

European Institutional Investor Perceptions of Specialist Investment Managers

Survey Report | June 2024





About the Survey

In March 2024, Montfort Communications and FocalData, on behalf of Fidante, a global investment management business, surveyed 229 institutional investors based in the UK, Sweden, Italy, Norway, the Netherlands, Denmark, and Belgium.

The survey sought to understand European institutional investor perceptions towards specialist investment managers, and the primary factors they consider when choosing whether to allocate to a specialist manager, or to a larger multi-asset investment manager.

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Executive Summary

The findings of our research are overwhelmingly supportive of the importance of the multi-affiliate model to European institutional investors when considering whether to allocate to a specialist investment manager.

The vast majority (83%) of investors surveyed indicated they would be more likely to allocate to a specialist investment manager via a multi-affiliate partner.

There is clear recognition among European institutional investors that the asset management market at present is highly saturated with larger multi-asset investment managers. And almost two-thirds of those surveyed believe that the asset management market today is currently deficient of specialist managers.

The survey found that despite the acknowledgment of the multitude of appealing characteristics of investing in specialist managers — from their ability to generate outsized returns, to their deep experience in a particular asset class, and innovation — the majority of investors perceived specialist managers to be higher risk than larger multi-asset manager.

The research demonstrates the importance of the multi-affiliate model in this context. The multi-affiliate model is favoured by investors for its potential to reduce compliance and regulatory risks, and to mitigate the ESG and greenwashing risks that specialist investment managers may face, whilst enabling these managers to concentrate on what they do best — making informed investment decisions that deliver for clients.

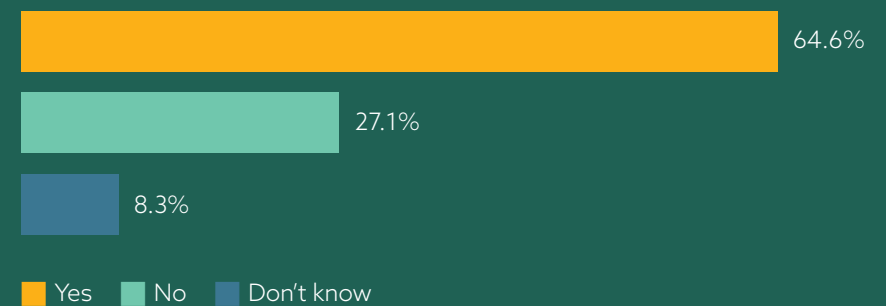


A Saturated Market

Around 6 in 10 investors surveyed believe that the asset management industry is **saturated with large multi-asset investment managers**.



64.6% believe there is a **lack of specialist investment managers** in the market today.





The Appeal of a Specialist

Of those surveyed who would allocate to a specialist manager over a larger multi-asset investment manager, almost a third are primarily motivated by the belief that this choice offers a **greater chance of achieving better returns**.

This group also cited 'deeper experience in an asset class' and 'innovativeness' as key factors influencing their decision.



