



**imas**

## Media Lunch

Investment Managers' Survey Results

January 2019

# About IMAS

---

The Investment Management Association of Singapore (IMAS) was founded on **22<sup>nd</sup> September 1997** by 10 major financial institutions in Singapore and has grown to include more than 100 members.

As a representative body of investment managers, IMAS **spearheads the development of the industry** in Singapore, by fostering high standards of professionalism amongst practitioners and creating public awareness of, and interest in the industry.

We **act** as a forum for members, **promote** exemplary best practices, **represent** members collectively, **educate** the general public, and **improve** standards of research and Fund Management expertise, as a collective drive to promote the Investment and Fund Management industry.

**imas**

**IMAS 2019 Investment Manager Outlook Survey**

## Investment Managers' Survey Overview

- **Objective**

To understand the industry leaders' outlook for the year ahead and to get the pulse on the ground in terms of the key challenges and concerns, developments and growth areas as well as strategies and differentiators for future-proofing readiness.

- **Demographics**

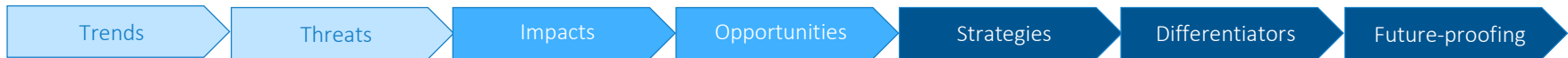
- Electronic survey conducted in December 2018
- 53 respondents representing 42 member investment companies (refer to Appendix)
- Top Management insights (i.e. C-level, Directors, Partners etc.)
- Perspectives gleaned from both Business Development and Investments professionals

- **Survey Flow**



## Executive Summary

- Trade war concerns, geopolitical risks and uncertainties continue to weigh on investment managers' outlook, while the increasing margin compression due to increasing competition and rising business governance and regulatory compliance costs may impact the industry's growth.
- Increasing demands for innovative products, the adoption of ESG investments and the use of FinTech in fund distribution channels are key drivers of growth for the next 3 years.
- Absolute Return, ESG or impact-focus, Multi-asset and Private markets (including real estate and infrastructure) will dominate as investment strategies.
- Investment managers remain upbeat about new distribution channels and technologies and look to leverage on FinTech as a competitive differentiator driving the next evolution of the investment management industry.



# Q1: Which of the following 3 economic trends and/or geo-political events would be your top concerns in 2019?

## 2019 Results

1. Trade war concerns
2. Rising political risks and security tensions
3. Rising uncertainty in U.S. policy making

## 2018 Results

1. Rising political risks and security tensions in major economies
2. Further increases of U.S interest rates
3. Rising uncertainty in U.S. politics

Answer Choices	Responses
Trade war concerns	68%
Rising political risks and security tensions	49%
Rising uncertainty in U.S. policy making	42%
Weakening growth in China	36%
Further increases of U.S. interest rates	34%
Instability in Europe (e.g. Italy, U.K.)	25%
Weakening growth in emerging economies	21%
Unsustainable debt levels	21%
Continued strengthening of the U.S. dollar	9%
Higher inflation in developed economies	8%
Others (please specify below)	4%
<ul style="list-style-type: none"> <li>• Slowing global growth (led by the US but spreading to other regions)</li> </ul>	



# Q2: What would be the 3 biggest threats to the growth of the investment management industry in Singapore in the next 12 months?

## 2019 Results

1. Risk of margin compression on Fund Management Companies due to increasing market competition
2. Lower returns due to rising regulatory compliance costs
3. Rising costs of governance
4. Lack of investment product innovations to support changing market needs

## 2018 Results

1. Risk of margin compression on Fund Management Companies due to increasing market competition
2. Risk of business disruptions from new financial technologies
3. Rising costs of governance

Answer Choices	Responses
Risk of margin compression on FMCs due to increasing market competition	68%
Lower returns due to rising regulatory compliance costs	36%
Rising costs of governance	32%
Lack of investment product innovations to support changing market needs	32%
Loss of market share due to increasing competition from other regional financial hubs	26%
Shortage of manpower talent to support future industry growth	23%
Risk of business disruptions from FinTech	21%
Lack of innovation	21%
Competition from other Financial Institutions (e.g. banks, insurance companies, IFAs, etc.)	19%
Reputational risks of FMCs due to cyber attacks	13%
Risk of institutional investors moving businesses out of Singapore	9%
Others (please specify below)	9%

