The Growth Dilemma
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Preface

The Growth Dilemma: Global Asset Management 2007 is The Boston Consulting Group’s fifth annual study of the worldwide asset-management industry.¹ This year, we take a similar approach to that of our 2004 report, A Restless Recovery, which included detailed benchmarking of leading industry competitors, using data on fees, products, distribution channels, and costs to draw insights into the state of the industry and its underlying drivers of profitability. We have concentrated on updating our benchmarking efforts and on conducting primary research to uncover market trends.

The scope of this study is broader than that of its predecessors, encompassing 31 countries and placing specific focus on emerging markets such as those in the Asia-Pacific region and in Eastern Europe.² As in previous studies, we have concentrated exclusively on assets that are professionally managed in exchange for a fee. Our benchmarking exercise with leading players in the industry has enabled us to analyze the size and profitability of different types of players.

In this report, we address the current dynamics of the overall asset-management industry, offering a bottom-up view of the size and composition of the global market, its evolution over time, and the profitability of asset management organizations.

In addition, we explore the actions that asset managers can take in order to continue growing in a highly challenging and complex environment. We consider numerous strategic dimensions—for example, positioning for different types of clients, innovating to battle new competitors, entering new markets, and growing through acquisitions.

We hope that this report, together with its sister publication, Tapping Human Assets to Sustain Growth: Global Wealth 2007, will engage readers and prompt asset managers to reflect on the implications of current industry dynamics for their businesses.³ The vast majority of players are facing many critical issues, none more pressing than finding a way to solve the growth dilemma.

¹ A report based on the study has been published annually since 2003, with the exception of 2005.
² The countries included in our study are Australia, Austria, Belgium, Brazil, Canada, China, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Poland, Portugal, Russia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, the United Kingdom, and the United States.
³ Market totals in the two reports vary considerably because of different methodologies used in the market sizing. The Global Wealth report uses a broader definition of assets that includes asset classes and revenue sources (including net interest income) that are relevant to wealth managers. The market sizing numbers in this report have been updated from those contained in our most recent report on the global asset management industry, Playing the Long Game: Global Asset Management 2006. (See the Methodology, page 30.)
Six Things to Know About Today’s Asset Management Market

Many forces are shaping the global asset-management landscape. Yet given the flood of around-the-clock market data available to everyone in these information-laden times, it can be difficult to gain a clear perspective on the most important dynamics. The following six points provide a brief overview of the industry’s essential nature today.

- Despite major challenges ahead for players of all types and sizes, asset management remains a strong, fast-growing, and profitable business. In 2006, the value of professionally managed assets—or those for which a management fee is paid—rose by 13 percent to $53.4 trillion. The average profit margin of our survey participants, at 42 percent, remained virtually unchanged from 2005.

- Growth is spread across all regions. The U.S. market, home to 48 percent of global assets under management (AuM), grew by 15.2 percent to $25.7 trillion in 2006. Europe, with 36 percent of global AuM, expanded by 10.9 percent to €15.5 trillion (or $19.3 trillion). The Asia-Pacific region, with roughly 12 percent of global AuM, grew by 10.2 percent to $6.5 trillion. Emerging markets grew by between roughly 20 and 50 percent.

- The breakdown between retail and institutional AuM has remained fairly stable amid slightly higher retail growth. In 2006, institutional AuM constituted about 56 percent of the global market, with retail AuM accounting for 44 percent. Institutional growth in 2006 was 11.2 percent, coming largely on the back of pension fund gains. Retail growth, at 15.3 percent, was driven primarily by mutual-fund market appreciation.

- Despite positive fundamentals for continued growth, the climate for asset managers is becoming increasingly difficult. Higher product complexity, more demanding clients, and intensifying competition driven both by consolidation and by the threat from such new competitors as investment banks are raising the stakes. The landscape is further clouded by uncertainty over such issues as the unsteady U.S. economy, the direction of interest rates, the impact of the subprime crisis, and inflated real-estate values.

- Key trends regarding customer demands, product evolution, distribution models, and the competitive landscape are having a significant impact on the market. Investors are more sophisticated and require more transparency, particularly in the wake of the subprime crisis. Innovative and non-market-correlated products are gaining ground, and guided architecture is taking over as the preferred distribution model. Asset managers are facing intensifying competition from investment banks and alternative players, and consolidation is continuing—with large players and smaller highly focused ones squeezing out midsize players.

- In order to continue healthy expansion in a highly complex and volatile environment—that is, to solve the growth dilemma—asset managers must take bold steps. These steps include defining and marketing clear competitive positions or specialties in order to address the needs of target clients, innovating on the product and marketing sides (highlighting strengths compared with those of investment banks and other rivals), enhancing risk management systems, and developing a presence in attractive new markets.
The global asset-management industry is a study in contrasts. On the one hand, following several years of strong growth across all regions and client segments, asset management clearly remains a highly profitable business. Prospects for continued prosperity appear bright as well, given solid macroeconomic fundamentals, a greater need for pension products in many markets, and the vast potential of developing countries.

On the other hand, the climate for asset managers is becoming increasingly challenging. Greater product complexity, more exacting clients, and intensifying competition driven by both consolidation and the threat from such new rivals as investment banks are tightening the pressure. The landscape is further dimmed by worries over such issues as the unsteady U.S. economy, the direction of interest rates, the impact of the subprime crisis, and inflated real-estate values.

The question of the day is how asset managers can continue to expand at the high rates they have historically enjoyed in this extremely difficult environment. In our view, success will depend on the ability of each individual player to forge a strategy appropriate to its own resources, its aspirations, and the competitive threats to its viability.

Global Growth Patterns

In 2006, the value of professionally managed assets rose by 13 percent to $53.4 trillion. (See Exhibit 1.) Roughly 57 percent of growth in AuM resulted from market appreciation and the remaining 43 percent from net inflows, which represented about 5.7 percent of global AuM.

By segment, institutional AuM in 2006 constituted about 56 percent of the global market, with retail AuM accounting for approximately 44 percent. This division has remained fairly steady over time, amid somewhat sharper growth on the retail side. Institutional growth in 2006 was 11.2 percent, stemming largely from pension fund gains, as increasing levels of professional management and regulatory changes led to higher inflows. Retail growth, at 15.3 percent, was fueled mainly by mutual-fund market appreciation. (See Exhibits 2 and 3, pages 9 and 10.)

