

Newsletter

Winter 2022

[Pg. 2 - 3](#)

DCALTA Committee highlights

[Pg. 4](#)

Thanks to our newest members in 2022!

[Pg. 5](#)

Summary of the DCALTA General Session on Nov. 10th, 2022 in NYC

[Pg. 6](#)

Special section on Global DC Plans

[Pg. 7](#)

DCALTA Research— Liquidity Paper

[Pg. 8](#)

Events & Committees Calendar

New Committee Dates Announced—See page 8



DCALTA General Session at Neuberger Berman in NYC (Nov. 10, 2022).

2022 - Update

SNAPSHOT

DCALTA members, thanks for your continued support to help grow our powerful and collective voice on Alts in DC Plans. With much enthusiasm, we were hosted for our 2nd General Session on **July 27th—28th, 2022** in Chicago by [Principal Real Estate Investors](#). Thanks to [Diane Smola](#) and her team for providing a fantastic venue during the summer!

Fresh off our 3rd General Session on **Nov. 10th** in NYC, we would like to thank [Michelle Rappa](#) and her staff at [Neuberger Berman](#) for delivering a wonderful meeting and reception!

To summarize the important topics discussed at the last General Session meeting, we have included the agenda and instructions on how to access the members-only site to watch the meeting video and view the presentations.





Next General Session Meeting

Franklin Templeton

One Franklin Parkway
Building 930, Harmon Burns Auditorium
San Mateo, CA 94403

February 15th at 1:30pm - 4:30pm PST (Meeting - Pt. 1)

February 15th at 4:30pm—6:00pm PST (Reception)

February 16th at 8:30am—12:00pm PST (Meeting - Pt. 2)

We are pleased to announce that our next DCALTA General Session & Reception will be held in San Mateo, CA. at [Franklin Templeton](#). Thanks to [Drew Carrington](#) and his team for hosting.

For note, we will hold three in-person events, as well as webinars throughout the year. If interested in hosting or suggesting topics for the webinars and/or meetings, please email [Michelle Rappa](#) at Michelle.Rappa@nb.com.

Committee Highlights

Alts Implementation & Operations Committee

New call dates announced

Meets via GoTo Meeting (link on page 8) :

- * **February 2nd, 2023 at 2:00pm ET**
- * **May 4th, 2023 at 2:00pm ET**
- * **August 3rd, 2023 at 2:00pm ET**
- * **November 2nd, 2023 at 2:00pm ET**

Committee Co-Chair - [Hayden Gallery \(Cambridge Associates\)](#)

Committee Co-Chair - [Stuart Odell](#)



- Educates/informs on operational considerations of incorporating alternatives in DC plans on a more frequently valued basis.
- Outlines the impact of the movement of cash flows and valuation at both the fund and participant level.
- Collects information on the vehicles and structures being implemented currently/under development.
- Discusses ERISA required reporting, operational compliance activities, and participant level communications requirements.

The Alts I/O Committee continues to work on the release of six white papers on the following topics:

- ⇒ Valuation (*released 2/23/2021*)
 - Q&A - <https://bit.ly/2ZK1Nia>
 - Exec Summary – <https://bit.ly/3dA1ezx>
 - Full Paper - <https://bit.ly/3qHZPuW>
- ⇒ Liquidity (*in-progress*)
- ⇒ Fees and Expenses (*in-progress*)
- ⇒ Performance and risk measurement, attribution, and benchmarking
- ⇒ Legal and regulatory issues
- ⇒ Disclosures, education and communications

Research Committee

Meets as projects are coordinated via other committees

Committee Chair - **Hayden Gallary** ([Cambridge Associates](#))

- Produces research on alternative investments and their impact on defined contribution retirement plans
- Seeks out potential partner firms, associations and institutes to collaborate on groundbreaking research
- Conducts research on feasibility of utilizing quality databases to support our research and other educational materials for the benefit of institutional investors, plan sponsors/participants and DC stakeholders
- Develop constructive benchmarks to support our mission

Public Policy

Meets quarterly.

