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► LIFETIME ACHIEVEMENT IN ASSET MANAGEMENT

Dr J Mark Mobius

The emerging markets pioneer retains his enthusiasm for active management and creating value

This year Dr Mark Mobius, who is 80 years of age, will enter into his thirtieth year as executive chairman of Templeton Emerging Markets Group. The group continues to flourish under his leadership and continues to be recognised as one of the largest and most expert emerging markets groups globally with benchmark-beating performance across a number of its strategies. Today, Dr Mobius and the investment team oversee \$26bn in emerging market equities.

Although he has stepped back from the day-to-day management of several funds, he continues to be actively in-

involved in mentoring and cultivating the next generation of investment leaders. He boasts one of the highest profiles of any investor in the emerging markets sector and is regarded by many in the financial industry as one of the most successful emerging markets investors over the last 20 years. Dr Mobius was once named 'the king of emerging markets' by The Wall Street Journal.

Dr Mobius holds the special position of being a pioneer, having entered into the emerging markets field 16 years before the first BRIC fund was launched. He joined Templeton in 1987 as president of the Templeton

Emerging Markets fund with assets of only \$100m, which has grown into over \$26bn representing growth circa 25,000% over the last 30 years.

Today the group, still under his leadership, is one of the largest and skilled of its kind with offices in over 20 countries. It has grown under his leadership to 50 analysts and portfolio managers, the most senior of which have all worked with Mark Mobius for an extended period.

To this day, he continues to live the true principles of active management and the value approach, spending over 200 days a year travelling to meet the management of the more than 2000 companies he invests in, using his investment knowledge to transform companies for the better. He seeks improvements across many aspects of these businesses from operational efficiencies to corporate governance, to make them truly sustainable and profitable to return maximum shareholder value. ■

► LIFETIME ACHIEVEMENT IN SECURITIES SERVICES

Daron Pearce

During 17 years at BNY Mellon he has racked up a huge list of achievements

Daron Pearce is the CEO of EMEA Asset Servicing at BNY Mellon, a role he has held since June 2016. Pearce is responsible for day-to-day delivery of services, setting the strategic direction and ensuring businesses adhere to risk, compliance and regulatory guidelines.

Pearce sits on several committees including the corporate operating committee, Emea operating council, senior leaders meeting and the Emea revenue council. Pearce is also part of the Tax Incentivised Savings Association savings and investment policy project executive committee.

Pearce holds a very long list of roles

within BNY Mellon including most recently CEO of global financial institutions, since October 2015, and head of global financial institutions Emea, since April 2012.

He is also the head of asset servicing, UK, Ireland and Sub-Saharan Africa, a role he has held since April 2009 and delivered some of his greatest achievements; since 2010 he has delivered over \$600m in revenue, 5% ahead of plan.

He has also been head of Emea relationship management since April 2007. He successfully integrated three companies and led a programme to deliver a single client engagement model, which retained 100% of its cli-

ents through the first year.

He has also been the co-head of European client management (fund managers and insurance companies) since October 2006. Since January 2005 he has been the head of relationship management – European fund managers; he took an underperforming team of 41 and created a high performance team of 25.

Pearce has also been the CEO of investment management solutions (Emea and Asia Pacific), a provider of outsourcing solutions, since January 2001, and the head of BNY SmartSource Europe for almost 17 years, where he built a new team.

Before joining BNY Mellon in 2000 he held roles at Baring Asset Management, Norwich Union Investment Management, JP Morgan and HD International Limited. He is a graduate of the London business School and attended Kemnal Manor School.

A full CEO profile of Pearce will appear in the July/August issue of Global Investor. ■

BlackRock

The world's largest asset manager by AuM continues to go from strength to strength

In a year of dramatic change and uncertainty, clients continued to put their trust in BlackRock. It delivered the strongest annual net inflows in the firm's history of \$202bn for 2016. Of this vast sum \$98bn came in the fourth quarter, including \$18bn in cash management.

An expansion in its operating margin over the previous year reflected its discipline in controlling expenses and allowed it to return \$2.7bn to shareholders. Demand for BlackRock technology solutions drove 13% full-year revenue growth in Aladdin, its proprietary risk and portfolio management system.

In 2016 BlackRock launched sever-

al important technological initiatives. It launched Aladdin Risk for Wealth Management, which took Aladdin's analytical power beyond its traditional institutional client base. It built iRetire to redirect the focus of retirement planning to the estimated yearly income individuals will need in retirement. It acquired FutureAdvisor to provide high-quality, scalable, digitally-enabled advice capabilities to its distribution partners. And, BlackRock invested in iCapital, a technology solution to deliver illiquid alternative investments to retail clients and financial advisors.

BlackRock offers a complete set of solutions across asset classes and ge-

ographies, extensive market intelligence and industry-leading risk management and analytic capabilities. Its clients have entrusted it to manage \$5.42trn (at the end of March 2017) earning BlackRock the honour of being the world's largest fiduciary investment manager.

"BlackRock is trusted to manage more money than any other investment firm," says a spokesperson. "We believe that we are uniquely positioned to help our clients meet their long-term goals, combining a fiduciary mindset with a comprehensive offering and an in-depth understanding of local needs. Above all, it is our ability to take a holistic approach to our clients' challenges that sets us apart."

BlackRock launched a number of new products during 2016, most notably the UK Strategic Alternative Income Fund, for UK pension schemes to match long-term liabilities, and the BSF Sustainable Euro Bond Fund, which screens companies using MSCI ESG methodology. ■

Unigestion

The boutique manager is steadily attracting clients with its value for money proposition

Unigestion performed well in a challenging environment over the past year. Its assets under management rose from CHF18.8bn (\$19.6bn) to CHF23bn over the 12 months to the end of March and it attracted prestigious new clients in several countries, according to the firm.

Unigestion developed and launched a number of innovative projects over the year to 31 March 2017. It launched a long-short multi-factor equity strategy based on close collaboration with its longstanding client RPMI Railpen. It constructed an equity portfolio with similar return potential to the MSCI

World but with a 75% lower carbon footprint. And, it helped its clients maximise the return potential of their alternatives allocation through its Alternatives 2.0 proposition.

The boutique manager conducted extensive research into how to incorporate environmental, social and governance (ESG) considerations into its investment processes over the past year, which resulted in the evolution of some of its existing investment solutions and the launch of new ones. It also continued to publish research into ESG integration in the alternatives industry.

"At Unigestion we never claim to be able to compete with the biggest

investment firms in terms of assets under management or product range. For a boutique like ours to survive, we must be at the forefront of innovation and develop high-quality, creative solutions," says a spokesperson.

Unigestion places huge importance on providing its investors with value for money, according to the firm. For example, its research showed much of hedge funds' returns can be replicated through lower-cost exposure to liquid alternative risk premia and in December it broadened its offerings in the sector. "We worked alongside several clients last year to help them reduce the cost of their alternatives exposure by allocating to alternative risk premia and negotiating fees with their hedge fund managers. We saved one client 93 basis points in fees in 2016," adds the spokesperson.

In February 2017 it merged its private equity business with that of Akin, a small- to mid-market private equity specialist, together trading under the Unigestion's brand. ■

Artisan Partners

Several of Artisan's equity strategies are in the top fifth percentile

Artisan Partners is a global investment management firm that provides a broad range of high value-added investment strategies to clients around the world, with AuM of \$96.8bn (at the end of 2016) of which over 65% is from its institutional channel.

Since 1994, the firm has stuck to its policy of taking on experienced and disciplined investment managers. Seven of the firm's eight autonomous investment teams are dedicated to managing active equity investment strategies.

At the end of 2016 Artisan Global Opportunities was first out of 64 strategies in eVestment's global growth

equity universe. Similarly, Artisan Global Value was fourth out of 90 in the global equity value universe and Artisan Global Equity was 18 out of 592 (third percentile) in the all global equity universe. All were therefore ranked in the top fifth percentile since inception, gross-of-fees, in their respective eVestment universes.

The AuM of Artisan's Ucits equity funds stood at \$3bn at the end of 2016, a 69% increase over the year. At the same time, assets from clients domiciled in Emea stood at \$13.8bn, having grown 31%. Artisan also saw net equity inflows of \$2.4bn in the Emea region over the year.

"The stability of our business model allows us to remain focused on who we are. Artisan Partners is a high value-added investment management firm designed for talent to thrive in a growth-oriented culture," says CEO Eric Colson.

Artisan focuses solely on active, high value-added strategies where it can differentiate itself from its peers and benchmarks by utilising fundamental research and a disciplined investment process. Each autonomous investment team pursues alpha based on its individual investment process.

Artisan aligns the interests of its investment professionals with its clients through its equity ownership structure, which encourages the teams to emphasise long-term results.

Artisan says it is "thoughtful" in its approach to new investment talent and investment strategies. In 2016, Chris Smith joined Artisan as founding portfolio manager of the thematic team, the firm's eighth autonomous team. ■

Quadra Capital Partners

Its global equity long-short fund has achieved sustained outperformance in volatile markets

Over the last 12 months, the Global Equity Alpha fund realised performance (net of all fees) of 16.2% while keeping volatility between 5% and 6% (as of April 2017).

Quadra has also notably outperformed its peers during special events. As a result of Brexit the MSCI and HFRX indices were down -0.45% and -0.22% respectively but Quadra's global equity fund achieved +0.75%.

Quadra has also been remarkably accurate at predicting M&A activity. Over the last 12 months, the firm says four stocks that it held in its portfolio have been subject to M&A activity,

the largest two of which were Actelion and Mead Johnson.

Quadra utilises a "consistent and robust approach" developed by portfolio manager Paul-Georges Moucan, who started the strategy at Amundi in 2005 and continues to replicate it today.

"We have an experienced and consistently outperforming portfolio manager over the last 10 years, realising an annual average performance of 11% since 2005 vs 0% for peers and 6% for the MSCI," says a spokesperson.

Quadra says that achieving performance is key but controlling volatility

is also an important aspect, which is capped at 10% and typical around 5-6%. "Quadra mixes the robustness of the institutional structure (Sicav) with the agility of a boutique," says the spokesperson. "We are small and yet outperform larger institutions by far. We differentiate ourselves also by our originality."

Quadra's global equity long/short strategy has proven itself to work well. Moucan has developed a unique and original strategy with stable grounds and proven to outperform once again in the long run while managing the drawdowns and controlling the volatility, according to the firm.

Quadra was ranked number one within the global equity long/short category in the Citywire ranking selector at the end of March, with a 13.3% one-year rolling average, volatility of 5.6% and max drawdown of 2.2%.

Quadra has very low drawdowns (max -2.2%) and a quick recovery time after they occur, according to the firm. ■

Royal London Asset Management

The active manager's experienced team is able to venture beyond mainstream index bonds

Royal London Asset Management (RLAM) has a 25-strong fixed income team with an average of 17 years of investment experience and takes a collegiate approach to investing the £58bn of bonds and cash under management (at end-2016).

Across the fixed income spectrum, many of its funds and mandates have outperformed their benchmarks over both short and long time periods. Its process is value-oriented and based on research of a wider universe than

that covered by mainstream credit indices. Rather than relying solely on ratings agencies, its team seeks to add value by incorporating unrated bonds.

"We use market knowledge to exploit investment opportunities and build robust and diversified portfolios, with a high weighting in secured bonds that perform well through changing economic conditions," according to a spokesperson.

In August 2016, a new fund manager and three credit analysts were appointed to its global high yield team

ahead of the launch of a Multi Asset Credit (MAC) fund in 2017. The fund will comprise a directly-invested, globally-diversified portfolio concentrating on the alternative part of the credit universe.

The Buy & Maintain Credit Fund, which was launched in 2015 to meet a particular appetite for risk-adjusted returns, attracted gross sales of £1.2bn into the strategy in 2016. The strategy follows its established credit process based on exploiting market inefficiencies through robust credit research, in a low-turnover portfolio.

RLAM also attracted £1.3bn of gross sales into its cash funds; its range of products met demand for well-diversified, secure and liquid solutions, suiting a range of different risk appetites.

