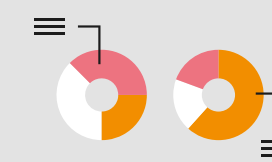


Observatory for Management Companies

2023 Barometer



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Foreword

We are delighted to present our 2023 Observatory for Management Companies. Through this publication, we aim to pursue our yearly in-depth analysis of the Management Companies' (ManCos) landscape and to provide a complete view of where the industry is heading. Our goal is to help you understand the latest figures and trends, and to guide you as a trusted partner in your business plans for the future.

In the context of the war between Ukraine and Russia, provoking economic and financial shocks of a considerable magnitude, and particularly on the markets of raw materials, where the prices of oil, gas and wheat have risen and fallen generating inflation and increase of the interest rates, the UCITS AuM managed by ManCos have fallen by 17.6% due to the fall of financial market and net outflows. However, the alternative space showed an insolent growth, with figures reported by the CSSF on the non-regulated assets (RAIFs, SCS/SCSp, etc.) managed by Luxembourg ManCos reporting an increase of 45%, crossing the EUR 1 trillion mark.

The decrease of the AuM due to the decrease of the stock markets has impacted the ManCos but the bounce of these markets in 2023 demonstrates the strong resilience of the financial sector. The strong

and continuous growth and demand of the non-regulated assets has been favourable to Luxembourg AIFMs confirming the leadership of Luxembourg in non-regulated products in Europe.

Beyond the figures, it is important to keep in mind that the market is in turmoil pushing ManCos to review their operating models. ManCos are re-designing their operating models with either insourcing some activities or outsourcing some of them.

The hunt for AuM, the need to reach critical mass and to diversify the source of return has resulted in a multitude of actors managing a wide range of asset classes, creating inefficiencies and compliance risks. The past two years have set the record straight: pressure on fees, scarcity of talent, and increased regulatory environment urge players to make choices. Outsourcing of non-core functions has been used for several years; we started to also observe Asset Managers or ManCos increasingly delegating the management of certain asset classes to very specialised Third Party ManCo Players.

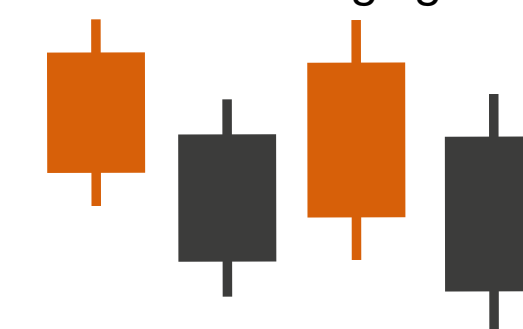
On top of the review of the operating models, we have observed the recent mergers and acquisitions in the ManCo space. We continue to assist to external growth strategy with mergers between ManCos, but we have also assisted more recently to the acquisition by ManCos of some asset servicers (such as Fund administrators, transfer agent...) in order to provide a one-stop-shop solution. This set-up is mainly adopted by Third Party ManCos.

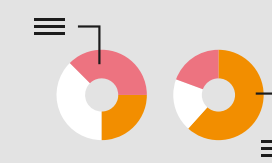
Third Party ManCos are climbing our ranks year after year, managing more than 100 billion EUR for the largest. These ManCos participate in the consolidation of the market, a trend which is perceived by the actors as the most probable for their future, together with strengthening the market, continuing its leading role as a Governance Centre, and being the European Hub for ManCo Business.

Diversification of revenue has also led ManCos, Third Party ManCos, to considerably broaden their service offering, having the Core ManCo Service as one among many possible options. Opportunities are multiple in a constantly evolving regulatory environment: Sustainable Finance, Investors, and regulatory reporting, increasing complex distribution networks are some examples that asset managers must be able to manage or call upon actors able to cover these very complex subjects.

To be able to respond to the challenges and threats, ManCos will have to understand and implement in an intelligent way the use of technology. The market has long been considered unsuitable for the adoption of what have been called 'new technologies' for too long. While the emergence of technology platforms that cover the entire oversight responsibilities of a ManCo on one platform, including data management, is real, it will not be enough. Broad access to Private Market Investments (such as Retails - ELTIF 2.0 being a step) will require further steps in new technology adoption for ManCos, such as tokenisation, distributed ledger technology, and digital assets management.

2022 was a busy year for Luxembourg ManCos, but 2023 will also be a challenging year in which the trends we have identified will accelerate. The market consolidation, the cost the rise of specialised ManCos on niche segments, and the significant expansion of the managed services offering will all continue, while also managing a demanding regulatory calendar. With the ESG train constantly moving, the adoption of ELTIF II, implementation of EMIR or the impact of the upcoming revised CSSF Circular 18/698, it will be a challenging yet exciting year for the industry.

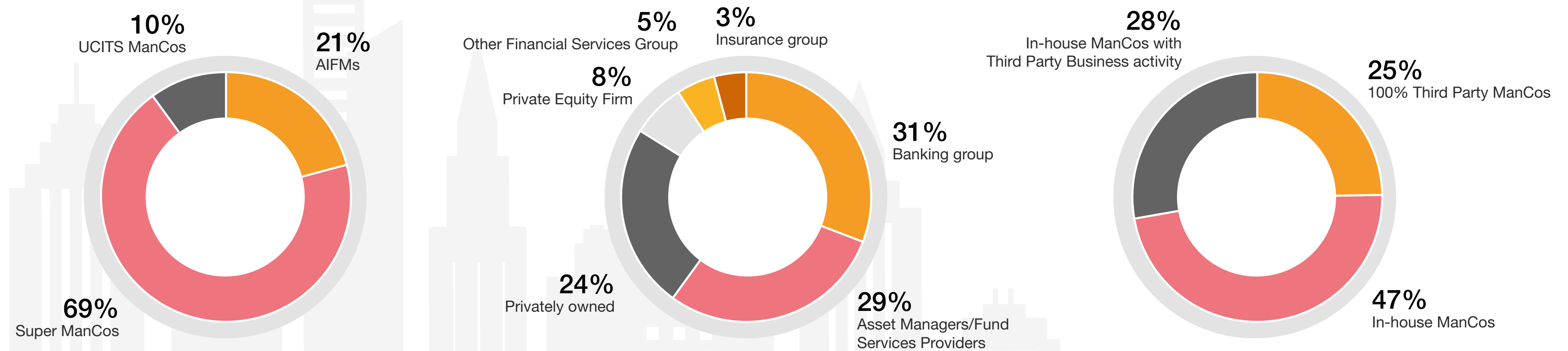




Our Sample

2023 marks the 8th edition of the Observatory for Management Companies. Through this publication, we aim at providing the most exhaustive and representative picture of the Luxembourg Management Companies (“ManCos”) market, composed by UCITS ManCos, Alternative Investment Fund Managers (“AIFMs ManCos” or “AIFMs”) or ManCos with both UCITS and AIFM licences, the so-called “Super ManCos”.

This year’s sample of 80 participants represents **72%** of the Assets under Management (“AuM”) and **58%** of the ManCos’ employees in Luxembourg.

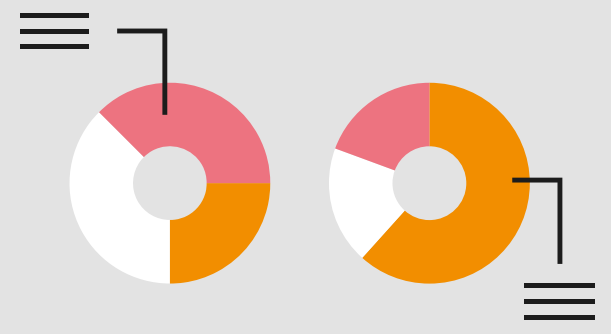


Our sample is covering different types of ManCos: 31% are originated from a Banking Group, 29% from an Asset Manager/Fund Services Providers and 24% are privately owned. 47% are considered to be In-house ManCos (the ManCo is managing the Funds of its own group), 25% Third Party ManCos or 28% Mixed ManCos (In-house ManCos with Third Party activity).

Alternative management companies in our sample take an increasingly important place in our survey, and remain a real challenge to analyse given that their AuM and activities are not regulated and not publicly available, creating more complexity to capture. In order to build our analysis, we are using a wide range of sources: Fundsquare, CSSF publications and financial statements of ManCos. We are also relying on the data the ManCos provided to us through our survey.

We would like to sincerely thank all of the respondents for the time they took to participate in our survey.

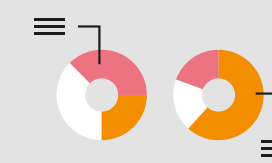




Contents

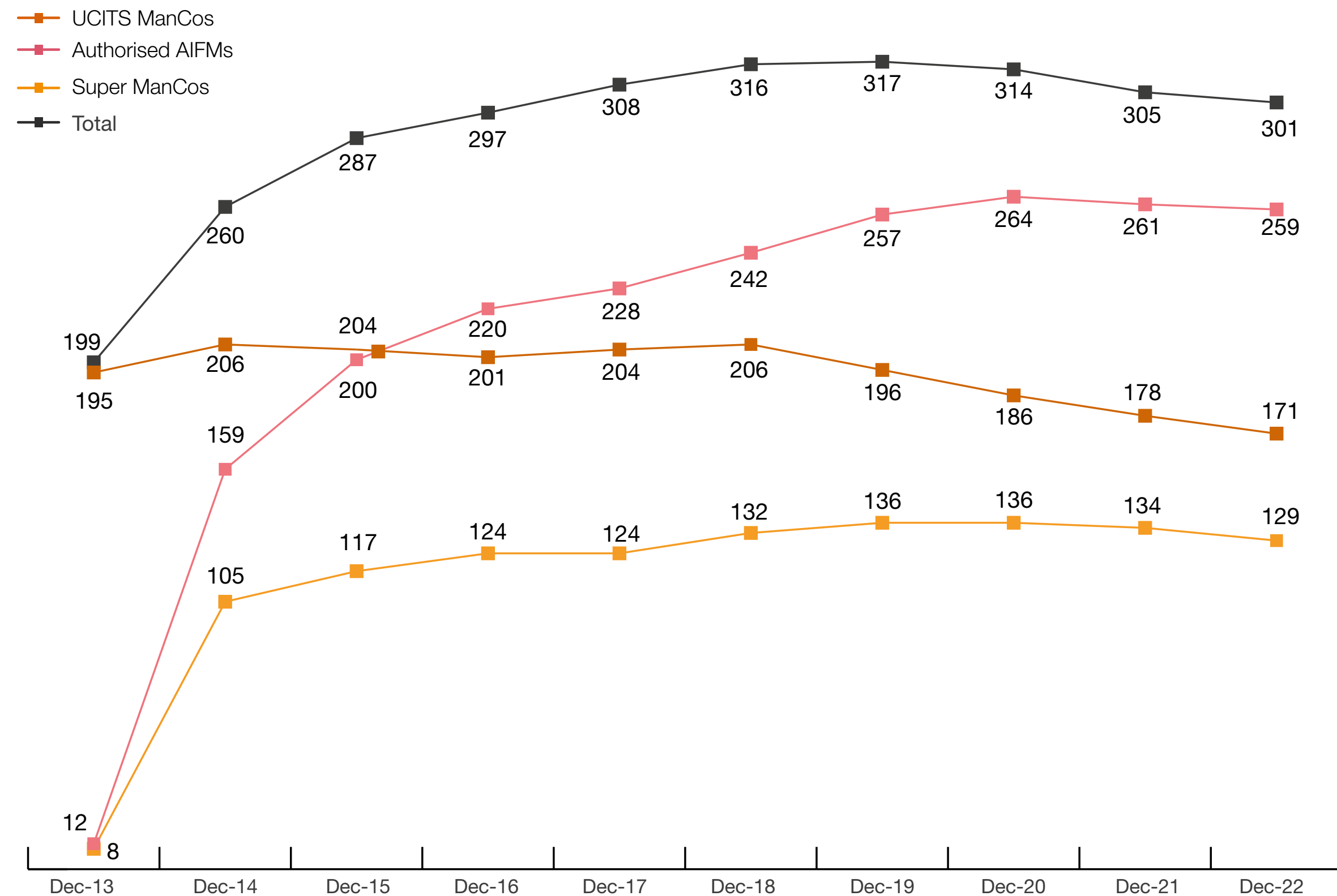
Overview of the Luxembourg ManCos

Organisation and Strategy of Luxembourg ManCos



Appreciating the ManCo Landscape

Evolution of ManCos Licences



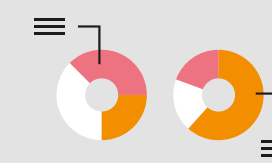
Sources: CSSF, PwC analysis

Evolution of ManCos since 2021: -4

- The number of ManCos is decreasing since 2019. This trend is mainly driven by the decrease of UCITS Licences - **35** in 4 years, UCITS Industry reaching maturity over the last few years.
- Market consolidation, cost and regulatory pressure, and increased use of Third Party ManCos instead of having In-house ManCo are also factors explaining the decrease in the number of ManCos overall.
- AIFMs have reached a plateau since 2019 around **260 licences**, highlighting the huge and continuous success of Alternative Investments in Luxembourg.

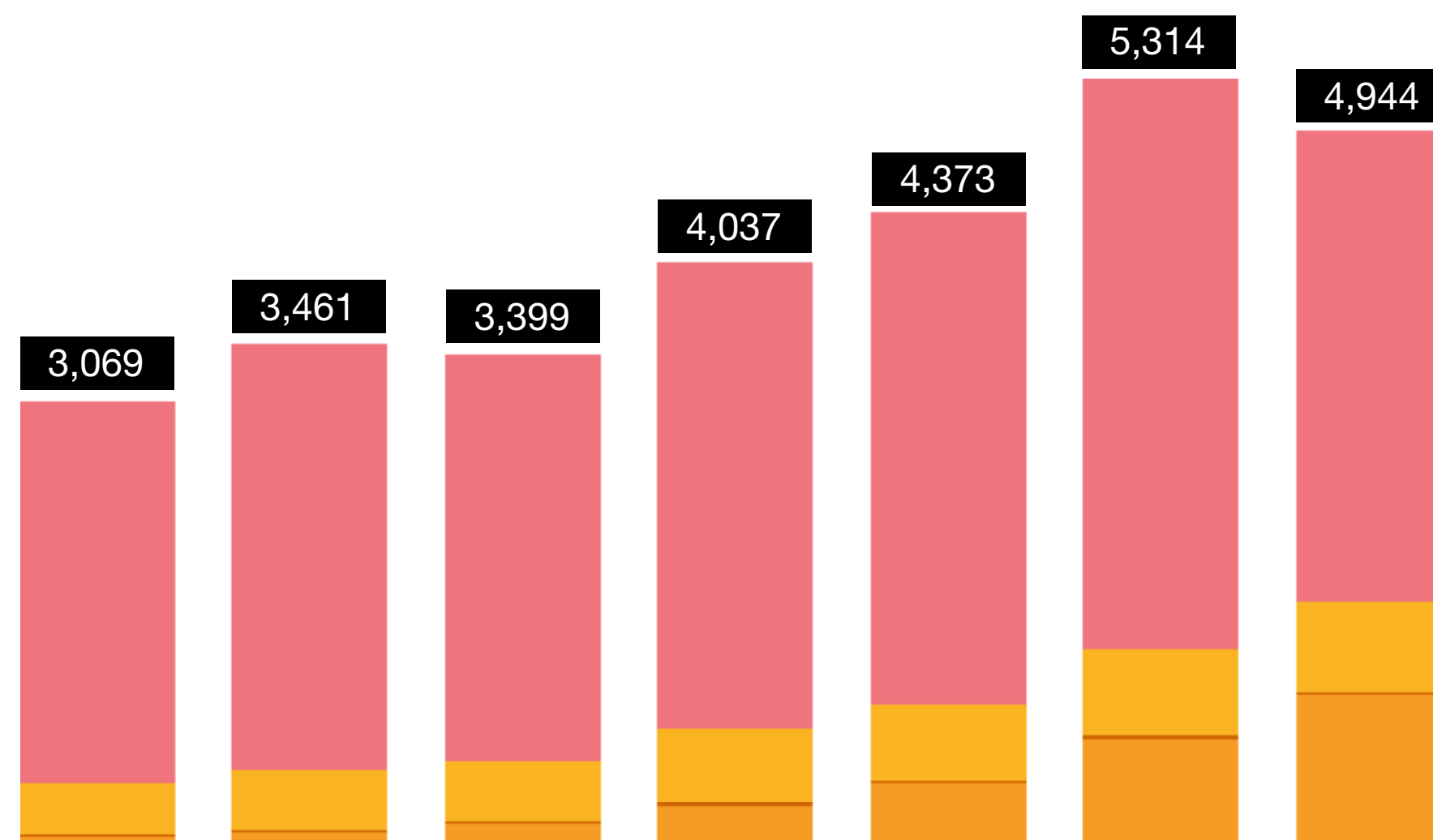
New ManCos

ManCos	Group Nationality	Licences	Inscription Date
Actis EU Management S.à.r.l.		AIFM	13/12/2022
Allfunds Investment Solutions		UCITS	4/5/2022
Bridge Investment Group Europe S.à r.l.		AIFM	19/07/2022
CVC Europe Fund Management S.à r.l.		AIFM	23/09/2022
Emerald Managements Luxembourg S.à r.l.		AIFM	4/3/2022
Energy Infrastructure Partners Luxembourg SARL		AIFM	6/7/2022
fundcraft Management S.à r.l.		AIFM	22/03/2022
GP Bullhound Luxembourg S.à r.l.		AIFM	9/3/2022
NREP Management Company S.A.		AIFM	4/1/2023
Apax Management Luxembourg S.à r.l.		AIFM	4/4/2023
Oakley Capital Manager S.à.r.l.		AIFM	4/5/2023



Appreciating the ManCo Landscape

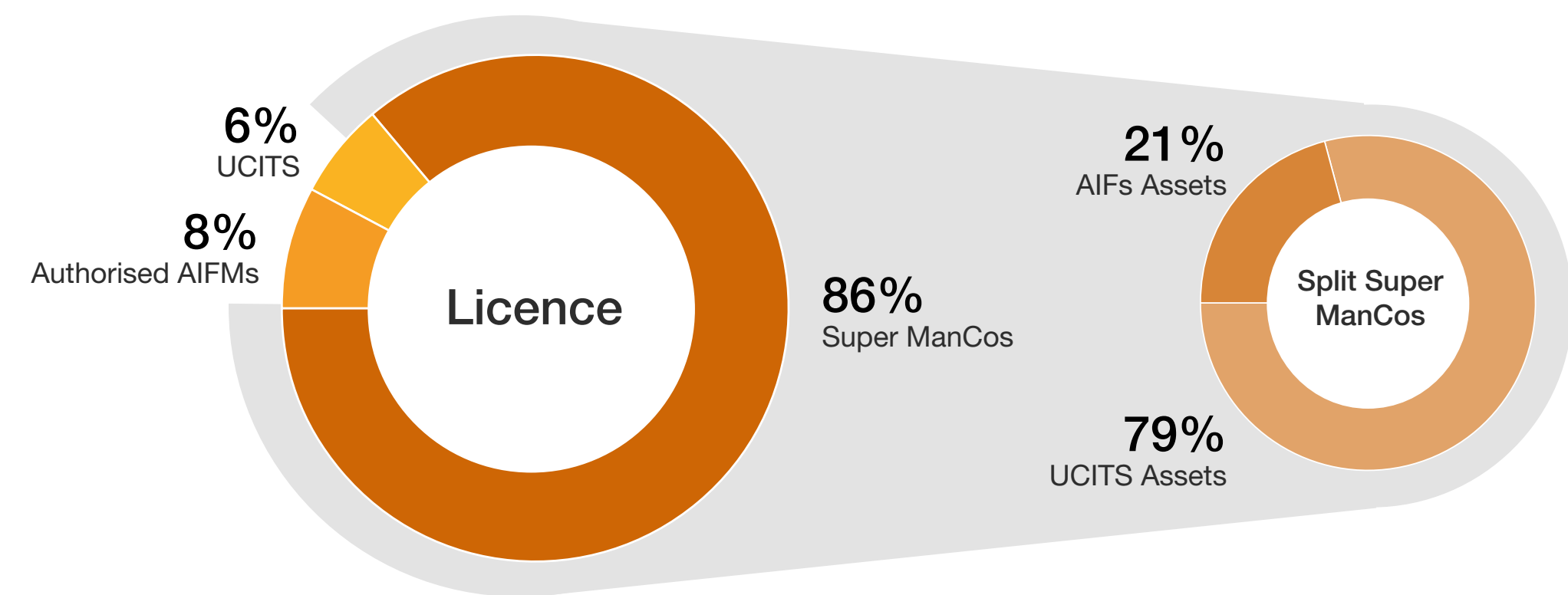
Evolution of AuM per Product (in EUR billion)



	2016	2017	2018	2019	2020	2021	2022
Non-regulated AIFs	39	73	124	252	414	714	1,032
Regulated non-AIFs	15	17	18	23	21	27	18
Regulated AIFs	366	416	427	516	520	602	622
UCITS	2,649	2,955	2,830	3,246	3,419	3,971	3,272
Total	3,069	3,461	3,399	4,037	4,373	5,314	4,944

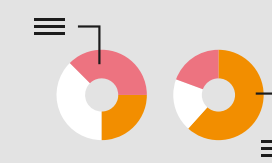
Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis

AuM by type of Licence



After peaking in 2021, AuM suffered a very sharp correction in 2022, driven by liquid assets and the decline of stocks and bond value.

