dakota

EPISODE 51:

Delivering Effective Communication Strategies with Julian Samways of JPES Partners

Robert Morier: Welcome to the Dakota Live Podcast. I'm your host, Robert Morier. The goal of this podcast is to help you better know the people behind investment decisions. We introduce you to chief investment officers, manager research professionals, consultants, and other important players in the industry who will help you sell in between the lines and better understand the investment sales ecosystem. If you're not familiar with Dakota and their Dakota Live content, please check out dakota.com to learn more about their services. Before we get started, I need to read a brief disclosure. This content is provided for informational purposes and should not be relied upon as recommendations or advice about investing in securities. All investments involve risk and may lose money. Dakota does not guarantee the accuracy of any of the information provided by the speaker who is not affiliated with Dakota. Not a solicitation, testimonial, or an endorsement by Dakota or its affiliates, nothing herein is intended to indicate approval, support, or recommendation of the investment advisor or its supervised persons by Dakota. Today's episode is brought to you by Dakota Marketplace. Are you tired of constantly jumping between multiple databases and channels to find the right investment opportunities? Introducing Dakota Marketplace, the comprehensive institutional and intermediary database built by fundraisers for fundraisers. With Dakota Marketplace, you'll have access to all channels and asset classes in one place, saving you time and streamlining your fundraising process. Say goodbye to the frustration of searching through multiple databases and say hello to a seamless and efficient fundraising experience. Sign up now and see the difference Dakota Marketplace can make for you. Visit dakotamarketplace.com today. Well, we are joined today by Julian Samways, a name that resonates with experience and expertise in the financial communication sector. Julian, it is an absolute pleasure to have you here in the Philadelphia studios of Dakota. Thank you.

Julian Samways: Well, thank you for inviting me.

Robert Morier: Well, we look forward to the conversation. We have a lot of questions to ask you. Before we do, we're going to share your background with our audience.

Julian Samways: OK.

Robert Morier: Julian is the chair and founder of JPES Partners. He is responsible for the strategic direction of the business and leads the firm's consultancy services. Headquartered in London, JPES has extensive experience in delivering international public relations programs across global regions directly and by partnering with local agencies. JPES advises investment management clients of all sizes, from boutiques and startups to established global brands, including asset owners, asset managers, private equity firms, hedge funds, intermediaries, and service providers. Their services range from marketing strategy to comprehensive public relations programs.

With over 30 years of experience in the asset management industry, Julian advises clients on a broad range of key corporate reputational and business issues. He began his career as a UK equity fund manager at James Capel Investment Management, now HSBC Global Asset Management, before joining Schroders, where he spent 11 years as Institutional Marketing Director and Global Head of Communications. In this role, he was responsible for managing Schroders' communications and profile-raising activities across more than 30 countries, along with its financial reporting as a UK FTSE 100 listed business. He subsequently spent five years as marketing partner at a London-based systematic macro hedge fund. Having founded JPES as a dedicated asset management consultancy to provide specialist communication support to businesses operating in this area, Julian works with clients to identify their unique selling points and create key messages that can be integrated into benchmark marketing materials and sophisticated media relations programs that raises companies' profiles and position them as thought leaders within the investment industry. He also guides clients on a range of reputational issues, which reflect the complexity of financial markets and the industry in which they operate. Julian, thank you for being here in Philadelphia and congratulations on all your success.

Julian Samways: Thank you.

Robert Morier: Yes. Well, we usually like to start at the beginning with our guests. But before we do, I thought we could kick things off by giving… if you could give us an overview of JPES Partners. Could you let us know how your approach differentiates from others in the space?

Julian Samways: Thank you again for inviting me. I set up JPES Partners because when I was at Schroders, I couldn't find a consultancy which met my needs, which was an organization which lived, eat, and breathed asset management. And if you had a dedicated focus on that specific industry, it gave you time to understand the investment philosophies of your clients and the investment processes. But most importantly, it gave you the space to understand the clients of your clients. So, my firm, which is a real differentiator, is very close to the asset owners, whether that be the major institutions or whether it be wealth management platforms, endowments, et cetera. So, in order to have that amount of time to focus on all these moving parts in investment, I felt you needed a consultancy which focused just on this area. And that's what JPES does. And that's probably our USP.

Robert Morier: That's wonderful. And that approach is primarily focused in the UK in European markets? Or how do you think of yourself in terms of geography?

Julian Samways: No, we're pretty global actually. If you take the media relations aspect of what we do, that's very much global, global English speaking. And then we have language capabilities within JPES Partners to cover areas of continental Europe.

So, media relations is by definition pretty global. And I'd say London is the true global center of the media generally. So that element is global. In terms of the marketing consultancy, that's very much focused on what it takes to grow a business across Europe, both in the UK and continental Europe. And one of the reasons why I'm over in the US this week is to help US clients get their marketing structure, and their marketing messages, and their marketing content right to grow their businesses over there. So, I would say on the marketing consultancy side it's more European focused. Having said that, there are elements of what we do in Europe, which apply of course to the US and to Asia as well.

Robert Morier: Well, we appreciate you finding time to be on the podcast today. So, thank you. I'm going to ask you to rewind the clock many years to London University. So, thinking about the beginning of your career, more than anything, what were those early days for you when you were thinking about the industry overall? It sounds like now you're looking for that asset management purist. But back then when you were trying to think about what the future looked like for you as a younger man.

