

DECEMBER 2017

LEO

THE FINANCIAL CENTRE'S MAG

ASSET MANAGEMENT

THE RIGHT TOOL FOR THE JOB

10 YEARS OF PUTTING
LUXEMBOURG ON THE MAP

LUXEMBOURG AND CHINA'S
GREEN REVOLUTION

NICOLAS MACKEL,
CEO, LUXEMBOURG
FOR FINANCE



Dear readers,

Investment funds are the backbone of Luxembourg's financial services industry. Indeed, over the course of the last three decades and in parallel to the growing integration of the EU single market, Luxembourg has developed into a competence centre for all major fund promoters who are selling funds to investors across the EU and even beyond today. The ecosystem built up in Luxembourg over all those years and the specialisation of its professionals help make the setting up, administration and distribution of cross-border funds from Luxembourg particularly efficient.

In the following pages we bring to you the testimonials from a range of major institutions on why they chose Luxembourg for their operations. Denise Voss, the Chairman of the Luxembourg Investment Fund Association ALFI will share her views on the evolution of the fund industry. Finally, some of the key players lay out how tech-

nology is reshaping the asset management industry and how to prepare for the future.

On the heels of our recent visit to China and in the context of the COP23 in Bonn, we take great pride in featuring an article on the pioneering work that is being done by the Luxembourg Stock Exchange and their partners in China to respond to China's hunger for green finance.

On a lighter note, you will hopefully enjoy and find inspiration in the piece describing Luxembourg's cycling environment. Whether you are an amateur cyclist or a would-be pro, Luxembourg's countryside is the perfect place to sweat out all those end-of-year surplus calories or enjoy the beautiful scenery.

Finally, Luxembourg for Finance is turning 10 and this gives us cause for pride when looking back to what we have achieved as well as excitement at all the work that lies

ahead. Most of all, we cannot thank enough those people who had the vision to create such a public-private partnership and those who helped us throughout these years to put Luxembourg on the map through their different contributions, as well as those who make up the fantastic team of dedicated professionals I have the privilege of leading.

Let me conclude by wishing a Happy Holiday Season to all of you.

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**ANY QUESTIONS?
GET IN TOUCH ON TWITTER - @LUXFINANCE**



SOMPO BECOMES THIRD JAPANESE INSURER TO SET UP EU BASE IN LUXEMBOURG



Japanese insurer, Sampo International, has become the latest leading Japanese financial institution to announce plans to establish its new European insurance headquarters in Luxembourg following the UK's decision to leave the European Union.

1ST

THE LATEST IMD WORLD TALENT REPORT 2017 RANKS LUXEMBOURG 1ST IN THE EU AND 4TH WORLDWIDE FOR ATTRACTING FOREIGN TALENT. THE GRAND DUCHY COMES 10TH OVERALL OF THE LIST OF COUNTRIES THAT ARE BEST AT ATTRACTING, DEVELOPING AND RETAINING TALENTS IN THEIR TERRITORY.

ICBC LISTS ITS INAUGURAL "BELT AND ROAD" CLIMATE BOND IN LUXEMBOURG

THE CLIMATE BOND MARKS THE FIRST ISSUANCE DEDICATED TO GREEN PROJECTS FOLLOWING THE "BELT AND ROAD INITIATIVE" (BRI) EVER. IT WILL SUPPORT PROJECTS IN CHINA'S DOMESTIC PROVINCES AND IN FOREIGN COUNTRIES KEY TO THE BRI INITIATIVE.

IN THE TOP 10 WORLDWIDE FOR ICT DEVELOPMENT

Luxembourg comes 9th in the world when it comes to developing information and communication technologies (ICT) according to the latest ICT development index 2017 published by the International Telecommunication Union (ITU), a specialised United Nations institution.

10 years of putting Luxembourg on the map

2018 MARKS THE 10TH ANNIVERSARY OF LUXEMBOURG FOR FINANCE (LFF). THESE TEN YEARS HAPPEN TO COINCIDE WITH A PARTICULARLY EVENTFUL DECADE FOR THE LUXEMBOURG FINANCIAL CENTRE AND THE GLOBAL FINANCIAL INDUSTRY AS A WHOLE, MARKED BY SEVERAL IMPORTANT DEVELOPMENTS: THE GLOBAL FINANCIAL CRISIS AND THE ENSUING WAVE OF REGULATIONS, THE INTERNATIONAL MOVE TOWARDS TAX TRANSPARENCY, THE RAPID DIGITALISATION OF FINANCIAL SERVICES, AND A MARKED GLOBAL SHIFT TOWARDS SUSTAINABLE INVESTMENTS. IT HAS MOREOVER BEEN A DECADE OF ACRONYMS FOR THE FINANCIAL INDUSTRY: CRD4, MIFID, PSD (1 AND 2), CRS, FATCA, BEPS, PRIIPS AND KIID, AIFMD, SSM AND ESAS ... AND THE LIST GOES ON.

For the Luxembourg financial centre it has also been a decade of increasing internationalisation: Luxembourg's fund industry has grown from EUR 1.6 trillion to 4 trillion AUM and new markets have opened up (with funds today being distributed in 70 markets), nearly a third of clients in Luxembourg's private banking industry now come from outside the EU (up from around 15% a decade ago) and the country is today the European home of 7 Chinese banks and accounts for 60% of European funds investing in mainland China.

In its role as agency for the development of the financial centre, Luxembourg for

Finance has not only been a witness to these developments but has contributed, in close coordination with its financial sector stakeholders and the Luxembourg government, to the financial centre's efforts to meet some of these challenges and leverage new opportunities. Indeed, while LFF is known in particular for the visible part of its work, notably its communication activities, events and roadshows, there is an entire iceberg of less obviously visible activities below the surface that have contributed to the development of Luxembourg's financial centre over the past decade.



FINANCE Centre

LFF connects international investors to the financial services provided in Luxembourg, such as investment funds, wealth management, capital market operations or advisory services. In addition to being the first port of call for foreign journalists, LFF cooperates with various professional associations and monitors global trends in finance, providing the necessary material on products and services available in Luxembourg.

Furthermore, LFF manages multiple communication channels, organises seminars in international business locations, and takes part in selected world-class trade fairs and congresses.

PROGRAMME

09.30	WELCOME REMARKS Nicolas Mackel CEO, Luxembourg for Finance
09.35	WHERE IS EUROPE HEADING? HE Pierre Gramegna Minister of Finance, Grand Duchy of Luxembourg
09.50	KEYNOTE SPEECH Chinese keynote speaker
10.00	CONNECTING YOU Nicolas Mackel CEO, Luxembourg for Finance
10.10	EUROPE'S INVESTMENT Nicolas Mackel CEO, Luxembourg for Finance
10.20	PRIVATE EQUITY ON THE RISE Camille Thommes Director General, Association of Luxembourg Private Equity
10.30	ACCESSING INVESTORS THROUGH EUROPE Paul Junck Managing Director, Luxembourg Private Equity
10.40	ACCESSING INVESTORS THROUGH EUROPE Julie Becker Member of the Executive Committee, Luxembourg Private Equity
11.00	NETWORKING BREAK
11.00	PRACTICAL WORKSHOPS TO ANSWER YOUR QUESTIONS Facilitated by: Marc-Alexandre Peng, Gas
11.00	WORKSHOP 2: Structuring Facilitated by: Marc-Alexandre Peng, Gas
11.00	WORKSHOP 3: Structuring Facilitated by: Marc-Alexandre Peng, Gas
12.00	NET

PUBLIC-PRIVATE: A WINNING FORMULA

Luxembourg for Finance was created in November 2007 as a public-private partnership between the financial industry in Luxembourg (represented by the main industry trade bodies) and the Luxembourg government, and is chaired by the Minister of Finance, with the dual objective of developing the financial centre, notably by helping open up new markets for Luxembourg-based institutions and by bringing new actors and activities to Luxembourg, and of acting as the voice for the Luxembourg financial centre abroad.

Compared to business development agencies and bodies representing the financial sector in other countries, which are either purely private or part of a public administration, LFF's structure as an economic interest grouping between the private sector and government is quite unique. Nevertheless, it actually reflects a core strength of Luxembourg, namely the ability for the government and the private sector to come together to further a common cause: in this case, the development of the Luxembourg financial centre. The co-ordination between the public and the private sector, make the agency an efficient contact point and relay for financial institutions and investors abroad.

It is also an asset when it comes to developing new areas of activities across industries that involve multiple stakeholders, where over the years LFF has often taken up a co-ordinating role. As was the case, for example, in the area of international Renminbi business or more recently in the area of Fintech, with the launch of the Luxembourg House of Financial Technology (LHoFT) in 2017 representing a key deliverable.

LFF also reflects the financial centre in the inherent international nature of the team, which has proved to be a distinct advantage: LFF's team is composed of 17 people from 6 different countries, speaking 10 languages.

