

*Trends in the European Investment Fund Industry
in the Third Quarter of 2009*

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EFAMA
The European Fund and Asset Management Association

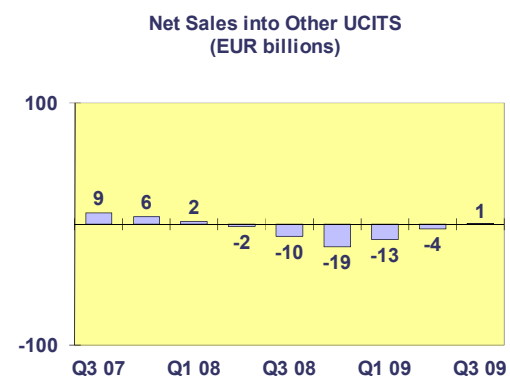
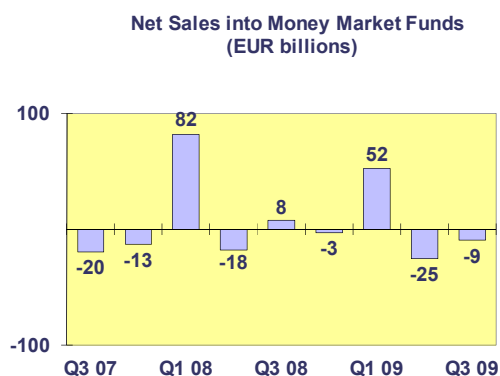
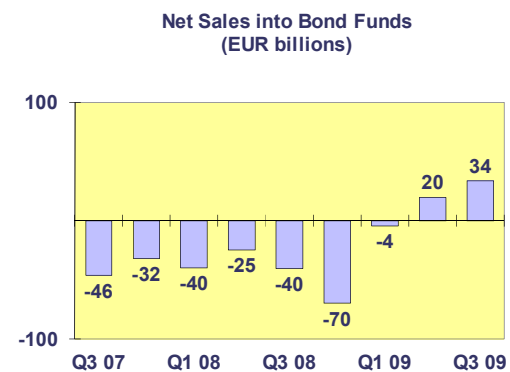
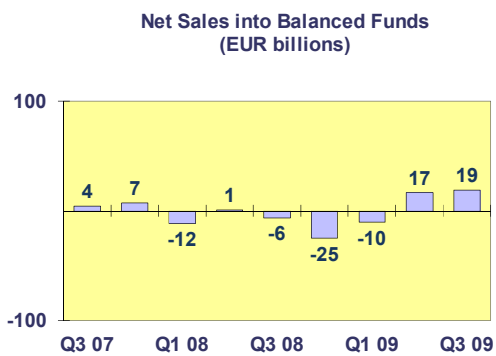
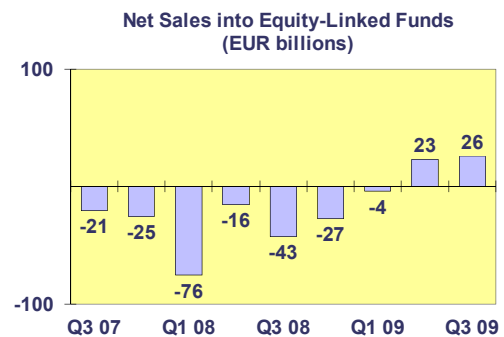
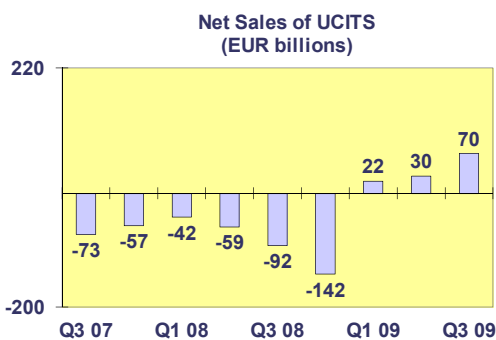
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Trends in the UCITS Market

Net Sales by Investment Type

UCITS enjoyed positive net inflows again in the third quarter of 2009. This happened for the third quarter in a row, confirming the turn-around in net sales of UCITS that started in the first quarter of 2009. Equally importantly, net inflows rose to EUR 70 billion in the third quarter, up from EUR 30 billion in the second quarter. Sustained demand for equity, bond and balanced funds boosted up the recovery, whereas investors continued to retreat from money market funds as short-term interest rates remained exceptionally low and the liquidity and functioning of fixed-income markets continued to improve. In this context, long-term UCITS, i.e. UCITS excluding money market funds, benefited from net inflows of EUR 79 billion in the third quarter, compared to net inflows of EUR 55 billion in the second quarter and net outflows of EUR 30 billion in the first quarter.

