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Research Report on European Asset Management Centers

CEIBS Lujiazui International Institute of Finance

June 2025

Brief Introduction about CLIIF

The CEIBS Lujiazui International Institute of Finance (CLIIF) was initiated by the China Europe International Business School (CEIBS) and the Shanghai Lujiazui (Group) Co., Ltd. in October 2007. The purpose of CLIIF is to carry out social influence research and facilitate the construction of Shanghai International Financial Center, for China's macro-economic control and financial stability. Based in Shanghai, CLIIF shall serve as an open and international platform for academic exchange while focusing on studying the opportunities and path to the financial opening-up and development of the service industry under the new development pattern. CLIIF is committed to providing first-class research, consulting and training services to financial institutions, financial regulation agencies, financial investors, and consumers, as it fulfils its role as an influential think tank for the development of Shanghai as an international financial center and promotes a "going-out strategy" for China's financial institutions and enterprises.

Each year, CLIIF undertakes more than 10 key financial research projects commissioned by the Shanghai Local Financial Regulatory Bureau, submits more than 80 special reports for decision-making consulting research, and organizes more than 20 sessions of forums and salons. CLIIF also publishes academic research works and delivers more than 100 articles in various newspapers and media. Notably, CLIIF has innovatively developed the "Global Asset Management Center Evaluation Index", and has continuously released four index reports since 2021, which has attracted increasing attention and recognition across various sectors.

In December 2022, CEIBS established the "CEIBS Lujiazui Finance 50 Forum (CLF50)", based on the foundation of CLIIF. This forum brings together more than 150 economic and financial experts, aiming to build a dynamic platform for economic and financial discourse. It focuses on fostering growth and thought exchange in Shanghai and the Yangtze River Delta Area, positioning itself as a hub with significant potential for development in these regions.

For more information, please scan the QR

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Preface

The year 2025 marks the 50th anniversary of the establishment of diplomatic relations between China and the European Union—a significant historical milestone. Over the past half-century, China-EU relations have evolved from early economic and trade exchanges into a comprehensive strategic partnership, with particularly notable developments in financial cooperation. As a vital part of global financial markets, the evolution of Europe's asset management industry has not only contributed substantially to global economic stability and financial innovation but has also offered valuable insights and lessons for deepening China-EU financial collaboration.

Against this backdrop, the CEIBS Lujiazui Institute for International Finance has launched the ***Research Report on European Asset Management Centers,*** which aims to systematically trace the historical evolution and current features of European asset management centers, while exploring practical pathways and potential opportunities for China-EU cooperation in this domain.

The report is structured into five main chapters. Chapter 1 ***Origins and Development***. This chapter provides a detailed review of the historical evolution of Europe's asset management industry, from the establishment of the world's first mutual fund in the Netherlands to the United Kingdom's rise as a global asset management hub. It analyzes the fundamental factors—such as economic development, wealth accumulation, market infrastructure, and a favorable business environment—that underpin the formation of Europe's asset management centers.

Chapter 2 ***Institutional Framework***. This section examines the development of the Capital Markets Union (CMU) and the Savings and Investment Union (SIU), emphasizing the role of unified financial infrastructure in reducing cross-border transaction costs. It also discusses the EU's innovative approaches to tax policy, including coordination mechanisms and specific incentive measures that have significantly facilitated cross-border capital flows and investment.

Chapter 3 ***Market Structure***. This chapter outlines the multi-tiered architecture of Europe's asset management centers, analyzing London's global orientation, Paris and Frankfurt's roles as regional hubs, and the intermediary positioning of Luxembourg and Ireland. It also explores the increasing diversification of product offerings in European markets, such as the growth of active ETFs, the recovery of alternative investments, and the standardized promotion of ESG products.

Chapter 4 ***Talent and Technology.*** This section focuses on the redistribution of financial talent across Europe in the post-Brexit era, particularly after the COVID-19 pandemic. It uses the case of Amundi's ALTO platform to illustrate how fintech and digital innovation are reshaping operational models in asset management, enhancing regulatory compliance and improving client service quality.

Chapter 5 ***China-Europe Cooperation.*** The final chapter examines the globalization strategies of European asset managers and the current opportunities and barriers facing Chinese asset managers in entering the European market, including regulatory challenges related to UCITS and differences in capital market structures. It concludes by proposing a roadmap and policy recommendations for building a high-standard China-Europe asset management cooperation framework to foster two-way capital flows and deeper financial collaboration.

On the occasion of the 50th anniversary of China-EU cooperation, this report not only provides a comprehensive overview of the European asset management landscape but also aspires to use financial collaboration to deepen bilateral relations and promote shared global prosperity. We hope this research will serve as a valuable reference for policymakers, asset management institutions, academics, and investors—jointly advancing China-Europe asset management cooperation to new heights.

1. Origins and Development: The Evolution of European Asset Management Centers

1.1 Origins and Development of Asset Management in Europe

Since the Age of Discovery, maritime trade has flourished, financial markets have thrived, and household wealth has steadily accumulated. The growing investment demand made the Netherlands the birthplace of the asset management industry. In 1774, Dutch merchant Abraham van Ketwich created the world's first mutual fund, Eendragt Maakt Magt ("Unity Creates Strength"), which marked the birth of the modern asset management industry.[①] This product featured two core characteristics: public capital raising and investment diversification. Prior to this, similar investment products primarily served wealthy governments or large investors. Van Ketwich's fund was revolutionary in enabling small investors—who lacked sufficient capital for diversification—to participate in collective investment, thereby realizing public capital pooling. The fund invested in government bonds from countries such as Russia, Germany, Spain, and Sweden, as well as mortgage loans in the West Indies, allowing retail investors to achieve diversified portfolios. Notably, this financial innovation was partially driven by the credit crisis of 1772, which suppressed risk appetite across the market and boosted demand for low-risk assets—bringing portfolio diversification into the public eye.

Following the Industrial Revolution, waves of industrialization, urbanization, and globalization drove a massive demand for capital, spreading the fund model from the UK across

① Kahn, R. N. (2018). The future of investment management. CFA Institute Research Foundation.

Europe. First, the construction of infrastructure projects like railways required significant funding, prompting wealthy individuals to allocate capital through loans and bond purchases. Second, as labor migrated to cities and urban areas expanded, municipal development projects raised capital through public bond issuance, gradually shifting large institutions' investment focus from loans to tradable securities. Third, thanks to its geopolitical dominance and status as a global financial center, the UK developed an array of sophisticated investment tools, including the issuance and trading of overseas securities. The internationalization of the securities market offered unprecedented portfolio diversification opportunities. In 1866, the UK launched its first mutual fund, the ***Foreign & Colonial Government Trust,*** which adopted a closed-end structure—a model that was widely promoted in the decades that followed.

With advances in the Industrial and Information Revolutions, asset management eventually spread from Europe to the United States, where it grew significantly before returning to reshape Europe's markets. Initially dominated by closed-end funds, the U.S. saw its first open-end mutual fund—Massachusetts Investors Trust—launched in 1924, allowing investors to buy or redeem shares at any time. Following the Great Depression, excessive discretion and leverage abuse by asset managers came under scrutiny. Funds with more limited discretionary power, such as mutual funds, gained popularity. The post-war economic boom brought a sharp rise in household wealth, fueling the rapid growth of the asset management industry. However, the 1970s oil crisis triggered stagflation and severe capital market volatility in the U.S., shrinking asset management scale. Amid regulatory caps on deposit interest rates, bank deposits lost value, driving demand for high-yield, liquid financial instruments. Money market funds thrived by offering short-term returns above capped interest rates, thereby expanding the scope of asset management.

From the 1980s onward, deregulation reshaped U.S. finance. The Depository Institutions Deregulation and Monetary Control Act signaled a shift, and the 1999 Financial Services Modernization Act ushered in the era of universal banking. Commercial banks entered the asset management space in droves: JPMorgan and Citigroup established professional subsidiaries, while Bank of America and Wells Fargo launched in-house departments. Following the 2008 global financial crisis, investors grew more risk-averse while digital innovation surged. Asset management entered an era of passivity and automation. To circumvent regulatory barriers, reduce taxes, mitigate investment risk, and broaden client access, U.S. asset managers aggressively expanded into Europe's top financial centers. They employed four main strategies: greenfield investment, mergers and acquisitions, joint ventures, and third-party mandates. For instance, Blackstone established an alternative investment hub in Luxembourg—a model of U.S. greenfield investment—after obtaining a pan-European AIFMD license. Similarly, BlackRock's acquisition of Barclays Global Investors (BGI) granted it access to iShares, the world's largest ETF platform. Meanwhile, Hartford's collaboration with UK-based Schroders exemplifies how U.S. managers enter Europe by leveraging local partners for joint management and fund distribution.

1.2 Foundational Factors Behind the Formation of European Asset Management Centers

As asset management develops to a certain stage, it naturally generates economies of scale. Under the dual influence of supportive policies and an integrated financial ecosystem, asset management centers emerge organically. In essence, an asset management center represents an advanced organizational form that arises when the asset management industry reaches sufficient scale and maturity. Such a center typically refers to a city that features a complete financial factor market, a wide array of underlying financial assets, a concentration of asset management institutions, and strong international capital inflows. Its formation is usually driven by rapid economic growth, swift accumulation of social wealth, increasingly sophisticated financial systems, and the agglomeration of major financial institutions—all of which collectively contribute to the center's growth and global significance.

(1) A Solid Economic Foundation

All of the world's top ten asset management hubs are backed by strong economic fundamentals. These centers are typically located in economically advanced countries or regions, and almost always within the largest cities of those economies. In Europe, Germany, France, and the United Kingdom have long been among the continent's most developed economies, laying a solid foundation for the rise of their respective asset management centers. According to the 2024 Global Asset Management Center Index, London and Paris rank as the second and fifth largest asset management hubs globally. In the same year, the GDP of the UK and France reached USD 3.59 trillion and USD 3.17 trillion, respectively—ranking sixth and seventh globally.① London and Paris are also the top economic cities within their respective countries.

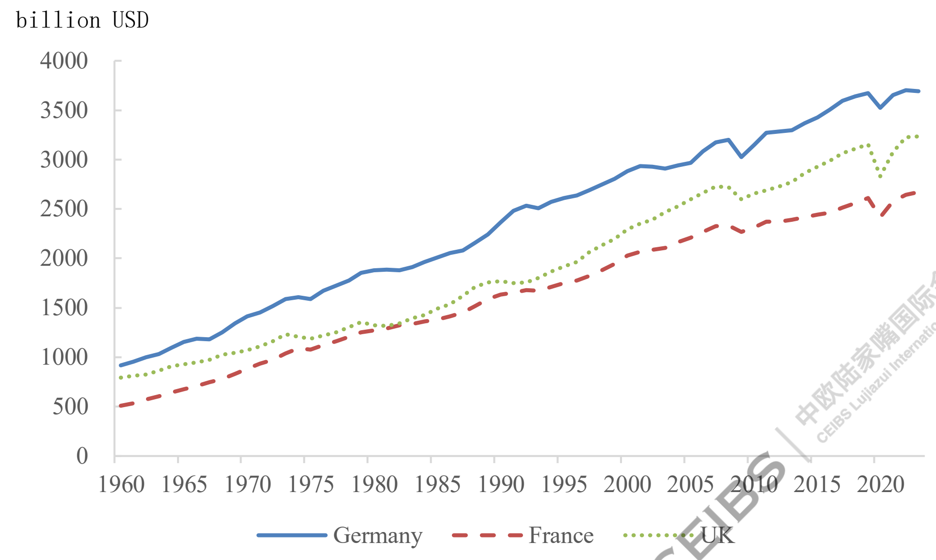

Figure 1-1: Gross Domestic Product (GDP) of Major European Asset Management Centers (1960-2024)

(2) Abundant Social Wealth

① Data from the Statistics Times, see https://statisticstimes.com/economy/projected-world-gdp-ranking.php for more information.

Social wealth provides the fertile ground for the development and scaling of asset management demand. Bank deposits represent a major component of household wealth, and when individuals seek investment opportunities, such deposits can readily flow into asset management products. In recent years, the UK, France, and Germany have consistently ranked as the top three European countries in terms of social wealth. For example, household financial assets in the UK and France reached EUR 8.01 trillion and EUR 6.84 trillion in 2024, ranking fourth and sixth globally. These wealth levels support the robust expansion of London and Paris as international asset management centers.[1]

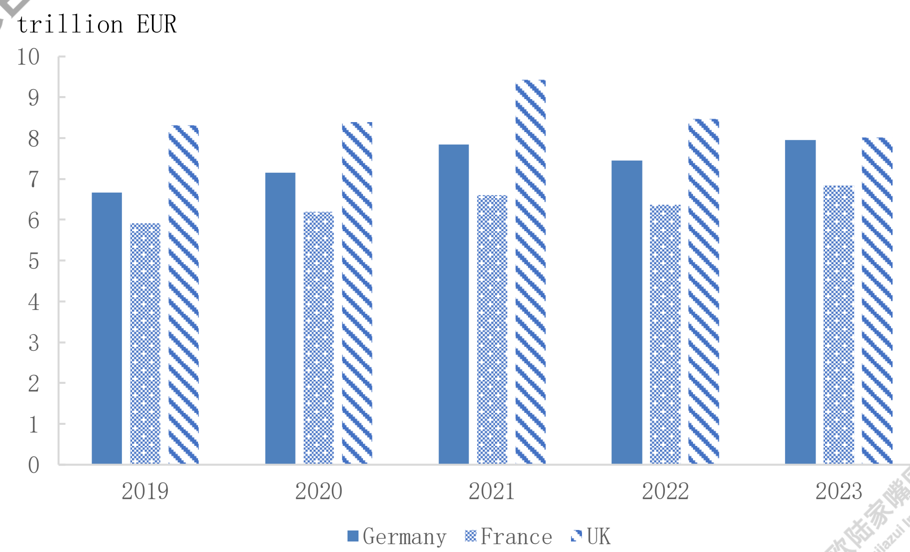

Figure 1-2: Household Financial Assets of Major European Asset Management Centers (2019-2023)

[1] The total financial assets of a household include cash, bank deposits, receivables from insurance companies and elderly care institutions, securities (stocks, bonds and investment funds), and other receivables. The data is sourced from Allianz Global Wealth Report 2024, See https://www.allianz.com/content/dam/onemarketing/azcom/Allianz_com/economic-research/publications/allianz-global-wealth-report/2024/2024-09-24-Allianz-Global-Wealth-Report.pdf.

Table 1-1: Household Financial Assets of European Asset Management Centers (2024)

Asset Management Center	Asset Management Center Ranking	Country	Total Financial Assets (Trillion EUR)	Total Assets Ranking
London	2	UK	8.01	4
Paris	4	France	6.84	6
Frankfurt	5	Germany	7.95	5

Source：CEIBS，Allianz

(3) Advanced Financial Infrastructure

All global asset management hubs rely on developed financial markets, strong institutional players, and a diverse range of financial products. Take London as an example: the city is home to globally influential financial markets, including the London Stock Exchange (LSE), the London Metal Exchange (LME), and ICE Futures Europe. These platforms provide an extensive array of underlying financial instruments that support asset management activities. Major firms such as Legal & General and Schroders represent the strength of UK-based asset managers, with AUM reaching GBP 1.2 trillion and GBP 770 billion, respectively. These institutions thrive in a well-established ecosystem offering stocks, bonds, derivatives, global depositary receipts, and exchange-traded products.

Table 1-2: Financial Development Overview of European Asset Management Centers

Asset Management Center	**Representative Exchanges**	**Representative Asset Management Institutions**	**Underlying Financial Assets**
London	London Stock Exchange, London Metal Exchange, Intercontinental Exchange Europe	Schroders	Stocks, bonds, derivatives, global depository receipts, exchange-traded products (ETPs)
Paris	Euronext Paris	Amundi	Stocks, bonds, derivatives, exchange-traded funds (ETFs), warrants
Frankfurt	Frankfurt Stock Exchange, European Futures Exchange	Deutsche Bank Asset Management	Stocks, bonds, derivatives, exchange-traded products, warrants

Source: Official websites of the exchanges and asset management institutions

2. Institutional Framework: The Integration Mechanism of European Asset Management Industry

2.1 Development Process of the Capital Markets Union (CMU)

Since the European Union proposed the Capital Markets Union (CMU) in 2015, European capital markets have undergone rapid integration, laying a solid institutional foundation for the development of the asset management industry. The integration process of CMU can be divided into two main phases.

The first phase, from 2015 to 2019, focused on improving the regulatory framework. In 2016, the Market Abuse Regulation (MAR) was implemented, unifying definitions and penalties for market manipulation and insider trading at the EU level for the first time, significantly enhancing market integrity and investor protection. In 2017, the revised European Market Infrastructure Regulation (EMIR Refit) was implemented to reduce compliance costs related to derivatives transaction reporting and clearing, thereby enhancing market transparency. In 2018, the Markets in Financial Instruments Directive II (MiFID II) was enacted, unifying trading rules across the EU.

The second phase, from 2020 to 2022, focused on post-pandemic economic recovery, including the establishment of the Pan-European Personal Pension Product (PEPP) to promote long-term investment. At the same time, the EU promoted digital and green finance, implementing the Digital Finance Strategy, the Digital Operational Resilience Act (DORA), and the Markets in Crypto-Assets Regulation (MiCA), establishing a unified Green Finance

Taxonomy and the European Green Bond Standard (EUGBS), and enforcing the Sustainable Finance Disclosure Regulation (SFDR).

