5	22	59	5

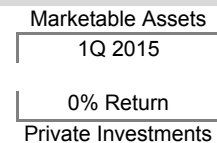
Current Basis

Total investment pool return for 1Q 2015 includes marketable asset performance and private investment performance for January 1, 2015, to March 31, 2015. All ten institutions in our endowment universe using this methodology used estimated valuations.



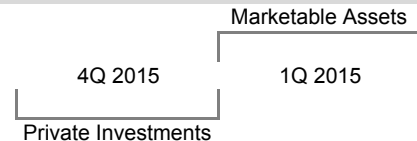
Flat Basis

Total investment pool return for 1Q 2015 includes marketable asset performance for January 1, 2015, to March 31, 2015. Private investment portion of the investment pool is represented by a flat return (0%) for January 1, 2015, to March 31, 2015.



Lagged Basis

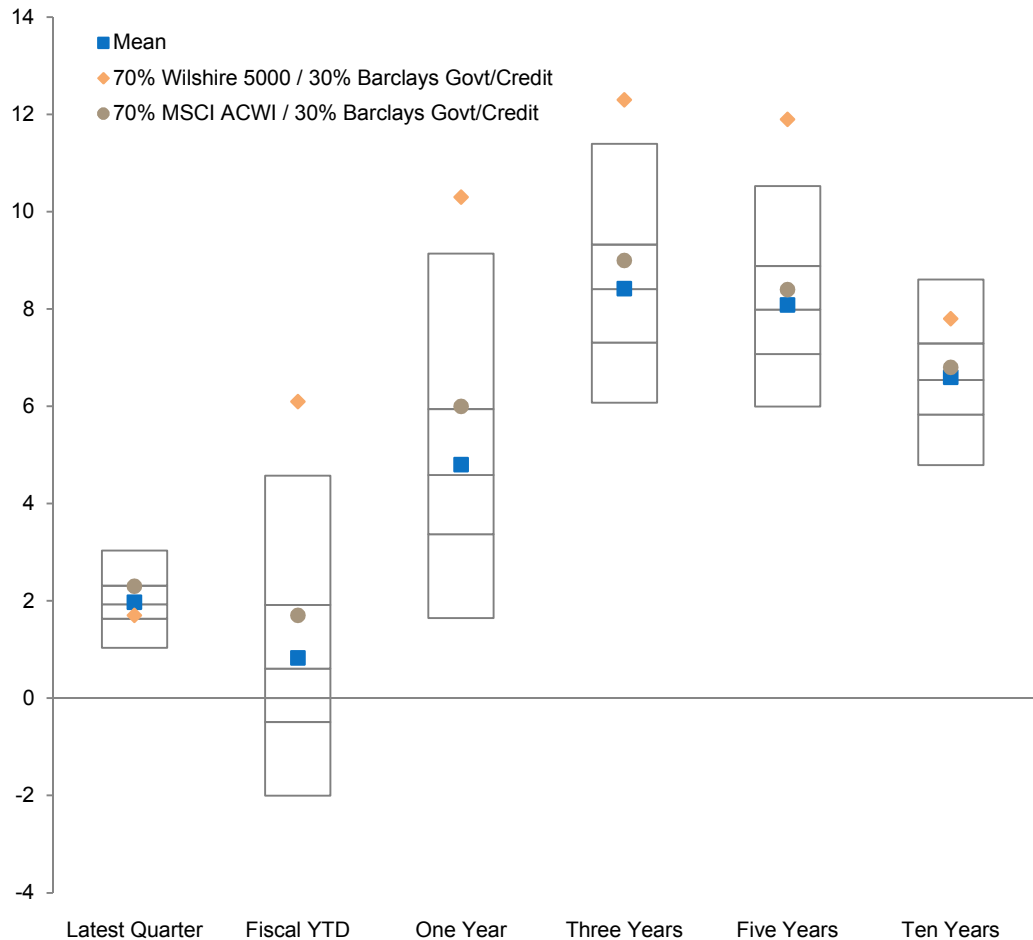
Total investment pool return for 1Q 2015 includes marketable asset performance for January 1, 2015, to March 31, 2015, and private investment performance for October 1, 2014, to December 31, 2014. Of the 75 institutions in our endowment universe using this methodology, three will restate 1Q 2015 returns to reflect private investment valuations on a current basis.



Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Notes: Private investments include total allocation to non-venture private equity, venture capital, distressed securities (private equity structure), private oil & gas/natural resources, timber, private real estate, and other private investments. Excluded from this exhibit are 96 US endowments and foundations that have no significant private investment allocations (<1% of their total investment portfolios).

Exhibit 7
Nominal Return Percentiles: US Endowments and Foundations
 Periods Ended March 31, 2015 • Percent (%)

