Editorial

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One of the interesting deficiencies in quantitative research and modelling in finance is that of endowments. These are infinitely lived entities whose trustees act on behalf of the endowments' beneficiaries, and the endowment's happiness is measured in terms of the amount of resources bestowed. The little research that I have seen in this area is in the USA, in the case of University endowments. The endowment models, however, fit charities, research bodies, other educational institutions, and even family trusts, if we ignore the possibility of degenerate

family members wasting the asset base and terminating the trust.

The reason why there is so little research is not clear; there are huge sums of money in this sector, and the actual asset allocations are often very imaginative. Furthermore the results, in some cases, have been spectacularly successful as they have been genuine long-run investors, rather than the pension funds who claim to be long-term but tilt towards growth and momentum. All in all, this is an area of great interest.

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Editor