University endowments are the ultimate long horizon investors with a unique focus on maintaining intergenerational equity. Endowment investing has been critical in establishing the template that many institutional and individual investors have followed but still remains an under-researched area. There are two parts to this project. The first study documents the evolution of the investment strategy of US university endowments from 1900 up to the present. The second study examines the investment strategy and investment practices of the Cambridge colleges over the last decade and a half. Central to both studies is the construction of proprietary datasets using both archival and survey data.

Comments and Additional Information

The collection of a long-run time-series on the asset allocation of the leading US university endowments has been completed but the data on investment returns and spending rates has been difficult to find. Similarly, although we have been successful in collecting detailed data on fifteen of the Cambridge colleges we have so far been less successful persuading the remaining colleges to be forthcoming with the data we require to make the sample of the necessary size. Despite these difficulties, I have nonetheless been able to publish on the theme of endowment investing as follows:

- “The British Origins of the US Endowment Model” (with Elroy Dimson) Financial Analysts Journal 2015 vol.71 no.2. This paper made use of the long-run asset allocation data for Harvard Yale and Princeton over the twentieth century and was awarded the Graham and Dodd Best Perspectives Award 2016.
- “If You’re So Smart: The Currency Trading Record of John Maynard Keynes” (with Olivier Accominotti) Journal of Economic History June 2016. This paper examines the challenges faced by investors in attempting to actively manage foreign currencies.

In addition, I have also published with Harvard Business School the following teaching cases based on data collected from two Cambridge Colleges as follows:

- “Clare College, Cambridge: Seeking Investment Opportunity in a Financial Crisis” Harvard Business School Case N2-216-05, January 2016, with Elroy Dimson and Luis Viceira. The case examines the investment transaction by this endowment fund to take out a 40 year index-linked loan and invest the proceeds in global equities.
- “Models of Endowment Asset Management: King’s College, Cambridge” Harvard Business School Case N9-216-023, December 2015, with Elroy Dimson, Luis Viceira and Elena Corsi. The case reviews the investment options facing the endowment from a fully passive approach through to pooling with the university fund.
Both cases formed the centrepiece of a conference on long-term investing hosted by the Newton Centre for Endowment Asset Management on behalf of BNY Mellon in March 2015 and 2016. On the most recent occasion, senior delegates from asset owners representing a total of US$2 trillion who discussed these cases in class rated the cases and the whole learning experience very highly. Furthermore, I am currently working with one of our PhD students, Vaska Atta-Darkua, to examine the role of investment committees in asset allocation choices by endowments making use of recently acquired NACUBO-Commonfund data. Lastly, work in this area has led on to a related project, together with Eva Steiner, on the real estate investments of the oldest Oxbridge college endowments which is proceeding according to plan. This research promises to fill a considerable gap in our knowledge of the risk return characteristics of real estate over the long-run of the twentieth century to set alongside stocks and bonds. This research has received partial funding from CERF for which I am very grateful.