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INVESTOR SERVICES

A large, stylized graphic of a globe is the background for the lower half of the page. Overlaid on the globe is a network diagram with white circular nodes connected by thin white lines. Several of these nodes are replaced by circular profile pictures of people. The globe itself has a grid of latitude and longitude lines and is filled with a colorful, abstract pattern of blue, green, and red dots and lines, suggesting a digital or social network. The title "#SOCIAL MEDIA STUDIES" is written in large, bold, stylized letters across the middle of the globe. The word "#SOCIAL" is in green, "MEDIA" is in red, and "STUDIES" is in blue. Below the title, the subtitle "ASSET MANAGEMENT IN THE SOCIAL ERA" is written in white, bold, sans-serif capital letters. In the bottom right corner, the date "JUNE 2013" is written in red, bold, sans-serif capital letters.

#SOCIAL MEDIA STUDIES

ASSET MANAGEMENT IN THE SOCIAL ERA

JUNE 2013

SOCIAL MEDIA STUDIES

MESSAGE FROM THE AUTHORS



CACEIS

CACEIS is a global asset servicing bank fully dedicated to supporting its clients' business. The support we seek to provide not only covers the day-to-day servicing needs of clients, but also takes into account the future development of their business with the goal of stimulating growth and ultimately enhancing levels of satisfaction for the end-investor.

The decision by CACEIS and PwC to focus our joint annual research paper on the asset management industry and social media was driven as much by the need to better understand the opportunities social media opens up for asset management firms, as by the need to be aware of the risks inherent in pursuing a Social Media strategy.

This publication looks at what can be learned from asset management firms already active on social media, and using it to engage with their customers. It also raises key issues in areas such as non-financial risk, compliance and regulation. As more asset management companies look to social media to interact with investors, distributors and financial advisors, we hope that the insight this report provides will help them define a strategy that is effective and realistic in its ambitions.

We can be sure that social media will continue to attract a growing number of users and that the opportunities and depth of interaction with these users will also increase. Where the future is less clear, is in how social media itself will evolve and how new companies may leverage social media to compete against traditional companies – even in the asset management industry.

We trust you will find this publication insightful and thought-provoking.



François Marion

CACEIS, Chief Executive Officer

PwC LUXEMBOURG

As we shift from the information age to the social era, client communication and interaction across all sectors of the economy are undergoing a significant transformation and social media is at the centre of it.

Social media within the asset management industry, however, is still relatively nascent overall with many asset management firms only recently starting to integrate it into their business model.

At the same time, we are already seeing the emergence of new players who have, through a combination of technology and social media, started to create new business models which arguably already have the potential to fundamentally change the nature of our industry over the medium-term

In this report, we have analysed the current state of social media within the asset management industry through a combination of primary research and targeted interviews in order to ascertain how our industry is using social media today and to provide perspectives on what tomorrow might bring.

We hope you enjoy reading our report and trust that it will encourage discussion regarding the use of social media within the industry.



Dariush Yazdani

PwC Luxembourg, Partner, Market Research Institute

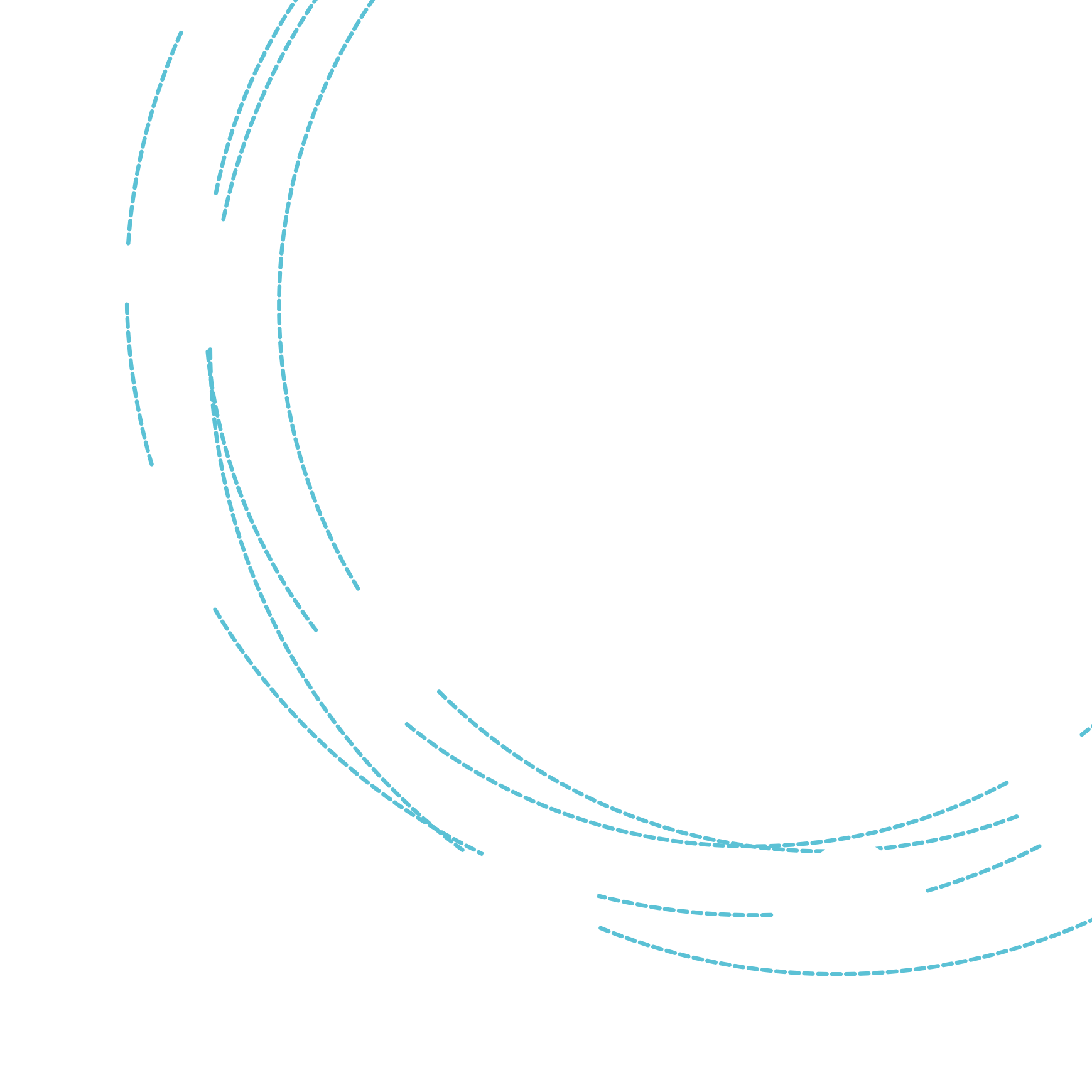


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SOCIAL MEDIA

EXECUTIVE SUMMARY

Social Media is changing the way people communicate and interact with each other, and by extension, it is impacting the way we do business today. From the asset manager's perspective, social media provide opportunities as well as challenges. In this report, we seek to identify the current state of asset management with regard to social media usage. We consider how leading asset managers in this area are interacting with end investors, and enumerate key considerations when implementing a social media strategy. Our report also attempts to look further into the future of the Social Era to see how asset managers can respond proactively to inevitable changes that will affect their industry.

THE ASSET MANAGEMENT INDUSTRY IN THE SOCIAL ERA

An evaluation of more than 100 leading asset management groups worldwide revealed that currently, asset managers use social media primarily for marketing and brand recognition purposes. Forty percent of the largest asset management companies are not active on social media, and remain in a "wait and see" position. Their reluctance to engage with the new media may be, in part, due to regulatory constraints and uncertainty. However, an analysis of the top ten companies revealed that they have strong brands and they use social media to augment awareness. The US asset managers use social media to a greater extent than their European counterparts. Also, the top ten asset managers in our study are all non-affiliated with a bank or financial group.

Our research and interviews clearly show that engaging clients on social media is a primary objective for firms looking to maximize relationships. Whereas e-mail and websites are adequate means of communication, social media provide a platform for interactivity and integration that takes asset managers well beyond the scope of one-dimensional dialogue. However, within our sample, only 15% of asset managers are truly interactive. The data show that players who are rising to the top of their field strive to create an interactive flow of communication. They understand the importance and potential of interactive media and aim to capitalize on it.

