The Frontier Line

What fund managers (and consultants) really think — 2025

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Frontier Advisors | Forefront Thinking

About us

Frontier Advisors has been at the forefront of institutional investment advice in Australia for over thirty years and provides advice on around $850 billion of assets across the superannuation, charity, public sector, insurance and university sectors.

Our purpose is to empower our clients to advance prosperity for their beneficiaries through through knowledge sharing; customisation; technology; and an alignment and focus that is unconstrained by any product conflicts.

Wayne Sullivan
Director of Marketing
and Business Development

Wayne Sullivan is a member of Frontier's Leadership Team, manages business development activity and has responsibility for the marketing and communication program at Frontier including brand management; content creation and publication; digital media; and public relations. Wayne has an extensive background in marketing financial services, specifically in superannuation, having previously held senior marketing and communication roles with Hostplus, Sunsuper and QSuper. He is a past Rainmaker Australian Superannuation Marketer of the Year and has won multiple industry awards for marketing and communication at each of the funds he has worked for. He holds a Bachelor of Economics from the Queensland University of Technology, a Diploma of Superannuation Management, and an Associate Diploma in Marketing.

Introduction

Frontier has been engaging with fund managers across Australia and globally for more than three decades, building a deep understanding of the investment landscape and the evolving dynamics of the funds management industry. Through numerous meetings each year, we assess and evaluate managers not only for their capability but also to gain insight into their perspectives on markets, strategies and broader industry trends.

Each year, we invite the funds management community to participate in our annual fund manager survey, now in its twelfth iteration having first run in 2014. The survey provides a snapshot of industry sentiment, expectations, and predictions, offering valuable insights into the evolution of the investment sector. By comparing responses from fund managers and Frontier staff, we foster a collaborative and competitive dialogue that enriches our understanding of market dynamics … and we generate some fun competition for good measure!

In this paper, we analyse the findings of the 2025 fund manager survey, which captures the perspectives of 83 fund managers, along with Frontier's consulting team, on key industry themes, including investment performance, asset class preferences, internalisation trends and fee pressures.

Backdrop

The Australian superannuation landscape remains one of the most sophisticated and rapidly evolving institutional investment systems in the world, reaffirming superannuation as the dominant pillar of the nation's capital markets. Although just one sector, the superannuation system's maturity continues to shape both the demand for, and delivery of, institutional investment management services across the board.

The superannuation industry has changed significantly during the life of this survey and it continues to evolve, marked by significant consolidation and internalisation during this time. The result is a landscape dominated by fewer, larger funds, each with substantial investment teams. This consolidation has profound implications for external fund managers, consultants and service providers. Scale has shifted bargaining power decisively toward asset owners, compressing fees and raising expectations for transparency, data integration and bespoke solutions.

But it's not all bad news for fund managers. At the same time as fund consolidation and internalisation has gathered pace, money continues to flow into the Australian superannuation system with assets under management growing almost two and a half times over the period of our survey history – specifically, from $1.85 trillion in June 2014 to $4.3 trillion in June 2025[1]. Therefore, while consolidation has reduced the number of super funds, the total pool of assets has grown substantially, and the funds that remain are far larger. Fund managers can benefit because their remuneration rises with the volume of funds they manage. But asset consultants that don't run their own investment products, like Frontier, don't share in that scale or growth.

[1] Source: Australian Prudential Regulation Authority (APRA)

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Asset owners

Influencers

The 2025 survey highlights a significant shift in fund managers' perception of the distribution of decision-making power within superannuation funds, with internal investment teams and Chief Investment Officers (CIOs) now recognised as the most influential figures. This marks a continuation of a trend observed since 2015, when fewer than a dozen funds had significant internal management capabilities. By 2025, nearly every super fund managing over $20 billion has established robust internal teams, creating a tier of technically proficient investment decision makers within the organisation.

While Boards and investment committees remain the ultimate decision-makers, they increasingly rely on internal teams for validation, with CIOs shaping strategy and internal teams executing it. Asset consultants, meanwhile, have transitioned to more targeted roles, focussing on portfolio design and specialised advice.

The survey results reveal that 54.2% of managers now view internal teams as the most influential decision-makers within superannuation funds, while 32.5% rank CIOs as the second most influential. This represents a significant shift and a swap of order from 2015, when 39.5% of managers identified CIOs as the key decision-makers, and 32.6% then pointed to internal teams. The tipping point of this balance occurred in 2021, when internal teams surpassed CIOs for the first time, and the trend has only continued.

Boards and investment committees have seen a resurgence in influence, with 13.3% of managers now identifying them as key decision-makers, up from 7.1% in 2019. However, CEOs and Investment Consultants are perceived as less influential, with 0% of managers ranking them as the most significant decision-makers in 2025.

