

Swiss Asset Management Study 2024

Growth, Global Reach, and Economic Impact

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Editorial

In this study we provide profound insights into major developments in the asset management industry in Switzerland. After facing some headwind in 2022, Swiss asset managers returned to a growth path in 2023. By the end of the year, the total AuM managed by asset management companies in Switzerland amounted to CHF 3.1 trillion, corresponding to a year-on-year growth of 8.3 percent.

About one-third of domestic asset management services are provided to clients abroad, making asset management an important export industry within the Swiss financial sector. Our estimates indicate that the industry contributed about 1.0 percent to Switzerland's GDP in 2023. Strong expertise in asset management is highly relevant for Switzerland since it helps to diversify and complete the Swiss financial center.

With the acquisition of *Credit Suisse* by *UBS*, the Swiss asset management sector experienced a turning point in 2023, which was reflected in changes to the market structure. Nevertheless, the level of competition in Swiss asset management remains quite high due to its attractiveness and the constant entry of foreign asset management firms.

Moreover, the implementation of principle-based self-regulation by *AMAS* in order to enhance transparency and disclosure obligations should prevent greenwashing and further strengthen Switzerland as a hub for sustainable finance. To retain a competitive edge in a global industry an internationally competitive regulatory framework and access to international markets are important for the industry to remain in a favorable position.

However, the Swiss asset management industry is facing well-known challenges: To be able to fully exploit its growth potential, the Swiss financial center is dependent on unrestricted international market access, particularly in the EU. The "Berne Financial Services Agreement" with the United Kingdom represents a milestone that could be used as a basis for other necessary agreements.

Another challenge is the high expectation placed on asset managers in terms of sustainable finance and their responsibility to contribute towards climate protection and more sustainability with suitable and effective financial products and services. The increasing regulatory density is further heightening the cost pressure not only in Switzerland, which makes cost efficiency a necessity in order to maintain profitability. In this context, a clear focus on a business model that creates value for customers and builds on existing strengths, such as alternative investments or sustainable finance, are important factors for future growth.

A key objective of this study is to facilitate a dialogue between the industry and policymakers with a particular focus on the further development of the Swiss asset management industry as a provider of high-quality asset management services and products, both domestically and abroad.

We hope that you, dear readers, will find the study informative and gain new insights. We wish you an entertaining and stimulating read.

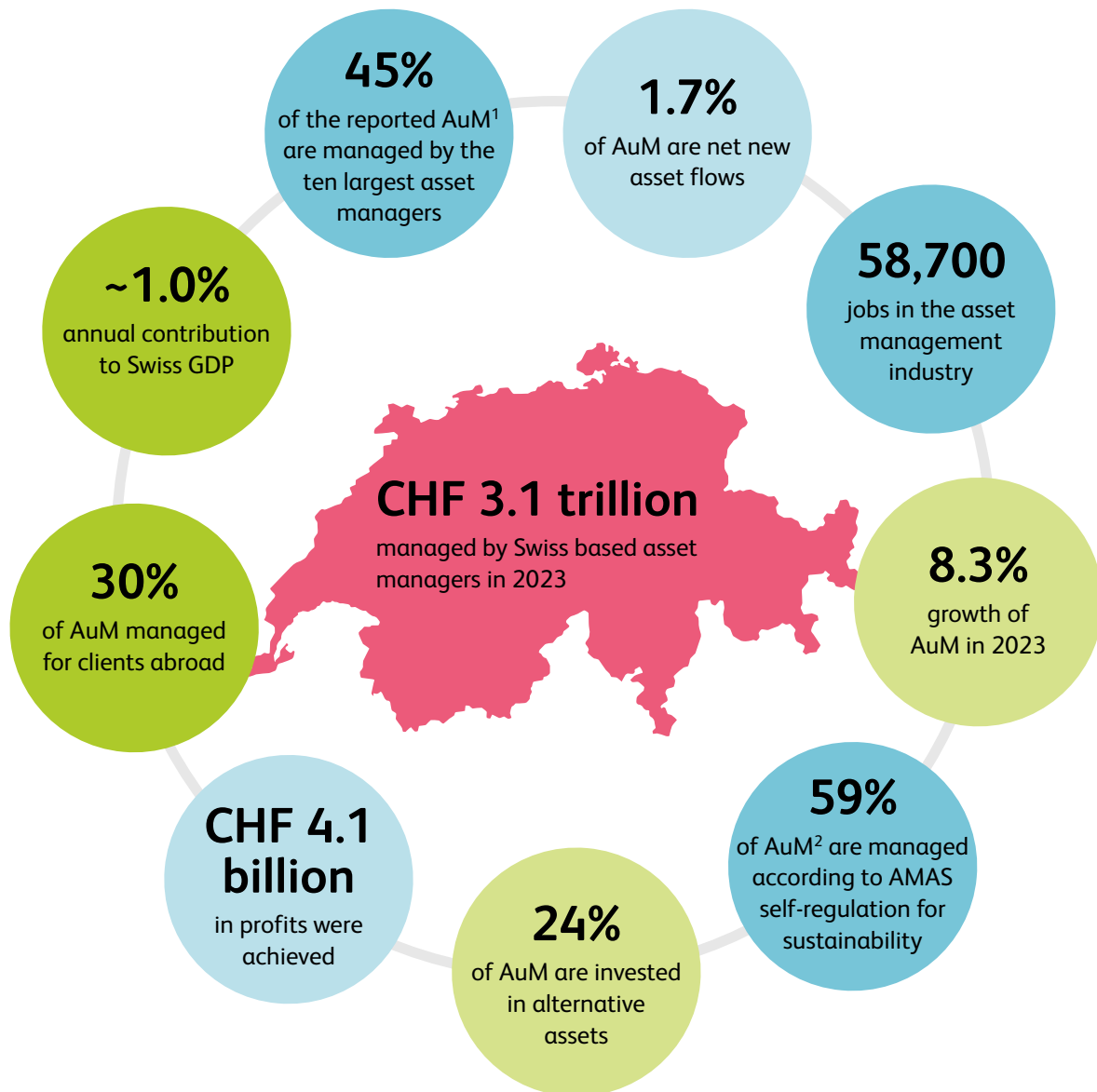
Iwan Deplazes
President

Adrian Schatzmann
CEO

*Asset Management
Association Switzerland*

*Asset Management
Association Switzerland*

Study Results 2024 – At a Glance



¹ includes only asset managers who agreed to be considered with their company brand in this study.

² refers to those asset managers (AMAS members) who reported data on AMAS self-regulation.

1. Swiss Asset Management in 2023

1.1. Definition and Scope



In this study asset management is defined as the production and management of investment solutions in the form of collective investment schemes or individual, institutional mandates. This definition focuses on institutional clients and excludes wealth managers and private banks without an asset management unit.

The Swiss Asset Management Study¹ provides a comprehensive analysis of Switzerland as a production hub for asset management services. This perspective requires that Switzerland is the physical location where investment decisions are made and portfolios are managed.

1.2. Market Sizing Switzerland



Following a disruption in the continuous growth trend observed in 2022, Assets under Management (AuMs) rebounded significantly in 2023. A total of CHF 3,117 billion were managed in Switzerland.

As of December 31, 2023, the total AuM managed by asset management firms in Switzerland amounted to CHF 3,117 billion. Thereof, 41.5 percent were managed in discretionary mandates, 39.3 percent in investment funds for Swiss clients, and the remaining 19.1 percent in investment funds for foreign clients.

Overall, between 2016 and 2023, the Swiss asset management industry grew by 58.2 percent, which corresponds to a compound average annual growth rate (CAGR) of 6.8 percent. However, during this period, two significant declines occurred. In 2018, AuM dropped due to a substantial decline in global stock markets. In 2022, AuM decreased again due to the economic slowdown caused by the Russian invasion of Ukraine and multiple interest rate hikes by the *Swiss National Bank*, ending a long period of negative interest rates. Following the 2022 decline, AuM in Switzerland increased by 8.3 percent in 2023 (+ CHF 239 billion).

The comparison of the decomposition of AuM between the previous high in 2021 and 2023 in the Swiss asset management industry indicates a nuanced recovery. While assets managed in discretionary mandates and investment funds for Swiss clients have rebounded to 2021 levels, assets invested in CIS for foreign clients remain lower.

¹ The data for this year's study, collected as of December 31, 2023, is based on a survey conducted by the *Asset Management Association Switzerland (AMAS)* among its members, all of whom are domiciled or operate in Switzerland. The data was thoroughly validated for accuracy and consistency. Rankings include only firms that provided relevant data and agreed to be included with their company brand in this study. The legal takeover of *Credit Suisse* by *UBS* was completed during the preparation of this study. The data collected relates to the year 2023, during which *Credit Suisse* operated as its own legal entity. As a result, *Credit Suisse* is listed as a separate company in some analyses in this study.

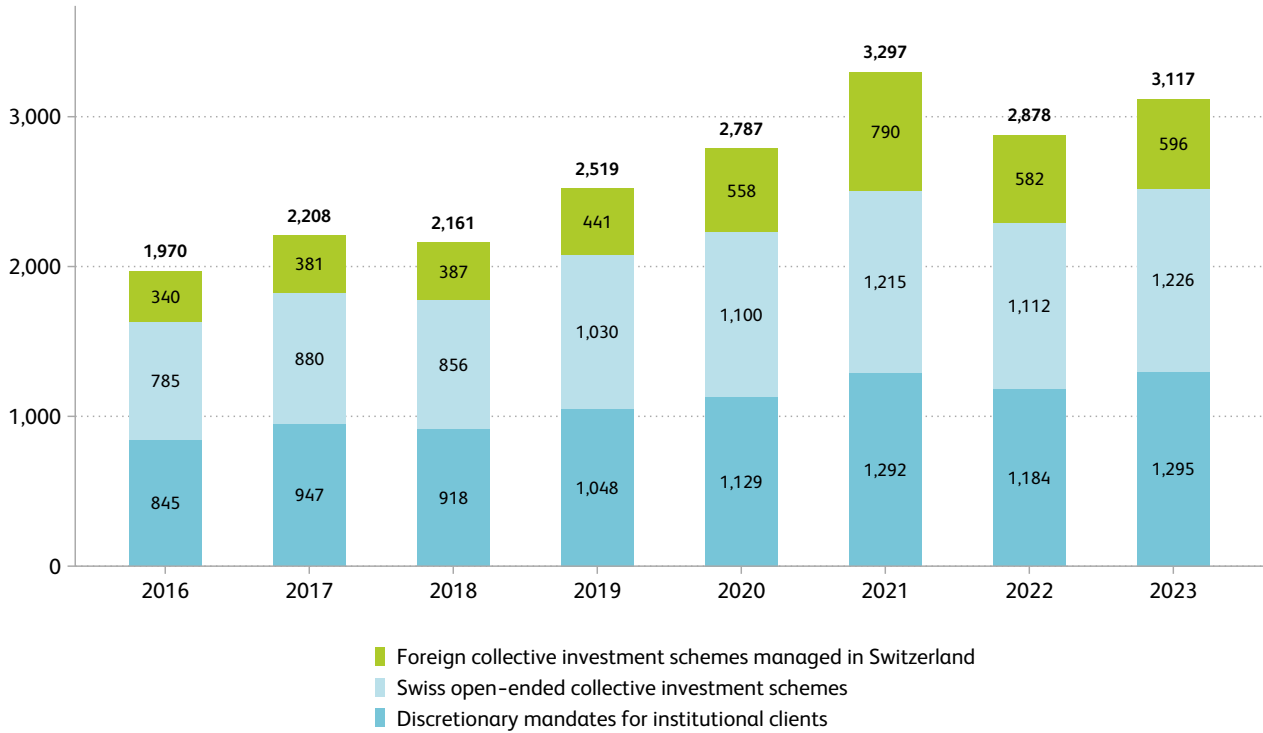


Figure 1.1: AuM managed in Switzerland for institutional clients and CIS from 2016 to 2023, in CHF billion

1.3. Swiss Asset Management in a European Context



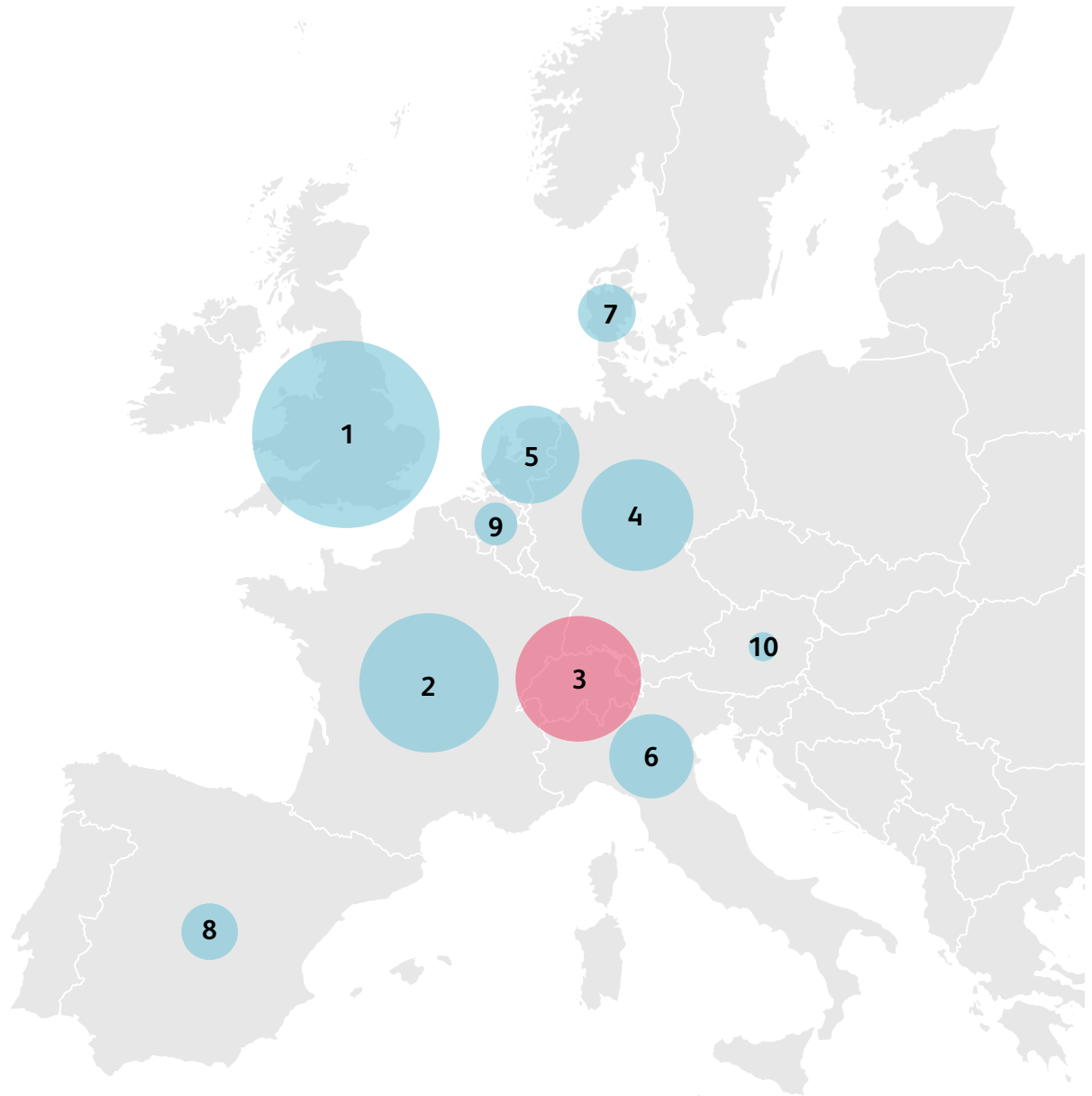
Following the United Kingdom and France, Switzerland is now the third largest asset management market in Europe.

The data in Figure 1.2 is sourced from the latest *EFAMA* report on the European asset management industry (*EFAMA*, 2023) and our estimates for AuM managed Switzerland.² According to the report, 85 percent of the European asset management industry is concentrated in six countries: the United Kingdom (35.7%), France (16.5%), Switzerland (10.4%), Germany (9.88%), the

Netherlands (6.62%) and Italy (5.10%). Moreover, the top three countries account for almost two-thirds (62.6%) of the European AuM. Therefore, Switzerland ranks third in Europe as a center for asset management. Notably, in this year’s rankings Switzerland surpassed Germany, which had held the third rank since 2017.

