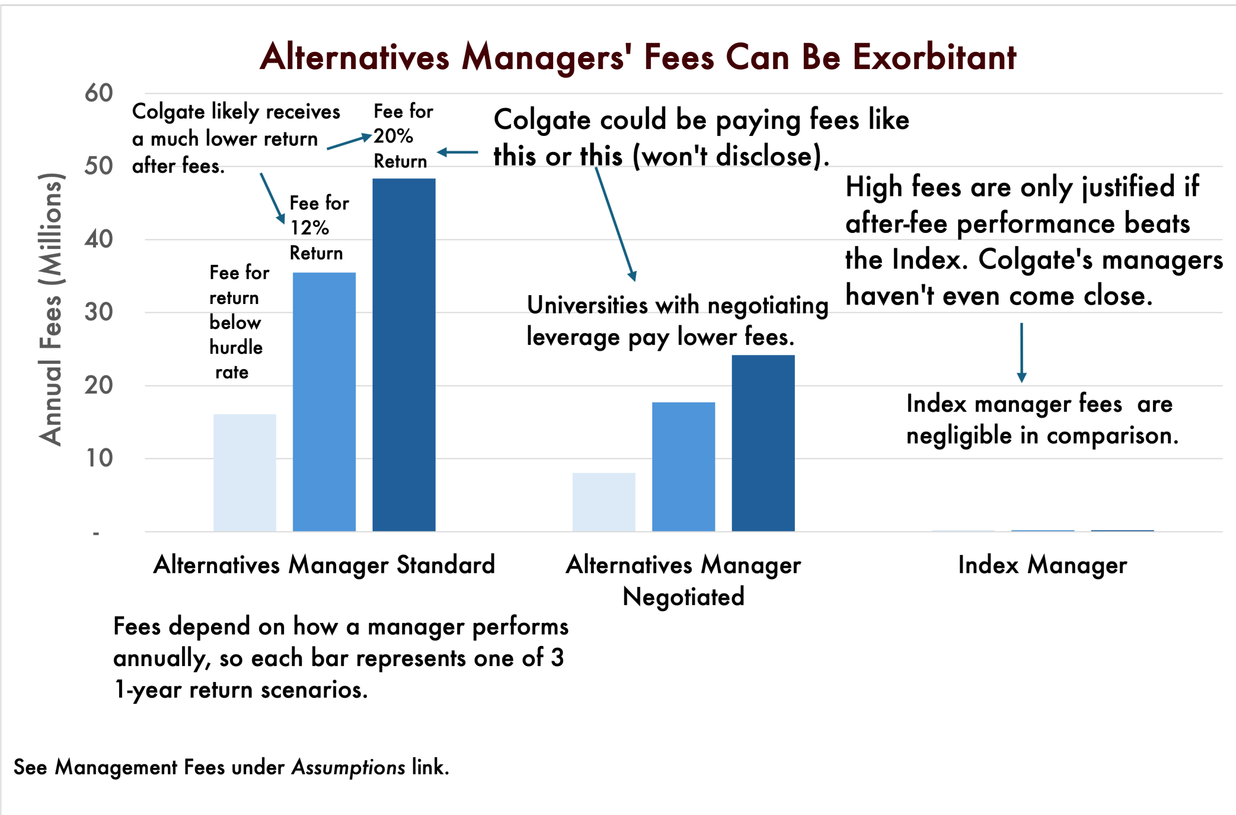
MANAGER AND FEE OPACITY

I concede endowment disclosure is poor at many universities, specifically around managers and fees, mostly related to alternative investing. Fee computations are complex; some managers have confidentiality agreements. Non-disclosure is predicated on protecting "proprietary" investment strategies. I believe it's also about obfuscating potential conflicts-of-interest and high fees. At the very least, this information could be released to an independent evaluator - signing a confidentiality agreement - to assess potential conflicts, manager skill and value added for those fees.

MANAGEMENT FEES

Alternatives are generally very expensive. For an endowment Colgate's size with a 70% allocation, I estimate Colgate is paying in the tens of millions of dollars per annum.



The above graph assumes two-thirds of Colgate's $1.25B endowment is subject to a typical alternatives manager fee structure, with 2 (annual) components: a management fee on assets (1-2%) plus a performance fee as a percentage (10-20%) of that year's return. To collect the performance fee, the manager must first make up any losses from prior periods and then surpass a "hurdle rate," often in the 6-9% return range but sometimes lower. I don't know what agreements Colgate has negotiated, as they aren't disclosed. Even if any of my estimates are off, the bottom line is that Colgate's (after-fee) performance is poor.