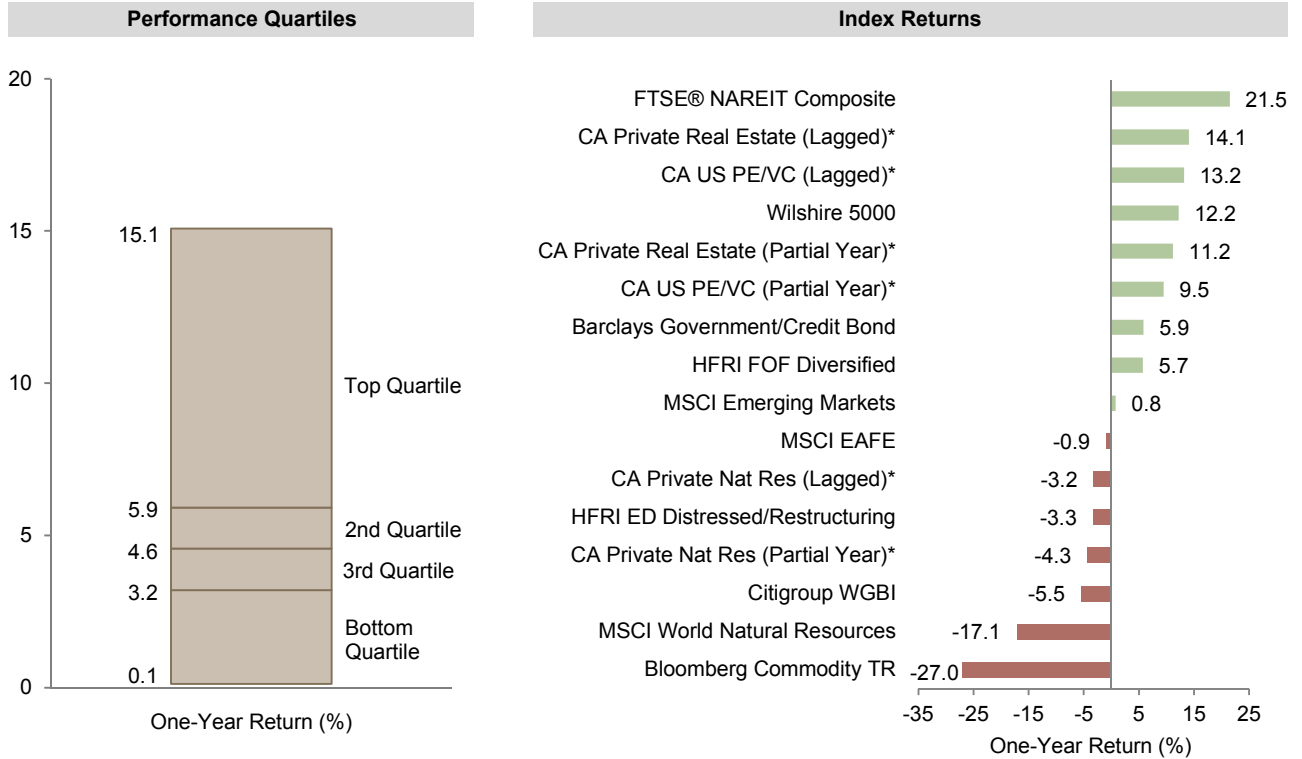


	Latest Quarter	Fiscal YTD	One Year	Three Years	Five Years	Ten Years
5th Percentile	3.0	4.6	9.1	11.4	10.5	8.6
25th Percentile	2.3	1.9	5.9	9.3	8.9	7.3
Median	1.9	0.6	4.6	8.4	8.0	6.5
75th Percentile	1.6	-0.5	3.4	7.3	7.1	5.8
95th Percentile	1.0	-2.0	1.6	6.1	6.0	4.8
Mean	2.0	0.8	4.8	8.4	8.1	6.6
<i>n</i>	424	423	423	416	407	366
70% Wilshire 5000 / 30% Barclays Govt/Credit	1.7	6.1	10.3	12.3	11.9	7.8
70% MSCI ACWI / 30% Barclays Govt/Credit	2.3	1.7	6.0	9.0	8.4	6.8

Sources: Endowment and foundation data as reported to Cambridge Associates LLC. Index data are provided by Barclays, MSCI Inc., and Wilshire Associates, Inc. MSCI data provided "as is" without any express or implied warranties.

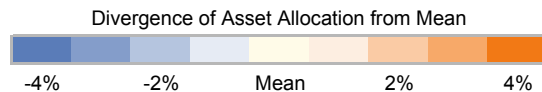
Notes: Three-, five-, and ten-year returns are annualized. The 70/30 simple portfolio benchmarks are calculated assuming rebalancing occurs on the final day of each quarter.

Exhibit 8
Performance Attribution: US Endowments and Foundations
 As of March 31, 2015 • Analysis of Top and Bottom Performers



