



Annual Overview of the Asset Management Market

FEBRUARY 2023



In a context of negative performances on the fixed income and equity markets, assets under management in France and Europe are down

(Data for the year 2022)

- **Total assets under management in France** (mandates and investment funds) fell by 5.8% over the year to nearly €4,600 billion. Over the long term, i.e., since the crisis of 2008, the annualized growth rate of assets under management has been at the high level of +4.9%.

- French investment funds reached €2,096 billion, down -7.5% in 2022. In more detail, assets managed through UCITS amounted to €836 billion (-12.3%) and those managed through AIFs (Alternative Investment Funds as defined by the AIFM Directive) to €1,260 billion (- 4,1 %).

- Net subscriptions in 2022 of three main French fund category – **bond, multi-asset and equity** – were negative by -€26.7 billion. Despite positive net flows in the second half of the year (+€26.6 billion), money market funds faced redemptions of -€19.0 billion over the full year 2022.

- **The number of asset management companies** is stable at **702 at the end of 2022**. The number of new AMCs has slowed this year (+31 new AMCs after more than +40 AMCs created in each of the previous three years). At the same time, there has been a trend towards consolidation and mergers between entrepreneurial asset management companies or subsidiaries of financial groups.

- In terms of financial management (funds and discretionary mandates), **French asset management companies rank first in continental Europe**, with an estimated market share of 24% for investment funds and 27% for discretionary mandates.

- **Assets under management of funds in Europe** exceeded **€19,000 billion** at the end of 2022, down by -12.6% year-on-year (versus +16.3% in 2021). **Net inflows** are negative and amounted -€278 billion in 2022 (vs. +€866 billion in 2021), due to significant outflows from equity (-€291 billion) and bond funds (-€140 billion). Assets managed through foreign funds managed in France by nearly 150 asset management companies approached €800 billion.

Digitalization, a vector of competitiveness for AMCs

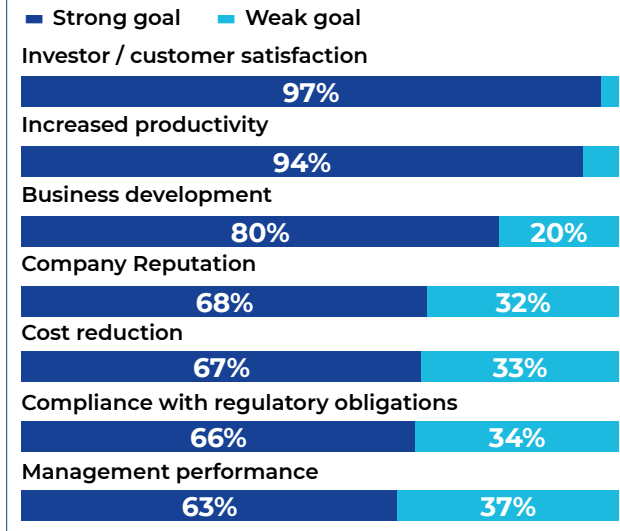
The increasing digitalization of the economy is driving the transformation of companies, their modernization and adaptation to the needs of their customers. In an internationalized and highly competitive asset management market, digital transformation is a fundamental challenge for all asset management companies. There is no area of the asset management value chain that is not affected by technology. They contribute to:

- ▶ responding to clients' expectations and needs via a "democratization" of managed savings, with smoother, near real-time interactions, personalized client experience, and transparency in terms of financing and impact, particularly environmental and social;
- ▶ the generation of additional revenues through improved service offerings and better use of distribution channels;
- ▶ cost savings by automating repetitive tasks, optimizing processes, bringing greater operational efficiency;
- ▶ diversification into new markets. The tokenization of traditional assets will represent a new source of financing for the economy and will concern all types of assets.

Asset management companies must review their organizations, methods and processes for

a global transformation project that will enable them to embrace technology and to involve their employees.

