

BEHIND THE SCENES AT THREADNEEDLE'S MERGER AND MAJOR REBRAND

The merger between Threadneedle Investments with Columbia Investments did not happen overnight.

The sister UK and US asset management firms, which last month announced they were uniting their investment capabilities, had increasingly been working closely together under the watch of parent group Ameriprise Financial.

'We have been working together more closely for the last two years,' Mark Burgess, who becomes global chief investment officer in the combined entity, told *Wealth Manager*. 'We've done this slowly and steadily and got to know each other over the last two years. We have low ego culture and they are like-minded souls. There is a complete cultural overlap and we know this is going to work.'

Columbia Threadneedle Investments, as it will become known, controls some £316 billion in assets, making it the thirtieth biggest asset manager in the world. It has a presence in 18 countries across Europe, the Middle East, North America and Asia Pacific and employs 500 investment professionals based across various locations in England, Singapore and the US.

Threadneedle, which was formed 20 years, is an instantly recognisable brand, given the Bank of England is based on a street by the same name. But the firm, which is relocating its London headquarters from St Mary Axe to Cannon Place later this year, does not consider the rebrand as a dilution of its standing in the UK market.

'I feel passionate about the rebrand,' Burgess said. 'It is a statement of intent to clients on a close relationship that has come together.'

The move gives Threadneedle access to the US market through the Columbia name, while the latter benefits from Threadneedle's profile in Europe.

'Threadneedle is very well known in London and Europe, while Columbia is well known in the US,' Burgess said. 'The US market is

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Columbia Threadneedle Investments in numbers:

£316 billion (\$505 billion):
combined AUM

18 countries, with a presence
across Europe, Middle East,
North America and Asia
Pacific

500 investment
professionals

2,000 staff

30th largest global asset
manager

5th largest retail manager
in UK

11th largest manager of
long-term funds in US

large and complex and the ability to follow it can sometimes be compromised. We will now act as one investment team. We have been given the chance to be truly global and this is a fantastic opportunity for us.'

Columbia runs around \$160 billion in US fixed income and while Burgess highlighted its leading position in high yield bonds, he said there are no immediate plans to bring any of Columbia's range of products to the UK mainstream market.

He added that if investors do want access to a particular Columbia product, this can be arranged. He gave the example of Guy Pope's top-performing US Contrarian Core fund as a vehicle being distributed through the UK and Europe on special request.

Essentially, it is business as usual for Threadneedle following the merger and Burgess stressed Threadneedle's honed process will not get lost in the process.

'Things have not been centralised. We have formed a view and common understanding on investment but we are not bound by it. It keeps fund managers informed and helps them navigate markets.'

One month into 2015, markets have had an incredible amount to contend with, including the fall in the oil price, the Greek election, the Russia crisis and the Swiss National Bank's shock decision to remove the franc's euro peg.

Burgess believes the combined investment divisions give the firm a stronger basis to react to these extreme conditions. 'I believe if you don't have a macro view in your process, you are at a disadvantage. The macro drop has been very important in guiding our fund managers through these markets,' he said. 'You can't stand still. Coming together is important. We now have deeper coverage and we can improve and move forward.'

Mark Burgess: Combined divisions give the firm a stronger basis to deal with volatility

One area where Threadneedle has experienced upheaval recently is within its US equity business, where star manager Cormac Weldon led a team move to Artemis. Now its relationship with Columbia has been formalised, resulting in access to a wide range of products popular with US investors, would it not make sense for Threadneedle to relocate this proposition to the US?

Burgess dismissed the suggestion.

'Our clients are happy having a European-based asset manager running US equities and [US equity head] Diane Sobin thinks there's a benefit to having this timezone advantage,' he said.

'We won't compromise our US equity offering based in London but we now have a \$150 billion US equity business based in the US that is meeting companies on a daily basis. Our eight-strong team here speaks to the US every day; this takes it to a new level in terms of research.'

Ultimately it is the investment cohesion that Burgess believes gives Columbia Threadneedle Investments a formidable platform.

'Our investment vision is to make it sing and hum and we want to generate outcomes that serve clients' needs. If we get this right, we will be the best in the business,' he said.

