



ASSET MANAGEMENT

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Key Contributors

The global asset management market size was estimated at USD 458.02 billion in 2023 and is expected to reach **USD 3,677.39 billion** by 2030, growing at a CAGR of **36.4%** from 2024 to 2030.

Though the industry has found a rebound, structural challenges remain.



The rapid advance of artificial intelligence (AI) is adding another layer of disruption.

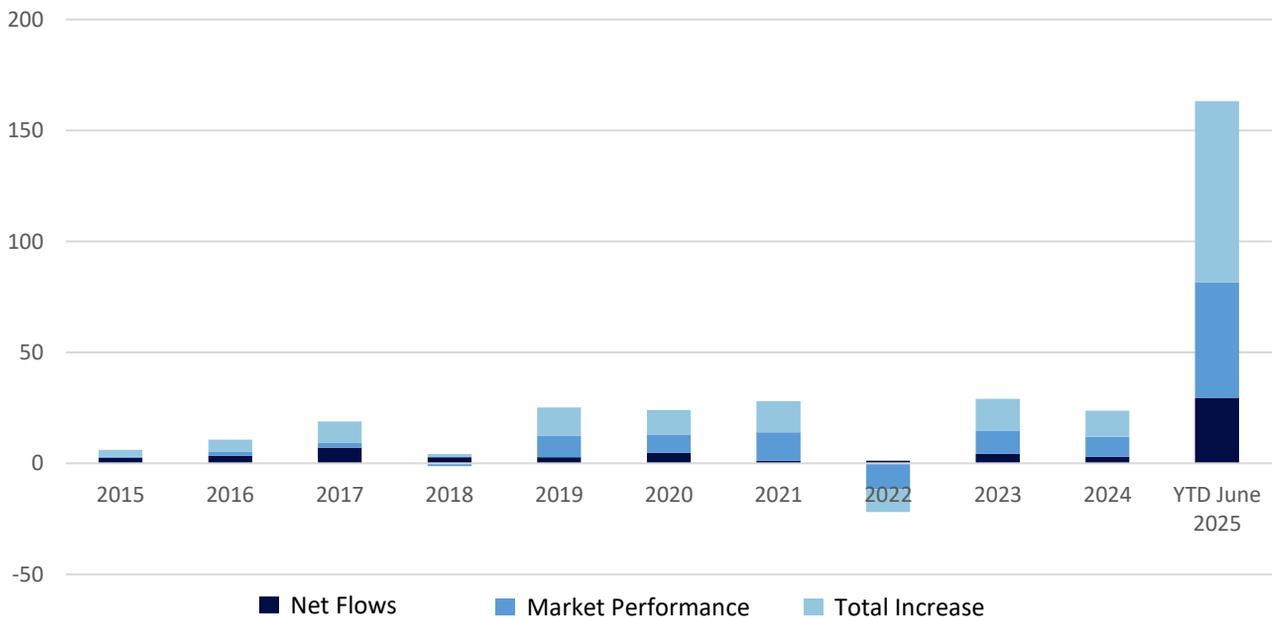


At the halfway point of 2025, investors have a number of reasons to recalibrate their portfolios.



Exploring ways to source income and returns, and hedge against tail risks, can help enhance portfolio resilience.

ASSET MANAGEMENT MARKET TRENDS BY COMPONENT, 2020-2025 (US\$ BILLION)



Key Insights

ASIA PACIFIC is expected to grow fastest at **10.7% CAGR**.

Driven by industrialization, and the expanding e-commerce and retail sectors

China, India, Japan, and Sout Korea are likely to offer high growth opportunities.

RFID technology is expected to capture the largest market share.

The hardware segment is also poised to dominate the market.

Industries such as healthcare, logistics, and manufacturing are significantly investing in asset management.

2023

\$ 3.07
Billions
Mkt. Share

2024

\$ 3.47
Billions
Mkt. Share

2032*

\$ 10.19
Billions
Mkt. Share

*Forecast value



The asset management system market is poised for significant growth

Supported by technological advancements and increasing demand for process automation and efficiency across various sectors.

Emerging growth



The market is expected to evolve with new offerings and innovative solutions that enhance asset tracking, management, and operational excellence

✓ **Regional Leader:** North America held the highest market share at **41.69%** in 2023, driven by strong demand within major industries and key players.

✓ **End-User Leader:** The manufacturing segment led the market in 2023, reflecting extensive digital transformation across the sector

Asset Management Industry Providers



The RFID technology segment is expected to capture the largest share of the asset management system market during the forecast period.

The hardware segment is expected to dominate the market during the forecast period.

RECENT DEVELOPMENTS

In March 2024, Zebra Technologies Corp. launched the industry's smallest back-of-hand scanner. It is designed to enhance worker productivity by keeping the palm unobstructed, allowing for greater freedom of movement while handling items.

In June 2024, Trimble launched the Trimble Unity Asset Lifecycle Management software suite, which is designed to optimize asset lifecycle management across various industries.

Drivers

Growing adoption of GPS tracking devices.

Advancements in IoT and AI

Government initiatives and regulations.



Distributors



Restraints



High initial cost of asset management systems



Data Security Concerns

The asset management industry has evolved dramatically over the past several decades, shaped by regulatory reforms, technological advancements, and rising investor participation. This timeline highlights the major milestones from the early days of mutual funds to today's digital and globally competitive AMC landscape. It showcases how innovation, consolidation, and changing investor needs have continuously reshaped the sector, driving growth and transformation at every stage.

TIMELINE – Milestones That Matter

Explore the journey that has positioned Asset Management Companies as leaders in financial markets worldwide.

1970s–1980s

- Global: Mutual funds become mainstream (US/UK); launch of first index funds (Vanguard, 1976).
- India: UTI launches Unit Scheme 1964, but AMC industry only begins evolving much later.

1993–2000s

- India: SEBI introduces Mutual Fund regulations (1993); entry of private sector AMCs (HDFC, ICICI, Birla).
- Global: Explosive growth in mutual funds, rise of ETFs (SPDR S&P 500, 1993).

2000s

- India: Consolidation phase; major banks launch AMCs (SBI, Axis, Kotak).
- Global: Asset managers expand into alternatives; BlackRock emerges as global leader.

2010–2015

- India: SIP and digital investing take off; strong growth in retail participation.
- Global: Passives and ETFs dominate new inflows; ESG (Environment, Social, Governance) becomes key offering.

2016–2020

- India: AUM surpasses ₹25 lakh crore; AMCs innovate with hybrid and solution-oriented funds.
- Global: M&A activity increases; global AUM crosses \$100 trillion.

2021–2025

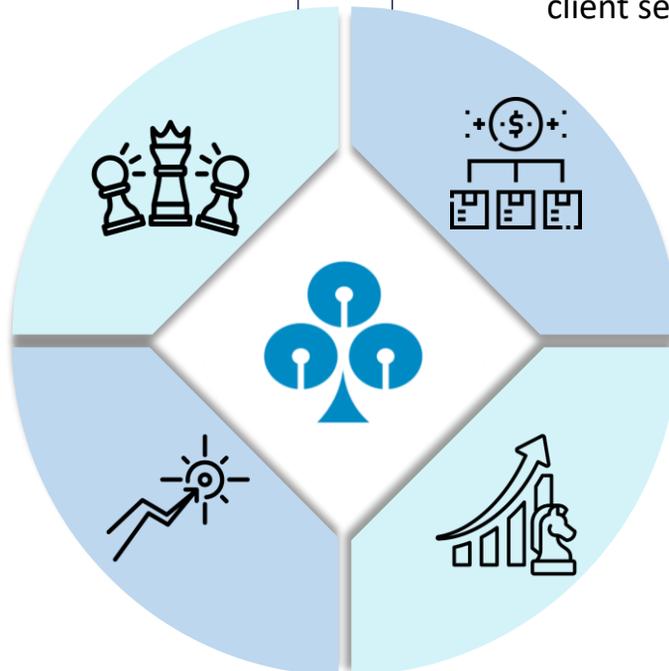
- India: AUM more than doubles to ₹75 lakh crore by 2025; surge in SIP
- Global: Top global AMCs (BlackRock, Vanguard) cross \$10 trillion+ AUM; rapid M&A and alternatives growth, AI/tech integration reshape business models.

