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With 198 pages and 130 exhibits, this report includes the following coverage:

- Regional Overview
- Korea
- China
- Taiwan
- Singapore
- Hong Kong
- India
- South East Asia

Table of contents, user examples and sample exhibits are included in this attachment

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February 2009

CERULLI QUANTITATIVE UPDATE

INSTITUTIONAL ASSET MANAGEMENT IN ASIA 2009

In Cerulli's first comprehensive study of the institutional landscape in Asia, this report focuses on market sizing and addressability, product development, manager selection, and market trends in Asia's institutional asset management industry. Countries covered include Korea, China, Taiwan, Singapore, Hong Kong, India, Malaysia, Thailand, Indonesia, Vietnam, and the Philippines. This report also includes a discussion of business operations, fees and profitability, consultants, and sale processes. Each country segment has a qualitative component that examines recent market and industry trends, and future growth opportunities. Proprietary surveys of local and regional institutional asset managers provided quantitative data for this report.

This report allows asset manager to:

- Assess market potential and target opportunities
- Understand institutional market dynamics and product development trends
- Identify institutions' selection criteria and wholesaling requirements of external asset managers
- Examine the addressability of institutional assets
- Evaluate the viability of pursuing institutional assets

Key findings:

- Due to a number of new institutions, Asian institutional assets had an annualized growth rate of 28% from 2003-2007. However, 2008 will register negative growth, with recovery expected by 2011.
- Addressable assets to third-party managers as a proportion of investable assets remain low at only 17% in 2007 and are projected to fall in the short-term. Medium-term opportunities for institutional outsourcing look strong based on retirement needs and investor sophistication.
- Korea is emerging as the most attractive institutional market in the region. The percentage of Korean institutional assets addressable to third-party fund managers stood at 27% in 2007, significantly higher than in China, and second only to Hong Kong.

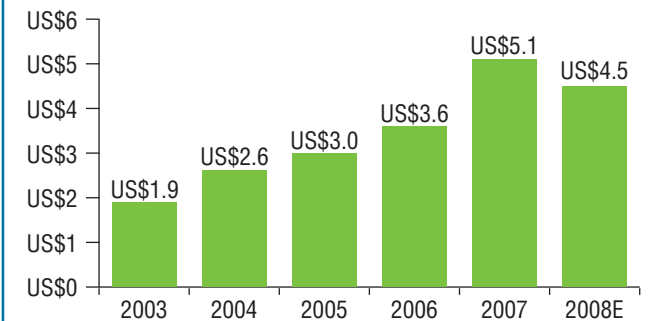
Exclusive data:

- Proprietary survey responses by asset managers across the region
- Size and addressability of institutional markets in Asia
- Evaluation of key product development trends
- Past and projected growth rates of institutional investable assets
- Analysis of fee structures, sale processes, and client servicing

This report allows institutional investors to:

- Benchmark marketshare competitive analysis
- Identify potential assets to outsource
- Understand asset management trends among institutional investors in Asia

Asia Ex-Japan Institutional Investable Assets, 2003–2008E (US\$ trillions)



Source: Cerulli Associates

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INSTITUTIONAL ASSET MANAGEMENT IN ASIA 2009

USER EXAMPLES:

The following are examples of how this report can be applied to business planning and strategic decision-making:

Scenario 1: A European asset management firm is exploring asset management opportunities in Asia's institutional marketplace. Before they make a serious commitment, they need an assessment of the institutional opportunities in Asia. *Cerulli Quantitative Update: Institutional Asset Management in Asia 2009* provides insight into the following questions:

- How large is the institutional marketplace in Asia? (Exhibits 1.01, 1.02, 1.03)
- Which institutional segments are the most profitable? (Exhibits 1.04, 1.05, 1.16)
- What is the addressability of institutional assets for third-party fund managers? (Exhibits 1.06, 1.07)
- What is the impact of the global financial crisis on the institutional market? (Exhibits 1.26, 1.27)

