

Trends in the European Investment Fund Industry in the First Quarter of 2013

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EFAMA
The European Fund and Asset Management Association

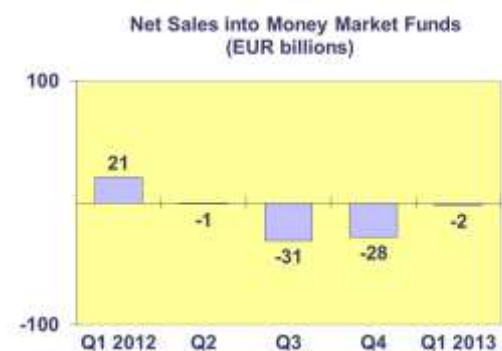
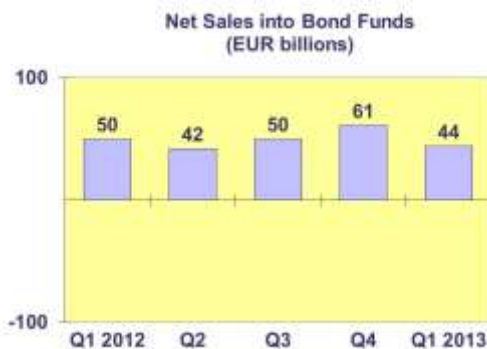
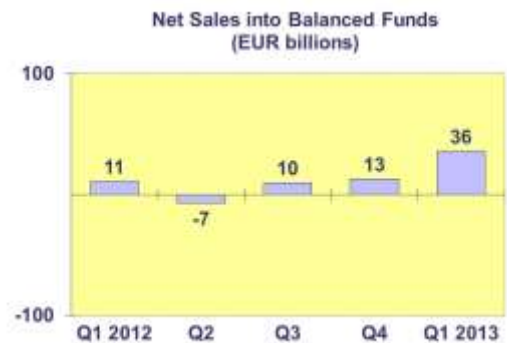
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Trends in the UCITS Market

Net Sales by Investment Type

UCITS enjoyed a surge in demand in the first quarter to EUR 130 billion, marking the largest quarterly net inflows since the first quarter of 2006. This compares to net sales of EUR 78 billion in the previous quarter.

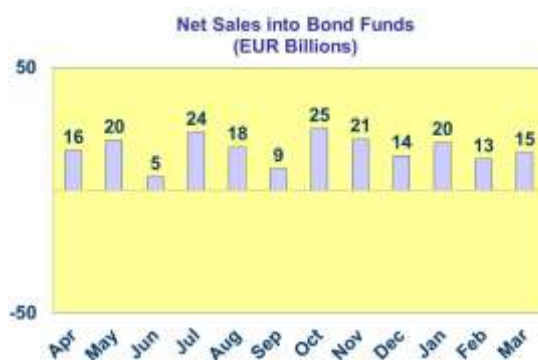
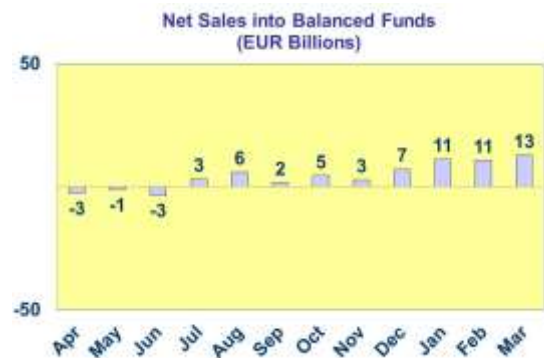
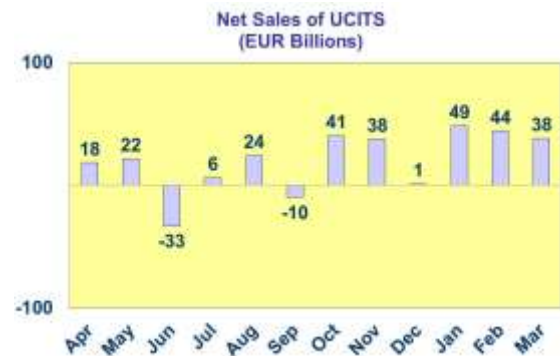
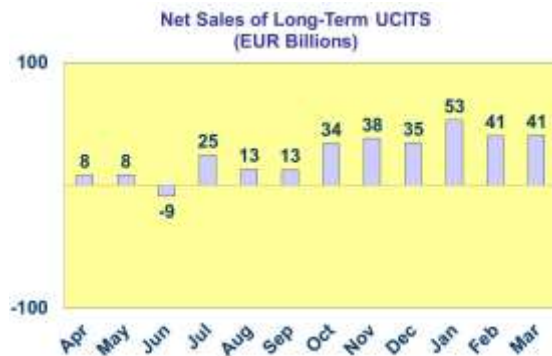
Long-term UCITS attracted EUR 132 billion in net new money during the quarter, up from EUR 106 billion in the fourth quarter. Equity funds recorded net inflows of EUR 44 billion, up from EUR 30 billion. Bond funds recorded strong net inflows of EUR 44 billion, albeit lower than the fourth quarter when net inflows amounted to EUR 61 billion. Balanced funds registered increased net inflows of EUR 36 billion, up from EUR 13 billion. In contrast, money market funds registered net outflows of EUR 2 billion, down from net outflows of EUR 28 billion in the previous quarter.



