

25<sup>th</sup> May 2018

## The Luxembourg fund industry tops €4 trillion

New findings from the 24<sup>th</sup> edition of the Monterey Insight Fund Report, as compiled by Monterey Insight, the independent fund research company, reveal the market shares of all services providers in Luxembourg's funds industry.

Please note all findings below include regulated funds (SIFs, UCITS/UCIs and SICARs) unless indicated otherwise.

The total net assets for all collective investment funds domiciled in Luxembourg rose from US\$3,976.9bn to US\$5,022.2bn in 2017. This equates to a euro growth of 10.9% from €3,771.2bn in 2016 to €4,182.5bn in 2017.

Of the total assets as at 31<sup>st</sup> December 2017, SICARs amount to a total market size of US\$54.9bn with 397 sub-funds and Specialised Investment Funds (SIFs) contribute US\$581.6bn of assets with 3,353 sub-funds.

The overall number of regulated sub-funds reached 14,612 a negligible increase of 0.9% from the 14,481 of the previous year.

In addition to the above, for unregulated structures such as the Reserved Alternative Investment Fund (RAIF), we had coverage in excess of 75% of funds' AUM with a total of US\$18.6bn in assets from a total fund count of 281 sub-funds. Although our coverage on the unregulated Limited Partnerships (SCS & SCSp) <sup>^</sup> is still in an exploration phase, we have managed to collect information on over 470 of these types of funds with total net assets reaching US\$43.4bn.

Turning to service providers, the top positions remain unchanged for fund administration: State Street lead by total net assets (US\$926.8bn), followed by J.P. Morgan Bank in second position (US\$687.6bn) and BNY Mellon (US\$381bn) ranked third ahead of BNP Paribas (US\$346.8) in fourth.

**David Suetens, Country Head of State Street in Luxembourg commented: "Our broad offering combines core servicing capabilities and innovative technology to offer truly integrated solutions that will help our clients achieve their goals. While we're already well positioned in the cross border markets, we plan to further strengthen our competitive advantage by continuing to explore new technologies that will improve our clients' experience."**

Among custodians, as has been the case for a number of years, J.P. Morgan Bank rank in top position with the largest proportion of assets under custody (US\$ 944.7bn) ahead of State Street (US\$934.7bn) and followed in third position by Brown Brothers Harriman (BBH) (US\$405.3bn).

**Michael Fox, Head of Custody and Fund Services Luxembourg at J.P. Morgan Bank comments "Our team has worked hard to sustain leadership positions in custody and fund administration by tirelessly supporting our existing clients and earning the trust of new ones. We are proud that our strategy of focusing on targeted local growth in Luxembourg, while building on and leveraging the benefits of a unique global organization and footprint, is seeing this recognition. Luxembourg will**

**continue to be at the heart of our European operations, and we are committed to growing our services, hiring the best people and earning the trust of our clients every day."**

The largest transfer agent ^^ by assets is RBC Investor Services Bank with a total of US\$835.3bn and a total of 1,506 funds, followed by IFDS / State Street (US\$736.8bn) and in third position J.P. Morgan Bank (US\$295.5bn).

**Sébastien Danloy, CEO, RBC Investor Services Bank S.A. commented, "We are pleased with the ranking in this year's report that helps endorse our leadership in Transfer Agency (TA). RBC Investor & Treasury Services remains committed to the TA industry as demonstrated in our ongoing investment in technology. This result is a reflection of our commitment to placing our clients and their underlying investors at the heart of everything we do."**

PwC maintained its lead in auditing with a total of 6,137 sub-funds, ahead of KPMG and Deloitte.

**Steven Libby, Partner and Asset & Wealth Management (AWM) Leader at PwC Luxembourg states "With an audit market share of over half of the growing Luxembourg fund industry, our AWM team continues to invest to unlock insights to power our clients forward. We are helping them raise expectations, move confidently, and outpace change, by leveraging our deep industry expertise, holistic and global capabilities, as well our investments in talent, innovation and future-forward technology."**

For legal advisers, Arendt & Medernach have maintained first place by number of funds (with 3,883 sub-funds), followed by Elvinger, Hoss & Prussen (with 3,419 sub-funds). However, as in previous years, Elvinger, Hoss & Prussen is in first position by the total amount of net assets.

