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# The Future of Investments

## First Look at Our Research Results

August 17, 2021

# Researching Unprecedented Industry Challenges

As the investment industry faces unprecedented challenges, Chestnut Advisory Group and Pensions & Investments partnered to conduct comprehensive research into the issues impacting the future of the investment industry, your organization and your career.

450+ investment professionals from across the industry

- Asset managers
- Investment consultants
- Asset owners/allocators
- RIA/Wealth advisers
- Fielded June/July 2021

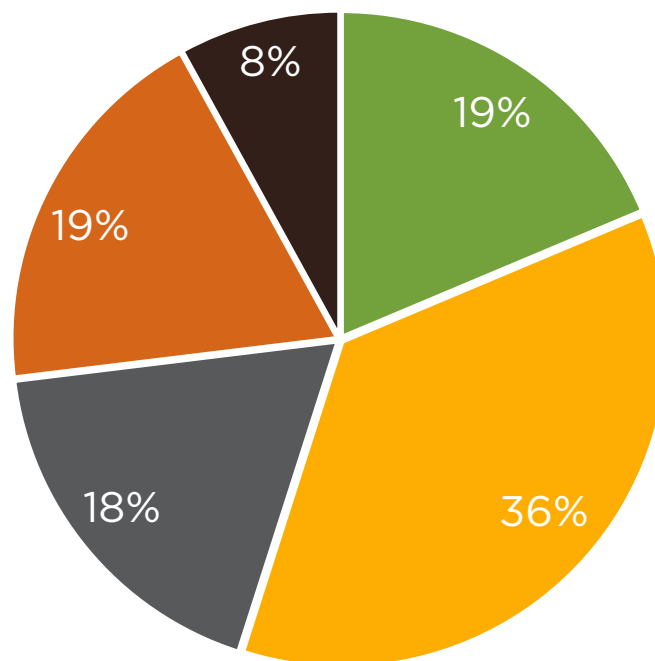
Key themes, with in-depth articles and discussions to follow...

- M&A across the investment industry
- The growth of OCIO
- Incorporating ESG and DEI into investment businesses

# Research Methodology

### Respondent Firm by type

- Asset Managers with OCIO
- Asset Managers without OCIO
- Institutional Investors
- Investment Consultants
- RIA/Wealth Advisors

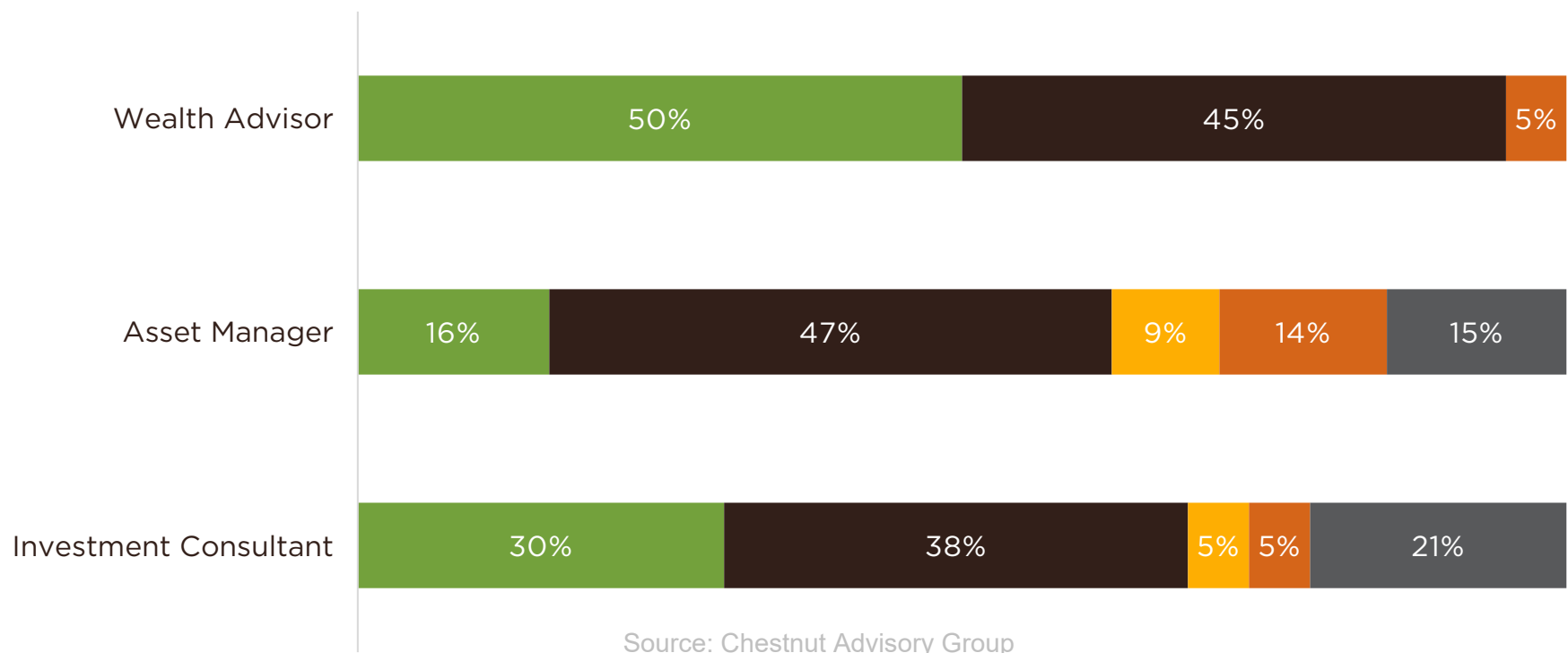


Over 450 professionals from across the investment industry participated in our study.

