

Executive Summary**Swiss Asset Management Study 2020 – An Overview of Swiss Asset Management**

Zurich, 25 September 2020 - The Institute of Financial Services Zug IFZ, part of Lucerne University of Applied Sciences and Arts, and the Asset Management Association Switzerland have produced the third edition of the Swiss Asset Management Study providing a comprehensive overview on asset management in Switzerland. It shows that the sector has assets under management totalling CHF 2'519 billion which corresponds to a year-on-year growth of 16.5 percent. Net new asset inflows in 2019 are estimated to be almost CHF 100 billion. The study shows that Switzerland continues to offer good conditions for the asset management industry and asset management has established itself as an important pillar of the Swiss financial sector. Relative to last year's sentiment survey, Swiss-based asset managers no longer see regulation as the most pressing challenge while specialization and sustainable investments are still evaluated as the most promising opportunities.

Switzerland continues to offer good conditions for the asset management industry and asset management is important for the economy

Switzerland has a high level of political stability combined with a progressive legal regulatory framework, moderate corporate tax rates and a highly skilled labor force. Among European asset management hubs, Zurich and Geneva take the leading position with respect to offering favorable conditions for the industry. The market size of assets managed in Switzerland by banks, fund management companies, securities dealers and FINMA-supervised asset managers at the end of 2019 amounted to CHF 2'519 billion, which corresponds to a year-on-year growth of 16.5 percent (see Chart 1). Net new asset inflows in 2019 are estimated to be almost CHF 100 billion. The assets managed in Switzerland are more than three times the size of the Swiss GDP and about 250 percent of the assets held in Swiss pensions funds. Swiss-based asset managers are profitable and cost-efficient. The median profit margin is estimated to be 19.5 basis points of assets under management while the median cost-income ratio is about 64 percent. In particular, high margin alternative asset classes contribute substantially to profitability. The total net revenues of the Swiss asset management industry are estimated to be about CHF 13.85 billion and total profits are about CHF 4.95 billion. Furthermore, our estimates suggest that approximately 10'000 jobs are directly related to the asset management industry and 45'800 people are indirectly employed in services associated with asset management.

“The market sizing is based on data from 41 respondents covering more than 85% of the overall market, which we extrapolated. Asset management is a key pillar of the Swiss financial sector and important for the economy as a whole, since asset managers provide an investment channel between financial markets and the real economy which stimulates long-term economic growth and creates jobs. Moreover, asset managers contribute substantially to tax revenues on the federal, cantonal and municipal level.” says Jürg Fausch, economist and co-author of the study at Lucerne University of Applied Sciences and Arts.

Swiss-based asset managers no longer see regulation as the most pressing challenge while specialization and sustainable investments are still evaluated as the most promising opportunities.

Regulation is no longer perceived as the most pressing challenge among the surveyed asset managers in Switzerland. The sentiment analysis reveals that finding customers causes the most concerns in the industry. In this regard, to achieve further growth Swiss-based asset management firms need to offer their products and services on an international scale, since organic growth in the domestic market is rather limited. In particular, access to international markets based on regulatory equivalence are important for asset managers operating in Switzerland. The largest opportunities for the asset management industry in Switzerland are seen in product specialization and sustainable investments and the least opportunities in robo-advisory solutions and passive investments.

“Sustainable investments have definitely moved centre stage. Asset management not only creates long term value for investors, it is particularly important in its role to finance a sustainable economy. The Asset Management Association Switzerland and its members are firmly committed to sustainable finance which is demonstrated by the recently published detailed recommendations on sustainable investments.” says Lorenz Arnet, Senior Business Counsel at the Asset Management Association Switzerland.

Asset allocation among Swiss-based asset management firms is diverse and mostly dominated by active management

The asset allocation of asset managers in Switzerland is diverse and depends on the size and ownership structure of the respective firm. While smaller and independent asset management firms have a stronger focus on alternative asset classes, larger, as well as bank- and insurance owned asset management firms allocate more AuM to traditional core asset classes. Overall, active management is still the dominant investment approach. About 60 percent of the AuM in discretionary mandates and about 80 percent of the AuM in collective investment schemes are actively invested.

Appendices

Chart 1: Assets under management in Switzerland

Chart 2: Opportunities identified by Swiss-based asset management companies

Appendices:

Chart 1: Assets under management in Switzerland (in CHF billions).

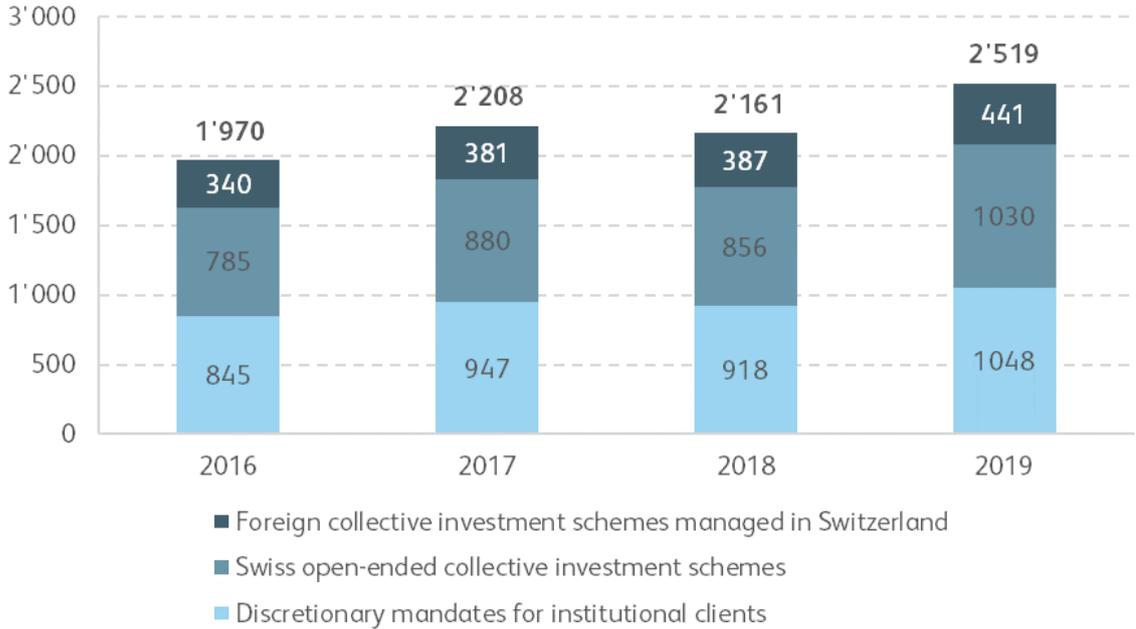


Chart 2: Opportunities identified by Swiss-based asset management companies

