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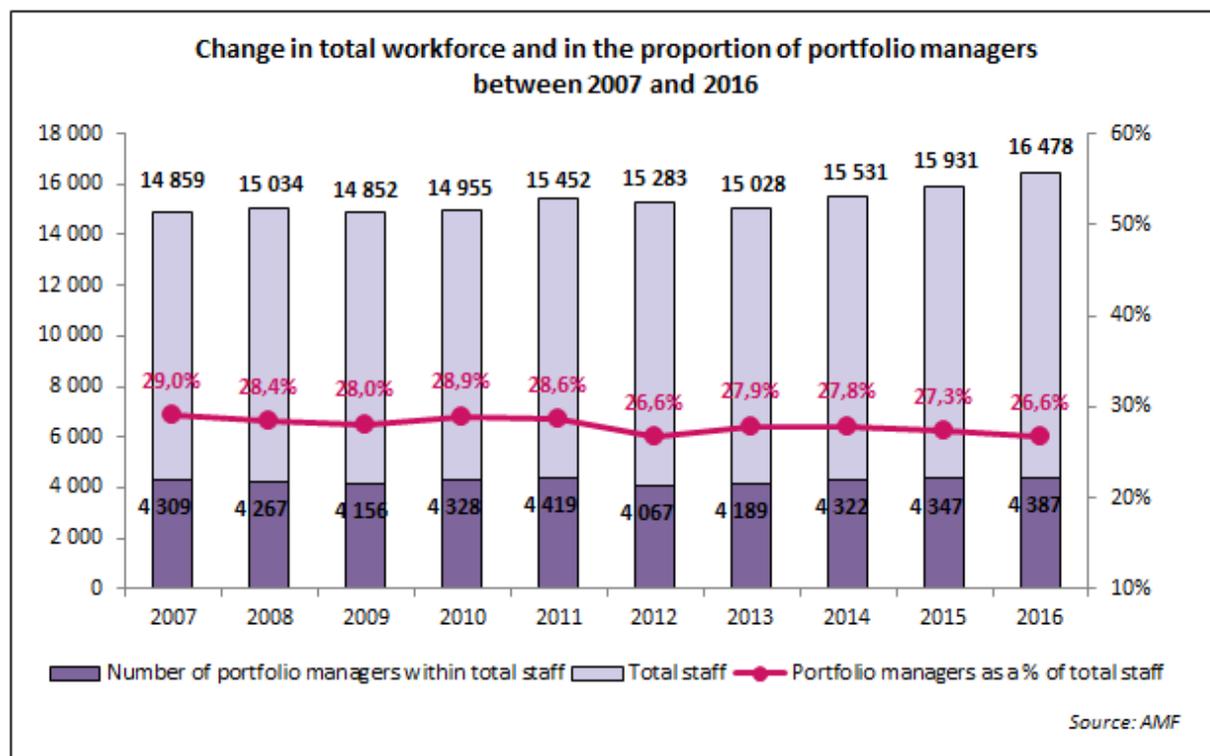
25 September 2017

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## **Key figures for asset management in 2016 - Profile of management companies**

**The total workforce reported by all asset management companies (AMCs) amounted to 16,478 people at 31 December 2016 compared with 15,931 at the end of 2015. France's asset management industry is thus creating even more jobs and showing signs of strength in a changing European environment. The sector's dynamism stems primarily from the increase in the number of new boutique firms created. This report focuses on the profile of management companies.**