Market Dominance in India

- Largest asset manager by AUM (₹12 lakh crore / \$144+ billion)
- Leverages SBI's banking network and retail/institutional reach
- Dominant in Tier II and Tier III cities

Diversified Product Ecosystem

- Offers comprehensive fund offerings: equity, debt, hybrid, liquid, solution-oriented, and ETFs
- Serves retail (SIPs, lump-sum), HNIs, corporates, and institutions
- Tailored solutions across all client segments



- SBI's 22,000+ branches enable unmatched retail penetration
- Strong presence in smaller cities (B30 strategy)
- Key differentiator vs. urban/digital-only competitors

Distribution Reach & Retail Focus

- Public listing expected in 2025-2026 unlocks operational autonomy
- 55% PAT growth with focus on alternatives and digital innovation
- International partnerships (e.g., Amundi stake) fuel expansion

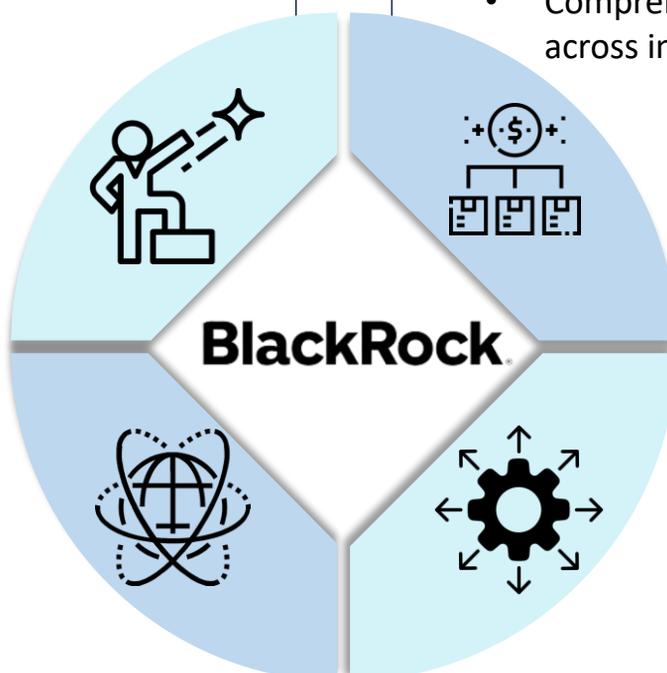
Strategic Growth & IPO Plans

Market Leadership

- World's largest asset manager overseeing \$10+ trillion in assets.
- Dominant force in investment management.
- Global scale with unmatched client base.
- Presence across all asset classes

Diversified Product Portfolio

- Traditional active funds and index/passive funds (iShares ETFs)
- Fast-growing alternatives: infrastructure, private credit, real estate.
- Serves retail, institutional, sovereign, and corporate clients.
- Comprehensive solutions across investor segments



- Leads with Aladdin platform:- Advanced risk management and analytics system.
- Used by thousands of financial institutions worldwide.
- Tech innovation drives operational efficiency.
- Enhances client engagement and decision-making.

Technology Pioneer

- Recent acquisitions: Global Infrastructure Partners (GIP) and HPS Investment Partners.
- Rapid entry into private markets and alternatives.
- Demonstrates adaptive strategy for growth capture.
- Stays ahead of industry trends through strategic deal activity

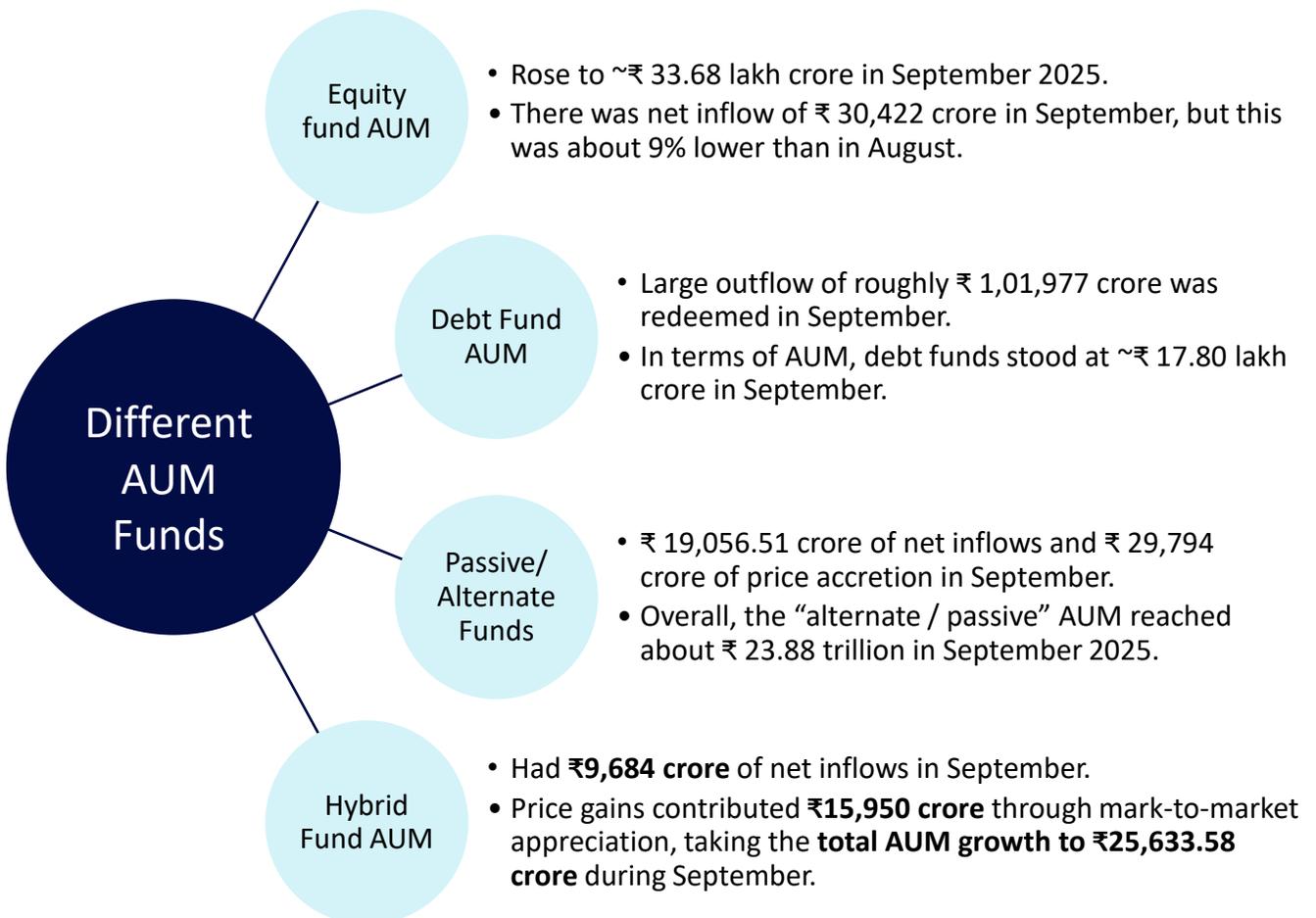
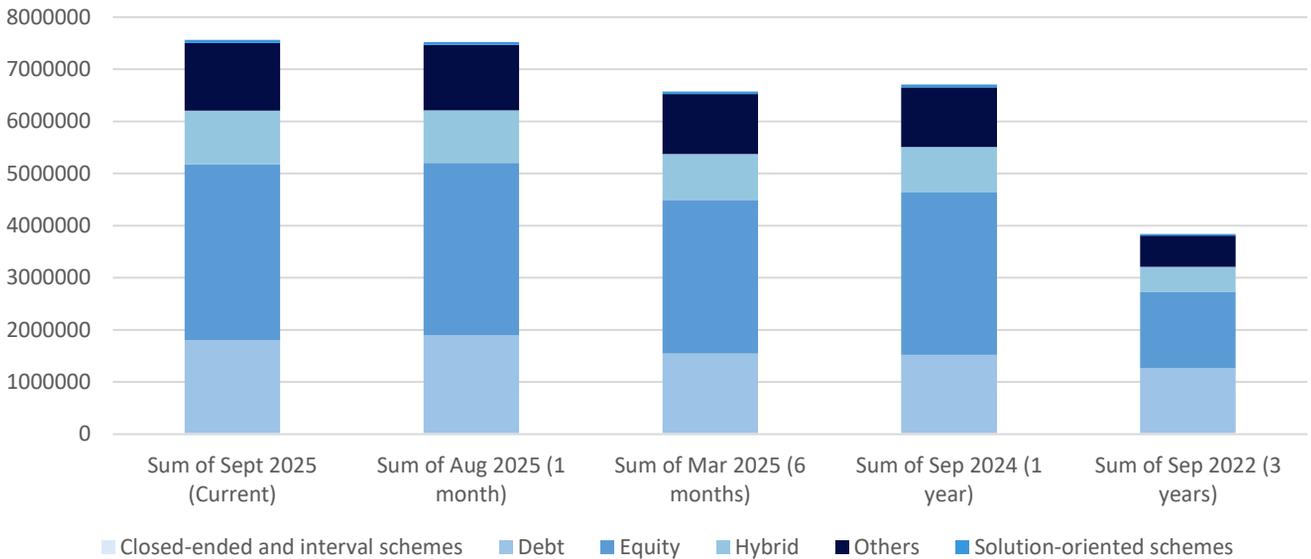
Strategic M&A Expansion

