



Asset and Wealth Management Activities Survey 2023

July 2024

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Highlights



Holding solid ground in a testing year

As the world continued to face turbulence and financial markets navigated high interest rates in 2023, Hong Kong's asset and wealth management business exhibited trademark resilience: total assets under management (AUM) grew **2.1%** year-on-year to **\$31,193 billion** as at end-2023; net fund inflows soared **342%** to **\$389 billion**, with strong contribution from private banking and private wealth management business.

Trusted platform for international investors

The investor base is well diversified in terms of geography. Investors outside Mainland China and Hong Kong consistently account for **54-56%** of total AUM in recent years.



Globalised asset allocation

Asset managers in Hong Kong have a solid track record in allocating assets globally. In 2023, a considerable **60%** of the assets managed in the city were invested in markets other than Mainland China and Hong Kong.

Strong inflows into Hong Kong-domiciled funds

Net fund inflows recovered strongly for Hong Kong-domiciled SFC-authorized funds with **93%** year-on-year growth to **\$87 billion** in 2023. Sustaining the trend, net fund inflows of **\$33 billion** were recorded in the first quarter of 2024. Their AUM also picked up **5%** in 2023 and further increased **3%** as at the end of the first quarter of 2024.



Mainland-related firms expanding footprint

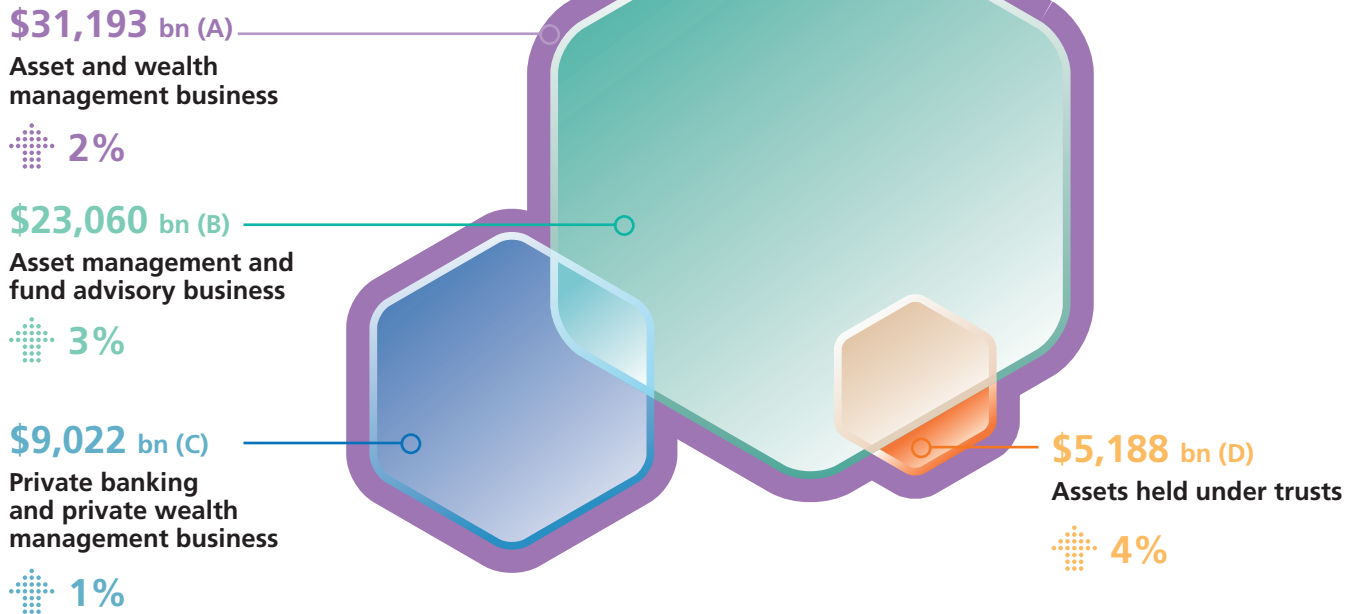
The AUM of Mainland-related firms' asset and wealth management business grew **4%** to **\$2,676 billion**, and outperformed the industry average for another year in a row. Their net fund inflows increased **16%** to **\$153 billion** and their staff count went up **2%** year-on-year.

Registered OFCs more than doubled

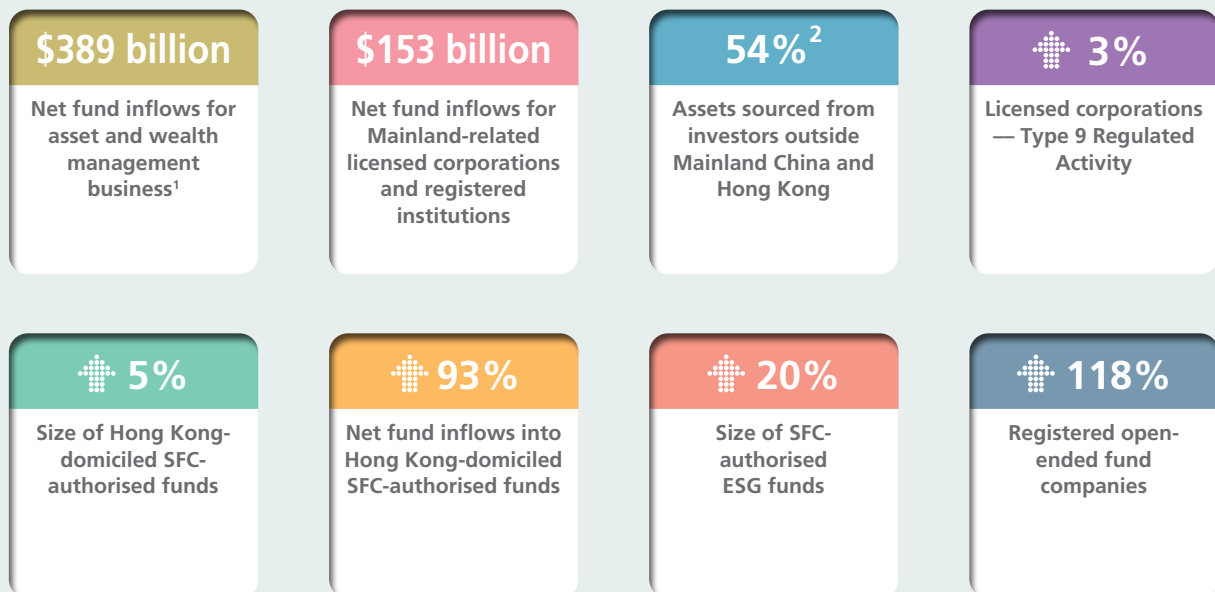
As asset managers continued to take advantage of the corporate fund structure in Hong Kong and the associated government grant, the number of registered open-ended fund companies (OFC) surged **118%**.



