

# European senior sales survey 2018

*Aggregated results and key findings, 5 November 2018*

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## Foreword

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*Dear Reader,*

*In addition to our annual European tier-1 fund selector surveys, we have been running our annual European senior sales surveys since 2013. This year, 76 salespeople from all over Europe participated in the survey conducted over the month of October, shedding light on forthcoming expectations and disrupters.*

*In terms of the survey universe, the majority of the participating salespeople came from Germany and the UK, with 22 respondents each, followed by Spain, France, Switzerland, etc.*

*In terms of role profiles, country heads took the lead with 28 respondents, followed by 18 local sales, 14 heads of European sales and 8 Global heads.*

*Some findings of this survey contrast with our most recent fund selector survey findings, which we also address in the last chapter of this paper.*

*On pages 4 to 16, we show the aggregated survey results and we summarise key findings and our observations on page 17 to 19.*

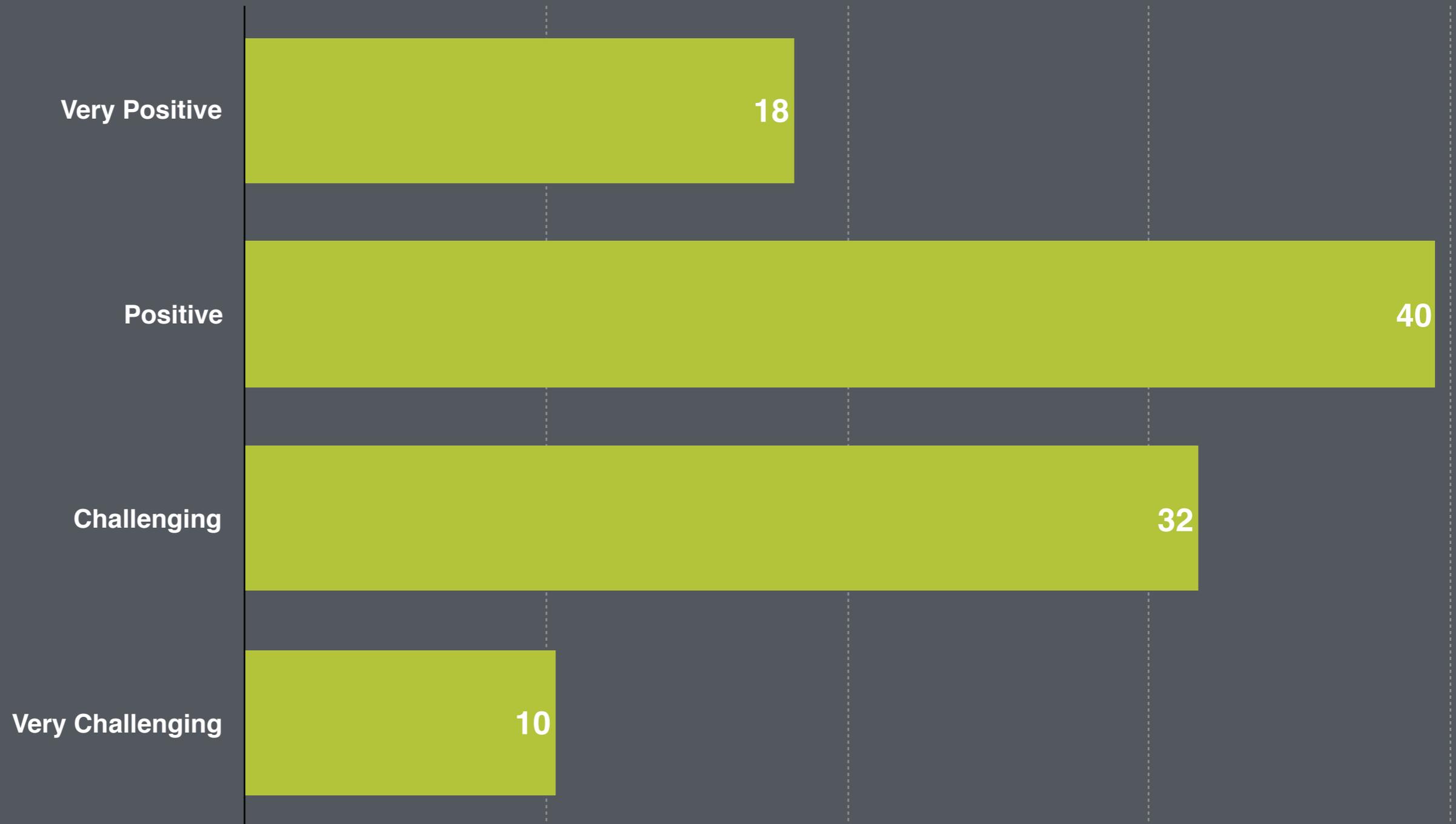
*We trust you enjoy the read.*

*Please feel free to contact us anytime in case of any questions or comments.*

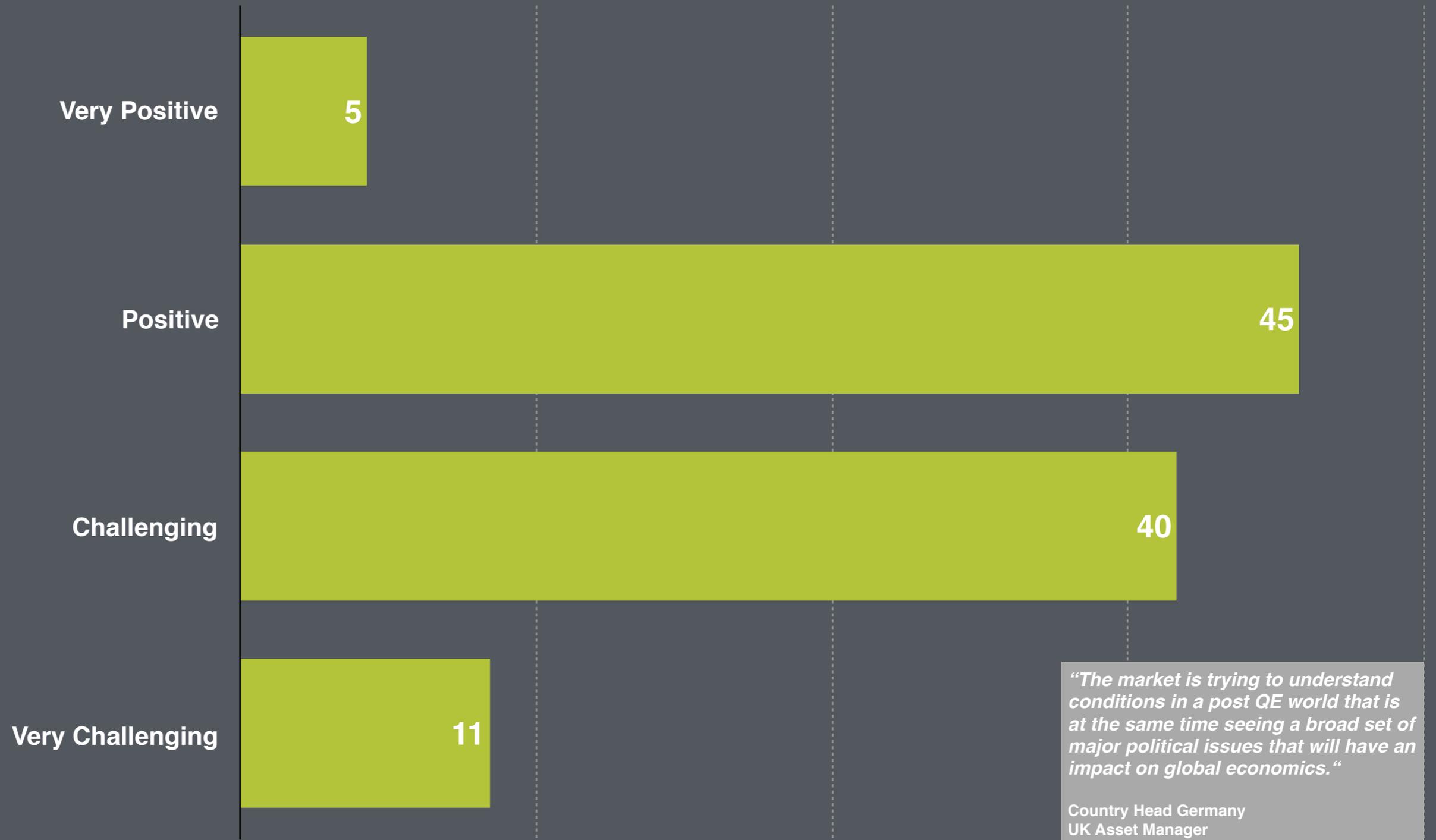


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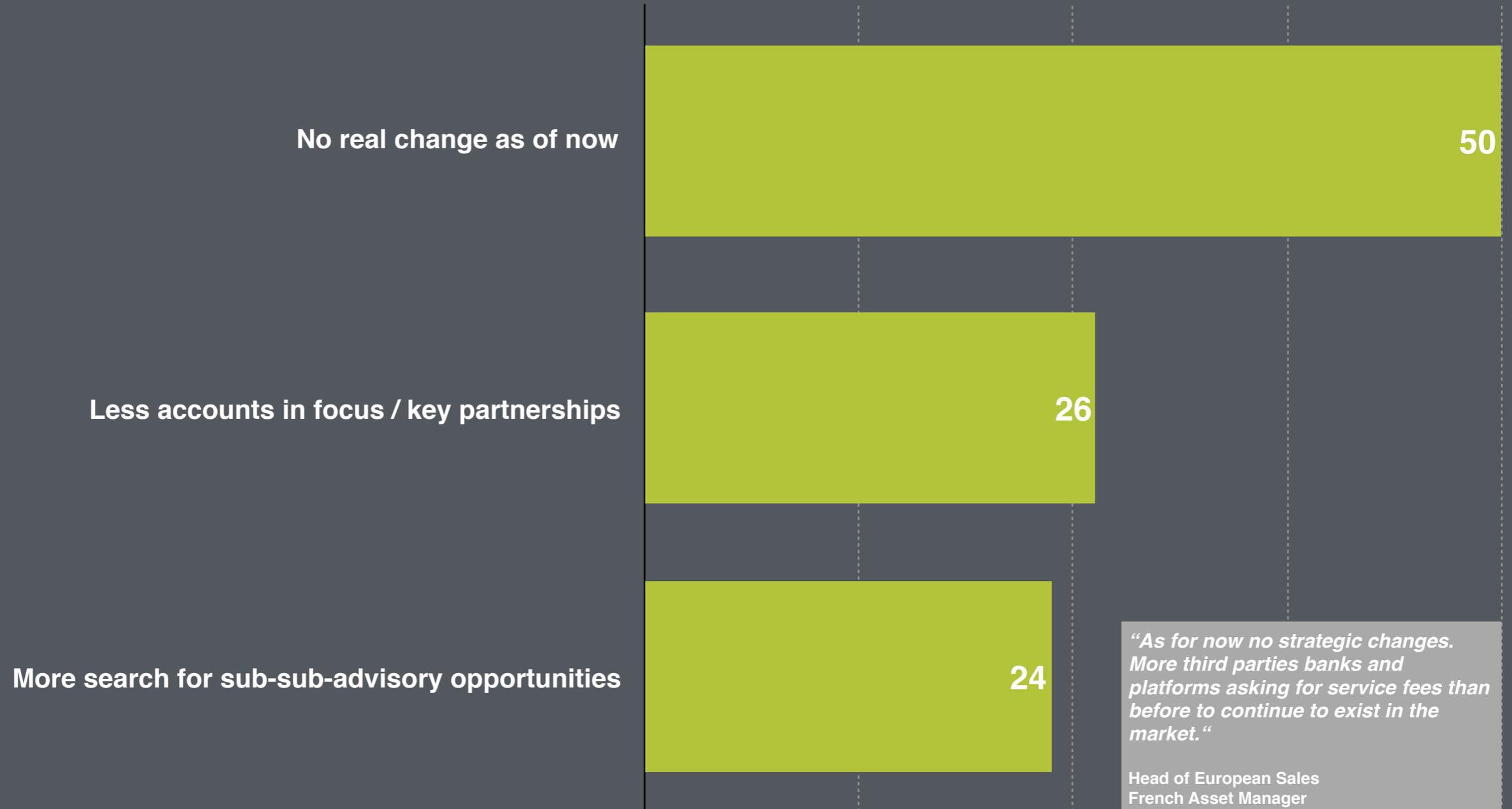
**Q1: How have you experienced the last 12 months in terms of fund sales?**



