Numbers Mean Nothing Without Benchmarking

Addressing questions about benchmarking

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Contents

Key takeaways

- Investment benchmarking exists because investment returns out of context do not provide sufficient information to evaluate the results.

- A portfolio comes together as a result of decisions made at several different levels. These decisions are often made by different people and must be evaluated by benchmarking the outcomes of their decisions in ways that can often look very different from each other.

- Selecting a benchmark is an important exercise to do in advance of the period being evaluated. The benchmark selected needs to be appropriate to the investment decision that will be evaluated—for example, a different benchmark should be used for asset allocation decisions than for evaluating the performance of a particular fund.

Introduction

Investment portfolio management involves the use and reporting of numbers. Countless numbers. But what do they mean? Are they good or bad? How do they relate to decisions made and the evaluation of those decisions? Experienced and amateur investors alike struggle with the measurement, reporting, and interpretation of fund returns. Even when an investor thinks they have a handle on it, some stakeholder will ask a question that leads to another angle not yet fully considered.

This primer is for those who want a better understanding of how investment performance is calculated, what benchmarking entails, why certain investment decisions and products require different types of benchmarks, and how investors should put that performance into the appropriate context. We address the evaluation of different levels of allocator decision making, the benchmarking challenges of the "traditional" private equity fund structure, and the issues around comparing or combining different kinds of returns.

The movement to democratize alternatives means that there are many new investors who will not intuitively recognize that the benchmarks they are used to using, like the S&P 500, do not make sense in all cases in evaluating how their portfolio is doing. Even their advisors may be only vaguely aware that a private fund IRR is not appropriately compared to the time-weighted return of a public index, but they may not know why private funds get different performance calculations, what is so different about the calculations, or why a higher number may not always be better than a lower one. In this report, we delve into many aspects of investment benchmarking to contextualize these and other issues.

This report addresses not only specific benchmarks, but also why some are suitable for some purposes and not for others, why they are sometimes not comparable to other benchmarks, and the difficulties of creating benchmarks at all in the private markets. Overriding this is the determination of which sorts of benchmarks make sense for what decisions get made when assembling a portfolio—asset allocation decisions should be measured differently than private equity portfolio decisions, which in turn should be measured differently from the returns of individual fund managers or their underlying holdings. Every aspect should be measured, but how it is measured depends on the decision and the assets involved.

Experienced and amateur investors alike struggle with the measurement, reporting, and interpretation of fund returns.

Why we benchmark

With apologies to Jane Austen, it is a truth universally acknowledged that a measurement without context must be in want of a benchmark. There are many kinds of benchmarks in life and in the investment arena. Is an athlete's race time good or bad? It depends on the goals going in. It could be a new personal best, beating a particular competitor, or even a world record. For one person, just finishing could be a great outcome, while for some athletes, a second place at the Olympics is a crushing blow.

Investment performance figures can be confusing or even meaningless without proper context. A negative 10% return may sound dreadful, but if the financial markets were down 25% in a free fall during the period under consideration, this result may be an indication that a lot of value was protected. For some who cannot afford to lose money, however, their perspective may be that any loss is a bad outcome, in which case the investor may need to evaluate their objectives and risk tolerance to align future investments to that no-loss objective. In this case, not only does the benchmarking tell us if a result is good or bad, but it also should inform future investment decisions; if an investor cannot tolerate downside, they will need to select investments that likely curtail prospective upside.

Most importantly, we benchmark investments to evaluate the decisions we have made. In conjunction with other inputs, this reflection on what has happened can then inform decisions yet to be made. Should the asset allocation shift because the results indicated more risk than the investor could tolerate? Should an asset manager be given more capital—or be fired? Should a fund be sold? Is the investment committee performing in accordance with the standards set? This decision evaluation needs to have real consequences. In November 2024, all 10 board members of Alberta Investment Management were let go because investment results did not meet expectations of the provincial government paying the bills.[1] Presumably arguments were made about the time frame and whether the expectations were realistic, but here is a recent case where benchmarking was used to evaluate a decision and punitive action was taking based on that evaluation.

What (and whom) to benchmark

It is important to measure things in relation to what you are trying to accomplish, to pick an objective that is possible to achieve, and to match the evaluation to the activity taking place. It is important to match any decision to a benchmark that is appropriate to the decision being made.

