

Global Investment Management Survey 2006

Shaping the future*

The Survey Findings



*connectedthinking

The Survey Findings

- Section one – Organisation Profile
- Section two – CEO Views
- Section three – Distribution and Products
- Section four – Investment Process
- Section five – Operational Management
- Section six – Finance Function and Management Information
- Section seven – Governance, Risk and Compliance



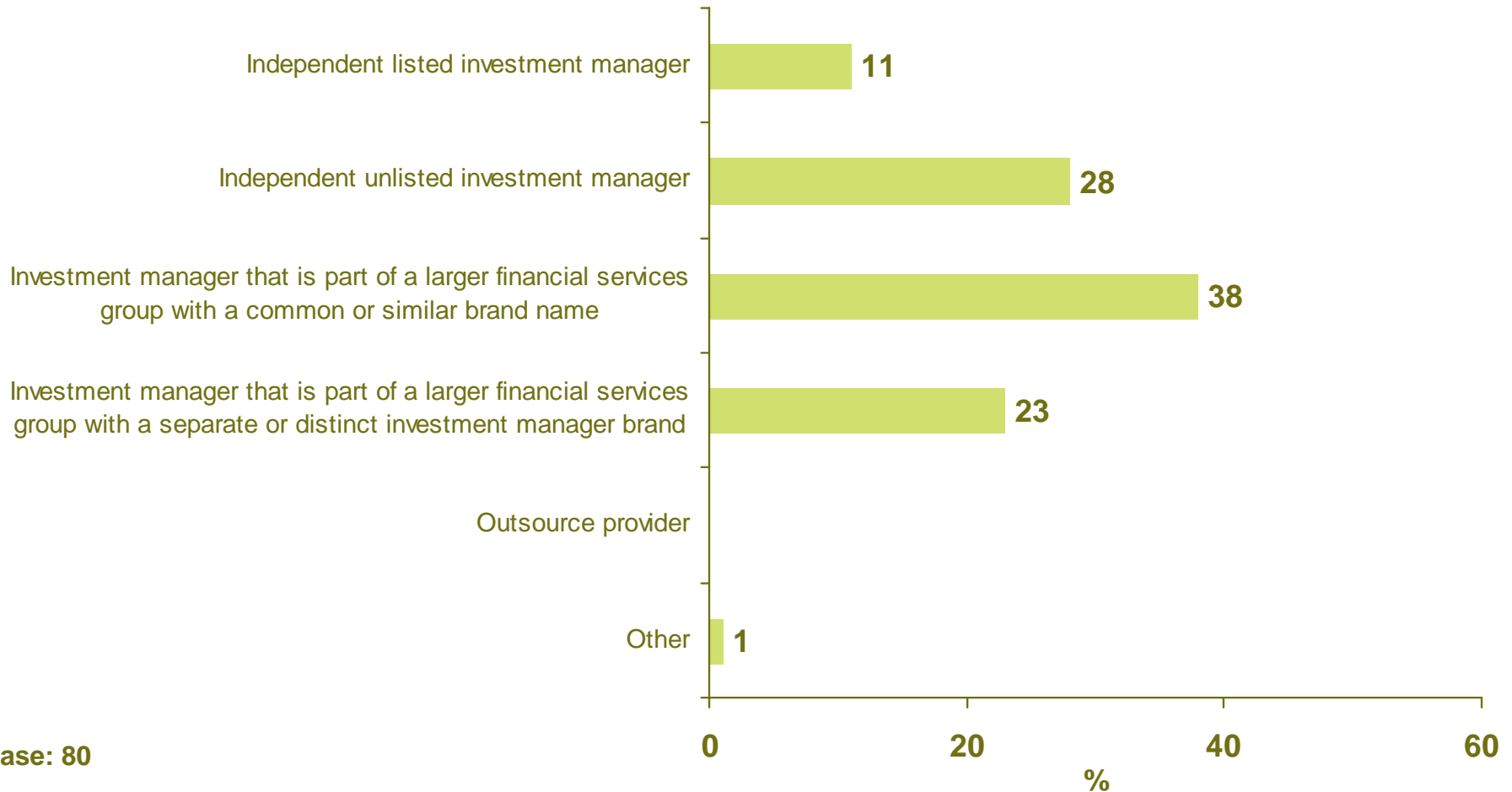
The Survey Findings

- Section one** – **Organisation Profile**
- Section two – CEO Views
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Section one – Organisation Profile

Q1.1 From the following list, please select the statement that best describes your organisation.

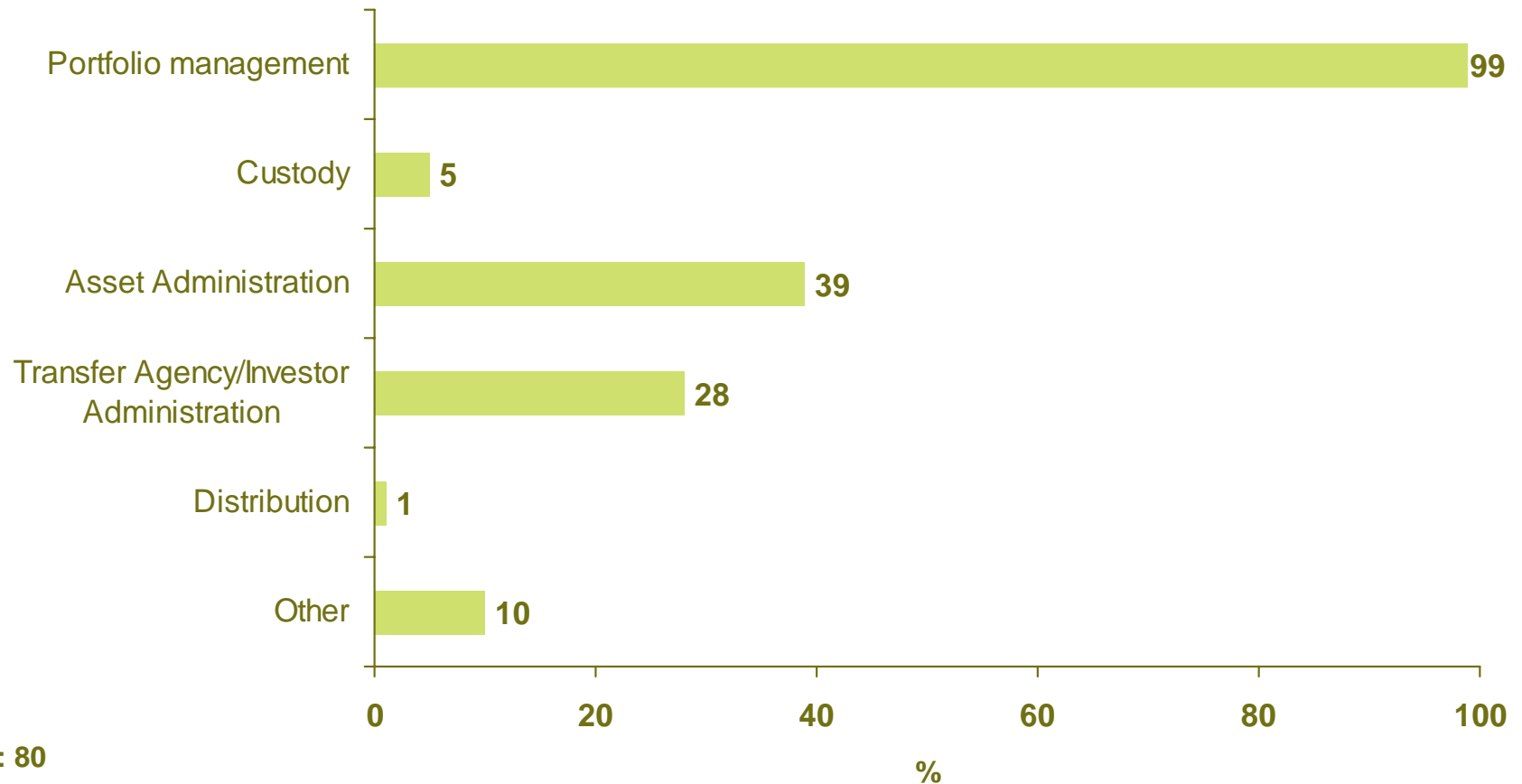


Base: 80

Section one – Organisation Profile

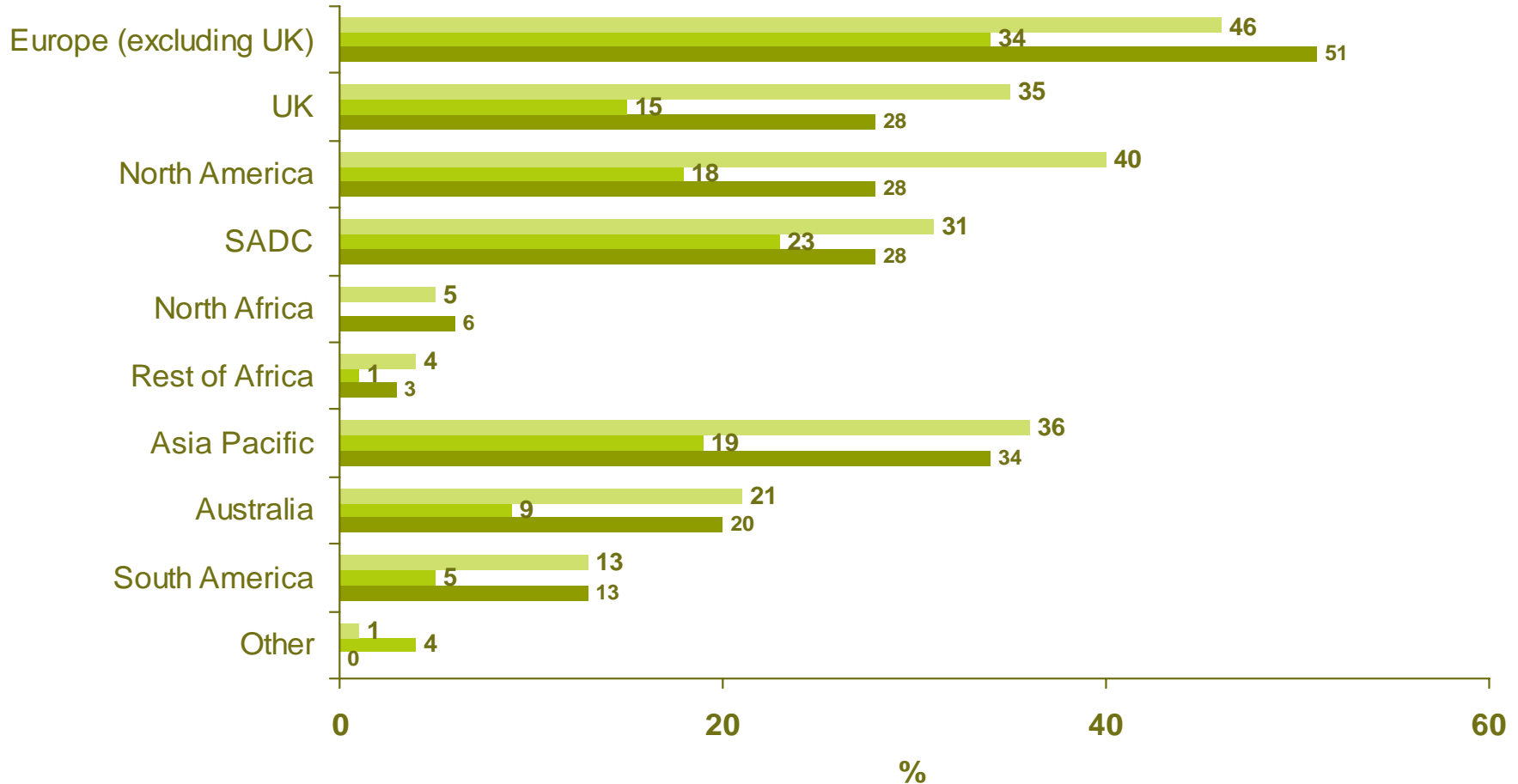
Q1.2 From the following list, please indicate (i) which of the following areas you currently do business? (ii) which is the MAIN focus of your business?

(i) Currently do business



Section one – Organisation Profile

Q1.3 In which of the following geographical areas do you operate with regard to portfolio management, administration and distribution?



Base: 80

The Survey Findings

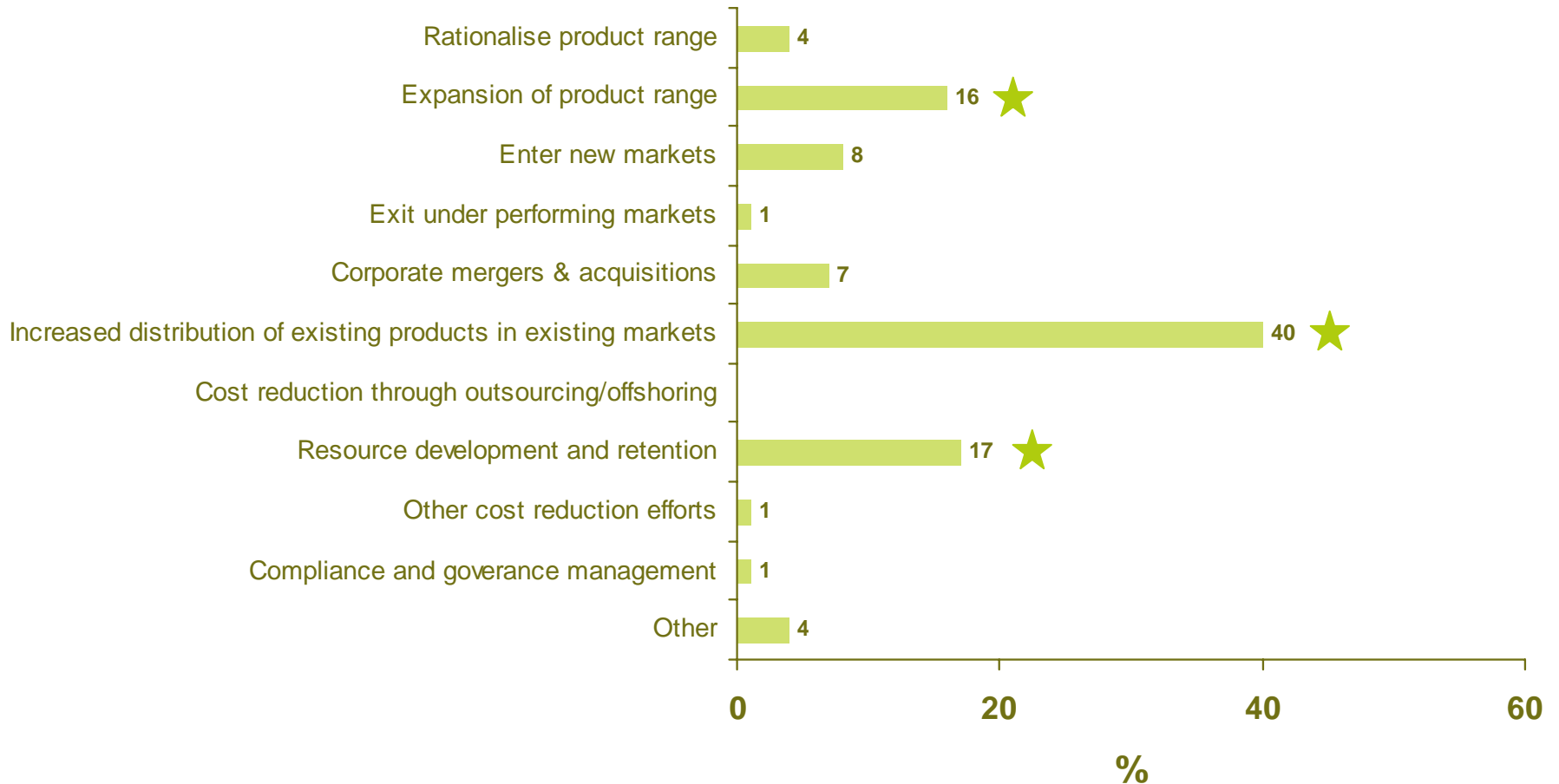
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Section two – CEO views

Q2.1 Please indicate from the list below the top 3 key objectives for your business (i) now and (ii) expected focus in 3 years time.

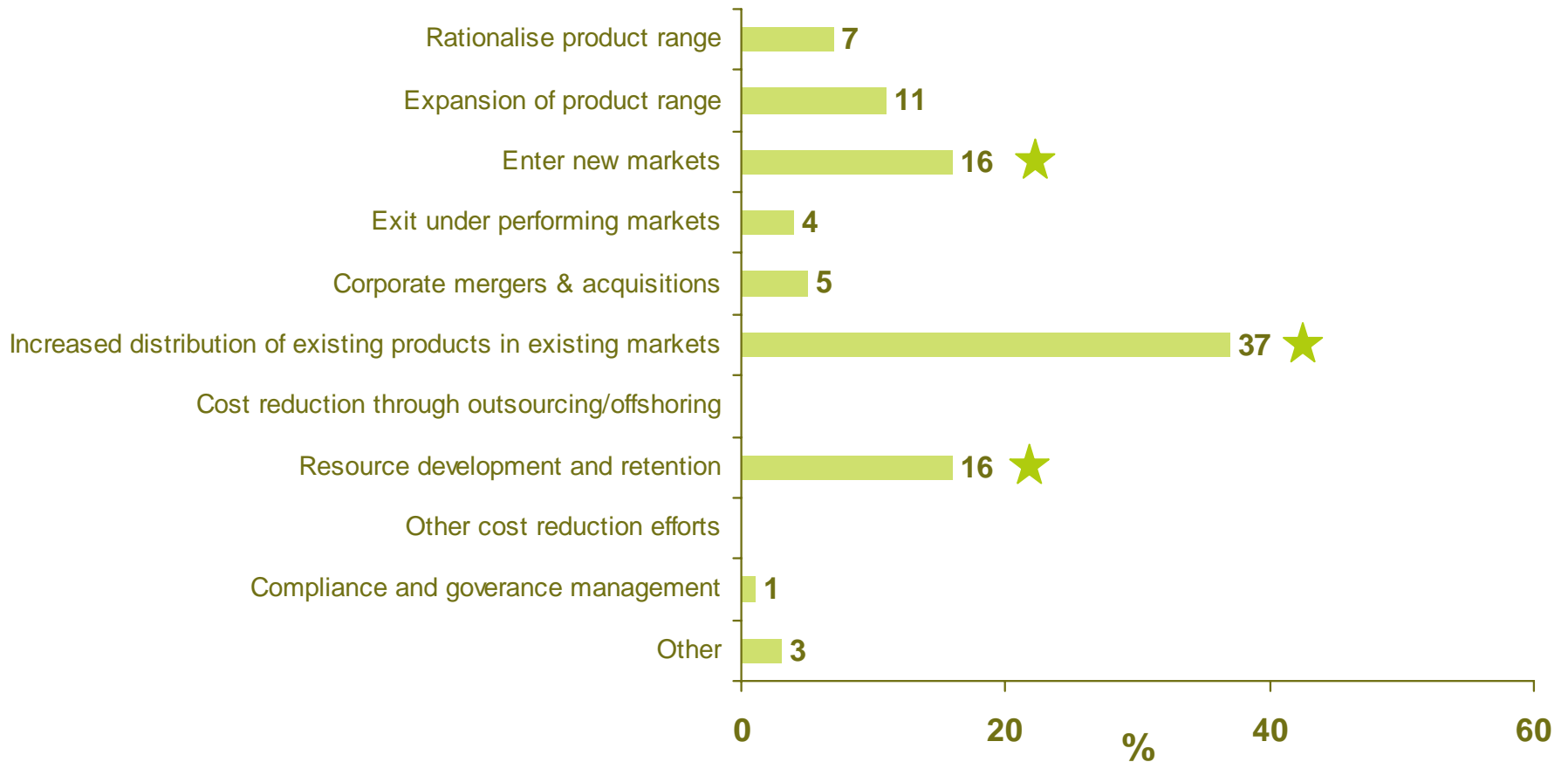
(i) Now



Section two – CEO views

Q2.1 Please indicate from the list below the top 3 key objectives for your business (i) now and (ii) expected focus in 3 years time.

