



# How does asset management finance the European Union?

FEBRUARY 2025



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# KEY FINDINGS

## Asset management, the driving force behind European financing

- ▮ **A key role for the EU economy: asset management is an essential pillar in the financing of the European economy. France stands out, with 30% of the EU market share.**
- ▮ **A French industry firmly rooted in the EU: with 74% of investments made within this economic region, French asset management has a European prism.** These investments are equally divided between France (37%) and the remaining EU countries.
- ▮ **Diversified securities portfolios: French asset managers have a balanced approach.** 54% of invested assets are in bonds, 33% in equities and 13% in money market assets.
- ▮ **Massive equity support for EU companies: of the €1,070 billion invested directly in equities, 60% goes to EU companies.**
- ▮ **The €1,750 billion in bonds supports public and private financing in Europe, with 81% of assets directed towards EU issuers.**
- ▮ The money market, a lever for liquidity: **with €410 billion invested in money market instruments, 85% of which is held in the EU**, this market plays a key role in financial stability and corporate liquidity.
- ▮ **A varied customer base with strong European roots:**
  - Outstandings break down as follows: 27% for individual customers, 67% for institutional customers and 6% for corporates.
  - Geographically, 77% of assets are managed for French customers, 16% for customers in the EU (excluding France), and 7% for customers outside the EU.
- ▮ **Loss of influence of European asset managers:** between 2008 and 2023, their market share in EU-domiciled UCITS equity funds fell from 68% to 56%.
- ▮ **The strategic influence of decision-making centres:**
  - In countries where non-European asset managers dominate, asset allocations are more oriented outside Europe.
  - Conversely, European asset managers favour European equities (+15 points) and **small and medium-sized enterprises** (+10 points), demonstrating their commitment to the local economy.

# INTRODUCTION

## The asset management industry: a key lever for financing the future and meeting Europe's challenges

**The asset management industry is a vital lever for financing the future and addressing Europe's pressing challenges. While individual and institutional investors across the EU collectively hold €50 trillion in financial savings, these resources remain insufficiently allocated to long term investments and the financing of critical transitions.**

**Asset management is far more than a financial service – it transforms private and institutional savings into engines of growth.** By entrusting their capital to asset management companies (AMCs) through mandates or investment funds, investors empower these professionals to optimise asset value while addressing diverse objectives such as liquidity, investment horizons, performance, and risk management.

## 🏛️ A pillar of economy growth and transition

**In Europe, 1/3 of financial assets are invested in solutions offered by asset management companies, serving a wide range of stakeholders:**

- **Individuals**, to fund life goals, and secure retirement,
- **Institutional investors**, to manage reserves over the medium- and long- term horizons,
- **Companies**, to optimise cash flow and finance growth.

**Asset managers mobilise this capital across a wide range of assets classes – money market, fixed income, listed and unlisted equities,**

**property, infrastructure – in all geographical areas and economic sectors. They seek opportunities for growth and value creation with companies and public and semi-public entities.**

**Complementing bank lending, asset management plays a crucial role in financing economic agents. It provides support across primary and secondary markets, ensuring a steady flow of capital to businesses of all sizes, from SMEs to major groups, to help them innovate and navigate critical transitions.**

## 🏛️ A strategic imperative for European competitiveness and sovereignty

**In the context of globalized capital markets, Europe needs to strengthen its asset management industry. This industry is a cornerstone for addressing two critical challenges:**

**1. Financing ecological and digital transitions:** channelling private savings towards equity markets and sustainable transformation projects.

**2. Preparing for demographic ageing:** as Europe faces challenges with predominantly pay-as-you-go pension systems and declining replacement rates, citizens need to accumulate long-term savings to secure their futures.

## With €50 trillion in savings, the potential is immense

**By reinforcing the asset management industry, Europe can empower its economies to grow, innovate, and successfully transition, while safeguarding the financial security of the citizens.**

European asset managers, with their domestic allocation bias, are essential in promoting efficient capital flows within the EU. This professionalization helps mitigate common biases in savings behaviour, such as limited financial literacy or underestimating long-term savings needs.

The competitive and dynamic savings management market positions EU asset managers to play a pivotal role in economic growth and global financial stability.

**This study underscores the economic significance of asset management, by exploring two main dimensions:**

- **Financing the economy, particularly within the EU,**
- **Savings solutions for investors.**

### The study is structured as follows:

- **Part 1 outlines the special characteristics of asset management, which is distinct from banking and insurance activities and is at the heart of financial flows between investors and issuers.**
- **Part 2 evaluates the importance of French asset management within the EU, focusing on the size and structure of investment vehicles.**
- **Part 3 examines how French asset managers finance the economy, detailing asset allocation and the impact of declining European asset management competitiveness.**
- **Part 4 analyses the role of French asset management in the liabilities of French and EU companies.**
- **Part 5 explores the client base highlighting the distribution of assets under management by client type and nationality.**

# CHAPTER 1

## Definition and specificities of asset management

### 🏢 A regulated and strategic industry

**Asset managers are subject to specific regulations and supervision distinct from those applied to banks, insurers and other institutional investors.**

**Agency relationship:** Unlike banks or insurers, asset managers act solely as agents, managing capital on behalf of clients.

**Fiduciary duty:** Asset managers are required to act in the best interests of their clients, adhering to strict commitments such as prudence, transparency regarding potential conflicts of interest, and good faith. Asset managers must provide clear information to inform investor decisions and regularly report on performance.

**Limited balance sheet risk:** Unlike banks, asset managers neither grant credit nor custody

services, nor do they act as counterparties in transactions involving derivatives, financing or securities. Specific constraints govern their use of leverage and borrowed funds, and they must maintain sufficient regulatory capital under the supervision of national authorities. This results in a low balance sheet exposure, ensuring client assets remain protected even in the event of the asset management company's bankruptcy.

**Client asset protection:** A robust regulatory framework ensures client funds are securely held separately from the asset management company's balance sheet. Regulations also enforce strict risk management and compliance procedures.

### 🏢 Addressing investors needs

**Security and growth:** Asset management contributes to securing and growing wealth by offering a wide variety of solutions tailored to diverse clients, aligning their investment horizons and risks profiles (e.g. cash management for businesses, institutional investors planning mid-to-long term reserves, individuals managing financial assets).

**Optimized risk-adjusted returns:** Asset managers aim to achieve positive real returns, while considering the risk profiles and objectives of their clients.

**Diversification and risk management:** Allocation across various asset classes reduces overall risk while maximizing opportunities.

**Liquidity risk management:** Asset managers closely monitor market liquidity and client profiles to anticipate inflow, outflows and risk of sudden net withdrawals. They implement risk management policies and portfolio manage-

ment strategies to ensure liquidity obligations are met even during market disruptions.

**Reduced transaction costs:** The ability of asset managers to negotiate large blocks of securities enable them to lower transaction costs. Execution activities come with costs, but asset managers achieve economies of scale, offering an advantage individual investors may struggle to attain.

**Promoting financial education:** Asset managers provide financial information and financial advice to investors, enhancing their understanding and enabling informed decision-making. They play an educational role in personal finance and investment, helping individuals achieve long-term financial goals.

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## Financing the economy and transitions

**Providing capital:** Asset managers invest in securities (stocks, bonds) issued by economic agents in primary and secondary markets, supplying the capital needed for development and research projects. They support long-term investments essential for economic growth and jobs creation.

**Active shareholder role:** Asset managers are active shareholders, influencing corporate governance and strategy to promote long-term value creation for investors. They support the transition to a more sustainable economy by integrating ESG criteria alongside financial cri-

teria in issuer analyses and actions (dialogue, exercising voting rights.) to improve governance.

**Encouraging dialogue with issuers:** Asset managers engage with company management or board members to foster better governance and influence corporate policies and practices towards more responsible and transparent management.

**Exercising voting rights at general meetings:** Asset managers participate in general meetings, file resolutions, and exercise voting rights on behalf of their clients.

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## Contributing to market efficiency

**Providing liquidity:** By regularly buying and selling securities, asset managers contribute to the liquidity of financial markets, facilitating transactions and price discovery.

**Stabilising markets:** Through portfolios diversification and hedging strategies, asset managers help stabilise financial markets, reducing risk of excessive volatility.

**Asset pricing and valuation:** Asset managers rely on research, professional databases, and specialised software to track economic developments of issuers, sectors, countries, and regions. These tools help identify the most promising investments, ensuring optimal decision-making.