Additionally, *EFAMA* reports that as of the end of 2022, 90 percent of discretionary mandates and 80 percent of investment fund assets were managed in the top six countries. Switzerland ranks third in terms of the management of discretionary mandates and fourth in investment fund management. Furthermore, between 2017 and 2022, Switzerland increased its share in the management of discretionary mandates by 2.2 percent and of investment funds by 2.4 percent.

² The share of the rest of Europe (10.48%) accounts for those countries for which no survey data on AuM is available, such as Sweden, Finland, Norway, Luxembourg and Ireland, but where asset managers are also active.



	Name	AuM (bn CHF)	Market Share
1	United Kingdom	9,835	35.66%
2	France	4,548	16.49%
3	Switzerland	2,878	10.44%
4	Germany	2,724	9.88%
5	Netherlands	1,825	6.62%
6	Italy	1,405	5.10%
7	Denmark	488	1.77%
8	Spain	445	1.61%
9	Belgium	362	1.31%
10	Austria	175	0.64%
	Rest of Europe	2,892	10.48%

Figure 1.2: AuM managed in Europe as of the end of 2022; Source: EFAMA (2023), own calculations

2. Markets and Client Structure

2.1. Domestic Market Switzerland



Pension funds represent the largest segment in the client mix of the Swiss asset management industry.

In 2023, pension funds maintained the largest share (44.4%) of the total AuM in Switzerland. AuM of more than CHF 1,000 billion are managed in the second pillar of the Swiss pension system on behalf of its members (Federal Statistical Office, 2024). The asset management

industry plays an indirect yet crucial role in the second pillar by providing professional asset management services and generating net investment income (third contributor). Since 2004, approximately one-third of pension fund assets have been accumulated by the third contributor (Agnesens, Döhnert, Fausch, & Frigg, 2023).

Within the client structure, pension funds are followed by other institutional clients, such as sovereign wealth funds, family offices, governments, and corporations (20.1%). Banks represent the third largest client segment (17.4%).

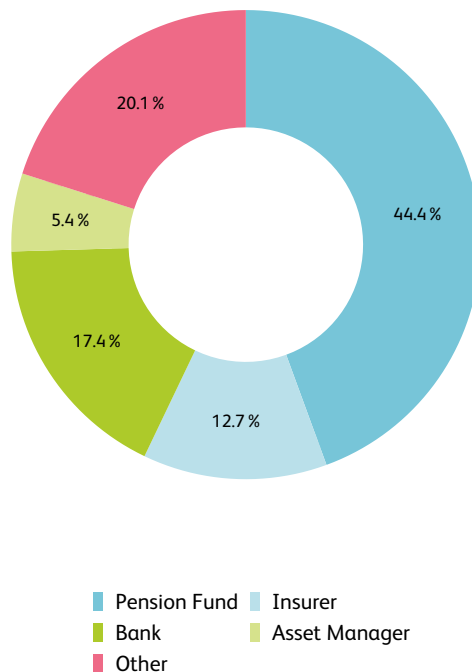


Figure 2.1: Relative share of institutional investors in AuM

2.2. Export Markets



Asset management in Switzerland is an export industry. According to EFAMA, Switzerland services the third largest share of foreign clients in Europe, following the United Kingdom and Denmark.

In 2023, approximately 30 percent of AuM were managed for foreign institutional clients. Surveyed data shows that Europe is the most important export market, followed by Asia.

The share of AuM managed for foreign institutional clients in Switzerland in 2023 decreased by 2.8 percentage points compared to 2022. While AuM grew for both domestic and international clients, the growth momentum was more pronounced in the domestic market. Nevertheless, over the seven year period from 2017 to 2023, the

export share increased by 4.8 percentage points, suggesting that the Swiss asset management sector has become more international over time.

The high export share indicates that Swiss asset management is in demand internationally and that local expertise is highly valued. The industry’s specialization in certain segments, such as private markets, is recognized by customers from abroad. Recently, significant steps have been taken to create a framework for providing cross-border asset management services. Notably, on 21 December 2023, the United Kingdom (UK) and Switzerland signed a comprehensive agreement on financial services, largely based on the mutual recognition of regulations, known as the “Berne Financial Services Agreement”. This agreement lays the foundation for measures to open up markets in banking, securities services, asset management, insurance, and stock exchanges, thereby enhancing the ability of Swiss asset managers to operate internationally (SBVg, 2023).

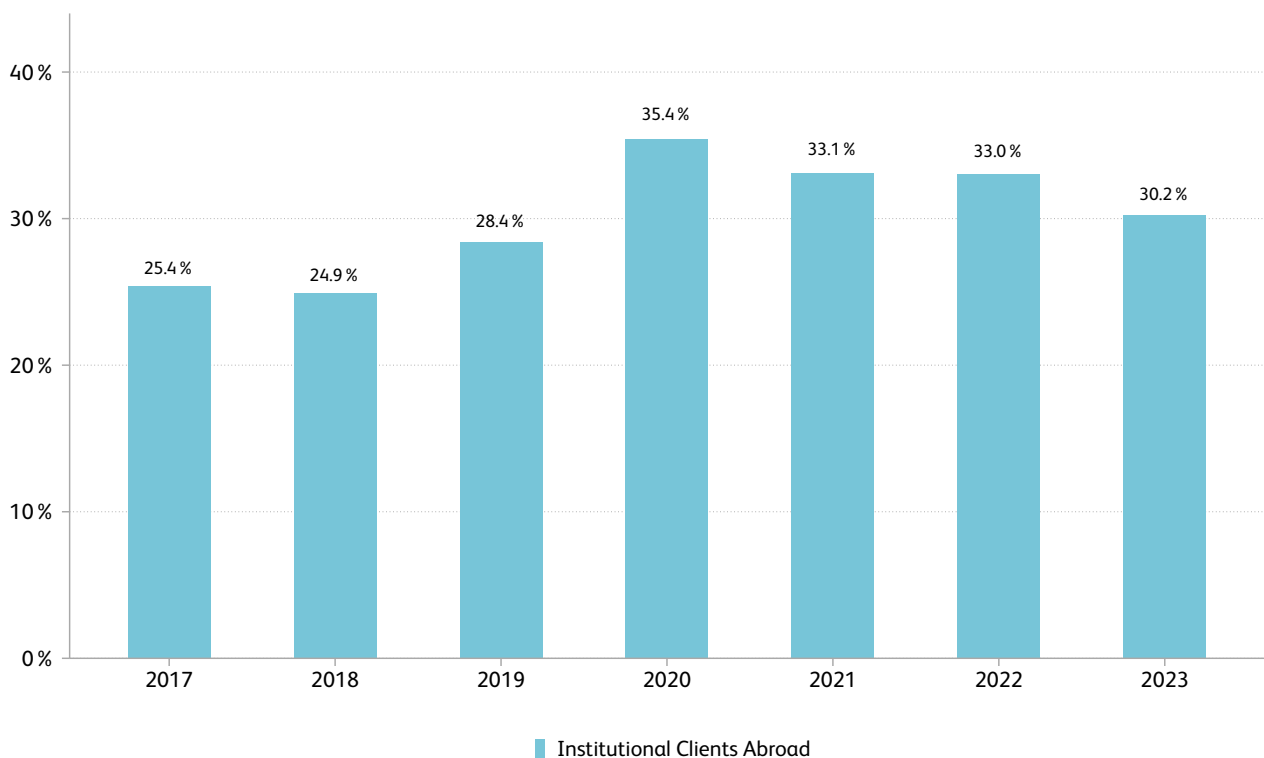


Figure 2.2: Share of AuM managed on behalf of foreign institutional clients from 2017 to 2023

2.3. Client Structure



For investments in CIS (incl. ETFs), the distribution of assets is quite balanced among pension funds, banks, and other clients, whereas in the case of discretionary mandates, pension funds dominate heavily.

For investments in CIS (incl. ETFs), the distribution of assets is quite balanced among pension funds, banks, and other clients for both Swiss and international clients. Specifically, for Swiss clients, 32.5% of the assets are managed on behalf of pension funds, another 32.5% for banks, and 21.3% for other clients. The remaining 13.8% are divided between insurers and asset managers. Similarly, for international clients, 25.2% of the assets are attributed to pension funds, 26.5% to banks, and 21.4% to

other clients, with the remaining 26.9% being managed for insurers and asset managers.

In contrast, the distribution of assets in discretionary mandates is heavily skewed towards pension funds, which indicates that many pension funds delegate their asset management to specialized and professional asset managers. Specifically, more than half of the assets invested in discretionary mandates are managed on behalf of pension funds, both Swiss (58.4%) and international (54.9%). By investing and managing investment risks on behalf of pension funds in a professional and cost-effective way, asset managers contribute to the sustainability of foreign and domestic pension systems. In addition, foreign investors rely on Switzerland's reputation as a solid financial center and its economic (strong currency, low inflation) and political stability, as well as the asset management industry's specialization in certain segments, such as private markets.

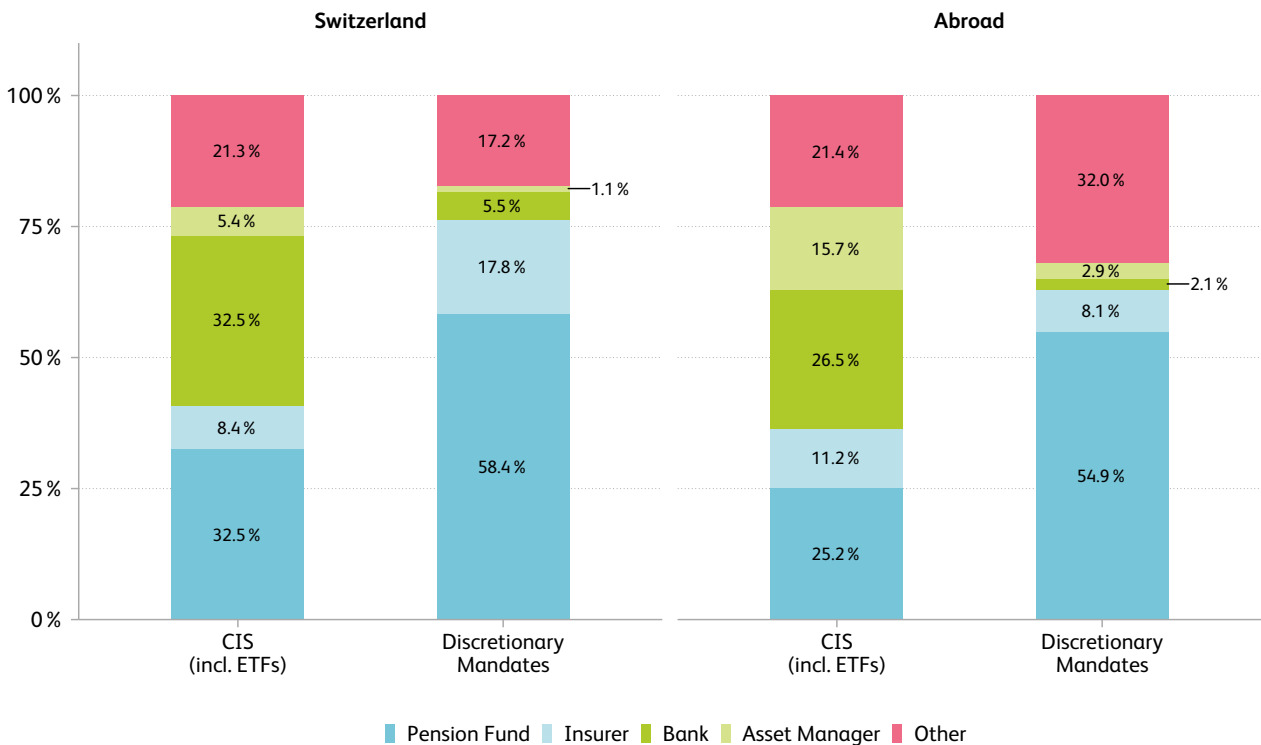


Figure 2.3: Contracting clients in Switzerland vs. contracting clients abroad (institutional investors)

2.4. Market Structure



With the acquisition of *Credit Suisse* by *UBS*, the Swiss asset management industry experienced a turning point in 2023, which was reflected in changes to the market structure.

The largest Swiss asset manager is *UBS* with a market share of 9.3 percent. In 2023 *Credit Suisse* was in second place with 8.3 percent. However, both institutions have lost market share since 2021, which was absorbed by both larger and smaller asset managers. In this context, *Zürcher Kantonalbank* (+1.25 pp) and *LGT Capital Partners* (+0.79 pp) achieved the largest gains over this two year period.¹

¹ Please note that market shares are only reported for those asset management firms that have explicitly agreed to be included in this study with their company brand.

Market concentration is a key feature of the asset management industry not only in Switzerland, meaning that a relatively small number of competitors manage the majority of assets. Globally, the top 30 asset managers held a market share of approximately 50 percent in 2022 (IPE, 2023). In Switzerland, in 2023, the top ten asset managers accounted for about 45 percent of the estimated AuM managed domestically. In addition, the legally completed acquisition of *Credit Suisse* by *UBS* has further changed the market structure among asset managers in Switzerland. Our analysis implies that the combined group could have an estimated market share of approximately 18 percent after the completed acquisition, making it by far the largest asset manager in Switzerland. However, the level of competition in Swiss asset management is quite high due to the constant entry of foreign asset managers. In addition, larger cantonal banks provide asset management services to institutional investors such as pension funds, which increases the number of domestic

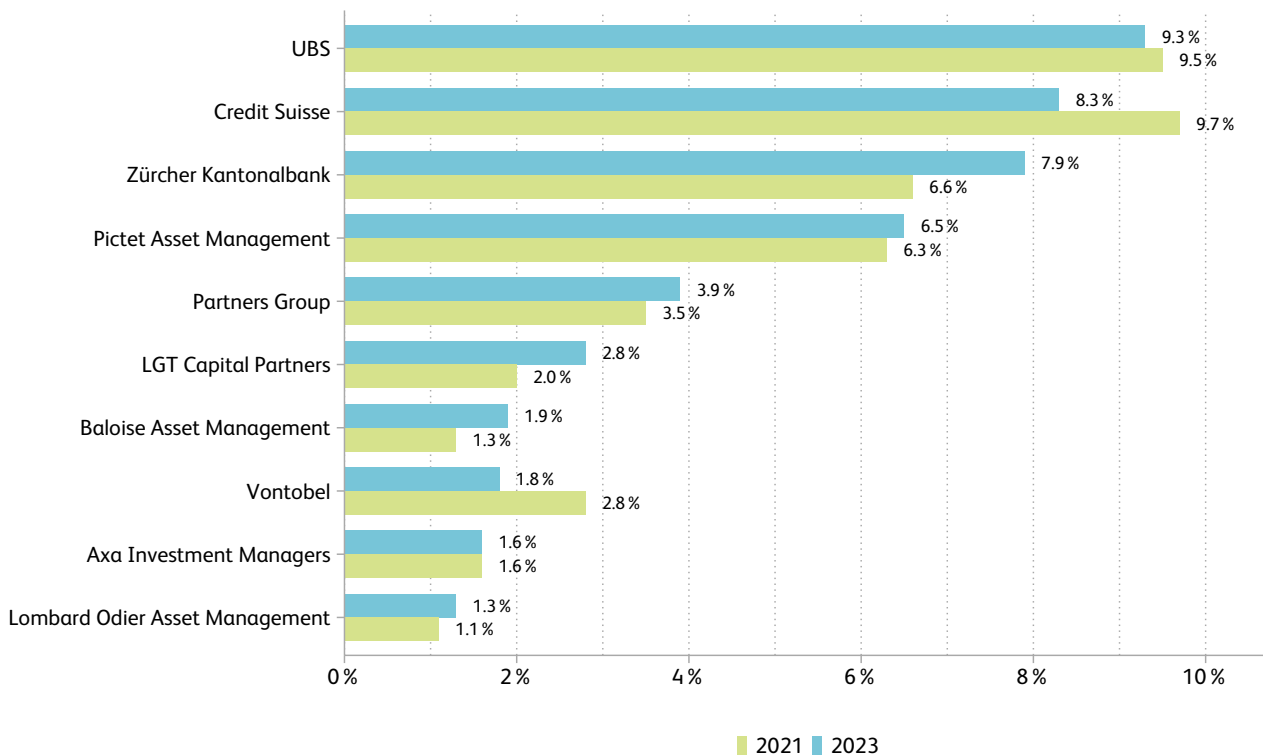


Figure 2.4: Market share of the ten largest asset management companies operating in Switzerland

providers of asset management services, potentially preventing a market-dominating position of *UBS*. In this context, *FINMA* also concludes that the merger of *UBS* and *Credit Suisse* will not eliminate effective competition in any market segment (*FINMA*, 2024). Moreover, creating value by achieving and maintaining superior investment performance is essential for any asset manager to maintain or expand its market share in a competitive market environment.