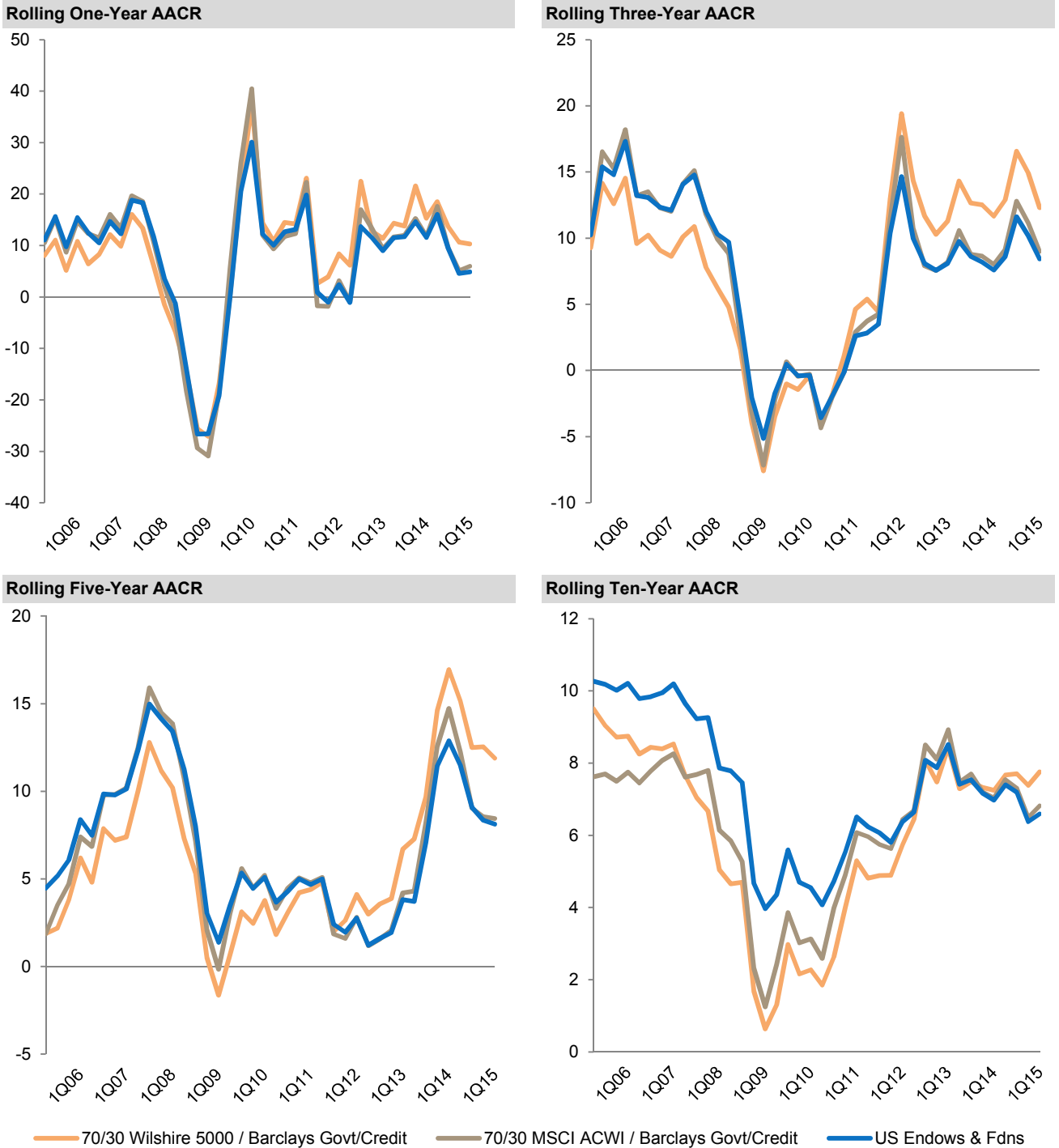
Mean Asset Allocation by Performance Quartile (%) as of March 31, 2014

Quartile	US Equity	DM ex US Equity	EM Equity	Bonds	Hedge Funds	Dist Sec	PE & VC	Public RA & ILBs	Private RA	Cash	Other
Top Quartile	19.8	12.5	6.7	7.4	21.0	3.9	12.4	3.2	8.6	4.1	0.2
2nd Quartile	22.5	16.3	6.9	11.2	19.3	3.7	6.7	5.7	3.6	3.8	0.2
3rd Quartile	21.0	16.2	7.1	13.1	19.5	3.3	5.3	7.4	3.1	3.7	0.2
Bottom Quartile	21.8	18.0	7.3	14.4	19.0	2.4	3.5	7.8	1.7	4.0	0.1
US E&F Universe	21.3	15.8	7.0	11.5	19.7	3.3	7.0	6.0	4.3	3.9	0.2



Source: Endowment and foundation data as reported to Cambridge Associates LLC. Index data are provided by Barclays, Bloomberg L.P., Citigroup Global Markets, Dow Jones Indexes, FTSE International Limited, Hedge Fund Research, Inc., MSCI Inc., the National Association of Real Estate Investment Trusts, and Wilshire Associates, Inc. MSCI data provided "as is" without any express or implied warranties.
 Note: CA US Endowment and Foundation Universe performance quartiles are based on the trailing one-year return as of March 31, 2015.
 * Private investment returns are calculated as an IRR. The source of these returns is the CA private investment benchmark database. Partial year return represents the period 4/1/14–12/31/14 and lagged return represents the period 1/1/14–12/31/14. These periods align with endowments and foundations using the flat and lagged methodologies, respectively, to report private investment performance. See Exhibit 6 for more detail on these reporting methodologies.

Exhibit 9
Nominal Returns Over Time: US Endowments and Foundations
 Periods Ended Second Quarter 2005 – First Quarter 2015 • Percent (%)

