

2023 AIMSE Annual Conference

Consultant Relations Bootcamp

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Consultant Relations Coverage Models

- Coverage models varied WIDELY
 - Dedicated consultant relations (CR) teams cover:
 - Both research and field consultants
 - Research only (field consultants covered by sales and service)
 - Region (East Coast, all firms)
 - Tier one firms nationally (Callan in NJ, Chicago, Atlanta, Denver, SF, etc.)
 - Hybrid coverage where marketers cover prospects and consultants
 - Multi-boutique firms with internal boutiques covering only their brand
- Align internally with the same message across distribution
- Most consultant firms now cover multiple client channels

Consultants' Evolving Business Models

- Discretionary Management and OCIO
 - Revenue from OCIO AUM is significant at **dozens** of consultant firms
- Multiple revenue sources
 - Institutes
 - Wealth channel and retail clients
 - DC
 - Non-Profit
 - Pensions
 - Insurance
- Ownership Structures
 - Privately held consultant firms have expanded shareholders
 - Privately held firms with majority owner
 - Expansion through acquisition



Consultant Utilization Trends

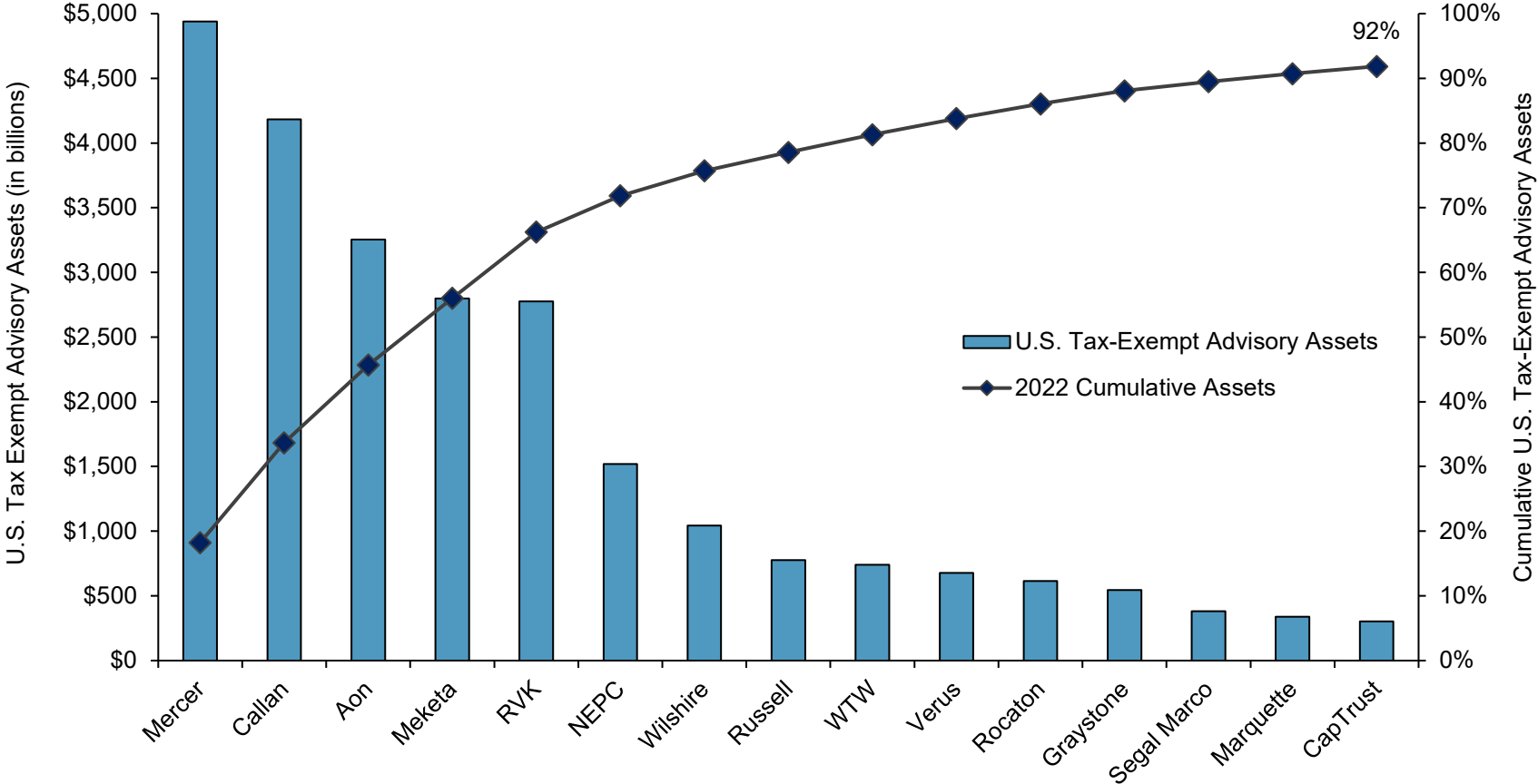
Global Institutional Investor Research 2022