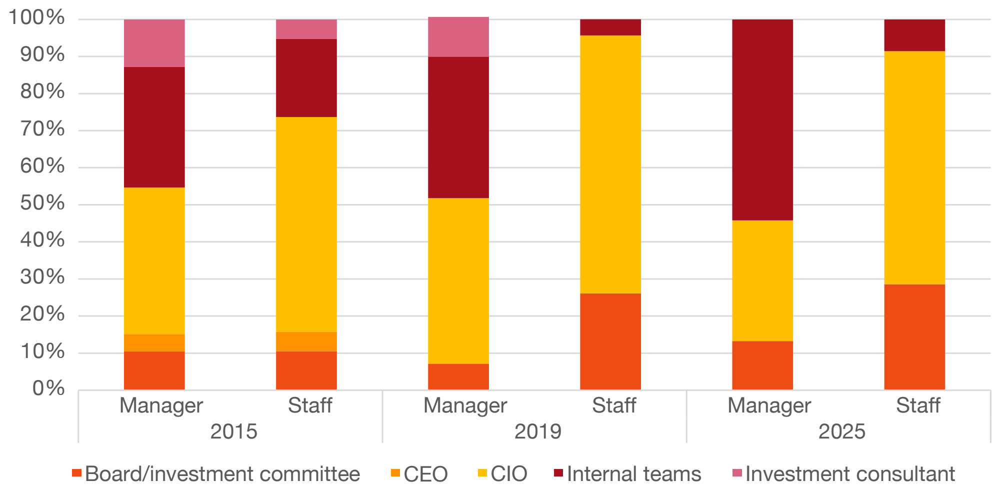
The increasing influence managers ascribe to internal investment teams reflects the reshaped dynamics between external managers and superannuation funds. Day-to-day engagement has shifted to internal specialists, making operational-level relationships more critical than ever. High-level relationship-building efforts with directors and C-suite executives are no longer important; instead, successful partnerships are built on intellectual and operational collaboration, with a strong emphasis on transparency, governance alignment, and data-driven decision-making.

By comparison, Frontier has been consistent in identifying the most influential decision-makers within superannuation funds. In every year of our 12-year study, Frontier has ranked CIOs as the most critical players with 62.9% of Frontier consultants this year viewing CIOs as the key decision-makers, an increase from when we first asked staff this question in 2015 (57.9%). The all-time high was 69.6% in 2019.

Frontier staff recognise Boards and investment committees as the second most influential group with 28.6% of staff choosing this option, up from 26.1% in 2019 and well up from the first year in 2015 when this was the third ranked option at 10.5%. Similarly, the 2025 survey data highlights a slight return to influence of internal teams (8.6%) after a low in 2019 (4.4%), but a strong decline in staff assessment of this group being the key to decision making since the first time we checked in 2015 (21.1%).

The difference in assessment between managers and Frontier staff, with managers citing internal teams over Frontier's view of CIOs, likely reflects where the relationships between parties are based.

Chart 1: Most influential in decision-making



Internal teams

The growth of internal investment teams within superannuation funds has been one of the most significant developments in the funds management industry over the life of our study. However, the rise of internal teams has not been without its challenges, at least for fund managers. This year's survey reveals a shifting sentiment regarding the effectiveness and role of internal teams. Building on the finding that managers see this group as having the most influence in decision making, a quarter of managers (25.0%) agree internal teams are best placed to research and advise on investments for their funds. This view is largely the same as it was twelve years ago, having steadily risen to a high of 39.0% in 2023 before falling over recent years.

In our first 2014 study, the belief internal teams would "change the philosophy and culture of funds for the better" was the most supported sentiment among managers with more than 30% agreeing. However, by 2025, this view has dropped to just 12.5% of managers. At the same time the view internal teams would change culture for the worse (13.8%) is now more than three times higher than in 2014 (3.9%). The theme is perhaps exemplified by what is now the most commonly selected option for this question that internal teams are "a major cost for funds that just adds to the process", a view now held by 27.5% of managers. This has climbed from just 11.7% in our initial survey. Less than one in ten managers (8.7%) now feel the cost of internal teams is worth their value add – around half the level in our first survey. These declining views could be reflecting a growing scepticism about the effectiveness of the internal model and a comment on the relative performance of some internal teams in recent years, or it could point to an increasingly challenging relationship between managers and these teams, and the impact internal teams have had on funds management businesses. This shift in sentiment may also indicate that managers are now responding based on actual experiences with larger, more active internal teams, rather than expectations twelve years ago when the internal team model was emerging.

By comparison, Frontier's views have been more consistent over time across the various metrics and show an increasingly positive view of internal teams in contrast to the increasingly negative sentiment expressed by managers.

