

Observatory for Management Companies

2020 Barometer

Located in the heart of Europe, and with a proven focus on providing experience and infrastructure to service the Asset and Wealth Management sector, Management Companies (ManCos) seem to feel at home in the Grand Duchy of Luxembourg. A success story whose first pages were written in 1988 with the transposition of the UCITS Directive. ManCos saw their role and power legitimised with the adoption of UCITS III in the early 2000s.

More recently driven by the adoption of the AIFM Directive in 2013, ManCos in Luxembourg have successfully shifted from traditional to alternative strategy assets and even more recently from regulated to unregulated assets. The successes of RAIFs and SCSS/SCSPs in Luxembourg confirm this trend, which are now included in our ManCo Poster with key data on RAIFs and SCSS/SCSPs and taking into account unregulated assets in our analysis.

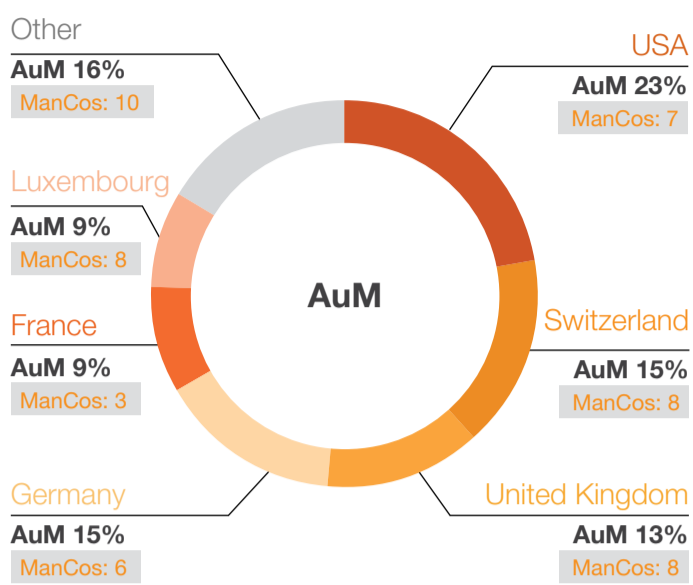
2020 will be a special year. 2019 ended with a series of records, Assets Under Management (AuMs) reached EUR 4,718 billion, representing a year on year increase of 16%. Thus, the year began on the right foot for ManCos, who have assimilated a dense regulatory agenda over the past 18 months with, among others, the implementation of the CSSF Circular 18/698. 2020 promised to be a challenging year for ManCos with great opportunities to seize with the development of the alternatives sector (private equities and private debts, infrastructure, real estates...), the rally towards Environmental, Social and Governance (ESG) products and ESG integration, with sustainable funds capturing a significant portion of inflows in Europe, the fierce competition between Asset Managers and ManCos in a context of pressure on fees or the imperative necessity of the actors to follow the exponential evolution of digitalisation / transformation.

However, 2020 began with an entirely different unpredictable challenge, the COVID-19 pandemic, which presents significant challenges to people and organisations around the globe. In addition to ensuring that all of their employees remain safe and in good health, ManCos faced a number of challenges, such as dealing with large redemptions and liquidity risks, their Risk Management functions being in the foreground facing the explosion of market volatility... The period is currently the moment of truth for Business Continuity Plans and remote access solutions. The emphasis in recent years on the need for substance in ManCos allowed them to have the tools necessary to deal with the crisis.

One of the biggest challenges for ManCos will be managing their profitability. Indeed, over the past years, we have noticed an erosion of profitability due to a combination of factors such as the pressure on fees or the need for additional substance in ManCos. Those elements, combined with a decrease of their AuM following the crisis (AuM in Luxembourg decreased by 12% from December 2019 to March 2020, representing 569bn EUR) will be on the top of the ManCos diaries.

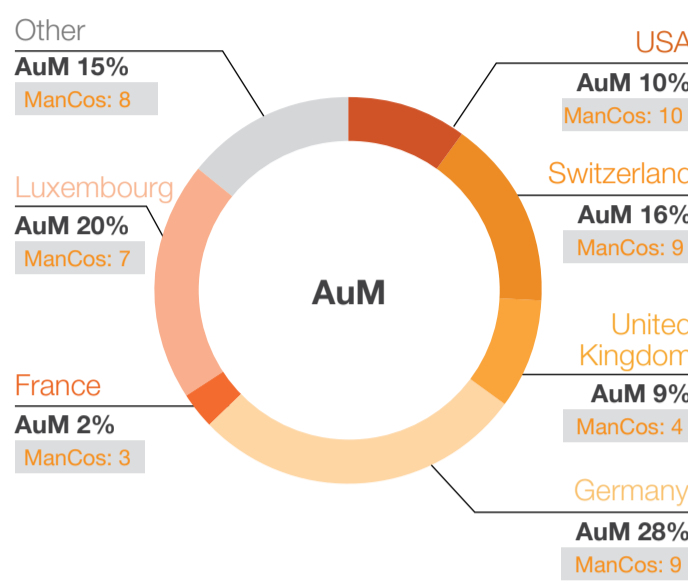
Last but not least, valuation exercises for closing end of March 2020 and end of June 2020 for Alternative Investments will be crucial in this period of instability and promise to be a very delicate exercise for players exposed to illiquid assets.

