



CAMRADATA

Investment Considerations Survey

**Attitudes from the
Institutional Investment Industry**

September 2017



Contents

Asset Classes 3

Key Issues 5

ESG 6

ETFs 7

Interest Rates 8

Outlook 9

During August 2017 CAMRADATA conducted an online survey of asset managers, investment consultants, and pension schemes.

This survey provides an indication of opinions within the institutional investment industry. It is not intended to be a statistically robust, scientific study but it does provide insight into the views of asset managers, consultants, pension schemes and insurance firms. Respondents provided us with their views on matters relating to investments, asset classes, asset allocation and financial markets.

The purpose of the survey was to better understand the thoughts and opinions of each group about:

- Asset classes being considered
- Key issues impacting investment decision-making
- ESG
- ETFs
- Movement of interest rates
- Outlook of financial markets

In total there were 118 respondents to the survey, of which 58% were asset managers and 42% were made up of investment consultants and institutional investors.

Most of the asset managers managed monies for both pension schemes and insurance firms, whereas three quarters of the 25 investment consultants who responded provided consultancy services to pension schemes only.

“ Interestingly, whilst acknowledging some of them were only chosen by two or three, all of the asset classes shown below were to some extent selected as being considered ”

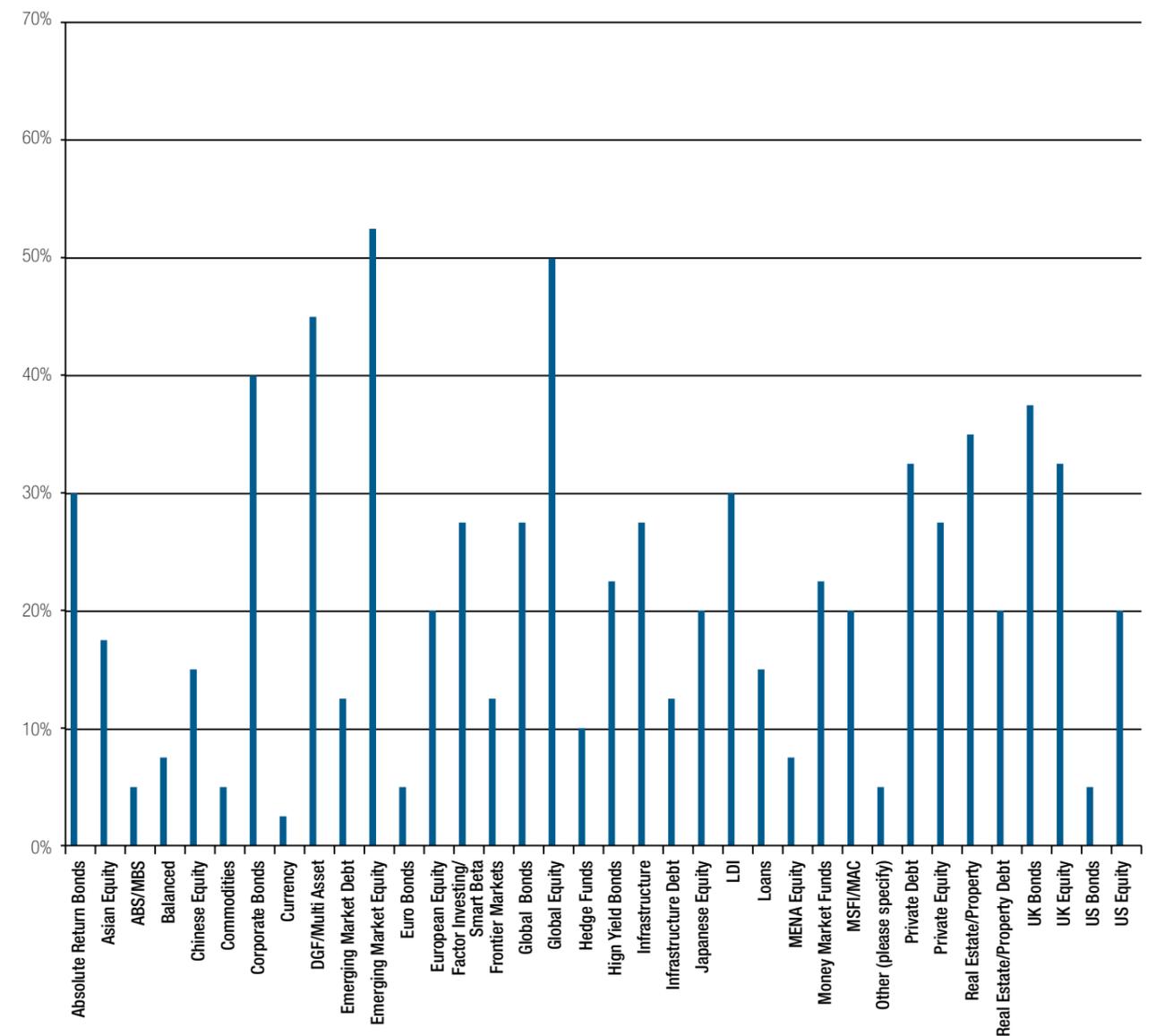
Which asset classes will pension schemes consider investing in over the next 6 months?

