ALFI Global Asset Management Conference 2026
24-25 March 2026

Luxembourg defends national supervision of investment fund industry

The dominant theme on the opening day of ALFI's 2026 Global Asset Management Conference, held at the European Convention Center in Luxembourg on 24 and 25 March, was the debate within the European Union on whether the European Securities and Markets Authority (ESMA) should play a greater role in supervising the financial industry. This would include oversight of investment funds and their managers. The aim is to unlock more investment, especially from household savings, and to boost the EU's economic growth and global competitiveness.

In his opening address to the conference, ALFI chairperson **Jean-Marc Goy** acknowledged that the European Commission's Market Integration and Supervision Package, unveiled in December 2025 as a cornerstone of the EU's Savings and Investments Union initiative, contained "a lot of good ideas". He highlighted in particular its proposals to dismantle protectionist barriers to the cross-border distribution of financial products such as investment funds.

However, he added: "I do not agree that centralising supervisory powers with ESMA will simplify regulatory oversight and make things easier."

Mr Goy noted that both the newly-updated Alternative Investment Fund Managers Directive and the four-decades-old UCITS regime enshrine the principle of home country regulation for funds and managers. He argued that greater involvement of the EU regulatory authority would not simplify the process, but make it more complicated, burdensome and costly.

"Ultimately, the bill will be footed by investors," he added. He noted that EU-domiciled funds manage around EUR 25 trillion in assets, including about EUR 6 trillion from investors outside Europe. These include investors in Asia, Latin America and the Middle East. **Mr Goy** said: "We are concerned that the success of UCITS as a global gold standard for the fund industry – and increasingly of AIFs – is at risk."

Convergence and harmonisation tools

ESMA already has tools to promote regulatory convergence and harmonisation, including issuing guidance, opinions and market surveys, as well as the "nuclear weapon" of bringing procedures for breach of Union law, Mr Goy said. "The unanimous feedback we have received from industry members is: 'We don't need it.'"

Conference attendees heard an immediate response from **Evert van Walsum**, ESMA's head of the investor protection and sustainable finance department, in a discussion with ALFI CEO **Serge Weyland**. He acknowledged the "elephant in the room" and argued that the Commission's legislative proposals align with the EU single market philosophy of regulatory convergence and of ensuring the same outcomes, even if application is not always uniform across the EU's 27-member states.

He said regulatory convergence efforts across Europe to reduce fragmentation in the interpretation and application of EU rules had only been successful up to a point. "We have achieved the maximum possible with the current tools," **Mr van Walsum** noted. "We are unable to progress as fast as in the past."

He praised regulators' specialist capabilities in cross-border fund hubs that dominate the European market, including Luxembourg and Ireland. He emphasised that the aim was "not at all to take away supervision from the CSSF", but to ensure greater integration without hindering innovation or interfering with national regulatory procedures.

Questioning supervisory colleges

Mr van Walsum cited proposed new powers for ESMA to address "ineffective supervision" by national regulatory authorities. This process would prioritize initial engagement with the relevant supervisor in an attempt to find common ground. Only if no conclusion could be reached might the EU regulator resort to "corrective action"—that is, ESMA issuing instructions—in exceptional cases where supervision is deemed inadequate.

While national regulators, including Luxembourg's, currently work in supervisory colleges to address cross-border issues, he argued that these are informal structures not enshrined in legislation.

In such cases, ESMA would provide a holistic framework for the oversight of large asset management groups, examining how they should be supervised "from a common European perspective". He stressed that the sole goal of the proposed changes is to "make supervision more seamless and remove friction from the process".

However, Luxembourg's minister of finance **Gilles Roth** highlighted the Grand Duchy's existing role as a leading European platform through which capital is structured and channelled into productive investment, and from which funds are distributed to more than 80 countries. "This is a cross-border infrastructure that works," he said.

He concluded: "We need to remove barriers to capital flows and pursue reforms that deliver tangible results, not greater complexity for its own sake. We support harmonisation and convergence, but we don't believe a top-down architecture will deliver concrete improvement. That's why we oppose the centralisation of fund supervision and the review of asset managers. Our aim is to remain a strong, open and globally connected financial centre".

What problem does centralised supervision address?

