Home-Turf Advantage: Nordic Managers Out-Serve Foreign Competition

November 6, 2024

One of the more exciting markets in European institutional asset management in recent years is the Nordics. While individual countries in their own rights, as a collective, Denmark, Finland, Iceland, Norway, and Sweden boast a strong asset base and a unique but empirically sound approach to asset allocation. They also feature the world's largest sovereign wealth fund, the Government Pension Fund of Norway, at over US$1.7 trillion.

Understandably, it's no surprise that non-Nordic asset managers would be attracted to the growth opportunities of the region. However, for years, we observed that very few foreign managers have been able to build fruitful, durable franchises in the market, so we wanted to explore the reasons why.

Nordic Managers Outperform in Client Satisfaction

Coalition Greenwich has been conducting research in the European institutional market for 26 years, and our most recent study, in which we executed 67 interviews with Nordic asset owners, concluded at the end of summer. In these interviews, institutional investors provide information on key portfolio metrics and share feedback on the managers with whom they work. This feedback underlies our Greenwich Quality Index (GQI) and serves as the base of our analysis.

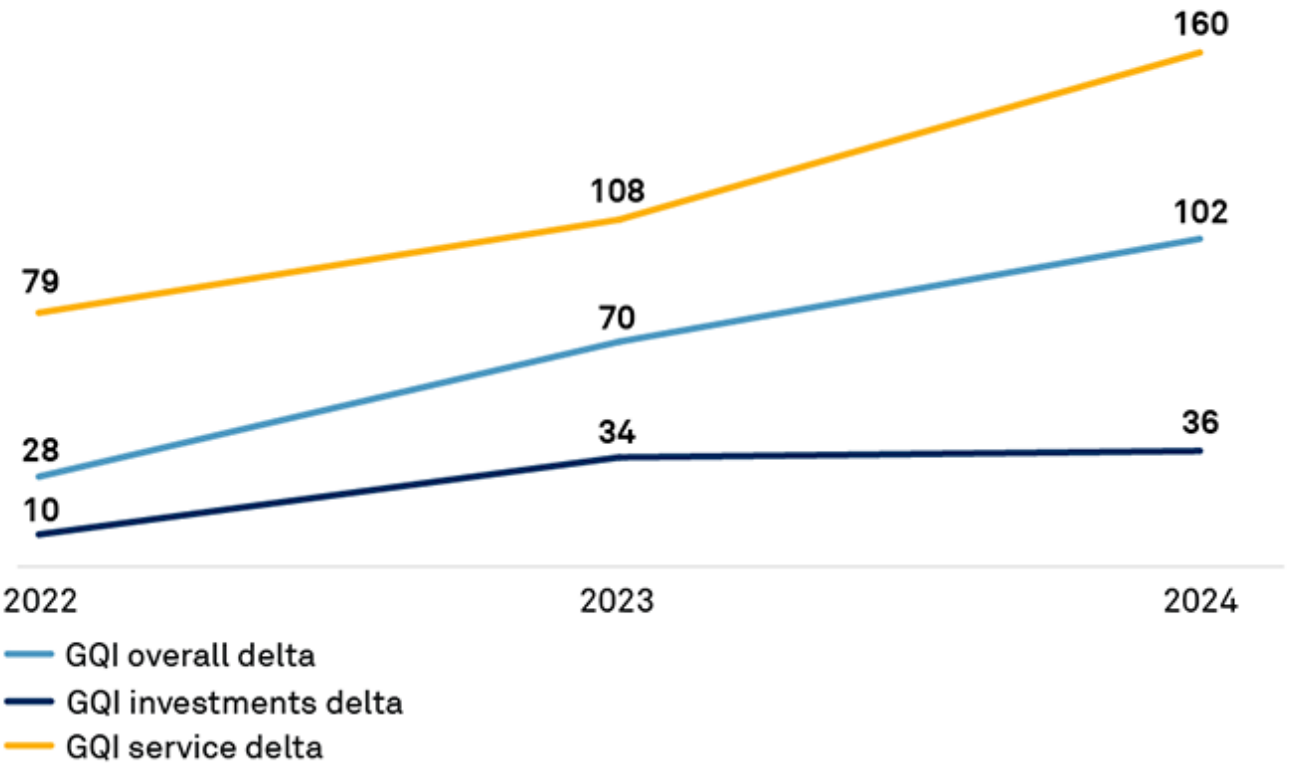
Greenwich Quality Index

The GQI summarizes the qualitative evaluations provided by our research partners (buyers of financial services) about their service providers into a single number. This number is then normalized and transformed to a scale from 0 to 1,000 with the mean score of 500 and a standard deviation of 166.7. This method provides a reliable quantitative measure of qualitative attributes.

