

European Asset Management Fees 2023

How Low Can You Go?

OVERVIEW & METHODOLOGY

European Asset Management Fees 2023: How Low Can You Go? examines the current fee landscape across Europe. In it, Cerulli explores existing fee setting and discounting processes, new initiatives being considered, and the level of fees institutional investors actually pay for segregated mandates.

The report includes more than 70 charts and tables that provide detailed insight into the European fee environment. It draws on the findings of two proprietary surveys: one of asset managers and one of asset owners. The report details asset managers' approaches to pricing and discounting segregated mandates and commingled funds, the current fees asset owners actually pay for mandates, and the cost of retail investment products across Europe. It also offers readers insight into new initiatives such as the introduction of tiered fee structures that are being considered as asset managers look to identify new opportunities.

USE THIS REPORT TO

- Investigate asset managers' current pricing strategies and their approaches to discounting fees, as well as their approaches to relationship pricing
- Review new fee structures being offered across Europe and initiatives being discussed for potential implementation
- Examine institutional asset owners' perspectives on fees and the relationship between cost and the services received
- Assess the current costs of mandates for institutions across Europe, dependent on strategy and size of investment
- View a snapshot of the current costs of investment products for retail investors across Europe, comparing fees between different vehicles
- Evaluate trends in fees across retail investment products and examine the pressure on fees for retail investors

QUESTIONS ANSWERED

- Which asset managers can command premium fees?
- How much do European institutions pay for fixed-income, equity, and private asset mandates?
- What are the factors driving down fee prices in the retail space?
- What is the value of offering innovative fee structures?

PRODUCT DETAILS

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Interactive Report Dashboards

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Asset Managers' Pricing and Discounting Strategy: Examines the different approaches that asset managers use for pricing and discounting, how relationships with clients affect their strategy, and different factors that impact the level of discounts offered. Additionally, review the flexibility of discounting schedules used by sales personnel and the types of clients requesting discounts on fees.

Innovative Fee Structures and Initiatives: Explores the growing interest in innovation within fees for asset owners from both the owners' and managers' perspectives. Also highlights the potential plans of action that asset managers are looking to implement within their pricing strategies and the support that managers receive from asset owners when aiming to align interest.

Institutional Investors' Perspective on Fees: Reviews the institutional investors' perspective on fees, such as the different criteria that affect the selection of asset managers, their current satisfaction levels with both the transparency and comparability of fees and factors that they consider justifiable for increases in costs. It also displays the key characteristics of asset managers that can command a premium fee and thoughts on whether costs of bespoke ESG reporting should be absorbed by the manager or not.

Segregated Mandate Fees Paid by Institutional Investors: Evaluates the current level of fees paid by asset owners for different size mandates for various strategies, both public and private assets. Showcases the minimum and maximum fees paid for different size mandates, the median value and the interquartile range for fees paid across different equity, fixed income, and private asset strategies.

Trends in Retail Fees Across Europe: Analyze the current level of pressure on fees exerted by retail investors across the different European markets. Investigate the expected level of reduction in fees for both actively managed strategies, as well as both index funds and ETFs, over the next two years. Also, examine the reduction in fees for active ESG-labelled strategies for the next two years, and the current percentage of management fee that is currently being attributed to costs of distribution into different European markets.

The importance of offering innovative fee structures

Cerulli's survey of European institutional investors found that more than half (53%) of respondents consider innovative fee structures very important or important when selecting managers. Only 7% said that they are unimportant. The size and type of investor matters, too: large pension schemes are more likely than smaller schemes to ask managers for nonstandard fee structures.

In addition, Swiss and French institutions place a higher importance on innovate fee structures during manager selection than investors in Italy and the Netherlands. For instance, 64% of the Swiss institutions Cerulli surveyed said innovative fees are either very important or important; only 44% of Italian respondents said the same. Nonetheless, Cerulli believes "novelty" fee structures are unlikely to be a major driver in winning mandates. In times of underperformance, innovative fee structures can be helpful in retaining clients, but institutions are unlikely to select asset managers based on their fee structures alone.

Exhibit 2.01

Asset Owners: Importance of Innovative Fee Structures in Manager Selection, 2023

Source: Cerulli Associates

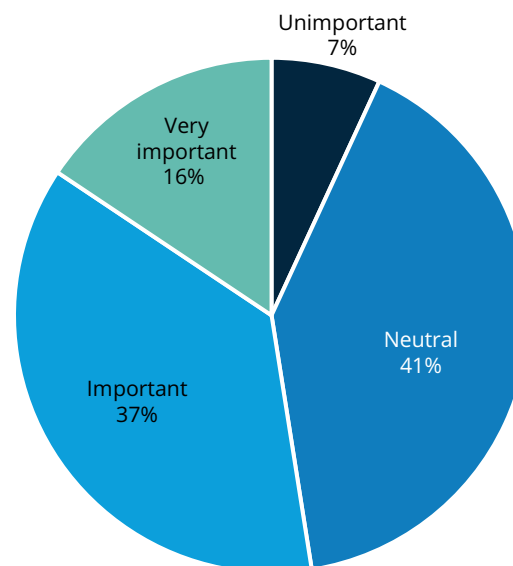


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