

# Looking ahead: 2024 fund forecast



**NATHALIE BAUSCH**  
CEO & head of HR EMEA  
DWS Investment

Digital assets, including tokenised assets, tokenised money and cryptocurrencies, provide key growth opportunities for asset managers. Luxembourg can solidify its strong position as a dominant European fund provider by driving digital asset adoption. A threefold focus should be laid on innovation-friendly regulation, a vibrant fintech ecosystem and end-to-end value chain adoption. First, Luxembourg profits from both EU and national digital asset regulation, such as the EU Mica regulation and Luxembourg blockchain laws. Second, fintechs provide crucial technical expertise for the underlying blockchain technology. Third, digital assets require simultaneous adoption by asset managers and asset service providers. Interdependencies of all three topics complicate adoption, but the substantial opportunities of digital assets warrant the effort.

**SINOR CHHOR**

Managing director & conducting officer  
Nordea Investment Funds

This new paradigm of rising interest rates [means] that all asset managers need to rethink their operating models and make sure that it's fit for purpose and really focusing on the core services. Active managers are really pushed to justify the level of fees and to generate even greater returns than our low-cost counterparts.

I think what we see is that investors are very cautious to come back into investing in funds, considering there are other more profitable solutions out there. So definitely a challenge in here, which will force our industry to rethink also how it operates. Larger asset managers can leverage on their scale to lower the fees, but smaller asset managers with tight margins need to assess their operating model as a strategic priority to effectively manage cost.



**YVES ELVINGER**

Partner  
Elvinger Hoss Prussen

In the context of the democratisation of private assets, with Eltif II becoming applicable in January 2024, one can expect a continuing expansion of Eltifs and a specific interest of asset managers for so-called semi-open Eltifs that allow subscriptions and redemptions.

In addition, sustainable finance and taxonomy regulations will stay on top of the regulatory agenda with potentially significant impacts for asset managers. As reflected in its recent consultation on assessing the implementation of SFDR, the EU commission is considering amendments to the current regulatory framework. Moreover, the retail investment strategy was adopted in 2023 by the EU commission and aims at strengthening retail investor protection rules, introducing notably the concept of value for money to avoid undue costs and certain limitations on inducements.

Photos → DWS, Romain Gamba/Maison Moderne, Elvinger Hoss Prussen

We asked nine Luxembourg investment industry professionals about the top issue on their radar for the coming year.

Words SYLVAIN BARRETTE & LYDIA LINNA



**VALERIA KOTSUR**

Managing partner  
Fund AML

As a responsible du contrôle, I can expect that the risk appetite of many asset managers will need to be adjusted if they want to do business and not only generate costs. Starting from 2022, we've seen a high level of geopolitical risks, an increase in cost of funding and ongoing tightness of margins due to a more complex regulatory environment. This means that some asset managers will pursue riskier strategies driven by market sentiment.

Cyber, tech and defence will be in focus but may also cause problems due to higher exposure to sanctions and dual goods [rules]. I would also expect to have more mobility-linked projects in the pipeline for all types of asset managers. Obviously, ESG will also be key for regulated asset managers and their investors, as those would be forced to shift fully to better taxonomy as regulated investors will demand this for their own reporting purposes.

Photos → Fund AML, Female Fund, Romain Gamba/Maison Moderne

**LOVISA LÖWENBERG**

Founder  
Female Fund

Having lived in various countries, I have repeatedly felt the need to empower women in and through finance. The lack of financial education and representation of women in finance will not be solved today, but we aim to turn the tide in the long run.

Unfortunately, not every woman is aware of their financial potential. Financial education and awareness are therefore among our top priorities. Setting up the first female-owned fund in Luxembourg is an important step in accomplishing that goal. Looking at the current markets, we see clear opportunities for female investors. We aim to accompany them in their investment journey, independently of their age or experience. We want to help them identify and take risks at the right moment and make full use of the opportunities presented to them.



**CLAUS MANSFELDT**

President  
Luxembourg Private Equity & Venture  
Capital Association

Education and deregulation. The LPEA wants to educate people about the critical importance and material benefits of private equity and venture capital in a capitalist system, which we inhabit, in terms of increased efficiency and employment.

The education starts at the top. Government pension funds can, for instance, reduce future budgetary transfers by obvious improvements in investment portfolio returns (by adding PE). Personal savings can similarly benefit. Private pensions on offer today still leaves investors short of top-class global PE portfolio allocations. Regulations overall, in the industry, are bordering prescriptive day-to-day micro-management, unlike public markets where people are free to manage businesses and free to trade risk capital products, as adults, using their own brains.