It was not long after being launched that LFF started to set the pace in terms of its international work. While LFF only ventured next door for its first roadshow abroad in 2008 to Köln and Düsseldorf in Germany, only a few weeks later it travelled with a financial sector delegation to China. Since then, the Middle Kingdom has become a yearly destination of LFF roadshows. Over the years, LFF, often travelling with the Finance Minister as well as delegations of financial sector professionals, has connected with professionals and institutions in over 80 cities and more than 50 countries, organising 130 seminars attracting over 20,000 participants.

GROWTH THROUGH CHALLENGE

LFF launched its activities in January 2008: its first year of operation thus coincided with the world's biggest financial crisis since the Great Depression of the 1930s.

Today, the consequences of the 2008 crisis can still be felt, not only in terms of increased financial market regulation and greater transparency. Rising populism and vocal criticism of globalisation have underlined the importance of explaining the benefits of free markets and cross-border trade. In this context, modern financial centres have a duty to explain to wider society the role of international finance in facilitating global trade and job creation - as well as their contribution to economic well-being across the European Union.

During the past decade, the Luxembourg financial centre had to adapt to this evolving international landscape and, building on its core strengths, keep re-inventing itself by embracing change. Indeed, drivers of change such as the internationalisation of the renminbi, digitalisation and sustainable finance, have offered the Luxembourg financial centre opportunities to apply its know-how in new areas and to act as a true pioneer.

Luxembourg's unique understanding of both the opportunities and challenges of





operating on a cross-border basis throughout the EU Single Market, have helped the financial centre transform certain headwinds into tailwinds. Its key role as an EU hub and a recognized competence centre in areas ranging from asset management and wealth management to private equity and insurance, also find direct reflection in the choice of Luxembourg by leading global banks, insurers and asset managers who are now seeking a new foothold on the European continent following the UK's decision to leave the European Union.

Relying on a dedicated market intelligence team, it has always been part of LFF's mandate to help bring new financial institutions to Luxembourg or encourage them to further develop their existing presence – leveraging in particular the complementarity

that Luxembourg offers to other financial centres. It is a role LFF has also played in the context of Brexit, albeit with a certain level of urgency on behalf of the concerned financial institutions looking for answers so they can take an informed decision.

MAKING THE UNKNOWN KNOWN

One of the main challenges for LFF over the years has been the relative lack of knowledge about Luxembourg or preconceived notions about its financial centre. Not, of course, vis-à-vis finance professionals, who know and appreciate what Luxembourg has to offer as financial centre, but with regards to the general public abroad. As it turns out, however, this blank canvas has also been one of our greatest assets, as it provided innumerable opportunities to explain what

the Luxembourg financial is really all about and address a number of persistent preconceptions.

Over the years the agency has engaged with hundreds of journalists from 17 countries and is constantly adapting its distribution methods to fit the changing media landscape and reach the largest possible audience.

LFF also develops its own marketing materials to showcase the passion and expertise of the persons working in the financial centre. With a quarterly magazine, brochures and factsheets, videos, a monthly newsletter, website and social media channels, a large amount of exclusive content is available on a wide range of topics.

Furthermore, the modern expat or investor's decision-making process is complex and not just based on numbers, statistics or knowledge of the comprehensive financial ecosystem. Over the years LFF has seen many investors choose Luxembourg because of its international business environment but also because of its quality of life and family-friendly environment, talent pool, quality public infrastructures or its ideal geographic location in Europe.

A COLLECTIVE EFFORT

Developing the Luxembourg financial centre is a collective effort that requires foresight and strong commitment by private and public stakeholders. Over these past 10 years, LFF has been one part of this collective effort, together with the government, trade bodies and, importantly, an ever-growing community of financial services professionals from different countries who are probably the best ambassadors the country could wish for.

This is why we want to use the occasion of our anniversary to thank all those, in Luxembourg and abroad, who have helped write the financial centre success story these past ten years and more.

LR / TT



OCUS

WATCH WHY NORTHERN
TRUST CHOSE LUXEMBOURG
FOR THEIR EU HUB.



ASSET MANAGEMENT

INVESTMENT FUNDS ARE THE BACKBONE OF LUXEMBOURG'S FINANCIAL SERVICES INDUSTRY. THE COUNTRY HAS DEVELOPED INTO A COMPETENCE CENTRE FOR ALL MAJOR FUND PROMOTERS WHO ARE SELLING FUNDS TO INVESTORS ACROSS THE EU AND BEYOND.

IN THIS EDITION, A RANGE OF MAJOR INSTITUTIONS EXPLAIN WHY THEY CHOSE LUXEMBOURG FOR THEIR OPERATIONS WHILE DENISE VOSS, THE CHAIRMAN OF THE ASSOCIATION OF THE LUXEMBOURG FUND INDUSTRY (ALFI) SHARES HER VIEWS ON THE EVOLUTION OF THE FUND INDUSTRY.



STEVE DAVID,
COUNTRY HEAD, LUXEMBOURG,
NORTHERN TRUST

WHY THE WORLD'S TOP ASSET MANAGERS CHOOSE LUXEMBOURG FOR THEIR OPERATIONS

ASSET MANAGERS FROM AROUND THE WORLD HAVE SET UP OPERATIONS IN LUXEMBOURG. THEY BENEFIT FROM A UNIQUE ECOSYSTEM THAT HAS EVOLVED TO SUPPORT CROSS-BORDER FINANCIAL SERVICE PROVIDERS DISTRIBUTING PRODUCTS AND SERVICES UNDER THE EU PASSPORT REGIME AND THE FREEDOM TO PROVIDE SERVICES.

MAJOR ASSET MANAGEMENT COMPANIES EXPLAIN WHY LUXEMBOURG CONTINUES TO REAFFIRM ITS LEADING POSITION IN THE FUNDS INDUSTRY AND WHAT IT MEANS TO THEIR FUTURE OPERATIONS.

“Luxembourg is the second largest mutual fund domicile in the world and the largest in Europe, and we felt it was vital to be present here.”

STEVE DAVID

In the aftermath of Britain's decision to leave the EU and following its acquisition of UBS Asset Management's fund administration services in Luxembourg and Switzerland, Northern Trust decided to make Luxembourg its EU hub to support the company's growth in Continental Europe.

Northern Trust, a Chicago based provider of wealth management, asset servicing, asset management and banking services, opened an office in Luxembourg in 2004 because they wanted to expand their global fund services and mutual fund business.

“Luxembourg is the second largest mutual fund domicile in the world and the largest in Europe, and we felt it was vital to be present here,” explains Steve David, Country Head, Luxembourg, Northern Trust.

“One of the things that attracted us to Luxembourg was the diversity of talent available. That is helpful when we think about servicing, not just a European, but a global client. The AAA rating is obviously another important factor, and I think it adds to the confidence of our clients not only to partner with us but to partner with us in Luxembourg.”

SETTING UP AN EU BANKING HUB IN LUXEMBOURG

In fourteen years, Northern Trust has grown from six people to approximately 300. The recent acquisition of UBS Asset Management's fund administration services has established the company as a top ten asset servicing provider in terms of assets under administration in Luxembourg. It has chosen this location as the future domicile

for its EU banking presence, with London remaining the headquarters for the company's wider business in Europe, Middle East and Africa.

"We spoke to our European clients and prospects, talking them through the shortlist of places where we could domicile our bank," explains David. "Luxembourg emerged as a strong favourite for the type of clients that we are looking to attract, and it fits well with our recent acquisition and as we target growth in Continental Europe."

The company has been working with the Luxembourg financial regulator, to prepare its application to the European Central bank.

"Luxembourg is very helpful. That is one of the reasons we chose the jurisdiction. As we expand our presence in Continental Europe, having a responsive regulator and a business-friendly government is important to help navigate our way through the various approvals and requirements as efficiently as possible."

MANAGING THE UNCERTAINTY OF BREXIT

The outcome of the Brexit referendum has created ongoing uncertainty for many other UK based financial institutions. International asset manager M&G announced earlier this year it would establish a new management company in Luxembourg. It will move some of its fund range to Luxembourg to ensure that it can sell across the EU after Britain leaves the bloc in 2019.

"Currently this is a distinctly political issue until the terms of the 'divorce' are understood," says Jon Griffin, Managing Director and CEO of J.P. Morgan Asset Management Europe. "This creates uncertainty which is unhelpful to business as we need to plan for continuity for our clients. The point concerning recognition of the UK when it becomes a third country, and how agreements will be put in place for the continuation of delegation of portfolio management, for example, is a significant point for which we are seeking clarification from the authorities."

J.P. Morgan is the largest fund administrator and custodian in Luxembourg, with approximately 20% of the market. Its international fund business can be traced back to 1988, when the company was an early adopter of the UCITS brand.

LEADING IN THE DISTRIBUTION OF UCITS

"Luxembourg is our international UCITS product distribution platform with currently 350 billion USD in assets under management. Being primarily a UCITS house we feel that we have everything that we need to develop solution based investment products for our investors in the current regulatory tool kit in Luxembourg. Our funds are distributed internationally, and we deliver an array of investment opportunities to investors leveraging the breadth of J.P. Morgan Asset management's worldwide investment capabilities across all asset classes."

