

THE
INVESTMENT
ASSOCIATION

AN INTRODUCTION TO INVESTMENT MANAGEMENT

Building financial resilience and
driving economic growth



ABOUT THE IA

The Investment Association (IA) champions the interests of the UK-based investment management industry. We represent 250 investment managers, a third of whom are headquartered in the EU, and who collectively operate from 642 offices across the EU.

Our members put €10.6 trillion to work in the global economy, representing 37% of the €28.6 trillion in assets managed in Europe. They manage €2.5 trillion for European savers and invested €843 billion into EU businesses and projects last year while providing access to global investment opportunities.

Our mission is to make investing better. Better for our clients, so they achieve their financial goals. Better for companies, so they get the capital they need to grow. And better for the economy, so everyone prospers.

Our vision is one where Europe's citizens are equipped to make investment decisions that suit their circumstances. It's a vision where the full potential of sustainable investment is realised, and Europe's markets are open, efficient, and supported by new and innovative products, services, and means of communication.

For more about our work, please see www.theia.org, contact our team at europe@theia.org, or visit us at 44 Avenue des Arts in Brussels.

1. WHAT IS INVESTMENT MANAGEMENT?

Investment management is the cornerstone of the modern European economy. We help Europeans build their financial resilience and achieve their long-term goals, enable businesses to access the capital they need to grow and be more productive, and provide alternative sources of financing to governments and infrastructure projects across the EU.

We do this by using our expertise to invest on behalf of others. We pool money from individuals and institutions into funds, and then channel it into investments such as stocks, bonds, real estate, infrastructure, and other opportunities with long-term growth potential.

By offering access to financial markets in this way, we allow people to invest in various sectors without having to manage the investments themselves. This minimises risk, lowers costs, and drives better returns than could be achieved by investing directly.

Because our clients trust us with their money for the long-term, the investments we make must deliver productive, sustainable returns. An essential part of this is the stewardship role we undertake on behalf of clients, ensuring that the companies we invest in are managed in their best interests, enhancing corporate governance and productivity across European financial markets.



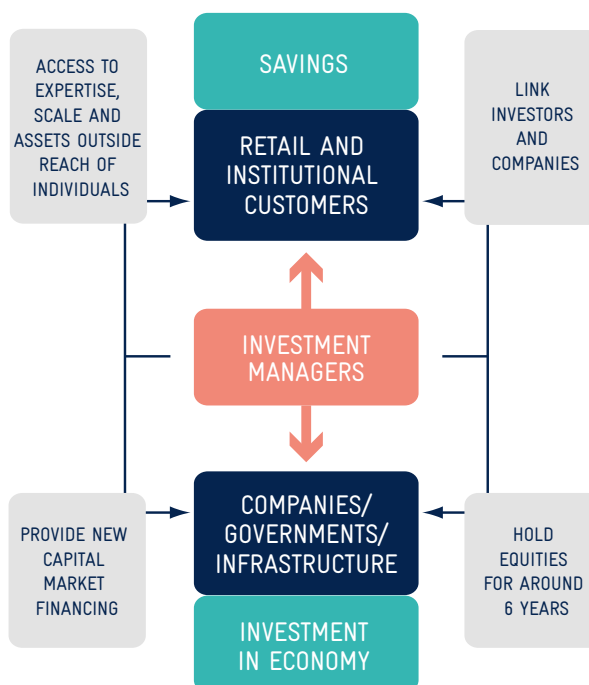


Investment managers also provide an alternative source of capital for EU Member States for social and infrastructure projects compared with traditional bank lending. When governments and investment managers come together as partners, major public infrastructure projects can be delivered while benefitting from the specific expertise that investment managers bring to these initiatives.

An investment manager's primary responsibility is to those who trust us to invest on their behalf. As stewards of other people's money, we must adopt a long-term perspective and ensure that our investment decisions are in our clients' best interests. By exercising careful judgement and leveraging our experience, we ensure our clients get the best outcome possible to help them grow their savings and become more financially resilient.

The decisions we make today may not realise their benefits for several decades, so we take a long-term approach and consider the long-term implications of current problems. Whether helping to fund the green transition or addressing the question of pension adequacy, we work with companies and others we invest in to be part of the solution to the global issues we face, with our duty to our clients always at the forefront.

