



C E R U L L I
A S S O C I A T E S

Global Analytics

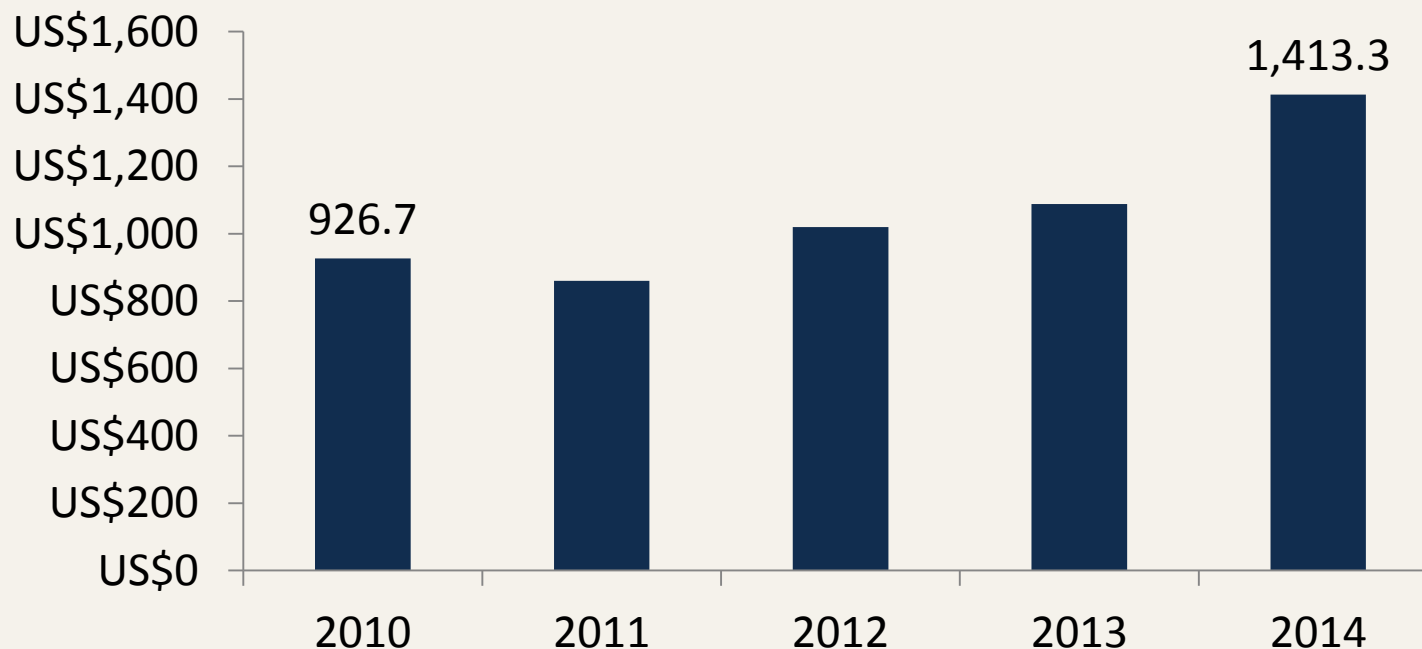
Retail Product and Distribution Trends in Asia-Pacific

Agenda

- Quick recap of 2014
- Recent trends in retail investor appetite
- How distributors are responding to investor needs
- How prepared fund selectors are for potential economic events in 2015?
- What asset managers should be doing to get onto distributors' shelves.

