

Union College Endowment

An Analysis of Fees, Returns, and Related Matters

April 28, 2021

Eshragh Motahar, Professor of Economics
AAUP Chapter, Union College

Fees

A 38% increase in fees during a period of “freeze” and “pause”.

<i>Years</i>	<i>Fees as % of endowment</i>	<i>Fees in millions of dollars</i>
FY2016	1.4	5.6
FY2017	1.6	6.9
FY2018	2.0	9.1
FY2019	2.3	10.6
FY2020	3.1	14.6

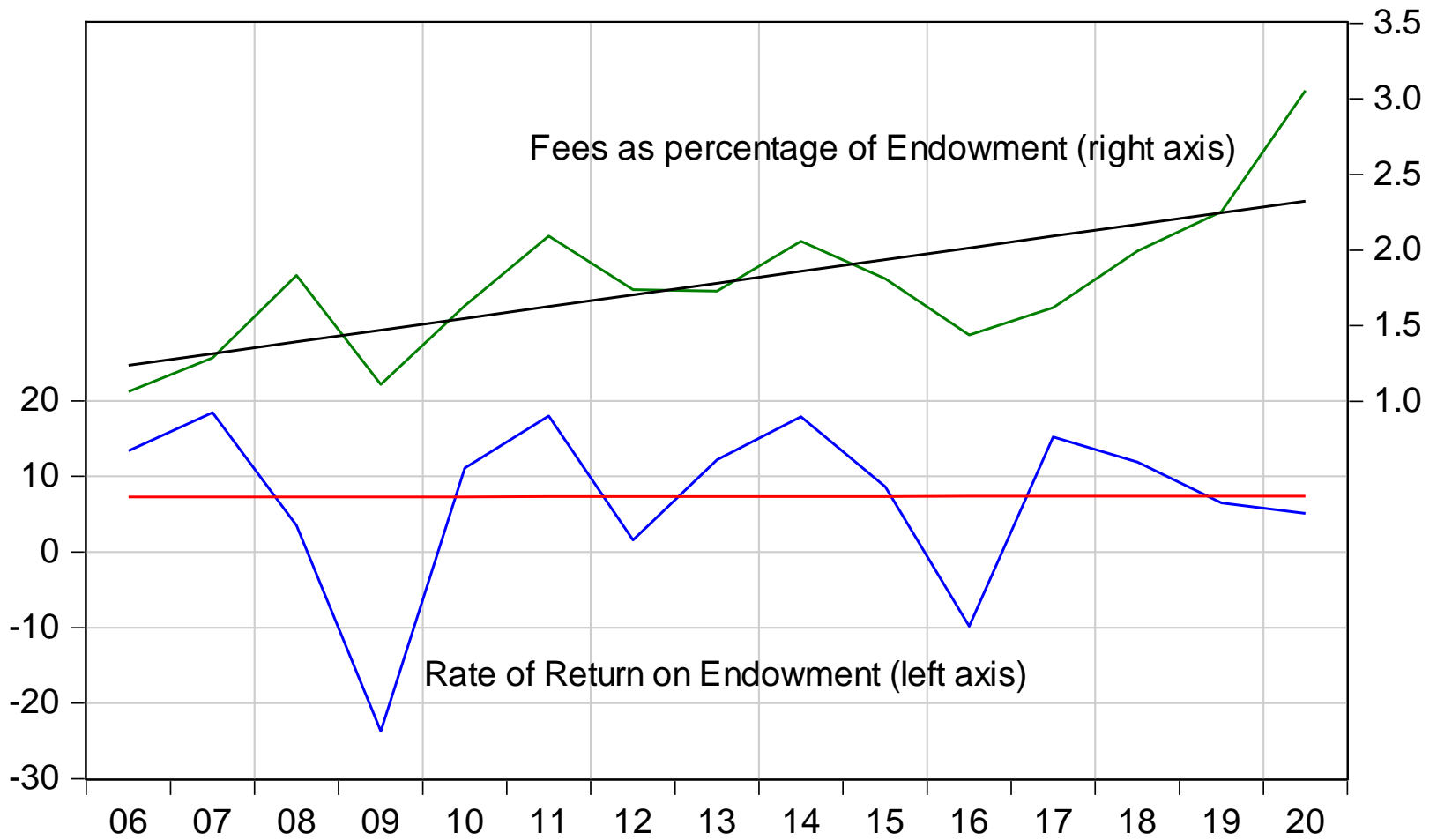
Returns

<i>Years</i>	<i>Union</i>	<i>S&P 500</i>	<i>Underperformance</i>
FY 2016	-9.7%	4.0%	-13.7
FY 2017	15.2%	17.9%	-2.7
FY 2018	11.9%	14.4%	-2.5
FY 2019	6.5%	10.4%	-3.9
FY 2020	5.1%	7.5%	-2.4

