

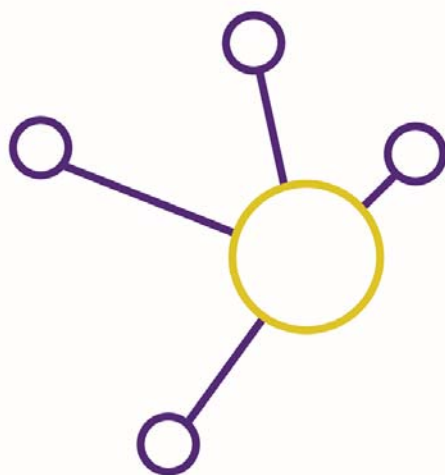


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association of the
luxembourg fund industry



State of the Luxembourg Investment Fund Industry

Marc-André Bechet, Director Legal & Tax
23 February 2016

AGENDA

KEY FIGURES



AIFM



MAINLAND CHINA



HOW IMPORTANT



ETFs



CMU

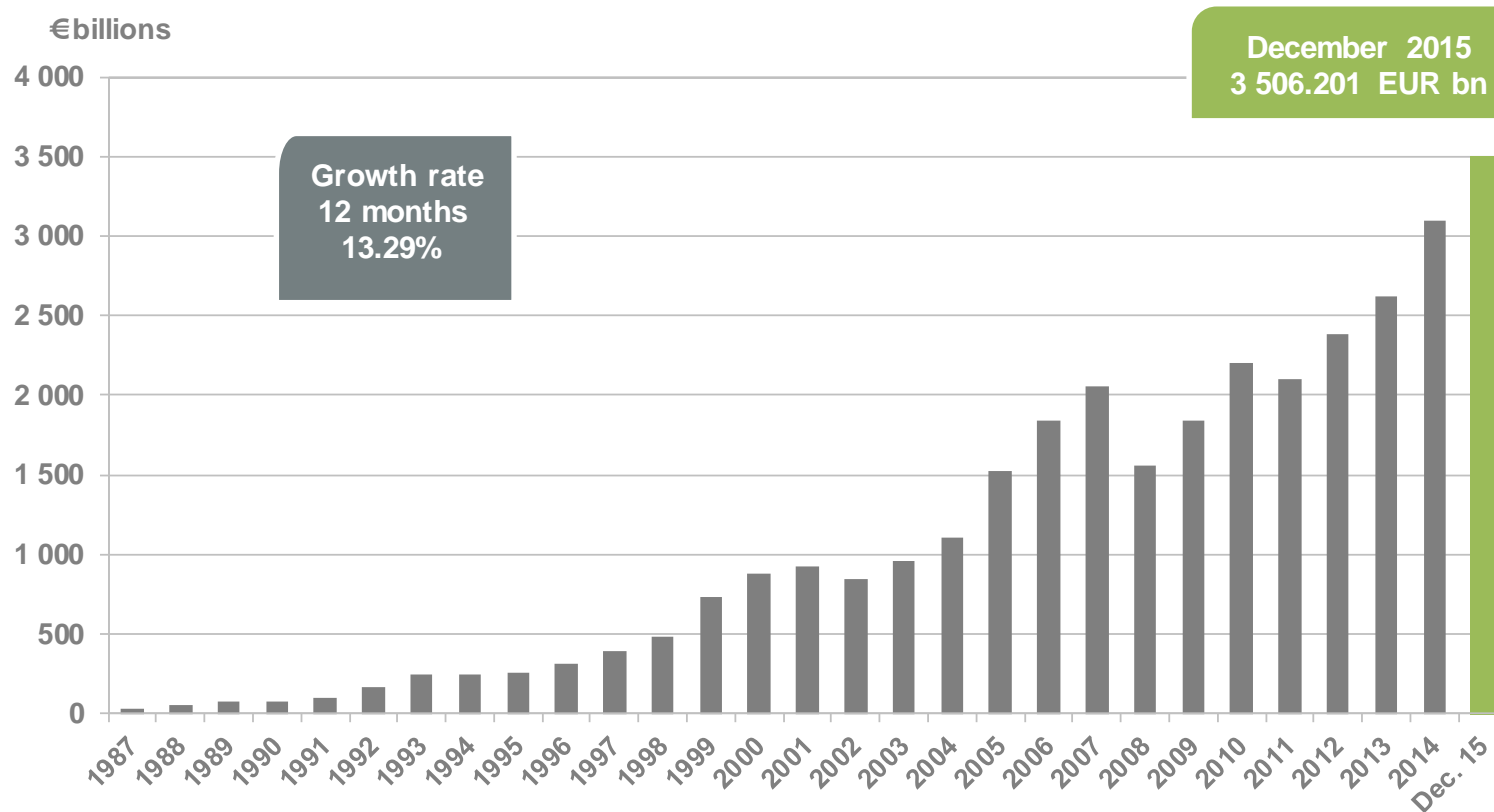




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LUXEMBOURG MARKET

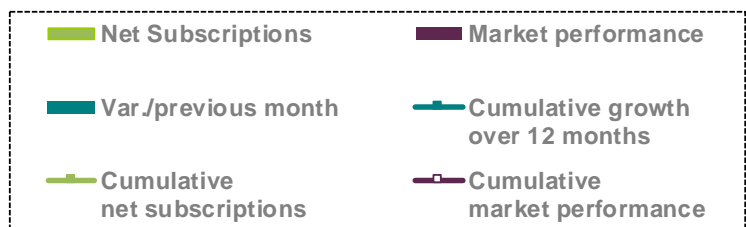




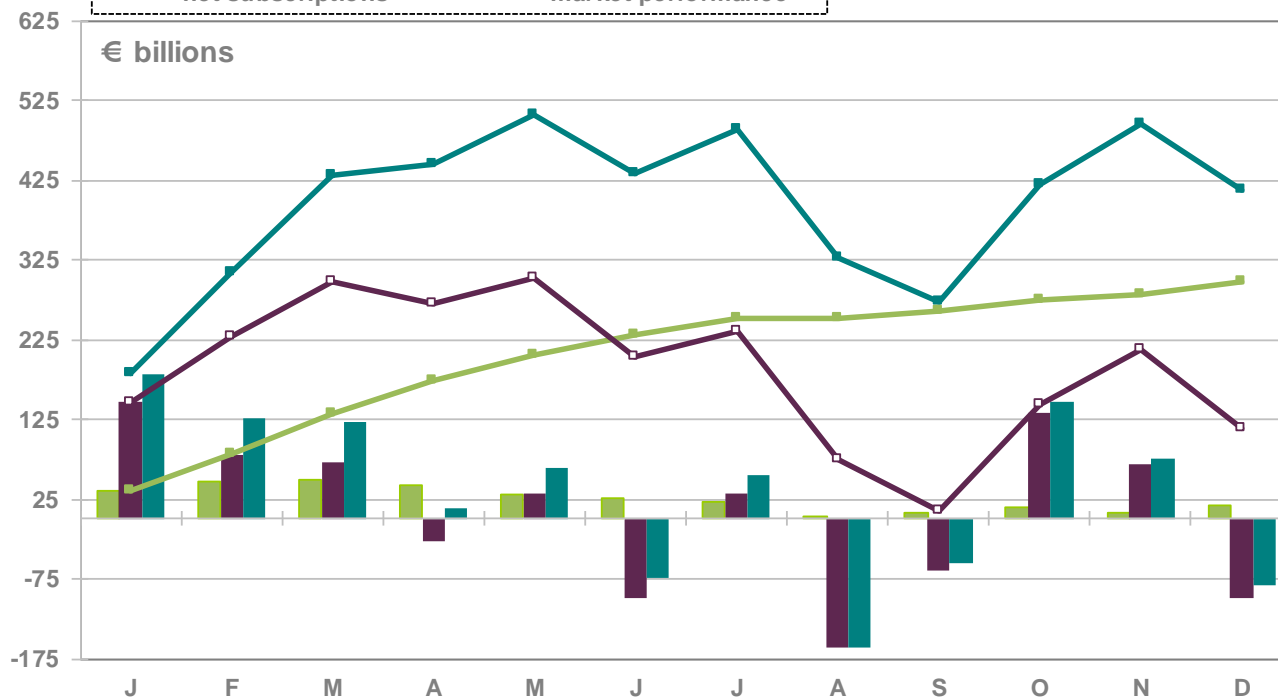
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LUXEMBOURG MARKET



*Components of net asset growth
Monthly evolution
