



## Fund Selection Units – 2015 update

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Analysis of a €200 billion open architecture opportunity

September 2015

# Objectives and methodology of the research

## Background and objectives of the research

The 2015 Fund Selection Unit Market Research focuses on the third-party funds selection and management activities of 20 Fund Selection Units ("FSUs").

These FSUs share the following characteristics:

- They are all backed by large financial distribution groups (banks, insurance companies, asset managers and financial planning networks) with a significant business base in France;
- They operate on a multi-business line basis, including managing assets (through funds of funds and/or other formats) and providing advisory services to affiliated entities or external clients (e.g. third-party funds buy lists, due diligences);
- All of them manage and/or advise in excess in €1 bn of third-party assets.

The research was conducted over the second quarter of 2015 using the proven INDEFI methodology that relies both on quantitative and qualitative input obtained from one-on-one interviews with key investment and fund selection decision-makers at targeted FSUs.

The objectives of the research are to provide third-party asset managers with a quantitative analysis of the accessible ("competitive") pool of assets in this market segment as well as an in-depth review of their relative competitive position with FSUs.

## Relation with INDEFI's Open Architecture market research

In 2014, INDEFI released an updated comprehensive analysis of the open architecture market in France. This research covered the subscription to and/or selection of third-party funds in the following market segments:

- Wholesale distribution, including: multimangers, capital market structuring desks for fund-linked products and discretionary portfolio managers;
- Retail distribution, including: private and retail banks (advisory business), retail insurance networks, semi-captive financial planning networks, IFAs and insurance platforms, online distribution platforms.

The open architecture market opportunity was broken down into three macro client segments:

- Integrated financial groups ("multi-channel" banking, insurance and private banking groups) and their FSUs;
- Domestic accounts ("mono-channel" clients);
- Independent financial advisors.

The research showed that integrated financial groups controlled more than 60% of the open architecture market opportunity for third-party asset managers. From the latter's perspective, one of the key features of these clients is the quasi-systematic existence of a fund selection unit, the role of which is to act as the interface and gatekeeper for third-party assets on behalf of the various group-affiliated funds buying and selling entities.

## Objectives and methodology of the research (cont'd)

### Scope of analysis

The report focuses on the following third-party asset management products and services:

- Open funds (UCITS), including exchange-traded funds (ETFs) and liquid alternative (so-called Newcits) funds;
- Mandates and other forms of segregated products, the management of which is delegated to third-party providers (incl. sub-advisory and funds of mandates).

FSU-intermediated third-party assets have been split between assets under management and assets under advisory.

The following have been separately quantified but excluded from the scope of our analysis, when intermediated by FSUs:

- Funds of (offshore) hedge funds;
- Funds of closed-end funds (private equity, real estate and infrastructure);
- Structured products on third-party funds.

In geographical terms, the research primarily focuses on FSUs as “European” clients to third-party asset managers. Therefore, all third-party assets intermediated by FSUs from their European bases (typically Paris or London) are included in the scope of the analysis, independently of the end-client location. FSU-intermediated assets analysed or underwritten from an ex-European base are separately quantified (whenever available) and not aggregated into the analyses.

### Open architecture computation rules

Open architecture is defined as the share of third-party assets intermediated (i.e. managed and/or advised) by FSUs.

Open architecture rates compute the amount of third-party funds divided by the total amount of funds managed / advised by a given FSU in the various product lines reviewed (funds of funds, mandates and discretionary portfolio management).

In order to avoid the double-counting of third-party assets, open architecture assets are computed only once, at the “closest” point of contact between the third-party asset manager and the FSU.

**Example:** when an FSU-managed fund of funds invests in a fund of mandate set-up and managed by the FSU, open architecture assets are only computed once at the mandate level and not at the fund of funds level.

We use the most “restrictive” definition of open architecture. When the analysed financial distribution groups own several asset management subsidiaries or operate a multi-boutique asset management model, all group-affiliated asset managers are systematically re-classified as “in-house” for the purposes of quantifying open architecture at FSU level.

