



# Ending the game of cat and mouse

Lang Arm Capital Partners (LACP) co-founders, John Owens and Steve Holt, chat to Sophie Smith about the inefficiencies in the institutional sales market, and how their new third-party marketing firm is making its mark with new ideas, despite the pandemic

“A game of cat and mouse” that has become “hugely inefficient for asset owners, and hugely inefficient for asset managers”. This is how Lang Arm Capital Partners co-founders, John Owens and Steve Holt, describe the institutional sales market. “And the biggest losers in the game are innovative but lesser-known investment managers who struggle to raise capital in this environment,” they add, with these realisations prompting the launch of their firm earlier this year.

➤ **So, how exactly is LACP working to differentiate itself, and improve the efficiency of the current process?**

“It’s really competitive selling investment capabilities to UK institutions, and the third-party marketing space is also a competitive market,” explains Holt. “But LACP is proving to be highly differentiated, primarily because of our hands-on institutional sales experience, the relationships we have built up over a combined 50 years of selling, and our focus on clients with private markets and real assets expertise.”

“We know the people to talk to, we know their needs and requirements, and we believe they trust us,” Owens adds, continuing: “We have worked in-house for asset managers for years, and we’ve experienced the inherent inefficiencies and slowness to adapt. An outsourced model allows us to adapt far more quickly by choosing to work with asset manager clients with capabilities that are highly relevant to the challenges faced

by pension funds right now. The way the institutional market works means that these asset managers will struggle to get their ideas in front of asset owners without expert assistance.”

The commitment LACP makes to asset owners is highlighted as yet another point of differentiation, as Holt explains that asset owners who talk to the firm can expect a “knowledgeable approach”. “We won’t waste their time trying to sell the unsellable, we’ll bring them new ideas they won’t see elsewhere, and we will take no for an answer,” he says.

New managers and new ideas are a recurring theme here, as Holt warns that not enough of each are getting through to investors. “By working smarter, there’s a win-win for pension funds here. More funds should make their investment requirements clear to the market, encouraging approaches from innovative managers with relevant capabilities and discouraging time-wasting approaches that don’t meet a current need.”

➤ **What’s been the industry reception?**

Their message seems to have resonated with the industry, as Owens describes the reception from asset managers as “phenomenal”, with 80 per cent of new clients approaching the firm directly.

“The support we’ve had from our industry peers has also been phenomenal and very complimentary, because they see the benefit of directing asset managers to us as long-term relationship-focused guys,” Owens says. “Our fundamental role is to build the profile of the people we represent over

the long-term, not just a short-term product sell.”

This also feeds through to the pair’s engagement on key trends, with the firm advising clients on the importance of taking measurable action on ESG issues or adjusting fund terms to demonstrate alignment and best practice. Owens says: “Our clients typically have limited experience of the UK institutional market, and what pension funds expect from their managers. It’s in their best interests and ours that we anticipate problems and help them present their capabilities in the best light.”

“The investment landscape changes all the time,” Holt adds, “and investors’ requirements evolve to meet these changes. So we as a business need to evolve, ensuring our client list refreshes regularly with the best new ideas and managers. I think that will be good news for the pension funds we sell to and it will be good news for us.”

“The primary objective of pension funds – to invest to pay pensions – hasn’t changed,” Owens emphasises. “But the industry is certainly more sophisticated than ever, and we aim to introduce at the margin all these interesting things that will eventually become mainstream.”

“As a business, we think that new and interesting ideas are more valuable to investors than brands” Holt says. “People stayed with brands in the early stages of the pandemic, but we’re now moving into a new environment and hopefully the new ideas will win through.”

➤ **Written by Sophie Smith**