over 12 months to date*



Growth 13,29%
411.21 Eur Bn

Market Performance (cumul)
113.24 Eur Bn

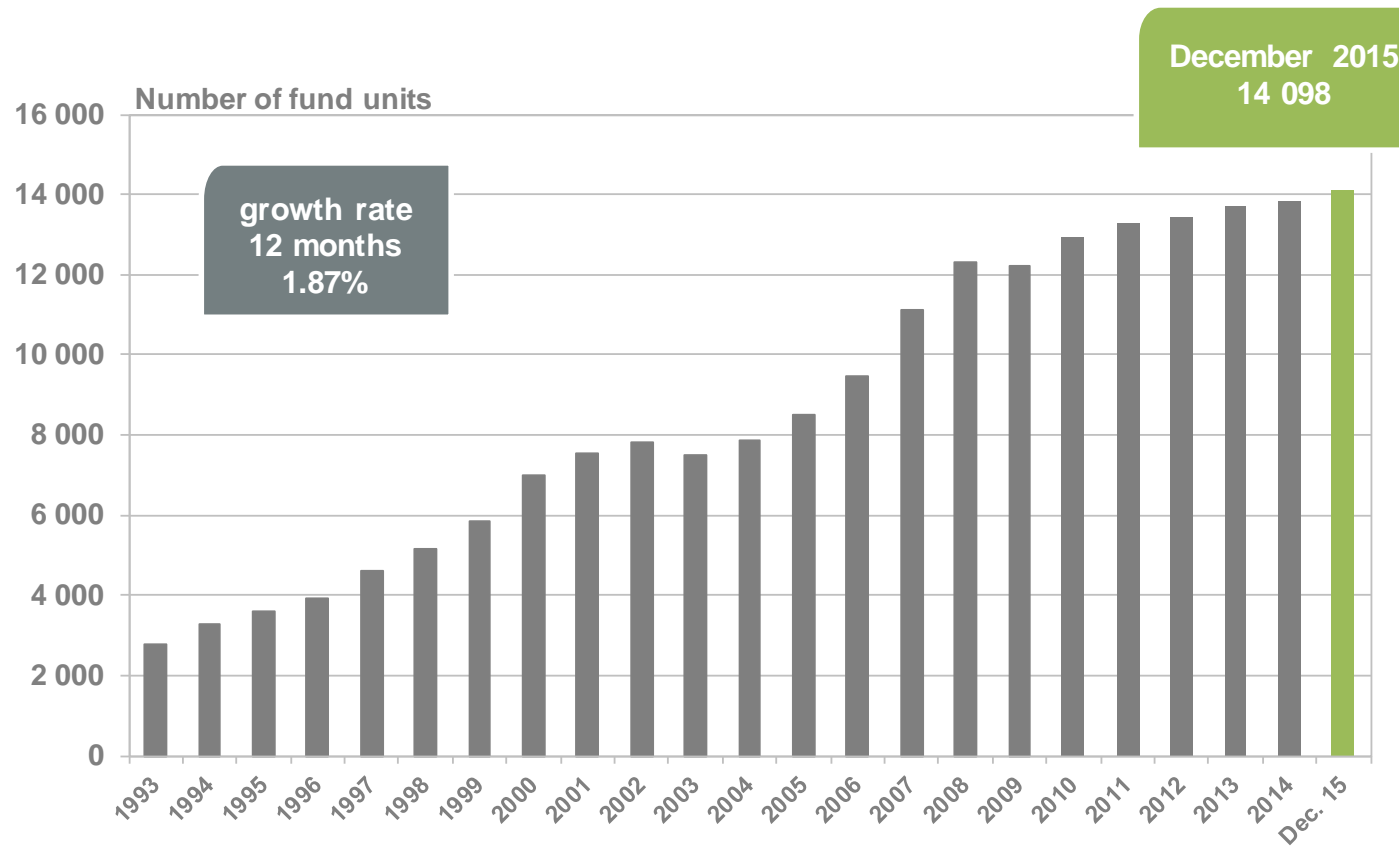
Net sales (cumul)
297.97 Eur Bn



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LUXEMBOURG MARKET





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LUXEMBOURG MARKET



	December 31, 2015		
	Funds	Fund units	Net Assets (EUR bn)
Total	3 878	14 108	3 506 .201
Part I (law 2010)	1 892	9 688	2 946 .860
Part II (law 2010)	384	1 046	169 .896
SIF (law 2007)	1 602	3 374	389 .445
Period	Change in net assets		
since the previous month	-2.33%		
over 12 months	13.29%		
Number of share classes in December 2015	69 533		