THE ROLE OF INVESTMENT MANAGERS IN CHANNELLING SAVINGS TO INVESTMENTS



2. HELPING INDIVIDUALS ACHIEVE THEIR FINANCIAL GOALS

We assist Europeans in achieving their long-term financial goals by investing their savings and seeking a long-term financial return. People turn to us because we can cater to different risk appetites, investment objectives, and future goals, offering highly professional and regulated products and services.

For individual savers, accessing some of the investments necessary to achieve their goals would be impossible without our industry's services and products, for reasons such as their size, complexity

or accessibility. A significant part of our role involves monitoring and adjusting the investments made on behalf of others.

As stewards of other people's money, with the necessary skills and resources, we can react in a timely and considered way to changes in market conditions and emerging opportunities, ensuring that any decision is aligned with our clients' long-term goals.



Empowering savers through expertise and diversification

Managing risk

When investing, a key strategy to mitigate risk is to diversify the types of products and assets that are being invested in. However, achieving this at scale is often expensive, and managing multiple investments can be challenging for many individuals. By pooling a European saver's capital with others into funds, we can more efficiently diversify an individual's investments and help to spread the risk and reduce the cost of investing.

Leveraging our expertise

Many Europeans have a limited understanding of financial markets. This means they may make short-term decisions about their finances that do not align with their long-term goals. For example, many hold high cash deposits, but these deposits often lose purchasing power over time due to inflation. Holding money in a cash deposit also means the money is not directed to more productive uses that drive economic growth across the Union and deliver a better economy for all.

By offering a range of products and services that suit different risk appetites, financial goals, and time horizons, we can help savers overcome the barriers that might otherwise prevent them from achieving their financial goals. We can also connect them to qualified advisers, educational resources, and online platforms that provide tools and support.

Industry expertise can help showcase the benefits of investing for the long-term, such as building wealth and achieving financial security. We can also help by using our expertise and insight to make informed investment decisions on behalf of these individuals, ensuring their interests are protected and they benefit from better returns.

Offering access to products

Initiatives like the EU's efforts on open finance and the advent of mobile phone trading platforms have helped democratise investing. However, investment managers can access broader opportunities, including emerging markets and specialised funds, which can enhance returns for European savers. The EU's integrated approach to supervising financial markets and well-established regulatory frameworks help facilitate this access across borders, allowing new and innovative products to emerge.

THE RESULTS
OF A EUROBAROMETER
SURVEY ON FINANCIAL LITERACY
PUBLISHED IN JULY 2023 BY THE
EUROPEAN COMMISSION SHOW THAT
ONLY 18% OF EU CITIZENS
HAVE A HIGH LEVEL OF FINANCIAL
LITERACY, 64% – A MEDIUM
LEVEL, AND THE REMAINING
18% – A LOW LEVEL.

Empowering investors to make decisions about their future

We are part of a broader ecosystem that helps clients plan for the long term and stay focused on their financial goals. We do this by regularly communicating with them about the performance of their investments and the

What products are Europeans investing in?

As of July 2024, more than 30,000 UCITS funds (an investment fund regulated by the EU) were registered within the EU, accounting for more than €9 trillion in assets (Source: European Securities and Markets Authority, ESMA). IA members offer approximately 2,100 funds to EU investors.

Exchange-traded funds (ETFs) have become a popular investment fund structure among younger people and first-time investors. ETFs function like a basket of investments you can buy and sell on the stock market daily. They are a simple and cost-effective choice for many with access to online platforms. ETFs have consistently attracted net inflows and, in 2023, attracted €169 billion in net sales.



type of investments made on their behalf. This transparency helps clients stay informed and confident in their investment choices and eases decision-making regarding where to allocate money.

Across the EU, we recognise that more needs to be done to support efforts to promote financial literacy so that the benefits of investing are accessible to all demographics. Our members offer educational resources, workshops, and seminars to help individuals understand investment principles and make informed decisions. Industry and governments must also work together so people feel confident in managing their finances and making investment decisions that work best for their circumstances. There are many resources and approaches available starting from an early age which investment managers support.