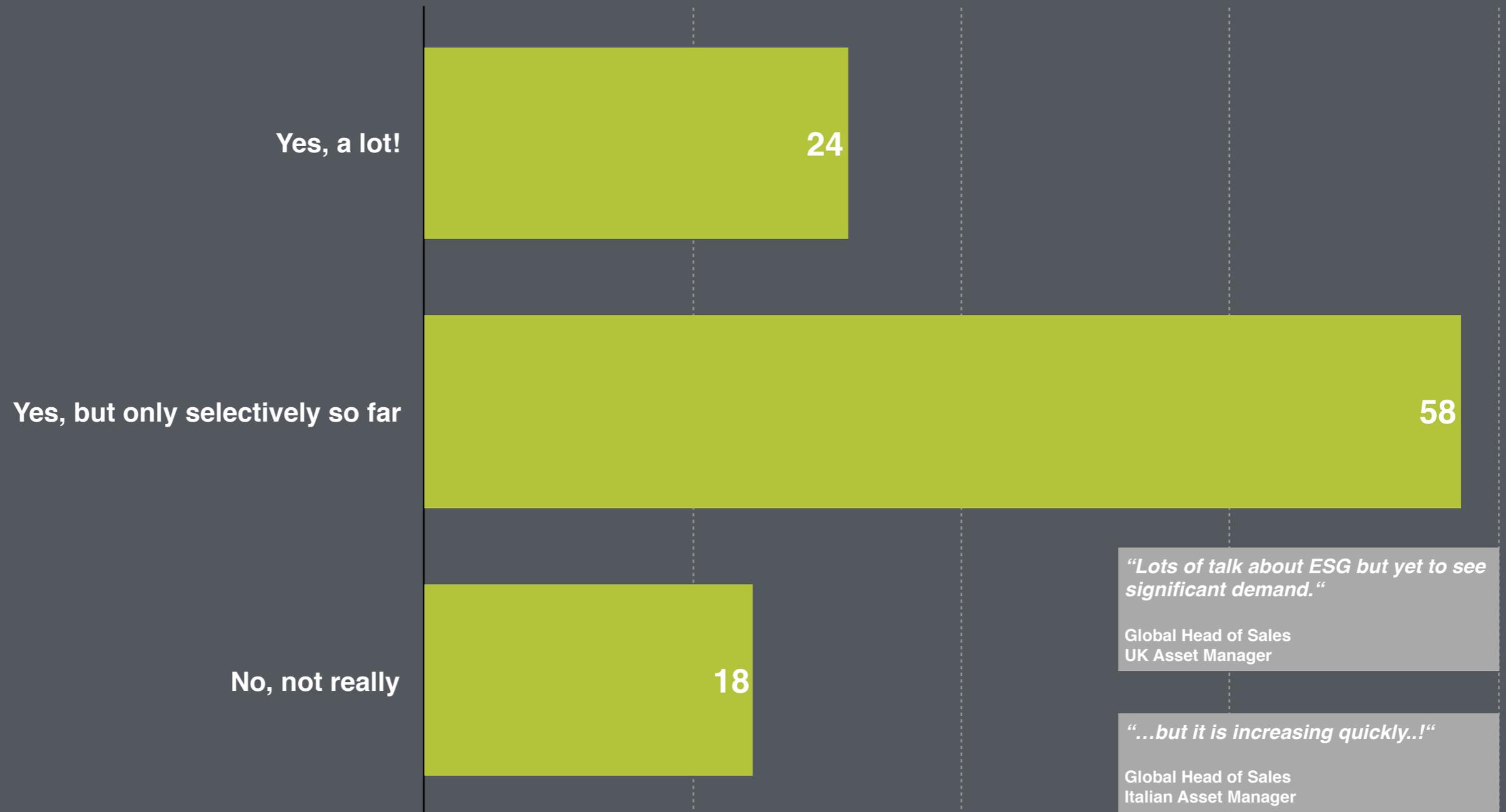
## Q2: What is your personal outlook for the next 12 months in terms of fund sales?



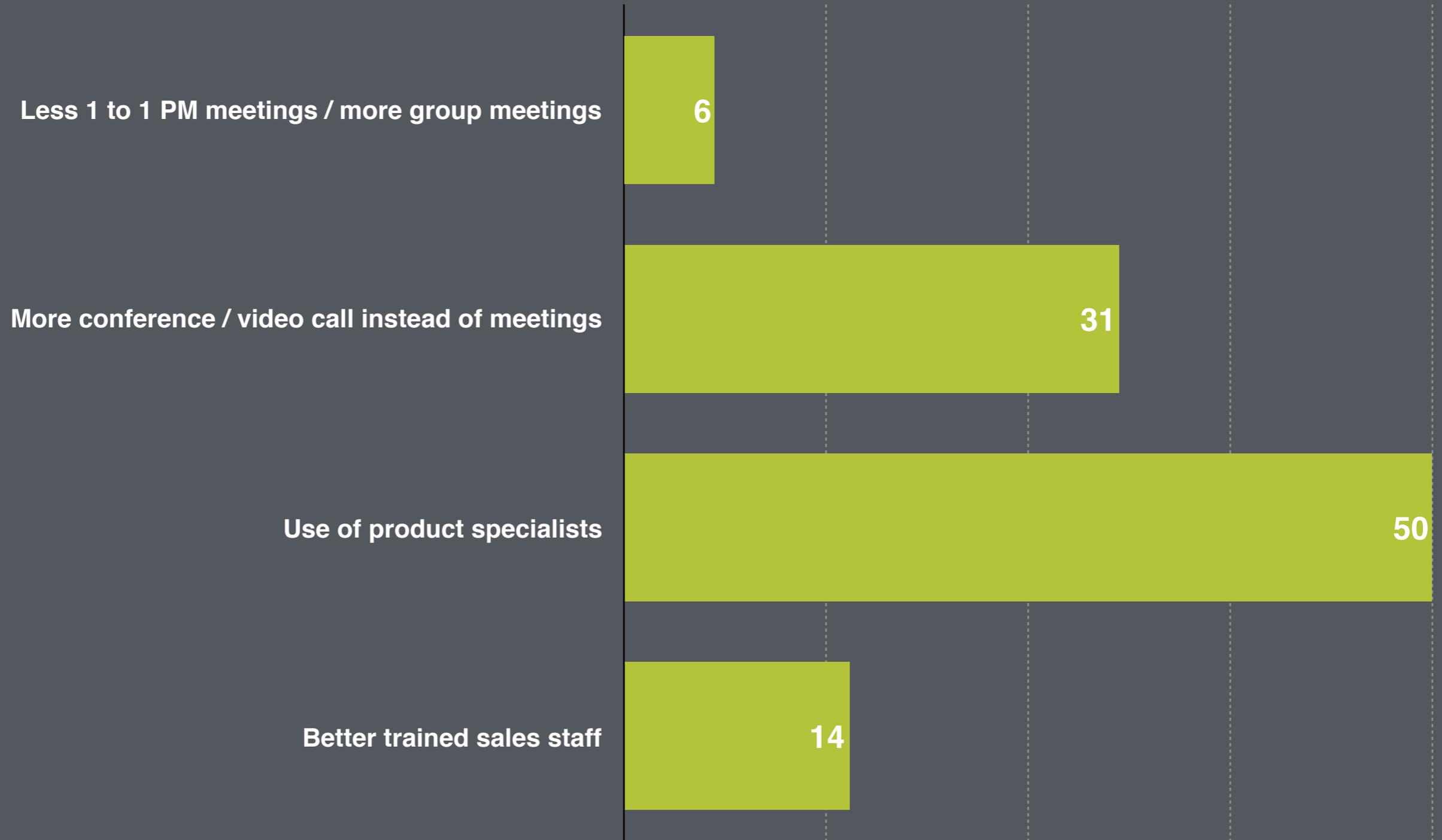
**Q3: The implementation of MiFID II is changing the distribution landscape.  
How does it affect your sales model?**



