



INVESTMENT MANAGEMENT: A GLOBAL INDUSTRY

Investment management sits at the heart of the modern economy, and is the conduit through which money flows from savers and investors to businesses and infrastructure projects in need of finance.

British investment management is a world leading industry. The £7.7trn in assets managed by IA members makes the UK a more significant centre for investment management than the next three European centres (France, Germany and Switzerland) combined.

Globally, the UK is second only to the US in terms of size. But the UK remains the leading international investment centre as the US industry is largely domestic-focused. By contrast, two fifths (40%) of the assets managed in the UK are for overseas clients: £3.1trn in total. This is up from under a third (31%) of assets just ten years ago.

Overall, investment management is responsible for 6% of the UK's net service exports, contributing to job

creation and tax contributions right across the UK. The value of export receipts from investment management has risen seven times (adjusted for inflation) since 1997.

Today, over half of the international assets managed in the UK (£1.8trn) come from savers elsewhere in Europe. In future, the immense opportunity may be for the UK to become the natural home to manage the savings for the growing numbers of middle-class investors all around the world.

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(£1.8TRN) COME FROM
SAVERS ELSEWHERE IN EUROPE**



ASSETS MANAGED FOR OVERSEAS CLIENTS



GLOBAL AMBITIONS

The UK's standing as a global hub for investment management today means that we have the chance to grow this even further in future.

Shifting investor attitudes, the growth of financial technology and intensifying global competition will require investment managers who are innovative and adaptable in order to attract future investors. Clients will demand a broader range of products, a more tailored service and much greater use of technology to give them more control over their investments. These are all areas in which the UK can excel.

The Investment Association (IA) supports UK investment management, supporting British savers, investors and businesses. Our 250 members manage £7.7 trillion, £1.8 trillion of which is on behalf of European clients – providing the UK with an important economic contribution in the form of export earnings, tax paid, and jobs created.

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The Investment Association has an ambitious target to double UK assets under management to £15trn in the next decade, as part of a plan to enhance the UK's competitiveness and reputation as a global hub for investment management.

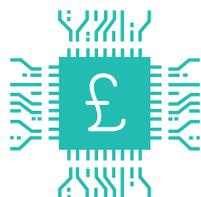
Three key factors keep the UK investment industry world-leading:



The London and Edinburgh financial clusters mean that investment managers work in parallel with banks, and the specialist support services such as lawyers and auditors who support the sector. Increasingly, UK investment managers are benefitting from working alongside the UK's growing FinTech hub. This will help to drive competitiveness and innovation, leading to better products and services at lower cost.



A global outlook makes this the natural home for firms to locate international activity. This is influenced by government policy, and expressed in the global experience, skills and mind-set of those working in the UK. This perspective has long been in place, but may become more important as the UK redefines its role in the world after Brexit.



Innovation allows UK investment managers to respond to changing customer needs and market conditions. One example has been developing Liability Driven Investment (LDI) approaches for the defined benefit (DB) pensions market – that is, focusing on making sure that investments made today will pay for commitments in the future. New approaches like this can be exported as part of the industry's global offer.

GLOBAL OPPORTUNITIES

Equity investments in particular are increasingly global in nature, giving British savers more choice in where their money is invested. Just under a third (30%) of all equity investments managed in the UK are in domestic companies. Nearly a quarter (23%) of UK managed equity investments are in European stocks, and a fifth (21%) are in North American stocks.

Savers can find more unfamiliar opportunities too: £200bn of emerging market equities are managed in the UK.

OF THE 116,000 PEOPLE EMPLOYED ACROSS OUR INDUSTRY,

1 in 5 ARE INTERNATIONAL WORKERS



A GLOBAL WORKFORCE

This global reach requires a global workforce. Of the 116,000 people employed across our industry, 1 in 5 are international workers.

This international outlook is what has made the UK a global hub for investment management.

Today, teams based in London use the expertise of native French speakers to trade French equities; of Japanese analysts to price Japanese bonds; and Brazilian economists to make decisions on Brazilian infrastructure investment, all pooling their expertise to help savers from across world find the very best opportunities.

The Investment Association

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