

Trends in the European Investment Fund Industry
in the Second Quarter of 2011
and
Results for the First Half of 2011

This report was prepared by Bernard Delbecque, Director of Economics and Research

**EFAMA
The European Fund and Asset Management Association**

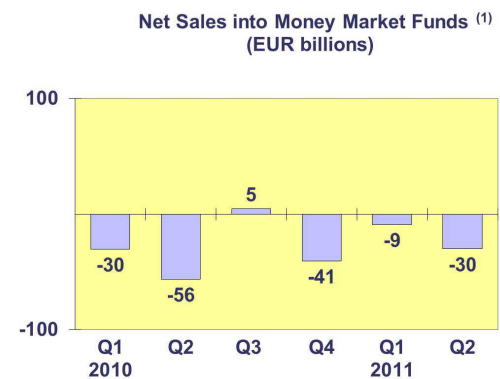
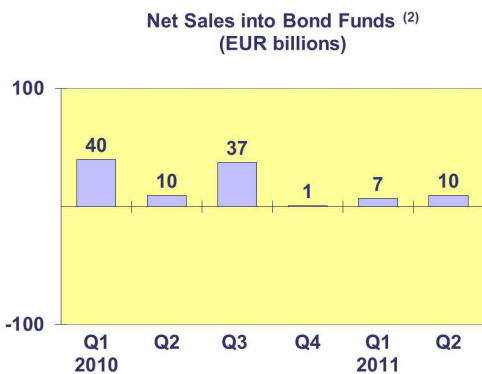
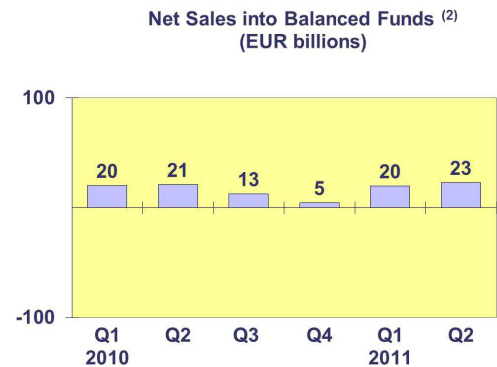
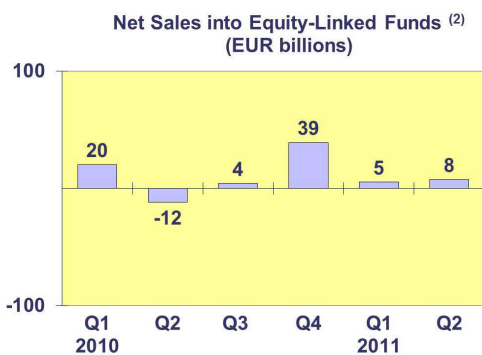
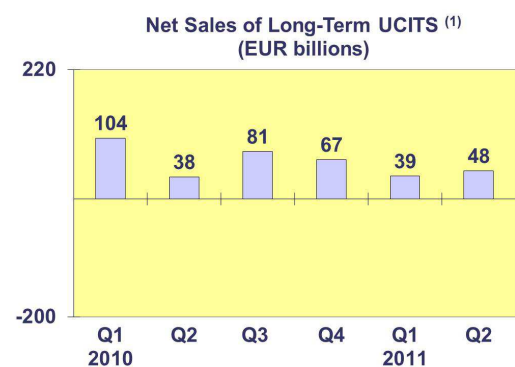
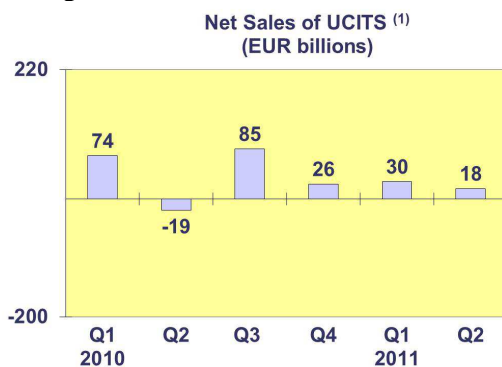
Square de Meeûs, 18 - B-1050 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

