



# *Asset Management 2020:* Trends and developments in Asian asset management and fund distribution

What are CEOs saying about  
the state of their industry?

# ***PwC Global annual CEO survey***

**1,379**

global CEOs

**79**

countries and a  
range of industries

**20**

in-depth  
interviews



**1,379** global interviews conducted between September and December 2016

**2,196** members of the Global PwC CEO Executive Panel were invited to participate via the online survey contributing to the total online responses

**36%** have revenues of **\$1 billion or more**

Industry data cuts for **~20 sectors**

Quantitative research supplemented with **face-to-face interviews with 20 CEOs**

The research was co-ordinated by r2i, part of PwC's Consulting practice in Northern Ireland

# Asset Management growth confidence

**92%**

of asset management CEOs are  
'very confident' or 'somewhat  
confident' about their revenue  
growth in 2017

**29%**

AWM CEOs expect  
growth to improve  
compared to 30% in  
2017



**2017**

**USA China Germany UK**

**54%**

**28%**

**25%**

**18%**

**2016**

**39%**

**24%**

**23%**

**13%**

# ***Finding new paths to profitable growth***



## **31%**

*Almost a third (31%) of the asset management CEOs surveyed reported engaging with customers through joint ventures, strategic alliances or informal collaborations, while another 32% are considering doing so.*

## **Malaysia's Affin Hwang launches Value Partners feeder fund**

By Shannen

Malaysia's  
access to a  
RM100 mil



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## **Aberdeen buying Flag Capital to widen global alts offerings**

By Mary Grace Brody M

Aberdeen Asset Manage  
statement from Aberdeen



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## **China's Xiaomi, E Fund in investment app launch**

**AsianInvestor**

*Inside Asia-Pacific's asset management industry*

## **Amundi to move into Asia's competitive ETF marketplace**

By Bernadette Tio | 16 March 2015

**The French asset manager will soon make its debut in Asia's ETF market, which its North Asia CEO**

online investment application that works on its devices,  
nagement, will be made available to about 100 million



# ***Potential business threats***

## **Top five potential business threats to company's growth prospects**



**Availability  
of key skills**

**71%**



**Speed of  
technological  
change**

**66%**



**Shifting  
consumer  
behaviours**

**64%**



**Lack of trust  
in business**

**61%**



**Cyber threats**

**59%**

# ***Attention is moving from bankers to asset managers, and will be as unrelenting***

## **UK to extend market abuse rules to fund firms**



nt for market abuse will be extended to England itself under a clampdown ight. So reports the *Financial Times*.

Hedge funds and private equity firms need to be smarter



US President Barack Obama took aim at asset managers this week

When US politicians wanted to attack: the "fat-cat banks"

This week, President Barack Obama... students. But instead of railing against asset managers who make up the bulk of private equity players. "The top 25 kindergarten teachers in the country forced to pay higher taxes on their



## **China sanctions 4 fund firms in latest probe**

The China Securities Regulatory Commission (CSRC) [announced](#) on Friday last week it has imposed sanctions on four asset management companies and three securities firms due to failures in their information technology systems.

Shenzhen Rongtong Capital Management is banned from signing on new segregated accounts for six months, while a similar ban on Fuanda Fund Management, Galaxy Capital and Beijing Chance Capital Management will last three months.

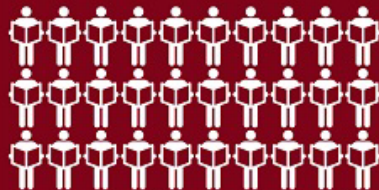
operations. There's a fairness issue here.

# ***Asset managers also now need to transform their business for a new global tax world***



## ***In 2020 and beyond***

*investment firms will need timely access to all their accounts in every jurisdiction and be able to make comparisons at group level.*



## ***In 2020 and beyond***

*data security will be high on the agenda of tax functions due to concerns over confidential information being inadvertently released or shared publicly.*



## ***In 2020 and beyond***

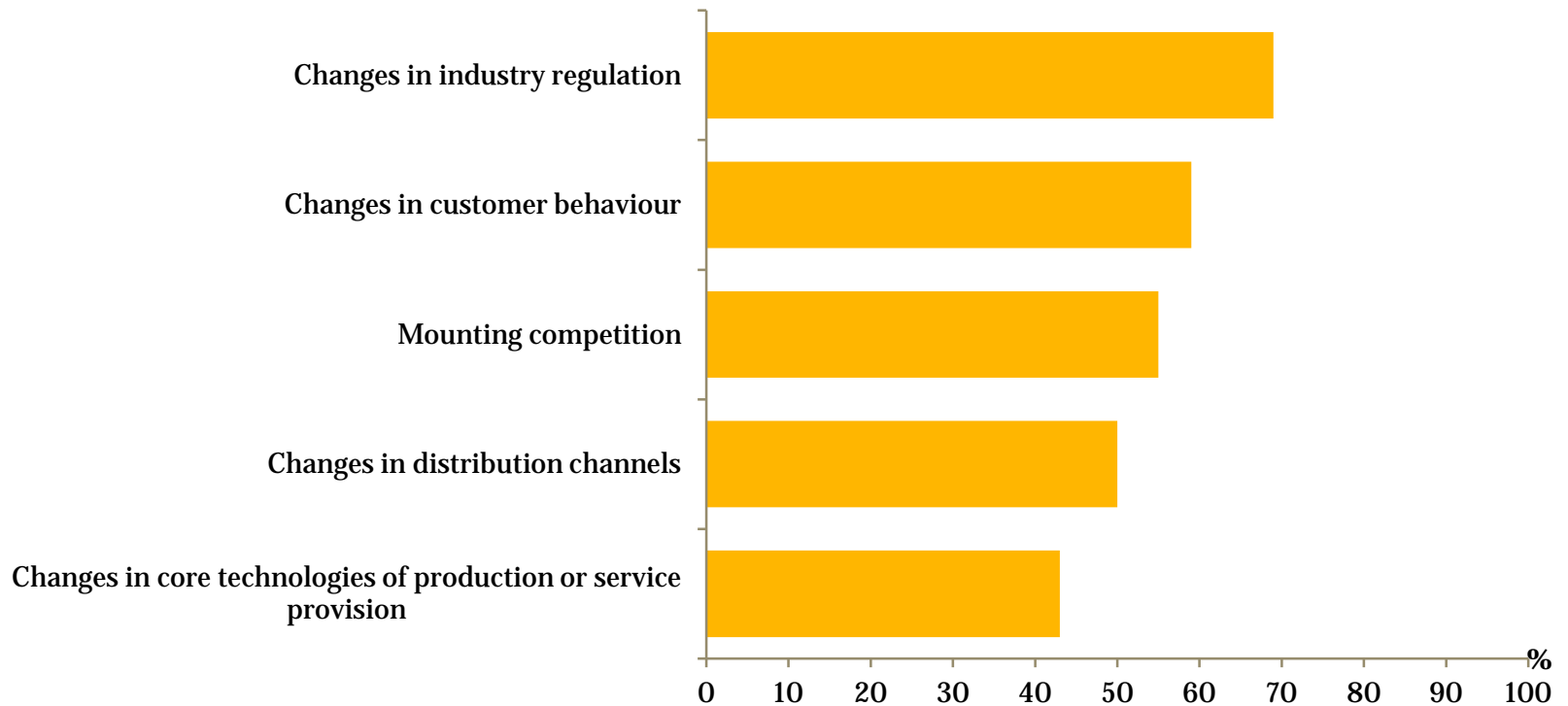
*technology will not only be close to the heart of asset managers – the tax authorities will also have made significant investments by then too.*





# ***Disruption is also coming from sources they are not familiar with***

## **Top 3 disruptions**



Source : PwC 18th Annual Global CEO Survey – Asset Management

# ***Repairing damaged trust***

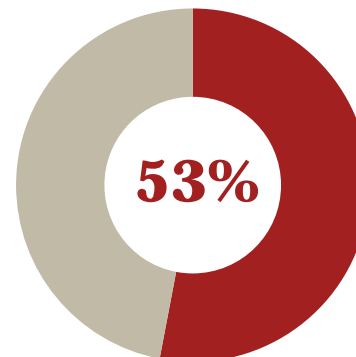
Low levels of trust in an increasingly digitised world.



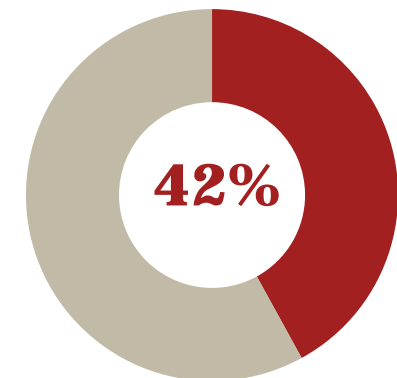
**62%** of AWM CEOs agree that it has become more difficult to gain and keep trust.

