

*Trends in the European Investment Fund Industry
in the First Quarter of 2005*

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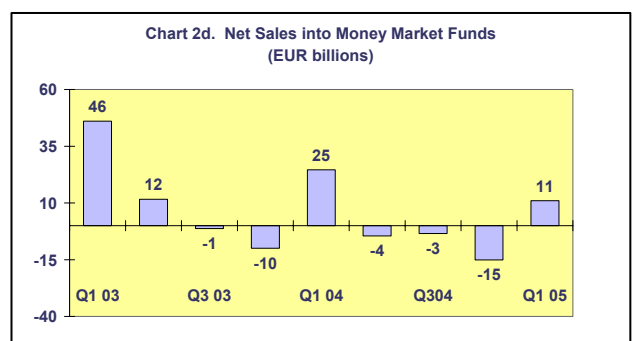
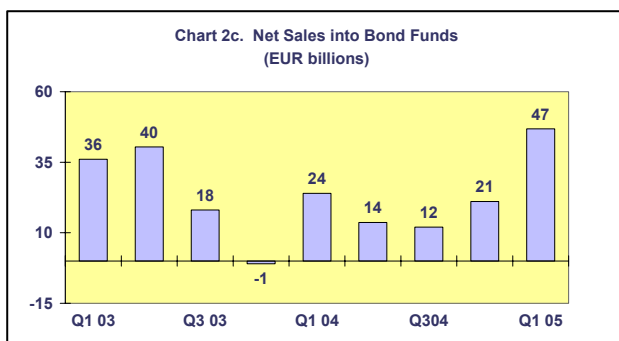
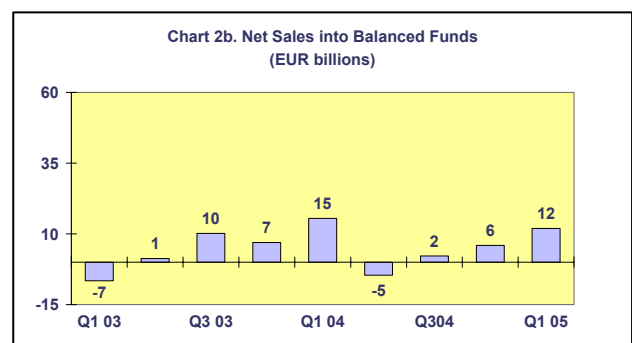
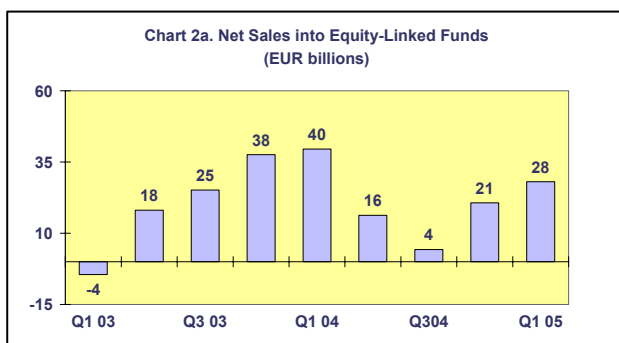
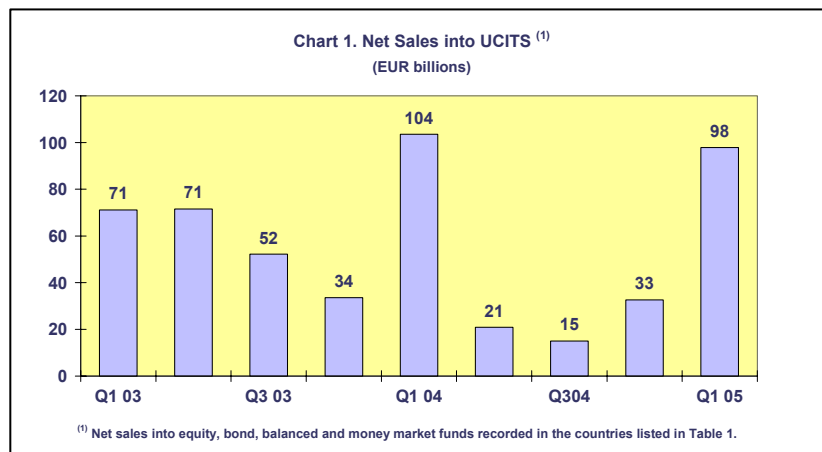
Trends in the UCITS Market ¹

Net Sales by Investment Type

Net flows to equity, bond, balanced and money market funds reached EUR 98 billion in the first quarter, compared with EUR 33 billion in the fourth quarter of 2004 and EUR 15 billion in the preceding quarter. As shown in the charts below, the recovery was mainly due to a sharp acceleration in net flows to bond funds and a rebound – of a seasonal nature – in the demand for money market funds.