Trends in the UCITS Market

Net Sales by Investment Type

UCITS attracted EUR 18 billion in net inflows during the second quarter of 2011, compared to EUR 30 billion in the first quarter. This reduction was attributable to a rise in net outflows from money market funds, from EUR 9 billion in the first quarter to EUR 30 billion in the second quarter. In contrast, total net sales of long-term UCITS increased to EUR 48 billion, up from EUR 39 billion in the first quarter, with all long-term UCITS categories enjoying increased net sales. Equity funds recorded an increase in net inflows to EUR 8 billion, up from EUR 5 billion in the first quarter. Bond funds saw net inflows increasing to EUR 10 billion, whilst balanced funds enjoyed net inflows of EUR 23 billion during the quarter.

Overall, net inflows into UCITS amounted to EUR 48 billion during the first half of 2011, slightly behind the EUR 55 billion recorded in the first half of 2010. Long-term UCITS attracted EUR 87 billion during the first half of the year, down from net inflows of EUR 142 billion for the same period in 2010. This reduction reflects the change in investor sentiment from a high level at the beginning of 2010 to lower levels in 2011, when a stream of events from the Arab uprisings and the Japanese earthquake, to renewed concerns about sovereign debt risk caused turbulence on financial markets.



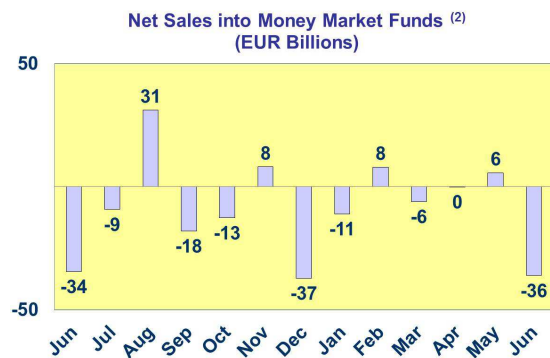
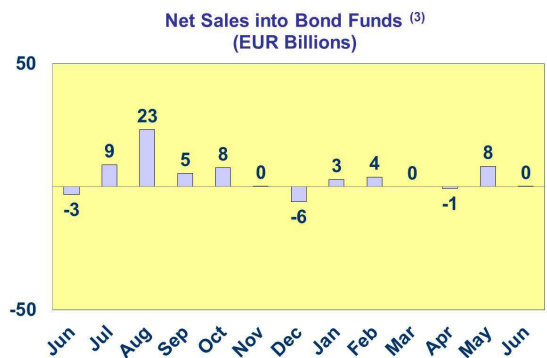
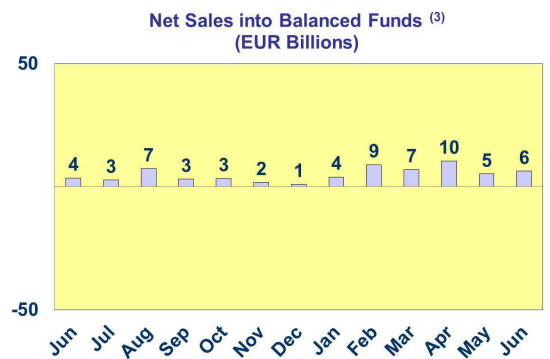
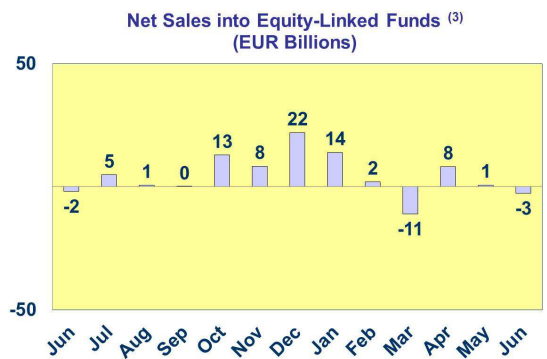
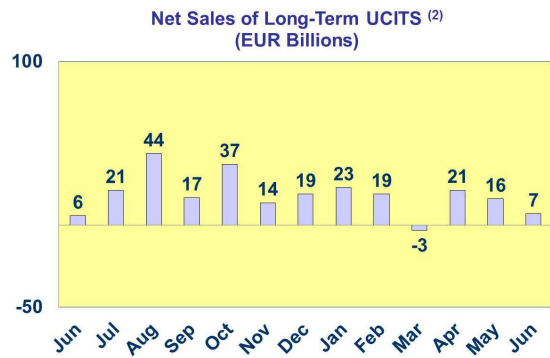
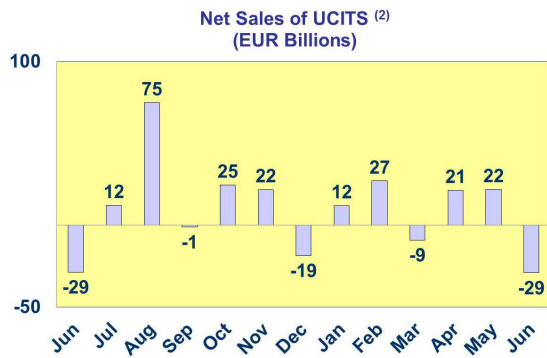
(1) Including Ireland for all quarters.

