

Industry Group DCALTA Issues Considering Private Real Estate as a Foundation for Multi-Asset DC Plan Investment Options

- DCALTA issues its first topical research paper on recent trends in DC plan alternative investments. This installment focuses on Private Real Estate (PRE) as an allocation within multi-asset investment options, such as a Target Date Fund or strategy (TDF).
- Leveraging DCALTA's recently issued Liquidity Framework and consensus Valuation Framework, DCALTA turns their focus to share industry outcomes and trends for real-life implementations of alternative investments.
- [This paper](#) informs plan fiduciaries and industry stakeholders about PRE DC plan investment outcomes and trends:
 - For 20 years, PRE has contributed to the diversification of investment outcomes and protection of participant account balances in TDFs, including during recent periods of stress in the public stock and bond markets.
 - PRE portfolios have evolved to reflect the changing mix of real estate opportunities, reflecting the new economy.
 - Demand by plan fiduciaries has led the investment management industry to expand the solutions available in the market for TDF series that include PRE.
 - Liquidity was well managed within TDFs that included PRE, and participants continued their commitment to those TDF investments.
- DC plan sponsors and asset managers are talking about alternative investments in DC Plans, see what they are saying [here](#).

Port Orange, Florida, December 6th, 2023. Consistent with its mission of enhancing retirement outcomes, industry group DCALTA (the Defined Contribution Alternatives Association) has published research on the outcomes and trends of including Private Real Estate (PRE) in DC Plans. [Considering Private Real Estate as a Foundation of DC Plan Multi-Asset Investment Options](#) informs plan fiduciaries and industry stakeholders about PRE DC plan investment outcomes and trends.

"Including Private Real Estate and other alternative assets in 401(k) plans has been happening for 20+ years in the United States," said Jonathan Epstein, DCALTA Founder and President. "DCALTA's research on outcomes and trends indicates Private Real Estate has contributed to the diversification and protection of participant account balances. This paper is intended to inform plan fiduciaries, and their service providers, as they consider the expanding choices of TDFs in the market that include Private Real Estate."

"We believe that incorporating an allocation to private markets can help bring the diversification and risk efficiency characteristics of sophisticated institutional portfolios to individual participants. Since the launch of our flagship target date funds in 2005, an allocation to core private real estate has been a hallmark of our approach. Since then, the diversifying and volatility dampening qualities of real estate have helped us deliver a smoother ride for our participants, across multiple market cycles ", says Daniel Oldroyd, Portfolio Manager and Head of Target Date Fund Strategies at JPMorgan Asset Management:

Globally, institutional investors such as defined benefit plans, endowments, foundation, insurers and others have included Private Real Estate as a core allocation in their portfolios. Institutional US defined contribution plans are expanding their inclusion of PRE in their portfolios, and asset managers have launched new solutions to meet that new demand. As the motivation behind inclusion of PRE is to improve participant outcomes, we provide information regarding historical outcomes, the evolution of the asset class, and participant access and utilization of PRE. Fortunately, there is an expanding range of product and management options – for even the smallest DC plans – to access this expanded diversification opportunity set. In pursuit of better retirement outcomes for participants, plan sponsors may now contemplate an allocation to PRE within their defined contribution plans.



About DCALTA

Enhancing Retirement Outcomes - a collective voice on alternative investments in defined contribution plans.

DCALTA seeks to enhance the retirement security of defined contribution (DC) plan participants by the inclusion of alternative assets:

- As a modest allocation within a long term focused, multi-asset fund option on a DC plan menu
- Through a well-diversified portfolio of alternative assets
- Professionally managed within a prudent structure designed for the needs of DC plan participants.

DCALTA's mission includes education, research and advocacy on the benefits of alternative investments options within a defined contribution framework. To learn more about DCALTA, please visit dcalta.org.

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