Committee Chair – **Bob Long** ([Conversus, a StepStone company](#))

- Educates regulators and legislators on the benefits of including alternative investments in defined contribution plans
- Communicates DCALTA's mission through in-person meetings and response letters to facilitate the inclusion of alternative investments in multi-asset DC portfolios
- Seeks alliances with other like-minded organizations to create a stronger voice

⇒ **January 26th, 2023 at 11:00am ET**

⇒ **April 27th, 2023 at 11:00am ET**

⇒ **July 27th, 2023 at 11:00am ET**

⇒ **October 26th, 2023 at 11:00am ET**

Alts Technology & Innovation Subcommittee

Meets via GoTo Meeting on:

* **January 26th, 2023 at 2:00pm ET**

* **April 27th, 2023 at 2:00pm ET**

* **July 27th, 2023 at 2:00pm ET**

* **October 26th, 2023 at 2:00pm ET**

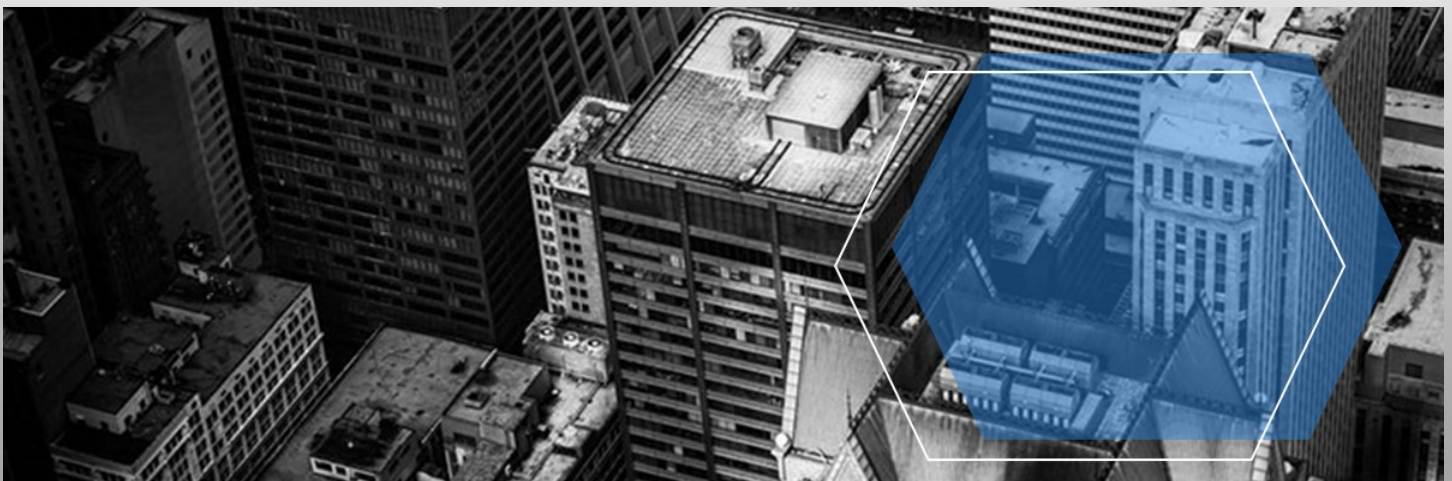
Committee Co-Chair - **Tom Lauer** ([Northern Trust](#))

Committee Co-Chair - **Jeff Guillot** ([Inveniam](#))



