

Pandemic Perspectives (Part 1) – Greenwich Investor Resilience Index

March 25, 2020

The global novel coronavirus (COVID-19) pandemic has pushed national economies and health systems into crisis mode, seemingly overnight.

As the number of positive cases and fatalities, as well as the virus' reach, escalates at an alarming pace, world leaders and politicians have begun to take drastic measures in an effort to control the spread of the disease and keep financial markets in check.

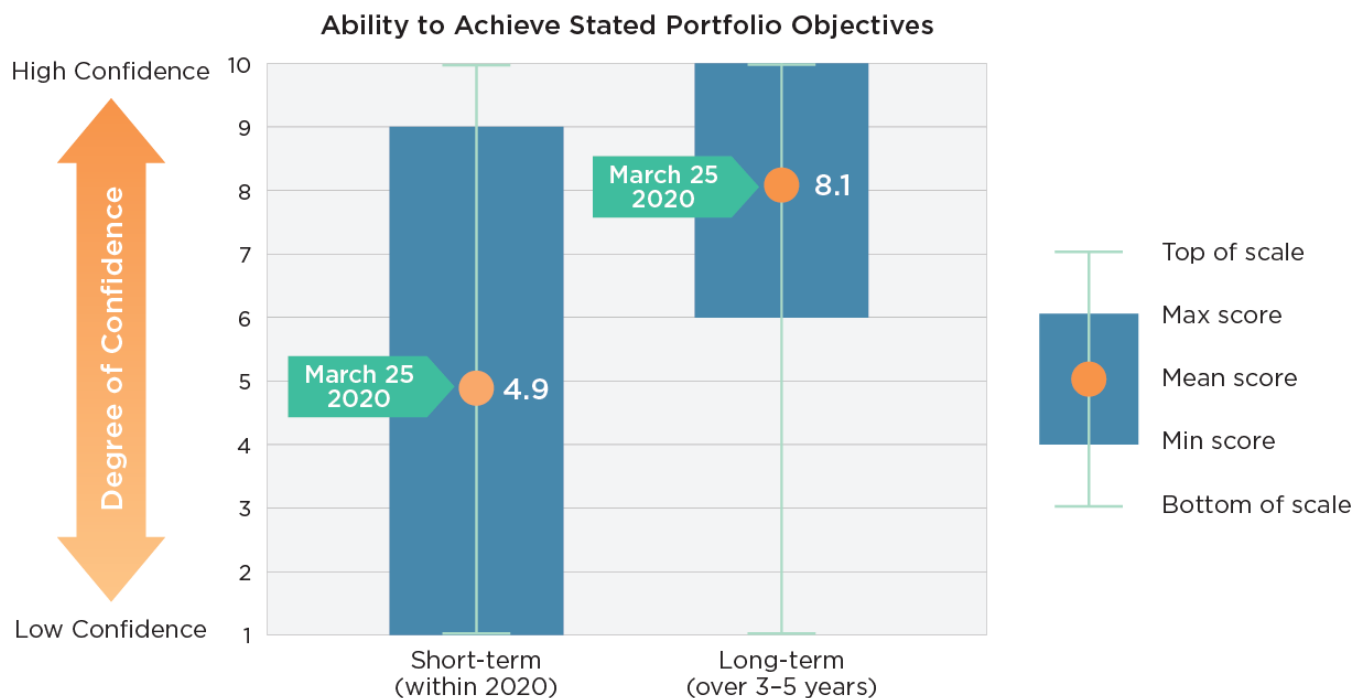
In the meantime, institutional investors are questioning what, if anything, they can or should be doing during this time to insulate their portfolios from long-term damage. In dark periods like this, asset managers that step up to the plate and offer compassionate, relevant and reassuring advice can stand out as shiny beacons of hope.

Greenwich Investor Resilience Index

Surely, there have been periods of extreme market volatility in the past—and, of course, other widely known and highly destructive global pandemics. However, what makes this shared experience different is the rapid arrival and immediate paralyzing effect it has had on people's lives—both personally and professionally—and the fact that the volatility is not linked to systemic issues within the global financial system, as was the case with the 2008 financial crisis. Instead, uncertainty about what the future holds for markets, companies and people's daily lives has led to a series of chaotic responses.

The good news for the asset management industry, at least so far, is that institutional investors seem to be retaining a positive long-term outlook, despite a high degree of distress about what the rest of 2020 will bring and how they will be able to react.

GREENWICH INVESTOR RESILIENCE INDEX



Source: Greenwich Associates Coronavirus Flash Study, March 2020

The Greenwich Investor Resilience Index shows that investors' belief in their ability to achieve portfolio objectives within 2020 has already deteriorated dramatically. The short-term score is 4.9 on a 10-point confidence scale with responses ranging from 1 to 9, illustrating the uncertainty that currently exists among investors.