# Our 2015 panel includes FSUs affiliated to 20 leading integrated financial groups in France intermediating north of €235 bn in assets as of mid-2015

## The 2015 INDEFI panel

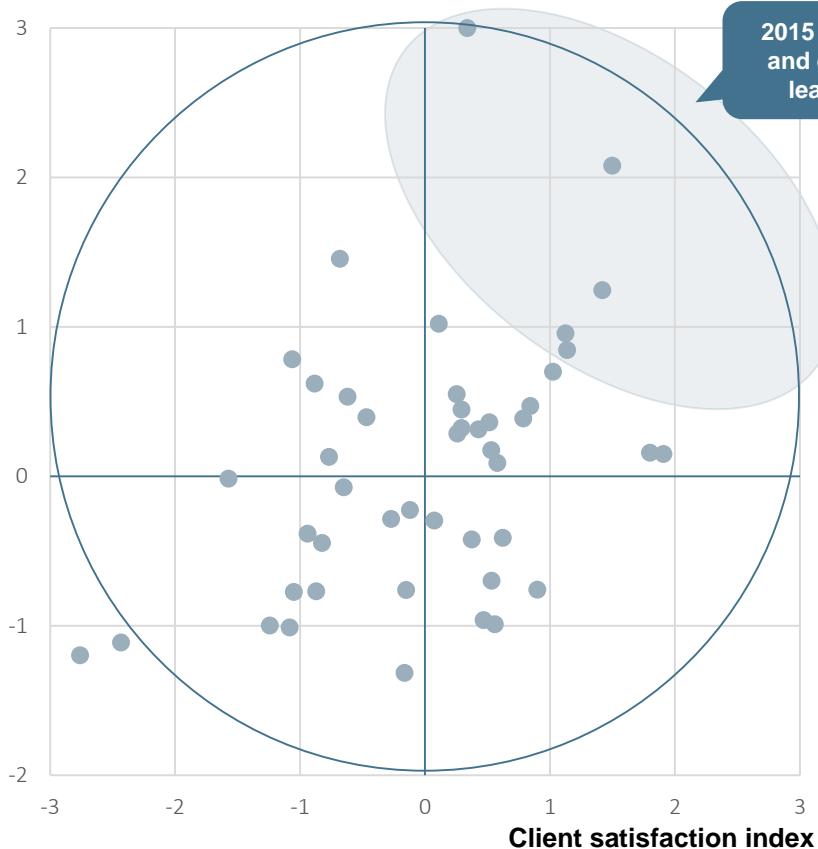
Group	Fund selection unit
BNP Paribas	FundQuest
BPCE	Vega IM
Crédit Agricole	Amundi AM
Crédit Mutuel Arkéa	Federal Finance
Crédit Mutuel Nord Europe	La Française AM
La Banque Postale	LBP AM
Neuflize OBC (ABN Amro)	Neuflize OBC Investissements
Société Générale	Lyxor AM
AG2R La Mondiale	AGICAM
Allianz	Allianz GI
Axa	Architas Multimanagers
Covéa	Covéa Finance
Generali	Generali Investments Europe
Groupama	Groupama AM
CA Indosuez	CA Indosuez Gestion
Groupe Edmond De Rothschild	EDRAM
Oddo & Cie	Oddo Meriten AM
Rothschild & Cie	Rothschild & Cie
Primonial	Primonial AM
Union Financière de France (UFF)	Myria AM

(\*) Even though these networks are not independent from a capital standpoint, they work on an autonomous basis for asset management selection.

# The 2015 INDEFI FSU Radar

The INDEFI radar gives a synthetic view of the state of the relative relationship of asset managers in the FSU segment.

## Sales effectiveness index



The INDEFI FSU Radar maps third-party asset managers' competitive position in a synthetic way, combining actual commercial positions and qualitative evaluations of the quality of commercial relationships.

