

*Trends in the European Investment Fund Industry
in the Third Quarter of 2012*

This report was prepared by Bernard Delbecque and Jonathan Healy

EFAMA
The European Fund and Asset Management Association

Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

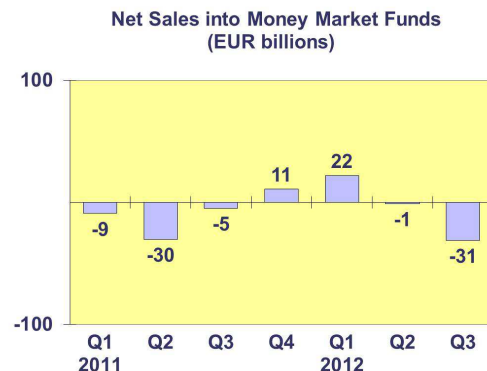
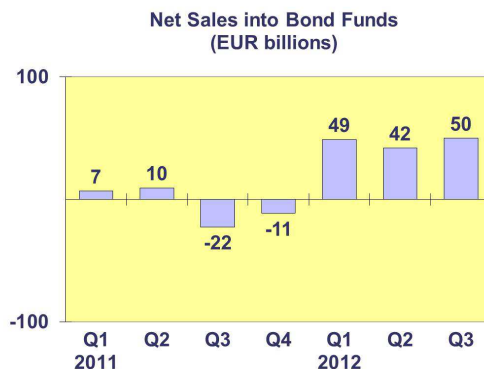
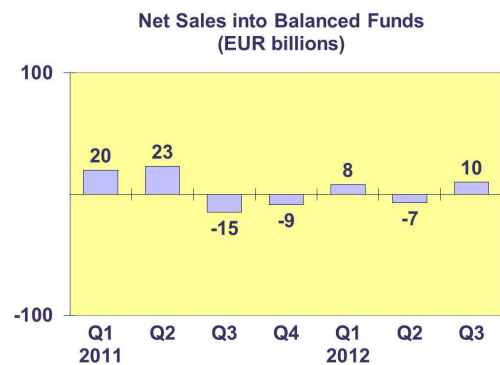
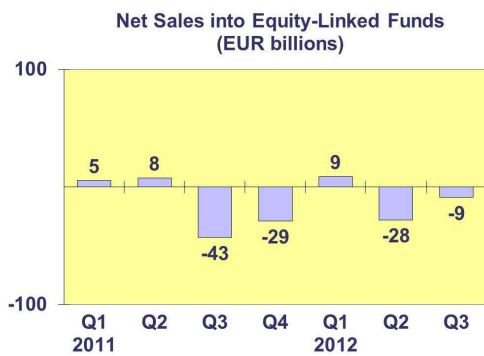
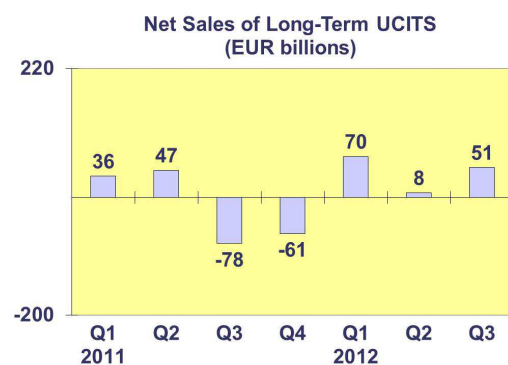
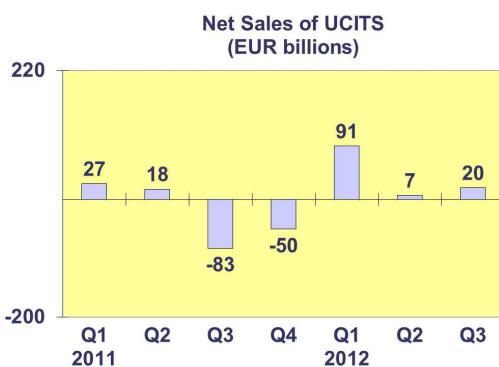
Trends in the UCITS Market

Net Sales by Investment Type

Increased optimism in the third quarter on account of ECB policy action increased net sales of long-term UCITS to EUR 51 billion from EUR 8 billion in the second quarter.

