

Investit offers a practical guide for facing the new world order

Tuesday 4 August, London. Investit, a leading investment management consultancy, is launching a new strategic toolkit to help fund management firms reformulate their business in this post financial crisis world. The investment landscape may have altered but competition is still intense and it will be the companies that are finely attuned to their clients' changing needs who will win market share.

The toolkit is part of a thought leadership report entitled "Change within Investment Management" that was written for the members of Investit's Intelligence service. The research was based on interviews with thirty chief executives from major investment management firms. Investit also drew upon its long standing relationships with clients as well as the team's own hands-on experience working in the asset management industry.

Richard Phillipson, Principal, Investment Practice, said, "Directors have been wrapped up fighting fire after fire and they have not had time to think about strategic issues. However, many realise that they are not just standing at a bend in the road but are at a crossroads. They know that one of the most important rules is that when you come to a fork in the road, you should take it and we are providing a series of initiatives to help them to take the right direction for their firms."

According to Catherine Doherty, author of the report and head of Investit's MENA operations, three types of asset management groups are emerging from the financial crisis. They include a nimble but scaleable alpha operation which is closely in touch with an institutional client base and backed by large, stable operations. There is also the mammoth firm which has the depth and breadth of product to cater to wide range of clients and benefits from rigorous operational practises. Last but not least is the captive in-house operation whose entire focus is on delivering outperformance for its parent.

Although these fund management groups have different propositions, they can use the Investit toolkit to develop their own action plans. The areas for review cover a wide range of disciplines; the main message is that fund managers need to become more proactive with clients and intermediaries and not just focus on asset gathering.

In the practical sense, this means reviewing client segmentation, resources dedicated to client servicing and developing client liquidity models. It also translates into improving reporting and operational transparency, addressing the investor education shortfall and becoming much more involved in the regulatory process. Fees should also be on the agenda and fund managers are advised to re-examine their charges to take into account today's changed market sentiment. A wide ranging investigation could also be undertaken of the whole business to determine whether a different and more radical fee structure would work.

On the product side, the report proposes re-examining fee and remuneration structures and realigning them to products as well as exploring the creation of high alpha products around less constraining portfolio guidelines. Drilling down to the fund of fund firms, it recommends conducting a full assessment of existing products, due diligence processes, asset allocation, the product offering and skill-sets. Overall, fund managers should also be reviewing their operational and risk controls, product development and corporate growth plans to ensure that they are on the right page with their clients.

Catherine Doherty, Regional CEO, Investit MENA explained: "As the business planning and budgeting season starts, business leaders in fund management have a lot to consider. The Investit toolkit will provide a sound basis for strategic direction finding."

- END -

investit.

About Investit

Investit was founded in 1998 to provide advice and research services to the investment management industry. We offer a unique range of services, from front to back office, and draw from five specialist consultancy practices: Investment, Client, Performance, Operations and Systems. Investit People supports our consultancy with specialist recruitment services. Investit Intelligence provides detailed research services, allowing investment managers to improve their knowledge of the market and respond positively and profitably to change. Investit Benchmark completes the offering with a range of market-leading benchmarking services. For more information, go to www.investit.com.

For further information:

Clare Vincent-Silk
Principal, Operations
+44 (0)20 7933 9904
clare.vincent-silk@investit.com