Agenda

- Sub-Committee Members
- The “supply” and “demand” dynamics for asset management product / services
- Our key guiding principle
- Workstreams
  - Measuring full cycle returns from private investments
  - Understanding the current exemptions and restrictions for access to various private investments
- Next Steps
• **Rama Subramaniam** – GTS (Chair)
• **Adeel Jivraj** – Ernst & Young LLP
• **Erik Sirri** - Babson College and Natixis Funds, Loomis Sayles Funds, and Natixis ETFs
• **Joe Savage** - FINRA
• **John Bajkowski** - American Association of Individual Investors
• **John Suydam** – Apollo Global Management
Demand Side

Content from 1st AMAC meeting – 14th January 2020
Michael L. Goldstein – FMMI Inc
The U.S. Industry is Around $45 Trillion in Size…

U.S. Money Management Industry Assets
Total and as a Share of GDP
2002 Through 2019E

$ Trillion

Total Assets

As a Share of GDP

2002

2010

2019E

Total Assets

As a Share of GDP

The U.S. Industry is Around $45 Trillion in Size…
The U.S. Money Management Industry
Sources of Assets Under Management¹
2018

Institutional Investors' Assets
- Defined-Benefit Plans²
- Endowments
- Foundations
- Insurance Company Outsourcing
- Defined- Contribution Plans
- Other Retirement Assets

Retail Investors' Assets
- IRAs
- Retail Mutual Funds
- Alternatives
- College Savings Plans
- Bank Personal Trusts
- ETFs
- Separate Accounts
- Variable Annuities³

Other Retirement Assets

¹ Not including federal government pension plans.
² Excludes unfunded portion.
³ Excludes variable annuities held in defined-contribution and IRA retirement plans.

- Defined-Benefit Pension Plans
- Defined- Contribution Plans
- IRA Accounts
- Retail Separate Accounts, Trusts and Alternatives
- Other Institutional Categories
- Retail Investors
- Other Retirement Assets
- Institutional Investors

1. Endowments, foundations and outsourced insurance assets.
2. Includes 401(k), 403(B), 457 and union defined-contribution plans.
3. Includes variable annuities and college savings plans.
4. Includes hedge funds and private equity funds.
...As the ERISA Era Has Come Full Circle
Supply Side
Listed U.S. Companies & Market Capitalization

U.S. Listed Domestic Companies

As of 5/30/2019. Source: The World Bank Group
Our key guiding principle and our “North star” will be the best interest of Main Street investors.

That best interest will include balancing protections for the investor with opportunity and access to a wider range of investments.
Workstream 1 – Measuring full cycle returns from private investments

- Private investments should provide diversifying and/or additive returns over a full investment cycle to a typical public market portfolio or when compared to public market benchmarks

- Survey prior academic studies
  - Initial work by Erik Sirri has shown limited useful studies
  - Engaging with SEC DERA unit to determine the availability of academic literature regarding potential effects from including private investments in individual investor portfolios

- Seek out industry data providers such as Hamilton Lane and Cambridge Partners and analyze the data
  - Expect inherent limitations in comparability
  - Prefer data that we can analyze ourselves (might request DERA assistance)
Workstream 2—Understanding the current exemptions and restrictions

• We are reviewing several SEC releases including:
  • Concept Release on Harmonization of Securities Offering Exemptions – June 2019
  • Proposed to simplify, harmonize, and improve certain aspects of the exempt offering framework to promote capital formation while preserving or enhancing important investor protections – March 2020
  • Proposed rule to amend ‘accredited investor’ definition – Dec 2019

• Evaluating these in terms of private investment asset classes

• “Evolutionary” changes vs “Revolutionary” changes
Next Steps

- Complete academic survey of private investment returns and share initial conclusions
- Collect data from industry providers and review any similar analysis they have done
- Confirm approach to analyze data collected
- Summarize current exemption and access framework for main asset classes
  - Private equity (distinguish between early stage, growth, late stage potentially)
  - Real Estate
  - Private Debt
  - Others?
Questions and Comments
References and Materials

- [CaseyQuirk-Deloitte US Asset Management Comments](#)
- [Concept Release on Harmonization of Securities Offering Exemptions (June 2019)](#)
- [Proposing Release, Facilitating Capital Formation and Expanding Investment Opportunities by Improving Access to Capital in Private Market (March 2020)](#)