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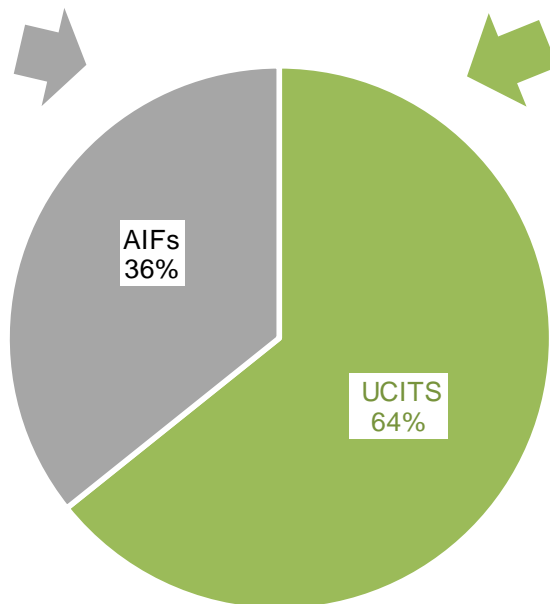
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MARKET SHARE

*Luxembourg accounts for more than 36 % of UCITS assets
as at September 30, 2015*

<i>Top 4 countries AIFs market (in %)</i>	
Germany	32.0
France	21.1
Luxembourg	12.6
Ireland	10.1
Others	24.2
Total AIFs	EUR 4330 bn

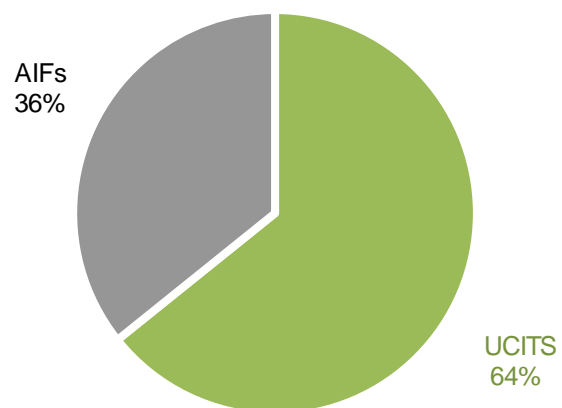


<i>Top 4 countries UCITS market (in %)</i>	
Luxembourg	36.2
Ireland	17.2
United Kingdom	13.2
France	9.6
Others	23.7
Total UCITS	EUR 7784 bn

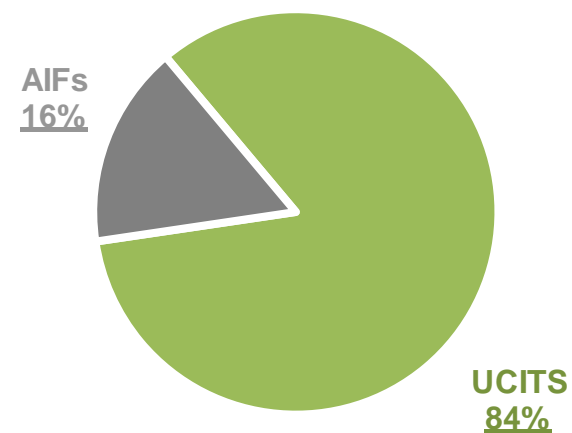
European UCIs = EUR 12114 bn

MARKET SHARE

EUROPE



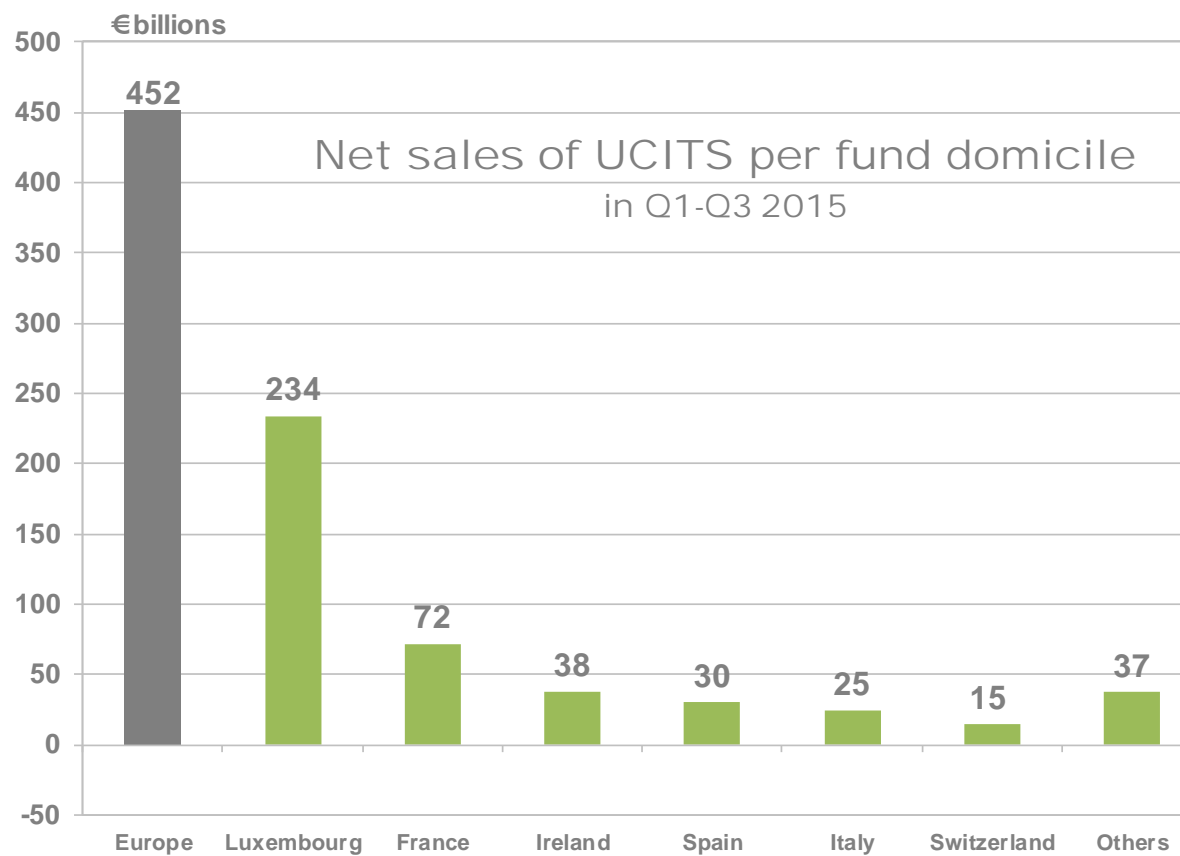
LUXEMBOURG



<i>UCITS & AIFs</i>		
Country	Assets €millions	Market share
Luxembourg	3 366 826	27.8
Ireland	1 780 224	14.7
Germany	1 672 416	13.8
France	1 657 430	13.7
United Kingdom	1 403 005	11.6
Switzerland	465 108	3.8
Italy	275 164	2.3
Sweden	263 004	2.2
Spain	248 705	2.1
Denmark	238 349	2.0
Others	743 642	6.1
Total	12 113 873	100.0