Interview with Martin Roth, president of ASIP



Martin Roth is president of the *Swiss Pension Fund Association (ASIP)* and CEO of the *MANOR* pension fund.

“Swiss asset management should intensify global competition”

What specific services do pension funds seek from asset managers?

Pension funds seek a large variety of services from asset managers. These include discretionary mandates, funds for institutional investors, investment foundations and asset servicing solutions like custody, single label funds or proxy voting.

How do you perceive the competition in Swiss asset management?

In general, the level of competition in Swiss asset management is quite high due to the constant market entry of foreign asset management firms. Moreover, larger cantonal banks provide asset management services for institutional investors like pension funds which further increases the number of domestic providers.

In this context, how do you view the acquisition of *Credit Suisse* by *UBS*? What impact do you expect for pension funds?

The disappearance of a large player, like *Credit Suisse*, is a major issue for institutional investors like pension funds and will be closely monitored. The pension fund industry will intervene if any sign of taking advantage of a dominant market position appear. However, we as an industry are convinced that the asset management market will remain competitive and other asset managers will fill the gap. Moreover, it is important to be aware that some pension funds explicitly exclude foreign asset management providers in their investment guidelines. From the perspective of these pension funds the asset management market will become more concentrated. Other areas of high market concentration are private label funds and real estate funds.

In your opinion, what characterizes Switzerland as an asset management location?

Switzerland has a long tradition as an international asset management hub. Moreover, the political stability and the strong currency are additional success factors. The Swiss asset management industry is very client-oriented and characterized by a rather high competitiveness resulting in a high service quality. However, Swiss asset managers are often not among the top performers in international comparisons of investment performance. In addition, the Swiss asset management industry should not only see itself as a provider for domestic clients but should also intensify global competition. In a few asset classes, such as private markets, there are already some innovative Swiss asset managers competing on a global scale.

3. Fund Market Developments



Swiss and European clients prefer Luxembourg funds, while clients from other countries show a more diverse distribution of fund jurisdictions.

Luxembourg fund management companies are permitted to delegate asset management activities to Swiss asset managers. This arrangement facilitates Swiss asset managers' access to the broader European market.

For Swiss clients, Luxembourg stands out as the leading fund jurisdiction, comprising 79.2 percent of the fund mix. Offshore funds make up 10.2 percent, followed by funds domiciled in Ireland at 6.3 percent. The distribution of fund jurisdictions for European clients (excl. Switzerland) closely mirrors that of Swiss clients. The strong preference for Luxembourg funds is likely due to the favorable regulatory environment, tax benefits, and a long-standing reputation for offering an investor-friendly ecosystem. In addition, Luxembourg serves as the gateway to the European market for Swiss asset managers, primarily because Lux-

embourg fund management companies are permitted to delegate asset management activities to Swiss asset managers. This arrangement facilitates Swiss asset managers' access to the broader European market. In contrast, clients from other countries employ a more diverse range of fund jurisdictions. While Luxembourg funds still hold a significant share (32.2%), there is a notable presence of funds from other (25.1%) and offshore jurisdictions (17.7%). Interestingly, Liechtenstein funds are more prominent for clients based outside of Switzerland and Europe (15.4%) compared to Swiss or European clients. This divergence in terms of the foreign fund jurisdictions mix between clients from different regions may be attributed to distinct regulatory or tax needs and investor preferences.



Figure 3.1: CIS including ETFs in foreign jurisdictions by client domicile (Switzerland, Europe, other)

4. Growth and Performance

4.1. Growth, Netflows and Performance



The AuM growth in the Swiss asset management industry in 2023 was mainly driven by performance.

As previously shown in Figure 1.1, AuM in Switzerland increased by 8.3 percent in 2023. This growth includes 1.7 percentage points (+ CHF 49 billion) attributed to net new assets (NNA) and 6.6 percentage points (+ CHF 190 billion) to performance gains. In other words, 20 percent of the growth is due to organic growth, while 80 percent is attributable to positive performance. According to AMAS,

this growth can be credited to a strong fourth quarter in 2023 driven by stock market performance (AMAS, 2023). EFAMA reports a similar trend in the European asset management industry (EFAMA, 2023). The NNA growth in the performance decomposition, at 1.7 percentage points in 2023, is below the medium-term average (2017-2023) of 2.6 percent, implying a slowdown in NNA.

The observation that performance is a key driver of growth in the asset management industry is evident throughout the 2017-2023 period. Notably, the two drops in AuM in 2018 and 2022 were both attributed to negative performance.

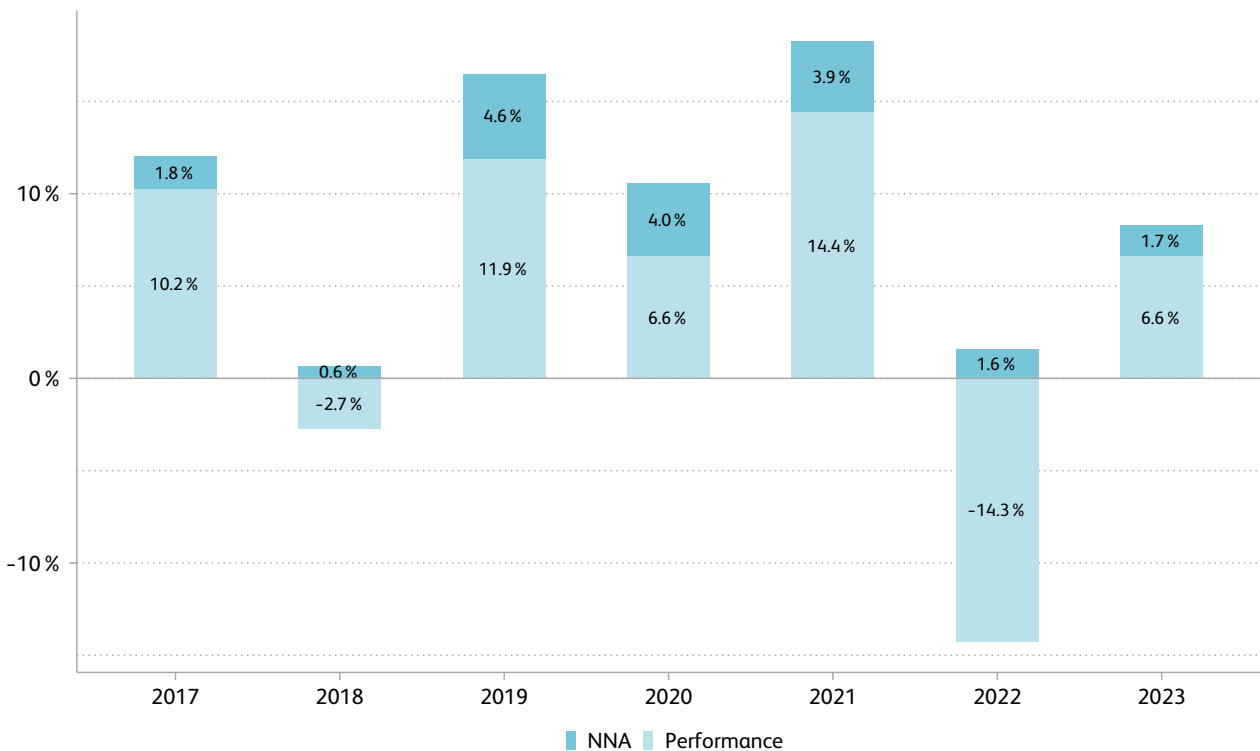


Figure 4.1: Decomposition of AuM growth in NNA and performance from 2017 to 2023

4.2. Asset Manager Ranking



In Switzerland, nearly half of the industry’s total AuM are managed by the top ten asset managers.

In Switzerland, the top three asset managers account for approximately one-fourth of the industry’s total AuM, while the top ten companies manage nearly half.¹

In 2023, the largest asset management companies in terms of AuM were *UBS Asset Management*, *Credit Suisse Asset Management*, *Zürcher Kantonalbank*, *Pictet Asset Management*

¹ Please note that the reported rankings only include the asset management firms that provided relevant data and explicitly agreed to be considered in such rankings with their company brand.

Management and Partners Group, all together managing over one-third of Swiss AuM. The top five ranking has remained relatively stable over time. As shown in last year’s study, *UBS Asset Management* and *Credit Suisse Asset Management* are also included in the top 100 largest asset management companies worldwide, according to the *IPE* rating (IPE, 2023).

In general, the largest asset managers also attract the highest asset inflows. In 2023, *Zürcher Kantonalbank* attracted the most NNAs. However, when looking at net new assets relative to AuM, smaller asset managers take the lead.

Very often small asset managers are highly specialized niche players and, unlike large asset managers, do not compete on a global scale.

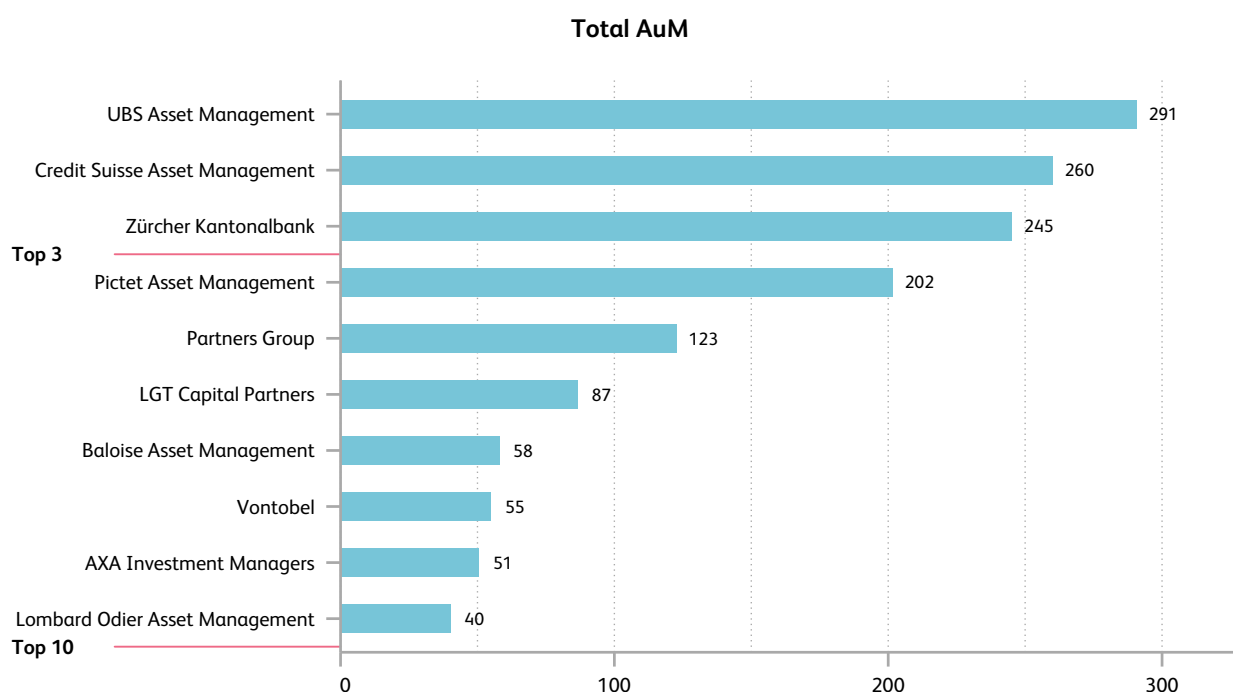


Figure 4.2: Top ten asset managers in terms of total AuM (in CHF billion), managed in Switzerland (production view)

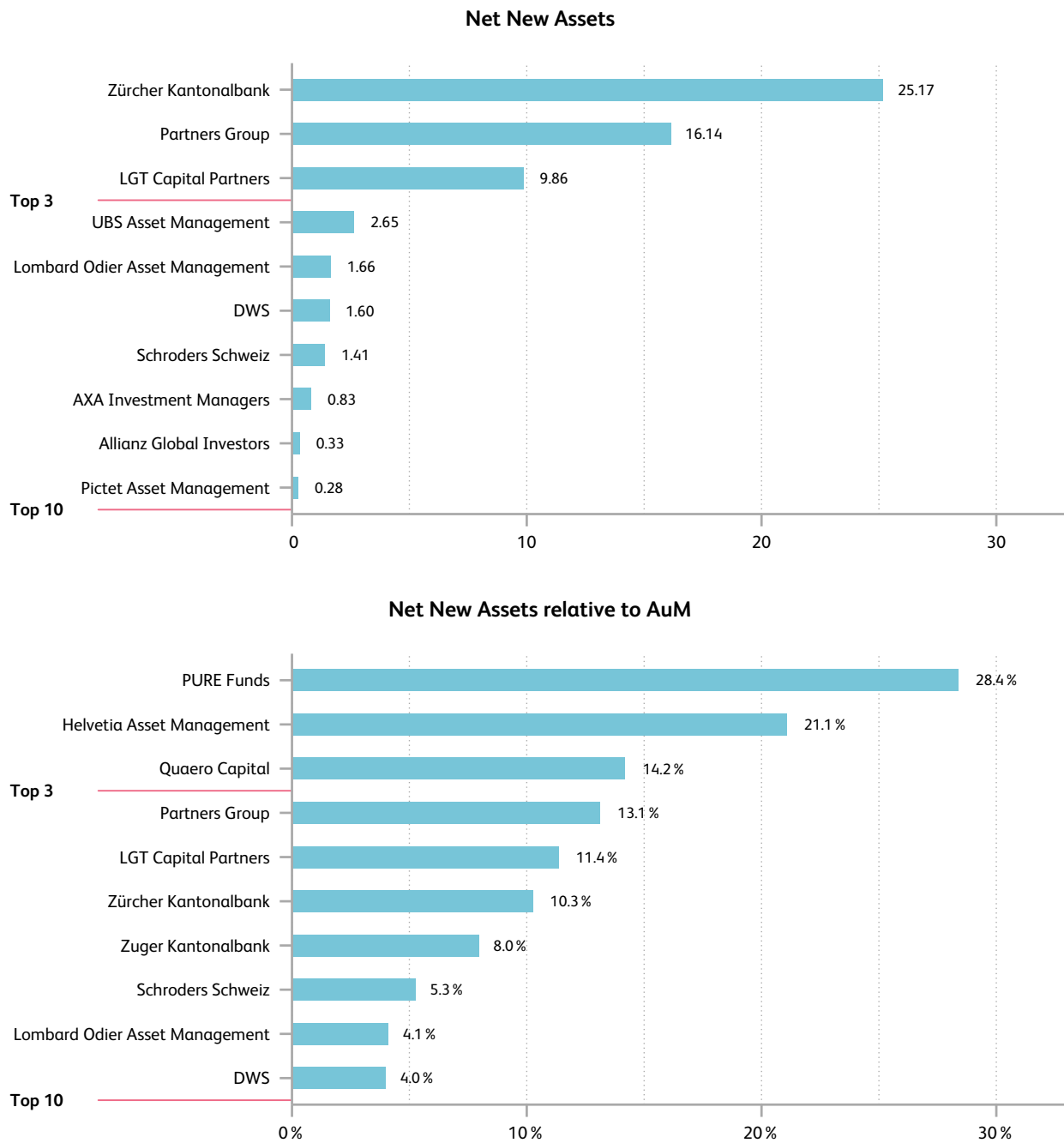


Figure 4.3: Top ten asset managers in terms of total NNA (in CHF billion) and NNA relative to AuM (in percentage), managed in Switzerland (production view)

4.3. Performance Analysis based on Mutual Funds

The following performance analysis is based on asset management companies that provided data in this year's

survey (*AMAS* members) and explicitly agreed to be considered in this study with their company brand. The detailed methodology is provided in Appendix A2. The data are public and taken from the *MorningstarDirect* database.

