

\$448B Consultant Hires New PM to Oversee Growing OCIO Biz

By Alyson Velati

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It has been about a year since Verus sold a big chunk of its outsourced CIO (OCIO) business to Goldman Sachs Asset Management (GSAM), but the firm has seen considerable growth within the unit since then – enough that it brought on a new portfolio manager to supplement the team.

In February 2017, Verus announced that it was selling its \$21 billion strategic partnership unit, a portion of its OCIO business that catered to large-scale pension clients, to GSAM.

At first, the firm was “nervous about the spin-out” and “how the market would perceive the sale,” says **Shelly Heier**, president and chief operating officer of Verus.

But since the sale, Verus continues to see interest from investors for its OCIO sleeve, she says. Verus had \$250 million in assets under management in the spring of 2016, not counting the assets that were sold to GSAM. Verus currently has \$3 billion in OCIO assets, and about \$1.8 billion in OCIO assets came in after the sale to GSAM, says Heier. The firm has \$445 billion in assets under advisement up from \$330 billion from mid- 2017, as reported.

In response to its growing OCIO client base, Verus recently tapped **Charles Anselm** as its director of portfolio management, a new role for the firm. In this role, Anselm will be tasked with overseeing the OCIO portfolio management program, including portfolio construction, asset allocation tilts and portfolio implementation. When Verus sold the portion of its OCIO business to GSAM, **Ian Toner** was promoted to Verus’s CIO and took oversight of OCIO portfolio management functions. So, Anselm will partner with Toner and oversee the firm’s OCIO platform.

“We’re continuing to build out our [OCIO] process and how that function works,” says Heier. “A lot of that has been under Ian [Toner] and as we’ve seen growth in clientele, we really needed to add another director to carry out that initiative.”

Before joining Verus, Anselm worked at Russell Investments for 10 years, where he most recently served as a senior client portfolio manager, according to a LinkedIn profile. In his senior portfolio management role, Anselm served as the “primary client portfolio manager and strategic implementation advisor for institutional investors with total assets above \$1 billion,” according to the profile. He focused on overlay strategies, according to a spokesperson for Russell.

Anselm’s responsibilities were absorbed by other members of his team, says the spokesperson via email.

Institutional investors are sending out more OCIO request for proposals (RFPs) than in previous years, says **Anna Dunn Tabke**, a principal and director of research for Alpha Capital Management, a firm that offers investment consultant and OCIO search services for investors. And investment consultant firms need to be able to hire staff with portfolio management experience to address the growth for OCIO services.

“Now they’re taking on so much more responsibility and fiduciary liability that they need to be able to add resources to cover that additional requirement,” she says.

This is especially true for “middle market” OCIO firms, especially ones that offer custom solutions, says Charles Skorina, an executive recruiter. OCIO providers often need more resources, so consultants with OCIO businesses need to be able to pay up for the additional staff, he says.

Overall, many investment consultants have been expanding their OCIO capabilities with new hires or by refocusing efforts on their OCIO businesses. Cerulli Associates previously forecasted that the OCIO market will add nearly \$1 trillion over a five year period to hit \$2.3 trillion in assets under management by 2022, as reported in November 2017.

Last week, Willis Towers Watson tapped Mercer veteran **Richard McEvoy** as its first U.S. delegated integrated solutions lead to cover the firm’s corporate defined

benefit OCIO clientele, as reported.

And in May, Cambridge Associates revealed that it grew its OCIO business by 50% in the year since it cut its staff down to focus on its investment management capabilities. The firm's discretionary asset-base grew to \$29.9 billion as of January 2018 from the \$20 billion recorded in a *Wall Street Journal* story in March 2017.

Aon's delegated solutions, or OCIO, unit hit the \$100 billion mark in worldwide assets under management in March 2017, as reported. Its U.S. OCIO business added \$37 billion in assets under management from 2013 to 2016.

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