



Financial Reporting and
Governance Practices
Top 100 Luxembourg UCIs

Introduction

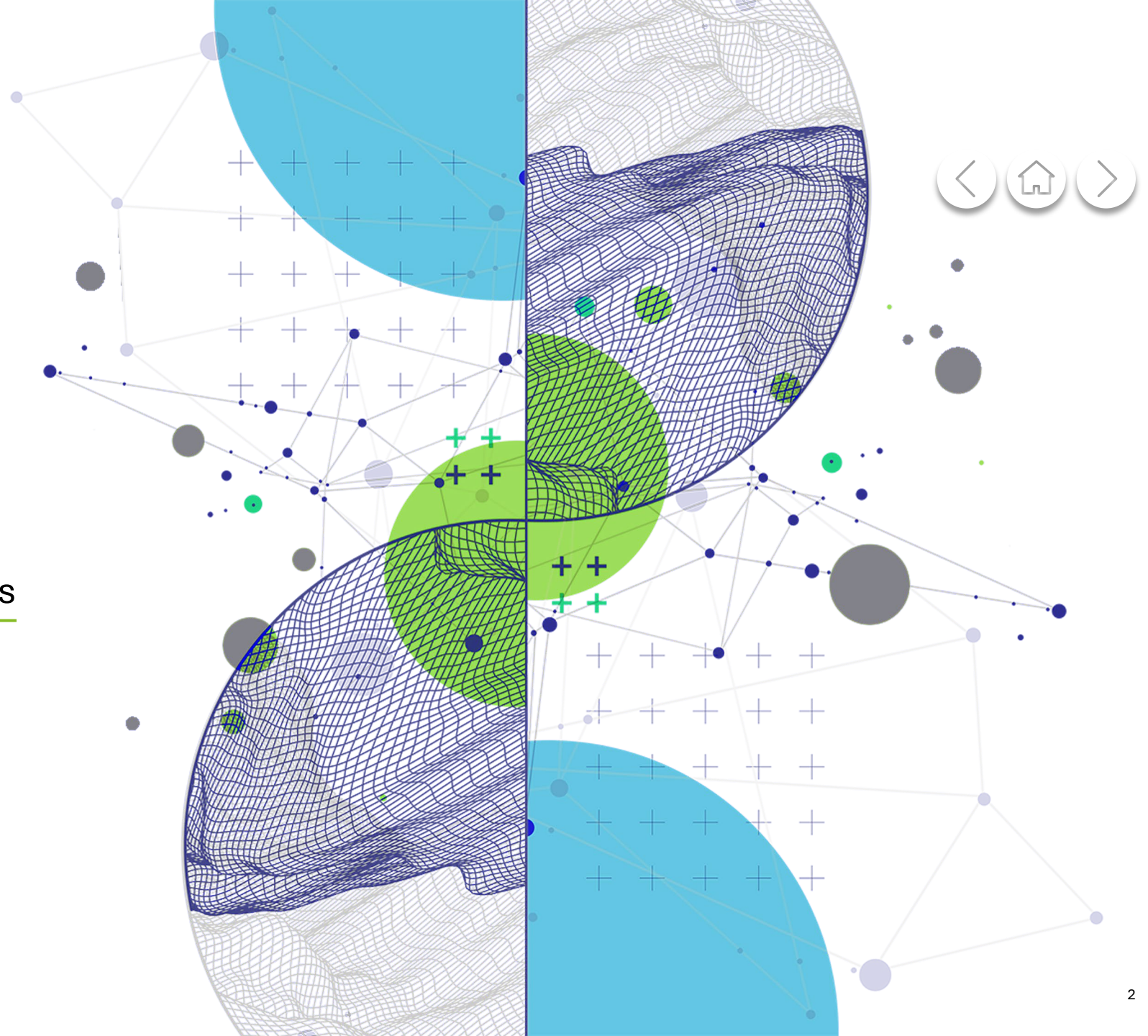
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Introduction

We are delighted to publish the seventh edition of our annual study on selected practices adopted by the largest undertakings for collective investment (UCIs) in Luxembourg, namely, the 100 largest UCITS and Part II UCIs.

Our study provides a comprehensive analysis of 2024 annual report disclosures, collected throughout 2025 from the 100 largest undertakings for collective investment (UCIs) in Luxembourg, based on assets under management (AuM).

It delivers a fact-based overview of accounting, financial reporting, and corporate governance practices across the Luxembourg UCI market.

The findings serve as a valuable reference for the industry, enabling boards and governance professionals to benchmark their fund practices against the study's insights.

This study covers a broad spectrum of trends, ranging from the adoption of swing pricing to the composition of fund boards.

Notably, 58% of the 100 largest funds engage in securities lending, while 83% disclose a separate directors' report.

We hope you find this study insightful and that it serves as a foundation for constructive discussions.

If you would like us to benchmark your fund's practices and present our observations and results to your board, please do not hesitate to contact us.

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Navigating through this document

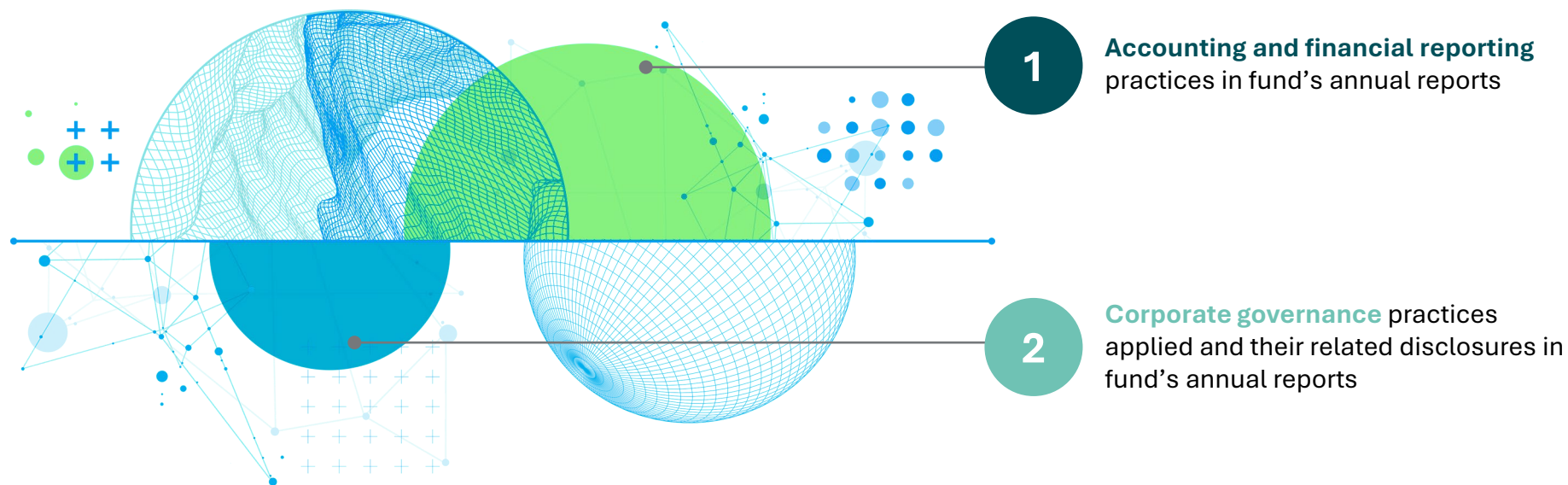
This is an interactive pdf file. Please navigate the report's sections by clicking the links on the right-hand menu.

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Market study of the financial reporting and governance practices of the 100 largest (by AuM) UCIs in Luxembourg, based on their 2024 annual reports.