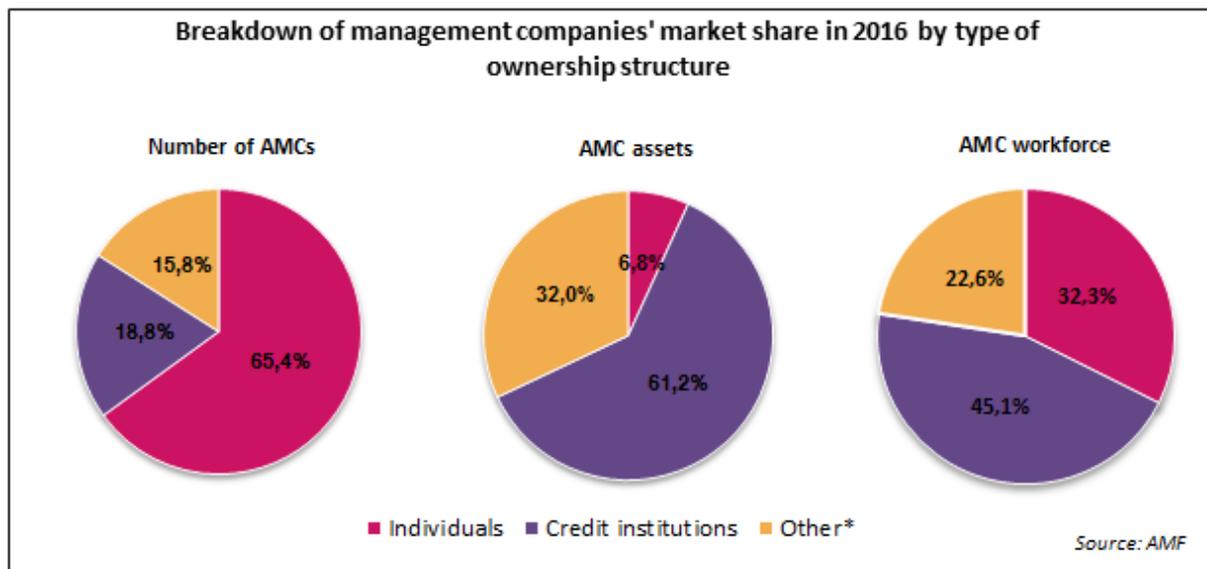
Staff numbers increase for fourth year in a row, with 16,478 direct jobs in 2016



The total workforce reported (including staff on secondment or assignment) by all asset management companies increased by 3.4% relative to 2015 to stand at 16,478 people at the end of 2016. This positive workforce trend can be attributed mainly to the trend in non-manager staff (4.4%). Portfolio managers as a percentage of total staff therefore fell slightly from previous years to 26.6%. This rate reflects the increase in human resources dedicated to support functions within management companies and in particular the resources allocated to the compliance and internal control function to meet the growing number of regulatory requirements.

