

Navigating the Consultant Channel: Dakota's Institutional Landscape Report

Executive Summary

The institutional investment consulting industry stands at a pivotal inflection point in 2026. What was once a relatively stable, advisory-centric business has undergone a decade of transformation driven by consolidation, the explosive growth of outsourced chief investment officer (OCIO) services, the rise of private markets, and shifting dynamics between consultants and the asset managers they evaluate. For fund managers seeking to raise institutional capital, understanding the consultant channel's structure, incentives, and direction is a strategic imperative. This report provides a comprehensive overview of the consultant landscape, how managers are evaluated, the barriers facing emerging firms, consensus asset class perspectives, and practical guidance for engaging with the channel effectively.

Key Takeaways

Concentration is intensifying.

Only 10 consultants advised on approximately 61% of U.S. pension fund commitments in 2025, according to Dakota data.

OCIO is reshaping the competitive landscape.

The OCIO market has tripled from approximately \$1 trillion in 2015 to more than \$3.3 trillion by the end of 2024, with projections reaching \$5.6 trillion by 2029 at a 10.6% average annual growth rate. (Source: Cerulli Associates)

Private markets have become the main focus.

As private investments have grown more popular, they're reshaping how consultants do their core work—from finding and evaluating managers to tracking performance and advising clients on how to divide up their portfolios.

Consolidation and convergence are accelerating.

Major deals are blurring the boundaries between institutional consulting, wealth management, and RIA aggregation.

Emerging managers face significant structural barriers.

Minimum track record requirements, AUM thresholds, and the inherent conservatism of consultant buy-lists mean that first-time and smaller managers must be exceptionally strategic, patient, and deliberate in their approach to the consultant channel.

State of the Consultant Channel

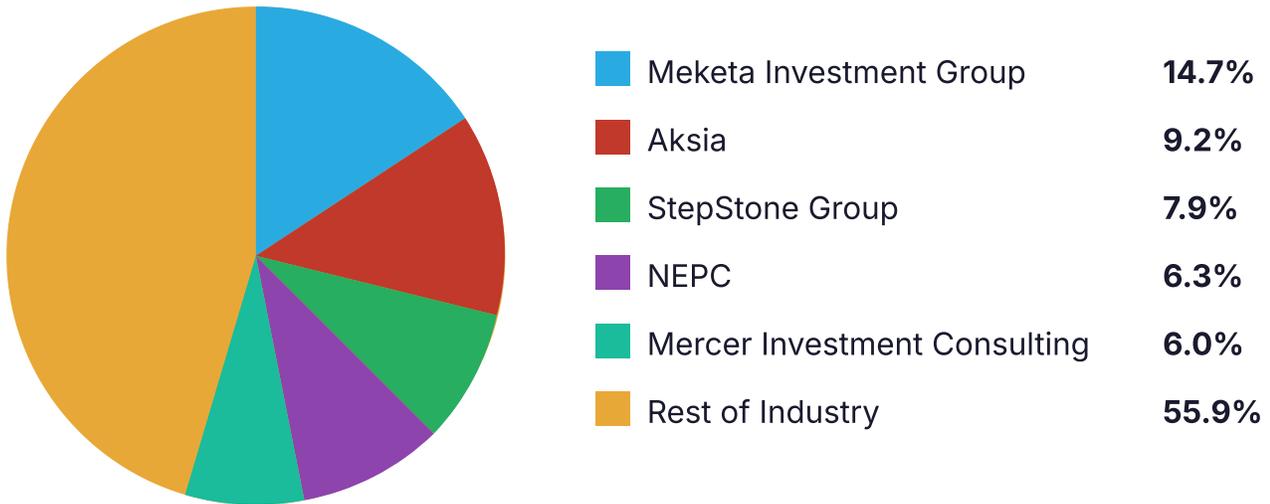
The institutional investment consulting industry has undergone more change in the past five years than in the preceding two decades. Understanding these macro themes is essential context for any fund manager engaging with the channel.

Institutional Usage and Scale

In 2025, Dakota tracked over 1,800 private market allocations totaling over \$192 billion from pension funds and other large institutional allocators. Approximately 87% of these investments were advised by an investment consultant. Meketa led the industry with 233 mandates advised on, followed by Aksia with 146 and StepStone with 126. In terms of dollar volume, Meketa advised on more than \$40 billion in commitments, while Albourne, Aksia, StepStone, and Hamilton Lane each advised between \$12 billion and \$14 billion.