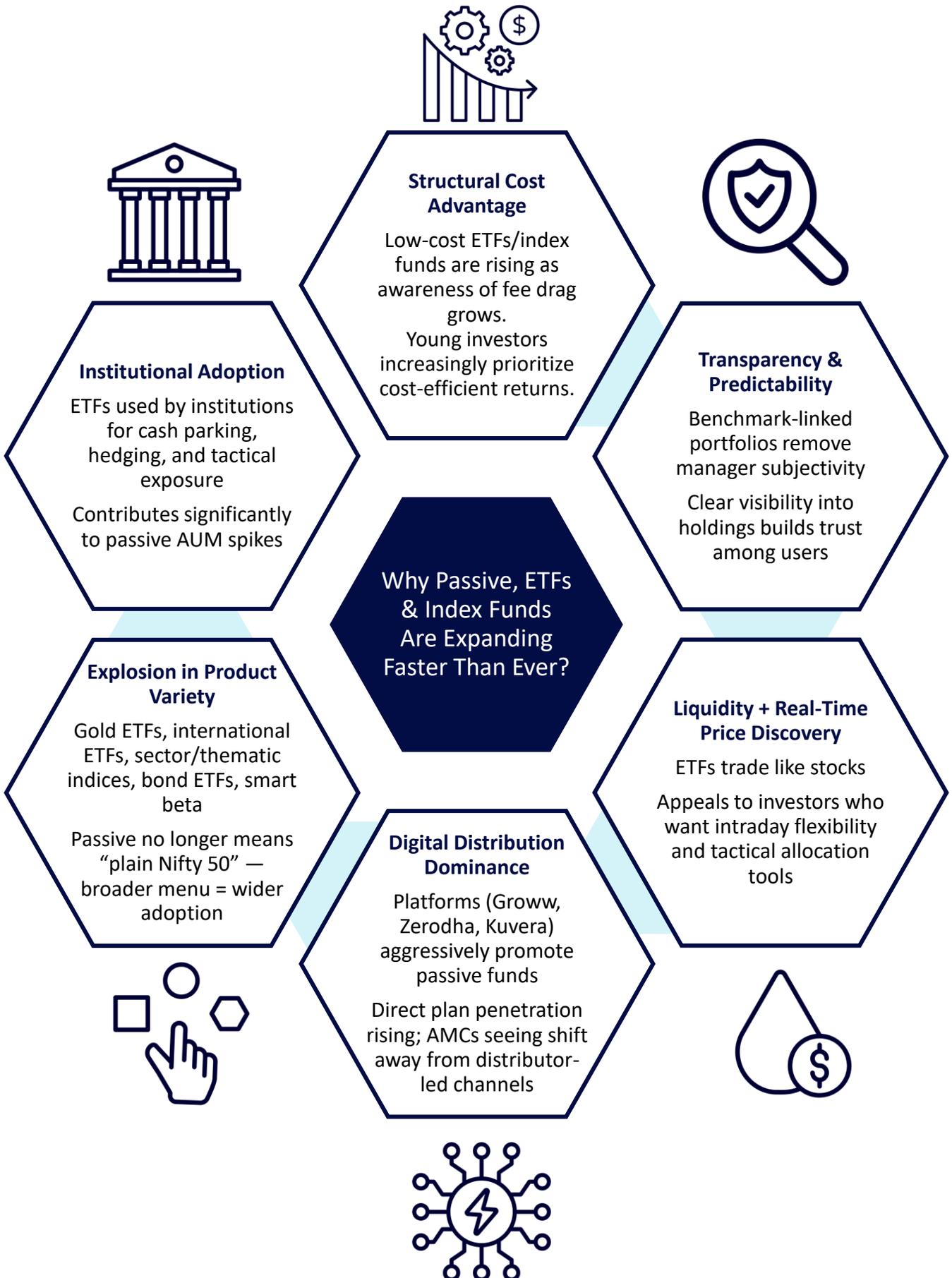
ASSETS UNDER MANAGEMENT SPLIT



The Indian mutual fund industry continues to grow as the Assets under management reach an all time high of 75.61 lakh crore- up 12.7% from 67.09 lakh crore, according to the Monthly AMFI report for September 2025. However, the overall net flows for the industry were negative in terms of cash: ₹ 43,146 crore of outflow in September.

AUM Split 2022-2025





WHY IS THE AUM SPLIT CHANGING?



Democratization of Investing

- Apps like Groww, Zerodha, Kuvera made onboarding effortless with low SIP minimums
- Rise of retail investors from Tier 2/3 cities
- More self-managed, direct-plan investing reshapes category flows.



The rise of passive & low-cost products

- Higher awareness of expense ratios and long-term fee drag
- ETFs/index funds offer low-cost, transparent, benchmark-based investing
- Institutional adoption of ETFs for liquidity adds further momentum.



Evolving Investor Psychology

- Younger investors focus on growth + diversification rather than pure safety
- Strong preference for equity SIPs and hybrid funds
- Traditional debt categories grow slower as new investors tilt equity-heavy.



