

*Trends in the European Investment Fund Industry
in the First Quarter of 2014*

This report was prepared by Bernard Delbecque and Jonathan Healy

EFAMA

The European Fund and Asset Management Association

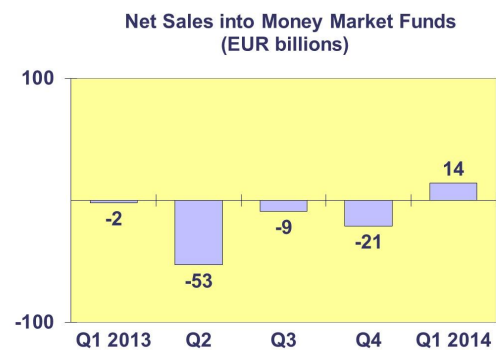
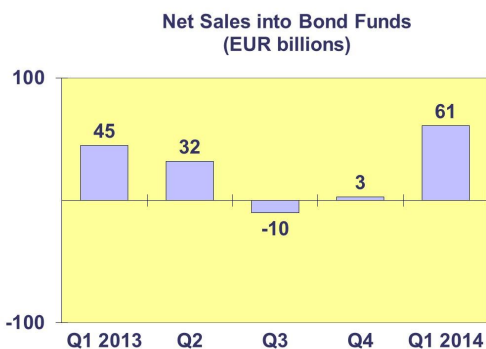
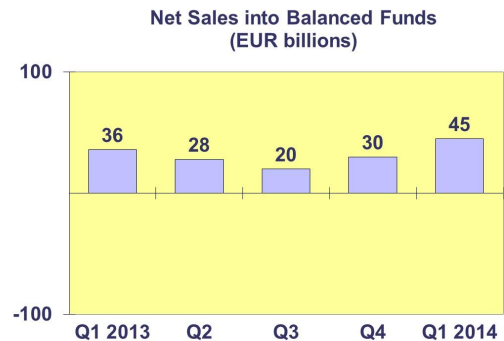
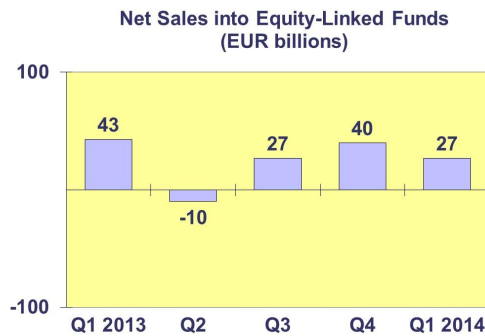
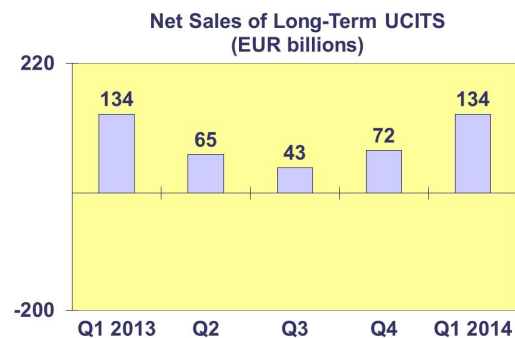
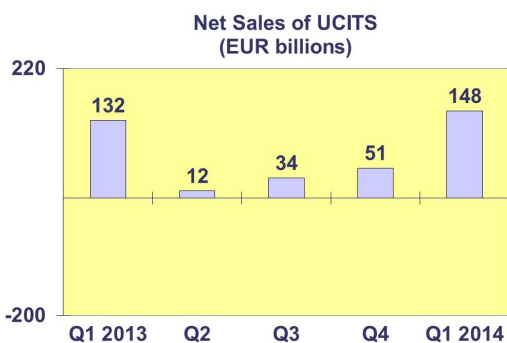
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Trends in the UCITS Market

Net Sales by Investment Type

UCITS registered the largest quarterly net sales since 2006 during the first quarter of 2014. Net sales totalled EUR 148 billion, up from EUR 51 billion in the previous quarter. All fund categories registered positive net flows during the quarter.