## **Biggest threats to trust**

Cybersecurity breaches affecting business information systems



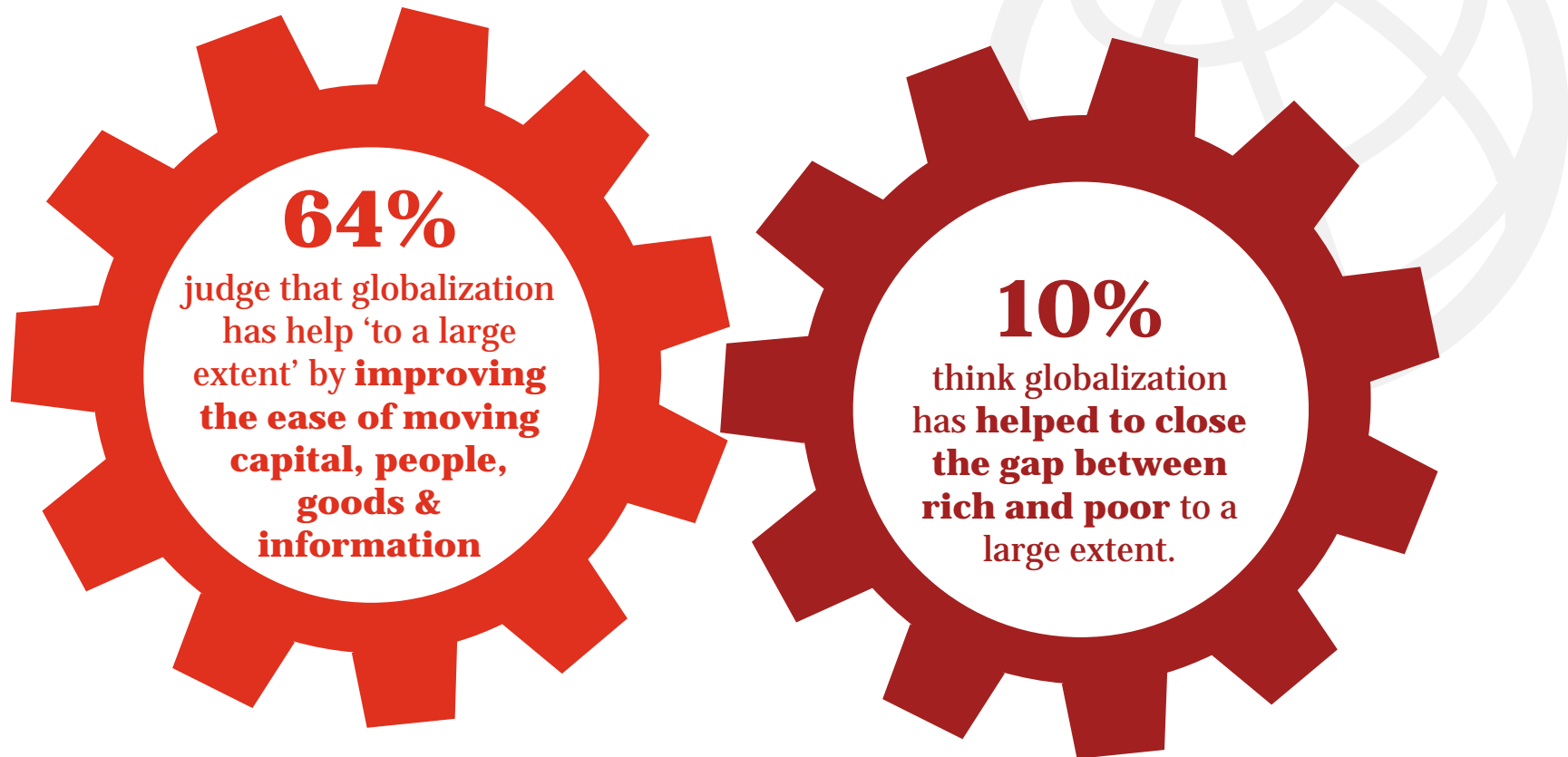
IT outages and disruptions



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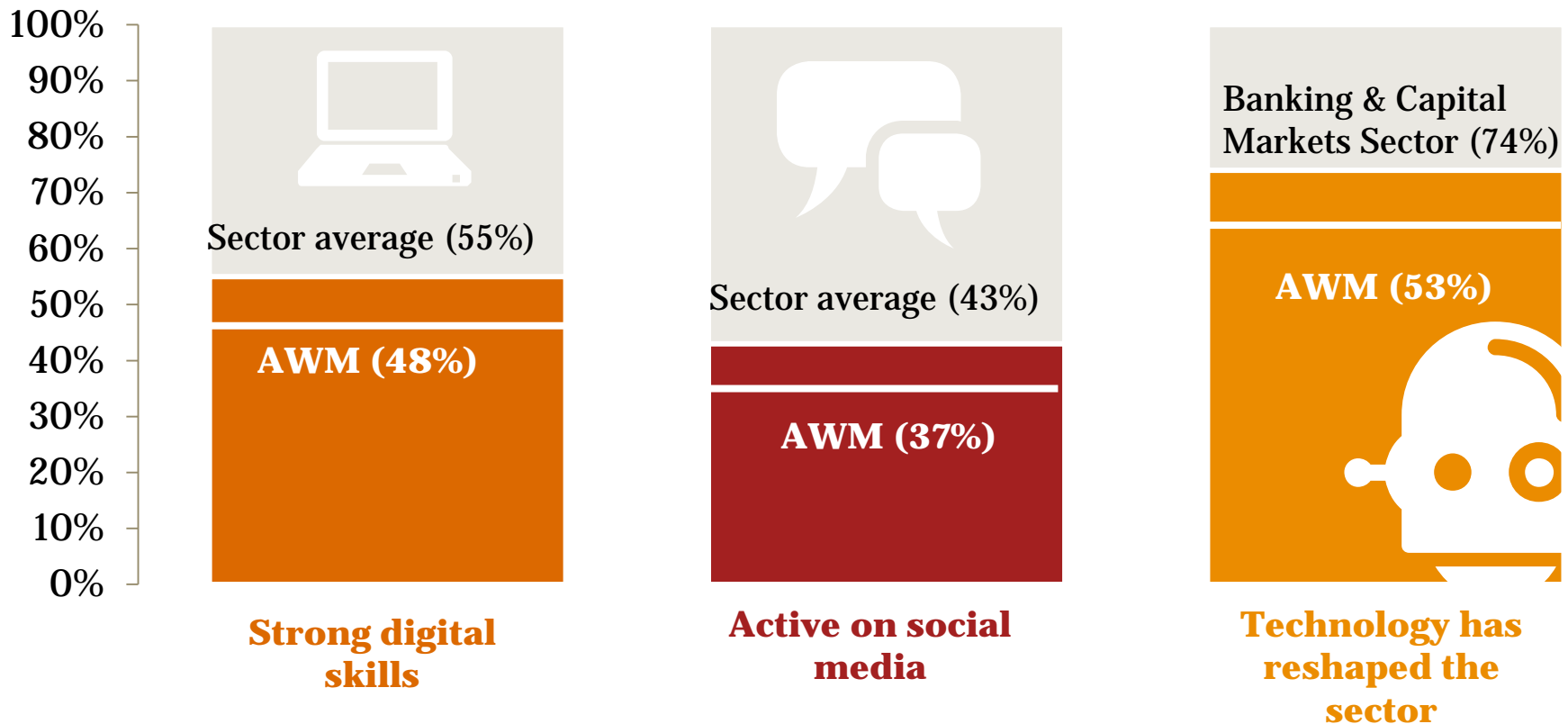
## ***The tensions of globalisation***

AWM CEOs see pros and cons to globalisation.



## ***Preparing for technology disruption***

AWM CEOs appear less acquainted with new technologies than their peers in other sectors.



# ***The deluge of regulation is creating more complexity and challenges to doing business***

A person in a dark jacket is pushing a large, dark, textured boulder up a grassy hill. The scene is set against a dramatic sunset sky with orange and yellow clouds. The person is positioned on the right side of the boulder, leaning forward and pushing it upwards. The boulder is the central focus, and the person's effort suggests a struggle or challenge.

