

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

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

EFAMA
The European Fund and Asset Management Association

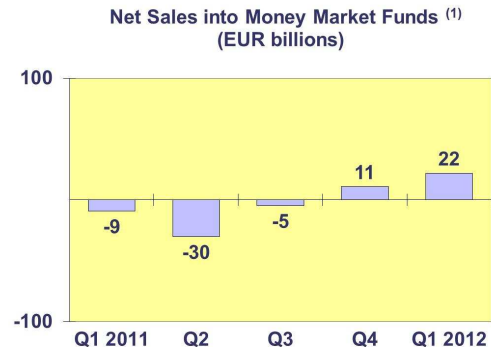
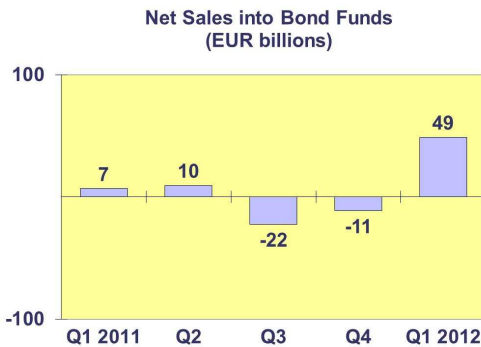
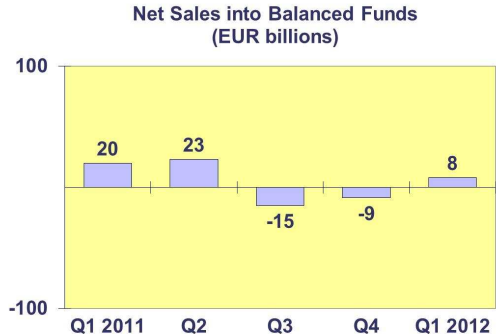
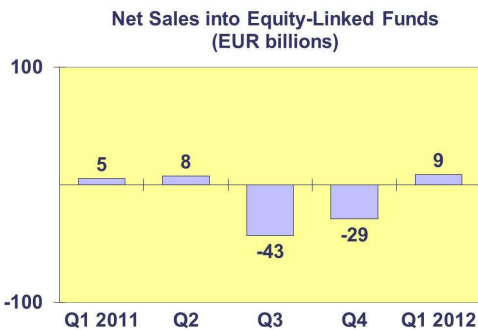
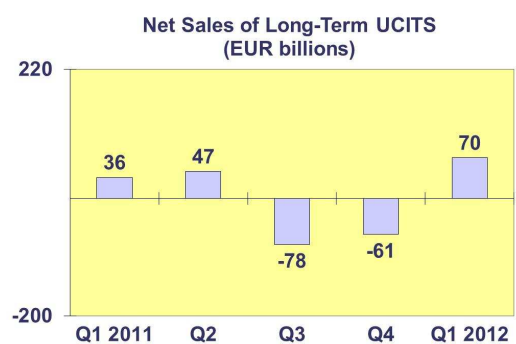
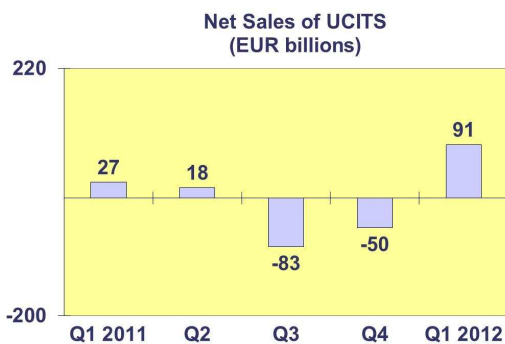
Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

Trends in the UCITS Market

Net Sales by Investment Type

A surge in net sales of UCITS in the first quarter of 2012 came on the back of increased investor confidence after the launch of the ECB's longer-term liquidity operations, which helped alleviate tensions on financial markets. Net sales of UCITS leapt to EUR 91 billion in the first quarter, up from net outflows of EUR 50 billion recorded in the previous quarter. Long-term funds experienced net inflows of EUR 70 billion, a sharp turnaround compared to net outflows of EUR 61 billion in the fourth quarter of 2011.