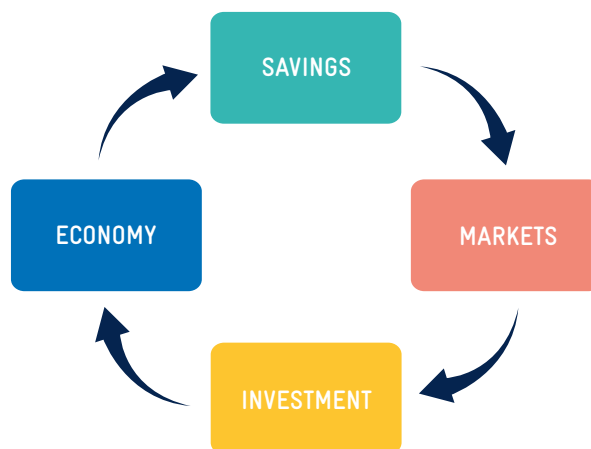
The investment life cycle

It is not just savers who benefit from the services delivered by the investment management industry. We help move money from people who save, to places where it can be invested productively, which benefits the broader economy. Here's a step-by-step explanation:

- 1. Savings:** People save money by putting it in the bank or other investment vehicles, sometimes individually or sometimes through pensions. They may then allocate some of these savings to an investment fund.
- 2. Markets:** Investment managers use the money allocated to investment funds to buy and sell assets in the market, such as stocks, bonds, real estate or other assets.
- 3. Investment:** The money invested in these markets goes into businesses and projects, helping them grow and succeed.
- 4. Economy:** As businesses expand, they contribute to the growth of the overall economy, creating jobs, services, and products, which in turn generate more savings.

This cycle repeats, with investment managers playing a pivotal role in ensuring that savings are put to good use, benefiting everyone involved. Although investing may not be suitable for everyone – for many households, the focus should be on repaying debt and building a cash reserve – Europe has the potential to significantly increase levels of participation in its markets as investment levels remain low compared with other major economies.

THE ROLE OF INVESTMENT MANAGERS IN CHANNELLING SAVINGS TO INVESTMENTS



The opportunity for EU capital markets

EU savers have a disproportionate share of cash savings and bank deposits compared with other major economies. The average share of cash deposits increased from 40.6% in 2021 to 42.1% in 2023, estimated to be €11.6 trillion.

However, there are differences across EU Member States—for example, households in Denmark, Sweden, and the Netherlands held less than 30% of their wealth in cash deposits in 2022 compared to eight other EU Member States where the share of cash deposits is higher than 70%.

At the end of 2022, the share of investment funds owned by households in Europe stood at 10%, with countries such as Latvia, Cyprus, and Bulgaria having shares as low as 2%. This compares with the share of financial assets held by households in cash deposits, which is over 70% for all three countries.

Source: EFAMA Factbook, EFAMA Market Insights, 2024.

SHARE OF FINANCIAL ASSETS HELD BY HOUSEHOLDS AT END 2022 (PERCENT)