Through this integrated framework, the EU has significantly reduced fragmentation among member states' capital markets, lowered cross-border transaction and compliance costs, and improved market liquidity and capital allocation efficiency. In 2022, the total AUM of Europe's asset management industry reached EUR 32 trillion, a 6.4% increase year-on-year, accounting for about 34% of the global market, second only to the United States at 47%. The share of cross-border fund assets rose to 55%, nearly 10 percentage points higher than in 2015 before CMU was launched.[①] Trading costs in European capital markets fell by about 20% compared to 2015.[②] The share of European AUM held by international institutional investors reached 42%, more than 8 percentage points higher than in the early stages of CMU.[③]

However, in recent years, geopolitical conflicts and rising protectionism have led to slower global economic growth. The EU now faces serious mismatches between savings and investment, declining investment attractiveness, limited potential in sustainable finance, and insufficient digital innovation.[④] As a result, the progress of CMU has nearly stalled. To address these issues, the EU has decided to accelerate reform by establishing the Savings and Investment Union (SIU), aiming to channel savings into productive investments. By offering a wider range of investment options and improving financial literacy, the initiative seeks to increase EU citizens' participation in capital markets, enhance their wealth, and promote economic growth.

According to the strategy document officially released in March 2025, titled "Savings and Investment Union — A Strategy to Promote the Wealth of EU Citizens and Economic

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① EFAMA Fact Book 2023
② European Commission CMU Progress Report, 2023
③ ESMA Annual Report, 2023
④ https://www.efama.org/newsroom/news/unlocking-private-investment-fund-europe-s-triple-transitions

Competitiveness,"[①] asset management institutions, as key capital allocators, should always be prepared to play an active role. First, EU savings should be more effectively mobilized—this includes significantly simplifying investor onboarding processes, improving financial knowledge, maintaining access to professional advice, increasing retirement savings, leveraging tax incentives, establishing simplified national investment savings accounts, and reviewing the effectiveness of PEPP. Second, the initiative aims to provide more investment opportunities for EU companies, including promoting ELTIF 2.0, loan-originating AIFs, and revitalizing the European securitization market. Third, it calls for deeper capital market integration and greater efficiency—such as reducing duplicate reporting, improving regulatory consistency across the EU, providing affordable and high-quality consolidated data, addressing the rising cost and reliability issues of market and ESG data, recognizing the transformative potential of distributed ledger technology (DLT), and eliminating gold-plating and tax barriers to cross-border investment. Fourth, it prioritizes enhancing regulatory convergence, including strengthening data sharing among regulatory bodies.

During the development of CMU, the European Securities and Markets Authority (ESMA) has played a central role, with expanding authority and responsibilities. It has evolved from a rule-setting institution into a data-driven regulatory coordinator. In 2015, ESMA's core responsibilities included establishing unified rules, promoting supervisory coordination, and directly overseeing credit rating agencies and trade repositories. In the following years, as financial markets became increasingly complex, ESMA began shifting toward a data-driven regulatory model. On one hand, it established a credit rating data reporting system to collect and analyze information, thereby improving regulatory efficiency. On the other hand, it began drafting and refining supervisory guidelines and standards for the emerging fintech sector.

[①] https://www.efama.org/newsroom/news/investment-management-industry-makes-number-key-recommendations-savings-and

2025Q3 Encourage retail participation in capital markets
- EU savings and investment accounts
- Financial literacy promotion strategy

2025Q4 Develop the supplementary pension industry
- Recommendations on automatic enrollment, pension tracking systems, and pension dashboards
- Review of the Occupational Retirement Provision Institutions (IORP) Directive and the Pan-European Personal Pension Products (PEPP) Regulation

Market integration and regulation
- Market infrastructure package
- Improve cross-border capital flows and reduce operational barriers faced by asset managers
- More integrated and coordinated regulation

Promote equity investment
- Clarify institutional investors' eligibility for equity investment

2026Q2 Promote equity investment
- Review of the European Venture Capital Funds (EuVECA) Regulation

2026Q4 Banking sector
- Report evaluating the overall condition of the EU banking system (including its competitiveness)

Figure 2-1: Major Steps in Implementing SIU (Sustainable Investment Unit) (2025-2026)

Since 2020, ESMA's scope has expanded to cover digital and sustainable finance, actively promoting the adoption of regulatory technology (RegTech) and supervisory technology (SupTech). Meanwhile, ESMA has helped improve the quality of cross-border investment services in the EU. In 2023, the number of complaints submitted by cross-border retail clients reached 7,507, an increase of 31% over 2022.[1] That same year, national regulators received 6,530 suspicious transaction and order reports (STORs), up 12% year-on-year.[2] These figures indicate that although cross-border investment services are growing, they still face significant challenges in consumer protection and service quality. In response, ESMA migrated all data sets to a newly established European Data Platform (EDP) in 2024, providing data access to 30 national authorities and other EU regulatory institutions,[3] thereby enhancing the stability, transparency, and investor protection of Europe's financial markets.

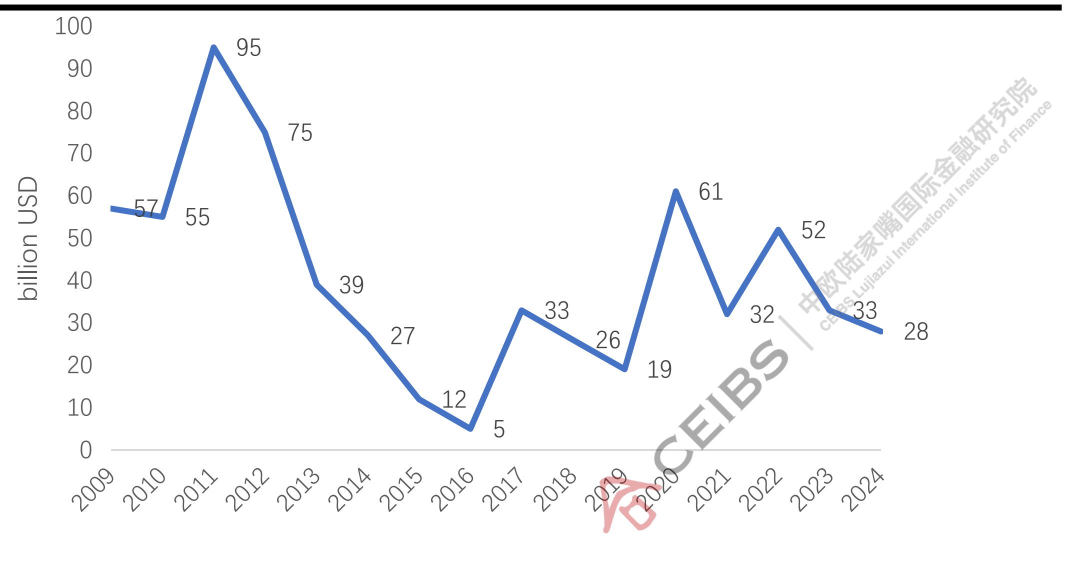
2.2 Harmonization and Coordination of Financial Infrastructure

Unified supervision in the European asset management industry is also reflected in two major financial infrastructure systems.

First is the TARGET2-Securities (T2S) platform. This system provides harmonized and commoditized securities settlement services for central securities depositories (CSDs), applying uniform rules, standards, and fees across all participants. It simplifies cross-border settlement processes, mitigates the difficulties arising from differing national settlement practices, improves Europe's previously fragmented securities settlement landscape, and facilitates financial market integration. Since its launch in 2015, T2S has connected 24 CSDs from 23 markets and processes an average of 700,000 euro and Danish krone-denominated securities transactions per day. Cross-border settlement volumes have increased by more than 50%, and settlement fees have decreased by approximately 30%.[4]

[1] https://www.esma.europa.eu/sites/default/files/2024-07/ESMA35-335435667-5928_Report_on_the_2023_Cross-border_Provision_of_Investment_Services_to_Retail_Clients_in_the_EU_and_EEA.pdf
[2] https://www.esma.europa.eu/sites/default/files/2024-07/ESMA74-1103241886-992_Report_on_STORs_2024.pdf
[3] https://www.esma.europa.eu/sites/default/files/2025-04/ESMA12-1209242288-856_Report_on_Quality_and_Use_of_Data_2024.pdf
[4] https://www.ecb.europa.eu/press/payments-news/ecb.t2sar2023.en.html

Second is the European Depositary Receipt (EDR), including Global Depositary Receipts (GDRs). These instruments allow European investors to trade foreign company shares without direct exposure to currency or regulatory risks, thereby facilitating cross-border investment and enhancing the diversity of capital markets. Until Brexit in 2020, London served as the leading EDR trading center in Europe. Its International Order Book (IOB) concentrated companies from more than 30 fast-growing markets, enabling investors to access foreign securities such as Russian energy firms, Middle Eastern banks, and Indian energy companies. [1]In recent years, Switzerland has become a new EDR hub through the China-Switzerland Stock Connect, which has attracted numerous Chinese companies to issue GDRs. Although the Russia-Ukraine conflict in 2022 led the London Stock Exchange to suspend EDR trading for 27 major Russian firms, including energy and banking giants,[2] the inclusion of Middle Eastern and Asian companies has helped fill the gap and enhance market diversity. Overall, EDRs have increased the internationalization of European exchanges, and the share of Europe's asset management services provided to overseas clients rose from 28% in 2018 to 32% in 2022.[3]



Source: Deutsche Bank [4]

Figure 2-2: Global EDR (Including GDR) Financing Amounts (2009-2024)

[1] https://realtrading.com/trading-markets/lse_iob/
[2] https://www.theguardian.com/business/2022/mar/03/london-stock-exchange-suspends-trading-in-27-firms-with-strong-links-to-russia
[3] https://www.efama.org/newsroom/news/efama-asset-management-report-2023
[4] https://tss.gtb.db.com/FileView/Data.aspx?URL=dbdr/cms//DR%20Annual%20Review%202024.pdf

2.3 Tax Policies Facilitating Cross-Border Investment

2.3.1 Tax Coordination Mechanisms

To reduce the tax burden on cross-border investment and promote free capital flow, the EU has implemented three key coordination mechanisms.

First, the Parent-Subsidiary Directive (PSD) exempts qualifying intra-group dividends from withholding tax in the source country, and allows the parent company to benefit from tax exemption or credit on received profits, greatly facilitating internal capital transfers within EU multinational groups.

Second, the Interest and Royalties Directive (IRD) reduces taxes on cross-border financing and intellectual property transactions. Together, the PSD and IRD effectively reduce intra-EU withholding taxes on dividends, interest, and royalties to zero, supporting seamless internal investment flows.

Third, the EU maintains an extensive network of bilateral double taxation treaties (DTTs), with each member state having an average of 82 treaties. The UK and France have signed 130 and 122 treaties, respectively, while Italy has about 100. [①] These three mechanisms collectively provide a unified tax environment for cross-border investment, significantly lowering the tax friction costs associated with allocating capital across jurisdictions.

In practice, refund procedures for withholding tax remain cumbersome. In 2023, the EU launched the "FASTER" initiative (Fast Approval for Simplified Tax Relief), which includes a standardized digital certificate of tax residence and a "relief at source" mechanism.[②] These reforms aim to further streamline processes and reduce the tax burden on cross-border investors.

① https://taxfoundation.org/data/all/eu/tax-treaties-european-tax-treaty-network-2020
② https://www.reuters.com/markets/europe/eu-states-agree-faster-tax-refunds-cross-border-investors-2024-05-14/

2.3.2 Tax Incentive Policies

In addition to EU-wide coordination, some member states have leveraged their own tax advantages to attract cross-border asset management activity. Luxembourg adheres to a principle of tax neutrality for investment funds. Most collective investment vehicles are exempt from income and capital gains taxes. Retail public funds are subject only to a 0.05% annual subscription tax on net assets, while specialized funds for qualified investors (such as SIFs and RAIFs) benefit from reduced rates, including 0.01% for investments aligned with EU sustainability criteria. In July 2023, Luxembourg introduced a modernization law that exempted ELTIFs and PEPPs from subscription taxes and expanded preferential treatment for money market funds. [①] Luxembourg also offers broad participation exemptions, including full tax relief on dividends and capital gains from qualifying foreign subsidiaries, and exemption from withholding tax on distributions to non-resident parents under applicable EU directives. [②] These features have made Luxembourg a preferred jurisdiction for international fund domiciliation.

The Netherlands has implemented the Fiscal Investment Institution (FBI) regime, which allows qualifying collective investment vehicles (e.g., widely held mutual and real estate funds) to benefit from a 0% corporate income tax rate, provided they distribute all profits to investors within eight months of year-end. [③] This regime effectively achieves tax neutrality at the fund level.

Ireland employs a “growth deferral” tax system. Funds are exempt from income tax on internal gains, and tax is only applied upon the occurrence of a taxable event (e.g., distribution or redemption by Irish individual investors). Non-resident and institutional investors are

① https://kpmg.com/lu/en/home/insights/2023/07/new-law-modernizing-legal-framework-luxembourg-investment-funds.html
② https://taxation-customs.ec.europa.eu/taxation/business-taxation/parent-subsidiary-directive_en
③ https://taxsummaries.pwc.com/netherlands/corporate/taxes-on-corporate-income

typically exempt from this exit tax upon declaration of non-tax-resident status, [①] enabling most foreign investors to achieve near-zero tax liability when investing through Irish funds.

In summary, EU tax policies promote cross-border investment through both coordination and competition. On one hand, EU-level treaties and directives eliminate structural barriers such as double taxation and withholding tax, ensuring that intra-EU and inbound/outbound capital flows are not hindered by tax frictions. On the other hand, member states like Luxembourg, Ireland, and the Netherlands have utilized tax incentives and innovative structures to attract global capital, reinforcing their status as cross-border asset management hubs.

[①] https://www.revenue.ie/en/companies-and-charities/financial-services/collective-investment-vehicles/funds.aspx

3. Market Structure: Multi-layered Asset Management Centers and Product Ecosystems

3.1 Structure Types of European Asset Management Centers

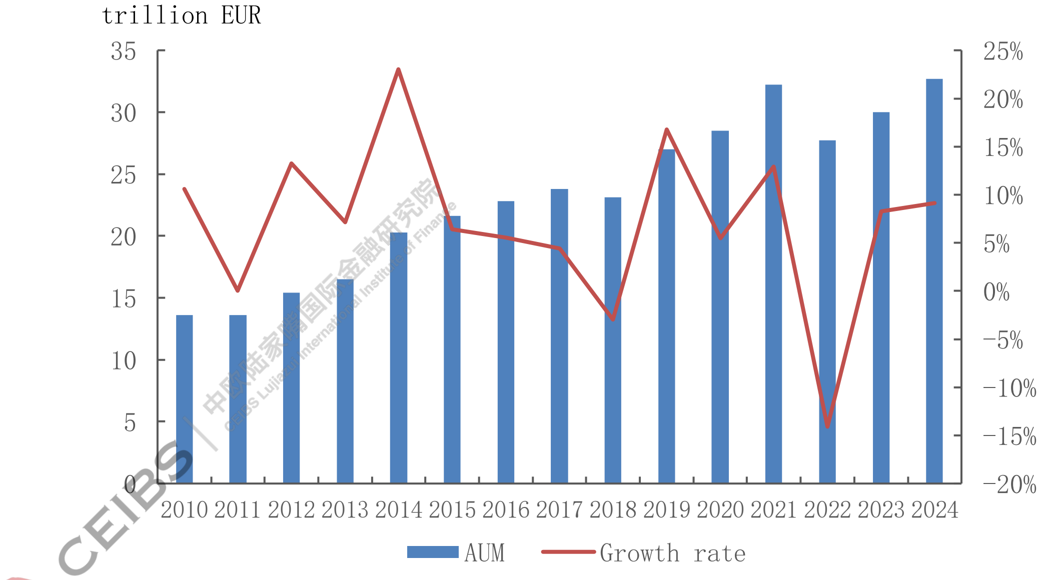
In recent years, the scale of asset management in Europe has fluctuated upwards, though its overall growth rate has slowed due to the impact of the COVID-19 pandemic and the Russia-Ukraine conflict. In 2022, the total size of European asset management reached €27.7 trillion, a 14.1% decline due to geopolitical conflicts. By 2023, the scale reached €30.0 trillion, and in 2024, it is expected to reach €32.7 trillion,[①] accounting for approximately 21.31% of the global market, second only to North America.[②]

As of 2024, over 85% of Europe's asset management activities are concentrated in the UK, France, Switzerland, Germany, the Netherlands, and Italy. [③] Among them, the UK remains the largest asset management market in Europe, with a scale of €10.5 trillion, representing 35.0% of Europe's total asset management. Other countries have asset management scales above €1.5 trillion. Additionally, Spain, Denmark, Belgium, and Austria also have asset management scales exceeding €100 billion. Switzerland's total scale grew by €504 billion, with a growth rate of 17.7%. Luxembourg and Ireland, due to the registration of numerous cross-border funds, rank second and third globally in terms of asset custody scale, though the actual investment management is mostly conducted in cities such as London and Paris.

① Statistics from the European Fund and Asset Management Association (EFAMA)

② Europe Fund and Asset Management Association. Asset Management in Europe 2024: An Overview of the Asset Management Industry [R]. Brussels: EFAMA, 2024.

