

**UNIVERSITY  
OF HELSINKI**  
**Endowment  
report**  
2025

Written by Anders G. Ekholm  
(without generative AI)



UNIVERSITY OF HELSINKI

2025

2025 was the seventh year that we managed our financial security investments according to our “minimum 90% index funds + maximum 10% university startups” strategy that was introduced in 2019. Our return for the year was 5.96%, almost entirely driven by the 7.96% return on listed equity funds.<sup>1</sup> Listed individual (mostly spinout) company holdings lost 18.83%, listed bonds funds gained 2.42%, and unlisted investments were marked up 11.37%. Our assets rose to EUR 827 million by the year-end, propelled by the EUR 47 million return for the year. Listed equities accounted for 72.6%, listed bonds for 22.3%, unlisted investments for 4.0%, and cash for 1.2% of the assets.

The cumulative return since 2019 has been 116.9%, or approximately EUR 440 million. This equals 11.69% per annum return, which visibly exceeds the corresponding 9.72% per annum return for our 70% MSCI ACWI and 30% BBGA EH benchmark index.<sup>2</sup> However, while the outcome might be financially satisfying, it does not answer some key fiduciary questions:

- 1) Have we constructed our benchmark index properly?
- 2) Have we deviated from our benchmark index properly?
- 3) Have we been able to compete with our peers?
- 4) Have we gained financial success at an excessive cost for the environment?
- 5) Have we produced enough positive externalities (“impact”) to justify their marginal cost?

<sup>1</sup> See our webpage for a third-party portfolio and holdings report per 31 December 2025: <https://www.helsinki.fi/en/about-us/strategy-economy-and-quality/university-finances/financial-securities-investments>

<sup>2</sup> <https://www.helsinki.fi/assets/drupal/2023-11/UH%20Principles%20for%20responsible%20investment%20activities.pdf>

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# Question 1:

## Have we constructed our benchmark index properly? On the Benchmark.

Choosing the benchmark index can be a treacherous business. It should reflect our available investment universe (“the market”) and might at first glance seem unconditional and objective. However, it is conditional on our view on market efficiency: If we accept that market prices reflect available information, which is largely the consensus of academic research since the 1960’s, it should be constructed by weighing securities by their market capitalizations – and nothing else.

By selecting a proportion of stocks and bonds that corresponds to our desired level of risk, the composite benchmark index should approximate the maximal level of expected return (assuming no costs). Hence, every deviation from this index has a negative effect on the expected risk-adjusted return. Empirically, very few professional investors have been able to exceed or even match a benchmark index like this in the long run – the odds are simply too stacked against it.<sup>3</sup>

We have chosen a composite benchmark index that should represent global equity and bond markets quite well:

“The MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 24 Emerging Markets (EM) countries\*. With 2,514 constituents, the index covers approximately 85% of the global investable equity opportunity set.”<sup>4</sup>

“The Bloomberg GlobalAgg Index is a flagship measure of global investment grade debt from a multitude local currency markets.”<sup>5</sup>

Hence, it represents our opportunity set and cost: Our deviations from it should be measured and evaluated, for better or for worse.

<sup>3</sup> <https://mba.tuck.dartmouth.edu/bespeneckbo/default/AFA611-Eckbo%20web%20site/AFA611-S8C-FamaFrench-LuckvSkill-JF10.pdf>

<sup>4</sup> <https://www.msci.com/documents/10199/8d97d244-4685-4200-a24c-3e2942e3adeb>

<sup>5</sup> <https://www.bloomberg.com/professional/products/indices/quote/LEGATREH:IND>