Depending on the goals and objectives of a pool of assets or a particular investment, the benchmarking exercise can take a lot of forms. But there are a few absolutes. It is important to measure things in relation to what you are trying to accomplish, to pick an objective that is possible to achieve, and to match the evaluation to the activity taking place. It is important to match any decision to a benchmark that is appropriate to the decision being made. These decisions can be thought of in terms of levels from the 30,000-foot view of the total portfolio to the close-up perspective of individual investments selected, each of which should be benchmarked differently.

Total portfolio level

Those with responsibility for the ultimate governance of a pool of assets are the ones being evaluated at the total portfolio level. It is the job of the chief investment officer, investment committee, or some other governing fiduciary body to establish an asset allocation that has a chance at achieving the risk and return objectives. There are really two separate decisions to evaluate at the total portfolio level: the strategic asset allocation and the tactical bets that may be approved because there is a belief that the current environment offers opportunities to beat the long-term strategic allocation. While evidence is sparse that markets can be reliably timed in most environments, that does not stop investors from trying to capitalize on perceived opportunities at any given moment. To explain tactical versus strategic allocations simply, if the long-term target is a 60/40 public stock/public bond portfolio, a committee may decide that low interest rates may justify a more prudent allocation of 70/30 for the time being.

1: "Alberta Government Terminates AIMCo Board Over Underperformance, Rising Costs," Pensions & Investments, Palash Ghosh, November 8, 2024.

For strategic allocation decisions, there is typically an objective that the whole portfolio is purposed with achieving. What are you saving or investing for? It is rarely "make as much money as you possibly can," largely because this is a vague objective that is difficult to assess and ignores risk. Generally, there is some benchmark selected in advance, along with a time frame by which the portfolio is expected to meet or exceed it. The time frame, in fact, should make sense in the context of the objective. While a pension may be seeking to beat a benchmark such as an actuarial rate of return of 7%,[2] most investment committees understand that achieving a 7% return in any single year is not a realistic objective, as sometimes there are years like 2008 when no assemblage of investments would have allowed the portfolio to have achieved the goal. Typically, an allocator's investment policy statement will provide a total portfolio objective that is "over a full market cycle."[3] Even that language is vague, so three, five, or 10 years may be stated as part of the objective.

In essence, the total portfolio objective should make sense for the pool of assets. If a charitable foundation needs to spend 5% of assets to maintain a tax-advantaged status and hopes to continue to have the same purchasing power for its spending in perpetuity, then the objective and benchmark will often be 5% plus the rate of inflation over five years. If the allocator is an insurance company, then the objective may be to do better than some passive bond index that would have been the default portfolio when yields provided a more meaningful return. While the pension actuarial rate of return example is an absolute benchmark of 7%, the insurance company has a relative benchmark, comparing itself to an index whose outcome is not known in advance. The foundation has a hybrid benchmark—the 5% stays constant, but the inflation number will shift. These are just financial returns, but others may also benchmark to risk attributes such as duration-matching of investments to liabilities.

Even a strategic asset allocation may shift some over time. In the early 1980s, when interest rates were much higher, many investors were happy to buy and hold a portfolio of bonds that provided all the return required of the assets. In order to achieve such returns in the lower-interest-rate era of the 2020s, however, many have had to consider other investable assets, which has been a significant contributor to the increase in commitments to private equity, private credit, and other areas with potentially higher returns, but also higher levels of risk. While ultimately the total portfolio return will be compared to the original objective of the assets, say a 7% return, at the tactical level, the bets may be compared to the strategic asset allocation. From the previous example, the tactical 70/30 stock/bond bet would be compared to what the portfolio might have returned if it had remained at 60/40. If the bet pays off, the committee celebrates the additional cushion they have provided toward the long-term objective. If not, tactical bets may be re-evaluated, and flexibility for these decisions may be curtailed in the future.

Lastly, while the long-term benchmark may be an absolute figure like 7%, some allocators will also have a relative benchmark to allow for the fact that sometimes the markets just do not provide the returns required. Some may see it as unfair to be held accountable for a three- or five-year absolute number when the markets have had a sustained period with few pathways to an objective-meeting outcome.

2: "Asset Allocation and the Investment Return Assumption," American Academy of Actuaries, July 2020.
3: "Elements of an Investment Policy Statement for Institutional Investors," CFA Institute, 2010.

Once an asset allocation is set with an expectation to satisfy the objective at a level of risk acceptable to whoever has a fiduciary duty to the fund, that asset allocation can be used, in conjunction with asset class indexes, to create a blended benchmark against which the whole portfolio can be measured. The actual implementation decisions, however, are measured differently.