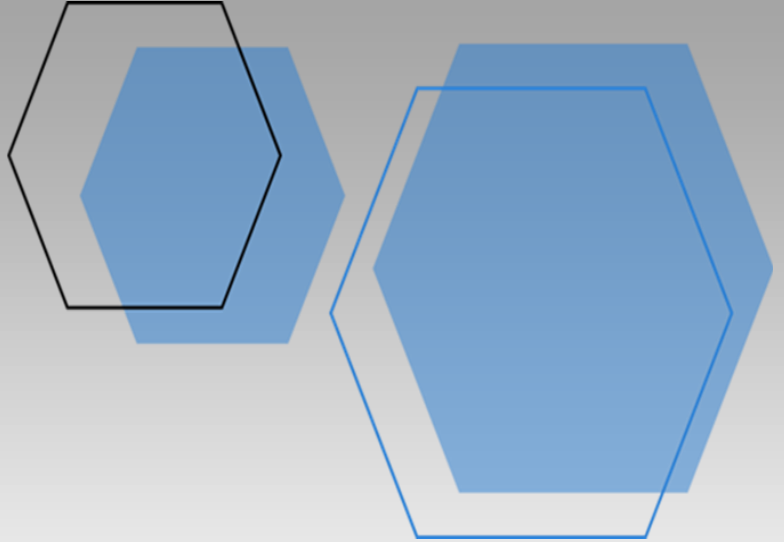
The collective voice of this committee will drive a technology based and industry focused discussion, the goal of which is to apply appropriately designed modern technology to help eliminate the timing, liquidity and valuation process issues experienced in the alternative investment marketplace. Our initial meetings focused on the process, roles and provider responsibilities involved when incorporating different types of funds into a defined contribution plan. We will be looking at what sections of the workflow can be solved by technology to facilitate a more effective and timely process.

We are currently working on a **Modernizing Alts in DC Plans** paper with a release date expected in the first quarter of 2023. To serve on the content group, please reach out to Jonathan Epstein at je1@dcalta.org.



DCALTA 2022 Projects

- DCALTA is interested in partnering with other firms and/or industry organizations to analyze public sector plans that have unitized or are in the process of unitizing their defined benefit plans for the investment benefit of their defined contribution plan participants. We seek data on volume, asset allocation and other plan-level data.
- DCALTA has released a series of hedge fund benchmarks in 2022 for plan sponsors and other DC stakeholders.
- DCALTA will also begin the process of creating private equity and venture capital benchmarks in 2022.



Welcome to our 2022 DCALTA Members!

- | | |
|---|--|
| ⇒ <u>Apollo</u> | ⇒ <u>iCapital</u> |
| ⇒ <u>Ares</u> | ⇒ <u>Inveniam</u> |
| ⇒ <u>Blackstone</u> | ⇒ <u>Invesco</u> |
| ⇒ <u>Broadridge</u> | ⇒ <u>Johnson & Johnson</u> |
| ⇒ <u>CAIS</u> | ⇒ <u>LaSalle Investment Management</u> |
| ⇒ <u>CBRE Investment Management</u> | ⇒ <u>Lockheed Martin Investment Management</u> |
| ⇒ <u>CEM Benchmarking</u> | ⇒ <u>Morningstar Indexes</u> |
| ⇒ <u>Coinbase</u> | ⇒ <u>Pivotal Path</u> |
| ⇒ <u>DTCC</u> | ⇒ <u>Principal Real Estate Investors</u> |
| ⇒ <u>Fairway Capital Management</u> | ⇒ <u>Rocket Dollar</u> |
| ⇒ <u>ForUsAll</u> | ⇒ <u>Ruffer</u> |
| ⇒ <u>Global Trust Company</u> | ⇒ <u>S&P Global Indices</u> |

DCALTA Members Site

DCALTA Members have access to past presentations and webinars via our members-only website section. Please use the following instructions to gain access.

Visit www.dcalta.org

- ⇒ Click on **Member Log-in** (top right)
- ⇒ Click on **Sign Up** (next to *New to this site?*)
- ⇒ Enter your **Email** and **Custom Password**
- ⇒ Upon approval, click on **Log-in** (next to *Already a member?*)
- ⇒ Click on the **drop-down arrow** next to your Member Name/ID (top right)
- ⇒ Click on **My Account**
- ⇒ Click on **DCALTA Meeting Materials** (bottom left)

DCALTA General Session Summary—Nov. 10th, 2022

Paving the DC Path for Alternative Investments

To finish our seventh year since our founding, we held an in-person meeting on Nov. 10th in NYC hosted by [Neuberger Berman](#). DCALTA members and invited guests convened in New York and learned from speakers representing many different financial firms, plan sponsors and organizations on the growing interest of including private market assets in U.S. defined contribution savings plans, as well as the rapidly evolving legislative and policy landscape, emerging technologies and dynamic industry trends.