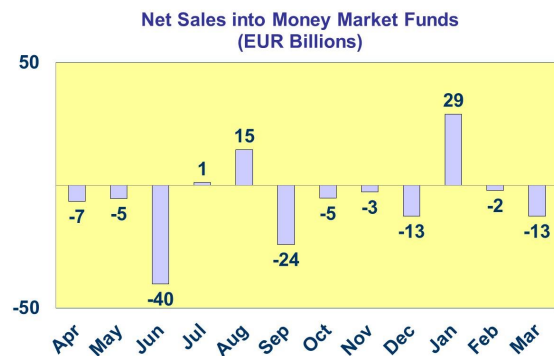
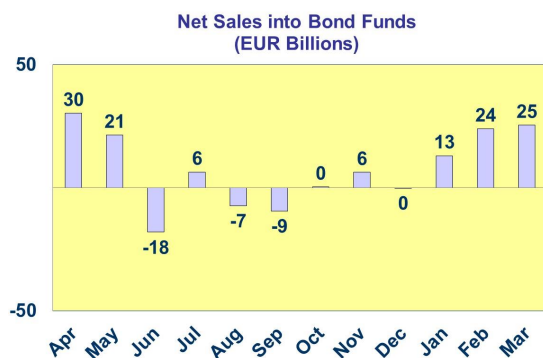
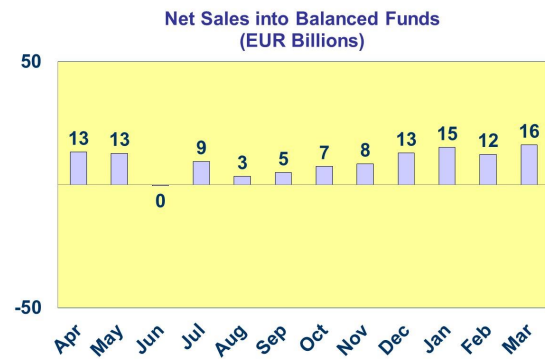
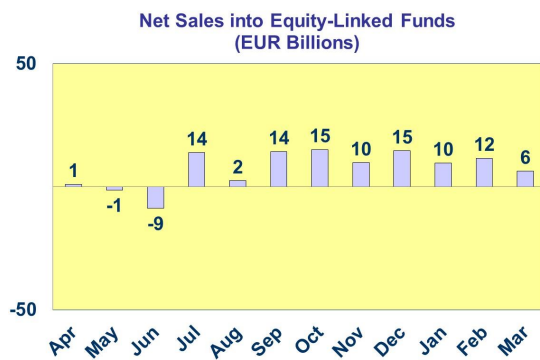
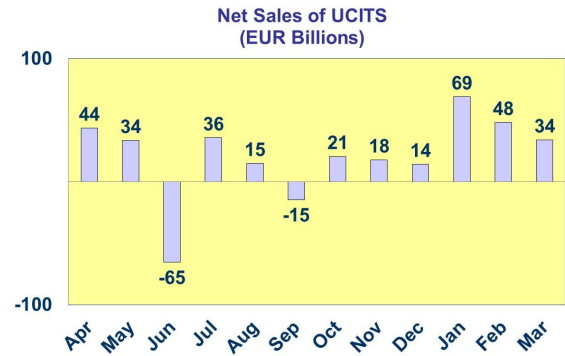
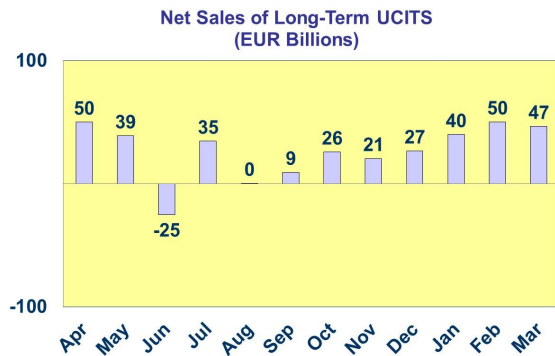
Long-term UCITS attracted EUR 134 billion in net new money during the quarter, up from EUR 72 billion in the fourth quarter of 2013. Demand for bond funds was the driver behind the large increase in net sales of UCITS, as net inflows amounted to EUR 61 billion, up from EUR 3 billion in the previous quarter. Net sales of balanced funds also increased during the quarter to EUR 45 billion from EUR 30 billion in the fourth quarter. Net inflows to equity funds remained positive at EUR 27 billion, albeit down from EUR 40 billion in the previous quarter. Net sales of money market funds returned to positive territory after recording net outflows for seven consecutive quarters. Net inflows amounted to EUR 14 billion, compared to net outflows of EUR 21 billion in the previous quarter.



