

# What institutional investors want

A global asset owner survey that touches on 3 key aspects of client communication and the state of investor reporting.

MAY 2024





**We believe in the power of data, technology, automation and constant iteration and innovation.**

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**Patrick McKenna**

CHIEF COMMERCIAL OFFICER AT  
KURTOSYS

Dear industry colleagues,

We are thrilled to introduce the findings from our new survey, compiled in conjunction with Adox Research, and surveying the views of institutional investors in relation to their interactions with you, the investment management community.

This survey aims to get to the heart of what investors want to see when it comes to reporting and transparency from their managers. Are they getting the support they need? Are their reports accurate and timely? How are they receiving their reports?

We hope that these insights will assist you in aligning your communication with your clients, getting to the core of their requirements and ultimately create a more client-centric approach to reporting.

**Patrick McKenna**

Chief Commercial Officer

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# More about the study

We asked more than 30 investors to share their experience and their expectations of institutional reporting.

## Explore the answers to these key areas

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### Reporting quality

Reporting of valuation, performance, attribution, and allocation is a critical component in the relationship between manager and institutional investor. We explored the impact of reporting quality and the clients' expectations.

### Addressing issues

How simple is it to address issues with asset managers especially if their reporting is poor and late?

### Thought leadership

Do fund managers receive frequent thought leadership and one-on-one insight engagement from their investment teams? Do they have direct access to their managers and are they receiving value adds?

### Customisation & data types

Many managers struggle with the burden of reporting to their institutional clients, primarily because of customisation requirements. Understanding the importance of these specific requirements can help managers to focus their efforts accordingly and reconcile the value it provides to your relationship with them.

### Report delivery

Institutional investor maintain relationships with multiple managers and struggle to collate data and content from all sources. We delve into how reporting arrives at investors and what the trends are.

### Downstream reporting

How do fund managers use data provided to them downstream? Is automation prevalent or not?

### Full digitisation of reporting

How many asset managers provide their reports in a digital format? Are manual reports still being used and how are these being collated? We explore how data is being collected and presented.

# Executive summary

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This study looks at the current state of client reporting from the perspective of institutional reporting clients who are actively using, consuming and processing reports on a monthly, weekly and even daily basis. Overwhelmingly, we found that clients expect personalised, timely, and accurate reports, and yet, somewhat surprisingly, don't always seem to receive this.

## Report quality

There is a basic need to fix and resolve the basics of reporting while also adopting a customer-centric and forward-thinking approach. An unexpected 65% of firms rate their reporting quality as "average" or "below par" with 12% finding errors and mistakes on a regular basis. An even more startling result is that 42% of asset owners stated that they would divest from a manager purely based on reporting quality.

## Report frequency

Providing timely reports tailored to the needs of your clients is essential while ensuring that data accuracy is not compromised. 68% of respondents find the timeliness of their reports to be only "adequate" or wholly "inadequate". With clients requesting more frequent reports, investment managers will need to address the way that they disseminate their reports.

## Providing value adds

Are investment reporting firms providing quality key insights and thought leadership to their clients? 59% of firms believe that the answer is no. This illustrates a

strategic gap whereby the industry can work towards furthering transparency, providing value adds that include ESG and sustainability data, and tailoring reports to their client's unique requirements.

## Reporting distribution

Using compliant, reliable distribution methods is essential. While 71% have moved to using portals, 77% are still using email and the trend points to a multi-channel approach. Investment managers will find that improving on their current systems and keeping up to date with the latest compliance trends is critical to stay ahead.

## How is data being used?

In our last benchmark survey, we found that only 8% of firms are automating their reporting. Automation is thus becoming the game changing factor, adding value to the client's data processing, reducing room for error and alleviating additional time spent on collating reports. 74% of firms are already using or assessing data sharing technologies like Snowflake and Databricks. Are you? As firms look to the future, the need to be technology-led is clear. Large language models and access to real-time data are at the top of leading firms' agendas.

65%

of firms rate their reporting quality as "average" or "below par"

42%

of asset owners would divest purely based on reporting quality

# A research analyst's perspective



**Gert Raeves**  
ADOX RESEARCH

Through the eyes of technology executives in asset managers, custodians and market infrastructures, asset owners are often seen as the Cinderellas of the industry. Focused on asset allocation and investment performance, they surely do not care much about the detail of the myriad of operational and technical steps involved in the trade lifecycle... and yet asset owners are the ultimate client of just about every other industry participant. A better understanding of your client's client is essential to develop the scalable, client-centric and automated operating model we are all trying to build.

The research presented in this paper was designed to better understand the specific priorities of pension funds, insurers, endowment and other asset owners. Specifically, we were curious to find out how asset owners deal with managing the increasing flow

of data and reports which they receive from their external asset managers.