Phenomenal 30% AUM growth in 2014

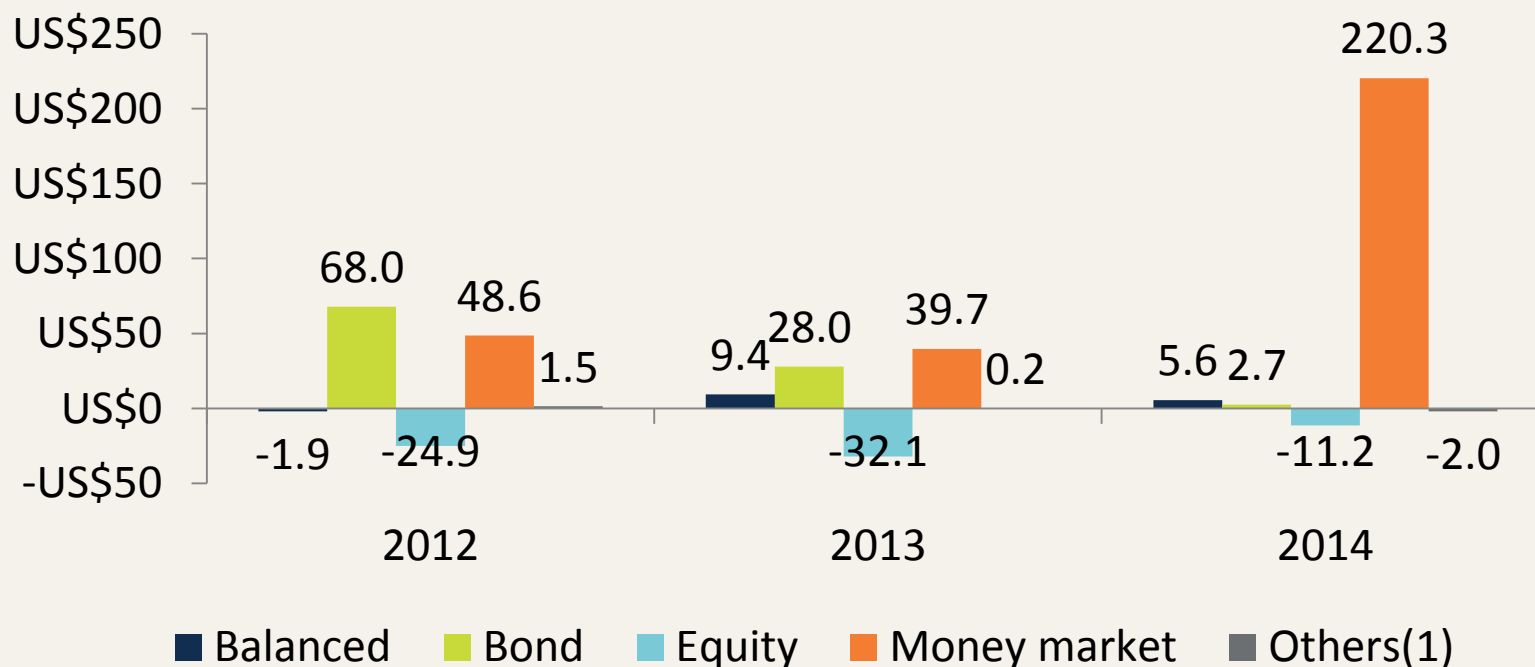
Asia Ex-Japan Mutual Fund Assets Under Management (US\$ billions)



Source: Cerulli Associates

But, not out of the woods

Asia Ex-Japan Mutual Fund Net New Inflows by Investment Objective
(US\$ billion)

