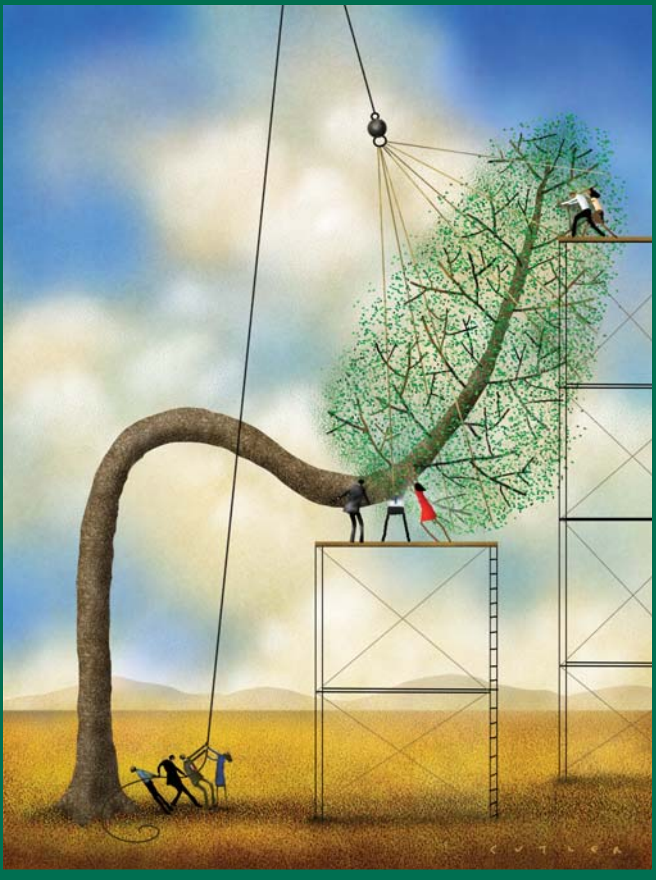
BCG

REPORT

Global Asset Management 2011

Building on Success



The Boston Consulting Group

Building on Success

Global Asset Management 2011

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Introduction

Building on Success: Global Asset Management 2011 is The Boston Consulting Group's ninth annual study of the worldwide asset-management industry. Like its predecessors, this edition reflects a comprehensive market-sizing effort. We covered 35 major markets (representing more than 95 percent of the global asset-management market) and focused exclusively on assets that are professionally managed for a fee. We also conducted a detailed analysis of the forces that are shaping the fortunes of asset management institutions around the globe.

In addition, this report contains conclusions drawn from a detailed benchmarking study of leading industry competitors—representing 50 percent of global assets under management (AuM)—that BCG conducted early in 2011. Our aim was to collect data on fees, products, distribution channels, and costs in order to gain insights into the current state of the industry and its underlying drivers of profitability.

Overall, 2010 was a better year for asset managers than 2009—confirming the rebound from the global financial crisis. Assets under management continued to grow and profitability improved, easing some of the pressure on industry participants. Yet today, even as the crisis fades further into the past, significant hurdles remain for asset managers. Economic uncertainty lingers, investors are becoming ever more demanding, and the full potential of "money in motion" will be difficult to capture. The question of how to achieve further growth in both mature and emerging markets is a daunting one. In order to build on the postcrisis success that we have already witnessed, asset managers will need to forge and execute thoughtful strategies.

Clearly, the global asset-management landscape remains an enormously challenging one. But along with great challenges come great opportunities.

A Snapshot of the Industry

In 2010, the global value of professionally managed assets rose by 8 percent to $56.4 trillion.[1] (See Exhibit 1.) This increase followed a gain of 13 percent in 2009 and a decline of 17 percent in 2008. Global AuM thus surpassed the previous year-end high of $56.2 trillion achieved in 2007, thanks to stronger-than-expected growth.

Still, there was wide regional variation in AuM expansion in 2010. Latin America, with an increase of 18 percent, posted the strongest growth. In North America, AuM rose by 8 percent, led by the U.S. (8.5 percent). AuM in Europe rose by 7 percent, with considerable variation across countries. For example, the U.K. posted an increase of 12 percent, compared with 5 percent in Germany and 3 percent in France. Japan and Australia, the two largest markets in the Asia-Pacific region, posted a combined AuM increase of 2 percent (1 percent and 4 percent, respectively). In emerging markets other than Latin America, AuM rose by 10 percent in South Africa and the Middle East (combined) and 11 percent in Asia (excluding Japan and Australia)—less rapidly than in the precrisis years.

Global AuM of $56.4 trillion surpassed the previous year-end high achieved in 2007.

Slower growth in Asian emerging markets was largely due to a 6 percent decrease in AuM in retail mutual funds—a reflection of both volatile equity markets and an ongoing lack of market confidence following the crisis. At the same time, strong growth was achieved in other segments in Asia, such as discretionary mandates for high-net-worth individuals, as well as in insurance, pension, and government funds.

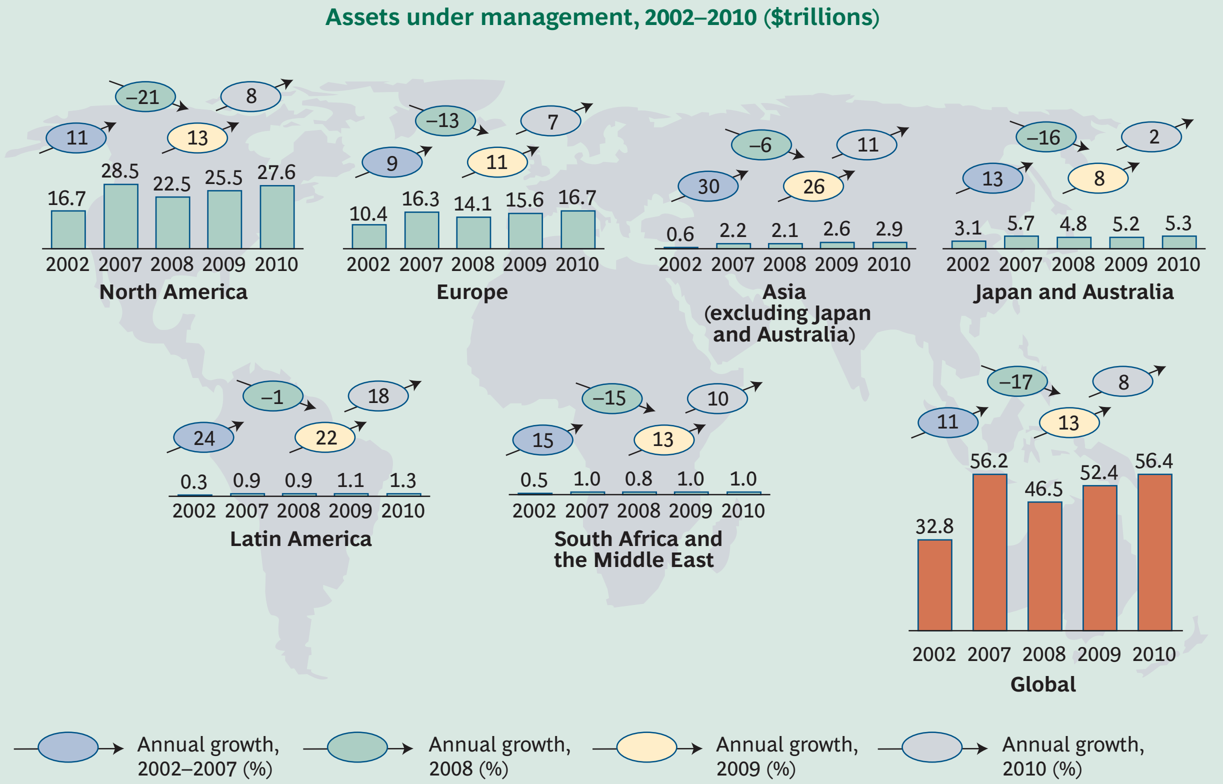
Global AuM growth in 2010 was driven principally by the continuing recovery of equity markets, much as in 2009. Net new inflows remained marginally positive (slightly less than 0.5 percent of year-end 2009 AuM), affected by year-end outflows of 0.2 percent in institutional AuM and inflows of 1.6 percent in retail AuM. Again, there was wide variation in net new money by region. The Americas posted overall net outflows of 0.4 percent, while there were net inflows in Europe (0.9 percent) and Asia-Pacific (5.6 percent).

In terms of client segments, retail AuM—up 9 percent to $22.8 trillion—posted stronger growth than institutional AuM, which rose 7 percent to $33.6 trillion. (See Exhibit 2.) Retail growth was driven by gains in discretionary mandates for high-net-worth individuals, as well as in unit-linked insurance and pension products. Such gains were strongest in the U.S. market but were evident as well in the U.K. and Germany.

Institutional growth was strongly supported by the pension and insurance segments but also by government funds. By the end of 2010, the institutional segment held 60 percent of global AuM, compared with 40 percent for the retail segment. Retail has been regaining ground over institutional during the past two years, owing to somewhat higher levels of equity investment. Still, at the end of 2010, retail AuM had not achieved its precrisis (year-end 2007) level, while institutional AuM had done so.

1. For all countries whose currency is not the U.S. dollar, we used the average 2010 exchange rate for all years in order to avoid a currency impact on growth rates. Owing to changes in methodology and currency rates as well as updated historical data, market-sizing totals are not consistent with those stated in BCG's previous Asset Management reports.

Exhibit 1. Global AuM Recovered Further in 2010



Sources: BCG Global Asset Management Market Sizing database, 2011.
Note: Global includes offshore AuM. North America = 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 = China, Hong Kong, India, Singapore, South Korea, and Taiwan; Latin America = Brazil, Chile, and Mexico. For all countries whose currency is not the U.S. dollar, we applied the average 2010 exchange rate to all years. AuM numbers for 2009 differ from those in last year's report owing mainly to differences in the exchange rates used. Apparent discrepancies in growth rates are due to rounding.

