



A Chestnut Solutions Institute Webinar

Asset Owners' Guide to OCIO and Investment Solutions

September 19, 2024

Chestnut Advisory Group: What We Do

A boutique, practitioner-led management consulting firm dedicated to asset managers and investment solutions providers

Products & Solutions

Product line reviews and market suitability assessments
Product development and positioning
Optimizing solutions & OCIO capabilities

Distribution Strategy

Team and organization structure
Custom market research
Resource optimization

M&A Strategy

Identify and evaluate best-fit acquisition targets
Analyze disposition candidates
Post-acquisition integration planning



Go-to-Market Strategy

Firm and capability messaging
Marketing collateral and thought leadership optimization
Marketplace visibility and brand building

Implementation & Coaching

Distribution leadership coaching
Sales training program design
Client engagement strategy and value maximization

Chestnut Solutions Institute

Independent forum for solutions providers and their partners
Education and expansion of the solutions marketplace
Establish and promote strong operating standards

Today's Speakers: Institute Co-Founders



Amanda Tepper
Managing Partner

Alliance Bernstein
Global Director of Sr. Portfolio Management
Team

Bank of America
Associate Director of Equity Research

JP Morgan
Institutional Investor All America Team-ranked
Equity Analyst



**Ravi
Venkataraman**
Managing Partner

MFS Investment Management
Head of Investment Solutions
Head of Consultant Relations

Mercer Global Investments (OCIO)
Founder, President, Chief Investment Officer

Mercer Investment Consulting
Worldwide Partner, Region Head and Senior
Consultant



Michele Browne
Executive Director

Jarislowsky, Fraser Limited
Director, US Institutional Management

JP Morgan Chase
VP, Institutional Equity Sales

Citigroup
Director, Institutional Equity Sales

The Chestnut Solutions Institute™

How does the Institute achieve its goals?

What is the Institute?

The Chestnut Solutions Institute™ is an independent forum for investment solutions providers, clients and their partners, dedicated to advancing the future of the investment solutions industry

What is its mission?

- Educate the marketplace and investors about the OCIO/solutions industry
- Help establish and promote high ethical operating standards and business best practices
- Promote a fair and level playing field by enhancing transparency and advancing holistic measurement of client outcomes, performance and value



Thought leadership and research

Timely market research and thought leadership into issues affecting solutions businesses



Peer-to-peer forums

In person and virtual forums promoting dialog, understanding, and transparency



Visibility and growth

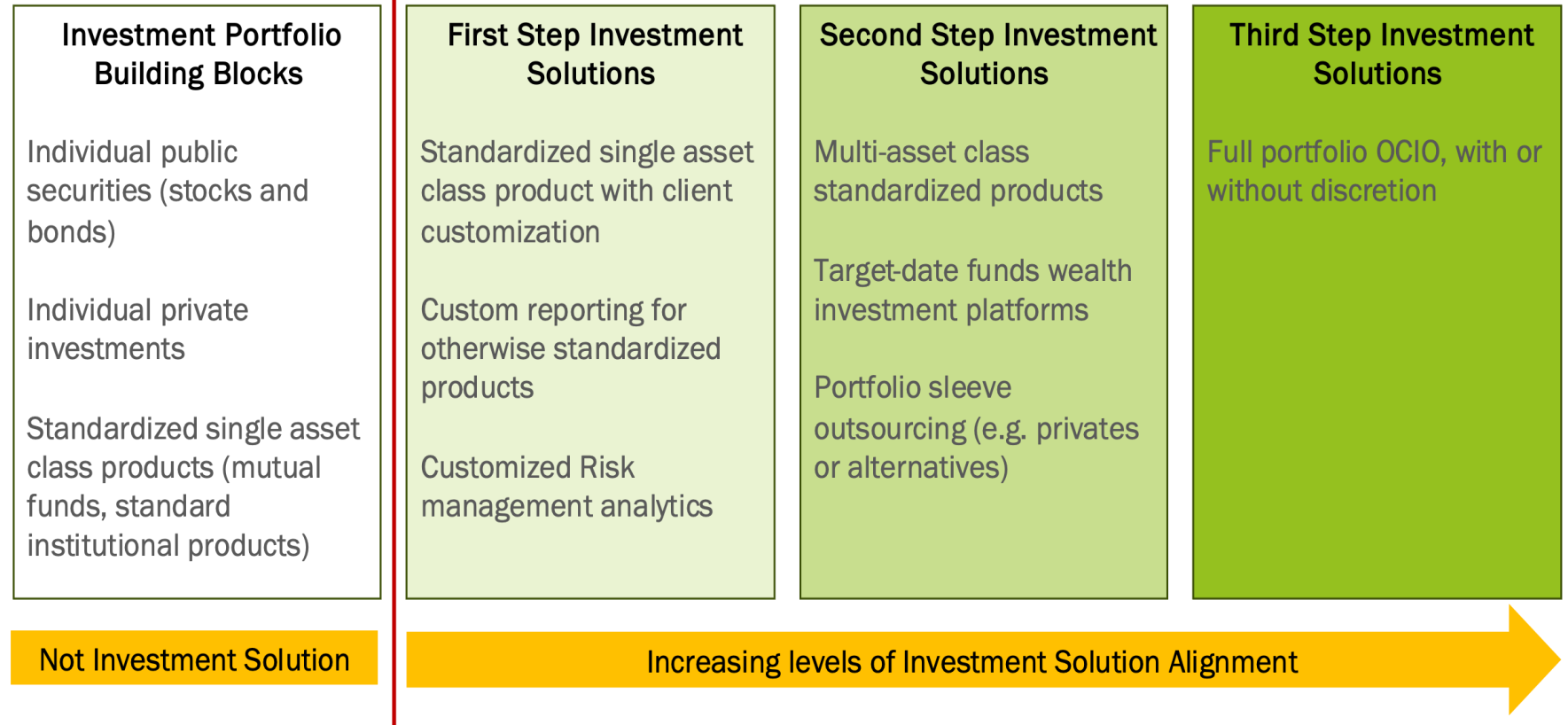
Grow the market across current and emerging client segments via publicizing our research and hosting exclusive events directly engaging solutions buyers

