

Institutional asset management and funds: a decisive diversification

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The development of asset management for institutional clients has been a decisive diversification for the great Geneva houses. Pension funds, sovereign wealth funds, insurance companies, foundations and international organisations entrust substantial mandates to specialised managers. These mandates generate regular revenues that are less dependent on the cycles of the private clientele and on developments in international taxation.

The Geneva houses have also developed ranges of investment funds, often domiciled in Luxembourg or Ireland so as to benefit from the European passport, in order to be able to distribute them within the European Union.¹ This strategy is partly a response to the absence of direct access to the European market for Swiss institutions.

Institutional asset management calls for skills that differ from those of private wealth management: formalised investment processes, large research teams, detailed reporting and compliance with the requirements of institutional investors. It favours large institutions capable of investing in these skills. It has contributed to the widening gap between the great Geneva houses, which have become international players in asset management, and the smaller institutions, which have remained focused on private clients.

Sustainable finance occupies a growing place in this business. Institutional investors increasingly require environmental, social and governance criteria to be taken into account, and several Geneva houses have made sustainability a central pillar of their strategy. Part K will return to this development and to its limits.

1 Notes

1. Allnews, 14 March 2024 (Julien Dif, “La Suisse et le Luxembourg : complémentarité en matière de fonds de placement”): Swiss funds represented approximately CHF 1,370 billion in 2023 as against more than EUR 5,285 billion for Luxembourg funds; the author attributes Luxembourg’s appeal to the European passport, to the 35 per cent withholding tax burdening units in Swiss funds and to the responsiveness of the Luxembourg legislature (transposition of the UCITS Directive as early as 1988, creation of the RAIF), and notes that many Luxembourg structures are initiated by Swiss providers. ↩

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