

Review Article

A Study on Portfolio Management Strategies Adopted by Asset Management Companies Across the Globe

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Abstract

The asset management industry has been growing drastically over the last 15 years. It grew from 45,6 trillion USD to 103,1 trillion USD from 2009 to 2020, In Asia, it has grown 483% over the 11 years. Similarly, Latin America, the Middle East, and Africa saw the most minor growth and were valued at trillions of USD. Retail investors now comprise 41% of the asset management industry in China and India and above 55% of the asset management investors in the country. Since the Healthy Growth of AMC is the same as Millions of Retailers in the respective Financial Sectors, It is necessary to study the Portfolio Management Strategies adopted by Asset Management Companies across the Globe in general and In India in Particular. Hence, an attempt is made to study the performance and strategies of global AMCs and also observe the opportunities and challenges the same across the globe with the main objective of understanding the concept of Portfolio Management Strategies and Asset Management Companies; to review the existing literature on the topic concerned; to analyze the opportunities and challenges of the same across the globe. The study is an observatory in nature and revealed that the main opportunity is to get support from the respective economies of the countries to get desired growth in AMC investments and exploit the developments in various sectors via making Portfolio investments by direct buying of financial instruments or through mutual funds. Similarly, this study seeks to shed light on how emerging markets like India would be helpful with its key govt initiatives by ease of doing business, tax concessions for Foreign Domestic Investments (FDIs) and Foreign Institutional Investors (FIIs) etc. The main suggestion is to diversify their assets based on risk tolerance which can reduce the costs of the operations by using economies of scale to minimize the costs. The survival of any AMC across the globe is mainly on the feasibility of their services which could be affordable to retail investors by the end of the day. Similarly, Technology is evolving fast, and asset management companies need to implement new tools as soon as they are released to use them to create more accurate models to predict market movements.

Keywords

Asset Management Company, Portfolio Management Strategy, Strategic Asset Allocation, Multi-asset

1. Introduction

Global Asset Management Market size was valued at USD 277.42 billion in 2019 and is poised to grow from USD 373.69 billion in 2023 to USD 5455.24 billion by 2031, growing at a

CAGR of 34.7% in the forecast period (2024-2031). The asset management industry has been growing drastically over the last 15 years. It grew from 45,6 trillion USD to 103,1 trillion

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USD from 2009 to 2020. It raises the question of how they gained popularity among investors and what strategies they have used to achieve such drastic growth over the past 15 years. The global growth of the Assets Under management (AUM) is impacted by the rise of the North American asset management market, which has grown from 22,1 trillion USD to 48,6 trillion USD. North American AUM market counts as 47,1% of the whole Assets under Management Across the Globe [24]. Europe's growth has not been as strong as in North America; adding to the matter, it still has been strong, almost doubling from 13,5 to 25,7 trillion USD. The most substantial growth by region, however, has been in Asia, excluding Japan and Australia. It grew from 2,9 trillion in 2009 to 14 trillion USD in 2020. In percentages, it has grown 483% over the 11 years. Latin America grew from 0,5 trillion to 1,8 trillion USD. The Middle East and Africa saw the most minor growth, from 0,9 trillion to 1,4 trillion USD; from 2019 to 2020, it saw 12% growth. Lastly, Japan and Australia grew from 4,3 trillion to 8,5 trillion USD. It is essential to mention that retail investors now comprise 41% of the investors in the asset management industry; this trend can be observed in China, where retail investors comprise 55% of the asset management investors in the country. Furthermore, this has led to a situation where the asset management industry is growing heavily, and the companies can cut down costs with the technology, leading to more lucrative opportunities for retail investors [21, 22]. The Indian mutual fund industry had ₹39,42,031 crore in assets under management (AUM) as of March 31, 2023. With a more than 5-fold expansion in just ten years, the AUM of the Indian MF Industry increased from ₹7.01 lakh crore on March 31, 2013, to ₹39.42 lakh crore on March 31, 2023. The AUM-to-GDP ratio in India is about 14%, which is lower than the global norm of 75-80%. But over the coming years, between FY 2022 and FY 2025, the equity AUM will increase by 18% annually, from ₹13 lakh crore as of January 2022 to ₹30 lakh crore [42]

Asset management refers to financial assets managed by an investment firm on behalf of others. BlackRock and Vanguard, are world famous Asset management firms with AUM 9.43 and 7.25 trillion US dollars, followed by Fidelity Management & Research (AUM 3.88 trillion US dollars), The Capital Group Cos. Inc. (AUM 2.3 trillion US dollars), Amundi (AUM 2.1 trillion US dollars), Pacific Investment Management Company LLC (AUM 1.74 trillion US dollars), Invesco (AUM 1.45 trillion US dollars), Wellington Management Company (AUM 1.4 trillion US dollars), Franklin Resources Inc. (AUM 1.39 trillion US dollars), T. Rowe Price Group Inc. (AUM 1.35 trillion US dollars). The service can also be performed by investment banks, private banks, or wealth managers – all kinds of financial institutions to grow investors' portfolios of financial assets. Assets under management in North America accounted for almost half of the total value of global assets under management of Europe and Asia combined (excluding Japan), despite these two regions placing second and third globally in terms of total value of assets

under management [2, 35].