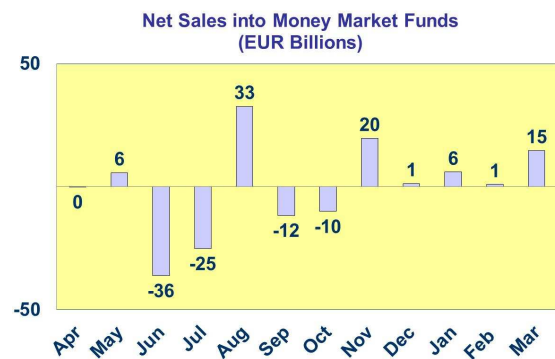
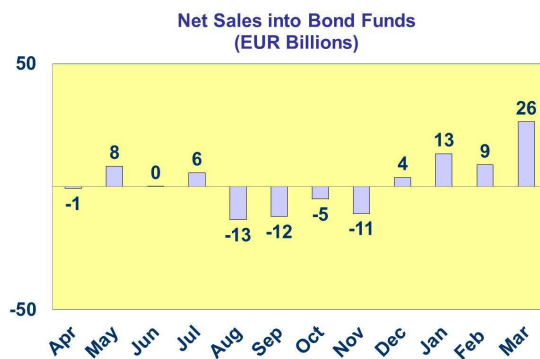
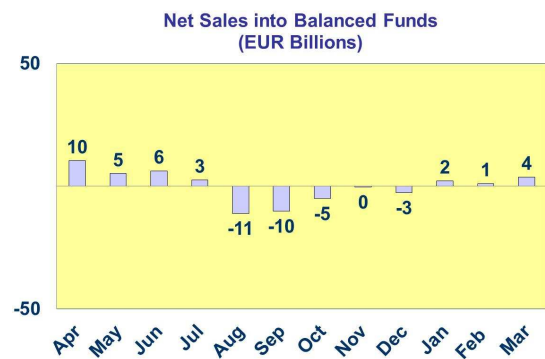
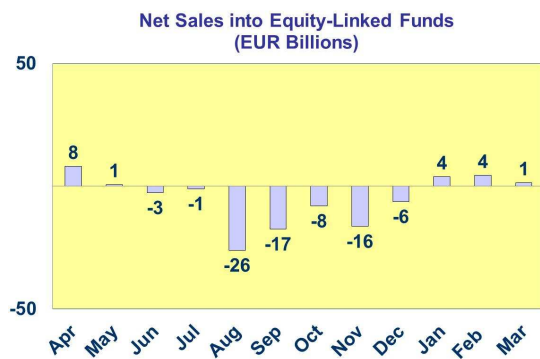
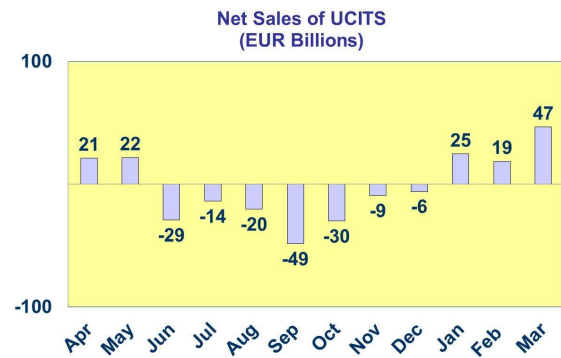
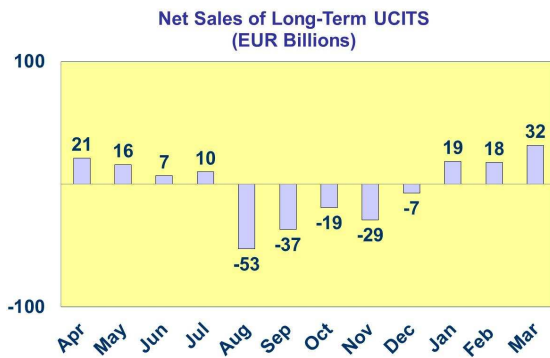
Equity funds registered net inflows of EUR 9 billion during the quarter, up from net outflows of EUR 29 billion in the previous quarter. Bond funds registered strong net sales of EUR 49 billion during the quarter, compared to net outflows of EUR 11 billion in the fourth quarter of 2011. Balanced funds witnessed net inflows of EUR 8 billion, compared to net outflows of EUR 9 billion in the fourth quarter. Money market funds experienced net inflows for the second consecutive quarter registering EUR 22 billion of net inflows, up from EUR 11 billion in the previous quarter.