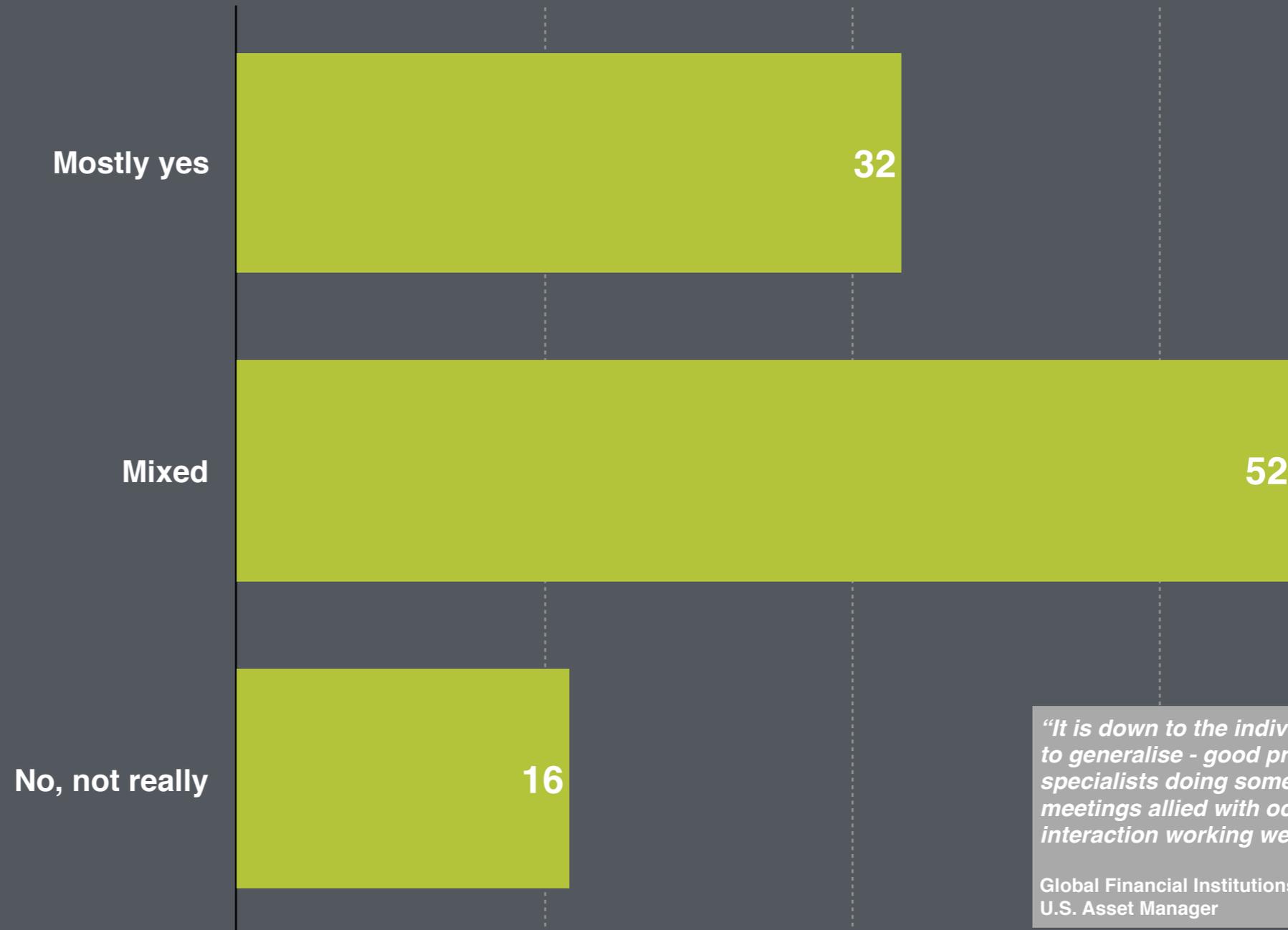
**Q4: ESG is making more and more headlines. However, do you witness ESG demand from your clients?**



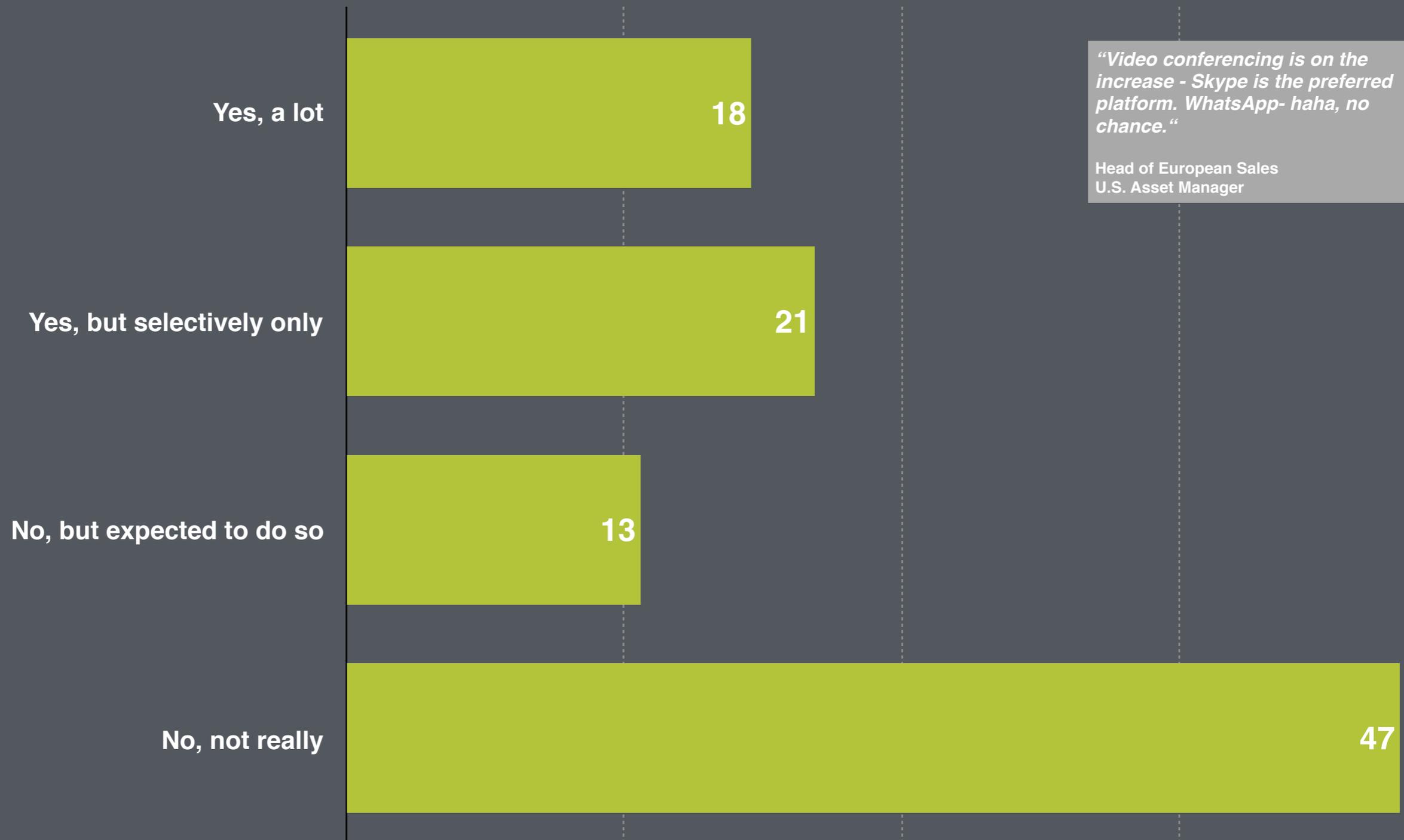
**Q5: Many fund selectors insist to have access to portfolio managers, whilst most portfolio managers face travel time constraints. How do you deal with that?**