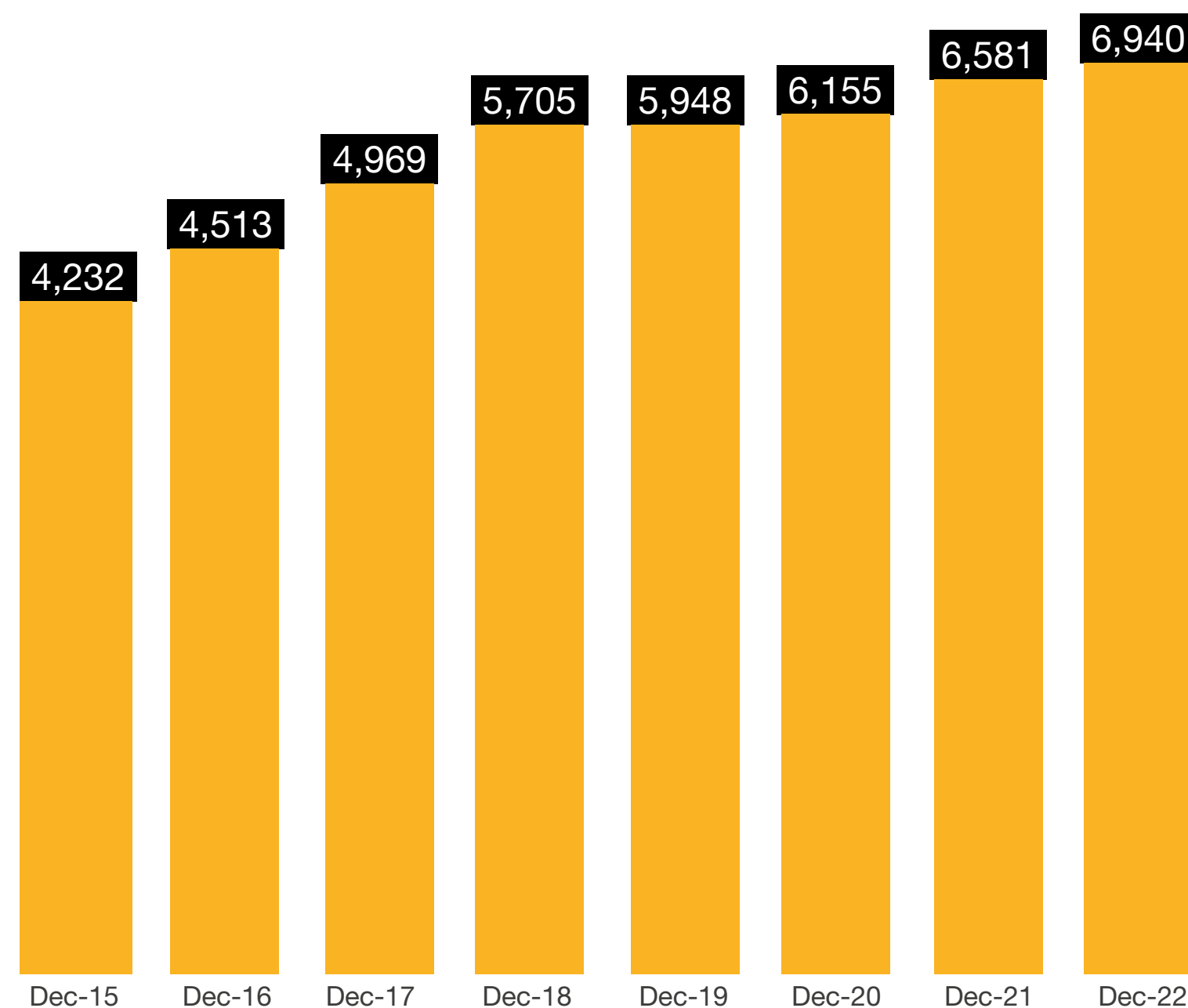
- AIFs shown an very strong increase, **+25%** boomed by Non-regulated AIFs **+45%**
- Without surprise, AIFs are taking a bigger slice of the AuM cake: **from 25% to 34% in 2022 !**



Appreciating the ManCo Landscape

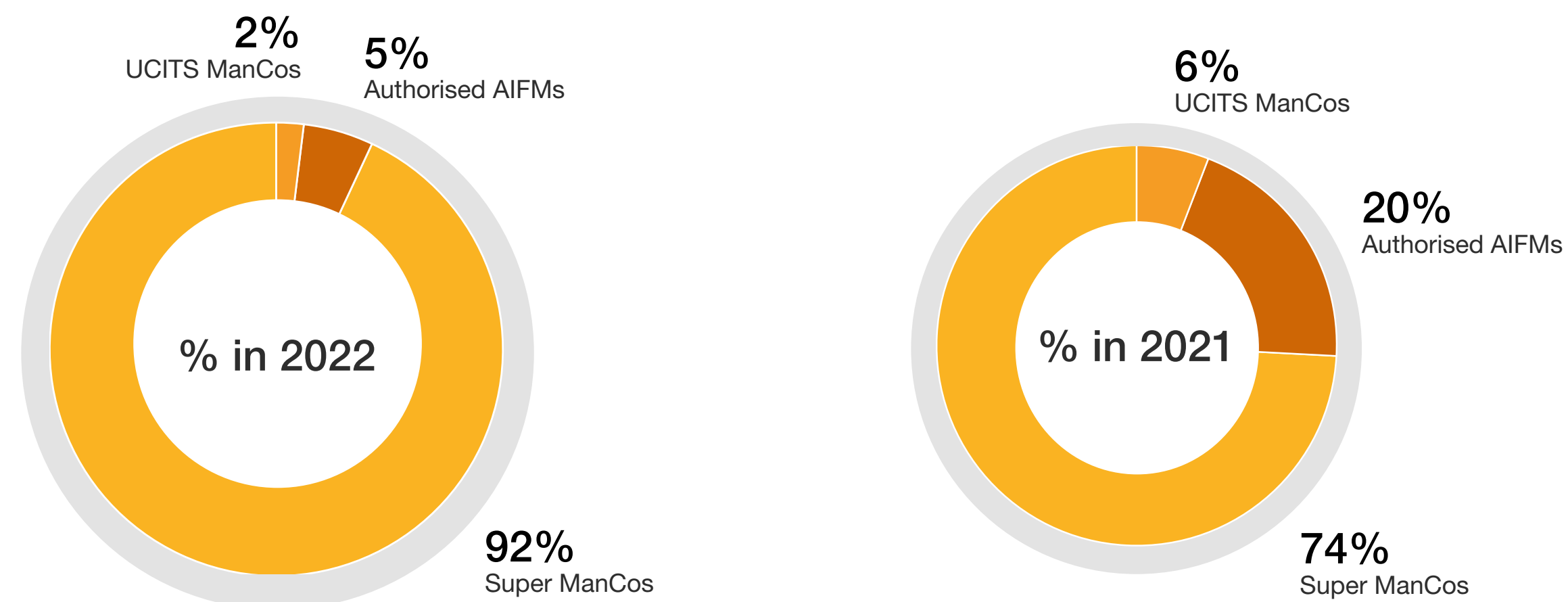
Evolution of employees

Total ManCos



Source: CSSF

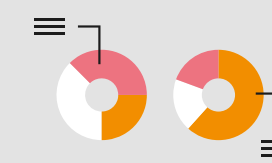
Repartition of employees per type of ManCo



Sources: CSSF, LBR, PwC ManCo Survey 2023, PwC analysis

Attracting talents and **skilled workforce** has been highlighted to be one of the biggest challenges faced by ManCos in our previous publication and remain a concern in 2022.

Despite the current uncertain environment, ManCos continue to recruit, with an increase of **5%** compared to last year, **40%** in 5 years !



Top 20 Luxembourg ManCos as of 31 December 2022 in EUR million

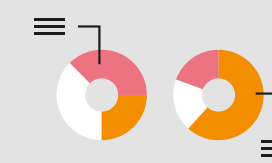
On average, Top 20 is managing **145 billion EUR**, **-10%** compared to last year

80% UCITS vs **20% AIFs**

Threshold to enter into the Top 20 ManCo is **75 billion EUR** vs **78 billion EUR** last year

Ranking	ManCo	Group nationality	*AuM Dec 2022	Variation to Dec 2021	# of funds	# of sub-funds	UCITS Licence	AIFM Licence	% of UCITS	% of foreign AuM	Proportion of ESG Assets
1	JPMorgan Asset Management (Europe) S.à r.l.		381,749	-12%	42	184	✓	✓	96%	3%	41%
2	DWS Investment S.A.		273,342	-14%	82	446	✓	✓	98%	30%	n.c.
3	UBS Fund Management (Luxembourg) S.A.		212,789	-17%	79	451	✓	✓	90%	15%	55%
4	Amundi Luxembourg S.A.		199,959	-7%	39	414	✓	✓	98%	0%	61%
5	BLACKROCK (Luxembourg) S.A.		169,882	-22%	3	143	✓		100%	0%	42%
6	FIL INVESTMENT MANAGEMENT (LUXEMBOURG) S.A.		146,817	-3%	5	144	✓	✓	98%	13%	85%
7	Eurizon Capital S.A.		140,702	-14%	10	244	✓	✓	99%	0%	55%
8	SCHRODER INVESTMENT MANAGEMENT (EUROPE) S.A.		135,212	-18%	34	239	✓	✓	93%	9%	50%
9	HSBC Investment Funds (Luxembourg) S.A.		129,150	4%	12	171	✓	✓	98%	73%	18%
10	EQT Fund Management S.à r.l.		124,320	65%	217	-		✓	0%	0%	n.c.
11	Pictet Asset Management (Europe) S.A.		123,693	-18%	8	101	✓	✓	89%	0%	82%
12	BNP PARIBAS ASSET MANAGEMENT Luxembourg		121,095	-7%	22	215	✓	✓	98%	0%	97%
13	Universal-Investment-Luxembourg S.A.		118,941	10%	146	288	✓	✓	14%	0%	8%
14	HAUCK & AUFHÄUSER FUND SERVICES S.A.		104,758	33%	400	595	✓	✓	11%	12%	2%
15	Carne Global Fund Managers (Luxembourg) S.A.		101,280	9%	355	561	✓	✓	31%	2%	32%
16	NORDEA INVESTMENT FUNDS S.A.		94,283	-20%	7	125	✓	✓	97%	0%	77%
17	FundRock Management Company S.A.		90,876	-15%	136	363	✓	✓	62%	22%	40%
18	M&G Luxembourg S.A.		90,732	-5%	24	150	✓	✓	52%	32%	44%
19	Franklin Templeton International Services S.à r.l.		79,742	-20%	18	196	✓	✓	93%	30%	43%
20	abrdn Investments Luxembourg S.A.		75,670	-21%	12	143	✓	✓	87%	5%	28%

*Assets managed by ManCos (Luxembourg and Foreign AuM, UCITS, Regulated and Unregulated AIFs). Unregulated and foreign AuM not being publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2023. Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis



Top 10 Luxembourg AIFMs as of 31 December 2022 in EUR million

1/2

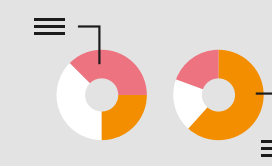
Ranking	ManCo	Group nationality	*AuM Dec 2022	Variation to Dec 2021	Regulated AuM	Unregulated AuM	# of funds	# of Sub-funds	RAIFs	SCSPs	AIFs Investment Strategies - Licences held										
											Hedge Funds	Private Equity	Real Estate	Funds of Funds	Commodity Funds	Equity Funds	Fixed income Funds	Infrastructure Funds	Debt Fund	Virtual Assets	Other Funds
1	EQT Fund Management S.à r.l.		124,320	65%	0%	100%	217	-	✓	✓		✓	✓								
2	Universal-Investment-Luxembourg S.A.		102,205	18%	42%	58%	97	189	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	HAUCK & AUFHÄUSER FUND SERVICES S.A.		93,211	32%	46%	54%	261	398	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Carne Global Fund Managers (Luxembourg) S.A.		69,822	34%	8%	92%	337	472	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Blackstone Europe Fund Management S.à r.l.		59,733	27%	24%	76%	223	27	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	M&G Luxembourg S.A.		43,668	-3%	92%	8%	20	91	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7	Alter Domus Management Company S.A.		36,258	53%	29%	71%	152	209	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Sanne LIS S.A.		35,318	30%	39%	61%	188	281	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9	FundRock Management Company S.A.		34,244	-11%	74%	26%	74	120	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	LRI Invest S.A.		26,307	40%	58%	42%	60	81	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

*Assets managed by ManCos (Luxembourg and Foreign AIFs). Unregulated and foreign AuM not being publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2023.

Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis

On average, Top 10 AIFMs have increased their AuM by **27%** (from **49 billion EUR** to **62 billion EUR**).

Unregulated assets of the Top 10 AIFMs are taking a bigger part of the total Alternative Investment, from **53%** in 2021 to **66%** in 2022. In comparison to **62%** for the total AIFs market.



Top 5 In-house AIFMs

Top 5 Third Party AIFMs

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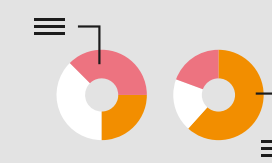
Ranking	ManCo	*AuM Dec 2022	Regulated AuM	Unregulated AuM	# of funds	# of Sub-funds
1	EQT Fund Management S.à r.l.	124,320	0%	100%	217	-
2	Blackstone Europe Fund Management S.à r.l.	59,733	24%	76%	223	27
3	M&G Luxembourg S.A.	43,668	92%	8%	20	91
4	Flossbach von Storch Invest S.A.	24,395	100%	0%	5	5
5	UBS Fund Management (Luxembourg) S.A.	22,325	83%	17%	43	78

Ranking	ManCo	*AuM Dec 2022	Regulated AuM	Unregulated AuM	# of funds	# of Sub-funds
1	Universal-Investment-Luxembourg S.A.	102,205	42%	58%	97	189
2	HAUCK & AUFHÄUSER FUND SERVICES S.A.	93,108	46%	54%	276	430
3	Carne Global Fund Managers (Luxembourg) S.A.	69,822	8%	92%	337	472
4	Alter Domus Management Company S.A.	36,258	29%	71%	152	209
5	Sanne LIS S.A.	35,318	39%	61%	188	281

*Assets managed by ManCos (Luxembourg and Foreign AIFs). Unregulated and foreign AuM not being publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2023.

Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis





Top 10 Third Party ManCos as of 31 December 2022

Ranking	ManCo	Group nationality	*AuM Dec 2022	Variation to Dec 21	# of funds	# of sub-funds	UCITS Licence	AIFM Licence	% of UCITS	% of foreign AuM	AuM Third Party on Total AuM
1	Universal-Investment-Luxembourg S.A.		118,941	10%	146	288	✓	✓	14%	24%	100%
2	HAUCK & AUFHÄUSER FUND SERVICES S.A.		101,889	44%	389	595	✓	✓	9%	0%	97%
3	Carne Global Fund Managers (Luxembourg) S.A.		101,280	9%	355	561	✓	✓	31%	48%	100%
4	FundRock Management Company S.A.		90,876	-15%	136	363	✓	✓	62%	4%	100%
5	UBS Fund Management (Luxembourg) S.A.		48,980	3%	28	145	✓	✓	80%	0%	23%
6	GAM (Luxembourg) S.A.		43,712	-20%	10	114	✓	✓	96%	0%	100%
7	Waystone Management Company (Lux) S.A.		37,890	-10%	98	311	✓	✓	69%	15%	100%
8	Alter Domus Management Company S.A.		36,295	52%	153	213	✓	✓	0%	47%	100%
9	FundPartner Solutions (Europe) S.A.		35,653	-5%	68	301	✓	✓	57%	6%	100%
10	LRI Invest S.A.		35,456	19%	105	162	✓	✓	26%	20%	100%



Top 5 Third Party - UCITS AuM

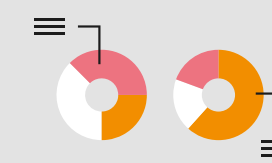
Ranking	ManCo	*AuM Dec 2022
1	FundRock Management Company S.A.	56,631
2	GAM (Luxembourg) S.A.	42,086
3	UBS Fund Management (Luxembourg) S.A.	39,365
4	Carne Global Fund Managers (Luxembourg) S.A.	31,458
5	Waystone Management Company (Lux) S.A.	26,297

Top 5 Third Party - AIFs AuM

Ranking	ManCo	*AuM Dec 2022
1	Universal-Investment-Luxembourg S.A.	102,205
2	HAUCK & AUFHÄUSER FUND SERVICES S.A.	93,108
3	Carne Global Fund Managers (Luxembourg) S.A.	69,822
4	Alter Domus Management Company S.A.	36,258
5	Sanne LIS S.A.	35,318

*Assets managed by ManCos (Luxembourg and Foreign AuM, UCITS, Regulated and Unregulated AIFs). Unregulated and foreign AuM not being publicly available, figures have been provided by ManCos who participated to the PwC ManCo Survey 2023.

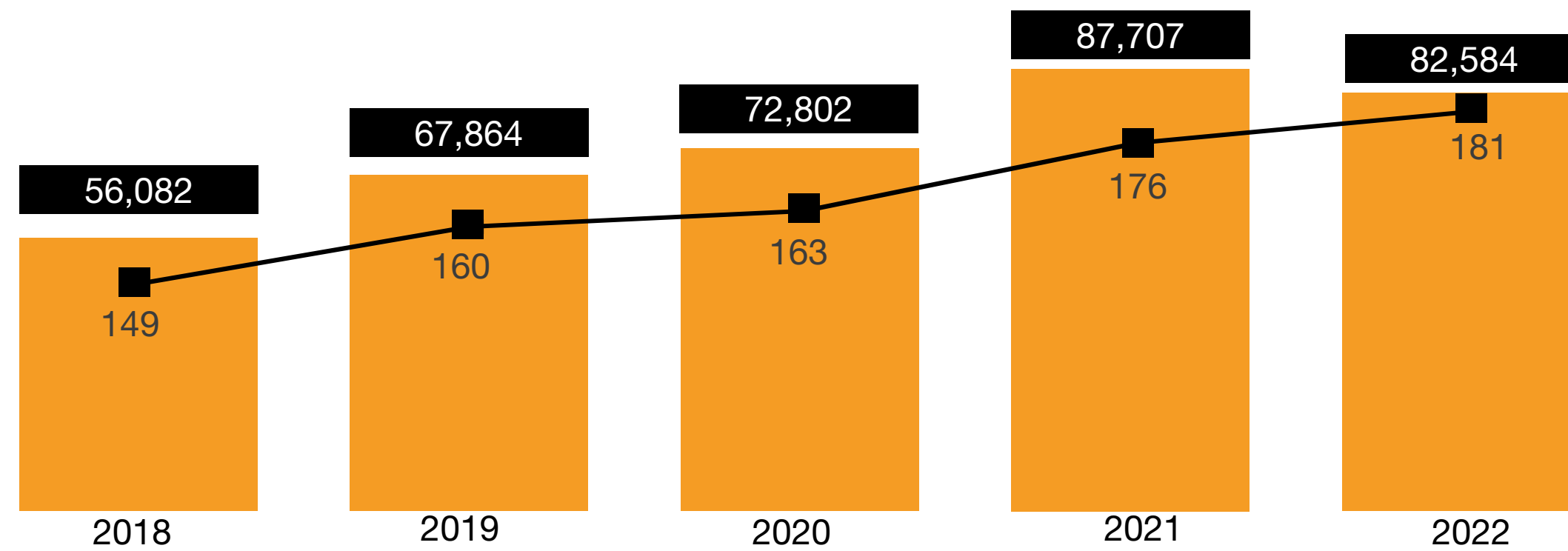
Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis



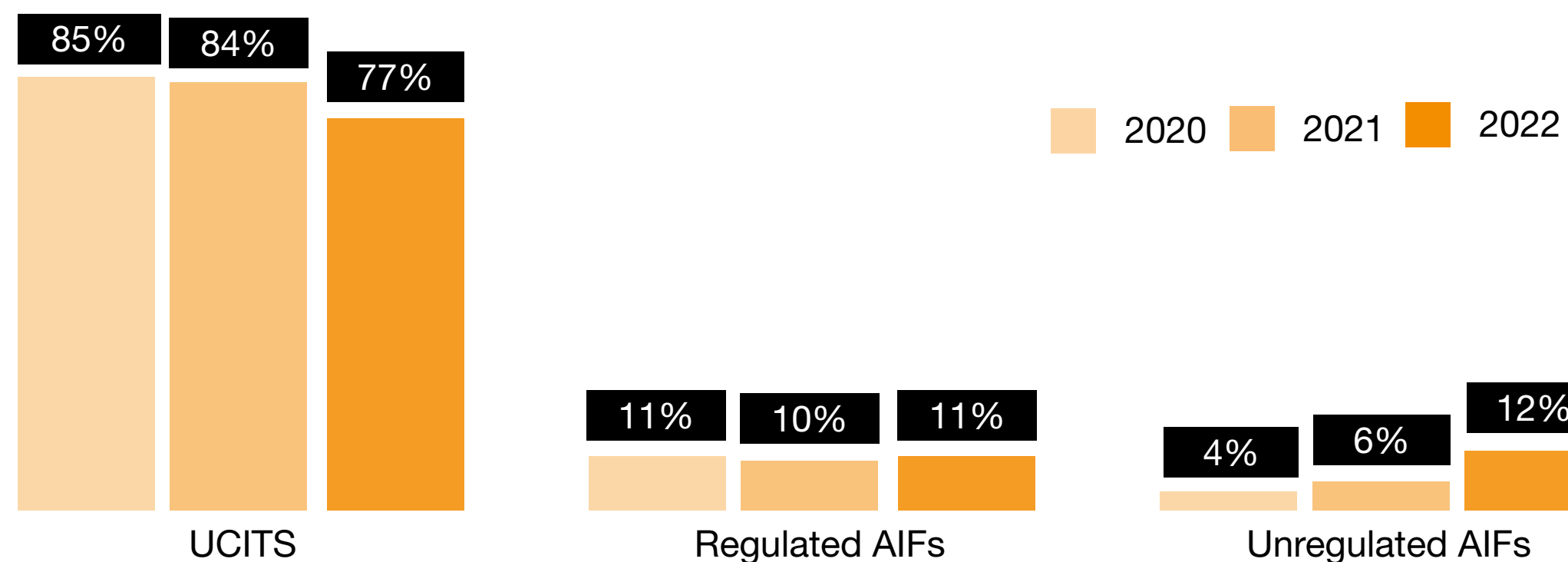
ManCos statistics

Top 50 ManCos

Average AuM (in EUR million and number Sub funds)



