



Benchmarking asset managers 2007

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INTRODUCTION

What is this report about?

Benchmarking asset managers 2007 provides comprehensive analysis of the top asset managers worldwide, using a range of criteria to judge how they compare. The report benchmarks 50 asset managers and the asset management departments of major banks and insurance groups against financial variables, giving a rounded picture of the relative strengths and weaknesses of the current largest players in the asset management marketplace.

This report is intended to help asset managers to identify areas in which they are weak against their global competition and identify strategies and methods through which their peers have found success.

The report uses a series of 10 financial criteria to assess the asset managers, highlighting the best and worst performers and the reasons for their especially good or bad performance. Financial benchmarks have been calculated as weighted averages.

Who is the target reader?

The report is of interest to those involved in or covering the asset management industry, in executive or strategic positions within asset management firms, or working alongside such firms in a consultancy role.

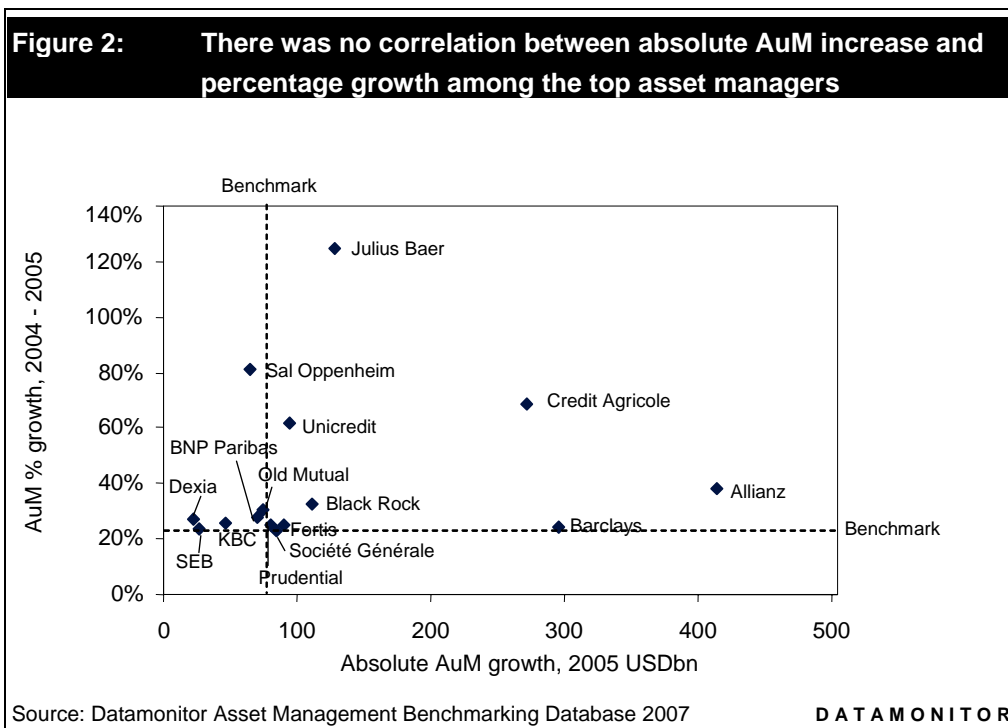
How to use this report

This report is comprised of three further chapters. The format of this report differs from the standard Datamonitor report due to the unusual nature of this study. In Chapter 2 the asset managers are benchmarked against a variety of financial variables, which look at assets under management, operating income, operating expenses and results.

Financial benchmarking

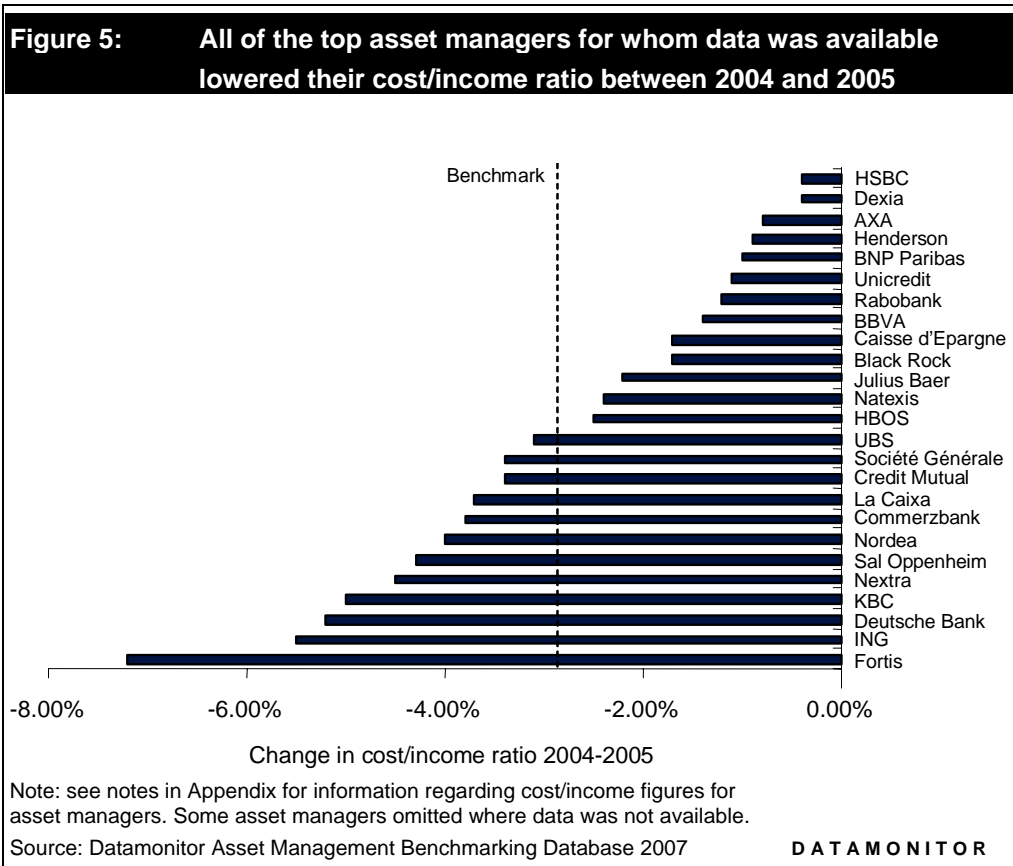
Factors affecting the growth of AuM are unlikely to be related to the size of asset managers

