

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

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EFAMA
The European Fund and Asset Management Association

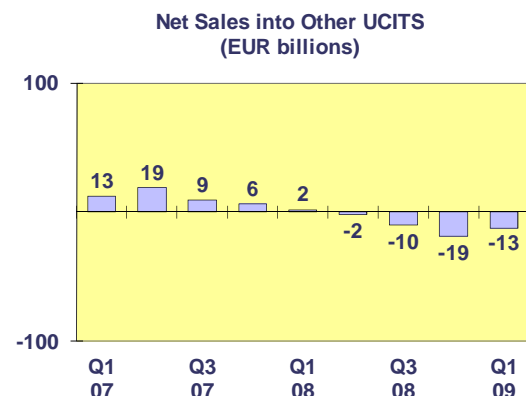
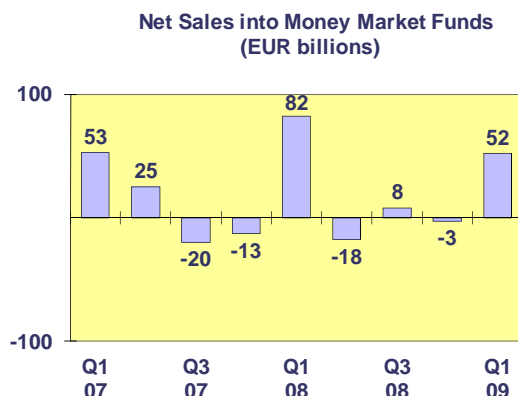
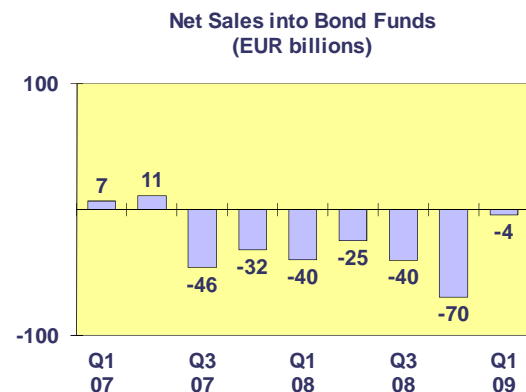
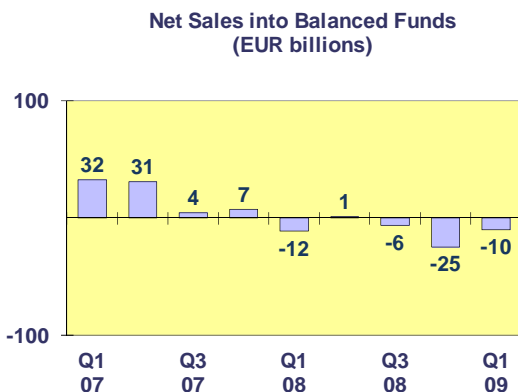
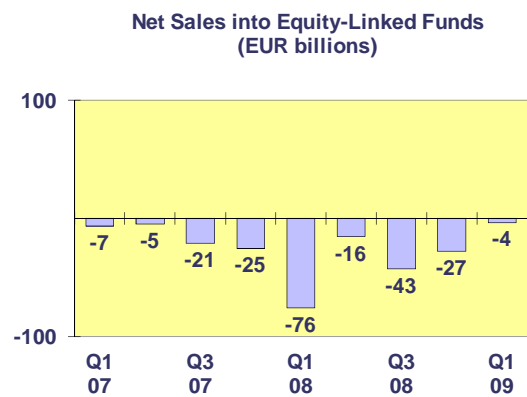
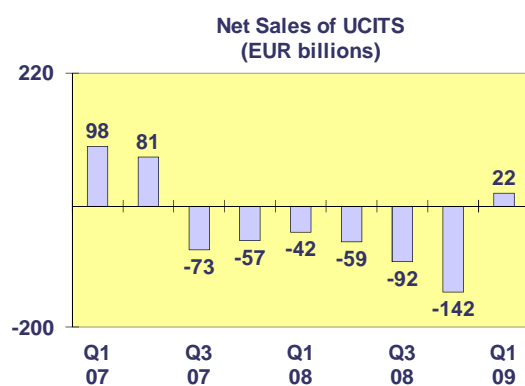
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Trends in the UCITS Market

Net Sales by Investment Type

UCITS posted net inflows of EUR 22 billion for the opening three months of 2009. This outcome contrasted with the net outflows recorded by UCITS during six consecutive quarters following the burst of the global financial crisis during the summer of 2007.