In July 2016, RLAM appointed Nick Woodward as head of LDI, to work across RLAM and the wider Royal London Group, to advise and oversee cashflow-focused bespoke solutions for current and prospective clients. ■

BlueBay Asset Management

The fixed income specialist takes a collaborative approach to fund management

BlueBay prides itself on a "collaborative, innovative and dynamic approach," which applies to client service as much as its investment process.

In December 2015 BlueBay launched the Global Sovereign Opportunities Fund, which employs a global unconstrained approach that enables investment across both developed and emerging markets. The fund has an annualised return since inception of 9.78% (net of fees, end-March 2017) and in was the top performer in its peer group in 2016, according to Morningstar.

In February 2017, BlueBay expanded its ESG offering by launching the Global High Yield ESG Bond Fund. In addition to product development, BlueBay has been focusing on culture and values. "We believe our strong culture and collaboration internally is an asset that clients can benefit from," says a spokesperson.

BlueBay's is set up to respond quickly to market conditions, both in terms of investment decision-making and product innovation. Collaboration is evident in increasing collaboration across investment teams and a greater focus on team dynamics and decision-making.

ing. BlueBay has been seeking new ways to analyse and make investment decisions, particularly relating to social media. This analysis is actively included in investment strategies, including its sovereign fund.

BlueBay's house view is that a structural shift is taking place in fixed income markets – with rising interest rates, inflation, QE tapering and increased dispersion – and, coupled with ongoing requirement for income and diversification, means active management of the asset class will become increasingly relevant.

"Our unconstrained approach to fixed income investing is well suited to the current market environment and we believe offers clients the potential for positive returns in, what we believe, is the end of a fixed income bull market," adds the spokesperson.

Its Global Sovereign Bond Fund illustrates this unconstrained approach, according to the firm, and its ESG strategy highlights its ability to nimbly respond to investor needs. ■

iShares

The provider has attracted record inflows to equity and fixed income products on both sides of the Atlantic

In a year marked by unprecedented political change and periods of significant market uncertainty investors turned to ETFs in record numbers, and iShares has been investors' preferred manager.

It set a new growth record in the US with net inflows of \$107bn (beating \$97bn in 2015) and market-leading \$32bn of net inflows in Europe. iShares was the market share leader in both regions – 38% in the US and 61% in Europe – and investors in Asia Pacific also set a regional iShares record of over \$10bn.

iShares bond ETFs gathered a record \$60bn, capturing 52% of all net

inflows into bond ETFs globally, attracting record net inflows in the US (\$38bn) and Europe (\$21bn) in the process. iShares Core ETFs added a record \$67bn in global net inflows. BlackRock re-priced its US iShares Core ETFs in October and since then investors have adopted iShares Core ETFs faster than expected, adding \$27bn.

Institutional investors looking for simpler, less costly alternatives to derivatives switched around \$10bn to iShares ETFs from futures or swaps positions.

iShares ETFs and BlackRock Index Funds are managed by the same

portfolio management team, which has extended access to BlackRock indexing experts to provide market and instrument insights. The team has a disciplined focus on optimal tracking, enhanced returns and low total cost of ownership. "We leverage our scale, strategy breadth and client diversity with a view to minimising costs and preserving investment value."

BlackRock is the world's largest asset manager with more than \$5.4trn (at the end of March 2017) of client assets, of which its index investment platform represents more than \$3.4trn, 64% of the total AuM.

iShares launched the first ETF in Europe in 2000 and offered both the first equity and bond ETFs. "Today, our clients benefit from a unique indexing product offering including 2,500+ funds managed against 750+ benchmarks – the most comprehensive index range across market exposures and product features," says a spokesperson. ■

LGIM

The firm's Future World Fund has ESG at its core but could achieve widespread application

Legal & General Investment Management (LGIM) launched an innovative ESG pension product last year, in addition to its ongoing ESG-conscious investment process and demonstrable long-term commitment to driving long-term positive change in the market.

Last year LGIM launched the Future World Fund, a product specifically designed for the growing defined contribution (DC) pension scheme market with ESG at its core. The fund targets enhanced risk-adjusted equity returns by using an alternatively-weighted index. It also incorporates a climate tilt to address the long-term investment

risks associated with climate change, reallocating capital to the likely beneficiaries of the transition to a low-carbon economy.

Through LGIM's climate impact pledge, it also works directly with the companies in which it invests to bring about positive change, and threatens those companies that do not meet the minimum criteria for strategy, governance and transparency with exclusion.

"LGIM has extensive dialogue with the management of investee companies throughout the year on a range of topics, such as governance, financial performance and strategy," says a spokesperson.

"The objective of LGIM's engagements is to have an open dialogue that is constructive and helpful. Voting is one of the tools available to LGIM to ensure companies behave responsibly and have sustainable policies for long-term growth."

The Future World Fund is designed as a core, long-term equity holding for DC schemes, which is particularly suitable for schemes with a younger member demographic that is likely to be more engaged with ESG themes.

LGIM designed and launched the fund in partnership with the index provider FTSE-Russell and the HSBC UK Pension Scheme, which is transitioning its £1.85bn equity holding into this new default fund. "Three of Britain's biggest companies have come together for the launch of this ground breaking new fund, which is a testament to our status as the world's leading financial centre," said Philip Hammond, chancellor of the exchequer, at the fund's launch. ■

Investec Asset Management

The firm has not forgotten its South African roots in the process of becoming a significant emerging market manager

Investec Asset Management celebrated its 25th anniversary in 2016, a milestone for a business that has navigated its development from emerging market origins into a firm serving over 1,700 clients across advisor, institutional and corporate networks. Its clients are now domiciled in 35 countries across Europe, Africa, Asia and the Americas and its longest-standing client relationship spans more than two decades.

Under the leadership of CEO Hendrik du Toit, Investec Asset Management

has grown AuM from £40m to \$119bn (at end March 2017) and now employs more than 870 staff across the world.

Approximately half of Investec's AuM is invested in emerging markets. It has evolved and innovated its emerging markets offering, including broad emerging market, frontier, LatAm, African and single-country equity strategies. Investec was the first global investment manager of Ucits funds set up to invest using Stock Connect, for funds within its flagship Luxembourg-domiciled Ucits Global

Strategy Fund range.

Given Investec Asset Management's unique heritage and focus on global investment, the firm has pioneered both international investment into Africa, and global allocation of capital from the South African savings pool. The firm says it remains deeply aware of its broader responsibility to society at large and, more specifically, to the communities in which Investec Asset Management has an investment footprint.

Aside from the firm's strategic focus on ESG integration and work in the area of active stewardship, Investec Asset Management is committed to the development and support of social projects that have a measurable and positive impact on society. Examples include South Africa's JL Zwane Community Centre, Songo, the Starfish Great Hearts Foundation and the Tusk Trust, with which it created the Tusk Conservation Awards, now in its fifth year. ■

Pioneer Investments

Pioneer's London team is a centre of excellence and its broadening fund range increases its appeal

Pioneer Investments' emerging markets fixed income organisation is one of the industry's leading managers of emerging market debt, having developed several innovative strategies over the years to offer a broad range of compelling investment options.

Pioneer's emerging markets bond and high-yield team is led by Yerlan Syzdykov, who has been involved in the flagship Pioneer Funds – Emerging Markets Bond fund since 2000.

In June 2015 Pioneer Investments launched the Emerging Markets Bond Short Term strategy, which was designed to appeal to investors seeking protection from rising rates through

shorter duration exposure. The fund was one of the fastest growing emerging bond funds globally in 2016, reaching over €950m AuM at the end of 2016.

Pioneer Investments emerging markets fixed income fund range attracted over €1.7bn net sales in 2016, bringing the AuM of the range to €14.6bn by the end of the year. Pioneer Investments has built an emerging markets centre of excellence in London, with a highly integrated and complementary team of research analysts, portfolio managers and macroeconomists with a culture of collaboration and debate.

The Emerging Markets Corporate Bond and Emerging Markets Cor-

porate High Yield Bond strategies, launched in recent years and managed by the London team, broadened the potential solutions for clients by targeting higher levels of risk and return than its more established products.

"Our overarching investment philosophy is conviction based, where we believe that a highly active, flexible and research-driven process should be rewarded in non-homogenous markets such as emerging ones," says a spokesperson.

The London-based emerging market fixed income team consists of eight portfolio managers, whose investment philosophy is conviction-based. They follow a highly active, flexible and research-driven process and are supported by a 13-person emerging market, high yield and European credit research team.

Pioneer Investments is an active investment management firm, based in 28 countries, with 2000 employees, and approximately €228.4bn in AuM at the end of 2016. ■

Aberdeen Asset Management

Aberdeen offers a truly diversified product drawing on deep skills across many asset classes

Many managers claim their funds are multi-asset, but close examination reveals portfolios that are often dependent on simple equity and bond allocations. Aberdeen's Diversified Multi-Asset (DMA) funds give investors access to the kind of diversified portfolio that is typically only available to the world's largest, most sophisticated investors.

DMA is delivered in easily accessible vehicles, with a competitive cost structure. The core investment team,

headed by Mike Brooks, is able to draw on Aberdeen's broad investment resources, as well as its economic and thematic research group, tactical asset allocation team, specialist portfolio construction and investment risk teams.

DMA is also integral to Aberdeen's institutional offering, which grew by approximately £1bn in the year to March 2017. During 2016 its Diversified Growth Fund (DGF) returned 7.6% net of fees. Since inception it has returned 5.7% per annum (November 2011 to March 2017), ahead of its long-term

objective, while volatility remains well below equities at circa 4.4%. Meanwhile, its Diversified Income Fund has delivered regular income in-line with its current annual target of 4.5%. It also launched its £450m Aberdeen Diversified Income and Growth Investment Trust in February 2017.

DMA funds can invest in 25 different asset classes including listed equities, high-yield bonds, infrastructure, renewable energy, emerging market debt, insurance-linked securities, property, alternative risk premia, litigation finance, aircraft leasing and peer-to-peer lending.

In November 2016 Aberdeen launched its alternative risk premia strategy, which is designed to deliver low volatility and low correlation with other assets and enable the DMA team to access alternative beta at low cost. Allocations to local currency emerging market debt, frontier market and Indian debt take advantage of Aberdeen's traditional skill-set. ■

Hermes Infrastructure

Hermes offers institutional clients the benefit of co-investing with its BT Pension Scheme owner

Over the last twelve months Hermes Infrastructure has been busy building its reputation as a leading UK-based and UK-focused direct infrastructure investor. Its maiden fund became substantially invested two years into its five-year investment period, outperforming target returns with 12.4% gross IRR and 7.3% gross cash yield as at end-2016. It deployed or committed in excess of £800m in two major new UK direct investments – Energy Assets and National Grid Gas Distribution – along with a follow-on investment in Southern Water.

Since its formation in 2011, Hermes Infrastructure has had close links to in-

stitutional investors; is majority-owned by the BT Pension Scheme (BTPS), one of the UK's largest occupational pension schemes, and appointed Robert Wall as infrastructure partner from the Canada Pension Plan Investment Board.

It provides other investors access to infrastructure, offering clients the opportunity to choose between two separate investment strategies, core and value-added, each with its own risk-related fee structure. It also and offers unique pooling arrangements for Local Government Pension Schemes.

Hermes Infrastructure expanded its co-investment platform to provide new European and Asian clients with access to direct investment opportu-

nities, bringing its AuM to £4.1bn. Its platform allows investment alongside BTPS, enabling UK pension funds – which account for around 92% of its investors – to benefit from large scale investments as well as to fund tomorrow's technologies such as renewable power generation. It also has strong relationships with overseas investors, with long-term partnerships with institutional clients in Canada, the Middle East, China and Australia.

It has a longstanding commitment to holistic returns, offering clients appropriate risk-adjusted returns in a sustainable and ethical manner. It remains committed to responsible investment, engaging with its portfolio companies, factoring ESG into its investment process and contributing to the development of policy by regulators and government.

"Our approach to investment and asset management embody these core principles," according to a spokesperson. "This enables us to support boards and management committed to building long-term sustainable businesses." ■

Amundi

Amundi has a long track record and a deep pool of expertise to draw on to keep it at the forefront of smart beta innovation

Amundi manages over €12bn in smart beta, across solutions based on both efficient risk management and factor investing, divided into passive and active funds. Its smart beta teams leverage Amundi's other resources, such as its quantitative research and ESG capabilities, allowing it to build customised products for its clients, one of its key strengths.