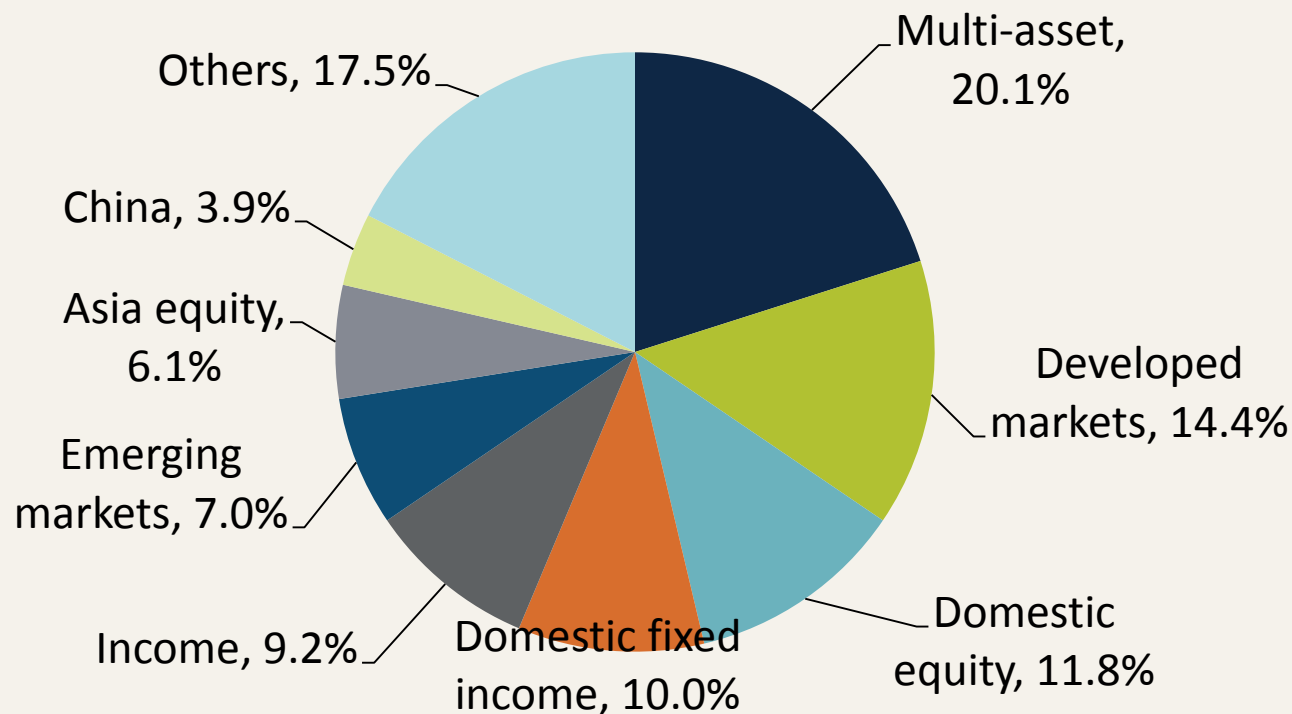


Analyst Note: (1) Others includes guaranteed, real estate, derivatives, and index funds.

Source: Cerulli Associates

Product themes: Mutual funds

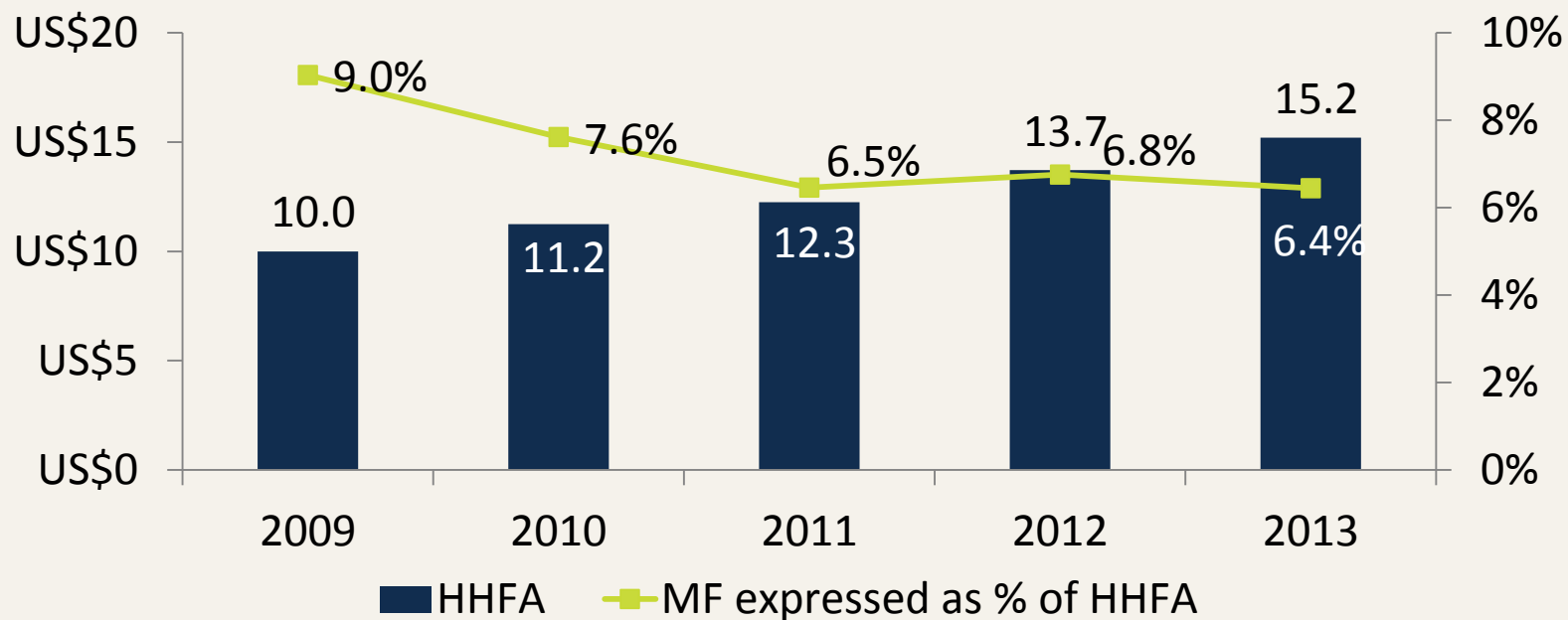
Top Product Themes for 2015



Source: Cerulli Associates

Affluence not an indication of fund use

Mutual fund penetration as a percentage of HHFA (US\$ trillions)



Analyst Note: Data only takes into consideration assets in Singapore, China, Korea, India, and Taiwan.

Source: Cerulli Associates

Anatomy of retail investors

Short-term traders

An understanding of risks involved

Reactive to market conditions

Investment horizon? What's that?

Fees and commissions paid

Investment strategy

Risks vs RETURNS

Why the need to invest overseas?

Performance, Performance, Performance

Who is my asset manager?