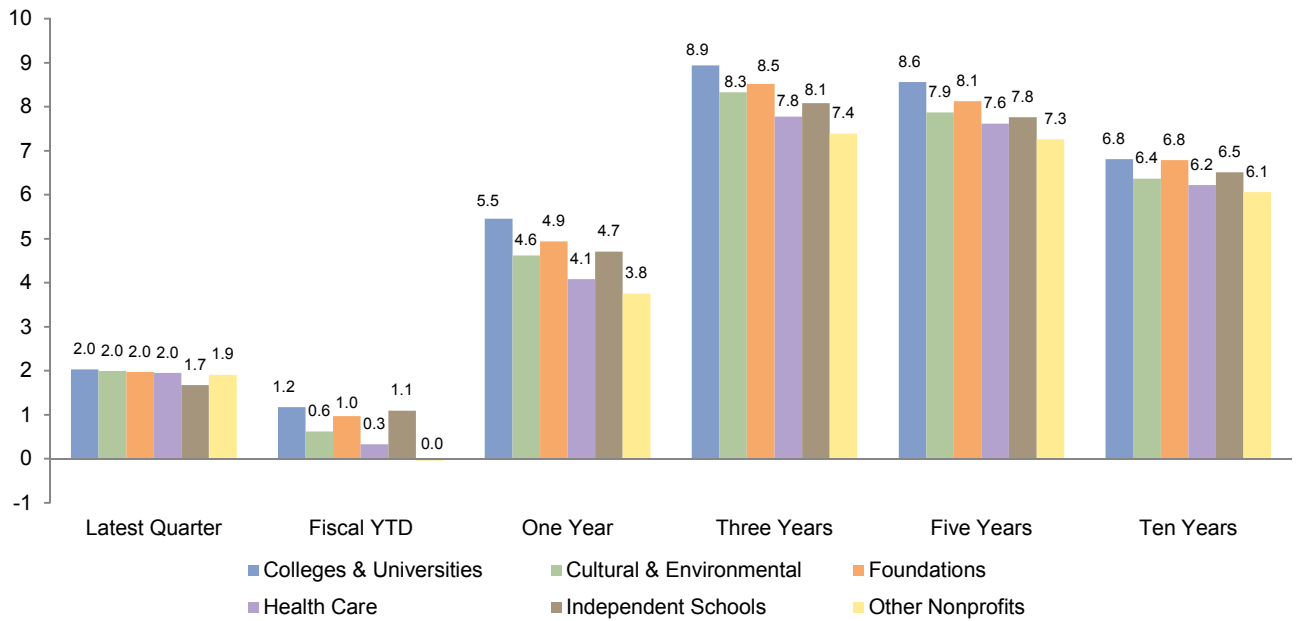


Sources: Endowment and foundation data as reported to Cambridge Associates LLC. Index data are provided by Barclays, MSCI Inc., and Wilshire Associates, Inc. MSCI data provided "as is" without any express or implied warranties.

Note: The 70/30 simple portfolio benchmarks are calculated assuming rebalancing occurs on the final day of each quarter.

Exhibit 10
Nominal Mean Returns Summary: US Endowments and Foundations
 Periods Ended March 31, 2015 • Percent (%)

By Peer Group



By Asset Size



Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 11

Nominal Total Return Summary by Peer Group: US Endowments and Foundations

Periods Ended March 31, 2015 • Percent (%)

	Latest Quarter	Fiscal YTD	Average Annual Compound			
			One Year	Three Years	Five Years	Ten Years
Colleges & Universities						
5th Percentile	3.1	4.8	9.7	11.4	10.7	8.7
25th Percentile	2.4	2.5	6.9	10.1	9.4	7.5
75th Percentile	1.6	-0.1	3.8	8.0	7.7	6.1
95th Percentile	1.0	-2.1	1.6	6.2	6.3	5.1
Mean	2.0	1.2	5.5	8.9	8.6	6.8
Median	2.0	1.2	5.1	8.9	8.5	6.7
<i>n</i>	147	147	147	146	143	136
Cultural & Environmental						
5th Percentile	2.8	3.2	7.5	11.1	9.9	8.0
25th Percentile	2.3	1.3	5.6	9.1	8.7	7.2
75th Percentile	1.8	-0.4	3.2	7.3	7.0	5.7
95th Percentile	1.3	-1.4	2.6	6.2	6.0	4.4
Mean	2.0	0.6	4.6	8.3	7.9	6.4
Median	2.0	0.4	4.6	8.2	7.8	6.5
<i>n</i>	55	55	55	55	54	48
Foundations						
5th Percentile	3.3	5.4	10.9	11.7	10.8	8.7
25th Percentile	2.2	1.9	5.8	9.3	8.9	7.6
75th Percentile	1.6	-0.3	3.4	7.4	7.1	5.9
95th Percentile	1.1	-1.9	1.6	6.3	6.1	5.0
Mean	2.0	1.0	4.9	8.5	8.1	6.8
Median	1.9	0.4	4.6	8.5	7.9	6.7
<i>n</i>	107	107	107	102	101	86
Health Care						
5th Percentile	2.6	3.5	6.5	10.4	9.6	8.0
25th Percentile	2.3	1.0	5.2	8.8	8.3	6.9
75th Percentile	1.7	-0.8	2.7	6.7	6.8	5.4
95th Percentile	1.4	-2.6	1.6	5.6	6.0	4.8
Mean	2.0	0.3	4.1	7.8	7.6	6.2
Median	1.9	0.5	3.9	7.7	7.5	6.2
<i>n</i>	44	44	44	44	43	39
Independent Schools						
5th Percentile	2.6	3.7	7.8	10.3	10.9	7.7
25th Percentile	2.1	2.4	6.4	9.4	8.6	7.1
75th Percentile	1.4	-0.1	3.4	7.1	6.7	5.6
95th Percentile	0.1	-1.9	1.9	6.1	5.9	4.9
Mean	1.7	1.1	4.7	8.1	7.8	6.5
Median	1.8	1.3	4.3	7.8	7.4	6.7
<i>n</i>	24	24	24	24	24	22
Other Nonprofits						
5th Percentile	2.6	2.0	5.9	9.2	8.6	7.3
25th Percentile	2.2	0.7	4.5	7.9	8.0	6.6
75th Percentile	1.7	-0.8	2.9	6.8	6.6	5.6
95th Percentile	1.1	-1.7	2.2	5.3	5.5	4.7
Mean	1.9	0.0	3.8	7.4	7.3	6.1
Median	1.9	-0.3	3.7	7.4	7.3	6.0
<i>n</i>	47	46	46	45	42	35

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 12

Nominal Total Return Summary by Asset Size: US Endowments and Foundations

Periods Ended March 31, 2015 • Percent (%)