- Challenging markets with high risk of lower returns
- (Short-term) Health of financial markets and risk appetite will be the main drivers for growth
- Commoditisation of public markets leading to the dominance of a handful of global firms – oligopoly
- Lower expected investment returns leading to a decrease in Equities/Bonds and an increase in low margin or passive strategies



# Q3: Which of the following 3 developments would have the most impact on your company / business in the next 12 months?

## 2019 Results

1. The threat of a global economic slowdown
2. New distribution channels and technologies
3. Rising business and regulatory compliance costs

## 2018 Results

1. Rising business and regulatory compliance costs
2. New distribution channels and technologies
3. Increasing regulatory obligations

Answer Choices	Responses
The threat of a global economic slowdown	53%
New distribution channels and technologies	45%
Rising business and regulatory compliance costs	43%
Building and retaining talent pools	32%
Increasing regulatory obligations	30%
Meeting of changing client services' expectations	26%
New investment product innovations	25%
Rise of alternative investments	21%
Increasing mergers and acquisitions among industry players	15%
Asia / ASEAN fund passporting regimes (e.g. Mainland-HK MRF, ASEAN CIS, ARFP, etc.)	11%
Others (please specify below)	2%
<ul style="list-style-type: none"> <li>• Insourcing of investment capabilities</li> </ul>	





# Q4: In your opinion, which of the following 3 what would be the **future drivers of investment growth** in the next 3 years?

## 2019 Results

1. Increasing client demands for innovative products
2. Adoption of Environmental, Social and Governance (ESG) investments
3. Use of FinTech in fund distribution channels

## 2018 Results

1. Rise of FinTech in fund distribution channels
2. Improving investment performance and AUMs
3. Demand for lower cost products

Answer Choices	Responses
Increasing client demands for innovative products	58%
Adoption of Environmental, Social and Governance (ESG) investments	47%
Use of FinTech in fund distribution channels	45%
Demographic shifts	38%
Demand for lower cost products	38%
Increased collaborations between industry participants	32%
Growth of Millennials as investors	23%
Meeting the needs of frontier and emerging markets	15%
Others (please specify below)	6%
Leveraging on China's Belt and Road Initiatives' opportunities	2%

- Growing demand for alternative assets and investments
- Private markets investment products
- Greater pools of savings



# Q5: Which of the following 3 strategies will grow in popularity next year?

## 2019 Results

1. Absolute return
2. ESG or impact-focused
3. Multi-asset
4. Private markets (including real estate and infrastructure)

## 2018 Results

1. Multi-asset
2. ESG focused
3. Absolute return

Answer Choices	Responses
Absolute return	43%
ESG or impact-focused	43%
Multi-asset	38%
Private markets (including real estate and infrastructure)	38%
Alternatives	28%
Emerging market equities	21%
Tracker / ETFs	21%
Private debt	19%
Smart beta	17%
REITs	11%
Global fixed income	11%
Emerging market fixed income	11%
Others (please specify below)	6%
Global equities	0%