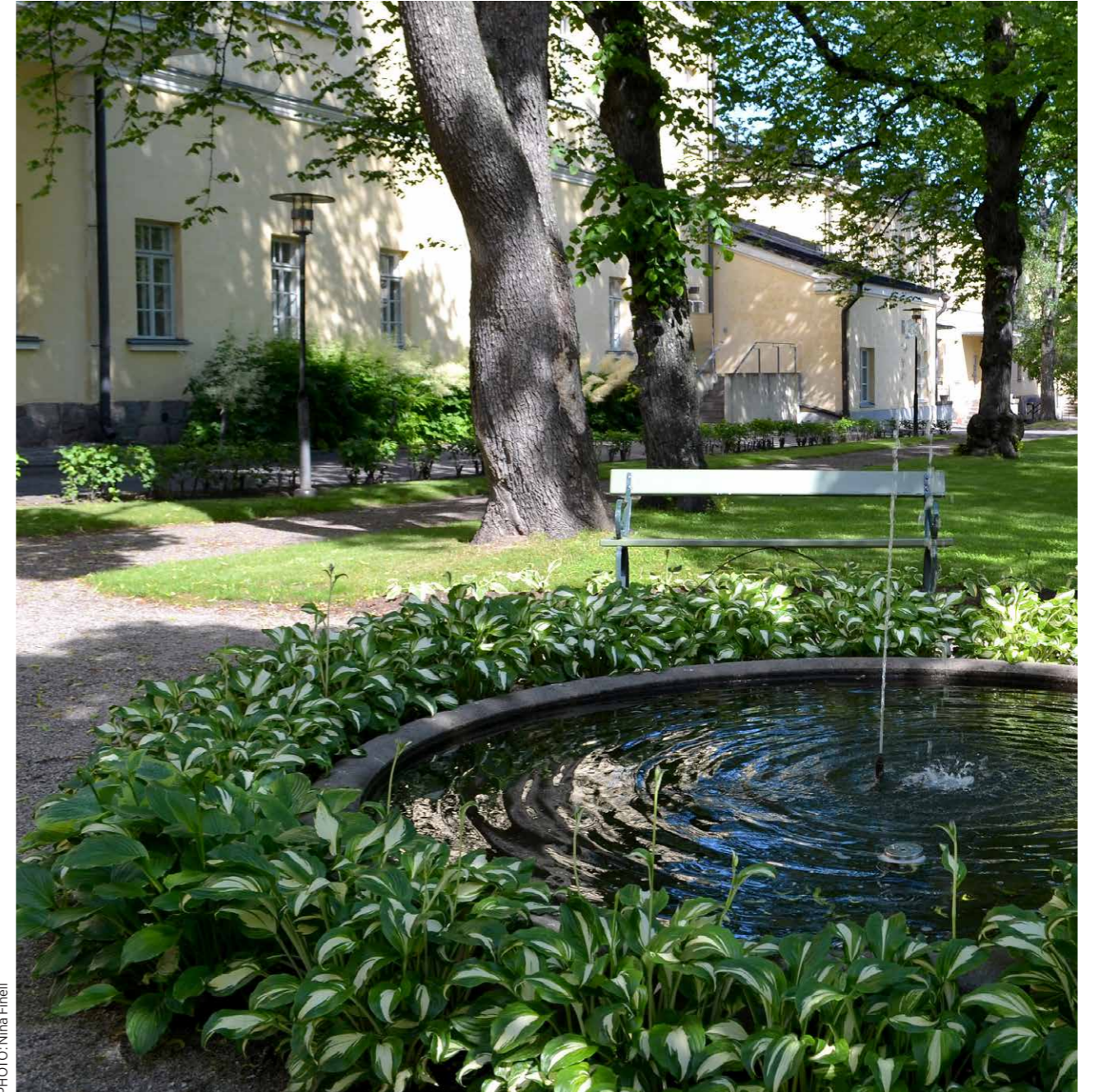


PHOTO: Nina Finell

## Question 2: Have we deviated from our benchmark index properly? Off the Benchmark.

Costs and expenses represent some of our most important decisions, which affect our investments' relative performance. Our investments' total expense ratio (TER) remained at 0.09% p.a. – or only a fraction of what seems common for endowments.<sup>6</sup> This improves our likelihood of positive relative performance, as costs are the only certain component of (future) returns.

Our portfolio's Fama (1968)  $\alpha$ -estimate calculated from the beginning of 2019 was 2.4% per annum, while its  $\beta$ -estimate was 1.0 (t-value 18.2). These values suggest that we achieved a more than two percentage points higher annual return with a systematic risk level equivalent to that of the benchmark index. However, the jury is still out regarding whether this has been an actual success or not, as the probability of a fluke (p-value of  $\alpha$ ) still was 24.0%.

Adding the Fama and French (1992) SMB and HML factors to the performance evaluation model shows that our portfolio had a significant tilt to “growth” companies.<sup>7</sup> Controlling for them increases the  $\alpha$  estimate to 2.9% p.a. and decreases its p-value to 14.7%. Hence, the outperformance cannot be explained by an overweight in “growth” companies – the opposite is truer.

