

Key figures for asset management in 2014

This document compiles the key figures for asset management in 2014 published by the AMF each month since July 2015, plus additional annexes.

The compilation covers:

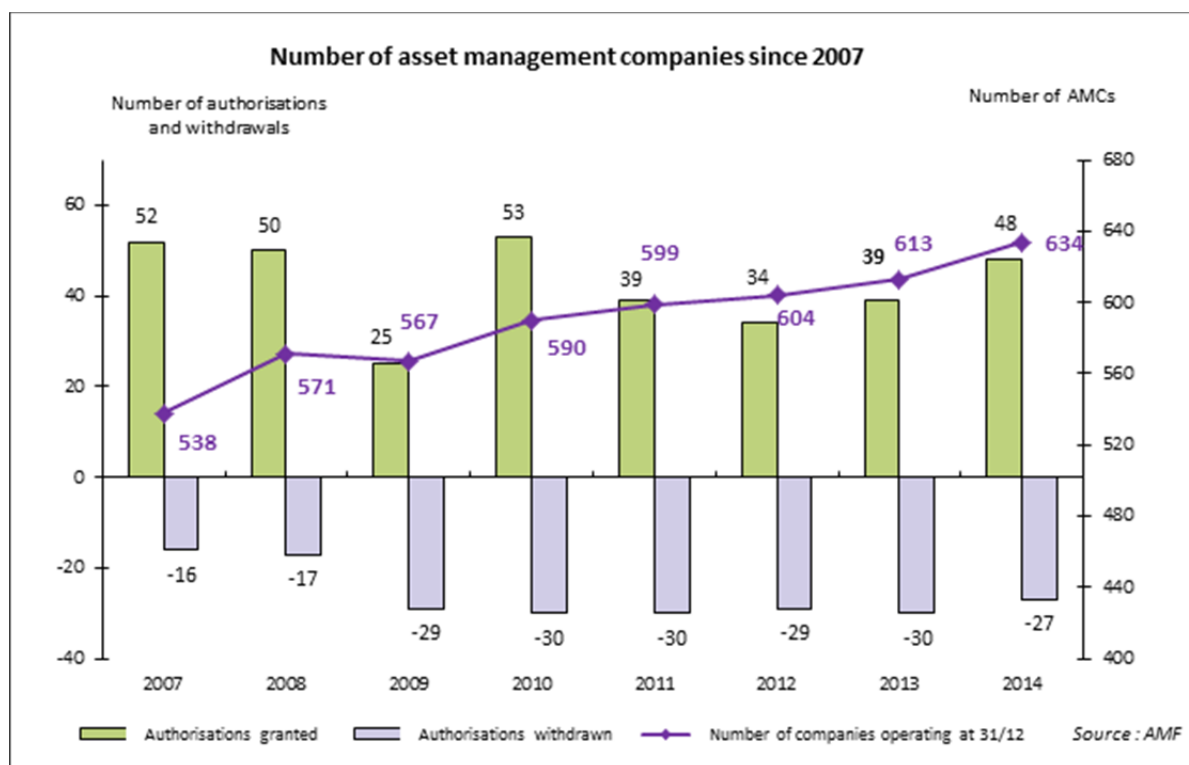
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Source

As part of its supervision of the asset management sector, the AMF receives annual disclosures from investment management companies (AMCs). These filings contain quantitative data on the assets managed and on the revenues and costs relating to asset management business conducted in France. The Authorisation and Supervision Division of the AMF's Asset Management Directorate uses this information to perform analyses. Following the entry into force of the AIFM Directive in July 2013, European AIF managers are also subject to a new reporting obligation. The information collected relates in particular to the exposure of portfolios to different types of risk and is collected quarterly, semi-annually and/or annually. Despite the care taken in compiling and processing the data, there may still be a few inaccuracies due to late filing and data entry errors.

Management companies overview

At 31 December, 2014, the number of authorised asset management companies (AMCs) in France stood at 634. This was a new record. The trend for the current year suggests that, except for a major event in the second half of the year, this record will again be broken by the end of 2015. But is this really such good news?



A deceptive record?

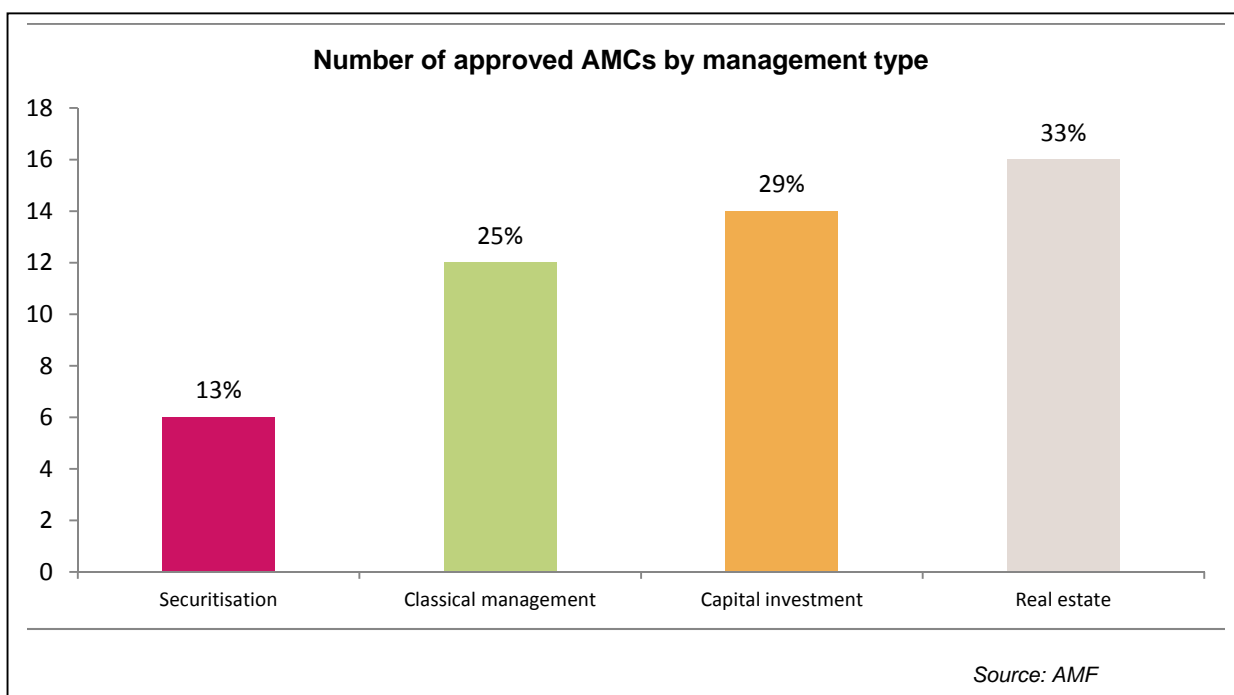
The answer cannot be summarised merely by reading the figures.

The entry into force of the AIFM Directive first played a significant role, in 2014, with the inclusion of numerous players already present in the field of asset management (specifically 12, i.e. 25% of all new approvals) in the universe of investment management companies.

These players, formerly SCPI (REIT management companies), SEF (Forestry Investment Companies) and FCT (securitisation funds), now operate under the unique status of asset management companies (AMCs).

The nature of the new approvals in 2014 still shows a bias towards asset classes such as securitisation or towards real assets (private equity, real estate and infrastructure). Among these new players, 7 were already operating in financial activity (e.g. through SCIs (property management) or certain SCRs (risk capital)). But before AIFM, this activity was not regulated by the Autorité des Marchés Financiers.

There remains the risk of a highly fragmented market, with a lot of small asset management companies.



While these aspects should temper interpretation of the continued growth of the population of French asset management companies, this increase for almost 10 years now must be emphasized.

An upward trend in terms of authorisation: evidence of strong activity of the Paris financial centre

This record clearly reflects the dynamism of the French asset management industry which continues to have a major role at world level.

This leadership in financial management once again underlines the advantages enjoyed by French managers: a large domestic market with a robust savings capacity, high quality academic training, competitiveness in terms of set-up costs, productivity and speed of implementation, a balanced regulation that protects savers but which seeks to support the development of players, etc.

Moreover, this momentum is manifested, as mentioned above, in an over-representation of entrepreneurial structures in the population (about 2/3).

This French peculiarity, far from posing a threat - it should not be forgotten that, in its ranks, France also boasts a large number of independent companies of significant size on a European scale and many representatives among the world's leading management companies - is viewed as a real asset.

It highlights the innovation capacity of French financial management and thus promotes, through different management approaches, better price formation and lower volatility - guarantees of confidence for investors.

Focus on the export capacity of French management

The performance achieved by French management companies in exporting their business beyond our borders is one of the least known aspects of the industry, even though it is experiencing fast and steady growth.

The vitality and capacity of French management companies in gaining international market share can be assessed through several indicators:

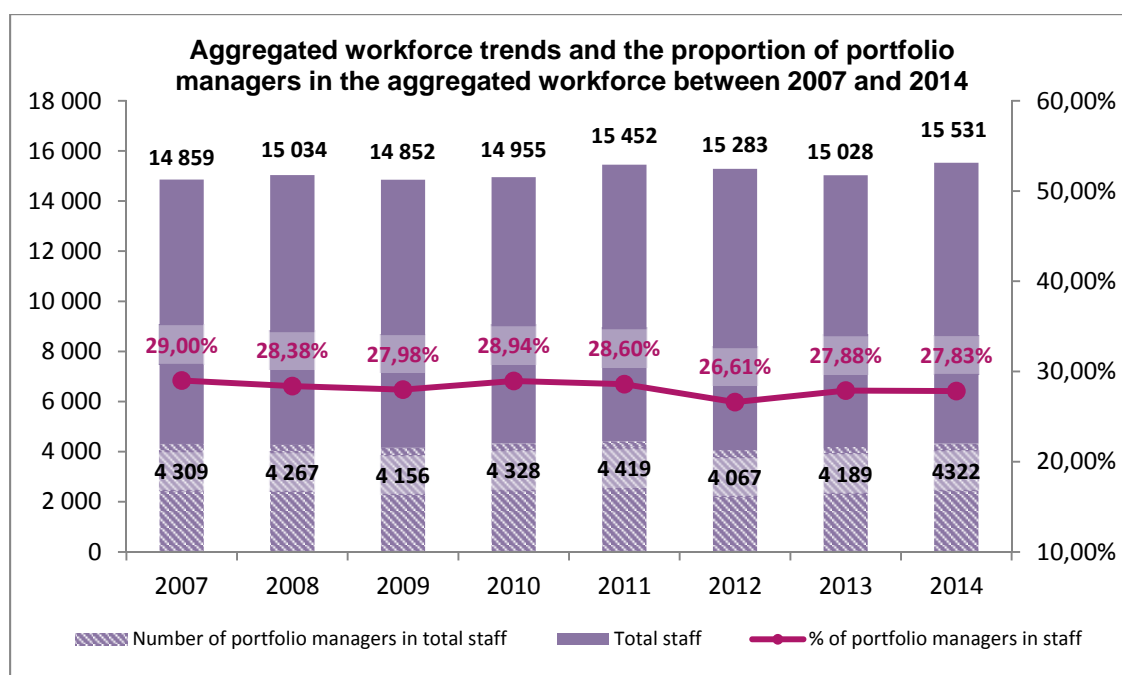
- Continued significant use of European "out" passports, driven by the enthusiasm generated in France by the implementation of the AIFM Directive (more than 300 AMCs were AIFM authorized at end 2014). No less than 183 passports were issued to French management companies in 2014 (including 106 under the AIFM Directive) for the management of foreign AIF. Likewise, 819 "out" marketing passports were reported in 2014 (marketing of UCITS and AIF products outside France);
- A presence beyond Europe's borders with 18 billion Euros of third country AIFs managed directly by French managers;
- An extremely low rate of management company "relocations" (only two authorisations withdrawn for this reason identified in 2014), reflecting the capacity of the Paris centre to remain a key management player, able to distribute its expertise and products from France.

Profile of management companies

Staff numbers reported by licensed asset management companies amounted to 15,531 people as on 31 December 2014, a return to historical highs. Asset management in France offers professional opportunities that are maintained over time. But staff numbers vary depending on the nature of the parties involved: type of shareholding, size, etc. Focus on the profile of management companies.

Record staff numbers: 15,531 direct jobs in 2014

This historical workforce trend reflects the dynamics in the asset management sector in France. Through its development, this sector plays a major role in financing the economy. In 2014, direct employment totalled 15,531 jobs (including seconded individuals or staff made available by the group), representing a 3.3% increase from 2013.



This result is due to a significant and combined increase in the number of portfolio managers (+ 3.2% compared to financial year 2013) and of non-managerial staff (+ 3.4% compared to financial year 2013) which is consistent with the increase in the number of management companies. However, trends in the workforce of asset management companies are not uniform and vary depending on the nature of the companies (type of shareholding, profile and management support, etc.).

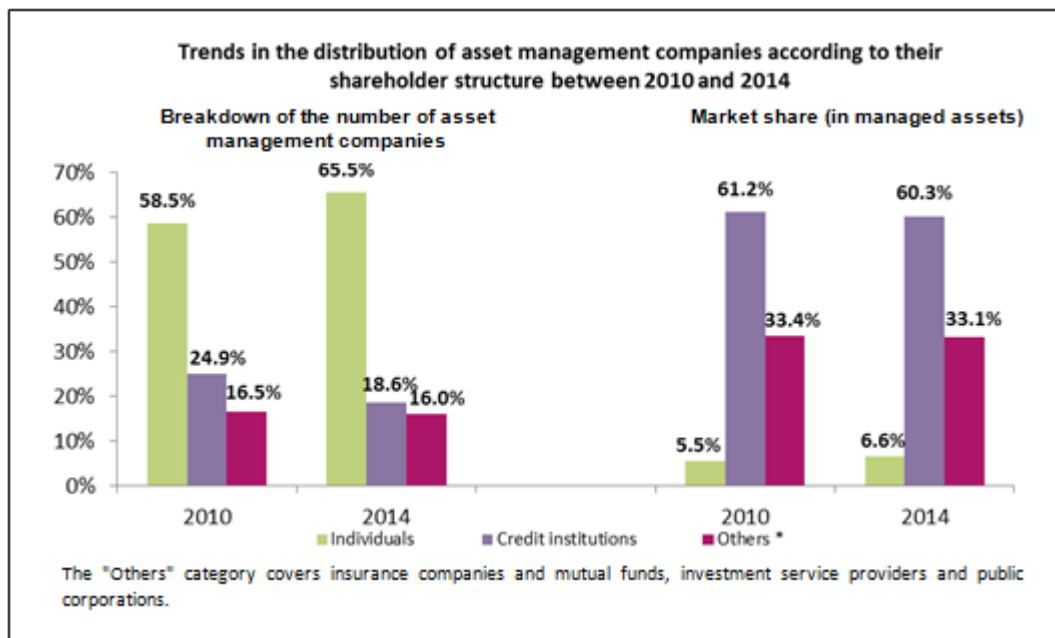
The breakdown of the workforce follows the trend that emerged in previous years, namely a shared model between entrepreneurial companies and large groups. On the other hand, 76.1% of asset management companies have a workforce of under 20 people, representing 23.1% of direct employment in the asset management industry on the Paris market. On the other hand, large

companies (over 100 employees) account for 4.8% of the population but represented 49.1% of direct jobs in 2014.

In 2014, the proportion of portfolio managers in aggregate staff numbers of asset management companies was 28%, as in 2013. The higher the level of assets under management by asset management companies, the lower the proportion of managers in the workforce. This reflects the internalisation of support functions in large asset management companies. Conversely, businesses employing fewer than 20 people outsource a significant proportion of these activities, automatically resulting in a decline in non-managerial staff.

Focus on ... the share ownership structure of asset management

Analysis of the share ownership structure reveals very different profiles in the landscape of asset management companies.



