

4TH QUARTER • 2017

# COMPARATIVE ASSET ALLOCATION FOR US PRIVATE CLIENTS

## NOTES ON THE DATA

**DATA COLLECTION.** Included in this analysis are 168 investment portfolios representing 96 US-based private clients that received performance reporting services from Cambridge Associates as of December 31, 2017. The average market value of participating private client investment pools is \$298.1 million, and the median market value is \$87.4 million as of December 31, 2017. The notation of  $n$  denotes the number of private clients included in each analysis.

**ASSET ALLOCATION METHODOLOGY.** Asset allocation is generated using the investment manager structure for each client. Every investment product, fund, and vehicle that a client is invested in is assigned an asset class. Asset classes for a given investment product, fund, or vehicle are maintained across all clients to ensure comparability. The statistics throughout this analysis are calculated on an equal-weighted basis.

Global portfolios are broken out into US, developed, and emerging markets equities. In cases where the underlying holdings are not available to Cambridge Associates for a particular global portfolio, a 50% US/ 50% developed markets allocation is reflected.

Legacy holdings that a client still maintains as part of its investment pool can be included in this analysis. These long-held securities can fall under several categories including, but not limited to, securities with a very low tax basis or securities that the owner does not intend to sell for personal reasons.

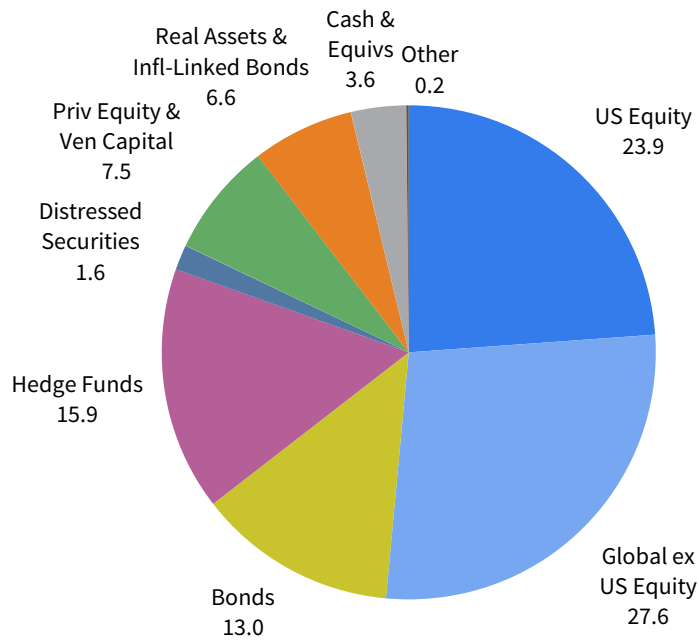
In Figures 1, 3, and 4, bonds includes US bonds, global ex US bonds, and high-yield bonds; hedge funds includes long/short hedge funds and absolute return (ex distressed securities); private equity and venture capital includes non-venture private equity, venture capital, and other private investments; and real assets and inflation-linked bonds includes public and private real estate, commodities, inflation-linked bonds, private oil & gas/natural resources, timber, and public energy/natural resources.

**PEER GROUPING.** The Cambridge Associates endowments and foundations universe includes colleges and universities, cultural & environmental institutions, health care institutions, independent schools, and other endowed nonprofit institutions as well as foundations. ■