Importantly, equity funds attracted EUR 28 billion, reflecting the strengthening in equity investing that started at the end of 2004. The steady increase in stock markets observed between end August 2004 and end March 2005 lifted investor demand for equity-linked funds.

Excluding money market funds, long-term UCITS – equity, balanced and bond funds – collected EUR 87 billion of net flows, compared to EUR 48 billion in the fourth quarter of 2004 and EUR 79 billion in the first quarter of last year.



¹ "UCITS" is used in this note in the sense of publicly offered open-end funds investing in transferable securities and money market funds.

Trends in the UCITS Market

Net Sales by Country of Domiciliation

With net sales totaling EUR 61 billion in the first quarter, Luxembourg-domiciled funds represented 56% of total flows to UCITS – a performance confirming the importance taken by global fund management groups operating from Luxembourg and a growing number of fund providers setting up roundtrip funds in Luxembourg to the detriment of their domestic markets. Following a standstill in the last quarter of 2004, net sales of French-domiciled funds recorded a rebound to EUR 30 billion. Despite record outflows from money market funds, Spain stood third in this ranking, followed by Austria and the UK. Notwithstanding the poor performance of its home-domiciled equity funds, Germany enjoyed net sales that had not been seen since the first quarter of 2003. Finally, Italy continued to suffer from net redemptions, albeit at a slowing rate thanks to the good sales performance of bond funds.

Looking at the development in relation to the size of the UCITS market, growth was the most impressive in Hungary, reflecting strong demand for fixed-income funds. Luxembourg also appears in this ranking, with net sales representing 6% of end-of-2004 assets – a percentage quite higher than the European average (2.6%).

Table 1. Net Sales of UCITS in the First Quarter of 2005 ⁽¹⁾

Members	Equity Funds	Bond Funds	Balanced Funds	Money Market Funds	Other Funds ⁽¹⁾	Total
Austria	412	2,120	-30	1,401	316	4,219
Czech Republic	12	28	-66	159	2	135
Denmark	761	1,397	4	0	0	2,162
Finland	192	456	95	2,022	-3	2,762
France	6,100	8,700	2,400	12,800	0	30,000
Germany	-2,322	2,090	1,160	1,412	221	2,561
Greece	-172	2,337	-1,723	-1,107	1	-664
Hungary	29	408	9	429	32	907
Italy	-2,618	-648	2,405	-3,723	0	-4,584
Liechtenstein	34	114	31	-82	30	127
Luxembourg	20,103	25,108	4,579	121	11,409	61,320
Netherlands	-418	-569	19	-204	-287	-1,459
Norway	589	315	64	400	0	1,368
Portugal	18	347	90	-94	191	552
Spain	4,010	2,747	1,857	-3,201	0	5,413
Sweden	1,598	240	484	215	231	2,768
Switzerland	-269	190	-304	28	95	-260
United Kingdom	17	1,434	848	421	379	3,099
Total	28,076	46,814	11,922	10,997	12,617	110,426

(1) Including funds of funds, except for France and Italy for which the funds of funds data are included in the other fund categories.

Chart 3a. Top 5 Countries by Net Sales in 2005, Q1 (EUR billions)

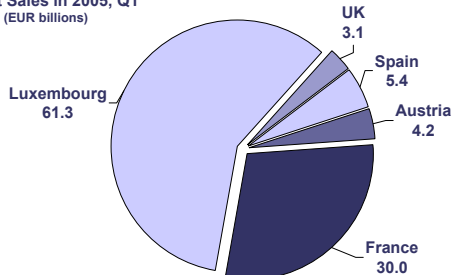
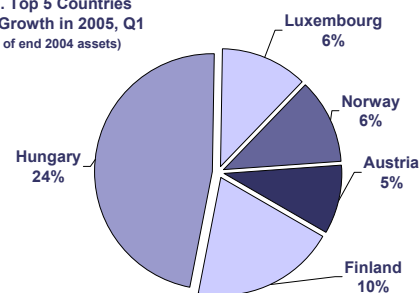


Chart 3b. Top 5 Countries by UCITS Growth in 2005, Q1 (in terms of end 2004 assets)



