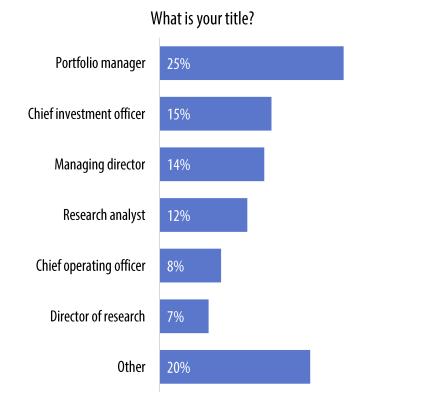
### FUTURE OF THE INVESTMENT PROFESSION

### GLOBAL SURVEY RESPONSES

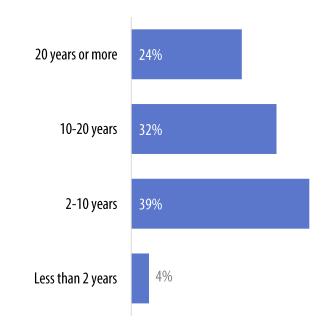




#### RESPONSES FROM 1,145 SENIOR INVESTMENT DECISION MAKERS WORLDWIDE

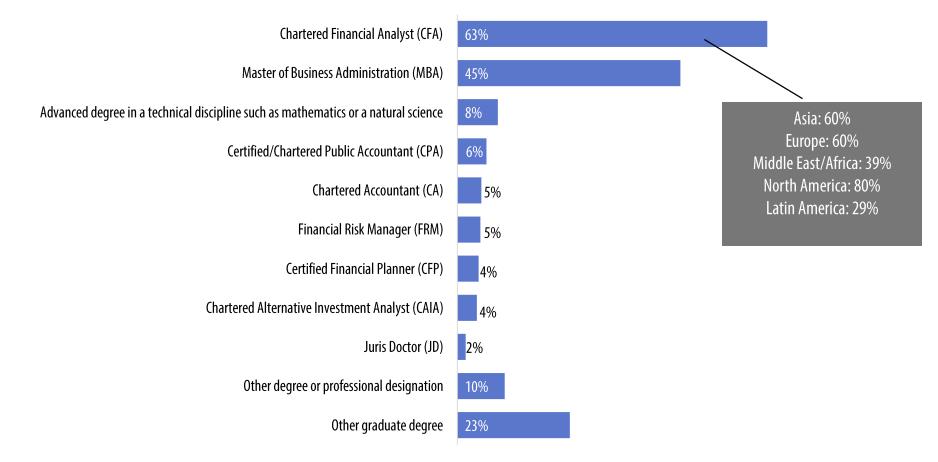


### For how many years have you worked as an investment management professional?



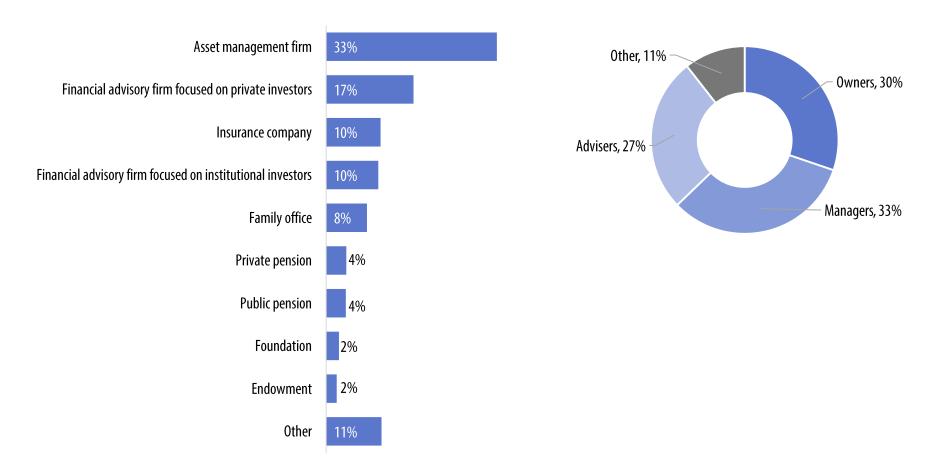
## STRONG REPRESENTATION FROM CFA CHARTER HOLDERS

#### Do you hold any of the following credentials?

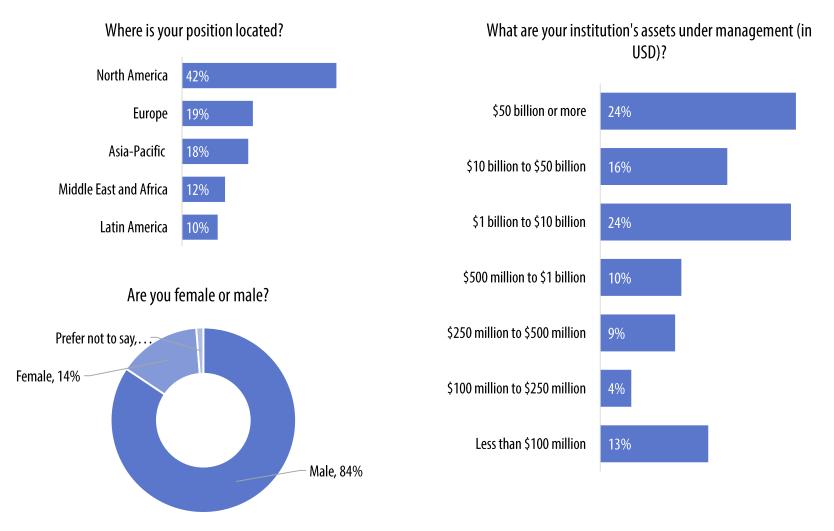


## **BROAD RANGE OF INSTITUTION TYPES**

What type of institution do you work for?



### GLOBAL COVERAGE, DOMINATED BY NORTH AMERICA



### **SKILLS FOR THE FUTURE**

# SKILLS TO DETERMINE EXECUTIVE SUCCESS

Which of the following skills will be more important for the success of institutional leaders in 5-10 years?

CIOs/PMs CEOs of AMs CEOs of AOs Ability to articulate a compelling vision for the institution 36% 49% 40% Relationship-building skills 35% 38% 34% Specialized financial analysis skills 20% 31% 35% Ability to instill a culture of ethical decision making 30% 37% 38% Understanding of corporate governance/regulations 25% 28% 39% Sophisticated knowledge of IT 25% 12% 13% 10% Knowledge of science, engineering, and mathematics 24% 10% Crisis management skills 23% 27% 29% Consultative selling skills 23% 23% 17% International and cross-cultural skills 15% 21% 20%

Skills that will be most important for the success of...

# SOFT SKILLS EMERGE AS SOURCES OF EXECUTIVE SUCCESS

Which of the following skills will be more important to the success of institutional leaders in 5-10 years?