J.P. Morgan's management company in Luxembourg has grown to 170 staff with another 170 employees in eight branches in continental Europe. Overall, J.P. Morgan's presence in Luxembourg makes it the firm's second largest presence in Europe with a combined Bank and Asset Management staff of over 500 people.

"Luxembourg is able to draw talent from the region beyond its borders. Having staff that can cross any of the three surrounding countries each working day is a unique feature of the Luxembourg employment model. Also, Luxembourg can attract talent from abroad."

Having been associated with the Luxembourg funds business since 1989, Griffin has experienced first-hand the growth and development of the financial centre.

"Luxembourg is a small country with a significant fund industry. It has a focus on, and competency in, all aspects of the fund and investor value chain from end-to-end. It is unique in that industry actors here focus their attention on fully understanding how the saving product needs to operate to ensure its efficiency in some-

"Luxembourg is our international UCITS product distribution platform with currently 350 billion USD in assets under management."

JON GRIFFIN





JON GRIFFIN,
MANAGING DIRECTOR AND CEO,
J.P. MORGAN ASSET MANAGEMENT
EUROPE

one else's country; that "export" mindset is part of the DNA here."

A VERY MODERN INVESTMENT TOOLBOX

A wide range of structures is available to meet the needs of different investors and different target investments.

"The toolbox is very diverse which is important when selecting the appropriate investment vehicle," says Griffin.

He has implemented a globally coordinated strategy for sustainable investing to help clients achieve their ESG investment objectives.

"We recently launched a best-in-class UCITS fund in our Luxembourg-domiciled SICAV range, JPMorgan Funds – Europe Sustainable Equity Fund. The fund focuses on identifying attractively valued, high-quality European companies whose governance fosters a long-term sustainability view."

ALTERNATIVES GO MAINSTREAM

The Swedish private equity firm EQT has worked with Luxembourg since 2004.

"When those activities expanded in 2007, EQT decided it was the right time to open an office," explains Peter Veldman, Partner and Head of Fund Management, EQT Luxembourg.

"We chose Luxembourg as it provided an opportunity to centralise business in a supportive jurisdiction, creating a Fund Management platform that could keep up with the growth of EQT and demands from the industry, while also standing out in the regulatory landscape. The advantage of being in Luxembourg is that it offers a good environment for Alternative Investment Funds; there is a skilled multilingual workforce, a wide network of advisory firms, a large presence of service providers and above all, a business-friendly climate."

Today EQT manages a number of Alternative Investment Funds from Luxembourg,

“Luxembourg offers a good environment for Alternative Investment Funds; there is a skilled multilingual workforce, a wide network of advisory firms, a large presence of service providers and above all, a business-friendly climate.”

PETER VELDMAN

as well as offering portfolio management, risk management and other activities defined under the AIFM Directive.

Like Griffin, Veldman appreciates the “fund toolbox”. *“Luxembourg offers a great variety of fund and investment vehicle structures; these offer the flexibility that we would look for when setting up new investment vehicles.”*

In 2012, EQT decided to create one on-shore hub for all future EQT funds as part of the firm's strategy to bring all funds on-shore. They chose Luxembourg.

“We decided not to go beyond our current hubs, so the choice was really between the UK, Luxembourg and Amsterdam. From a jurisdictions perspective, Luxembourg is a well-known and established domicile. Many of the private equity and alternative investment fund players and service providers are very experienced and therefore quicker and more efficient. Equally, the regulators understand what private equity is all about, which makes discussions easier and more productive. The most important signal that Luxembourg is giving to us is that they are always available to listen to the industry and that they will make sure that whatever change occurs with regards to legislation, they will

PETER VELDMAN,
PARTNER AND
HEAD OF FUND MANAGEMENT,
EQT LUXEMBOURG



work with the PE firms to ensure interests are aligned with Luxembourg as a jurisdiction.”

Environmental, social and governance (ESG) considerations are an integral part of how EQT operates. Investments are made in companies that subscribe to high ethical and moral standards.

“Our EQT Infrastructure II fund has been supporting EEW, the market-leading energy from waste company in Germany into a highly efficient organisation focused on providing long-term, environmentally friendly waste disposal solutions and energy-from-waste production. The company incinerates waste to reap energy, thereby saving 1,000,000 tons of greenhouse gas emissions per year. During the incineration process, the volume of waste is reduced by 90 percent, while at the same time generating energy.”

OPENING UP NEW MARKETS

“The loans fund business is booming in Luxembourg,” says Frédéric Perard, Managing Director at BNP Paribas Securities Services, a global multi-asset servicing specialist and one of the largest financial institutions in Luxembourg.

“The search for yield in an environment of persistently low interest rates is driving demand for alternative asset classes. There has been a fast-growing demand from pension funds, insurers and so on, for private equity, real estate, and infrastructure funds. This is a new development in the Luxembourg marketplace.”

The global custodian and securities services provider, a wholly-owned subsidiary of the BNP Paribas Group, offers a network of over 95 markets from its headquarters in the city.

FINTECH AND INNOVATION HUB

“Luxembourg has demonstrated the capacity to develop the fund business in a very positive way. It is a first mover in implementing European fund regulation, and this has opened new markets for us in fund distribution across the globe.”

Perard sees a growing demand for digital solutions from investors which is driving digitalisation in the fund industry. It is a big focus at BNP Paribas which is continuously investing in new technologies. The specialist is one of the founding members of the Luxembourg-based blockchain initiative, Fundchain, and is partnering with a diverse range of innovators to build new FinTech solutions.

“We strongly believe that digitalisation in the fund industry will be massive. We are working with the Luxembourg marketplace on a blockchain solution for fund trading execution, and we are also working with the market on Know your customer and Anti-money laundering applications. We have recently launched a product at the financial services event, SIBOS, that will predict whether the trade will settle or not. At the end of the year, we will also launch a new application to read and interpret the prospectus using the data and evolution of the fund's performance and reports analysis.”

In recent years the banking industry, faced with competition from new online banks, has made significant efforts to digitalise its services. The investment industry is only now taking the plunge, but as Perard

explains, the challenge is to predict at what point to dive deep.

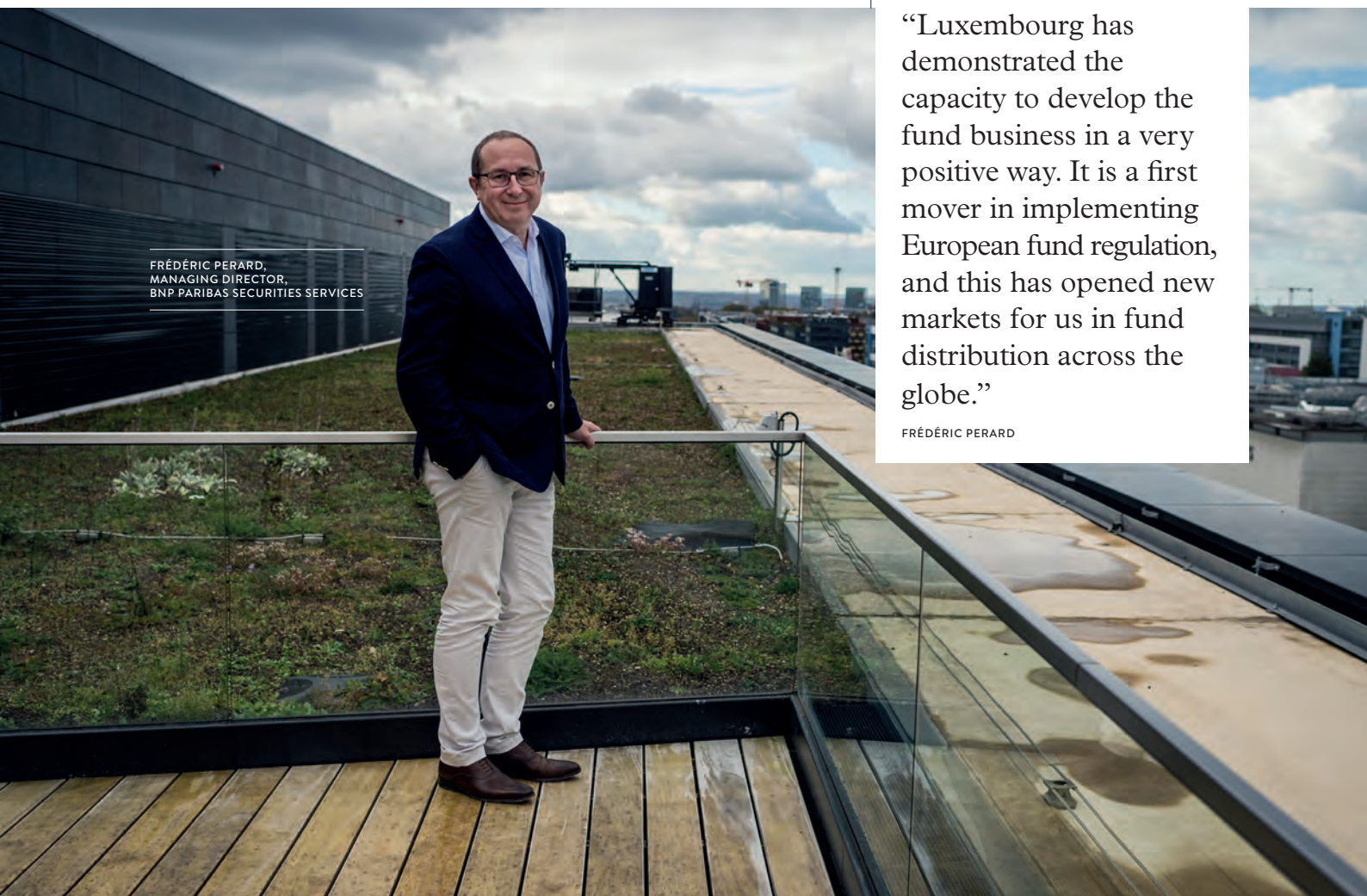
“This is the Kodac moment for the investment fund industry. We know the change will be massive, but the difficulty you have is to decide at what point you switch because on one side if you switch too soon you may lose a lot of money, but if you switch too late you will lose.”