The Portfolio Management Strategies adopted by Asset Management Companies Across the Globe is a complex study that needs to be addressed to understand how it differ depending on the type of company and the country in which it operates. The chosen methodology examined existing material on portfolio management strategies and material from the companies on how they have diversified their assets. The information and data were gathered from journals, books, websites, and documents made by the companies from the internet. The qualitative and quantitative data were gathered and then cross-examined to see which strategies were shared between them. The company data was gathered and then compared between each other and compared against the existing literature. The methodology was chosen because it links literature and the companies' chosen strategies for the paper.

2. Conceptual Issues

2.1. Portfolio Management

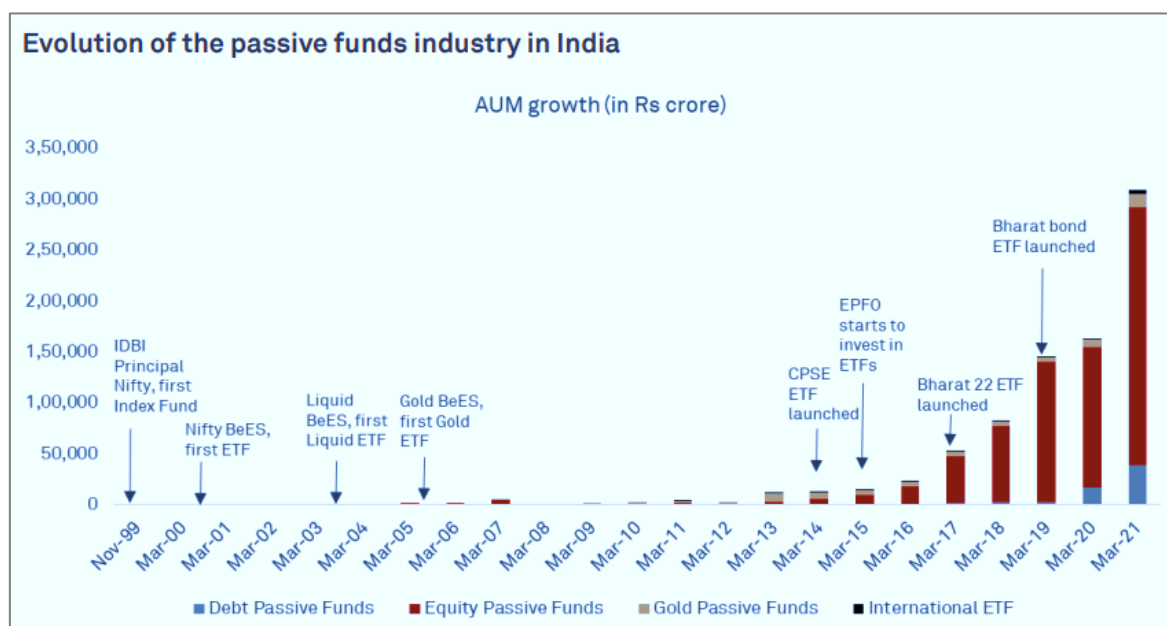
Portfolio management is the art and science of selecting and overseeing a group of investments that meet the long-term financial objectives and risk tolerance of a client, a company, or an institution [20]. Portfolio management comes with various issues; there are as many ways to manage a portfolio as there are portfolio managers. The clients of portfolio managers have different goals and needs that the particular portfolio manager has to meet. For example, the insurance company's portfolio manager must meet standards different from those of BlackRock's portfolio manager. They need to meet a certain amount of cash available at the insurance company due to the regulations of their geographical area. The core of portfolio management stems from the Portfolio selection [25] and Capital Asset Pricing Model [32]. They created the frame for modern portfolio management, which would diversify the assets and minimize the unsystematic risk pushed to the investors when not fully diversifying the portfolio. Furthermore, the rapid technological advancements in society have asset management companies looking into more alternative sources of investing [4, 28], rather than the old-school ways of investing only in equity and fixed-income sources. The new way of investing looks into real estate, intellectual property, crypto, etc. This new way helps to diversify the existing portfolios further and may ease the effects of shocks that the modern interconnected economies impose. The problem with asset management arises when it is compared to the market, and in this paper, comparing against the performance of the S&P500 Index, the asset managers can beat the market in the short investment horizon of 2-3 years; this can be explained by luck. In a 10-year time horizon, 78-97% of actively managed funds failed to beat the market indexes they were benchmarked against. This can be explained by the fee structure the active managers must charge to run their operations. Even if they managed to beat the market by a

small margin, they would not be able to beat it once the fees were deducted from the profits. Smaller investors who could invest in market-index funds have few advantages over the more prominent fund investors; this includes no management fees, no career risk, smaller size, and more varied investment options. No career risk means that they are not risking their careers when investing; more diminutive size, on the other hand, means that when they decide to sell, the selling does not affect the price of the stock that small investors decide to sell, unlike significant funds when small investors start to sell the price goes down and they are able to get less profit from the selling. More varied investment options mean that they can buy small-cap stocks and other assets that fund managers of significant funds could not access because the effect of selling them would mean the stock price would go down by a large margin. Subsequently, it pressures fund managers to improve their investments when competing against the market, which can lead to higher earnings [19].