Julian Samways: Yeah, well, I ended up at University in London because I'm very interested in economics and politics. And therefore, London seemed a natural home to go to university, where you're close to the action, so to speak. And in actual fact, my first job was not actually in the asset management industry. It was working for a major international company as a marketing graduate trainee. And that taught me to understand the importance of marketing in the area of consumer goods. But because I was interested in economics, particularly I then gravitated towards the asset management industry. And I guess that taught me to understand how important marketing and communications are to the asset management industry just as it is to the consumer industry. So that's the move, if you like, I made. I started in asset management. I was actually offered a role in what was then called stockbroking. And I was offered a role in research. And I thought stockbroking was too salesy. Research was a little bit dry for my personality. And asset management seemed to fit neatly between those two areas. So that's how I ended up in the asset management—

Robert Morier: Interesting. I agree. That consultative sales approach fits, I think, for a lot of the people and a lot of our audience who tune in. Well, building a presence and getting noticed by allocators and consultants has become increasingly challenging for asset managers. And I know your business is partly predicated on this, particularly as a US asset manager looking to go overseas to the UK or European markets. So, what strategies do you recommend for a new investment manager to establish a presence and get noticed by key allocators and consultants in the region?

Julian Samways: It's very interesting because although we look at the asset management industry as a global industry, actually there are quite different cultural nuances between one area and another. And so, the first piece of advice I would give to a US asset manager wanting to build a presence in Europe is you really have to understand what's happening on the ground there. It isn't a uniform marketplace. The demand for products varies quite differently from one region of Europe to another. And I think there are three pieces of advice I would give to US asset managers wanting to build a business in Europe. First of all, you've got to do your homework and really understand those cultural nuances and understand where the demand for certain types of products lands. Secondly, you've got to show commitment to the region. Now, the commitment to the region is first and foremost about adapting your marketing material, which may work in the US, to those cultural sensitivities and to the individual needs of clients in Europe. That's really important. And that's where my firm helps a lot of managers here in North America, in the US in particular, do that. And then the third area is probably at some point putting people on the ground because if I'm an asset owner in Europe and I see a US manager wanting to build a business, I want to see that they're demonstrating commitment to my needs. And a very good way of showing that commitment is to actually put people on the ground. So, if you're starting out for the first time, as quickly as you can do, to open an office somewhere in Europe. Europe is now two parts, if you like, because Britain has left the European Union. So, you might have an office in London. You might also have an office in continental Europe. But whatever you decide to do, having somebody on the ground over in Europe is really important to demonstrate that initial commitment to a European client base.

Robert Morier: Before that commitment is made… and asset managers in the US are doing the fly in, fly out approach, even though in terms of geography it's not quite as large as the United States. But it can be very different country to country. So, as you were advising asset managers on that fly in, fly out approach, how do you help them hone-in-on where they should be beginning the effort?

Julian Samways: One of the things that we do at JPES is we do a lot of proprietary research to understand the trends in demand for different products. So, a piece of advice I would give to asset managers is to really understand where the demand is for the products that they're offering and then obviously, concentrate on those parts of the region, where those products are most likely to resonate. So that's the first point. And almost before you get on the plane, you've got to be doing an awful lot of work to make sure that you're using your time efficiently when you're in Europe, matching your products to where the demand for those products is. So that's probably the first piece of advice. The second thing is to get the marketing collateral right. And I think we're going to talk about that in a little more detail later. So that's the second thing. And then thirdly, some easy wins of meeting lots of people in one go. So, working out where the best conferences are to attend, where you can meet asset owners is really important as well.

And the last point… and you don't actually need to be in Europe to do this… build a media relations strategy so you can showcase your investment philosophy, your investment processes. You can talk about your commitment to a European client base through those media relations activities. That's a really good thing to do. And you can organize that from the US in addition to all the flyovers that you might do. So those are the sorts of areas that we would advise clients on when they're trying to build a business in Europe.

Robert Morier: All good advice. Well, many moons ago, I lived in London. I was one of those employees who set up a full-time presence in the market after doing research and getting to better understand what the allocation preferences were of institutional investors in the UK and beyond. And one of the aspects, which you mentioned, that I didn't put as much consideration to in the beginning was that cultural and business nuance market to market. So, what are some of those nuances that North American managers should be aware of when entering the market? It's easy to say that they're different. It's another thing to recognize them.

Julian Samways: Yeah, well, I'm always reminded that quote by Winston Churchill, which is the UK and the US, for example, are two countries divided by the same language. And therefore, what tends to work in the US, even if we broadly speak the same language, doesn't necessarily work in Europe. So, the structure of marketing materials are really important. The length of marketing materials is really important. If I could be a bit cheeky and say sometimes marketing materials in the US are lengthier than the requirements in Europe. So, it's worth adapting them from that perspective alone. We do quite a lot of work on the content of pitch books. And it nearly always involves heavy editing really. And therefore, culturally understanding the drives of your underlying clients. There's a lot of pressures on the saving and investment world. There's a lot of shortfall in pension fund provision. So, you've really got to understand the pressures on your underlying clients and make sure that you're placing your products culturally as a solution to those pressures. And one area I think is particularly important for people trying to build a business in Europe is if you're representing a certain investment approach or a certain type of investment product. You've got to understand the whole portfolio of your underlying clients and understand where your products sit and what element of solutions your products are trying to bring to those institutions or wealth management platforms, which are under quite a lot of pressure from their underlying pension holders or underlying wealth management clients. And therefore, you've got to always put what you're trying to do in the context of the broader client needs. And I think if you can get those considerations right and then understand the different cultural nuances from the French asset management industry, to the German asset management industry, to what happens in London and the Nordics and the Netherlands, if you can understand what the different moving parts are from an asset owner perspective by individual country, individual market, if you get those sorts of things right, then culturally you're almost certainly appearing to be aligned with your target client base. And I think that's really important. And quite a lot of work needs to be done in advance of those flyover visits, as you suggested. And also, to get that greater understanding of what's going on the ground, having somebody as quickly as possible on the ground feeding back to the HQ in North America in the US is really important.

Robert Morier: Absolutely.

