



### Asia is only a region on an atlas

- Segmentation by country is the norm for products and regulations
- Wealth, Saving and Cost dynamics vary greatly by country
- Little to no drive for regional convergence and integration
- Some opening of previously closed countries
- Historically a region TOO big and diverse for any institution to dominate a segment of the value chain (operations or distribution) across all countries. This creates opportunities!



## Mutual fund products

- Local or European products (Luxembourg/Ireland)
  - The balance varies by country
  - Fund manufacturers would like to sell across borders to reap economies of scale and broaden product offerings
  - Individual countries want to promote their own industries, which is at the expense of cross border funds
  - Pension systems lead to local products
  - Going forwards, clearly a role for local products to lesser or greater extent
- Few service providers are present in more than a few segments, although slowly changing
- All markets becoming more sophisticated, but with differing starting points, today
  - HIGH (*Australia, Japan*) - alternatives are popular, financial planning is the norm
  - MEDIUM (*Hong Kong, Singapore, Taiwan*) – high consumption of international products with short investment horizons
  - LOW (*China, India*) – just starting to look at international investment, low level of advice given by intermediaries

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## Challenges for Operations

- Not too difficult to run the equity investment process on international systems in most markets. PRC is the major exception.
- Fund accounting, NAV and transfer agency systems will only work across a number of relatively open countries, not across the whole region. Languages (double byte characters), tax, local accounting & reporting plus the actual product and company regulations are the barriers. Opportunities for those with powerful operations and systems to reap economies of scale
- Local systems and third party providers are subscale. Opportunities for consolidation
- Local distributors and fund manufacturers are cash focused rather than value or risk orientated. Resulting in manual processes (except PRC). Opportunities for industrialisation of processes.
- Varying degrees of acceptance or viability of outsourcing Operations. Opportunities for market expansion.
- Long term need for the same or higher standards of service than in Europe or North America.

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