2.2. Strategies of Portfolio Management

The important portfolio management strategies, followed by AMC's across the globe are active strategy and passive strategy. In an active strategy, the fund manager actively trades stocks and other financial instruments, and by doing that, they try to beat the market. The market is usually referred

to as the S&P500 Index or similar wide market index in active strategy [16, 23]. They are using qualitative and quantitative methods to achieve that. The mentioned methods require work from the analysts, who do market forecasting and in-depth research about the instruments, which, combined with the fund manager's decision-making, try to achieve higher returns than the market. The cost associated with active management makes it hard to beat the market, and even if they do achieve higher returns than the market, they still need to deduct the costs that arise from the active management [20]. Also, managers are categorized as active if they are not passive [33]. Passive Strategy involves holding investments in every security in the market, and they are represented in the same manner. [33]. Passive managers can also be referred to as index fund managers. The goal of an index fund is to duplicate certain indexes or benchmarks in the fund. They can be structured as ETFs (Exchange Traded Funds) or unit investment trusts. They are referred to as passively managed because they are replicating the index. The costs are typically lower than actively managed funds [20]. The share of passive funds as a strategy has risen from 14% in 2010 to 31% in 2020 [35]. The website shows the growth of interest in them and the decline of active management strategy in the past 14 years. The following graph shows the rising interest in passively managed funds in India.



Source: AMFI, Crisil Research [12]

Figure 1. Evolution of the Passive Funds Industry in India.

As can be seen from the graph, in 2013, they were almost non-existent, and in March of 2021, they became a big part of the asset management field in India.

The strategies of portfolio management differ from country to country and from company to company; however, noticeable

patterns depend on what type of company it is and what other purposes it serves, as later in this paper will show large banks and Insurance companies such as UBS- a Global AMC, and Allianz have more conservative strategy when it comes to asset management compared to Black Rock, their business profile

differs that is the main reason they cannot invest more heavily on investments such as equities because they are too volatile for their purpose. Furthermore, companies whose purpose is to manage assets and grow the wealth of their investors, such as BlackRock, will invest more heavily in equities, multi-assets, and alternative investments to maximize their wealth gain [39].

There are four main ways to invest in assets, which will be included in this study. Fixed income refers to bonds, treasury bills, and other safer investments. Equities are stocks of companies that offer higher returns but also carry higher risk. The multi-asset class is a combination of the previous two forms of investments. Lastly, alternatives are the riskiest but also carry the highest return potential and are an excellent addition to the portfolio, adding more diversification. Under the Alternative classification, it would include Real Estate, Private Equity funds, etc. [27].

The popularity of indexed investing has three primary causes: First, many investors would like to be more satisfied with traditional active management. Actively managed portfolios return market return minus the fees and expenses, on average, and skilled active managers are hard to identify in advance [33]. As mentioned earlier, passively managed funds share of the assets under management in US AMCs, have gained popularity over the last decade, from 21% in 2012 and to 45% in 2022 [36]. The rising fees in active management partly explain this. This leads to situations where the fees take away enough percentages from the actively managed funds and fail to gain any advantage over the market [23]. The failure of actively managed funds to create positive Alpha for themselves shows the Efficient-Market Hypothesis [11, 15]. holds mainly when applied to the returns that the actively managed funds can make.

2.3. Asset Management Companies



Source: Economist Intelligence, 2021 [13]

Figure 2. Fundamental indicators.

