

23rd May 2016

Luxembourg fund industry consolidates its position

New findings from the 22nd edition of the Monterey Insight Fund Report, as compiled by Monterey Insight, the independent fund research company, reveal the market shares of all service providers in Luxembourg's funds industry.

Luxembourg-domiciled fund assets rose by 1% to US\$3,815.9 billion (€3,512.9bn) over the year 2015, up from US\$3,777.7 billion (€3,121.9bn) in 2014. The number of sub-funds reached 13,920, an increase of 246 sub-funds or 1.80% over the previous year (up from 13,674).

Specialised Investment Funds (SIFs) contributed US\$424.5bn with 3,275 funds, down by 2.2% from US\$434.1bn (3,221 funds), at the end of 2015.

Turning to service providers, State Street maintained its first position as the largest administrator by total net assets (US\$ 624.2bn), followed by J.P. Morgan in second spot (US\$520.4bn), and BNP Paribas (US\$284.3bn) ranked third ahead of BNY Mellon (US\$278.8bn) in fourth position.

Martin F Dobbins, Managing Director and Country Head of State Street Luxembourg, comments: "Our clients' confidence in our ability to create innovative solutions for their complex investment needs helps us to be successful and maintain our first position as the largest administrator and the second largest custodian in Luxembourg. Today's environment brings tremendous opportunities, we are proud to continue to grow and increase our market share of assets across both categories. We are excited to help clients make the right connections, bringing opportunities into focus and paving the way ahead."

As has been the case for a number of years, J.P. Morgan retained its lead position (US\$731.7bn) for custody business with State Street remaining in second place (US\$698.0bn).

Amanda Cameron, Managing Director, J.P. Morgan Bank Luxembourg comments, "Luxembourg is critical to our regional and global client strategy and success. Our sustained leadership positions over the past 12 years as number one Custodian, as well as a leading fund administrator is testament to the longevity of business entrusted to us by our clients. As we continue to grow our product offering from our Luxembourg platform, we see opportunities to further strengthen our relationships as a trusted and innovative partner in this important market."

For professional firms, PricewaterhouseCoopers sustains its dominance in auditing 5,706 sub-funds, ahead of KPMG and Deloitte. Steven Libby, Partner and Asset Management Leader at PwC Luxembourg states "With an audit market share of half of the Luxembourg fund industry, PwC Luxembourg values the trust placed in its team and the importance of making the most of its leading position in asset management, to build confidence in the industry and to help in solving asset managers' challenges."

As last year Arendt & Medernach (with 3,609 sub-funds) has maintained its first position by number of funds followed by Elvinger, Hoss & Prussen (with 3,237), however the latter has sustained its leading market share by total net assets.

Claude Kremer, Head of Investment Management, Arendt & Medernach affirms "In an ever more competitive and international asset management landscape, we are proud to see that we have strengthened our position, in the eyes of the industry, as the most frequently trusted legal advisor in Luxembourg. This encourages us to continue to constantly improve the quality of our advice and level of service for clients around the world."

The largest fund promoter/initiator of Luxembourg domiciled schemes is J.P. Morgan Asset Management (US\$278.7bn), followed by Deutsche Asset & Wealth Management (US\$193.3bn), and in third position BlackRock Financial Management (US\$163.2bn), up one place from last year.

This year Monterey Insight decided to enhance the value of their report by introducing Management Company /AIFM providers. Among ManCo's (UCITS/Part I only) J.P. Morgan Asset Management (Europe) takes first position with a total net assets of US\$278.5bn ahead of Deutsche Asset & Wealth Management Investment (US\$181.5bn) and BlackRock (US\$148.8) in third position.

In the AIFM rankings (Part II/SIF & SICARs), Deka International stands in first position with a total net assets of US\$27.0bn followed by Universal –Investment Luxembourg (US\$17.8bn) ranked second and Pictet Asset Management (Europe) (US\$17.6bn) ranked third.