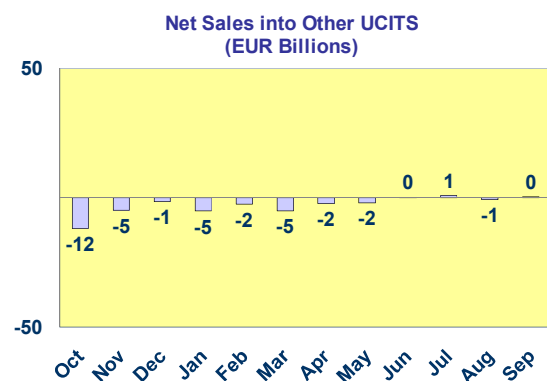
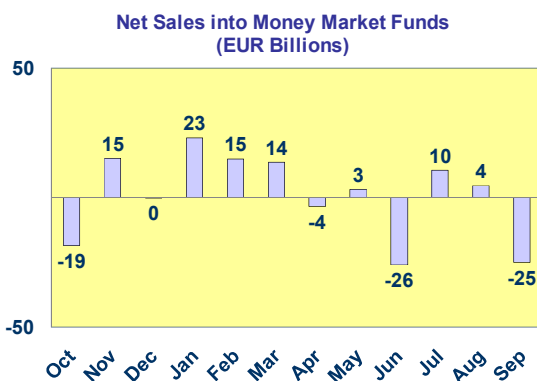
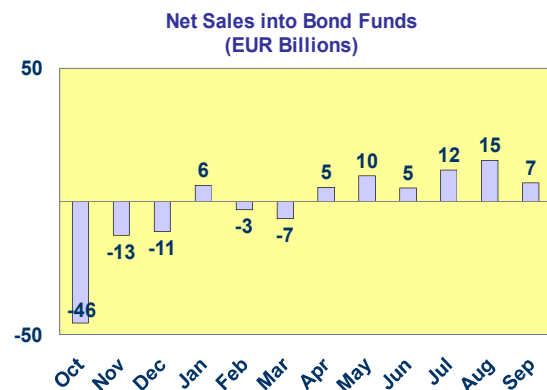
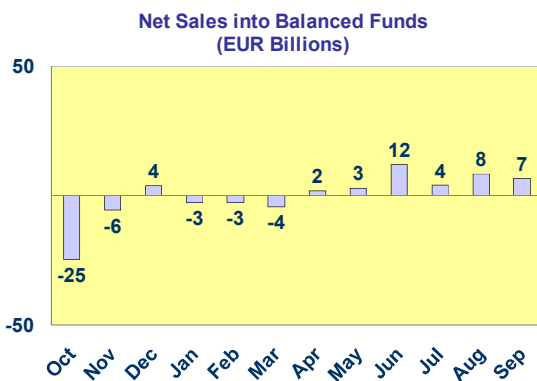
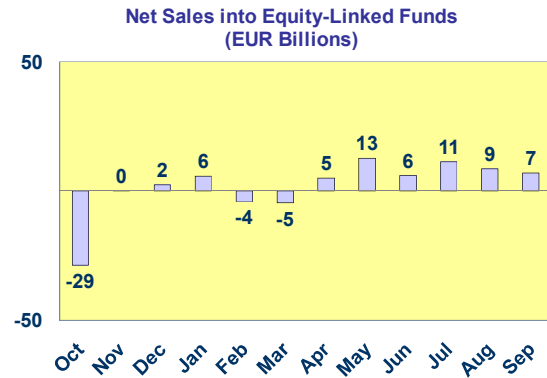
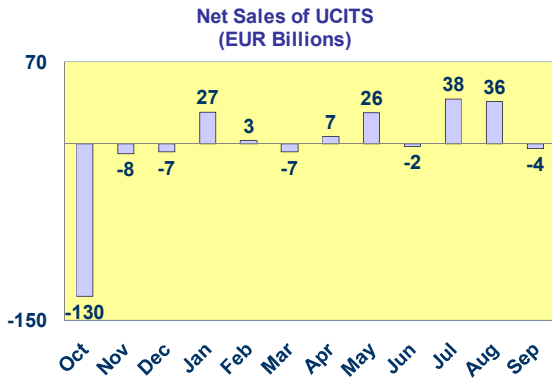
In the period from January to September 2009, total net sales of UCITS reached EUR 122 billion. Low short-term interest rates and stock valuations in conjunction with stronger-than-expected GDP growth and high concentration of financial assets in bank deposits contributed to this positive development.