<i>UCITS</i>		
Country	Assets €millions	Market share
Luxembourg	2 820 370	36.2
Ireland	1 341 852	17.2
United Kingdom	1 028 294	13.2
France	745 881	9.6
Switzerland	376 620	4.8
Germany	286 913	3.7
Sweden	241 388	3.1
Italy	219 042	2.8
Spain	174 812	2.2
Denmark	103 820	1.3
Others	445 366	5.7
Total	7 784 358	100.0

NET SALES IN EUROPE UCITS





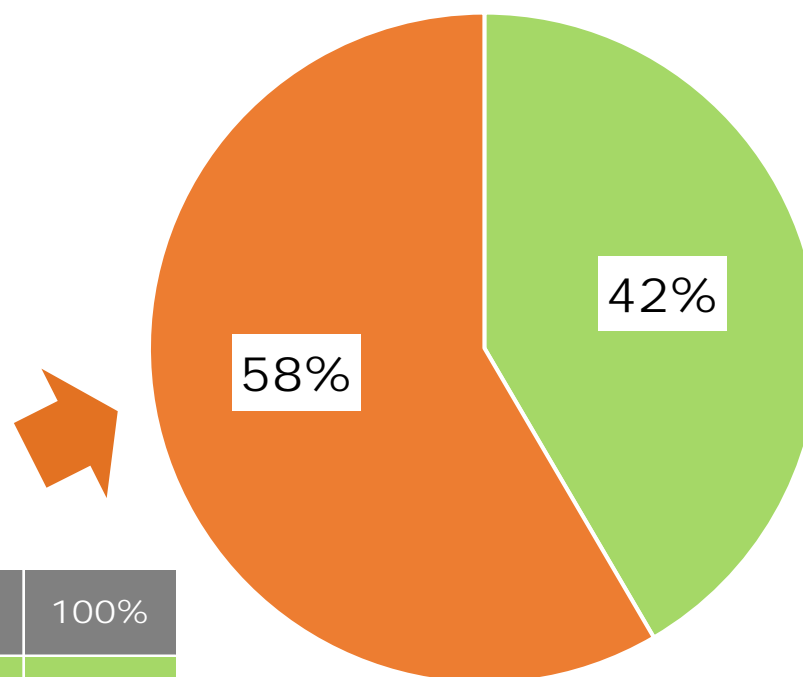
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NET SALES IN EUROPE

Net Sales 2015 – UCITS and AIFs



TOTAL in EUR bn	717	100%
Luxembourg	298	42%
Other European MS	419	58%

- Luxembourg
- Other European MS



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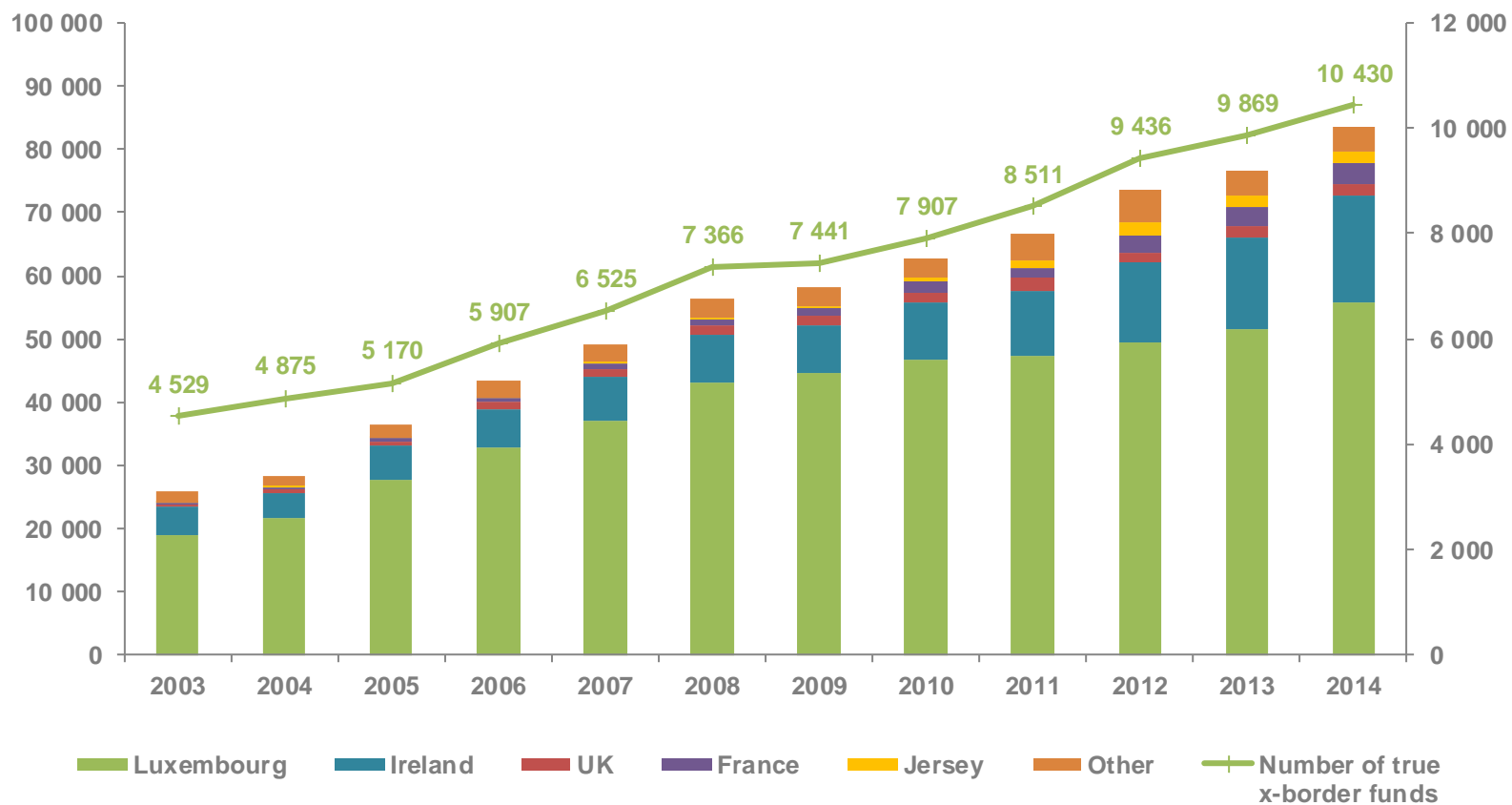
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CROSS-BORDER FUND DISTRIBUTION



