






























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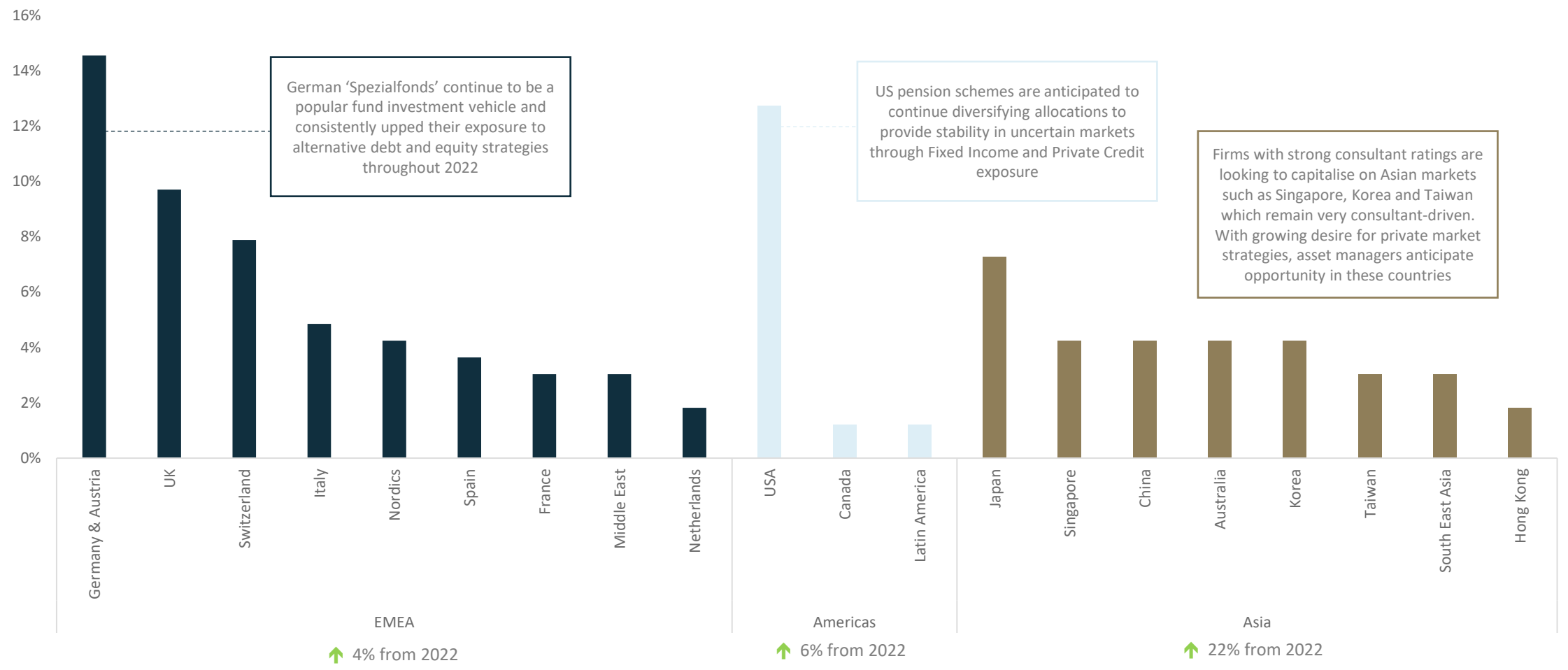
Distribution Barometer 2023



