



## YourQ&A: What Subadvisor Opportunities Exist?

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### QUESTION

*Has the recent market turmoil created new opportunities for managers? If so, what types of managers will benefit?*

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### ANSWER



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I do believe that this seismic, cataclysmic activity is going to create new opportunities, particularly for active managers pursuing the subadvisory channel. Keep in mind that today's market downturn is worse than the 1987 recession and the dot-com bubble. If a subadvisor can't grab the market's upside, it faces the real prospect of getting flipped out. A boutique shop that knows its sector better than its peers will have the best shot at gaining opportunities in this environment. Those managers will be able to identify value and have a deep understanding of particular company balance sheets in specific sectors. The current climate does not bode well for managers who are driven by specific style boxes. In today's environment, it's more about performance than anything else; performance in specific style boxes is less of a priority.

Managers looking to grow in the subadvisory channel will have to talk about their performance in this time period. If short-term performance represents a challenge, you are going to have to drill in how your fund adds value to the investor. It's important to talk about how your team makes decisions, how you view the world and long-term track records.