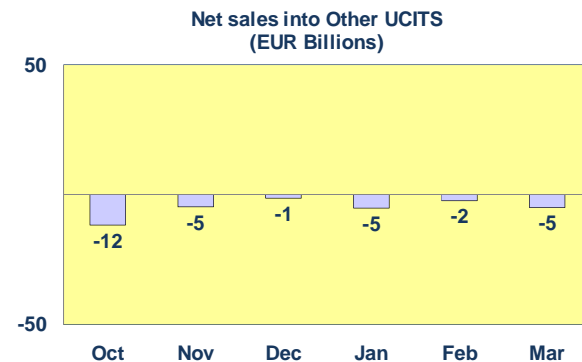
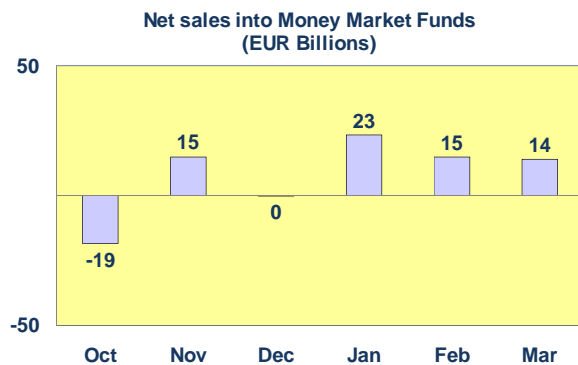
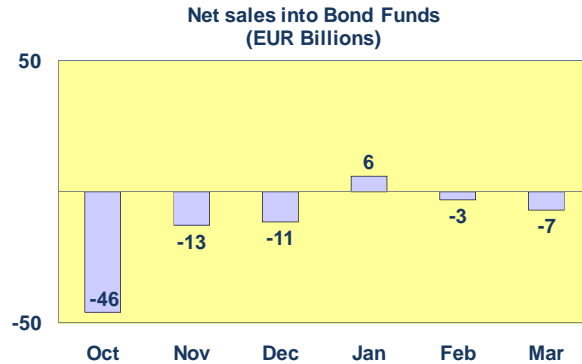
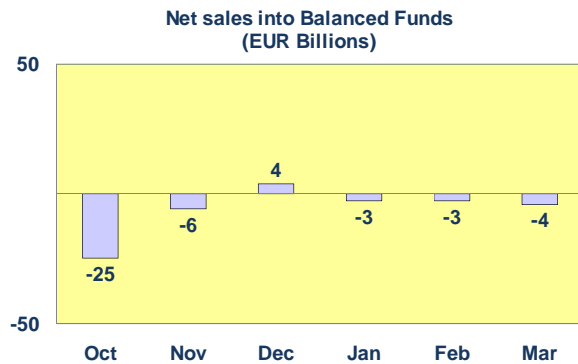
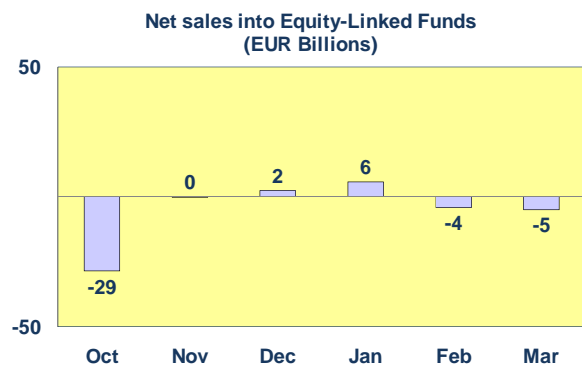
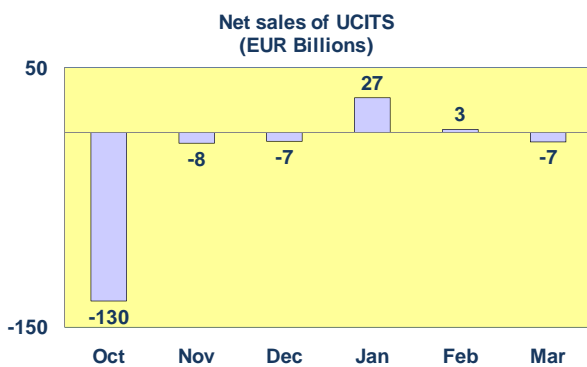
This positive development reflected strong inflows into money market funds (EUR 52 billion) and a sharp deceleration of net outflows from long-term UCITS, from EUR 140 billion in the fourth quarter of 2008 to EUR 31 billion in the first quarter of 2009. This outcome was triggered by significantly lower net outflows from equity and bond funds. The sentiment that the global financial system had been spared a systemic collapse and that massive effort by governments and central banks had limited the risk of a depression contributed to stop panic sales of shares and bonds in general, and investment funds in particular. As money markets started to recover from the shock waves from the bankruptcy of Lehman Brothers, money market funds regained their status of safe haven investment.