Variations Across Regions

The United States remains the world’s largest asset-management market, home to roughly 48 percent of global AuM. In 2006, AuM in the United States grew by 15.2 percent to $25.7 trillion. (See Exhibit 4, page 10.) This growth was driven mainly by market appreciation, as U.S. asset allocation continues to be dominated by equity investments. Europe, the world’s second largest market with 36 percent of global AuM, expanded by 10.9 percent to €15.5 trillion (or $19.3 trillion). The Japanese, Australian, and other Asia-Pacific markets, with roughly 12 percent of global AuM collectively, grew by 10.2 percent in 2006 to $6.5 trillion. Japan’s asset-management market increased in 2006 by almost 11 percent in local currency but actually shrank in dollar terms.4

Exhibit 1. Global AuM Reached $53.4 Trillion in 2006

Source: BCG Global Asset Management database.

Note: Only professionally managed assets were included. Analysis includes 31 countries. Americas: Brazil, Canada, and the United States. Europe: Austria, Belgium, the Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland, and the United Kingdom. Asia-Pacific: Australia, China, Hong Kong, India, Japan, Singapore, South Korea, and Taiwan.

*CAGR and growth were calculated using underlying amount in euros. The value of the euro versus the U.S. dollar has fluctuated.

Exhibit 2. Both the Retail and the Institutional Segments Have Shown Strong Growth

Source: BCG Global Asset Management database.
Exhibit 3. Retail Mutual Funds and Institutional Pension Funds Drove Growth in 2006

| Source: BCG Global Asset Management database. |
| Note: Some numbers may not add up to totals shown because of rounding. |

Exhibit 4. The United States Is the Largest Market, with Around 48 Percent of Global AuM

| Source: BCG Global Asset Management database. |
| Note: Some numbers may not add up to totals shown because of rounding. |

1 CAGR and growth were calculated using underlying amount in dollars.
2 CAGR and growth were calculated using underlying amount in local currencies.
3 Offshore assets managed in the United Kingdom and Switzerland for offshore clients are indicated in these figures but not double-counted at European and global average levels.
Overall, 2006 was a good year for emerging markets. AuM in Eastern Europe grew by 52 percent, whereas Asia-Pacific markets (excluding Japan and Australia) expanded by 32 percent and South America grew by 23 percent. (See the sidebars “Asset Management in Russia: Distribution Challenges in a Booming Market” on page 14 and “Asset Management in Asia-Pacific: High Diversity and Huge Potential” on page 17.) The Middle East, where institutional investors and newly established high-net-worth individuals are pushing demand for a full range of asset management products, also witnessed strong expansion. Ultimately, it is clear that emerging markets are starting to generate significant growth. (See Exhibit 5.)

The split between retail and institutional AuM varies by region. Yet, except for Japan and Australia (collectively) and Eastern Europe, the mix is relatively close to 50–50 across the globe. (See Exhibit 6, page 12.) There are also regional differences in asset allocations and product preferences. For example, equity investment has remained far more popular in North America and Japan than in Europe. (See Exhibit 7, page 12.)

Prices are fairly similar across markets in third-party business, but not so in captive business. In retail captive business, for instance, revenues were nearly twice as high in North America as in Europe in 2006. (See Exhibit 8, page 13.) This dynamic is mainly the result of varying retrocession rates (also known as revenue sharing), or the fees that manufacturers pay back to distributors. In retail captive business, these rates in Europe averaged 58 percent in 2006, double those in North America. For retail non-captive business, retrocessions were relatively uniform across all regions at between 40 and 50 percent. (See Exhibit 9, page 13.)

Asset management profits continued to be generally higher in North America and Asia-Pacific than in Europe, reflecting those regions’ more open distribution structures and relatively robust appetite for risk—and, in turn, clients’ willingness to pay for the chance to gain higher returns. In general, more investors in Europe are content to pursue less aggressive growth—but they expect to be charged less, narrowing the room for profit. Both revenues and costs for North American and Asia-Pacific players thus tend to be higher than those for European players.

### Exhibit 5. Emerging Markets Are Starting to Generate Significant Growth

![Exhibit 5](image-url)

**Source:** BCG Global Asset Management database.

**Note:** CAGR and growth were calculated in local currencies.

1 AuM change over 2005–2006 for the United Kingdom is $597 billion and for the United States is $3,396 billion.
Exhibit 6. The Retail-Institutional AuM Mix Varies by Region

Source: BCG Global Asset Management database.

Exhibit 7. Equity Investment Is More Popular in North America and Japan than in Europe


Note: Some numbers may not add up to totals shown because of rounding. December 2006 data. Retail asset allocation corresponds to mutual funds asset allocation, adjusted for money market funds invested by corporations that are allocated back to the institutional side. Institutional asset allocation is based on all institutional segments across all regions and corresponds to only professionally managed assets.
Exhibit 8. Pricing Is Similar Across Regions, Except for Retail Captive Business

Source: BCG Global Asset Management database.
Note: Captive and noncaptive revenues were based on 70 percent of total participants who provided split data.

Exhibit 9. Retail Retrocessions Vary Across Regions

Source: BCG Global Asset Management database.
Asset Management in Russia: Distribution Challenges in a Booming Market

Even as international asset managers are enthusiastically setting up vehicles to invest in Russia, particularly in real estate, the onshore domestic asset-management industry is booming.

Russian retail investors are driving rapid growth in mutual funds, albeit from a tiny base. AuM has risen from $3 billion in 2004 to $25 billion in July 2007. However, only about 5 percent of Russian households hold mutual funds, the vast majority in Moscow.

For asset managers, the biggest challenge to growth in Russia is distribution. Banks still dominate, and they sell mostly captive funds. Also, mutual fund sales are unregulated, so a key determinant of mass-market growth will be how rapidly banks can build points of sale outside Moscow and train their staffs accordingly. This constraint could be eased by partnering with a Russian consumer-finance specialist that has a strong regional presence—such as Russian Standard or Home Credit.

