

Tumultuous 2022 Drives U.S. Institutional Investors Toward Performance and Private Markets

June 28, 2023

The challenges posed by persistent inflation and elevated volatility are prompting U.S. institutional asset managers to rebalance both their portfolios and their priorities, according to the Coalition Greenwich 2022 U.S. Institutional Investors Study.

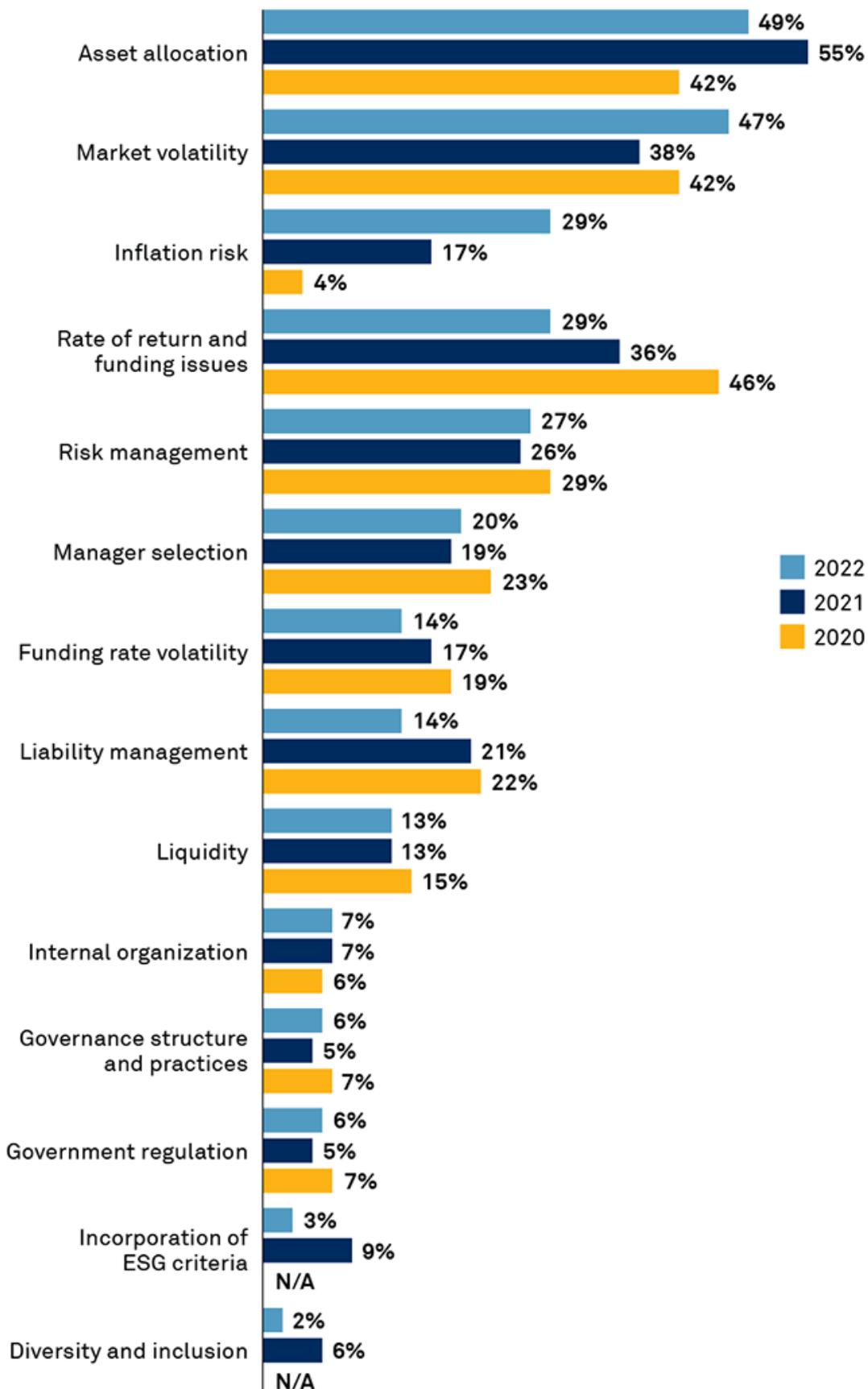
The 51st annual study covered over 700 institutional investors from almost 600 corporate, public, and endowment and foundation funds, with either pension or investment pool assets greater than \$150 million.

Key Challenges for Institutional Investors

As the market shifted from the low-inflation, low-interest rate environment of 2020 and 2021 to a high-inflation and rising rates environment in 2022, investor concerns changed as well.

Key Challenges Facing Institutional Investors

Percentage U.S. Investors



Note: Based on 533 respondents in 2020, 375 in 2021 and 358 in 2022.

Source: Coalition Greenwich Voice of Client – 2022 U.S. Institutional Investors Study

Institutional investors identified inflation risk, market volatility and asset allocation as the dominant challenges, while funding and liability management concerns eased, as the increase in interest rates helped close funding gaps. Within this uncertain climate, and a broader adoption of responsible investment concerns on environment, social, governance (ESG) and diversity, equity and inclusion (DEI) issues took a backseat.

Pension Funding Levels Rise Sharply

The upside to rising interest rates was the universal increase in pension plan funding levels, with corporate plan funding levels rising to almost historic highs. Public plan funding levels also benefited, although not to the same extent.

Manager Perception and Selection

At a time when the surge in inflation caused markets to move into bear territory, led by the collapse in tech stocks and the worst bond market in years, asset owners placed increased emphasis on performance, value from a fee perspective, risk-return profile, and capabilities while selecting investment managers.

Pricing was pivotal for investors across all channels. Corporate and public plans also looked at investment professionals' willingness to accommodate customization, while endowments and foundations focused more on their expertise and ability to produce returns.

Over half the asset owners in the study also consider ESG and DEI as factors in manager selection.

Performance was the No. 1 factor for judging managers as best-in-class by brand. However, investor perceptions were also influenced by distinctive client service and the quality of thought leadership.

How are investors gaining familiarity with managers? Consultant advice and thought leadership count, as do managers' websites, with over 70% of investors in North America reviewing the latter.

Conclusion

A tumultuous year in the markets has reshaped investors' concerns and their expectations for future allocations. Funding levels have improved, especially for corporate plans, and investors are looking for more from their managers in terms of knowledge and thought leadership.

The second half of this two-part blog will further explore how investors are adapting their hiring expectations, asset allocation, and OCIO and consultant usage to position themselves for success within the current market environment.

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise

benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., an S&P Global company. ©2026 Crisil Ltd. All rights reserved.