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ASIA'S EMERGING AFFLUENT TO DRIVE ASSET MANAGEMENT'S GROWTH
Asia's AUM to reach US\$4 trillion by 2015

Hong Kong – In an independent report commissioned by Citi's Securities and Fund Services and Mirae Asset Global Investments, Asia's assets under management are expected to nearly double, reaching US\$4 trillion by 2015, underpinned by a growing emerging affluent segment, new pools of insurance and retirement assets, and increased interest from foreign investors.

The report, titled *Picking High-Hanging Fruit: Competition Intensifies Between Asian Managers and Foreign Firms* was compiled by Cerulli Associates following surveys with some of the largest and most prominent local and international asset managers operating in Asia-ex Japan.

"Economic development and population growth have led to an emerging middle class. Coupled with the expansion of sovereign and corporate pools of assets, we have seen significant opportunities in Asia in recent years," said David Russell, Citi's Asia Pacific Head of Securities and Fund Services.

"This is an exciting time to be in the asset management business in Asia. As a major provider of services to the investment community, we are delighted to have co-sponsored this report with our partner Mirae Asset Global Investments for our clients, with hopes to assist in growing in this sector," Russell added.

In presenting the report's findings, Stewart Aldcroft, Senior Advisor for Investor Sales at Citi, explained that until the early 1990s, asset management in Asia was predominantly retail and local in nature. With the development of cross-border distribution by foreign banks, open architecture began to take root, and coupled with strong economic growth and development of a wealth management industry, retail assets under management began to grow strongly.

"One of the most obvious shifts was the extremely large growth of the middle class across the region, bringing with them not only more disposable income but increased sophistication around investments," Aldcroft said.

The findings also attributed the growth to emerging Asian nations increasingly building a considerable institutional investment presence on three fronts: well-resourced sovereign wealth funds, fast-developing pension funds, and the increasing presence of home-grown insurers.

"All these factors point towards growth in assets in Asia," said Aldcroft.

The report also found that foreign fund managers looking to expand into Asia, as well as local fund managers planning to expand abroad, should ‘think locally’ and have that concept embedded into their strategy.

The report found that Asia is less homogenous than Europe, with dramatic differences in economies, regulations, growth rates and product preferences. “Given this, asset managers should target one or two markets at a time rather than attempting a pan-Asian expansion,” the report noted.

It also indicated that the mini-QFII program could transform the power and influence of Chinese domestic asset managers. “As the renminbi becomes a more widely accessible and tradable currency, this will feed into product demand.”

Beyond the renminbi, the popularity of the carry trade in Japan continues to drive product demand, and active currency management has become a more pressing issue across asset classes. It also noted that inflation-linked products are also generating interest.

The report highlighted several key conclusions: The growing and increasingly professionalized institutions (pension, insurance and sovereign funds) will continue to provide compelling growth opportunities; mutual funds will regain their vigor on the back of China’s onshore mutual funds growth; offshore funds will remain constrained by regulations, and ETFs will become a force as it captures popular imagination.

“Asian managers are going to take on the world. Chinese fund managers are beginning to build their presence in Hong Kong and their access to domestic markets is going to be an exceptionally powerful tool while Indian fund managers will become progressively bigger on the regional and world platform,” Russell concluded.

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About Mirae Asset Global Investments Group

Mirae Asset Global Investments Group is one of the largest investors in emerging market equities. With around 550 employees, including more than 190 dedicated investment professionals (as of 30 June 2011), Mirae Asset Global Investments Group has a presence in Hong Kong, China, Korea, India, Vietnam, Taiwan, Brazil, the United Kingdom and the United States. Mirae Asset Global Investments Group manages over US\$53 billion in assets globally. (as of 30 June 2011).

About Cerulli Associates

Cerulli Associates is a Boston-headquartered independent asset management research firm with international offices in London and Singapore. The firm was established 20 years ago, and produces actionable research on asset management markets in over 45 countries around the world. For more information on Cerulli and the research we undertake, please visit www.cerulli.com.

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