Objectives of AMCs digitalization (% of responding AMCs)



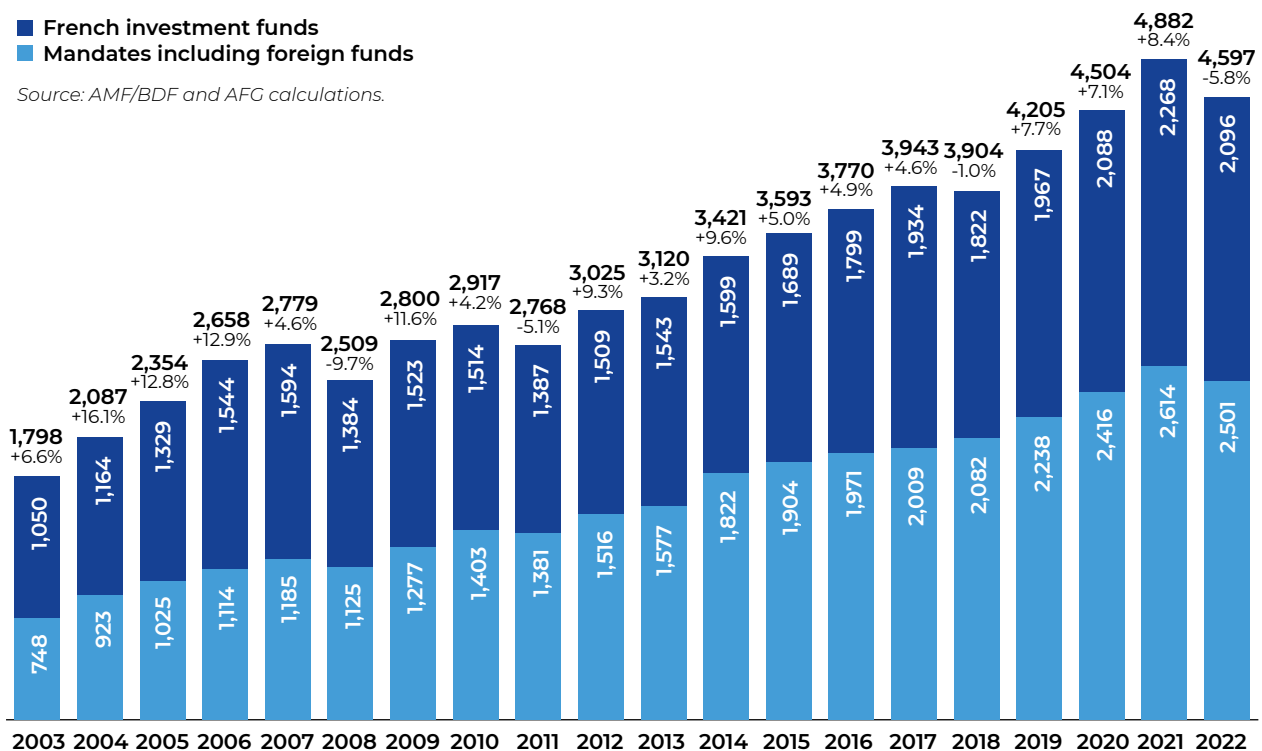
Source: AFG's White Paper : on Technological Innovations <https://livre-blanc.afg.asso.fr/>

French asset management, which represents more than a quarter of the market in continental Europe, is now a leader in the management of ESG funds according to SFDR regulation. Total assets under management (mandates and investment funds) in France amounted €4,600 billion in 2022.

Assets managed on behalf of third parties on the French market (in billions of euros)

- French investment funds
- Mandates including foreign funds

Source: AMF/BDF and AFG calculations.



More specifically, net assets managed through discretionary mandates, catered for retail investors who are looking for tailored services, often to develop their personal wealth, as well as institutional investors seeking to partly delegate the management of their financial investments, amounted to €1,710 billion. Assets managed in France through foreign funds exceeds €790 billion, a fourfold increase over the past ten years. This trend is due to the increasing distribution to non-resident clients by a growing number of asset management companies, both subsidiaries

of a group and entrepreneurial. In total, approximately €800 billion are managed in France for non-resident clients through (French or foreign) funds or discretionary mandates.