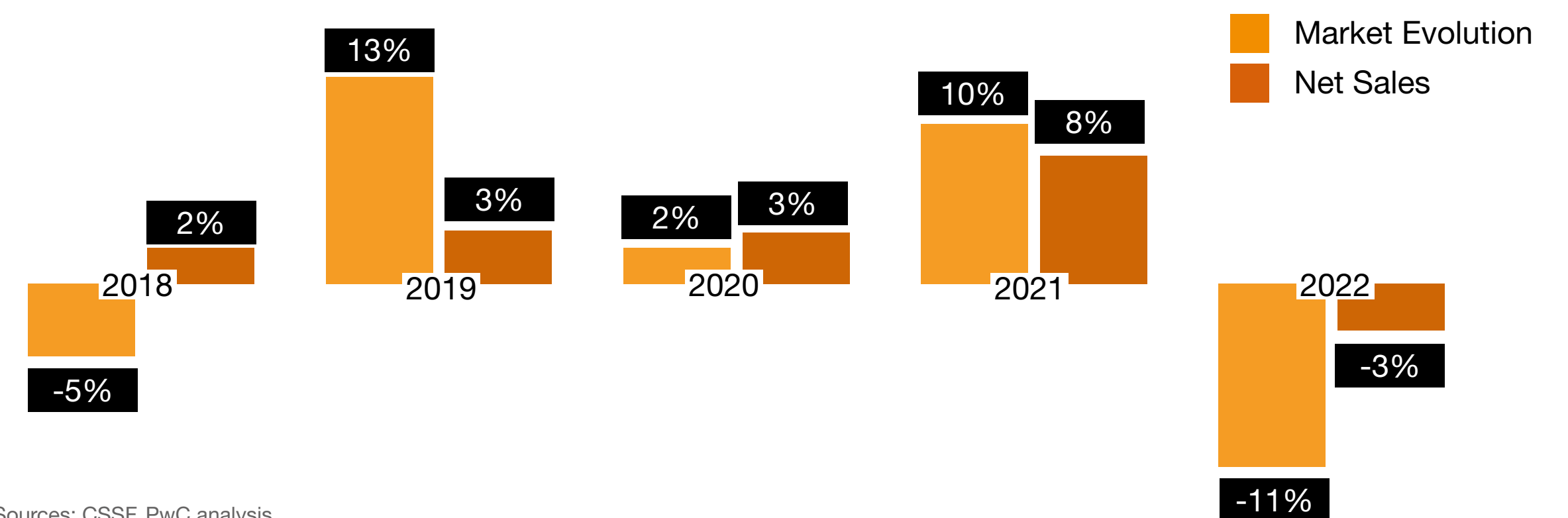
Repartition of AuM per products



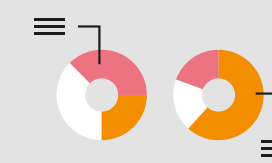
Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis



Evolution of Net Sales vs Market Evolution of Regulated Luxembourg AuM (in %)



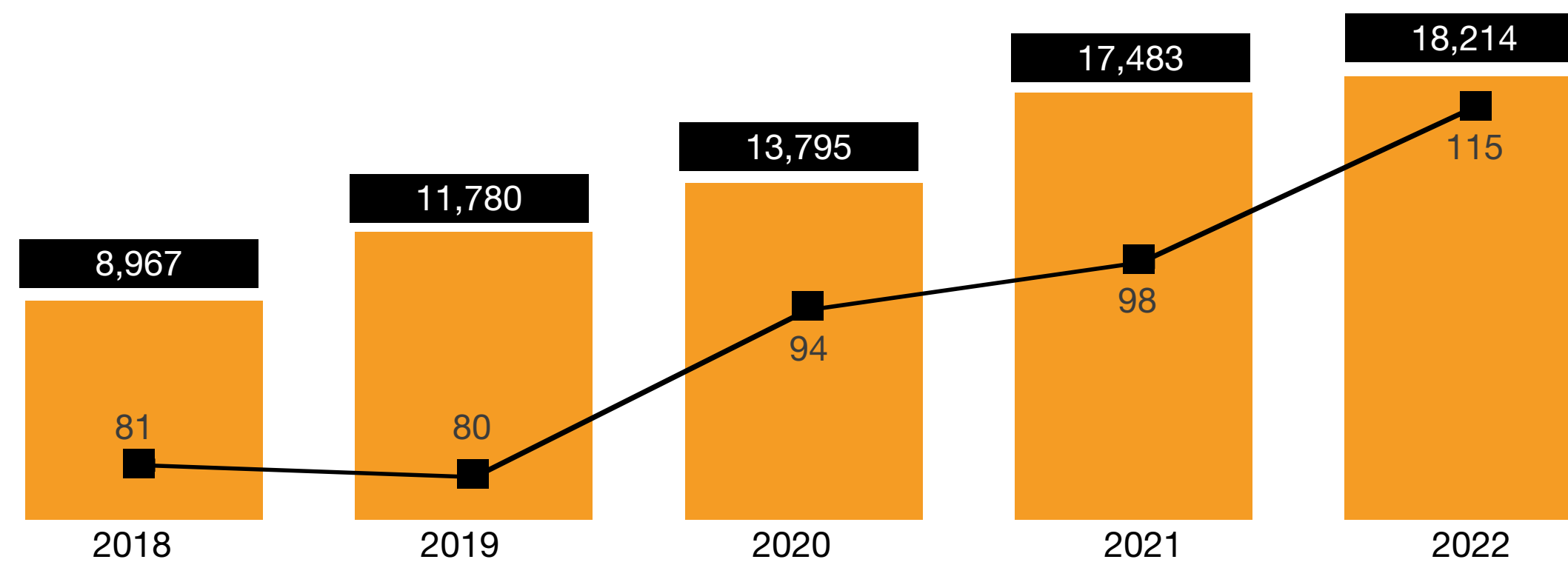
Sources: CSSF, PwC analysis



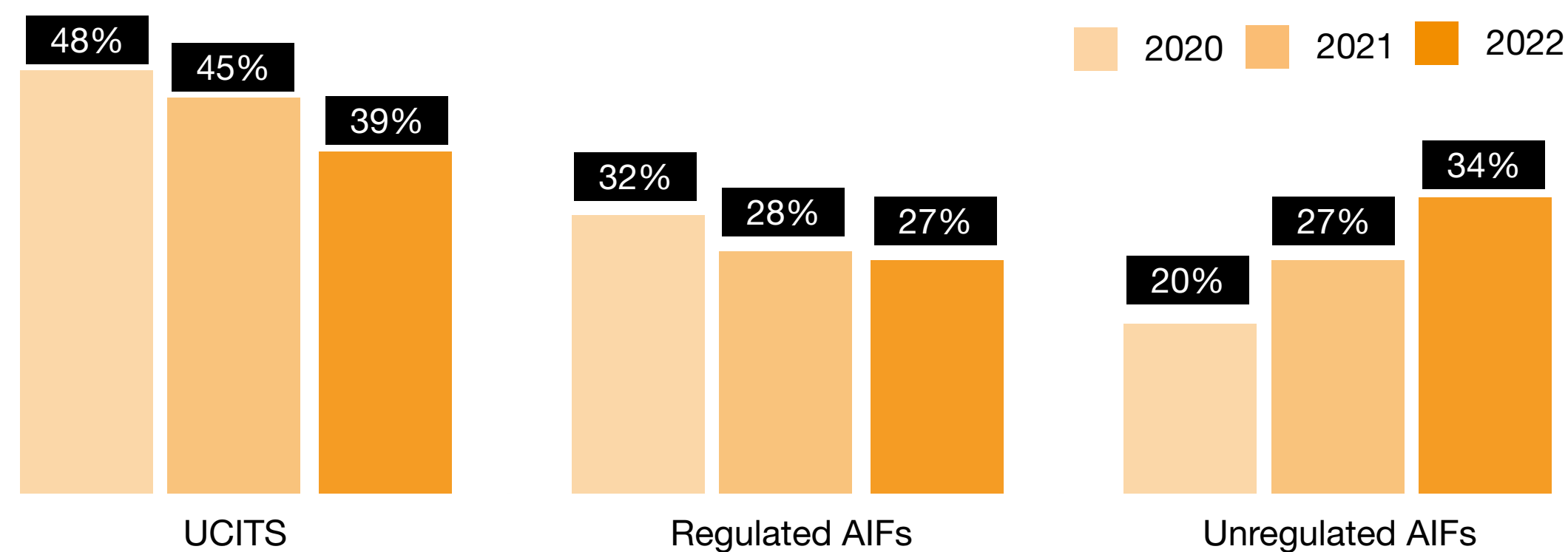
ManCos statistics

Top 50 Third Party ManCos

Average AuM (in EUR million and # of subfunds)



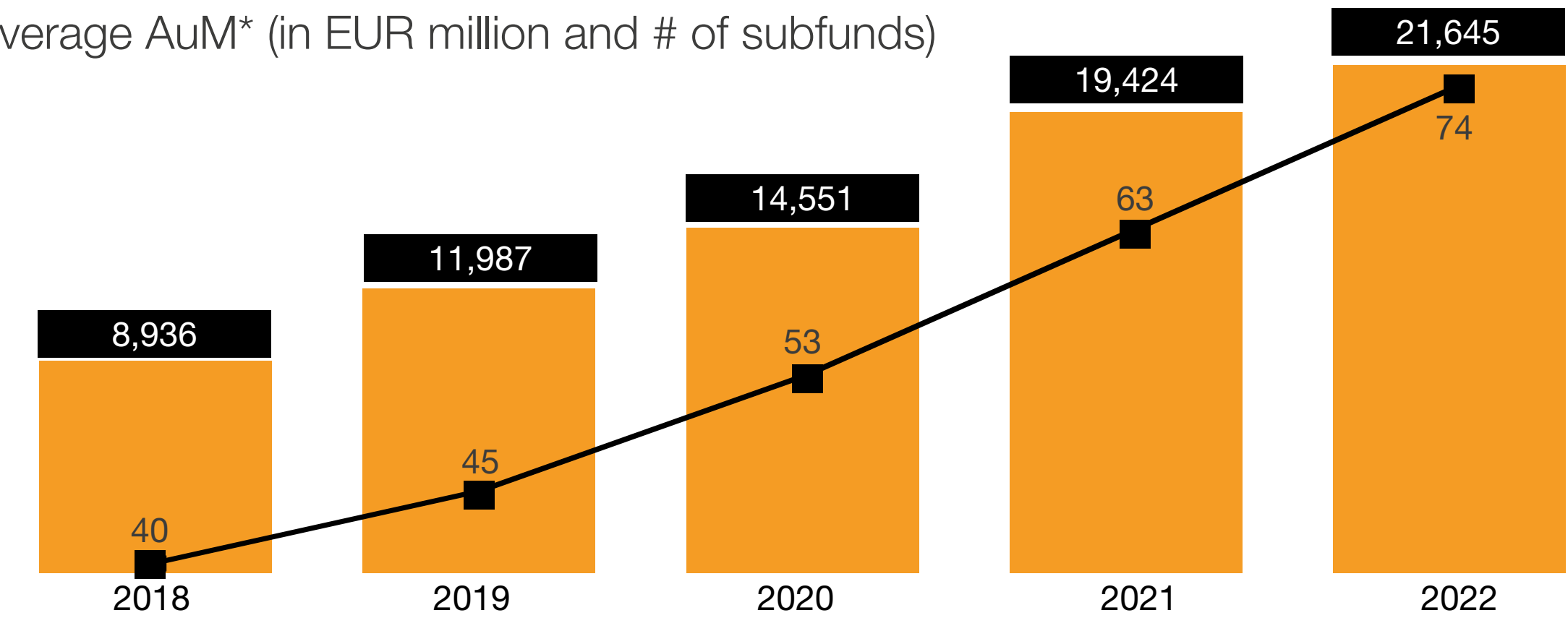
Repartition of AuM per products



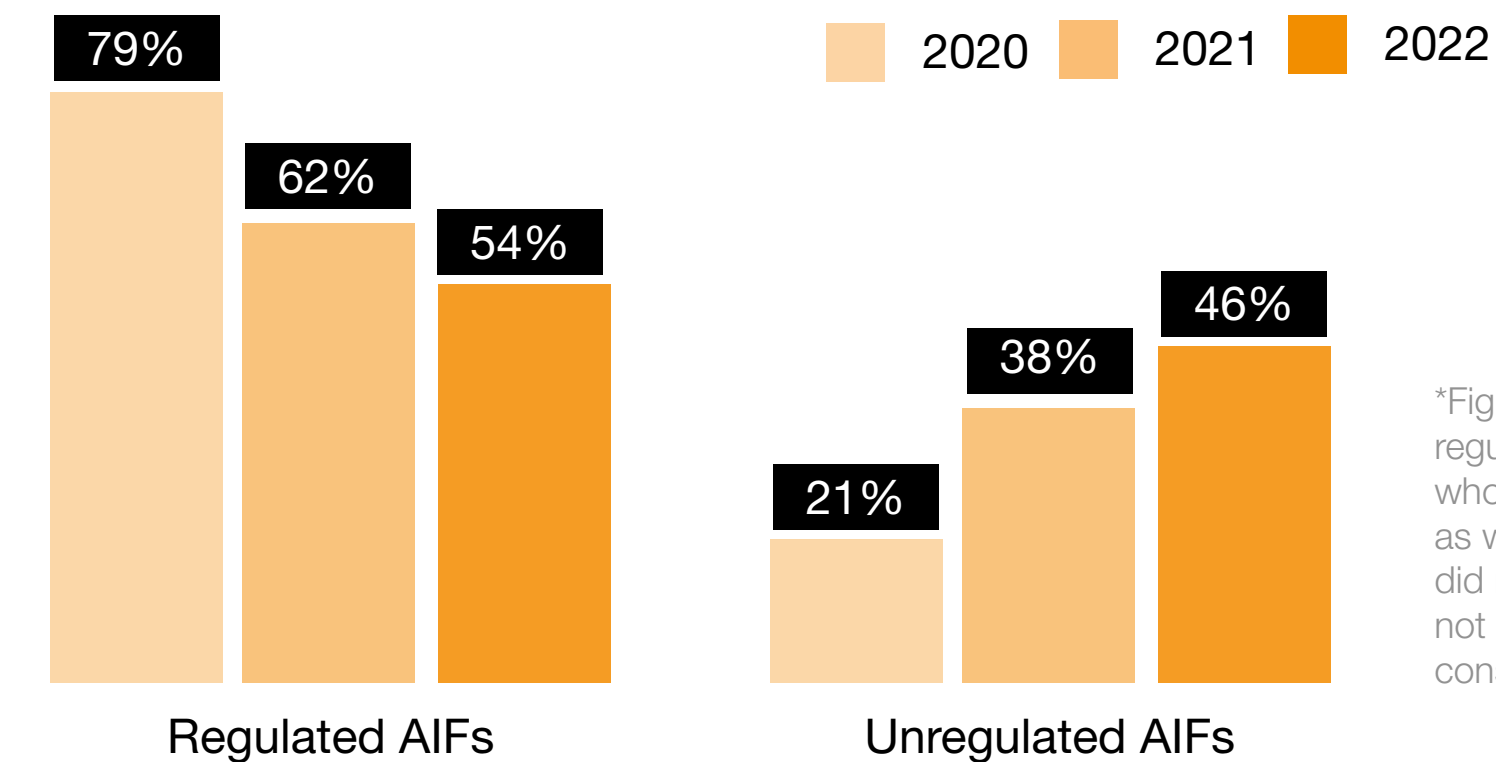
Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis

Top 50 ManCos managing AIFs

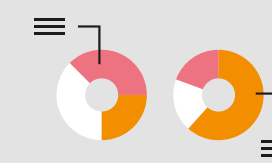
Average AuM* (in EUR million and # of subfunds)



Repartition of AuM* per products



*Figures disclosed include figures (regulated and non regulated AIFs) that have been provided by ManCos who participated to the PwC ManCo Survey 2023, as well as regulated alternative AuM of ManCos who did not participated to our survey (unregulated AuM not being publicly available, have not been taken into consideration).



ManCos statistics

Licences managed by AIFMs

		Average range of AuM in EUR	Repartition of AuM in %: Regulated vs Unregulated		
Fixed income fund	Super ManCos	92%	5-10bn	63%	37%
	AIFMs	11%	n.c.	n.c.	n.c.
Equity Fund	Super ManCos	92%	5-10bn	67%	33%
	AIFMs	6%	n.c.	n.c.	n.c.
Funds of funds	Super ManCos	91%	5-10bn	69%	31%
	AIFMs	50%	2-5bn	32%	68%
Hedge Fund	Super ManCos	57%	<1bn	58%	42%
	AIFMs	6%	n.c.	n.c.	n.c.
Private equity	Super ManCos	57%	2-5bn	29%	71%
	AIFMs	83%	1-2bn	23%	77%
Real estate	Super ManCos	53%	2-5bn	45%	55%
	AIFMs	67%	2-5bn	27%	73%
Debt Fund	Super ManCos	45%	2-5bn	43%	57%
	AIFMs	33%	2-5bn	2%	98%
Infrastructure Fund	Super ManCos	32%	1-2bn	27%	73%
	AIFMs	50%	2-5bn	n.c.	n.c.
Commodity fund	Super ManCos	30%	<1bn	68%	32%
	AIFMs	0%	n.c.	n.c.	n.c.
Virtual Assets	Super ManCos	2%	n.c.	n.c.	n.c.
	AIFMs	0%	n.c.	n.c.	n.c.
Other	Super ManCos	57%	+10bn	55%	45%
	AIFMs	28%	<1bn	18%	82%

Source: PwC ManCo Survey 2023

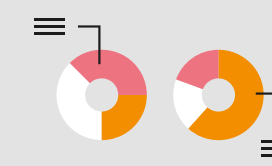
Average number of Licences held per AIFM

Range of Alternative AuM	Below 5bn	5-20bn	+20bn
Super ManCos	4	7	9
AIFMs	2	5	9

91% of Super ManCos manage Fund of Funds (+12% compared to 2021) for an average of 5 to 10 billion EUR of AuM.

In average, ManCos managing more than 20 billion EUR of Alternative AuM manage 9 Asset classes.





