



Revealed: the best-performing fund firms in Europe

Insurer-owned firms overall fared best in the analysis of 50 fund houses

By Ed Moisson | 3 August 2023

German asset manager Flossbach von Storch has topped a ranking of the best-performing fund houses in Europe, ahead of larger rivals.

The boutique firm, which offers fewer than 20 mutual funds, has the best average risk-adjusted performance rating compared with 50 of the biggest active fund houses in Europe.

Ignites Europe's findings are based on Morningstar star ratings, which analyse the risk-adjusted returns of funds with at least three years' history*.

Flossbach von Storch is best known for its €25bn Multiple Opportunities fund, although 56 per cent of its eligible fund range also have four or five-star ratings. The firm's asset-weighted average star rating is 4.5 out of five.

Pimco was ranked second in the analysis, with an average rating of 4.1, followed by three firms tied with an average of four. *(Full table at foot of article).*

Top 5 group-wide fund performance ranking

Branding Name	Asset-weighted average rating	Funds with 4 or 5 stars (%)	Sustainable* funds with 4 or 5 stars (%)	Ownership**
Flossbach von Storch	4.5	56	--	Asset Mgmt
Pimco	4.1	40	33	Asset Mgmt
BNY Mellon	4.0	51	57	Banking
Royal London	4.0	76	73	Insurance
Schroders	4.0	48	43	Asset Mgmt

Source: Ignites Europe analysis of Morningstar data. *Funds classified as sustainable investment products by Morningstar. **Broadridge classification of business type.

Tobias Schafföner, partner and head of multi-asset at Flossbach von Storch, says the firm sees itself as a "traditional wealth manager and therefore as a multi-asset house", which requires "expertise in all asset classes".

Mr Schafföner adds: "For the future, we continue to see equities as the core of an investment strategy aimed at maintaining purchasing power over the long term.

"However, after years of zero and negative interest rates, bonds have regained their appeal and, in the case of our multi-asset strategies, are fulfilling an important diversification function."

Three insurer-owned firms, led by Royal London, fared best when comparing firms based on the proportion of their funds with four or five stars – those that rank in the highest third of funds based on their risk-adjusted returns relative to peers.

Seventy-six per cent of Royal London's funds and 65 per cent of New York Life-owned Candriam's funds have four or five stars. This is ahead of Aviva Investors and Robeco, where 59 per cent of funds have four or five stars.

Returns generated by Royal London, Candriam and Aviva have helped insurer-owned firms overall to have the best aggregate ratings in the analysis.

Insurers' funds have an average Morningstar star rating of 3.7 and an average of 52 per cent of their funds have four or five stars.

Bank-owned firms overall have again fared worst in the research, as they did when the analysis was last carried out in 2019.

Bank and bancassurance firms have an average rating of 3.4, while 34 per cent of their funds have four or five stars, on average.

By contrast, independent asset managers have an average rating of 3.6, with 40 per cent of funds securing one of the two highest star ratings.

However, one fund executive, who declined to be named, says bank-owned asset managers selling direct to retail investors are likely to charge higher fees than firms selling to institutional clients, which may have a sufficiently negative effect on the performance of their funds to lower their ratings.

Four of the five worst-performing firms in the analysis are bank or bancassurance-owned asset managers.

Mediolanum was ranked last in the comparison of 50 firms, with an average star rating of 2.4.

Only 6 per cent of the Italian asset manager's funds have a four or five-star rating, meaning that 94 per cent of the firm's eligible funds failed to generate risk-adjusted returns among the highest third of peers.

Santander Asset Management, Franklin Templeton and KBC also had an asset-weighted rating below three stars.

Mediolanum, Franklin Templeton and KBC did not respond to a request for comment. Santander declined to comment.

Meanwhile the research shows which firms' sustainable products have delivered better financial returns than their peers.

Five asset managers each have more than two-thirds of their sustainable funds with four or five-star ratings.

Swedbank Robur heads the list, with 100 per cent of the firm's sustainable funds securing four or five stars.

Aviva and Royal London have the second and third most top-ranked sustainable funds, based on Morningstar's classification of sustainable investment products.

