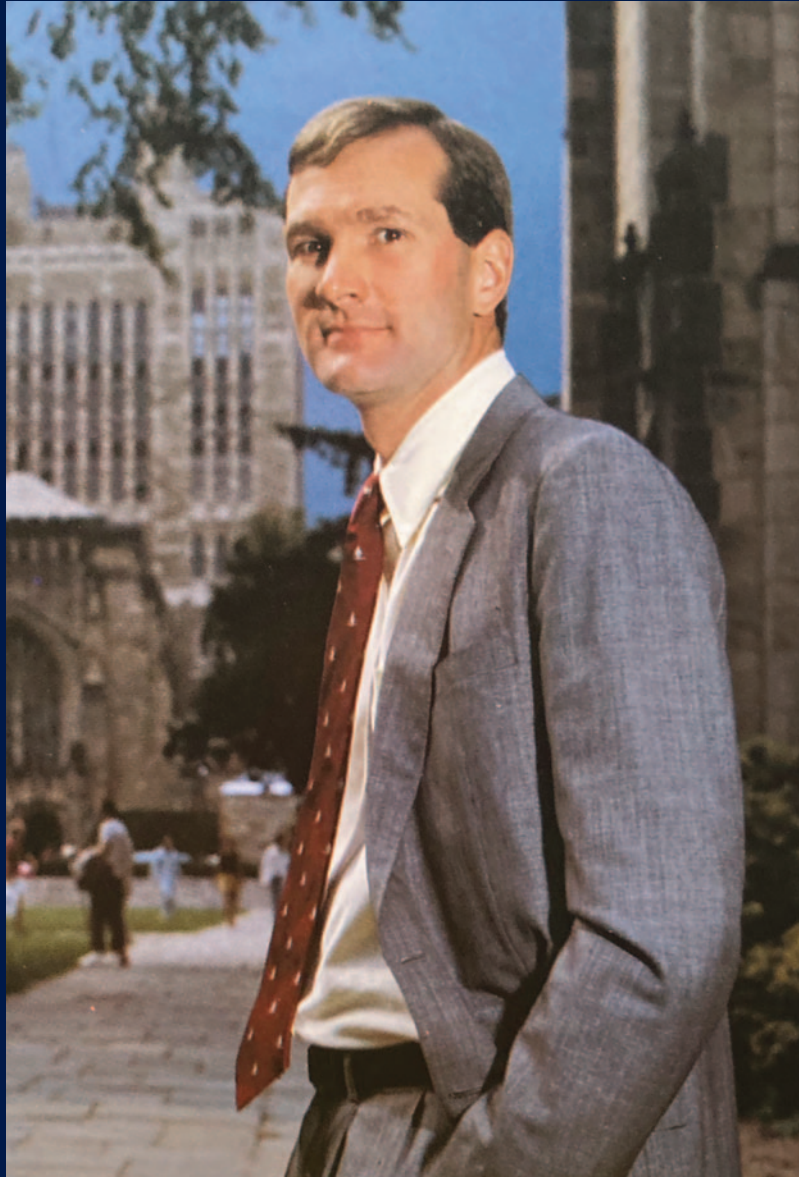


“Things You Don’t Measure in Dollars and Cents”

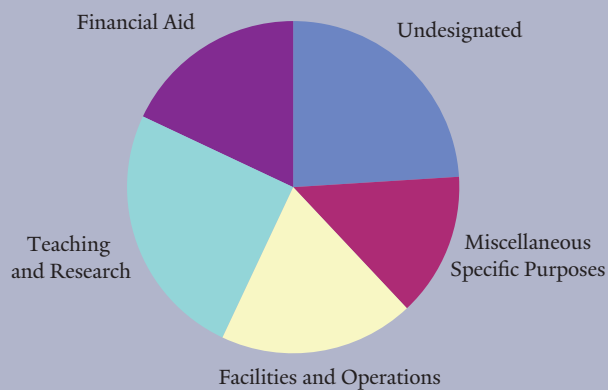


The Yale Endowment
2021

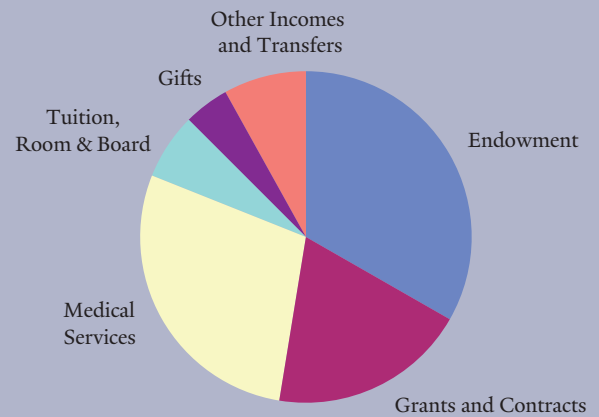
Endowment Highlights

Fiscal Year	2021	2020	2019	2018	2017
Market Value (in millions)	\$42,282.9	\$31,201.7	\$30,314.8	\$29,351.1	\$27,176.1
Return	40.2%	6.8%	5.7%	12.3%	11.3%
Spending (in millions)	\$ 1,511.8	\$ 1,437.3	\$ 1,354.7	\$ 1,281.0	\$ 1,225.8
Operating Budget Revenues (in millions)	\$ 4,543.8	\$ 4,273.2	\$ 4,181.4	\$ 3,874.9	\$ 3,692.2
Endowment Percentage	33.3%	33.6%	32.4%	33.1%	33.2%

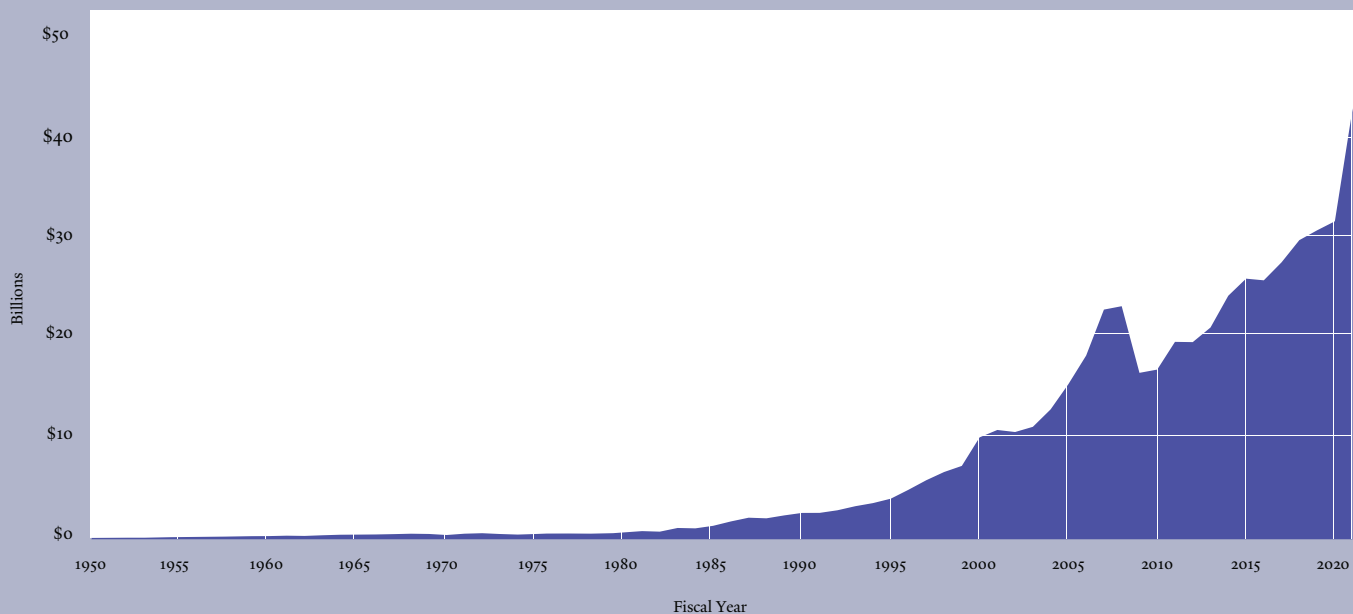
Endowment Fund Allocation
Fiscal Year 2021



Operating Budget Revenue
Fiscal Year 2021



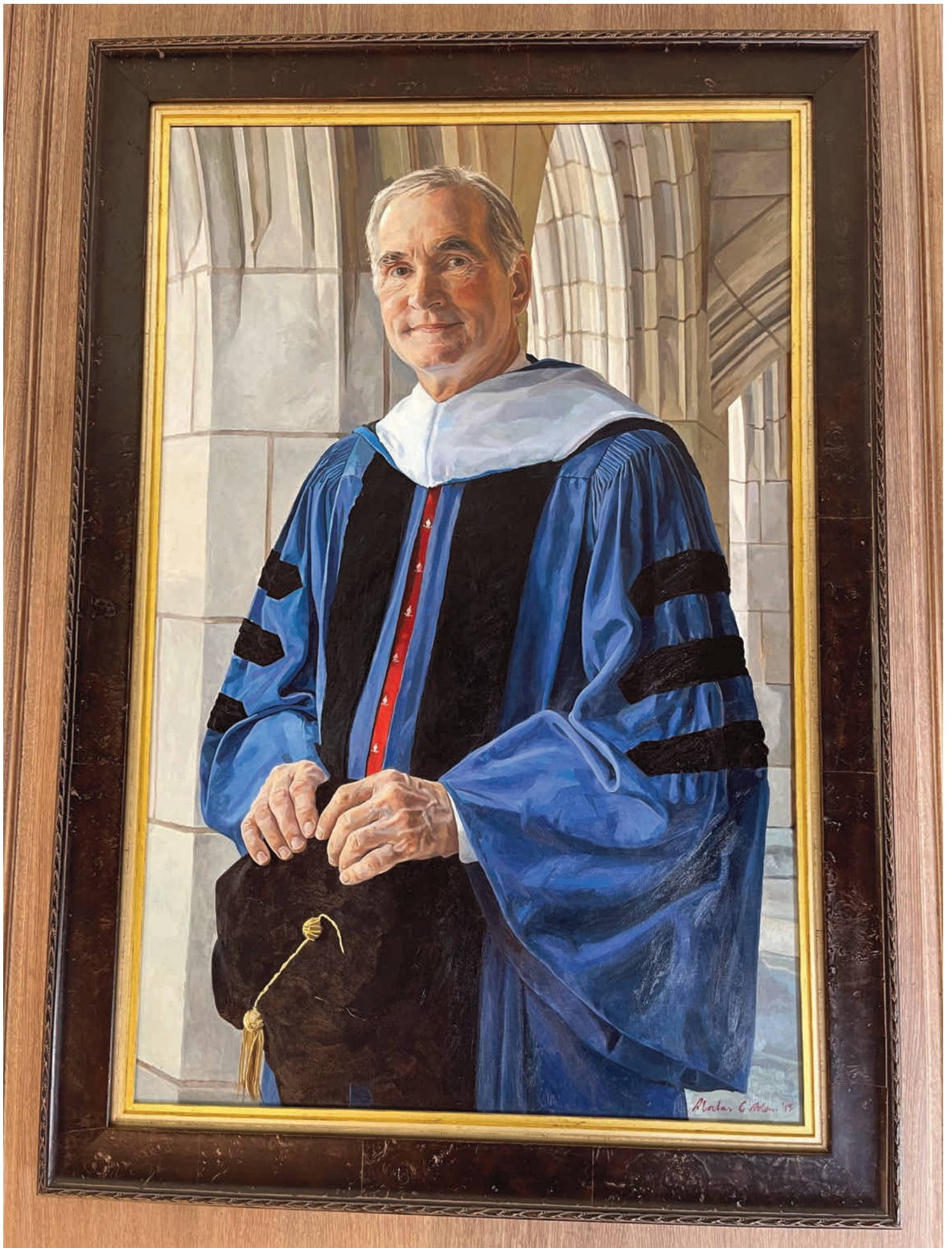
Endowment Market Value 1950–2021



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INTRODUCTION

David F. Swensen, Yale University's Chief Investment Officer from 1985 until his death in May 2021, had a unique impact on the university, the world of institutional investment, his close circle of family and friends, and on every member of the Yale Investments Office who was privileged to serve under his leadership. His accomplishments were celebrated and unprecedented, his example and teaching were an inspiration, and his loss is strongly felt.