(2) Including Ireland from Q1 2011.

Trends in the UCITS Market

Net Sales by Investment Type

A strong rebound in net sales of UCITS in April and May following the Japanese earthquake in March was short-lived. This can be seen from the trends in monthly net sales¹ for UCITS, which shows a sharp turnaround in June. This drop was mainly attributable to large outflows from money market funds, as well as concerns regarding the strength of the global economic recovery and increasing tensions in the euro area, which sparked lower demand for equity and bond funds.



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

² Including Ireland for all months.

³ Including Ireland from December 2010.

Trends in the UCITS Market

Net Sales by Country of Domiciliation

Eleven countries recorded net inflows into UCITS in the second quarter of 2011, with seven countries reporting net sales in excess of EUR 1 billion (Ireland EUR 26 billion, Luxembourg EUR 8 billion, United Kingdom EUR 8 billion, Switzerland EUR 6 billion, the Netherlands EUR 2 billion, Sweden EUR 1 billion and Denmark EUR 1 billion).

Elsewhere in Europe, UCITS domiciled in France suffered outflows of EUR 23 billion in the second quarter, on account of net outflows primarily from money market funds (EUR 20 billion). Despite strong net inflows into equity funds, Germany only managed to breakeven in net sales during the quarter. Among the Nordic countries, Sweden, Denmark and Norway recorded net inflows during the second quarter, whereas Finland recorded net outflows. For the Mediterranean region, Italy and Spain continued to experience significant net outflows of EUR 5 billion and EUR 4 billion, respectively. Greece and Portugal also continued to suffer from net outflows.

In the first half of 2011, eight countries have recorded net inflows in excess of EUR 1 billion (Ireland EUR 39 billion, Luxembourg EUR 32 billion, United Kingdom EUR 13 billion, Switzerland EUR 11 billion, Norway EUR 5 billion, the Netherlands EUR 2 billion, Sweden EUR 3 billion and Denmark EUR 2 billion).