In the coming decade, we're likely to see:

- 1 Deeper retail participation through digital channels
- 2 Expansion of low-cost passive and hybrid products
- 3 Integration of AI-based robo-advisory tools to tailor portfolios
- 4 Greater institutional investment in ETFs for liquidity management

FUND CATEGORIES

Fund Type	Core Objective	Typical Investors	Risk-Return Profile
Equity Funds	Capital appreciation through listed equities	Long-term, growth-oriented investors	High risk, high potential returns
Debt / Short-Medium Term Funds	Regular income via bonds and debt instruments	Risk-averse investors seeking stable returns	Moderate to low risk
Gift Funds	Exposure to sovereign bonds	Conservative investors prioritizing safety	Low risk, interest-rate sensitive
Hybrid Funds	Balanced mix of equity and debt	Investors preferring moderate risk and diversification	Moderate risk
ETFs and FoFs	Passive exposure to indices or funds	Cost-conscious, tech-savvy investors	Varies by underlying asset class

For Investors



Better Risk-Adjusted Portfolios

Blending equity + debt + hybrid + passive creates stronger diversification and reduces concentration risk



Fee Optimization = Directly Higher Returns

Lower expense ratios (especially in passive) significantly improve long-term CAGR



Portfolio Strategy: "Passive Core, Active Satellite"

ETFs/index funds as the foundation
High-conviction active funds for targeted allocations



Stability Through Debt/HY Funds

Debt and hybrid categories act as volatility buffers and are important for goal-based investing.

For the Industry

Retail Participation Is Now Dominant

Folios continue rising; retail AUM share is structurally increasing. Tier 2/3 cities drive incremental growth



Digital Platforms Reshaping Distribution

Shift from traditional advisors to app-based onboarding
Direct plans growing faster than regular plans



Active Fund Fee Pressure

Growing passive share forces AMCs to justify active fees with consistent alpha. Increased transparency expectations from investors



Product Innovation Accelerating

Rise of bond ETFs, smart beta strategies, hybrid ETFs, international baskets. Competition pushing AMCs to improve performance and lower costs



FINANCIAL SNAPSHOT



This is the Financial Snapshot for FY-24 OF four major AMC's in India which are HDFC AMS Ltd., UTI AMC Ltd., Nippon Life India AMC Ltd. And Aditya Birla Sun Life AMC Ltd.

Benchmarking

This table compares the four listed AMC's using the full-year financial data for **FY 2024-25** (ended March 31, 2025) and market data from late October 2025.

Metric (in INR crores)				
Market Capitalization	115,190	16,004	55,694	21,998
Total Income	4,058.30	1,809.60	2,348.30	1,958.60
Profit After Tax (PAT)	2,461.10	714.1	1,252.20	924.7
AUM (as disclosed)	754,453	16,89,000	654,467	3,81,724
Profit Margin (PAT/Income)	60.6%	39.5%	53.3%	47.2%

Sources: [HDFC AMC Ltd.](#), [UTI AMC Ltd.](#), [Nippon Life India AMC Ltd.](#), [Aditya Birla Sun Life AMC Ltd.](#), www.screener.in

Market Leadership: HDFC AMC's dominance is immediately apparent. Its market capitalization of ₹1,15,190 crores is more than double that of the other three competitors combined, reflecting strong investor confidence.

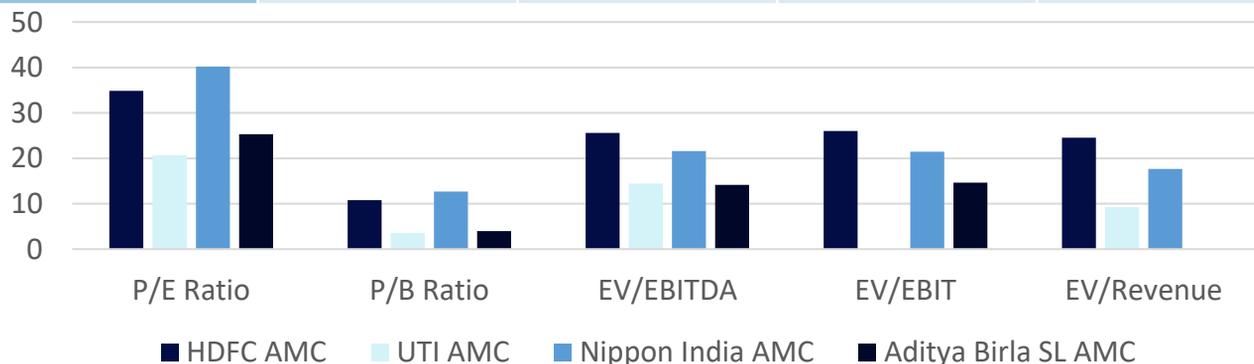
Scale (AUM): UTI AMC reports the largest AUM at ₹16,89,000+ crores. The asterisk suggests this figure may include specific fund types (e.g., EPFO) not directly comparable to others, which would require a deeper look into the annual report's footnotes. HDFC and Nippon also manage substantial assets.

Profitability (PAT & Margin): HDFC AMC leads in absolute profit (₹2,461.1 cr) and impressively, in profitability. Its 60.6% net profit margin is high, indicating outstanding efficiency. Nippon India AMC also shows strong profitability with a 53.3% margin. UTI AMC's 39.5% margin is the lowest of the group, which may explain its lower valuation.

Valuation

Valuation ratios provide insight into how the market perceives the future growth and risk of each company.

Metric (as of FY25)	HDFC AMC	UTI AMC	Nippon India AMC	Aditya Birla SL AMC
P/E Ratio	34.88	20.66	40.2	25.29
P/B Ratio	10.76	3.56	12.7	4
EV/EBITDA	25.58	14.4	21.56	14.17
EV/EBIT	26.03	N/A	21.44	14.62
EV/Revenue	24.53	9.21	17.65	N/A



Sources: [HDFC AMC Ltd.](#), [UTI AMC Ltd.](#), [Nippon Life India AMC Ltd.](#), [Aditya Birla Sun Life AMC Ltd.](#), market data from Moneycontrol, Screener.in, ValueResearchOnline.

Premium Valuation: Nippon India AMC trades at the highest P/E ratio (40.2), followed by HDFC AMC (34.88). This indicates that the market has high growth expectations for these two companies, likely due to their strong margins and brand equity.

Value Play?: UTI AMC trades at the lowest multiples across the board (P/E of 20.66, P/B of 3.56, EV/EBITDA of 14.4). This "cheaper" valuation could be attributed to its lower profit margin, or it might suggest the market is undervaluing its massive AUM.

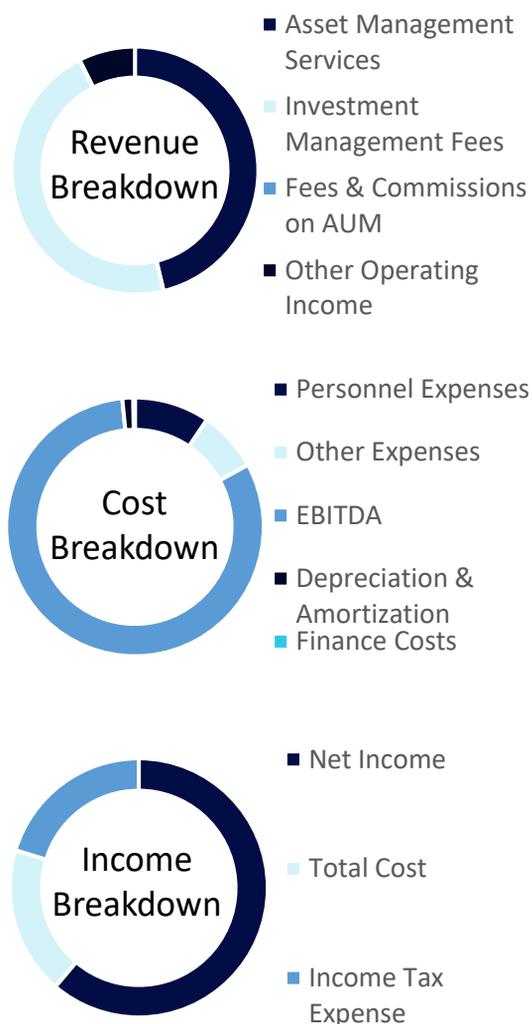
Enterprise Value: The EV/Revenue metric is very telling. The market values HDFC's revenue stream at a high multiple (24.53), which is justified by its 60.6% profit margin. In essence, investors are willing to pay a premium for HDFC's highly profitable revenue.