Entrepreneurial management companies

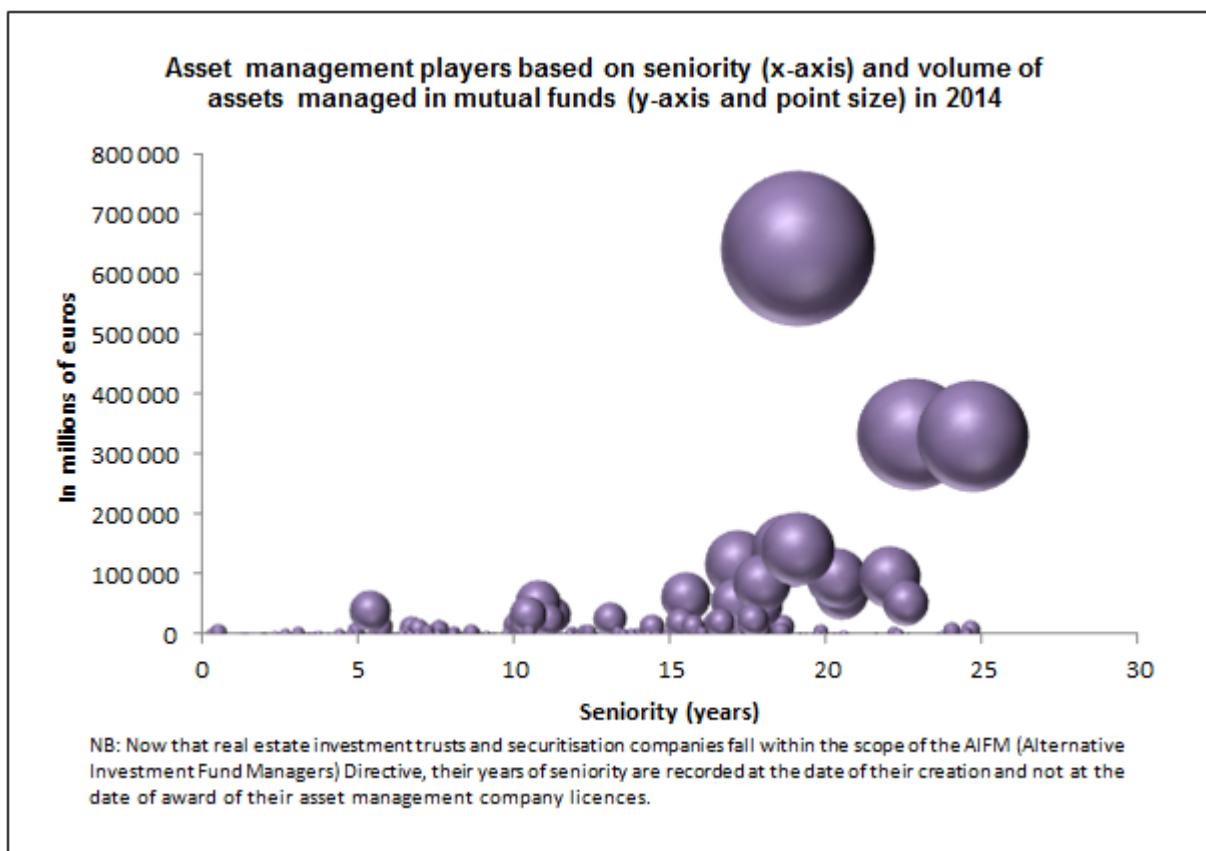
Between 2010 and 2014, the share of entrepreneurial businesses in the total population increased from 58.5% to 65.5%. Moreover, the dynamics in the number of newly licensed players in 2014 were almost entirely created through entrepreneurial projects, reinforcing the specific character of the landscape of the Paris market, which is dominated numerically by entrepreneurial companies. The latter specialise in active management, private banking, hedge funds, multi-management and capital investment. In 2014, they saw their market share increase substantially by 1.1 percentage points from 2010 and their assets under management now amount to 218 billion euros, representing 66.4% growth in 4 years. This increase in market share appears to be due more to the increasing number of entrepreneurial companies than to the growth of their assets. Nevertheless, the basic factors that allow consolidation of entrepreneurial management companies are present: market globalisation, the emergence of new platforms, the competitive environment, the search for growth opportunities, etc.

Asset management companies owned by credit institutions

The proportion of asset management companies held by credit institutions in the total population is lower than in 2010 (-6.3 percentage points) at 18.6%. Rationalisation and concentration of these establishments (grouping of asset management activities by linking credit institutions or merging entities in one and the same group) are the main factors that account for lower relative growth in the number of these entities. However, their market shares have only fallen very slightly (-0.9 percentage points from 2010). Therefore, they remain leaders in terms of their market share, with assets under management amounting to 1990 billion euros, i.e. a 12% increase over 4 years.

Focus on ... players in the asset management industry: an experience and export trend

Major categories of management companies



The graph above shows asset management players according to their seniority and volume of assets under management. It shows that players on the Paris market can be subdivided into 4 categories:

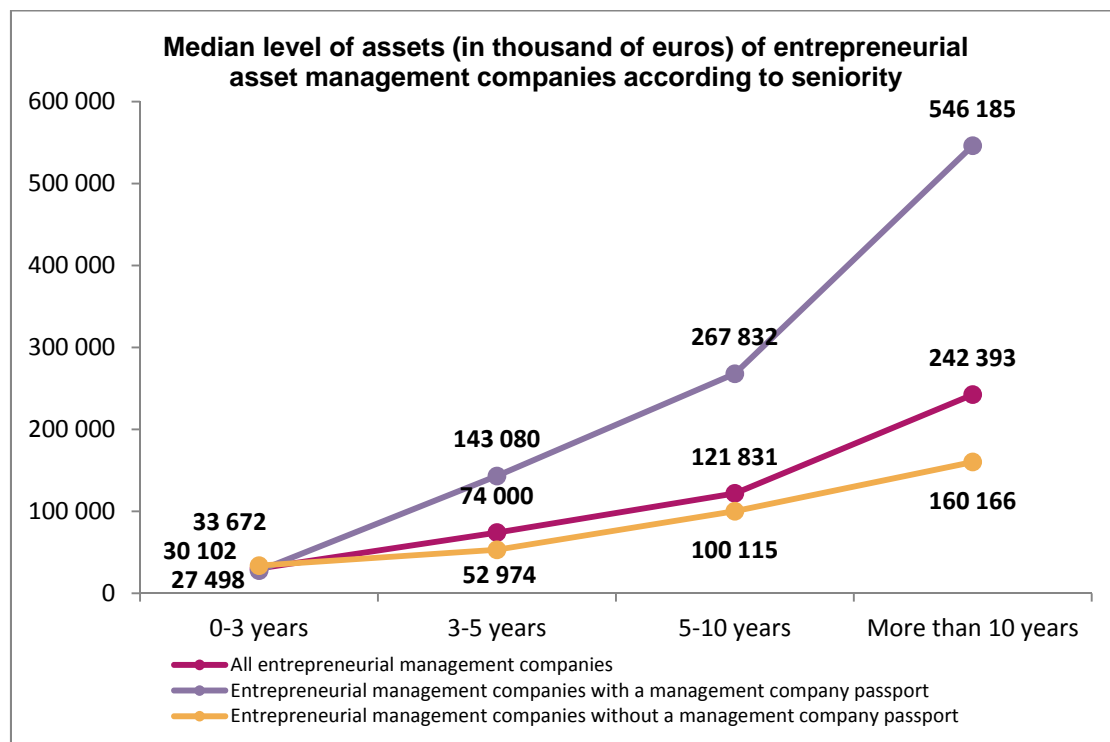
- The "**Promising**" category comprises recent entrepreneurial organisations specialised in highly specific niches (niche strategy) and offering customised services, usually outside benchmarked management. These companies, created around 5 years ago, show encouraging growth prospects.
- "**Entrepreneurial successes**", created between 10 and 12 years ago on average, are companies which have higher levels of assets overall than the "promising" companies. This status means that they can more easily attract large institutional investors and expand internationally. Moreover, their specialised expertise and innovation allow these players to generate high margins above average for the sector.

- **"Challengers"** are mostly subsidiaries of medium-sized credit institutions that have been operating for 15-23 years. They manage a considerable volume of assets and continue to develop their international business in niche markets.
- **"Leaders"** are subsidiaries of credit institutions, leaders in terms of market share. The first three asset management companies alone in this category account for 39.8% of the sector's market share. From a methodological point of view, we have considered the top asset management company in terms of the level of managed assets to have been in existence for 19 years, because it results from the merger of two former companies created in 1996 and 1997. The other two main players have been operating for 23 and 25 years respectively.

Caution should still be taken in interpreting this distribution. A significant number of companies have low or zero assets due to their lack of business. Young organisations constitute the majority of this category, but some older companies also fall into it. The latter appear to have positioned themselves in niche sectors where they have the required know-how and manage a small number of funds providing a stable base of loyal customers.

Relationship between the median level of assets and the seniority of entrepreneurial asset management companies

There is a fairly clear relationship between the level of assets under management and the seniority of entrepreneurial asset management companies

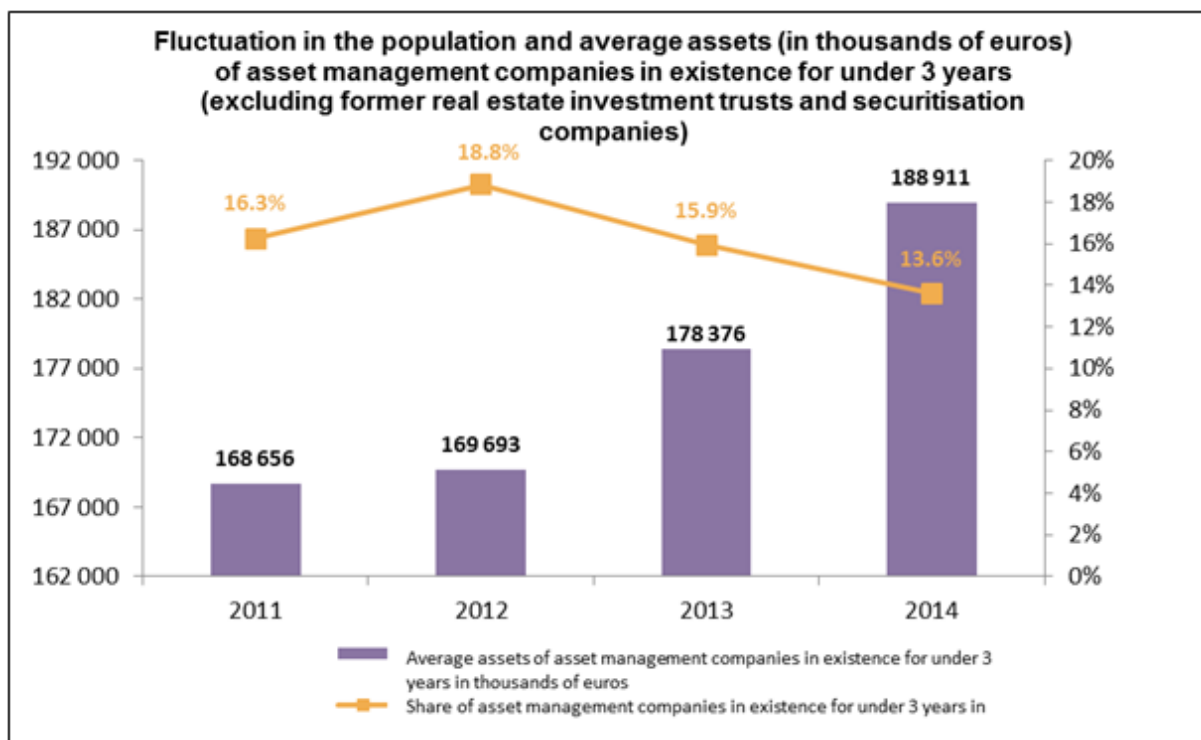


In general, it is logical that the longer an asset management company has been operating, the more substantial assets it holds. Nevertheless, there has been a three-speed change in the median level of assets which is particularly visible for entrepreneurial management companies. The focus on entrepreneurial asset management companies shows an accelerating effect in terms of the trend in the use of exports. The median level of assets held by entrepreneurial companies aged over 10 years and holding a management company passport is almost 3.4 times that of entrepreneurial companies that have been operating for over 10 years that do not hold a passport.

Furthermore, the median level of assets for all non-entrepreneurial management companies varies from 183,339,000 euros for companies from 0-3 years of existence to 1,556,265,000 euros for those that have been existing for over 10 years. This explosion in the median asset level is due to the fact that older companies are usually backed by large groups and can therefore benefit from a wider distribution network.

Good results in terms of the assets of young businesses

While 2014 was a vintage year in terms of the number of licences granted, it was also good in terms of the average assets of asset management companies aged that have been operating for under three years. Indeed, the latter grew by 12% over the last four years, averaging 188,911,000 euros. While it can be assumed that the increase in average assets is consistent with the continued fall in the proportion of young businesses in the overall population (13.61% in 2014), the fact that newly licensed asset management companies appear to have a larger client network before embarking on asset management and are more successful than usual should not be underestimated.

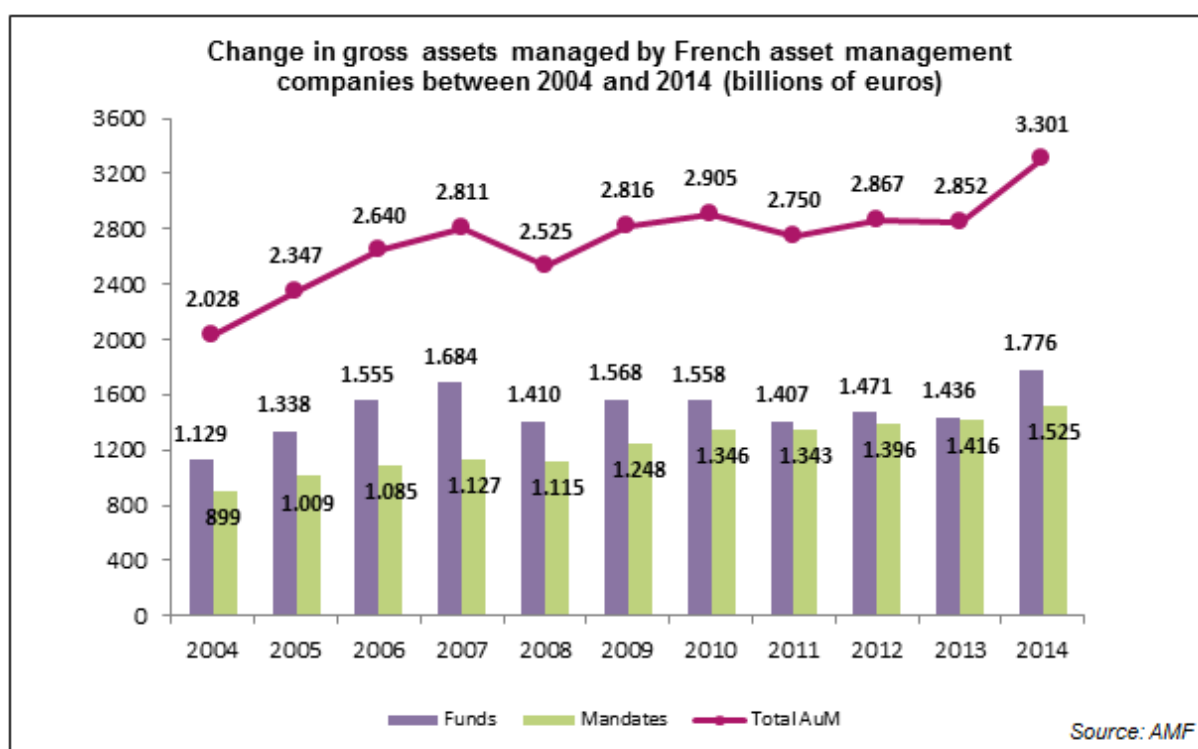


Outstandings under management

In 2014, gross assets under management in France rebounded 15.7% after a slight drop (-0.5%) the year before. This expansion was not uniform across all asset classes, however, and stemmed from the inclusion of new market participants falling within the scope of the Alternative Investment Fund Managers (AIFM) directive as well as the market rally. Here we examine the volumes and nature of outstandings managed by French asset managers in 2014.

A marked rise in assets under management

Following the biggest gain of the decade (up €449 billion), assets under management in the Paris market hit €3,301 billion in 2014. 47.2% (€212 billion) of the rise is due to the inclusion of securitisation and real estate investment companies upon the entry into force of the AIFM directive¹; the remaining 52.8% resulted from vigorous growth in existing French asset managers' outstandings (up €237 billion). This adjusted increase, related to buoyant markets and subscriptions, still represents remarkable performance. Moreover, outstandings of European products managed by French asset managers also increased significantly.



