

Nonprofit Investors Anticipate Weakening Consumer Confidence to Cause End of Bull Market, Commonfund Survey Finds

Majority of Endowments, Foundations Expect Bull Market to End Within 2 Years

Wilton, CT, April 4, 2019 – [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 survey of 200 sophisticated institutional investors from endowments, foundations and public pensions in attendance at the 21st Annual Commonfund Forum held on March 24-26, 2019. Investors attending the conference represented \$1.3 trillion in total assets. The survey results underscore the themes that drove discussion at the event, ranging from the challenges facing nonprofit investors in today's late-stage bull market to the private capital strategies that offer long-term investors the greatest investment opportunity.

When asked when they expect the current bull market to come to an end, 46 percent of survey respondents said they expect it to end within the next year, while 32 percent believe it will last for two years and just 14 percent think it's already over. Specific to the end of the bull market, 34 percent of respondents believe the primary cause will be weakening consumer confidence, followed by trade wars (18 percent), higher interest rates (17 percent) and the growing U.S. deficit (12 percent).

"While investors have grown more skeptical about the longevity of this strong economy, we feel the business cycle maintains the momentum necessary to further this historic bull run in the immediate future," said Mark Anson, CEO and CIO of Commonfund. "Today, long-term investors must remain steadfast in the investment policies they've established over the last decade in order to best serve their organizations when the market cycle does ultimately reach its end."

Looking at their own organizations, nearly half (46 percent) of all respondents remain "cautiously optimistic" that they will be able to achieve CPI + 5%, a rate of return sufficient to cover inflation, distributions and investment costs, over the next 10 years. This demonstrates little change from last year, when the 2018 Commonfund Forum survey similarly found that 50 percent of respondents were "cautiously optimistic" about achieving CPI + 5%.

"Ten years into the current bull market, institutional investors remain understandably hesitant about their organizations' abilities to achieve CPI +5% over the next decade," said Tim Yates, Managing Director and Head of Commonfund's OCIO practice. "Since they are working against perpetual time horizons, nonprofit investors must resist the temptation to focus on the daily market moves and instead concentrate their attention on key strategic priorities, including asset allocation and spending policy, to support their organizations and their missions into the future."

Additional survey findings include:

- Specific to private capital strategies, respondents see the greatest opportunity in U.S. private equity (40 percent), specifically smaller buyout funds (28 percent), followed by emerging markets private equity (31 percent), secondaries (11 percent) and venture capital (9 percent).
- More than half (58 percent) of respondents see diversity as critical to both their organization's internal culture and their investment strategy, while 15 percent find it critical internally but not for their investment strategy and 10 percent find it critical for investing but not an internal priority.

- 58 percent of respondents believe the global stock market (as represented by the MSCI World Index) total return for year-end 2019 will underperform its 20-year annual average of 4.4 percent, further evidencing their caution at this late stage of the business cycle.

The survey was conducted during the annual Commonfund Forum held in Orlando, Florida on March 24-26, 2019. Now in its 21st 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 North America, Europe and Asia 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, "Giant Leaps: 50 Years Rising to Challenges," celebrated the 50th anniversary of the game-changing Ford Foundation studies that helped establish Commonfund and set the guidelines for nonprofit investing. Featured speakers included Rob Arnott, Founder and Chairman of the Board, Research Affiliates; Richard Fisher, President and CEO, Federal Reserve Bank of Dallas (2005-2015); Colonel Chris Hadfield, Astronaut & Commander of the International Space Station (2013); Scott Harlan, Managing Partner, Rockland Capital; Scott Kapor, Managing Partner, Andreessen Horowitz; Bill Lee, Senior Vice President and Chief Investment Officer, New York-Presbyterian Hospital; Steve Liesman, Senior Economics Reporter, CNBC; and, Igor Tulchinsky, Founder, Chairman and CEO, WorldQuant.

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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