(ii) Expected focus in 3 years

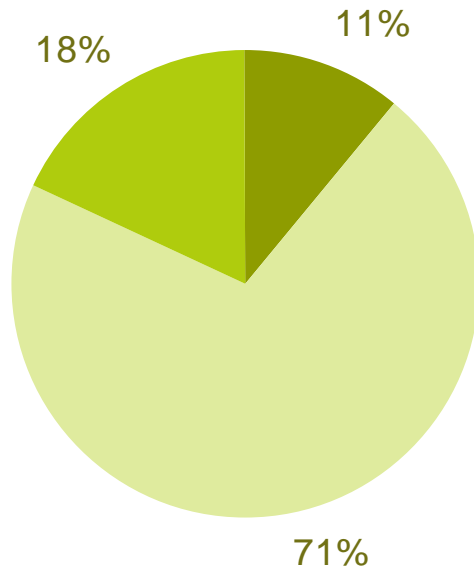


Base: 75

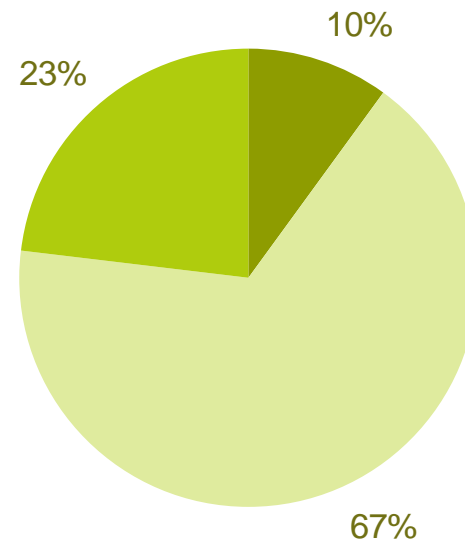
Section two – CEO views

Q2.2 Approximately what percentage of your revenue is derived from the following strategies (i) now and (ii) expected in 3 years?

(i) Now



(ii) Expected in 3 years

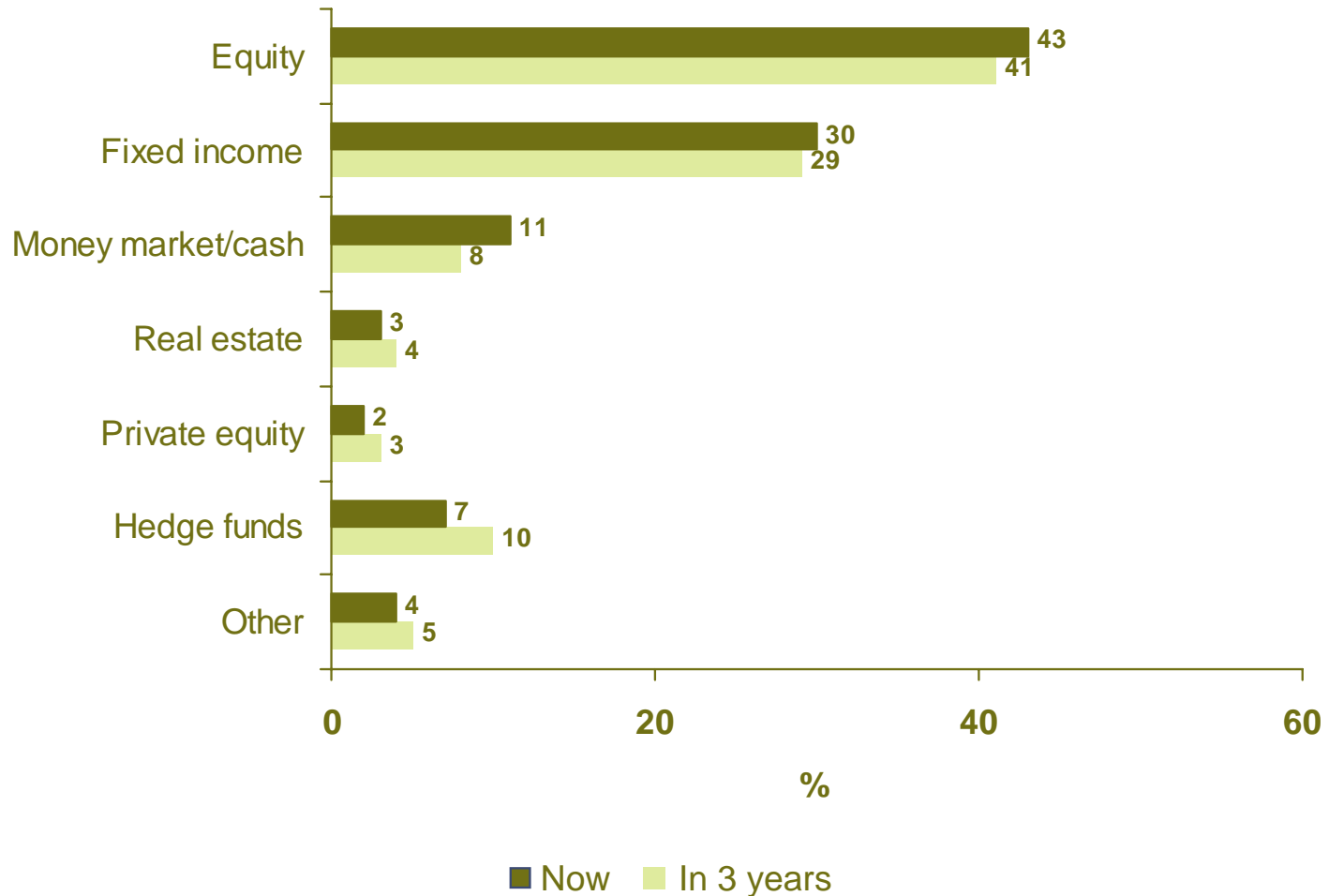


■ Index/Enhanced Index ■ Actively managed products ■ Alternative products

Base: 75

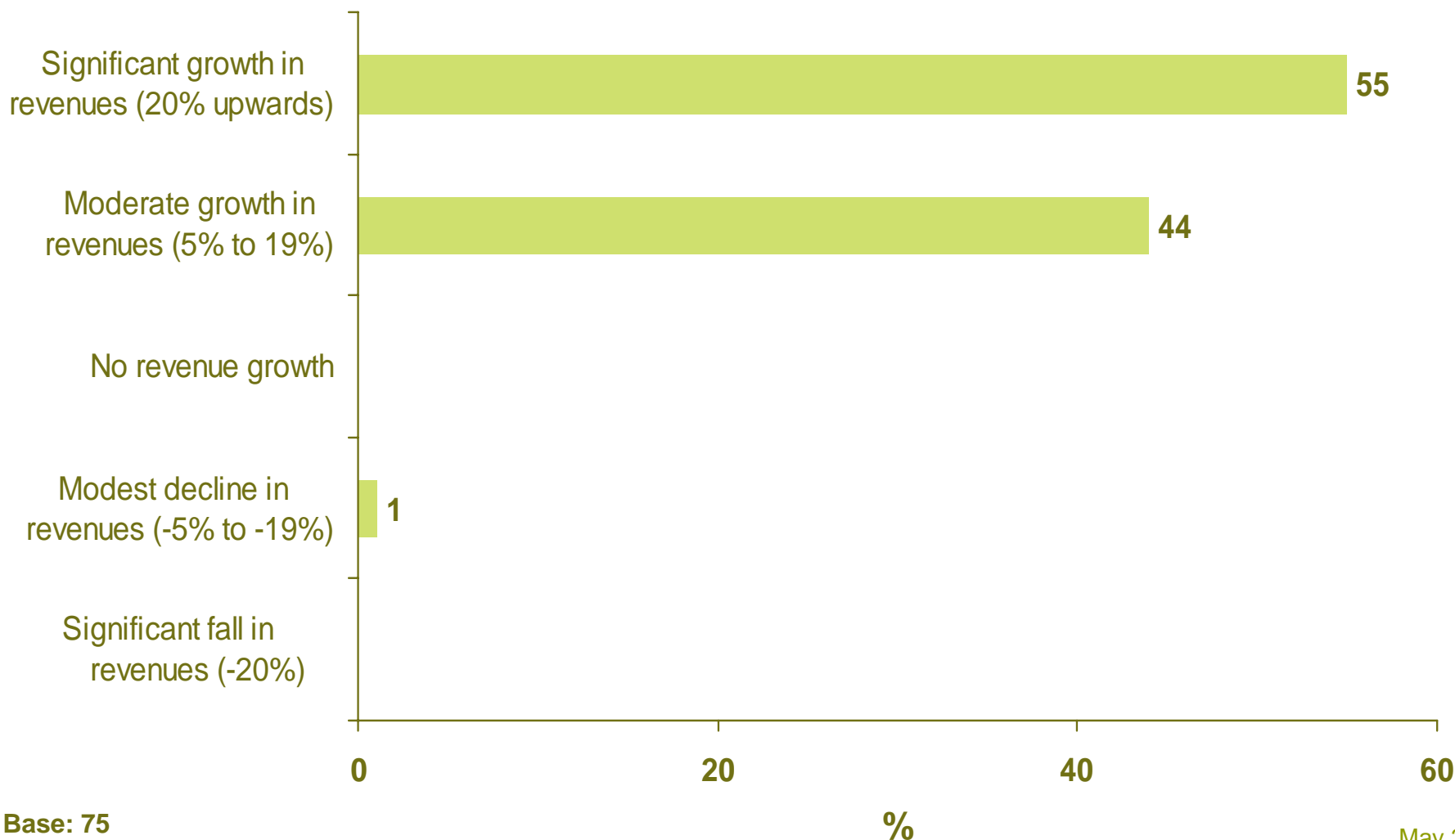
Section two – CEO views

Q2.3 What is the approximate percentage split of your AUM asset class (i) now and (ii) target in 3 years time?



Base: 75

Q2.4 Which of the following statements best describes how you expect your business to perform over the next 3 years?



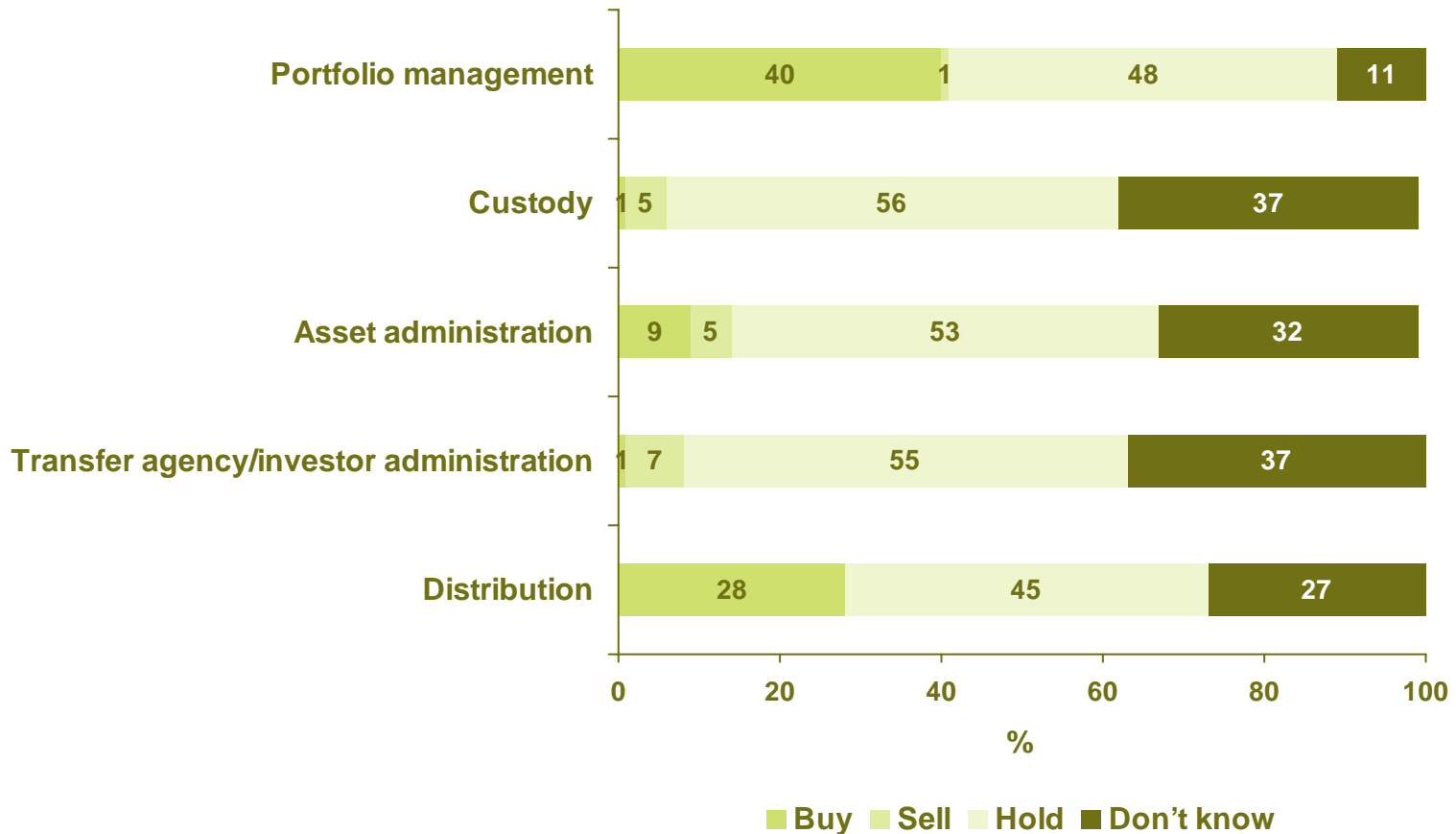
Q2.6 What are the key 3 strategies you will be implementing to maximise the success of your business in 3 years time?

- Develop new products/product innovation
- Expand distribution reach/product reach
- Brand development/awareness/enhancement
- Grow business
- Attracting and retaining staff with specialist skills

Base: 75

Section two – CEO views

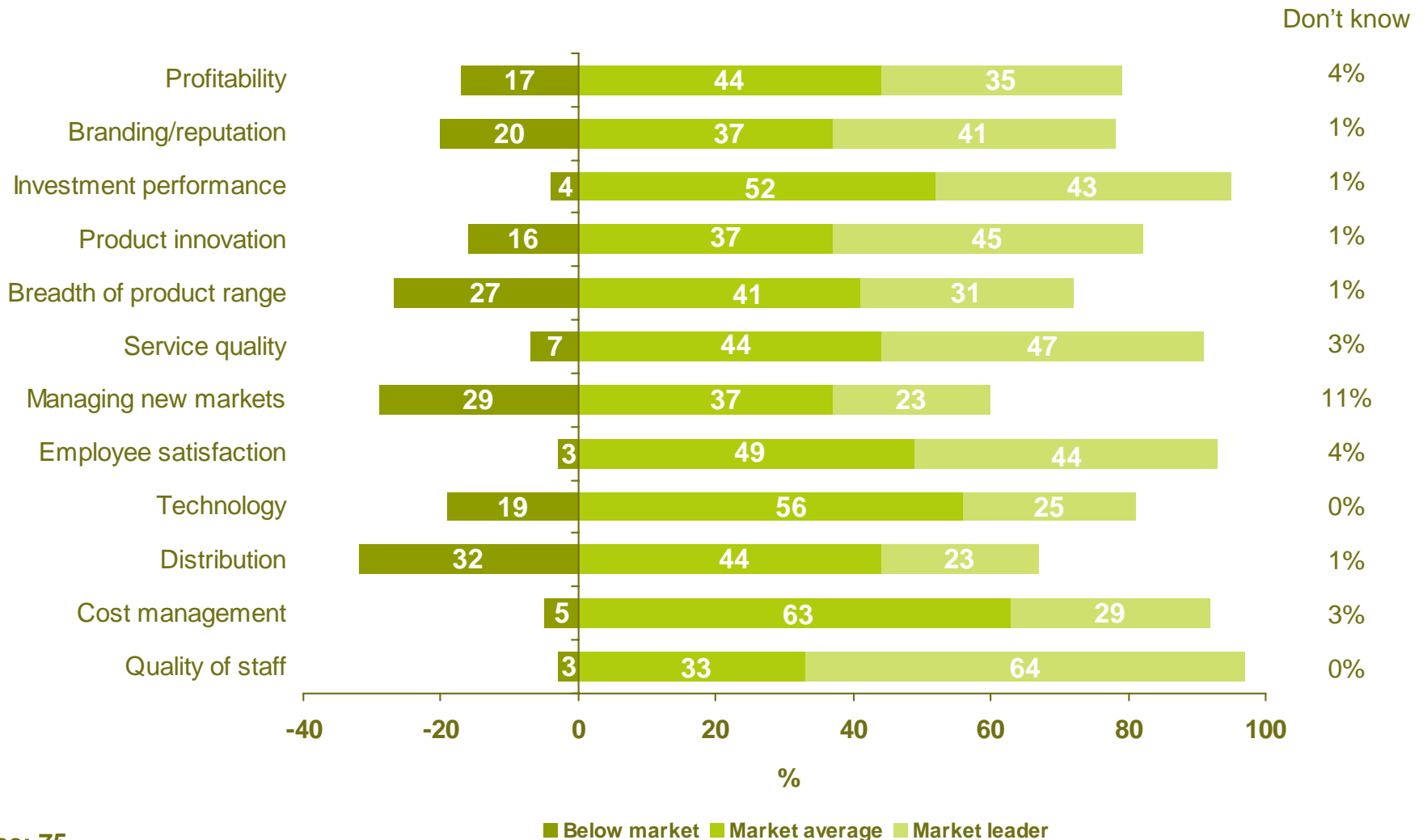
Q2.7 For each business segment in your organisation, please indicate what is the focus of your M&A activity in 3 years time?