Assets under management in French investment funds fell by -7.5% to €2,096 billion in 2022. Among these funds, the net assets of UCITS funds amounted to €836 billion (-12.3% year-on-year) and net assets of AIFs funds 1,260 billion (-4.1% over one year). Since 2008, the annualized growth rate of French non-monetary investment funds is +4.8%.

AuM of investment funds domiciled in France

Type of fund	Net assets at end-2022 (in billions of euros)			Change in 2022		Change 2008-2022	
	UCITS	AIFs	Total	in billions of euros	in %	in billions of euros	CAGR*
Equities	219.5	115.3	334.8	-73.0	-17.9%	145.0	4.1%
Multi-asset	138.5	158.5	297.0	-75.9	-20.4%	78.5	2.2%
Formula-based	7.7	6.0	13.7	-0.8	-5.5%	-57.0	-11.1%
Bonds	122.7	148.7	271.4	-25.8	-8.7%	117.3	4.1%
Money market	347.8	11.8	359.6	-17.7	-4.7%	-128.0	-2.2%
Sub-total	836.2	440.3	1,276.5	-193.2	-13.1%	155.8	0.9%
Other**	0.0	819.9	819.9	22.0	2.8%	556.6	8.5%
Total	836.2	1,260.2	2,096.4	-171.2	-7.5%	712.4	3.0%
Total excl. MM	488.4	1,248.4	1,736.8	-153.5	-8.1%	840.4	4.8%

* Compound annual growth rate.

** AFG estimates at end-2021 for the "Other" category: securitization funds, alternative funds of funds, FCPEs, FCPRs/FPCIs, OPCIs and SCPIs.

Source: AMF, BDF and IEIF. Source: AMF, BDF, IEIF.

As a result of the sharp decline in equity markets in 2022, assets managed through equity investment funds fell over the year by -17.9% (vs. +18.8% in 2021) to €335 billion. Assets managed through multi-asset funds also fell by -20.4%, driven by negative net flows of -€7.8 billion. Negative performance in the bond markets in 2022 led to a -8.7% decline in assets managed through bond funds. Despite a positive second half of the year, money market funds experienced an outflow of -€19 billion over the year as a whole.

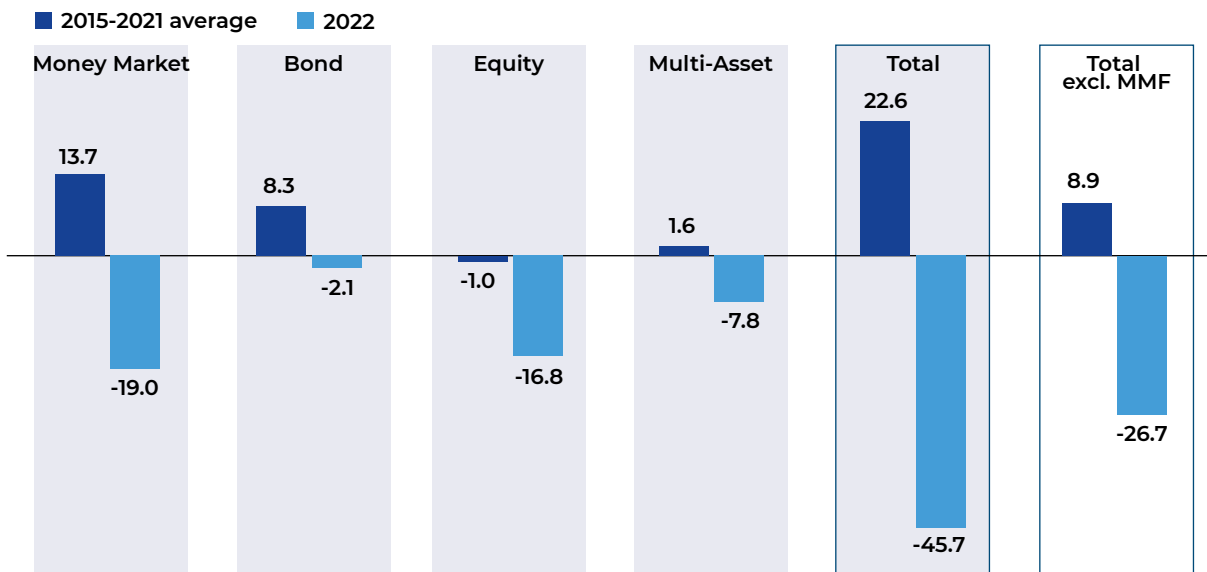
Among the funds in the "Other" category, **private equity, infrastructure and real estate funds** remained very attractive to both retail and institutional investors. Assets managed through real estate funds open to retail investors (SCPI and OPCIs for the general public) reached €110 billion, i.e. +10.5% in 2022, for net inflows of +€10.7 billion (after +€7.6 billion in 2021). Assets managed through employee savings plans amounted to €162 billion, including €25.4 billion for PER / PERCO funds, benefiting a growing number of employees covered by this type of scheme (PEE and PERCO). For these employee savings plans, inflows excluding employee shareholding amounted of +€2.8 billion in 2022, including +€2.1 billion for funds held in PERs and PERCOs.

