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RACHEL MALATESTA
TEL: US+1 617-437-1098 x119
EMAIL: rmalatesta@cerulli.com

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x to 617-437-1268.

Rachael Malatesta
US+1 617-437-1098 x119
rmalatesta@cerulli.com

Shannon Brady
US+1 617-437-1098 x106
sbrady@cerulli.com

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**METHODOLOGY**

*Investment Consultants: A Strategic Outlook* is the result of detailed financial services market analysis. Our research focused on investment consultants, pension consultants, and brokerage firms that are providing advice to institutional investors. In addition, we took a detailed look at the institutional investment managers servicing these consultants, paying special attention to the strategy and infrastructure of their consultant relations efforts. Lastly, we analyzed the independent third-party data providers that consultants and plan sponsors are using to evaluate asset managers.

The quantitative component of this report is based on three separate Cerulli Associates’ proprietary online surveys. We use our survey information to complement secondary research and to gain full perspective on industry trends. The first survey targeted investment consultants and best practices within the industry. The second survey targeted members of the Investment Management Consultants Association (IMCA). The third survey targeted asset managers and their best practices in serving institutional investment consultants. Respondents provided us with their latest asset figures, personnel requirements, and other variables of the business. The information allowed us to analyze the industry from a quantitative perspective. We complement our own information gathered through primary research efforts with data culled from external information vendors. Cerulli Associates makes attribution to third-party information gathered from publicly available sources and proprietary information published with permission.

Our qualitative analysis is made possible through the cooperation of about 50 industry executives with diverse disciplines within the investment consulting, money management, and plan sponsor communities. Primary interviews were conducted with key personnel at consulting firms including CEOs, directors of research, directors of institutional consulting, field consultants, and research analysts. Interviews were also conducted with individuals responsible for servicing consultants at investment management firms on both the defined benefit and defined contribution side of the business. Interviews were also conducted with firms that offer educational services, databases, and technology platforms to asset managers including
consulting firms and independent third-party data providers. In addition, an interview was conducted with a plan sponsor. It is the policy of Cerulli Associates to conduct interviews for background purposes only and not for attribution, so as to protect the anonymity of our sources. Cerulli Associates’ qualitative analyses are also based on our own market insight as well as on examination and vetting of various proprietary and third-party information sources.
REPORT SCOPE

*Investment Consultants: A Strategic Outlook* is the first study in *The Cerulli Report* series to focus on the institutional investment consulting industry and the current market trends influencing the business. In today’s market in which information and investment data is readily accessible and performance and plan fees are under scrutiny, consultants are reinventing themselves in an effort to remain competitive. This report leverages Cerulli Associates’ proprietary data and surveys of consultants and money managers and aims to provide institutional money managers with a comprehensive understanding of the factors shaping the consulting industry. In addition, the report provides consultants with a third-party view of how their industry is changing and a unique perspective of today’s competitive hurdles.

Cerulli has undertaken this report as a result of growing client and industry interest in this topic and on our research, review, and analysis of important trends in distribution within the institutional market. Cerulli Associates believes that as institutional asset management becomes more and more competitive, managers need to pay close attention to the consultants who control a sizable portion of the market. Fully understanding the investment consulting industry is imperative for an institutional manager seeking to target this influential group.