	CIOs/PMs		CEOs of AMs		CEOs of AOs	
	Rank	%	Rank	%	Rank	%
Ability to articulate a compelling vision for the institution	1	36%	1	49%	1	40%
Relationship-building skills	2	35%	2	38%	4	34%
Specialized financial analysis skills	3	35%	8	20%	5	31%
Ability to instill a culture of ethical decision making	4	30%	3	38%	3	37%
Sophisticated knowledge of IT	5	25%	9	12%	9	13%
Understanding of corporate governance/regulations	5	25%	4	28%	2	39%
Knowledge of science, engineering, and mathematics	7	24%	10	10%	10	10%
Consultative selling skills	8	23%	6	23%	8	17%
Crisis management skills	9	23%	5	27%	6	29%
International and cross-cultural skills	10	15%	7	21%	7	20%

## SKILLS FOR CIO/PM SUCCESS—THE REGIONAL VIEW

Which of the following skills will be more important to the success of CIOs/portfolio managers in 5-10 years?

	All	Asia-Pacific	Europe	North America	Middle East and Africa	Latin America
Ability to articulate a compelling vision for the institution	36%	31%	31%	42%	32%	34%
Relationship-building skills	35%	32%	32%	35%	41%	45%
Specialized financial analysis skills	35%	41%	44%	31%	27%	31%
Ability to instill a culture of ethical decision making	30%	36%	19%	34%	26%	23%
Understanding of corporate governance/regulations	25%	24%	29%	22%	30%	22%
Sophisticated knowledge of IT	25%	26%	24%	19%	34%	34%
Knowledge of science, engineering, and mathematics	24%	22%	26%	23%	24%	27%
Consultative selling skills	23%	23%	22%	20%	27%	36%
Crisis management skills	23%	27%	26%	14%	34%	32%
International and cross-cultural skills	15%	17%	23%	12%	14%	15%
	1					