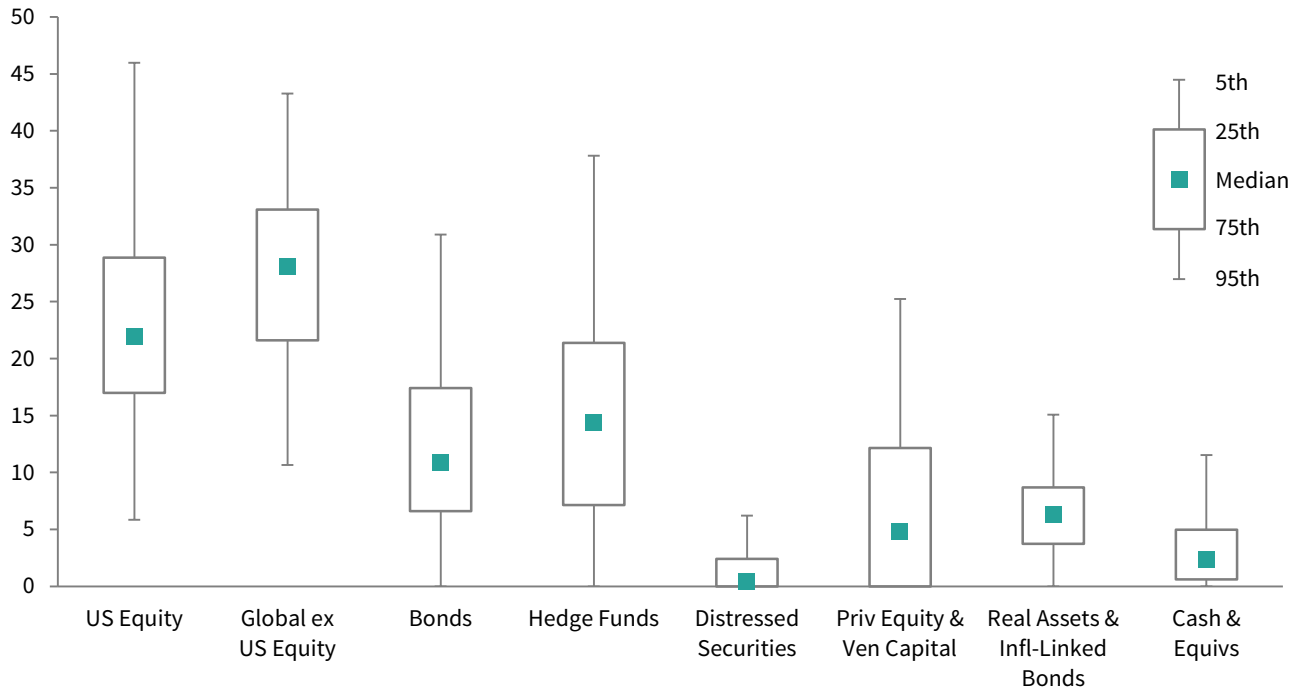
**FIGURE 1. ASSET ALLOCATION SNAPSHOT: US PRIVATE CLIENTS**

As of December 31, 2017 • Percent (%)

**Mean Asset Allocation**



**Distribution by Asset Class: Asset Allocation**



Source: Private client data as reported to Cambridge Associates LLC.

Note: Analysis includes data for 168 investment portfolios.

## FIGURE 2. DETAILED ASSET ALLOCATION BY ASSET SIZE: US PRIVATE CLIENTS

As of December 31, 2017 • Percent (%)

