Investment Office Impact Brief

USBRIF | Investment Office management benefits | November 12, 2026

The management case combines staff capacity released, simpler oversight, continuity across private fund cycles and leadership changes, more selective private manager commitments, and flexible exposure. Against a new 16-20 private fund program, one Strategy allocation releases an estimated 905-1,146 annual staff hours, valued at $108,712-$137,562, for other Investment Office priorities.

The strategy replicating the US BRI (the “Strategy”) can be implemented through the USBRIF or a separately managed account (SMA). The modeled differences in initial and ongoing staff hours and resource costs between these implementation options are small and do not materially change the workload comparison presented here.

Time and resource savings

The comparison at equal capital is one strategy allocation versus a new 16-20 private fund program. The central case assumes the office performs the work in house, reviews documents and conducts meetings remotely, monitors investments annually, and conducts full reviews every two years. Initial savings are 1,443-1,817 staff hours, valued at $176,735-$222,530. [5-12]

The 16 to 20 fund scenario uses approximately 200 companies and Preqin mean deals per fund: 12.89 for 715 North American funds and 10.33 for 416 European funds. Dividing 200 by those averages and rounding up gives 16 to 20 funds. [13] The US BRI is constructed to reflect broad buyout characteristics, including sector exposure, company selection, and leverage. [1] The comparison is only on the operating workload of these two approaches.

Strategy allocation is the share of a hypothetical $10B portfolio invested in the strategy. The 1.4%, 1.85%, and 2.3% examples use the portfolio contribution and sizing analysis below.

Resource savings	Minimum allocation	Midpoint allocation	Maximum allocation
Strategy allocation	1.4%	1.85%	2.3%
Capital on $10B reference portfolio	$140M	$185M	$230M
Initial, one time			
Staff hours released	1,443-1,817	1,443-1,817	1,443-1,817
Total staff resource value	$176,735-$222,530	$176,735-$222,530	$176,735-$222,530
Value per $1M invested	$1,262-$1,589	$955-$1,203	$768-$968
One-time equivalent (bp)	12.62-15.89	9.55-12.03	7.68-9.68
Annual ongoing			
Annual staff hours released	905-1,146	905-1,146	905-1,146
Total staff resource value	$108,712-$137,562	$108,712-$137,562	$108,712-$137,562
Annual value per $1M invested	$777-$983	$588-$744	$473-$598
Annual equivalent (bp)	7.77-9.83	5.88-7.44	4.73-5.98

Ranges span 16-20 funds. Initial savings cover setup and diligence. Annual savings cover ongoing work, including full reviews every two years. They are separate measures, not an aggregated first-year total. Hours and total resource values stay constant across allocation sizes because task scope and manager count stay constant. Dollar values use gross salary equivalents and the original 46.06% employer cost proxy. Released capacity does not imply payroll or invoice reductions.

Management benefits and practical consequences

Investment and legal work: one strategy and advisor assessment, agreement set, and continuing review stream, with fewer separate research files, private fund terms, and side letters to maintain.

Monitoring and administration: fewer account records and reporting formats simplify reconciliation, exception review, and follow-up. There is no GP capital call, distribution, carry, waterfall, or recycling administration for this exposure; account and financing oversight remains.

Continuity across fund cycles: an ongoing systematic mandate maintains strategy exposure without requiring successive closed-end fund commitments as earlier funds mature and wind down.

Manager selectivity: the strategy provides an investable alternative against which the Investment Office can judge whether a private manager justifies the additional fees, illiquidity, and staff work. Maintaining exposure to the strategy provides time to select preferred managers and accept illiquidity when a private investment offers enough additional value to justify it.

Leadership and advisor continuity: document why the allocation was made, its intended holding period, its limits, and the conditions requiring a review. With SMA implementation, direct ownership can permit retaining securities through an advisor transition, subject to account arrangements.

Exposure control: with appropriate SMA authority, the Investment Office can adjust equity exposure within agreed limits without first transferring capital to or from another manager. Fund exposure changes depend on fund terms.

Flexibility across investment mandates: the Investment Office can assess the strategy for buyout-like, public equity, or leveraged equity assignments. Where one allocation makes another manager mandate unnecessary, additional staff time and operating resource savings may arise. These are not included above. If the Investment Office identifies another assignment, we can apply the same cost and staff resource methodology to the corresponding manager mandate, generally on a one-to-one basis.