Trends in the UCITS Market

Net Assets by Investment Type

Strong demand for long-term funds during the quarter came on the back of increasing net sales of bond funds during a period of subdued inflationary pressures and low interest rates. This can be seen from the trends in monthly net sales¹ for long-term UCITS and bond funds. On the other hand, demand for equity funds reduced somewhat during the quarter. Balanced funds registered increased net sales during the quarter as investors were attracted by the diversification offered by this fund type. The positive net sales of money market funds over the quarter was driven by the large net inflows recorded in January.



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 countries registered net inflows in the first quarter of 2014, with 10 countries recording net inflows greater than EUR 1 billion.

Luxembourg was the top domicile for net inflows during the first quarter of the year with net sales of EUR 64 billion, followed by Ireland (EUR 30 billion), Norway (EUR 12 billion), France (EUR 11 billion) and Spain (EUR 11 billion). The large net inflows in Norway was as a result of a large financial group making greater use of funds to manage their assets. Of the other large domiciles, the United Kingdom registered net inflows of EUR 8 billion and Germany registered net sales of EUR 1 billion. Large net inflows were also recorded in Italy (EUR 7 billion) and Switzerland (EUR 6 billion).

Elsewhere, the Nordic countries performed well recording positive net sales with Sweden attracting (EUR 2 billion). In the Mediterranean region, Portugal and Greece registered net inflows during the quarter of EUR 1 billion and EUR 50 million respectively. Net outflows were registered in the Netherlands (EUR 2 billion), and net outflows of EUR 1 billion were recorded in each of Turkey, Austria and Liechtenstein.

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014
Austria	-97	-201	-529	-1,233	-418	61	-14	-6	-262	285	-1,319	-1,094
Bulgaria	1	9	5	24	1	2	11	-3	0	0	17	33
Czech Republic	17	25	-28	-12	56	69	-7	-10	53	96	90	168
Denmark	433	-234	-373	275	214	186	0	0	-13	-11	261	214
Finland	137	-343	238	843	383	370	159	-304	57	0	973	565
France	-2,400	-1,300	-700	7,700	-2,100	-300	-10,100	4,900	-300	-500	-15,600	10,500
Germany	1,161	-889	-820	982	847	1,354	-159	-110	-2,004	100	-975	1,437
Greece	-48	-32	0	20	12	5	27	65	-16	-8	-25	50
Hungary	-29	19	250	348	39	27	225	13	114	164	599	571
Ireland	12,183	4,833	-6,595	7,487	2,232	1,748	-6,527	10,716	5,646	4,771	6,939	29,555
Italy	-539	-287	-1,319	-451	4,358	8,017	-541	-573	0	0	1,959	6,706
Liechtenstein	101	64	-163	-210	-131	-64	-272	-422	-50	-86	-517	-717
Luxembourg ⁽³⁾	20,948	23,156	7,368	18,550	18,437	27,864	-2,939	-479	-7,952	-4,792	35,862	64,299
Malta	494	-153	255	33	11	6	0	0	16	-44	775	-158
Netherlands	167	-2,547	697	969	1,351	-500	0	0	737	-131	2,952	-2,209
Norway	1,339	-377	-1,953	11,259	569	410	-31	403	-14	39	-90	11,733
Poland	307	22	-289	-216	2	-61	297	333	155	18	472	97
Portugal	6	23	18	113	18	34	136	70	185	413	363	652
Romania	2	3	237	138	6	10	8	7	131	107	383	266
Slovakia	36	-7	-1	16	46	72	2	-7	82	0	164	74
Slovenia	4	3	-5	0	-12	-9	12	-1	2	0	1	-8
Spain	1,419	2,413	5,018	4,696	2,138	3,478	-141	-116	0	0	8,435	10,470
Sweden	2,653	-747	236	1,360	708	26	417	808	147	212	4,161	1,660
Switzerland	-1,861	2,277	-255	2,713	994	1,460	-1,126	-497	0	0	-2,248	5,953
Turkey	27	-4	1,379	-12	-202	-203	-193	-942	23	-58	1,033	-1,219
United Kingdom	3,058	1,240	511	5,754	637	538	185	-55	1,874	1,713	6,266	8,322
Total	39,518	26,964	3,180	61,145	30,195	44,598	-20,572	13,791	-1,388	2,291	50,932	147,921

