

NYU Finances  
Part II: Endowment

“The story of NYU’s endowment management over the past two decades vividly illustrates the dangers of implementing poorly founded investment strategies.”  
--David Swensen<sup>1</sup>

**Returns**

In 2005 NYU's endowment reached \$1.55 billion dollars with a 6.8% annual return according to the annual endowment study from the NACUBO. While the 6.8% return beat the S&P 500 by 0.5%, it placed NYU’s return rate fiftieth out of the 56 schools with endowments over \$1 billion.<sup>2</sup>

#	School	Return	#	School	Return
1	University of Toronto	24.4%	49	Grinnell	7.6%
2	Stanford	23.0%	<b>50</b>	<b>NYU</b>	<b>6.8%</b>
3	Yale	19.4%	51	Washington University	6.7%
4	University of Michigan	18.4%	52	Johns Hopkins	5.9%
5	Notre Dame	17.9%	53	Case Western	5.2%
6	Cornell	16.6%	54	University of Cincinnati	4.5%
7	Amherst	16.2%	55	Baylor	3.7%
8	Columbia	15.5%	56	Emory	-3.5%

David Swensen, who wrote the book on endowment investing, said, "had the institution's [NYU's investment] results simply mirrored college and university medians [from 1982 to 1998], NYU's endowment in 1998 would have been nearly \$1 billion larger than the actual level of \$1.3 billion."<sup>3</sup>

**The Investments**

While NYU didn’t give specifics about their investments in the 2005 National Association of College and University Business Officers, they did provide information in 2003. In 2003, their investment managers included:<sup>4</sup>

**Equity (Stocks):**

- Alliance Bernstein (both foreign and domestic)
- Capital Guardian (both foreign and domestic)
- Gardner, Russo & Gardner (both foreign and domestic)
- John Levin and Co.
- Pzena

<sup>1</sup> Swensen, David, *Pioneering Portfolio Management*. New York: Free Press, 2000, p. 325.  
<sup>2</sup> NACUBO, *Endowment Study* 2005.  
<sup>3</sup> Swensen, David, *Pioneering Portfolio Management*. New York: Free Press, 2000, pp. 326.  
<sup>4</sup> NACUBO, *Endowment Study* 2003.

W.P. Stewart

**Fixed Income (Bonds):**

Fischer, Francis, Trees & Watts

JP Morgan

Morgan Stanley

Oaktree

**Alternative Assets (mostly hedge funds)**

Advent Convertible Arbitrage

Andor

Arbitex

Ariel Fund

BBT

CBM

Canyon

Chilton

Clinton Multistrategy

Davidson Kempner

Elliot International

Goldman Sachs

HBK

Harbert Distressed

Highfields

Lazard Global

Marathon Master

Marathon Special Opp.

New Castle

OCM Emerging Markets

Oaktree

Obsidian

Ochs-Ziff

Tudor Raptor

Ulysses Partners

Viking

Odyssey Partners

More information about specific hedge funds can be the Securities and Exchange Commission's hedge fund advisors website:

[http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_OrgSearch.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_OrgSearch.aspx)