③ https://www.efama.org/newsroom/news/european-asset-managers-course-manage-eu33-trillion-2024

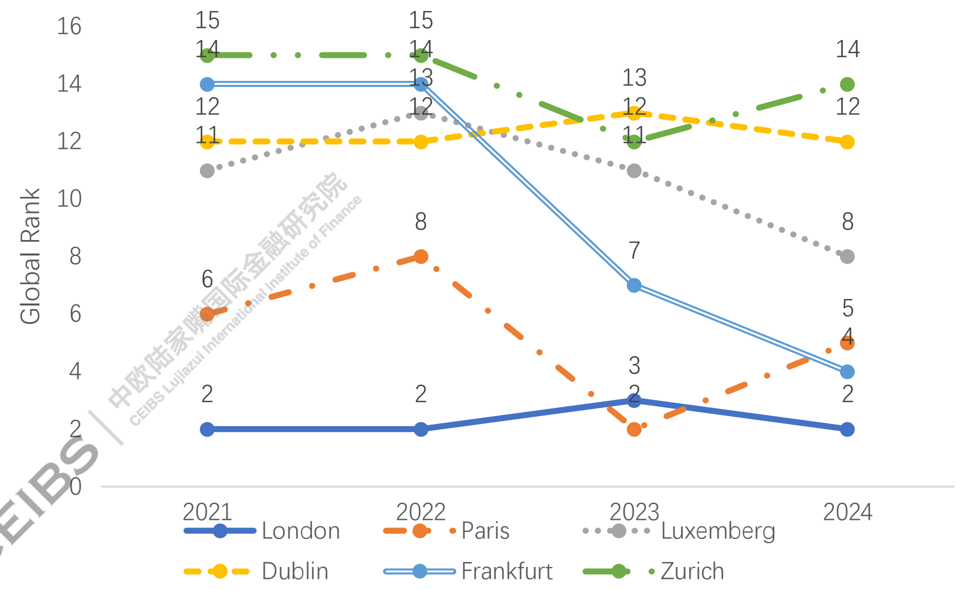


Note: The data for 2024 is the predicted value of EFAMA.

Source: EFAMA

Figure 3-1: European Asset Management Scale and Growth Rate (2010-2024)

This indicator indirectly reflects the multi-layered structure of European asset management centers. There are global centers like London, regional centers like Paris and Frankfurt, and intermediary centers with distinct specializations, such as Luxembourg, Amsterdam, and Dublin. These asset management centers differ in their focus on capital sources, institutional openness, talent reserves, asset management scale and types, and emerging fields, forming a complementary ecosystem. Over the past five years, major European asset management centers have consistently ranked among the top 15 globally. London has remained within the top three, Paris and Frankfurt quickly climbed into the top five after 2023, and Luxembourg entered the top ten in 2024. Dublin and Zurich are positioned near the top ten.



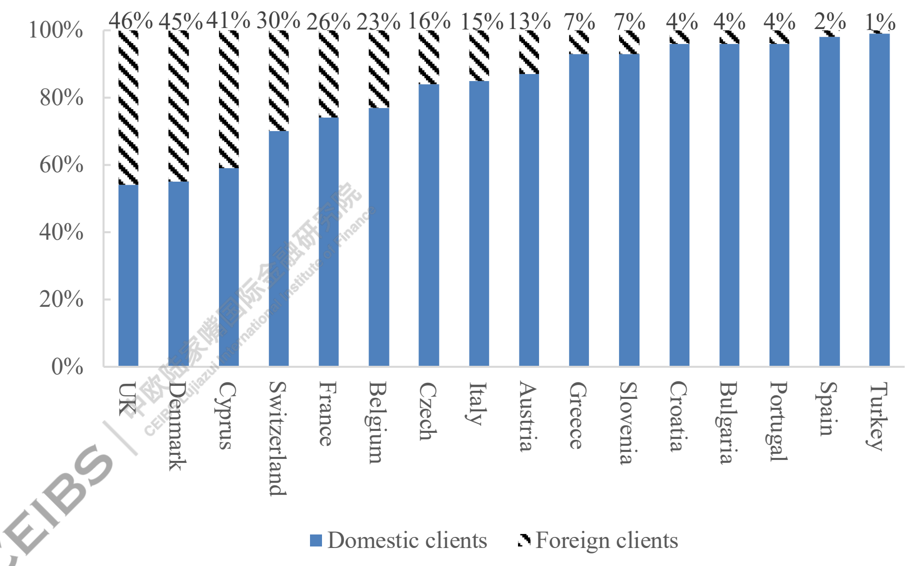
Source：CEIBS

Figure 3-2: Global Ranking of Major European Asset Management Centers (2021-2024)

3.1.1 Global Asset Management Centers [①]

After Brexit, London continues to maintain a dual "offshore + onshore" advantage, with a high degree of internationalization in capital sources, cementing its position as a key global asset management hub. Within Europe, the UK's asset management industry has the highest foreign participation, with 46% of its clients being foreign investors. Of these, European investors make up the largest share, holding approximately 56% of the overseas client assets, followed by U.S. clients at 20%, Asia-Pacific at 16%, and the Middle East at 6%. In contrast, France's asset management is highly localized, with about 77% of assets sourced from domestic investors, and only 7% of clients are outside the EU. Similarly, Germany also primarily serves domestic and EU clients, with a level of internationalization far less than London.

① https://www.efama.org/sites/default/files/files/Asset%20Management%20Report%202023_2.pdf



Source：EFAMA

Figure 3-3: Investor Composition in Major European Countries' Asset Management Industry (2023)

In terms of investment products, London covers nearly the entire spectrum, including traditional active equity and bond funds, as well as hedge funds, private equity, infrastructure investments, and ETFs, which are less common in other European markets. In Germany and France, the capital markets primarily focus on bond and insurance-related investments.

Additionally, 60% of assets in the UK are managed by institutions headquartered overseas, highlighting London’s attractiveness to multinational asset management groups. Many international giants (such as Blackstone, BlackRock, etc.) have established their European headquarters in London, leveraging its talent and service ecosystem to deploy globally. In contrast, French and German institutions tend to focus on domestic or EU expansions.

3.1.2 Regional Asset Management Centers

Paris is the largest asset management center in the Eurozone, with its asset management scale accounting for approximately 18% of Europe's total. The funding sources in Paris are more focused on domestic and EU clients. French asset management companies have a notable proportion of insurance companies as clients, with a significant amount of life insurance funds and savings being entrusted to asset management companies through insurance investments and pension plans. France also has substantial corporate and bank wealth management funds. Paris's products are mainly focused on bonds and money market funds, catering to the needs of insurance and conservative investors. Furthermore, French asset management is a leader in ESG and sustainable investments in Europe. Frankfurt, relying on Germany's vast institutional investment demand, specializes in special funds designed for institutional investors such as insurance and public pension funds. In Germany's asset management market, institutional mandates and special funds dominate, while retail funds have a relatively small share, reflecting Germany's long reliance on institutional pensions rather than individual pensions.

In terms of regulation, both Paris and Frankfurt strictly adhere to EU unified rules (such as MiFID II, UCITS directive, AIFMD, etc.), maintaining high standards in investor protection and prudential supervision. In contrast, France provides more support for the asset management industry, with the French Financial Markets Authority (AMF) actively promoting the internationalization of French asset management and launching regulatory sandboxes for asset management. Germany, on the other hand, emphasizes stability, with a large proportion of bank-affiliated asset management and regulatory coordination often carried out through the ECB/ESMA unified framework.

Overall, Paris and Frankfurt serve as regional centers, each focusing on their respective domestic markets and surrounding regions: Paris connects with French-speaking and Southern European markets, while Frankfurt serves the German-speaking region and Central and Eastern Europe. The two cities form a competitive yet complementary relationship with London, both in terms of time zones and specialization.

3.1.3 Intermediary Asset Management Centers [1]

Luxembourg is the second-largest fund registration center globally, accounting for 7.9% of global fund assets, second only to the U.S.; Ireland follows closely with 6.5%. These two centers are known for their "product intermediary" role. Asset managers from around the world, particularly from the U.S. and the UK, set up funds in Luxembourg and Ireland to take advantage of their tax neutrality and EU passporting benefits to sell funds across Europe and even to Asia and the Middle East. Consequently, nearly 100% of the assets managed in Luxembourg and Dublin come from foreign investors, embodying their intermediary function of “gathering global capital, assembling locally, and selling worldwide.” For example, Luxembourg’s UCITS funds are held by investors in over 50 countries globally, with significant amounts coming from Germany, Italy, and Asia. Ireland serves as the European hub for ETFs and hedge funds, with many multinational index funds and alternative investment funds choosing to domicile in Dublin.

Amsterdam's position in asset management is slightly different. The Netherlands has large pension assets (such as APG managing hundreds of billions of euros), and Amsterdam has become one of Europe’s pension investment management centers, home to large asset management companies servicing pension funds. Additionally, Amsterdam’s favorable business environment has attracted several UK asset management companies to establish their EU headquarters there, serving EU clients as a "post-Brexit" bridge.

In terms of regulation, Luxembourg and Irish authorities are efficient and pragmatic: fund approval processes are fast, regulatory rules are flexible, and they align with the EU framework, forming a specialized regulatory environment (for example, Luxembourg’s CSSF provides dedicated guidelines for different types of funds). The Netherlands operates an open EU Blue Card system to attract financial talent but also strictly enforces EU regulations combined with

[1] https://delao.lu/article/luxembourg-has-7-9-of-worldwide-investment-fund-assets-efama-q3-2024

national features (such as governance requirements for pension management institutions).

3.2 Core Characteristics of the European Asset Management Market

3.2.1 Sources of Funds

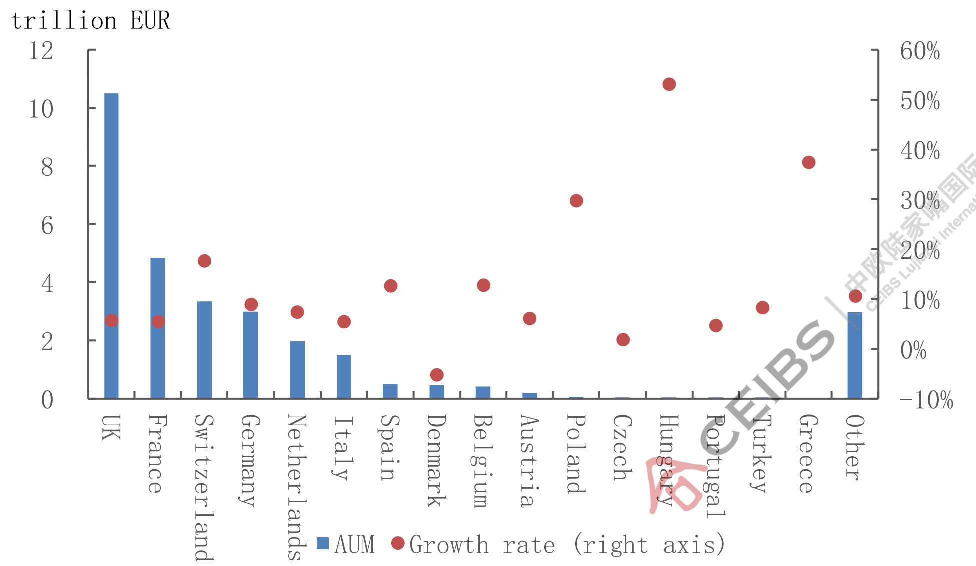
Differences in resource endowment have led to distinct characteristics in the asset management industries of various European countries.

On one hand, the pension market is extremely prominent in Europe. The Netherlands has the largest occupational pension fund system in Europe. The total size of Dutch pension funds exceeds €1.8 trillion, accounting for 190% of GDP. Among them, the Dutch public pension fund ABP manages assets worth €528 billion, making it the largest single occupational pension fund in Europe.

The UK's well-established pension system means that pension funds make up as much as 34% of the assets in London's asset management sector, causing fluctuations in the pension market to have a significant impact on the UK capital markets. At the end of 2022, following the UK government's large-scale tax cuts, investor confidence was shaken, and long-term government bond yields skyrocketed, resulting in pension portfolios using Liability-Driven Investment (LDI) strategies (mainly consisting of fixed-income derivatives and repurchase leverage strategies) facing massive margin calls. In a short period, the net asset values of many pension LDI funds shrank sharply, with leverage ratios soaring, and some highly leveraged LDI funds saw their net asset values approach zero. Due to the extreme market fluctuations, pension plans found it difficult to promptly allocate liquidity to supplement collateral, and were forced to sell government bonds in the market, triggering a vicious cycle of asset sales and rising yields, quickly depleting market liquidity. The UK government bond market entered a state of dysfunction dominated by "one-way selling," with the bid-ask spread on 30-year bonds soaring from the usual 0.5 basis points to over 2.5 basis points. The UK Financial Conduct Authority

(FCA) pointed out that the combined increase and speed of long-term bond yields in this round "far exceeded historical levels," triggering a collateral-asset fire sale spiral that posed a serious threat to the stability of pension funds, counterpart banks, and the broader financial market. The UK's Financial Policy Committee (FPC) also identified this as a major threat to financial stability.[①]

On the other hand, France and Germany mainly rely on bank-related sources of funding. Large commercial banks in France have strong financial resources and extensive customer bases, providing a continuous source of funding for their asset management companies, with the most prominent example being the French mutual bank Credit Agricole's asset management arm, Amundi, which had an asset management scale of €2.25 trillion in Q1 2025. In Germany, the asset management sector is closely aligned with insurance, with large insurance funds such as Allianz and Munich Re providing substantial long-term funding for local asset management.



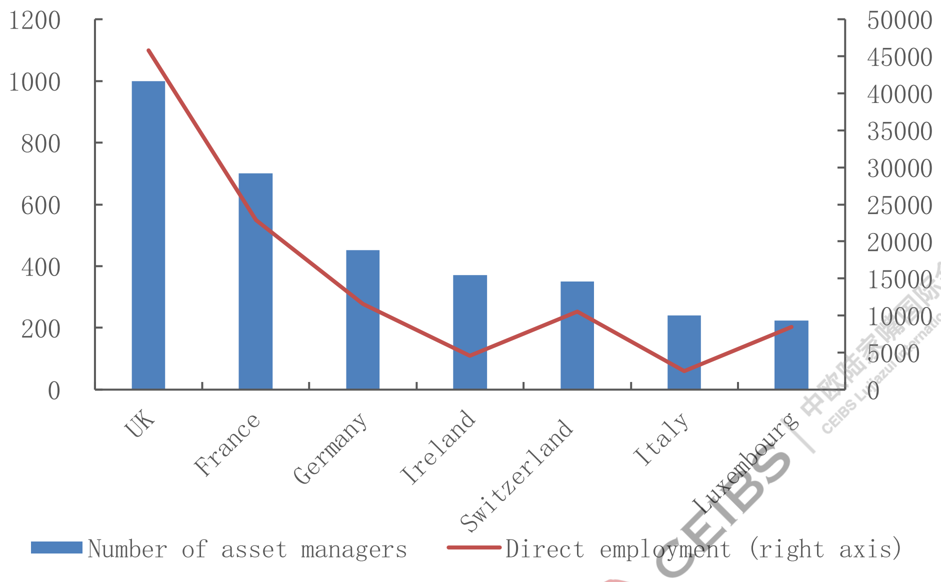
Source: EFAMA

Figure 3-4: European Countries' Asset Management Size and Growth Rate (2023)

① https://www.bankofengland.co.uk/quarterly-bulletin/2023/2023/financial-stability-buy-sell-tools-a-gilt-market-case-study

3.2.2 Institutional Concentration

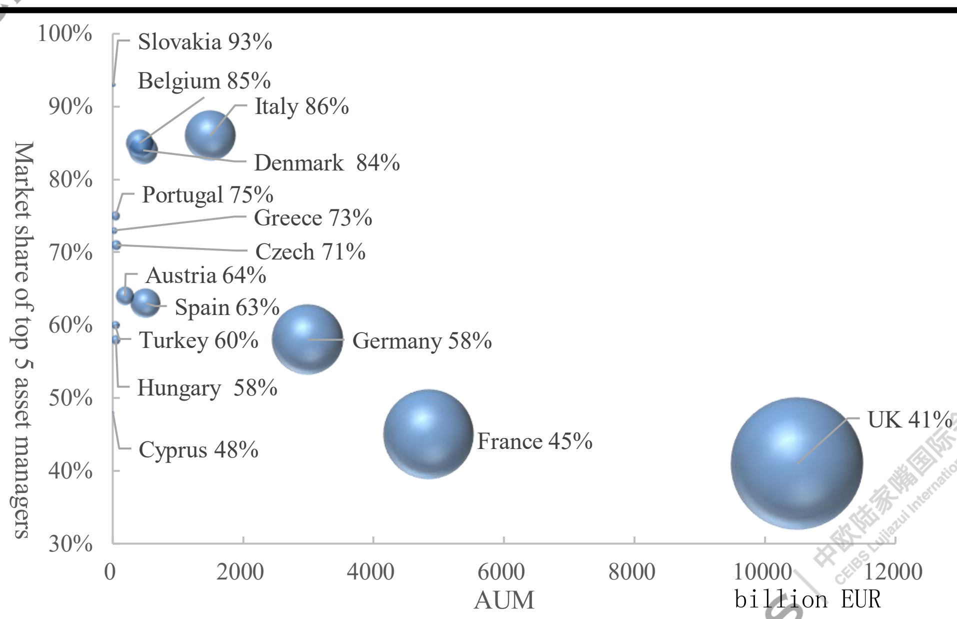
The UK, France, and Germany are the primary hubs for asset management institutions in Europe. In 2023, there were approximately 4,600 active asset management companies across Europe, with the UK, France, and Germany accounting for 1,000, 700, and 451 companies, respectively. Additionally, Ireland and Luxembourg also host numerous asset management firms, benefiting from their advantages in cross-border fund distribution, such as the EU's UCITS and AIFM frameworks. The concentration of asset management firms has created a significant number of direct employment opportunities, with an estimated 130,000 people directly employed in the asset management industry across Europe. Over half of these workers are concentrated in the UK, France, and Germany, totaling around 80,000 individuals.