The results of our survey and interviews were striking, and can be grouped into three broad themes:

**1. No reason for complacency.** Client reporting is an unsolved problem for a significant number of asset owners, which shows up as alarming gaps in data quality and frequency. When we asked if reporting was good enough, there was a consistent group of between 10 and 15% of firms who were just not receiving their data with the quality, timeliness and frequency they expect.

**2. Collaboration, dialogue and customisation are key.** The answer to these challenges is not a simple 'asset owners need more and faster of everything'. Asset managers are challenged to change their 'set and forget' attitude to the reporting process. Getting it wrong has real consequences: 82% of firms will only invest with managers who adhere to their specific reporting requirements.

**3. "We are all technology-focused now".** Asset owners are not operating in an operational backwater, and are actively exploring technology-led innovation. 62% of firms would like the ability to access real-time data in a portal, and 74% of firms are using or are assessing data sharing technologies such as Snowflake/Databricks

Asset owners need more than just the basics - but it would be great if the basics were available all the time for all firms. They are motivated by their need to

truly collaborate and understand what makes their external managers tick, and are exploring innovative ways to use technology to get there.

This research will hopefully inspire asset managers and asset servicers to wake up to the risk of underestimating the importance of a better client experience, and the upside of getting it right: a flexible and customisable client reporting capability which reduces friction and increases the quality of the relationship between asset owners and managers.

We hope you enjoy reading the report.

Kind regards,

**Gert Raeves**  
Research Director at Adox Research

# Demographics

We interviewed 34 asset owners who represent a diverse, very senior and investment-focused demographic who are using multiple external services across diverse asset classes.

**50%** of respondents are based in US/Canada

**50%** of respondents are based in EMEA

**64%** have over 10 years of experience in the industry

**41%** of respondents are senior investment professionals

**47%** are key decision makers

**38%** are in organisations with AUM of between \$100–250bn

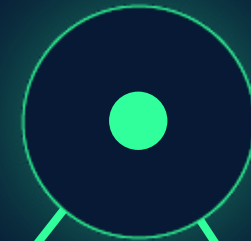
Respondents are primarily investing in private equity (79.4%), equity (79.4%), and fixed income (67.6%).\*

\*Refer to the appendix, page 25, for more detail.

## Section 1

# No reason for complacency

Client reporting is an unsolved problem for a significant number of asset owners, which shows up as gaps in data quality and frequency.





# Reporting quality & frequency

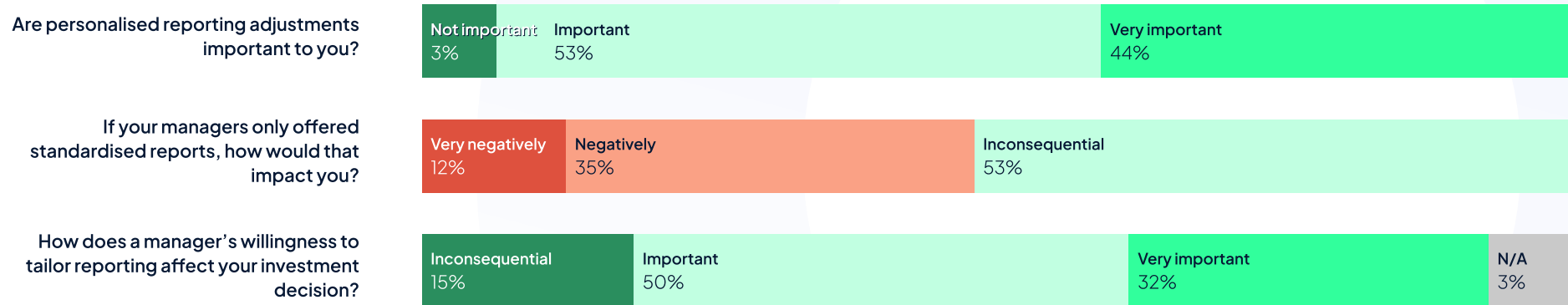


**42%**  
of asset owners  
would divest purely  
based on reporting  
quality

Client reporting is an unsolved problem for a significant number of asset owners, which shows up as gaps in data quality and frequency. Providing regular reports to your clients on time in the required format can be challenging. How well do you know what your client reporting requirements are?

# Customisation

We observe that personalisation is an important facet of most managers offerings to investors, but many often question the value and whether it might be better to offer more standardised reporting.



Asset managers are challenged to change their 'set and forget' attitude to the reporting process. They expect personalised experiences and a willingness to adhere to their reporting requests. Asset owners need dialogue and expect added value.

# Key insights

“ The quality of reporting can vary across asset classes, with more challenges for things like corporate credit, municipal bonds, and structured credit where external data vendor coverage is not as robust.