1) Source: ASPIM.

Net subscriptions of the three main categories of French investment funds, bond, mixed-asset

and equity, were -€26.7 billion in 2022, and -€19 billion for money market funds.

Net subscriptions* for the main categories of French investment funds (in billions of euros)



*Excluding domiciliation transfers for funds that continue to be managed in France.

Source: BDF and AFG calculations.

The number of investment funds domiciled in France rose slightly in 2022.

The number of UCITS funds rose to 3,075 funds, and the number of FIAs funds exceeded 7,900. For some categories, the number of investment funds has been falling for several years,

particularly in the case of money market, formula-based and equity funds (down by -85%, -76% and -24% respectively since the end of 2008), due to interest rate trends and the reorganization of fund ranges.

France, an attractive market for asset management companies

In 2022, the number of asset management companies stabilized at 702.

Over the year, +31 PMCs were created (after +42, +43 and +45 creations respectively in 2021, 2020 and 2019).

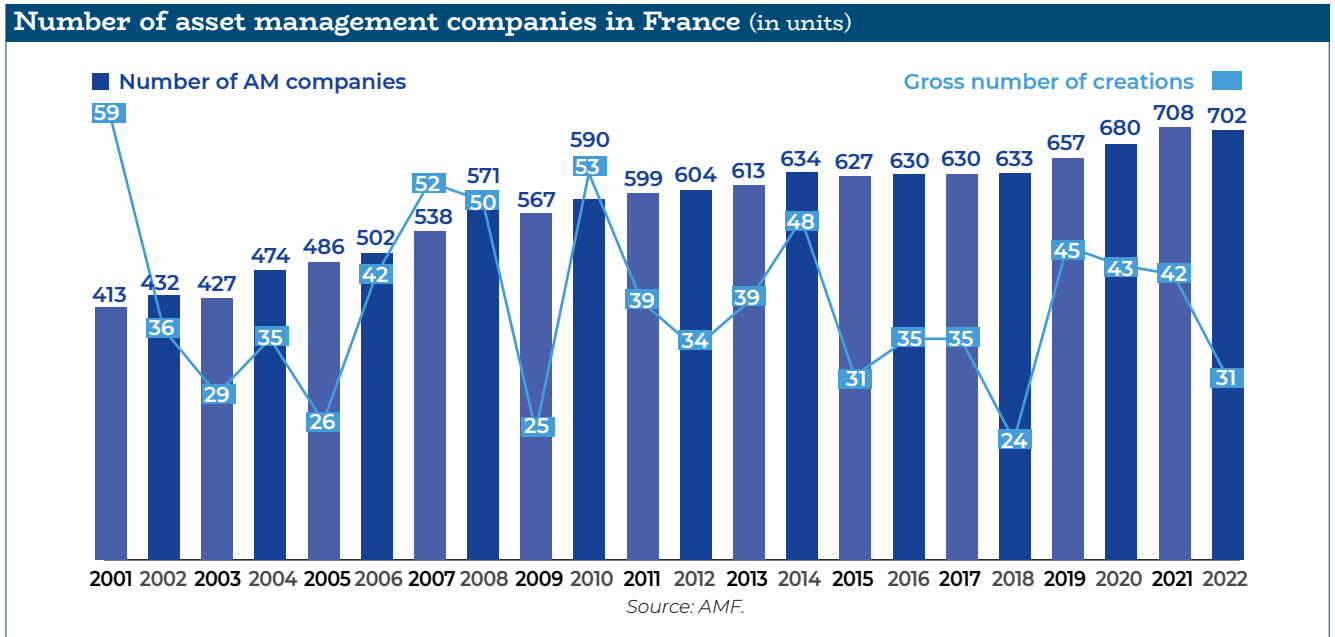
The number of asset management companies increased from 633 at the end of 2018 to 702 at the end of 2022. Over this period, in addition to the Brexit effect, this positive trend can be explained by the dynamic creation of structures focused on alternative asset management in the broad sense (real estate, private equity, etc.).

