



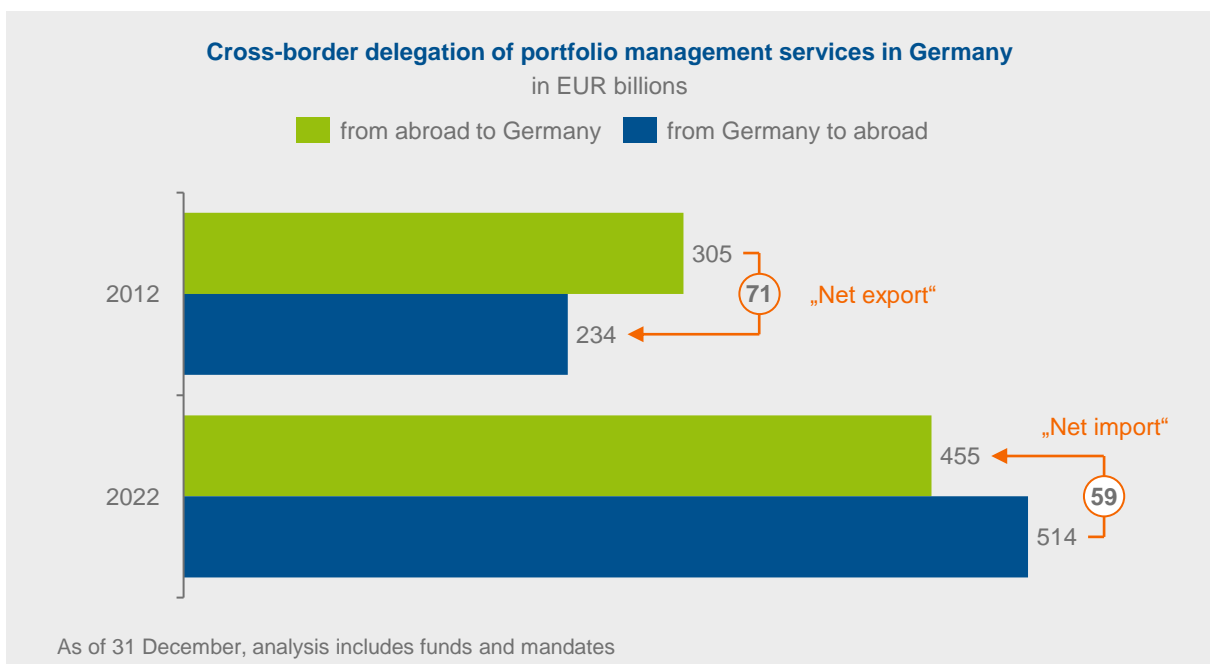
# Snapshot Portfolio Management

## PORTFOLIO MANAGEMENT IN GERMANY AT A GLANCE

### Cross-border delegation of portfolio management on the rise – Frankfurt by far the largest management location in Germany

Germany is the third largest European location for the portfolio management of investment funds and mandates, i.e. the taking of daily investment decisions: Around 15 percent of portfolio management for funds in Europe is carried out here. For mandates, the share is about five percent. Overall, German providers are responsible for investment decisions for assets amounting to EUR 2.8 trillion.

In comparison, with a share of 28 percent, Germany is by far the largest market in Europe in terms of fund assets held. On the one hand, the difference is due to the cross-border distribution of retail funds and, on the other hand, to the widespread delegation of portfolio management: in practice, a large share of the assets is managed by third-party managers rather than the providers who administrate the fund or mandate. Investors can benefit substantially from

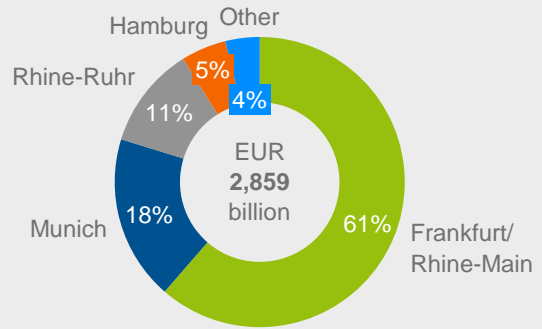


the high degree of specialisation along the value chain, as it increases the efficiency and quality of asset management (see **Snapshot Portfolio Management from August 2022**).