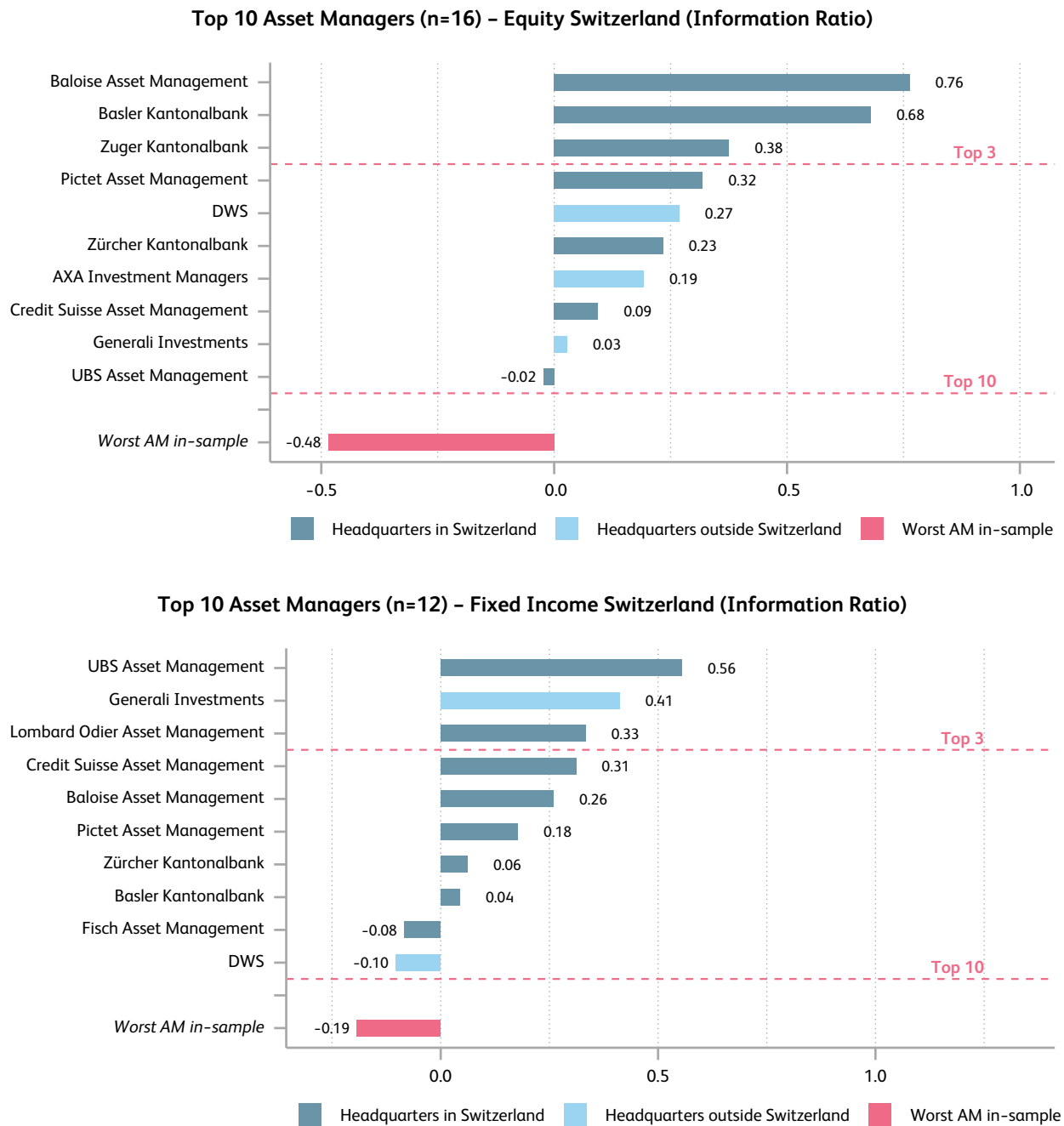


Figure 4.4: Top ten asset managers with a focus on Swiss equity (top panel) and top ten asset managers with a focus on Swiss fixed income (bottom panel); Source: Morningstar (2024)

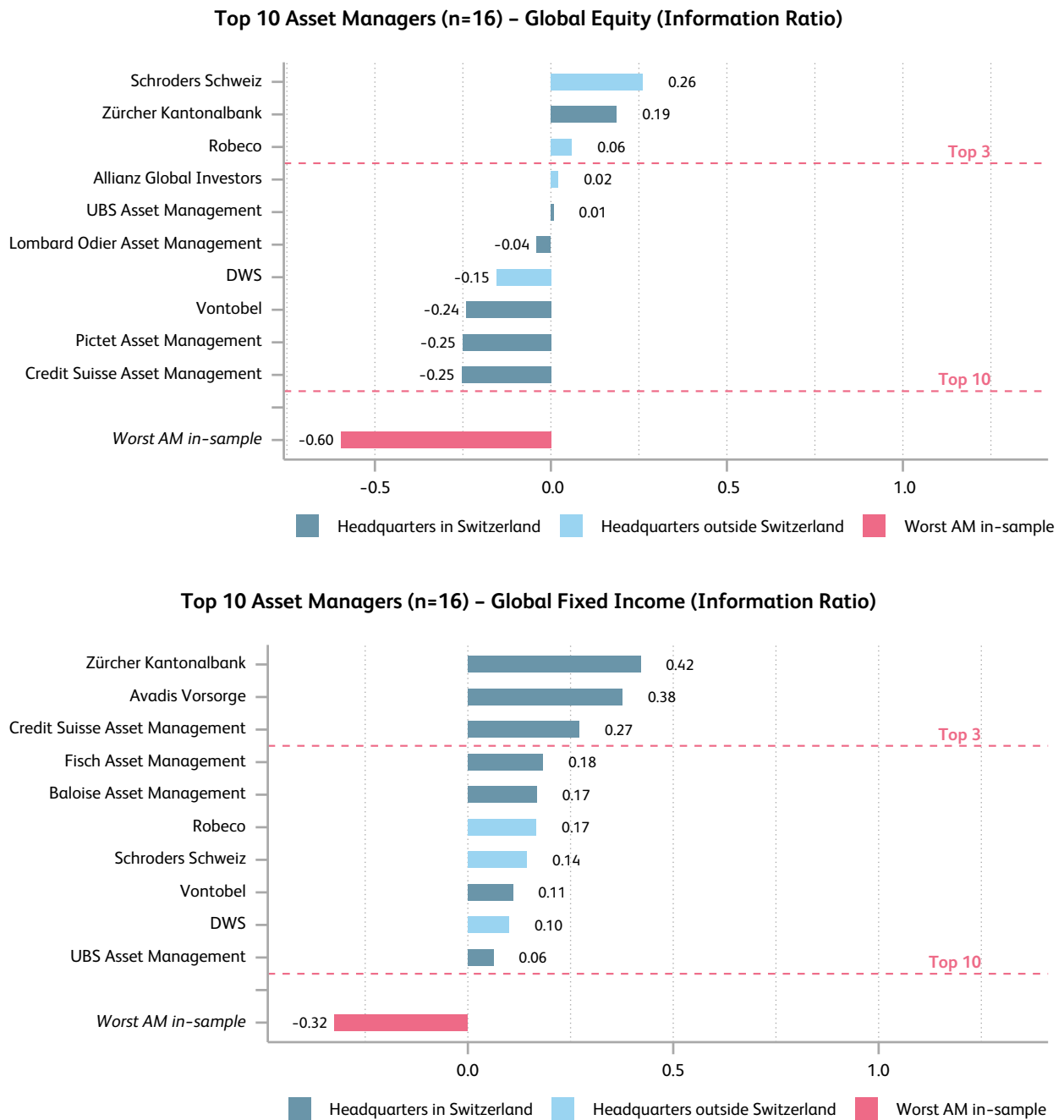


Figure 4.5: Top ten asset managers with a focus on global equity (top panel) and top ten asset managers with a focus on global fixed income (bottom panel); Source: Morningstar (2024)

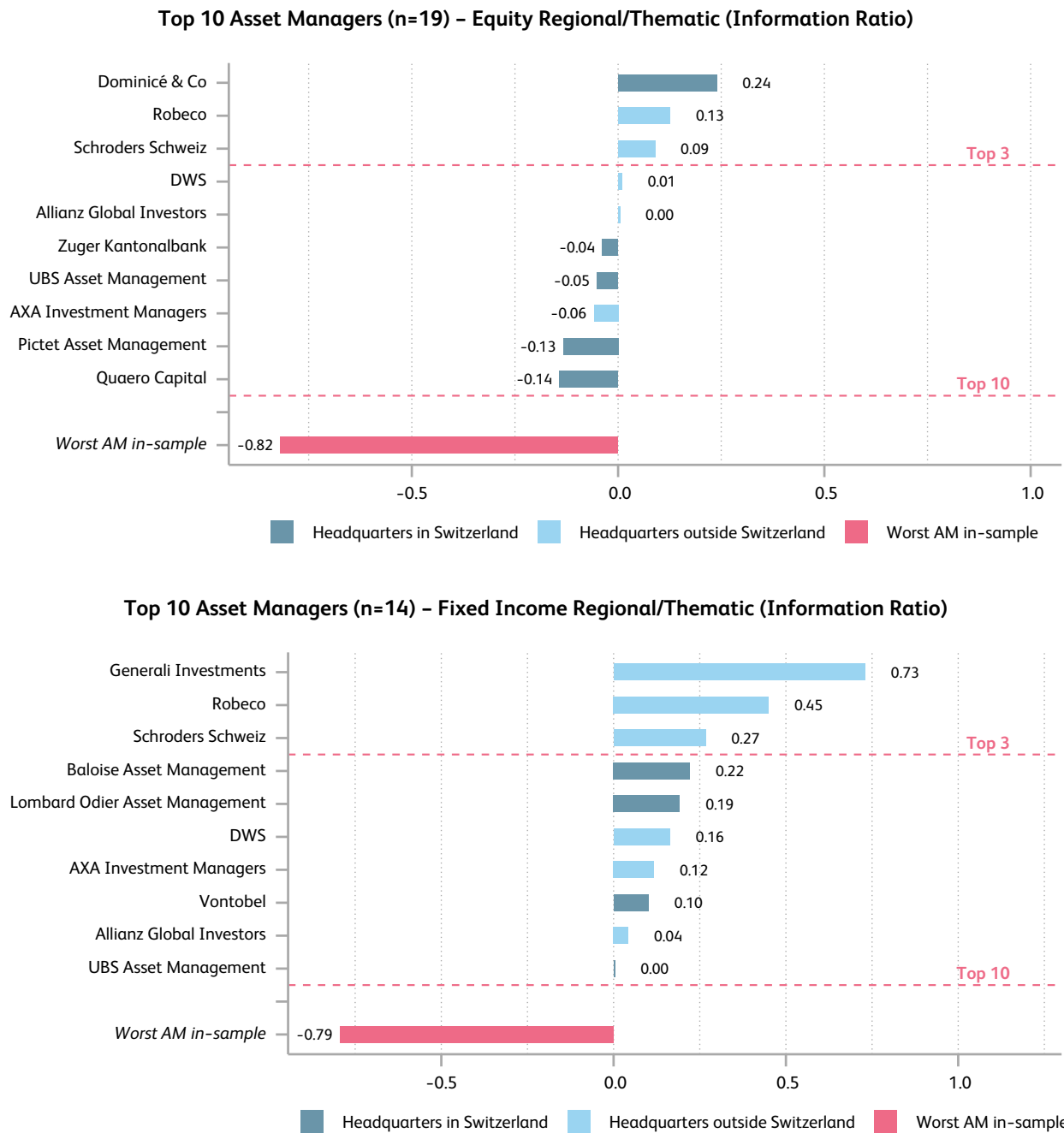


Figure 4.6: Top ten asset managers with a focus on regional/thematic equity (top panel) and top ten asset managers with a focus on regional/thematic fixed income (bottom panel); Source: Morningstar (2024)

5. Sustainable Investments



The initiatives for sustainable finance including self-regulation, Swiss Climate Scores, and the Swiss Stewardship Code, actively promoted by the *Asset Management Association Switzerland (AMAS)*, are gaining traction among Swiss asset managers. However, there remains a substantial proportion of asset managers who have not yet adopted these guidelines.

Sustainable finance involves incorporating environmental, social, and governance (ESG) criteria into financial services to benefit both clients and society. AMAS aims to position Switzerland as a leading hub for sustainable finance, aligning with the Federal Council's strategy and the financial industry's commitment to a sustainable, carbon-free economy by 2050. To achieve this, AMAS actively promotes initiatives including self-regulation, Swiss Climate Scores (SCS), and the Swiss Stewardship Code.

Swiss asset managers were asked to provide information on their adherence to these guidelines. Only asset management firms that provided relevant data on sustainability were considered in the following analyses. Out of the 52 firms that reported data, 28 (53.8%) provided information about AuM invested according to AMAS self-regulation in collective investment schemes and 18 (34.6%) in discretionary mandates. Moreover, 48 companies (92.3%) reported information about the use of the SCS and 46 asset managers (88.5%) about the application of the Swiss Stewardship Code.

5.1. AMAS Self-Regulation

AMAS has implemented principle-based self-regulation to enhance transparency and disclosure for sustainability-related collective assets. This framework establishes binding organisational, reporting and disclosure obligations

for institutions producing and managing sustainable financial products. Effective from September 30, 2023, it aligns with the Swiss Bankers Association's principle for self-regulation.

64.6 percent of AuM invested in CIS (incl. ETFs) comply with the self-regulation principles introduced by AMAS. However, less than half of the assets invested in discretionary mandates (45.9%) meet these obligations. It is important to note that not all surveyed asset managers provided data on sustainability and our analyses only consider firms that provided data. Therefore, the figures might indicate that asset managers are very selective at labeling products as "green". This careful approach helps to prevent greenwashing, ensuring that only genuinely sustainable products receive a green labeling.

Discretionary mandates, being more tailored to specific needs compared to CIS, might face greater challenges in uniformly applying the self-regulation principles, leading to lower compliance rates.

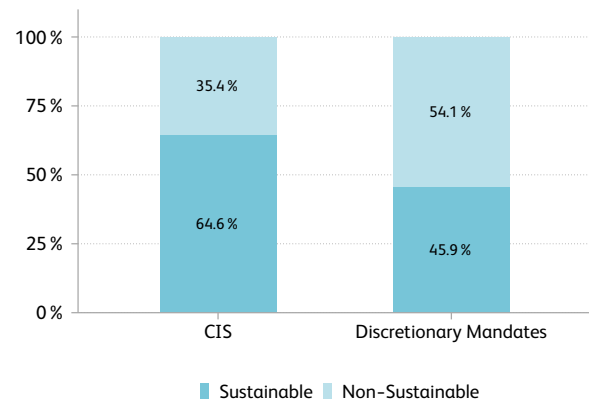


Figure 5.1: AuM consistent with AMAS self-regulation

5.2. Swiss Climate Scores

The SCS, launched on June 29, 2022 and amended on December 8, 2023 by the State Secretariat for International Finance, provide a framework for comparing financial investments concerning the Paris Climate Agreement’s goals. AMAS supported the federal government in developing the SCS and promotes their implementation among Swiss asset managers. The SCS remain voluntary. With the publication of the revised AMAS and *Swiss Sustainable Finance (SSF)* template published on May 30, 2024, AMAS supports the implementation of the SCS across the industry.

Currently, SCS are implemented by 16.7 percent of Swiss asset managers, while an additional 27.2 percent are considering applying SCS in the future. However, 56.2 percent are not yet applying SCS.