Table 1: Fund manager responses on internal teams

	2014	2021	2025
Best placed to research and advise on investments for their fund	23.4%	35.6%	25.0%
A major cost for funds but are worth it for their value add	17.1%	13.7%	8.7%
A major cost for funds and just adds to the process	11.7%	16.4%	27.5%
Change the philosophy and culture of funds for the better	30.5%	20.6%	12.5%
Change the philosophy and culture of funds for the worse	3.9%	4.1%	13.8%
Other	13.3%	9.6%	12.5%

Table 2: Frontier responses on internal teams

	2015*	2021	2025
Best placed to research and advise on investments for their fund	10.5%	20.5%	20.0%
A major cost for funds but are worth it for their value add	42.1%	25.6%	25.7%
A major cost for funds and just adds to the process	5.3%	15.4%	14.3%
Change the philosophy and culture of funds for the better	31.6%	23.1%	37.1%
Change the philosophy and culture of funds for the worse	5.3%	12.8%	2.9%
Other	5.3%	2.6%	0.0%

*Question not asked in 2014

Fees

Fee pressure is often cited as a major challenge for fund managers. Frontier has been leading the charge for many years on the issue of a fair fee regime with the argument that asset owners should retain more of the benefits of their scale for their members. Since 2015 we have asked managers in our survey whether they think super funds focus too much on minimising costs and not enough on maximising net returns. Responses to this question have been very clear over time and becoming increasingly 'clear' as the study continues.

In our most recent survey, 86.6% of managers feel that focussing on lower costs is reducing net returns. This score is among the highest recorded for this metric during the life of this study and continues a steady upward trend observed since 2015, when 69.8% of managers expressed this concern.

Interestingly, 0% of managers in the 2025 survey believe funds should try harder to control costs to improve net returns, reinforcing the sentiment that cost-cutting measures may be overemphasised. This has only ever been as high at 7.1% in 2019. Conversely, 13.4% of managers feel most funds have struck the right balance between minimising costs and maximising returns. This has been steady over the last six years after a high of 27.0% in 2016.

Frontier, however, maintains a different perspective on fees. In previous surveys, only 48.6% of Frontier's team felt funds were too focussed on fees over returns – just more than half the rate of managers.

In terms of who are the most fee sensitive investors, the latest survey highlights a clear trend of large super funds (>$50b) being consistently ranked as the most fee-sensitive investor group by both managers and Frontier staff. Smaller super funds also show a notable level of fee sensitivity, though to a slightly lesser extent. Beyond super funds, there is some divergence in perspectives, with managers ranking insurers as more fee-sensitive, while Frontier staff place greater emphasis on universities. Similarly, managers and Frontier differ in their ranking of family offices and private wealth investors, despite agreeing they are the least fee-sensitive groups overall.

Issues of concern in the 2025 investment landscape

Table 3: Most fee sensitive investors rank (weighted scores)

	Large super	Small super	Insurers	Universities	Charities	Private wealth	Family offices
Managers	1 (6.7)	2 (5.9)	3 (4.4)	4 (3.3)	5 (3.0)	6 (2.7)	7 (2.2)
Frontier	1 (6.0)	2 (5.9)	4 (4.0)	3 (4.3)	5 (3.7)	7 (2.0)	6 (2.2)

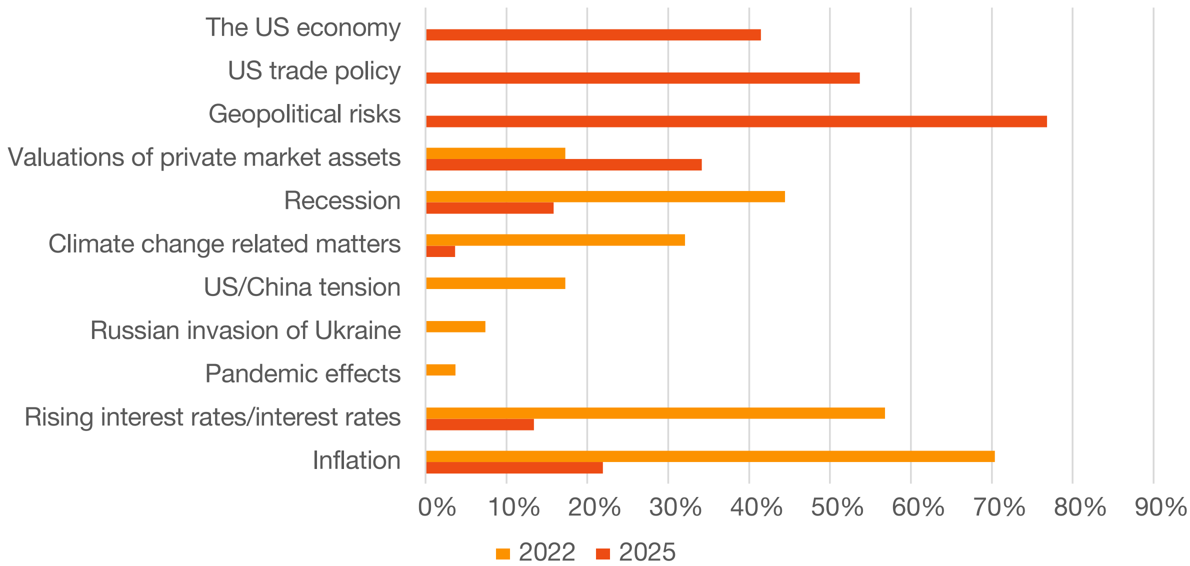
The survey data highlights a significant shift in the assessment of client concerns within the investment landscape from 2025 to 2022 when we started asking this question. In 2022, inflation was the dominant concern, cited by 75.9% of staff and 70.4% of managers. Similarly, rising interest rates were a key issue, with 56.8% of managers and 31.0% of staff identifying this as one of the top three concerns facing investors. This reflected the economic pressures of rising prices and monetary policy adjustments at that time. Concerns around climate change-related matters and recession risks were also mentioned by a significant portion of respondents, in fact climate change matters was the second most chosen issue by Frontier and recession risk the third. However, geopolitical risks, such as the Russian invasion of Ukraine and US-China tensions, were less prominent, with only a small percentage of respondents highlighting them as major concerns.