Deposits		Pension Funds		Life Insurance		Investment Funds		Debt Securities		Listed Shares	
Denmark	20%	Netherlands	62%	France	41%	Belgium	23%	Hungary	23%	Finland	19%
Sweden	21%	United Kingdom	48%	Denmark	37%	Spain	20%	Malta	11%	Sweden	11%
Netherlands	25%	Sweden	44%	Italy	20%	Italy	18%	Italy	7%	Denmark	10%
United Kingdom	31%	Norway	41%	Europe	17%	Finland	16%	Slovakia	4%	Norway	7%
Norway	39%	Ireland	33%	Finland	17%	Luxembourg	16%	Czech Republic	4%	France	7%
Europe	41%	Croatia	29%	Germany	16%	Hungary	15%	Austria	4%	Belgium	7%
Italy	44%	Latvia	28%	Ireland	15%	Austria	14%	Luxembourg	3%	Germany	7%
Finland	44%	Europe	24%	Belgium	14%	Germany	14%	Romania	3%	Luxembourg	7%
France	44%	Denmark	22%	Luxembourg	12%	Sweden	13%	Belgium	2%	Austria	6%
Belgium	44%	Bulgaria	19%	United Kingdom	12%	Czech Republic	13%	Greece	2%	Malta	6%
Germany	46%	Romania	18%	Portugal	11%	Slovakia	11%	Germany	2%	Spain	6%
Ireland	47%	Slovakia	17%	Austria	10%	Europe	10%	Cyprus	2%	Europe	6%
Hungary	49%	Lithuania	17%	Sweden	10%	Denmark	10%	Europe	2%	Czech Republic	5%
Austria	55%	Germany	16%	Malta	9%	Norway	9%	Portugal	1%	Romania	5%
Spain	56%	Austria	11%	Spain	8%	Portugal	8%	Lithuania	1%	Poland	5%
Luxembourg	58%	Poland	10%	Netherlands	7%	France	7%	Latvia	1%	Greece	4%
Croatia	61%	Cyprus	10%	Slovenia	6%	Slovenia	7%	Denmark	1%	Slovenia	4%
Slovakia	62%	Belgium	9%	Slovakia	6%	Poland	6%	Poland	1%	Hungary	4%
Latvia	63%	Spain	9%	Hungary	5%	Greece	4%	France	1%	Bulgaria	4%
Czech Republic	66%	Czech Republic	9%	Greece	5%	Netherlands	4%	Finland	1%	United Kingdom	4%
Romania	69%	Slovenia	9%	Latvia	4%	United Kingdom	4%	Sweden	1%	Ireland	4%
Malta	70%	Italy	8%	Cyprus	4%	Romania	4%	Spain	1%	Italy	3%
Portugal	70%	Portugal	7%	Czech Republic	4%	Lithuania	3%	Croatia	1%	Lithuania	3%
Lithuania	72%	Hungary	5%	Croatia	4%	Malta	3%	Bulgaria	0.4%	Cyprus	3%
Bulgaria	73%	Luxembourg	4%	Norway	3%	Croatia	3%	Norway	0.4%	Croatia	2%
Slovenia	73%	Finland	3%	Lithuania	3%	Bulgaria	2%	United Kingdom	0.3%	Netherlands	2%
Poland	75%	Malta	2%	Poland	3%	Cyprus	2%	Netherlands	0.3%	Portugal	2%
Cyprus	79%	Greece	1%	Romania	2%	Latvia	2%	Slovenia	0.2%	Latvia	2%
Greece	83%	France	0%	Bulgaria	2%	Ireland	1%	Ireland	0.2%	Slovakia	1%

Note: Estonia is not included in the table due to the unavailability of data for pension funds at the end of 2022.

Source: EFAMA, Household participation in capital markets, January 2024.

3. SUPPORTING THE EU IN DRIVING ECONOMIC GROWTH

Investment is the engine of economic growth. Without it, businesses cannot grow and create jobs, infrastructure needs will not be met, and many of the EU's biggest challenges, such as climate change, cannot be adequately addressed. Therefore, the investment management industry can make a profound impact on addressing the big issues shaping the future of the EU.

We sit at the heart of the Savings and Investment Union (SIU), investing in businesses and projects of different sizes, sectors, and regions, supporting the growth and innovation of Europe in the following ways:

Capital allocation

Investment managers direct capital to businesses and projects that need funding to grow. This includes startups, small businesses, and large infrastructure projects, which can lead to job creation and economic development. An investment manager's role does not stop when they take a stake in a business. In many ways, this is only the beginning of deeper relationships focused on value creation where investment managers will engage with companies they have invested in over many years, acting as responsible stewards.

INVESTMENT
MANAGERS IN EUROPE
OVERSEE APPROXIMATELY

€28.6 TRILLION

IN ASSETS UNDER MANAGEMENT. THIS
CAPITAL IS ALLOCATED ACROSS VARIOUS
ASSET CLASSES, INCLUDING BONDS, EQUITIES,
MONEY MARKET INSTRUMENTS, AND OTHER
INVESTMENTS. AS OF 2023, IA MEMBERS
HAD OVER €820 BILLION IN EUROPEAN
BUSINESSES AND PROJECTS
OF ALL SIZES.





Innovation and productivity

In allocating capital to businesses, investment managers often directly provide the investment necessary to drive innovation and greater productivity. This can be particularly important for Small and Medium-Sized Enterprises (SMEs) and startups, but it is also true across the economy as companies evolve and may need further capital to realise their full potential.

Investment managers play an important role in ensuring new innovative tech companies get the funding they need. Investment managers themselves are often the source of innovation, with developments such as tokenisation offering the potential to reduce costs and improve outcomes for investors.

Infrastructure development

Investment managers often allocate funds to infrastructure projects such as transportation, energy, social housing and digital infrastructure. These projects are essential for economic growth as they improve connectivity, reduce costs, and enhance the overall quality of life. Projects funded cover various societal needs from the expansion of high-speed internet and 5G connectivity to renewable energy plants and intelligent grids across Europe.