Investing according to my life stage?

Why do I need advice?

Product themes: Competing products

- China: Wealth management products, P2P loans
- India: Deposits, protection products, gold
- Korea: Securities companies' structured products (e.g. ELS)

Distributors finding an intricate balance

What investors want

- Regular income
- Variety of share classes
- Early payouts once target is reached
- “Fixed horizon, fixed yield”

Distributors’ response

Yes!

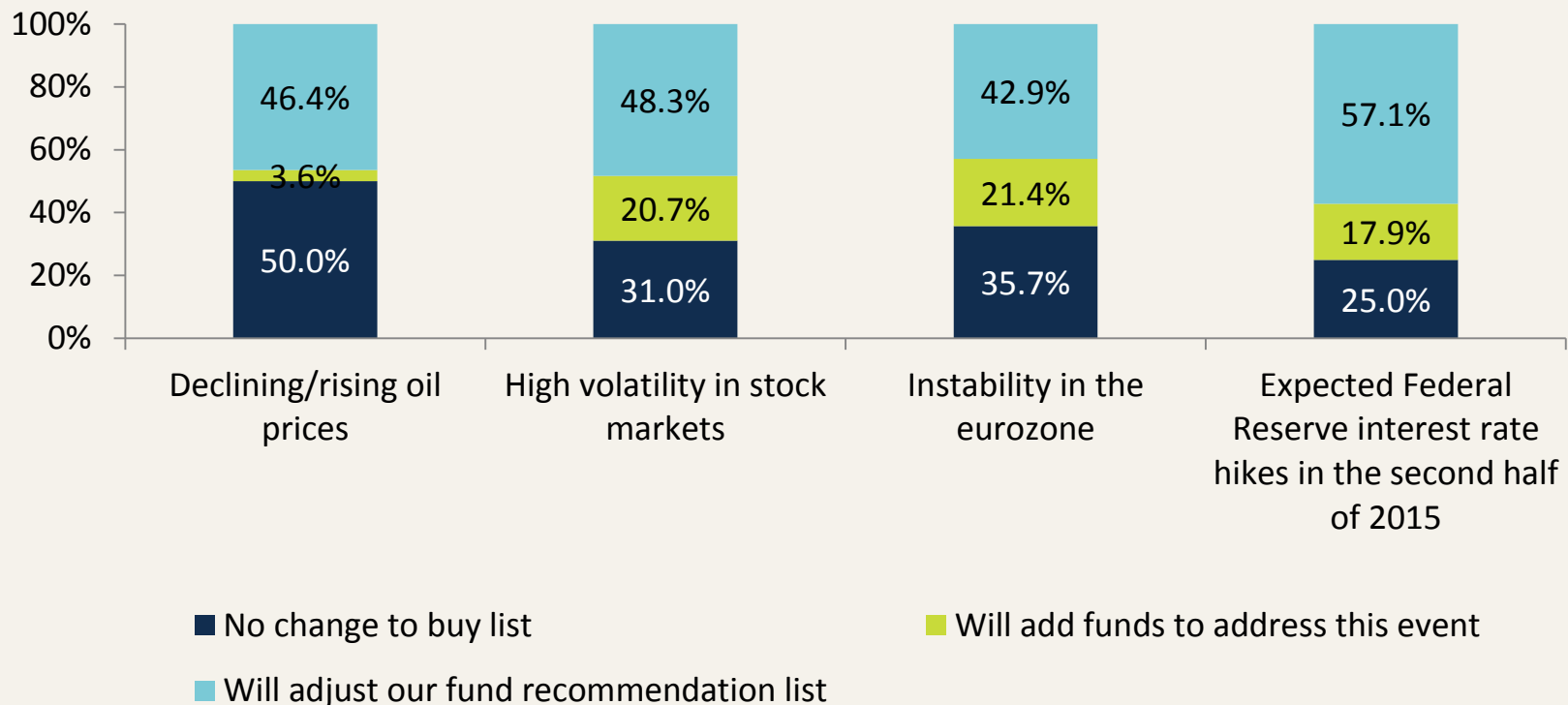
Yes!

Maybe, depends on markets

No!

Adjustments more than additions

Impact of Major Macroeconomic Events on Distributors' Current Buy Lists



Source: Cerulli Associates

Disconnect trickles downstream

Marketing and Servicing Support Fund Selectors Most Value

Fund Selectors
Quick turnaround for occasional requests
Timely and relevant materials for public dissemination
Timely reporting for internal monitoring

Asset Managers
More regular training of sales staff
On-site visits by product specialists or portfolio managers
Greater marketing, advertising, sponsorship budget support

Source: Cerulli Associates

Summary: Having a big picture view is necessary



Questions



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