**Audit reform**

**Corporate Governance  
& Executive  
Remuneration**

**MiFID II**

**PRIPS / IMD II**

**Credit rating  
agencies**

**Solvency II / CRD IV**

**EMIR / CCP**

**Volcker**

**AIFMD**

**FATCA**

**Dodd Frank**

**Shadow banking**

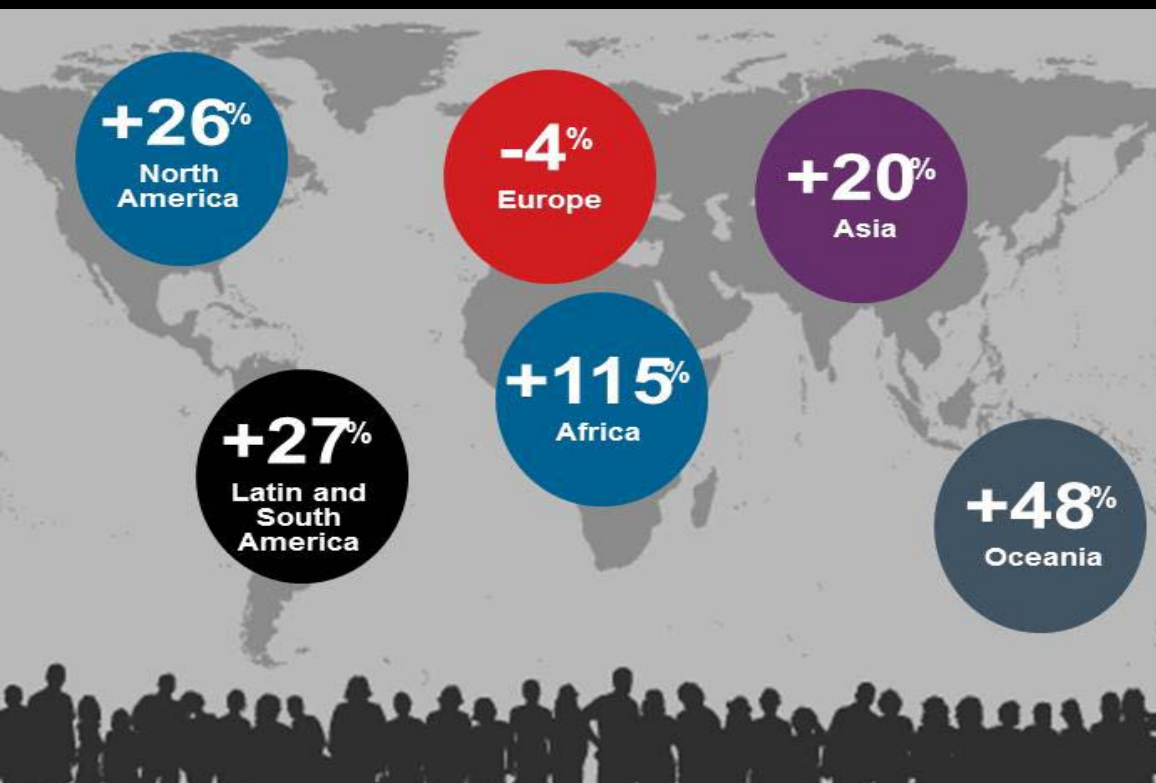
**UCITS V**



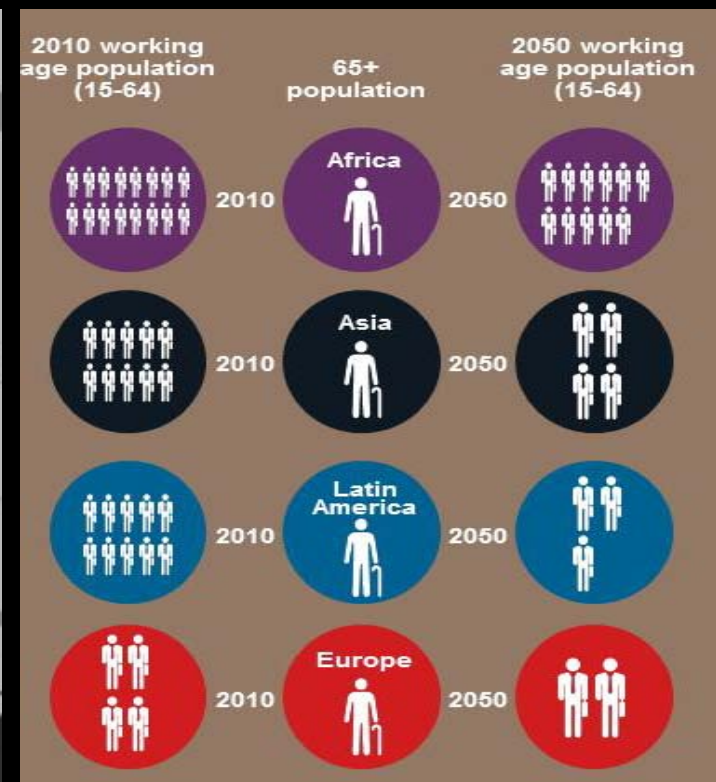
What's happening in Asia -  
Pacific?

# *The world is growing, ..... and also ageing*

## Change in population, 2013 - 2050



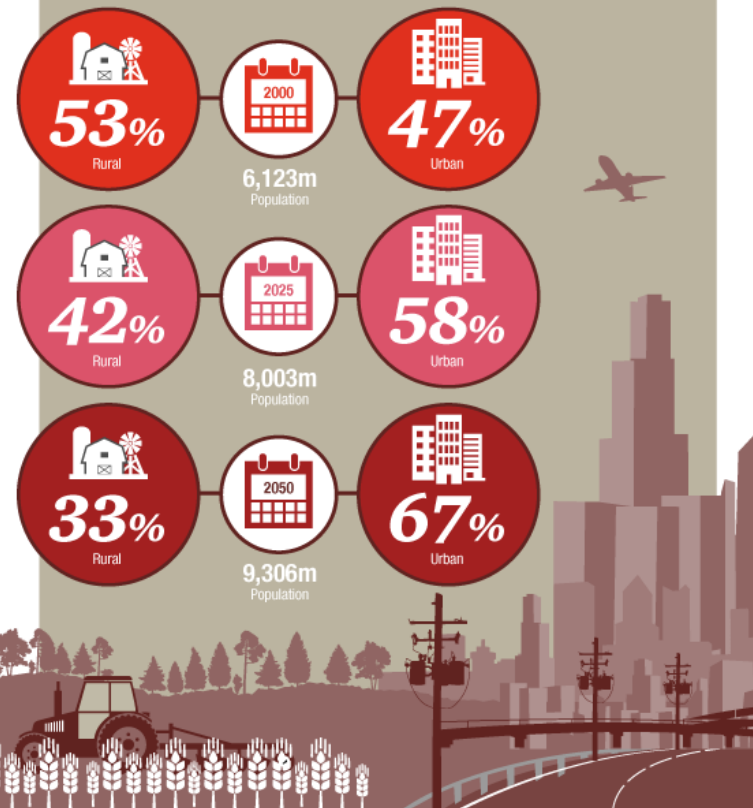
## Old age dependency ratios by region



# ***Increasing urbanisation will bring new challenges in resource management***

## ***Shift to cities***

Global urban and rural population, 2000-2050



Source: UN Population Division, World Urbanization Prospects, 2011 revision.

PwC

It's estimated that around the world

# **180,000**

people move to cities every day



**50%**  
more  
energy



**40%**  
more  
water

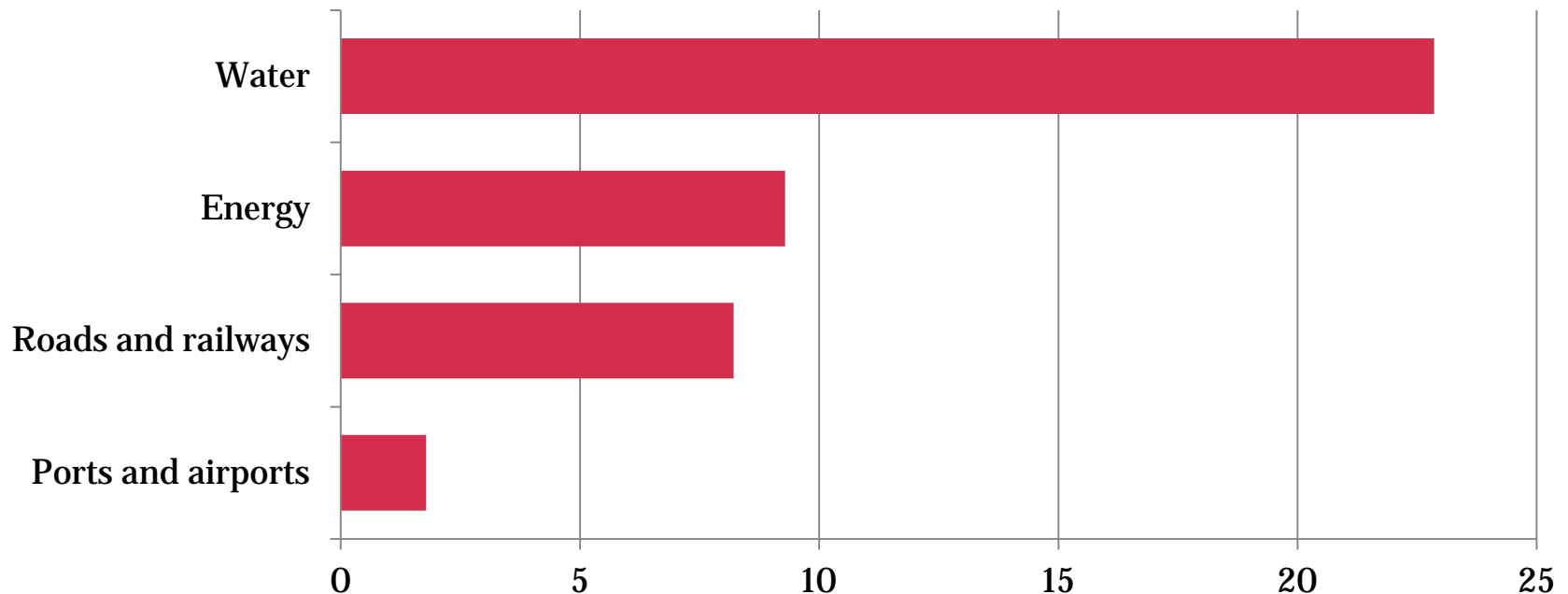


**35%**  
more  
food



# ***At least US\$11 trillion will be needed for urban infrastructure investments in Asia alone over the next 20 years\****

