



# Private Assets in Public DC Plans: Opportunity, Risk, and Real-World Perspectives

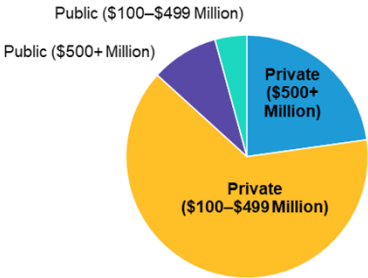
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## Private Exposure Allows Access to Broader Investment Universe

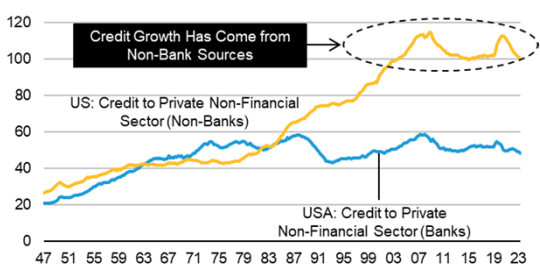
### Fewer than 15% of Companies with over \$100 Million in Revenue Are Publicly Traded



Category	Revenue Band
Public	\$100–\$499 Million
Public	\$500+ Million
Private	\$500+ Million
Private	\$100–\$499 Million

### Credit Growth Is Coming from Non-Bank Sources

GDP (Percent)

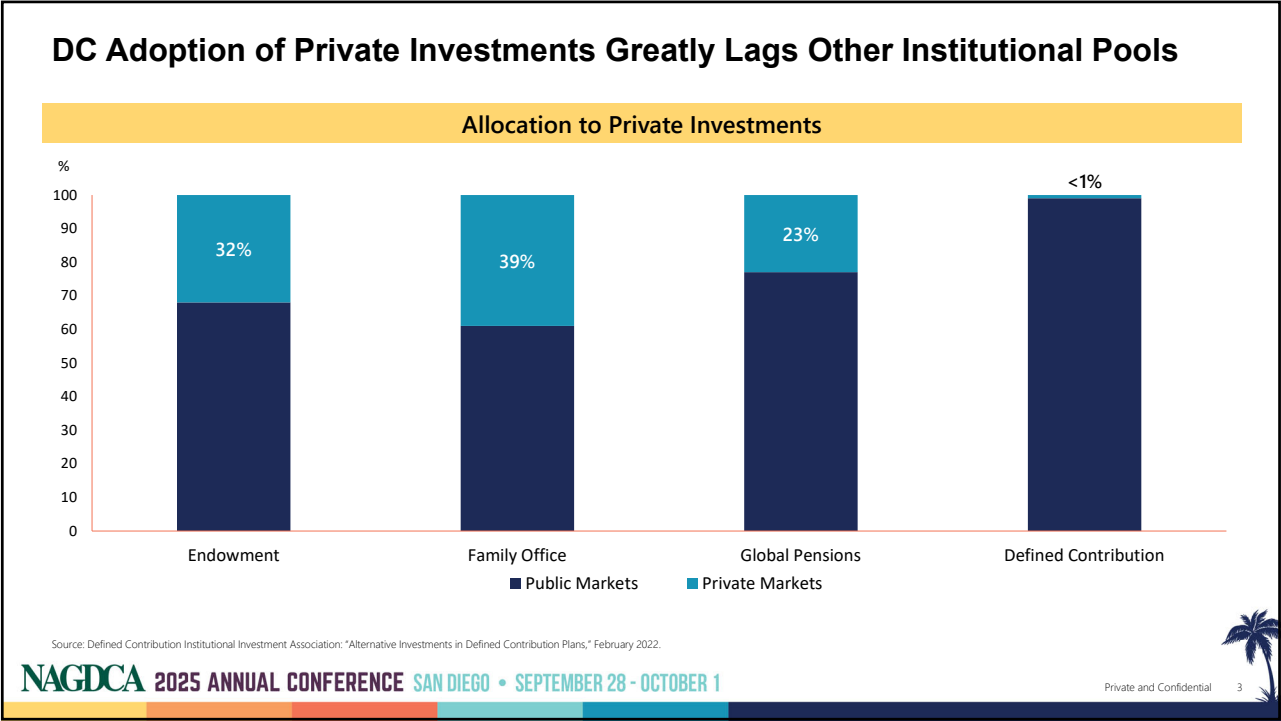


Year	US: Credit to Private Non-Financial Sector (Non-Banks)	USA: Credit to Private Non-Financial Sector (Banks)
47	20	20
51	25	25
55	30	30
59	35	35
63	40	40
67	45	45
71	50	50
75	55	55
79	60	60
83	65	65
87	70	70
91	75	75
95	80	80
99	85	85
03	90	90
07	95	95
11	100	100
15	105	105
19	110	110
23	115	115

