

***Trends in the European Investment Fund Industry
in the Fourth Quarter of 2012
and
Results for the Full Year 2012***

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Highlights

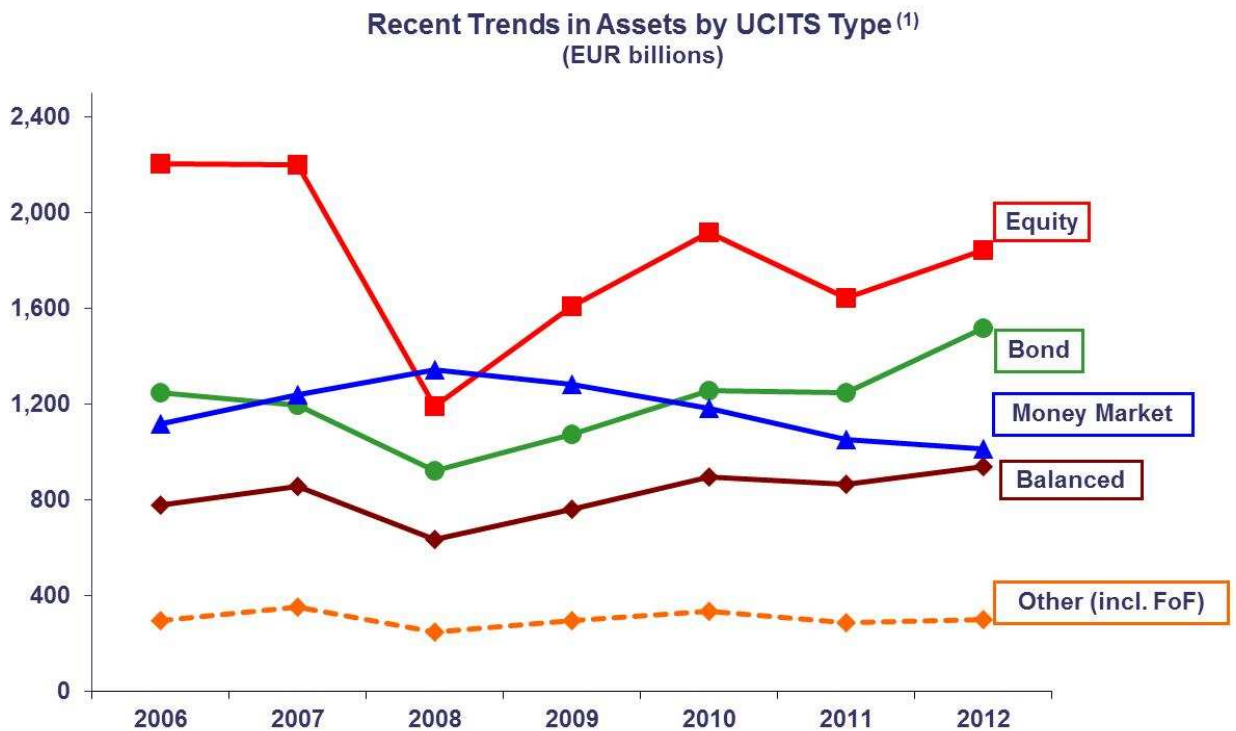
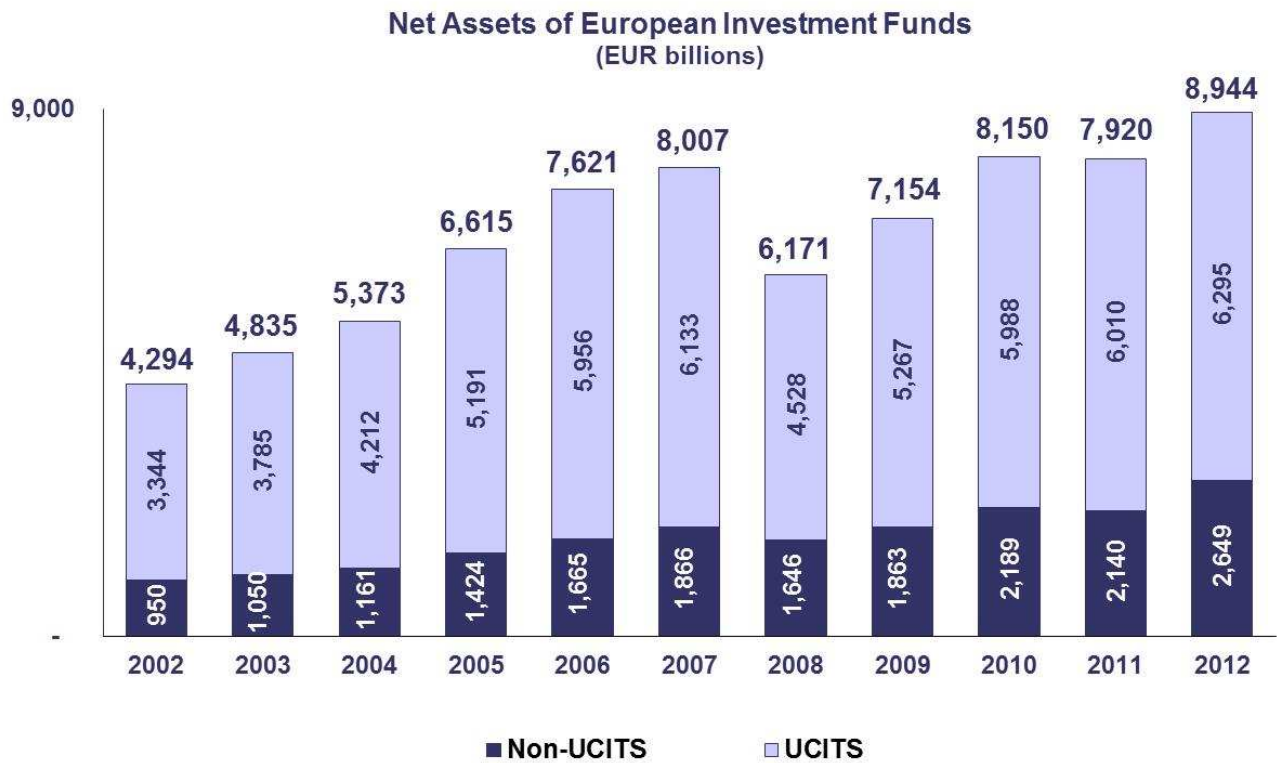
2012 was a good year for the European investment fund industry and its clients, thanks to improved financial market conditions, which led to strong demand for UCITS during the year. This increased demand resulted partially from the decisive policy measures taken by the ECB and its commitment to do “whatever it takes” to save the euro. Progress in reducing fiscal imbalances and strengthening the governance of the euro area also supported investor confidence.

