

Press Release

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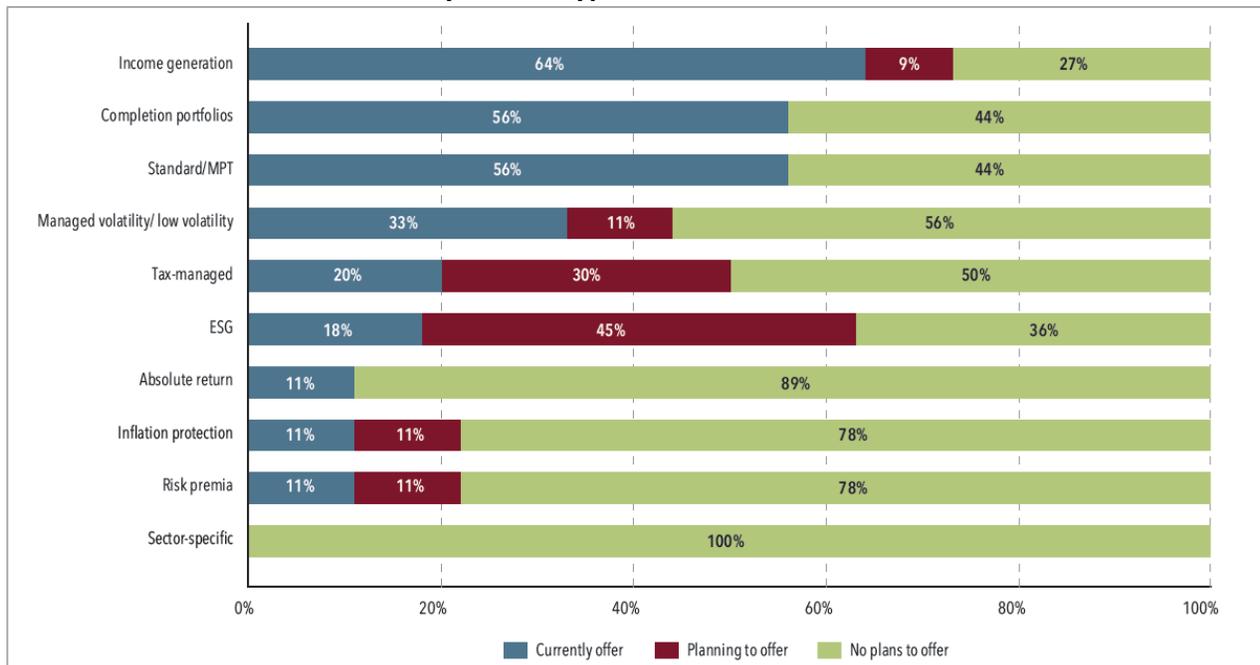
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ESG Tops Model Portfolio Plans among Asset Managers

December 9, 2021, *Needham, MA* – As model portfolio adoption grew over the last decade, many asset managers viewed the space as a new avenue to deliver their intellectual capital. According to findings from FUSE Research Network’s recently published *Product Management & Development 2021*, asset managers have focused on traditional solution offerings for their foray into the model space. More than half of surveyed asset managers currently offer the following three model strategies: Income generation, Completion portfolios and Standard/MPT (modern portfolio theory). However, when it comes to new models, more than 45% of asset managers are planning to offer environment, social and governance (ESG) models (just 18% currently offer an ESG model).

Plans to Offer Model Portfolios by Model Type



Source: FUSE Product Management & Development 2021

“ESG is certainly a hot trend that asset managers are embracing throughout their product offerings, so plans to implement within model portfolios makes perfect sense,” explains Patrick Newcomb, Director of BenchMark Research, FUSE Research Network. “Firms need to articulate their overall ESG process and how it flows through the building of model portfolios. Multiple firms are embracing ESG throughout the entire investment process because they believe it provides incremental benefits to performance.”

ESG is far from being a new trend and has deep penetration within institutional channels. Within the retail space, ESG is a nascent business with less than \$400 billion in mutual fund and ETF assets, as of September 30, 2021. Certain demographics, particularly females and younger investors, embrace ESG solutions. However, most will not forego overall investment performance. Therefore, firms entering the model space with ESG solutions will be competing against non-ESG solutions as well.

In addition to views from product leaders and advisors on model portfolios, FUSE’s *Product Management & Development 2021* BenchMark study provides an in-depth look at organizational structure, staffing metrics, budgets, compensation and resource allocation. The study is organized by firm assets under management to enable users to compare how their organization stacks up against others of similar size in addition to the overall industry. Data is also presented with comparisons noted over the prior five years of survey data.

For more details about our latest BenchMark study, *Product Management & Development 2021*, including obtaining a copy, please email me at jheinhorst@fuse-research.com or call (720) 221-5223.

[About FUSE Research Network LLC](#)

FUSE was launched in 2008 with the view that research and consulting support for asset managers has failed to evolve with the changing needs of the client. The future competitive environment will demand that clients make important business decisions within shorter and shorter timeframes.

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.