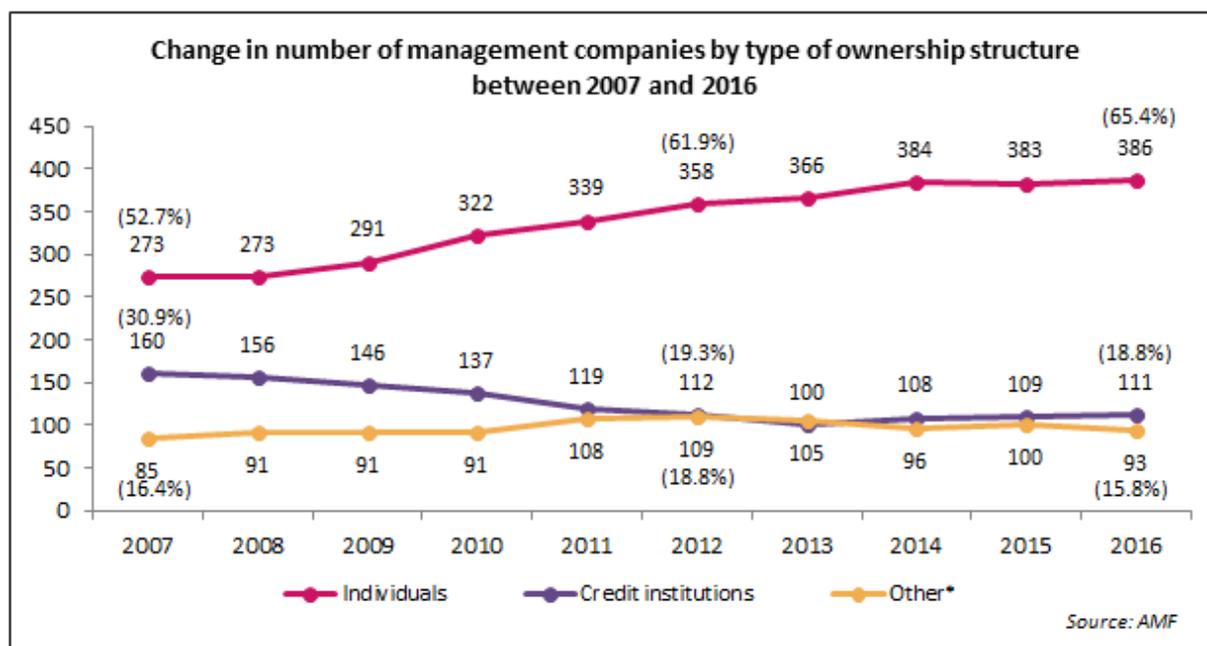
The 40 largest management companies in personnel terms accounted for more than half (54.6%) of sector employees and 44.3% of portfolio managers while they represented only 7% of the overall population. These figures point to the high degree of personnel concentration in the asset management industry. The proportion of asset management companies with fewer than 20 people stands at 73.1%, represented mostly by boutique firms. These companies outsource many of their support functions in order to focus primarily on their core business (portfolio management), and portfolio managers therefore make up a larger percentage of their workforce.

Focus on players in the asset management industry



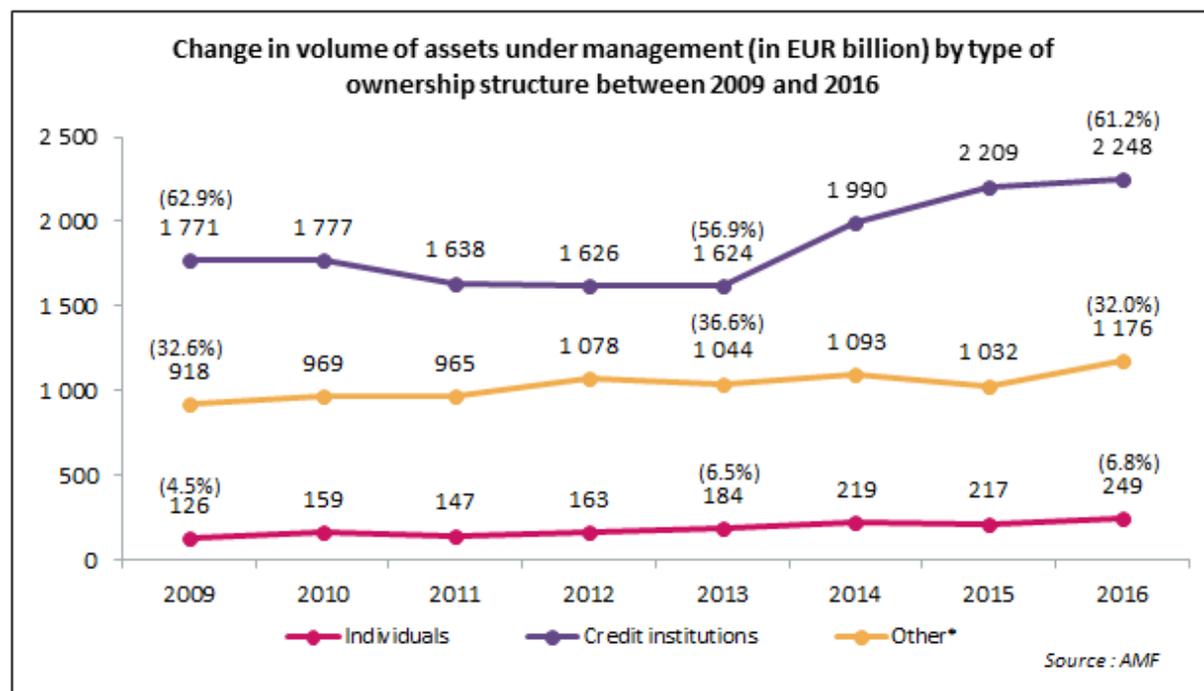
*\*The "Other" category includes insurance and mutual companies, investment services providers and companies governed by public law.*