Highlights



Items above refer to the AUM of the relevant businesses. Certain assets reported under items C and D were managed by licensed corporations (LCs) or registered institutions (RIs) and therefore were also reported under item B. Accordingly, item A is not the sum of items B, C and D. For details, please refer to Appendix III on page 20.



¹ Excludes real estate investment trusts (REITs) and assets held under trusts attributable to non-LCs/RIs.

² Of the AUM of the asset and wealth management business excluding REITs and assets held under trusts which were not managed by LCs and RIs (ie, assets held under trusts attributable to non-LCs/RIs). 64% of assets sourced from investors outside Hong Kong.

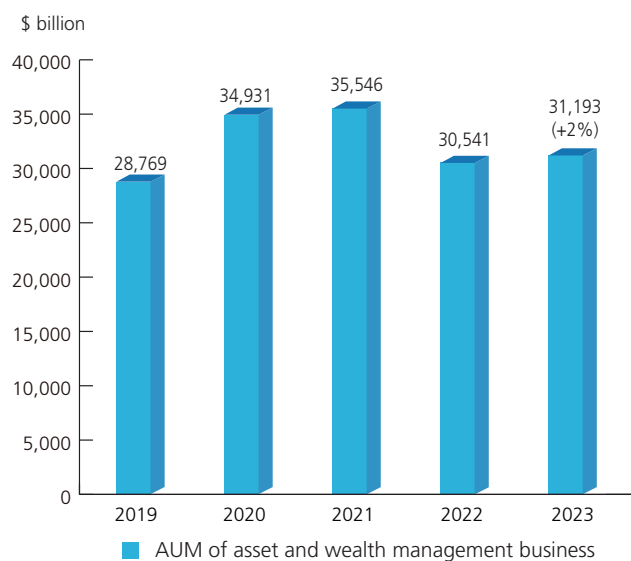
Section I A

**Asset and
Wealth
Management
Business**

Asset and Wealth Management Business

1. The AUM of Hong Kong's asset and wealth management business amounted to \$31,193 billion (US\$3,993 billion) as at 31 December 2023, representing a 2% year-on-year increase.
2. Net fund inflows of \$389 billion (US\$50 billion) were recorded for the asset and wealth management business during 2023.

Chart 1: Asset and Wealth Management Business



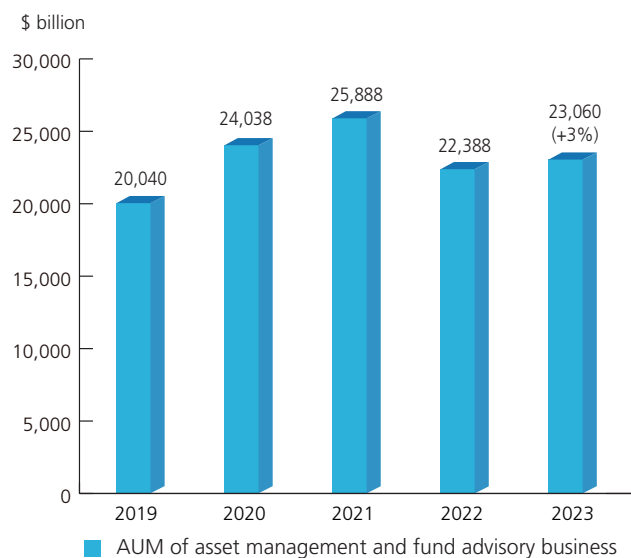
3. Assets from non-Hong Kong investors amounted to \$19,357 billion as at 31 December 2023, representing 64% of the asset and wealth management business¹. These assets have consistently accounted for 64-65% of total AUM in the past five years.
4. Assets from investors outside Mainland China and Hong Kong amounted to \$16,452 billion as at 31 December 2023, representing 54% of the asset and wealth management business¹.
5. The total number of staff engaged in asset and wealth management activities was 53,883 in 2023. The proportion of staff engaged in asset management and related support functions increased from 43% to 44%, and the number of these staff increased by 2% to 23,483.
6. For further breakdown of the investor base and staff profile by job function, please refer to Appendix IV.

¹ Excludes REITs and assets held under trusts attributable to non-LCs/RIs.

Asset Management and Fund Advisory Business²

7. The asset management and fund advisory business recorded a year-on-year AUM increase of 3% to \$23,060 billion as at 31 December 2023 and net fund inflows of \$48 billion³ for 2023. The growth in AUM was largely driven by an increase in the values of clients' portfolio assets, coupled with net fund inflows.
8. The asset management and fund advisory business is carried out by licensed corporations, registered institutions and insurance companies. The fund advisory business mainly comprises institutional fund advisory services provided from Hong Kong to overseas management firms.
9. For further breakdown of asset management and fund advisory business, please refer to Appendix IV.

Chart 2: Asset Management and Fund Advisory Business



10. Assets managed in Hong Kong made up 55% of the AUM of the asset management business⁴, and 45% of these assets were invested in equities as at 31 December 2023.
11. The number of firms licensed to carry out asset management (Type 9 regulated activity) in Hong Kong increased by 3% from 2,069 to 2,127 during 2023.

² See page 28 for the definitions of "asset management" and "fund advisory business".

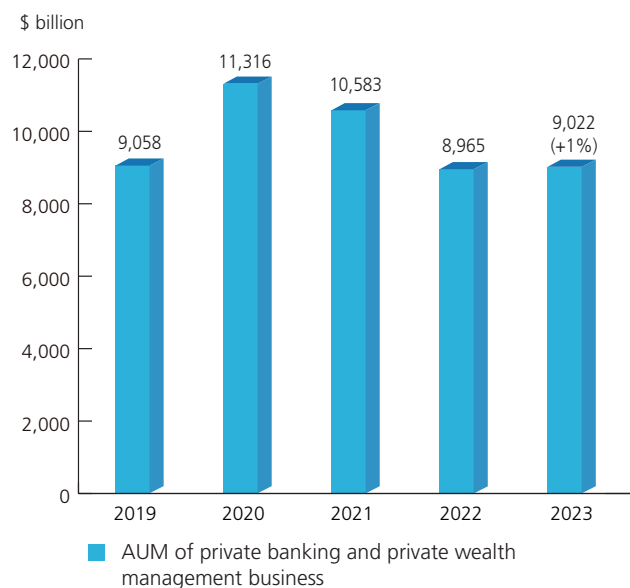
³ Excludes REITs.

⁴ Excludes the AUM of fund advisory business and REITs.