This market study provides a snapshot of:



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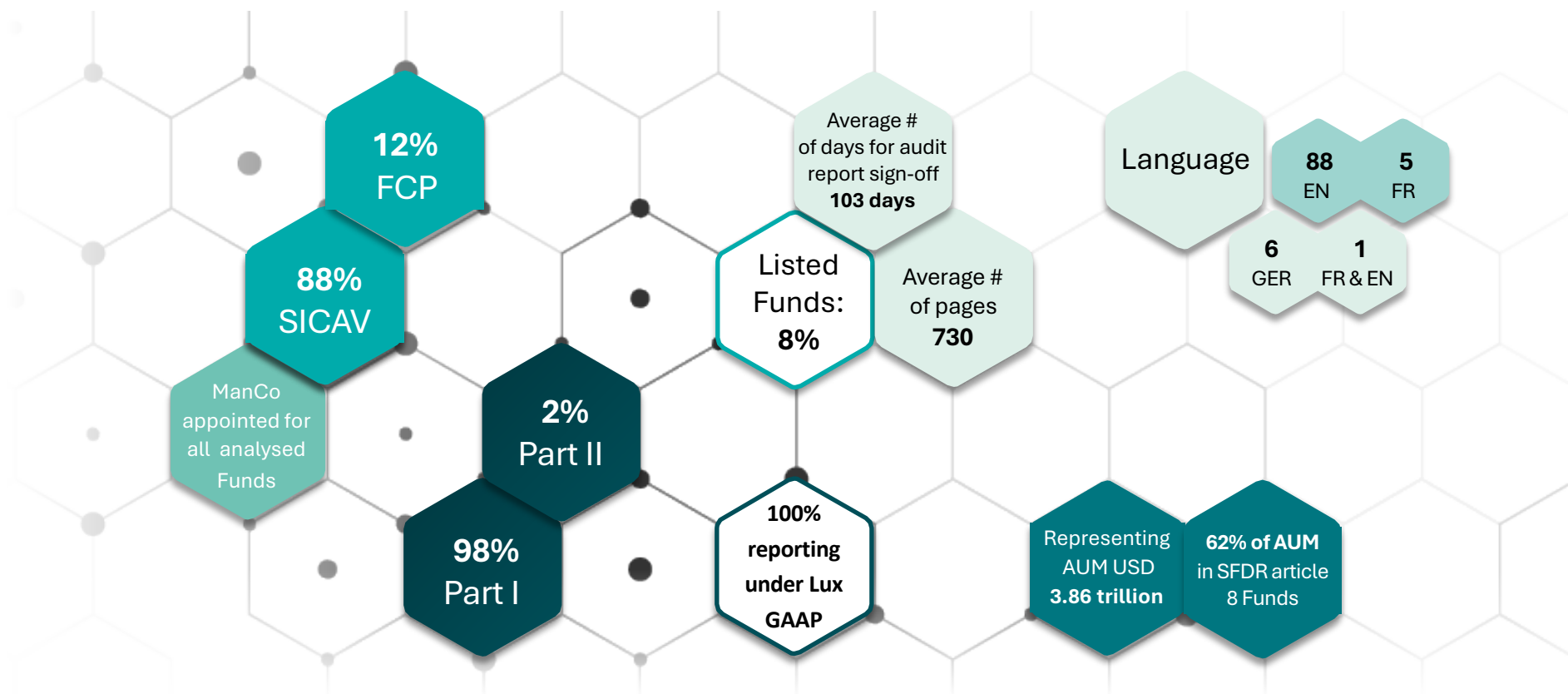
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At a glance: the 100 largest UCIs in Luxembourg (by AuM)



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Accounting trends



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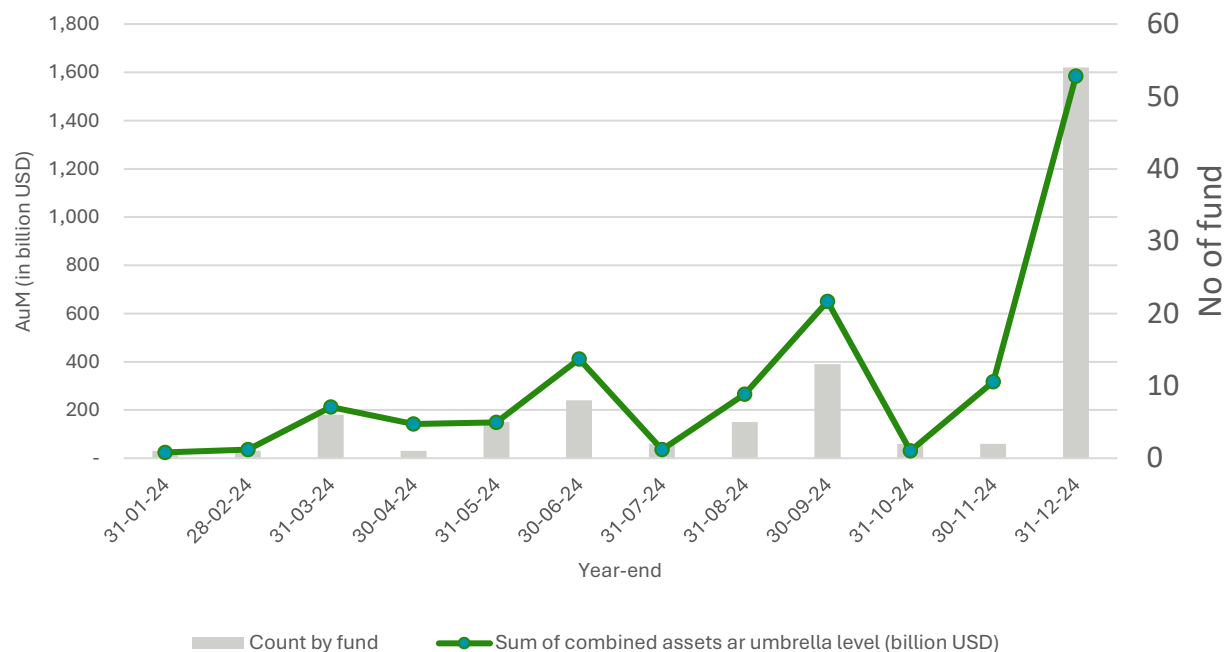
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Accounting trends

01

Financial year-end distribution

Number of funds analysed by financial year-end month in 2024 (by AuM)



– Initiators are free to choose their preferred financial year-end date under Luxembourg regulations and tax rules.

– More than 50% of the 100 largest funds have a December year-end.

– March, May, June and September are also among the more commonly selected year-end months.

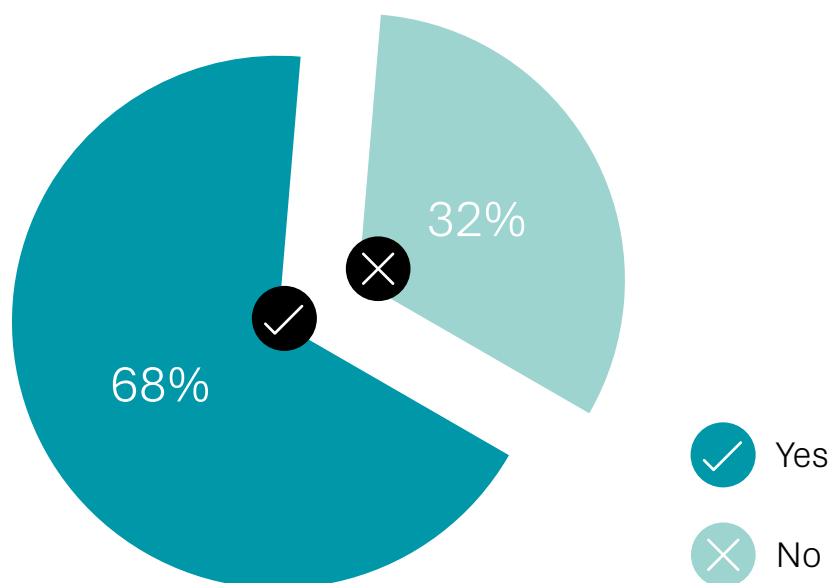
– As a result, the preparation of financial statements and related audit activities is largely concentrated in the early months of the calendar year.

Accounting trends

01

Swing pricing

Does the fund apply swing pricing?



_ The adoption of swing pricing remained stable compared with the 2024 study (68%) and increased slightly compared with 2023 (67%).

_ Swing pricing forms part of the harmonized EU toolbox within the framework of recognized liquidity management tools.

