



Institutional Investors Looking Beyond Performance in Selecting Asset Managers

Cambridge, Mass., (Wednesday, March 23, 2011) – According to Cogent Research, gaining assets from institutional investors is no longer a performance-only game. Other variables, including subjective attributes like reputation, and even practical attributes like fees charged are critical to institutional investors when selecting an asset manager. These and other findings are included in a new report, *Institutional Investor Brandscape™*, recently published by Cogent Research. The report which examines the attitudes and behaviors of senior-level institutional professionals is based on a survey among a representative sample of 590 institutions with a minimum of \$20 million in assets.

When asked to rate the importance of thirteen separate variables impacting the decision of whether or not to work with a specific asset manager, attributes tied 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 advisors, and thought-leadership. “Performance has become table stakes,” said Christy White, Principal of Cogent Research. “Brand is how asset managers can differentiate themselves, not only so they can get a seat at an increasingly crowded table, but to limit their losses when performance or service-related issues arise ,” said Christy White, Principal of Cogent Research.

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.

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IMPORTANCE OF CRITERIA IN SELECTING ASSET MANAGERS

<i>Tier 1: Table Stakes Attributes:</i>	<i>Tier 2: Differentiators:</i>	<i>Tier 3: Non-differentiators:</i>
Organizational stability	Recommendation from consultant, advisor, or peer	Service and support model
Investment philosophy	Research/thought leadership	Relationship management
Investment performance	Fees/fee structure	Third party external ratings (e.g., Morningstar, Fitch, etc.)
Investment team	Brand and reputation of the firm	Product innovation
Portfolio / risk management practices		

Source: Cogent Research, Institutional Investor Brandscape: 2010™

Which brands have managed to develop the strongest brands, and build the most equity among institutional investors? Out of 38 leading asset managers included in the Cogent Research study, 10 rise to the top, having developed strong brand equity which is clearly becoming more critical to growth and retention in the institutional marketplace. 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.)

TOP 10 BRANDS AMONG INSTITUTIONAL INVESTORS (BASED ON BRAND EQUITY)

- 1 PIMCO
- 2 Vanguard
- 3 BlackRock
- 4 T. Rowe Price
- 5 Goldman Sachs Asset Management
- 6 J.P. Morgan Asset Management
- 7 Morgan Stanley Investment Management
- 8 Janus Capital
- 9 Dodge & Cox
- 10 Franklin Templeton Investments

Source: Cogent Research, Institutional Investor Brandscape: 2010™

“Our study clearly puts to rest the debate about whether brand matters in the institutional space,” said White. “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.”

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About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services, life sciences, and consumer goods industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

Media Contact: Valerie Small, (617) 715-7637, vsmall@kogentresearch.com
Cogent Research, 125 CambridgePark Drive, Cambridge, MA 02140 www.kogentresearch.com

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