Trends in the UCITS Market

Net Sales by Investment Type

Looking at the trend in monthly net sales¹, the charts below highlight that investor fear about financial assets investment receded sharply after the financial panic of October 2008, leading to net positive inflows into equity and bond funds in January 2009. Less-good-than-expected statistics concerning the depth of the recession, and the uncertainty surrounding the way the Obama administration would rescue banks in the United States, created new market turbulence in February and March. This unnerved investors, causing net outflows from all UCITS types except money market funds. The outflows remained small, however, suggesting that the negative dynamics that operated between the beginning of the financial crisis in the summer of 2007 and October 2008 – dipping financial asset prices, search for security, disengagement from financial markets and lower prices of stocks and bonds – has lost momentum.



¹ Difference with quarterly net sales due to the number of reporting countries

Trends in the UCITS Market

Net Sales by Country of Domiciliation

Nine European countries recorded positive net sales in the first quarter of 2009. Net inflows reversed to positive level in France (EUR 33 billion), thanks to strong new investment into money market funds. Investors continued to add new money into UK domiciled funds, with bond funds attracting net inflows of EUR 5 billion. German-domiciled UCITS also managed to post positive net inflows. Elsewhere in Europe, UCITS domiciled in Liechtenstein, Norway, Romania, Sweden, Switzerland and Turkey (reporting for the first time net sales) also enjoyed positive net sales.

All other countries reported net outflows in the first quarter, with Italy, Luxembourg and Spain suffering the most in euro terms.

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009	Q4 2008	Q1 2009
Austria	-553	192	-2,273	-1,347	-361	-327	-29	-1,375	-798	-143	-4,014	-3,001
Bulgaria	-13	-3	-3	-3	-13	-3	2	-2	0	0	-27	-10
Czech Republic	3	3	-70	-36	-47	-24	-525	-211	-67	-42	-705	-310
Denmark	-1,146.4	-388	-764.7	-653	-61.8	-65	-0.8	0	0.0	0	-1,973.7	-1,106
Finland	-217	141	184	-6	-137	-1	-2,930	-186	8	44	-3,092	-9
France	1,500	-1,000	-6,400	0	-11,200	-4,200	17,200	41,300	-5,600	-3,300	-4,500	32,800
Germany	52	811	-3,620	-316	2,898	-55	-6,061	-1,428	233	1,727	-6,499	738
Greece	-55	-38	-610	-194	-437	-22	-3,664	-825	-86	-27	-4,852	-1,105
Hungary	55	-61	-195	-45	-17	-4	-837	34	-129	-113	-1,124	-189
Italy	-1,025	-600	-5,724	-1,094	-6,274	-3,255	-6,137	-1,109	0	0	-19,161	-6,058
Liechtenstein	-3	-125	-402	85	-18	-27	307	1,382	19	-65	-97	1,250
Luxembourg ⁽³⁾	-22,762	-2,370	-48,492	-4,608	-7,744	-331	1,816	12,601	-11,474	-10,712	-88,656	-5,420
Norway	266	557	136	-74	6	15	-361	606	8	-2	54	1,102
Poland	-42	31	668	-61	-53	-18	-5	-66	-57	-25	511	-138
Portugal	-183	-45	-891	-488	-140	-85	-1,138	-281	-360	-171	-2,711	-1,069
Romania	-3	1	1	-1	-2	4	31	26	0	0	27	30
Slovakia	-28	2	-40	-11	-73	-33	-681	-77	-99	-98	-921	-216
Slovenia	-53	-15	-5	1	-57	-12	-1	3	0	1	-27	-22
Spain	-7,087	-2,663	-3,753	-484	-1,590	-625	-2,227	-1,268	0	0	-14,657	-5,040
Sweden	1,263	680	1,306	-147	1,139	-176	698	-65	-229	-48	4,177	245
Switzerland	1,327	275	-307	-314	-957	-1,481	4,648	1,932	0	0	4,710	412
Turkey		16		331		283		1,250		81		1,961
United Kingdom	1,390	1,090	1,644	5,141	153	168	-2,586	80	93	271	694	6,751
Total	-27,315	-3,510	-69,611	-4,322	-24,988	-10,273	-2,478	52,321	-18,538	-12,621	-142,841	21,594