Laurent Van Burik, head of the enforcement, regulation and international investment fund unit at the *Commission de Surveillance du Secteur Financier* (CSSF), also commented on the proposed EU legislative changes in an interview with ALFI CMO Britta Borneff.

He said: "Centralised supervision is presented as a solution to a problem, but we don't see the problem. We are better off with the framework we have. Ultimately, it would lead to an overlap that would make regulation more complex and costlier".

But the conference covered much more than regulatory policy. In his introductory address, **Mr Goy** underlined the scale of Luxembourg's role in the European fund industry, pointing to EUR 5.2bn in UCITS assets at the end of 2025 and EUR 3.1bn in AIFs—an increase of 10.2% over the previous 12 months, including net subscriptions of EUR 132.8bn.

Private asset investments have seen the strongest growth in the 13 years since the full implementation of the original AIFMD legislation. Over the past decade—and especially since the rules were updated two years ago—Luxembourg has also become the leading domicile for European Long-Term Investment Funds (ELTIFs). Asset managers leverage these vehicles to broaden access to alternative strategies—specifically private equity, private debt, real estate, and infrastructure—for affluent and high-net-worth individual investors. As of March 2026, **Mr Goy** noted, Luxembourg was home to 161 of the 286 ELTIFs established across Europe.

Meanwhile, he pointed out that the Luxembourg government has introduced measures benefiting the fund industry, including a reform of the carried interest regime for private market funds taking effect in 2026, and a further 1% cut in the corporate income tax rate in 2027.

Europe's rosier long-term outlook

In recent weeks, the fund industry has been grappling with the impact of conflict in the Gulf, which has driven up energy prices, as well as inflation and market volatility. However, **Dr Martin Moryson**, global head of economics at DWS Investments, argued that while 2026 may bring continued geopolitical disruption and economic turbulence, the longer-term outlook for Europe is more positive.

A range of factors are in play, **Dr Moryson** said. He noted that Middle East producers account for only a very small share of Europe's liquified natural gas imports. He also pointed out that the euro-US dollar exchange rate is now at the same level as when the single currency was launched a quarter-century ago.

He added that Asian and European stock markets have outperformed the US by 10% since Donald Trump's presidential inauguration. Meanwhile, annual average growth of 1% in the

US working-age population—a major driver of the country's economic expansion—has slowed due to tighter immigration controls.

Contrary to many assertions, "globalisation is not dead," **Dr Moryson** emphasised. Although world trade grew by an average of 7% a year before the global financial crisis, and just 2% since, it still rose by 4.7% in real terms in 2025.

He added that an upturn in European defence spending could give a much-needed boost to the continent's industrial production. Finally, he noted that Europe remains the world's second-largest consumer market.

Another topic discussed at the conference, which plays a key role in Europe's outlook, was artificial intelligence (AI). So far, the continent has lagged behind the US as a hub for innovation in this field. However, **Guillaume Bour**, head of enterprise for Europe at France's Mistral AI, said EU countries are forecast to invest USD 144.6 billion over the next two years.

He added that 75% of AI projects fail to deliver business value due to obstacles, including intrusive regulation, limited access to high-quality data, and a shortage of skilled talent.

UK's embrace of partnership with Europe

Lucy Rigby, UK Economic Secretary to the Treasury and City Minister, addressed the symbiotic relationship between the United Kingdom and Luxembourg in the fund industry. She said the UK is an open, stable economy specialising in managing and distributing capital alongside its partners and neighbours. She noted that despite the UK's withdrawal from the European Union, 'no partnership is more important than that between the UK and EU'.

Over the next decade, **Ms Rigby** said, the UK government's ambition is to foster a highly innovative financial sector by reducing fragmentation and regulatory duplication, while ensuring continued growth in the private markets sector. "A strong funds ecosystem depends on companies' ability to work across borders, ensuring consumer protection, market integrity and resilience," she said.

A rapidly changing regulatory landscape

During his intervention, **Mr Van Burik** highlighted the pace and scale of recent regulatory change. "Never in the past 28 years have I seen so many regulatory changes—it's a lot to digest," he said. He was referring to the ESMA supervision proposals, but also AIFMD II and UCITS VI legislation, which entered into force in April 2026, as well as ongoing discussions on the planned overhaul of the Sustainable Finance Disclosure Regulation, which would transform it from a disclosure regime into a categorisation framework.

