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# OCIO Shop's Endowment Clients Split on Commingled Structure

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Outsourced CIO (OCIO) firm Investure has in recent years lost several clients who are unhappy with the rigidity of its commingled approach. But other, small endowment clients are sticking with the firm and say the pooled structure cuts conflicts of interest and offers access to typically out-of-reach managers.

Pa.- based **Dickinson College** last week announced it would retain its relationship with Investure, following an extensive year-long review conducted by the college's board committee on investments, according to a college statement. In making the decision, the endowment specifically cited the pooled vehicle structure's benefits as a reason to maintain its OCIO arrangement.

"[The committee] cited many critical factors in its decision to retain Investure," according to the statement. "Chief among them were continued expectations for superior results as well as Investure's 'pooled assets' business model, developed for long-term, patient institutional endowments and foundations. The committee favored the pooled model—in contrast to customized endowment management—for minimizing conflicts, ensuring fair and equitable allocations, increasing liquidity and maximizing access."

The decision came after a review conducted by the college, which has a $457 million endowment, after initially partnering up with fellow Investure clients the **Colonial Williamsburg Foundation** and the **University of Tulsa Endowment** to conduct a due diligence review of the firm's performance, a Dickinson spokesperson previously confirmed.

Further, the Dickson committee reviewing Investure was impressed with the OCIO firm's low turnover on the investment team, "which sets the stage for consistency of discipline and patient investing critical to the endowment's mandate going forward." The college has utilized Investure's services since 2006, and reviewed its relationship for due diligence purposes.

Dickinson College was unable to respond to further questions prior to publication deadline.

Many institutional investors engage in commingled vehicles to alleviate any conflicts, says **Brad Alford**, founder and CIO at Alpha Capital Management. In an OCIO's commingled approach, assets are combined from different institutional investors to make investments. This allows clients to get an equal and fair shot by having access to the same managers.

This is especially crucial for smaller-sized investors, since it's more difficult for them to access alternatives investments and higher-profile managers, says **Michael Chase**, partner and senior consultant at Fiduciary Investment Advisors.

Over the past few years, Investure has faced push-back from certain clients seeking greater customization capabilities.

In September, **Barnard College** ended its 11-year relationship with Investure due to environmental, social and governance (ESG) concerns, as reported. Earlier this year, the college – which has a $286.8 million endowment – adopted a policy that guarantees divestment from energy companies that deny climate change. Investure could not tailor the college's portfolio to meet its divestment goals**, Rob Goldberg**, Barnard's COO, previously told *FundFire.* The school ultimately favored Strategic Investment Group's open architecture model that allows ESG and socially responsible investing (SRI) customized mandates.

In 2015, Barnard, Dickinson and Middlebury College reviewed the firm, as reported by *FundFire*'s sister publication *MandateWire*. The $830 million **Rockefeller Brothers Fund** cut ties with the OCIO firm in 2014 due to its growing dissatisfaction with Investure's pooled, commingled model, as reported. The fund eventually appointed **Perella Weinberg Partner**'s OCIO arm Agility.

And earlier this year, the $740 million **Commonwealth Fund** tapped Agility for similar reasons as the Rockefeller Brothers Fund. The foundation wanted intimate ties with its managers and to have more of an ability to apply ESG screens, controller **Jeffry Haber** previously told *FundFire*.

But Dickinson praised Investure for its sustainability efforts within the commingled structure, and in particular its knowledge of the endowment's sustainability efforts.

“Sustainable investment opportunities allow Dickinson to stay true to its core values as a national leader in sustainability education and sustainable operations, while never compromising the board’s mandate to maximize the growth of the endowment assets,” the college said in a statement.

The college’s fiscal year 2017 performance is 13%, and exceeded all relative benchmark performances with annualized net returns of 7.2%, according to the statement.