| Members | Equity Funds | | Bond Funds | | Balanced Funds | | Money Market Funds | | Other Funds ⁽²⁾ | | Total | |
|---------------------------|--------------|---------------|--------------|---------------|----------------|---------------|--------------------|----------------|----------------------------|---------------|---------------|---------------|
| | Q2 2011 | YTD | Q2 2011 | YTD | Q2 2011 | YTD | Q2 2011 | YTD | Q2 2011 | YTD | Q2 2011 | YTD |
| Austria | 22 | -63 | -1,386 | -1,719 | 143 | 20 | 90 | -187 | -271 | -407 | -1,403 | -2,356 |
| Bulgaria | -1 | 1 | -1 | -3 | -2 | -2 | -4 | 1 | 0 | 0 | -7 | -3 |
| Czech Republic | -2 | 12 | 5 | 6 | 5 | -18 | -101 | -177 | 52 | 70 | -41 | -107 |
| Denmark | 210 | 1,039 | 491 | 434 | 559 | 716 | 0 | 0 | -72 | -79 | 1,189 | 2,111 |
| Finland | -813 | -871 | 1 | -29 | 268 | 439 | 385 | 388 | -5 | 9 | -164 | -63 |
| France | -2,400 | -8,200 | -1,500 | -2,100 | 1,300 | 900 | -20,400 | -28,000 | 0 | -200 | -23,000 | -37,600 |
| Germany | 1,474 | 1,337 | -652 | -2,062 | 112 | 1,170 | -687 | -584 | -283 | -434 | -34 | -574 |
| Greece | -27 | -37 | -76 | -167 | -19 | -41 | -286 | -255 | -26 | -65 | -434 | -565 |
| Hungary | -53 | -324 | -1 | 7 | 5 | 8 | -71 | -198 | -19 | 12 | -138 | -494 |
| Ireland | 4,264 | 9,856 | 8,282 | 11,402 | 1,578 | 2,981 | 5,227 | 4,297 | 6,992 | 10,618 | 26,343 | 39,153 |
| Italy | -569 | -960 | -2,299 | -6,018 | -1,270 | -2,729 | -1,088 | -3,071 | 0 | 0 | -5,226 | -12,778 |
| Liechtenstein | 72 | 76 | 243 | 313 | 84 | 171 | -50 | -105 | -268 | -113 | 82 | 341 |
| Luxembourg ⁽³⁾ | 2,814 | 6,722 | 4,646 | 10,235 | 15,306 | 29,969 | -12,622 | -11,810 | -2,345 | -3,486 | 7,799 | 31,630 |
| Netherlands | 417 | -212 | 1,154 | 1,127 | 1,166 | 1,150 | 0 | 0 | -264 | -300 | 2,473 | 1,765 |
| Norway | 640 | 1,294 | -253 | 2,953 | 54 | 280 | -328 | 342 | 57 | 69 | 170 | 4,938 |
| Poland | -3 | -29 | -24 | -312 | -109 | -254 | -19 | 135 | 15 | -10 | -140 | -470 |
| Portugal | -43 | -58 | 101 | 84 | -20 | -32 | -395 | -743 | -94 | -156 | -452 | -905 |
| Romania | -2 | -2 | 29 | 62 | -3 | 0 | 51 | 95 | 44 | 101 | 120 | 257 |
| Slovakia | 5 | 2 | -16 | -31 | 24 | 45 | -78 | -122 | -2 | -24 | -67 | -131 |
| Slovenia | -7 | 5 | 5 | 12 | -9 | -18 | 4 | 7 | 0 | 0 | -8 | 5 |
| Spain | -1,345 | -958 | -1,416 | -526 | -500 | -1,248 | -329 | -530 | 0 | 0 | -3,589 | -3,262 |
| Sweden | -261 | -671 | 412 | 202 | 449 | 1,288 | 326 | 1,466 | 366 | 288 | 1,292 | 2,574 |
| Switzerland | 1,480 | 2,903 | 554 | 2,175 | 3,224 | 5,888 | 312 | 203 | 0 | 0 | 5,570 | 11,170 |
| Turkey | 20 | 74 | -179 | -315 | -106 | -126 | -188 | -342 | 483 | 1,007 | 30 | 299 |
| United Kingdom | 1,767 | 1,599 | 1,536 | 690 | 888 | 2,471 | 150 | 116 | 3,447 | 7,744 | 7,787 | 12,620 |
| Total | 7,659 | 12,535 | 9,656 | 16,421 | 23,128 | 43,028 | -30,102 | -39,073 | 7,807 | 14,644 | 18,149 | 47,555 |