Unit Economics

To understand the sector's high profitability, we can analyze the unit economics of HDFC AMC, which is presented as a best-in-class example. The following data is scaled to 100 for Total Revenue.



Particular	FY2025 (Scaled to 100)
Asset Management Services	86.2
Investment Management Fees	86.2
Fees & Commissions on AUM	0.1
Other Operating Income	13.8
Total Revenue	100
Personnel Expenses	9.6
Other Expenses	7.7
EBITDA	82.6
Depreciation & Amortization	1.4
Finance Costs	0.2
Total Cost	18.5
Pre-Tax Income	81.5
Income Tax Expense	20.3
Net Income	61.2



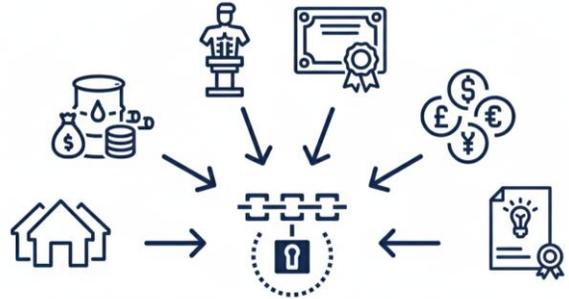
Source: [HDFC AMC Ltd.](#)

Extremely Low & Scalable Cost Structure: The business model is remarkably efficient, with total costs (personnel, operations, finance) amounting to only **18.5%** of total revenue. This asset-light model, with personnel costs under 10%, allows the company to scale its revenue without a proportional increase in expenses.

Massive Operational Leverage & Profitability: This low-cost base directly translates into exceptional profitability. The company achieves a staggering **82.6%** EBITDA margin and a **61.2%** net income margin, demonstrating that for every ₹100 of revenue, over ₹61 is converted directly into net profit.

Introduction

Tokenization is the process of creating a unique digital representation of an asset on a blockchain, serving as a *token* that can be invested, exchanged, or pledged. These tokens can represent a vast array of asset classes, including:



Physical assets (real estate, art)

Financial assets (equities, bonds)

Intangible assets (intellectual property, data)

By issuing tokens on blockchains—digital decentralized ledgers—ownership can be tracked and transferred with exact fidelity, unlike traditional centralized ledgers.

Benefits Of Tokenization

Operational Efficiency



Reduces reconciliation needs and errors, streamlines processes

Composability



Tokens are programmable and can interact with other assets/applications on the network.

Automation



Embedded code and smart contracts enable automated transactions, increasing efficiency.

This shift enables institutions to engage with new financial market infrastructures, unlocking:

- Cost savings
- New sources of value and revenue
- Opportunities to mitigate risk across asset classes

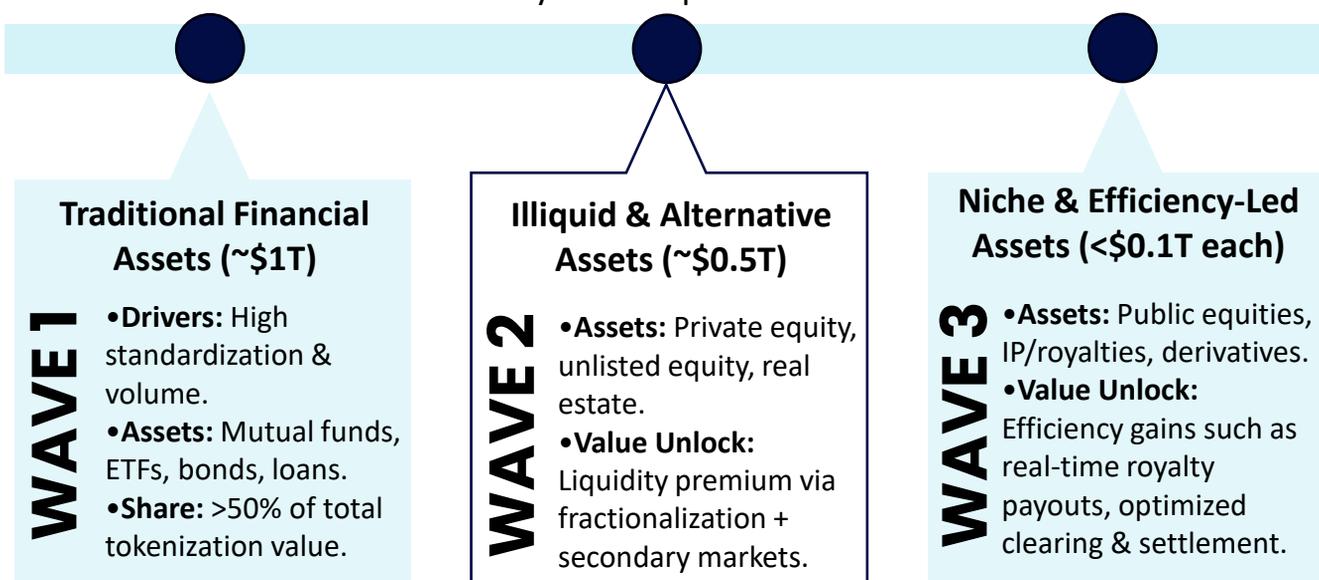
Industry Outlook And Market Potential

By **2030**, the base case estimate for tokenized assets market capitalization is nearly **\$2 trillion**. This growth will reflect phased adoption across asset types:

An analysis of tokenization waves by asset capitalization potential and adoption drivers

Wave	2030 tokenized asset market capitalization base case, \$ trillion		Examples of use cases driving adoption
1	Cash and deposits ¹	<i>Excluded from total</i> ~1.1	24/7 business-to-business payments
	Mutual funds and ETFs ²	~0.4	Money market fund distribution
	Loans and securitization ³	~0.3	Streamlined warehouse lending
	Bonds and exchange-traded notes ⁴	~0.3	Intraday repo/collateral mobility
2	Alternative funds ⁵	~0.2	Distribution and investor onboarding
	Alternative assets ⁶	~0.1	Liquid secondary market
	Unlisted equities ⁷	~0.1	Liquid private markets for secondary sales
	Precious metals ⁸	~0.1	Collateral in decentralized finance
3	Publicly listed equities ⁹	<0.1	Clearing and settlement efficiencies
	Intangible assets ¹⁰	<0.1	Real-time distribution of royalties
	Derivatives ¹¹	<0.1	Clearing and settlement efficiencies
Total value tokenized in 2030		~1.9	

The growth trajectory is categorized into three distinct "waves" driven by asset maturity and adoption incentives.



Tokenization is set to transform core financial infrastructure by 2030, unlocking nearly \$2T in value through deeper liquidity, faster settlement, and broader asset accessibility.



Strategic M&A regional value (\$B)

\$1.20 trillion (first 9 months), about 62% of global total; US dominates region

Strategic M&A regional value growth (%)

+26% Growth (vs. 2024, much of growth from mega-deals and large strategic M&A)

Strategic M&A regional value (\$B)

\$375 billion, with UK the largest market, though UK and other key markets saw contractions

Strategic M&A regional value growth (%)

About 5% overall YoY Growth (with UK alone achieving 35% Growth)



Strategic M&A regional value (\$B)

\$284 billion total M&A Value (Asia-Pacific aggregate, 2025)

Strategic M&A regional value growth (%)

About 19% overall (mixed, with Japan +54%, China +11%, Singapore +38%, but India -20% and Hong Kong -73%)

Strategic M&A regional value (\$B)

\$60 billion total M&A Value

Strategic M&A regional value growth (%)

+47% YoY growth Rate (reflects recovery and high interest in select strategic assets)



Strategic M&A regional value (\$B)

Estimated total M&A value of around \$30–35 billion

Strategic M&A regional value growth (%)

+1% YoY growth rate (relatively stable)

Strategic M&A regional value (\$B)

Approximately \$10–12 billion (still smallest globally, but notably increasing in renewables, infrastructure)

Strategic M&A regional value growth (%)

+6% YoY growth Rate (slightly above the 10-year regional average)



Traditional Asset Management: Adapting to Market Pressures and Scaling Up

- Traditional asset managers face mounting challenges: shrinking margins, outflows from high-fee products, and fee competition. These pressures demand technological investment to remain competitive. Firms must choose: double down, form strategic partnerships for scale, or exit the sector.
- Those remaining are focused on achieving scale and building global leaders.
- Key strategy: diversify into private markets.
- Example: BlackRock acquired GIP (infrastructure) and HPS (private credit) to capture high-margin alternatives and remain competitive.

