



Stability is Most Important for Institutional Investors

March 23, 2011 --- According to Cogent Research, institutional investors are more concerned about an asset manager's stability than its performance record. ---

The report, *Institutional Investor Brandscape*, says that when asked to rate the importance of thirteen variables impacting the decision of whether or not to work with a specific asset manager, attributes related to returns fall in the top tier. These include factors such as investment philosophy, investment performance, investment team, and risk management practices.

However, organizational stability, which can relate both to concrete metrics, as well as subjective perceptions of the brand, tops the list at 88%.

Making up the second tier of attributes are a set of factors that fall squarely within the realm of brand perceptions, including brand reputation, recommendations from trusted advisers, and thought-leadership. Also included in the Tier 2 consideration factors are fees/fee structure, a clear indication that even institutional investors can be price sensitive in the days of lower overall returns. By contrast, very few institutional investors consider third-party external ratings or product innovation as important criteria when choosing an asset manager, according to the report.

Out of 38 leading asset managers included in the Cogent Research study, 10 rise to the top, having developed strong brand equity. These brands perform best on a weighted index that takes the core elements of a brand under consideration (i.e., awareness, favorability, and perceptions on critical brand attributes).

They are:

- PIMCO
- Vanguard
- BlackRock
- T. Rowe Price
- Goldman Sachs Asset Management
- J.P. Morgan Asset Management
- Morgan Stanley Investment Management
- Janus Capital
- Dodge & Cox
- Franklin Templeton Investments

“Our study clearly puts to rest the debate about whether brand matters in the institutional space,” said Christy White, principal at Cogent Research. “Throughout the study, we see evidence of managers that have fallen short on performance expectations or service in the recent past, receiving high overall favorability scores, and minimal attrition rates – that’s brand equity in action.”

The report examines the attitudes and behaviors of senior-level institutional professionals based on a survey of 590 institutions with a minimum of \$20 million in assets. Rebecca Moore