Asset class level

It is important to select the benchmark in advance, however, and have it be representative of the opportunity set for each asset class. One would not say a house had a bad bathroom because it lacked a stove.

Once the strategic asset class sleeves—public stocks, public fixed income, private equity, and real estate, among others—and their target weights have been determined, the work progresses to selecting fund managers and/or direct investments to fill those buckets. These decisions are benchmarked differently than the total portfolio because at this level we are measuring the abilities of the investment team to construct the portfolio. If the portfolio is a house, and the total portfolio benchmarking measures the overall integrity of the structure, then the asset classes are the rooms, each of which can and should be evaluated independently. It is important to select the benchmark in advance, however, and have it be representative of the opportunity set for each asset class. One would not say a house had a bad bathroom because it lacked a stove. Similarly, when evaluating the construction of your private equity portfolio sleeve, you should use a private equity index rather than a real estate index.

At the end of a relevant period, all the funds or assets in a sleeve should be measured as a whole to determine if the portfolio construction within the asset class was better than what might have been achieved if one was to invest in the relevant index. Not only is the decision to select particular funds to fill the sleeve being evaluated at this level, but also the weights each country, manager, and sub-asset-class received. For example, if the asset allocation directs 20% of the portfolio to anything that is private and equity, then the decision to put 15% of that into buyouts and 5% of that into VC would be captured in benchmarking the asset class sleeve. The returns of the individual managers would also contribute to the overall sleeve performance, as would the decision to lean into Europe or away from Asia.

There are ways to tease out and evaluate some of the weighting decisions made at this level. If an investor invested in a way that fully mimicked the makeup of the benchmark, then it must be fund selection that drove return differences. If an investor also decided to weight the underlying subsegments of that asset class differently than the benchmark, then those decisions can be isolated and evaluated. The math behind these evaluations is shown in the "How to benchmark for evaluation and decision making" section of this note. In terms of who, the investment committee will typically approve each manager selected, but this is usually done with the advice of individuals below the investment committee level, often the investment consultant in conjunction with the allocator's staff.

Individual investment level

The third major group of investment decisions that must be evaluated involves the individual selection of investments, be they funds or direct investments. This could be seen as an evaluation both of those responsible for making investment recommendations—staff and/or investment consultants—as well as an evaluation of the fund managers themselves. The staff is probably better evaluated at the asset class level because the creation of a portfolio or asset class sleeve requires diversification considerations that often accept that some managers will be out of favor in certain periods, knowing that the overall portfolio is more resilient by holding funds that are countercyclical to each other. Thus, at the level of the individual fund investment, the asset manager is the more immediate concern when it comes to benchmarking.

In private markets, the evaluation of a fund manager is a difficult exercise, largely because the funds are invested over time and a good portion of the value-add can come many years into the fund life when the companies purchased by the fund are sold. Yet many LPs are asked to evaluate fund managers only two to three years into the life of a prior fund when the fund manager comes back to market for fresh capital. We have found some evidence of performance persistence in private markets, but this is using data from funds that have fully liquidated. At the time the fund manager comes back to market and the LP is being asked to re-up, the picture is much murkier, as we have found no relation between the quartile of a fund while it is still in its investment period and the ultimate quartile of that fund.

A fund's benchmark should be selected in advance, and it should be representative of the opportunity set the fund manager is working with.

That said, fundamental rules of benchmarking still hold when it comes to evaluating a private fund manager. A fund's benchmark should be selected in advance, and it should be representative of the opportunity set the fund manager is working with. While in private markets this should not be an investable benchmark like the S&P 500 (anyone can own every stock in the S&P 500, but in most cases, only one PE firm at a time owns a private company), a benchmark that encompasses the funds that are looking at the same types of companies as the fund being evaluated is preferred. This means that for an individual manager, the benchmark will likely be more specific than that used for an asset class sleeve. If a fund is managing US middle-market buyout investments, for example, one would use a benchmark containing funds with a similar mandate.

Some LPs may want to evaluate a fund at an even more granular level—attributing performance to particular companies, sectors, or even individuals at the deal level. That requires a more customized benchmarking approach, as the investor would need to identify similar companies or similar industry sleeves to see how well that investor might have been expected to do in the time frame under consideration.

