Company (HMC), who is stepping down at the end of 2014 (see "Endowment Exit," September-October, page 18).

The appointment of her successor, Stephen Blyth, Ph.D. '92, HMC's managing director and head of public markets, was announced on September 24, the day after the endowment results were released. He will have his work cut out for him. Although the 15.4 percent investment return on endowment assets during fiscal 2014 narrowly exceeded HMC's internal benchmarks, it lagged behind the approximately 16 percent mean return of college and university portfolios—and well behind those of peer institutions like Stanford, Yale, and MIT. They recorded investment gains for the year of 17.0 percent, 20.2 percent, and 19.2 percent, respectively—continuing a recent pattern of outperformance relative to Harvard. (Yale's endowment, second in size to Harvard's and similar in strategy, has been propelled by an annualized 11.0 percent investment return during the latest 10 years, compared to HMC's 8.9 percent return—a substantial difference in generating funds for the academic mission over time.)

STEPHANIE MITCHELL/HPAC

Stephen Blyth

The fiscal 2014 appreciation in Harvard's endowment reflects the investment return (perhaps $5 billion), *minus* distributions to support University operations and for other purposes (perhaps $1.6 billion), *plus* gifts received (expected to be healthy, given the capital campaign—see page 26; exact figures will appear in the annual financial report later this fall).

Harvard Management Company 2014 Investment Performance

Asset Class	HMC Return	Benchmark Return	Difference
Public equities	20.4%	21.3%	(0.9)%
Private equity	20.3	21.6	(1.3)
Absolute return*	12.2	6.8	5.4
Real assets**	10.9	9.7	1.2
Fixed income	7.7	4.2	3.5
Total endowment	**15.4%**	**14.6%**	**0.8%**

*Includes high-yield bonds
**Includes real estate, commodities, and natural resources

In a year of strong stock-market returns, HMC's public equities (about one-third of assets) gained 20.4 percent, slightly beneath their benchmark. Private-equity and venture-capital investments (about one-sixth of the portfolio) yielded 20.3 percent: again, slightly below the benchmark. Venture-capital returns were robust, but Mendillo pointed to underperformance in "legacy" private-equity investments made in the prior decade. Absolute-return assets (hedge funds, about one-sixth of assets) gained 12.2 percent, well above their benchmark. The fixed-income portfolios (10 percent of assets) generated 7.7 percent returns, above market gains. Real assets (real estate, timber and farmland, and commodities, 25 percent of the investments) earned a 10.9 percent return.

In her parting message, Mendillo said, "Our organization and our portfolio are now well positioned to continue to deliver substantial returns and cash flow to the University for decades to come."

Blyth, who has taught statistics and worked with campus cricket players while managing investments, acknowledged the complexity of the diverse portfolio that supports Harvard's long-term needs, and the focus on liquidity since 2008. He said he had "a lot to learn" from fellow HMC investment professionals, and could "rely on excellent colleagues" in doing so. Noting that his new responsibilities did mean that he would have to absent himself, for a while, from interacting with "spectacular" Harvard undergraduates, Blyth said that his teaching "reinforces for me what the endowment is really all about": supporting the University's academic enterprise.

For a detailed report on HMC's performance by asset class, see **harvardmag.com/endowment-15**. For more information about Stephen Blyth, see **harvardmag.com/ceo-14**.

Divestment Discussions

Last spring, Harvard Faculty for Divestment (HFD) posted letters to President Drew Faust and the Harvard Corporation reiterating their call to shed endowment investments in companies that produce fossil fuels and calling for an open forum for community discussion of the issue (see "The Divestment Debate," July-August, page 22).

In a July 10 e-mail posted on HFD's website, William F. Lee, writing as the Corporation's new senior fellow and on its behalf, responded to those messages. As he briskly noted at the outset, "We fully support President Faust's conclusion in her letters of October 2013 and April 2014 that the most responsible, effective, and institutionally appropriate way for Harvard to confront the challenge of climate change is to intensify our academic efforts in this important domain through both research and education, to continue Harvard's aggressive efforts to reduce the University's own carbon footprint, and to otherwise promote sustainability in the day-to-day activities of our community. Like President Faust, we do not support divestment…." He declared that "engagement with energy-producing companies in shared research and development on both the improved efficiency of energy use and development of renewable sources of energy is more likely [to be effective] than divesting ourselves of investments in fossil fuels and distancing us from the companies that produce them."

