MEGA ENDOWMENT FY 2025 TRENDS: SUCCESS OUTPACES UNCERTAINTY

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January 2026

Despite market volatility and persistent economic uncertainty, nearly all higher educational mega endowments[1] produced strong results for the fiscal year ending June 30, 2025. Unlike past years, endowment size was not a meaningful factor in results, as smaller funds performed roughly in line with the median mega endowments based on information tracked by NEPC.

Historically, mega endowments have held a persistent performance advantage over their smaller counterparts, benefiting from larger allocations to private markets and better access to capacity-constrained strategies. That trend flipped in 2023 and 2024; smaller endowments outperformed, driven by greater exposure to public markets, particularly large cap technology companies (such as the "Magnificent Seven").

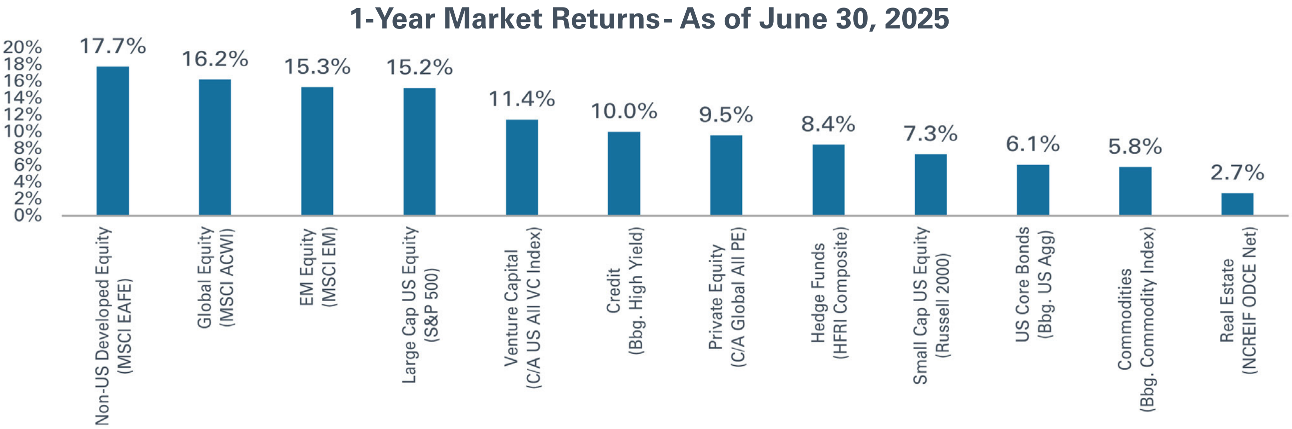
In FY 2025, market volatility impacted all endowment strategies, and while public markets continued to produce strong returns, the performance differential between large and small endowments narrowed. The S&P 500 briefly hit bear market territory in April, but the decline was short-lived. In the end, more than two-thirds of mega endowments produced double-digit gains.

Public equities outperformed alternative assets in 2025 (figure 1), though by a smaller margin than in recent years. Large-cap technology and AI firms were once again leading contributors to results. In addition, non-US equities outperformed US for the first time in several years. Fixed income exposures also added value, with credit sectors producing strong absolute returns. Despite economic uncertainty, fixed income benefited from lower inflation expectations and compression in yield spreads.

Figure 1

ASSET CLASS RETURNS: FY 2025

Trailing 12-month return for period ending June 30, 2025



Sources: S&P Global, MSCI, Bloomberg, HFRI, Russell, NCREIF, Factset

[1]NEPC defines mega endowments as those valued above $1.8B, which represents the threshold for the top 10% of US endowments as listed in the 2024 NACUBO-Commonfund Study of Endowments.

BIG, BEAUTIFUL OPPORTUNITIES AND CONCERNS

The most recent year was also notable as higher educational endowments faced new taxation concerns – specifically potential changes to endowment taxation under the “One Big Beautiful Bill Act”[2] (OBBBA). Initial versions of the OBBBA proposed new taxation thresholds and significantly higher excise tax rates on endowments, triggering a wave of uncertainty and financial contingency planning.

Fortunately, the final version of OBBBA has had a more limited impact. The tax applies only to a very narrow subset of institutions, and final tax rates were meaningfully lower compared with initial versions of the bill. As a result, for a large portion of the endowment universe, tax exposure has not changed, allowing investment committees to refocus on longer-term portfolio objectives instead of near-term tax mitigation strategies.

