

## Boutiques grab growing market share

**News analysis**  
Lipper data show trend towards small managers, says **Steve Johnson**

Small investment boutiques are breaking through the glass ceiling and taking significant market share from the industry's heavyweights, according to new data. Minnows with fewer than 10 funds captured 26 per cent of net inflows into cross-border European funds in the first quarter of the year, according to Lipper FMI, up from 9 per cent in 2010 and just 3 per cent in 2009.

The share of new money soaked up by the biggest players, with more than 60 funds in their roster, fell to just 64 per cent in the first quarter, the lowest figure since 2002, with the exception of 2007 when the figures were skewed by a wave of redemptions from the largest groups.

"There is a very real trend towards the specialist boutiques," said Diana Mackay, chief executive of Mackay Williams, an industry commentator.

The "small is beautiful" trend is also evident in a number of domestic European markets. In Germany, Assenagon, a boutique with less than €2bn (\$2.8bn)

under management, beat off the likes of Commerzbank and Deutsche Bank to secure the largest net inflows in the first quarter, some €670m.

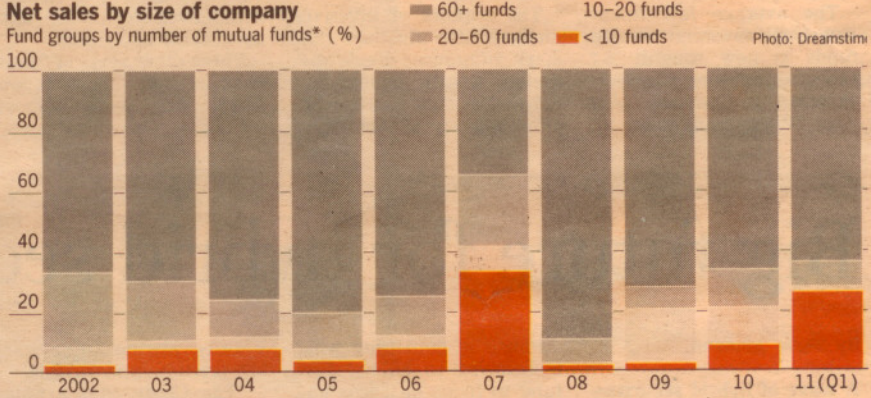
Ruffer and Neptune, two relatively small houses, were in the top 10 in the UK, while the trend was particularly notable in France, where small fund houses Moneta, Métropole, Schelcher Prince Gestion and Rouvier attracted significant inflows.

Ms Mackay attributed this to the "Carmignac factor", with boutiques encouraged by the runaway success of the French house, which has broken out of its domestic market and seen its assets under management soar from €12.6bn in 2008 to €53bn.

"All these people who worked in the big banks have come out and started their own boutiques. People have seen through Carmignac that dramatic things are possible. A new seed of life has sprung forth, very much fertilised by Carmignac," said Ms Mackay.

Daniel Enskat, head of global consulting at Strategic Insight, said the trend towards boutiques was global, pointing to the success of Hong Kong-based Value Partners, the "Asian Carmignac", which attracted more than \$1bn of net inflows last year.

Mr Enskat attributed the trend to a degree of disen-



chantment with larger houses, especially the fund arms of banks, in the wake of the financial crisis, the clarity of investment strategy of many boutiques and some strong performance.

Chris Vella, global director of research at Chicago-based Northern Trust said there was strong evidence that smaller houses outperform. The group has \$5.7bn of its \$43bn of assets invested in "emerging" managers and launched two more funds focused on this trend last week.

Northern Trust's own research suggests large-cap US equity funds run by houses with assets of less than \$3.6bn have consistently outperformed those managed by bigger houses, with lower volatility, a trend Mr Vella believed was repeated globally.

"Boutique organisations typically are focused on a single investment strategy. They tend to have a nimble investment process and the right alignment of interests with clients," he said. "That

does not guarantee outperformance but there is a lot of alpha that folks are leaving on the table. The largest managers tend to hug the index."

Ms Mackay argued the rise of boutiques was a secular trend likely to continue, but Mr Enskat feared some fund distributors were looking to work with fewer strategic partners, potentially cutting out many of the smaller players.

**Investors shun emerging market risk, Page 17**

# France

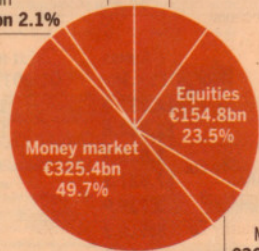
Assets (at end Mar 2011)

Total €336.3bn

Other  
€61.5bn 9.3%

MM-Enh  
€13.8bn 2.1%

Bonds  
€67.0bn  
10.2%

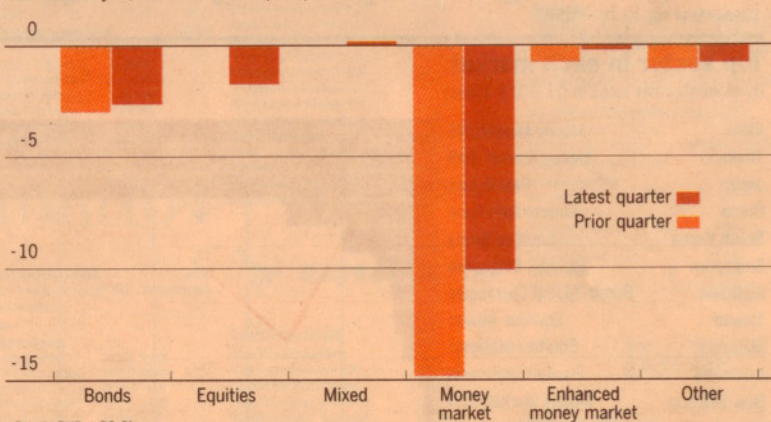


Mixed  
€36.4bn  
5.5%

## Master groups (top 10 Groups)

Rank	Group	Assets Mar 11 (€m)	Estimated net sales Q1 11 (€m)
1	LCF Ed de Rothschild	13,049.4	705.3
2	Lazard	3,966.4	342.4
3	Leonardo	3,989.6	233.9
4	Financière de l'Echiquier	4,213.2	208.2
5	ABN Amro	3,512.2	182.5
6	Moneta	1,006.1	128.5
7	Métropole	1,472.9	121.6
8	Schelcher Prince Gestion	746.7	92.8
9	Rouvier	1,041.8	91.5
10	Conservateur Fin	1,333.9	81.6
<b>Total top 10</b>		<b>34,332.2</b>	<b>2,188.3</b>
<b>Total France</b>		<b>333,681.9</b>	<b>-5,201.5</b>
<b>Top 10 as % of all master groups</b>		<b>10.3%</b>	<b>n.a.</b>

## Net sales split, Jan-Mar 2011 (€bn)



Investor preference (excluding liquidity products) Top selling sector for latest quarter: Asset Allocation €0.5bn Bottom selling sector for latest quarter: Bonds EUR -€2.2bn