

KIRSTEIN

**NORDIC INVESTOR
SURVEY 2011**



FINANCIAL MARKET RESEARCH

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INTRODUCTION



Introduction (I)

The Nordic Investor Survey is still our most important survey and this is the sixth version.

The 2011 Nordic Investor Survey 2011 consists of two parts. The first part is a PowerPoint covering process and investor description, asset allocation, investment expectations, client relationships, and an appendix. The other is a separate paper – for the sake of improved readability – covering investment structures, Solvency II and manager preferences. In addition, those managers subscribing to the Nordic Investor Survey⁺⁺ have been provided with an individual assessment.

The success of the Nordic Investor Survey has stimulated our ambitions and we expanded our Survey Agenda to cover the Benelux countries last year. 25 managers participated and we obtained a response rate of 67% which we find very satisfactory for a first endeavour. We will conduct our second Benelux survey this autumn and expect to get even better participation both from managers and investors. As planned, we will complete our third Nordic Distributor Survey that is launched biannually towards the end of 2011.

As a new and exciting project we have launched our first Pan-European survey intending to cover the investors' attitude to Environmental, Social and Corporate Governance (ESG) issues and how it is integrated in their investments. Thus, more investors are convinced that only asset managers who take this very seriously will be successful in the longer term. The ESG Investor Survey will be published in October 2011.

Our ambitions are clear; we want to become the dominant provider of market research about asset management in Europe in the next decade.

We are pleased that asset managers as well as the Nordic investors have embraced the survey and to an increasing extent support our efforts. We are critically aware of the fact that investors are hard pressed to answer a number of surveys and that other organizations are trying to enter the market for market intelligence. The investors' participation in our surveys depends on a number of factors that may be summarized in four P's (just as it is common in manager selection): Purpose, Professionalism, Persistency and Pay-back.

Introduction (II)

The **Purpose** of the survey is to provide asset managers with a more profound, detailed and documented knowledge of investors' attitudes toward them. Through the survey, investors have the opportunity to signal important attitudes and preferences which (hopefully) can help improve the products and services of the asset managers and we are sure that the asset managers take the opinions of the investors very seriously. At the same time the survey uncovers general investment trends in the Nordic region and investors can profit from a better understanding of how other similar organizations conduct their portfolio management. This aspect has become clearer over the years.

Professionalism is a cornerstone in our work and should be reflected in the smoothness of our questionnaires and other operational elements as well as in the interaction with both asset managers and investors. Without a proper understanding of the asset management business and the relevant managers this survey could not be completed.

Persistency is very important and our continued dedicated efforts in gathering responses and meeting investors face-to-face have made the investors more familiar with KIRSTEIN A/S as an organization and our work. We believe that investors appreciate that we are in this for the long term.

Pay-back is a natural and necessary element of any survey and in addition to the more general benefits of transparency and better information, investors expect dedicated feedback as a token of appreciation of their efforts. Traditionally the feedback has been a solid extract from the general report which is read by some investors. This year we have discussed the feedback format with a number of investors and other possible services were mentioned. Some investors have expressed an interest in obtaining information about the other investors' evaluation of the same managers that they themselves have assessed. This, of course, would be a rather radical change which should be discussed with the participating managers. Other investors have expressed interest in seminars about the survey and yet other – but relatively few – mentioned charity donations. We intend to develop this aspect with the participating managers when presenting the survey, and we have already initiated a series of seminars for the participating Danish investors to show our gratitude. The next seminar will be in September 2011.

Introduction (III)

Some investors still decline to participate either as matter of principle or in very few cases because they feel that the benefits of participating are too small. We have, however, managed to keep the overall response rates high and slightly better than last year.

The Nordic Investor Survey is in contrast to many articles and other observations based on systematic and precise communication with a very broad investor base covering all aspects of investment management in the Nordic region. This improves the value of the survey and makes it possible to extract the most important trends in order to support the managers' efforts in the region.

For the asset managers, the report is important but we know from our evaluations of the survey that the service package is considered to be of high importance and we encourage the asset managers to forward themes or questions to be included in the presentation.

Generally we put a lot of emphasis on the feedback from the asset managers and the present survey has integrated valuable comments and suggestions. We regard the presentation of the report as essential to get the full benefit of the survey as well as we consider the written report and the subsequent dialogue as fundamental. This means that we will also this year make follow-up information to the report including focused statistics for different asset managers.

This year 29 international asset managers participated in the Nordic Investor Survey and like last year we reserved a number of places to the largest asset managers in the Nordic region even if they do not subscribe to make sure that the peer group is relevant.

Introduction (IV)

The survey is based on questionnaires sent to the 129 largest investors in the Nordic countries out of which the vast majority are life and pension companies. The use of an electronic web-based version of the questionnaire has no doubt increased the quality of the responses and has allowed us to follow the development on a continuous basis. The questionnaire is supplemented by a wide use of information from the investors' annual accounts and Kirstein's elaborate database of Nordic pension funds' annual reports and accounts is as far as we know unique.

This year we have interviewed an even higher number of important investors in order to increase the qualitative understanding of trends and managers. Several themes emerged and were covered in our interviews including Solvency II, the increased use of internal management, changing investment structures etc. The potential for asset managers remains huge as long as they understand the investors. We hope that this survey will help you in doing this.

We would like to underline, that the attitudes of investors in this report are in no way representative of our views. On general themes, it might be claimed that this report is not completely objective and that our views do transpire here and there. We ask for your patience in this respect. In addition, we ask you to respect the anonymity and integrity of the investors and urge you not to approach the investors about this survey. Quotes are an integral and important part of the report and we strongly advice you not to confront investors about quotes that may seem recognizable.

We would again like to thank the participating investors and express our appreciation of the positive cooperation. We hope that the report will prove useful to you.