Trends in the UCITS Market

Net Sales by Investment Type

ECB liquidity operations during the quarter assuaged investor confidence somewhat during the quarter, nevertheless the low net sales of equity funds coupled with large net sales of bond funds highlight an element of investor caution remains. This can be seen from the trends in monthly net sales¹ for UCITS. All fund categories recorded net inflows throughout the quarter, although the increase was mainly attributable to large net inflows into bond funds. The reducing net sales of equity funds suggest investors remain cautious regarding the economic outlook.



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

Twelve countries recorded net inflows into UCITS in the first quarter of 2012, with Ireland leading the way with net sales of EUR 31 billion, followed by Luxembourg (EUR 29 billion) and France (EUR 24 billion). Net sales of bond funds played a key role behind these large net inflows. Ireland and France also benefitted from strong investor demand for money market funds. Switzerland (EUR 8 billion), the United Kingdom (EUR 6 billion), Norway (EUR 2 billion), Poland (EUR 1 billion) and Denmark (EUR 1 billion) all registered net inflows in excess of EUR 1 billion during the quarter.

Net outflows were registered in fourteen countries during the quarter, with net outflows in excess of EUR 1 billion being recorded in Italy (EUR 4 billion) and Germany (EUR 2 billion). These net outflows were mainly attributable to balanced funds in Italy and to equity funds in Germany.

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2011	Q1 2012	Q4 2011	Q1 2012	Q4 2011	Q1 2012	Q4 2011	Q1 2012	Q4 2011	Q1 2012	Q4 2011	Q1 2012
Austria	-154	127	-952	-563	-191	-184	-154	-150	-240	-86	-1,692	-856
Bulgaria	0	1	-1	-1	-2	-3	8	-7	2	0	6	-10
Czech Republic	13	91	-62	-307	20	57	-68	-309	-6	138	-103	-330
Denmark	143	128	119	426	324	456	0	1	-6	-3	581	1,008
Finland	152	912	-349	420	-56	71	-327	-994	-7	-6	-586	403
France	-12,300	-6,300	100	6,900	-800	-1,500	-16,400	26,000	-1,900	-1,100	-31,300	24,000
Germany	891	-1,071	-1,789	-337	-1,749	5	-6	-601	-307	-20	-2,961	-2,024
Greece	-37	-10	-64	-28	-23	-11	-165	-27	-105	-22	-394	-97
Hungary	-12	-17	-151	-26	14	-4	-103	-280	-10	-48	-262	-375
Ireland	-2,395	3,733	7,969	9,142	338	2,005	18,113	12,939	1,867	3,318	25,892	31,137
Italy	-488	-653	-5,125	142	-2,184	-2,237	-3,792	-1,419	0	0	-11,589	-4,167
Liechtenstein	NA	59	NA	155	NA	92	NA	1	NA	187	NA	494
Luxembourg ⁽³⁾	-10,893	6,305	-10,275	27,123	-3,912	5,638	14,442	-10,756	-3,987	765	-14,625	29,075
Malta	54	80	-6	26	-26	9	0	0	-25	-45	-2	70
Netherlands	-713	-515	-176	-180	-218	-132	0	0	-7,199	-84	-8,306	-911
Norway	-1,315	846	-332	1,034	1	52	205	-379	11	48	-1,429	1,600
Poland	-111	77	-52	670	-110	-73	-99	49	-165	367	-537	1,089
Portugal	-93	-33	-116	-63	-53	-37	-127	-28	-241	-123	-629	-284
Romania	5	0	14	28	-6	0	-30	70	-47	2	-65	99
Slovakia	-4	-5	-39	-111	-27	2	-278	-73	-22	-48	-370	-235
Slovenia	-20	-2	5	-1	-22	-4	2	-5	-1	0	-36	-12
Spain	-1,337	-907	-1,062	590	-419	-229	-48	-326	0	0	-2,866	-871
Sweden	1,862	2,006	-352	-789	1,413	100	278	-1,980	-378	144	2,823	-518
Switzerland	701	2,950	-616	1,357	-1,289	3,125	-197	369	0	0	-1,400	7,801
Turkey	-13	-46	-98	-7	-131	-16	-885	-238	186	20	-940	-287
United Kingdom	-2,886	918	2,148	3,786	504	426	399	1	360	396	525	5,526
Total	-28,951	8,673	-11,260	49,385	-8,601	7,610	10,767	21,857	-12,221	3,800	-50,267	91,325