Bond funds recorded another quarter of strong net inflows amounting to EUR 50 billion, up from EUR 42 billion in the second quarter. Balanced funds returned to positive territory during the quarter registering net inflows of EUR 10 billion, against net outflows in the second quarter of EUR 7 billion and equity funds recorded reduced net outflows of EUR 9 billion in the third quarter, compared to EUR 28 billion in the previous quarter. In parallel with these developments, money market funds registered increased net outflows of EUR 31 billion, compared to EUR 1 billion in the second quarter.

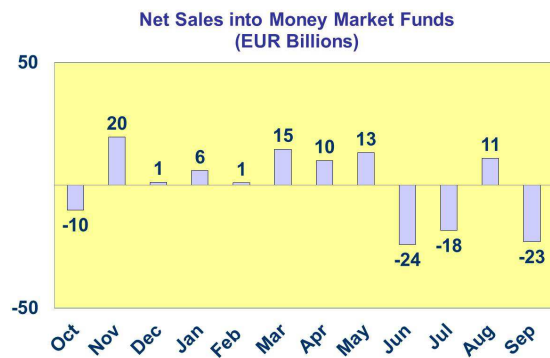
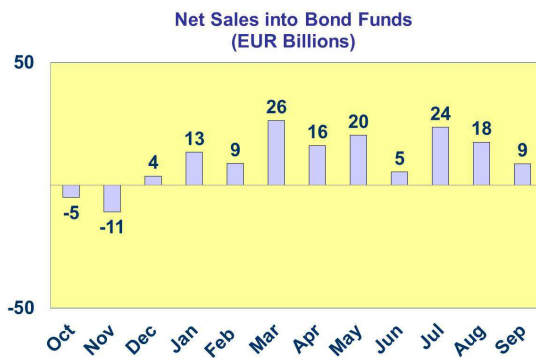
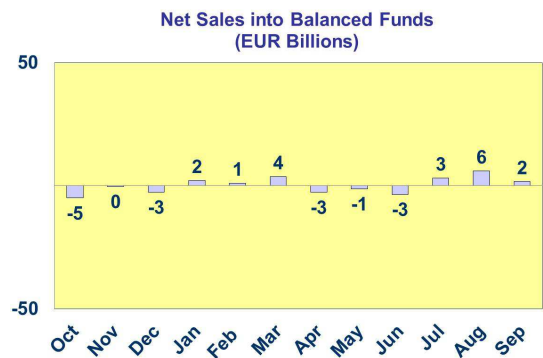
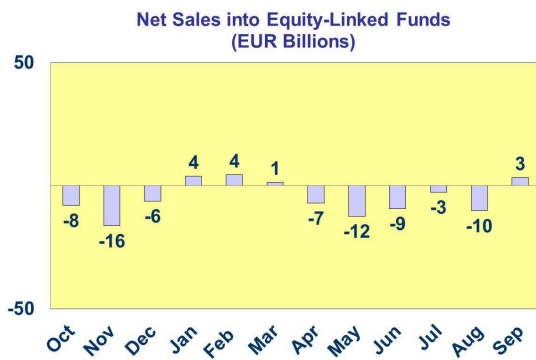
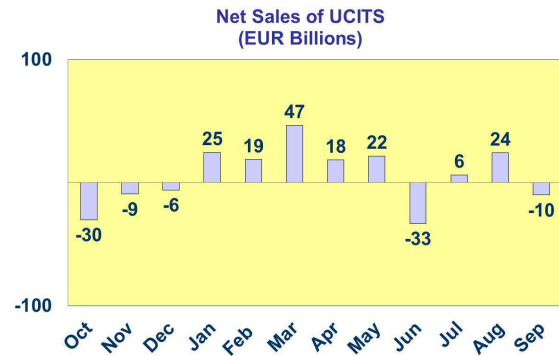
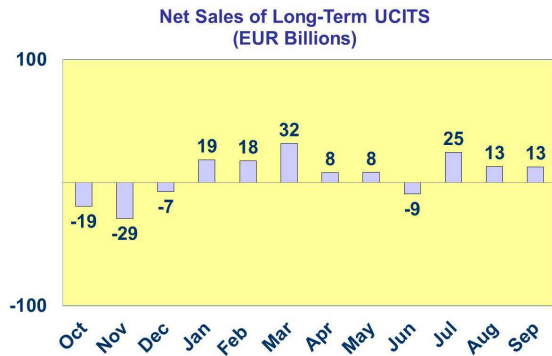
Overall, these developments led to an increase in the net sales of UCITS to EUR 20 billion in the third quarter from EUR 7 billion in the second quarter.