Julian Samways: I had a competitive advantage because we were initially part of a Swiss private bank. So, I was working for Julius Baer Investment Management. Julius Baer had a presence long standing in Europe. So, the relationship building side of it was somewhat advantaged by the fact that there was this team of people who were able to make introductions. But when you don't have that advantage, the relationship building side I think can seem overwhelming when you're first trying to go into the market. Some people start with conferences, some with coffees.

Robert Morier: How would you advise asset managers to think about the relationship building side of the equation?

Julian Samways: One of the things I haven't mentioned is actually one of the requirements of building in business in Europe is to be patient. I remember when I started my career at Schroders, I worked for a boss who seemed to know everybody. And I walked into a full room at a conference. And I didn't know anybody. And there was a part of me, which was dying inside, saying, I'm not really going to crack this. But guess what? I got speaking to one or two people. And then the next year, I knew more people. And suddenly it snowballed from there. So, the answer is it may feel a bit daunting when you start out. But it's a small marketplace in terms of the people you need to know. And therefore, it's not quite as daunting to get to know the people you need to know over a period of time. But it will take some time. And therefore, patience is a requirement. So, what would I do? Well, I would actually work out who the gatekeepers are. Obviously, you have the investment consultant community. And they're important to meet when you're over in Europe if you've got relevant representatives there. The second thing, as I mentioned before, is picking those right conferences to attend. That's really important. And then thirdly, some skills at setting up meetings from the US are required too. And I think if you've done your homework on the asset owners and their requirements and the types of products that they may be looking to receive from you, if you do your homework, they will take a call. And they will take a meeting. But again, it means doing the hard work first before you pick up the phone so you're using your time effectively. And yes, of course, we're all in the age of electronic communications now. But there's no substitute for meeting people face to face. There's no substitute sometimes in picking up a phone and speaking to somebody. And if you've done your homework so you're not wasting anybody's time, that's probably the way I would start out.

Robert Morier: That's valuable advice. Thank you for sharing that. Once a client is one, you get that first relationship in the door, how do client expectations in Europe differ in your experience from what you've seen here in the North American market?

Julian Samways: Well, first of all, it comes back to the point I made earlier, where you've got to understand where your product sits within the overall portfolio of your client. And actually, just going back to the cultural nuances for a moment… but actually, it's less culture, more the practicalities of different market places. You could almost divide Europe a little bit into North and South in the sense of the North have many similarities to the US in terms of the appetite for certain types of products, the structure of the pension fund industry, et cetera, et cetera. Some countries, particularly in Southern Europe, have quite different demands for their products. So, if you win your first client, if you like, you've got to understand where they sit on the spectrum of those different types of clients and understand the different nuances that they'll require from an asset manager in servicing those clients. So, for example, one of the areas… and we advise clients on this, even though it's not a core part of what we do… but we advise clients quite a lot on the regulatory landscape within Europe. And it's really important if you've got your first client in Europe that you understand the regulatory pressures they're under, let alone the basic savings and investment issues that they face because it really is, the regulatory landscape is really quite different. The area of ESG, which I know is a bit more controversial in the United States, if you haven't got your ESG policies right and you're showing how you integrate ESG into the way you invest money, you are really not going to be able to build a business in Europe. And then the underlying clients have to report on what's happening in this space to their underlying clients. And therefore, they need the help from investment managers to meet their own regulatory requirements. So, if I've got my first client in Europe, I need to understand those pressures and make sure I'm reporting to those clients in a way that meets their needs and makes their lives easier. And automatically, as you start doing that, thinking about this and adjusting your activities accordingly, guess what? You're aligning yourself culturally to your underlying client base. And that is what clients in Europe want to see from US managers trying to build a business over there.

Robert Morier: So, if you're thinking about the regulatory environment, maybe dovetailing that to vehicles, what are the types of vehicles that you would be advising your clients? So as a US client at least, again, I'm dating myself, but 10 years ago, it was, don't go to Europe unless you have a UCITS fund.

Julian Samways: Yeah.

Robert Morier: Today how would you describe the landscape as it relates to someone going over, let's say, with a public equities strategy?

Julian Samways: There are two major vehicles, if you like. One is obviously segregated accounts for the very big mandates. And the second area is UCITS. And if you're looking to build assets in Europe, and you're starting from a low base, then you've really got to develop the relevant UCITS vehicles, which will help you grow a business across Europe. Now then, life is a bit more complicated than it used to be because sadly in some people's views, Britain has left the European Union. And there isn't a full alignment between the regulatory authorities in the UK and Europe on cross-border marketing. And I know some US managers have found it quite challenging to navigate what is a much more complicated regulatory base for marketing their products. Although, I would say that UCITS is a crucial vehicle, you've got to make sure that you understand how you have to regulate your products, sorry, register your products in the UK, as well as Europe because it's not one size fits all now. So, I would still say segregate accounts, UCITS. But you've got to get the regulations right so that you are able to market those UCITS funds both in continental Europe and the UK. And that is a bit more complicated landscape than it used to be.

Robert Morier: Well, you mentioned alignment. So, when you think about the alignment of the local client, the consultant, and then the prospect base, that triumvirate of success if you're trying to build a business, how should investment managers align their activities and products with the needs and expectations of those local clients and consultants?

