



RESEARCH - RANKINGS - DATA - INSIGHTS

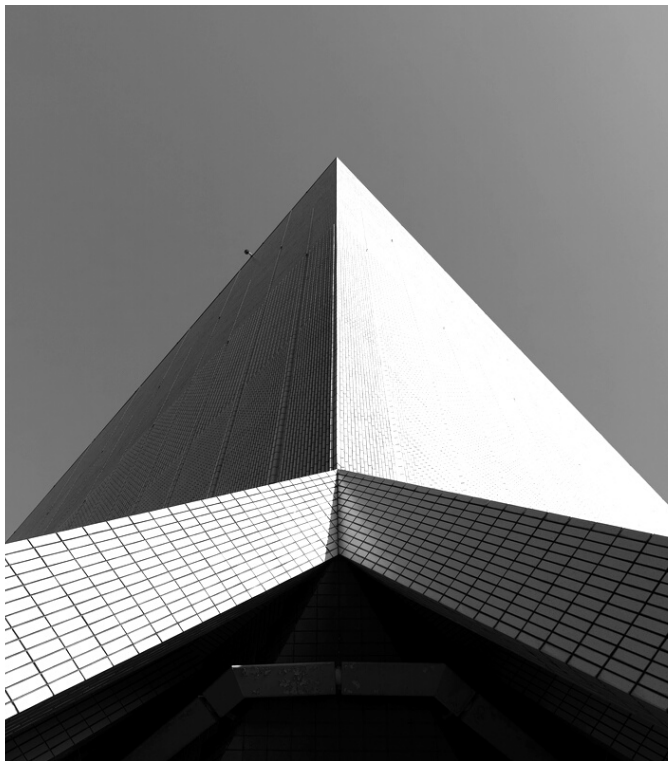
2021 INSTITUTIONAL INVESTOR RESEARCH

WHY SUBMIT A CENTRALISED VOTE?

II Research is the leading provider of independent performance validation and a source of qualitative market intelligence for Corporates and Investment Professionals

**Institutional
Investor**

LinkedIn: Institutional Investor Research
www.iiresearch.com



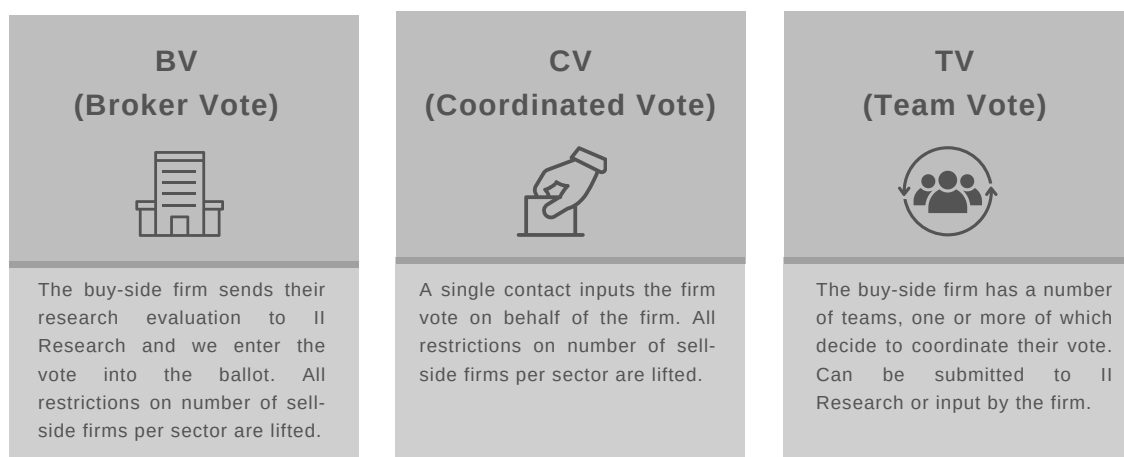
Intro

One of the key pillars to creating an independent validation of qualitative market intelligence for Research, Sales and Trading, is to gather direct feedback from asset managers into the institutional investor research survey process. Whilst individual voting will continue to be an important element of the survey process, around 40% of the weighted vote count currently originates from some form of centralised process. Whether a direct feed from a broker research evaluation or a centrally coordinated vote, these submissions are an important factor in achieving an accurate, robust and validated result.

Taking a centralised or coordinated vote from the buy side firm enables an accurate picture of the competitive landscape to emerge, allowing sell side research providers to benchmark themselves against the competition and validate anecdotal client feedback.

Types of Centralised Submissions

Institutional Investor categorises these centralised submissions into **BV (Broker Vote)**, **CV (Coordinated Vote)** and **TV (Team Vote)**; these are treated in different ways to each other and all other votes are considered Individual. Any votes received over and above the centralised votes are either discarded or referred back to the voting firm for a decision on whether to include. The BV submissions vary in content, methodology and granularity, so a degree of interpretation is applied, often in consultation with the submitting firm.



Sell side firms expend significant resources in negotiating, measuring and managing resources dedicated to servicing their buy-side clients, in order to assess profitability and maximise revenues. This accelerated after the implementation of MiFID II, when many buy-side firms took the decision to take research costs onto their own P&L rather than charging their clients. Those firms that continued to charge their funds also reviewed their research costs when the sell side started to present price lists and more granular charges for research and analyst time.

Prior to MiFID II, sell side firms often struggled to receive detailed feedback from their clients on how their broker services were valued, as well as their competitive positioning. Transparency was limited to a few large, well-established buy-side firms that had developed in-house evaluation processes. Certain third-party service providers evolved to conduct these processes, designing a semi-bespoke practice on a firm-by-firm basis. MiFID II changed this and these service providers were able to offer an immediate MiFID II compliant solution to asset managers that allowed them to measure and report consumption from their research providers. The qualitative element of this process remained under-reported as the output focused on consumption, rather than value.

The Institutional Investor Surveys address this missing element of the buy side to sell side feedback loop, on an aggregated basis. It is clear that sell side firms also expend significant efforts in lobbying their buy-side clients for votes in campaigns to solicit votes for the II surveys. A further advantage of centralised voting is that sell side firms are *discouraged* from lobbying their buy-side clients that submit a coordinated vote, thereby reducing disruption to the industry and allowing that firm to continue their primary function undisturbed.

Your Giveback

As a sign of appreciation for participation in the survey, buy side voters are given access to the published positions for the sector in which they voted. For firms that submit a centralised vote, this “give-back” has been significantly enhanced. The asset management firm will receive the full details of the survey results, as well as more granular metrics on their voting profile and preferred providers per sector. We will also compare the buy-side firm vote to the market, allowing an analysis of the voting firm preferences, valued analysts and potentially important providers to the market that they may not be using.



CONTACT

David Enticknap

Managing Director, II Research

✉ david.enticknap@institutionalinvestor.com

Marketing Team

✉ marketing@iiresearch.com

Social Media



Click here to Follow us! or Search: *Institutional Investor Research*

Website

www.iiresearch.com

**Institutional
Investor**