(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 slightly decreased during the second quarter, falling 0.5 percent to stand at EUR 5,921 billion at end June 2011. This fall in net assets reflected decreased net assets of money market funds, which fell by 3.0 percent (EUR 34 billion) during the quarter, and decreased net assets of equity funds, which dropped by 1.2 percent (EUR 26 billion). In contrast, balanced fund assets recorded strong growth during the quarter (4.9% or EUR 46 billion). Bond funds also enjoyed an increase in net assets (1.5% or EUR 21 billion) during the quarter.

The number of UCITS at end June 2011 stood at 36,733, compared to 36,559 at end December 2010.

| Table 2. Breakdown of UCITS Assets by Category | | | | | | |
|--|--------------|-------------|------------------------|------------|------------------------|------------|
| UCITS types | 30-Jun-11 | | Change from 31/03/2011 | | Change from 31/12/2010 | |
| | EUR bn | Share | in % ⁽¹⁾ | in EUR bn | in % ⁽²⁾ | in EUR bn |
| Equity | 2,087 | 35% | -1.2% | -26 | -2.9% | -62 |
| Balanced | 989 | 17% | 4.9% | 46 | 7.5% | 69 |
| Total Equity & Balanced | 3,076 | 52% | 0.7% | 20 | 0.2% | 7 |
| Bond | 1,404 | 24% | 1.5% | 21 | 0.7% | 10 |
| Money Market (MM) | 1,107 | 19% | -3.0% | -34 | -5.5% | -64 |
| Funds of funds ⁽³⁾ | 91 | 2% | 1.1% | 1 | -9.0% | -9 |
| Other | 273 | 5% | -2.1% | -6 | -0.7% | -2 |
| Total | 5,921 | 100% | -0.5% | -29 | -1.4% | -87 |
| of which guaranteed funds | 188 | 3% | -0.8% | -2 | -0.8% | -2 |

(1) End of June 2011 compared to end March 2011 assets; (2) end of June 2011 compared to end December 2010 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 | 30-Jun-11 | | Change from 31/03/2011 | | Change from 31/12/2010 | |
| | No. | Share | in % ⁽²⁾ | in No. | in % ⁽³⁾ | in No. |
| Equity | 13,065 | 39% | -0.4% | -50 | 0.1% | 9 |
| Balanced | 8,428 | 25% | 1.5% | 124 | 4.9% | 396 |
| Total Equity & Balanced | 21,493 | 65% | 0.3% | 74 | 0.6% | 132 |
| Bond | 6,363 | 19% | 0.3% | 22 | 2.5% | 157 |
| Money Market (MM) | 1,494 | 4% | -3.9% | -61 | -6.0% | -95 |
| Funds of funds ⁽⁴⁾ | 1,098 | 3% | 0.0% | 0 | -16.4% | -215 |
| Other | 2,776 | 8% | 0.4% | 12 | -1.9% | -53 |
| Total (excl. Ireland & Netherlands) | 33,224 | 100% | 0.1% | 47 | 0.6% | 199 |
| of which guaranteed funds | 3,543 | 11% | -3.4% | -126 | -2.6% | -96 |
| Total (incl. Ireland & Netherlands) | 36,733 | | -0.1% | -41 | 0.5% | 174 |

(1) No full data breakdown is available for Ireland and the Netherlands; (2) end June 2011 compared to end March 2011; (3) end June 2011 compared to end December 2010; (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

Total UCITS net assets decreased by 0.5 percent in the quarter to stand at EUR 5,921 billion at end June 2011. Only four countries recorded growth in net assets during the quarter (Ireland, Switzerland, Norway and Romania), with all other countries witnessing a decline in net assets. Among the largest domiciles of UCITS, Luxembourg, France and the United Kingdom experienced decreases in net assets during the quarter of 0.6 percent, 2.0 percent and 0.3 percent, respectively.