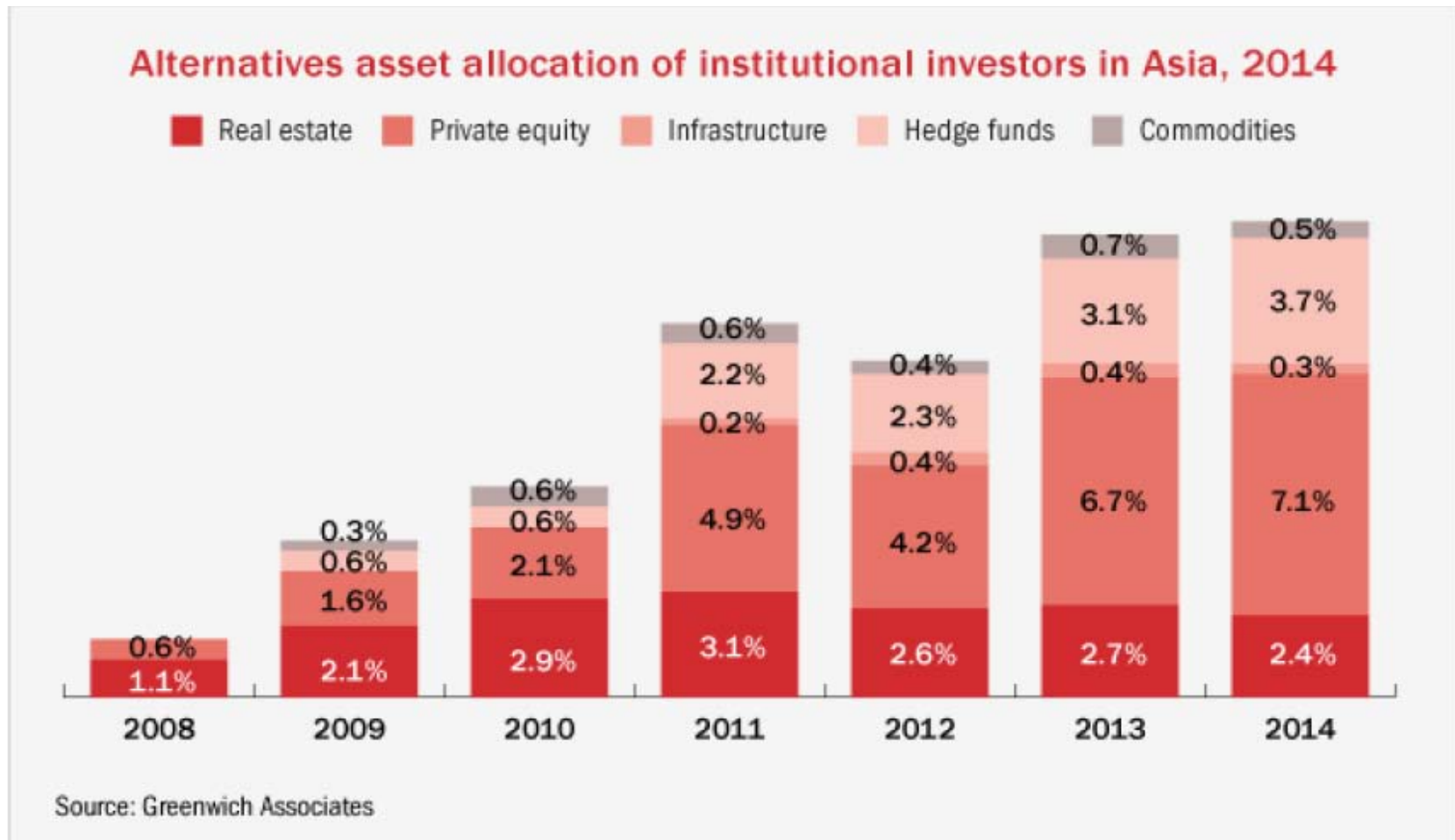
## **Investment requirements for urban infrastructure to 2030, in USD trn**



Source: Booz Allen Hamilton, Strategy & Business, no. 46, 2007 (from Booz Allen Hamilton, Global Infrastructure Partners, World Energy Outlook, OECD, Boeing, Drewry Shipping Consultants, U.S. Department of Transportation).

\* HSBC, Business Times, August 2013

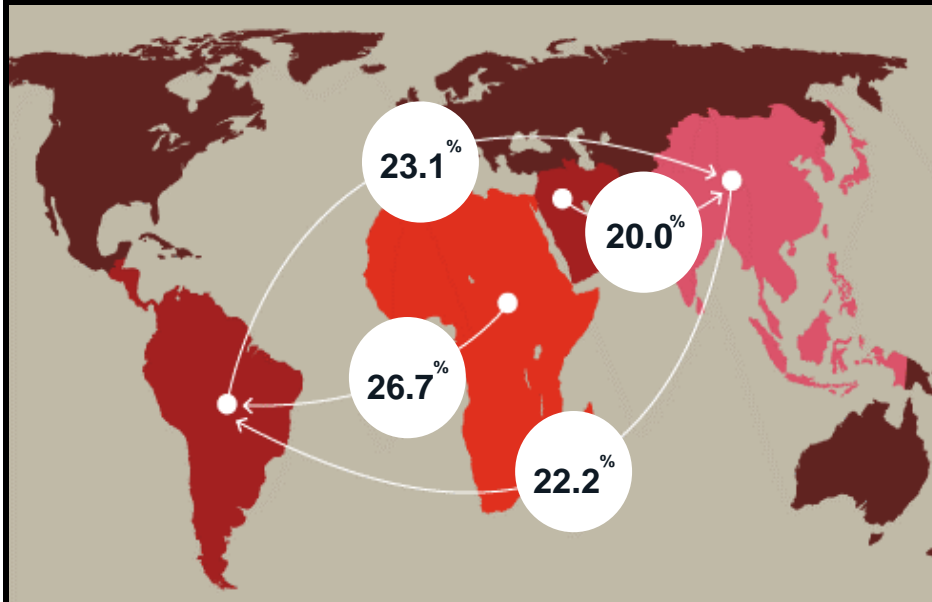
## ***Most of the alternative allocation is into real estate and private equity – infrastructure is our next bet***





## ***Shifting economic power: SAAAME rules!***

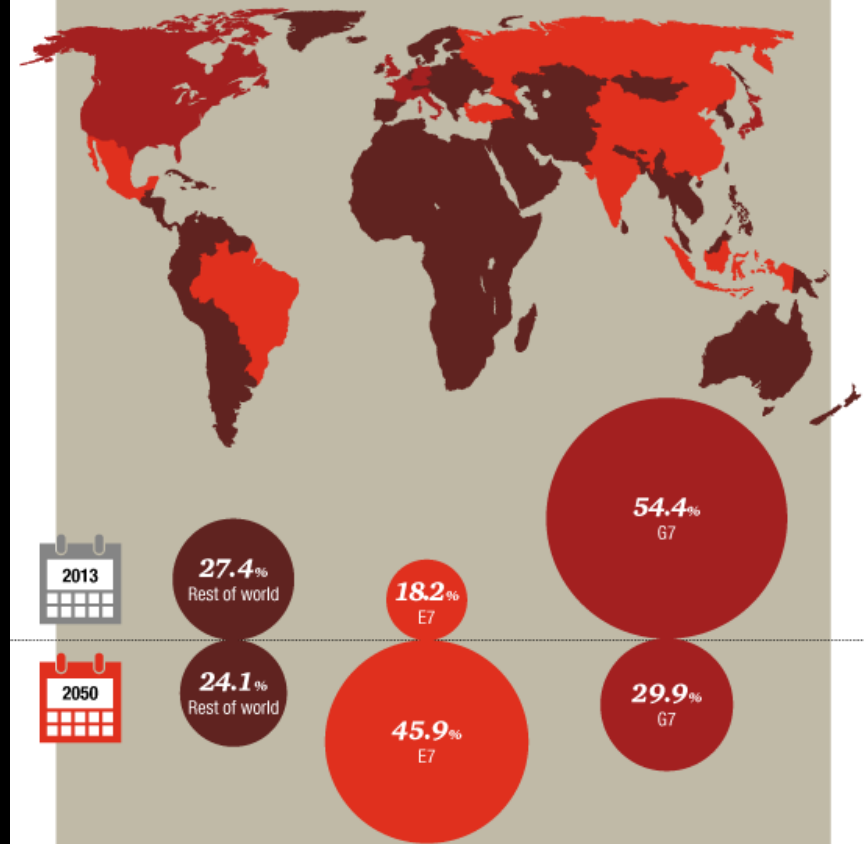
**Trade between SAAAME countries that bypasses 'the west' is growing fastest of all world trade flows**



CAGR (compound annual growth rate) over the period 2002 to 2012  
Source: WTO International Trade Statistics 2013