Over the last 12 months Amundi has developed its smart beta ETF range with the launch of a new multi-factor ETF on European eq-

uities, in partnership with index provider ERI Scientific Beta, and two new ETFs that enhances its mono-factor ETF range, such as portfolio factor analysis and solutions that combine its smart beta approach with ESG analysis or portfolio decarbonisation.

Amundi was one of the first firms to embrace Smart Beta so it now has a 10-year track record and offers a full range of solutions. As it has a 30-year track record in index construction and an extensive knowledge in quantitative modelling, Amundi has developed a large

spectrum of smart beta expertise. Such know-how enables Amundi to implement customised solutions to meet investor's specifications.

Amundi's investment professionals can also draw on the firm's independent research platform. Together with fund managers, the quantitative research team is strongly involved in designing risk based smart beta strategies, understanding their behaviour and enhancing the added value of the firm's investment process.

Amundi's track record dates back to 2007. During this time it has developed complementary and innovative solutions and become one of the most experienced smart beta managers in the industry. Investors are offered open-ended funds, ETF, index funds, mandates, bespoke solutions, backed by in-house and external research with trusted partners such as EDHEC Risk Institute. ■

Lyxor

The European manager has been producing innovative fixed income smart beta products for five years

Lyxor was an early entrant to the fixed income smart beta market and has had strategies in place since 2012, drawing on its experience of creating equity products three years earlier.

Its fixed income smart beta products are based on risk-budgeting techniques and a proprietary model to measure the credit risk of bond portfolios. The aim of these products is to correct the various biases present in debt-weighted indexes.

It is unusual in offering a variety of strategy styles and has partnered with Societe Generale, JP-Morgan and FTSE to launch a wide

range of investments across the wider smart beta sector. Lyxor's products are targeted at investor outcomes, with products that target income, enhance returns or reduce risk.

"Lyxor sweats the small stuff," says a spokesperson. "Our background is academic, we spend a lot of time and attention to get the details right on its investments. We take a lot of care to ensure our products work as investors expect. In 2016, we have been changing the index being tracked on its investments to ensure its investments work as investors need them to.

"We've had a long time in the market – we launched the first ETFs sixteen years ago, when the market was in its infancy. This means we've got the experience to get things right. Most of our products are index tracking and accuracy really matters to its investors."

In a year when fixed income is under pressure, it's vital to get the right product. "Investors are fearful of the 'great rotation'. Inflation protection, bonds which are resistant to rate hikes and higher yielding options are all appealing. Lyxor offers exactly these," says the spokesperson

In 2016, Lyxor attracted a total of over €3bn of inflows. In the year to May 2017 it has already taken in €5bn, cementing its place as a top ETF provider. Lyxor is indeed innovative, having launching products such as inflation expectations investments that give access to inflation but hedge out interest rate rises. ■

SMART BETA is increasingly becoming a core portfolio strategy



Given the current context, yield-starved institutional investors are turning towards riskier assets while still seeking to limit potential drawdown. By definition, such asset classes tend to be more volatile and more risky than bonds. Smart Beta, however, could provide an appropriate solution for investors juggling these different constraints.

A Smart Beta approach makes it possible to increase diversification and to improve risk management, while seeking to capture new sources of performance.

Today, at Amundi we consider two major families. The first is made up of approaches that focus on efficient risk management. These include diversification and "minimum variance" strategies, which aim to construct portfolios to minimize drawdowns.

The second is made up of factor-based strategies, which involve structuring a portfolio to take advantage of risk premia. Each of these factors can be implemented alone or as part of a multi-factor strategy. We believe allocation between factors must be risk-based to better address new market regimes and ensure diversification.

These approaches are currently quite popular with institutional investors. Initially used as a satellite to complement more traditional strategies, they have enjoyed a reverse trend over recent years. More and more investors are choosing to consider them as core to the portfolio, and to complement them with riskier satellite strategies in order to capture a potential short-term performance. This attractiveness is compounded by the fact that Smart Beta solutions can be easily customised to take into account the specific requirements of each investor. Of course, this shift relies on asset managers having the necessary skills and size for core portfolio management and thus be able to manage large volumes without compromising risk control or performance.

Three questions for Bruno Taillardat, Global head of Smart Beta & Factor Investing at Amundi

Can you tell us about Smart Beta at Amundi?

We manage over €12bn¹ in Smart Beta, covering both solutions based on efficient risk management and on factor investing. These solutions are available under passive (index-based or ETF) and active management. Our Smart Beta teams also leverage Amundi's other resources, such as our extensive quantitative research and ESG capabilities. This allows us to build customised products for our clients, one of Amundi's key strengths.

Could you give an example of a customised approach?

Amundi seeks to be a partner for our investors. We like to be involved in the development process quite early on in order to be able to provide solutions and advice best suited to investors' particular needs and constraints. For example, we can carry out a factor analysis of a portfolio so as to identify if there is a bias towards one of the factors and then possibly suggest diversification. We have also developed a number of solutions that combine our Smart Beta approach with ESG analysis or portfolio decarbonisation.

“Amundi seeks to be a partner for our investors”

Do you also offer solutions which take into account regulatory constraints?

Institutional investors tend to express a keen interest in solutions that help lowering the cost of capital. This can be done by using option strategies or by offering a capital guarantee, an area in which Amundi has great expertise. Smart Beta solutions are suited to this because they make it possible, by construction, to absorb market downturns and thus to frame hedging costs.

1. Source: Amundi as of 31/03/2017

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Aurum Funds

The London-based manager brings an ESG component to hedge fund investing

Aurum Funds has a goal to mobilise the hedge fund industry to have a net positive environmental impact. "The hedge fund industry deals with complexity and risk every day," says a spokesperson. "An industry strength is analysis of data and seeking to understand the impact of trends and system changes. By extending this approach to environmental impact, the industry is ideally placed to both understand the problems and be part of the solution."

The Aurum Synchronicity Fund was launched back in 2002, aiming to de-

liver returns that go beyond financial returns. It gives investors an opportunity to both make money and make a difference and has generated over \$7m for over 70 organisations in nearly 40 countries. Over the 12 months to March the Aurum Synchronicity Standard Dollar Restricted Fund returned 5.70%. It has positive returns for 83.33% of months, volatility of 1.61% and a Sharpe ratio of 2.93 (indexed risk free rate of return of 0.87%).

The Synchronicity Fund donates its entire management fee to Synchronicity Earth, a registered charity that supports biodiversity and species at

risk globally. Synchronicity Earth uses the type of rigour and skills that help Aurum to deliver alpha into maximising environmental and social benefits.

Aurum manages several other successful fund of funds: its longest running fund, the Aurum Investor Standard Dollar Restricted Fund, returned 7.32%; its flagship Aurum Isis Standard Dollar Restricted Fund returned 4.97%.

In 2015 Aurum Fund Management Ltd, in conjunction with Synchronicity Earth, created Project Regeneration, which is an initiative to create strategic funding partnerships between corporates and environmental NGOs in order to regenerate natural habitats. In 2016 Aurum had success encouraging support from others in the industry, co-hosting a briefing with independent hedge fund research Albourne to demonstrate how firms can address environmental factors, including ecological projects in Thailand and Ecuador. ■

Brewin Dolphin

The wealth manager has thrived through a focus on discretionary investment management, a wide range of services and excellent regional network

Brewin Dolphin is a FTSE 250 provider of discretionary wealth management. Its interim financial results for the half-year ending March 31 2017 saw total funds under management grow 15% to £37.8bn. Its focus on discretionary investment management has led to significant growth in client funds and it now manages £31.5bn on a discretionary basis.

Brewin Dolphin offers personalised wealth management services that meet the varied needs of over 80,000 account holders, including individuals, charities and pension funds. In May

2017, the company successfully completed its acquisition of Duncan Lawrie Asset Management (DLAM).

Chief executive David Nicol stated in the interim company report released in May: "The Group has had a successful first half of 2017 in a period with a favourable market environment. The delivery against our growth strategy has contributed to an excellent financial performance, with underlying earnings growth of 14.1%. We are exceeding the organic growth targets we set as net inflows into our core discretionary service were £1.1bn, in the period, a record and helping drive year-on-year growth

of 22.1% in discretionary funds."

The wealth manager specialises in helping clients protect and grow their wealth by creating financial plans and investment portfolios that meet personal and professional ambitions and aspirations, according to the firm. Its services range from bespoke, discretionary investment management to retirement planning and tax-efficient investing.

Brewin Dolphin has built a network of 29 offices across the UK, Channel Islands and Ireland, staffed by qualified investment managers and financial planners, supported by a dedicated investment research team.

Brewin Dolphin unsurprisingly focuses on client service, given its target client base. Nonetheless it is a standout performer in the sector and its regional offices are often singled out for special praise and consumer awards. "We are proud of our success and have the vision and ambition to grow into the UK's leading provider of discretionary wealth management," says a spokesperson. ■

Insight Investment

Insight remains a leading provider of LDI solutions due to constant innovation

Insight Investment's expertise in LDI, as well as fixed income generally, has enabled it to provide the key building blocks for an increasing number of UK pension scheme clients. It achieved substantial growth in AuM, including assets from both new clients and existing clients asking it to manage a greater proportion of their assets.

The depth of its relationships was demonstrated by the large amount of new business it won from existing clients. Over the year, of growth in LDI AuM of £106bn, over £19bn was from mandate extensions: "In other words, a substantial propor-

tion of our growth was a result of satisfied clients asking us to manage more of their assets," says a spokesperson.

Integrated solutions that effectively combine its approaches to LDI and fixed income was a major theme of the year, as the focus of many pension schemes shifted towards aiming for greater certainty of income. Insight continued to develop new approaches and ideas over the year, maintaining its reputation as an innovator within the LDI market. A key theme for this year was developing solutions to reduce the funding costs associated with the

reduction of liquidity in the repo markets.

Both its segregated and pooled fixed income and LDI mandates performed strongly over the year. Over the year to October 31 2016, over 80% of its full discretionary segregated LDI mandates were ahead of their performance target. Insight helped clients protect their funds against adverse outcomes and to seek potential returns more efficiently. Its proactive approach included providing strategy ideas to help pension schemes to design holistic scheme-specific strategies, according to the firm, and involved a high degree of bespoke tailoring through which it builds valuable long-lasting relationships.

Insight says that client advocacy lies at the heart of its business model. A major client service initiative last year was the development and launch of a dedicated online training portal. ■

Legal & General Investment Management

LGIM has tackled the thorny issue of conflicts of interest within the sector

Legal & General Investment Management (LGIM) launched its innovative fiduciary management service in 2016, offering full and flexible fiduciary management service, delivering advice, holistic portfolio management and clear and complete monitoring. It says its approach focuses resources where they can deliver the most value for clients; its unconstrained growth portfolio returned 14.6% over 2016, well above its 4.9% target.

LGIM has set new industry standards for managing conflicts of interest. It appointed Deloitte LLP as an independent

third-party to review its offering and provide advice to ensure its clients' interests were put first and conflicts are identified and managed appropriately. It acts dynamically in asset allocation, it says, while avoiding the layers of fees and hidden trading costs that reduce performance or lead to higher risk in more traditional approaches.

"Our approach improves on the weaknesses of existing fiduciary management models, and we believe it delivers better outcomes for our clients," says a spokesperson. "Conflicts of interest can be a thorny issue for many

fiduciary managers, but by appointing an independent third party to oversee our offering and advice we have demonstrated our commitment to putting our clients' interests first, and driving best practice in the industry."

Despite the relatively brief period since its launch, LGIM reports enthusiastic client take-up. It is already delivering its service to several schemes, and reports positive feedback: "We were introduced to fiduciary management by our investment consultant, but we ultimately chose LGIM because they were clearly best suited to meet our pension scheme requirements," says Lee Neesham, country manager, Yamaha Motor Europe NV, Branch UK.

While traditional fiduciary management models have focused largely on manager selection LGIM focuses its resources on the key determinant of portfolio outcomes, asset allocation. It does not delegate the underlying management of assets so it can ensure that consistent investment beliefs are applied throughout the whole portfolio. ■

Citi TM

The global transition manager is expanding its team to manage growth in its business

In 2016 Citi TM executed in excess of 150 full-service transition events, all executed on time, efficiently and without error with a total value of assets transitioned at \$150bn, according to the firm.