SETTING UP AN ASSET MANAGEMENT - FOCUSED SOCIAL MEDIA STRATEGY - KEY CONSIDERATIONS

The decision by asset managers to use social media is not internally initiated; rather it is driven by customers who choose to communicate via these channels. Customers have come to expect almost immediate feedback and more direct access to their financial advisors.

When setting up a social media strategy, asset managers need to consider the following elements:

- Meet the needs of your audience - Using social media can expedite information dissemination, as well as augment investor and advisor education. User interactivity and networking are also ways to harness the benefits of social media.

EDIASTU

- **Manage your risks** - Most of the risks associated with social media are non-financial, but any can quickly affect your bottom line. We have identified four principal risk categories: Brand and Reputation Risk, Information Security Risk, Legal & Regulatory Risk and Client Ownership Risk.
- **Measure your success** - Connecting sales figures to social media usage can be difficult, but metrics on brand awareness, content engagement and investor sentiment are relatively easy to calculate.

Asset managers and their firms should take steps to develop a social media strategy. In fact, we have already observed this trend within the financial sector.

DISRUPTIVE MODELS BASED ON SOCIAL MEDIA

Management models like debt and equity crowdfunding and mirrored investing leverage the social era by bringing relevant groups of people together. Equity based crowdfunding allows individual investors to fund start-up companies in return for equity; debt-based crowdfunding allows groups of individuals or institutional leaders to lend funds to businesses in return for interest payments - this is also known as peer-to-peer lending. Mirrored investing sites have sprung up, allowing inexperienced or small investors to access the investment strategies of others. This has proved to be popular among the

younger generation, who increasingly look to social media sites for investment information. These kinds of interactions epitomise the social era.

THE DAWN OF A NEW ERA

We are still in the early stages of the Social Era and its impact on asset management is just beginning to be felt. A recent survey showed that one in three Generation Y respondents used social media as a source of investment advice. As more and more people begin to integrate these platforms into their daily lives, that percentage will increase. The asset management industry is just beginning to respond to the demands of customers who are changing the way they communicate and the way they do business. Many are shifting away from a position of using social media as a one-way marketing tool, and toward a fully integrated manager-client relationship.



This report presents the findings of six months of research and analysis conducted jointly by CACEIS and PwC Luxembourg. Our investigation of asset management in the social era included in-depth interviews with numerous asset management firms who provided essential data and insight.

We would like to acknowledge the cooperation of all our colleagues and the asset management firms who were instrumental in bringing this report to fruition through their valuable insight. Schroders, Wells Fargo, T. Rowe Price, Carmignac, Vanguard and many others gave generously of their time and expertise.

INTRODUCTION

INTRODUCTION

The importance of social media, particularly within the private lives of people, is almost unarguable - especially for the younger generations. Some people dismiss social media as a trendy pursuit with little relevance for the business community. Perhaps this is because a large percentage of the population has had little exposure to social media and, thus, is not privy to its expansive capabilities. But despite some misconceptions, social media comprise a powerful platform that, when used effectively, can have a tremendous impact on the asset management industry. As the number of internet enabled devices rises, with smartphones and tablets adding to the traditional routes of desktops and laptops, online communities are growing rapidly and social media plays an increasingly important role in the way people communicate and, by extension, the way they do business.

Companies around the world are more and more taking on social media to promote their products and services and to communicate with clients and prospects. According to the Burson-Marsteller Global Social Media Check-Up 2012, 87% of Fortune 100 companies already have a presence on at least one social media website.

60 SECONDS IN THE SOCIAL MEDIA



- **YouTube** – 72 hours of video uploaded



- **Facebook** – 1.8 million “Likes”



- **Twitter** – 278,000 “Tweets”



- **LinkedIn** – 120 new member sign-ups

The “60 seconds in the Social Media” video is available on **You Tube**
www.youtube.com/user/CACEISmedia

Source: expandedramblings.com, LinkedIn, Youtube

Until 2010, social media take up within the asset management industry was almost negligible. Today, although a large number of asset managers maintain a social media account on at least one of the popular platforms, interactive use of social media within the industry is relatively low compared to other industries such as consumer goods, pharmaceuticals, entertainment, etc.

This low use of social media contrasts sharply with the results of recent research¹ in the US which shows that one quarter of adults use social media for personal finance and investing purposes, a figure that rises to 34% for affluent investors. While this is not investors' only source of financial information, 70% have made changes to their investment strategy and/or modified or initiated a relationship with an investment company on the basis of social media-sourced information. Social media make it not only faster and more convenient for investors to find information and market commentary on their potential or current investments, but also allows them to engage directly in a dialogue with asset management firms and other investors, thus improving the process of making an informed decision.

From the asset manager's perspective, social media provide opportunities as well as challenges. A survey² of asset management companies found that those using social media have seen a rise in brand awareness and increased engagement with prospects and customers. Social media provides an inexpensive and direct channel to connect, inform and build trust with existing and potential clients. However, it also poses a number

of regulatory and operational challenges. Regulators, especially in Europe, have been slow to provide guidance on the use of social media by asset management groups. This, in addition to the challenges of using a new client engagement channel, has added to the hesitancy of firms to actively use social media. Further challenges include defining processes that enable asset management companies to collect and synthesise information within their organisation in order to react to a variety of client and prospect inquiries at a speed which existing structures do not allow.

With the growing importance of social media for corporations and businesses, despite regulatory uncertainty around these channels, the benefits for companies to be active on social media will outweigh the risks. Social media provides a broad range of opportunities for the asset management industry, and, in this report, we seek to identify the current state of asset management's use of social media and the leading asset management firms in this area. We will also enumerate key considerations for those implementing a social media strategy. We have conducted in-depth interviews with the top asset management firms within our ranking in order to learn more about their social media strategies, organisational structures with respect to social media, how they measure their success in this area, and their outlook on the future. Additionally, we used desktop research to look into the future of the "Social Era" and consider how innovative start-up companies on the leading edge of social technology are seeking to shake up the traditional asset management industry and how engagement can be taken one step further.

¹ Cogent Research


² Kasina

An abstract graphic featuring a circular grid with glowing nodes and connecting lines, set against a light blue background with dashed circular arrows.

THE ASSET MANAGEMENT INDUSTRY IN THE SOCIAL ERA

THE ASSET MANAGEMENT INDUSTRY IN THE SOCIAL ERA





Today, leading asset management companies are taking up the challenge to meet the demands of clients who engage with social media and have come to expect the same mode of communication from their financial advisors and asset management companies. As the world's primary means of information dissemination changes, asset management firms are obliged to modify their client services accordingly.

I. THE USE OF SOCIAL MEDIA

Based on our analysis, industry players can be categorised into four different groups according to their use of social media.

- Those who still do not engage in social media at all (are not present or have an account but are not active);
- Those who are active by posting news, information and videos;
- Those who are truly interactive and pursue a dialogue with their clients and prospects;
- Those who have integrated social media into the DNA of their company, as seen in the section dedicated to disruptive models based on social media.

Our interviews with selected firms revealed three main reasons for using social media:

TARGETING VARIOUS TYPES OF CUSTOMERS

Contrary to the intuitive assumption that social media would only be used to reach out to end consumers, our interviews with leading asset management groups revealed that the target customers are not only retail investors, but also intermediary financial advisors and distributors of asset management products. For example, the primary goal of Wells Fargo when setting up its social media strategy was to offer their financial advisors relevant financial information and market

commentaries that enable them to provide up-to-date information to retail investors and, thus, do their job more efficiently. "We need to go where our clients are", said Wells Fargo, "the importance of social media within the marketing mix is growing fast". Vanguard created two types of channels: one targeting advisers (a twitter handle and blog for instance) and another that focuses on retail and 401(k) investors that is geared toward providing information that help them become successful investors (a blog, Facebook page, Twitter handle and Google+ account). According to Vanguard, social media is a two-way dialogue. "Our audience can let us know what is on their minds and we can help them," they said. "And we need to communicate in a way that people want to hear."

Schroders, the best European asset management company within our ranking, has even created a Twitter account to target institutional investors and, more particularly, pension funds.

INCREASING BRAND AWARENESS

Currently, one of the major reasons for asset management groups to maintain a social media presence is to promote and protect their brand reputation. Here, social media plays a supporting role to other traditional forms of promotion, such as print media advertisements, company websites, banner adverts, etc. Social media sites are relevant to brand or image promotions as the company's target customer segment is present and interactive on these platforms. Our interview with Schroders revealed that using social media is a cheap way to enhance brand - this company successfully utilised multiple social media platforms as part of a long-term marketing strategy. They were able to follow clients with a targeted approach, maintaining as many accounts as necessary in order to demonstrate accessibility to those who required support.

