

## RBC Dexia Asia Poll: UCITS Growth Continues Despite Regulatory Barriers in Local Markets, While Outsourcing Trend Grows

**Hong Kong, April 19, 2010** – RBC Dexia Investor Services said today that despite the success of UCITS funds in Asia, regulatory barriers continue to make local market entry difficult for the fund industry. RBC Dexia's latest industry poll also points to increased dependence on third party service providers as a key trend for the Asia Pacific fund industry in the wake of the global financial crisis.

Regulatory barriers to specific local market entry are a major concern of the Asian Pacific fund industry, with 85% of respondents identifying this as a significant challenge. Local laws and regulations across the region can make local market entry and cross-border fund distribution complex and costly.

The success of UCITS in the region also shows no sign of slowing. In fact one in three (33%) respondents believed the upcoming implementation of UCITS IV would make UCITS even more attractive. The flexibility, sound regulation and strong brand reputation of these products has won strong appeal in Asia as three-quarters of the poll respondents either already offer UCITS funds (62%) or intend to do so in the near future (12%).

"This poll suggests that third-party support is needed for a fund manager to better understand the complexities of local markets and to provide detailed local knowledge and expertise to guide them through the sometimes murky waters of cross-border or regional distribution," said Scott McLaren, Head of Asia Pacific Sales and Distribution at RBC Dexia. "It will become increasingly important for service providers to become catalysts in market evolution with the introduction of UCITS IV and increased technology and automation becoming the standard."

The survey indicates the widespread adoption of third party service (65%) amongst regional asset managers with only a small percentage (20%) which did not see the idea of outsourcing non-core functions as an option. The balance of 15% responded that they would be looking to use third party providers for non-core functions in the near future, most probably (12%) within in the next 12 months.

When asked what their priority for improvement was across the markets of Asia Pacific, over half of the respondents (56%) said fund distribution were their top priority. Fund administration and risk analytics and reporting were also important, mentioned by one in four (24-26%). Less important (15-18%) were custody, outsourcing support and transfer agency.

In November and December 2009, RBC Dexia Investor Services surveyed a representative cross section of 34 Asian Pacific fund promoters and distributors handling assets under management ranging from under €500 million to €1.5-2 billion. The large majority of respondents (79%) were asset managers. The others were representing insurance companies (9%), corporate investors (9%) or private banking (3%). A significant 62% of our respondents were handling assets under management worth \$US1 billion or greater. Most respondents had their main operating centre in Hong Kong (53%) or Singapore (47%). 15% were based in

Japan, 9% in other Asian centres. These percentages add to more than 100 as some had more than one main centre.

### **About RBC Dexia Investor Services**

RBC Dexia Investor Services offers a complete range of investor services to institutions worldwide. Our unique offshore and onshore solutions, combined with the expertise of our 5,300 professionals in 16 markets, help clients grow their business and sustain enhanced performance through efficiency improvements and robust risk management practices.

Equally owned by RBC and Dexia, the company ranks among the world's top 10 global custodians with USD 2.5 trillion in client assets under administration.

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