SFDR statistics - 2023, “ESG-rise” your Assets



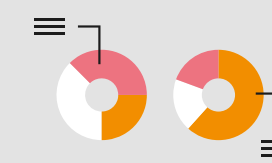
Top ManCos managing Article 8 and 9 products (UCITS and AIFs)

Ranking	ManCo	Group nationality	AuM Dec 2022 - Art 8 & Art 9	Proportion of ESG Assets on total AuM	Proportion of art.8 on total AuM	Proportion of art.9 on total AuM	# of subfunds- Art 8	# of subfunds- Art 9
1	JPMorgan Asset Management (Europe) S.à r.l.		154,980	40.6%	99.7%	0.3%	111	8
2	FIL INVESTMENT MANAGEMENT (LUXEMBOURG) S.A.		124,617	84.9%	92.7%	7.3%	-	-
3	Amundi Luxembourg S.A.		122,820	61.4%	91.5%	8.5%	175	14
4	BNP PARIBAS ASSET MANAGEMENT Luxembourg		117,321	96.9%	86.3%	13.7%	171	14
4	UBS Fund Management (Luxembourg) S.A.		116,376	54.7%	96.8%	3.2%	173	11

Top ManCos managing Article 8 and 9 products (AIFs only)

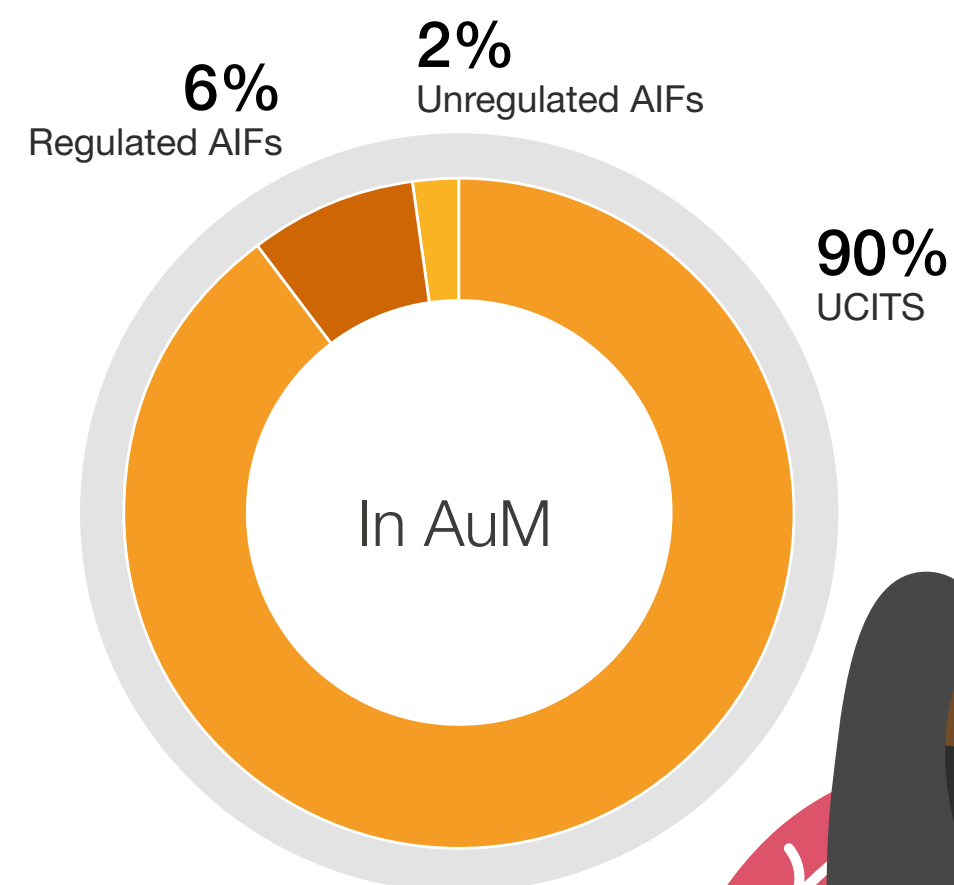
Ranking	ManCo	Group nationality	AuM Dec 2022 - Art 8 & Art 9	Proportion of ESG Assets on Alternative AuM	Proportion of art.8 on total AuM	Proportion of art.9 on total AuM	# of subfunds- Art 8	# of subfunds- Art 9
1	Flossbach von Storch Invest S.A.		24,215	99.3%	100.0%	0.0%	2	-
2	Carne Global Fund Managers (Luxembourg) S.A.		18,147	26.0%	86.6%	13.4%	83	16
3	M&G Luxembourg S.A.		12,389	28.4%	99.5%	0.5%	9	1
4	Swiss Life Asset Managers Luxembourg		10,814	50.5%	96.7%	3.3%	15	2
5	Alter Domus Management Company S.A.		10,105	27.9%	90.8%	9.2%	32	11

Sources: CSSF, Fundsquare, PwC ManCo Survey 2023, PwC analysis

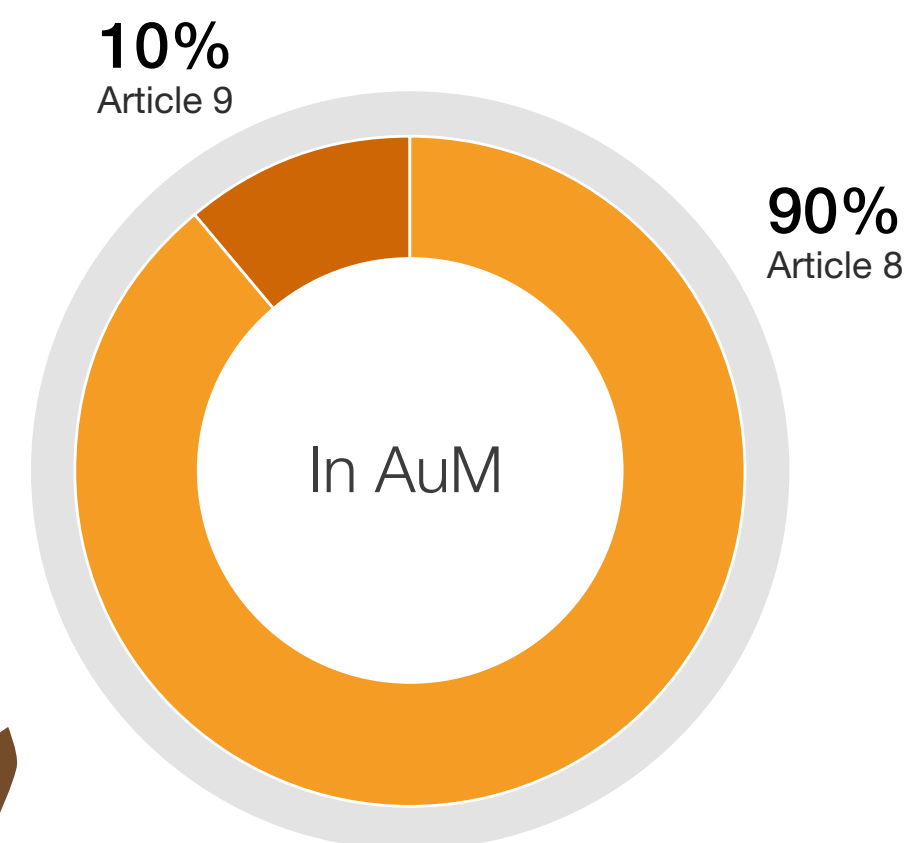


SFDR statistics - 2023, “ESG-rise” your Assets

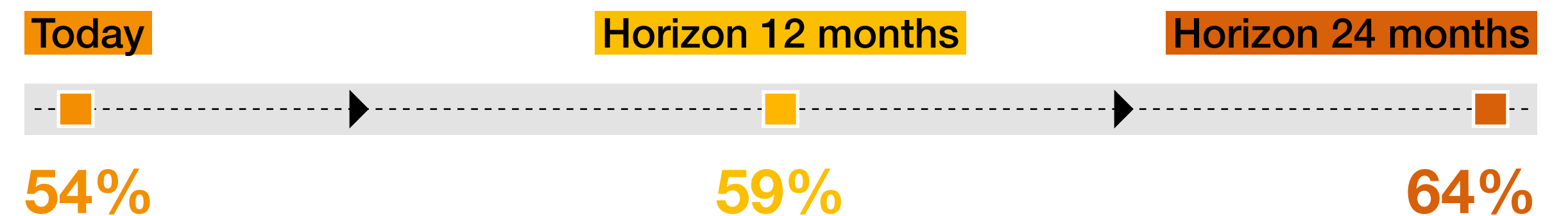
Breakdown of Sustainable Assets



Breakdown of Article 8 and Article 9



Sustainable Assets - Where do we stand from ManCos perspective ?



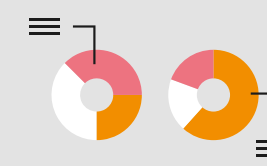
54% of the AuM managed by ManCos are either Article 8 or Article 9 as of 31 December 2022

Looking backward: Last year, ManCos targeted **45%** for the end of 2022

ManCos believe that **59%** of their AuM will be considered as Sustainable Investment compliant within the next 12 months, **64%** within the next 24 months.

Source: PwC ManCo Survey 2023





MiFID Licences

Management Companies having MiFID Licences

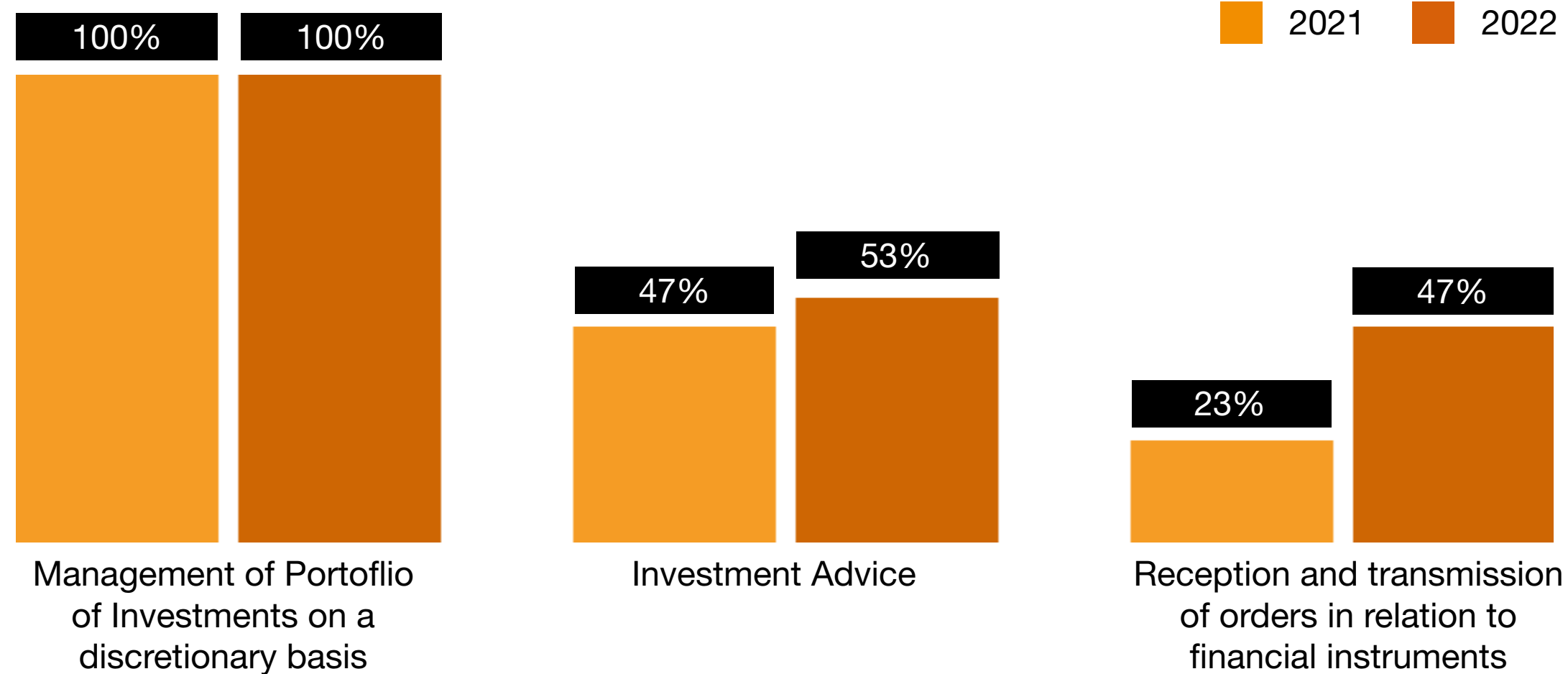


64 UCITS Licences
69 AIFMs Licences

Total
87
+7 since 2021

Source: CSSF

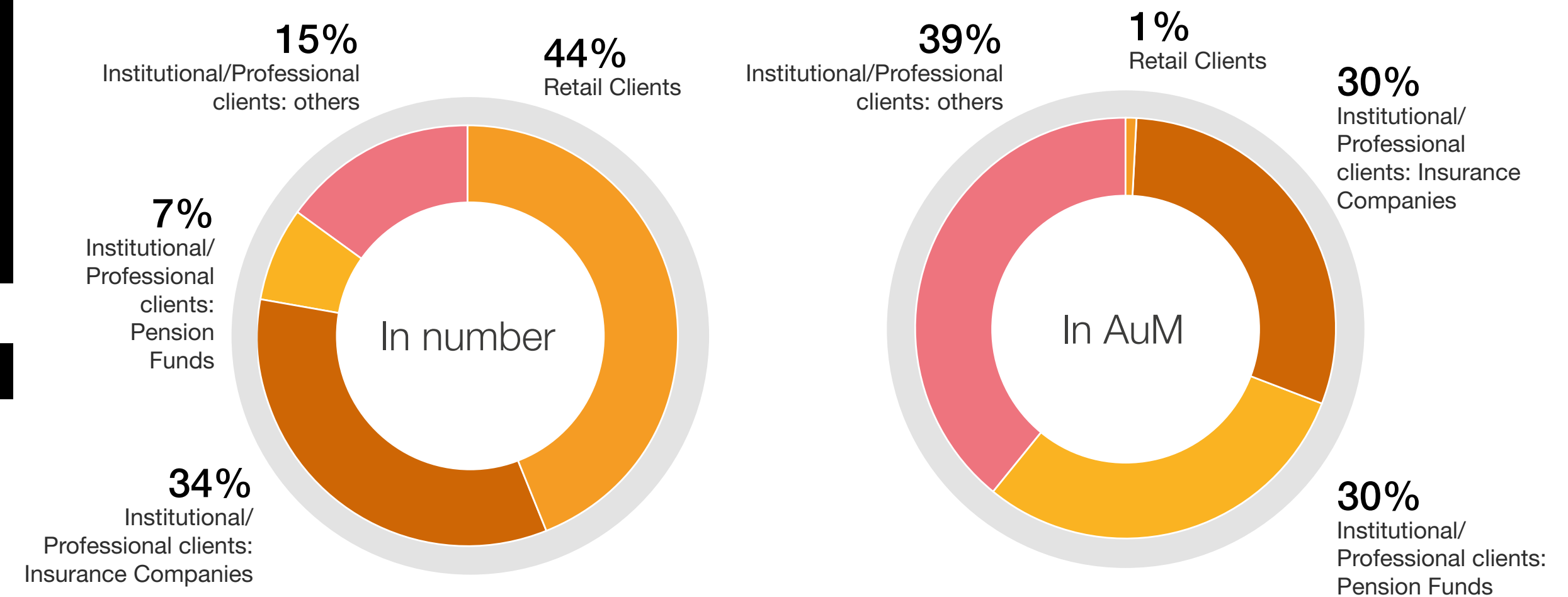
Use of MiFID Licences



Our survey covers **36%** of ManCos having MiFID licences

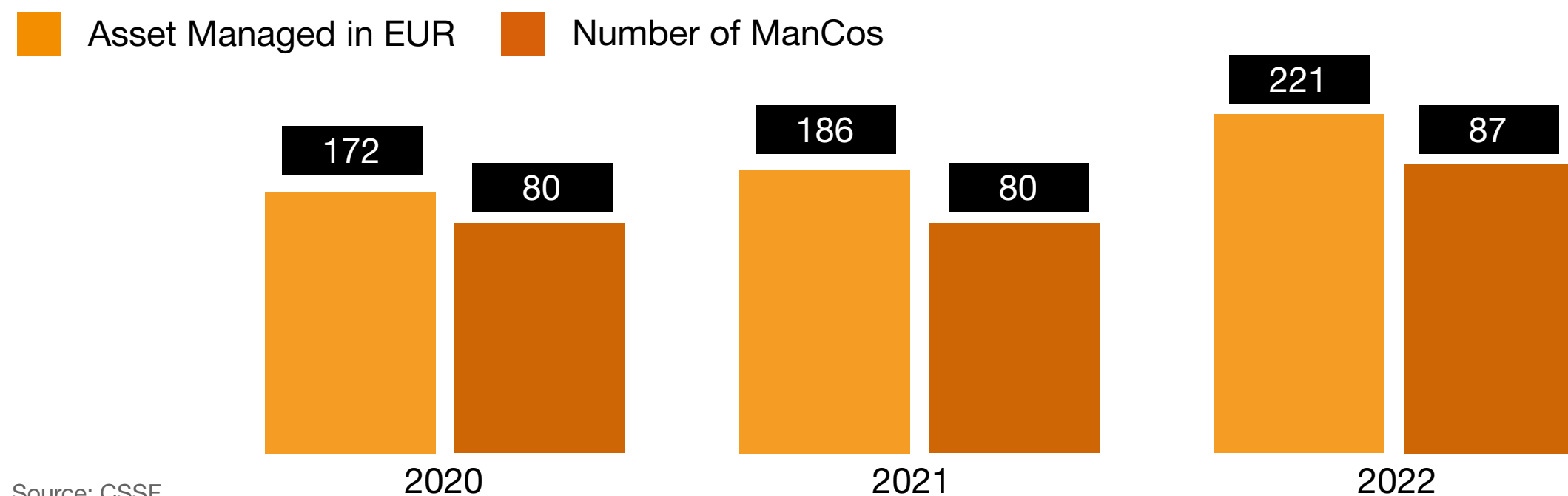
Source: PwC ManCo Survey 2023

Repartition of mandates

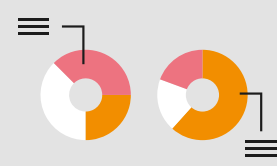


Source: PwC ManCo Survey 2023

Assets Managed on discretionary basis

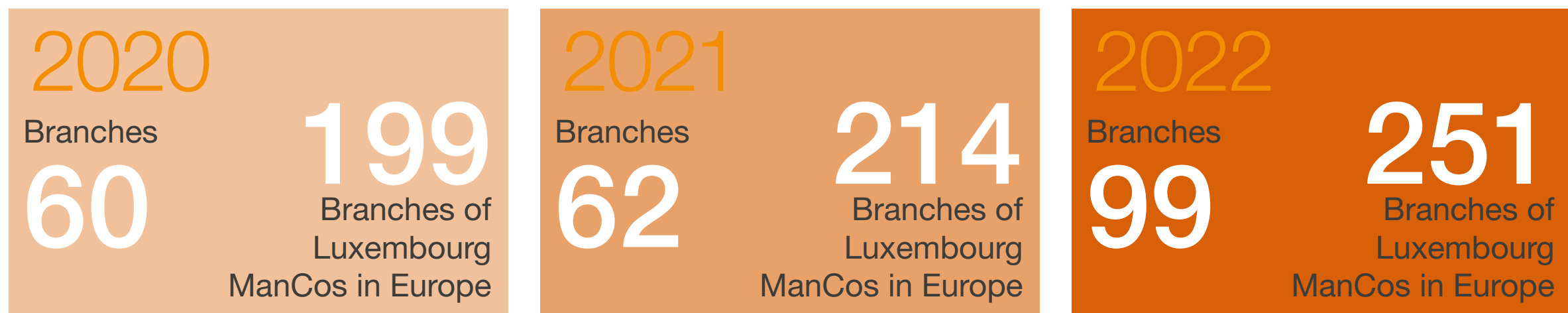


Source: CSSF



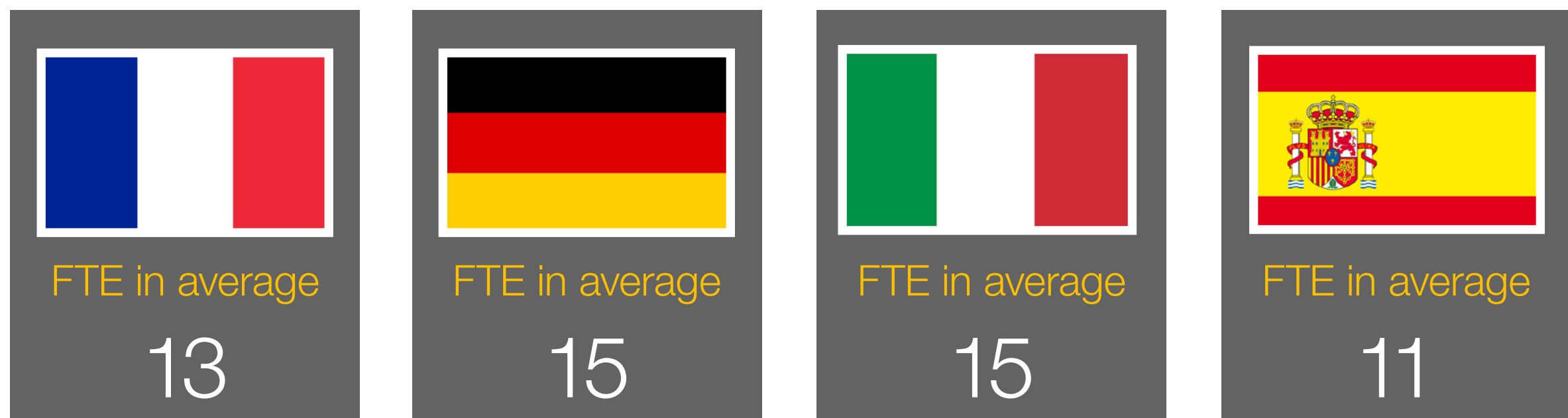
Branches

ManCos having branches



Source: CSSF

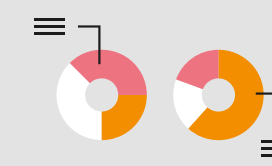
Top Countries where branches of Luxembourg ManCos are located in Europe



Main Activities of the branches: **Distribution**, **Sales** and **Marketing**.