Base: 75

Section two – CEO views

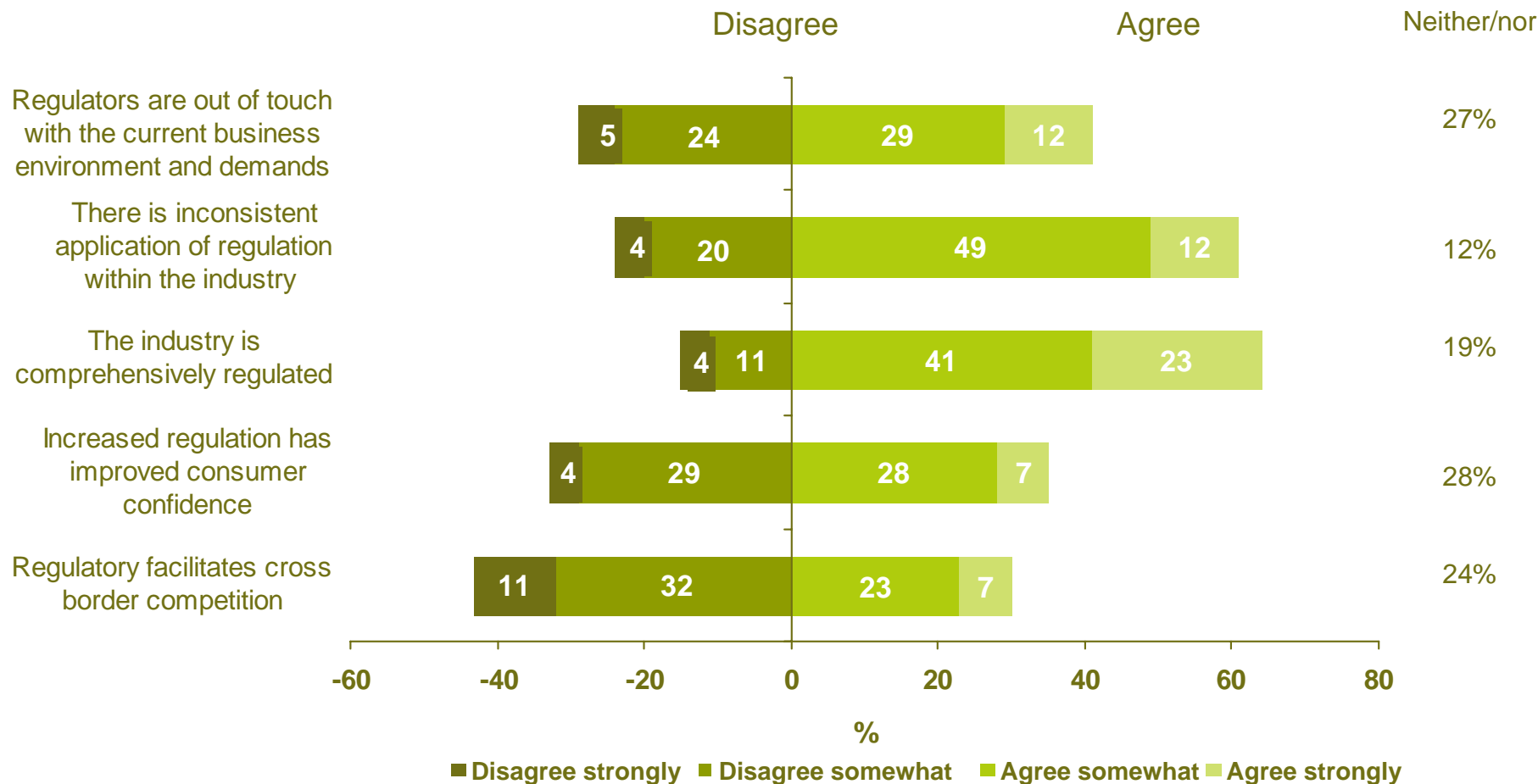
Q2.8 How do you rate your organisation against your competitors in the following areas?



Base: 75

Section two – CEO views

Q2.10 Listed below are statements relating to the current regulatory environment. For each one please indicate whether you agree or disagree with the statement.



Q2.11 What do you consider to be the 3 key industry challenges for the industry in the next 3 years?

- Attracting and retaining talent/investment professionals
- Cost efficiency/cost reduction
- Fee pressures – margin pressure
- Increase efficiency and customer satisfaction/meeting customer needs
- Increasing competition
- Regulation and compliance

Base: 75

The Survey Findings

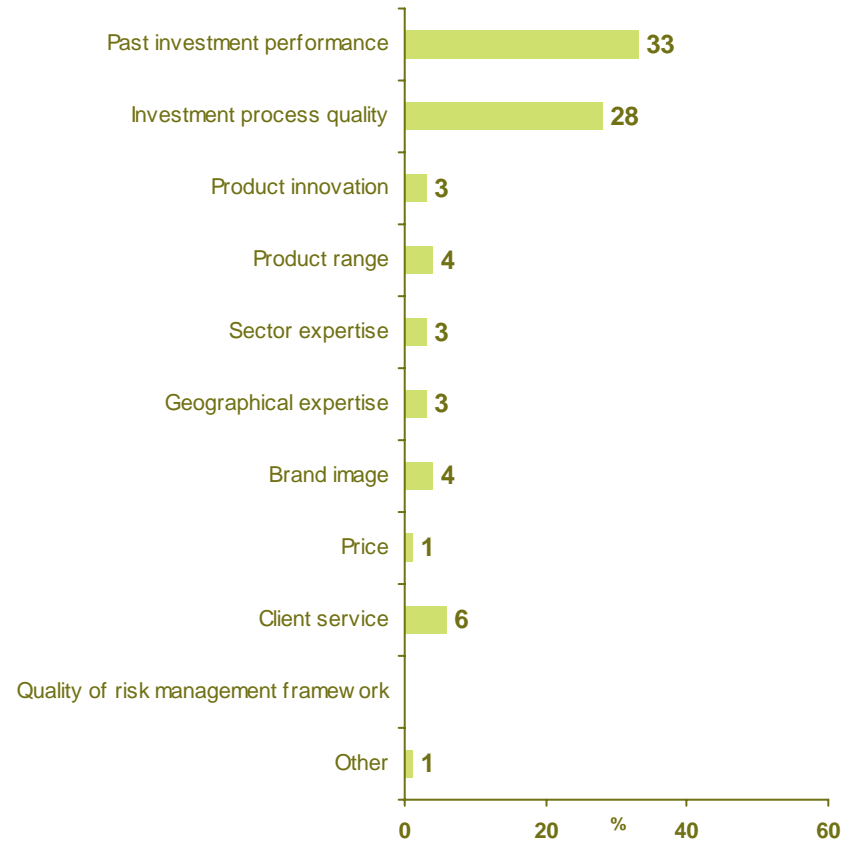
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Section three – Distribution and products

Q3.3 In relation to institutional clients, please indicate the top 3 reasons, why you (i) won and (ii) lost mandates in the past 12 months

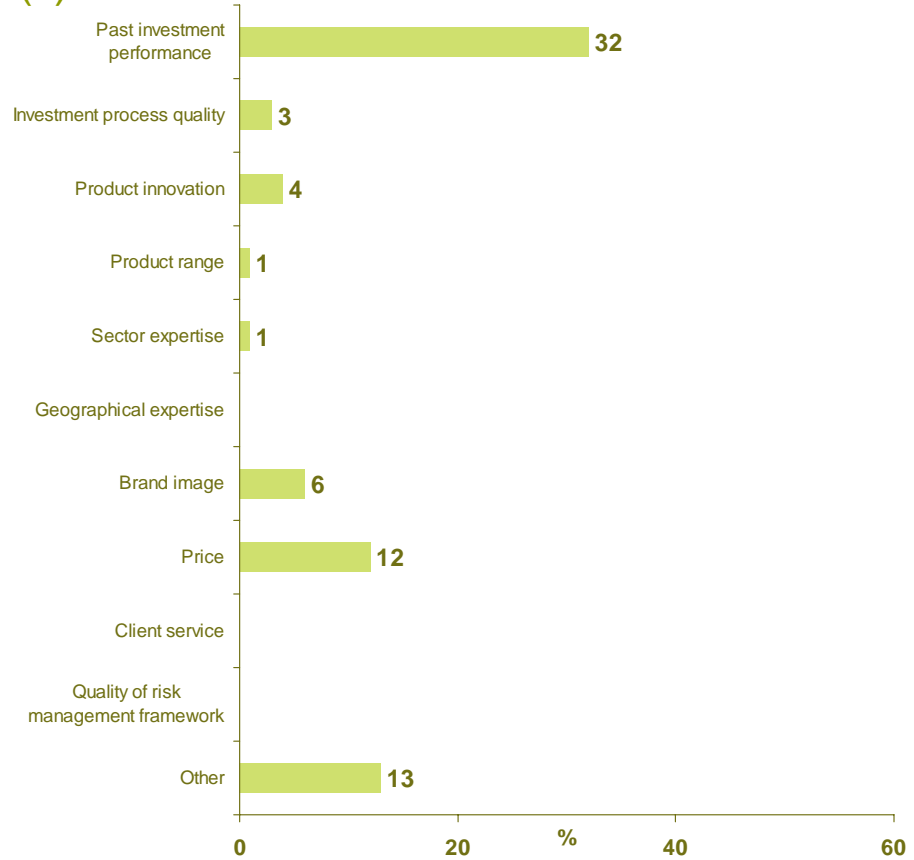
(i) Won mandates



Base: 69

Multi response question

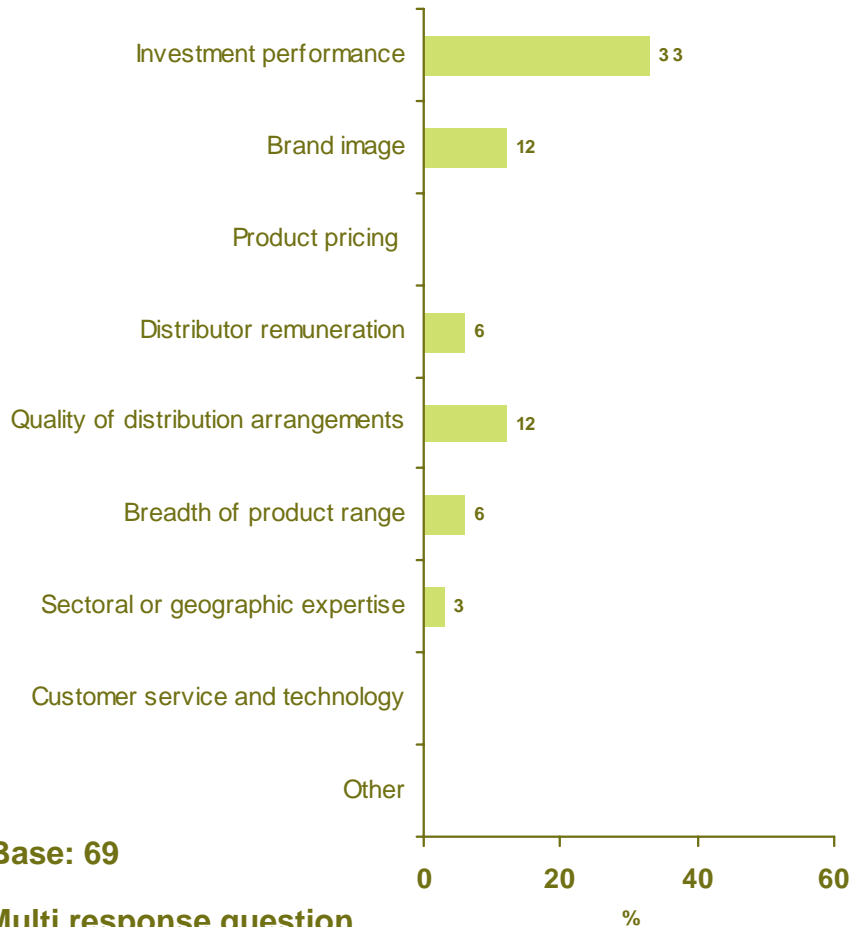
(ii) Lost mandates



Section three – Distribution and products

Q3.4 In relation to retail sales, what are the top 3 reasons why you have (i) increased or (ii) decreased your sales in retail markets.

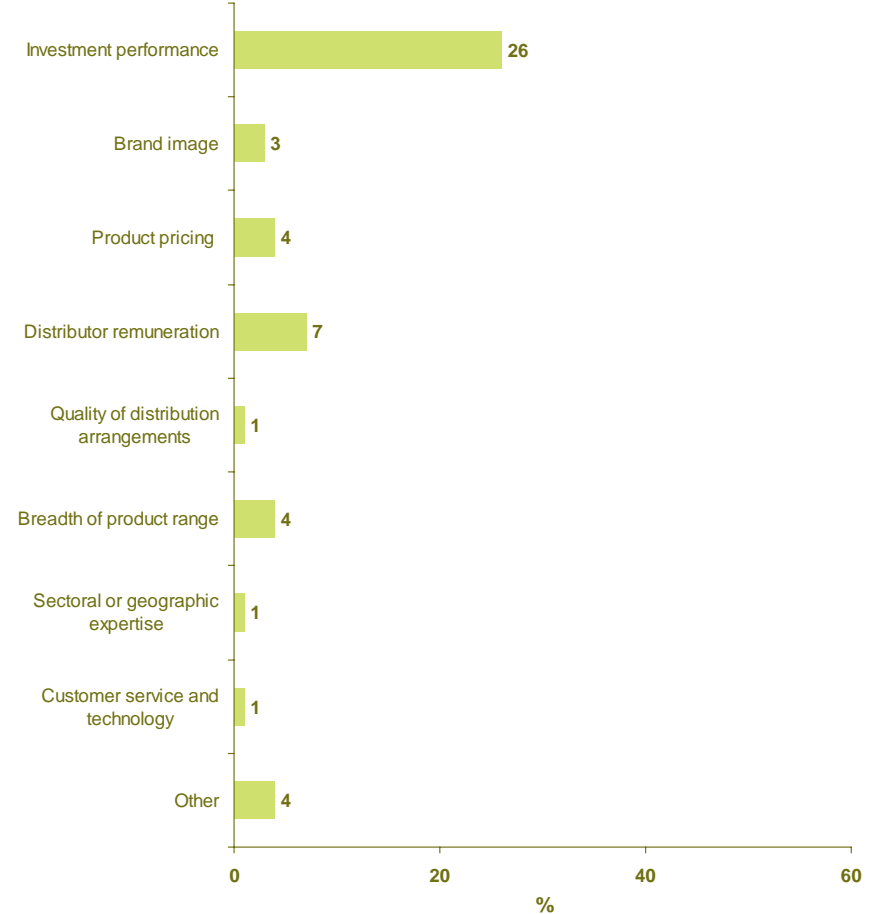
(i) Increasing sales



Base: 69

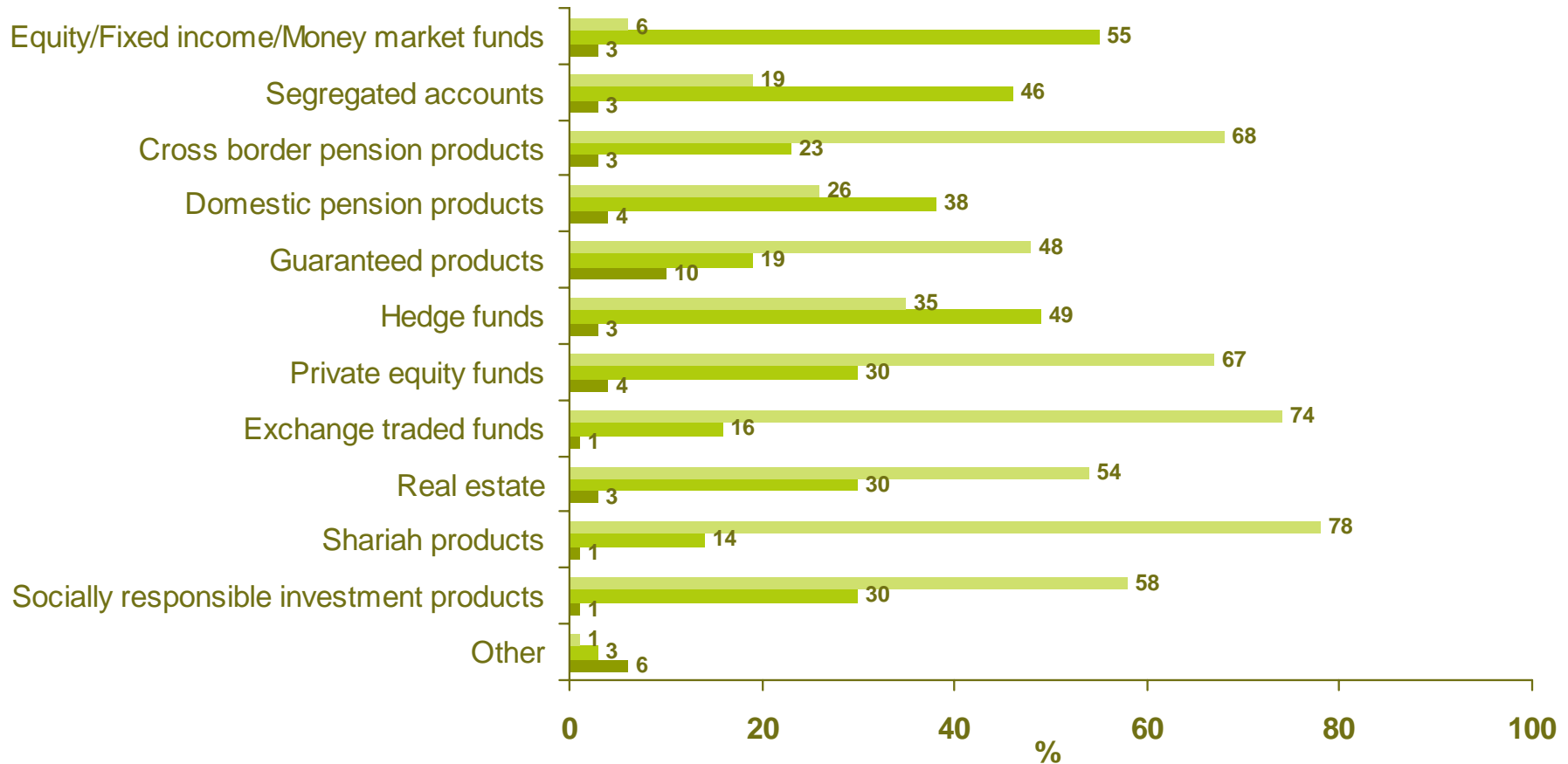
Multi response question

(ii) Decreasing sales



Section three – Distribution and products

Q3.8 Which of the following products do you (i) not offer (ii) plan to increase or commence in the next 3 years and (iii) plan to discontinue or reduce in 3 years time?