There was little evidence to suggest that absolute AuM growth between 2004 and 2005 was related to proportional AuM growth, suggesting that asset managers performed well or badly over this year regardless of their initial size. For example, while Julius Baer only experienced marginally above average absolute AuM growth, at USD128.4bn (the average is USD75.3bn), its percentage growth far exceeded that of Allianz, which, despite seeing assets under management increase by USD413.6bn, only realized this as a 38.4% increase overall.



Insurance groups beat bankson generating income per staff member, but the banks and asset managers generated most fees per AuM

Income ratios offer a good indication of the efficiency and productivity of an asset manager, showing how efficiently its staff generates income, and how easily the firm itself is able to translate fee or commission income into AuM returns for its clients. Most importantly, income growth between the end of the year 2004 and the end of 2005 is a strong indicator of the health and development of the business.



The majority of asset managers saw significant improvement in their results between 2004 and 2005

In terms of pre-tax profit, most of the top asset managers ended 2005 positively, with the majority seeing impressive growth in pre-tax profits over the year. Particularly impressive was Henderson’s result, which converted the loss of 2004 into a USD110.13m profit before tax in 2005. This was primarily due to its evolution into a pure fund manager, which meant it refocused over the year and divested itself of several business units, most notably Towry Law.

Amvescap’s absolute growth was slightly lower than that of Henderson’s, at USD321.10m, but its profits before tax grew 823.3%, far more than any of the other benchmarked asset managers’, and substantially skewing the benchmark upwards. This was due to the firm’s settlement with the US regulator in 2004, which severely impacted its profits, costing it USD413.211m. The greatest absolute profit was

Financial benchmarking

recorded by Citigroup, which at the end of 2005 added USD7,543m to its profit in 2004, an increase of 44.3%.

Table 17: Amvescap's huge improvement in profits in 2005 skewed the results benchmark for other top asset managers

Asset manager	Results 2004 USDm	Results 2005 USDm	% change in results	Absolute change in results USDm
Henderson Global Investors	-211.83	110.13	n/a	321.96
Amvescap	39.00	360.10	823.3%	321.10
Allianz	2,683.96	5,187.89	93.3%	2,503.93
JP Morgan Chase	4,466.00	8,483.00	89.9%	4,017.00
La Caixa	966.51	1,770.75	83.2%	804.24
Fortis	3,422.11	6,099.56	78.2%	2,677.45
Grupo Santander	4,271.13	7,367.28	72.5%	3,096.15
Aviva	3,484.60	5,936.73	70.4%	2,452.13
Commerzbank	511.68	869.39	69.9%	357.70
Credit Mutual CIC	1,769.57	2,829.65	59.9%	1,060.08
Black Rock	177.71	269.62	51.7%	91.91
Franklin Templeton	706.70	1,057.60	49.7%	350.90
Benchmark			46.4%	950.33

Note: see notes in Appendix for information regarding cost/income figures for asset managers.

Source: Datamonitor Asset Management Benchmarking Database 2007

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As a consequence of the large proportional gains made by Amvescap in its 2005 results, many asset managers fell below the proportional results growth benchmark. However, all but two of the top 50 made a gain in their results over the course of the year. The only asset managers to record a drop in their results were Julius Baer and AXA, as they saw results fall by 26.8% and 10.4% respectively. Despite seeing improved operating income in 2005, Julius Baer saw expenses rise significantly as it undergoes business integration and absorbs new IT system costs. Similarly, AXA's slight decline was a result of rising expenses across a number of business areas, particularly its life and savings business, rather than a single event or issue.