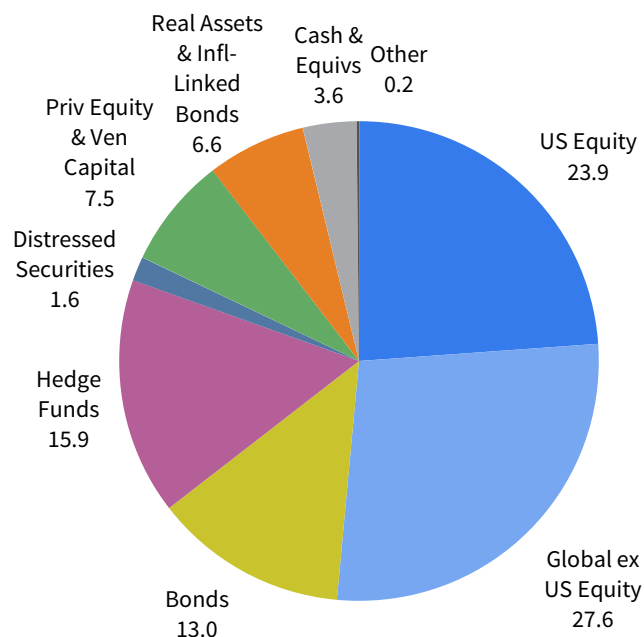
	All CA US Private Clients (n = 168)		Under \$100M (n = 88)		\$100M – \$500M (n = 42)		Over \$500M (n = 38)	
	Mean	Med	Mean	Med	Mean	Med	Mean	Med
<b>US Equity</b>	<b>23.9</b>	<b>21.9</b>	<b>23.6</b>	<b>24.0</b>	<b>20.2</b>	<b>19.7</b>	<b>28.6</b>	<b>24.0</b>
<b>Global ex US Equity</b>	<b>27.6</b>	<b>28.1</b>	<b>27.3</b>	<b>28.5</b>	<b>26.5</b>	<b>24.7</b>	<b>29.4</b>	<b>29.7</b>
Developed Markets	19.1	19.0	19.4	20.1	17.3	16.7	20.4	19.8
Emerging Markets	8.5	8.5	7.9	8.2	9.2	8.8	9.0	9.2
<b>Bonds</b>	<b>13.0</b>	<b>10.9</b>	<b>15.7</b>	<b>13.1</b>	<b>12.1</b>	<b>11.1</b>	<b>8.1</b>	<b>6.9</b>
US Bonds	12.5	10.6	15.0	11.9	11.4	11.1	7.7	6.7
<i>Municipal Bonds</i>	9.6	8.5	12.6	10.3	8.1	9.0	4.4	0.0
<i>Taxable Bonds</i>	2.8	0.0	2.4	0.0	3.2	0.3	3.3	0.8
Developed Markets ex US	0.1	0.0	0.0	0.0	0.1	0.0	0.1	0.0
Emerging Markets	0.3	0.0	0.3	0.0	0.4	0.0	0.2	0.0
High-Yield Bonds	0.2	0.0	0.3	0.0	0.3	0.0	0.1	0.0
<b>Hedge Funds</b>	<b>15.9</b>	<b>14.4</b>	<b>15.7</b>	<b>14.2</b>	<b>17.6</b>	<b>15.3</b>	<b>14.5</b>	<b>14.1</b>
Long/Short Hedge Funds	6.8	5.6	5.6	4.1	9.2	7.8	7.0	5.3
Absolute Return (ex Distressed)	9.1	6.8	10.2	6.8	8.5	8.0	7.5	6.2
<b>Distressed Securities</b>	<b>1.6</b>	<b>0.4</b>	<b>1.5</b>	<b>0.2</b>	<b>2.1</b>	<b>1.7</b>	<b>1.5</b>	<b>0.3</b>
Hedge Fund Structure	0.7	0.0	0.8	0.0	0.8	0.0	0.4	0.0
Private Equity Structure	0.9	0.1	0.7	0.0	1.3	0.9	1.1	0.0
<b>Private Equity &amp; Venture Capital</b>	<b>7.5</b>	<b>4.8</b>	<b>4.8</b>	<b>0.4</b>	<b>9.3</b>	<b>6.6</b>	<b>11.7</b>	<b>7.1</b>
Non-Venture Private Equity	3.1	1.0	1.3	0.0	3.5	2.3	6.8	5.4
Venture Capital	2.9	0.3	1.9	0.0	3.6	2.4	4.5	1.1
Other Private Investments	1.5	0.0	1.7	0.0	2.2	1.4	0.4	0.0
<b>Real Assets &amp; Infl-Linked Bonds</b>	<b>6.6</b>	<b>6.3</b>	<b>7.1</b>	<b>7.1</b>	<b>8.1</b>	<b>7.1</b>	<b>3.9</b>	<b>2.6</b>
Private Real Estate	1.3	0.0	1.0	0.0	2.7	1.3	0.5	0.0
Public Real Estate	0.4	0.0	0.6	0.0	0.1	0.0	0.3	0.0
Commodities	0.4	0.0	0.5	0.0	0.4	0.0	0.3	0.0
Inflation-Linked Bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private Oil & Gas/Natural Resources	1.1	0.0	0.6	0.0	1.9	1.7	1.5	0.0
Timber	0.1	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Public Energy/Natural Resources	3.3	2.8	4.4	4.5	2.7	2.3	1.3	0.6
<b>Cash &amp; Equivalents</b>	<b>3.6</b>	<b>2.3</b>	<b>4.1</b>	<b>2.4</b>	<b>3.7</b>	<b>2.8</b>	<b>2.3</b>	<b>1.5</b>
<b>Other Assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: Private client data as reported to Cambridge Associates LLC.