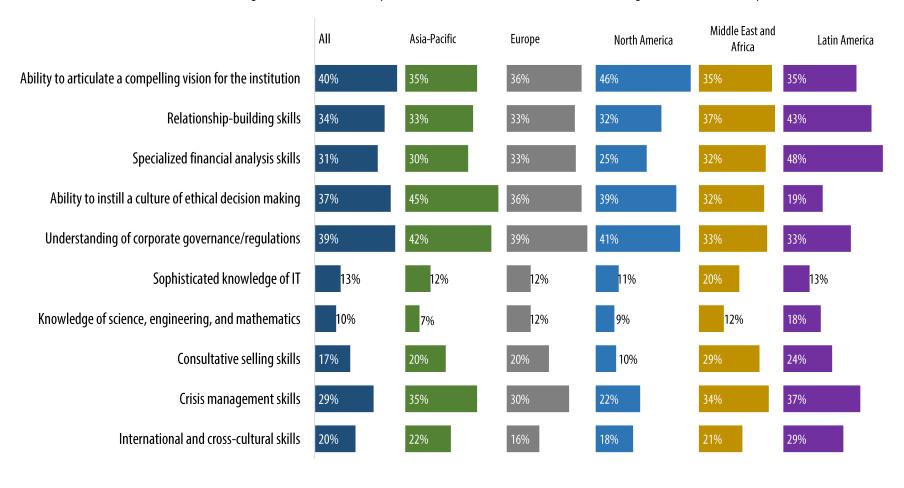
## SKILLS FOR ASSET MANAGER CEO SUCCESS—THE REGIONAL VIEW

Which of the following skills will be most important to the success of CEOs of asset management firms in 5-10 years?

	All	Asia-Pacific	Europe	North America	Middle East and Afri	ca Latin America
Ability to articulate a compelling vision for the institution	49%	40%	46%	61%	40%	32%
Relationship-building skills	38%	40%	39%	35%	40%	42%
Specialized financial analysis skills	20%	26%	22%	9%	34%	36%
Ability to instill a culture of ethical decision making	38%	38%	33%	44%	34%	27%
Understanding of corporate governance/regulations	28%	31%	29%	27%	25%	31%
Sophisticated knowledge of IT	12%	12%	14%	10%	17%	15%
Knowledge of science, engineering, and mathematics	10%	10%	11%	6%	15%	22%
Consultative selling skills	23%	26%	23%	21%	21%	26%
Crisis management skills	27%	31%	29%	18%	37%	39%
International and cross-cultural skills	21%	24%	21%	15%	27%	28%

## SKILLS FOR SUCCESS FOR ASSET OWNER CEOS—THE REGIONAL VIEW

#### Which of the following skills will be most important to the success of CEOs of asset owning institutions in 5-10 years?

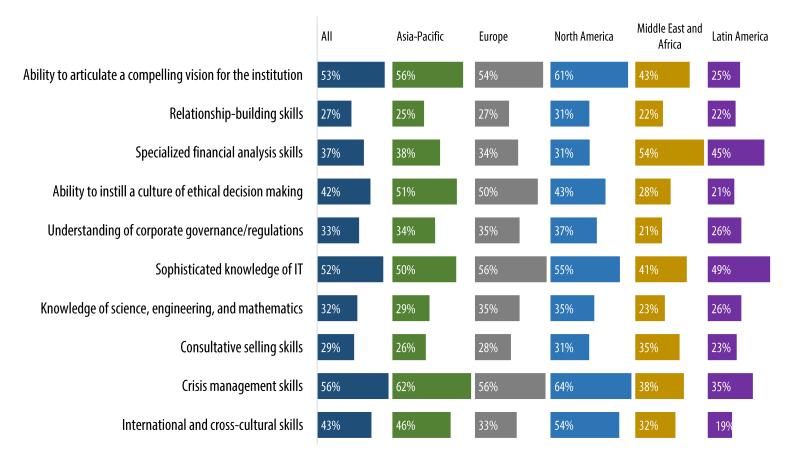


### MOST IMPORTANT SKILLS ARE OFTEN HARD TO FIND

		hat will be ant for the	most success of	How available are each of the following skills in the labor pool of prospective employees?						
	CIOs/ PMs	CEOs of AMs	CEOs of AOs	Very hard Somev to find		Somewhat	what hard to find Some		what availab	e Readily Available
Ability to articulate a compelling vision for the institution	1	1	1	1	8%	35	5%		36%	11%
Relationship-building skills	2	2	4	4%	23%		53	%		20%
Specialized financial analysis skills	3	8	5	4%	33	3%		43%		20%
Ability to instill a culture of ethical decision making	4	3	3	11%		31%		43%		15%
Sophisticated knowledge of IT	5	9	9	14	%	38%	)		38%	10%
Understanding of corporate governance/regulations	6	4	2	4%	299	%		51%		16%
Knowledge of science, engineering, and mathematics	7	10	10	8%	24	1%	36%			32%
Consultative selling skills	8	6	8	4%	25%		48	%		23%
Crisis management skills	9	5	6	1	8%	3	8%		32%	12%
International and cross-cultural skills	10	7	7	119	5	32%		36%		21%

