

Research Paper

# When Similar Portfolios Produce Very Different Results

## Why OCIO Performance Dispersion Has Doubled

March 11, 2026

### Executive Summary

Most endowments and foundations' portfolio allocations look similar, with substantial allocations to public equities and private markets, hedge funds, private credit, and real assets.

Yet recent data suggests these similarities may be misleading.

Analysis from **OCIO Analytics** shows that performance dispersion among endowments and foundations using OCIO providers has increased significantly. Historically, the spread between top- and bottom-performing portfolios over a three-year period averaged roughly 4% annually. In the most recent data, that spread has widened to **approximately 8% per year**.

This widening gap is significant. For a \$1 billion endowment, an 8% annual performance difference sustained over three years can translate into roughly **\$260 million in wealth differential**.

These outcomes are occurring despite institutions reporting similar strategic asset allocations. The explanation lies in how portfolios are constructed. Differences in implementation—such as venture capital exposure, private equity vintage timing, and liquidity policies—can meaningfully influence outcomes, particularly during periods of concentrated market leadership and rapid market shifts.

This paper examines the drivers of this dispersion and why implementation decisions beneath headline asset allocations matter more than ever.

#### At a Glance

- Three-year OCIO portfolio dispersion increased from roughly 4% historically to about 8% annually.
- Endowment portfolios often report similar asset allocations despite diverging results.
- Differences in venture exposure, private equity vintages, and liquidity policy can materially impact performance.
- Certain market environments expose portfolio differences that may otherwise remain hidden.

# A Growing Puzzle in Institutional Portfolios

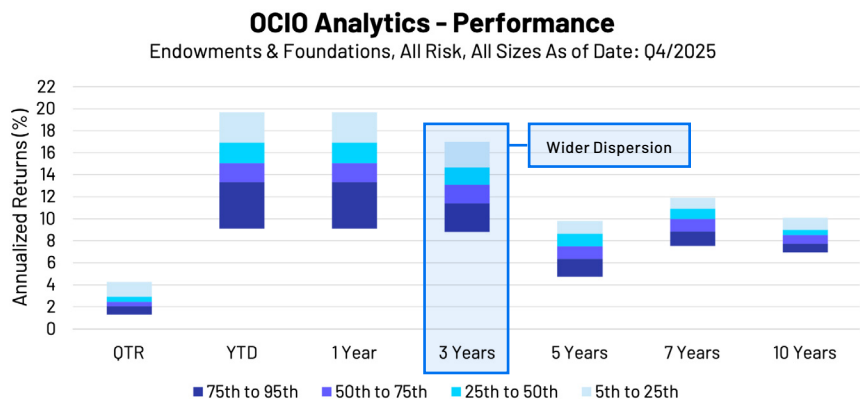
Institutional investors have increasingly adopted the OCIO model. Endowments and foundations use OCIO providers to access institutional capabilities, improve governance efficiency, and implement diversified portfolios across public and private markets. Despite provider differences, many portfolios share common characteristics:

- Significant allocations to global public equities
- Substantial exposure to private equity and venture capital
- Diversification through hedge funds and real assets
- Long-term investment horizons

On paper, these portfolios often look broadly comparable. Yet outcomes are diverging.

## OCIO Performance Distribution 2025

This chart illustrates the distribution of OCIO-managed endowment portfolio performance as of 2025. Dispersion across portfolios widened meaningfully, particularly over the three-year horizon.

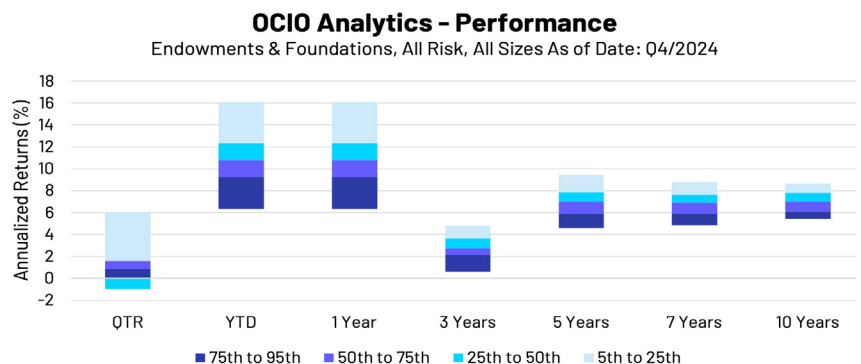


Percentile	QTR	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
5th Percentile	4.27	19.68	19.68	17.01	9.83	11.92	10.31
25th Percentile	2.91	16.94	16.94	14.67	8.64	10.93	9.20
Median	2.45	15.07	15.07	13.08	7.52	9.98	8.54
75th Percentile	2.06	13.33	13.33	11.41	6.36	8.83	7.72
95th Percentile	1.32	9.10	9.10	8.81	4.75	7.53	6.96
Institutions	810	691	691	389	252	150	68

OCIO Analytics performance distribution – Endowments & Foundations (2025).