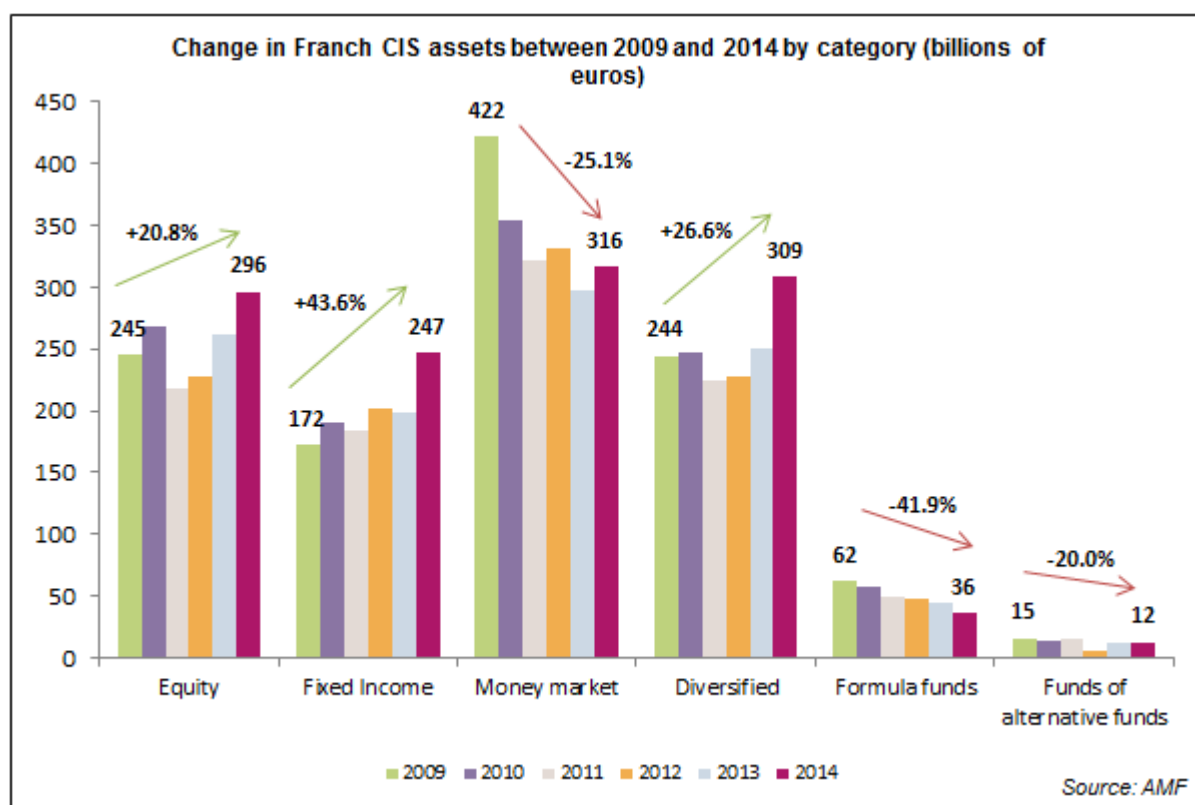
¹ Directive 2011/61/EU on Alternative Investment Funds Managers has been transposed into national law. It aims to establish a standard regulatory framework for managers of alternative investment funds throughout Europe while strengthening investor and saver protection.

Following the implementation of the AIFM directive, the balance of investment portfolios continued to shift in 2014. UCITS outstandings rose by 11.9%, compared to 2013, to €879 billion, and the increasing use of European passports² lifted European UCITS assets 44.3%, from €134.4 billion in 2013 to €193.9 billion in 2014. Aggregated outstandings in managed alternative investment funds (AIFs) surged by €245.8 billion in 2014, to €896.7 billion. The underlying increase in FIA assets (i.e. excluding securitisation and real estate investment funds) was €33.8 billion.

Gross assets under discretionary management rose for the fourth year in a row. With a major contribution from higher subscriptions to life insurance schemes, discretionary management was up 7.7% to €1,525 billion.

Arbitrage between asset classes

At the end of 2014, gross assets managed by French undertakings for collective investment, or CIS (i.e. UCITS, AIFs excluding specialised management, and employee investment funds³) totalled €1,216 billion, some €37 billion more than the year before (up 3.1%). Low interest rates have affected investor behaviour, prompting arbitrage between asset classes.



Equity CIS outstandings

Buoyed by bullish markets, equity CIS assets increased by 6.1%, or €17.2 billion, in 2014. Although these funds reported net outflows, they benefited from a positive market effect worth an estimated €22.8 billion.

² The European 'passport' enables investment management companies that have obtained authorisation in their home country to operate throughout the European Union or in a country forming part of the European Economic Area (EEA).

³ Employee investment funds excluding those invested in listed and unlisted company shares, which represent €38.3 billion.

Fixed income CIS outstandings

2014 saw a trend reversal in bond CIS aggregate outstandings, which climbed €31 billion to €247 billion. A subscription effect more than offset a slightly negative market effect estimated at -€0.4 billion. Bond products benefited most from increased subscriptions in France, as they are offered as appropriate alternatives for private and institutional investors seeking a risk-return profile adapted to a low-interest environment. Given the prevailing uncertainty, managers can still view bond funds as safe havens.

Money market CIS

Money market CIS assets declined by €24.3 billion in 2014, mainly because of a negative subscriptions effect (estimated at -€24.2 billion). Outstandings fell by slightly less than in 2013 and stemmed from transfers to other asset classes, with investors seeking better performance. Returns from these funds have been affected directly by the continuing slide in interest rates to minimal levels because of the ECB's accommodating monetary policy. As a result, the range of money market products has contracted, chiefly via fund mergers.

Diversified CIS

Diversified CIS managed to increase their assets by €21.5 billion in 2014. This result partly reflects greater interest for unit-linked life insurance products, which benefited from higher subscriptions and the marketing in 2014 of new life policies ("euro-growth") based on diversified funds.

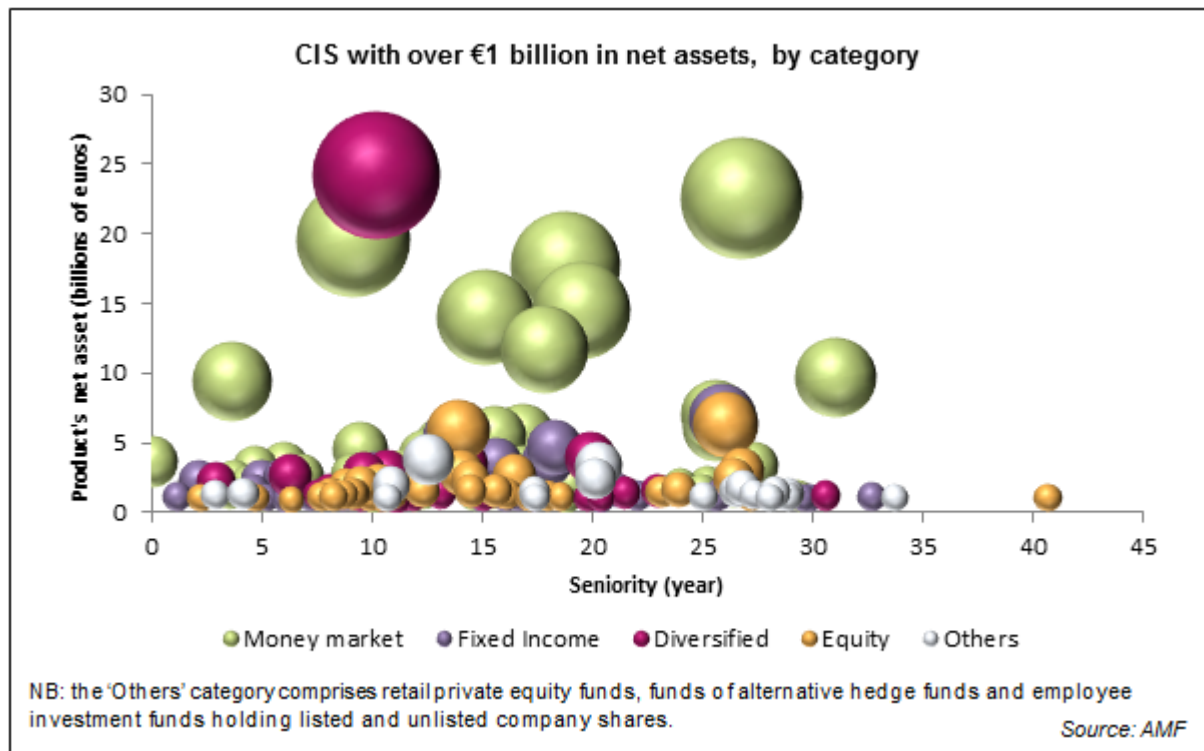
Formula funds and funds of alternative funds

At 31 December 2014, formula fund assets totalled €35.9 billion. Outstandings in these funds have been shrinking steadily since 2009 and were down another €8.4 billion in 2014. The continuous decline in interest rates and their low current level explain these results, as formula funds are highly dependent on interest rates. In the meantime, fund of alternative fund assets were largely unchanged in 2014, rising €0.5 billion to €12.5 billion.

Large funds: money market CIS strongly represented

An analysis of French CIS with net assets of over €1 billion highlights a characteristic feature of the French asset management market, namely that money market CIS run by credit institutions' asset management subsidiaries make up a substantial proportion of large CIS. Nine of the top ten funds are in the money market category and are managed by subsidiaries of credit institutions. Only the largest in terms of assets (€24.3 billion) is a diversified fund managed by an entrepreneurial management company.

Despite the decline in money market fund outstandings in 2014, this asset category still dominates the French CIS landscape. Money market products with over €1 billion in net assets average €4.4 billion in net assets, compared with €2.8 billion for diversified CIS, which rank second. Note also that 66.3% of the 178 funds shown on the chart below are managed by subsidiaries of banks with considerable deposit bases and extensive distribution networks.



Breakdown of large funds (> €1 billion) by category

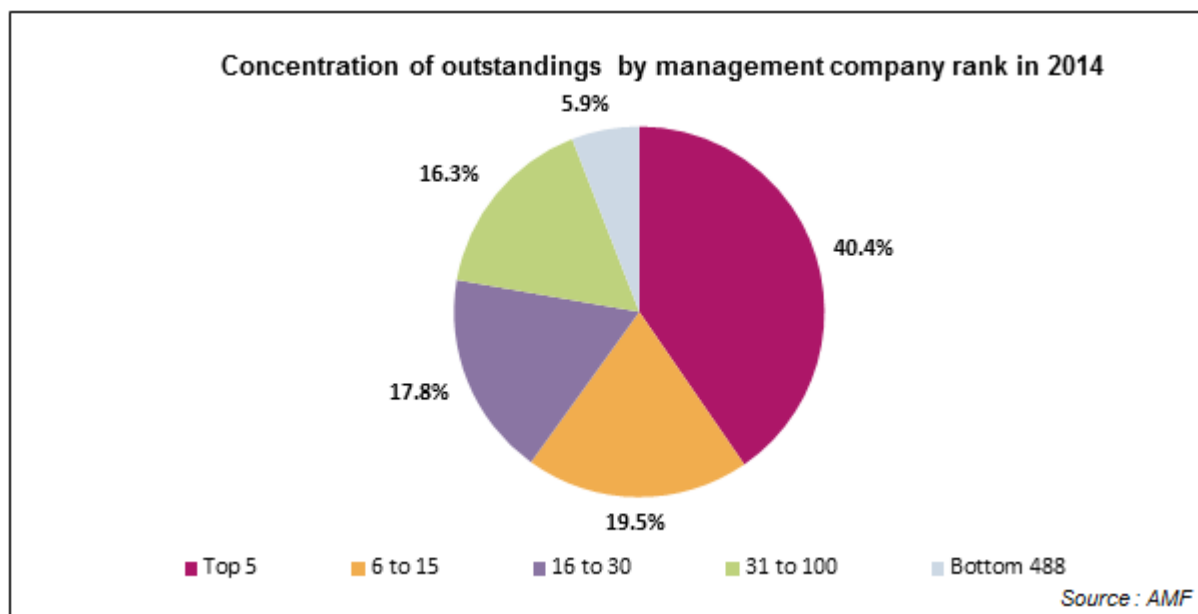
Fund type	Number of funds	as %	Net assets (in billions of euros)	as %	Mean net assets (in billions of euros)	Median net assets (in billions of euros)
Equity	39	22%	71.8	14.5%	1.8	1.5
o/w euro area equities	12	7%	23.3	4.7%	1.9	1.5
o/w EU equities	4	2%	5.8	1.2%	1.5	1.4
o/w French equities	5	3%	8.8	1.8%	1.8	1.6
o/w international equities	18	10%	34.0	6.8%	1.9	1.5
Diversified	22	12%	62.2	12.5%	2.8	1.5
Money market	57	32%	250.1	50.2%	4.4	2.6
o/w short-term money markets	19	11%	63.0	12.7%	3.3	2.6
Fixed Income	42	24%	83.3	16.7%	2.0	1.5
o/w international bonds and/or debt securities	13	7%	31.4	6.3%	2.4	2.2
o/w bonds and/or debt securities denominated in euros	29	16%	51.9	10.4%	1.8	1.3
Others	18	10%	30.5	6.1%	1.7	1.4
Total	178	100%	497.9	100%	2.8	1.6

NB: the 'Others' category comprises retail private equity funds, funds of alternative hedge funds and employee investment funds holding listed and unlisted company shares.

Source: AMF

The concentration of outstandings

The chart below reveals the concentration of a majority of gross managed assets among a limited number of management companies.



The top 30 entities, representing 5.1% of the number of investment management companies, manage 77.7% of total gross assets. Of these entities, 72% are subsidiaries of credit institutions, 21% are subsidiaries of insurance or mutual companies and 7% are entrepreneurial management companies. The bottom 488 management firms in terms of outstandings, making up 83% of Paris market participants, account for only 5.9% of assets. 73.4% of them are entrepreneurial management companies and share around €104.8 billion in assets, or an average €214.7 million per entity.

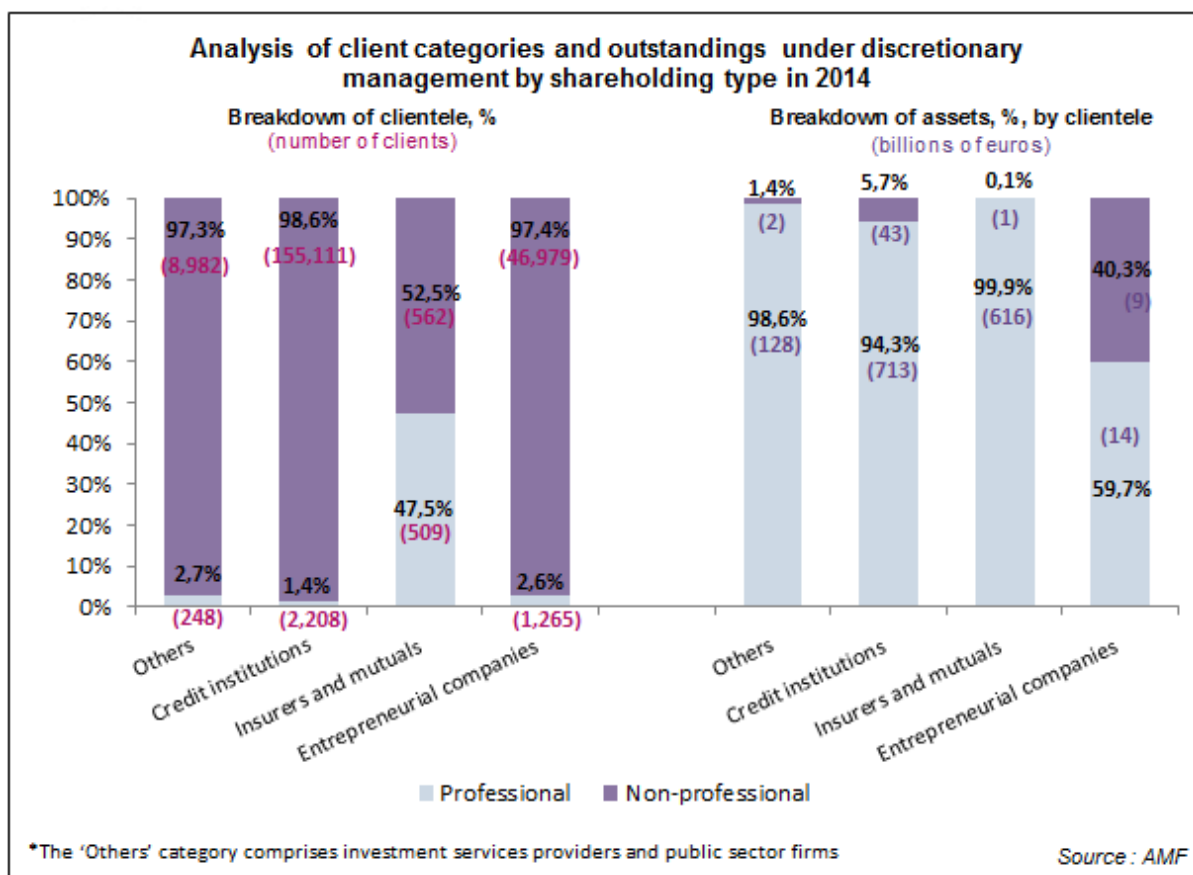
Spotlight on... discretionary portfolio management

Analyses based on type of shareholding makes it possible to highlight the structure of the individual portfolio management market, particularly in terms of market shares and clientele.

Generally speaking, and in terms of number, retail clients dominate in all shareholding types (between 97.3% and 98.6%), except among insurance and mutual companies. In these two cases the breakdown between the number of professional and non-professional clients is reasonably balanced.

Two types of market participants stand out in terms of the structure of their outstandings:

1. Insurance companies and mutuals, subsidiaries of credit institutions, investment services providers and public sector firms whose professional clients generally account for almost all their assets under discretionary management.
2. Entrepreneurial management companies, whose outstandings are split reasonably evenly between professional and non-professional clients.



In terms of market share, subsidiaries of credit institutions and of insurance companies and mutuals dominate the discretionary management market for professional clients (48.5% and 41.9%, respectively). These management firms benefit greatly from intra-group clients: a significant proportion of banking and insurance group assets is consigned directly to their own asset management companies. Subsidiaries of credit institutions also have this advantage among retail clients, hence their almost 78.1% share of the discretionary retail market. Entrepreneurial management firms are in second place (16.4%), targeting mid- to high-end clients through niche strategies (i.e. other than benchmarked management).