Source: Chestnut Advisory Group

# Participants from Across the Investment Industry...

## Respondent Type By AUM/AUA



Source: Chestnut Advisory Group

■ Below \$1B ■ \$1 - \$100B ■ \$101-\$250B ■ \$250B - \$1T ■ Over \$1T

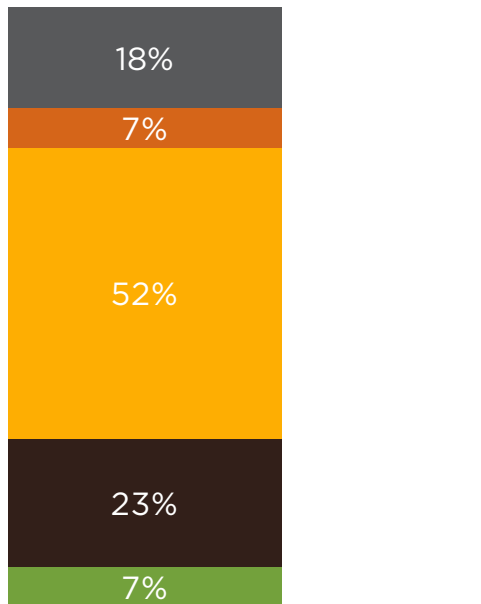


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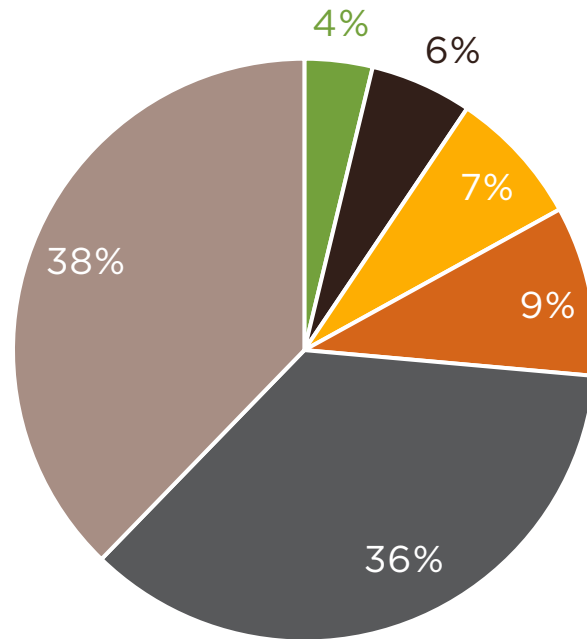
# ...and a Range of Institutional Investor Sizes and Types

Institutional Investor AUM



■ Under \$100M   
 ■ \$100M - \$1B   
 ■ \$1.1 - \$50B  
■ \$51 - \$100B   
 ■ Over \$100B

Institutional Investor Type

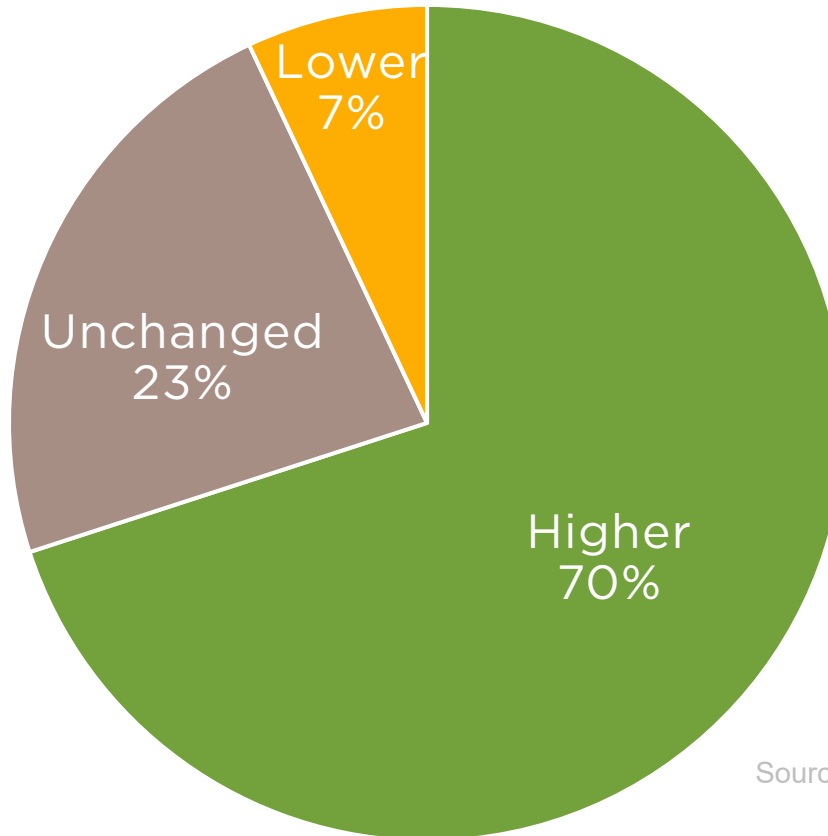


- Foundation
- Family Office
- Educational Institution
- Endowment
- Government Pension/DC
- Corporate Pension/DC