(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 rose above the EUR 7 trillion mark for the first time during the first quarter of 2014. Overall, net asset of UCITS increased 3.5 percent.

Bond funds performed well during the quarter with net assets increasing 4.7 percent to EUR 2,034 billion. Balanced fund net assets rose 4.9 percent to EUR 1,168 billion. Net assets of equity funds increased 2.5 percent during the quarter to EUR 2,594 billion. Money market funds also enjoyed growth of 1.6 percent to stand at EUR 927 billion at quarter end.

The number of UCITS at end March 2014 stood at 35,681, compared to 35,618 at end December 2013.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Mar-14		Change from 31/12/2013		Change from 31/12/2012	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,594	37%	2.5%	63	23.6%	495
Balanced	1,168	16%	4.9%	55	17.3%	172
Total Equity & Balanced	3,762	53%	3.2%	118	21.6%	667
Bond	2,034	29%	4.7%	92	9.8%	182
Money Market (MM)	927	13%	1.6%	15	-8.5%	-86
Funds of funds ⁽³⁾	72	1%	5.9%	4	20.0%	12
Other	310	4%	3.3%	10	10.3%	29
Total	7,106	100%	3.5%	240	12.8%	805
of which guaranteed funds	137	2%	-6.2%	-9	-16.0%	-26

(1) End March 2014 compared to end December 2013 assets; (2) end March 2014 compared to end December 2012 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 31/12/2013		Change from 31/12/2012	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	11,978	37%	-0.5%	-57	-1.7%	-205
Balanced	8,468	26%	0.3%	27	1.1%	94
Total Equity & Balanced	20,446	63%	-0.1%	-30	-0.5%	-111
Bond	7,214	22%	1.0%	72	6.9%	463
Money Market (MM)	1,080	3%	-3.7%	-42	-13.5%	-168
Funds of funds ⁽⁴⁾	870	3%	-0.6%	-5	-4.0%	-36
Other	2,711	8%	2.0%	53	0.2%	5
Total (excl. Ireland)	32,321	100%	0.1%	48	0.5%	153
of which guaranteed funds	2,639	8%	-6.5%	-183	-16.6%	-524
Total (incl. Ireland)	35,681		0.2%	63	1.0%	346

(1) No full data breakdown is available for Ireland; (2) end March 2014 compared to end December 2013; (3) end March 2014 compared to end December 2012; (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 increased 3.5 percent to EUR 7,106 billion at end March 2014. Twenty-one countries recorded growth during the quarter. Of the largest domiciles, Luxembourg increased by 4.1 percent followed by Ireland (3.6%) the United Kingdom (2.7%) and France (2.3%). Switzerland registered growth of 4.4%, whilst net assets in Germany rose 1.5%.