GM

FRÉDÉRIC PERARD,
MANAGING DIRECTOR,
BNP PARIBAS SECURITIES SERVICES

“Luxembourg has demonstrated the capacity to develop the fund business in a very positive way. It is a first mover in implementing European fund regulation, and this has opened new markets for us in fund distribution across the globe.”

FRÉDÉRIC PERARD



Preparing for the future: how technology is shaping the funds industry

INCREASING DIGITALISATION, THE RISE OF NEW TECHNOLOGIES, AS WELL AS ADDITIONAL REGULATORY REQUIREMENTS ARE ALTERING THE WAY BUSINESS IS DONE IN THE FUND INDUSTRY. INVESTORS ARE LOOKING FOR THE BEST WAYS TO ADAPT TO THIS ENVIRONMENT, INCREASE EFFICIENCY AND DRIVE COSTS DOWN.

WE TALKED TO FIVE LEADING PLAYERS IN THE FUND SECTOR WHO ARE BRINGING NEW DIGITAL SOLUTIONS TO MEET GROWING DEMAND.

"The global fund industry is entering a new age," says Philippe Seyll, Co-CEO of Clearstream Banking, a provider of post-trade infrastructure and securities services in Europe and internationally.

"New digital solutions such as process automation, robotics, blockchain and the like have the potential to meet the ever-increasing demand. At the same time, however, financial regulations such as the retail distribution review (RDR) in the UK and the Markets in Financial Instruments Directive (MiFID) in Europe are changing the way by which intermediaries are incentivised to promote investment products."

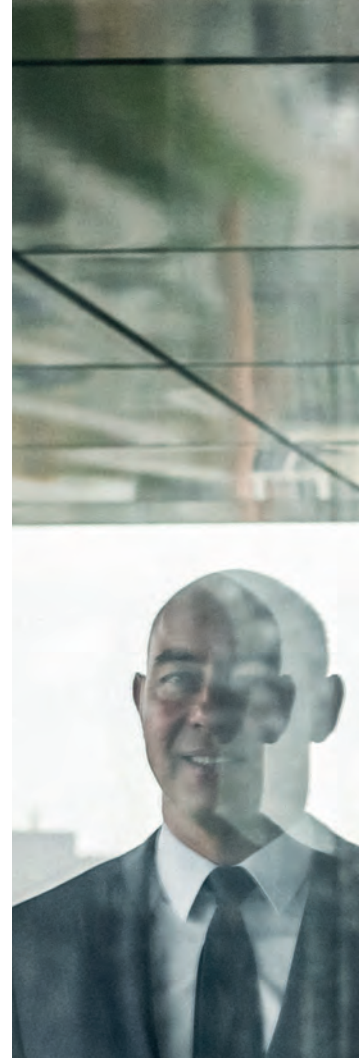
Clearstream is working closely with the industry to support market participants as they cope with new challenges arising in the world of funds. One example is the current regulatory agenda: the Undertakings for Collective Investment in Transferable

Securities V (UCITS V) and the Alternative Investment Fund Managers Directive (AIFMD) are reshaping the operational landscape of the European investment fund market. These changes are leading to a growing need for transparency and efficiency in investment fund processing.

"We are there to help our customers to find innovative and seamless solutions to comply with these requirements – without major impact on their business operations. Over the past few months, we've therefore seen many new firms migrate their mutual and hedge funds as well as ETF portfolios to our centralised fund processing platform."

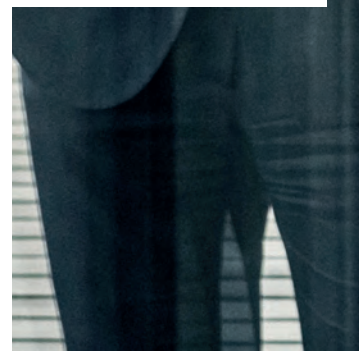
EFFICIENCY GAINS THROUGH AUTOMATION

Clearstream's global fund processing platform, Vestima, is the world's largest cross-border fund processing platform. It



"This shift from active to passive funds reflects the changing tastes of European investors. Historically, retail investors typically allowed their financial adviser to make business investment decisions on their behalf, but this is changing."

PHILIPPE SEYLL





PHILIPPE SEYLL,
CO-CEO,
CLEARSTREAM BANKING



CHRISTIAN KRATZ,
FOUNDER AND
MANAGING DIRECTOR,
INVESTIFY

“In the next years, we will also see the tech giants such as Google, Amazon and Facebook entering the funds space. People trust these companies and will trust them regarding financial expertise.”

CHRISTIAN KRATZ

provides a single entry point and standardised process for all fund transactions – from mutual funds to exchange-traded funds and hedge funds.

“Our clients can realise efficiency gains through automation: operational efficiency is significantly increased through delivery-versus-payment (DVP) settlement, the simultaneous exchange of cash and investment fund shares. This allows them to benefit from a streamlined process regardless of the variety of markets and investment funds involved.”

PASSIVE VERSUS ACTIVE FUNDS

Seyll observes that passive investments are taking a more significant share of overall fund assets in the market than ever before; and ETFs, which make up a substantial portion of passive investments, have been highly successful with investors in recent years.

“This shift from active to passive funds reflects the changing tastes of European investors. Historically, retail investors typically allowed their financial adviser to make business investment decisions on their behalf, but this is changing. We can now see an increasingly sophisticated investor community in Europe, wanting to take more control over their investments. ETFs, as passively managed, flexible and extremely versatile instruments, are the perfect tool for them to do so.”

MACHINES AND HUMANS

“There are some things machines can do better than humans. In particular, a computer can turn off emotional and behavioural bias,” explains Christian Kratz, Founder and Managing Director of Investify, a Luxembourg based FinTech deploying algorithms to create made-to-measure investment portfolios.

Investify’s investment robot uses artificial intelligence to offer customers filtered investment proposals. A mobile App provides client information and allows them to decide to on investments.

"Our clients can search for proposals according to sustainability, robotics, growth engines or ethical investments. This enables them to invest in an individualised way through ETFs and add actively managed sections to their portfolio from a broad range of investment topics including "wearables", "water", or "smart home." Since selection and investment processes are digitalised, the platform does not require any paper documents nor signatures."

AMAZON, GOOGLE AND FACEBOOK: THE NEXT COMPETITIVE THREAT?

In November, Paypal announced that it is entering the asset management business in the US. Kratz believes that despite complex regulatory requirements, it is only a matter of time before we see the tech giants entering the investment funds space.

"The consulting company Cap Gemini (Cap Gemini Wealth Report 2017) asked high-net-worth investors how they felt about using services from technology companies such as Google, Amazon, Alibaba, Apple and Facebook for wealth management. Just over 56 percent said they were open to the idea and cited "efficiency, transparency, innovation and excellent online capabilities" as potential draws. In the next years, we will also see the tech giants such as Google, Amazon and Facebook entering the sector. People trust these companies and will trust them regarding financial expertise."

AN INDUSTRY FACING MULTIPLE CHALLENGES

The rapid growth of passive funds is putting pressure on conventional managers. On the one hand, they have to adapt their business models to account for the increasing popularity of passive instruments. On the other hand, they also need to accommodate to a much harsher operating environment with greater focus on cost than ever before.

"The fund industry is facing multiple, conflicting challenges," says Bert Boerman, CEO of Governance.com, a RegTech which helps regulated companies to deal with their over-

sight duties. *"Regulation continues to intensify, liabilities are growing, and the workload increases constantly, leading to higher cost. At the same time, alternatives to traditional funds put the revenue model of fund managers at risk."*

Boerman started developing his business solution in early 2014, but it took more than two years before he saw any traction in the market.