Amongst the Nordic countries, Sweden, Finland and Denmark witnessed net asset declines over the quarter by 2.3 percent, 1.9 percent and 1.0 percent, respectively. All Mediterranean countries suffered during the quarter with Greece suffering from a fall of 12.7 percent in net assets, followed by Portugal (6.9%), Italy (3.4%) and Spain (2.3%). In Eastern Europe, Romania recorded strong growth of 6.0 percent due to continued strong net sales.

During the first half of 2011 total net assets have decreased by 1.4 percent. Despite this fall, seven countries have recorded net asset increases during this period.

| Members | 30/06/2011 | | 31/03/2011 | | 31/12/2010 | |
|----------------------------|------------------|-------------|------------------|----------------------|------------------|----------------------|
| | EUR m | Share | EUR m | % chg ⁽¹⁾ | EUR m | % chg ⁽²⁾ |
| Austria | 80,359 | 1.4% | 82,621 | -2.7% | 84,725 | -5.2% |
| Belgium | 87,478 | 1.5% | 88,121 | -0.7% | 91,086 | -4.0% |
| Bulgaria | 231 | 0.0% | 241 | -4.3% | 227 | 1.6% |
| Czech Republic | 4,828 | 0.1% | 4,854 | -0.5% | 4,806 | 0.5% |
| Denmark | 66,966 | 1.1% | 67,657 | -1.0% | 67,556 | -0.9% |
| Finland | 52,441 | 0.9% | 53,448 | -1.9% | 53,293 | -1.6% |
| France | 1,172,954 | 19.8% | 1,196,943 | -2.0% | 1,210,280 | -3.1% |
| Germany | 247,337 | 4.2% | 247,507 | -0.1% | 249,500 | -0.9% |
| Greece | 6,188 | 0.1% | 7,085 | -12.7% | 7,046 | -12.2% |
| Hungary | 9,659 | 0.2% | 9,795 | -1.4% | 9,327 | 3.6% |
| Ireland | 769,966 | 13.0% | 752,055 | 2.4% | 758,946 | 1.5% |
| Italy | 161,933 | 2.7% | 167,668 | -3.4% | 175,358 | -7.7% |
| Liechtenstein | 26,713 | 0.5% | 27,071 | -1.3% | 26,784 | -0.3% |
| Luxembourg | 1,857,679 | 31.4% | 1,869,791 | -0.6% | 1,880,612 | -1.2% |
| Netherlands | 62,006 | 1.0% | 62,832 | -1.3% | 64,305 | -3.6% |
| Norway | 67,997 | 1.1% | 67,566 | 0.6% | 63,847 | 6.5% |
| Poland | 19,028 | 0.3% | 19,267 | -1.2% | 19,322 | -1.5% |
| Portugal | 7,829 | 0.1% | 8,347 | -6.2% | 8,760 | -10.6% |
| Romania | 1,583 | 0.0% | 1,493 | 6.0% | 1,280 | 23.7% |
| Slovakia | 3,428 | 0.1% | 3,496 | -2.0% | 3,542 | -3.2% |
| Slovenia | 1,985 | 0.0% | 2,016 | -1.5% | 2,050 | -3.2% |
| Spain | 162,020 | 2.7% | 165,699 | -2.2% | 164,500 | -1.5% |
| Sweden | 157,478 | 2.7% | 161,267 | -2.3% | 162,446 | -3.1% |
| Switzerland ⁽³⁾ | 207,371 | 3.5% | 194,002 | 6.9% | 207,009 | 0.2% |
| Turkey | 12,594 | 0.2% | 13,753 | -8.4% | 15,900 | -20.8% |
| United Kingdom | 673,098 | 11.4% | 675,071 | -0.3% | 675,401 | -0.3% |
| All Funds | 5,921,149 | 100% | 5,949,664 | -0.5% | 6,007,907 | -1.4% |

(1) End June 2011 compared to end March 2011; (2) end June 2011 compared to end December 2010; (3) the asset growth reflects a growing number of funds captured by Swiss data.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 1.0 percent to stand at EUR 2,183 billion during the second quarter. Non-UCITS assets have increased by 2.2 percent over the first half of 2011.