### 48 asset managers

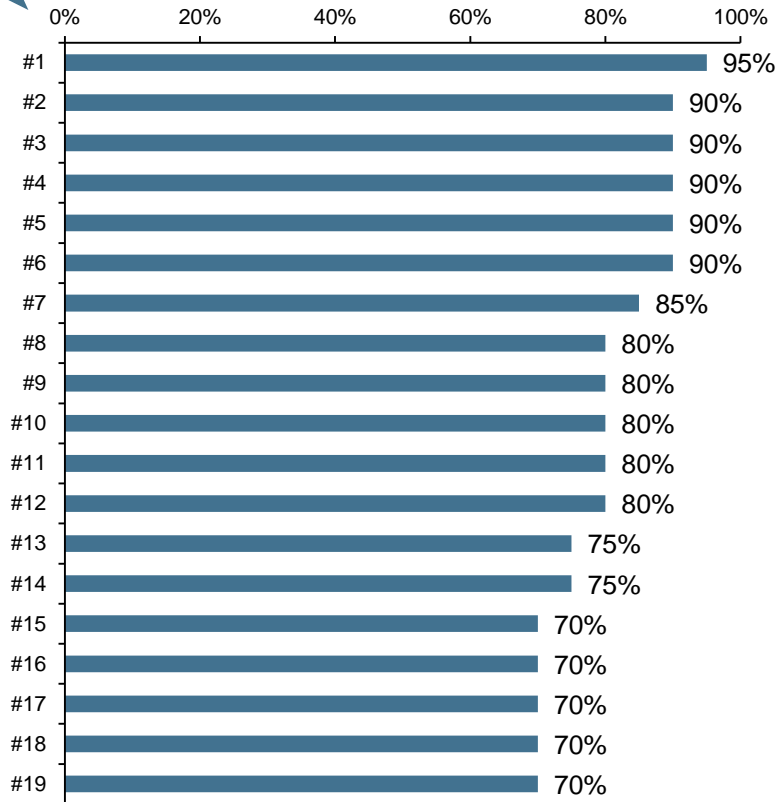
Aberdeen AM	La Banque Postale AM
Allianz GI	La Française AM
Amundi AM	Lazard Frères Gestion
Aviva Investors	Legg Mason
Axa IM	Lombard Odier IM
BlackRock	Lyxor AM
BNPP IP	M&G Investments
Candriam Investors Group	MFS IM
Carmignac Gestion	Natixis Global AM
CM-CIC AM	Neuberger Berman
Columbia Threadneedle Investments	NN IP
CPR AM	Oddo AM
Deutsche AWM	OFI AM
EDRAM	Pictet AM
Ellipsis AM	PIMCO
Exane AM	Pioneer Investments
Federal Finance / Schelcher Prince Gestion	Robeco
Fidelity Worldwide Investment	Rothschild & Cie Gestion
Franklin Templeton	Russell Investments
Groupama AM	Schroders
Henderson GI	State Street GA
HSBC Global AM	T. Rowe Price
Invesco	UBS GAM (incl. CCR AM)
JP Morgan AM	Vanguard