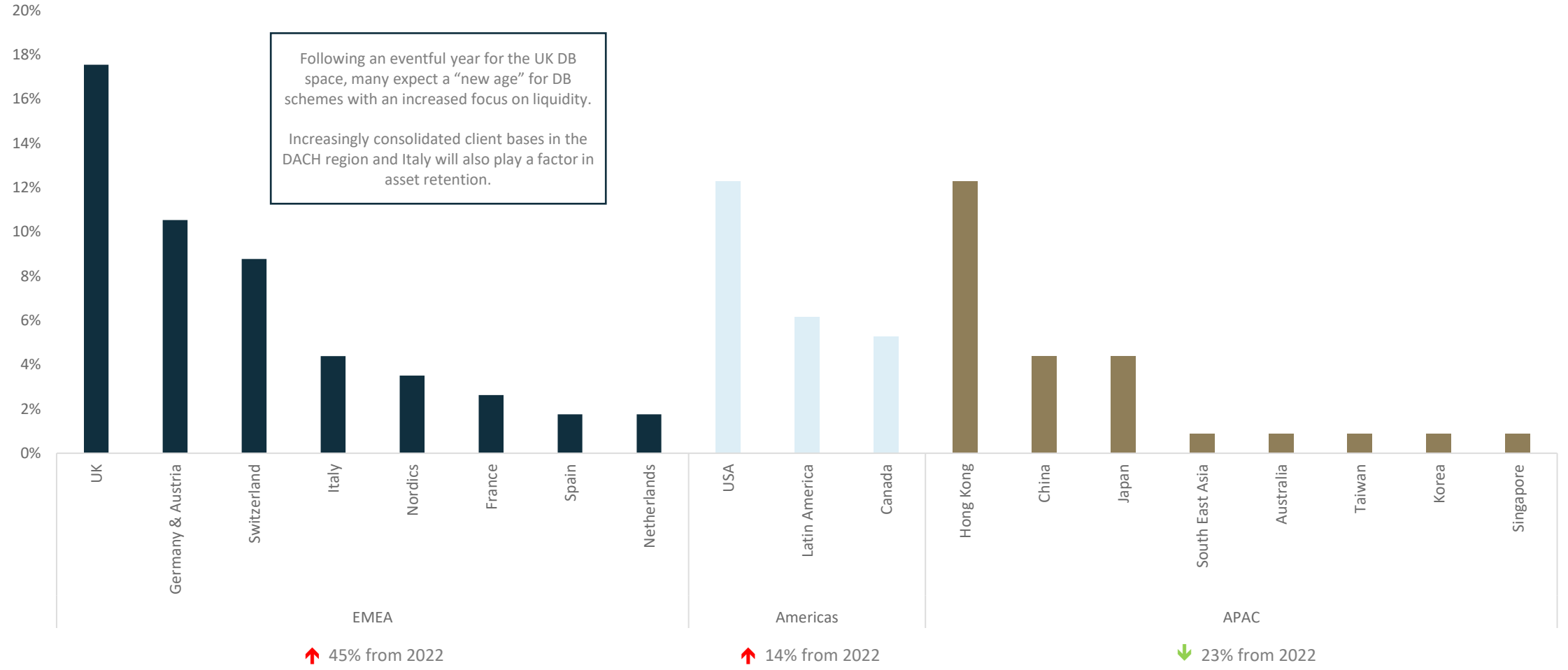
Expected inflows for 2023

Fixed Income	Equities	Multi-Asset	Alternatives	Other
Investment Grade Credit   	Global Equity  	Absolute Return Multi-Asset  	Infrastructure Equity   	Sustainable Strategies 
Emerging Market Debt 	Small Cap Equity  	Hedge Funds 	Infrastructure Debt   	
Multi-Sector Credit 	Emerging Market Equity  		Real Estate  	
	Value Equity  		Private Credit  	
			Private Equity  	
With investor confidence and risk tolerance decreasing, most respondents expect that the most prominent public market strategy to see demand will be Investment Grade Credit , providing exposure to rates and corporate credit while providing protection from uncertain markets.	Equity markets saw a decrease in demand over 2022, however respondents believe there is still value in areas such as Small Cap Equities which are largely trading at a discount going into 2023, providing significant opportunities.	There is confidence that 2023 will see a resurgence of active asset management. Absolute Return Multi-Asset strategies may be a means of effectively diversifying and mitigating risk for investors through a challenging period for both bonds and equities.	Despite liquidity concerns, private markets have remained a popular space for investors to seek yield where traditional bond and equity markets have underperformed. Infrastructure Equity/Debt has remained resilient, producing stable performance into 2023 despite market turbulence.	Mass publication of greenwashing continues to draw investor attention to credible and legitimate sustainable strategies. With significant regulation changes, firms will look to compete in this space as investors increasingly see ESG factors as a compulsory requirement

Expected investor asset inflows 2023 (by region)



Expected investor asset retention risks 2023 (by region)