This special issue of the Yale Endowment Report, a publication he initiated in 1990, is a tribute to David that we hope will resonate with all who knew him.

Left: Portrait of David Swensen, by Alastair Adams PPRP, from Swensen House, Berkeley College.

Below: David Swensen with his parents, Richard D. Swensen, Ph.D., and Grace Hartman Swensen, B.A., M.Div.



THE BIOGRAPHY

“Things you
don’t measure
in dollars
and cents”



STUDENT SENATOR DAVE SWENSEN with one of the questioned Cage 'hamburgers.' It was Swensen's investigation that disclosed that PFM was violating its contract and state law by serving hamburgers with two per cent soy additives.

In 1955, a couple named Richard and Grace Swensen moved to River Falls, Wisconsin, a college town, with their one-year-old son David, who had been born January 26, 1954, in Ames, Iowa. David's father taught at the University of Wisconsin at River Falls (UWRF) for the rest of his career, as a Ph.D. professor of chemistry, like his own father before him, and from 1969 to 1988 as Dean of the College of Arts and Sciences. Eventually David had five younger siblings, and all six Swensen children attended the town's public schools and the college, UWRF.

Life in the Swensen household was modest in material terms. The six children occupied two bedrooms, all the way through college, and the house had just one bathroom. But, as David Swensen would recall later, "I learned from my parents that there are a lot of important things in life you don't measure in dollars and cents."

The second son, Stephen Swensen, M.D., just a year younger than David, recalls their childhood experiences and friendship that led to their strong bond as adults. "I shared a bunkbed with David for two decades. We would listen to Minnesota Twins games or Beatles music in the evenings on the radio. And the fate of the world during football season seemed to be determined by the weekly performance of the Packers – Bart Starr, Paul Horning, Max McGee – all on a small black-and-white cathode ray tube TV. We would also wrestle – in the bedroom, in the rec room, in the yard – until the day I ended up the winner. We never wrestled after that day, but our friendly banter continued for the next half-century. Looking back at our tussles, I believe there was actually much more affection than squabble."

The kids had the run of River Falls, a town of about 5,000, where everyone seemed to know everyone else, both downtown and on the campus. "At Isaacson's Grocery," Stephen recalls, "there was a lined green sheet of paper, and customers could sign for purchases for later payment. We children had signing privileges, and the store owner knew each of us. We could sign for a candy bar, and he'd nod – or an apple, and then he'd smile. We were, in effect, raised by our parents and the whole community."

At home, Stephen said, "our parents set a lively intellectual tone," and "dinner-table talk was always *about* something. The subject might be marijuana, the Vietnam war, a recycling program, politics, or what we had done that day. Dad also had many practical science lessons for us. David always found joy in this learning. He was just gifted intellectually, skipped third grade, and always excelled.

"We received so much from our parents to broaden our understanding of the world. They led cultural and international exchanges for decades and promoted fine arts programs with artists from all over the country, inviting people of different races, religions, and nationalities." Their mother Grace supported programs for an early wave of Vietnam war refugee immigrants, at a time when small towns didn't always welcome such initiatives. She eventually became a Lutheran minister. Both parents set community service as a responsibility, and were significant role models to David, who in turn also influenced his siblings.

To further the children's exposure to the world outside River Falls, Richard and Grace took all six of them to Europe in 1970, where they camped with a big canvas tent, backpacks, and sleeping bags. David



David lettered in high school diving.

spoke fluent German at the time and extended the trip with a home stay and *Gymnasium* experience in Kulmbach.

During his college years at UWRF, David was on the Student Senate and actively involved in campus issues. An article in *The Student Voice*, the college publication, featured Student Senator David Swensen as something of a muckraker. “From someone who worked in the university food service,” Steve recalls, “he found out that the cafeteria hamburgers had a soy meal additive. He called them on it. It wasn’t that he was against ‘extenders’, but he objected to the fact that they hadn’t been transparent about it. So, he appeared on the college magazine’s front page, holding a ‘tainted’ burger.” Stephen Swensen sees that sense of justice and honesty as a hallmark of David’s approach to investing, in his career and “in his book on personal investing, in which he didn’t hesitate to call out abuses like conflicts of interest and disgusting ‘piggery.’”

In college, Swensen decided to change majors in his freshman year. Charles H.C. Kao, a former professor and head of the Economics Department at UWRF, remembers the strong impression made by Swensen, a freshman in an introductory course in 1971-72. “He consistently scored highest in every exam,” Kao stated, “and he was excited about discovering macroeconomics. After the introductory economics course, he announced he was changing his major from Math and Chemistry – to Economics.” Investment was not part of the curriculum Swensen studied at UWRF, but he was fascinated by international economics subjects, especially issues of developing countries. “David was the only student to whom I ever gave A’s in all four courses I taught,” Kao said. “I was sure he would become an excellent teacher himself. But I also thought he might end up in a prominent international position, such as with the World Bank.”

Receiving the dual degrees of B.A. and B.S. from the University of Wisconsin at River Falls in 1975, Swensen enrolled in the doctoral program at Yale in economics. With Professors James Tobin (Nobel Laureate in eco-



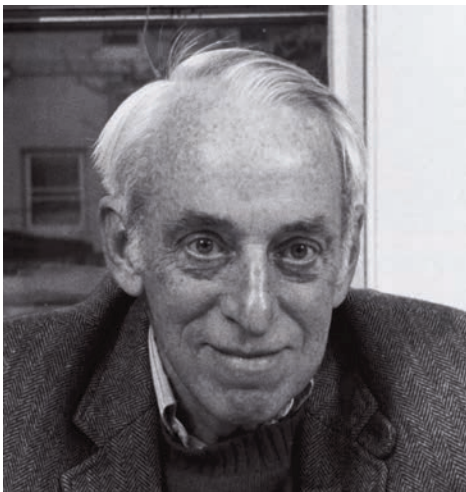
The family, from left to right: Richard, Carolyn, Stephen, Grace, Linda, David, Jane, Daniel.



Charles Kao, economics professor at UWRF.



David, with briefcase, off to school with his siblings.



James Tobin, and William Brainard, who both convinced David Swensen to run the Endowment.

nomics) and William Brainard as his advisers, he completed his Ph.D. dissertation, “A Model for the Valuation of Corporate Bonds,” in 1980. Even before obtaining his doctorate, however, he began his professional career, in 1977, as an economist at the International Monetary Fund. He was active at the IMF in the preparation of a new publication, “Government Finance Statistics Yearbook.” In 1979 he started a six-year Wall Street career, first as an associate in corporate finance for Salomon Brothers.

“At age twenty-seven he earned a permanent place in Wall Street history,” *Forbes* reported in 2005, “by inventing the derivative instrument known as the swap. While working at Salomon Brothers, he spearheaded a deal that allowed IBM to reverse currency exposure on some foreign bonds by arranging to have the World Bank issue dollar-denominated bonds with matching terms.” He next spent three years as senior vice president at Lehman Brothers, engineering the firm’s currency swap operations and developing new financial products.

In 1985, at the age of thirty-one, Swensen received a surprising offer from Yale – to head investment operations for its then \$1 billion endowment. A pay cut of 80 percent was one of the unusual aspects of this Yale position. Another was his lack of direct experience managing an institutional endowment portfolio. “It might have looked like an odd choice, but I didn’t have any anxieties about it,” said William C. Brainard, then the Yale provost, after he and Professor James Tobin first proposed the appointment. Both of these former mentors persuaded Swensen of their confidence in his ability.

“I liked the competitive aspects of Wall Street,” he told the *Yale Alumni Magazine* in 2005, “but – and I’m not making a value judgment here – it wasn’t the right place for me because the end result is that people are trying to make lots of money for themselves. That just doesn’t suit me.”

Another strong argument must have been his fondness for Yale ever since he had first discovered the place as a graduate student in 1975: “I’d never met so many smart people who loved ideas, who liked to engage in intel-

Swensen's educational and career timeline



River Falls High School, Class of 1971



University Wisconsin River Falls,
B.A., B.S., Class of 1975



Yale University Graduate
School of Arts & Sciences, Ph.D. 1980
Department of Economics



International Monetary Fund, 1977

Salomon Brothers

Salomon Brothers, 1979



Lehman Brothers, 1982

lectual debate." He had lived campus life to the hilt, participating in sports and other extracurricular activities and forming strong friendships with everyone from undergraduates like his freshman advisee, Dean Takahashi (B.A. 1980, MPPM 1983), to Nobel laureate Tobin. In his mentor's later years, friends observed Swensen shoveling snow from Tobin's driveway and delivering his Christmas tree.

Still, in 1985 the job as Yale's Chief Investment Officer looked daunting. "I was dumbfounded about what to do," he recalled twenty years later. He promptly hired his friend Takahashi, who remained the Yale Investments Office second-in-command until his retirement in 2019 to work on Yale-based environmental projects (the two colleagues also collaborated as teachers of classes on investment in Yale College and the School of Management). In the acknowledgments section of his first book, in 2000, Swensen would write: "The ideas and influence of Dean Takahashi, my friend for twenty-three years and my colleague for twelve years, touch every page of this book. In fact, the approach to investing I describe here really represents joint intellectual property, formed through more than two decades of spirited discussions of issues large and small."

To get started, Swensen and Takahashi spent a year going through the existing portfolio in detail while considering various approaches. They drew on expertise at Yale, eagerly conducting talks with the likes of



Chief Investment Officer Swensen and Senior Director Dean Takahashi were also partners in the classroom. Swensen frequently quoted his mentor James Tobin as saying: "I love teaching Yale undergraduates. I never fail to learn from them." Starting in fall 1985 as a Lecturer, and continuing with a Secondary Faculty appointment, Swensen regularly taught two Yale College courses, assisted by Lecturer Takahashi. Hundreds each year attended their ECON 251 class, "Portfolio Theory and Financial Markets." The course alternated, and was replaced in fall 1994, with ECON 450, an annual seminar (limited to twenty participants at a time) called "Topics in Finance" and, from 1997, "Investment Analysis." The senior seminar continued through spring 2021. In addition, as an affiliated faculty member at Yale School of Management, Swensen also co-taught courses between 1997 and 2013, including "Institutional Funds Management" and "Endowment Management." With other faculty, he helped to establish Yale SOM's Master's Degree in Asset Management program.



Softball provides the Investments Office staff a welcome break. The team, made up of full-time office staff, interns, and family and friends, goes up against the other Yale units in friendly competition. (From 2011 Endowment Report)

Tobin, Brainard, then-dean of SOM Burton Malkiel, and Professor Roger Ibbotson. Then they plunged in, testing the viability of portfolio theory and their new orientation away from traditional asset classes (stocks and bonds), spreading risk and emphasizing investments mostly new to Yale across the securities spectrum, like buyouts, venture capital, absolute return, international securities, real estate, timber, oil and gas. Thanks to the principle of diversification, investments risky in their own right proved successful in the right combination.

Beyond Yale, David was a thoughtful, trusted adviser to many. He served many educational institutions, foundations, councils, and other organizations, as a consultant, board member, volunteer, and/or supporter.

“David Swensen,” as former Yale Investment Committee Chair Charles D. Ellis wrote in 2000, “is a man with a deep sense of mission to serve.... Personally modest, in a sober Scandinavian way, Swensen is frequently enthusiastic about the achievements of others.” And, he added, “Swensen has made it fun to work on investing for Yale – recruiting a team of exceptionally talented Yale graduates, who, in their first professional jobs, get a wide exposure to the world of investing; early responsibility for enquiry, analysis, and decisions; and an exemplary exposure to teamwork at work.”