Source: Chestnut Advisory Group

# OCIO Growth Continues to Accelerate

OCIO Growth Outlook for the Next Two Years  
OCIO Respondents

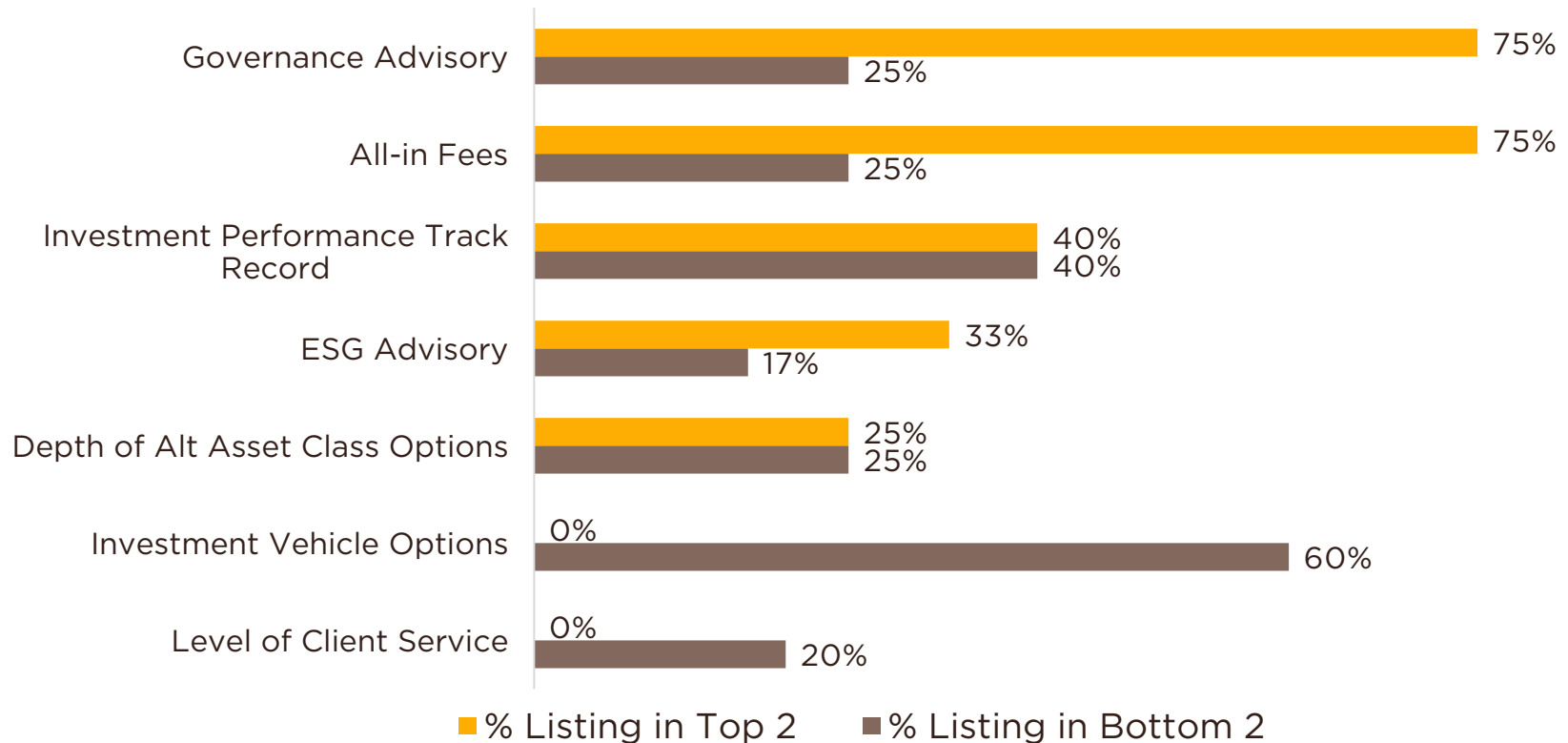


The percentage of OCIO respondents forecasting higher growth has grown by 40% over the past year.

