

Endowments & Foundations Post Exceptional Fiscal Year Returns as Dispersion Reaches a Record High

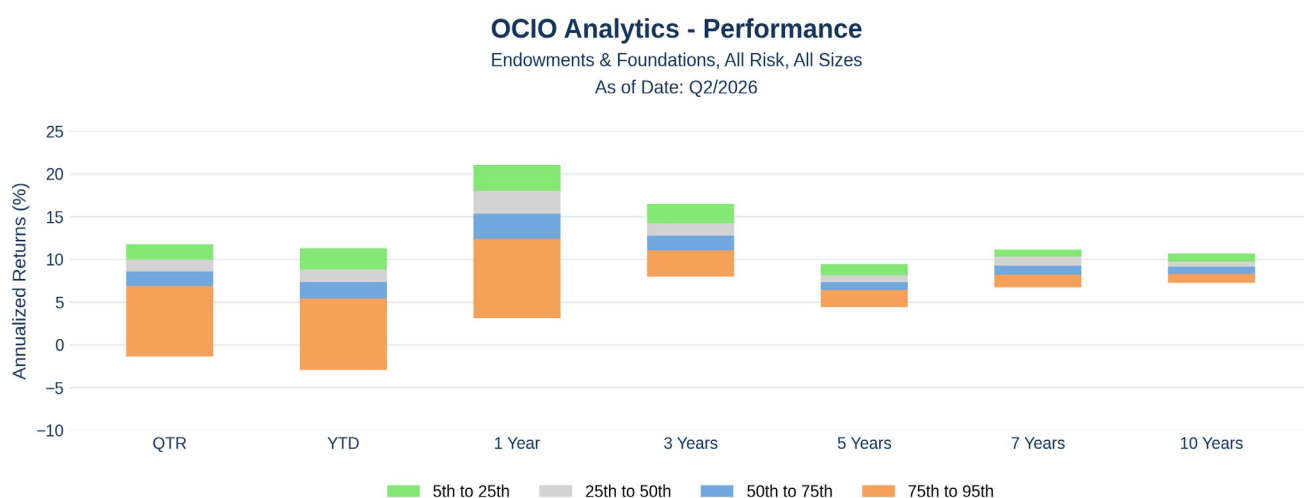
Median endowment and foundation returned 15.3% for FY2026, while Q2 dispersion hit a record 13.1%

Bradley H. Alford, CFA
 Founder, OCIO Analytics
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For most endowments and foundations, June 30 is the most important performance measurement date of the year. It marks fiscal year-end for much of the nonprofit universe and is the period around which annual performance comparisons and industry studies are typically centered.

The 2026 fiscal year produced exceptional results. Across the OCIO Analytics Endowments & Foundations Peer Universe, the median institution returned 15.3% for the year ended June 30, while the 25th-percentile institution returned 18.0% and the 5th-percentile institution returned 21.1%. The strength extends beyond a single year: the median institution earned 12.8% annualized over three years, with the 25th percentile at 14.2% and the 5th percentile at 16.5%. The peer universes included 712 institutions for the one-year period and 465 for three years.

But the strength of the results masks an equally important story: institutions experienced dramatically different outcomes. For the one-year period, returns ranged from 21.1% at the 5th percentile to 3.1% at the 95th percentile, a spread of approximately 18%. Over three years, the annualized spread was still 8.5%, from 16.5% to 8.0%.



Percentile	QTR	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
5th Percentile	11.74	11.27	21.05	16.47	9.42	11.16	10.67
25th Percentile	9.96	8.80	17.99	14.23	8.14	10.30	9.71
Median	8.56	7.31	15.31	12.77	7.33	9.24	9.15
75th Percentile	6.88	5.44	12.37	11.03	6.36	8.19	8.29
95th Percentile	-1.40	-2.96	3.08	7.95	4.42	6.71	7.24
Institutions	921	799	712	465	263	154	72

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Exhibit 1. OCIO Analytics Endowments & Foundations Peer Universe, as of Q2 2026.