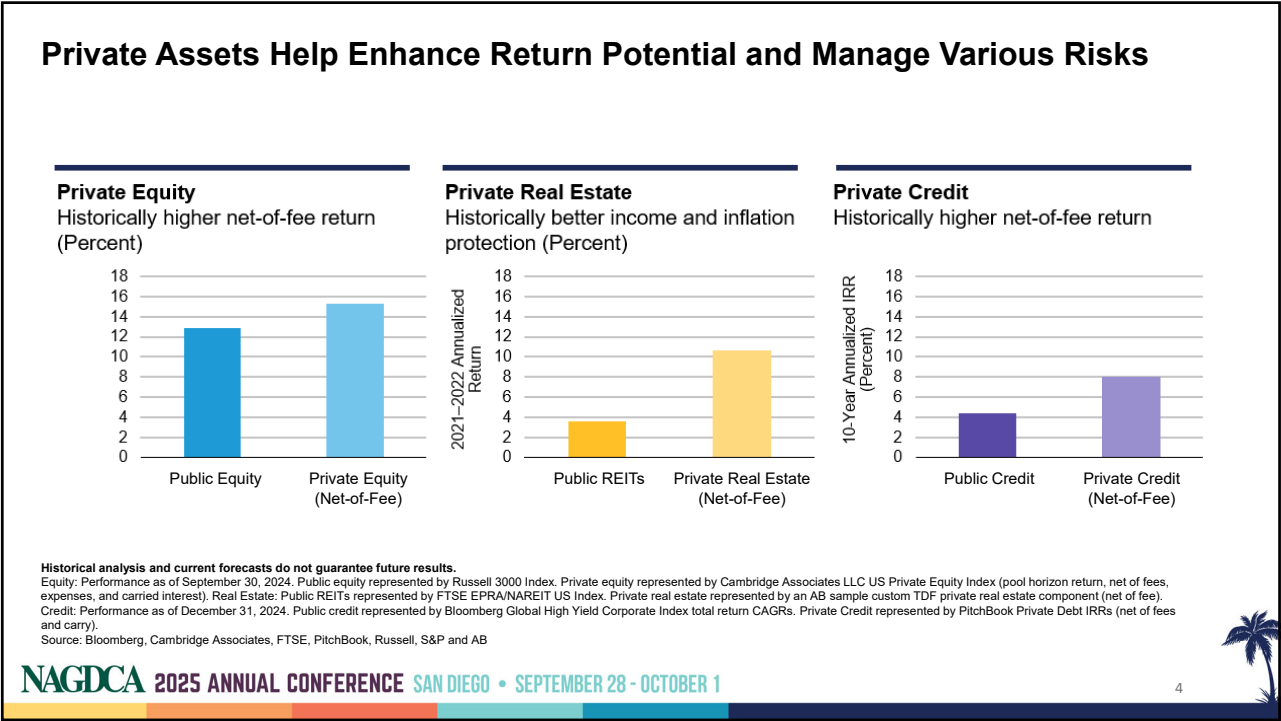
Historical analysis and current forecasts do not guarantee future results.  
Left chart: S&P Capital IQ data as of December 2022; most recent data from Statistics of US Businesses (2017) used to triangulate S&P Capital IQ estimates for privately held company counts by revenue band;  
Right chart: as of June 2022  
Source: Bain & Company, BICS, S&P Capital IQ, US Census Bureau and AB

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### The Fiduciary Considerations for DC Private Market Access

