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» Half of CIO respondents expect double-digit growth in net inflows in the next 12 months
» Improved investment results and stronger fees will further support revenue growth

Asset managers in Gulf Cooperation Council (GCC) countries expect increased inflows over the next 12 months amid growing demand for Islamic and environmental, social and governance (ESG)-compliant investments, according to Moody’s 2021 survey of chief investment officers (CIOs) from eight leading GCC fund firms.

“Half of CIO respondents expect double-digit growth in net inflows, and another 33% foresee a high single-digit increase,” Vanessa Robert, VP-Senior Credit Officer at Moody’s Investors Service, said in a report today. “Improved investment results and stronger fees, already comparatively high in the GCC region, will further support revenue growth.”

The survey found 38% of respondents expect a significant increase in demand for ESG-compliant investment products. Half of respondents expect sales of Islamic products to grow more rapidly than sales of conventional investments in the next year. The rising demand reflects the GCC region’s large Muslim population, and the industry’s efforts to expand its range of Islamic investment options.

Consolidation appetite is high. Around 50% of respondents said they were open to merger and acquisition (M&A) activity within the next two years. The industry’s interest in M&A reflects the GCC asset management sector’s growing sophistication, as well as mounting competitive pressure.

Respondents’ optimism was tempered by worries over geopolitical tensions, the economic impact of the pandemic, and volatile oil prices.

Subscribers can access the report at: http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1297354

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Vanessa Robert
VP-Sr Credit Officer
Financial Institutions Group
Moody's France SAS
JOURNALISTS: 44 20 7772 5456
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