

# New report delivers wake-up call for active management industry

09/04/2019 

## Summary

The active management industry must work harder in a number of critical areas to convince investors of its value proposition, according to a new report released today by Allianz Global Investors.

### Key takeaways

- Report outlines what investors expect of their investment managers, and what managers must do to rebuild trust
- While only 23% of investors surveyed believe active portfolios are worth the cost, only active managers can help deliver on their needs
- Nearly 70% prefer fee structures that are aligned with performance
- ESG investing, Alternatives, innovative risk approaches and disruptive technology identified as areas where active managers can generate value

**9 April 2019:** The active management industry must work harder in a number of critical areas to convince investors of its value proposition, according to a new report released today by Allianz Global Investors.

Incorporating the views of nearly 500 institutional investors from around the world with USD 15 trillion in Assets under Management<sup>1</sup>, the report, 'Staying Active: how to regain trust in active management', outlines that while active managers are best placed to help investors overcome the challenges they themselves identify, overall confidence in active managers is low.

Of the global investors surveyed, less than a quarter (23%) said they thought active portfolios were worth the cost, with just 17% of respondents in the US agreeing. By contrast, 61% of investors said they thought active management was the best investment option when the underlying components of markets show little correlation and 71% said they thought active managers were best placed to capitalise on the investment opportunities presented by digital transformation.

While important, the report found that performance is not the only factor influencing investors' choice of managers, with 48% saying it was one of their top 3 priorities in manager selection. The investors surveyed also expressed a clear preference for wide-ranging, long-term relationships with firms that understand their business goals and challenges (41%). They are also looking for managers to have the capabilities to evolve with their needs, which can result in benefits for both clients and managers (40%).

The report identifies 5 key areas where asset managers should focus on upgrading their services to win greater confidence and long-term commitment from investors.

- Offer innovative risk approaches – less than half of the investors surveyed feel they have the appropriate tools/solutions to deal with tail risk
- Facilitate ESG investing – 61% say active managers are better stewards than passive, but 60% are confused by different approaches to ESG. Nonetheless, 72% of institutions plan to manage all of their assets in an ESG-conscious way by 2030; nearly 2 in 5 (38%) plan to do so by 2025.
- Inform investors on Alternatives – 45% are deterred by an overabundance of new products, with 61% saying they would allocate more to Alternatives if the strategies were clearer
- Adopt technology to enhance client outcomes – 61% of institutional investors believe active managers are better able to capture market opportunities by taking advantage of AI and big data
- Champion innovative fee models – 68% want fee structures that adjust with performance

Andreas Utermann, CEO of Allianz Global Investors, said:

“This report should serve as a wake-up call for those parts of the active asset management industry that have yet to grasp just how fundamentally our industry is changing. In today’s challenging market environment, active management is more relevant than ever. In fact, only active management can provide the type of tailored,

bespoke solutions needed to meet many of the investor challenges identified in our report around disruptive technology, innovative fee models and ESG. But investment managers must maintain a laser focus on delivering for clients to be able to stand out and thrive in a crowded and consolidating market.”

Tobias Pross, Global Head of Distribution at Allianz Global Investors, said:

“The findings confirm what we hear from clients around the globe. By being close to them and listening carefully, we anticipated these growing client demands and started some years ago to invest into advisory capabilities and our digital client experience. We have also strengthened our value proposition by pioneering new approaches to integrating ESG, building a leading Alternatives franchise and innovating in fee models. As we continue to grow our offering, we will remain relentlessly focused on building long-term relationships with asset owners and ensuring our business is aligned with what they expect from us as a leading active investment manager.”

The report also asked investors about their top concerns for 2019, with 80% saying they were most worried by market volatility, 79% by monetary policy and 75% by inflation. Nearly 9 out of 10 (87%) of those surveyed said investors have become complacent in the decade since the financial crisis.

The full report is available for download at [allianzgi.com/stayingactive](http://allianzgi.com/stayingactive).

**For further information please contact:**

Alastair Fairbrother, Tel. +44 203 246 7432

Sarah Einig, Tel. +44 203 246 7846

Vivi McDuell, Tel. +44 203 246 7251

[ukmedia@allianzgi.com](mailto:ukmedia@allianzgi.com)

<sup>1</sup> The findings of ‘Staying Active: how to regain trust in active management’ are based on responses from 490 global institutional investors from across 13 markets, who together represent USD 15 trillion of Assets under Management. They were interviewed via a comprehensive global survey facilitated by Oxford Economics during November and December 2018.

The survey was fielded anonymously; AllianzGI did not specifically target its clients, although respondents may include clients.

**About Allianz Global Investors**

Allianz Global Investors is a leading active asset manager with over 730 investment professionals in 24 offices worldwide and managing more than EUR 500 billion in assets for individuals, families and institutions\*.

Active is the most important word in our vocabulary. Active is how we create and share value with clients. We believe in solving, not selling, and in adding value beyond pure economic gain. We invest for the long term, employing our innovative investment expertise and global resources. Our goal is to ensure a superior experience for our clients, wherever they are based and whatever their investment needs.

**Active is: Allianz Global Investors**

\* Data as at 31 December 2018

This survey involved 490 institutional investors in the following markets: US (70 respondents), UK (50), Germany (40), France (30), Italy (30), Switzerland (30), Nordics (30), Belgium (30), Netherlands (30), Middle East (30), Taiwan (30), Hong Kong (40) & Japan (50). Allianz Global Investors commissioned this research from Oxford Economics, who selected respondents across markets and institution types that reflect our client base. Respondents may include AllianzGI clients, but clients were not specifically targeted so any such overlap would be coincidental. The survey was fielded anonymously and was conducted in November and December 2018.

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## AllianzGI appoints first Chief Sustainability Officer

15/05/2019

### Summary

Allianz Global Investors, one of the world's leading active investment managers, has appointed its first Chief Sustainability Officer. Beatrix Anton-Groenemeyer, currently Global Head of Product Specialists for Fixed Income at AllianzGI, has assumed the new position with immediate effect. In her new role, Beatrix will report to Andreas Utermann, CEO of AllianzGI, underlining the importance of sustainability to AllianzGI.

### Key takeaways

- Beatrix Anton-Groenemeyer appointed to newly created, senior position
- Role reports directly to Chief Executive, emphasising importance of sustainability to AllianzGI and its clients

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