# Commercial penetration rate analysis

## All segments

Share of voice – 2015 best performers

Key: # 1 mentioned by 19 FSUs out of 20 as a partner



Share of voice – Best and worst performers

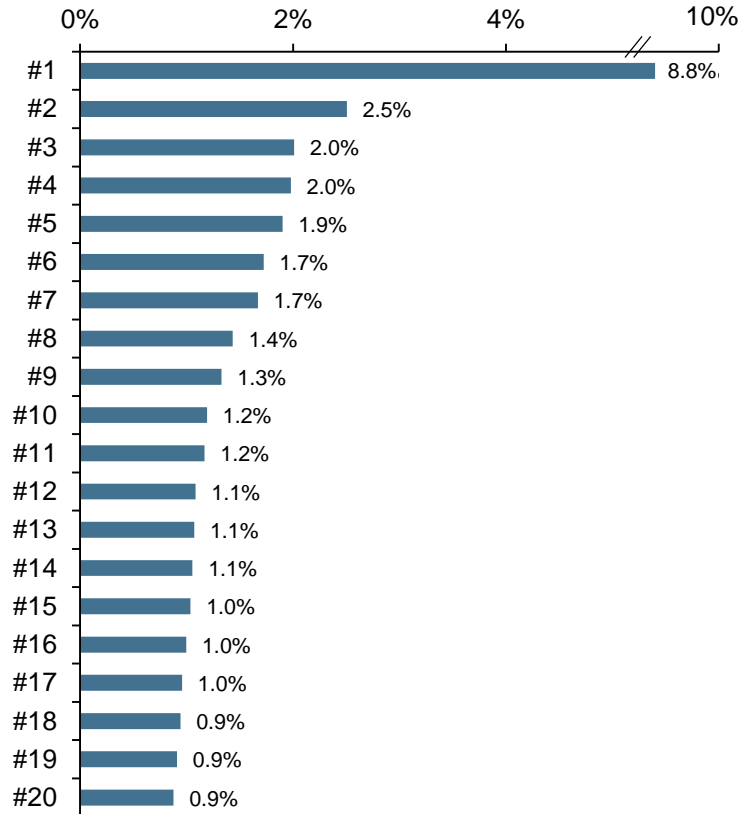


**2014-2015 evolution**  
**Total panel of FSUs**

# Market shares analysis

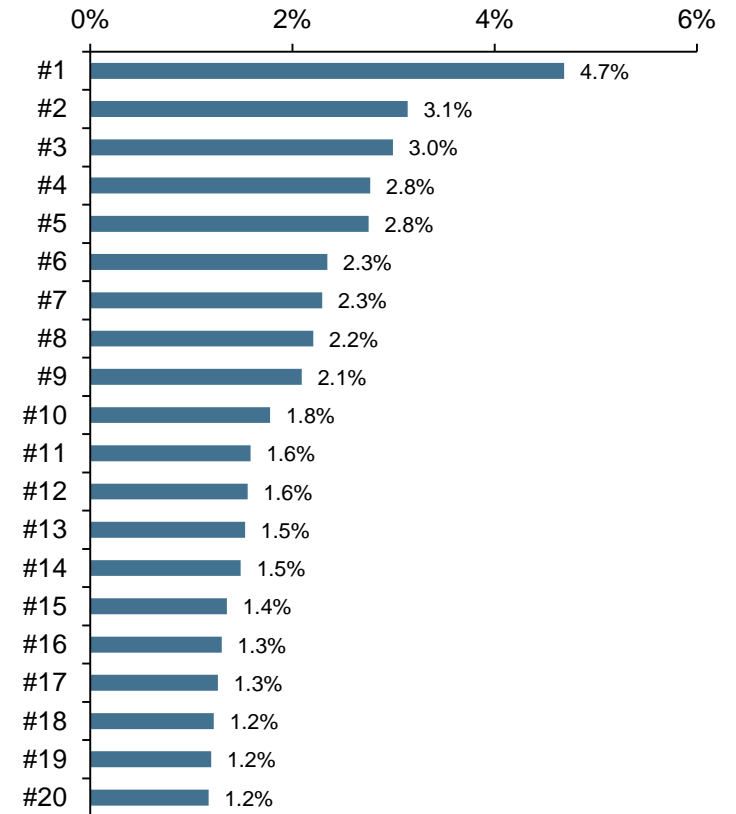
## By client segments

### International key accounts



**Asset base: 51% of reported AuM in open