- Low risk fixed income
- Factor investing
- Value



## Q6: How are you looking to **differentiate** your business in 2019?

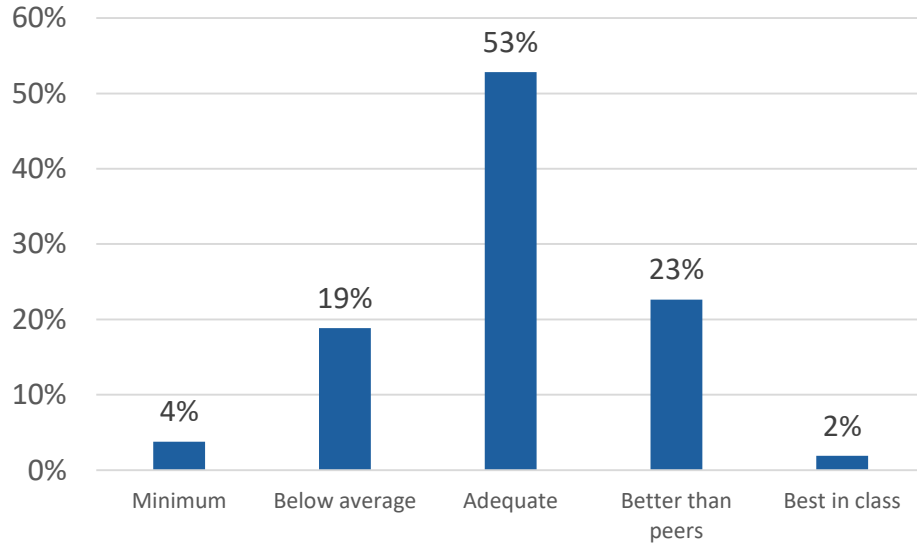
### 2019 Results

1. Product / Fund design
2. Embracing FinTech
3. Regional expansion

Answer Choices	Responses
Product / Fund design	72%
Embracing FinTech	45%
Regional expansion	42%
Developing business lines around sustainable finance / ESG	36%
Moving into new client sectors (e.g. retail, institutional etc)	30%
Reducing cost and fees	28%
Others (please specify below)	11%
<ul style="list-style-type: none"> <li>• Enhancing service and client support through digital channels.</li> <li>• New strategic partnerships with distributors</li> <li>• Increasing quantitative investing</li> <li>• Continued marketing</li> </ul>	



# Q7: How **future-proof** do you perceive your business to be at this point in time?



## **Future-proof Readiness**

Majority of respondents believe that their business is adequately future-proofed.



# Summary and Conclusions

- **Trends**
  - Trade war concerns
  - Rising political risks and security tensions
  - Rising uncertainty in U.S. policy making
- **Threats**
  - Risk of margin compression on Fund Manager Companies (FMGs) due to increasing market competition
  - Lower returns due to rising regulatory compliance costs
  - Rising costs of governance
  - Lack of investment product innovations to support changing market needs
- **Impacts to Business**
  - The threat of a global economic slowdown
  - New distribution channels and technologies
  - Rising business and regulatory compliance costs
- **Opportunities**
  - Increasing client demands for innovative products
  - Adoption of Environmental, Social and Governance (ESG) investments
  - Use of FinTech in fund distribution channels
- **Strategies**
  - Absolute return
  - ESG or impact-focused
  - Multi-asset
  - Private markets (including real estate & infrastructure)
- **Differentiators**
  - Product/Fund design
  - Embracing FinTech
  - Regional expansion



# Contact Information

If you would like to talk to IMAS please call contact our PR agency Cognito on +65 6221 7310 or via the email address [IMAS@cognitomedia.com](mailto:IMAS@cognitomedia.com) or contact the secretariat directly.

## We are located at

Investment Management Association of Singapore

IMAS Secretariat  
One Phillip Street  
Royal One Phillip  
#10-02  
Singapore 048692

Tel : +65 6223 9353

Fax : +65 6223 9352

Email : [enquiries@imas.org.sg](mailto:enquiries@imas.org.sg)

Website: [www.imas.org.sg](http://www.imas.org.sg)

## Connect with us on



Desktop: [linkedin.com/company/imassgp](https://www.linkedin.com/company/imassgp)

LinkedIn Mobile App: search 'IMAS Singapore'