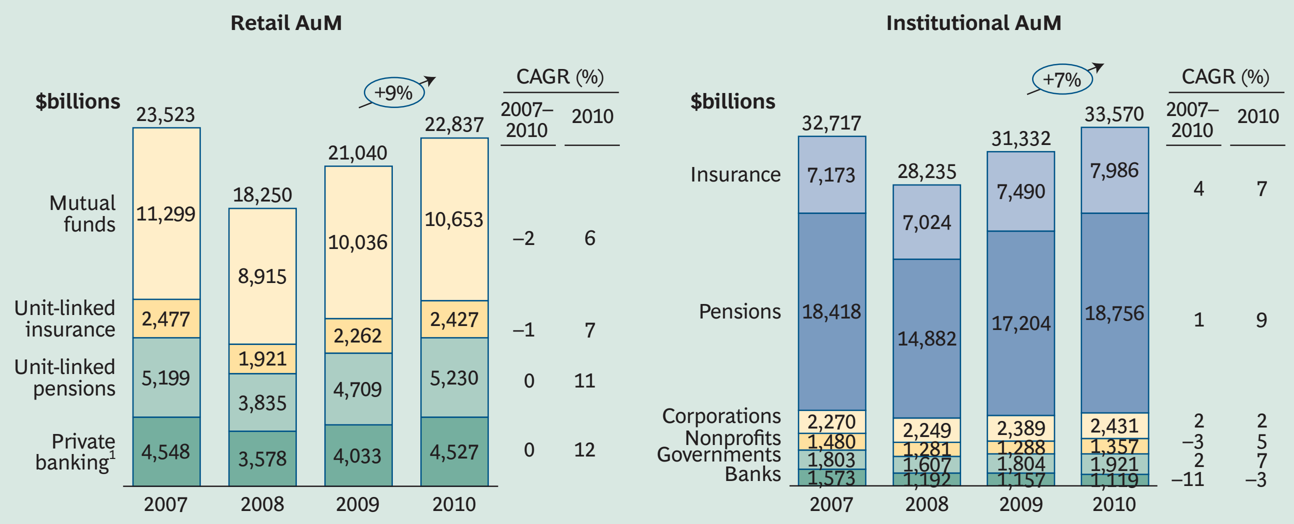
General investment patterns—as reflected by mutual fund sales—have shown considerable variation over the past few years, not only among asset classes but also among regions. (See Exhibit 3.) In Europe, for example, there were net inflows in nearly all key asset classes in 2009 and 2010, with particularly heavy sales of bond and hybrid (balanced) funds as well as of equity funds and exchange-traded funds (ETFs). The exception was money market funds, which were characterized by solid outflows owing to redemptions of assets parked there during the crisis (when equity markets were tumbling), low interest rates, and more attractive deposit accounts offered by cash-hungry banks.

In 2011, we have seen positive net inflows into mutual funds in Europe as money market outflows have slowed and hybrid funds and ETFs have remained strong. Net inflows into the traditional equity and fixed-income asset classes, however, have been relatively weak.

In the U.S., money market funds also posted sharp outflows in 2009 and 2010, but the rate of exit has slowed thus far in 2011. Net inflows into equity and hybrid mutual funds were weak over the same two-year period but very strong in fixed-income funds and ETFs. By contrast, in 2011, flows into fixed-income funds have virtually vanished and there has been some recovery in equities.

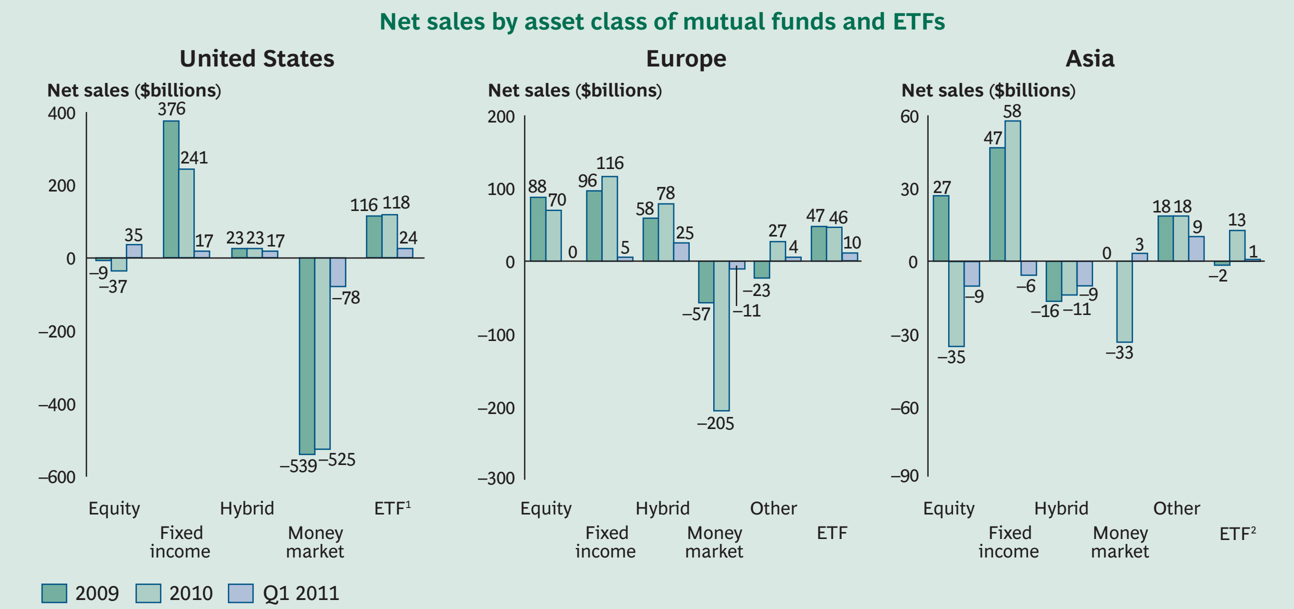
In Asia, the situation has been more difficult. After an overall positive year in 2009 driven by fixed income and equity, 2010 and early 2011 have been less robust. In

Exhibit 2. Retail AuM Grew Faster Than Institutional AuM in 2010



Source: BCG Global Asset Management Market Sizing database, 2011.
Note: For all countries whose currency is not the U.S. dollar, we applied the average 2010 exchange rate to all years. Because of rounding, some figures do not add up to the totals shown.
[1]Private banking consists of AuM in discretionary mandates, which generate management fees (excluding the portion invested in mutual funds, in order to avoid double-counting with the mutual funds category).

Exhibit 3. Regional Differences in Investment Patterns Have Continued



Sources: Investment Company Institute (ICI); European Fund and Asset Management Association (EFAMA); Lipper FMI; BlackRock, *ETF Landscape;* press reports; BCG analysis.
Note: Mutual fund sales correspond to net sales of UCITS funds in Europe.
[1]Corresponds to value of net issuance of ETF shares.
[2]Through February 2011.

2010, outflows were heavy in money market and equity funds, although performance was stronger in fixed-income funds and ETFs. In 2011, we have seen outflows across all traditional asset classes: equity, fixed-income, and hybrid funds.

Nonetheless, a continuing and noteworthy structural trend in 2010 was significantly higher inflows to Asian and other emerging-market products from investors around the world. In both the U.S. and Europe, emerging-market equity funds and global bond funds were among the top strategies in terms of net sales—while domestic (single-country) large-cap equity funds were among the least effective strategies. In addition, asset allocation strategies gained significant ground in Europe.

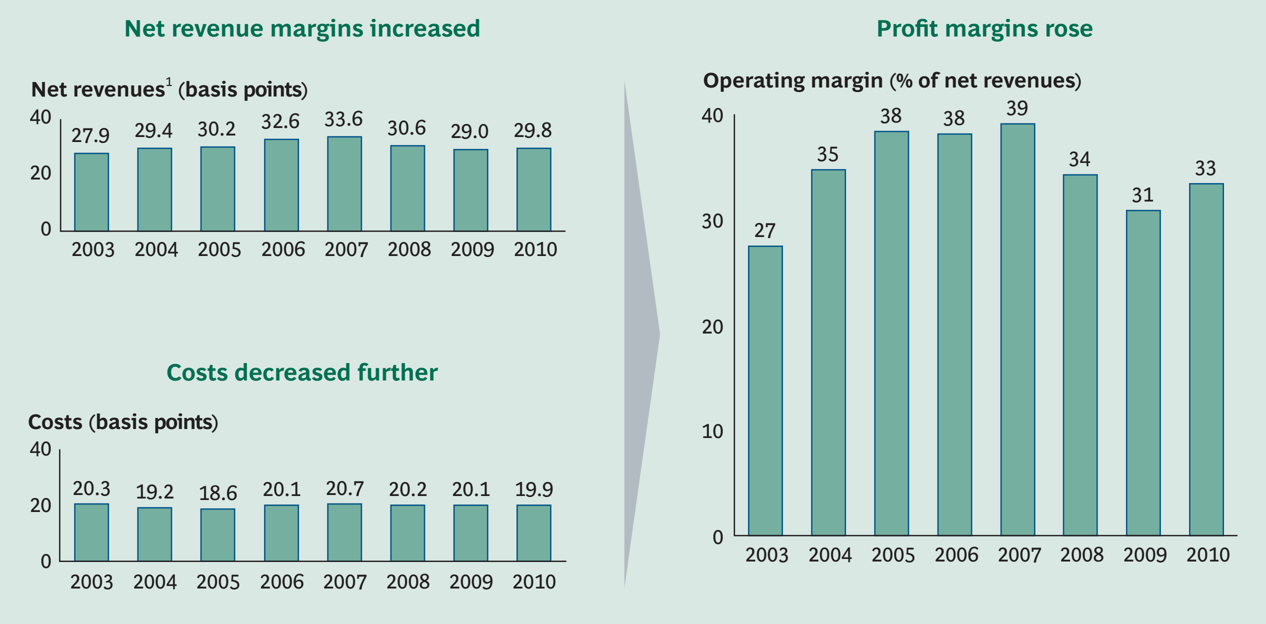
A continuing trend was higher inflows to Asian and other emerging markets.

