

The Big Interview: iMGP's Couvrecelle on growing the business fivefold in the next decade

London to become the firm's European base

Valeria Martinez



Philippe Couvrecelle, iM Global Partner's founder and executive chair, talks to Investment Week's Valeria Martinez about the beauty of active management, its European expansion plans and his ambitions to reach \$150bn AUM before the end of the decade.

In 2013, when Couvrecelle set up his own business following 20 years at Natixis and five years at Edmond de Rothschild, the idea was to think about a new model bringing the best

of the two worlds: independent boutiques and the distribution power of the biggest asset management companies.

With one of the industry's most powerful names as its founding shareholder - Amundi - the multi-boutique asset management platform has gone from zero to eight partner investment firms and \$33bn AUM in less than ten years.

A clear stance on active vs passive

While at Natixis, where his final position was deputy CEO, Couvrecelle created the firm's multi-manager business in 2000, which was launched in partnership with Goldman Sachs Asset Management.

Besides learning how to speak the same business language as the Americans, this experience taught him the beauty of active management over passive investing, a belief that is still core to the company's principles.

The Big Interview: Rathbones' CIO on chemicals, crocodiles and retirement plans

"The value proposition for our clients is that we will beat the market 70% of the time, 50% is not enough. Not 100%, because that never happens. I've been strongly convinced since the beginning of my career that you can achieve that goal. It's not easy, but you can do it," he says.

"When you want to be a passive asset manager, like BlackRock, it's a matter of balance sheet, of market execution, of risk control, a lot of money, a lot of people, a lot of power.

"When you are a bond or an equity stock selector, it's a matter of people, of team. You need a desk, a Bloomberg terminal, a screen and a phone. It's not a lot of money, it's really human skills, and that's what we are looking for."

The opposite of a smooth star

Despite being a European asset management firm, it has more of US bias, with seven out of the last eight investments made in independent boutiques in the US.

"We are highly connected to the US market. This is not very common in the European asset management industry," he explains.

"Why is that? It's because we are not afraid of the US market, because I've been very used to it for the past 22 years. It's also the biggest market for the asset management industry. When you are a fisherman and you want to find fish, you go where you find the most fish."

iM Global Partner hires David Barfoot as UK sales head

As a new company, iMGP faced numerous hurdles when trying to attract partners despite the pedigree of its founder. It took the firm two years to make its first investment in 2015, choosing Polen Capital, the \$62.9bn Florida-based growth equity manager.

"Our first challenge at the beginning was that people didn't know who we were. They used to say: 'Who are you? Why are you calling me?'. We had to convince them to speak to us, but it was much easier with US managers," he recalls.

"The beauty with the US asset management market is that it is very competitive, which means that it is really open when you are new and if nobody knows you, if you have a good story they listen to you. In Europe, if they don't know you, they don't even talk to you."

Expansion towards Europe

The firm's only investment in Europe is the \$1.9bn London-based, long-only and market-neutral equity boutique ZADIG Asset Management.

"We started in the US because it was way more natural to us, but obviously, we are a European company and we want to be strong in Europe," he says.

iMGP kicked off its European expansion plans with the hire of Jamie Hammond, who joined the company's London office a year ago from Alliance Bernstein to accelerate its EMEA business.

The Big Interview: TJ&P's Tim Whiting on becoming the 'One Ham Yard' of London IFAs

A lot of the heads of the firm's main business functions outside of the US are now based in London, including deputy CEO and CIO for research and investment Jean Maounoury and chief marketing officer Jackie Mills.

Although Paris remains the firm's largest office in terms of headcount, iMGP is planning a big move to London this November, where the company wants to establish its European headquarters.

"For us, the UK market is really important. We were really weak in that market before and we want to be stronger because it's one of the most open markets and the biggest in Europe," he notes.

"That's where we will have the biggest offices, bigger than Paris. Even though I speak as a French and European citizen, despite Brexit we think London is still the strongest spot in Europe for asset management. London will be our main base in Europe for us as a company, even if we're French."

Rebalancing its manager roster

iM Global Partners' European expansion ambitions will seek to go much further than a logistics or business development move, as the firm is also planning to rebalance its manager roster with independent boutiques based in the continent.

The multi-manager is currently in discussions with more than 50 European asset managers, including UK firms, with closed discussions with at least five. In the next 12 to 18 months, Couvrecelle will aim to make between one and three investments in European investment firms.

First on the list? A European fixed income specialist or two. iMGP currently has only one fixed income investment firm on its roster: the \$6.9bn Chicago-based Dolan McEniry, which specialises in US corporate bond strategies.

iM Global Partner brings Richard Bernstein Advisors' strategies to Europe with fund launches

Next up is European emerging markets managers, both debt and equity, although the firm is open to global managers too.

Listed assets are iMGP's bread and butter, Couvrecelle explains, but a foray into private markets is not off the table in the medium-term.

"Stocks and bonds are the biggest market, and that's our strength. That's why we are there. But I think in the coming years, we will make an investment in the private side, which can be infrastructure, private equity or private debt. We are open discussions, perhaps not for the coming months, but for the coming one or two years," he says.

\$150bn AUM by 2030

Couvrecelle has said, on numerous occasions, that the company aims to reach \$150bn AUM by 2030, a growth rate of nearly 354% in less than a decade. By 2025, the firm is looking to reach \$60bn in assets by 2025, effectively doubling its current AUM.

While its planned growing presence in Europe will play an important role in achieving this goal, the target also takes into account organic growth plans from its existing asset management partners and further acquisitions and capital deployment.

The Big Interview: Franklin Templeton's Gilbey on challenges, opportunities and industry evolution

"There are some similar companies to us who have 20 or 30 investments, but we think that is too much. My feeling is that we should achieve 15 partners at the most, which is already a lot," he says.

"I really think the most difficult part is not the coming eight years; it was the past five years, because when you start from scratch from nothing, lots of people doubt you. It's not easy, but it's less challenging than it was five years ago, and we've seen it is achievable."