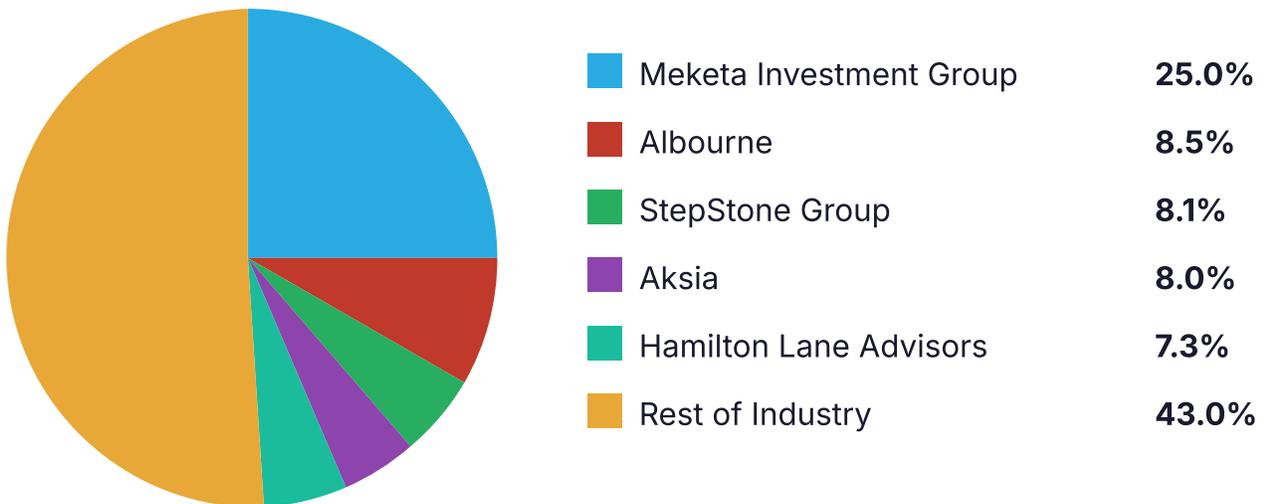
The charts below highlight 2025 consultant advisory on private markets pension activity:

Number of Private Market Mandates



Source: Dakota

Dollar Amount of Private Market Mandates



Source: Dakota

Consultant Usage for Top Pension Systems

| Pension System | AUM (\$B) | General Consultant |
|---|-----------|--------------------|
| California Public Employees' Retirement Systems | 531.6 | Wilshire |
| California State Teachers' Retirement System | 360.0 | Meketa |
| New York City Comptroller's Office | 274.4 | NEPC |
| New York State Common Retirement Fund | 273.4 | RVK |
| Florida State Board of Administration | 245.0 | Cambridge |
| Teacher Retirement System of Texas | 211.6 | Meketa |
| Washington State Investment Board | 202.8 | Mercer |
| State of Wisconsin Investment Board | 171.1 | Meketa |
| Pennsylvania Treasury Department | 150.0 | Marquette |
| Minnesota State Board of Investments | 149.0 | AON |

Source: Dakota

The table above highlights the general consultant usage of some of the top US pension plans. It is important to note that all of these pension systems use at least one other consultant for specialization in a particular asset class, such as Private Equity or Real Estate.

The OCIO Revolution

The single most transformative trend in the consulting industry over the past decade has been the migration from non-discretionary advisory to outsourced CIO (OCIO) services. In the OCIO model, the consultant is delegated full discretionary authority over investment decisions. This includes manager hiring and firing, asset allocation, and rebalancing — rather than merely advising an investment committee.

The U.S. OCIO market grew 16% in 2025 alone, reaching approximately \$2.5 trillion in assets under management. The U.S. represents 75% of the global OCIO marketplace¹. Cerulli Associates projects \$1.3 trillion in new inflows from first-time OCIO adopters by 2029, pushing total industry assets to \$5.6 trillion at a 10.6% average annual growth rate. New OCIO adoption has traditionally been the strongest driver of industry growth.

The OCIO business is booming because investment complexity has outpaced what most institutional investors can manage internally. Alternatives, private markets, and global diversification require expertise that's expensive to build and hard to retain, especially for smaller endowments, foundations, and pensions. OCIOs offer economies of scale, access to institutional-quality management at lower cost, and they absorb fiduciary risk that board members and trustees may not want to carry personally. The client base has expanded well beyond the endowment market into corporate pensions, healthcare systems, and family offices, while talent shortages and fee compression in traditional asset management have pushed more firms to build or acquire OCIO capabilities.