In 2017, Citi TM continued to grow in terms of both new clients, including six large new clients, and transition activity, with an increase exceeding 67% over 2016 year-to-date, across its three transition management (TM) offices in London, New York and Sydney.

"This was a great success for Citi TM considering it was a year witnessing a significant increase in global mar-

ket volatility with macro events such as the UK Referendum and the US Elections, seeing transaction volumes decrease from both a transitions volume perspective as well as the broader market," says a spokesperson.

Citi TM has also expanded its interim management service. As some clients take time to decide on a new manager, it currently looking after a \$500m passive equity portfolio.

Citi TM has continued to invest in its business, including three additional hires across its global team (two in Emea), while some of its competitors were retrenching.

The Citi TM team is situated on the private side of Citi Global Markets. "We work on a designated private side floor and are separated by strict Chinese Walls from the trading areas of Citi Global Markets and are continuously monitored by Citi Legal and Citi Compliance to ensure client information remains completely protected and confidential."

All project management, trading and settlement is controlled by Citi so there is typically very limited involvement of third parties, enhancing confidentiality.

Citi TM provides clients with 24-hour global coverage and all three offices use the same systems, project management approach and multi-asset class capabilities. Citi TM has not or been required to compensate any clients for errors in the past seven years.

"Our primary goal is not to execute the highest number of transitions, but rather to deliver the best service for our clients," adds the spokesperson. ■

Societe Generale Prime Services

Societe Generale Prime Services is steadily increasing its revenues and looks set to increase its global market share

Revenues for the Societe Generale Prime Services business, sitting within Corporate & Investment Banking, totalled €176m (\$201m) in the first quarter of 2017, up 9.3% on the same period last year.

The revenue boost was the highest level since the integration of Newedge and is a direct result of the firm's successful formula – leveraging the strength of the investment bank with the multi-asset class, multi-instrument prime brokerage. The early part of 2017 saw healthy commercial momentum particularly in execution and financing activities, the

bank pointed out in its most recent quarterly results. As a result, the business is actively pursuing commercial expansion to increase its prime services market share by 1.9 points to 14.8%.

Cross-asset solutions are in place across equities, fixed income, foreign exchange and commodities via physical or synthetic instruments. The division also provides customised solutions through bespoke financial engineering services, helping hedge funds launch, support and build their business. With access to around 130 markets and execution venues, the unit has a deep and stable global equity inventory from both

internal and external sources.

Portfolio cross-margin capabilities are well established and a range of innovative financing solutions are on offer across the complete range of securities finance and delta one structures: swap, stock loan, repo and futures as well as synthetic financing exposure to emerging & developed markets.

The capital introduction team serve investors and hedge funds globally and there is an established cross-asset research unit with strong expertise across regions, assets and themes.

The Societe Generale Prime Services proposition includes: global execution services, cross-asset financing, portfolio margining, financial engineering, intermediation, listed and OTC clearing and value added services.

On June 21 Societe Generale CIB announced the completion of the project to combine its execution teams. The final stage of this integration was for the high-touch cash equity team to move into the global execution services team in Societe Generale Prime Services. ■

bfinance

bfinance is applying its innovative approach to manager selection to an ever-wider range of asset classes

It has been a year of rapid innovation and service development for bfinance. Over the course of 2016-17 bfinance has propelled itself to the forefront manager selection for the nascent alternative risk premia (ARP) sector.

Before January 2016 the firm had not conducted any manager selection or research engagements in the ARP sector. However, building on its experience in the related fields of equity smart beta and hedge funds, between February 2016 and February 2017 the firm conducted over \$1.8bn in ARP searches for global clients.

During 2016 the ARP sector devel-

oped dramatically, with the number of firms offering products expanding by more than 30%. Providing selection services required the development of new portfolio risk analytics, since ARP targets portfolio diversification. "The bfinance process ensured clients received up-to-date accurate insight and this was a key reason why investors have employed us," says a spokesperson.

The firm has also introduced new services over the last 12 months to support clients in the areas of renewable infrastructure, for which bfinance claims three times wider coverage, as well as taxable municipal bonds and

asset pooling, designed ahead of creating of LGPS co-investment funds.

Bfinance is an independent service provider with a bespoke approach to manager selection. It has no pre-built buy-lists, allowing it to start each selection from a fresh perspective. It is independent of any fund management business, which eliminates conflicts of interest.

As it is targeted purely on selection its business depends on covering the widest universe of asset managers. bfinance reports that it is repeatedly told this factor is a key reason, alongside independence, why clients choose it for manager selection rather than their traditional full-spectrum consultant.

The bfinance spokesperson says its blind-bid process also achieves lower fees for its clients: "In an industry where asset owners are often at a structural and informational disadvantage relative to providers/sellers, bfinance strives to put power back in the hands of our clients." ■

FundRock

The third-party management company has built on its success in Luxembourg with a new office in Dublin

It's been over two years since RBS Luxembourg was sold to BlackFin Capital Partners and became FundRock Management Company (FundRock). Since then the third-party management company, or manco, has expanded its reach and enhanced its offering in response to the growing needs of asset managers.

Setting up structures to distribute funds can be complex, time consuming and costly. Plugging in to FundRock's Ucits and AIFM platform significantly eases the process for clients.

Current uncertainty in the market, particularly after the UK's vote to leave the EU, means buy-side participants are identifying the best location for their

funds. According to figures from the Association of the Luxembourg Fund Industry (Alfi), fund managers from the US and the UK are increasingly domiciling their funds in the grand duchy.

FundRock has more than 60 people based in Luxembourg, speaking in excess of 20 different languages, so is an ideal partner to assist asset managers on cross-border fund domiciles.

Ireland closely follows Luxembourg as a destination of choice. Earlier this year, FundRock opened a branch in Dublin and hired a head of legal and compliance, Louise Harris, to support its expansion.

Fund management and governance is FundRock's core business. This in-

cludes overseeing the investment management, marketing and central administration of funds, as well as establishing a risk management and due diligence process that protects investor interests.

FundRock also ensures that all regulatory reports relating to funds, such as AIFMD and Solvency II, are completed and sent to the regulator on time. In addition, the business introduces and connects clients to partners, from legal advisers to auditors, tax agents and local custodians.

One of the highlights for Fundrock last year was partnering with Standard Chartered to launch a platform that gives managers in Asia and the Middle East room to grow in Luxembourg, until they have the scale to provide their own infrastructure.

This incubator approach provides complete infrastructure including a full licence to operate, a distribution network and an established operating model with all third-party providers in place, plus a robust compliance, risk, control environment. ■

RBC Investor & Treasury Services

The Canadian bank says its aim is to always increase efficiency and reduce risk

RBC Investor & Treasury Services (RBC I&TS) delivers fund administration services via a worldwide network of offices across four continents, calculating over two million net asset values annually. The firm is widely recognised as a leading provider of private equity and real estate fund administration solutions, with nearly \$92bn in combined assets under administration at end the March 2017.

Recent developments include the launch of a new fund accounting ap-

plication as part of RBC One, the company's single point of online access to its products and services. It has also launched an initiative to support the implementation of the Packaged Retail Investment and Insurance-based Products (PRIIPS) Key Information Document (KID).

A global exception monitoring and workflow management solution is now active and automating the NAV production workflow allowing for full straight through processing. In addition, RBC I&TS has partnered with a third-party

to enhance its tax reporting offering to US investors requiring passive foreign investment company (PFIC) reporting.

As a prominent offshore provider, the firm has nearly 30 years of Ucits expertise. Its fund administration services cover 13 markets, with funds distributed across 80 countries and centres of excellence in Luxembourg and Dublin. Its fund administration capabilities are underpinned by robust control measures, high levels of automation and a strong quality culture, according to the firm.

The aim is always to increase efficiency and reduce risk. Teams work to deliver efficiency gains through a combination of automation, standardisation and reducing manual processes.

The approach is reflected in the company's multi-year technology strategy. RBC I&TS works closely with RBC's Innovation teams to ensure it is at the leading edge of developments around disruptive technologies, including blockchain, artificial intelligence and big data. ■

BNP Paribas Securities Services

One of the firm's key strengths is its global platform with local expertise

The focus for BNP Paribas Securities Services in 2016 was to complete the integration of Prime Fund Services (PFS). This was achieved, with the retention of all key clients.

The integration didn't stop the firm from winning mandates either, including a US-based global hedge fund management company that selected the firm for administration, global custody, depositary, transfer agency, collateral management and IRP services for its European and international business units.

Additional client wins include a prominent Asian family office appointed us for administration, custody & financing, a prestigious European alternative fund manager and one of the world's largest alternative fund managers.

With service and technology central to its proposition, BNP Paribas Securities Services launched an innovation and digital lab during 2016 with offices in Paris and Dublin. The Dublin office is working with alternative asset manager clients to co-design technological solutions to challenges presented by a fast-changing business environment.

One of the firm's key strengths is its combination of a global platform and local expertise. A fully-integrated platform exists across all fund services: fund administration, investor services, global custody, depositary services, financing services, OTC derivatives middle office and valuation, performance and risk analytics. The bank's global footprint enables it to provide a harmonised offer across multiple jurisdictions and local expertise.

BNP Paribas Securities Services has also been able to integrate new global and local regulations fast, allowing clients understand and comply with changing markets and regulations ranging from the QFII in China to AIFMD, Ucits and Emir in Europe.

The firm currently has more than 500 alternative asset professionals across 10 locations including the US, Europe and Asia Pacific and services 1920 alternative funds – including around 1000 hedge funds and fund of hedge funds – with \$440bn in assets under administration. ■

Societe Generale Securities Services

SGSS increased its market share in Europe's two largest fund domiciles

Last year was very positive for Societe Generale Securities Services (SGSS) regarding its fund administration businesses generally and its real estate business, which celebrated its ten-year anniversary in 2017, in particular.

Assets under administration (AuA), across the world and all asset classes, increased more than 2% and have reached for the first time more than €600bn. The increase is significant for funds that are domiciled in Luxembourg for cross-border distribution

goals: they are increasing in terms of AuA by more than 10%.

The number of funds under administration is also considerably increased by more than 10% in Luxembourg and more than 20% in Ireland. The level of funds in the others main fund centres (France, Luxembourg, Italy) remained stable.

The key differentiator of SGSS remained in the capacity to adapt our range of services to the most specific needs of our clients, according to the firm. "We are also actively work-

ing to launch new offers and allow our customers to benefit from the last technologies. Over the last year, the capacity to manage internal data, and to answer to the requests of the regulator are two elements that have been key in the daily demands of our clients," says a spokesperson.

To face these demands, SGSS has been working closely with clients to ensure that its analytics solution aligns with their requirements: it added 36 additional variables in its multi-factor analytics solutions, it extended its market risk analysis across a broader range of markets, it upgraded its delivery channels for its analytics engine, and it extended the web interface on a white-labelled basis to a number of European asset management companies.

SGSS has improved its Luxembourg market share rankings, to second for European fund administrator and the seventh for administrator, according to the Monterey Insight Fund Report 2016. ■

Northern Trust

Chicago-based bank's blockchain solution is adding efficiency to private equity administration

Northern Trust partnered with technology giant IBM and other key stakeholders to launch the world's first commercial deployment of blockchain technology for the private equity market in February 2017. This milestone followed an intensive project to create the innovation solution for the market and represents a potential game-changer for private equity administration and later other asset classes.

While private equity returns can be attractive, the infrastructure supporting it has not significantly benefited from innovation in recent years during a time when investors are seeking greater transparency, security and ef-

iciency.

Northern Trust and IBM built a security-rich blockchain, or distributed ledger solution, based on the Hyperledger Fabric. It is available for use for managing the administration of a private equity fund managed by Unigestion, a Switzerland-based asset manager with \$20bn in assets under management. The bank also conferred with a number of other private equity managers and asset owners and found strong support for the initiative.

It allows the fund to transfer ownership stakes and be managed, serviced and audited throughout the investment lifecycle on a transparent platform offering a single version of the

truth to participants that gain access via secured means.

