IMI Consultant Congress
April 4-5, 2000
San Francisco, CA

Conference Description

The annual IMI Consultants Congress was held April 4 – 5, 2000 in San Francisco, covering topics from "Marketing Down the Information Superhighway " to "Building Consultant Relationships that Win New Business." Fourteen sessions were held with two-to-three consultants participating on each panel. In total, 37 consultants attended the conference. Attendees of the conference ranged from institutional and private investment managers to client service and marketing professionals; 96 attendees in all.

Executive Summary

Highlights

- Survival of the fittest
  - Number of brokerage firms has decreased
  - Number of money managers will decrease
  - Number of consultants will decrease

- Consultants need to view the Internet and databases, e.g., InvestorForce.com, as helpful tools for their work, not as a threat; they save time and are here to stay in ways that are not yet defined

- The Internet will have an impact on fees: due to all the information that is readily available whenever needed, plan sponsors will ask more for their money; therefore, more money will go to consultants; active management fees will come down; asset management fees will go up a bit.
  - May mean a possible move to pure performance fees for consultants

- Consultants suggest giving your presentation – your "conversation" – without using your book. No one knows your presentation better than you, so try not "over" using it.

- The sales professional role is changing; much of the information investment management firms provide is now available on-line; therefore, sales professionals need to add more depth to their roles.

- Client service professionals need to "talk the talk" at all levels; be well prepared by portfolio managers. Everyone agrees it is important for portfolio managers to be in the office managing portfolios.

Defined Contribution

- 82% of 401(k) providers are expected to have on-line advice this year

- Use of asset allocation services is still greatest for consultants because it takes the fiduciary liability/responsibility away from the plan sponsor

Hedge Funds

- 14 hedge funds in 1985, and 6,500 hedge funds expected in 2002

- Many larger institutional investment firms are starting hedge funds as an incentive to keep good people.

  Hedge Fund Growth

1990	$50 B
1995	$190 B
1998	$450 B
2002	$900 B

- The assets are new money, not money transferred from 401(k) or DB plans

Trends in Canada

- The first wave of people retiring is happening
- Younger trustee boards
- Canadians tend to troll in the U.S. for international managers

Web Sites

- From a recent INVESCO survey of what people look for on a web site, the top five items are:
  - Site maps
  - Company information; dedicated contact person
  - Description of people and their credentials
  - Products – performance; characteristics; etc.
  - Research

  INVESCO viewed 50-60 investment manager sites and found that less than 50% were providing the top five items.

  - Client feedback is the best way to judge your site

General Trends

- Active management is still preferred to passive management

- High net worth individuals, of those with less than $100 million, less than 2% choose index managers
  - Managers need to focus on tax-sensitive products for these individuals

- Risk tolerance of institutional investors is increasing because of the great returns lately; managers and consultants need to remember to always educate plan sponsors; remind them of historical returns of the market to prepare for a fall (Kenneth Holmes of Pierce Park Group)

- Nelson Information's monthly database is a wave of the future

- Branding is a must, but difficult to brand like a Fidelity. Instead, create an image that is consistent.

- Dos and Don'ts to Winning Finals
  Of the top 10 in the '80s and '90s, four are the same:
  - Send senior people/be on time
  - Know the people who are reviewing your firm
  - Ask questions
  - Ask for the business

- When calling to schedule a meeting, instead of saying, "I'm coming to town and would like to update you on our firm," try: "I'd like to talk to you about growing the high net worth side of your business," or "I'd like to share with you how others are growing their high net worth business."