How to select a private market benchmark

Private market benchmarking has challenges above and beyond the difficulties of measuring the effectiveness of other investment decisions. According to the CFA Institute, "Valid benchmarks should be unambiguous, investable, measurable, appropriate, reflective of current investment opinions, specified in advance, and accountable."[4] While this is the ideal, and it works pretty well if picking from stocks that are part of the S&P 500 or Russell 2000 indexes, many investment decisions are not well served by benchmarks of this type. Even public fixed-income benchmarks are not truly investable because a bond index tracks bonds that do not trade frequently or were not issued in an amount sufficient to allow all potential investors to purchase.

In the private markets, the problem of meeting the valid benchmark standard is even worse. Because accurate private fund performance data is difficult to come by, a private market benchmark includes those returns that a provider can get its hands on—but no one has them all. In addition, most private market funds are not available to all, having commitment minimums and limited access if the demand for a fund is more than its chosen fund size. Not to mention that most funds remain open to investment for only a year or two at the beginning of the fund's life, and no one may get in after the final close without finding someone from whom to buy their interest. This is in marked contrast to stocks, which are always available for investment—at least during trading hours, and often at other times as well. Depending on what an investor is looking to evaluate, the private market benchmarks may also be incredibly thin—if trying to evaluate a manager that specializes in investing in the financial sector in Central and Eastern Europe, there may be only a handful of comparable funds, and their returns may not be known by anyone other than the partners of the funds.

For private markets, the guiding principles should be to measure yourself in relation to the purpose of the activity, to know your goal in advance so you do not finish and then search for a cherry-picked metric, and to have a goal that is possible to achieve and is in a time frame appropriate to what is being evaluated.

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Zooming in on the last point, vintage year is important for fund evaluation. While many private market funds may be operating during, say, a given five-year time horizon, some of these funds are in their investment period, some are in the liquidation phase, and others are somewhere between. What should really be done is to compare a fund against other funds that started at the same time because it controls nicely for the economic environment. If two funds made their first investment in 2007 but one called down the majority of its capital that year while the other took its time, the difference in return will measure each manager's style and potentially their wisdom in diversifying not only across portfolio companies but also time—an ability unique to private market funds, as an investment in a mutual fund gets invested from the start, whether that was a good moment to do so or not.[5]

4: "Portfolio Performance Evaluation," CFA Institute, 2024, accessed December 10, 2024.
5: For a quantitative analysis of the effect of fast or slow drawdowns in VC funds, please read our recent Does Slow and Steady Win the Race? analyst note.

Because traditional drawdown funds pay incentive fees on absolute returns, sometimes against a hurdle rate, they may seem disinterested in benchmarking. But most are aware that in order to raise the next fund, they will need to look good against the competition, which incentivizes GPs to put valuations on their unrealized portfolios that will look attractive to potential LPs in the next fund. In fact, research shows that unrealized valuations on portfolio companies are likely inflated to make a manager look good when it tries to raise capital for a successor fund.[6] As most LPs have found, it seems like every GP that comes to market says that it is top quartile, but against *what* needs to be the question. It is sometimes incumbent upon the LP to do its own sense check of what the GP is comparing itself against. Lastly, it is important for the comparison between the returns of the investment and its benchmark to be net of fees, especially in private markets where the difference between gross and net performance can be substantial.

When to benchmark: The time component

The advent of the information age has led some to believe that just because there is a measurement for one-day, one-week, or one-quarter returns, it must be meaningful. But it is important to match the measurement period to the decision being made. If an investor has a long-term strategic asset allocation, it should be measured over a long period. How long? Many use the vague language of "a full market cycle," which often equates to five years. But in private markets, when the ultimate outcome of a fund is not known until at least 10 years have passed, even five years may be too short, as the unrealized valuations of the portfolio may bear no relation to the final outcome once the investments have been sold and capital returned.

If an investor is making a short-term bet—and the gambling term is used deliberately—on some outcome like the results of an election or a Food and Drug Administration approval, it may be appropriate to benchmark that bet on a short-term basis. But if an investor hopes to beat the actuarial rate of return on their pension over the long term, then it is important to look at longer periods of investment portfolio performance. For private equity and venture capital, which depend on fairly long-term investment hold periods, short-term measures are a way to keep an eye on things, but they are not a full measure of a fund manager's abilities. The ultimate result of a private market fund will utilize skills in buying companies at a good price, managing portfolio companies to better operating results, and selling the companies at a better price. Measuring interim performance before a fund is liquidated will measure only the first two skill sets, with the third component being an unrealized estimate of fair value that is at the discretion of the fund manager rather than a sale price that someone was willing to pay.

