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## Keynote Speech at Nordic Fund Selection – Stockholm Sweden



Malin & Niklas Tell - NFSF 2012  
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*21 April 2012* - After the huge investor education event at Bocconi University in Milan – 10,000 people in three days, I left for Stockholm at night for the Nordic Fund Selection Forum. As I wrote in a recent blog, the Nordics have been a hidden gem for asset managers in the last five years from a net cash flow perspective, and firms such as T Rowe Price successfully made the region their gateway into Europe and Asia.

Tell Media Group's NFSF draws a wide range of professional fund buyers as well as leading international asset managers. Some 50 fund selectors represented individual countries and the region, including insurers, asset managers, pension funds, FOFs, wealth managers and more.



This being the fifth installment of the event, it was cause for celebration and I was honored to be invited as the keynote speaker on global trends in fund selection (drawing from AI/SI proprietary research and advisory work with some 1,200 key asset holders worldwide since 2008), as well as to co-chair the day with Niklas Tell.

Setting the theme for the day, my opening speech focused on five core themes for global fund selection (plus multi-convergence as a metatrend):

- **Strategic Partnerships & Blockbuster Phenomenon (“The 1%”)**
- **The Right Mix: Performance, Service, Brand, Organizational Stability (“PSBOS”)**
- **Building Multiple Relationships (“Glocal”)**
- **Product Simplicity: Investment Processes and Positioning**
- **Building Bridges: Solutions vs. Investment Themes**
- **Metatrend: Multi-Convergence is Changing the Industry**
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## *An equity centric industry, but will flows come back?*

Then we went straight to the equity discussion. After disappointing numbers for 2011, long-term cash flows for January and February 2012 combined already exceed \$200 billion, with \$60 billion of that total to equity products.

As outlined in Strategic Insight's latest report, "Global Fund Review Q1 2012 – Recovering, with High Yield and Emerging Markets", most cash flows year-to-date have gone to the US and emerging market themes.



Adam Schor,  
Janus Capital International

Blockbuster product themes in our database year-to-date 2012 include equity income (M&G Global Dividend, collecting \$1 billion), Asia stocks (Templeton, Newton, BNY Mellon), global diversified and thematic (Morgan Stanley Global Brands), and asset allocation (Invesco Balanced Risk Allocation).

Janus' Adam Schor (Director of Global Equity Strategies) started off the asset manager views with "high conviction, best ideas" and an overview of the Janus approach and opportunities in the global equity space. One of his key themes was home country bias, which is an important industry theme globally.



Cedric de Fonclare,  
Jupiter

For Jupiter, Cedric de Fonclare (recipient of the Morningstar European Fund Manager 2011 Award) looked at European equities. His focus was on the portfolio construction and global investment themes represented in his sector and country allocations, including Emerging Markets, Demographics, Globalization, Outsourcing, or Energy Efficiency.



Colin Ng,  
Baring Asset Management

Asia followed, with Colin Ng (Head of Asian equities) explaining the Asia and ASEAN equity opportunities for Baring Asset Management. His focus was on current valuations versus the long-term history of the region, along with key themes such as asset allocation, key macro risks in Asia and the benefits of bottom up stock selection.

Concluding the morning sessions was Stewart Methven (Senior Investment Manager, Global Equities) for Aberdeen Asset Management, with an in-depth look at "income – the driving force for investment returns". Stewart broke down the importance of dividends in the current market environment and how to achieve dividend growth from an international portfolio of global equities.

The early afternoon was dedicated to fixed-income and absolute return. Bond fund flows have dominated the industry globally post-crisis, and managers such as Blackrock, Franklin Templeton, PIMCO and others have benefited greatly from strong cash flows. Especially global bond and



Stewart Methven,  
Aberdeen

total return products have been selling well. Moreover, absolute return themes, both for institutional and wholesale clients have returned with a vengeance.

Alternative UCITS funds in 2011 collected over \$110 billion in cash flows according to Strategic Insight Global databases and alternative assets in the industry stand at 7.5%. One of the blockbusters in the space for 2011 and into 2012 was Standard Life's Absolute Return bond fund.



Dr. Brian Fleming,  
Standard Life Investment

Thus, Brian Fleming opened the afternoon with an overview for Standard Life Investments' view on "multi-asset investing for greater diversification potential." Brian holds a PhD in Mathematics and is the firm's Head of Multi-Asset Risk and Structuring. Multi-asset class investing has been gathering cash flow steam in 2011. For example, Schrodgers best selling product last year was a Hong Kong domiciled multi-asset income product that now is being rolled out globally.

Brian offered an overview of the current state for diversification potential and its implications for investors, especially inasmuch risk models are concerned.



Thomas Fallon,  
La Française AM

Next up was Thomas Fallon, Head of Emerging Markets for La Française AM, with an overview of "investment grade emerging sovereign debt", an area that has developed greatly in the last decade. Against the backdrop of seismic cultural shifts in the global economy, Thomas showed how EM sovereign debt climbed to investment grade levels.

The next 90 minutes were among the most illuminating for both sides: Each asset manager went from one group of fund selectors to the next for 15 minutes of fund selection speed dating. The discussion was remarkable both because of its candor as well as for how interactions, pitches and questions changed with each passing round.

Fund Selection questions, themes and topics included:

- Macro views of the portfolio managers
- Portfolio details and questions around investment process and product lines
- Questions on the team and organizational stability
- Service elements and broad thought leadership
- Challenges of investor education for fund selectors
- Provision of choice
- Partnership potential for specific investment themes and necessary ingredients
- Changing manager and fund selection processes as asset allocation changes

We then provided an introduction and a review of specific fund selection methodologies.



Steven Goldin,  
Parala Capital

Parala Capital's Steven Goldin (Founding Member) offered a fascinating overview of predictive rankings in fund selection, bridging the academic world and the necessities of forward looking parameters in the business world with a case study of Legg Mason Global Asset Management and Bill Miller.

Next up was Roland Meerdter (Propinquity Advisors) with an introduction and invitation to the newly established association of professional fund investors.



Henrik Fexeus

The closing session was delivered by Henrik Fexeus. Henrik is a Swedish author and television personality, and he broke down the basic elements of non-verbal communication, and how it can be improved upon in the context of fund and manager selection.

For the full coverage of Erik Björkelund's art work, [click here](#).