$\alpha$  can also be contrasted against idiosyncratic and total risk: Our portfolio's Tracking Error equaled 5.2%

p.a. and the resulting Information Ratio was 0.47. The Sharpe-ratio of our portfolio was 0.80, and 0.66 for the benchmark index. These observations can be reconciled by the fact that our portfolio volatility at 11.9% p.a. was moderately higher than the 10.6% p.a. for the benchmark, but  $\alpha$  was more positive, as reported above.<sup>8</sup>

In conclusion, we haven't made significantly bad decisions vis-à-vis our benchmark index: It would show up as a significantly negative  $\alpha$ -estimate in seven years of data. However, we cannot conclude that we have made significantly good decisions either. The probability of our performance being a product of random variation still is way too high (>> 5%). While this analysis may sound academic and certainly could be brushed off as irrelevant by many, it is important to separate actual observations from spurious variation. In the long run, only actual observations persist.

Finally, we remind ourselves that a percentage point of return – or expenses – currently equals approximately EUR 8 million, or approximately a percentage point of the circa EUR 800 million annual budget of the University of Helsinki.<sup>9</sup> Hence, every percentage point makes a huge difference.

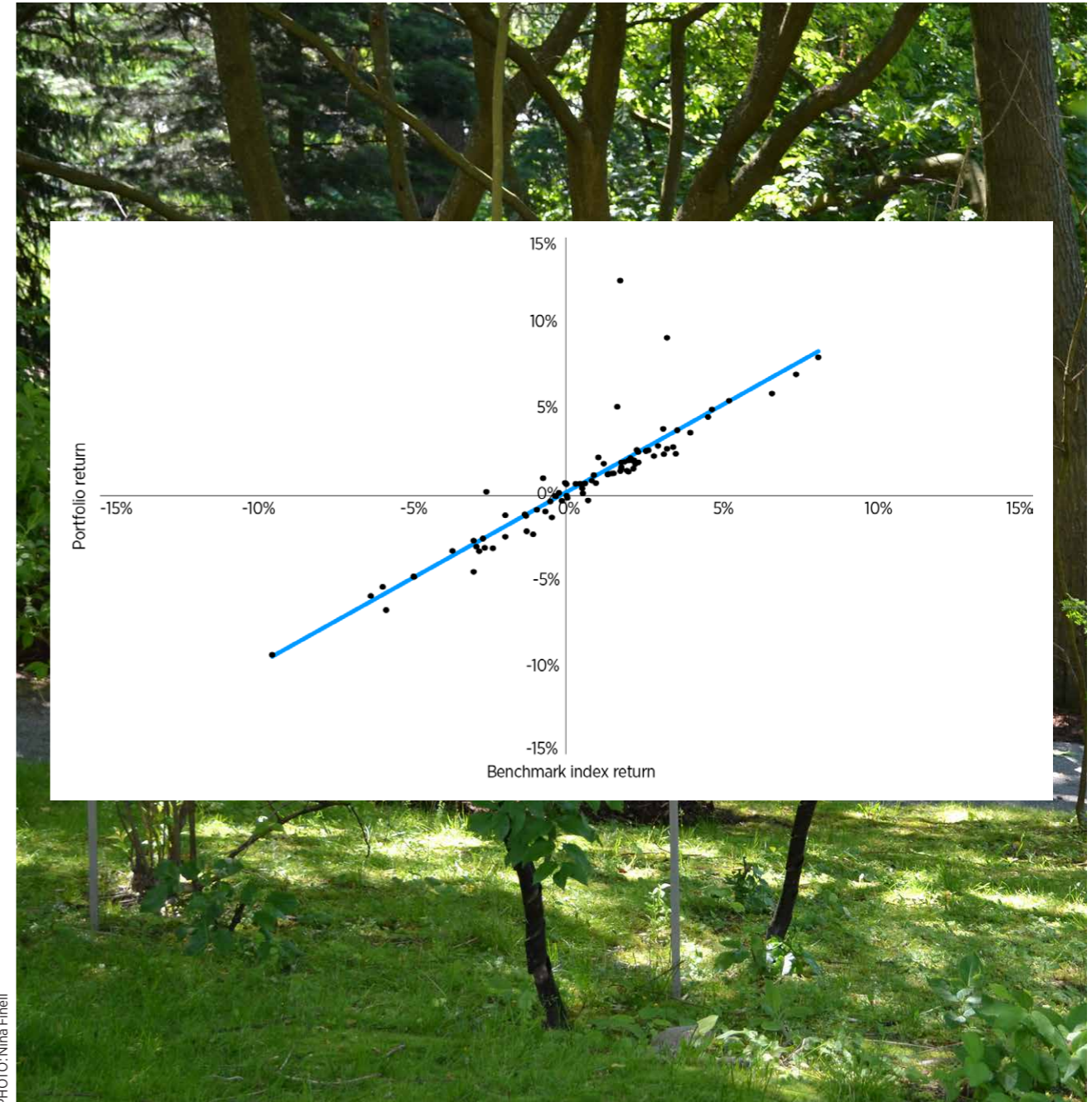


PHOTO: Nina Finell

6 <https://blogs.cfainstitute.org/investor/2025/04/09/big-funds-small-gains-rethinking-the-endowment-playbook/>

7 [https://en.wikipedia.org/wiki/Fama%E2%80%93French\\_three-factor\\_model](https://en.wikipedia.org/wiki/Fama%E2%80%93French_three-factor_model)

8 Using weekly returns 11.4% p.a. for our portfolio and 11.0% p.a. for the benchmark index. See Monthly report, JAY Solutions, December 2025.

9 [https://www.helsinki.fi/assets/drupal/2025-04/Financial\\_Statements\\_2024\\_University\\_of\\_Helsinki.pdf](https://www.helsinki.fi/assets/drupal/2025-04/Financial_Statements_2024_University_of_Helsinki.pdf)

# Question 3:

## Have we been able to compete with our peers? Peeking to the Side, and Ahead.

While waiting for the jury on the performance question above, we take some comfort in the fact that our performance has been competitive against our peers: Our USD 10.1% per annum return for the five US Fiscal Years from July 2019 to June 2024 would have reached the highest decile among 599 educational endowments that participated in the 2024 NACUBO-Commonfund Study of Endowments, which averaged 8.3% per annum return.<sup>10</sup>