Trends in the UCITS Market

Net Assets by Investment Type

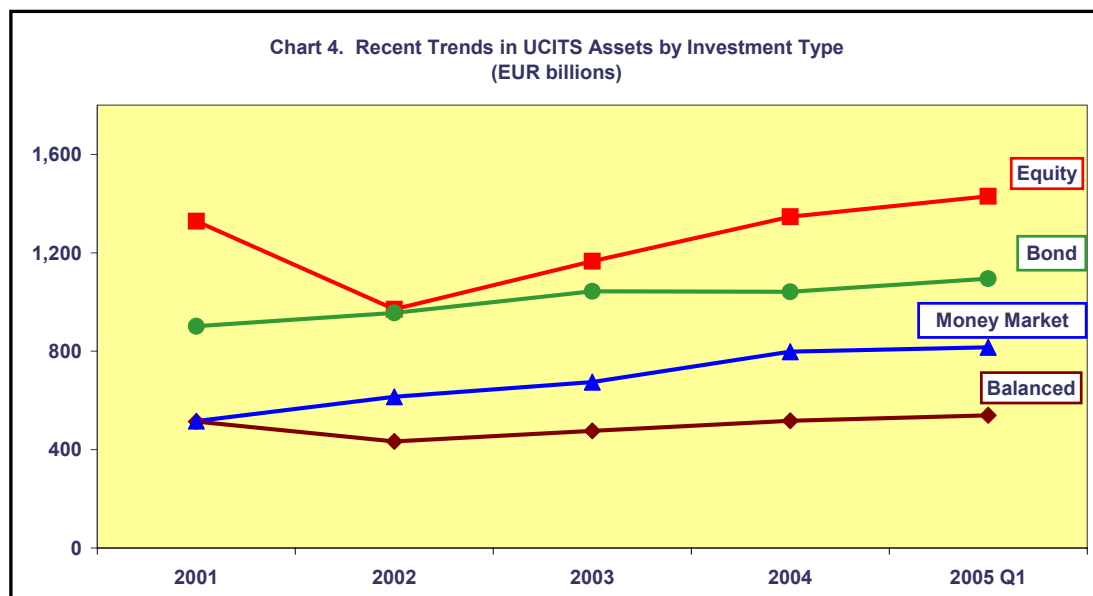
Total net assets of UCITS increased by 5.1% in the first quarter. The high level of growth was almost evenly distributed across all fund categories, with equity and bond funds leading the way. Funds of funds also performed well, partly reflecting the reclassification of two Belgian-domiciled bond funds into the funds-of-funds category.

The UCITS asset growth in the first quarter can be decomposed into a 2.6% asset increase fueled by net inflows and a 2.4% increase attributable to market appreciation. Equity funds benefited the most from market appreciation (4.1%), with net sales adding another 2.1% to growth.

Since end March 2004, total assets in the UCITS rose by 9.8%, with almost equal growth of equity and bond fund assets, 12.8% and 12.3% respectively.

Table 2. Breakdown of UCITS Assets by Category ⁽¹⁾						
UCITS types	31/3/2005		31/12/2004		31/3/2004	
	EUR bn	Share	% chg ⁽²⁾	EUR bn	% chg ⁽³⁾	Share
Equity	1,430	35%	6.2%	84	12.8%	34%
Balanced	540	13%	4.2%	22	8.4%	14%
Total Equity & Balanced	1,970	49%	5.7%	105	11.6%	48%
Bond	1,095	27%	5.2%	54	12.3%	26%
Money Market	816	20%	2.3%	18	0.1%	22%
Funds of funds ⁽⁵⁾	56	1%	9.1%	5	12.6%	1%
Other	97	2%	9.5%	8	27.6%	2%
All Funds	4,034	100%	5.0%	190	9.5%	100%
including Ireland	4,400		5.1%	213	9.8%	

(1) Excluding Ireland for which no data breakdown is available. (5) Except funds of funds domiciled in France, Luxembourg and Italy which are included in the other types of funds.
(2) End March 2005 compared to end 2004.
(3) End March 2005 compared to end March 2004.



Trends in the UCITS Market

Net Assets by Country of Domiciliation

Looking at the development in the major markets, Luxembourg recorded the highest asset growth in the first quarter (7.8%), followed by Ireland (6.7%), the United Kingdom (5.9%), France (4.7%), Spain (3.2%) and Italy (-0.2%).

Nordic and Central European countries continued to show above average growth performance, especially in Hungary (23%) and Finland (15%). Elsewhere in Europe, almost all countries experienced asset growth between 3 and 5%, except in Turkey (12.8%), Netherlands (0.2%) and Greece (-1.6%).