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CIO, Pension Plan

## Reporting quality

Getting the basics right is a challenge – this shows that client reporting quality is not good enough, and there is significant room for improvement.

- 65% of firms rate reporting quality as ‘average’ or ‘below par’ with 12% reporting that they regularly find errors and mistakes.
- 42% of asset owners stated that they would divest from a manager purely based on poor reporting quality so the stakes are real.

## Frequency

- With higher report frequency required, more time is spent on creating these reports, suggesting that processes need to be streamlined and automated to keep up with demand.
- 12% of firms have to wait for more than a month to receive their reports with only 18% receiving real-time reporting.
- 9% of firms receive their reports late or outside of SLA.
- 38% of firms would like to receive reports on a weekly basis.
- 15% of firms are dissatisfied with the frequency of report delivery – suggesting again that delivering on basic quality and timeliness metrics is still a challenge.

## Customisation

- It has become critical to ensure that reports are adapted to individual organisation requirements. Customisation is not a ‘nice to have’ – it is a critical component of the relationship.
- 82% of firms will only invest with managers who adhere to their specific reporting requirements.
- 97% of respondents value personalised reports.

# Challenges & solutions

“ Investors demand real-time data. Gone are the days of waiting for quarterly reports and navigating cumbersome portals. Instant access to relevant, accurate data is essential to investors. That’s why we offer tailored data health checks within our platform, enabling our software users to identify and rectify errors before reaching they reach clients.



**Michelle Wright**

CHIEF PRODUCT OFFICER AT KURTOSYS

Clearly no manager sets out to miss the mark with their report quality or timeliness, but there are real technology challenges faced by investment managers in hurdling the ever-increasing bar set by the competition. In our work with leading investment firms, the main issues that impact reporting quality are

- data cleanliness
- data availability

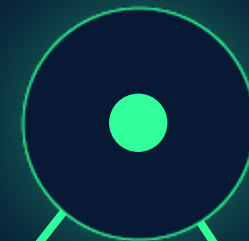
We have observed that providing the reporting team with a framework for detecting data issues is extremely effective.

In addition, the emergence of cloud data warehouses has also had an impact on report delivery.

## Section 2

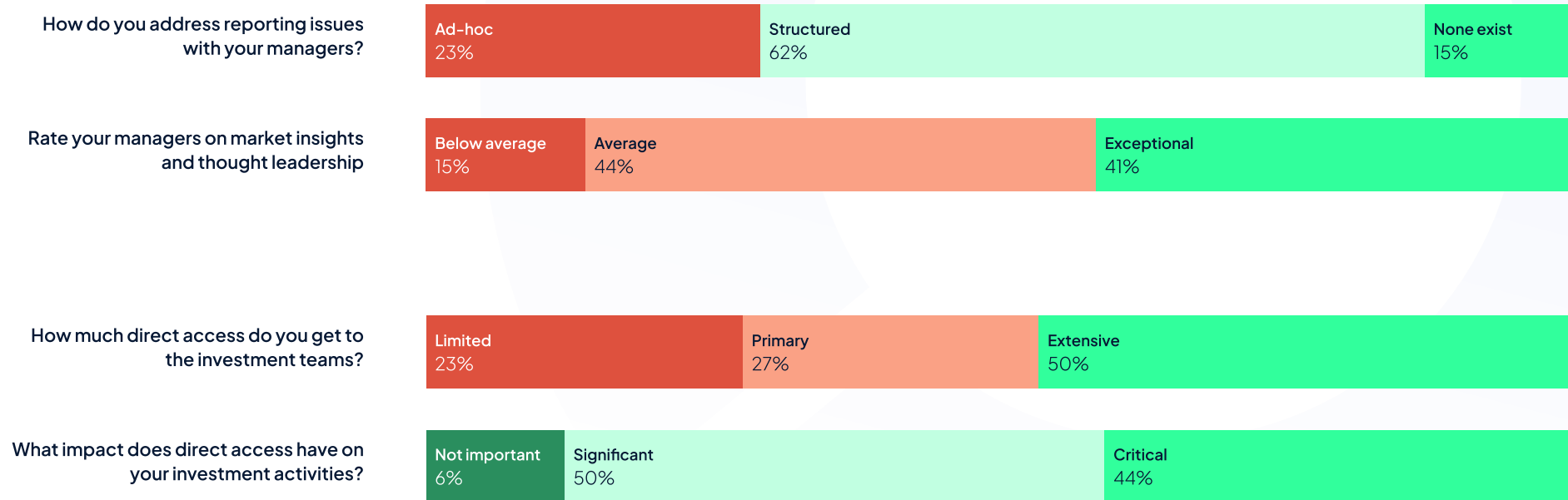
# Communication & value adds

The answer is not a simple 'asset owners need more and faster of everything'. Asset managers are challenged to change their 'set and forget' attitude to the reporting process. Getting it wrong has real consequences.