Now in 2025, the assessment of client concerns has shifted dramatically. Geopolitical risks emerged as the most pressing issue, cited by 76.8% of managers and 72.2% of staff. The importance of US trade policy also surged, with 53.7% of managers and 66.7% of staff ranking it as a top concern.

Meanwhile, concerns about inflation and interest rates have declined significantly, reflecting a stabilisation in monetary policy and economic conditions over the last three years. The growing focus on private market valuations, highlighted by 34.2% of managers and 30.6% of staff, has doubled in three years and reflects the increased scrutiny of asset pricing amidst higher allocations to private market portfolios.

These responses highlight the speed of change when it comes to issues of importance. The top three concerns from 2022 have significantly diminished in relevance over the past three years.

Chart 2: Issues of major concerns for investors (manager answers)



Note: Respondents were allowed to select multiple issues for this question, so the total percentage may exceed 100.

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Asset consultants

Most important attribute for a consultant

Over the years, the rankings of the most important attributes for asset consultants have remained relatively consistent, but the emphasis on these attributes has evolved significantly. The quality of personnel continues to be the most valued attribute, particularly among our staff, where its importance has surged this year to 58.3% in 2025, up from 34.5% in 2024. Managers also see this attribute as the top priority, with 36.6% identifying it as the most important in 2025. This consistent focus on personnel quality highlights the industry's reliance on skilled, knowledgeable, and experienced professionals to deliver effective investment advice. However, the data also suggests while quality of personnel remains critical, its relative importance has fluctuated over time, reflecting the growing complexity of the investment landscape and the need for consultants to adapt to evolving client demands.

Independence spiked in importance following the results of the Royal Commission (RC) into financial services in 2019, but this year managers have ranked this at its highest level in the survey's history (15.9%) even ahead of the post RC years. The depth of manager/product research however, is seen as the second most important attribute by managers (19.5%).

Frontier results are fairly evenly spread across the various options to choose from in this question, outside of the overwhelming support for the quality of personnel.

Table 4: Most important attributes of a good asset consultant (manager answers)

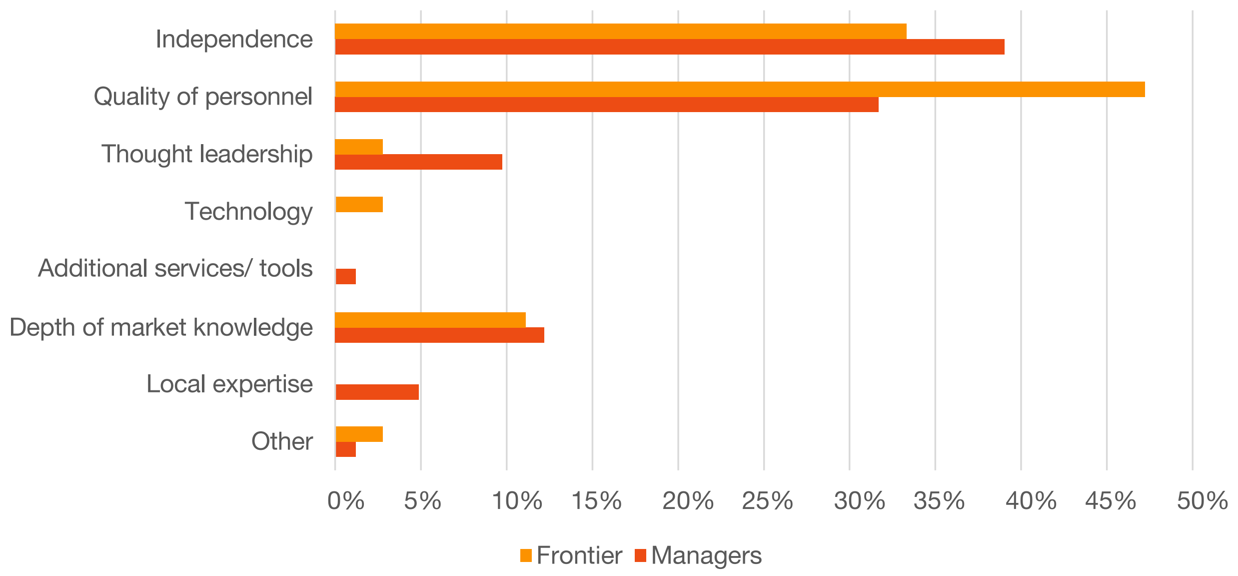
	2014	2025
Independence	5.4%	15.9%
Quality of personnel	42.6%	36.6%
Thought leadership	14.0%	12.2%
Depth of manager/product research	17.8%	19.5%
Coverage of manager/product research	7.0%	7.3%
Technical knowledge	2.3%	6.1%
Local environment understanding	3.1%	0.0%
Others	7.8%	2.4%