Private Banking and Private Wealth Management Business⁵

12. The private banking and private wealth management business includes the asset management services provided to private banking clients by licensed corporations and registered institutions. As at 31 December 2023, the total assets of this business increased from the previous year by 1% to \$9,022 billion⁶. Net fund inflows amounted to \$341 billion in 2023. The increase in AUM was mainly due to net fund inflows, and partially offset by negative changes in the values of clients' portfolio assets.
13. A total of 59 licensed corporations and 44 registered institutions reported that they had conducted private banking or private wealth management business during the survey period.
14. For further breakdown of private banking and private wealth management business, please refer to Appendix IV.

Chart 3: Private Banking and Private Wealth Management Business



15. As at 31 December 2023, the total number of staff engaged in the private banking and private wealth management business was stable at 10,401, of which 3,422 were Private Wealth Management Relevant Practitioners⁷.

⁵ See page 28 for the definitions of "private banking and private wealth management business".

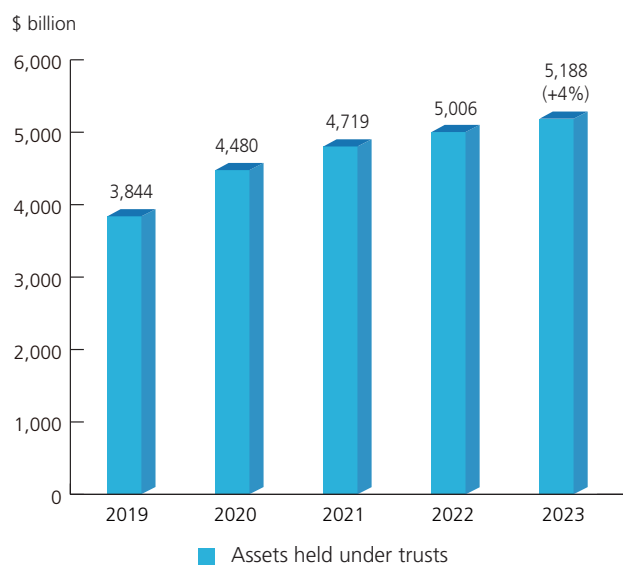
⁶ This figure represents the total assets under private banking and private wealth management clients' accounts generated, managed or served by Hong Kong relationship managers of LCs and RIs which are part of a larger banking group, or to which the relationship managers are accountable.

⁷ The number of staff engaged in the private banking and private wealth management business in 2023 as reported by RIs was 9,214, of which 3,168 were Private Wealth Management Relevant Practitioners.

Assets Held under Trusts

16. Assets held under trusts⁸ in Hong Kong amounted to \$5,188 billion as at 31 December 2023, up 4% from a year earlier. 88% of the assets held under trusts (ie, \$4,573 billion) were managed by LCs or RIs.
17. For further breakdown of assets held under trusts, please refer to Appendix IV.

Chart 4: Assets Held under Trusts



Other Statistics

18. As at 31 December 2023, the number of Hong Kong-domiciled SFC-authorized funds increased to 914, and their net asset value (NAV) increased 5% year-on-year to \$1,351 billion (US\$173 billion)⁹. The NAV further increased 3% to \$1,390 billion (US\$178 billion) at the end of the first quarter of 2024. Net inflows of \$87 billion (US\$11.1 billion) were recorded during 2023, and net inflows of \$33 billion (US\$4.2 billion) were recorded during the first quarter of 2024.
19. As of 31 December 2023, the number of SFC-authorized ESG funds increased 24% year-on-year to 219, and their total AUM rose 20% to \$1,325 billion (US\$170 billion).
20. As at 31 December 2023, the number of registered open-ended fund companies (OFCs) increased 118% year-on-year to 244¹⁰.

⁸ Assets held under trusts represent assets held by trustees for their trust related business in Hong Kong regardless of where the assets are situated. These include offshore trusts administered in Hong Kong.

⁹ Out of 914 Hong Kong-domiciled SFC-authorized funds, 113 were approved pooled investment funds (retail APIFs) which mandatory provident funds may invest in and may also be offered to the public in Hong Kong. Their NAV amounted to \$414 billion (US\$53 billion).

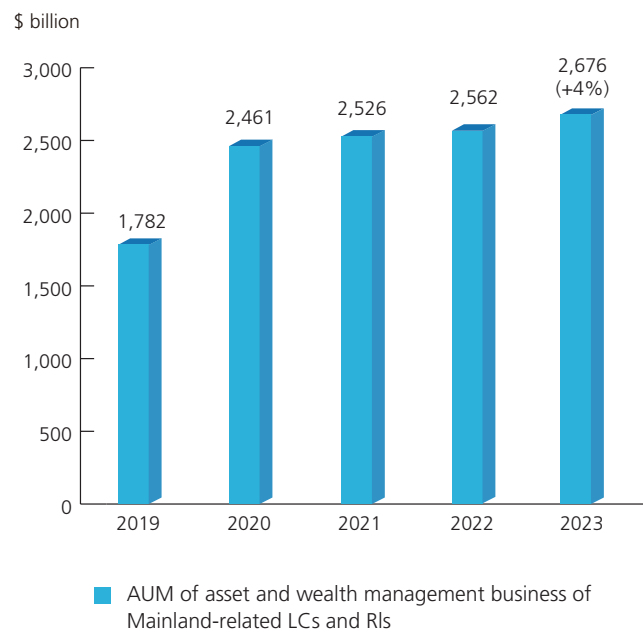
¹⁰ The figure includes 218 private OFCs.

**Asset and
Wealth Management
Business of
Mainland-related Firms**

Asset and Wealth Management Business of Mainland-related LCs and RIs

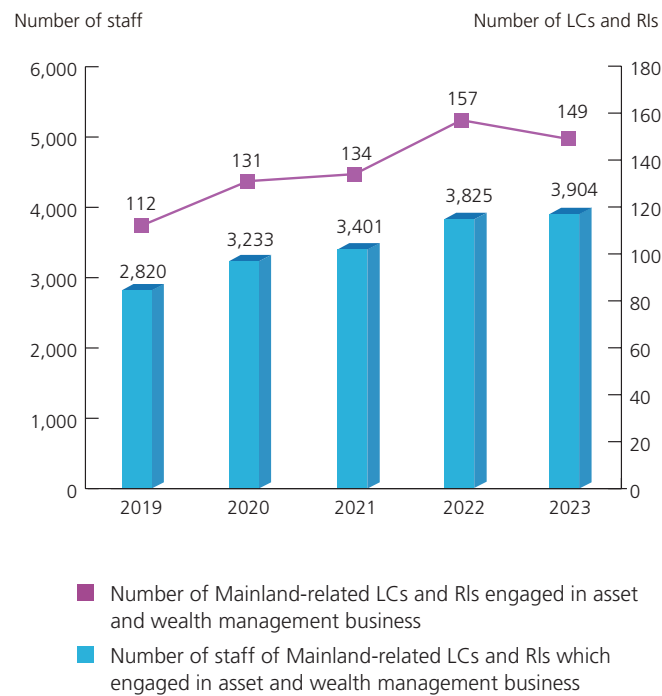
21. The AUM of the asset and wealth management business of Mainland-related LCs and RIs increased 4% year-on-year to \$2,676 billion, and recorded net fund inflows of \$153 billion, up 16% from 2022. Their AUM showed a growing trend, up 50% since 2019.