April 2023

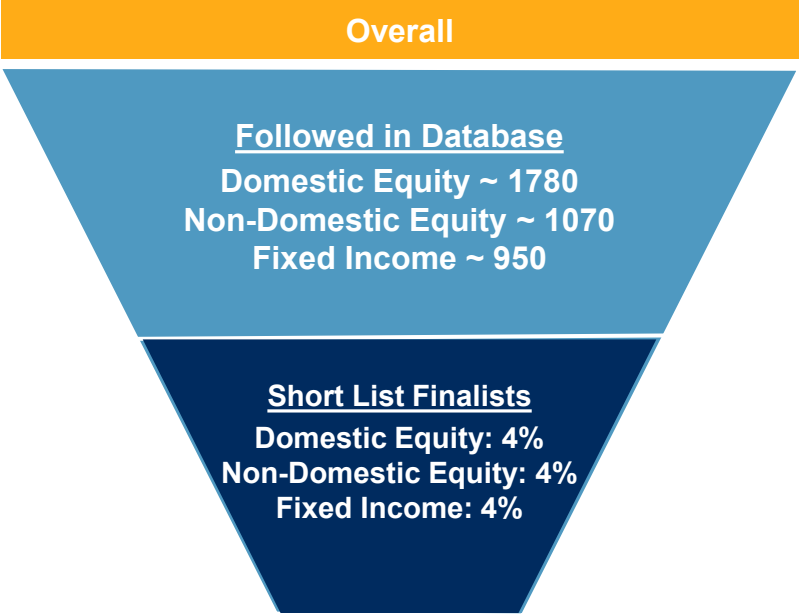
Largest Investment Consultants in the U.S.

The top 15 investment consultants collectively advise nearly 92% of U.S. institutional tax exempt advisory assets.



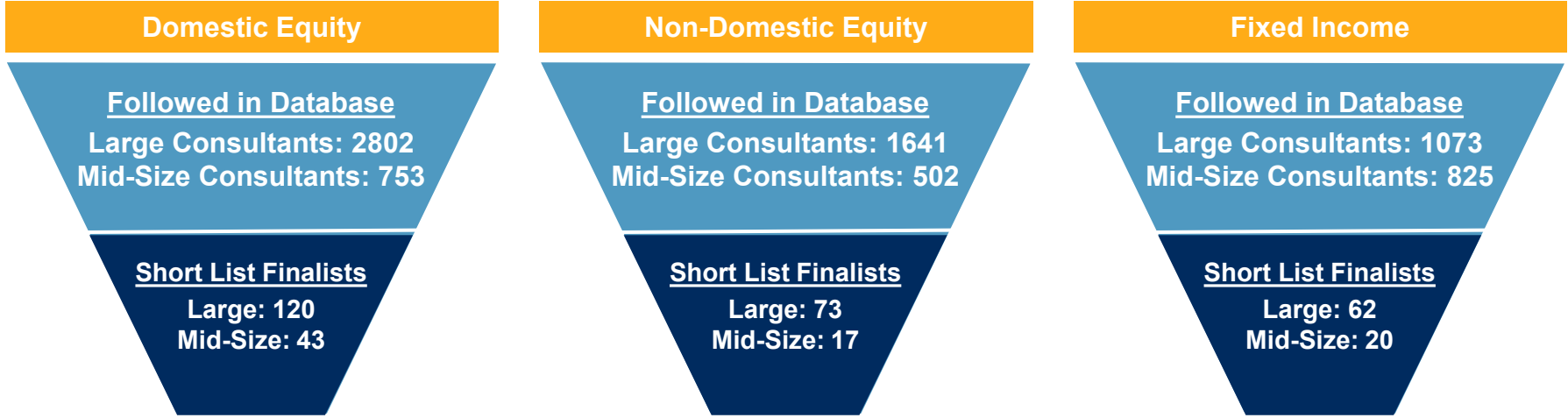
Source: 2022 P&I Investment Consultants Special Report; Coalition Greenwich analysis.