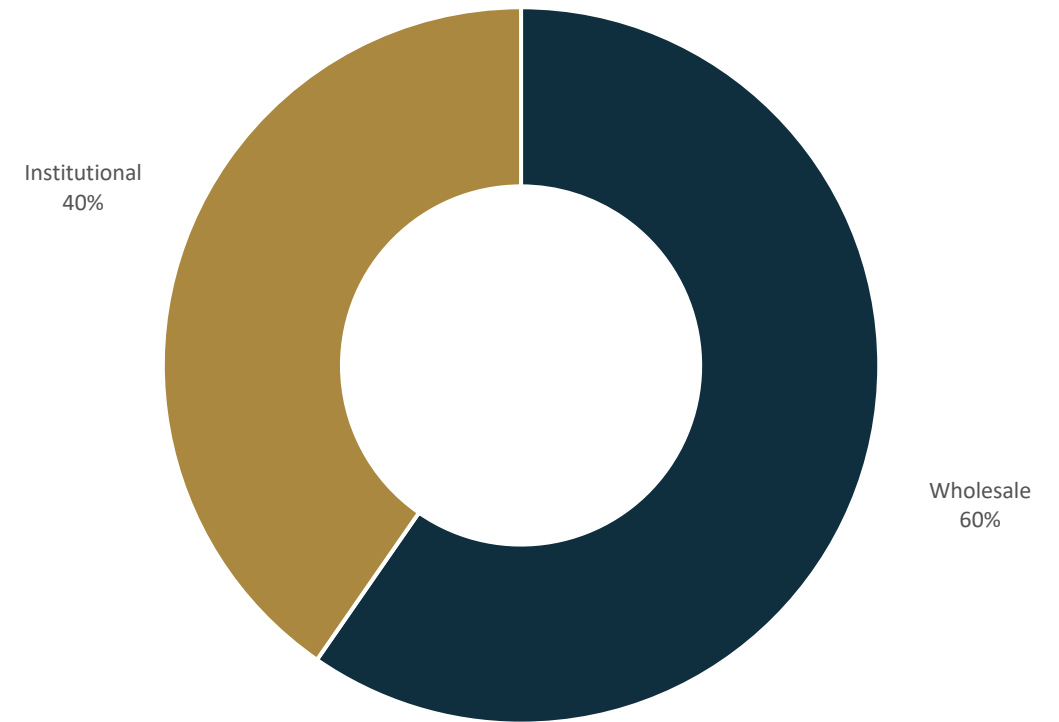


Channel flows in 2023

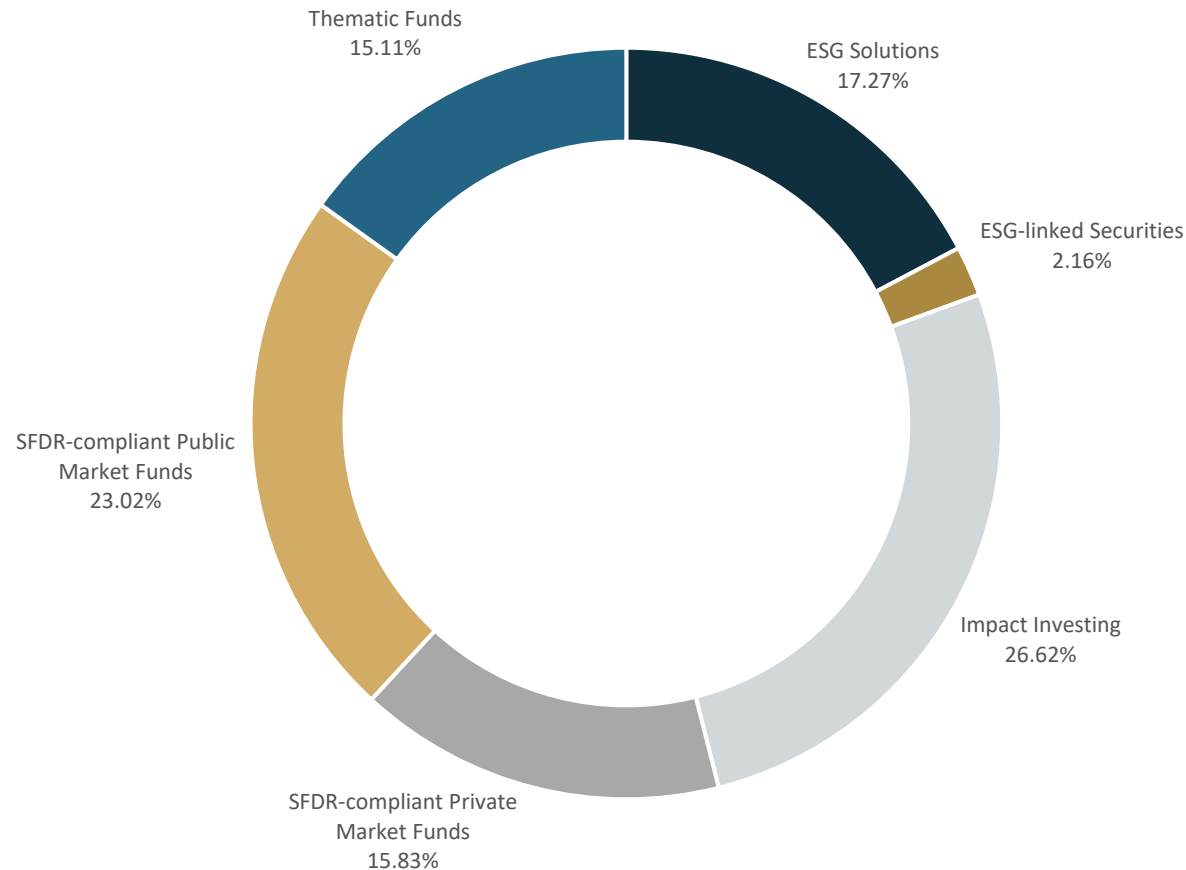
Expected channel inflows



Expected channel outflows

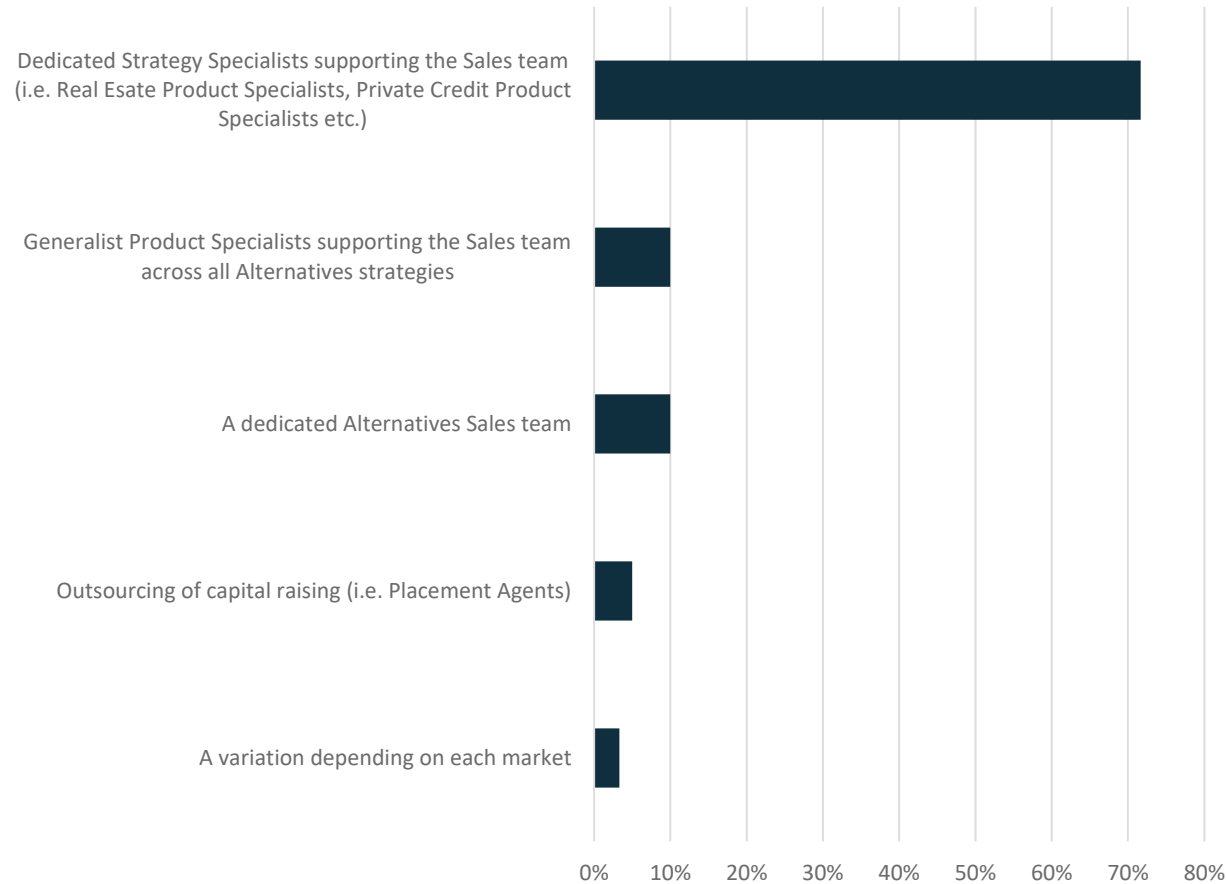


The future of sustainability in 2023



- ✘ Total ESG assets under management hit \$41 trillion in 2022.
- ✘ SFDR-compliant Public Market funds are most anticipated by respondents to be most popular in 2023. With the US share of the market growing to \$8.1 trillion in AUM, North America are catching up with Europe despite public backlash from some prominent Institutional investors.
- ✘ The expectation that Impact Investing will see strong demand in 2023 with strategic partnerships, acquisitions and collaborations on the rise. The rise of millennial investors and increased focus on the “S” in ESG influenced by macroeconomic events like Russia-Ukraine, has led to growth in the space.
- ✘ Climate change remains at the forefront of the ESG agenda and the proliferation of strong data and its providers over the past few years has led firms to launch Thematic strategies.
- ✘ ESG Solutions will be important firms focused on increasing their sustainability footprint. With regulation being a hot topic for ESG going into 2023, investors and competitor asset managers are looking to strong ESG players to leverage their solutions platforms.
- ✘ As private companies become more compliant with ESG practices, publishing relevant metrics and working to improve operating practices SFDR-compliant Private Funds are expected to be popular.
- ✘ 30% of respondents said that they would be increasing the ESG distribution capabilities to keep on top of these investor trends.