Number of cross-border registrations

Number of cross-border funds

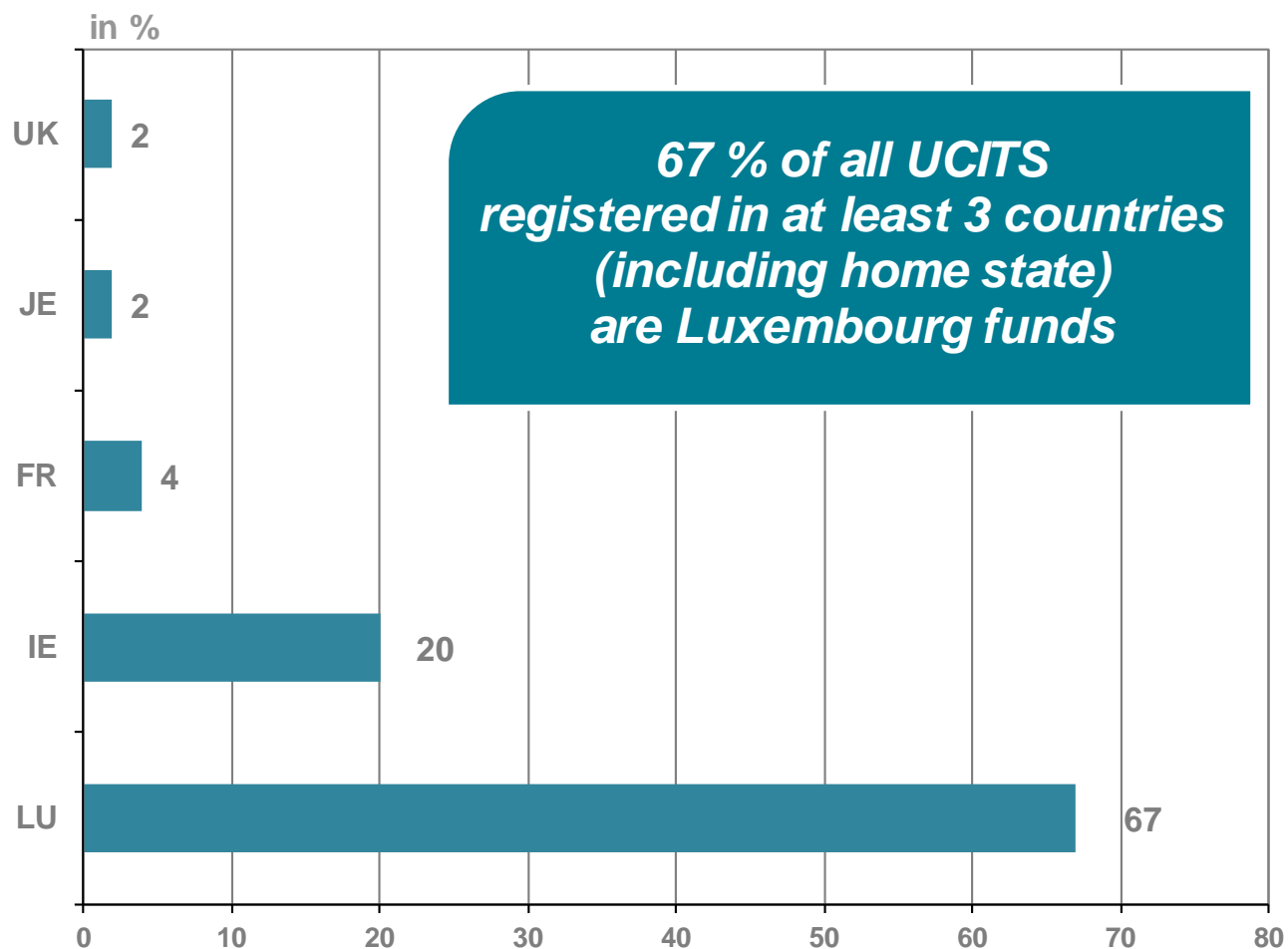




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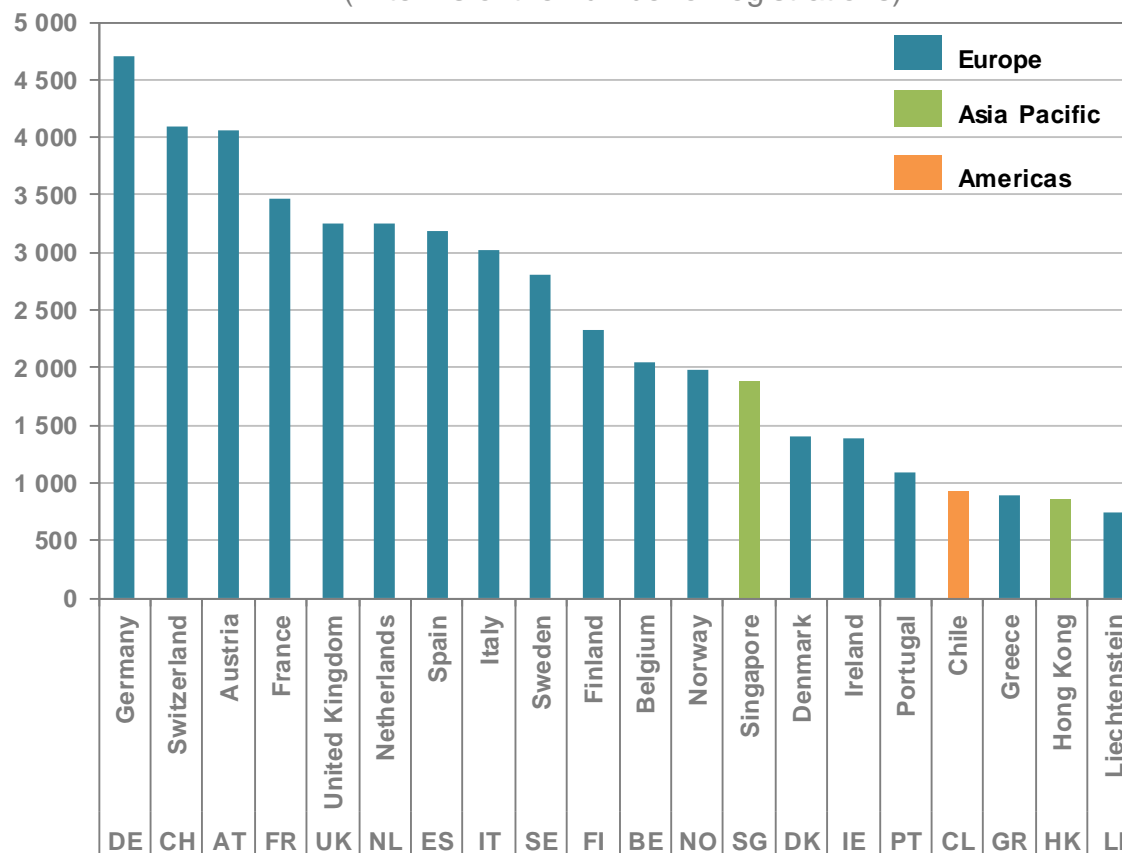
CROSS-BORDER FUND DISTRIBUTION