An analysis was conducted of the ownership structure of asset management companies to better understand the many profiles that exist within the asset management sector, such as boutique companies pursuing niche or technical strategies, subsidiaries of large full-service credit institutions, subsidiaries of insurance and mutual companies that specialise in discretionary management, investment services providers, and companies governed by public law.



*\*The "Other" category includes insurance and mutual companies, investment services providers and companies governed by public law.*

A wide variety of profiles exists within the asset management landscape, and this diversity should be assessed in light of assets under management.



*\*The "Other" category includes insurance and mutual companies, investment services providers and companies governed by public law.*

#### Boutique management companies

In 2016, boutique management companies made up 65.4% of the overall population. Apart from a slight decline in 2015, this percentage has risen steadily since 2008, when it stood at 52.5%. The French asset management industry is therefore unique in that there is a strong culture of entrepreneurship, with firms adopting technical or niche management strategies to attract institutional investors. These companies specialise in private management, alternative management, multi-manager approaches, real estate and private equity. At the end of 2016, they managed assets worth EUR 249 billion, or 6.8% of total assets under management. Their market share increased by 14.7% compared with 2015 and by 56.4% compared with 2010. This growth has been driven by the dynamism within this segment, which is proving increasingly attractive to former employees of major financial groups. These individuals are staking their reputations and expertise on their new business ventures.

#### Management companies that are subsidiaries of credit institutions

Management companies owned by credit institutions accounted for 18.8% of the overall population in 2016. This percentage has stabilised since the end of the banking and financial crisis, reflecting the trend towards restructuring and consolidation among these institutions, either by combining asset management activities or by merging the entities of a single group. At 31 December 2016, these companies managed assets worth EUR 2.248 trillion, or 61.2% of total assets under management. They are market share leaders; however, assets within this category are highly concentrated. The five largest management companies that are subsidiaries of credit institutions held 63% of the assets managed by this type of player.

## Other management companies

This category includes management companies that are subsidiaries of insurance and mutual companies, investment services providers and companies governed by public law. Despite these companies' relatively small share, they account for nearly one-third of total assets under management.

The percentage of management companies owned by insurance and mutual companies within the overall population remained stable at 6%. At end-2016, they managed assets worth EUR 942 billion, or 25.7% of assets under management. It should also be noted that assets under management increased by 14.8% between 2015 and 2016. These players are therefore the second-largest fund managers in asset terms, after credit institutions, but they primarily manage the assets of their parent company.

The number of management companies that are subsidiaries of investment services providers has fallen (-9.8%) compared with 2015, due once again to the large number of mergers between companies and intragroup restructurings. These companies represented 7.8% of all industry players and had the smallest share of assets under management, i.e. 0.4%, or EUR 13 billion.

Lastly, companies governed by public law accounted for the smallest share (2.0%) of management companies in 2016. However, at 31 December they managed assets worth EUR 220 billion, a 20.5% increase in assets compared with 2015. Their market share reached 6.0% in 2016.

## Focus on asset management companies' years in operation

The first chart below depicts asset management players by years in operation and volumes of assets under management.

