

VIDEO

August 17, 2018

Focus on Funds: Asia-Pacific Fund Investment Is Changing, Growing

Focus on Funds

Asia-Pacific Fund Investment Is Changing, Growing

Major developments promise to change and expand fund investment across the Asia-Pacific region. In the August 17, 2018, edition of *Focus on Funds*, ICI Global Managing Director Dan Waters summarizes the trends.

Transcript

Stephanie Ortbals-Tibbs, ICI director of media relations: What's the view from Asia for the asset management industry? At ICI's recent General Membership Meeting, ICI Global Managing Director Dan Waters stopped by and offered an update.

Dan Waters, ICI Global managing director: I'd focus on one of our long-term priorities for ICI Global, and that is promoting the role of funds as part of providing solutions for long-term savings needs of investors. And there, there's some really, really interesting and important things happening in different parts of Asia. And of course, the countries are in different places, so you see kind of different stages of life there.

The Chinese have just launched a pilot program creating personal pension products, so that's for individual investors. This has been a long time coming, and ICI Global has been very involved for the past several years. So we see the emergence of this pilot, [which is] really important. It's focusing in the beginning on the insurance-based products, but the clear intention of the government is to move into the mutual fund space. That is a massive, massive growth opportunity for investors in terms of savings and for the funds industry in terms of services to be provided.

At kind of the other end of the spectrum, you have the very mature markets for defined contribution arrangements in Australia and the US. There's a lot of thinking going on there about, okay, the system's been in place for 30 years or 20 years, whatever. But you're getting people now at the end of the process of saving, and they're coming into retirement. Then what? So what's the process of managing the savings over time? There's some proposals coming forward about possibly collectivizing decumulation arrangements—quite interesting—different kinds of products design that could be helpful to investors to help them decide: how am I going to manage this money sensibly?

This isn't just an issue for those two markets, though. You look at Hong Kong, which has a mature and complex system; you look at Singapore. These issues have resonance all over the world.

Ortbals-Tibbs: So, the last country we should “visit” while we’re talking about this region is Japan because you’ve engaged there as well. That is such an interesting market because, of course, it’s a very large capital investment pool. What were you hearing from investors—I believe you met with officials from the GPIF [Government Pension Investment Fund]?

Waters: There was a lot of talk there about ESG [environmental, social, and governance] investing. Of course, the GPIF is very strongly in the lead among investors worldwide in terms of the sophistication of its approach to those issues. It’s also very interesting, and this has been a subject of a research project at the Pacific Policy Council of ICI Global.

What’s the investor horizon for saving or investment? And the whole concept that investment funds can be part of a long-term portfolio is still new, still gaining ground. And in Japan, the regulator is very, very interested in changing that dynamic and moving investors into the idea [that] savings is not just a bank account. Savings can also be achieved, and in many respects, more successfully through long-term holdings—long-term holdings in investment accounts, which is not the typical Japanese investment pattern. Nor is it typical in many other Asian countries.

Additional Resources

- [Video: New Trends Reshape Global Fund Management](#)
- [Video: General Membership Meeting Takes on the Biggest Industry Trends](#)
- [GMM Highlights](#)
- [ICI Global](#)