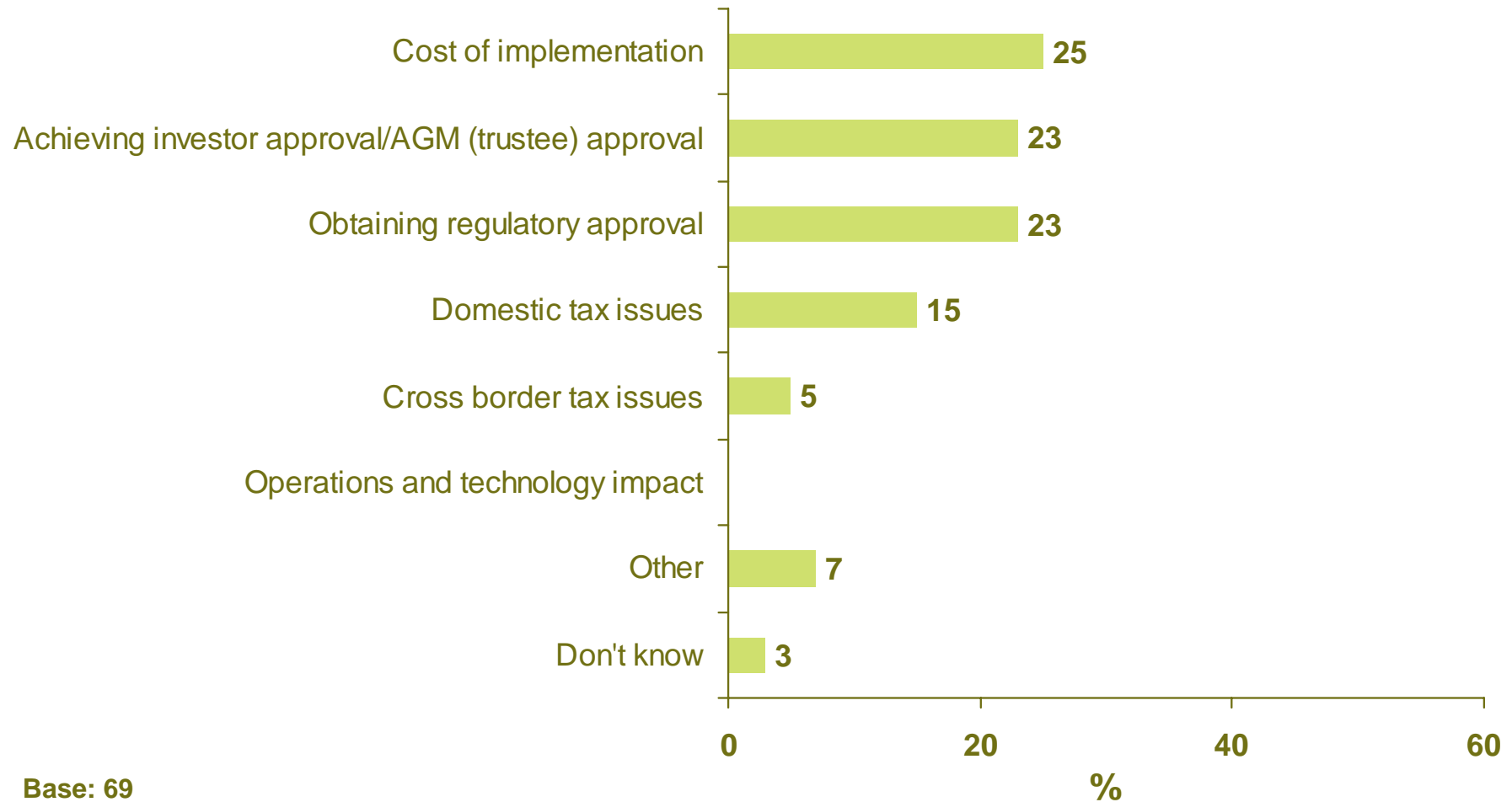


Base: 69

■ Do not offer ■ Plan to increase/commence in 3 years ■ Plan to discontinue/reduce in 3 years

Section three – Distribution and products

Q3.11 Please rank the top 3 challenges in rationalising your product range.



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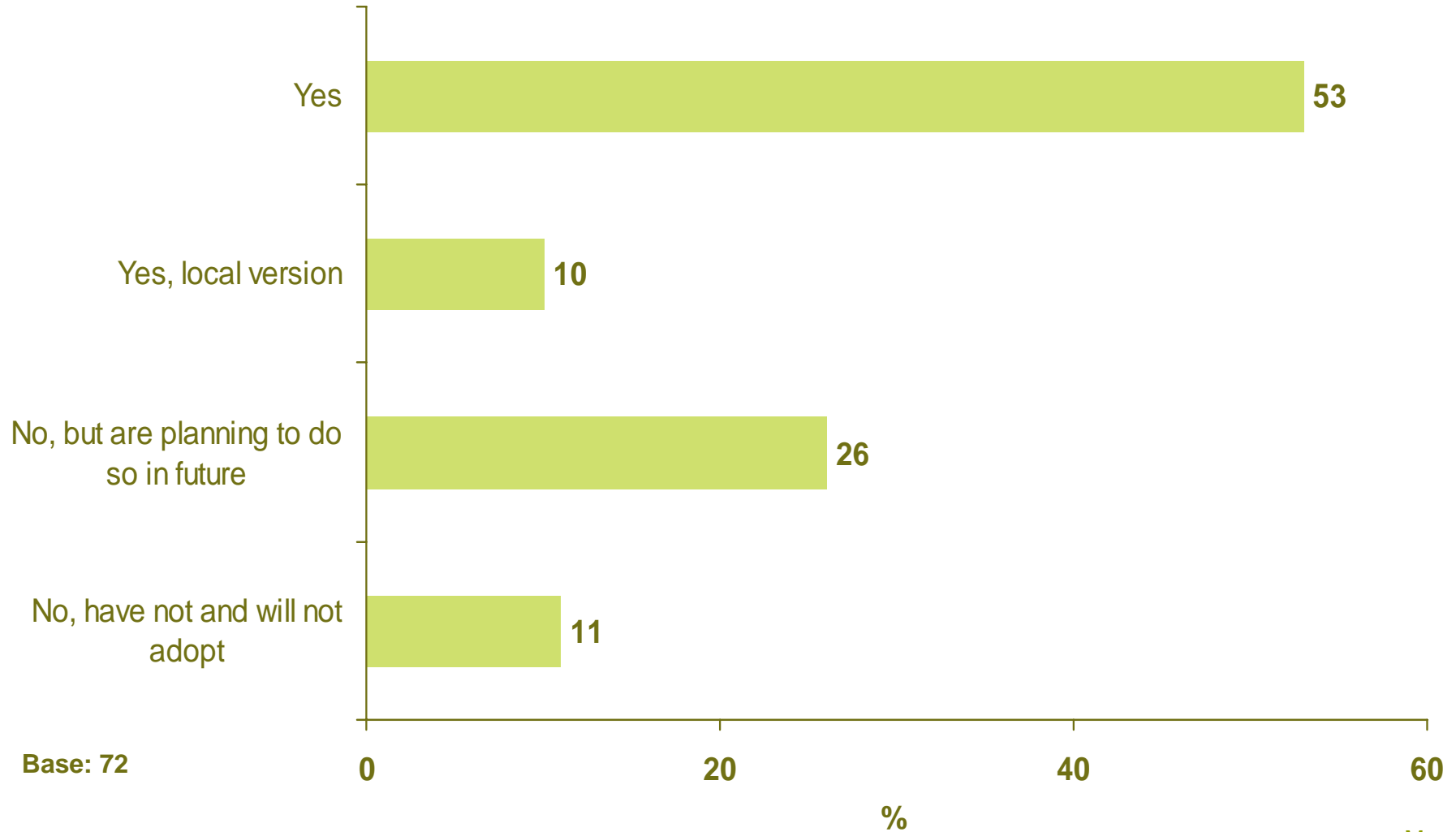
Section four – Investment process

Q4.4 In relation to investment research, please indicate how you source/use research in your organisation.

	In House	Purchased
Sourced	83%	15%
	Centrally	In local markets
Performed	51%	47%
	Aligned to/performed by fund managers	Separate/centralised function
Structured	64%	35%
	Buy/hold/sell recommendations	Model portfolios with target weights against benchmarks
Delivered as	49%	50%

Base: 72

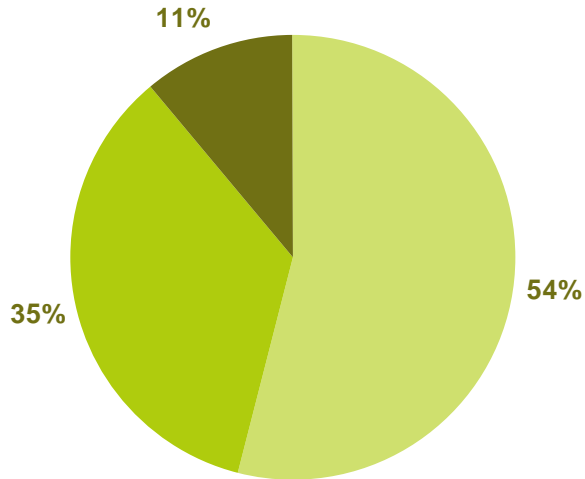
Q4.6 Have you adopted Global Investment Performance Standards (GIPS) within your organisation?



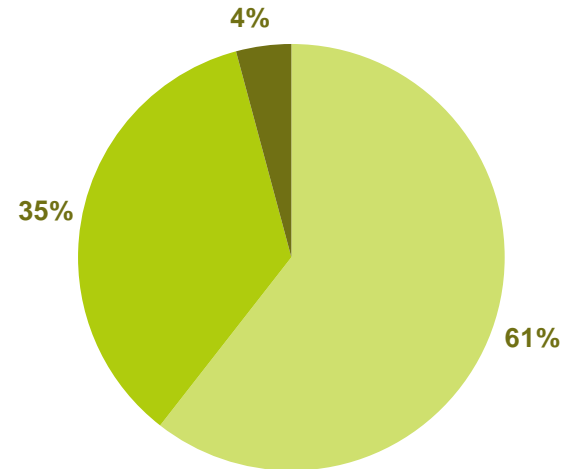
Section four – Investment process

Q4.7 How do you ensure compliance with investment restrictions? Please indicate the approach adopted.

Pre-trade review



Post trade review

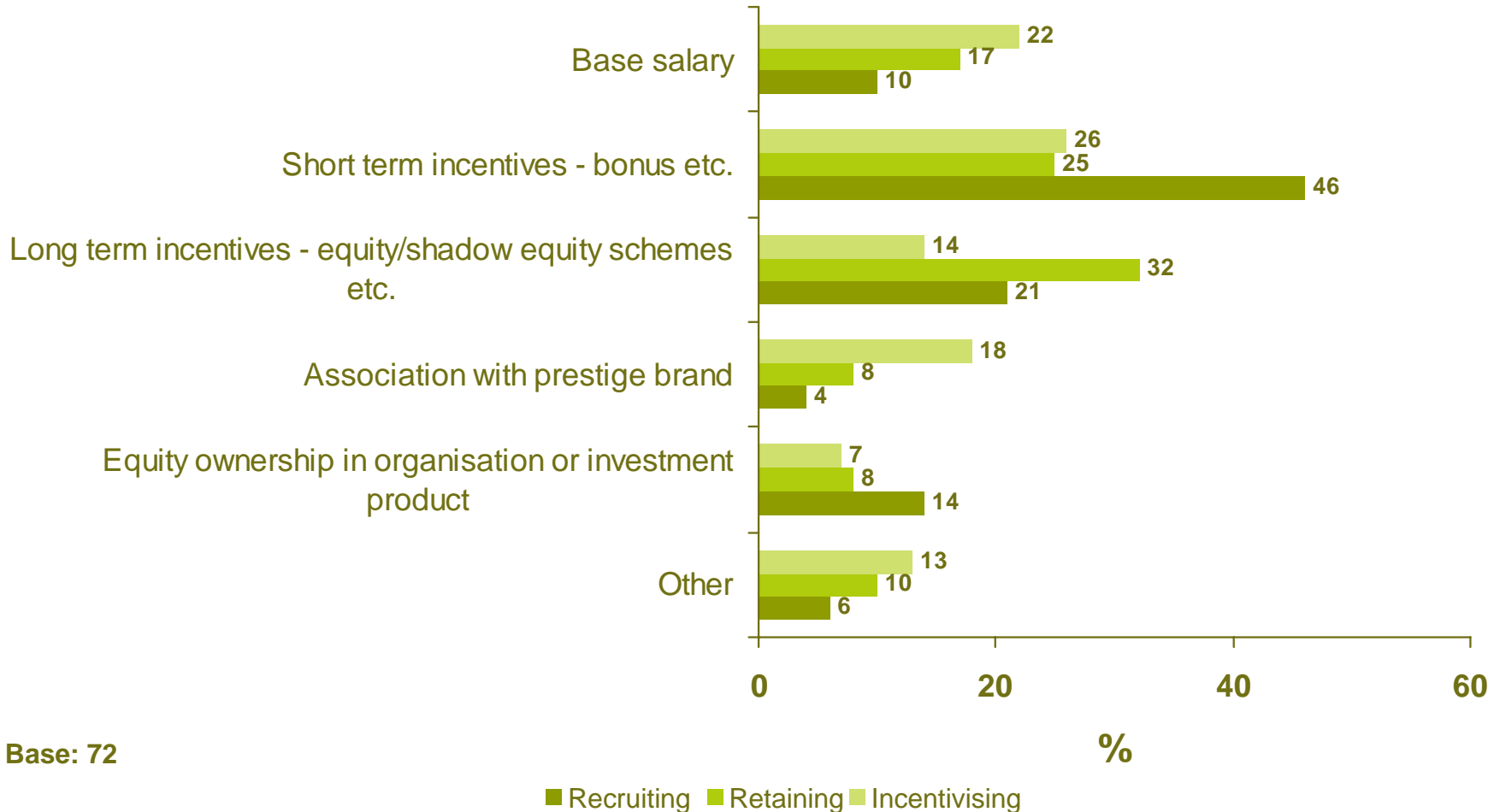


Base: 72

■ Software/real-time & automatic ■ Manual ■ No review performed

Section four – Investment process

Q4.8 Please indicate the 3 most important measures you consider in relation to (i) recruiting, (ii) retaining and (iii) incentivising portfolio managers.



Base: 72

Q4.10 What are the 3 things you are doing/will you do to improve investment performance in 3 years time?

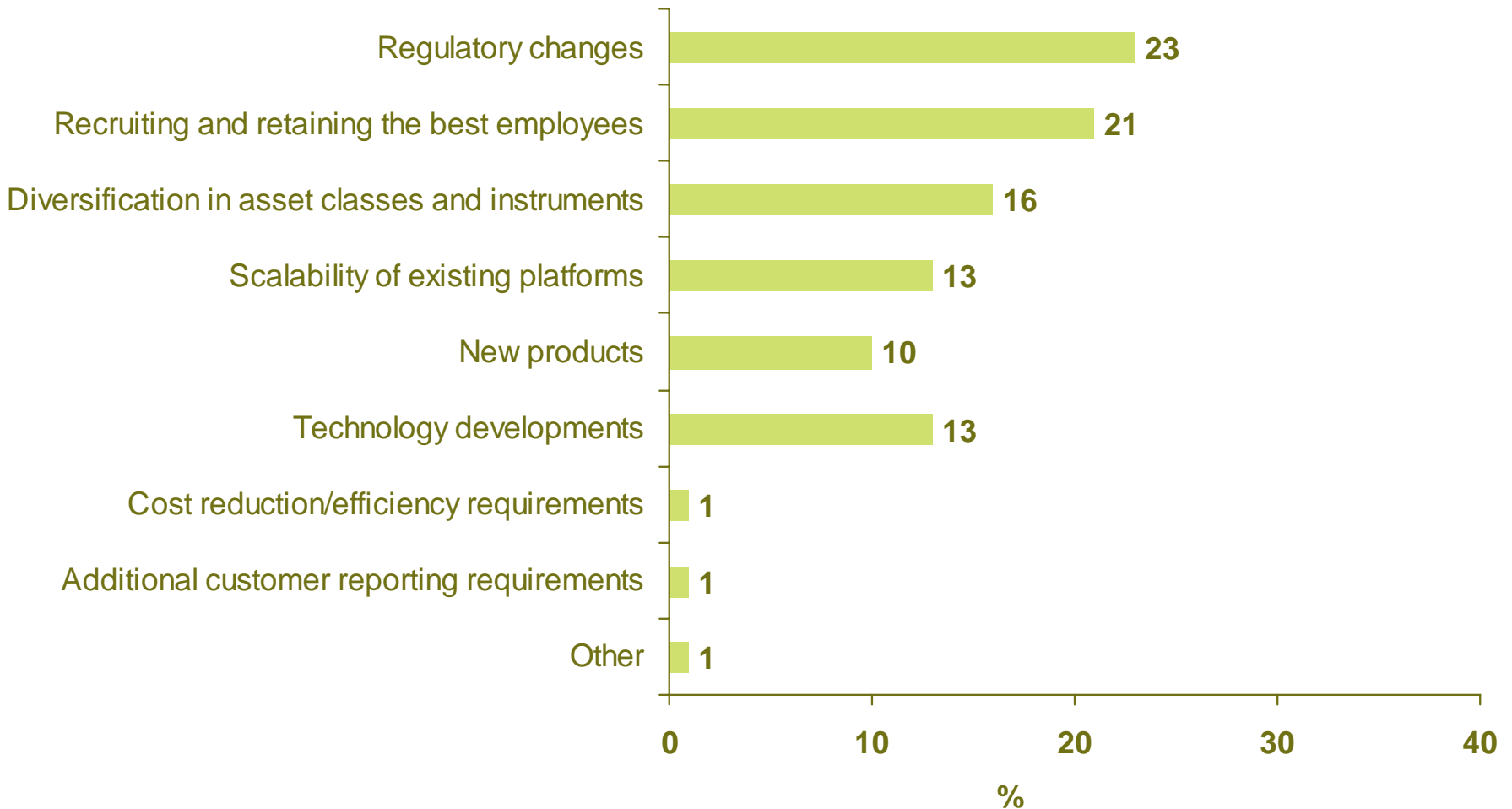
- Better understanding of factors influencing performance
- Consistent reviews of investments processes
- Creation of investment teams comprising fund managers and research analysts in more geographical locations
- Enhance research capabilities
- Increase size of investment team

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Q5.1 What do you see as the major challenges facing the industry that will impact on your operations?