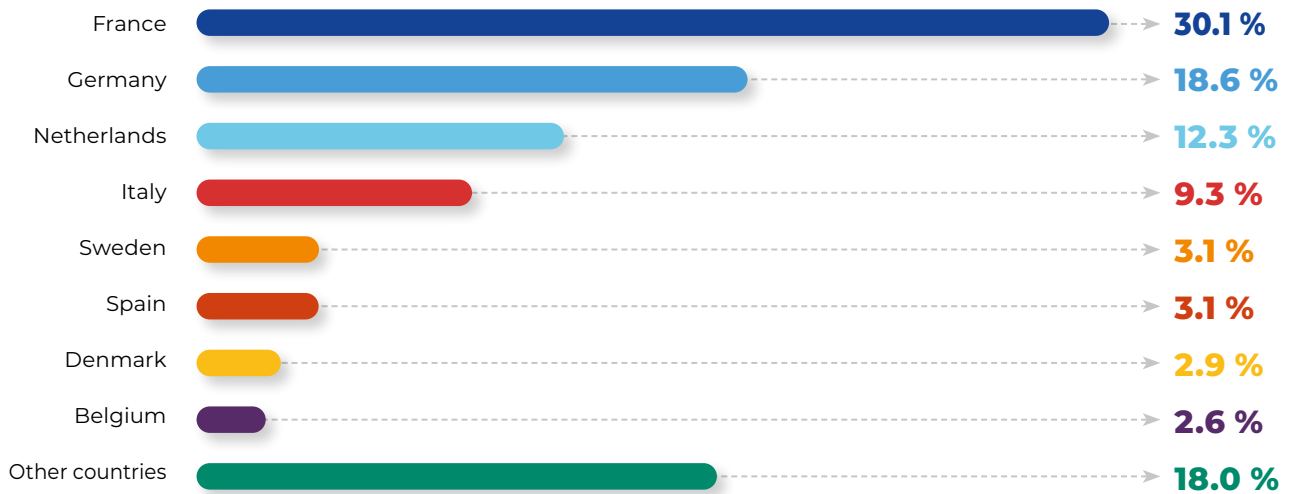
## CHAPTER 2

# French asset management: a dynamic industry in the EU

**France’s asset management industry stands as a leader within the EU.**

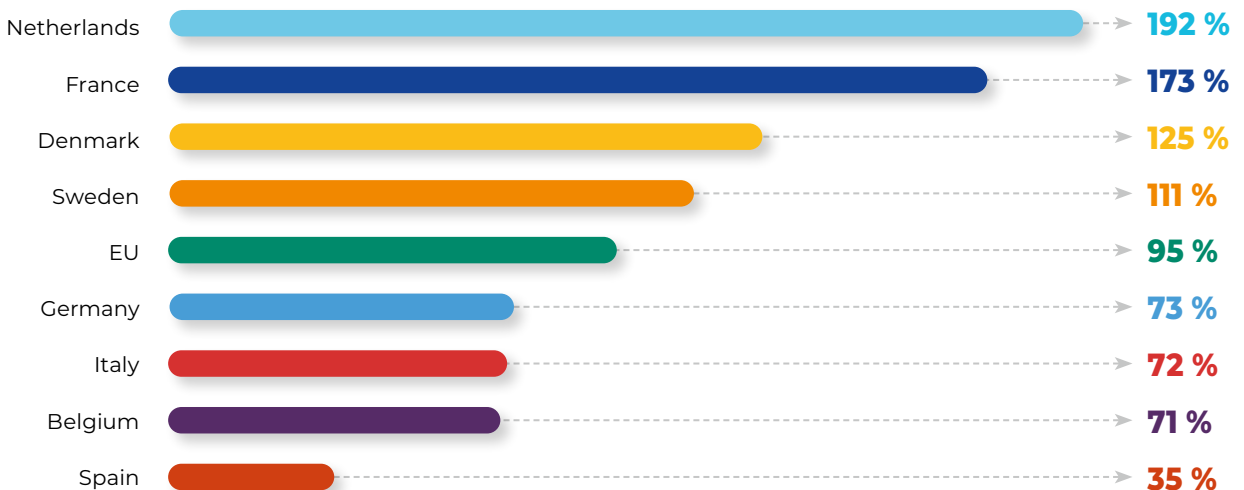
Managing €4,600 billion in assets through 700 asset management companies, it holds a significant market share (30%) and economic weight equivalent to 173% of the country’s GDP.

**GRAPH 1. Market share by asset management centres in the EU**



(Data to end 2023 – Source: EFAMA)

**GRAPH 2. Assets under management in EU countries as a % of GDP**



(Data to end 2023 - Source: EFAMA)



## Investment vehicles breakdown

The distribution of assets under management (AuM) is as follows:

- 65% in investment funds,
- 35% in discretionary management mandates.

The European “passport” system enables an asset management company authorized by its home country’s regulatory authority to operate and market its products throughout the EU and

the European economic area under the freedom to provide services. This regulatory harmonisation creates a vast economic zone for asset managers to distribute products while offering investors a wider selection in a competitive market. As a result, an investment fund can be domiciled in one EU country, managed financially in another, and marketed across the EU and beyond.

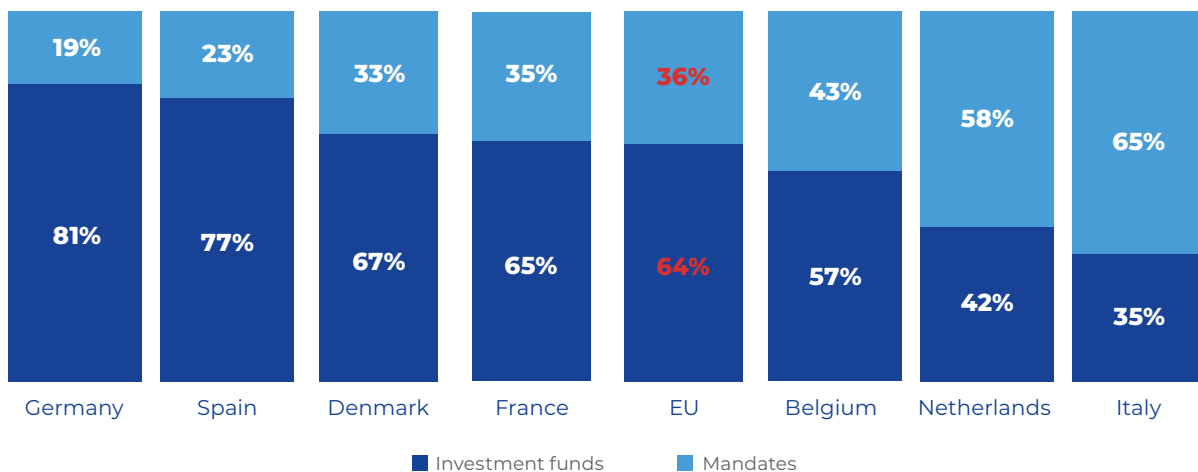
## Local preferences and industry diversity

GRAPH 3. Breakdown by type of investment vehicle



(Data to end 2023 - Source: AFG)

GRAPH 4. Breakdown of asset under management in EU countries



(Data to end 2023 - Source: EFAMA)

The varying distribution between funds and mandates across EU countries reflects differences in the financial products preferred by institutional investors.

For example :

- ▶ **Germany:** Institutional investors primarily use investment funds.
- ▶ **Italy:** Discretionary mandates are more commonly used.

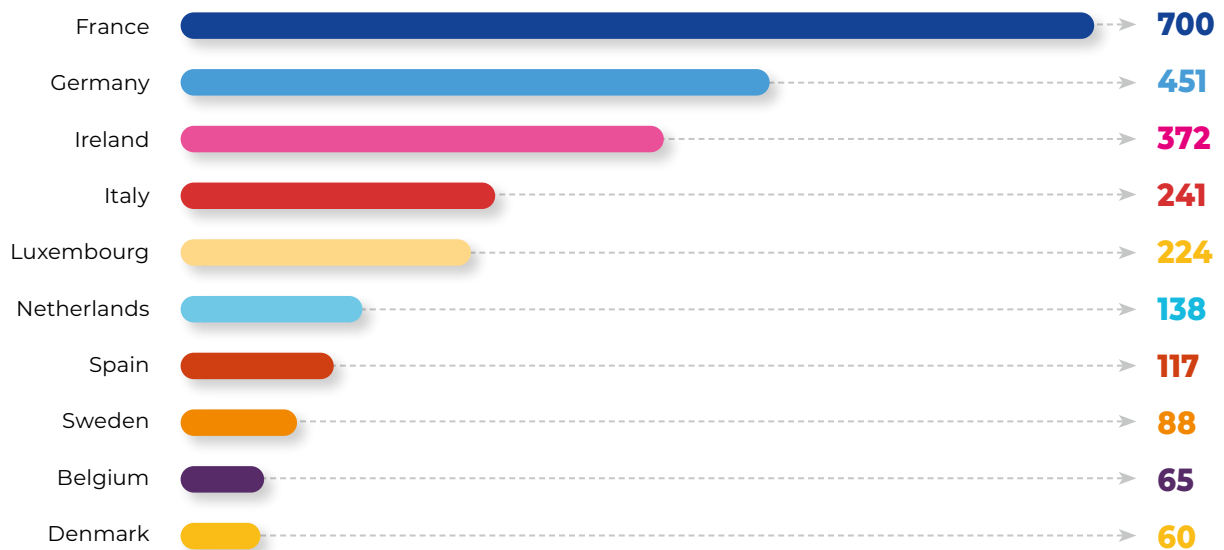
- ▶ **Germany:** Institutional investors primarily use investment funds.
- ▶ **Italy:** Discretionary mandates are more commonly used.