Trends in the UCITS Market

Net Assets by Investment Type

Long-term funds benefitted from sustained net inflows during the quarter in anticipation of ECB action to make progress against the euro area sovereign debt crisis. This can be seen from the trends in monthly net sales¹ for long-term UCITS. Bond funds continued to attract net inflows, however at a reducing pace during the quarter, as equity funds began to entice investors back in the latter part of the quarter, as investor confidence was bolstered by the ECB's outright monetary transactions (OMT) programme.



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

Fourteen countries recorded net inflows into UCITS in the third quarter of 2012, with five countries attracting net inflows in excess of EUR 1 billion: Luxembourg (EUR 24 billion), Ireland (EUR 19 billion), the United Kingdom (EUR 2 billion), Norway (EUR 1 billion) and Denmark (EUR 1 billion). These large net inflows came on the back of strong net inflows into bond funds in these countries. Of the other large domiciles, France recorded net outflows of EUR 22 billion on account of large withdrawals from money market funds and equity funds. Germany also experienced net outflows of EUR 1 billion during the quarter.

Elsewhere, positive net sales were recorded in most Central and Eastern European countries. However, Southern European countries continued to record net outflows: Spain (EUR 3 billion), Italy (EUR 1 billion), Greece (EUR 38 million) and Portugal (EUR 31 million). The Netherlands also recorded net outflows of EUR 1 billion during the quarter, due primarily to large net outflows from equity funds.

Year-to-date, total UCITS have attracted EUR 123 billion in net new money.

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q3 2012	YTD	Q3 2012	YTD	Q3 2012	YTD	Q3 2012	YTD	Q3 2012	YTD	Q3 2012	YTD
Austria	129	-126	362	85	-118	-397	-82	-213	50	-414	340	-1,064
Bulgaria	1	1	0	-1	2	0	10	0	0	1	14	1
Czech Republic	-4	100	54	-259	24	64	19	-296	-1	131	92	-261
Denmark	276	1,850	711	2,415	168	949	-3	-1	-19	-65	1,132	5,148
Finland	635	785	537	1,125	377	571	-914	-628	-12	3	623	1,855
France	-9,900	-28,400	-500	4,600	1,100	-3,800	-12,200	22,500	-800	-2,100	-22,300	-7,200
Germany	-430	-2,805	401	432	264	476	-309	-783	-518	-752	-593	-3,431
Greece	1	-47	-17	-111	-7	-32	16	-40	-31	-98	-38	-327
Hungary	-19	-52	27	-17	-2	-9	149	-152	-3	-86	152	-315
Ireland	2,361	5,253	12,305	37,985	2,214	5,545	-443	6,563	2,464	8,068	18,900	63,414
Italy	-642	-1,965	829	86	1,053	373	-2,426	-5,617	0	0	-1,187	-7,123
Liechtenstein	-23	117	221	1,670	3	144	-232	-107	-129	-558	-162	1,263
Luxembourg ⁽³⁾	317	-4,712	30,424	79,690	6,418	7,826	-11,646	-28,401	-1,606	41	23,907	54,444
Malta	25	605	18	52	3	25	0	0	-95	-169	-50	513
Netherlands	-695	-1,368	-33	-435	-174	-538	0	0	-78	-238	-980	-2,579
Norway	-369	384	1,615	3,700	7	95	49	-953	0	45	1,301	3,272
Poland	18	-184	684	1,793	-172	-355	-377	-578	-112	700	42	1,374
Portugal	-37	-146	-39	-207	-22	-82	142	79	-75	-303	-31	-659
Romania	-1	-1	38	123	-2	-3	4	104	46	66	86	289
Slovakia	2	2	-6	-131	-9	-24	-20	-130	-11	-85	-44	-368
Slovenia	-9	-28	-1	2	-18	-38	2	-3	0	-1	-26	-67
Spain	-924	-3,083	-1,095	-2,301	-164	-675	-374	-1,265	0	0	-2,557	-7,323
Sweden	145	380	-302	-1,057	31	392	-891	-1,710	208	164	-809	-1,831
Switzerland	74	6,045	2,048	5,056	-1,108	2,082	-662	1,325	0	0	353	14,508
Turkey	-12	-76	220	259	31	22	-223	-325	-9	-9	8	-129
United Kingdom	-331	-245	1,639	7,662	203	1,110	-145	-147	439	981	1,805	9,360
Total	-9,414	-27,716	50,139	142,216	10,105	13,722	-30,555	-10,779	-292	5,322	19,980	122,764