Trends in the UCITS Market

Net Sales by Investment Type

Looking at the trend in monthly net sales¹, the charts below show that **equity, bond and balanced funds have attracted positive inflows for six months in a row**. On the other hand, inflows into money market funds have declined in recent months in parallel with the rebound of investor confidence in equity and medium and long-term bond investments. Overall, the monthly figures confirm the return of greater optimism about stock markets, global growth recovery and financial market conditions.



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

Nineteen reporting countries recorded positive net sales in the third quarter of 2009. Net inflows were particularly strong in Luxembourg (EUR 48 billion) and the United Kingdom (EUR 10 billion). Elsewhere in Europe, Italy-domiciled funds recorded positive net inflows for the first time in any quarter since the third quarter of 2005; this positive development suggests that Italian investors are beginning to see again the merits of diversifying their assets and investing in UCITS. Even if the same evolution can be observed in Spain, investor demand was not strong enough to prevent net outflows. In France, the relatively low level of total net inflows reflected sizeable net outflows from money market funds in September, in part reflecting the normal trend of redemptions taking place at the end of each quarter.

During the first nine months of 2009, the strongest level of net inflows was observed in Luxembourg (EUR 52 billion), thanks to strong inflows into bond and equity funds in the third quarter of 2009. France held the second largest share in total net sales in the period from January to September (EUR 36 billion), followed by the United Kingdom (EUR 26 billion) and Switzerland (EUR 8.5 billion).

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q3 2009	YTD	Q3 2009	YTD	Q3 2009	YTD	Q3 2009	YTD	Q3 2009	YTD	Q3 2009	YTD
Austria	337	662	-210	-1,881	-139	-647	-33	-1,701	-34	-339	-79	-3,907
Bulgaria	1	-1	0	-5	0	-3	2	2	0	0	3	-8
Czech Republic	10	21	-12	-47	-1	-32	21	-203	-21	-95	-4	-356
Denmark	904	1,657	92	-654	-40	-186	-5	-6	9	312	961	1,124
Finland	1,056	1,842	439	1,166	57	97	212	-119	-9	85	1,755	3,070
France	800	3,000	3,600	7,200	8,700	8,700	-10,100	23,900	-900	-6,900	2,100	35,900
Germany	1,226	4,348	491	1,631	897	1,186	-1,711	-4,436	499	2,267	1,402	4,995
Greece	30	32	80	-189	102	109	105	-631	0	-16	318	-694
Hungary	-48	-227	220	109	-2	-10	256	314	-37	-194	389	-7
Italy	114	-251	1,946	596	-954	-6,335	923	-657	0	0	2,029	-6,647
Liechtenstein	1	-160	137	389	10	-56	950	3,311	10	-47	1,108	3,437
Luxembourg	16,119	23,823	23,022	30,948	7,181	11,235	3,844	2,682	-2,386	-16,300	47,780	52,388
Norway	838	2,169	68	210	65	87	107	760	-14	30	1,064	3,257
Poland	209	314	42	-124	-9	-45	142	120	16	-3	401	263
Portugal	58	43	-29	-661	8	-89	618	818	157	11	811	121
Romania	2	4	50	46	9	13	104	248	3	4	168	315
Slovakia	8	13	2	-7	23	1	56	8	-13	-145	76	-129
Slovenia	10	5	1	-1	5	-4	-1	-2	1	3	14	1
Spain	-854	-5,019	-233	-1,260	715	-55	-1,365	-4,562	0	0	-1,737	-10,896
Sweden	1,315	3,898	468	80	289	637	-948	-1,942	308	452	1,432	3,126
Switzerland	77	839	125	-29	1,037	8,223	-1,840	-522	0	0	-601	8,511
Turkey	8	22	514	866	335	668	-458	418	105	189	504	2,163
United Kingdom	3,366	7,977	3,114	11,215	746	1,777	-233	-120	3,062	4,977	10,054	25,827
Total	25,589	45,011	33,926	49,598	19,031	25,272	-9,354	17,681	756	-15,708	69,948	121,854

(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 5.