Discretionary unit-linked management

Between 2011 and 2014, the market for discretionary strategies based on arbitrage between units⁴ increased every year to €13.9 billion. Since 2011, €7.2 billion has been added to outstandings of discretionary unit-linked management (up 108.5%). Life insurance has gained from transfers out of Livret A accounts, where interest dropped to 1% on 1 August 2014, and from new subscriptions following the go-ahead by the government in its 2013 supplementary finance bill to two new life insurance policy types ("euro-growth"⁵ and "life-generation"⁶).

⁴ An investment management company is deemed to be in the business of discretionary unit-linked management "when subscribers to a unit-linked life insurance policy "entrust the asset management company, via mandate, the option, depending on the trade-offs, to modify on a discretionary basis, in their name and on their behalf the units which were initially selected", cf. AMF Position-Recommendation DOC-2012-19.

⁵ "Euro-growth" is a policy based on the way diversified funds work and combines a euro fund and units. Assets are used to finance the financing of the French economy and guarantee principal only after an 8-year minimum investment period.

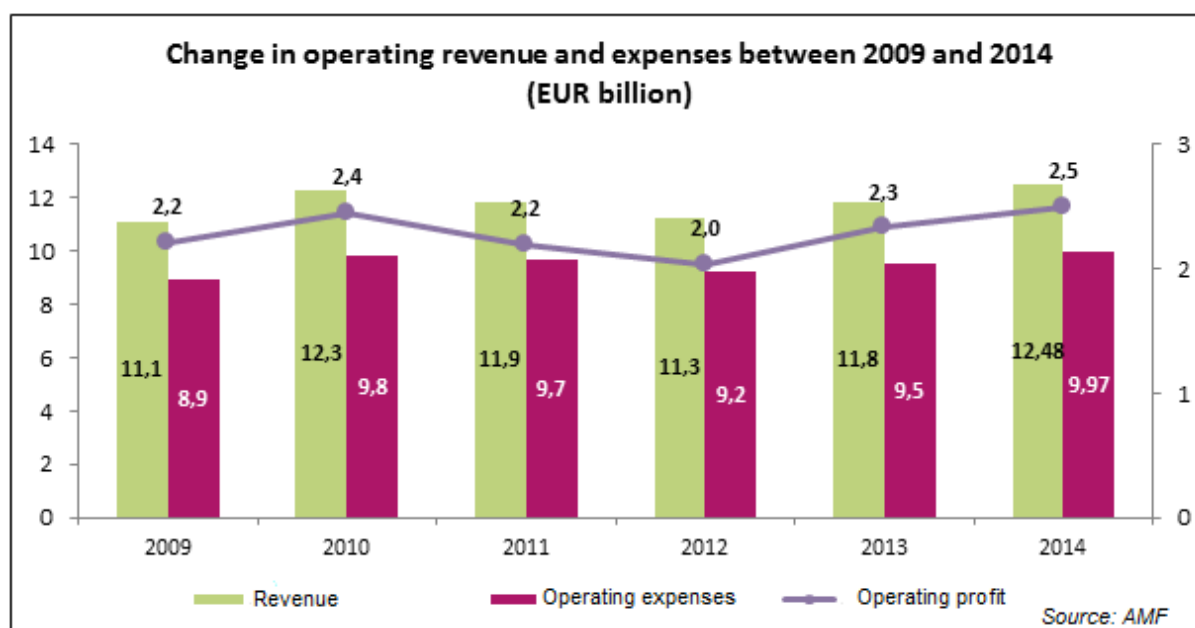
⁶ "Life generation" is a unit-linked policy in which at least a third of outstandings are invested in SMEs, industrial agencies, housing and/or social businesses. Capital transferred to inheritors in the event of the subscriber's death benefit from a 20% tax rebate.

Management company financial data and profitability

French asset management industry turnover rose once again in 2014. Higher operating revenue offset the more moderate increase in operating expenses, resulting in operating profit of EUR 2.5 billion. Overall operating margin in the sector rose to 20.1%. Asset management companies therefore appear to be on sounder financial footing than in the past. This report presents an overview of firms' financial data and profitability in 2014.

Higher operating profit in 2014

Asset management companies' turnover was EUR 12,477 million at end-2014, representing a EUR 639 million increase (up 5.4%) from end-2013. Expenses rose 4.9% to EUR 9,975 million. Operating profit rose 7.4% year on year to EUR 2.5 billion on the back of the combined change in operating revenue and expenses.



A closer analysis of the change in operating revenue and expenses highlights the various items that contributed to turnover growth in 2014. Given the significant increase in assets under investment management, the fees generated by this business accounted for 43.1% of the rise in operating revenue. However, these fees (up 3.1%) grew at a much slower pace than assets under investment management (up 23.7%, or 10.5% adjusted for the contribution from securitisation).

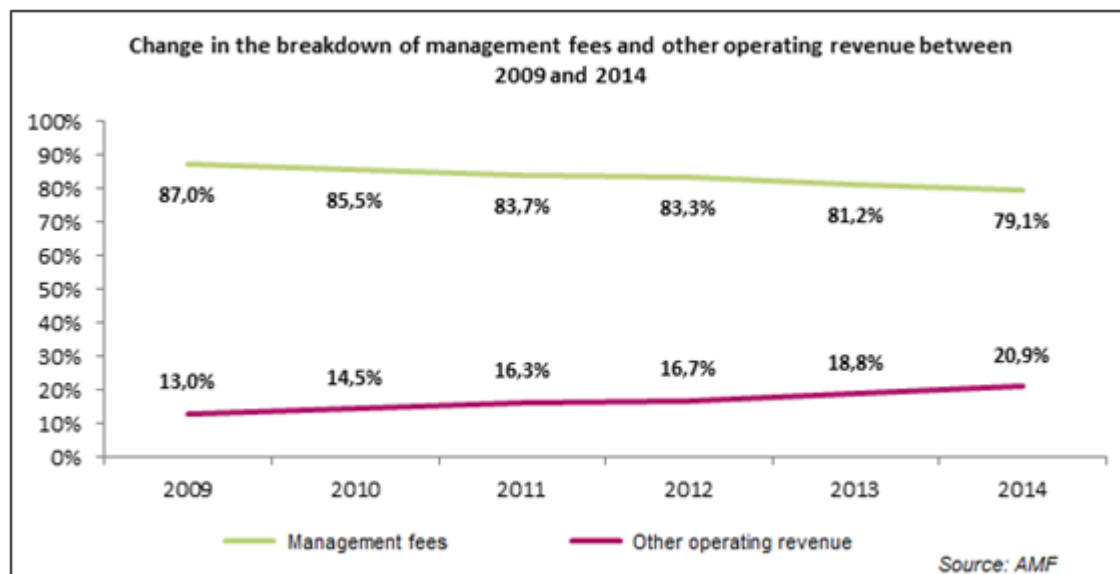
Ancillary revenue, incidental revenue and other revenue also boosted operating revenue over the same period, rising by 21.3%, 19.6%, and 18.3%, respectively. Conversely, discretionary management fees contributed negatively to growth (down 2.2%⁷), having decreased from EUR 792.6 million to EUR 778.7 million between 2013 and 2014 despite the EUR 109 billion increase in assets under discretionary management compared with 2013.

⁷ Rate obtained by taking the ratio between the 2013-2014 change in discretionary management fees and the change in operating revenue.

Breakdown of operating revenue

Management fees account for the largest share

In six years, the proportion of management fees within total operating revenue has fallen by 7.9 percentage points. The trend nevertheless remains in place: fees — 92% of which were from investment management and 8% from discretionary management — continued to represent the largest share of asset management companies' operating revenue in 2014 (79.1%).



The change in management fees was a reflection of the client base, product mix, asset volumes and asset classes of the funds under management. But the fee rate (excluding performance fees) also varied by ownership structure.

Investment management fees represented 72.9% of firms' operating revenue. In collective management, firms such as subsidiaries of credit institutions and insurance and mutual companies indicated relatively low fee rates (excluding performance fees) of 0.38% and 0.43%, respectively. Entities with ties to subsidiaries of credit institutions accounted for 60.3% of assets, which generated 51.6% of all investment management fees.

Furthermore, boutique investment firms and investment services providers charged higher fee rates (1.39% and 0.77%, respectively). Management companies owned by natural persons thus held 6.6% of gross assets under management but accounted for 29.9% of investment management fees. This can reasonably be attributed to the nature of the assets managed by these management companies.

In 2014, discretionary management fees accounted for 6.2% of total operating revenue, a 0.3-percentage-point decrease relative to 2013.

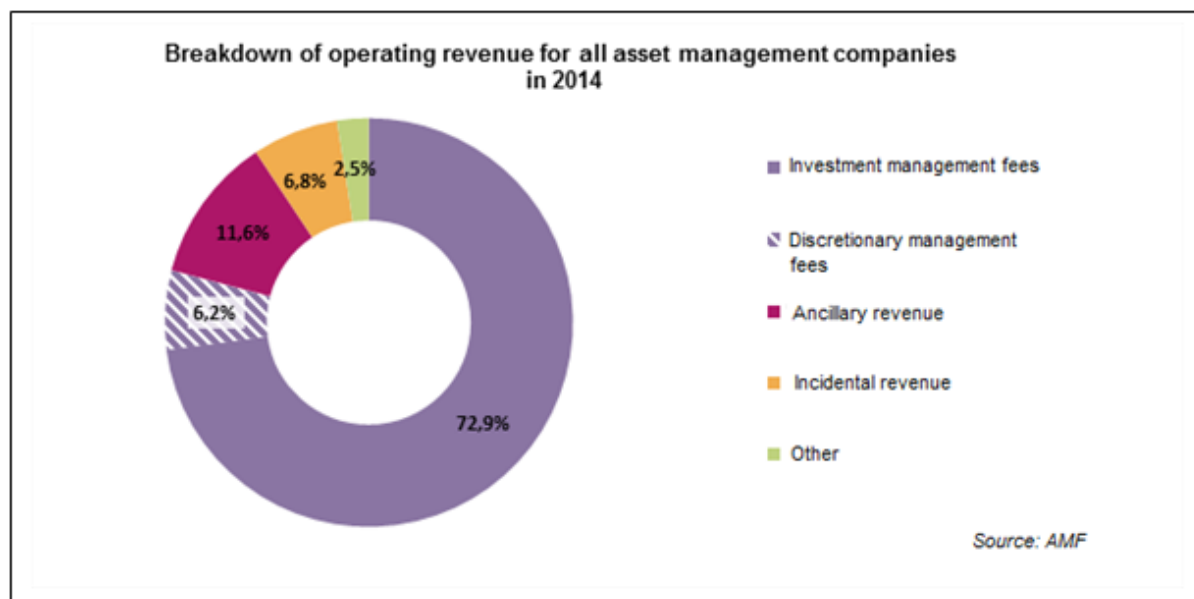
The fee rates (excluding performance fees) for discretionary management charged by insurance and mutual company subsidiaries and credit institutions (0.05% and 0.04%, respectively) have been stable over time and are far below those of boutique management companies (0.21%) and investment services providers (0.4%). The return differential has nonetheless tended to narrow since 2012.

Boutique firms are generally small in size and provide highly personalised private management and a product mix that offers higher returns than that of insurance and mutual companies and subsidiaries of credit institutions. The assets managed by the latter consist primarily of the general assets of their shareholder, and they generally charge lower rates but on very large amounts.

Fee rates for discretionary management by ownership structure between 2011 and 2014

	2011	2012	2013	2014
Natural persons and other	0.54%	0.50%	0.52%	0.40%
Investment services providers	0.39%	0.39%	0.26%	0.21%
Insurance and mutual companies	0.05%	0.06%	0.05%	0.05%
Credit institutions	0.06%	0.05%	0.05%	0.04%
Companies governed by public law	0.02%	0.01%	0.02%	0.01%

Source: AMF



The balance of the operating revenue is split between ancillary revenue⁸ (11.6%), incidental revenue⁹ (6.8%) and other revenue¹⁰ (2.5%).

Entre 2009 et 2014, le montant des produits annexes a plus que doublé pour passer de 409 millions d'euros à 852 millions d'euros. En termes de croissance, c'est la hausse la plus importante tous produits confondus (+108,3% par rapport à 2009), essentiellement portée par les filiales d'établissement de crédit et les sociétés de gestion entrepreneuriales.

En 2014, les produits annexes sont majoritairement générés par les produits liés à l'activité de conseil en investissement (38,2%), de commercialisation d'organismes de placement collectif (OPC) (26,3%) et les autres produits non liés à l'activité de portefeuille (27,3%). La répartition des postes des produits annexes permet de souligner des contributions au chiffre d'affaires et une spécialisation par actionnariat différentes. Les sociétés de gestion de portefeuille de type entrepreneurial génèrent 53,8% de l'ensemble des produits annexes en 2014 et sont spécialisées dans le conseil en investissement puisqu'ils concentrent 73% des produits liés à cette activité (soit 233 millions d'euros), ce qui représente 6,2% de leurs produits d'exploitation. Les filiales d'établissement de crédit, qui concentrent 34,6% des produits annexes, privilégient un positionnement sur l'activité de commercialisation d'OPC, qui représente 39% de leurs produits considérés comme annexes (soit 115 millions d'euros).

⁸ This consists of collective investment scheme turnover fees, subscription and redemption fees charged, and trailer fees on collective investment schemes (fees that the management company charges in the course of its business, when its clients' portfolios are invested in collective investment schemes managed by another company).

⁹ This includes fees charged for activities relating to advisory services, marketing of collective investment schemes, order receipt and transmission, management of unit-linked arbitrage mandates and venture capital funds.

¹⁰ Other revenue consists of provision reversals, expense transfers and operating subsidies.

A rise in ancillary revenue from the asset management business

The ratio of the main fees charged, excluding management fees (which are turnover fees and trailer fees on collective investment schemes), to asset management companies' turnover has risen in the last two years but these fees remain fairly insignificant relative to asset management companies' revenues. After a post-crisis decrease between 2010 and 2012, this ratio regained 0.9 percentage point between 2012 and 2014 to reach 6.8% of asset management industry turnover. This is true for both turnover fees and trailer fees on collective investment schemes, which grew at a much faster pace than sector turnover (up 10.8% from 2012), at 27% and 33%, respectively, between 2012 and 2014.

Breakdown of fees charged excluding management fees by ownership structure in 2014

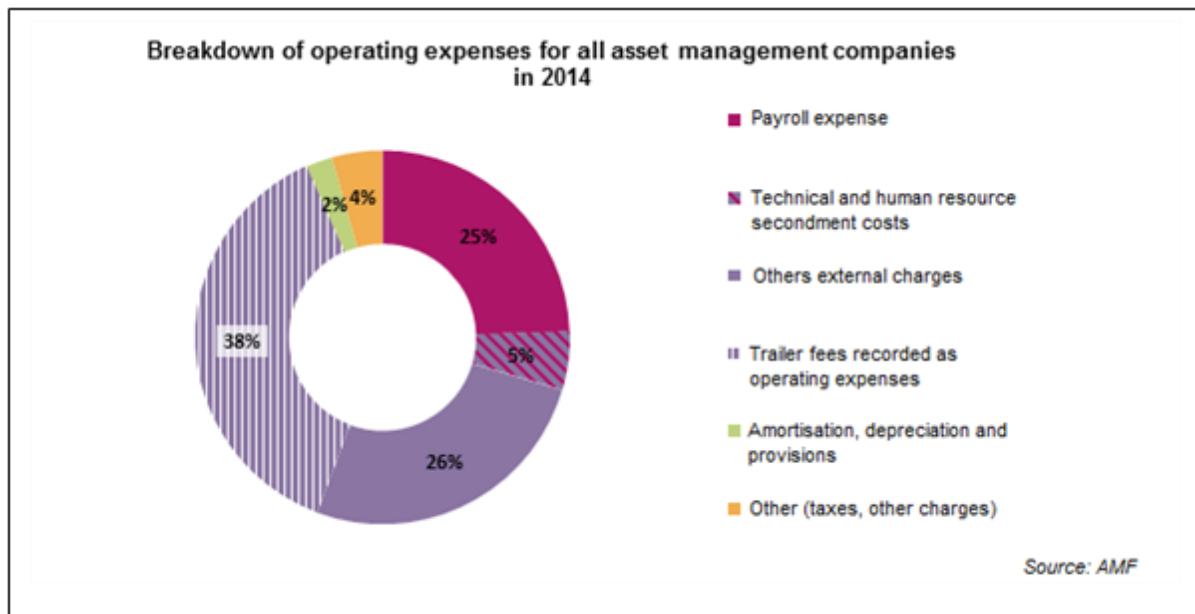
(EUR million)	Natural persons	Credit institutions	Insurance and mutual companies	Other	Total
Share of turnover fees	231.3	273.6	31.5	24.2	560.6
Share of UCITS/AIF subscription and redemption fees	91.9	106.4	14.1	56.4	268.8
Share of UCITS/AIF trailer fees	15.7	251.7	26.3	2.8	296.5
Other ancillary revenue related to the asset management business	80.6	152.4	66.4	16.5	315.9
Total ancillary revenue	419.4	784.1	138.3	99.8	1,441.8

Source: AMF

Change in operating expenses in the asset management sector

The composition of operating expenses has remained stable

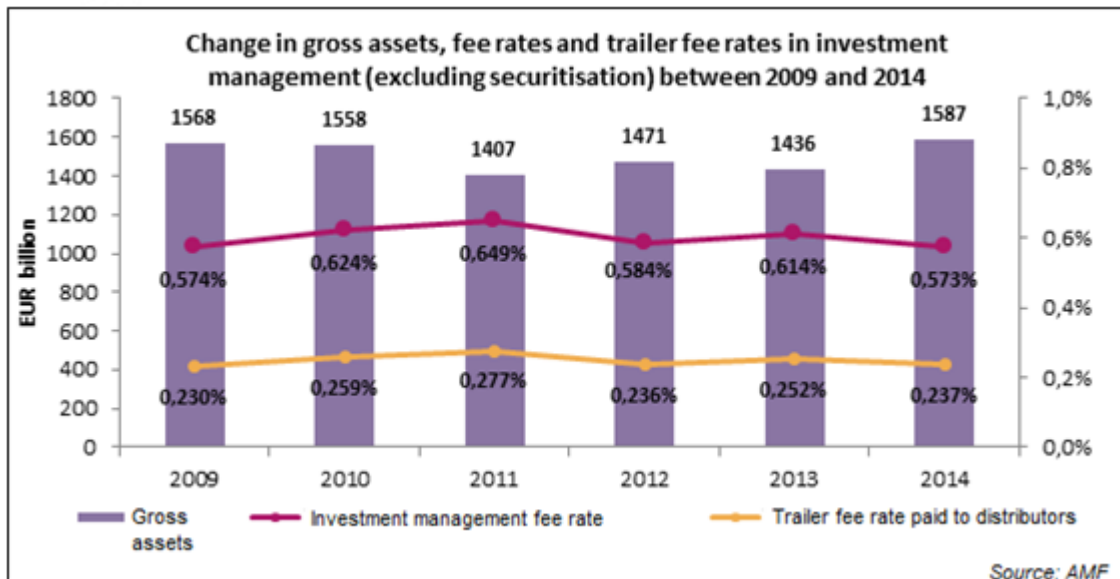
The breakdown of operating expense items in 2014 was similar to the trend in previous years and remained stable.



