

Nonprofit Investors Believe Trade Wars and Protectionism Pose Greatest Threat to the Global Economy, Finds Commonfund Survey

Endowments, Foundations Remain Cautiously Optimistic on Achieving Long-Term Target Returns

Wilton, CT March 27, 2018 – [Commonfund](#), a prominent asset manager for endowments, foundations and public pension investors with \$25 billion in assets under management, today announced the results of its recent survey of 200 sophisticated institutional investors from endowments, foundations and public pensions in attendance at the 20th annual Commonfund Forum held earlier this month. The survey results echo themes highlighted by speakers at the event, including the challenges and opportunities facing nonprofit investors in today’s geopolitical climate.

Specific to the performance of their own organizations, 50 percent of respondents feel “cautiously optimistic” that their organizations will be able to achieve CPI + 5%, a rate of return sufficient to cover inflation, distributions and investment costs, over the next 10 years.

“Looking ahead, the fact is, achieving CPI + 5% will be harder as this long bull market and business cycle continue to age,” said Catherine Keating, President and CEO of Commonfund. “We’ve learned over the years that Congress can change tax rates and the Federal Reserve can change interest rates, but that even together they can’t repeal the business cycle. Our clients approach the next phase of this cycle with portfolios at all-time highs, and the experience of weathering prior cycles. Our advice to them is to stick with their investment policies, to focus on liquidity needs, and to recognize that over time their greatest risk is not having sufficient exposure to equity markets, both public and private.”

Reflecting recent headlines, 42 percent of survey respondents cited trade wars and protectionism as the greatest risk to the global economy and markets over the coming 12-24 months. While a majority of respondents remain optimistic for their own organizations, they were more apprehensive when asked about their expectations for U.S. markets in the near term. More than half (58 percent) of all respondents expect the S&P 500 Total Return Index for year-end 2018 to underperform compared to its 20-year annual average of 7 percent.

“At Commonfund, our goal is to build client portfolios that are resilient across market cycles, given that nonprofit investors have much longer time horizons than the average investor,” said Mark Anson, CIO of Commonfund. “The results of our Forum survey show that these investors recognize that recent market volatility is only a modest risk for their strategic investment policies, and they remain cautiously optimistic about the long-term performance of their organizations.”

Additional survey findings include:

- Following trade wars and protectionism, rising interest rates (23 percent) and an asset bubble in a major economy (18 percent) are viewed as less of a risk by respondents.
- Nearly half (49 percent) of all respondents believe emerging markets present the greatest private capital opportunity today, ahead of U.S. private equity (27 percent), venture capital (16 percent) and natural resources (8 percent).
- If the current market cycle were compared to the calendar year, 50 percent of respondents believe that we are currently in September-November, nearing the end of the cycle.
- 70 percent of respondents are “somewhat concerned” about the likelihood of a 20 percent correction in the U.S. stock market over the next 24 months, while only 9 percent are not at all concerned.

The survey was conducted during the annual Commonfund Forum held in Orlando, Florida on March 11-13, 2018. Now in its 20th year, Commonfund Forum has grown into a leading annual conference for sophisticated institutional investors representing endowments, foundations, pension funds, healthcare systems, charities and other select investors. The event convenes approximately 400 investors from the U.S, Puerto Rico, Chile, the United Kingdom and Canada for a three-day conference that explores cyclical trends and tactical opportunities that can help support the missions of their institutions.

This year's program, "Building Resiliency," featured speakers such as Ian Bremmer, Founder of Eurasia Group; Dr. Robert Gates, U.S. Secretary of Defense (2006-2011); Raquel Palmer, Partner, KPS Capital Partners; Kim Lew, Vice President and CIO, Carnegie Corporation of New York; Robert Litterman, Commonfund Board Chair and Founding Partner, Kepos Capital; and, Robert Rubin, former U.S. Treasury Secretary and Co-Chair Emeritus, Council on Foreign Relations.

About Commonfund

Commonfund was founded in 1971 as an independent asset management firm focused on not-for-profit institutions. Today, we are one of North America's leading investment firms, managing \$25 billion in assets for some 1,300 institutional clients, including educational endowments, foundations and philanthropic organizations, hospitals and healthcare organizations and pension plans. Our only business is investment management, and we are active in all sectors of the global capital markets, both public and private.

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