Consolidation, Merger and Acquisition Activity

Large RIAs are starting to move into the institutional space by acquiring established consultants and OCIO providers. Firms like Hightower, Mariner, and Cerity Partners have made significant acquisitions to gain access to institutional-grade research capabilities and better serve UHNW clients who expect the same quality of investment advice traditionally reserved for endowments and pension funds. This wealth-to-institutional convergence allows RIAs to diversify their revenue streams while offering clients a broader suite of services under one roof.

Private equity has become the dominant force behind this wave of consolidation. Nearly every major deal in recent years has involved PE backing from firms like Genstar, Lightyear, THL Partners, TA Associates, TPG, and Madison Dearborn. The OCIO market in particular has evolved into a scale game where only the largest players have the infrastructure, technology, and research depth to operate efficiently and win new mandates.

At the same time, growing demand for private markets exposure is reshaping what clients expect from their advisors. Private equity, private credit and other alternative investments that were once available only to institutions are now drawing strong interest from individual and high-net-worth investors. Deals like the investments in Cliffwater position firms to meet this demand, bridging the gap between institutional alternatives expertise and the retail wealth channel. The result is a more integrated industry where the lines between wealth management, institutional consulting, and asset management continue to blur.

¹ Source: Chestnut Advisory Group

Notable M&A Activity

| Date | Acquirer | Target | Assets |
|----------|---------------------------|---|---------------------------|
| Feb 2026 | Cerity Partners | Verus Investments | \$1.2T AUA |
| Sep 2025 | Madison Dearborn Partners | NFP Wealth Business (Fiducient, Wealthspire, Newport) | \$382B combined assets |
| Aug 2025 | Cresset Capital | Monticello Associates | \$124B AUA |
| May 2025 | Mercer | SECOR Asset Management | \$13.8B AUA / \$21.5B AUM |
| Apr 2025 | TPG + Temasek | Cliffwater (additional minority stakes) | \$36B AUM / \$80B AUA |
| Jan 2025 | Mariner Institutional | Cardinal Investment Advisors | \$292B AUA |
| Oct 2024 | Hightower | NEPC (majority stake) | \$1.7+T AUA/AUM |
| Apr 2024 | Cerity Partners | Agility (Perella Weinberg Partners OCIO) | \$15B AUM |
| Mar 2024 | Mercer | Vanguard OCIO Business | ~\$60B AUM |
| Feb 2024 | Mariner Wealth Advisors | AndCo Consulting + Fourth Street Performance Partners | \$104B AUA |
| Jan 2023 | TA Associates | Cliffwater (minority stake) | \$36B AUM / \$80B AUA |

Source: Dakota Data + Third Party Analysis

Private Markets as the Growth Engine

The rise of private markets is changing the composition of manager searches and core consulting functions overall. Recently, the U.S. institutional investment consulting industry has been reshaped by consolidation, OCIO adoption, the entry of private equity as owners, and the integration of consulting with wealth management and RIA firms. Today, the industry is starting to see the impact of the next big driver of change: the growth of private markets and the potential integration of public and private assets in institutional investment portfolios.

Many asset owners are less familiar with asset classes such as private equity, credit, infrastructure, and real estate, and the universe of managers available in these categories. Institutions are relying heavily on their consultants for support and advice not only for help in narrowing down potential managers and awarding mandates, but also for assistance in valuing and monitoring opaque private assets and integrating them into broader portfolio frameworks.

Dakota data from 2025 pension commitments shows us that the private asset classes receiving the most consultant attention were: Private Equity (608 mandates), Private Credit (314 mandates), and Private Real Estate (256 mandates).

The Consultant Landscape

The following section profiles the major investment consulting firms, organized into groups based on scale, ownership structure, and strategic positioning. This is not meant to capture the entire universe, but rather a spotlight on some of the key players.

Global Consulting Leaders

The global consulting giants (Mercer, Aon, and WTW) operate at an entirely different scale than the independents. All three are divisions of publicly traded insurance brokerages and professional services conglomerates, giving them massive distribution networks, global footprints, and the ability to bundle consulting with benefits, actuarial, and risk management services. Their size creates both advantages (resources, manager access, research depth) and concerns (potential conflicts from affiliated businesses, less nimble decision-making).

| Name | AUA (\$B) | Metro | Ownership |
|----------------------------|-----------|---------|------------------------------|
| Mercer | 16,200 | Chicago | Subsidiary of Marsh McLennan |
| Willis Towers Watson (WTW) | 4,700 | NYC | Publicly Traded |
| Aon | 4,465 | Chicago | Publicly Traded |

Source: Dakota Data, Company Websites, Form ADV. Some quantitative figures are estimates, based on most recently available information.