Julian Samways: Well, let me just run through how the landscape differs from one market to another because I alluded on that before. So, take pension schemes, for example. In the UK, there's been quite a change in the defined benefit pension landscape. A lot of those pension funds are moving to buyouts. So, they don't require products from asset managers like they used to. Now, there's still a marketplace to market active products in the public sector space in the UK. But in the corporate space, there's much less demand for traditional investment products. On the other hand, there's a huge demand for asset management products in the wealth management platform sector. So, it's really important understanding the changes which are happening there between the institutional side and the wealth management platform side, for example. It's interesting to know as well that if you look in other markets, for example, there's an appetite for more active management in the Nordics and in Netherlands. You've got larger, more consolidated pools of money, for example, institutionally. So, it's really important to understand those different markets and what products will sell in those markets and how relevant active management is to those markets. And then the last point I would say, which is about pan European platforms to market your products to more retail investors, you've got to understand the nuances of those platforms, the importance of brand and getting your firm and your products up the list in terms of being chosen to market your funds or to offer your funds to their underlying clients. You've got to get all these moving parts right. Now, you mentioned consultants for a moment. And this is an interesting area because we all know the role of investment consultants on the institutional side. But what people may or may not understand in Europe is there's a lot of the investment consultants are moving into the wealth management space and becoming gatekeepers for wealth management. And this comes back to the fact that although I talk about quite different client requirements from one European market to another in terms of appetite for different products, in actual fact, the way you market to these different client bases, institutional wealth management are coming together in the sense that the gatekeeping is becoming very similar. And the reason it's becoming very similar is, if you like, the wealth management retail side is becoming much more professional in how they select managers alongside how the institutional market has already done it. And that gives an opening from investment consultants to move from their firms to become the gatekeepers within the wealth management side. So, in some ways, there is a uniform approach in terms of professionalism and understanding how you communicate with the investment consultant community when you're reaching into all sorts of different client bases in Europe. And so, in some senses, you've got to get that balance right and those relationships right to break into these various segments of the market.

Robert Morier: So, taking the consultants for wealth managers as an example, what practices in your experience have proven the most effective for investment managers when they're trying to target these particular gatekeepers, particularly as it's becoming more uniform?

Julian Samways: Well, this is a subject dear to my heart because it's about the beauty parade process. And I don't think sometimes asset managers get the beauty parade process as right as they should do. This is a one shot to get your buy rating from a traditional investment consultant or to get selected by a major wealth management platform, for example. This is your one shot to get it right. And you've got to get every aspect of the moving parts right in order to maximize your chances of being selected. So that's anything from the databases that you keep that people access, to shortlist managers, through to the RFP process, and then the actual presentations themselves. So if you look at that chain, you've got to get advanced homework on the character of each individual moving part and the final character of the beauty parades in terms of the structure of those beauty parades, in terms of what they want to know from you, in terms of differentiating your pitch process so that at the end of the beauty parade they come away remembering you and remembering your differentiated points. And it's really important. A lot of work goes into that. So, we work with a lot of managers, not only to get the cultural nuances right from the US to Europe and then the cultural nuances right between one market and another within Europe. But it's also about getting the language right, aligning the content of your marketing materials and your pitch process to the requirements of the underlying audiences so you maximize your chances on winning the mandate. And we work with a lot of US managers at getting the content of their marketing collateral right for exactly these types of beauty parades. So that's what I would advise anybody to do is take advice from people on the ground about what's required to maximize your chances, and adapt your marketing materials, and adapt your whole process, your whole new business process to maximizing your opportunity through that. Now, if you get that right, if you address the concerns and the priorities of your audience, if you understand the cultural nuances, you've got some really good differentiated points in terms of the way you invest money, if you're able to demonstrate the alignment of your business to the needs of clients on the ground in Europe, then that will maximize your chance of growing your business.

Robert Morier: We are back on the ground. Many salespeople are traveling again. They have been now for the better part of a year. So, this post-COVID landscape, it certainly initially altered the importance of in-person meetings. But just a few minutes ago, you mentioned how valuable it still is to be face to face with these prospects. So, what is the balance that you're advising asset managers to strike between digital and face-to-face interactions?

Julian Samways: Well, we have actually done some training courses. And we've been asked to do some training courses on how to pitch online because sometimes the requirements of a good pitch online are slightly different than meeting in person. What I would say is that asset management is a people business. And we did some research ourselves about the way asset owners wanted to be communicated to by asset managers. And as we came out of the COVID period, there was a huge demand to get back to meeting people in person. So yes, of course, online communications are an efficient way of using your resource. But there really is no substitute for meeting people in person. So, I'm afraid those flyovers have to happen. And as quickly as you can put people on the ground in Europe, that also works too. The other thing I would say about communications to asset owners, particularly online communications, is just watch the sheer amount of content that you're producing because people get overwhelmed by white papers, which go unread. They get overwhelmed by emails. We've done some studies about the sheer amount of content that asset managers send into the inboxes of clients and potential clients. And quite frankly, it's too much. So, the other thing I would say, if we're talking just simply about online communication, is less is more.

Robert Morier: Good advice. That might be the title of this podcast, “Less is More” with Julian Samways.

Julian Samways: Thank you.

Robert Morier: That's wonderful. Well, I do want to reference a survey that you recently released. It was quite interesting for your clients looking at the landscape as you look ahead into 2024. So that survey data revealed a lot of interesting insights. What were some of the latest trends in asset allocation among UK and European investors that came out of that study?