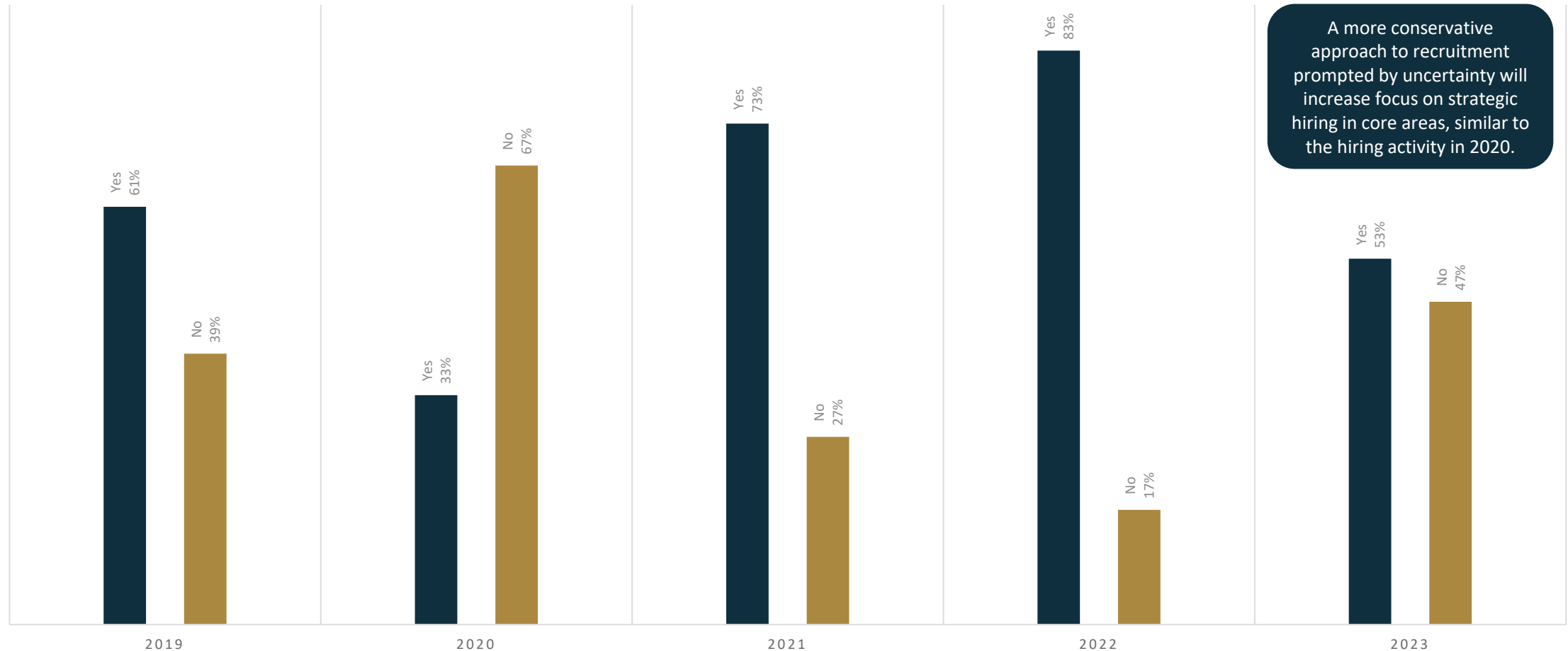
Selling Private Markets



- ✘ The asset management community appears to be closing in on a consensus when it comes to how to efficiently structure Private Market sales divisions.
- ✘ Our 2022 Distribution Barometer saw 21% of respondents favour a dedicated Alternatives Sales team, which has decreased to just 10% this year.
- ✘ There has been an increase in respondents who feel that outsourcing capital raising through placement agents or third-party marketers as more firms enter the market looking to boost their distribution capacity in a cost-effective fashion.
- ✘ An overwhelming majority of asset managers agree that dedicated strategy specialists working alongside the sales team is the most effective method that minimises political and/or structural issues.
- ✘ 66% of respondents said the intention was to leverage this team set up to access the Wholesale market and push for greater traction amongst Retail investors.

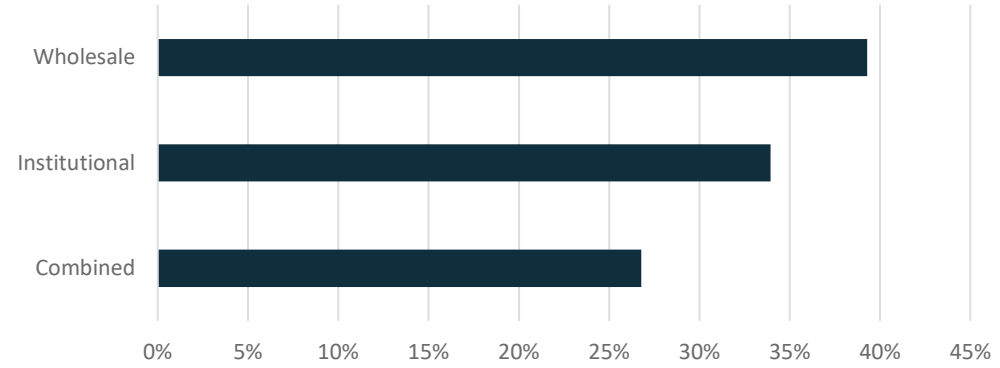
We expect hiring activity in 2023 to reflect the need to access the Wholesale channel for Private Markets

Does your team have plans to grow headcount?