**Isabelle Lebbe, Head of Investment Management at Arendt & Medernach, comments "Luxembourg remains the central hub of the asset management industry, of which our Fund Formation team is an integral part. As market leaders in terms of the number of funds we advise, our focus remains on supporting the success of our clients by providing pragmatic, insightful advice. Always looking forward and anticipating new challenges for our clients, we believe that next year the topics of distribution, governance and delegation will be key."**

In the ManCo/AIFM rankings, for the ManCo's (UCITS/Part I only) we have J.P. Morgan Asset Management (Europe) in first position with total net assets of US\$351.6bn followed by Deutsche Asset Management (US\$204.2bn) in second and BlackRock (US\$187.6bn) in third place.

And in the AIFM rankings (Part II/SIF & SICARs), Universal –Investment Luxembourg take the first place this year ahead of Deka International with figures respectively of US\$31.0bn and US\$26.9bn followed by Cadelux in third position with US\$23.6bn.

Among fund manager companies, the largest promoter/initiator of Luxembourg domiciled schemes is J.P. Morgan (US\$354.5bn), followed by Deutsche Asset Management (US\$216.9bn) and in third position BlackRock Financial Management (US\$190.5bn).

As in previous years, equity funds are the most popular product by AUM (US\$1,510.5bn) exceeding bond funds with assets of US\$1,429.3bn. Equity funds are also the most popular product in terms of number of sub-funds reaching 4,071.

Among newly launched funds, global bonds are the most popular with total assets of US\$32.5bn, followed by global fund of funds with US\$20.7bn.

**Karine Pacary, Managing Director, Monterey Insight comments, “Our 24th edition of the Monterey Luxembourg Fund Report has proved to be an excellent year of growth for the Luxembourg fund industry with an increase in excess of 1bn US\$ in assets from last year. It is pleasing to see such continued progression in Luxembourg especially seen by the emergence for new products such as RAIF funds. Even though the amount of newly launched regulated structures has remained relatively static during 2017, the capture of unregulated products in our report such as RAIFs or LPs highlights the changing nature of Luxembourg as a fund jurisdiction. Therefore, we are more than pleased to publish our new release to assert the Luxembourg fund industry as one of the prime global fund centres.”**

**Please note the figures listed above include UCITS, SICARs and SIFs unless indicated otherwise.**

**For more information, please contact:**

Karine Pacary  
Managing Director, Monterey Insight  
Tel. +44 (0)845 625 3863  
Email: [karine.pacary@montereyinsight.com](mailto:karine.pacary@montereyinsight.com)

**Notes to Editors**

^ For SCS & SCSp, we have included schemes which we believe are classified as an investment fund product, especially focusing on those with an appointed AIFM.

^^ J.P. Morgan Asset Management S.a.r.l. delegates the transfer agency function to RBC Investor Services Bank. To be consistent with our approach, this year we have included JP Morgan Liquidity Funds within RBC Investor Services Bank market share. On this basis, using the same criteria for last year, the revised rankings as at 31-Dec-2016 would have listed RBC Investor Services Bank on the first position.

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

As at **31<sup>st</sup> December 2017**, leading service providers for Luxembourg funds were as follows (the below ranking includes SIFs, UCITS/UCIs and SICARs):

**Source:** Monterey Insight, Luxembourg Fund Report.

Rank	Administrators	Net Asset US\$ bn
1	State Street	926.8
2	J.P. Morgan Bank	687.6
3	BNY Mellon	381.0
4	BNP Paribas	346.8
5	RBC Investor & Treasury Services	285.1

Rank	Custodians	Net Asset US\$ bn
1	J.P. Morgan Bank	944.7
2	State Street	934.7
3	Brown Brothers Harriman (BBH)	405.3
4	BNP Paribas	404.1
5	BNY Mellon	366.3

Rank	Transfer Agents	Net Asset US\$ bn
1	RBC Investor Services Bank	835.3
2	IFDS / State Street	736.8
3	J.P. Morgan Bank	295.5
4	BNP Paribas	270.1
5	CACEIS	236.7

Rank	Auditors	No.Funds
1	PricewaterhouseCoopers	6,137
2	KPMG	3,174
3	Deloitte	2,564
4	EY	2,214

Rank	Legal Advisers	No.Funds
1	Arendt & Medernach	3,883
2	Elvinger, Hoss & Prussen	3,419
3	Linklaters	865
4	Bonn & Schmitt	711

Rank	Promoters	Net Asset US\$ bn
1	J.P. Morgan	354.5
2	Deutsche Asset Management	216.9
3	BlackRock Financial Mgt	190.5
4	Amundi	180.7
5	UBS	160.3

Rank	Lux ManCo /AIFM (UCITS only)	Net Asset US\$ bn
1	J.P. Morgan AM (Europe)	351.6
2	Deutsche Asset Management	204.2
3	BlackRock	187.6
4	Amundi Luxembourg	167.8
5	UBS Fund Management	143.2