Institutional relationships with banks will play an increasingly important role in capturing the assets of wealthy investors. Indeed, the asset management arms of investment banks have benefited from the recent run of Russian IPOs—offering shareholders asset and wealth management services, usually based offshore. A similar pattern of business relationships leading to personal financial links exists between asset managers and corporate-banking executives and shareholders.

Although Russians tend to prefer investing domestically, their appetite for international diversification is undoubtedly growing. And foreign investment is becoming easier. Historically, Russian investors tended to be driven offshore both because the rouble was not fully convertible until July 2006 and because investments in foreign securities from within Russia did not have an appropriate legal framework until the spring of 2007. Russian mutual funds are now permitted, in most cases, to invest in approved foreign stock exchanges, including those in London, New York, and Hong Kong. This development should drive a boom in international investment by Russian asset managers. Some pundits predict that the local industry will reach $1 trillion in AuM over the next five years.

On the institutional side, opportunities are emerging—but not as rapidly. Russia has a second-pillar pension system; but it is subject to a 1 percent regulatory cap on fees, making pension business unattractive for most providers. Poland, by contrast, allows fees of up to 5 percent. As a result, more than 95 percent of second-pillar AuM in Russia, estimated at about $17 billion in 2007, rests with the state-run Vnesheconombank, or VEB, which in prior years has failed to return above the inflation rate despite the rise of the RTS Index. Deregulation, in the form of a relaxed fee cap, will be needed to encourage significant growth in this area. Tax breaks aimed at boosting investment are unlikely given that Russia’s 13 percent flat tax rate on income is already very low. Life insurance premiums are expected to grow rapidly, but they should still reach only about $2 billion in new annual volumes by 2010.

The largest single pool of assets remains the government-run Stabilization Fund of the Russian Federation, with $121 billion in AuM as of July 2007. This fund is mainly invested in sovereign bonds, but there is no sign on the horizon of even a portion of these funds becoming accessible to professional asset managers.

The market leaders in the Russian asset-management industry are currently all domestic companies. They include Leader Asset Management (which manages Gazprom’s Gazfond), Troika Dialog, Uralsib Financial Corporation, and Renaissance Capital. The only foreign asset manager in the top ten is Société Générale (through its acquisition of RosBank), and Allianz Rosno Asset Management is not far behind. Some other foreign players are setting up onshore asset-management teams, but often with an initial focus on wealth management. Credit Suisse, UBS, Deutsche Bank, Raiffeisen Bank, and UniCredit’s Pioneer Investment Management are all present in the market. At this stage, only those foreign players that have acquired branch networks for distribution (such as Raiffeisen and UniCredit) or tied-agent sales forces (such as Allianz Rosno) are likely to be able to target a broad base of Russian retail investors effectively.
Variations Across Players

Our 2006 benchmarking results revealed wide variations among the players in our sample on a number of dimensions. For example, AuM growth ranged from more than 20 percent at some institutions to net losses of 13 percent at others. Net inflows ranged from gains of 22 percent to outflows of 7 percent.

The average profit margin of our survey participants, at 42 percent, was virtually unchanged from 2005 (42.2 percent), although there were considerable differences among players. (See Exhibit 10.) Of course, retail asset managers tend to be more profitable than mixed or institutional ones. Retail players posted an average operating profit of 36.1 basis points in 2006, compared with 14.3 basis points for mixed players and 7.9 basis points for institutional players. (See Exhibit 11, page 16.) Distinctions among types of players are also clear when looking at costs, with the retail segment having the highest costs, followed by mixed and institutional players—a dynamic that reflects the respective costs of pursuing retail and institutional investors. (See Exhibit 12, page 16.)

Across all types of players, average costs increased by a CAGR of 16 percent between 2003 and 2006. Average revenues rose by a CAGR of 22 percent over the same period—ultimately leading to a CAGR in average net profit of 30 percent. This performance reflects asset managers’ efforts to improve their overall cost structures by reducing the costs of investment management, IT, and operations. But sales and marketing investment remains critical, as best-in-class performers are typically those that invest the most in these areas. In 2006, among our survey participants, the ratio of net inflows to sales and marketing expenses was 175 to 1 for institutions and 70 to 1 for retail customers. The ratio of net inflows to sales and marketing head count was $60 million to 1 for institutions and $18 million to 1 for retail customers.
Exhibit 11. As a Group, Retail Players Are the Most Profitable

2006

Institutional players

Mixed players

Retail players

Exhibit 12. Retail Players Also Have the Highest Costs

Costs across the asset-management value chain, 2006 (basis points)

<table>
<thead>
<tr>
<th></th>
<th>Business management and support</th>
<th>IT</th>
<th>Operations</th>
<th>Investment management and trade execution</th>
<th>Sales and marketing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail players</td>
<td>2.5</td>
<td>6.5</td>
<td>4.8</td>
<td>7.4</td>
<td>7.7</td>
<td>28.8*</td>
</tr>
<tr>
<td>Mixed players</td>
<td>4.3</td>
<td>2.5</td>
<td>3.2</td>
<td>6.1</td>
<td>6.9</td>
<td>23.0</td>
</tr>
<tr>
<td>Institutional players</td>
<td>2.5</td>
<td>1.3</td>
<td>1.1</td>
<td>4.0</td>
<td>1.7</td>
<td>10.6</td>
</tr>
</tbody>
</table>

Source: BCG Global Asset Management database.
Note: Retail players are defined as having more than two-thirds retail AuM; institutional players have more than two-thirds institutional AuM.

*Based on 83 percent of participants who provided split data. The corresponding figure in Exhibit 11 (28.2 basis points) is based on 100 percent of participants.
The Growth Dilemma 1

The highly diverse Asia-Pacific market represents a critical growth opportunity for asset managers. Japan and Australia, the third and the tenth largest global markets, respectively, both demonstrate all the characteristics of mature, developed markets, although China and India are increasingly taking the spotlight based on their huge populations and vast growth potential. (See the exhibit “The Asia-Pacific Asset-Management Market Has High Potential.”)

In Japan’s retail market, distribution is dominated by banks and brokerages. Foreign managers are currently capturing about 30 percent of revenue. Australia’s retail market is highly concentrated and dominated by domestic institutions, with wraps and master-trust platforms leading distribution.