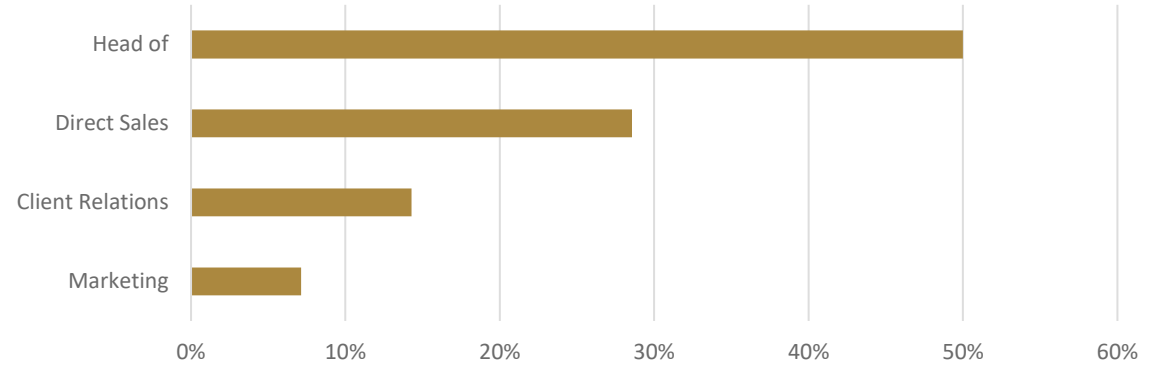


Hires in January 2023 – an indication of what's to come?

