

ICI VIEWPOINTS

MAY 10, 2012

Managing Global Funds in Challenging Times

By Andrew Gillies

Immense opportunities lie ahead for global fund managers, agreed panelists at a session at ICI's 54th General Membership Meeting.

"We are only seeing the tip of the iceberg," said Vijay C. Advani, Executive Vice President, Global Advisory Services at Franklin Resources, Inc. Advani, whose firm draws half of its flows from outside the United States, cited a recent survey predicting the population of individuals defined as middle class will increase from 1.5 billion currently to 5 billion by 2030.

A key part of the opportunity for fund managers is fiscal pressure on governments worldwide. "Due to the poor situation of public finances, we will need to use private savings to finance pensions," observed Christian Dargnat Chief Executive Officer of BNP Paribas Asset Management

As they address opportunities, however, asset managers also face stark challenges. One among them is simply establishing asset managers in the minds of customers across the globe. "Our industry doesn't really have a brand," said Timothy F. McCarthy, Chairman and CEO, Nikko Asset Management Co. McCarthy noted that surveys conducted by his company in Asia revealed widespread confusion about the differences between fund companies and other financial service providers.

Andrew Formica, Chief Executive, Henderson Group plc, agreed that education was a pressing issue, particularly in key markets like China. "It's wrong to assume that the knowledge and level of understanding is replicated across the globe, because it's definitely not," he said. "Education has to be the bedrock of what we do."

Part of the education challenge involves communicating with regulators, particularly in a policy environment that shows signs of fragmentation based on divergent national priorities. "There is so much regulation coming, and often it's in conflict with regulation in other jurisdictions," said Formica.

The panel was moderated by Dan Waters, ICI Global's Managing Director. [ICI Global](#) was launched in October 2011 to serve as a trade organization focused on regulatory, market and other issues for global investment funds, their managers and investors.

Andrew Gillies is managing editor of policy writing at ICI.