

# North American Institutional Markets 2020

*Strategic Partnerships and Direct Investing Models*

## OVERVIEW & METHODOLOGY

As managing investment portfolios becomes increasingly complex—especially with asset owners' adoption of esoteric asset classes—few institutional asset owners have the ability to invest directly (i.e., manage investment portfolios in-house). Those that do satisfy a nuanced combination of characteristics, such as the ownership of large asset pools and investment objectives generally centered on absolute returns. While the pursuit of a direct investing model entails several barriers to entry, a broader group of institutions are able to employ quasi-direct investing models, such as strategic partnerships and co-investments. In this report, Cerulli provides greater definition of these institutional asset management models and explores the trends driving their adoption.

This report also includes Cerulli's comprehensive institutional asset sizing, which allows managers to determine the business opportunity. The asset sizing gives readers insight into Cerulli's proprietary market segmentation, allowing them to focus on certain opportunities and build a targeted distribution strategy. Dedicating a chapter to each channel, this book explores the traits of different investor types and the challenges they face, giving readers a breadth of understanding.

## USE THIS REPORT TO

- Gain insight into vehicle trends and institutional investors' pursuit of direct and quasi-direct investing models
- Analyze granular sizing and a comprehensive analysis for a variety of client segments in the U.S. institutional market
- Review trends surrounding asset managers' use of institutional product vehicles
- Gain insight into Canada's retirement market and endowment market

## QUESTIONS ANSWERED

- What are the various U.S. institutional channels, how large are they, and what are the relevant opportunities for third-party asset management firms?
- How are institutional investors pursuing direct investing and quasi-direct investing models?
- What are the various types of institutional strategic partnerships, and what are the responsibilities of each partner?
- Which investment vehicles are poised for growth in the institutional space?
- How should managers target various institutional channels in North America, and what level of influence do intermediaries have?

## PRODUCT DETAILS

### Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

### Interactive Report Dashboards

*Interact and explore select report data with Cerulli's visualization tool.*

- **Public Pensions Navigator:** Evaluate the state of the public pension market in the U.S. with an interactive heatmap depicting state-by-state total holdings and investments, a breakdown of holdings and investments by public pension type, and a complete list of each individual pension plan and its assets. All data can be filtered by year, region, government level, and institution asset size.
- **Corporate Plan Sponsor Navigator:** Review an interactive heatmap depicting a complete sizing of U.S. retirement assets, including defined benefit (DB) and defined contribution (DC) plan assets and an analysis of the top-25 corporate sponsors. All data in this dashboard can be filtered by plan type, employer type (multiemployer, multiple employer, and single employer), sponsor region, sponsor state, and sponsor industry.
- **Endowment Navigator:** Explore Cerulli's interactive map of public and private endowments in the U.S. with filters by region, state, public or private status, enrollment size, tax risk, and institution asset size. Further analysis is displayed for each individual endowment, including the institution's profile, historical endowment assets, and detailed expense and revenue breakdowns for up to the past 10 years.
- **Custom Institutional Markets Asset Projections:** Analyze a complete sizing of the U.S. institutional market with current asset levels and projections for the next five years. This chart can be filtered by market segment and growth rates can be customized to view user-generated projections.



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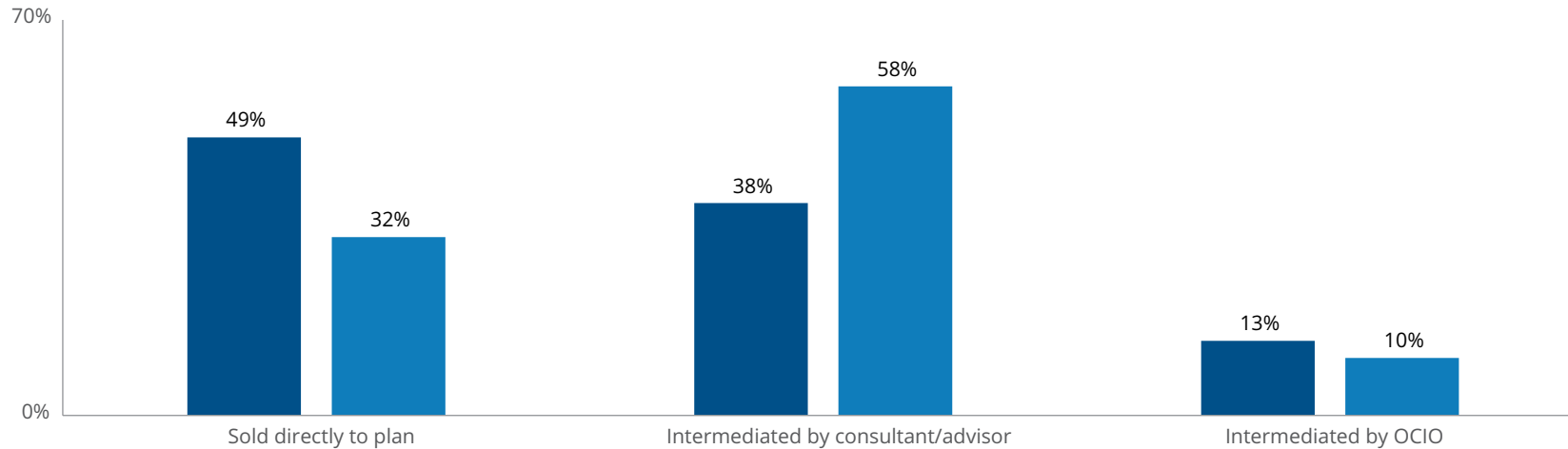
**Exhibit 3.09**

**CIT Sponsors: Intermediation of CIT Plan Assets Distribution, 2019**

Sources: Cerulli Associates, in partnership with the Coalition of Collective Investment Trusts

Analyst Note: Assets are weighted by sponsors' total CIT assets.

■ Asset-weighted ■ Equally-weighted



- Over half (51%) of CIT assets are intermediated through an investment consultant or OCIO, while the remainder (49%) is sold directly to the client from the CIT sponsor. When the data is weighted equally, it shows a much smaller portion (32%) of business is sold directly; the portion of relationships that were sold directly are made up of larger clients on average.

**Key Implication:** Consultants play an important role in the growth of CITs. As intermediaries often serve as a “matchmaker,” they can play a vital role in the product development process. When the CIT product development process is manager-initiated, it often takes the form of a manager reaching out to a consultant to inform them that it is interested in managing a CIT, and then the consultant will survey its plan sponsor clients to see whether there is interest in seeding a fund.

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