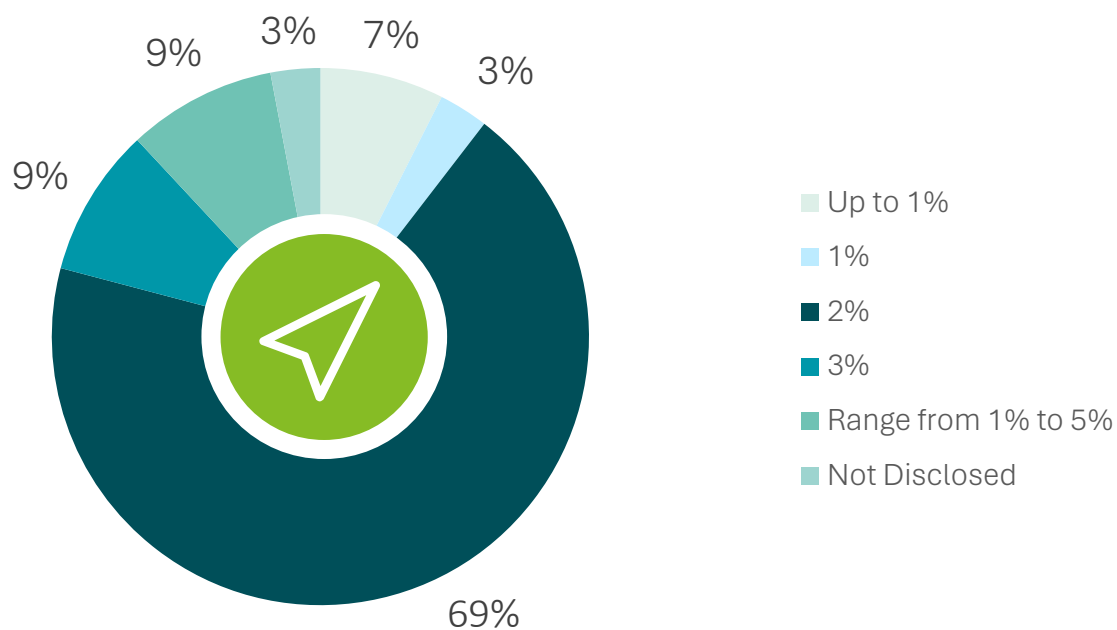
_ A portion of funds (included in the remaining 32%) have valid reasons for not applying swing pricing, such as money market funds.

Accounting trends

01

Swing pricing

What maximum swing pricing factors are applied?



– More than two thirds of funds have set 2% as their maximum swing factor.

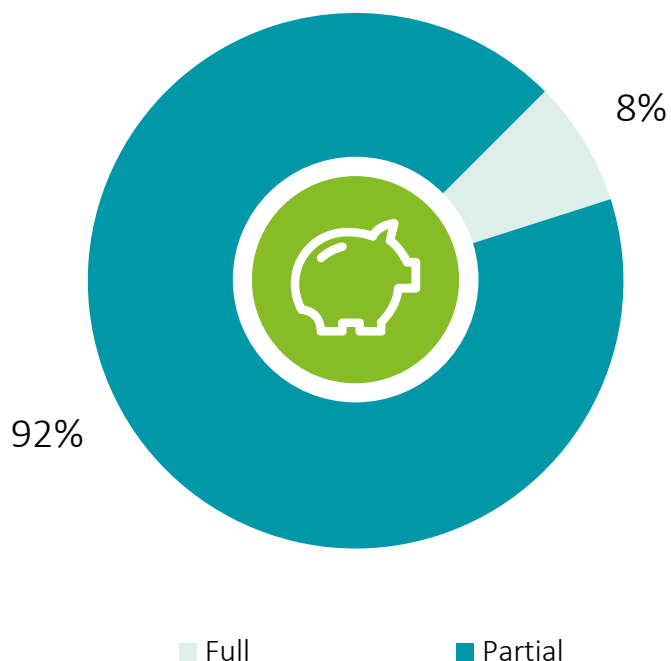
– Reference is made to the 2022 updates to the ALFI swing pricing guidelines, and the related survey, in connection with the determination and validation of an appropriate swing factor. The CSSF FAQ on swing pricing further clarifies the required disclosures.

Accounting trends

01

Swing pricing

If a fund applies swing pricing, does it adopt a full or partial approach?



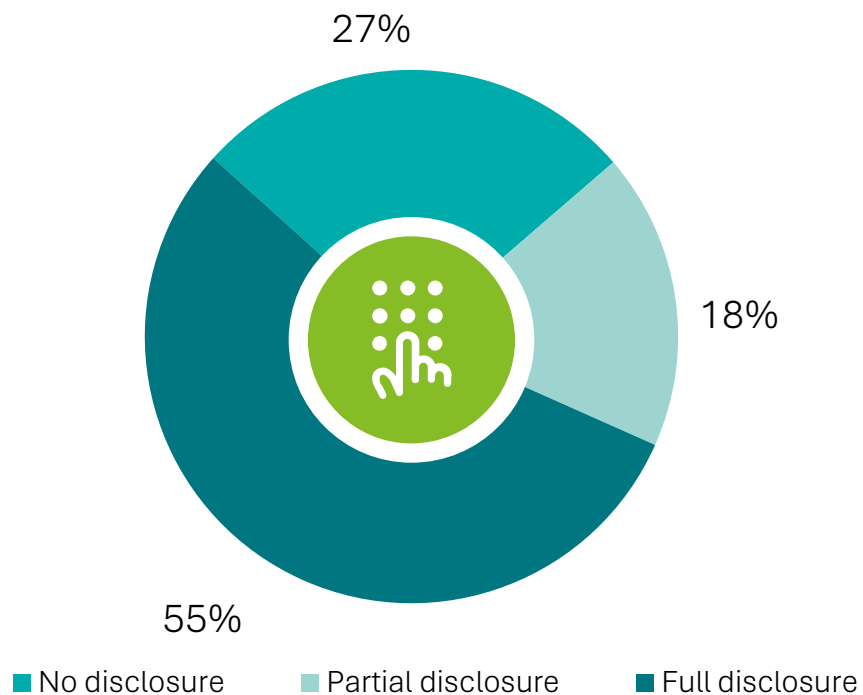
- _ In line with previous studies, the market continues to show a strong preference for partial swing pricing.
- _ Partial swing pricing applies when the NAV is adjusted only if a predefined net capital activity threshold (the swing threshold) is exceeded on a given dealing day.
- _ This preference is largely driven by the expectation of lower volatility and a reduced risk of operational errors compared with full swing pricing.

Accounting trends

01

Remuneration disclosures at delegate level

Disclosure of remuneration to identified staff at delegate level



_ 73% of funds provide either full or partial disclosure of remuneration paid to delegates.

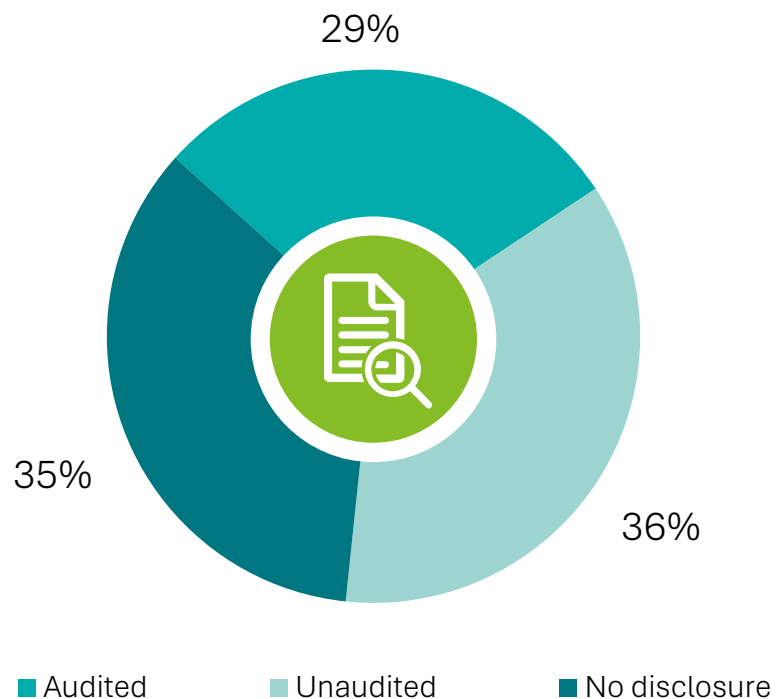
_ Remuneration disclosure requirements are set out in Article 69(3)(a) of the UCITS Directive and Article 22(2)(e) of the AIFMD, and are further clarified in the respective ESMA FAQs on the UCITS and AIFM Directives.

Accounting trends

01

Total expense ratio disclosures

Disclosure of total expense ratios (TERs) in the annual report



_ 65% of funds disclose their total expense ratios (TERs) in their annual reports, an increase compared with the 2024 study (61%).

_ 29% of funds have their TERs audited, meaning the TER is either included in the notes to the financial statements or explicitly marked as audited.