The top 10 largest asset management companies of the world are BlackRock, USA (9 trillion USD), Vanguard, USA (7,6 trillion USD), Fidelity Investments, USA (4,24 trillion USD), UBS Group, Switzerland (3,96 trillion USD), State Street Global Advisors, USA (3,6 trillion USD), Morgan Stanley, USA (3,13 trillion USD), JPMorgan Chase, USA (3 trillion USD), Goldman Sachs, USA (2,67 trillion USD), Credit Agricole, France (2,66 trillion USD), and Allianz Group, Germany (2,36 trillion USD) [3]. The assets under management in the US are expected to reach 64,39 trillion USD in 2024 [36]. In 2020 the financial sector accounted for 8.3% of the United States' gross domestic product [38]. The largest asset management companies of India are SBI Mutual Fund (₹ 700,990.72 crores), ICICI Prudential Mutual Fund (₹ 509,588.31 crores), HDFC Mutual Fund (₹ 437,876.34 crores), Nippon India Mutual Fund (₹ 287,827.85 crores), Kotak Mahindra Mutual Fund (₹ 284,073.77 crores), Aditya Birla Sun Life Mutual Fund (₹ 261,232.11 crores), Axis Mutual Fund (₹ 226,881.21 crores), UTI Mutual Fund (₹ 223,698.69 crores), Bandhan Mutual Fund (₹ 111,592.46 crores), and DSP Mutual Fund (₹ 107,067.08 crores) [17]. India's mutual fund industry had average assets under management of ₹ 52,89 lakh crore as of January 2024 [5]. In 2020, the financial sector was 5,7% of India's Gross Domestic Product [13]. When converting the AUM of India into USD with a conversion rate of ₹83 to \$1, it shows that the value of AUM in India is 637,2 billion USD, approximately 1/100 of the expected value of US AUM in 2024. With a GDP of 3,18 trillion USD and a US of 23,32 trillion USD in 2021 [41]. Part of the gap between India and the United States can be explained by observing the state of India's financial sector when comparing it against the rest of Asia and Australia. They are behind the average on every metric except Financial risk, which is higher than the average for Asia and Australia.

3. Review of Literature

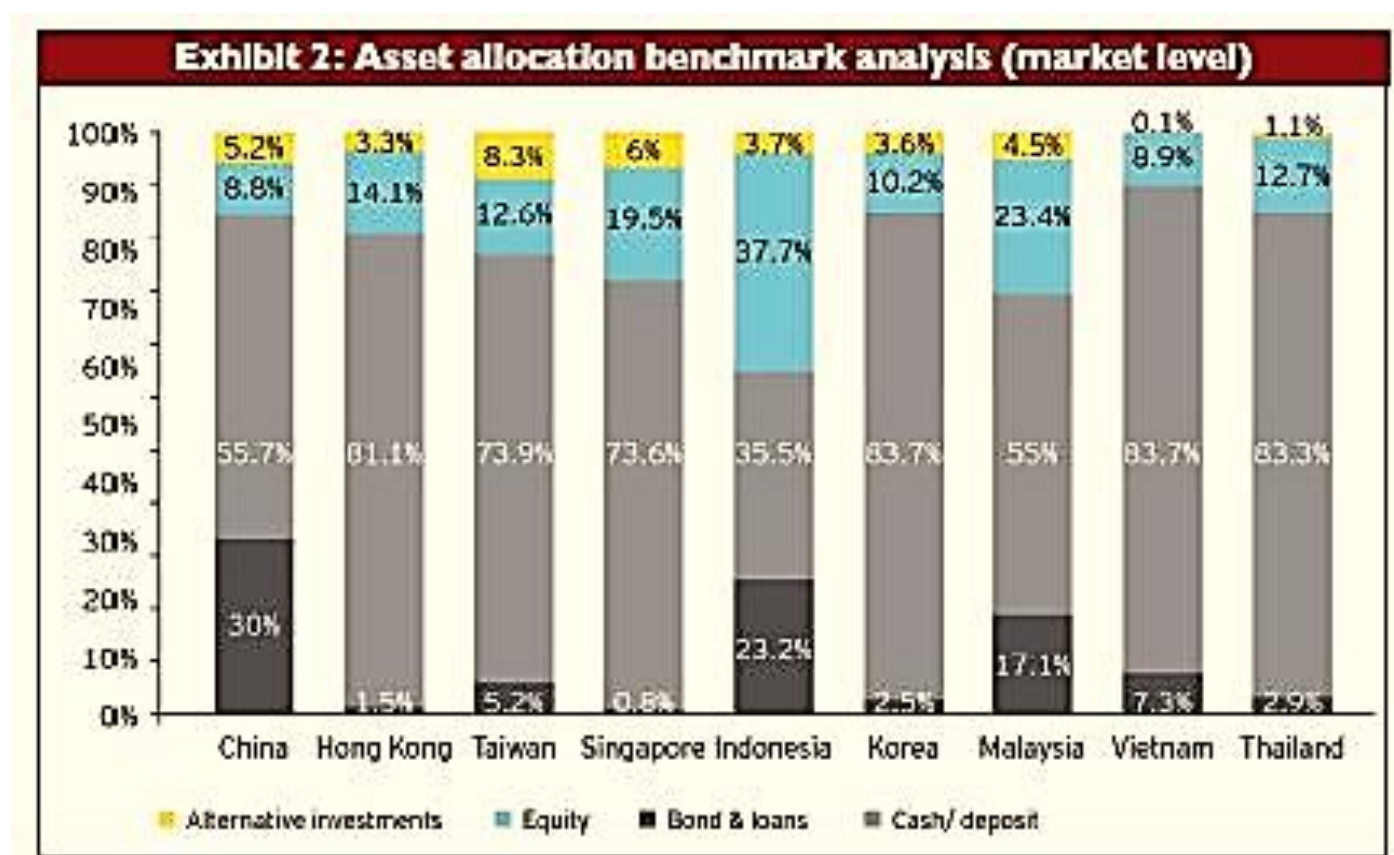
The basis of the modern investing strategy is in Modern Portfolio Theory, which outlines the relationship investors have with risk and return. This literature states that investors should only take risks that have adequate returns related to them [25]. William Sharpe and his colleagues used this framework to build the Capital Asset Pricing Model, which is still used today in finance. Shaukat and Shahzad, in their 2019 publication, look into different types of strategies when it comes to investments; they did this by comparing the risk-adjusted returns of the portfolios, also known as the Sharpe ratio, which William Sharpe introduced; they found that the optimal strategy if using the Sharpe-ratio as the measure is the Buy-and-Hold portfolio with 20% equal investments in 3 stocks and 40% in bonds. This shows the importance of using a well-diversified portfolio to achieve the