# Thought leadership & direct investment team access

We wanted to find out how valuable access to the investment managers is to their clients. Direct contact and complete transparency with clients including offering additional services like thought leadership content has become an important differentiating feature.



Asset owners need dialogue and expect added value.

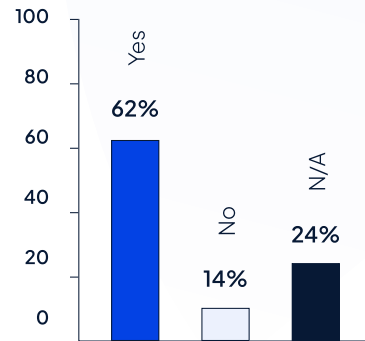
# Sustainability reporting

There is a movement towards more visibility and transparency on these topics. Clients value personalised reports that are adapted to individual organisation requirements.

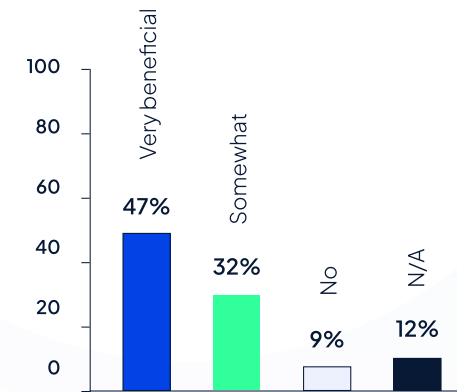
Do you receive ESG and sustainability data from your managers at the portfolio / fund level?



If no, would you find it useful to receive this type of reporting?



Do you find the reporting beneficial?



74% of firms receive ESG and sustainability data from their managers and 62% of respondents not currently receiving it would find this very beneficial.

65% of firms also receive sustainability reporting at the security level and find it beneficial. The majority (68%) of the respondents that are not currently receiving it would find it useful.

# Key insights

Asset managers are challenged to change their 'set and forget' attitude to the reporting process. Asset owners need dialogue and expect added value. Many managers struggle with the burden of reporting to their institutional clients, primarily because of customisation requirements, eg a customised attribution analysis. Understanding the importance of these specific requirements can help managers to focus their efforts accordingly and to reconcile the value it provides to your relationship with them.

“ We are very focused on building context for the governance, social and environmental issues that are materially important to any one business. And those issues tend to differ from business to business and industry segment – so we do need a lot of custom reporting to support that.

---

Investment Analyst, Insurance Firm

## Addressing issues and getting valuable insights

There is room for improvement on the quality and frequency of market insights, a possible gap in the client experience.

- 59% of firms receive average or below average market insights and thought leadership from managers.

## Direct access to investment teams

Our interview data suggests that the interactions with CIOs and managers are valued highly – to discuss strategy, market events and portfolio changes, not only to review basic performance data.

- 94% of allocators report that direct access to their managers is “critical” or “significant” but only 77% of managers provide extensive access to portfolio managers.

## Sustainability Reporting

Providing data and insights for ESG and sustainability has become a value add that managers can't ignore.

- 74% of firms receive ESG and sustainability data from their managers and 62% of respondents not currently receiving it would find this very beneficial.



# Challenges & solutions

“ We prioritise simplicity in customisation for our client reporting features, including drag-and-drop functionality that doesn't rely on developers. Our tools help to easily adapt to ever-changing business needs, enhancing the day-to-day operations of asset management reporting teams.



**Sunil Odedra**  
CTO AT KURTOSYS

Asset owners require dialogue and direct access to their investment managers, not a small ask for firms who are already stretched collating manual reports for multiple clients. It has become clear that to provide more to clients, investment managers need to work on providing customisation and automation options.

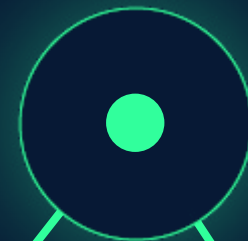
From our work we understand that customisation is one of the largest challenges facing reporting teams today, and can be a blocker to elevating priorities beyond what is merely table stakes for the investor.

Once solved, which is more than a possibility with platforms such as Kurtosys, firms can begin to focus on second order value drivers to improve the investor experience, with digitisation being high on the list.

