

# Colgate's Biggest Endowment Misrepresentations

## 1. Colgate's website:

*"Had Colgate pursued a more passive, public-equities-only strategy during periods like 2000–2002 or 2008, the university would have experienced 40–50% declines in value, potentially causing irreversible financial damage..."*

### The 2026 President's Report escalated this claim further:

*"However, when the market declined by more than 50% from 2000 to 2002, our diversified portfolio produced a positive return, allowing operations to remain stable."*

The claim has gotten *more* exaggerated over time, not less.

### Both claims are false and misleading.

**a)** The "more than 50%" figure appears to reference the Nasdaq (internet stocks), not the broad market. The S&P 500 — the index Colgate is arguing against — declined 30% over that fiscal two-year period. A stock/bond index declined roughly 15–20%. No balanced portfolio declined anywhere near 50%.

**b)** Colgate is citing the 2000–2002 dot-com crash — over 25 years ago — when different people managed a fundamentally different portfolio with a fraction of today's alternatives exposure. Not chasing speculative internet stocks in 1999 was a reasonable decision. Using an inaccurate, alarmist hypothetical from 25 years ago to justify dismal performance over the past decade is not.

**c)** An index of 70% S&P 500 and 30% bonds would have delivered far better long-term performance than Colgate's team has. This same index had similar downside performance (–22%) in fiscal 2009 (financial crisis) as Colgate's own endowment. Their expensive alternatives strategy provided no additional downside protection when it mattered.

**d)** "Irreversible financial damage" is caused by distressed asset sales, which are unnecessary if liquidity is managed well. Index funds are far more liquid than the alternative/private assets Colgate owns, so liquidity would have been easier — not harder — to manage with an index strategy. The notion that Colgate is "protecting against permanent impairments" by investing in illiquid private assets is complete fiction.

## 2. Colgate's website:

*"The asset allocation policy is constructed to maximize total risk-adjusted return. The pursuit of maximizing total return will be tempered by the university's need to preserve capital and minimize the volatility of returns."*

### The board chair reinforced this claim in an email to me:

*"Colgate's focus has been on delivering strong long-term risk-adjusted returns over market cycles and we have been able to do that."*

### Both claims are misleading.

**a)** Colgate uses higher Sharpe ratios to support this risk-adjusted performance claim. Misapplying this public-market metric to private assets — whether an oversight or by design — is very misleading. In an alternatives-heavy portfolio, infrequent and subjective valuations artificially suppress reported volatility, inflating the Sharpe ratio and distorting the true level of risk. In contrast, Wesleyan straightforwardly explains to stakeholders that private asset valuations move less frequently and never mentions Sharpe ratios.

**b)** Colgate likes to compare itself to a much broader university peer group — as opposed to the more appropriate \$1 billion+ peer group — to boost their relative ranking. This is well-known as "peer group shopping." The reality: Colgate ranked 83<sup>rd</sup> to 89<sup>th</sup> of 123 \$1B+ endowments over the decade ending FY2025.

**c)** After I began citing the Skorina rankings to challenge Colgate's performance, Colgate withdrew from the ranking service. Rather than address the evidence, they tried to eliminate the source.

**d)** The board chair's echoing of the CIO's talking points — rather than independently evaluating them — raises serious questions about whether the board is providing meaningful oversight.

### **3. Colgate's website:**

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

#### **This is unverifiable and likely misleading.**

**a)** Deep and diverse experience is necessary but not sufficient. Experience is not the same thing as investment skill. By definition, 75% of professional investors are not top-quartile managers. Since Colgate won't disclose who is on the investment committee, there is no way to evaluate whether any of them were successful investors. In fact, at least one prominent trustee who was deeply involved in endowment investing historically closed his hedge fund twice after sustaining billions in losses and investor departures. Colgate may be conflating wealth with investment acumen.

**b)** The investment committee doesn't "manage the portfolio." They hire outside managers to manage segments of the portfolio. This requires a robust manager selection process — a different skill than investing (analogous to the difference between a professional basketball player and a team's general manager).

**c)** If investment committee members are recommending specific investments or managers, there are potential conflicts of interest. It would be deeply troubling if any board members have a financial interest in underperforming university investments. Without disclosure of committee members or managers, there's no way of knowing if this is occurring, though I am told it has been an issue in Colgate's past.

**[investbetterincolgate.com](http://investbetterincolgate.com)**