	Latest Quarter	Fiscal YTD	Average Annual Compound			
			One Year	Three Years	Five Years	Ten Years
Under \$100 Million						
5th Percentile	2.7	2.2	6.4	9.5	8.9	7.6
25th Percentile	2.3	0.6	4.5	8.3	7.9	6.6
75th Percentile	1.7	-0.8	2.9	6.8	6.7	5.3
95th Percentile	1.2	-1.8	1.7	5.7	5.8	4.2
Mean	2.0	-0.1	3.8	7.6	7.3	5.9
Median	1.9	-0.2	3.8	7.5	7.2	5.8
<i>n</i>	96	95	95	92	87	72
\$100 Million to \$200 Million						
5th Percentile	2.8	2.1	5.9	9.7	9.1	7.6
25th Percentile	2.2	0.8	4.7	8.5	8.0	7.0
75th Percentile	1.6	-1.1	2.8	6.7	6.5	5.5
95th Percentile	1.2	-2.6	1.5	5.4	5.7	4.7
Mean	1.9	-0.1	3.8	7.6	7.3	6.2
Median	1.9	0.0	3.8	7.5	7.3	6.2
<i>n</i>	93	93	93	92	92	77
\$200 Million to \$500 Million						
5th Percentile	2.7	2.8	7.3	10.4	9.7	8.0
25th Percentile	2.3	1.4	5.5	9.2	8.7	7.2
75th Percentile	1.5	-0.7	3.4	7.5	7.5	5.9
95th Percentile	1.0	-2.1	1.7	6.3	6.4	5.0
Mean	1.9	0.4	4.5	8.4	8.0	6.5
Median	1.9	0.5	4.7	8.4	8.0	6.5
<i>n</i>	83	83	83	81	81	76
\$500 Million to \$1 Billion						
5th Percentile	2.8	4.2	8.7	11.6	10.2	8.5
25th Percentile	2.2	1.9	6.3	9.3	8.9	7.2
75th Percentile	1.5	-0.3	3.7	8.2	7.9	6.1
95th Percentile	1.1	-1.4	2.2	6.3	6.2	5.5
Mean	1.9	1.0	5.0	8.8	8.5	6.8
Median	1.9	0.6	4.8	8.8	8.5	6.7
<i>n</i>	59	59	59	58	54	52
Over \$1 Billion						
5th Percentile	4.7	7.0	11.7	12.8	11.7	9.2
25th Percentile	2.7	4.1	8.4	10.9	10.4	8.2
75th Percentile	1.7	1.5	5.8	8.9	8.5	6.7
95th Percentile	0.3	0.1	3.5	7.2	6.9	6.0
Mean	2.2	2.9	7.2	9.9	9.4	7.5
Median	2.2	2.7	7.0	9.9	9.5	7.4
<i>n</i>	93	93	93	93	93	89

Source: Endowment and foundation data as reported to Cambridge Associates LLC.

Exhibit 13

Real Total Return Summary by Peer Group: US Endowments and Foundations

Periods Ended March 31, 2015 • Percent (%)

	Latest Quarter	Fiscal YTD	Average Annual Compound			
			One Year	Three Years	Five Years	Ten Years
Colleges & Universities						
5th Percentile	2.5	5.8	9.8	10.3	8.9	6.6
25th Percentile	1.8	3.5	7.0	9.1	7.7	5.4
75th Percentile	1.0	0.8	3.9	7.0	6.0	4.0
95th Percentile	0.4	-1.1	1.7	5.3	4.6	3.0
Mean	1.5	2.1	5.5	7.9	6.8	4.7
Median	1.4	2.1	5.2	7.8	6.8	4.6
<i>n</i>	147	147	147	146	143	136
Cultural & Environmental						
5th Percentile	2.3	4.2	7.5	10.0	8.1	5.9
25th Percentile	1.7	2.3	5.6	8.1	7.0	5.1
75th Percentile	1.2	0.5	3.3	6.3	5.2	3.6
95th Percentile	0.8	-0.5	2.7	5.2	4.3	2.4
Mean	1.4	1.6	4.7	7.3	6.1	4.3
Median	1.4	1.3	4.7	7.2	6.1	4.4
<i>n</i>	55	55	55	55	54	48
Foundations						
5th Percentile	2.8	6.4	10.8	10.6	9.0	6.5
25th Percentile	1.6	2.8	5.9	8.2	7.1	5.4
75th Percentile	1.0	0.6	3.5	6.4	5.4	3.8
95th Percentile	0.6	-1.0	1.7	5.2	4.4	2.9
Mean	1.4	1.9	5.0	7.5	6.4	4.7
Median	1.3	1.3	4.7	7.4	6.2	4.6
<i>n</i>	107	107	107	102	101	86
Health Care						
5th Percentile	2.0	4.4	6.6	9.4	7.8	5.9
25th Percentile	1.7	2.0	5.3	7.7	6.5	4.8
75th Percentile	1.1	0.1	2.8	5.6	5.1	3.3
95th Percentile	0.8	-1.6	1.7	4.6	4.2	2.7
Mean	1.4	1.3	4.2	6.7	5.9	4.1
Median	1.4	1.4	4.0	6.7	5.7	4.1
<i>n</i>	44	44	44	44	43	39
Independent Schools						
5th Percentile	2.0	4.8	7.8	9.3	9.1	5.6
25th Percentile	1.6	3.4	6.5	8.4	6.8	5.0
75th Percentile	0.9	0.9	3.5	6.0	4.9	3.5
95th Percentile	-0.5	-1.0	1.9	5.1	4.2	2.8
Mean	1.1	2.1	4.8	7.1	6.0	4.4
Median	1.3	2.3	4.4	6.7	5.6	4.5
<i>n</i>	24	24	24	24	24	22
Other Nonprofits						
5th Percentile	2.1	2.9	5.9	8.2	6.8	5.2
25th Percentile	1.7	1.7	4.6	6.9	6.2	4.5
75th Percentile	1.1	0.1	2.9	5.7	4.9	3.5
95th Percentile	0.6	-0.7	2.2	4.3	3.8	2.6
Mean	1.3	0.9	3.8	6.4	5.5	4.0
Median	1.3	0.7	3.7	6.3	5.6	3.9
<i>n</i>	47	46	46	45	42	35

Sources: Endowment and foundation data as reported to Cambridge Associates LLC, adjusted for inflation using CPI-U from the US Department of Labor - Bureau of Labor Statistics.

