

Linedata 7th annual survey of the global asset management industry: asset managers, administrators embrace differentiation to navigate challenging conditions; cite political concerns and ongoing regulatory constraints

- **Seventh annual survey of global asset management industry highlights socio-economic and political concerns**
- **Disruption more likely to come from external factors rather than industry trends**
- **Differentiation now a major concern for respondents**
- **MiFID II the most important regulation over the next three years**

PARIS, BOSTON, LONDON, HONG KONG and NEW YORK, March 28, 2017 - Linedata (NYSE Euronext: LIN), the global solutions provider dedicated to the investment management and credit industries, releases results of its seventh annual survey of the global asset management industry.

Few industries are so inextricably tied to wider social and geopolitical trends as asset management, and turbulence across Europe and North America were at the forefront of respondents minds during the 2017 Linedata Global Asset Management & Administration Survey.

When asked to forecast the most disruptive trends in asset management a year ago, asset managers highlighted industry-specific concerns: robo-advice (23.5%), movement into alternatives (24.1%) and cybercrime (33.5%). This year, those concerns remain but have been comprehensively relegated to second-tier issues (11.6%, 7.4% and 17.9%, respectively). The reason? Nearly a quarter (24.2%) of respondents highlighted political and policy change as the primary disruptive force in asset management: a concern that did not even rank in last year's survey. The Brexit vote, the election of Donald Trump and the possibility of a swing towards right wing populism in a host of European nations has become the year's defining trend in the eyes of asset managers across all geographies.

While new concerns have become more prominent, the question of regulation continues to represent a major challenge for asset managers, although there were significant regional splits in the extent to which respondents prioritised this issue. Half (50%) of all respondents categorised 'adapting to regulation' as the number one concern today, with 53% also seeing it as the biggest issue over the next three years. This means that regulation has been the primary concern in six of the seven years Linedata has administered this research. North American asset managers, however, are relatively less concerned with regulation with only 40% highlighting it as the main disruptor. This contrasts with French managers, 75% of whom categorised regulation as their main concern. 54% of Asian managers, however, view 'attracting new client assets' as the top challenge.

With the implementation deadline just nine months away, MiFID II continued to grab a greater share of attention this year, just as it has done since 2013. Nearly half (47.4%) of respondents reported that MiFID II was the most important regulation over the next 3 years, up from 39.6% last year and 21.3% in 2014. Simultaneously, Dodd-Frank has come back into the public eye following the electoral promises of President Trump. While the far-reaching US regulation dropped from 45.1% to 29.5% between over the last 2 surveys, 2017 showed a small uptick in responses, with 33% of those surveyed classifying it as the most important regulation over the next three years.

Against this backdrop, asset managers have also seen a convergence between an increasing regulatory burden, challenging investment conditions as investors continue to flock to low fee passive investments (34.3% highlighted 'investment performance' as a major concern) and ongoing operational pressures ('cost cutting' was raised by 42.2% of respondents). This led to 2017 being the year that asset managers re-evaluated their position in the market and resolved to carve a more distinctive niche against the competition. A fifth (20.4%) of respondents sought to distinguish themselves with unique products or strategies. This superseded other factors including client service (17.3%), investment performance and reputation (both 14.3%).

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Michael de Verteuil, Business Development Director at Linedata, said: “The past year has brought a number of unexpected socio-economic and political shifts, and asset managers recognise that these events will continue to affect their business for years to come. Uncertainty is the ‘new normal’, and respondents to the 2017 Linedata Global Asset Management & Administration Survey have appreciated this at an early stage.”

“The 2017 Survey results describe a sector fully aware of the manifold challenges which face it. Alongside the everpresent impact of regulation, there is a growing emphasis on maintaining operational and technical agility in what may be uncertain times”, added Michael de Verteuil.

ABOUT THE LINEDATA ASSET MANAGEMENT & ADMINISTRATION SURVEY

The survey was deployed online during January 2017. With respondents from asset managers, hedge funds, fund administrators, banks, wealth managers and custodians across Europe, United Kingdom, North America and Asia, the purpose of the survey was to identify the challenges and priorities ahead for them in 2017. The full survey can be read here: <http://bit.ly/Linedata7thAssetManagementSurvey2017>

ABOUT LINEDATA

Linedata is a global solutions provider dedicated to the investment management and credit community, with close to 1250 employees in 20 offices across the globe. Linedata has been at the service of the financial industry from day one, and applies its market and client insight to provide innovative and flexible mission-critical software and services that help its clients grow in over 50 countries. As a pioneer for over 15 years with the set-up of SaaS infrastructure for the financial industry, Linedata remains committed to this model throughout the global financial community and for its full range of products. Headquartered in France, Linedata achieved revenues of EUR 166.8 million in 2016. This company is listed on Euronext Paris compartment B FR0004156297-LIN - Reuters LDSV.LN - Bloomberg LIN:FP.

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