



The Future of Investments

Industry M&A: Bigger Is Not Necessarily Better

September 21, 2021

Researching Unprecedented Industry Challenges

As the investment industry faces unprecedented challenges, Chestnut Advisory Group and Pensions & Investments partnered to conduct comprehensive research into the issues impacting the future of the investment industry, your organization and your career.

450+ investment professionals from across the industry

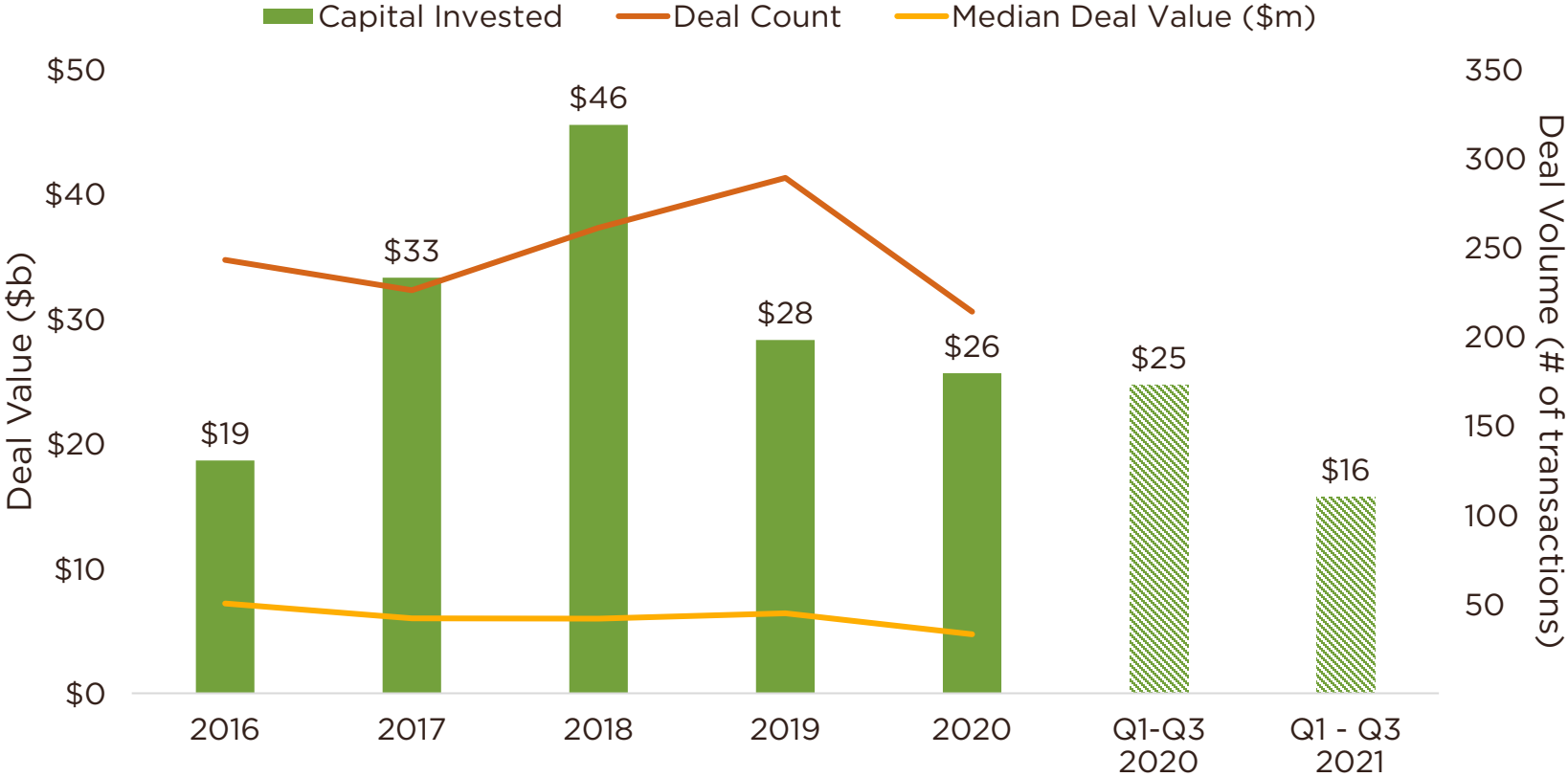
- Asset managers
- Investment consultants
- Asset owners/allocators
- RIA/Wealth advisers
- Fielded June/July 2021

Key themes, with in-depth articles and discussions to follow...