architecture (i.e. €33 bn)**  
**# of asset managers mentioned: 85**

### Domestic FSUs

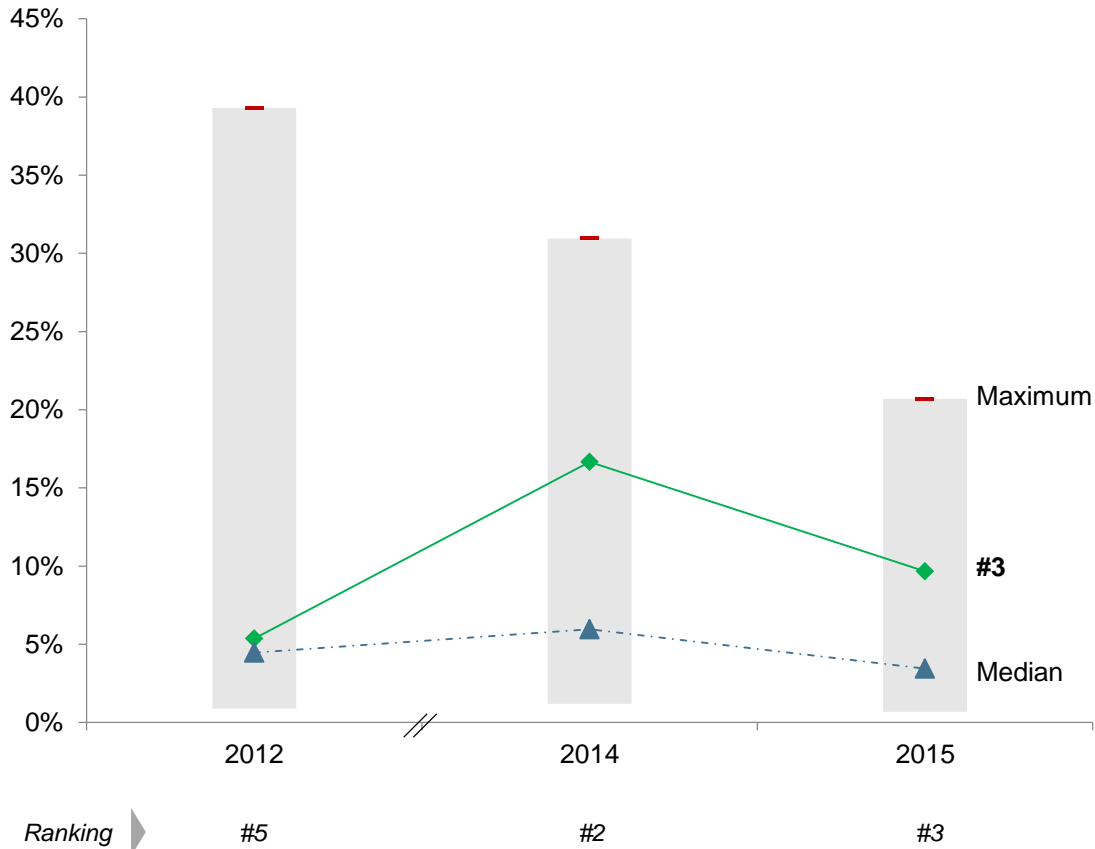


**Asset base: 62% of reported AuM in open architecture (i.e. €16 bn)**  
**# of asset managers mentioned: 78**

# INDEFI Best Practice Index

## Flexible / diversified

Evolution of the INDEFI flexible / diversified Best Practice Index



The asset manager's flexible / diversified Best Practice Index has decreased.