## MOST IMPORTANT SKILLS ARE OFTEN HARD TO FIND—THE REGIONAL VIEW

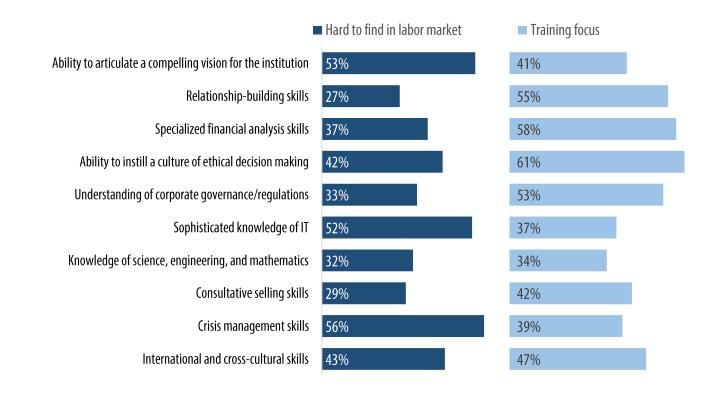
How available are each of the following skills in the labor pool of prospective employees?



Percentage of respondents selecting "very hard to find" or "somewhat hard to find"

## A SOLID MAJORITY CALLS FOR INCREASED TRAINING ON ETHICAL DECISION MAKING

### Over the next 5-10 years, which of the following skills should employers cultivate through structured training programs with their new employees?



## TRAINING PRIORITIES—THE REGIONAL VIEW

Over the next 5-10 years, which of the following skills should employers cultivate through structured training programs with their new employees?

	All	Asia-Pacific Europe North America Middle East a		Middle East and A	and Afridaatin America	
Ability to articulate a compelling vision for the institution	41%	45%	38%	36%	44%	55%
Relationship-building skills	55%	55%	46%	56%	53%	73%
Specialized financial analysis skills	58%	63%	60%	49%	63%	75%
Ability to instill a culture of ethical decision making	61%	70%	55%	59%	60%	65%
Understanding of corporate governance/regulations	53%	55%	56%	48%	58%	61%
Sophisticated knowledge of IT	37%	38%	40%	32%	42%	45%
Knowledge of science, engineering, and mathematics	34%	31%	30%	26%	49%	59%
Consultative selling skills	42%	39%	45%	38%	51%	50%
Crisis management skills	39%	48%	39%	29%	51%	53%
International and cross-cultural skills	47%	53%	49%	33%	66%	72%

## STRATEGIC THREATS AND OPPORTUNITIES FOR THE INDUSTRY

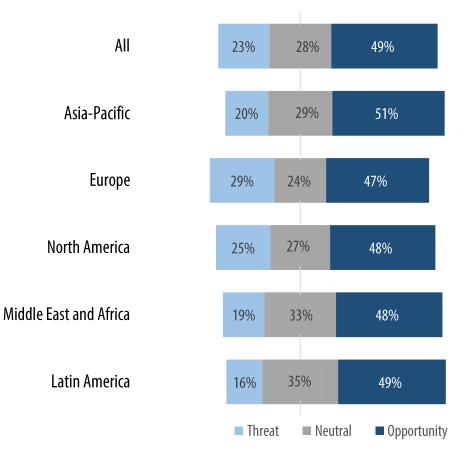
### RESPONDENTS HAVE A POSITIVE VIEW OF TECHNOLOGY'S EFFECT ON THEIR CAREERS...

In the next 5-10 years, new information technology in the investment management industry will . . .



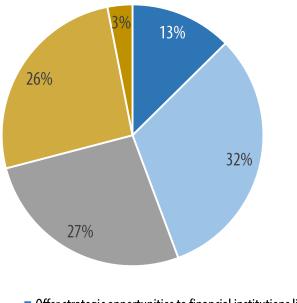
Pose a threat to the employment of professionals like me (1)

New IT poses a professional threat or opportunity?



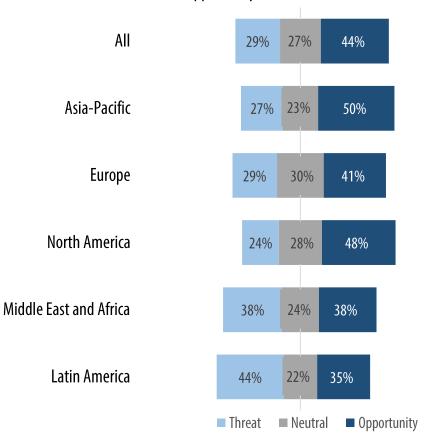
#### ...AND ON THEIR FIRMS

In the next 5-10 years, new information technology in the investment management industry will ...