Meanwhile, Singapore and Hong Kong are jockeying for position to establish themselves as regional hubs, whereas Taiwan and Korea—attractive midsize markets—are somewhat less visible but are attracting increasing attention. In Singapore, distribution platforms are primarily open, with banks distributing about 60 percent of retail assets. The private-banking sector is growing strongly, driven by inflows of offshore funds. In Hong Kong and Taiwan, banks also dominate retail distribution.

In this extremely diverse region, ten underlying trends have emerged.

◊ **Growth is broadly based.** Regional AuM grew by a CAGR of 25 percent between 2001 and 2006. Some countries such as China—whose mutual fund market doubled in 2006—have shown significant growth.

◊ **Cash is (still) king.** Cash holdings continue to be very high across the region, averaging 56 percent of total retail financial assets. Several key markets, including Japan and China, hold above-average cash levels.

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### The Asia-Pacific Asset-Management Market Has High Potential

**Size and segmentation of key Asia-Pacific markets**

<table>
<thead>
<tr>
<th>Country</th>
<th>Total AuM, 2006 ($billions)</th>
<th>Retail segment</th>
<th>Institutional segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>724</td>
<td>2,860</td>
<td>482</td>
</tr>
<tr>
<td>Australia</td>
<td>556</td>
<td>245</td>
<td>316</td>
</tr>
<tr>
<td>China</td>
<td>316</td>
<td>209</td>
<td>223</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>187</td>
<td>158</td>
<td>111</td>
</tr>
<tr>
<td>India</td>
<td>39</td>
<td>58</td>
<td>54</td>
</tr>
<tr>
<td>Singapore</td>
<td>127</td>
<td>68</td>
<td>66</td>
</tr>
<tr>
<td>Taiwan</td>
<td>127</td>
<td>345</td>
<td>316</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,583</strong></td>
<td><strong>1,038</strong></td>
<td><strong>561</strong></td>
</tr>
</tbody>
</table>

Source: BCG Global Asset Management database.

Note: Some numbers may not add up to totals shown because of rounding.

1Includes offshore assets.
A large, upper-middle class is emerging. By 2010, according to estimates, there will be more than 57 million households with AuM in excess of $100,000 in the region.

Retail business is making significant inroads. Many Asia-Pacific markets are experiencing relatively high retail growth rates. Efficient distribution is therefore that much more important. It is particularly critical to leverage established retail channels and to foster convergence with institutional channels. Partnerships are increasingly prevalent.

Demographics are skewed towards aging populations. Rapidly aging populations, especially in China and Japan, are already putting a strain on established pension systems. This dynamic will drive asset management opportunities for many years to come.

More individuals are accumulating wealth. In developed countries such as Japan, there are already several million millionaires. Also, consistently strong GDP growth in China over the past ten years has driven massive wealth creation in both the affluent and high-net-worth segments.¹

The grass may be greener offshore. Many institutional and retail clients are seeking the enhanced yields and asset growth available from offshore products.

Deregulation is continuing onshore. In many markets, notably China, deregulation is allowing foreign players to enter and offer a broader range of products and services.

Distribution is increasingly open. Some countries—such as Australia, Hong Kong, and India—are already operating under relatively open distribution systems. Others, such as Japan and Korea, are moving in that direction.

Demand for structured products is strong. Asia-Pacific investors tend to hold high levels of structured products in their portfolios. In the regional private-banking segment, such products typically hold three times the weight they do in European private-banking portfolios.

In approaching Asia-Pacific markets, global asset managers must carefully consider local differences and forge a clear strategy regarding which markets to enter and how. They must also assess how both to tap current growth and to position themselves for future expansion as the more nascent markets gain momentum. A strategic assessment of partnership opportunities will be critical.

¹. For the purposes of this report, affluent investors are those with $100,000 to $1 million in investable assets. High-net-worth individuals are those with more than $1 million in investable assets.
In order to achieve optimal performance, it is critical for asset managers to have a firm grip on industry trends as they develop. We see asset management trends in terms of four basic categories: client demand, the product spectrum, modes of distribution, and the competitive landscape.

**Demand: Customer Needs Are Evolving**

Asset management clients on both the institutional and the retail sides still demand largely the same things as they have traditionally: steady investment performance, a smart and responsive relationship manager, and overall professionalism from both the front and the back offices. Beyond that, the subprime crisis has made many investors aware of the need for transparency on products and processes, so asset managers will have to cater to that need and reinforce risk control systems. (See the sidebar “The Fallout from the Subprime Crisis,” page 20.)

What is more, as alpha versus beta polarization has become more pronounced, many investors appear more certain about what they want in each segment of their portfolio—from market performance at beta cost to value-added at higher cost to non-market-correlated products. As more investors have sought to leverage all types of vehicles, specific trends have arisen within each client segment.

For example, investment accumulators such as pension funds have increasingly been demanding high absolute returns with low volatility, rather than simply seeking to beat a benchmark per se—although benchmarks are still closely monitored. Pension funds and insurers are also demanding better ways to counterbalance expected outflows. They are seeking vehicles that weigh stock market performance against the need to maintain the health of their company’s balance sheet by avoiding excessive risk. Furthermore, they are increasingly interested in improving liquidity in order to cover potential future liabilities, given today’s highly uncertain environment. (See the sidebar “Liability-Driven Investment: A Growing Trend,” page 20.) In a segment characterized by relatively low fees, investment accumulators are willing to pay higher fees if the return is extraordinary, but they are also more willing to switch asset managers if they feel underserved.

Meanwhile, banks and corporate investors are also responding to market volatility and regulatory changes by seeking liquidity, risk diversification, and absolute returns—preferably above the London Interbank Offered Rate but also with reduced volatility. Some traditional asset managers have responded by reworking their infrastructure to offer commodities, structured products, mutual funds, and alternative investments that feature both high liquidity and sufficient size. Moreover, hedge funds are offering innovative investment strategies that provide new opportunities for high returns—with corresponding risk levels.