"Towards the end of 2016 the industry got comfortable with the concept of RegTech and,

"Towards the end of 2016 the industry got comfortable with the concept of RegTech and, in the last 12 months, we have seen a massive acceleration in adoption."

BERT BOERMAN



BERT BOERMAN,
CEO,
GOVERNANCE.COM



LEE GODFREY,
CEO,
KNEIP

“Our biggest challenge is the industry’s desire to create complexity.”

LEE GODFREY

in the last 12 months, we have seen a massive acceleration in adoption. RegTech is not only about avoiding risks, but also provides valuable business insights. Think of the competitive edge that a fund manager will have over competitors when they can transparently share data and collaborate with their investors and other stakeholders in real time. All of a sudden the real effort you need to do to achieve regulatory compliance becomes a major selling point.”

BIG DATA USAGE, OPPORTUNITIES AND CHALLENGES

Data is the most valuable good of financial institutions, and it will continue to gain importance going forward, as companies need to deliver insights to meet investor needs better.

“Big data machine learning and AI will have a huge impact on the fund industry,” adds Borman. “But without connected big data, there is no machine learning, and without machine learning there can be no real AI. An AI chatbot that reacts to described user inputs with

predetermined responses is not that intelligent, but when a smart algorithm has access to all data and can teach itself pattern recognition, it can start predicting and spotting things that we simply can’t see otherwise. So connecting all the information first is the big game changer.”

DIGITAL SOLUTIONS FOR REGULATORY COMPLEXITY

The use of big data will be accelerated under MiFID II – a wide-ranging regulation that touches almost every aspect of funds – as product governance rules will require manufacturers to collect more information on clients.

“Our biggest challenge is the industry’s desire to create complexity,” says Lee Godfrey, CEO of KNEIP, a FinTech which has been creating innovative data management solutions to the industry since 1993.

KNEIP’s digital platform allows companies to fulfil regulatory and market demands on a digital platform.

“Almost every conversation with asset managers at the moment involves questions regarding MiFID II. Under the directive, asset managers must split out the cost of investment research and trading for the first time. The directive has created multiple internal stakeholders and project groups that multiply costs. It’s almost spurred on by consultants who want to increase the level of perpetual complexity,” he adds.

KNEIP’s digital platform allows fund manufacturers to perform distribution oversight as required by MiFID II and helps achieve distribution compliance for all of a manufacturer’s fund products.

“The first development on the digital platform itself was automation of the fund registration process: what do I need to do regarding data, report requirements and secure encrypted files? All of this is just a set of rules that we have accelerated into a digital platform by automating all those processes.”

Godfrey believes the new wave of technology that we can see emerging has the potential to help the industry deliver efficiency gains as well as overcome the duplication of data produced across the industry.

“Every new report created in the asset management world is a compilation of similar data which is edited in different ways. This can all be made efficient by digitalisation, but the industry doesn’t have the motivation to do it just yet – but that will change with disintermediation which is opening up new opportunities and risks in the asset management sector.”



NICOLAS BUCK,
CEO,
SEQVOIA

“The challenge is to bring natural language processing technology to understand what is the strategy of the fund or the risks associated with this strategy without a human reading it.”

NICOLAS BUCK

HARNESSING TECHNOLOGY

“This industry has not always embraced the most efficient technology. There are a lot of vested interests in keeping the infrastructure that exists today,” says entrepreneur Nicolas Buck, CEO of SEQVOIA, a RegTech developing technological solutions to automate regulatory documentation.

SEQVOIA provides advanced fund data tools, including automated document creation for KIIDs, PRIIPs, factsheets and fund prospectuses.

“The uniqueness of this company is that we have a combination of great technology with an incredible insight into the industry. You can code anything you can write, but the challenging part is to understand the client need.”

THE RACE FOR ARTIFICIAL INTELLIGENCE

SEQVOIA is developing new software with AI technology to reshape natural language processing. But as with many emerging technologies, there are challenges, and AI presents no shortage of them.

“We are trying to crack contextual understanding and to bring AI into the product update process. The challenge is to bring natural language processing technology to understand what is the strategy of the fund or the risks associated with this strategy without a human reading it. Potentially the cost benefits for the industry are significant.”

The entire fund value chain is being transformed on every level, from blockchain solutions for distribution to automated KYC controls, simple due diligence, efficient investment management and easy reporting. But what overall impact will the changes have on the industry.

“The impact of technology is not what concerns me per se. The real question is the business model that leverages technology to create innovation. Yes, we have been able to automate transactions. But what I have seen in Luxembourg over the last 20 years is a global funds centre that has grown from 200 billion to four trillion assets under management. I haven’t seen any technologies come in 20 years that have fundamentally challenged or changed the way we do things. What has changed is the sheer scale of what we have been doing. More assets, more countries, more distribution and more asset classes. The technology piece has been an enabler.”

GM

“The Luxembourg fund industry is working with many UK managers on viable solutions to Brexit.”

DENISE VOSS

THE EVOLUTION OF THE FUND'S INDUSTRY

DENISE VOSS, CONDUCTING OFFICER AT FRANKLIN TEMPLETON AND CHAIRMAN OF THE ASSOCIATION OF THE LUXEMBOURG FUND INDUSTRY (ALFI) DISCUSSES THE LATEST CHALLENGES AND OPPORTUNITIES IN THE FUNDS INDUSTRY.

LFF: HOW IS THE FUND INDUSTRY EVOLVING?

DV: European investment fund Assets under Management were nearly 15,000 billion EUR at the end of June, with plenty of potential to grow, given demographics such as the ageing of the population and the relatively low penetration of households that hold investment funds. Over a third of new investment flowed into Luxembourg investment funds.

The growth of assets under management in Luxembourg has been quite spectacular, progressing from three to four trillion EUR in just three years.



DENISE VOSS,
CONDUCTING OFFICER, FRANKLIN TEMPLETON AND
CHAIRMAN, ASSOCIATION OF THE LUXEMBOURG FUND INDUSTRY (ALFI)

LFF: HOW IS EUROPE'S ASSET MANAGEMENT INDUSTRY PREPARING FOR BREXIT?

DV: For some EU member states Brexit might represent a once in a lifetime opportunity. However, the approach of Luxembourg is different. We have a long standing working relationship with the UK, evidenced by the fact that over 17% of assets under management in Luxembourg funds are managed by UK asset managers.

We expect to see further developments in the private equity and real estate space. A lot of UK entities had set up their alternative fund managers in the UK, so now if they want to access European investors post-Brexit, they will have to do something about it. The Luxembourg fund industry is working with many UK managers on viable solutions to Brexit.

LFF: WHAT ARE THE BIG CHALLENGES?

DV: Geopolitical events are always a top driver; so is the financing of climate change. There is also a demographics challenge: financial education is needed so that people are more prepared to look after their own long term financial security. Finally, there is the issue of regulatory compliance, which is still acute, despite the fact that the number of new regulations has slowed down. This is because the rules still to be applied are extensive in scope. MiFID II and PRIIPS must be implemented for January 2018 and GDPR, Europe's General Data Protection Regulation has a vast range and a deadline of May

2018. MiFID II has a large scope, focusing on investor protection, transparency and product governance. It's the first time we have pan European regulation that looks at the distribution process. Interestingly, many regulators outside Europe are looking at MiFID for inspiration for future rules on the distribution of domestic and foreign funds in their own markets.

LFF: 'DELEGATION', WIDELY USED BY FUND MANAGERS TO OUTSOURCE ACTIVITIES LIKE PORTFOLIO MANAGEMENT TO EXPERTS BASED IN A THIRD COUNTRY, HAS DRAWN INCREASED SCRUTINY FROM EUROPEAN REGULATORS. CAN YOU GIVE US AN UPDATE ON WHAT IS HAPPENING?

DV: The delegation discussion started last year when the European securities and markets authority (ESMA) was looking at Brexit relocations.

The ESMA proposals, as currently proposed by the EU Commission, if implemented, would add a layer of bureaucracy which would increase costs for asset managers, as well as lengthen time to market. The industry and funds associations have been very active in explaining to Brussels and Member States how the principle of delegation works and how it contributes to European growth.

“Delegation is a model that is tried and tested and has worked for three decades since the introduction of UCITS across the region.”

Delegation is a model that is tried and tested and has worked for three decades since the introduction of UCITS across the region. What is important to understand is that the model used by the fund industry gives both European and non-European investors choice and the opportunity to access the ex-

“Digital is a significant opportunity to reach more investors and to make the process of investing in funds more efficient.”

DENISE VOSS

expertise of portfolio managers based around the world. Current rules already require that delegation of portfolio management to a specialist be approved by the financial regulator and fund management companies are subject to strict requirements in respect of the exercise and oversight of delegation.

ALFI is encouraging its members and other stakeholders to respond to the Commission proposal. I have faith in the legislative process, but I strongly believe we need to make our voice heard.

LFF: WHAT IMPACT IS DIGITALISATION HAVING IN THE INDUSTRY?