**France's asset management sector is notable for its diversity, encompassing a broad range of asset management styles across all asset classes, including large, mid and small caps, sovereign and corporate bonds, money mar-**

ket, private equity, property, infrastructure and private debt. This breadth allows France's asset managers to offer tailored solutions for diverse client needs, from short-term projects to long-term retirement planning.

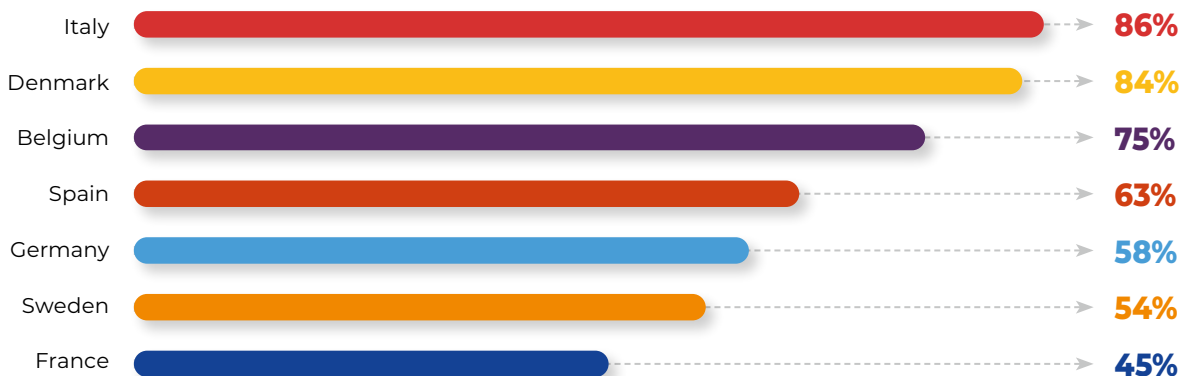
**French asset management companies account for 22% of all EU-based asset management firms (3,152 companies at the end of 2023).**

**GRAPH 5. Number of asset management companies in selected EU countries**



(Data to the end of 2023 - Source: Efama)

**GRAPH 6. Market share of the top 5 asset management companies in selected EU countries**

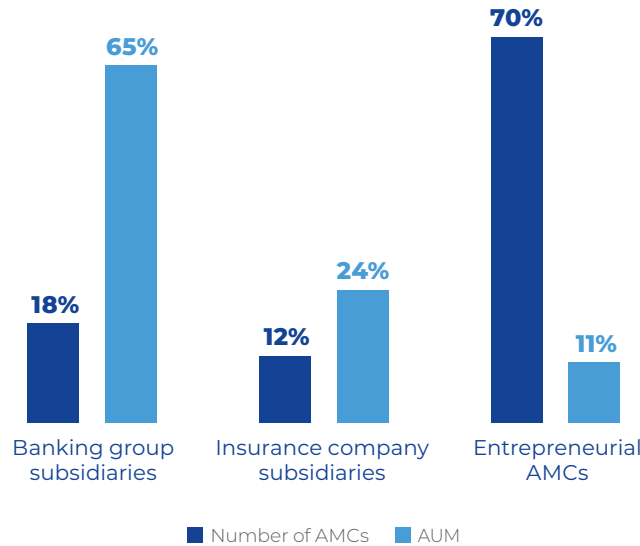


(Data to end 2023 - Source: Efama)

**The asset management industry in France boasts one of the EU’s most vibrant entrepreneurial ecosystems, with over two-third of companies classified as entrepreneurial ventures.**

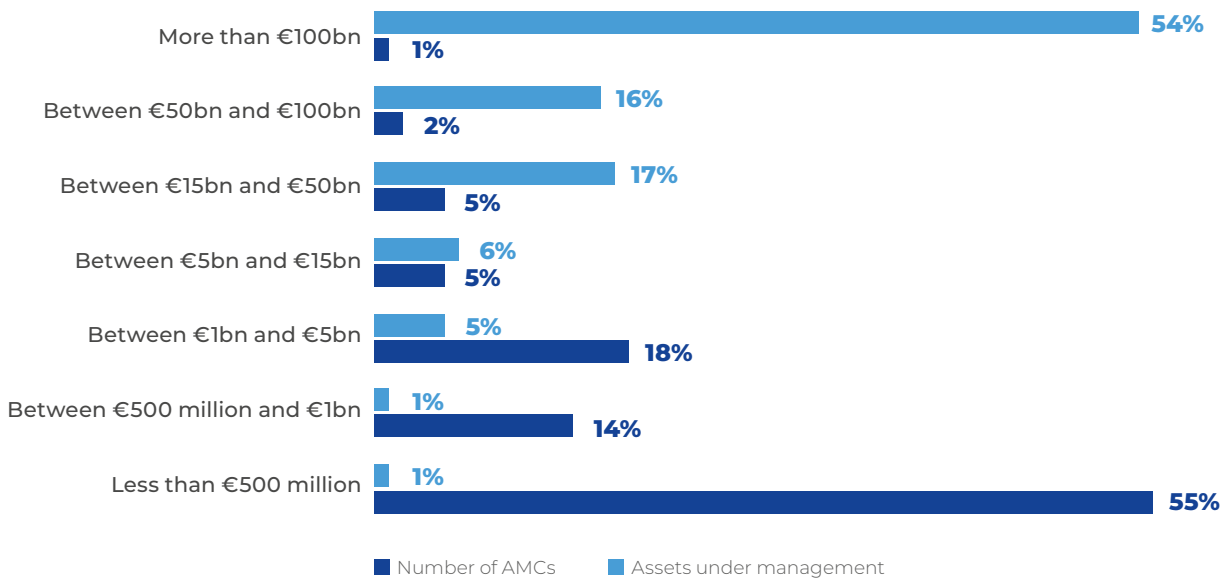
France is also home to major global players, with **4 French groups ranked among the world’s top thirty asset management firms.**

**GRAPH 7. Type of asset management companies in France**



(Data to end 2023 – Source: AFG)

**GRAPH 8. Breakdown of asset management companies in France**



(Data to end 2023 – Source: AFG)

European directives, such as UCITS, AIFMD, MiFID II, provide the regulatory framework for asset management products, services and companies that managing them.

In France, these are implemented and enforced by the Autorité des Marchés Financiers (AMF), which oversees the approval and supervision of asset management companies and investment funds.

**The industry operates within a robust ecosystem that ensures investor security through:**

- ▶ Asset segregation with authorized depositaries,
- ▶ Monitoring compliance with management and investment rule
- ▶ Transparency of fees and charges,
- ▶ Document provision of (e.g., prospectus, Key information document).

## CHAPTER 3

# Allocation of managers' portfolios in France and Europe

The recent survey conducted by the AFG<sup>1</sup> analysed portfolios managed in France, including both management mandates and investment funds. This extensive analysis covered **€4,247 billion in assets, representing over 90% of assets managed in France**. Within these portfolios, investments in financial instruments – equities, bonds and money market securities – amounted to 3,230bn.

### Portfolio breakdown: a diverse allocation of asset between investment funds and mandates

The analysis reveals a varied distribution of assets across key categories:

► **Investment funds (€2,750 billion):**

- 37% in debt securities,
- 34% in equities,
- 17% in investment funds,
- 12% in other assets (real estate, derivatives, cash, etc.).

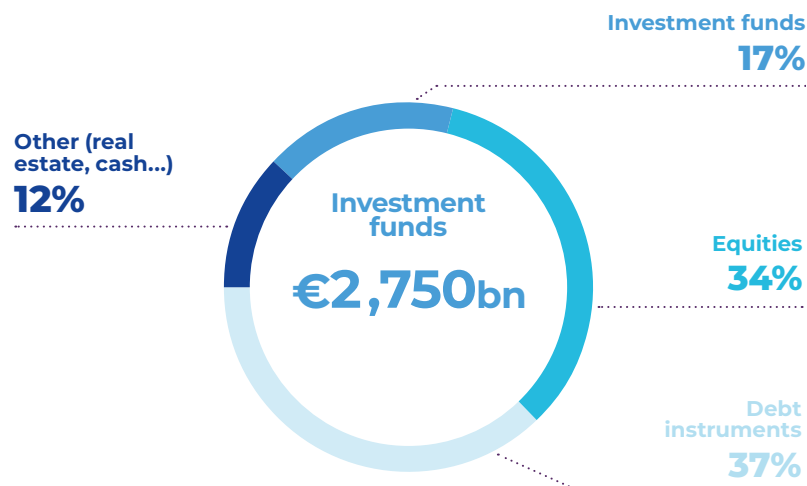
**Private clients in France hold nearly 40% of these assets directly**, often through employee savings plans, equity savings plans, and unit-linked life insurance. Their portfolios are primarily concentrated in equity and diversified funds. **The remaining investors include companies, public bodies, institutional investors, banks, and investment funds engaged in fund-of-funds or master-feeder structures.**

► **Management mandates (€1,500 billion). A stronger preference for fixed-income products emerges, with:**

- 77% allocated to debt securities,
- 10% to investment funds,
- 9% to equities,
- 4% to other assets.

