

PRESS RELEASE

**Italian Fund Selectors Survey- Mondoalternative**

(Milan, 24th of January, 2014) – **Main findings**

The first survey conducted by the Research department of MondoAlternative considered 53 fund selectors managing, or with assets under advisory, over EUR 480 billion: of which EUR 268.1 billion are managed by asset management companies, EUR 66.4 billion refers to family offices and financial intermediaries (SIM), while EUR 81.8 billion refers to private bankers and wealth managers.

* fund selectors entrust the management of EUR 104.4 billion to external asset management companies: EUR 23.8 billion on behalf of asset managers, EUR 5.1 billion on behalf of family offices and SIMs, EUR 26.8 billion on behalf of private bankers and wealth managers and the remaining EUR 48.7 billion on behalf of insurance companies, bank foundations, pension funds and bank proprietary desks.

“As what concerns the investment styles, it is worth noticing that there is only one case where fund selectors prefers a direct investment in stocks or bonds rather than investing in funds, ETFs or funds of funds”, Stefano Gaspari, CEO of MondoAlternative says. According to the survey, 77.6% (multiple choice permitted) of the surveyed invest directly in the developed sovereign debt markets, while the 65.3% gain exposure to this asset class through investment funds, 4.1% use funds of funds and 38.8% utilize ETFs. On the other hand, fund selectors massively use investment funds (97.9%) to invest in emerging markets equities, while only 8.5% prefer funds of funds and 46.8% select an ETF; direct investment in emerging markets equities stops at 21.3%. Even in the case of investments in hedge funds and absolute return products, fund selectors favor investment funds (97.6% of respondents) and funds of funds (21.4%) rather than ETFs (2.4%). Moreover, fund selectors use funds (95.5%) to invest in emerging markets corporate debt, 20.5% select ETFs, 13.6% direct investment and 4.5% funds of funds (see chart 1).

**Ways used by Italian fund selectors to access different asset classes / investments**



*Source: Fund selector survey 2013, MondoAlternative.* *Chart 1*

“Concerning emerging markets sovereign debt, we can observe that 91.8% of fund selectors gain exposure to this asset class via funds, followed by ETFs (30.6%) and funds of funds (6.1%) while a direct investment is used by the 26.5% of the sample. The figures highlight the importance of ETFs when fund selectors assume position in the developed markets equities (64.7%), that prevail on direct investments (56.9%); however, is still lower than investments via funds (90.2%). On the other hand, funds selectors prefer to invest in funds of funds, more than they do for other asset classes, when they want to gain access to private equity/venture capital funds (33.3%); direct investments are selected by the 16.7% of the respondents and specialized funds by the 72.2%”, Gaspari underlines.

Third party funds or ETFs

Staying on the theme of investments in private equity/venture capital, it turns out that, considering the exposure of the portfolio in which the fund selector only use third-party funds, they have a share of 75%, along with investments in hedge funds and absolute return products (82.8%) and those in emerging corporate bonds (74.1 %). The exclusive use of external ETFs is greater in the case of property (21.4%) developed stocks (12.9%) and in developed sovereign bonds (12%). As for the combined use of external funds and ETFs, the highest percentage reported by fund selectors regards the emerging stocks (52.9%), followed by developed sovereign bonds (52%) and developed equities (51.6%, see chart 2).

**The investments into third party funds and ETFs for different asset classes**



*Source: Fund selector survey 2013, MondoAlternative.* *Chart 2*

Constraints

The survey also examined the level of minimum assets a fund should have, wondering if there were any restrictions in this regard. “Survey results show that 34% of the total fund selector said they did not have any constraint while 30.2 % admitted to prefer products with an AUM between 50 and 100 Euro million . A percentage of 17% of the respondents revealed that the selected funds shall have assets under management between 25 and 50 Euro million”, Gaspari outlines, and another 17% indicated, as preferred, the range between 100 and 250 Euro million (see chart 3). “If the attention moves to the selected fund management companies, 54.7% of the fund selectors refers to have no constraints. In contrast , 22.6% of respondents pointed to prefer a management company with assets of between 100 and 500 Euro million, while a 9.4% of the sample has attested to proceed with the selection of the fund only if the investment house manages between 1 and 5 Euro billion” Gaspari says.