Large Institutional Consultants

These are the traditional gatekeepers between asset managers and institutional investors—advising public pensions, endowments, and foundations on manager selection and asset allocation without the conflicts of bank or asset manager ownership. They sit between the global giants and the wirehouse/RIA channels, serving clients who want dedicated fiduciary advice without paying for a global platform. Consolidation is reshaping this tier, with PE acquisitions and strategic sales leaving only a handful of fully employee-owned firms.

| Name | AUA (\$B) | Metro | Ownership |
|-------------------------|-----------|---------------|--|
| RVK | 3,845 | Portland | Independent |
| Callan | 3,000 | San Francisco | Independent |
| Meketa Investment Group | 2,300 | Boston | Independent |
| NEPC | 1,627 | Boston | Hightower (majority) |
| Wilshire Advisors | 1,424 | Los Angeles | CC Capital/Motive Partners (majority) |
| Verus Advisory | 1,100 | Seattle | Merged with Certy Partners |
| Russell Investments | 962 | Seattle | TA Associates (majority)/ Reverence (minority) |

Source: Dakota Data, Company Websites, Form ADV. Some quantitative figures are estimates, based on most recently available information.

Mid-Sized Institutional Consultants

This group serves a similar client base as the larger consultants but with more specialized or regional positioning, whether that's a focus on Taft-Hartley plans, endowments, or retirement consulting. Several firms in this tier have been acquired by larger financial services players or taken PE investment, reflecting the broader consolidation trend working its way down-market.

| Name | AUA (\$B) | Metro | Ownership |
|------------------------------|-----------|-----------|---|
| Segal Marco Advisors | 600 | NYC | Independent |
| Mariner Institutional | 550 | Orlando | Subsidiary of Mariner Wealth (Leonard Green minority investor) |
| Cambridge Associates | 518 | Boston | Independent |
| Rocaton Investment Advisors | 490 | NYC | Subsidiary of Goldman Sachs Asset Management (acquired in 2018) |
| Asset Consulting Group (ACG) | 200 | St. Louis | Independent |
| Monticello Associates | 124 | Denver | Cresset (majority) |

Source: Dakota Data, Company Websites, Form ADV. Some quantitative figures are estimates, based on most recently available information.

Private Markets Focused Consultants

These specialists advise institutions specifically on alternatives rather than total portfolio consulting. As allocations to private markets have surged, these firms have become critical intermediaries for institutions navigating an opaque and relationship-driven asset class. Some have gone public or taken PE capital to fund growth, while others remain independent. Many generalist consultants now compete in this space, but these dedicated shops offer deeper manager networks and specialized due diligence.

| Name | AUA (\$B) | Metro | Ownership |
|-------------------|-----------|--------------|--|
| Hamilton Lane | 819 | Philadelphia | Publicly Traded |
| Albourne Partners | 750 | UK | Independent |
| StepStone Group | 591 | NYC | Publicly Traded |
| Aksia | 329 | NYC | Independent |
| Cliffwater | 80 | Los Angeles | TPG, TA Associates, Temasek (minority) |

Source: Dakota Data, Company Websites, Form ADV. Some quantitative figures are estimates, based on most recently available information.

Wirehouse, Bank-Affiliated & RIA Aggregator Consultants

Outside the traditional consulting world, a few other types of consultants exist to serve institutional clients. Major Wall Street brokerages and banks operate their own institutional consulting divisions (Morgan Stanley's Graystone, UBS Institutional Consulting, Merrill Lynch, and others), offering institutional oversight alongside private wealth and corporate retirement services. These groups typically serve smaller to mid-sized institutions that value the combination of fiduciary consulting and access to broader wealth management capabilities, though the model carries potential conflicts given their parent companies' asset management businesses. Separately, a fast-consolidating segment has emerged from the retirement plan advisory space. Firms like CAPTRUST and SageView started as 401(k) consultants and have grown through PE-backed acquisitions. These RIA aggregators are now pushing into institutional consulting (DB plans, endowments, foundations) and private wealth, capitalizing on the "retirement-to-wealth convergence" trend.

OCIOs

The OCIO market is dominated by a handful of large firms that use their scale, manager relationships, and research platforms to capture most of the assets. Mercer is the largest with \$692 billion in outsourced AUM, followed by firms such as Goldman Sachs Asset Management, BlackRock, Russell Investments and CAPTRUST. Many of the same firms that dominate traditional consulting also rank among the largest OCIOs, having used their advisory relationships to build discretionary management arms. BlackRock and GSAM, some of the biggest asset managers globally, have used their investment platforms and institutional relationships to win some of the largest mandates—including UPS's \$43.4 billion plan to GSAM and Shell's \$30 billion pension to BlackRock. Institutional consultants like Russell Investments have also built significant OCIO arms, as have RIA aggregators like CAPTRUST, which grew primarily through the retirement plan advisory channel.