For Swensen, values always played an important role in the work. As Ellis commented in 2000, “Swensen infuses the process of investing with a sense



Attending the Honorary Degrees Dinner, Yale Center for British Art, during Commencement weekend.

of the important mission of enabling Yale's faculty, students, and administration to aspire and to achieve." His brother, Dr. Stephen Swensen, spoke in 2014 of David Swensen's "passion for giving back to an institution with a higher purpose. He never aspired to more money or a higher position."

As Swensen commented to the *New York Times*, he stayed at Yale because the work gave him "a sense of mission." "One of the things that I care most deeply about," he also told the paper, "is that notion that anyone who qualifies for admission can afford to go to Yale, and financial aid is a huge part of what the endowment does."

His wife, Meghan McMahon, a 1987 Yale College graduate and athlete, served as coach of women's tennis at Yale from 1994 to 2001. Ms. McMahon, Swensen's three children (Tory, Alex, and Tim), his five siblings, his mother, Grace Swensen, as well as many of his co-workers at Yale University, received an outpouring of tributes and condolences immediately after his death on May 5, 2021, a groundswell of recognition of the man's unparalleled accomplishments, his steadfast ideals, and a life well lived.

His son Alex recalls: "He was an incredible motivational force to do better, work harder, and ultimately be a better person, and he would not hesitate to give me the reality check necessary to guide me down the right path."

A UNIQUE RECORD OF ACHIEVEMENT

“He saw the
world as it was;
then he made
it better”



David F. Swensen's leadership as Yale's Chief Investment Officer from 1985 until 2021 had an extraordinary impact on the university's endowment value and hence on its financial stability and its ongoing pursuit of uncompromising excellence. The endowment's investment return during his thirty-five-year tenure averaged an unprecedented 13.7 percent per annum, advancing from \$1.3 billion on his arrival to \$42.3 billion at the close of the 2021 fiscal year.

The support provided by endowment funds is widely considered to be a key to the stability and prominence of major nonprofit institutions, particularly the country's major private colleges and renowned research universities. The academic standings of Yale, Harvard, Princeton, MIT and other prominent universities, as ranked in surveys and among peers, show a strong correlation with the relative market value of their endowments. For the past generation at least, Yale has consistently been among the handful of universities topping both those scales: recognized academic distinction and proven financial strength.

As a student of economics, and of Yale's economics, Swensen was keenly aware of the damage caused by the inflation of the 1970s and the need for the university's investments to have a strong equity orientation. In the 1990 Endowment Report, Swensen presented a numerical demonstration concerning an ongoing challenge to Yale's purchasing power. Even the strong market returns of the 1980s, he indicated, had been insufficient to outweigh the inflation and bear markets of the 1970s along with the university's high spending rates. The FY 1990 endowment market value of \$2.6 billion, despite more than doubling in five years, still fell \$61 million short of the minimum that would have been needed by 1990 to outpace inflation. Strong endowment returns would be required to ensure Yale's long-term stability.

Results promptly confirmed that the challenge was being met: Yale's 1995 results reflected an average annual return of 14.5 percent for the decade since 1985. In another milestone, the decade had shown an increase in distributions to the operating budget from \$66.6 million in FY 1986 to \$149.3 million in FY 1995, an annual growth rate of 12.4 percent. This would remain the keynote in Yale's financial fortunes for the rest of Swensen's tenure: strong annual returns increasing value, with steady growth in the rates of support to university operations. By 2021 the total market value of the endowment had advanced to a new high of \$42.3 billion and provided 33.3 percent of budget spending (compared to 14.7 percent in FY 1986).

His successful stewardship of Yale's net worth for more than three decades was buttressed by disciplined adherence to core investment principles. Despite occasional downturns or spikes in Yale's returns in certain years, often reflecting broader shifts in the world economy, the Investments Office and the Corporation Investment Committee have maintained policies and practices geared to the long term, regularly exceeding Yale's own benchmarks as well as institutional indices. For the thirty-year period ending June 30, 2021, the endowment's investment performance exceeded the mean return of the Cambridge Associates universe by 4.1 percent annually. Compounded over thirty years, this represents an incremental \$47 billion for the university.

Results on this level came to fascinate the world of finance as well as



Harvard University
\$53.2 billion



Yale University
\$42.3 billion



Stanford University
\$37.8 billion



Princeton University
\$37.0 billion



Massachusetts Institute
of Technology
\$27.4 billion

higher education, as noted in press reactions, curricula in leading business schools, and the reception of Swensen's books about institutional and personal investing principles. He frequently appeared as a speaker or panelist, won prestigious awards, and, hailed for his stewardship for the previous twenty-four years with "a record unequaled among institutional investors," he was appointed to President Barack Obama's Presidential Economic Recovery Board in 2009.

In David Swensen, Yale had an investment chief who was also uniquely involved in the life of the institution, educated in its doctoral program, active as a teacher, proud of Yale's record of accomplishment and committed to its unique standards. Above all, Swensen was always aware of the essential link between resources and the university's capacity to pursue its role in the vanguard of research and educational institutions. Working closely with the Yale Investment Committee as advisers, he was guided less by mere numbers, important as they are, than by service to the institution's mission. He regularly stressed the necessity "to balance the demands of tomorrow against the needs of today" by providing "substantial levels of cash flow to the operating budget for current scholars, while preserving endowment purchasing power for future generations." His professional commitment to his work and to Yale was acutely personal.

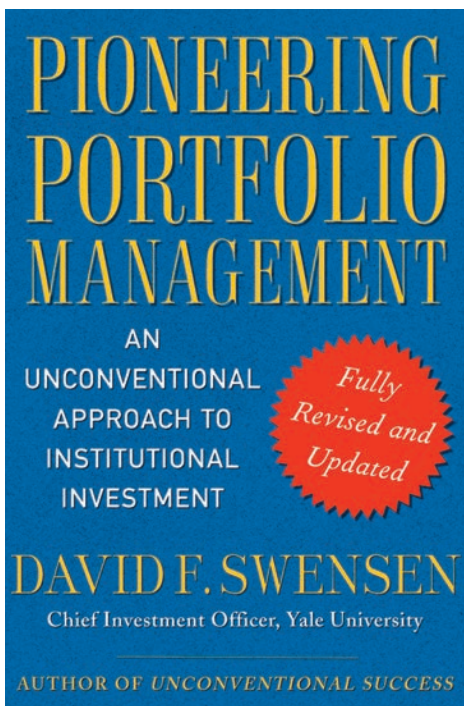
A leader of his scope and impact leaves a strong legacy. It seemed fitting, and typical, that Swensen appeared, two days before his death, alongside his longtime associate Dean Takahashi, to lead the 2021 spring term's final meeting of their Yale College course Economics 450, "Investment Analysis." The Yale Investments Office that they built and led was also an organization with a significant educational component. Students taught by Swensen were often awarded internships in the YIO and hired to regular positions after graduation. The YIO staff reached a total of twelve professionals by 1995, and thirty-two in 2021, of whom twenty are Yale alumni. The 2020 Endowment Report included profiles of fourteen YIO "alumni," former staff members of the Swensen office who have moved on to head investment roles at financial firms, consulting groups, museums, foundations, and, in higher education, at MIT, Princeton, University of Pennsylvania, and Stanford University, among others. His teaching and mentorship became an aspect of his legendary reputation, and a catalyst for sound practices and standards at Yale and across the field of institutional investing.

The Financial Times called him "a rare ascetic, seemingly uninterested in wealth even as he transformed the industry that manages it." Yale President Richard C. Levin, who worked with him for some thirty years, called him "irreplaceable," noting, "The superior performance of the endowment made possible all that Yale has accomplished in the past thirty years." And current Yale President Peter Salovey recalled Swensen this way: "Pragmatic and visionary, analytical and compassionate, David Swensen saw the world as it was; then he made it better."

The five leading American university endowments in 2021. "Endowment size correlates closely with institutional quality," Swensen stated in his book *Pioneering Portfolio Management*. Source: Figures from online reports by the respective universities. Rankings by U.S. News, September 21, 2021.

THE YALE MODEL

“The risk of being different”



“A masterful work by the master himself,” Harvard’s investment chief Jack R. Meyer called Swensen’s book. First published in 2000, the classic work on the Yale Model appeared in a revised and expanded edition in 2009.

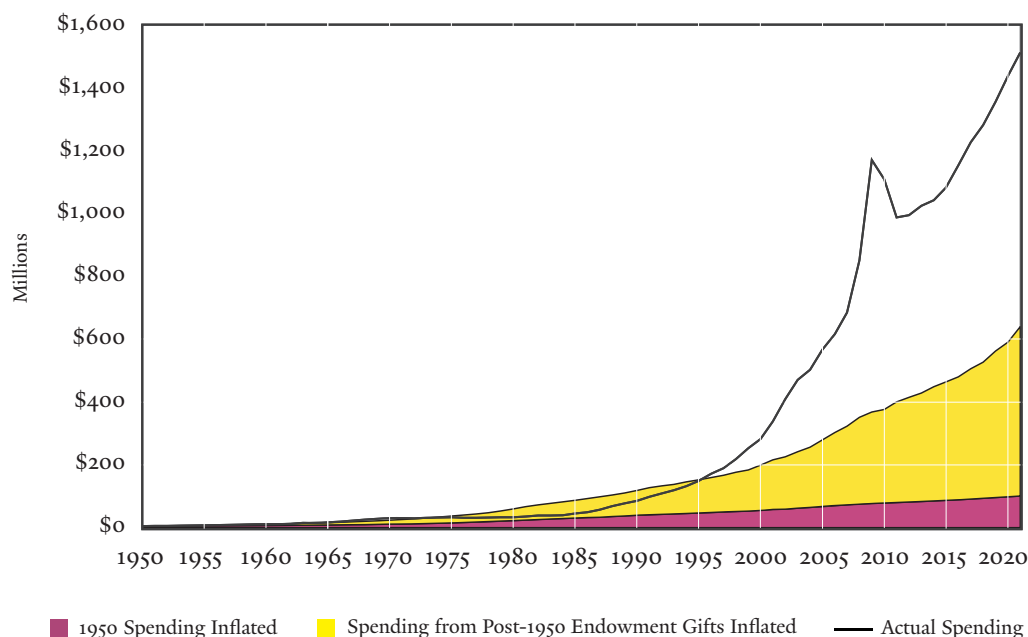
David Swensen, in the words of former Yale President Richard C. Levin, “revolutionized the field of institutional investment management; his influence is felt around the world.” Early in his Yale career he developed a disciplined approach to investment which in his hands became a science and in some respects an art.

The investment philosophy, which came to be known as the Yale Model and sometimes the Endowment Model, was based on principles elaborated by Yale economists whose works Swensen had studied closely – primarily Nobel laureates Harry Markowitz and James Tobin.

The “modern portfolio theory,” developed by Markowitz in the 1950s, was aimed at designing an ideal investment portfolio that will provide maximum returns by assuming optimal degrees of risk, based on the discipline of mean-variance analysis. Tobin, Swensen’s adviser and mentor at Yale, affirmed that asset allocation – rather than either market timing or individual security selection – is “the single most important investment decision” and, as researchers have demonstrated, is responsible for over 90 percent of the variance in institutional fund performance results. The teachings of Markowitz and Tobin showed the weakness of the traditional portfolio structure that dominated most universities’ investment policy since the early twentieth century – nearly 40 percent fixed-income (e.g., bonds) and 60 percent domestic stocks.