Trends in the UCITS Market

Net Assets by Investment Type

Investor confidence on the economic outlook strengthened in the first quarter as financial markets around the globe enjoyed a strong start to 2013, all of which fed into the high net sales of UCITS. This can be seen from the trends in monthly net sales¹ which remained at high levels throughout the period. Strong net sales of equity funds, coupled with strong demand for balanced funds during the quarter highlights investors increasing risk appetite. Nevertheless, net sales of bond funds remained at high levels as investors search for yield also continued given the low interest rate environment.



¹ Differences in totals between quarterly and monthly net sales reflect differences in the universe of reporting countries.

Trends in the UCITS Market

Net Sales by Country of Domiciliation

Twenty-two countries recorded net inflows into UCITS in the first quarter of 2013, with ten countries attracting net inflows in excess of EUR 1 billion. Overall, net sales were shared more or less equally between equity, bond and balanced funds. Of the larger financial centers, Luxembourg led the way with net inflows of EUR 67 billion, followed by Ireland with net inflows of EUR 36 billion. United Kingdom attracted EUR 4 billion of net inflows during the quarter, whilst Germany and France attracted net sales of EUR 3 billion and EUR 2 billion respectively.

Elsewhere, there was good news for the Mediterranean countries as Spain recorded net sales of EUR 4 billion, whilst Italy registered net sales of EUR 2 billion. Portugal and Greece also recorded net inflows during the quarter. In Scandinavia, Norway attracted EUR 4 billion in net new money, whilst Sweden registered net sales of EUR 2 billion and Denmark attracted positive net sales (EUR 235 million). Switzerland also registered large net sales of EUR 3 billion during the quarter.

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2012	Q1 2013	Q4 2012	Q1 2013	Q4 2012	Q1 2013	Q4 2012	Q1 2013	Q4 2012	Q1 2013	Q4 2012	Q1 2013
Austria	156	310	991	306	-68	-450	-29	-71	-154	215	896	311
Bulgaria	2	1	4	14	-4	3	10	15	0	0	12	33
Czech Republic	-6	4	101	63	14	58	-15	-16	5	29	99	138
Denmark	393	-603	339	698	289	153	-1	0	-4	-13	1,017	235
Finland	519	676	348	-172	105	-1,330	-317	760	-13	0	642	-66
France	-5,300	3,400	-1,200	-8,300	-1,500	-200	-8,600	7,300	-300	-400	-16,900	1,800
Germany	849	196	1,172	1,124	694	2,276	-133	-387	500	229	3,081	3,438
Greece	-18	5	-20	-21	-17	-2	100	96	-26	-34	19	44
Hungary	-12	-11	102	98	7	7	170	162	62	59	329	315
Ireland	9,606	13,972	14,919	16,470	2,532	4,526	-5,119	-2,335	5,373	3,722	27,311	36,355
Italy	-1,006	-643	1,364	-6	-665	3,146	-422	-382	0	0	-730	2,115
Liechtenstein	114	335	688	-113	47	141	-47	-347	2	111	805	127
Luxembourg ⁽³⁾	7,503	19,488	37,041	29,560	11,510	23,458	-10,292	-8,692	-3,446	3,565	42,316	67,379
Malta	119	-806	6	71	4	0	0	0	-175	-9	-47	-744
Netherlands	-291	-483	2,288	252	-205	167	0	0	-1	-66	1,791	-130
Norway	557	691	1,861	1,809	136	262	-329	1,412	-65	41	2,161	4,228
Poland	-26	120	1,910	-99	-101	-54	-76	507	-49	65	1,657	539
Portugal	-29	-31	-1	45	-22	7	310	441	-96	-95	162	369
Romania	0	1	40	77	1	0	0	2	6	105	47	185
Slovakia	-4	11	20	14	-3	36	-21	-20	-12	-23	-19	18
Slovenia	-23	0	-4	2	-14	-7	0	-3	0	0	-42	-7
Spain	-1,003	1,340	-1,854	1,543	-102	513	-249	433	0	0	-3,208	3,830
Sweden	2,085	1,485	161	-445	659	270	-249	119	174	521	2,829	1,950
Switzerland	280	28	140	1,862	-489	2,001	-2,195	-1,129	0	0	-2,263	2,762
Turkey	7	42	515	243	225	384	-550	-63	64	47	262	654
United Kingdom	15,429	4,046	-78	-1,310	-53	520	112	245	-43	258	15,366	3,658
Total	29,898	43,575	60,855	43,787	12,983	35,885	-27,941	-1,952	1,800	8,327	77,595	129,535

