

# Our five investment industry predictions for 2021

What does 2021 have in store for the investment industry? We asked members of the leadership team here at Broadridge Fund Communication Solutions (FCS) to make their predictions for the year ahead.

## “We’ll see a drive to consolidate service providers”

— ARUN SARWAL, CEO, BROADRIDGE FUND COMMUNICATION SOLUTIONS

How many different service providers does your company depend on? The answer is increasingly likely to be “a lot”. From regulatory reporting, to back office funds administration, to some IT functions... the list goes on for asset management firms. It becomes even more complicated when your business operates across several jurisdictions.

But outsourcing to so many different providers becomes costly and complicated. The management of proliferating relationships and related SLAs is creating a significant overhead in itself. So, amid growing cost pressures on asset managers, expect to see a major drive from them to reduce service providers in the next 12 months.

The result? Niche outsourced service providers will be challenged, as companies seek to work with service providers that can provide multiple solutions harnessing the efficiencies that this affords.

## “Watch for continued asset management consolidation”

— GERARD GILSENAN, HEAD OF SALES, BROADRIDGE FUND COMMUNICATION SOLUTIONS

We expect to see further asset management consolidation in 2021, as cost pressures on investment houses continue to rise, against a backdrop which sees plenty of liquidity looking for a home.

It’s tough out there, with investors putting pressure on fees and operating expenses continuing to rise, in no small part due to ever increasing regulatory requirements. Asset managers have already turned to mergers and acquisitions in recent years in a bid to achieve greater scale. Notable were Invesco’s acquisition of Oppenheimer Funds in 2019 and Franklin Templeton’s agreement to acquire Legg Mason this year, creating a \$1.5 trillion AUM firm.

We see further potential consolidation and tie-ups. Be on the lookout for big deal making in 2021.

---

## “Don’t expect a divergence of regulatory reporting”

– PAUL POLETTI-GADD, CHIEF SOLUTIONS OFFICER,  
BROADRIDGE FUND COMMUNICATION SOLUTIONS

---

How much will UK regulations diverge from the EU after Brexit? That’s the million-dollar question, but regarding regulatory reporting in particular, we think the answer is “not much”. Divergence in reporting requirements simply doesn’t make any sense. Scale and efficiency rule supreme and there is no great value in creating separate reporting regimes beyond what already exists.

So, while there is likely to be a lot of noise around regulatory divergence, we predict few changes to the European fund regulations for which we support our asset manager clients. This is an area we will be keeping a close eye on though and our clients can be certain that through our solutions, they are future-proofed come what may.

---

## “Expect more change in platform ownership”

– ARUN SARWAL, CEO, BROADRIDGE FUND  
COMMUNICATION SOLUTIONS

---

Custodians and banks are increasingly taking an interest in fund platforms. We’ve already seen, for example Clearstream acquire a majority stake in UBS’s fund distribution platform Fondcenter AG, a deal which completed in September. And after the completion of a strategic partnership in 2020, French bank BNP Paribas now holds a 22.5% stake in wealth management platform Allfunds.

Platforms are looking increasingly attractive to banks, providing ready-made technology, and greater scale and breadth of their fund offering to clients.

More deals are likely – watch this space.

Broadridge, a global Fintech leader with over \$4.5 billion in revenues and part of the S&P 500® Index, provides communications, technology, data and intelligence. We help drive business transformation for our clients with solutions for enriching client engagement, navigating risk, optimizing efficiency and generating revenue growth.

[broadridge.com](http://broadridge.com)

---



© 2020 Broadridge Financial Solutions, Inc., Broadridge and the Broadridge logo are registered trademarks of Broadridge Financial Solutions, Inc.

AM\_00351\_AR\_20

---

## “ESG reporting will and must be standardised”

– PAUL POLETTI-GADD, CHIEF SOLUTIONS OFFICER,  
BROADRIDGE FUND COMMUNICATION SOLUTIONS

---

The rise of ESG (Environmental, Social and Governance) investing shows no signs of slowing down and is sure to have another huge year in 2021.

For example, PwC forecasts as much as 57% of mutual fund assets in Europe will be held in funds that consider ESG criteria by 2025.

ESG is one of the most complicated concepts in the investment world and as BlackRock has recently pointed out, ESG funds are governed by an “alphabet soup” of standards, with various reporting frameworks and competing initiatives.

So, there can be little doubt that globally recognised standards are needed. As well as helping investment houses this would provide a better outcome for end investors.

Such is the enormity of the ESG market and pressure for change that we hope to see significant progress towards better standards next year, and the adoption of standardised reporting is certainly something we will be monitoring closely.

### A NOTE FROM ALL OF US

We can all agree that it’s impossible to truly anticipate a year in the investment industry – after all, the global pandemic was not expected to be the biggest event of 2020.

But one thing is for sure: 2021 promises to be another demanding year, with plenty of major changes likely across the industry.

We’d like to wish every success to all in 2021 and beyond – we’ll be by your side to support you with your fund data management, distribution and related regulatory needs.

If we can be of any assistance, please contact us at **+353 86 779 36 79** or email [FCS\\_Sales@Broadridge.com](mailto:FCS_Sales@Broadridge.com).



Ready for Next

Communications  
Technology  
Data and Analytics