Chart 5: AUM of Asset and Wealth Management Business of Mainland-related LCs and RIs



22. There were 149 Mainland-related LCs and RIs engaged in asset and wealth management business. Their staff increased 2% year-on-year.
23. From 2019, the number of Mainland-related LCs and RIs in asset and wealth management business increased 33%, and their staff increased 38% during the same period.

Chart 6: Number of Mainland-related LCs and RIs and Number of their Staff Engaged in Asset and Wealth Management Business



24. The asset management and fund advisory business of Mainland-related LCs and RIs increased 6% year-on-year to \$2,182 billion. For further breakdown, please refer to Appendix IV.

Section II

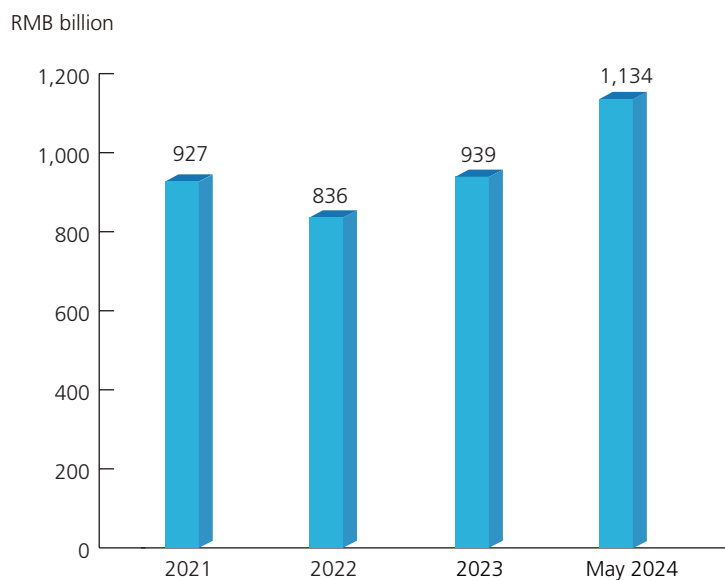
Hong Kong as Pre-eminent Offshore Renminbi Centre

Hong Kong as Pre-eminent Offshore Renminbi Centre

As the pre-eminent offshore renminbi (RMB) centre, Hong Kong continues to offer a wide range of RMB financial products and a liquid RMB ecosystem.

Hong Kong is home to the world’s largest offshore RMB deposit pool, which accounts for over half of all offshore RMB deposits¹ and totalled RMB1,134 billion as at May 2024². The city has also been the top offshore RMB clearing hub, handling about 80% of global RMB payments. The abundant liquidity provides the necessary support to the growth of Hong Kong’s offshore RMB bonds (or dim sum bonds). During 2023, the issuance of offshore RMB debt securities in Hong Kong increased 18.2% year-on-year to RMB785.8 billion³.

Chart 7: RMB Deposits



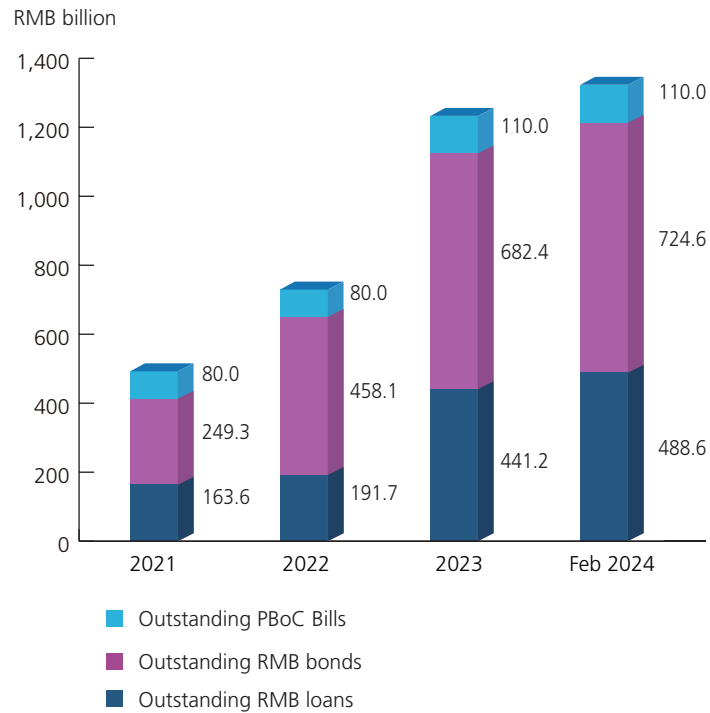
Source: HKMA

¹ 2024 RMB Internationalization Report, the People’s Bank of China.

² HKMA Monetary Statistics for May 2024.

³ Half-yearly Monetary and Financial Stability Report, March 2024, HKMA.

Chart 8: RMB Financing Activities in Hong Kong



Source: HKMA

HKD-RMB Dual Counter Stock Trading

The HKD-RMB dual counter model was introduced to the Hong Kong stock market in June 2023. It allows investors to invest their RMB in Hong Kong's domestic stock market and provides listed companies with an additional channel to tap the offshore RMB pool in Hong Kong.

As of 22 May 2024, the shares of a total of 24 Hong Kong-listed companies were traded as dual counter securities. The average daily turnover of RMB counters since launch is over HK\$100 million.



Continuous enhancements and expansion to Mainland-Hong Kong mutual market access schemes

Hong Kong's offshore RMB business is underpinned by various mutual market access schemes between the Mainland and Hong Kong. Specifically, the year of 2024 marks the 10th anniversary of the Mainland-Hong Kong Stock Connect – the flagship scheme that has achieved huge success and continues to expand steadily.

Meanwhile, Mainland and Hong Kong authorities continue to explore with industry stakeholders ways to enhance and expand the mutual market access schemes, in order to widen the spectrum of RMB products and asset allocation tools in Hong Kong and facilitate offshore and cross-boundary RMB circulation.