In 2014, operating expenses rose 4.9% year on year to EUR 9,975 million. This increase reflected an across-the-board rise in expense items. The largest contributors to higher operating expenses were external charges (56.7%), chiefly trailer fees recorded as operating expenses (29.6%), and payroll expense (34.5%). Payroll expense accounted for an additional percentage point in the breakdown of expense items. This can reasonably be attributed to the sector's growing workforce (up 3.2% from 2013) and the overall rise in team compensation (up 4.5%), in particular for companies that managed more than EUR 1 billion in assets in 2014 (up 7%), as well as to the inclusion of real estate investment companies (SCPIs) and securitisation vehicle management companies. Within external charges, technical and human resource secondment costs rose at the fastest pace (up 10.5% year on year). This increase can be attributed to the growth in staff available intragroup (up 3.2% year on year).

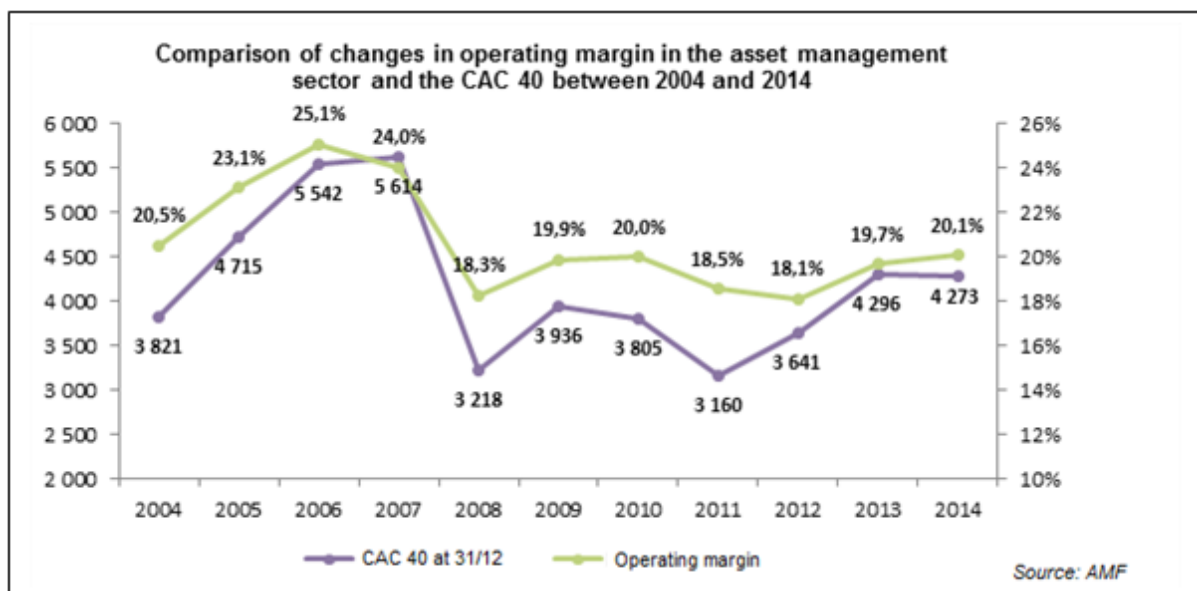
Trailer fees paid to distributors of investment management vehicles

The change in the investment management trailer fee rate should be viewed in the context of the fee rate. This comparison makes it possible to assess a significant proportion of turnover. Since 2011, the amount of trailer fees relative to assets under investment management has trended down. However, the spread between the two rates has narrowed, notably in 2014, and in relative terms is in line with the spread in 2009.



Higher profitability coupled with asset management companies' greater financial strength

The chart below illustrates the change in the overall operating margin¹¹ of Paris financial centre firms. In 2014, Paris financial centre operating margin began to rise (up 0.4 percentage point) and ended the year at 20.1%. Growth in turnover (up 5.4%) offset the slower rise in operating expenses (up 4.9%).



Profitability varies based on the fund manager's ownership interest. On average, insurance and mutual companies (18.3%) and management companies that are subsidiaries of credit institutions (18.1%) outstripped companies owned by natural persons (11.1%), companies governed by public law (8.1%) and investment services providers (3.8%).

¹¹ The operating margin (or profitability) of asset management companies is calculated as the ratio of operating profit to revenue.

However, the average does not, in and of itself, reflect profitability by type of ownership structure. For example, there are wide variations in the sample of the profitability of entities owned by natural persons. While 10% of them have a margin of less than -13.5% — due primarily to difficulties in raising significant assets — 40% have a margin of more than 17.8%.

Profitability of management companies by ownership structure and decile

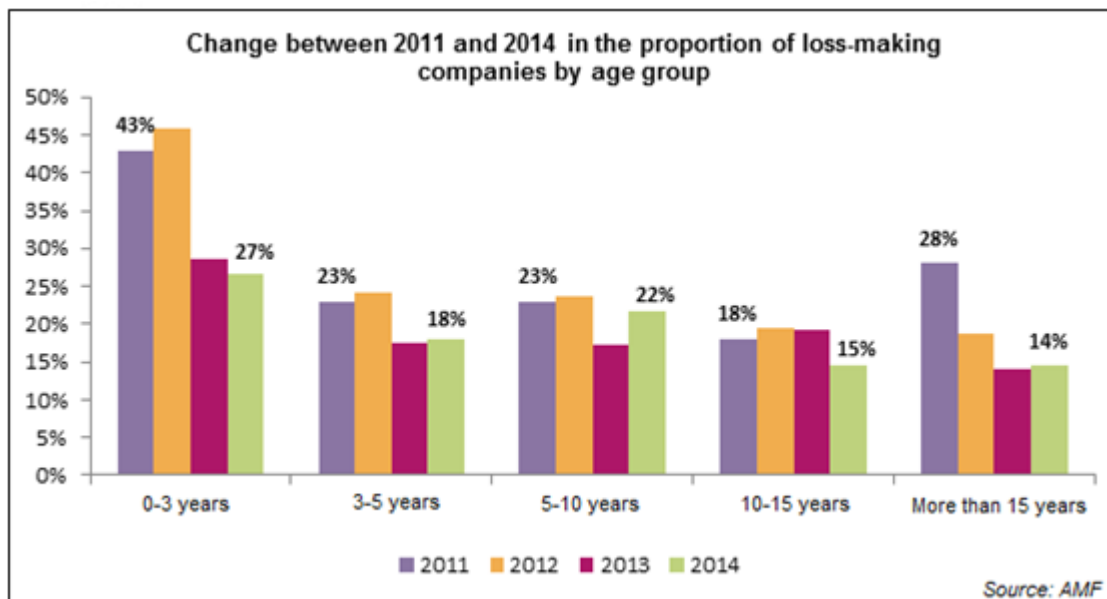
	Insurance and mutual companies	Credit institutions	Public institutions	Natural persons	Investment services providers	Total
9th decile	37.4%(*)	46.2%	29.0%	45.2%	30.2%	43.7%
8th decile	31.1%	36.1%	22.3%	31.3%	21.3%	31.8%
7th decile	25.9%	30.0%	16.8%	24.1%	11.6%	24.3%
6th decile	17.4%	23.7%	14.0%	17.8%	9.4%	18.4%
5th decile	16.1%	19.0%	11.4%	13.1%	7.9%	13.6%
4th decile	13.5%	15.3%	8.9%	9.1%	4.1%	9.5%
3rd decile	10.0%	9.3%	2.7%	5.3%	3.0%	5.6%
2nd decile	8.3%	3.6%	-3.4%	0.2%	0.0%	1.0%
1st decile	4.0%	-2.7%	-8.1%	-13.5%	-9.9%	-9.5%

Source: AMF

(*) For example, this data point can be understood as follows: 10% (or 90%) of insurance and mutual companies have an operating margin of more than (or less than) 37.4%.

In general, companies with a negative margin are small entities having difficulty raising assets or starting up their business. A number of medium-sized companies are nevertheless represented, as their heavy operating cost structure shrinks their margins.

The financial strength of asset management companies is also improving. The share of companies reporting an operating loss fell by 6.8 percentage points, from 25.3% to 18.5%, between 2011 and 2014. While one might have expected the most troubled firms in the sector to have fallen victim to the financial crisis — which would have automatically reduced the number of loss-making management companies — the growing number of new firms (a 23.1% rise in authorisations issued relative to 2011) should not be overlooked. The combination of the market recovery and the AMF's heightened attention to the soundness of the business plans of first-time recipients of authorisations has further reduced the rate of newly authorised management companies reporting an operating loss (down 2 percentage points from 2013). This rate was 27% at the end of 2014; boutique management companies continued to be overrepresented within this category (80%).



An analysis by asset management company ownership structure points to sharp differences by firm. Almost three out of four (72.5%) loss-making management companies are boutique firms, 11.3% are subsidiaries of credit institutions, and 9.2% are investment services providers.

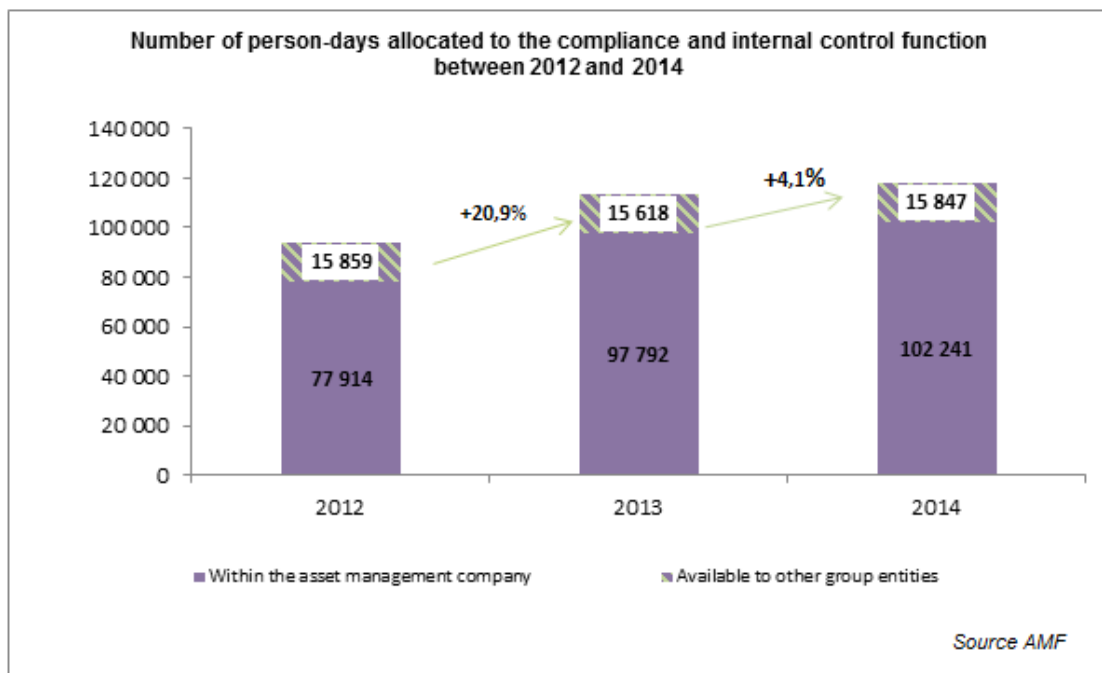
Additionally, the number of management companies with financial debt decreased from 217 to 207 between 2012 and 2014. At the same time, the total amount of financial debt fell by 33.7% to EUR 216 million relative to 2012.

Control systems in asset management companies

The French asset management industry strengthened its control systems in 2014. The number of person-days allocated to the compliance and internal control function increased from 93,773 to 118,088 between 2012 and 2014 (up 25.9%). The level at which asset management companies outsourced their permanent control function was 55%; for the periodic control function, this figure was 79%. This report examines the organisation of the control systems in place at these firms in 2014.

More staff dedicated to the compliance and internal control function

At 31 December 2014, the number of person-days dedicated to the compliance and internal control function was 118,088, up 4.1% from 2013.



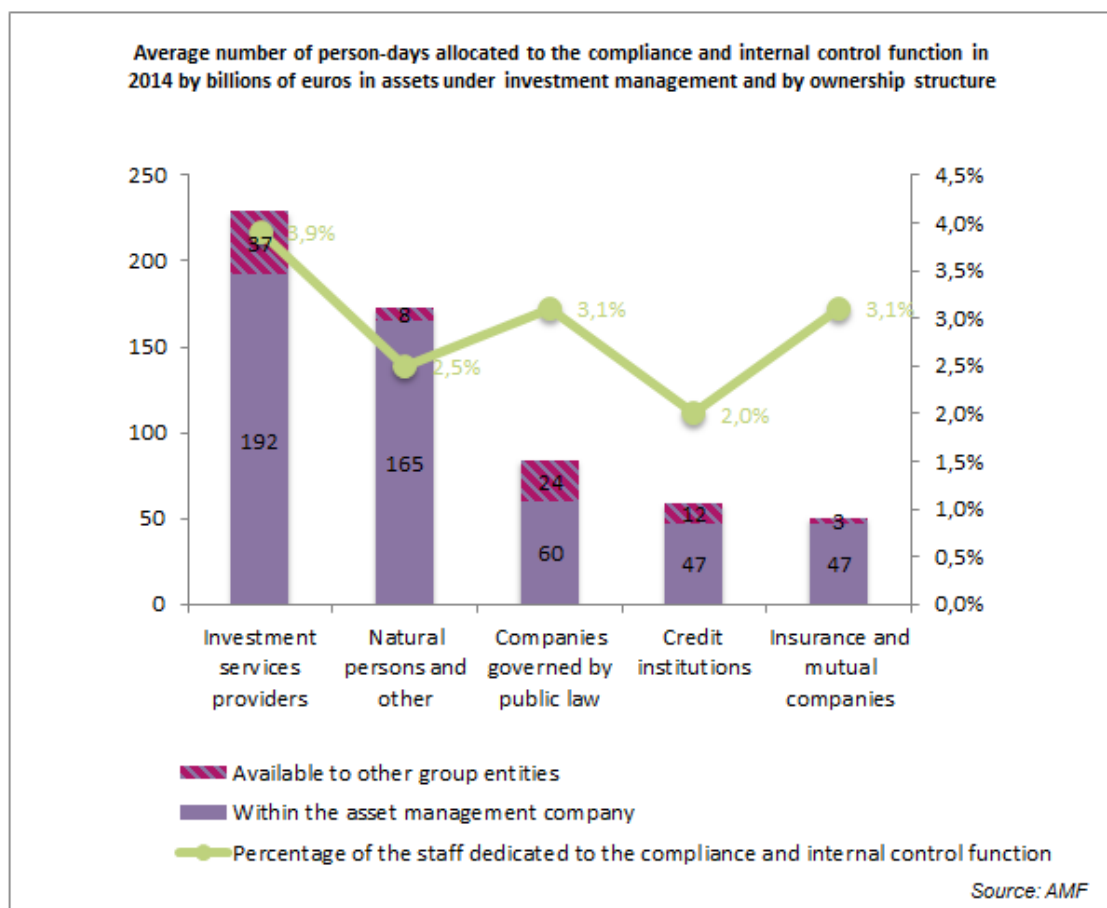
This growth was driven largely by the increase in compliance and internal control staff within management companies, as well as by the resources asset management companies made available to other parent group entities¹². The number of person-days made available by asset management companies to other group entities for the compliance and control function remained fairly stable over the three-year period.