maximum return related to the investor's risk [30]. Industry report about the financial sector of India. [13]. Website about the size of India's mutual funds [5], Website about the most significant mutual funds in India [17].

Shrinking Alpha research paper discusses active versus passive investing in the Indian mutual fund industry. "To hedge or not to hedge – a question that cannot be ignored." Solnik discusses the currency risk that investing in the foreign market poses to investors in the United States. He concluded that the hedging solution depends on the investor's investment horizon. This means that if the investment time is 50 years, the exchange rate risk is not meaningful to hedge the investment; however, if the investment horizon is shorter, 5-10 years, it cannot be determined whether it should be hedged, but still, the diversification strategy of responsible investor should include foreign currency in some form or other to help further diversify the managed portfolio [12, 14, 34]. The new trend in portfolio management for the last ten years has been ESG (Environment, Social, and Governance); according to the Global Sustainable Investment Alliance, sustainable, responsible, and impact investment assets, which included Environment and Social Governance (ESG) considerations, reached nearly 23 trillion USD in 2016, it is a combination of people that want to access ESG either passively or actively. Portfolio managers use ESG scores as early performance indicators because they involve sustainability. It can reduce the impact of later imposed regulations on environmental harm that companies produce. The issue of ESG arises from the inconsistency of the available data, which limits the investor's ability to know which data is valid and which is not [8]. Gruszka and Szwabinski, in their 2021 article, performed a Monte Carlo simulation to test whether the diversification made sense in the Polish stock market; the study showed that the well-diversified portfolio (three uncorrelated assets) performed better than the poorly diversified (three positively correlated assets) and not diversified portfolio (One asset) when running the simulation. The well-diversified and poorly diversified competed initially, but by the end of the 2-year time horizon, the well-diversified turned out to be the best. This article further shows the importance of diversification in managing assets and asset management companies [17].

4. Portfolio Management Strategies Across the Globe: An Overview

The chosen strategy of an asset management company depends on the other functions that the business runs. Life insurance companies have a more conservative strategy due to their liabilities. This can be observed in the following graph, which looks at the asset allocation strategies in the Asia-Pacific area.

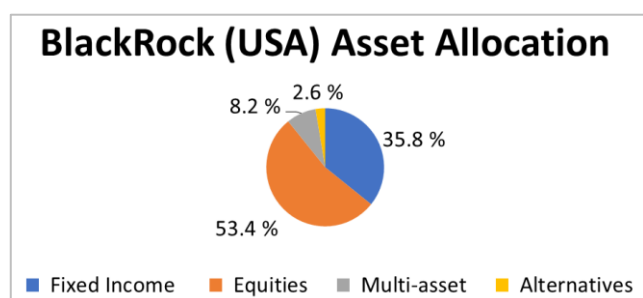


Source: Asia Insurance Review, n.d [6].

Figure 3. Asset Allocation Benchmark Analysis.

Asset allocation in a specific country is affected by its regulations and policies [6].

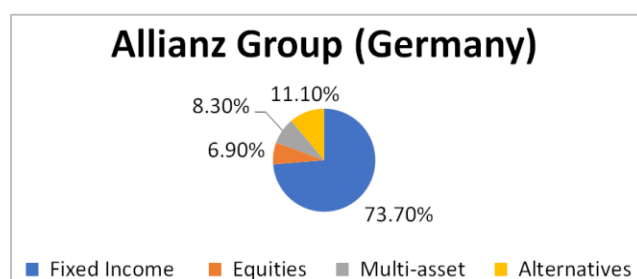
The first strategy to be examined is BlackRock, which has most assets invested in Equities and Fixed-Income sources. The multi-asset and alternatives only take around 10% of the portfolio. The multi-asset class includes assets that combine the rest of the asset classes. The Alternatives include REITs (Real Estate Investment Trusts), etc. The cash assets of the companies are included in the Fixed-Income sources. Figure 4 illustrates the asset allocation.



Source: Figure made by the author.