Record Dispersion in the Final Quarter

That divergence became particularly pronounced during the final quarter of the fiscal year. Endowments and foundations experienced a record-setting range of investment outcomes during the second quarter of 2026. Quarterly performance dispersion reached 13.1%, the highest level recorded in OCIO Analytics historical data. Dispersion measures the difference between the 5th- and 95th-percentile returns within the universe. In Q2, the 5th-percentile portfolio returned 11.7%, while the 95th-percentile portfolio returned -1.4%. The median endowment and foundation returned 8.6% across a universe of 921 institutions.

The spread's magnitude is particularly notable against history. Prior to Q2 2026, quarterly dispersion had never exceeded 10% in the historical data. The previous high was 9.3% in Q2 2020. At 13.1%, the latest reading exceeded that previous record by approximately 41%. This was not simply another high-dispersion quarter; it represented a significant break from the historical range of quarterly outcomes.

OCIO Analytics - Dispersion Analysis

Endowments & Foundations, All Risk, All Sizes

As of Date: Q2/2026

Qtr Spread: 5th - 95th Percentile

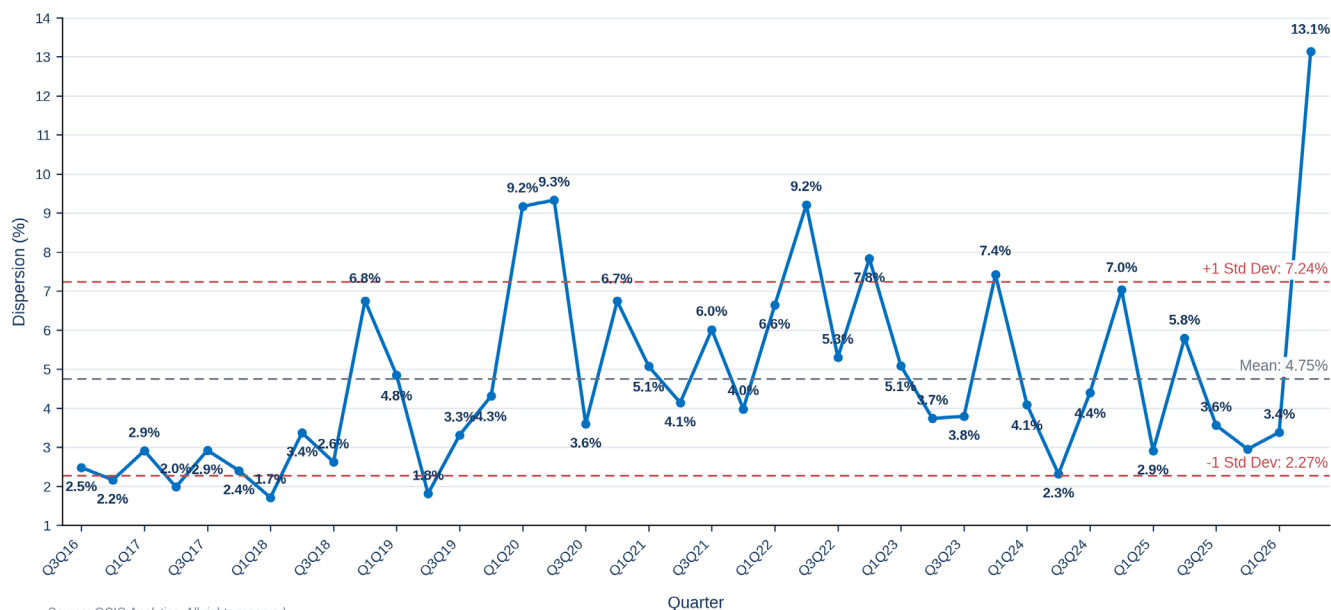


Exhibit 2. Quarterly 5th-to-95th percentile dispersion.

Why the Distribution Matters

Most performance discussions begin with the return itself. Did the portfolio make money? Did it outperform its policy benchmark? How did it rank relative to peers? Those measures are important, but they do not tell an endowment or foundation how much differentiation existed across comparable portfolios. A 2% difference in performance means something very different when the universe is separated by 3% than when it is separated by 13%. Dispersion provides that additional context.

The change from the first quarter makes the Q2 result even more striking. In Q1 2026, quarterly dispersion among endowments and foundations was just 3.4% and was classified as a Normal Dispersion Level. Three months later, the spread had expanded to 13.1%. The opportunity for portfolio differentiation changed dramatically in a very short period of time.