In February 2024, the Cross-boundary Wealth Management Connect (WMC) scheme was enhanced with the scope of products and participants expanded, individual investor quota increased, investors' eligibility criteria refined, and sales and promotion arrangements improved. The enhancements brought an instant jump in WMC activities in March and the strong momentum has continued since. The number of Mainland investors increased 86% to 50,300 and their southbound investment in funds increased 331% to US\$32 million in March⁴, as compared to end-February 2024, ie, before the enhancements.

The China Securities Regulatory Commission (CSRC) announced five measures on the capital market cooperation with Hong Kong on 19 April 2024. These include:

1. expanding the scope of eligible exchange-traded funds (ETFs) under Stock Connect (ETF Connect);
2. incorporating real estate investment trusts (REITs) into Stock Connect;
3. supporting the inclusion of RMB-denominated stocks into southbound Stock Connect;
4. enhancing the arrangements of Mainland-Hong Kong Mutual Recognition of Funds (MRF); and
5. supporting the listing of leading Mainland companies in Hong Kong.

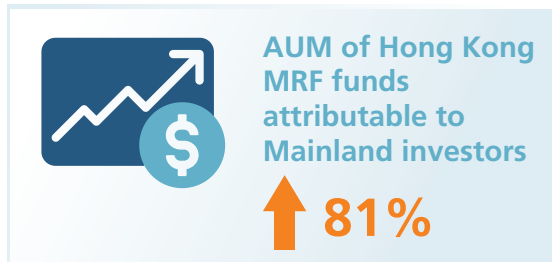
With the expansion of Stock Connect and enhancements of the Mainland-Hong Kong MRF arrangement, these measures will take the mutual market access schemes to new heights and further deepen the connectivity between Mainland and Hong Kong financial markets.

⁴ WMC monthly statistics published by PBoC.

Mutual Recognition of Funds (MRF) between Mainland and Hong Kong

After the two sides agreed on enhancing the Mainland-Hong Kong MRF scheme, the CSRC published a consultation paper on 14 June 2024 on proposed rule amendments to implement the enhancements of the Mainland-Hong Kong MRF scheme. The enhancements include relaxing the sales limit for Hong Kong

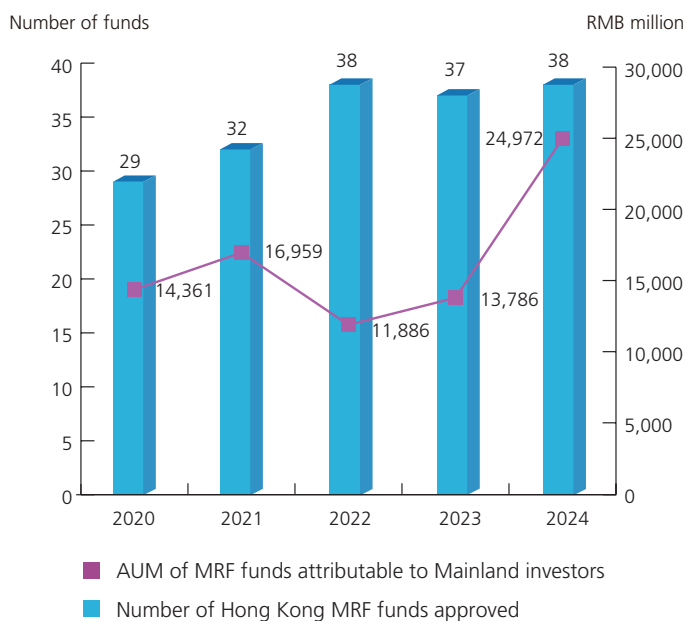
MRF funds in the Mainland from 50% of the fund's total assets to 80% and allowing the delegation of investment management functions of Hong Kong MRF funds to overseas asset management companies within the same group. Based on the principle of reciprocity, the SFC will also relax the relevant restrictions on Mainland MRF funds accordingly.



Under the MRF scheme, 44 Mainland MRF funds were authorised by the SFC and 38 Hong Kong MRF funds were approved by the CSRC as of 31 March 2024. The AUM of Hong Kong MRF funds attributable to Mainland investors stood at RMB24.97 billion as at 31 March 2024, whilst the AUM of Mainland MRF funds attributable to Hong Kong investors amounted to RMB749 million.

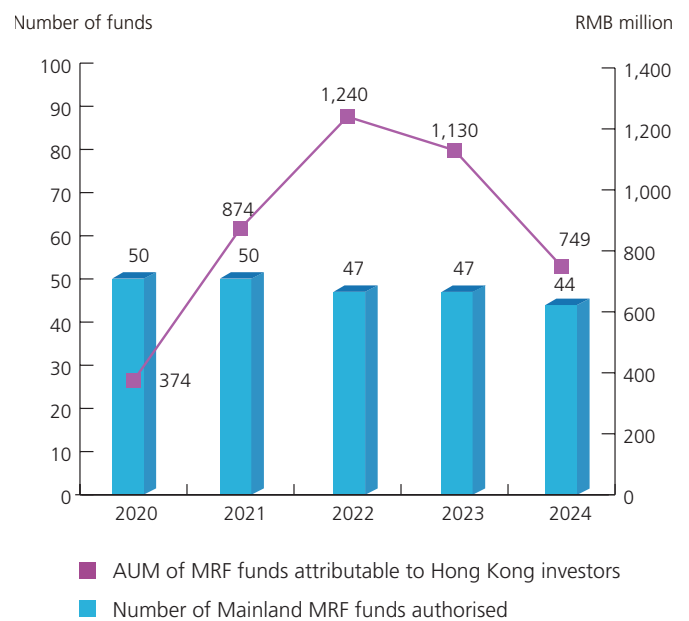
The aggregate cumulative net subscription for both Hong Kong and Mainland MRF funds amounted to RMB26.6 billion as at 31 March 2024. During the 12-month period ended 31 March 2024, Hong Kong MRF funds and Mainland MRF funds recorded strong net subscriptions of RMB10.9 billion and mild net redemptions of RMB92.5 million, respectively.