**Discretionary management serves private clients seeking personalised services, and institutional clients delegating financial management.** For institutional investors – accounting for over 90% of assets under mandates – financial investments are constrained on the one hand by the regulations and accounting and tax rules that apply to them, and on the other hand by their liabilities (i.e. the contractual objectives defined with their clients)

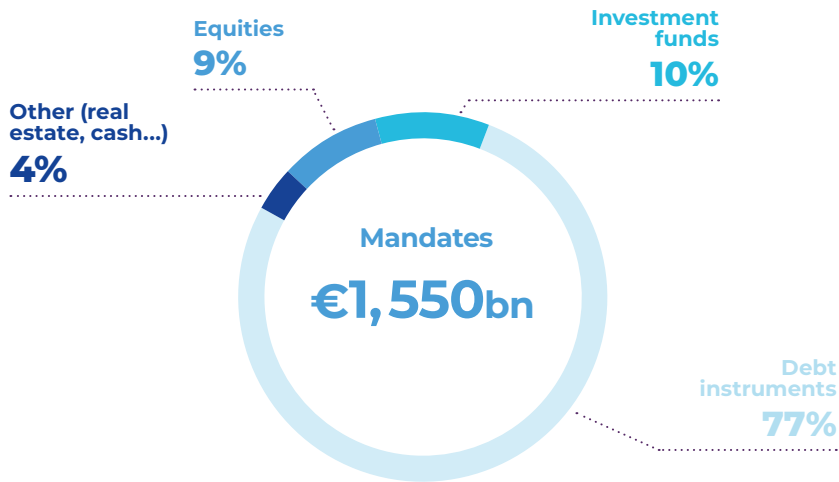
GRAPH 9. Investment fund portfolios by asset class



(Data to end 2023 – Source: AFG)

1) See the survey methodology at the end of this document.

**GRAPH 10. Mandate portfolios by asset class**



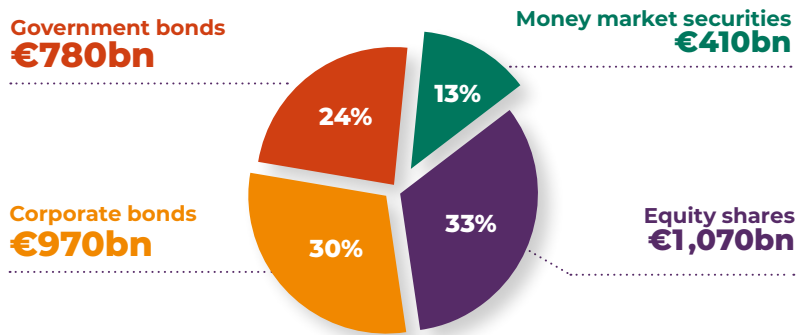
(Data to end 2023 – Source: AFG)

### Investment trends by asset class and region

**Among the €3,230 billion directly invested in securities:**

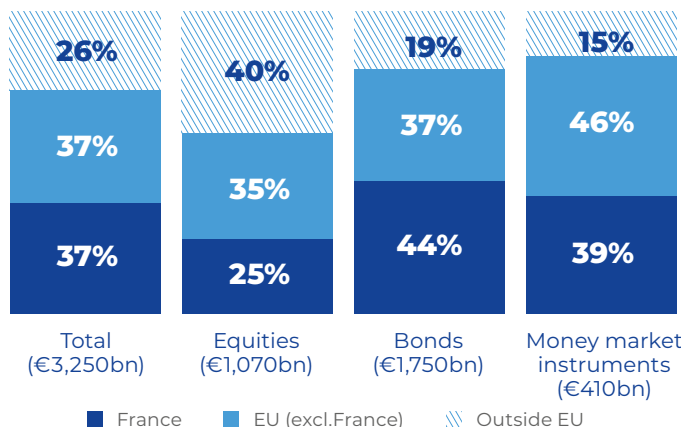
- ▶ 54% of assets are in bonds,
- ▶ 33% in listed and unlisted equities,
- ▶ 13% in money market securities.

**GRAPH 11. Breakdown of securities in portfolios (€3,230 bn)**



(Data to end 2023 – Source: AFG)

**GRAPH 12. Assets under management by asset class and region**



(Data to end 2023 – Source: AFG)

**The geographical distribution** of these investments demonstrates a strong focus on **the EU economy**:

- ▶ 74% of investments remain within the EU, equally split between **France (37%)** and **other EU countries (37%)**,

- ▶ 26% of investments target markets outside the EU.

**These figures highlight the strong commitment of French asset management to financing European economies.**

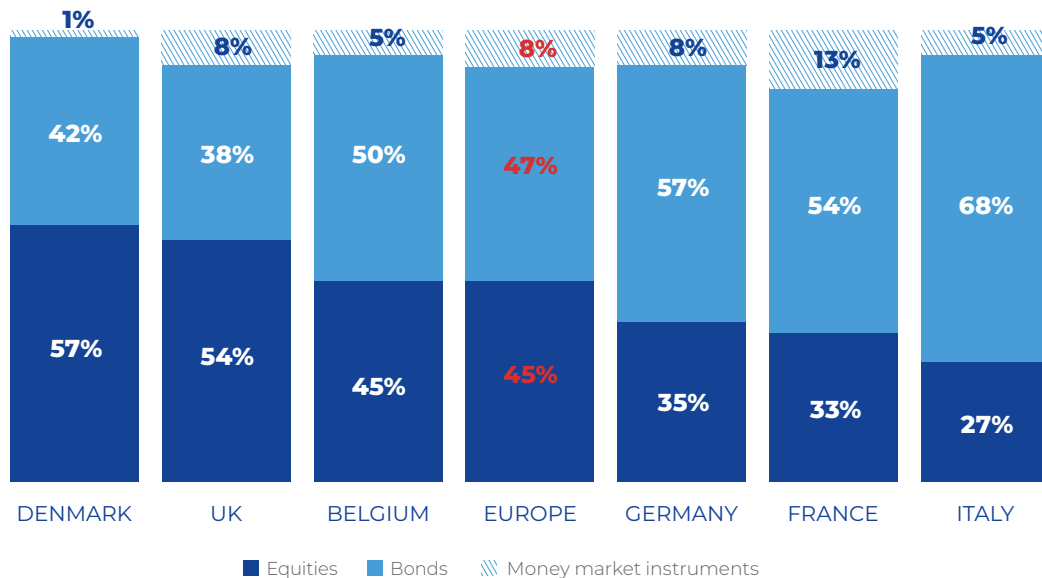
## 🏠 Insights from European comparisons

A comparison of asset allocations across Europe reveals patterns in the savings market:

- ▶ **Equity investments: Countries with well-developed long-term savings products, such as pension funds, tend to allocate more heavily to equities. The smaller size of pension funds in France, Germany, and Italy limits this potential. Expanding funded supplementary pensions could significantly boost equity investment.**
- ▶ **Bonds: A dominant asset class** in Italy, France and Germany, reflecting the strong role of **life insurance in these countries' savings landscape.**
- ▶ **Money market funds:** France's leading role in euro-denominated money market funds gives this asset class a more prominent share compared to other European markets.

## 🏠 Challenges in attracting capital to European markets

GRAPH 13. Allocation of asset under management (investment funds and mandates) by asset class

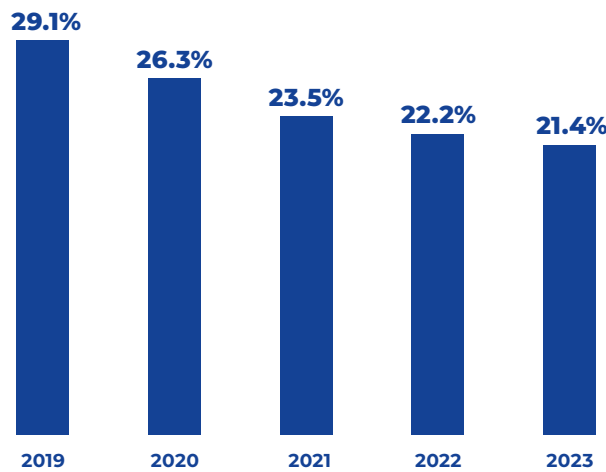


(Data to end 2023 – Source: Efama)

**The geographical breakdown of issuers reveals notable differences between equity and bond holdings across European portfolios.** Since 2019, the share of domestic equities has declined, while bonds have remained stable. This trend, highlighted in the recent **Draghi, Letta and Noyer reports**, points to an imbalance between EU and non-EU investments.