Origin of Top 50 ManCos























Sources: Fundsquare (December 2019), CSSF Official List (2019), PwC analysis

Origin of Top 50 Authorised AIFMs



Sources: Fundsquare (December 2019), CSSF Official List (2019), PwC analysis

Top 20 Luxembourg ManCos - as of 31 December 2019 (in million Euros)

			Nationality of the Group	Sum of AuM Dec 2019	% of Regulated AuM	% of Unregulated AuM	Variation to Dec 2018	# of funds Dec 2019	Variation to Dec 2018	% of UCITS in AuM Dec 2019	% of AIFM TP Dec 2019	Foreign AuM Dec 2019	
Ranking	Ranking Evolution	ManCo											
1	=	JPMorgan Asset Management (Europe) S.à r.l.		319,952	15%	23	16	185	34	✓	✓	99%	2,876
2	=	DWS Investment S.A.		248,058	41%	104	14	486	14	✓	✓	92%	45,885
3	=	Amundi Luxembourg S.A.		179,548	16%	21	-7	307	-21	✓	✓	98%	-
4	+	UBS Fund Management (Luxembourg) S.A.		166,992	27%	60	14	360	58	✓	✓	90%	20,032
5	-	Blackrock (Luxembourg) S.A.		150,369	6%	3	-1	127	-1	✓	✓	100%	-
6	+	Schroder Investment Management (Europe) S.A.		124,785	14%	19	9	221	26	✓	✓	95%	312
7	-	FIL Investment Management (Luxembourg) S.A.		117,274	6%	6	1	159	2	✓	✓	99%	-
8	+	Pictet Asset Management (Europe) S.A.		103,841	21%	10	1	109	-	✓	✓	87%	-
9	+	Euron Capital S.A.		99,457	17%	13	1	202	9	✓	✓	98%	-
10	-	Aberdeen Standard Investments Luxembourg S.A.		97,337	9%	39	1	153	8	✓	✓	93%	3,452
11	+	AllianceBernstein (Luxembourg) S.à r.l.		94,382	44%	22	-1	97	-2	✓	✓	92%	229
12	=	BNP Paribas Asset Management Luxembourg S.A.		87,877	11%	25	-4	200	-37	✓	✓	96%	-
13	=	NORDEA Investment Funds S.A.		87,328	21%	5	-3	107	-15	✓	✓	94%	-
14	-	Franklin Templeton International Services S.à r.l.		84,716	2%	10	2	99	-1	✓	✓	95%	-
15	+	M&G Luxembourg S.A.		78,922	143%	14	8	98	57	✓	✓	54%	27,615
16	+	FundRock Management Company S.A.		67,902	57%	96	19	323	47	✓	✓	67%	1,959
17	+	Universal-Investment-Luxembourg S.A.		67,606	15%	142	20	248	12	✓	✓	13%	-
18	+	Credit Suisse Fund Management S.A.		61,201	36%	19	-3	132	5	✓	✓	72%	-
19	-	GAM (Luxembourg) S.A.		57,658	8%	22	-1	168	-10	✓	✓	94%	35
20	-	Invesco Management S.A.		57,567	-1%	2	-	105	7	✓	✓	86%	-

* AuM of Luxembourg Funds (UCITS, Regulated and Unregulated AIFs).

Unregulated and foreign AuM being not publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2020.

Sources: Company Information, CSSF Official List (2019), Fundsquare (2018 - 2019), Company latest financial statements, PwC analysis

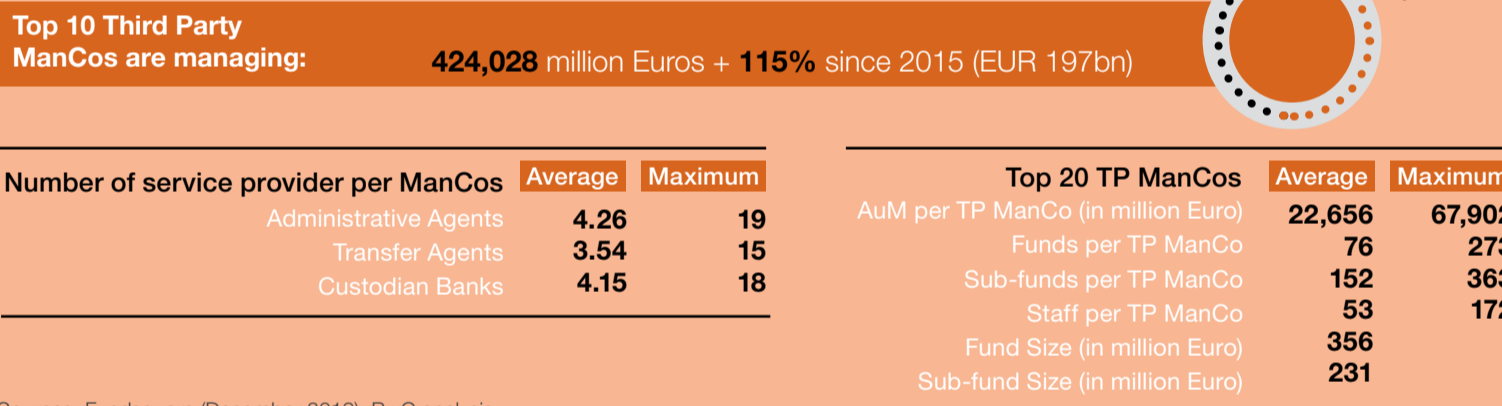
Top 10 Third Party ManCos - as of 31 December 2019 (in million Euros)