Section five – Operational management

Q5.2 Where do you believe you (i) have added value over the past 3 years and (ii) will add most value in 3 years time, to your organisation as COO?



Q5.3 Please indicate your estimated % of IT spend against the relevant functions, both (i) now and (ii) in 3 years time.

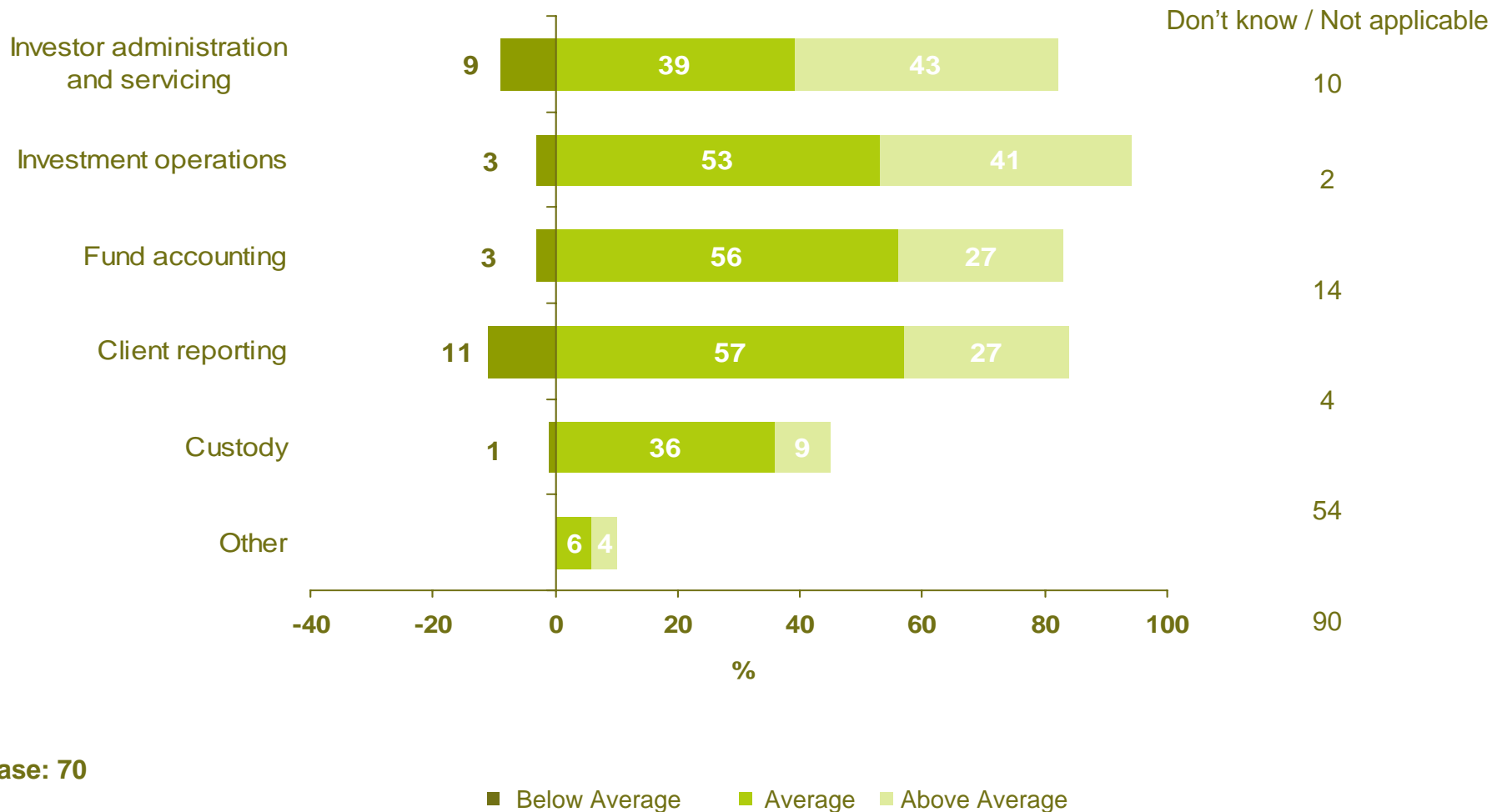
	Now	In 3 years time
Portfolio management	38%	40%
Custody	4%	5%
Asset administration	22%	21%
Transfer agency/Investor administration	15%	13%
Distribution	10%	12%
Other	11%	9%
Total	100%	100%

Q5.4 Please estimate your likely IT spend (i) now and (ii) in 3 years time as a percentage of revenue.

Key functions	Now	In 3 years time
Portfolio modelling	7%	7%
Order management	3%	2%
Trade confirmation	2%	2%
Fund accounting	5%	4%
Client reporting	5%	4%
Performance measurement	3%	4%
Compliance monitoring	3%	3%
Transfer agency	1%	1%
Customer relationship management	2%	4%

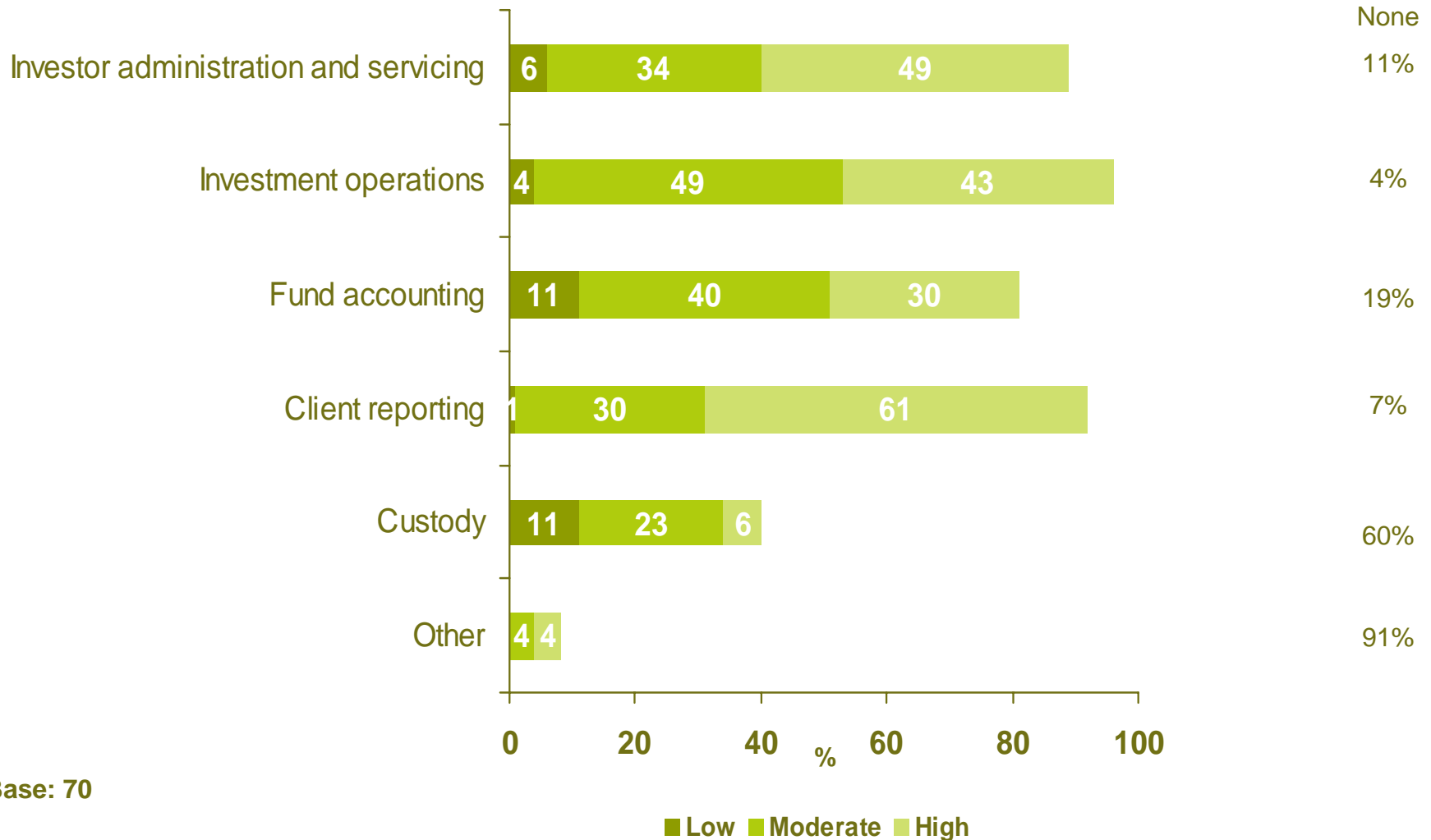
Section five – Operational management

Q5.8 How would you rate the operational effectiveness of your organisation relative to your peers in the following areas?



Section five – Operational management

Q5.9 What is your planned level of priority for operational improvement in 3 years time in the following areas?

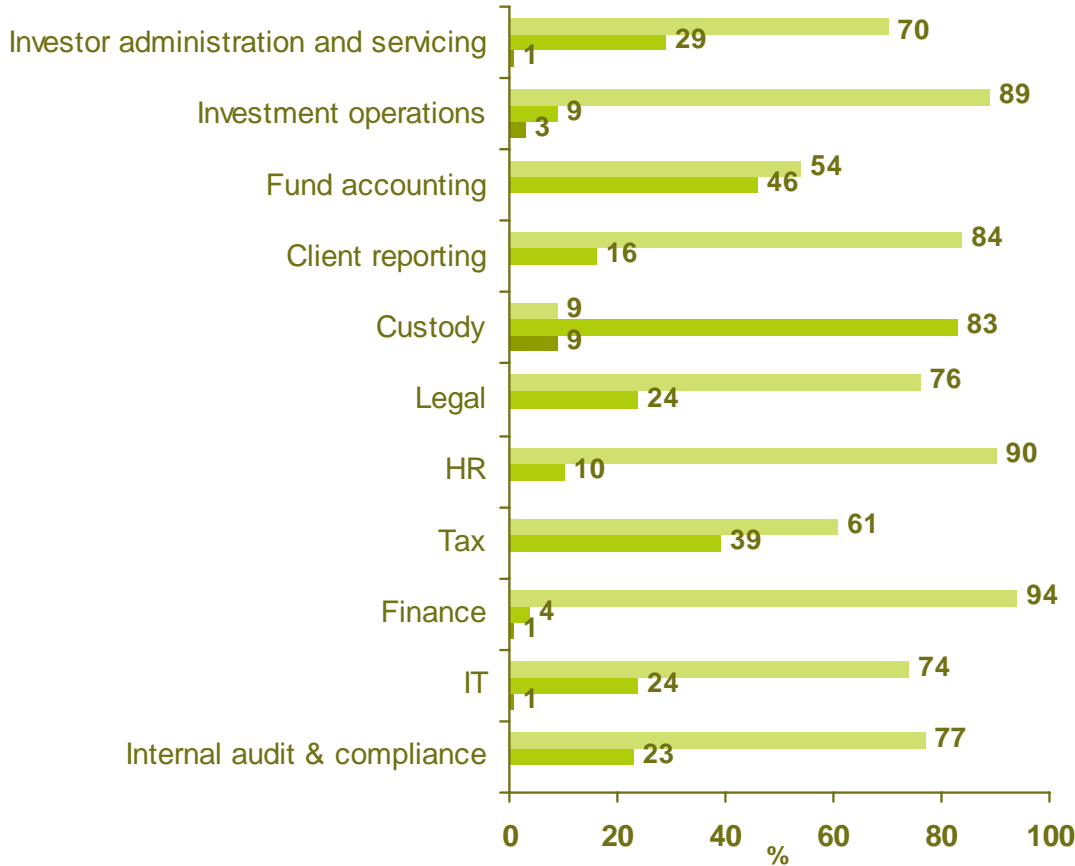


Base: 70

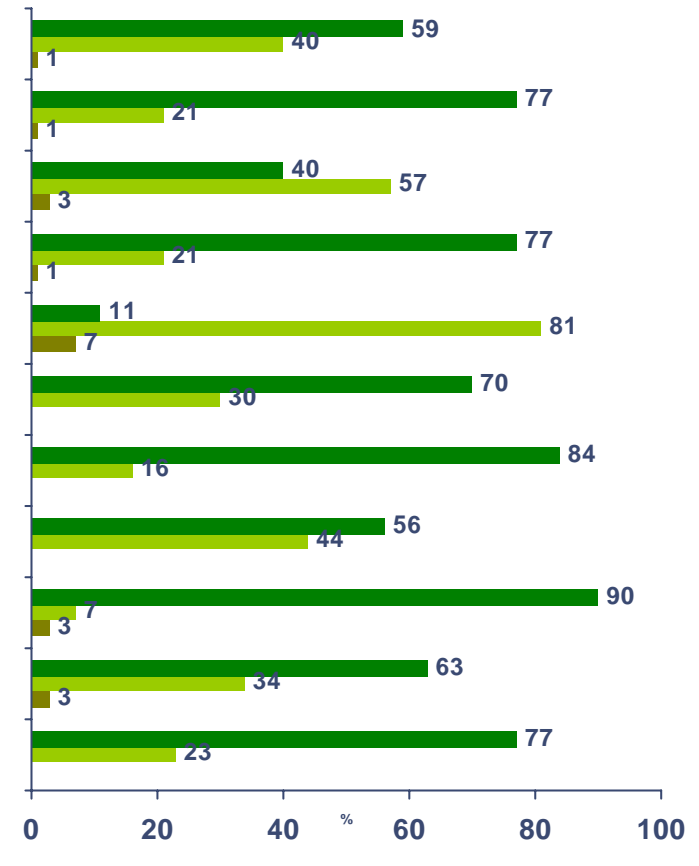
Section five – Operational management

Q5.10 What functions are performed in house, or outsourced or offshored to a significant extent (i) now and (ii) your expectations for the next 3 years?

(i) Now



(ii) In 3 years time



■ In house ■ Now outsource ■ Off shore

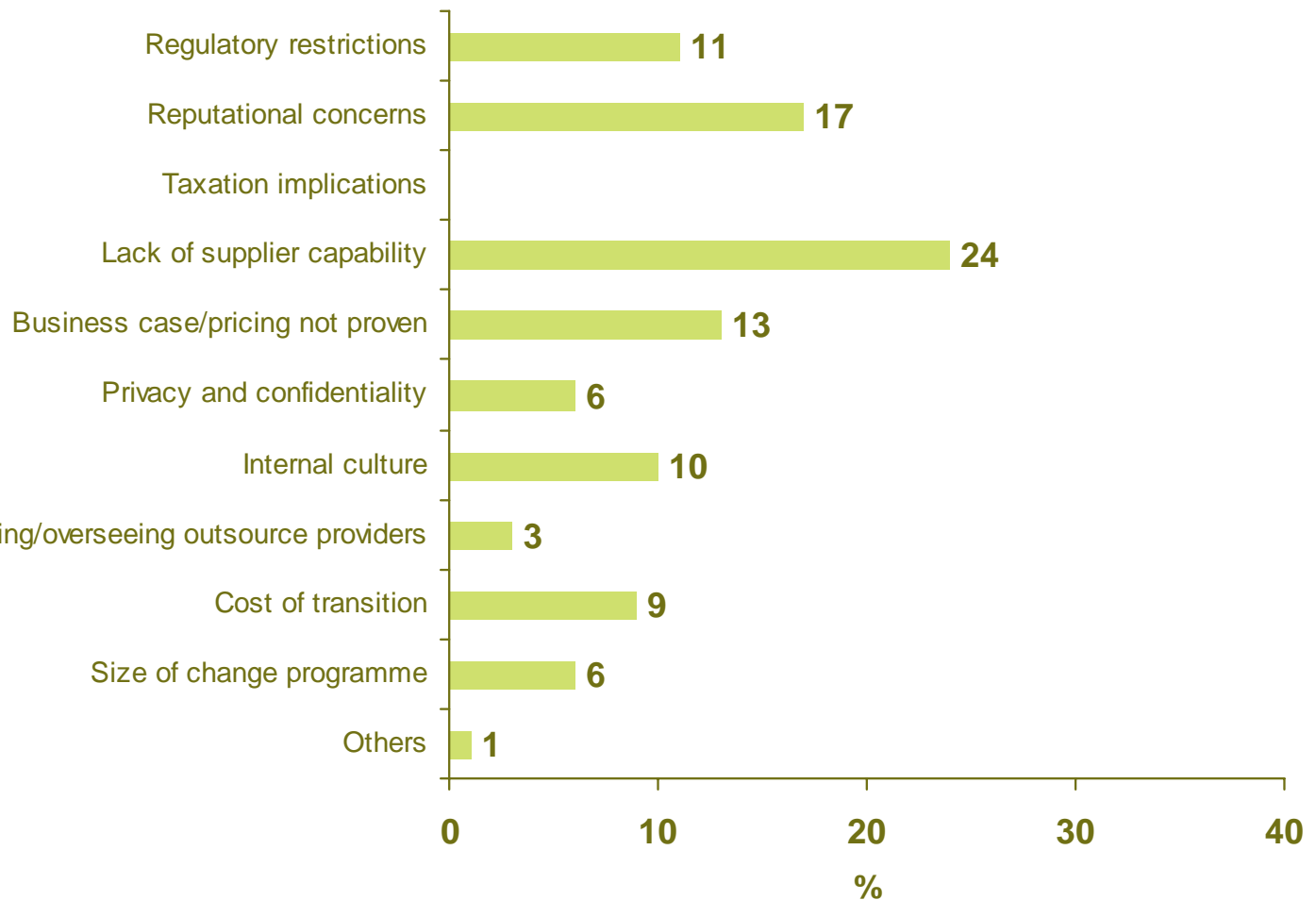
Base: 70

Q5.11 If you have outsourced or are considering outsourcing and/or offshoring, what were/are the drivers for doing so?



Base: 70

Q5.12 What do you think are the key barriers to outsourcing and/or offshoring?