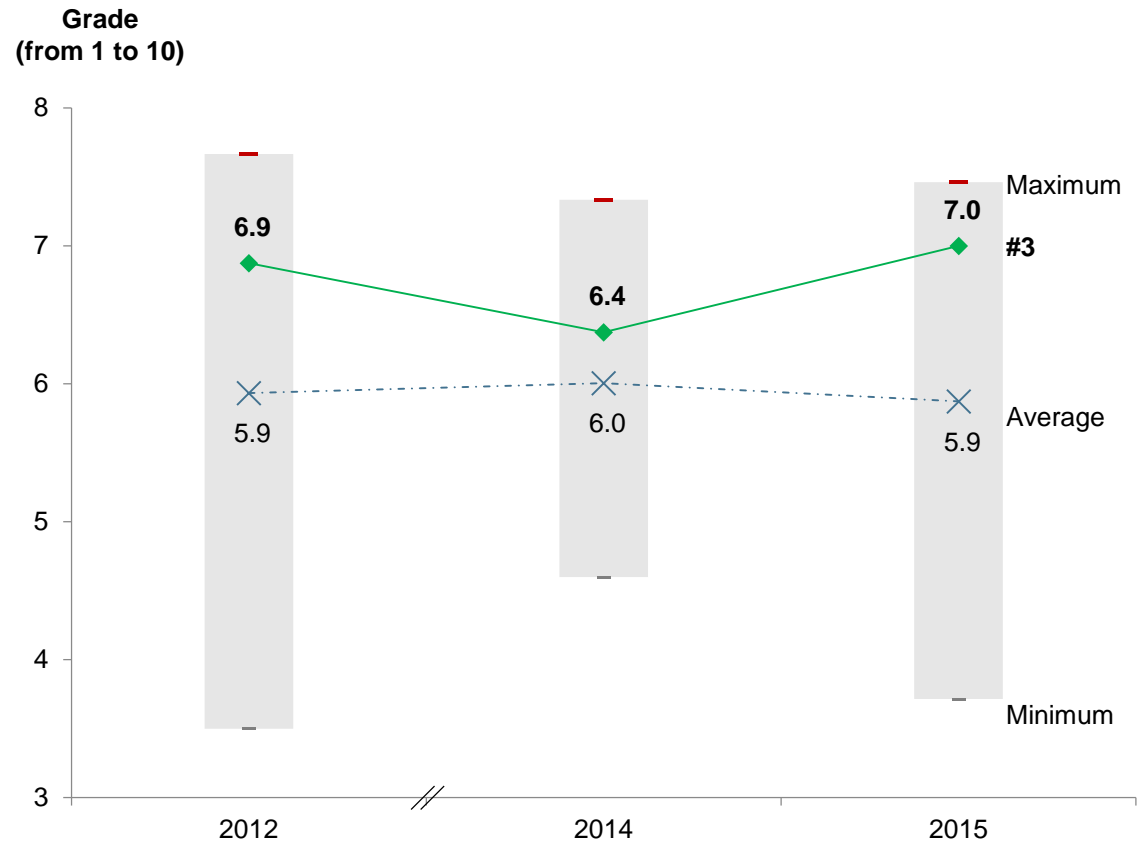
# 2015 qualitative ratings of asset managers

## Adequate frequency of contact & reactivity of salespeople of asset managers

### Ranking

Asset managers		Grade
1	#1	7.5
2	#2	7.0
	#3	
	#4	
5	#5	6.9
6	#6	6.8
7	#7	6.8
8	#8	6.7
	#9	
	#10	
11	#11	6.5
12	#12	6.4
13	#13	6.4
14	#14	6.4
15	#15	6.3
16	#16	6.3
17	#17	6.2
	#18	
19	#19	6.2
20	#20	6.1
<i>Average</i>		<i>5.9</i>
(...)		
<i>Minimum</i>		<i>3.7</i>

### 2012-2015 evolution



**INDEFI is an independent strategy advisory company specialised in the asset management industry (including private equity, infrastructure and real estate).**

**Our mission is to help our clients make the right decisions so that they can meet their growth objectives and successfully implement their business development strategy.**

**We provide our clients with fact-based and quantitative market analyses, which systematically underpin our strategic recommendations. Our strategy advisory activities rely on proprietary data sourced by our dedicated market research business unit. INDEFI Market Research has 15 years of experience in providing market intelligence services to third-party asset managers.**

**We provide insights into the key markets and investor segments that our clients address:**

- Asset owners / institutional investors (pension funds, insurance companies, bank own accounts, foundations and endowments);
- Corporate investors (treasuries, employee saving and pension schemes);
- Wholesale fund buyers and sellers, platforms;
- Retail investors through distribution networks.

**We focus on all European markets and maintain an ability to conduct research around the globe.**

**Based in Paris, France, we are a team of 20 dedicated consultants with seasoned experience of the asset management industry.**

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