**Liquidity Needs**

**Operational Structure**

**Litigation Risk**

**Being Different**

**Higher Expense Ratio**

**Net-of-Fee Returns**

**Private Market Considerations for DC Plans**

For illustrative purposes only.  
Source: AB

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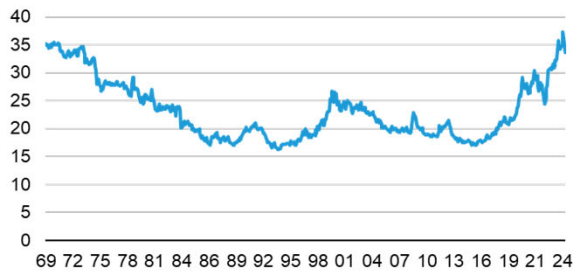
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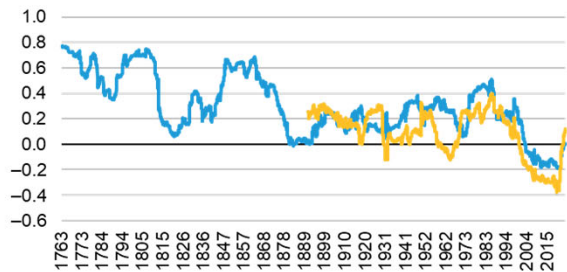
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## Private Exposure Helps Diversify Increasingly More Concentrated and Correlated Public Exposure

Historical Market Share of Top 10 Companies  
Percent



10-Year Rolling Stock-Bond Correlation: US and UK



Historical analysis and current forecasts do not guarantee future results.  
Left chart: as of August 2024. Source: FactSet and AB; right chart: as of December 2024. Source: UK Data, Thomas and Dimsdale (2016) and Bank of England calculations. Line shows 10-year trailing correlation of monthly returns on UK equities and consols. See also Roberts-Sklar, M. (2016), "250 years of the bond-equity correlation", Bank Underground, 20th October. US data is from GFD and Thomson Reuters Datastream

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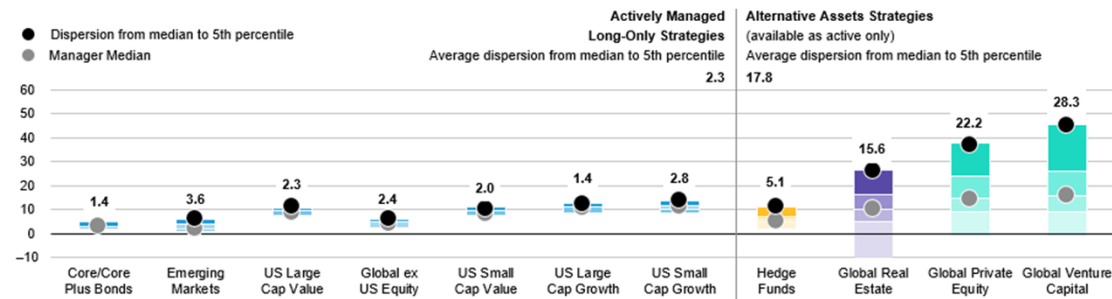
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## Manager Return Dispersion Dominates PE and PRE Performance

Unlikely to experience "average private equity" performance

Average Annual Manager Returns by Asset Class (Percent)



January 1, 2008–June 30, 2023 Notes: Returns for bond, equity and hedge fund managers are average annual compound returns (AACRS) for the fifteen years ended June 30, 2023, and only managers with performance available for the entire period are included. Returns for private investment managers are horizon internal rates of return (IRRIS) calculated since inception to June 30, 2023. Time-weighted returns (AACRS) and money-weighted returns (IRRIS) are not directly comparable. Cambridge Associates LLC's (CA) bond, equity and hedge fund manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than \$50 million in product assets are excluded. Performance of bond and public equity managers is generally reported gross of investment management fees. Hedge fund managers generally report performance net of investment management fees and performance fees. CA derives its private benchmarks from the financial information contained in its proprietary database of private investment funds. The pooled returns represent the net end-to-end rates of return calculated on the aggregate of all cash flows and market values as reported to Cambridge Associates by the funds' general partners in their quarterly and annual audited financial reports. These returns are net of management fees, expenses and performance fees that take the form of a carried interest. Vintage years include 2008–2019. All financial investments involve risk. Depending on the type of investment, losses can be unlimited. Past performance is not indicative of future returns. Source: Cambridge Associates LLC

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