In Southern Europe, large growth was registered in Portugal (10.8%), Greece (10.5%) and Spain (8.0%). The Nordic countries performed well during the quarter with growth of 16.2 percent in Norway, followed by Sweden (5.8%). Elsewhere, large growth was recorded in Bulgaria (12.2%), Romania (9.9%) and the Czech Republic (7.7%).

Members	31/03/2014		31/12/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	77,791	1.1%	78,053	-0.3%	79,585	-2.3%
Belgium	90,803	1.3%	86,874	4.5%	80,339	13.0%
Bulgaria	412	0.0%	367	12.2%	247	66.5%
Czech Republic	4,949	0.1%	4,596	7.7%	4,498	10.0%
Denmark	87,828	1.2%	86,317	1.8%	78,653	11.7%
Finland	65,452	0.9%	64,145	2.0%	56,075	16.7%
France	1,136,095	16.0%	1,110,507	2.3%	1,116,481	1.8%
Germany	281,765	4.0%	277,700	1.5%	248,325	13.5%
Greece	5,807	0.1%	5,256	10.5%	4,927	17.9%
Hungary	10,439	0.1%	10,262	1.7%	7,394	41.2%
Ireland	1,082,039	15.2%	1,044,063	3.6%	967,562	11.8%
Italy	158,147	2.2%	156,300	1.2%	137,729	14.8%
Liechtenstein	24,640	0.3%	26,510	-7.1%	24,316	1.3%
Luxembourg	2,288,494	32.2%	2,197,567	4.1%	2,002,398	14.3%
Malta	2,225	0.0%	2,293	-3.0%	2,299	-3.2%
Netherlands	60,108	0.8%	61,855	-2.8%	57,712	4.2%
Norway	92,105	1.3%	79,273	16.2%	74,836	23.1%
Poland	20,292	0.3%	20,318	-0.1%	19,816	2.4%
Portugal	8,203	0.1%	7,406	10.8%	6,001	36.7%
Romania	3,194	0.0%	2,905	9.9%	1,983	61.1%
Slovakia	2,744	0.0%	2,681	2.4%	2,392	14.7%
Slovenia	1,861	0.0%	1,850	0.6%	1,828	1.8%
Spain	194,377	2.7%	179,997	8.0%	144,978	34.1%
Sweden	209,627	3.0%	198,117	5.8%	168,300	24.6%
Switzerland	300,673	4.2%	287,927	4.4%	235,476	27.7%
Turkey	9,571	0.1%	10,217	-6.3%	12,495	-23.4%
United Kingdom	886,090	12.5%	862,506	2.7%	762,310	16.2%
All Funds	7,105,729	100%	6,865,860	3.5%	6,298,954	12.8%

(1) End March 2014 compared to end December 2013; (2) end March 2014 compared to end December 2012.

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

Net assets of non-UCITS increased by 4.4 percent to surpass the EUR 3 trillion mark for the first time during the first quarter of 2014.

Net assets of special funds (funds reserved to institutional investors) broke the EUR 2 trillion mark for the first time after increasing 5.6 percent during the first quarter on the back of net inflows of EUR 31 billion. Net inflows above EU 1 billion were registered in Germany, Luxembourg, Ireland and the United Kingdom. Real estate funds increased 1.1 percent during the quarter to stand at EUR 279 billion.

The total number of non-UCITS funds stood at 19,538 at end March 2014, up from 19,524 at end December 2013.

Fund types	31/3/2014		31/12/2013		31/12/2012		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	31/12/2013	31/12/2013
Special / Institutional	2,032	67%	1,925	5.6%	1,742	16.6%	9,235	9,192
German "Spezialfonds"	1,085	36%	1,045	3.8%	955	13.6%	3,787	3,893
British investment trusts	116	4%	117	-0.9%	119	-2.5%	343	337
French employees savings	106	3%	105	1.0%	95	11.6%	2,140	2,140
Luxembourg "other" funds	102	3%	104	-1.9%	95	7.4%	815	846
Real-estate funds	279	9%	276	1.1%	257	8.6%	1,155	1,195
Other	415	14%	395	5.1%	378	9.8%	5,850	5,814
Total	3,050	100%	2,922	4.4%	2,686	13.6%	19,538	19,524

(1) End March 2014 compared to end December 2013; (2) end March 2014 compared to end December 2012.