Solutions Meet Pressing Investor Needs

The Institute's Definition of Investment Solutions

The Institute defines investment solutions as all investment products and services whose primary goal is to meet the specific needs of a unique investor or set of investors.

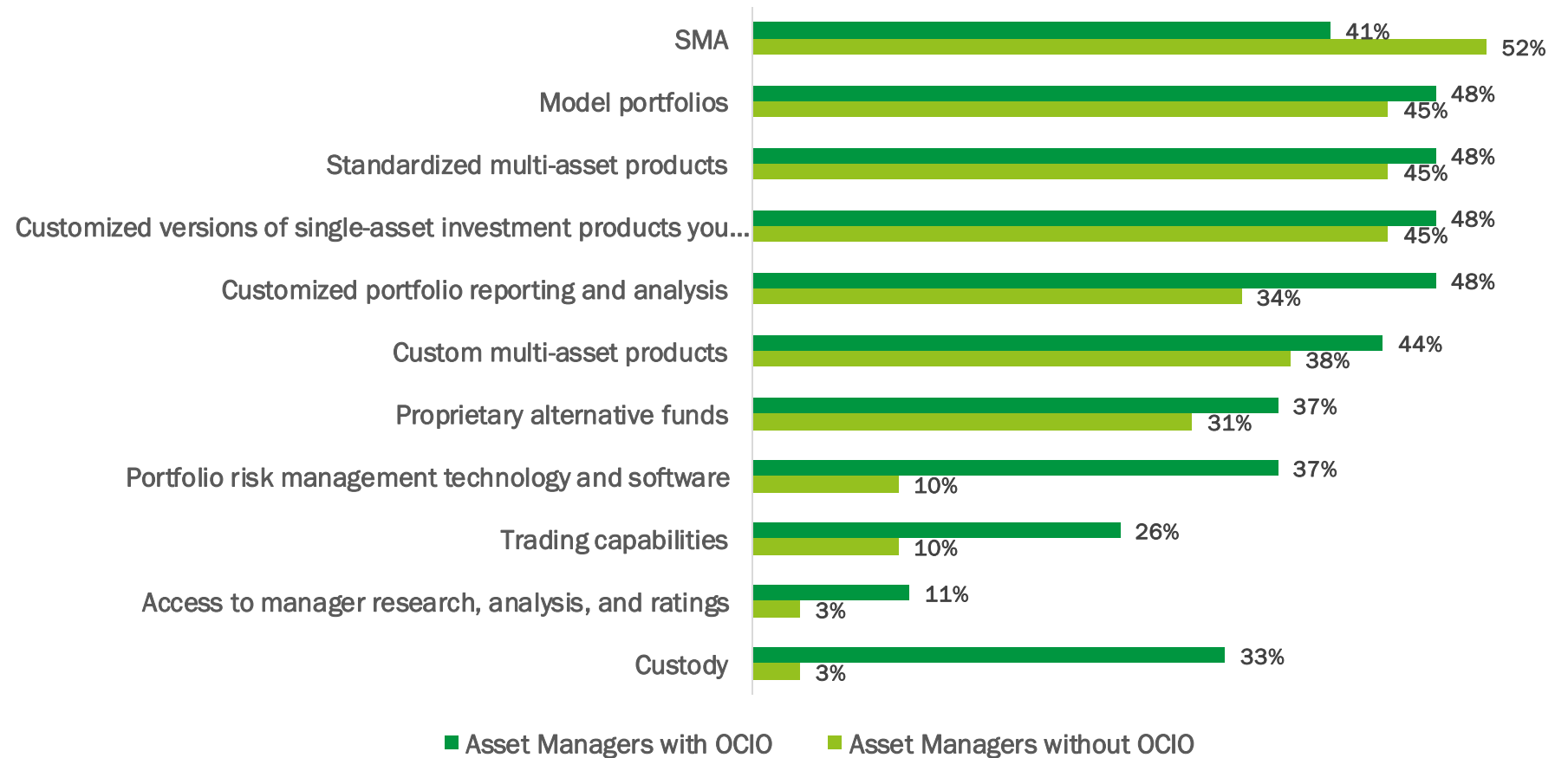
A Framework to Define Investment Solutions



