

Insourcing Trend to Decelerate

Stockholm (HedgeNordic) - Large institutional investors have been insourcing asset management in recent years in an attempt to enhance returns by reducing costs. Nordic institutional investors have shifted more assets to internal management, but this “insourcing” trend will decelerate as some strategies can be more difficult to implement and bring in-house, Viggo Johansen (*pictured*), Head of Nordics at Natixis Global Asset Management, tells AMWatch.

Insourcing asset management has the potential to reduce costs for large institutional investors, particularly for less complex strategies. “While I expect this trend to continue, it will begin to slow down a bit,” Johansen tells AMWatch. “In general, equity strategies that replicate their benchmarks have increasingly turned in-house, but there is still a strong demand for actively-managed global equity strategies with an objective to outperform the market.”

According to Johansen, who is responsible for the Paris-headquartered asset manager’s Nordic client base, institutional investors will continue to outsource the more difficult and sophisticated investment strategies in the alternatives space. “Several asset classes in the alternatives space continue to be difficult to insource as their development requires a lot of resources or technical skill,” says Johansen. “These range from parts of private equity and hedge funds to Commodity Trading Advisors (CTA) strategies.”

Speaking of the strategies currently receiving the highest attention and demand in the Nordics, Johansen says that “in long-only, we see strong demand for strategies far away from the Nordics, such as US and global fixed income and equities.” He also expects “emerging markets equities to play a more significant role in the future.” Last but not least, alternatives such as real estate, infrastructure, private debt and hedge funds remain a focus area for investors.