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## Platform Hunts U.S. Active Managers to Boost Int'l Distribution

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By Richard Henderson

A new asset management platform is looking to take strategic equity stakes in boutique U.S. active managers to help them sell their products to institutional investors abroad. The company is hoping to land up to eight managers by the end of 2016 and will provide distribution support to help firms win new business.

The platform, **IM Square**, is a startup founded by asset management veteran and former chairman of **Edmond de Rothschild Asset Management**, **Philippe Couvrecelle**, and backed by \$1 trillion French manager **Amundi**. The firm believes there is a gap in the market for long-only U.S. boutiques to chew up active equity mandates with European asset owners currently serviced by larger managers – the likes of [Goldman Sachs](#) and [J.P. Morgan](#).

The platform is aiming to buy minority equity stakes in up to eight managers across a range of strategies in the next 18 months and currently has a pot of \$45 million with which to do this. The pot will grow to around \$280 million in coming years as the firm predominantly targets U.S. boutiques around the \$1 billion to \$15 billion in size, according to Couvrecelle.

"We have around 30 firms in the pipeline that we're looking at and around five that we're very close to entering into due diligence to negotiate a deal," he says. He expects the first deal to close by the end of the year.

He says these boutiques will benefit from sales and marketing support, including help identifying and petitioning European institutional investors for active management mandates. He is currently assembling a team that will include a request for proposal (RFP) specialist to work alongside the boutique managers' distribution staff in a coaching role where relevant.

In an ideal scenario, the platform staff would work with U.S. boutiques – depending on its size – to secure the mandate.

"When we have a deal to close, we could bring out a portfolio manager from the U.S. to help close the deal," Couvrecelle says.

The multi-affiliate structure of the platform will mirror that of [Affiliated Managers Group](#), but on a smaller scale. AMG hit a record in assets under management in Q1, with \$5.3 billion in net inflows, [as reported](#).

"If IM Square can really help them think about their business and be strategic in marketing, it's a win-win," says **Jackie Charnley**, co-founder of distribution consultancy **Charnley & Røstvold**. "I think this definitely meets a need in the market."

She says boutiques are facing increasingly onerous costs of entry, as heightened post-crisis regulation has increased the need to have legal and compliance staff in addition to client services sales, marketing and RFP teams.

"The RFP is critical. If a firm has a good record but is not getting in enough searches, we look at the RFP, and there is frequently a problem in the RFP – often the firm is approaching it as a database requirement and not communicating its strengths," she says.

Couvrecelle says the initiative is seeking to solve fundamental structural issues facing large

asset managers – namely the difficulty in maintaining a high volume of active management mandate wins and holding on to top performing portfolio managers. He believes these large managers will seek to push more resources into building passive products and should look to take stakes in boutique managers led by talented portfolio managers – that are shielded from issues of capacity – to ensure they receive the benefits of good active management.

Aside from Amundi, \$5.5 billion manager **Eurazeo**, and private equity firm **La Maison** are also backing IM Square.

"We believe the financial services industry – and asset management in particular – is a promising segment for investment with robust fundamentals," says **Marc Frappier**, managing director at Eurazeo, in a statement.

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