This high-level summary of essential themes seeks to stimulate further inquiry and conversation. For more detail on the proceedings, DCALTA members may access the actual video of the sessions via the DCALTA Members-only site (see page 4 for instructions). Thank you to all of our presenters!

Agenda:

DCALTA Research Update

- [Avi Turetsky](#)—Ares

Stakeholder Perspectives on Alts Inclusion in TDFs—Panel Discussion

- [Clint Cary](#)—Moderator
- [Marco Merz](#)—UC Regents
- [Hayden Gallary](#)—Cambridge Associates
- [Chris Nikolich](#)—Alliance Bernstein
- [James Hannigan](#)—Apollo
- [William Bell](#)—KKR



Multi-assets in Today's Environment

- [Erik Knutzen](#)—Neuberger Berman

Deep dive into Alts Investments in TDFs

- [Matthew Brenner](#)—Mission Square

Global Defined Contribution Savings and Alts

- [Alain Michnick](#)—FTSE Russell
- [John Mitchem](#)—JM3 Projects
- [Simon Colbec](#)—CMI Strategies
- [Nick Groom](#)—NATIXIS



DTCC Update: Projects & Initiatives

- [Justin Schwartz](#)—DTCC

Alts in Non-Qualified Plans

- [Kirk Penland](#)—Voya

Legal & Regulatory Update

- [Kevin Walsh](#)—Groom Law Group
- [Bob Long](#)—Conversus (StepStone Private Wealth)

DCALTA General Session—Special Section (Nov. 10, 2023)

Global Defined Contribution Savings & Alts

Presenters from Nov. 10th, 2023:

[Alain Michnick](#) - FTSE Russell

[John Mitchem](#) - JM3 Projects

[Nick Groom](#) - NATIXIS

[Simon Colboc](#) - CMI Strategies

Policymakers, financial industry leaders and other stakeholders around the world understand that aging demographics are ratcheting up actuarial stresses on traditional public pension systems such as U.S. Social Security and similar programs worldwide. To cope with this policy challenge, and to generate liquid capital investment, governments are developing funded workplace savings systems. Following the example of funded retirement systems in the Netherlands, the UK, Canada; and Australia, a substantial portion of these assets will be allocated to private market assets.

DC savings in the US are overwhelmingly dedicated to “long” stocks and bonds, often delivered through target date funds; this model is not being replicated overseas. In the UK and Australia, balanced funds, rather than glide paths are the norm. And in Canada and Australia, retirement plans routinely allocated from 25 to 50 percent of assets under management to infrastructure, private equity, private credit and other alternatives.

According to the OECD, the world today has some \$50 trillion in funded, private pension assets. But alongside these “retirement assets” are “assets for retirement” (AFR) – money set aside by retail savers with one eye on their golden years. In Europe, up to \$10 trillion can be found in insurance products, bank accounts and own-to-let real estate. In China, at least \$10 trillion – likely much more -- has been allocated to the real estate sector by thrifty Chinese savers.

These investments don't receive the kind of tax benefits normally provided to formal pension assets. What's more, most of these assets are allocated to investments perceived as “safe” or in guaranteed return products that deliver minimal rates of return – often not even matching the rate of inflation. Policymakers know that long-term retirement saving strategies need purpose-build investment products and well-designed tax incentives. But the inertia of risk-averse investors, the vested interests of status quo financial service providers and the policy-caution of the political classes make this transformation difficult.

In China, the single-party political structure has demonstrated an ability to make bold policy moves once the decision has been made to change. But in Europe, with 27 governments, 27 tax codes and 27 sets of pension regulations, a massive shift to funded retirement will be challenging.

Beyond today's funded retirement finance and AFR, policymakers are considering new retirement systems, over time, could comprise the equivalent of 100 percent of GDP. Many nations like the Netherlands, UK, United States, Canada and Australia have already blown past that level and are heading toward some 200 percent of GDP in retirement assets. Were global policymakers to shift existing AFR into funded pension systems and build these new savings structures, the global funded pension market could expand by some \$100 trillion in new assets under management, with a substantial proportion of these assets dedicated to alternatives.