Net assets of special funds have increased by 1.2 percent during the quarter and by 4.3 percent since the end of 2010. Real estate funds have also enjoyed strong net asset growth increasing 2.5 percent since end December, despite a 1.2 percent decline during the second quarter.

The total number of non-UCITS funds stood at 17,260 at end June 2011, up from 17,023 at end 2010.

Special funds experienced reduced net inflows in the second quarter of EUR 16 billion, after recording net inflows of EUR 28 billion in the previous quarter. Year-to-date special funds have enjoyed net inflows of EUR 44 billion, albeit down from net inflows of EUR 62 billion in the first half of 2010.

| Fund types | 30/6/2011 | | 31/3/2011 | | 31/12/2010 | | Number of Funds | |
|---------------------------|--------------|-------|--------------|----------------------|--------------|----------------------|-----------------|---------------|
| | EUR bn | Share | EUR bn | % chg ⁽¹⁾ | EUR bn | % chg ⁽²⁾ | 30/6/2011 | 31/12/2010 |
| Special / Institutional | 1,394 | 64% | 1,377 | 1.2% | 1,337 | 4.3% | 8,065 | 7,829 |
| German "Spezialfonds" | 808 | 37% | 802 | 0.7% | 790 | 2.3% | 3,780 | 3,815 |
| British investment trusts | 63 | 3% | 64 | -1.0% | 66 | -4.2% | 315 | 313 |
| French employees savings | 89 | 4% | 94 | -5.6% | 89 | 0.0% | 2,392 | 2,397 |
| Luxembourg "other" funds | 89 | 4% | 88 | 1.7% | 89 | -0.4% | 982 | 993 |
| Real-estate funds | 243 | 11% | 246 | -1.2% | 237 | 2.5% | 884 | 925 |
| Other | 305 | 14% | 336 | -10.2% | 319 | -4.4% | 4,622 | 4,566 |
| Total | 2,183 | | 2,162 | 1.0% | 2,137 | 2.2% | 17,260 | 17,023 |

(1) End June 2011 compared to end March 2011; (2) End June 2011 compared to end December 2010.

| Members | 2010 | | | | 2011 | | |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | YTD |
| Austria | 814 | 315 | 777 | 2,068 | 900 | 775 | 1,675 |
| Denmark | 669 | 948 | 76 | 6,609 | -221 | 536 | 315 |
| Finland | 3 | -591 | 328 | -308 | 20 | -1 | 18 |
| Germany | 14,194 | 9,053 | 18,373 | 22,861 | 13,894 | 2,112 | 16,006 |
| Hungary | 147 | 32 | 298 | 242 | 142 | -97 | 45 |
| Ireland | 1,494 | 5,160 | -593 | 14,397 | 2,826 | 4,158 | 6,984 |
| Italy | -50 | 5 | -199 | -197 | 4 | -58 | -54 |
| Liechtenstein | n.a | 95 | 5 | 4 | 161 | 135 | 295 |
| Luxembourg | 13,034 | 11,783 | 7,908 | 14,771 | 8,519 | 5,895 | 14,414 |
| Romania | 2 | -3 | 0 | 5 | 9 | 3 | 12 |
| Sweden | 32 | -24 | 111 | -90 | -95 | -5 | -100 |
| United Kingdom | 991 | 4,283 | 2,161 | -2,678 | 2,157 | 2,199 | 4,356 |
| Total | 31,330 | 31,055 | 29,247 | 57,684 | 28,316 | 15,652 | 43,969 |

(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, edged slightly lower in the second quarter of 2011 by 0.1 percent to stand at EUR 8,104 billion. Year-to-date total assets have decreased by 0.5 percent.

