



News Release

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Fee Attrition Accelerating at Public Asset Managers as Profit Margins Slide to Median 27%: Casey Quirk Analysis

NEW YORK and STAMFORD, Conn., Feb. 26, 2020 – Operating margins for traditional publicly traded U.S. asset managers have fallen by 20% over the past five years, even as a balmy market environment generated equity returns of nearly 60% over the same period, according to estimates from asset management strategy consultant Casey Quirk, a Deloitte business.

This shift, from a median of 34% in 2015 to 27% in 2019, is a substantial departure from the industry's long-term correlation between strong market returns and companies' financial performance.

Organic growth has been anemic over the past five years, but the biggest contributor to slumping profit margins has been the drop in fees earned for managing investor money, according to the Casey Quirk study. Revenue generated from managed assets fell more than 22% from 2015 to 2019. Rather than abating, fee pressure appears to actually be accelerating — the steepest decline, 6.1%, occurred in 2019.

During the same period, expenses continued to rise, outpacing overall revenue gains each year since 2015, the Casey Quirk analysis found. That trend was particularly stark in 2019, when costs rose 3.7% while revenue declined 1.9%.

"Economic trends continue to squeeze asset managers and will drive further consolidation," said Amanda Walters, a principal at Casey Quirk. "Winning firms will drive scale, optimize costs, and rationalize and rebuild their investment offerings, as well as adopt new operating models to meet investor demands."

Data on publicly listed asset manager firms was derived from the "Casey Quirk/McLagan Performance Intelligence 2019 Study," Casey Quirk Global Demand Model, S&P Capital IQ and Form 10-K filings.

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 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 see the Casey Quirk website [here](#).

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