Having been focused on blockchain initiatives and proofs of value for the past two years, this is Northern Trust's first commercially-launched solution. It is an important first step to connecting participants much more effectively, including investors, managers, administrators, regulators, advisors and auditors. "Northern Trust has drawn on its global approach to cutting edge technologies and combined this with its understanding of regional markets such as Guernsey where the fund is domiciled," says a spokesperson.

While Northern Trust's primary focus has been delivering value to the private equity space, the architecture and technology is designed to accommodate a wide variety of asset classes. Northern Trust has \$4.9trn assets under administration, including \$73.7bn in private equity (at the end of 2016). The firm says it will explore expanding the solution into other asset classes and jurisdictions in the future. ■

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AWARDS 2017

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Eurex Exchange

The derivatives exchange's innovative new products offer asset managers volatility protection and opportunities for yield

Eurex Exchange is the first recipient of the exchange of the year award, which was created this year to measuring excellence in the exchange world across asset classes and geographies.

The derivatives arm of the Deutsche Bourse group, Eurex Exchange offers trading and clearing in a wide range of instruments from interest rates to dividends. Asset managers surveyed for the award praised the exchange's understanding of their requirements across both trading and clearing business.

Particular praise was given for Eu-

rex Clearing's ISA Direct client clearing model, which a number of firms said they had engaged with during the year for the first time. The firm has also made great strides during the year with its securities lending clearing service, which reduces counterparty risk and improves efficiencies in the market.

It now offers clearing in OTC and exchange traded derivatives, repo and securities lending to bring the full spectrum of clearing to asset managers. On the trading side, Eurex's continued commitment to the conversion of over-the-counter products in to exchange traded deriva-

tives was praised by respondents.

During the year it launched total return futures and continued to invest in growing the fledgling exchange traded FX market. In addition it listed the LDX Constant Maturity Future, which one asset manager described as "the most innovative rates product in a generation" despite its muted trading volumes to date.

As derivatives increasingly come back on to the radar for asset managers as way of increasing yield and protecting against market volatility, Eurex's understanding of the specific requirements of asset managers will enable the exchange to continue to grow participation.

Not only are asset managers seeking lower margin, more efficient means of trading derivatives through futurised OTC products traded on exchange, Eurex is constantly adding new products, such as the expansion of its MSCI suite, that facilitate portfolio diversification and reach. ■

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The nominations process for the *Global Investor MENA Awards 2017* is now open. Nominations will be accepted until July 30 2017.

The prestigious annual awards recognise the very best performance in the industry across the MENA region.

The awards are divided into regional headline awards and country-specific awards for asset management and brokerage.

The awards are going to be presented at a gala dinner following our annual conference in November in Dubai.

For assistance or further information, please contact Zara Mahmud, director, MENA & emerging markets, on +44 (0) 207 779 8478 or zara.mahmud@globalinvestorgroup.com

www.globalinvestorgroup.com

EquiChain

EquiChain enables the direct interaction and the exchange of value between market participants

EquiChain's distributed ledger technology platform redefines the investment management and capital markets value chain for emerging markets by equipping asset managers with a one-stop suite of functions including investment management, custody, brokerage and transfer agency, while connecting them directly with market infrastructure such as CSDs and exchanges.

Asset managers can now invest with greater efficiency, less investment risk and with greatly reduced operational costs.

EquiChain operates two invitation-only working groups, one for as-

set managers and the other for market infrastructure providers. Clients within these groups include Janus Henderson Investors, Legal & General Investment Management, Bahrain Bourse, Abu Dhabi Global Market and the Qatar Stock Exchange.

EquiChain is differentiated by its people, culture and deep industry knowledge. With its headquarters in London, regional offices in Hong Kong and the Middle East, EquiChain has a near 50/50 gender ratio and seven different nationalities.

The team comprises of globally-recognised industry veterans from finance and technology backgrounds.

The company's management team is often quoted in a variety of news sources and regularly speak at major industry conferences to advance the evolution of the investment management industry.

EquiChain has a clear strategy and execution plan supported by its world class advisory board including Peter Sands, former CEO Standard Chartered Bank, Markus Ruetimann, former Group COO of Schroders, Sonia Rossetti, senior banker & chair Swift UK NMG and Professor Eva Micheler of the London School of Economics.

EquiChain is committed to providing its clients with technological solutions that position them as leaders in the next generation of asset management. EquiChain's platform is a hybrid system which consolidates the currently siloed functions of a securities transaction such as an asset manager, custodian, broker, exchange and central securities depository. ■

Droit

The international regtech firm has grown substantially and has on-boarded many top-tier institutions

Originally designed as a solution to help banks comply with Dodd-Frank, Droit's technology platform, Adept, has evolved into a unique tool that isolates data, metadata and decision logic from infrastructural software components.

Currently serving seven of the world's largest banks and financial institutions, with others slated to be fully on-boarded by mid-2017, Droit acts as a real-time guide to navigate regulatory filings.

In November 2016, Droit completed a Series A investment round of \$16m led by Goldman Sachs, Wells Fargo and Pivot Investment Partners.

In February 2017, Droit expanded its

presence in Europe by hiring additional staff in London, including a new head of business development. Two weeks later, Droit announced a partnership with Trax (part of MarketAxess) for an Emir eligibility and derivatives reporting service.

With new products scheduled for release in 2017 and further expansion into the EU and Asia, Droit continues to forge a rapid growth trajectory as one of the industry's leading providers of regulatory reporting solutions.

Adept provides users with a robust adaptable framework that is capable of keeping pace with market structure unpredictability and regulatory developments for the global derivatives markets. Its proprietary infrastructure

design unifies front-office pre-trade decision-making with post-trade compliance analysis for unparalleled regulatory transparency across trade lifecycles.

One of the primary reasons that Adept has been successful is that, not only is data becoming more valuable in making efficient trade decisions, compiling data and understanding regulatory and compliance purposes is overwhelming and arduous.

Additionally, there is a growing demand for point-of-trade compliance for the full suite of global, often complex, derivatives that determine which instrument can be traded where, with whom and when. Droit's Adept platform comprehensively covers the global regulatory framework, including all-G20 aligned regimes.

Demand for accurate and comprehensive regulatory logic is being fuelled by the imminent clearing mandate in Europe, the complexity of bilateral margining and the ongoing efforts to harmonise the US and European derivatives markets. ■

MSCI

The index provider is applying its 40-years of experience to modern issues such as ESG and gender diversity

During the last 12 months assets benchmarked to MSCI indexes globally exceeded \$11trn. Within this, assets exceeding \$2.8trn are benchmarked to MSCI ACWI Indexes, more than \$184bn is benchmarked to MSCI Factor Indexes and more than \$58bn is benchmarked to its ESG-based indexes, all at the end of 2016.

The MSCI ESG Universal Indexes family was launched in February 2017. The innovative indexes, aimed at universal owners, re-weight free-float market cap weights based upon certain ESG metrics. It seeks to increase exposure to those companies demon-

strating a robust ESG profile while minimising exclusions from the parent index.

In Sept 2016 the Wealth Management Association (WMA) announced it would end its 20-year relationship with FTSE as provider of its Private Investor Index Series; in March 2017 MSCI took over as sole index provider. The association stated: "The WMA board has been impressed with MSCI's willingness to consider these needs and deliver solutions where necessary."

The MSCI World Women's Leadership Index, representing companies that exhibit a commitment to gender diversity on their boards and in lead-

ership positions, was launched in July 2016.

MSCI has been at the forefront of index construction and maintenance for more than 40 years, launching its first global equity indexes in 1969. Globalisation and the rapid integration of markets has led MSCI to explore alternative approaches to categorising the global equity universe and product development.

MSCI has remained an independent market leader by expanding and enhancing its offering. "We reflect the evolving and complex needs of the institutional investment community with ground breaking new products, innovative research, high quality data and dedicated client support," says a spokesperson. "We realise that in today's challenging market environment, it's more important than ever to have confidence in your index provider. Today, MSCI continues to lead innovation in areas our clients tell us are most important to them." ■

Axioma

Cloud-based Axioma Risk is a constantly evolving solution for multi-asset class investment

Axioma Risk is a cloud-based multi-asset class risk management platform offering asset managers, asset owners and hedge funds a flexible, scalable and customised risk solution for the complex and evolving multi-asset class investment environment.

Axioma Risk sets itself apart from its competitors through its unique flexibility and the continuous development of tools and solutions for an evolving market. On a daily basis, thousands of users trading trillions of dollars rely on Axioma's software and risk models. It is recognised as an industry innovator and appreciated for its products' reliability and problem-solving functionality.

Over the past twelve months, Axioma has invested significantly in its multi-asset class capabilities. This has included the acquisition of ConceptONE, which provides clients with a multi-asset class solution that aligns the front, middle and back offices.

Axioma Risk's key functionalities lie in the delivery of extensive risk measures for portfolios with different underlying strategies, asset classes and investment horizons. Further, Axioma Risk provides analytics with integrated market data to over five million active and ten million inactive fixed income, derivative and equity securities across all major currencies and liquid emerging markets.

The flexibility of Axioma Risk means

that clients can run scenarios, stress tests and analytics through cloud-based technology and interactivity, effectively responding to changes in the investment outlook.

Axioma Risk was launched in 2013 and bolstered by the acquisition of ConceptONE's regulatory and risk-reporting units in 2016. "Axioma's continuous application of research and analysis methods has ensured the business can consistently deliver tailored, flexible solutions, positioning itself a leader in the development of new and innovative solutions," adds a spokesperson.

Axioma has expanded its managerial expertise with several executive hires, bringing the company's headcount to 200. It increased its international presence with the opening of offices in Frankfurt, Paris, Tokyo and Melbourne. While internal legacy solutions can struggle to keep up with new asset classes and instruments Axioma Risk's innovative design allows to maintain a continuously leading position, according to the firm. ■

> CLEARING HOUSE OF THE YEAR

LCH

The world's largest clearing house has made significant product enhancements and seen volumes increase in the past year

LCH operates an open access model, enabling unprecedented choice and greater efficiencies for market participants. It offers clearing services across asset classes for a variety of market participants of all sizes, from the largest dealers to smaller regional banks and pension funds, while maintaining a laser-focus on offering the highest service and risk management standards.

SwapClear continues to lead in clearing inflation swaps, with volumes up five-times over the past year. Inflation cleared notional in March 2017 reached \$397bn, up from \$51bn in March 2016. There are more buy-side participants

than ever before, according to the firm. SwapClear also continues to lead interest rate swaps clearing, clearing \$666 trillion in notional in 2016.

LCH has announced plans to launch LCH SwapAgent, a service for the non-cleared derivatives market, designed to standardise and simplify trade processing, margining and payment processing for bilateral trading. 14 major dealers have confirmed their support the service.

LCH's FX clearing service ForexClear has passed several milestones this year. Since the introduction of the non-cleared margin rules in September 2016, the average monthly notional

cleared has increased by 500%. It has now cleared over \$10trn in notional since launch in 2012.

Clearing volumes and market share continue to grow for CDSClear. In March, LCH announced that CDSClear's first European buy-side client, Amundi, went live. In December, the SEC approved LCH to clear single-name CDS for US clients.

LCH takes seriously its role as a systemically important institution and has issued a number of whitepapers on the topic of CCP risk management and stress testing. LCH continues to review and improve processes, adding new products that deliver significant capital and operational efficiencies, such as inflation swaps clearing and compression.

"LCH is a leading global clearing house that is recognised by its members and clients as maintaining the highest of industry standards, while offering innovative solutions that drive greater efficiencies," says a spokesperson. ■

> COLLATERAL MANAGEMENT SYSTEM OF THE YEAR

Citi

Citi has launched several innovative services to meet regulatory challenges

Citi acquired new clients in all regions and more than doubled the volume of collateral agreements on its platform in 12 months. Citi guided its clients through the complexities of the uncleared margin rules, ensuring new operating models and same-day margining capabilities were tested and deployed globally ahead of the planned big-bang transition on March 1 2017.

Citi developed and launched several innovative new services to meet the regulatory challenges faced by its clients. It launched its initial margin estimator for cleared swaps across all users' clearing brokers; its com-

prehensive simulation capabilities empower clients to reduce funding requirements, better understand next day calls and more efficiently instruct the allocation of assets.