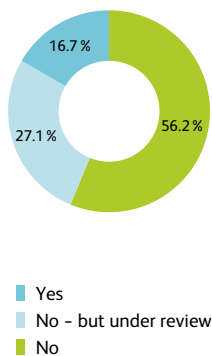


Figure 5.2: Application of Swiss Climate Scores by asset managers in Switzerland

5.3. Swiss Stewardship Code

Stewardship, also known as active ownership, is an investment approach where investors engage with the investee to generate long-term financial, environmental, and societal value. This can be achieved through active voting and ongoing dialogue with the investee. Effective stewardship involves the entire investment process, including portfolio monitoring, escalation strategies, and capital allocation, aiming for sustainable outcomes and contributing to both effective investment decision making and the sustainable development of the investee’s entity. The Swiss Stewardship Code, introduced by AMAS and SSF in October 2023, guides asset managers, asset owners, and financial service providers in actively exercising shareholder rights through nine stewardship principles for effective implementation. This code was developed to meet a growing need for stewardship recommendations, as some asset managers had already been practicing voting and engagement strategies.

Although the code was introduced recently and provides only voluntary recommendations, 19.6 percent of asset managers are already implementing it. In addition, 31.6 percent are considering its implementation. 47.8 percent are not yet implementing the code.

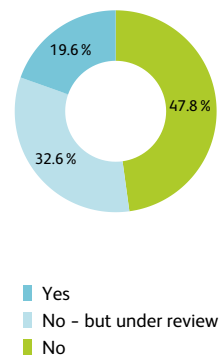


Figure 5.3: Application of Swiss Stewardship Code by asset managers in Switzerland

6. Asset Allocation

6.1. Asset Allocation in 2023



Approximately three-quarters of the asset mix consist of traditional assets. Among these, foreign equities are the most popular asset class.

Overall, traditional asset classes (equity, bond, multi-asset, money market, and other) account for approximately 76 percent of the total AuM in 2023. According to EFAMA, bond investments typically dominate the asset allocation of European asset management companies (EFAMA, 2023). However, our data suggests a different distribution in the asset mix of Swiss asset managers: equities are the leading asset class, comprising 27.5 percent, followed by bonds at 23.9 percent.

Within equities, foreign equities dominate, representing 82 percent of all equity investments. EFAMA notes that domestic equity has generally experienced a gradual decline in European asset managers' allocations from 31 percent in 2018 to 22 percent in 2022. For bonds, the distribution is balanced between Swiss and foreign bond investments. The remaining 24 percent of the asset allocation is attributed to alternative assets, including real estate, private equity, private debt, infrastructure, commodities, and hedge funds. Real estate is the most popular alternative asset class for Swiss asset managers, with 76 percent of real estate investments attributed to domestic real estate.

It is important to note that this asset allocation data relates to AMAS member institutions. The Swiss market also includes many niche players active in private markets or liquid alternatives, which are often not AMAS members.

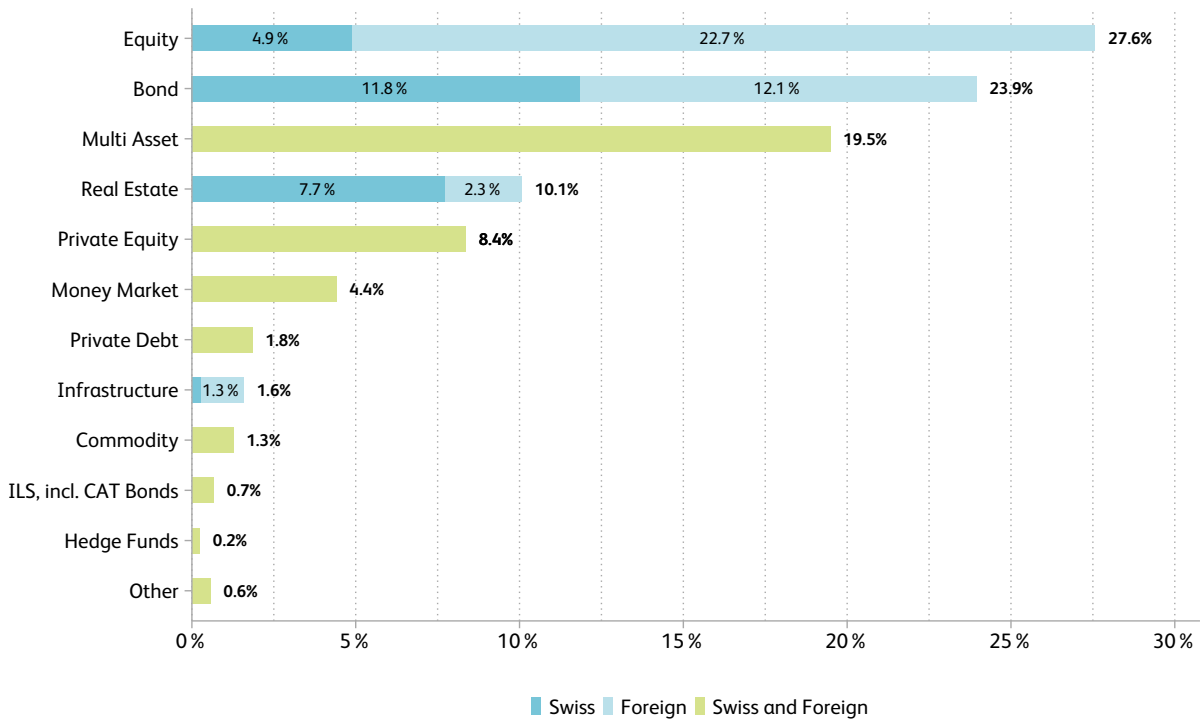


Figure 6.1: Asset allocation of asset management firms in Switzerland

6.2. Performance Drivers



In 2023, all traditional asset classes showed growth, thereby reversing the negative trend from 2022. Within the alternative assets space, ILS saw a notable positive turnaround, while private debt experienced a severe decline.

In 2023, all traditional asset classes have experienced growth, reversing the negative trend observed the year before. While only the money market assets gained share in the asset mix in 2022, in 2023, all traditional asset classes demonstrated positive growth. Equities experienced the largest year-on-year increase at 26.6 percent, marking a significant turnaround from the 22.4 percent decline they suffered in 2022. Multi-assets and bonds also recovered

from their previous declines, contributing to the overall positive growth of traditional asset classes in 2023.

Within alternative assets, ILS, including CAT bonds, private equity, and real estate have shown positive growth, while commodities, infrastructure, and private debt have declined. The most significant changes compared to 2022 were observed in ILS, including CAT bonds, and private debt. ILS emerged as the major winner: a 23.4 percent decline in 2022 turned into a 21.7 percent growth rate in 2023. Conversely, private debt appears to have suffered: after growing by 19.7 percent in 2022, it experienced a severe decline of 24.8 percent in 2023. According to the annual report of the SNB (SNB, 2024), interest rates were increased in two steps from 1.0 percent to 1.75 percent in 2023 due to inflationary pressure. As interest rates increased, the cost of borrowing through private debt became less attractive. Moreover, if interest rates remain at higher levels, private market managers will need to signifi-

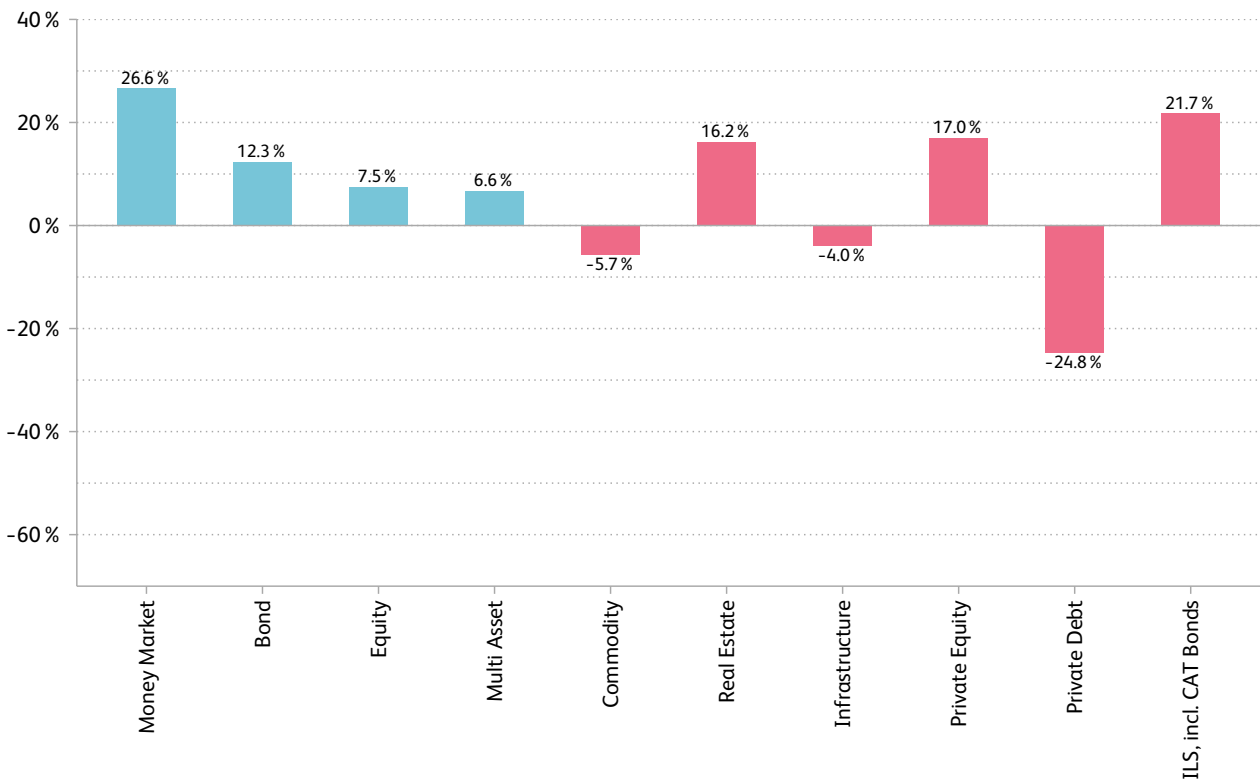


Figure 6.2: Growth in asset classes (YoY), traditional (blue) and alternative (magenta)

cantly increase their targeted internal rates of return (IRR) to stay competitive. This shift in monetary policy likely contributed to the observed decline in private debt investments in 2023.

From 2017 to 2023, equities gained share in the asset mix while bonds lost share, aligning with EFAMA’s observations for the European asset management industry. Within the alternative assets space, private equity more than doubled its share in the asset mix in the seven year period.

6.3. Active versus Passive Management



Although passive investments are on the rise, active management remains predominant among Swiss asset managers.

In 2023, a substantial share of the total AuM (68.9%) were managed actively. Nevertheless, a slight ongoing shift towards passive strategies continued. A similar trend is observed in the European asset management industry overall. EFAMA attributes this to the steady decline in fees associated with passive investment strategies (EFAMA, 2023).

Passive management often performs well in highly efficient markets, such as large-cap U.S. equities, where information is readily available and prices quickly reflect widely known information. In these markets, the low costs as-

sociated with passive management can result in better net performance for investors. Conversely, active management has the potential to outperform in less efficient markets. This is often the case in smaller markets, certain international markets, or niche asset classes where active managers can leverage their expertise to generate alpha. In this context, active investment approaches are more expensive but contribute to enhanced market efficiency. Ultimately, net performance should be the primary consideration for investors when choosing between active and passive strategies.

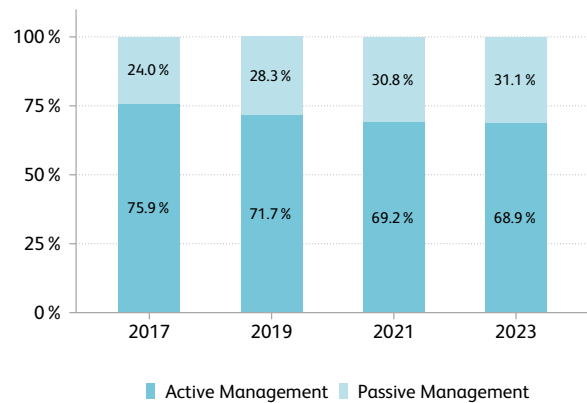


Figure 6.3: Active vs. passive management on an aggregated level

6.4. Alternative Investments

In the asset management industry, alternative investment strategies have become an important part of modern investment management. In recent years, various macroeconomic trends such as persistent inflation, changing interest rate regimes and shrinking bank balance sheets have prompted investors to seek alternative approaches in order to generate growth and returns. While alternative investments offer numerous advantages, including diversification, higher return potential, and inflation hedging, they also carry several risks. Liquidity challenges, valuation complexities, high fees, regulatory hurdles, market risks, operational risks, and lack of transparency are critical factors for investors to consider. A thorough understanding of these opportunities and risks is essential for making informed investment decisions and successfully navigating the alternative investment landscape.

Alternative asset classes are well represented in Swiss asset management as illustrated in Figure 6.4.¹ While traditional asset classes continue to dominate the asset allocation, as of the end of 2023, 24 percent of the assets were invested in the alternative space. Of these alternative assets, about ten percentage points are attributed to real estate and 14 percentage points are related to core alternatives (private markets, infrastructure, commodity, hedge funds and ILS, incl. CAT bonds). Private equity investments have recorded the strongest growth among alternative investments in the last six years.

The increase in private market investments, particularly in private equity, is driven by the search for higher returns, diversification benefits, and the ability to create value

¹ Note that the data used in these analyses is based on a survey among AMAS members. This means that some smaller asset managers operating in niche segments of the alternative space might not be considered.

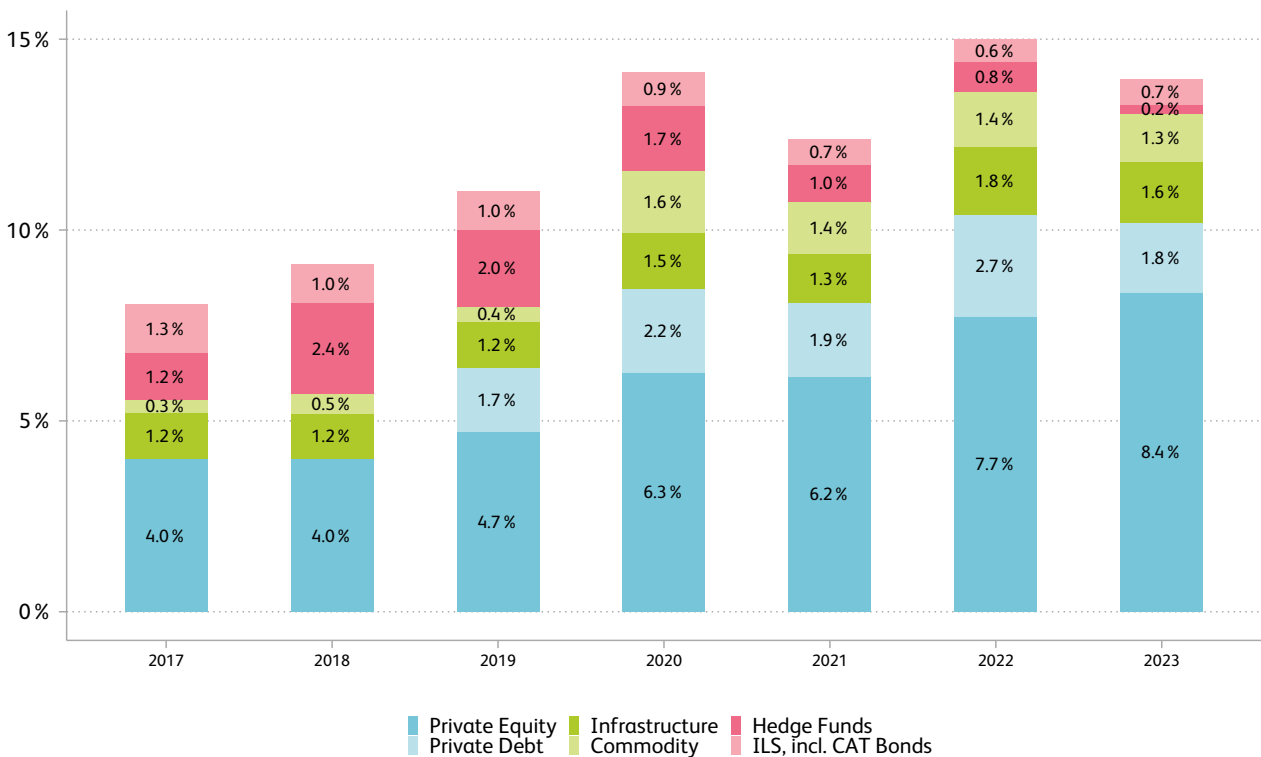


Figure 6.4: Core alternative assets (without real estate) in asset allocation of Swiss-based asset managers (2017 - 2023)

through long-term, large-scale business transformations. Increasing allocations from foreign institutional investors, shrinking public markets, and abundant capital availability also contribute to the growing popularity of private equity.