The Yale Model depends on rigorous attention to risk analysis and to the shifting proportions of individual asset classes in the endowment investment portfolio, proportions that change over time depending on market factors and institutional requirements. Given the high inflation rate of universities and the need to ensure excellence and solvency in perpetuity, Yale’s strategy relies on equity investments, broadly defined. This means that over 60 percent of the portfolio includes global equities and the illiquid asset classes of leveraged buyouts, venture capital, real estate and natural resources – “inefficient” asset classes in which active management can add significant value. The model also leverages the perpetual character of endowments to invest with longer-than-usual time horizons. In applying

Spending Growth Surpasses Inflation 1950–2021



By focusing on less efficient markets, and pursuing less liquid, value-oriented opportunities, investors increase the odds of winning the loser's game....Markets with inefficiently priced assets ought to be favored by active managers; markets with efficiently priced assets should be approached by active managers with great caution.

–Pioneering Portfolio Management

its model, Yale relies on carefully selected investment managers to outperform market indices by applying exceptional research capabilities.

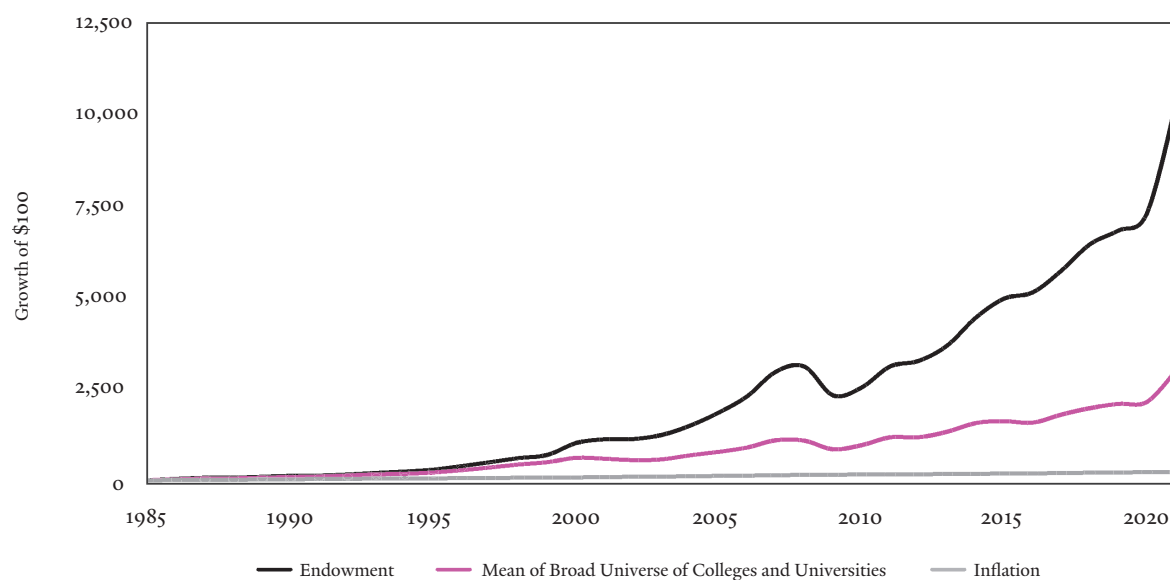
Swensen himself said that Yale willingly exposed itself to “the risk of being different” – and gained from it. The Yale Model has frequently been cited as a role model by other investors pursuing private equity investments, a key element in the unprecedented strong returns realized by Yale since 1985. The success of Yale’s program led to a 1995 Harvard Business School case study, “Yale University Investments Office,” by Professors Josh Lerner and Jay Light. Harvard frequently updated this popular case study over the ensuing decades, most recently in November 2020, and Swensen traveled annually to Cambridge to teach the HBS course on the Yale Model.

The university’s application of the model has other essential features that contribute to its success. One is the spending rule, which balances two competing objectives – to provide a stable flow of income to the university’s operating budget, and to protect the real value of the endowment over time. Spending policy combines a long-term spending rate target with a smoothing rule, which ensures gradual adjustment of expenditures to changes in endowment market value and serves to mitigate market volatility. As Swensen himself regularly emphasized, “The spending rule is at the heart of fiscal discipline for an endowed institution.”

Another crucial factor in the Yale Model is the role of the Yale Investment Committee, which has been responsible for oversight of the endowment since 1975. The Committee consists of at least three Fellows of the Corporation and other persons with particular investment expertise. The Committee, currently consisting of eleven members, meets quarterly to review policies and endowment performance, proposed objectives and strategies, and adjustments to spending or asset categories.

Adherence to this array of principles and practices that make up the Yale Model is a matter of ongoing adjustment among competing considerations such as risk and return, as well as strong working partnerships with outside managers. The model’s success at Yale for more than three decades was a function not just of analytical rigor but also, as former Yale President Levin pointed out, Swensen’s “extraordinary judgment about people.”

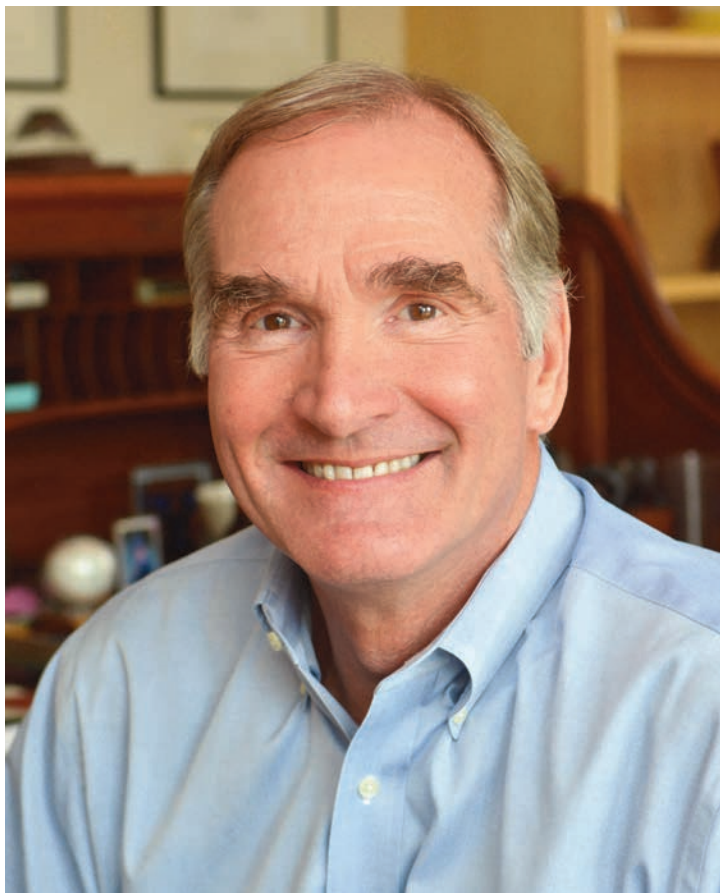
Yale’s Performance Exceeds Peer Results July 1, 1985 to June 30, 2021
1985=\$100



AN IMPACT BEYOND YALE

“He brought out the very best in each person with whom he interacted”

The passing of David Swensen prompted a range of reactions from all over the world, including accolades from the press, academia, and Wall Street, celebrating his near-legendary status. More directly and more personally, the Yale Investments Office received nearly one hundred messages in May 2021 from his affiliated investment managers, former colleagues, and other associates beyond the university. We offer just brief excerpts here from some of the tributes received, with thanks to all the groups and individuals who expressed sympathy and shared such diverse recollections.



Lei Zhang, Hillhouse Capital Management

David was my first teacher in the discipline of investing; he taught me what it meant to be a fiduciary, to be truly long term, and to build an organization with a soul.

He had an office but he barely used it, preferring to sit out on the open trading floor with all of our colleagues, so that we knew he was always available to speak to. Outside the office, he answered my questions in between squash sets and during breaks in our summer softball games with his cherished Investments Office team, the Stock Jocks.

His lunchtimes were often given over to students, helping them think through what kind of career to pursue, and what kind of life they wanted to live. David believed that one of his most important responsibilities was to teach.

This has become a mantra now, here at Hillhouse: “Spend quality time with quality people.” I think this is perhaps the most important lesson there is about investing, and David knew it by heart. David called mission-driven firms “organizations with a soul.”

One of the last times I saw David was in New Haven, a few months before the pandemic put the world on hold. David was on



a new course of cancer therapies, which had caused his legs and feet to swell. I imagine it must have been quite painful for him to walk. Despite this, and our strenuous expressions of concern for his comfort, David insisted on giving my family his famous Yale Tour; the sunshine and fresh air would be good

for him, he said. David accompanied us for nearly two hours, criss-crossing Old Campus and Cross Campus. Yale’s buildings are replete with gargoyles and other statues that are tucked into its many nooks and crannies. David took us into the Sterling Memorial Library to show my family his favorite statue. “Here it is!” He pointed gleefully to a small statue of a student bent over a book, into which the architect, James Gamble Rogers, had carved “U.R.A. JOKE.” My young son started laughing, and David joined him, letting out one of his distinctive guffaws.

David’s presence in a meeting raised the level of discourse.

Neal Aronson, Roark Capital

Whenever we met or talked, Roark's Core Values and mission were always discussed. He truly appreciated our core tenets.... "Treat everyone the way you want to be treated, always do what you say, and always do what's right and long-term smart, regardless of conventional wisdom."

One favorite recollection that comes to mind is when David said to me: "I like how Roark manages its team and its com-

David was always more interested in you and what you were doing instead of talking about himself. One always came away from a meeting with David feeling better about oneself.

panies. Now, I want you to manage your investors the same way. You need to fire some of them. Keep looking for the best of the best. They will understand you, support you, and make you better."

Roger Sherman, Cyrus

I remember, during the financial crisis, meeting David at Yorkside for dinner before a basketball game. Some of you actually might have been with us. He had just gotten off the Amtrak from Washington, having just met with President Obama. I remember at the time thinking what a unique and amazingly special guy he was—to have met with the president of the United States to provide his insight, and then immediately hop on a train back to New Haven just in time to get pizza and catch the Yale basketball game.

Jim Mooney, Baupost Group

I asked him to speak to the Holy Cross investment committee many years ago. Not only did he agree without hesitation, but he spent an entire evening with us, earnestly engaging every question. I remember so clearly feeling like I had brought Michael Jordan to talk basketball with my friends. As I thanked him profusely at the end of the night, he stopped me and said, "Jim, you don't understand, I love doing this." He was so magnanimous and kind and had an incredible ethos, which I've seen in you and so many others who worked with him, that it was important to help other schools be successful, particularly the little ones. Everyone he encountered was better as a result.

Valerie Friedman, Bracebridge

He brightened our lives at Bracebridge and taught us an infinite amount about how to think and behave. In every business decision we made, we thought about how he would view the situation.

David's presence in a meeting raised the level of discourse. He brought out the very best in each person with whom he interacted.

Henry McCance, Greylock

David was a Packers and Aaron Rodgers fan, an enthusiastic golfer and a tennis player. I think he loved the thrill of competition—whether in a sporting event or in the performance of Yale's endowment each fiscal year.

For all his success and his recognition as an investment guru, David was always more interested in you and what you were doing instead of talking about himself. One always came away from a meeting with David feeling better about oneself.

Gabriel Sunshine, Bracebridge

I remember vividly the tour of Yale that David gave my kids a few years back, and the glee that he and my son Teddy, then a middle schooler reading Macbeth, shared poring through early folios of Shakespeare in the vault of the Elizabethan Club.