Asset growth and net sales in 2012:

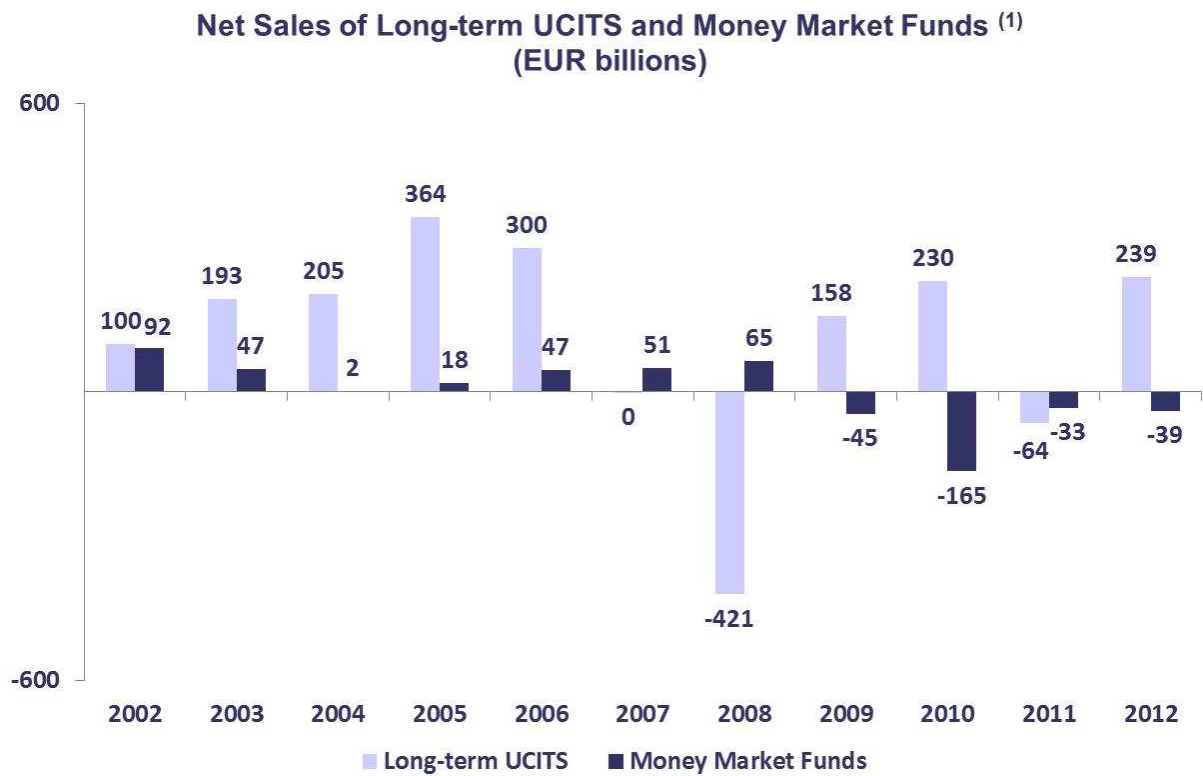
- **Investment fund assets in Europe increased by 12.4 percent to EUR 8,944 billion:** overall, net assets of UCITS increased by 11.7 percent to EUR 6,295 billion. Net assets of non-UCITS increased by 14.1 percent to EUR 2,649 billion.
- **Net sales of UCITS reached EUR 201 billion:** net sales of UCITS returned to positive territory in 2012 after recording net outflows of EUR 97 billion in 2011.
- **A surge in demand for long-term UCITS:** long-term UCITS recorded net inflows of EUR 239 billion, after registering net outflows of EUR 64 billion in 2011. Bond funds made up the lion’s share of net inflows (EUR 203 billion), eclipsing the net inflows into equity funds (EUR 2 billion) and suggesting investors remained risk-averse and cautious about the economic outlook almost until the end of 2012.
- **Money market funds continued to suffer from a low interest rate environment:** money market funds recorded net outflows of EUR 39 billion, up from EUR 33 billion in 2011. Sustained low interest rates, coupled with continued competition from banks for deposits remained challenges for the money market funds industry.
- **Sales of non-UCITS reached EUR 139 billion:** net sales of non-UCITS increased in 2012, up from EUR 99 billion in 2011. Special funds (funds reserved to institutional investors) attracted EUR 112 billion in net new money in 2012, compared to EUR 94 billion in 2011, as insurance companies, pension funds and other institutional investors continued to use these funds to invest the recurrent contributions collected from their members.

Key developments in 2012:

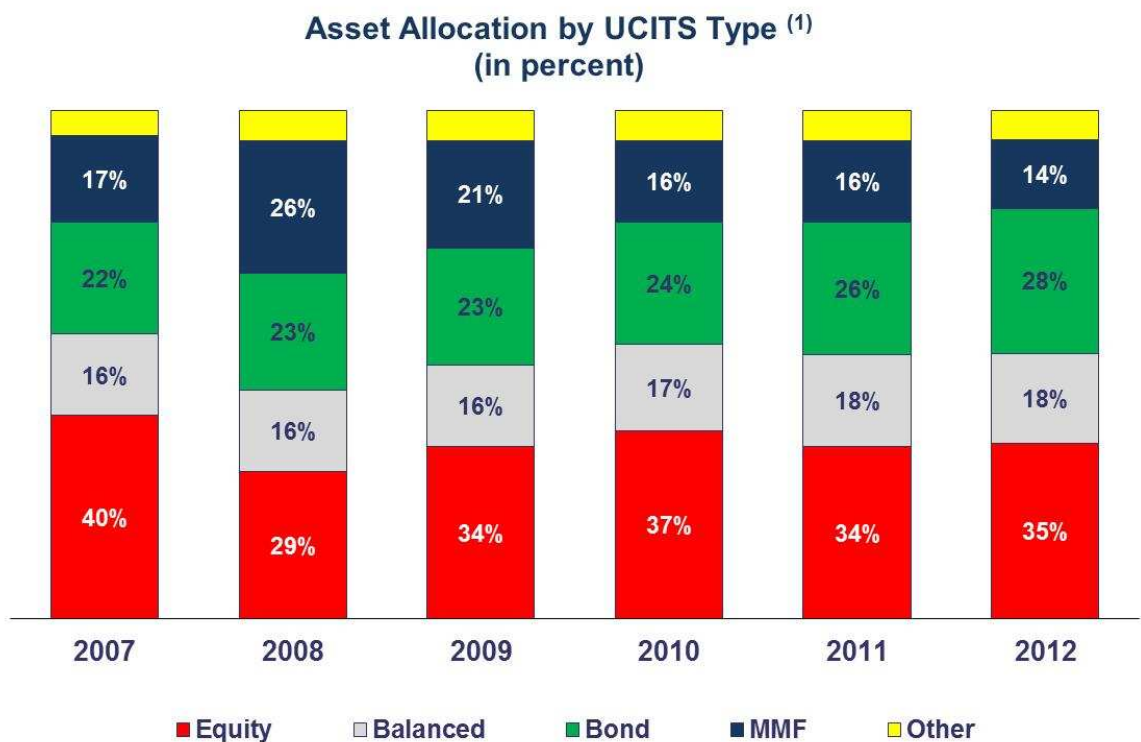
- **Buoyant cross-border fund business dominated by two countries:** the market share of Luxembourg and Ireland in the UCITS assets increased to 47.2 percent at end 2012, compared to 45.8 percent a year earlier. Total net sales of UCITS in these countries reached EUR 187 billion or 93 percent of total UCITS net sales in 2012.
- **Strong growth over the last decade:** total UCITS and non-UCITS assets at end 2012 stood 108 percent higher than at end 2002 and 45 percent higher than at end 2008.
- **Crucial contribution to the European economy:** total investment fund assets represented 62 percent of the European Union’s GDP