(1) In EUR millions for EFAMA members for which data are available; (2) including funds of funds, except for France, Germany and Italy for which the funds of funds data are included in the other fund categories; (3) net sales of non-UCITS are included in "other" funds, except net sales of special funds, which are shown in Table 6.

Trends in the UCITS Market

Net Assets by Investment Type

Total net assets of UCITS increased by 5.5 percent to EUR 6,641 billion during the first quarter of 2013.

Equity funds were the star performer over the quarter increasing 8.8 percent or EUR 185 billion to stand at EUR 2,284 billion at quarter end. Bond funds also performed well during the quarter with net assets increasing 4.5 percent (EUR 84 billion) to EUR 1,934 billion. Net assets of balanced funds increased 6.0 percent (EUR 60 billion) to break the one trillion euro mark to stand at EUR 1,055 billion. Money market funds net assets remained relatively flat during the quarter, albeit decreasing slightly to end the quarter at EUR 1,012 billion.

The number of UCITS at end March 2013 stood at 35,520, compared to 35,370 at end December 2012.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Mar-13		Change from 31/12/2012		Change from 31/12/2011	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,284	34%	8.8%	185	23.5%	434
Balanced	1,055	16%	6.0%	60	18.1%	162
Total Equity & Balanced	3,339	50%	7.9%	245	21.7%	596
Bond	1,934	29%	4.5%	84	28.0%	423
Money Market (MM)	1,012	15%	-0.3%	-3	-3.9%	-41
Funds of funds ⁽³⁾	61	1%	5.2%	3	2.3%	1
Other	294	4%	5.0%	14	8.5%	23
Total	6,641	100%	5.5%	346	17.8%	1,003
of which guaranteed funds	165	2%	1.2%	2	-9.3%	-17
(1) End March 2013 compared to end December 2012 assets; (2) end March 2013 compared to end December 2011 assets; (3) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.						

Table 3. Breakdown of UCITS Number by Category ⁽¹⁾						
UCITS types	31-Mar-13		Change from 31/12/2012		Change from 31/12/2011	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,252	38%	0.0%	6	-3.5%	-445
Balanced	8,377	26%	0.2%	15	3.1%	249
Total Equity & Balanced	20,629	64%	0.1%	21	-0.9%	-196
Bond	6,876	21%	2.1%	144	7.8%	499
Money Market (MM)	1,230	4%	-2.0%	-25	-12.1%	-169
Funds of funds ⁽⁴⁾	891	3%	-1.4%	-13	-4.7%	-44
Other	2,689	8%	-0.6%	-17	-0.8%	-22
Total (excl. Ireland)	32,315	100%	0.3%	110	-0.6%	-211
of which guaranteed funds	3,098	10%	-2.1%	-65	-14.9%	-541
Total (incl. Ireland)	35,520		0.4%	148	-1.6%	-586
(1) No full data breakdown is available for Ireland; (2) end March 2013 compared to end December 2012; (3) end March 2013 compared to end December 2011; (4) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.						