Citi introduced intra-day cash predictions in response to the uncleared margin rules. By simulating collateral allocations in advance of the margin call process, Citi enables its clients to efficiently manage excess cash during the narrow trading window for cash products.

It also launched its Segregated Initial Margin service, leveraging its global custody network to help its institutional clients meet new regulatory requirements, innovatively support-

ing both cash and non-cash collateral.

Citi's collateral management service focuses on the needs of the client group of investor. It has been a pioneer in creating an integrated buy-side collateral platform, which provides a single, automated collateral service solution spanning the full complexity of global asset managers' requirements. Clients can collateralise any obligation, via any eligible asset, held at any custodian, facing any clearing broker or bilateral counterparty while all movements are tracked through to settlement in real-time, according to the firm.

Clients can rely on Citi to ensure their margin obligations are covered and their use of collateral is optimised for every fund, without the need for the fund managers to ring-fence assets or maintain buffer accounts. "Citi is the only firm which is structured to provide a fully integrated derivatives offering, including execution, clearing, middle office, custody and margining," adds a spokesperson. ■



Global Custody SURVEY 2017

Citi and State Street were the star performers in the weighted tables and Pictet and RBC Investor & Treasury Services shared the honours in the unweighted tables, while other custodians demonstrated excellent performance in certain regions and for particular client types

Global Investor invited asset managers, asset owners and banks to rate the performance of their global custodians. In this year's survey there are 16 service categories tables – each of these categories was broken down into sub-categories in the survey questionnaire. Respondents were asked to rate their global custodians from 1 (very poor) to 7 (excellent) in each of these sub-categories.

The tables below are presented in a heatmap format, which was introduced last year. Global custodians' results are presented in alphabetical order with the winning score in each region or category highlighted. Tables contain global total and global average scores, and regional ones for Europe the Middle East and Africa (Emea), the Americas and Asia Pacific. The region is defined by where the respondent is based.

The weighted tables are based on a two-stage calculation process. The first stage gives a greater weight to the scores of respondents with larger assets under management (AuM) and the importance that the respondents collectively attach to each service category. Unweighted scores are constructed by averaging all relevant respondents scores, with no weighting for AuM or category importance.

➤ STATE STREET

State Street achieved the highest global average score in this year's survey according to the weighted methodology. Its score of 7.42 made it a winner by a considerable margin, 0.43.

State Street was the highest rated custodian in Asia Pacific, according to both the weighted and unweighted methodologies. Asia Pacific was generally a low-scoring region in the survey – State Street actually received a higher weighted score for the Americas but came in second. In the Americas it came joint-third unweighted.

In the overall service categories State Street was the dominant custodian under the weighted methodology. It achieved the highest score in 13 of the 16 categories: cash management, class actions, client services, corporate actions, foreign exchange services, fund accounting quality, income collections, industry knowledge,

OVERALL (WEIGHTED)					
COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	6.04	X	4.83	10.87	5.56
BNY Mellon	5.98	X	5.48	11.46	6.13
Citi	6.90	7.86	5.42	20.18	6.99
JPMorgan	6.89	X	X	X	X
Northern Trust	5.62	6.88	5.86	18.36	6.01
Pictet	5.63	6.87	X	12.50	6.04
RBC Investor & Treasury Services	4.12	4.19	6.02	14.33	4.46
Societe Generale	4.72	X	X	X	X
State Street	X	7.66	7.16	14.82	7.42

OVERALL (UNWEIGHTED)					
COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	5.54	X	5.21	10.75	5.41
BNY Mellon	5.38	X	5.64	11.02	5.49
Citi	5.44	5.84	5.26	16.54	5.57
JPMorgan	6.03	X	X	X	X
Northern Trust	5.64	5.85	5.59	17.08	5.68
Pictet	5.99	6.25	X	12.24	6.10
RBC Investor & Treasury Services	5.85	6.09	6.27	18.21	6.02
Societe Generale	5.76	X	X	X	X
State Street	X	5.85	6.27	12.12	5.95

OVERALL SERVICE CATEGORIES (WEIGHTED)				
COMPANY	CASH MANAGEMENT	CLASS ACTIONS	CLIENT SERVICES	CORPORATE ACTIONS
BNP Paribas	4.79	X	5.56	5.21
BNY Mellon	5.84	X	6.29	6.08
Citi	6.61	7.22	6.79	6.53
Northern Trust	5.91	5.59	6.13	5.89
Pictet	5.39	5.98	6.09	5.93
RBC Investor & Treasury Services	4.08	4.54	4.48	4.14
State Street	7.33	7.70	7.56	7.23

COMPANY	EXECUTION SERVICES	FOREIGN EXCHANGE SERVICES	FUND ACCOUNTING QUALITY	INCOME COLLECTIONS
BNP Paribas	5.67	5.01	X	5.22
BNY Mellon	6.06	5.62	X	6.10
Citi	6.93	5.88	X	6.68
Northern Trust	5.76	5.77	5.62	5.84
Pictet	5.79	X	5.95	6.07
RBC Investor & Treasury Services	4.39	4.13	4.35	4.31
State Street	X	7.24	7.24	7.53

COMPANY	INDUSTRY KNOWLEDGE	NETWORK	PERFORMANCE MEASUREMENT	RELATIONSHIP MANAGEMENT
BNP Paribas	5.37	5.30	5.14	5.56
BNY Mellon	5.91	5.98	X	6.30
Citi	6.88	7.09	X	7.11
Northern Trust	5.88	5.77	5.52	6.12
Pictet	5.81	5.60	5.77	6.00
RBC Investor & Treasury Services	4.38	4.52	X	4.42
State Street	7.41	7.62	X	7.54

COMPANY	REPORTING	SAFETY OF CLIENT ASSETS	SETTLEMENTS	TAX SERVICES
BNP Paribas	5.10	5.69	5.38	4.97
BNY Mellon	6.07	6.35	6.23	5.49
Citi	6.85	7.11	6.87	6.43
Northern Trust	5.74	6.35	5.98	5.55
Pictet	5.64	6.14	6.08	X
RBC Investor & Treasury Services	4.21	4.56	4.37	4.33
State Street	7.34	7.81	7.34	X

network, relationship management, reporting, safety of client assets and settlements.

Unweighted it had the winning score in two: cash management and network.

When only the ratings of respondents that used multiple custodians were taken into consideration State Street achieved a clean sweep of top scores in the weighted table, taking leading positions in EMEA, the Americas and Asia Pacific and therefore also in terms of global total and global average. In the corresponding unweighted table State Street also had the highest score in Asia Pacific and the highest global total.

Among mutual fund/UCITS respondents State Street again had a very strong set of scores. It had the highest global total score

both weighted and unweighted. It also had the highest scores in the Americas weighted and Asia Pacific unweighted.

One respondent in Asia Pacific praised State Street for its “excellent client service and stable network”. Another commented: “Good in services for emerging markets investments and [it has a] good connection with local sub-custodian banks located all over the world.”

Respondents with AuM greater than \$3bn provided State Street with the winning global total score as well as the highest score in Asia Pacific, both weighted and unweighted.

A respondent in the Americas stated: “State Street is an industry leader for good reason.”

> PICTET

Pictet achieved the highest global average score under the unweighted methodology. Its strongest region was the Americas, for which it also achieved the highest unweighted score.

It also performed excellently in its home market of EMEA, achieving the second highest unweighted score. One respondent simply stated: “Probably the safest custodian in the world in our opinion.”

Given overall position it is unsurprising that Pictet had a strong showing across the service categories. Unweighted it was the winner in the following: client services, corporate actions, income collections, performance measurement, relationship management, reporting, safety of client assets and settlements.

Respondents that used multiple custodians awarded Pictet the highest global average score unweighted. It was also the highest rated custodian by these respondents in the Americas unweighted.

Mutual fund respondents rated Pictet as the best performing custodian in the Americas unweighted. Likewise, respondents that had AuM greater than \$3bn rated Pictet as the best performing custodian in the region unweighted. A respondent in the region stated: “We haven’t had any problems with settlement of our trades and the client service team is excellent. [It] always responds quickly to our emails/questions.”

OVERALL SERVICE CATEGORIES (UNWEIGHTED)				
COMPANY	CASH MANAGEMENT	CLASS ACTIONS	CLIENT SERVICES	CORPORATE ACTIONS
BNP Paribas	4.99	X	5.56	5.35
BNY Mellon	5.37	X	5.69	5.49
Citi	5.46	5.88	5.65	5.43
Northern Trust	5.59	5.42	5.95	5.69
Pictet	5.57	5.97	6.39	6.20
RBC Investor & Treasury Services	5.66	6.32	6.25	5.95
State Street	5.89	6.03	6.08	5.88
COMPANY	EXECUTION SERVICES	FOREIGN EXCHANGE SERVICES	FUND ACCOUNTING QUALITY	INCOME COLLECTIONS
BNP Paribas	5.67	5.30	X	5.35
BNY Mellon	5.58	5.27	X	5.67
Citi	5.74	5.06	X	5.50
Northern Trust	5.72	5.46	5.69	5.64
Pictet	6.15	X	5.91	6.21
RBC Investor & Treasury Services	6.18	5.94	6.22	6.00
State Street	X	5.88	5.80	6.00
COMPANY	INDUSTRY KNOWLEDGE	NETWORK	PERFORMANCE MEASUREMENT	RELATIONSHIP MANAGEMENT
BNP Paribas	5.57	5.45	5.40	5.68
BNY Mellon	5.43	5.55	X	5.73
Citi	5.63	5.74	X	5.89
Northern Trust	5.68	5.68	5.70	5.94
Pictet	5.91	6.03	6.24	6.27
RBC Investor & Treasury Services	5.97	5.93	X	6.17
State Street	5.89	6.09	X	6.05
COMPANY	REPORTING	SAFETY OF CLIENT ASSETS	SETTLEMENTS	TAX SERVICES
BNP Paribas	5.17	5.92	5.46	5.14
BNY Mellon	5.49	5.87	5.75	5.13
Citi	5.62	5.98	5.73	5.10
Northern Trust	5.63	6.03	5.79	5.48
Pictet	5.99	6.53	6.31	X
RBC Investor & Treasury Services	5.87	6.34	6.03	5.94
State Street	5.91	6.28	5.94	X

We do not have
shareholder pressure.
We are perfectly happy
with client pressure.

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MUTUAL FUND/UCITS (WEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	5.77	X	X	5.77	5.82
BNY Mellon	6.75	X	X	6.75	6.65
Citi	7.24	6.69	5.60	19.53	6.64
JPMorgan	8.23	X	X	8.23	8.27
Northern Trust	6.49	X	7.11	13.60	6.95
Pictet	6.26	6.82	X	13.08	6.36
RBC Investor & Treasury Services	4.36	4.17	X	8.53	4.75
Societe Generale	5.16	X	X	X	5.31
State Street	7.50	7.90	6.94	22.34	7.44

MUTUAL FUND/UCITS (UNWEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	5.54	X	X	5.54	5.42
BNY Mellon	5.36	X	X	5.36	5.22
Citi	5.39	5.75	5.58	16.72	5.56
JPMorgan	5.97	X	X	5.97	5.75
Northern Trust	5.58	X	5.59	11.17	5.57
Pictet	5.74	6.25	X	11.99	5.98
RBC Investor & Treasury Services	6.17	6.14	X	12.31	6.13
Societe Generale	5.29	X	X	X	5.40
State Street	5.36	5.68	6.20	17.24	5.80

MULTIPLE CUSTODIAN (WEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	6.32	X	5.60	11.92	6.09
BNY Mellon	6.76	7.17	5.87	19.80	6.60
Citi	6.92	7.34	5.42	19.68	6.68
JPMorgan	6.87	7.82	X	14.69	7.09
Northern Trust	6.52	7.47	6.16	20.15	6.63
Pictet	5.78	6.87	X	12.65	6.25
RBC Investor & Treasury Services	5.01	4.36	X	9.37	5.03
Societe Generale	4.79	X	X	X	4.91
State Street	7.50	7.94	7.70	23.14	7.75

MULTIPLE CUSTODIAN (UNWEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	5.68	X	5.34	11.02	5.57
BNY Mellon	5.46	5.39	5.62	16.47	5.49
Citi	5.34	5.67	5.26	16.27	5.44
JPMorgan	6.10	5.43	X	11.53	5.81
Northern Trust	5.86	5.63	5.66	17.15	5.74
Pictet	5.97	6.25	X	12.22	6.09
RBC Investor & Treasury Services	5.96	5.90	X	11.86	5.90
Societe Generale	5.56	X	X	X	5.60
State Street	5.36	5.72	6.38	17.46	5.93

Respondents that had AuM of less than \$3bn rated Pictet as the best performing custodian in the Americas, both weighted and unweighted. Among respondents that use just a single custodian Pictet was the highest rated in Emea unweighted.