at end 2012. This confirms the important contribution of investment funds as financial vehicles raising capital from retail and institutional investors, and providing funding to other sectors (monetary financial institutions, non-financial corporations and government agencies).



(1) Excluding Ireland, except for money market funds.



(1) Excluding Ireland pre 2011.



(1) Excluding Ireland

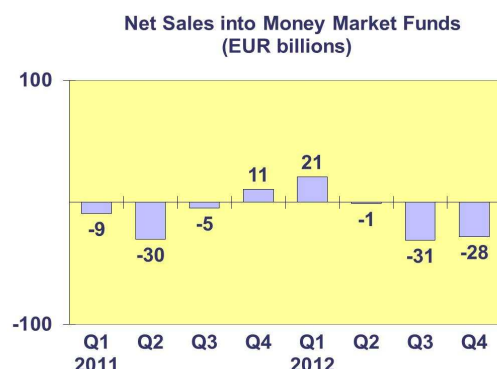
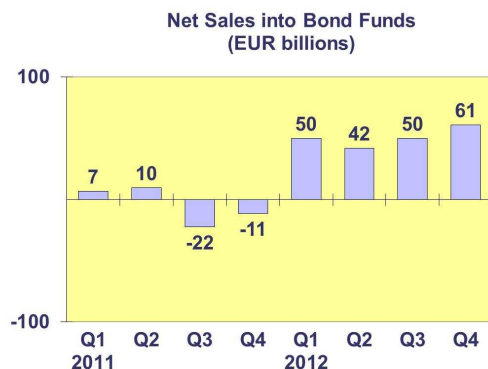
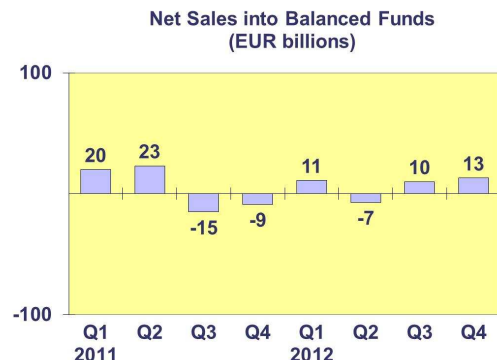
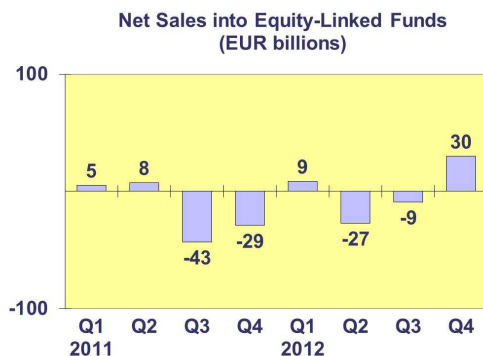
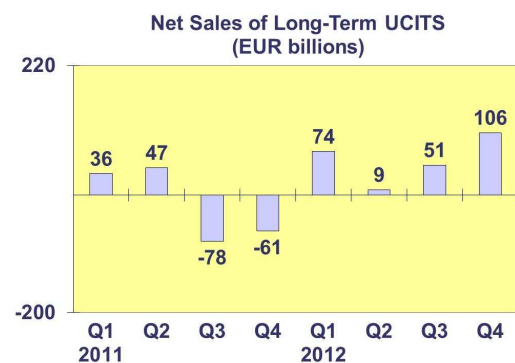
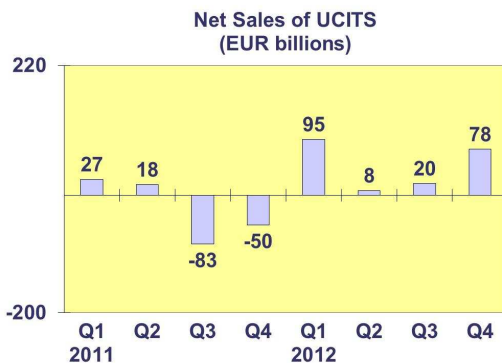
Trends in the UCITS Market