(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 3.7 percent during the third quarter to stand at EUR 6,174 billion at end September 2012. This growth can be attributed primarily to strong growth in equity and bond fund assets during the quarter. Net assets of equity funds increased 5.6 percent to EUR 2,034 billion, whilst bond funds also grew 5.6 percent over the quarter to EUR 1,777 billion. Balanced funds enjoyed growth of 4.5 percent to stand at EUR 970 billion. On the other hand, money market funds registered a reduction in net assets of 2.5 percent to EUR 1,054 billion.

The number of UCITS at end September 2012 stood at 35,583, compared to 36,106 at end December 2011.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	30-Sep-12		Change from 30/06/2012		Change from 31/12/2011	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,034	33%	5.6%	107	10.0%	184
Balanced	970	16%	4.5%	42	8.6%	77
Total Equity & Balanced	3,004	49%	5.2%	149	9.5%	261
Bond	1,777	29%	5.6%	95	17.6%	266
Money Market (MM)	1,054	17%	-2.5%	-27	0.1%	1
Funds of funds ⁽³⁾	62	1%	3.4%	2	4.1%	2
Other	277	4%	1.4%	4	2.1%	6
Total	6,174	100%	3.7%	223	9.5%	536
of w hich guaranteed funds	170	3%	-1.0%	-2	-6.4%	-12

(1) End September 2012 compared to end June 2012 assets; (2) end September 2012 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	30-Sep-12		Change from 30/6/2012		Change from 31/12/2011	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,415	38%	-1.1%	-137	-2.2%	-282
Balanced	8,412	26%	0.0%	1	3.5%	284
Total Equity & Balanced	20,827	64%	-0.6%	-136	0.0%	2
Bond	6,681	21%	0.3%	20	4.8%	304
Money Market (MM)	1,292	4%	-1.4%	-18	-7.6%	-107
Funds of funds ⁽⁴⁾	934	3%	-0.3%	-3	-0.1%	-1
Other	2,758	8%	-1.0%	-28	1.7%	47
Total (excl. Ireland)	32,492	100%	0.9%	294	-0.1%	-34
of w hich guaranteed funds	3,270	10%	2.8%	90	-10.1%	-369
Total (incl. Ireland)	35,583		-0.5%	-183	-1.4%	-523

(1) No full data breakdown is available for Ireland; (2) end September 2012 compared to end June 2012; (3) end September 2012 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

Total UCITS net assets rose 3.7 percent during the quarter to EUR 6,174 billion at end September 2012.

Almost all countries, bar one, recorded an increase in net assets in the third quarter. Of the largest domiciles, the United Kingdom recorded growth of 6.3 percent, followed by Germany (5.2%), Luxembourg (4.3%), Ireland (4.2%) and France (0.6%). Elsewhere, growth of 8.7 percent was recorded in Norway and Poland during the third quarter, whilst Bulgaria recorded growth of 8.3 percent. Southern European countries registered positive growth during the quarter reflecting a rebound in bond and equity markets. Greece enjoyed growth of 7.9 percent followed by Portugal (2.9%), Italy (2.3%) and Spain (0.1%).