Selected Acquisitions by Traditional Asset Management Firms

Consolidator	Specialised General Partner	Date	AUM(in bn)	Asst Class/ Investment Strategy
BlackRock	 GLOBAL INFRASTRUCTURE PARTNERS	Jan-2024	\$83.0	Infrastructure
	HPS	Dec-2024	\$107.0	Private & Public Credit
Janus Henderson INVESTORS	 VICTORY PARK CAPITAL	Aug-24	\$6.0	Private Credit
nuveen	 GLENMONT PARTNERS	Jan-2021	€1.7	Renewable Energy
	 Arcmont ASSET MANAGEMENT	Oct-2022	\$21.0	European Private Debt
 ALLIANCEBERNSTEIN	 CARVAL INVESTORS FOUNDATION	Mar-2022	\$9.9	Credit And Infrastructure
 FRANKLIN TEMPLETON	 LexingtonPartners	Nov-2021	\$34.0	Secondaries
	 Alcentra	May-2022	\$38.0	Private Debt

Alternative Asset Management: Key Growth Drivers and Strategic M&A Activity

- Alternative asset managers benefit from strong secular growth drivers:** capital flywheel revival (realizations, returns, fundraising, investing). Strategic M&A activity in 2024 reached record highs, surpassing previous years.
- Blue Owl's Multi-Sector Consolidation Strategy:**
 - Infrastructure: IPI Partners
 - Asset-backed credit: Atalaya Capital
 - Real estate finance: Prima Capital
 - Insurance: Kuvare AM
 - Strategic Rationale:** Address geographic gaps, expand capabilities, integrate new products into sales channels, achieve cost efficiencies through scale.

Selected Acquisitions by Alternative Asset Management Firms

Consolidator	Specialised General Partner	Date	AUM(in bn)	Asst Class/ Investment Strategy
 BLUE OWL	 PRIMA Capital Advisors LLC	Apr-2024	\$10.0	Real Estate Lending
 BLUE OWL	 Kuvare.	Apr-2024	\$24.0	Asset Management For Insurers
 BLUE OWL	 ATALAYA	Jul-2024	\$6.0	Private Credit And Specialty Lending
 BLUE OWL	 IPI	Oct-2024	\$7.5	Data Centers and Digital Infra
Brookfield	 CASTLELAKE	May-2024	\$22.0	Asset Based Private Credit
 GENERAL ATLANTIC	 actis	Jan-2024	\$12.5	Infrastructure



BlackRock

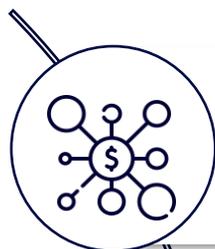


HPS

Deal Overview

- GIP Acquisition (Jan 2024): Approximately \$12.5 billion deal for leading infrastructure investment firm
- HPS Investment Partners (Dec 2024): \$12 billion acquisition of private credit manager
- Combined Impact: Added \$150B+ AUM in alternatives; transformed BlackRock's private markets capabilities

Strategic Rationale



Diversification Beyond Public Markets.

BlackRock dominated passive/ETF markets but lacked scale in high-growth alternatives. Institutional investors increasingly allocating to infrastructure and private credit (higher returns, inflation hedge).



Fee Enhancement

Alternatives command 1.5-2% management fees vs. 0.03-0.5% for passive equity funds. Performance fees add significant revenue upside.



Client Demand Alignment

Pension funds, sovereign wealth funds, insurers seeking long-duration, yield-generating private assets. GIP's infrastructure expertise + HPS's private credit = comprehensive alternatives suite.



Competitive Positioning

Rivals (Apollo, Brookfield, KKR) already dominant in alternatives. Acquisitions leapfrogged BlackRock into top-tier alternatives player overnight

Asset Management M&A
Volume & Value



- The graph shows deal volume (number of M&A transactions) falling from 1,750 (2023) to 1,450 (2025 estimated), while the total deal value rises from \$315 billion to \$330 billion.
- This visually represents the industry’s shift: Fewer but larger, more strategic M&A deals year over year.

Deal Volume & Value:

- M&A deal value in global asset/wealth management surpassed \$330 billion,
- Global deal volume declined by 9% YoY, but average deal size increased—a sign of strategic “mega-mergers”

Key Drivers

- **Technology Investment:** Digitization, AI, and analytics prompt acquisitions for tech expertise
- **Entry into Alternatives:** Surge in acquisitions for private credit, infrastructure, and real assets

Major Transactions

- BlackRock acquired Global Infrastructure Partners for \$12 billion (2024), entering alternatives at scale
- Blue Owl made multiple acquisitions in infrastructure and insurance sectors, 2024–2025.

Deal Structure & Innovation



BlackRock Funded: All-cash transactions funded by BlackRock's strong balance sheet.



Talent retention: Key GIP and HPS investment teams stayed; leadership given autonomy.



Integration approach: Maintained brand independence while leveraging BlackRock's Aladdin platform for risk/analytics.



Cross-selling: Existing institutional clients gained one-stop access to public + private markets.

Securities And Exchange Board Of India



SEBI's mandate is to protect investor interests, regulate securities market, and promote fair practises

Enforcement tools of SEBI : Penalties for non compliance, giveaway redressal via scores, portal and real time surveillance



SEBI regulations core principles Fiduciary responsibility, segregation of roles and periodic audits

SEBI has rules for all the 3 Main assets: Mutual Funds, Portfolio Management Services, Alternate Investment Funds



Key Provisions Of SEBI Mutual Fund Regulations

01

Funds must be registered as trusts with an AMC and independent trustees. AMC's require minimum **50cr net worth**

02

Expense Ratio
Capped at 2.25% for equity funds ; recent cap removal on 5bps additional charge for direct plans