Investors' Use of Non-OCIO Solutions Is Growing

Asset Manager Investment Solutions Products and Services

% Respondents offering each investment solution



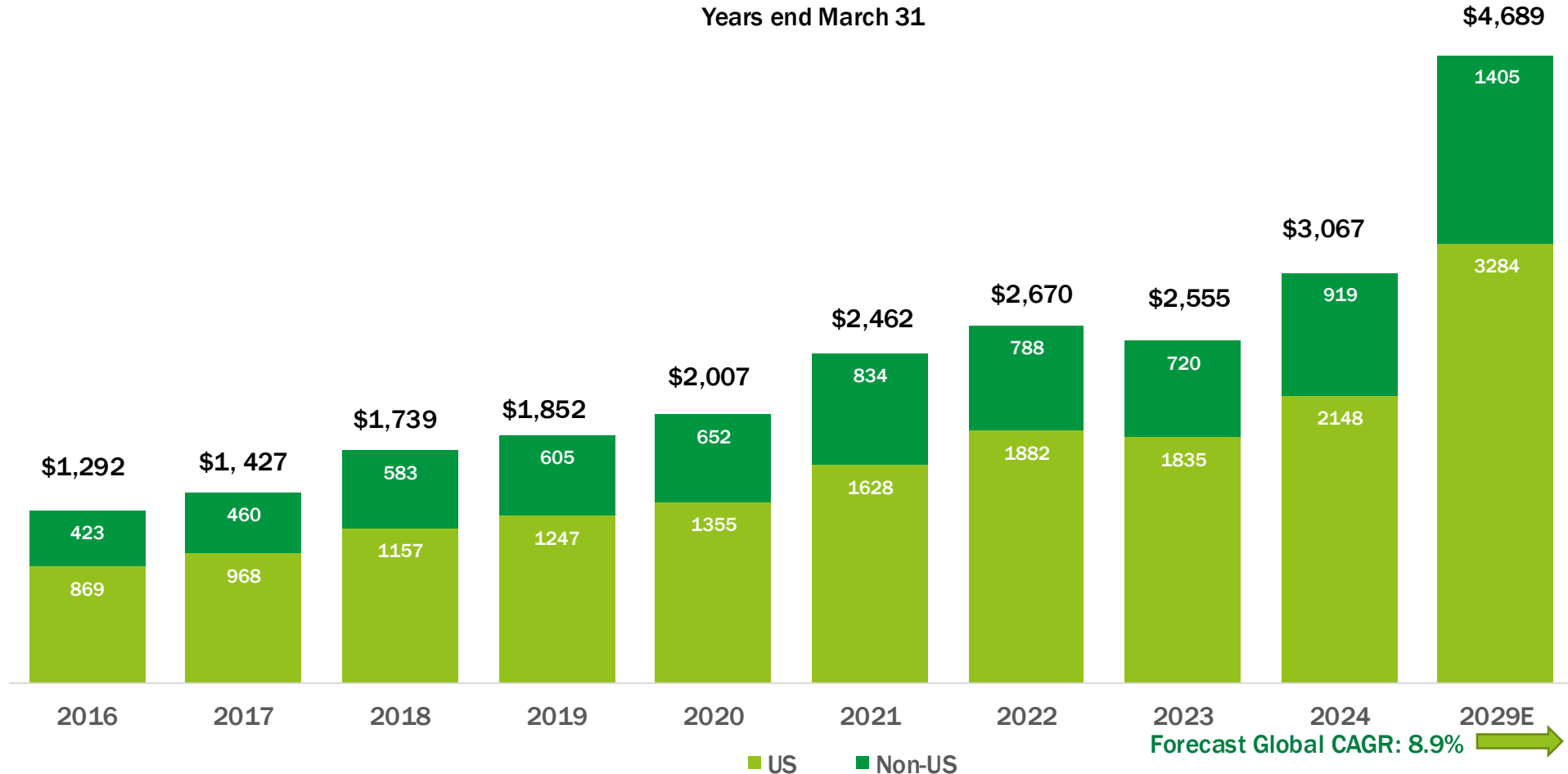
Source Chestnut Advisory Group

* 30% of non-OCIO Asset Manager Respondents, CSI Marketplace findings, 2023

*More than ¾ of ALL asset manager clients, both institutional and retail, are using at least one investment solutions product.**