Figure 4. BlackRock (USA) Asset Allocation

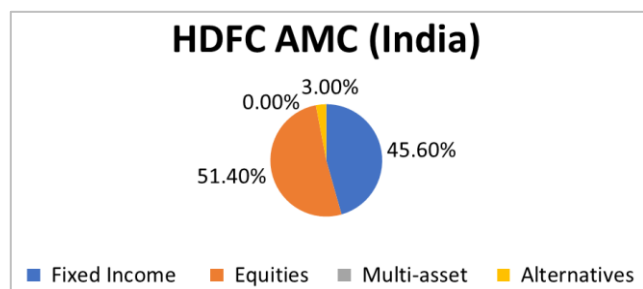
The following company used is Allianz. As mentioned, asset allocation depends on the company's other business functions. In the case of this company, it is insurance. Almost 75% of their assets are invested in fixed income sources and only 6,9% in equities. Their multi-assets are 8,3%, and alternatives are 11,1% [4]. Figure 5 illustrates this.



Source: Figure made by the author

Figure 5. Allianz Group (Germany)

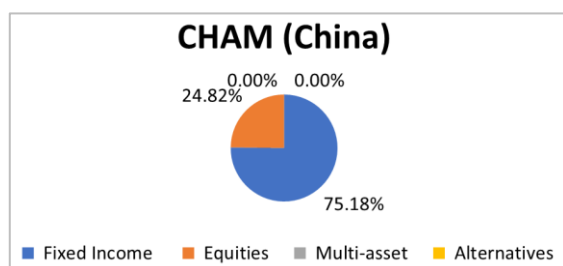
Housing Development Finance Corporation AMC is an Indian mutual fund that has invested 51,4% in equities, 45,6% in Fixed income, and 3% in alternative investments. This is shown in Figure 6.



Source: Figure made by the author.

Figure 6. *HDFC AMC (India).*

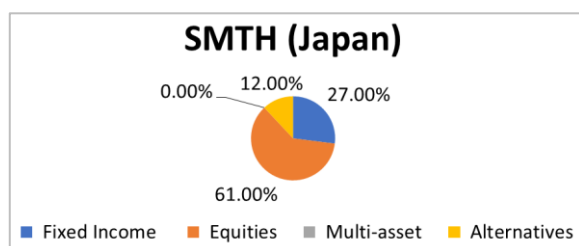
Then will be China Huarong Asset Management company, which has invested almost exactly $\frac{1}{4}$ in equities and $\frac{3}{4}$ in Fixed income sources. This is similar to Allianz, which has more conservative investors among asset management companies. This is shown in [Figure 7](#).



Source: Figure made by the author.

Figure 7. *China Huarong Asset Management company (China).*

Lastly, there is Sumitomo Mitsui Trust Holdings, a Japanese Asset Management company; they also have a high asset allocation in equities, 61%, 27% in fixed income, and 12% in alternative investments. This is shown in [Figure 8](#).



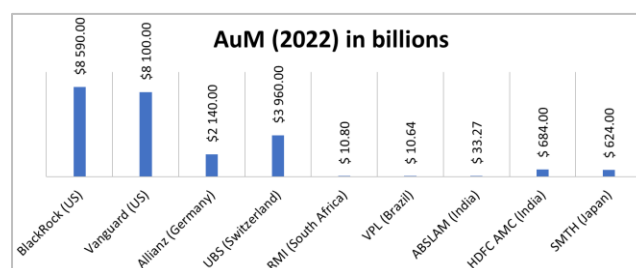
Source: Figure made by the author

Figure 8. *Sumitomo Mitsui Trust Holdings (Japan)*

The data used in this study is gathered from the companies' yearly reports and either from their graphs of asset allocation or gathering data from their asset side of the balance sheet and allocating it to the correct asset classes.

5. Asset Management Companies: Overview

Asset management companies invest money on behalf of their customers, charge a percentage fee for the amount of assets management, and then return the returns minus their fee. The risk here for the investor is that they fail to produce more returns than the market minus the fee. Asset management companies offer various investment plans for their investors; these include Hedge funds, Mutual funds, Exchange Traded Funds (ETFs), Private Equity funds, and more. So, the investors can choose their preferred risk and return level (Corporate Finance Institute, 2023). They have been growing drastically over the last decade, as mentioned earlier in this paper. This shows increased demand for their services and products. The inability to return excess returns compared to the market benchmarks shows that they are effective in marketing. Their advantage is that they have economies of scale, broader investment opportunities, and highly specialized personnel working for them, allowing them to find more opportunities in the market. When comparing the companies, the size of the US-based companies is enormous. Some of the few companies relatively the same size as US-based AMC's are banks, insurance companies, and pension funds from Europe. Countries outside of the western hemisphere still need to be able to compete in the size of the AUM market. The companies chosen for comparison earlier and a few more are shown in [Figure 9](#) to illustrate the size of these companies.



Source: Figure made by the author.

Figure 9. *Assets Under Management (AUM).*

The AMC's are doing well overall, and they are constantly growing. There is a demand for specialized investors, and by doing the work they do, they can spot opportunities in the market, and by doing that, they make the market more efficient for all of the participants. They serve a crucial role in the market because their actions of exploiting mispricing and arbitrage opportunities correct the market. The largest AMC's also provide examples of AMC's in less developed markets and help the markets move towards more profound levels of development.