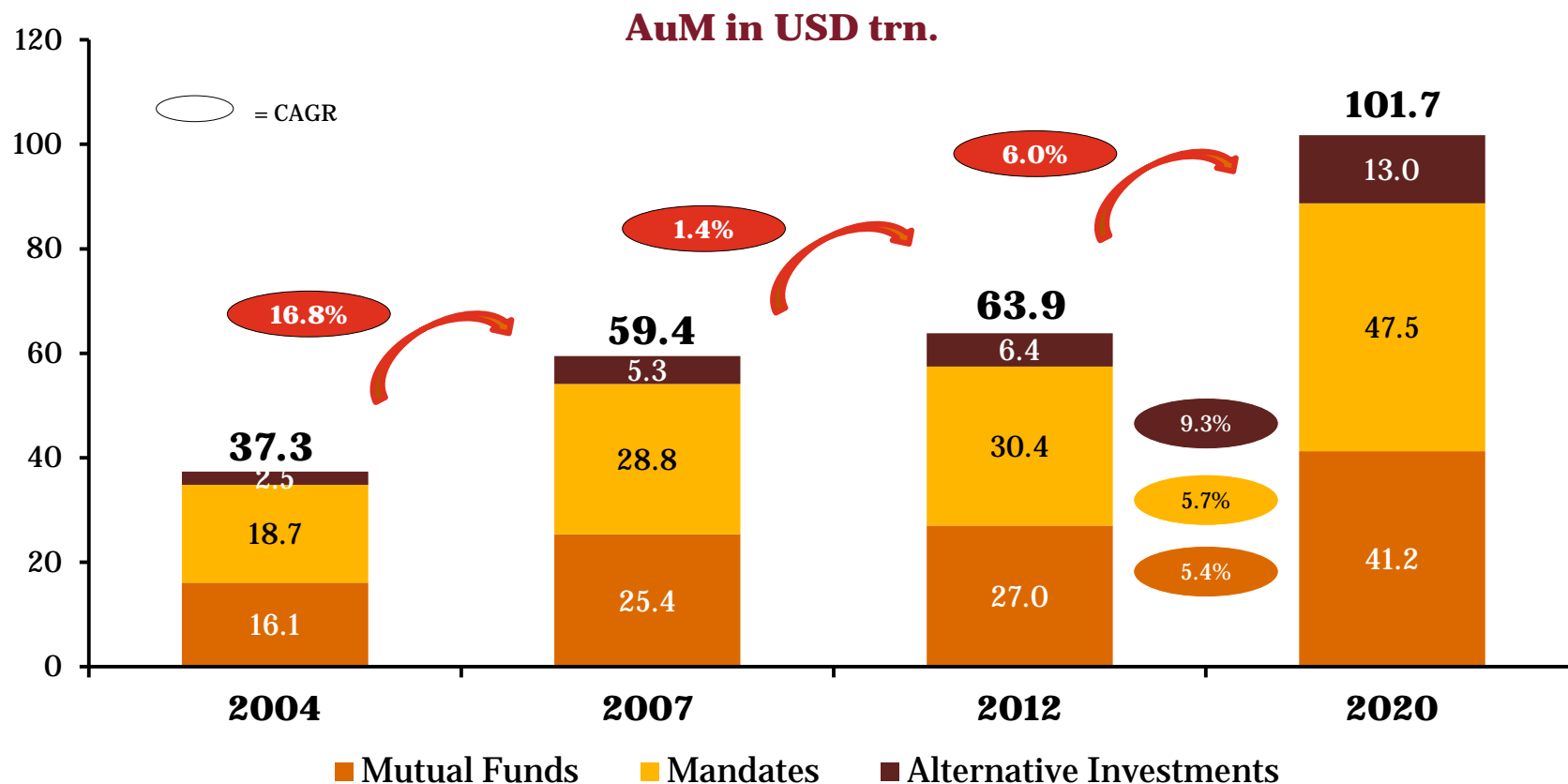
*By 2050, the E7 countries will have almost half of global banking assets*

Proportion of global banking assets, % 2013 and 2050



Source: PwC analysis using IMF data.

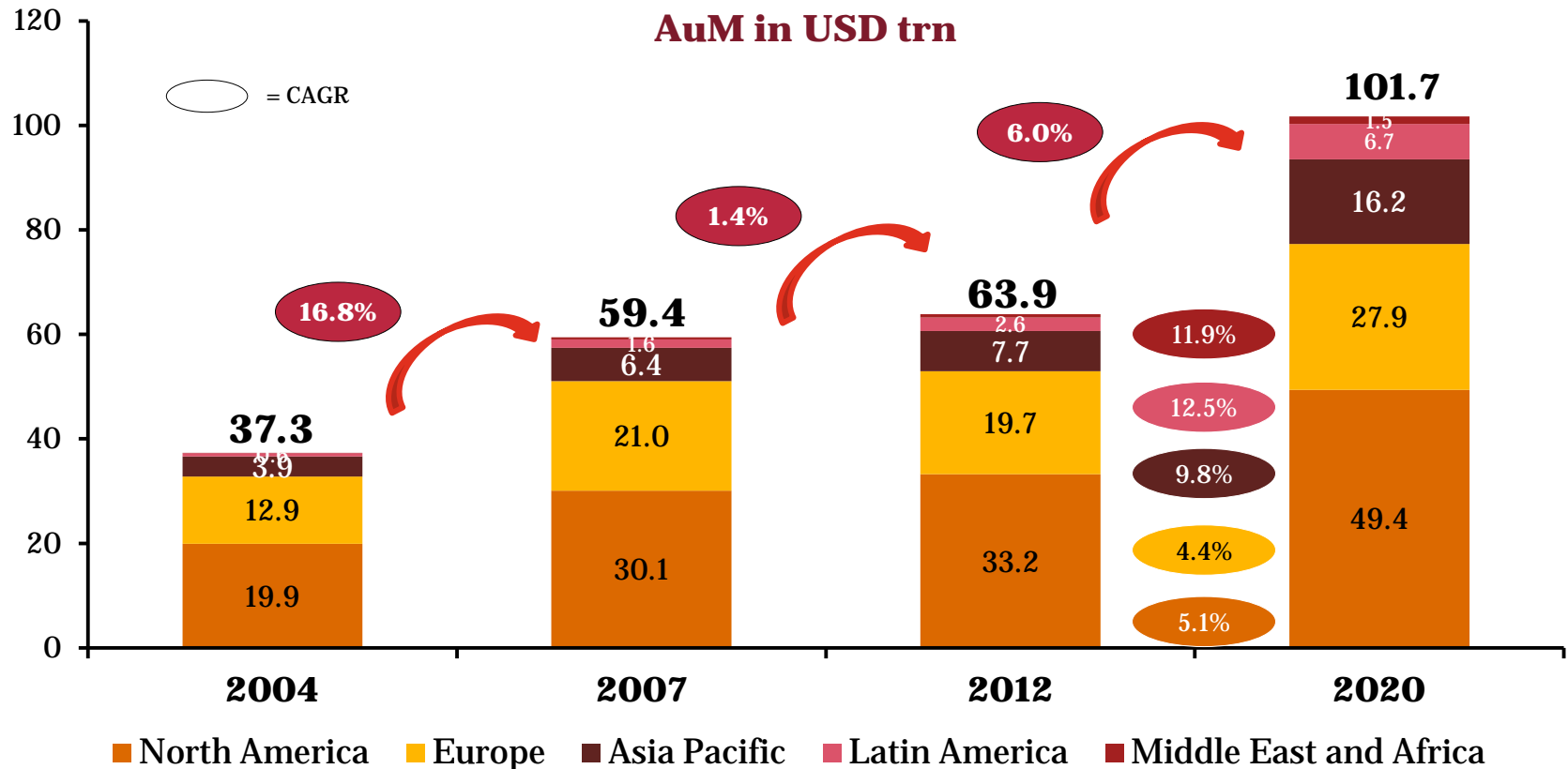
# Global AuM to exceed \$100 trillion by 2020 .....



Source : PwC analysis

Past data based on Hedge Fund Research, ICI, Preqin, Towers Watson, and the City UK data.

## ... driven by SAAAME

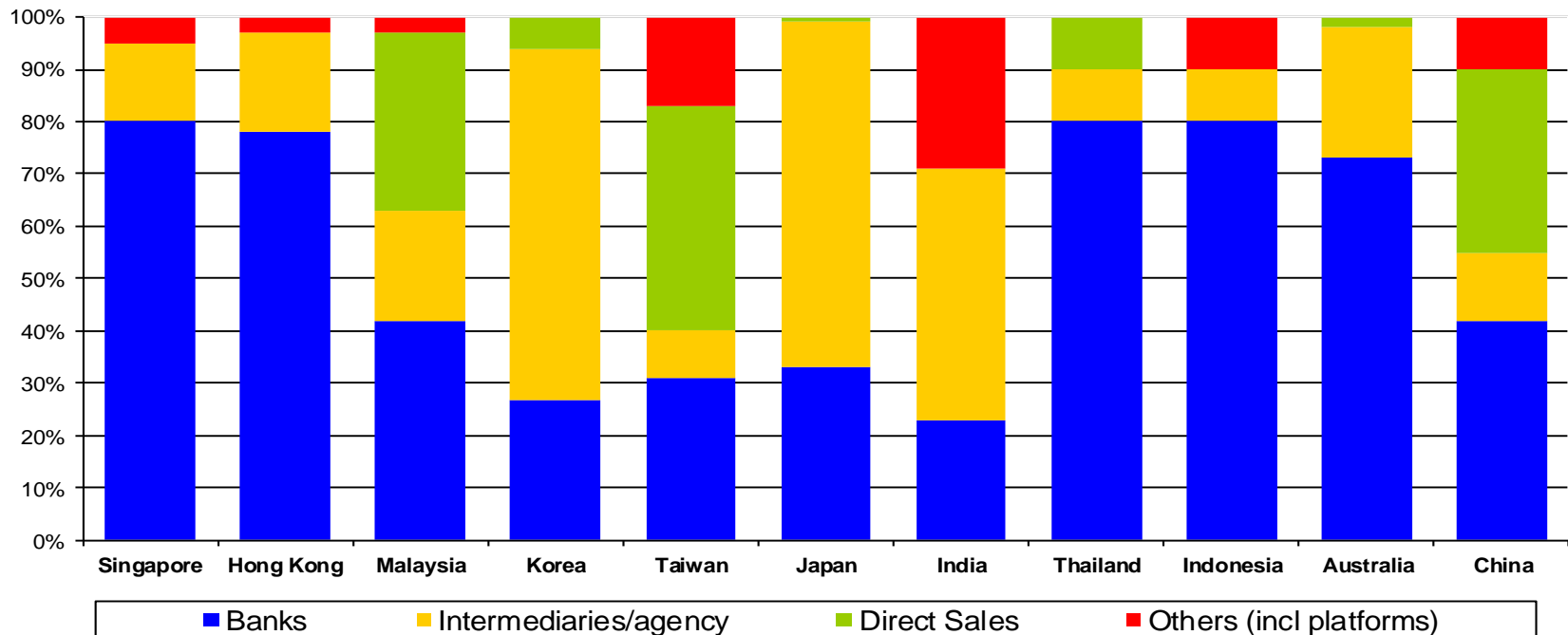


Source : PwC analysis

Past data based on Hedge Fund Research, ICI, Prequin, Towers Watson, and the City UK data.