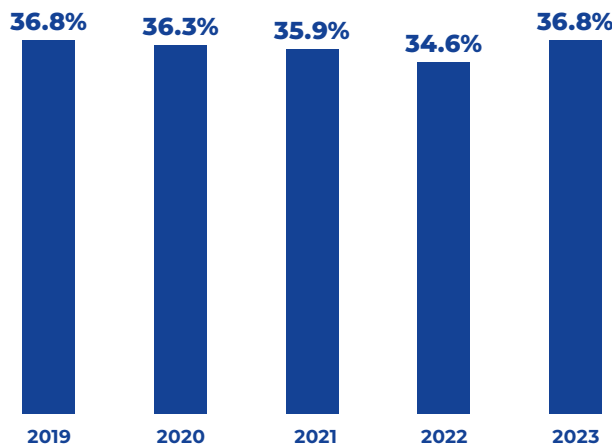
- ▶ European investors increasingly favour non-EU equities, while foreign investors reduce their staked in EU companies,
- ▶ This dynamic has led to undervalued EU listed companies diminishing the global appeal and competitiveness of European markets,
- ▶ The inability to attract sufficient capital created risks for financing growth and sustaining vibrant local markets.

**GRAPH 14.** Domestic equities as a percentage of total equities in European fund managers' portfolios



(Data to the end of 2023 - Source: Efama)

**GRAPH 15.** Domestic bonds as a percentage of total bonds in European fund managers' portfolios



(Data to the end of 2023 - Source: Efama)

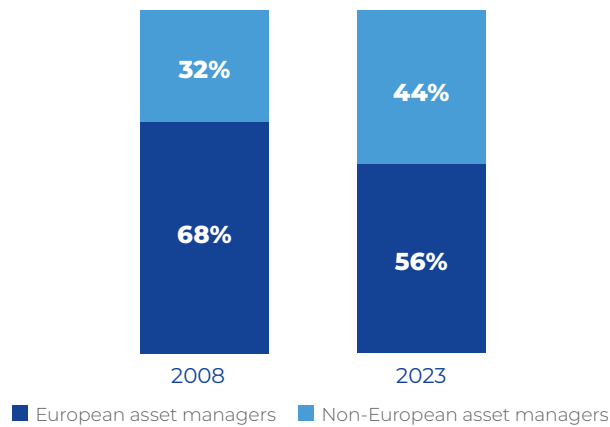
## Focus

### The declining competitiveness of European asset managers

**Between 2008 and 2023, European asset managers have lost ground in the EU domiciled UCITS equity fund markets.**

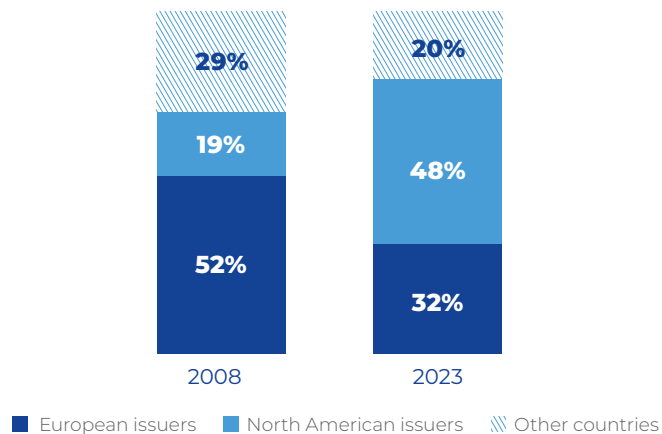
- ▶ **Market share decline:** European managers share dropped from 68% in 2008 to 56% in 2023, while non-European managers grew their share from 32% to 44%.
- ▶ **Geographical reallocation:** The share of European equities in UCITS portfolios fell from 52% in 2008 to 32% in 2023. Simultaneously, North American equities now dominate, rising from 19% to 48%.

GRAPH 16. Market share by nationality of asset manager



(Source: Morningstar – AFG calculations)

GRAPH 17. Equity funds: change in the geographical allocation of equities in the portfolio



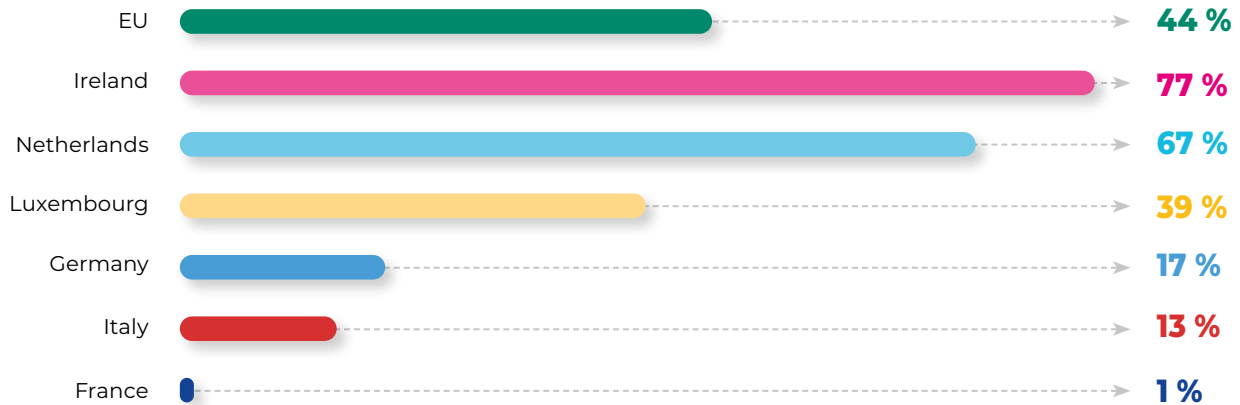
(Source: Morningstar - AFG calculations)



**This shift reflects the growing influence of non-European asset managers, whose investment policies favour U.S. equities over European ones.** For example, in Ireland – where non-European managers hold a 77% market share – 80% of equity fund assets are allocated outside Europe.

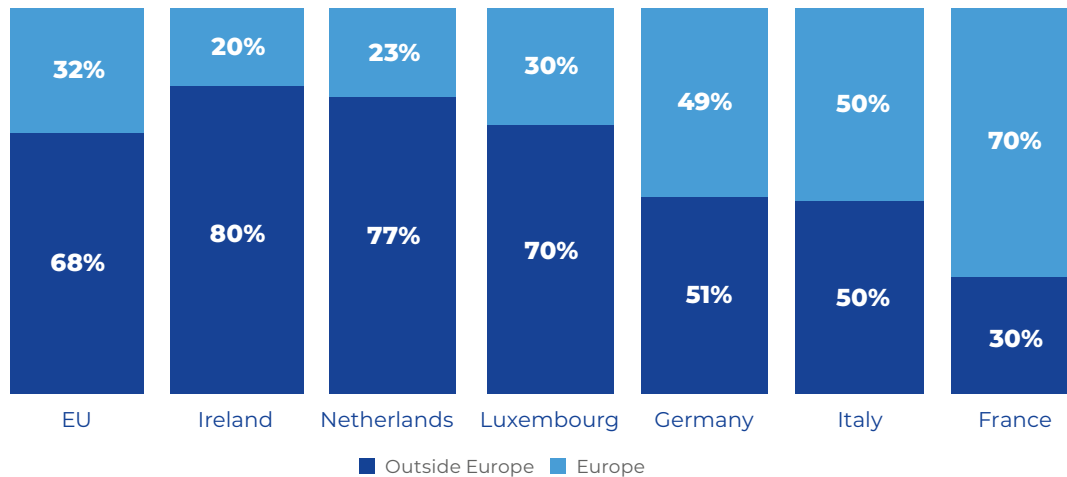
As a result, the decision-making centre for funds’ investment policies is **increasingly moving outside Europe**, favouring investment in US equities. EU investment funds have therefore financed US companies to a significant extent, helping to boost their valuations.

**GRAPH 18.** Market share of non-European asset managers by country of domicile of UCITS equity funds



(Source Mornigstar – AFG calculations – 2023)

**GRAPH 19.** Geographical allocation of UCITS equity funds by country of domicile

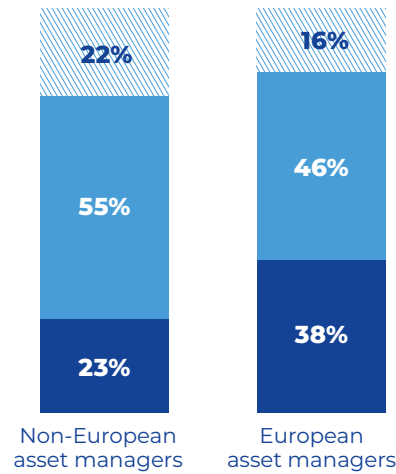


(Source Mornigstar – AFG calculations – 2023)

European managers invest 15 percentage points more in European issuers than non-European managers, 38% of portfolio assets vs. 23%. At the same time, **European asset managers allocate a greater proportion of their investments to European small and mid-caps**, with a difference of **+10 points compared to non-European managers**.

Small caps account for 9% of the portfolios of European asset managers, compared with 3% for non-European managers. As for mid-caps, the difference in allocation is 24% vs. 20%.