Rapid Growth of OCIO and Solutions

Global OCIO AUA, \$b
Years end March 31



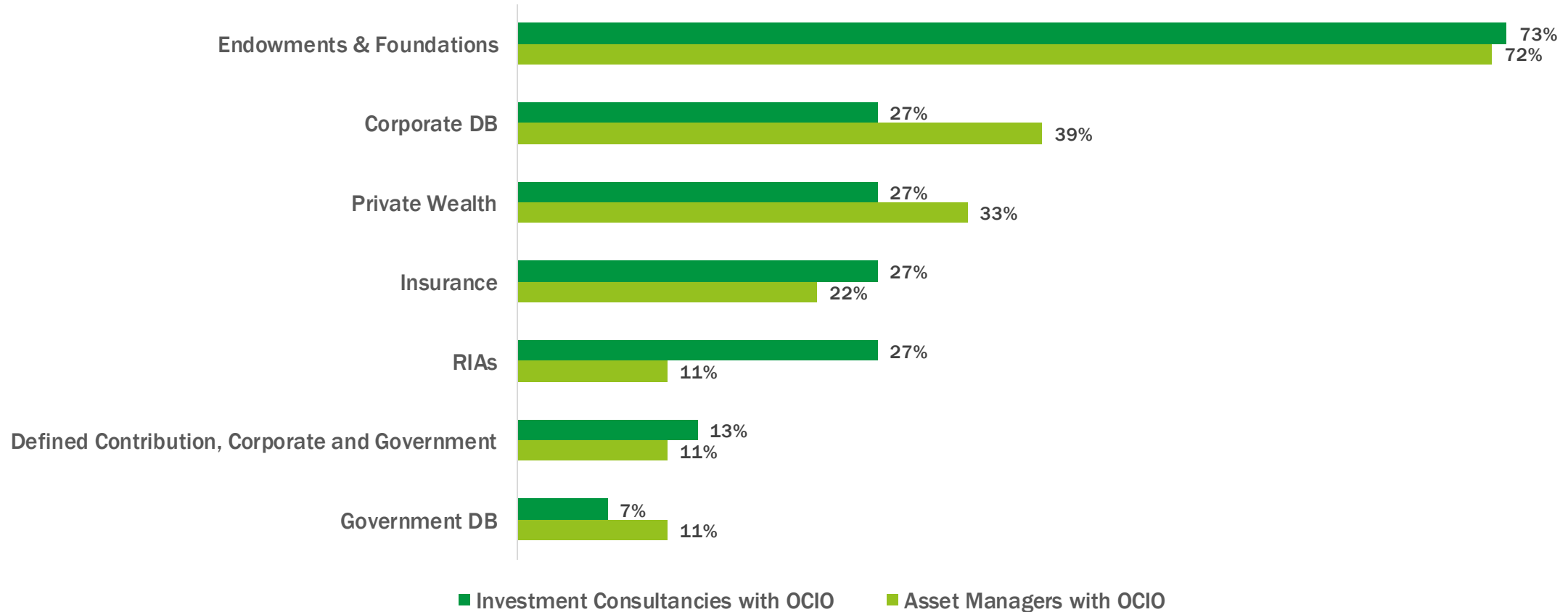
Source Chestnut Advisory Group, Pensions & Investments

