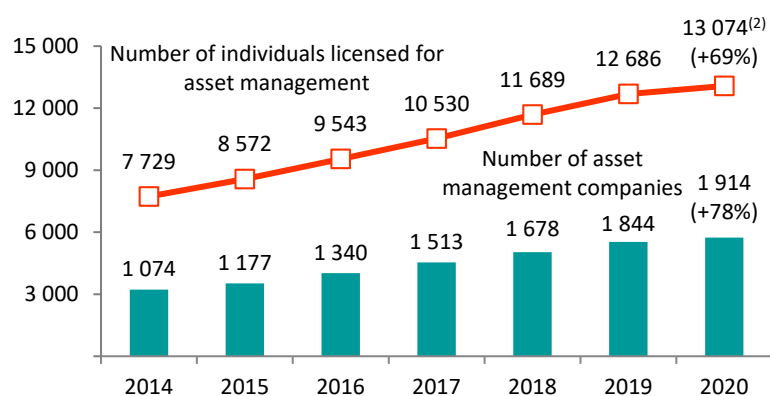




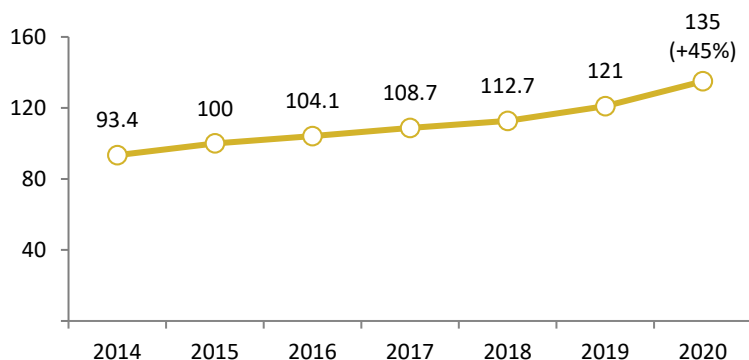
## Asset management industry in Hong Kong

**Figure 1 – Number of asset management companies and individuals licensed for asset management<sup>(1)</sup>**

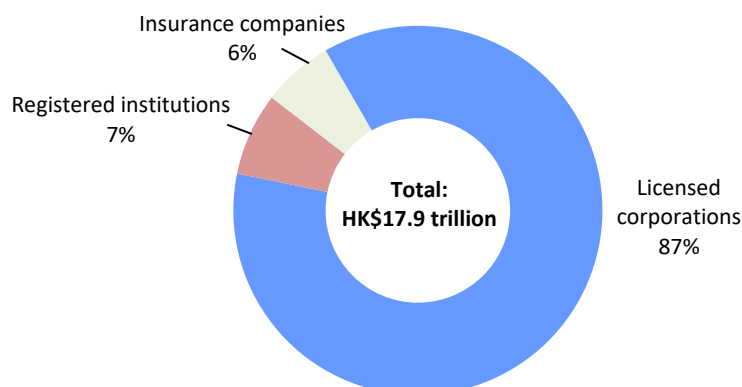


Notes: (1) Year-end figures.  
(2) They included licensed representatives (65%) and responsible/approved officers (35%).

**Figure 2 – Business receipts index for the asset management industry**



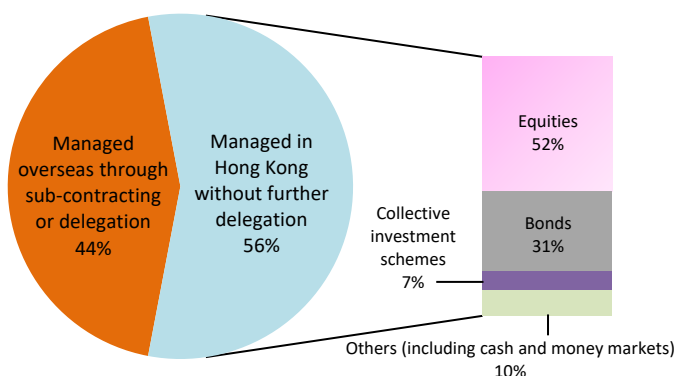
**Figure 3 – Asset management business – by market player (as at end-2019)**