Chart 9: Hong Kong MRF Funds



(Figures as at 31 March for 2022 to 2024, 26 March for 2021 and 27 March for 2020)

Chart 10: Mainland MRF Funds



(Figures as at 31 March for 2022 to 2024, 26 March for 2021 and 27 March for 2020)

Scope and Survey Methodology

1. The Asset and Wealth Management Activities Survey (AWMAS) is conducted annually by the Securities and Futures Commission (SFC) to collect information and data on the asset and wealth management industry in Hong Kong. It helps the SFC plan its policies and operations.
2. As in previous years, this survey covers the asset and wealth management activities of the following types of firms in Hong Kong:
 - (a) corporations licensed by the SFC which engage in asset management and fund advisory business (collectively “licensed corporations” or LCs);
 - (b) banks engaging in asset management, private banking and private wealth management business (collectively “registered institutions” or RIs), which are subject to the same regulatory regime as licensed corporations, ie, the Securities and Futures Ordinance (SFO), in respect of their asset management activities;
 - (c) insurance companies (ICs) registered under the Insurance Ordinance, but not licensed with the SFC, which provide services constituting classes of long-term business as defined in Part 2 of Schedule 1 of the Insurance Ordinance and derive gross operating income from wealth management products; and
 - (d) firms providing trust services (trustees).
3. The AWMAS analyses the asset and wealth management industry from the perspectives of both firms (ie, LCs, RIs, ICs and trustees) and clients (ie, clients of private banking and private wealth management businesses derived from assets or relationships managed out of Hong Kong by LCs and RIs).
4. As in previous years, survey questionnaires were sent to licensed corporations and, with the assistance of the HKMA, the Insurance Authority and the Hong Kong Trustees’ Association, to registered institutions, insurance companies and trustees to enquire about their asset and wealth management activities as at 31 December 2023.
5. Unless stated otherwise, the values given in this report are in Hong Kong dollars.
6. 1,192 (2022: 1,162) firms reported that they conducted asset management, fund advisory, private banking and private wealth management business or trust services during the survey period. These included 1,080 (2022: 1,049) licensed corporations, 48 (2022: 47) registered institutions, 38 (2022: 38) insurance companies and 26 (2022: 28) trustees. Please refer to Appendix II for details of respondents.

Details of Survey Respondents

Licensed corporations (LCs)

1. A breakdown of the activities of the 1,080 LCs which engaged in (i) asset management (AM), (ii) fund advisory business (ADV) and (iii) private banking and private wealth management business (PB) is shown below:

| | |
|---------------------------------|-------|
| Respondents with AM only | 708 |
| Respondents with ADV only | 84 |
| Respondents with PB only | 15 |
| Respondents with AM and ADV | 229 |
| Respondents with AM and PB | 17 |
| Respondents with ADV and PB | 5 |
| Respondents with AM, ADV and PB | 22 |
| | 1,080 |

Registered institutions (RIs)

2. A breakdown of the activities of the 48 RIs which engaged in AM and PB is shown below:

| | |
|----------------------------|----|
| Respondents with AM only | 4 |
| Respondents with PB only | 35 |
| Respondents with AM and PB | 9 |
| | 48 |

Insurance companies (ICs)

3. Thirty-eight ICs which carried out long-term business of providing services covering wealth management, life and annuity and retirement planning products, but were not licensed by the SFC, responded to the survey.

Trustees

4. Twenty-six trustees providing trust services in Hong Kong responded to the survey.

Breakdown of Asset and Wealth Management Business in 2023

The table below illustrates the composition of the asset and wealth management business by the type of business and the nature of the entity to which the assets relate.

| (\$ billion) | LCs | RIs | ICs | Trustees | Asset and Wealth Management Business | Asset Management and Fund Advisory Business | Private Banking and Private Wealth Management Business | Assets Held under Trusts |
|------------------------------------------------------------------------------------------------------|---------------|--------------|--------------|------------|--------------------------------------|---------------------------------------------|--------------------------------------------------------|--------------------------|
| Private banking and private wealth management business (excluding Item 1 below) | 966 | 6,552 | – | – | 7,518 | – | 7,518 | – |
| Asset management business provided to private banking and private wealth management clients (Item 1) | 259 | 1,245 | – | – | 1,504 | 1,504 | 1,504 | – |
| Asset management business for other clients | 17,749 | 214 | 1,208 | – | 19,171 | 19,171 | – | – |
| Fund advisory Business | 2,220 | – | – | – | 2,220 | 2,220 | – | – |
| SFC-authorized REITs | 165 | – | – | – | 165 | 165 | – | – |
| Assets held under trusts | | | | | | | | |
| – managed by LCs/RIs | – | – | – | – | – | – | – | 4,573 |
| – attributable to non-LCs/RIs | – | – | – | 615 | 615 | – | – | 615 |
| Total | 21,359 | 8,011 | 1,208 | 615 | 31,193 | 23,060 | 9,022 | 5,188 |

Survey Data in Detail

Breakdown of Asset and Wealth Management Business

A breakdown of the investor base and staff profile of the asset and wealth management business is shown as follows:

| AUM by investor base¹ | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Hong Kong | 36% | 36% | 35% | 36% | 36% |
| Non-Hong Kong | 64% | 64% | 65% | 64% | 64% |
| Mainland China | 10% | 10% | 9% | 9% | 10% |
| Rest of Asia-Pacific (including Australia and New Zealand) | 14% | 13% | 13% | 14% | 13% |
| North America | 22% | 22% | 23% | 23% | 24% |
| Europe (including the UK) | 10% | 11% | 10% | 11% | 10% |
| Others | 8% | 8% | 10% | 7% | 7% |
| Staff profile | | | | | |
| No. of staff (% of staff) | 2019 | 2020 | 2021 | 2022 | 2023 |
| Total staff by job function | 45,132 | 48,006 | 54,003 | 54,322 | 53,883 |
| Sales and marketing | 26,884(60%) | 28,776(60%) | 33,431(62%) | 31,215(57%) | 30,400(56%) |
| Asset management and related support functions | 18,248(40%) | 19,230(40%) | 20,572(38%) | 23,107(43%) | 23,483(44%) |
| Asset management | 3,416(8%) | 3,588(8%) | 3,999(8%) | 4,334(8%) | 4,591(8%) |
| Fund administration | 3,178(7%) | 3,230(7%) | 3,267(6%) | 3,611(7%) | 3,689(7%) |
| Risk management/legal and compliance | 2,333(5%) | 2,591(5%) | 2,846(5%) | 2,990(6%) | 2,978(5%) |
| Research/analysis | 2,006(4%) | 2,101(4%) | 2,358(4%) | 2,788(5%) | 2,703(5%) |
| Dealing/trading | 1,391(3%) | 1,578(3%) | 1,690(3%) | 1,913(3%) | 1,923(4%) |
| Corporate planning and business management | 1,347(3%) | 1,444(3%) | 1,547(3%) | 1,951(4%) | 1,914(4%) |
| Supporting units | 4,577(10%) | 4,698(10%) | 4,865(9%) | 5,520(10%) | 5,685(11%) |

¹ Excluding REITs and assets held under trusts attributable to non-LCs/RIs.