First, we identified 25 investment managers (12 Nordic, 13 non-Nordic) for whom we receive consistent, robust, year-on-year feedback as part of our annual interviews with Nordic institutions. We analyzed the deltas between the average client satisfaction scores of Nordic managers and those of non-Nordic peers from investment, service and overall perspectives. What we found was quite remarkable.

Nordic Managers Outperform Non-Nordic Managers in Client Satisfaction

Client Satisfaction Score Delta

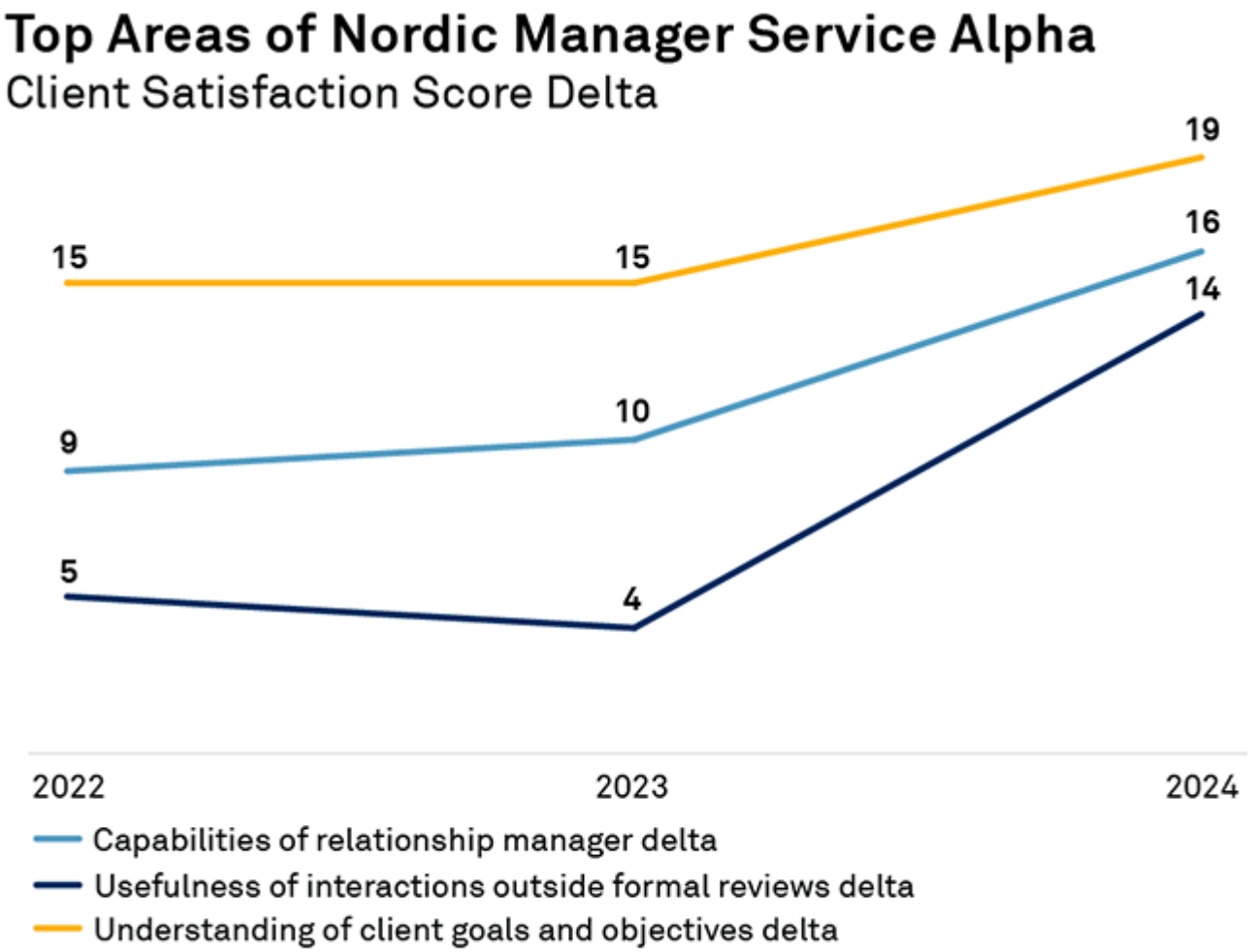


Note: Average score for Nordic manager minus average score for non-Nordic manager, by GQI score.
Based on 80 respondents in 2022, 62 in 2023 and 67 in 2024.
Coalition Greenwich Voice of Client – 2024 Continental European Institutional Investors Study – Nordics

