

U.S. Outsourced Chief Investment Officer Function 2021

Revisiting Performance Track Records

OVERVIEW & METHODOLOGY

This annual report covers U.S. outsourced chief investment officer (OCIO) market sizing, expected growth, opportunities, challenges, service models, and more. Interviews with OCIO providers, search consultants, and asset managers provide context over what strategies are used to manage challenges and grow sales.

This year's thematic re-visits last year's topic covering performance reporting, with updates on industry-wide efforts to add additional transparency and comparability across OCIO firms. Cerulli looks at the growth of the Alpha Nasdaq OCIO indices and how they are viewed by providers, search consultants, and asset owners. The chapter also checks in on the progress of GIPS (Global Investment Performance Standard) adoption and what the first round of 'competitive tendering' in the U.K. indicates about the importance of performance standards in the U.S. Cerulli also touches on the role that OCIO providers have in helping asset owners incorporate environmental, social, and governance (ESG) into their investment portfolio that better reflect the owners' sentiment on what aspects of ESG are important to them.

USE THIS REPORT TO

- Predict trends in adoption of the OCIO model by nonprofit organizations (endowments, foundations, and health & hospital systems) in light of the strain on day-to-day operating budgets due to the pandemic
- Gain insight into the future of standardization for performance reporting and fee disclosure in OCIO
- Assess the outlook and role that replacement searches are anticipated to play in overall OCIO volumes in the next few years
- Size the U.S. OCIO market, which includes several assets under management (AUM) breakouts, growth rates, and a provider leaderboard
- Review the OCIO services and fees landscape, including opportunities and challenges that exist for providers and key recommendations for successful relationships

QUESTIONS ANSWERED

- What types of clients, AUM levels, and asset allocation and investment solutions should firms expect OCIO clients to seek in 2022 and beyond?
- What investment-related and support services are seen as critical to being competitive in the OCIO space?
- How are asset managers seeking to do business with OCIO providers covering the space from a sales and marketing perspective?
- How does ESG play a role in asset owners choosing to work with an OCIO provider?
- What are the warning signs that a current OCIO client may be considering a replacement search?

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.

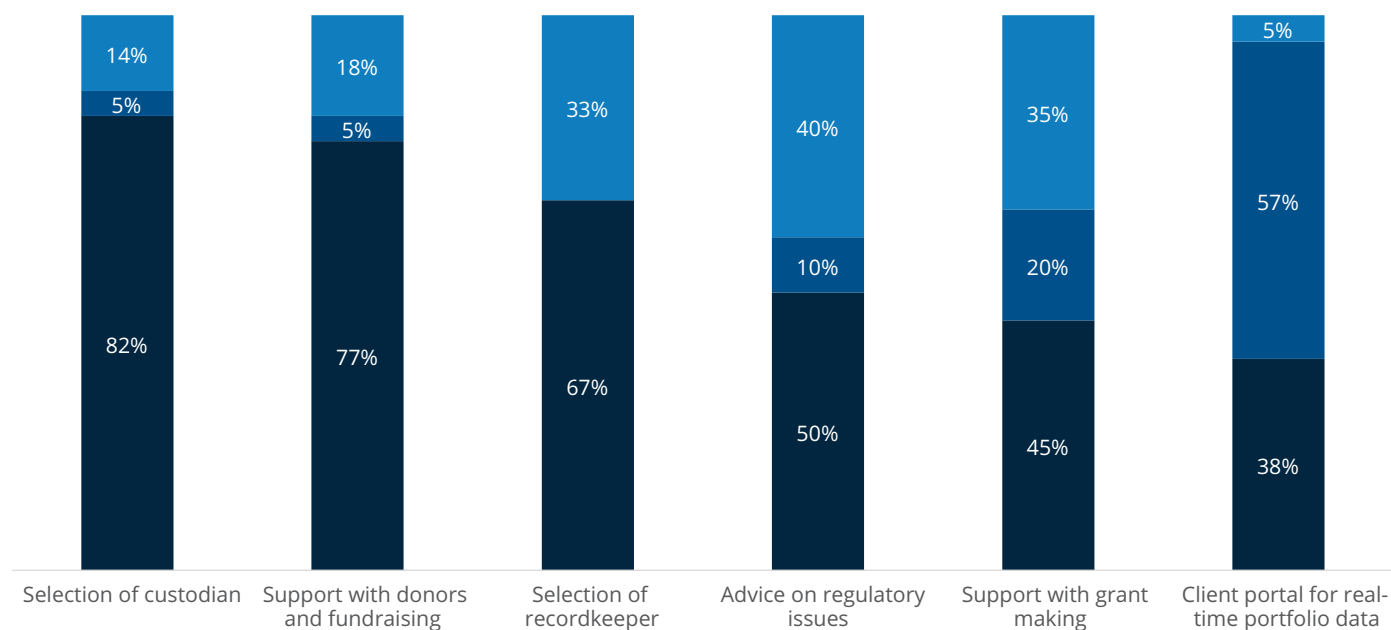
- **Custom OCIO Projections:** Review historical and projected U.S. OCIO AUM with customizable growth rates and filters by client type, including corporate defined benefit (DB), corporate defined contribution (DC), endowments, foundations, health and hospitals, and private wealth.
- **OCIO Growth:** Understand the importance of both retirement and non-retirement client segments to the growth of OCIO assets over the next two years, as well as the anticipated growth of client assets broken down by portfolio size. All data can be filtered by retirement and non-retirement client segments, as well as total and sleeve of portfolio mandates.
- **Asset Allocation Comparison:** Evaluate OCIO providers' anticipated changes to asset allocation across client types, including corporate DB, corporate DC, and endowments and foundations.
- **OCIO Fee Distribution:** Analyze the average fee distribution for OCIO services by client asset levels for corporate DB and nonprofit clients.
- **Firm Profiles:** Explore firm profiles for 15 major OCIO providers, including firm AUM, share of worldwide and U.S. AUM in partial and total portfolio mandates, share of client types, headquarters location, headcount, year established, and percentage of firm revenue in OCIO business.

Exhibit 5.06

OCIO Support Services Provided to Clients, 2021

Source: Cerulli Associates

■ Currently offer ■ Considering offering ■ Not considering



- Selection of custodian is the most commonly offered support service listed by OCIO providers (82%), with 77% saying they offer fundraising support.
- The majority (57%) of OCIO providers tell Cerulli they are considering adding a client portal to their lineup of services in the near future.

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