Sources: ESMA Register, PwC ManCo Survey 2023





Governance framework

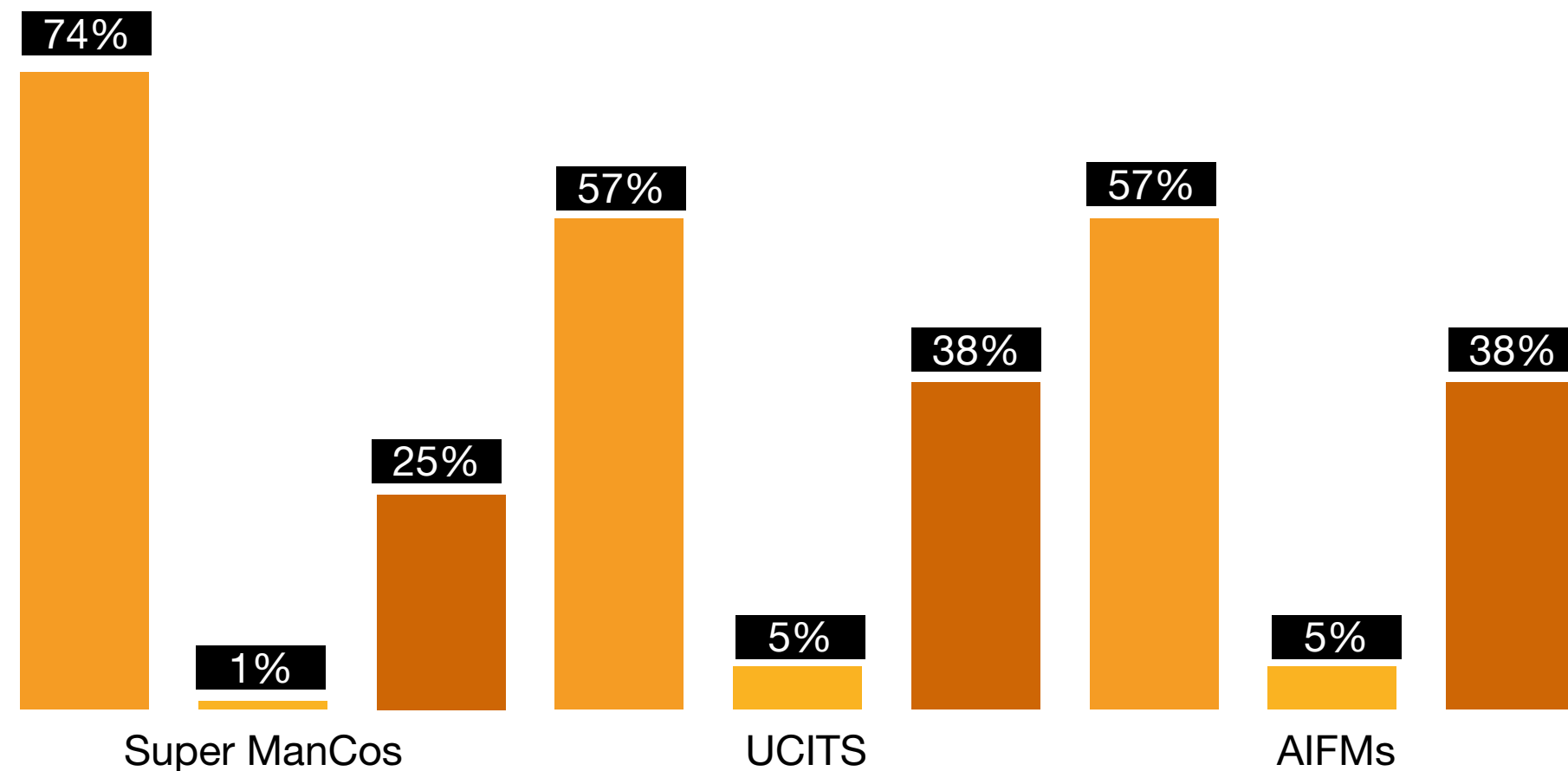
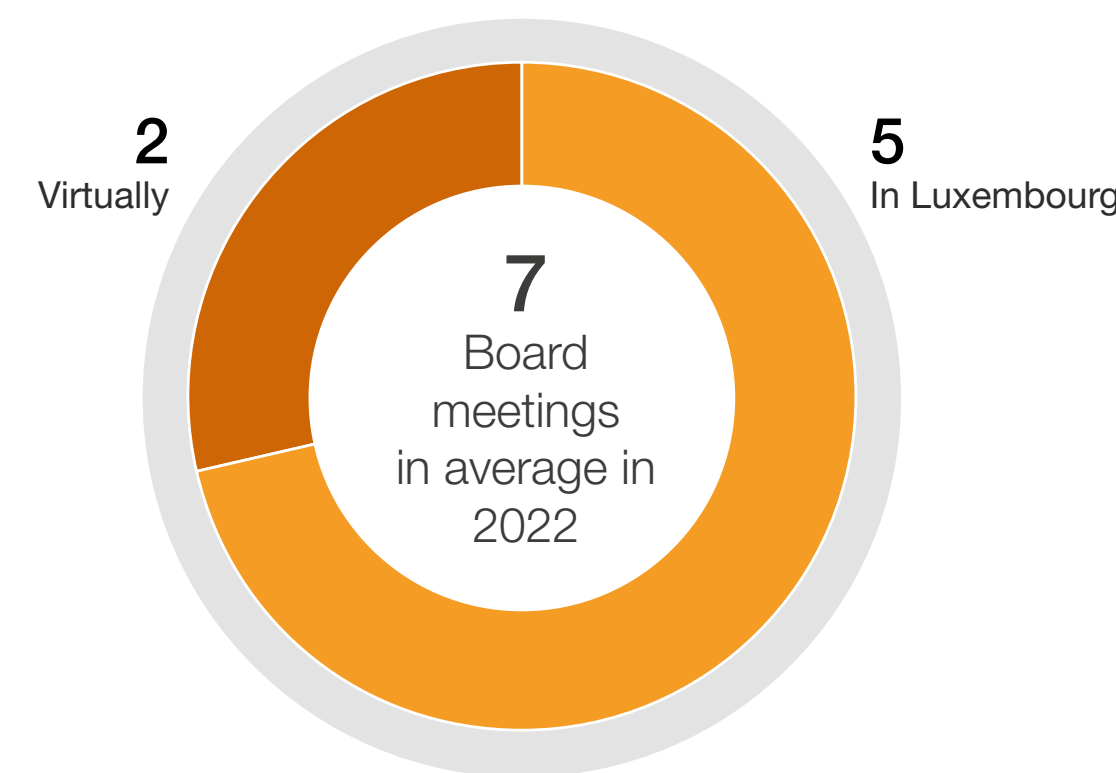
Focus on Board of Directors

	Average number of Directors per ManCo	Maximum	Being Independent
Super ManCos	5	15	2
UCITS	4	8	2
AIFMs	4	6	2

Profile of Board of Directors

	Super ManCos	UCITS	AIFMs
Years on board (average)	4.7	5.8	5.5
Age (average)	53.6	57.9	53.1
Gender	Male (77%)	Male (81%)	Male (92%)
Place of residence	Outside Greater Region (53%)	Outside Greater Region (67%)	Outside Greater Region (55%)

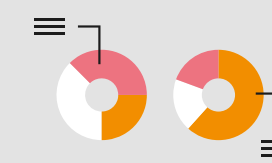
Numbers of Board Meetings



■ Directors employed by the promoter / funds sponsor
■ Directors employed by a service or legal advisor
■ Non-executive Directors



Sources: PwC ManCo Survey 2023, PwC Luxembourg Fund Governance Survey 2022



Governance framework

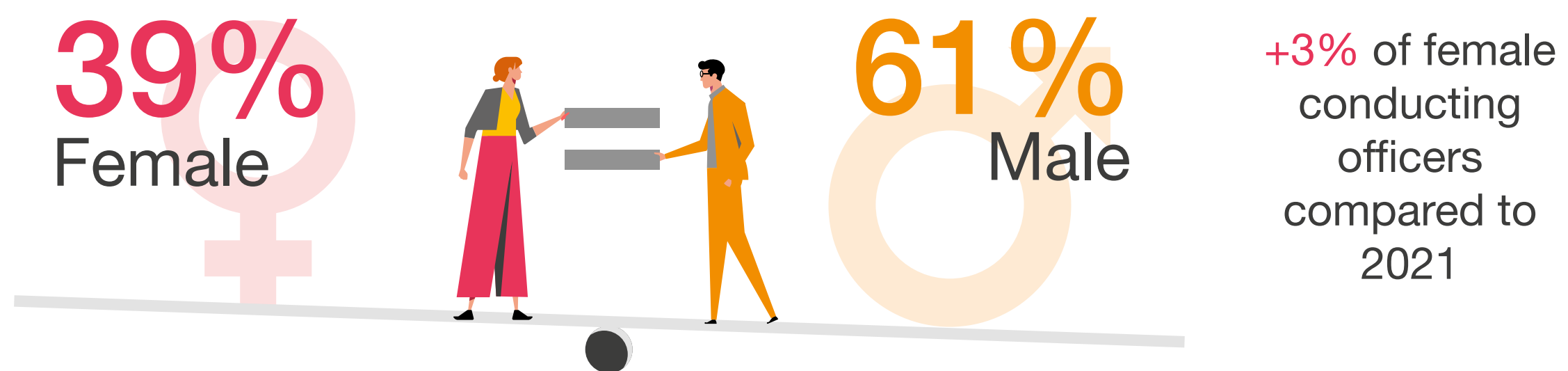
Number of Conducting Officers

	Average	Maximum
UCITS	4	10
Super ManCos	4	9
AIFMs	4	10

Functions carried by Conducting Officers

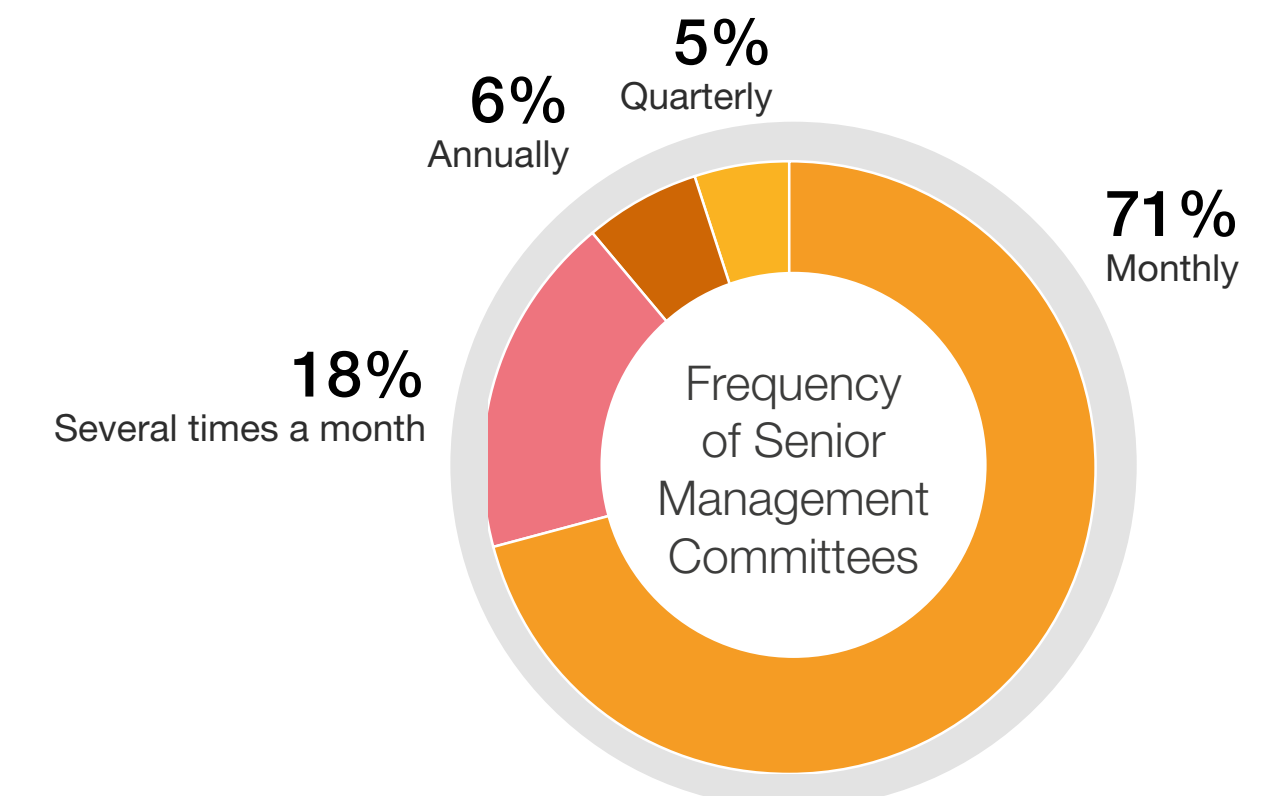
Conducting Officer 1	Compliance	AML/CFT	Claim and complaint handling		
Conducting Officer 2	Administration of UCIs	Valuation	Risk management	IT function	Accounting function
Conducting Officer 3	Marketing	Portfolio management	Accounting function	Distribution	
Conducting Officer 4	Oversight and controls	Internal audit	Oversight of Branches		

Gender Equality



3 functions in average per Conducting Officer within ManCos (max 6 functions)

Frequency of Senior Management Committees

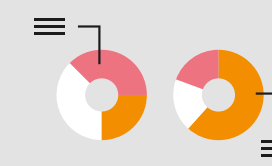


23% of ManCos have a Conducting Officer in charge of Tax matters (**7%** intend to create such function)

19% of ManCos have a Conducting Officer in charge or ESG/Sustainable Finance (**15%** intend to create such function)

Source: PwC ManCo Survey 2023

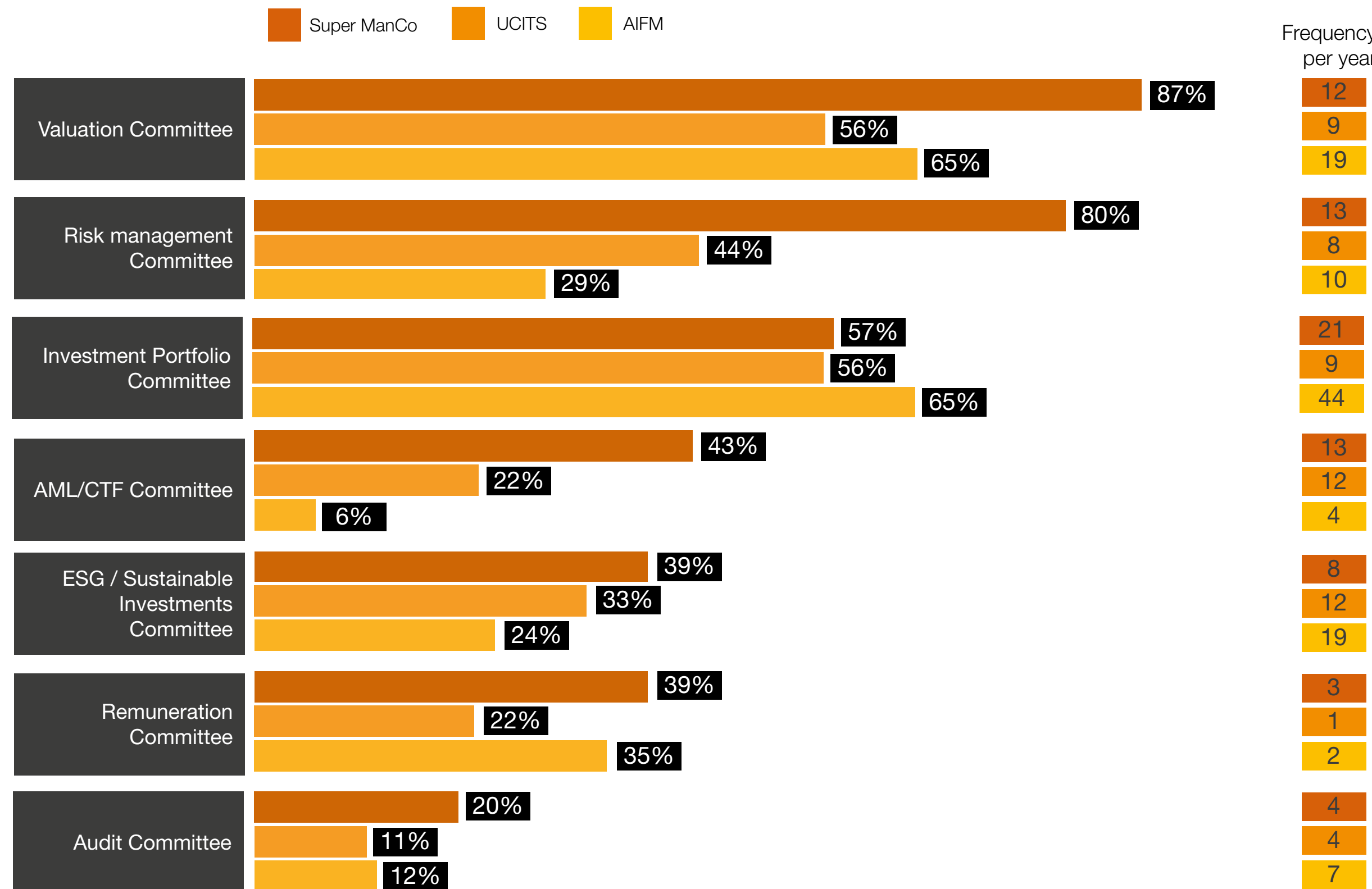
Source: PwC ManCo Survey 2023



Governance framework

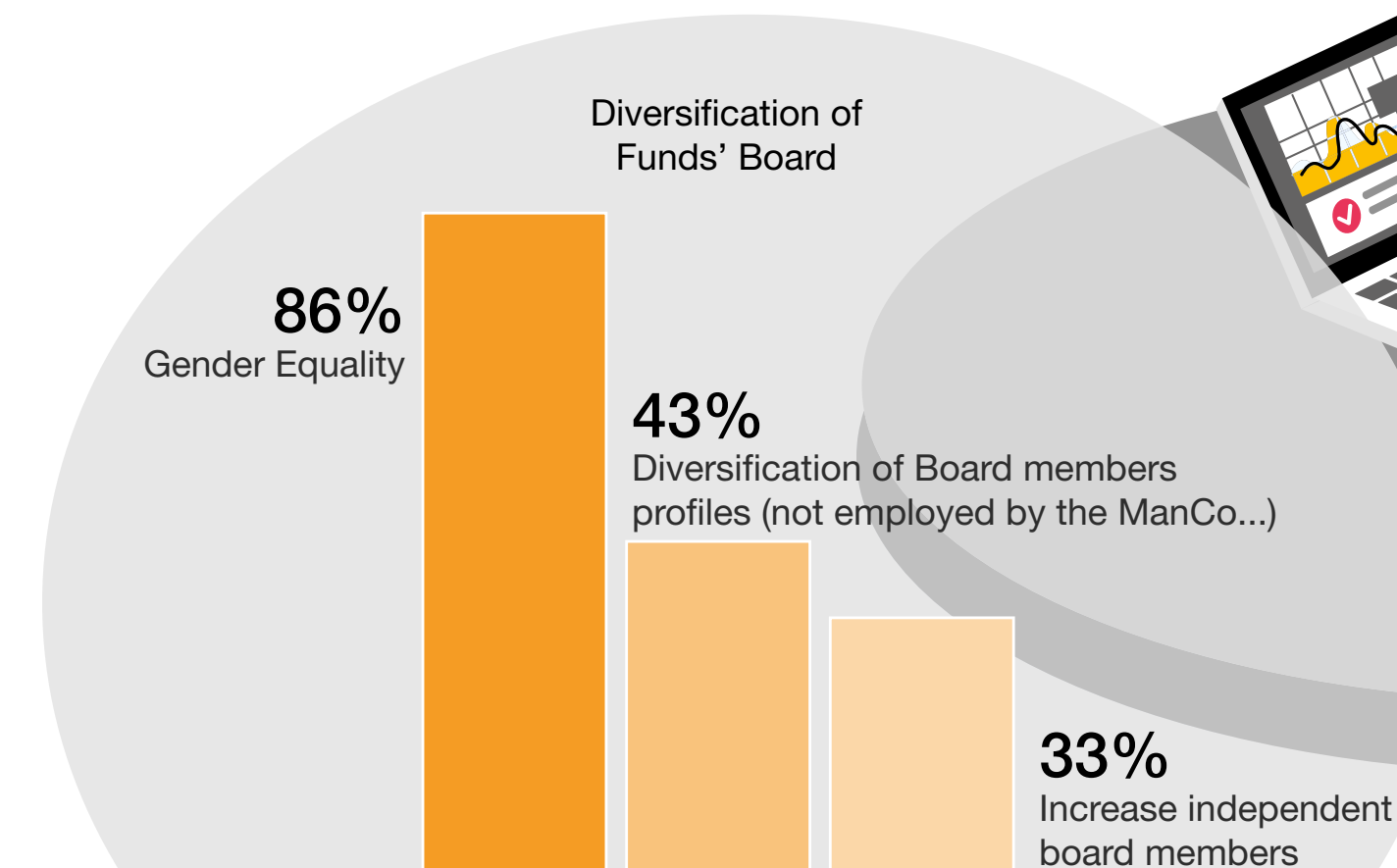
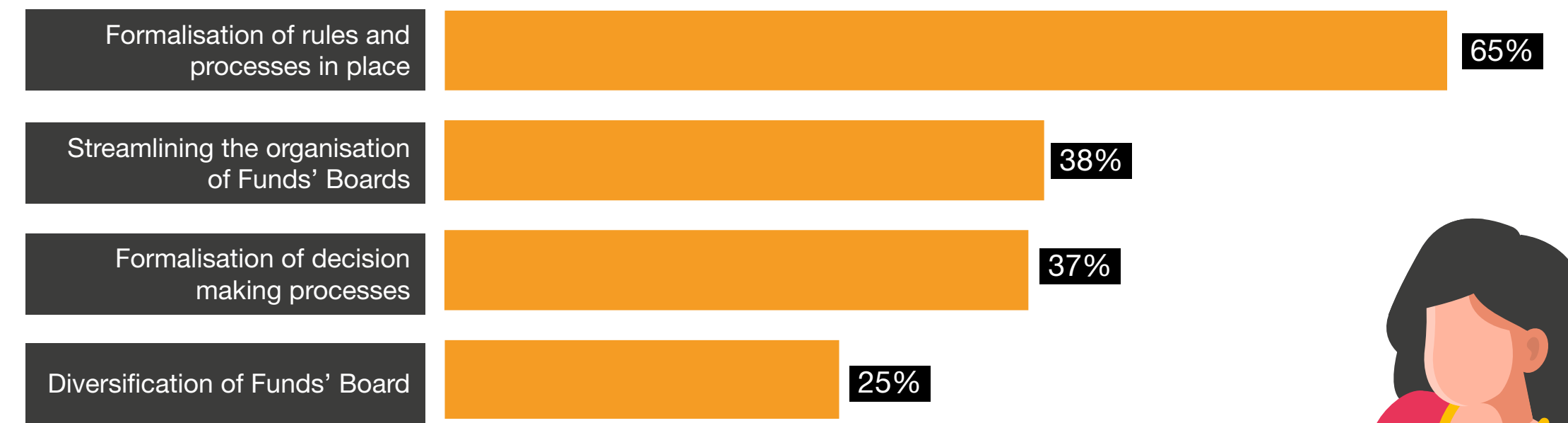
3/3