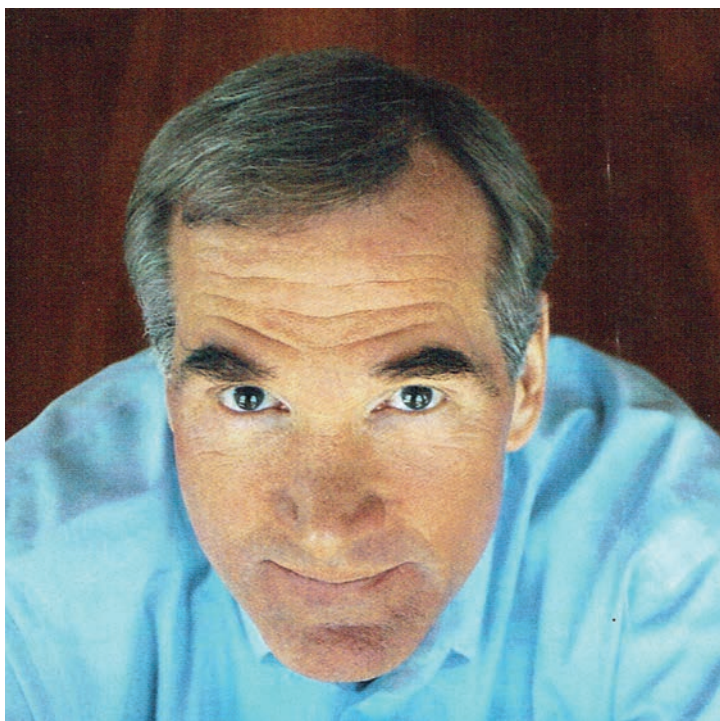


The Elizabethan Club, on College Street, was founded in 1911 as a private association, noted for its collection of rare books including Shakespearean folios and quartos. A frequent visitor to the club, David Swensen served on its board. Pen-and-ink drawing by Richard Rose.

Pulak Prasad, Nalanda

I doubt the U.S. universities would have the impact they do without the capital provided by the endowments, all of whom owe their success to David. In fact, David's enduring impact was much wider than just the U.S. endowments because I have met family offices and foundations, from U.S., Germany, France, UK, who claim that they follow the Yale Model.

David changed the way institutions think about investing. He was a true investing legend like Graham and Buffett. Pioneering Portfolio Management stands up there for me along with The Intelligent Investor. He was no less than Einstein and Darwin of his field.



Kai Bynum, Hopkins School, New Haven

David's devotion and generosity to Hopkins went beyond his service as a Trustee. Two of his three children attended Hopkins (Victoria and Alexander). He established The Swensen Family Scholarship Fund in 2002 and the McMahon Family Scholarship Fund in 2014 to provide financial assistance for Hopkins students. He was also instrumental in supporting Pathfinder, an enrichment program for New Haven area public and parochial school children. In November 2007, David was awarded the Hopkins Medal, the school's highest honor, for his "devotion of significant time and wisdom in helping provide the school with strong financial legs on which to stand and prosper."

David's gifts to Hopkins are immeasurable. He will be remembered for the grace, professionalism and kindness with which he served our community.

Bob Izzo, Hamden Hall School, Hamden

David joined the Hamden Hall Board of Trustees in the fall of 2009. He stated, "Because of my love for education, I've devoted my professional life to advancing educational institutions. I'm honored to work with Hamden Hall, where my son Tim is an enthusiastic tenth grader."

At Hamden Hall's 2013 Commencement, David was honored with the Connecticut Association of Independent Schools Award. Tim Swensen presented his father the award during the graduation ceremony. Hamden Hall Board President Joyce Lujic, who worked with David on various subcommittees, said David's stewardship with regard to Hamden Hall's endowment and investments was invaluable.

John Walton, formerly AVI (Asset Value Investors)

I have never experienced anything quite like the extraordinary organization that was the Yale Investments Office in the period I knew it best, from 1993 to 2007.

I tried to characterize some of its outstanding qualities in the chapter on Yale in my book. Many other people will pay tribute to the extraordinary performance — and I think only practitioners can truly appreciate how unbelievably difficult it is to generate such market-beating returns on such a huge, diversified endowment. But what always amazed me about David was his ability not only to preside over a myriad of complex inputs and make original and value-adding calls, but that he could pull this off while maintaining a collegial atmosphere that reflected his deep humanity AND a great sense of fun.

Every interaction with David was imbued with his essential warmth and integrity, and none was complete without him teasing me on a variety of subjects, the result: always gales of laughter!

Leslie Dahl, Lone Pine

Upon hearing this news, I wondered how many of us could recall one of many interactions with David when his seemingly low-key, "aw-shucks" Midwestern demeanor prefaced an absolute zinger of investment acumen from his razor-sharp mind! So while he has left quite a legacy on so many dimensions, the simple truth remains that he will be sorely missed.

Steve Freidheim, excerpt from Cyrus Quarterly Letter

David had a truly beautiful mind. No other individual has done more for Yale; no other has done more for institutions dedicated to doing good in this world.

David changed the way institutions think about investing.

Kim Sargent, Chief Investment Officer, David and Lucile Packard Foundation

What people may not know about David is what a dedicated teacher and mentor he was to young people.

Austan Goolsbee, former chairman, Council of Economic Advisers (on CNN)

David Swensen will be remembered for how great he was at his job, but I hope we will all take a moment to remember what a kind, decent person he was and how much he cared for the public good. And how that very decency was what made him great at his job.

John Bogle, founder, Vanguard Group

Swensen is one of only a handful of investment geniuses on the planet.

Ben Jacobs, JBG Companies

My initial impression of David matured to become my definition for a "great" individual, my iconic standard by which to measure others and a goal for my life.

Mark Simon, Centerbrook Architects and Planners, LLP

We were lucky enough to have David Swensen as an architectural client for his office renovations. Dave was very enthusiastic and encouraging but careful—he challenged us to find the right balance between ‘Wall St. and Main St.’ He did not want offices that were

*He was always himself,
and never full of himself.*

ostentatious, but he knew that he had to appeal to the best and brightest of the investment world with the offices’ interest, comfort and respect for its hard-working inhabitants. It was a challenge, a tricky equilibrium but in the end, with his guidance, the offices turned out to be just like David—practical, poised, and warm.

Tim Hillas, Chan Zuckerberg Initiative

He wasn’t afraid of shedding tears when Dean Takahashi retired. He treated us as family.

David Page, lifelong friend, River Falls, Wisconsin

He was always himself, and never full of himself.

Valbona Schwab, Grinnell College Investments Office

It was like the sun was shining on you while he spoke to you, you had his full attention. Very few people have that effect on others.

Julie Greenwood, Executive Director, Squash Haven

Squash Haven, founded in 2007, is a community of 160 young people (and growing) in New Haven, in fifth grade through college and early career, an intensive program that supports them as students, athletes, and citizens.

I first met David at the Yale squash courts in Squash Haven’s early years. He was an avid fan of the game and, as was his way, he saw an opportunity to help build a fledgling program, making an annual contribution and organizing an Investments team for our Showdown fundraiser, where he and his colleagues duked it out with and alongside Squash Haven’s kids.

David loved Squash Haven’s commitment to working with our students through college, and became particularly excited about the high numbers who become college student-athletes. David hosted three dinners in New York City to help us launch an endowment fund. He agreed to have our development funds managed by Yale Investments. He made an annual designation to Squash Haven through funds raised for the community at the Salovey-Swensen Extravaganza tennis event and helped with the renovation of a facility at 78 Ashmun Street for Squash Haven’s office and classroom use. He did so in a characteristic David way—humbly, personally, and passionately.

Squash Haven was, thankfully, among the people and places everywhere whom David touched with his magic. No one has done more to help us grow and ensure our long-term financial stability—and create opportunities for future generations of New Haven young people—than David. He was a dear friend to all of us.



Squash Haven, in New Haven, a Swensen enthusiasm.

YALE 1985–2021

The Swensen years in perspective



1985

University President A. Bartlett Giamatti (B.A. 1960, Ph.D. 1964) announces his decision to depart the following year. In September 1986, Benno C. Schmidt, Jr. (B.A. 1963, LL.B. 1966), is inaugurated as Yale's twentieth president. He announces plans to improve relations with New Haven, strengthen science programs, and renovate the campus after a period of "deferred maintenance."



1989

Maya Lin (B.A. 1981, M.ARCH. 1986) is commissioned to create a sculpture commemorating three centuries of women's presence at Yale. The Women's Table sculpture is dedicated on October 2, 1993.



1989

The first of Yale's twelve residential colleges, Grace Hopper College, then known as Calhoun, undergoes renovation, followed by the other eleven colleges in the course of the next twenty-two years.



1990

President Schmidt and New Haven Mayor John C. Daniels sign an agreement for Yale to make annual payments to the city in lieu of taxes. The program reflects the university's important aim of improving relations with New Haven.



1992

Howard Lamar is inaugurated as acting university president (later recognized as the twenty-first Yale University president). In appreciation, Yale establishes The Howard R. Lamar Center for the Study of Frontiers and Borders, to advance scholarship and teaching in his own field of historical study, the American West.



1993

Inauguration of Richard C. Levin (Ph.D. 1974) as Yale's twenty-second president. His career included service as Department of Economics chair and dean of the Graduate School of Arts & Sciences. He announces plans to "focus even more on global issues if our students are to be well prepared for world leadership, if we are to be a world university."



1993

Yale-New Haven Hospital opens the Children's Hospital, the top-ranked children's hospital in Connecticut. Associated with Yale School of Medicine, the hospital is noted for its two-story neonatal intensive care unit, a model for other hospitals according to the American Academy of Pediatrics.



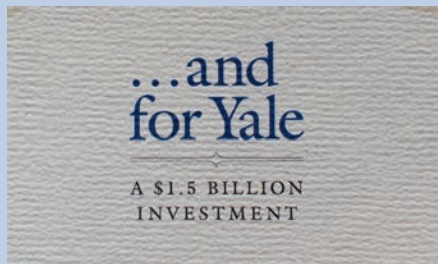
1994

Yale establishes its Homebuyer Program to assist university employees in purchasing homes in New Haven. As one of the strongest, longest-lasting examples of Yale's commitment to its home city, the program has benefited thousands of new homebuyers.



1994

Completion of the Yale policy of divesting its funds associated with South Africa. The divestment began in 1978 and accelerated after campus protests in the 1980s.



1997

Yale completes the largest capital campaign in the history of higher education, the "and for Yale" Campaign, raising a record \$1.7 billion over five years. The campaign adds \$636 million to the university's endowment.



1998

Founding of the Gilder Lehrman Center for the Study of Slavery, Resistance, and Abolition. With the support of businessmen Richard Gilder (B.A. 1954) and Lewis Lehrman (B.A. 1960), the Center fosters academic scholarship, school curricula, and public education programs by such means as conferences, publications, fellowships, prizes, and lectures.



1999

Kurt L. Schmoke (B.A. 1971), mayor of Baltimore from 1987 to 1999, becomes the first African American to serve as senior fellow of the Yale Corporation. As a Yale undergraduate he had been a leader of the Black Student Alliance during the May Day protests in 1970 and active in the founding of the Calvin Hill Day Care Center in New Haven.



2000-2001

The yearlong celebration of Yale's Tercentennial recalls highlights since its founding in 1701, features talks by former U.S. presidents, and presents its first open house, attended by more than 35,000 people from New Haven and beyond, who visit 100 sites on campus.



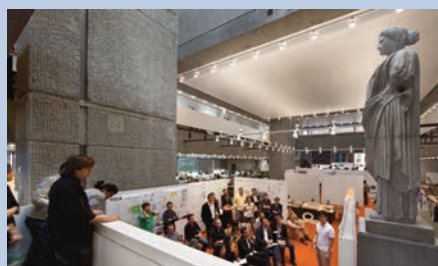
2001

Yale College institutes need-blind admissions for international students, as one of five U.S. universities to adopt the policy at the time. The financial aid policy supports the university's global presence by making a Yale education accessible to greater numbers of qualified applicants from outside the U.S.



2002

The Anlyan Center for Medical Research and Education (TAC), at Yale School of Medicine, constructed at a cost of \$176 million, opens, as part of the university's \$1 billion investment (2002-2012) for new and reconstructed biomedical research facilities. TAC is notable for expanding the school's research and education in immunology.



2003

Yale School of Art completes the major restoration of its premises on Chapel Street and other sites, while the School of Architecture occupies the fully renovated Rudolph Hall (formerly the Art & Architecture Building).



