

## **China to Become Second-Largest Asset Management Market Globally by 2019, With Half of Net New Industry Flows: Casey Quirk**

**DARIEN, Conn. and HONG KONG, Nov. 6-7, 2017** — Asset management strategy consultancy Casey Quirk, a practice of Deloitte Consulting LLP, expects China to become the second-largest asset management market globally, behind the United States, by 2019. Casey Quirk also expects China to attract half of the industry's new asset flows in the same timeframe. By 2030, the Chinese market should represent more than US\$17 trillion in assets under management (AUM), up from US\$ 2.8 trillion in 2016.

In its new [whitepaper](#), "Leadership in Times of Plenty: Future Winners in China's Asset Management Industry," Casey Quirk reports that Chinese growth rates should average 15 percent per year through 2025, moderating to 12 percent per year from 2025 to 2030. In total, this will result in US\$8.5 trillion in new assets flowing into the industry from Chinese investors between 2017 and 2030. Put another way, China will account for about the same amount of net new flows as all other global markets put together between today and 2030.

Powering the growth in China will be retail and high-net-worth investors. Right now, this segment only invests 4 percent of its wealth into asset management products, but Casey Quirk expects this number to increase to 10 percent by 2030.

"In contrast to the rest of the world, China is the only large, multi-trillion dollar asset management market that has seen net new flows in excess of 30 percent on average for the past five years," said Daniel Celeghin, a principal with Casey Quirk and head of its Asia Pacific office. "For local firms, this growth highlights the importance of aligning around a successful business model to capture future asset flows. And for firms outside of China, it's crucial to collaborate with a strong local player."

According to Casey Quirk, local firms that adopt one of the following business models will garner 70 percent of the China market's assets by 2030:

- **China Champion:** A dominant local brand with focus on addressing demand for domestic asset classes and domestic investor requirements.
- **Global Leader:** Top 10 global asset manager by assets under management with comprehensive global investment and distribution capabilities anchored by the world's second-largest home client base.
- **Pan-Asia Alternatives Specialist:** A firm with expertise in illiquid asset classes across Greater China and the Asia Pacific region.
- **China Distribution Specialist:** An asset manager with expertise in retail and high-net-worth client engagement, portfolio construction and best-in-class outsourced investment products.

- Bespoke Virtual Portfolio Manager: A firm that provides a technology-driven investment solution combining algorithmic security selection and personalized portfolio management.

Casey Quirk estimates that foreign firms will capture 6 percent of Chinese market share by 2030, largely limited by China's inclination toward domestic asset classes. As is the case in the United States, local players will dominate the Chinese asset management market. And in contrast to the U.S., protectionist laws in China make it easier for Chinese asset managers to rule that market.

"Foreign firms that want to capture market share in China will need to set clear objectives, be flexible with their business models, make a commitment to put down roots here and seriously consider mergers and acquisitions. They will also need to develop a significant working relationship with one or more local companies," said Celeghin.

### **About Casey Quirk**

Casey Quirk, a practice 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 firm 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 visit [www.caseyquirk.com](http://www.caseyquirk.com).

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### **Contacts**

Chris Faile  
Public Relations  
Deloitte  
+1 212 436 5170  
[CFaile@deloitte.com](mailto:CFaile@deloitte.com)

Sarah Lazarus  
CL-Media Relations, LLC  
+1 617 335 7823  
[Sarah@cl-media.com](mailto:Sarah@cl-media.com)

Margaret Kirch Cohen  
CL-Media Relations, LLC  
+1 847 507 2229  
[Margaret@cl-media.com](mailto:Margaret@cl-media.com)