The rise in the number of person-days allocated to the compliance and internal control function stems in part from the natural rise in the number of asset management companies created and,

¹² Some asset management companies make staff available to other group entities to fulfil the compliance and internal control function. Most of these companies are subsidiaries of credit institutions (77.2%).

consequently, the broadened scope of the study¹³. It also reflects the implementation of a series of directives designed to strengthen the financial system following the subprime crisis.

A closer analysis of the compliance and internal control function reveals that the number of person-days allocated varies by ownership structure. However, the percentage of staff dedicated to the compliance and internal control functions remained relatively similar for all asset management companies, regardless of ownership structure.



On average, management companies that are subsidiaries of investment services providers and boutique management companies allocated more person-days to the compliance and internal control function by billions of euros in assets under management (averaging 229 and 173 person-days, respectively, in 2014).

Companies that are subsidiaries of credit institutions and of insurance and mutual companies allocated fewer person-days by billions of euros in assets under management (averaging 59 and 50 person-days, respectively). These companies are generally large firms, both in terms of number of accounts and volume of assets under management (87.2% of assets in 2014) and with respect to staff (on average 72 and 67 people, respectively, in 2014 per company). This means they benefit from economies of scale in managing their compliance and internal control needs and can optimise their human and technical resources, for example, with regard to their information systems.

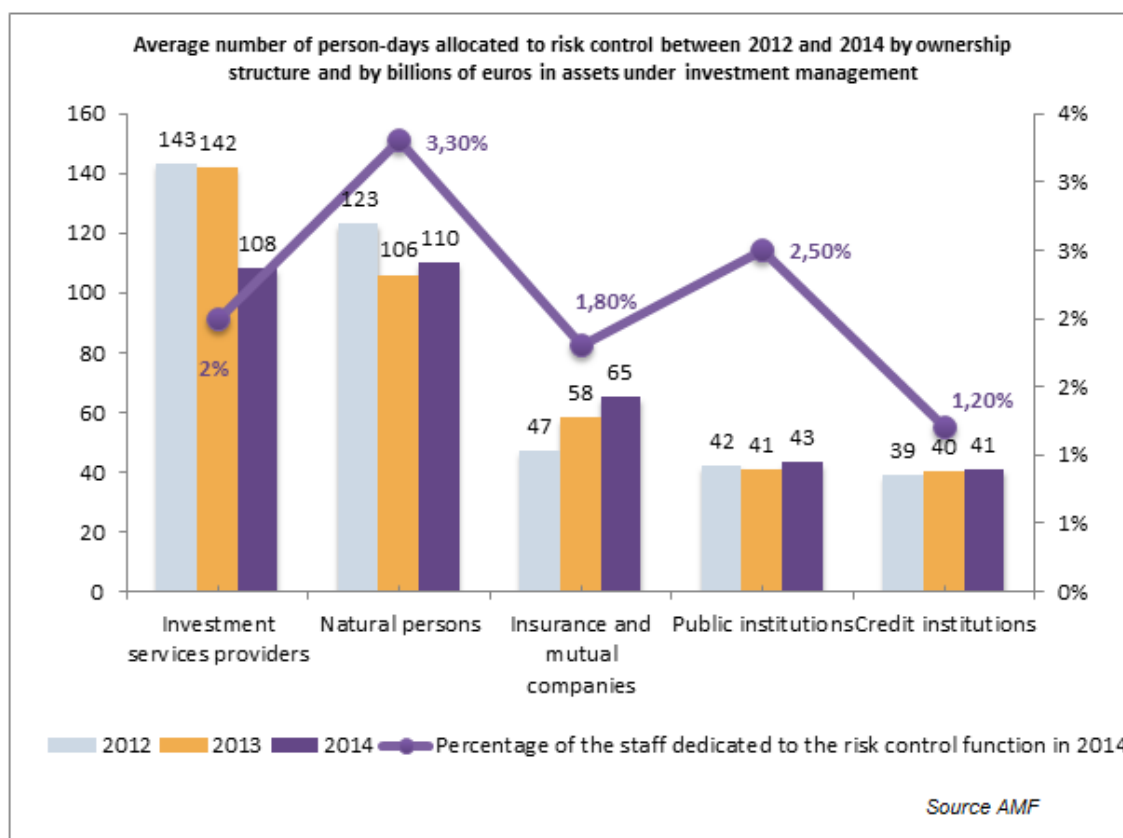
These differences in person-days allocated to the compliance and control function by ownership structure should, however, be put into perspective. In fact, the percentage of staff dedicated to the compliance and internal control functions remained relatively similar for all asset management companies, regardless of ownership structure.

¹³ The scope of the study is not constant over time; it varies according to the number of existing companies minus companies whose authorisation is being withdrawn and/or that are in liquidation, companies created during the year, and companies acquired by another asset management company during the year. The scope included 578 companies in 2012, 571 in 2013, and 588 in 2014.

All asset management companies have bolstered their risk control

Asset management companies maintain a risk control function in order to formalise “all procedures enabling the investment manager to assess exposure to market, liquidity, counterparty and operational risks for each collective investment scheme or managed portfolio¹⁴”. In 2014, the number of person-days allocated to risk control rose by 9.2% from 2013 to 78,978.

How the risk control function is fulfilled and the time dedicated to this function by billions of euros in assets under management vary by ownership structure.



All asset management companies have shored up their risk control function. The average number of person-days allocated to risk control at asset management companies, regardless of ownership structure, increased between 2012 and 2014. The size of the company, the nature and complexity of the activities carried out, and the regulatory aspect are the main underlying factors. For EUR 1 billion in assets under management, management companies owned by natural persons and investment services providers dedicated on average 110 and 108 person-days to risk control, while subsidiaries of credit institutions and insurance and mutual companies allocated 41 and 65, respectively.

Moreover, 23.6% of asset management companies are required to maintain a permanent function independent of risk management due to the nature and complexity of their business¹⁵. Within this group, 60.4% use the value-at-risk¹⁶ method to calculate a broad measure of risk exposure, although

¹⁴ Articles 2.1.1. and 2.1.2. of AMF position-recommendation DOC-2014-06 – Guide to arranging risk management systems in asset management companies.

¹⁵ Article 3.2.6.2. of AMF position-recommendation DOC-2012-19 – Programme of operations guide for asset management companies and self-managed collective investments.

¹⁶ Value at risk (VaR) is a composite indicator that estimates the maximum potential loss a portfolio could incur for a given time frame and a given probability.

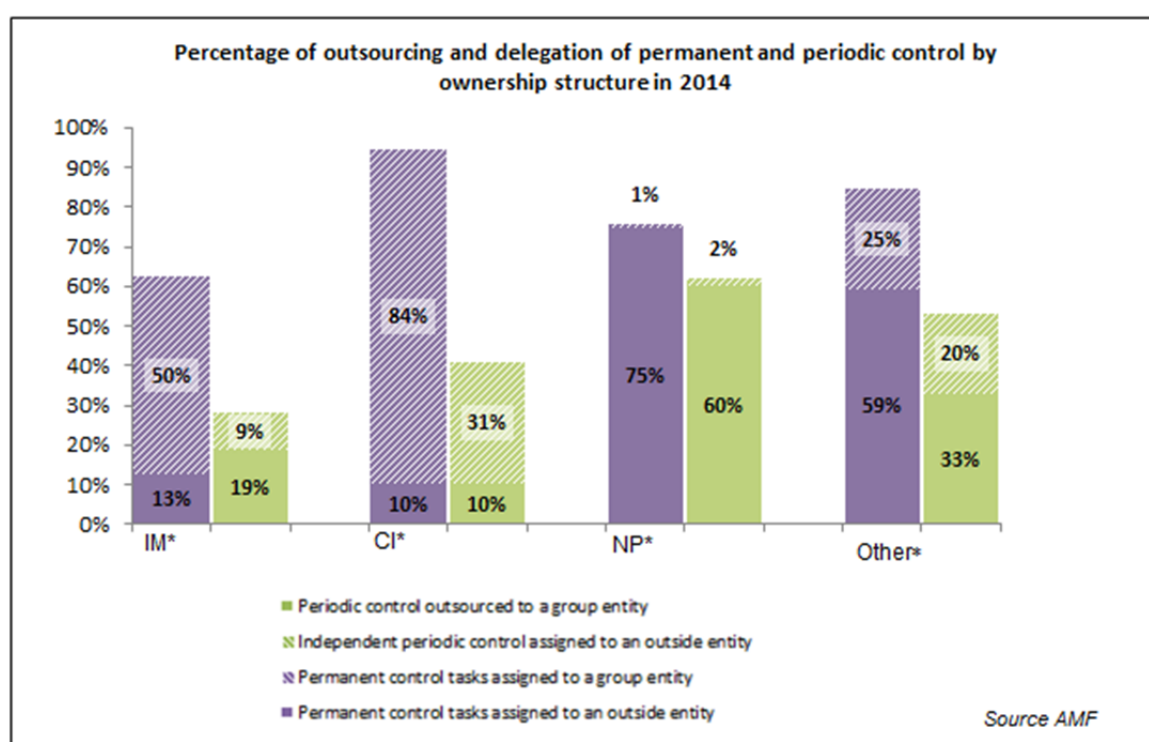
this practice has become less common (64% in 2013 and 65% in 2012). In 2014, of the 84 firms that used the VaR method, 45.2% were boutique management companies, 36.9% were management companies that are subsidiaries of credit institutions, 11.9% had ties to an insurance or mutual company, and 6% were investment services providers.

The outsourcing and delegation of permanent and periodic control are correlated to AUM

When an asset management company or, more broadly, its parent group “does not reasonably have the financial resources to assign a person to the compliance function”¹⁷ and the position of compliance officer can only be assigned to a senior manager, then the asset management company must outsource its compliance and internal control tasks. The main reasons for outsourcing and delegation are therefore the size of the asset management company, the nature of its business, and the complexity of the strategy implemented and of the tools used to further this strategy.

In 2014, 55% of asset management companies outsourced tasks related to the permanent control function (19% of which were delegated to an entity in their group) and 79% of French asset management industry actors outsourced their periodic control function tasks (27% of which were delegated to an entity in their group).

An analysis of outsourcing, delegation of permanent and periodic control and the proportion of senior manager compliance officers by ownership structure shows the different ways the control system can be organised.



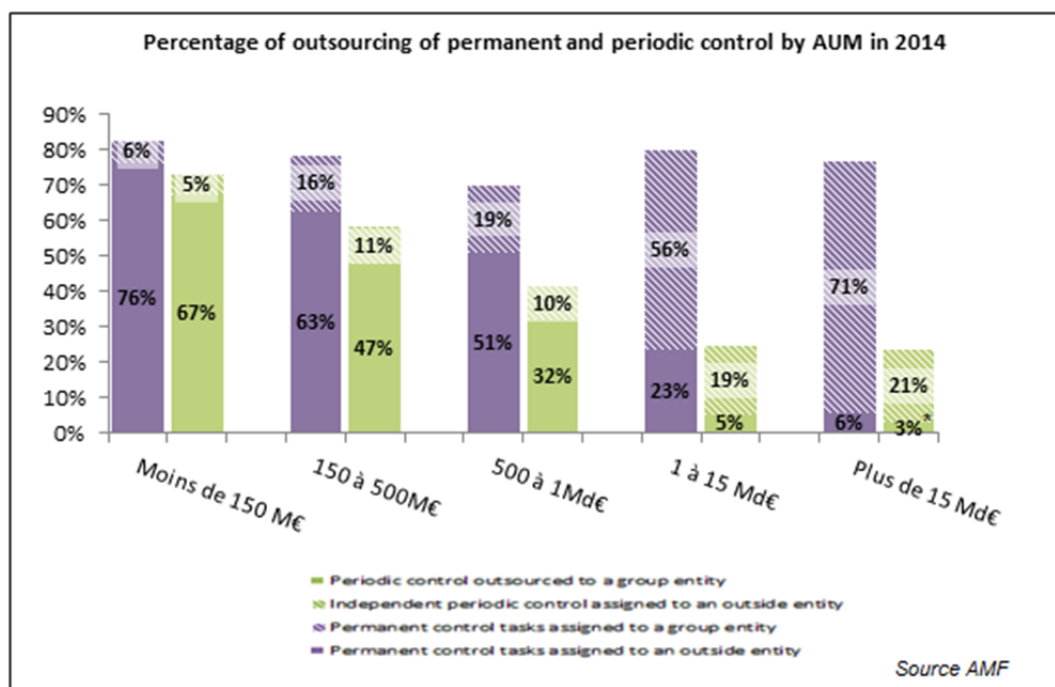
*IM: insurance and mutual companies; CI: credit institutions; NP: natural persons; Other: investment services providers and companies governed by public law.

The proportion of management companies reporting at least one senior manager who holds the professional licence for compliance officers rose by 4.6 percentage points between 2012 and 2014 to stand at 48.3% across all asset management companies. This trend reflects the rising number of boutique management companies among Paris financial centre participants and points to an

¹⁷ Article 3.2.6.1. of AMF position-recommendation DOC-2012-19 – Programme of operations guide for asset management companies and self-managed collective investments.

organisational framework for the typical control system. These types of firms represented 80.6% of the increase in the number of asset management companies with at least one senior manager compliance officer between 2012 and 2014.

A majority of the boutique firms have at least one senior manager compliance officer (62.5% in 2014¹⁸). At these companies, the senior manager compliance officer generally performs operational duties in addition to his or her control duties. Compliance tasks are therefore outsourced and assigned to an external service provider or a parent group entity. However, asset management companies owned by natural persons do not typically belong to a group, are focused on the core business and therefore delegate some of their “support” functions, including control tasks, to an outside entity. This explains the very high rates of outsourcing of permanent and periodic control among these companies (61% and 75%, respectively).



* This is a special case, i.e., a former securitisation fund (*fonds commun de créances*) management company which pursued a passive management strategy and outsourced its second-level permanent control.

Conversely, almost all asset management companies that are subsidiaries of credit institutions have access to their group's internal audit teams, which can perform periodic (and, to a lesser extent, permanent) control tasks. Accordingly, 84% of these companies delegate the operational aspects of these tasks to other group entities (31% for permanent control tasks). When the principle of proportionality applies, requiring a periodic control function that is separate and independent of the other functions, asset management companies that are subsidiaries of credit institutions outsource this function. In 2014, 10% of management companies belonging to a credit institution outsourced periodic control and 12% outsourced permanent control.

There is a significant positive correlation between the level of assets under management and the rate of delegation of permanent and periodic control to a parent group entity. This is because most asset management companies with more than EUR 1 billion in assets under management are tied to a group, making it possible to delegate these controls to other group entities.

A negative correlation was observed between the level of assets and the percentage of outsourcing of permanent and periodic control to an external service provider. Companies with substantial assets have more significant financial resources and insource the periodic and permanent control functions. This is less frequently the case for companies with less than EUR 150 million in assets. Of the latter, 67% outsource permanent control and 76% periodic control.

¹⁸ There was at least one senior manager compliance officer at 38.3% of investment services providers. This was also the case for 29.4% of companies governed by public law, 25% of insurance and mutual companies, and 12% of subsidiaries of credit institutions in 2014.

AIFM reporting data

To identify and monitor the risks borne by European asset management over time, the AIFM Directive introduced a new reporting requirement applicable to alternative investment fund managers (AIF).