The further recovery of AuM in 2010, along with a shift in asset structure, translated into improved profitability for asset managers. (See Exhibit 4.) The industry's overall economics were driven mostly by the 8 percent growth in AuM for the year. Asset managers were also able to improve their average revenue margins to 29.8 basis points in 2010—up from 29.0 basis points in 2009—partly because of an improved product mix that featured growth in higher-margin (such as equity-related) products.

Many players were also able to hold the line on costs, which remained at roughly 20 basis points in 2010. Ultimately, profit margins as a share of net revenues reached 33 percent, up from 31 percent in 2009. The historical peak of 39 percent achieved before the crisis is still an aspiration.

Of course, there was considerable variation in profitability among individual asset managers. About 73 percent were able to increase their profitability, while 27 percent saw their profitability decline. For about 75 percent of the latter group, the decline was driven by a decrease in revenues. For the remaining 25 percent, the problem was that despite rising revenues,

Exhibit 4. Industry Profitability Improved in 2010



Source: BCG Global Asset Management Benchmarking database, 2011.
[1]Management fees net of distribution costs.

their cost bases increased faster than revenues in absolute terms—with some experiencing overall cost increases of 20 percent or more.

Still, the fact that industrywide profit margins averaged above 30 percent in 2010 provides clear proof that asset management, viewed alongside many other sectors of financial services, remains a very attractive business.

In addition, higher overall profitability has contributed to slower consolidation among asset managers. Better performance and improved macroeconomic trends have eased the pressure on parent companies to divest, and there have been fewer large deals since the beginning of 2010 than there were in 2009. But the process of consolidation will certainly continue, albeit driven more by a desire to develop specific products (especially alternatives) or move into specific markets (especially emerging markets) than by the need to increase scale—even though scale-driven deals can generate solid synergies. The name of the game is still growth.

In general, during a second year of recovery from the so-called Great Recession, the global asset-management business has continued to evolve in many ways—as we shall see in the next chapter.

Key Trends in the Asset Management Market

Despite the recovery, asset managers cannot afford to become complacent. Investors are even more demanding, product trends are continuing to shift, the regulatory climate is tightening further, and competition is intensifying—with different markets posing different challenges. In addition, factors such as chronically low interest rates, the risk of inflation, potential market bubbles, and lingering market volatility—a reflection of a macroeconomic climate that is still unsettled—must be dealt with.

In this chapter, we will take a closer look at the major trends affecting asset managers. Some of these patterns are ongoing, while others represent new shifts in the landscape.

Investor Demands Keep Toughening

The financial crisis, by introducing great market uncertainty and calling many traditional investment beliefs into question, has made investors much more likely to scrutinize and challenge their asset managers. And although markets have improved, the pressure from investors—on both the institutional and retail sides—has not let up.

Institutional Investors. With strong capabilities in transparency and risk management becoming just as important as overall performance, many institutional investors—insurers, pension funds, corporations, governments, and other entities—have put asset managers under scrutiny. They are more demanding in all aspects of the relationship: reviewing the value-adds (such as research) that they are receiving, seeking more customized solutions, probing into managers' investment processes and philosophies, and questioning traditional performance benchmarks (especially in fixed income). More than ever, asset managers need to have a tight, compelling investment proposition.

Asset managers must also cope with factors such as regulatory changes that influence their clients' objectives and low interest rates that hinder the ability to achieve desired yields. For example, Solvency II legislation will further tighten the constraints on European insurers—bringing new challenges to their asset managers.

Another highly sought capability is expertise in liability-driven investment (LDI). Penetration of LDI strategies rose significantly from 2007 through 2009, and although it slowed somewhat in 2010, LDI is currently being used by close to 40 percent of pension funds in the U.K. and more than 90 percent in the Netherlands. In the U.S., the market for full LDI solutions is underdeveloped relative to those countries, although roughly 50 percent of U.S. pension funds are currently employing some form of LDI strategy.

Private Investors. Neither wealthy clients nor those with more modest sums to invest have relaxed their attitudes toward asset managers, despite more favorable equity markets. Private investors are increasingly looking for solutions that effectively balance risk in a still-uncertain environment. Indeed, following the losses absorbed during the crisis, many investors continue to lack confidence in mutual funds.

Such wariness has particularly been the case in countries where risk aversion has traditionally been relatively high. In Germany, for example, there has been just a trickle of flows into mutual funds recently—apart from a few highly popular funds, ETFs, and "Riester" related funds (which have some tax advantages). And in China, the combination of losses experienced during the crisis and short-term economic cooling measures has prompted continuing outflows from mutual funds.

Broadly speaking, it is fair to say that both institutional and private investors are maintaining a very cautious outlook on investment markets. BCG's third annual global investor survey, carried out in March 2011, provided ample evidence. (See the sidebar "BCG Survey: Investors Today Are Cautiously Optimistic.")

Product Dynamics Continue to Shift

Many product shifts that we observed even before the crisis began have continued through 2009 and 2010 and into 2011. One ongoing trend is the faster growth of passively managed and alternative products, compared with actively managed products. (See Exhibit 5.) To be sure, actively managed assets still account for roughly 80 percent of global AuM and are expected to remain above 70 percent for some time. But their share is slowly declining.

Actively Managed Products. Although the picture in actively managed products varies somewhat by region, the

BCG Survey
Investors Today Are Cautiously Optimistic

During the first quarter of 2011, BCG invited some 460 professional investors and sell-side equity analysts from Europe and the U.S. to participate in an online survey. The survey is the third in a series that BCG has conducted since 2009, probing investors' views on the global economic environment and priorities for business value creation. Below are the key findings of the survey. (For more details, see "All That Cash," BCG article, May 2011.)

Investors believe that the worst is over, but they continue to expect a low-growth environment for at least two more years. Additional sentiments include the following:

- The economic recovery has been faster than expected.
- A double-dip recession is unlikely.
- Global equity markets will probably deliver modest gains in 2011 and 2012—roughly 7 percent and 4 percent, respectively.
- Average annual total shareholder returns will be below the long-term historical average for the next three years (about 7 or 8 percent versus 9.3 percent).

Investor focus continues to evolve toward a value orientation and a balance between long- and short-term investments.

- Postcrisis value orientation remains very strong.
- The long-term investment focus of 2010 has shifted to a balance between short and long term in 2011.

Given their "alpha value" orientation, investors currently prefer that companies focus more on organic growth than on acquisitions, exercising prudence in free cash flow and capital deployment.

- Any acquisition must be strategically sound; otherwise, cash should be returned to investors.
- Higher dividends are generally preferred over share repurchases.

Management credibility and three- to five-year revenue-growth potential are the most important criteria for investors in deciding which financially healthy companies to invest in.

- The potential for improvement in return on invested capital (ROIC) is very important.
- Undervaluation and near-term EPS growth are less important than in the 2010 survey.

About 65 percent of investors believe that companies should do a better job of aligning their corporate, financial, and investor strategies.

- Investors expect low growth, are value oriented, and seek companies that invest aggressively in R&D and emerging markets in order to drive organic growth.
- In 2011, investors are putting more emphasis on stock picking, moving toward a more balanced short- and long-term investment outlook, and putting less emphasis on undervaluation and near-term EPS growth.

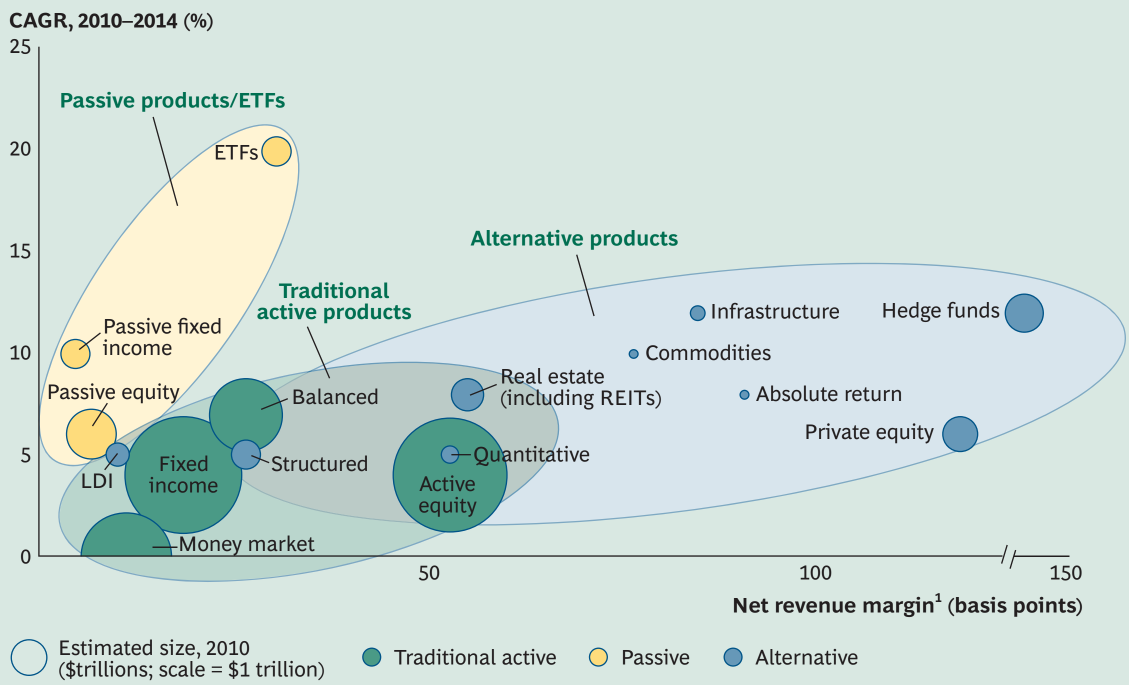
broad-brush trend of the past five years has been toward more fixed-income products and greater exposure to emerging and global markets. In the U.S., for example, sales of mutual funds both in 2010 and over the past five years have been particularly strong in core bond funds, foreign and emerging-market equity funds, and target-date funds. (See Exhibit 6.) In Europe, the trends have been somewhat similar.