On the other hand, companies should consider the potential risk they run by not being present on social media. “One of the risks of not being present on social media, is not being there to monitor what happens and, thus, putting your brand at risk” reported Schroders. According to Carmignac, for whom brand was the key motivation in entering the social media world: “one of the main risks is inherent to its very nature: speed. Social media acts as a double-edged sword that can quickly build an image and destroy it just as swiftly”.

PROVIDE INFORMATION AND SUPPORT

Another use of social media by asset managers is to provide clients and prospects with information and support. Our analysis of leading asset managers present on social media sites demonstrates that they support clients and prospects better by giving them information to self-educate and helping them to understand investing and the markets as well. This correlates highly with the goals of clients and potential prospects present on social media who connect with asset managers on these sites to receive quick and relevant information about products and services, as well as to enhance their knowledge of markets and investment opportunities.

II. THE LEADING ASSET MANAGEMENT GROUPS ON SOCIAL MEDIA

In order to study the industry’s use of social media, we evaluated the 100 leading asset management groups worldwide in terms of assets under management. To our 100 largest players, we added the 20 fastest growing asset management firms in terms of net sales of European funds in 2012, so as not to exclude any “up-and-coming” firm. This provided a proxy for

evaluating usage of successful international asset managers. The combination of these two selection processes, once any overlap between the two groups had been accounted for, gave us a final sample group consisting of 104 asset management companies on which to perform our analysis. Using quantitative data and qualitative assessments, we benchmarked an overall score for each player, in order to discern which asset ones are the most active on social media. The scoring did not only include KPI’s, such as number of posts, likes, followers, etc., but also the level of interaction with clients and prospects on social media (see appendix for a description of our methodology and our sample).

OUR ANALYSIS SHOWED THE FOLLOWING RESULTS:

FORTY PERCENT OF THE LARGEST ASSET MANAGEMENT COMPANIES ARE NOT ACTIVE ON SOCIAL MEDIA

A large part of the asset management industry is still in a “wait and see” position. Our analysis and scoring show significant differences among the leading industry players. Of the 104 asset management companies, only 64 are active on social media. The remaining 40 are those either without an account or without one dedicated to asset management, or their account displays no activity on Facebook, Twitter, LinkedIn, or YouTube. The assumption that this may be due to the fact that in contrast to retail asset managers, those servicing institutional investors would not be active on social media does not hold as the majority of the 40 inactive groups also target retail investors. In addition, as mentioned above, a number of asset management firms among the top in our scoring target institutional as well as end customers with their social media strategy. One of the reasons players in this group are slow to engage with social media is stringent regulations in the US,

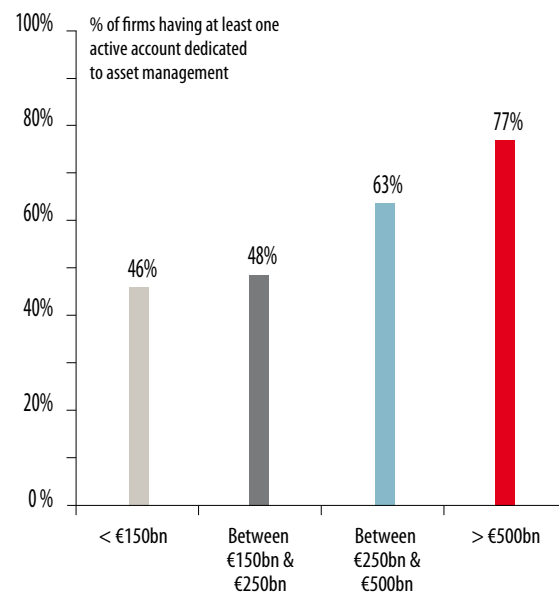
which govern posts on social media sites. The SEC and FSA have issued strict rules governing advertising and communication documents that now extend to social media as well. In continental Europe, the absence of clear rules resulting in regulatory uncertainty in the use of social media has brought about an even lower take up by European asset management firms.

THE LARGER THE GROUP, THE MORE LIKELY TO USE SOCIAL MEDIA

As shown in Figure 1, only 46% of promoters managing less than €150bn³ have an active account dedicated to asset management compared to 77% for those managing more than €500bn⁴. For asset firms to successfully meet the demands of social media, they must communicate frequently and respond swiftly while remaining fully compliant. This requires a cross-corporate-functioning team which normally includes members of PR/Communications, Product Marketing, Sales and Relationship Management, IT and Legal and Compliance to successfully handle the postings and communication on social media. Large players may have the organisational critical mass to absorb the development and maintenance of an additional communication channel such as social media, however, a lack of these resources should not be seen as a significant barrier to initiating a social media strategy. Our interviews showed that even the best performing asset management groups on social media do not necessarily have a dedicated budget and plentiful resources for this strategy.

FIGURE 1

PRESENCE ON SOCIAL MEDIA BY ASSET MANAGEMENT COMPANY SIZE



Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013

³ Companies managing less than €150bn account for 27% of our initial sample of 104 asset management companies

⁴ Companies managing more than €500bn account for 21% of our initial sample of 104 asset management companies



Using our proprietary calculation methodology applied to acquired KPI data, we produced the following ranking table of the top 50 players on social media (see Figure 2).

FIGURE 2

TOP 50 ASSET MANAGEMENT GROUPS* ON SOCIAL MEDIA

1 BlackRock/Ishares	18 Nordea IM	35 Nuveen Investments
2 Vanguard Group	19 Legg Mason	36 BBVA Asset Management
3 Franklin Templeton	20 Pictet	37 State Street Global
4 T. Rowe Price	21 BNP Paribas IP	38 Hartford Financial
5 Schroders	22 Natixis GAM	39 Northwestern Mutual
6 Charles Schwab Investment	23 Sun Life Financial	40 Mass Mutual Financial
7 Fidelity Investments	24 JP Morgan	41 Ameriprise Financial
8 Russel Investments	25 Nikko AM	42 Aegon Asset Management
9 Invesco	26 UBS GAM	43 Deutsche Bank AM/DWS
10 PIMCO	27 Federated Investors	44 TIAA-CREF
11 Carmignac	28 Columbia	45 Prudential Financial
12 Alliance Bernstein	29 MFS Investment Management	46 SEB
13 Putnam Investments	30 Allianz Global Investors	47 Bank of New York Mellon
14 Amundi	31 ING IM	48 Capital Group
15 Janus Capital Group	32 Neuberger Berman	49 Bank of America Merrill Lynch
16 Wells Fargo	33 MMC/Mercer	50 Principal Global Investors
17 Northern Trust Global	34 SEI Investment Managers	

*European Asset Management Groups in bold

Source: CACEIS/PwC Asset Management Benchmarking on Social Media 2013

The analysis of the top ranked players reveals the following characteristics:

THE RANKING IS DOMINATED BY STRONG ASSET MANAGEMENT BRANDS

Most companies in this ranking are those with strong brands. According to our interviews and, as detailed previously, brand is one of the major reasons for corporations to be present on social media. Unsurprisingly, there is a close connection between strong brands and social media, as we measured it. Within the top 10 of our Social Media ranking, four groups (BlackRock, PIMCO, T. Rowe Price, Vanguard) are also present in the top 10 Institutional Investors Impression Rating⁵. BlackRock, Fidelity, Schroders and Invesco, which are among the top ten ranked asset managers in our social media ranking, were also among the top five brand ranking in absolute terms according to the Smithfield Fund Manager 40 Brand Index, which calculates the brand strength of the top 40 UK retail asset management companies. Furthermore, within the top 10 of our ranking, five players (BlackRock, Franklin Templeton, Fidelity, Schroders and PIMCO) are part of the top 10 cross-border brands in Europe⁶.

NINE OF THE TOP 10 GROUPS ARE US BASED

Not surprisingly, US asset management groups lead the way with a massive 90% in our ranking within the top ten. Only one European and none of the Asian firms are among the top 10 of our ranking. The overweight of US players within the ranking may be explained by the fact that American firms

were earlier adopters of social media than their European counterparts. According to our interviews, most US asset management groups initiated their social media strategy some five years ago, whereas European players commenced within the last two years. Other reasons include regulatory and compliance uncertainty as well as belief that social media communication is not relevant for the current generation of investors. Furthermore, other research bears out the fact that the US public is generally more active on social media than their European counterparts: 50% of the population in the US compared to less than 35% in Europe⁷.