Source：EFAMA

Figure 3-5: Number of Asset Management Companies and Direct Employment in Major European Countries (2023)

The market concentration in European asset management is closely related to the scale of asset management in each country. Generally speaking, countries with larger asset management scales exhibit relatively lower market concentration, with the top five asset management firms holding a smaller share of the market. For example, in the UK, France, and Germany, as the size of asset management decreases, the market share of the top five firms in the region increases. Thanks to a capital market-driven financial system, the UK's industry structure is highly competitive, with relatively low market concentration, as evidenced by the top five asset management firms holding just 41% of the market share in 2023. In recent years, the activity in mergers and acquisitions has been lackluster, and Brexit has caused some global large asset managers to gradually shift operations to France and Germany, resulting in a decrease in market concentration in both countries. Specifically, the market share of the top five asset management firms in France dropped by 2.2% to 45%, and in Germany, it decreased by 1.8% to 58%.

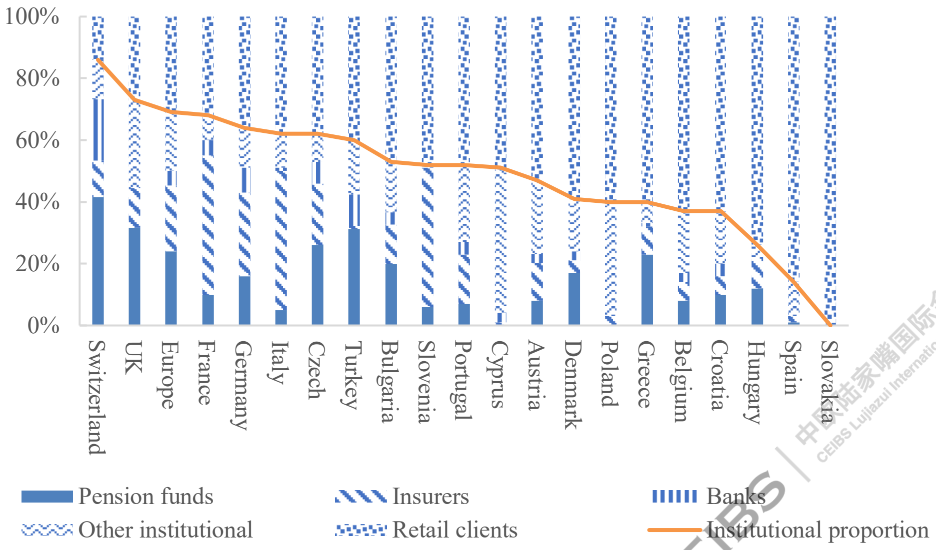


Source：EFAMA

Figure 3-6: Asset Management Market Size and Concentration in Major European Countries (2023)

3.2.3 Investor Structure

The European asset management market is dominated by institutional investors, a structure influenced by factors such as the role of local pension systems, the significance of insurance products in pension finance, the involvement of banks in distribution, and the international expansion of asset management firms. Of the total investors, 69% are institutional investors, and 31% are retail clients. By country, Switzerland and the UK have a higher share of institutional investors at 86% and 73%, respectively, exceeding the European average; France and Germany have slightly lower shares, at 68% and 64%, respectively. In the UK, pension funds are the largest institutional investors in asset management companies, accounting for 37% of the assets. In France, asset management companies mainly serve the insurance industry, with their managed assets making up 45% of the total. In Germany, institutional clients have a larger scale than retail clients, but insurance companies are the largest institutional investors in the asset management industry, with a 27% share of assets, which is lower than the 36% share held by retail clients.



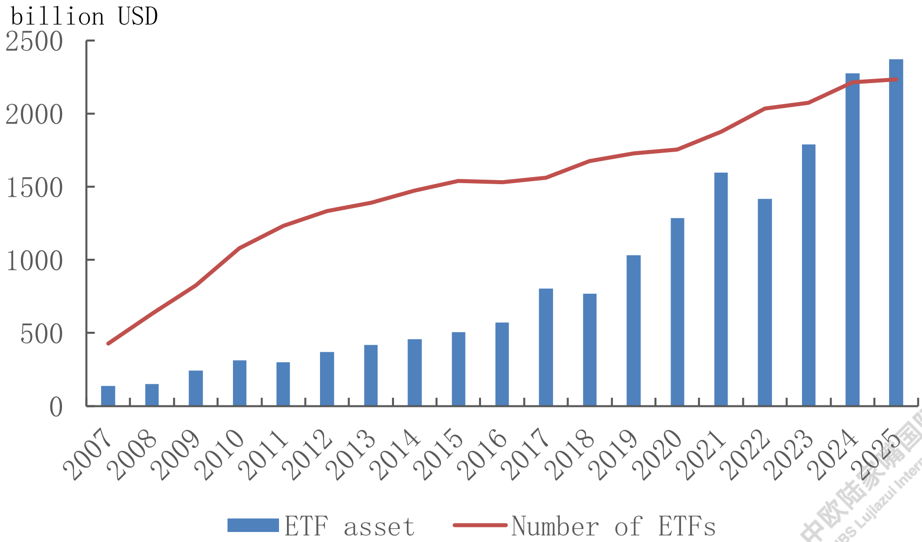
Source：EFAMA

Figure 3-7: Investor Structure in European Asset Management Industries by Country (2023)

3.3 Diversification of the European Asset Management Product Structure

3.3.1 Rapid Development of Active ETFs

The integration of active management strategies with ETF products, coupled with investor demand driving innovation in products such as individual stock ETFs, buffer ETFs, and digital asset ETFs, has led to significant developments in Europe's ETF market in recent years. Fund tokenization has made instantaneous settlement, digital custody, and digital distribution possible. As of April 2025, Europe's ETF industry comprised 2,292 products with a total asset size of $2.47 trillion, setting a historical high. The compound annual growth rate (CAGR) over the past ten years has been 17.2%, and the one-year return rate for 2025 stands at 8.6%.[①]



Note: The 2025 data is as of the end of January 2025.

Source: ETFGI

Figure 3-8: Growth Overview of the European ETF Industry (2007-2025)

The European ETF market share is highly concentrated. Among 111 ETF providers, the top three account for 64.9% of Europe's total ETF assets under management (AUM), while the remaining 108 providers account for the remaining 35.1%. iShares by BlackRock, Amundi, and

① https://etfgi.com/news/press-releases/2025/05/etfgi-reports-assets-invested-european-etf-industry-reached-record-high

Xtrackers rank as the top three, with a combined market share of 10.9%.

Since the fourth quarter of 2024, as the U.S. faced mounting fiscal pressure from its massive debt, international capital flows have increasingly moved into Europe, especially in equity assets. From January to April 2025, net ETF inflows amounted to $118.6 billion, marking 31 consecutive months of net inflows. Notably, equity ETFs saw net inflows of $88.7 billion, nearly double that of the same period in 2024; fixed-income ETFs saw a net inflow of $15.76 billion, slightly below the $16.3 billion of 2024; and commodity ETFs saw a net inflow of $3.99 billion, reversing the net outflow trend from last year. Active ETFs experienced net inflows of $8.48 billion, a significant increase from $2.49 billion in the previous year.

These data suggest that as ETF strategies become increasingly diversified, ETFs are no longer just passive products tracking indices; they have become tools for active investing aimed at generating excess returns. Active ETFs are now a competitive area for major asset management firms. As of May 16, 2025, the global AUM of active ETFs has reached $1.28 trillion, representing nearly 30% of all ETFs under management, with active ETFs making up over 60% of the ETFs launched this year. In January alone, active ETFs attracted net inflows of $1.88 billion, more than doubling the $730 million of the same period last year.

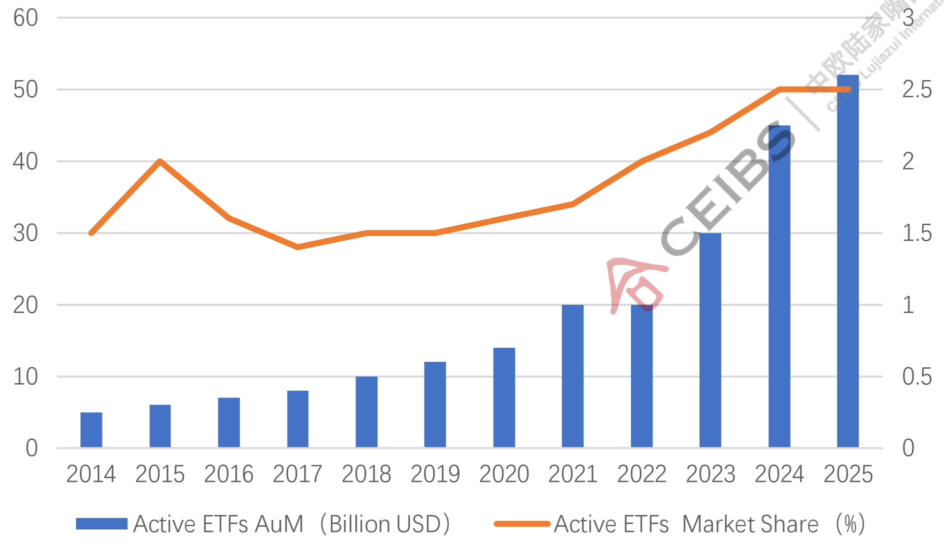
Though the U.S. holds a dominant 92% share of the global active ETF market, Europe and the Middle East and Africa (EMEA) collectively account for only 4.9%. However, the development of active ETFs in Europe has been rapid. As of February 2025, the AUM of active ETFs in Europe reached $56 billion, representing 2.3% of all ETF AUM in Europe, double the figure of 2019. In terms of the number of active ETFs, there were 330 products in February 2025, accounting for 7.2% of all listed ETFs in Europe, triple the number in 2019. Although the share remains small, the proportion of new active ETFs launched in Europe this year reached 40%. Structurally, active equity ETFs accounted for over 70%, which is 10 percentage points higher than the global average, while fixed-income active ETFs accounted for only 23%, almost

10 percentage points lower than the global level.

Table 3-1: Top 10 ETF Providers in Europe by Size and Market Share (2025)

Provider	Number of ETFs	AUM (Million USD)	Market Share
iShares	455	988,443	41.7%
Amundi ETF	336	292,750	12.3%
Xtrackers	264	257,508	10.9%
Vanguard	34	171,438	7.2%
UBS ETFs	151	122,979	5.2%
Invesco	158	120,971	5.1%
SPDR ETFs	106	107,854	4.5%
HSBC ETFs	60	43,530	1.8%
JP Morgan	48	37,588	1.6%
BNP Paribas Easy	70	32,766	1.4%

Source：ETFGI



Source：Etfcentral

Figure 3-9: AUM of Active ETFs in Europe (2014-2025)

Table 3-2: Active ETF Structure in Europe (202505)

Classes	AUM (Trillion USD)	Percentage
Equity	44,950	71.3%
Fixed Income	14,750	23.4%
Commodities	339	0.5%
Other	2,961	4.7%
Total	63,001	100%

Source：Etfcentral

The rapid growth of active ETFs in Europe has been driven by a series of regulatory reforms.

At the EU level, the European Securities and Markets Authority (ESMA) is advancing a unified supplier market data integration, which is expected to be completed by the end of 2025. Additionally, there are plans to achieve T+1 settlement by 2027 to improve liquidity and efficiency.[①] New ESG labeling rules have also helped curb the issue of "greenwashing," increasing the credibility of the ETF market.

At the national level, in April 2024, the UK's Financial Conduct Authority (FCA) reopened market access to EU-registered ETFs through its Overseas Fund Regime and introduced the Sustainable Disclosure Requirements (SDR). In October 2023, Ireland approved the "UCITS ETF" share class label, allowing asset management firms to directly convert existing mutual funds into ETFs without rebuilding the fund structure. Furthermore, Ireland relaxed restrictions on ETF investments in CLOs (collateralized loan obligations), promoting innovation in the credit space. Luxembourg, on the other hand, eliminated subscription taxes on active ETFs and approved semi-transparent ETFs that disclose monthly, further enhancing the flexibility of

① https://www.euroclear.com/en.html. Previously, according to EFAMA, T+2 might be the best settlement cycle for non-EU investors holding UCITS in various time zones, as a shorter settlement cycle would increase errors, hinder the fund management process, and make the calculation of daily net asset value (NAV) difficult. See https://www.euroclear.com/newsandinsights/en/Format/Articles/the-challenges-of-t1-for-etfs.html product structures and facilitating the full conversion mechanism between ETFs and mutual funds.

These regulatory reforms have accelerated the launch of ETF products and attracted global asset managers to enter the European ETF market. JPMorgan, as Europe's largest issuer of active ETFs, continues to expand its ESG and quantitative ETF product lines. Fair Oaks Capital and Janus Henderson launched the first CLO ETFs in Europe.

Table 3-3: Top 20 Active ETF Issuers in Europe by AUM and Market Share (202505)

Active ETF Issuer	Active AUM (Million USD)		European Market Share
	20250516	20241231	20241231
JPMorgan Asset Management	35,262	30,957	59.50%
Fidelity	6,399	5,998	11.50%
PIMCO	4,518	4,280	8.20%
iShares (BlackRock)	2,444	604	1.20%
BNP Paribas Easy	2,202	905	1.70%
Vanguard	1,740	1,402	2.70%
Invesco	1,518	1,114	2.10%
AXA Investment Managers	1,450	1,344	2.60%
HSBC	1,403	1,311	2.50%
Franklin Templeton	1,176	986	1.90%
Deutsche Bank Asset Management (Xtrackers)	765	638	1.20%
Amundi	708	489	0.90%
Avantis Investors	632	386	0.70%
Finans Asset Management (Turkey)	339	272	0.50%
Ossiam	305	229	0.40%
Robeco	266	46	0.10%
Investlinx ETF	242	233	0.40%
First Trust	222	146	0.30%
Janus Henderson Tabula	208	22	0.00%
Reitway Global	206	211	0.40%
Total for Top 20	62,003	51,572	99.20%
Total for Europe	63,027	51,991	100.00%

Source：Etfcentral

Moreover, the rapid expansion of "White-Label" providers [①] is accelerating the listing process of European ETF products, particularly for niche themes and actively managed ETFs. Traditional ETF issuance requires exemptions from the U.S. SEC and EU UCITS regulations, which typically take 1-2 years and cost around $750,000 to $1.25 million, involving complex negotiations and contracts with market makers, authorized participants, custodians, and trustees. White-label ETF providers offer a full ETF issuance structure and services to "ETF-preneurs" within 3 months at one-tenth the cost, significantly lowering the barriers to entry and encouraging more new asset management teams or family offices to participate in the ETF market.

Table 3-4: Top 5 Global White-Label ETF Providers, Three of Which Are Based in Europe

Rank	Provider	Location of Headquarters	Strengths
1	HANetf	Ireland	Theme ETFs, comprehensive services, strong performance record, customer-focused, European market leader
2	Leverage Shares	UK	Leverage and inverse ETPs, innovative product development, strong performance record
3	Exchange Traded Concepts	USA	Cutting-edge technology, custom solutions, extensive services, innovation, customer-focused
4	Tidal ETF Services	USA	Full ETF lifecycle support, distribution and marketing expertise, strong market-maker relationships
5	Waystone	Ireland	Institutional governance, risk management, regulatory compliance, robust governance framework

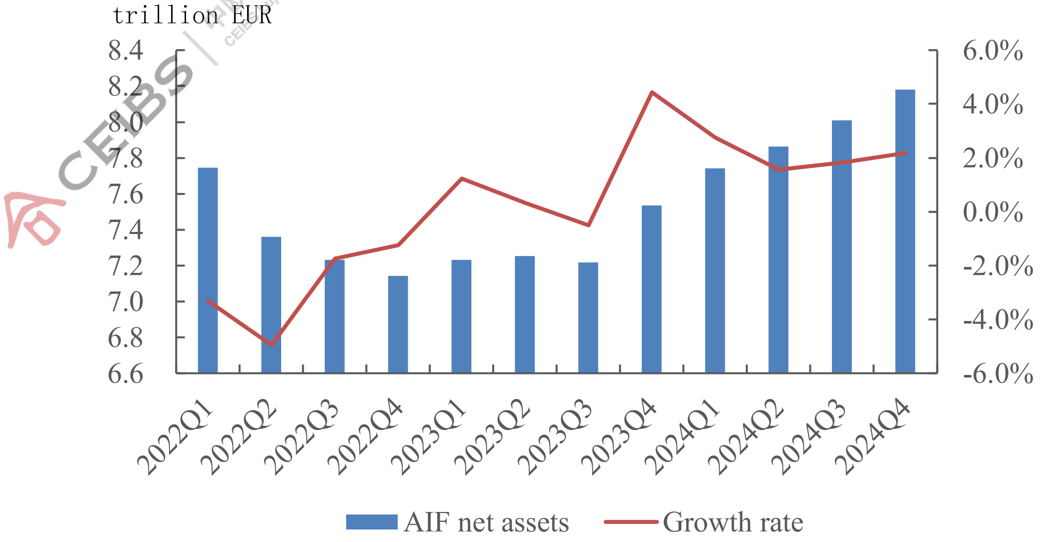
Source：whitelabelwonder

3.3.2 Restorative Growth of Alternative Investments

In recent years, the scale of alternative investments in Europe has steadily increased. Due

① A white-label ETF is an investment fund that allows third parties (typically financial institutions, asset management companies or fintech companies) to create their own brand ETFs without having to build infrastructure or regulatory frameworks from scratch. White-label ETF providers handle legal, operational and compliance aspects, enabling companies to focus on marketing and managing investment strategies under their brand names.