Julian Samways: Yeah, well, this comes back to an earlier point I talked about, which is why we have a dedicated focus just on the asset management industry from a media relations and marketing consultancy perspective. So, it gives us time to really understand the clients of our clients. So, in order to help that process, we went out into the marketplace. And we interviewed in depth, so not statistical, but actually having up to an hour-long conversation with leading investment decision takers, about their experiences, their managers to date, and what their future intentions were to manager a selection. So, we spoke to the I think 37 of the largest asset owners across Europe, including a global element because we spoke to fiduciary managers too to find out those intentions. And they represent collectively over $2 trillion. And they came out with some really interesting findings about how satisfied they were with their investment managers and what their changing requirements were in terms of selecting new ones. And again, you have to understand… because we spoke to endowments, pension funds, fiduciary managers, we spoke to defined contribution plans, and defined benefit plans, you had to understand the different requirements by different client base. But there were some broad themes which came out of our research. So just to highlight a few of them, first of all, there is a big demand for active emerging market equities. And that slightly surprised us because you're so used to hearing about the trends of passive management that suddenly right in all client bases, there is a bigger demand for… and I think that's because people mistrust the emerging market indices. And there's also some nervousness about the role of China. So quite a lot of people are setting up China funds. So that allows the underlying client to choose how much they're going to allocate to China separately from the broader emerging market portfolio. So that was one interesting trend, which came out of our latest survey. The other area as well is… and it may also reflect the fact that UK pension schemes are moving to buyout. And therefore, they are not so wedded to illiquid products… is that private equity is under a little bit of pressure I think partly because of its illiquid nature and also partly because there's a feeling that valuations are falling behind the real value of their underlying assets. And other asset categories, which are coming up, are the areas of obviously high yield. And private credit, private lending is an area as asset managers start to replace banks in that space. Infrastructure is also really important. So, in the broader alternative space, there is good demand for that, particularly amongst the wealth management platforms, which are taking up some of the slack of some of the institutional investors in that space, notably private equity, but also in areas like infrastructure investment, et cetera. So those are the sorts of products that we found were certainly in demand as people are looking to recalibrate their portfolios. And at the danger of going on, because I love our research. And it's fascinating in terms of what we found. But what we found is we're obviously experiencing much more difficult market conditions. Somebody said to me, you set up your business in 2009, Julian. And that wasn't an easy year. And your business seems to have done rather well. And I said, well, actually, the asset management industry actually hasn't been in recession. After the crash of 2007, 2008, from 2009 onwards, markets just more or less went up like that until 2022 when they suddenly didn't. And 2023 has been a challenging year. So, it is about asset managers recalibrating their activities also for these difficult market conditions, which have a major impact on the underlying asset owners. So, it's really important to understand those nuances and how it's followed through into asset owners' intentions in terms of what products they're looking to buy is changing investment objectives. So, their investment objectives are changing in a higher inflation, higher interest rate environment. So, it's really important. I think it's fair to say that they've had some disappointing experiences from active managers during a period of difficult markets. So, the whole issue of risk management, the way you structure risk management, the way you communicate how you go about managing risk in your portfolios is increasingly important to underlying asset owners. And it's these sorts of trends across Europe… and I guess you see some of these trends here in the US as well… but understanding these trends and how your products fit into those trends, where the demand is, but also how you communicate how you manage money in these areas where there is demand is really important. And that's getting back again to understanding your underlying client whose requirements can differ from marketplace to marketplace in Europe. It's not a uniform place to do your marketing.

Robert Morier: Absolutely. When you're thinking of those discretionary consultants or the outsourced CIO business, we're seeing here in the United States more of those providers are offering private market solutions in a fund-to-fund structure.

Julian Samways: Yeah.

Robert Morier: Are you seeing that same trend in the European markets? There's been this kind of quiet resurgence of fund to funds, particularly in private equity, private credit, even venture. I'd be curious if you're seeing the same thing overseas.

Julian Samways: Yes, we are to an extent because, let's face it, asset owners have a lot of pressures on them. And they want to keep life as simple as possible. And if they do want greater exposure to some of the products that I outlined from our research, then it's quite nice if you can get a one-stop solution through pooling some of those less-liquid assets together in one place. Now, the one thing I would say is in doing this research… and actually, I did some of the interviews. And I spoke to some very, very big investors on the defined contribution side, where the pools of money to be invested on the defined contribution side in Europe are growing all the time. But the flows into them tend to be drip, drip, drip from what we call auto enrollment, which is the same structure you have in Australia, for example. And there are other markets too, where people are actually required by law to give a bit of their salary to their future pension fund requirements. And there is a feeling, I think, amongst asset owners that asset managers have more work to do on the liquidity side of some of these alternative products to make the life of some investors easier, particularly in the defined contribution space for example, when they've got a drip, drip, drip of money going in. So even though the underlying pools are becoming very large, there isn't great chunks of money in one go to give to be invested. It comes in at a steady rate. And there is a feeling that asset managers need to do more work to make those alternative products more liquid for the different requirements of their underlying clients.

Robert Morier: Interesting. We're seeing the same thing here in the United States, which introduces other challenges, particularly around fees. But we'll talk more about that in a few minutes. I am quite interested in this study. There were so many interesting attributes that came out of it. And one of the quotes highlighted was around whether objectives have changed for allocators in the UK and European market. And I'm just going to read one of the quotes because you did spend upward of an hour speaking to these folks qualitatively. And the quote was, "There have been significant changes to the objectives of defined benefit schemes, as the levels of solvency have improved so significantly." So as a result of this change in objectives, how should asset managers be thinking about their approach to the market with some of these large objective changes that have happened?

Julian Samways: In some… notably the UK, in the defined benefit market, rising interest rates have reduced the burden of their liabilities. And a lot of corporates, for example, are quite keen to offload their pension schemes to insurance companies to deal with the future pension provision. So therefore, illiquid products for them, they used to be the home of illiquid products because they were long-term investors. But there's less demand in the defined benefit space because they're moving to buyout. And they want to cash in those illiquid products accordingly. So, if I'm trying to build a business, I'm thinking, well, if I've got illiquid products, for example, where do I market them now? And the answer is in some respects, because of the changing landscape and changing investment objectives in the defined benefit space, the new long-term investors in illiquid products are in the wealth management space, where people have long time horizons. So, you can read in The Financial Times private equity managers, for example, not feeling too gloomy about what's happening in defined benefit space because they see great opportunities for their products in the wealth management space. So that's a real change in the marketplace. And that tends to be in the UK. But there are elements of that change happening elsewhere in different markets. The one thing I would say about changing investment objectives…