### Section 3

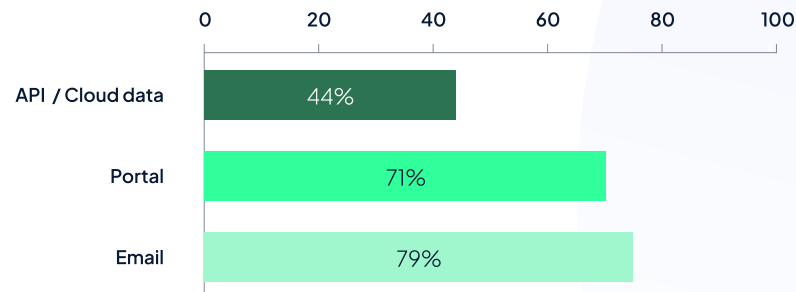
# We are all technology- focused now

Asset owners are not operating in an operational backwater, and are actively exploring technology-led innovation

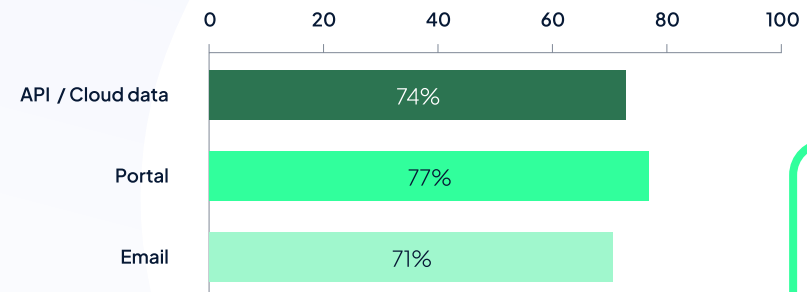


# Data & distribution channels

How are reports received?



Are you satisfied with the security level?



**79%**  
respondents  
receive their reports  
via email

Is the data provided in a suitable way for the above uses?



Is the api/cloud data warehouse integration reliable?



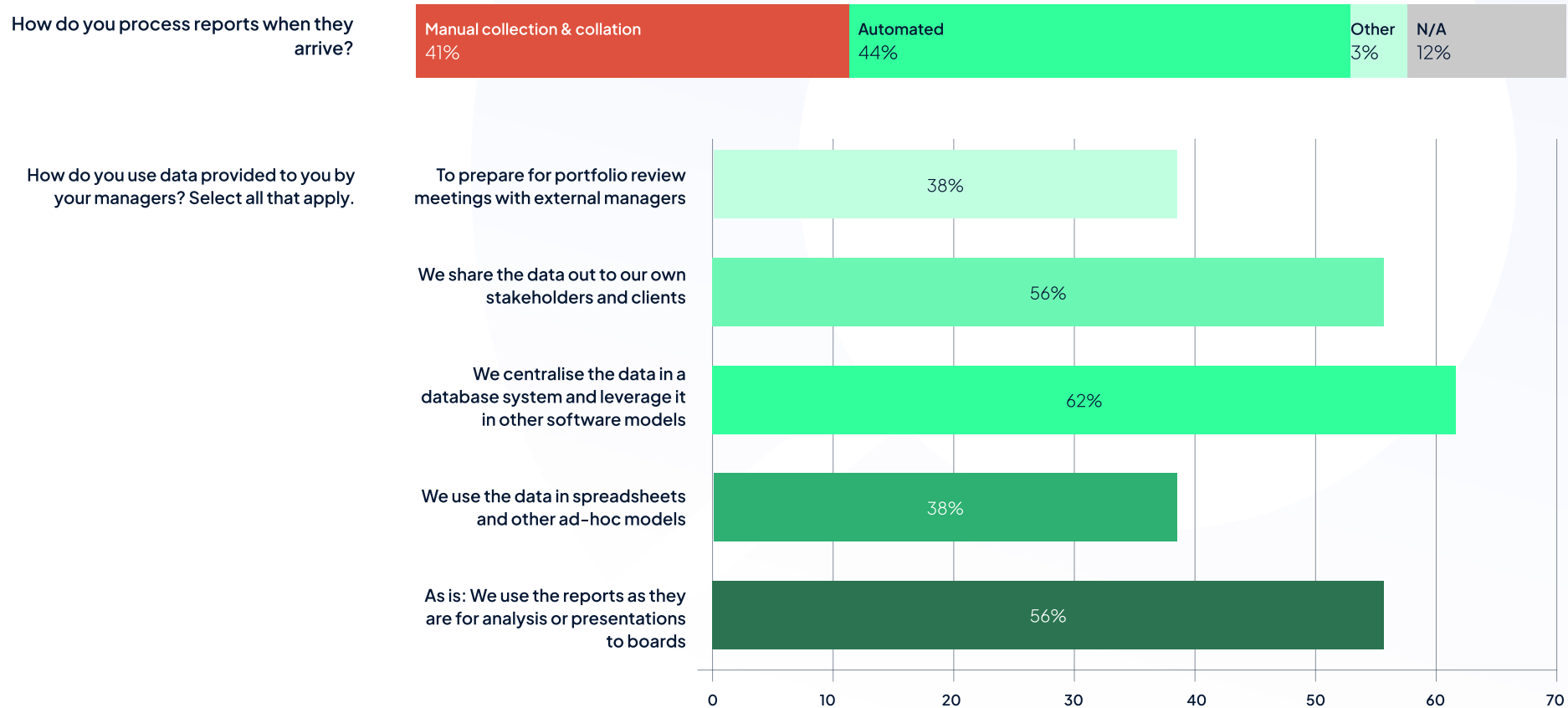
Are your reports sent via emails encrypted?



