Three Colgate Claims That Don't Hold Up

Colgate defends a decade of mediocre investment results by calling its strategy conservative and lower risk. It isn't. Here are the three claims the university repeats most often, and why each one fails.

What the lower risk claim rests on

Colgate Investment Office, Performance & Risk (website):

> *"Colgate has achieved strong performance levels with a risk level significantly less than broad indices and peers."*

Colgate sources that statement to Cambridge Associates, without Cambridge Associates' disclaimer:

> *"The frequency and timing of private investment valuations can artificially dampen the standard deviation of returns for these assets. Thus, a portfolio with high allocations to private investments can yield a lower volatility statistic that does not fully represent the amount of risk it has actually taken."*

Amherst College publishes a similar caveat about its own portfolio, every year.

1. Colgate's weaker returns reflect less risk-taking

> *"… tempered by the university's need to preserve capital and minimize the volatility of returns."*

Neither the statistic nor the comparison supports it.

a) Price volatility does not measure the risk that nearly broke endowments in 2008. Schools needed cash at exactly the moment their hedge funds stopped allowing withdrawals, and their private equity funds kept calling in money already committed. Lower volatility shows none of that. Colgate's answer is that every endowment owns private investments, so the comparison is fair. But within that group, low relative volatility might show a higher concentration of private assets or more "sticky" valuations. As Cambridge Associates, Amherst and academics have long pointed out: it doesn't show lower risk.

b) Colgate claims significantly less risk than broad indices. A broad index holds no asset priced by appraisal. Its volatility reflects real price movement. Colgate's reflects how often its hardest-to-value holdings are re-valued. Against an index, the gap is a measurement difference, not a risk difference.

2. An index strategy would have exposed the endowment to catastrophic losses

> *"… the university would have experienced 40–50% declines in value … potentially causing irreversible financial damage."*

This is not accurate.

a) The 40–50% figure describes speculative internet stocks, not a broad index, and no one proposes holding an endowment in internet stocks. Measured by fiscal year, the way Colgate measures everything else, the broad U.S. market fell about 30% over 2000–2002 and a mix of stocks, bonds and cash fell 15–20%. The same index fell about as much as Colgate's own endowment in 2009, roughly 22%, while delivering far better long-term results. Index assets can be sold for cash on any day, important for avoiding irreversible financial damage.

3. We are adequately staffed because the investment committee is experienced

> *"The Investment Committee, comprising individuals with deep and diverse investment experience, manages the portfolio."*

This cannot be verified.

a) Colgate won't say who serves on the investment committee, so alumni cannot know who is guiding the endowment or what their records show. And the committee does not manage the portfolio. It hires outside firms to manage portions of it. This requires identifying the best managers, and the relationships to gain access to their funds and negotiate lower fees. These are different skills from managing assets.

Sources: Colgate University Investment Office, Performance & Risk, sourced there to Cambridge Associates, Performance & Risk Report, June 30, 2026. Cambridge Associates, Endowments Quarterly 3Q19, p.1. Amherst College, 2025 Annual Endowment Review. Colgate, 2026 President's Report, p.27.

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