Over 50% of consultant/pensions schemes stated Emerging Market Equity was an asset class being considered for investment over the next 6 months, this was followed closely by Global Equity.

Diversified Growth Funds and Corporate Bonds were also chosen by 40% or more of the respondents.

Interestingly, whilst acknowledging some of them were only chosen by two or three, all of the asset classes shown below were to some extent selected as being considered over the next 6 months.

And finally the asset classes that came under Other included Overseas Equities, US Small Cap Equity, Trade Finance and Consumer Lending.



Which asset classes will insurance firms consider investing in over the next 6 months?

Whilst there were not many insurance firms who responded to this survey, what was interesting was 4 insurance firms selected Hedge Funds as an asset class they would consider investing in over the next 6 months.

As one would expect there were a lot of fixed income asset classes being chosen but amongst these were also Diversified Growth Funds; Global Equity; Infrastructure; and Private Equity.

Over 15,000

Investor and Consultant Searches on the DGFs/ Multi Asset Universe in CAMRADATA Live in the last 12 months (from 1st September 2016 to 31st August 2017).

“ It was good to see that asset managers and consultants/ investors were mainly agreeable about the institutional investors’ key issues ”

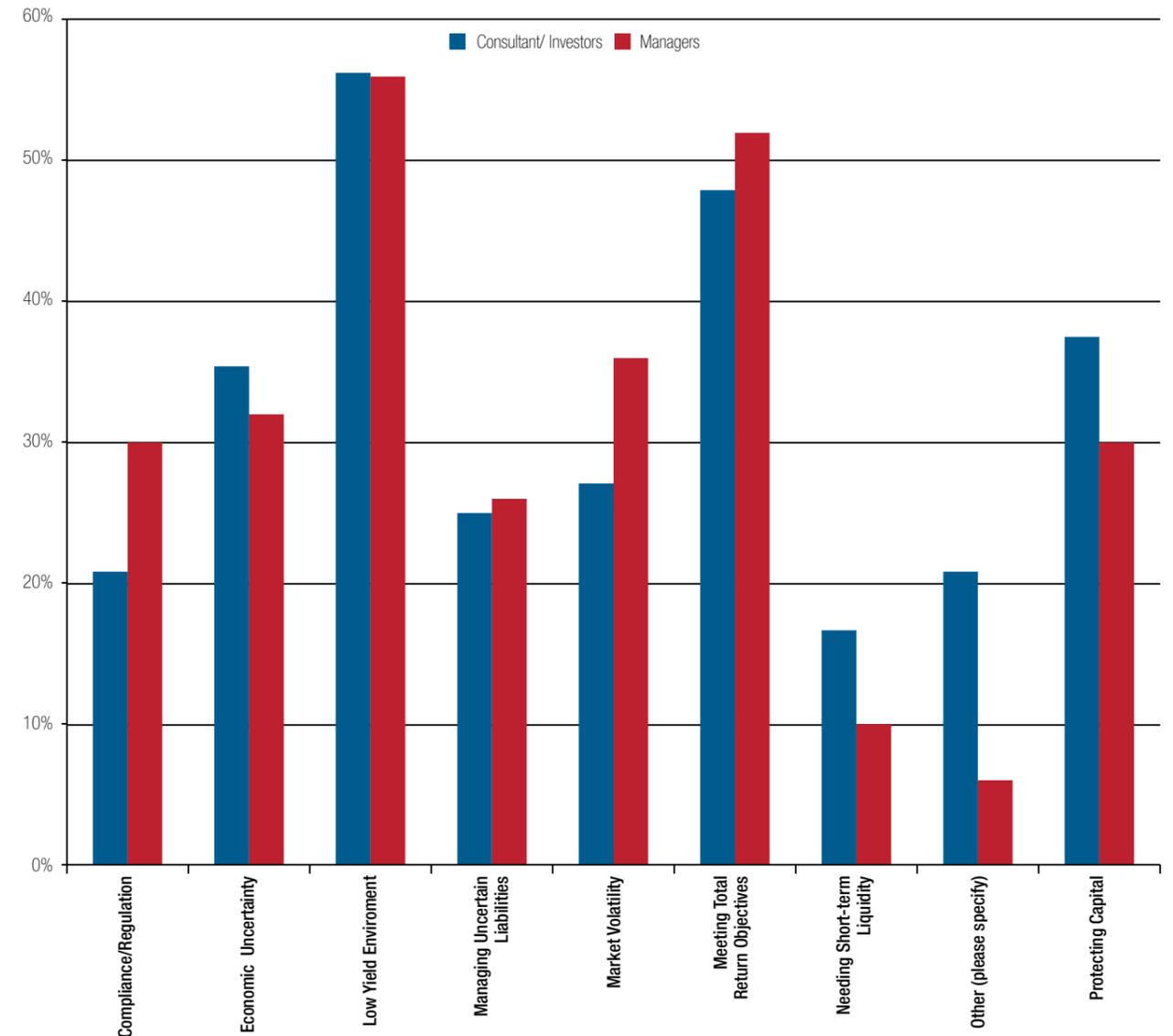
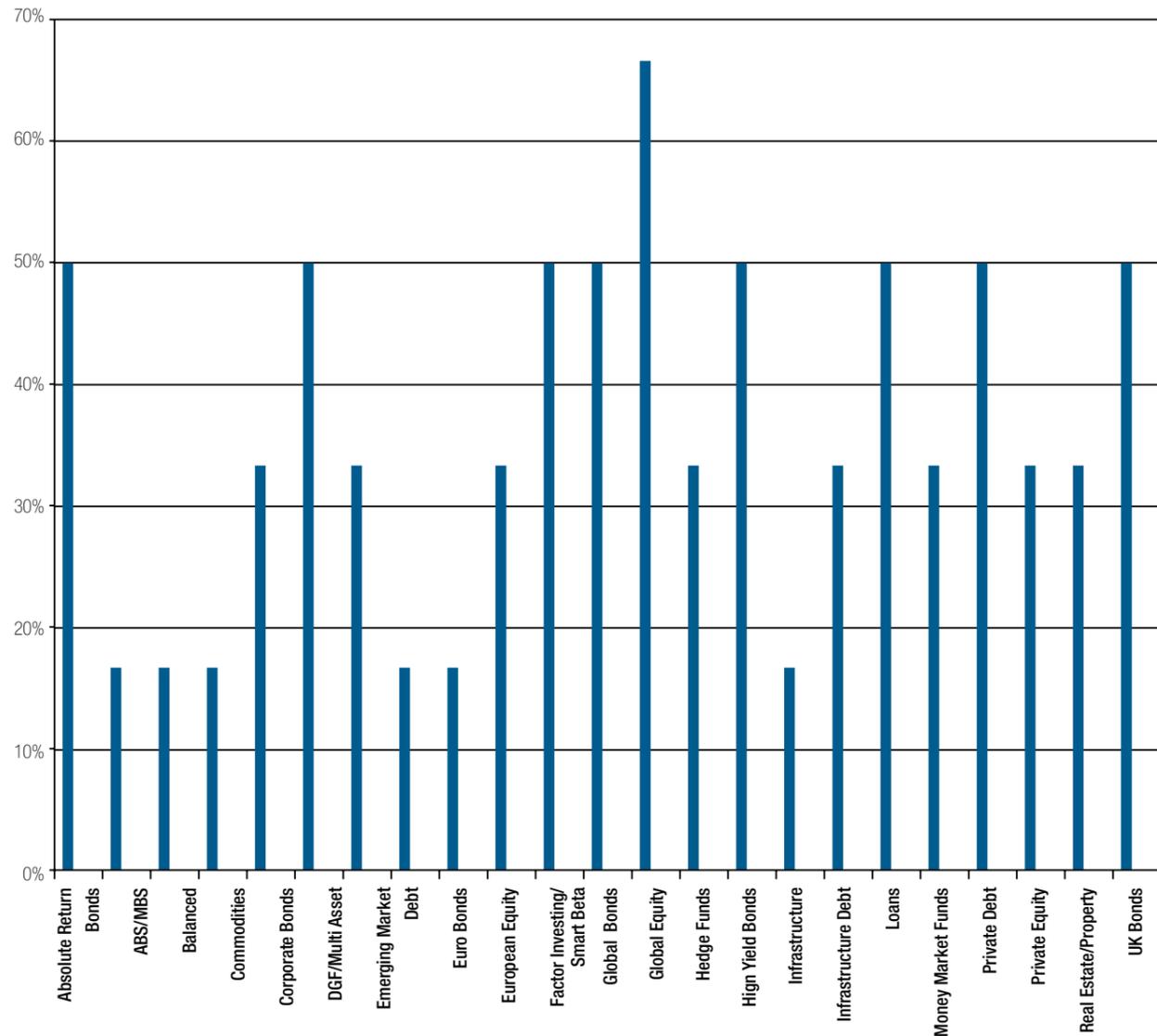
What are the top 3 key issues impacting the investment decision-making process?

