

Investment management services' for managers and their funds

Industry Issues

In the investment management industry, enhancement of the investment management operations is vital in order to respond to the changing environment and to serve investor needs.

The promotion to change investment trends ("from savings to investment") in the Japanese financial market will expand the investment management industry and markets in Japan, and investment managers are expected to play more important roles in the industry value chain.

On the other hand, the investment management industry may be faced with more radical industry turmoil than the of the past (e.g. globally strengthened regulations and keen competition for growing markets), and accordingly, investment managers are expected to enhance and upgrade their operations to fulfill their fiduciary duties.

It is essential for investment managers in Japan to enhance their operations to manage more sophisticated and complex financial products (e.g. global asset management, development of financial products targeting specific risks, finding new or alternative assets for investment) in response to growing markets and to serving diverse needs of investors.



Changing environment

Enhanced regulations

- Need for improved investor protection, fair dealings
- Enhanced disclosure and accountability requirements
- Tighter regulatory supervision over investment funds

Diverse needs of investors

resulting form the demographic transformation, technological advancement and social shift Accelerated trends ("from savings to investment")

Changes in investors' profile, needs and requirements

Evolving markets and social structure

- Flow of funds to investment with higher risk and return
- Structural reform of the Japanese pension system
- Global competition for growing markets

Issues

- Understanding, analyzing and responding to Japanese and overseas regulatory trends
- Dealing with changes in laws / regulations and inspections
- Building an appropriate governance
- Investing based on investors' needs
- Earning high returns through long-term investment
- · Exploring new assets for investment globally
- Contributing to the formation of investors' assets
- · Fulfilling fiduciary duties
- Achieving flexible and responsive operations

Helping You Grow

The Asset Management Group in KPMG Financial Services Japan assists investment managers to deal with the challenges they are facing utilizing our deep understanding of the business of investment managers.

With the expected changes in the investment management industry, KPMG Japan established the Asset Management Group (AMG) to integrate knowledge and skills within the KPMG group to support investment managers strategically to deal with the challenges they are facing.

The AMG provides professional services that address industry-specific issues, including fund (investment trusts and investment limited partnership) audits, internal controls, risk management and regulatory advisory, as well as supporting the enhancement of investment management operations to deal with the challenges investment managers may face, by utilizing KPMG's global network of firms.

Asset Management Group



Our Services

The AMG provides professional services addressing industry-specific issues including supporting to enhance investment management operations.

Statutory audits Design and verification of internal controls Financial statement audits of publicly-placed investment trusts under the Financial Instruments and Exchange Act (FIEA) Attestation of controls at service organizations (ISAE3402 / SSAE16) Verification of Global Investment Performance Standards compliance Financial statement audits of asset management companies under the FIEA and the Financial statement audits of Investment Limited Partners under the FIEA Financial statement audits under the Limited Partnership Act for Investment financial instruments business operator's regulations Non-statutory audits Development of the internal audit function Financial statement audits of privately-placed investment trusts pursuant to the FIEA External evaluation of the internal audit function based on Institute of Internal Auditors Audit Financial statement audits of asset management companies to which statutory audits are not applicable Support for the development and improvement of the internal audit function Internal audit co-sourcing Audit related services Investigation of the value etc. of specified assets of investment trusts and investment corporations Asset Management Services Redulatory FIEA related support Development of risk management systems Assisting in the registration of financial instrument business operators and implementation of structures · Advising on securities-related laws and regulation compliance Regulatory investigation and analysis **Evaluation and improvement of business processes** Investigation on relevant Japanese / overseas regulations (including joint investigation with global KPMG member firms) Analysis of impact of overseas regulations on investment management industry Visualization of business processes, gap analysis in line with regulatory requirements and best practices insight, in addition to remediation plans based Research on cross border regulations including funds passport and market and other support for oversea locations

The companies we can provide with the services introduced in this brochure and the scope of such services may be limited from the perspective of the Certified Public Accountants Act, independence rules and conflicts of interest, among others

Our Global Network

In KPMG's global network of firms, asset management professionals in various countries are able to maintain strong relationship, which helps to accumulate industry specific knowledge and provide information on current status of industry and regulatory changes for global clients.



KPMG Thought Leadership



Evolving Investment Management Regulation

In this report, we analyze the latest trends of various countries' investment management regulations and discuss the practical challenges affecting asset managers who address global regulatory compliance issues.



Investing in the Future

In this report, we discuss the implications invest managers should consider when addressing global megatrends that will affect the industry sector

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