(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 5.8 percent during the first quarter to stand at EUR 5,961 billion at end March 2012, up from EUR 5,634 billion at end December 2011. This increase in net assets reflected increased net assets in all asset classes. Equity funds enjoyed growth of 8.5 percent (EUR 157 billion) during the quarter, whilst balanced funds enjoyed an increase in net assets of 4.7 percent (EUR 42 billion). Bond funds registered an increase in net assets during the quarter (5.6% or EUR 85 billion). Funds of funds registered an increase in net assets of 6.3 percent during the quarter (EUR 4 billion). Money market fund assets recorded modest growth during the quarter (1.7% or EUR 17 billion).

The number of UCITS at end March 2012 stood at 36,106, compared to 36,147 at end December 2011.

Table 2. Breakdown of UCITS Assets by Category					
UCITS types	30-Mar-12		Change from 30/12/2011		Change from 31/12/2010
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾ in EUR bn
Equity	2,010	34%	8.5%	157	-6.5%
Balanced	947	16%	4.7%	42	2.9%
Total Equity & Balanced	2,957	50%	7.2%	199	-3.6%
Bond	1,596	27%	5.6%	85	14.5%
Money Market (MM)	1,071	18%	1.7%	17	-8.5%
Funds of funds ⁽³⁾	59	1%	6.3%	4	-41.0%
Other	278	5%	8.6%	22	1.1%
Total	5,961	100%	5.8%	327	-0.8%
of which guaranteed funds	181	3%	-0.5%	-1	-4.5%
(1) End March 2012 compared to end December 2011 assets; (2) end March 2012 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-Mar-12		Change from 30/12/2011		Change from 31/12/2010
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾ in No.
Equity	12,737	39%	-0.8%	-104	-2.4%
Balanced	8,409	26%	0.3%	27	4.7%
Total Equity & Balanced	21,146	65%	-0.4%	-77	-1.0%
Bond	6,499	20%	1.7%	107	4.7%
Money Market (MM)	1,344	4%	-4.2%	-59	-15.4%
Funds of funds ⁽⁴⁾	923	3%	3.2%	29	-29.7%
Other	2,638	8%	-0.6%	-17	-6.8%
Total (excl. Ireland & Netherlands)	32,550	100%	-0.1%	-17	-1.4%
of which guaranteed funds	3,454	11%	-1.1%	-38	-5.1%
Total (incl. Ireland & Netherlands)	36,106		-0.1%	-41	-1.4%
(1) No full data breakdown is available for Ireland and the Netherlands; (2) end March 2012 compared to end December 2011; (3) end December 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 increased by 5.8 percent in the quarter to stand at EUR 5,961 billion at end December 2011. Twenty-two countries recorded an increase in net assets of UCITS during the quarter. Strong growth was recorded by all the largest domiciles of UCITS with the United Kingdom recording growth of 7.2 percent followed by Ireland (6.2 percent), France (6.0 percent), Luxembourg (5.9 percent) and Germany (5.4 percent).