On average, management companies had been in operation for 11 years in 2016. The breakdown of the various players by years in operation is as follows:

- less than 3 years: 11%
- 3 to 5 years: 13%
- 6 to 10 years: 26%
- more than 10 years: 50%

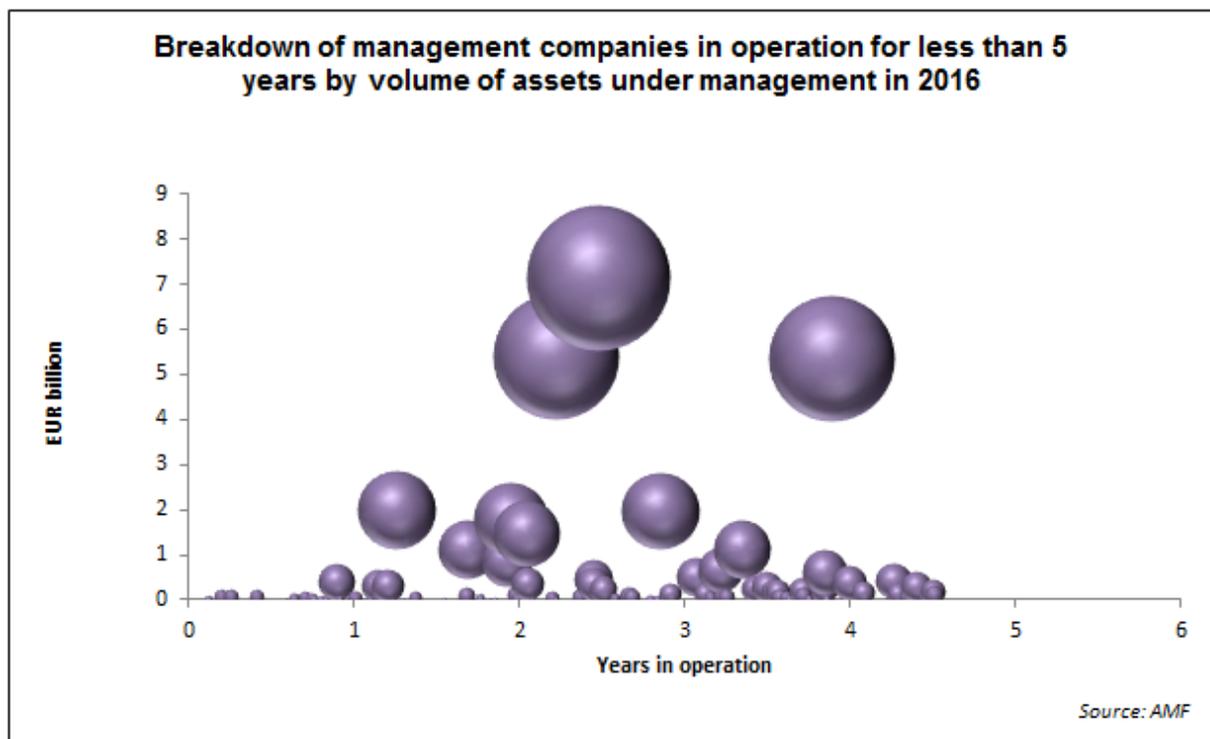
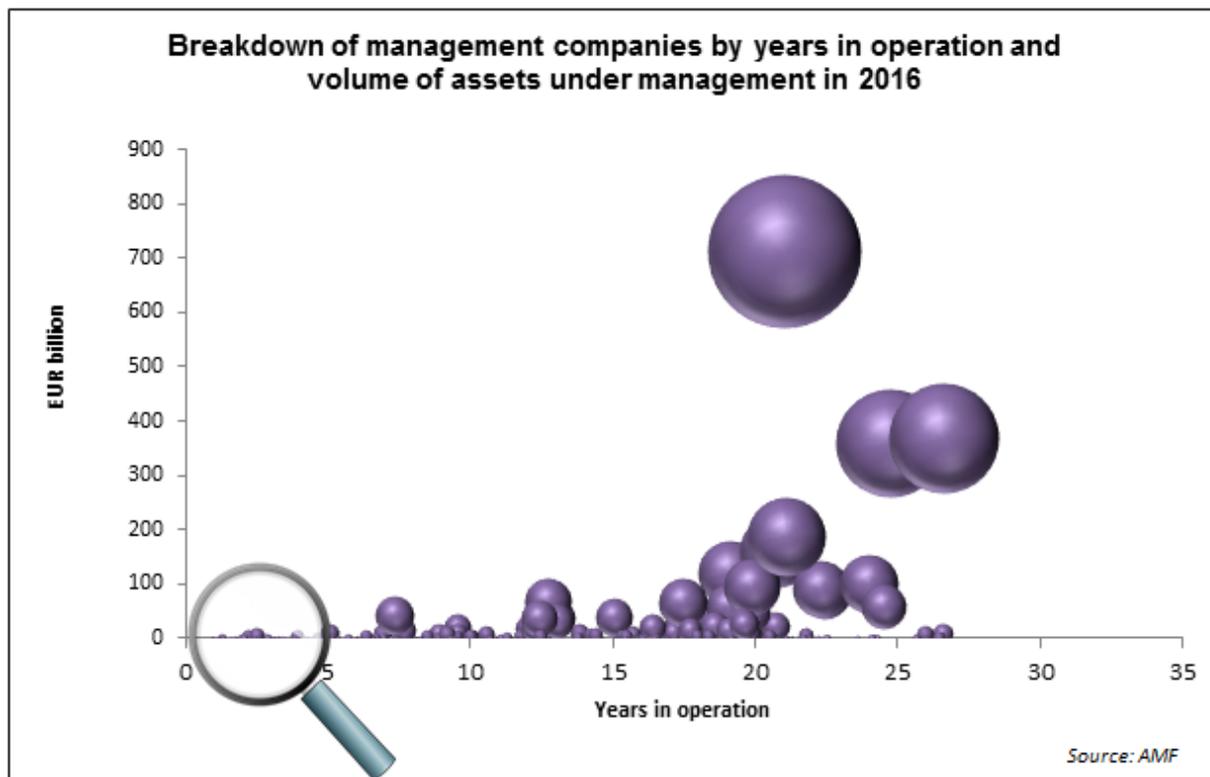
Not surprisingly, it generally appears that the longer an asset management company has been in existence, the greater its assets under management. However, depending on the type of ownership structure, the change in median asset levels occurs at different speeds.