In Europe, well-known financial services firms, often with offices across the UK and EU, are urging public policies and developing financial products that can bridge the continent's retirement savings gap. They understand that defined contribution workplace savings plans serve two critical functions – retirement finance and capital market development. Indeed, policy debates over the new Pan European Personal Pension Product (PEPP) are taking place within the context of a larger policy debate around European Capital Markets Union (CMU).

In funded retirement markets like the United States, Australia, Canada, the UK and Netherlands, retirement finance assets are “fuel” for capital markets – critical to capital formation and essential for new and growing industries. While this is well understood by European governments, the battle is not yet won. The primary impediments to elaborating new funded retirement savings plans around the world often arise in the realm of public policy and politics, rather than in the financial sector.

DCALTA General Session—Research Paper (Nov. 10th, 2023)

Paving the DC Path for Alternative Investments

DCALTA Research – Liquidity Dynamics of Alternative Assets in DC Plans

For the past year, DCALTA has been developing a new white paper on the liquidity dynamics of alternative assets in DC plans, drafted by experts and content providers representing different professional disciplines. Publication is anticipated in the first quarter of 2022. The paper will examine liquidity dynamics and different types of market stresses that would affect illiquid investments in long term portfolios. Of particular focus are actions that could help alleviate some of the liquidity issues raised by a multi asset type framework, particularly those embedded within a defined contribution investment structure.

The new white paper will be a companion piece to an earlier DCALTA paper, the “Daily Valuation of Alternative Assets in DC Plans,” which offers a procedural, quality management and governance framework. That earlier paper states that daily valuation and pricing can be achieved using existing approaches and in accordance with accounting and legal requirements. It also states that technical issues such as reporting lag, valuation accuracy and dilutive effects can be handled systematically and fairly and that existing audit pathways remain intact. Valuation remains tethered to the net asset value (NAV) reported by the direct manager.

There are different types of liquidity being built into investment being marketed and used today. A “plug and play” approach can be used to include these strategies into target date funds (TDF), whether managed as a pool, a whole pool, or as a combination of different types of funds.

A third DCALTA paper will focus on fees and expenses. A fourth will address performance and benchmarking attribution, communications and disclosures to both sponsors and participants, and associated legal and regulatory issues.

There is no “right or wrong way” to do this. DCALTA is open and supportive of many efforts and believe that plan sponsors should be educated on all of these approaches



DCALTA Events and Meetings—2023

DCALTA General Session Meetings (in-person)

- ⇒ February 15th—16th at Franklin Templeton in San Mateo, CA.
- ⇒ Summer Meeting—TBD
- ⇒ Fall Meeting—TBD

DCALTA Alts Implementation & Operations Committee ([Hayden Gally](#) and [Stuart Odell](#))

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/123432093>

You can also dial in using your phone.

United States: [+1 \(646\) 749-3122](#)

Access Code: 123-432-093

- ⇒ February 2nd, 2023 at 2:00pm ET
- ⇒ May 4th, 2023 at 2:00pm ET
- ⇒ August 3rd, 2023 at 2:00pm ET
- ⇒ November 2nd, 2023 at 2:00pm ET

DCALTA Alts Technology & Innovations Committee ([Tom Lauer](#) and [Jeff Guillot](#))

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/372704109>

You can also dial in using your phone.

United States: [+1 \(669\) 224-3412](#)

Access Code: 372-704-109

- ⇒ January 26th, 2023 at 2:00pm ET
- ⇒ April 27th, 2023 at 2:00pm ET
- ⇒ July 27th, 2023 at 2:00pm ET
- ⇒ October 26th, 2023 at 2:00pm ET

DCALTA Public Policy Committee ([Bob Long](#) and [Kevin Walsh](#))

Please join my meeting from your computer, tablet or smartphone.

<https://meet.goto.com/206133549>

You can also dial in using your phone.

