

2011 Greenwich Leaders: German Investment Management

October 2011

As detailed in the 2011 Greenwich Report on German Investment Management, the past 12 months have been a difficult time for Germany's asset management organizations. In the midst of a mounting sovereign debt crisis, institutions dramatically cut back on manager hiring and plan to continue holding off on new manager hires into 2012. At the same time, institutions have scaled back expectations on the level of outperformance or alpha they think active managers are capable of delivering. "Across Germany, institutions are rethinking their commitment to active management and asking themselves: Is it worth the cost?" says Greenwich Associates consultant Dr. Tobias Miarka.

There is some good news for active German asset managers: Even as German institutions question the value of active management and respond to new regulations and risk budgets by taking down allocations to risk assets, they are not shifting any large amounts of assets into passive strategies. One reason: With the sovereign debt crisis in full swing, many institutions are relying on active managers to help them avoid potential pitfalls to which they would be exposed in plain vanilla passive funds.

In another positive sign for the German investment management industry, the share of total assets allocated by German institutions to external managers is actually on the rise. "German institutions have begun to embrace pooled or commingled funds," says Dr. Tobias Miarka. "As part of that process they are taking assets previously managed in-house and investing them — not through discretionary mandates — in pooled or commingled funds."

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Greenwich Leaders

The following table reveals the 2011 Greenwich Quality Leader in Overall German Investment Management. Greenwich Leaders have distinguished themselves by achieving quality ratings from institutional clients within Germany higher than those received by competitors by a statistically significant margin.

Greenwich Quality Leaders — 2011



Overall German Investment Management Quality

Allianz Global Investors

Note: Based on interviews with 227 institutions.
Source: 2011 German Investment Management Study

Consultant Dr. Tobias Miarka and Jan Lindemann advise on the investment management market in Germany.

Methodology

Between March and May 2011, Greenwich Associates conducted mostly in-person interviews with professionals at 227 of the largest institutional investors in Germany. Institutions included corporate pension funds, public pension funds, industry pension funds, corporate treasury funds, foundations, banks, and insurance companies. Interview participants were asked about their investment service providers, their business practices, and their future expectations.

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