With EUR 5,921 billion invested in UCITS, this segment of the business accounted for just over 73 percent of the fund market at end June 2011, with the remaining 27 percent composed of non-UCITS.

| Table 7. Net Assets of the European Investment Fund Industry | | | | | | |
|--|------------------|---------------|------------------|----------------------|------------------|----------------------|
| Members | 30/06/2011 | | 31/03/2011 | | 31/12/2010 | |
| | EUR m | Share | EUR m | % chg ⁽¹⁾ | EUR m | % chg ⁽²⁾ |
| Austria | 145,027 | 1.8% | 146,361 | -0.9% | 147,245 | -1.5% |
| Belgium | 93,854 | 1.2% | 94,549 | -0.7% | 97,229 | -3.5% |
| Bulgaria | 233 | 0.0% | 243 | -4.3% | 229 | 1.6% |
| Czech Republic | 4,912 | 0.1% | 4,938 | -0.5% | 4,883 | 0.6% |
| Denmark | 135,986 | 1.7% | 135,484 | 0.4% | 135,442 | 0.4% |
| Finland | 60,536 | 0.7% | 61,587 | -1.7% | 61,506 | -1.6% |
| France | 1,476,467 | 18.2% | 1,494,784 | -1.2% | 1,502,680 | -1.7% |
| Germany | 1,140,540 | 14.1% | 1,140,028 | 0.0% | 1,125,277 | 1.4% |
| Greece | 8,170 | 0.1% | 9,164 | -10.8% | 9,128 | -10.5% |
| Hungary | 14,261 | 0.2% | 14,387 | -0.9% | 13,002 | 9.7% |
| Ireland | 974,335 | 12.0% | 953,556 | 2.2% | 962,503 | 1.2% |
| Italy | 218,522 | 2.7% | 225,163 | -2.9% | 239,210 | -8.6% |
| Liechtenstein | 31,288 | 0.4% | 31,280 | 0.0% | 29,478 | 6.1% |
| Luxembourg | 2,184,999 | 27.0% | 2,190,896 | -0.3% | 2,198,988 | -0.6% |
| Netherlands | 75,023 | 0.9% | 77,197 | -2.8% | 78,066 | -3.9% |
| Norway | 67,997 | 0.8% | 67,566 | 0.6% | 63,847 | 6.5% |
| Poland | 29,443 | 0.4% | 29,184 | 0.9% | 28,414 | 3.6% |
| Portugal | 24,135 | 0.3% | 25,296 | -4.6% | 25,730 | -6.2% |
| Romania | 3,324 | 0.0% | 3,317 | 0.2% | 2,961 | 12.3% |
| Slovakia | 3,712 | 0.0% | 3,749 | -1.0% | 3,763 | -1.4% |
| Slovenia | 2,116 | 0.0% | 2,231 | -5.2% | 2,272 | -6.9% |
| Spain | 169,024 | 2.1% | 172,808 | -2.2% | 170,624 | -0.9% |
| Sweden | 160,822 | 2.0% | 164,583 | -2.3% | 166,089 | -3.2% |
| Switzerland ⁽³⁾ | 268,010 | 3.3% | 250,408 | 7.0% | 260,979 | 2.7% |
| Turkey | 19,698 | 0.2% | 20,482 | -3.8% | 18,750 | 5.1% |
| United Kingdom | 791,677 | 9.8% | 792,619 | -0.1% | 793,957 | -0.3% |
| All Funds | 8,104,111 | 100.0% | 8,111,860 | -0.1% | 8,142,251 | -0.5% |
| UCITS | 5,921,149 | 73.1% | 5,949,664 | -0.5% | 6,007,907 | -1.4% |
| Non-UCITS | 2,182,962 | 26.9% | 2,162,196 | 1.0% | 2,134,343 | 2.3% |

(1) End June 2011 compared to end March 2011; (2) end June 2011 compared to end December 2010; (3) the asset growth reflects a growing number of funds captured by Swiss data.