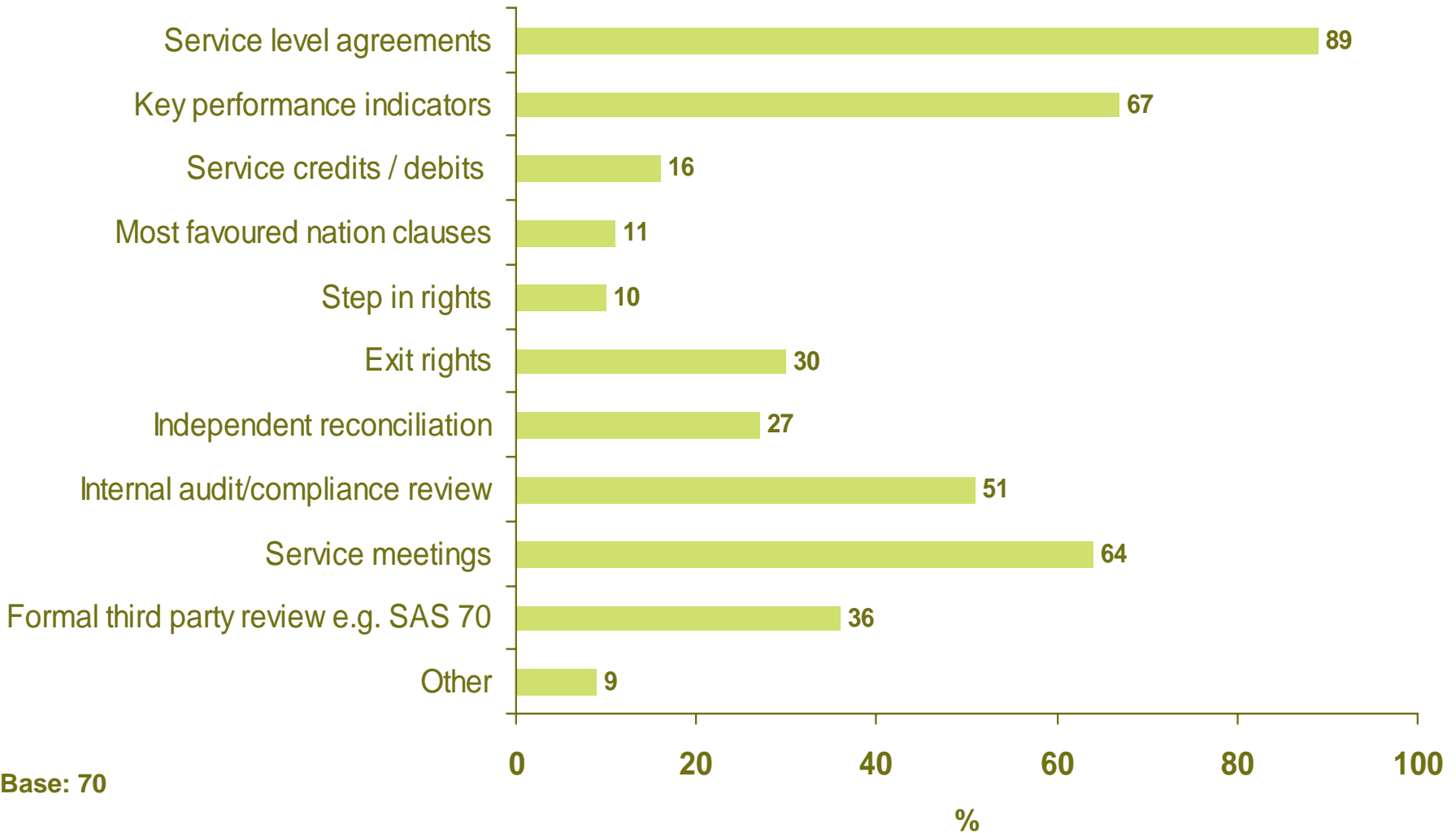


Base: 70

Q5.13 What would you consider to be the top 3 factors in selecting a third party provider?



Q5.14 Which of the following mechanisms do you use to manage the services provided by outsourcing suppliers?



Base: 70

Section five – Operational management

Q5.15 How would you rate the quality of service received from outsourced/off-shored functions as compared to your experience prior to outsourcing/offshoring?



Base: 70

- Worse than in house
- Same as in the house
- Marginally better than in house
- Significantly better than in house

The Survey Findings

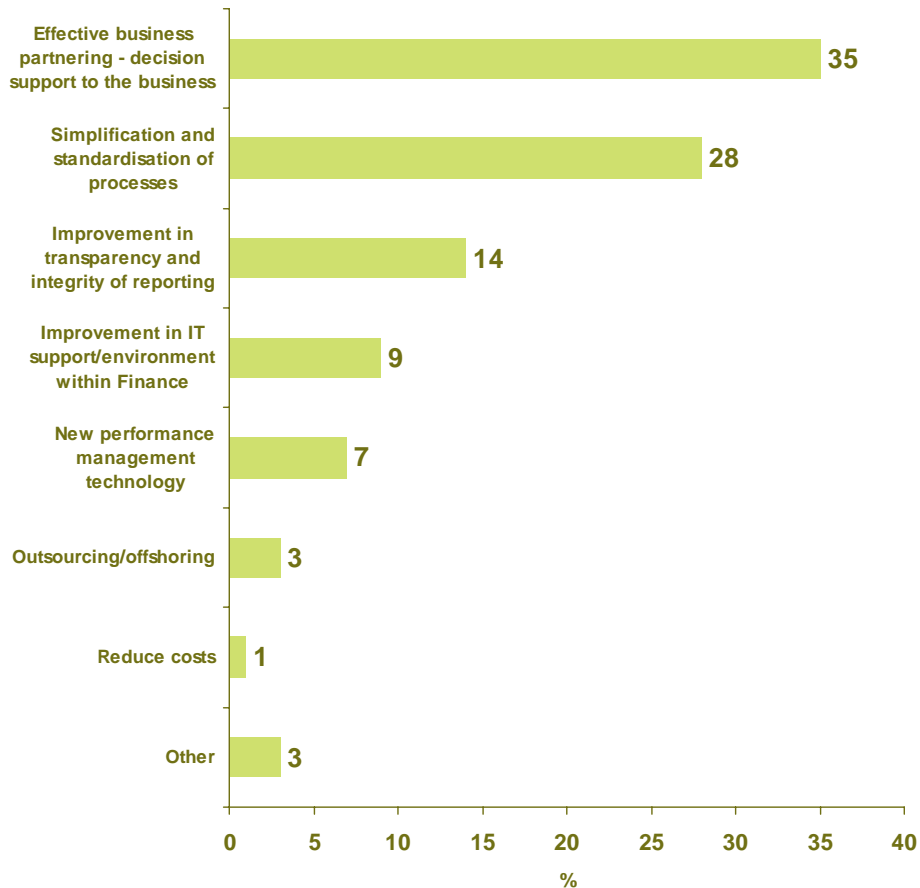
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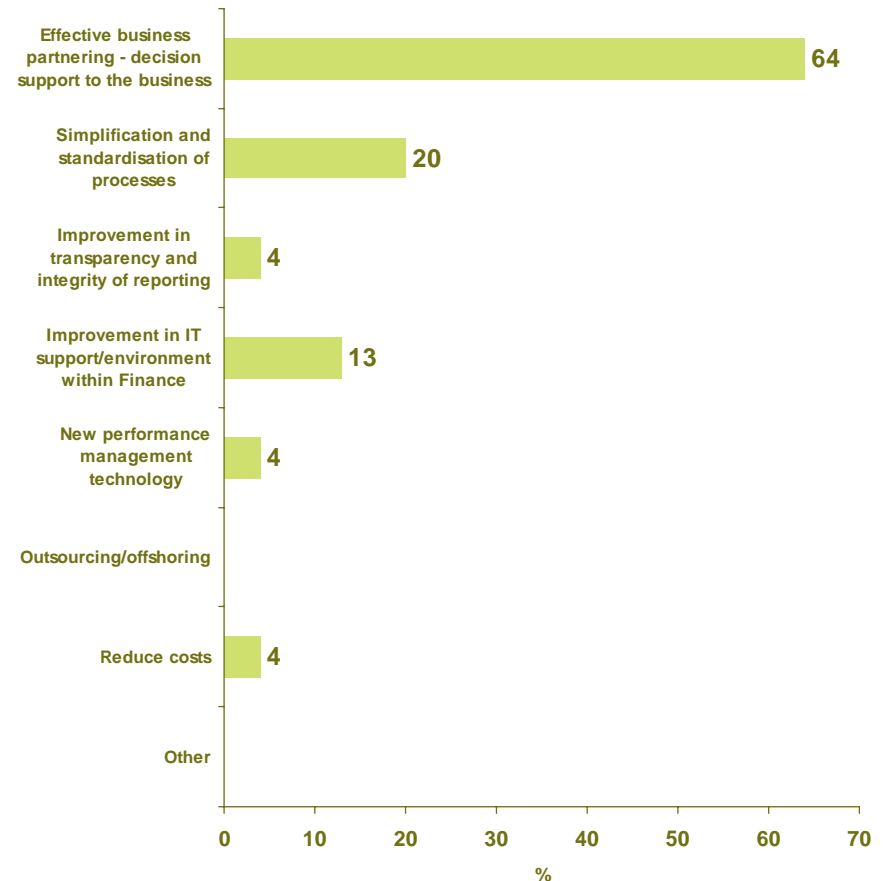
Section six – Finance function and management information

Q6.2 Please indicate on the list below the 3 key objectives for your finance function (i) now and (ii) expected focus in 3 years time, in order of priority.

(i) Now



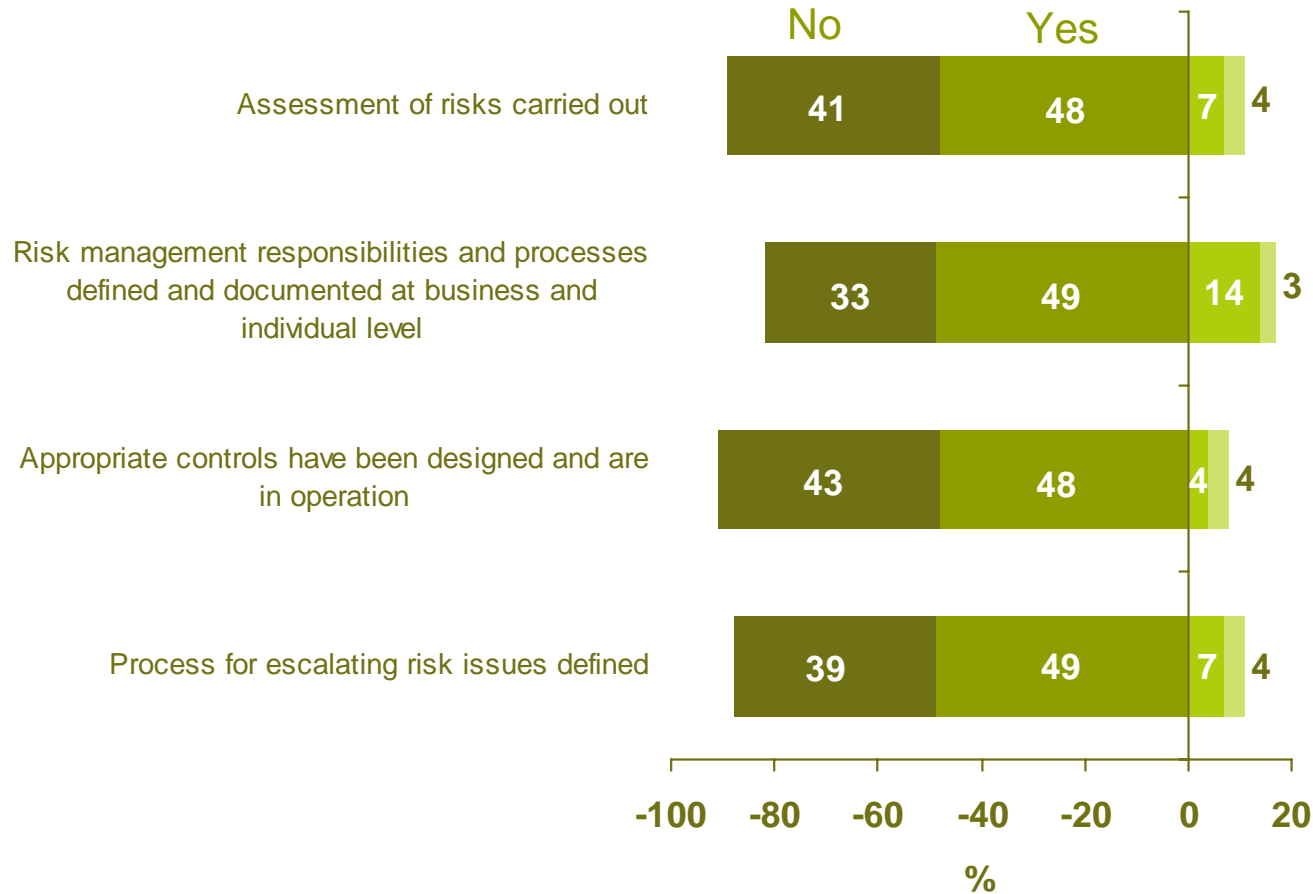
(ii) In 3 years



Base: 69

Section six – Finance function and management information

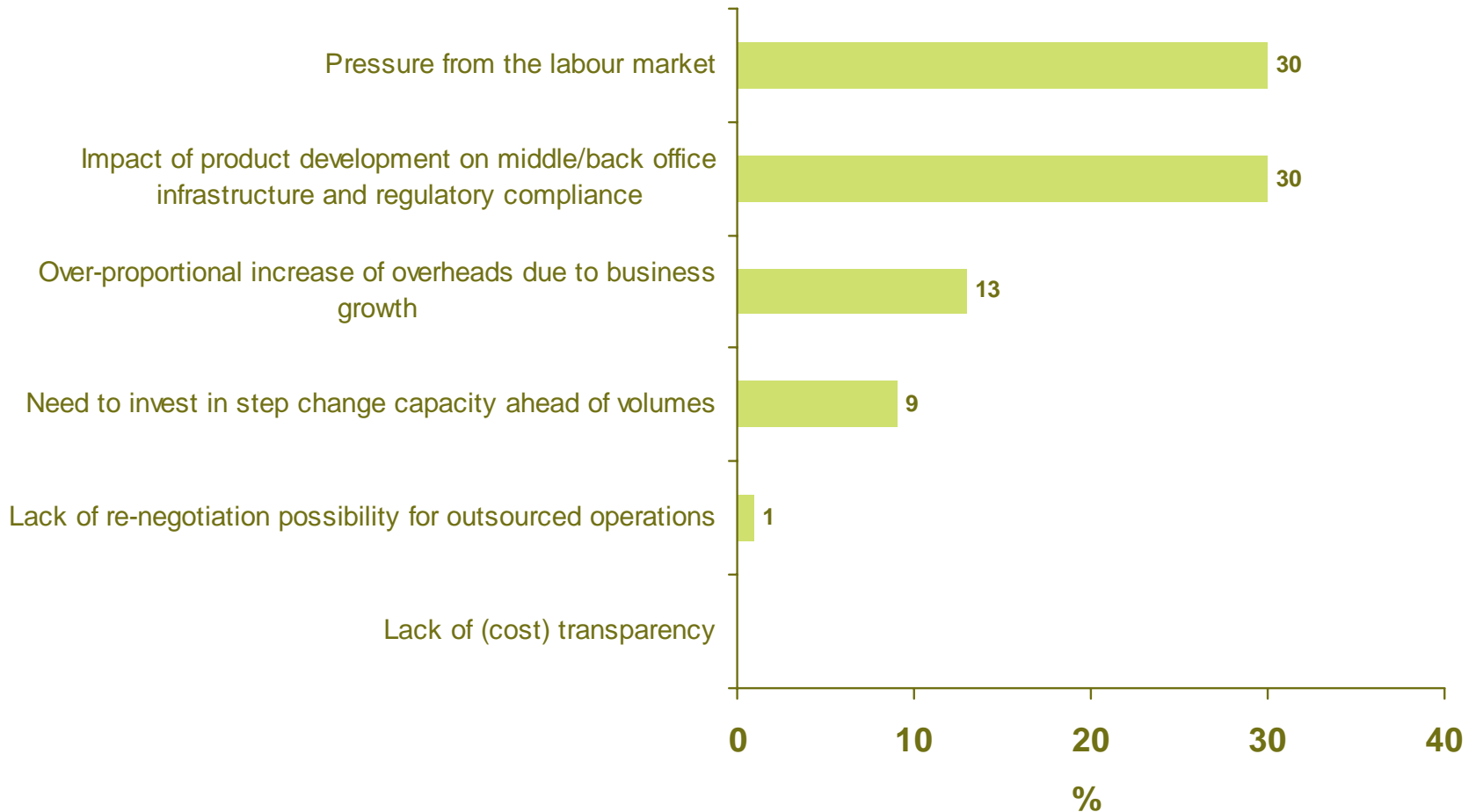
Q6.4 A number of organisations are currently developing and/or implementing their internal controls framework, frequently adopting a Sarbanes Oxley type approach. Please indicate your level of confidence in demonstrating the following...