Moreover, a survey of European institutional investors carried out in December 2010 indicated that these dynamics are poised to continue—not just for tactical reasons but also for structural reasons. When asked which asset classes would receive higher allocations in their investments in 2011, survey participants gave the top spots to emerging-market equity and debt—a structural shift led by macroeconomic trends—as well as to corporate credit (especially in Asian emerging markets), which is a more tactical move. (See Exhibit 7.) Clearly, asset allocation is shifting eastward. This pattern is somewhat similar to the ongoing shift toward alternative asset classes, as investors from mature economies seek outsize returns that are potentially uncorrelated with the market.

Another dynamic in actively managed products is that in mature markets, a small number of funds are attracting a high share of sales. (See Exhibit 8.) In U.S. fixed-income funds, for example, 5 percent of available funds accounted for 57 percent of net sales in 2010. And in European equity funds, 5 percent of available funds accounted for 56 percent of net sales. In addition, a handful of successful asset managers in mature markets are attracting a high percentage of net inflows. Such players are often gaining share not only in their home markets but also across regions.

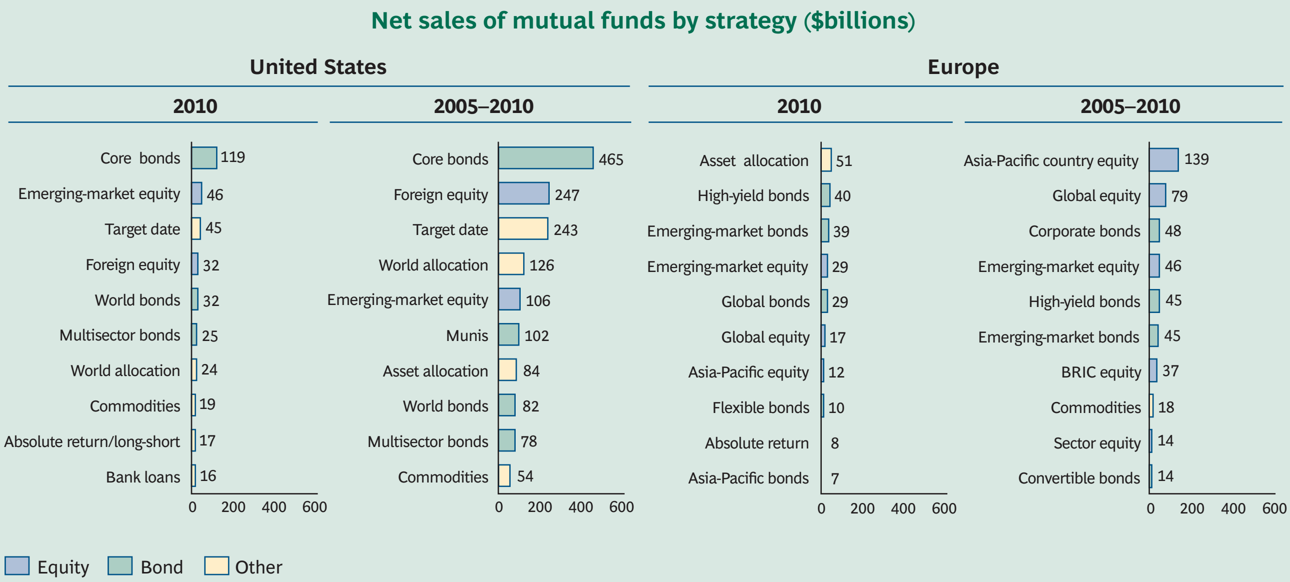
Still, in the wake of strong growth in fixed-income products, new concerns about the performance and risks of this asset class are arising. With a paucity of supply in some fixed-income classes, there are questions about whether bonds—given low interest rates, the potential for sovereign defaults, and inflationary concerns—will remain a safe haven (of sorts) that effectively diversifies

Exhibit 5. Alternative and Passive Products Should Keep Outgrowing Traditional Active Products



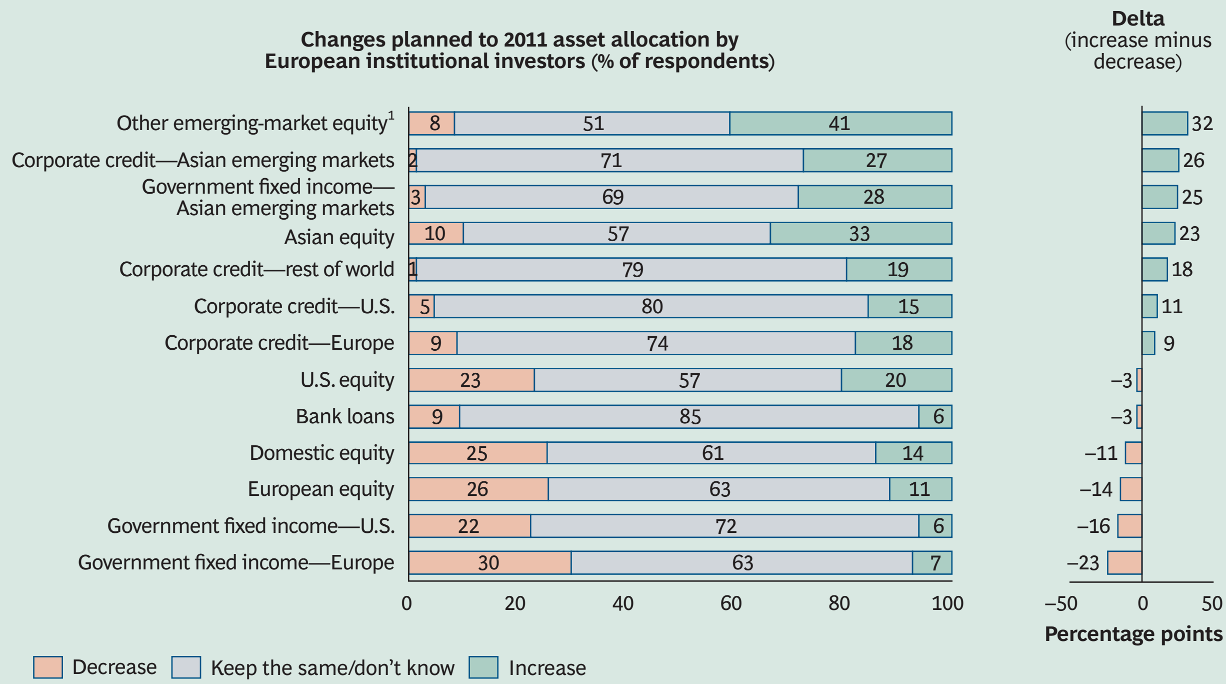
Source: BCG analysis.
Note: LDI is liability-driven investment.
[1]Management fees net of distribution costs.

Exhibit 6. Growth Has Been Strong in Bonds, Emerging-Market Equity, and Solutions Funds



Sources: Morningstar; BCG analysis.

Exhibit 7. Asset Allocation Is Shifting Eastward



Sources: Pension fund survey, December 2010; BCG analysis.
Note: Because of rounding, percentages may not total to 100.
[1]Equity from markets other than domestic, U.S., Europe, and Asia.

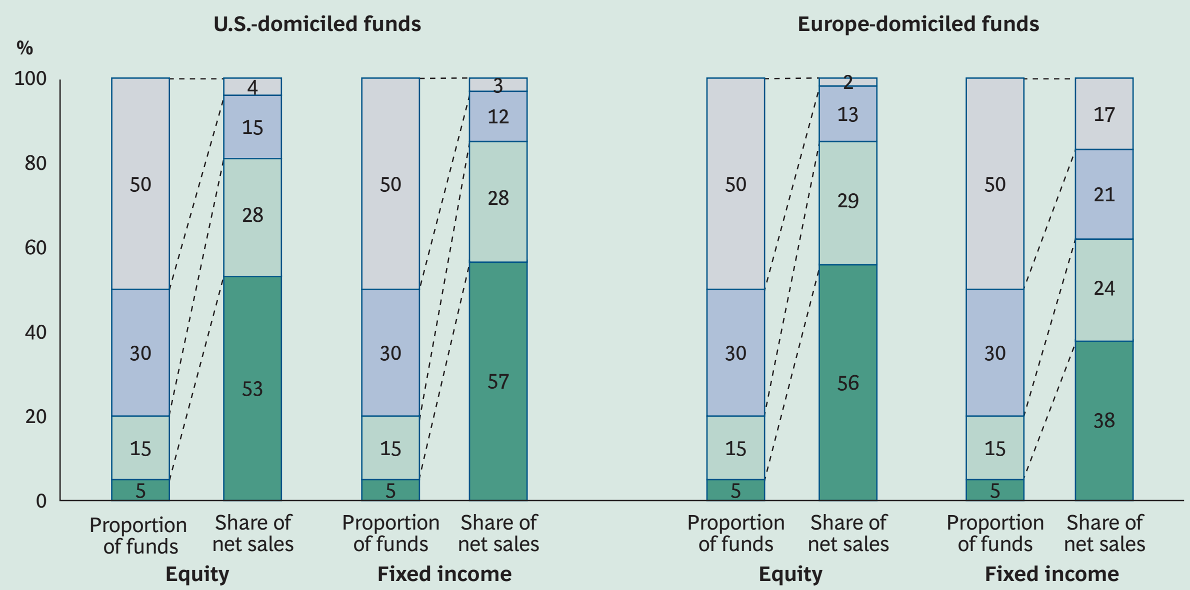
equity risk. Indeed, the largely favorable bond environment that has existed for roughly two decades has wound down. Lower expected returns and relatively high volatility may hurt future growth. And there are other questions: Are debt-weighted benchmarks still appropriate? Will rising asset classes such as alternatives benefit as investors shy away from bonds? The answers to such queries will not be known for at least a few more years. In the meantime, we expect continued success for players that are able to provide decent performance in fixed income.

A key structural development is the move to more customized solutions that are oriented toward specific outcomes or time frames, or that are explicitly linked to balance sheets or specific macroeconomic trends or both. Such products include asset-allocation and target-date offerings, as well as LDI. In Europe, for example, asset allocation funds are becoming increasingly popular, accounting for 3 of the top 15 mutual fund strategies in 2010 in terms of net sales.

