

The Frontier Line

Frontier's 2025 university endowment roundtable

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About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for thirty years and provides advice on \$850 billion of assets across the superannuation, charity, public sector, insurance and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.

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Introduction

In June 2025, Frontier Advisors hosted a roundtable discussion for our university clients, with seasoned investor Craig Dandurand as keynote speaker.

Craig has over two decades of experience investing on behalf of prominent asset owners, including the Future Fund, CalPERS, UC Davis, and the Tuckwell Family Office. More recently, Craig also joined the investment sub-committee at University of New South Wales. During the roundtable, Craig shared insights that helped frame conversations on the unique challenges and opportunities facing Australian university endowments today.

In this issue of the Frontier Line, we highlight the key themes from the roundtable.

Five key themes



Key theme 1

Defining your 'why': The cornerstone of endowment strategy



Key theme 4

The balancing act of disclosure: Transparency versus scrutiny



Key theme 2

The nuances of giving: Strengthening donor engagement



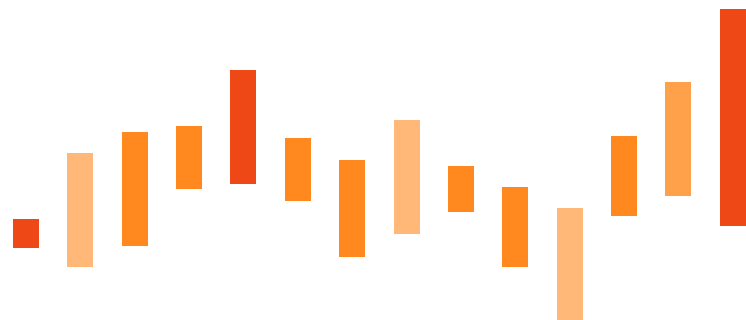
Key theme 5

Embracing good governance and adaptability



Key theme 3

Capitalising on the great wealth transfer: A generational opportunity



Defining your 'why': The cornerstone of endowment strategy

A recurring theme throughout the evening was the importance of clearly defining the 'why' behind an endowment's existence.

Whether the purpose is to fund research, construct new campus buildings, support scholarships, or contribute to the operational costs of the university, a well-defined purpose can guide investment policy and decision-making.

Many Australian university endowments, often less mature than their US counterparts, lack a clearly defined purpose. Establishing one can help shape risk and return objectives, align key stakeholders, and help build the confidence needed to take appropriate long-term risks.

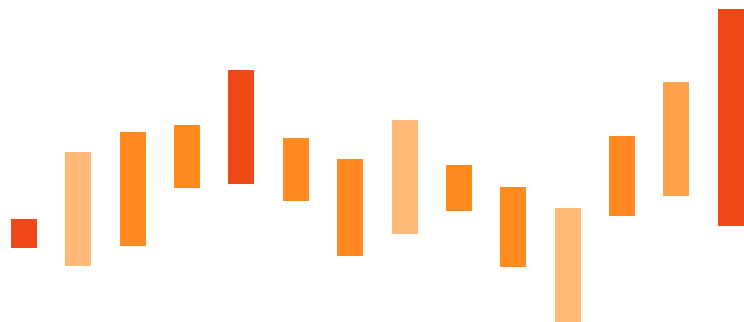
The nuances of giving: Strengthening donor engagement

The discussion explored the complexities of donations and how a university's philanthropy function is inextricably linked to managing and investing the endowment.

Universities need systems to communicate with donors about how their gifts are being managed, how they have grown over time, and how they are supporting their intended beneficiaries. Clear reporting through tangible evidence of how donations are used can significantly enhance donor engagement and attract additional contributions. Some universities shared positive experiences with internal processes for documenting donor fund expenditure, which built trust within their donor communities.

There was also considerable discussion on how universities could optimise their approach to donations for more meaningful outcomes. Some shared examples of leveraging emotional attachment ranged from naming buildings after prominent donors to strengthening relationships through active engagement with alumni networks. While universities acknowledged the potential for enhancement in this area, many identified resource and budget constraints as common hurdles.

Another issue raised was the prevalence of 'tied' gifts, where donations must be used for a specific purpose. This can leave a university with a large endowment but limited funds for day-to-day operations. Helping donors understand how their gift can most effectively help the university can provide flexibility for how that gift can be used now and into the future.