- M&A across the investment industry
- The growth of OCIO
- Incorporating ESG and DEI into investment businesses

M&A Activity Continues Apace

Global Asset Management M&A Activity



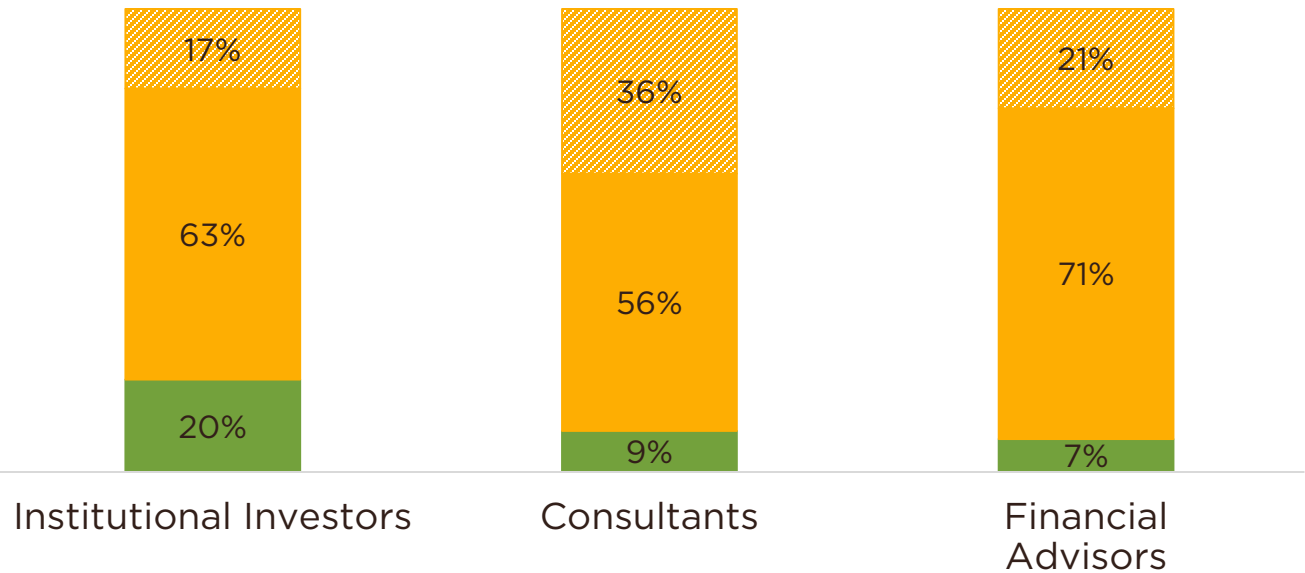
Source: Pitchbook. Includes asset and wealth-managers.

Investor Interest in Boutiques Offerings Remains High

Intent to Allocate to Boutiques Over Next 5-10 Years Allocator Respondents

■ Less ■ About the Same ■ More

With investor interest in alternatives, ESG and DEI increasing, boutiques offering those strategies have become desirable M&A targets