THE TOP 10 GROUPS ARE ALL NON-AFFILIATED

It is worth noting that 68% of non-affiliated firms present in our initial sample have at least one active social media account compared to 58% for affiliated asset management companies (to bank or insurance companies). However, more interestingly, all of our top 10 ranking are non-affiliated. Our analysis showed that the reason behind this is the fact that the mother company of most of the affiliated asset management firms has a social media account, but does not have an account dedicated to asset management. This is due either to company policy or limited human resources within the asset management subsidiary to handle a dedicated social media account.

From our analysis, it is clear that the top on social media users are typically US non-affiliated asset managers with a large amount of assets under management.

⁵ Institutional Investors Impression Rating 2012 by Cogent

⁶ Fund Brand top 20 by Fund Buyer Focus

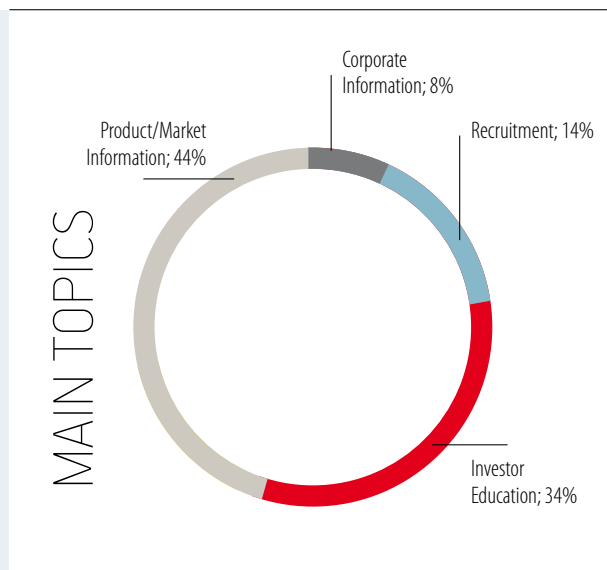
⁷ Global Web Index

III. CLIENT ENGAGEMENT

Our interviews clearly show that engaging clients on social media is the number one objective and that the most successful companies are not those who simply push out press releases, but those who are able to provide timely and insightful information and to adapt their messages to new channels of communication. “Social Media is a powerful tool if used properly,” said T. Rowe Price, “community engagement is our main goal.”

As illustrated in Figure 3 below, asset management groups are not only providing their audience on social media with information regarding market and economic trends, but also offering education to help them become successful investors.

FIGURE 3
MAIN TOPICS DISCUSSED BY ASSET MANAGERS ON SOCIAL MEDIA



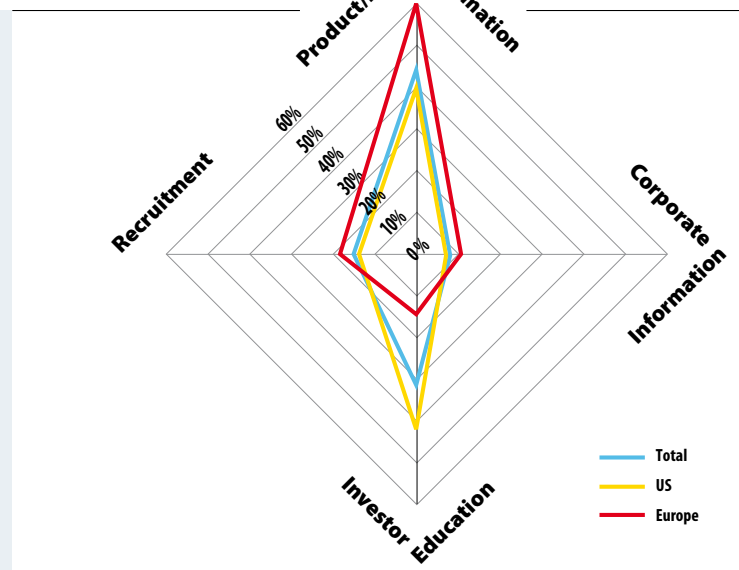
Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013

Recruitment and Corporate Information were identified as secondary topics, featuring considerably less.

US PLAYERS PUT MUCH GREATER EMPHASIS ON INVESTOR EDUCATION

The radar chart below provides a breakdown of the total number of social media accounts by the topics discussed and displays global usage and is split by region. From Figure 4, we can see that, although the US and European asset management companies' usage is similar for most activities, US asset management firms dedicate far more of their efforts to investor education than their European counterparts do.

FIGURE 4
BREAKDOWN OF THE TOTAL NUMBER OF ACCOUNTS BY TYPE OF CONTENT



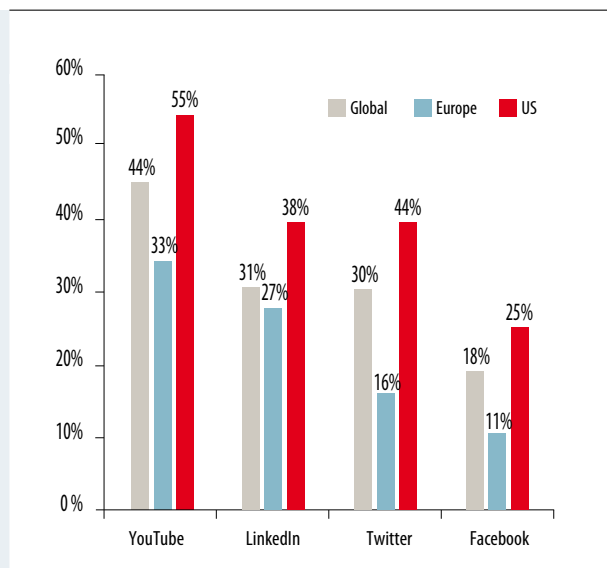
Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013

YOUTUBE IS THE MOST WIDELY USED SOCIAL MEDIA

When it comes to the social media channels employed by asset management companies, we found that YouTube is the most widely used social media site. A total of 44% of our asset management sample group maintains a presence on the world's most popular video hosting site, as shown in Figure 5. LinkedIn is the second most popular site, with 31% of the sample group having a presence and the least marked difference between US and European players' usage from all four sites. Twitter usage follows closely behind LinkedIn at 30%, and Facebook occupies the last place at 18%, with both sites being less commonly used by European asset managers.

FIGURE 5

% OF ASSET MANAGEMENT GROUPS HAVING AN ACTIVE ACCOUNT DEDICATED TO ASSET MANAGEMENT BY SOCIAL MEDIA SITE



Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013

THE SPOKEN WORD - WHY YOUTUBE IS SO IMPORTANT TO ASSET MANAGEMENT COMPANIES

According to our survey, YouTube contains the largest percentage of asset management houses with an account. But why is this? YouTube's strength, for many companies, lies in the fact that both financial advisors and investors prefer video content to long print documents when they are looking to understand an issue, product feature or market perspective. Favouring video content over the written word is not a trend exclusive to the investment industry and can be seen across the entire spectrum of the internet. In our fast-paced society, people today have less time to read though lengthy documents and, despite the fact that video content is clearly not interactive, talking head videos (where the presenter talks to the viewer) "feel" more interactive and engaging for the viewer, thereby allowing companies to more easily create a connection between the presenter, brand and product.