Trends in the UCITS Market

Net Assets by Country of Domiciliation

Net assets of UCITS rose 5.5 percent during the first quarter of 2013 to EUR 6,641 billion, with three countries recording assets in excess of EUR 1 trillion: Luxembourg (EUR 2.1 trillion), France (EUR 1.1 trillion) and Ireland (EUR 1.0 trillion). Growth of 6 percent was recorded in Ireland and Luxembourg during the quarter. Of the other large domiciles, the United Kingdom recorded growth of 5.3 percent followed by Germany (4.4%) and France (1.7%).

Elsewhere, the Mediterranean countries enjoyed growth during the quarter led by Portugal with above average growth of 7.9 percent, followed by Spain (4.7%), Italy (2.8%), whilst net assets in Greece remained flat. Net asset growth of 20.8 percent recorded in Switzerland during the quarter is due to a larger fund universe being captured by Swiss data. Other countries with high growth rates include Bulgaria (15.6%), Liechtenstein (12.2%) and Romania (11.2%). UCITS net assets decreased 31.2 percent during the quarter in Malta on account of large redemptions from two large funds during the quarter.

Table 4. Net Assets of the European UCITS Industry						
Members	31/03/2012		31/12/2012		31/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	80,894	1.2%	79,585	1.6%	74,329	8.8%
Belgium	81,621	1.2%	80,339	1.6%	78,673	3.7%
Bulgaria	286	0.0%	247	15.6%	226	26.4%
Czech Republic	4,522	0.1%	4,498	0.6%	4,117	9.8%
Denmark	81,221	1.2%	78,653	3.3%	65,856	23.3%
Finland	58,036	0.9%	56,075	3.5%	48,066	20.7%
France	1,134,984	17.1%	1,116,481	1.7%	1,068,141	6.3%
Germany	259,278	3.9%	248,325	4.4%	226,100	14.7%
Greece	4,936	0.1%	4,927	0.2%	4,417	11.7%
Hungary	7,100	0.1%	7,394	-4.0%	6,406	10.8%
Ireland	1,028,313	15.5%	967,562	6.3%	820,041	25.4%
Italy	141,591	2.1%	137,729	2.8%	139,697	1.4%
Liechtenstein	27,423	0.4%	24,316	12.8%	25,500	7.5%
Luxembourg	2,125,999	32.0%	2,002,398	6.2%	1,760,155	20.8%
Malta	1,581	0.0%	2,299	-31.2%	1,648	-4.1%
Netherlands	59,869	0.9%	57,712	3.7%	53,297	12.3%
Norway	79,616	1.2%	74,836	6.4%	61,828	28.8%
Poland	17,953	0.3%	19,816	-9.4%	14,535	23.5%
Portugal	6,474	0.1%	6,001	7.9%	6,018	7.6%
Romania	2,205	0.0%	1,983	11.2%	1,570	40.5%
Slovakia	2,432	0.0%	2,392	1.7%	2,656	-8.4%
Slovenia	1,871	0.0%	1,828	2.4%	1,812	3.3%
Spain	151,755	2.3%	144,978	4.7%	150,877	0.6%
Sweden	184,537	2.8%	168,300	9.6%	147,042	25.5%
Switzerland	284,538	4.3%	235,476	20.8%	213,970	33.0%
Turkey	13,604	0.2%	12,495	8.9%	12,043	13.0%
United Kingdom	798,554	12.0%	758,663	5.3%	649,108	23.0%
All Funds	6,641,196	100%	6,295,307	5.5%	5,638,128	17.8%
(1) End March 2013 compared to end December 2012; (2) end March 2013 compared to end December 2011						

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 3.9 percent in the first quarter of 2013 to EUR 2,751 billion.

Net assets of special funds (funds reserved to institutional investors) increased 4.4 percent to stand at EUR 1,816 billion at end March 2013. Over this period, net sales of special funds remained at high levels (EUR 43 billion). Net assets of real-estate funds also enjoyed growth of 2.4 percent during the quarter to stand at EUR 260 billion at quarter end.

The total number of non-UCITS funds stood at 18,876 at end March 2013, down from 19,095 at end 2012.