CROSS-BORDER FUND DISTRIBUTION

Principal markets for distribution of Luxembourg investment funds

(in terms of the number of registrations)





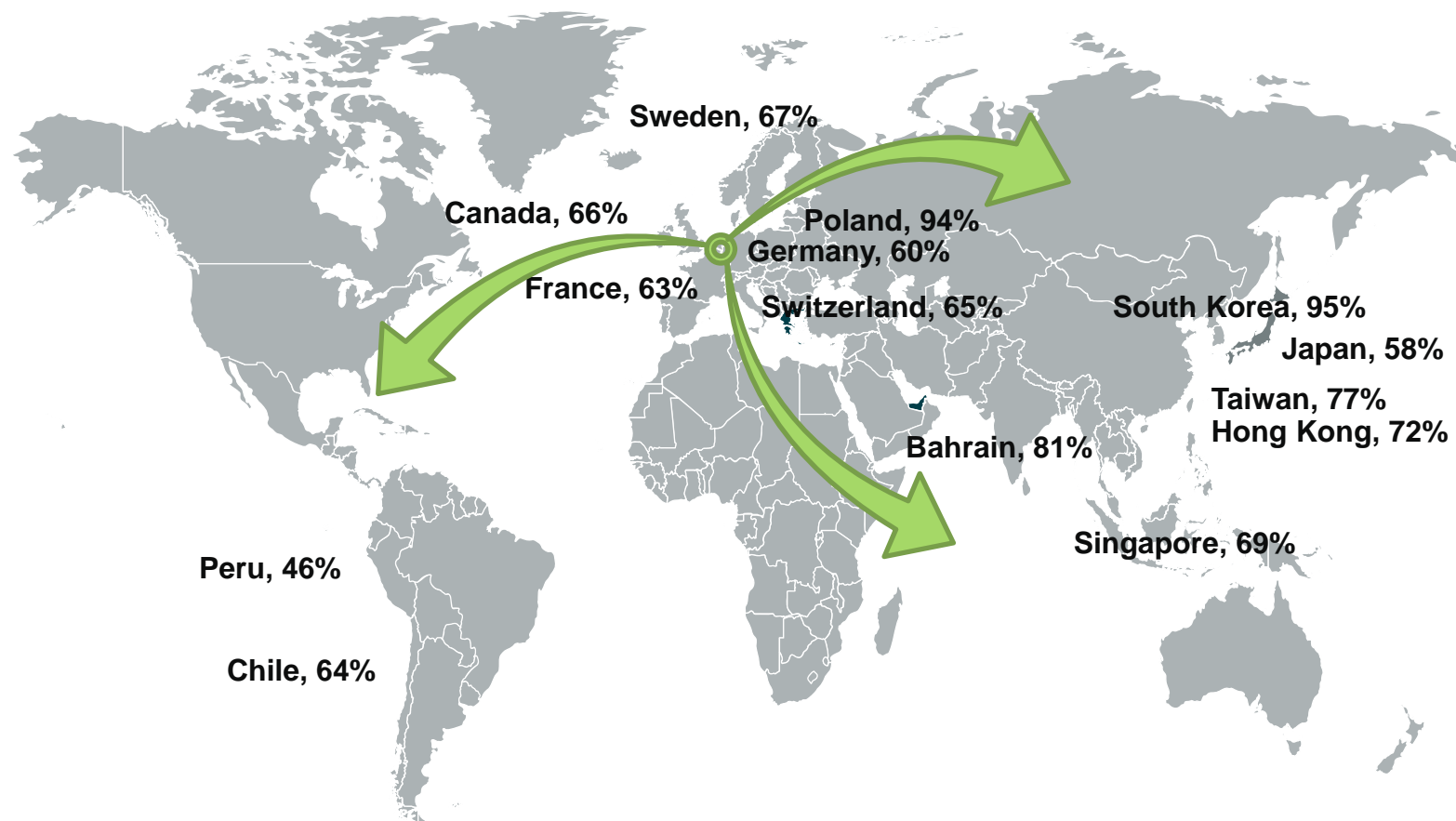
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CROSS-BORDER FUND DISTRIBUTION



Luxembourg market share of foreign cross-border funds registered for sale





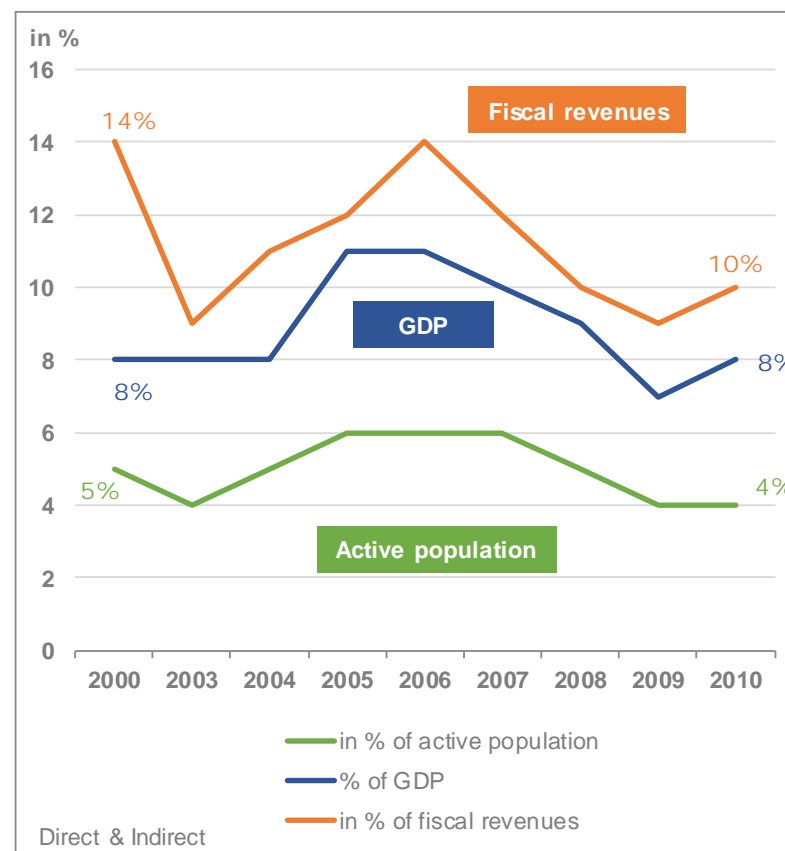
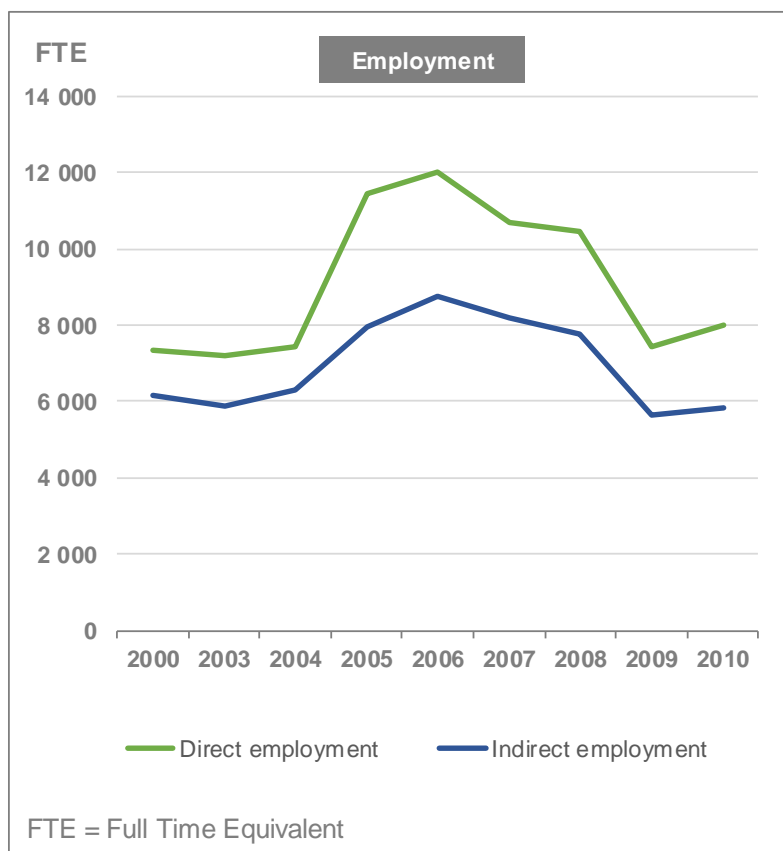
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IMPACT FOR LUXEMBOURG