Source: Chestnut Advisory Group

# Fees and Governance Primary OCIO Selection Factors

## Most Important Factors Driving OCIO Hiring Decision Institutional Investor Respondents



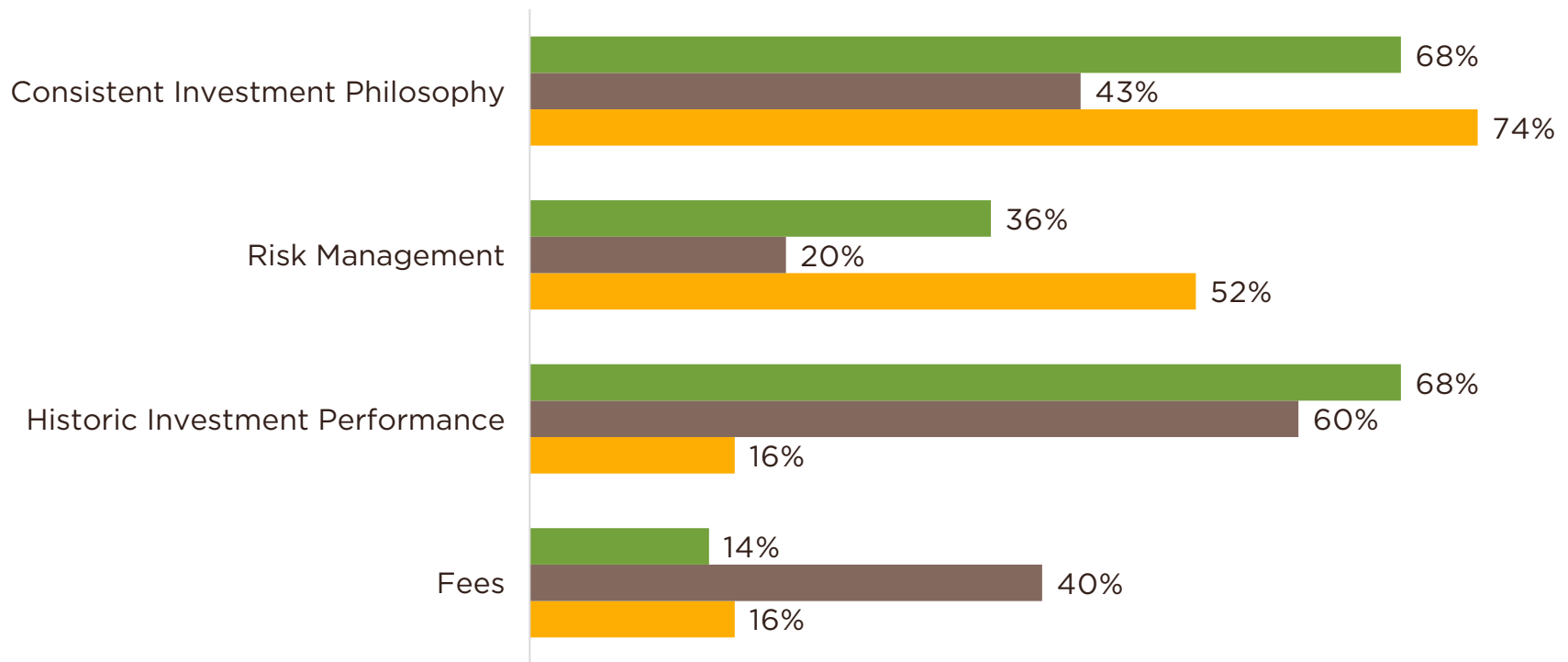
Source: Chestnut Advisory Group

# Philosophy and Risk Management Drive OCIO Manager Selection

## Attributes for Selecting Asset Managers

% rating as highly important factor by respondent type

