# ADDING MORE AND PAYING LESS

*Across the world, investors are beginning to pay less for their investing, while adding diversity to their portfolios, according to a new study*

**A SURVEY CONDUCTED** in the summer of 2018 by investment consultant bfinance focused on how institutional investors from across the globe are investing. It revealed that they are embracing more complexity in their investment portfolios, which has caused costs to increase. However, many respondents said returns have also risen, more than offsetting the additional expense.

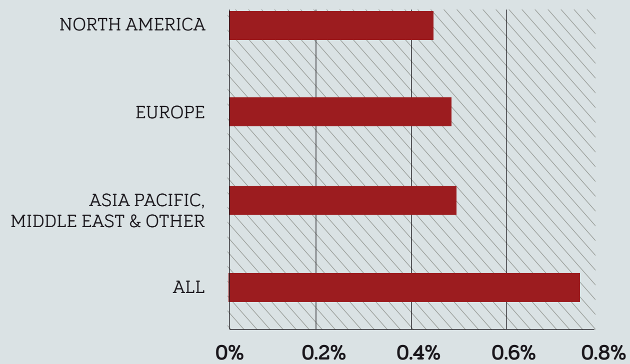
*All the below charts and graphs are sourced from bfinance, and are based upon the responses of 485 investors from around the globe, with combined assets of almost $8 trillion.*

## STAFFING UP

**INVESTORS IN ASIA** Pacific, the Middle East and other markets have been adding to in-house staff for investing, with 57% saying they had done so over the past three years and 7% intending to in the next year. That is a higher tally than the 30% of North American funds and 47% of European respondents that said they had been adding in-house personnel.


## THE COST OF INVESTING

**THE COST OF** investing is far higher among investors in Asia Pacific, the Middle East and other markets than in North America or Europe. All told, the former investors said total annual costs were 0.76% of fund assets; far higher than the 0.48% or 0.44% of the other two respective markets.




Median annual costs as a percentage of fund assets

## CHANGING CLASSES

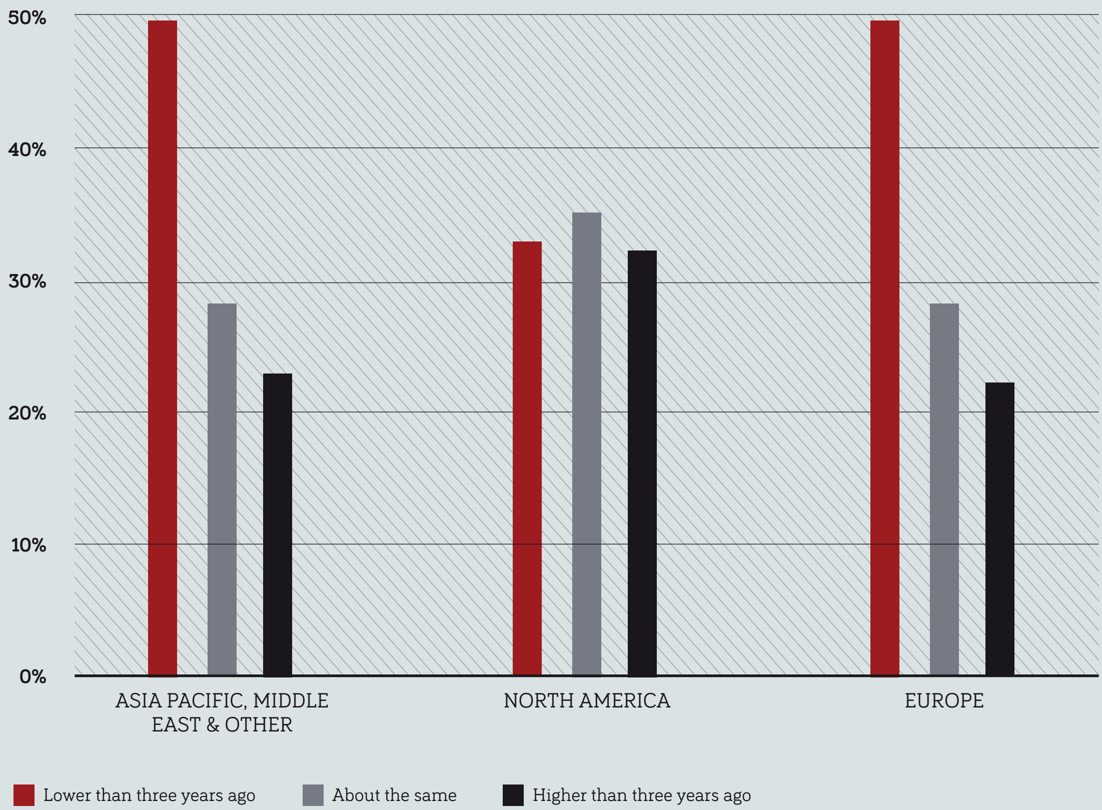
**THE PROPORTION OF** investors that have entered a new asset class or strategy in the last three years, versus 25% which had not done so and 9% that had not but planned to in the coming year.

**66%**

PRIVATE DEBT, INFRASTRUCTURE, REAL ESTATE, EMERGING MARKET EQUITY AND ALTERNATIVE RISK PREMIA WERE THE MOST POPULAR NEW ADDITIONS. HOWEVER, JUST 19% OF OVERALL RESPONDENTS SAID THEY HAD RAISED THE PROPORTION OF ASSETS MANAGED IN-HOUSE.

## FALLING ALLOCATION EXPENSES

**ON AVERAGE, JUST** over a quarter of investors said they are spending more on their asset allocation than three years ago, but 41% said they spend less. And for Asia Pacific, Middle East and Africa respondents, almost half said they were spending less on investing than before.




Fractions rounded down

## PRIVATE MARKET IMPERFECTIONS

**NEARLY HALF OF** respondents said they had increased their allocations to private markets over the last three years, 40% had not done so, and 11% hadn't done so yet but intend to do so in the next 12 months. Asia Pacific, the Middle East and other markets reported slightly different amounts; 46% had done so, 36% had not, and 18% intend to over the coming year. Despite the interest in private markets, 46% of global respondents said they are still underweight in this area versus their strategic asset allocation. They pointed to access challenges, capital calls and a lack of attractive opportunities as reasons for this.

**49%**
RAISED ALLOCATIONS TO PRIVATE MARKETS

**40%**
HAVE NOT INCREASED PRIVATE MARKET ALLOCATIONS

**11%**
INTEND TO RAISE PRIVATE MARKET ALLOCATION IN NEXT YEAR