

STRATEGICALLY SPEAKING

FIERA CAPITAL

Montreal's succession story

LIAM KENNEDY

If Fiera Capital were a retail store it might need a big shop window. It is perhaps better known in the institutional world outside Canada for strategies like real assets – particularly given its established presence in the UK property sector – but Fiera is a full-service asset manager that is also a big deal in its home town of Montreal. The figurative shop window offers everything from Canadian bonds to global equities, and includes a comprehensive suite of real assets and lending strategies.

Jean-Guy Desjardins, who turned 79 this autumn, founded what became Fiera Capital in 2003 after he sold TAL Global Asset Management, which he co-founded in the 1970s, to Canadian bank CIBC.

"He is a true entrepreneur," says Klaus Schuster, who joined Fiera in mid-2023 as EMEA CEO from PineBridge, where he had spent the last 21 years, latterly as EMEA CEO and global head of private wealth.

"He thinks about long-term opportunities and how to build something that keeps the clients very well informed and serviced, but also wins new clients over time. And I think that's at the forefront of everything."

Desjardins has overseen a growth-through-acquisition strategy since Fiera's first years, with the firm snapping up the emerging markets specialist Charlemagne in 2016 and Asia credit manager Clearwater Capital Partners in 2018 – just two of many deals over the past 20 years.

Desjardins stepped down as CEO in January 2022, with Jean-Philippe Lemay as his successor, although he remained as executive chairman.

But Lemay was ousted after barely a year, and Desjardins again assumed the mantle of CEO. "I returned as CEO energised, passionate about navigating our business through this complex period," Desjardins told analysts shortly after his re-appointment.

This inevitably raises the question as to what happened. Lemay became CEO after nearly a decade at the firm, after assuming the role of global president and COO in 2020, from which position he led public markets and distribution capabilities.

Schuster deals with the matter succinctly. "The previous management centralised and people lost touch with clients. I think that's something Jean-Guy felt very strongly about, and I feel very strongly about, and that's why [he] came back into the business at the beginning of the year."



Photo: Guy Tessier

Fiera Capital's offices in Montreal



Klaus Schuster



Jean-Guy Desjardins

KLAUS SCHUSTER

- 2023- EMEA CEO, Fiera Capital
- 2017-21 Europe CEO, PineBridge and EMEA CEO from 2020
- 2013-17 Head of Europe business development, PineBridge
- 2001-13 VP, European sales, PineBridge

FIERA CAPITAL

- AUM: C\$155.3bn (30.9.23)
- Private markets AUM: C\$18.8bn
- Headquarters: Montreal

Decentralised structure

Desjardins has put several potential successors in place as he has set about dismantling the previously centralised structure.

He revamped the executive team, with three investment business units. John Valentini was appointed CEO of private markets; Jean Michel as CIO of public markets; and Peter Stock was put in charge of private wealth.

Over the course of this year, distribution has been parcelled out to four regional CEOs with Schuster in the EMEA role; Eric Roberts as US CEO; and Rob Petty as Asia CEO. A search for the fourth regional CEO, covering Canada, has been completed but the name had not been disclosed at the time of writing.

The idea is to move distribution teams closer to the portfolio managers and the investment strategies they will represent to clients. Schuster says he speaks to Desjardins several times a week and Desjardins had already travelled to London four times in the first few months since Schuster joined Fiera in May. According to Schuster, the regional chiefs all have "a mandate to really run, manage and expand each region".

"These appointments allow us to expand and strengthen our presence in each of our geographies as we continue to focus on building local capabilities and being closer to our clients," Desjardins told analysts in early November.

"We expect a significant impact on our new business growth from this reset and decentralised distribution model."

Revenue set to stabilise

Markets have provided a challenging backdrop against which to implement the new strategy and, in common with

other managers, Fiera has suffered a decline in revenues in the past two years. Nevertheless, top-line revenue, down 9.1% in calendar year 2022, is forecast to stabilise in the final quarter of this year at negative 2.85% against last year.

Overall, AUM fell 5.4% over the third quarter of 2023, to C\$155bn (€104bn/US\$113bn), mostly down to poor equity returns and losses on long bond and LDI portfolios.

In contrast, private markets were flat at C\$18.8bn – new client money inflows were offset by cash distributions. But net inflows slowed to C\$200m over the quarter, or C\$1.8bn for the year to date, although infrastructure posted positive returns over the quarter, as did private credit.

Private markets account for around 30% of overall revenues, despite representing just over 12% of AUM, and have been described by Desjardins as a "strategic priority".

The distribution teams and their new regional heads will need to focus on keeping existing clients on board as well as finding new ones. Schuster says Fiera will open an office in the Middle East in 2024. He also wants to focus on private wealth distribution across Europe and the wider region, and is looking to hire people with close connections to the wealth market in countries like Germany.

To assist with the traditional institutional pipeline in countries like the UK, Schuster also points to the appointment of Mandy Adamou, also previously at PineBridge, who joins as EMEA head of consultant relations.

Fiera's real assets and private market capabilities will inevitably be an important calling card. One key area is natural capital. Fiera Comox (founded by Fiera and former executives from

Canada's PSP federal pension fund) runs agriculture and forestry funds, including the Fiera Comox Agriculture open-ended fund. The UK property operation, which manages a suite of funds with £1.1bn (€1.3bn) in AUM, also serves as a useful introduction to the firm.

Schuster points to real estate debt, which is seeing considerable demand, and wants to leverage the firm's private equity capability. Overall, he sees opportunities "building up", and points to the breadth and depth of the product platform across traditional and private asset classes. "My absolute goal is to increase flows from clients and prospects," Schuster says. If you move closer to clients and have the right strategies, flows "shall come".

He adds: "We've grown, we have the strategies in place that we like and that the clients seem to like. So I think that's the focus for the next few years, to really grow these strategies. Mergers and acquisitions are not the big focus."

Despite having a suite of strategies, changing horses mid-stream is hard and as a publicly listed asset manager, the results of Desjardins' strategy will be plain for all to see.

If his strategy does pay off, large players that have opted for a more centralised model may one day wish they had followed his lead.

Desjardins is certainly not the first business founder to hand over the reins and subsequently regret the decision, even though he must contemplate hanging up his asset management boots in the not too distant future.

As for the remainder of Desjardins' tenure, Schuster sums him up: "Working with an entrepreneur is very different from just working with managers. It's a huge difference."