Breakdown of Asset Management and Fund Advisory Business

The AUM of the asset management and fund advisory business conducted by LCs, RIs and ICs amounted to \$23,060 billion, with breakdown as follows:

| Description | 2022 \$bn (% of AUM) | 2023 \$bn (% of AUM) | YoY (%) |
|--------------------------------------------------------------------|----------------------------|----------------------------|------------|
| By market player total AUM | 22,388 | 23,060 | 3% |
| LCs – asset management | 17,594(78%) | 18,008(78%) | 2% |
| LCs – fund advisory | 2,211(10%) | 2,220(10%) | 0% |
| LCs – REITs | 191(1%) | 165(1%) | -14% |
| RIs – asset management | 1,311(6%) | 1,459(6%) | 11% |
| ICs – asset management | 1,081(5%) | 1,208(5%) | 12% |
| Total AUM² | 22,197 | 22,895 | 3% |
| By client type | | | |
| Professional investors | 15,973(72%) | 16,071(70%) | 1% |
| Corporations/financial institutions/funds | 10,303(47%) | 10,534(46%) | 2% |
| Governments/sovereign wealth funds/central banks | 2,762(12%) | 2,764(12%) | 0% |
| Individuals | 674(3%) | 688(3%) | 2% |
| Family offices and private trusts | 499(2%) | 479(2%) | -4% |
| Charities | 151(1%) | 149(1%) | -1% |
| Institutional and corporate – others | 1,584(7%) | 1,457(6%) | -8% |
| Non-professional investors (including retail investors) | 6,224(28%) | 6,824(30%) | 10% |
| By product type | | | |
| Public funds | 7,984(36%) | 7,856(34%) | -2% |
| Managed accounts | 6,373(29%) | 6,873(30%) | 8% |
| Private funds ³ | 4,495(20%) | 4,346(19%) | -3% |
| Pension funds (including MPF and ORSO schemes) | 1,558(7%) | 1,702(8%) | 9% |
| Others | 1,787(8%) | 2,118(9%) | 19% |

² Excluding REITs

³ Some private equity firms in Hong Kong are neither LCs nor RIs. According to AVCJ Research, Hong Kong ranked second in Asia after Mainland China in 2023 in terms of the total capital under management by private equity funds (excluding real estate funds), which amounted to US\$221 billion (2022: US\$212 billion).



Breakdown of Asset Management and Fund Advisory Business of Mainland-related LCs and RIs

The AUM of the asset management and fund advisory business conducted by Mainland-related LCs and RIs amounted to \$2,182 billion, with breakdown as follows:

| Description | 2022 \$bn (% of AUM) | 2023 \$bn (% of AUM) | YoY (%) |
|------------------------------------------------------------------------|----------------------------|----------------------------|-------------|
| Total AUM | 2,059 | 2,182 | 6% |
| By client type | | | |
| Professional investors | 1,947(95%) | 1,949(89%) | 0% |
| Corporations/financial institutions/funds | 1,765(86%) | 1,775(81%) | 1% |
| Governments/sovereign wealth funds/central banks | 85(4%) | 110(5%) | 29% |
| Individuals | 52(3%) | 29(1%) | -44% |
| Family offices and private trusts | 12(<1%) | 5(<1%) | -58% |
| Charities | 1(<1%) | 1(<1%) | 0% |
| Institutional and corporate – others | 32(1%) | 29(1%) | -9% |
| Non-professional investors (including retail investors) | 112(5%) | 233(11%) | 108% |
| By product type | | | |
| Public funds | 263(13%) | 336(15%) | 28% |
| Managed accounts | 1,327(64%) | 1,382(63%) | 4% |
| Private funds | 326(16%) | 301(14%) | -8% |
| Pension funds (including MPF and ORSO schemes) | 117(6%) | 125(6%) | 7% |
| Others | 26(1%) | 38(2%) | 46% |

Breakdown of Asset Management Business

Asset management business amounted to \$20,675 billion⁴, with breakdown as follows:

| Description | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------------------------------------------------------|------|------|------|------|------|
| By location of management | | | | | |
| Managed in Hong Kong without further delegation | 56% | 58% | 56% | 57% | 55% |
| Sub-contracted or delegated to other offices or third parties overseas for management | 44% | 42% | 44% | 43% | 45% |

| Description | 2022 \$bn (% of AUM) | 2023 \$bn (% of AUM) | YoY (%) |
|------------------------------------------------------------|----------------------------|----------------------------|------------|
| AUM of assets managed in Hong Kong⁴ | 11,436 | 11,292 | -1% |
| By geographical distribution of investments | | | |
| Invested in Asia-Pacific | 7,188(63%) | 6,604(58%) | -8% |
| Hong Kong | 2,631(23%) | 2,630(23%) | 0% |
| Mainland China | 2,499(22%) | 1,927(17%) | -23% |
| Japan | 480(4%) | 510(4%) | 6% |
| Rest of Asia-Pacific (including Australia and New Zealand) | 1,578(14%) | 1,537(14%) | -3% |
| Invested outside Asia-Pacific | 4,248(37%) | 4,688(42%) | 10% |
| North America | 1,872(16%) | 2,103(19%) | 12% |
| Europe (including the UK) | 1,622(14%) | 1,733(15%) | 7% |
| Others | 754(7%) | 852(8%) | 13% |
| By asset class | | | |
| Equities | 5,723(50%) | 5,036(45%) | -12% |
| Bonds | 3,130(27%) | 3,274(29%) | 5% |
| Collective investment schemes | 1,220(11%) | 1,585(14%) | 30% |
| Cash and money markets | 824(7%) | 814(7%) | -1% |
| Others | 539(5%) | 583(5%) | 8% |

⁴ Excluding fund advisory business and REITs.

Breakdown of Private Banking and Private Wealth Management Business

The AUM of the private banking and private wealth management business amounted to \$9,022 billion, with breakdown as follows:

| Description | 2022 \$bn (% of AUM) | 2023 \$bn (% of AUM) | YoY (%) |
|-------------------------------------------------------------------------------------------|----------------------------|----------------------------|-------------|
| Total AUM | 8,965 | 9,022 | 1% |
| By market player | | | |
| RIs – private banking and private wealth management business (excluding asset management) | 6,662(74%) | 6,552(72%) | -2% |
| RIs – asset management | 1,137(13%) | 1,245(14%) | 9% |
| LCs – private banking and private wealth management business (excluding asset management) | 932(10%) | 966(11%) | 4% |
| LCs – asset management | 234(3%) | 259(3%) | 11% |
| By investor base | | | |
| Hong Kong | 4,204(47%) | 4,446(49%) | 6% |
| Mainland China | 1,460(16%) | 1,521(17%) | 4% |
| Rest of Asia-Pacific (including Australia and New Zealand) | 1,631(18%) | 1,518(17%) | -7% |
| North America | 421(5%) | 413(5%) | -2% |
| Europe | 422(5%) | 404(4%) | -4% |
| Others | 827(9%) | 720(8%) | -13% |
| By client type | | | |
| Professional investors | 8,578(96%) | 8,693(96%) | 1% |
| Corporations/financial institutions/funds | 4,084(46%) | 4,052(45%) | -1% |
| Individuals | 2,567(28%) | 2,743(30%) | 7% |
| Family offices and private trusts | 1,520(17%) | 1,452(16%) | -4% |
| Charities | 31(1%) | 66(1%) | 113% |
| Institutional and corporate – others | 376(4%) | 380(4%) | 1% |
| Non-professional investors (including retail investors) | 387(4%) | 329(4%) | -15% |



