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Moody's Analytics Knowledge Services Survey Finds Nearly Two Thirds of Asset Managers Will Accelerate Spending on Fundamental Research by 2022

LONDON, January 31, 2019 – According to a new study by Moody's Analytics Knowledge Services, 63 percent of asset managers globally expect to increase their spending on fundamental research as part of their investment analysis process in the next three years.

[The Annual Survey of Asset Management Investment Teams 2018](#), which polled 40 investment professionals within buy-side firms globally, explores how asset management firms organize their research teams to maximize efficiency and investment returns. The survey concluded that fundamental research is the most important tool for alpha generation for asset managers. Over the next three years, 63 percent of asset managers are likely to increase spend in this area.

Fundamental research is analysis of the investment prospects of a company or industry based on traditional and publicly available sources of data, such as company annual reports, filings, and data from industry associations. Spend on big data, alternative data, and greater focus on technology for data science will also increase by 2022, with 49 percent of participants identifying this as an area for budget allocation for the investment analysis process.

Other areas related to analytical input that will be competing for asset management firms' budget over the next three years include ESG research, with 38 percent of those polled highlighting this area for increased budget allocation, and quantitative research, with 36 percent expecting to increase spending in this area.

According to the survey, firms view their research as a critical factor in generating superior investment returns. 83 percent of respondents consider research a primary driver of

investment performance, while nearly 60 percent of respondents indicated that outsourced research and analytical support will be key to supplementing the efforts of their internal investment research teams.

“Asset management investment teams are seeking an edge in an environment where generating alpha has become very challenging,” said Chanakya Dissanayake, Senior Director, Investment Research at Moody’s Analytics Knowledge Services. “Alternative data research and use of data science is likely to emerge as a key area of innovation as asset managers integrate alt-data with traditional fundamental research inputs. Increasingly, the blend of data science technologies with modeling is where the real cost and advantage will lie, and asset managers will gain an investment edge by exploiting trends or finding them before others. This is why Moody Analytics Knowledge Services is investing heavily in the quant and data science arena to assist banks and asset managers do more with less.”

This survey was conducted with 40 global buy-side firms including institutional asset managers, hedge funds, and proprietary trading desks, during the third quarter of 2018.

[Click here](#) to learn more about Moody’s Analytics Knowledge Services investment Research capabilities for global asset managers and banks.

About Moody’s Analytics

Moody’s Analytics provides financial intelligence and analytical tools to help business leaders make better, faster decisions. Our deep risk expertise, expansive information resources, and innovative application of technology help our clients confidently navigate an evolving marketplace. We are known for our industry-leading and award-winning solutions, made up of research, data, software, and professional services, assembled to deliver a seamless customer experience. We create confidence in thousands of organizations worldwide, with our commitment to excellence, open mindset approach, and focus on meeting customer needs. For more information about Moody’s Analytics, visit www.moodyanalytics.com.

Moody’s Analytics is a subsidiary of Moody’s Corporation (NYSE: MCO). Moody’s Corporation reported revenue of \$4.2 billion in 2017, employs approximately 12,600 people worldwide and maintains a presence in 42 countries.

About Moody’s Analytics Knowledge Services

Moody’s Analytics Knowledge Services, a division of Moody’s Analytics, is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 200 financial institutions and consulting companies through a team of over 2,700 subject matter experts who work as an extension of the clients’ teams based out of various global delivery centers.

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