Trends in the UCITS Market

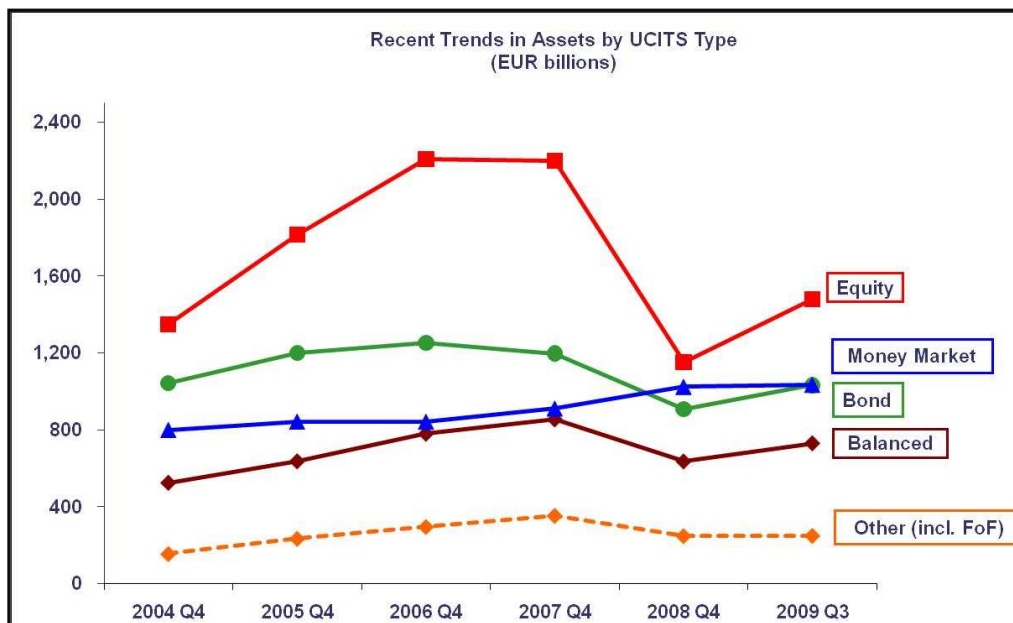
Net Assets by Investment Type

Total net assets of UCITS increased by 7.7 percent in the third quarter to reach EUR 5,157 billion at end September 2009. Equity funds experienced the strongest asset increase (EUR 197 billion or 15 percent). Balanced and bond funds also saw their assets increase by 9 percent and 8 percent, respectively. On the other hand, money market funds saw their assets decline by 1 percent in the third quarter of 2009. Rising stock prices and net inflows pushed the share of equity funds in UCITS assets upwards from 31 percent at end March 2009 to 33 percent at end September.

Since the end of 2008, total assets of UCITS rose by 13.5 percent, or EUR 615 billion. New money invested in UCITS represented 3 percent of UCITS assets at end 2008. Equity funds enjoyed the strongest asset increase (28 percent) followed by bond funds (24 percent). The reduction in the net assets held in funds of funds reflected the reclassification of German-domiciled funds of funds into the other types of funds.

UCITS types	30/09/2009		Change wrt to 30/06/2009		Change wrt to 31/12/2008	
	EUR bn	Share	in % ⁽²⁾	in EUR bn	% chg ⁽³⁾	in EUR bn
Equity	1,479	33%	15.4%	197	28.3%	326
Balanced	730	16%	9.3%	62	14.8%	94
Total Equity & Balanced	2,209	49%	13.3%	260	23.5%	420
Bond	1,032	23%	7.6%	73	13.8%	125
Money Market	1,034	23%	-1.1%	-12	1.0%	10
Funds of funds ⁽⁴⁾	61	1%	13.1%	7	-5.2%	-3
Other	188	4%	3.9%	7	2.2%	4
All Funds	4,524	100%	8.0%	335	14.0%	556
including Ireland & Netherlands	5,157		7.7%	368	13.5%	615

(1) Excluding Ireland and Netherlands for which no data breakdown is available. (2) End of September 2009 compared to end June 2009. (3) End of September 2009 compared to end 2008. (4) Except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in the other types of funds.