All Investor Segments Are Increasing OCIO Usage

Chestnut Proprietary Solutions Marketplace Research

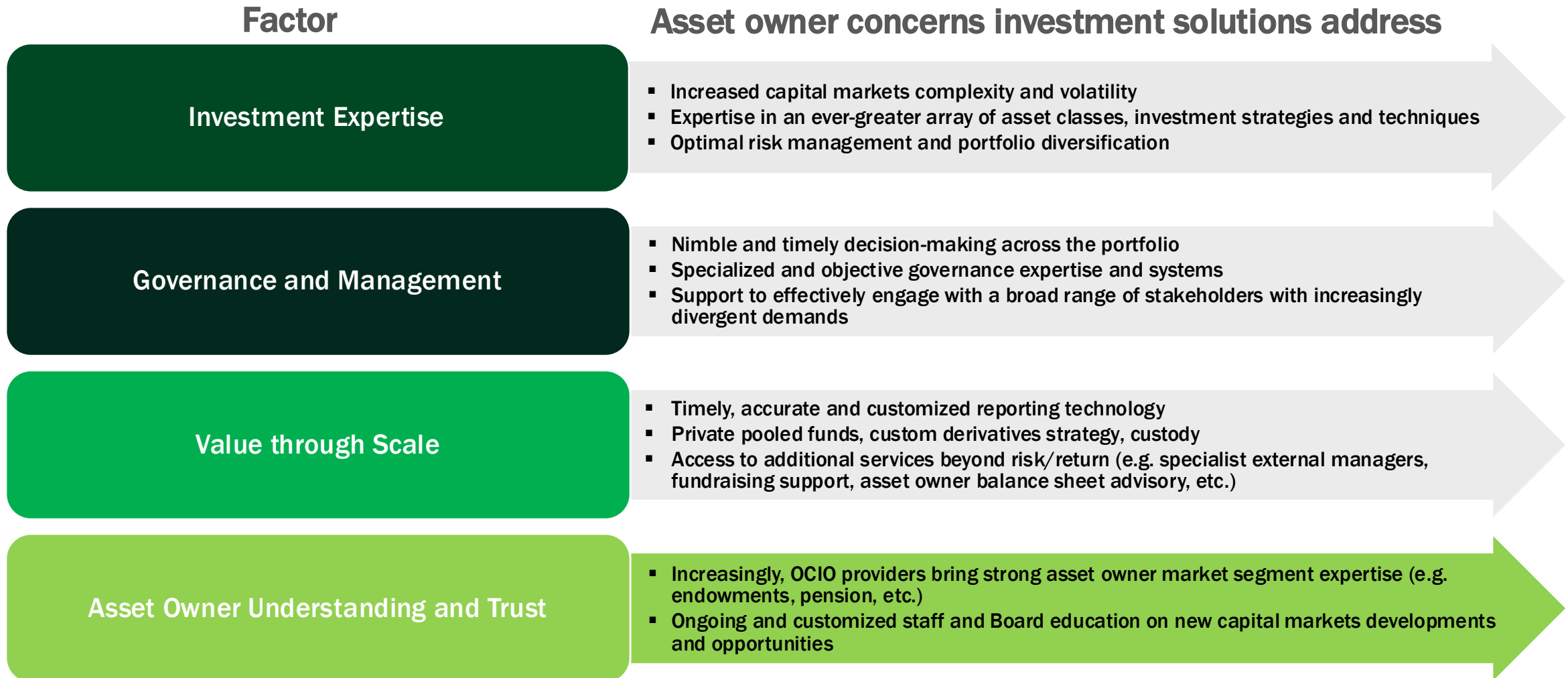
Highest Growth OCIO Investor Segments

% OCIO Respondents Forecasting High Growth for Each Segment



Evolving Investor Needs Driving OCIO Adoption

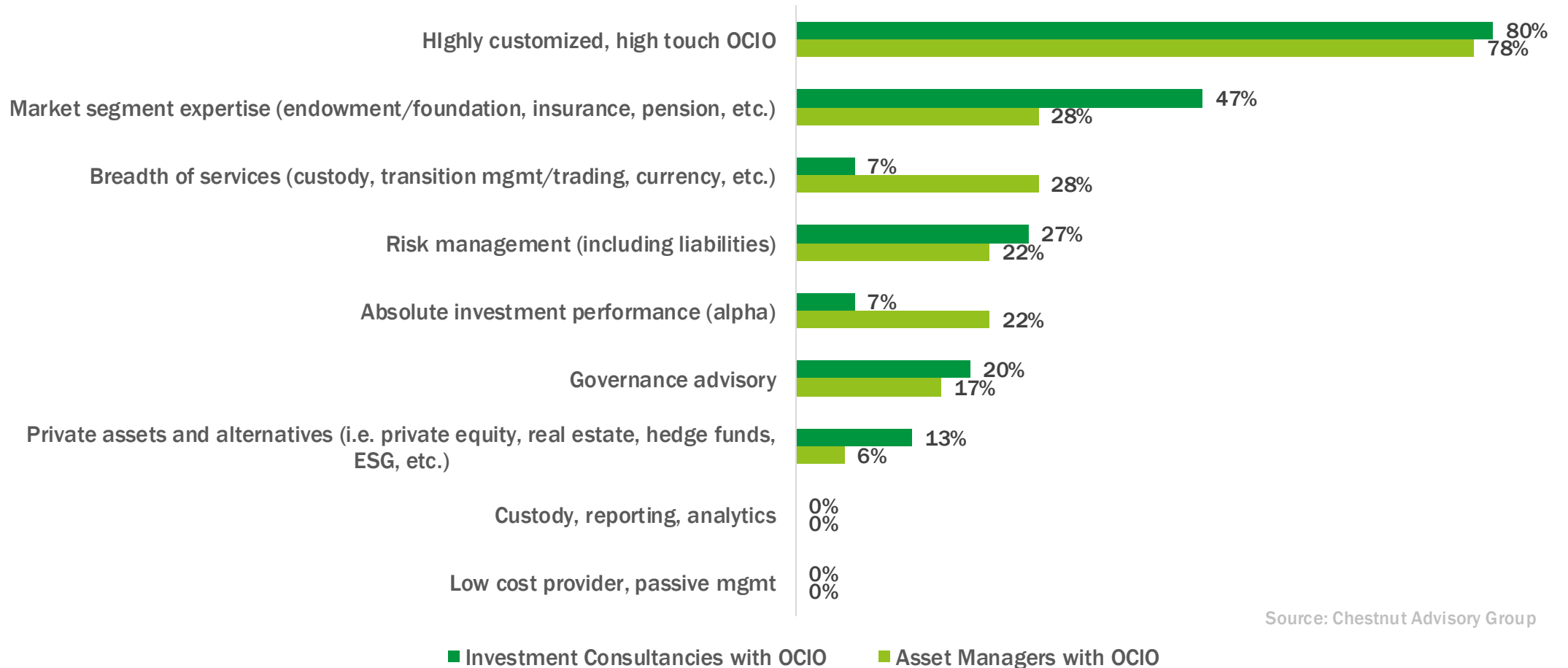
Investment solutions can lead to better **holistic outcomes** for asset owners