				Nationality of the Group	Sum of AuM Dec 2019	% of Regulated AuM	% of Unregulated AuM	Variation to Dec 2018	# of funds Dec 2019	Variation to Dec 2018	% of UCITS in AuM TP Dec 2019	% of AIFM TP Dec 2019	
Ranking	Ranking Evolution	ManCo											
1	+	FundRock Management Company S.A.			67,902	57%	96	21	323	49	✓	67%	100%
2	-	Universal-Investment-Luxembourg S.A.			67,606	49%	142	42	248	70	✓	13%	100%
3	=	GAM (Luxembourg) S.A.**			45,889	21%	10	-1	128	3	✓	94%	80%
4	=	Hauck & Aufhäuser Fund Services S.A.**			44,494	21%	273	-45	363	-46	✓	18%	94%
5	+	Came Global Fund Managers (Luxembourg) S.A.			42,388	312%	120	74	204	166	✓	48%	100%
6	+	UBS Fund Management (Luxembourg) S.A.**			36,678	247%	20	4	107	22	✓	90%	22%
7	-	MDO Management Company S.A.			32,044	15%	58	2	269	4	✓	68%	100%
8	=	LRI Invest S.A.			31,181	95%	115	50	228	120	✓	28%	100%
9	-	LEMANIK Asset Management S.A.			30,071	16%	76	21	250	40	✓	90%	100%
10	-	FundPartner Solutions (Europe) S.A.			25,775	5%	64	-8	275	-79	✓	51%	100%

** ManCos being not exclusively Third Party. AuM disclosed represent their Third Party AuM.











Sources: Company Information, CSSF Official List (2019), Fundsquare (2018 - 2019), Company latest financial statements, PwC analysis

Key Statistics on Third Party ManCos



Sources: Fundsquare (December 2019), PwC analysis

Top 10 Luxembourg Authorised AIFMs - as of 31 December 2019 (in million Euros)

(in million Euros)												AIFs Investment Strategies - licenses held											
Ranking	Ranking Evolution	ManCo	Nationality of the Group	Sum of AuM Dec 2019	% of Regulated AuM	% of Unregulated AuM	Variation to Dec 2018	# of funds Dec 2019	Variation to Dec 2018	% of UCITS in AuM TP Dec 2019	% of AIFM TP Dec 2019	Foreign AuM Dec 2019	Asset Funds	Private Equity	Real Estate	Funds of Funds	Commodity	Infrastructure	Real Income	Other	Multi-Asset	Specialized	Other
1	=	Universal-Investment-Luxembourg S.A.		58,498	67%	33%	11%	95	13	168	8	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	=	Hauck & Aufhäuser Fund Services S.A.		38,536	72%	28%	46%	218	34	216	-8	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	+	M&G Luxembourg S.A.		36,157	100%	0%	441%	13	8	59	54	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	+	LRI Invest S.A.		22,419	86%	14%	94%	55	17	104	46	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	+	Came Global Fund Managers (Luxembourg) S.A.		22,114	8%	92%	99%	104	16	104	43	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	+	FundRock Management Company S.A.		22,095	89%	11%	206%	40	17	72	29	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	+	DWS Investment S.A.		20,322	93%	7%	45%	31	18	38	19	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	-	JAB Consumer Fund Management S.à r.l.		19,235	100%	0%	40%	1	-	15	5	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	+	Flossbach von Storch Invest S.A.		17,319	100%	0%	38%	6	-	6	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	-	Credit Suisse Fund Management S.A.		17,187	98%	2%	25%	9	-3	24	-4	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

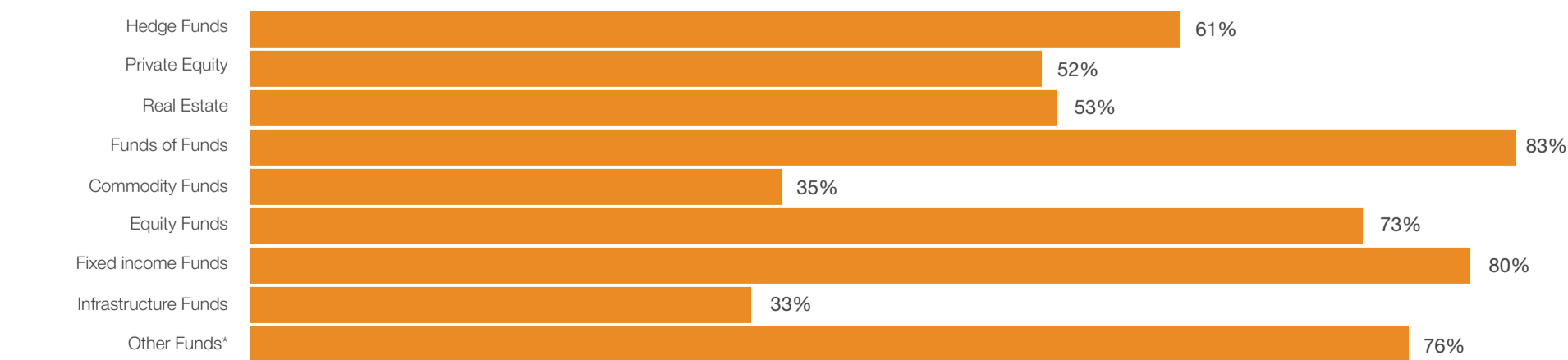
* AuM of Luxembourg Funds (Regulated and Unregulated AIFs).

