

Foundation & Endowment Money Management Magazine
Nominates The College of Wooster
as One of the Small Nonprofits of the Year

The College of Wooster



The College of Wooster has taken a bold step in investing 70-80% of its endowment in hedge funds, which is all the more unusual considering the endowment's size—just \$250 million. The intrepid move has paid off—from July 31, 1999 to March 31, 2006 the college enjoyed a cumulative return of 45.7%, versus 20.4% for its blended benchmark and 8.21% for the **Standard & Poor's 500**. This actually understates the endowment's outperformance because it doesn't include net outflows of \$19.7 million. The school

continues to be at the forefront of hedge fund investing and is now considering “access funds”—fund of fund managers that specialize in gaining access to closed hedge funds (see story, page 3).

The sophisticated nature of the asset allocation becomes less surprising when you look at the composition of the eight-strong investment committee. **Mikael Salovaara**, a private investor and former partner of **Goldman Sachs**, has been on the board since 1994 and **William Longbrake**, vice chair of **Washington Mutual**, has served on the committee since 1995. **Peter Sundman**, executive v.p. at **Neuberger Berman**, joined in 2003, and **Stewart Massey**, who founded consulting firm **Massey, Quick & Co.** in 2004, has chaired the investment committee since 1992. The college has never used an investment consultant.

The fund classifies its asset allocation in terms of alpha and beta, whereby equity beta is traditionally long-only equity and equity alpha indicates long/short. Hedge fund managers **Pine Grove Associates** and **Bogle Investment Management** are characterized as fixed-income alpha because they provide returns similar to bonds, albeit slightly higher, for less risk.

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