Asset owners are not operating in an operational backwater, and are actively exploring technology-led innovation. It is important to ensure frictionless access for all solutions without compromising on security. Solutions include single sign-on, biometric security and similar best practice access methods to protect any sensitive information.

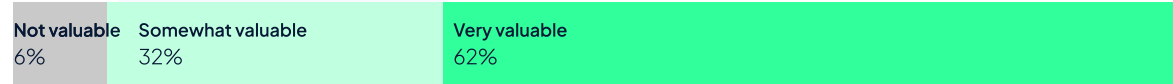
# How is data being used?

More than 40% of respondents still have manual reporting processes. Data is used in a multitude of ways, showing that solutions need to be flexible to be practical.

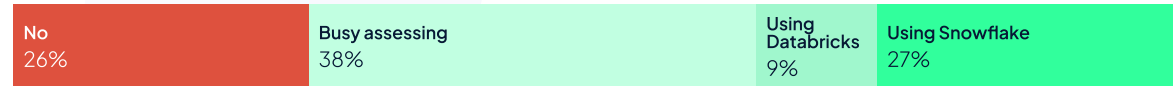


# Future-readiness

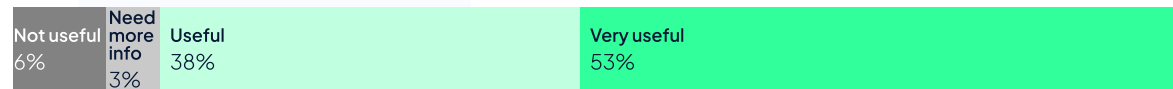
How valuable is the ability to access real-time unaudited data in a portal?



Have you evaluated data sharing technologies such as Snowflake / Databricks?



How useful would a portal be with intelligent chat functionality? To query your own investments with a manager for example?



Would you be interested in a platform that collates and receives your investment reporting across all managers?



**74%**  
of respondents are either assessing or using data sharing technologies like Snowflake and Databricks

# Key insights

## Evolving distribution channels, automation and future-readiness

Asset owners are not operating in an operational backwater, and are actively exploring technology-led innovation. Clients want a secure, digital experience which can encompass multiple types of reporting channels.

“ Bringing ESG data in this way (using Snowflake) avoids some of the “technical debt” inherent in how traditional data infrastructure was originally built years ago.

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ESG Integration Lead, Institutional Investor

## Distribution channels

Most firms use 3 channels when sharing reports, namely live-data feeds, emails and secure portals.

- 94% find the ability to access real-time data in a portal valuable.
- Email remains the backbone of reporting communication and therefore has to be secure and reliable. 79% receive their reports via email and 71% are satisfied with the security level of this medium.

## Automation

Manual methods of reporting are clearly still prevalent and with the many uses and formats of data needed, it is clear that automation is crucial for organisations going forward.

- 41% of firms are still manually collecting and collating their reports.
- 62% of firms centralise data in a database system and leverage it in other software models.

## Data centralisation

The move towards consolidating all data in one, centralised location is clear and managers are technology-led in their approach.

- 82% want a single platform to collate and receive all investment reporting across all managers.
- 74% of firms are either assessing or using data sharing technologies like Snowflake and Databricks.

# Challenges & solutions

Asset owners and managers grapple with intricate reporting demands stemming from numerous distribution channels and diverse data sources. Manual or partially automated processes hinder accuracy and pose compliance risks across a multitude of use cases across the investor lifecycle. Addressing these hurdles requires the establishment

of centralised data repositories, embracing automation, implementing robust workflows, and leveraging data-sharing technologies. Integrating intelligent query and chat functionalities represents a pivotal step toward gaining competitive advantages in this landscape.

“ Our newly launched email distribution center solves the challenges of securely scaling personalised bulk reporting email sends as required by 79% of investment managers according to our latest survey.



**Grant Swart**  
HEAD OF PRODUCT AT KURTOSYS

“ Addressing our clients’ security needs is a non-negotiable. Secure software development processes are a key ingredient in building and improving our email and portal reporting distribution solutions.