Frontier's competitive advantages

Noting the increase in the importance of independence as it relates to all asset consultants, when asked about Frontier's most important competitive advantages, 39.0% of managers and 33.3% of staff cited independence as the firm's standout attribute. This aligns with historical trends, as independence has consistently been a key strength of Frontier in the eyes of managers. However, the emphasis on independence as Frontier's standout strength has decreased slightly from its RC induced peak of 52% in 2019. The quality of personnel remains a close second, with 31.7% of managers and 47.2% of staff identifying it as a critical advantage – in fact Frontier respondents see this as the most significant advantage Frontier has (perhaps not surprising our own staff see themselves as a key asset … and I agree!).

Other attributes, such as thought leadership and Australian market knowledge, were ranked lower, with 9.8% of managers and 2.8% of staff citing thought leadership, and 12.2% of managers and 11.1% of staff highlighting Australian market knowledge. These findings suggest that while these attributes are valued, they are not perceived as the primary factor in Frontier's competitive edge.

Chart 3: Frontier's most important competitive advantages



Fund managers

Optimism for growth

When asked about their own businesses, fund managers have had generally consistent views across the twelve years, though some shifts in discrete periods are interesting to note.

While there are many challenges facing them, managers are a remarkably positive lot when it comes to their own business prospects. When asked if they expect their businesses to grow over the next five years (other than via market growth) the overwhelming majority are optimistic, a trend which has not wavered since our study began in 2014. Indeed, this year 93.9% of managers are predicting business growth between now and 2030. This figure has been as high as 97.3% back in 2016, and only ever as low as 85.7% the following year.

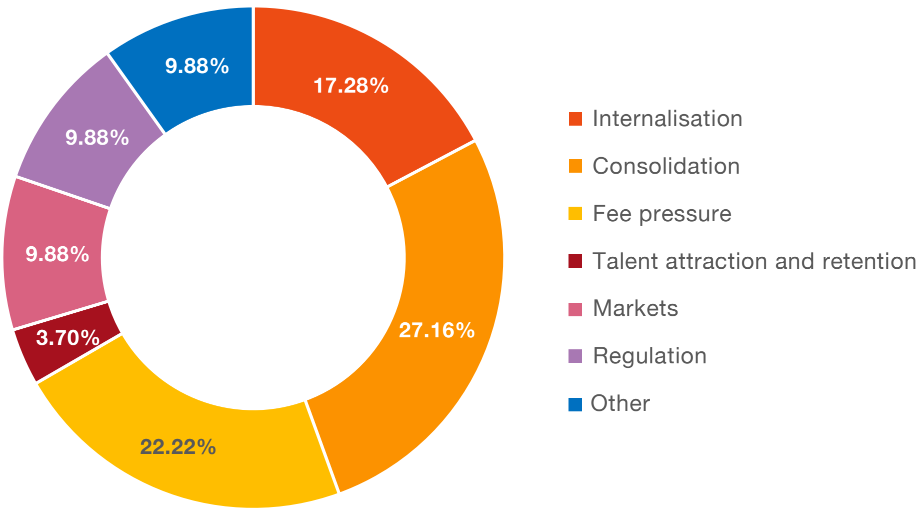
Despite that optimism, there are a number of headwinds to the growth of fund managers' institutional businesses. The pattern around these factors was quite consistent in the first four years of our study, from 2014 to 2017, with "pressure from clients for fees to contract and impact on revenue" clearly being offered as the single biggest challenge, generally by around 30% of managers. In 2025, that figure has dropped to 22.2%, but still remains a major concern.

However, over the life of our survey, two other structural factors have emerged as significant threats. These are internalisation of investment management by clients, and consolidation of superannuation funds. This year "consolidation" was seen as the most significant issue overall by almost a third of respondents (27.2%). Back in 2014 only 15.4% of managers cited this issue as their primary concern.

Over time the challenge of "internalisation" has fluctuated in terms of its prominence in responses. Interestingly, after a high of 26.5% in 2017, in 2021 virtually no one (2.7%) selected this as their most significant issue with the weight of concern that year squarely behind consolidation (43.2%). This is not to say internalisation was not an issue for managers then, just not the most significant. This year 17.3% of managers see internalisation as their number one concern – the third highest response.

The shift between these two factors across recent years likely reflects a view that while still significant, most consolidation is now behind us, relative to the years between 2019 and 2021 when multiple fund mergers were on the horizon and, on average over that period, 36.8% of managers listed consolidation the key threat to their business. Holding on to mandates from clients that are set to disappear still remains the number one concern for managers, but fees and internalisation are regaining prominence as challenges to growth.

