

Banking Talent Programme - Professional Training Series

Asset Management Industry: Investment Funds and Beyond

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What are the most important **success factors** for Fund Managers?



Success Factors:

**Trust + Consistent
Performance**



Global Fund Management Industry

**Global
AUM^{#1}**

**US\$102
Trillion
6% CAGR**

- Mutual Funds Active \$41T
 Passive \$10T
- Mandates Active \$36T
 Passive \$12T
- Alternatives \$13T



Types of Clients

Pension
funds

Insurance
Companies

Sovereign Wealth
Funds

HNWI

Mass affluent



HK Fund Management Industry

**HK
AUM^{#2,3}**

**US\$235
Billion
2X in 5Y**

- Equity
- Bond
- Mixed Asset
- Alternatives

Region
Sector

US, EM, China...
Tech, Healthcare...

Region
Credit
Duration

US, EM, Asia
Gov, IG, High Yield...
Short, Long...



HK Market Trends^{#3}

- Demographics
- Short-term investment mindset
- Mainland opportunity
- Technology
- Regulation/ESG



HK-Mainland Connectivity

- QFII / RQFII (inbound)
- QDII (outbound)
- MRF (in/outbound)
- Wealth Management Connect



GBA Cities

4 Core + 7 Node

Population: GBA 72.6m vs HK 7.5m

GDP (US\$ bn): US\$1,679bn vs 366

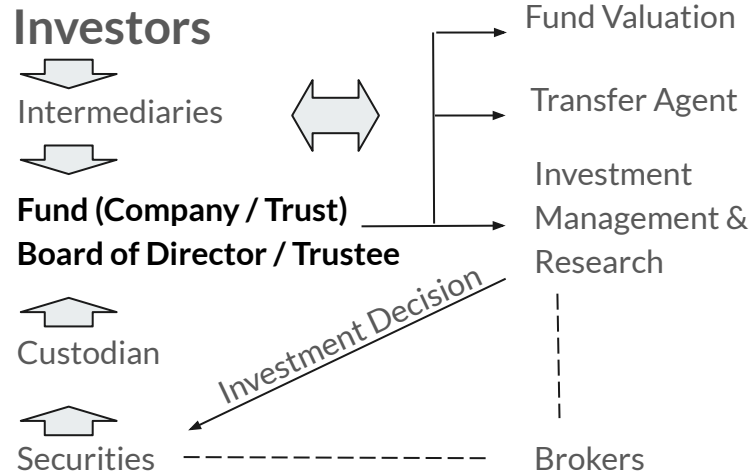
GDP per-capita: US\$23,116 vs 48,713

12% of China GDP with 5% of population

Source: HKSAR Government, HKTDC



Career Opportunity in Asset Management



Fund Objective

Fund



Sub-Funds



- Benchmark
- Concentration risk
- Borrowing
- Hedging
- Share Class
- Total Expense Ratio

- **Goal** (e.g. education, retirement...)
- **Asset Class** (e.g. equity, fixed income, mixed...)
- **Region** (e.g. global, US, Asia, China...)
- **Sector** (Tech, Financial, Healthcare, Property...)
- **Style** (Growth, Income...)