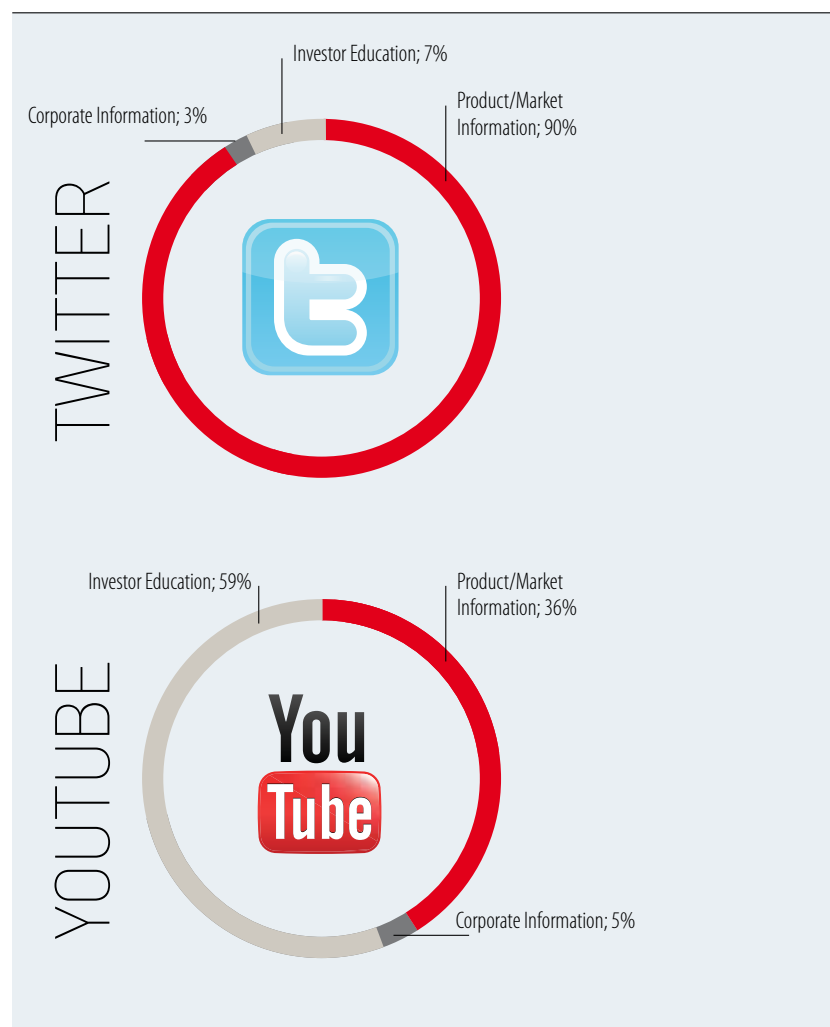
EACH SOCIAL MEDIA CHANNEL HAS ITS OWN PERSONALITY

In breaking these consolidated statistics down to the individual social media sites, as shown in Figure 6, we see Twitter dominated in Product and Market information. This confirms our notion of Twitter as an excellent push marketing channel for a company's Product and Market Information, taking the place of direct mail and email promotions and helping ease the information overload faced by financial advisors who need to be aware of new product launches and market perspectives, but don't have the time to read more than the 140 character limit Twitter sets for its tweets.

On the other hand, companies' videos on YouTube are dominated by Investor Education, with Product and Market Information also featuring heavily. Corporate Information is rarely featured - most companies post a single corporate presentation video, and recruitment is not a topic that is well suited to video content.

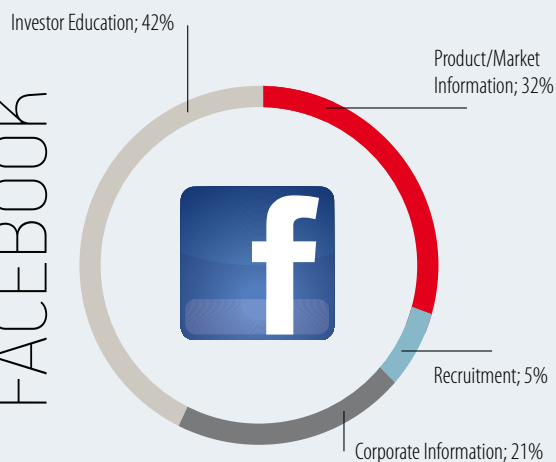
Over half of the topics found on LinkedIn relate to recruitment, which is to be expected, as the site is dedicated to B2B-style networking and is geared toward bringing professionals together and being a source of independent character recommendations in the view of a possible recruitment. Finally, Facebook is a jack-of-all-trades, being roughly split between the three topics excluding Recruitment, for which, our research reveals, it is less commonly used.

FIGURE 6
TYPE OF ASSET MANAGEMENT RELATED CONTENT BY SOCIAL MEDIA

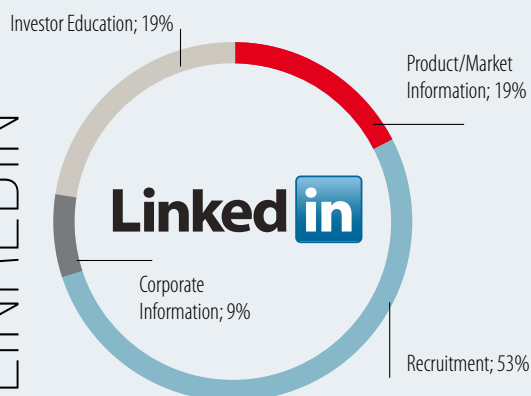


Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013

FACEBOOK



LINKEDIN



INVESTOR EDUCATION ON YOUTUBE

T. Rowe Price, a very active player in terms of investor education, leverages on their social media presence by posting instructional videos for parents and their kids. Titles include: *What is a Mutual Fund?*, *How to Talk to Kids about Money*, and *How to Reduce the Volatility of Your Portfolio*. They also developed an online game called *The Great Piggy Bank Adventure*®, which is dedicated to the financial education of children. Charles Schwab provides access to numerous video tutorials focused on investor education via their playlist *Financial Help*. Underscoring the role of social media, one, dedicated to financial literacy, recorded more than 13,000 views. Fidelity features a series of videos under their *Investing Education* playlist - the latest, titled *Investing in 2013 - Bonds, Stocks, Emerging Markets & More*, collected more than 3,000 views.

The real benefit of using social media lies in the opportunities it provides for the direct interaction between asset management firms and their clients. Open channels of communication give firms a clear picture of the people with whom they work and provide clients with access to up-to-date and accurate information. "We want to help our clients to become successful investors by providing them with the tools and information they need where they want to receive it", says Vanguard, who have adopted various media in order to tailor their service.

IV. INTERACTIVITY

Whereas websites and emails are adequate tools for providing information, it would be underutilising the power of social media to only substitute or complement these channels of communication. As indicated by the word “social”, the use of social media should be to engage in a two-way or multi-person exchange of ideas in order to facilitate more meaningful communication. Asset management groups looking to gain credibility and exposure in areas in which they want to position themselves would do well to avail themselves of social media. However, this is certainly the most challenging part for companies.

ONLY 15% OF ACTIVE ACCOUNTS ARE INTERACTIVE

About 10 asset managers are genuinely interacting with their customers by answering their questions or organising discussion forums on specific topics. A very few are also engaging at top management level on social media. For example, Vanguard CEO Bill McNabb and asset manager Mark Mobius have already embraced social media as a timely and personalised way of communicating and relating more closely with clients and prospects.

Our analysis demonstrates that asset management firms use Twitter as one of the major platforms for client interaction. With regards to Facebook, our research found that this channel is used as much as Twitter to engage proactively in client dialogue.

According to our methodology⁸, it is logical that the top ranked asset management firms within our evaluation all emphasised the fact of interacting and engaging with the customer base. As shown in Figure 7, interactive asset managers use mainly Twitter and Facebook to dialogue with their clients, a majority of the interactive accounts are held by large players (57% have more than €500bn in AuM), most of them belonging to non-affiliated management houses (89%) based in the United States (79%).

CREATING A FLOW OF DIALOGUE

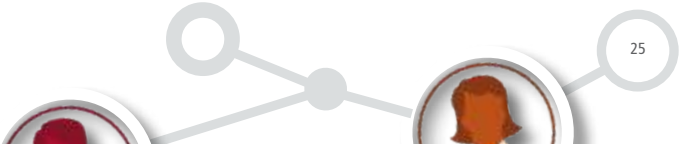
Successful asset managers are continuously striving to create a flow of dialogue. They request comments and personal experiences from users, allowing them to post on their platform, and then answer resulting messages. They disseminate information via blogs with threaded discussions and organise forums that feature webinars and provide interactive educational opportunities for their clients. “Social Media need to work collaboratively with a firm’s other marketing channels,” said T. Rowe Price.

⁸ Our methodology overweights the score of an interactive accounts on a given social media site.

FIGURE 7
BREAKDOWN OF INTERACTIVE ACCOUNTS



Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013



An abstract graphic featuring a stylized globe with a grid pattern. Overlaid on the globe are glowing blue and purple dots connected by thin white lines, resembling a network or molecular structure. Several dashed blue arrows curve around the globe, suggesting movement or flow. The background is a light blue and white checkered pattern.