It was good to see that asset managers and consultants/investors were mainly agreeable about the institutional investors’ key issues impacting their investment decision-making process.

Top was the Low Yield Environment, which the market continues to experience and second was the importance of Meeting Total Return Objectives, which is high on the investors’ agenda.

Most asset managers selected Market Volatility as the third key issue whereas investors felt Protecting Capital and Economic Uncertainty were more of an issue.

Other concerns raised were around Brexit, Trump, Optimizing Market Performance and also Balancing Risk over Return.

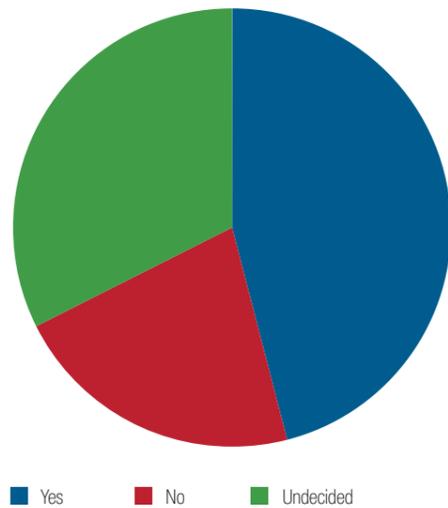


“ More than half of the consultants/ investors did not expect asset managers to have ESG integrated in their investment process ”

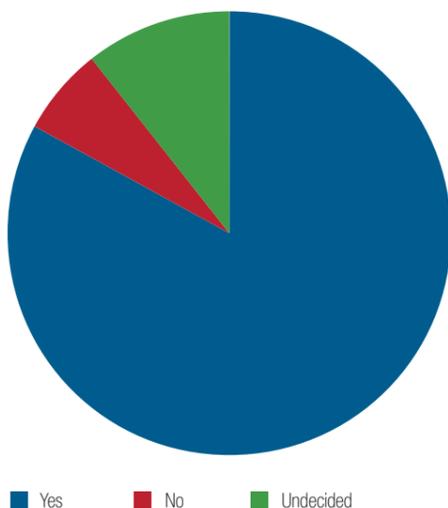
Environmental, Social and Governance continues to be a hot topic in the asset management industry; however it was surprising to see that more than half of the consultants/investors did not expect asset managers to have ESG integrated in their investment process, which is a change from what has previously been reported.