Along this, as competition intensifies and margins come under pressure, there has also been a tendency in the past few years towards consolidation and mergers for entrepreneurial asset management companies or subsidiaries of financial groups.

French market is characterized by one of the most important entrepreneurial companies in Europe, representing, in number and in creation two-thirds of the players and one-third of management teams.

France also has a significant number of non-specialized and/or specialized companies (111 manage between €1 and 5 billion, 60 between €5 and €50 billion and 18 more than €50 billion in assets). Of the top 25 PMCs worldwide, four are French.

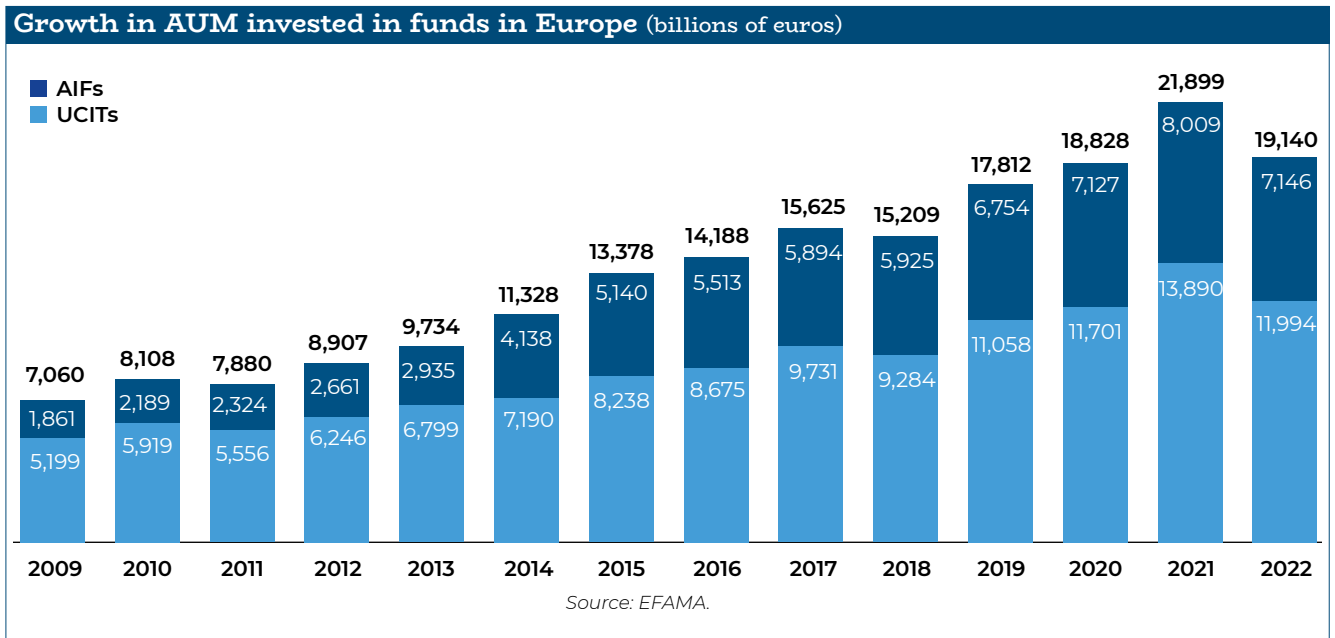
Their innovation and the quality of their asset management services are acknowledged all over the world, whether through mandates, French-registered funds or funds domiciled abroad.