2003

With the renovation of the last two colleges, Morse and Ezra Stiles, Yale completes the program (inaugurated in 1989) to restore and modernize the spaces and systems in all twelve of its residential colleges, the first full-scale renovation of student accommodations since the changes for the admission of women in the 1970s.



2005

Inauguration of the Class of 1954 Chemistry Research Building, 285 Prospect Street, thanks to the largest Yale College class gift to date. The alumni financed the world's first laboratory certified by the Leadership in Energy and Environmental Design (LEED) rating. The class also supported the Class of 1954 Environmental Sciences Building, in 2001.



2005

In 2005, Stephen Adams (B.A. 1959) and Denise Adams donate \$100 million to the Yale School of Music, enabling the school to provide a full tuition award and fellowship to all students. The free tuition has continued for all of the School's more than 200 students per year.



2005

The Malone Engineering Center, built in alignment with the U.S. Green Building Council's LEED rating system at the Gold certification level, offers expanded facilities for biomedical engineering and headquarters for the reorganized School of Engineering and Applied Science.



2006

Yale-New Haven Hospital breaks ground for the Smilow Cancer Hospital, which opens in 2009 as the new treatment facility for the Yale Cancer Center (founded in 1974 and designated as one of the country's inaugural comprehensive cancer centers by the National Cancer Institute).



2006

President Hu Jintao of China visits Yale, signaling a series of exchange programs and joint ventures with several Chinese universities and research centers in ensuing years.



2007

Yale purchases the 135-acre Bayer Pharmaceutical facility in West Haven, a few miles from New Haven, adding a state-of-the-art research space to accelerate the university's expansion plans in science and engineering. West Campus accommodates seven scientific core programs, which have well-equipped laboratory space at their disposal.



2008

Opening of the fully redesigned, renovated Anne T. and Robert M. Bass Library, the starting point for undergraduate research support and library instruction (with 61,000 volumes) as well as a popular student workspace. Bass Library supports the Yale College curriculum across all subject areas.



2009

Yale's School of Forestry & Environmental Studies is renamed the Yale School of the Environment (with the Yale School of Forestry continuing as a component) to reflect the development of its curriculum focus. Since 2009 the school has been based at Kroon Hall, a LEED Platinum-certified facility named a top 10 green building by the AIA Committee on the Environment.



2010

Yale Health moves to a new building on Lock Street. Founded in a unique and historic experiment as a multidisciplinary health maintenance organization on campus, Yale Health continues to provide health services to its faculty, staff, and their families. In 2021 the organization celebrates its fiftieth anniversary.



2011

The “Yale Tomorrow” capital campaign, launched in 2006, raises a total of \$3.88 billion, the second largest fundraising campaign reported by an American university to date. Nearly 2,000 donors gave \$100,000 or more during the Campaign, and ten donors made “transformative” gifts of \$50 million or more.



2012

Air Force and Naval programs return to Yale’s campus in the Reserve Officers Training Corps (ROTC). Both programs offer courses and actively train on campus with a residential cadre of military personnel.



2013

Inauguration of Peter Salovey (Ph.D. 1986) as Yale’s twenty-third president. The president’s speech outlines his goals: to explore pioneering teaching technologies; to make a Yale education accessible to more students; to forge even stronger town-gown ties; and to develop a more global and more unified university.



2014

Opening of Edward P. Evans Hall as the main building of the Yale School of Management. The sustainable building’s breakout rooms, lounges, library, other common spaces, and faculty offices are positioned to maximize interchange and collaboration, hallmarks of the school’s integrated approach to MBA education.



2017

The founding of two new residential colleges, Benjamin Franklin and Pauli Murray, on Prospect Street, designed by the firm of architect Robert A.M. Stern, raises undergraduate enrollment from 5,400 to 6,200 students, an all-time high. The last significant growth in the Yale College student body had begun with the admission of women in 1969.



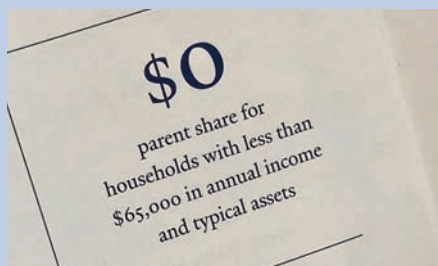
2019

The new Yale Science Building (YSB) at 260 Whitney Avenue, on Science Hill, signals a major step in the university’s wide-ranging scientific research enterprise. The seven-story facility contains 280,300 square feet of research space in biology and related disciplines, with a cryo-electron microscopy suite, a rooftop greenhouse, insectary, and specialized labs and equipment rooms.



2021

Opening of the Yale Schwarzman Center (YSC), a new campus educational, social, and cultural hub. Supported by the second-largest gift in Yale history, made by Stephen A. Schwarzman (B.A. 1969), YSC includes a renovated Commons along with all-new venues including theaters, studios, a gallery, café, and social gathering areas.



2021

In a new enhancement to financial aid funding (the fourth in six years), starting in 2022 Yale College will reduce families’ contributions by 34 percent for most students on aid, and will provide free education for families earning less than \$65,000 annually.



2021

A landmark gift from entertainment executive and philanthropist David Geffen makes the School of Drama at Yale the only U.S. institution of its kind to eliminate tuition charges for all degree and certificate students. The school is renamed in the donor’s honor.

COLLEAGUES REMEMBER

“The eternal contest to win the best results for Yale”

Close Yale associates of David Swensen share memories of time spent together, on and off the job.

Matt Mendelsohn (B.A. 2007), Chief Investment Officer

The university and all who love it suffered an enormous loss last year when David's nine-year battle with cancer came to an abrupt end. More than anything, I will remember David as the consummate Yale citizen. Former Yale President Kingman Brewster once wrote that selecting Yale students was a combination of looking for those who would make the most of the extraordinary resources assembled here, those with a zest to stretch the limits of their talents, and those with an outstanding public motivation. In David, Yale found all three, to its eternal benefit. Brilliant but approachable, hyper-competitive but genteel, uncompromising but devoted to the greater good, David established himself as a larger-than-life figure on campus over thirty-six years at the helm of Yale's Endowment. The broader world will primarily remember David's investment acumen, and rightly so; generations of students and scholars will benefit from his enormous financial impact. Here within our community at Yale, though, he will be remembered first and foremost as a professor, mentor, and friend to many. And that's just the way David would have wanted it.

Alex Banker, Senior Director of Finance

While David is appropriately regarded for the innovation he brought to asset allocation and portfolio management, his oversight of Yale's debt and capital markets activity, although lesser known, was equally noteworthy and creative, and I had the pleasure of having a front-row seat. If you look back at his early career, to his Ph.D. thesis and the few years on Wall Street, it's clear that David had a passion for capital markets and how they worked at

the granular level. This passion and knowledge led to a number of groundbreaking strategies and structures — and generated substantial savings for Yale.

He recognized early-on the importance of having the university's assets and liabilities managed by the same team, something not found at most universities, even today. David brought a corporate strategy to debt management that set Yale apart from traditional tax-exempt nonprofit educational borrowers. Under his leadership, Yale became the first tax-exempt institution to provide its own liquidity to support its variable rate debt and the first to issue a 100-year Century bond, in 1997. The bond remains unique for its thirty-year call option at a price of 103, a feature which made him really proud.

David had a keen sense for the value of optionality and how to extract relative value across different markets. Yale pioneered a multi-modal structure for its tax-exempt bond issues, providing greater flexibility in setting term to maturity and managing interest rate exposure. The aggressive use of undervalued call options in Yale's tax-exempt fixed-rate debt led to substantial savings over the course of his career. Our analysis in 2018, after exercising the final tax-exempt call, showed the savings to have a net present value of \$791 million.

He was a strong proponent of using swaps to manage interest rate exposure. Early in his career, David was involved in one of the first cross-currency swap transactions, so he knew the space really well. Yale took full advantage of systematic differences in the shape of the taxable and tax-exempt yield curves to extract relative value and lower borrowing costs.

Amy Chivetta, Managing Director

David set the tone for the culture of the Yale Investments Office. His love of Yale was legendary. His commitment to its mission inspired all those who worked with him. Every year, David aspired to deliver the best possible returns to Yale. Yet David's love for Yale was matched by his love for people. He always made time for others, whether his colleagues, external investment managers, or students. At the same time, David was an entrepreneur at heart. He and Dean pursued a novel (and unorthodox!) style of endowment management that shaped an entire generation of investors. His investment philosophy still influences institutional investors today.

I will always cherish my time with David. I learned so much from him over the years about what it means to invest in the best but to do it in the right way. His strong moral compass made him willing to take a contrarian position, if it served Yale's goals. At the same time, he celebrated well-earned wins along the way. He especially enjoyed honoring partnership anniversaries with investment managers. Some reached over thirty years! He liked to surprise firms with dinner as a token of Yale's gratitude.



David and friends at the annual Salovey-Swensen Extravaganza, a fund-raising celebration that raised \$21 million dollars in support of New Haven-based community outreach programs since its inception in 1997.

I last spoke with David during a Zoom meeting about setting the asset allocation targets — one of his favorite exercises — for fiscal year 2022. Our team vigorously debated where to tilt the portfolio. Everyone weighed in with their perspective. When we finally decided our targets, David signed off with “Great stuff, thanks so

To me, he was Yale’s most loyal fan.

much.” I couldn’t have asked for a better last moment with David, one where he passionately engaged in matters of great importance to him and to the university.

Dave personified terms like tenacious and vibrant and mission-oriented. To take up the difficult task of continuing forward, our team must maintain focus on doing what is best for Yale. To that motivation, we now add our intention to continue our journey in a way that honors David’s legacy.

Alex Hetherington (B.A. 2006), Managing Director

To me, he was Yale’s most loyal fan.

At any game, David’s cheer was always “Go Blue!” I’ve rarely heard others use that. It always stuck out to me as his own unique cheer.

He always stayed to the final whistle. In my family when I was little, we would try to beat the crowd at the end of a game by leaving as soon as the outcome was determined. David would sit in his seat until 00:00 even if we were down 49-0.

He loved giving really, really enthusiastic high fives. Like he would wind up and see if he could smack my hand so hard that I’d complain. He would also kind of bang my shoulder or leg when a call went against us — his passion for the game literally spilled out physically. He was kind of sneakily proud of losing his temper and shouting things at the refs that one would not expect from someone in his position. He loved sitting in the “administration” seats and then behaving like a student, rather than a stately senior member of Yale’s administration.

He would travel to see away games. He took lots of pride in getting to give a pep talk to the football team. He was probably more nervous about doing that than presenting to the Investment Committee! And he loved being part of the Ivy League championship celebrations for basketball and football — you can see him in a few of the commonly used pictures of those events. He’s kind of like a Where’s Waldo of Yale sports. I think it’s so cool that his last Yale-Harvard football game was our great 2019 comeback.

He loved Yorkside Pizza, too, on York Street. He had such a tradition of always going there before walking over to basketball games (probably hockey games, too, but I credit myself with steering him way more into basketball than hockey). The two are very

linked in my memory of going to games with him. And he always ordered the same thing: sausage & onion pizza, large Greek salad, and a pitcher of beer. He was such a creature of habit. He loved that place and all the people there loved him.

Kenneth Miller (B.A. 1971), Former Senior Associate General Counsel

What I recall so clearly from my many years working with David was the office climate he fostered. It reminds me of a famous comment after Teddy Roosevelt’s funeral in 1919, when a former associate said to TR’s sister: “Oh...do you remember the fun of him?” Well, David made it fun to work in the Yale Investments Office.

Recreation with the crew was important to him, whether it was intramural softball or other sports, whitewater rafting on the New River in West Virginia, where Yale had timber properties to check up on, or canoeing on the St. Croix in Maine. Or throwing around a ball with us — or an axe.

You could imagine a person in his position having close relationships with his section chiefs or top-tier managers, no one below that rank. David maintained all the activity outside the office because he wanted to have a personal relationship with everyone in the office, including the first-year staffers just out of college. That was how he operated, one-on-one with every member of the staff. There were practical reasons for his hands-on management, which kept him on top of developments at all levels. But at the same time, having this closeness with each individual on the team seemed to fill a basic need for him.



