

Yale Chooses 36-Year-Old Endowment Insider for Next CIO

By Justin Mitchell

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Yale University has tapped investment office insider **Matthew Mendelsohn** as its new chief investment officer.

Mendelsohn, a 36-year-old who previously oversaw the endowment's venture capital portfolio, takes over following the passing of **David Swensen**, who led the endowment's investment office for 35 years and pioneered what is often called the "Yale model" or the "endowment model" of investing.

Swensen died of cancer in May at the age of 67, as reported. His cancer diagnosis first came to light in 2012, according to the *Yale Daily News*.

The school conducted a national search, chaired by economics professor **Benjamin Polak**. In a statement from a Yale press release, Polak said the search committee "left no stone unturned" but "the right answer was immediately before us."

A Yale spokesperson didn't respond to a question on whether any external candidates were seriously considered.

Mendelsohn's appointment is a sign of continuity with Swensen's ground-breaking tenure, said Charles Skorina, managing partner at **Charles Skorina & Company**, a recruiting firm that was not involved in the search.

Mendelsohn, who has worked at Yale since 2007, was most recently a director running the school's venture capital investments, which make up more than 25% of the endowment's portfolio. Like Swensen, he is a Yale graduate. A Yale press release referred to Swensen as a "mentor" to Mendelsohn.

Mendelsohn's venture capital experience could be key to his success as CIO, said Skorina. Moreover, Mendelsohn's background in private markets is ideal for the Yale model's heavy focus on that part of the market, he added.

"His experience is at the core of what the Yale Investment Office is all about," Skorina said.

Venture capital investment requires a great deal of personal one-on-one interaction with investments managers, Skorina added. Consultants have pointed to venture capital by some as a key driver of returns for endowments, as reported.

“The institutions we’re working with on searches are really focused on privates, and especially venture capital, as a growth engine of the portfolio in the face of lower public equity return expectations, maybe even the primary growth engine, assuming you can get top quartile venture,” said **Anna Dunn Tabke**, a principal with Alpha Capital Management, an investment consultant search firm that works with foundations and endowments, via email. “His former position running the venture capital investments for Yale seems like a great background as that skillset will be so key moving forward.”

The internal hire suggests that Yale had considered a succession plan before Swensen’s death, Skorina said.

“I think they made a fine pick, and I think it was the only pick they could make without a lot of people asking why,” he said. “It would be difficult to explain why you didn’t have someone at the ready internally after nine years of preparation.”

Robert Raben, founder and executive director of the Diverse Asset Managers Initiative, sent a letter to Yale in June and had a meeting in July with members of the search committee, as reported. In the letter he said he hoped the new Yale CIO would show interest in promoting diversity and possibly be a woman or person of color. Nevertheless, he expressed a willingness to work with Mendelsohn.

“That he comes from within an organization that placed such a low value on working with women and people of color obviously gives us pause, but we will look to work with him and hear his plans for making Yale best in class with respect to diversity and performance,” Raben said in a statement.

“Mr. Mendelsohn is committed to developing the diversity of Yale’s internal and external investment managers and to ensuring that the Yale Investments Office places the highest possible value on a sense of belonging for all,” a Yale spokesperson said in a statement when asked about Raben’s statement.

As of June 30, 2020, Yale’s endowment was valued at more than \$31 billion. According to a 2020 study by the National Association of College and University Business Officers, Yale is the third-largest university endowment in the country, behind only Harvard University and the **University of Texas** system.

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