



Understanding the sector impact of COVID-19

Investment Management

Global economic activity is at a standstill as the world takes an aggressive stance to slow the spread of COVID-19 and that is having broad implications for the investment management industry. Aggressive fiscal and monetary policy responses combined with critical containment actions around the world have made a major economic impact, yet liquidity remains scarce and the outlook for earnings is soft.

Potential long-term impact on Investment Managers

Market volatility has redirected the attention of most sellers and buyers as it relates to M&A activity. Buyers may emerge in a stronger position to negotiate transactions while sellers will have to perfect their competitive advantages.

Challenging times can be a catalyst for future innovation and growth. Organizational resiliency plans and overall operating models will be re-examined to advance digital transformation and agility. Work, workforce, and workplace experiences will be forever changed, supported by an ecosystem of virtual resources, technology and behavioral norms that define work as a thing we do, not a place we go.

Investor confidence and trust will slowly be restored. The active versus passive debate will rage on as active managers look to advance their brand of investing. The pandemic will increase investor and board of director attention to environmental, social, and governance (ESG) considerations.

Key questions executives and boards should be asking

- What resiliency systems are in place (security, cyber, internal controls, personal trading and outsourced providers)?
- How do resilience and succession plans operate over the long term and across a variety of scenarios?
- How do we retain and incentivize talent?
- What will be the impact on investment capital and where will it focus?
- How can we adapt to being agile with shifting strategic priorities?
- What is the impact of any new regulatory guidelines?

Practical next steps

Leaders in the investment management industry will be defined by what they do along the three dimensions to managing a crisis: respond, recover, and thrive. Specific next steps include:

- Reassure investors during short term periods of volatility
- Drive innovation to support the “future of” scenarios
- Enhance ongoing management of investment and non-financial risks
- Ensure motivation and productivity of remote workforce

For additional steps that companies should consider taking, visit: www.deloitte.com/covid19-resilient-leadership

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