(1) In EUR millions for EFAMA members for which data are available; (2) including funds of funds, except for France 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

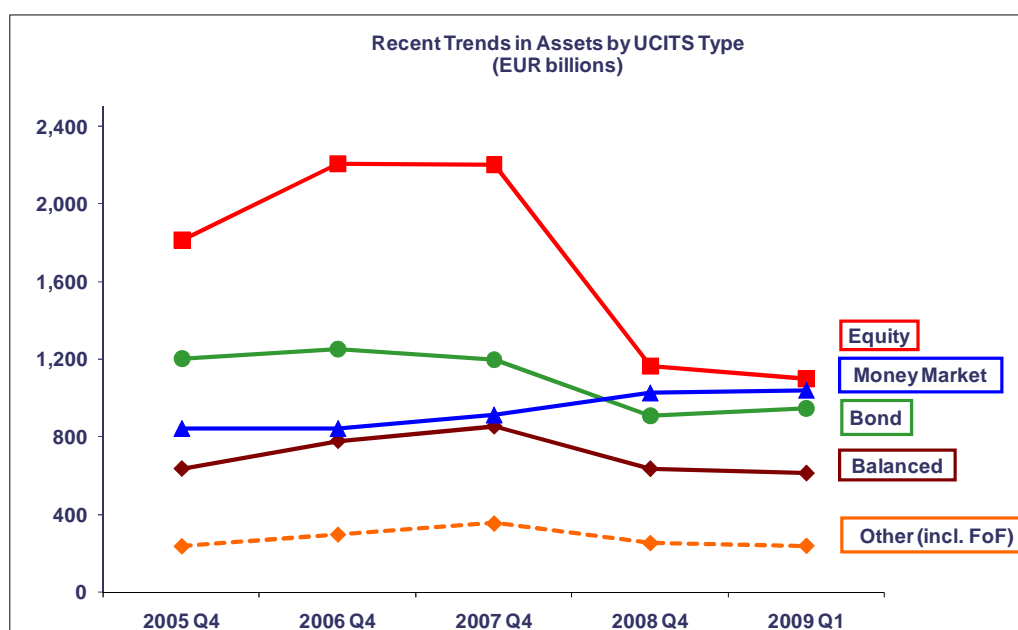
Total net assets of UCITS fell by 1.4 percent in the first quarter to reach EUR 4,494 billion at end March 2009. Equity and balanced funds recorded the sharpest decline reflecting stock market losses. On the other hand, money market funds saw their assets increase by 6.3 percent in the first quarter of 2009. The sharp 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.

Excluding Irish-domiciled UCITS for which no complete breakdown of assets by UCITS types is available, equity funds represented 28 percent of total UCITS assets at end March 2009, compared to 29 percent at end 2008. Taking into account, total assets invested in money market funds domiciled in Ireland – a figure that is available, the share of money market funds in UCITS reached 31.5 percent at end March 2009, compared to 29.8 percent at end 2008.

UCITS types	31/03/2009		31/12/2008		Change wrt to 31/12/2008	
	EUR bn	Share	EUR bn	Share	% chg ⁽²⁾	in EUR bn ⁽²⁾
Equity	1,097	28%	1,165	29%	-5.9%	-68
Balanced	614	16%	637	16%	-3.6%	-23
Total Equity & Balanced	1,711	44%	1,802	45%	-5.1%	-91
Bond	896	23%	907	23%	-1.3%	-12
Money Market	1,089	28%	1,024	26%	6.3%	65
Funds of funds ⁽³⁾	46	1%	64	2%	-29.1%	-19
Other	189	5%	186	5%	1.6%	3
All Funds	3,930	100%	3,984	100%	-1.3%	-54
including Ireland & the Netherlands	4,494		4,557		-1.4%	-63

(1) Excluding Ireland and the Netherlands for which no complete data breakdown is available. (3) Except funds of funds domiciled in France, Germany (Starting in 2009), Luxembourg and Italy which are included in the other types of funds.

