

MPI REPORT: Wide Range of Private Market Fund Returns Could Explain Ivy Endowments' Lackluster Fiscal 2019 Performance

SUMMIT, N.J. / LONDON / TOKYO, Feb. 19, 2020 (SEND2PRESS NEWSWIRE) – [Markov Processes International \(MPI\)](#), a leading provider of investment research, analysis and reporting solutions for the global wealth and asset management industry, today announced the publication of its annual Ivy League endowment performance analysis for the latest fiscal year, “[Measuring the Ivy 2019: Decoding the Performance Gap.](#)”



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The report shows that the average Ivy endowment return for FY 2019 was just 6.7%, significantly underperforming a reference 60-40 domestic portfolio. Between the best performing Brown at 12.4% and Columbia at 3.8%, Ivies also experienced the second widest dispersion of returns in the past decade and saw a shift in the historical positioning of performance leaders (e.g., Yale and Princeton) and laggards (e.g., Harvard and Brown).

MPI uses endowments' annual return data and returns-based techniques to

decode what may have happened in FY 2019 and suggests endowments' private market investments were the likely root of the year's anomalous results. MPI points to the fact that in a typical year the range of potential outcomes of private market investments is two- to three-times greater on both the upside and the downside versus a universe of U.S. equity mutual funds. Such dispersion in private market returns could explain both the lackluster returns of most Ivies as well as the wide range of results in FY 2019.

Report co-author Megan Woods, CFA, Director of Quantitative Research at MPI, said, "Even in the absence of considerable allocations to U.S. public equities and bonds, both of which had a solid year, the seeming inability of elite endowments' large exposures to private markets to push portfolio returns beyond their middling figures in fiscal 2019 is noteworthy and tells of the challenges in getting PE and VC investing consistently right. The range of outcomes of PE funds makes it very difficult to [underestimate the risk in private equity](#) relative to just looking at average returns shown by an index. In many years, more than 25% of funds have negative returns, even though the index may register a positive return in the double digits. We hope our report helps the many investors who are seeking to evolve the measurement of the performance and risk of their private market investment portfolios."

Michael Markov, MPI CEO and report co-author, stated, "This report offers a cautionary tale. Investors, both institutional and retail, are seeking greater access to the private market opportunity set – however, even the most sophisticated investors with access to elite managers aren't immune from potential performance downturns and can suffer in a year that was, on average, good for private markets. At a time when the amount of dry powder waiting to invest in richly valued markets sits near historic levels, it could be wise for investors to scrutinize private markets deals, managers and portfolios with renewed diligence using the latest quantitative tools."

For more information about the report or MPI's solutions, please email info@markovprocesses.com or call +1 908 608 1558.

About MPI

[Markov Processes International](#) (MPI) is a leading independent provider of quantitative investment research, technology, analytics and indices for the global investment management industry. MPI's flagship Stylus solutions are used by hundreds of firms to make smarter investment research, portfolio construction and optimization, performance analysis, [risk surveillance](#), distribution and reporting decisions. MPI Stylus can be delivered as a desktop, enterprise-hosted or cloud-deployed solution. MPI's Enterprise Solutions team also offers customized configuration and implementation services to meet your organization's specific needs.

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