A respondent in Asia Pacific stated: "Pictet Asset Services is very effective when it comes to getting things done. Since the inception of the relationship, there has never been an issue that's dragged on for too long. Reporting is very thorough and easy to understand."

> CITI

Citi achieved its best results in the weighted tables, where it achieved an impressive string of winning scores. It was the highest rated custodian by this methodology in Emea and the Americas, which was enough to secure it the highest global average score and the second-highest average score.

In the overall unweighted table Citi achieved the third-highest global total score.

A respondent in the Americas commented: "Great custodian with best global network. Great team with excellent product knowledge. Relationship managers know our business and are very responsive." One in Emea praised its "excellent relationship management".

Citi was also a strong performer in the corresponding weighted service categories, achieving the top score in two cases: execution services and tax services.

Respondents that had AuM greater than \$3bn rated Citi as the best performing custodian in the Americas weighted. One large respondent in the region stated: "Excellent client service. Citi goes above and beyond understanding our business and [we appreciate the] quality of its subject matter experts."

Among respondents that use just a single custodian Citi was the highest rated custodian in the Americas unweighted and weighted.

> RBC INVESTOR & TREASURY SERVICES

RBC Investor & Treasury Services (RBC I&TS) achieved its best scores in the unweighted tables. Overall it had the winning global total score and joint highest score in Asia Pacific. It was a strong performer across the board with second-place scores in the Americas for global average, as well as a third-place score in Emea.

AUM GREATER THAN \$3BN (WEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	6.72	X	5.74	12.46	6.29
BNY Mellon	6.36	6.94	X	13.30	6.61
Citi	7.54	8.42	5.70	21.66	7.52
JPMorgan	8.30	8.09	X	16.39	8.00
Northern Trust	6.74	6.88	6.91	20.53	6.84
Pictet	7.08	7.95	X	15.03	7.47
RBC Investor & Treasury Services	6.00	X	X	X	6.62
Societe Generale	5.38	X	X	X	5.38
State Street	7.50	7.73	8.04	23.27	7.81

AUM GREATER THAN \$3BN (UNWEIGHTED)

COMPANY	EMEA	AMERICAS	ASIA PACIFIC	GLOBAL TOTAL	AVERAGE
BNP Paribas	5.52	X	5.31	10.83	5.43
BNY Mellon	5.39	5.53	X	10.92	5.43
Citi	5.45	5.90	5.24	16.59	5.60
JPMorgan	6.32	5.56	X	11.88	5.92
Northern Trust	5.66	5.85	5.46	16.97	5.68
Pictet	5.71	6.07	X	11.78	5.87
RBC Investor & Treasury Services	6.01	X	X	X	6.01
Societe Generale	5.38	X	X	X	5.38
State Street	5.36	5.75	6.57	17.68	5.99

Weighted, RBC I&TS was the second-best performing custodian in Asia Pacific.

In the unweighted service category tables RBC I&TS achieved the top score in an impressive six areas: class actions, execution services, foreign exchange services, fund accounting quality, industry knowledge and tax services.

Mutual fund/Ucits respondents also rated RBC I&TS very highly. It was the top-rated custodian unweighted in Emea and in terms of global average. Among respondents with AuM greater than \$3bn the Canadian custodian achieved the highest average global score unweighted.

> NORTHERN TRUST

Northern Trust qualified in every continent and received consistently solid scores throughout.

In the overall unweighted table Northern Trust achieved the second highest global total score. It also achieved joint-third place in the Americas unweighted.

A respondent in the Americas commented: "Settlement issues, which are extremely rare, are resolved very quickly and efficiently and are traditionally due to a broker's error and not the custodian's error. Customer service is outstanding and turnaround time for any inquiry is short."

It achieved the second-highest weighted global total score based on third-placed finishes in the Americas and Asia Pacific.

One respondent in Asia Pacific commented: "Quick response times, after-hours response is much appreciated, awesome client service ethic."

A respondent in Emea commented: "We have an excellent working relationship with NT across a range of services

and they truly understand our business and requirements, working with us to deliver them.”

Among mutual fund/Ucits respondents Northern Trust was the top-rated custodian in Asia Pacific weighted.

> JPMORGAN

JPMorgan achieved excellent scores in the single region that it qualified for, Emea. Unweighted it was the highest rated custodian and weighted it was the second-highest rated.

It had a similar showing based on the views of mutual fund/Ucits respondents, which also considered it to be the best performing custodian in Emea weighted and second-best unweighted. Respondents that used multiple custodians also rated JPMorgan as the best performing custodian in Emea unweighted.

Among respondents with AuM in excess of \$3bn JPMorgan achieved even better results. It was the top-rated custodian in Emea both weighted and unweighted. It also achieved the winning global average score weighted.

Although it did not qualify for the region, one respondent in the Americas stated: “The online system for JPM is superior to other banks online offerings. JPM is faster at notifications than most banks and offers a longer deadline timeframe. The trade settlements team we have is outstanding.”

Likewise, while it did not qualify in Asia Pacific it still received praise: “JPM is efficient in their execution of custody service, at the same time providing quality insights to the subject matter. Their expertise, coupled with timely and precise communication, results in an overall exemplary standard.”

> BNP PARIBAS

BNP Paribas achieved third place in its home region of Emea, weighted. BNP Paribas was the highest rated custodian in Emea weighted according to respondents that had AuM of less than \$3bn.

One respondent in Emea commented: “Our client relationship manager is always available to help us. He always look for the better solution and in a very reasonable time. He is our main contact for whatever query we have.”

Another stated: “BNP stands out for the quality of the services it provides. In all of the categories it is strong, and we have few complaints.”

In Asia Pacific a respondent stated: “Relationship management is excellent.”

> BNY MELLON

BNY Mellon achieved third position overall for its global average score under the weighted methodology reflecting consistently solid performance across the two regions for which it qualified, Emea and Asia Pacific.

Unweighted BNY Mellon also achieved third position in Asia Pacific. One

AUM LESS THAN \$3BN (UNWEIGHTED)			
COMPANY	EMEA		AMERICAS
Societe Generale	6.36	Pictet	6.55
Pictet	6.24	RBC Investor & Treasury Services	6.14

AUM LESS THAN \$3BN (WEIGHTED)			
COMPANY	EMEA		AMERICAS
BNP Paribas	5.06	Pictet	5.02
Pictet	4.34	RBC Investor & Treasury Services	3.69

SINGLE CUSTODIAN (UNWEIGHTED)			
COMPANY	EMEA		AMERICAS
Pictet	6.04	Citi	6.24
RBC Investor & Treasury Services	5.78	RBC Investor & Treasury Services	6.20

SINGLE CUSTODIAN (WEIGHTED)			
COMPANY	EMEA		AMERICAS
BNY Mellon	5.31	Citi	9.07
Pictet	5.07	Northern Trust	6.18

respondent commented: "The client service in [our market] is very professional and cooperative, replying back to the client promptly."

Among respondents that use just a single custodian BNY Mellon was rated as the best performing custodian in Emea weighted. In the region one respondent commented that it had an "excellent relationship manager"

and another stated: "Good all round services provided, willingness to improve wherever we feel the standards could be better. Excellent relationship management, always going the extra mile."

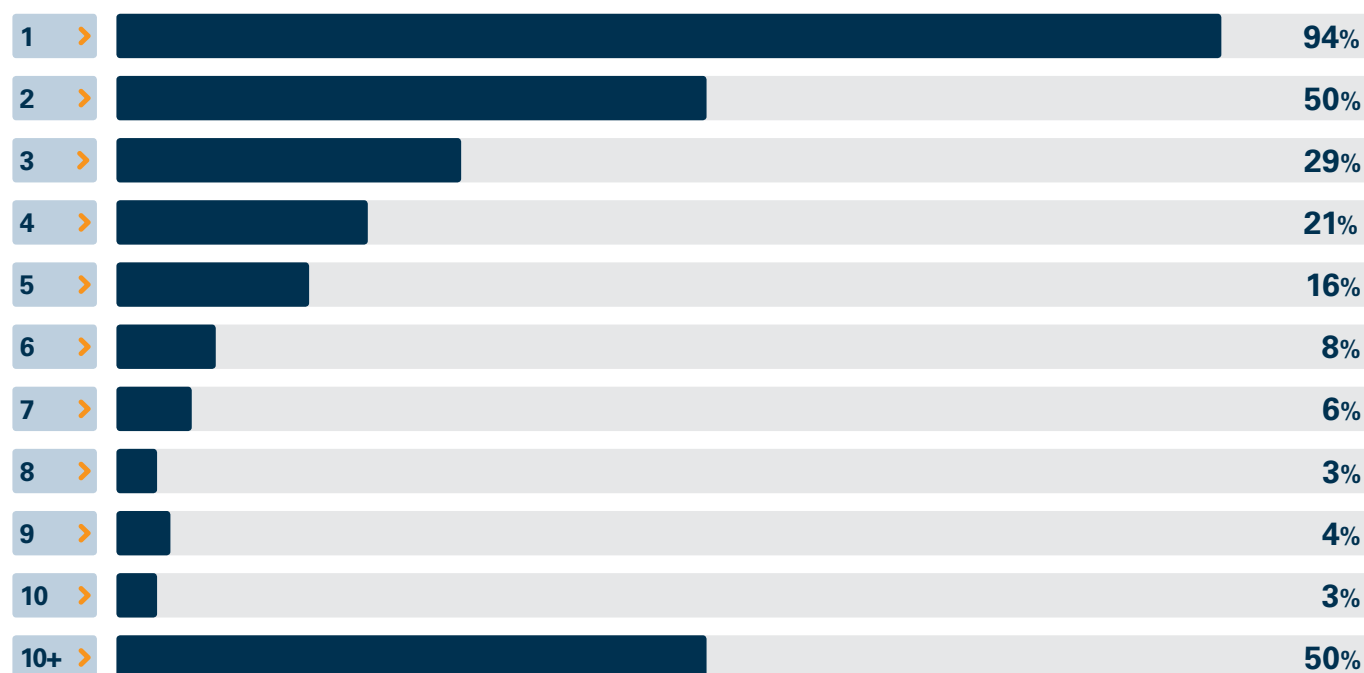
➤ SOCIETE GENERALE

Societe Generale was the highest rated custodian by respondents with

AuM less than \$3bn in Emea un-weighted. In the region a respondent commented: "We are happy with quality of service received. Teams are very well trained. IT systems are great."