OCIO Provider Core Competencies Vary

Top OCIO Core Competencies

% OCIO Respondents Ranking Element as a Top 2 Competency of Their Firm



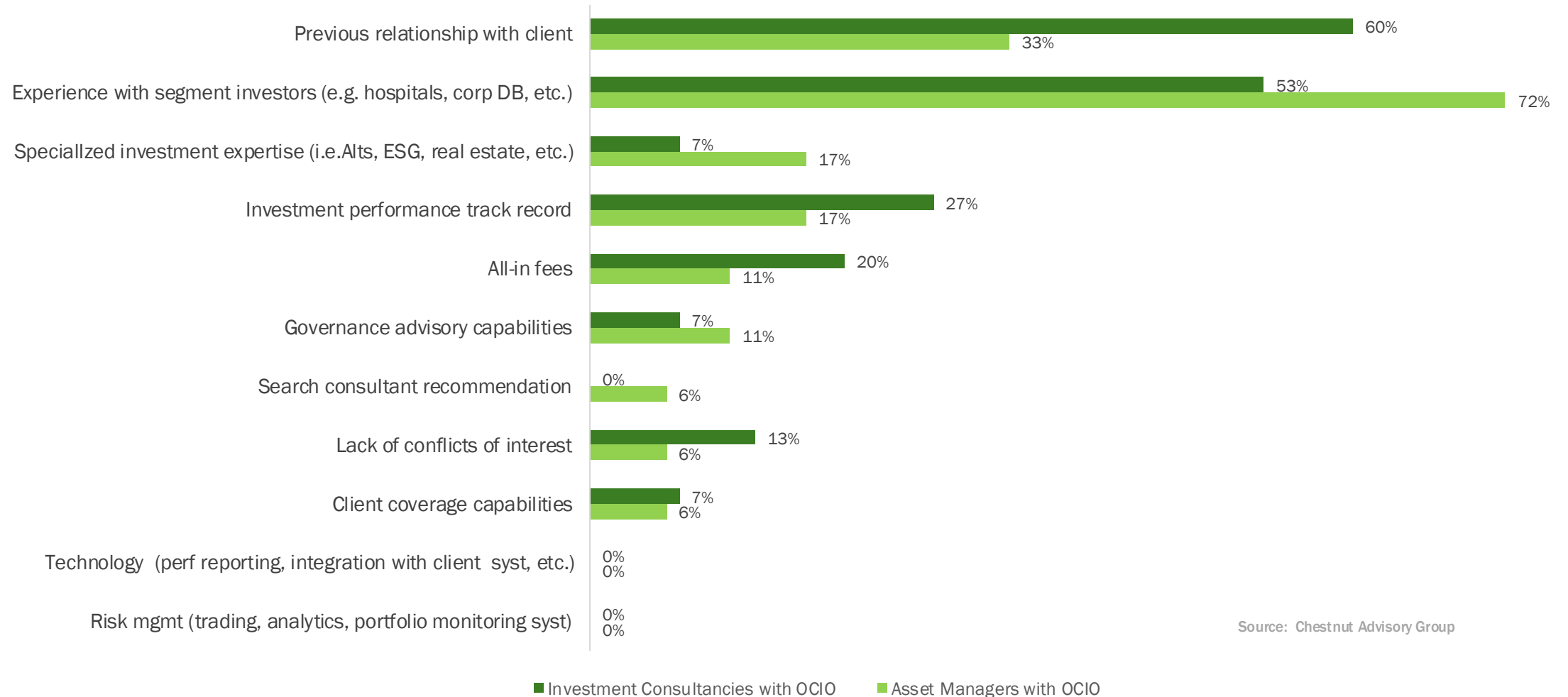
Source: Chestnut Advisory Group

Investors Hire OCIOs Who Know Them Well

Chestnut Proprietary Solutions Marketplace Research

Actual Investor OCIO Hiring Factors

% OCIO Respondents Ranking Element as a Top 2 Factor Driving their Firm's Recent OCIO Wins