DV: Digitalisation is enabling asset managers to analyse their data and come up with better products for investors. It also makes the investment process more efficient and faster, for example, we see that some distributed ledger initiatives could significantly reduce the week or so that it currently takes to buy or sell a fund. We can also use technology to make topics such as financial education more engaging and more and more asset managers are setting up robo advice platforms. Digital is a significant opportunity to reach more investors and to make the process of investing in funds more efficient.

LFF: WHAT ARE THE SIGNIFICANT OPPORTUNITIES?

DV: One opportunity is the Capital Markets Union or CMU, which highlights the role of capital markets in financing growth and creating jobs. In the context of CMU, investment funds help governments to finance public infrastructure and provide companies with access to capital. Recently the scope of CMU was enlarged to meet new challenges such as funding sustainable investment and harnessing the potential of FinTech.

A second opportunity is Responsible Investing. We see increasing interest in investment strategies that seek financial returns without compromising responsible social or environmental behaviour. These funds focus on screening stocks for ESG factors, investing in microfinance and other social or environmental impact strategies and, most recently, financing efforts for climate change adaptation and mitigation. ALFI actively supports the development of the sector by commissioning studies and raising awareness around the globe via its roadshows and conferences. It is a founding member of LuxFLAG, the Luxembourg fund labelling agency, which helps to raise interest for responsible investment by granting a label to funds that meet rigorous standards in this area.

GM

“We see increasing interest in investment strategies that seek financial returns without compromising responsible social or environmental behaviour.”

DENISE VOSS

INVESTMENT FUNDS IN LUXEMBOURG: THE RIGHT TOOL FOR THE RIGHT JOB

THE FIGURES TELL THE STORY

1st investment fund centre in Europe and 2nd worldwide after the United States

€3.9 trillion assets under management

14,674 investment fund units

61,440 distribution points.

Fund promoters from 69 countries

An average of 100 new fund initiators choose Luxembourg to domicile their funds in the country each year
4,130 investment funds

13,190 sub-funds set up by multiple compartment funds

69 custodians

Europe's leading centre for cross-border fund distribution.

More than **67%** of UCITS funds distributed internationally are based in Luxembourg.

239 alternative investment fund managers (AIFMs) approved

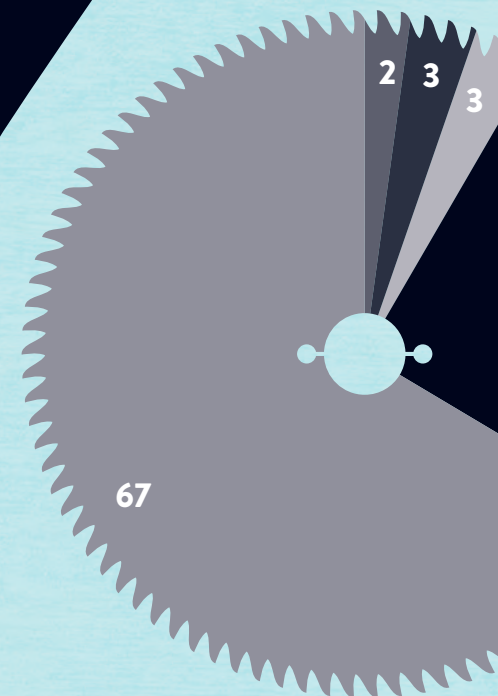
298 professional service firms (PSFs)

611 AIFMs registered (below threshold)

1,488 Luxembourg limited partnerships (LLPs)

Market share (in %) in terms of a number of fund registrations for cross-border distribution.

- United Kingdom
- Jersey
- France
- Ireland
- Luxembourg

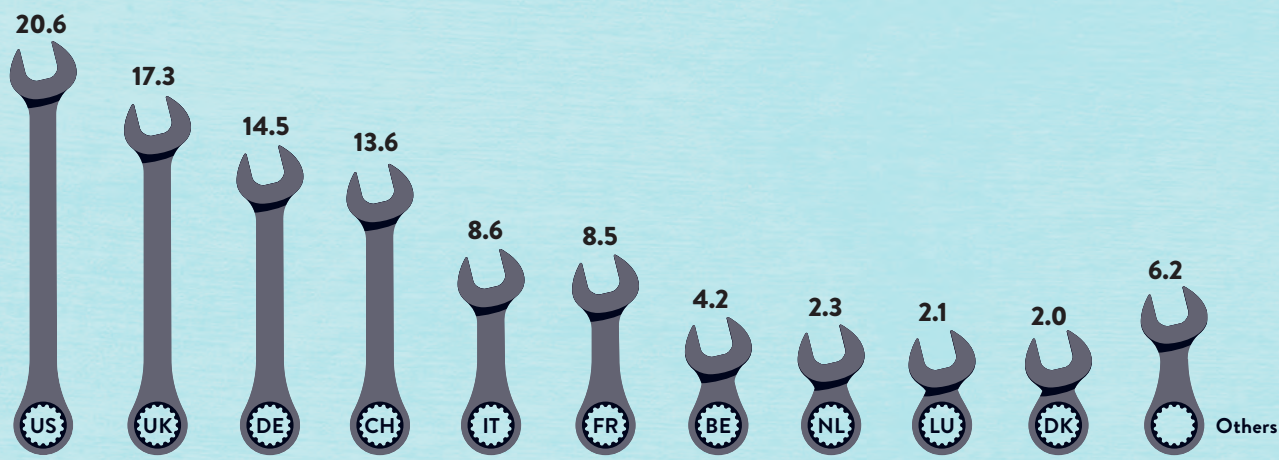


ORIGIN OF LUXEMBOURG FUND INITIATORS

Fund initiators from around the world opt for Luxembourg as their fund domicile.

Market share (in %) of fund initiators' home countries in terms of assets under management

Series 1



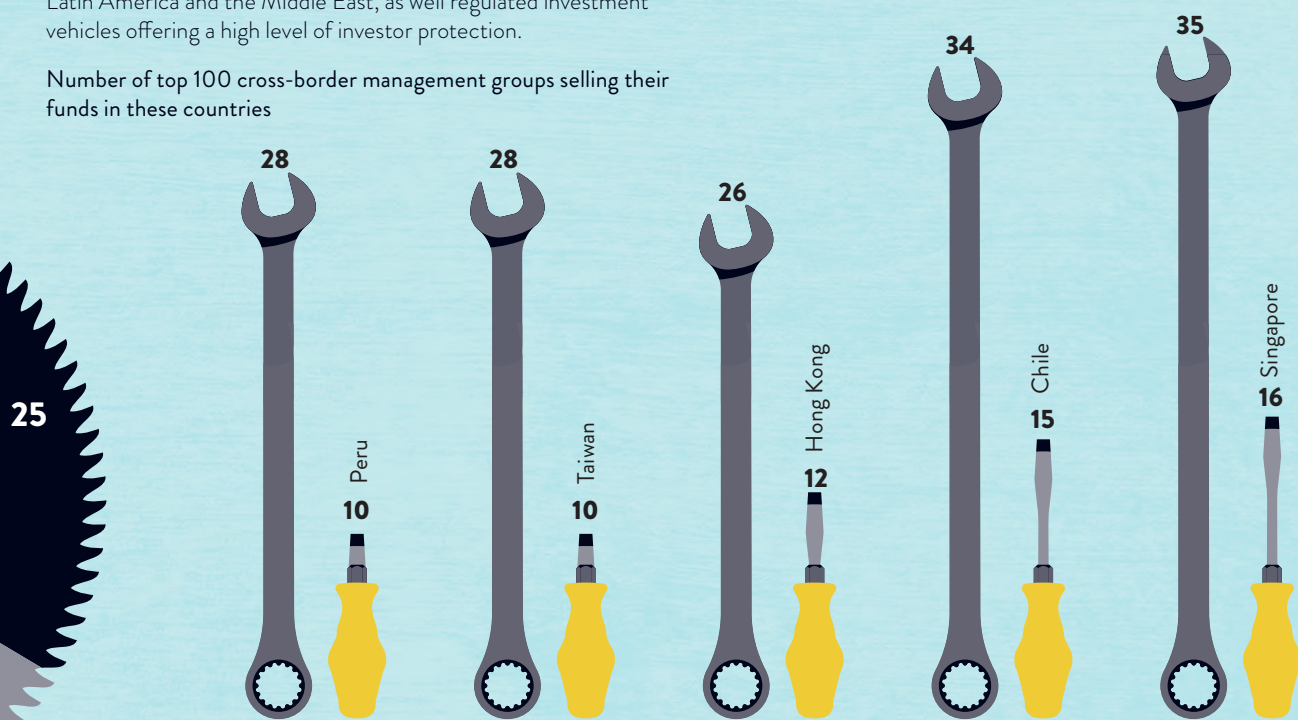
MAIN INVESTMENT FUND MARKETS OUTSIDE EUROPE


Luxembourg-domiciled investment funds are distributed in 70 countries. They are recognised not only in Europe, but also in Asia, Latin America and the Middle East, as well regulated investment vehicles offering a high level of investor protection.