@IMAS\_SGP

**Thank you**

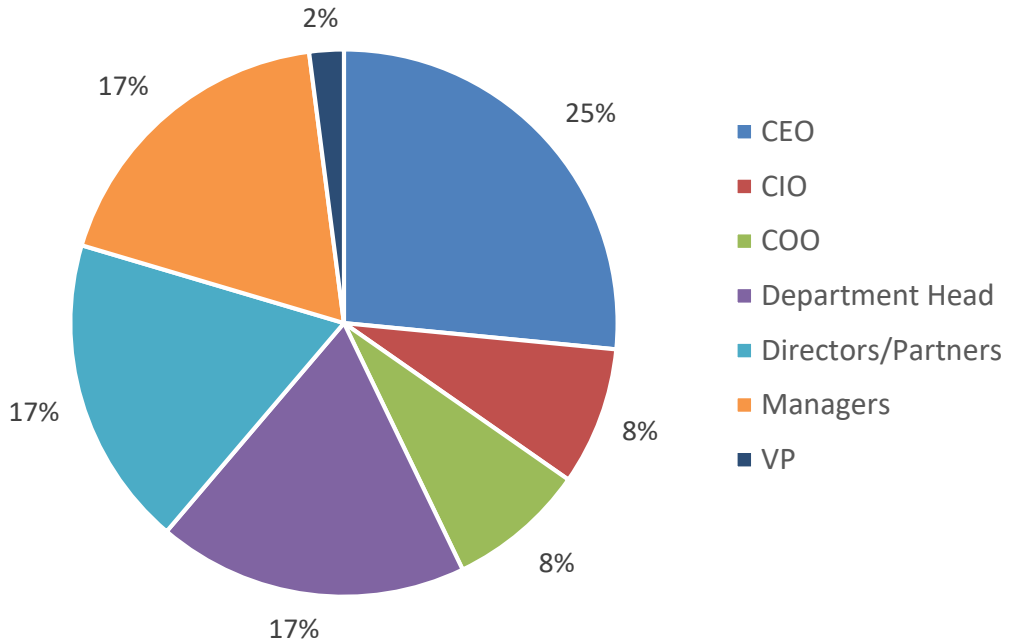
---

## **Appendices**



# Appendix 1: Respondents' profiles - Designation

***53 Individuals breakdown by designation***



# Appendix 1: Respondents' Profiles

## 42 Companies who responded, in alphabetical order

Aberdeen Asset Management Asia Limited	Daiwa Asset Management (Singapore) Ltd.	Lion Global Investors Ltd	RBC Investors Services Trust Singapore Limited	UOB Asset Management Ltd
Aditya Birla Sun Life Asset Management Company Pte. Ltd	Ernst & Young LLP	Maybank Asset Management Singapore Pte Ltd	RHB Asset Management Pte. Ltd.	UOB-SM Asset Management Pte. Ltd.
AGF Asset Management Asia Ltd.	Firth Investment Management Pte Ltd	Manulife Asset Management (Singapore) Pte. Ltd.	RWC Singapore (Pte.) Limited	
Allianz Global Investors Singapore Limited	Foord Asset Management (Singapore) Pte. Limited	Morningstar Research Pte. Limited	Schroders Investment Management (Singapore) Ltd.	
Alpha Investment Partners Limited	Fullerton Fund Management Company Ltd	Nalanda Capital Pte. Ltd.	Singapore Consortium Investment Management Limited	
Aquarius Investment Advisors Pte. Ltd.	HSBC Global Asset Management (Singapore) Limited	Nikko Asset Management Asia Limited	Stradegi Consulting	
Aris PrimePartners Asset Management Pte Ltd	Invesco Asset Management Singapore Ltd.	Ostrum Asset Management Asia Limited	Sundaram Asset Management Singapore Pte Ltd	
Aviva Investors Asia Pte. Limited	JPMorgan Asset Management (Singapore) Limited	PGIM (Singapore) Pte. Ltd.	Tantallon Capital Advisors Pte. Ltd.	
Bank of Singapore Limited	KPMG	Pictet Asset Management (Singapore) Pte Ltd	The Northern Trust Company Singapore	
BlackRock (Singapore) Limited	Lazard Asset Management (Singapore) Pte Ltd	PineBridge Investments Singapore Limited	Threadneedle Investments Singapore (Pte.) Ltd	

# Appendix 2: IMAS Who's Who

## Management Committee



**Chairman**  
Mr Nicholas Hadow  
Aberdeen Asset  
Management



**Deputy Chairman**  
Ms Susan Soh  
Schroder Investment  
Management



**Secretary**  
Mr Lim Shyong Piau  
Lion Global Investors



**Treasurer**  
Mr Thio Boon Kiat  
UOB Asset Management



**Committee Member**  
Ms Deborah Ho  
BlackRock



**Committee Member**  
Mr Christian Bucaro  
BNP Paribas  
Investment  
Partners



**Committee Member**  
Ms Christina-Mary  
Fernandes  
DWS Investments  
Singapore Limited



**Committee Member**  
Mr Benjamin  
Waterhouse  
FIL Investment  
Management



**Committee Member**  
Ms Lauren  
Prendiville  
First State  
Investments



**Committee Member**  
Ms Jenny Sofian  
Fullerton Fund  
Management



**Committee Member**  
Ms Eleanor Seet  
Nikko Asset  
Management



**Committee Member**  
Mr Henry Hamrock  
Western Asset  
Management

## Working Committees



**Education Committee Chairman**  
Mr Albert Tse  
Schroder Investment  
Management



**Development Committee Chairman**  
Mr Rajeev De Mello  
Bank of Singapore



**Regulatory Committee Chairman**  
Mr Rodney Lim  
Nikko Asset  
Management



**Risk & Performance Committee Chairman**  
Mr Trevor Persaud  
Apricot Investment  
Consulting