**Harry Thompson**  
CHIEF RISK OFFICER

“

**We are  
prioritising client  
needs with  
future-focused  
solutions.**

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**Lee Godfrey**  
CEO AT KURTOSYS

I am deeply interested in understanding the needs of institutional investors. As we provide our clients with solutions that not only streamline and automate their communication processes but also address their key challenges, we aim to comprehend the effectiveness of these solutions in satisfying their clients. We are keen to identify their current hurdles and explore ways in which we can mitigate these issues.

The report highlights significant potential for enhancement in both the quality and frequency of reporting. Alarming, it reveals a stark risk: 42% of investors might divest from their managers due to substandard report quality.

Investment managers need to look towards future-led technology that complements their service offering across all aspects of the investor lifecycle.

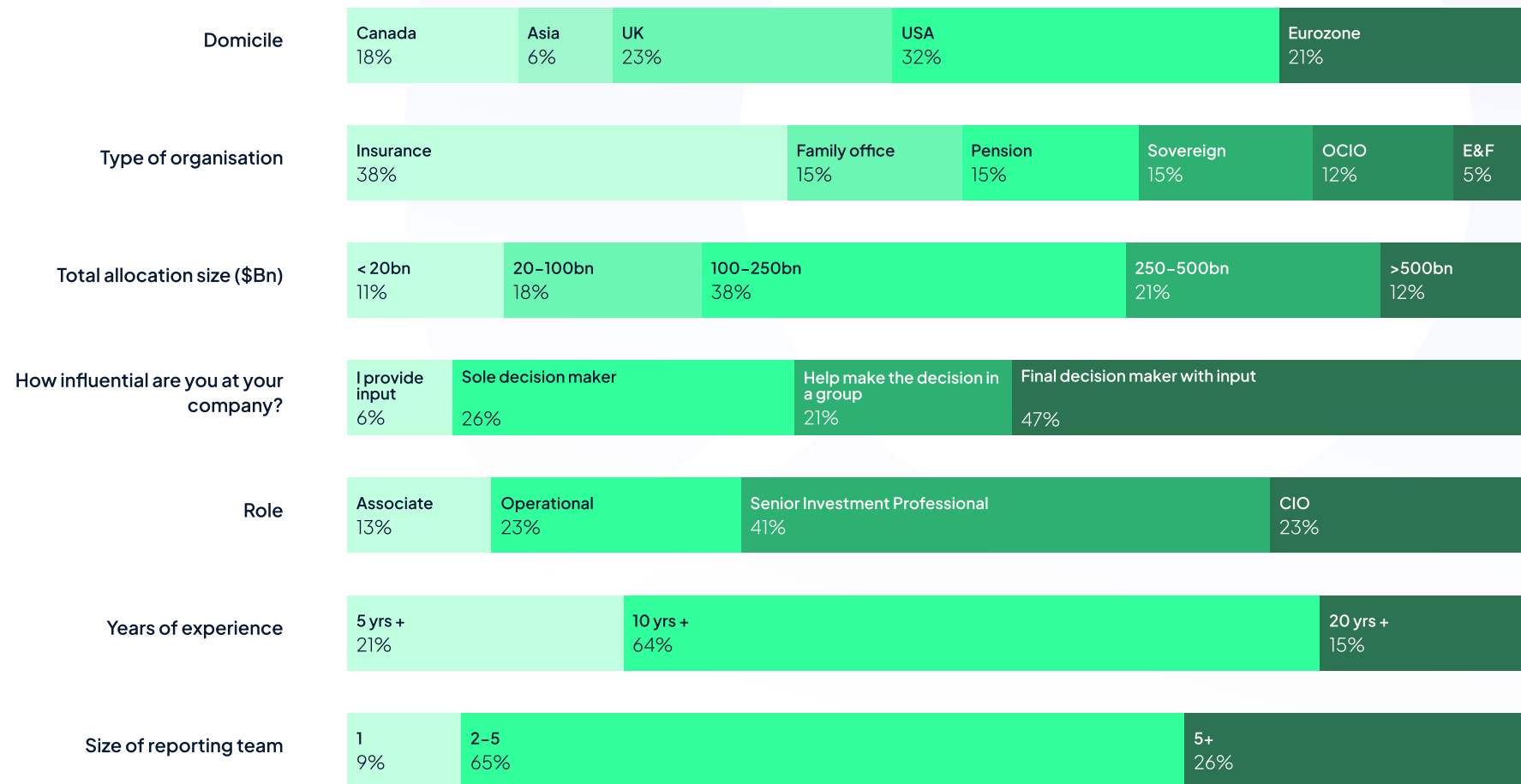
We welcome and value any feedback or questions. Please don't hesitate to get in touch with us.