**Q6: In terms of product specialists, do you feel they generally (beyond your firm) meet fund buyer expectations?**



**Q7: Client Communication: Do you actively or increasingly use modern technology like FaceTime, Skype, WhatsApp etc. to interact with fund buyers?**



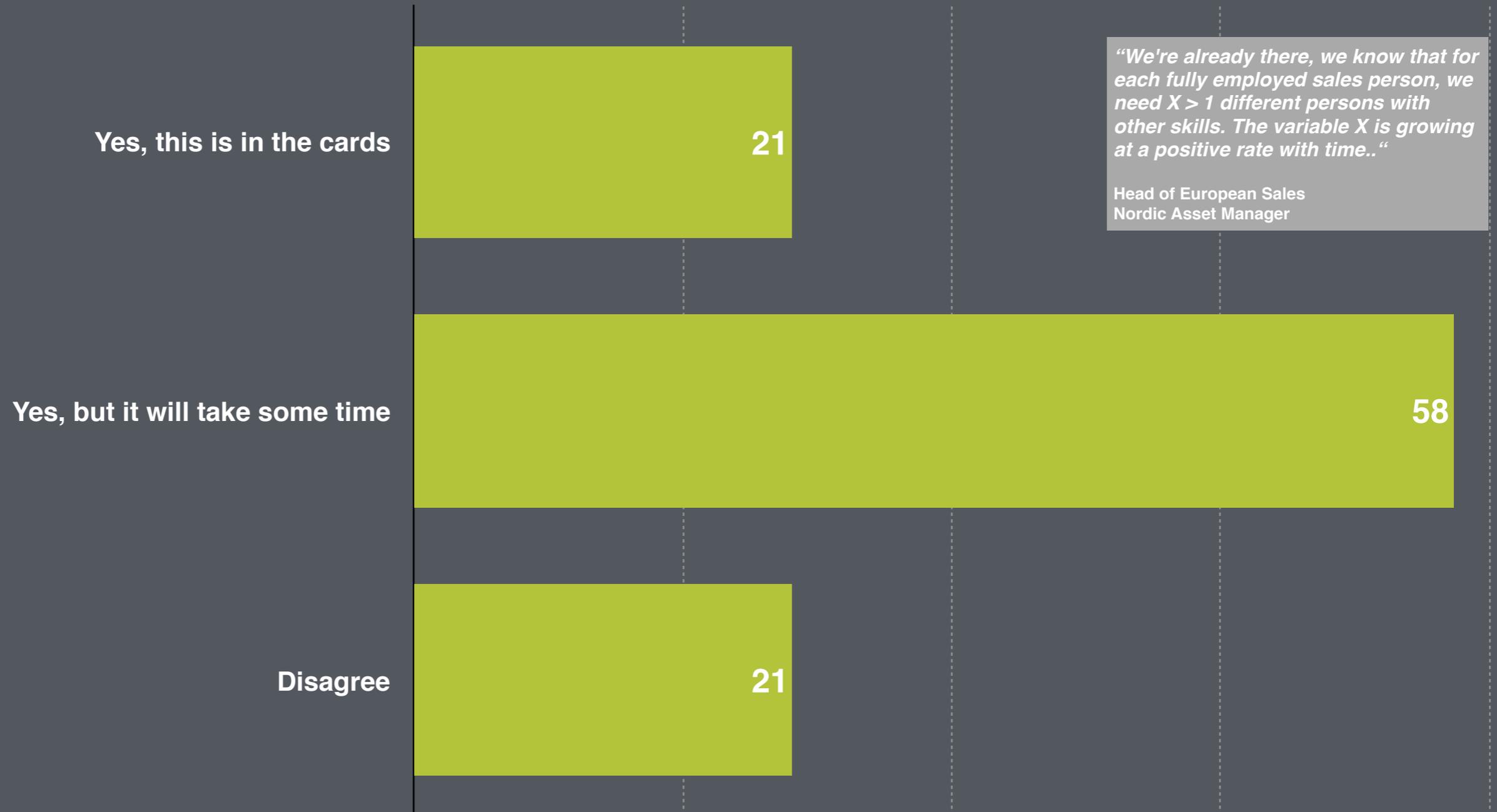
**Q8: Fund selector information sourcing methodologies are changing. Is the standardisation of due diligence (e.g. via Door, fundinfo etc.) gaining more weight?**