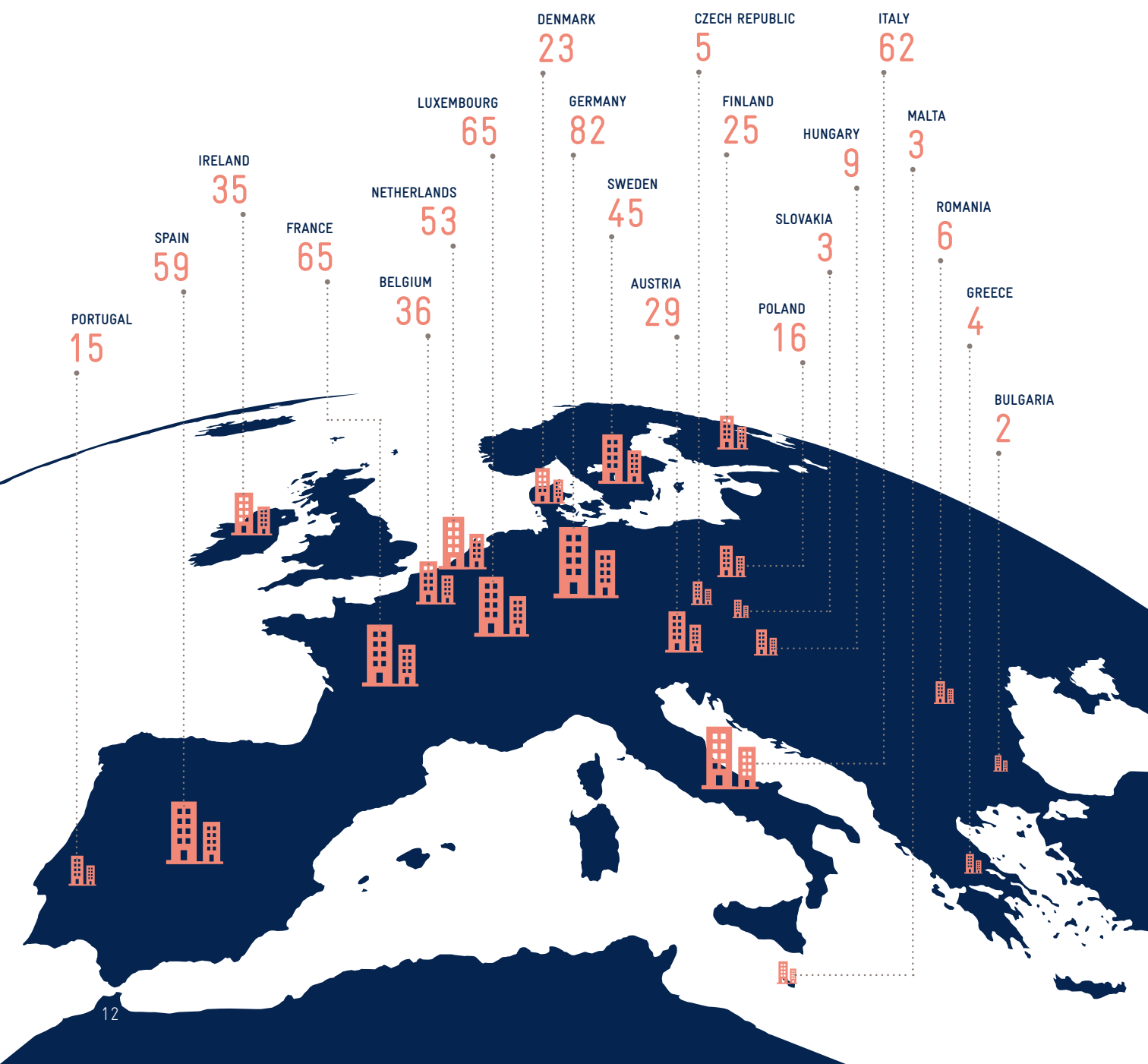
Access to the best innovation within investment management requires global partnerships. The UK remains a premier destination for FinTech in Europe, however, it is international relations that are unlocking new opportunities for investment and implementation.

In May 2022 The IA's fintech hub [*The IA Engine*](#) announced a MOU with Luxembourg's House of FinTech (LHoFT). This agreement facilitates the expansion of FinTech firms between the two markets, supporting business and exploring mutually beneficial opportunities.