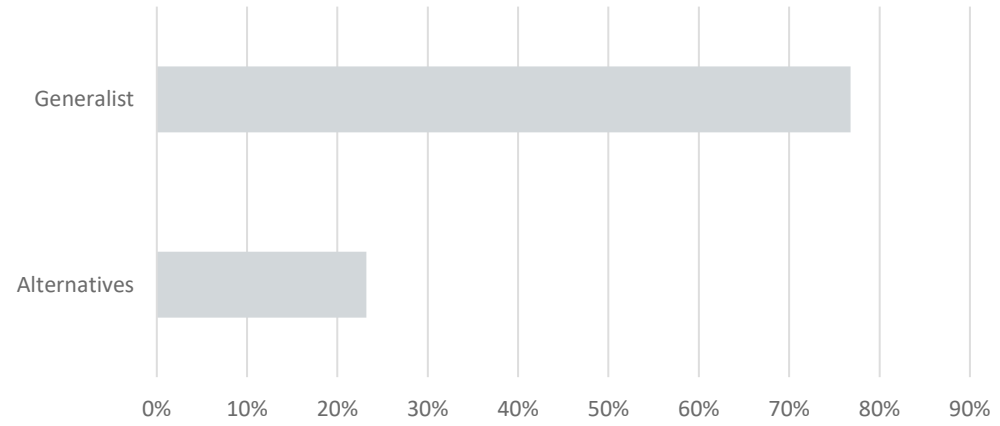
Hires by Channel Coverage



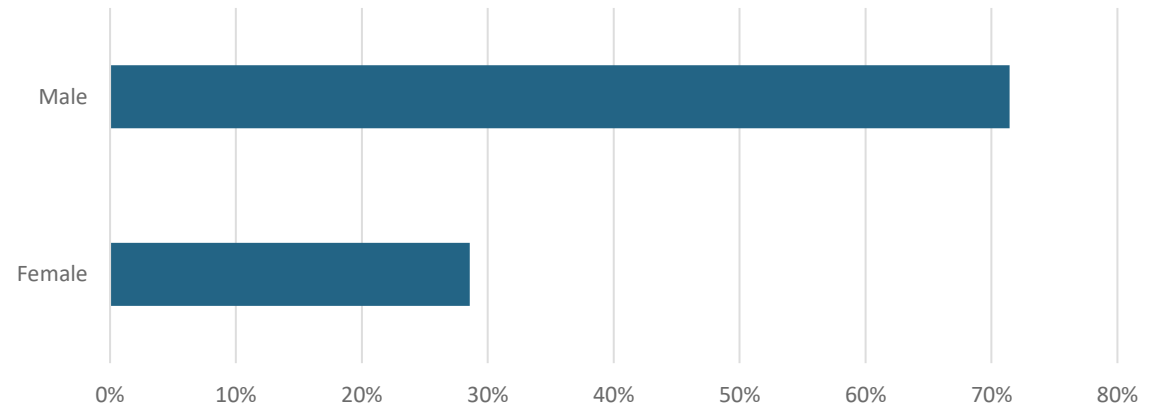
Hires by Job Function



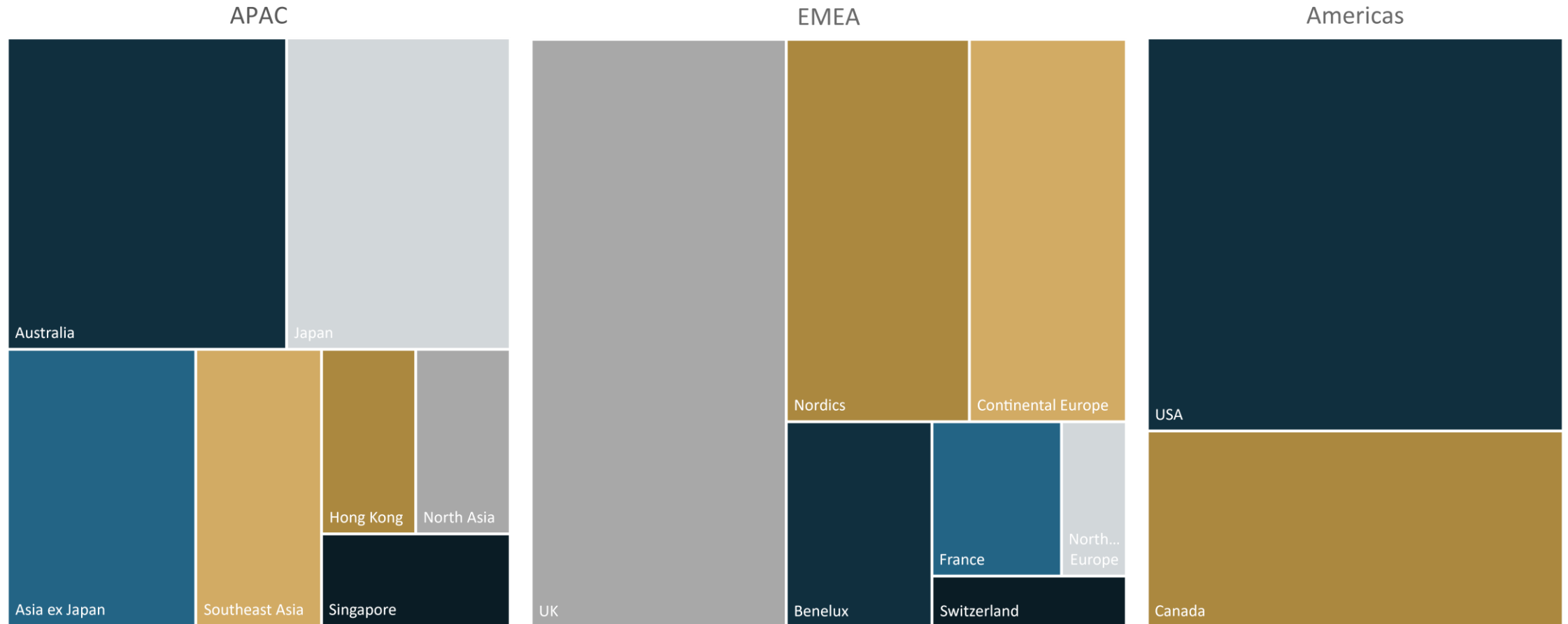
Hires by Product Coverage



Hires by Gender



Which countries/regions have seen the most hiring activity in January?



Staff turnover – why do senior management expect departures?



Decreased bonuses

Respondents expect that reductions in revenues amongst firms overexposed to public market strategies will lead to contracted bonus pools, encouraging loose staff to look externally.



Proliferation of competitor bids for talent

With hiring continuing to look like a candidates market, strong salespeople will on average be approached for 3-4 relevant roles with competitive packages and opportunities for growth.



Firm restructuring i.e. following a merger/acquisition

The trend of large-scale mergers and acquisitions continued well into 2022 which in some cases creates a culturally contrasting environment or duplicate roles, increasing flight risks.



Staff looking to relocate

Post-pandemic employers have made many concessions to retain staff, including the ability to work from home or from another country. Staff looking to prioritise their lifestyle see these firms as appealing.



Retirements/career breaks

Many veteran professionals saw the post-pandemic world as a good milestone to leave industry in favour of retirement. Similarly, more junior staff have decided to take breaks away from the industry.

Despite the narrative of impending departures 75% of respondents believe that turnover can be mitigated with effective measures.

How firms are expecting to combat key staff turnover

Culture

- XX Increased communication and aligned work-from-home practices
- XX Fostering an engaging work atmosphere that prioritises employee empowerment
- XX Flexible working
- XX Strong leaders that recognise talent
- XX Transparency on decision-making
- XX Strong DE&I practices

Personal Development

- XX Formal training and dynamic performance plans
- XX Individual accountability and autonomy
- XX Focus on empowerment and encouraging entrepreneurial behaviours
- XX Inspiring purpose in contributions

Career Progression

- XX Transparent routes for growth/promotion
- XX Opening pathways to cover new products/regions
- XX Lining up succession planning in advance
- XX Equity plans/LTIP schemes to encourage individual and firm success



Attracting new talent

54% of respondents are looking to increase headcount this year. In a candidate-driven market, the most common pull-factor motivations are being leveraged by senior management to entice the best talent:

-  Offering a broader/high quality product set
-  Displaying a strong company culture
-  Offering career growth
-  Articulating a compelling growth narrative
-  Offering more autonomy
-  Flexible working
-  Leveraging the existing brand reputation