Chart 4: Issues facing prospective growth of managers in 2025



Assessing fund managers

The weights behind the criteria for best assessing fund managers have remained very consistent throughout the history of the study. The order of factors has not changed at all since our survey began and the nominal scores have changed only slightly. According to the 2025 survey, quality of personnel is the key factor with a third of managers (32.5%) choosing this as the primary element and a weighted score of 4.77. (Respondents rank all options from most important (1) to least important (6) with the weighted score being against a maximum of 6.) Frontier however, rate this aspect even more highly with around half (48.6%) scoring personnel as the most significant element of assessing a manager and a weighted score of 5.1. The second most chosen primary element for Frontier was net performance with 25.7% selecting that.

Investment process (4.5) and being “ethical and trustworthy” (4.3) came second and third in a weighted sense for managers, just ahead of performance (4.2). For Frontier, the order was exactly the same but with a slightly heavier gap in the weighting between ethics (4.0) and performance (3.8).

Table 5: Ranking of factors (from 1 to 6) for assessing an investment manager (manager responses)

Answer	1	2	3	4	5	6	Score
Quality of personnel	32.5%	27.7%	25.3%	13.3%	1.2%	0.0%	4.8
Superior investment processes	18.1%	33.3%	27.7%	18.1%	1.2%	1.2%	4.5
Ethical/trustworthy	22.9%	22.9%	16.9%	27.7%	9.6%	0.0%	4.2
Net performance	26.5%	13.3%	27.7%	21.7%	6.0%	4.8%	4.2
Diversity of personnel	0.0%	0.0%	2.4%	12.1%	42.2%	43.4%	1.7
Responsible Investment approach	0.0%	2.4%	0.0%	7.2%	39.7%	50.6%	1.6

When offered a series of generic statements and asked to choose the one they most agree with, managers were strong in their conviction that they “provide a depth of research internal teams can’t match” with 57.3% choosing this option. This has been the number one answer in every year of our study. Behind that was support for the idea of being primarily remunerated on performance with 28.1% getting around this suggestion. Other choices around needing to trim fees, reduce product complexity, and an overall drop in numbers of managers in the market did not get a lot of support as the number one statement to agree with.

Responsible investment

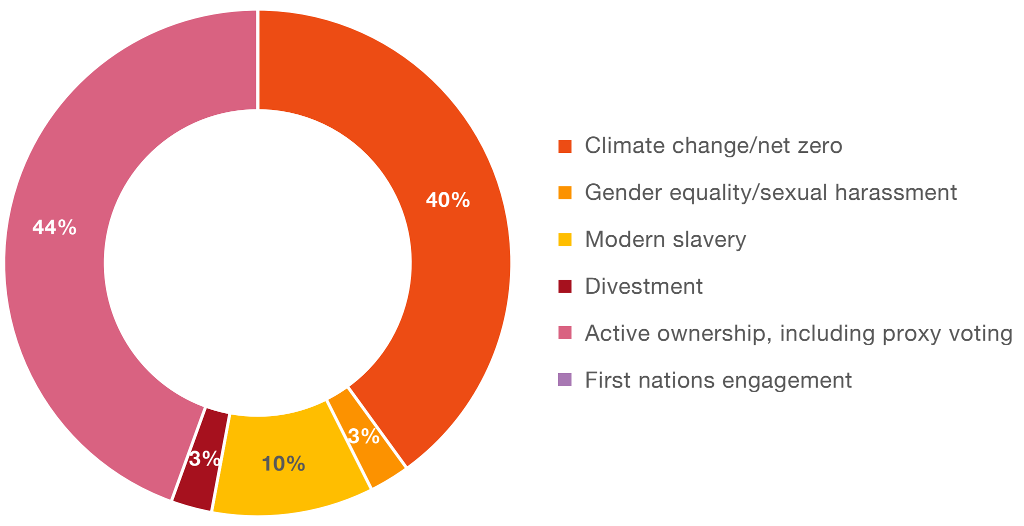
Since our survey began the integration of responsible investment (RI) and ESG (environmental, social and governance) principles into mainstream funds management practices has escalated in prominence. Clients are asking more questions of managers and imposing hurdles and restrictions managers need to address. Indeed at Frontier, while these have long been factors in our due diligence process, we have introduced specific ratings around ESG and shortcomings here will prevent managers from progressing strongly through our ratings process.

The shift reflects evolving expectations within the Australian superannuation industry, and institutional investment more broadly, where ESG integration has now transitioned from being optional to being normalised. Regulatory guidance, including APRA's CPG 229, and particularly AASB's Australian Sustainability Reporting Standards (including AASB S2 mandatory climate disclosures), have further institutionalised ESG reporting, transforming this into a regulated responsibility.

When asked to rank the current focus on a set of factors in their approach to responsible investment, "climate change/net zero" was a clear winner with a weighted score of 5.0. The weighted score accounts not just for the number of "first" rankings, but the range of rankings relative to other choices. Interestingly, in terms of the number of first rankings from managers, "active ownership" had the most support at 44.8% compared to climate change at 40.3%. However, three quarters of managers had climate change at either first or second, generating the higher weighted score.