In an international comparison, the volume of assets managed in alternative asset classes (~ 24 %) is substan-

tially above the global average of about 20 percent (BCG, 2023, 2024). As shown in Figure 6.5, since 2017 the share of alternative assets in the allocation of Swiss-based asset managers increased by about six percentage points. From a business perspective, high-margin alternative asset classes are an important contributor to profitability and Switzerland has a strong position in this domain.

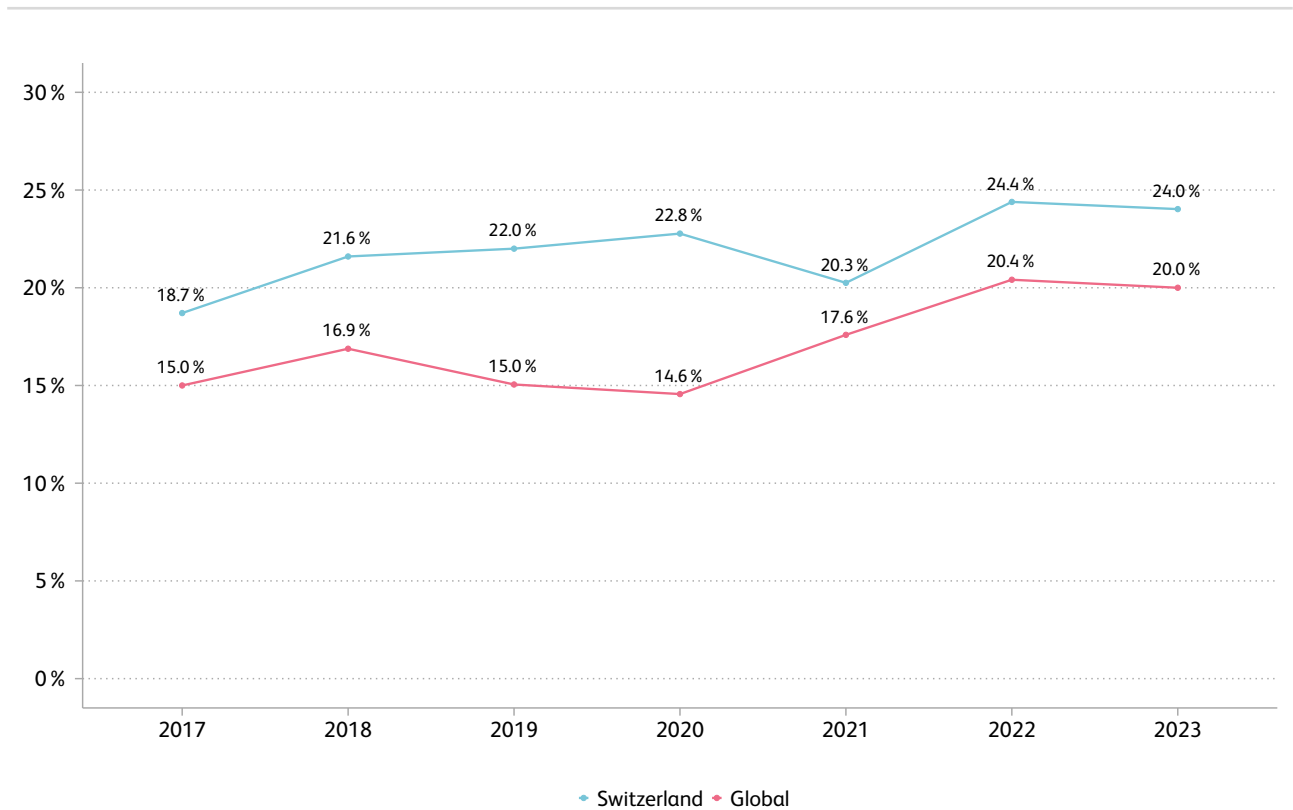


Figure 6.5: Share of alternative assets in a global comparison (2017 - 2023), Source: BCG (2023, 2024), own data

From a client perspective, pension funds represent the largest client segment for Swiss-based asset managers. By the end of 2022, a typical pension fund portfolio consisted of approximately 9.8 percent in core alternatives

and about 23.5 percent in real estate. Over the last decade, Swiss pension funds increased the share invested in alternative investments by 3.75 percentage points (Figure 6.6).

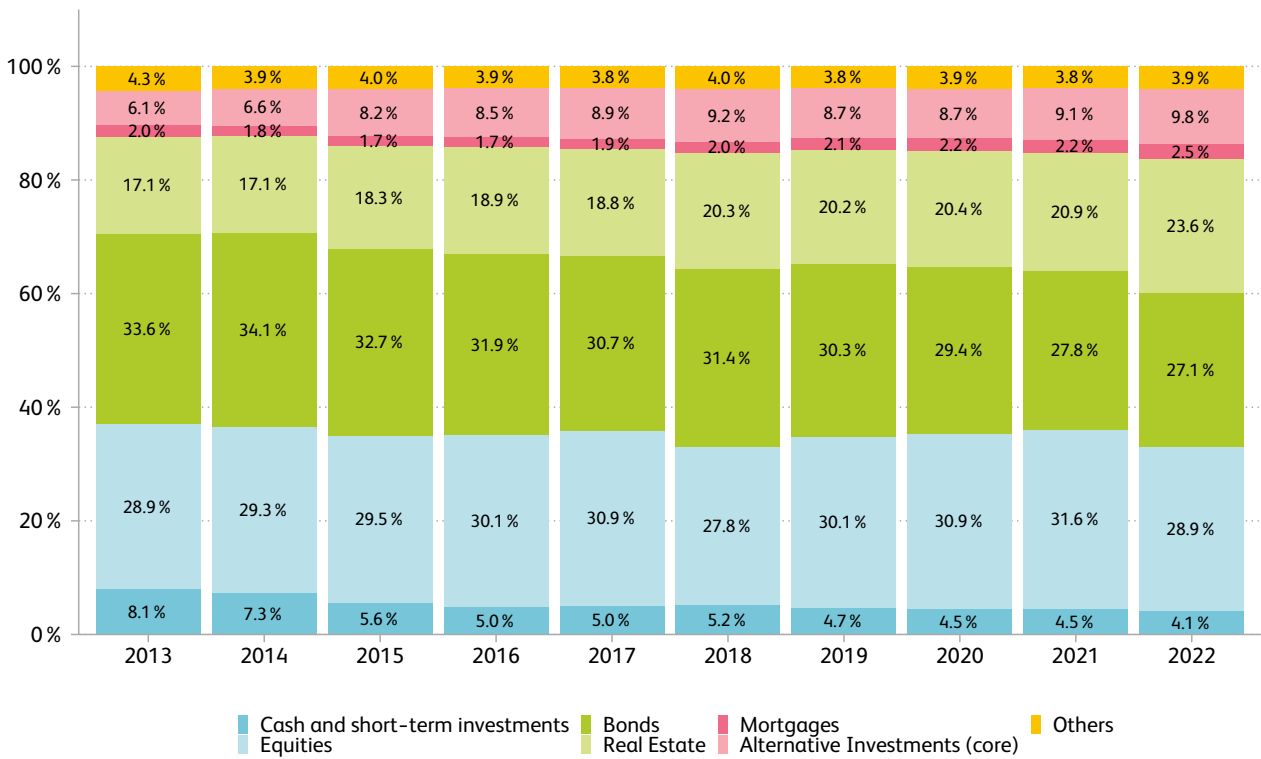


Figure 6.6: Asset allocation of Swiss pension funds from 2013 to 2022 (Federal Statistical Office, 2024)

The top ten asset managers in terms of AuM in the alternative space are shown in Figure 6.7. *Partners Group*, *LGT Capital Partners* and *Credit Suisse Asset Management* are the top three companies in this segment. Note that

for *UBS*, Swiss direct real estate funds are managed outside *UBS Asset Management* and are therefore not represented in the volume of alternative AuM.

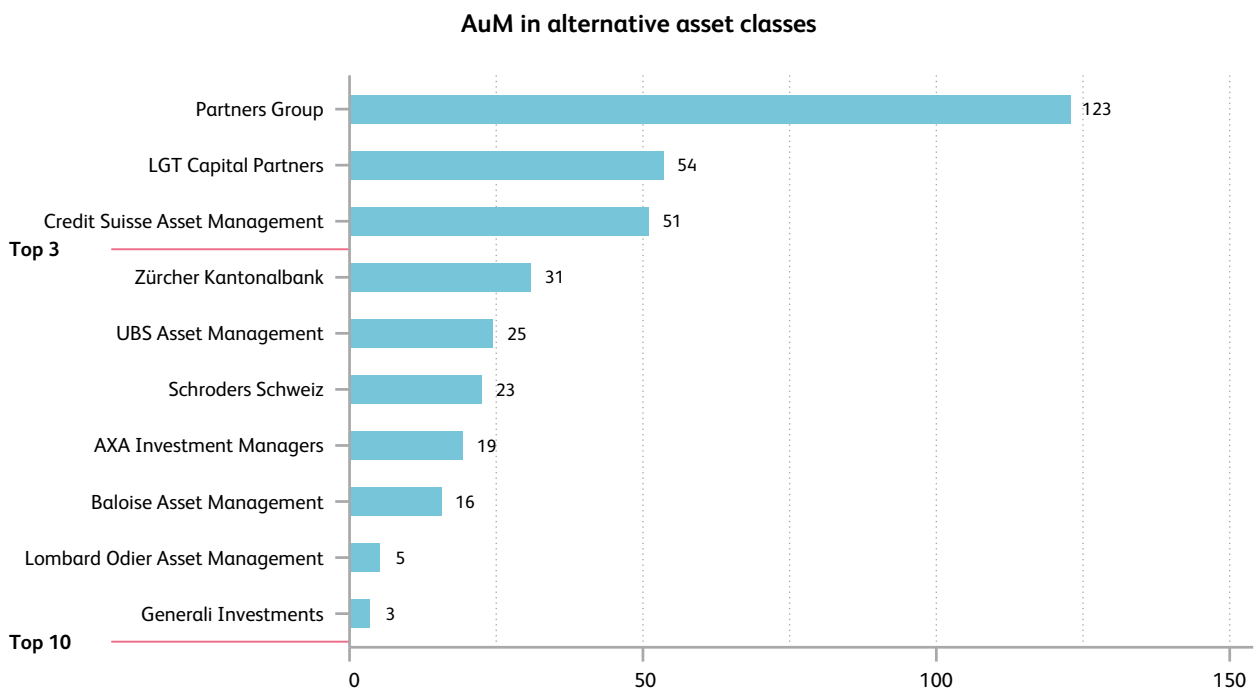


Figure 6.7: Top ten alternative asset managers (in CHF billion), managed in Switzerland (production view)

7. Key Performance Indicators in the Swiss Asset Management Industry

7.1. Profitability Ratios



Despite the 8.3 percent increase in AuM in 2023, the industry’s profitability showed a negative trend.

The estimated median values (in bps) of four key performance indicators (KPIs) for 2023 are derived from the information provided by 22 Swiss asset managers of various sizes and ownership structures.¹

Between 2022 and 2023, the profit margins of the Swiss asset management industry decreased by 4 bps, primarily due to a significant reduction in revenue margins (-7 bps). Although cost margins also decreased (-3 bps), this did not compensate for the larger decline in revenue margins. Additionally, the cost-income ratio (CIR) increased by 4 bps, indicating a negative development.

Applying the estimated median revenue margin of 43 bps and the median profit margin of 13 bps to the CHF 3,117 billion AuM managed in Switzerland implies a net revenue pool of CHF 13.4 billion and a profit pool of CHF 4.1 billion as of the end of 2023.

¹ Because of the relatively small sample size and the fact that not all surveyed asset managers provided relevant data, these KPIs need to be treated with some caution.

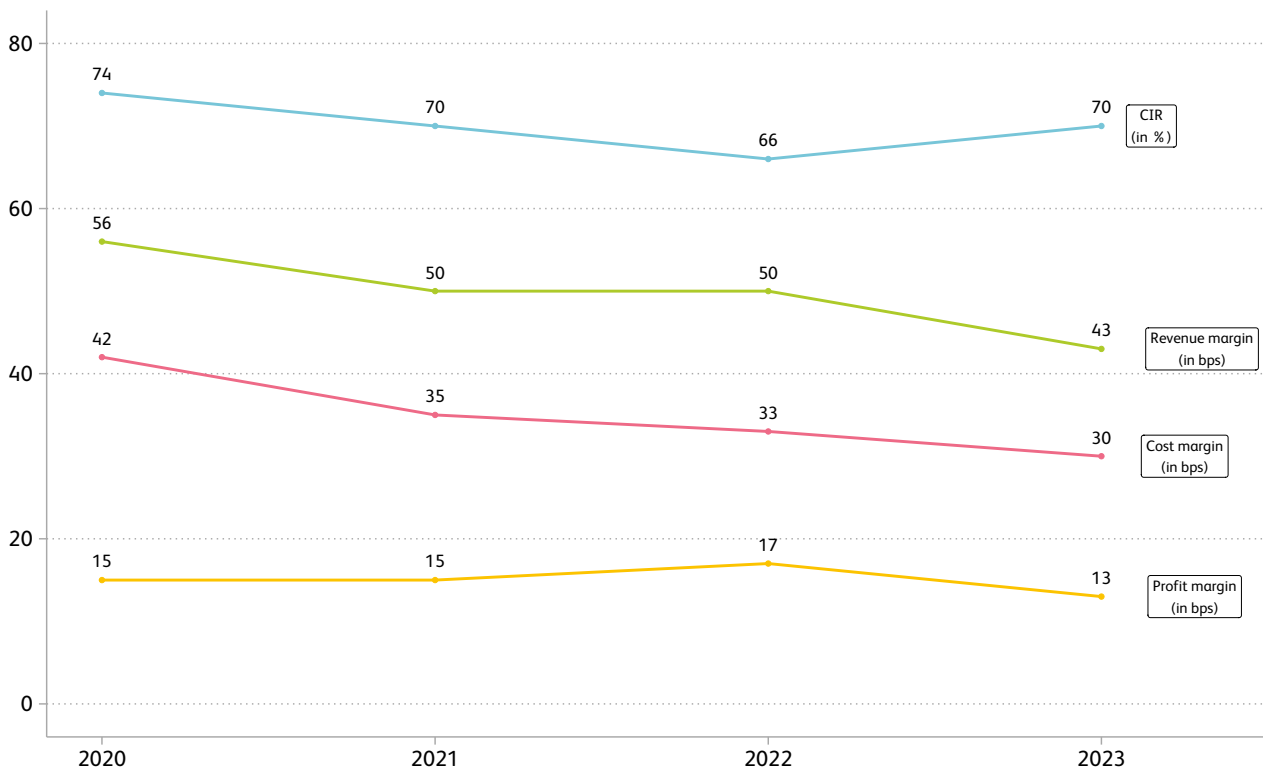


Figure 7.1: Asset management profitability; Source: AM survey 2024, 2023, 2022, 2021 (own data)

The asset management industry in Switzerland is highly competitive, necessitating cost efficiency to maintain profitability. From 2020 to 2023, a decrease in the revenue margin was largely offset by a decrease in the cost margin, resulting in a slight decline in the profit margin. However, according to ZEB (2023), over the next five years, AuM and revenues in the European asset management industry are expected to increase by 6.9 percent and 5.0 percent per year, respectively, while costs will continue to rise at their historic rate of 7.3 percent per annum. Looking ahead, cost pressures on European asset managers are expected to remain strong.