■ RIAs ■ Asset Managers ■ OCIOs

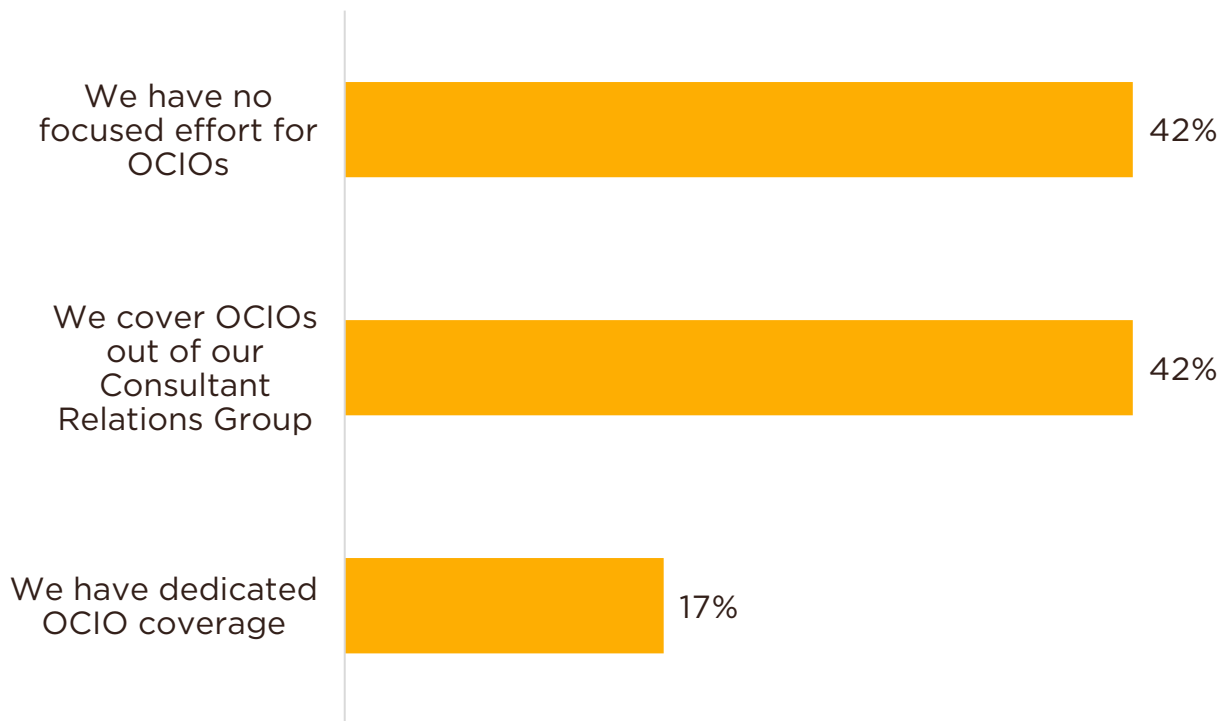


Source: Chestnut Advisory Group



# Asset Manager Coverage of OCIOs Is Evolving

## Manager Distribution Approach to OCIO Asset Manager Respondents

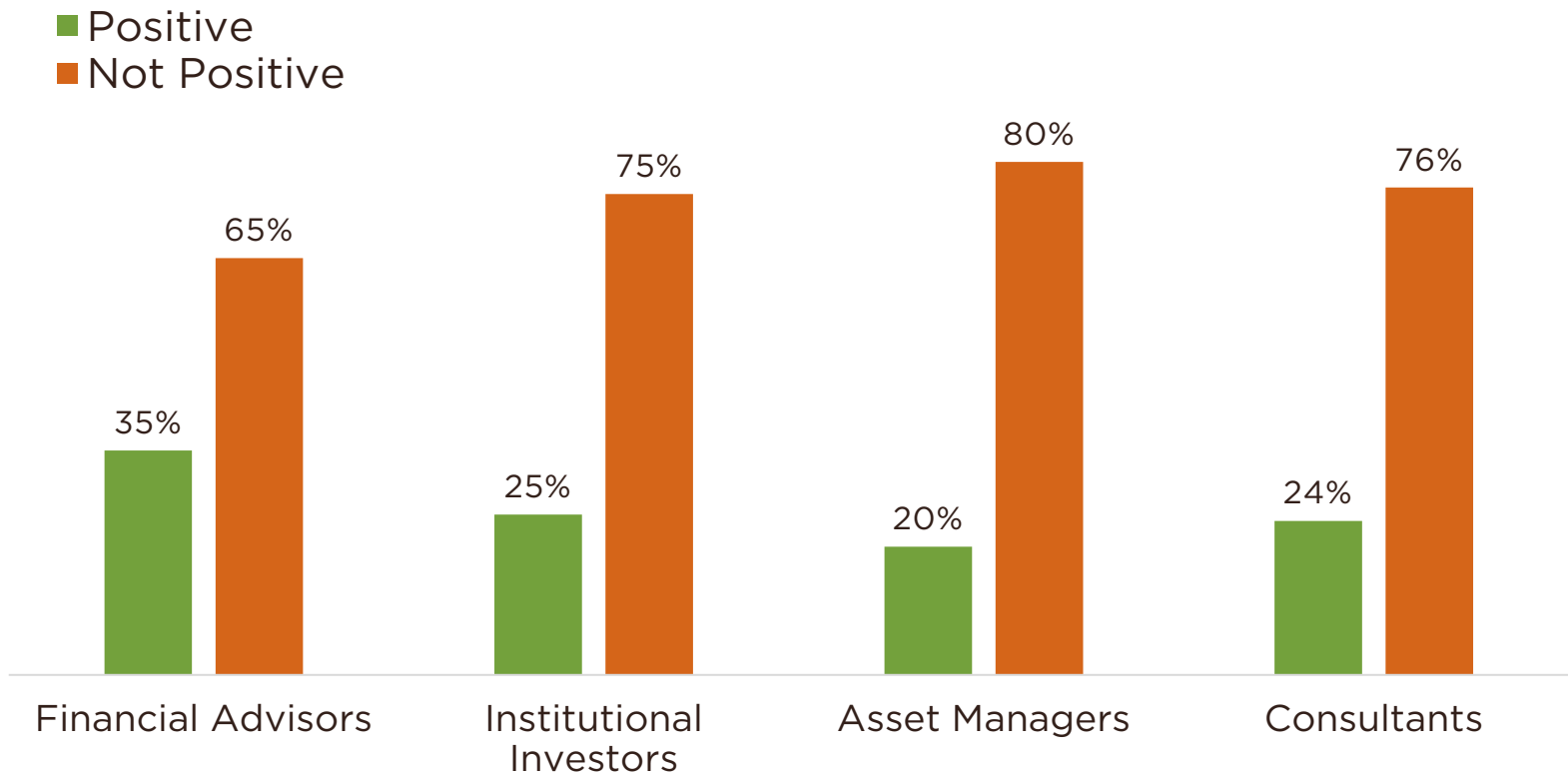


Dedicated coverage of OCIOs by asset managers is small but growing.