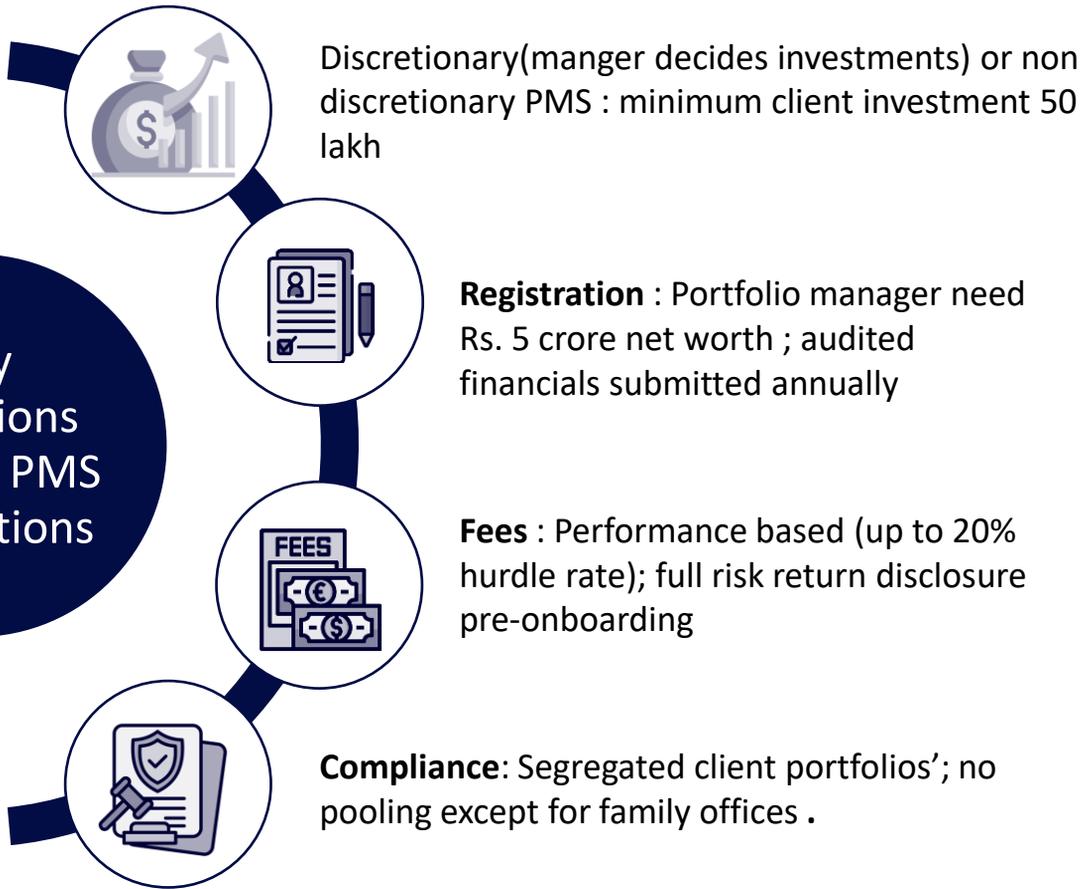
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Investment limits
No more than 10% in a single user(equity); diversified schemes mandatory; Net asset value daily publication; No guaranteed returns

04

Disclosure:
Risko meter , scheme information documents (SID's), and annual reports mandatory

Key Provisions Of SEBI PMS Regulations



Category I(venture/angel funds, incentives like ta pass- through) Category II(PE/debt funds, no leverage), Category III (hedge/complex strategies , leverage allowed)

Minimum corpus: Rs 20 crores ; investor commitment Rs. 1 crore (accredited investors proposed for relaxation).

Investment norms: 75% in unlisted securities for cat I/II ; no>25% in one investee

Reporting: Quarterly valuations; manager conflicts disclosed

Key Provisions Of SEBI AIF Regulations



Recent Regulatory Developments (2024–2025)

New Asset Class



SEBI's 2024 mutual fund innovation allows hybrid products between MFs and PMS (min. ₹10 lakh investment)

Ease of Business



Digital mandates, reduced timelines for approvals, and FPI relaxation for short-term investments.

Investor Protection



Enhanced anti-money laundering (AML) checks; no regulatory net for family offices (clarified Oct 2025).

Market Impact



AUM growth to ₹65 lakh crore; 2025 amendments aim to attract ₹10 lakh crore inflows via AIFs.

Growth And Inherent Vulnerability

The wealth management industry is rapidly growing and shifting toward active asset management.

Since September 2015, client assets per firm grew by 1.5% on average, boosting total client assets by 12.5%.

The total size of the assets managed by the industry increased by approximately \$77.5 billion, hitting an all-time high.



Debt Funds: Some debt funds are having trouble meeting withdrawal requests quickly (liquidity strains).



Technology: Using fintech for distribution creates risks from potential cyber-attacks.



Market Concentration: Too much investment in a few areas means if one fails, the entire system could suffer (systemic risk).

LIQUIDITY RISK

- 1) Debt funds hold 25% of total AUM, vulnerable to illiquid lower-rated bonds
- 2) Redemption pressures spike 15% in Q2FY25
- 3) March 2025 stress test small-cap funds need 25-27 days to liquidate 50% of portfolios



MARKET RISK

- 1) Equities 87% of individual's AUM, exposed to 15% volatility & 80%+ exposure to volatile themes
- 2) In debt segments corporate bonds defaults rose 8% in FY 25
- 3) Climate-linked credit risks further threaten bank exposures feeding into AM pools

KEY RISKS IN ASSET MANAGEMENT SECTOR



OPERATIONAL RISK

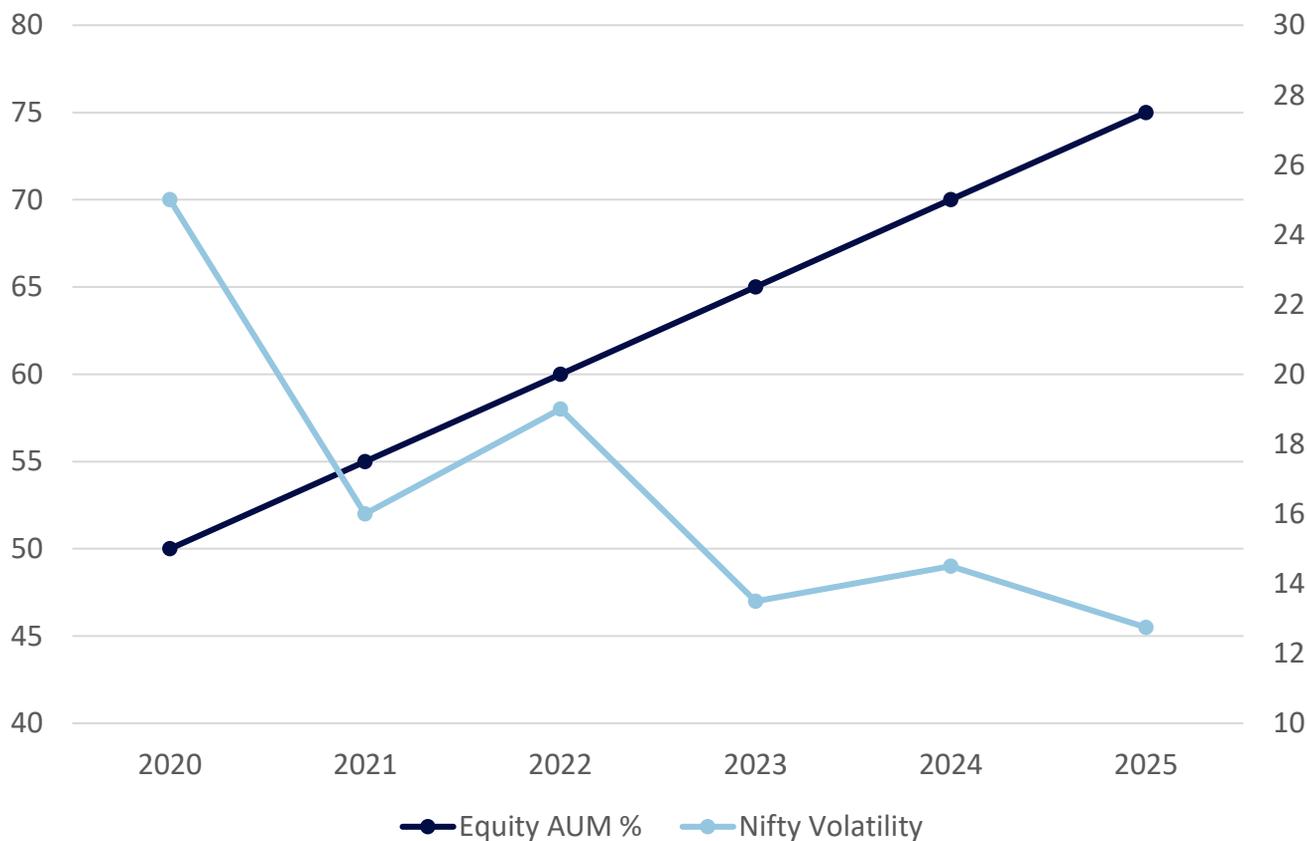
- 1) Fintech platforms saw a 25% jump in cyber incidents.
- 2) AI advisory tools caused bias and privacy breaches.
- 3) Funding dips reduced cybersecurity spend for SIP platforms.