With active ownership weighted at 4.5, the only other two factors of significant focus were modern slavery (4.0) and gender equality (3.6). First Nations engagement remains underemphasised, with 68.4% of managers ranking it as their lowest priority. Important to note this does not mean unimportant, just the least of a set of six factors to choose from. The relevance placed on these factors by managers will be directly, though not solely, influenced by the relevance placed by asset owners.

Chart 5: Areas of responsible investment focus



Predicting performance

We survey fund managers at the start of each financial year and ask them to predict performance for the year ahead, both in terms of overall returns and the highest performing asset class. However, it needs to be said that asking for performance predictions is a somewhat light-hearted part of this survey and should not be relied upon as any form of advice!

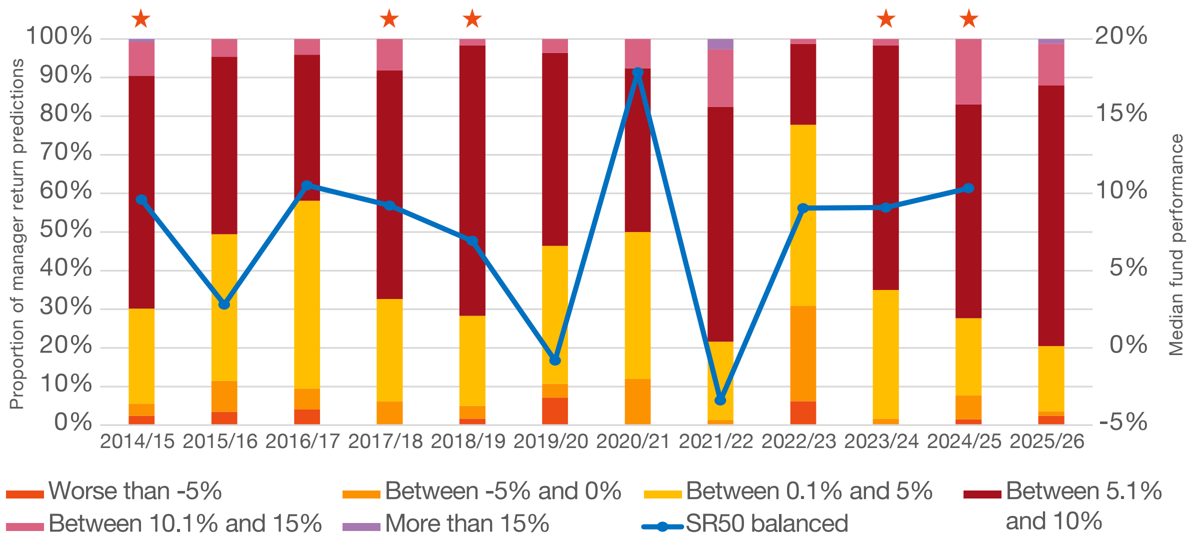
Balanced fund performance

Managers' expectations for the 2025/26 financial year remain cautiously optimistic. In this year's survey, 67.5% of fund managers predict the median SuperRatings balanced option (60–76% growth assets) will achieve a return between 5.1% and 10%. The level of conviction here has only ever been higher once in 2018, and that prediction was correct that year. More managers were on the bearish side of this range, than the bullish side, with 16.9% of managers forecasting returns between 0.1% and 5%, while 10.8% anticipate returns between 10.1% and 15%. Less than 3% foresee negative returns.

The accuracy of fund managers' predictions regarding the performance of the SuperRatings balanced option median has varied significantly over the years. An analysis of historical data reveals the most predicted range has been correct in four out of 11 years (this year of course is yet to complete). This indicates that while fund managers are often well aligned around a specific range, their predictions only match the actual performance around one third of the time. Notably, the years when managers have been correct have all occurred in years with strong consensus predictions - over 59% of managers forecasting within a single range. This suggests when managers exhibit a high degree of agreement, their predictions are more likely to align with actual outcomes. This year exhibits that 'conviction on the prediction' so perhaps a correct result lies ahead?

Frontier's predictions have tended to be quite similar to those of managers but typically with a greater dispersion across bands. However, we have had slightly less success having only predicting the correct range in three of the ten years we have asked our team this question.

Chart 6: Fund manager return prediction versus actual results (SR50 Balanced)