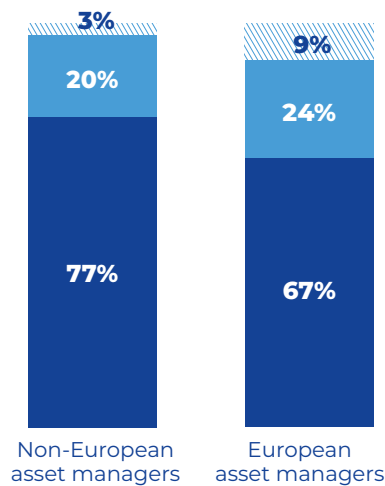
**GRAPH 20.** Geographical allocation of UCITS equity funds by headquarters' location of the asset manager



■ European issuers ■ North American issuers ▨ Other countries

(Source Mornigstar – AFG calculations – 2023)

**GRAPH 21.** Allocation of UCITS equity funds by headquarters' location of the asset manager



■ Large caps ■ Mid caps ▨ Small caps

(Source Mornigstar – AFG calculations – 2023)

## 🏠 Conclusion : a call to action for European asset management

The declining competitiveness of European asset managers and the persistent under-allocation to EU equities underscore the urgent need for strategic reforms. Strengthening long-term savings products, enhancing the appeal of EU financial

markets, and addressing capital outflows will be critical to restoring balance, boosting valuations of EU companies, and supporting sustainable growth.

## CHAPTER 4

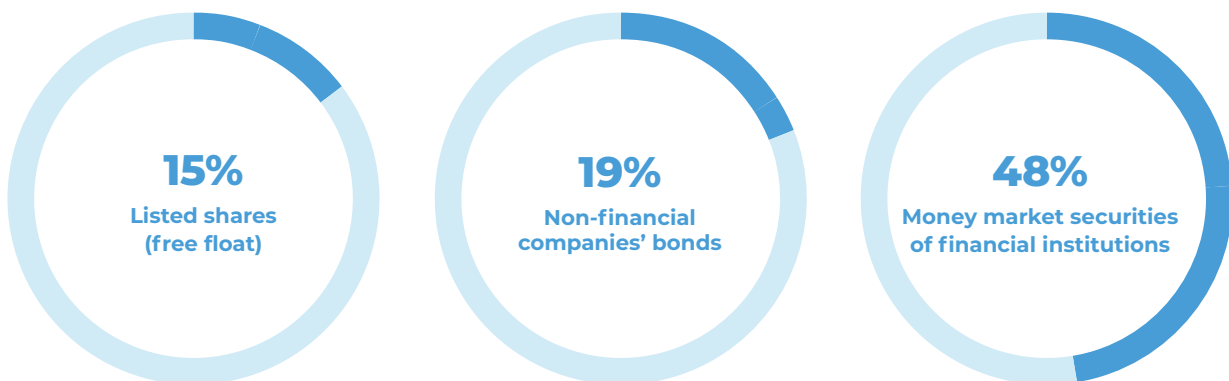
# Weight of French asset managers in corporate financing

The French asset management industry is a cornerstone in financing French and EU companies, significantly contributing to their growth and development. This impact is measured by comparing the securities held in asset management portfolios to the total corporate equity and debt issued by various economic agents

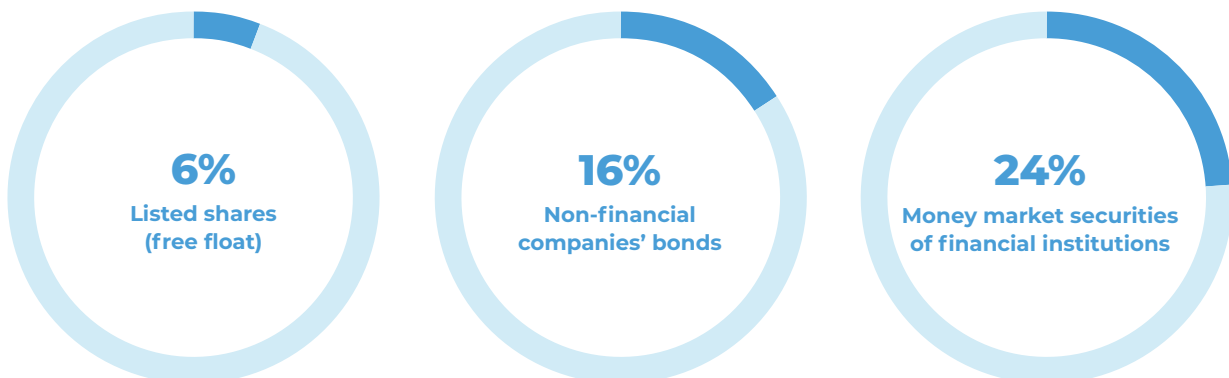
French asset managers hold 15% of free-floating listed equities of French companies and 6% of those of EU companies, underscoring their **crucial role in corporate valuation and access to capital**. Furthermore, 19% of French non-financial corporate bonds and 16% of EU corporate bonds are managed by this industry, providing essential

medium – and long-term financing for development projects. On money market securities, French managers oversee 48% of the assets issued in France by financial institutions and 24% of those in the EU, **reinforcing their pivotal role in maintaining liquidity and stability within the financial system**.

GRAPH 22. Asset management impact on French capital markets



GRAPH 23. Asset management impact on EU capital markets



These shareholdings give asset managers in France significant influence over corporate governance, exercised through voting rights and active dialogue with issuers. The integration of ESG (Economic, Social, and Governance) criteria

into asset management strategies further amplifies this influence, driving long term improvements in corporate behaviour, asset quality, and sustainability, while on enhancing investment performance.

# CHAPTER 5

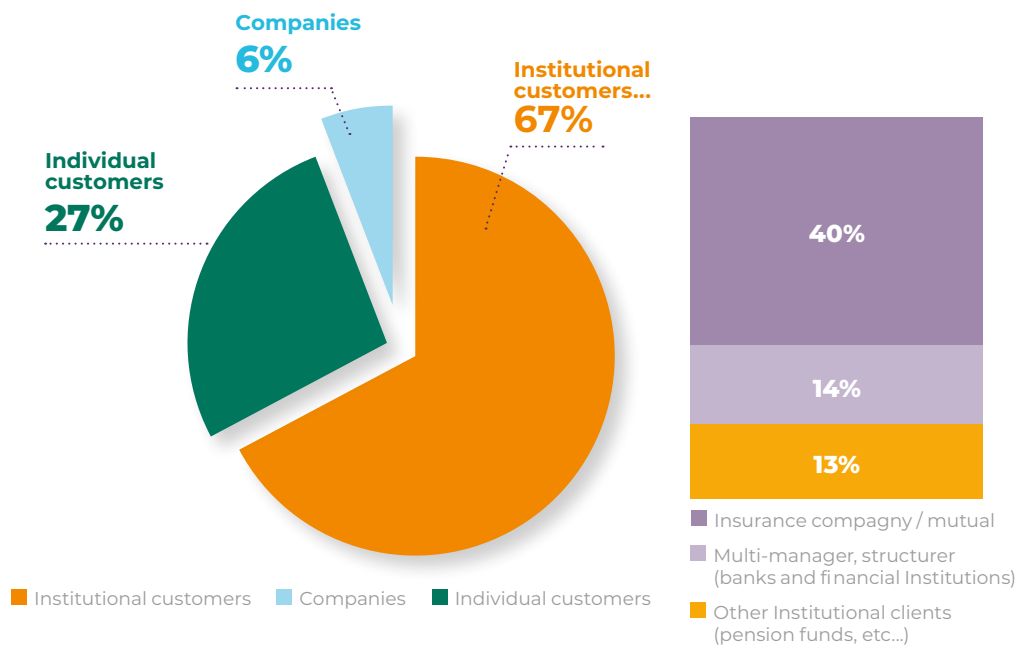
## Nature of asset management clients in France and Europe

The client base of the French asset management industry is both diverse and predominantly European, reflecting a strong foundation in the local market while maintaining an international footprint.

