



Goldman Sachs Asset Management expands European presence and ESG focus with NN IP acquisition

In August 2021, Goldman Sachs announced the acquisition of NN Investment Partners. The transaction roughly doubles the size of its business in Europe and makes the Netherlands a key location and centre of excellence for sustainable investing in public markets within its global business. We spoke to Fadi Abuali, Chief Executive Officer of Goldman Sachs Asset Management International, on the background to the acquisition and what clients of both firms can expect from the combined group after the acquisition has closed.

By Harry Geels Photography Kees Rijken

Your firm is one of the largest investment organisations globally and one of your biggest centres is now located in the Netherlands. Can you reveal your strategy and tell us what has led to the acquisition of NN IP?

'When Goldman Sachs outlined its growth strategy to investors in 2020, asset management was identified as a key area of strength for the business and an area with significant potential to expand our presence and offering to clients, both through organic growth and M&A.

We have a strong history in asset management dating back over thirty years, a truly global presence and a depth of expertise across public and private markets. One thing we are seeing in the industry is a desire from clients to provide holistic solutions and advice across public and private asset classes, and with ESG and sustainability as an important consideration in many cases. We are beginning to see consolidation in various areas of the investment industry, with smaller or more specialist firms combining to achieve the kind of scale and breadth

of offering that we have been fortunate to have for many years. Still, we are always on the look-out for compelling opportunities that will enhance our ability to serve clients.

When NN Group decided to sell NN IP, we identified the business as being extremely complementary to our own, with limited overlap in product offering. We also recognized NN IP's strength in ESG integration and sustainability and believed that combining it with our offering would be of great benefit to clients, helping us to scale and accelerate growth in Europe.

We are excited that the Netherlands will become one of the most important locations for Goldman Sachs in Europe and to welcome the extremely talented team at NN IP.'

How will the combination of both asset managers benefit clients?

'Our combination creates a strong platform to provide an expanded offering and dedicated service to clients glo- >

bally, bringing together the best of both organizations to deliver a broader set of complementary investment capabilities and solutions across all asset classes.

Additionally, we believe our clients will benefit from increased access to top talent in the industry and further investments in areas such as technology, data and sustainable investing. NN IP's expertise in sustainable investing and ESG integration will be leveraged to complement existing investment processes and deepen sustainable investment practices across strategies.

We bring a number of capabilities that can benefit NN IP's clients, including expanded offerings across asset classes and broad resources to deliver high quality investment strategies and tailored solutions.

In addition to our public markets' investing capabilities, we are a top five alternative asset manager with over \$ 400 billion total in alternative investments, including growth equity, private equity, real estate, infrastructure, private credit and impact investing. NN IP clients will benefit from access to this differentiated global platform.'

NN IP is known for its strength in ESG, something that is very important to Dutch investors. How will you build on that success?

'We seek to continuously deepen our work in sustainable investing and stewardship as a core part of our investing activities. We look for emerging opportunities that catalyze positive progress for generations to come. We believe the acquisition will strengthen this position and advance our ambition.

We remain committed to placing sustainable investing at the heart of our business and will leverage NN IP's expertise and their existing centre of excellence for sustainability to complement our current invest-

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ment processes and deepen ESG integration across strategies.

We aim to advance sustainability efforts through investing strategies and solutions that seek positive and measurable impact. Our clients are increasingly seeking ways to enhance the ESG alignment of their investments and have a positive impact while generating robust financial returns.'

What are the cultural differences or similarities you've observed between Goldman Sachs Asset Management and NN IP? What do you think of the culture at NNIP? Is it very different from your firm's?

'We believe the culture of both firms aligns well and are eager for the many opportunities for both sets of employees to learn from each other and grow together over time. Both organizations put client service at the centre of their businesses, strive for excellence in everything they do and see sustainability as a priority.'

You recently extended your stewardship voting policies to encourage greater diversity on company boards. Could you tell us why diversity is important to you as a business?

'Late last year we announced that we will expect companies in the S&P 500 and FTSE 100 to have at least one diverse director from an underrepresented ethnic minority group on their board. We also expanded our policies to expect public companies globally to have at least two women on the board, unless the board has fewer than 10 members or where local requirements are already higher than this minimum.

We use proxy voting to help influence behaviour at

companies in which we invest on behalf of clients. Our proxy voting policies reinforce our commitment to make diversity a core part of our standard for investing client assets.

'Diversity is about performance and unlocking value for our investors.'



CV

Fadi Abuali

Fadi Abuali is Chief Executive Officer of Goldman Sachs Asset Management International, Co-Chief Executive Officer of Goldman Sachs for the Middle East and North Africa region and Head of Asset Management EMEA Client Business. He joined Goldman Sachs in 1997 as an Associate and rejoined the firm in 2001 as an Executive Director. Abuali was named Managing Director in 2006 and Partner in 2014.

For us, diversity is about performance and unlocking value for our investors. We believe diverse companies perform better and that encouraging diverse perspectives to be heard in the boardroom and at management level leads to better commercial outcomes.

Diversity is also a priority within our own business and we set aspirational goals for hiring and senior representation, in addition to tasking managers across the firm with prioritizing diversity and promoting an inclusive workplace.'

Your organization is a top five player in Alternatives globally. What are some of the dynamics at play in that area of the industry and which role could Alternatives play in client portfolios?

'Private markets have become attractive to an increasingly wide range of audiences in recent years, providing the opportunity for differentiated sources of return compared with public markets. Faced with rising inflation, we have seen interest from some investors in areas like Real Estate and Infrastructure. In addition, there is a huge amount of innovation taking place across industries and geographies as technology transforms every sector. Some of the investment opportunities resulting from this disruption can be accessed through private markets.'

Our Alternatives platform has over \$ 400 billion assets under supervision (AUS) across growth equity, private equity, real estate, infrastructure and credit – this is a truly differentiated business and we are seeking to expand our offering as well as providing new ways for clients to access these products.'

The acquisition of NN IP makes you the largest non-affiliated manager of insurance assets globally. Why is that such a focus for your business and what are some of the complexities faced by insurers today?

'Insurance companies have complex requirements and concerns when it comes to their investments. We believe scale, dedicated expertise and breadth of offering are particularly important for serving insurance clients.'

Goldman Sachs' insurance platform, which will have over \$ 550 billion in AUS following the acquisition, includes partial to full outsourcing solutions involving fixed-income strategies, alternative investments and equities. Our insurance group offers a suite of advisory services including asset liability management, strategic asset allocation, capital-efficient investment strategies and risk management.

We recently published our 11th annual Insurance Asset Management Survey, capturing the views of 328 CIOs and CFOs representing over \$ 13 trillion in global balance sheet assets, which accounts for approximately half of the global insurance industry.

The survey found that higher vaccination rates have eased worries about the pandemic, but rising inflation and the effect on monetary policy are now top of mind. As political and financial policy uncertainty raise concerns around credit and equity volatility, investor demand remains high for yield-enhancing strategies across the risk curve in fixed income, equities and private assets.'

You've stated your ambition to grow the fiduciary management business in Europe. How do you plan to go about that?

'The acquisition provides a foundation to further grow and invest in the firm's Dutch and European fiduciary management business, with NN IP's strong existing business in the Netherlands. We will leverage our presence in the Netherlands to grow the fiduciary management business in Europe, building on the success of our platform in the United States and United Kingdom.' ■

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