On the other hand the majority of asset managers in the survey do have ESG integrated in their investment process although there are still some that don't. This either suggests some asset managers have yet to begin to address this issue or they do not feel that it is an issue that needs to be addressed.

Do you expect asset managers to have ESG integrated in the investment process?



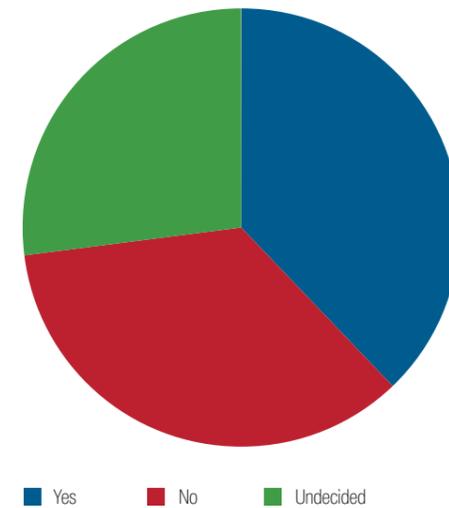
Do you have ESG integrated in the investment process?



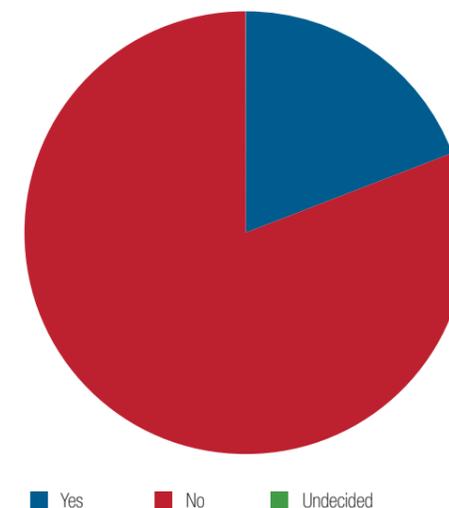
Investors are still divided when it comes to investing in ETFs. 38% would consider investing in them whereas 62% of the investors either wouldn't invest or have yet to make up their minds.

That said, the majority of asset managers did not offer ETFs, with only 19% of the asset managers who responded offering this type of investing.

Would you consider investing in ETFs?



Do you offer investments in ETFs?