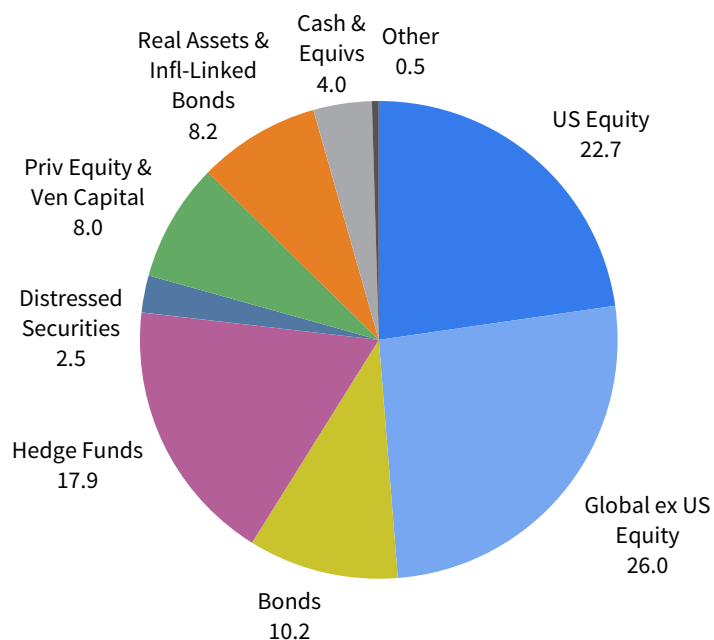
### FIGURE 3. MEAN ASSET ALLOCATION COMPARED TO ENDOWMENTS AND FOUNDATIONS

As of December 31, 2017 • Percent (%)

#### CA US Private Clients



#### CA Endowments & Foundations



#### CA US Private Clients

	Mean	Median	Low	High
US Equity	23.9	21.9	0.0	69.5
Global ex US Equity	27.6	28.1	0.0	51.1
<i>Developed Markets</i>	19.1	19.0	0.0	48.4
<i>Emerging Markets</i>	8.5	8.5	0.0	19.0
Bonds	13.0	10.9	0.0	53.0
Hedge Funds	15.9	14.4	0.0	100.0
Distressed Securities	1.6	0.4	0.0	15.3
Priv Equity & Ven Capital	7.5	4.8	-4.9	57.9
Real Assets & Infl-Linked Bonds	6.6	6.3	0.0	32.4
Cash & Equivalents	3.6	2.3	-45.4	41.1
Other Assets	0.2	0.0	-3.0	17.3

#### CA Endowments & Foundations

	Mean	Median	Low	High
US Equity	22.7	22.7	0.0	60.6
Global ex US Equity	26.0	26.6	0.0	44.2
Hedge Funds	17.4	17.5	0.0	36.1
Bonds	8.6	8.6	0.0	20.4
Distressed Securities	2.5	1.9	0.0	13.3
Priv Equity & Ven Capital	8.0	6.3	0.0	45.5
Real Assets & Infl-Linked Bonds	8.2	8.0	0.0	37.4
Cash & Equivalents	4.0	2.9	-4.1	25.5
Other Assets	0.5	0.0	-12.6	31.8