### Client type

- ▶ Individual clients account for **27% of total assets, primarily through products like employee and retirement savings plans, unit-linked life insurance and equity savings plans.**
- ▶ **Institutional clients dominate with 67%** of assets, particularly from insurance companies and mutual insurers, which account for 40% of assets under management.
- ▶ **Corporate clients represent 6%, benefiting from tailored cash management solutions.**

GRAPH 24. Type of clients (Investment funds and mandates)

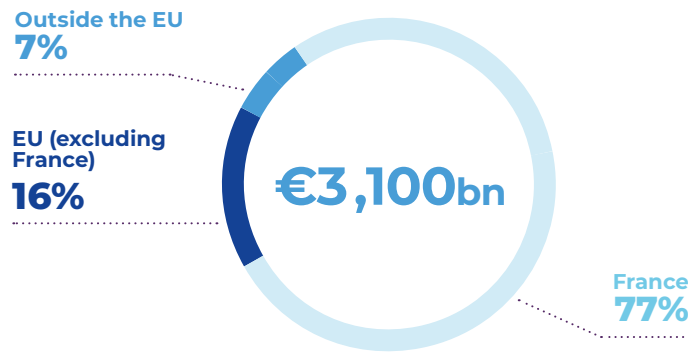


(Data to end 2023 – Source: AFG)

### Client nationality

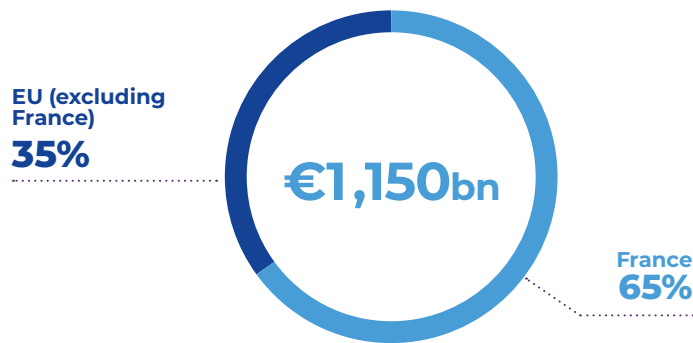
- ▶ **74% of assets under management are for French clients**, while 26% come from foreign clients, including 21% from the EU (excluding France) and 5% from non-EU countries.
  - ▶ **Among investment funds, 70% are managed for French clients and 30% for foreign clients**, whereas **management mandates see 80% allocated to French clients** and 20% to foreign ones.
- Of the **investment funds managed in France, 59% are managed for institutional and corporate clients and 41% for individual clients.**
- On the other hand, Institutional clients account for most assets under management in the discretionary mandates market, which can offer very specific investment solutions, such as asset-liability management, investments based on the separation of alpha and beta investment strategies, etc.

**GRAPH 25. Nationality of institutional clients**



(Data to end 2023 - Source: AFG)

**GRAPH 26. Nationality of retail clients**

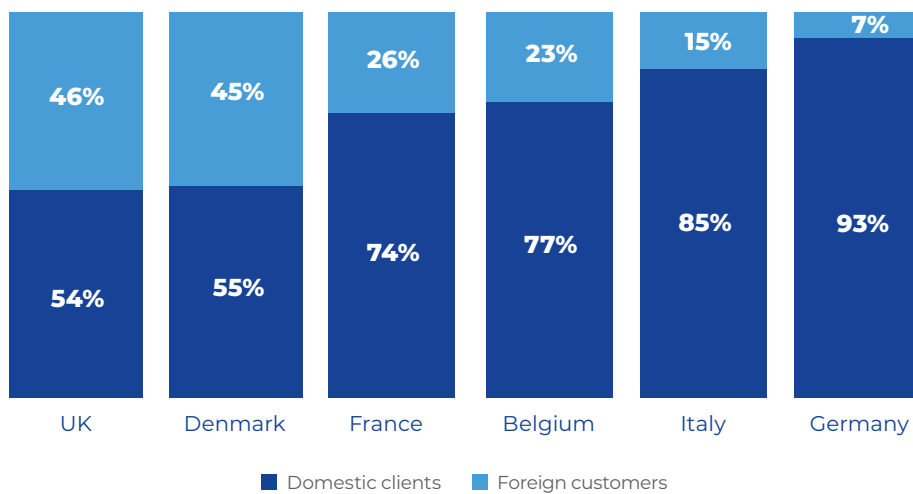


(Data to end 2023 – Source: AFG)

Countries like the United Kingdom and Denmark are more open to international clients, while Germany and Italy maintain stronger domestic

orientations. **With 26% of total assets under management coming from foreign clients**, France positions itself in the middle of this spectrum.

**GRAPH 27. Breakdown of assets under management (Investment funds and mandates) by client nationality**



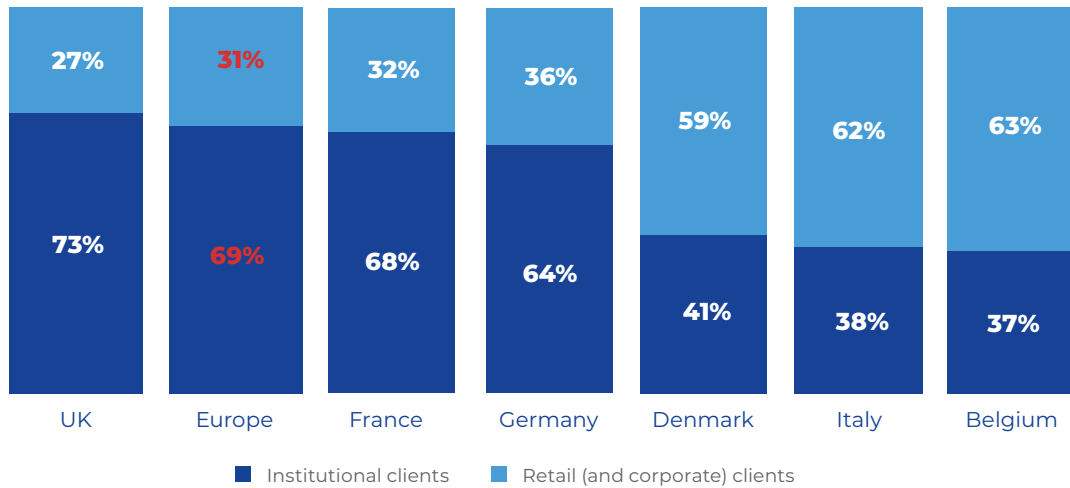
(Data to end 2023 - Source: Efama)

## Insights on client typologies across Europe

The differences in client typologies across Europe highlight variations in institutional investor dominance, delegation practices, and retail investment trends:

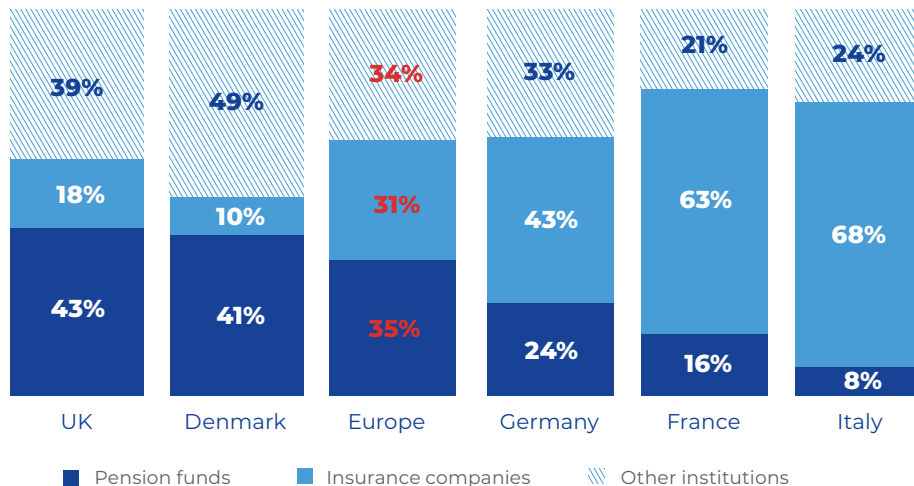
- ▶ Countries like **the UK, France and Germany are dominated by institutional clients.**
- ▶ **Markets such as Italy, Belgium and Denmark** cater more to **private clients.**

**GRAPH 28.** Breakdown of assets under management (Investment funds and mandates) by client type



(Data to end 2023 – Source: Efama)

**GRAPH 29.** Breakdown of assets under management (Investment funds and mandates) by type of institutional client



(Data to end 2023 – Source: Efama)

Variations in national pension systems, the prevalence of insurance products for retirement savings, and the ability of asset managers to attract international capital shape these distinctions.

# CONCLUSION

## Revitalizing European investment, a call to action

Asset management stands at the heart of financial ecosystems, connecting investors seeking to grow their assets with issuers in need of financing. **French asset management firms exemplify this vital role, with €3,231 billion invested in equities and fixed-income securities, driving economic growth and business development.**

## Key contributions to the European economy

Three quarters of these investments are channelled towards EU issuers, demonstrating the industry's significant contribution to diversifying the financing sources available to European companies

- **Equity investments (€1,070bn):** A central driver of business growth, with 21% allocated to listed and unlisted SMEs.
- **Bond investments (€1,750bn):** A major source of funding for public and private initiatives, with 55% allocated to businesses.
- **Money market investments (€410bn):** Essential for economic liquidity, benefiting 93% of financial and non-financial companies.

Notably, 74% of these investments are directed toward EU issuers, underscoring the industry's

critical role in diversifying financing options for European companies.

Despite these achievements, French equity investment lags behind countries with more developed long-term savings markets. In France and the EU, equity investment represents just 90% of GDP compared to 310% in the United States. This disparity risks undermining economic attractiveness, triggering capital outflows and prompting companies to relocate to regions with superior financing opportunities.

Adding to these concerns, the share of European equities in portfolios has plummeted from 52% to 32% over the past 15 years, while US equities have surged from 19% to 48%. This shift signals a loss of competitiveness and raises doubts about the EU's capacity to attract and retain investment capital.