Exhibit 14**Real Total Return Summary by Asset Size: US Endowments and Foundations**

Periods Ended March 31, 2015 • Percent (%)

	Latest Quarter	Fiscal YTD	Average Annual Compound			
			One Year	Three Years	Five Years	Ten Years
Under \$100 Million						
5th Percentile	2.2	3.1	6.5	8.4	7.1	5.5
25th Percentile	1.7	1.6	4.6	7.3	6.2	4.5
75th Percentile	1.1	0.1	2.9	5.8	4.9	3.2
95th Percentile	0.6	-0.9	1.7	4.7	4.1	2.1
Mean	1.4	0.9	3.8	6.5	5.6	3.8
Median	1.4	0.8	3.9	6.4	5.5	3.7
<i>n</i>	96	95	95	92	87	72
\$100 Million to \$200 Million						
5th Percentile	2.2	3.1	6.0	8.7	7.3	5.5
25th Percentile	1.6	1.8	4.8	7.5	6.3	4.8
75th Percentile	1.1	-0.2	2.8	5.7	4.8	3.4
95th Percentile	0.6	-1.7	1.6	4.3	4.0	2.6
Mean	1.3	0.9	3.9	6.5	5.6	4.1
Median	1.3	0.9	3.8	6.5	5.6	4.1
<i>n</i>	93	93	93	92	92	77
\$200 Million to \$500 Million						
5th Percentile	2.2	3.8	7.4	9.4	8.0	5.8
25th Percentile	1.7	2.4	5.6	8.1	6.9	5.1
75th Percentile	0.9	0.2	3.5	6.5	5.7	3.8
95th Percentile	0.3	-1.1	1.8	5.3	4.6	3.0
Mean	1.3	1.4	4.6	7.3	6.3	4.4
Median	1.3	1.5	4.8	7.4	6.3	4.4
<i>n</i>	83	83	83	81	81	76
\$500 Million to \$1 Billion						
5th Percentile	2.2	5.1	8.8	10.6	8.5	6.4
25th Percentile	1.6	2.8	6.4	8.2	7.2	5.1
75th Percentile	1.0	0.7	3.7	7.2	6.1	4.0
95th Percentile	0.5	-0.5	2.3	5.3	4.5	3.4
Mean	1.3	1.9	5.1	7.8	6.7	4.7
Median	1.3	1.6	4.9	7.8	6.7	4.6
<i>n</i>	59	59	59	58	54	52
Over \$1 Billion						
5th Percentile	4.1	7.5	11.8	11.7	9.9	7.0
25th Percentile	2.1	5.1	8.5	9.9	8.6	6.0
75th Percentile	1.1	2.6	5.9	7.8	6.7	4.6
95th Percentile	-0.3	1.0	3.6	6.2	5.2	3.9
Mean	1.7	3.9	7.3	8.8	7.6	5.3
Median	1.6	3.7	7.1	8.9	7.7	5.3
<i>n</i>	93	93	93	93	93	89

Source: Endowment and foundation data as reported to Cambridge Associates LLC, adjusted for inflation using CPI-U from the US Department of Labor - Bureau of Labor Statistics.

Exhibit 15
Standard Deviation and Sharpe Ratio: US Endowments and Foundations
 Five Years Ended March 31, 2015



	AACR (%)	Standard Deviation (%)	Sharpe Ratio
5th Percentile	10.5	10.6	1.70
25th Percentile	8.9	9.6	1.12
75th Percentile	7.1	7.4	0.79
95th Percentile	6.0	5.6	0.67
Mean	8.1	8.4	1.01
Median	8.0	8.7	0.92
<i>n = 407</i>			
70% Wilshire 5000 / 30% Barclays Govt/Credit	11.9	9.8	1.20
70% MSCI ACWI / 30% Barclays Govt/Credit	8.4	10.2	0.85

Sources: Endowment and foundation data as reported to Cambridge Associates LLC. Index data are provided by Barclays, BofA Merrill Lynch, MSCI Inc., and Wilshire Associates, Inc. MSCI data provided "as is" without any express or implied warranties.

Notes: This exhibit includes only those institutions that have provided trailing quarterly returns. The 70/30 simple portfolio benchmarks are calculated assuming rebalancing occurs on the final day of each quarter.

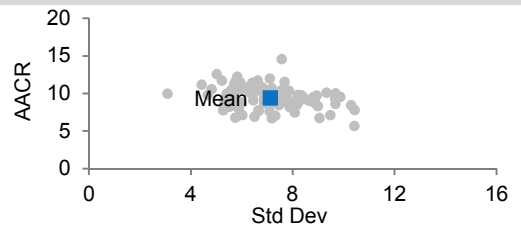
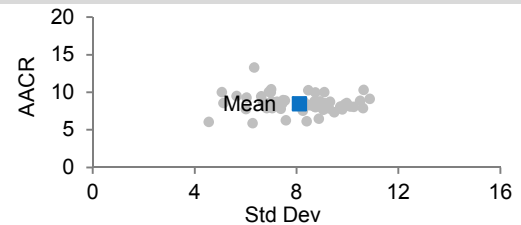
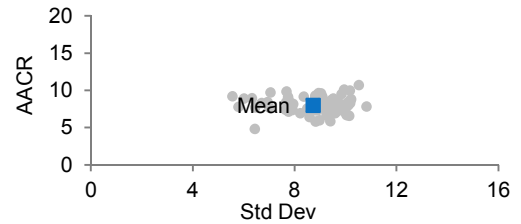
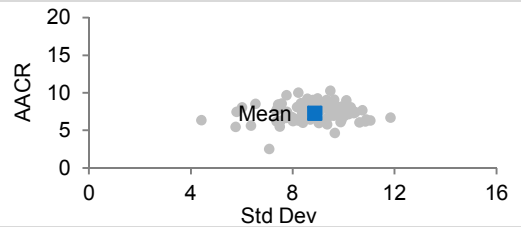
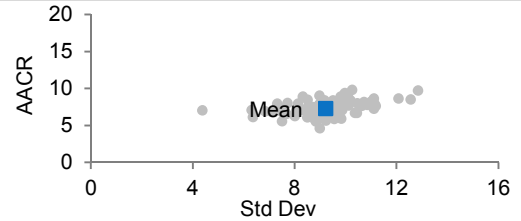
Exhibit 16
Standard Deviation and Sharpe Ratio by Peer Group: US Endowments and Foundations
 Five Years Ended March 31, 2015