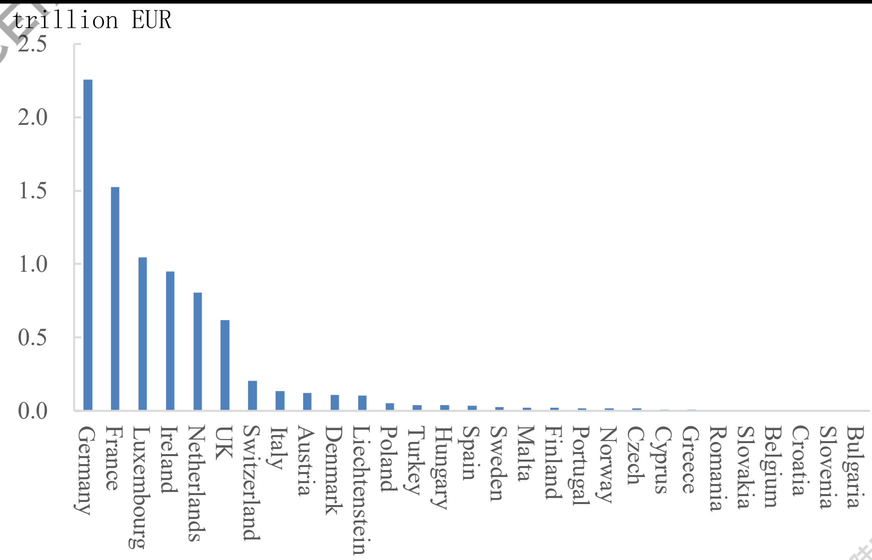
to the impact of the Russia-Ukraine conflict, the size of European alternative investment funds showed a decline for several consecutive quarters in 2022. However, the impact of geopolitical risks on alternative investments in Europe has gradually diminished, and the net asset value of alternative investment funds has continued to rise. By the end of 2024, the net asset value of European alternative investment funds reached €8.18 trillion, with a quarterly growth rate of 2.17%.



Source：EFAMA

Figure 3-10: Net Assets and Growth of European AIFs (2022-2024)

Germany and France are the two countries with the largest alternative investment fund sizes in Europe. As of the fourth quarter of 2024, the net asset values of alternative investment funds in these countries were €2.26 trillion and €1.53 trillion, respectively, while the UK's alternative investment funds had a net asset value of only €0.62 trillion, ranking sixth in Europe. The reasons for the concentration of alternative investment funds in Germany and France can be summarized in three key points: First, a mature regulatory framework, with the EU having standardized regulatory rules through the Alternative Investment Fund Managers Directive (AIFMD). Germany and France, as two major member states, possess well-developed compliance systems and strong cross-border operational capabilities, attracting large amounts of capital. Second, policy guidance and strategic planning. The EU's technological autonomy strategy and government-led industrial investment programs have attracted significant amounts of alternative capital into the technology sector. Additionally, the establishment of a capital market union has helped simplify cross-border investment processes and reduce operating costs and tax burdens for alternative investment funds. Third, a solid economic foundation. Germany and France, as Europe’s largest economies, host the international financial centers of Frankfurt and Paris, with well-developed financial markets and large high-net-worth populations. Their diverse investment needs have further driven the growth of alternative investments.

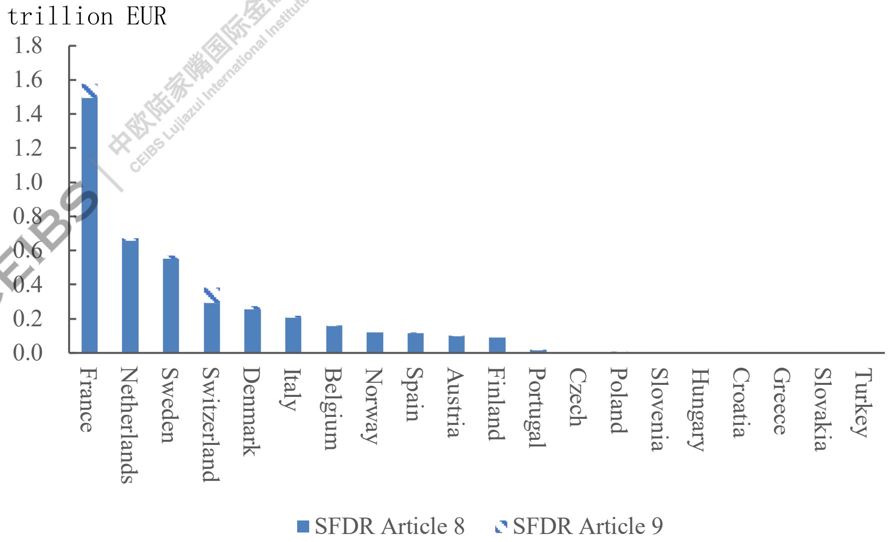


Source：EFAMA

Figure 3-11: Net Assets of AIFs in European Countries (2024)

3.3.3 Standardization of ESG Products

Sustainable investment has gained strong momentum in Europe. By the end of 2023, approximately 52% of the fund assets managed in Europe were using ESG investment methods, up from 46% at the end of 2022. In terms of regulation, according to Articles 6, 8, and 9 of the Sustainable Finance Disclosure Regulation (SFDR), France was the largest hub for ESG funds in Europe by the end of 2023, with light green funds totaling €1.49 trillion and dark green funds totaling €85 billion—far surpassing other European countries. However, for dark green funds, Switzerland's total was about €90 billion, followed by France with €85 billion. The differences among European countries mainly stem from varying customer demands and the maturity of the ESG fund market.



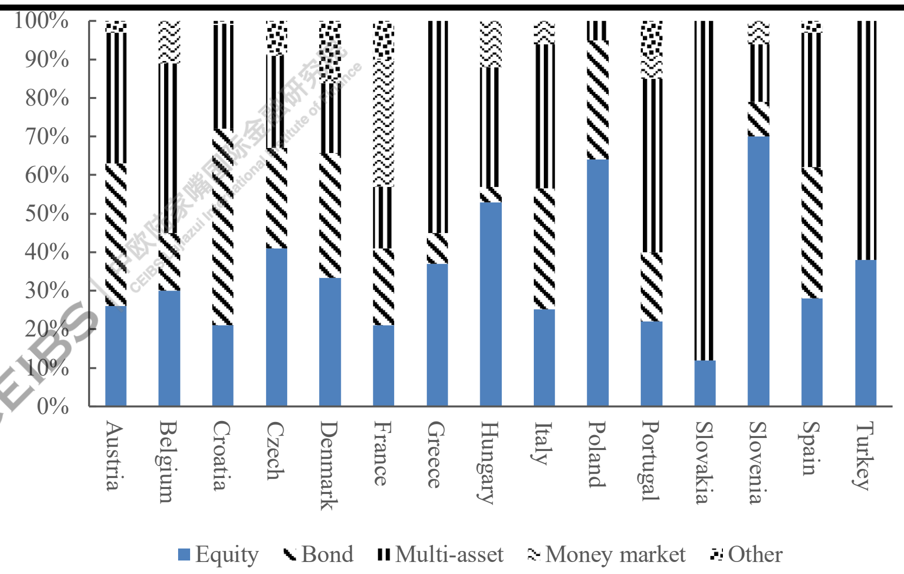
Source：EFAMA

Figure 3-12: Net Assets of ESG Funds by Country in Europe (2023)

In most European countries, Article 8-compliant light green funds are primarily allocated to equities, bonds, and multi-asset investments. The allocation to open-ended money market funds is concentrated in France. For example, in France, the allocation of light green funds to equities, bonds, multi-assets, money market funds, and other assets is 21%, 20%, 16%, 33%, and 10%, respectively.

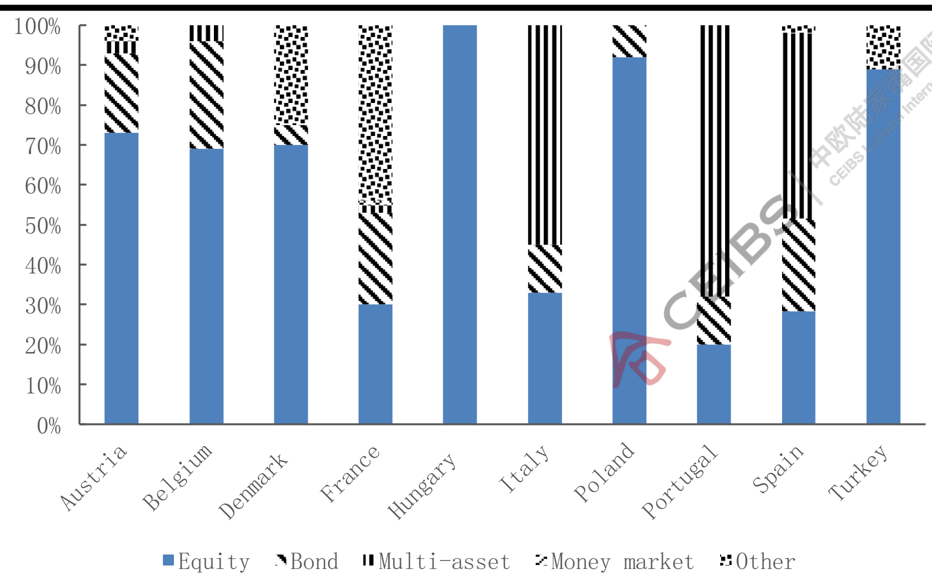
Meanwhile, Article 9-compliant dark green funds in Europe are mostly allocated to equities. Hungary and Turkey have the highest allocation to equities in dark green funds, at 100% and 89%, respectively. Additionally, due to the completeness of financial markets and the diversity of investment targets, France's dark green funds have a more diversified asset allocation, with only 30% allocated to equities, 23% to bonds, and 44% to other assets.

Compared with light green funds, dark green funds allocate less to open-ended money market funds.



Source：EFAMA

Figure 3-13: Investment Targets of Light Green Funds in European Countries (2023)



Source：EFAMA

Figure 3-14: Investment Targets of Dark Green Funds in European Countries (2023)

3.4 European Asset Allocation Trends

With the rapid changes in the global financial environment following the pandemic—initially easing and then tightening—major European asset management institutions have generally shifted their asset allocation strategies, reducing equity holdings and increasing fixed-income investments. [①] For example, the equity investment ratio of Credit Agricole's asset management division (including Amundi) rose from 35.9% in 2021 to 38.7% in 2024, with the scale of equity assets growing to approximately €544 billion. Allianz's fixed-income ratio slightly increased from 80.8% in 2021 to 81.4% in 2024, reflecting the rise in bond yields, especially for government bonds, which offer lower default risk and stable coupon returns. In addition, institutions have shown varying degrees of allocation to alternative assets (such as private equity, real estate, and hedge funds). UBS and Credit Agricole slightly reduced their exposure, while Allianz and Schroders significantly increased theirs.

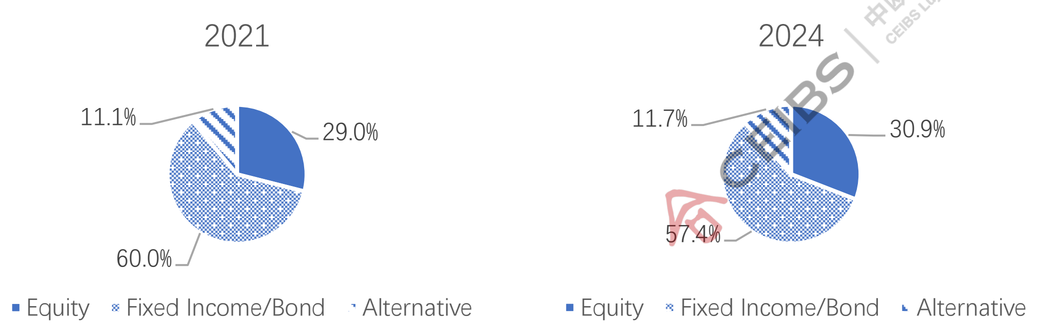
Based on these asset allocation changes, the AUM of major European asset management institutions has fluctuated in recent years. On the one hand, the U.S. Federal Reserve and the European Central Bank's significant interest rate hikes in 2022 dampened economic growth expectations, leading to a global stock market downturn. On the other hand, interest rate hikes raised risk-free rates, reduced bond prices, and impacted bond fund performance. The combined effect of these factors led to a decrease in investor risk appetite, with many assets devaluing and being redeemed, directly reflected in the reduction of AUM. Allianz's AUM dropped by 17.9% that year, and the leading passive asset management firm in the UK, Legal & General, also shrank by about 20.1%.

Since 2023, with the market recovering and business adjustments, most institutions have seen a return to growth in AUM. For example, UBS Group's AUM surged by nearly 39% in

[①] UBS Asset Management's equity assets were approximately 510 billion euros in 2021, accounting for 57.0% of its total asset management scale. By 2024, its equity investment increased to about 732 billion euros, but the proportion dropped to 53.2%, mainly due to the acquisition of Credit Suisse.

2023 due to its acquisition of Credit Suisse Asset Management, increasing from about €3.7 trillion to €5.1 trillion. Other institutions, such as Credit Agricole Asset Management, saw a return to positive growth in 2023 (6.1%) and further growth of 11.8% in 2024, with AUM reaching €2.867 trillion. Allianz Asset Management also saw growth of 3.9% in 2023 and 10.1% in 2024.

In conclusion, European asset management institutions have demonstrated strong adaptability and diversified strategies in their global layout and cross-border investment configurations. On the one hand, by establishing a solid foundation in global financial centers, they have built a network to serve clients worldwide. On the other hand, in asset allocation, they dynamically balance equity, fixed income, and alternative assets according to market cycles, achieving a balance between returns and risks. These efforts enable European asset management centers to maintain a competitive edge in the face of "de-globalization" challenges and provide strong support for reinforcing their global position. Finally, it should be noted that deepening Sino-European asset management cooperation and promoting cross-border business connectivity is a major strategic direction for the European asset management industry in response to global changes in the geopolitical landscape (as discussed in Chapter 5).



Source: Annual Reports of Asset Management Institutions

Figure 3-15: Weighted Average Asset Allocation of Major European Asset Management Institutions (2021-2024)

Table 3-5: AUM and Growth of Major European Asset Management Institutions (2021-2024)

	UBS	Credit Agricole	Allianz	Natixis Investment Managers	Legal&General Group
2021	4060	2581	2609	1245	1691
	18.5%	16.3%	9.2%	11.5%	18.1%
2022	3702	2416	2141	1079	1351
	-8.8%	-6.4%	-17.9%	-13.3%	-20.1%
2023	5143	2564	2224	1166	1333
	38.9%	6.1%	3.9%	8.1%	-1.4%
2024	5904	2867	2448	1317	1353
	14.8%	11.8%	10.1%	13.0%	1.5%

Unit: Billion EUR

Source: Official Websites of Asset Management Institutions

Table 3-6: Asset Allocation of Major European Asset Management Institutions (2021-2024)

Asset Class	Year	UBS	Credit Agricole	Allianz	Schroders
Equity	2021	510	447	229	250
		56.97%	35.85%	9.59%	58.25%
	2022	424	406	148	213
		50.17%	35.74%	7.54%	55.39%
	2023	580	467	158	219
		49.46%	37.97%	7.75%	56.65%
	2024	732	544	176	230
		53.17%	38.72%	7.84%	55.58%
Fixed Income	2021	251	679	1929	116
		28.00%	54.45%	80.78%	26.88%
	2022	275	605	1580	94
		32.56%	53.26%	80.49%	24.55%
	2023	401	656	1648	91
		34.18%	53.33%	80.78%	23.65%
	2024	450	747	1828	99
		32.68%	53.17%	81.39%	23.93%
Alternative	2021	135	121	230	64
		15.03%	9.70%	9.63%	14.87%
	2022	146	125	235	77
		17.27%	11.00%	11.97%	20.06%
	2023	192	107	234	76
		16.36%	8.70%	11.47%	19.70%
	2024	195	114	242	85
		14.15%	8.11%	10.77%	20.49%

Unit: Billion EUR

Note 1: The asset allocation data of Credit Agricole's is sourced from Amundi. The data of UBS, Allianz and Schroders are sourced from their asset management departments. Schroders data does not include joint ventures and associates.

Note 2: The specific definitions of alternative assets vary among different asset management institutions. Among them, UBS includes hedge fund businesses and real estate & private markets; Amundi includes real, alternative and structured assets. Schroders includes private assets and alternatives.

