## Offshore AUM to exceed US AUM by 2019: Cerulli

By Editorial Staff Thu, Jul 9, 2015

Global AUM is expected reach US\$106 trillion by 2019, but "managers need to be realistic about the efforts required to win business in high-growth markets," said a Cerulli release this week.

By 2019, more than half of the world's assets under management (AUM) will be managed outside the U.S., according to the 14th iteration of *Global Markets 2015: Key Insights into a Dynamic Landscape*, from Cerulli Associates.

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While China is too big an opportunity for Western asset managers to ignore, "regulation continues to favor local managers," said Ken F. Yap, director of global analytics at Cerulli. And "with the local market firing on all cylinders, appetite to invest overseas is minimal," he added.

Meanwhile, in Taiwan, where bond funds led a 21.8% increase in offshore AUM, Taiwanese authorities plan to favor local managers by requiring foreign managers to boost onshore business to obtain fund approvals.

In Brazil, "positive regulatory changes and the establishment of a truly independent distribution network will further open the market to cross-border managers and fuel demand for global products" in 2015, Cerulli's analyst said.

Cerulli noted that despite the tiny asset base of Chile's retail investment segment, that long, narrow, Pacific-facing country has high growth potential. "The fast-growing pension market in Mexico is [also] looking increasingly attractive for cross-border managers," the report said.

Regarding Spain, Cerulli Europe research director Barbara Wall wrote, "The market will continue to grow at a healthy pace, yet slower than the one seen over the past couple of years. Fund-of-funds vehicles are the cross-border asset managers' favorite point of entry and this segment is booming—total assets in 2014 more than doubled to €30.6bn (\$33.5bn) from €15bn (US\$16.4bn)." Almost all of those vehicles, 96%, are "ex-house," the report said, meaning that they invest primarily in non-proprietary funds.