France continues to be a leading asset management center in Europe

Assets managed through funds domiciled in Europe neared €19,000 billion (down -12.6% year-on-year, compared to +16.3% in 2021). These assets have more than tripled since 2008 crisis.

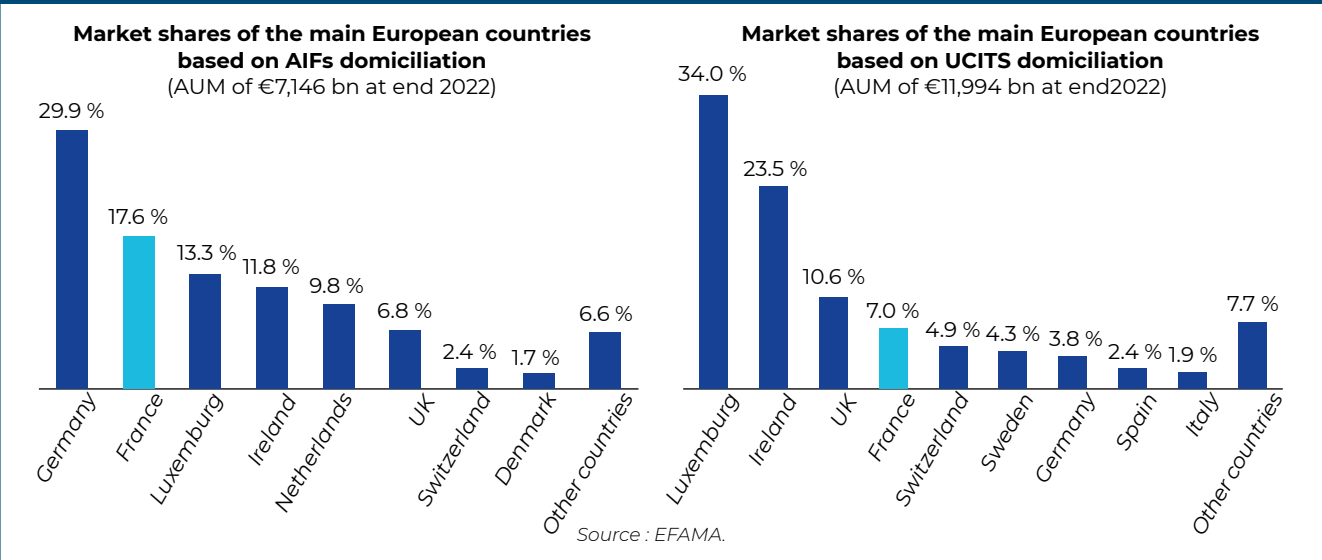
A separate analysis of investment funds by legal structure shows that UCITS assets declined by -13,7% in 2022 to €12,000 billion. Assets managed under AIFs reached to €7,150 billion (-10.8% over one year).



If we consider the places where the financial management of investment funds is carried out, France ranks first in continental Europe, with a market share of 24%, ahead of Germany

(22%). Including discretionary management, French asset management industry also ranks first in continental Europe, with a 25% market share, ahead of Germany (17%).