The UK and Luxembourg have a long-standing relationship in supporting each other and the broader investment management ecosystem. This collaboration continues to thrive with the development and implementation of innovative solutions. Additionally, new partnerships are being explored with Poland, Germany, and Belgium, further strengthening the network of European cooperation.

NUMBER OF IA MEMBER OFFICES IN EUROPE:

Source: IA analysis of member data



Job creation

The capital provided by investment managers helps businesses expand, creating new jobs. This increases both employment and consumer spending, further stimulating economic growth. More than 4,800 investment management companies operate in Europe, with around 120,000 people employed directly in the industry (Source, EFAMA). Many more are indirectly employed in related sectors, such as legal, advisory, accounting, and IT services, supporting the operations of the asset management industry. These roles exist across the EU, providing high-quality jobs for EU citizens in both large and small EU member states.

This industry supports a highly skilled workforce, with innovation in green technology expected to further expand employment opportunities. Directing capital into green technologies

will be essential, requiring a substantial workforce across the continent. Additionally, effective investment management can stimulate the growth of other sectors, creating jobs in developing new technologies and large-scale infrastructure projects.

Sustainable growth

We recognise the considerable interest in sustainable and responsible investing. By supporting companies that prioritise environmental, social, and governance (ESG) factors, we help promote long-term, sustainable economic growth. Investing in sustainable projects not only drives economic growth, but also supports the EU's broader objectives including the Green Deal.



Case study

Investing in the net zero transition

Decarbonising heavy industry will be crucial to the net zero transition. Border to Coast Pensions Partnership, the largest UK Local Government Pension Scheme (a public sector pension scheme) pool, invests £2.6bn in climate-related private market investments through its Climate Opportunities strategy. Among the assets it supports is the world's first large-scale green steel plant, built by H2 Green Steel in Sweden.

This hydrogen-powered steel furnace will help to decarbonise industrial materials used in automotive, construction and white goods manufacturing. This innovative development replaces coal with hydrogen in steel production, reducing GHG emissions by 95%.

4. DELIVERING THE SAVINGS AND INVESTMENT UNION

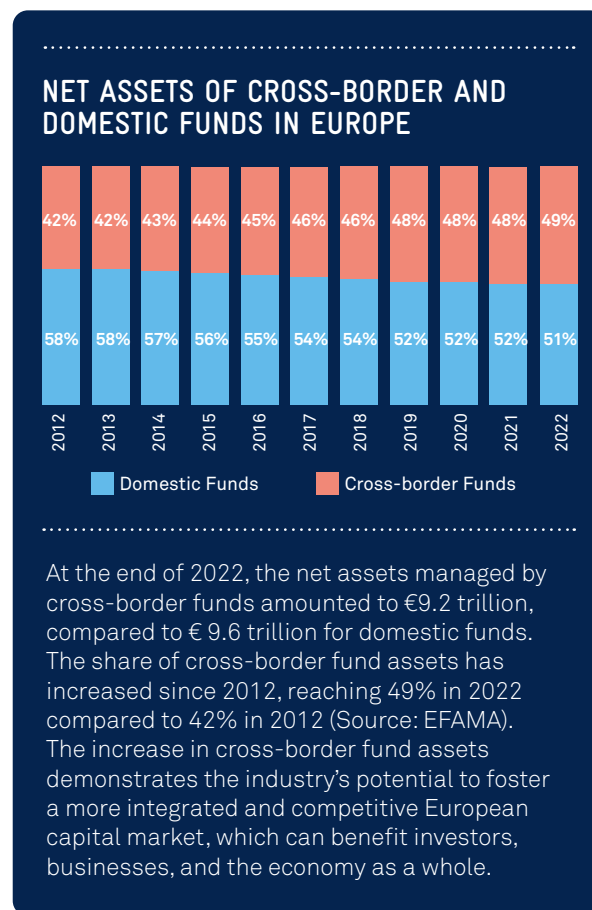
The investment management industry can be pivotal in advancing the EU's Savings and Investment Union (SIU) initiative because of its ability to efficiently allocate capital, support economic growth, and diversify sources of financing across the EU. With the SIU's main goals to enhance access to capital and foster investment, here are some key ways we contribute:

Enhancing cross-border investments

Europe's history of international commerce and cross-border investments has led EU investors to adopt a global perspective, ensuring that capital reaches all regions of the EU, including those that are underserved or less developed. We help integrate European capital markets by facilitating and promoting cross-border capital flows, connecting them to international financial systems.

