
Press Release

Date 24 December 2020
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Asset and wealth management industry set to grow by up to 5.6% per annum to 2025

- *With US\$110 trillion in assets under management, and growing, the AWM industry has the power to literally change the world from an environmental, social and governance (ESG) perspective*
- *AWM firms can achieve superior fund returns as alternative providers of capital*
- *Assets under management in infrastructure funds are expected to double by 2025*
- *ESG-aligned funds cumulatively have already outperformed their traditional counterparts*

Hanoi, 24 December 2020 – Currently controlling more than US\$110tn (more than 20 times the US federal budget), the power the asset and wealth management industry has in shaping the future is unparalleled. With global assets under management projected to grow by up to 5.6% per annum to US\$147.4 trillion by 2025, it can shape a future which is better for investors, shareholders, the economy and the wider society.

This is according to PwC's new global report '[Asset and Wealth Management Revolution: The Power to Shape the Future](#)' published recently drawing on data, analysis and expert insights as well as the econometric modelling of PwC's Asset and Wealth Management (AWM) Research Centre.

The report focuses on a number of key findings and areas for the industry to address, which are pivotal to helping the global economy. Asset and wealth management firms can:

- **Fund the future:** There is a widening funding gap which will need to be filled to support recovering economies.
- **Provide for the future:** With aging populations, widening pension gaps and challenging demographics, the AWM industry has a key role to play in supporting investors in meeting their savings' goals.
- **Embrace ESG as the future:** With US\$110 trillion in assets under management, and growing, this industry has the power to literally change the world from an ESG perspective.

Repair, reconfigure and report are the key areas the industry needs to address as it rethinks its strategy to be fit for the future.

The Vietnam context

Currently, the market size for the asset and wealth management industry in Vietnam is relatively modest. According to the State Securities Commission ("SCC"), there are only 47 fund companies in operation. However, the industry has experienced positive growth in recent years, with AuM growth of 20% to USD 13.4bn in 2019 (as estimated by the SCC). Encouraged by the SCC's plan for further restructuring in 2020, this momentum is expected to continue with promising prospects.

Olwyn Alexander, PwC Global Asset & Wealth Management Leader, commented: "Asset and wealth management firms can channel capital and target investment opportunities to lift economies out



of recession. It is important to understand the power the industry has in influencing the future. A better future for everyone; investors, shareholders and the economy as a whole. The world we leave for future generations matters. The industry can act now to realise beneficial change.

“While financial return will always be important, increasingly investors are deciding that social return is just as important. What we’re seeing is asset and wealth management firms that deliver standout returns on both the social and financial fronts will be the clear winners over the coming decade — magnets for investment and able to sustain superior returns for shareholders and partners.”

According to the report, the industry can be a powerful engine of recovery and a force for good in a world facing uncertainty and upheaval. Funding the future, providing for the future and embracing ESG matters are pivotal to this.

Funding the future: Asset and wealth management firms can achieve superior fund returns as alternative providers of capital

At US\$41 trillion, non-bank lending now exceeds bank lending in advanced economies and continuing low interest rates, coupled with higher capital adequacy ratios, will increase pressure on banks and their ability to lend. This has created an opportunity for private market funds to help finance businesses with strong growth potential but limited access to mainstream funding. By engaging in financing all along the capital structure, the AWM industry can address one of the key goals of the EU’s Capital Markets Union Action plan and improve the private capital markets.

Providing for the future

The report argues that the more wealth we can create as a society, the more we can save and the more that will be available to invest. And as people live longer, the asset and wealth management industry can contribute to the resolution of escalating pension gaps and retirement poverty. -Saving cash on deposit is no longer tenable in a world of ultra-low interest rates and fixed income yields, forcing savers to look for higher yielding, attractive options.

According to the report, assets under management in infrastructure funds are expected to double by 2025. Further opportunities for asset and wealth management firms to provide for the future include making up for the growing shortfall in available infrastructure investment, especially from governments. Within developed markets, there are considerable openings to refurbish roads, airports, hospitals and other such opportunities while accelerating developments in areas such as 5G and renewable energy. As a result, we expect assets under management in infrastructure funds to double by 2025.

Embracing ESG as the future: ESG-aligned funds cumulatively have already outperformed their traditional counterparts

Increasingly, investors are putting the environmental and social profile of AWM firms on a level playing field with financial return. A growing number of investors expect asset and wealth management firms to make ESG issues integral to their investment strategies. This shift is already having a revolutionary impact on product design, fund allocation and performance objectives.

PwC’s analysis shows that ESG-aligned funds cumulatively outperformed their traditional counterparts by 9% from 2010 to 2019. Research also shows that diverse companies, in which more than 30% of leaders are women, are, on average, 15% more profitable than those that aren’t diverse, and businesses that score highly on sustainability tend to outperform those that don’t.

A few tech fixes here or a nod to investors’ ESG demands there won’t be enough to survive and thrive in an industry where the front-runners are already embracing these changes and seizing the opportunities.

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Notes to editors

About the report

PwC's new global [report 'Asset and Wealth Management Revolution: Shaping the future'](#) looks at the future opportunities and challenges for the asset and wealth management industry. It draws on data, analysis and expert insights as well as on econometric modelling by the PwC Asset and Wealth Management (AWM) Research Centre.

About PwC Vietnam

At PwC Vietnam, our purpose is to build trust in society and solve important problems. We're a member of the PwC network of firms in 155 countries with over 284,000 people who are committed to delivering quality in assurance, advisory, tax, and legal services. This means that you get the benefits of leveraging on our global network to effectively address and resolve your issues - when you need it.

PwC Vietnam established offices in Hanoi and HCMC in 1994. With strong industry knowledge, our team of more than 1,000 local and expatriate staff offers integrated services, bringing a breadth of skills and depth of resources to our clients wherever they do business, throughout Asia and across the world.

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