



## Growth Slows in Challenging Period for Fund Managers

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### **Asset managers add almost \$30 trillion in a decade as growth slows dramatically**

ARLINGTON, Va.--(BUSINESS WIRE)--Nov. 2, 2015-- Assets managed by the world's 500 largest fund managers rose by just over 2% in 2014 to reach a new high of \$78.1 trillion, compared to \$76.4 trillion the year before, according to research by global professional services company Towers Watson (NASDAQ:TW) and *Pensions and Investments*, a leading U.S. investment newspaper. [The Pensions & Investments/Towers Watson World 500 research](#) shows that asset managers have added almost \$30 trillion globally since 2004, despite growth slowing to its lowest rate in a decade.

"For the first time, we have observed asset growth at the very large and smaller ends of the size spectrum, but not much in the middle," said Brad Morrow, Towers Watson's Americas region head of manager research. "The big, passive houses are the beneficiaries at the large end, while smaller managers are attracting a greater proportion of active mandates as they 'resource up' and become more competitive."

The research reveals that in the past 10 years, the number of independently owned asset managers in the top 20 has more than doubled and now accounts for the majority, overtaking both banks and insurer-owned firms, which both declined in the same period. In 2014, there were 11 U.S.-based managers in the top 20, accounting for nearly two-thirds of all assets, with the remaining managers all being Europe-based.

"We're in the longest period of almost uninterrupted asset growth since the research began," said Morrow. "However, headwinds persist not only from markets and the medium-term outlook for the global economy but also regarding asset management's perceived value proposition and its general role in society. This challenging environment presents an opportunity for innovative and adaptable investment companies to stand out, and we have seen more willingness to engage on these issues than ever before."

According to the research, traditional assets make up almost 80% of reported assets (45% in equity, 34% in fixed income), an increase of about 12% from the previous year and now totaling over \$37 trillion. Since 2004, assets managed by the leading passive managers have also grown, by almost 13% annually compared to around 5% annually for the top 500 managers as a whole. In 2014, assets managed by the leading passive managers grew by around 12% to reach a record high of over \$15 trillion, up from around \$4.6 trillion a decade ago.

"It's hardly surprising that passive managers continue to attract institutional assets at such a rate, given the competition for diminishing returns as well as significant innovation in the passive space," said Morrow. "We would caution investors to look very carefully at some of these passive product claims and to remember that, governance permitting, they are no substitute for real investment skill and good active management."

Some of the main gainers by rank in the top 50 during the past five years (including through mergers or acquisitions) include Macquarie Group (+66 [116→50]), Sumitomo Mitsui Trust Holdings (+43 [79→36]), Affiliated Managers Group (+41 [76→35]), Dimensional Fund Advisors (+41 [90→49]) and Aberdeen Asset Management (+30 [70→40]).

### **The world's largest money managers**

*Ranked by total assets under management, in USD millions, as of December 31, 2014*

Rank	Manager	Country	Total assets
1	BlackRock	U.S.	\$4,651,896
2	Vanguard Group	U.S.	\$3,148,496
3	State Street Global Advisors	U.S.	\$2,448,112
4	Allianz Group	Germany	\$2,189,296
5	Fidelity Investments	U.S.	\$1,974,077
6	JP Morgan Chase	U.S.	\$1,748,849
7	Bank of New York Mellon	U.S.	\$1,710,282
8	AXA Group	France	\$1,491,394
9	Capital Group	U.S.	\$1,396,777
10	Deutsche Bank	Germany	\$1,262,884
11	Goldman Sachs Group	U.S.	\$1,178,000

12	Prudential Financial	U.S.	\$1,175,947
13	UBS	Switzerland	\$1,158,763
14	BNP Paribas	France	\$1,114,595
15	Legal & General Group	U.K.	\$1,077,425
16	Amundi	France	\$1,052,587
17	HSBC Holdings	U.K.	\$954,000
18	Northern Trust Asset Mgmt.	U.S.	\$934,100
19	Wellington Mgmt.	U.S.	\$913,720
20	Natixis Global Asset Mgmt.	France	\$890,030

Source: *Pensions & Investments/Towers Watson World 500*

For more data and information from related Towers Watson Investment research please click [here](#).

### **Towers Watson Investment**

Towers Watson Investment is focused on creating financial value for the world's leading institutional investors through its expertise in risk assessment, strategic asset allocation, fiduciary management and investment manager selection. Towers Watson's Investment business has over 800 associates worldwide, assets under advisory of over \$2.2 trillion and around \$75 billion of assets under management.

### **About Towers Watson**

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