



MMI REPORT REVEALS LIFECYCLE ISSUES AND OPPORTUNITIES FOR ASSET MANAGERS

EXECUTIVE SUMMARY

This report provides an analysis and results of a survey conducted by *rpmAUM*, in cooperation with the Money Management Institute, to gain further insight on how a cross-section of domestic asset management firms are managing challenges and opportunities throughout different stages of their lifecycle.

There were two methods of analysis employed—one was a quantitative online survey, and the second was a follow-up qualitative interview. 34 asset managers responded with 25 participating in very in-depth, confidential phone interviews. Detailed data and a sample of the questionnaires are included in the Appendix.

The results shed light on important findings and industry best practices:

- ▶ There appears to be a significant gap between asset management firms' internal perception of their life stage (i.e. growth) and their market reality (i.e. maturity or extended stagnation.)
- ▶ Indications suggest investment firms, as reflected by their business approach, are increasingly polarized. On one end are those categorized as survivors; on the opposite end are thrivers.
- ▶ Tremendous opportunities for niche firms with specialized offerings such as emerging fixed income/equity, blended passive and active product solutions, frontier investing, multi-asset, etc.
- ▶ Technology is the new imperative as firms are faced with greater client scrutiny, cybersecurity issues and the need to remain competitive.
- ▶ A mature asset management industry is driving the need for greater brand differentiation, simple product stories, and marketing tools.



Against a backdrop of a rapidly maturing industry with the corresponding ramifications on the product/distribution mix, asset managers should consider the following checklist for success:

- ✓ Be realistic about your firm's capabilities
Conduct a holistic review; gain insight from internal and external perspectives
- ✓ Beware of internal dysfunctionalities
Focus your entire firm on being a thriver, not just a survivor
- ✓ Take advantage of your size
As a small firm, be opportunistic working with big firms, and vice-versa
- ✓ Look beyond performance
The performance requirement will never go away; make sure to build around it
- ✓ Make technology a priority
Demonstrate agility and a quicker-to-market approach to enable growth
- ✓ Invest in infrastructure
Be progressive; do not let your organization be seen as obsolete by clients
- ✓ Build a story in the marketplace
Create differentiation that is powerful beyond product, price, and performance

For more details on the implications of The Lifecycle of Asset Managers and best practices to build business regardless of current life stage, please contact *rpmAUM*.

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