Some of these forces are affecting the retail side as well, particularly the trend of rising expectations. The demands of retail investors are continuing to ascend towards institutional levels. Accordingly, an increasing number of retail distributors are expecting asset managers to deliver services, prices, and products on a similar level as they do for institutional clients. In highly developed Anglo-Saxon markets and in some emerging mar-
The Fallout from the Subprime Crisis

The fallout from the subprime mortgage crisis that originated in the United States—but has been felt by financial institutions worldwide—has important implications for asset managers. Some of these implications directly reflect the ways in which asset managers and investment banks have been increasingly playing on the same field.

As asset managers have increasingly dealt in mortgage- and other asset-backed securities that investment banks have sold to them, they have also taken on the challenges of structuring these securities competently, pricing them correctly, and managing the inherent risks. These risks include those related not only to market movements and liquidity but also to the asset manager’s reputation when investor portfolios are damaged through nontransparent products that many clients do not understand. According to one survey, nearly 50 percent of institutional investors have negatively modified their general opinions of asset managers in the wake of the subprime crisis.

This plunge in investor confidence, in addition to influencing heavy value losses and AuM outflows from securities specifically exposed to mortgages, will continue to affect views regarding any asset-backed product that is not completely transparent. Interest-rate cuts by central banks aimed at restoring investor confidence will not make this uneasiness disappear, at least not in the short term.

If asset managers wish to continue playing on the same field as investment banks regarding innovative products—and they should because structured finance is here to stay—they will increasingly need to improve their structuring and pricing capabilities, as well as invest in systems and processes aimed at enhancing their overall risk-control capacity. If executed well, such initiatives should help asset managers play their most fundamental role better—that of protecting and expanding their clients’ assets.

Liability-Driven Investment: A Growing Trend

Although many contend that liability-driven investment (LDI) has existed for many years, particularly in funding defined-benefit pension plans, recent concerns have reinvigorated LDI and brought it to the fore. The basic idea behind LDI is to gain sufficient assets to meet all liabilities, both present and future. Indeed, regulation, accounting standards, and a handful of pension failures have made customers more risk averse, particularly when planning for their retirement. In the United Kingdom, for example, accounting standards show assets at their market value and liabilities at a bond-based discount rate. Lower interest rates therefore significantly increase liabilities.

LDI involves tracking interest rates to determine how to manage inflation through swapping and hedging equity with asset growth—providing a return and a further degree of assurance that liabilities can be met should some of the assets underperform. Accordingly, LDI tends towards a broad range of vehicles. We have witnessed a trend away from pure equities towards alternative products, commodities, and fixed income—with a preference for absolute returns. Fixed-income instruments, combining cash with target returns, have been a popular way of creating market-beating growth—with returns guaranteed above liabilities. Increasing awareness of LDI has led larger pension schemes to develop pooled funds so that smaller operators can pursue LDI strategies, using the diversity to improve swaps and create extra growth opportunities.

According to industry research, LDI has become firmly established in some major markets. In Europe, 12 percent of plan sponsors have implemented an asset/liability matching strategy utilizing derivatives. An additional 10 percent use immunized liabilities. And about 30 percent are considering some form of LDI. In the United Kingdom, the percentages are 11, 7, and 28, respectively.

The countries in which the highest percentage of plans have already adopted an LDI scheme are Denmark (33 percent), Sweden (33 percent), and the Netherlands (31 percent). LDI is also gaining momentum among plan sponsors in the United States.
In recent years, evolving demand has led to new asset classes that continue to squeeze traditional products such as actively managed equity, fixed-income, and money-market instruments. Indeed, commodities (such as ETFs and passively managed equities and fixed income) and innovative products that are not correlated to stock markets (such as hedge funds, funds of hedge funds, and private equity) have experienced sharp growth and should continue to do so.\(^5\) Commodities reached a total of $5.5 trillion in AuM in 2006 (10 percent of the global market), and innovative products hit $8 trillion in AuM (15 percent). Innovative products also generated the highest net revenues, with some products bringing in more than 200 basis points.

Still, actively managed products represented $40 trillion in AuM and 75 percent of the global market in 2006. We expect these products to grow collectively at a CAGR of 10 percent through 2011, although their share of global AuM should slide to about 64 percent by that year. (See Exhibit 13.) It is critical for asset managers to realize that innovation and pricing opportunities still exist in these products, particularly in such specialty areas as equities related to emerging markets, mid- and small-cap companies, and real estate, and bonds in the high-yield, inflation-linked, and emerging-market categories. These vehicles are growing fast and typically earn higher revenues than most actively managed products. (See Exhibit 14, page 22.)

5. Other examples of innovative products include real-estate funds, real-estate investment trusts, certificates, structured products, absolute-return investments, liability-driven investments, and quantitative products.
As for commodities, ETFs are still the fastest growing product. AuM in ETFs reached a value of $490 billion in 2006 and are expected to expand at around 30 percent per year through 2011. Barclays Global Investors holds about half the U.S. market, followed by State Street Global Advisors and The Bank of New York Mellon. These institutions have benefited from low-cost open architectures and have continuously launched new funds. The European ETF landscape, in which 3 of the 24 main players have a combined market share of about 70 percent, is less concentrated. Barclays Global Investors is also the leader in Europe, controlling about one-quarter of the market, followed by Indexchange Investment AG and Lyxor. Passive equities and passive fixed income are showing an annual growth of about 22 percent and 10 percent, respectively, and are attracting more attention from a widening group of investors interested in simple beta products.

At the other of the spectrum, innovative products are growing strongly as the asset allocation of both institutional and retail clients shifts towards alternative investments. We expect innovative products to grow at a CAGR of 22 percent through 2011. Hedge funds, with AuM of $880 billion in 2006, and funds of hedge funds ($550 billion) have the most momentum. In 2006, approximately one-third of hedge fund growth resulted from market performance and two-thirds from new inflows from investors in search of higher and less volatile returns.

AuM in so-called absolute-return vehicles are also increasing sharply. These investments are attracting assets from risk-averse retail investors and from pension funds, banks, and insurers that need to balance liquid assets with their solvency requirements. However, concerns about absolute-return investments have arisen—even before the subprime crisis—as a result of their failure to hit targets. For example, none of the 21 absolute-return funds rated by Standard & Poor’s in 2006 reached its published target for the year. The main reason is that many of these funds set overly ambitious goals for their asset allocation and duration. These concerns have not appreciably slowed demand, however, and asset managers are working to improve their offerings.