Swensen greets Kurt Rawlings (B.A. 2020), Yale’s winning quarterback in two Ivy League championship seasons and the Ivy League’s Offensive Player of the Year for 2019.

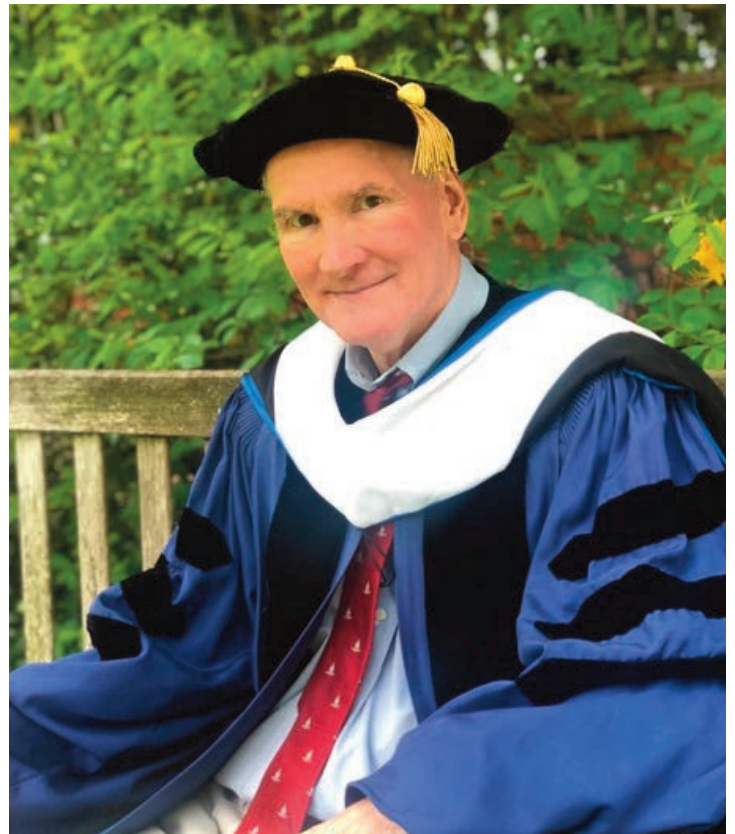
The fun extended into the workplace. We had the institution of the Monday morning meeting each week, attended by the whole staff. It typified the flat organizational structure, rather than a lot of hierarchy. The meetings, over coffee and bagels, were serious but casual. Where else at a university like Yale would you have found a meeting room dominated by an easel displaying a framed Green Bay Packers #4 jersey? It had been autographed by quarterback Brett Favre, a hero of David's. And we knew on Monday mornings that if Green Bay (or the Yale football team) had played poorly the preceding weekend, then the "Boss" was more likely to be in a bad mood first thing Monday morning. The Packers were his home team, from Wisconsin like David. That was sacred.

In some ways, he could be old-fashioned. I recall, in earlier years when he worked on his books, I sometimes came into the office to catch up on work at 7 or 8 a.m. on a Saturday. There I'd find David, working on one of his books, with the legal pads and pen or pencil, doing his writing by hand. He could easily have used his laptop or desktop, but he clearly preferred the physical act of writing down the words, in his clear handwriting. His revised drafts looked like something for a law review, with the hook and a line out to the margin for changes or addenda, the way a lawyer does it. Of course, he was no Luddite, he had no problem getting a Tesla. There was nothing old-fashioned about his view of the economy or his grasp of changes in the world of finance. But alongside his innovative, cutting-edge work in portfolio theory, you'd still notice his fondness for old-fashioned, Midwestern values and habits.

On the serious side, in business matters he was 100 percent concerned about any conflicts of interest. It never mattered to him if "everyone else was doing it"; that was never an acceptable answer to a question of professional ethics. This is a field with so

It never mattered to him if "everyone else was doing it"; that was never an acceptable answer to a question of professional ethics.

much wealth being made, where it's easy to lose sight of a tenth of one percent going astray, or one small corner of a bond coupon getting clipped off. For him basic honesty was at the core. It was a little like his sense of fairplay on the field, so if things got rough or bad calls got made, he was immediately right in the center of it. He could be all these things, the investment innovator, the fierce competitor, and the champion of the little guy.



Timothy Sullivan (B.A. 1986), Senior Director of Private Equity

David always had tremendous confidence. There was a striking demonstration of that, back in 1987, a really defining moment in David's career. I had only been in the office a little more than a year and he'd been there just a year or so longer. On Black Monday in October 1987, there was a real crash, when the market lost 25 percent of its value in one afternoon. A lot of people feared it would be 1929 all over again. Important people on the Investment Committee at the time were really nervous, urging us to sell stocks, raise cash, increase holdings in fixed income—reactions that would have been the right thing to do in 1929.

And David resisted. He answered them forcefully, insisting, "We've done all this work to establish this allocation framework, and we aren't market-timers. We've got to stay true to what we said we'd do. We can't let panic charge our long-term appropriations." That meant actually buying more stocks, to maintain the total value of our stock allocation. Despite the greater maturity of those advisers, and their success and prestige, he wasn't shy in arguing, and he stood his ground. We basically did what he said we should, although he made a few minor concessions. He held to the plan, and it proved to be the right thing to do. That experience—at age thirty-three—helped cement his reputation as a shrewd investor, very sure of his strategy and his opinions. This really set him on his way. The rest is history.

For me, there was just something especially stimulating and rewarding about being part of the team with David and Dean, back when we were all pretty young, most of us between college graduation and thirty-five or a little more. It was a small office

It was an amazing ability, a gut feeling, and his calls were right far more often than not. He could cut right to the chase, decide what issues mattered in an opportunity or a relationship, whether it would fit in with what we needed and wanted to do.

then, with a really collegial atmosphere. We had the sense of working things out, learning the business together as we went, a really great opportunity—trying to figure out what was the real opportunity in a situation, and just who we ought to be partnering with. There were a lot of late nights, over pizza delivered from Naples, as we hashed out what we should be doing in investment. What an opportunity, to be learning from him, interacting, making decisions alongside him.

I was always super impressed by David's gut feeling. The rest of us, mere mortals in comparison, would put in all this work, meet all the potential managers, and figure out which cases to bring before David. And David—within the first ten minutes of a meeting, he'd know if this manager was someone we should back and partner with. It was an amazing ability, a gut feeling, and his calls were right far more often than not. He could cut right to the chase, decide what issues mattered in an opportunity or a relationship, whether it would fit in with what we needed and wanted to do. He had a supernatural ability to figure out whether the guy across the table from him was a good investor and would be a good partner for us. There were partnerships that eventually had to be dissolved, but a good number of them held steady for more than thirty years.

Another important instance, pretty early in his career, was the decision not to partner with a particular firm, despite their promise of a huge gift to Yale in exchange for doing business with them. He always objected to managers or firms that risked con-

David in the courtyard at Berkeley College.



...he cared deeply about Yale, got such joy out of teaching classes and hearing back from students years later about their career, and decisions they needed to make.

flicts of interest by being involved both in advising and marketing, or investment as well as banking. That was what held him back in this case: they had their hand in too many places. David may have faced some heat for that decision, which appeared to be costing Yale some philanthropic support. But he wasn't going to let anything compromise his principles.

He was very comfortable with who he was, could always dominate a room, and you knew he'd be the center of attention at his table at any gathering. A huge personality, obviously very smart, well informed about all kinds of things—sports, politics and so on. And he cared deeply about Yale, got such joy out of teaching classes and hearing back from students years later about their career, and decisions they needed to make.

He enjoyed so many things—teaching, interacting with students, Yale sports, sitting on the sidelines at basketball games, sitting near the tunnel at football games at the Bowl, where the team came in. The excitement of beating Harvard, especially that histo-

ric game in 2019, his last home Harvard game, with Yale's crazy comeback, the overtime victory, with no lights still on at the Bowl.

He really loved what he did professionally, and I thought he would keep doing it to the end. People in the office are still talking about his final business meeting late in the afternoon, hours before he passed away—he was there, up to the last minute, trying to win the eternal contest to win the best results for Yale.

**Dean Takahashi (B.A. 1980, MPPM 1983),
Former Senior Director**

David Swensen's Secret Sauce. I am forever grateful to David Swensen. I was fortunate to meet Dave in the fall of 1976 when he was my freshman counselor, and since then he has been my mentor, boss, colleague, best man to my wife Wendy and me, and best friend. It was always great fun to partner with Dave—from canoeing in the Boundary Waters to playing bridge and tennis together. In addition to working for and with him for more than thirty-three years, I was lucky enough to co-coach our kids in soccer and baseball for many years and to co-teach a senior economics seminar with Dave for three decades. I had countless opportunities to behold Dave teach, coach, mentor, and lead by example.

I recently finished teaching a class on endowment management as part of the School of Management Asset Management program that David helped create. David was not listed as a co-teacher, but his legacy was ever present. In usual fashion, I had many current and former Investments Office colleagues come to guest-teach. The students loved meeting and learning from such accomplished experts, and frankly, it made my job much easier. We discussed the various aspects of the Yale Model ranging from long-term horizons, the need to generate strong inflation-adjusted returns, diversification, asset allocation, alternative asset classes, alignment of interest, and partnering with extraordinary investment managers. In essence we taught right from David's book *Pioneering Portfolio Management*.

In 2000, when David first wrote that book, many wondered if it was a mistake to publish the playbook for the Yale Model. Why give away all of Yale's intellectual property? Listening with amazement at the quality and thoughtfulness of our guests who had all been trained by David, I realize that the real secret ingredient was not just David's conceptual framework for the investment endowment portfolios, but vitally, his extraordinary investment in people. The Yale Model needs highly intelligent, committed, and selfless team players to excel. David's investment in people—that is the secret sauce!



SWENSEN'S CAMPUS



451 College Street

First home of the Investments Office, 1985–1990.



Payne Whitney Gym

The gymnasium houses Brady Squash Center, where Swensen and staff fought it out at lunch time.



Humanities Quadrangle

The Quadrangle, as viewed from above, which includes Swensen Tower, named for Swensen in 2020, and surrounding dormitories where he lived as a grad student.



230 Prospect Street

Second home of the Investments Office, 1990–2003.



Squash Haven

78 Ashmun Street, clubhouse and study hall where over 125 New Haven high school students learn squash and play in the nearby gym.



Swensen House

A residence for the head of Berkeley College, named for David Swensen in 2013. Swensen was a Berkeley Fellow of many years' standing.



Economics Department

28 Hillhouse Avenue, where Swensen studied for his doctorate.



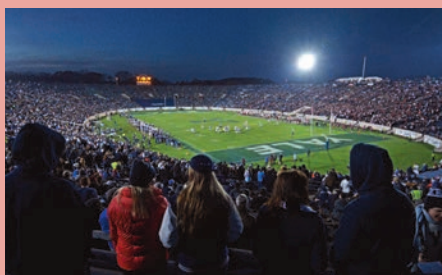
55 Whitney Avenue

The Investments Office location since 2003.



Cullman-Heyman Tennis Center

Near the Yale Bowl on Route 34, a mile west of central campus. Swensen played at the center, which is open year-round.



Yale Bowl

The Bowl, a mile west of central campus, is where Swensen watched the Yale-Harvard games with friends and family.



Harkness Hall

William L. Harkness Hall, one of the main venues where Swensen and Takahashi taught their popular "Investment Analysis" and other courses, for more than three decades.



Cedar Avenue

Cedar Avenue in the Grove Street Cemetery, site of the David Swensen granite marker to be installed in 2022.

RECOGNITION

“One of our
great university
citizens”



The honors and awards bestowed on David Swensen, both by Yale and by many other institutions, are too numerous to be treated in full. Some of the most prominent examples are cited here.