Unregulated and foreign AuM being not publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2020.

Sources: Company Information, CSSF Official List (2019), Fundsquare (2018 - 2019), Company latest financial statements, PwC analysis

Key Statistics on Authorised AIFMs

AIFs Investment Strategies - licenses held - as of 31 December 2019



Source: PwC ManCo Survey 2020

Sample of the PwC ManCo Survey 2020: 45 ManCos (UCITS ManCos, Authorised AIFMs, Super ManCos) managing EUR 2,690bn.

Contacts

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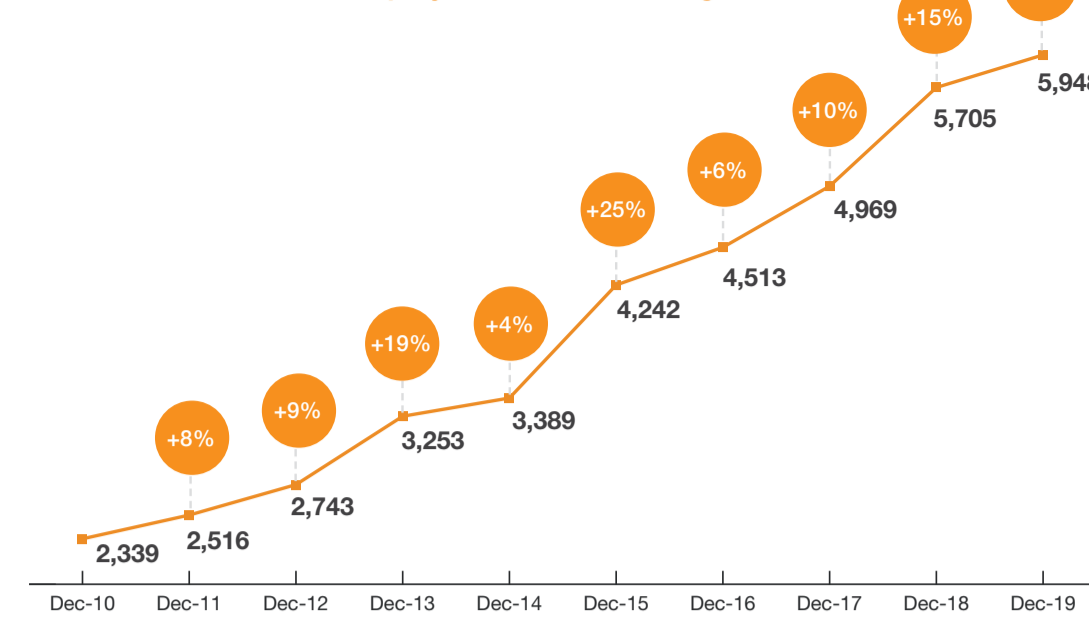
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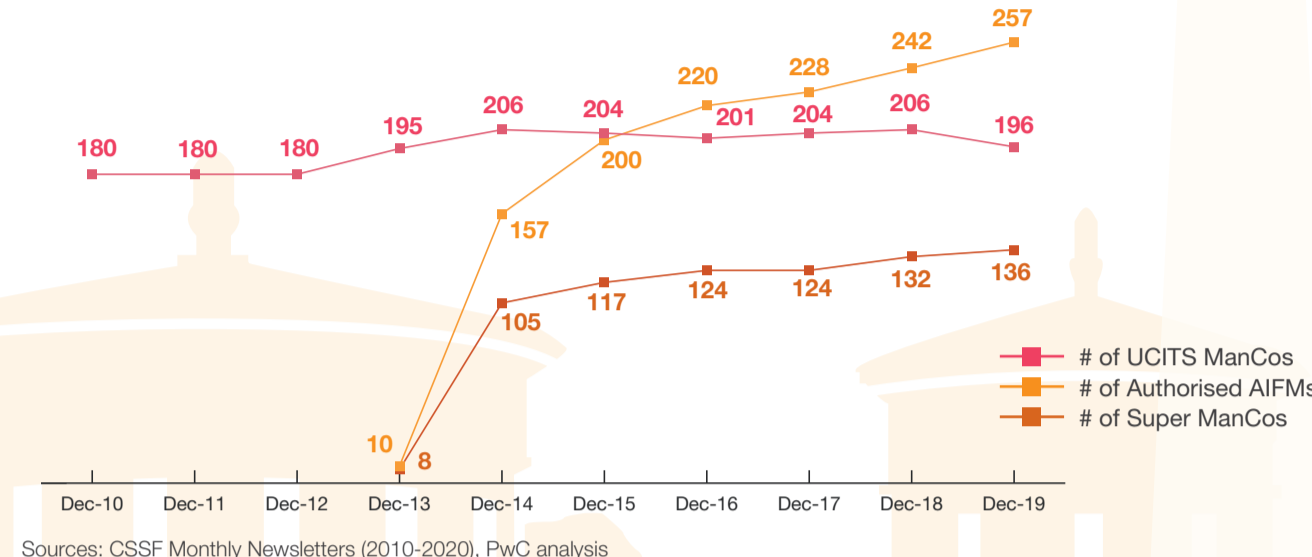
Key Statistics on ManCos

