

The Mesirow approach to private assets in defined contribution plans

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Intro

Private markets — spanning private equity, private credit and private real estate — have long been central to defined benefit and endowment portfolios, but only recently have become accessible in defined contribution (DC) plans through semi-liquid, evergreen structures that support daily pricing and participant flows. This whitepaper outlines Mesirow’s framework for incorporating these private assets into DC plan Qualified Default Investment Alternatives (QDIAs), primarily target date funds (TDFs), in a way that balances enhanced return potential and diversification benefits with liquidity, transparency and implementation risks.

Mesirow’s analysis concludes that thoughtfully designed private asset exposures can shift the efficient frontier upward and to the left, enabling higher expected returns for a given level of risk — or lower risk for a given return — than portfolios relying solely on traditional public equity and fixed income. However, we emphasize that these benefits are highly contingent on disciplined sizing of allocations, realistic risk and volatility assumptions, and rigorous manager selection and oversight.



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