

Asset Manager Outlook to 2025

Growing AUM but squeezed profitability: predicting the next seven years for asset managers.

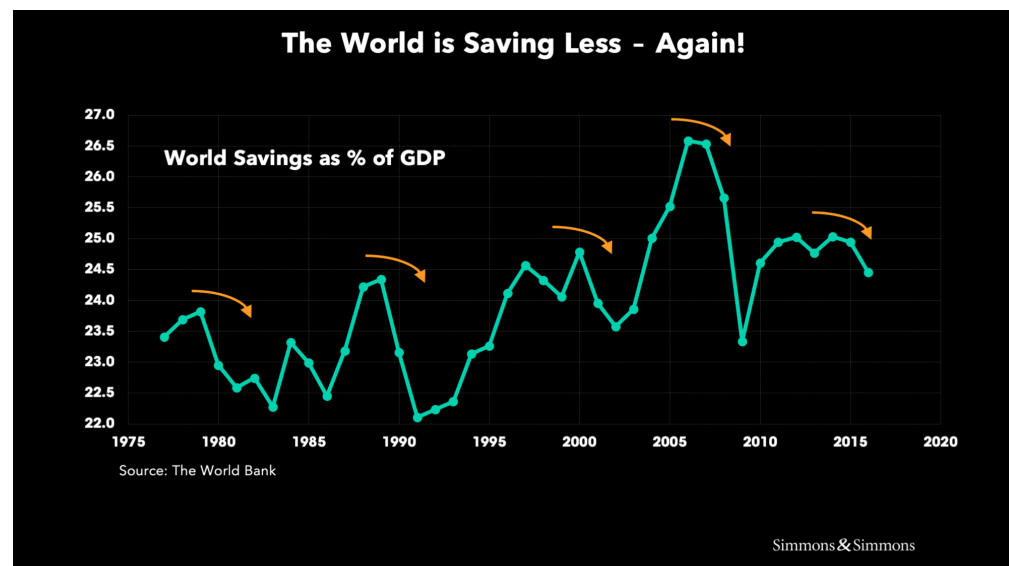
In partnership with:
Simmons & Simmons

Introduction

This report from Bloomberg and Simmons & Simmons is intended to help clients stay ahead of the curve in an industry facing significant change – both structural and cyclical.



Bloomberg, in partnership with Simmons & Simmons, conducted a joint survey of nearly 2,000 global buy-side professionals that unveils asset managers' expectations for financial performance and wellbeing across the sector over the next several years. For this report on the survey's findings, Simmons & Simmons provided the analysis with Sarah Jane Mahmud, Senior Regulatory Analyst at Bloomberg Intelligence, contributing the regulatory analysis.



While some previous industry surveys have pointed towards aggressive growth in Assets Under Management (AUM), globally we are saving less as a proportion of GDP – a trend that calls into question the drivers for AUM growth and that in the past has signaled economic slowdowns and recessions.

This contradiction raises two crucial questions: given a scenario of lower savings rates, a possible economic slowdown and continued regulatory pressures, would an asset manager's industry outlook be more optimistic? And how would the industry respond to such challenges in terms of cost control and diversification strategies, including through M&A?

The Asset Management Outlook to 2025 survey tests baseline business projections by asking asset management professionals about their expectations across key elements – growth and drivers of AUM, fee income and costs – over two periods: from now until 2020, and from 2020 to 2025. It also identifies the industry's risk expectations around those estimates, revealing what factors could drive outcomes that are better or worse than expected.

The resulting report is an indicator of the asset management industry's expectations for its financial performance and wellbeing over the next several years, combining baseline expectations with its perception of the balance of risks.

Methodology

A strong and representative sample was crucial to achieve the report's ambitious objective of delivering an in-depth look at the industry from the inside.



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Executive summary

Read our executive summary for a fast overview of asset manager sentiment.



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Global AUM growth expectations in line with GDP

The survey results settle concerns about faster-than-GDP AUM growth.



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New products & markets set to drive AUM growth

The survey identified two main positive factors for AUM growth in the shorter term.



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Fee margin falls, opening up the 'Fee Gap'

While AUM often gets the headlines, the real drivers of asset management profitability are fees and costs.



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Cost reductions could cut to the core of asset management

How are firms planning to contain costs?