Structured products and certificates collectively exceeded $1 trillion in AuM in 2006 and are expected to show a 25
percent CAGR through 2011. Structured products are answering demand for safety and diversification, even through less liquid vehicles if necessary. Certificates, a type of structured product usually offered by investment banks, have developed rapidly in Europe. They can be grouped into two main categories: participation certificates, whose value follows that of underlying assets and whose duration is usually unlimited; and defined-payoff certificates, whose value evolves according to preset conditions and whose duration is typically fixed when the certificate is issued.

Private-equity investments reached $2 trillion in AuM in 2006, with the United States accounting for about 52 percent of the total (down from 69 percent in 2000). Europe has increased its share to 38 percent (up from 17 percent in 2000), with Asia-Pacific and the Middle East holding the remaining 10 percent. The growth of private-equity investments reflects the trend of institutional investors increasing the weight of potentially high-return vehicles within their asset allocations. About 7 percent of total AuM in the United States is in private equity, compared with 4 percent in Europe and 2 percent in Japan. Overall, buyouts accounted for 67 percent of private-equity investments in 2006, followed by special-situation investments and venture capital.

Real estate investment trusts (REITs) held approximately $600 billion in AuM in 2006. About 65 percent of those assets were based in the United States, where more than 250 public REITs were listed. REITs are forecast to grow at a CAGR of more than 20 percent through 2011, driven by rapid expansion in some European and Asia-Pacific markets and in Canada, where there is a trend towards converting private portfolios to public ownership.

Among other products, quantitative vehicles remain a relatively small niche but are expected to grow by about 15 percent per year through 2011.

**Distribution: Guided Architecture Is on the Rise**

So-called guided architecture is becoming the preferred distribution model of winning players, combining the scope of open architecture and its acquisition power with the added capacity to influence customers’ choices of investments. The mantra is no longer “offer everything and sell what you can” but rather “offer a set of high-quality products for each client segment.” This trend is reflected partly in the increasing industry shift towards noncaptive business. For example, among the players in our benchmarking sample, retail noncaptive AuM grew at roughly 2.5 times the rate of retail captive AuM in 2006.

In many ways, the advent of guided architecture was inevitable. Not so long ago, the majority of banks and asset managers offered mainly proprietary products. From the customer’s point of view, this rather closed offering was somewhat analogous to that of a corner store: you might get to know the owner fairly well and gain familiarity with the products, but the choice was limited.

Then much of the industry went to the opposite extreme: totally open architecture in which investors went from the corner store to the hypermarket. There, with literally thousands of products to choose from, few of which were well-known or could be accurately described by relationship managers, many clients felt overwhelmed. Not only was there too much choice, but there was also too little navigational help.

Guided architecture represents the middle ground in which asset managers work with selected and well-known providers whose offerings are not only diverse enough to address a wide range of investment needs but also have been determined by the asset manager to be good fits for a large portion of its clients. The asset manager often carries proprietary products as well, and the combination of first- and third-party offerings can be shaped to help create a distinct brand identity.

Guided architecture can be a win-win situation for all parties. Fund providers can concentrate more on product innovation as opposed to mass distribution. Asset managers, dealing with a finite number of products, can focus more on sharpening advice and improving customer relationships. And clients, in theory at least, can receive better counsel and navigational help. Guided architecture has gained ground fastest in Europe, where banks, for example, have traditionally offered fewer proprietary products than have banks in the United States. But the model is currently gathering steam in many regions.
To be sure, both asset managers and fund providers are still trying to establish the optimal equilibrium between range of choice and service levels—as determined by the number of relationships that players on both sides are willing or able to maintain. Also, concerns that guided architecture is just a cloak for a return to a quasiclosed environment will take time to dispel.

In addition, there is inherent tension in the relationship between providers and asset managers. Typically, distributors have the closest access to investors and are in a more powerful position than manufacturers because they can act as gatekeepers to entire (particularly new) markets—raising the stakes for providers in the early days of new product offerings. Also, domestic markets tend to be the last ones to “open” because banks usually enjoy a high share at home and are naturally keen to protect their interests. International products may therefore blaze some new trails. Meanwhile, advisors and investment consultants are gaining increasing power in both the retail and the institutional segments.

In Europe, distribution will also be affected by the European Union’s introduction (by the end of 2007) of the Markets in Financial Instruments Directive. The directive will increase regulatory requirements concerning front-, middle-, and back-office operations—although it should not change the customer experience significantly.

Competition: Consolidation and New Rivals Are Gaining Momentum

Competition in the asset management industry is currently being shaped by two phenomena: consolidation and the incursion of new types of competitors such as investment banks that focus on structured products and new types of assets, and alternative players that are now operating in multiple sectors.

Highly focused and specialist players that are able to deliver alpha and absolute returns are gaining share, but so are the biggest players. The market share of the 20 largest asset managers rose from 30.8 percent to 34.4 percent between 2001 and 2006. Excluding the three biggest index players, the share still rose from 24.2 percent to 26.5 percent—half driven by consolidation, half by stronger organic growth compared with that of smaller competitors.

Indeed, consolidation continued briskly in 2006 with more than 160 M&A deals. (See Exhibit 15.) In our view, there are four principal drivers behind consolidation.

- **Focus, Deconstruction, and Scale.** Size, in general, remains a must for players that pretend or aspire to be global. Yet, many institutions are deciding not to pursue both the production and the distribution of asset management products in parallel, choosing instead to focus on one or the other in order to achieve sufficient scale. One example is Citigroup’s swap of its fund division for Legg Mason’s retail-brokerage business.

- **Product Expertise and Market Entry.** Acquisitions can be a highly effective way to fill gaps in product offerings and to enter new markets. Consider Pioneer Investment Management’s acquisition of the collateralized debt specialist Vanderbilt Capital Advisors.

- **Multiboutique Creation.** By clustering smaller, independent organizations, asset managers can assemble a complete product range while maintaining the nimbleness typical of boutique players—all without limiting autonomy, as can happen in traditional large banks that have multiple divisions. An example is The Bank of New York Mellon’s acquisition of Walter Scott & Partners.