Portfolio contribution and sizing

A hypothetical $10B portfolio holds 60% MSCI ACWI Gross Total Return USD and 40% US investment-grade bonds. Monthly rebalancing keeps target weights constant for this illustration; it is not a proposed trading schedule. Strategy capital replaces ACWI equity. The January 2003-September 2026 results describe this reference portfolio, not any institution's actual allocation. [1-4, 12]

Net portfolio result	Minimum	Midpoint	Maximum
Strategy allocation / investor capital	1.4% / $140M	1.85% / $185M	2.3% / $230M
Additional annualized return (CAGR)	10.75 bp	14.19 bp	17.62 bp
Additional annualized volatility	14.21 bp	18.90 bp	23.65 bp
Deeper maximum drawdown	22.55 bp	29.81 bp	37.07 bp

Baseline CAGR is 7.68%, annualized volatility 9.63%, and maximum drawdown -35.34%. At the three reference sizes, net portfolio CAGR is 7.79% / 7.82% / 7.86%; volatility is 9.78% / 9.82% / 9.87%; maximum drawdown is -35.57% / -35.64% / -35.72%.

Position size adjustments

For each additional 10 bp of portfolio allocation, estimate approximately +0.77 bp of historical net portfolio CAGR, +1.05 bp of annualized volatility, and +1.61 bp of deeper maximum drawdown. Reverse those adjustments for a smaller allocation. This guide applies above and below the worked range; it is a rounded historical sensitivity, not a forecast. The workbook provides calculated results in 10 bp allocation steps.

Sizing rationale

We tested allocations in 0.1 percentage point increments. At 1.4%, historical annualized net portfolio return first improved by at least 0.10 percentage points. At 2.3%, the largest cumulative three-year shortfall versus the reference portfolio stayed within 1.00 percentage point. These illustrative criteria assume monthly rebalancing; they are not institution-specific policy or confirmed loss limits. Rebalancing each January qualifies 1.6-1.8% under the same criteria.

Return methodology and implementation assumptions

Portfolio contribution and sizing use modeled net returns for the Strategy: published levered index returns plus 1.00% / 12 for the target financing improvement, less 1.50% / 12 for the management fee. Both adjustments are expressed on investor capital, totaling -0.50% / 12. Additional trading and account expenses are excluded. [1, 2, 12]

Implementation terms determine ownership, account authority, custody, financing, reporting, and expenses. An SMA can avoid a separate pooled fund's NAV administration and standalone fund audit. A fund requires investor reporting and fund oversight. The 1.50% fee applies to investor capital. Fund operating costs and other implementation expenses are excluded from modeled returns. [12]

Historical index results include backtesting and are not live performance of the USBRIF. Source precision, calculation methods, and assumptions are documented in the supporting analysis.

References

[1] Morningstar Indexes. US Buyout Replication Index construction rules. July 2025.
[2] Morningstar. US Buyout Replication LR TR USD factsheet, F00001P1NO. September 2026.
[3] MSCI. ACWI Gross Total Return USD, index 892400.
[4] Vanguard. Total Bond Market Index Fund (VBTLX), annual returns; monthly history via Yahoo Finance.
[5] Third Wire. Gross salary equivalents and role mapping in the accompanying Inputs & Calculations workbook. November 2026.
[6] US Bureau of Labor Statistics. Full-time private-industry compensation. June 2026.
[7] ILPA. Due Diligence Questionnaire 2.0. 2021.
[8] PSERS. External Investment Manager Due Diligence and Monitoring Policy.
[9] TMRS. Investment Practices and Performance Evaluation. 2024.
[10] Milwaukee ERS. Private Equity Policy. September 2023.
[11] bfinance. Operational due diligence process.
[12] Third Wire. Implementation assumptions, resource estimates, and portfolio calculations presented in the accompanying Supporting Analysis and Inputs & Calculations workbook. November 2026.
[13] Jenkinson, T., Kim, H., and Weisbach, M. S. Buyouts: A primer. 2023, Table 2, p. 206. Preqin fund data.