The Nordic countries recorded above average growth during the quarter with Norway registering growth of 9.2 percent, followed by Finland (7.5 percent), Sweden (7.3 percent) and Denmark (6.9 percent). In the Mediterranean region, Spain experienced growth of 1.6 percent followed by Italy with growth of 0.4 percent. Portugal and Greece saw a reduction in net assets of 0.2 percent and 1.9 percent respectively. Elsewhere, Poland recorded strong growth in net assets of 16.1 percent, partly reflecting a 7 percent depreciation of the polish zloty vis-à-vis the euro during the quarter. Romania and Malta also recorded above average growth during the quarter of 7.3 percent and 6.0 percent respectively.

Table 4. Net Assets of the European UCITS Industry						
Members	30/03/2012		30/12/2011		31/03/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	76,350	1.3%	74,329	2.7%	82,621	-7.6%
Belgium	80,609	1.4%	78,643	2.5%	88,121	-8.5%
Bulgaria	217	0.0%	226	-3.9%	241	-9.7%
Czech Republic	4,342	0.1%	4,119	5.4%	4,854	-10.6%
Denmark	70,427	1.2%	65,856	6.9%	67,657	4.1%
Finland	51,680	0.9%	48,066	7.5%	53,448	-3.3%
France	1,132,372	19.0%	1,068,141	6.0%	1,196,943	-5.4%
Germany	238,736	4.0%	226,456	5.4%	247,507	-3.5%
Greece	4,333	0.1%	4,417	-1.9%	7,085	-38.8%
Hungary	6,576	0.1%	6,337	3.8%	9,795	-32.9%
Ireland	870,723	14.6%	820,041	6.2%	752,055	15.8%
Italy	140,219	2.4%	139,697	0.4%	167,668	-16.4%
Liechtenstein	24,281	0.4%	25,467	-4.7%	27,071	-10.3%
Luxembourg	1,863,709	31.3%	1,760,155	5.9%	1,869,791	-0.3%
Malta	1,748	0.0%	1,648	6.0%	1,751	-0.2%
Netherlands	55,079	0.9%	53,235	3.5%	63,004	-12.6%
Norway	67,499	1.1%	61,828	9.2%	67,566	-0.1%
Poland	16,731	0.3%	14,414	16.1%	19,267	-13.2%
Portugal	6,004	0.1%	6,018	-0.2%	8,347	-28.1%
Romania ⁽³⁾	1,981	0.0%	1,846	7.3%	1,493	32.7%
Slovakia	2,483	0.0%	2,656	-6.5%	3,496	-29.0%
Slovenia	1,882	0.0%	1,790	5.1%	2,016	-6.6%
Spain	153,305	2.6%	150,877	1.6%	165,699	-7.5%
Sweden	157,726	2.6%	147,042	7.3%	161,267	-2.2%
Switzerland	225,558	3.8%	211,037	6.9%	194,002	16.3%
Turkey	11,105	0.2%	10,866	2.2%	13,753	-19.2%
United Kingdom	694,992	11.7%	648,406	7.2%	646,590	7.5%
All Funds	5,960,668	100%	5,633,612	5.8%	5,923,106	0.6%

(1) End March 2012 compared to end December 2011; (2) end March 2012 compared to end March 2011; (3) asset growth since March 2011 includes two additional funds captured by Romanian data.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 4.2 percent during the first quarter of 2012 to stand at EUR 2,401 billion. The total number of non-UCITS funds stood at 18,120 at end March 2012, up from 18,218 at end 2011.

Net assets of non-UCITS enjoyed growth of 4.2 percent during the quarter, thanks to a 5.2 percent increase in net assets of special funds. Real estate funds recorded modest growth of 1.6 percent during the first quarter.

Special funds continued to record strong net inflows in the first quarter of EUR 31 billion, compared to EUR 32 billion in the previous quarter.

Table 5. Breakdown of Non-UCITS Assets and Number by Category						
Fund types	30/12/2011		31/12/2011		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	30/3/2012	31/12/2011
Special / Institutional	1,573	66%	1,495	5.2%	8,445	8,491
German "Spezialfonds"	861	36%	822	4.8%	3,719	3,768
British investment trusts	81	3%	76	6.6%	302	307
French employees savings	86	4%	87	-0.7%	2,330	2,342
Luxembourg "other" funds	89	4%	85	5.2%	927	938
Real-estate funds	254	11%	250	1.6%	995	975
Other	318	13%	312	2.0%	5,121	5,165
Total	2,401	100%	2,303	4.2%	18,120	18,218
(1) End March 2012 compared to end December 2011.						