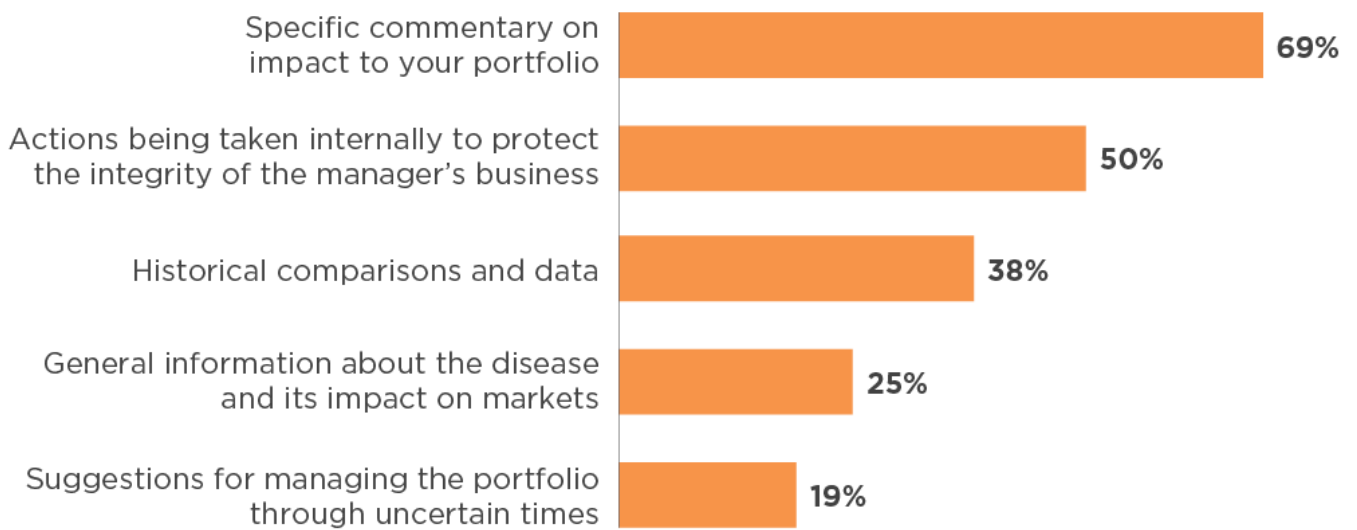
In contrast, investors do not yet worry that the coronavirus pandemic and its resulting social and economic fallout will have a meaningful impact on achieving goals over 3-5 years, with a long-term score of 8.1 on the same scale. With scores ranging from 6 to 10, confidence in long-term success appears to be shared.

Is this a naïve outlook? Will funding levels and short-term cash requirements cause institutional investors to make decisions that will ultimately make longer-term recovery significantly more challenging? Or will asset managers and consultants be able to step in and keep clients on the straight and narrow, reminding them that "this too shall pass" and providing short-term advice?

How Asset Managers Can Help Clients Through Crisis Events

Given the heightened level of volatility in the markets, institutional investors are scrambling to assess the impact to their portfolios, and they are turning to the asset managers with whom they work for support.

MOST USEFUL INFORMATION FROM MANAGERS RELATED TO CORONAVIRUS OUTBREAK



Source: Greenwich Associates Coronavirus Flash Study, March 2020

First and foremost, investors need to understand the impact of the crisis on specific investments. They want to understand what has happened and how the investment strategy is likely to perform going forward.

Second, they want to understand the actions their managers are taking to ensure business continuity in these challenging times. Managers should provide regular updates to clients about the steps they have taken to ensure business continues as usual now that employees and critical counterparties are frequently, if not exclusively, working from home and adjusting to a new virtual environment.

Third, investors are looking for perspective through historical comparisons and data. In uncertain times, investors seek insights on how markets should respond—and historical references can often provide clues.

Fourth, investors are seeking general information about the coronavirus and its impact on markets. Investment committees and boards are absorbing as much information as possible to assess whether pre-existing investment guidelines and principles remain reasonable and whether any short-term shifts are required. Managers that can utilize their macro research capabilities to provide data and commentary can help position themselves as strategic partners to these now vulnerable key decision makers.

Lastly, investors are seeking perspectives on broader portfolio-wide issues. Increasingly investors have been relying on their asset managers, in addition to their consultants, for advice and counsel. Managers with a broad range of capabilities should seek to position themselves as trusted partners—the goal, of course, is to be on investors' speed dial rosters when issues arise.

Conclusion

Institutional investors are focused on long-term outcomes, and they are looking for their asset managers to provide them with support and guidance in these uncertain times. While performance is a critical component of the relationship, service and support have become increasingly important.

Managers that have implemented processes and procedures that allow them to respond rapidly to investors' requests, thereby quelling anxiety, will position themselves to retain assets as investors seek to rebalance their portfolios. Further, managers that can provide impactful thought leadership and reliable advice, both in times of crisis and calm, will position themselves to gain market share as assets consolidate over time.

Pandemic Perspectives Series

[Part 2 - Lessons from the Past](#)

[Part 3 - Supporting Consultants During Coronavirus](#)

[Part 4 - Asset Manager Service Quality: Pre- and Post-COVID-19 Onset](#)

[Part 5 - Leading through Crises](#)

[Part 6 - Useful Content in Times of Crisis](#)

[Part 7 - Managers Adapting Through Crisis](#)

[Part 8 - Using Analytics to Transform Sales, Win New Assets](#)

www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.