- **Financial Investment.** In the search for higher returns, financial institutions and private investors are buying stakes in alternative asset managers. Take, for instance, the private equity firm Hellman & Friedman’s acquisition of Gartmore Investment.

Naturally, consolidation is becoming more difficult—not because the number of asset managers is dwindling but because the scale involved entails such complexity. Also, increasing multiples have had to be paid in recent years. The subprime crisis may represent an opportunity in the short term because certain acquisitions may be cheaper than they would have been before the crisis hit.

Furthermore, although it is true that ETF providers and insurers are putting competitive pressure on traditional asset managers, the two major insurgents of the moment are investment banks and alternative specialists. Investment banks are invading on several fronts. They are ex-
ploiting the boom in structured products through partnerships with asset managers that are interested in their structuring capabilities linked to derivatives and through direct issuance of products such as certificates. They are also launching new asset classes, such as infrastructure funds, distressed securities, and commodities-related products. In Germany and Switzerland, investment banks have built up holdings of more than €200 billion in certificates by capitalizing on their key benefits. These advantages include swift issue (two to four weeks) that enables quick reaction to market trends, liquidity, and no visible up-front or management fee (although margins remain high for issuers).

Given the advantages of investment banks—expertise in derivatives, skill in structuring products, and the flexibility to put their balance sheets at risk—asset managers will have to step up their game by developing better structuring and pricing skills. Also, the fact that asset managers are looking after other people’s money means they must scrupulously protect their reputations, as the subprime crisis has illustrated. Ultimately, asset managers seeking to be meaningful players in the structured-finance world face significant investment—up to $50 million—in order to develop systems in both front and back offices that allow processing of more complex financial instruments (especially those that are traded on OTC markets) and to enhance risk management capabilities.

Alternative players have recently become another fierce competitor. The exceptional performance of hedge funds, funds of hedge funds, private equity, and real estate has continued for several years now. In hedge funds alone, global AuM increased at a CAGR of 28 percent between 1996 and 2006. (See Exhibit 16, page 26.) Moreover, beyond pure hedge fund players, there are some that have developed multiple strategies. One is Fortress Investment Group, which has $35 billion in AuM in private equity, hedge funds, and real estate. Other players have even used alternative investments as an entry point into traditional asset management. D. E. Shaw & Company, for example, which has been active in hedge fund management and private-equity activities for more than a decade, now has approximately $3 billion deployed in various long-only and 130/30 institutional-asset-management strategies to cater to a broader range of institutional clients.
Exhibit 16. Hedge Funds and Funds of Hedge Funds Have Shown Strong Growth

Hedge funds and funds of hedge funds global AuM, 1996–2006 ($billions)

<table>
<thead>
<tr>
<th>Number of hedge funds</th>
<th>CAGR 1996–2006 (%)</th>
<th>Growth 2005–2006 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,000</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>3,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,800</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8,300</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1,500</td>
<td>28</td>
<td>33</td>
</tr>
</tbody>
</table>

| Average site ($millions) | 43 | 65 | 63 | 81 | 85 | 102 | 104 | 114 | 124 | 133 | 169 | 15 | 27 |

Sources: Hennessee Group; International Financial Services, London.
Challenges Ahead: The Growth Dilemma

How can major players sustain the strong growth rates they have historically enjoyed in a climate that is characterized not only by mounting complexity and volatility but also by increasingly sophisticated clients and a continuous stream of fresh products launched by new and traditional competitors? The answer is likely to differ both among individual players and among varying types of institutions.

Large players must grasp that their peers and direct competitors are actually growing faster than the market. Therefore, the definition of being “at scale”—and able to deliver high-performing products to demanding clients in multiple countries, with the right systems in place to manage and control complexity—is evolving quickly as well. In 2001, the threshold for being one of the 20 largest asset managers in terms of AuM was $290 billion. In 2006, it reached $549 billion. (See Exhibit 17, page 28.)

Accordingly, some players are asking themselves if the time has come to focus less on size and more on specialization. Smaller, highly focused players have grown faster than the market, leaving midsize generalist players squeezed in between. For many middle-tier players, the time may be ripe to find a well-differentiated niche.

In general, asset managers need to respond to the growth dilemma in several complementary ways: first, by defining and marketing clear competitive positions or specialties in order to address the needs of their target clients; second, by innovating on the product and marketing sides, highlighting their strengths compared with those of investment banks and other rivals; third, by enhancing risk management systems; and fourth, by developing a presence in attractive new markets.

Indeed, increasingly sophisticated clients and intermediaries are driving a trend towards specialization among asset managers. As performance transparency has increased, sophisticated clients are no longer willing to pay active management fees for close-to-benchmark portfolios that contain a blend of alpha and beta products. They are demanding value-for-money fee structures.

These conditions are forcing asset managers to clearly define and position themselves. Players increasingly need to develop the skills necessary to manage alpha products with consistent success or acquire the scale needed to offer convenient beta products. Of course, the main goal of alpha players is to outperform the market through either stock picking or special hedge-fund strategies such as multiboutiques, whereas beta players aim to reconfigure their portfolios to track an underlying index, minimizing losses wherever possible. Good beta trackers such as Barclays Global Investors manage to rebuild indexes virtually without deviation. It is interesting to note that some beta players are starting to offer alternative beta products (passive products with exposure to alternative strategies). Such moves may add to the challenges faced by alpha players.

Continuous product innovation will also be critical to sustaining growth in a hypercompetitive environment. Indeed, product innovation—as well as active, creative marketing—often influences clients’ investment decisions more than performance. New products should address the quest for higher returns and diversification. As-
set managers, for instance, can develop and refine new asset classes, such as actively managed structured products, infrastructure funds, and emerging-market and distressed securities, even if some assets have low levels of liquidity. They can also venture outside predetermined investment styles or constraints, or explore hedge fund techniques such as shorting. Overall, players need to provide tailored products for specific client segments. They must also satisfy client needs for comprehensive solutions by developing, for example, absolute-return products suitable for risk-averse investors—in both retail and institutional business—and packaged solutions that go beyond pure portfolio management, such as LDI strategies for pension funds and insurance companies.

