CaseyQuirk
a Deloitte. business

News Release

FOR IMMEDIATE RELEASE

After Demonstrating Resilience Amid Q1 Havoc, Asset Managers Focus on Post-Health Crisis Recovery: Casey Quirk

NEW YORK and STAMFORD, Conn., May 28, 2020 – As governments worldwide took increasingly severe actions to halt the pandemic crisis, traditional publicly traded asset managers displayed financial resilience amid a steep selloff in global stock and bond markets. These findings are from an analysis of first quarter 2020 financial results by asset management strategy consultant Casey Quirk, a Deloitte business.

Median revenue at traditional publicly traded asset managers fell 6.7% in the three months ended March 31, 2020, while operating expense slid 3.9%, according to the Casey Quirk analysis of 19 firms with approximately $16 trillion assets under management (AUM). While AUM slumped 16.7% from Dec. 31, 2019, average AUM dipped only 2% as the severe market decline occurred late in March. Fees were stable, net flows declined less than 1%, and operating margins slipped 1.9% in the first quarter of 2020 for the median firm.

Comparable metrics to the year-earlier quarter were favorable as asset managers reaped the benefits of buoyant capital markets for most of the 12 months between March 2019 and March 2020. Median revenue at the publicly traded managers in the Casey Quirk universe rose 3.9%; operating expense fell 5%; operating margin climbed 5.5%; and average AUM gained 4.1% in the first quarter of 2020 compared with the first quarter of 2019.

"Investors reacted to the steep March selloff by moving to safer havens from riskier assets and that was reflected in the first-quarter results," said Amanda Walters, a principal at Casey Quirk. "With stocks and bonds on the rebound since March, a key indicator for asset manager financial results this year will be the market levels and investor flows for the remainder of 2020."

"Despite market turbulence and uncertainty about the length and severity of the health crisis, publicly traded asset managers overall have weathered the near-term storm in decent shape, meeting client needs effectively after transitioning their employees to working from home," Walters said. "Yet anemic organic growth, rising costs, fee and margin pressure continue as significant industry challenges. Now that near-term financial concerns seem to be less acute, asset managers will prioritize longer-term business strategies."

These include: changing how the workforce operates; navigating in a world with more restrictive borders; potentially participating as M&A activity ramps up; and rationalizing and distributing investment strategies in a post-pandemic environment, she added.

Casey Quirk, a business of Deloitte Consulting LLP, is a leading management consultancy that focuses solely on advising asset management firms. Casey Quirk was established in 2002 and acquired by Deloitte in June 2016. The organization has advised a majority of the 50 largest asset management organizations worldwide, including eight of the top 10. Casey Quirk provides senior leadership teams with broad business strategy reviews; investment positioning and strategy consulting; market opportunity evaluations; organizational design; ownership and incentive structuring; and transaction due diligence. For more information, please see the Casey Quirk website here.

About Deloitte
Deloitte provides industry-leading audit, consulting, tax and advisory services to many of the world's most admired brands, including nearly 90% of the Fortune 500® and more than 7,000 private companies. Our people work across the industry sectors that drive and shape today's marketplace — delivering measurable and lasting results that help reinforce public trust in our capital markets, inspire clients to see challenges as opportunities to transform and thrive, and help lead the way toward a stronger economy and a healthy society. Deloitte is proud to be part of the largest global professional services network serving our clients in the markets that are most important to them. Now celebrating 175 years of service, our network of member firms spans more than 150 countries and territories. Learn how Deloitte's more than 312,000 people worldwide make an impact that matters at www.deloitte.com.

###

Contacts

Rich Chimberg	Sarah Lazarus	Chris Faile
CL-Media Relations, LLC	CL-Media Relations, LLC	Deloitte Services LP
+1 617 312 4281	+1 617 335 7823	+1 212 436 5170
rich@cl-media.com	sarah@cl-media.com	cfaile@deloitte.com