



Independent Investment Management Initiative

Independent Investment Management Initiative Membership Criteria

As our industry and our members evolve and in the absence of a single definition of what constitutes an “independent investment boutique” asset management firm, IIMI has produced a list of criteria to be used to determine whether a firm qualifies for membership (outlined below).

Furthermore, it is our belief that a firm’s ownership structure is a critical driver of its culture, incentives and day-to-day behavior. Because the public-market environment often imposes pressures and priorities that can diverge from those of a genuinely independent boutique, we believe that publicly listed structures are, in most cases, unlikely to align with IIMI’s ethos. Therefore, notwithstanding the list of criteria, only investment firms that are privately owned will be eligible for membership of the IIMI.

As recommended by a Board sub-committee on membership criteria and as agreed upon by the board, membership of the IIMI will be open to Investment Management firms that meet at least **4** of the following **6** criteria. IIMI should be able to grant membership to firms that meet 3 out of 6 criteria on a case-by-case basis:

	Criteria	Factors to consider when assessing each criteria:
1	Investment-led	Is the firm governed by investment professionals and run with a strong sense of Stewardship?
2	Focused	Does the firm demonstrate focus, for instance on a few strategies (asset managers) or other client propositions (wealth managers)?
3	Client-aligned	Has the firm been structured to achieve material alignment of interests with clients, either through substantial co-investment, partnership structures or performance-related fee structures? Alignment could also be demonstrated by a firm committing to capping the AUM of a substantial proportion of its strategies.
4	Distinctive	Does the firm have a distinctive investment philosophy or style (asset managers) or client proposition (wealth managers).
5	Highly active	<p>Does the firm have a demonstrable commitment to highly active investment management, either through their own investment approach (asset managers) or offerings (wealth managers)?</p> <p>When defining “Highly Active” investment strategies, the IIMI refers to the definitions in the March 2009 paper “How Active is Your Fund Manager? A New Measure that Predicts Performance”* by Martijn Cremers and Antti Petajisto. Portfolios with an Active Share above 80% clearly qualify. Asset managers with significant assets in strategies with an Active Share below 60% are unlikely to meet this definition.</p>
6	Small	AUM <£5bn. Firms with less than £5bn in AUM are naturally aligned with our membership goals and principles, but size alone cannot be determinative. Larger firms can certainly still qualify for membership based on meeting the other criteria.