Net Sales by Investment Type

Net sales of UCITS surged in the fourth quarter of 2012 to EUR 78 billion, up from EUR 20 billion in the previous quarter. Long-term UCITS attracted EUR 106 billion in net new money during the fourth quarter, thanks to continued large net inflows into bond funds and a jump in net inflows to equity funds.

Equity funds returned to positive territory in the fourth quarter as net inflows totalled EUR 30 billion, compared to net outflows of EUR 9 billion in the third quarter. Bond funds continued to record strong net inflows increasing to EUR 61 billion, up from EUR 50 billion in the previous quarter. Balanced funds registered increased net inflows of EUR 13 billion up from EUR 10 billion. In contrast, money market funds registered net outflows of EUR 28 billion, albeit down from net outflows of EUR 31 billion in the previous quarter.

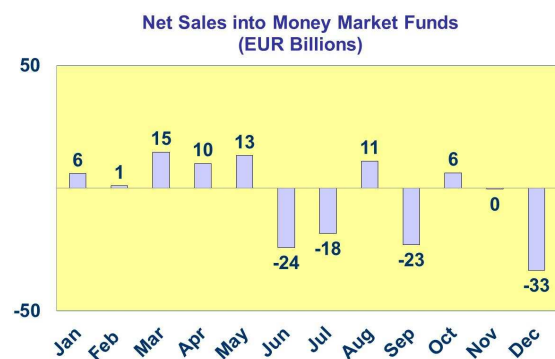
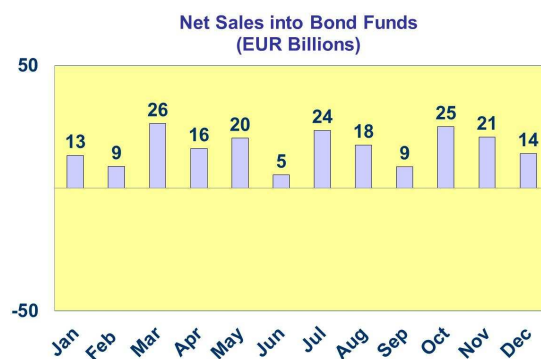
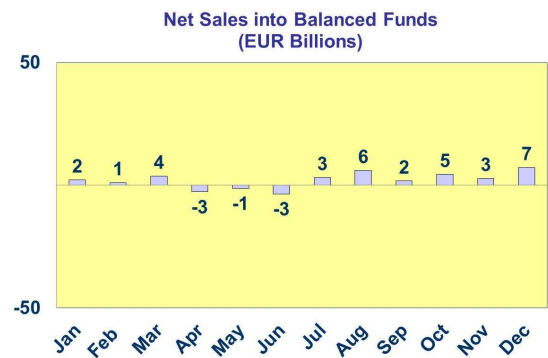
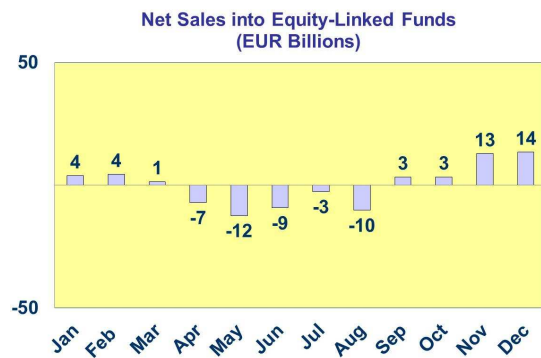
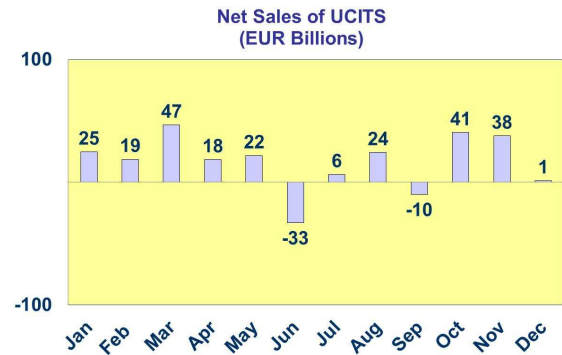
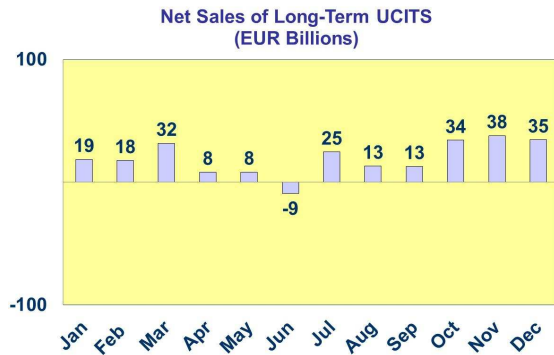
Net sales of UCITS amounted to EUR 201 billion in 2012, whilst net inflows to long-term UCITS amounted to EUR 239 billion. Money market funds recorded net outflows of EUR 39 billion during the year.



Trends in the UCITS Market

Net Assets by Investment Type

Reduced tensions and increased optimism in the fourth quarter bolstered investor sentiment, thus supporting net sales of long-term funds. This can be seen from the trends in monthly net sales¹ for long-term UCITS. Investors return to equity funds coupled with continued strong net sales of bond funds throughout the quarter is testament to an increasing willingness to take risk, but also shows an element of caution 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

Nineteen countries recorded net inflows into UCITS in the fourth quarter of 2012, with three countries attracting net inflows in excess of EUR 10 billion: Luxembourg (EUR 42 billion), Ireland (EUR 27 billion) and the United Kingdom (EUR 15 billion). Elsewhere, Germany, the Netherlands, Sweden and Poland all attracted net sales in excess of EUR 1 billion. In contrast, France witnessed net withdrawals of EUR 17 billion, largely on account of large net withdrawals from money market funds (EUR 9 billion) and equity funds (EUR 5 billion). Spain and Switzerland both recorded net withdrawals of EUR 3 billion and EUR 2 billion respectively.

2012 witnessed 15 countries record net inflows, with 9 countries recording net inflows greater than EUR 1 billion. Luxembourg was the top domicile for net inflows in 2012 after recording net sales of EUR 97 billion, thanks mainly to bond funds which attracted EUR 117 billion in net new money during the year. Ireland came a close second with net inflows of EUR 91 billion. The United Kingdom followed with net sales of EUR 17 billion, then Switzerland with net sales of EUR 12 billion. Net outflows were recorded in the other large domiciles; France (EUR 24 billion), Germany (EUR 350 million) and Italy (EUR 9 billion).