Yale University Honors and Distinctions

2006

The Mory's Cup “for conspicuous service to the university,” which has gone to a selected body of some 100 alumni and staff since 1927. Those honored have included a U.S. president, Yale presidents, legendary athletic coaches, selected faculty, and notable alumni volunteers.

2012

The Yale Medal, “the highest award presented by the Alumni Association honoring outstanding individual service to the university.” Established in 1952, the Yale Medal has been bestowed on such individuals as Dean Acheson (B.A. 1915), William S. Beinecke (B.A. 1936), Kingman Brewster (B.A. 1941), Hannah H. Grey, David S. Ingalls (B.A. 1920), Robert J. Kiphuth, Margaret H. Marshall (J.D. 1976), Paul Mellon (B.A. 1929), George W. Pierson (B.A. 1926, Ph.D. 1933), Kurt Schmoke (B.A. 1971).

2013

The Head's House at Berkeley College was named as the Swensen House to honor Berkeley Fellow David Swensen's contributions to Yale as the Chief Investment Officer, his dedication to Berkeley, and his service on behalf of Berkeley students.

In addition, by 2013, the Swensen Initiative, a group of ninety colleagues, friends, and family, donated more than \$36 million in Swensen's honor; the gifts are invested in the Yale endowment in support of several initiatives, notably:

- A chair in the Economics Department, where he studied and then taught for more than thirty years. William C. Brainard, the Arthur M. Okun Professor Emeritus of Economics, stated: “Nothing could be a more appropriate recognition of [Swensen's] devotion to Yale and its academic mission than a professorship in his name.”
- The Swensen-McMahon Head Coach of Women's Tennis, a position named in honor of David Swensen and Meghan R. McMahon (B.A. 1987), a former standout Yale athlete and tennis coach.
- Funds to supplement innovative teaching in Yale College, in addition to the existing David Swensen Scholarship Fund, and support for additional teaching and research efforts across the university.

2014

Honorary Doctor of Humane Letters (HDHL), presented to Swensen at Commencement, with a citation which read: “You are one of our great university citizens. A steward of gifts past and present, you have used your own gift to secure our future. Your unconventional success has allowed Yale to grow and prosper, and the Yale Model has become the gold standard for endowment portfolio management. You have trained and mentored a new generation of investment managers for institutions of higher education across the country, imbuing them with knowledge, values, and strong ethical principles. And you have regularly taught



Above: Swensen Tower

Above right: In 2014, at a celebration of Swensen's thirtieth year at Yale, he is shown with Meghan McMahon, former Yale Art Gallery Director Jock Reynolds, and former Yale Athletics Director Thomas A. Beckett.



classes in Yale College and the School of Management. For your devotion and dedication, we are delighted to grant your second Yale degree: Doctor of Humane Letters.”

2015

A gift from Lisbet Rausing and Peter Baldwin (B.A. 1978) led to the renaming of the landmark tower at the newly renovated Humanities Quadrangle (formerly known as the Hall of Graduate Studies) as Swensen Tower in honor of David Swensen.

Honors and Distinctions from Other Institutions

He was a member of the American Academy of Arts and Sciences and a trustee or adviser to the Brookings Institution, Cambridge University, the Carnegie Corporation, the Carnegie Institution of Washington, the Chan Zuckerberg Initiative, the Hopkins School, TIAA, the New York Stock Exchange, the Howard Hughes Medical Institute, the Courtauld Institute of Art, Yale-New Haven Hospital, the Investment Fund for Foundations, the Edna McConnell Clark Foundation, and the States of Connecticut and Massachusetts. Two particularly distinguished appointments:

2009

Appointment to President Barack Obama's Economic Recovery Advisory Board, on which he served until 2011.

2017

Affiliation as an investment adviser to the Council on Foreign Relations, followed in 2019 by the Council's creation of the position of “David F. Swensen Chief Investment Officer” in his honor, “with an endowment from Stephen C. Freidheim and contributions from other generous CFR members to honor David F. Swensen and his many important contributions to institutional investment strategy as well as to the Council.”



NOTE: The Swensen family requests that donations be made in David's memory to the David Swensen Initiative at Yale. This particular fund supports activities, projects, and people that were especially meaningful to David. Donations can be sent to Yale University, PO Box 2038, New Haven, CT 06521.

MANAGEMENT AND OVERSIGHT

Since 1975, the Yale Corporation Investment Committee has been responsible for oversight of the Endowment, incorporating senior-level investment experience into portfolio policy formulation. The Investment Committee consists of at least three Fellows of the Corporation and other persons who have particular investment expertise. The Committee meets quarterly, at which time members review asset allocation policies, Endowment performance and strategies proposed by Investments Office staff. The Committee approves guidelines for investment of the Endowment portfolio, specifying investment objectives, spending policy and approaches for the investment of each asset category.

Investment Committee

Michael J. Cavanagh '88, Chair
*Senior Executive Vice President and CFO
Comcast Corporation*

Peter Salovey '86 PhD
*President
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O. Francis Biondi, Jr. '87
*Founder and Former Managing Partner
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*Former CFO
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Carter Simonds '99
*Former Managing Director
Blue Ridge Capital*

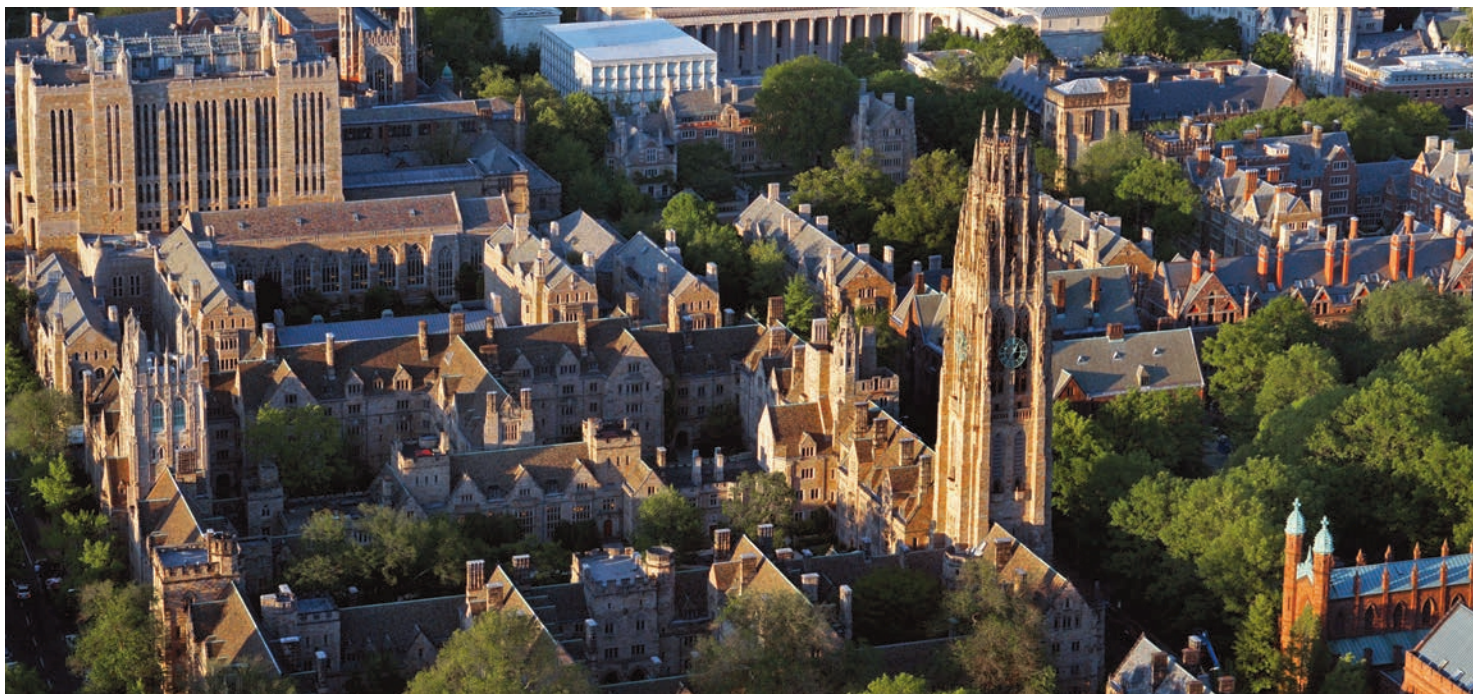
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*CEO and Co-Founder
Amadeus Capital Partners*

Josh L. Steiner '87
*Senior Advisor
Bloomberg L.P.*

Charles W. Goodyear IV '80
*President
Goodyear Investment Company*

Michael Warren '90
*Global Managing Director
Albright Stonebridge Group*

Ben Inker '92
*Partner
GMO*



The Investments Office manages the Endowment and other university financial assets, and defines and implements the university's borrowing strategies. Headed by the Chief Investment Officer, the Office currently consists of thirty-two professionals.

Investments Office

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Chief Investment Officer

Amy M. Chivetta
Managing Director

R. Alexander Hetherington '06
Managing Director

John V. Ricotta '08
Managing Director

Alexander C. Banker
Senior Director of Finance

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Lauren Caplan
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Sohail S. Ramirez '10 JD
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Peter N. Steinwachs
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Chris Unseth
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Bertan Akin
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Ahmed L. Sarhan '16
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Jordi M. Bofill '19
Senior Investment Analyst

Michael J. Byrnes '18
Senior Investment Analyst

Claire D. Goldsmith '18
Senior Investment Analyst

Ilana M. Kamber '18
Senior Investment Analyst

Joyce E. Koltisko '18
Senior Investment Analyst

Joseph T. Doran '20
Investment Analyst

Yusuke Imamura '20
Investment Analyst

Alan Liu '21
Investment Analyst

Vishal V. Patel '20
Investment Analyst

Cheryl M. Xiang '18
Investment Analyst

Swensen Tower



WHAT'S REAL SECRET?

PEOPLE, PEOPLE, PEOPLE

REAL SECRET RELATIONSHIPS
w/ ABSOLUTELY
THE HIGHEST
QUALITY
PEOPLE

Swensen's handwritten notes emphasized an important lesson.

Sources

Financial and Investment Information

Educational institution asset allocations and returns from Cambridge Associates.

Much of the material in this publication is drawn from memoranda produced by the Investments Office for the Yale Corporation Investment Committee. Other material comes from Yale's financial records, Reports of the Treasurer, and Reports of the President.

Biographical Information

Biographical information on David F. Swensen is based on public and press sources, in addition to contributions by the following persons and organizations, whose assistance is gratefully acknowledged:

Meghan R. McMahon (B.A. 1987)
Stephen J. Swensen, M.D.
Richard Foy University of Wisconsin at River Falls
David Page, D.D.S., River Falls, Wisconsin

Yale Alumni Magazine
Yale News/OPAC (Yale Office of Public Affairs and Communications)
Registrar's Offices of Yale College and the Yale School of Management;
Bulletin of Yale University.
Charles D. Ellis (B.A. 1959)

Information for "Achievements" and "Yale Model" Sections

Historical data from previous Endowment Reports (1990 through 2020); *Pioneering Portfolio Management* by David F. Swensen (New York: Simon & Schuster, 2000); press accounts (as identified); other published sources including "Harvard Business School Case Study: Yale Investments Office," November 2020; Manuscripts and Archives, Yale University Library; and testimonials from individuals as identified in the text.

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Tom Strong: pp. 14 (right), 29 (above left), 32, back cover (and see references to pp. 21, 27 below).
The New York Times: p. 25.
Yale Department of Athletics: pp. 23, 26

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Page 29 left (with Obama): Associated Press.
Page 29 bottom: Courtesy of Council of Foreign Relations.

Writer/General Editing

David J. Baker

Design

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Back cover: View from the top floor of Swensen Tower, in the recently inaugurated Humanities Quadrangle, looking east along Alexander Walk, named for Bruce Alexander, former Vice President of New Haven and State Affairs and Campus Development.