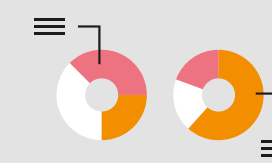
Committees held in ManCos



Source: PwC ManCo Survey 2023

Challenges associated with Governance





Substance & Operating models

Focus on Substance

23 Employees in average in Luxembourg

47 Employees in average for the participants of our survey

Use of seconded staff



Use of Delivery Center



Functions

- 1 Compliance
- 2 Risk Management
- 3 IT

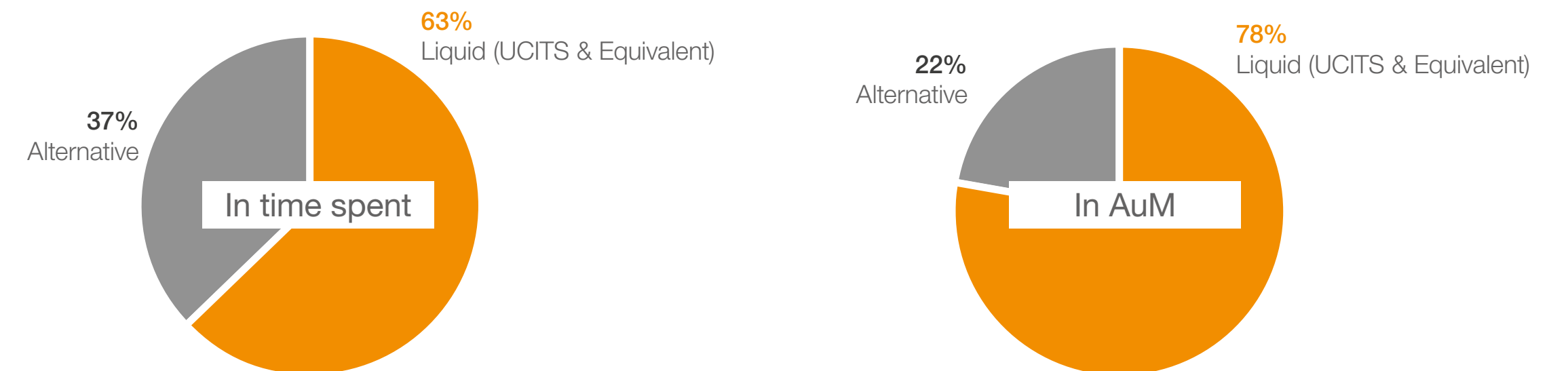
Countries

- 1 Poland
- 2 India
- 3 Ireland

Main Services : Operations and back office

Source: PwC ManCo Survey 2023

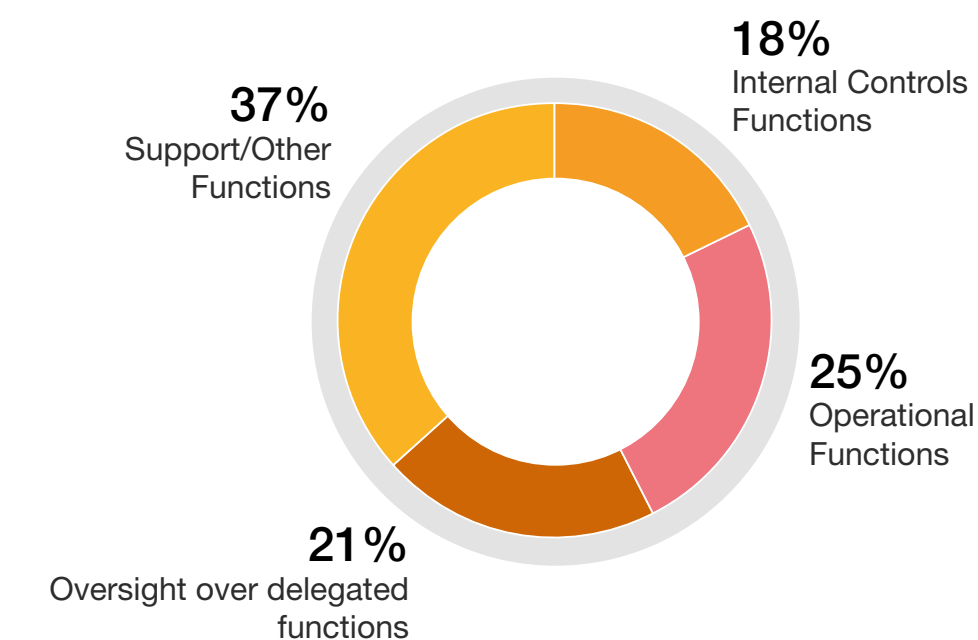
Allocation of staff between UCITS and Alternative Funds (approximately in time in %)



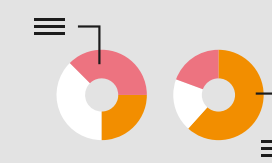
66% of ManCos have team handling both Liquid and Alternative Products

17% of ManCos have clear segregation of team between UCITS and Alternative Products

Staff repartition



Source: PwC ManCo Survey 2023



Substance & Operating models

Internal Control Functions

		Operating Model per Licence			*FTE in Average	Recruitment plan			
		In-house	Partially In-house	Delegated		Third Party	In-house		
Risk Management Function	UCITS / Super ManCo		75%	23%	2%	4	53%	22%	
	AIFMs			100%		3			
Compliance Function	UCITS / Super ManCo			88%	10%	2%	3	29%	22%
	AIFMs			94%	6%		2		
Internal Audit Function	UCITS / Super ManCo	23%	2%			75%	2	20%	8%
	AIFMs	12%				88%	2		
RC Function (AML/CTF, including tax AML)	UCITS / Super ManCo			92%	6%	2%	2	35%	10%
	AIFMs			88%	12%		2		

*Function performed In-house or partially In-house

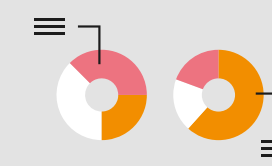
53% of Third Party ManCos intend to recruit Risk Managers in the coming months vs 22% for In-house ManCos.

75% of the UCITS / Super ManCos are performing their Risk Management duties In-house, 23% are partially delegating this function.

Oversight over delegated functions

		FTE in Average	Recruitment plan	
			Third Party	In-house
Oversight of Portfolio Management	UCITS / Super ManCo	3	17%	15%
	AIFMs	2		
Oversight of Distribution network	UCITS / Super ManCo	3	17%	15%
	AIFMs	2		
Oversight over other delegates	UCITS / Super ManCo	6	33%	11%
	AIFMs	2		

Source: PwC ManCo Survey 2023



Substance & Operating models

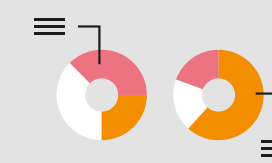
Operational Functions

Operational Function	Licence	Operating Model per Licence			*FTE in Average	Recruitment plan	
		In-house	Partially In-house	Delegated		Third Party	In-house
Investment monitoring Function	UCITS / Super ManCo	34%	26%	40%	4	7%	10%
	AIFMs		60%	13%	27%		
Portfolio Management Function	UCITS / Super ManCo	12%	34%	53%	3	23%	21%
	AIFMs		53%	20%	27%		
Fund Distribution Function	UCITS / Super ManCo	19%	26%	55%	11	60%	8%
	AIFMs		40%	7%	53%		
Marketing of Funds (Sales team)	UCITS / Super ManCo	29%	23%	53%	3	0%	19%
	AIFMs		33%	7%	60%		
Fund Administration Function	UCITS / Super ManCo	7%	7%	86%	7	33%	60%
	AIFMs	7%	13%	80%	2		
Registrar and Transfer Agent Function	UCITS / Super ManCo	3%	5%	92%	10	0%	60%
	AIFMs		7%	93%	4		

*Function performed In-house or partially In-house

Source: PwC ManCo Survey 2023

34% of the UCITS / Super ManCos are performing their Investment monitoring duties In-house, 26% are partially delegating this function.



Substance & Operating models

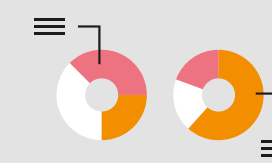
Support Functions

		Operating Model per Licence			*FTE in Average	Recruitment plan		
		In-house	Partially In-house	Delegated		Third Party	In-house	
Valuation Function	UCITS / Super ManCo	38%	26%	36%	2	45%	0%	
	AIFMs	86%	14%		4			
Governance/Corporate Secretary	UCITS / Super ManCo		62%	12%	26%	3	13%	11%
	AIFMs		57%		43%	2		
Tax Functions (Tax reporting, WHT, Tax reclaims...)	UCITS / Super ManCo	24%	18%	58%	3	100%	0%	
	AIFMs	14%		86%	1			
Investor document production (KIID, PRIIPS, Prospectus...)	UCITS / Super ManCo	18%	18%	64%	4	17%	0%	
	AIFMs	14%		86%	1			
Regulatory Reporting (Solvency II, AIFMD...)	UCITS / Super ManCo	18%	9%	73%	3	14%	0%	
	AIFMs		43%	57%	2			
ESG/Sustainable Investments Functions	UCITS / Super ManCo	26%	24%	50%	3	30%	18%	
	AIFMs			71%	29%	2		

*Function performed In-house or partially In-house

Source: PwC ManCo Survey 2023

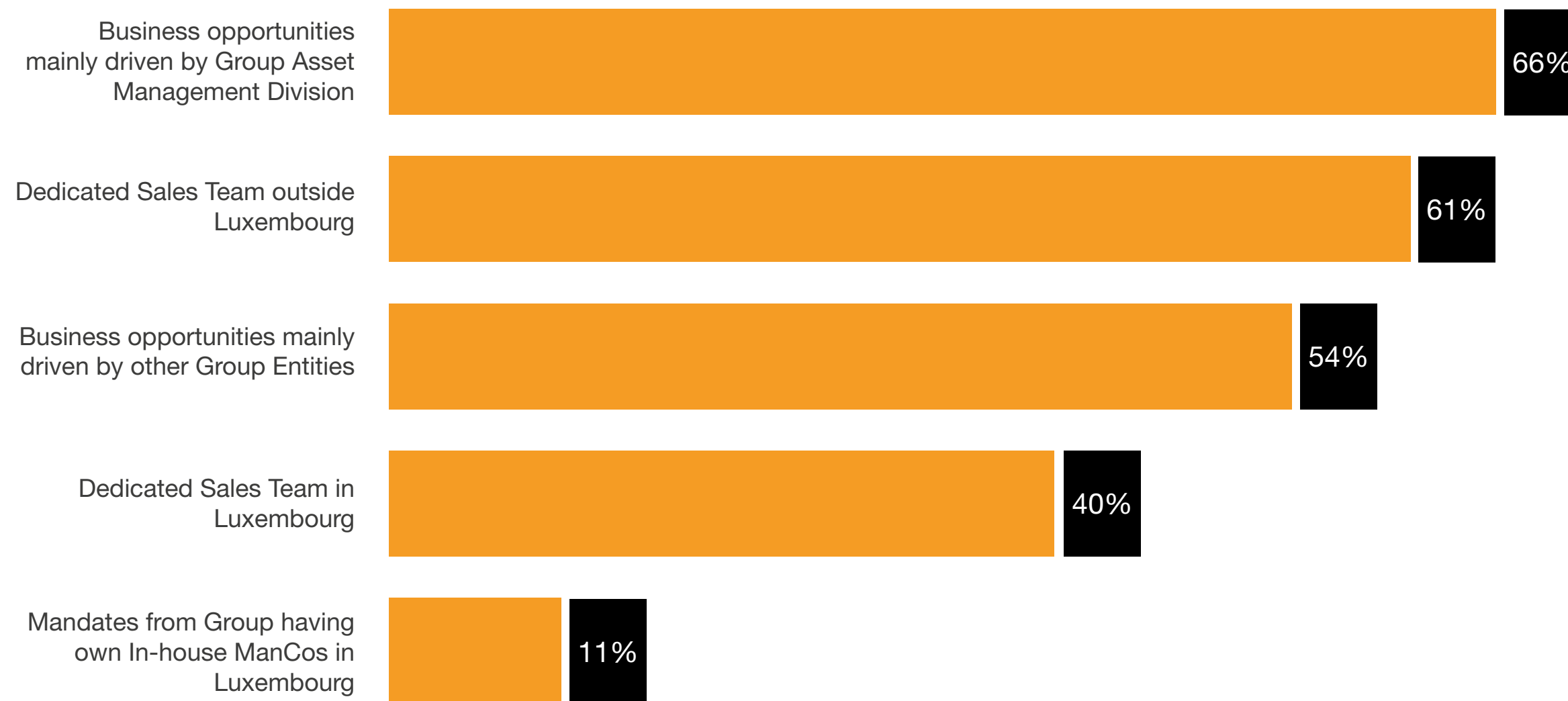
86% of the AIFMs are performing their Valuation function In-house. In average those AIFMs have **4** employees to perform such duties.



Business & Strategy

Main business streams to attract business/new mandates

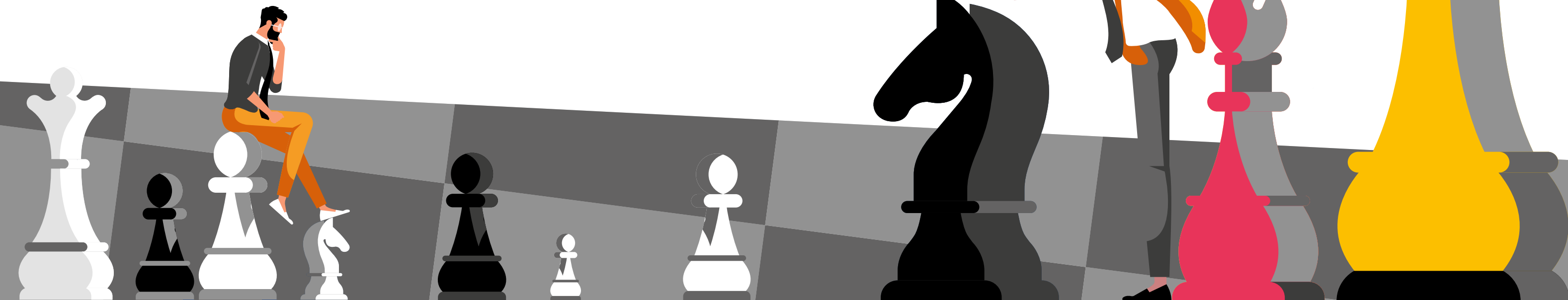
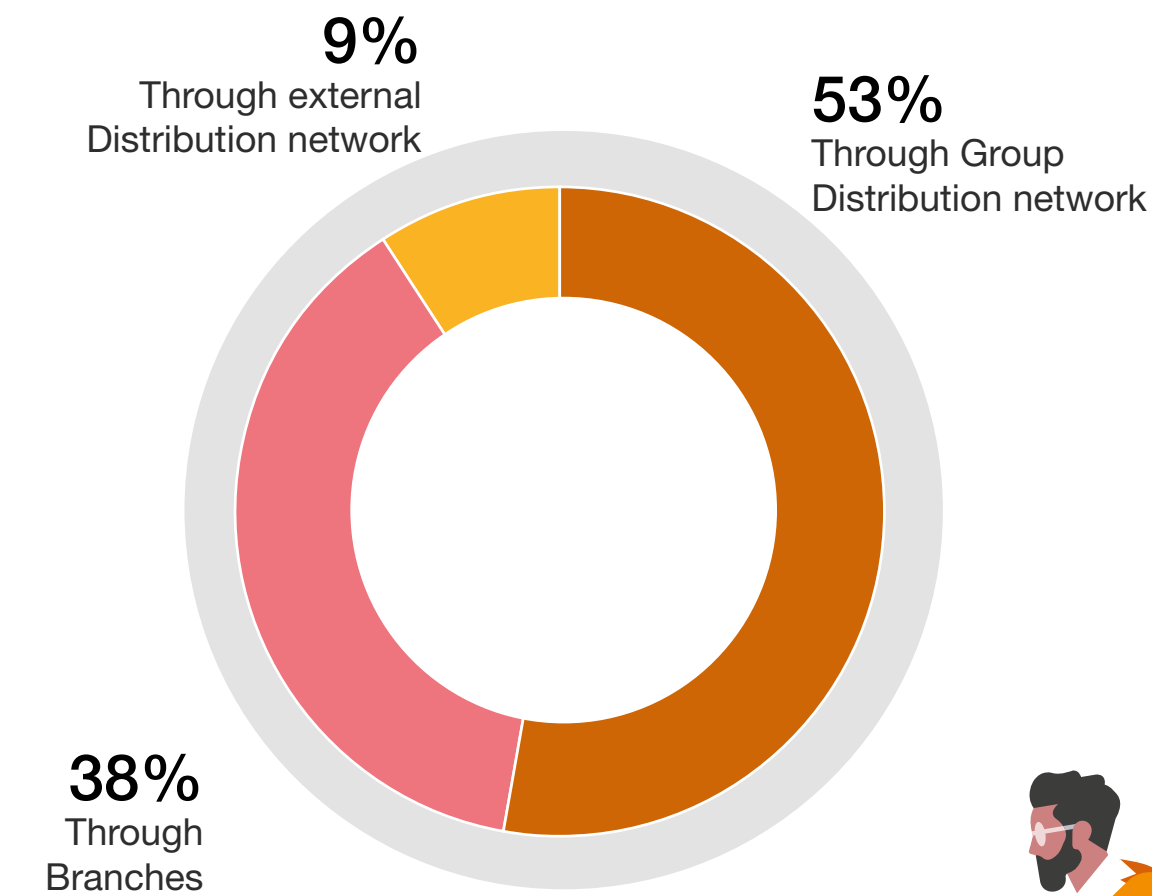
66% of ManCos have the Group Asset Management Division as main source of Business Opportunities.