**Minimum assets a fund should have to be chosen by fund selectors**



*Source: Fund selector survey 2013, MondoAlternative.* *Chart 3*

Track record and due diligence

Before choosing which fund to bet on, the fund selector performs the due diligence and an analysis of the track record. “The due diligence process takes an average of less than three months for 53.7% of the sample, or between 3 and 6 months for 42.6% of the fund selectors: only the remaining 3.7% said the timetable ranges between 6 and 9 months” Gaspari underlines. Concerning, instead, the minimum track record a fund should have in order to be investible, 38.9% of the fund selectors opt for the classic three years, while 18.5% needs at least 24 months and 11.1% of at least one year: 22.2% of the sample examined, however, does not require any minimum track record for the fund to be subscribed (see chart 4). What is the average ticket of the first investment into a fund by fund selectors? For 76.5% of the sample it is less than 5 Euro million, while 13.7% employ between 5 and 10 Euro million and 7.8% pays between 10 and 25 Euro million: only 2% of the fund selectors is immediately available to invest between 25 and 50 Euro million.

**Minimum track record a fund should have to be chosen by fund selectors** 

*Source: Fund selector survey 2013, MondoAlternative.* *Chart 4*

Preferred investment houses

Looking at the active funds, and considering the investment houses to whom the top 5 products in Italian fund selectors portfolios belong to, Pimco prevails with 39 presences in a total of 6 different asset classes, followed by Franklin Templeton Investments (36 presences in 5 asset classes) and Pictet (33 presences in 7 asset classes, see chart 5).

**The most widely chosen investment houses by Italian fund selectors**



*Source: Fund selector survey 2013, MondoAlternative.* *Chart 4*

BlackRock prevails for what concerns **developed stocks**, with 37% , followed by JPMorgan AM (33.3%) and Threadneedle (25.9%).



About **emerging equities** Aberdeen is preferred with 64 %, before Franklin Templeton, and Fidelity

Worldwide Investment (both at 36.0%);



About the **developed sovereign bonds**, Pimco emerges with 33.3%, whose funds are more used than those of Schorders (29.2%) and those of BlackRock (25.0%);



Instead about **corporate developed bonds**, Invesco , with 41.7%, is the active manager chosen while in the second and third positions are placed, respectively, Henderson Global Investors and Pimco (both at 33.3%).



Concerning **sovereign emerging bond** investments, Pictet is the favorite house (55.2%) followed by funds of Franklin Templeton (44.8%) and Pimco (37.9%).



About **corporate emerging bond** funds, BlueBay and Pimco products win the competition (39.1%), ranking first ahead of Franklin Templeton (26.1%).



For investments in **hedge funds and absolute return products**, the most widely chosen products belong to

Swiss & Global (29.2%), followed by those by BNY Mellon Group (25%) and GAM AM and BlackRock (20.8%).



Favorite Italian asset managers

“Foreing asset managers play a major role in Italy, but there are also some local investment houses that are particularly appreciated by Italian fund selectors, and these include: Arca, Duemme Capital, Eurizon Capital, Generali FM, Hedge Invest, Perennius Capital Partners, Pioneer AM, and Synergo Ubi Pramerica”, Gaspari observes

**ETFs**

Moving on to **ETFs**, in all of the major categories, the first choice is always a product of iShares with

the exception of the segment of hedge funds and absolute return products in which an ETF by UBS prevail.

**The most widely chosen ETFs providers by Italian fund selectors**



*Source: Fund selector survey 2013, MondoAlternative.* *Chart 5*

**The most widely chosen ETFs providers by Italian fund selectors, breakdown by asset class**







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**About MondoAlternative**

MondoAlternative, who has born from the ten-year experience of MondoHedge, is the first and only Italian multimedia provider of financial information entirely dedicated on alternative investments.

MondoAlternative offers the following services with its website [www.mondoalternative.com](http://www.mondoalternative.com): the access to a Database with report of quantitative and qualitative analysis for all the Italian hedge funds, more than 1.500 offshore hedge funds, the investible indices, the alternative UCITS funds and calculates the indeces of the Italian FOHFs and of the alternative UCITS funds in collaboration with Eurizon Capital Sgr.

The editorial products are the monthly magazine MondoAlternative in Italian and the quarterly magazine MondoAlternative in English version, plus periodical dossiers about specific topics.

In January 2010 it started an additional research and editorial hub through the acquisition of ETF Consulting and the launch, by ETF Consulting, of MondoETF, the first Italian monthly magazine focused on ETF and ETC markets.

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