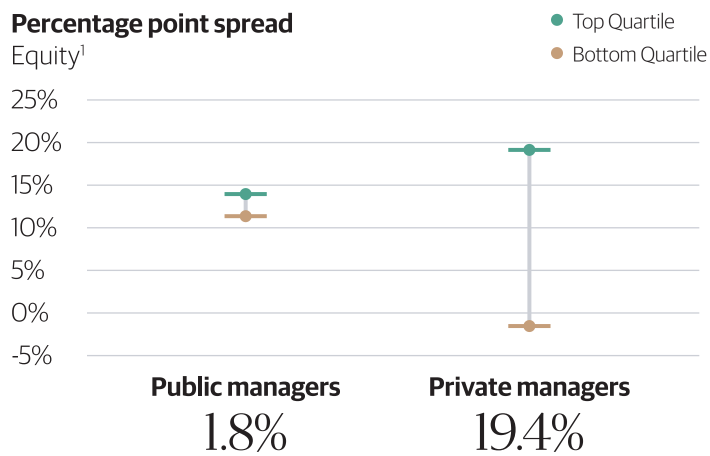
Manager Selection: A guide for private markets

In public markets, the gap between top-quartile and bottom-quartile managers is narrow.

In private markets, that gap can be 10 percentage points or more per year.



Three key attributes of top private market managers:

1 Proven track record

A strong track record signals the ability to identify and act on opportunities while managing risk effectively.

2 Scale

Scale can mean better deal flow, stronger negotiating power, and more robust risk management.

3 Staying power

Staying power ensures the manager can weather downturns without being forced into unfavorable situations.

Next steps

Use our advisor worksheet.
On the reverse, you'll find key questions to answer that can guide your explanation to clients.

1. Source: Cambridge Associates, Morningstar, over the 10-year period from January 1, 2015 to December 31, 2024. Returns shown for private equity are net IRRs, while public equities show compound annual returns net of fees.

Manager selection Q&A: Advisor worksheet

When explaining manager selection to a client, use these questions to guide your explanation.

Question 1:

Track record

How will I explain this manager's history of performance and ability to deliver across market cycles?

Notes

Question 2:

Scale

How will I show my client that this manager's scale can provide access to better opportunities and enhanced risk management?

Notes

Question 3:

Staying power

How will I communicate the manager's ability to navigate volatility and remain disciplined during downturns?

Notes

Manager selection Q&A: Advisor worksheet

Question 4:

Client fit

How will I connect the manager's strengths and considerations directly to my client's goals, risk tolerance, and portfolio strategy?

Notes

Quick tips for evaluating managers

Ask

Ask for specific examples that illustrate how they've navigated different market environments.

Build on their viewpoint

Look for consistency across multiple cycles, not just recent performance.

Assess

Assess whether their investment philosophy aligns with your clients' objectives.

Confirm

Confirm they have the resources and relationships to execute their strategy effectively.

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