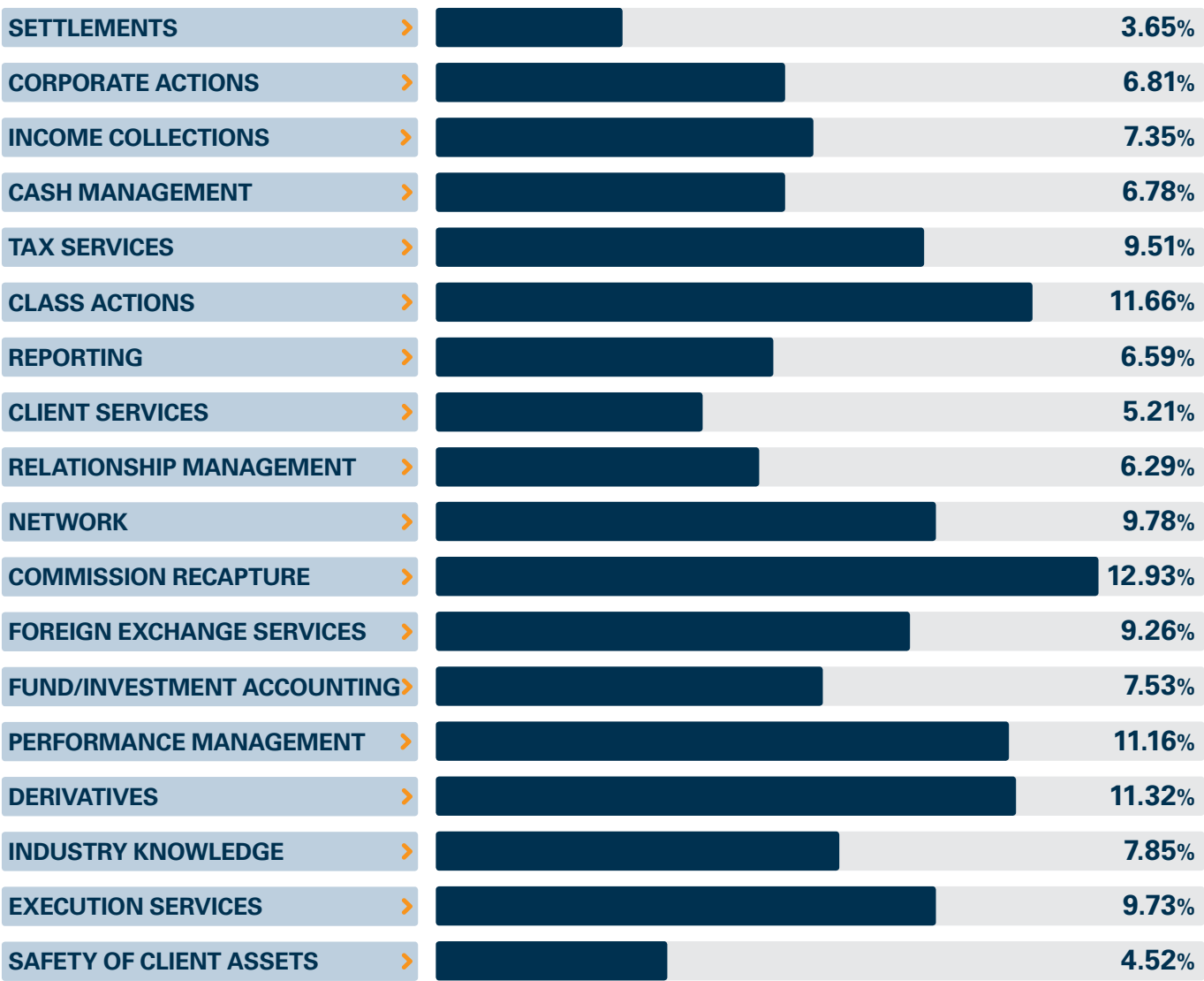
Another stated it had "excellent knowledge, support, flexibility and willingness to help," while a further one noted that it had "all round excellent service".

➤ HOW MANY CUSTODIANS DO YOU DEAL WITH?

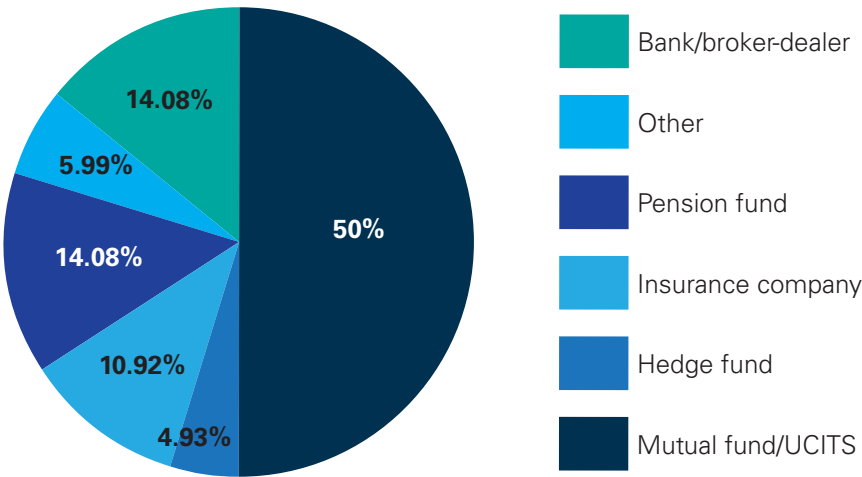


> IMPORTANCE OF SERVICE CATEGORIES

AVERAGE RANKING



> IN WHAT BUSINESS CAPACITY ARE YOU COMPLETING THIS SURVEY?



Stepping up TO THE GLOBAL CHALLENGE

Sanjiv Sawhney, Global Head of Custody and Fund Services at Citi, explains how the firm's future-focused, technologically enabled global custody and funds offering is helping develop and empower its long-term client relationships



WHAT ARE ASSET MANAGERS LOOKING TO THEIR CUSTODIANS FOR TODAY?

Asset managers are having to provide a different, more responsive, more customised set of products from those they once offered to institutional and retail investors. The days of one-size fits all are behind us; managers must fight hard to find their niche in the sector where they can prosper. The questions of investment, domicile, distribution and regulation provide continued challenges. Add in the focus on costs and you can see that adapting to this brave new world is no easy task.

We are looking to make the life of our customers as easy as we can. It's a given that this means being able to

settle trades, perform safe-keeping, calculate NAVs, settle corporate actions and provide support for distribution. Increasingly, it also means several other things, too.

Firstly, clients need help future-proofing their business model, for the time when they will launch new products in new markets. When this day happens, they want the option to do so with their existing provider – preferably one that can facilitate the shift quickly and with minimum disruption to their existing operation – rather than have to search for an alternative partner.

Secondly, they are looking to custodians to provide tools to enhance fund performance and facilitate their growth. This could be anything from improving portfolio return to liquidity

management and collateral optimisation. For us, this means supplementing custody with Citi's other core service offerings – in particular, a strong agency lending business and an integrated FX service. Our agency lending network spans 76 markets; in many of these our competitors are not even present. Wherever clients want to invest, to sell and to domicile, they know we will be there, with a local team versed in domestic regulations, operating in the same time zone and in the same language (factors that are especially valuable when clients are looking for help with services provided to end investors).

HOW WOULD YOU SAY THAT CITI IS DISTINCTIVE IN THIS MARKET?

Certainly, our global reach is one of the things that picks us out. We provide our clients with a network of 105 markets, of which 62 are proprietary Citi sub-custody branches. Our custody network covers approximately 97% of

“Clients need help future-proofing their business model, for the time when they will launch new products in new markets”

the world's market capitalisation. In 80 markets we provide FX services; in 76 we are, as I say, agent lenders.

This footprint means that, when our customers want to expand geographically, they know the process will be quick, efficient and smooth. Our global custody contracts provide the means for clients to reach into any of those 105 markets quickly (subject to the account opening rules and the local regulatory requirements, of course).

For example, we are seeing a lot of interest in Asian-domiciled products lately. Managers who have seen considerable success in European domiciled funds are keen to replicate their strategies leveraging Asian domiciled vehicles. In these cases, our familiarity with the holdings and strategy of the manager coupled with our consistent global platforms ensures that the set up process can proceed very quickly.

> WHAT ARE THE BENEFITS OF BEING A FULL SERVICE BANK?

When you overlay these technical benefits onto the diversity and financial strength of our bank, you can achieve considerable added benefits. The fact that we are a full service bank means that we will often find ourselves providing a multitude of products and services to a client, from core banking and execution through to M&A and capital markets activity. The more that we

do with a client, the better we get to know their business and the more we are able to develop it with the range of services we have access to.

The more long standing and deeper the relationship across Citi, the better placed we are to do this. It helps us to understand the DNA of the client – how the firm runs, how its strategies are constructed and so on.

In addition, other areas of the bank, such as the private bank, or the distribution network, provide a wealth of information and experience that will typically benefit asset manager clients. Often we see the custody services we provide as the foundation upon which we can explore the provision of other services the client may benefit from.

> CAN YOU DETAIL THE BENEFITS OF A GLOBAL CUSTODY NETWORK FOR CLIENTS?

One of the legacies of the financial crisis has been a marked increase in the focus on ensuring the safety of assets especially in times of market stress.

When you look at the recent major regulatory initiatives, such as AIFMD or UCITS 5, there is almost always a provision for resolution and recovery planning. The most effective way that this can be provided is if the custodian can segregate assets in the name of the beneficial owner throughout the custody structure, at every layer of the

chain. In this respect, our infrastructure of proprietary sub-custodians across the world gives us an unmatched capacity to provide this consistent level of segregation regardless of the asset type or location.

This integrated custody overlay, which collapses the layer between the global custodian and the sub-custodian, produces a number of benefits. In the first case it removes not only the risk, but also the latency associated with a transaction, meaning better cut-off times. It also provides more transparency, which is a cornerstone of stronger, more consistent reporting.

A related benefit that arises from having a global network concerns the improved service associated with having a local team on the ground doing the sub-custody. This familiarity with the local market has proven particularly valuable in times of stress – through the Arab spring for markets in the Middle East, and during the ensuing political crisis in Egypt, or in Latin America, where our clients were presented with questions during the debt resolution issues in Argentina. It is when times get particularly tough that the benefits of a local presence may become more visible.

> CAN YOU EXPLAIN HOW YOU ARE USING BIG DATA TOOLS TO IMPROVE THE SERVICES AVAILABLE TO CLIENTS?

We have spent considerable time and money recently on refining our data

“ When our customers want to expand geographically, they know the process will be quick, efficient and smooth ”

products, producing an intelligent data engine over the last year and we are currently in the process of rolling it out to our larger clients.

Effective, timely and manageable access to data concerning asset managers' portfolio has a material impact on the speed and ease with which they can provide this information to regulators and to their own clients. It thereby has a big influence on how well they are able to perform their responsibilities, duties and services. Unfortunately many of the existing tools in the marketplace associated with providing data to clients, or giving them the means to mine it themselves, continue to be slow and archaic.

How does our engine work to overcome the obstacles associated with these more traditional tools? It allows clients to query their data and return results in an adaptable and user-friendly way and provides them with the means to investigate their exposure to specific variables, such as a single holding across the full range of funds, geographies or markets. The engine also provides for the full gamut of a client's standard reporting needs: from the generation of NAV reports to the provision of corporate action information and supply of a settlement report.

The interface for the new data engine is available across multiple devices, including mobile phones. Equally, it provides the data in the format the clients need to feed it into their own back and middle office systems in order to process it further, enhanced

with their own data.

This process of data supplementation is becoming increasingly valuable to our clients. Consider cases where asset managers conduct one or more elements of their asset servicing themselves – here, clearly there is a need to supplement our data with their own.

Another example is the regular one-page monthly fact sheets that asset managers provide to their clients, which typically include information about the index performance, key holdings and a quote from a portfolio manager. These are often outputs where considerable adjustments must be made to the raw data to assimilate the look and feel of the asset manager's brand – ensuring graphs appear in the house style and featuring the livery, fonts and style particular to that company. This means combining data from the custodian with data and formatting from the asset manager.

> WHERE ELSE HAVE YOU BEEN FOCUSSED YOUR EFFORTS RECENTLY?

Another target of our recent work has been improving our services around funds and instrument types that are growing to be particularly popular in the market at the moment. The most striking example here is the growing use of passive funds such as ETFs, which have now moved beyond their beginnings in the US and Europe and are becoming established at the heart of the Asian investment landscape. We are upgrading our infrastructure

“ A critical focus for us has been the time, effort and resources that we have spent on securing our platforms from cyber-attacks ”

to accommodate this global growth in ETFs. Traditional managers, meanwhile, are using OTC instruments in ever greater numbers; many employ OTCs as much as their hedge fund peers now. Here, again, our capabilities are among the best in the market.

And finally, a critical focus for us has been the time, effort and resources that we have spent on securing our platforms from cyber-attacks. We have an established expertise in this area that has grown out of our global experience. It has spawned technology that can interrogate the source of instructions received online – by examining the IP address – and match them against previous sources for the client in question. It also provides the means for timely and accurate examination of the destination of a client's transactions – again, comparing these with the historical behaviour of that client – in order to detect and respond to fraudulent instructions. In an STP world, where transactions increasingly occur from end-to-end without manual input, these detections systems become essential.



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