

Quizzing practitioners on sub-advisory future

Our third annual sub-advisory survey was initiated by e-mail questionnaire, sent to private and retail banks, insurance companies and fund houses.

The questionnaires were followed up by one-to-one telephone interviews, conducted by PWM researchers with each institution's decision-makers, responsible for the selection of external managers. The panel of 57 institutions covered France, Italy, the Netherlands, the Nordic countries, Spain, Switzerland and the United Kingdom. It mainly included those major players already using Sub-advisers, who therefore have a greater understanding of the sub-advisory business.

The respondents manage more than €3869bn in total, of which €226bn, equivalent to six per cent, is managed by external managers on a sub-advisory basis.

Interviewees were asked to name Sub-advisers, asset class outsourced, and sub-advisory models used. They were asked to comment on the likely impact of recent pan-European regulations on the sub-advisory business, in particular looking at what type of products will be launched and outsourced. Finally, they were asked to estimate the size of sub-advisory market and provide their insights on market developments.

A full analysis of results can be found on pages 4-7

FRANCE

Company name	Type of company	Use sub-advisers?	AUM / assets outsourced	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Aviva Gestion d'Actifs	Life insurance company	Yes	€61.9bn/€240m	To complete funds range (ie where in-house capabilities don't exist)	Long-term consistent fund performance	Hedge funds, private equities	Stay the same
Sub-advisers: La Française des placements, Rothschild & Cie.							
Crédit Agricole Asset Management	Asset Manager	Yes	€479.3bn/€1.9bn	Multi-manager	Long-term consistent fund performance, management team, investment style, service level, specialist/best of breed manager	Loans	Increase
Sub-advisers: Not disclosed.							
E. de Rothschild Multi Management	Private Bank/Wealth Manager	No	€2.2bn/n/a	n/a	n/a	n/a	Increase
Sub-advisers: n/a							
FUNDQUEST (BNP Paribas Group)	Asset Manager	Yes	€20.6bn [Management & Advice]/€2.9bn	Multi-manager, to meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Long-term consistent fund performance, management team, investment style, service level, specialist/best of breed manager	None	Increase
Sub-advisers: ACM Bernstein, Hyperion, IT ASSET, Lincoln, MFS, Neuberger Berman, Optimum, Pzena, Sumitomo Mitsui, Sparx.							
Louvre Gestion	Asset Manager	Yes	n/a/not disclosed	To meet clients demand for enhanced product range i.e. single specialist funds, to complete funds range	Management team, investment style, brand/reputation, specialist/best of breed manager	n/a	Increase
Sub-advisers: BlackRock, CCR Actions, Charlemagne Capital, Columbia Wanger AM LP, Comgest, Credit Suisse, Dresdner RCM, Financière de l'Echiquier, Gartmore, Goldman Sachs AMI, HMG Finance, HSBC Republic Investments Limited, JP Morgan Fleming, Kempen Capital Mgt, La Française des Placements, Legg Mason Capital Management, Odey AM, Pimco, Perritt Capital Management, Polunin Capital Partners, Sinopia, UOB AM, Wellington Management Company LLP, West AM, WP Stewart & Co.							
Natexis Asset Management	Asset Manager	Yes	€98.9bn/€437m	To complete funds range (ie where in-house capabilities don't exist)	Long-term consistent fund performance, management team	Currency	Increase
Sub-advisers: Delaware Investments, Metropolitan West Capital Management.							
Ofi Palmarès	Asset Manager	Yes	€14bn/€800m	Multi-manager, to meet clients demand for enhanced product range, to complete funds range	Long-term consistent fund performance, management team, investment style, specialist/best of breed manager	Commodity	Increase
Sub-advisers: Baron, Comgest, Driehaus, Kempen, RZB, Third Avenue, Turner and others.							

Company name	Type of company	Use sub-advisers?	AUM	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Société Générale Asset Management	Asset Manager	Yes	€330bn/€8.8bn	Multi-manager, to complete funds range (ie where in-house capabilities don't exist)	We do not select Sub-advisers. We have a joint venture with Russell for managing MSMM Sicavs	Commodity, hedge funds	Stay the same

Sub-advisers: ABS, Russell (joint venture)

ITALLY

Arca sgr	Asset Manager	Yes	€38.3bn/ €4.4bn	Multi-manager, to meet clients demand for enhanced product range	Long term fund consistent performance, management team, investment style, product range, brand/reputation, service level, specialist/best of breed manager	None	Increase
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Sub-advisers: BNP Paribas, Credit Suisse, Generali, Grifogest, Henderson, Julius Baer, Russell.