... *global overview*





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IMPACT FOR LUXEMBOURG



Subscription Tax (“Taxe d’Abonnement”)

Estimated Tax Revenue for 2015

EUR 848 million

Budget for 2016

EUR 995 million (7.6% of budget)

-
- *“Mid-sized companies receive five times as much funding from capital markets in the US than they do in the EU”*
 - *“With assets under management of more than EUR 17 trillion, the European asset management industry plays a pivotal role in channelling investor’s money into the economy”*

European Commission, CMU Green Paper

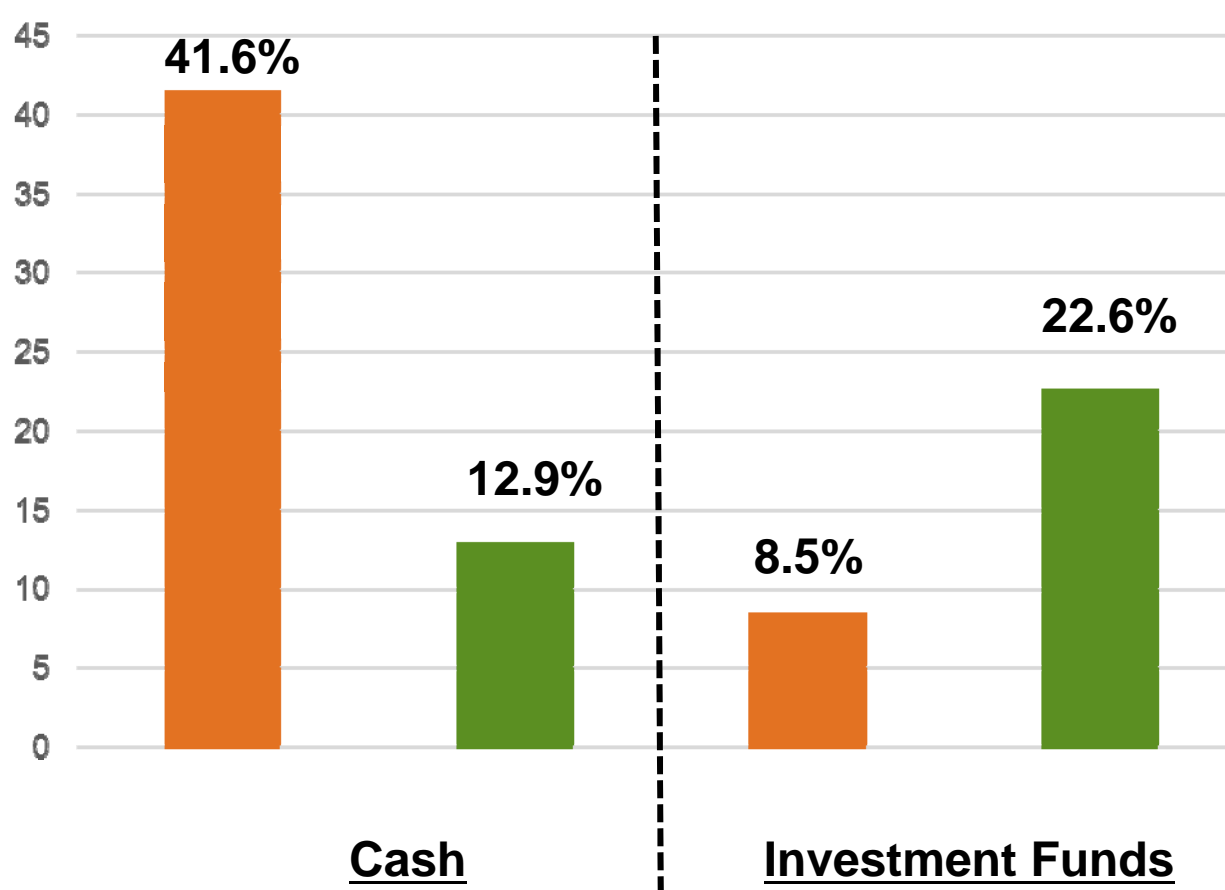
- *“Investment funds widen the investor base, drive down costs, help reduce risk via diversification and increase liquidity”*