Indian Asset Management Companies

Indian Asset Management Companies are relatively small

compared to industry giants. This is due to the low development level of their geographic area. India's demographic issues, such as low literacy levels and low per capita GDP, are also reflected in the popularity and size of these companies. Subsequently, these factors reduce the pool of potential customers. The potential in the Indian Asset Management Companies is when the middle class of India rises, and they start to have more disposable income to invest in mutual funds and other long-term-oriented investment tools. The HDFC has adopted a riskier strategy, investing more than 50% of its assets into equity. HDFC is the third largest asset management company in India. This reflects that their customers are willing to take more risks to achieve higher levels of return. Furthermore, India's rapid economic growth requires more riskier behavior to accommodate the potential earnings elsewhere and combat inflation [1].

SBI Mutual Fund (AUM worth ₹ 919,519.99 crore) followed by ICICI Prudential Mutual Fund (AUM worth ₹ 716,867.52 crores), HDFC Mutual Fund (AUM worth ₹ 614,665.43 crores), Nippon India Mutual Fund (AUM worth ₹ 438,276.85 crores), Kotak Mahindra Mutual Fund (AUM worth ₹ 381,239.57 crores), Aditya Birla Sun Life Mutual Fund (AUM worth ₹ 315,777.58 crores) [2], UTI Mutual Fund (AUM worth ₹ 286,593.27 crores), Axis Mutual Fund (AUM worth ₹ 266,826.23 crores), DSP Mutual Fund (AUM worth ₹ 138,986.33 crores), Bandhan Mutual Fund (AUM worth ₹ 134,908.07 crores). The MF Industry's AUM has grown from ₹16.50 lakh crore as of November 30, 2016, to ₹37.34 lakh crore as on November 30, 2021, more than a 2-fold increase in 5 years. According to AMFI (Association of Mutual Funds in India), the total number of accounts/folios as on November 30, 2021, stood at 11.70 crore, while the number of folios under Equity, Hybrid, and Solution Schemes, wherein the maximum investment is from retail segment stood at about 9.52 crore. As many as 44 AMCs are operating in India, out of which, some new AMCs in India have entered into mutual funds markets, they are Groww Mutual Fund, White Oak Mutual Fund, Bajaj Finserv Mutual Fund, Helios

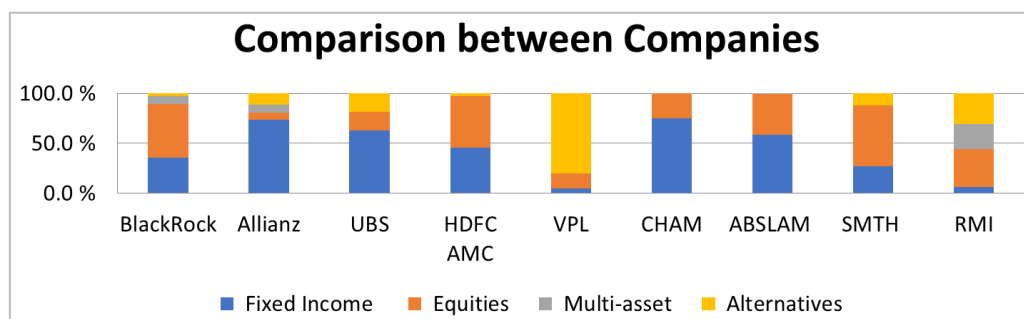
Mutual Fund, Shriram Mutual Funds, Motilal Oswal AMC and Zerodha Mutual Funds [18, 7, 5].

6. The Observational Study Analysis

Comparison of the Asset Management Companies across the Globe

The comparison between countries reveals differences between the regions in terms of the weights of their investments. The CHAM, ABSLAM, UBS, and Allianz have invested more than 50% of their assets into fixed income sources, and BlackRock and SMTH have invested between 36%-27% in them as well [37]. The outliers in this comparison are RMI and VPL, which invested only 5-6%. This tells about their risk profile [29]. As CHAM, ABSLAM, UBS, and Allianz prefer low-risk investments. BlackRock and SMTH can handle more levels of risk, and then lastly, RMI and VPL have just a minimal amount invested in a low-risk investment, so they are willing to maintain a higher level of risk, as can be seen from their investments in other than fixed income sources which carry more risk in them [9, 10].

The following graph illustrates strategies adopted by insurance companies, Banks, and Pure asset management companies (BlackRock, HDFC). The pure asset management companies have more risk tolerance than the insurance companies and banks. This can be due to various factors, such as regulations and liability management. The oddity of the compared companies is that VPL finance company has most of its assets invested in alternative assets. They have a specialty in IP&S (Intellectual Property & Services) which explains why such a large part of their assets are invested in alternative sources [40]. Multi-asset investing is also a rising part of these investments; this is because it is a relatively new field, and more studies need to be done to understand its risk profile. Invesco managers believe humans make the allocation decision in this field by adding quantitative analysis [26, 31].



