

Product Management & Development 2020

August 2020

ON PRODUCT DEVELOPMENT

Over the next year, product groups will be especially focused on separate accounts, both model-delivery and traditional.

Study Overview

The FUSE BenchMark Series is a comprehensive research service focused on benchmarking and optimization of resources within different functional areas of an asset management firm. Our BenchMarks are effectively support programs that combine market intelligence with a predefined methodology for self-assessment to produce a structured approach to the decision-making process of senior executives. FUSE provides upfront evaluations and ongoing monitoring to help ensure that business needs are met and objectives realized. The baseline research for the *Product Management & Development 2020* study comes from a detailed survey and series of interviews with senior product executives. By comparing our latest data findings to prior surveys over the past several years, we are able to not only identify trends impacting marketing, but also forecast the direction asset managers need to take in order to remain competitive.

Benefits

This study will help Product Leaders, Heads of Product Management and Product Development, Senior Product Managers, and other product executives evaluate their teams, consider best practices, and optimize resources by providing the following:

- Staffing and compensation metrics
- Productivity measures
- Time management benchmarks
- Outlook on product development initiatives
- Product launches and rationalizations
- Recommendations and insights on the most important topics impacting product strategy today

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There are more than 50 exhibits in the study, including:

- Product Group Breakdown: Product vs. Investment Discipline
- Size of Product Budgets (excludes FTEs), 2017-2020
- Compensation Metric by Product Role
- Asset Manager Approach to Growth of Passive Strategies, 2016-2020
- Model Portfolio Product Development Plans over the Next 12 Months

The Study Provides Answers to These Questions:

What bold moves do asset managers need to make for active portfolios to reclaim lost market share?

Why is it imperative to have a clearly defined process to gather input for new product ideas across the organization?

What are the average allocations of compensation components across product groups?

How can firms differentiate in the crowded SMA market?

... and many more that are critical to the overall success of your product initiatives.

MUTUAL FUND RATIONALIZATION

Mutual fund rationalizations continue to outpace the number of launches. As of year-end 2019, there were 334 rationalizations vs. 197 launches, marking the first time since 2000 that launches dipped below the 200 benchmark.

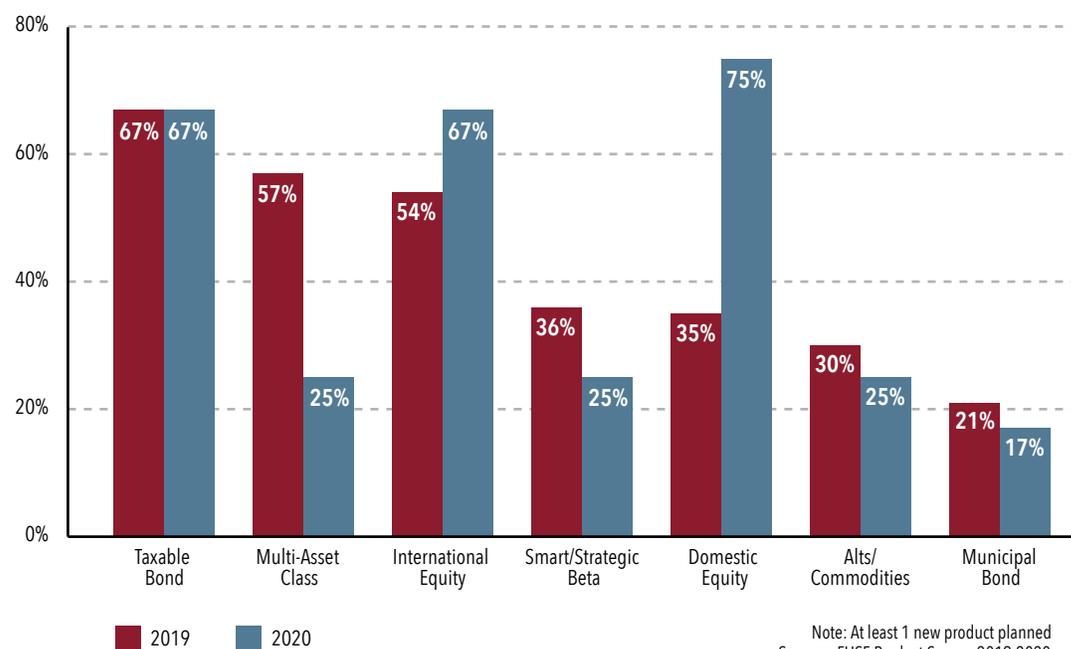
Study Excerpt on New Product Expectations by Asset Class

Taxable bond and international equity strategies tied for first for new products planned in the next 12 months at two-thirds of surveyed firms. This represents at least one new product planned.

Multi-asset class strategies experienced a significant drop in launch plans for 2020, falling from 57% of managers to 25% over the past year.

Overall, the average percentage across asset classes remained unchanged at 43% in 2020. An important aspect to these new products is whether or not they are active strategies and the type of wrapper they are planning to use. We expect product groups to be much more deliberate in their approach to launching new product offerings since they are being stretched thin among various new initiatives. Getting an active mutual fund strategy off the ground will be an uphill battle for the foreseeable future with more focus being placed on model portfolios, separate accounts, and ETFs (of all varieties).

Exhibit – Plans for New Products in the Next 12 Months by Asset Class



Service & Pricing

FUSE's mission is to deliver actionable, practical recommendations that are customized to each client's business situation. Our BenchMark series studies are far more than a "data dump" of statistics and general trends.

When you purchase a BenchMark series study, FUSE will provide ongoing support and periodic updates to help ensure that our research will have a longer shelf life than similar studies available in the marketplace.

About FUSE Research Network, LLC

FUSE Research Network was launched with the view that research and consulting support for asset managers has failed to evolve with the changing needs of the client. The competitive environment today demands that clients make important business decisions within shorter and shorter time frames.

In order to support clients in this setting, FUSE provides a dynamic research platform that covers our clients' current and future decision areas (strategic and tactical). Our goal is to become an invaluable business partner through the delivery of highly informed and forward-looking recommendations that are among the critical inputs our clients need to optimize results.

FOR MORE
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