Members	2013				2014
	Q1	Q2	Q3	Q4	Q1
Austria	731	120	250	-86	913
Denmark	1,172	2,413	3,668	-803	-2,337
Finland	420	146	230	-333	555
Germany	21,807	12,120	15,735	27,583	22,208
Hungary	664	-3	-21	-122	-35
Ireland	5,892	5,093	7,048	3,367	3,020
Italy	-18	160	-45	-27	86
Liechtenstein	163	157	-27	92	118
Luxembourg	10,834	8,254	11,475	9,940	3,768
Romania	6	1	1	0	15
Sweden	-43	-87	10	38	-18
United Kingdom	700	397	2,053	2,532	2,554
Total	42,328	28,771	40,377	42,181	30,847

(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 3.8 percent to break through the EUR 10 trillion mark for the first time.

With EUR 7,106 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market at end March 2014, with the remaining 30 percent (EUR 3,050) composed of non-UCITS.

Members	31/03/2014		31/12/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	151,152	1.5%	149,407	1.2%	147,818	2.3%
Belgium	99,433	1.0%	95,019	4.6%	87,298	13.9%
Bulgaria	415	0.0%	370	12.2%	250	66.2%
Czech Republic	5,080	0.1%	4,720	7.6%	4,589	10.7%
Denmark	225,473	2.2%	185,654	21.4%	164,434	37.1%
Finland	77,113	0.8%	75,123	2.6%	66,335	16.2%
France	1,555,195	15.3%	1,525,107	2.0%	1,505,731	3.3%
Germany	1,447,847	14.3%	1,404,353	3.1%	1,285,527	12.6%
Greece	7,721	0.1%	7,059	9.4%	6,703	15.2%
Hungary	15,908	0.2%	15,546	2.3%	11,675	36.3%
Ireland	1,400,028	13.8%	1,343,882	4.2%	1,227,425	14.1%
Italy	217,421	2.1%	209,091	4.0%	190,492	14.1%
Liechtenstein	29,376	0.3%	31,112	-5.6%	27,713	6.0%
Luxembourg	2,709,201	26.7%	2,615,363	3.6%	2,383,826	13.6%
Malta	9,557	0.1%	9,411	1.5%	9,720	-1.7%
Netherlands	71,332	0.7%	72,472	-1.6%	68,577	4.0%
Norway	92,105	0.9%	79,273	16.2%	74,836	23.1%
Poland	45,663	0.4%	45,493	0.4%	35,795	27.6%
Portugal	25,514	0.3%	24,690	3.3%	23,741	7.5%
Romania	4,803	0.0%	4,509	6.5%	3,432	39.9%
Slovakia	4,712	0.0%	4,570	3.1%	3,751	25.6%
Slovenia	1,861	0.0%	1,850	0.6%	1,828	1.8%
Spain	199,240	2.0%	184,878	7.8%	150,366	32.5%
Sweden	214,142	2.1%	200,252	6.9%	172,471	24.2%
Switzerland	367,344	3.6%	356,831	2.9%	297,270	23.6%
Turkey	22,244	0.2%	21,526	3.3%	22,663	-1.8%
United Kingdom	1,156,164	11.4%	1,120,760	3.2%	1,010,715	14.4%
All Funds	10,156,043	100.0%	9,788,320	3.8%	8,984,979	13.0%
UCITS	7,105,729	70.0%	6,865,860	3.5%	6,298,954	12.8%
Non-UCITS	3,050,313	30.0%	2,922,460	4.4%	2,686,025	13.6%

(1) End March 2014 compared to end December 2013; (2) end March 2014 compared to end December 2012.