Looking at the country share in UCITS asset domiciliation, Luxembourg strengthened its number 1 position with a market share of 25.1%.

Table 3. Net Assets of the European UCITS Industry						
Members	31/3/2005		31/12/2004		31/3/2004	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	92,887	2.1%	89,046	4.3%	85,449	8.7%
Belgium	97,769	2.2%	93,431	4.6%	88,239	10.8%
Czech Republic	3,826	0.1%	3,583	6.8%	3,304	15.8%
Denmark	50,432	1.1%	47,573	6.0%	41,657	21.1%
Finland	31,915	0.7%	27,647	15.4%	25,876	23.3%
France	1,053,700	23.9%	1,006,500	4.7%	970,900	8.5%
Germany	230,665	5.2%	224,691	2.7%	230,579	0.0%
Greece	31,155	0.7%	31,647	-1.6%	30,904	0.8%
Hungary	4,627	0.1%	3,766	22.9%	2,916	58.6%
Ireland	366,237	8.3%	343,308	6.7%	316,345	15.8%
Italy	374,840	8.5%	375,694	-0.2%	388,924	-3.6%
Liechtenstein	10,400	0.2%	9,980	4.2%	8,354	24.5%
Luxembourg	1,104,998	25.1%	1,024,984	7.8%	958,840	15.2%
Netherlands	74,788	1.7%	74,620	0.2%	74,088	0.9%
Norway	24,683	0.6%	22,659	8.9%	19,489	26.6%
Poland	9,551	0.22%	8,820	8.3%	7,253	31.7%
Portugal	24,122	0.5%	23,420	3.0%	22,557	6.9%
Slovakia ⁽³⁾	1,595	0.04%	1,592	--	1,080	--
Spain	240,553	5.5%	233,124	3.2%	216,371	11.2%
Sweden	84,552	1.9%	79,938	5.8%	75,240	12.4%
Switzerland	72,852	1.7%	70,587	3.2%	72,650	0.3%
Turkey	14,997	0.3%	13,297	12.8%	12,030	24.7%
United Kingdom	398,662	9.1%	376,477	5.9%	358,494	11.2%
All Funds	4,399,805	100%	4,186,385	5.1%	4,011,541	9.7%

(1) End March 2005 compared to end 2004; (2) end March 2005 compared to end March 2004; (3) as of end 2004.

Trends in the Non-UCITS Market ² Net Sales and Assets by Investment Type

Total assets in the non-UCITS market rose by 4.2% in the first quarter to EUR 1,204 billion.

For two quarters in a row, special funds reserved for institutional investors, which represent about 62% of the non-UCITS market, benefited from EUR 14 billion in new cash – a strong performance compared to the trends observed in 2003 and 2004. Most of the sales were recorded in Germany (EUR 9.8 billion) and Luxembourg (EUR 2.3 billion).