Moreover, in the U.S., target-date funds continue to expand substantially following an average growth rate of roughly 30 percent per year over the past decade—and about 13 percent annually from 2007 through 2010, despite the crisis. While still representing only about 3 percent of U.S. long-term mutual funds, target-date funds are taking an increasing share of industry flows—nearly 10 percent in 2010—and are particularly relevant in the defined-contribution channel. Such funds have not yet made substantial inroads in Europe, but this could soon change. In the U.K., for example, the government has said that target-date funds may be the default investment options for the planned National Employment Savings Trust (NEST) pension scheme—to be established by 2012—in which all workers 21 years of age and older will be automatically enrolled.

Passively Managed Products. Passive investment strategies continue to gain ground as more investors, both institutional and private, question the ability of active managers to outperform the market. Among passively managed products, the most noteworthy development in 2010 was the continuing growth of ETFs, particularly in the U.S. and Europe. (See Exhibit 9.) In the U.S., the amount of AuM invested in ETFs grew by 26 percent in

Exhibit 8. Net Sales Are Highly Concentrated



Sources: Morningstar; BCG analysis.
Note: Based on funds with positive net sales only.

2010 to $891 billion—and has nearly tripled since 2005. In Europe, ETFs grew by 25 percent to $284 billion in 2010 and are fivefold higher than in 2005. Nonetheless, the total share of AuM invested in ETFs remains small in each market—3.4 percent in the U.S. and 1.7 percent in Europe.

Despite some ongoing discussion about counterparty risk for ETFs that are not fully replicated, ETFs are poised for further growth. This is particularly true on the institutional side, which we estimate to represent 50 percent of the ETF business in the U.S. and 90 percent in Europe. According to BlackRock, 45 percent of plan sponsors that use ETFs do so for tactical adjustments, with 38 percent using them for transitions, 31 percent for cash equitization, 28 percent for core/satellite allocation, 24 percent for rebalancing, and 24 percent for portfolio completion.[2]

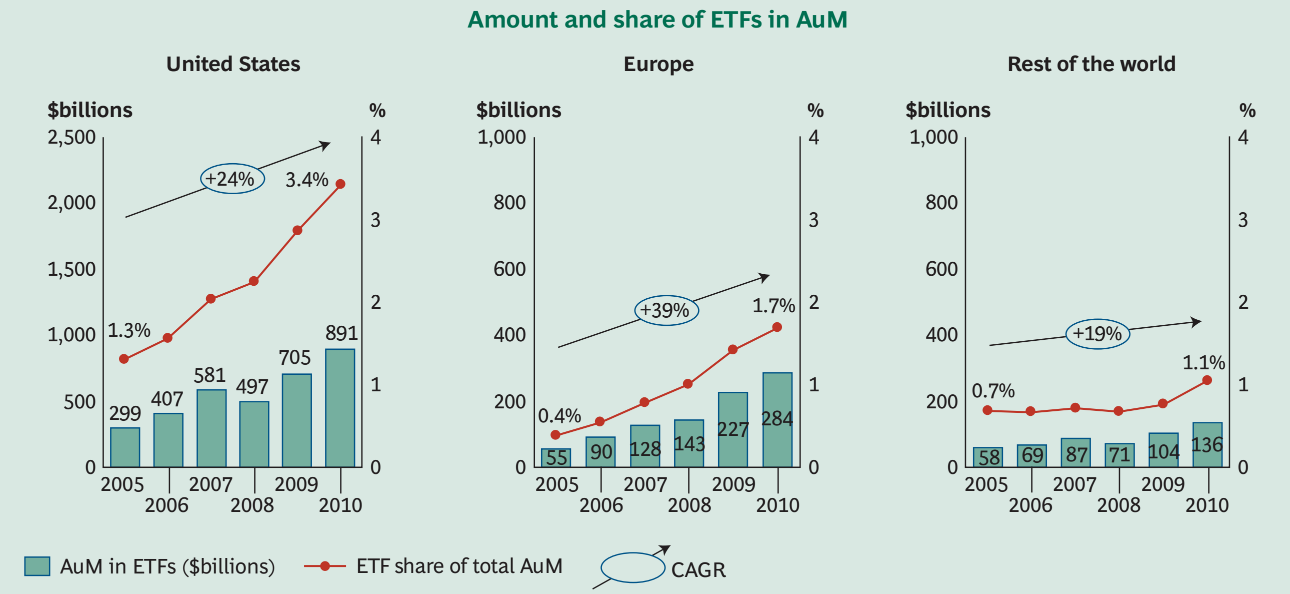
It is also interesting to note that, in terms of AuM, ETFs have become more prominent for private investors as building blocks for investment solutions provided directly by wealth managers. This represents a key change, as ETF adoption had previously been slowed somewhat by the lack of attractive margins for distributors—especially in Europe and, to a lesser extent, in the U.S., owing to the high penetration of retail-managed programs as opposed to standalone mutual funds.

Although ETF markets are concentrated—more so in the U.S. than in Europe—there has been considerable movement among market participants. (See Exhibit 10.) In Europe, a number of smaller players have been able to grow strongly, and the use of derivatives has driven the ability to develop businesses that would otherwise be subscale. In particular, some institutions from the investment banking sector have leveraged their derivatives skills to develop an ETF business. Overall, several players in Europe managed to grow by more than 50 percent in 2010 through different approaches—typically using ETFs as part of broader solutions for institutional investors or as an element of wealth management solutions. We have seen similar trends in the more developed U.S. market, although there has been less shifting among the positions of top players than in Europe.

Alternative Investments. Alternative investments such as real estate, hedge funds, private equity, and infrastructure funds were hurt severely by the crisis. Yet research

2. BlackRock research, *ETF Landscape: Industry Highlights, Year End 2010.*

Exhibit 9. ETFs Have Continued to Grow Strongly



Sources: BlackRock research; BCG Global Asset Management Market Sizing database, 2011; BCG analysis.

confirms that there is continued interest in alternative strategies, especially among institutional investors—even if such investors are becoming increasingly demanding with regard to transparency, risk management, operating model, and the overall track record of their asset managers. Indeed, we have observed a more evolved and nuanced appreciation for the role that alternatives can play in a portfolio, and a greater understanding of the associated risks. Moreover, although alternatives clearly still play a role in private banking, there is less blind faith in the asset class as a whole than before the crisis.

In the hedge fund arena, overall AuM—$2.02 trillion at the end of the first quarter of 2011—has surpassed the precrisis peak level of $1.86 trillion reached at the end of 2007. But the pure number of hedge funds—9,418 versus 10,096 at the same points in time—has not yet caught up. In addition, individual hedge funds have grown much more significantly—at a compound annual rate of 5.4 percent from the end of 2007 through the end of the first quarter of 2011, to $1.35 trillion in AuM—than funds of hedge funds (FoHF). Over the same time period, FoHF were hit hard as investors questioned their

Exhibit 10. The ETF Market Is More Consolidated in the U.S. Than in Europe

The top three players in the U.S. have 85 percent of the ETF market

	AuM, 2010 ($billions)	Market share, 2010 (%)	AuM, 2009 ($billions)	Growth in 2010 (%)	Net sales, 2010 ($billions)	Share of net sales, 2010 (%)
iShares	431.4	48	364.4	18	27.5	26
SSgA	176.8	20	149.8	18	11.7	11
Vanguard	148.3	17	92.0	61	40.5	38
PowerShares	41.5	5	33.6	24	3.4	3
ProShares	21.6	2	23.2	–7	2.1	2
Van Eck Global	20	2	12.5	60	3.7	3
BNY Mellon	12.2	1	8.6	42	1.6	2
WisdomTree	9.9	1	6.4	55	3.0	3
Direxion Shares	6.6	1	5.0	32	2.1	2
Total market	**891**	–	**705.4**	**26**	**106.6**	–

The top three players in Europe have 71 percent of the ETF market

	AuM, 2010 ($billions)	Market share, 2010 (%)	AuM, 2009 ($billions)	Growth in 2010 (%)	Net sales, 2010 ($billions)	Share of net sales, 2010 (%)
iShares	101.8	36	85.8	19	13.3	29
Lyxor	52.4	18	45.6	15	6.8	15
Db x-trackers	47.9	17	37.2	29	8.0	18
Credit Suisse	15.6	5	9.6	63	4.5	10
Zurich Cantonal Bank	11.8	4	6.7	76	2.1	5
Commerzbank	8.6	3	6.2	39	2.1	5
Amundi	7.2	3	4.8	50	2.2	5
ETFlab	6.8	2	7.1	–4	0.6	1
UBS	6.6	2	3.6	83	2.7	6
EasyETF	5.5	2	5.8	–5	–0.5	–1
Source	5	2	2.9	72	1.3	3
Total market	**284**	–	**226.6**	**25**	**106.6**	–

Sources: BlackRock research; BCG analysis.

value in terms of selection and performance. The amount of AuM in FoHF is still well below its 2007 peak. Nonetheless, FoHF attracted $5 billion in net inflows in the first quarter of 2011, owing in part to investors lacking either the necessary scale or the right selection capabilities to invest in individual hedge funds. There is still debate about whether FoHF will regain significant share in the future.

Apart from alternatives, pricing in the asset management industry has largely held up.

Moreover, although the crisis has already exerted considerable downward pressure on the pricing of alternatives—especially in hedge funds—this pressure shows little sign of letting up. Top players may be able to resist lowering prices, but many asset managers are continuing to feel the squeeze. It is also important to note that, apart from alternatives, pricing in the overall asset-management industry has largely held up despite the crisis. While some players, especially marginal ones, may be considering lowering their fees to attract new business, material changes are not expected—at least not in the near term.

The Role of Regulation Is Increasing

The global financial crisis brought the regulation of financial markets to the fore all over the world. Governments and regulatory bodies have pledged to stay vigilant, keeping a sterner eye on banks, insurers, asset managers, and other providers of financial services. In general, both existing and proposed regulations have the goal of protecting investors through increased transparency—in terms of the nature of products, their purported benefits and risks, and the fees that they carry. But we have observed that financial regulation aimed at safeguarding asset management clients—by forcing asset managers to adjust and upgrade their services, likely raising costs—may, in fact, have a bigger impact on the industry than regulations aimed directly at asset managers themselves. Let's look more closely at a few of the regulations currently affecting the industry.