4. Talent and Technology: Reshaping the Landscape through Mobility

4.1 Talent Redistribution After Brexit[①]

The 2016 Brexit referendum led to a reshaping of the talent landscape in European asset management, with talent distribution shifting from being overly concentrated in London to becoming more decentralized across various key cities. This diversification not only boosted the talent reserves in local financial centers within the EU but also promoted the integrated development of European capital markets.

In terms of talent outflow, from 2016 to 2022, approximately 7,000 financial services jobs moved from London to other EU countries, much lower than the market's expectations.[②] This can be attributed to the UK's adjustment of its immigration policies to continue attracting overseas professionals, such as the introduction of a points-based immigration system in 2021, lowering the visa thresholds for high-end talent, and launching the "High Potential Talent Visa." In practice, the composition of asset management professionals in London has shifted from "EU-centric" to "global-centric," with a decrease in talent from the EU and an increase in talent from North America, Asia, and other regions. This has partially offset the impact of the EU talent loss and helped maintain London’s status as a global asset management hub.

On the talent inflow side, Dublin, Paris, and Frankfurt emerged as key destinations for

① https://www.reuters.com/world/uk/ey-brexit-tracker-finds-7000-finance-jobs-have-left-london-eu-2022-03-28/
② https://committees.parliament.uk/committee/516/european-affairs-committee/news/171621/government-reluctant-to-engage-with-the-eu-on-financial-services-says-lords-committee/

professionals migrating from London. Dublin, with its similar language and legal system to the UK, attracted a number of UK asset management and insurance back-office teams. Since June 2016, nearly 90 foreign investment projects linked to Brexit have been established in Dublin, creating approximately 5,500 new jobs, mostly in the financial services sector, especially asset management and insurance companies.[①] Paris and Frankfurt have attracted a number of investment managers and traders who relocated from London. France successfully implemented policies to attract financial talent (such as tax incentives for cross-border high-end talent with "relocation tax reductions") and simplified the process for UK-licensed asset management firms to relocate to Paris through the French Financial Markets Authority (AMF), thus encouraging firms like Schroders and Morgan Asset Management to expand their teams in Paris. Frankfurt, on the other hand, mainly absorbed bank-related functions but also saw Deutsche Bank's DWS and UBS relocate their EU sales teams to Germany. A significant number of UK-based funds transferred management functions to Luxembourg, leading to a surge in demand for professionals in compliance, risk control, and other specialties, attracting asset management professionals from other EU countries to Luxembourg to meet EU regulatory requirements.

4.2 Post-Pandemic Talent Mobility Trends

After the COVID-19 pandemic in 2020, remote work quickly became popular in the asset management industry, with major European asset management institutions adopting hybrid work models.[②] For instance, Allianz Group's latest human resources policy allows employees to work remotely for about 40% of the time each week. Banks like UBS have implemented flexible work strategies depending on the nature of the position, allowing senior analysts and fund managers to work remotely part-time, while roles in compliance, risk, and similar functions require more on-site work. Large French asset management firms, such as Credit

① https://www.idaireland.com/getmedia/349292fd-aecf-43a8-8733-1c22b65b135a/IDA-Annual-Report-2023-PDF.pdf
② https://hubblehq.com/blog/famous-companies-workplace-strategies

Agricole Group and Aberdeen Standard Investments, have also introduced "smart office" policies, allowing employees to work in the office for 2-3 days a week and work remotely for the remainder of the time.

Some multinational asset management firms even allow employees to collaborate remotely across countries, significantly affecting the talent flow pattern within the EU. Many fund companies with offices in Budapest and Bucharest, for example, have allowed local investment researchers to help the trading teams in Paris and Frankfurt serve clients through remote access.[①] This approach not only reduced costs but also accelerated the reorganization and movement of talent within the EU. Professionals from Central and Eastern European countries can provide services to Western European financial centers while reducing the cost of living and visa issues associated with immigration. Furthermore, professionals from Asia and the Americas working remotely for European asset management firms have further enhanced the internationalization of talent.

Overall, remote and hybrid work models have improved employee satisfaction and work-life balance, becoming a highlight in recruitment competition. European asset management firms widely emphasize flexible work benefits in their job postings to attract multinational talent, improving market resilience and talent allocation efficiency.[②]

As of the end of 2023, there were approximately 130,000 direct employees in the European asset management industry.[③] These positions were mainly concentrated in London, Paris, Frankfurt, and other cities, with London holding a significant share of the European asset management workforce (the UK financial services sector employed 1.17 million people, with asset management being an important branch).[④] In terms of job types, about 40% were portfolio management and research roles, 20% were in sales and business development, and the

① https://www.eurofound.europa.eu/system/files/2023-01/ef22005en.pdf
② https://www.eurofound.europa.eu/system/files/2023-05/ef22011en.pdf
③ https://www.efama.org/sites/default/files/files/asset-management-report-2024.pdf
④ https://commonslibrary.parliament.uk/research-briefings/sn06193/

remaining 40% covered risk management, operations, IT, and support functions.[①]

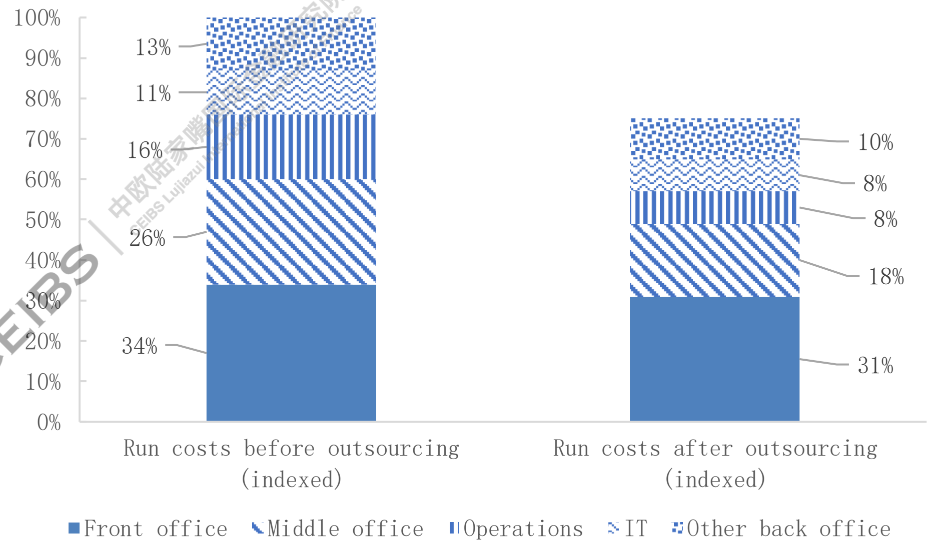
Since the 2000s, Europe has attracted high-end financial talent through immigration policies. For example, the EU's "Blue Card" program[②] provides work and residence permits for high-skilled non-EU nationals. In 2023, over 89,000 Blue Cards were issued, with Germany accounting for 78%, followed by Poland (8%) and France (4%). Indian citizens received the largest share of EU Blue Cards (21,000, or 24%), surpassing citizens from Russia (11%) and Turkey (7%). Many Indians hold IT and quantitative roles in German and French asset management institutions. While the UK is not part of the Blue Card program, it continues to attract asset management professionals through global talent visas and other pathways. These initiatives have kept Europe’s asset management talent pool open and diverse, enhancing the appeal of European asset management centers to global investors.

4.3 The Current Development of FinTech in Europe

2024 has been a turbulent year for European FinTech, with overall financing continuing to decline, but the sector is showing signs of resilience and recovery. According to the ***European FinTech Overview 2024*****,** in the first half of 2024, capital invested in European FinTech amounted to €2.9 billion, a 25% decrease from €3.8 billion in the same period of 2023. The number of financing deals also dropped by 19%, with 443 deals in 2024 compared to 548 in 2023. The number of employees laid off within 12 months was 2,813, a 6% decrease from the 3,100 employees laid off in 2023. As the sector adjusts its scale, the European FinTech industry is shifting from a focus on revenue growth to a focus on improving profitability, driven mainly by the fact that profitability is the primary factor influencing the valuation of FinTech companies. Overall, the focus of European FinTech has moved from consumer-facing or asset management solutions to deeper technological infrastructure. This shift indicates that European FinTech is transitioning from a B2C (business-to-consumer) model to a B2B (business-to-

① https://www.efama.org/sites/default/files/files/asset-management-report-2024.pdf

② https://ec.europa.eu/eurostat/web/products-eurostat-news/w/edn-20250508-1 business) model, aiming to drive industry innovation and efficiency. In wealth and asset management, the trend of cost-cutting is increasingly evident, particularly in the outsourcing of middle-office and operations functions.



Source：Finch Capital

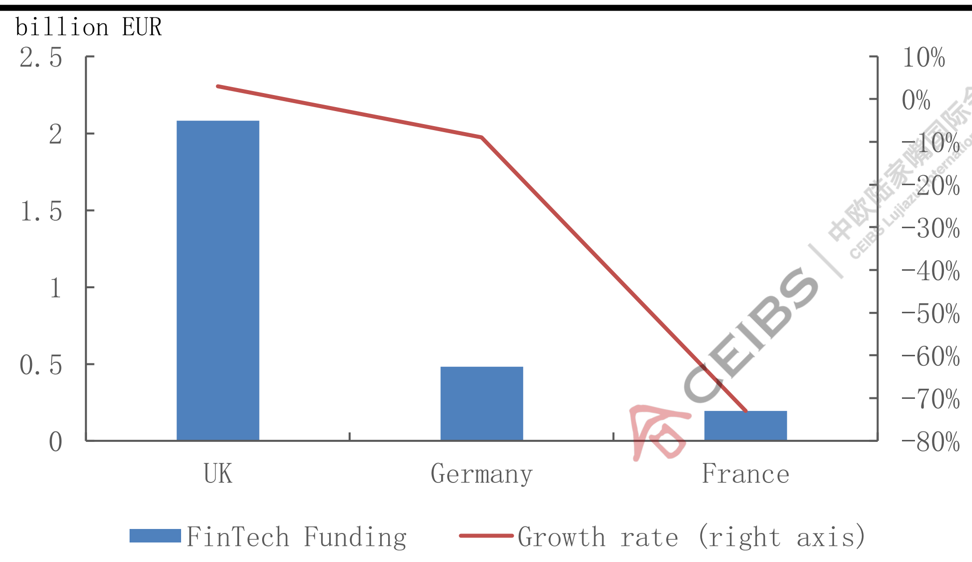
Figure 4-1: Run Costs Before and After Platform Outsourcing (2024)

The development of FinTech in different European countries shows clear segmentation, with each country focusing on different aspects such as financing, innovation, and policy support. First, the UK is Europe’s FinTech powerhouse, and its leading position continues to strengthen. In the first half of 2024, the UK's FinTech financing reached €2.08 billion, a 3% increase from €2.02 billion in the same period in 2023. As UK interest rates decline and policy uncertainty weakens, the scale of FinTech financing is expected to rise further. The launch of the £1.3 billion National Wealth Fund has injected new momentum into FinTech development, while private equity in the UK has demonstrated strong resilience, with stable venture capital and merger and acquisition financing.

Second, Germany has laid a solid foundation for FinTech development through its sovereign wealth fund. In the first half of 2024, Germany’s FinTech financing amounted to

€482 million, a 9% decrease from €527 million in 2023. Despite the global economic headwinds, Germany's investment environment has demonstrated resilience, and a rebound in investor confidence along with policy support will further assist the development of local FinTech. The German government injected €1.75 billion into tech startups through the Germany Future Fund, providing power to the startup and venture capital ecosystem. German venture capital and M&A fund sizes have increased from an average of $216 million to $310 million, a 43% rise.

Finally, France faces diversification pressures beyond artificial intelligence, with both financing and deal volumes declining. In the first half of 2024, France's FinTech financing was €196 million, a 73% decline from €717 million in the same period of 2023. However, given the rapid development of artificial intelligence, France's FinTech sector still shows strong resilience. The average fund size in France increased from $587 million to $1.03 billion, a 74% growth.



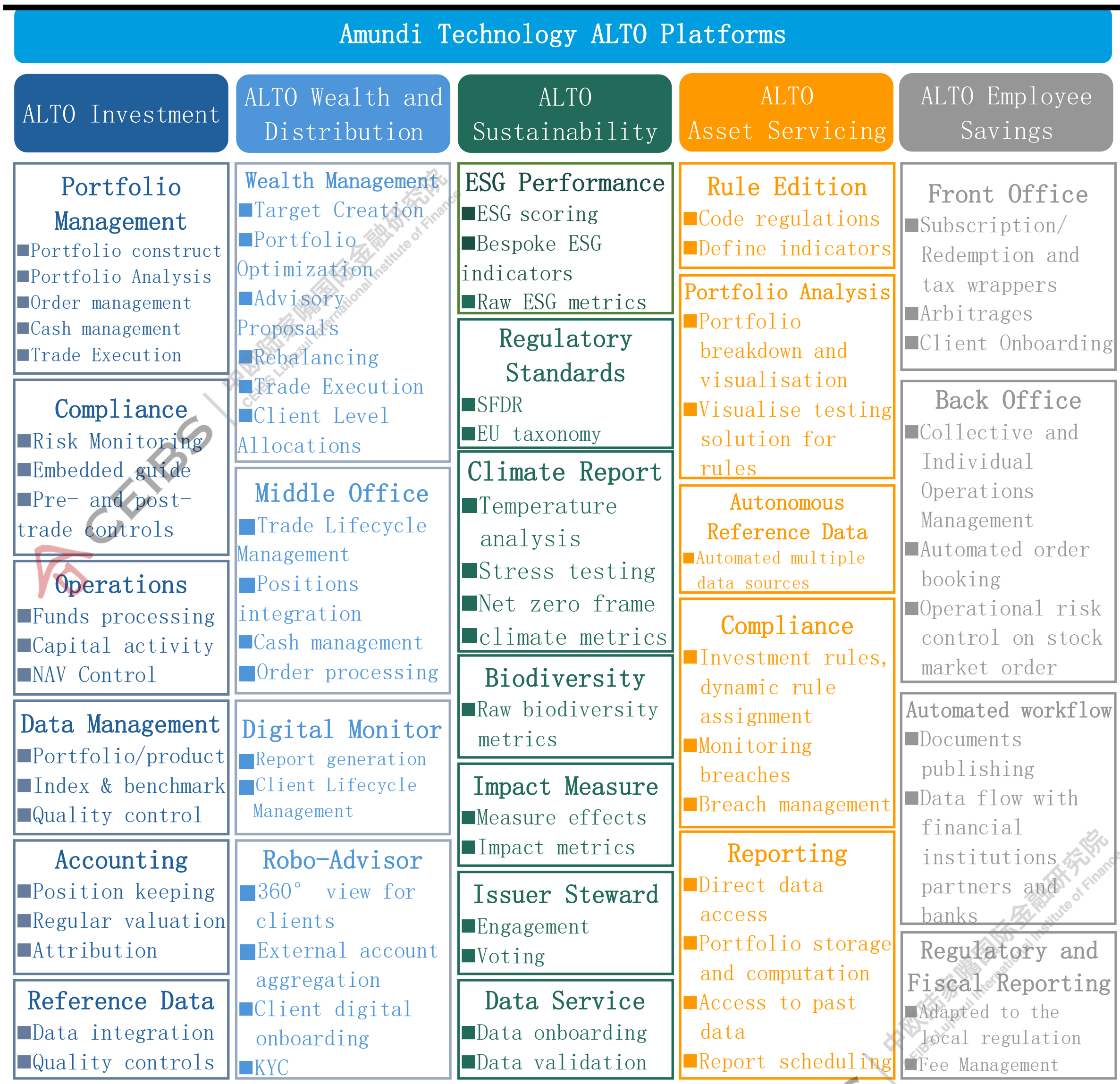
Source: Finch Capital

Figure 4-2: FinTech Financing Scale in Major European Countries (2024)

4.4 The Reshaping of Asset Management Operations by Digitalization: The ALTO Case

Amundi's ALTO technology platform is a prime example of FinTech applications in the European asset management industry. Currently, the ALTO platform manages assets totaling €2.5 trillion and serves over 50 clients globally, including leading asset management institutions. The ALTO platform consists of five sub-modules: ALTO Investment Platform, ALTO Wealth and Distribution Platform, ALTO Sustainability Platform, ALTO Asset Servicing Platform, and ALTO Employee Savings and Retirement Platform.