Source: Chestnut Advisory Group

Asset Owner Toolkit

A resource center for asset owners and Institute members

Key Toolkit Elements

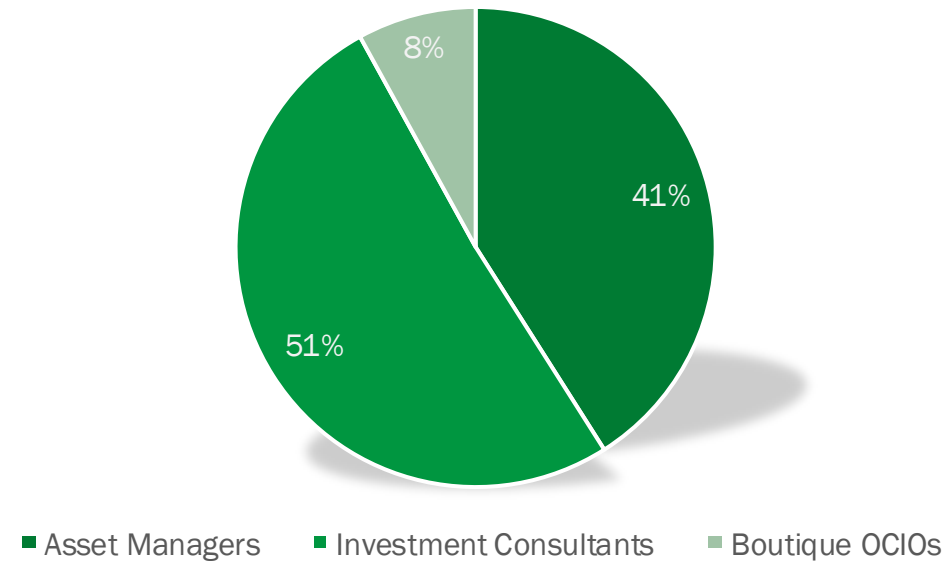
- Defining Solutions
- Why investment solutions are growing so rapidly
- The solutions marketplace
- Selection and evaluation
 - Process
 - Capabilities framework
 - Provider types
- Case studies
- Solutions due diligence checklist

The new definitions and frameworks we propose aim to help the investment solutions industry move toward the widely-accepted standards and norms enjoyed by other, more mature industry segments.

OCIO Provider Models Today

Chestnut Proprietary Solutions Marketplace Research

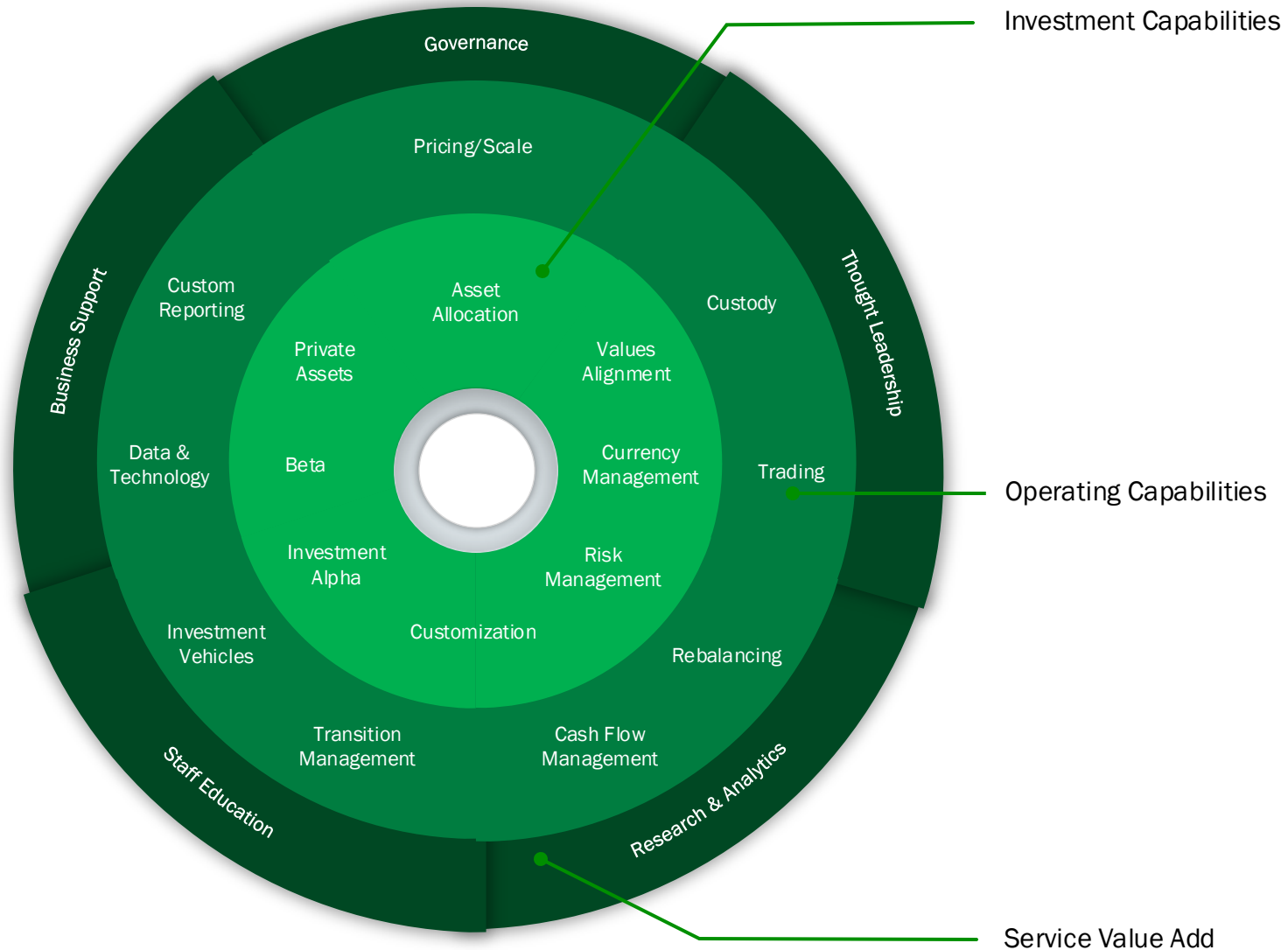
Share of Worldwide OCIO AUM by Firm Type, 2023