and I touched on this earlier because you've got this backdrop of higher interest rates, probably inflation being around for higher and for longer than people initially forecast. That's changing. Requirements that people are looking at a good, long-term real returns. That means there is whether you're talking to pension funds or you're talking to the wealth management platform sectors, it means there is a greater appetite for alternatives, such as private credit, and infrastructure investment, et cetera. But you've got to remember that if you're competing in that space, you've got competitors. You've got competitor asset classes. So, there's many more competitor asset classes in that illiquid alternative space than there were. So, the first people to understand that and make sure they've got as many USPs going for their individual products, cracking the right vehicles, cracking that liquidity conundrum that I talked about, then you can start to match the changing investment objectives in this new landscape. The other thing I would say as well is because people have had some difficult experiences from their active managers in more challenging markets, they are much tighter understanding how risk is managed in your portfolios, which flows through to some of their changing investment objectives. So, what I would say to any asset manager looking to market their products across Europe, get the explanation of how you manage risk within your portfolios absolutely right, absolutely clear, and make it an absolute priority of your pitch book because all the evidence we have from our research is that risk management and the way it's structured is increasingly important to asset owners. Of course, it's always been important, but particularly so now after these difficult experiences. So, you've got to get that element right because changing requirements in the risk management space are feeding through because of changing investment objectives.

Robert Morier: Yeah, I've seen a lot of the same risk management policies and procedures being integrated into the investment process, particularly as part of our presentation instead of the last slide, where how do we think about risk management? It's much more dynamic. So, good advice. Well, 75% of the respondents of this study agreed that one area asset managers are falling short is as it relates to team quality and continuity. Those are two very different things. So, I wanted to just break that down a little bit. As it relates to quality, what specifically are allocators looking for as it relates to those higher quality factors of a team?

Julian Samways: Obviously, they're looking for stability of investment teams. They're looking basically to hire happy investment management firms, where the people are clearly motivated, and clearly like working with each other, and clearly want to stick around. But a subject that we haven't touched on in any great depth is the ESG element, and the S within the ESG, which is the social. And that incorporates diversity and inclusion. And what people are looking for when you talk about the quality of investment managers in terms of the continuity of teams, continuity is a great thing. But if nobody challenges people's long-term investment decision making, then sometimes things can get a bit stale. So, they're very keen on diversity and inclusion from a cognitive behavioral aspect, making sure that new people are coming into the investment decision making process, that they're able to challenge existing mores, that they work very well together, that it's a firm which is open to a different mix, different types of investment management decision taking. And that's probably the definition of quality just as much as having good fund managers being around for a long time. It's like how are you refreshing those investment management teams? How are you challenging investment decisions? And one of our consultants is Deb Clark who used to be head of Global Manager Research at Mercer's. We always bring in people from the industry to help advise our clients on their marketing communications. And she would always say about these things, what's in it for the client? So, when a firm talks about themselves, and talks about the quality, and the structure, and the continuity of the investment team, just make sure that everything that you're doing in that descriptor is benefiting the client in terms of the final quality of investment decision taking. So that's what I would say is really important. So, it's quite nuanced what you have to communicate in that space. Just saying I've got 20 fund managers and they've been with me an average of 20 years isn't enough anymore. You've got to talk about how you're recruiting new managers into that, how the investment process works, how your diversity and inclusion policies follow through to better investment decision taking. There's quite a lot of subtleties in what seems quite a simple headline, which is continuity and stability of investment teams and quality of investment teams.

Robert Morier: Helpful insight. Thank you very much. You did mention ESG. So ESG, at least here in the United States, is going through a public relations moment is a nice way to put it. So, in your experience, particularly as it relates the UK and European, the approach to sustainability, the common belief here in the United States is that the UK and European markets have always been a few years ahead of the US as it relates to sustainability and integrating sustainability into their investment process. The US was playing catch up for the last several years. And as they've caught up, the political environment around them has changed. So, as you think about public relations and communication, how are you advising your clients who are going into those markets to think about striking a balance as it relates to how ESG is communicated?

Julian Samways: Well, of course, I don't even really like the phrase or the term ESG because it mixes too many different moving parts. So, the E is very difficult to the S. And the S is likewise very different to the G. But let's take the E for a moment. So, what you've really got to understand, look, you can't build an asset management business in Europe unless you incorporate that phrase, I don't like ESG, into your investment process. You just won't build it because the underlying asset owners have real pressures from regulators in terms of explaining what they're doing in the E space and to some extent in the S space. And if you haven't got products incorporating ESG factors into your investment process, then you won't even get on the shortlist for many European investors. And that's absolutely from a principle perspective. But it's also the case from a regulatory perspective, if you make their life very difficult. And I do know some US managers who won't compromise on this. And they shut themselves out of a lot of marketplaces in doing so. So again, it's about cultural alignment, understand the pressures your clients are under. That flows through into regulation, for example, and making sure that you're integrating elements of E and elements of S. G is sort taken for granted, I think. Everybody should have always focused on good governance procedures. But you've got to integrate these things into your process, be able to explain them, understand how you report on them from a regulatory perspective to help your underlying clients. These are really important factors in that space. And of course, the landscape is changing very rapidly. One of the things we found from our research, for example, is that most people think carbon neutral strategies, et cetera, the environmental bit, that managers are getting pretty good at that space. But within that, there's a greater focus on things like biodiversity, for example. So, what we're seeing is the criteria in the E space is moving away from just climate change, for example, to issues relating to biodiversity. So, you've got to understand how the changing nuances are happening in the E bit of the ESG space. And then when you get to the S bit, which really incorporates diversity, inclusion… I touched on that from a cognitive diversity perspective in terms of diversity and inclusion can enhance investment decision taking. But you've got to be able to get that element right as well because that too is becoming an increasingly higher priority for European investors. So, there's a lot of work for US, North American asset managers to do if they want to get cultural alignment and understand how they build a business in Europe.