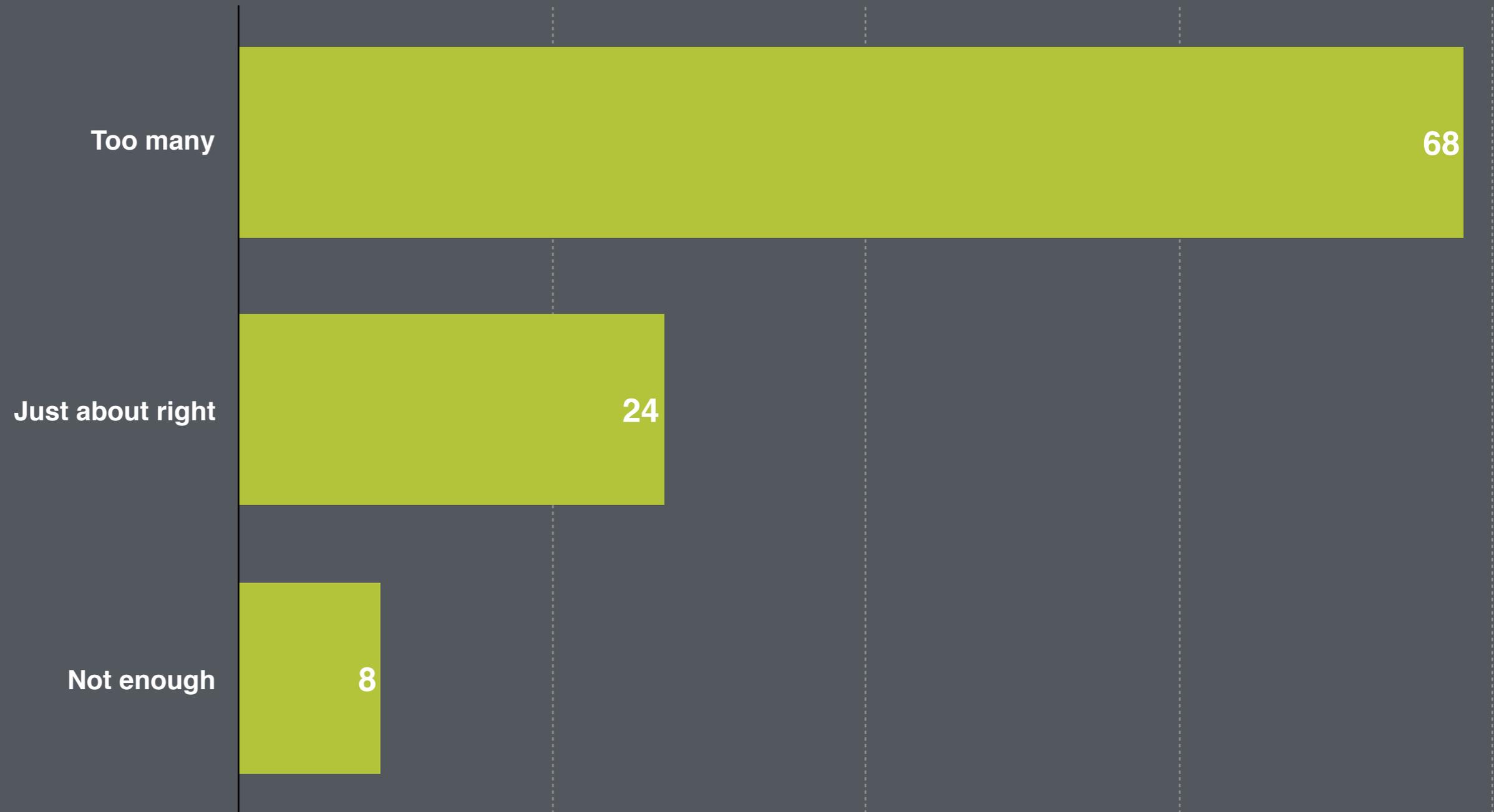
*“Info. sourcing is changing but not at the labour intensive RFP or distributor specific ongoing servicing needs - Door is just another client, I have not met a distributor who relies solely on Door.”*

Head of European Sales  
U.S. Asset Manager

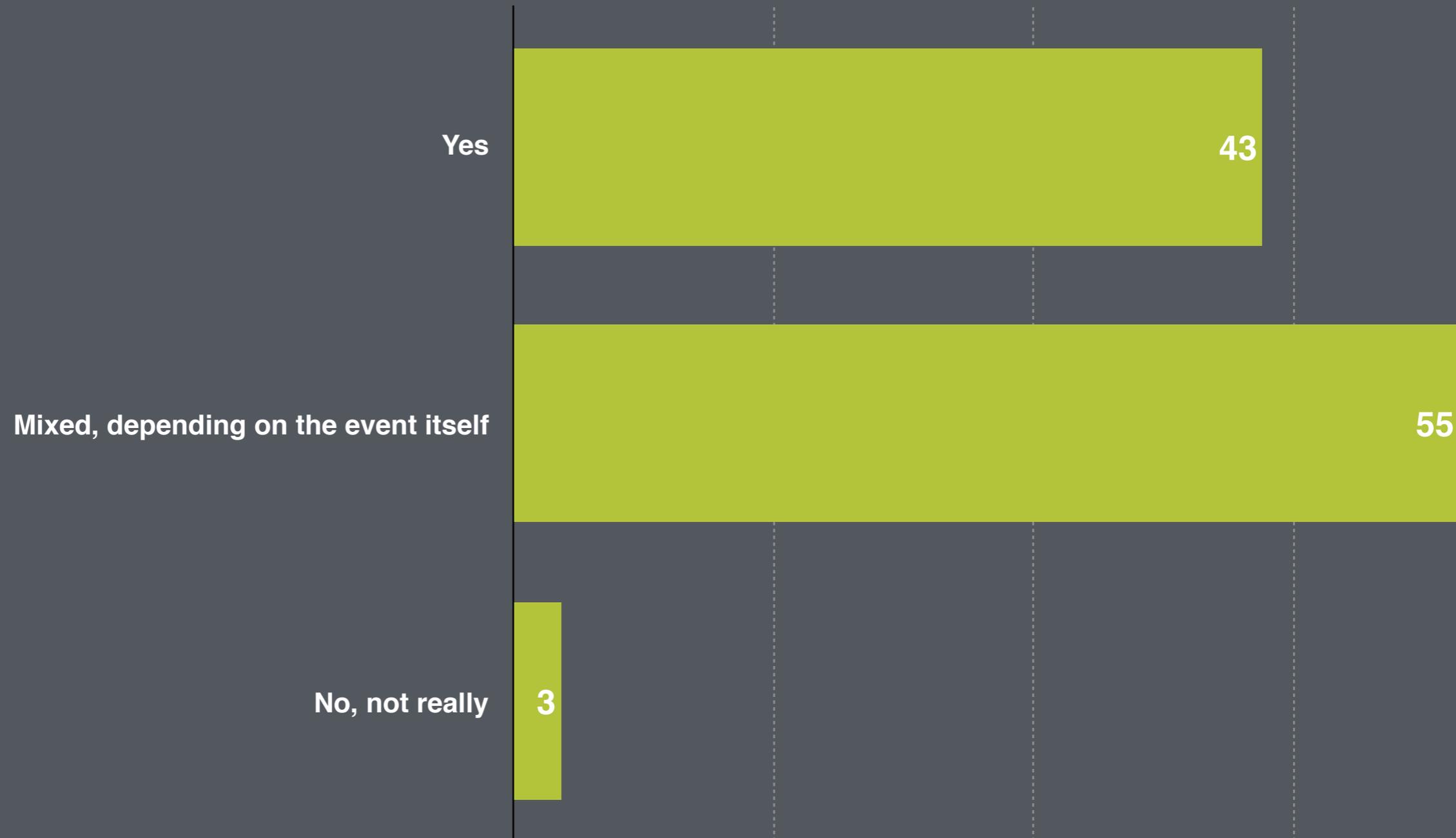
**Q9: The digitalisation of information sourcing and training is evolving. Many industry experts expect the number of sales staff to be reduced in the forthcoming years.**