Scenario 2: A large U.S.-based institutional fund manager has decided to enter the Asian market as part of their global expansion plan. The global head of strategic planning needs to determine the appropriate market entry strategy. *Cerulli Quantitative Update: Institutional Asset Management in Asia 2009* provides the following insights and Cerulli's assessment:

- What resources are required to carry out an institutional business in the region? (Exhibit 1.10)
- What are the product development and investment trends of Asian institutions? (Exhibits 1.11, 1.12, 1.13, 1.14, 1.15)
- What are the selection criteria for external managers and the subsequent wholesaling demands that they must fulfill? (Exhibits 1.19, 1.20)
- Which consultancy firms are active in the region? (Exhibit 1.24)
- What is the sales process like in Asia and what are the most effective ways to source for new business leads? (Exhibit 1.23)

Scenario 3: A large global asset management firm has been operating in Korea, China, and Taiwan for the past two years with a primarily focus on the retail fund business. As part of a strategic review of its Asian business, they are evaluating the viability of targeting the institutional market, in particular the pension and insurance segments. *Cerulli Quantitative Update: Institutional Asset Management in Asia 2009* provides the following information:

- A detailed understanding of the retirement landscape on a country basis. (Exhibits 2.05, 3.06, 4.07)
- The size of retirement and insurance assets in each country. (Exhibits 2.06, 2.10, 2.12, 2.17, 3.07, 3.11, 3.17, 4.08, 4.14)
- A comparative and competitive assessment of the 10 largest insurance players in each market by assets or premiums, and marketshare for the past two years. (Exhibits 2.21, 3.20, 4.16)
- Qualitative assessment by asset managers of factors which are important in securing institutional mandates. (Exhibits 2.22, 3.22, 4.19)

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INSTITUTIONAL ASSET MANAGEMENT IN ASIA 2009

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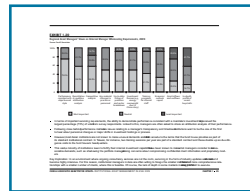
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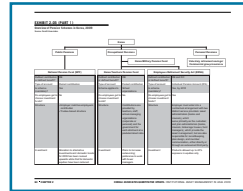
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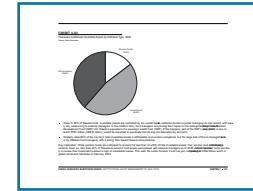
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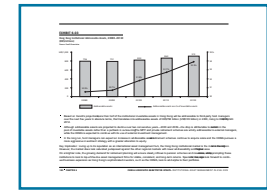
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INTRODUCTION & METHODOLOGY

Cerulli Quantitative Update: Institutional Asset Management in Asia's analyses and coverage of the institutional marketplace in Asia leverages the firm's research coverage in the Far East, and is an important part of our ongoing coverage of the world's main asset management marketplaces. After all, in the long term, Asia probably will represent the largest asset management marketplace in the world outside of the United States. Over the past decade, there has been a great deal of time and attention paid to the retail mutual fund marketplace, but increasingly managers are now turning their attention to the institutional client segment. This is our first effort at a comprehensive study of the institutional landscape in the region and examines in particular the outsourcing opportunities for asset managers. The report builds on our previous research on the Asian insurance and retirement industries, and complements all our other Asian publications.

Report Format

Our report focuses on market sizing and addressability, product development, manager selection, and market trends in Asia's institutional asset management industry. Countries covered in the regional chapter are Korea, China, Taiwan, Singapore, Hong Kong, India, and the Southeast Asian countries of Malaysia, Thailand, Indonesia, Vietnam, and the Philippines. The regional chapter is an aggregation of the quantitative analysis, supported by a qualitative assessment of the institutional markets in Asia. Besides addressing the key metrics of the industry, it also includes a discussion of business operations, fees and profitability, consultants, and sales processes.

Following the regional chapter are five country sections, focusing on Korea, China, Taiwan, Singapore, and Hong Kong, in which detailed market and industry trends are captured in both chart and text form. Each section also includes a summary of key points, recent industry developments, and concludes with Cerulli's prognosis for growth.