Table 5. Breakdown of Non-UCITS Assets and Number by Category

Fund types	31/3/2013		31/12/2012		31/12/2011		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	31/12/2012	31/12/2011
Special / Institutional	1,816	66%	1,739	4.4%	1,495	21.5%	8,670	8,852
German "Spezialfonds"	983	36%	955	2.9%	822	19.6%	3,536	3,809
British investment trusts	90	3%	84	7.1%	76	18.4%	253	288
French employees savings	95	3%	95	0.0%	87	9.7%	2,250	2,250
Luxembourg "other" funds	103	4%	95	8.4%	85	21.7%	889	877
Real-estate funds	260	9%	258	0.8%	259	0.4%	1,162	1,122
Other	387	14%	378	2.4%	321	20.6%	5,652	5,706
Total	2,751	100%	2,649	3.9%	2,322	18.5%	18,876	19,095

(1) End March 2013 compared to end December 2012; (2) end March 2013 compared to end December 2011

Table 6. Net Sales of Special Funds ⁽¹⁾

Members	2012				2013
	Q1	Q2	Q3	Q4	Q1
Austria	-972	445	781	-543	731
Denmark	-121	728	1,669	2,621	1,172
Finland	388	91	697	879	420
Germany	13,621	16,642	12,444	30,478	21,807
Hungary	-208	-96	-126	23	22
Ireland	9,637	-4,070	-3,665	-3,033	7,390
Italy	-86	11	-171	48	-18
Liechtenstein	-13	122	46	73	163
Luxembourg	7,294	5,488	2,741	10,834	10,834
Romania	1	16	11	5	6
Sweden	7	-7	105	7	-43
United Kingdom	994	2,017	1,437	2,702	678
Total	30,598	21,387	15,969	44,094	43,162

(1) In EUR millions for EFAMA members for which data are available.

Trends in the European Investment Fund Industry

Net Assets by Country of Domiciliation

The combined assets of the investment fund market in Europe, i.e. the market for UCITS and non-UCITS, increased by 5.0 percent in the first quarter of 2013 to break through the 9 trillion euro mark to stand at EUR 9,393 billion at end March 2013.

With EUR 6,641 billion invested in UCITS, this segment of the business accounted for 71 percent of the European investment fund market at end March 2013, with the remaining 29 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	31/03/2013		31/12/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	151,249	1.6%	147,818	2.3%	137,216	10.2%
Belgium	88,700	0.9%	87,298	1.6%	84,701	4.7%
Bulgaria	288	0.0%	250	15.5%	228	26.2%
Czech Republic	4,681	0.0%	4,589	2.0%	4,195	11.6%
Denmark	171,981	1.8%	164,434	4.6%	139,046	23.7%
Finland	69,098	0.7%	66,335	4.2%	55,387	24.8%
France	1,524,484	16.2%	1,505,731	1.2%	1,387,341	9.9%
Germany	1,325,050	14.1%	1,285,527	3.1%	1,133,518	16.9%
Greece	6,721	0.1%	6,703	0.3%	6,252	7.5%
Hungary	11,211	0.1%	11,675	-4.0%	8,948	25.3%
Ireland	1,304,318	13.9%	1,227,425	6.3%	1,055,267	23.6%
Italy	194,310	2.1%	190,492	2.0%	200,445	-3.1%
Liechtenstein	32,150	0.3%	27,713	16.0%	30,017	7.1%
Luxembourg	2,528,920	26.9%	2,383,826	6.1%	2,096,506	20.6%
Malta	9,433	0.1%	9,720	-2.9%	8,318	13.4%
Netherlands	70,687	0.8%	68,577	3.1%	64,364	9.8%
Norway	79,616	0.8%	74,836	6.4%	61,828	28.8%
Poland	37,416	0.4%	35,795	4.5%	25,934	44.3%
Portugal	24,334	0.3%	23,741	2.5%	22,102	10.1%
Romania	3,816	0.0%	3,432	11.2%	3,105	22.9%
Slovakia	3,950	0.0%	3,751	5.3%	3,201	23.4%
Slovenia	1,871	0.0%	1,828	2.4%	1,812	3.3%
Spain	157,017	1.7%	150,366	4.4%	156,412	0.4%
Sweden	189,162	2.0%	172,471	9.7%	150,434	25.7%
Switzerland	352,995	3.8%	297,270	18.7%	275,520	28.1%
Turkey	23,923	0.3%	22,663	5.6%	20,239	18.2%
United Kingdom	1,025,293	10.9%	969,636	5.7%	827,670	23.9%
All Funds	9,392,677	100.0%	8,943,900	5.0%	7,960,007	18.0%
UCITS	6,641,196	70.7%	6,295,307	5.5%	5,638,128	17.8%
Non-UCITS	2,751,481	29.3%	2,648,593	3.9%	2,321,880	18.5%

(1) End March 2013 compared to end December 2012; (2) end March 2013 compared to end December 2011