Types of OCIO Providers	Distinguishing Features/Core Competencies
OCIO Specialist / Investment Office	Market segment expertise Investment / performance focus Manager research
OCIO Generalist / Consultant	Diversified market segment(s) expertise Investments plus value-add capabilities Manager research
Asset Manager	Alpha generation Trading, risk oversight Resources
Bank	Breadth of services Custody Cost, scale
Insurance Company	Liability solutions Cost, scale
Financial Advisor	Knowledge of retail investor Personalization

Source: Chestnut Advisory Group

Investment Solutions Capabilities – Chestnut Rubric



Source: Chestnut Advisory Group

Holistic Value Measurement

Why is it needed?

For Asset Owners:

- To improve governance: for investment committees and boards to stay on the same page
- To bring a more systematic approach to provider evaluation and resist anchoring bias
- To encourage asset owners to lengthen their time horizons for evaluation
- To encourage a partnership approach to solutions/OCIO relationships with a strong mutual understanding of success measures

For Solutions/OCIO providers

- To get the client to move beyond the often-narrow focus on performance and fees
- To demonstrate the value of all the investment and non-investment alpha being provided
- To encourage a partnership approach to solutions/OCIO relationships with a strong mutual understanding of success measures

A more holistic way of presenting and evaluating the holistic value proposition of a provider or asset manager

Solutions Institute Marketplace Impact

Broadening and deepening the Institute's engagement with solutions industry stakeholders

Year One Milestones

- **62** Active institute members from **8** Founding member solutions provider firms since Institute's public launch May 2023
- **20+** mentions in industry press
- **32** senior solutions industry leaders attended CSI Member Forums
- Launch CSI public webinars
- ✓ **1,175** industry professionals have registered for CSI webinars to-date
- ✓ Featuring **12** expert speakers from Member firms
- **1,617** social media followers
- Launch online member portal providing access to all Institute reports, webinars, surveys, newsletters and videos
- Podcast launch (fall 2024)
- Launch asset owner engagement with outreach to over **7,500** asset owners via *Pensions & Investments* media partnership
- Conduct first proprietary market study, with responses from **100+** solutions industry participants
- Publish first research report, *Defining Solutions*
- Launch first Member working group, Holistic Value Measurement, including **5** senior member firms
- Publish first proprietary OCIO and search consultant provider rankings (fall 2024)
- Launch monthly Member Briefing newsletter

Events & Engagement

- Member forums in New York City (2) and Boston (1)
- Public Webinars
 - Defining Investment Solutions
 - Evaluating OCIOs: the Search Consultants' Role
 - Non-Profit Investors and Investment Solutions
 - The Shape of Solutions in 2024
 - Alternatives in Solutions
 - Asset Owners' Guide to Investment Solutions and OCIO
- Member Meetings & Discussions
 - Defining Solutions Research Findings
 - Holistic Value Measurement Working Group Findings
 - OCIO search consultant roundtable
- Institute co-founders featured on *Mastering OCIO Solutions* podcast (Dakota Live)
- Industry engagement:
 - CFA Institute regarding new OCIO GIPS standards
 - NASDAQ regarding new OCIO indices
 - OCIO search consultants

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