Interim Financial Regulations. Several regulatory changes are under consideration in the U.S. market. A primary issue involves so-called 12b–1 fees—the name comes from a section in the Investment Company Act of 1940—which were originally intended to cover the costs of advertising and marketing for mutual funds. The idea was that marketing a fund would help attract assets, which would benefit investors in the long run by allowing the fund to eventually lower expenses because of economies of scale. But there are questions as to whether this objective has truly been accomplished.

Today, all investment fees—including 12b–1 fees—will come under increased scrutiny from new Department of Labor interim financial regulations. A potential reduction in any fees would affect the profitability of asset managers. These regulations also require new transparency for providers of bundled 401(k) services—which, in particular, must offer plan sponsors full transparency into record-keeping costs separately from investment management fees. This requirement may further erode revenue streams for providers of bundled defined-contribution plans and potentially accelerate the opening up of these plans to investment-only providers.

Separately, tighter maturities, improved quality standards, and new liquidity requirements for money market funds stemming from new SEC reforms will likely affect asset manager profitability and investor returns.

UCITS IV. In Europe, the fourth generation of Undertakings for Collective Investments in Transferable Securities (UCITS IV), set to be implemented in early July 2011 (as of this writing), will introduce mechanisms to increase cross-border competition, reduce costs, and enhance transparency. UCITS IV will allow easier cross-border fund initiatives, permit quicker and more straightforward approval processes for the launch of new funds, and enable cross-border master-feeder fund structures. By helping to make operating models more efficient, UCITS IV may facilitate faster growth for some players.

MiFID II. The objectives of MiFID I (the original Markets in Financial Instruments Directive) were to harmonize EU financial markets and improve efficiency by strengthening competition, achieving a higher level of transparency and liquidity, improving investor protection, harmonizing diverse European regulations, and creating a genuine single market for investment services and activities. MiFID II, which is meant to extend the original directive and focus on any lingering issues, aims to address changes in market structures and technology, further increase transparency and efficiency, broaden the range of products covered by MiFID I, and continue to bolster investor protection.

Expected to be published in the fall of 2011, MiFID II will have a clear impact on distributors of investment products. First, it will necessitate a reduction of product ranges and lead to new advisory formats. It will also require an annual update to investors, with increased transparency and more comprehensive reporting standards, potentially reducing sales efficiency. For asset managers, the key potential impact will involve the new inducement regime, which may ban retrocession payments to distributors on certain asset-management products.

Solvency II capital requirements will alter the attractiveness of specific asset classes for European insurers.

RDR. In 2006, the U.K. Financial Services Authority (FSA) launched the Retail Distribution Review (RDR) with the intention of increasing the integrity of domestic financial markets. Stating that the RDR is "essential for promoting a resilient, effective, and attractive retail investment market," the FSA says that the RDR will improve the clarity with which firms describe their services to consumers, address the potential for advisor remuneration to distort consumer outcomes, and raise the professional standards of investment advisors.

The new framework, set to take effect at the end of 2012, is likely to result in a shift in distribution in the U.K. The overall number of independent financial advisors (IFAs) will diminish and there will be some level of consolidation. Moreover, those IFAs that remain may focus their attention on the high end of the market, creating a situation in which private investors with relatively modest sums to invest may find it difficult to obtain reliable advice—not the result that the FSA presumably intended. In particular, we have observed that some leading retail players have stopped providing investment advice to mass-market investors.

For asset managers, the key impacts relate to pricing and product range. With regard to pricing, all commissions will have to be clearly disclosed and agreed upon up front. In addition, previously hidden trail commissions could be prohibited on new sales. Some U.K. asset managers are already developing "RDR friendly" products that embrace a relatively simple concept: funds that have lower fees than the typical actively managed fund (in order to compete with passively managed funds) but that still try to beat the market.

When it comes to products, IFAs will focus on financial planning and be more inclined to outsource investment decisions to asset managers or insurers through offerings such as multimanagement funds or automated solutions that are based on risk profiles defined by investors.

Solvency II. Solvency II legislation, which is scheduled to take effect in 2013, poses several key challenges to asset managers working with clients that are European insurance companies. First, Solvency II capital requirements will alter the attractiveness of specific asset classes for insurers. For example, there is a 39 percent capital charge on equity and a 29 percent charge on any real-estate investments, but essentially no charge for EU government bonds. Such external factors will have to be represented in portfolio strategies. Second, assets will have to be managed against liabilities—not just against benchmarks. The solvency levels of many insurance companies may become more volatile depending on interest rate movements. Third, transparency will have to increase. The requirements for risk reporting and integrated risk modeling will oblige asset managers to deliver far greater openness and clarity, as well as better simulation capabilities.

Basel III. The Basel III measures, published in December 2010, focus strongly on the redefinition of core regulatory capital and adjustments of risk-weighted assets for banks. These measures also introduced liquidity ratios for both the short term (the liquidity coverage ratio, or LCR) and the medium to long term (the net stable-funding ratio, or NSFR), as well as a set of monitoring tools.

One potential threat to asset managers as a result of Basel III is that many banks will be hotly competing for deposits in order to meet the new requirements—deposits that might otherwise have found their way into mutual funds or other investment products. At the same time, pressure on deposit margins may enable banks without major funding needs to put more emphasis on their investment businesses, creating opportunities for asset managers with close ties to banking channels. Moreover, the need for banks to apply more capital against risky assets could result in the shift of some proprietary trading activities toward hedge funds, fueling hedge fund growth.

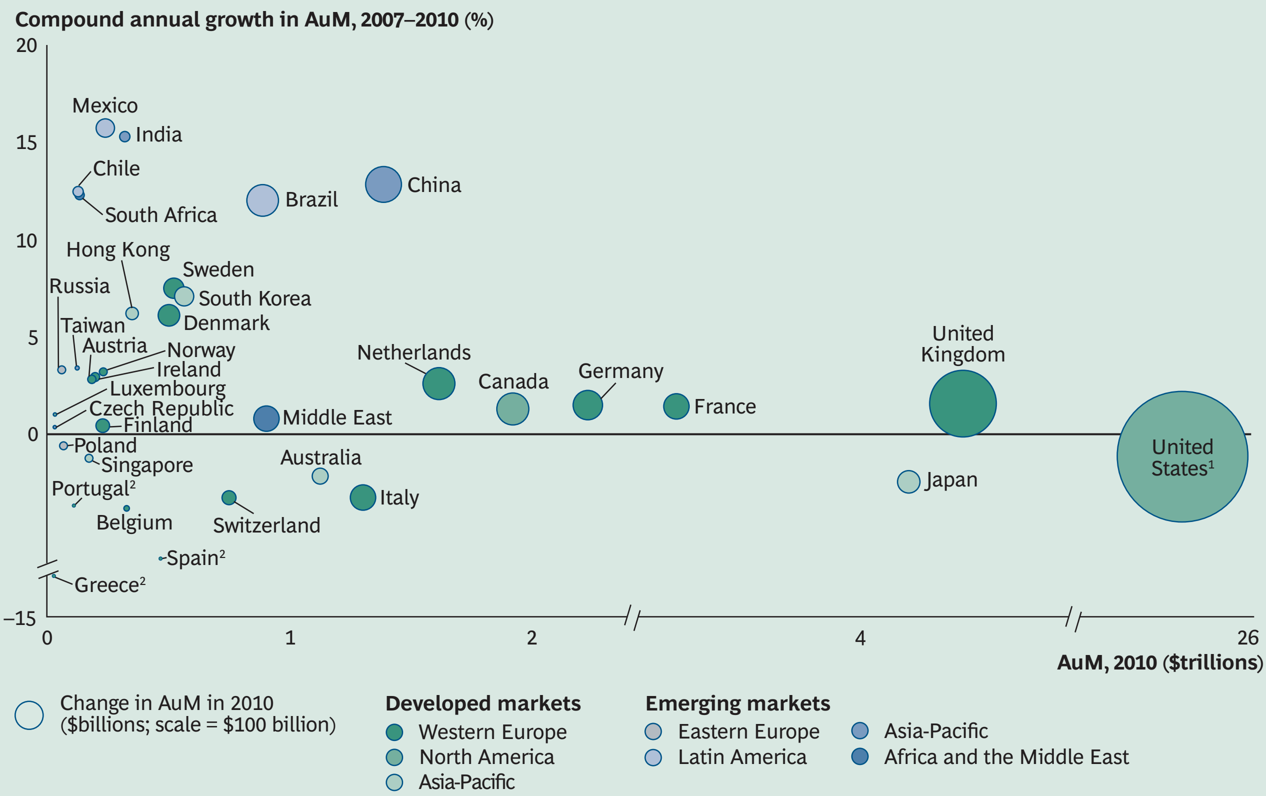
Different Markets Pose Different Competitive Challenges

The asset management landscape will likely witness different sets of challenges for different markets along the entire asset-management value chain. Mature markets such as North America, Europe, Australia, and Japan—where penetration of some asset-management products is stagnating, market sentiment is somewhat tepid, and established players with entrenched sales channels are vying for share among still-wary investors—will likely grow at a modest pace overall. That said, the amount of "money in motion" will remain significant, and flows into some types of products and asset classes, such as emerging-market equities, could be quite robust.

Developing markets such as Latin America and many parts of Asia—where the overall investment infrastructure is still being developed and the sales landscape is far more diverse—face a different set of challenges and will likely grow at a faster pace, albeit from a much lower base of regional and domestic AuM.

Indeed, despite the crisis, emerging markets have fueled much of the global growth experienced in recent years. AuM in developing markets grew from $3.2 trillion to $4.2 trillion from 2007 through 2010. Six countries in particular have seen significantly faster AuM growth than the rest of the world: Brazil, Chile, China, India, Mexico, and South Africa. (See Exhibit 11.)

Exhibit 11. Six Countries Have Shown the Fastest Growth in AuM



Source: BCG Global Asset Management Market Sizing database, 2011.
Note: For all countries whose currency is not the U.S. dollar, we applied the average 2010 exchange rate to all years.
[1]The change in AuM in 2010 for the United States is $2.0 trillion.
[2]Negative evolution in AuM in 2010.