At the end of 2022, the portfolio management of 39 percent of total assets administered by German providers in funds and mandates had been delegated to another company. This corresponds to a volume of EUR 1.2 trillion. Meanwhile, German providers have taken over the investment decisions for almost one trillion euros in third-party portfolios. These can be products of other group companies (e.g., Luxembourg subsidiaries of German providers) as well as providers from outside the group.

Over the past ten years, the relative importance of German portfolio managers has declined: while the volume of German assets managed abroad has grown by 8.2 percent annually, the figure for the management of foreign portfolios in Germany was 4.1 percent. Accordingly, portfolio management services amounting to EUR 59 billion are "imported" on a net basis today. Ten years ago, German providers were still net exporters: at that time, the balance was EUR 71 billion in their favour. As a consequence, decisions on the steering of domestic investors' capital into growth, innovation and the sustainable transformation are increasingly being made by portfolio managers abroad – especially in London and the USA.

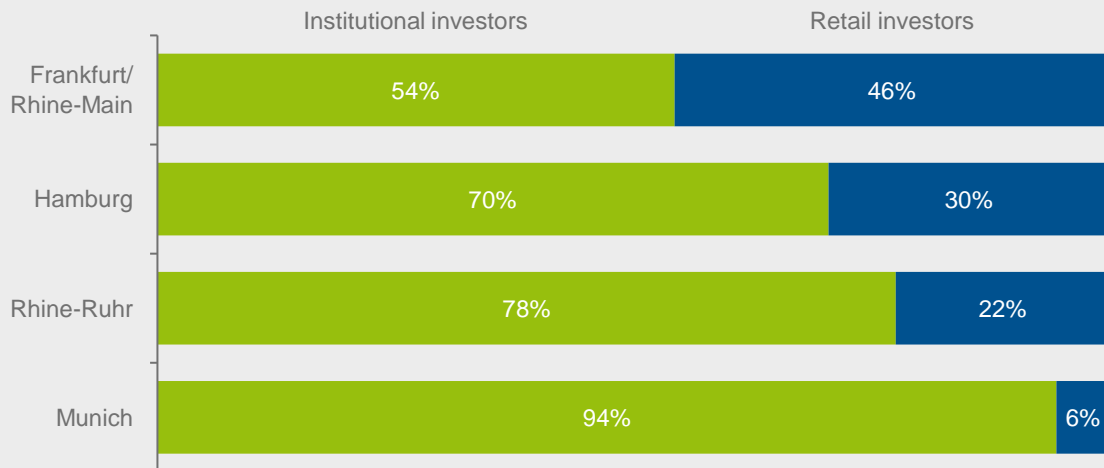
**Portfolio management locations by assets under management**