## OCIO Performance Distribution in 2024

For comparison, the 2024 dataset shows substantially lower dispersion across similar portfolios. The contrast between these two periods illustrates how market environments can expose structural differences in portfolio construction.



Percentile	QTR	YTD	1 Year	3 Years	5 Years	7 Years	10 Years
5th Percentile	4.47	16.09	16.09	4.82	9.46	8.79	8.67
25th Percentile	-0.01	12.34	12.34	3.66	7.84	7.63	7.83
Median	-0.97	10.78	10.78	2.76	7.01	6.93	7.02
75th Percentile	-1.69	9.26	9.26	2.17	5.89	5.90	6.09
95th Percentile	-2.56	6.34	6.34	0.60	4.60	4.85	5.44
Institutions	760	638	638	344	199	159	71

OCIO Analytics performance distribution – Endowments & Foundations (2024).

## What the Comparison Shows

OCIO Analytics data shows that the distribution of performance across endowment portfolios has widened meaningfully in recent years.

Two institutions with seemingly similar portfolios may experience dramatically different results.

## What's Driving the Growing Dispersion

- **Concentrated Equity Leadership:** Recent market returns were driven by a relatively small group of companies. When leadership becomes narrow, portfolios with slightly different equity exposures can produce dramatically different outcomes.
- **Private Market Valuation Lag:** Private assets adjust more slowly than public markets due to appraisal-based valuation methods. This lag can cause portfolios with larger private allocations to respond differently during rapid market recoveries.
- **Venture Capital Cycle Reset:** The venture capital market experienced an extraordinary expansion followed by a valuation reset. Endowments with meaningful venture exposure saw different performance trajectories than portfolios focused primarily on buyout strategies.
- **Private Equity Vintage Timing:** The timing of commitments to private equity funds can significantly influence returns. Funds raised during strong exit environments may distribute capital earlier than those raised during peak valuation periods.
- **Liquidity Policy Differences:** OCIO providers differ in how much illiquidity they allow within portfolios. During strong equity markets, portfolios with greater liquidity may adjust more quickly.

## The Dollar Impact of Dispersion

An 8% annual difference in performance can translate into significant wealth differences for institutional portfolios.

**Consider a \$1 billion endowment.**

If one institution outperforms another by **8% annually over three years**, the resulting gap could approach approximately **\$260 million**.

## Why Asset Allocation Alone Is No Longer Enough

Institutional portfolio discussions often focus heavily on strategic asset allocation. While allocation decisions remain important, the recent increase in performance dispersion suggests that **implementation choices are becoming equally critical**.

Two portfolios with similar asset-allocation structures may diverge because of:

- Manager selection
- Private market vintage exposure
- Liquidity management
- Sector and factor tilts within equity portfolios
- Venture capital participation

In other words, the differences that drive performance may be **hidden beneath the asset allocation line items typically reported to boards**.

# The Need for Better Institutional Benchmarking

For many years, the OCIO industry has lacked consistent benchmarking across managers and portfolios. Institutions often evaluate their results relative to broad market benchmarks or simplified policy portfolios, which may not capture the nuances of institutional implementation.

As OCIO adoption continues to grow, **the ability to compare portfolios across a broad dataset becomes increasingly valuable.**

OCIO Analytics provides a framework for comparing institutional portfolios across endowments and foundations, allowing investors to better understand how implementation decisions influence outcomes.



## Conclusion

**The recent increase in OCIO performance dispersion highlights an important reality for institutional investors:** portfolios that appear similar on the surface may behave very differently in practice.

While endowment portfolios may appear similar at the asset allocation level, differences in execution—such as venture exposure, private equity vintage timing, and liquidity management—can produce materially different results under certain market conditions.

For institutions relying on OCIO providers, understanding the sources of portfolio dispersion is an **essential step toward stronger governance and more informed investment decision-making.**

## About OCIO Analytics

Created in 2019, OCIO Analytics is a comprehensive platform that empowers institutional investors and their advisors with unbiased intelligence about the OCIO industry. The platform is powered by the Alpha Nasdaq OCIO Indices, which pulls data from over 50 investment firms and over 1,600 institutions.

As the industry continues to grow, OCIO Analytics is committed to providing the clarity investors need to provide stronger oversight and make confident, data-driven investment decisions. The platform is ideal for any role, including asset owners, OCIO providers & consultants, wealth managers, money managers, and family offices.

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