

ASSET MANAGEMENT

WHAT IS IT AND WHY IS IT USEFUL

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European Fund and Asset Management Association

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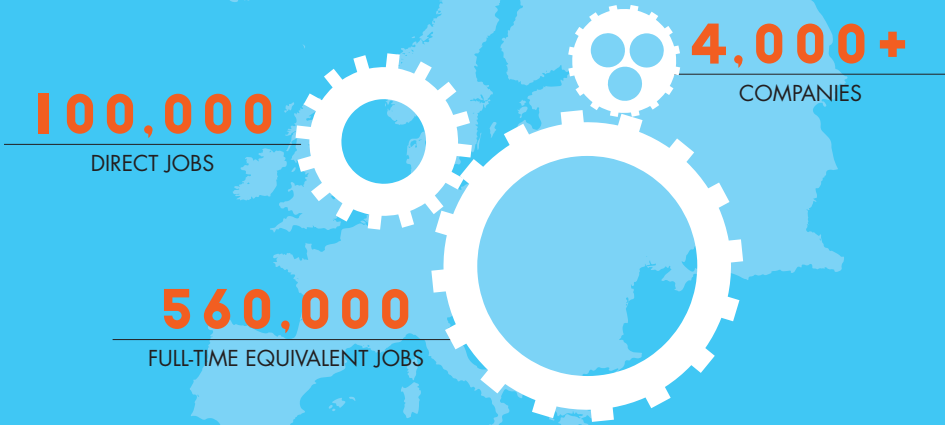
**ASSET MANAGERS
HELP PEOPLE PROVIDE
FOR THEIR FUTURE**

Asset management, also known as investment management, is about helping people to provide for their future and to achieve other long-term goals. Individuals, and organisations investing on their behalf, entrust their money to asset managers who seek to make it grow by investing in companies and infrastructure such as transport links and hospitals. They also help to fund governments. Acting on behalf of their clients, asset managers are one of the biggest investors in government bonds. This helps to create jobs and to support a strong economy.

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JOB CREATION BY THE EUROPEAN ASSET MANAGEMENT INDUSTRY

MORE THAN 4,000 ASSET MANAGEMENT COMPANIES IN EUROPE
DIRECTLY EMPLOY 100,000 PEOPLE AT END 2015



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ASSET MANAGERS CHANNEL LONG-TERM SAVINGS INTO THE ECONOMY

As professional managers of other people's savings, managers are bound by regulation to act in the best interests of their clients. They take a long-term view on where to invest their clients' money. For those seeking finance to grow a business, for example, that money can provide a source of funds which can be a useful alternative to a bank loan. Managers buying and selling assets on behalf of their clients also contribute to the smooth operation of financial markets.

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ASSETS MANAGERS PLAY A KEY ROLE IN CHANELLING SAVINGS TOWARD INVESTMENT



SAVINGS

RETAIL +
INSTITUTIONAL
INVESTORS



CAPITAL MARKETS

ASSET
MANAGERS



INVESTMENT

COMPANIES +
GOVERNMENTS

AS THE GATEWAY BETWEEN INVESTORS' SAVINGS AND THE REAL ECONOMY, ASSET MANAGERS PLAY A CRUCIAL ROLE IN THE DEVELOPMENT OF OUR ECONOMIC SYSTEMS AND ACT AS A FUNDAMENTAL SUPPORT TO BOTH INVESTORS AND SOCIETY AS A WHOLE.

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ASSET MANAGERS ARE ACCESSIBLE IN A RANGE OF DIFFERENT WAYS



Some investors have direct contact with an asset manager which allows them to benefit from the expertise of qualified investment professionals. This also allows them to gain access, in a cost effective way, to a wider range of investments than would be available to someone who chose to do it themselves. Others will benefit from that expertise indirectly, as asset managers also manage pension funds and are at the heart of many investment products offered by insurance companies and banks.

Some investors (whether individuals or institutions such as pension funds) will invest through regulated funds where their savings are pooled with those of other investors with similar investment goals. Others, particularly those with more to invest, may choose the option to specify their own "mandate", meaning that the asset manager will offer a tailor-made solution to meet particular investment goals.

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ASSET MANAGERS ACT IN THE INTERESTS OF INVESTORS

Asset managers are required by law to act in the best interests of their clients and to invest in accordance with a predefined set of rules and principles. Asset managers must therefore provide the information necessary for investors to make informed decisions and report regularly on how their investments are doing.