Although it is difficult to forge a clear view about exactly how fast the largest developing markets will expand, overall penetration of asset management products in emerging markets will certainly continue to increase both in the medium and long term. (See also Exhibit 9 of the BCG report *In Search of Stable Growth: Global Asset Management 2010,* July 2010.) If growth in these markets remains aggressive, their share of global AuM could move from 5 percent today to 15 percent within the next decade. Yet it is equally clear that forays into Asian markets by Western asset managers are complicated and require the right set of skills and resources. We have seen many Western institutions invest heavily in the region, with the short-term result of lower productivity.

To be sure, some global players are starting to enjoy some success. In our benchmarking for this report, we counted no fewer than ten Western players that posted net sales above $5 billion from the Asia-Pacific region—with a handful gaining inflows of between $10 billion and $30 billion. All the same, asset managers that are considering making a move into the region need to recognize the challenges ahead: intense competition, overcapacity in many areas, and a regulatory climate favorable to local players. In fact, we have observed a few global asset managers *exiting* key markets such as China and India.

Ultimately, as we shall explore in the next chapter, asset managers seeking to tap into growth opportunities in either mature or emerging markets will need a plan and a set of tools—not only for their home markets but also for potential expansion abroad.

How to Maneuver Both at Home and Abroad

Although most players benefited from the postcrisis rebound in 2009 and 2010, there is considerable doubt about the prospects for further growth. Now is the time for asset managers in every region to determine their growth aspirations and take action.

And many are doing so. Some U.S. players, for example, are seeking opportunities not only at home but in Europe, Latin America, and Asia-Pacific. Some European institutions are making forays into Asia as well as into neighboring European markets. And some asset managers in Asia-Pacific are trying to find footholds in more highly developed economies.

Our proprietary research and client work have helped us identify potential actions that asset managers can take to enhance their chances of successful growth—both at home and abroad.

Pursuing Growth in Your Home Market

Asset managers in low-growth, mature markets face particularly daunting challenges in expanding their footprints at home. We have found that the following specific steps are critical: sharpen your value proposition, focus more on the end customer, enhance your relationships with distributors, review and streamline your product portfolio, explore innovation, master the regulatory climate, and revisit resource allocation.

Sharpen the value proposition. Perhaps now more than ever, investors are looking for some degree of certainty about the security and growth potential of their investments. Amid virtually limitless investment choices, a crystal-clear value proposition can be a true differentiator. Asset managers need to review what they do best, make it distinctive, and market it powerfully.

Focus more on the end customer. All too often, retail asset managers have cared too little about private investors, in effect perceiving distributors as their end customers. Indeed, relatively few players have fully exploited opportunities to better understand what private investors really prefer in terms of products, services, and channels. Even fewer have seized the opportunity to help distributors comprehend the needs of the end customer. Amid intensifying competition, asset managers must dedicate the necessary resources to do more in these areas.

On the institutional side, asset managers must better adapt their offerings to the needs of the investor—and truly take the client's perspective. Institutions are increasingly interested not only in performance but also in higher levels of service in terms of customization of products and clarity of reporting.

Enhance relationships with distributors. Asset managers must also forge better overall ties with the distributors that link them to the end customer, finding ways to stimulate new demand for their products. As the battle for "shelf space" heats up, they must ensure that their products are getting sufficient display. They can help themselves by strengthening sales support in a number of areas, such as providing better training on products, backing up advisors on specific investment solutions, and being an active thought partner with distributors with regard to new sales approaches.

Review and streamline the product portfolio. An ongoing struggle for many asset managers is the tendency to keep underperforming products "on the shelf" for too long. Keeping such products alive not only can be very costly but also can dilute highly targeted value propositions. Overall, not enough players regularly review and prune their portfolios in order to achieve the most robust offering.

Explore innovation. Asset managers will need to embrace a true spirit of innovation in order to address the many challenges that lie ahead. In addition to those we have already discussed, these hurdles include protecting capital in an inflationary environment, coping with longevity risk, and helping clients accumulate sufficient savings for retirement in a tax-heavy environment. The products of tomorrow will by necessity require multiple competencies—for example, in capital market structuring and pricing, actuarial expertise, and fiscal matters. Players that truly search for (and identify) innovative solutions will have an advantage.

Players that truly search for (and identify) innovative solutions will have an advantage.

Master the regulatory climate. The financial crisis obviously lent considerable momentum to the development of market reforms—some of which had been initiated before the downturn took hold. In the face of so much uncertainty about the ultimate impact of regulatory moves, both retail and institutional asset managers must keep fully abreast of all such measures in order to provide steady guidance to clients and adapt their own business models.

Revisit resource allocation. Although most asset managers strive to deliver overall excellence in service, they cannot afford to devote the same resources to less profitable clients (or products) that they do to highly profitable ones. Asset managers will increasingly need to differentiate their service levels according to the profit contribution from the particular investor or product. This often means making the necessary investment in management information systems—a plunge that many global players have not yet taken.

For example, we recently conducted a survey of 16 asset managers in France—representing 67 percent of domestic AuM—which revealed that not all of them have necessarily built the systems they need. Not quite two-thirds of the survey participants measured profitability by product, and just half calculated profitability at the client segment level. Our benchmarking and client work have shown us that these findings are not unusual. Efforts to analyze the sources of profitability from all angles—and allocate resources accordingly—are simply not systematic throughout the industry.

Pursuing Growth Across Borders

Although growing at home is particularly difficult for asset managers in highly sophisticated, low-growth markets, attempting to expand abroad—a natural response to the limited potential at home—poses significant hurdles as well. Foreign markets can be strikingly diverse on many levels, and can involve problems such as varying regulatory environments, disparate investing cultures, and multiple languages. Not only are such hurdles difficult for players trying to branch out from mature home markets, but they are also daunting for asset managers based in higher-growth emerging markets that want to test foreign waters.

The first step in pursuing growth across borders is to develop a clear view about which markets you would like to enter given your current capabilities and resources. Just as important is an accurate assessment of the level of competition in the new market. Finally, part of any viable growth agenda is deciding where you do *not* want to be in terms of regions, products, and client segments. Surprisingly, some asset managers begin their foreign-expansion initiatives without fully addressing these basics.

Our work with clients in Europe, the Americas, and Asia-Pacific has helped us identify some key success factors in each region. These factors can apply both to asset managers entering from other regions and to local players attempting intraregional moves.

Europe. There are marked differences among the various European asset-management markets. For example, on the retail side, a clear distinction exists between the U.K. market—which is the most open and is dominated by IFAs—and continental Europe, where distribution is dominated by retail banks. On the institutional side, some markets are focused primarily on serving insurance companies, while others—such as the U.K., the Netherlands, the Nordic countries, and Germany—have significant pension-fund markets that feature varying levels of intermediation through investment consultants.

Not surprisingly, a principal success factor for asset managers in Europe is the ability to perform well across diverse segments and markets. In retail, well-differentiated products, top-level service to distributors, and a strong reputation—supported by solid overall performance—are critical. In institutional, a good track record with consultants, best-in-class risk-management practices, and highly customized service are crucial.

Leading third-party distributors now tend to rely on just a few very successful products.

It is worth noting that we have seen some new patterns emerging over the past two years. One of these trends is that leading third-party distributors in Europe now tend to rely on just a few very successful products. For example, in 2010, the top 20 best-selling funds in Europe accounted for 55 percent of total net sales. What's more, the top three players had 11 funds out of the top 20 in net sales. Such a high degree of market concentration indicates how important it is for asset managers to establish flagship funds that can attract investors from many regional markets. The implication is that players need to be prepared for more volatility, because the success of such funds is not built solely on performance.

Some successful asset managers have addressed the volatility issue through shrewd rotation of products—and have succeeded in building strong third-party growth over the past five to ten years. In each year, the highest proportion of net sales was driven by a handful of highly popular offerings that distributors pushed when those specific funds fit best with the prevailing macroeconomic winds. Obviously, not all successful asset managers rotate products and focus on market timing. Some continue to rely solely on a few tried-and-true funds with solid track records throughout many market cycles. Finding the right logistical setup—in terms of sales teams, investment management, and middle- and back-office functions—to efficiently serve different markets is also critical in Europe.

In terms of the operating model, the typical setup in Europe is to have a platform in the U.K. to serve the U.K. market and a platform in Luxembourg or Ireland to serve continental Europe—with sales teams either located in both platforms if operating at scale (typically above €2 million in revenues) or based in London for subscale operations. Some successful players centralize investment management in one unique location, although those with significant size typically decide to invest in on-the-ground teams in order to serve distinct local needs. We have also found that players that are successful in expanding in Europe enter just one market (or possibly a few markets) at a time, and think carefully about the optimal sequencing from a product, client-segment, and regulatory viewpoint.

The Americas. Successful entry into the U.S. retail asset-management market has always been a challenge for foreign newcomers. Historically, asset managers engaged distributors' home offices to gain access to their platforms, usually attempting to bring a compelling product story based on good performance, an in-demand asset class, or some other feature. But this approach is no longer sufficient. Today, given thousands of products to choose from, asset managers must also target the professional buyers in distributors' home offices. Because advisor behavior is increasingly influenced by central decision-making, the goal is to gain access to managed programs or model portfolios. Beyond the wire houses, the registered investment advisor (RIA) channel—given its size and growth rate—is also critical for asset managers seeking shelf space and "share of mind." This is true despite the challenging economics of serving the highly fragmented RIA channel.

Securing a position in the U.S. market can be extremely daunting for foreign entrants. We have observed some asset managers that have been able to grow organically through the right blend of performance, product differentiation, or distribution push—or by creating niche positions on the basis of a specialized distribution focus, either institutional or retail, or a particular asset class (such as international equity, small cap, high-yield fixed income, or emerging markets). A few others have built positions through M&A. Overall, however, stories of foreign players successfully achieving viable positions in the U.S. market are fairly rare. It remains to be seen how many more will try—and ultimately manage to gain a foothold.