As shown above, the Nordic managers showed significantly higher client satisfaction over foreign competitors, particularly with regard to the service elements of the relationship. Further, this trend is only accelerating, as the deltas between the two camps have only increased in recent years.

Next, we wanted to dig deeper to understand exactly what Nordic managers are doing to outperform foreign competitors so convincingly. To do this, we conducted a similar analysis looking at the specific service KPIs upon which institutional investors grade their preferred managers.

Again, we found that Nordic managers outperformed non-Nordic competitors across all of the relevant factors that we track. Further, also similar to our overall analysis, the deltas of Nordic over non-Nordic managers are increasing demonstrably year-on-year.



Note: Average score for Nordic manager minus average score for non-Nordic manager, by service factor.
Based on 80 respondents in 2022, 62 in 2023 and 67 in 2024.
Coalition Greenwich Voice of Client – 2024 Continental European Institutional Investors Study – Nordics

We zoomed in on the three leading areas of Nordic manager differentiation:

- Usefulness of interactions outside of formal reviews
- Capabilities of relationship managers
- Understanding of client goals and objectives

All of these highlight the inevitably human nature of our business. Nordic institutions face uniquely Nordic challenges, and they have a natural tendency of entrusting their investments to partners who fully understand and appreciate the complexity of their fears and ambitions.

How Foreign Managers Can Succeed

So how can foreign managers compete in the Nordics? First, as highlighed in the first graphic, Nordic managers have a relatively small advantage with regard to the investment elements of the overall client-manager relationship. Quite reasonably, Nordic managers may have a more nuanced understanding of Nordic markets or may be better equipped to modify certain strategies for Nordic audiences, but the sheer scale and sophistication of foreign managers have their own advantages, too. On average, Nordic managers cannot compete with the quality of analysis, depth of resources or superiority of computing power provided by global

competitors.

Second, Nordic institutions do not seem keen on foreign managers deploying a fly-in-fly-out coverage strategy. They clearly prefer local investment partners with a refined understanding of the market. Foreign managers would do well to hire local, even partner with domestic palyers. Outright acquisition could be another interesting avenue to successful market entry.

Lastly, foreign asset managers still control a considerable share of the Nordic market. Of the 501 client-manager relationships captured in our Nordic reseach, 49% were run by non-Nordic managers. Even in light of the gains Nordic managers have made over the last several years, market share has stayed relatively constant. If foreign managers are able to learn from the successes of their regional peers, they stand a fighting chance of holding, even growing, their share of Nordic institutional assets in the future.

If this topic interests you, please get in touch, as we have a depth of research and analysis available to asset managers operating in the Nordic institutional market.

---

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India’s foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Crisil Coalition Greenwich, which is a part of Crisil Ltd, a company of S&P Global. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Crisil Coalition Greenwich as on the date of the Document and Crisil Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data contained in the Document is based upon a particular bank's scope, which reflects a bank's data submission, business structure, and sales revenue Reporting methodology. As a result, any data contained in the Document may not be directly comparable to data presented to another bank. For franchise benchmarking, Crisil Coalition Greenwich has implemented equal ranking logic on aggregate results i.e., when sales revenues are within 5% of at least one competitor ahead, a tie is shown and designated by = (where actual ranks are shown). Entity level data has no equal ranking logic implemented and therefore, on occasion, the differences between rank bands can be very close mathematically.

The data in this Document may reflect the views reported to Crisil Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Crisil Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES CRISIL COALITION GREENWICH BELIEVES TO BE RELIABLE. CRISIL COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. CRISIL COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Crisil Coalition Greenwich is a part of Crisil Ltd., a company of S&P Global. ©2026 Crisil Ltd. All rights

reserved.