34

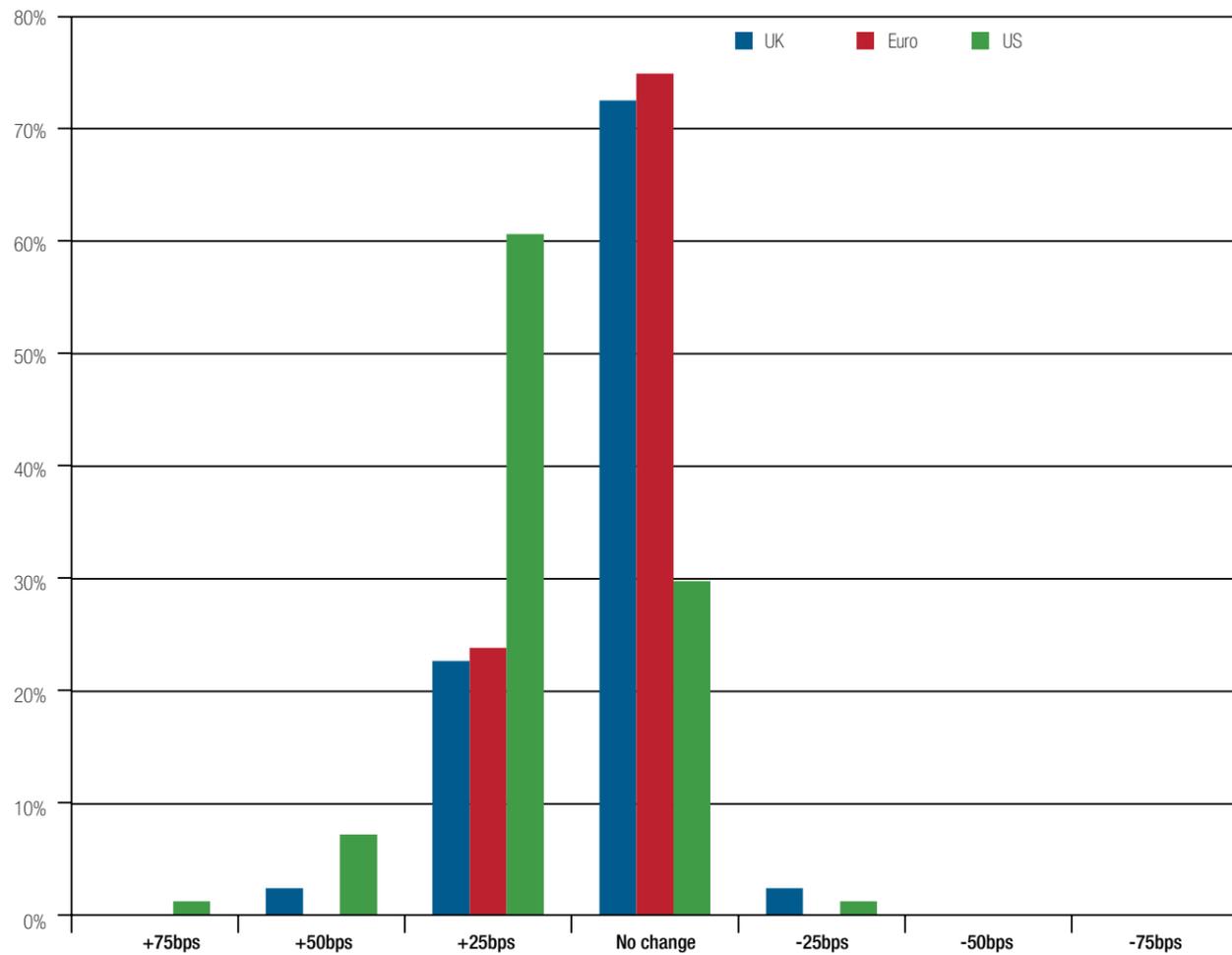
Assisted Searches have been run by CAMRADATA for institutional investors and consultants with very specific manager search requirements (since 1st January 2017).

Over the next 12 months how do you expect interest rates to move, if at all?

Over 70% of respondents expect there to be no change in the UK or Euro interest rates over the next 12 months, whereas 61% believe interest rates in the US will increase by 25bps over the same period.

There are some outliers, which can be seen below, but generally the respondents either selected no change or +25 bps across the three geographies.

“ Over 70% of respondents expect there to be no change in the UK or Euro interest rates over the next 12 months ”

