

Manager Selection:

A guide for private markets

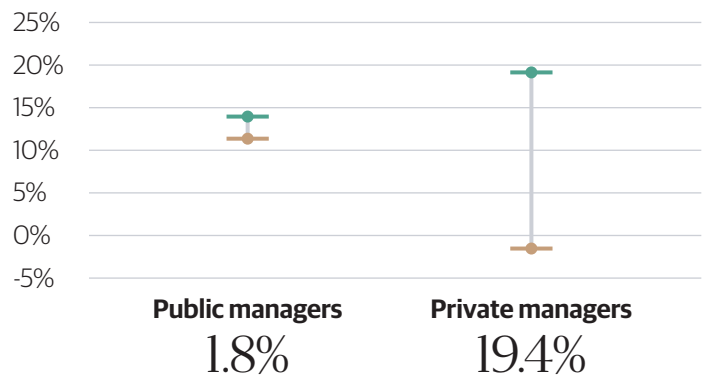
In public markets, the gap between top-quartile and bottom-quartile managers is narrow.

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

Percentage point spread of returns

Equity¹

● Top Quartile
● Bottom Quartile



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

2



Scale

Scale can mean better deal flow, stronger negotiating power, and more robust risk management.²

3



Staying power

Staying power helps ensure 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. **Past performance does not predict future returns.** "Public managers" returns reflect the Morningstar US Large Blend category, and "Private managers" returns reflect the Cambridge Private Equity category, which includes buyout, growth and secondaries funds. Returns shown for private equity are net IRRs, while public equities show compound annual returns net of fees.

2. Risk management seeks to mitigate risk but does not reduce or eliminate risk and does not protect against losses.

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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