Proprietary Research

While anecdotal information on the Asian institutional markets abounds, the quality and reliability of information remains inconsistent. Our firm, however, is striving to sort through the anecdotes and disparate statistics and begin assembling more actionable data in two forms:

- *Consultative qualitative information* designed to help clients determine the size of the institutional investable assets accessible to third-party asset managers and how to access the institutional assets in Asia.
- *Granular quantitative information* that provides a better picture of the true current and potential opportunities in all the institutional sectors. This quantitative information aims to size and aggregate the various institutional groups to provide a more accurate reflection of the total institutional assets, the amount that is investable and addressable to third-party managers, and the potential growth.

Central to achieving the goal of providing useful quantitative information are our proprietary surveys of institutional asset managers in the region. These are *bottom-up* surveys to understand the relationship between asset management firms and their institutional clients. The analysis includes information on assets under management, product prioritization, fee structures, manager selection, and the wholesaling process. Cerulli is pleased to say that two rounds of surveys were conducted, one reaching out to a larger number of local and foreign players in each of the markets and the second concentrating on some of the largest regional institutional managers that operate across multiple marketplaces.

Completing the analysis is the qualitative input our research efforts bring to bear, and this relies on more than 100 highly focused and in-depth research meetings and conference calls with asset managers, insurance companies, pension funds, and regulators across all countries in the region.

Besides *Institutional Asset Management in Asia*, the following is a list of Asia-focused research led from our regional base in Singapore:

- ***Opportunities in Asia's Unit-Linked Investment Marketplace 2008*** is a specialist report exploring the unit-linked insurance industry, focusing on the same six major Asian markets and analyzes outsourcing opportunities in the insurance industry in the region.
- ***Cerulli Quantitative Update: Asset Management Opportunities in India 2008*** focuses on market sizing, product development, and distribution trends in one of the fastest-growing economies in the world. This is the first year this report has been presented as a standalone quantitative report.
- ***Cerulli Quantitative Update: Japan 2008***: Cerulli's regular look at the institutional and retail fund management industries in the world's second-largest economy; the report leverages ongoing surveys of asset managers active in Japan.
- ***The Cerulli Edge—Asia Pacific Edition***: A quarterly research notes publication that highlights recent proprietary research initiatives and provides the most current Cerulli viewpoints on developments in the region's asset management industries, focusing on the marketplaces of Australia, China, Korea, Hong Kong, India, Japan, Singapore, and Taiwan.

The information in this report was obtained from public and nonconfidential sources, as well as proprietary surveys. Cerulli believes that the data herein is reliable and has made every reasonable effort to verify statistics presented; however, Cerulli does not guarantee its accuracy or completeness. All data in this report is calculated and presented in U.S. dollars to allow for easy comparison. Exchange rates from December 2008 have been used.

Cerulli benefited from the cooperation of a number of regulators and trade industry associations in the region, and is especially grateful for assistance from the following:

-
- Monetary Authority of Singapore, Singapore
 - Central Provident Fund Board, Singapore
 - Life Insurance Association of Singapore, Singapore
 - Government of Singapore Investment Corporation, Singapore
 - Temasek Holdings, Singapore
 - Ministry of Finance, Singapore
 - Securities and Futures Commission in Hong Kong, Hong Kong
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 - Central Bank of the Republic of China, Taipei
 - Bureau of Labor Insurance, Taipei