# ***Distribution across Asia is going through a change, and new channels are emerging***

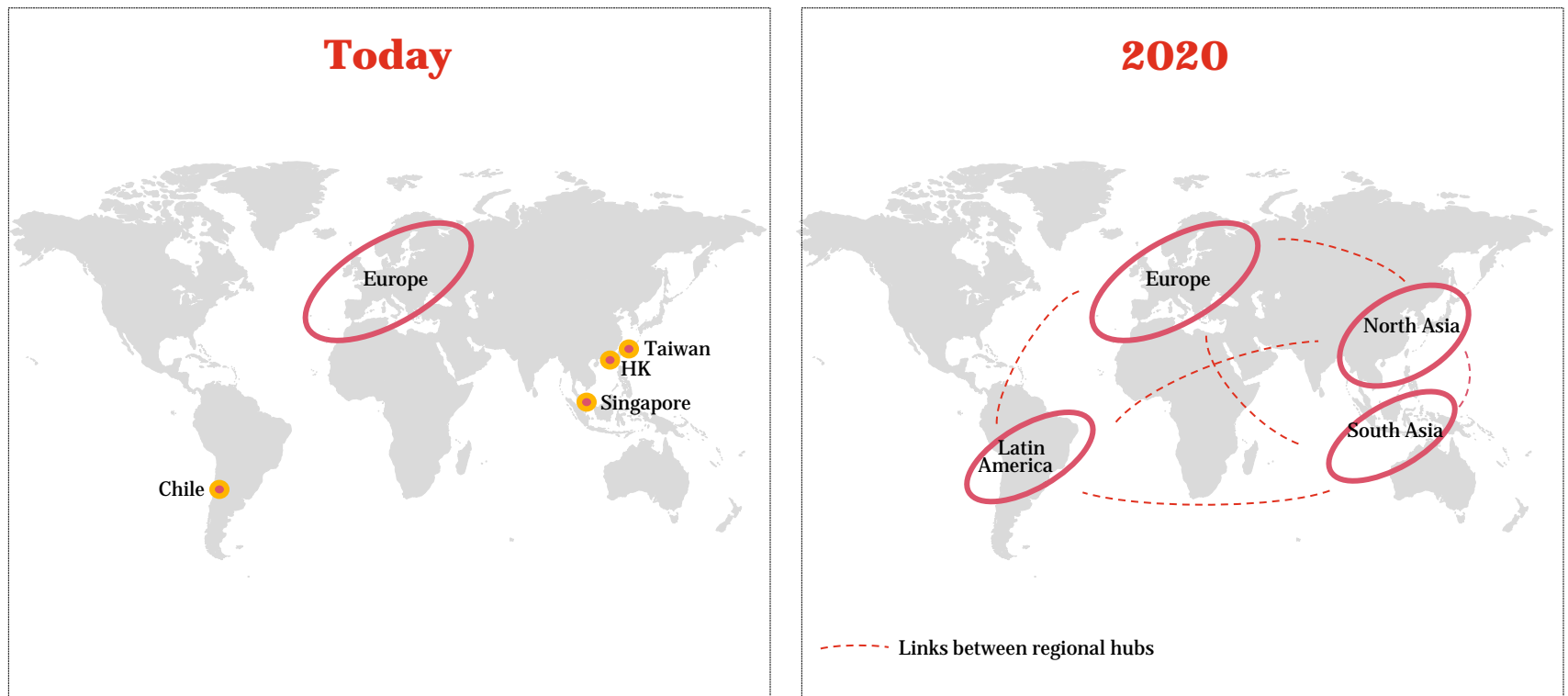
## **Mutual Funds – Distribution channel mix across Asia**



Source: PwC research, 2014

# ***Distribution is redrawn: Four distinct regional fund blocks by 2020***

## **Main hubs for cross-border distribution**



Source: PwC Asset Management 2020



# ***There are three fund recognition schemes in existence or envisaged in Asia Pacific***

## **Hong Kong – China Mutual Recognition**



### **Status:**

Live 1 July 2015

### **Countries in scope:**

China, Hong Kong

## **Asia Region Fund Passport**



### **Status:**

Second consultation issued in February 2015, final MOUs expected to be signed Dec 2015

### **Countries in scope:**

Australia, South Korea, New Zealand, Thailand, Philippines and Singapore is temporarily out of scope

## **ASEAN CIS**



### **Status:**

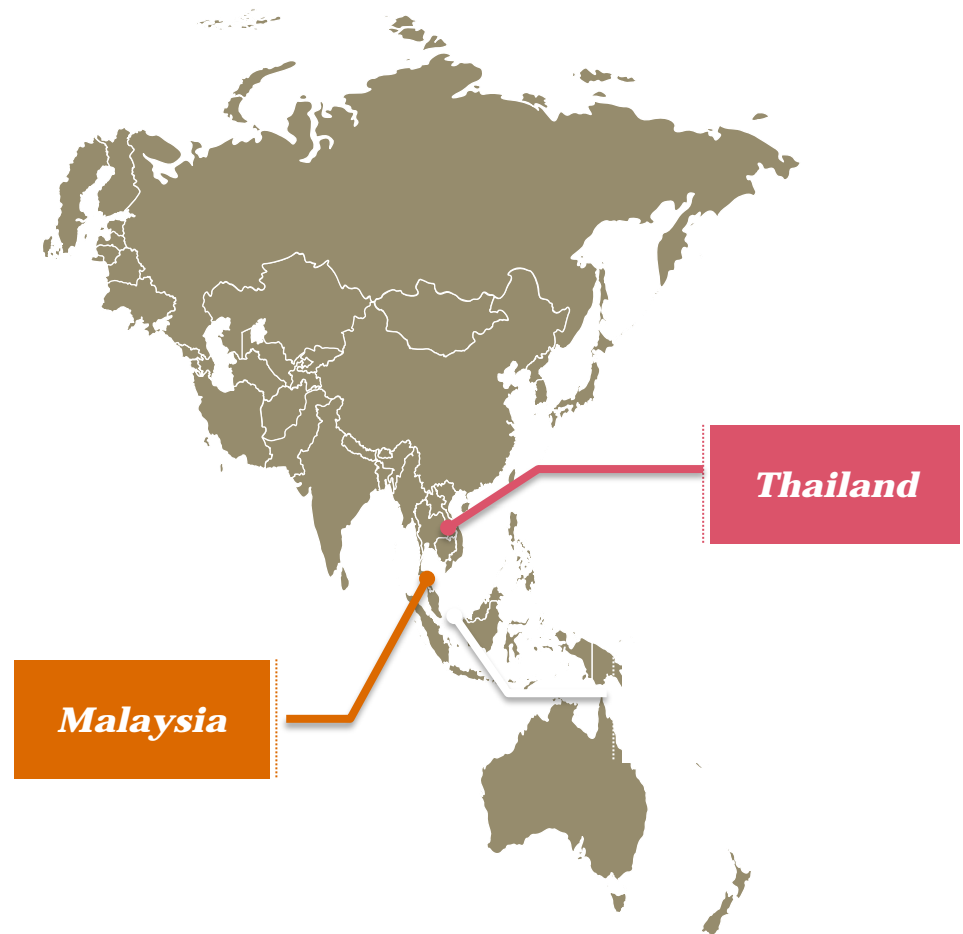
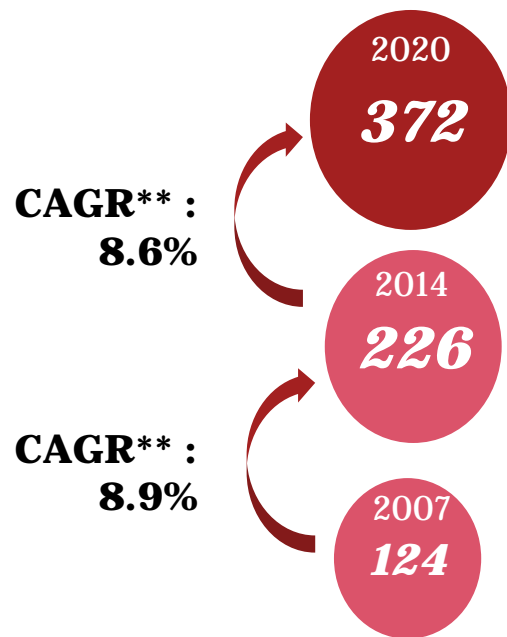
Live 25 August 2014