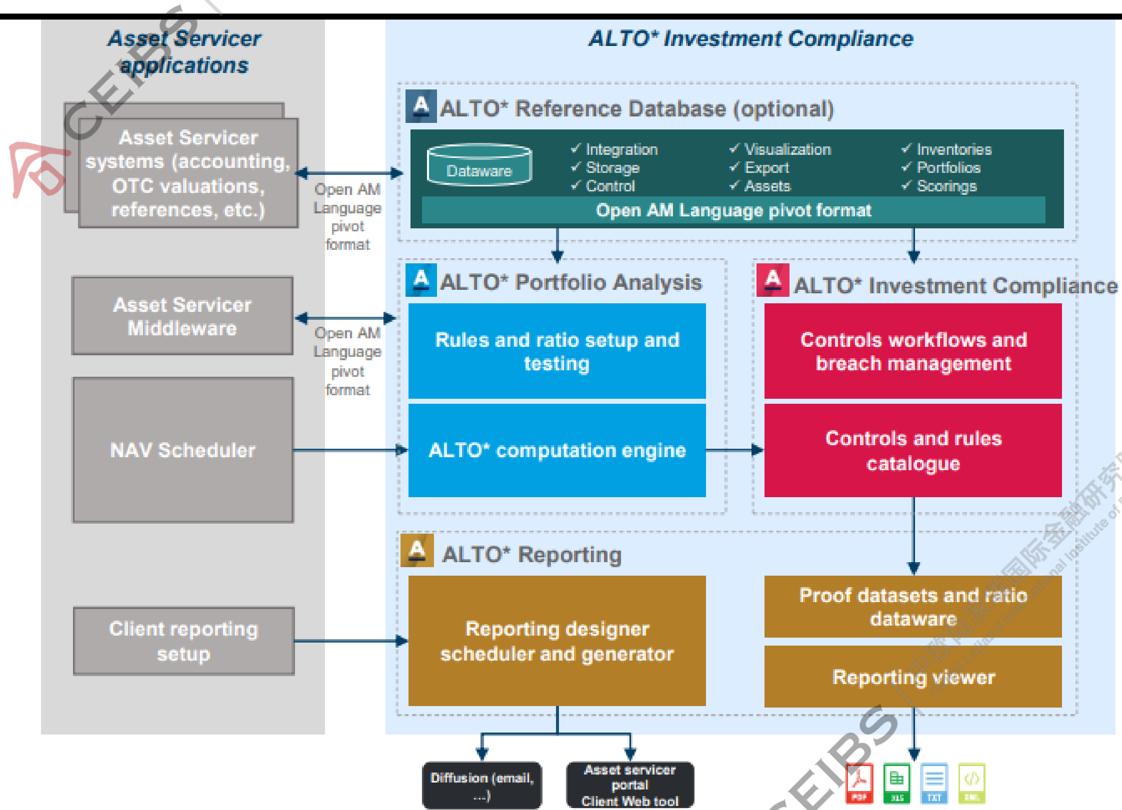
The ALTO Investment Platform is Amundi's portfolio management system, covering all asset classes and investment strategies. Its main functions include portfolio management, risk and compliance, investment operations, data management, and accounting, and it primarily serves asset management companies and institutional investors. The ALTO Wealth and Distribution Platform provides services such as wealth management, middle-office and data management, digital monitoring and reporting, and intelligent advisory, targeting retail banks and wealth management firms. The ALTO Sustainability Platform simplifies ESG data management for sustainable and responsible investments, with key functions covering ESG performance, regulatory standards, climate reporting, biodiversity reporting, impact assessment, issuer management, and data services. It primarily serves portfolio managers, ESG analysts, and compliance officers. The ALTO Asset Servicing Platform integrates and aggregates data for asset servicers to ensure compliance with dynamic regulations. Its functions include rule editing, portfolio analysis, reference data, compliance, and reporting, and its primary clients are custodians. The ALTO Employee Savings and Retirement Platform is designed for banks and insurance groups to manage employee savings and retirement plans, with functions covering front-office, back-office, workflow automation, as well as regulatory and financial reporting.



Source: Amundi

Figure 4-3: Amundi ALTO Technology Platform

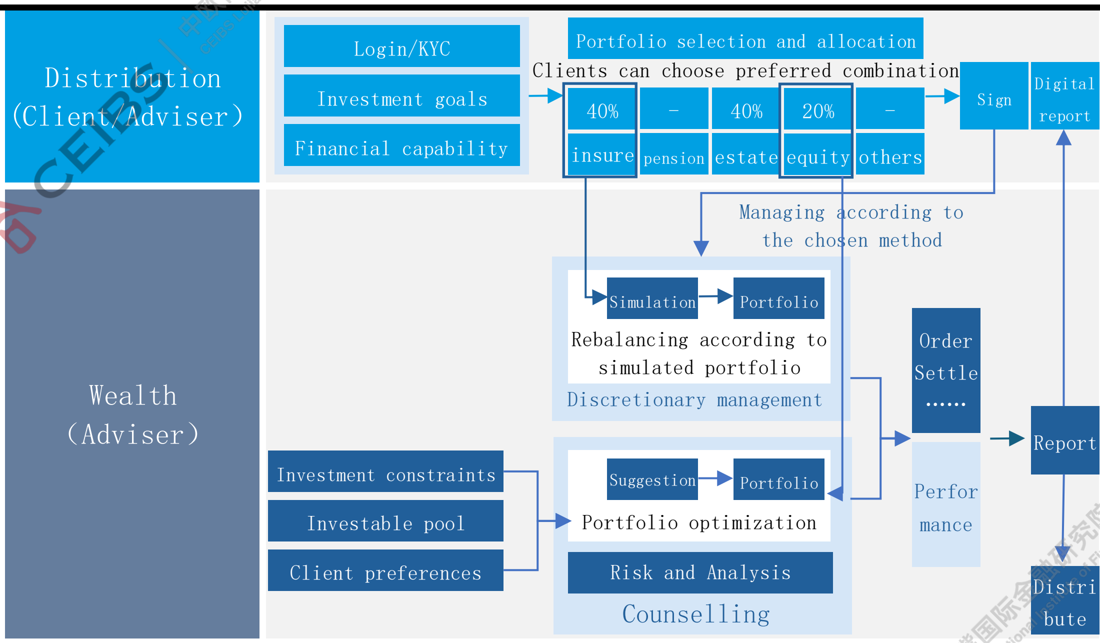
The ALTO Investment Compliance module is designed for asset servicers to ensure that trustees monitor and control the duties and services provided by custodians and fund managers and track compliance. This platform features a flexible rule coding interface, interactive default management, panoramic monitoring display, and compliance report generation, and can be deployed on both cloud-based and on-premise infrastructure. First, the investment compliance platform connects the asset servicers' systems to the ALTO reference database through the OpenAML pivot format. Second, the intermediary software for asset servicers uses this platform to implement rule codification and construct monitoring ratios, while the asset servicer's net asset value scheduler can call the ALTO calculation engine to conduct portfolio analysis. The platform uses advanced algorithms based on asset categories to classify and monitor passive and active violations, ensuring compliance management. Finally, the platform can design, generate, and distribute customized reports based on clients' reporting needs.



Source： Amundi

Figure 4-4: Full Investment Compliance Process on the ALTO Asset Servicing Platform

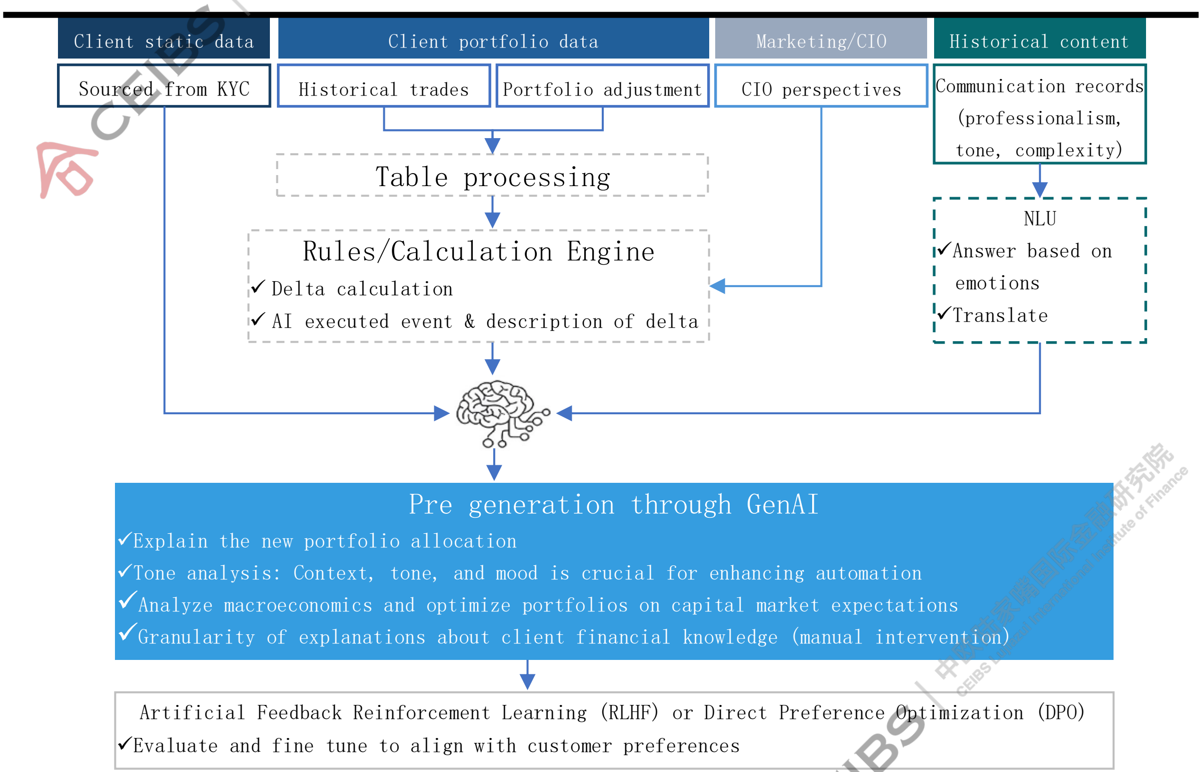
The ALTO Wealth and Distribution Platform integrates two sub-modules: Distribution and Wealth Management. The Distribution module mainly serves end customers and investment advisors. End customers can log into the platform, input investment goals and financial capacity, and select investment portfolios that match their preferences and allocate funds. Investment advisors can access customer information through the platform and obtain client authorization. The Wealth Management module is designed for investment advisors, allowing them to simulate portfolio rebalancing based on full discretion from end clients. The platform helps investment advisors form investment recommendations, optimize client portfolios, and integrate risk analysis and intelligent advisory functions. Additionally, the platform can perform investment performance analysis, generate reports, and disseminate them.



Source: Amundi

Figure 4-5: Full Process of ALTO Wealth and Distribution Platform

The ALTO Wealth Management Platform utilizes generative artificial intelligence (GenAI) to improve efficiency and better meet client needs. GenAI's role is mainly in the integration and analysis of multi-source data, including static client data, client portfolio data, marketing activities, chief investment officer opinions, and historical content. First, static client data comes from the customer identification process, including aspects such as customer identity verification, source of funds, and risk assessment. Second, client portfolio data includes the current investment portfolio, historical transactions, and adjustments to the portfolio. Based on preset rules, the calculation engine is called to compute specific portfolio changes and describe them in detail. Additionally, the platform includes marketing activities from the distribution platform and the chief investment officer's viewpoints. Finally, communication records between investment advisors and clients are also an important data source, including client expectations, professionalism, and complexity of plans. These historical records are processed using natural language understanding. Based on this, reinforcement learning with human feedback (RLHF) and direct preference optimization (DPO) are used to better align with client preferences.



Source: Amundi

Figure 4-6: Application of GenAI in ALTO Wealth Management

5. Sino-European Cooperation: Key Areas and Pathways

5.1 Globalization Pathways of European Asset Management Institutions

Looking back at history, major European asset management institutions began establishing branch networks in global financial centers early on. From the mid-19th century to the 20th century, large European asset management companies set up branches in cities such as Shanghai, Hong Kong, London, New York, Chicago, and San Francisco. This expansion closely followed the evolution of the global economic landscape.

London's proximity to the mouth of the Thames River made it a bustling trade port in the 19th century, and its growing economic status attracted European financial activities, particularly with the early establishment of the London Stock Exchange, making it Europe's most important financial center. As a result, European asset management institutions began setting up branches in London. In Asia, Shanghai and Hong Kong opened up in the mid to late 19th century, rapidly growing into important trade and financial centers in the Far East. Their enormous economic potential attracted European asset management institutions, which started setting up branches in Shanghai and Hong Kong as early as the late 19th century. For example, BNP Paribas entered Shanghai in 1860, Hong Kong in 1862, and only established an office in London in 1867. Similarly, Deutsche Bank entered Shanghai in 1872 and London in 1873. Credit Agricole also began its expansion into Asia in the late 19th century, entering Hong Kong in 1894 and Shanghai in 1898.

The second half of the 19th century saw the rise of the U.S. industrial revolution, which propelled the U.S. to become a new global financial hub. To seize opportunities in the North American market, European asset management institutions started establishing offices in cities such as New York, Chicago, and San Francisco to expand their global operations and acquire new clients. For example, UBS opened its base in London in 1900 and then moved into New York in 1939. Credit Agricole, after establishing its London branch in 1870, opened an office in Chicago in 1979. Through these global pathways, European asset management institutions gradually built a business network spanning Europe, Asia, and America by the 20th century.

Table 5-1: Timeline of Branch Establishments by Major European Asset Management Institutions

Branch Location	UBS	Credit Agricole	BNP Paribas	Deutsche Bank
Shanghai	1985	1898	1860	1872
Hong Kong	1964	1894	1862	1900
London	1900	1870	1867	1873
United States	1939 (New York)	1979 (Chicago)	1877 (San Francisco)	1979 (New York)

At the start of the 21st century, European asset management institutions further enhanced their global presence. By the end of 2024, nearly all top European asset management firms had commercial operations in major global financial centers. Institutions such as UBS and Deutsche Bank have operational teams in key European cities like London, Luxembourg, Frankfurt, Zurich, and Milan, while also establishing a presence in Asian markets like Hong Kong, Shanghai, Tokyo, and Singapore, as well as in North American financial hubs such as New York. France’s major asset management groups (e.g., BNP Paribas Asset Management, Amundi, Natixis Investment Managers) have similarly leveraged their cross-border networks to expand globally: relying on EU “passport” fund hubs like Luxembourg and Ireland for cross-border fund business, and establishing branches in New York and major Asian cities to export European asset management services worldwide. Large insurance asset management firms like Germany’s Allianz, through platforms like PIMCO, have operations in numerous countries globally.

It is noteworthy that different institutions have different strategies for international expansion: traditional bank-affiliated asset managers tend to focus on establishing physical branches in key financial centers to serve global institutional clients, while some independent asset managers and boutique advisors prefer to enter foreign markets through mergers, acquisitions, or partnerships, providing support for multinational clients and diversifying asset allocation.

Table 5-2: Global Distribution of Major European Asset Management Institutions (2024)

Branch Location	UBS	Credit Agricole	Allianz	Natixis Investment Managers	BNP Paribas	Deutsche Bank	Schroders	Generali Group	HSBC	Aegon
London	*	*	*	*	*	*	*	*	*	*
Luxembourg	*	*	*	*	*	*	*	*	*	
Frankfurt	*	*	*	*	*	*	*			*
Zurich	*	*	*	*	*	*	*		*	
Milan	*	*	*	*	*		*	*	*	
Hong Kong	*	*	*	*	*		*		*	
Shanghai	*	*	*		*		*	*		*
Tokyo	*	*	*	*	*	*	*		*	
Singapore	*	*	*	*	*	*	*		*	
New York	*	*	*		*	*	*	*		

Note: Excluding Schroders and Natixis Investment Managers, the above data are all the geographical locations of the branches of the asset management departments of institutions. Allianz data is based on the geographical locations of branches of its asset management companies PIMCO and AllianzGI. The Shanghai branch of BNP Paribas is a joint venture. The Shanghai branch of Generali Group is a joint venture.

Source: Official Websites of Asset Management Institutions

5.2 Key Areas of Sino-European Asset Management Cooperation

With the global development of European asset management institutions, Sino-European cooperation in the asset management field has expanded into several important areas, including sovereign wealth fund joint investments, green finance, technological infrastructure, and private equity.

1. **Sovereign Wealth Fund Cooperation**

Large Chinese sovereign funds are deeply engaged in the European market through joint investment funds and partnership models. In 2020, China Investment Corporation (CIC) established the Sino-French Cooperation Fund with BNP Paribas and Eurazeo (with an initial scale of €400 million), and the Sino-Italian Industrial Cooperation Fund with UniCredit and Investindustrial (with an initial scale of €600 million).[①] CIC also partnered with HSBC and Charterhouse to establish a Sino-UK Cooperation Fund with a target of £1 billion, focusing on mid-sized UK companies aiming to expand into the Chinese market.[②] These bilateral funds mainly target advanced manufacturing, healthcare, and consumer services sectors in Europe with growth potential in China, leveraging Sino-European synergies.

2. **Green Finance Cooperation**

China and Europe are closely collaborating on sustainable investment standards and projects. In November 2021, the People's Bank of China and the European Commission's financial sector jointly released the "Sustainable Finance Taxonomy," which unified a classification standard including 72 climate change mitigation activities. In 2022, the Sino-European-led International Platform on Sustainable Finance (IPSF) published an updated

[①] https://worldecomag.com/cic-sells-winchester-house-in-london-for-316-million/
[②] https://www.gov.uk/government/publications/uk-china-10th-economic-and-financial-dialogue-policy-outcomes/uk-china-10th-economic-and-financial-dialogue-fact-sheet

version of the taxonomy to further enhance the compatibility of standards. This cooperation directly supports cross-border green financing practices. In June 2022, Bank of China's Frankfurt branch issued a €500 million green bond, using the Sino-European common taxonomy and international green bond principles as standards.[①] In equity investments, Chinese sovereign funds and Chinese institutions are also actively participating in European clean energy projects. For example, CITIC Pacific invested in a large offshore wind farm project in Germany,[②] and CIC increased its holdings in European renewable energy assets through cooperative funds. Additionally, the UK and China established the Sino-UK Green Finance Centre in London and supported Chinese banks to issue compliant green bonds in Europe.[③] These initiatives lay the policy foundation for long-term Sino-European cooperation in green asset management.