Robert Morier: We speak to a lot of emerging managers here at Dakota. A large part of Dakota's business is working with those boutiques in helping distribute their products. And I'm always curious as it relates to the receptivity of new investment strategies in the UK and European market. Is there a difference between those medium and large firms, the brand names and the boutiques that are coming out of, for example, the US market according to your observations? How should an emerging manager, a boutique, think about approaching those markets when they may not necessarily have the scale?

Julian Samways: Well, I mean, I'm pretty optimistic about the future of boutiques. But the industry as a whole as it consolidates, it feels less of a safe space for boutiques to grow. But I think there's a PWC report, which says 1 in 6 asset managers are going to have disappeared by, I think, 2027. So, there's definitely a lot of consolidation happening, and that the top 10 managers will manage over 50% of global assets, which is good for them. But it doesn't… well, it doesn't fit with the diversity and inclusion of suppliers in the asset management industry. But I think that's cyclical. And it reflects squeezing margins more than just simply brand, I think.

And it's about consolidating to protect the margins in what is a tougher world for asset managers. But that's also going to throw off talent who can start boutiques. And there are always plenty of investors out there who are looking for something new, something different, particularly nowadays in the wealth management space across continental Europe and the UK. So, there's always going to be a good future for boutiques. Now, clearly, the issue with boutiques is they don't have the huge resources that the big investment managers do. But I would say what they do have that perhaps they don't have is nimbleness. And if they can demonstrate the nimbleness in the way they take investment decisions, the way they create products, the way they communicate to their clients, then they're actually on a level platform. And I would make one plea for the area of media relations. Media relations is a great leveler. We all know that BlackRocks pop up in the media all the time and everything like that. But actually, journalists are really interested in new firms, or in emerging firms, or even medium-sized firms if they've got something interesting and differentiated to say about how they go about their business and how they go about investing money on behalf of the client. So, media relations is a great leveler in terms of communications across asset managers of all sizes. So, we talked a little bit before about how you build a business in Europe. And obviously, I say people on the ground, and do your homework, and attend conferences. But media relations is a really, really cost effective way. There's a huge financial services media in Europe, far bigger actually than here in the US. More publications out of London, which really influence conversations in the asset management world. So, I would say to boutiques as well as the large fund managers alike, get your media relations strategy right. It's very, very cost effective. If you've got interesting things to say, journalists will cover what you've got to say regardless of your size. And suddenly, you've got a big positive in your marketing communications exercises. So that's a great leveler between managers of different size. So, I'm actually quite optimistic against what seems a gloomy backdrop for the future of boutiques. And I think there'll always be a demand for them.

Robert Morier: Thank you for those insights. How about technology? How are technological advancements, things like AI, data analytics, transforming the way firms like yours are engaging with your clients?

Julian Samways: Yeah, I mean, we're often asked about artificial intelligence. I would say at the moment obviously it can help with content production. I would say it's something that we look at, we look at the trends of. It's not yet influencing the way we operate. But it will pretty soon I would say. So artificial intelligence issues in relation to communications our business is really important to us. And a little while back in JPES Partners, we built a data and analytics section, which is partly responsible for this sort of qualitative research we do. But we also are developing quite a number of technological bases to help us in our communications field in the way that we advise clients. Everything we do has to be supported by proof points.

And proof points now are about data and analyzing that data. So, when we are helping our clients with their communications, we need to see all the data points, which are proof statements of what an asset manager says that they're trying to do. So, data and analysis in terms of marketing communications is really important. Also, I think… and when we talk about communications, it can be traditional media relations, or it can be social media, or it could be understanding the growing impact of artificial intelligence and its role in communicating to clients and prospects. You've got to really be able to understand the impact of what you're doing on behalf of your clients and whether it's moving the dial or not. So, we do a lot of proprietary research on what impact our recommendations in the marketing communications space make to the growth of clients' assets under management, for example. And that involves quite a lot of horsepower from a data and analytical perspective, and that we're doing that. Now, just like The Financial Times considers itself an online platform and would put a heavy reliance on its data and analytical capability, increasingly we as a marketing communications firm are developing our firm on the basis of data and analytics, both to prove to the outside world what our clients are doing and they are doing what they say they're doing, but also in terms of the impact we make on their marketing strategies.

Robert Morier: Could you touch on the role and the importance of social media as it relates to marketing? So how important is it for someone to ensure that they are putting their message out there through their own accounts, as well as through a third party?

Julian Samways: Yeah, I mean, social media is really important. But I would say… I mean, here we are doing a podcast. I would say that it's really important to get your websites right actually and make your websites as interactive as possible, and make sure there are webcasts, and podcasts, and make sure your clients have a chance to ask online questions and make it interactive. Those things are really important. But if you're talking about using social media as a communications tool… we can all name what those channels are, but I'm not going to, now I'm going to say something which some people might feel is a little controversial, which is people focus on the channels of communication. And I would say don't focus on the channels of communication. Focus on the quality of your content. Now, you might have lengthy content for certain channels. And you might have short, sharp, bite size bits of content for other channels. But your content has got to be good. And it's got to be differentiating. It's got to be relevant. It's got to be interesting. It's got to be easy to absorb, however complex the underlying issue is that you're communicating about. So, I would say get your content right first. And the channels are very easy to manage after that. And that's something that we at JPES Partners advise our clients on. And going back to those cultural references, some of the content will be quite different if you're marketing your firm in Europe than you are if you're marketing it in North America.

Robert Morier: Interesting.

Julian Samways: So that's what I say. And the last point I would say, for example, the comfortable retreat of asset managers is white papers. And I talked about the quantity of content going into people's inboxes all the time. And people spend an endless amount of time writing white papers, which go unread by everybody. How dusty of those shelves of unread white papers? That's an example of not getting the content right. So, for our clients, we absolutely dissect white papers, pull out interesting bits, make them short, sharp, and bite-sized, have genuine interest to busy readers who don't have more than a few seconds to pick up a concept and do that. And if you are able to get the content right of your marketing communications exercises, then the channels flow, whether it's social media, or whether it's your own website, or whether it's direct communication with the clients. That's the easy bit of the equation. Just get the content right first.