**Lee Godfrey**  
Chief Executive Officer



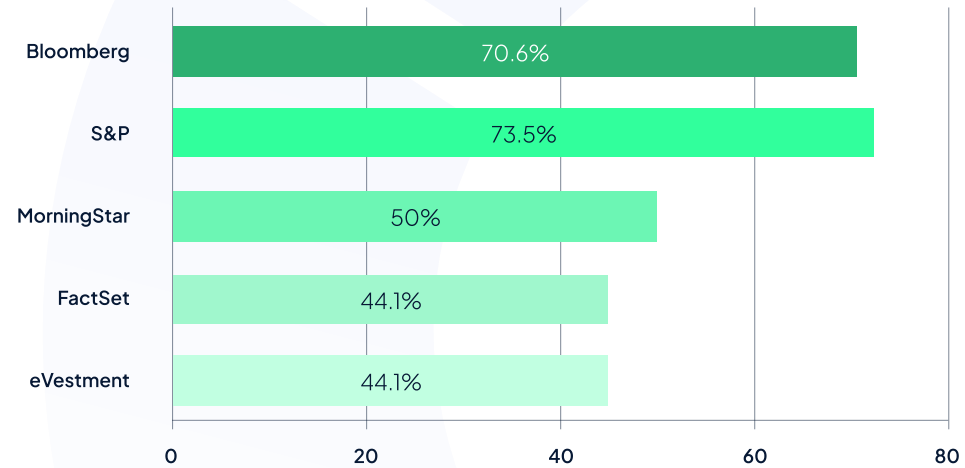
# Our respondents

The 34 respondents to our survey this year represent a diverse array of institutional investors, with a distinct bias towards senior members of the investment team and larger allocators.

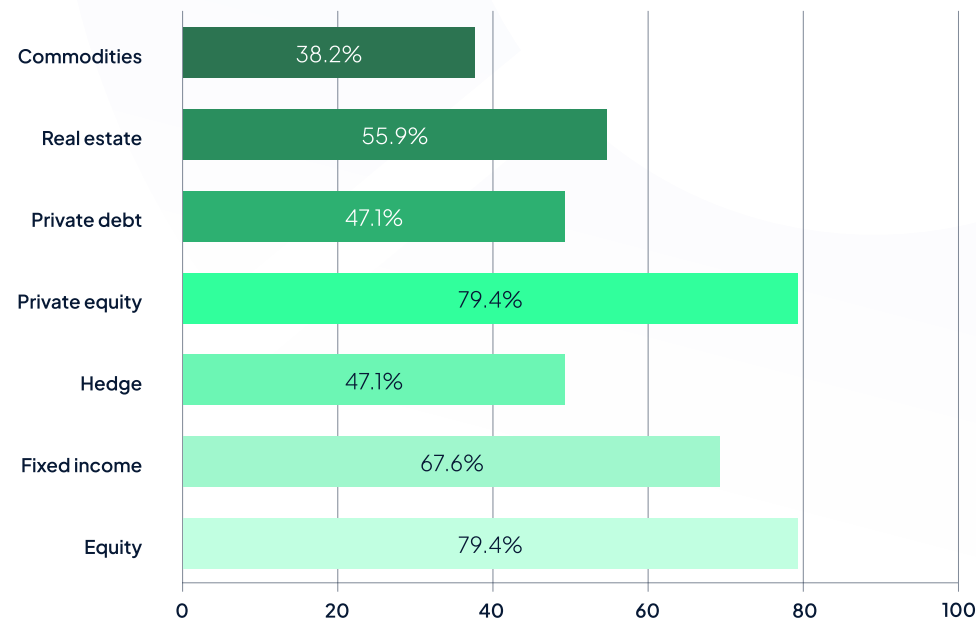


# Organisational attributes

Which of these external aggregators of performance and risk data do you use?



Please indicate which asset classes you invest in using external managers.



Kurtosys is a *secure cloud-based* platform that seamlessly puts investment data & insight at your clients' fingertips.

Trusted by the world's largest and leading investment brands, Kurtosys has a team of over 180 collaborating globally every day to help investment managers succeed and scale.

CAPABILITIES



Automate investment reports & build client portals



Websites for investment managers



7,500 reports in 11 languages every month



Transforming client experience through a dynamic reporting portal



22 digital factsheets across the Redwheel fund range multi-site instance covering 17 countries and 2 investor types



# About Adox Research



Gert Raeves is the founder and lead Research Director at Adox Research. With over 20 years of experience in banking, asset management and technology at firms including JP Morgan, SWIFT, and CEB TowerGroup, he covers strategic issues facing buy-side and sell-side firms globally and advises clients on strategy, regulation, technology and product development.

## Gert Raeves

RESEARCH DIRECTOR  
AT ADOX RESEARCH



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