However, none of the sustainable funds managed by Abrdn, CaixaBank, Franklin Templeton or Mediolanum have four or five stars.

Sustainable funds managed by the largest 50 fund houses overall have a lower asset-weighted average star rating, 3.4, compared with non-sustainable funds, averaging 3.5.

In addition, a lower proportion of sustainable funds have four or five stars compared with non-sustainable funds.

None of Flossbach von Storch's funds are classified by Morningstar as sustainable – the only firm in this analysis for which this is the case.

Mr Schafföner says: "Sustainability has always been a characteristic and fundamental component of Flossbach von Storch's long-term investment philosophy."

"As part of a specific ESG analysis, we examine how companies deal with their environmental and social footprint," he says.

The firm adds that all of its mutual funds are classified as article eight under the Sustainable Finance Disclosure Regulation.

Group-wide fund performance ranking

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Flossbach von Storch	4.5	56	--	Asset Mgmt
Pimco	4.1	40	33	Asset Mgmt
BNY Mellon	4.0	51	57	Banking
Royal London	4.0	76	73	Insurance
Schroders	4.0	48	43	Asset Mgmt
Candriam	3.9	65	38	Insurance
Nordea	3.9	49	36	Banking
Robeco	3.9	59	59	Asset Mgmt
Ninety One	3.8	48	29	Asset Mgmt
Janus Henderson	3.8	35	71	Asset Mgmt
Aviva	3.8	59	80	Insurance
JPMorgan	3.7	55	56	Banking
HSBC	3.7	37	41	Banking
M&G	3.7	50	46	Asset Mgmt
Swedbank	3.7	38	100	Banking
Swisscanto	3.6	51	49	Banking
Natixis	3.6	34	31	Banking
Allianz Global Investors	3.6	31	34	Insurance
Morgan Stanley	3.6	34	57	Banking
Dimensional	3.6	50	50	Asset Mgmt
Credit Suisse	3.6	44	27	Banking
BlackRock	3.6	47	54	Asset Mgmt
Columbia Threadneedle	3.6	37	35	Asset Mgmt
Fidelity International	3.6	35	36	Asset Mgmt
Handelsbanken	3.5	45	67	Banking
Jupiter	3.5	38	25	Asset Mgmt
Invesco	3.5	35	11	Asset Mgmt
DWS	3.5	40	29	Banking
Goldman Sachs	3.4	39	57	Banking
UBS	3.4	44	41	Banking
Deka	3.4	35	46	Banking
Pictet	3.3	39	41	Banking
Vontobel	3.3	30	31	Banking
Axa	3.3	27	25	Insurance

Branding Name	Asset-weighted average rating	Funds with 4 or 5 stars (%)	Sustainable* funds with 4 or 5 stars (%)	Ownership**
Danske Invest	3.2	26	11	Banking
Amundi	3.2	23	23	Banking
Eurizon	3.2	28	24	Banking
AllianceBernstein	3.2	40	25	Asset Mgmt
Union Investment	3.2	31	25	Banking
SEB	3.2	34	17	Banking
Abrdn	3.1	31	0	Asset Mgmt
Mercer Global Investments	3.1	42	50	Asset Mgmt
CaixaBank	3.1	26	0	Banking
Baillie Gifford	3.0	25	57	Asset Mgmt
Anima	3.0	24	33	Asset Mgmt
BNP Paribas	3.0	19	22	Banking
KBC	2.9	16	15	Bancassurance
Franklin Templeton	2.8	29	0	Asset Mgmt
Santander	2.7	15	11	Banking
Mediolanum	2.4	6	0	Banking
AVERAGE	3.5	38.3	37.2	

Source: Ignites Europe analysis of Morningstar data. *Funds classified as sustainable investment products by Morningstar. **Broadridge classification of business type.

** Morningstar stars are a quantitative rating of risk-adjusted performance relative to funds in similar sector classifications and with a minimum of three years' history. In Ignites Europe's analysis the largest share class is used for each fund, or the oldest class if the former is not identified. The research covers actively managed equity, bond, convertible, allocation, alternative funds.*