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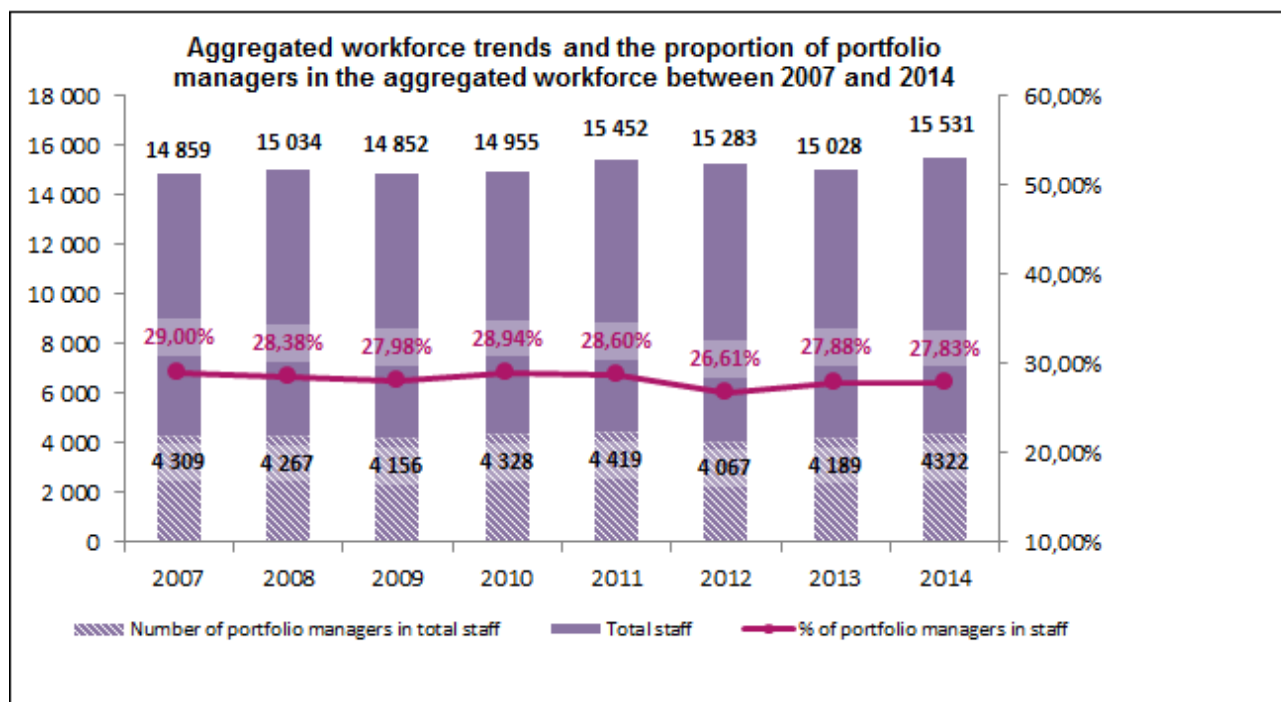
17 September 2015

Asset management: key figures 2014 - 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.



Source: AMF

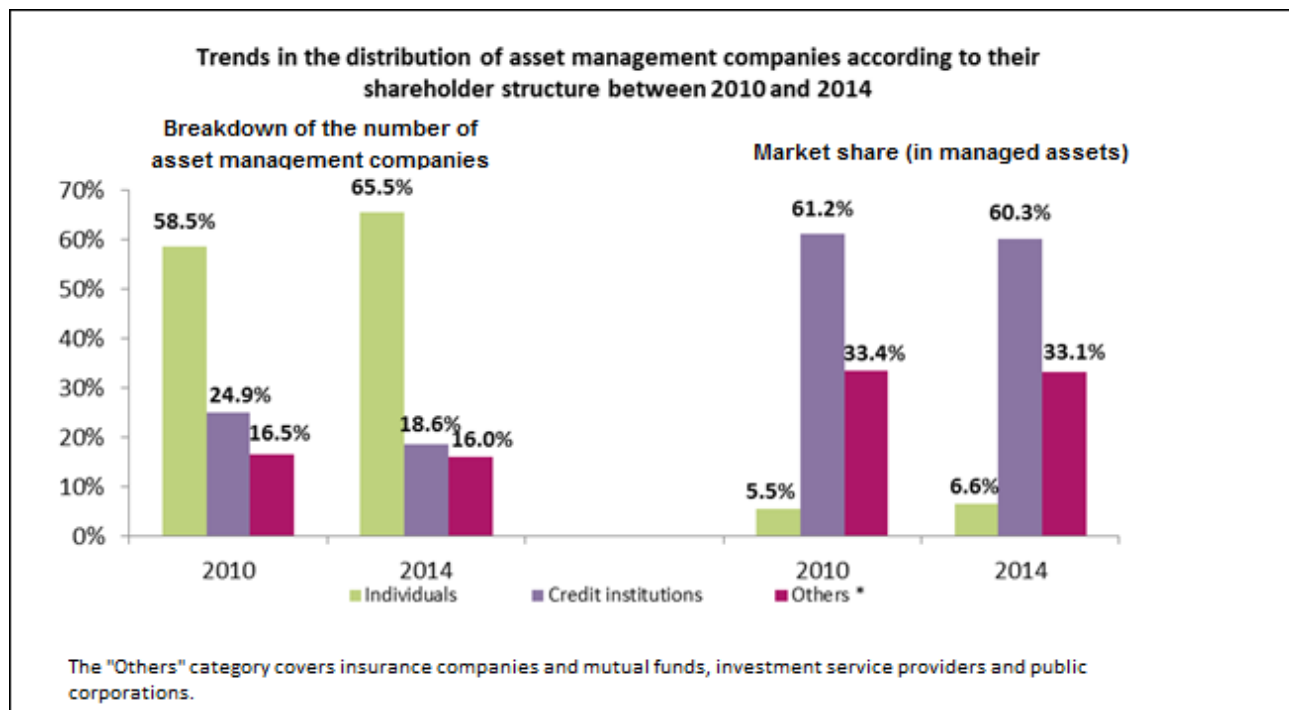
This result is due to a significant and combined increase in the number of portfolio managers (+ 3.2% compared to financial year 2013) and of non-managerial staff (+ 3.4% compared to financial year 2013) which is consistent with the increase in the number of management companies. However, trends in the 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.