Since end 2011, total net assets of UCITS are up 9.5 percent with 21 countries recording an increase in net assets.

Members	30/09/2012		30/06/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	78,055	1.3%	75,181	3.8%	74,329	5.0%
Belgium	81,396	1.3%	79,256	2.7%	78,673	3.5%
Bulgaria	231	0.0%	213	8.3%	226	2.1%
Czech Republic	4,327	0.1%	4,094	5.7%	4,117	5.1%
Denmark	76,394	1.2%	72,325	5.6%	65,856	16.0%
Finland	54,511	0.9%	51,440	6.0%	48,066	13.4%
France	1,113,679	18.0%	1,107,504	0.6%	1,068,141	4.3%
Germany	242,877	3.9%	230,792	5.2%	226,100	7.4%
Greece	4,243	0.1%	3,932	7.9%	4,417	-4.0%
Hungary	7,078	0.1%	6,682	5.9%	6,406	10.5%
Ireland	940,967	15.2%	902,963	4.2%	820,041	14.7%
Italy	136,293	2.2%	133,245	2.3%	139,697	-2.4%
Liechtenstein	25,313	0.4%	26,413	-4.2%	25,500	-0.7%
Luxembourg	1,941,223	31.4%	1,861,506	4.3%	1,760,155	10.3%
Malta	2,322	0.0%	2,307	0.7%	1,648	40.9%
Netherlands	54,628	0.9%	53,073	2.9%	53,297	2.5%
Norway	72,614	1.2%	66,780	8.7%	61,828	17.4%
Poland	17,613	0.3%	16,201	8.7%	14,535	21.2%
Portugal	5,724	0.1%	5,566	2.9%	6,018	-4.9%
Romania	1,869	0.0%	1,780	5.0%	1,570	19.0%
Slovakia	2,393	0.0%	2,393	0.0%	2,656	-9.9%
Slovenia	1,841	0.0%	1,798	2.4%	1,812	1.6%
Spain	145,909	2.4%	145,780	0.1%	150,877	-3.3%
Sweden	164,844	2.7%	154,273	6.9%	147,042	12.1%
Switzerland	240,142	3.9%	233,608	2.8%	213,970	12.2%
Turkey	12,274	0.2%	11,918	3.0%	12,043	1.9%
United Kingdom	744,852	12.1%	700,575	6.3%	649,108	14.8%
All Funds	6,173,612	100%	5,951,597	3.7%	5,638,128	9.5%

(1) End September 2012 compared to end June 2012; (2) end September 2012 compared to end December 2011.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 3.3 percent in the third quarter to EUR 2,567 billion at end September 2012. Since end 2011, total net assets of non-UCITS have increased 10.6 percent.

The increase in non-UCITS assets during the third quarter was driven by a 4.5 percent increase in the net assets of special funds. At end September net assets of special funds amounted to EUR 1,680 billion. Net sales of special funds registered EUR 16 billion in the third quarter, compared to EUR 21 billion in the previous quarter. Net assets of real estate funds decreased 0.4 percent during the third quarter.

The total number of non-UCITS funds stood at 18,624 at end September 2012, up from 18,219 at end 2011.

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

Fund types	30/09/2012		30/6/2012		31/12/2011		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/9/2012	31/12/2011
Special / Institutional	1,680	65%	1,608	4.5%	1,495	12.4%	8,641	8,490
German "Spezialfonds"	919	36%	876	4.9%	822	11.8%	3,788	3,762
British investment trusts	84	3%	82	2.4%	76	10.5%	292	307
French employees savings	88	3%	88	0.0%	87	1.6%	2,301	2,342
Luxembourg "other" funds	96	4%	92	4.3%	85	13.5%	914	938
Real-estate funds	262	10%	263	-0.4%	259	1.2%	1,103	993
Other	357	14%	353	1.1%	321	11.3%	5,398	5,149
Total	2,567	100%	2,486	3.3%	2,322	10.6%	18,649	18,219

(¹) End September 2012 compared to end June 2012; (²) end September 2012 compared to end December 2011.