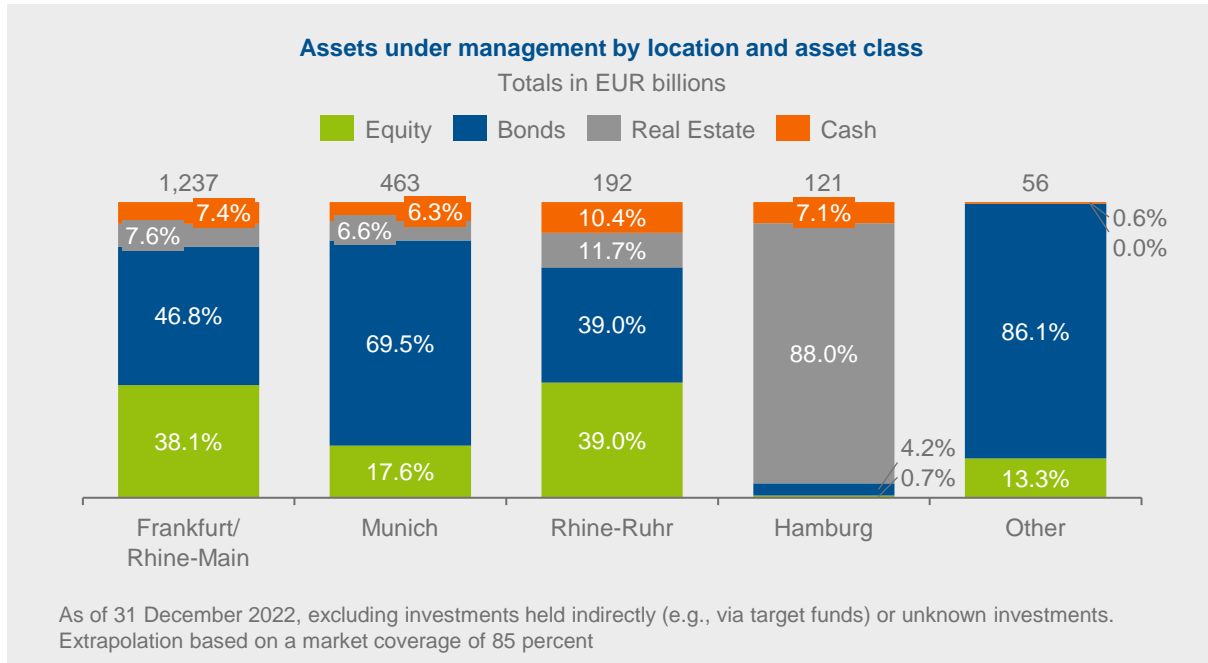
As of 31 December 2022, extrapolation based on a market coverage of 85 percent

Within Germany, there are four regions where most of the management decisions take place. Since only a few thousand people work in portfolio management, and benefit from network effects such as regionally available specialists and service or IT providers, portfolio management is concentrated on a few locations. The by far largest one is Frankfurt and the surrounding Rhine-Main region, which has a market share of 61 percent. This corresponds to assets under management of EUR 1.8 trillion. The second largest location is Munich. Almost every fifth euro is managed here. It is followed by the Rhine-

**Assets managed in Germany by location and investor type**



As of 31 December 2022.  
Extrapolation based on a market coverage of 85 percent



Ruhr region (Cologne, Düsseldorf) with 11 percent and Hamburg with 5 percent. Other locations account for a total of 4 percent

Some locations specialise in certain investor groups. Overall, Germany is an institutional market - two-thirds of portfolio management is for products aimed at insurance companies, pension funds, trusts and other institutions. However, there are considerable regional differences: In Munich, the share of institutional business is particularly high at 94 percent. Mandates managed by insurance subsidiaries alone account for more than 50 percent of total volume. This reflects the great importance of the insurance industry in Munich. In Hamburg and the Rhine-Ruhr region, the distribution of investor groups roughly corresponds to the German average; the share of private investors is between 20 and 30 percent. In the Rhine-Main region, products for private households play the biggest role with a share of 46 percent. The reason for this is that Frankfurt is home to the asset management subsidiaries of large banking groups. Many funds are distributed to private investors through their branches. In the management of these products, the Rhine-Main area has a market share of 84 percent.

There are also marked variations between the locations in terms of the relative importance of the

asset classes (equities, bonds, real estate and cash). In Frankfurt and the Rhine-Ruhr region, all asset classes are managed roughly according to their market share in Germany. Due to the special needs of their investors, Munich-based companies are mainly focused on the management of fixed-interest instruments: Bonds account for almost 70 percent of assets there, equities for only 18 percent. In Hamburg, meanwhile, almost exclusively real estate products are managed. A cluster of asset managers and their service providers specialising in real assets has emerged here. Both subsidiaries of large corporate groups and boutiques benefit from the network effects. In total, real estate with a value of over EUR 100 billion is managed in Hamburg. This is more than in any other location and demonstrates the diversity of portfolio management in Germany.

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