- Offer strategic opportunities to financial institutions like mine (5)
- **4**
- Neutral (3)
- 2
- Pose a strategic threat to financial institutions like mine (1)

### New IT in the investment management industry poses a strategic threat or opportunity to firms?

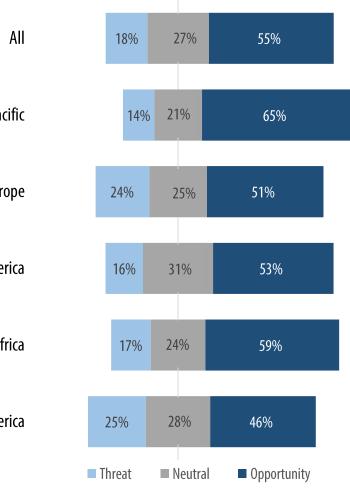


### RESPONDENTS HAVE A POSITIVE VIEW OF GLOBALIZATION'S IMPACT ON THEIR PROFESSION...

Globalization in the investment management industry poses a professional threat or opportunity?

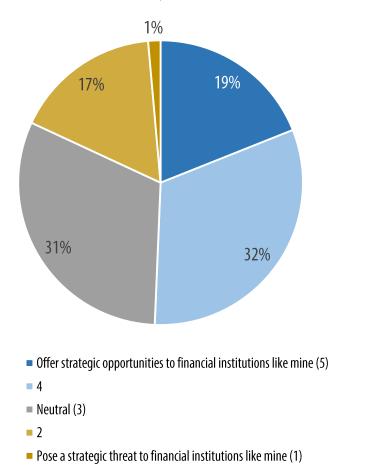
In the next 5-10 years, globalization in the investment management industry will ... All 2% 17% 16% Asia-Pacific Europe 27% North America 38% Middle East and Africa Offer new opportunities for professionals like me (5) **4** Latin America Neutral (3) 2

Pose a threat to the employment of professionals like me (1)

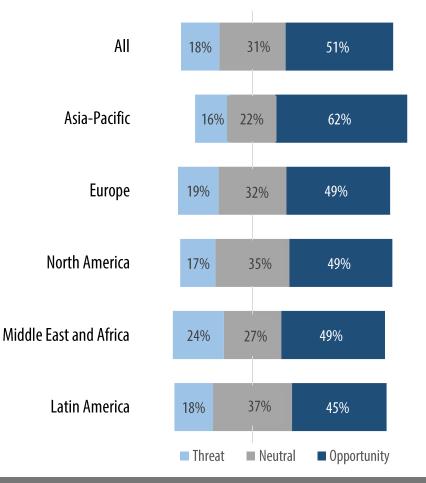


#### GLOBALIZATION WILL ALSO BENEFIT FIRMS

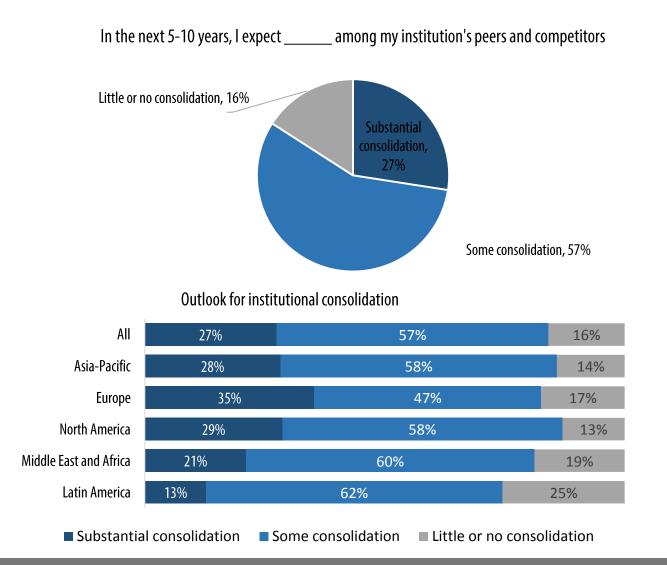
In the next 5-10 years, globalization in the investment management industry will ...



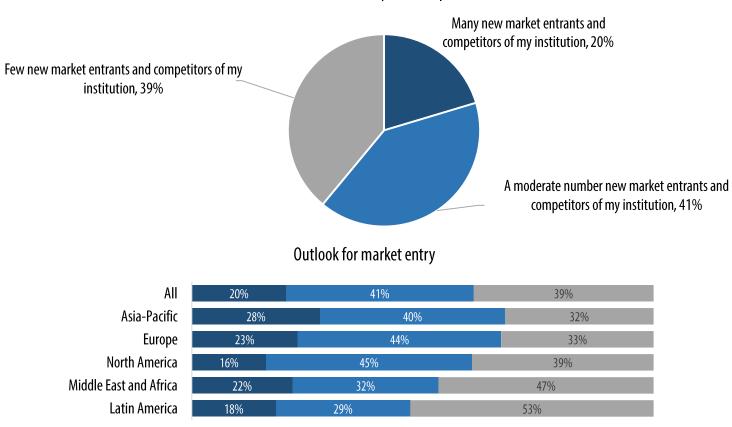
Globalization in the investment management industry is a threat or an opportunity to firms?