Large endowments like Harvard and Yale occupied headlines as they considered secondary sales of their private market portfolios. We believe slowing distributions and shifting market fundamentals have led some institutions to reassess their underlying positions and use the Secondary Market as a portfolio management tool. With large institutions using secondary markets in this manner, we view the stigma

[3] H.R. 1, 119th Cong. (2025) (Engrossed in House).

Figure 2
JUNE 30, 2025 MEGA ENDOWMENT PERFORMANCE

Rank	Institution	Return (%)	Asset ($B)
1	University of Wisconsin-Madison	16.2%	$4.9
2	University of Michigan	15.5%	$21.2
3	Bowdoin College	15.3%	$2.9
4	Virginia Commonwealth University Investment Management Co.	14.9%	$2.0
5	Boston University	14.8%	$4.0
5	Massachusetts Institute of Technology	14.8%	$27.4
7	Washington University in St. Louis	14.7%	$14.5
8	Amherst College	14.5%	$4.8
9	Stanford Management Co.	14.3%	$47.7
10	George Washington University***	14.1%	$2.8
11	University of Southern California	14.0%	$9.0
12	Claremont McKenna	13.2%	$2.2
13	University of Oklahoma	12.5%	$2.2
13	University of Richmond	12.5%	$3.5
15	Columbia University	12.4%	$15.9
15	University of Virginia Investment Management	12.4%	$15.5
15	University of Washington	12.4%	$6.0
18	Cornell University	12.3%	$11.8
19	University of California General Endowment	12.2%	$24.1
19	University of Minnesota Foundation	12.2%	$4.0
19	University of Pennsylvania	12.2%	$24.8
19	Wellesley College	12.2%	$3.2
23	University of Florida Foundation	12.1%	$2.7
24	Trinity University	12.0%	$2.0
24	University of Rochester	12.0%	$3.8
26	Brown University	11.9%	$8.0
26	Harvard University	11.9%	$56.9
26	University of Arkansas Foundation	11.9%	$2.8
29	Ohio State University	11.8%	$8.6
30	Pomona College	11.7%	$3.4
30	Grinnell College	11.7%	$2.9
30	Williams College	11.7%	$3.9
33	Southern Methodist University	11.6%	$2.3
33	Emory	11.6%	$11.6
33	UCLA Foundation	11.6%	$4.8
33	UNC Investment Fund	11.6%	$12.2
37	Northeastern University	11.5%	$2.0
37	University of Georgia Foundation	11.5%	$2.5
39	Rice University	11.4%	$7.9
40	Northwestern University	11.3%	$15.2

of LP led secondaries coming off and think others should view this as a potential tool. However, legal and administrative costs can be significant for secondary transactions and may outweigh the benefits, especially for smaller organizations. As a result, we believe secondary sales are most likely to be relevant for medium to larger endowments or those with specific strategic or tax-driven motivations going forward.

TOP PERFORMER HIGHLIGHTS

Among endowments tracked by NEPC, the top performer for FY 2025 was the University of Wisconsin-Madison (managed by the Wisconsin Investment Management Company, or WISIMCO). Wisconsin's 16.2% annual gain reflects a heavy equity allocation, with 55% in public equity, 31% in private capital, and 12% in real assets. Only 3% of the endowment is allocated to cash/fixed income.

WISIMCO's investment fund benefited from equity market gains generally and effective stock selection. In the endowment's recent annual financial report, Michelle Stohler, the WISIMCO CIO, noted that strong stock selection within their public equity allocation in particular, as well as in the private markets, did most to enhance results.

While Wisconsin was the top performer amongst large institutions, the median mega endowment returned 11.3%, in line with the 11.2% gains for the InvestmentMetrics All Endowment Median benchmark. The InvestmentMetrics universe contains