The largest umbrella fund by number of sub-funds was Fidelity Funds with 150 sub-funds, ahead of DB X-Trackers (123 sub-funds) and JPMorgan Funds (119 sub-funds).

For SICARs, the US based Carlyle Group continues to be the largest promoter and administrator of SICARs with \$6.8bn in assets. Followed by Partners Group (US\$4.7bn) and Trief Corporation (US\$3.5bn) as promoters in second and third position for SICARs. SICARs had total assets of US\$41.5bn from 364 schemes.

Within the classification of UCITS schemes, Handelsbanken Funds took the lead for the largest self-managed Sicav with assets of US\$14.6bn and 21 sub-funds, ahead of Swiss RE Funds (Lux) I (US\$14.4bn).

Again this year Equity funds, at US\$1,170.5bn, are the most popular asset class in 2015 accounting for 31.0% of the total assets in Luxembourg, just slightly ahead of bond funds with a 28.2% share of total assets. Cash products grew this year by 1.4% and Mixed Equities/Bonds increased this year by 11%.

Among newly launched funds, out of 1,612 funds launched during 2015 with a total assets of US\$136bn, the top five sectors were traditional investments such as Global Mixed Equities/Bonds and Europe Mixed Equities/Bonds with a total assets of US\$71.5bn accounting for half of the assets launched during the year.

Karine Pacary, Managing Director, Monterey Insight, comments: "This is once again a very pleasing year for the Luxembourg fund industry with an increase of assets and sub-funds as well as dynamic regulatory initiatives. With the growing importance of the ManCo and AIFM, Monterey is proud to have introduced rankings for these, showing not only the listing of Luxembourg ManCo/AIFM but also any passporting Manco's. The latest report has also been enhanced with analysis showcasing the various new businesses of each service provider. We are proud to deliver high quality research that helps those involved to grow their business and which remains relevant to this dynamic fund market and its various players"

For more information, please contact:

Karine Pacary

Managing Director, Monterey Insight

Tel. +44 (0)845 625 3863

Email: karine.pacary@montereyinsight.com

Notes to Editors

Monterey Insight is an independent fund research company that provides comprehensive statistical analysis of the Luxembourg, Ireland, Guernsey and Jersey fund industries: the only complete reference of service providers for all funds serviced in these jurisdictions.

As at 31st December 2015, leading service providers for Luxembourg funds were as follows:

Source: Monterey Insight, Luxembourg Fund Report.

Rank	Administrators	Net Asset US\$ bn
1	State Street	624.2
2	J.P. Morgan Bank	520.4
3	BNP Paribas	283.2
4	BNY Mellon	278.8
5	RBC Investor & Treasury Services	195.3

Rank	Custodians	Net Asset US\$ bn
1	J.P. Morgan Bank	731.7
2	State Street	698.0
3	BNP Paribas	306.8
4	Brown Brothers Harriman (BBH)	306.2
5	BNY Mellon	267.9

Rank	Auditors	No.Funds
1	PricewaterhouseCoopers	5,706
2	KPMG	3,005
3	Deloitte	2,534
4	EY	2,115

Rank	Legal Advisers	No.Funds
1	Arendt & Medernach	3,609
2	Elvinger, Hoss & Prussen	3,237
3	Linklaters	924
4	Bonn & Schmitt	779

Rank	Promoters	Net Asset US\$ bn
1	J.P. Morgan	278.7
2	Deutsche Asset & Wealth Management	193.3
3	BlackRock Financial Management	163.2
4	UBS	136.3
5	Franklin Templeton Investments	124.1

Rank	Luxembourg ManCo /AIFM (UCITs only)	Net Asset US\$ bn
1	J.P. Morgan Asset Management (Europe)	276.8
2	Deutsche Asset & Wealth Management Investment	169.9
3	BlackRock	146.4
4	Franklin Templeton Management Luxembourg	119.3
5	UBS Fund Management	110.3