Source: AMF

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.

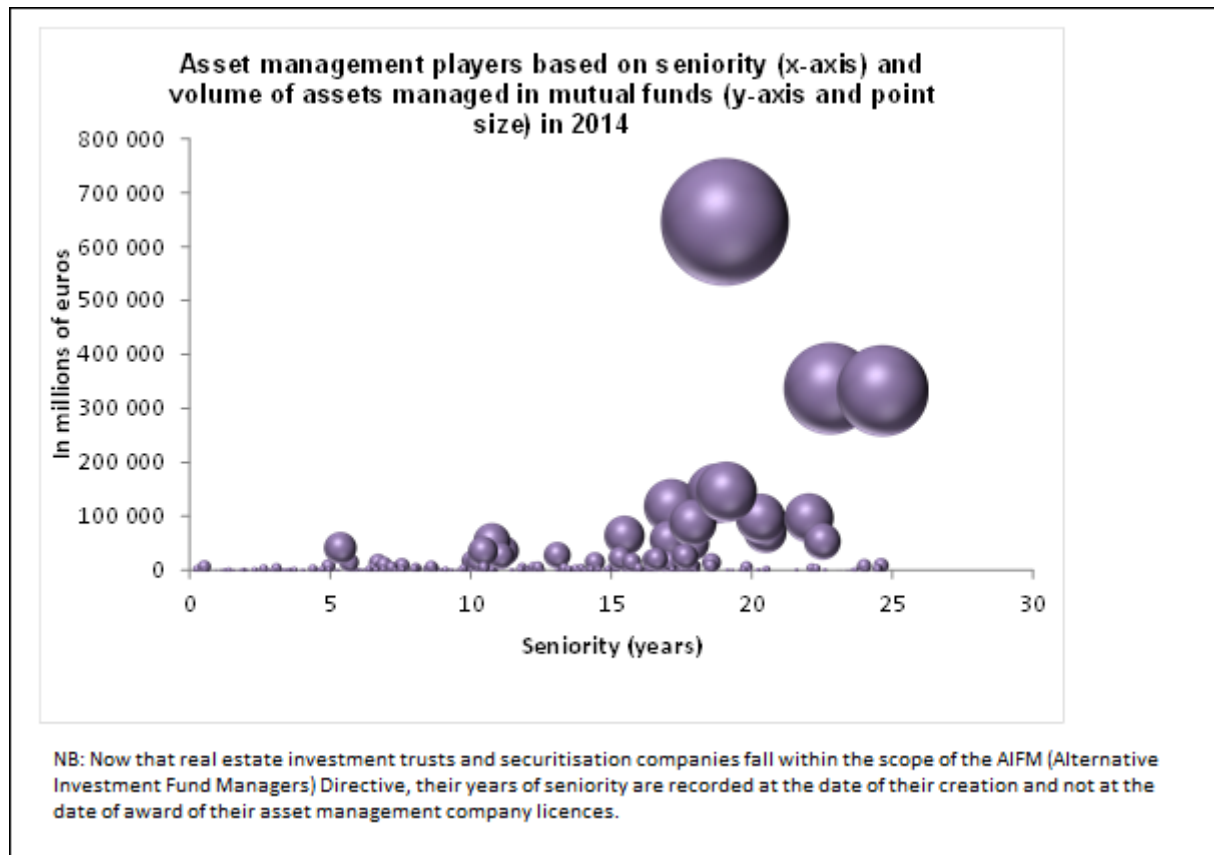
Asset management companies owned by credit institutions

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



Source: AMF

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

Source: AMF

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.

Source: AMF

Focus on ... AIFM reporting

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.

Source: AMF

Source

As part of its monitoring of the third party asset management sector, the AMF uses annual information sheets provided by the asset management companies (AMCs). These sheets contain quantitative information on managed assets and the products and charges related to management of third party assets in France. This information enables the Authorisation and Monitoring Division of the Asset Management Directorate of the AMF to perform analyses of the companies. 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. Although every care is taken in the compilation and processing of the data, due to the late receipt of some information sheets and possible input errors, some inaccuracies may still persist.

Asset management: key figures 2014

Every year, the AMF (French Financial Markets Authority) publishes a series of five articles entitled "Key figures on asset management". These publications are available from the Publications > Reports, research & analysis > Savings & services providers section of the AMF website. The key figures cover the following topics: overview of management companies, their profiles, the assets under their management, their financial data and, finally, the monitoring mechanism. As part of this process, a compilation of these five publications is published, enriched with additional data and tables.

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