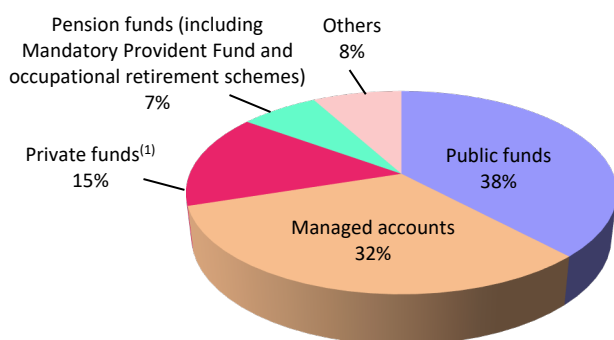
## Highlights

- Asset management is an important pillar of an international financial centre. While Hong Kong serves as the gateway for overseas investors to invest in the Mainland, it also serves as the gateway for the Mainland investors to invest in overseas markets at the same time. This has contributed to the rapid development of the asset management industry in Hong Kong. According to the latest available information, asset management accounted for 1.0% of Hong Kong's Gross Domestic Product in 2017. As at end-2020, there were 1 914 companies licensed by or registered with the Securities and Futures Commission ("SFC") to carry out asset management business, representing an increase of 78% over 2014 (**Figure 1**). Over the same period, the number of individuals licensed for asset management also grew from 7 729 to 13 074.
- The thriving development of the sector is also reflected in the rising trend in the revenue received by the industry. According to the Census and Statistics Department, the business receipts index for the industry increased to 135 in 2020 (**Figure 2**), representing an increase of 45% over 2014.
- Every year, SFC conducts a survey to collect information and data on the state of the asset and wealth management industry in Hong Kong. According to the survey results, Hong Kong's asset management business amounted to HK\$17.9 trillion as at end-2019 (**Figure 3**). Within the industry, licensed corporations (e.g. fund houses) were the major market players, accounting for 87% of the total business. This was followed by registered institutions (i.e. banks engaging in asset management business) (7%) and insurance companies (6%).

**Figure 4 – Asset management business – by asset class (as at end-2019)**

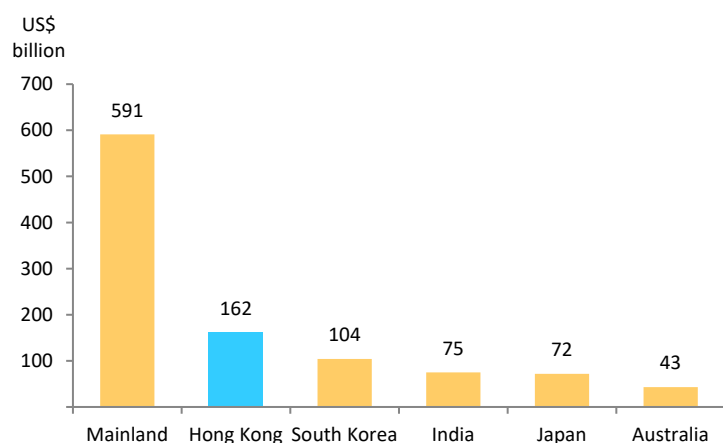


**Figure 5 – Asset management and fund advisory business – by product type (as at end-2019)**



Note: (1) They include hedge funds, private equity and venture capital.

**Figure 6 – Private equity capital under management in 2019**



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### Highlights

- Analyzed by location of management, over half (56%) of the asset management business was managed in Hong Kong as at end-2019 (**Figure 4**). Of these assets managed in Hong Kong, over half (52%) were invested in equities, followed by bonds (31%) and collective investment schemes (7%).
- Asset management, coupled with fund advisory service, is commonly rendered in the form of public funds (e.g. funds authorized by SFC), which accounted for 38% of the business (**Figure 5**), followed by managed accounts (32%), and private funds (15%), including private equity and venture capital.
- Private equity funds are collective investment schemes with the underlying assets primarily consisting of equity securities of private companies that are not publicly traded on a stock exchange. In recent years, they have become a key impetus to the growth of asset and wealth management business. According to the Asian Venture Capital Journal, Hong Kong ranked second in Asia after the Mainland, with US\$162 billion (HK\$1,269.4 billion) of capital managed under private equity funds in 2019 (**Figure 6**).
- With a view to consolidating Hong Kong's position as Asia's premier fund hub for private equity, the Government introduced an amendment bill into the Legislative Council in January 2021 to provide tax concessions for carried interest (which refers to a return linked to the performance of an investment) distributed by eligible private equity funds operating in Hong Kong. The bill was passed by the Legislative Council at the meeting of 28 April 2021.

Data sources: Latest figures from Asian Venture Capital Journal, Census and Statistics Department and Securities and Futures Commission.

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