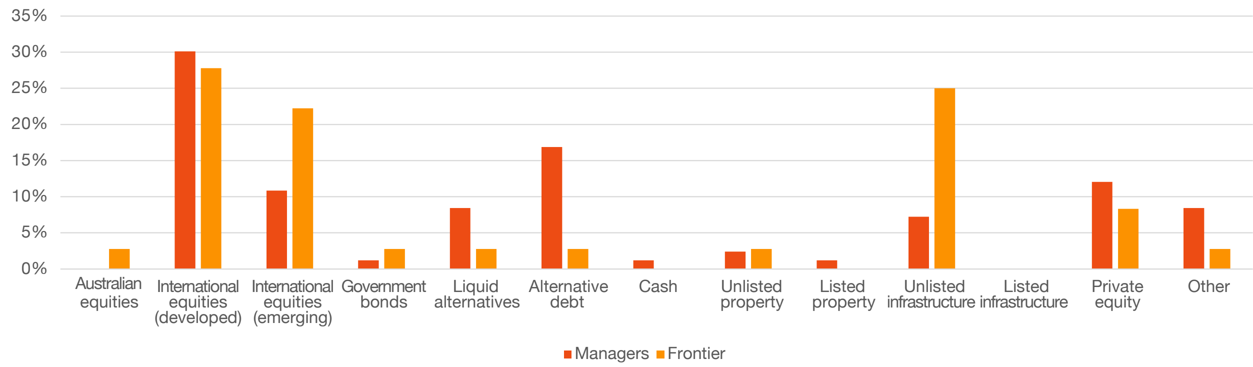


Asset class performance

When asked to nominate the asset class most likely to outperform in 2025/26, 30.1% of managers selected developed international equities, followed by 16.9% nominating alternative debt and 12.0% private equity. Emerging markets and liquid alternatives received moderate support. Frontier staff shared similar views, with a majority (27.8%) also favouring developed international equities as the best performer. However, 25.0% highlighted unlisted infrastructure and 22.2% identified emerging market equities as the next most likely areas of opportunity. Notably, 8.3% of Frontier staff also pointed to private equity, however, in the early years of our study, no Frontierians, or for that matter managers, ever chose private equity for their prediction.

It is worth noting there is a skew toward equities managers in the research sample, so a favouring of that asset class has been a quite regular phenomenon within this study! However, private equity's rise highlights the evolution of Australian superannuation funds. As scale has grown, allocations to illiquid assets, like private equity and private debt, have grown as part of a quest for diversification and return enhancement.

Chart 7: Asset class performance prediction for the financial year 2025/26



While managers have had more success in predicting return outcomes over the life of this study, nominating the best performing asset class is an area where Frontier has consistently had more predictive success than managers. This year is the first time in the study's history when managers and Frontier have seen eye-to-eye in this prediction.

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The final word

The more things change, the more they stay the same.

The 2025 fund manager survey charts the continued evolution of the industry since this survey began twelve years ago. Confidence is steady, expectations are grounded, and collaboration between funds, managers, and consultants has become more nuanced. While fee pressure and industry consolidation remain significant forces, the issue that has changed most significantly over time is the role of, and perception of, internal teams.

At the beginning of our survey in 2014 the emergence of internal teams was certainly underway, however, the responses of fund managers in our survey suggests the size and influence of internalisation has been the most significant change in the sector over this time. The largest funds now have internal teams 100 or more in number and only the smallest funds have no internal specialist investment capability. This has impacted the scope of opportunity for managers and the way they need to work with and appeal to their clients.

At the same time, the size of fund portfolios has exploded off the back of mandated contribution growth and fund mergers creating fewer, but larger portfolios. Our survey reflects that over time the balance of power has shifted decisively towards asset owners, and their teams of investment professionals, who now bear greater responsibility for the investment process, implementation and performance.

The total size of the pool still sustains a strong funds management sector, despite the increased and growing incidence of in-housing and a halving of the number of potential superannuation clients to work with since the survey began. The impact of these factors on asset consulting has reduced the number of players serving the superannuation sector to primarily just two firms, albeit with a small number of other firms sought for supplementary specialist capability by some funds. Navigating an increasingly complex regulatory landscape has now become an area where funds are leaning on their asset consultants for assistance.

This year's survey showed that in terms of the issues creating the most concern for investors, in the opinion of our respondents at least, things change quickly. None of the three most significant factors this year registered as important three years ago. While, the top three areas of concern in 2022 have now all but dissipated.

While each year of the survey consistently unearths a new interesting trend or slight change of direction, perhaps the most interesting finding is that over a twelve-year period that has seen technological development, the number of funds diminish by two thirds, the size of some portfolios more than treble, and the emergence of a cohort of internal investment professionals that now numbers several thousand, fundamentals largely remain the same.

While there is broad agreement in many areas, there are differences in the views held by fund managers and Frontier respondents. Perhaps most notably this year around the perception of internal investment teams. Frontier consultants are three times more likely to say internal teams are worth it for their value add, also three times more likely to see a positive culture change, and half as likely to say internal teams just add to the process. However, despite this, more than 50% of fund managers now see internal teams as the most influential group within a fund, while Frontier answers rank them third with less than one in ten putting internal teams first on the ballot.

Managers remain bullish about their own prospects, despite concerns at the industry level; fees remain central in the discussions between asset owners, asset managers and asset consultants; people and processes are the most important elements to get right; advice free from product conflict is as important as ever; and predicting future performance remains very challenging.

Studies of this nature often show there are fundamental elements that always remain over a long period of time. But gradual incremental shifts can lead to significant trends over time. There will always be opportunities for well-run innovative and fairly priced funds management businesses that adapt to changing circumstances in the way they partner with investors. Frontier will continue to enjoy the opportunity we have to work with both asset owners and fund managers as the industry continues to evolve.

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