

Asset management, collective investment schemes and pension capital — overview and summary

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For most of the twentieth century the word that described Zurich's financial trade abroad was banking. The private bank, the big bank with its securities department and the numbered account were the familiar images. Behind them, and for a long time barely noticed by the public, a second industry was growing inside the same buildings: the professional management of other people's money through portfolios, mandates and pooled vehicles. Today that industry has become one of the pillars on which the financial centre stands. Swiss asset managers administer several trillion francs, a large part of it for Swiss pension funds and insurers, and a substantial share for clients abroad. Their largest houses have their headquarters within walking distance of the Paradeplatz or in the low-tax communities along the shores of Lake Zug.

This chapter describes that industry and the law that governs it. It begins with the figures that the industry association publishes each year and with a portrait of the main houses in and around Zurich. A historical section then traces the development of Swiss investment funds from the first investment trusts of the 1930s through the Investment Funds Act of 1966 and its revision of 1994 to the Collective Investment Schemes Act of 2006, which forms the basis of today's law. The core of the chapter explains the legal forms of Swiss funds, their approval by the Swiss Financial Market Supervisory Authority (FINMA), their distribution after the Financial Services Act, the Limited Qualified Investor Fund introduced on 1 March 2024 and the licensing of fund management companies and managers of collective assets under the Financial Institutions Act. Later sections turn to the difficult question of access to the European market, to pension capital as the most important domestic investor, to sustainable finance and the regulation of greenwashing, to private markets in Zurich and Zug, and to the tax rules that shape the choice of fund domicile.

Three observations frame what follows. The first is that asset management in Switzerland has grown for decades mainly through market performance, while its ability to attract new money from abroad has remained limited by the absence of a European passport. The second is that a large share of the funds managed from Zurich are domiciled in Luxembourg or Ireland, so that the Swiss fund market and the Swiss asset management industry are two different things. The third is that the pension system created in 1985, which Part E of this book describes in detail, turned Swiss employees into the largest indirect clients of the industry. Pension capital explains much of the size, the conservatism and the domestic orientation of the Zurich asset management trade.

1 Conclusion

Asset management has become one of the load-bearing pillars of the Zurich financial centre. With about CHF 3.7 trillion managed in Switzerland at the end of 2025, the industry ranks third in Europe. Its largest houses, UBS Asset Management and Swisscanto, have their headquarters in Zurich, while Partners Group in Baar represents the most successful private markets firm to emerge from Switzerland. The industry is concentrated and profitable. Its growth, however, has come mainly from rising markets, while net new money has remained modest.

The legal framework has developed in stages since the first Swiss funds of the 1930s. The Investment Funds Act of 1966 established the contractual model and investor protection as its guiding principle. The revision of 1994 aligned Swiss law with European standards without providing access to the European market. The Collective Investment Schemes Act of 2006 added corporate forms and the limited partnership. Since 2020 the Financial Services Act and the Financial Institutions Act have governed the offering of fund units and the licensing of fund management companies and managers of collective assets. The Limited Qualified Investor Fund of 2024 has given Swiss managers a vehicle without product approval, although its uptake has so far been moderate.

The structural constraints of the Swiss fund industry lie outside fund law in the narrow sense. The missing European passport, the tax treatment of Swiss funds and the preference of international investors for Luxembourg and Irish vehicles mean that much of the Zurich industry's international business runs through foreign funds. Swiss pension capital, which exceeded CHF 1.2 trillion at the end of 2024, provides the domestic base that keeps Swiss funds and investment foundations alive. In sustainable finance, Switzerland has relied on industry self-regulation, subject to a

reassessment by the end of 2027. For practitioners advising international clients, the Swiss asset management landscape therefore requires familiarity with three legal systems at once: Swiss fund and pension law, European fund regulation and the tax rules that decide where a fund is domiciled.

2 In five sentences

1. Zurich is the centre of an asset management industry that managed about CHF 3.7 trillion at the end of 2025, making Switzerland the third-largest asset management location in Europe.
2. Swiss investment funds began in Zurich in 1938 with the INTRAG and the America-Canada Trust Fund of the Union Bank of Switzerland, and they were regulated for the first time by the Investment Funds Act of 1966, which established the contractual fund model that still dominates.
3. The Collective Investment Schemes Act of 2006, the Financial Services and Financial Institutions Acts of 2020 and the Limited Qualified Investor Fund of 2024 form today's framework, under which FINMA approves funds and licenses fund management companies and managers of collective assets.
4. The lack of a European passport and the 35 per cent withholding tax lead Zurich managers to place much of their international business in Luxembourg and Irish funds whose portfolio management is delegated to Switzerland.
5. Swiss pension capital of more than CHF 1.2 trillion provides the domestic base of the industry, while sustainable finance remains governed by industry self-regulation that the Federal Council will reassess by the end of 2027 at the latest.

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