SETTING UP AN ASSET MANAGEMENT - FOCUSED SOCIAL MEDIA STRATEGY - KEY CONSIDERATIONS



SETTING UP AN ASSET MANAGEMENT- FOCUSED SOCIAL MEDIA STRATEGY - KEY CONSIDERATIONS

Many asset management companies are finding that any decision on moving into social media is not driven by themselves, but rather by the demands of their customers for information. For investors and intermediaries, social media facilitates the process of obtaining information, guidance and market commentary, and it provides another channel to engage and make more informed investment decisions. Furthermore, social media, with its direct interaction between company and user, has had a significant impact on customer expectations in terms of the speed of response. Whereas previously customers would post a letter to their bank, today, they expect a response to their query pretty much immediately.

Social Media is not going to diminish in importance, nor is the asset management community going to shy away from social media en-mass. Asset management clients are already involved with social media, and there are considerable reputational and operational risks of not being involved. Here, we aim to make a case for establishing a social media strategy and give an indication of some steps to take and pitfalls to avoid when doing so.

I. MEET THE NEEDS OF YOUR AUDIENCE

Much of the content that asset management groups disseminate is used by advisors and intermediaries to educate their clients and promote products to them, so focusing content on the needs of the advisor is critical. Intermediaries, in their role as

advisor or distributor, can be influential in the end-investors' decisions. For this reason, many companies' social media presence and resulting interactions are geared towards assisting intermediaries by providing them with market information and other video content, such as CEO interviews or thought leadership presentations, which can be shared with potential investors and help indirectly to drive sales.

Interestingly, our interview respondents stated that the users most often targeted were financial advisers (the B2B market), along with professional investors and retail investors. To target a social media strategy effectively and cover all the bases required by users, asset management companies need to look at how the social media sites can help them achieve their goals in terms of Information Dissemination, Investor & Advisor Education, User Interactivity and User Networking.

INFORMATION DISSEMINATION — An active Twitter account that can push messages to your investors, intermediaries and partners is essential to keeping them informed of your developments without inundating them with documentation. Clear, concise messages from your company will stand out from the long-winded content of your competitors. Twitter is also a key source of information on your competitors, as well as of real time "investor sentiment", allowing PR to counter or dampen any negative sentiment before it leads to a social media "fail". In addition, you can engage with customers and intermediaries on Twitter, or use it to drive traffic and questions to your website or private forums.

INVESTOR AND ADVISOR EDUCATION – YouTube, the video hosting website, is the perfect platform for educating consumers and intermediaries on your company, your products, and financial themes. The spoken word is favoured by today's consumers and informative videos provide a feeling of interaction for customers while serving as a key resource for intermediaries to help sell products. Links from YouTube can drive traffic to your website.

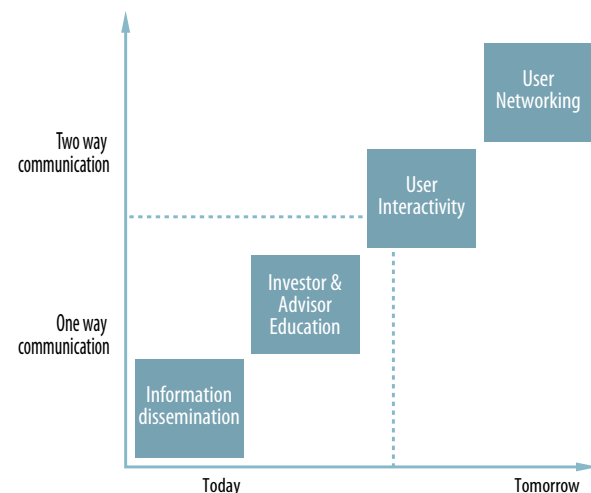
USER INTERACTIVITY – Other than providing information and educating users, asset management firms should strive to encourage dialogue with users and visitors of their social media sites. Social media platforms offer many possibilities to engage with clients. Facebook shows a higher level of user interactivity than any other social media platform, and the most interactive companies we surveyed are using it more extensively than their counterparts. Within our ranking, 90% of the top ten have an active account on Facebook of which 80% are interactive, meaning they engage in some kind of two-way communication. However, for longer and more in-depth discussions, asset management firms may consider driving clients to their blogs and forums.

Whereas on social media sites, asset management firms have no ownership or control of the content, in-house platforms are more easily moderated and archived for the purposes of regulatory compliance. The platforms can be either public or private and dedicated to intermediaries or investors, giving the company more control over the interactions and information that is made public, thereby reducing the non-financial risks to which it is exposed. In-house platforms can be more easily verified for compliance and inappropriate user posts can be deleted.

USER NETWORKING – Not only should asset management firms facilitate interaction with clients through marketing or cross functional teams, but they should consider extending this to include all client related departments, such as client sales and support. This allows for a faster, broader and more targeted interaction with clients across the firm. Within this advanced stage of social media use, asset management firms can consider actively involving clients in the enhancement of customer service and the process of developing and road testing new products. This leads to positive engagement on the parts of clients, who become advocates of the firm. However, such interaction is complex and compliance, regulatory and information security considerations should not be overlooked.

Figure 8 shows the projected evolution of social media usage by asset managers. Currently, a small portion employs social media, but we believe that in the future, asset managers will move toward an integrated model of service and networking.

FIGURE 8
PROJECTED EVOLUTION OF COMMUNICATION VIA SOCIAL MEDIA



Source: CACEIS/PwC Asset Management Company Benchmarking on Social Media 2013



II. MANAGE YOUR RISKS

Social media create a wealth of new business opportunities, but also present a new set of operational challenges and risks that could expose a company to damage, reputational or otherwise. They serve to disseminate information to the public on massive scale, placing a heavy burden on compliance and risk management departments who must control the flow of risks if sensitive or misleading data is published.

NON-FINANCIAL RISK – MONITORING AND MANAGING SOCIAL MEDIA-RELATED RISKS

The challenge for compliance and risk departments is compounded by the amount of data generated by social networks, which makes tracking the relatively minute amount of information relevant to the company very difficult. Add to this the fact that content can change at any time due to comment editing capabilities and even regulatory data retention becomes highly complex. Furthermore, the company has no ownership or control over the posts of users, including those made from the accounts of its employees, or even its own account if it is hijacked by a malicious individual.

To reduce non-financial risks and ensure regulatory compliance, companies need to identify and define the risks to which they are exposed. We have identified four principal risk categories for asset management companies:

- **Brand and Reputation** risk could impact relationships with clients, shareholders and business partners.
- **Information Security** risk covers unintended leaks of sensitive data due to account hijacking and subsequent misuse.
- **Legal and Regulatory** risk involves issues like the mistaken release of private data and the failure to effectively meet a regulator's data retention demands.
- **Client Ownership** risk deals primarily with the ownership of intellectual property. When a company or asset manager has invested considerable time and money into acquiring followers on social media, who owns those clients? For example, what prevents a competitor from joining a discussion thread and targeting its participants? This risk extends even more pervasively into the four walls of a company, where employees have such direct access to clients that lines of ownership become blurred. When customers are used to interacting regularly with "star" asset managers, the company can run the risk of losing customers if that fund manager is poached by a competitor. Furthermore, if an asset manager acquires a large following on his Twitter, LinkedIn and/or Facebook accounts, and then decides to leave the company, will client follow him?

To combat the various risks associated with social media, companies have a number of options. Most call for more effective monitoring processes, with the exception of those involving ownership. Various technologies have evolved to simplify risk and compliance monitoring including front-end modules that sit between the employee and the social media site, and simplify the compliance checking and regulatory archiving processes. Furthermore, automated solutions exist that "listen" to interactions across the entire social media spectrum, using text-based analytics to identify sensitive data leaks and malicious account use.

Many risks involving ownership can be avoided simply by entering into clearly written contractual agreements. Spell out who owns what, specifying what will happen to followers on social media if an employee leaves the firm. Outline circumstances under which employees can retain accounts, including what access will be given or terminated and the ongoing usage of individual people's personae on social media.

COMPLIANCE - WHERE THERE ARE CONSUMERS, THERE ARE THE REGULATORS

The financial industry, along with the pharmaceutical industry, is one of today's most heavily regulated consumer-facing industries, and any sort of information provided by a financial player relating to promotion or even advice must adhere to strict compliance rules and regulatory mandates. Respecting compliance is the first thing asset management firms have to consider when setting-up their social media strategy. Financial firms need to understand that information they distribute on social networks is subject to the same "financial promotion" rules as information provided through other channels. For this reason, due diligence concerns remain a high priority, and companies must be certain that information goes through the normal compliance channels before it is posted to a social media site to ensure that nothing is released that could be deemed a breach of regulations. Many financial regulators require that companies keep records of interactions with consumers for a number of years in case of future legal disputes.