Number of top 100 cross-border management groups selling their funds in these countries

From Luxembourg

From other countries



A full-page photograph of Robert Scharfe, CEO of the Luxembourg Stock Exchange. He is a middle-aged man with glasses, wearing a dark blue suit, a white shirt, and a green patterned tie. He is standing in front of a light-colored stone wall, with a metal railing visible in the foreground. He is looking off to the side with a serious expression.

ROBERT SCHARFE,
CEO,
LUXEMBOURG STOCK EXCHANGE

Luxembourg and China's green revolution

ONE YEAR AGO, THE LUXEMBOURG STOCK EXCHANGE LAUNCHED THE LUXEMBOURG GREEN EXCHANGE (LGX), THE FIRST DEDICATED PLATFORM IN THE WORLD FOR GREEN, SOCIAL AND SUSTAINABLE SECURITIES. THE LGX REMAINS THE ONLY PLATFORM OF ITS KIND, CURRENTLY LISTING MORE THAN HALF OF THE WORLD'S GREEN BONDS. AS A RESULT OF ITS UNIQUE POSITION, THE LUXEMBOURG EXCHANGE HAS DEEPENED ITS SOLID RELATION WITH CHINA, THE LARGEST GREEN BOND ISSUER GLOBALLY. WE TAKE A CLOSER LOOK AT THIS IMPORTANT CO-OPERATION AND THE VARIOUS MILESTONES ACHIEVED IN THE PAST MONTHS.

FROM GREEN BOND INDEXES TO A GREEN BOND CHANNEL

As the green bond market is growing rapidly, China has already assumed a leading role. 7 out of 10 largest green bonds last year were issued by Chinese issuers, raising US\$33.7 billion or nearly 40 percent of all new green bonds. It was followed by the United States, France and Germany, according to Moody's Investor Services, the bond credit rating agency.

China needs to access the international investor community for around 50pc of its funding of green bonds and so requires innovative global partnerships to do so. Therefore, earlier this year, Luxembourg and China decided to build bridges through the launch of the Green Bond Index Series.

"The green bond indexes are displayed simultaneously on the Shanghai, Shenzhen and the Luxembourg stock exchanges and are important milestones to raise awareness about the performance of Chinese green bonds," explains

Robert Scharfe, CEO of the Luxembourg Stock Exchange.

China is the only country so far to have developed such a privileged partnership with LGX. Luxembourg is the global reference platform for information about green securities, while China has a highly developed plan to issue green bonds to benefit its environment and economy.

The relationship is set to deepen and develop.

"We now want to go one step further and set up a Green Bond Channel," explains Mr. Scharfe. *"This channel will make the investible, underlying instruments of the indexes visible and accessible for international investors,"* he adds.

The new Green Bond Channel will not only display on the LGX the Chinese green bonds listed on the Shanghai exchange, but will also make the main terms and documents of the underlying bonds available in

English. Investors will be able to access this information and use the traditional channels such as QFII and RQFII as well as the stock connect programs to buy the instruments directly in China.

SUSTAINABILITY MEANS LONG-TERM

For the moment, the bond market is still dominated by the multilateral development banks which typically finance long-term infrastructure projects. The proceeds usually go to infrastructure, energy and transportation projects.

"We need to develop a green bond market that allows not only multilateral banks, but also companies to fund longer term. One of the challenges in China is that many infrastructure projects are funded on a 3-4 year basis and need to be refinanced a couple of times before the project is ultimately finished. Having a long-term predictability of finance is of utmost importance," underlines Mr. Scharfe.

Take the infrastructure projects under the “One Belt One Road” initiative for example. Launched in 2013, the initiative involves China underwriting billions of dollars of infrastructure investment in countries along the old Silk Road, linking it with Europe. These projects typically need long term funding of 10 years and above. China is spending roughly \$150bn a year in the 68 countries that have signed up to the scheme.

THE GREEN EQUITY INDEX

In addition to the green bond indices, the International Institute of Green Finance (IIGF), the Central University of Finance and Economics (CUFE), the China Securities Index company (CSI), and the Luxembourg Stock Exchange jointly launched in September 2017 a green equity index based on the CSI 300 Index. On the basis of this index, an agreement was signed to display on the Luxembourg Stock Exchange the CSI 300 Green Leading Stock Index which groups the 100 most important companies on the Shanghai and Shenzhen exchanges.

“Here we don’t speak about the greenness of the project but about the greenness of the company itself. Because this is more complex to determine, the IIGF and CUFE have established a sophisticated methodology in collaboration with the CBI,” continues Mr Scharfe.

The CSI 300 Green Leading Stock Index uses an innovative and comprehensive methodology based on both qualitative and quantitative indicators, as well as negative behaviours of listed companies. All the companies are ranked according to their levels of greenness.

The index will be available for international investors and serve as guidance for the establishment of financial instruments, derivatives and ETFs.



DIFFERENT SHADES OF GREEN

In order to fully support international investors in their decision-making, education and transparency are critical.

Education helps investors understand what is green and what is less, the taxonomies and the projects that qualify and those that are excluded. The information needs to be easily accessible and complete. Exchanges play a fundamental role in creating this transparency and help investors to take a closer look at the underlying documentation and to compare the different instruments.

“There will always be different shades of green, but investors need to be in a position to assess themselves the greenness of a project and whether it fits their investment strategy,” says Mr. Scharfe.

Green bonds also have some additional transaction costs because issuers must track, monitor and report on the use of proceeds.

However, many green bond issuers can offset the initial cost with a range of benefits they sign up for when issuing green.

“Investing responsibly and receiving a good return are perfectly compatible objectives. Compared to plain vanilla bonds, most green bonds tend to perform better after issuance which can be explained, to a certain extent, by the poor liquidity of the instrument and the imbalance of supply and demand for green bonds. More recently, a number of issuers, certain multi-lateral and Chinese banks, have priced their green bonds tighter. There seems to be sufficient demand at slightly lower performance which compensates the issuer for the extra reporting he has to do.”

ALIGNING STANDARDS

In September, ICBC Luxembourg displayed on LGX its green bonds dedicated to finance renewable energy projects, low carbon and low-emission transportation, energy efficiency and management of sus-

tainable water resources. Raised proceeds will support both domestic provinces as well as foreign countries key to the Belt and Road initiative.

ICBC is the first Chinese bank whose Green Bond Framework is aligned with both international and Chinese green standards; it is also the first Chinese bank to receive a “Dark Green” second opinion by the Centre for International Climate and Environmental Research (CICERO).

This alignment is important. The lack of consistent standards and information disclosure requirements for green bonds between different markets is sometimes a barrier to cross-border green capital flows. At worst, this could lead to duplication of green bond verifications and result in increased transaction costs.

“In order to create more coherence, China makes huge efforts to align numerous local standards. In parallel, there is a lot of determination in the international markets to co-operate with China to bridge the gap between the two sets of standards in which both parties operate. There are different specificities, but I don’t think there are fundamental gaps that are unbridgeable,” reassures Mr. Scharfe.

On the margins of the COP 23 climate talks in Bonn, the Green Finance Committee (GFC) of the China Society for Finance and Banking and the European Investment Bank (EIB) launched a White Paper that provides an international comparison of several green bond standards. The new paper should pave the way for enhanced consistency of green finance definitions and principles between China and the EU, by comparing different use-of-proceeds classifications and including examination of sector definitions, environmental policy objectives and project eligibility criteria.

THE FUTURE OF FINANCE IS GREEN, AND THE FUTURE IS NOW!

At the recent twice-a-decade Communist Party congress, president Xi Jinping endorsed green finance on the country’s biggest stage.

Meanwhile, Hong Kong’s de facto central bank is reportedly planning to issue a green bond next year to attract global investors and cultivate the local market.

“Our conviction is that green and sustainable finance will determine finance in the future. Every international financial centre needs to focus more on sustainable investment instruments and therefore it is necessary for everyone to embrace green finance in a more decisive way,” concludes Mr. Scharfe.

LR

GREEN MILESTONES 2017

MARCH

The Luxembourg Stock Exchange and Shenzhen Stock Exchange launch the CUFE-CNI Green Bond Index Series, consisting of three indices that reflect the value of green bonds issued and listed on the Shenzhen exchange:

1. CUFE CNI High Grade Green Bond Index
2. CUFE CNI High Grade Unlabelled Green Bond Index
3. CUFE CNI High Grade Labelled Green Bond Index

JUNE

The Luxembourg Stock Exchange and Shanghai Stock Exchange launch a Green Bond Index Series, consisting of two indices reflecting the value of green bonds issued and listed on the stock market in Shanghai:

1. SSE Green Corporate Bond Index
2. SSE Green Bond Index.

SEPTEMBER

1. The International Institute of Green Finance, CUFE, Luxembourg Stock Exchange and China Securities Index jointly launch the “CSI 300 Green Leading Stock Index”.
2. The Luxembourg Stock Exchange and Shanghai Stock Exchange expand their co-operation and plan to launch the first ‘Green Bond Channel’ between China and Luxembourg.