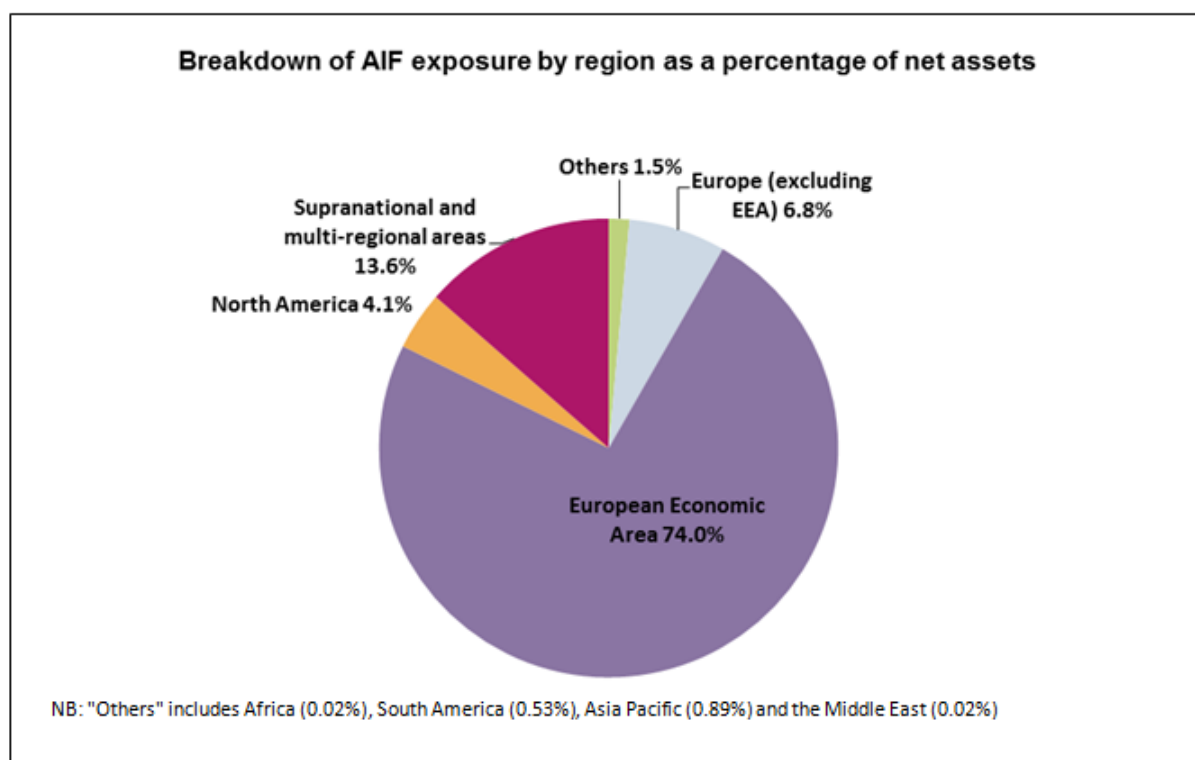
This reporting requirement seeks information on the composition and leverage of portfolios and on their exposure to the various market and counterparty risks and the composition of AIF liabilities. The size of the management companies, the vehicles involved and whether or not the leverage they use is deemed substantial, determine the reporting frequency - annual, six-monthly and / or quarterly.

The first reports were collected in 2014. With the most recent submission, for quarter 1, 2015, 3,800 AIFs under the quarterly report requirement, representing 640 billion euros, i.e. 90% of the assets of French AIFs, submitted information to the AMF.

A focus on some of the salient points from these reports (to March 2015) will be released with the next key figures.

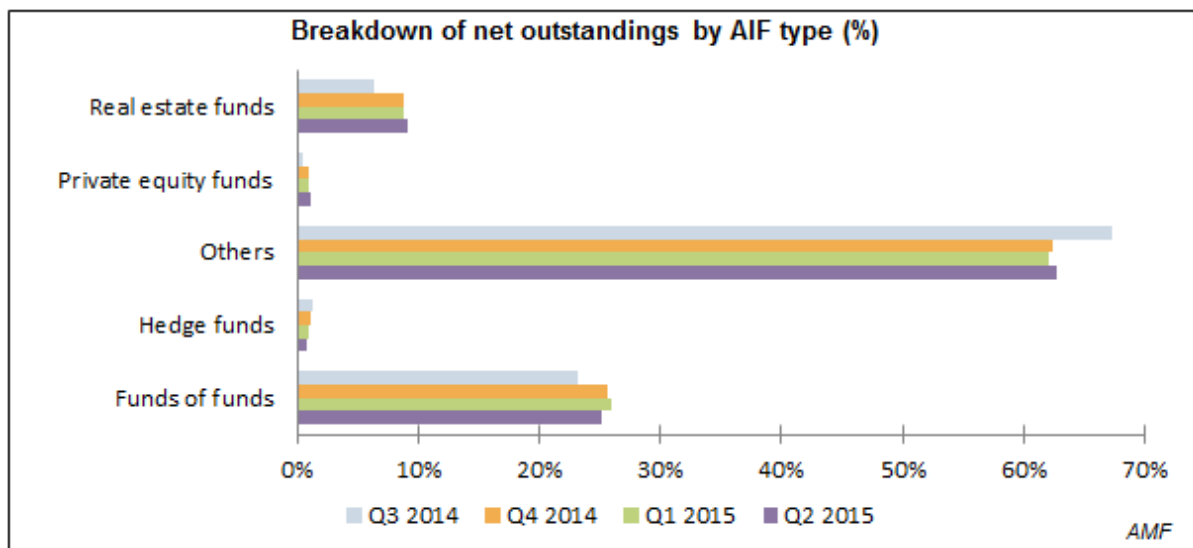
Breakdown of AIF exposure by region

Initial data from the AIFM quarterly report (as of 31 March 2015), show that alternative investment funds (AIF) managed by French managers invest primarily in the European Economic Area. This geographical area accounted for 74% of managed assets as on 31 March 2015. This distribution has hardly changed since the first reporting campaigns and to date no event has caused any massive reallocation of assets towards or away from any of these geographical areas.



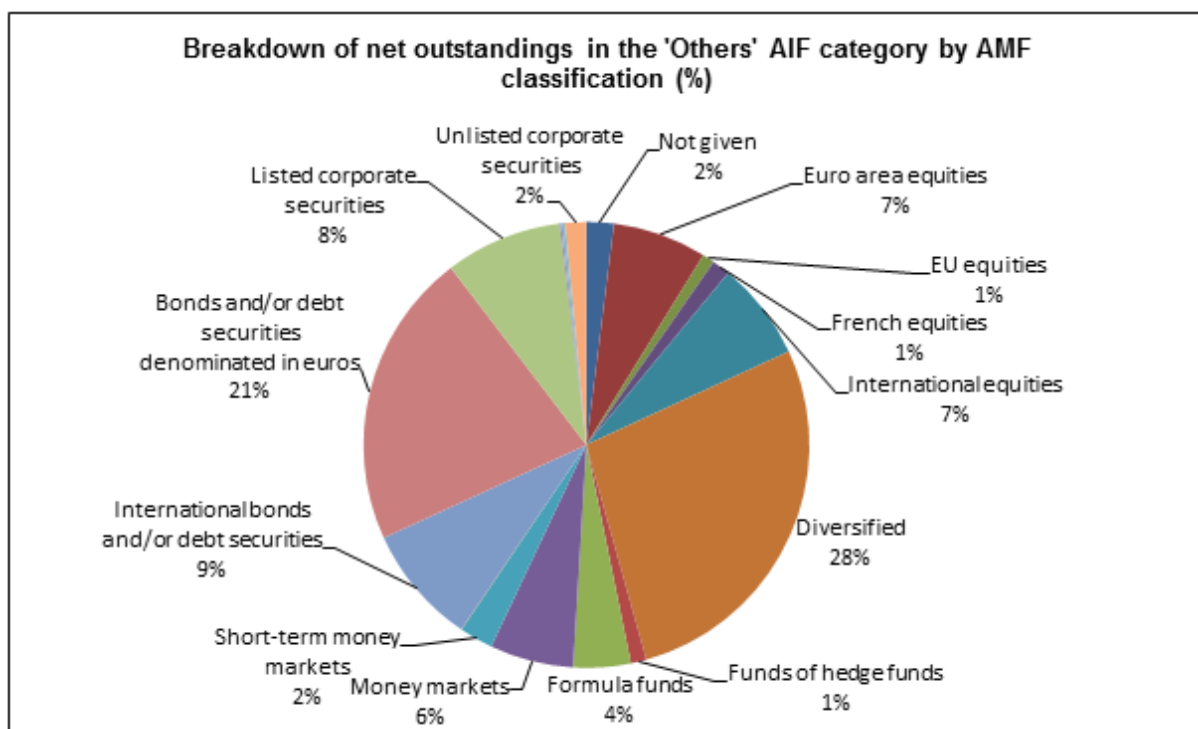
Breakdown of outstanding by AIF type

On the basis of data extracted from AIFM quarterly reports, which cover the vast majority of AIF outstandings, we note that AIFs declaring themselves as implementing hedge fund strategies make up a very small proportion of the French industry. In contrast, most funds declare that they do not belong to any of the categories on offer and are therefore 'Others'.



Source: AMF (from AIFM reports received October 2014 and January, April and July 2015).

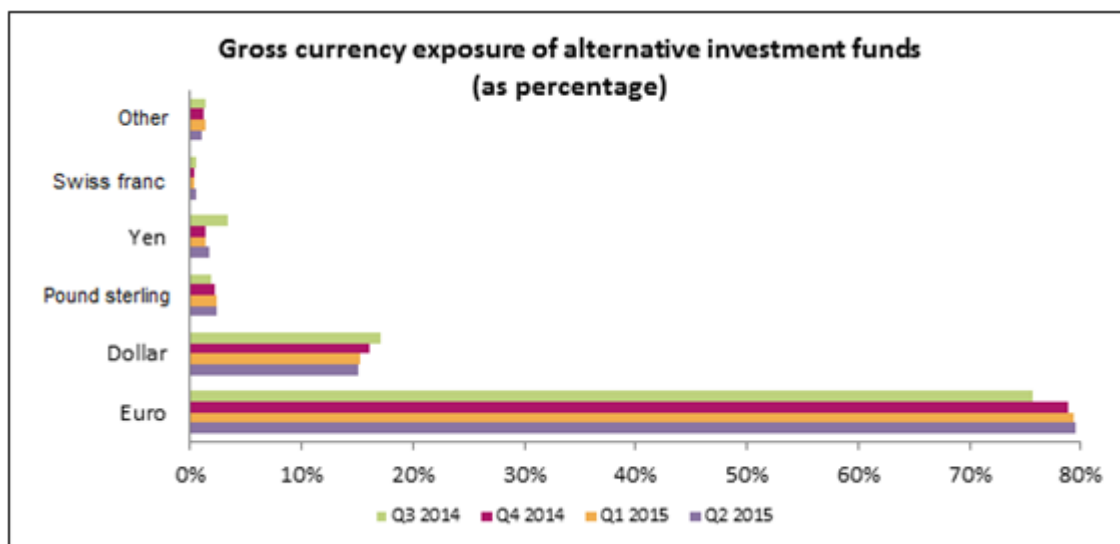
It is clearly important that the high proportion of funds designating themselves as 'Others' strongly biases any analysis. Relating these funds to their AMF classifications can add more definition to this category, however: around 20% of the funds concerned are employee saving schemes, for example, with the balance made up of funds implementing 'traditional' strategies similar to those applied in UCITS (money markets, fixed income, diversified, equities etc.).



Source: AMF (from AIFM reports received in July 2015).

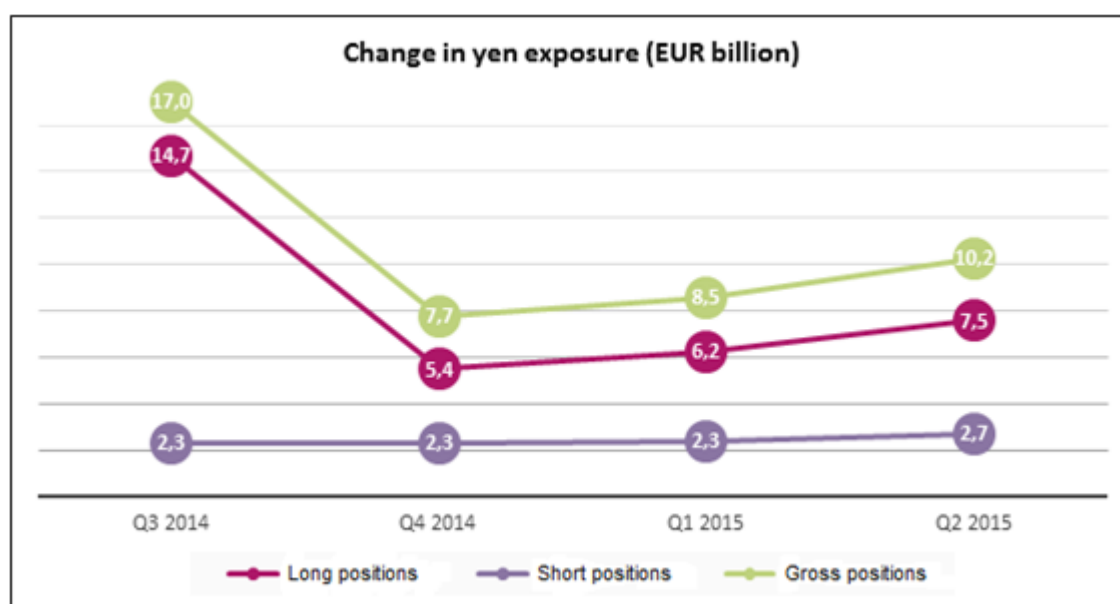
Currency exposure of AIF

The data from AIFM reporting highlights the lasting dominance of the European currency in European AIF portfolios.



Source: AIFM reports received by the AMF in October 2014 and in January, April and July 2015.

Despite this overall stability, each currency has recently fluctuated to varying degrees. When the data are extracted, they show a significant decline in AIFs' exposure to the Japanese currency in the last quarter of 2014. From about EUR 17 billion in assets in third-quarter 2014, yen exposure shrank to less than EUR 8 billion in the following quarter. The value of long positions fell precipitously, likely reflecting the sharp drop in the yen in the last quarter of 2014. As a reminder, the Japanese currency, which was trading at 135.9Y/€ on 15 October 2014, traded at 149.3Y/€ on 6 December 2014.

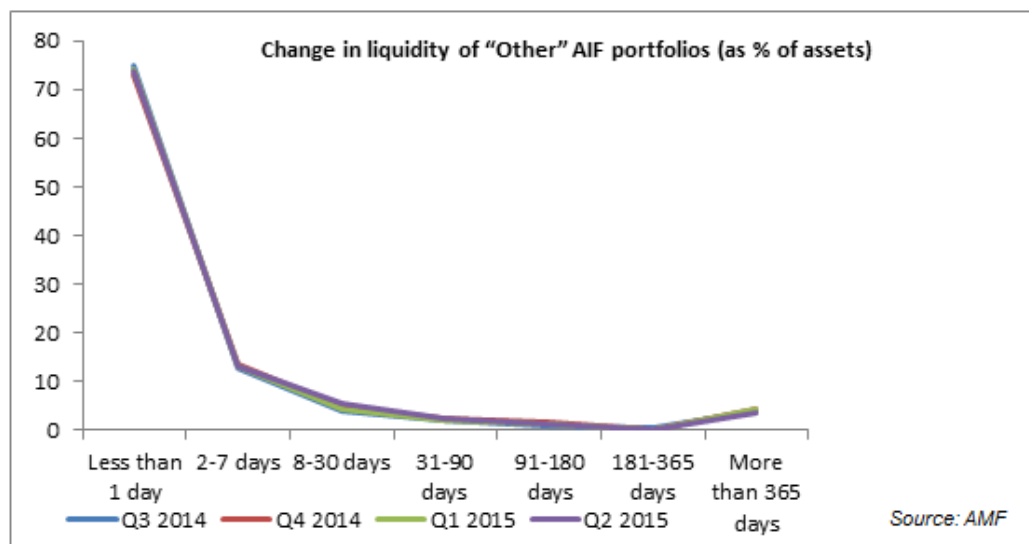


Source: AIFM reports received by the AMF in October 2014 and in January, April and July 2015.

Change in liquidity of AIF portfolios

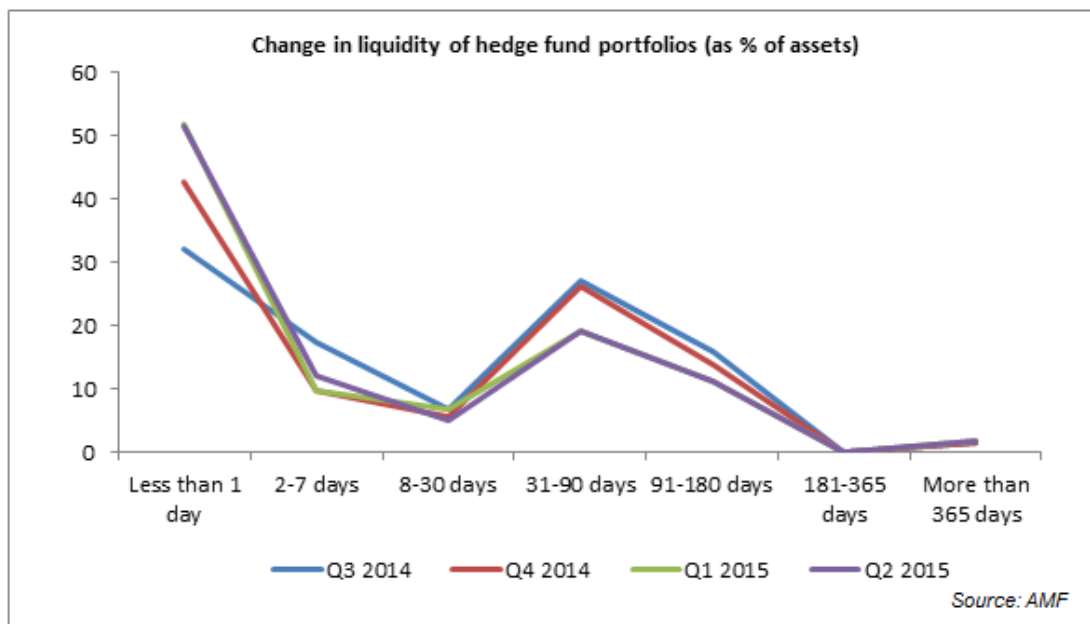
The change in the liquidity of alternative investment funds (AIFs) has not been uniform.