Source: Figure made by the author.

Figure 10. Comparison Between Asset Management Companies across the Globe.

7. Discussions and Conclusions

Asset management companies have a growing effect on our financial system. They are prominent influencers in the investment field, meaning they can affect the market because they have vast assets under management. Based on the data, it has grown exponentially in the last 15 years and shows no sign of slowing down. The strategies adopted by asset management companies across the Globe are diverse; they depend on many factors such as company type (Insurance, pure asset management, etc.), the regulatory bodies of the geographical region, customer preferences, etc. The only thing common among them is that they have diversified the risk they are willing to take, depending on the customers. Some customers prefer higher returns (Also, higher risk), and some prefer less risky investments (Lower return). This leads to whether the comparison should be made between companies operating in the same regulatory area and the same type of company. The risk tolerance of the companies could also be cultural, reflecting the regulations. The conclusion is that the company's risk tolerance is shown in its portfolio management strategy. The risk tolerance depends on the company type, customer base, and regulations to which the asset management company is subject. They all use the basic finance theory of diversifying their assets to minimize risk and do not wish to take unrewarded risk to be part of their portfolio. If they want higher returns, they allocate more of their assets into higher return assets such as Equities and Alternatives. They allocate more assets to fixed-income sources if they are more risk-averse. Technology is evolving fast, and asset management companies need to implement new tools as soon as they are released to use them to create more accurate models to predict market movements.

India is one of the fastest-growing wealth management markets in the world. With the purchasing power of the average Indian improving over the years, the Indian mutual fund market today is witnessing growth, diversity, maturity, inclusivity, and modernization as it offers one of the most attractive investment opportunities for Indian investors.

The Mutual Fund industry must target an increased share of retail investments by expanding the line of innovative mutual fund products. In addition, the mutual fund industry must focus on deeper retail penetration by expanding its presence in almost all bankable urban and rural locations. Recently, the financial planning strategies of the common man have seen an interesting shift over the past few years owing to the advancement of technologies and the availability of multiple financial tools for investors. This trend has helped the mutual fund industry expand its reach to all retail consumer segments. As India marches into the Amrit Kaal, the Indian mutual fund industry will be well poised to support India's growth story, and the rural economy will also play a big role.

In India, retail investor market should be effectively penetrated by creating lot of awareness programs in rural

areas from SEBI and AMCs, launch Certification courses on Mutual Funds, Security Analysis, and portfolio Management etc

The Investment climate in India has changed significantly in recent years. Similarly, the amounts of FDIs and FIIs have been steadily increasing over the years about 20 times increase in the last 24 years in India. However, the Indian Economy requires a drastic increase in FDIs and FIIs via AMCs, which requires the creation of more conducive investment environments, and tax policies.

Section 115AD of the Income Tax Act, 1961, deals with Tax on income of Foreign Institutional Investors from securities [excluding income from units of mutual fund which are taxed u/s 115AB] or capital gains arising from the transfer of such securities of the Securities Contract (Regulation) Act, 1956. The section further defines the expression "Foreign Institutional Investor" under the Notification No.SO 199(E) & Notification No.SO 1057(E), dated 13-3-2020 have to be investor friendly and little more liberalized [43].

No single model of AMCs would fit all country circumstances. The optimal strategy could also vary over time. There are, however, common factors that contribute to the success of AMCs. These include supporting legal and regulatory environment, strong leadership, operational independence, appropriately structured incentives, and commercial orientation.

8. Suggestions

The suggestion for the Strategies of Asset Management Companies Across the world is to diversify their asset based on their risk tolerance. This is done by deep quantitative and qualitative analysis of each portfolio component. They can get more customers by providing an open and realistic picture of their strategies and if they are better than the competition. By that, they can reduce the costs of the operations by using economies of scale to minimize the costs, and by doing meticulous work on the assets included in the portfolio, they can gain an advantage over the competition and beat the market. This can be achieved by being on the current edge of the technological frontier to have the ability to create positive Alpha for themselves (Beating the market). It is always better to analyze Fund Performance vs Benchmark Performance, followed by Checking the Expense Ratio of Funds, Study Fund History, Check the Strength of the Portfolio, Check Portfolio Turnover Ratio (PTR), Compare the Maturity Period of Funds, Compare Risk-Adjusted Returns. A comprehensive research team is always working on performance analysis of various companies and financial markets across the globe.

Abbreviations

AMC	Asset Management Company
FDIs	Foreign Domestic Investments
FIIs	Foreign Institutional Investors

AUM	Assets Under Management
ETFs	Exchange Traded Funds
UTI	Unit Trust of India
ESG	Environment and Social Governance
REITs	Real Estate Investment Trusts
ETFs	Exchange Traded Funds

Conflicts of Interest

The authors declare no conflicts of interest.

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