

OCIO Data to Power Peer Universe Tool for eVestment, Solovis Platforms

Alpha Capital Management is providing anonymous data from its OCIO indices to Nasdaq, with the stated goal of bringing greater transparency to the institutional investment space.

By Justin Mitchell

December 7, 2021

Alpha Capital Management has provided data from its outsourced chief investment officer, or OCIO, indices to power a new peer universe tool for use on the eVestment and **Solovis** platforms, both of which are owned by **Nasdaq**, the firms announced Tuesday.

The institutional investment space has been “kind of a black box,” said **Brad Alford**, founder of Alpha Capital Management, a search firm that pairs institutional investors with consultants.

“Asset owners need to understand what they’re buying in terms of transparency, in terms of fees, in terms of the asset classes, in terms of liquidity,” he said.

Alpha Capital Management has been working with Nasdaq since 2019 on its performance indices for OCIOs. They are made up of returns from 44 active OCIOs, including big names like Commonfund, Northern Trust, TIFF Investment Management and **Wilshire**. The indices use data from more than 1,100 institutions that work with these OCIOs, too.

The indices are released each quarter and provide returns both for a broad market index and different investor types as well as different levels of portfolio risk.

The indices are important to the burgeoning OCIO field, said **Samantha Davidson**, a senior partner and U.S. investment solutions business leader at Mercer, in an email.

“Transparency and understanding what the fees are, where capital is being allocated, performance, and the risk-return profile are all critical factors to selecting an OCIO provider,” she wrote.

The peer universe will be built from that data to create a way for institutions to compare themselves to their peers. They are able to enter their own returns and asset allocation and see how it compares to other institutions like them. Among the factors investors can use to analyze the universes are time period, client type, portfolio risk, performance and

portfolio size. The universe also covers 25 different asset classes. The data is all anonymous.

In a press release, Alpha Capital Management and Nasdaq referred to this as a “first-of-its-kind, third-party, unbiased tool for allocators to analyze their performance and asset allocation against more than 1,100 institutional investment portfolios.”

While indices can be useful, the OCIO space is “highly varied,” said **Bill Jarvis**, philanthropic executive at Bank of America **Private Bank**. OCIOs can range from bigger players like his organization to small, one-person shops, he said.

“It’s not even apples and oranges, it’s kind of apples and walnuts in some ways,” he said. He called comparing returns in an index an “intellectual challenge.”

For example, while some of the largest endowments were able to achieve incredible returns in the last fiscal year, smaller endowments with a similar asset allocation may not be able to match those results, because they don’t have access to the top-quartile venture and private equity managers that drove those returns. Still, the new tool could be useful, he said.

“I would say use it, but use it with care,” Jarvis said.

It can also be helpful to have greater transparency about what other investors are experiencing, said **Bernard Reidy**, national endowment and foundation executive at Bank of America who runs the OCIO program with Jarvis.

“For the longest time, you’ve had this debate as to whether [OCIO is] really providing a benefit versus, say, the consulting model or other governance structures that are out there,” he said. “More and more folks are looking to try to test that to be able to validate where they are.”

In an email, Alford compared the new tool to the peer universes provided by National Association of College and University Business Officers.

The new product is “one measurement tool of several to see the value-add by the OCIO,” Alford wrote.

Contact the reporter on this story at jmitchell@fundfire.com or 212-390-7315.