THE VANGUARD CASE

Vanguard's strategy to enter the social media era was to create a cross-departmental team including several competencies like information security, marketing, IT, human resources and legal & compliance as well. In January 2012, when CEO McNabb posted a series of messages on Vanguard's Twitter and Facebook accounts, his compliance team oversaw his posts and tweets to ensure that all posts were compliant with internal guidelines and regulations.

Regulatory constraints become even more complex when the information exchange concerns one-to-one interactions between individual members of a company and the client or prospective client. Many asset management firms seek to move customer interactions to more private forums, if possible, where issues can be dealt with in a less public setting. Some players seek to initiate discussions with their users under the scrutiny of compliance, although most will only reply if asked direct questions. Specific questions are usually routed to a dedicated client service desk or, if answered in a social media context, replies will only give general market trends and never advice on specific stocks.

Players in the heavily regulated financial sector who have a truly interactive social media strategy must be particularly mindful of contravening regulations and must strive to understand and clarify how the rules apply in an online environment. National financial regulators will be putting a greater focus on what is often called "digital promotions" by publicly condemning companies that fail to provide appropriate risk warnings or prohibiting any activity perceived as being a misleading inducement to engage in financial activity.

Financial regulators must, however, be aware that by taking such an uncompromising approach on social media interaction, they risk putting heavy limitations on the opportunities open to companies in terms of engaging with the customer and promotional or product related creativity. If customers feel they are receiving impersonal, scripted or compliance-sanitised responses in their online dialogues, then companies risk experiencing loss of customer interest or worse, animosity. Despite the potential regulatory pitfalls, many asset management firms are, nevertheless, finding ways to comply with the financial regulators' requirements whilst incorporating social media into their business strategy.

FINANCIAL REGULATORS WILL USE SOCIAL MEDIA

Financial regulators should not see social media as merely a new financial Wild-West that requires an authority to crack down on illegal promotional activity. They should use it as a stethoscope to the market to understand trends and better protect consumers. Martin Wheatley, the incoming Chief Executive of the Financial Conduct Authority (one-half of the new body responsible for the regulation of the financial services industry in the United Kingdom) recently stated, "What's new is that we won't just be relying on regulatory reports back from firms, but on reports from consumer bodies, internet monitoring, the media and even on Twitter." By monitoring social networks, regulators can gain insight into trends regarding companies, products or even complaints which will enable them to better detect problem areas before they become serious. Similarly, asset management firms should be aware of the fact that regulators may be monitoring their social media interactions.

III. DETERMINE THE SUCCESS OF YOUR SOCIAL MEDIA STRATEGY

While much attention is given to creating a presence on social media in order to compete more aggressively, few companies conduct social audits in order to measure the success of their efforts. Those asset management companies that have managed to instigate a social media strategy and engage with customers while managing the above mentioned risks, have experienced increases in brand awareness and engagement with clients, both existing and prospective, yet do not evaluate the activities with respect to impact on sales figures. The inability to demonstrate the correlation between social media engagement and sales figures is one of the principal reasons for the reluctance of asset management groups to become involved. Tracking social media's impact on a company's bottom line is not an easy task, but sales figures are not necessarily the best way to judge success in the Social Era.

According to our interviews, companies are generally more keen to capture public perception of their brand, rather than trying to measure the impact in terms of additional sales. To achieve this, our survey respondents kept note of social media statistics by counting KPIs in the form of "tweets," "retweets," "views" and "likes". For many reasons, companies wish to know, or at least gain an indication of, the impact of their efforts in the social media environment.

Companies can collect a range of KPIs to attempt to quantify in hard data terms the impact on sales, but the impact on image, measurable by soft data, is far more relevant in this context. Metrics on brand awareness, content engagement and investor sentiment are simple to calculate from data available on the sites themselves and provide a clearer picture of the

success of a social media strategy. For example, measuring “retweets” on a Twitter-based campaign is an effective way of measuring the content engagement and gives a clearer picture of the campaign’s audience. Another key consideration in looking at the effectiveness of a strategy is identifying the stakeholders which the metrics are designed to inform. The three principal stakeholders in a company will likely be the PR/communications department, the product/marketing department and management executives. Each of these stakeholders has different function-related considerations and therefore requires a non-standard type of report and differing report frequencies.

The PR/communications department needs to know about the penetration into social media (such as the number of followers, friends and views) as well as the social “health” of the company as measured by comments and their “sentiment”. A report for Executive Management would, ideally, demonstrate the quantifiable return on investment and clarify goals set and achieved in order to measure the effectiveness of the social media strategy.





An abstract graphic featuring a circular grid with glowing nodes and connecting lines, set against a light blue background with a subtle grid pattern. The graphic is composed of several overlapping circular segments in shades of red, orange, green, and blue. Each segment contains a network of glowing nodes and connecting lines, suggesting a digital or social network. The overall effect is dynamic and futuristic.

DISRUPTIVE MODELS BASED ON SOCIAL MEDIA



DISRUPTIVE MODELS BASED ON SOCIAL MEDIA

If the monetary benefits of social media are difficult to track with respect to branding, marketing campaigns, and customer support, models like debt and equity crowdfunding and mirrored investing offer a somewhat clearer picture. These business models leverage social media by bringing relevant groups of people together. For instance, debt-based crowdfunding offers lenders and entrepreneurs a platform for collaboration. This allows for degrees of transparency and sophistication not commonly seen in status quo models.

Furthermore, mirrored investing sites connect investors to one another or asset management experts to investors looking for someone to manage their portfolios. Again, transparency is heightened through a collaborative platform.

I. DEBT OR EQUITY CROWDFUNDING

There are two principal types of crowdfunding. The first is the traditional sites like Kickstarter, where users sponsor projects with the understanding that such projects do not have the goal of making money. Instead, they pledge the capital in exchange for tangible rewards or one-of-a-kind experiences. They don't see any of the upside if the company does well. The other type is for-profit sites. Debt-based crowdfunding allows a group of individuals or institutional lenders to lend funds to businesses in return for interest payments on top of capital repayments. This is also known as peer-to-peer lending or peer-to-business lending. Equity based crowdfunding allows individual investors to fund start-up companies and small businesses in return for equity. If the business succeeds, they see the upside of that reflected in the value of the equity.

These businesses are based on a social model, which allows individual investors from across the world to see investment opportunities beyond their immediate vicinity. This increases choice for the investor, but also raises the question of protecting unsophisticated investors from erroneously investing their capital into businesses. In public markets, regulations force disclosures, but this is not the case in private investments, where investors don't necessarily understand the risk or value, let alone the sophisticated structures of capital such as voting rights and liquidation preferences.

Crowdfunding has recently received the attention of financial regulators worldwide, and in the US it has been directly mentioned in the JOBS Act, allowing for a wider pool of smaller investors with fewer restrictions. In Europe, Seedrs Limited launched the first equity crowdfunding platform on 6 July 2012, with the approval of the UK Financial Services Authority (FSA). It was the first of its kind to receive regulatory approval anywhere in the world.

Seed or venture capital is considered a high risk investment, however, these funding platforms can offer a very high level of transparency. The social platforms enable investors to engage in sophisticated question and answer exchanges regarding the companies. This allows them to make informed investment decisions that benefit from the crowd's diligence as well.

THE MARKET FOR CROWDFUNDING – The funding market for small and medium-sized enterprises is a reliable indicator of the market, and, according to a European Central Bank survey in mid-2012, 18% of SMEs noted that “access to finance” was their principal issue, up from 16% at the end of 2011. With Basel III, the Volker rule in Dodd Frank and interest rates languishing around zero, the immediate outlook seems unlikely to change. Crowdfunding raised \$2.7bn in 2012, up from \$1.5bn in 2011.

DISRUPTION OF THE VENTURE CAPITAL AND INVESTMENT MARKETS

The extent of disruption in the venture capital industry is unclear. It may not be as radical or fast as some people predict, but there is no question that it has started. For some, crowdfunding merely has the role of a spring board to venture capital, which then steps in with the big money at the later stages, but there have been many larger success stories in crowdfunding, with deals in the six figure area. Venture capital and crowdfunding are businesses where past results are indicative of future results - success creates a virtual cycle that generates publicity. The best start-ups hear success stories and seek out the celebrated venture capital or crowdfunding firm based on their track record.