(2) End of March 2009 compared to end Dec. 2008.



Trends in the UCITS Market

Net Assets by Country of Domiciliation

Looking at the development in the major fund markets in the first quarter of 2009, France and the United Kingdom enjoyed an asset growth of 1.2 percent and 1 percent, respectively. Net inflows in UCITS domiciled in Germany were not strong enough to offset the effect of market losses; as a result, total net assets of UCITS declined in Germany. In Italy, Luxembourg and Spain, the combination of net outflows and market losses also led to a decline in net assets in the first quarter of 2009.

Elsewhere in Europe, Liechtenstein, Norway, Romania and Turkey registered positive and strong asset growth. On the other hand, Central European countries registered asset decline in the range of 7% and 19%. The Czech Republic, Hungary and Poland were particularly affected by the depreciation of their exchange rates. The drain from UCITS to banking products continued in Portugal and Greece.

Table 3. Net Assets of the European UCITS Industry						
Members	31/03/2009		31/12/2008		Change wrt to 31/12/2008	
	EUR m	Share	EUR m	Share	In EUR m ⁽¹⁾	% chg ⁽¹⁾
Austria	75,308	1.7%	79,701	1.7%	-4,393	-5.5%
Belgium	84,947	1.9%	87,219	1.9%	-2,272	-2.6%
Bulgaria	144	0.0%	162	0.0%	-18	-10.9%
Czech Republic	3,793	0.1%	4,422	0.1%	-629	-14.2%
Denmark	44,420	1.0%	46,836	1.0%	-2,416	-5.2%
Finland	34,532	0.8%	35,029	0.8%	-496	-1.4%
France	1,156,438	25.7%	1,143,265	25.1%	13,173	1.2%
Germany	175,982	3.9%	184,921	4.1%	-8,939	-4.8%
Greece	8,022	0.2%	9,259	0.2%	-1,237	-13.4%
Hungary	6,105	0.1%	7,165	0.2%	-1,060	-14.8%
Ireland	510,975	11.4%	517,702	11.4%	-6,727	-1.3%
Italy	182,532	4.1%	189,400	4.2%	-6,868	-3.6%
Liechtenstein	17,302	0.4%	15,971	0.4%	1,331	8.3%
Luxembourg	1,309,644	29.1%	1,337,043	29.3%	-27,399	-2.0%
Netherlands	52,600	1.2%	55,573	1.2%	-2,973	-5.3%
Norway	31,930	0.7%	29,573	0.6%	2,356	8.0%
Poland	10,376	0.2%	12,794	0.3%	-2,418	-18.9%
Portugal	9,136	0.2%	10,892	0.2%	-1,755	-16.1%
Romania	253	0.0%	234	0.0%	19	8.3%
Slovakia	2,876	0.1%	3,107	0.1%	-231	-7.4%
Slovenia	1,409	0.0%	1,514	0.0%	-106	-7.0%
Spain	187,082	4.2%	194,714	4.3%	-7,632	-3.9%
Sweden	80,977	1.8%	84,662	1.9%	-3,684	-4.4%
Switzerland	94,403	2.1%	98,320	2.2%	-3,917	-4.0%
Turkey	12,846	0.3%	11,221	0.2%	1,624	14.5%
United Kingdom	400,241	8.9%	396,422	8.7%	3,819	1.0%
All Funds	4,494,275	100%	4,557,121	100.0%	-62,846	-1.4%

(1) End March 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 slightly decreased 1.6 percent in the first quarter of 2009 to EUR 1,528 billion.

During the first quarter 2009, net flows to special funds reserved for institutional investors collected EUR 9 billion in new money, up from EUR 5 billion in the previous quarter. These inflows helped in preventing a fall in total assets of special funds.