Average Market Value  
Market Value Range  
Universe

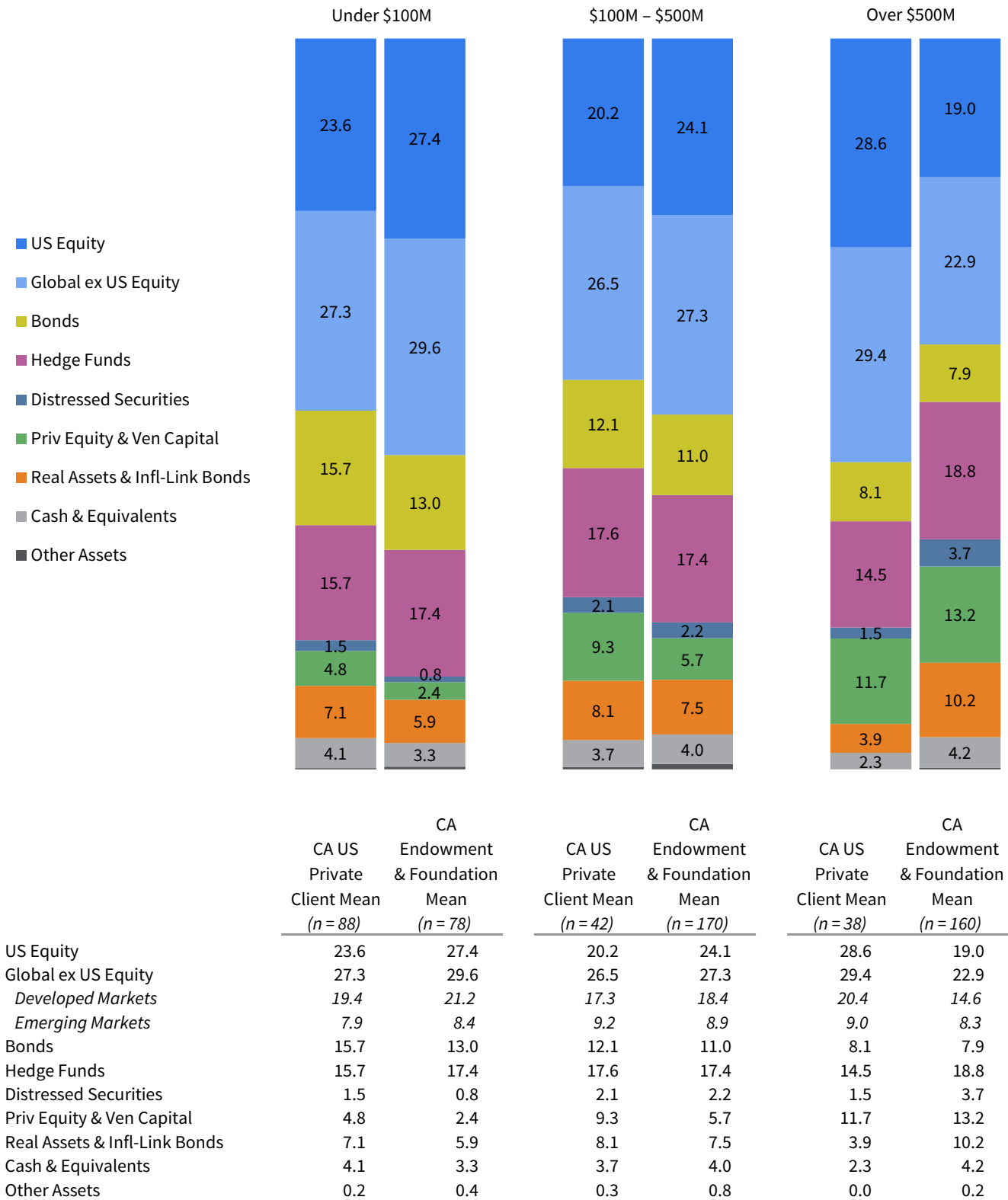
\$298.1 million  
\$141,000 – \$5.7 billion  
168 Private Clients