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 - Life Insurance Council of India, Mumbai
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 - National Council for Social Security Fund, Beijing
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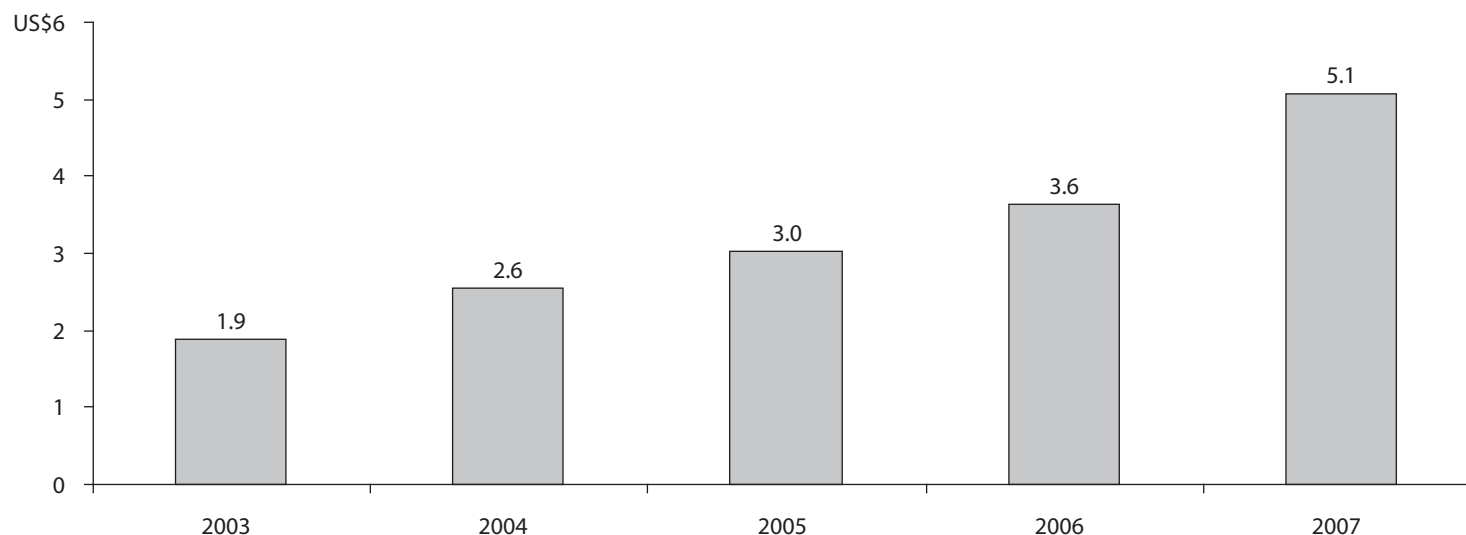
**CERULLI QUANTITATIVE UPDATE:
INSTITUTIONAL ASSET MANAGEMENT IN ASIA 2009**

EXHIBIT 1.01

Asia ex-Japan Institutional Investable Assets, 2003–2007

(US\$ trillions)

Source: Cerulli Associates



- **Asian institutional investable assets doubled in the four years from 2003 to 2007.** Although this falls short of the spectacular 33% growth in retail assets over the same period, the institutional sector in Asia offers significant untapped potential.
- **The sudden surge in assets over the last two years is underpinned by the establishment of more government and quasi-government agencies across the region.** New retirement schemes, such as the Chinese Enterprise Annuities (EA) scheme and India's New Pension System (NPS), were introduced to provide more comprehensive pension coverage to a progressively aging population. Meanwhile, the establishment of sovereign wealth funds (SWFs) such as the China Investment Corporation (CIC) and Korea Investment Corporation (KIC) has brought to the scene sizable assets and a relatively aggressive investment approach.