Assicurazioni Generali	Life Insurance Company	No	€300bn/n/a	n/a	n/a	None	Stay the same
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Sub-advisers: n/a

Bipitalia Gestioni	Asset Manager	Yes	€14.5bn/€6.2bn	Multi-manager, to complete funds range	Long-term fund consistent performance	None	Increase
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Sub-advisers: Arca, Henderson.

BNL Gestioni	Asset Manager	Yes	€25.1bn/€235m	To meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, specialist/best of breed manager	Cash plus/absolute return	Increase
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Sub-advisers: Lazard, MacKay Shields, Markston International, Schroders.

CAAM sgr (GEO)	Asset Manager	Yes	€5bn/€5bn	To run all funds	Top-quartile and long term consistent fund performance, management team, investment style, marketing support, product range, service level	Cash plus/absolute return, hedge funds	Increase
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Sub-advisers: AXA Rosenberg, Fisher Francis Trees & Watts, Merrill Lynch, Goldman Sachs, Western Asset

Cassa Risparmio Firenze Gestioni Internazionale	Asset Manager	Yes	€6.5bn/€6.5bn	To run all funds	Long-term consistent fund performance, service level, specialist/best of breed manager	Cash plus/absolute return, Multiasset fund inc commodities, real estate and inflation linked bonds, with an underlying Var control	Stay the same
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Sub-advisers: Sanpaolo IMI AM Luxembourg

Compagnia San Paolo	Foundation	Yes	€7.7bn/€3.3bn	To complete funds range (ie where in-house capabilities don't exist)	Management team, investment style, specialist/best of breed manager	n/a	Increase
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Sub-advisers: Aberdeen, Axa Rosenberg, Banca Sella, Barclays, City of London, Generali, Fondaco, IXIS, Morgan Stanley, Orbis Payden & Rygel, PIMCO, Prudential, San Paolo, Walter Scott, Western Asset.

Fideuram Investimenti	Asset Manager	Yes	€45bn/€2.5bn	To meet clients demand for enhanced product range	Top-quartile and long term consistent fund performance, brand/reputation, specialist/best of breed manager	None	Stay the same
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Sub-advisers: Colonial First State, Goldman Sachs, MacKay Shields, MFS.

Fondazione Cariplo	Foundation	Yes	€7.7bn/€4.3bn	Multi-manager, to run all funds	Top-quartile and long term consistent fund performance	None	Increase
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Sub-advisers: CAAM sgr.

Fondazione Monte dei Paschi di Siena	Foundation	Yes	€5.7bn/€2.3bn	Multi-manager, to complete funds range (ie where in-house capabilities don't exist). Almost all of our funds are run by external managers	Long term fund consistent performance, specialist/best of breed manager	n/a	Increase
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Sub-advisers: ABN Amro, Barclays, BNP Paribas, DWS, Fisher Francis Trees & Watts, Goldman Sachs, Merrill Lynch, Monte Paschi di Siena, Pimco, Raiffeisen, Western Asset.

Company name	Type of company	Use sub-advisers?	AUM	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Intesa Vita	Life Insurance Company	Yes	€23bn/€15bn	Multi-manager, to meet clients demand for enhanced product range, to complete funds range	Brand/reputation	Currency, asset allocation	Increase
Sub-advisers: Crédit Agricole, GAM.							
Mediolanum Asset management (Ireland)	Asset Manager/Global Distributor	Yes	€12.4bn/€12.4bn	Multi-manager, to meet clients demand for enhanced product range, to complete funds range	Management team, Specialist/best of breed manager	Currency, cash plus absolute return, unconstrained fixed income, hedge funds, asset allocation, overlay – currency/asset allocation	Increase
Sub-advisers: Northern Trust, SSgA, SEI, Goldman Sachs.							
Monte Paschi Asset Management	Asset Manager	Yes	€44bn/€54m	To complete funds range (ie where in-house capabilities don't exist)	Long-term consistent fund performance, management team, specialist/best of breed manager	None	Increase
Sub-advisers: Morgan Stanley.							
Optima	Asset Manager	Yes	€4.5bn/€1.3bn	To complete funds range (ie where in-house capabilities don't exist)	Long term consistent fund performance	None	Stay the same
Sub-advisers: Arca.							
Ras Asset Management	Asset Manager	No	€36bn/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
Sanpaolo IMI AM	Asset Manager	Yes	€120bn/€200m	To complete funds range (ie where in-house capabilities don't exist)	Management team, specialist/best of breed manager	None	Increase
Sub-advisers: IXIS, Franklin Templeton.							
Unicredit Xelion Banca	Private Bank/Wealth Manager	Yes	€15bn/not disclosed	Multi-manager, to meet clients demand for enhanced product range, to complete funds range	Top-quartile and long term consistent fund performance, service level, specialist/best of breed manager	Currency, commodity, cash plus/absolute return, unconstrained fixed income, asset allocation, overlay – currency/asset allocation	Increase
Sub-advisers: Not disclosed.							