Noting that the European Commission has proposed that 70% of funds' assets should align with the category in which they are placed, as well as the introduction of mandatory exclusions, he added: "The big question is where today's funds will end up. Many will need to revise their strategies to fit their chosen new category."

Even with a proposed 18-month transition period, there will still be considerable work to do, **Mr Van Burik** said, including revisions to fund prospectuses.

Strategic traits of women executives

A panel of women asset management CEOs agreed that regulatory matters are critical to the industry's ability to respond to market changes and investor preferences. M&G Luxembourg's **Micaela Forelli** expressed concern that changes to the supervisory landscape could threaten speed to market in the Grand Duchy. **Suzanne Berg** of Pictet Asset Management (Europe) warned that policymakers must ensure that regulation does not curb innovation.

Panel members argued that women executives bring distinct qualities to the industry. **Francesca Gigli Prym** of UBS Asset Management (Europe) said she had to adapt her communication style to become more diplomatic to ensure her messages were well received. **Ms Forelli** said women leaders offer strategic advantages that offer a performance edge, including creating space for diversity and challenging groupthink at an earlier stage.

Luxembourg funds' global reach

One international market where Luxembourg funds have made a strategic impact is Chile. Here, they have become a cornerstone of a pension system with assets now equivalent to 80% of the country's GDP. This influence is set to grow further following a planned increase in pension contribution rates from 10% to 16% of members' salaries.

According to **Mauricio Larraín**, chair of the Capital Markets Advisory Council at Chile's Ministry of Finance, this is expected to encourage a shift toward long-term funds investing in illiquid assets, including renewable energy infrastructure and in-demand commodities such as lithium and copper.

He said Luxembourg funds are particularly valued because of the country's strong regulatory oversight and disclosure regime, coupled with robust risk management— "exactly what Chilean pension funds need because of their fiduciary duty. It's a complete asset management ecosystem and value chain," he explained.

Catching the active ETFs wave

Luxembourg authorities have devoted considerable effort to attracting actively-managed exchange-traded funds (ETFs), including through an exemption from the subscription tax on fund assets and an accommodating portfolio disclosure regime. Last year, State Street's head of ETF product for EMEA, **Laura Tarrant**, noted that ETFs set a new record with USD 2.4trn in worldwide inflows, taking the sector's total assets to more than USD 21trn.

According to **Arnaud Gebhart**, head of the international ETF platform at JPMorgan Asset Management (Europe), while passive funds still dominate the ETF market, active products now account for around 25% of inflows, which are forecast to reach USD 7trn a year by 2030. He added that 40% of new UCITS ETF launches are actively managed.

Sergio Venti, partner at Deloitte Luxembourg, noted that the approval process in Luxembourg has been overhauled, making it possible for asset managers to launch an ETF share class within days. While portfolio disclosure is now required only quarterly, with a 30-day delay, he said fully transparent funds continue to be launched. He also pointed out that synthetic replication ETFs using total return swaps offer a way to circumvent higher US withholding taxes on dividends compared to Ireland-domiciled funds.

The challenge for mid-sized asset managers

How should mid-sized asset managers address the challenge of growth in a market where industry behemoths and specialised boutiques seem to enjoy distinct advantages? That question was at the centre of a panel moderated by **Nabeel Ansari**, senior director at Broadridge Financial Solutions.

Amelia Sykes, chief strategy and transformation officer for asset management at M&G, said the process begins with identifying the areas in which firms already have scale. "Given the finite capacity for investment, you have to make priority calls," she explained.

The discussion also turned to sub-scale products. Two-thirds of the industry's assets under management are in sub-scale strategies, she warned. "You can't afford to run a lot of sub-scale strategies for a long time—there are hard choices to be made on which products are unlikely ever to be viable," she said.

David Zoller, head of active product solutions at DWS, highlighted the importance of partnerships, saying that asset managers often need an anchor investor or a very strong product. The discussion highlighted the difficult trade-offs facing mid-sized asset managers as they navigate a market dominated by scale and specialisation.

Changing investor priorities

Morningstar chief European market strategist **Michael Field** opened the second day of the conference by referencing the challenges facing US private credit manager Blue Owl Capital, which has been hit by significant redemption requests from investors concerned about the quality of the sector's loans.