Rank	Institution	Return (%)	Asset ($B)
--	InvestmentMetrics All Endowment Median	11.2%	--
41	Georgia Tech Foundation	11.1%	$2.9
41	University of Cincinnati Foundation	11.1%	$2.3
41	Yale University	11.1%	$44.1
44	Princeton University	11.0%	$36.4
45	Carnegie Mellon University	10.9%	$3.5
46	Dartmouth College	10.8%	$9.0
46	University of Pittsburgh	10.8%	$6.1
48	Michigan State University	10.7%	$4.6
49	North Carolina State Investment Fund	10.5%	$2.1
50	Lehigh University	10.4%	$2.4
50	University of Colorado Foundation	10.4%	$3.0
52	University of Kentucky†	10.3%	$2.5
53	Indiana University Foundation	10.2%	$3.8
53	Syracuse University	10.2%	$2.2
53	University of Chicago	10.2%	$10.9
56	Boston College****	10.1%	$4.3
56	University of Minnesota	10.1%	$2.4
58	Tufts University	10.0%	$2.6
58	UC Berkeley Foundation	10.0%	$3.2
58	UTIMCO**	10.0%	$66.0
61	Texas Tech University System***	9.9%	$1.9
61	Vanderbilt University	9.9%	$10.9
63	Smith College	9.7%	$2.9
64	Swarthmore College	9.5%	$2.8
64	University of Kansas	9.5%	$2.5
66	Baylor University	9.4%	$2.2
67	Texas Christian University	9.2%	$2.9
67	UC San Francisco Foundation	9.2%	$3.3
69	Duke University	9.0%	$12.3
69	Tulane University	9.0%	$1.9
69	University of Missouri System	9.0%	$2.5
69	University of Nebraska Foundation	9.0%	$2.3
73	Virginia Tech Foundation	8.9%	$2.2
74	Case Western Reserve University	8.5%	$2.5
74	University of Iowa Center for Advancement	8.5%	$1.8
76	Pennsylvania State University	8.4%	$5.2
77	University System of Maryland Foundation	8.2%	$2.4
78	Texas A&M University Foundation	8.0%	$3.0
79	University of Illinois Foundation	3.3%	$3.1

Mega endowments are those that are valued above $1.8B as of their most recent report, this represents the top 10% threshold of US Institutions reporting to NACUBO in 2024. Information for this report was gathered by analyzing publicly available data and public news releases that have been published prior to January 20, 2026. NEPC's Mega Endowment list does not reflect data from institutions that do not provide readily available public returns, have not published their data prior to NEPC's cutoff date, or do not meet or exceed the $1.8B threshold based on the 2024 NACUBO Report or prior versions of this list

**UTIMCO Return and Size are for the combined Permanent and Long-term Funds, as of 8/31/25
*** As of 8/31/2025
****As of 5/31/2025

data for smaller institutions, indicating relative parity between large and smaller endowments this year.

LOOKING FORWARD

In aggregate, small and middle-sized endowments continue to allocate more to public equity markets. According to NACUBO data, endowments in the $100-$250 million range averaged a 51% public equity exposure at the start of FY 2025, significantly higher than the 37% and 24% in public equities held by endowments in the $1-5 billion and >$5 billion ranges, respectively. While we believe this positioning generally helped the smaller endowments, due to strong returns in public equity markets, we did see a broad dispersion amongst investment manager returns. This suggests that active management was a meaningful factor in returns for the top performing funds.

We believe that manager selection will continue to be a driver for the strongest performing endowments going forward. This is particularly true within private markets, where the difference between top and bottom quartile performers is much broader than in public markets. We continue to view private equity and venture capital as long-term drivers of growth, and they should continue to play an important role in portfolios that have long time horizons and limited liquidity needs.

Because companies are waiting longer to go public, we believe the private sector is offering a richer set of opportunities at different points of their growth cycles. The innovation ecosystem that has driven venture capital returns continues to be robust, and there is no shortage of opportunities around AI and related technologies. Rather than avoiding private equity and venture capital, we believe it to be beneficial for investors to approach those sectors with a disciplined, diversified approach, sticking to their strategic targets and annual pacing plans. For those with larger, more developed private market programs, we see Secondaries becoming a potential new tool for consideration.

Once again, we think this year's trends reinforce the importance of diversification in endowment portfolios. We believe the ideal endowment portfolio targets some form of spending-plus-inflation return, with a level of volatility that matches the institution's needs. Diversification with a long-term vision can be excellent tools to achieve those goals, even though the performance of various asset classes may ebb and flow over time.

IMPORTANT DISCLOSURES

† The NEPC analysis has been modified to account for updated performance information received by University of Kentucky on February 2, 2026. University of Kentucky's returns and the respective rankings table have been adjusted accordingly. No other data has changed. The information in these materials has been obtained from sources NEPC believes to be reliable and is subject to change at any time.

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