Capitalising on the great wealth transfer: A generational opportunity

A major topic of conversation was the unprecedented wealth transfer expected over the coming decades as the baby boomers pass on their significant wealth to the next generation.

This presents a significant opportunity for universities to secure donations from alumni and other donors that have a desire to leave a lasting and meaningful legacy.

Participants discussed how university systems in different countries promote philanthropy for their alma mater. In the US, students often develop a strong sense of pride and connection while living on campus. Activities like college football games also serve as fundraising opportunities, and each new generation is reminded their education was made possible by the generosity of those who came before them, making the desire to give back almost intuitive.

Australian universities operate in a very different environment and find it more difficult to emulate this spirit and actively appeal to the hearts of individuals and alumni. While challenging, the consensus was that more collective and persistent efforts are needed, with universities encouraged not to fear rejection.

The balancing act of disclosure: Transparency versus scrutiny

Australian universities walk a fine line in how much to disclose about their endowments. It's a delicate balance.

Transparency can build trust and attract donors, but it can also invite scrutiny or give the impression the university is already well-funded and does not need more donor support.

Australian universities are often less peer-aware when it comes to endowment performance, allowing them greater flexibility in tailoring investments to their unique purpose and risk/return appetites.

Established university endowment sectors overseas have annual surveys which provide insight into endowment performance, asset allocation, spending policies and use of distributions. In the US, surveys such as the NACUBO-Commonfund Study of Endowments allow for comparison of different university endowment cohorts by size, often dispelling myths about exactly how and where most US endowments are investing.

Frontier, with its perspective from working with a number of university clients, is exploring how we can facilitate the anonymous sharing of data to promote greater transparency for Australian university endowments without undue exposure.

Embracing good governance and adaptability

Gone are the days when university endowments could be overseen and influenced by generous donors or alumni for unlimited periods of time.

Universities are constantly raising the bar on their standards of governance, often following good governance principles from the corporate sector.

Clear documentation of decisions and the reasoning behind them provides continuity and understanding of the endowment over time. Term limits for governing bodies means there will be regular turnover of investment committee members as they complete their terms. In addition, as people progress in their careers, there will also be natural change in the university staff responsible for overseeing the endowment. A change in people brings different skills, experiences and fresh perspectives to the table, but can also lead to a loss of corporate history and knowledge of why an endowment has evolved the way it has. Robust systems, processes and ongoing documentation are essential to ensure the endowment continues to operate smoothly, regardless of who oversees the endowment.

Adaptability is increasingly important in a world with ever-increasing complexity and uncertainty. Markets are changing all the time, as is the universe of investments available to university endowments of all sizes. An investment that was not suitable or feasible for an endowment in the past might now be accessible and appropriate, so being able to adapt the endowment to its evolving operating environment is vital. Having documentation that clearly outlines the endowment's change in circumstances and investment appetite is crucial.



The final word



As in prior years, the 2025 roundtable discussion provided a rich exchange of ideas and valuable insights.

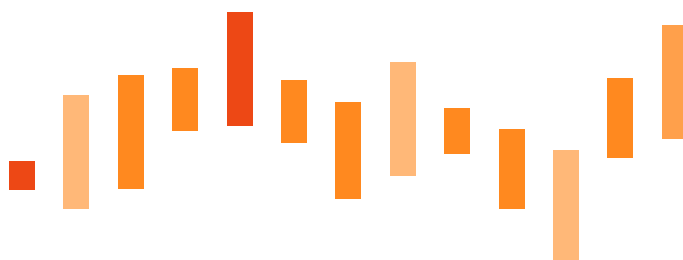
The Australian university endowment landscape, while facing unique challenges, also stands on the cusp of significant opportunity. By focussing on defining their purpose; strategically engaging with donors; navigating disclosure complexities thoughtfully; embracing adaptability; and leveraging institutional expertise, Australian universities can ensure the enduring success and impact of their endowments for generations to come.