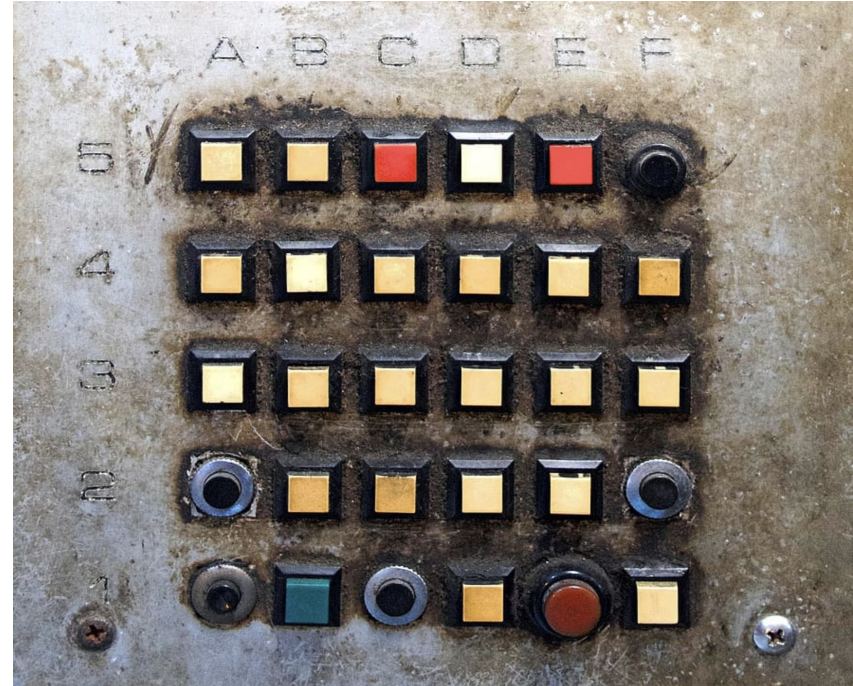




Main Regulator: Securities and Futures Commission

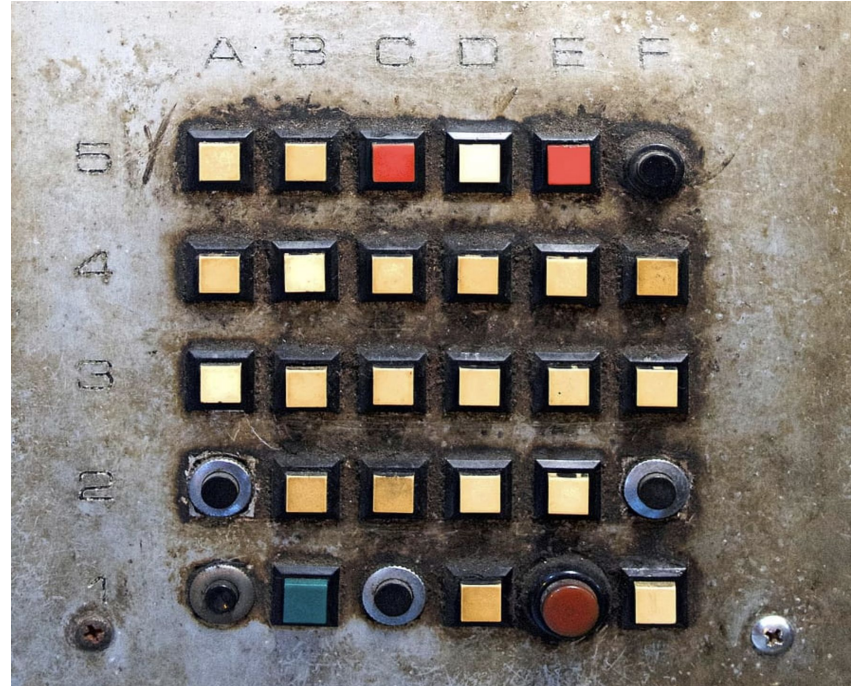
Fund Regulation^{#4}

1. Organisation & Structure
2. Fund Management
3. Dealing with Investors
4. Reporting
5. Licensing Requirements
6. Risk Management & Control