How Consultants Evaluate Managers

Understanding the consultant evaluation process is essential for any fund manager seeking to be included on a consultant's recommended or approved list. While each firm has proprietary nuances, the fundamental framework is consistent across the industry. Drawing on Dakota's third-party marketing practice and deep experience with the consultant channel, here's how we see the consultant evaluation process.

The Evaluation Framework

Manager evaluation typically covers six dimensions: the organization, investment team, investment philosophy, investment process, portfolio construction, and historical performance. On the organizational side, consultants look for firms that are focused, stable, and ideally employee-owned, signaling alignment of interests over asset-gathering. The investment team is evaluated not only on credentials and tenure but on the personal qualities that distinguish great investors like curiosity, skepticism, and sound judgment under pressure. A clear investment philosophy is equally essential, one that explains the manager's competitive edge and flows logically into their process. That process is then assessed for rigor and discipline, with consultants recognizing that skilled execution is ultimately what separates good managers from great ones. Performance is evaluated not simply on returns, but on whether those returns are genuinely attributable to the process, with consultants analyzing risk-adjusted results and attribution across multiple time horizons to understand where value was actually created.

Layered on top of this foundation, most consultants incorporate additional screens that reflect the evolving priorities of their institutional clients. ESG integration has become a near-universal consideration, with leading consultants explicitly assessing how managers identify, measure, and incorporate environmental, social, and governance factors into their investment process, rather than treating it as a checkbox exercise. Operational due diligence has similarly grown in importance, with consultants conducting deep-dive reviews of back-office infrastructure, compliance frameworks, cybersecurity practices, and the quality of key service providers such as auditors, legal counsel, and custodians. Importantly, the evaluation process does not end at selection. Ongoing monitoring is equally critical, requiring consultants to continuously assess whether a manager is executing as expected and to distinguish between a manager whose style is temporarily out of favor and one whose process or organization has fundamentally changed. Taken together, these layers mean that a manager's evaluation is never purely about returns. It is a holistic judgment of whether the entire organization, from investment philosophy to business operations, reflects the qualities of a durable, disciplined, and trustworthy institutional partner.

| Criteria | What Consultants Assess | Why It Matters |
|----------------------------|---|---|
| Organization & Alignment | Ownership structure, GP commitment, co-invest, carry structure | Employee ownership and fund economics signal long-term alignment over asset-gathering |
| Team | Tenure, succession planning, credentials, intangibles (curiosity, skepticism, judgment) | Key-person risk can deter investors |
| Philosophy & Approach | Clarity, consistency, repeatability, logical connection between edge and execution | Consultants must explain and defend the recommendation |
| Performance Attribution | Alpha from stated process, not luck or drift; risk-adjusted results across time horizons | Style drift can raise red flags |
| ESG Integration | How managers identify, measure, and incorporate Environmental, Social & Governance factors into the process | Near-universal client expectation; substantive integration beats checkbox compliance |
| Operational Infrastructure | Back-office, compliance, cybersecurity, audit, custody, service provider quality | ODD failures disqualify otherwise strong strategies |
| Ongoing Monitoring | Execution consistency, distinguishing style headwinds from fundamental change | Evaluation doesn't end at selection; continuous assessment protects clients |

The Barrier for Emerging Managers

Emerging managers tend to face structural challenges when it comes to engaging with the consultant channel. An emerging manager is typically a newly formed or relatively small investment firm raising its first, second, or third institutional fund, usually managing less than \$1–2 billion in assets. These firms are often independent boutiques or spinouts from larger organizations, and they tend to have strong alignment with investors through higher personal ownership stakes. It is worth noting that while "emerging" refers specifically to fund size and stage (not ownership diversity), many institutional investors and consultants evaluate emerging and diverse managers under the same program or initiative, even though the two categories are defined differently and don't always overlap.

The Core Challenges

- »» **Track record requirements:** Most major consultants require 3–5 years minimum of verifiable institutional track record for a formal rating.
- »» **AUM minimums:** Consultants and their clients (particularly larger institutions) have AUM thresholds for capacity and risk reasons.
- »» **Organizational scale:** Consultants evaluate the entire organization. Thin compliance, operations, or risk management staffing may fail ODD regardless of investment merit.
- »» **Capacity constraints:** Research teams have finite bandwidth; evaluating emerging managers requires disproportionate resources relative to established firms.