Table 6. Net Sales of Special Funds ⁽¹⁾

Members	2011				2012		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Austria	900	775	-389	-133	-972	445	781
Denmark	-221	536	1,790	7	-121	728	1,669
Finland	20	-1	-97	-37	388	91	697
Germany	13,894	2,112	4,830	23,139	13,621	16,642	12,444
Hungary	142	-97	-529	-513	-208	-96	-126
Ireland	2,826	4,158	3,180	5,138	9,637	-4,070	-3,665
Italy	4	-58	68	25	-86	11	-171
Liechtenstein	161	135	NA	NA	-13	122	46
Luxembourg	8,519	5,895	10,943	3,641	7,294	5,488	2,714
Romania	9	3	2	3	1	16	11
Sweden	-95	-5	21	47	7	-7	105
United Kingdom	4,672	3,111	1,135	927	1,050	1,971	1,412
Total	30,831	16,564	20,954	32,244	30,598	21,423	15,917

(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 3.6 percent in the third quarter of 2012 to stand at EUR 8,741 billion, up from EUR 8,438 billion at end June. Since end 2011 total net assets have increased by 9.8 percent.

With EUR 6,174 billion invested in UCITS, this segment of the business accounted for 71 percent of the fund market at end September 2012, with the remaining 31 percent composed of non-UCITS.

Members	30/09/2012		30/06/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	145,898	1.7%	140,035	4.2%	137,216	6.3%
Belgium	87,698	1.0%	85,593	2.5%	84,701	3.5%
Bulgaria	233	0.0%	215	8.2%	228	2.0%
Czech Republic	4,415	0.1%	4,179	5.7%	4,195	5.2%
Denmark	158,366	1.8%	149,824	5.7%	139,046	13.9%
Finland	63,722	0.7%	59,534	7.0%	55,387	15.0%
France	1,473,679	16.9%	1,467,504	0.4%	1,387,341	6.2%
Germany	1,244,907	14.2%	1,192,353	4.4%	1,133,518	9.8%
Greece	6,007	0.1%	5,695	5.5%	6,252	-3.9%
Hungary	11,170	0.1%	10,824	3.2%	8,948	24.8%
Ireland	1,199,950	13.7%	1,157,073	3.7%	1,055,267	13.7%
Italy	189,013	2.2%	186,553	1.3%	200,445	-5.7%
Liechtenstein	29,514	0.3%	30,743	-4.0%	30,017	-1.7%
Luxembourg	2,314,448	26.5%	2,224,479	4.0%	2,096,506	10.4%
Malta	10,405	0.1%	10,331	0.7%	8,318	25.1%
Netherlands	65,497	0.7%	64,163	2.1%	64,364	1.8%
Norway	72,749	0.8%	66,912	8.7%	61,828	17.7%
Poland	32,906	0.4%	29,879	10.1%	25,934	26.9%
Portugal	23,011	0.3%	22,595	1.8%	22,102	4.1%
Romania	3,246	0.0%	3,231	0.5%	3,105	4.5%
Slovakia	3,543	0.0%	3,379	4.8%	3,201	10.7%
Slovenia	1,841	0.0%	1,798	2.4%	1,812	1.6%
Spain	151,284	1.7%	151,214	0.0%	156,412	-3.3%
Sweden	168,819	1.9%	155,989	8.2%	150,434	12.2%
Switzerland	307,931	3.5%	299,097	3.0%	275,520	11.8%
Turkey	22,237	0.3%	20,704	7.4%	20,239	9.9%
United Kingdom	948,203	10.8%	893,709	6.1%	827,670	14.6%
All Funds	8,740,696	100.0%	8,437,604	3.6%	7,960,007	9.8%
UCITS	6,173,612	70.6%	5,951,385	3.7%	5,638,128	9.5%
Non-UCITS	2,567,083	29.4%	2,486,218	3.3%	2,321,880	10.6%

(1) End September 2012 compared to end June 2012; (2) end September 2012 compared to end December 2011.