

## FUND SELECTION UNITS 2017

Anatomy of a €240bn market opportunity

September 2017

## Why fund selection units (FSUs)?

**INDEFI has been monitoring the FSU market since 2012:**

The rise of FSUs has many strategic and organisational implications for third-party asset managers

**Significant market opportunity for third-party asset managers**

**Over 60% of the non-independent open architecture assets in France**

**Growing market segment**

**Increasing weight of groups in fund distribution**  
**Consolidation of FSUs' group-wide role**  
**Expanding third-party client base**

**Trendsetters in the third-party distribution business**

**Shaping the opportunities for product development and asset class expertise**  
**At the heart of the distribution-institutional convergence**

# Background to INDEFI's Fund Selection Unit research

## INDEFI FSU Market Research

3<sup>rd</sup>

**Publication  
(2012, 2015, 2017)**

21

**FSUs**

- Backed by large financial distribution groups active in France
- Operating on a multi-business line basis
- Each intermediating more than €1bn in third-party assets

## Objectives

**Sizing the accessible pool of assets for third-party managers (“open architecture opportunity”)**

**Analysing the trends in this market segment for fund distribution**

**Reviewing third-party managers' competitive positioning in the FSU market segment**

## Background and objectives of the research

This research focuses on the third-party fund selection and asset management activities of the leading Fund Selection Units (“FSUs”) in France.

These FSUs share the following characteristics:

- They are all backed by large financial distribution groups (banks, insurance companies, private banks and financial planning networks) with a significant business base in (yet, not limited to) 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 fund buy-lists, operational due diligences and fund validation, etc.);
- All of them manage and/or advise in excess in €1bn of third-party assets.

The objectives of the research are to provide third-party asset managers with:

- A quantitative analysis of the accessible (“competitive”) pool of assets with FSUs;
- An in-depth understanding of the trends in this key market segment for fund distribution;
- A review of their relative competitive position with FSUs.

The research is the third edition from 2012 and was conducted over the second quarter of 2017 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.

## 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).

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).

**Note:** *four FSUs in the scope of analysis have specifically reported managing alternative products (either funds of funds or sub-advisory mandates) for a total of amount of €8.5bn as of mid-2017. They mostly encapsulate traditional off-shore hedge fund expertise.*

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 (Paris, London, Geneva, Milan,...) 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 are excluded from the analyses.



# Our 2017 panel includes FSUs affiliated to 21 leading integrated financial groups in France intermediating more than €290bn in assets as of mid-2017

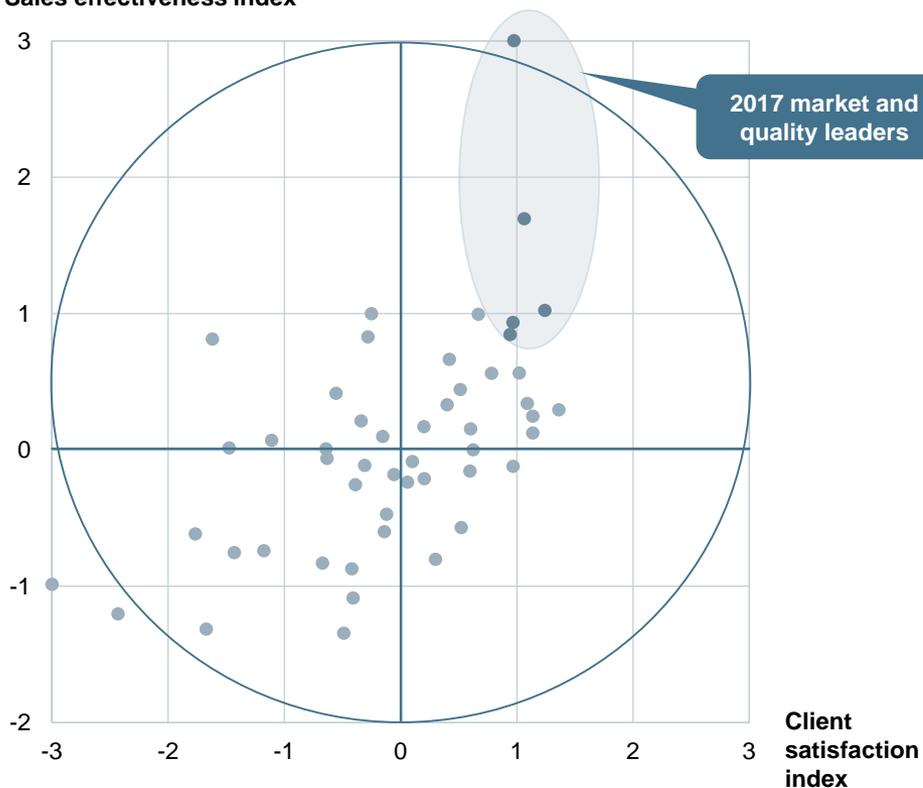
## The 2017 INDEFI panel

Fund selection unit	Ultimate majority shareholder
ABN AMRO Investment Solutions	ABN AMRO
Amundi AM	Crédit Agricole
Federal Finance Gestion	Crédit Mutuel Arkéa
FundQuest Advisors	BNP Paribas
La Française AM	Crédit Mutuel Nord Europe
LBP AM	La Banque Postale
Lyxor AM	Société Générale
Vega IM	BPCE
AG2R La Mondiale Gestion d'Actifs	AG2R La Mondiale
Allianz GI	Allianz
Architas	Axa
Covéa Finance	Covéa
Generali Investments Europe	Generali
Groupama AM	Groupama
OFI AM	MACIF
CA Indosuez Gestion	CA Indosuez / Crédit Agricole
EDRAM	Edmond de Rothschild
Oddo BHF AM	Oddo BHF
Rothschild Martin Maurel AM	Rothschild & Co
Primonial IM	Groupe Primonial
Myria AM	Union Financière de France / Aviva

# The 2017 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 commercial relationships.

### 50 asset managers

Aberdeen AM	Janus Henderson
AllianceBernstein	JP Morgan AM
Allianz GI	La Française AM
Amundi AM	Lazard Frères Gestion
Aviva Investors	LBPAM (incl. Kames Capital)
Axa IM	Legg Mason
Bank of NY Mellon	Lombard Odier IM
BlackRock	Lyxor AM
BlueBay AM	M&G Investments
BNPP IP	Muzinich & Co
Candriam Investors Group	Natixis GAM
Capital Group	Neuberger Berman
Carmignac Gestion	NN IP
Columbia Threadneedle	OFI AM
CPR AM	Pictet AM
Deutsche AM	PIMCO
EDRAM	Pioneer Investments
Ellipsis AM	Robeco
Exane AM	Rothschild & Cie Gestion
Federal Finance / Schelcher	Russell Investments
Prince Gestion	Schroders
Fidelity International	State Street GA
Franklin Templeton	T. Rowe Price
Groupama AM	UBS AM
HSBC Global AM	Vanguard
Invesco	

**INDEFI is a strategy advisor for the investment management business in Europe. Our unique focus on top line growth in one industry, the use of our own field research and skill diversity of our consultants form the bedrock of our consulting philosophy.**

**It gives us an unparalleled vantage point from which we aim to serve our clients – asset managers, private equity and infrastructure investors (and their portfolio companies) – with understanding, insight and actionable advice. We tell the truth as we see it, will go against the grain when needed and endeavour to spar with our clients to enable them to address and remove obstacles to growth and build or enhance sustainable competitive advantage.**

**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 more than 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.

**Based in Paris, France, we are a team of 35 dedicated consultants with seasoned experience of the asset management industry.**

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