### **Countries in scope:**

Malaysia, Singapore and Thailand

# Development of Asia Pacific mutual funds AuM

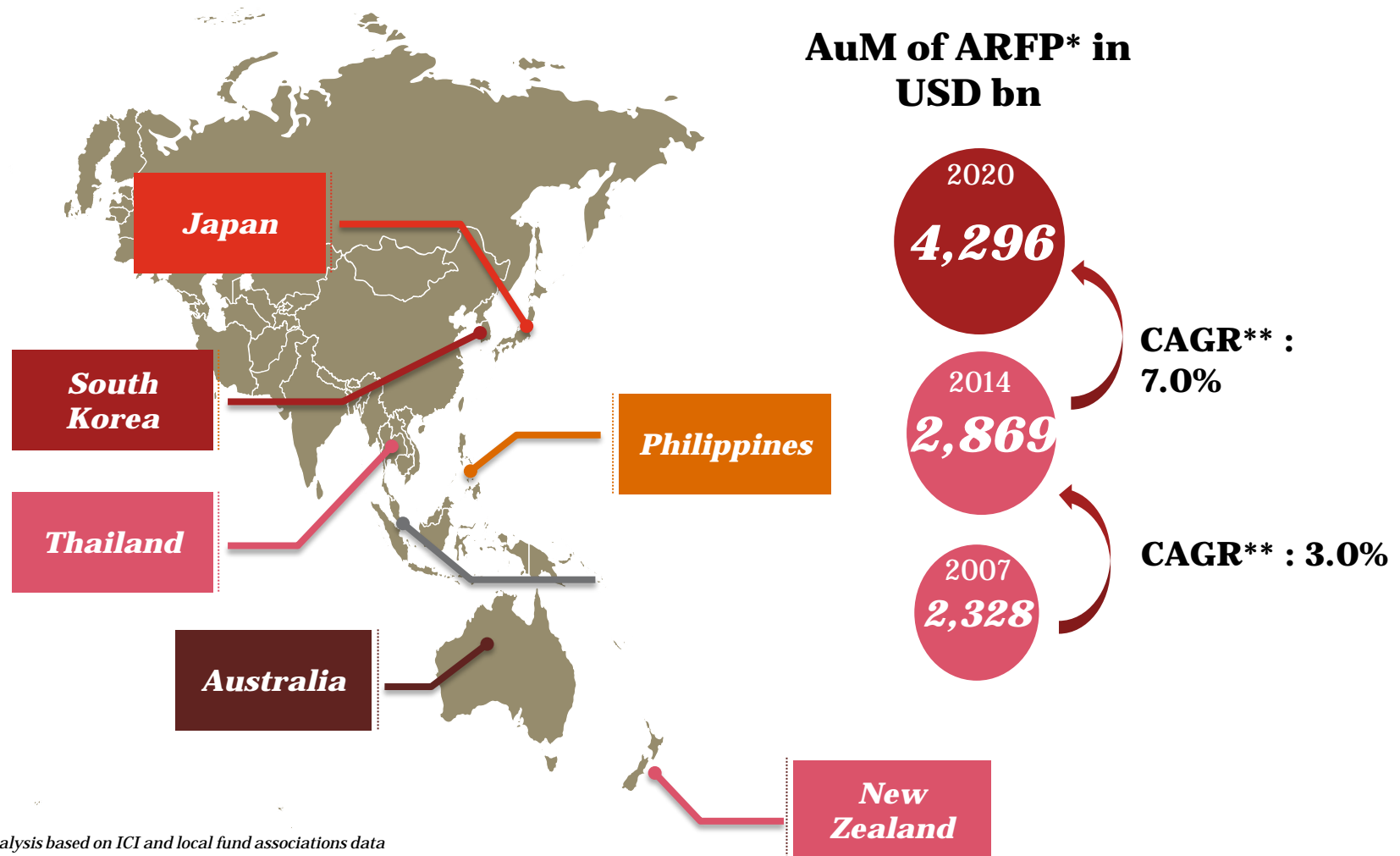
**AuM of ASEAN CIS\* in  
USD bn**



Source: PwC analysis based on ICI and local fund associations data

\*\* CAGR : Compound Annual Growth Rate during the period

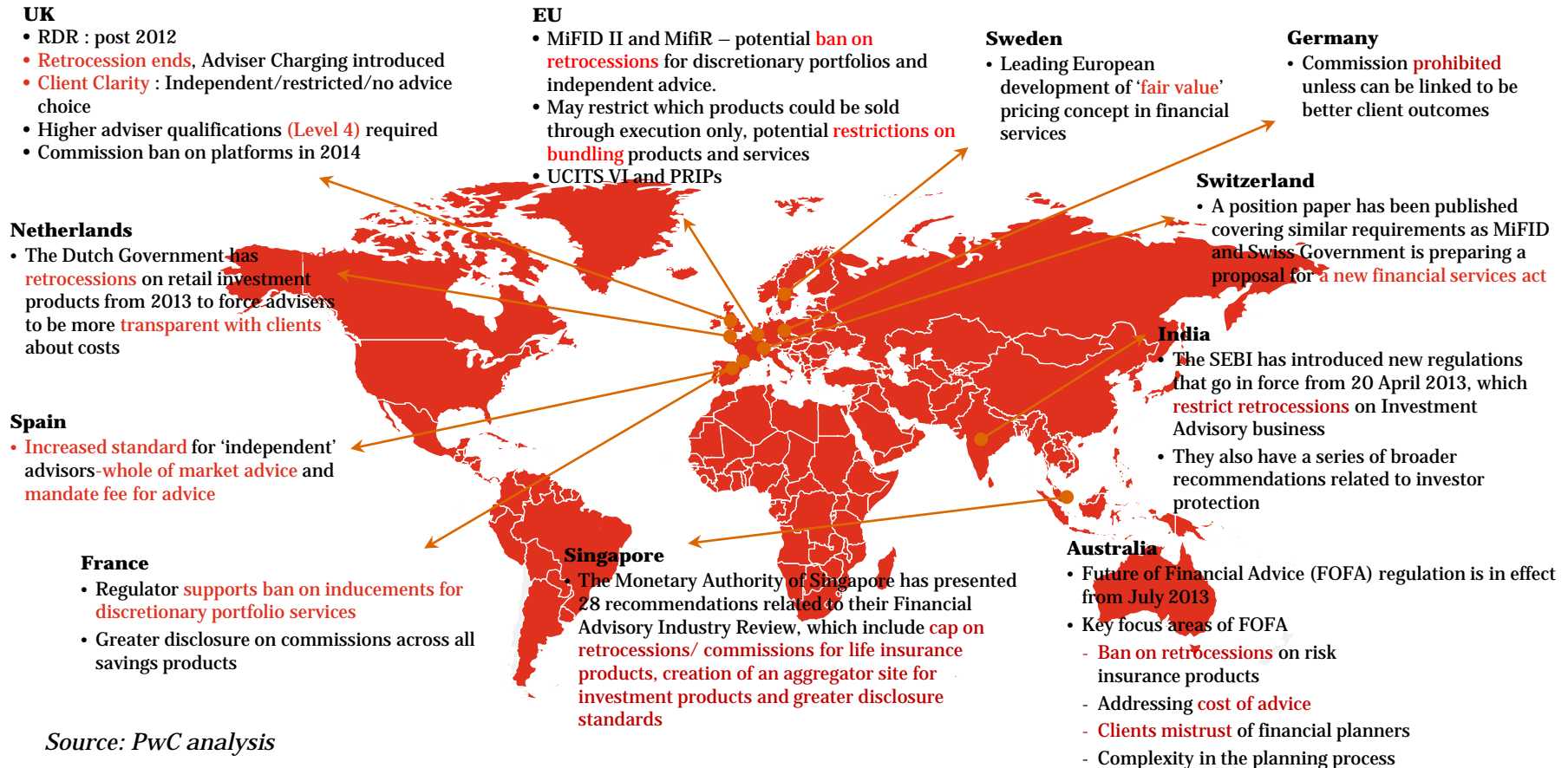
# Development of Asia Pacific mutual funds AuM



Source: PwC analysis based on ICI and local fund associations data

\*\* CAGR : Compound Annual Growth Rate during the period

# Impact on fees : Global regulatory convergence around transparency and investor protection



Source: PwC analysis

## ***Technology has brought a new face to fund distribution and product development***



The Yu'eobao fund platform, or "Leftover Treasure," has netted US\$41 billion in less than a year, making Tianhong Asset Management the country's largest fund management company today.



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### **Bosera's new big data funds leverage Alibaba data**



# Asia is already seeing new platforms introduced



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## Promising start for Korea's online fund platform

South Korea's first online fund supermarket, Fund Online Korea, has launched in five months. Despite some initial uncertainties, the platform has seen steady growth, but the real opportunity lies in the country's growing middle class. In August, FOK attracted approximately 20,000 new users, and by August 26, around 20,000 accounts had been opened.