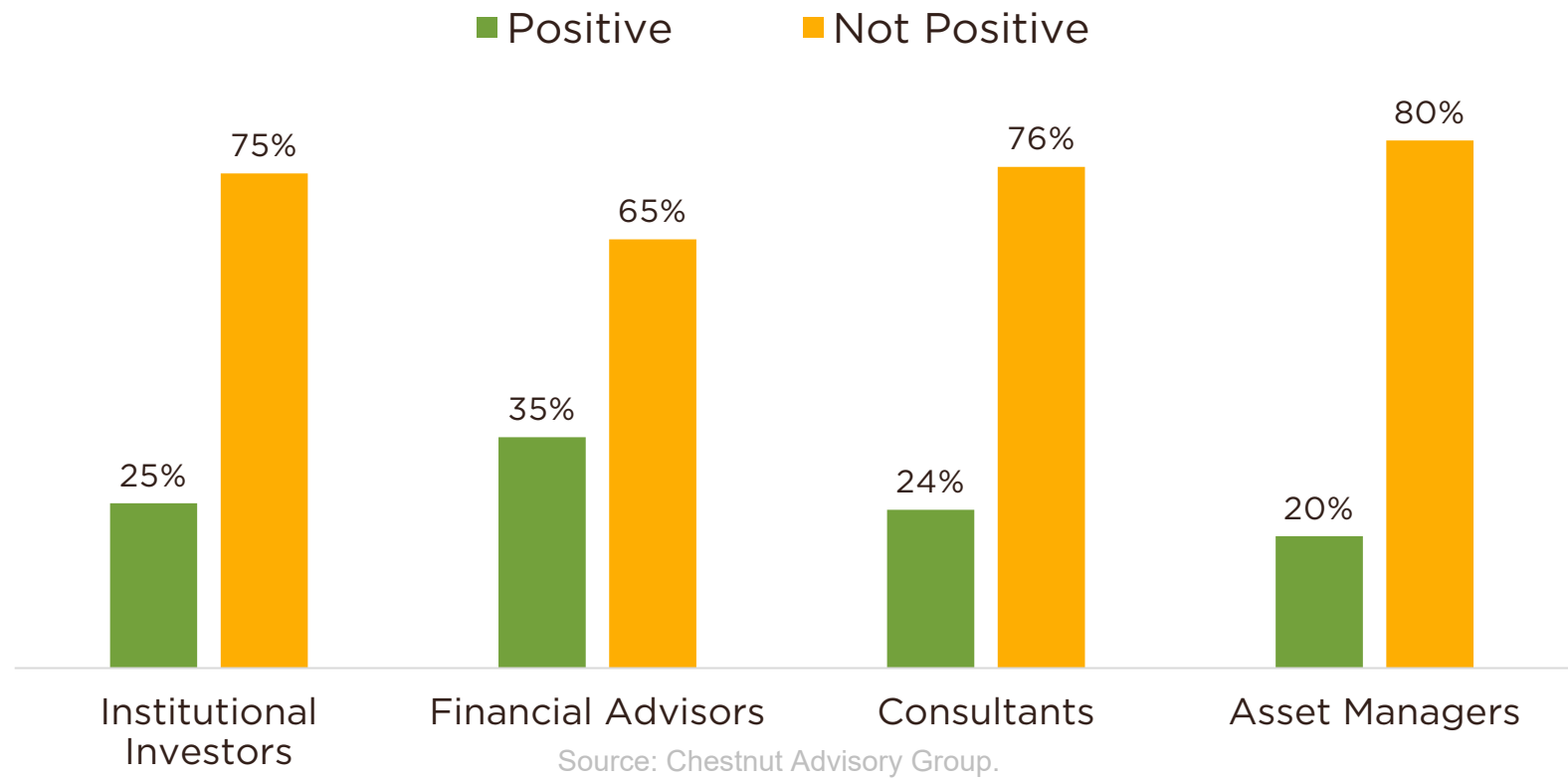
Source: Chestnut Advisory Group.

Common Hurdles to Successful Investment M&A Transactions

- Lack of strategic plan
- Firm culture
- Lack of product discipline
- Unfocused distribution and marketing strategy
- Technology driven cost-savings are often over-promised and under-delivered
- Uncertainty itself is a cost

Asset Manager M&A Widely Viewed as Negative for Investors

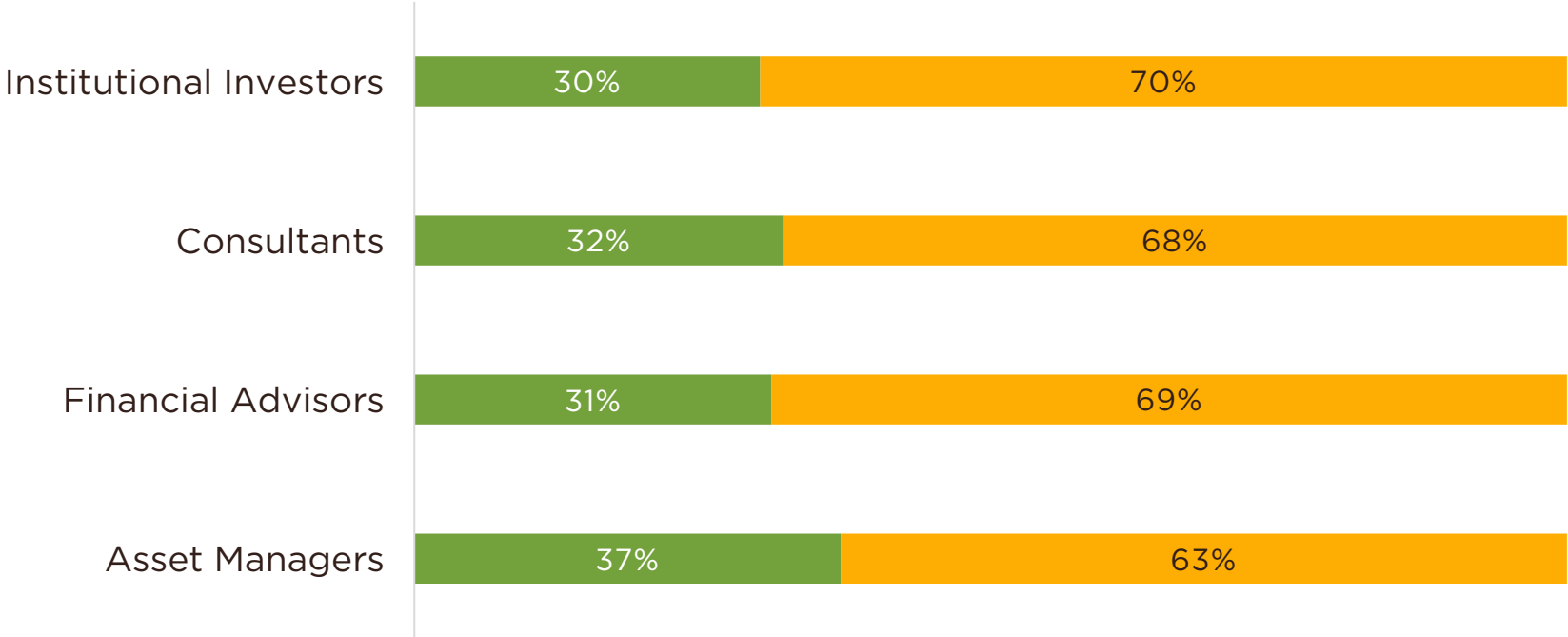
Impact of Asset Manager M&A on Investors by Respondent Type