Having conferred during the summer, the faculty advocates responded in a letter to Lee dated September 9, observing, "[T]he difference between us is not about ends but means." Pointing to recent research that concludes that pressure from equity investors and debt lenders does not influence companies' decisions to disclose data on greenhouse gas (GHG) emissions, they suggested that remaining involved with fossil-fuel producers as stockholders was unlikely to be influential. Instead, they advocated a "divestment strategy [that] aims to make a difference—by stigmatizing the industry, highlighting artificial disparities in the marketplace, and opening up political space in which real alternatives can flourish." They then renewed their call for a community forum on divestment.

Apart from divestment, other actions are being taken to reduce greenhouse-gas emissions directly. Yale president Peter Salovey announced some of the most interesting ideas in an August 27 briefing on "new sustainability initiatives." He noted that Yale Corporation's Committee on Investor Responsibility did *not* recommend divestment, but instructed its proxy-voting committee to "generally support" shareholder resolutions seeking disclosure of GHG emissions, the impact of climate change on a company's business, and strategies designed to reduce its long-term impact on the global climate. Yale's chief investment officer has contacted the managers who invest its endowment assets "to indicate that [they]...should take into account the effects of climate change on the businesses in which they are or might be investing," *The New York Times* reported.

Yale also announced a $21-million investment in campus energy-conservation projects; a 1.25-megawatt solar installation; third-party verification of its GHG inventory and sustainability efforts by the Climate Registry; and, most unusual, research into the feasibility of imposing a carbon charge on campus (see "Time to Tax Carbon," September-October, page 52).

As the divestment debate continues, higher-education institutions' direct action on climate change—beyond their core research and teaching missions—seems to be broadening in inventive, productive ways.

For a more detailed report, see **harvardmag.com/climates-14**.

THE UNDERGRADUATE

Learning Space

by MELANIE WANG '15

I MAINTAIN that the foremost reward for returning to Harvard as a senior is to walk through campus knowing where the trashcans are. Forget theses and job searches and the social petri dish. It's the small victories that are strongest. Being able to absentmindedly deposit an apple core or a muffin wrapper during the half-jog to morning lecture—this is a peculiar, important kind of wisdom.

The locations of water fountains and restrooms are similarly significant. An increased awareness of this information equates to a decrease in mental gymnastics. By this I mean: if I make a quick pit stop now, will I be late to my meeting with the professor whose mustache is bigger than his mouth?—and other exhausting calculations. With every year spent on campus, life becomes a bit easier. Knowledge accumulates, and not just the textbook kind. What was, during your freshman fall, a landslide of new information, has long settled into a gravelly pile. You find yourself on stable ground with a familiar view. You find familiar is a good place to be.

It's these small anchors that make a larger-than-life institution into a livable world. They bring this school down to scale. But for me, particularly, these anchors have been necessary to steal Harvard away from my father. From my birth to the end of my sophomore year, he worked in a small white Harvard office across the street from the Radcliffe Quad. He is an astrophysicist. He spent his days looking at grainy images of the universe I can't comprehend, taking walks around the Quad on his lunch break.

It's Harvard that brought my parents to our suburban Boston home, and Harvard that kept us here through my first 18 years. I have memories of the Square and the University scrambled throughout childhood. My father taking me to Widener Library for the first time and ushering me through those silent swinging doors into the stark light of Loker Reading Room. The two of us trying to name every species of animal etched into the brick of the Bio Labs building. The calm street view from his office, where his primary companions were a series of large gray filing cabinets and a potted vine that seemed taller than I was. Looking through children's books at the Coop, getting ice cream at Lizzy's, and marveling at the wonders of the old Curious George Store.

All this led to an inordinate sense of concern at the start of my freshman year. How could I possibly "do adulthood" in a place that knew me so deeply as a child? It was a 30-minute drive to our family home and a 15-minute walk from the Yard to my father's office. I resolved that if I could not increase the distance physically, I would do so mentally. I swore off visits home un-

Illustration by Leo Acadia