Asia-Pacific. The Asia-Pacific asset-management landscape is essentially composed of four types of markets:

- Large, sophisticated markets (Japan and Australia)
- Regional hubs (Hong Kong and Singapore)
- Emerging giants (India and China)
- Next-tier growth markets (South Korea and Taiwan)

Asian retail clients tend to have a strong preference for home-market investing.

Each type of market comes with distinctly different growth opportunities. Moreover, unlike some Western markets that are driven by one or two client segments, the spectrum is more diverse in Asia, with real opportunities across segments. Although entry barriers and key success factors differ widely across Asian markets, we have made some fundamental observations.

Generally speaking, institutional investors can be serviced from the regional hubs of Hong Kong and Singapore, where specific capabilities for client needs (such as asset-liability management skills for insurance companies) and dedicated sales teams are critical. We have found, however, that asset managers can increasingly benefit from having local representatives in certain key onshore markets.

In these regional hubs—as well as in large, sophisticated markets—retail distribution tends to be dominated by several large banks. A strong brand and track record, well-differentiated funds, solid partnerships, and workable retrocession arrangements are essential to gaining shelf space within the networks of these retail banks. In the next-tier growth markets of South Korea and Taiwan, asset managers focus more on forging the right relationships with master agencies and on obtaining representation with local partners. Three entry models have been observed in all of these markets: organic growth, partnerships with strong local distributors, and M&A.

In addition, it is important to note that Asian retail clients tend to have a strong preference for home-market investing—not dissimilar to North American and European markets. In order to compete, asset managers must therefore have a strong offering of funds that concentrate on local Asian assets.

To gain access to more restricted growth markets such as China—where onshore business is allowed only through joint ventures—finding the right partner (such as a bank, securities firm, or insurance company) and optimally structuring the partnership agreement are critical to capturing distribution advantages. For example, the right choice of retail-banking partner may significantly drive fund assets, just as a wise choice in an insurance company partner could offer an asset manager the possibility of tapping into the vast growth of the Chinese pension market.

Cross-border flows can offer opportunities for both foreign and local asset managers to participate in the growth of asset management in China. In order to invest in Chinese assets from an offshore platform, asset managers must acquire a specific license—called a Qualified Foreign Institutional Investor (or QFII) license—that permits a certain investment quota. To invest in foreign assets from within China, asset managers must acquire a Qualified Domestic Institutional Investor (or QDII) license. The QFII and QDII licenses offer both foreign and local asset managers an opportunity to strike partnerships to manufacture and distribute funds. For example, a foreign asset manager might establish a joint venture with a local insurance company in order to serve the insurer's overseas investment portfolio. The foreign asset manager would obtain the assets to manage, and the local insurer would receive an equity stake in the joint venture and acquire new investment capabilities.

Another significant growth opportunity is in Asian sovereign wealth funds (SWFs). For example, assets in China's National Social Security Fund (NSSF) and in China Investment Corporation (CIC) grew at a compound annual rate of 30 percent from year-end 2007 through 2009. Moreover, penetration of overseas mandates is increasing. To participate in this space, asset managers need to be able to support the goals of SWFs, such as diversifying, reducing exposure to the U.S. dollar, and focusing on alternatives and emerging markets.

Finally, it is worth noting that the Japanese market has proved to be quite resilient in the wake of both the financial crisis and the recent devastating earthquake. (See the sidebar "In Japan, Opportunity in a Resilient Market.")

In Japan, Opportunity in a Resilient Market

Assets under management in the Japanese market grew at a compound annual rate of 6 percent from year-end 2002 through 2010. This growth trend is expected to continue, especially on the retail side.

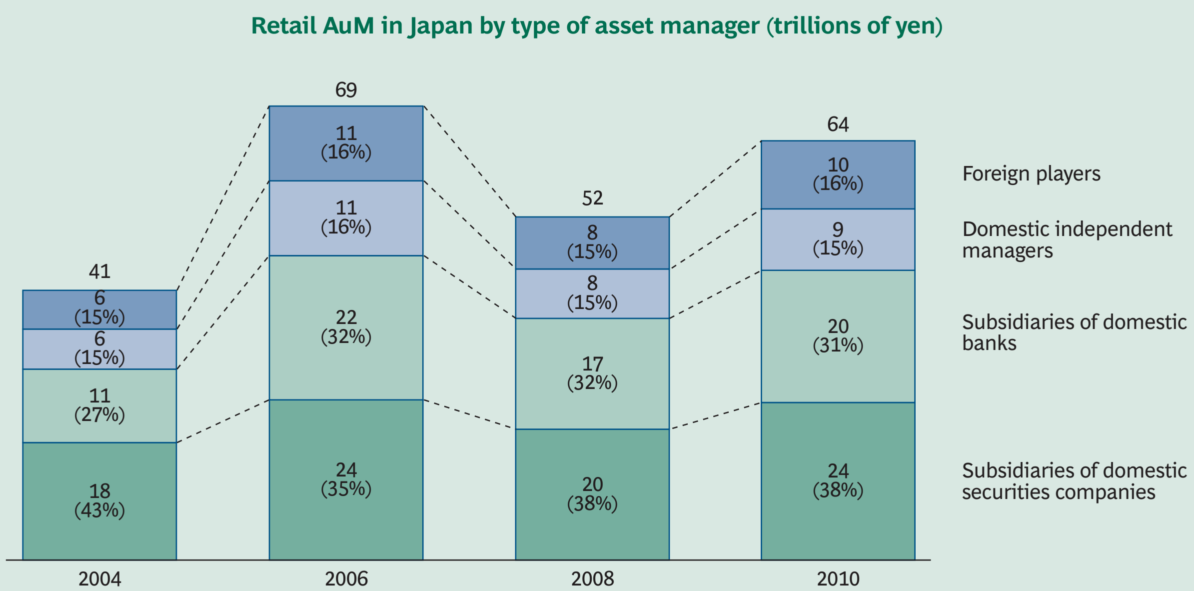
There are many reasons for this optimism. For example, the penetration of mutual funds in Japan represents less than 5 percent (64 trillion yen) of total personal financial assets in the country (1,400 trillion yen)—a much lower penetration rate than in other developed markets such as the U.S. (13 percent), Germany (12 percent), and France (7 percent). Moreover, inflows into mutual funds have been resilient following the devastating earthquake that rocked Japan in March 2011. Outflows of 300 billion yen in March were countered by inflows of 400 billion yen in April.

Chronically low interest rates and weak performance by domestic equity and fixed-income markets in Japan have helped raise the profile of retail mutual funds as an increasingly important vehicle for diversifying personal financial assets globally. Indeed, certain high-profile funds that provide global exposure and offer monthly cash distributions have attracted heavy inflows.

When it comes to distribution, there is an increasing trend toward open architecture. Large banks and major financial-advisory and wealth-management firms are opening their networks to obtain access to distinctive products offered by global asset managers. Smaller, regional banks with open networks are gaining share in retail distribution.

As for the overall asset-management landscape in Japan, the industry's high growth potential and relatively high return on risk assets (RORA) have prompted some large financial institutions to strengthen their capabilities through inorganic growth. Non-Japanese asset managers are also affecting the landscape. Indeed, some global players have developed their own branches or distribution support teams in Japan. A few other foreign institutions have reduced their presence in Japan. Overall, the share of foreign players in the Japanese retail market has been stable at about 15 percent of AuM. (See the exhibit below.)

Foreign Asset Managers Have a Stable 15 Percent Share of Retail AuM in Japan



Sources: *Nikkin Investment Trust and Pension News;* BCG analysis.
Note: Discrepancies in totals are due to rounding.

In Japan, Opportunity in a Resilient Market (continued)

As for the question of how asset managers can capitalize on the growth potential of the Japanese market, there are some clear answers. One critical element is to develop the capability to originate and package products with global exposure to meet the diversification needs of Japanese retail investors. Asset managers must also develop solid distribution partnerships with Japanese banks and wealth management firms—a goal they can help themselves achieve by building a strong distribution-support infrastructure.

In our view, global asset managers can adopt any of three core business models in Japan, depending on their resources and aspirations:

- *Origination-focused, full-line model.* This model involves establishing a presence along the entire asset-management supply chain in Japan—not only originating Japanese products but also packaging, marketing, and distributing both Japanese and global offerings. To succeed with this model, asset managers must develop a dedicated team with high-level capabilities in both Japanese and global assets. They must also forge solid distribution partnerships.
- *Distribution-focused model.* This model is concentrated on distributing global products to Japanese investors. Excellent packaging and marketing capabilities, as well as best-in-class distribution partnerships, are key success factors.
- *Subadvisory-focused model.* This model is centered on providing subadvisory services to Japanese asset managers without necessarily having fund management or distribution capabilities in Japan. The key requirement is having distinctive fund-management capabilities in global assets.

In conclusion, we offer several thoughts. First and foremost, the need for experienced, professional asset management has never been greater. In the wake of a financial crisis that not only destroyed significant value but also damaged confidence in capital markets as well as in many traditional investment beliefs, people are looking—now more than ever—for sure-handed investment guidance and expertise.

Obviously, the current macroeconomic environment has generated considerable doubt about the direction that certain asset classes will take and how to optimize product portfolios. Those who think that inflation will markedly increase might think that real assets such as commodities are very attractive. Those who believe that growth will be higher than expected over the next few years will favor equities. Those who worry that we may sink back into recession may lean toward fixed income. Overall, from a product portfolio standpoint, we may be at a more unsettled time than we have been in many years.

Such uncertainty obviously means both challenges and opportunities for asset managers. Indeed, the challenges of making the right calls on markets and asset classes—in addition to the many other hurdles addressed in this report—are enormous. They will put asset managers to the test, forcing them to find innovative ways to meet customer needs. If asset managers do not rise to the occasion, other peripheral industries may try to encroach on their territory—perhaps with fewer regulatory constraints to overcome.

But the opportunity to outperform competitors is every bit as great as the challenge of vying with them for market share and profits. We have said before that in highly uncertain times, the best players seize the moment. Today, that statement is truer than ever.

For Further Reading

The Boston Consulting Group publishes other reports and articles that may be of interest to senior financial executives. Recent examples are listed here.

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Note to the Reader

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