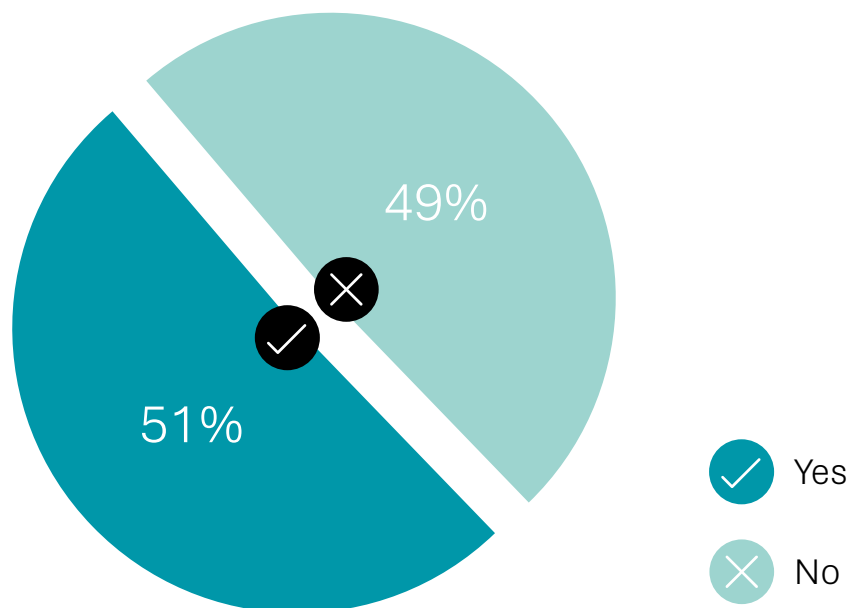
_ Swiss promoters lead in TER disclosure, driven by local requirements applicable to certain funds distributed in Switzerland.

Accounting trends

01

Performance fees

Is the fund subject to performance fees?



_ 51% of funds levy performance fees, in line with the 2024 study.

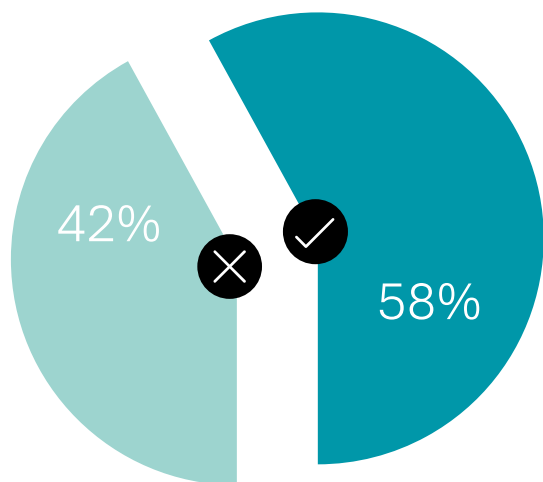
_ CSSF Circular 20/764 implemented the European Securities and Markets Authority (ESMA) Guidelines on performance fees in UCITS and certain types of AIFs into the Luxembourg regulatory framework. ESMA has also issued FAQs on both the UCITS and AIFM Directives, providing further clarification.

Corporate governance trends

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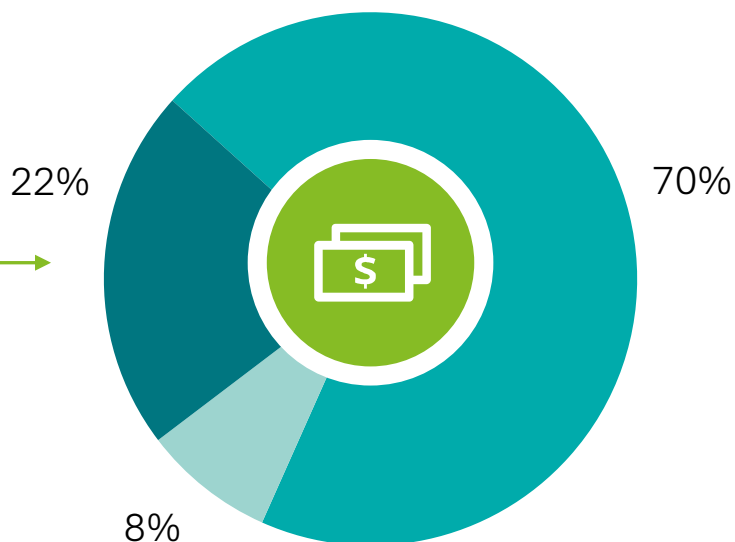
Securities Lending

Does the fund engage in securities lending?



✓ Yes ✗ No

What is the revenue split from securities lending between the involved parties?



■ Fund ■ ManCo ■ Third Party

_ Overall, 58% of the analysed funds currently engage in securities lending.

_ In total, 21 funds disclosed the revenue-sharing allocation in percentage terms, while the remaining funds provided only absolute figures.

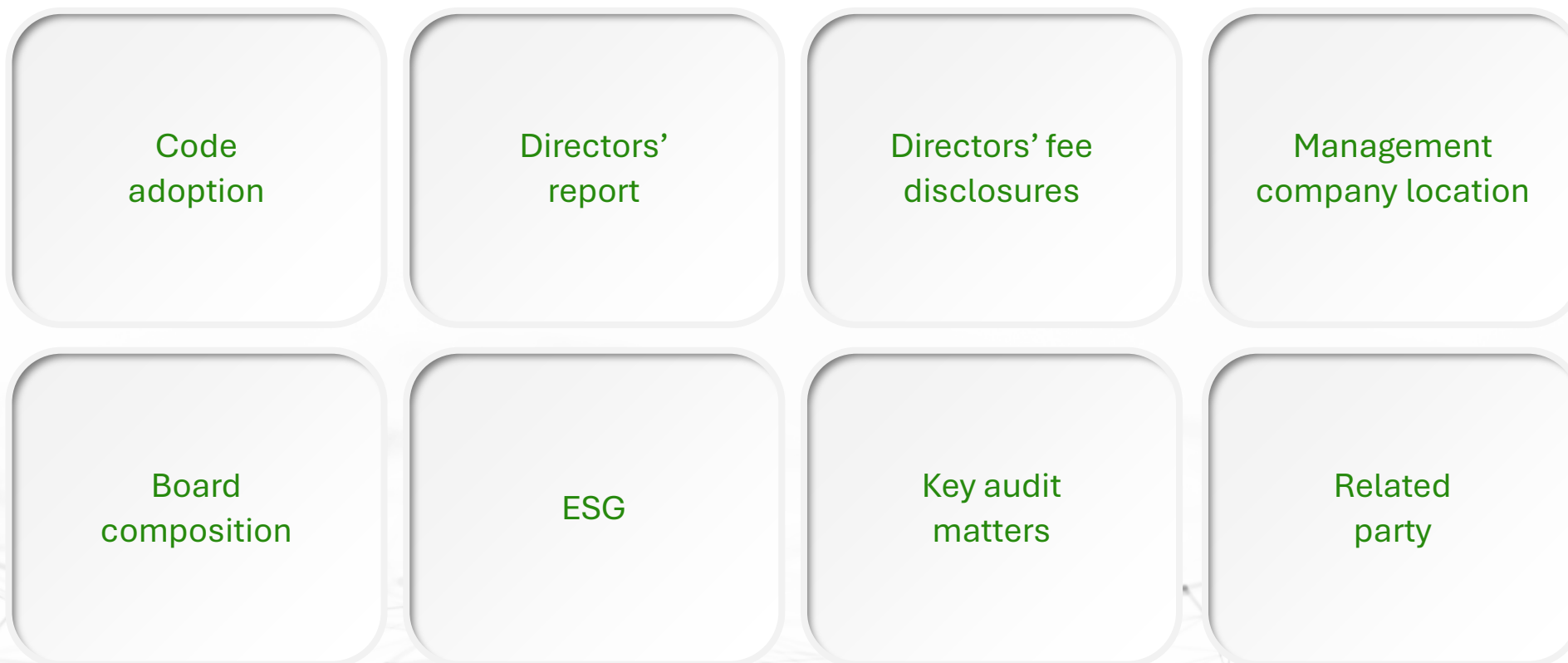
_ On average, 70% of the revenues are retained by the funds, 22% are allocated to third parties (such as the lending agent), and the remaining 8% are allocated to the management company.