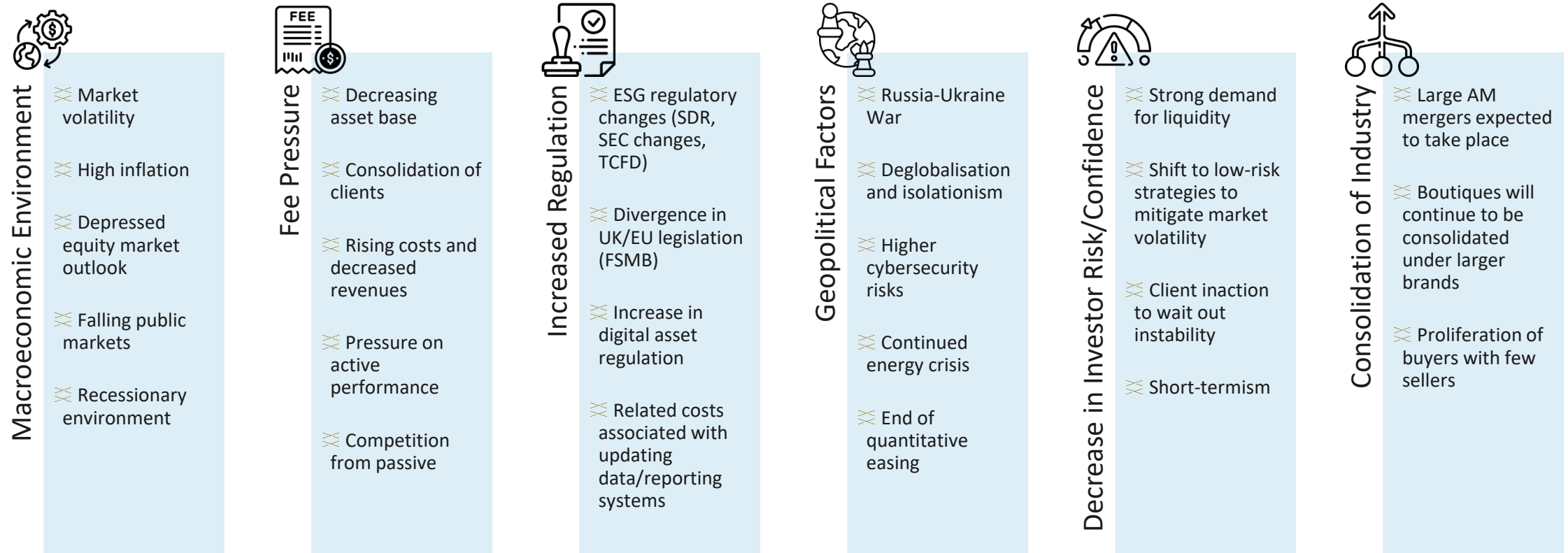
Focus on diversity & inclusion in 2023

	Gender	Race & Ethnicity	Social Mobility	Maternity, Paternity & Career Break Returners	LGBTQ+	Neurodiversity	Disability
Respondent Percentage	28% of respondents said they will focus on Gender diversity.	26% of respondents said they will focus on Race & Ethnic diversity.	13% of respondents said they will focus on Social Mobility.	12% of respondents said they will focus on Returners policies.	10% of respondents said they will focus on LGBTQ+ policies.	8% of respondents said they will focus on Neurodiversity.	4% of respondents said they will focus on Disability.
Diversity Project Member Policy Adoption Rate	50% have committed to one of more Gender strategy goals.	30% have committed to the key goals.	Over 50% have committed to one or more goals.	10 participating firms.	Diversity Project partnership with InterInvest and LGBTGreat	Training offered to Diversity Project Members.	30 member firms signed up to the Disability Confident government scheme.
Policy Goals	Close the Gender Pay Gap and develop a pipeline of female PMs. Achieve 50:50 male:female ratio in graduate recruitment.	Achieve 90% race and ethnicity diversity data disclosure within two years.	Support one or more social mobility leaver or graduate programmes with 80% of interns coming from state education.	Member firms to adopt 6 months paternity and maternity leave at 90% pay within five years.	To encourage awareness, allyship and role models.	Encouraging spaces for disclosure form neurodiverse individuals and engagement from senior management.	Raising awareness of challenges experienced in the workplace and creating pathways into the investment industry, looking at mentoring/ongoing support


Source: The Diversity Project

97% of respondents say that they will have an active focus on improving Diversity & Inclusion on the sales team

Key challenges for asset management going into 2023



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Magellan Advisory Partners contributors.

Editorial: Prem Panesar, James Smith, Hannah Kempster

Creative: Prem Panesar

Research & Data: Prem Panesar, Andrew Lavelle

Senior Distribution Consultant: James Smith

About Magellan Advisory Partners

Magellan was formed in 2019 as a global Asset Management Executive Search and Advisory business, with offices in Europe, Asia, and North America. Harnessing over 77 years of sector-specific experience, capabilities span Executive Search, Strategic Advisory, and M&A operations. By leveraging industry insight, Magellan identify and resolve clients' fundamental business needs, improving efficiency, enhancing performance, and supporting corporate growth.

Magellan Advisory Partners is registered in England and Wales with registered number 11966785 and its registered office at 3 Wellington Place, Leeds, West Yorkshire, United Kingdom, LS1 4AP.

Contact Us

London Office:

200 Aldersgate Street
London
EC1A 4HD

+44 (0) 20 7183 5080

New York Office:

1330 Avenue of the Americas
Suite 23A
New York, NY 10019

+1 212 653 0397

Hong Kong Office:

The Hong Kong Club Building
3A Charter Road,
Central Hong Kong

+852 3125 2515

www.magellanap.com
