

# SAINT IGNATIUS COLLEGE PREP CAMBRIDGE ASSOCIATES CLIENT STORY



CAMBRIDGE  
ASSOCIATES



Meet Saint Ignatius College Prep, a coed Jesuit Catholic school in the heart of Chicago that strives to provide a diverse student body with a high-quality—and financially accessible—education. The goal of school administration, faculty, and staff members is to produce well-rounded, service-oriented leaders of tomorrow. And they are on a mission to make their education affordable to anyone who qualifies. In the 2022–2023 school year, Saint Ignatius provided more than \$6 million dollars in tuition assistance to students who would not otherwise be able to afford tuition. In doing so, Saint Ignatius College Prep continues to build on a more than 150-year tradition of changing lives.

## As Saint Ignatius

embarked on planning for the next 150 years, the Endowment Committee, with strong support from the Board and executive staff, decided they had a real opportunity—and an obligation—to elevate their performance and impact by investing with top-tier diverse managers. Their thesis was that expanding opportunities for up-and-coming managers could unlock outperformance through increased competition and the agility often exhibited by smaller firms pioneering innovative investment strategies. Performance has always been the endowment's foremost objective, enabling the school to maximize the financial aid available to students, keep tuition costs low, and attract and retain high-quality teachers. However, the Endowment Committee believed broadening emerging manager participation would augment long-term returns.

The Endowment Committee's experience led them to conclude that there were managers who were being overlooked but possessed the grit and determination to outperform. They often witnessed the same unmatched work ethic and drive to succeed among many of their own students, a third of whom came from diverse backgrounds. Their approach aligned both with the mission of the school and with its philosophy of preparing students for lives of faith, love, service, and leadership.

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Expanding opportunities for high-performing diverse managers with the same grit and determination as Saint Ignatius students offers the potential for investment success.

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The Endowment Committee worked to create a policy specific to Emerging Managers to add to the Investment Policy Statement. This important step that provided guidelines for how to increase opportunities for top-performing diverse managers by making their process more equitable, while still maintaining the same rigorous performance standards. The policy focused on allocating capital to firms that are at least 51% owned by women or people of color (POC). Once complete, Saint Ignatius became the first Catholic institution in the country to implement an Emerging Manager Policy for their endowment.

In 2022, Saint Ignatius partnered closely with Cambridge Associates (CA), their lead advisor since 2021, to increase their exposure to top rated diverse managers, particularly in private investments. They leaned on CA's diverse manager research capabilities and together, the Endowment Committee and their CA investment team worked together to re-assess most of the portfolio across each asset class. This process included changing the asset allocation policy to

accommodate a greater allocation to private investments with an emphasis on performance and inclusivity.

In March 2023, one year into making significant changes to their manager lineup, CA led what is now the annual emerging manager diversity review process for Saint Ignatius. They reported that 31% of the Long-Term Investment Portfolio (LTIP) was allocated to emerging managers (defined as 51% or more ownership by women and/or POC). An additional 11% was allocated to majority diverse-led firms and strategies (defined as 50% or more leadership by women or POC), and 29% was allocated to significantly diverse firms and strategies (defined as 33% or more ownership or leadership by women or POC)—and as a result, a total of 71% of the LTIP was allocated to diverse managers. And most importantly, the portfolio generated competitive returns that outperformed their benchmark, allowing Saint Ignatius to expand educational access to students who might not otherwise be able to afford it.

“Diversity at Saint Ignatius College Prep is a core principle that dates back to our founding with Fr. Arnold J. Damen, S.J. We have always reflected the various ethnic, economic and neighborhood groups within the city of Chicago. It's very important for our young men and women to see people like themselves achieving, succeeding, and coming closer to Christ.”

JOHN CHANDLER, PRESIDENT



# LESSONS LEARNED

Here are five things Saint Ignatius has learned from implementing an emerging manager policy:

1

**GAIN SUPPORT.** The Endowment Committee knew it was imperative to earn support from all corners of the organization before implementing a diverse manager strategy—this included the President, executive staff, and the board. The Endowment Committee built a strong case, with performance as the cornerstone, to highlight the benefits of investing with diverse managers, both from a mission-alignment perspective and as a way to generate outperformance. Once the Board, Committee, and Staff were aligned, they could move forward in developing a strategy.

2

**AGREE ON STRATEGY:** The Endowment Committee and Board decided they needed to create a dedicated Emerging Manager Policy to add to the Investment Policy Statement. This became the road map that guided their investment decisions and outlined exactly how they should engage with diverse managers. The Endowment Committee and Board also agreed to define an emerging manager as 51% ownership by women or people of color—higher than the 33% threshold used by many. These specific guidelines helped to ensure that they were allocating their capital in a way that reflected their goals.

3

**DON'T JUST “CHECK THE BOX”:** In partnership with CA, Saint Ignatius made the decision to measure diversity across additional dimensions, beyond firm ownership, to promote greater diversity throughout the entire investment management industry. When they evaluate managers, they now assess the diversity of firm and strategy leadership to incentivize large firms to attract, promote, and retain diverse investment talent. In addition to majority diverse firms, they also measure significant diversity (33%+ diverse firms/strategies), which allows diverse founders to monetize wealth, transition ownership to the next generation, and/or support firm growth by seeking outside investors.

4

**EVALUATE AND ADJUST:** Saint Ignatius, in partnership with CA, measures and regularly assesses whether they are meeting the objectives of their Emerging Manager Policy, which includes a comprehensive annual review of their progress. While early results support their thesis that investing with diverse managers can lead to outperformance, they have set ambitious growth targets and the Endowment Committee remains highly engaged in the oversight of the portfolio, ensuring its success when measured against benchmarks.

5

**THINK BIG:** This is just the beginning for Saint Ignatius. They are not only focused on aligning their portfolio with their mission, but they have developed a long-term strategic plan to create enough tuition support so every student in Greater Chicago, regardless of economic background, can access the high-quality, Jesuit values-based education they provide. They are committed to boldly pursuing all opportunities to elevate their mission for future generations. And they hope that being the first Catholic institution in the country to successfully implement an Emerging Manager Policy will inspire other similar organizations to follow suit. It's a lofty goal, but one they're working towards from multiple angles.



# ABOUT CAMBRIDGE ASSOCIATES

Cambridge Associates works with endowments, foundations, pension plans, corporations, and private clients to implement and manage custom portfolios with a goal to generate outperformance.

We deliver a range of portfolio management services, including outsourced CIO, non-discretionary portfolio management, investment staff extension, and asset class mandates. Cambridge Associates maintains offices in major financial centers around the globe.



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