Emerging Manager Programs

Emerging Manager programs are structured initiatives, typically run by investment consultants, pension funds, or endowments, designed to identify, evaluate, and allocate capital to newer or smaller investment managers that may lack the long track records or large asset bases of established firms. These managers often operate within specific parameters: they may be in their initial fund cycles, have limited track records, or manage a relatively smaller AUM compared to more established firms. The programs serve a dual purpose: giving institutional investors access to differentiated, high-potential strategies that might otherwise be overlooked, and providing a pathway for diverse or founder-owned firms (often minority or women-owned) to access institutional capital. Criteria varies across consultants, but commonly center on AUM size, firm age or fund generation, ownership structure, and alignment with ESG or diversity principles.

Notable Emerging Manager Programs

| Consultant | Description | Criteria |
|------------|---|---|
| Meketa | Meketa hosts a semi-annual Public and Private Markets Emerging & Diverse Manager Research Day, now in its 17th iteration. The virtual event features one-on-one interviews where each participating manager meets with a Meketa research analyst or consultant to introduce their firm and investment strategy. Managers who have not met with Meketa's research team in the past two years are eligible to participate, and there is no cost to attend. Registration is limited. | <p>Public Markets: Majority employee ownership with <\$2B AUM; firm must never have exceeded \$5B AUM or been in business >10 years</p> <p>Hedge Funds: Majority ownership with <\$500M AUM; firm must never have exceeded \$1B AUM or been active >10 years</p> <p>Private Markets: Raising Fund I, II, or III</p> <p>Diverse: Majority ownership by women, minorities, and/or people with disabilities; no AUM or tenure limits</p> |
| Callan | Callan Connects is an emerging manager program that facilitates direct engagement between emerging and diverse managers and Callan's investment specialists. The program offers one-on-one 30-minute meetings, giving managers focused time with the relevant asset class team. Notably, ownership-diverse firms are exempt from AUM and fund size thresholds, allowing diverse managers of any size to participate. | <p>AUM: <\$3B OR Fund I–III with <\$1B</p> <p>Track Record: Fund I, II, or III</p> <p>Ownership: Diverse-owned, Women-owned, or Disabled-owned firms qualify at any size</p> |
| NEPC | NEPC runs two complementary initiatives: the Focused Placement List (FPL) and The Explorer Program. These programs merge NEPC's emerging manager and diverse manager efforts into a single framework. The Explorer Program specifically targets firms that have not yet achieved a 1 or 2 rating from NEPC, providing a pathway for newer managers to gain visibility with the consultant's research team. | <p>AUM: Flexible</p> <p>Track Record: Flexible</p> <p>Ownership: Diverse-owned or Diverse-led</p> <p>Key Factor: Qualitative engagement and integration into NEPC's ratings process</p> |

Practical Guide for Emerging Managers

Building Consultant Relationships Early

Start building consultant relationships 12–24 months before fundraising. Get your data into consultant databases before you make a single outreach call, as most large consultants have formal submission processes. Map the consultant ecosystem before you start calling and understand the difference between large traditional consultants, dedicated emerging manager consultants, and OCIO practices. Target consultants that are most active with smaller managers (NEPC, Meketa, and Callan have historically been more engaged).

Outreach Strategy

Think of early consultant outreach as R&D rather than a hard close, and work the channel from both directions by reaching out directly to underlying institutional clients that use these consultants, since independent interest from a consultant's client accelerates the evaluation process considerably. Use content like quarterly webinars, LinkedIn insights, and thought leadership to build familiarity before the first meeting, and maintain consistent follow-up with a defined cadence; city scheduling (covering specific markets each quarter systematically) signals seriousness and keeps you visible.

Positioning & Messaging

Be crystal clear about what you do: communicate your asset class, strategy, and differentiation in one or two sentences, because ambiguity is a dealbreaker and specificity creates memory. Be prepared to clearly articulate an attributable track record, demonstrate how past experience informs the current strategy, and lean into founder experience as a differentiator since seasoned founders with cross-cycle investing experience significantly outperform less experienced first-time managers. Additionally, fitting within a platform can matter as much as strategy quality. Consultants think in buckets, and it helps when managers fit neatly in a certain style box.