Manager Selection Funnel



Source: Coalition Greenwich Voice of Client - 2022 U.S. Investment Consultant Study

Manager Selection Funnel



Managers Shortlisted by:

Large Consultants	4%	4%	6%
Mid-Size Consultants	6%	3%	2%

Source: Coalition Greenwich Voice of Client - 2022 U.S. Investment Consultant Study
 Note: Consultant size based on 2022 P&I Investment Consultants Special Report.

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How to Optimize Your Role

- Scheduling inefficiencies
 - Modified WFH policy—throwing a curve ball into stacking meetings for a productive day in a city
- Where has the relationship gone?
 - Less casual interactions with consultants
 - The formality of informality! While everything feels informal, is it really?
 - Much harder to build new relationships over ZOOM! Fatiguing, less personable, sometimes awkward
 - We are in a de-personalized world—fewer opportunities for those casual conversations and opportunities to get to know someone
- How can you get that in-person meeting!?
 - Know your product and positioning
 - Do the lift for the research person—positioning, style, performance, demand, fit
 - Perseverance! Follow-through!

Leveraging Tools

■ Tool Benefits

- Upcoming searches, market flows, analysis of clicks, directories of contacts, plan sponsors & consultants docs

News

Ignites
FundFire
P&I
FinDaily
CityWire
Chief Investment Officer
Business Insider

Directories

MMD
IC Research
MandateWire
Preqin
FinSearches
Pitchbook
FINTRX

Portfolio Positioning

eVestment Market Lens
MandateWire
Investment Metrics "Characteristics"
Callan PEP
FinSearches Documents

■ How to effectively position your Firm

- Competitor intelligence: research the **buy rated managers** of each product, per consultant
- Know competitors' firm headlines, style drift, year product added to specific consultant buy list (if only 1-3 yrs, too early to remove)

■ Intellectual Capital

- White papers, podcasts, views on market shocks—deliver via email, LinkedIn, your firm's website

■ Timely data more important than ever!

Ratings

- Formal Approved List or Customized per Search?
- Influential or Informative
 - (long, long lists vs. focus lists)
- Disclosed or Revealed Preference?
- Factors to earn positive ratings:
 - Demand (Product in demand with consultants' clients)
 - Harder to get a buy rating if the asset class or style is not in demand in client portfolios
 - Macro (Firm Level)
 - Firm stability, ownership, culture, compensation
 - Strategy: is the firm targeted, clear, or scattered
 - Focused on their clients or their share price? Investment focused vs. asset gatherers
 - Micro (Product Assessment)
 - Process (repeatable, understandable, explainable to other)?
 - People (investment team chemistry, tenure)
 - Performance (as it illustrates the process; consistently in top quartile valued more than top decile one year, bottom next)

Ratings

- Not all products will obtain a positive rating

Sometimes ever!



- Many consultants cut their Buy universes to focus on strategies their clients demand—there are fewer slots
 - Mercer has over 40 A rated large cap equity managers
- DEI has grown in importance. ESG client adoption has been mixed
 - Institutional Investing Diversity Cooperative (IIDC) has 24 members
- How to work effectively in this environment:
 - Do your homework to understand consultant research demands and priorities
 - Partner with sales teams to build demand with clients to influence consultant priorities
 - Advocate! Requires in-depth product knowledge and competitive universe to position strategy

Measuring Success

- Measuring Success
 - Qualitative & Quantitative factors
 - Number of meetings, RFIs, semi-finals, finals, wins, revenue
- Comprehensive, customized strategy for each consultant firm
 - Specific individuals at each firm identified, goals articulated
- Sales associates, RFP teams, and strong relationship management matter!
 - Shadow searches are increasing, underscoring importance of databases
- Global coordination of internal groups: Service, sales, CR, CPMs, portfolio managers

Success Factors: Approach

- Tier consultant firms based on opportunity, not total AUA only
 - Some big flows come from mid-size consultant firms. Zeros flows can come from large firms
 - Focus and don't hit your head against a wall
- Do *you* need to cover all types of consultants? Does your firm?
 - Large firms with multiple products and vehicles need to cover all types, but who covers will vary
 - Small firms: be judicious with your resources! Do you have vehicles that match the minimums for the consultant's clients?
- Target success for each individual meeting
 - A 3rd research meeting with a PM: 90 minutes, lots of confirming questions, indication or a due diligence meeting as next step = success
 - A generalist field consultant meeting: 25 minutes, having them understand your top products, being able to tell her husband at dinner what your firm stands for = success