Furthermore, our USD 13.6% US Fiscal Year 2025 return reached third place among Ivy League universities.<sup>11</sup> Again, our USD 11.4% per annum return for US Fiscal Years 2020-2025 fared quite well against the 10.2% average for 657 educational endowments in the 2025 NACUBO-Commonfund Study of Endowments.<sup>12</sup> Related to this, we note with interest what Toby Nangle points out in the Financial Times:<sup>13</sup>

“Still, it’s been rare for the average fund of *any* size to beat a 60:40 portfolio of S&P 500 stocks and Barclays US Aggregate bonds. Which is pretty interesting given how sophisticated US endowments are supposed to be.”

Peeking ahead towards our tenth US Fiscal Year return, due in June 2029, we believe that the current elevated valuation uncertainties related to unlisted investments will be settled and enable an increasingly valid ten-year average return comparison.<sup>14</sup> To underline this, we note that “alternative strategies” constituted 45% of value-weighted asset allocations for US endowments in the 2025 NACUBO-Commonfund Study of Endowments. President of Princeton University Christopher L. Eisgruber put it a bit more bluntly in his 2026 Annual Letter:<sup>15</sup>

“When universities first adopted this strategy in the late 1980s, relatively few investors were willing to take on such illiquidity. Universities therefore had access to unusually attractive investment opportunities. Their success, however, spurred competition from others. More investors now chase a limited set of opportunities, and returns are therefore declining.”

<sup>10</sup> <https://www.helsinki.fi/en/news/university/university-helsinki-endowment-nacubo-top-return-decile>

<sup>11</sup> <https://www.helsinki.fi/en/news/university/university-helsinki-investment-return-six-percent-2025>

<sup>12</sup> <https://edge.sitecorecloud.io/nacubol-nacubo-prd-dc8b/media/Nacubo/Documents/EndowmentFiles/2025-NCSE---Summary-and-Key-Insights-from-the-2025-NCSE-FINAL.pdf>

<sup>13</sup> <https://www.ft.com/content/4287eba7-63eb-4d1d-ba10-cdb56d8a5520?shareType=nongift>

<sup>14</sup> <https://www.bain.com/insights/topics/global-private-equity-report/>

<sup>15</sup> <https://president.princeton.edu/blogs/president%E2%80%99s-annual-%E2%80%9Cstate-university%E2%80%9D-letter-2026-growth-focus>



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PHOTO: Nina Finell

## Question 4:

# Have we gained financial success at an excessive cost for the environment? Objective Sustainability Objectives.

We have embraced a sustainability philosophy that is based on few, but important and objectively measurable objectives, in the spirit championed by Charlie Munger:

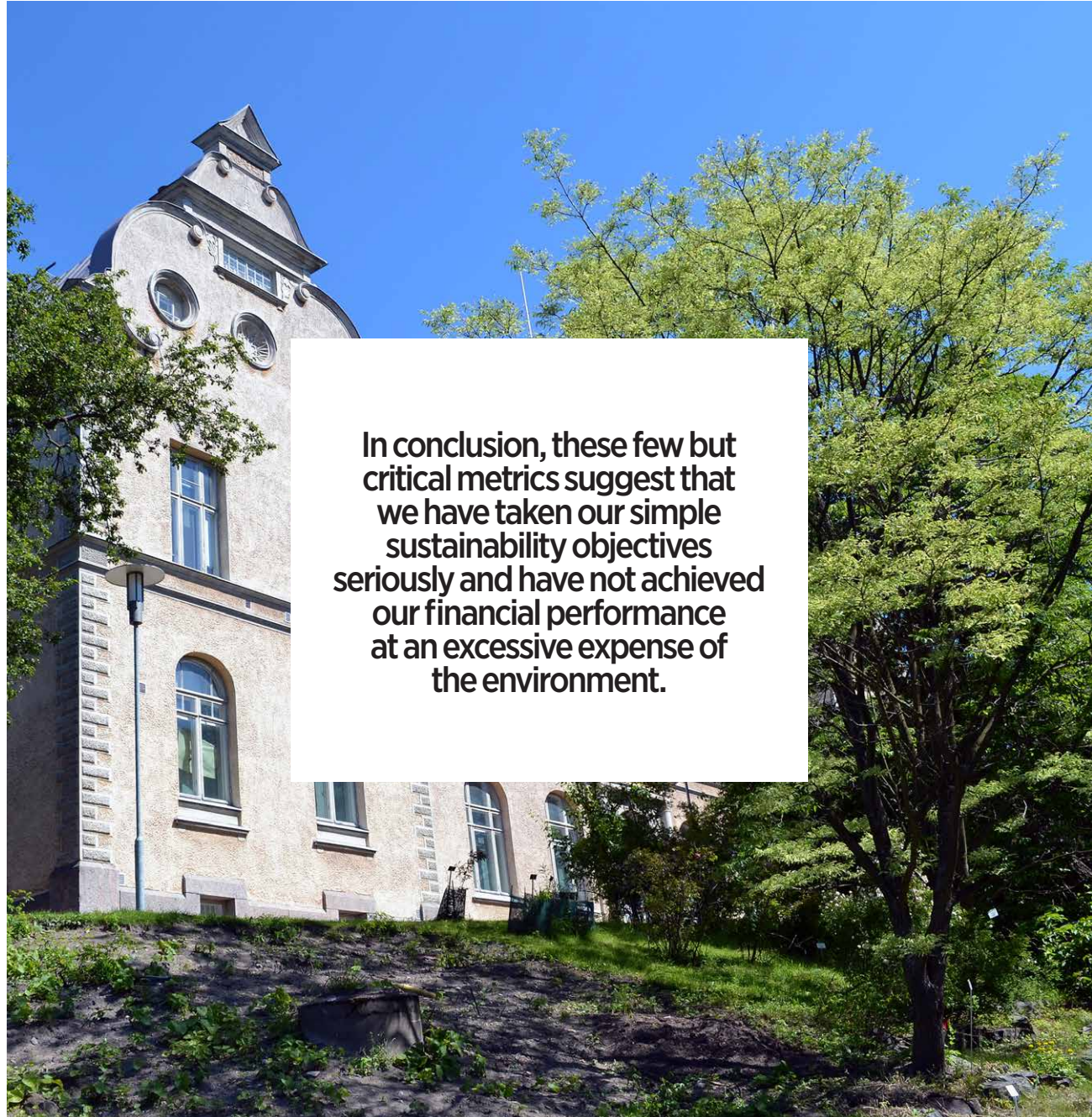
“Take a simple idea and take it seriously.”

