

MIFID II impact on our business model

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MIFID II - business as usual – for now

- No or modest operational impact on our business so far...
 - Still same access to broker research and corporates
 - But we believe some industry trends will accelerate

- Some facts:
 - NAM Danish Equities manage assets of DKK13bn
 - We have been paying DKK10-12m for broker research - as part of commission – before MIFID II
 - We are now paying for research directly – out of NAM's own pocket
 - Our payments for research have been reduced by more than 20% this year - in line with industry trends

Industry trends to be accelerated by MIFID II

- No immediate impact – but some industry trends will accelerate:
 1. Lower investor payments for broker service
 2. Cash equity business models under pressure
 3. Potentially fewer analysts, more younger analysts + more time on marketing
 4. Lower quality of broker research
 5. Potentially coverage of fewer (smaller) companies
 6. The market will get increasingly in-efficient (accelerated by algo-trading and passive funds)
 7. We will increasingly bypass broker service by direct corporate access and by insourcing research
 8. IR functions will experience more direct requests from investors
 9. Smaller companies will find it difficult to attract investors

Thank you!

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