Source: Chestnut Advisory Group

# Asset Manager M&A Widely Viewed as Negative for Investors

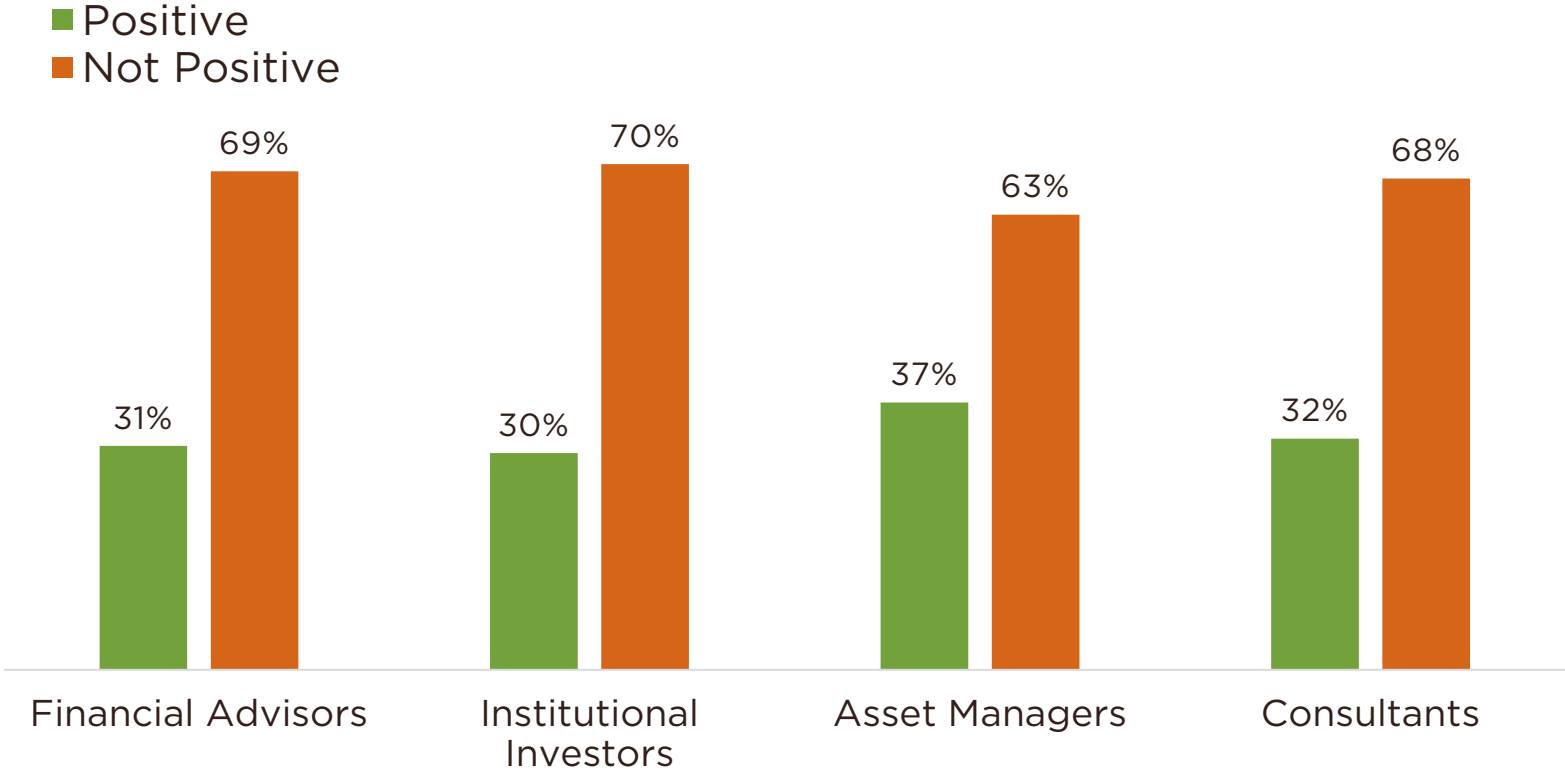
## Impact of Asset Manager M&A by Respondent Type