## CONSOLIDATION, NOT FRAGMENTATION, OVER THE NEXT 5-10 YEARS



## AMID CONSOLIDATION OF INCUMBENTS, FEW NEW MARKET ENTRANTS



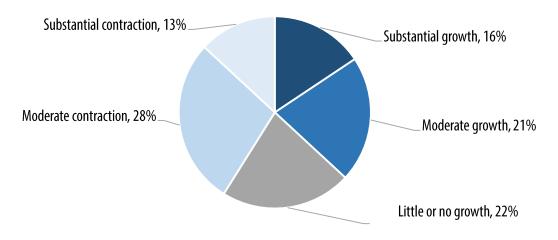
In the next 5-10 years, I expect...

Many new market entrants and competitors of my institution

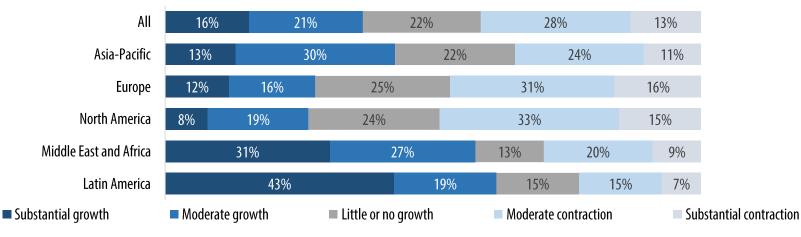
- A moderate number new market entrants and competitors of my institution
- Few new market entrants and competitors of my institution

#### MORE THAN 60% OF RESPONDENTS FORESEE FLAT OR CONTRACTING MARGINS AT ASSET MANAGEMENT FIRMS

In the next 5-10 years, I expect \_\_\_\_\_ in profit margins among asset management firms



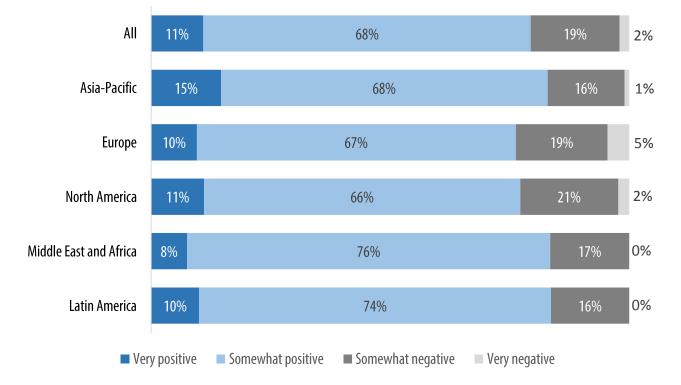
Outlook for asset manager profit margins



### THE BIG PICTURE

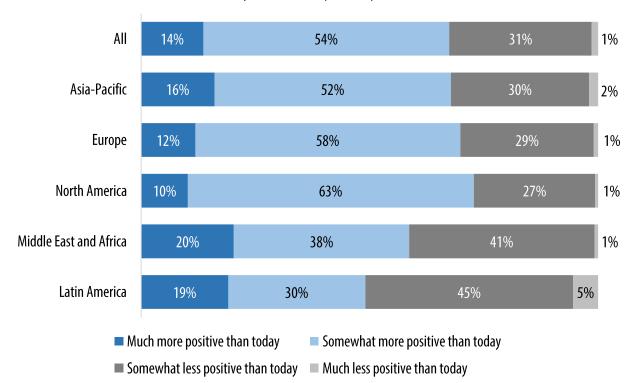
### RESPONDENTS SEE A MILDLY POSITIVE CONTRIBUTION FROM THE PROFESSION TODAY

### The investment management profession's current impact on society is...



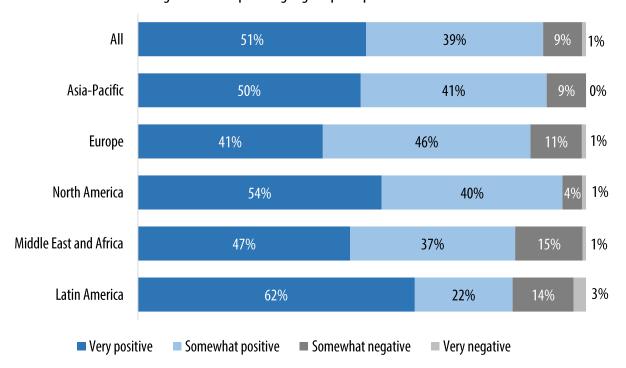
# THEIR OUTLOOK FOR THE PROFESSION'S CONTRIBUTION IN THE FUTURE IS MORE POSITIVE...