Evolution of number of employees in Luxembourg ManCos



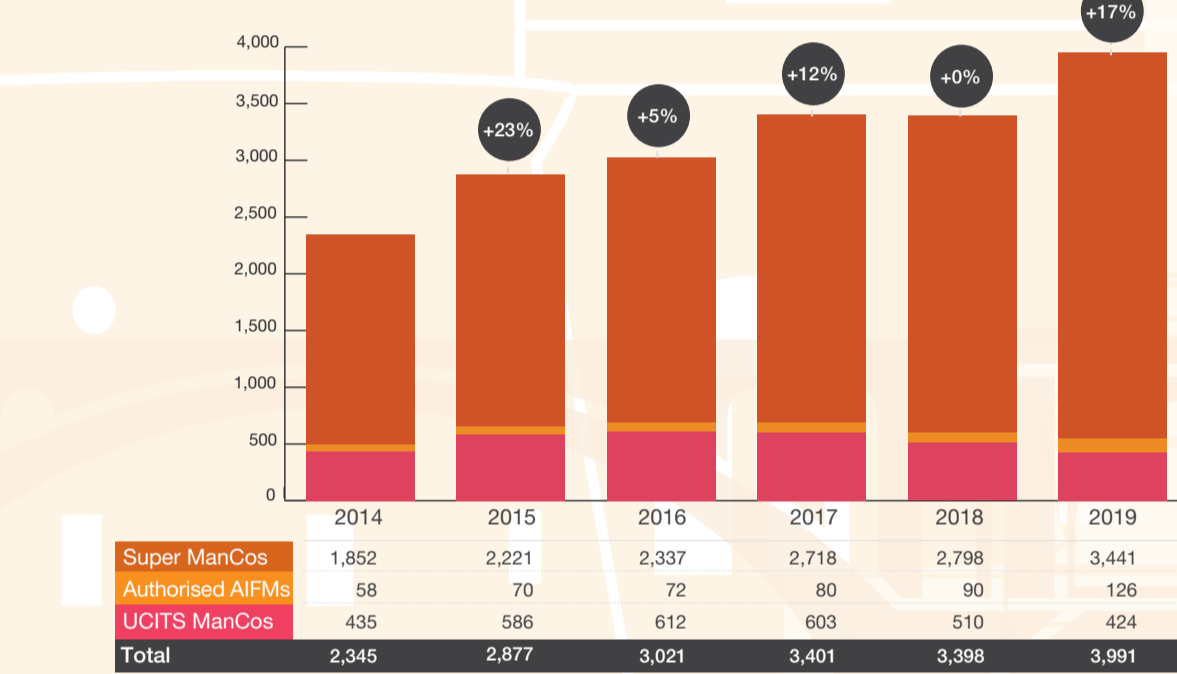
Sources: CSSF, PwC analysis

Evolution of number of ManCos



Sources: CSSF Monthly Newsletters (2010-2020), PwC analysis

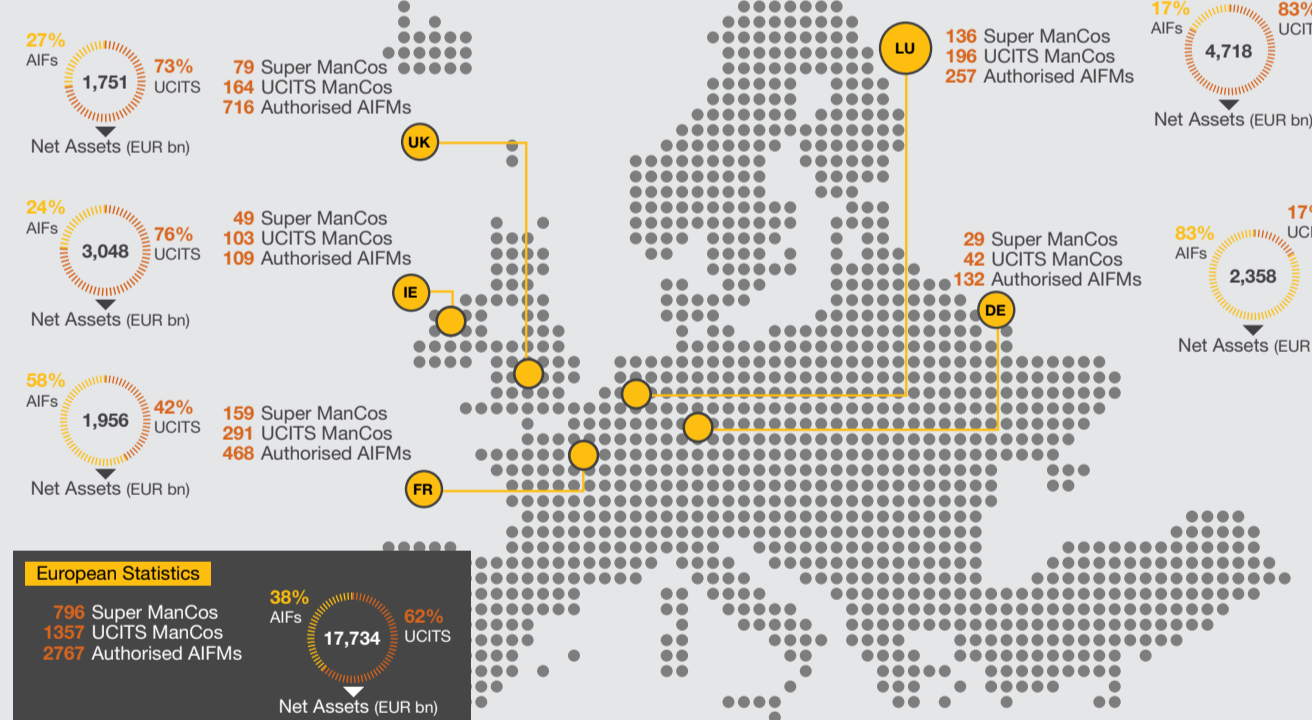
Evolution of AuM by type of ManCos (in billion Euros)