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Corporate governance trends



02



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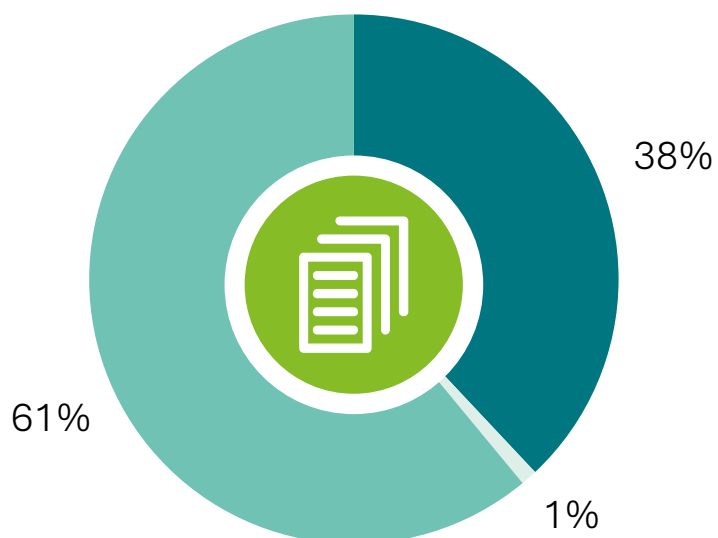
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Corporate governance trends

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Code adoption

Has the fund disclosed whether it has adopted a corporate governance code?



■ ALFI Code of Conduct ■ Own principles on fund governance ■ None mentioned

_ 39% of funds (2024 study: 36%) disclosed in their annual reports that they have adopted a corporate governance code.

_ The ALFI Code of Conduct recommends that annual reports explicitly confirm adherence to its principles.

_ The adoption of corporate governance codes, along with related disclosures, is increasingly expected to meet investor expectations regarding sound governance practices.

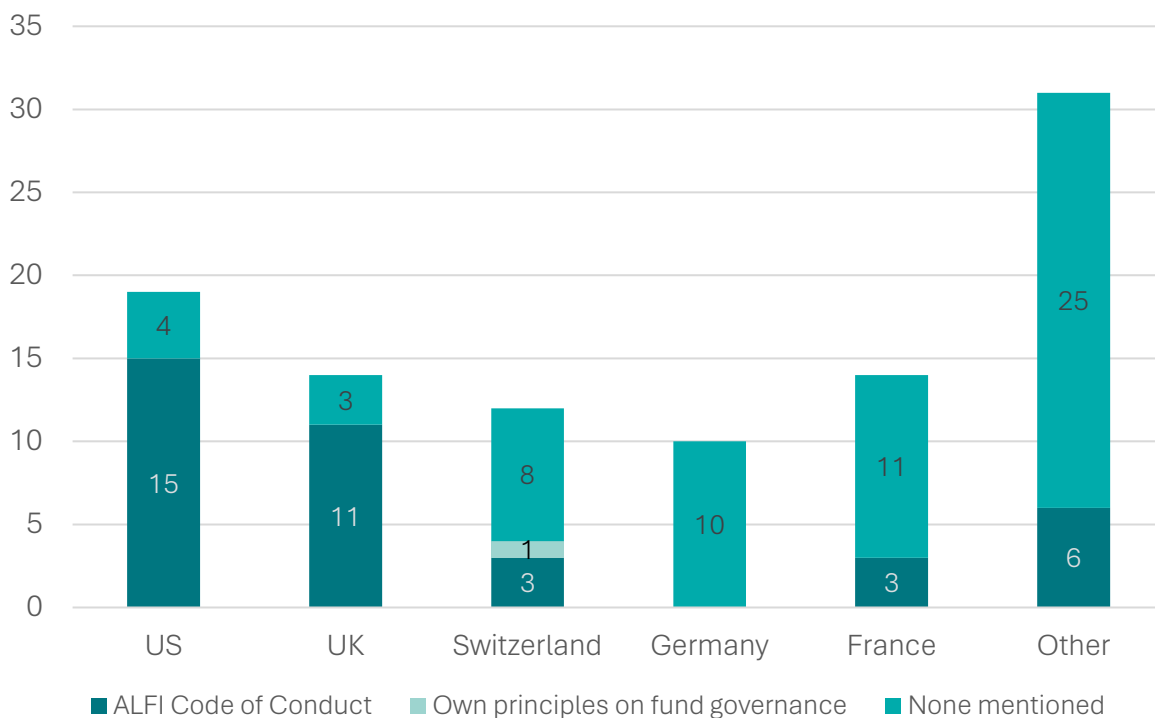
_ The ALFI Code of Conduct was updated in 2022, notably introducing a new principle addressing sustainability and ESG considerations.

Corporate governance trends

02

Code adoption

Analyzed by country of origin of Fund sponsor



_ Adopters originate primarily from Anglo-Saxon countries where corporate governance practices are more entrenched and formalized.

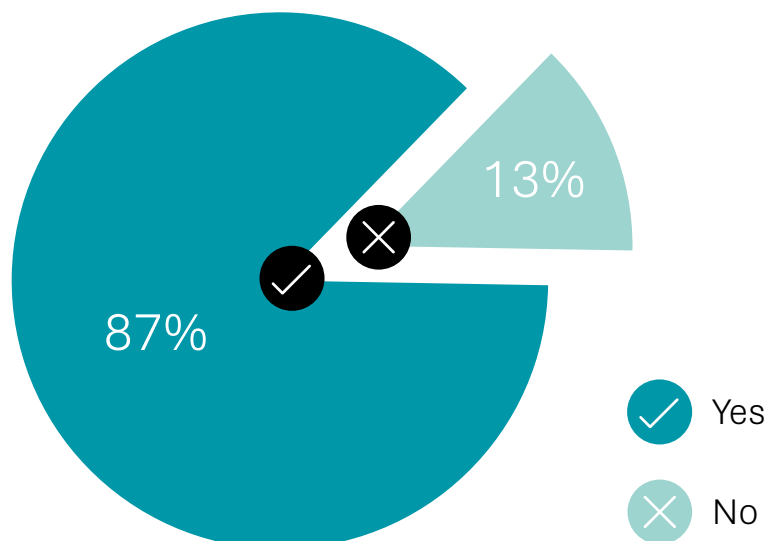
_ Most continental European managers do not disclose the adoption of a code of conduct. Potential explanations for this fact may include the reason that local regulators in countries from where these managers originate do not require corporate governance codes, corporate governance practices are less developed or there are less Independent Directors on these Boards promoting the formal adoption of a code as best practice.

Corporate governance trends

02

Code adoption

If the Fund adopted a corporate governance code, does the annual report include an explicit statement of compliance with a corporate governance code?



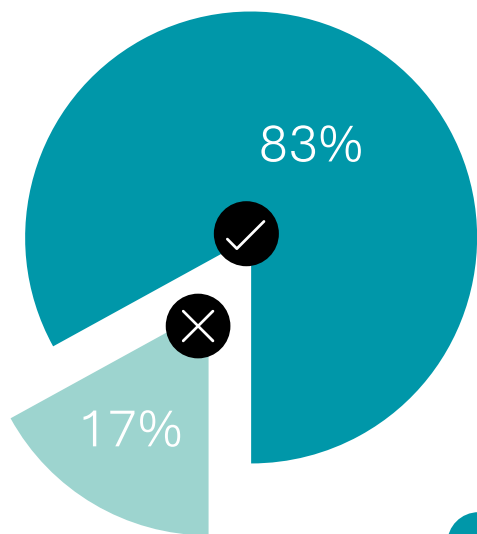
_ ALFI code of conduct recommends the annual report confirms adherence to its principles.

_ Of the 39 that adopted the ALFI code or its own Principles on Fund Governance, only five for the current year have not explicitly stated whether they have adhered to the code during the year under review.

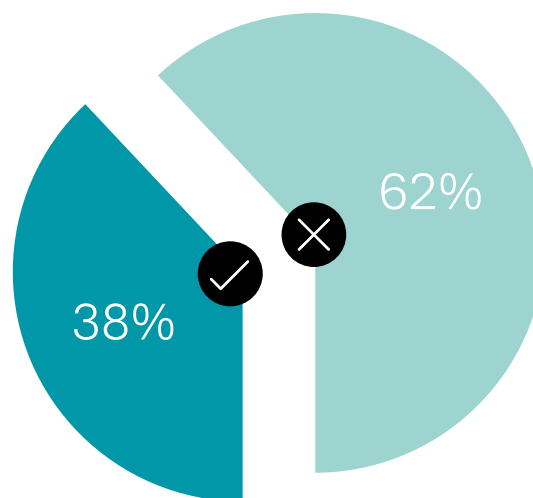
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Directors' report

Is a separate directors' report presented?