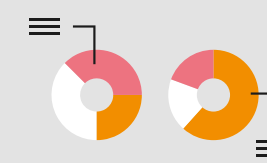


Source: PwC ManCo Survey 2023

Dedicated Sales Team outside Luxembourg

Among the ManCos having dedicated sales team outside Luxembourg, 53% are through Group Distribution network

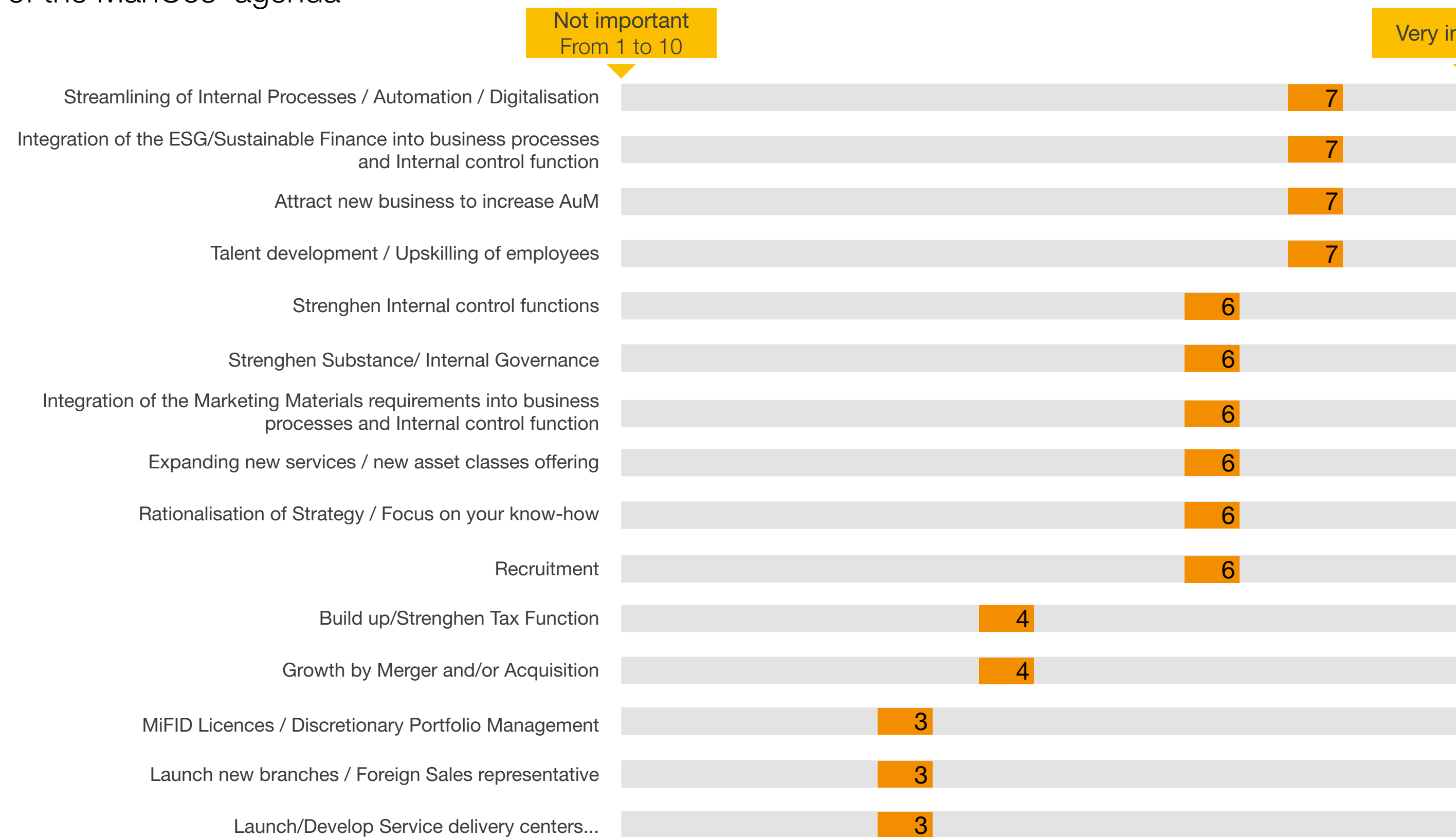




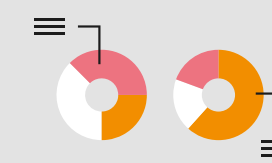
Business & Strategy

Topics on top of the ManCos' Agenda

Streamlining their internal process, automating and digitalising their business remain on top of the ManCos' agenda



Source: PwC ManCo Survey 2023



Revenue & Costs

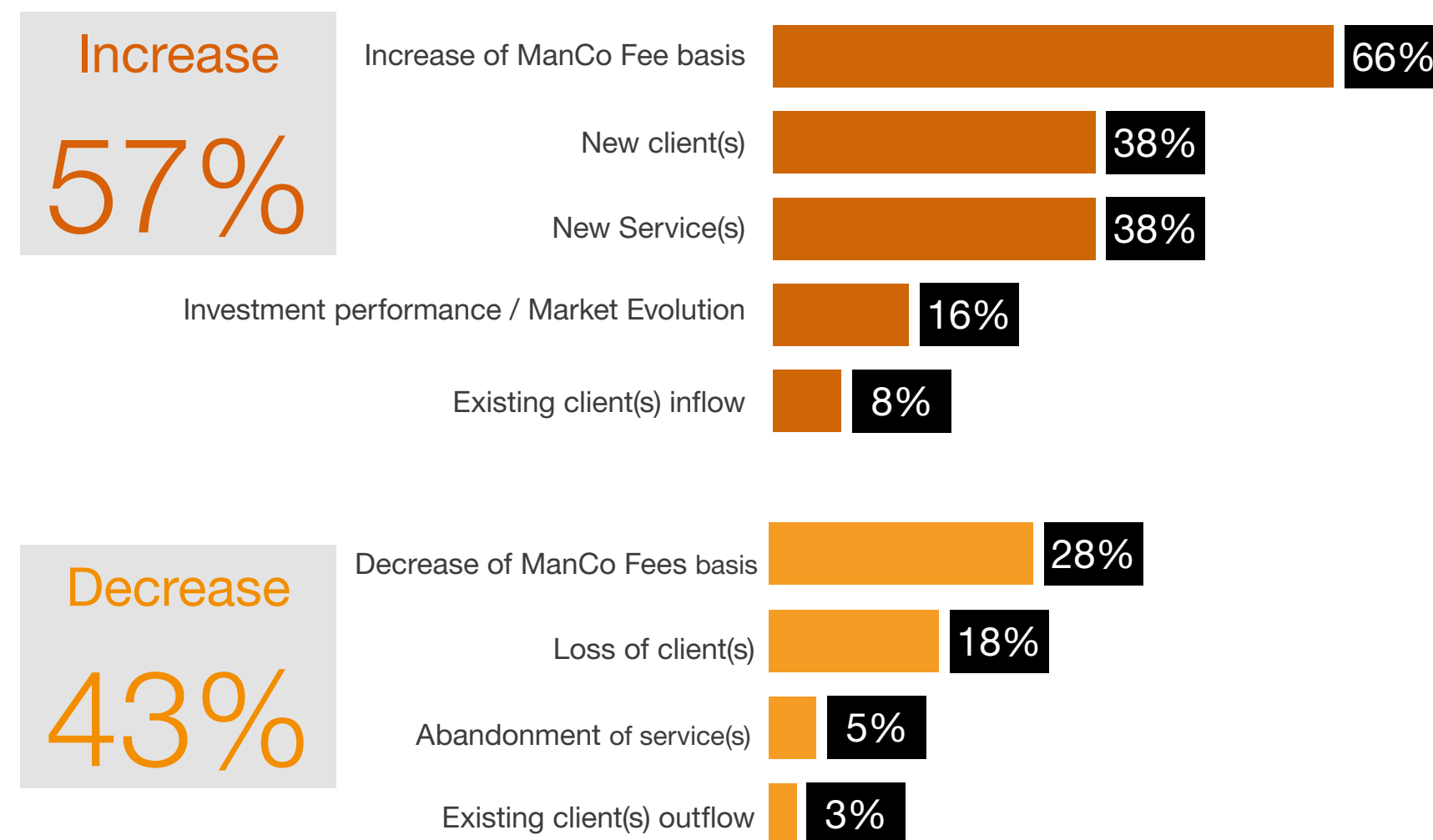
AuM Threshold assessed by ManCos to be viable on a long term basis

47% of AIFMs consider a viability AuM threshold between 5 and 20bn EUR

	< 1 bn	1 - 5 bn	5 - 20 bn	20 - 50 bn	> 50 bn
UCITS / Super ManCos	8%	21%	5%	19%	19%
AIFMs	6%	41%	47%	0%	6%

Revenue evolution in 2022

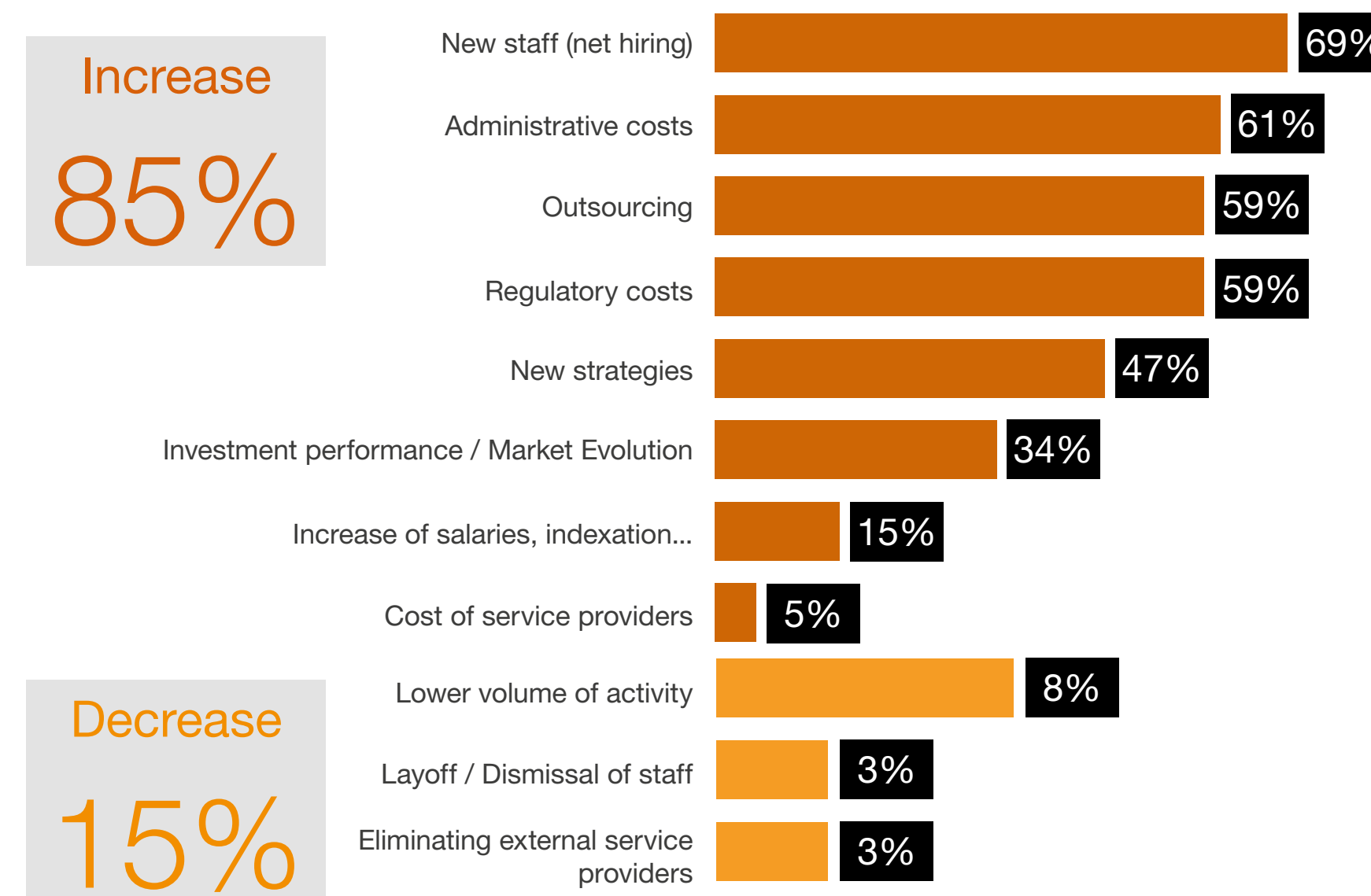
57% of ManCos experienced a revenue increase in 2022 mainly driven by investment performance and business opportunities



Source: PwC ManCo Survey 2023

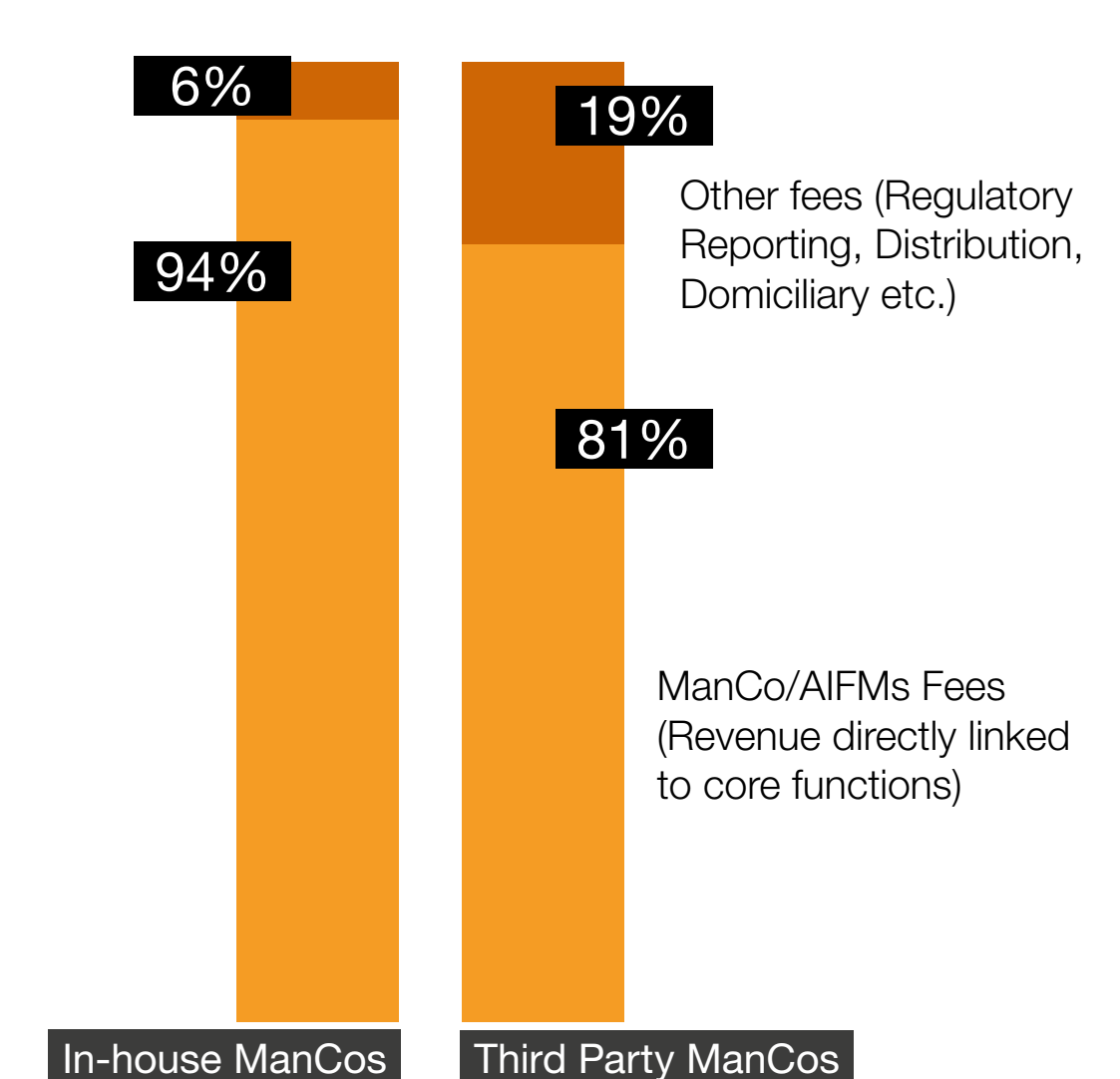
Cost evolution in 2022

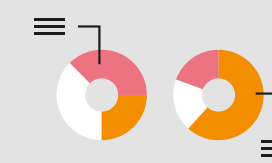
Majority of ManCos experienced a cost increase in 2022 mainly driven by regulatory cost and increase of staff costs



Split of Revenue

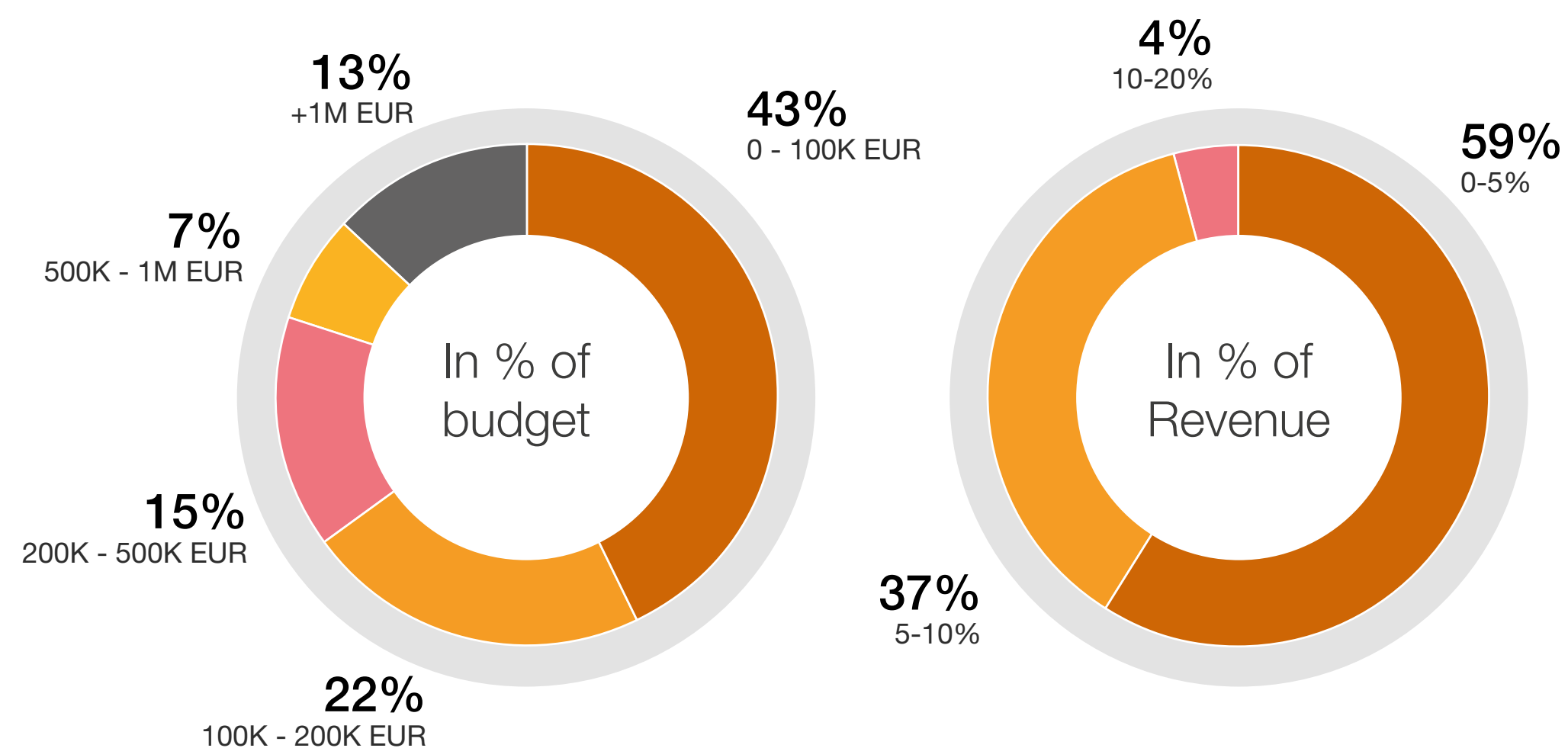
19% of Third Party ManCos' revenue come from fees not linked to core ManCo functions





Digitalisation, Technology

Budget allocated to Digital Transformation

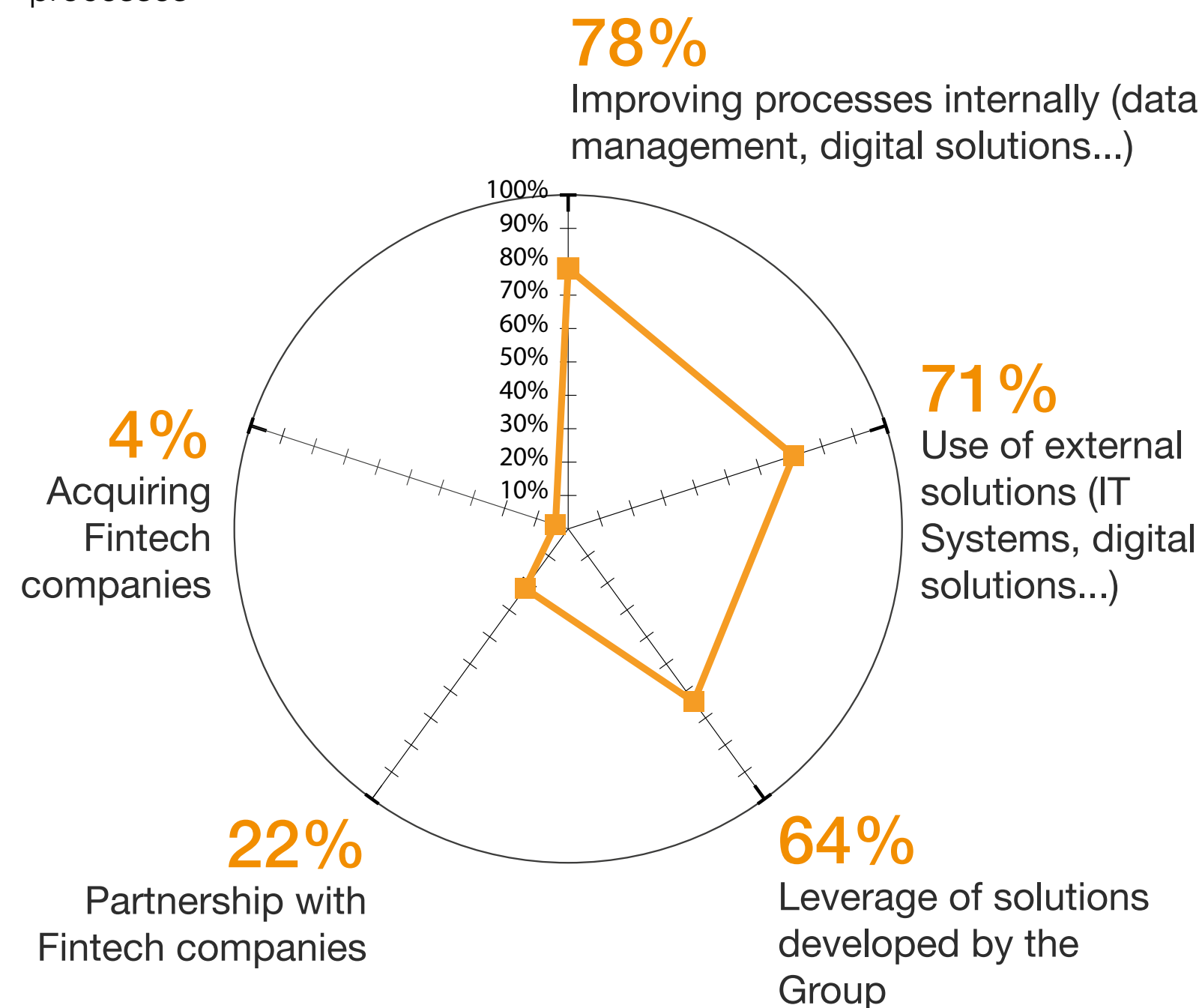


15% of ManCos allocate a budget between EUR 200,000 and EUR 500,000 to their Digital Transformation.