Sources: CSSF Official List, Fundsquare (2014-2019), PwC analysis

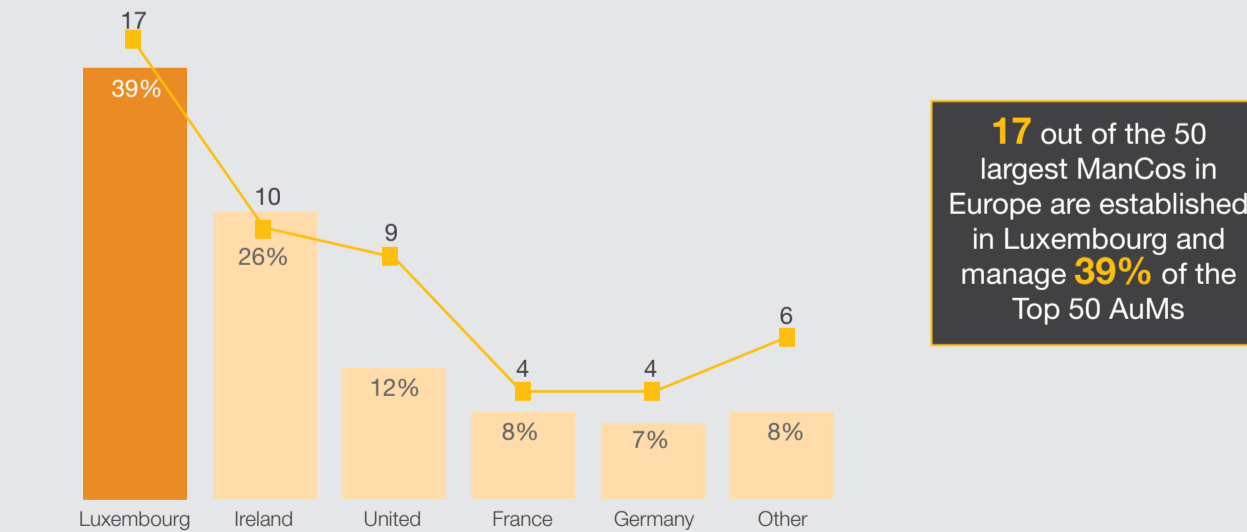
European Market of ManCos

Top countries in terms of # of ManCos



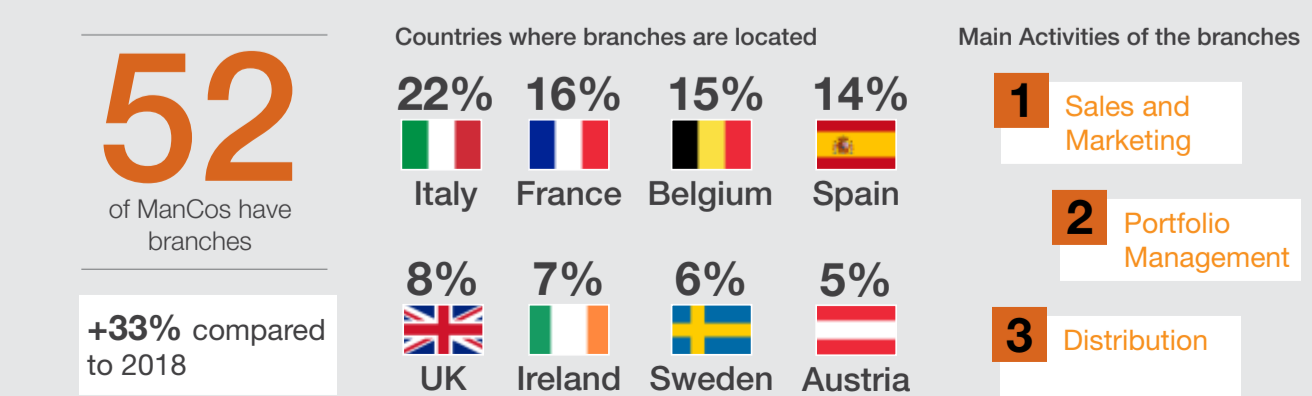
Sources: ESMA Registers and Data (2019), CSSF Official List (2019), EFAMA Q4 2019

Top 50 ManCos in Europe



Sources: Refinitiv Lipper, PwC analysis

Branches of Luxembourg ManCos in Europe



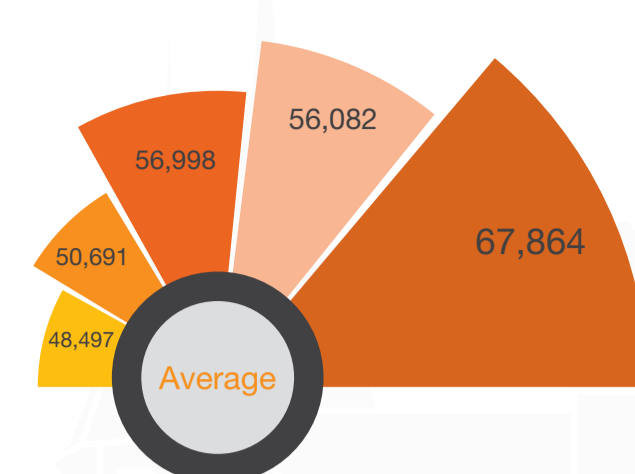
Main Activities of the branches

- Sales and Marketing
- Portfolio Management
- Distribution

Sources: ESMA Registers and Data (2019), CSSF Official List (2019), PwC analysis

Source: PwC ManCo Survey 2020

Average AuM of the Top 50 ManCos (in million Euros)