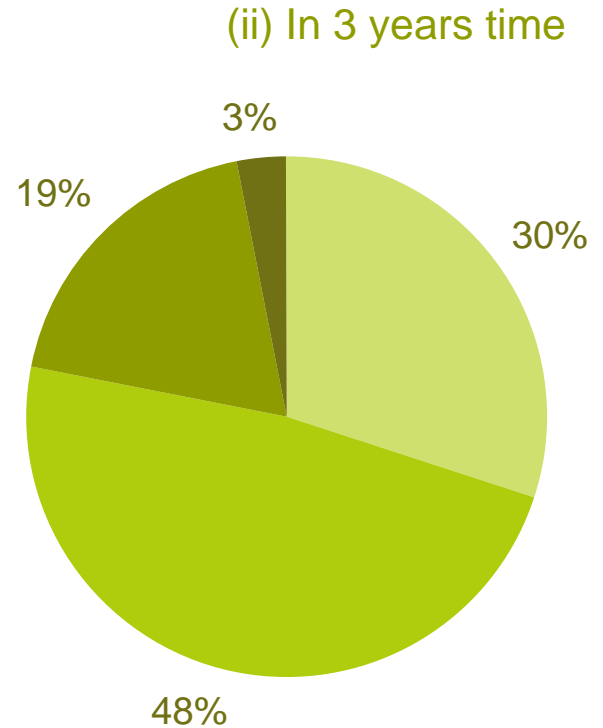
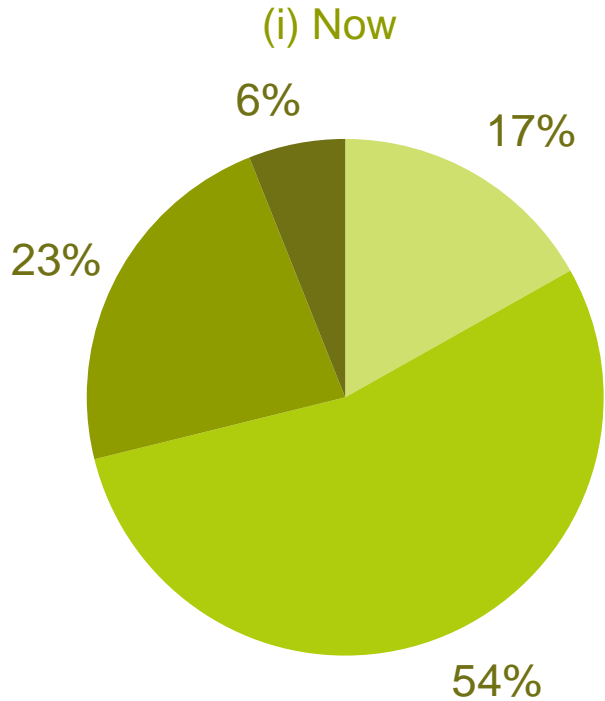
■ No but expect to implement ■ No - not confident ■ Yes - enhancements needed ■ Yes - confidently demonstrate

Base: 69

Q6.8 Please indicate your organisation's top 3 areas of concern in controlling your organisations' cost base.



Q6.9 How would you best describe your organisation's overall approach to corporate tax strategy/risk?



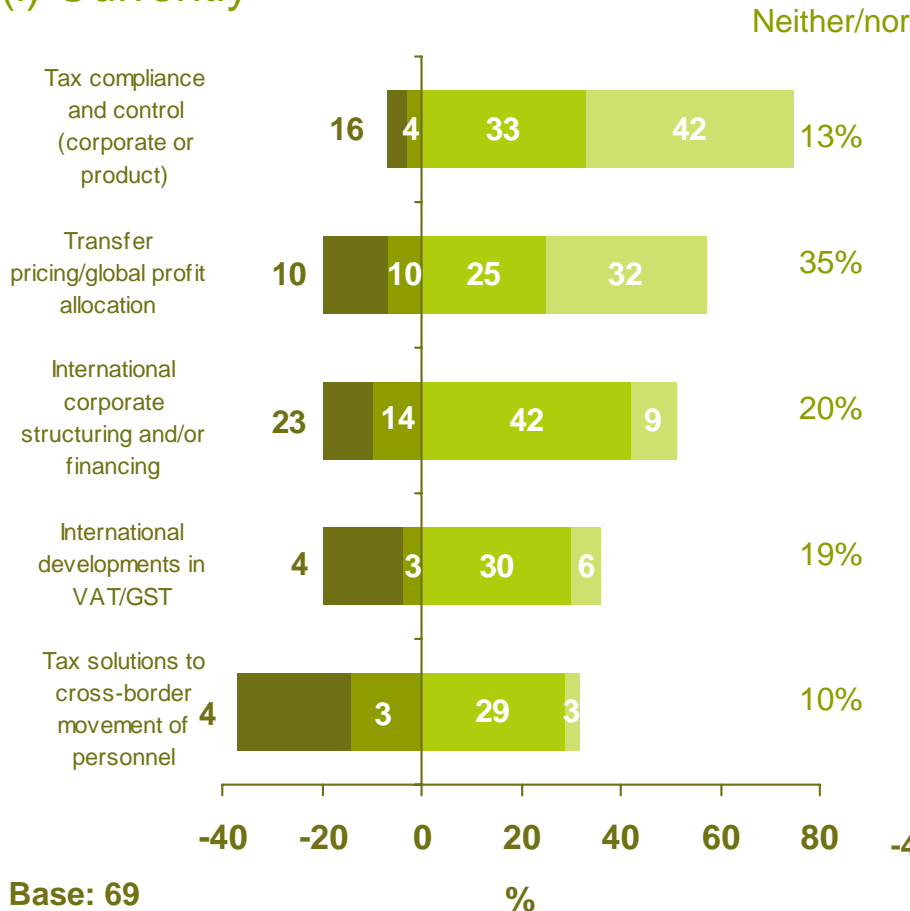
- Very active use of planning ideas, subject to appropriate due diligence
- Reasonably selective use of planning ideas
- Extremely risk averse, few planning ideas adopted
- Other

Base: 69

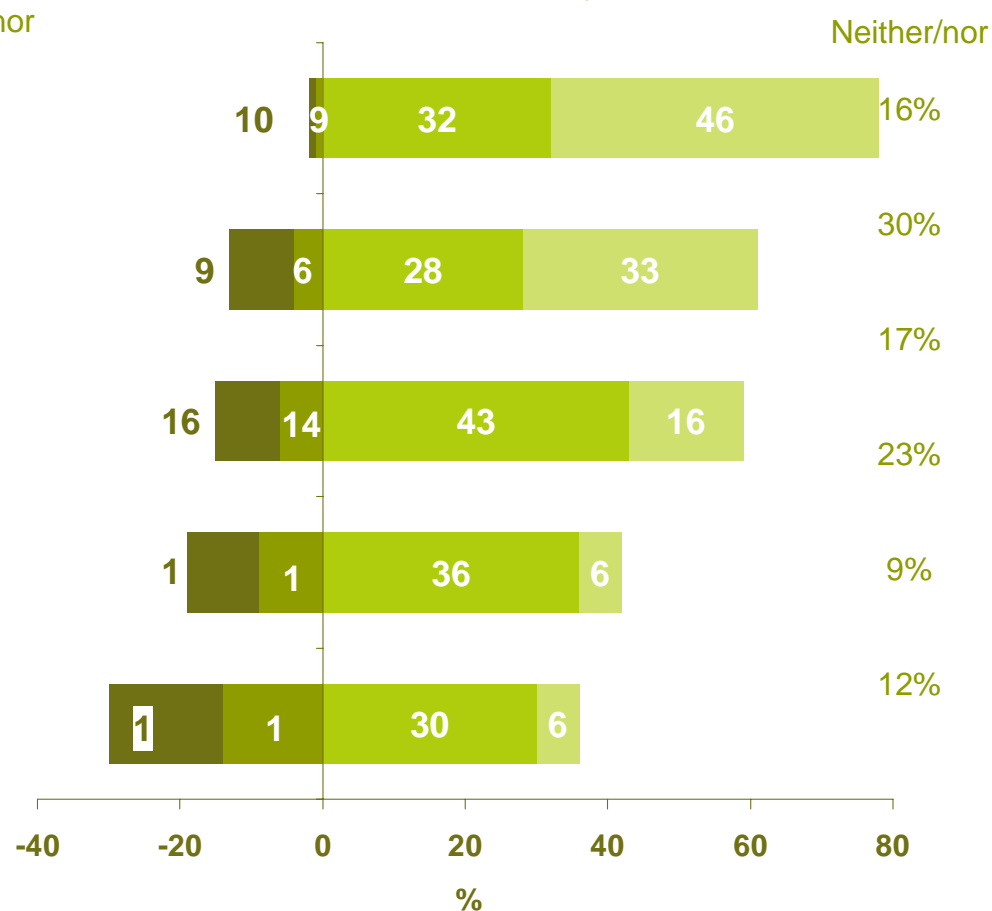
Section six – Finance function and management information

Q6.10 Please score how important or unimportant each of the following tax issues are for your organisation (i) currently and (ii) in 3 years time.

(i) Currently



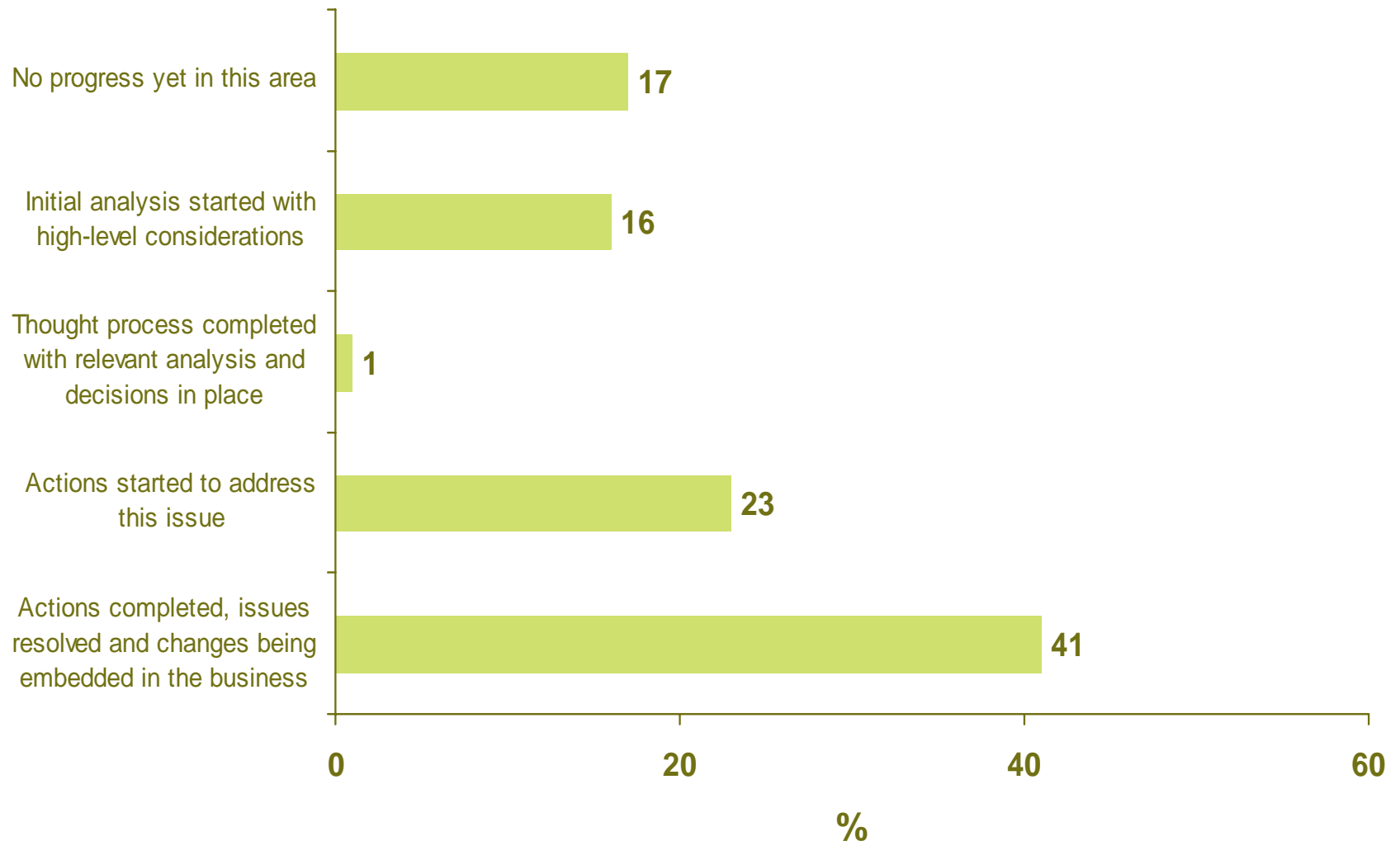
(ii) In 3 years time



Base: 69

Legend: Disagree somewhat (dark blue), Disagree strongly (medium blue), Agree somewhat (light blue), Agree strongly (very light blue)

Q6.14 Please describe the state of readiness of your company towards IFRS compliance.



Base: 69

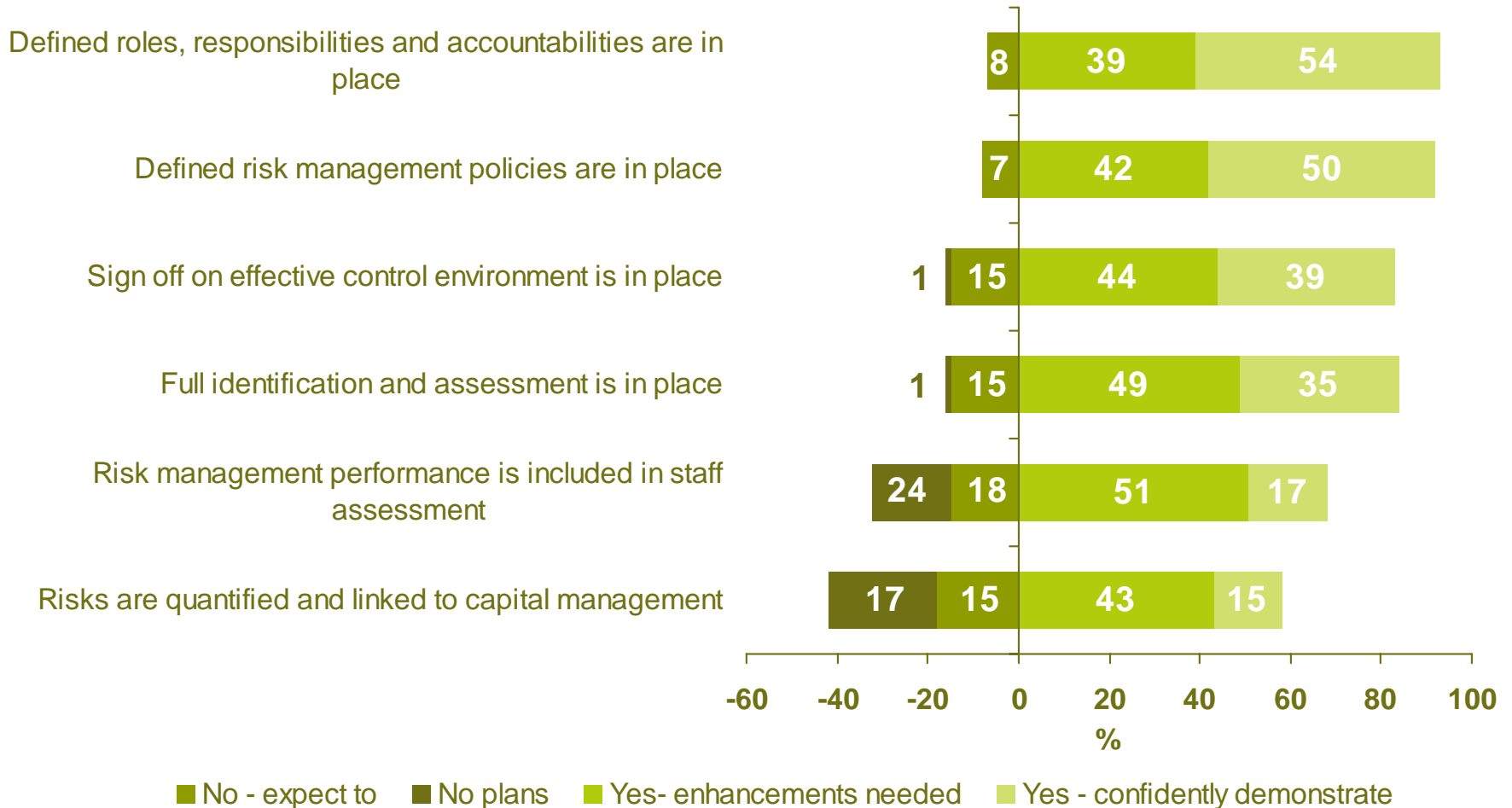
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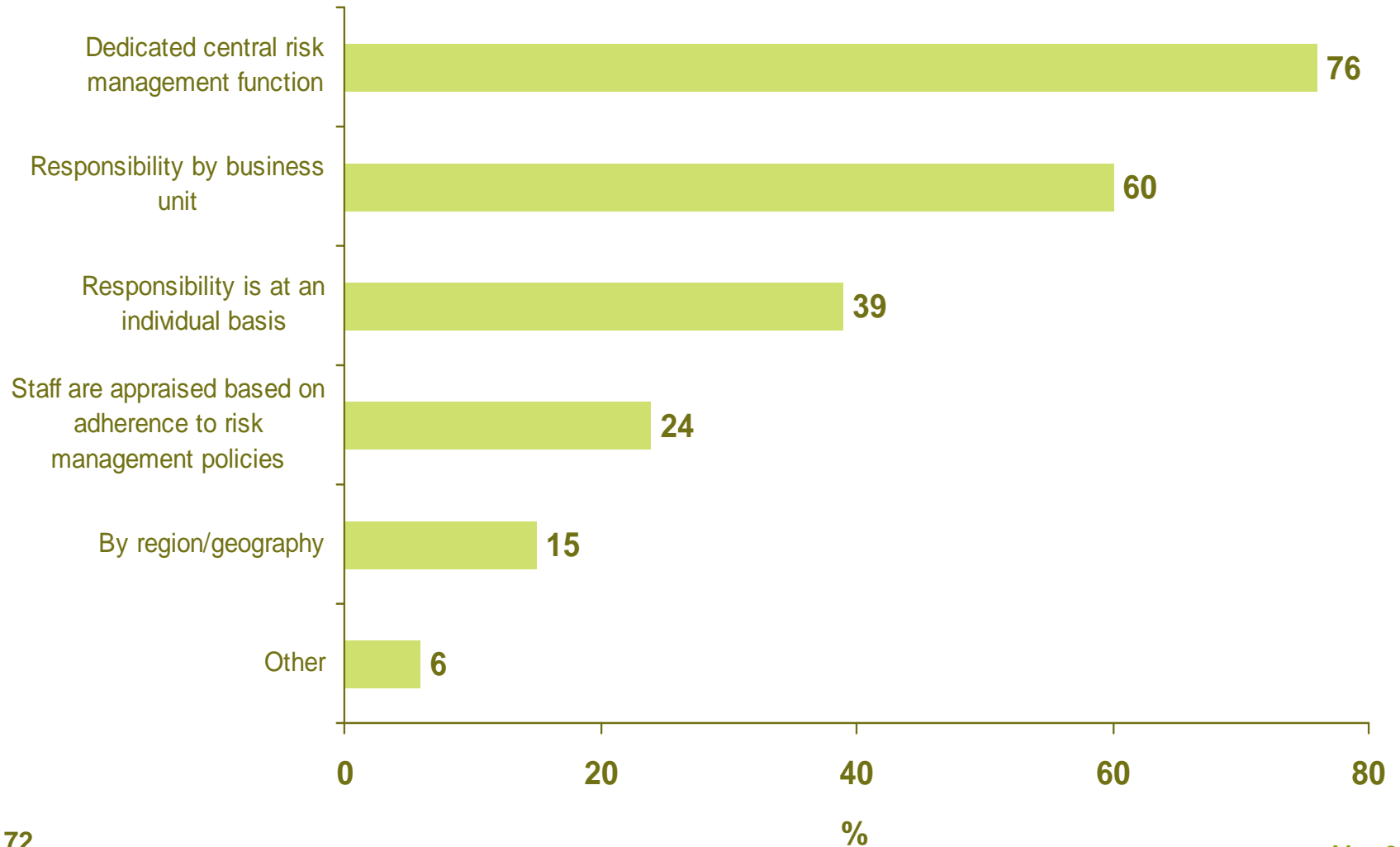


Section seven – Governance, risk and compliance

Q7.1 How would you rate your firm's current risk management arrangements in the following areas?