Table 6. Net Sales of Special Funds ⁽¹⁾					
Members	2011				2012
	Q1	Q2	Q3	Q4	Q1
Austria	900	775	-389	-133	-972
Denmark	-221	536	1,790	7	-121
Finland	20	-1	-97	-37	388
Germany	13,894	2,112	4,830	23,139	13,621
Hungary	142	-97	-529	-513	-208
Ireland	2,826	4,158	3,180	5,138	9,637
Italy	4	-58	68	25	-86
Liechtenstein	161	135	NA	NA	-13
Luxembourg	8,519	5,895	10,943	3,641	7,294
Romania	9	3	2	3	1
Sweden	-95	-5	21	47	7
United Kingdom	4,672	3,111	1,135	927	1,068
Total	30,831	16,564	20,954	32,244	30,616
(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 5.3 percent in the first quarter of 2012 to stand at EUR 8,361 billion, up from EUR 7,937 billion at end 2011. Since end March 2011 total net assets have increased by 2.8 percent.

With EUR 5,961 billion invested in UCITS, this segment of the business accounted for just over 71 percent of the fund market at end March 2012, with the remaining 29 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/03/2012		30/12/2011		31/03/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	140,934	1.7%	137,487	2.5%	146,361	-3.7%
Belgium	86,959	1.0%	84,671	2.7%	94,549	-8.0%
Bulgaria	220	0.0%	228	-3.9%	243	-9.8%
Czech Republic	4,429	0.1%	4,198	5.5%	4,938	-10.3%
Denmark	146,115	1.7%	139,007	5.1%	135,484	7.8%
Finland	59,917	0.7%	55,387	8.2%	61,587	-2.7%
France	1,447,385	17.3%	1,380,953	4.8%	1,494,784	-3.2%
Germany	1,185,320	14.2%	1,133,874	4.5%	1,140,028	4.0%
Greece	6,171	0.1%	6,304	-2.1%	9,164	-32.7%
Hungary	9,270	0.1%	9,037	2.6%	14,387	-35.6%
Ireland	1,116,422	13.4%	1,055,268	5.8%	953,556	17.1%
Italy	194,008	2.3%	193,296	0.4%	225,163	-13.8%
Liechtenstein	28,018	0.3%	29,979	-6.5%	31,280	-10.4%
Luxembourg	2,217,206	26.5%	2,096,512	5.8%	2,190,896	1.2%
Malta	8,171	0.1%	8,165	0.1%	7,934	3.0%
Netherlands	67,201	0.8%	63,827	5.3%	76,483	-12.1%
Norway	67,499	0.8%	61,828	9.2%	67,566	-0.1%
Poland	30,131	0.4%	25,325	19.0%	29,184	3.2%
Portugal	22,719	0.3%	22,102	2.8%	25,296	-10.2%
Romania ⁽³⁾	3,616	0.0%	3,382	6.9%	3,317	9.0%
Slovakia	3,217	0.0%	3,201	0.5%	3,749	-14.2%
Slovenia	1,882	0.0%	1,790	5.1%	2,231	-15.7%
Spain	158,807	1.9%	156,412	1.5%	172,808	-8.1%
Sweden	161,446	1.9%	150,434	7.3%	164,583	-1.9%
Switzerland	290,017	3.5%	272,541	6.4%	250,408	15.8%
Turkey	19,552	0.2%	19,068	2.5%	20,482	-4.5%
United Kingdom	884,938	10.6%	822,797	7.6%	809,887	9.3%
All Funds	8,361,571	100.0%	7,937,072	5.3%	8,136,348	2.8%
UCITS	5,960,668	71.3%	5,633,612	5.8%	5,923,106	0.6%
Non-UCITS	2,400,903	28.7%	2,303,461	4.2%	2,213,243	8.5%

(1) End March 2012 compared to end December 2011; (2) end March 2012 compared to end March 2011; (3) asset growth since end March 2011 includes two additional funds captured by Romanian data.