37% of ManCos allocate a budget to their Digital Transformation which represents 5-10% of their revenue.

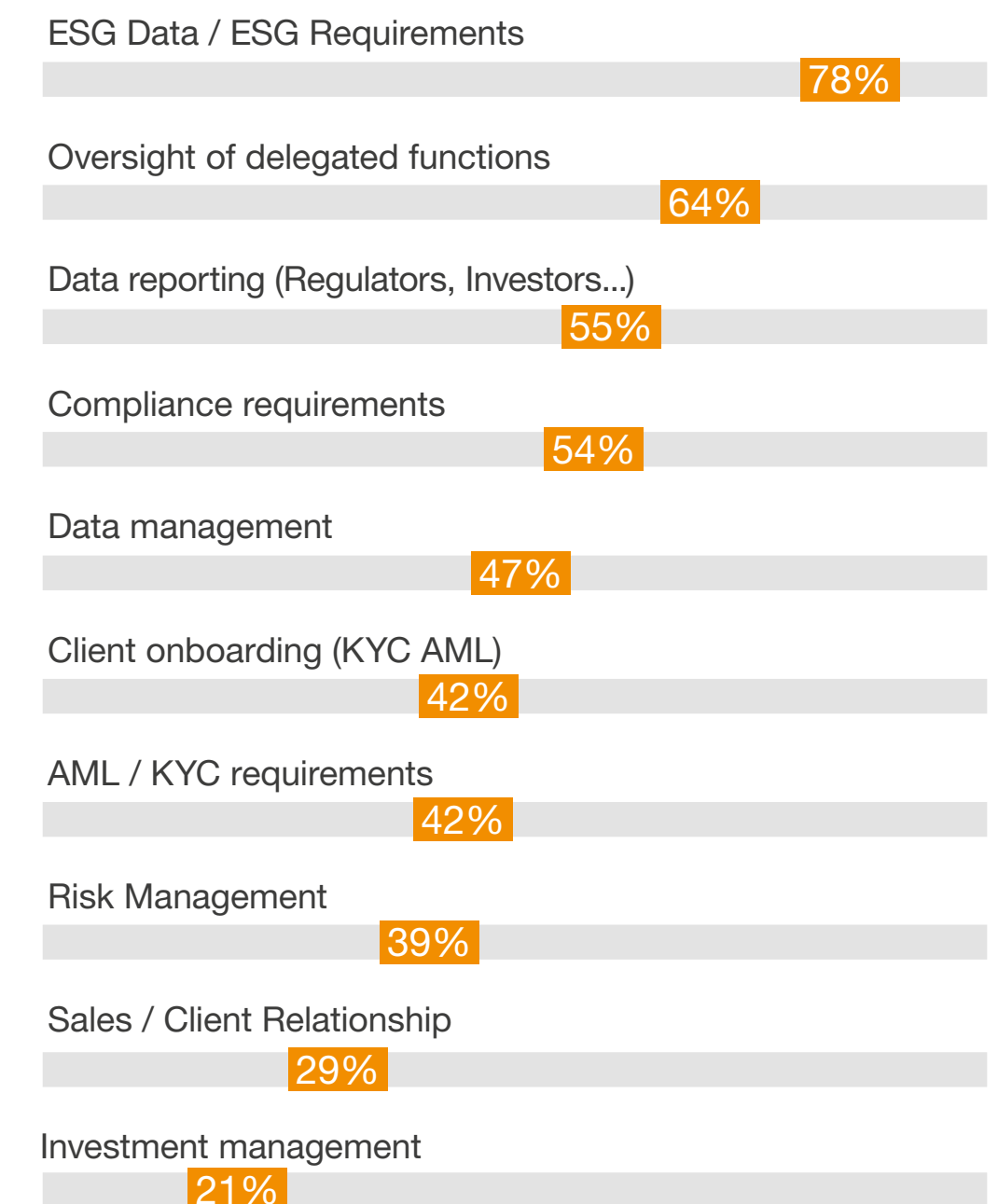
How ManCos are managing their transformation journey

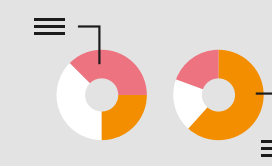
Most of ManCos continue to leverage on internal solutions to improve their processes



Top priority in the transformation journey

ESG data and oversight of delegated functions are considered as the top priorities in term of need for transformation

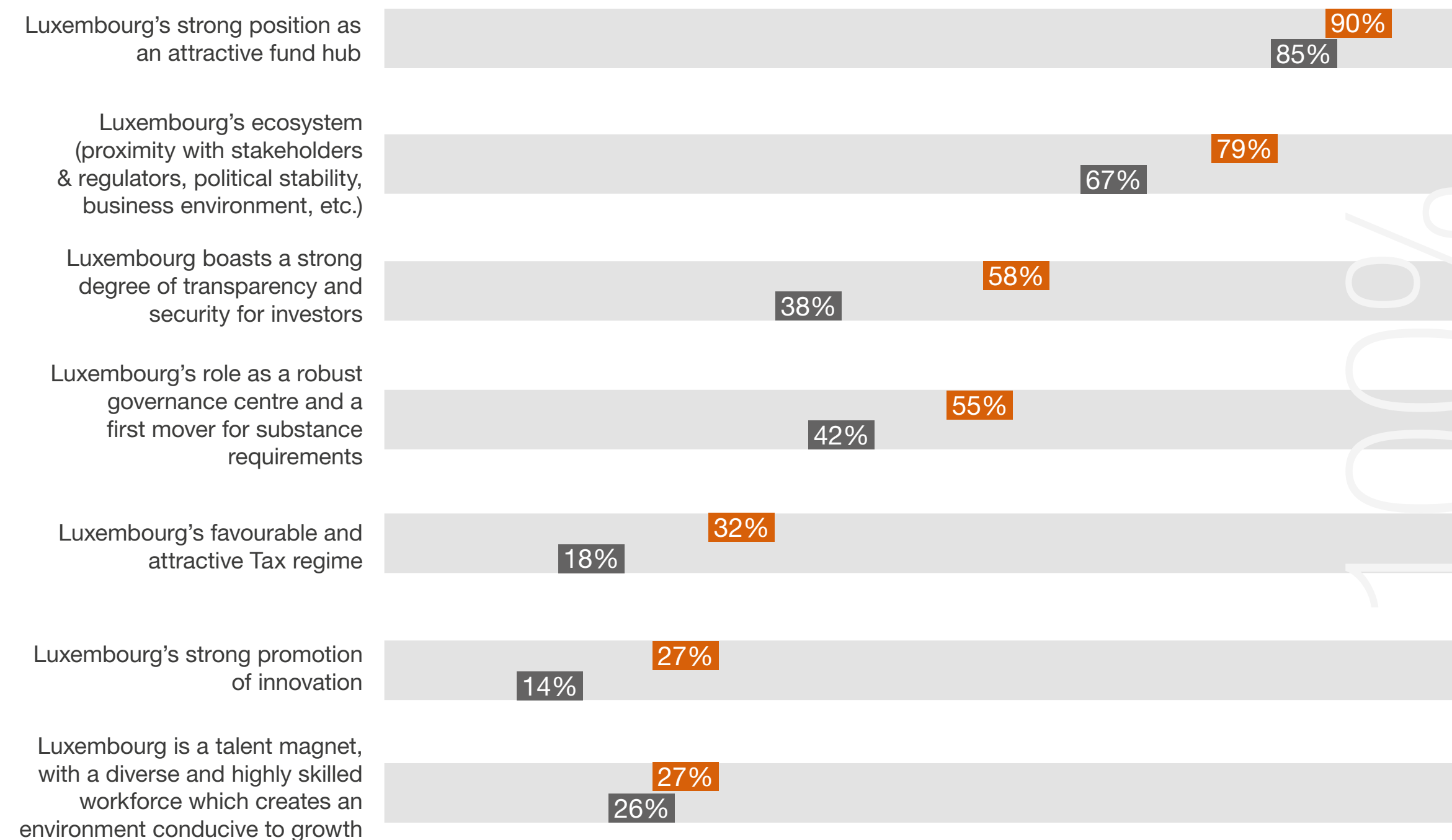




Looking Forward

Why Luxembourg for ManCos

Luxembourg as an attractive fund hub and its ecosystem are seen as the main reasons to set-up or keep a ManCo in Luxembourg

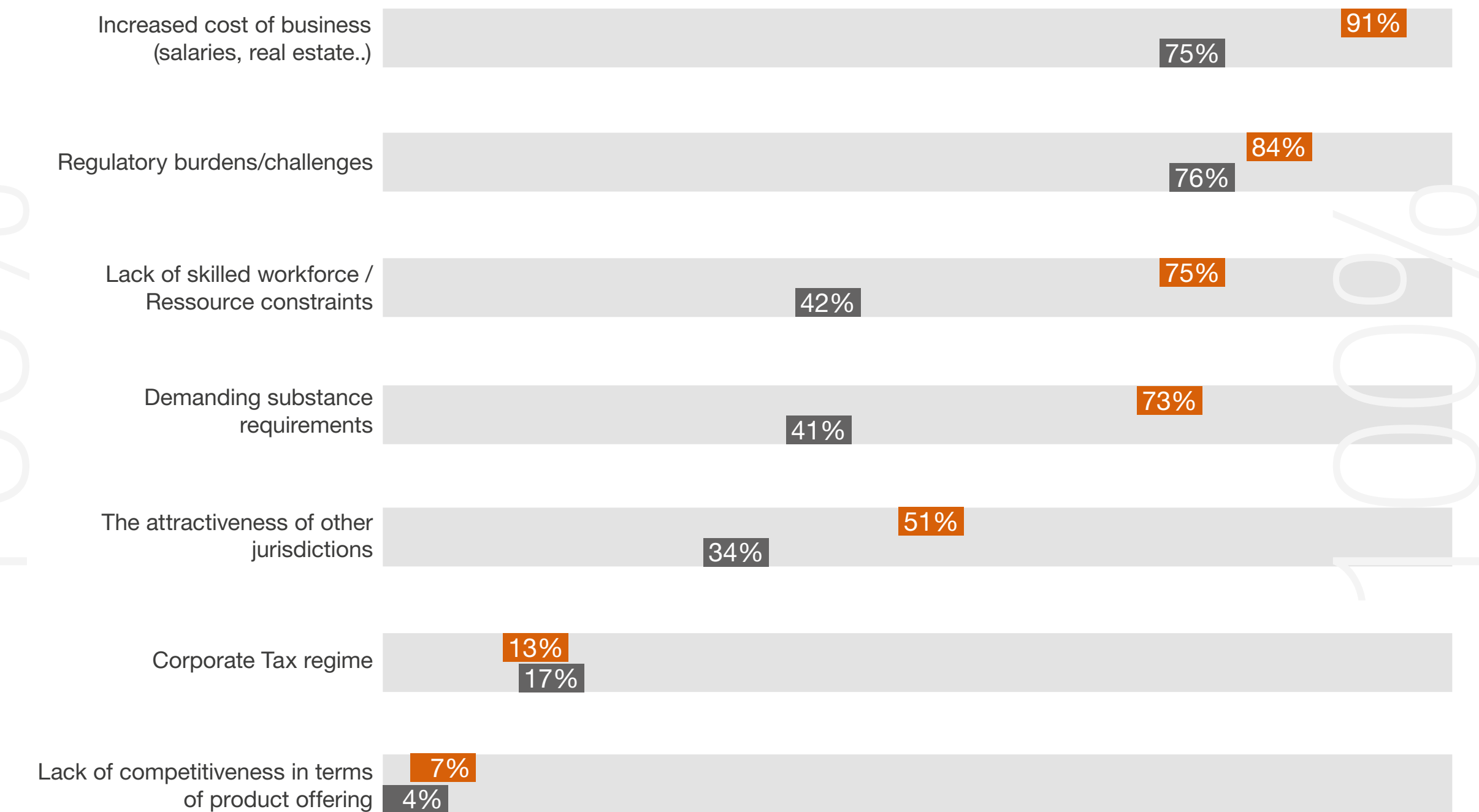


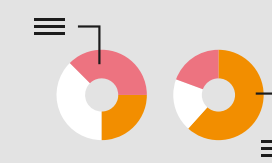
Source: PwC ManCo Survey 2023

2021 2022

Main threats to Luxembourg's current ManCo model

Cost increase and regulatory requirements are perceived as the main threats to Luxembourg's current ManCo model



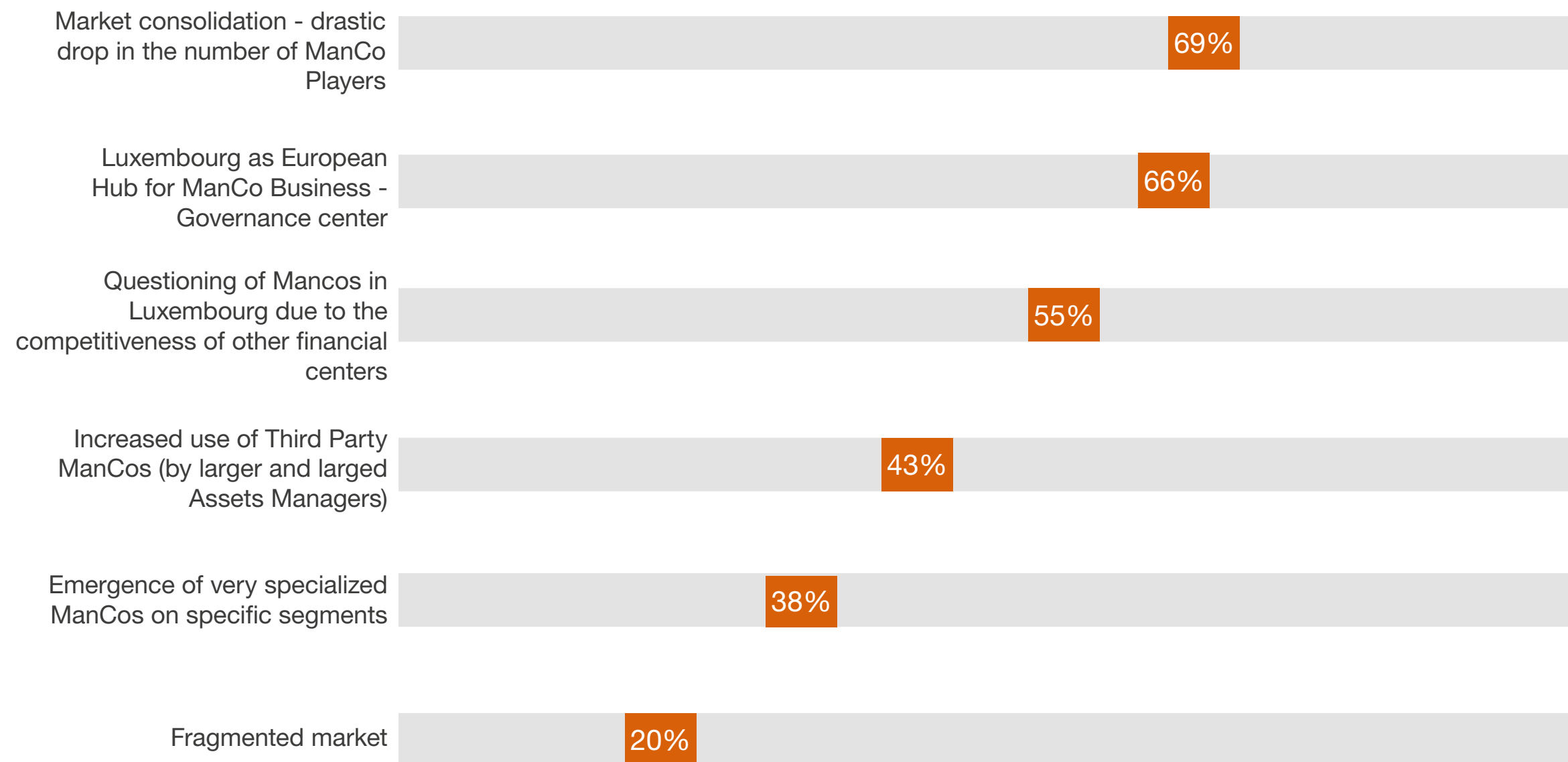


Looking Forward

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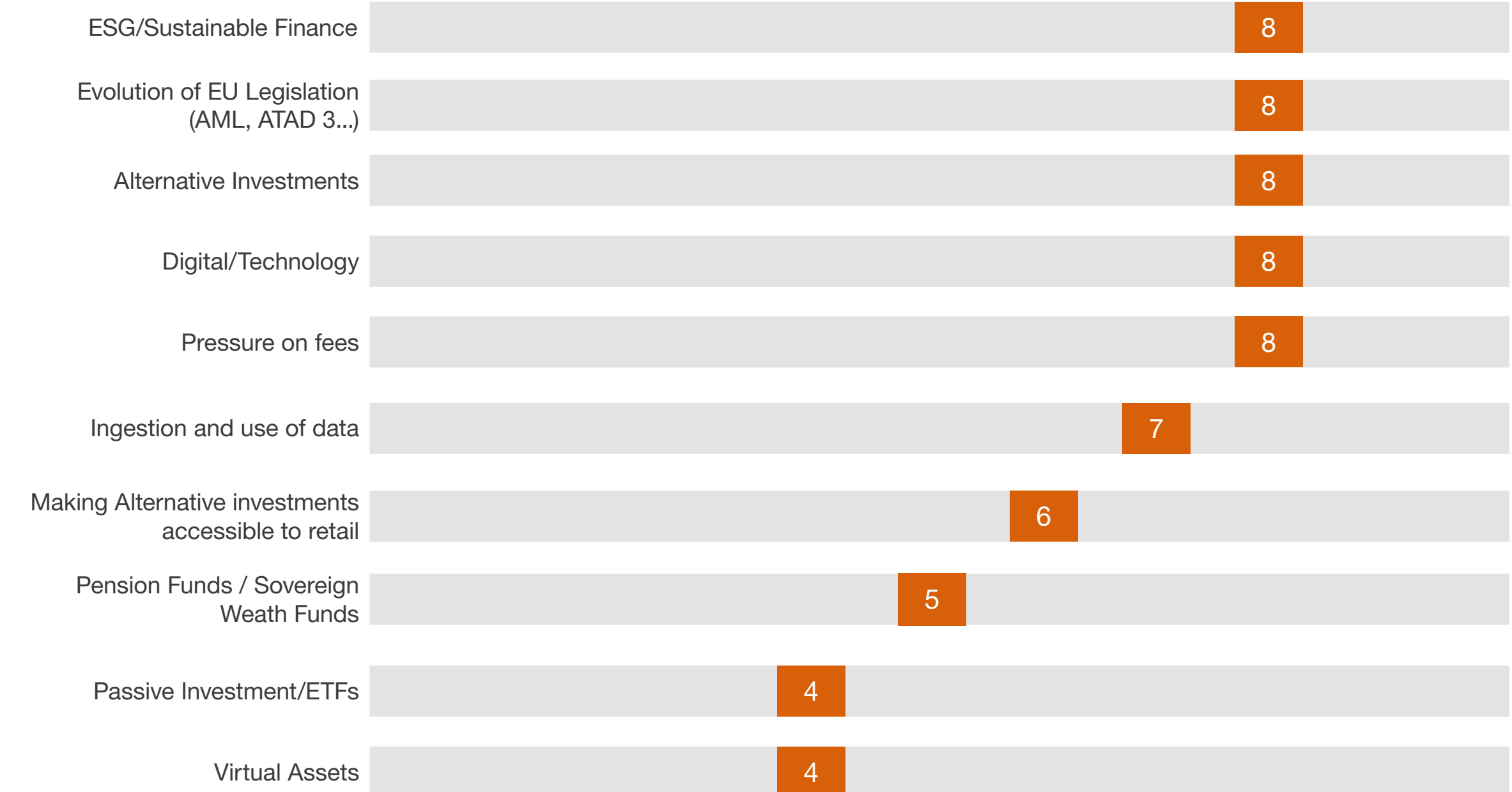
Evolution of the Luxembourg ManCo Model

69% of ManCos perceive a market consolidation on a long term basis

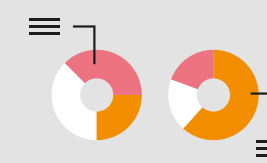


Key trend for Luxembourg ManCos

ManCos have ranked the following trends and their potential impact on a scale from 1 (not important) to 10 (extremely important)



Source: PwC ManCo Survey 2023



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Michael Delano
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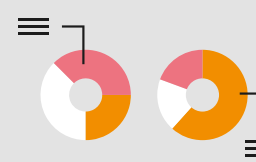
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Contacts



Bertrand Jaboulay
Partner, Management Company
Leader
+352 621 33 2198
bertrand.jaboulay@pwc.lu



Pierre-Marie Bochereau
Director, Management Company
Coordinator
+352 621 33 5268
pierre-marie.bochereau@pwc.lu



Laurent Buttice
Partner, Management Company
+352 621 33 2713
laurent.buttice@pwc.lu



Michael Delano
Asset & Wealth Management
Partner
+352 49 48 48 2109
michael.delano@pwc.lu



René Paulussen
Alternatives Partner
+352 49 48 48 2385
rene.paulussen@pwc.lu



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