The liquidity of funds in the “Other” category remains quite significant in the reporting, as illustrated in the chart below, in which the curves representing the four reports received are overlaid.



Source: AIFM reports received in October 2014 and in January, April and July 2015.

Conversely, the liquidity of hedge funds increased significantly between the third quarter of 2014 and the second quarter of 2015. Fund managers likely focused on more liquid assets in response to the recent stress in the financial markets. The chart below therefore shows that the share of portfolios that can be liquidated in one day increased significantly, at the expense of the share of the portfolio that can be liquidated in 31 to 90 days.



Source: AIFM reports received in October 2014 and in January, April and July 2015.

Annexes

Table 1: Trends in asset management company creation since 2008

Table 2: Distribution of asset management companies, by ownership structure

Table 3: Distribution of asset management companies' assets under management (nearest billion), by ownership structure, between 2009 and 2014

Table 4: Distribution of asset management company employees between 2013 and 2014

Table 5: Average number of employees according to assets under management between 2012 and 2014

Table 6: Breakdown of assets managed by asset management companies (EUR billion) between 2009 and 2014

Table 7: Change in assets under discretionary management between 2010 and 2014 (EUR billion)

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Table 9: Breakdown of operating income for management companies between 2009 and 2014

Table 10: Investment management fees and fee rates, by ownership structure, 2014

Table 11: Breakdown of operating costs of asset management companies between 2011 and 2014

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Table 13: Proportion of overall staffing costs compared to assets under management

Table 14: Cumulative operating profits and losses of asset management companies between 2011 and 2014

Table 15: Distribution of management companies having a negative operating income according to period of time in existence, between 2011 and 2014

Table 16: Number of person-days dedicated to the compliance and internal control function, by ownership structure, 2014

Table 17: Number of asset management companies with at least one senior manager compliance officer, by ownership structure, 2014

Table 18: Number of asset management companies required to have independent risk control, by ownership structure, 2014.

Table 19: Number of asset management companies required to have independent risk control and using the VaR method, by ownership structure, 2014

Table 1: Trends in asset management company creation since 2008

	2008	2009	2010	2011	2012	2013	2014	Variation 2013-2014
Number of authorisations issued to AMC's (new creations)	50	25	53	39	34	39	48	23%
Authorisation withdrawals	-17	-29	-30	-30	-29	-30	-27	-10%
Net balance of asset management companies created as at 31/12¹⁹	33	-4	23	9	5	9	21	133%
Number of active companies as at 31/12	571	567	590	599	604	613	634	3%

Table 2: Distribution of asset management companies, by ownership structure

Type of ownership structure	Total 2010		Total 2011		Total 2012		Total 2013		Total 2014		Variation 2013-2014
	Number of management companies	% of total	Number of management companies	% of total	Number of management companies	% of total	Number of management companies	% of total	Number of management companies	% of total	
Investment services providers	39	7%	58	10%	52	9%	52	9%	47	8%	-10%
Insurance and mutual companies	40	7%	37	7%	41	7%	35	6%	32	5%	-9%
Credit institutions	137	25%	119	21%	112	19%	100	18%	108	18%	8%
Public institutions	12	2%	13	2%	16	3%	18	3%	17	3%	-6%
Natural persons and other	322	59%	339	60%	358	62%	366	64%	384	65%	5%
Total	550	100%	566	100%	579	100%	571	100%	588	100%	3%

¹⁹ The scope of the survey included 588 asset management companies. Of the 634 management companies in operation at 31/12/2014, the following were excluded:

- those in the process of having their authorisation withdrawn and/or being wound up;
- those whose FY2014 closed before 30 June 2014;
- newly authorised companies scheduled to close their first financial year in 2015

Table 3: Distribution of asset management companies' assets under management (nearest billion), by ownership structure, between 2009 and 2014

Type of ownership structure	Total 2009		Total 2010		Total 2011		Total 2012		Total 2013		Total 2014	
	AUM in €billion	% of total	AUM in €billion	% of total	AUM in €billion	% of total	AUM in €billion	% of total	AUM in €billion	% of total	AUM in €billion	% of total
Investment services providers	26	1%	30	1%	30	1%	20	1%	22	1%	24	1%
Insurance and mutual companies	755	27%	795	27%	785	29%	893	31%	871	31%	889	27%
Credit institutions	1771	63%	1777	61%	1638	60%	1626	57%	1624	57%	1990	60%
Public institutions	137	5%	144	5%	150	5%	165	6%	151	5%	180	5%
Natural persons and other	126	4%	159	5%	147	5%	163	6%	184	6%	219	7%
Total	2815	100%	2905	100%	2750	100%	2867	100%	2852	100%	3301	100%

Table 4: Distribution of asset management company employees between 2013 and 2014

	Total 2013							Total 2014						
	AMC		Number of employees			Managers		AMC		Number of employees			Managers	
	Number	%	Number	%	Average No. employees	Number	% of employees	Number	%	Number	%	Average No. employees	Number	% of employees
More than 100 employees	30	5%	7,833	52%	261	1,607	21%	28	4.8%	7,624	49.1%	272	1,479	19%
Between 50 and 99 employees	16	3%	1,087	7%	68	213	20%	21	3.6%	1,523	9.8%	73	414	27%
Between 20 and 49 employees	86	15%	2,645	18%	31	859	32%	90	15.3%	2,802	18.0%	31	922	33%
Between 5 and 19 employees	324	57%	3,073	20%	9	1,251	41%	332	56.6%	3,194	20.6%	10	1,258	39%
Fewer than 5 employees	115	20%	390	3%	3	259	66%	116	19.8%	389	2.5%	3	249	64%
Total	571	100%	15,028	100%	26	4,189	28%	587	100%	15,531	100%	26	4,322	28%

Table 5: Average number of employees according to assets under management between 2012 and 2014

M: millions of euros B: billions of euros	2012							2013							2014						
	Number of AMC's	Work- force	% of total number of employ- ees	Averag- e workfo- rce	Number of manage- rs	Averag- e number of manage- rs	Manage- rs as a % of employ- ees	Number of AMC's	Work- force	% of total number of employ- ees	Averag- e workfo- rce	Number of manage- rs	Averag- e number of manage- rs	Manage- rs as a % of employ- ees	Number of AMC's	Work- force	% of total number of employ- ees	Averag- e workfo- rce	Number of manage- rs	Averag- e numbe- r of manag- ers	Manager- s as a % of employ- ees
Less than €150 M	268	1,659	11%	6	710	3	43%	265	1,769	12%	7	841	3	48%	258	1,586	10%	6	725	3	46%
€150M to €500M	142	1,833	12%	13	665	5	36%	137	1,729	12%	13	643	5	37%	139	1,855	12%	13	644	5	35%
€500M to €1B	50	947	6%	19	320	6	34%	50	918	6%	18	331	7	36%	63	1,047	7%	17	388	6	37%
€1B to €15B	88	4,068	27%	46	1,029	12	25%	90	3,999	27%	44	978	11	24%	94	4,137	27%	44	1,261	13	30%
Greater than €15B	31	6,776	44%	219	1,343	43	20%	29	6,613	44%	228	1,396	48	21%	34	6,906	44%	203	1,304	38	19%
Total	579	15,283	100%	26	4,067		27%	571	15,028	100%	26	4,189	7	28%	588	15,531	100%	26	4,322	7	28%

Table 6: Breakdown of assets managed by asset management companies (EUR billion) between 2009 and 2014

	2009	2010	2011	2012	2013	2014
Total net assets of French CIS	1,391	1,370	1,217	1,284	1,276	1,530
Assets of foreign funds managed in France	177	189	190	186	160	245
Gross assets, collective investment	1,568	1,558	1,407	1,471	1,436	1,776
Feeder funds	94	84	55	57	73	66
Overall net assets, collective investment	1,474	1,474	1,352	1,414	1,363	1,710
Gross assets, discretionary management	1,248	1,346	1,343	1,396	1,416	1,525
Assets under discretionary management invested in CIS	189	185	192	211	217	244
Net assets, discretionary management	1,059	1,161	1,150	1,185	1,199	1,281
Grand total, gross assets	2,816	2,905	2,750	2,867	2,852	3,301
Grand total, net assets	2,533	2,636	2,503	2,599	2,562	2,991

Table 7: Change in assets under discretionary management between 2010 and 2014 (EUR billion)

EUR billion	2010	2011	2012	2013	2014
Discretionary management excluding UCITS	1,161	1,150	1,185	1,199	1,281
Assets under discretionary management invested in UCITS/FIAs	185	192	211	217	244
<i>invested in in-house UCITS</i>	<i>149</i>	<i>156</i>	<i>167</i>	<i>163</i>	<i>192</i>
<i>invested in third-party UCITS</i>	<i>36</i>	<i>36</i>	<i>44</i>	<i>53</i>	<i>11</i>
Total discretionary management	1,346	1,343	1,396	1,416	1,525

Table 8: Change in assets linked to discretionary unit-linked management between 2011 and 2014

	2011	2012	2013	2014
Assets linked to discretionary unit-linked management	6,673	8,443	10,181	13,910
Average assets managed under discretionary unit-linked management	109	90	96	128
Reporting AMCs	61	94	106	109
% of AMCs reporting assets under discretionary unit-linked management	10.8%	16.2%	18.6%	18.5%

Table 9: Breakdown of operating income for management companies between 2009 and 2014

<i>In millions of euros</i>	2009	2010	2011	2012	2013	2014	Variation 2013/2014	Contribution à la croissance	
Operating revenue	11,107	12,252	11,861	11,260	11,838	12,477	5.4%	639	
Management fees	9,667	10,481	9,927	9,382	9,612	9,872	2.2%	261	41%
<i>including UCI commissions</i>	8,819	9,367	8,782	8,350	8,696	8,863	1.4%	168	26%
<i>including mandate commissions</i>	666	756	791	798	793	779	-0.1%	-14	-2%
<i>including other (AIF management commissions from third countries and other AIF commissions)</i>	183	359	354	234	123	230	0.9%	108	17%
Ancillary revenue	826	1,172	1,287	1,156	1,306	1,442	1.1%	136	21%
Miscellaneous revenue	409	400	486	549	727	852	1.1%	125	20%
Other	206	198	162	173	193	310	1.0%	117	18%

Table 10: Investment management fees and fee rates, by ownership structure, 2014

	2014						
	Total management fees, French and European UCITS/AIFs	Management fees, "Other AIFs"	Management fees, third-country AIFs	Total investment management fees (excluding performance fees)	Assets managed	Average assets managed	Fee rate
Investment services providers	150	8	6	164	21	3	0.77%
Insurance and mutual companies	1,174	4	8	1,187	273	621	0.43%
Credit institutions	4,652	23	16	4,691	1,233	649	0.38%
Public institutions	325	3	0	328	52	115	0.63%
Natural persons	2,562	24	138	2,723	196	17	1.39%
Total	8,863	62	168	9,094	1,776	20,0%	1 776

Table 11: Breakdown of operating costs of asset management companies between 2011 and 2014

<i>In millions of euros</i>	2011		2012		2013		2014		Variation 2013/2014	Contribution to growth	
Staff costs	2,136	22%	2,218	24%	2,284	24%	2,445	25%	7.1%	1.7%	22%
Other external costs	6,923	72%	6,386	69%	6,606	69%	6,870	69%	4.0%	2.8%	26%
<i>including costs for seconding human or technical resources</i>	361	4%	363	4%	456	5%	504	5%	10.5%	0.5%	10%
<i>including revenue retrocessions are recorded in operating costs</i>	3,902	40%	3,478	38%	3,623	38%	3,761	38%	3.8%	1.4%	33%
Depreciation and amortisation	224	2%	248	3%	198	2%	225	2%	13.6%	0.3%	2%
Miscellaneous (taxes, other costs)	381	4%	368	4%	421	4%	435	4%	3.4%	0.2%	4%
Operating costs	9,664	100%	9,221	100%	9,509	100%	9,975	100%	4.9%	-	-

Table 12: Change in wage bill, remuneration and payroll costs between 2009 and 2014

	2009	2010	2011	2012	2013	2014
Total headcount	14,852	14,981	15,452	15,283	15,028	15,531
Remuneration costs (million)	2,014	2,147	2,136	2,218	2,284	2,445
Average remuneration costs (€thousand)	136	143	138	145	152	157
Secondment (million)	401	392	361	363	456	504
Profit-sharing (million)	61	78	70	72	79	80
Overall payroll costs (million)	2,476	2,616	2,567	2,653	2,818	3,029
Average payroll costs (€ thousand)	167	175	166	174	188	195

Table 13: Proportion of overall staffing costs compared to assets under management

assets under management	2013								2014							
	number of AMC's	workforce	Remuneration costs (millions)	Overall payroll costs (millions)	Operating costs	Proportion of payroll costs compared to total operating costs	Average payroll costs (€k) per AMC	Average payroll costs (€k) per person	number of AMC's	workforce	Remuneration costs (millions)	Overall payroll costs (millions)	Operating costs	Proportion of payroll costs compared to total operating costs	Average payroll costs (€k) per AMC	Average payroll costs (€k) per person
Less than €150 M	265	1,769	194	219	648	0.3	828	124	258	1,586	171	182	408	0.4	705	115
€150m to €500m	137	1,729	279	295	651	0.5	2,151	170	139	1,855	290	305	687	0.4	2,191	164
€500m to €1b	50	918	175	184	423	0.4	3,674	200	63	1,047	197	208	500	0.4	3,298	198
€1b to €15b	90	3,999	638	710	2,204	0.3	7,892	178	94	4,137	689	773	2,465	0.3	8,225	187
Greater than €15b	29	6,613	998	1,092	5,583	0.2	37,671	165	34	6,906	1,097	1,234	5,915	0.2	36,294	179
Total	571	15,028	2,284	2,501	9,509	0.3	4,379	166	588	15,531	2,445	2,701	9,975	0.3	4,594	166

Table 14: Cumulative operating profits and losses of asset management companies between 2011 and 2014

EUR million	2011			2012			2013			2014		
	Amount	Number of companies		Amount	Number of companies		Amount	Number of companies		Amount	Number of companies	
Cumulative operating losses	-115	143	25%	-86	150	26%	-98	107	18.7%	-100	110	18.7%
Cumulative operating profits	2,312	423	75%	2,126	429	74%	2,427	464	81%	2,602	478	81%
Operating income	2,197			2,039			2,329			2,502	588	

Source: AMF

Table 15: Distribution of management companies having a negative operating income according to period of time in existence, between 2011 and 2014

Period of time in existence	2011			2012			2013			2014		
	Number of companies with a negative operating income	Distribution of AMC'	% of companies with a negative operating income	Number of companies with a negative operating income	Distribution of AMC'	% of companies with a negative operating income	Number of companies with a negative operating income	Distribution of AMC'	% of companies with a negative operating income	Number of companies with a negative operating income	Distribution of AMC'	% of companies with a negative operating income
0 to 3 years	40	92	43%	50	109	46%	26	91	29%	25	94	27%
3 to 5 years	21	90	23%	15	62	24%	10	57	18%	13	72	18%
5 to 10 years	32	138	23%	37	157	24%	29	168	17%	30	139	22%
10 to 15 years	31	177	18%	27	139	19%	23	120	19%	19	131	15%
More than 15 years	19	69	28%	21	112	19%	19	135	14%	22	152	14%
Total	143	566	25.3%	150	579	25.9%	107	571	19%	109	588	18.5%

Table 16: Number of person-days dedicated to the compliance and internal control function, by ownership structure, 2014

	Investment services providers	Insurance and mutual companies	Credit institutions	Public institutions	Natural persons and other
Number of person-days dedicated to the compliance and internal control function (company's own resources or provided by the group)	4,097	12,904	49,752	3,153	32,334
<i>On average</i>	<i>87</i>	<i>403</i>	<i>461</i>	<i>185</i>	<i>84</i>
Number of person-days dedicated to the compliance and internal control function, other group entities	781	902	12,235	368	1,561
<i>On average</i>	<i>17</i>	<i>28</i>	<i>113</i>	<i>74</i>	<i>4</i>

Table 17: Number of asset management companies with at least one senior manager compliance officer, by ownership structure, 2014

	Natural persons and other	Investment services providers	Public institutions	Insurance and mutual companies	Credit institutions	Total
Number	240	18	5	8	13	284
%	62.5%	38.3%	29.4%	25.0%	12.0%	48.3%

Table 18: Number of asset management companies required to have independent risk control, by ownership structure, 2014

	2012	2013	2014
Natural persons and other	52	59	61
Investment services providers	8	10	9
Insurance and mutual companies	19	18	16
Credit institutions	45	45	49
Public institutions	4	4	5
Total	128	136	140

Table 19: Number of asset management companies required to have independent risk control and using the VaR method, by ownership structure, 2014

	2012	2013	2014
Natural persons and other	40	38	38
Investment services providers	4	6	5
Insurance and mutual companies	10	11	10
Credit institutions	28	31	31
Public institutions	1	1	0
Total	83	87	84