The investment management profession's future impact on society is likely to be...



## ...CONTINGENT ON "INCORPORATING HIGHER PRINCIPLES."

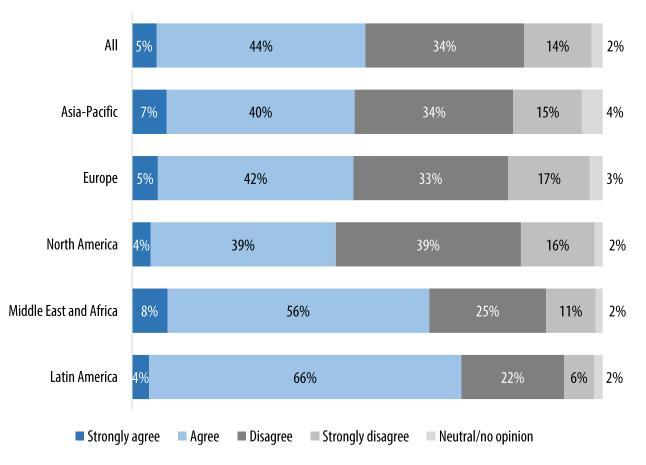
The investment management profession's potential impact on society contingent on incorporating higher principles could be...



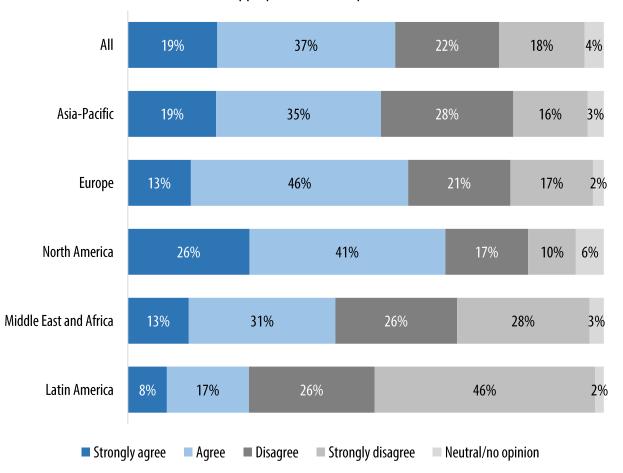
### THE ROAD AHEAD

#### NEARLY ONE-HALF OF RESPONDENTS QUESTION THE VALUE DELIVERED IN RETURN FOR ASSET MANAGEMENT FEES

Asset management fees generally reflect the value provided to clients



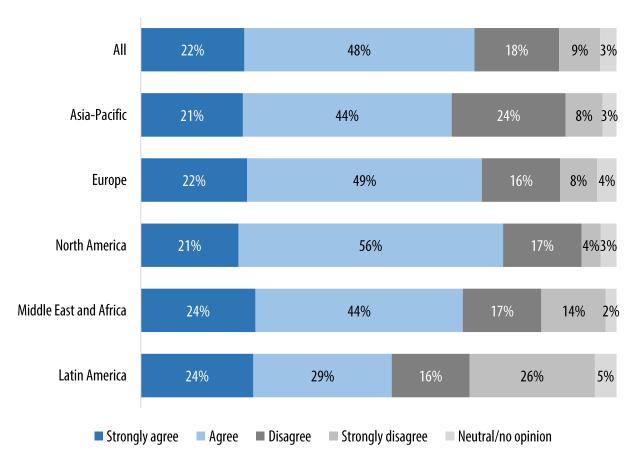
## THE SALE OF INAPPROPRIATE PRODUCTS IS COMMONPLACE



Clients are often sold inappropriate financial products

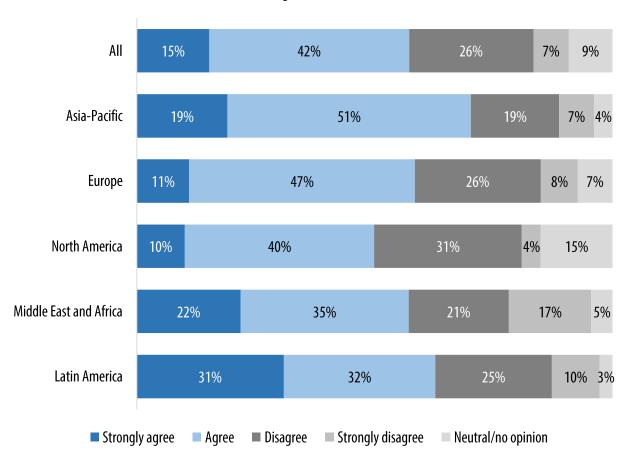
### MIGRATION TO PASSIVE INVESTMENT STRATEGIES IS LIKELY TO CONTINUE

### Investors will continue to increase their allocations to passive investment vehicles over the next 5-10 years



#### INSOURCING INVESTMENT MANAGEMENT MAY POSE A THREAT TO ASSET MANAGERS

### Institutional investors will look to reduce costs by insourcing more investment management activities



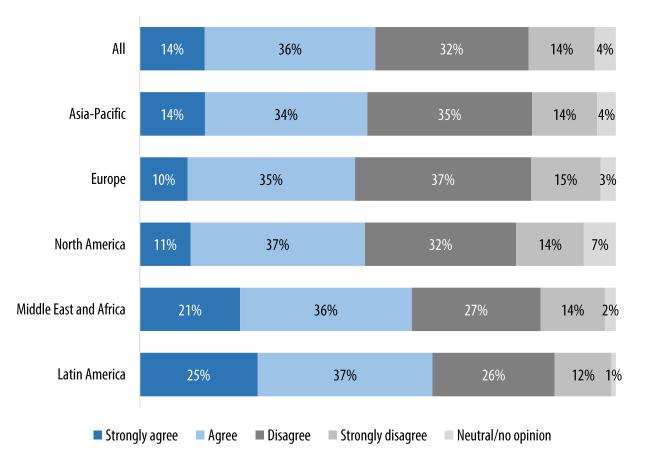