However, there is little to limit the size of crowdfunding transactions as the market matures. Crowdfunding platforms may well be capable of handling large deals and doing them at a significantly lower cost compared to venture capital firms. Processes will require automation as liquidity that comes from a long tail of investors rather than a few large institutions, but by leveraging technology, communication can be centralised, processes streamlined and overheads significantly reduced.

II. MIRRORED INVESTING

In recent years, “mirrored investing” sites have sprung up for investors who are looking to engage with other investors and, at times, turn control of their entire portfolio over to them. Such mirrored investing is at the leading edge of the Social Era and is currently a small offshoot of the investment industry, but it seems to be gaining popularity, especially among the younger generation.

FOLLOWING OTHER INVESTORS – Mirrored investing allows users to view the daily trades placed by other investors, and if satisfied with their performance, attach their portfolio to that investor and mirror the trades. Advocates say it could trigger a fundamental shift in the investment management world. When the mirrored investor trades on his or her own account, the trades are replicated in the user’s account in a proportionate manner, so if the mirrored investor places a trade of 1% of the portfolio into a particular security, then the same percentage is moved into that security on the user’s account. Clearly, if the mirrored investor gains or loses, then so does the user.

Mirrored investing is different from mirroring services in that mirroring services follow professionally managed investment accounts, whereas mirrored investing follows private investors. However, the concept of following other investors advice is not new, as investors have always followed their friends’ and acquaintances’ stock tips, and more recently traded opinions on stocks in online chat rooms. Mirrored investing also allows smaller investors to access the strategies of more experienced investors, which would otherwise not be economically viable.



ACCESS TO INVESTMENT STRATEGIES – Through mirrored investing, inexperienced or small investors can access the investment strategies of other users, but there are fees involved, and in some cases they can be relatively high. If following an investor who trades frequently, per trade fees can soon add up, and with some charging annual fees of up to 2% of the portfolio value, rates can be higher than for professional advice or even a direct mutual fund investment.

Mirrored investing sites do have high performing investors, but the question remains as to whether the strategy they are following is appropriate for the users' investor profile as there are major differences between young investors' risk profile and those of retirees. Questions also arise regarding the expertise and track record of the mirrored investors. Professional asset managers at major fund houses can demonstrate a solid track record and achieve major gains for their investors, but it is unlikely such managers will be present on a mirrored investing site.

Disruptive models may prove to be a popular way for the younger generation to invest and access advice. A survey by TD Ameritrade Holding Corp. in 2011 noted that one in three Generation Y respondents used social media as a source of investment advice and only 10 percent considered professional investment advisors as the most valuable source of financial news and information. The survey saw many turning away from expensive investment advice, and, being comfortable online, using Twitter instead. Some disruptive models may prove, in the future, to draw in greater numbers of users as they become more widely accessible.





THE DAWN OF A NEW ERA

It is clear that the use of social media by asset management firms is still in its infancy. It is equally clear that certain of the underlying dynamics of social media and its usage are arguably driving fundamental changes in how the industry will interact with their stakeholders in the future.

Even today, we see the importance many users of financial products attach to various forms of social media; tomorrow will spell the emergence of the internet-savvy generation as the primary source of new capital making the media strategy of asset managers core to their ultimate success.

While it may not come as a surprise that this trend is being led by the US houses, the apparent leadership in this space by the pure play asset management groups is notable and something the affiliated asset managers would do well to take note of.

There remain many challenges and questions for industry players as this area evolves, but the growing future importance of social media to the asset management sphere is unquestionable. This is especially so when we look at the emergence of the new business models which have the potential to completely transform how the industry operates today.

In the brave new world that is the social era, it is imperative to remain close to change and to be open to the new concepts that emerge as the technology and its usage mature - as the competition for investing capital intensifies, now is the time for asset management groups to lead in this space rather than follow.

APPENDICES

An abstract graphic featuring a circular grid with a grid of white lines. Inside the grid, there are numerous colorful dots in shades of red, orange, yellow, green, and blue. The dots are connected by thin white lines, creating a network-like structure. The background of the entire page is a light gray grid. The word "APPENDICES" is written in a bold, red, sans-serif font with a white outline, slanted upwards to the right, and positioned over the circular graphic.



APPENDICES



APPENDIX 1 ANALYSIS OF DATA AVAILABLE ON THE WEB

To conduct our analysis, CACEIS and PwC Luxembourg first set about defining the sample of asset management firms to be used in this report. Having defined the group, we then used two methods to gather relevant information for our study upon which a statistical analysis would be performed. The first method involved the gathering of freely available Social Media KPIs in order to build a ranking. This approach was combined with a questionnaire, sent to the top asset management firms within our final ranking, which contained a number of both closed and open questions, and sought to gain a more nuanced understanding of companies' social media engagement, motivations and satisfaction. The data, gathered principally during April of 2013, forms the basis of our report, and in our opinion has been both gathered and analysed using a methodology that ensures the best possible accuracy and timeliness of our results it provides. On the other hand, any conclusions drawn from these results in our report will be influenced to a greater or lesser extent by CACEIS' and PwC's individual interpretation thereof.

APPENDIX 2 SAMPLE DESCRIPTION AND METHODOLOGY

The sample group of 104 companies is made of 52% of US asset management firms, 43% of European players and only 5% of Asian ones. Analysing the group in terms of their structure – whether the firm is a non-affiliated asset management company or belongs to a large banking or insurance group, we see that roughly two thirds of our sample group are affiliated firms, while the remaining one third are non-affiliated companies. Finally, regarding the distribution of players by assets under management, by performing a notional split of those with less than €150bn, between €150bn and €250bn, between €250bn and €500bn and those above €500bn, our sample splits into approximately four quarters.

NOTES ON THE SOCIAL MEDIA KEY PERFORMANCE INDICATORS

It was decided to obtain our KPI data from the four most significant social media sites for business: Twitter, Facebook, LinkedIn and YouTube. For each channel, we tallied up KPIs such as:



TWITTER

- Number of "Tweets"
- Number of Followers
- Average number of "Retweets" per Tweet (in 2013)



FACEBOOK

- Number of "Likes"



LINKEDIN

- Number of Followers



YOUTUBE

- Number of Videos
- Number of Subscribers
- Number of Views

OVERWEIGHTING OF INTERACTIVE ACCOUNTS

In order to promote management companies that interact with customers on social media in the rankings, as opposed to those that merely use the sites to push messages to other users, it was decided to overweight interactive accounts.

APPENDIX 3 SOCIAL MEDIA SITES

Below are brief descriptions of the Social Media sites used for gathering KPI data.



TWITTER - an online social networking service and microblogging service that enables its users to send and read text-based messages of up to 140 characters, known as "tweets". Users can forward tweets to other users, known as "retweeting".



FACEBOOK - an online social networking service, where users may create a personal profile, connect with other users and exchange messages, including automatic notifications when they update their profile.



LINKEDIN - a social networking website for people in professional occupations. Users maintain a list of contact details of people with whom they have some level of relationship, called "connections", and can also follow different companies and receive related notifications.



YOUTUBE - a video-sharing website on which users can upload, view and share videos. Users can search for video content or subscribe to another registered user's "channel" (an individual or an organisation), which hosts all video content from that user.

OTHER RESEARCH REPORTS IN THE SERIES



Taking the Reins - June 2012

A roadmap for navigating the institutional investors' universe

Over February and April of 2012, PwC and CACEIS conducted a survey of European institutional investors with assets in excess of €4.5tr, in order to gauge their perception of the asset management community. What the survey reveals about institutional investors' perceptions can be found in the CACEIS-PwC report entitled "Taking The Reins".



Rethinking Distribution - June 2011

Creating competitive advantage in a new fund distribution paradigm

The PwC and CACEIS 2011 research found that drivers such as regulatory developments, the shift of global economic power toward SAAME countries, the ageing of the population and greater use of social media are set to challenge the asset management industry to come up with new thinking to promote their products in a manner that is different from traditional patterns.



Ideal Advice - June 2010

A step-change in the industry's relationship with the individual investor

This report examines the state of play of financial advice within Europe, and provides a set of key recommendations which we believe are critical to enhance the overall quality of investment advice. In our view, now is the time for our industry to take bold and convincing steps and an active role in achieving a business model that is both sustainable and investor centric.

Also available in Spanish



Ideal Fund - June 2009

Reengineering the fund value proposition

This paper takes an investor-centric approach to examine the mutual fund value proposition and outlines recommendations for governments and the industry to promote sustainable solutions that will serve investors. The focus is on the long-term investment goals of European retail investors.



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