Table 4. Breakdown of Non-UCITS Assets by Category ⁽¹⁾						
Fund types	31/03/2009		31/12/2008		Change wrt to 31/12/2008	
	EUR bn	Share	EUR bn	Share	% chg ⁽²⁾	in EUR bn ⁽²⁾
Special / Institutional	886	63%	879	62%	0.8%	7
German "Spezialfonds"	640	46%	642	45%	-0.2%	-1
British investment trusts	35	2%	36	3%	-3.3%	-1
French employees savings	69	5%	71	5%	-4.1%	-3
Luxembourg "other" funds	73	5%	77	5%	-5.2%	-4
Real-estate funds	199	14%	202	14%	-1.4%	-3
Other	144	10%	155	11%	-7.3%	-11
Total	1,406	100%	1,421	100%	-1.1%	-15
including Ireland	1,528		1,553		-1.6%	-25

(1) Excluding Ireland and for which no data breakdown is available.
(2) End of March 2008 compared to end Dec. 2007.

Table 5 . Net Sales of Special Funds ⁽¹⁾					
Members	2008				2009
	Q1	Q2	Q3	Q4	Q1
Austria	-196	-445	306	-332	285
Denmark	995	2,600	-2,199	-140	-912
Finland	-126	-287	-251	-641	-227
Germany	3,705	4,861	8,983	3,629	5,318
Hungary	8	92	436	194	165
Italy	-133	-156	-101	-156	263
Liechtenstein	100	195	124		
Luxembourg	11,408	6,982	8,022	2,437	4,277
Sweden	26	-30	9	20	23
United Kingdom	292	207	236	151	11
Total	16,079	14,019	15,565	5,162	9,203

(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, fell by 1.4 percent in the first quarter to reach EUR 6,022 billion at end march 2009. Five countries avoided a reduction in total fund assets: France, Liechtenstein, Norway, Turkey and the UK.

With EUR 4,494 billion invested in UCITS, this segment of the business accounted for 74.6 percent of the fund market at end March 2009.

Table 5. Net Assets of the European Investment Fund Industry						
Members	31/03/2009		31/12/2008		Change wrt to 31/12/2008	
	EUR m	Share	EUR m	Share	In EUR m ⁽¹⁾	% chg ⁽¹⁾
Austria	122,970	2.0%	127,729	2.1%	-4,760	-3.7%
Bulgaria	146	0.0%	164	0.0%	-18	-10.7%
Belgium	89,388	1.5%	91,884	1.5%	-2,496	-2.7%
Czech Republic	3,849	0.1%	4,490	0.1%	-641	-14.3%
Denmark	93,728	1.6%	97,788	1.6%	-4,061	-4.2%
Finland	40,417	0.7%	41,338	0.7%	-920	-2.2%
France	1,301,438	21.6%	1,294,865	21.2%	6,573	0.5%
Germany	902,518	15.0%	911,330	14.9%	-8,812	-1.0%
Greece	9,172	0.2%	10,359	0.2%	-1,187	-11.5%
Hungary	8,084	0.1%	9,490	0.2%	-1,406	-14.8%
Ireland	632,384	10.5%	647,054	10.6%	-14,670	-2.3%
Italy	238,317	4.0%	252,536	4.1%	-14,219	-5.6%
Liechtenstein	19,183	0.3%	17,967	0.3%	1,216	6.8%
Luxembourg	1,526,563	25.4%	1,559,653	25.5%	-33,090	-2.1%
Netherlands	64,400	1.1%	67,504	1.1%	-3,104	-4.6%
Norway	31,930	0.5%	29,573	0.5%	2,356	8.0%
Poland	14,562	0.2%	17,446	0.3%	-2,884	-16.5%
Portugal	24,111	0.4%	25,054	0.4%	-943	-3.8%
Romania	1,427	0.0%	1,701	0.0%	-274	-16.1%
Slovakia	3,038	0.1%	3,278	0.1%	-240	-7.3%
Slovenia	1,759	0.0%	1,881	0.0%	-123	-6.5%
Spain	194,945	3.2%	203,498	3.3%	-8,554	-4.2%
Sweden	83,062	1.4%	86,624	1.4%	-3,562	-4.1%
Switzerland	130,569	2.2%	134,805	2.2%	-4,236	-3.1%
Turkey	15,081	0.3%	13,547	0.2%	1,534	11.3%
United Kingdom	468,778	7.8%	458,116	7.5%	10,662	2.3%
All Funds	6,021,817	100.0%	6,109,675	100.0%	-87,858	-1.4%
UCITS Assets	4,494,275	74.6%	4,557,121	74.6%	-62,846	-1.4%

(1) End March 2009 compared to end 2008.