Yet successful product innovation can happen only by building new and better skills across the entire value chain. Many players need to enhance their ability to effectively structure and price products, which involves dedicating sufficient resources and maintaining top expertise across asset classes. In addition, risk management systems must be improved to allow for the development and processing of new offerings and to enable effective control of increasingly complex processes in multiple locations. In our experience, this can require a very significant investment. Also, as competition intensifies, sales skills must be sharpened to translate new products for an increasingly savvy and selective base of potential new clients.

What is more, asset managers need to reevaluate and usually improve their processes as they develop new products. They must ensure that processes differ between the development phase—when there is a need to monitor multiple initiatives, some of which may involve manual processes—and the industrialization phase, which needs to be optimized both for risk management and production efficiency. Another challenge is integrating

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**Exhibit 17. The Biggest Players Have Kept Pace with Market Growth**

The threshold to be one of the 20 largest asset managers nearly doubled from 2001 to 2006

<table>
<thead>
<tr>
<th>Rank</th>
<th>Asset management company</th>
<th>AuM, 2001 ($billions)</th>
<th>Rank</th>
<th>Asset management company</th>
<th>AuM, 2006 ($billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fidelity Investments</td>
<td>897</td>
<td>1.</td>
<td>Barclays Global Investors</td>
<td>1,623</td>
</tr>
<tr>
<td>2.</td>
<td>Barclays Global Investors</td>
<td>771</td>
<td>2.</td>
<td>Fidelity Investments</td>
<td>1,575</td>
</tr>
<tr>
<td>4.</td>
<td>JPMorgan Fleming Asset Management</td>
<td>611</td>
<td>4.</td>
<td>The Capital Group Companies</td>
<td>1,320</td>
</tr>
<tr>
<td>5.</td>
<td>The Vanguard Group</td>
<td>571</td>
<td>5.</td>
<td>Allianz Global Investors</td>
<td>1,164</td>
</tr>
<tr>
<td>7.</td>
<td>Deutsche Asset Management</td>
<td>554</td>
<td>7.</td>
<td>The Vanguard Group</td>
<td>1,050</td>
</tr>
<tr>
<td>12.</td>
<td>Citigroup Asset Management</td>
<td>409</td>
<td>12.</td>
<td>ING Investment Management</td>
<td>694</td>
</tr>
<tr>
<td>15.</td>
<td>ING Asset Management</td>
<td>362</td>
<td>15.</td>
<td>Crédit Agricole Asset Management</td>
<td>642</td>
</tr>
<tr>
<td>17.</td>
<td>Putnam Investments</td>
<td>339</td>
<td>17.</td>
<td>AllianceBernstein</td>
<td>625</td>
</tr>
<tr>
<td>18.</td>
<td>Northern Trust Global Investments</td>
<td>333</td>
<td>18.</td>
<td>AXA Investment Managers</td>
<td>579</td>
</tr>
</tbody>
</table>


Note: Arrows indicate M&A activity.

1. Alliance Capital was renamed AllianceBernstein (kept separate from AXA Investment Managers). Some other company names have changed as well.
specialist teams, incorporating their diversity efficiently without destroying what makes them unique.

In our view, organizational constructs that foster effective product innovation include two models. First, there is a focused model, based on independent, semiautonomous teams that concentrate on specific asset classes or products with central coordination. Examples include Goldman Sachs Asset Management and The Capital Group Companies. Second, there is a multiboutique model, with independent subsidiaries that are responsible for innovation but still leverage parent-company resources such as capital, infrastructure, and distribution. One example is BNY Mellon Asset Management.

To cope with the incursion of new competitors, traditional asset managers also need to build on their key strengths, such as asset allocation and a deep understanding of client needs. If they are then able to improve their capabilities in investment banking skills—such as balance-sheet analysis, liabilities management, structuring, and pricing—they may be able to create truly superior offerings. For instance, Société Générale Asset Management Alternative Investments, whose AuM doubled from 2004 to 2006, now describes itself as a “successful combination of asset management and capital markets cultures.”

Achieving growth in emerging economies will be another key challenge for asset managers. Markets in Asia-Pacific, Eastern Europe, South America, and the Middle East, although relatively small today, have enormous potential. Yet it will be important to develop a country-by-country approach (even within the same region), balancing the level of investment and commitment against potential new business that may not deliver significant results in the short term.

Ultimately, of course, acquisitions are not a cure-all. They are a way to realize specific objectives such as gaining product expertise, fostering innovation, developing a specialty, entering a new market, and creating a multiboutique model. One danger is that acquisitions have been increasingly costly in recent years and, as always, can be extremely difficult to execute efficiently. Although the subprime crisis may have created some opportunities for timely and reasonably priced acquisitions, asset managers will still need to be extremely selective in evaluating potential candidates.
Methodology

For our market sizing, we included only professionally managed assets—those for which a management fee is paid.

Retail assets include mutual funds (including those held by high-net-worth individuals), unit-linked life-insurance and pension products (also called variable annuities in North America), other personal pension products (such as individual-account corporate-pension products chosen or managed by an individual), and other assets managed on behalf of private clients in the private-banking sector. We did not include directly held equities or cash deposits for which asset managers do not receive management fees.

Institutional assets included professionally managed assets for life insurance companies (excluding nonlife assets and unit-linked products already counted in retail), pension funds (including the externally managed portion of government social-security funds), nonfinancial corporations, nonprofit organizations (such as charities, foundations, and governments), and banks. We excluded directly held securities, cash deposits, and assets managed in-house that do not incur fees.

For institutional AuM, most reports on the industry present total investable assets instead of professionally managed assets. Wherever possible, we have made estimates to distinguish between the two. In cases where the distinction between life-insurance and pension products was unclear, we also made our own estimates.

All market sizes were constructed from a variety of sources, including industry associations, central banks, government statistics, and third-party research. Market totals were generally rounded. The value of international currencies—particularly the euro—versus the U.S. dollar may have fluctuated since original calculations were made.
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- **“The Next Billion Banking Consumers”**
  - Opportunities for Action in Financial Services, June 2007

- **“The Demographic Time Bomb: Human Resources Challenges in Banking”**
  - Opportunities for Action in Financial Services, May 2007

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The Growth Dilemma

GLOBAL ASSET MANAGEMENT 2007

The Growth Dilemma