Does the directors' report substantially follow the ALFI template?



✓ Yes ✗ No

_ 83% of funds (2024 study: 85%) present a separate directors' report.

_ Reflecting current trends, reporting by boards of directors in annual reports is expected to increase, driven by the continued emphasis on ESG considerations.

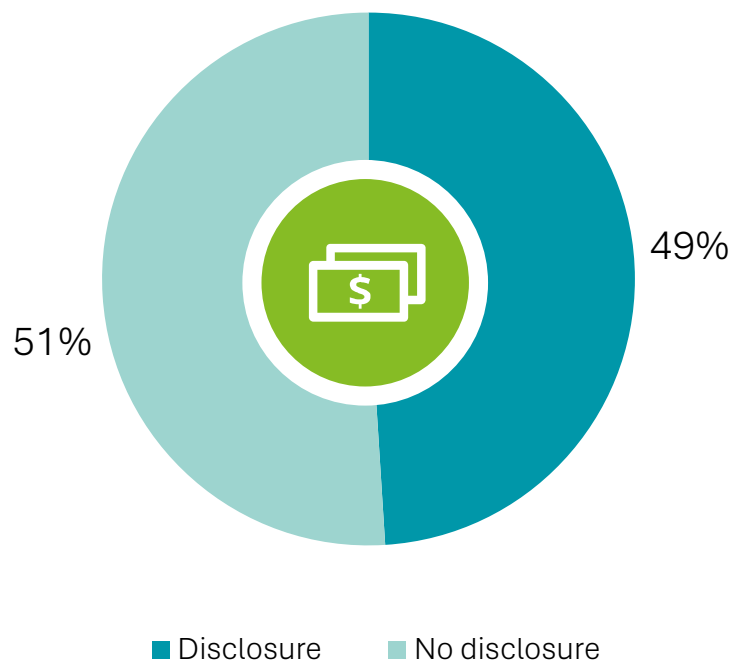
_ Directors' reports are a key tool for boards to demonstrate and highlight their commitment to sound corporate governance practices throughout the year under review, enhancing transparency and building investor trust.

_ ALFI provides a standardised directors' report template to guide fund boards in the preparation of their reports.

02

Directors' fees disclosures

Are directors' fees disclosed in the annual report?



_ 49% of funds disclose directors' fees in their annual reports. These primarily relate to fees paid to independent directors, as executive directors are typically remunerated as employees through their compensation packages.

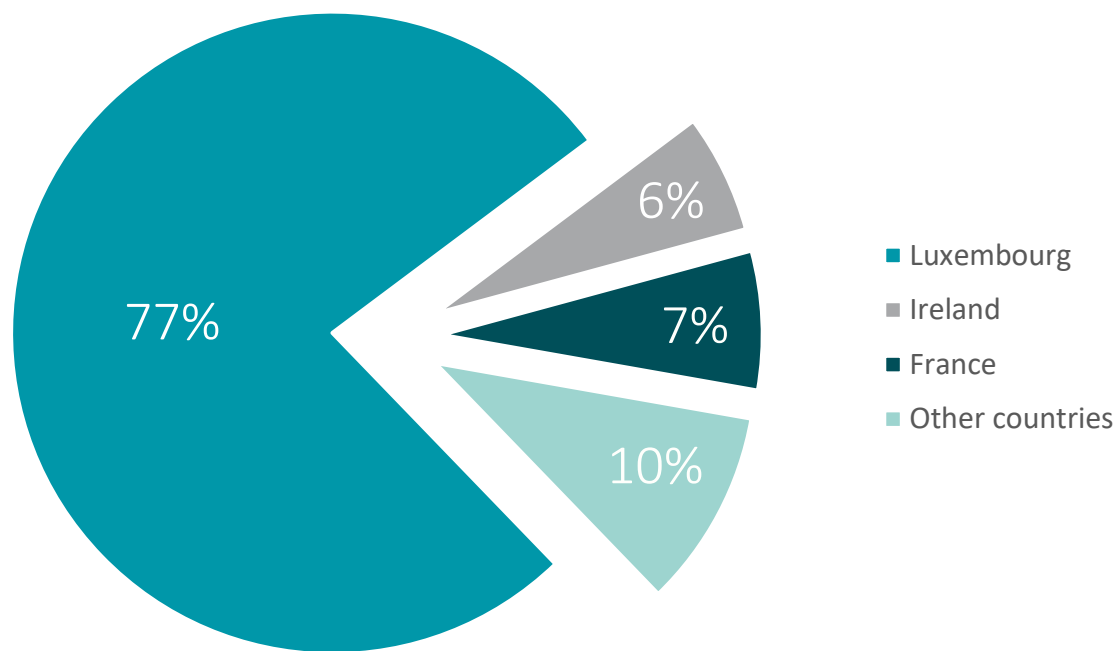
_ Directors' fee disclosures have increased slightly compared with the 2024 study (44%). This disclosure is distinct from the reporting of remuneration for identified staff.

_ As directors are appointed by shareholders at the AGM, disclosing directors' fees is considered good corporate governance practice, enhancing transparency for shareholders.

02

Management company location

Where are management companies located?



_ 77% of funds are managed by a management company located in Luxembourg.

_ “Other countries” include the Netherlands (4%), Italy (2%), and Germany, Belgium, Denmark, and Sweden (1% each).

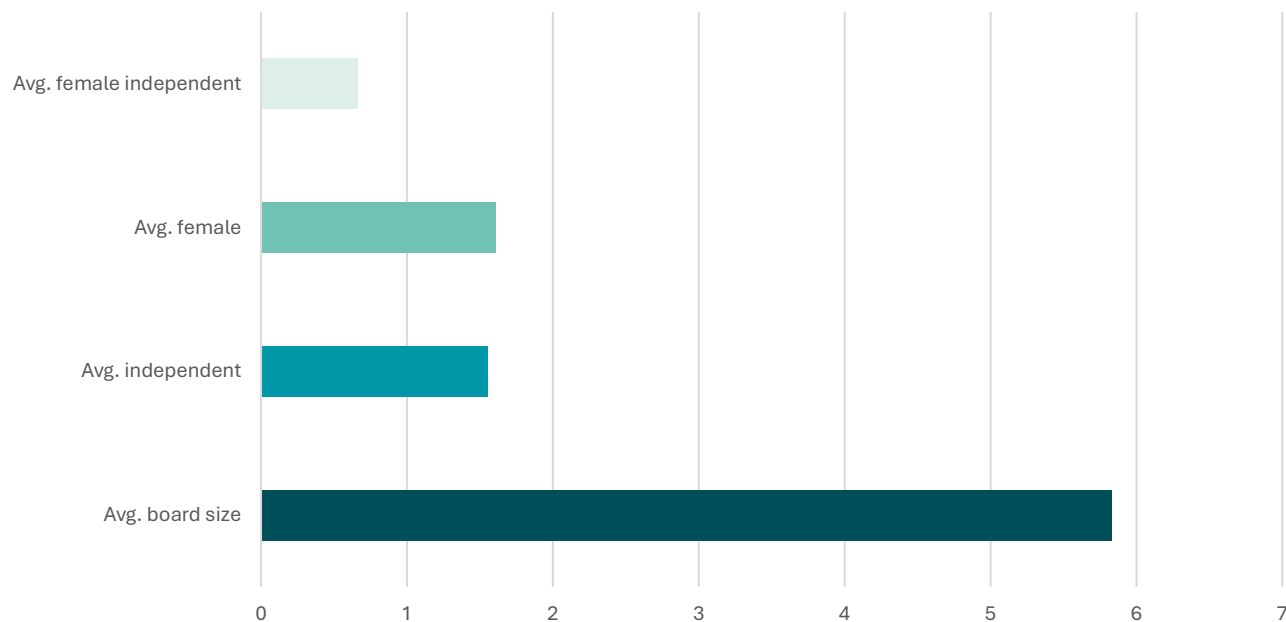
_ All funds have appointed a management company; there are no self-managed funds within the analysed population.