## Strategic priorities for Europe

To reverse these trends and enhance the appeal of European assets, bold and immediate action is essential:

- **Favorable tax and regulatory policies:** Simplify frameworks to incentivize investment in European markets.
- **Promotion of investment opportunities:** Position European equities, particularly SMEs, as attractive options for global investors.
- **Capital market integration:** Unify capital markets to streamline investments and support technological and environmental transitions.
- **Europe's financial future hinges on its ability to foster a dynamic, competitive investment environment.** With targeted reforms and strategic initiatives, the EU can reclaim its position as a global investment leader, securing sustainable growth and economic resilience.

# APPENDIX

## A. EQUITY FINANCING

**Investments in equities play a central role in the growth of companies. The French asset management industry contributes €1,070bn.**

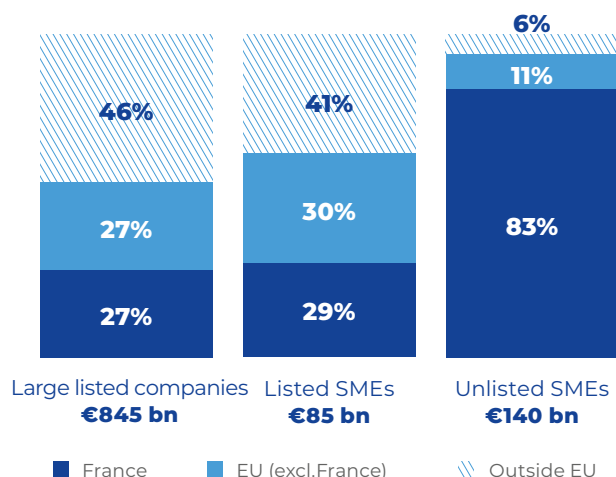
Of this amount, 60% is invested in the EU, underlining once again the industry’s commitment to European companies.

Of the direct investment allocated to equities, €845bn is invested in large caps: 27% of this goes to France, 27% to the rest of the EU, and 46% to markets outside the EU.

€85 bn is invested in listed SMEs and mid-caps, with 29% going to France, 30% to the rest of the EU and 41% to markets outside the EU.

Another key aspect of French asset management companies is their support for unlisted SMEs, with €140 billion invested directly. Here, 83% of capital is invested in France, 11% in the rest of the EU, and 6% in markets outside the EU.

**GRAPH 30.** Breakdown of equity investments by geographic region and type of issuer



(Data to end 2023 – Source: AFG)

## B. BOND FINANCING

**Bonds are a major support for public and private investment in France and the EU. French asset management companies invest €1,750 billion in bonds. 81% of these investments are made within the EU.**

Direct investments in bonds fall into three main categories. Corporate bonds accounted for €920 billion, 30% of which was invested in France, 40% in the rest of the EU and 30% in markets outside the EU.

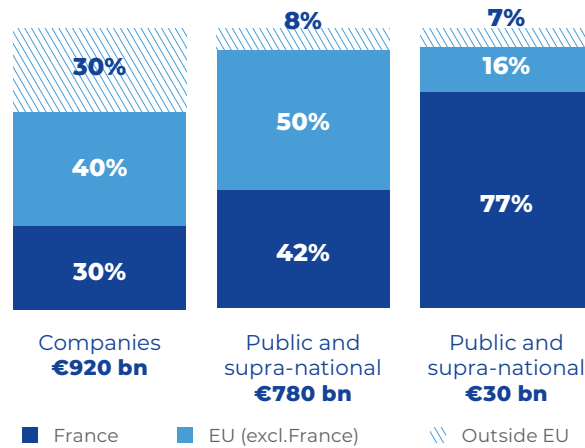
Investments in public and supranational bonds, amounting to €780 billion, are also mainly invested in the EU, with 42% in France, 50% in

the rest of the EU, and 8% in markets outside the EU.

Regarding private debt, although it accounts for a smaller portion of direct bond investments at €50 billion, it shows a strong concentration in France with 77% of assets, followed by 16% in the rest of the EU, and 7% in non-EU markets.



**GRAPH 31. Breakdown of bond investments by geographic region and type of issuer**



(Data to end 2023 – Source: AFG)

### C. MONEY MARKET SECURITIES FINANCING

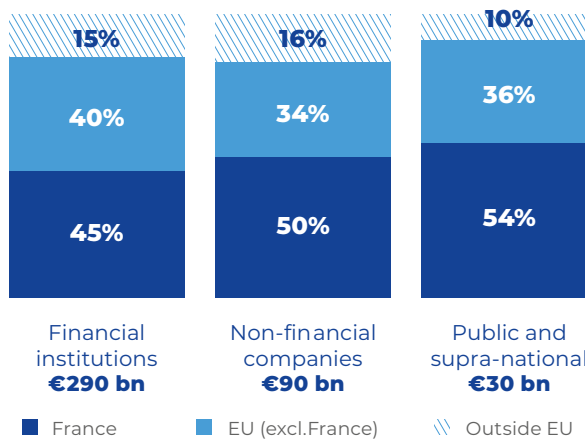
**The money market plays an essential role as a provider of liquidity to the economy. French asset management companies invest €410 billion directly in money market assets. Of these investments, 85% are concentrated in the EU.**

Investments in money market securities are mainly spread across three sectors. Financial institutions account for the majority, with €290 billion invested, of which 45% in France, 40% in the rest of the EU and 15% outside the EU.

Non-financial companies received €90 billion in monetary investments. Of this amount, 50% is invested in France, 34% in the rest of the EU and 16% outside the EU.

Finally, 30 billion euros are invested in public and supranational securities. The geographical breakdown shows that 54% of these investments are allocated to France, 36% to the EU outside France, and 10% to non-European markets.

**GRAPH 32. Breakdown of money market investments by geographic region and type of issuer**



(Data to end 2023 – Source: AFG)

## Survey methodology

**The AFG conducted a survey of its members to find out about the allocation of portfolios managed in France in the form of management mandates and investment funds.** In particular, the survey sought to collect detailed information on **the nature and geographical origin of issuers by type of financial instrument** – equities, bonds and

money market securities – invested in the portfolios.

At the end of 2023, the 78 asset management companies responding to the survey had a combined total of €3,158 billion under management, divided between €1,226 billion in management mandates and €1,932 billion in investment funds.

**TABLE 1.** Breakdown and representation of respondent asset managers

Breakdown of AMCs by AUM	Aggregate AUM of respondents		Representativeness of respondents
	€bn	%	
More than €100bn	2,221	70.0	100 %
Between €50bn and €100bn	458.4	14.5	68 %
Between €15bn and €50bn	396.4	12.6	57 %
Between €5bn and €15bn	50.6	1.6	22 %
Between €1bn and €5bn	34.9	1,1	16 %
Less than €1bn	6.7	0.2	7 %
<b>Total</b>	<b>3,158</b>	<b>100</b>	<b>76 %</b>

(Data to end 2023 – Source: AFG)

To complete the information, an extrapolation was made for the allocation of mandates – totalling 270 billion euros – and for the allocation of foreign investment funds – totalling 225 billion euros. The allocation of assets in French investment funds managed by non-respondent asset management companies was completed using aggregate data on their portfolios provided by the Banque de France, amounting to €594 billion.

**Overall, the analysis of the allocation of portfolios managed in France was carried out on**

**assets of 4,247 billion euros**, i.e. more than 90% of assets managed in France, broken down as follows:

1,496 billion in management mandates, 1,910 billion in French investment funds and 841 billion in foreign investment funds. Outstanding financial instruments – equities, bonds and money market securities – invested in these portfolios totalled €3,231 billion.

**TABLE 2.** Analysis of the allocation of portfolios managed in France

	Investment funds		Discretionary mandates		Total	
	€bn	%	€bn	%	€bn	%
Equities	942.7	34	129.6	9	1,072.3	25
Bonds	620.8	23	1,128.1	75	1,748.9	41
Money market securities	385.2	14	24.4	2	409.6	10
Investment fund shares	464.7	17	161.8	11	626.5	15
Real assets (real estate...)	180.8	7	22.7	2	203.5	5
Others (cash, derivatives...)	156.3	6	29.5	2	185.8	4
<b>Total portfolio</b>	<b>2,750.5</b>	<b>100</b>	<b>1,496.1</b>	<b>100</b>	<b>4,246.6</b>	<b>100</b>
<b>Inc. Total direct holdings (equities, bonds, money market)</b>	<b>1,948.7</b>	<b>71</b>	<b>1,282.1</b>	<b>86</b>	<b>3,230.8</b>	<b>76</b>

(Data to end 2023 – Source: AFG)



## The French Asset Management Association (AFG) represents and advocates for the role of asset management in shaping the French economy.

It counts over 440 members, including 340 asset management companies, which collectively manage 90% of assets under management in France.

AFG actively supports the growth of the French asset management industry for the benefit of savers, investors, and businesses.

AFG is dedicated to promoting stable, efficient, and competitive regulation, with a strong focus on helping individuals finance their life goals while channelling private savings towards businesses in transition.

**AFG**  
Investing in tomorrow together



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