Crisil
Coalition
Greenwich

How Institutional Investors Use and Think About Exchange-Listed Options

May 3, 2018

Executive Summary:



The 2008 financial crisis was a wake-up call for the pensions industry. By 2009, total assets managed by U.S. pension funds were down 22% from their peak in 20071. Public and corporate pension retirement systems were confronting a worsened underfunding crisis—with investment returns on current assets indicating the funds would be unable to meet future liabilities.

In response to this, many pension systems reviewed their investment strategy and increased allocations to alternatives, such as real estate, private equity and hedge funds, in search of higher returns. Yet, almost 10 years after the economy crashed, most corporate and public pension plans remain seriously underfunded.

Many institutional investors are now looking to the listed options market to:

- protect their portfolio following a long bull market,
- increase income from investment holdings,
- and improve their overall risk-return profile.

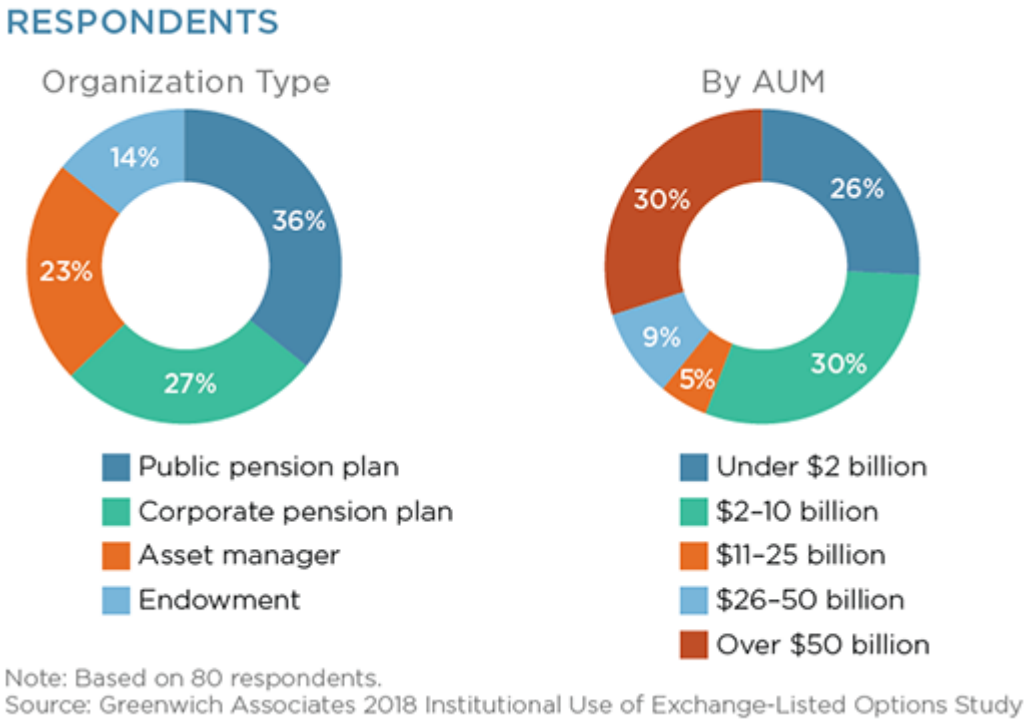
Exchange-listed options are a popular tool, as they offer relatively high transparency and price discovery compared to some other derivatives products. They also provide lower regulatory complexity and counterparty risk.

In this Greenwich Report, we explore how institutional investors are embracing active management approaches by using exchange-listed options strategies to help them decrease portfolio volatility, increase yields, protect portfolios, and improve funding ratios. We analyze the types of options strategies being implemented and identify the key drivers that can lead a firm to implement listed options strategies.

Methodology:

Between December 2017 and March 2018, Greenwich Associates conducted telephone interviews with 80 institutional investors in the U.S., including asset managers, corporate pension plans, public pension plans, and endowments. Respondents were asked a series of questions to understand their perceptions of listed options strategies. Total AUM for the funds in our sample was more than $1 trillion.

In addition, this study incorporates contextual information gathered from four “deep dive” conversations with listed options users.



Note: Based on 80 respondents.
Source: Greenwich Associates 2018 Institutional Use of Exchange-Listed Options Study

Crisil
Coalition
Greenwich

---

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., a company of S&P Global. ©2026 Crisil Ltd. All rights reserved.

greenwich.com ContactUs@greenwich.com Ph +1203.625.5038