7.2. Management and Performance Fees

Figure 7.2 illustrates the distribution of revenues between its two main sources, management and performance fees. Management fees are ongoing fees, typically calculated as a percentage of the AuM. Performance fees are additional fees that are based on the investment performance achieved by asset managers.

Approximately 93 percent of revenues are generated through management fees, while performance fees ac-

count for about seven percent of revenues. In the last two years the share of management fees increased by six percentage points each year.

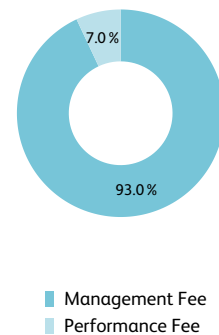


Figure 7.2: Revenue shares (fees)

8. Importance of Asset Management for the Swiss Economy

8.1. Contribution to GDP



We estimate that the asset management industry contributed between 0.85 percent and 1.07 percent to Switzerland's GDP in 2023. This corresponds to a value added of CHF 6.7 billion (mean) to CHF 8.5 billion (median). Approximately 9.3 to 11.8 percent of the value added generated by the financial sector can be attributed to the asset management industry.

To estimate the gross value added of the asset management industry to the Swiss gross domestic product (GDP), we collect data on revenues (management and performance fees) and intermediate consumption (deductions

from revenues and other operating expenses excluding personnel compensation). As the number of listed asset managers in Switzerland is limited, we use a data sample of the 70 largest listed asset managers in Europe and North America to obtain these measures. We then compute the mean and median expense ratios, multiply them by our estimate of the net revenues generated by Swiss-based asset management firms, subtract intermediate consumption from the net revenues, and finally relate the corresponding figure to Switzerland's GDP in 2023. Using this approximation, we conclude that the value added by the asset management industry to Switzerland's GDP is CHF 6.7 billion (mean) or CHF 8.5 billion (median), depending on whether the mean or median is chosen. It is important to note that these estimates are subject to a certain degree of estimation uncertainty.

8.2. Direct and Indirect Employment



Swiss asset managers, along with companies providing services to the industry, contribute to creating approximately 58,700 full-time equivalent jobs. After a three percent decline last year, total employment in Swiss asset management has rebounded to its 2021 levels.

Figure 8.1 shows the levels of direct, indirect as well as total employment in the Swiss asset management industry. Direct employment encompasses roles such as marketing, sales and distribution, product development, investment management and trade execution, risk and compliance, middle office, and back office. Indirect employment includes related services and support functions like accounting, auditing, custodianship, IT, legal, research, and Fin-Tech. Both direct and indirect employment are key indicators of the industry’s contribution to the overall economy (EFAMA, 2023).

Our estimates reveal that approximately 10,500 full-time equivalents (FTEs) are directly employed by the asset management sector in Switzerland. After a three percent decline last year, direct employment has rebounded to its 2021 level.

The French asset management association (AFG) has estimated that each unit of direct employment results in 4.6 FTE jobs in these areas (AFG, 2011). Based on this ratio, the Swiss asset management industry indirectly employs an estimated 48,200 FTEs, resulting in a total employment of 58,700 FTEs.

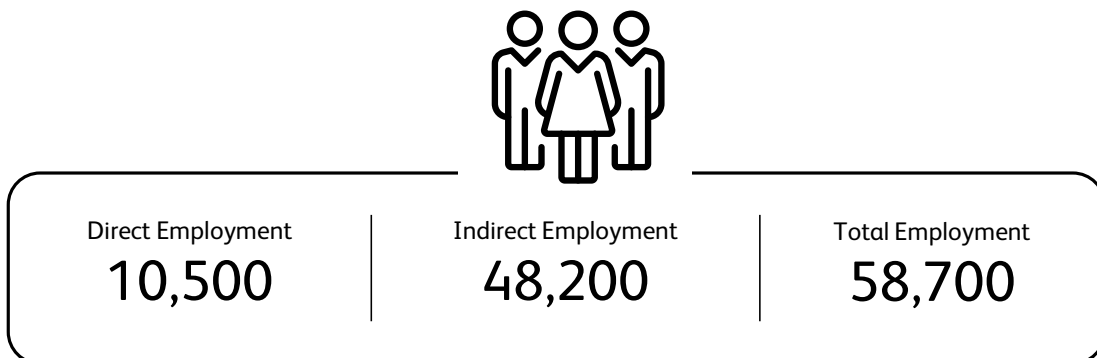


Figure 8.1: Direct and indirect employment (FTEs) in the Swiss asset management industry in 2023

8.3. Paid Taxes



In 2023, the asset management industry generated approximately CHF 4.05 billion in profits. Based on this profit pool, asset managers operating in Switzerland paid 0.59 billion in taxes at the federal, cantonal and municipal level, making asset management a substantial tax payer.

bined estimated profit tax revenue at federal, cantonal and municipal level amounts to CHF 16.7 billion. The insurance industry generated almost half of this amount, with 48.5 percent, private banking 30.5 percent and asset management 21.0 percent. In the asset management industry a substantial part of revenue is generated through management fees which are based on the volume of AuM. Growth in AuM directly increases these fees, which in turn boosts revenues and with effective cost control, can lead to higher profits and ultimately increased corporate tax revenues. In addition to corporate income taxes, the federal government levies various indirect taxes such as value-added tax (VAT), stamp duty and withholding taxes. Finally, the Swiss Confederation, the cantons and the municipalities all benefit from the direct taxation of the income of individuals employed in the financial sector.

Figure 8.2 shows the estimated profit and profit tax revenues for asset management in comparison to the private banking and insurance industry. Estimated tax revenues are based on the average maximum effective pre-tax rate for federal, cantonal and municipal taxes provided by (KPMG, 2023). Between 2018 and 2022, the com-

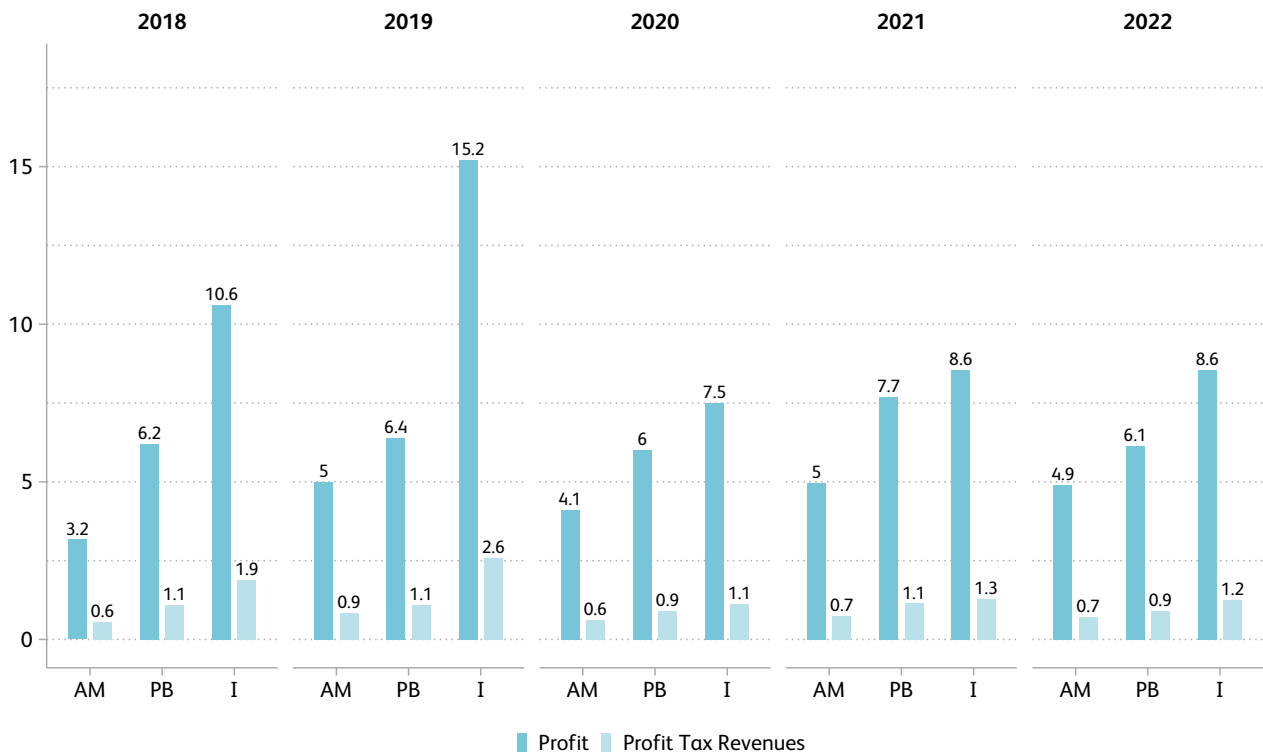


Figure 8.2: Profits and profit tax revenues in the asset management, private banking and insurance industry in CHF billion from 2018 to 2022; Source: AM survey 2022, 2021, 2020 (own data), FINMA (2021), FINMA (2020), FINMA (2019), FINMA (2018), KPMG & University of St. Gallen (2022), KPMG (2023), KPMG & University of St. Gallen (2021), KPMG (2021), KPMG & University of St. Gallen (2020), KPMG & University of St. Gallen (2019).

9. Asset Management in Comparison to the Financial Sector

9.1. Assets under Management

By 2022, AuM in asset management represent approximately 75 percent of the AuM in the private banking industry.¹ However, due to the scalability of the business, AuM per FTE in asset management are almost three times higher than in private banking. Comparing the two industries in terms of growth rates, the AuM in asset man-

agement increased by approximately 33 percent during the examined period, while the AuM in private banking increased by about 24 percent. When considering the AuM per FTE from 2018 to 2022 a CAGR of 6.5 percent is observed for the asset management, and 7.9 percent for private banking industry.

¹ In this context, a private bank is defined as a Swiss private bank that holds a full *FINMA* bank license and of which a significant proportion of its business is private wealth management.

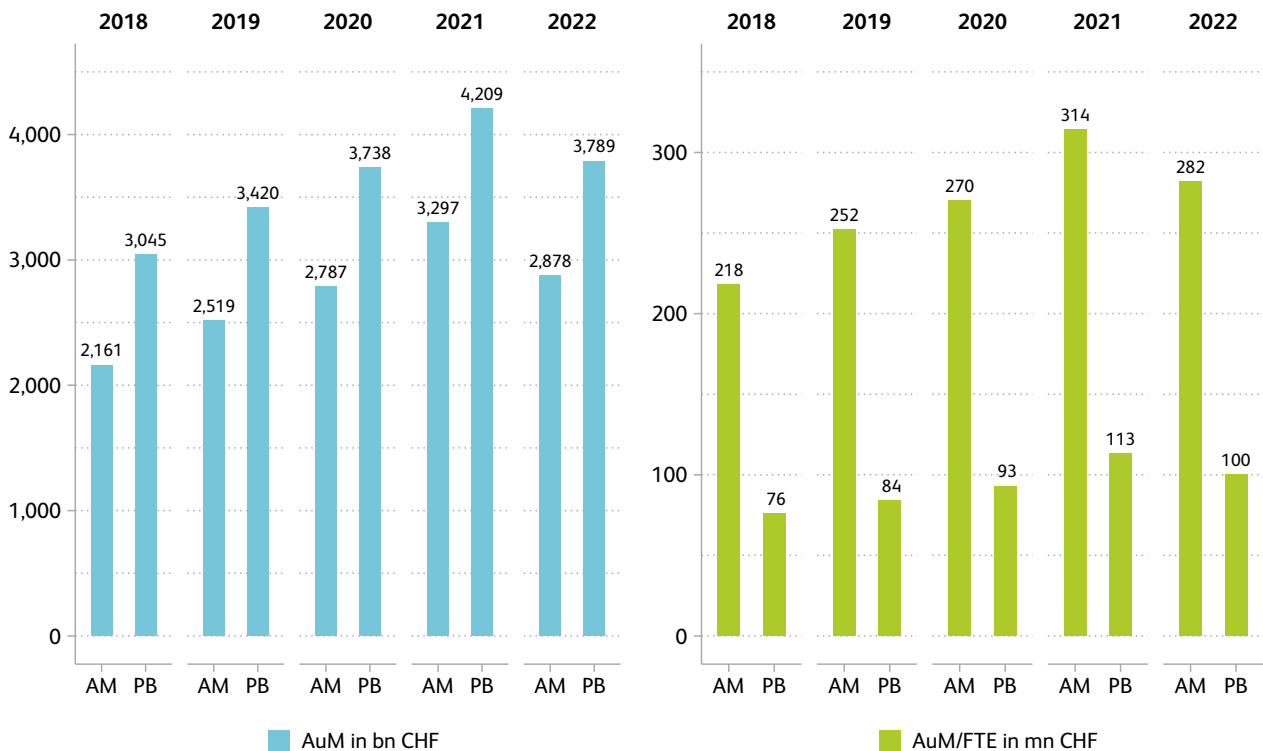


Figure 9.1: Comparison of AuM (in billion CHF) and AuM per FTE (in CHF) between the asset management and private banking industry in Switzerland; Source: AM Survey 2023, 2022, 2021, 2020, 2019 (own data), KPMG & University of St. Gallen (2023), KPMG & University of St. Gallen (2022), KPMG & University of St. Gallen (2021), KPMG & University of St. Gallen (2020), KPMG & University of St. Gallen (2019), PwC (2023), annual reports 2018 to 2021 of Credit Suisse and UBS

9.2. Employment and Profit

In Figure 9.2, the asset management, private banking and insurance industries are compared in terms of FTEs and profit per FTE. While the asset management sector has by far the lowest number of FTEs overall, it experienced an increase of around two percent from 2018 to 2022. On the one hand, while the number of FTEs in the insurance industry also experienced an increase, by around 2.9 percent, the number of FTEs in the private banking industry fell by 2.0 percent up until 2021 but increased again in 2022, thereby almost reaching the level met in 2018. The asset management and insurance sectors, on the other

hand, have faced declines in the number of FTEs between 2021 and 2022. Though the smallest industry measured by FTEs, the profit per FTE in asset management in 2022 was more than three times as high as in the private banking and more than twice as high as in the insurance industry.²

² Note that for the year 2018, no survey data on profit margins for the asset management industry are available. In order to approximate the profit for that particular year, we apply the lower bound of the profit margin observed in our time series data, which is 14.7 bps.