Lowering the carbon footprint is the key sustainability objective for our investments. Since 2019, we have reallocated our listed equity fund investments into global index funds with clear sustainability policies – however maintaining a fiducially responsible cost level. As a function of this, our equity investments’ carbon dioxide footprint compared to their market capitalization (tCO<sub>2</sub>e / million EUR Market Cap) was 57% lower than that of our equity benchmark index.<sup>16</sup> Primarily due to this, our total portfolio’s carbon footprint compared to its enterprise value including cash (tCO<sub>2</sub>e / million EUR EVIC) was 46% lower figure than that of our composite benchmark index. Correspondingly, our total portfolio’s weighted carbon intensity (tCO<sub>2</sub>e / million EUR revenue) was 47% lower than that of our benchmark index.

Another way to view our carbon footprint is through the year in which the Sustainable Development Scenario budget (1.5 degrees Celsius warming by 2050) is expected to be exhausted.<sup>17</sup> Currently, our total portfolio is expected to deplete its budget only in 2048, and land at 1.6°C in 2050. Given the evolution of our investments, we feel confident that we can and will further reduce it and stay within the budget.

An additional objective has been to control the negative biodiversity impact of our investments, which we currently measure by water consumption. We are pleased to note that our total portfolio’s water intensity, defined as m<sup>3</sup> water consumed per EUR million in revenue, was 60% lower than that of our composite benchmark index.

In conclusion, these few but critical metrics suggest that we have taken our simple sustainability objectives seriously and have not achieved our financial performance at an excessive expense of the environment.



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<sup>16</sup> ESG analysis, SEB Portfolio Construction, December 2025.

<sup>17</sup> <https://www.iea.org/reports/world-energy-outlook-2021/scenario-trajectories-and-temperature-outcomes>

## Question 5:

# Have we produced enough positive externalities (“impact”) to justify their marginal cost? Ventures with a Twist.

Venture investments based on University of Helsinki’s intellectual property rights and human capital form the only – but notable – exception from our strategy of cost-efficient global diversification. The exception is based on the following theses:

- Our researchers and students have commercially valuable scientific knowledge.
- Society and the environment benefit from the positive impact of science-based innovations.
- We can capitalize on our intellectual property rights (patents) and accumulated knowledge.

2025 was again packed with action: We invested EUR 1.3 million in 9 cases, including two new deep-tech spinouts.<sup>18</sup> With these numbers, we were again the largest university venture investor in Finland. Furthermore, our ventures attracted EUR 48.9 million funding in 17 rounds. As of year-end, we held 34 venture investments related to the University of Helsinki, which together were valued at EUR 38.8 million.

Again, we remind ourselves and openly flag that the true value of a venture (or other unlisted) investment is de facto unknown until it ends up sold or bankrupt. Until then, its “value” is only an uncertain estimate – even when based on funding rounds – that may or may not match the amount of cash that it eventually can be exchanged into. As our venture portfolio largely has been built since 2019, and hence only completed its seventh year, we still have approximately five years left of the typical venture capital fund life cycle, after which we can (more) reliably assess its financial outcome.<sup>19</sup> In the meanwhile, we take comfort from the successful trade sale of [Mobidiag](#) and IPO of [Nanoform](#) – even though they both predate 2019.

<sup>18</sup> <https://www.helsinki.fi/en/about-us/strategy-economy-and-quality/university-finances/financial-securities-investments/venture-investments>

<sup>19</sup> <https://ssrn.com/abstract=4903872>



PHOTO: Linda Tammisto

# Bonus Question: Quo Vadis? An ornithological outlook.

A wind of change is blowing increasingly hard in politics, the economy, and society at large.<sup>20</sup> The pace of change is well reflected, e.g. by that some of the then somewhat speculative projections in our 2022 endowment report, now seem like common ravens:<sup>21</sup>

“Looking back at the last year – and maybe decade – it would seem like we have entered a period of increasing uncertainty, after the equilibrium that emerged following World War II.”

Harvesting an illiquidity premium is indeed tempting during good weather, but it can turn into a death trap during storms.<sup>22</sup> In concrete, we cannot predict many of US Secretary of Defense Donald Rumsfeld’s “unknowns”:

“Reports that say that something hasn’t happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don’t know we don’t know. And if one looks throughout the history of our country and other free countries, it is the latter category that tends to be the difficult ones.”<sup>23</sup>

However, liquidity allows us to better react to these unknowns – including ordinary cuckoos and black swans – and is hence our primary moat against

uncertainty. Under most circumstances, around 95% of our portfolio can be transformed into cash within approximately one month, at reported values.

