

SWITZERLAND'S FUND INDUSTRY AT A TURNING POINT



Colin Vidal
Co-Head of Asset Services

Switzerland's fund industry is entering a phase of quiet but meaningful transformation. Renowned for stability, regulatory rigor and global wealth management expertise, the sector is reshaping itself to stay competitive amid cross-border regulation, digitalisation and evolving investor expectations. While not Europe's largest fund domicile, Switzerland wields disproportionate influence as a global distribution hub and trusted asset management centre.

A ROBUST ECOSYSTEM

Key figures highlight the Swiss fund ecosystem's scale: 1,963 Swiss collective investment schemes are registered with FINMA, underscoring the regulator's central role. The market includes a wide range of products, including many foreign funds approved for distribution in Switzerland, reinforcing its global distribution status. Despite stringent regulations, Switzerland remains attractive to European fund providers, with over 8,500 funds from 12 jurisdictions approved by FINMA for retail investors, alongside thousands available exclusively to qualified institutional and professional investors.

A major development is the rapid growth of the Limited Qualified Investor Fund (L-QIF) segment, which has expanded over 20% annually since its introduction in March 2024. The L-QIF allows managers to launch alternative investment vehicles without prior FINMA approval, provided they are reserved for qualified investors and managed by supervised institutions. This model mirrors

Luxembourg's RAIF, offering faster time-to-market and greater product flexibility. If adoption continues, the L-QIF could become a cornerstone of Switzerland's alternative fund offerings.

SUSTAINABILITY MOVES TO THE CORE

Sustainable investment funds now represent over 30% of total assets under management, reflecting the sector's commitment to ESG principles. Digital fund issuance via blockchain technology is projected to reduce operational costs by up to 15% within five years. Despite competitive pressures, Switzerland maintains a strong market share in alternative investments, with assets under management growing steadily at around 8% annually.

"Sustainable finance remains a defining theme."

Sustainable finance remains a defining theme. Swiss asset managers face growing pressure to demonstrate credible ESG integration, driven by investor demand and evolving regulations. The Swiss Federal Council's anti-greenwashing guidelines, alongside international frameworks such as SFDR and ISSB standards, push the industry toward greater transparency. Managers must balance robust ESG processes with avoiding excessive administrative burdens. Switzerland's reputation for precision and reliability positions it well to lead in high-quality sustainable investment products.

THE SHIFT TO SMART FUNDS

Digitalisation is reshaping the fund value chain. From automated reporting to blockchain-based fund issuance, technology is reducing operational friction. The Swiss Distributed Ledger Technology (DLT) framework provides a legal environment where tokenised fund units can be issued and transferred with legal certainty. Though adoption is still early, tokenisation could streamline distribution, cut costs, and open access to new investor segments.

Despite these innovations, the industry faces competitive pressure from EU domiciles. Switzerland's non-EU status means cross-border distribution requires navigating national private placement regimes. Many Swiss managers rely on Luxembourg or Ireland for UCITS and AIF products targeting European retail investors. This dual-domicile reality is unlikely to disappear soon, but Switzerland's strategy increasingly focuses on strengthening its position as a centre of excellence for portfolio management, alternatives, and bespoke solutions for sophisticated investors.

STRENGTH THROUGH ADAPTATION

What makes the Swiss fund industry resilient is its ability to evolve without losing its core identity. It remains a market built on trust, expertise, and long-term relationships. As global investors seek stability amid uncertainty, these qualities matter more than ever. The coming years will test the industry's ability to innovate while preserving the strengths that made it successful. If it succeeds, Switzerland will not only remain relevant but help shape the next chapter of global asset management.



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