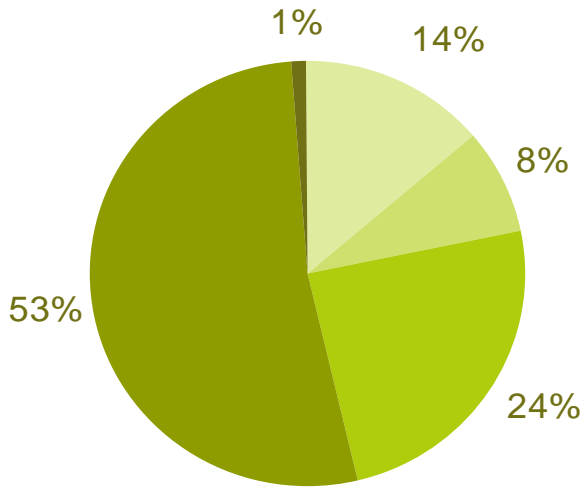
Q7.2 In what way(s) is risk management structured in your organisation?



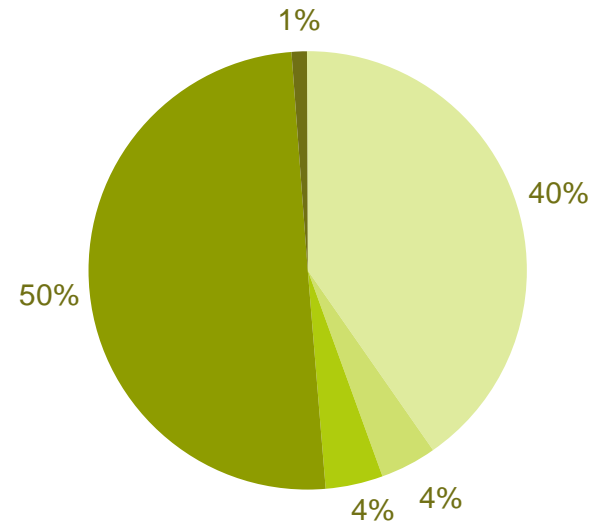
Base: 72

Q7.3 What will your firm currently use to monitor risk (i) now and (ii) in 3 years time?

(i) Now



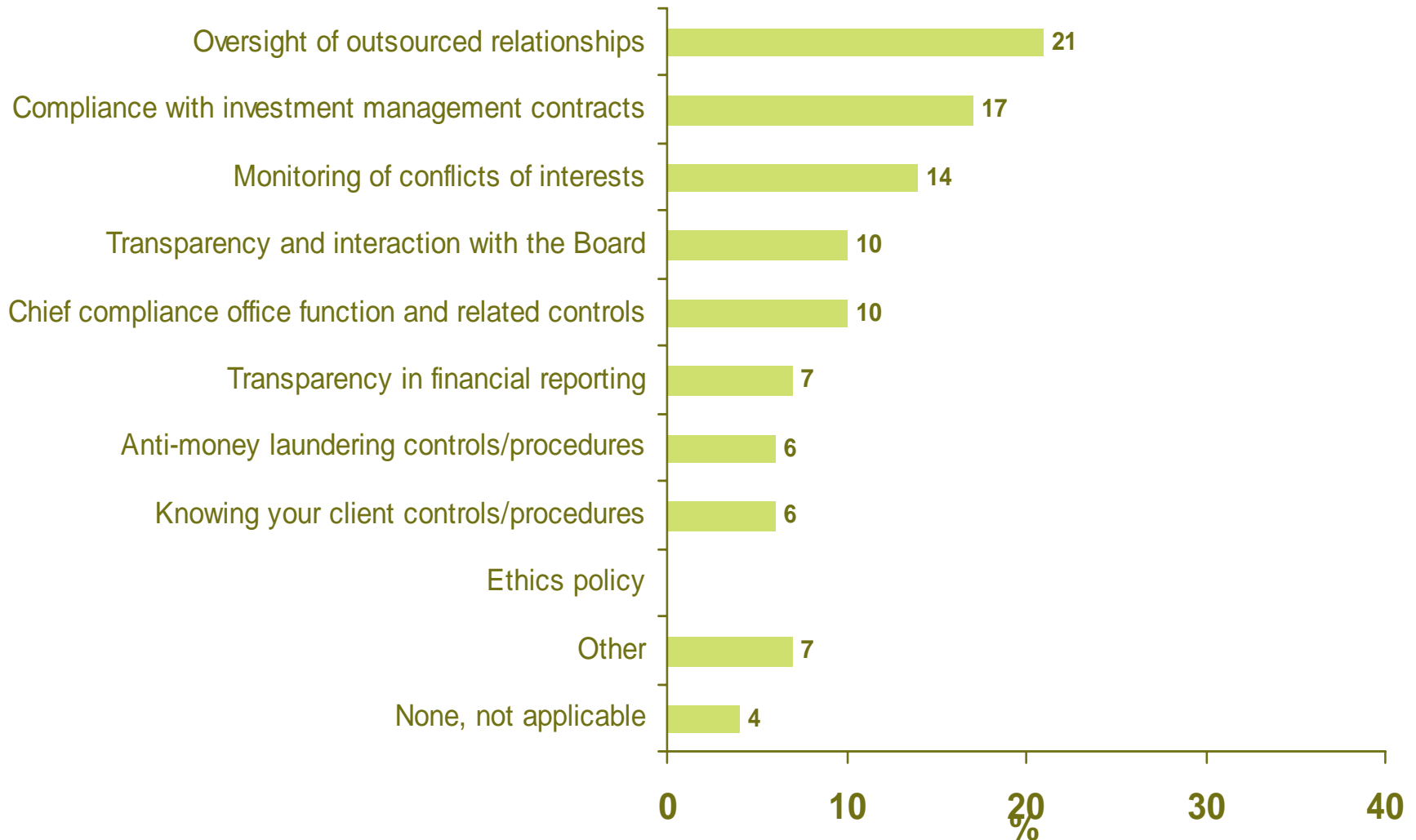
(ii) In the next 3 years



- Automated enterprise-wide risk management system
- Automated at an individual business unit level
- Non-technology based review
- Combination automated/manual
- Other

Base: 72

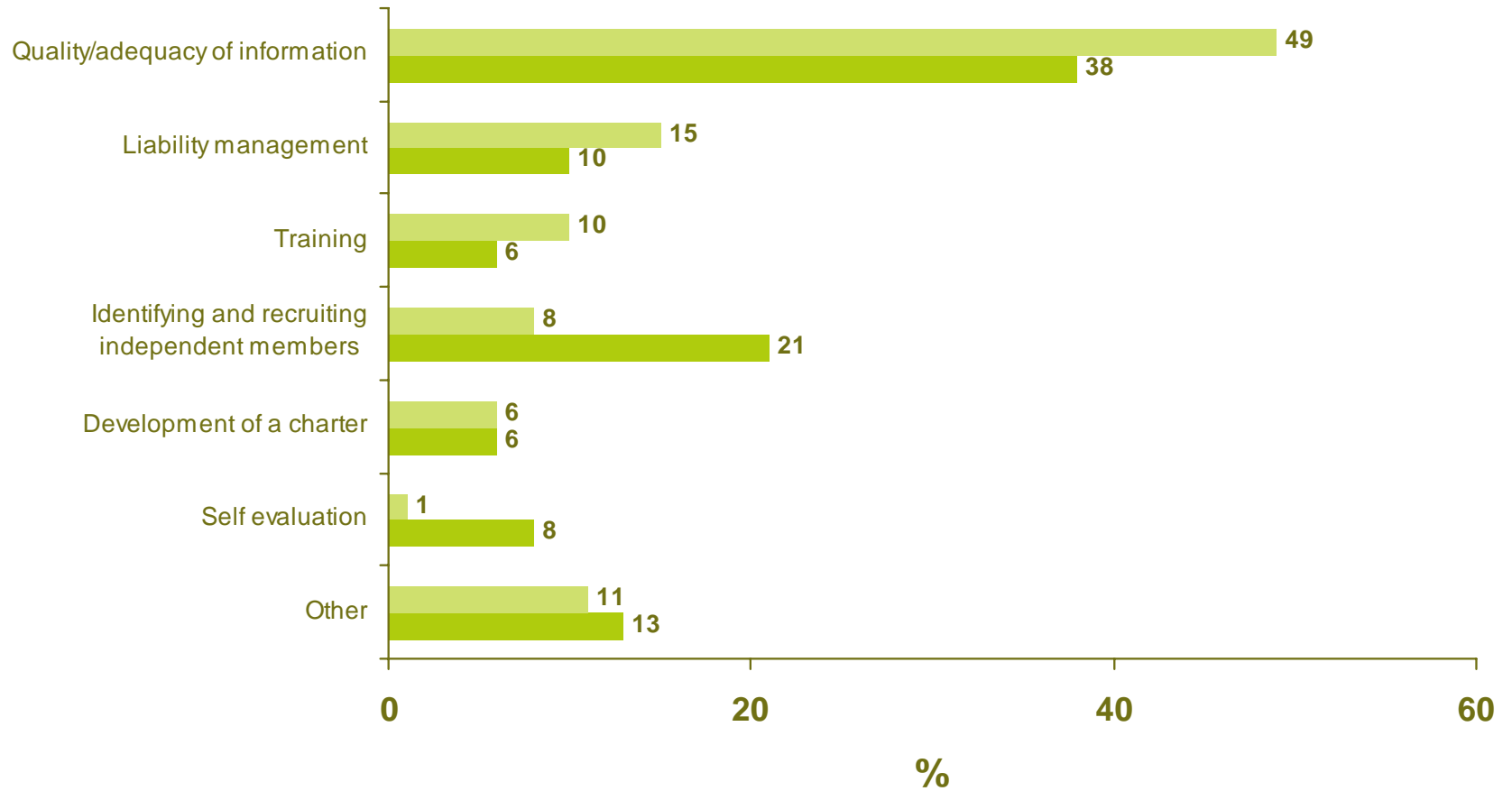
Q7.4 What areas, if any do you think need the most improvement in your firm's risk and compliance program?



Base: 72

Section seven – Governance, risk and compliance

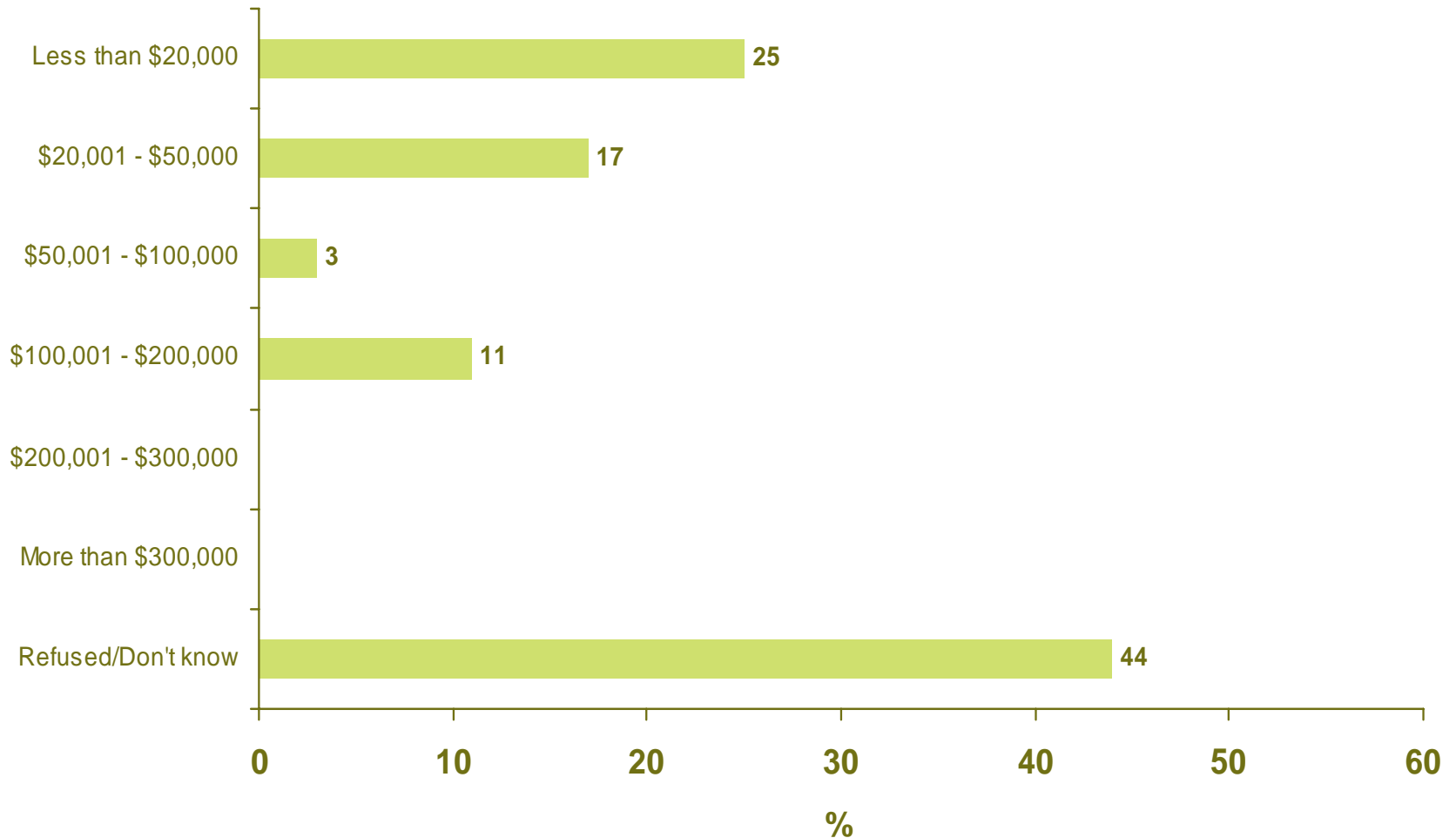
Q7.7 What is the ONE key issue for your Board of Directors or Trustees, currently, from both a product perspective and a corporate perspective?



Base: 72

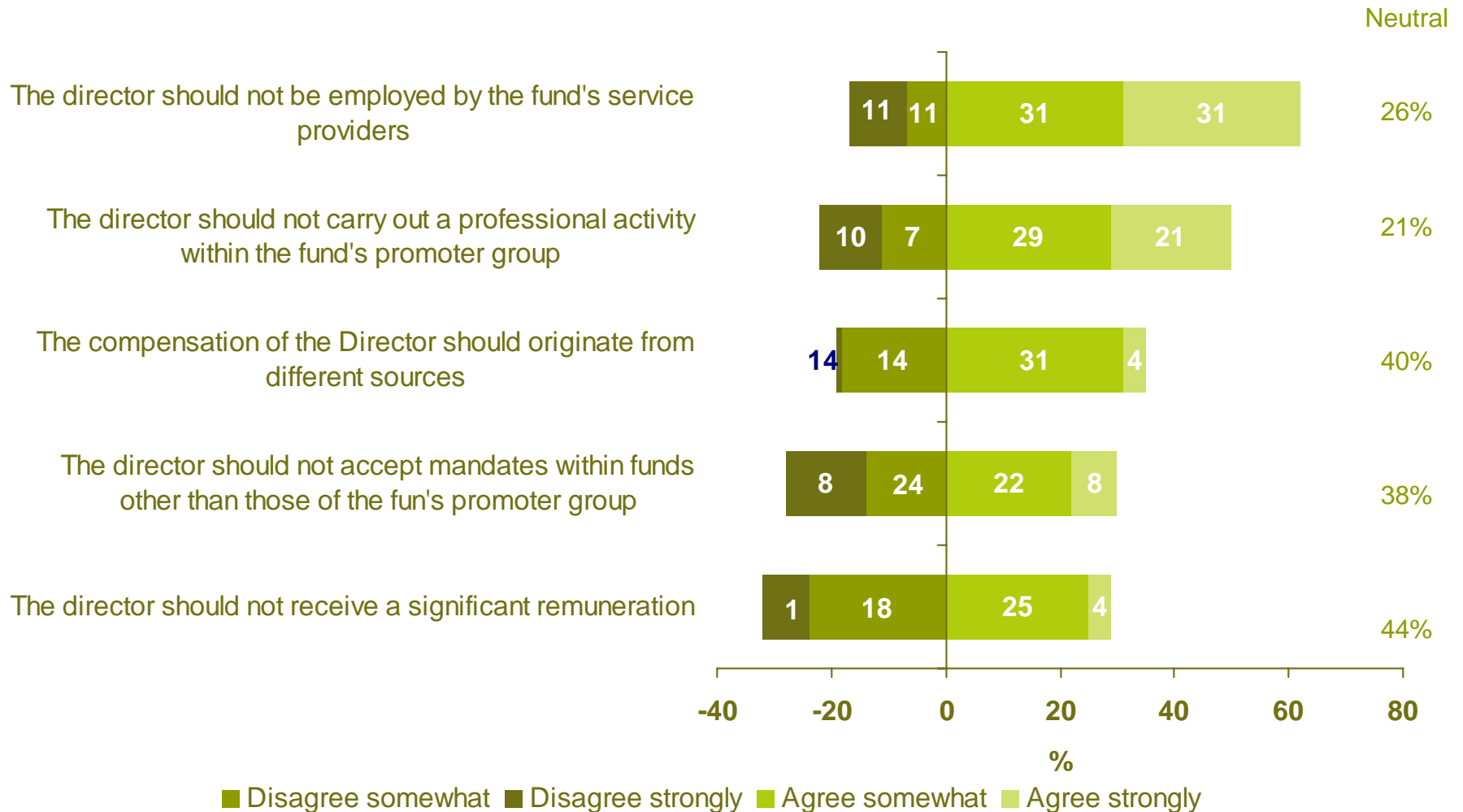
■ Product ■ Corporate

Q7.8 Please indicate the average annual compensation for independent directors?



Section seven – Governance, risk and compliance

Q7.9 Please indicate whether or not agree/disagree with the following statements?



Base: 72

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