Market capitalization-weighting is efficient, assuming market efficiency.<sup>24</sup> However, at times we feel tempted to ponder, if uncertainty related to individual countries should be considered separately: What if, suddenly “Moscow is silent”?<sup>25</sup> This could maybe warrant limiting the weights of individual countries below their market capitalization-based weights. However, it would undeniably come at the cost of expected risk-adjusted returns and hence require a reliable way to measure the tradeoff, which is complicated by the fact that uncertainty (not risk) is intrinsically unquantifiable. Here, we pause – and remind ourselves that the road to hell is paved with good intentions. Thus, we continue trusting market (capitalization-weighting) efficiency, combined with our other uncertainty and risk management measures.<sup>26</sup>

Also related to politics, the somewhat perplexing inflation of gold prices could be a canary in the coalmine, warning us of increasing uncertainty or inflation. While the latter could lift the burden of debt from the shoulders of many governments, as it has time and again at least since the fourteenth century, it could also spell financial and societal disaster à la

<sup>20</sup> <https://crooked.com/podcast-series/wind-of-change/>

<sup>21</sup> [https://www.helsinki.fi/assets/drupal/2023-04/INVESTMENTS\\_REPORT\\_2022\\_UNIVERSITY%20OF%20HELSINKI.pdf](https://www.helsinki.fi/assets/drupal/2023-04/INVESTMENTS_REPORT_2022_UNIVERSITY%20OF%20HELSINKI.pdf)

<sup>22</sup> <https://www.reuters.com/business/blackrock-limits-withdrawals-private-credit-fund-redemptions-mount-2026-03-06/>

<sup>23</sup> <https://web.archive.org/web/20160406235718/http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=2636>

<sup>24</sup> [https://en.wikipedia.org/wiki/Modern\\_portfolio\\_theory](https://en.wikipedia.org/wiki/Modern_portfolio_theory)

<sup>25</sup> <https://www.bbc.com/news/magazine-32066222>

<sup>26</sup> [https://www.helsinki.fi/assets/drupal/2025-04/Investment\\_Plan\\_2025-29.pdf](https://www.helsinki.fi/assets/drupal/2025-04/Investment_Plan_2025-29.pdf)



PHOTO: Salla Mehtälä

the Weimar Republic.<sup>27</sup> Perhaps, this time is different – perhaps not. However, we seek to manage our exposure to this uncertainty by maintaining at least a neutral weight in equities, and below-benchmark duration in fixed income.

It seems safe to assume that political uncertainty could alter the projected trajectories of our assets and liabilities in unexpected ways. However, we just might have spotted an even larger black swan on the horizon in our 2022 report, and again highlighted it in our 2023 report.<sup>28</sup>

“Anecdotally, our 2022 investments report noted that a specific novel technology seemed to be approaching us more like a hurricane, than a gale: Automation challenges white-collar work, one of the few remaining professional bastions of human beings.”

It seems increasingly possible that Artificial (General) Intelligence will result in significant creative destruction, not in a fundamentally different way than other disruptive technologies before, such as steam engines or electricity. Recently, for instance consulting and software stocks have been clobbered, potentially reflecting an expected future business bloodbath.<sup>29</sup> Unfortunately, it is very unlikely that anyone can successfully predict which players will come out on top, or even alive. This inconvenient truth is hard to summarize better than by the exchange between Warren Buffett and Jeff Bezos in 1999, when “Buffett’s 70-page catalog of mostly dead car and truck makes” made such an impression on Bezos that he told his employees:<sup>30</sup>

“We still have the opportunity to be a footnote in the e-commerce industry.”

Hyper-diversification was in 2023 and remains today our main line of defense against technological disruption. We diversify over ninety percent of our assets into thousands of businesses worldwide, and trust that we already own shares in some future survivors and thrivers, which make up for the many names that soon enough appear only in lists of dead businesses. This is our phoenix bird, bringing continuous rebirth and renewal to our holdings. The remaining less than ten percent of our assets we concentrate to science-based ventures, born and bred at the University of Helsinki. We expect them to produce positive externalities, and hope to find a golden goose. We also need hope.