Fees and Underperformance

<i>Years</i>	<i>Fees in millions of \$</i>	<i>Fees as % of endowment</i>	<i>Underperformance</i>
FY2016	\$5.6	1.4%	-13.7%
FY2017	\$6.9	1.6%	-2.7%
FY2018	\$9.1	2.0%	-2.5%
FY2019	\$10.6	2.3%	-3.9%
FY2020	\$14.6	3.1%	-2.4%

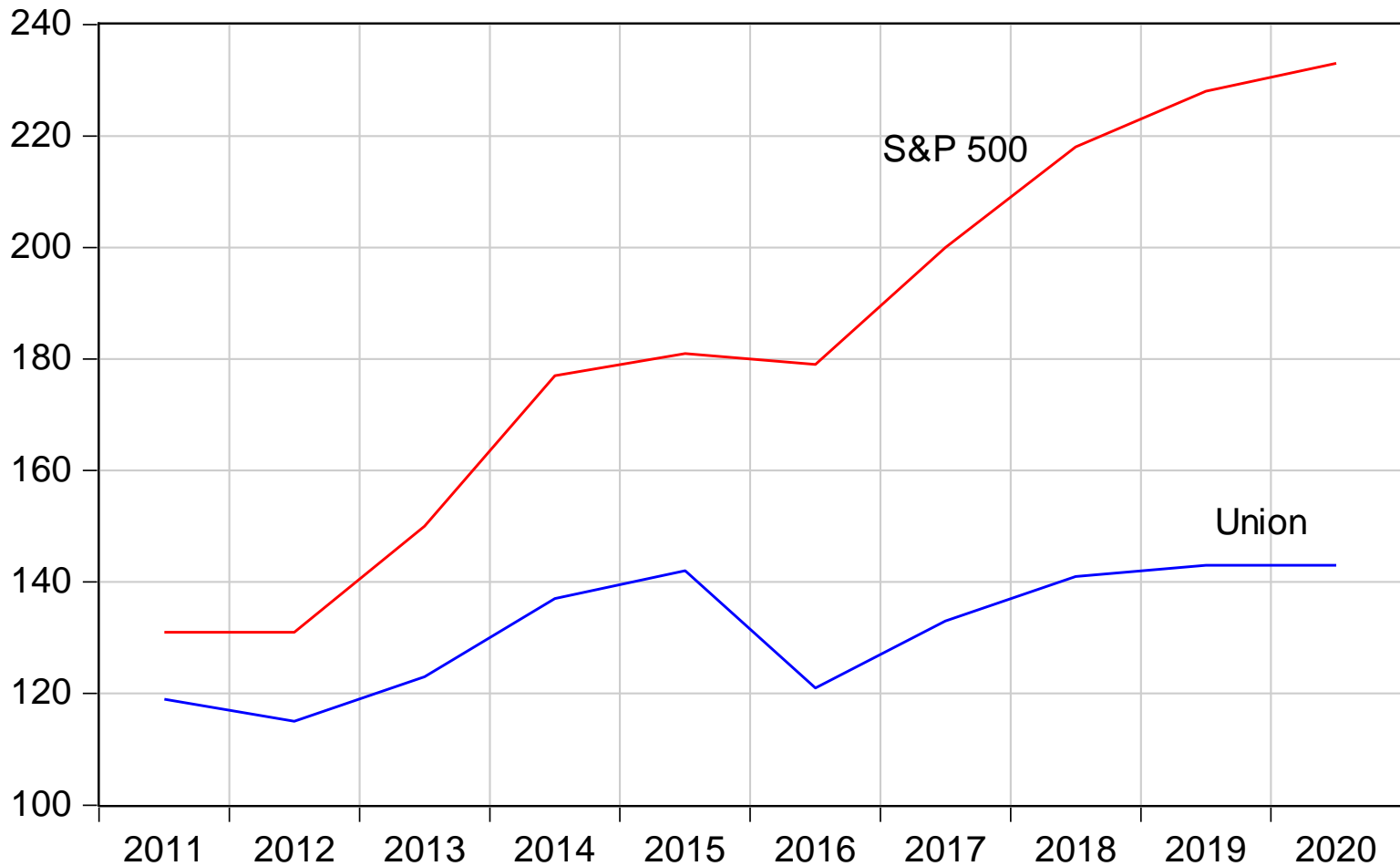
Fees and Returns



Gerber|Taylor

2011-2020

Gerber|Taylor was hired by Union in 2011. This simulation uses GT's own data and methodology (*GT Report*, n.d., p.3). It demonstrates that Union underperformed S&P by approximately \$300 million.



The “Central America and the Caribbean” Puzzle

A sizable percentage of Union’s endowment—44% on average--appears to be invested in “Central America and the Caribbean” region. Is there a connection between this and the endowment’s consistent underperformance?

<i>Year</i>	<i>Endowment millions of \$</i>	<i>Central America millions of \$</i>	<i>Percentage</i>
2013	359	197	55
2014	416	207	50
2015	441	181	41
2016	389	160	41
2017	428	166	39
2018	457	185	41
<i>Averages</i>	<i>415</i>	<i>183</i>	<i>44</i>