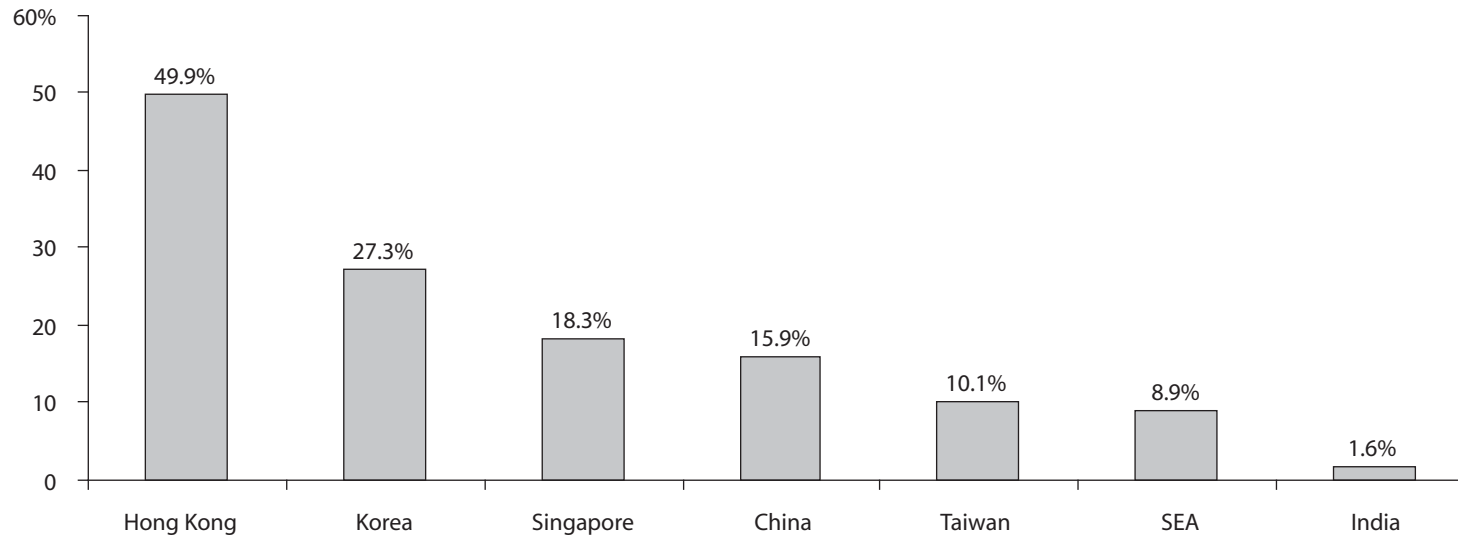
Analyst Note: The hike in the figures in recent years can also be attributed to the greater availability of data, which may not have been reflected in earlier estimates.

Key Implication: The figures in this chart size the potential for institutional asset management in the region, but should not be taken at face value. On the one hand, only a portion of the US\$5 trillion administered by the institutions is invested, and, of this, only a fraction is outsourced. Comparable figures in the United States or Europe are likely to be several times higher. On the other hand, many private and public institutions in Asia can be said to be approaching a "sweet spot." Having had a painful birth and numerous teething problems, a good number are now in a position to undertake major investment programs in order to meet changing needs.

EXHIBIT 1.06

Asia ex-Japan Percentage of Institutional Assets Outsourced by Country, 2007

Source: Cerulli Associates



- **Cerulli estimates the amount of Asian ex-Japan institutional assets outsourced to stand at US\$856 billion, or 16.8% of investable assets in 2007.** The sheer size of the investable assets held by Chinese and Korean institutional markets ensures that they are also the top Asian markets for addressable assets, and together they account for almost 60% of the region's aggregate outsourced assets.
- However, **in terms of penetration, Hong Kong leads with nearly 50% of investable assets managed externally.** Yet, Cerulli should caution that this figure only reflects retirement assets and the Hong Kong Monetary Authority's (HKMA's) Exchange Fund. **Taking into consideration the outsourced assets from insurance companies and other institutions in Hong Kong, it is safe to say that the level of outsourcing is closer to 30%.**
- Bearing in mind its small market size, **Singapore punches above its weight.** It not only **presents substantial assets to third-party managers**—the third-largest in the region—**but also offers a high degree of access**, driven primarily by the country's highly sophisticated SWFs.

Key Implication: Asian institutional managers must take into account three key factors when determining a market entry strategy for the region. First is the current size of the market and its potential growth. Second is the accessibility of investable assets in the marketplace. Third is the quality of the mandates—globally diversified portfolios, innovative structures, and alternative asset classes give foreign managers a distinct advantage. On all three counts, Korea looks more attractive than the other regional markets.

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