Asset Class Commentary

After analyzing institutional consultant pacing plans, portfolio reviews, and other key insights from Dakota Marketplace, we aggregated asset-class level commentary from the consultant channel:

Public Equities

Public equity remains a critical component of institutional portfolios as the highest-returning liquid asset class, though forward expectations have declined after a decade of strong performance. Following years of US equity dominance driven largely by mega-cap technology stocks, 2025 marked a notable shift as non-US markets began to outperform, suggesting leadership is broadening across regions and market capitalizations. Valuations are a key concern, as US equities trade well above long-term averages while international developed and emerging markets appear more reasonably priced. Index concentration in a handful of mega-cap names presents significant risk, as these stocks now drive an outsized share of both returns and volatility. Consultants tend to favor active management in less efficient segments like small caps, emerging markets, and global strategies, while acknowledging that US large caps may warrant more passive or systematic approaches. The overall sentiment reflects cautious optimism tempered by stretched valuations and a recognition that market conditions may continue to favor diversification and skilled stock selection.

Fixed Income

Fixed income remains essential for institutional portfolios, serving as both an income generator and a buffer during equity drawdowns. Consultants generally favor active over passive management, with one consultant noting that bond indices are flawed benchmarks, and that they don't capture all of the investable universe and weight securities by issuer indebtedness rather than investment merit. Historical data supports this view: median active core-plus managers have generally outperformed the Bloomberg Aggregate, while the fee gap between active and passive is far narrower than in equities. Within credit, current high yield spreads offer a tangible premium over investment grade, though tight spreads tend to temper enthusiasm. The key trade-off is that active managers typically lag during acute stress due to structural Treasury underweights, but these drawdowns have historically been recovered within months—making liquidity and patience the enablers of capturing long-term alpha.

Private Credit

Private credit has become a core institutional allocation, offering attractive income and diversification as traditional lenders continue to pull back and borrowers need flexible, tailored financing. Elevated interest rates and tighter bank regulation have reinforced this shift, creating durable opportunities for private lenders to step in with stronger structures, enhanced protections, and in some cases equity participation. While returns remain compelling (particularly in senior secured and asset-based lending), the landscape is becoming more competitive and complex, placing greater emphasis on manager selection, underwriting discipline, and structuring expertise. Portfolios are usually built with a diversified mix of direct lending, asset-based finance, and opportunistic credit, balancing stable income with the ability to capitalize on dislocations. The asset class's illiquidity and multi-year deployment timelines require thoughtful pacing and long-term commitment, reinforcing that outcomes depend more on manager skill than market beta.

Private Equity / Venture Capital

Private equity and venture capital remain core return drivers within institutional portfolios, supported by strong historical outperformance and the highest forward return expectations across asset classes. The opportunity set continues to expand (some estimate over 215,000 privately backed companies globally compared to a much smaller public equity universe), allowing investors to access earlier-stage growth and a broader range of industries and business models. However, the environment has become more challenging: elevated entry multiples, slower exit activity, and a growing backlog of unrealized investments are extending hold periods and weighing on distributions. While activity has begun to recover, it remains concentrated in larger deals, with secondary transactions and continuation vehicles playing a growing role. Buyout funds tend to serve as a core allocation within private equity portfolios, offering more consistent performance. Venture and growth strategies, on the other hand, play more of a satellite role.

Real Estate / Infrastructure

Real estate and infrastructure continue to serve as important diversifiers, offering income, inflation sensitivity, and lower correlation to public markets. In real estate, the market is emerging from a period of valuation reset driven by higher interest rates, with cap rate expansion and declining values now appearing to stabilize as transaction activity picks up. Fundamentals remain uneven: industrial, data centers, and certain residential segments benefit from strong demand and supply constraints, while offices continue to face structural headwinds from shifting workplace dynamics. Elevated financing costs and constrained bank lending are creating opportunities in real estate debt and opportunistic strategies, particularly as refinancing needs mount. Infrastructure benefits from long-duration, contracted cash flows and secular tailwinds tied to energy transition, digitalization, and supply chain reshoring. Across both asset classes, consultants emphasize disciplined pacing, sector selectivity, and a focus on high-quality assets, with current conditions presenting a more attractive entry point following the recent repricing cycle.

Hedge Funds

Hedge funds play a flexible role within institutional portfolios, serving as diversifiers and risk mitigators through their ability to generate returns across varying market environments. While historically able to deliver equity-like returns with lower volatility, performance has been more muted since 2009 as increased capital flows and subdued market volatility made alpha generation harder. Today, expected returns are more modest and strategy-dependent, with relative value, event-driven, and macro approaches offering differentiated return streams and varying correlations to public markets. The primary value proposition remains diversification and downside protection during periods of stress, though equity correlations vary by strategy. Manager selection is critical given wide dispersion between top and bottom performers, and high fees continue to present a hurdle to net returns. Consultants position hedge funds as a portfolio construction tool rather than a standalone return driver, with success dependent on clearly defining their role and building a complementary mix of strategies.