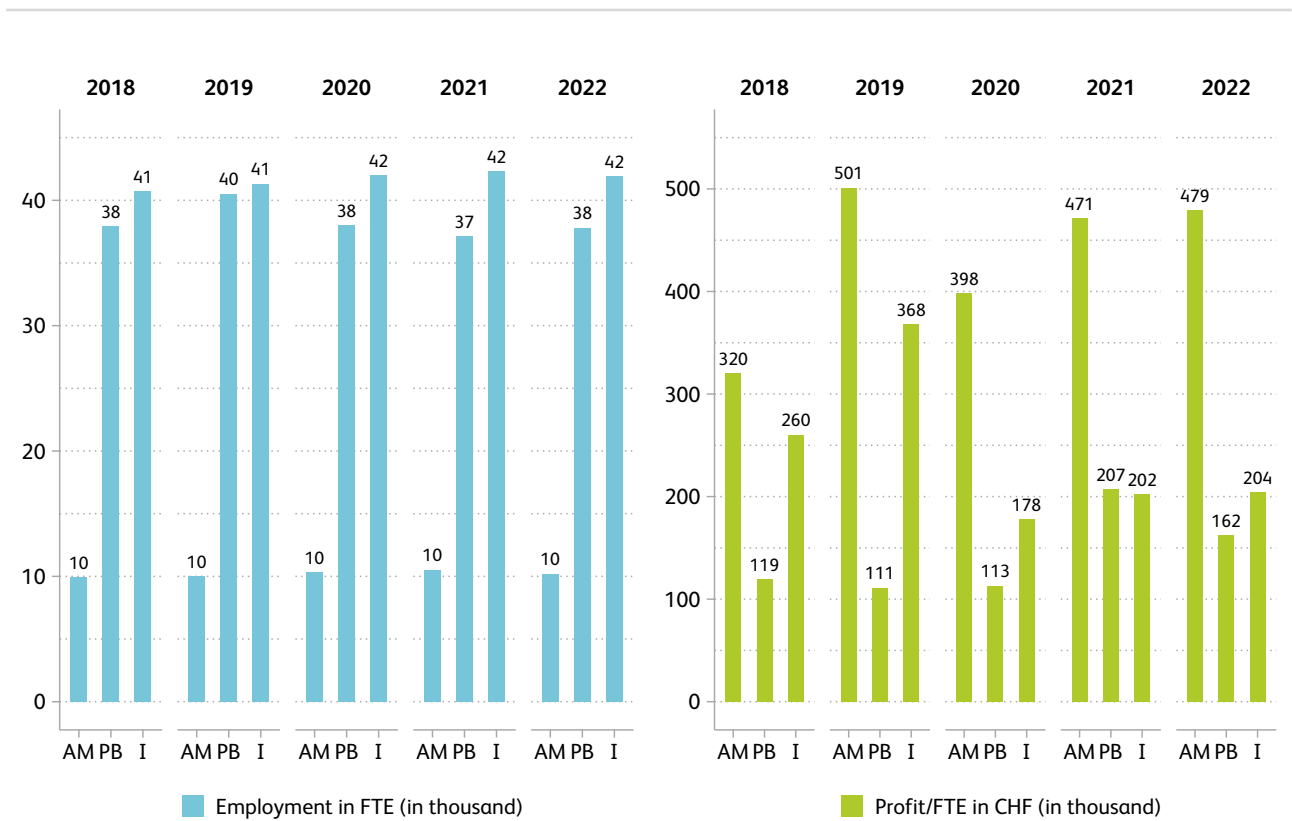


Figure 9.2: Comparison of employment (FTEs; in thousand) and profit per FTE (CHF; in thousand) between the asset management, private banking and insurance industry in Switzerland; Source: AM Survey 2023, 2022, 2021, 2020, 2019 (own data), Federal Statistical Office (2022), KPMG & University of St. Gallen (2023), KPMG & University of St. Gallen (2022), KPMG & University of St. Gallen (2021), KPMG & University of St. Gallen (2020), KPMG & University of St. Gallen (2019), FINMA (2022), FINMA (2021), FINMA (2020), FINMA (2019), FINMA (2018), PwC (2023)

10. Conclusion & Outlook

Swiss asset management strongly contributes to the domestic economy and plays an important role in the pension system.

In 2023, the asset management industry contributed around one percent to Switzerland's GDP. Furthermore, it generated CHF 4.05 billion in profits, paid CHF 0.59 billion in taxes, and supported approximately 58,700 full-time equivalent (FTE) jobs. Pension funds make up a significant portion of the Swiss asset management industry's client base. The high proportion of pension funds invested based on discretionary mandates suggests that many entrust their assets to specialized professional asset managers. By managing these assets, the industry plays an essential role in the second pillar of the Swiss pension system. It provides professional asset management services that help generate net investment income, supporting the financial security of retirees and contributing to the overall stability of the Swiss economy.

Swiss asset management is an export industry.

In 2023, approximately 30 percent of assets under management (AuM) were managed for foreign institutional clients. Over the seven year period from 2017 to 2023, the export share increased by 4.8 percentage points. This high export share highlights the international demand for Swiss asset management and underscores the value placed on domestic expertise.

Following a challenging year in 2022, Swiss AuM rebounded significantly in 2023.

A total of CHF 3,117 billion were managed in Switzerland in 2023, making it the third-largest asset management market in Europe. The Swiss asset management industry experienced a robust growth of 8.3 percent in 2023, reverting from a decline of 12.7 percent in 2022. Thereof, a 1.7 percentage point increase was driven by net new assets and a 6.6 percentage point increase by performance gains. Thus, the major recovery of the Swiss asset management industry in 2023 was primarily attributed to market appreciation.

The acquisition of *Credit Suisse* by *UBS* marked a significant turning point for the Swiss asset management industry in 2023, altering the market structure.

In 2023 *UBS* was the largest Swiss asset manager with a market share of 9.3 percent, while *Credit Suisse* held 8.3 percent. The acquisition positions *UBS* to potentially hold an 18 percent market share, but the competitive land-

scape, driven by the presence of foreign asset managers and larger cantonal banks, may prevent a dominant market position. Indeed, both institutions have seen a decline in market share since 2021, which has been redistributed among other asset managers, notably *Zürcher Kantonalbank* and *LGT Capital Partners*. Nevertheless, the market remains concentrated, with the top ten asset managers controlling nearly half of the reported AuM in this study.

The share of alternative investments in the asset mix of Swiss asset managers continued to grow.

In 2023, traditional asset classes accounted for approximately 76 percent of the total AuM, while the remaining 24 percent was attributed to alternative assets. Since 2017, the share of alternative assets managed by Swiss-based asset managers increased by about six percentage points, consistently remaining above the global average. This growth has strengthened Switzerland's position in this high-margin business. In addition, while passive investments continued to rise, active management remained predominant among Swiss asset managers.

Despite strong growth in 2023, the Swiss asset management industry faces a variety of challenges.

First, while AuM grew in 2023, the industry's profitability showed a negative trend. The highly competitive nature of the Swiss asset management sector necessitates cost efficiency in order to maintain profitability. Second, there is increasing pressure on asset managers to contribute to climate protection and more sustainability. Initiatives for sustainable finance, including self-regulation, Swiss Climate Scores, and the Swiss Stewardship Code, actively promoted by the *Asset Management Association Switzerland (AMAS)*, are gaining traction among Swiss asset managers and should help fulfill sustainability goals. Finally, Swiss asset management is an export industry whose further success depends on unrestricted international market access, particularly within the EU. A significant step in this direction is the "Berne Financial Services Agreement" with the United Kingdom, which marks a milestone in enhancing international cooperation and access.

11. AMAS Outlook

“The asset management industry will become bigger, more socially relevant, greener, more private and less liquid, more regulated – and transformed by technology.”

The Swiss Asset Management Study 2024 confirms that the sector is not only an essential pillar of the Swiss economy but is also set to become even more important in the years ahead. The industry’s trajectory is characterized by substantial growth, increased social relevance, a stronger commitment to sustainability, a shift towards private and less liquid markets, heightened regulatory scrutiny, and transformative technological advancements.

The ongoing growth trend of our industry underscores the sector’s expanding economic footprint and its vital role in capital allocation. With regulatory pressure forcing banks to reduce their balance sheets, asset managers are stepping in to fill the financing gap, in particular for private market investments, which are inherently less liquid and require specialized expertise. Going forward, asset managers will play an even bigger role in allocating the required capital to finance the green transition and broader economic development.

However, this also comes with a shift of systemic risks from banks to asset managers, or more broadly to non-bank financial intermediators (NBFI), particularly in terms of managing systemic risks associated with less liquid assets, liquidity mismatches or financial leverage. As the role of asset managers expands, so too will the need for robust and adequate global and national regulatory frameworks.

At the same time, Swiss asset managers are already at the forefront in directing significant investments needed to drive the green transition, thereby aligning financial growth with environmental sustainability. The fact that almost 60% of assets managed by AMAS members are now governed by the associations’ self-regulation on sustainable finance demonstrates the industry’s commitment to deliver sustainable investment products. This not only caters to growing investor demand for sustainable investment solutions but also positions asset managers once more as important players in the global push towards a net-zero economy.

Swiss asset managers play a key role in managing both domestic and international pension funds, which are fundamental to societal welfare. With a considerable portion of assets managed on behalf of both domestic and international pension funds, the industry plays a critical role in ensuring future pension payments.

The growth trajectory of Swiss asset management is heavily reliant on access to international markets. With 30% of assets under management attributed to clients outside of Switzerland, the industry is a significant export sector. This highlights the need for political solutions to secure and expand market access, ensuring that Swiss asset managers can continue to compete and thrive on the global stage. In this context, the “Berne Financial Services Agreement” with the United Kingdom represents a milestone that could serve as a blueprint for further agreements.

Technological advancements are reshaping the landscape of asset management, making its products and services more accessible and efficient. Innovations such as artificial intelligence, blockchain technology, and fractional trading are democratizing investment opportunities, enabling a broader segment of the population to participate in financial markets. This democratization, combined with the potential for mass customization, is transforming how investment products are designed and delivered.

To harness the full potential of these developments there are some important imperatives:

1. **Enhancing Market Access:** Efforts must be intensified to secure and expand international market access for Swiss asset managers, ensuring the industry can continue to grow and compete globally.
2. **Adequate Regulation for NBFI:** A clear distinction between macro-prudential and micro-prudential policies needs to be ensured. Further, the discussion needs clear terminology and well targeted actions. The term “NBFI” captures a broader group than the already well-regulated mutual fund sector. Significant sources for systemic risks such as leverage and/or illiquid assets are typically found in less regulated sectors.

3. **Promoting Technological Adoption:** The industry must continue to prioritise the development of cutting-edge technologies, embracing innovations that enhance efficiency, accessibility, and sustainability in asset management. The industry needs close collaboration both to identify regulatory gaps and avoid the fragmentation of standards.
4. **Secure the Role of the Third Contributor:** For pension funds, asset managers need to operate in an environment that allows them to maximize performance and hence the role of the third contributor, whilst simultaneously taking risk into account.
5. **Fostering Sustainable Investment:** Asset managers should deepen their commitment to sustainable finance, aligning their strategies with global efforts to combat climate change and support long-term economic resilience. The Swiss financial industry needs to shift away from the current focus on regulation and assign a higher priority to the allocation of capital towards impact generating areas for broader investor groups.

The Swiss asset management industry stands at the threshold of significant transformation. By embracing these changes and taking proactive measures, it can secure its position as a global leader in sustainable, responsible, and innovative asset management.

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Contributing Asset Managers (AMAS Members)

The following asset managers (AMAS members) contributed to this study with data. At this point, we would like to thank all AMAS members that took part in our survey and supported the initiative to portray the Swiss asset management industry comprehensively.

Companies

Albin Kistler	LGT Capital Partners Ltd.
Allianz Global Investors (Schweiz) AG	Lombard Odier Asset Management (CH) SA
Avadis Vorsorge AG	LUKB Expert Fondsleitung AG
AXA Investment Managers Schweiz AG	Partners Group
Baloise Asset Management AG	Pax Asset Management AG
Banque Bonhôte & Cie SA	Pensimo
Banque Cantonale de Genève	Pictet Asset Management
Basler Kantonalbank	Pure Funds AG
BlueStar Investment Managers SA	Quaero Capital SA
BWM AG	Realstone
Capital Group	Robeco Schweiz AG
Credit Suisse Asset Management	Schroders Schweiz
Dominicé & Co - Asset Management	Schwyzter Kantonalbank
DWS CH AG	Swiss Finance & Property Group
EFG Asset Management	Swiss Prime Site Solutions AG
Fisch Asset Management	Swiss Re Insurance Linked Investment Management AG
Generali Investments Schweiz AG	Twelve Capital AG
HBM Partners	UBS Asset Management
Helvetia Asset Management AG	Unigestion SA
Helvetica	Vontobel Asset Management AG
HSBC Global Asset Management (Switzerland) AG	Zuger Kantonalbank
Immofonds	Zürcher Kantonalbank
L1 Digital AG	

A1. Methodology Market Sizing

We estimated the AuM managed in Switzerland using the same methodology applied in previous editions of this study. The total AuM were obtained by aggregating the volumes managed in discretionary mandates, collective investment schemes (CIS) under Swiss law, and CIS under foreign law managed by asset managers in Switzerland. The procedure used to determine the AuM for each category is outlined below:

1. Discretionary Mandates

The weighted average of the AuM managed in discretionary mandates from 2022 to 2023 (as of December 31) is computed using the data provided by the surveyed asset managers. This weighted average serves as a proxy for the year-on-year growth rate in this segment and is estimated to be approximately 6.7 percent. Applying this growth rate to the volume estimated for 2022 (CHF 1,184 billion) implies that as of the end of 2023, the AuM managed in discretionary mandates amounted to CHF 1,263 billion.

2. CIS under Swiss law

The data on the volume of CIS managed under Swiss law are taken from the Swiss National Bank ([data.snb.ch](https://www.snb.ch)). In this context, it is assumed that all the CIS are effectively managed in Switzerland. It is important to note that this assumption could lead to a slight overestimation of the volume of assets managed in this segment. The assets managed in CIS under Swiss law increased from CHF 1,112 billion in 2022 to CHF 1,226 billion in 2023, which implies a positive year-on-year growth rate of about 10.3 percent.

3. CIS under foreign law

The volume of assets in foreign CIS from those asset management firms that provided data in the survey are summed up. For all non-disclosing asset managers, a cluster-analysis to infer the relative share of foreign CIS relative to total CIS (foreign and Swiss law) is conducted. For this purpose, peer groups of firms with similar business models and value propositions are formed in order to compute the average ratio of foreign CIS relative to total CIS for each group. This peer group-specific ratio is then used for the firms in the respective cluster that did not make a distinction between CIS under foreign law versus CIS under Swiss law to determine the share of assets attributable to foreign CIS. Finally, to consider asset managers who did not participate in this survey but who are within the scope of this study, we use data from *Swiss Fund Data*. This approach allows us to consider funds domiciled abroad that are managed by non-participating companies and it is assumed that all these funds are effectively managed in Switzerland. This assumption is plausible as these asset managers are relatively small and thus it is rather unlikely that they have subsidiaries abroad. Based on this procedure we estimate that CHF 596 billion are managed in the form of foreign CIS in Switzerland, which corresponds to a year-on-year growth rate of about 2.4 percent in this segment.

A2. Methodology Fund Performance Analysis

The performance analysis is based on **public data** from the *Morningstar Direct* database. The sample consists of actively managed mutual funds (i.e., passively managed funds and ETFs are excluded) that are available for sale in Switzerland, including institutional funds sold to qualified investors. Data are as of the end of December 2023. To avoid a survivorship bias, active as well as inactive or merged funds are included. Fund of funds, feeder funds and funds with no disclosed net assets are excluded. In order to be able to report on a fund level, all available share classes (institutional/retail) of each fund are considered and an AuM weighted average of the corresponding performance metric is computed for each fund. Funds from different subsidiaries are matched on the same company brand. Private label funds (PLF) are assigned to the company that takes primary responsibility for managing the fund. We acknowledge that the chosen methodology benefits asset managers with a large institutional business in these rankings. This is due to the fact that these funds are associated with lower costs.

To achieve a homogeneous comparison in this performance analysis we do not consider multi-asset (balanced) strategies due to the complexity related to the benchmarking of such funds. Instead, we focus on equity and fixed income funds which we assign to three categories for each asset class:

- Swiss equity (fixed income) funds, where the benchmark assigned by *Morningstar* is a domestic stock (bond) index.
- Global equity (fixed income) funds, where the benchmark assigned by *Morningstar* is a global/world stock (bond) index.
- Regional/thematic equity (fixed income) funds, where the benchmark assigned by *Morningstar* has a regional or thematic focus.

For each fund that belongs to a particular *Morningstar* category, the same benchmark is assigned. The performance evaluation of these funds is based on the five year information ratio (IR) available in the *Morningstar Direct* database and is determined by returns net of fees. Funds that do not have a five year information ratio are excluded

from the data set. The IR is calculated from January 2019 until December 2023.



Information Ratio (IR): Excess returns of a portfolio (R_p) over the corresponding benchmark (R_B) relative to the volatility of the difference between the returns of the portfolio and the benchmark (tracking error, $\sigma_{(R_p - R_B)}$)

$$IR = \frac{R_p - R_B}{\sigma_{(R_p - R_B)}}$$

Information ratios are a suitable metric to measure the performance of active management against a passive benchmark. A higher information ratio implies a superior performance. To account for the inconsistency of the IR when excess returns are negative, an adjustment according to the Israelsen method is used (Israelsen, 2005).

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A study conducted by

HSLU Lucerne University
of Applied Sciences
and Arts

ASSET MANAGEMENT
ASSOCIATION



ISBN-Nummer
978-3-907379-34-9

06-2024