Cross-border investment involves the flow of capital across national borders, typically through investments in foreign assets, projects, or businesses.

For example, a pension fund in Amsterdam may invest in a fund (a pool of money from multiple people that is used to buy a mix of stocks, bonds, or other investments) based in Luxembourg, which pools capital from various investors. This fund might then invest in an infrastructure project in Poland, such as a new highway



or renewable energy facility. As the project generates revenue, returns flow back to the fund, which distributes profits to the original investors, including the Amsterdam pension fund.



Developing long-term investment products

Retirement planning can vary significantly depending on the member state and individual needs. Many people rely on workplace pensions as a key part of their strategy, with auto-enrolment schemes like those in the Netherlands being one approach. Even in countries without auto-enrolment, such as Sweden and Denmark, pensions remain the primary means of accessing investment funds. Additionally, individuals can access investment products through various other methods, including direct sales both online and in-person, to strengthen their long-term financial security.

Considering these diverse approaches, investment managers offer a wide range of innovative long-term products, such as European Long-Term Investment Funds (ELTIFs), pension funds, and insurance products. These not only support individual financial resilience but also provide stable funding for the broader economy, helping to unlock the potential of EU capital markets.

Investing in defence and security

Due to geopolitical, economic, and security issues, the EU's focus on defence investments has notably increased in recent years. The rising threat of terrorism and cyber-attacks has underlined the necessity for more significant investment in defence to reduce risks and safeguard essential infrastructure. Investment managers are one of the most significant investors in defence companies across Europe.

By focusing on these big issues, the investment management sector can be a key partner in building a sustainable and secure future for the EU. The Savings and Investment Union will be better strengthened through closer collaboration with our industry.

OUR INDUSTRY
CAN HELP THE EU ACHIEVE A
MORE INTEGRATED, RESILIENT, AND
DYNAMIC CAPITAL MARKET, BENEFITING
BUSINESSES, INVESTORS, AND THE
BROADER ECONOMY. FOR MORE ON
HOW OUR INDUSTRY CAN HELP
DELIVER THE SIU OVER THE
NEXT MANDATE OF 2024/2029,
SEE OUR **MAKING INVESTING
BETTER FOR ALL** REPORT.

5. SUPPORTING A SUSTAINABLE FUTURE

Managing money for people seeking a healthy financial future requires long-term vision and planning. In most cases, citizens will not need to access such funds for several decades.

A long-term perspective for investing in today's current economic climate means considering how investments can have a sustainable impact on a cleaner and greener economy. Investment managers are increasingly incorporating

Environmental, Social, and Governance (ESG) criteria into their investment decisions so that investments have long-lasting positive impacts on society.

Investment management promotes sustainable development by directing funds towards sustainable projects and companies with strong ESG practices. This includes investments in renewable energy, green technologies, and social infrastructure. We also encourage the companies we invest in to consider and report their environmental impact.

Case study: **Sustainable solutions for agriculture**

M&G Investments has committed €75 million to Biobest – a global leader in pollination and integrated biological pest and disease control. Biobest is dedicated to fostering the sustainable cultivation of high-value crops through natural plant protection and pollination methods. Biobest is expected to fund innovation by acquiring Biotrop, a Brazilian biological solutions specialist in crop nutrition and protection, helping to accelerate the transition to sustainable solutions in agriculture.

THE EUROPEAN COMMISSION PROJECTS THAT
MEETING THE TARGETS SET OUT IN THE EUROPEAN
GREEN DEAL WOULD NEED AN EXTRA

€520 billion

IN INVESTMENTS ANNUALLY
THROUGHOUT THE 2020s

Substantial funding is required for the EU to realise its environmental objectives set out in the European Green Deal. Of the €520 billion needed annually to meet the European Commission targets, approximately €390 billion is critical for decarbonising the economy, with particular emphasis on transforming the energy industry, building infrastructure, and transportation systems (Source: European Environment Agency, 2024). Much of this investment will need to come from private, not public, funds.

Case study: **Powering investment in renewable energy**

Legal & General Asset Management and NTR, a leading renewable energy specialist, have completed the financing of three Spanish solar projects in partnership with NordLB. Two sites are in construction, with the first already exporting power. Once fully operational, the sites will have a combined capacity to produce enough clean energy to serve 51,424 homes. This substantial financing represents positive momentum for clean power and renewable initiatives.