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Trade wars and global growth are key risk factors

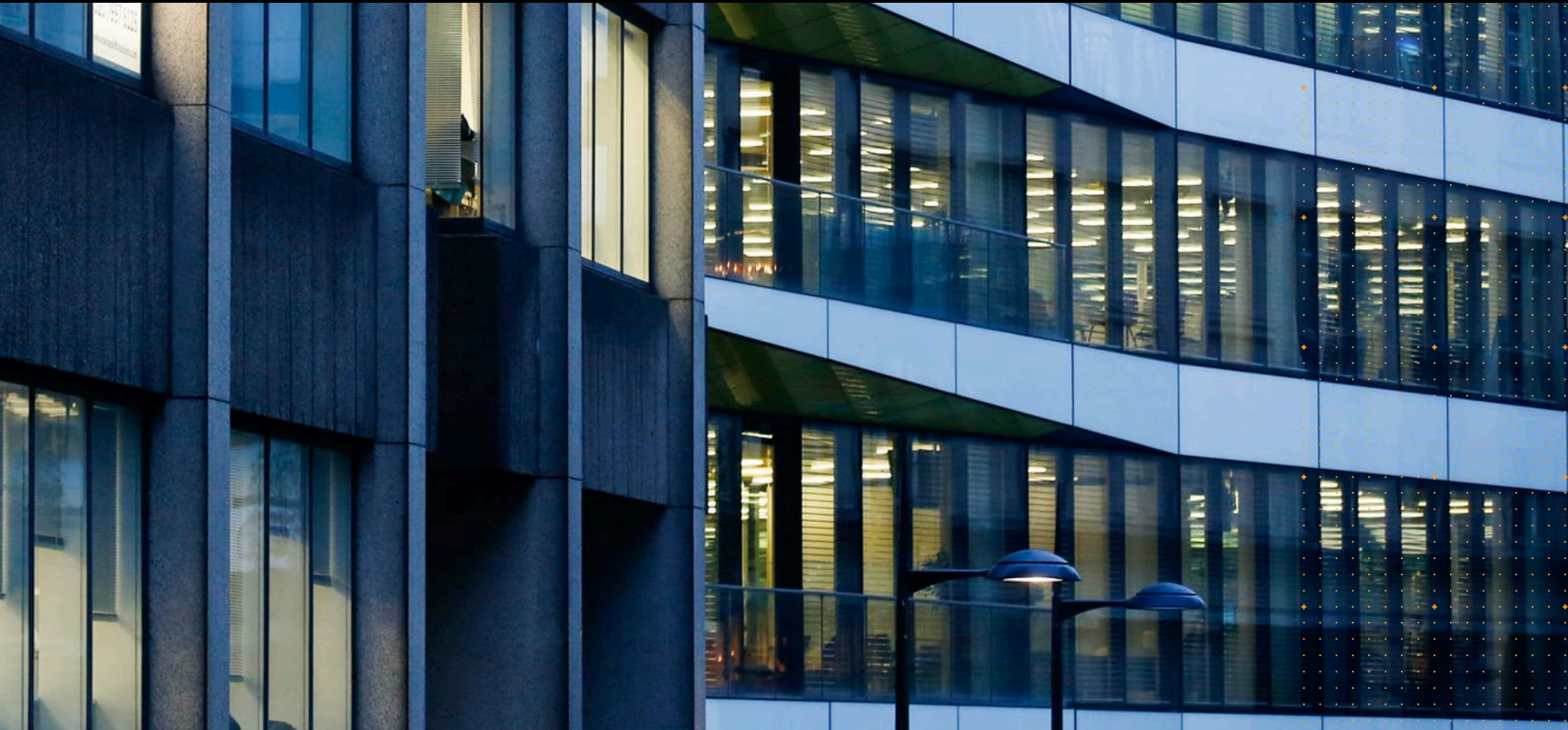
The survey identified what risk factors asset managers thought could blow plans off course or produce a better than expected outcome.



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Active investing to help tightrope fee margins

Cost control is only one axis of response for asset managers challenged by the Fee Gap.



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Millennial growth will drive asset class innovation

Millennial participation is expected drive both challenges and opportunities in the industry.



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Conclusion: The road to 2025

Testing the industry's bullish consensus about AUM growth.



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Appendix



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