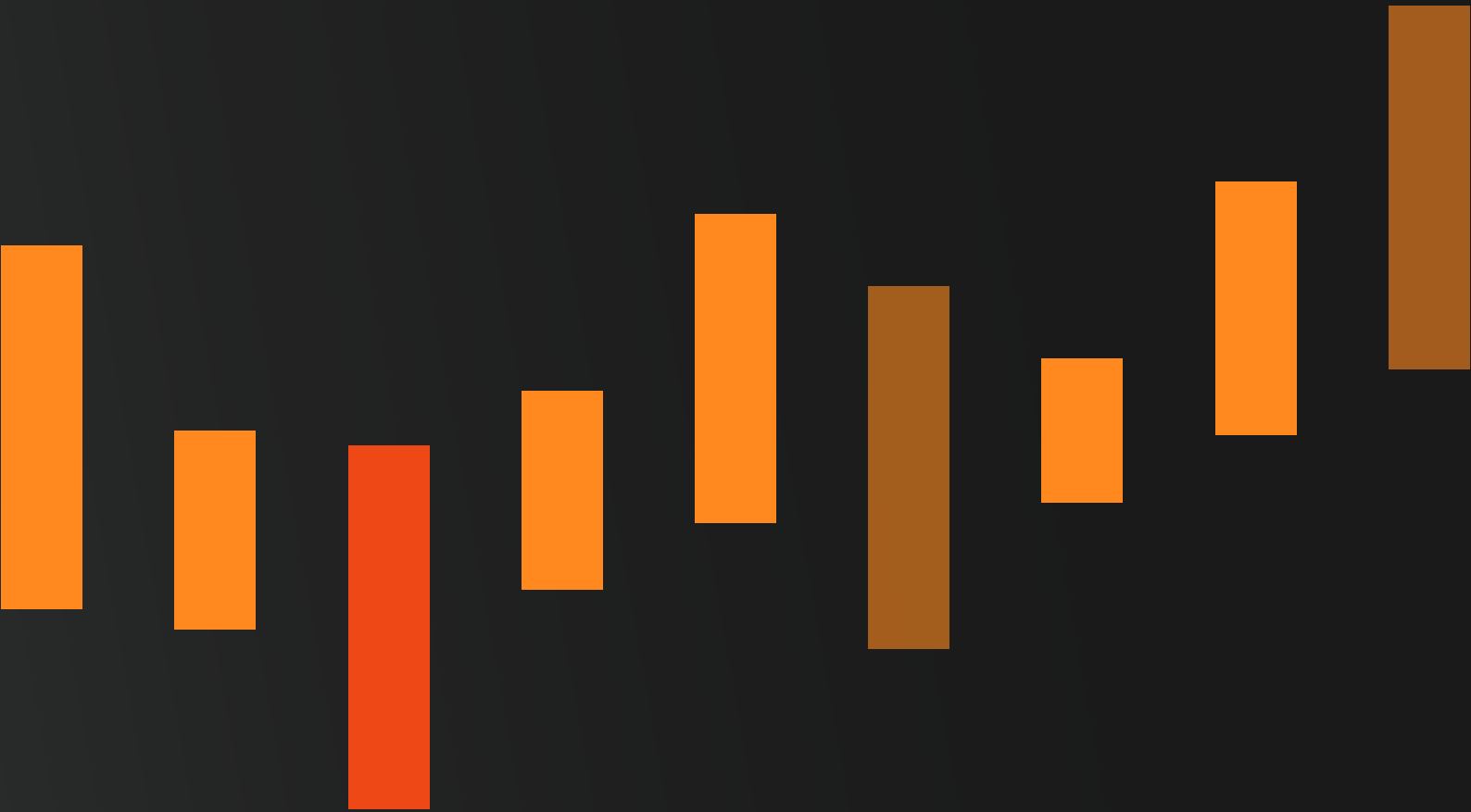
Frontier remains committed to supporting our university endowment clients by working with them to enhance the future of their institutions and support the next generation of students and researchers who will contribute to the public good through expertise, innovation and solving the great challenges of our time.



Learn more

We invite you to join us in future roundtable discussions to share your experiences, learn from your peers, and collaborate in improving investment outcomes for your organisation. If you have an idea for a topic you would like to discuss with other like-minded investors in a roundtable environment, please contact your consultant at Frontier or get in touch with us at busdev@frontieradvisors.com.au.





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