\$1.3 million  
\$8.2 million – \$50.7 billion  
408 Endowments

Source: Endowment, foundation, and private client data as reported to Cambridge Associates LLC.

**FIGURE 4. MEAN ASSET ALLOCATION BY ASSET SIZE COMPARED TO ENDOWMENTS AND FOUNDATIONS**

As of December 31, 2017 • Percent (%)



Source: Endowment, foundation, and private client data as reported to Cambridge Associates LLC.

## FIGURE 5. DETAILED ASSET ALLOCATION COMPARED TO ENDOWMENTS AND FOUNDATIONS

As of December 31, 2017 • Percent (%)

	CA US Private Clients (n = 168)		CA Endowments & Foundations (n = 408)	
	Mean	Median	Mean	Median
<b>US Equity</b>	<b>23.9</b>	<b>21.9</b>	<b>22.7</b>	<b>22.7</b>
<b>Global ex US Equity</b>	<b>27.6</b>	<b>28.1</b>	<b>26.0</b>	<b>26.6</b>
Developed Markets	19.1	19.0	17.4	17.5
Emerging Markets	8.5	8.5	8.6	8.6
<b>Bonds</b>	<b>13.0</b>	<b>10.9</b>	<b>10.2</b>	<b>9.9</b>
US Bonds	12.5	10.6	9.0	8.7
<i>Municipal Bonds</i>	9.6	8.5	—	—
<i>Taxable Bonds</i>	2.8	0.0	—	—
Developed Markets ex US	0.1	0.0	0.4	0.0
Emerging Markets	0.3	0.0	0.4	0.0
High-Yield Bonds	0.2	0.0	0.4	0.0
<b>Hedge Funds</b>	<b>15.9</b>	<b>14.4</b>	<b>17.9</b>	<b>17.4</b>
Long/Short Hedge Funds	6.8	5.6	6.8	5.8
Absolute Return (ex Distressed)	9.1	6.8	11.1	10.7
<b>Distressed Securities</b>	<b>1.6</b>	<b>0.4</b>	<b>2.5</b>	<b>1.9</b>
Hedge Fund Structure	0.7	0.0	1.5	0.3
Private Equity Structure	0.9	0.1	1.0	0.6
<b>Private Equity &amp; Venture Capital</b>	<b>7.5</b>	<b>4.8</b>	<b>8.0</b>	<b>6.3</b>
Non-Venture Private Equity	3.1	1.0	3.6	2.5
Venture Capital	2.9	0.3	3.5	1.7
Other Private Investments	1.5	0.0	0.9	0.1
<b>Real Assets &amp; Infl-Linked Bonds</b>	<b>6.6</b>	<b>6.3</b>	<b>8.2</b>	<b>8.0</b>
Private Real Estate	1.3	0.0	1.7	0.8
Public Real Estate	0.4	0.0	0.4	0.0
Commodities	0.4	0.0	0.6	0.0
Inflation-Linked Bonds	0.0	0.0	0.4	0.0
Private Oil & Gas/Natural Resources	1.1	0.0	2.3	1.5
Timber	0.1	0.0	0.1	0.0
Public Energy/Natural Resources	3.3	2.8	2.7	2.3
<b>Cash &amp; Equivalents</b>	<b>3.6</b>	<b>2.3</b>	<b>4.0</b>	<b>2.9</b>
<b>Other Assets</b>	<b>0.2</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>

Source: Endowment, foundation, and private client data as reported to Cambridge Associates LLC.

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