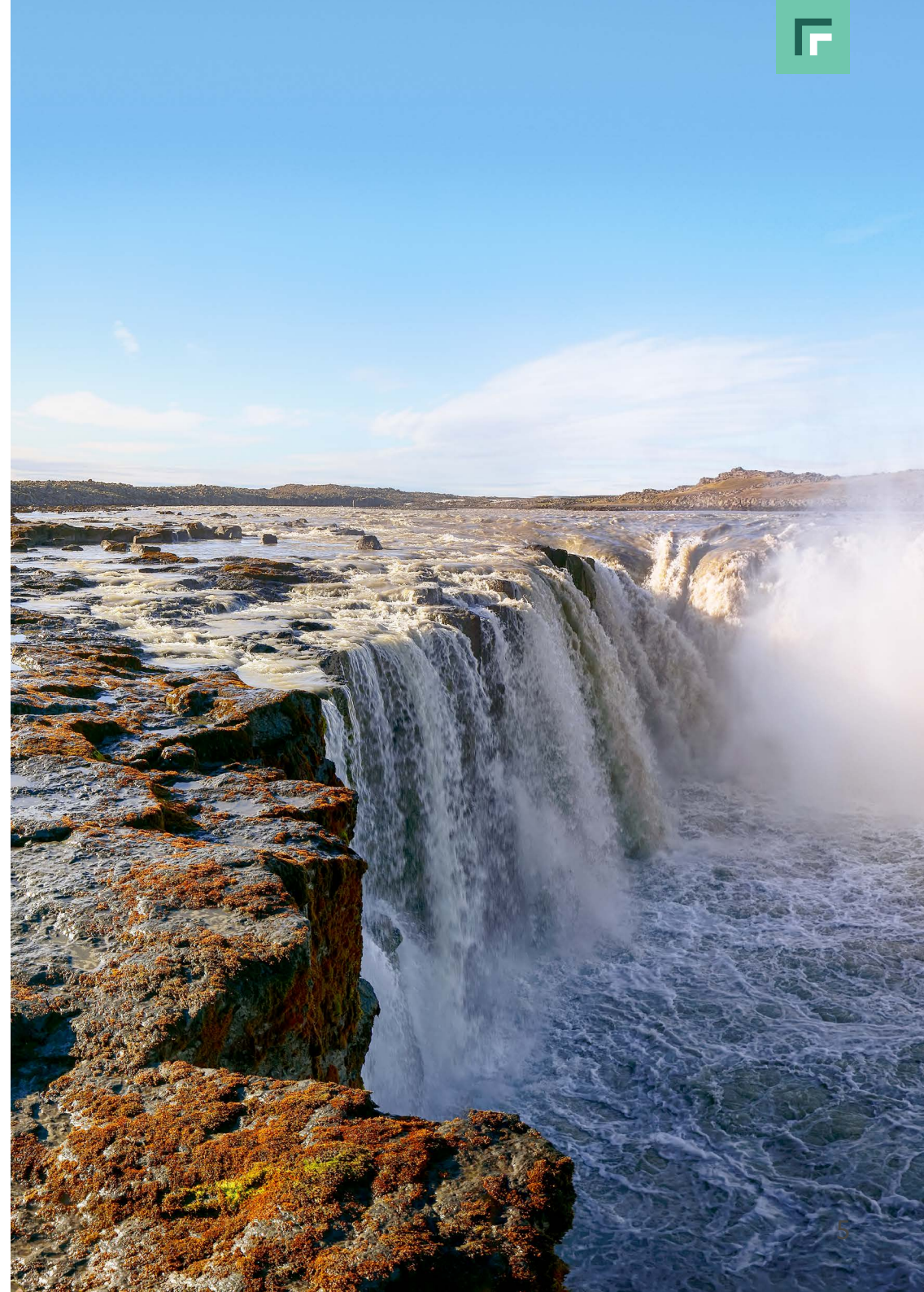
31.9% selected 'greater chance of achieving better returns' as the primary reason to allocate to a specialist manager.



24% selected 'deeper experience in an asset class' as the primary reason to allocate to a specialist manager.



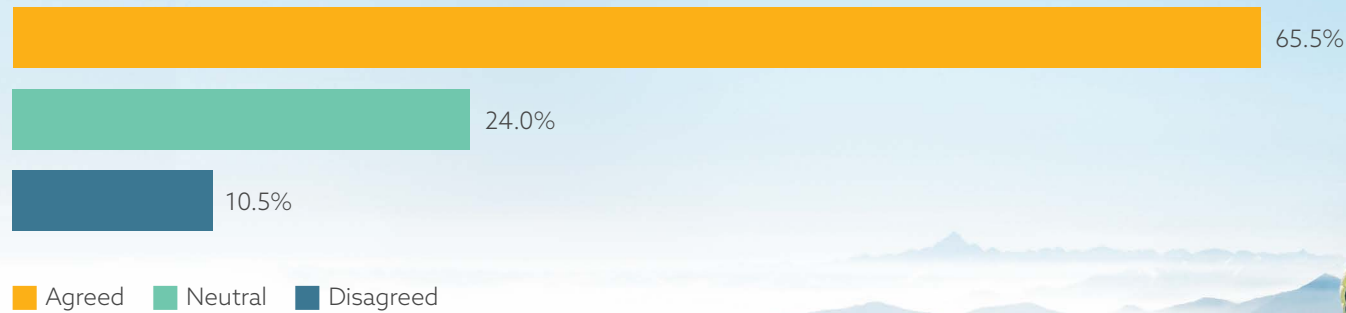
23.1% selected 'more innovative' as the primary reason to allocate to a specialist manager.





