INSTITUTIONAL CONSULTING SOLUTIONS

Endowments & Foundations Survey: What peers are doing differently as complexity rises

Endowments and foundations are navigating a portfolio landscape where alternatives have moved into the core of the portfolio allocations, and where geopolitics, liquidity and spending pressure are reshaping day-to-day decision-making. Our recent survey of investment decision-makers at 100 mid- to mega-sized organizations, shows organizations tightening governance, leaning more on consultants, and reassessing portfolio flexibility as complexity becomes a defining feature of portfolio management.

A few early signals from the research[1]

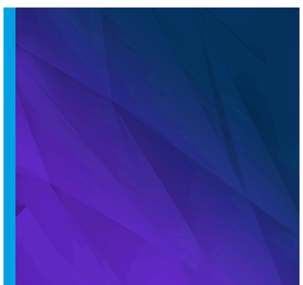
- **Return confidence is down.** Only 13% of respondents said they are *very confident* they'll hit their target annualized return over the next three years (down from 19% in 2023).
- **Alternatives now represent the largest asset class in portfolios**. Alternatives rose to 36% of AUM, surpassing public U.S. equity (27%) as the largest allocation.
- **Liquidity has become the defining challenge in private markets**. Nearly half (47%) named liquidity as the *single most significant* alternatives challenge (up from 21% in 2023).
- **Governance is increasing, but unevenly.** The share of organizations without a formal investment committee fell to 9% (from 18% in 2023).
- **Consultant relationships are becoming more common.** 46% work with an external investment consultant (up from 39% in 2023) with an average tenure working with the provider of 9.4 years.

versus grantmaking (41%).

Want the full findings?

Download the complete Endowments & Foundations Survey results to see the deeper dive by AUM size and organization type, plus more detail on allocations, benchmarks, governance practices, consultant relationships, fundraising expectations and spending outlook.

DOWNLOAD THE FULL SURVEY RESULTS



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Retirement Plan Committee's Guide to Effective Plan Governance

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Footnotes

[1] 2026 Endowments and Foundations Survey, Morgan Stanley.

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