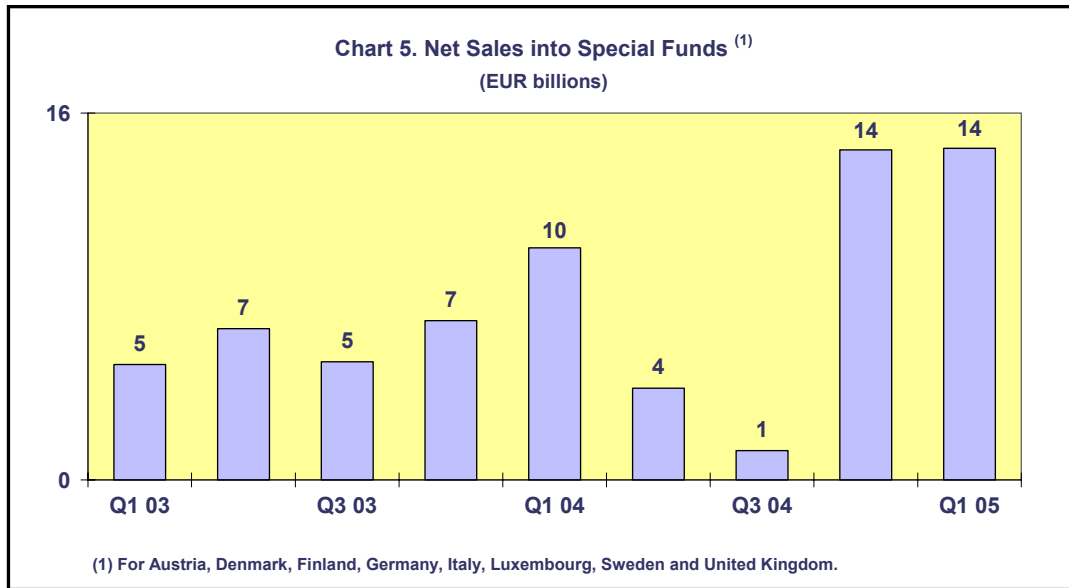


Table 4. Breakdown of Non-UCITS Assets by Category ⁽¹⁾

Fund types	31/3/2005		31/12/2004		31/3/2004	
	EUR bn	Share	EUR bn	% chg ⁽²⁾	EUR bn	Share
Special / Institutional	690	62%	665	3.7%	645	63%
German "Spezialfonds"	559	51%	543	3.0%	532	52%
Closed-ended	125	11%	116	7.1%	113	11%
British investment trusts	90	8%	86	4.9%	87	9%
Open-ended	66	6%	64	3.4%	65	6%
French employees savings	59	5%	57	2.5%	60	6%
Property funds	153	14%	150	2.1%	139	14%
Other	74	7%	70	6.0%	59	6%
Total	1,107	100%	1,065	4.0%	1,021	100%
including Ireland	1,204		1,156	4.2%	1,107	

(1) Excluding Ireland for which no data breakdown is available. (2) End March 2005 compared to end 2004. (3) End March 2005 compared to end March 2004.

² "Non-UCITS" is used in this note in the sense of nationally regulated funds that are not publicly offered and/or are closed-end funds. The non-UCITS market is dominated by four types of products: the German "Spezialfonds" reserved for institutional investors, the British closed-ended investment trusts, the property funds and the French open-ended employees saving funds.

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 4.9% in the first quarter to total EUR 5,604 billion at end March 2005. Compared to the situation at end 2004, total net assets increased by EUR 262 billion.

Three countries (Luxembourg, France and Germany) had a market share of 57.7% at end March 2005, with Luxembourg recouping the number 1 position which it had lost from France in 2002. The United Kingdom, Ireland and Italy followed in this ranking.

With EUR 4,400 billion invested in UCITS, this segment of the business accounted for 78.5% of the fund market at end March 2005.

Members	31/3/2005		31/12/2004		31/3/2004	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	132,032	2.4%	125,289	5.4%	117,560	12.3%
Belgium	103,171	1.8%	98,785	4.4%	93,684	10.1%
Czech Republic	3,827	0.1%	3,590	6.6%	3,408	12.3%
Denmark	81,394	1.5%	77,179	5.5%	64,177	26.8%
Finland	36,197	0.6%	30,805	17.5%	25,876	39.9%
France	1,159,900	20.7%	1,110,290	4.5%	1,073,400	8.1%
Germany	878,958	15.7%	855,031	2.8%	849,615	3.5%
Greece	32,441	0.6%	32,985	-1.7%	32,220	0.7%
Hungary	5,308	0.1%	4,441	19.5%	3,338	59.0%
Ireland	463,106	8.3%	434,589	6.6%	402,248	15.1%
Italy	398,167	7.1%	396,886	0.3%	405,976	-1.9%
Liechtenstein	10,601	0.2%	10,138	4.6%	8,436	25.7%
Luxembourg	1,194,010	21.3%	1,106,222	7.9%	1,032,772	15.6%
Netherlands	89,234	1.6%	89,102	0.1%	87,912	1.5%
Norway	24,683	0.4%	22,659	8.9%	19,489	26.6%
Poland	9,993	0.2%	9,237	8.2%	7,478	33.6%
Portugal	32,504	0.6%	31,465	3.3%	29,162	11.5%
Slovakia	1,644 ⁽³⁾	0.03%	1,641	--	1,200	--
Spain	245,677	4.4%	237,502	3.4%	219,555	11.9%
Sweden	86,178	1.5%	81,438	5.8%	76,789	12.2%
Switzerland	86,062	1.5%	83,325	3.3%	83,467	3.1%
Turkey	15,084	0.3%	13,297	13.4%	12,040	25.3%
United Kingdom	513,923	9.2%	486,571	5.6%	468,533	9.7%
All Funds	5,604,092	100.0%	5,342,467	4.9%	5,118,333	9.5%
UCITS Assets	4,399,805	78.5%	4,186,385	5.1%	4,011,541	9.7%
Non-UCITS Assets	1,204,288	21.5%	1,156,082	4.2%	1,106,792	8.8%

(1) End March 2005 compared to end 2004; (2) End March 2005 compared to end March 2004; (3) as of end 2004.