



CASE STUDY

Large U.S. Pension Plan Seeks a Credit Strategic Partner



THE CHALLENGE

This sophisticated client with broad credit exposure and a well-established program sought to enhance their portfolio by accessing emerging managers and niche credit opportunities. Despite their robust program, the client faced **significant challenges in integrating new talent due to difficulties in underwriting managers with limited track records.** Given their limited resources, they needed a flexible investment solution capable of capturing dynamic opportunities across a wide spectrum of credit securities, sectors, and regions. Additionally, they required a partner to source and diligence non-scalable opportunities, including those from small, emerging, and diverse managers.



THE SOLUTION

We designed an **opportunistic credit portfolio with a focus on next-gen talent.** This Separately Managed Account (SMA) sought to generate alpha by targeting the best risk/return trade-offs, irrespective of strategy or geography. The program was structured to **take advantage of illiquidity, complexity, and control premiums, providing the flexibility to capture dynamic opportunities across the credit spectrum.** By leveraging our extensive network and deep industry insights, we identified and evaluated emerging managers who showed promise but lacked extensive track records. Managers who performed well in the SMA had the opportunity to graduate to the client's core program, often allowing the client to secure favorable terms and better align interests with emerging managers early in their development.



OUR ADVANTAGE

GCM Grosvenor's **expertise and long history of building high quality separately managed accounts provided the client with a comprehensive solution to access high-potential emerging managers while addressing underwriting and sourcing challenges.** Our opportunistic credit portfolio approach allowed us to seek to exploit a wide range of credit opportunities and capture alpha through effective risk/return trade-offs. With our ability to source and diligence non-scalable opportunities, including those from small, emerging, and diverse managers, the client benefited from enhanced flexibility and strategic insights. This approach not only facilitated the integration of successful emerging managers into the client's core program but also sought to ensure they could take advantage of favorable investment terms and market opportunities.