3. **Digital Infrastructure**

Although Europe has been cautious about Chinese investments in high-tech companies due to concerns over sensitive technologies, Chinese institutions have still participated in the European tech industry ecosystem through joint funds. As mentioned earlier, the Sino-French and Sino-Italian cooperation funds both focus on advanced manufacturing and digital technologies as key investment areas, helping European tech startups expand into the Chinese market and facilitating two-way technological exchange. CITIC Group's subsidiary, CITIC Telecom, has established cloud network nodes and cross-border backbone networks in Frankfurt, Munich, and other locations, providing communication services to Europe while introducing China's digital service experience into the European market. Overall, under the EU's "Digital Transformation" and China's "Digital Silk Road" initiatives, investment in technological infrastructure is becoming a new potential area for Sino-European asset management cooperation.

① https://www.citics.com/newsite/news/202206/t20220620_1168413.html
② https://www.group.citic/html/2025/News_0227/2856.html
③ https://www.gov.uk/government/publications/uk-china-10th-economic-and-financial-dialogue-policy-outcomes/uk-china-10th-economic-and-financial-dialogue-fact-sheet

4. **Private Equity Investment Cooperation**

Europe has a mature private equity market and experienced managers, and Chinese capital is deeply involved through LP investments and joint management. For example, since the late 2010s, CIC has been a key partner and investor in the French private equity firm Eurazeo, even taking direct equity stakes and co-investing in projects. At the same time, European asset management institutions have also used Chinese funds to expand their scale and networks in Asia. In recent years, CIC has worked with European investment institutions such as Partners Group in Switzerland to develop cross-regional investment opportunities. European general partners (GPs) are responsible for project selection and management, while Chinese limited partners (LPs) provide funding and support in introducing Chinese market expertise.[①] Overall, Sino-European cooperation in private equity and venture capital has developed in multiple models, including joint funds, cross-shareholding, and co-investments, covering different stages from mergers and acquisitions to venture investments.

5.3 Pathways and Mechanisms for Sino-European Asset Management Flow

5.3.1 Favorable Conditions for Chinese Institutions to Enter Europe

In recent years, Europe has become an important destination for Chinese asset management institutions expanding abroad. On one hand, Chinese institutions have leveraged policy channels and connectivity mechanisms to connect their products and funds with overseas markets. On the other hand, they have directly integrated into the local asset management industry ecosystem by setting up branches and obtaining operating licenses in Europe.

[①] https://worldecomag.com/cic-sells-winchester-house-in-london-for-316-million/

First, various cross-border policy channels have created favorable conditions for Chinese asset management firms to expand into Europe. In recent years, Chinese regulators have continuously promoted the two-way opening of capital markets, launching a series of mechanisms: Starting in 2015, the "Mutual Recognition of Funds between the Mainland and Hong Kong" allowed the cross-border sale of mutual fund products, laying the foundation for Chinese funds to go international. In 2018, the "Shanghai-London Stock Connect" was launched, enabling some Chinese securities firms and fund companies to assist enterprises in issuing Global Depositary Receipts (GDRs) to list on the London market. In July 2022, the ETF Mutual Recognition was officially implemented, allowing investors in the Mainland and Hong Kong to trade each other's ETF products through the Stock Connect. By early 2024, dozens of ETFs had entered the mutual recognition list. For example, Invesco's ChinaAMC ChiNext 50 ETF became the first Chinese ETF to be traded by overseas investors through the ETF Mutual Recognition mechanism in January 2024. Subsequently, its foreign shareholder, Invesco, listed a UCITS ETF tracking the China ChiNext 50 Index on five major European exchanges (London, Frankfurt, Zurich, Milan, and Dublin) in June 2024, marking the successful entry of A-share index funds into the European market.[①] These initiatives have not only met the demand of European investors for Chinese new economy assets but also boosted the international visibility of Chinese asset management institutions. At the same time, the "Cross-Border Wealth Management Connect" launched in 2021 in the Guangdong-Hong Kong-Macao Greater Bay Area has made it more convenient for domestic and overseas individual investors to purchase asset management products from each other's markets, fostering habits for cross-border investment in RMB.

Second, the market access arrangements by European regulators provide a relatively lenient environment for Chinese asset management institutions to "go abroad." Chinese firms like CICC have obtained advisory qualifications in London, and subsidiaries of CIC have recruited teams in Europe to directly invest in projects. These explorations have enriched the

① https://www.stcn.com/article/detail/1228955.html forms of Sino-European asset management cooperation, including both product and institutional expansion. Luxembourg's financial regulatory authority has approved many Chinese financial institutions to establish a presence, with 61 new financial entities authorized in 2024, including the first Chinese insurance company (China Taiping Insurance's European branch) and a European subsidiary of Chinese third-party payment company LianLian Digital. Wealth management platforms with Chinese backgrounds, such as Ant Group and Tencent, have also set up subsidiaries in Ireland and Luxembourg to engage in fund distribution and digital payment businesses, providing European users with Chinese-backed financial services.

5.3.2 Realistic Barriers for Chinese Institutions Issuing UCITS Funds in Europe

As early as 2010, China Asset Management (Hong Kong) launched a UCITS fund in Luxembourg. However, by the first quarter of 2025, China's share in the European UCITS market remains limited. According to publicly available data, fewer than 10 asset management institutions have issued funds, and the number of funds currently being managed is fewer than 20. All major Chinese-funded UCITS have chosen to register in Luxembourg. The total AUM of major Chinese UCITS funds is under $500 million.

In terms of industry focus, the main eight funds in 2025 have invested in sectors such as information technology, finance, discretionary consumer goods, communications services, and industrials. Among these, consumer goods account for nearly 40%, and information technology nearly 30%, reflecting the main themes of China's economic transformation—technology-driven and consumption upgrade. However, the allocation to communications services and industrials is generally less than 10%, though some funds, like those from E Fund and Ping An, allocate 15-20% of their investments to the industrial sector, reflecting different views on industrial upgrades, manufacturing recovery, and export-oriented industrial chains.

There are four main reasons for the limited number of UCITS funds issued by Chinese institutions in Europe:

1. Strict UCITS Fund Regulatory Requirements

Establishing and operating a UCITS fund in Europe requires meeting strict standards on liquidity, diversification, and information disclosure. Additionally, a local management company (ManCo) must be appointed for compliance management. Despite the UCITS "passport" function, funds often need to be individually registered or provide local-language documents in several European countries to meet the needs of investors, which adds complexity and cost to the distribution process—expenses that most Chinese institutions cannot bear.

2. Relaxed Market Access Policies in China Providing Alternatives

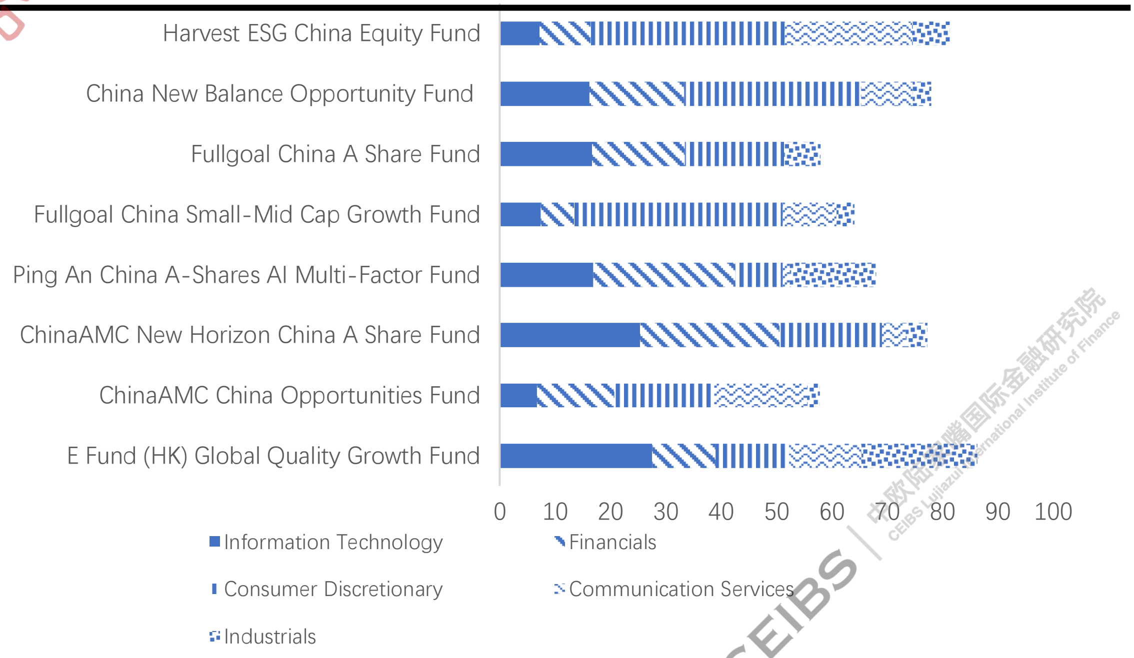
The early RQFII (Renminbi Qualified Foreign Institutional Investor) quota system provided Chinese institutions with a unique advantage, but as market connectivity mechanisms like Stock Connect and Bond Connect have improved, the RQFII advantage has weakened, and local or other international asset management companies can now easily enter the Chinese market. This reduces Chinese institutions' motivation to issue UCITS funds in Europe. Furthermore, the "Mutual Recognition of Funds" between the Mainland and Hong Kong, launched in 2015, allows for easier cross-border fund sales, leading Chinese institutions to prefer issuing products in Hong Kong rather than in the more distant and regulatory-complex European market.

3. Intense Competition with International Asset Management Giants

The European fund market is highly mature, and investors already have many international brands to choose from, such as BlackRock and JPMorgan, which have long issued funds targeting Chinese assets. Chinese institutions lack brand recognition and historical performance in Europe and must compete directly with large international asset managers, making market promotion more challenging.

4. **Difficulty in Achieving Economies of Scale**

The majority of UCITS funds issued by Chinese institutions in Europe have small scales, making it difficult to reach the breakeven point (usually requiring a management scale of over tens of millions of dollars). Additionally, because the RMB is not fully convertible, exchange rate issues, cross-border fund transfers, and special trading rules in China (such as trading time differences and holiday discrepancies) add extra costs to fund operations. These funds have faced significant early-stage losses, limiting the enthusiasm of more Chinese institutions to enter the European market.



Source： Asset Management Institutions

Figure 5-1: Investment Industry Structure of Major Chinese UCITS Funds (202503)

Table 5-3: Major UCITS Funds Issued by Chinese Institutions in Europe

Registration Location	Issuer Name	Launch Date	Fund Name	Fund Size (Million USD)	As of Date
Luxembourg	China Asset Management (Hong Kong) Limited	2010/10/11	ChinaAMC China Opportunities Fund	10.99	2025/3/31
		2011/4/1	ChinaAMC China Growth Fund	2.35	
		2014/11/28	ChinaAMC New Horizon China A Share Fund	5.10	
	Ping An of China Asset Management (Hong Kong) Company Limited	2019/11/14	Ping An of China Asset Management Fund - China A-Shares AI Multi-Factor Fund	151.7(Million RMB）*	
		2019/11/8	Ping An of China Asset Management Fund - China Green Bond Fund	78.20	
	Fullgoal Asset Management (HK) Limited	2016/9/9	Fullgoal China Small-Mid Cap Growth Fund	355.34	2025/4/30
		2023/3/1	Fullgoal China A Share Fund	6.78	
	CSOP Asset Management Limited	2011/1/21*	China New Balance Opportunity Fund	35.38	
	E Fund Management (HK) Co., Ltd	2023/7/12	E Fund (HK) Global Quality Growth Fund	5.90	
	Harvest Global Investments Limited	2017/3/20	Harvest ESG China Equity Fund	8.08	2023/6/30
		2018/2/9	Harvest ESG China Bonds Fund	61.15	
		2019/9/5	Harvest ESG Asian Investment Grade Bond Fund	5.02	
		2022/4/27	Harvest ESG Asia Balanced Fund	7.50	
		2022/5/24	Harvest ESG China A-shares Absolute Fund	4.19	

Source: Official Websites of Asset Management Institutions

5.3.3 Building a High-Level Sino-European Asset Management Cooperation Mechanism

Based on the favorable conditions and practical obstacles outlined above, several key strategies are suggested for building a high-level Sino-European asset management cooperation mechanism:

1. **Establish a "Sino-European Fund Recognition Mechanism" and Promote Standard Coordination**

Currently, Sino-European asset management product integration primarily relies on Hong Kong as an intermediary, lacking a direct fund recognition framework. The EU's UCITS framework requires products to meet high standards of transparency, liquidity, and prudent regulation, which aligns with China's *Asset Management New Regulations*. In 2023, the China Securities Regulatory Commission (CSRC) signed a cooperation memorandum with Luxembourg's CSSF, laying the foundation for a bilateral recognition mechanism. It is recommended to use the "Mainland and Hong Kong Fund Mutual Recognition" mechanism as a reference, encouraging regulatory authorities from both China and Europe to sign a mutual recognition agreement for fund sales and regulation, establishing a path for standard integration between UCITS and Chinese public funds.

2. **Promote QDLP Connectivity with European Platforms and Optimize the "Going Global" Path**

Currently, Chinese asset management institutions entering the European market mainly rely on registering SPVs (Special Purpose Vehicles) locally or using outsourcing channels, which is costly and inefficient. It is suggested to set up a "Sino-European Asset Management Special Quota" for QDLP (Qualified Domestic Limited Partner) products to invest in European UCITS funds, green bonds, PE/REITs, etc. Allowing Chinese family offices and bank wealth management subsidiaries to connect with asset management hubs in Paris, London, and Frankfurt would facilitate product and license coordination.

3. Establish a Dual Certification System for Green Finance and Strengthen ESG Asset Management Cooperation

The “Sino-European Green Taxonomy” jointly hosted by China and Europe in 2023 is expected to become the foundation for cross-border ESG product circulation. The promotion of bilateral green bond mutual recognition mechanisms, green asset pool standard alignment, and ESG evaluation model cooperation are all feasible. Establishing a “Sino-European Green Asset Management Joint Lab” or a “Sino-European ESG Fund Hub” to gather policy pilots and research resources could further strengthen cooperation in the ESG sector.

4. Create a Sino-European Joint Asset Management Platform to Promote Operational and Regulatory Integration

To break through the inefficiencies of separate institutional efforts, it is recommended to first establish a “Sino-European Asset Management Cooperation Zone” under the framework of the new Sino-European Investment Agreement. This platform could be jointly established by Chinese institutions and European fund management companies to unify custody, clearing, and compliance processes. The “Virtual Fund Hub” mechanism should also be explored, whereby European-standard funds are operated and sold within China, and cross-border fund flows are completed through partner clearing institutions.

5. Improve Cross-Border Fund Settlement and Currency Exchange Mechanisms to Enhance Fund Liquidity

Although there are already several cross-border fund flow channels for Sino-European asset management cooperation, challenges still exist at the execution level, such as settlement delays, large exchange rate fluctuations, and the absence of hedging mechanisms. It is recommended to promote the construction of clearing and trading infrastructure for the renminbi (RMB) in Europe, such as connecting CIPS (China International Payments System) with the European TARGET2 system, to establish a stable local currency settlement mechanism for Chinese platforms in Europe, thereby reducing the bilateral settlement cost between the euro and RMB. A pilot cross-border hedging mechanism for RMB assets (such as foreign exchange options) should also be explored to improve European investors' risk management capabilities in China.

Deepening Sino-European asset management cooperation is one of the key variables in the global financial landscape. Future cooperation should focus more on institutional arrangements, two-way opening mechanisms, and standard coordination pathways. Only by truly moving from “market cooperation” to “rule co-construction” can Sino-European asset management form a globally leading cooperation model.

Conclusion

In 2025, the global economic and financial environment is at a crucial turning point. The EU's continued deepening of the Capital Markets Union (CMU) and strengthening of unified regulatory frameworks have significantly enhanced cross-border investment convenience and market resilience. In particular, European asset management centers such as Luxembourg, Ireland, and Paris, through tax incentives, mature fund legal systems, and talent mobility advantages, have steadily increased their share in the global asset management market, gradually forming a structurally complementary and diverse pattern.

For China, gaining a deep understanding of the development and evolution of European asset management centers is of strategic importance. On one hand, in the context of rising Sino-U.S. trade tensions and increasing geopolitical complexity, Europe, with its relatively stable regulatory environment and diverse, open market structure, provides a safer and more reliable destination for Chinese capital for cross-border investment and asset allocation. On the other hand, Europe's advanced standards for green finance, sovereign wealth fund investment cooperation, ETF mutual recognition, and other multi-dimensional cooperation channels provide a solid market foundation for Sino-European financial collaboration.

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In March 2025, the European Parliament lifted the ban on exchanges with China. In May 2025, China and the EU reached a consensus to "simultaneously lift restrictions on exchanges." The resistance that the *Sino-European Investment Agreement* once faced has been transformed into momentum, making this a crucial window for advancing deeper Sino-European cooperation. European investors need to share in China's growth dividends, and Chinese institutions need to diversify their international presence to enhance competitiveness. In the short and medium term, strengthening strategic alignment with Europe's mainstream asset management markets and building cross-border Sino-European asset management platforms, along with expanding regulatory mutual recognition of Sino-European asset management products, are expected to be important steps toward increasing China's participation and influence in the global asset management ecosystem, and enhancing China's financial security and economic resilience amid rising global uncertainties.