

Interview

Interview with Stan Beckers, CEO of ING Investment Management

Stan Beckers on his plans for ING IM: 'Becoming the biggest is not our goal per se'

It's all about focus. Being the biggest is not our goal, because that is hard to keep up. Which players were the biggest in the City thirty years ago? They are all gone and forgotten. It's better to be medium-sized, make clear choices in what you do and then do it well. You can keep that up much longer.

So says ING Investment Management CEO Stan Beckers. The Belgian took up his position nine months ago. Every morning, he gets up at five o'clock and goes for a run. Having already run the New York and Rotterdam marathons, this year he is preparing for the Luxembourg marathon.

When he first joined ING IM in July of last year, he saw a company with 'great potential', but also an organisation that was somewhat frustrated by being forced to split up. The general feeling was: this is being sold off, that is being sold off, what's going to be left?

Beckers is a former professor of Finance at Leuven University, and is co-founder and tool developer for Barra, which is now part of MCSI. After that, he worked at WestLB Asset Management, Kedge Capital and Barclays Global Investors, which was later taken over by BlackRock.

Beckers joined ING at the time when the split had been completed and it was possible to further build up on a clear-cut strategy towards an independent future.

ING Investment Management is expected to go public later this year, together with ING's European insurance arm. As announced previously, the brand name of this new company will be NN, as part of which ING IM will operate under the name of NN Investment Partners.

Quantitative tools

'We are already leading in a number of products and in certain markets,' says Beckers. 'We will attempt to expand in those fields and add several more.'

He stresses that the 'raw material', the 'core assets' of an asset manager, are the people who work for the company.

To regain impetus, he is doing a 'combination of things'. First of all, he wants to highlight 'what we are really good at'. 'We are currently market leader in the retail sector in the Netherlands and Poland. Consequently, we have also launched our execution-only platform in those markets and are planning to expand it.'

'Moreover, we must not forget that we are still a global player, active in eighteen countries and really strong in a number of fields when it comes to fixed income: credit, high yield, emerging market debt and, in terms of multi-asset, total return products and balanced funds. We will proudly build upon these areas in the future.'

'When it comes to equities, the focus areas are high dividend, sustainable equities and emerging market equities. Yet, there is still a lot to be done here, especially in emerging market equities. However, this is perfectly complementary to what we are doing in emerging market debt.'

Beckers does not rule out the possibility of acquisition to reinforce this specialism. He says he is currently in dialogue about this with both individuals and groups of people.

ING IM started the to set up a multi-boutique structure a number of years ago, with fairly independent teams. While that structure is still rock solid according to Beckers, he would not go as far as to say that the boutiques are fully autonomous yet, or that employee participation is in place everywhere.

‘We should not forget that this is one company,’ says Beckers. ‘Fund managers are free to participate in their fund themselves, but that’s not standard practice with us. Variable remuneration is automatically paid out into a selection of our major funds. This is to emphasise that we are jointly responsible for the success of the company as a whole and should not focus solely on our individual funds.’

To improve the performances of the investment teams, Beckers is currently reinforcing quantitative support. ‘We will start working with a number of tools and hire a few young people who can work with them. They will visit the teams like a doctor making a house call, taking their blood pressure, giving them feedback, then moving on. In other words, we are not aiming to set up a fully quant-driven fund; we are just using certain insights to improve existing investment processes.’

While product areas that are not currently designated as focus areas at ING IM will not be taken off the market, they won’t be developed any further either.

Geographically, the focus will be on the world outside North America, says Beckers. The US insurance and asset management activities were hived off last year and Beckers is not planning to start managing US investments again himself. ‘The American market is one of the most efficient in the world. It’s really hard to beat.’ ING IM has therefore outsourced its US investments to its former colleagues. The same has been done with a number of Asian divisions, which have been divested.

Focus on client service

Something else Beckers expressly wishes to emphasise is client focus and service. ‘We had a good reason for adding “investment partners”: we aim to be a true partner for our investors, offering real investment solutions rather than just products.’

Beckers is not concerned about the new remuneration regulations being prepared in Brussels and The Hague. ‘We are a global company. Location is not important to us.’ He doesn’t necessarily mean that if the regulations become too stringent ING IM will relocate its head office or leave the Netherlands, but he is confident of being able to attract the right people in the future, too. ‘For us, it makes no difference whether they’re in New York, The Hague, Brussels or Singapore.’

An important aspect according to Beckers is the fact that, even after the spin-off, ING IM will still be part of a group as the European insurance arm of ING. ‘Insurance accounts for some 40% of our managed assets. As such, it generates a large proportion of the income, but in addition to that it is also a major source of product innovation,’ explains Beckers.

‘We develop a lot of new products in close consultation. These include products in the areas of infrastructure debt, bank loans and real estate. After a while, when these products have proved themselves, our retail customers will also be able to benefit.’

Indexhuggers Farewell

He points out that it is a mistake to think that the insurance arm is obliged to obtain all its investment products from ING IM. ‘Not at all. We don’t apply this kind of truck system. The collaboration with the insurance arm is therefore no reason to sustain mediocre products. We have to prove ourselves on that score, too.’

‘I am one of those people who do not believe there is any future for players with funds that perform marginally better than the index. In the future, you have to be either passive or offer a speciality range. I think scale is extremely important for passive providers, in particular, but not so much for active parties.’

‘If I look back at who the big players were in the City thirty years ago, it was Warburg Fleming and Philips & Drew. But all those names have disappeared. Being the biggest is only a temporary phenomenon. As some kind of department store offering all and sundry, you cannot be good at everything. BlackRock has its strong and weak points, too. Naturally, you have to have enough scale to be able to compete and continue innovating, but if you get too big that’s not good for all clients. This may compromise customer satisfaction. I would rather be a medium-sized player for 20 years than the biggest for 5 years and then slowly fade away.’

Source: Fondsnieuws Magazine issued April 2014, „Voor Ons Is De Grootste Worden Geen Doel Op Zich“, pages 12 and 13

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