Asset managers will usually charge a fee which is based on the value of the assets they manage. In this way, the incentives of investors and asset managers for the fund to achieve positive returns are aligned.

Investors' assets always remain the property of the investor and are held by third parties (called depositaries, custodians or trustees). In this way, they are kept safe and can be withdrawn or transferred to be managed by another manager, if necessary.



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A GROWING INDUSTRY

ASSETS MANAGED IN EUROPE REACHED A RECORD
HIGH OF €22.8 TRILLION IN 2016



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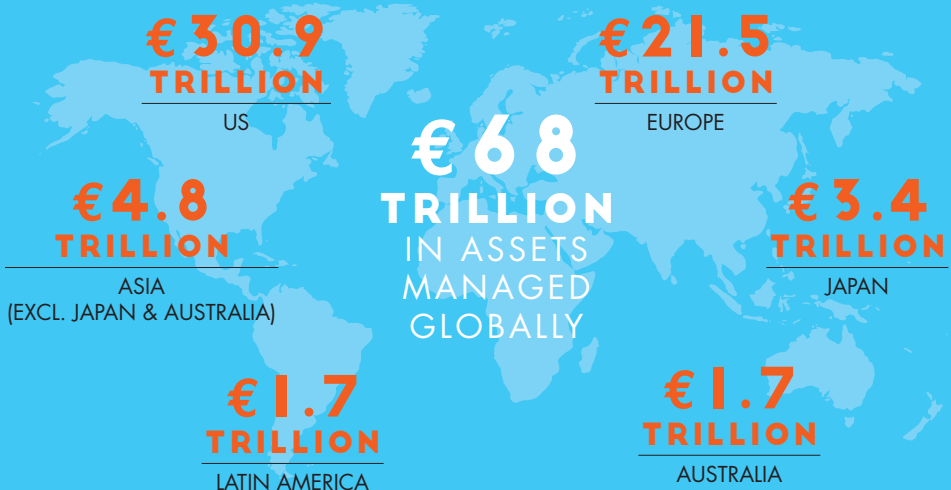
INVESTING IS ABOUT TAKING SOME RISK FOR EXPECTED REWARD

Investing means taking risk with the aim of expected reward. Some investors will take higher risks with the hope of higher rewards. While the asset manager will help manage that risk (through diversification and risk management, for example), investors take the risk that the value of assets may go down as well as up.

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SIZE OF THE EUROPEAN ASSET MANAGEMENT INDUSTRY IN THE WORLD

SECOND LARGEST INDUSTRY GLOBALLY



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ASSET MANAGERS ENGAGE WITH COMPANIES

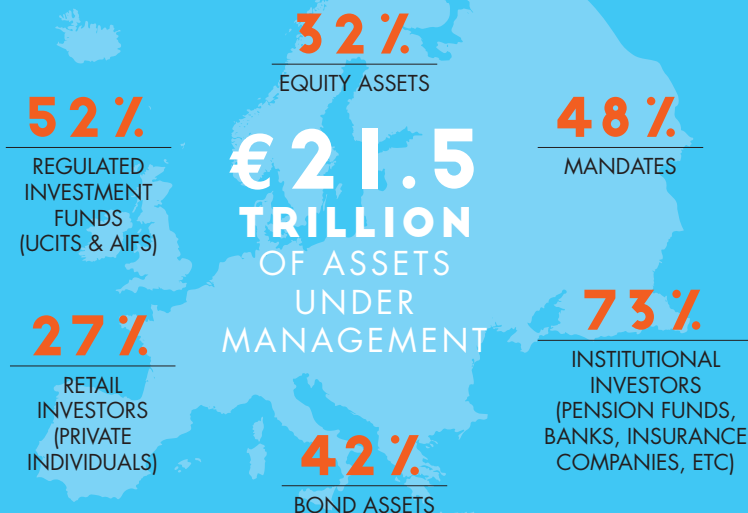
In looking after other people's money, asset managers have an interest in ensuring that the companies in which they invest prosper. Still, where an asset manager invests largely depends on the decisions of the investors themselves.

Shareholders hold the companies accountable to ensure that they are well run and thrive. This involves regular engagement and contact, voting at general meetings, and holding these companies to the highest corporate governance standards. Many managers, acting on behalf of investors, also ensure that companies in which they invest take environmental and social aspects seriously.

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SIZE OF THE ASSET MANAGEMENT INDUSTRY IN EUROPE

A BREAKDOWN OF THE EUROPEAN ASSET MANAGEMENT INDUSTRY



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