Trends in the UCITS Market

Net Assets by Country of Domiciliation

Looking at the development in the major fund markets in the third quarter of 2009, all countries experienced asset growth ranging from 1.2 percent in Spain to 11.5 percent in the United Kingdom. The asset increase in the United Kingdom would have been stronger, had the pound sterling not lost 6 percent of its value against the euro. Elsewhere, the asset increase was particularly strong in the Nordic countries, particularly in Sweden and Norway – two countries where the share of equity funds in UCITS assets remained high at end September 2009 (64 percent and 52 percent, respectively) and which benefited from an appreciation of their national currencies. All central European countries except Slovakia enjoyed above-European-average asset growth, reflecting asset price increases and strong inflows, especially in Poland and Hungary. In Southern Europe, Greece and Portugal also enjoyed positive strong asset growth, 11 and 13 percent, respectively.

Twenty-one countries recorded positive asset increase during the first nine months of 2009. The increase was higher than 10 percent in Denmark, Finland, France, Germany, Ireland, Liechtenstein, Luxembourg, Norway, Poland, Romania, Slovenia, Sweden, Switzerland, Turkey and the United Kingdom.

Table 3. Net Assets of the European UCITS Industry						
Members	30/09/2009		30/06/2009		31/12/2008	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	81,802	1.6%	77,623	5.4%	79,701	2.6%
Belgium	87,105	1.7%	79,457	9.6%	87,219	-0.1%
Bulgaria	170	0.0%	152	11.4%	162	4.8%
Czech Republic	4,454	0.1%	4,111	8.3%	4,422	0.7%
Denmark	55,161	1.1%	49,635	11.1%	46,891	17.6%
Finland	43,734	0.8%	39,073	11.9%	35,029	24.9%
France	1,264,105	24.5%	1,203,973	5.0%	1,143,265	10.6%
Germany	213,645	4.1%	194,739	9.7%	184,921	15.5%
Greece	9,869	0.2%	8,866	11.3%	9,324	5.8%
Hungary	7,821	0.2%	6,963	12.3%	7,212	8.4%
Ireland	569,697	11.0%	542,560	5.0%	517,702	10.0%
Italy	194,200	3.8%	186,202	4.3%	189,400	2.5%
Liechtenstein	21,054	0.4%	18,844	11.7%	15,822	33.1%
Luxembourg	1,529,019	29.6%	1,398,258	9.4%	1,337,043	14.4%
Netherlands	64,100	1.2%	57,300	11.9%	57,000	12.5%
Norway	43,865	0.9%	36,937	18.8%	29,517	48.6%
Poland	14,907	0.3%	12,362	20.6%	12,794	16.5%
Portugal	11,058	0.2%	9,795	12.9%	10,455	5.8%
Romania	593	0.0%	397	49.2%	234	153.6%
Slovakia	3,084	0.1%	2,953	4.4%	3,107	-0.8%
Slovenia	1,793	0.0%	1,632	9.9%	1,514	18.4%
Spain	188,247	3.7%	186,063	1.2%	194,714	-3.3%
Sweden	111,196	2.2%	96,703	15.0%	84,642	31.4%
Switzerland	117,994	2.3%	108,379	8.9%	98,320	20.0%
Turkey	13,685	0.3%	13,071	4.7%	11,221	22.0%
United Kingdom	504,936	9.8%	452,759	11.5%	380,462	32.7%
All Funds	5,157,294	100%	4,788,808	7.7%	4,542,094	13.5%

(1) End September compared to end June 2009; (2) end September 2009 compared to end 2008.

Trends in the Non-UCITS Market *Net Sales and Assets by Investment Type*

Total assets in the non-UCITS market increased by 5.8 percent in the third quarter of 2009 to EUR 1,683 billion. The bulk of the increase was driven by the rise in assets of special funds reserved for institutional investors, which in turn reflected asset appreciation and net inflows. British investment trust and French employees savings schemes also enjoyed strong asset growth.

Since end 2008, total asset of non-UCITS grew by 8.9 percent.

Table 4. Breakdown of Non-UCITS Assets by Category ⁽¹⁾						
Fund types	30/06/2009		31/03/2009		31/12/2008	
	EUR bn	Share	EUR bn	% chg ⁽²⁾	EUR bn	% chg ⁽³⁾
Special / Institutional	980	63%	919	6.6%	880	11.3%
German "Spezialfonds"	694	45%	652	6.4%	635	9.3%
British investment trusts	50	3%	45	10.7%	36	37.8%
French employees savings	86	6%	77	11.8%	71	19.7%
Luxembourg "other" funds	81	5%	77	5.5%	77	5.2%
Real-estate funds	204	13%	202	1.2%	201	1.7%
Other	150	10%	142	5.6%	151	-0.8%
Total	1,550	100%	1,461	6.1%	1,416	9.4%
including Ireland	1683		1590	5.8%	1546	8.9%

(1) Excluding Ireland for which no data breakdown is available. (2) End of September 2009 compared to end June 2009.
(3) End of September 2009 compared to end 2008.