Director DG FISMA, European Commission, November 2015

POTENTIAL FOR FUNDS

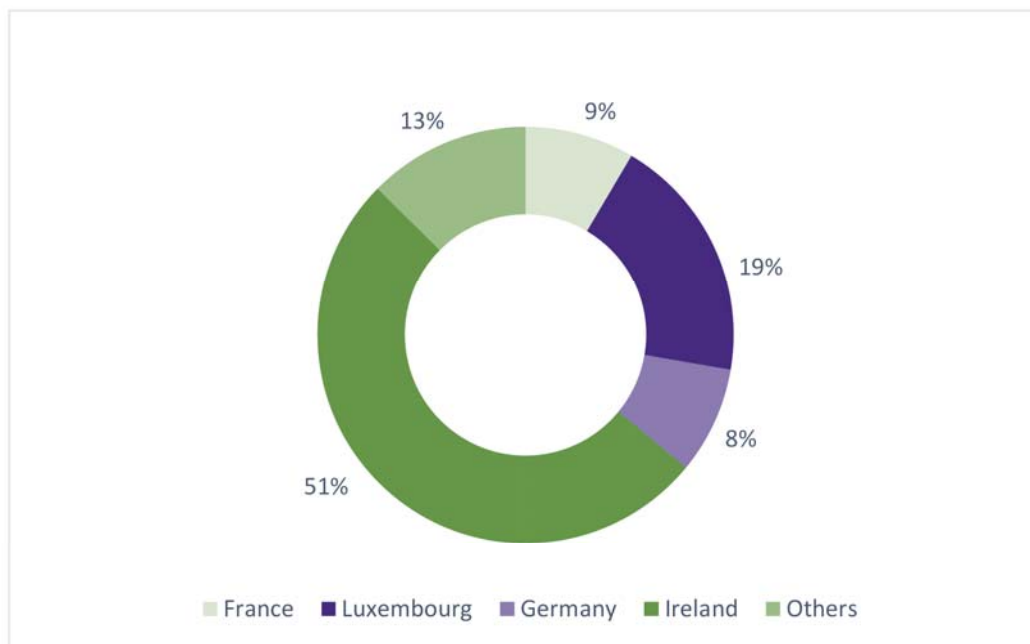


Percentage of Households' Financial Wealth



Luxembourg is the second largest center for ETFs in Europe with some EUR 82 billion AuM [end of June 2015].

Assets under management by Luxembourg ETFs grew by 18.91% in 2014.



Sources: Lipper LIM, PwC analysis

Shares of funds domiciles in terms of assets under management EUR bn, Q1 2015

**ETF market
Will double in size
by 2020
To USD 5 trillion !**

Number of AIFMs	828
• Authorized AIFMs	217
• Registered AIFMs	611
Number of Special Limited Partnerships	921

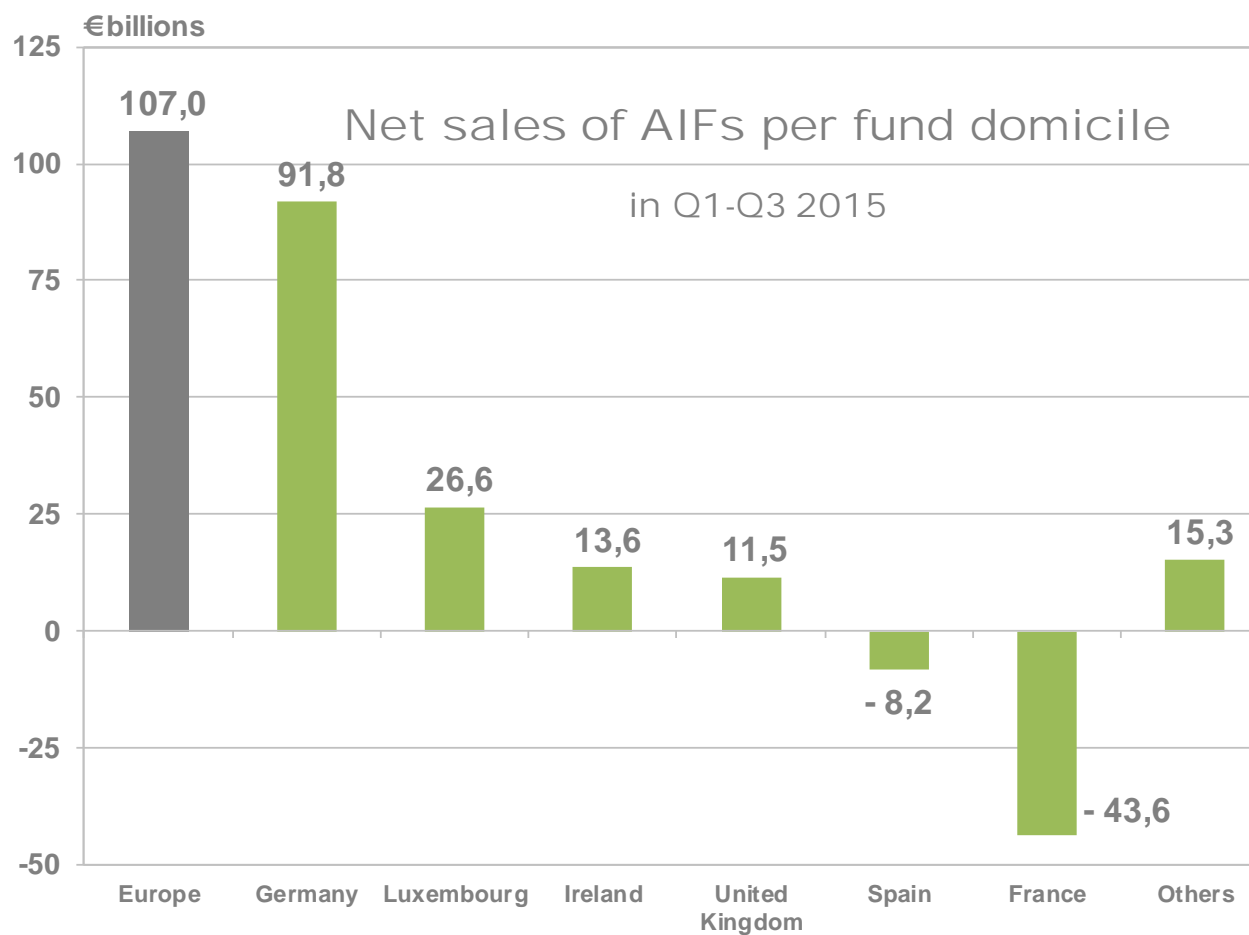
As at 31 December 2015



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NET SALES OF AIFs



Stock Connect

- Luxembourg UCITS were the first European funds to access the Shanghai Hong Kong Stock Connect as early as November/ December 2014
- As at November 2015, 81 Luxembourg funds may access the China A shares market through Stock Connect

RQFII

- Use of foreign quotas
- First Luxembourg RQFII UCITS fund was authorized in November 2013
- Luxembourg RMB 50 billion quota granted on 29 April 2015
- First RQFII licences allocated in December 2015

QDII

In 2012, the CSSF was one of the first foreign Supervisory Authorities to sign an MoU with CSRC and CBRC.

This paved the way for the inclusion of Luxembourg UCITS as part of the QDII schemes set up in Mainland China.

QFII

Some Luxembourg investment funds have taken advantage of the QFII scheme, however the success is moderate given the liquidity constraints.



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