The median assets of management companies owned by credit institutions increased from EUR 83 million for those less than 3 years old to EUR 3.495 billion for those more than 10 years old. As this type of player is generally backed by a large banking or financial group, it has a wider distribution network.

Two different profiles exist within this category of ownership structure. The first consists of the market share leaders, which are among the most mature actors in the industry. The second profile is that of subsidiaries of medium-sized credit institutions that have been in operation for more than 15 years, manage significant volumes of assets and are challenging the largest players.

The median assets of boutique companies in operation for less than 3 years increased from EUR 29 million to EUR 266 million for those in operation for more than 10 years.

There are two categories within this type of ownership structure as well. The first are recently created boutique companies with an average age of nearly five years that specialise in well-defined niches and use innovation to offer a broad range of customised services. This characteristic suggests a promising future for this type of player. The second category consists of firms that have been in operation for about 10 years on average and that have a larger volume of assets, enabling them to attract major institutional investors. Their specialised expertise gives them higher margins.



*Note: Years in operation for real estate investment companies (SCPI) and securitisation management companies were counted from their date of creation and not their date of authorisation as asset management companies once they became subject to the AIFM directive.*

Newer entities (less than 5 years old) represented 20.5% of all asset management companies. They had a total of EUR 39 billion in assets under management for an average of EUR 325 million in 2016.

The number of authorisations and the proportion of these companies have remained stable. Their average assets under management have increased (up 9.9% since 2014). This attests to the vitality of the new entities and of the Paris financial market as a whole.

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