	AACR (%)	Standard Deviation (%)	Sharpe Ratio	
Colleges & Universities				
5th Percentile	10.7	10.4	1.77	
25th Percentile	9.4	9.4	1.31	
75th Percentile	7.7	6.9	0.86	
95th Percentile	6.3	5.6	0.73	
Mean	8.6	8.1	1.12	
Median	8.5	8.4	1.01	
<i>n</i> = 143				
Cultural & Environmental				
5th Percentile	9.9	11.0	1.24	
25th Percentile	8.7	9.8	1.02	
75th Percentile	7.0	7.8	0.77	
95th Percentile	6.0	7.2	0.68	
Mean	7.9	8.9	0.91	
Median	7.8	8.8	0.88	
<i>n</i> = 54				
Foundations				
5th Percentile	10.8	10.7	1.70	
25th Percentile	8.9	9.6	1.10	
75th Percentile	7.1	7.7	0.77	
95th Percentile	6.1	6.0	0.66	
Mean	8.1	8.6	0.99	
Median	7.9	8.9	0.92	
<i>n</i> = 101				
Health Care				
5th Percentile	9.6	10.2	1.44	
25th Percentile	8.3	9.5	1.05	
75th Percentile	6.8	7.8	0.77	
95th Percentile	6.0	5.6	0.67	
Mean	7.6	8.4	0.95	
Median	7.5	8.6	0.86	
<i>n</i> = 43				
Independent Schools				
5th Percentile	10.9	10.0	1.82	
25th Percentile	8.6	8.1	1.30	
75th Percentile	6.7	6.5	0.83	
95th Percentile	5.9	4.4	0.63	
Mean	7.8	7.3	1.12	
Median	7.4	7.3	1.05	
<i>n</i> = 24				
Other Nonprofits				
5th Percentile	8.6	11.1	1.09	
25th Percentile	8.0	9.7	0.91	
75th Percentile	6.6	8.0	0.74	
95th Percentile	5.5	5.8	0.64	
Mean	7.3	8.9	0.84	
Median	7.3	9.0	0.83	
<i>n</i> = 42				

Sources: Endowment and foundation data as reported to Cambridge Associates LLC. Sharpe ratio calculated using data from BofA Merrill Lynch.

Exhibit 17
Standard Deviation and Sharpe Ratio by Asset Size: US Endowments and Foundations
 Five Years Ended March 31, 2015

	AACR (%)	Standard Deviation (%)	Sharpe Ratio
Under \$100 Million			
5th Percentile	8.9	11.1	1.02
25th Percentile	7.9	9.9	0.89
75th Percentile	6.7	8.6	0.74
95th Percentile	5.8	7.2	0.65
Mean	7.3	9.2	0.82
Median	7.2	9.2	0.79
<i>n</i> = 87			
\$100 Million to \$200 Million			
5th Percentile	9.1	10.7	1.21
25th Percentile	8.0	9.8	0.92
75th Percentile	6.5	8.1	0.73
95th Percentile	5.7	6.5	0.60
Mean	7.3	8.9	0.85
Median	7.3	8.9	0.84
<i>n</i> = 92			
\$200 Million to \$500 Million			
5th Percentile	9.7	10.2	1.31
25th Percentile	8.7	9.6	1.02
75th Percentile	7.5	7.9	0.83
95th Percentile	6.4	6.5	0.68
Mean	8.0	8.7	0.94
Median	8.0	8.9	0.92
<i>n</i> = 81			
\$500 Million to \$1 Billion			
5th Percentile	10.2	10.5	1.62
25th Percentile	8.9	9.1	1.22
75th Percentile	7.9	7.0	0.86
95th Percentile	6.2	5.5	0.78
Mean	8.5	8.1	1.09
Median	8.5	8.4	1.00
<i>n</i> = 54			
Over \$1 Billion			
5th Percentile	11.7	9.7	2.05
25th Percentile	10.4	8.1	1.61
75th Percentile	8.5	5.9	1.08
95th Percentile	6.9	5.2	0.87
Mean	9.4	7.1	1.37
Median	9.5	7.1	1.32
<i>n</i> = 93			



Sources: Endowment and foundation data as reported to Cambridge Associates LLC. Sharpe ratio calculated using data from BofA Merrill Lynch.

Absolute Return: The use of different strategies (e.g., global macro, market neutral, open mandate) to produce a positive return regardless of the direction and fluctuation of capital markets. Common techniques include using arbitrage, derivatives, futures, leverage, options, short selling, and unconventional assets.

Bonds (Fixed Income): Includes long-term promissory notes that cannot be exchanged for other assets, government bonds, preferred stocks, structured debt, and derivatives where bonds are the underlying assets. Generally earn interest paid semiannually and are repaid at the principal (par) value. Does not include mortgage real estate.

