

NMG Consulting recently hosted an Insights Summit in Boston with a handful of the Global Asset Management study's foundational firms. The focus was on the application of data science techniques to uncover 2nd and 3rd order insights – derived findings not necessarily apparent on the surface from standard analysis. The benefit from applying these techniques is a stronger understanding of industry dynamics and preferences, that we can feedback to you and asset managers to foster industry improvement. Here's a look at the findings from our summit.

TOP ASSET MANAGER ATTRIBUTES AFFECTING LEAD POSITIONING

Top 4 of 17 attributes, based on global derived analysis

INSTITUTIONAL INVESTORS

- Ability to customise
- Access to Portfolio Managers
- Belief in investment philosophy
- Senior management engagement

RETAIL PROFESSIONALS

- Senior management engagement
- Access to Portfolio Managers
- Belief in investment philosophy
- Long-term (5+ year) performance

RETAIL ADVISERS

- Long-term (5+ year) performance
- Belief in investment philosophy
- Risk management process
- Alignment to risk appetite

WHAT DOES DATA SCIENCE TELL US ABOUT ASSET MANAGEMENT?

Data science provides us with statistically reliable findings that challenge existing thinking



We found commonality in top ranking attributes across different client segments. The extent clients believe in a manager's 'investment philosophy' is universally a key driver - across both institutional and retail audiences.



The importance of several factors is understated by respondents. For instance, 'Ability to customise' and 'Senior management engagement' are leading attributes but rank lower in stated feedback.



There is considerable overlap between the top drivers for institutional investors and retail professional buyers. Commentators see these audiences as very distinct but the science suggests they are highly consistent in terms of the drivers of asset manager importance.

TRANSPARENCY IS A LEADING BRAND VALUE

Ranking of 'Transparency' as a business driver amongst 20 brand topics

	Institutional Investors	Retail Professionals	Retail Advisers
Lead positioning with clients	1st	2nd	1st
Unprompted brand recognition	1st	1st	1st

WHAT IMPACT WILL THIS HAVE ON GLOBAL ASSET MANAGEMENT PERFORMANCE?

We applied data science to unstructured data, namely the tens of thousands of comments ('expressions') gathered in the study to describe different asset managers. Each expression was modelled to 'closest fit' to one of 20 topics, these topics included associations like innovation, arrogant, consistent, leader, specialist, trust, price, product, performance, global and transparency.



We were amazed at the breadth of significance for 'transparency' across industry segments and for different outcomes (developing lead positions with clients, developing brand recognition). Transparency is the leading brand value in terms of client impact.



This suggests that investors are heavily influenced by their perceptions of a manager's transparency, which should encourage managers to be increasingly transparent, thus creating a more efficient industry.



We suspect the importance of transparency extends beyond asset management and into broader professional dealings. The opportunity is then for professionals and their firms to foster transparency, through greater clarity, openness, and honesty in their interactions.

Contact **Hamish Worsley** (Hamish.Worsley@NMG-Group.com) to continue the conversation.