### RESPONDENTS ENDORSE CURRENT REGULATORY SCHEMES

#### All 21% 39% 26% 11% 3% Asia-Pacific 39% 26% 15% 3% 18% Europe 11% 3% 20% 45% 21% North America 21% 41% 31% 4%4% Middle East and Africa 26% 31% 19% 3% 22% Latin America 24% 27% 21% 25% 4% Strongly agree Agree Disagree Strongly disagree Neutral/no opinion

Financial markets/investment management are being regulated effectively

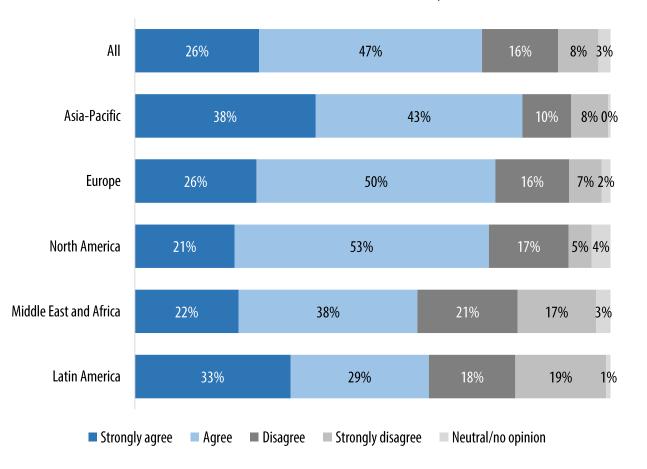
#### RESPONDENTS FROM THE MIDDLE EAST, AFRICA, AND LATIN AMERICA EXPECT POSITIVE CONTRIBUTIONS FROM FINANCIAL MARKET ACTIVITY

### Over the next 5-10 years, financial markets and capitalism will contribute to increasing economic equality



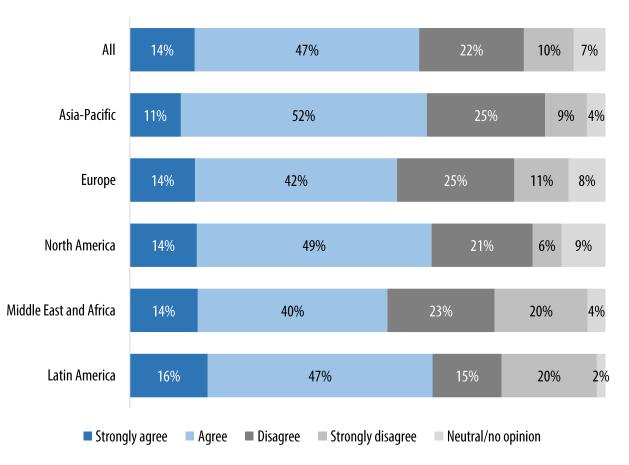
# ESG FACTORS WILL BE INCREASINGLY IMPORTANT TO INVESTORS IN THE YEARS AHEAD

Environmental, social, and governance factors will become increasingly important to investment decision makers in the next 5-10 years



# THE RETURN TO A MORE NORMAL ECONOMIC ENVIRONMENT WILL BE GRADUAL

Meaningful increases in interest rates, economic growth, the equity-risk premium, and other macroeconomic indicators will occur in the next 5-10 years



## ASIA'S INFLUENCE IS EXPECTED TO GROW IN THE NEXT 5-10 YEARS

### Financial centers in Asia will have increasing influence in the investment industry in the next 5-10 years