Robert Morier: Well, drawing from the spirit of managers adapting to new environments, Kipling wrote that something hidden, go and find it, go and look behind the ranges. Something lost behind the ranges, lost in waiting for you, go. So, in this spirit of exploration and discovery, how can investment managers venture behind the ranges to uncover and understand these nuances that you've been describing over the last 45 minutes or so?

Julian Samways: Speak to anybody you think has any knowledge about the marketplace you're trying to get into, which will give you an insight into how that marketplace may be changing. There are lots of US asset managers who've had a long-standing presence in Europe and would say there's almost nothing you could tell us about the cultural nuances because we've been doing this for a long time. I still think there is a cultural divide between asset management marketplaces. And I still believe people don't fully understand that cultural divide and get their marketing communications process right in every marketplace. So, I would say go and speak to asset owners at conferences. Go and speak to gatekeepers. Go and speak to firms like ours. And really understand what's happening on the ground and what's changing on the ground. What are the future trends? The piece of research that we did that you kindly alluded to earlier actually gives some forecasts of how the marketplaces are changing and the different nuances, whether it be risk management structures, changing investment objectives, changing product requirements. And then that changes by whether it's wealth management platforms or whether it's traditional institutional. And then you've got to understand the gatekeepers, which increasingly seem to be investment consultants wherever they are. They're not just confined to investment consultancy firms or fiduciary managers anymore. Understand all these moving parts. Do your homework. Be patient. Speak to people on the ground. And if you do all that and build a really structured market strategy, which picks up all these nuances and allows you to land your products in a way, which is about providing a solution to the pressures that asset owners in Europe are facing of whatever ilk the underlying clients are. And if you do that homework, and then you come over here, and you keep taking continuous advice from people who understand some of the trends happening in the asset management marketplace over here, some of them similar to the US, some of them really quite different, if you understand the way you should communicate through these different nuances, if you understand and get that element of it right, if you use all the aspects… I would say marketing like a toolbox. You've got conferences in there. You've got marketing collateral. You've got social media. You've got media relations. It's like use all those things. Why tie one arm behind your back by only using certain elements of the marketing mix? So, in understanding the nuances of the marketplace you're trying to build your business in, make sure you're using all the marketing tools at your disposal because you can be assured that if you're not, some of your competitors are. So, use all those different moving parts of the marketing mix. Understand what's happening on the ground. Understand cultural alignment. Understand a genuine commitment to new client bases within Europe. If you do all that, then you've got a good chance of building a good business in Europe.

Robert Morier: Well, I'm always curious and we always ask our guests at the end of our shows, who are the people that gave you the advice that helped you along with your career? Who were the mentors who you remember as you're thinking about the advice that was given to you?

Julian Samways: Yeah, well, it's very interesting. Well, first of all, my partner because when I set up this business, there was just me. And I left a rather lucrative job in the asset management world to something which certainly wasn't very lucrative. But I believed I had a concept, which was going to work. And of course, now the business feels very successful. So, it clearly did work. But that support from your partner at the start is crucial to setting up and developing your own business. The other thing I would say is when I worked at Schroders, well, the brand walked through the door before I did. And therefore, it wasn't so much selling a Schroders. It was about understanding structure and client service. And I certainly learned that from my time at Schroders. So, you can call the whole of Schroders a bit of a mentor to me in a way. And then when I left Schroders and joined a small hedge fund to market that, nobody had heard of us. And I really had to understand how to sell in a way that I didn't need to at Schroders. And I also really learnt how to manage and run a small company. So, my second mentor would be the hedge fund because it taught me a different skill set than what I learned at Schroders. So those two things came together. And I thought I was ready to set up my own business. And then I would say… I'm going to thank them for this really. I have an advisory board, three members of which… a four-person advisory board, three members of which have been with me since inception. They keep me sane throughout the development of JPES Partners. And they bring different expertise. So, one person built a public relations firm. And they're very entrepreneurial. And they keep me on the straight and narrow in terms of how I'm developing my business in terms of the media relations aspect of what we do. One is very much on the marketing consultancy. She's an asset owner. So, she keeps my feet close to the fire in terms of what you should be advising asset managers to do in terms of their underlying clients. And so, she takes no hostages. And she's been a brilliant, brilliant mentor to me over the time. And then I have somebody who used to head up communications for one of the largest private equity houses, who is brilliant at strategy. And in the moments when you're tempted to be shorter term about building your business, he keeps my mind focused on the longer-term strategy. So, I would say a combination of my partner, Schroders, the hedge fund I worked for, and my three advisory board members have got me where I am today.

Robert Morier: It sounds like a good team.

Julian Samways: Yeah, thank you.

Robert Morier: Julian, congratulations on all your success. Thank you for coming to Philadelphia today.

Julian Samways: Thank you again for inviting me.

Robert Morier: It was a real pleasure. It was very informative. I know for our audience they'll find it equally as insightful. It's always a high hurdle to enter a new market and try something different. But I think the advice that you gave us today open up the toolbox, don't leave anything at home, and communicate as much as you can along the way. If you want to learn more about Julian and JPES, please visit their website at www.jpespartners.com. You can find this episode and past episodes on Spotify, Apple, Google, or your favorite podcast platform. We are also available on YouTube if you prefer to watch while you listen. Or check us out on our website at dakota.com. Finally, if you like what you're seeing and hearing, please be sure to like, follow, and share these episodes. We welcome your feedback as well. Julian, thank you again for joining us. And to our audience, thank you for investing your time with Dakota.