Breakdown of Private Banking and Private Wealth Management Business (continued)

| Description | 2022 | 2023 | YoY (%) |
|---------------------------------------------------------------|--------------------|--------------------|---------|
| | \$bn (% of AUM) | \$bn (% of AUM) | |
| By asset and product type | | | |
| Listed equities | 3,736(42%) | 3,381(37%) | -10% |
| Cash and deposits | 1,554(17%) | 1,766(20%) | 14% |
| Private funds ⁵ | 1,255(14%) | 1,338(15%) | 7% |
| Bonds | 624(7%) | 714(8%) | 14% |
| Public funds | 664(7%) | 715(8%) | 8% |
| Managed accounts | 321(4%) | 356(4%) | 11% |
| Others | 811(9%) | 752(8%) | -7% |
| By geographical distribution of investments | | | |
| Hong Kong | 3,051(34%) | 2,810(31%) | -8% |
| Mainland China | 712(8%) | 624(7%) | -12% |
| Japan | 154(2%) | 164(2%) | 6% |
| Rest of Asia-Pacific (including Australia and New Zealand) | 880(10%) | 918(10%) | 4% |
| North America | 1,961(22%) | 2,297(25%) | 17% |
| Europe (including the UK) | 1,369(15%) | 1,432(16%) | 5% |
| Others | 838(9%) | 777(9%) | -7% |

⁵ Some private equity firms in Hong Kong are neither LCs nor RIs. According to AVCJ Research, Hong Kong ranked second in Asia after Mainland China in 2023 in terms of the total capital under management by private equity funds (excluding real estate funds), which amounted to US\$221 billion (2022: US\$212 billion).

Breakdown of Assets Held under Trusts

Assets held under trusts amounted to \$5,188 billion, with breakdown as follows:

| Description | 2022 \$bn (% of AUM) | 2023 \$bn (% of AUM) | YoY (%) |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|-----------|
| Total assets held under trusts | 5,006 | 5,188 | 4% |
| By geographical distribution of investments | | | |
| Hong Kong | 1,879(37%) | 2,210(43%) | 18% |
| Mainland China | 597(12%) | 616(12%) | 3% |
| Japan | 30(1%) | 120(2%) | 300% |
| Rest of Asia-Pacific (including Australia and New Zealand) | 1,153(23%) | 356(7%) | -69% |
| North America | 549(11%) | 945(18%) | 72% |
| Europe (including the UK) | 627(13%) | 685(13%) | 9% |
| Others | 171(3%) | 256(5%) | 50% |
| By client type | | | |
| Public funds | 1,697(34%) | 1,637(32%) | -4% |
| Pension funds (including MPF and ORSO) | 1,794(36%) | 1,993(38%) | 11% |
| Others (including governments/sovereign wealth funds/central banks, family offices and private trusts, charities, and other corporates) | 1,515(30%) | 1,558(30%) | 3% |

Definitions

- “Asset and wealth management business” comprises asset management, fund advisory, private banking and private wealth management, trust services and management of SFC-authorized real estate investment trusts in Hong Kong.
 - “Asset management” refers to:
 - (i) the provision of services which constitute Type 9 regulated activity as defined in Schedule 5 of the SFO carried out by licensed corporations and registered institutions (excluding assets from clients who are also licensed by or registered with the SFC); and
 - (ii) the management of financial assets arising from the provision of services which constitute classes of long-term business as defined in Part 2 of the First Schedule of the Insurance Ordinance (Chapter 41) (excluding assets sub-contracted or delegated to other licensed corporations or registered institutions in Hong Kong for management),
 but excludes fund advisory business and private banking and private wealth management business. Assets managed shall be construed in the same manner.
 - “Fund advisory business” refers to the provision of pure investment advisory services for funds or portfolios generating gross operating income for the service providers. It constitutes Type 4 and Type 5 regulated activities as defined in Schedule 5 of the SFO. Such service is generally provided to overseas managers who manage a global or regional portfolio and need expert advice from a manager in Hong Kong or its delegate with respect to the Hong Kong portion or a specific geographic segment of the global or regional portfolio.
 - “Private banking and private wealth management business” is a generic term which refers to the provision of banking or other financial services to private banking customers.

Total assets of private banking and private wealth management business refers to total assets under private banking and private wealth management clients’ accounts which have been generated, managed or served by Hong Kong relationship managers, or to which the relationship managers are accountable, and assets managed by licensed corporations and registered institutions in Hong Kong, including i) assets managed and services provided which constitute regulated activities as defined in Schedule 5 to the SFO and ii) assets managed and services provided beyond those activities regulated under the SFO, including but not limited to cash and deposits, spot foreign exchange, currency-linked deposits/notes/instruments and physical commodities.
- “AUM” means assets under management.
- “Insurance company” means an insurance company registered under the Insurance Ordinance (Chapter 41) which provides services that constitute classes of long-term business as defined in Part 2 of the First Schedule of the Insurance Ordinance and is not licensed by the SFC. For those insurance companies which are also licensed by the SFC, their reported AUM are categorised with those of other licensed corporations.
- “Licensed corporation” means a corporation granted a licence under section 116 or 117 of the SFO to carry on a regulated activity in Hong Kong.

- “Private Wealth Management Relevant Practitioners” refers to Relevant Practitioners as set out in a circular issued by the Hong Kong Monetary Authority entitled “Update on Enhanced Competency Framework on Private Wealth Management (ECF-PWM)” and pages 2 to 5 of the ECF-PWM document dated 14 July 2021 enclosed therewith.
- “Professional investors” includes institutional professional investors, corporate professional investors and individual professional investors.
 - “Institutional professional investors” refers to persons falling under paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the SFO;
 - “Corporate professional investors” refers to trust corporations, corporations or partnerships falling under sections 4, 6 and 7 of the Securities and Futures (Professional Investor) Rules (Chapter 571D) (“Professional Investor Rules”); and
 - “Individual professional investors” refers to individuals falling under section 5 of the Professional Investor Rules.
- “Registered institution” means an authorised financial institution registered under section 119 of the SFO. An authorised financial institution means an authorised institution as defined in section 2(1) of the Banking Ordinance (Chapter 155).
- “REITs” refers to SFC-authorized real estate investment trusts.