Consultant M&A Impact on Investors Also Viewed as Negative

Impact of Investment Consultant M&A on Investors by Respondent Type

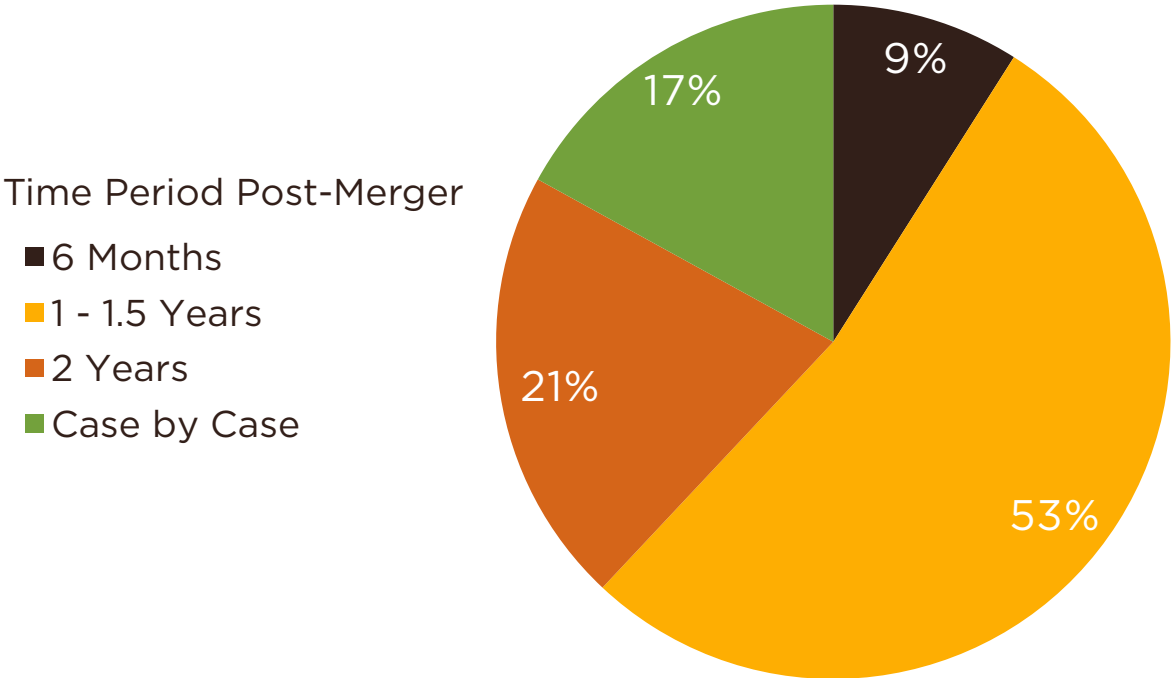
■ Positive ■ Not Positive



Source: Chestnut Advisory Group.

Asset Manager M&A Triggers a Consultant Review

Consultant Post M&A “Ratings Watch” Period for Asset Managers



More than two-thirds of investment consultant respondents put asset managers on watch for at least a year post-merger

Source: Chestnut Advisory Group.

The Future of Investments Upcoming Webinars

Topic

Date

The Growth of OCIO

November 9, 2021

Incorporating ESG and DEI Into
Investment Businesses

February 15, 2022

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