Outlook for the Consulting Industry

OCIO Expansion Will Continue

The outsourced chief investment officer model shows no signs of slowing, with Cerulli projecting that 9.6% of all institutional assets will fall under OCIO management by 2029, a substantial jump from 7.6% in 2024. This growth trajectory reflects a fundamental shift in how institutional investors approach portfolio oversight, driven by the increasing complexity of investment management and the resource constraints facing in-house teams. The next wave of OCIO adoption is expected to come from defined contribution plans, nonprofits, and private wealth clients, which are segments that have historically been underserved by the model.

Continued Consolidation

The industry is entering a period of intensified consolidation, with larger providers leveraging scale advantages to exert fee pressure on smaller competitors. As organic growth opportunities narrow (particularly in the mature corporate defined benefit segment), firms are turning to acquisitions to expand market share and capabilities. The Hightower/NEPC deal exemplifies an emerging pattern: wealth management firms acquiring institutional research platforms to enhance their service offerings and credibility with sophisticated clients. Private equity capital continues to fuel this consolidation wave, with recent aforementioned transactions suggesting that financial sponsors see long-term value in the recurring revenue streams and durable client relationships characteristic of the advisory and OCIO business.

Conflicts of Interest Under Scrutiny

Regulators are paying closer attention to potential conflicts of interest in the investment consulting and OCIO space. The SEC's 2026 priorities highlight the importance of acting in clients' best interests, especially where firms may have incentives that could influence their advice. Regulators are also starting to look more closely at newer risks, like the use of AI in investment decisions and how firms handle client data. This builds on similar efforts in the UK, where the Financial Conduct Authority has already introduced stricter standards around transparency and accountability through its Consumer Duty and Wholesale Markets initiatives. Together, these rules are aimed at situations where firms may be wearing multiple hats, such as advising clients, rating managers, and managing assets at the same time. Consequently, firms in this space will need to be more proactive in managing and clearly disclosing conflicts, both to meet regulatory expectations and to maintain client trust.

Asset Class Specialization

The consultant landscape has grown markedly more specialized over the past two decades. The majority of pensions tracked by Dakota leverage more than one consultant, each focusing on a specific asset class. As institutional portfolios have expanded into private equity, private credit, real assets, and hedge funds, plan sponsors have sought dedicated expertise beyond what generalist consultants can provide. This fragmentation has meaningful implications for asset managers seeking consultant coverage: rather than targeting a single relationship, fund managers must now identify and engage the specific consultant responsible for their asset class, navigating a more complex and segmented advisory ecosystem.

Will Consultants Remain Gatekeepers?

Despite persistent speculation about technology-driven disintermediation, investment consultants appear likely to retain their gatekeeper role in institutional asset allocation for the foreseeable future. The increasing complexity of private markets, growing regulatory burden, and sheer breadth of the manager universe all reinforce the value proposition of experienced intermediaries who can conduct due diligence, negotiate terms, and monitor performance at scale. However, the nature of consulting is evolving: the line between advice and asset management continues to blur. Firms including Mercer, Hamilton Lane, Cambridge Associates, StepStone, and Cliffwater have all expanded significantly into direct asset management, offering commingled vehicles and co-investment platforms alongside traditional advisory services. This convergence creates new competitive dynamics and raises questions about whether consultants can credibly evaluate competitors while simultaneously managing assets in the same strategies.

Closing Thoughts

The institutional investment consultant channel in 2026 is more concentrated, more complex, and more consequential than at any point in its history. The ongoing migration toward the OCIO model, the dominance of private markets in search activity, and the convergence of consulting with wealth management are creating both challenges and opportunities for fund managers.

For established managers, the imperative is to deepen existing consultant relationships, demonstrate consistency and transparency, and stay ahead of the channel's evolving preferences. For emerging managers, the path is narrower but navigable. Building a credible institutional presence requires formal emerging manager programs, targeted consultant engagement, early database entry, and institutional-quality operations. Ultimately, the consultant channel rewards managers who approach it not as a transactional sales exercise, but as a long-term relationship-building endeavor.

dakota marketplace

Dakota tracks over 450 consultants globally across 45 metro areas—plus their contacts, client relationships, active searches, and more. Public Plan Minutes capture daily investment committee notes including consultant recommendations, pacing plans, and live searches, all pulled into our document repository by Dakota's data team.

Dakota is a financial, software, data and media company based in Philadelphia, PA. Dakota's flagship product, Dakota Marketplace, is a database of LPs, GPs, Private Companies and Public Companies used by thousands of fundraising, deal, and investment teams worldwide to raise capital, source deals, track peers, and access comprehensive data—all in one global platform.

For more information, book a demo of Dakota Marketplace [here](#).