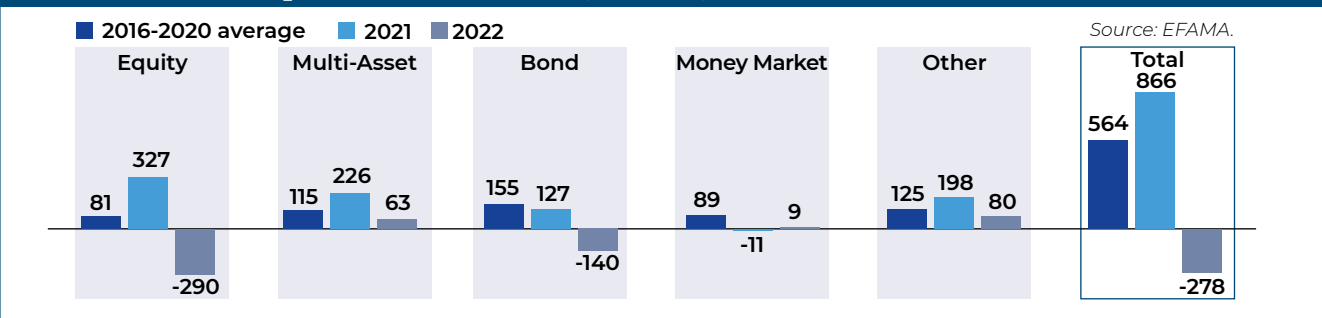
Market shares of the main European countries (as a percentage)



In terms of fund domiciliation, the market share of AIF French funds is 17.6%, 2nd in Europe behind Germany and ahead of Luxembourg. The top 5 countries account for 82% of the European market for AIFs. France is ranked 4th in terms of UCITS domiciliation with a 7% market share,

behind Luxembourg and Ireland – offshore centers whose activities are focused on fund domiciliation and administration – and the United Kingdom. Together, the top 5 countries account for 80% of the UCITS market in Europe.

Net inflows to European domiciled funds, overall, -€278 billion in 2022 (in billions of euros)



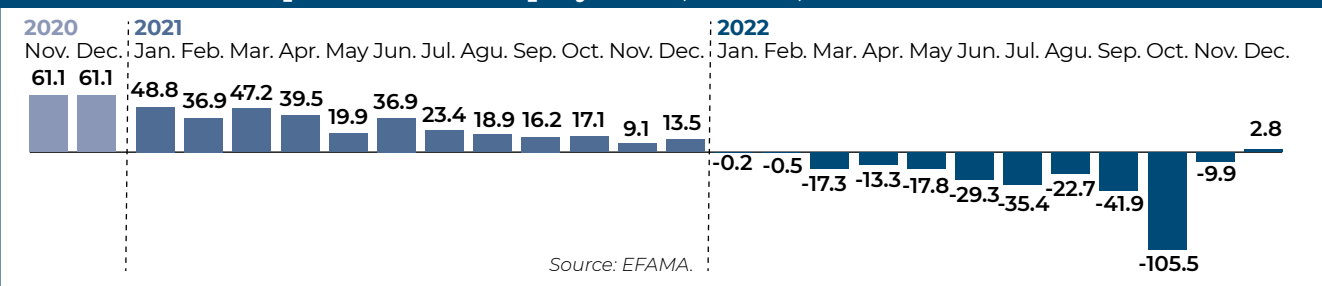
Net inflows are negative -€278 billion (vs. +€866 billion in 2021).

In Europe, equity and bond funds are experiencing significant net outflows (-€291 billion and -€140 billion respectively). Net outflows from equity funds throughout 2022 follow a sequence of record flows (+€450 billion between November 2020

and December 2021).

Mixed-asset funds recorded positive net flows of +€63 billion, down however compared to 2021 (+€226 billion). Money market funds recorded a slight net inflow of +€9 billion (compared with redemptions of -€11 billion in 2021 and a record inflow of +€221 billion in 2020).

Net inflows to European domiciled equity funds, overall, -€291 billion (in billions of euros)





For the past 60 years, AFG has brought together asset management professionals, serving the interests of investment industry participants and economic players.

- It works to promote asset management and **its growth**.
- It defines **common positions**, which it supports and defends vis-à-vis the public authorities.
- It contributes to the emergence of **solutions that benefit all participants** in its ecosystem.
- It **furtheres the industry's standing** in France, Europe and beyond, in the interest of all those concerned.
- It is invested **in the future**.

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