27 See, e.g. chapter “VI. Default through inflation” in [https://www.nber.org/system/files/working\\_papers/w13882/w13882.pdf](https://www.nber.org/system/files/working_papers/w13882/w13882.pdf)

28 [https://www.helsinki.fi/assets/drupal/2024-04/Investments\\_Report\\_2023\\_University\\_of\\_Helsinki.pdf](https://www.helsinki.fi/assets/drupal/2024-04/Investments_Report_2023_University_of_Helsinki.pdf)

29 <https://www.theguardian.com/technology/2026/feb/24/feedback-loop-no-brake-how-ai-doomsday-report-rattled-markets>

30 <https://www.berkshirehathaway.com/1999ar/FortuneMagazine.pdf>

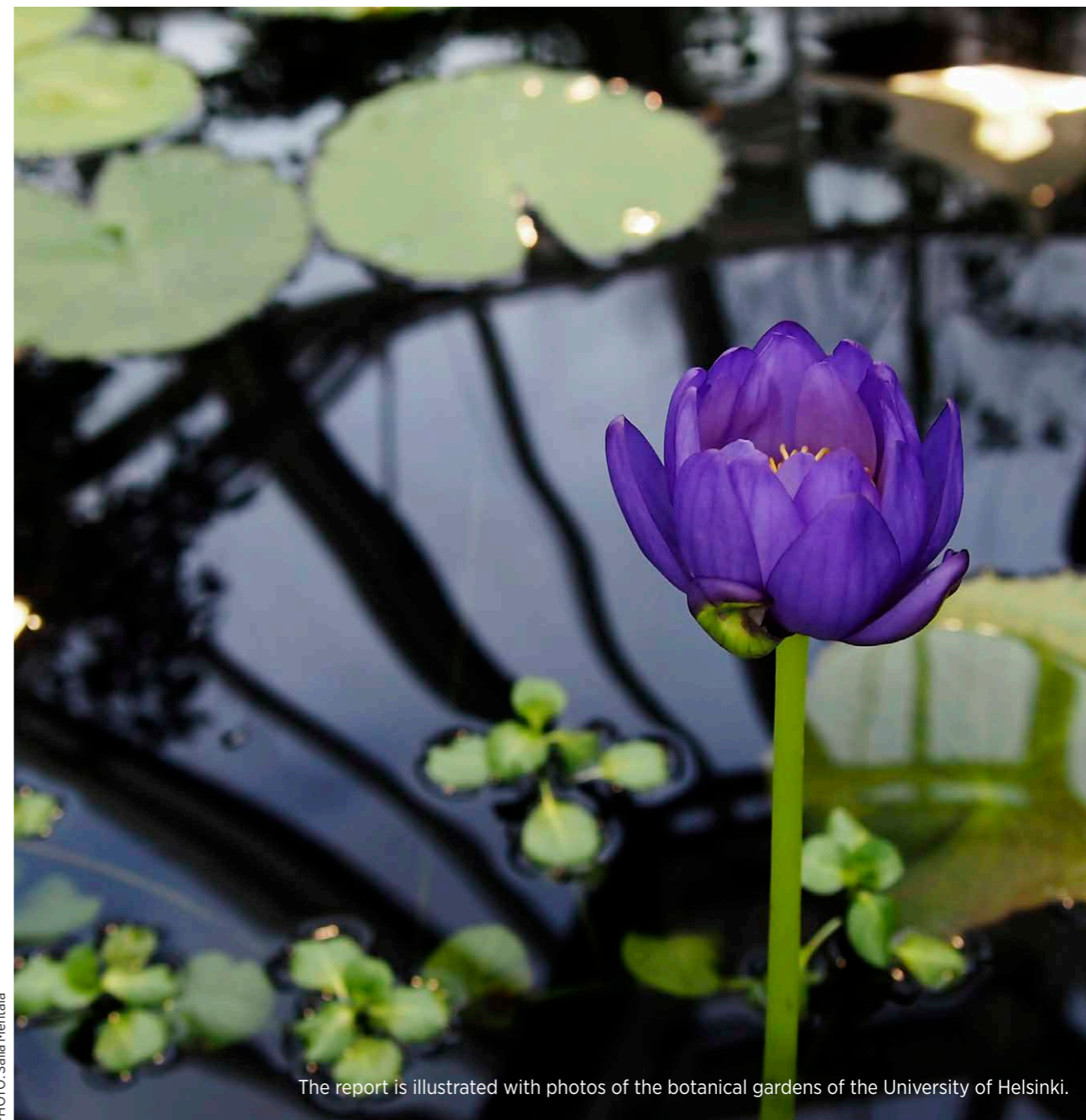


PHOTO: Salla Mehtälä

The report is illustrated with photos of the botanical gardens of the University of Helsinki.



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