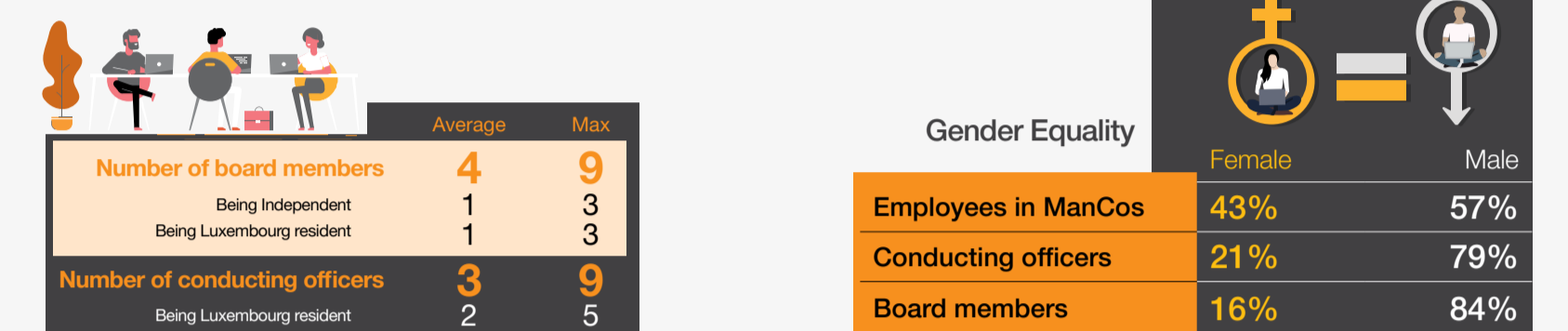


Luxembourg ManCo market segmentation

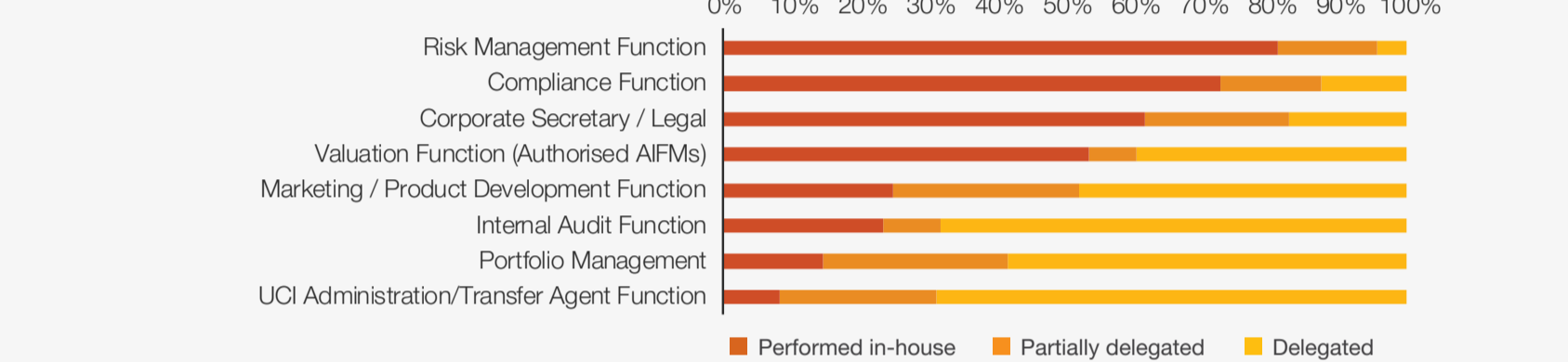
AuM < EUR 10bn	AuM from EUR 10bn to EUR 100bn	AuM > EUR 100bn
249 Players	60 Players	8 Players
9% of the AuM	56% of the AuM	35% of the AuM