Source: Chestnut Advisory Group

# Consultant M&A Impact on Investors Also Viewed as Negative

## Impact of Investment Consultant M&A on Investors by Respondent Type

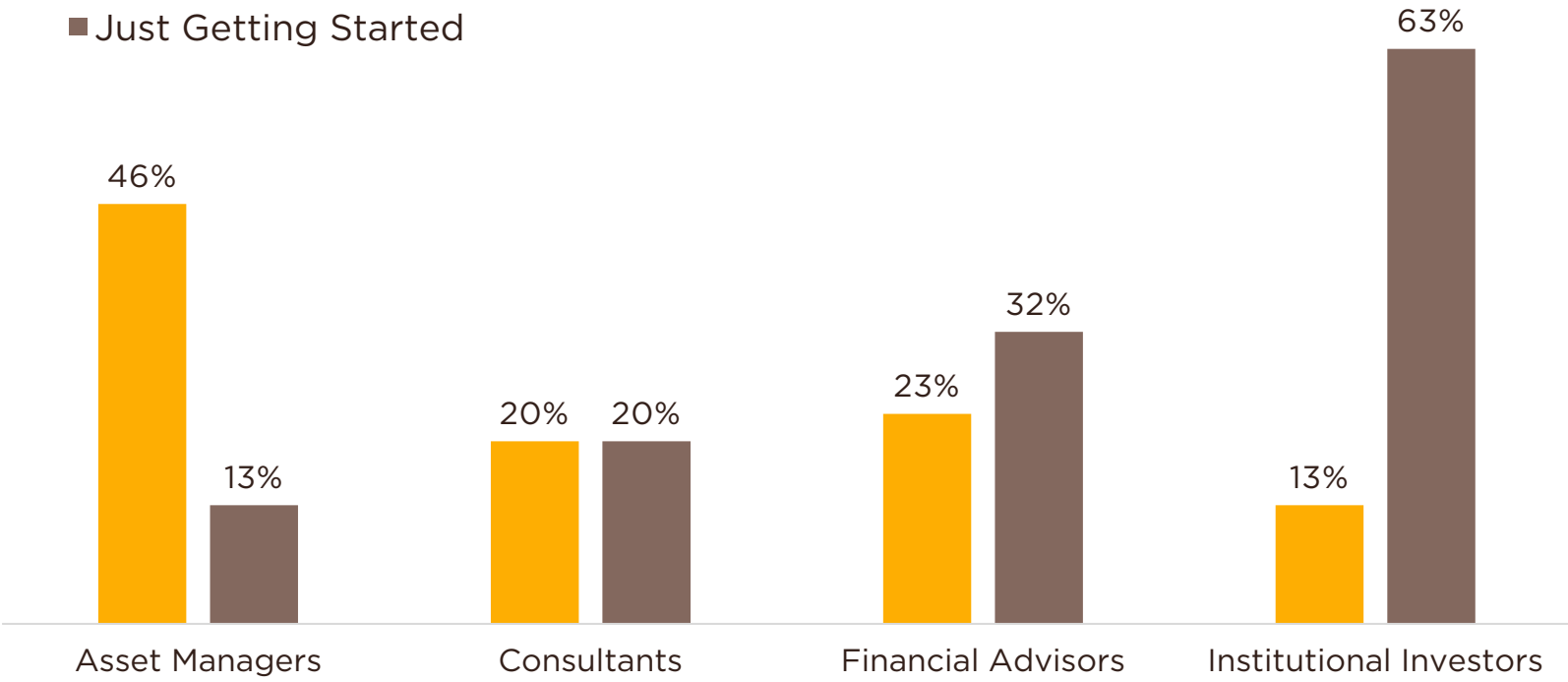


Source: Chestnut Advisory Group

# Asset Managers Believe They've Made the Most Progress Integrating ESG

## Today's Overall ESG Effort Self Rating By Respondent Type

- We Exemplify Best Practices
- Just Getting Started



Source: Chestnut Advisory Group

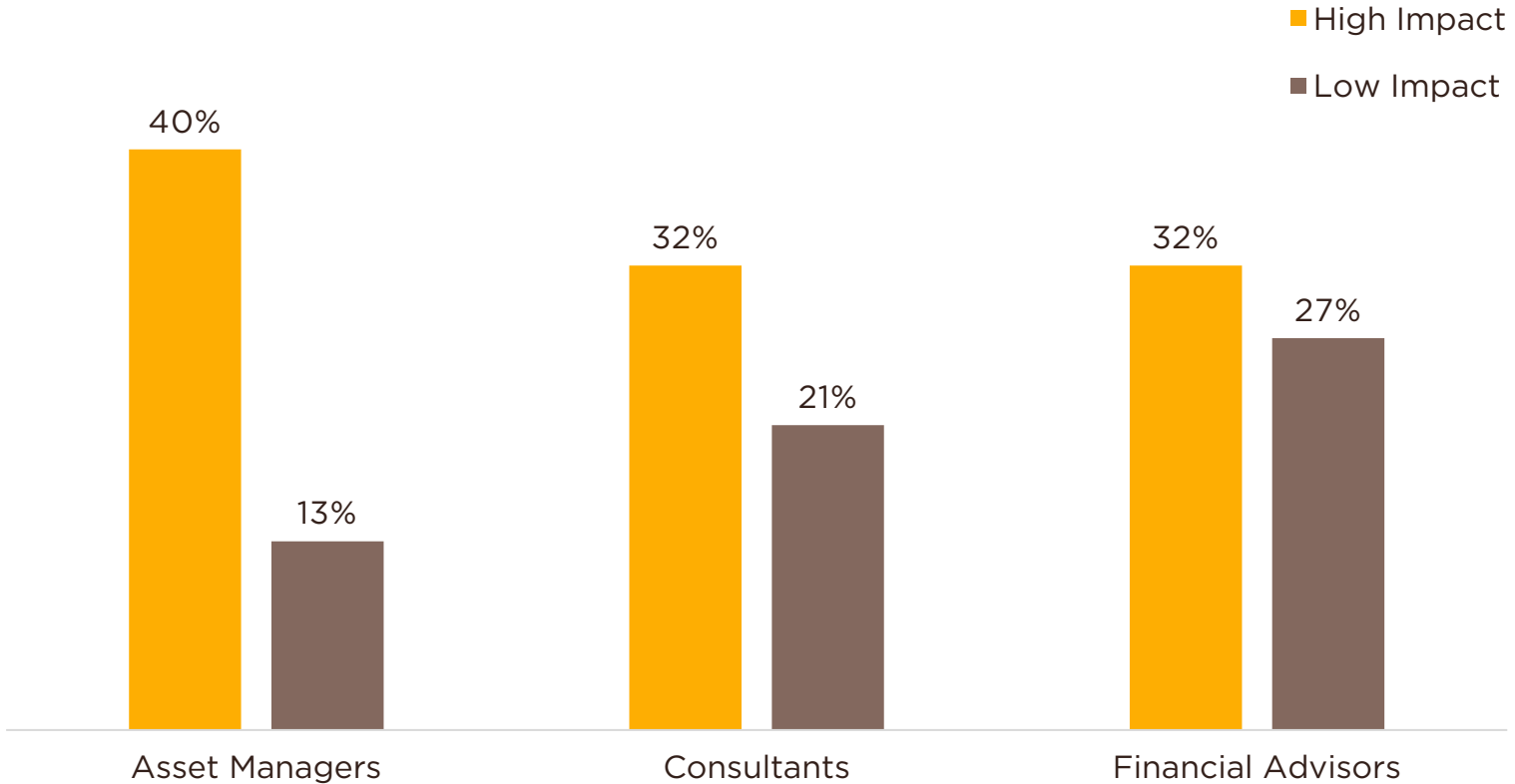


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# Manager ESG and DEI Efforts are Driving Some Flows

## The Importance of Asset Managers' ESG & DEI Efforts on Asset Flows By Respondent Type



Source: Chestnut Advisory Group

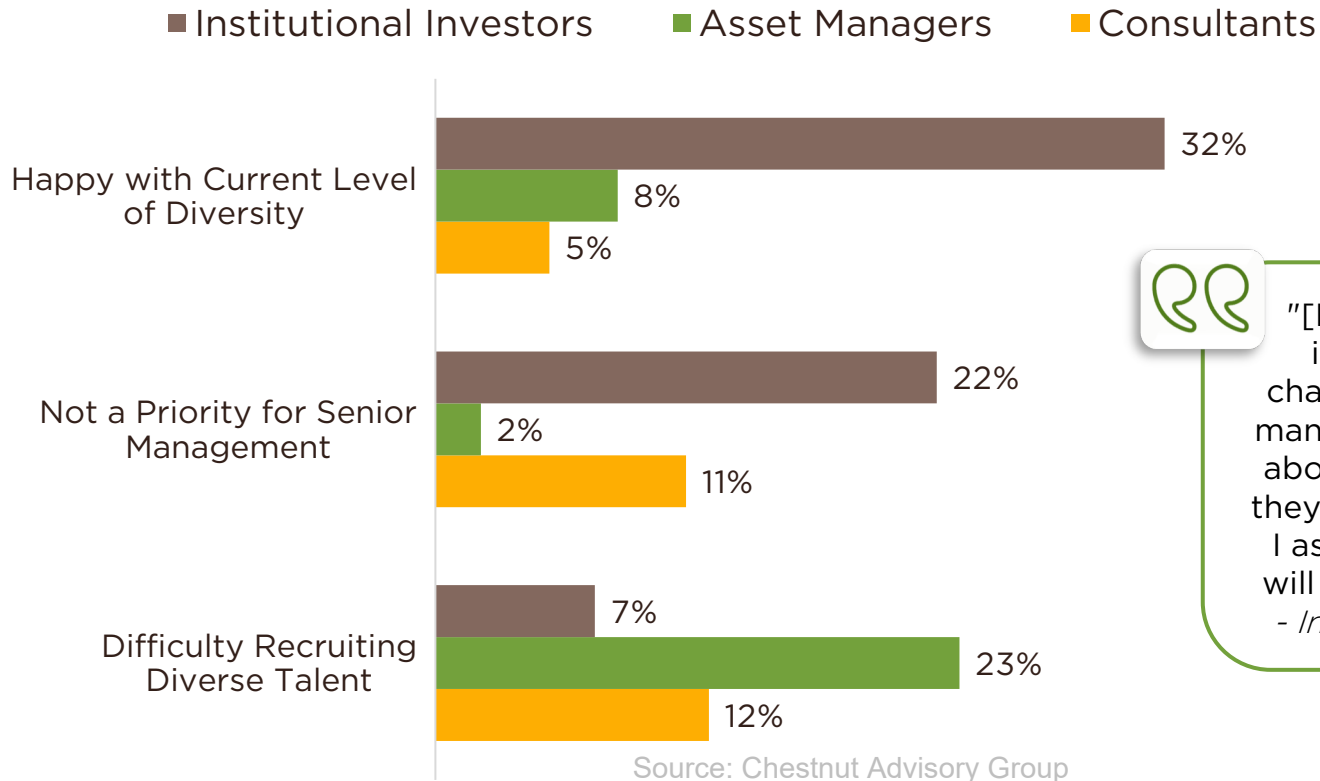


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# Barriers to Diversity in the Investment Industry

## Diversity, Equity and Inclusion (DEI) by Respondent Type



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"[Heightened investor interest in] DEI has changed how I talk to all managers. I now ask them about diversity and what they're doing about it, and I ask them what metrics will show their progress."  
- Investment Consultant

# The Future of Investments Publication Plan

Topic	Est. Release Date
Industry M&A: Bigger Isn't Necessarily Better	September 2021
Industry M&A Webinar <i>Registration Details TBD</i>	September 21, 2021
OCIO Growth	November 2021
ESG and DEI	February 2022

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