In terms of the time horizon, any benchmark selected should be of the same time period as the investment being assessed. Saying that an investment one year in has failed because it did poorly against a 10-year benchmark figure is nonsensical. This would be like comparing the signature challenges of two Great British Bake Off contestants, one of whom had three hours and the other had five to bake and decorate their cakes.[7]

6: "Private Equity Fund Valuation Management During Fundraising," Harvard Business School, Brian K. Baik, May 2024.
7: "About the Show," The Great British Bake Off, n.d., accessed December 10, 2024.

Even tactical decisions will generally not be measured over a short time horizon, especially when long-term assets like private equity or venture capital are in the mix. It is difficult and often expensive to fine-tune an asset allocation because of a feeling that VC is "the right place to be right now." One major reason is that the typical way to access VC is through long-term call-down structures. Thus, while now may be a great time to be in VC, in order to get that exposure now, an investor should have made those commitments several years ago so they could be invested by the time the market got interesting. For this reason, tactical bets are less common with private market allocations than with public markets, where a feeling that, for example, emerging market stocks are ripe for a boom can be implemented relatively quickly.

How to benchmark for evaluation and decision making

It cannot be stated enough: The benchmark selected must make sense for the investment or decision being evaluated.

It cannot be stated enough: The benchmark selected must make sense for the investment or decision being evaluated. Evaluating a global PE fund manager against the performance of the 500 large-cap US stocks in the S&P 500 Index would be an unfair comparison, as the benchmark would not represent the investable universe in which the fund manager was sourcing its portfolio companies. To use the race analogy, using a hurdles time to evaluate a marathon time makes no sense because the marathoner was not trying to run a hurdles race.

There are few additional hard-and-fast rules in benchmarking, however. While it may be unfair to evaluate the manager's skill by comparing it to the S&P 500, there are valid reasons to make that exact comparison when evaluating whether an allocation to PE served the portfolio better than investing in public stocks. There is no one right answer for benchmarking every investment scenario, but there are most definitely some wrong ones. At the total portfolio, an investor should use a benchmark that evaluates whether they selected the right asset allocation to meet the total portfolio objectives—the 7% actuarial rate of return, for example. The analysis would look like this:

Do I have the right asset allocation for my pension with an actuarial rate of return goal of 7%? (Hypothetical data)

Asset class	Strategic allocation	Index	Five-year annualized index return	Contribution to total benchmark return
Public equities	30%	MSCI ACWI	9.00%	2.70%
Private equity	20%	PitchBook Private Equity	12.00%	2.40%
Fixed income	20%	Bloomberg US Aggregate Bond Index	7.00%	1.40%
Private credit	10%	PitchBook Private Debt	10.00%	1.00%
Private real estate	15%	PitchBook Real Estate	5.00%	0.75%
Short-term liquidity	5%	T-bills	1.00%	0.05%
Total	**100%**	**Blended benchmark**		**8.30%**

Source: PitchBook

Note: For public and private market indexes to be weighted and combined, they all need to be time-weighted returns. The IRRs more usually reported in private markets are not directly comparable to public indexes, as the assets in PE are not fully invested at all times throughout the life of the fund.

In this example, the hypothetical returns in the table are those of indexes. The decision to hire particular fund managers does not come into play in this case. It is important where possible to isolate decisions to properly attribute the success of any one decision. At the total portfolio level, an investor can take the benchmarks selected for each asset class, look at their returns, weight them by the strategic allocation targets, and see if the asset allocation decision was successful in setting up the fund to meet or beat the total portfolio objective. We speak here of returns, but total portfolio objectives may also include risk measures so that a team is not rewarded for taking undue risk, even if it "worked out" in a particular period.

Building on this example, an investor can then plug in the tactical weights to compare to what the portfolio would have returned if no tactical bets had been taken. By changing only the allocation weights to the tactical decisions, the total portfolio appears to be better off because it was overweight to higher-returning asset classes like public and private equity and underweight to fixed income and private real estate. By walking through how the benchmarking exercise could play out, we can see that not only did the strategic allocation outperform the 7% objective, but the tactical bets also paid off, providing an 8.75% blended return based on the tactical allocations but still using index returns. The committee appears to have done well in its allocation decisions vis-à-vis the 7% objective and the strategic allocation.