## Online fund platform launches in Thailand

A new online trading platform in Thailand is pitching mutual funds to mainstream investors, the Bangkok Post reports.

Wealth Magik began trading this month and expects to reach Bt1 billion (US\$30.9 million) in assets by mid-2015 and amass 300 accounts by end-year, says Somkiat Chintammit, CEO of parent company Wealth

## Taiwan to roll out open-end fund trading platform

*Editor's Note: This article was originally published as a breaking news article on Oct. 22, 2014.*

Taiwan's Financial Supervisory Commission (FSC) has announced that the [Gre Tai Securities Market](#) (GTSM) is setting up an open-end fund trading platform for the secondary trading of beneficiary certificates of funds.

The platform is expected to be online on October 27, and at least 10 Taiwan equities funds will be listed for trading, according to an FSC [statement](#).

At least seven fund companies have registered 16 open-end funds on the platform, with more than NT\$44 billion (US\$1.46 billion) in total assets, or nearly 20% of the current total assets under management (AUM) of domestic open-end equities funds in Taiwan, GTSM says in a separate [statement](#).

# India is also getting in, with regulator support

**iAdvise L&T Mutual Fund**

**Fund Analyser**

Duration: 1 month, 3 months, 6 months, 1 year, 2 years, 3 years, 5 years, 10 years

Index 1: S&P BSE 100, Index 2: S&P BSE 100

Comparison of Large Cap Fund Schemes

Performance: 3.1%, 2.8%

**IPRU TOUCH**

**UTI Mutual Fund**

50 YEARS

Home Funds Fund Performance Invest With Us Forms & Downloads Customer Service Learning Centre Distributor Centre

**SMS 2 Invest**

Home » Customer Service » SMS 2 Invest

Request for Statement SMS 2 INVEST

Registration Form

FAQs

**Registration form for "SMS2invest@uti"**

(be filled one time only)

Please read the instructions and Terms and Conditions printed on the reverse before completing this form. All sections should be completed in **English** and in **BLOCK LETTERS** only.

Name of Financial Advisor and ARN Sub ARN Code Sub Code MO Code ELIS No. UTI RM No.

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ICI Pru Head Start - For investments in Mutual Funds - SEBI raises cash... 22 May, 2014

Post Election Market Outlook 22 May, 2014

ICI Pru Head Start - RBI relaxes gold import norms under the 80-20 rule 22 May, 2014

Turning Point - Time for Bunking, Infrastructure and Mid and Small Caps 21 May, 2014

Epochal election verdict should deliver big growth spurt says S. Naren on... 19 May, 2014

**NFO**

Product Launch - ICICI Prudential Growth Fund - Series 1

MATURITY PERIOD: 1095 days

02 Jun - 16 Jun, 14

Capital Protection Fund Series VI - 1825 Days Plan A

MATURITY PERIOD: 1825 days

23 May - 05 Jun, 14

Capital Protection Fund Series V - 1109 Days Plan F

MATURITY PERIOD: 1100 days

19 May - 30 May, 14

FMP series 74 - 367 Days Plan N

MATURITY PERIOD: 367 days

22 May - 26 May, 14

# ***Consumer behavior and preference has already disrupted traditional banking***

## **Hongbao competition between Wechat and Alipay**

Number of transactions during 2015 New Year Eve  
(Feb 18, 2015, given and taken are counted together)



1 bn



240m

For the entire six days of  
the CNY, number of  
transactions reached  
3.27bn .

- Sending “hongbaos” via social messaging
- Accounts opened with WeBank over CNY ~ up to 200m

***The new generation connects with brands this current generation doesn't***



**Venture Scanner**



# Robotics impact to asset management

BUSINESS INSIDER FINANCE

## The robot revolution is coming for Wall Street traders

Matt Turner 3,988

Aug. 16, 2015, 12:46 PM

Bloomberg Markets Tech Pursuits Politics Opinion Businessweek

### Robots Will Strike Asset Management Firms First

The rise of financial technology threatens all of Wall Street, a new survey shows.

by Julie Verhage  
May 3, 2016, 11:04 PM GMT+8

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### Make way for the robot stock pickers

Artificial intelligence and automation are expected to revolutionise the investment industry

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01 How to Build a Perfect Team 02 The War on Meetings 03 The Case for Blind Hiring 04 Failure

### The Robots Are Coming for Wall Street

Hundreds of financial analysts are being replaced with software. What office jobs are next?

By NATHANIEL POPPER  
FEB. 25, 2016



#### ROBOTS

## 5 white-collar jobs robots already have taken

Erik Sherman  
Feb 25, 2015

For years now, some researchers have been anticipating that robots would take away jobs from humans. In the UK, Deloitte and the University of Oxford predicted that 10 million unskilled jobs could be taken over by robots. University of Oxford researchers Carl Benedikt Frey and Michael Osborne estimated in 2013 that **47 percent of total U.S. jobs** could be automated and taken over by computers by 2033.



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### Artificial intelligence

## World's largest hedge fund to replace managers with artificial intelligence

Bridgewater Associates has a team of engineers working on a project to automate decision-making to save time and eliminate human emotional volatility

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## Can Robo Advisers Replace Human Financial Advisers?

VANITY FAIR

H I V E

BUSINESS

POLITICS

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VF SUMMIT

Hedge Funds

## STEVE COHEN RAMPING UP EFFORT TO REPLACE IDIOT HUMANS WITH MACHINES

The hedge-fund manager is banking on computers making him more money than the expensive sad sacks who work for him now.



BY BESS LEVIN  
MARCH 15, 2017 11:55 AM



**Human with AI >  
Human + AI**

**FinTech brings many benefits to  
the asset management industry**



# **Compliance officer of the future?**





# ***Who will be the financial institutions of the future?***



**or**





**Partner with FinTech?**

***Traditional managers are already moving into this space – if you can't beat them, join them!***



**Schroders**

**nutmeg**  
how investing should be

**Aberdeen**  
Asset management



**BLACKROCK**



**FutureAdvisor**

# New Tools

Machine learning

Biometric technologies

Big data analytics

Data security

Robotics

Blockchain

NLP

Data aggregation solutions

Bots

Machine readable regulations





# ***Asset Management – APAC top trends***

**1. Emerging market flows will pick up pace**



**2. Product innovation, led by ETFs and passive strategies will continue to take market share from active strategies**



**3. Alternative investment strategies; Infrastructure is the new game in Asia**



**4. Future of financial advice .... is free?**

**Sales and distribution models go increasingly digital**



## ***Asset Management – APAC Top Trends***



**5. Asian fund passporting under APEC will finally launch**



**6. Funds, asset managers and family offices will become more institutionalised**



**7. New investment vehicle structures in Asia will arise to compete against established offshore centres**



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## ***Asset Management – APAC Top Trends***



**8. Risk and compliance becomes even more integral to business survival**

**9. ESG and SRI increases in interest among SWFs, pensions, endowments and the Millennials**



**10. BlockChain, Robotics and AI become automation enablers in fund processing and distribution**



## ***Key points to chew on .....***

**Megatrends are driving changes in the asset management world**

**Disruption is here to stay – adapt or be overtaken**

**Technology is the ultimate gamechanger**

**Localisation and “re-shoring” is the new mantra**

# Let's continue the discussion

Amid unprecedented economic turmoil and regulatory change, most asset managers have afforded themselves little time to bring the future into focus. But the industry stands on the precipice of a number of fundamental shifts that will shape the future of the asset management industry.

To help asset managers plan for the future, we have considered the likely changes in the asset management industry landscape over the coming years and identified key gamechangers which will impact the competitive environment.

## Asset Management 2020 A Brave New World

Executive Summary



The ETF (Exchange Traded Fund) market is growing at a rapid pace. ETFs are no longer considered a niche product and a growing number of organisations are likely to enter this market in the future. To help asset managers prepare to compete in this fast changing environment, we have considered the ongoing evolution, barriers to growth and the opportunities that lie ahead, and how they can plan for 2020.

## ETF 2020 Preparing for a new horizon



As confidence returns to real estate, the industry faces a number of fundamental shifts that will shape its future.

We have looked into the likely changes in the real estate landscape over the coming years and identified the key trends which, we believe, will have profound implications for real estate investment and development.

## Real Estate 2020 Building the future



Over the past several years, rapid developments in the global economic environment have pushed asset management to the forefront of social and economic change. An important part of this change – the need for increased and sustainable long-term investment returns – has propelled the alternative asset classes to centre stage. To help alternative asset managers plan for the future, we have considered the likely changes in the alternative asset management industry landscape over the coming years and identified six key business imperatives for alternative asset managers. We have then examined how managers can implement and prosper from each of these six imperatives.

## Alternative asset management 2020 Fast forward to centre stage

Report



[www.pwc.com/altc2020](http://www.pwc.com/altc2020)

Africa presents an exciting opportunity: as wealth continues to increase, more domestic investors emerge, while improvements in regulatory frameworks are enabling foreign investment and distribution. In this report we seek to highlight the potential opportunities and challenges that may lie ahead for investors and how they can plan for 2020 and beyond.

## Africa Asset Management 2020



[www.amafrica2020.com](http://www.amafrica2020.com)



[www.pwc.com/realestate](http://www.pwc.com/realestate)

# *We are constantly thinking.....*



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## **Global Fund Distribution**



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