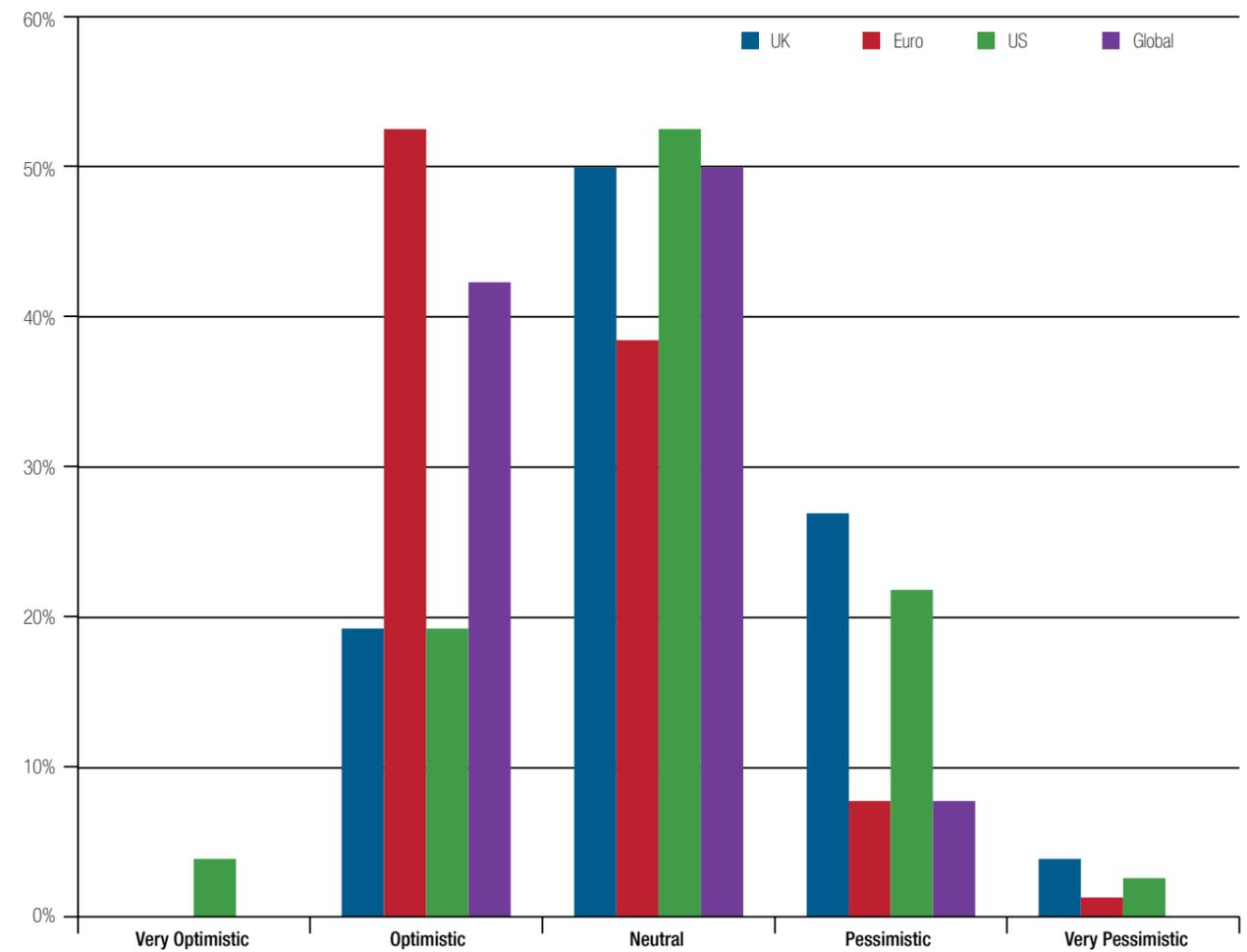


In summary, how optimistic are you about the financial markets over the next 12 months?

Most respondents continue to be generally neutral about the US; UK; European; and Global financial markets over the next 12 months, meaning financial markets have done nothing to incite positivity amongst the respondents since the last survey.

That said, there appears to be slightly more optimism in the market especially with the European and Global financial markets, whereas there is slightly more pessimism with the UK and US markets.

“ Financial markets have done nothing to incite positivity amongst the respondents since the last survey ”





CAMRADATA

CAMRADATA

5th Floor
80 Leadenhall Street
London
EC3A 3DH

+44 (0)20 3327 5600
camradata.com



Join Us On LinkedIn



Follow us on Twitter
@camradata

© Copyright CAMRADATA Analytical Services September 2017.

This marketing document has been prepared by CAMRADATA Analytical Services Limited ('CAMRADATA'), a company registered in England & Wales with registration number 06651543. This document has been prepared for marketing purposes only. It contains expressions of opinion which cannot be taken as fact. CAMRADATA is not authorised by the Financial Conduct Authority under the Financial Services and Markets Act 2000. CAMRADATA Analytical Services and its logo are proprietary trademarks of CAMRADATA and are registered in the United Kingdom. Unauthorized copying of this document is prohibited.