"They cite rising borrower defaults, from near zero in January 2024 to 4.0%. However, that's not a catastrophic level, although there would be a problem if it continued to increase," he said.

Against this backdrop of heightened investor scrutiny, speakers highlighted a shift in the factors driving allocation decisions. It is too soon to say that service quality has overtaken performance as the most critical factor for investors when determining allocations, but it has clearly moved up the scale in importance. While Franklin Templeton conducting officer **Rafal Kwasny** stressed that "performance is king," **Dale Quarry**, CEO of SS&C Administration Services Luxembourg, argued that ease of doing business is a key factor as well.

Mr Kwasny added: "We like the transfer agent doing the work we do not wish to do. Three worlds continue to coexist: the classic operational model, the self-service digital experience, and tokenization. But look at the airline industry, which still has physical tickets, and people continue to buy through travel agencies."

Portfolio technology for wealth managers

Wealth managers are playing an increasingly influential role in channelling clients' capital into the asset management industry. "In the past asset managers were product factories while wealth managers were distributors," said ERI Bancaire Luxembourg sales director **Alan Goodrich**. "But as a result of customer demand, wealth managers will have to provide them with the technology to customise their portfolios according to their preferences."

Hannamari Koivikko, executive director at the Luxembourg branch of J.P. Morgan SE, also pointed to the role of family offices. She argued delivering value to clients is a collaborative process and stressed the importance of understanding how technology is being used: "All we are selling is trust".

Advancing the EU financial market integration

Alessandro Malchiodi, deputy head of the Asset Management Unit at the European Commission's DG FISMA, said the EU's Market Integration and Supervision Package intended to break down barriers to the full integration of EU financial markets and the realisation of the Savings and Investments Union.

He said the measures would make market access easier for funds, for instance by simplifying passporting mechanisms. National rules, including requirements for local physical agents, were preventing asset managers from optimising their offerings, leading to delays in approvals and higher operating costs. However, **Mr Malchiodi** emphasised that the legislative package did not amount to centralised supervision of asset management.

Luxembourg's fast-evolving regulatory landscape

According to **Frank van Kuijk**, partner at Loyens & Loeff, the Luxembourg regulatory landscape has recently been shaped by the entry into force of the AIFMD II legislation on 16 April 2026. He highlighted the directive's impact on loan origination funds and liquidity management tools (LMTs). However, he noted that the current regulatory definition of open-ended funds does not yet fully account for the rise of semi-liquid vehicles. He argued that certain evergreen structures—despite offering limited redemption windows—might be more accurately classified as closed-ended to better reflect their underlying liquidity profile.

Meanwhile, the CSSF has opened the door to limited investment in crypto-assets by UCITS, authorising indirect exposure of up to 10% of total assets. According to Linklaters partner **Raoul Heinen**, the change increases the diversification benefits available through UCITS funds and allows investors to adjust their risk-reward trade-off, although risk disclosures will be critical.

The private markets sector welcomed the government’s revised carried interest legislation, which came into force in January. **Hugues Hénaff**, partner of ATOZ Tax Advisers Luxembourg, noted that this should give the Grand Duchy a significant competitive advantage over financial centres such as Dublin and Milan, particularly in attracting and retaining high-caliber front-office professionals.

Argentina’s fund market potential

Valentín Galardi, president of the Argentine Mutual Funds Association, pointed to the country’s potential as a market for Luxembourg investment funds. He noted that 68% of the population invests in funds, but the ratio of assets under management to GDP remains low at just 8%, compared with 56% in Brazil, the region’s largest economy.

Catapult: FundTech award and conference conclusion

The ALFI Global Asset Management Conference 2026 concluded with the announcement of the laureate of the Catapult: FundTech Program, a joint initiative by the Luxembourg House of Financial Technology, ALFI and MiddleGame Ventures.

Following presentations by the ten finalists in sessions throughout the conference, the organisers revealed **Qvonto**, represented by Managing Partner **Christian Lysholm**, as the winner. The RegTech company is a specialised provider of automated SFDR and PRIIPs regulatory reporting solutions for asset managers and fund administration companies.

The conference highlighted the rapid pace of change across Europe’s asset management industry, as regulation, technology and shifting investor priorities continue to reshape the sector.