» NORDIC COUNTRIES

Acta Asset management	Global distributor	No	€6.5bn/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
Carlson Investment Management	Private Bank/Wealth Manager	No	€430m/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
Carnegie Private Bank	Private Bank/Wealth Manager	No	€5.3bn/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
Evli Investment Management	Asset Manager	Yes	€4.6bn/€500m	To meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile consistent fund performance	None	Increase
Sub-advisers: Axa Rosenberg.							
FIM Asset Management	Asset Manager	No	€3bn/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							

Company name	Type of company	Use sub-advisers?	AUM	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Handelsbanken Asset Management	Retail Bank	Yes	€32bn/€275m	To complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, brand/reputation, fund rating	None	Increase
Sub-advisers: Merrill Lynch, UBS.							
Mandatum Private Bank	Private Bank/Wealth Manager	Yes	€2.5bn/€13m	Multi-manager, to meet clients demand for enhanced product range, to complete funds range	Top-quartile and long term consistent fund performance	None	Increase
Sub-advisers: Not disclosed.							
Robur	Asset Manager	Yes	€31bn/€285m	To complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, management team, investment style, specialist/best of breed manager	None	Increase
Sub-advisers: Auda, Brittanic.							

» SPAIN

Ahorro Corporación	Financial Services Group	Yes	€11.8bn/€275m	Multi-manager, to complete funds range (ie where in-house capabilities don't exist)	Long term consistent fund performance	Hedge funds	Increase
Sub-advisers: Russell.							
Allfunds bank	Global distributor	No	€5.3bn/n/a	n/a	n/a	None	Increase
Sub-advisers: N/a.							
Allianz Seguros	Life Insurance company	No	€169bn (Europe)/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
Altae Banco	Private Bank/Wealth Manager	No	€3.8bn/€275m	n/a	n/a	None	Stay the same
Sub-advisers: n/a							
Banco Banif	Private Bank/Wealth Manager	Yes	€26.8bn/€338m	To complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance	Currency, commodity, Cash plus/absolute return, hedge funds	Increase
Sub-advisers: ABN Amro, Goldman Sachs, Invesco, JPMorgan Fleming, Societ� G�n�rale.							
BanSabadell Inversi�n	Asset Manager	Yes	€15.7bn/€106m	To complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, investment style	None	Increase
Sub-advisers: Merrill Lynch, Schroders.							

» SWITZERLAND

BSI SA	Private Bank/Wealth Manager	Yes	€28.8bn/€250m	Multi-manager, to meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, specialist/best of breed manager	Equities	Increase
Sub-advisers: Investec, UBS.							
Julius Baer	Private Bank/Wealth Manager/Asset Manager	Yes	€200bn/€655m	To meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Long term consistent fund performance, management team, investment style	Commodity	Stay the same
Sub-advisers: Charlemagne Capital, Erste Sparinvest, Fayez Sarofim.							

Company name	Type of company	Use sub-advisers?	AUM	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Pictet & Cie	Private Bank/Wealth Manager	No	€115bn/n/a	n/a	n/a	n/a	Stay the same
Sub-advisers: N/a.							
Swisscanto Asset Management	Asset Manager/Global Distributor	Yes	€37.4bn/ €690m	To meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, management team, investment style	None	Increase
Sub-advisers: Cadogan, Kempen, Martingale, Olympia Capital, Pictet & Cie, Sparx, Treesdale.							
Vontobel Asset Management	Asset Manager	Yes	€18.7bn/€20m	To complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance	None	Stay the same
Sub-advisers: Berenberg Bank.							