But the headline number tells only part of the story. The shape of the Q2 performance distribution may be even more revealing. The difference between the 5th-percentile return of 11.7% and the median return of 8.6% was only 3.1%. Even the 75th-percentile portfolio returned a healthy 6.9%. The spread between the 5th and 75th percentiles was therefore only 4.8%. From the 75th to the 95th percentile, however, the spread widened by an extraordinary 8.3%, culminating in the 95th-percentile return of -1.4%.

Put another way, approximately 76% of the total 5th-to-95th percentile dispersion occurred below the median, and approximately 63% occurred between the 75th and 95th percentiles alone. Most endowments and foundations participated meaningfully in a strong quarter, while a smaller portion of the universe was left dramatically behind.

Implementation Becomes the Differentiator

The magnitude of the Q2 spread is particularly noteworthy because endowment and foundation portfolios tend to share broadly similar return objectives and are heavily oriented toward growth assets. When broadly similar portfolio structures produce dramatically different outcomes, the focus increasingly shifts from what institutions own to how those exposures are implemented.

Implementation encompasses a wide range of decisions, including manager selection, access, portfolio construction within asset classes, pacing and vintage-year exposure in private markets, liquidity management, and the timing and execution of investment decisions. These differences may appear relatively modest when dispersion is low. When dispersion expands, however, their potential impact becomes much more visible.

This is also why absolute performance tells only part of the story. An 8% return might appear very strong in isolation. But in a quarter when the median endowment and foundation returned 8.6%, the 5th percentile returned 11.7%, and the total opportunity set spanned more than 13%, that return takes on additional context. The same principle applies at the other end of the distribution. A weak return becomes considerably more consequential when most comparable portfolios participated strongly in the same quarter.

None of this means that an investment committee should make long-term portfolio decisions based on three months of performance. Quarterly returns can be noisy, and differences can narrow or reverse over longer periods. Dispersion data alone also does not tell us precisely which implementation decisions produced the differences. But an observation this extreme should prompt a different set of questions: Was the portfolio's result consistent with its intended strategy? How effective was its implementation? And, perhaps most importantly, how much of the return opportunity available during the period did the portfolio actually capture?

From Dispersion to DCR

That is precisely what [Dispersion Capture Ratio \(DCR\)](https://ocioanalytics.com/wp-content/uploads/research/2026/the-dispersion-capture-ratio.pdf) is designed to measure. DCR places a portfolio's return within the full 5th-to-95th percentile opportunity set, showing how much of the available return opportunity was captured. It does not replace absolute returns, policy benchmarks, or peer rankings. It adds a dimension those traditional measures cannot provide: whether a portfolio effectively captured the opportunity that existed. Q2 2026 provides an unusually powerful test. When dispersion is narrow, differences in implementation may have relatively modest consequences for total portfolio outcomes. When dispersion reaches a record 13.1%, those differences can become highly consequential. Q2 shows why understanding the size of the opportunity set—and how much of it was captured—provides important context for evaluating endowment and foundation performance. Read our full research on the Dispersion Capture Ratio (DCR) at <https://ocioanalytics.com/wp-content/uploads/research/2026/the-dispersion-capture-ratio.pdf>

For investment committees, Q2 2026 offers a natural test case. A quarter this extreme strips away the noise that normally obscures implementation quality—when dispersion is this wide, a portfolio's DCR can provide important context about execution effectiveness that its raw return alone cannot. Committees reviewing Q2 results should ask not only how the portfolio performed, but where it fell in the opportunity set it actually faced, and what that placement suggests about manager selection, pacing, and execution going forward. That is the governance question this series has been building toward: not whether a portfolio beat its benchmark, but whether it captured the opportunity available to it.

Performance measures outcomes. Dispersion measures opportunity. DCR measures how much of that opportunity was captured.

About OCIO Analytics

OCIO Analytics, established in 2019, provides institutional investors and their advisors with independent intelligence on the OCIO industry. The platform is powered by the Alpha Nasdaq OCIO Indices, using data from more than 1,900 institutional portfolios contributed by 57 participating OCIO firms. As the industry continues to grow, OCIO Analytics is focused on providing the clarity investors need to strengthen oversight and make informed, data-driven decisions. For more information on OCIO Analytics, please visit www.OCIOanalytics.com.