Did my tactical allocation bets pay off? (Hypothetical data)

Asset class	Strategic allocation	Index	Five-year annualized index return	Contribution to total benchmark return
Public equities	35%	MSCI ACWI	9.00%	3.15%
Private equity	25%	PitchBook Private Equity	12.00%	3.00%
Fixed income	15%	Bloomberg US Aggregate Bond Index	7.00%	1.05%
Private credit	10%	PitchBook Private Debt	10.00%	1.00%
Private real estate	10%	PitchBook Real Estate	5.00%	0.50%
Short-term liquidity	5%	T-bills	1.00%	0.05%
Total	**100%**	**Blended benchmark**		**8.75%**

Source: PitchBook

The evaluation of decisions should lead to lessons learned that can inform decisions going forward. Some committees might conclude this total portfolio benchmarking exercise by attempting to secure gains by decreasing allocations to riskier assets going forward to avoid potential downside should the markets reverse. Others might see their tactical successes as an indication of their market perspicacity and double down on their bets.

The last evaluation of the total portfolio has to do with whether each of the decisions beneath the asset allocation level paid off. In this hypothetical example, the 7.34% return of the portfolio did outperform the 7% objective, but it did worse than if the portfolio had been able to achieve the returns of the indexes representing each asset class. The tactical allocations are still in place in this example, as this is how the portfolio was actually allocated. Unless the portfolio has exceedingly strict rebalancing protocols, this will be an average weighting throughout the period as weights shift with market movements. While some sleeves performed better than their benchmark—private credit, private real estate, and cash—their returns were not enough to make up for the significant underperformance in public and private equity. This analysis thus shows that the portfolio exceeded its 7% target (good), the tactical allocations were additive (good), but the holdings in each sleeve were a mixed bag, with the equity and public fixed-income managers underperforming, but the rest, only a 30% share of the total portfolio, doing better than their respective benchmarks.

Are we good at selecting fund managers? (Hypothetical data)

Asset class	Strategic allocation	Index	Five-year annualized index return	Contribution to total benchmark return
Public equities	35%	Public equity sleeve	7.00%	2.45%
Private equity	25%	Private equity sleeve	9.50%	2.38%
Fixed income	15%	Public fixed income sleeve	3.00%	0.45%
Private credit	10%	Private credit sleeve	12.00%	1.20%
Private real estate	10%	Real estate sleeve	8.00%	0.80%
Short-term liquidity	5%	Cash sleeve	1.30%	0.07%
Total	**100%**	**Blended benchmark**		**7.34%**

Source: PitchBook

It is also possible to strip out what the return would have been had the fund not taken tactical bets, but had hired the same managers within the sleeves. We already know the tactical bets helped the overall portfolio, but unfortunately the overweight to stocks and private equity went to poorly performing sleeves. The overweight to fixed income was good, as the sleeve did poorly versus its benchmark. The overweight to real estate worked out well, as the real estate sleeve exceeded the return “the market,” or index, provided. This particular analysis is not a true evaluation of a particular decision made, as one would not know which sleeves would over- or underperform in advance. A committee might overweight an asset class because of some idea of how that asset class would perform, but it would be rare to overweight an asset class because the managers an investor intended to hire, as would be the case for a new PE sleeve, for example, were expected to outperform.

What if we'd had the same managers, but had not taken tactical bets? (Hypothetical data)

Asset class	Strategic allocation	Index	Five-year annualized index return	Contribution to total benchmark return
Public equities	30%	Public equity sleeve	7.00%	2.10%
Private equity	20%	Private equity sleeve	9.50%	1.90%
Fixed income	20%	Public fixed income sleeve	3.00%	0.60%
Private credit	10%	Private credit sleeve	12.00%	1.20%
Private real estate	15%	Real estate sleeve	8.00%	1.20%
Short-term liquidity	5%	Cash sleeve	1.30%	0.07%
Total	**100%**	**Blended benchmark**		**7.07%**

Source: PitchBook

Conclusion

In this report, we covered a lot of ground, homing in on the levels of decision making that go into the overall construction of a portfolio. We recognize that there is more to discuss. We are drafting a follow-up report that will cover how to calculate private market investment performance, discussing IRRs, multiples, time-weighted returns, and public market equivalents. We will also discuss when and when not to use which metric and why there are so many metrics in the first place.