Corporate governance trends

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Board composition

Average number of directors and gender diversity per board



– The average number of directors per board is 5.8, with a minimum of 3 and a maximum of 12 (prior year: 5.3, 3, and 11).

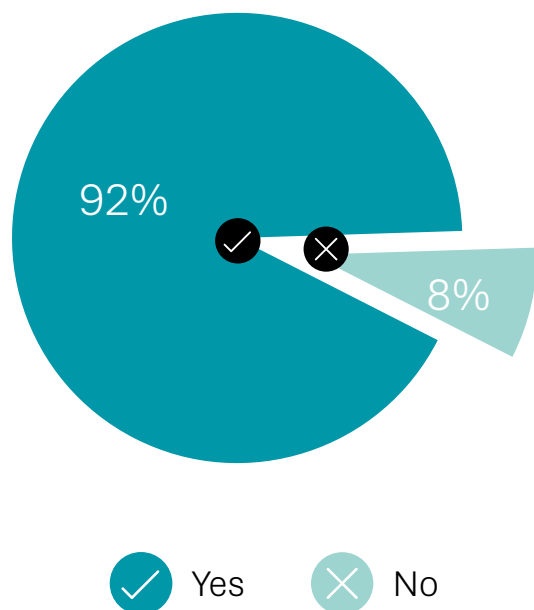
– The average number of independent directors is 1.55 (prior year: 1.54). The average number of female directors is 1.61 (prior year: 1.47).

– Five individuals collectively hold 29 board mandates across the 100 largest funds in Luxembourg. This includes two female directors with eight and five mandates respectively, one leading Luxembourg-based lawyer with six mandates, and two male directors with five mandates each.

02

ESG

Did the fund have an ESG-focused sub-fund within its umbrella?



_ 92% of funds have at least one Article 8 or Article 9 sub-fund within their umbrella structure (2024 study: 94%).

_ 71% of funds include a prominent statement in the main body of the annual report referring to the information provided in the annex, as required by Article 50(2) of Commission Delegated Regulation (EU) 2022/1288 (2024 study: 61%).

_ The European Commission launched a comprehensive review of the SFDR in September 2023. In May 2024, it published a summary report highlighting, among other findings, broad support for the regulation's overall objectives, alongside mixed views on the extent to which these objectives have been achieved during the initial years of implementation.

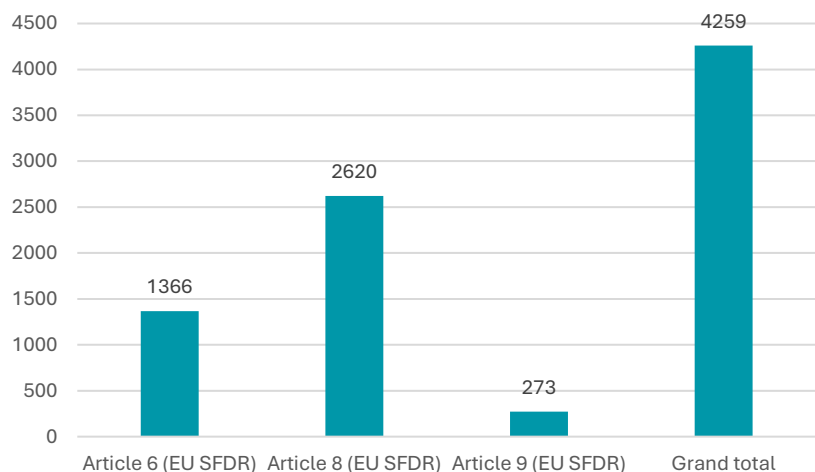
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SFDR classification

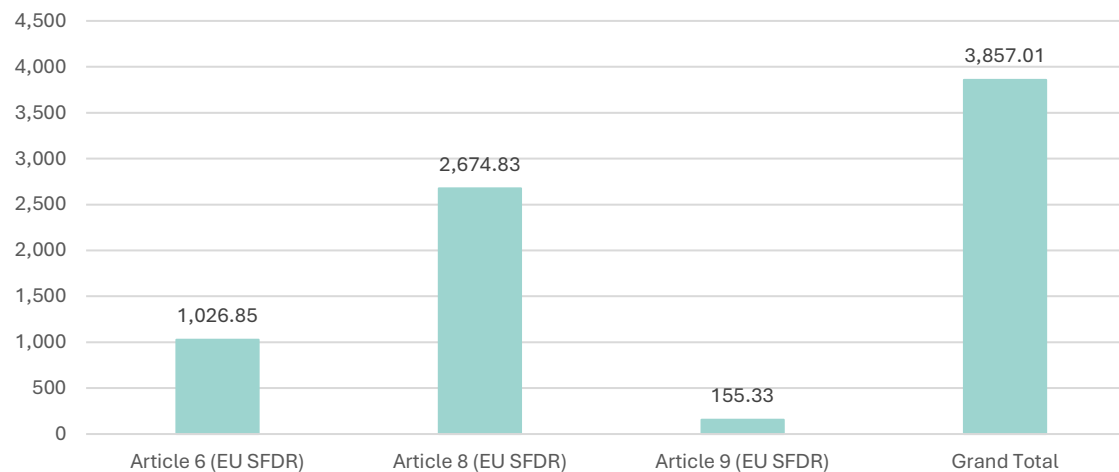
SFDR classification by number of sub-funds and by sub-fund TNA

SFDR classification by number of sub-funds



■ Number of sub-funds

SFDR classification by sub-fund TNA (in billion USD)

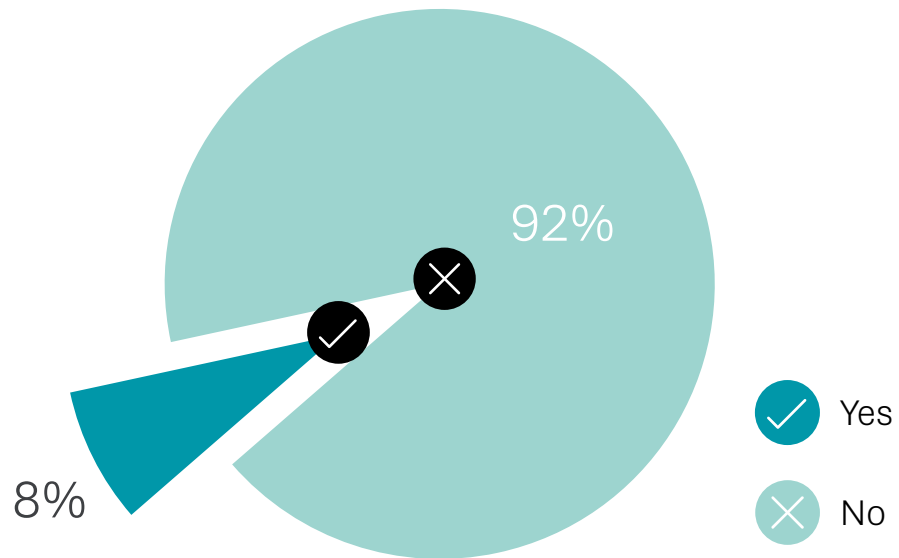


■ Total net assets

02

Key audit matters

Is a key audit matter included in the auditor's opinion?



_ Key audit matters are disclosed for all eight listed funds included in the analysis.

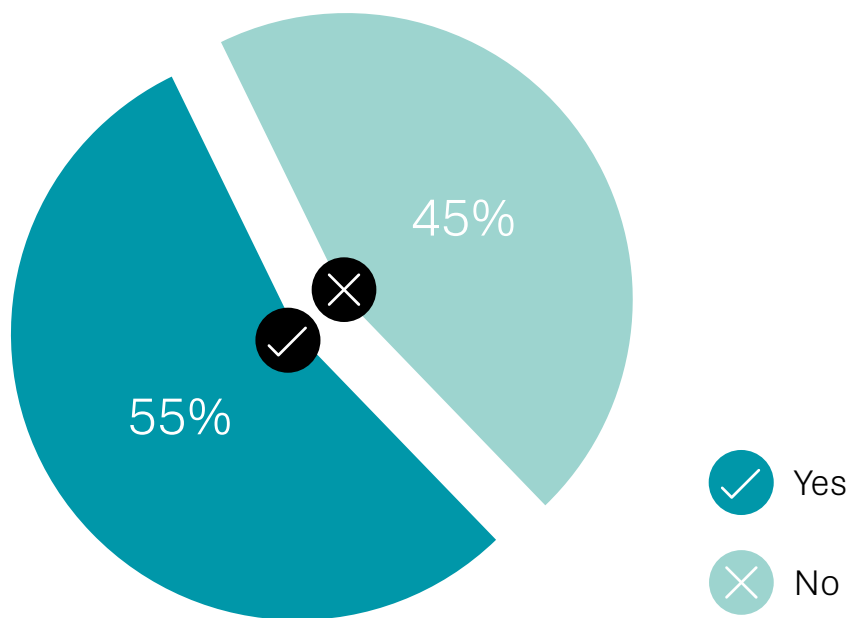
_ These key audit matters predominantly relate to the valuation and existence of the investment portfolio and derivatives.