6. CONNECTING EUROPE TO GLOBAL MARKETS

As a global industry, we help connect Europe to international markets and play a vital role in channelling household savings so that they can get the best returns and be exposed to diverse opportunities. Access to open and efficient global markets helps deliver these returns for European investors. Open markets can also attract new investment into European companies and projects from around the globe and offer advantages like cost-efficient clearing and trading opportunities.

Underpinned by its stable and predictable regulatory regime, Europe plays a key leadership role in international markets. Its connectedness, robust standards, and strength as an investment management centre are key features in attracting inward investment into Europe. Continued participation in global markets, rather than a more inward-facing and protectionist approach, will ensure Europe's competitiveness in the years to come.

International cooperation

The global nature of investment management is what enables it to deliver growth and financial resilience for individual households. However, this depends on international cooperation between public authorities. Globally consistent regulation, the sharing of market information, and collaborating on best practices are

**ACCESS TO OPEN AND
EFFICIENT GLOBAL MARKETS
HELPS DELIVER RETURNS FOR
EUROPEAN INVESTORS**





THE UK AND EU
HAVE A LONG HISTORY
OF COLLABORATION IN
FINANCIAL SERVICES,
REFLECTING THE BREADTH
AND DEPTH OF ACTIVITY
BETWEEN THE TWO
MAJOR GLOBAL
MARKETS.

all necessary components of an effective investment management industry in Europe.

International bodies like the International Organisation of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) play crucial roles in facilitating this regulatory cooperation globally. Consistency across Europe, under the oversight of the European Securities and Markets Authority (ESMA), makes Europe a more attractive market to do business. A legal, policy, and tax framework that nurtures innovation, supports investment, and makes investing attractive is also a key component to delivering the full benefits of investing.

UK-EU collaboration

The UK and EU have a long history of collaboration in financial services, reflecting the breadth and depth of activity between the two major global markets. Despite recent political events, both sides recognise the importance of

maintaining strong ties. The Memorandum of Understanding between the UK and EU aims to enhance cooperation on financial regulation and standards, ensuring that both markets remain interconnected and competitive.

The Joint Forum on Regulatory Cooperation, held every six months, demonstrates how the UK and EU can work together on joint regulatory efforts to address global financial challenges. This includes coordinating positions on issues ahead of G7, G20, and other international meetings, sharing information, promoting supervisory cooperation and working towards common goals such as financial stability, innovation, and sustainable growth.

HOW WE CAN HELP

The IA offers a range of training, roundtables, and events focused on leading investment management issues. We also have more than 80 policy experts who are ready to help across funds regulation, capital markets, stewardship and corporate governance, and trade and investment, along with our statistics and insights division.

If you have any questions regarding the content in this document, or wish to speak to our team, please contact us on: **Europe@theia.org**

Or visit us at our Brussels office, at: **44 Avenue des Arts, Brussels**



ANNEX

The regulatory environment for investment management

The EU has a dynamic legislative and regulatory environment and investment managers must comply with all relevant regulations. This includes adhering to the EU's transparency, sustainability, and investor protection standards, many of which are considered the international gold standard.

The five main pieces of EU law relating to investment management are:

1. Undertakings for Collective Investment in Transferable Securities (UCITS) Directive:

This directive provides a regulatory framework for investment funds that can be marketed across the EU, focused on ensuring high levels of investor protection and transparency.

2. Alternative Investment Fund Managers Directive (AIFMD): This directive regulates the activity of managers of alternative investment funds (AIFs), including hedge funds, private equity funds, and real estate funds, focusing on risk management, transparency, and investor protection.

3. Markets in Financial Instruments Directive II (MiFID): This directive aims to increase transparency across the EU's financial markets and standardise regulatory disclosures for firms operating in these markets, enhancing investor protection and market efficiency.

4. European Market Infrastructure Regulation (EMIR): This regulation reduces systemic risk and increases transparency in the over-the-counter (OTC) derivatives market by mandating central clearing and reporting of derivative transactions.

5. Sustainable Finance Disclosure Regulation (SFDR): This regulation aims to increase transparency on how financial market participants integrate sustainability risks and opportunities into their investment decisions, promoting sustainable investment practices.

These pieces of legislation, along with a range of other non-sector specific rules at the European and member state level, collectively shape the regulatory landscape for investment management in the EU, ensuring market stability, investor protection, and sustainable investment practices.



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