REGULATORY & COMPLIANCE RISK

- 1) Half-yearly stress tests, strain resources, non-adherence fines up 20% YoY
- 2) SEBI capping brokerage at 12 bps, revamping TER, signal fee, can lower AMC revenues by 15%
- 3) Mandating IR disclosures curbs mis-selling but burdens smaller players

Equity AUM Concentration vs Nifty Volatility: India (2020-2025)



As equity concentration increases monotonically, baseline volatility decreases, suggesting market maturation buffers risk. However, stress bands show temporary decoupling, volatility spikes coincide with minor concentration pauses, implying short-term outflows.

Sectoral Category	Top Fund Example	Max Drawdown 2025(%)	Key Driver
IT	ICICI Pru Technology Fund	-18.2	US Recession Fears
Pharma	HDFC Pharma and Healthcare	-14.5	Regulatory Delays
Banking	SBI Banking & FS	-8.1	Rate Hike Pressures
Auto EV	Kotak Emerging Equity	-16.7	Supply Chain Disruptures
Energy	Nippon India Power	-12.3	Geopolitical Tensions

COUNTRY

RATIONALE

INDIA



- 1)Wide liquidity dispersion across small/mid-cap funds..
- 2)Rapid AUM growth + high retail flows heighten market sensitivity.
- 3)SEBI tightening exposes operational/disclosure gaps.

US



- 1)Strong SEC liquidity rules reduce systemic risk.
- 2)Deep markets and high daily volumes ease large redemptions.
- 3)Robust audit/oversight boosts operational resilience.

CHINA



- 1)Regulatory shifts create policy and operational uncertainty.
- 2)Property-sector stress raises market and liquidity pressures.
- 3)Frequent interventions lead to uneven risk controls

Mitigation Strategies and Policy Priorities

AMCs must adopt AI-enhanced stress testing and diversify via SIFs, per SEBI's segmented approach. Policymakers should prioritize

Inter-regulatory liquidity forums (SEBI-RBI-PFRDA)

Mandatory cyber audits for fintech tie-ups

Incentives for green debt to hedge climate risks.

BlackRock & The "Aladdin" Revolution

BlackRock is the world's largest asset manager, providing investment, advisory, and risk management solutions to a global client base. The firm is known for its technology and risk management expertise, which is used to manage over \$12.5 trillion in assets as of 2025 through a technology platform called Aladdin.

The Challenge



- Before 2000s, asset management was purely a people business. Success depended on star fund managers making individual stock picks. Risk management was fragmented, manual, and often relied on spreadsheets.

The Problem

Couldn't effectively manage bond portfolios' risk exposures across thousands of securities.

The Gap

No commercial software existed that could handle the complexity of their risk analysis needs.

The Strategy



- Built "Aladdin" (Asset, Liability, Debt and Derivative Investment Network) as an internal OS, then licensed it to competitors.
- Unlike standard trading tools, Aladdin was designed to be end-to-end, integrating:
 - Risk Analytics
 - Trade Execution
 - Operations

Aladdin
by BlackRock

The Result & Impact



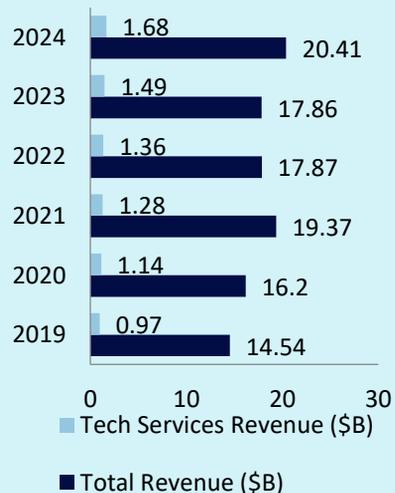
With Aladdin, BlackRock could study market trends, predict potential risks, and create investment strategies tailored to each client's needs. Their reputation grew, and so did their client base.

•**Scale:** It is estimated that Aladdin monitors over **\$21 Trillion** in assets globally.

•**Revenue:** BlackRock annual revenue for 2024 was **\$20.407B**

•**Insight:** In 2022, when global markets caused Total Revenue to drop by ~7.8%, Technology Revenue *grew* by ~6.2%. This proves that Aladdin acts as a hedge against market volatility.

Key Takeaway: BlackRock proved that modern asset management is a technology business. By owning the platform, they own the infrastructure of the global financial system.



The Catalyst of Reform: Unit Trust of India

Established in 1963 by an Act of Parliament, the **Unit Trust of India (UTI)** stands as the genesis of the Indian mutual fund industry. For nearly four decades, it operated as a state-backed monopoly, single-handedly cultivating the equity culture among middle-class Indians.



The Era of Monopoly (1964)



- The Unit Trust of India (UTI) was established by an Act of Parliament in 1963.
- Sole vehicle for Indian investors.

The Structural Flaw:

- Quasi-Equity, Sold as Debt
- Artificial Pricing
- Guaranteed Dividends



The Crisis: The Collapse of US-64 (2001)



The dot-com crash and the Ketan Parekh scam severely eroded the value of UTI's equity holdings.

- By mid-2001, UTI's reserves had collapsed, making it impossible to maintain the artificially high repurchase price of US-64 units.
- In July 2001, UTI froze redemptions for six months, trapping millions of small investors and pensioners.
- This triggered a massive crisis of confidence in the Indian financial system, necessitating a government bailout of approximately **₹14,000 Crore**.

The Reform: The Great Split of 2003



In 2003, the government dismantled the old UTI structure. UTI was split into two entities:

- 1.SUUTI ("Bad Bank")** – Fully owned by the Government of India, created to hold US-64 obligations and legacy assets, and gradually liquidate them to recover the bailout cost.
- 2.UTI Mutual Fund ("New AMC")** – Formed as a clean, SEBI-regulated asset management company with four sponsors (SBI, LIC, BoB, PNB). It operates like a private-sector AMC and later went public in 2020.

The Regulatory Legacy



The UTI crisis was the catalyst for the modern SEBI regulatory framework that exists today:

- 1.Mandatory Daily NAV:** Artificial pricing was banned. All funds must declare a daily NAV linked to the market value of their assets (Mark-to-Market).
- 2.Ban on Assured Returns:** Open-ended schemes are prohibited from guaranteeing returns.
- 3.Portfolio Disclosure:** Strict norms were introduced for the monthly disclosure of portfolio holdings to ensure transparency.

“Every investor knows the impact of the assets they hold”



Every investor - institutional and retail - has full "touch of a button" transparency into their holdings. The ability to look through to underlying assets reveals the ESG impact of every investment, along with full accountability and liability for that impact.



Despite persistent challenges, the asset management industry is entering a new era of opportunity. With money-in-motion rising across client types and asset classes, firms need to think differently about growth.



From distribution to long-term value, future scenarios help asset managers identify areas that require attention and investment today



Industry's purpose is to help every adult to invest in capital markets for a zero or Long-term value to all industry stakeholders is increased by democratization of investing via the provision of financial education, access and zero-fee products to the entire adult population.



In future, Direct-to-customer (D2C) relationships are the norm, not the exception of the asset management industry. Investors' preferred digital interfaces vary between different markets, with simplified distribution as the common theme.



KRITEE
President



PARISHI JAIN
PR Director



KRISH SANHOTRA
Junior Associate



AKSHITA ARYA
Junior Associate



KUMAR HARSH
Junior Associate



DEVARSH KHATRI
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