_ Key audit matters are those that, in the auditor's professional judgment, were of most significance in the audit of the current period's financial statements. International auditing standards require such disclosures to be considered for listed entities.

02

Related party

Are related party transactions disclosed in the annual report?



_ 55% of funds disclose related party or connected persons transactions, despite such disclosure not being required under Luxembourg financial reporting regulations.

_ This type of disclosure is common for funds distributed in certain jurisdictions, such as Hong Kong, where the disclosure of connected parties is mandatory.

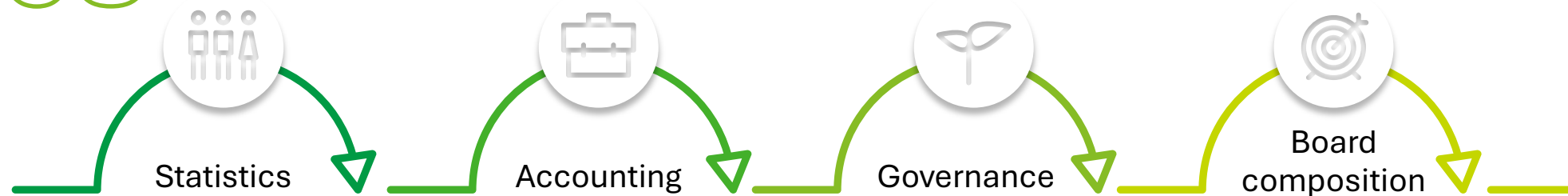
03

Study highlights



Top 100 Luxembourg UCIs study highlights

03



Statistics

- _ Representing **AUM of USD 3.86 trillion**
- _ 54% of Funds have **December year-end**
- _ 100% prepare their financial statements under **Lux GAAP**
- _ Average audit report sign-off period of **103 days**
- _ 88% are structured as **SICAV**
- _ 98% are **UCITS**
- _ 8% are **listed funds**

Accounting

- _ 68% of analyzed funds apply **swing pricing**
- _ 73% disclose **remuneration information at the delegate level**
- _ 65% **disclose TER** in their annual reports
- _ 49% disclose **directors' fees**
- _ 51% levy **performance fees**
- _ 58% engage in **securities lending**

Governance

- _ 38% have adopted the **ALFI Code of Conduct**
- _ 3% of analysed funds have established an **audit committee**
- _ 83% present a **separate directors' report**
- _ Of these, 38% have a directors' report that substantially follows the **ALFI guidance**
- _ 77% have a **Luxembourg-domiciled** management company

Board composition

- _ The average **number of directors** per board is 5.83, with a minimum of 3 and a maximum of 12
- _ The average number of **female directors** is 1.61
- _ The average number of **independent directors** is 1.55

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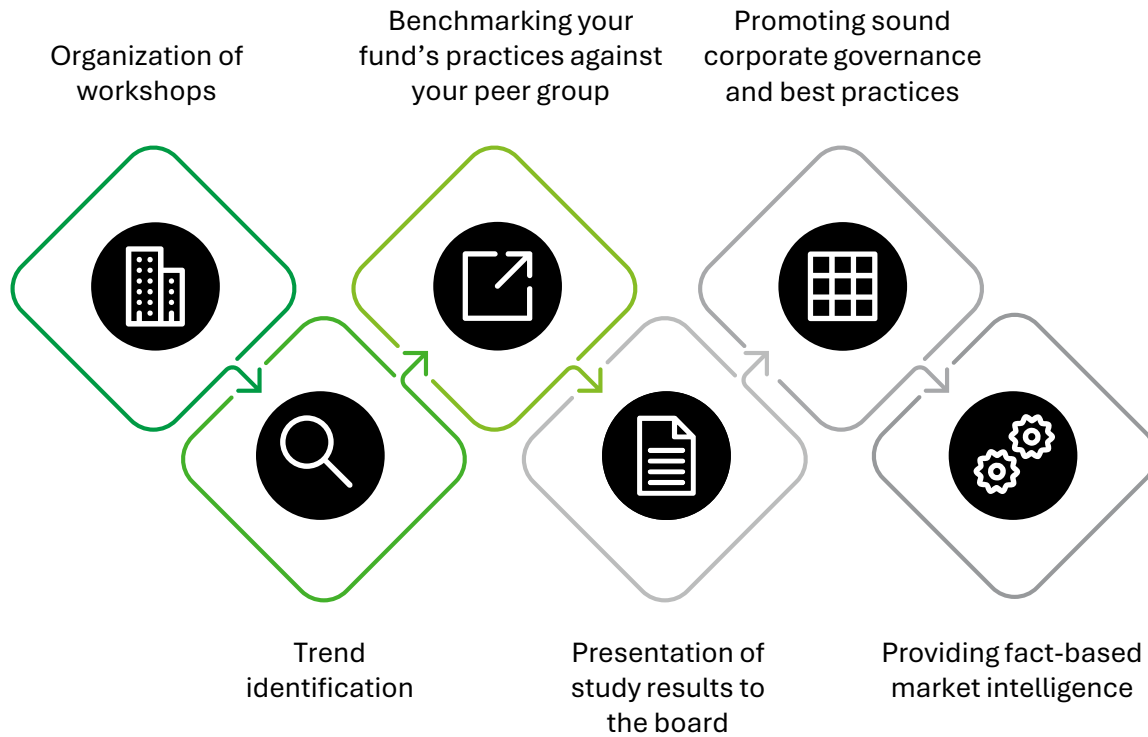
Benchmarking your funds

- _ Swing pricing: Y/N
- _ TER disclosed: Y/N
- _ Directors' fee disclosed: Y/N
- _ Delegate remuneration: Y/N
- _ Directors' report: Y/N
- _ ALFI code adopted: Y/N
- _ Sub-committees: Y/N
- _ Securities lending: Y/N
- _ Related party disclosures: Y/N
- _ Size of board: #
- _ Independent directors: Y/N
- _ Female directors: Y/N

About Deloitte



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At Deloitte Luxembourg, we offer a robust fund reporting service that encompasses the coordination and compilation of financial statements for funds domiciled across various countries. Our service include



Compilation of funds financial statements

We draft and generate financial statements for funds domiciled in Luxembourg or abroad, from large regulated flagship to sophisticated alternative vehicles.



Expertise in multiple GAAP

We prepare financial statements for funds domiciled in Luxembourg and abroad, ranging from large regulated flagship funds to sophisticated alternative vehicles.



Streamlined fund reporting

Leveraging our in-depth expertise and advanced tools, we streamline the preparation of accurate and comprehensive fund financial statements, enhancing transparency and credibility.



Statistical – Regulatory reporting

To ensure alignment between your financial statements and regulatory reporting, we can generate BCL and CSSF reports.

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At Deloitte Luxembourg, we also advise clients on their complex accounting issues and reporting considerations, including:



Accounting technical advisory

We provide precise, compliant accounting for complex transactions and support the seamless implementation of new standards. We also guide clients through transition processes to ensure accurate and compliant reporting.



Quality review of financial statements

We ensure they comply with relevant reporting frameworks. We also identify and correct inaccuracies in financial statements, ensuring compliance with relevant accounting standards and improving the reliability of financial reporting.



Connecting financial and ESG reporting services

We align assumptions between financial and sustainability information in line with accounting standards and ESG regulations, including the analysis of ESG-linked products and the enhancement of related disclosures.



Gap analysis, conversion and impact assessment

We assess your current reporting framework to identify gaps against new or updated accounting standards and evaluate their impact.



Accounting and reporting training

We deliver tailored training to strengthen your team’s technical expertise in accounting and financial reporting, covering IFRS, US GAAP, Lux GAAP, and more through flexible, interactive sessions.

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