Investment Agility

Over 65% of those surveyed agree that **specialist investment managers are more agile** from the perspective of being able to capitalise on investment opportunities in their given sector, than larger multi asset investment managers investing in the same asset class.

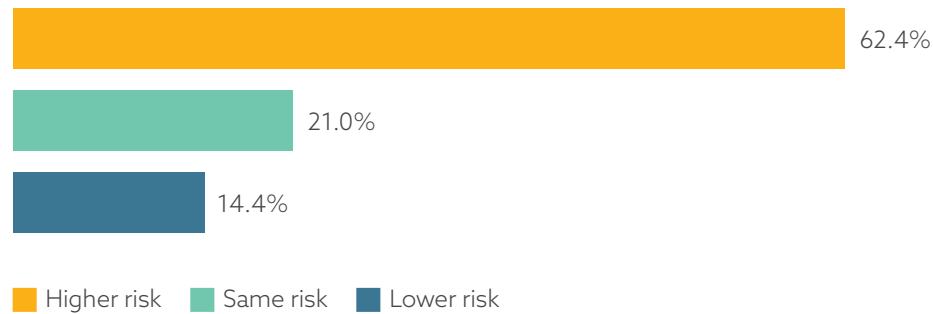




A Perception of Risk

According to our survey, European institutional investors largely perceive specialist investment managers to be **'higher risk'** than larger multi-asset investment managers.

Many associate specialists with an increased regulatory and ESG compliance risk, as well as an increased M&A or takeover risk.



23.1% associate an 'increased regulatory compliance risk' with specialist investment managers.



21.8% associate an 'increased ESG compliance risk' with specialist investment managers.





15.3% associate an 'increased M&A or takeover risk' with specialist investment managers.



The Multi-Affiliate Partner Effect

83% indicated they would be **more likely** to allocate to a specialist investment manager through a multi-affiliate partner.

The main benefit indicated was a **reduction in risk**.

-  83% would be more likely to allocate to a specialist manager through a multi-affiliate partner.
-  76.9% indicated risk reduction as the main benefit in allocating to a specialist manager through a multi-affiliate partner.



Adam Brown Reflects On Our Findings

Adam Brown
General Manager & Co-Head
of Global Distribution,
Fidante



The results of our survey highlight how it is becoming increasingly challenging to be a specialist investment management business in today's market context.

Institutional investors are acutely aware of risk factors of allocating to specialist managers, from ESG and regulatory compliance to the threat of consolidation in the asset management sector. At the same time there is an acknowledgment of the lack of specialist investment management businesses in a market that has become increasingly saturated by larger players.

Institutional investors understand the key advantages of specialist investment managers, from their innovative approaches and deeper sector specific knowledge, to their ability to generate outsized returns. There is a real need to bring new, innovative specialist fund managers into the asset management industry.

The findings of the survey highlights how the multi-affiliate model can provide institutional investors with the confidence to allocate to specialist investment management businesses. At Fidante, we are offering our specialist investment managers institutional backing and a realm of services such as distribution and operational support, via our multi-affiliate, minority-stake structure. This enables our affiliate specialist managers with the autonomy and tools to do what they do best — invest and deliver for clients.

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