Cash & Equivalents: Highly liquid, virtually risk-free assets with maturities of less than one year (e.g., certificates of deposit, commercial paper, nonconvertible bonds, and Treasury bills). Manager-held discretionary cash is included in the asset class category for which that manager's strategy is classified (with the exception of multi-strategy funds in which assets are allocated across multiple asset classes).

Commodities: Diversified baskets of fully collateralized, long-only, commodity futures contracts. Includes funds whose value is based on the spot price of a commodity.

Developed Markets: Markets within countries that have an established economic infrastructure.

Distressed Securities: Securities of companies that are currently in default, bankruptcy, financial distress, or a turnaround situation.

Emerging Markets: Typically includes countries that have an underdeveloped or developing infrastructure with significant potential for economic growth and increased capital markets participation by foreign investors.

Emerging Markets Debt: Debt instruments of emerging markets countries and issuers, including US\$-denominated and local currency bonds.

Emerging Markets Equity: Equity securities of emerging markets countries; considered emerging even if the equity market is fully functional and well regulated.

Equities: Ownership positions in companies that can be traded in public markets. Often produce current income, which is paid in the form of quarterly dividends. The holders' claims are subordinate to the claims of preferred stock-holders and bondholders. Includes convertible bonds if they are held as an opportunistic means of eventually acquiring a company's stock. Also includes futures, options, rights, and warrants where the underlying assets are equities.

Faculty Mortgages: Homeownership loans issued by an institution to faculty or staff.

High-Yield Bonds: Bonds regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. Typically, these bonds have a credit rating of BB or lower and pay higher yields because they are more risky than investment-grade bonds. Also includes collateralized bond obligations (CBOs).

Inflation-Linked Bonds: Fixed coupon bonds that earn interest paid semi-annually on inflation-adjusted principal.

Long/Short Hedge Funds: Portfolios with long positions in undervalued companies and short positions in overvalued companies to capture the disparity in prospective returns, while maintaining a low level of overall market risk.

Long-Term Investment Portfolio: The group of assets that an institution deems best represents its investment policies and endowment asset allocation and returns. These assets should be subject to frequent market valuation and may include operating funds. Pooled income funds and charitable remainder trusts should be excluded if the investment strategy varies from the institution's asset allocation policy. Assets that cannot be fairly valued such as artwork, copyrights, and patents should also be excluded.

Non-Venture Private Equity: Through negotiation or tender offer, a takeover of a majority percentage of a company's equity with the purpose of acquiring its assets and operations. Includes leveraged buyouts (LBOs).

Other Assets: Should only include assets that cannot be classified as one or more of the other asset classes.

Other Private Investments: Includes funds that are invested across multiple private investments and cannot be allocated to a single asset class. Includes multi-strategy fund-of-funds and secondary-market private investments.

Private Investments: Investments that are not traded in the public market including, but not limited to, leveraged buyouts, venture capital, private real estate, private distressed securities, and private energy and natural resources.

Private Oil & Gas/Natural Resources: Funds created to invest in the exploration or development of energy-related reserves and natural resources.

Private Real Estate: Includes ownership positions in land and buildings as well as private operating companies. May also include equity-like investments in mortgages or land leases that include substantial participation in revenues and capital appreciation. Does not

include equity mortgages such as collateralized mortgage obligations (CMOs), mortgage-backed securities, publicly traded REITs, or other public real estate.

Public Energy/Natural Resources: Includes marketable energy funds and natural resources.

Public Real Estate: Includes REITs and other public real estate equity such as umbrella partnership REITs (UPREITs) and other public operating companies (REOCs).

Real Returns: The real, or inflation-adjusted, rate of return for a given investment is calculated by dividing the nominal total return by the appropriate deflator for the same time period. Throughout this report, the measure used for this purpose is the Consumer Price Index (CPI). Note that simply subtracting CPI from the nominal total return does not result in an accurate computation of real total return. The formula is:

$$\frac{1 + \text{Nominal Total Return}}{1 + \text{CPI}} - 1 = \text{Real Total Return}$$

Sharpe Ratio: The excess return, or the return over the risk-free rate, on a portfolio divided by the total volatility as measured by the standard deviation of the portfolio. The most common approach to measuring risk-adjusted performance is by the Sharpe ratio, which shows how much return above the risk-free rate (T-bills) the investor has earned per unit of risk (defined as standard deviation of returns). The higher the Sharpe ratio (assuming the ratio is above zero), the more the investor has been compensated for each unit of risk taken. The ratio is a measure of reward relative to total volatility. The formula is:

$$\frac{R_p - R_f}{S_p} = \text{Sharpe Ratio}$$

Where:

R_p is the arithmetic average of composite quarterly returns,

R_f is the arithmetic average of T-bill (risk-free) quarterly returns, and

S_p is the quarterly standard deviation of composite quarterly returns.

Standard Deviation: The standard deviation of a portfolio's return is used as a measure of its total risk (measured by variability of returns). It is a measure of the extent to which returns vary from their average. The larger the standard deviation, the wider the range of likely returns and the greater the risk implicit in the portfolio.

Timber: Funds created to invest in timber-related business. Usually limited partnerships.

Total Return: The sum of income earned and appreciation, both realized and unrealized, for a specified period of time. Preferred method of calculation uses time-weighted cash flows.

Traditional Assets: Include US equities, non-US equities (including emerging markets), US investment-grade bonds, non-dollar bonds, high-yield bonds, emerging markets debt, and all cash and cash equivalents.

Venture Capital: Investments in private securities of new companies or companies considered to be in the early stages of growth; these investments may have high risk and the potential for high return. ■