United States: [+1 \(408\) 650-3123](#)

Access Code: 206-133-549

- ⇒ January 26th, 2023 at 11:00am ET
- ⇒ April 27th, 2023 at 11:00am ET
- ⇒ July 27th, 2023 at 11:00am ET
- ⇒ October 26th, 2023 at 11:00am ET

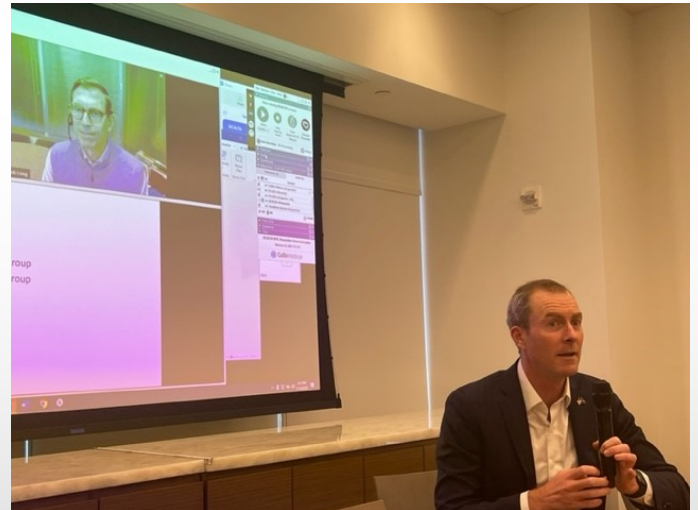
DCALTA Executive Committee/ Board Meetings - 2023

DCALTA Executive Committee ([Serge Boccassini](#), [Michelle Rappa](#), [Kathy Wanner](#) and [Alain Michnick](#))

- ⇒ January 18th at 11:00am ET
- ⇒ April 19th at 11:00am ET
- ⇒ July 19th at 11:00 am ET
- ⇒ October 18th at 11:00am ET

DCALTA Board of Directors ([Serge Boccassini](#), [Michelle Rappa](#), [Kathy Wanner](#), [Alain Michnick](#), [Bob Long](#), [Christa-ble Yau](#), [Jeffrey Hall](#), [Hayden Gally](#), [Charlie Nelson](#), [Matt Garzone](#), [Gary Fencik](#), [David Levine](#), and [Kevin Walsh](#))

- ⇒ January 25th at 11:00am ET
- ⇒ April 26th at 11:00am ET
- ⇒ June 4th—Strategy Session (Sea Island, GA.)
- ⇒ July 26th at 11:00am ET
- ⇒ October 25th at 11:00am ET



DCALTA MEMBERS

Adams Street Partners
Apollo
Ares
Alliance Bernstein
Benefit Trust
Benetic
BlackRock
Blackstone
Bow River Capital
Broadridge
Cambridge Associates
CEM Benchmarking
CBRE Investment Management
CNL Financial Group
Coinbase
Conversus
DTCC

Fairway Capital Management
FEV Analytics
Franklin Templeton
FTSE Russell
ForUsAll
GCM Grosvenor
Global Trust Company
Groom Law Group
iCapital
ICMA-RC
Institute for Portfolio Alternatives
Institute for Private Capital
Inveniam
Invesco
JM3 Projects
Johnson & Johnson
JP Morgan Asset Management
LIT

Lockheed Inv. Mngmt
Mars Corporation
Montgomery CTY Employees
Ret System
Morningstar Indexes
Mission Square
Nasdaq
Natixis
Neuberger Berman
Nokia
Northern Trust
Nuveen
Pantheon
PGIM
PivotalPath
Principal Real Estate Investors
RealBlocks
Rocket Dollar

Ruffer
Spark Institute
S&P Global indices
StepStone Group
Textron
University of California Regents
Voya Financial
XTAL Strategies

GROW OUR COLLECTIVE VOICE

- ⇒ We want to meet prospective firms who share our mission. For an introduction, please contact Jonathan Epstein at je1@dcalta.org
- ⇒ If you are involved with other organizations that would help with our mission of expanding the use of different types of alternative investments in DC plans, we kindly ask you introduce us.
- ⇒ If there are platforms that help facilitate the expansion of alternative investments, please introduce us.

For more information about any of the above committees, please email admin@dcalta.org. Thanks to all our members for your continued support.