Sources: Fundsquare (2018 - 2019), Company latest financial statements

Substance, Governance, Gender Equality



Delegation of the Key Functions



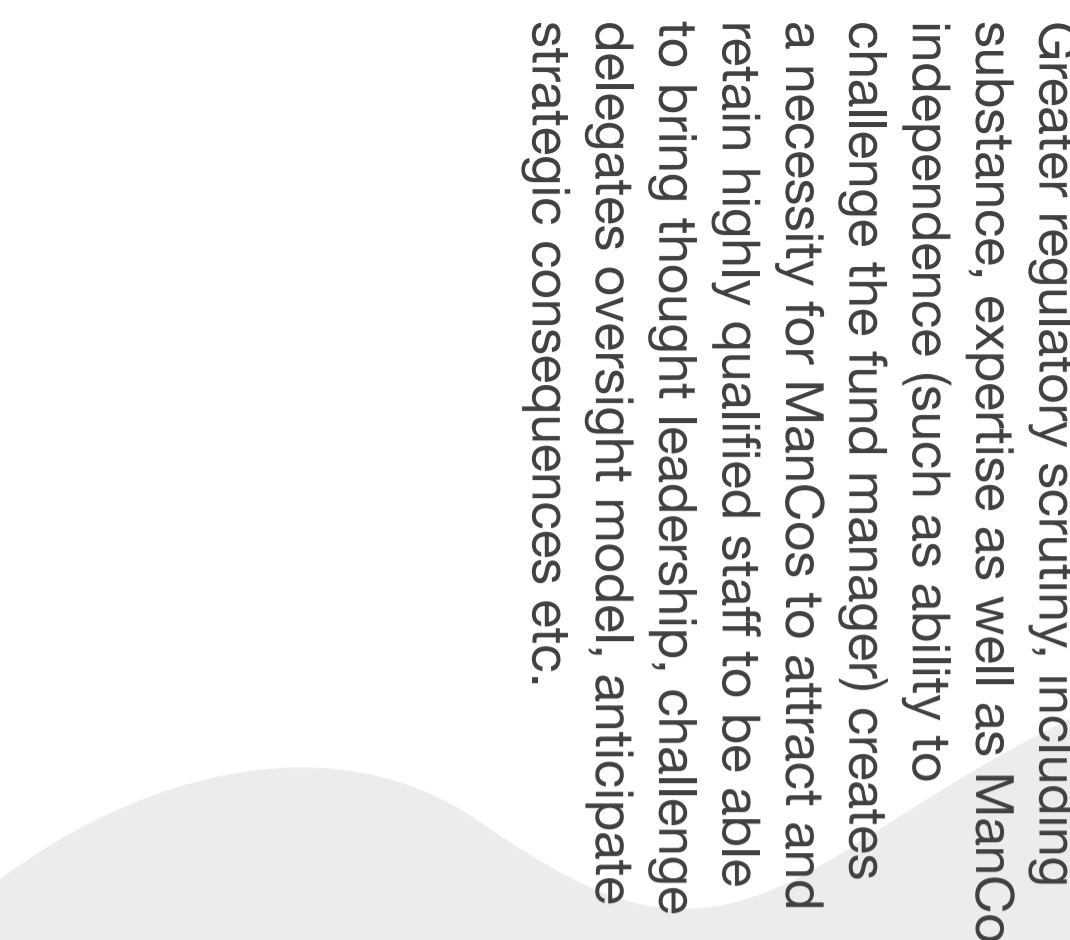


Contacts

... leading to a shift in ManCo business models

Next-generation ManCos are merging, offering compliance, CoSec and data management services alongside the core ManCo business. Luxembourg ManCos will need to expand into new services (ancillary to core ManCo activities) to stay ahead of the competition.

substance, expertise as well as ManCo independence (such as ability to challenge the fund manager) creates a necessity for ManCos to attract and retain highly qualified staff to be able to bring thought leadership, challenge delegates oversight model, anticipate strategic consequences etc.



Whatever the challenges you facing...
...we help you grow, be compliant and transform your economics.

[illegible]

New entrants in 2019

Manco's entities (UICIS and/or Authorised AFMs)	317	Active Ownership Corporation S.a.r.l.	Authorised AFM
Types of licenses:		Advent International Fund Manager S.a.r.l.	Authorised AFM
UICIS licenses	196	Alpeiris Investments S.a.r.l.	Authorised AFM
Authorised AFMs	257	Alliant Investment Real Estate Solutions S.a.r.l.	Authorised AFM
Super Manco's*	136	Amplia Investment Solutions S.A.	Super Manco
Chapter 16 Manco's	159	Apollo Investment Management Europe (Luxembourg) S.a.r.l.	Authorised AFM
Being Authorised AFMs	71	Bain Capital Investments (Luxembourg) S.a.r.l.	Authorised AFM
		Comwell Investment Luxembourg S.a.r.l.	Authorised AFM
		GLP Europe Management S.a.r.l.	Authorised AFM
Employees in Luxembourg Manco's	5,948	Impact Fund Management S.A.	Authorised AFM
Employed in Manco having UICIS licenses	4,860	Macquarie Infrastructure and Real Assets Luxembourg S.a.r.l.	Authorised AFM
MFIFD Licenses:		Mandiant Investment Management S.A.	Authorised AFM
MFIFD UICIS licenses	61	Neuberger German AFM S.a.r.l.	Authorised AFM
MFIFD Authorised AFMs	58	Novosight Investment Management S.a.r.l.	Authorised AFM
		Nielsen Alternatives Europe S.a.r.l.	Authorised AFM
	76	ONE Fund Management S.A.	Super Manco
# of Manco's having a MFIFD License		Partners Group (Luxembourg) S.A.	Authorised AFM

3,991**

UCITS Licenses
Authorised AIFMs
Super ManCos
Including UCITS Funds
Including AIFs

* Management Companies with both UCITS and Authorised AIFMs licences
 ** This figure excludes AUM of Luxembourg Funds managed by Foreign ManCos and AUM of

Completed date	Description
Pending	IMCO Management Company S.A. to merge with Dublin based IMCO Management NV
Pending	Esfera, a provider of fiduciary and administration services, acquiring third-party management company ALLIENRO S.A. R.L.
Feb-19	LRI Invest S.A. and Warburg Invest Luxembourg S.A. acquired by Apex Group