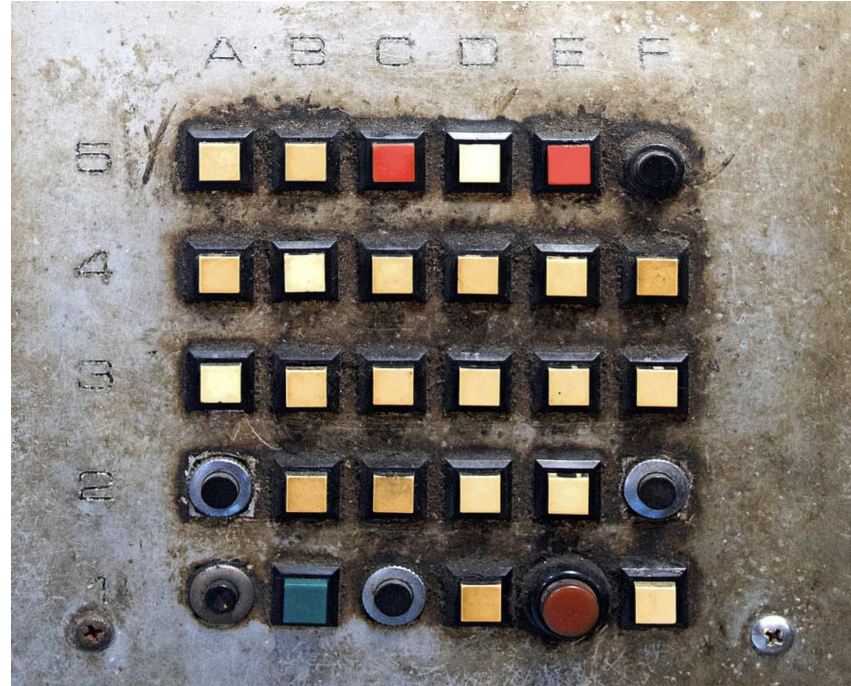
Fund Authorization^{#5}

1. Authorization requirements
2. Post-authorization requirements



Fund Advertising^{#6}

1. Accurate, Fair with Risk Disclosure, Timely
2. Language and Graphics
3. Performance Information
4. Risk Warning & Disclosure



The background image is a photograph of a modern architectural interior. It features a large, curved structure with multiple levels of balconies or walkways. The balconies have a distinctive pattern of vertical slats or louvers. The walls are made of glass, reflecting the interior lights and creating a sense of depth and complexity. The overall color palette is warm, with golden-yellow and brown tones. The lighting is soft and ambient, highlighting the architectural details. Several people can be seen walking on the balconies, providing a sense of scale to the large space.

Global Regulation: Key Trends & Development

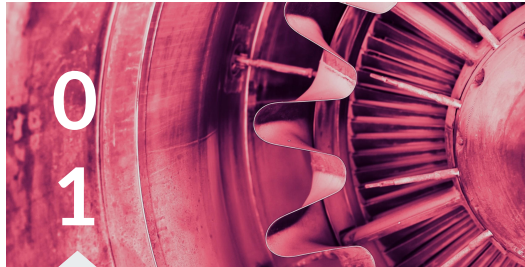
International Regulation

1. Anti-Money Laundering^{#7}
2. Principles of Responsible Investment^{#8}
3. ESG^{#9}



Summary

01



Fund Industry plays a significant part in global financial market & in helping investors to manage wealth

Apart from core investment management skill & experience, the industry operates under very high regulatory and ethical standards

03



Delivery of long-term, consistent and sustainable performance is key but risk management, client communication and trust are absolutely crucial

02



Q&A





Reference Material

Reference Materials

#1

<https://www.pwc.com/gx/en/asset-management/publications/pdfs/pwc-asset-management-2020-a-brave-new-world-final.pdf>

#2 <https://www.hkifa.org.hk/eng/index.aspx>

#3

<https://assets.kpmg/content/dam/kpmg/cn/pdf/en/2020/06/vision-2025-the-future-of-hong-kong-s-fund-management-industry.pdf>

Reference Materials

#4

<https://www.sfc.hk/web/EN/assets/components/codes/files-current/web/codes/fund-manager-code-of-conduct/fund-manager-code-of-conduct.pdf>

#5

<https://www.sfc.hk/web/EN/assets/components/codes/files-current/web/codes/section-ii-code-on-unit-trusts-and-mutual-funds/section-ii-code-on-unit-trusts-and-mutual-funds.pdf>

#6

<https://www.sfc.hk/web/EN/assets/components/codes/files-current/web/guidelines/advertising-guidelines-applicable-to-collective-investment-schemes/Advertising%20Guidelines%20%20Applicable%20to%20Collective%20Investment%20Schemes%20Authorized%20under%20the%20Product%20Codes.pdf>

Reference Materials

#7 <https://www.fatf-gafi.org/home/>

#8 <https://www.unpri.org/>

#9 <https://www.cfainstitute.org/en/research/esg-investing>

Thank you.