Luxembourg on two wheels: through valleys and hills

LUXEMBOURG IS A LAND OF CHOICE FOR BIKING LOVERS AND THOSE WHO ENJOY TO HAVE A GREAT DAY OUT CYCLING WITH THE FAMILY.

What is the common point between Luxembourg's Foreign Minister Jean Asselborn, former US Secretary of State John Kerry and Luxembourg's former Tour de France winner, Andy Schleck? All three are avid cycling enthusiasts. Seeing the three of them on a joint bike ride through Luxembourg's countryside in June 2016 during John Kerry's visit to Luxembourg was therefore not really an unusual sight.

LUXEMBOURG'S MANY FACETS

Luxembourg can be rightly called a cyclist's heaven.

"All the elements appreciated by tourists are present in Luxembourg. The cycle paths are in a flawless condition, the landscape beautiful and varied and nature is preserved and abundant," adds Goldschmit.

Cycling is deeply anchored in Luxembourg's sport culture with many Luxembourg champions having marked cycling's international history. Among them, four have won the Tour de France until today: François Faber (1909), Nicolas Frantz (1927 et 1928), Charly Gaul, nicknamed the "Angel of the mountain" (1958) and Andy Schleck (2010). Many others have won stages or donned the yellow jersey. The most recent are: Kim Kirchen, Andy Schleck and Frank Schleck.

"Luxembourg has always had a strong cycling culture with people having a passion for the sport. For the past 7 to 10 years, cycling has increasingly become a regular mode of transport. Biking is not only a sport, it means simplicity, avoiding traffic but also staying fit," says Monique Goldschmit, a Luxembourger whose passion for biking as a means of transport is exemplified in her position as President of LVI, the initiative that represents the interests of cyclists, since 2016 and founder of a tour-operator agency specialised in bike tours around Luxembourg since 2008.

Luxembourg offers an exceptional natural and cultural landscape to any nature lovers. In other terms, the landscape literally beckons cycling. Experience panoramic vistas of dreamy little villages, vineyard landscapes, green valleys with castles glimpsed amongst the forested hills or a cycle-friendly UNESCO World Heritage Site that is the City of Luxembourg.

Goldschmit's agency created in 2008 offers two iconic tours for tourists eager to discover Luxembourg on a bike. A 2-hours tour around Luxembourg city and a 5-days journey in the countryside to discover the most iconic spots of Luxembourg heritage including the iconic cities of Schengen and Vianden.

"What I like the most is introducing tourists to Luxembourg gastronomy, qualitative products and local producers to promote Luxembourg's art-de-vivre," she explains.





“All the elements appreciated by tourists are present in Luxembourg. The cycle paths are in a flawless condition, the landscape beautiful and varied and nature is preserved and abundant.”

MONIQUE GOLDSCHMIT



“Luxembourg is particularly suitable for cycling because of the diversity of its landscapes and its hilly roads.”

RAPHAEL SCHMITZ

“Luxembourg’s landscape is amazing to practice cycling on all type of terrain whether it is on high slopes, steep hills that appear like a wall but also forests for mountain biking.”

ETIENNE FRIDRICK

Luxembourg’s beauty seems to have cast an effective spell on biking lovers from all over Europe.

“We have recurring tourists who have taken part to our tours over the past 6 years. The visit of the City is particularly appreciated by Americans and British while Germany represents the most important market for our regional tour,” she adds.

SOMETHING FOR ALL LEVELS

With a national network of cycling paths that now extends over 600-km and a 700-km of mountain biking paths, Luxembourg leaves nothing to be desired for amateur sportsmen and leisure cyclists.

“Luxembourg is particularly suitable for cycling because of the diversity of its landscapes and its hilly roads,” says Raphael Schmitz, a Luxembourger living near the Petite Suisse region for whom biking is a passion since his childhood when he discovered for the first time the Tour de France.

From flat plains to exhausting climbs, cycling enthusiasts will find an effective

training ground in Luxembourg. The Luxembourg Ardennes, the “Terres Rouges” mining basin or the Mullerthal region will make the heart of mountain bikers beat passionately. Suitable for mountain bikers of all levels: whereas some are reserved for more seasoned veterans, others are just ideal for quiet outings with the whole family.

No surprise that the Schleck brothers considered Luxembourg as a perfect training ground. *“Quite honestly there is no place like Luxembourg. We love the landscape. We never get bored when we train,”* the pros confessed.

“Luxembourg’s landscape is amazing to practice cycling on all type of terrain whether it is on high slopes, steep hills that appear like a wall but also forests for VTT,” explains Etienne Fridrick, a French expat who arrived with his wife and young son in Luxembourg in 2016.

CYCLING WITHOUT BORDERS

“If you should get tired, Luxembourg’s well organised system of transportation can stand in temporarily with other means of transport such as trains to relive your cycling tour,” adds Goldschmit.



“Luxembourg’s multicultural dimension plays an important role in the development of cycling in Luxembourg as mode of transport.”

ANNE STAUDER

The Veloroute SaarLorlux cross-border cycling route links the cities of Saarbrücken, Metz, Trier and Luxembourg with cultural landmarks and charming cities waiting to be discovered along the river valley of the Moselle, Saar and Sûre.

HIGH QUALITY TOURISM INFRASTRUCTURE

With cycling paths considered among the most secured worldwide, Luxembourg’s regional cycling paths are ideal to fully appreciate your biking tour without being bothered by traffic.

“I am always amazed by the cycling paths crossing Luxembourg, whether in the vineyards of Remich, there are hundreds of very qualitative cycling paths, very well indicated and off-limits to motor-vehicle traffic,” says Etienne Fridrick.

“The number of hotels offering biking rental services is increasing and the network of bike paths is in full expansion”, adds Raphael Schmitz.

The quality label bed+bike Luxembourg, introduced in Luxembourg since 2011, provides bike lovers with reliable, easily accessible information on establishments that offers quality services and facilities adapted to their needs.

EXPATS LIFE

“Luxembourg’s multicultural dimension plays an important role in the development of cycling in Luxembourg as mode of transport. Expats coming from bike-friendly countries such as Denmark, Netherlands or Germany are used to take their bikes to work and thus contribute to change mentality and give a new impulse,” points out Anne Stauder, a Luxembourgger used to go cycling on a daily basis.

“In the spring or the summer period, I always practice biking two or three times a week after work, on my own or in a small group. We always meet someone on the road, we feel that cycling is well anchored in Luxembourg’s culture,” concludes Etienne who takes an active part in the cycling club of his work, a European Institution.

UPCOMING EVENTS

2018
15-16.01



11TH ASIAN FINANCIAL FORUM

The Asian Financial Forum 2018 will take place in Hong Kong on 15 and 16 January 2018 bringing together some of the most influential members of the global financial and business community to discuss developments and trends in the dynamic markets of Asia. HE Pierre Gramegna, Minister of Finance, will be speaking at the conference and Luxembourg for Finance will be present with a booth.

2018
06.02

FT CLIMATE FINANCE SUMMIT, NEW YORK

Luxembourg for Finance will have a speaking slot and a booth at the FT Climate Finance Summit “*Climate Finance for Climate Change: Discovering Opportunity*” on 6 February 2018 in New York. Speakers will address key themes affecting the US market such as the growing impact of state policies. In addition, pension funds, foundations and family offices, all of which have a key strategy towards impact and green investments will share their experiences and challenges, and where they see future opportunity for generating returns whilst addressing one of the greatest challenges of humanity.

2018
01.03

FINTECHSTAGE LUXEMBOURG 2018

FinTechStage Luxembourg will be back! Stay tuned for the third edition of the conference which will take place on 1 March 2018 at Cercle Cité in the heart of Luxembourg City.

The agenda will focus on artificial intelligence in financial services, RegTech, data protection and banking as a service or as a platform. More details on the programme and speakers will follow shortly.

2018
20.03



SÃO PAULO 2018

Luxembourg for Finance will head to Brazil and will hold a seminar in São Paulo on 20 March. This event will encourage an exchange of ideas regarding fund regulation, asset management, wealth management and capital markets in Brazil and Europe. Be part of our delegation!

Save the date

2018
26.04



SUSTAINABLE FINANCE FORUM LUXEMBOURG

Meeting the UN Sustainable Development Goals and the climate change ambitions of the Paris Agreement means that an unprecedented level of capital needs to be mobilised over the coming years. It requires a concerted effort by governments and the private sector in order to scale up investments.

The Luxembourg Sustainable Finance Forum, organised by Luxembourg for Finance in partnership with ALFI, LuxFLAG and the Luxembourg Stock Exchange will bring together the financial community and public stakeholders to address key regulatory and market challenges, showcase the latest in green and sustainable finance policy and feature thought leadership from world-leading experts. The high-level conference in the morning, featuring business and political leaders, will be followed by asset management and capital market workshops in the afternoon focusing on Climate and Social investments.

Mark your calendar and make sure not to miss this unique opportunity! The full programme and speakers will be announced soon.

IMPRESSUM

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