Table 5. Net Sales of Special Funds ⁽¹⁾									
Members	2008					2009			
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	YTD
Austria	-196	-445	306	-332	-667	285	2,039	1,417	3,741
Denmark	995	2,600	-2,199	-140	1,256	-912	-8,108	-103	-9,123
Finland	-126	-287	-251	-641	-1,305	-227	-70	119	-178
Germany	3,705	2,760	8,806	1,704	16,975	5,318	-2,436	10,084	12,966
Hungary	8	92	436	194	730	165	-9	197	353
Italy	-133	-156	-101	-156	-546	263	-69	-19	174
Liechtenstein	100	195	124		419	70	51	127	248
Luxembourg	11,408	6,982	8,022	2,437	28,849	4,277	9,329	1,263	14,869
Romania					0	4	-1	0	2
Sweden	26	-30	9	20	25	23	112	80	216
United Kingdom	292	207	236	151	886	11	440	357	807
Total	16,079	11,918	15,388	3,237	46,622	9,275	1,278	13,522	24,075

(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 7.2 percent in the third quarter to reach EUR 6,840 billion at end September 2009.

With EUR 5,157 billion invested in UCITS, this segment of the business accounted for 75 percent of the fund market at end September 2009.

Since end 2008, the European investment fund industry saw its assets rise by 12.4 percent, or EUR 752 billion.

Members	30/09/2009		30/06/2009		31/12/2008	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	137,342	2.0%	129,156	6.3%	127,729	7.5%
Belgium	92,670	1.4%	84,311	9.9%	91,884	0.9%
Bulgaria	172	0.0%	155	11.4%	164	4.8%
Czech Republic	4,506	0.1%	4,163	8.2%	4,490	0.4%
Denmark	103,895	1.5%	94,962	9.4%	97,861	6.2%
Finland	51,729	0.8%	45,564	13.5%	41,338	25.1%
France	1,430,238	20.9%	1,359,973	5.2%	1,294,865	10.5%
Germany	995,217	14.5%	934,795	6.5%	904,899	10.0%
Greece	10,923	0.2%	9,859	10.8%	10,424	4.8%
Hungary	10,304	0.2%	9,079	13.5%	9,537	8.0%
Ireland	702,552	10.3%	671,915	4.6%	647,054	8.6%
Italy	249,850	3.7%	240,865	3.7%	252,563	-1.1%
Liechtenstein	23,066	0.3%	20,651	11.7%	17,800	29.6%
Luxembourg	1,773,834	25.9%	1,631,256	8.7%	1,559,653	13.7%
Netherlands	76,500	1.1%	69,200	10.5%	67,500	13.3%
Norway	43,865	0.6%	36,937	18.8%	29,517	48.6%
Poland	20,552	0.3%	17,060	20.5%	17,864	15.0%
Portugal	27,448	0.4%	25,234	8.8%	25,058	9.5%
Romania	2,248	0.0%	1,839	22.2%	1,701	32.2%
Slovakia	3,263	0.0%	3,122	4.5%	3,328	-2.0%
Slovenia	2,186	0.0%	2,032	7.6%	1,881	16.2%
Spain	195,686	2.9%	193,523	1.1%	203,498	-3.8%
Sweden	113,417	1.7%	97,746	16.0%	86,604	31.0%
Switzerland	156,457	2.3%	145,062	7.9%	134,805	16.1%
Turkey	16,029	0.2%	15,343	4.5%	13,547	18.3%
United Kingdom	596,163	8.7%	535,175	11.4%	442,157	34.8%
All Funds	6,840,112	100.0%	6,378,974	7.2%	6,087,723	12.4%
UCITS	5,157,294	75.4%	4,788,808	7.7%	4,542,094	13.5%
Non-UCITS	1,682,818	24.6%	1,590,166	5.8%	1,545,629	8.9%

(1) End September compared to end June 2009; (2) end September 2009 compared to end 2008.