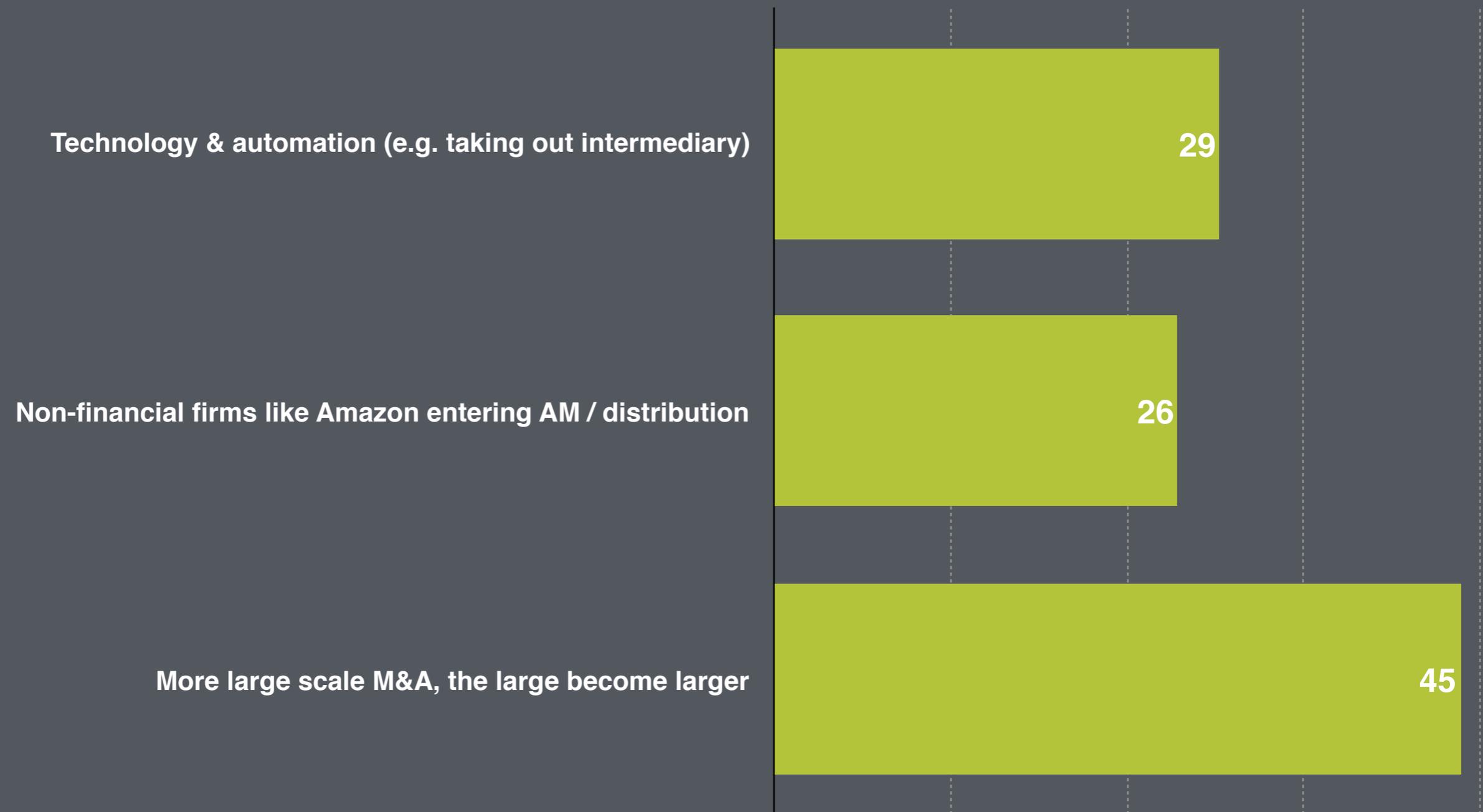
**Q10: Fund selector conferences organised by third party providers (e.g. Citywire, Expert Investor etc.) remain high in numbers. In terms of quantity:**



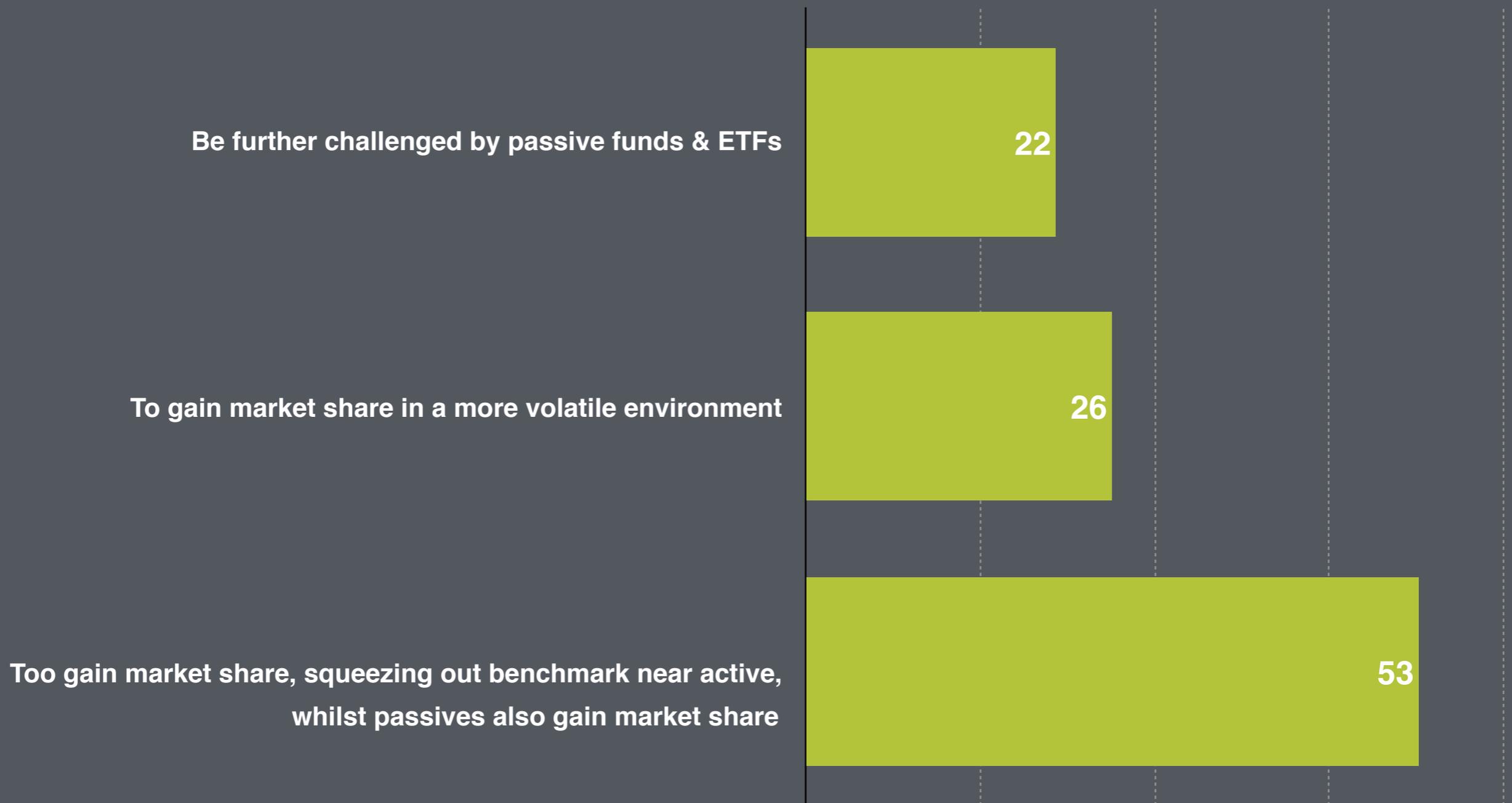
**Q11: Do you witness less tier-1 fund selectors attending these conferences?**