» UNITED KINGDOM

AXA Investment Managers	Asset Manager	Yes	€432bn/€60bn	Top-quartile consistent fund performance	Multi-manager	Commodity	Stay the same
Sub-advisers: Not disclosed (40 different managers).							
Abbey	Retail Bank	Yes	€43bn/€34.7bn	To run all funds excluding derivatives based funds and liquidity	Management team, investment style	Cash plus/absolute return, Unconstrained fixed income. Will seek optimal alpha and beta mixes for existing products as well as new	Increase
Sub-advisers: AXA Rosenberg, Barclays, Deutsche, Goldman Sachs, Invesco, JP Morgan, Merrill Lynch, Oechsle, Pimco, RCM, Schroders, State Street, Western.							
Barclays Wealth Management	Private Bank/Wealth Manager	Yes	€78.3bn/ €8.5bn	Multi-manager	Long term consistent fund performance, management team,	Currency, hedge funds, Overlay – currency/asset allocation	Increase
Sub-advisers: Not disclosed.							
Fidelity International	Asset Manager	No	€211.1bn/n/a	n/a	n/a	None	Stay the same
Sub-advisers: N/a.							
IMS	Asset Manager	Yes	€5.9bn/€5.9bn	Multi-manager, to meet clients demand for enhanced product range	Long term consistent fund performance, management team, investment style, specialist/best of breed manager	not known	Increase
Sub-advisers: Not disclosed.							
Lincoln Financial Group	Life Insurance Company	Yes	€7.8bn/€6.2bn	To run all funds	Marketing support	None	Stay the same
Sub-advisers: Barings, Castlemere, Delaware, Framlington, Goldman Sachs, IMS, Jupiter, Mondrian, Perpetual, Schroders.							
Lloyds TSB Private Banking	Private Bank/Wealth Manager	Yes	€13.2bn/€3.2bn	Multi-manager, to meet clients demand for enhanced product range, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile consistent fund performance, management team, service level, specialist/best of breed manager	None	Increase
Sub-advisers: Russell, SWIP.							

Company name	Type of company	Use sub-advisers?	AUM	Use sub-advisers for?	Main selection criteria	New products to be outsourced?	Outsourcing: increase or decrease?
Morley Fund Management	Asset Manager	Yes	€222bn/ €200m	Multi-manager, to complete funds range (ie where in-house capabilities don't exist)	Top-quartile and long term consistent fund performance, management team, service level, specialist/best of breed manager	not known	Increase
Sub-advisers: IMS.							
RMB MultiManagers	Asset Manager	Yes	€2.3bn/not disclosed	To run all funds	Long-term consistent fund performance, management team, specialist/best of breed manager	n/a	Increase
Sub-advisers: Not disclosed.							
Royal Bank of Scotland AM	Asset Manager	Yes	€23bn/ €16.9bn	Multi-manager	Long term consistent fund performance, management team, investment style, specialist/best of breed manager	Not known	Increase
Sub-advisers: Aberdeen, Alliance Bernstein, Arrowstreet, Barclays, Batterymarch, BlackRock, Capital International, Cazenove, Coutts/Buxtorf, Fidelity, JF Asset Mgt, Lazards, Legg Mason, Morgan Stanley, Montag & Caldwell, Nicholas Applegate, Pictet, Rexiter, Schroders, Sparx, State Street, T. Rowe Price, WAMCO, Wellington.							
Scottish Equitable (Aegon UK)	Life Insurance company	Yes	€65bn (Aegon UK)/€4.6bn	Multi-manager, to complete funds range	All important	Not known	Increase
Sub-advisers: Northern Trust, Merrill Lynch, Morley.							
Standard Life Investments	Asset Manager	Yes	€170bn/ €560m	Multi-manager	Long term consistent fund performance, management team, investment style	None	Increase
Sub-advisers: Acadian, Alliance Bernstein, Baillie Gifford, Clay Finlay, Delaware, Hotchkis & Wiley, Mondrian, Neptune, New Star, Newton, Nomura, Pyrford, Rogge, Royal London, UBS.							

» CROSS-BORDER

ING Investment Management Europe	Asset Manager	Yes	€143.3bn/ €270m	Multi-manager	Top quartile and long term consistent fund performance management team, investment style, fund rating	n/a	Increase
Sub-advisers: n/a							

Outsourced assets per country in 2006*