**Q12: Looking forward, which might be the most disruptive elements in fund distribution in your view?**



**Q13: Last but not least, do you expect active fund management to:**



## Concluding Remarks

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*Looking back over the last 12 months, the majority of the survey participants experienced positive fund sales. However, 32% described the period as challenging or very challenging. This is also represented in the European net sales leaderboards, which provide a very heterogenous picture over the period. Volatility came back and many absolute return and multi-asset concepts struggled to meet their prime objectives. At the same time, an increasing amount of fund buyers turned into risk off modus again, in particular over the last 3-6 months of the 1 year time period.*

*Looking forward to the next 12 months, the picture becomes even more diverse with an almost 50:50 score in terms of positive and challenging outlooks. One participant described the current state with “Versus previous years, the dynamics of sentiment change and quickly appearing searches for certain asset classes saw a pick up, conversely predictability has become even more complex. The market is trying to understand conditions in a post QE world that is at the same time seeing a broad set of major political issues that will have an impact on global economics.” Some also made the call with a challenging 6 month outlook, to be followed by a positive 6 months.*

*After the dust has settled over initial introduction of MiFID II, 50% described their sales model as unchanged. This goes very much hand in hand with our observations that distributor models in some jurisdictions such as Germany have not changed dramatically. 26% of the survey participants intend to concentrate on fewer accounts / partnerships, which is a trend we have witnessed across Europe. 23% of respondents have witnessed a rise of sub-advisory opportunities in the post MiFID II world, however we see some regional variances here. With no strategic change, one participant highlighted that “More third parties banks and platforms asking for service fees than before to continue to exist in the market.”*

*No matter where you look, ESG and the march towards sustainable investments continues unabated. Media coverage has been relentless allowing ESG to have its day in the sun. However, only 24% of the survey participants have witnessed broad fund buyer demand for ESG, whilst 58% have only experienced ESG demand at some large fund buyer accounts. There is a universal expectation that the demand for ESG will continue to grow, however some participants highlighted lot’s of talk, but less implementation so far. One participant expressed their thoughts on ESG with “Lots of headlines, little \$\$\$’s seen so far.” In this context, we would like to refer readers to our “ESG in European Fund Distribution Executive Study”, published earlier in September.*

*Many large fund selectors performing manager due diligence or that are current investors of the strategy aim for direct, ideally one-to-one access with portfolio managers. For most asset managers, in particularly the larger players with global client books, providing this type of PM access is simply not feasible. 50% of the survey participants solve this issue with the use of product specialists, followed by more use of conferences and video calls instead of meetings (30%). But do product specialists really meet the requirements of sophisticated fund buyers? Our “Product Specialist - A Role Assessment Executive Study” released this spring shed some light into the limitations of many product specialist roles discussing various scenarios.*

## Concluding Remarks (2)

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*50% of senior sales responded with mixed feelings as to the ability of product specialists being able to meet client requirements, confirming some suspicions. Whilst 32% of respondents believe that these client requirements are mostly met by product specialists, one participant stated that “It is down to the individual (product specialist) and hard to generalise - good product specialists doing some of the meetings allied with occasional PM interaction is working well.” We couldn’t agree more.*

*Modern communication technologies are standard in many B2B industries. How about fund distribution? Our “B2B Fund Sales & Information Flow Study” released back in March showed a strong appetite for digital information sourcing and an increasing demand for technology based communication models from European tier-1 fund selectors. In stark contrast, the majority (47%) of interviewed sales people do not make use of modern communication technologies. However, 18% stated very frequent and broad use whilst 21% stated more selective use of communication technologies. We definitely expect these figures to rise in the future.*

*Fund selector information sourcing methodologies are changing. The standardisation of due diligence (e.g. via Door, fundinfo etc.) becomes more prominent. However, our survey again suggests strong regional differences. All in all, 42% of the respondents stated that the standardisation of due diligence hasn’t gained more weight thus far, whilst 18% stated the opposite and another 18% expected the standardisation of due diligence to become more common. 21% already experience it at some fund buyer accounts. Over time, we also expect the weight to go significantly up.*

*The digitalisation of information sourcing and training is evolving and this comes with consequences for current sales and client service models (see our “B2B Fund Sales & Information Flow Study”). In our view, one potential consequence is that a large amount of traditional fund sales roles will become obsolete, whilst client services roles will increase in both manpower and seniority. How do European senior sales people think about sales roles becoming reduced in numbers? The vast majority agree with 21% stating that sales staff reductions are already in the cards whilst 58% agree, however they believe funds sales becoming obsolete will take some time.*

*Fund selector conferences organised by third party providers (e.g. Citywire, Expert Investor etc.) are as saturated as the European funds market and have become major revenue drivers for many publishing houses. But how about the quantity of these events in the eyes of senior sales people? The answer is pretty straightforward. 68% of respondents feel there are way too many fund conferences. In terms of quality, variations between locations and hosts have been expressed. The majority of the survey participants also witness less and less tier-1 fund selectors attending these events, however it depends on the actual event.*

*Looking forward, what are the most disruptive elements in fund distribution in the view of European fund sales people? 45% believe large scale M&A will be most disruptive with the large players becoming larger and new cash firms (e.g. from Asia) snapping up European asset managers.*

## **Concluding Remarks (3)**

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*Technology and automation will also take a toll, e.g. by taking out the intermediary, according to 29% of the survey participants. Another 26% expects non-financial firms like Amazon to enter the asset management / fund distribution world.*

*Whilst we believe that all three scenarios will become reality and will shake up the European fund distribution landscape, it will be later one, which bears the major disruption potential in it. There are just too many strong and coherent arguments for it, but that will be for another study to be published soon ....*

## *accelerando intelligence*

- > Founded in 2004
- > 6 full time professionals, combining:
  - > 107 years in asset management
  - > 73 years in European fund distribution
  - > 10 years in fund / manager selection
- > 5 European languages spoken
- > Recognised thought leadership
- > Top-notch, global client base



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