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2012	2012	Q4 2012	2012	Q4 2012	2012	Q4 2012	2012	Q4 2012	2012	Q4 2012	2012
Austria	156	30	991	1,077	-68	-464	-29	-241	-154	-568	896	-168
Bulgaria	2	3	4	3	-4	-3	10	9	0	1	12	13
Czech Republic	-6	94	101	-158	14	78	-15	-312	5	135	99	-162
Denmark	393	2,243	339	2,754	289	1,238	-1	-2	-4	-69	1,017	6,164
Finland	519	1,304	348	1,472	105	676	-317	-945	-13	-10	642	2,497
France	-5,300	-33,700	-1,200	3,400	-1,500	-5,300	-8,600	13,900	-300	-2,400	-16,900	-24,100
Germany	849	-1,956	1,172	1,605	694	1,170	-133	-917	500	-252	3,081	-350
Greece	-18	-65	-20	-131	-17	-49	100	61	-26	-124	19	-308
Hungary	-12	-64	102	86	7	-2	170	18	62	-24	329	14
Ireland	9,606	14,858	14,919	52,904	2,532	8,077	-5,119	1,444	5,373	13,442	27,311	90,725
Italy	-1,006	-2,971	1,364	1,450	-665	-292	-422	-6,039	0	0	-730	-7,852
Liechtenstein	114	231	688	2,358	47	191	-47	-154	2	-557	805	2,070
Luxembourg ⁽³⁾	7,503	2,791	37,041	116,731	11,510	19,336	-10,292	-38,693	-3,446	-3,405	42,316	96,760
Malta	119	724	6	58	4	29	0	0	-175	-345	-47	466
Netherlands	-291	-1,659	2,288	1,853	-205	-743	0	0	-1	-239	1,791	-788
Norway	557	941	1,861	5,561	136	232	-329	-1,281	-65	-19	2,161	5,433
Poland	-26	-211	1,910	3,702	-101	-456	-76	-654	-49	659	1,657	3,040
Portugal	-29	-175	-1	-208	-22	-104	310	390	-96	-399	162	-496
Romania	0	-1	40	164	1	-3	0	104	6	72	47	336
Slovakia	-4	-3	20	-111	-3	-26	-21	-151	-12	-97	-19	-387
Slovenia	-23	-52	-4	-2	-14	-52	0	-3	0	-1	-42	-109
Spain	-1,003	-4,086	-1,854	-4,155	-102	-777	-249	-1,514	0	0	-3,208	-10,531
Sweden	2,085	2,465	161	-896	659	1,051	-249	-1,959	174	338	2,829	998
Switzerland	280	6,326	140	5,196	-489	1,593	-2,195	-870	0	0	-2,263	12,245
Turkey	7	-69	515	774	225	247	-550	-876	64	56	262	132
United Kingdom	15,429	15,197	-78	7,718	-53	1,057	112	-35	-43	1,107	15,366	25,043
Total	29,898	2,195	60,855	203,205	12,983	26,705	-27,941	-38,719	1,800	7,300	77,595	200,685

(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 2.0 percent to EUR 6,295 billion during the fourth quarter of 2012. Bond funds performed well during the quarter with net assets increasing 4.2 percent, whilst equity fund net assets rose 3.1 percent. On the other hand, money market funds registered a reduction in net assets of 3.6 percent.

Overall in 2012, net assets of bond funds increased 22.4 percent during 2012 to end the year at EUR 1,850 billion. Equity funds registered a rise in net assets of 13.5 percent to EUR 2,099 billion in 2012, whilst balanced funds rose 11.4 percent to EUR 995 billion. In contrast, net assets of money market funds decreased by 3.6 percent during the year to stand at EUR 1,015 billion.

The number of UCITS at end December 2012 stood at 35,372, compared to 35,583 at end September and 36,106 at end December 2011.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Dec-12		Change from 30/9/2012		Change from 31/12/2011	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,099	33%	3.1%	64	13.5%	249
Balanced	995	16%	2.6%	25	11.4%	102
Total Equity & Balanced	3,094	49%	3.0%	89	12.8%	351
Bond	1,850	29%	4.2%	74	22.4%	339
Money Market (MM)	1,015	16%	-3.6%	-38	-3.6%	-38
Funds of funds ⁽³⁾	58	1%	-6.5%	-4	-2.7%	-2
Other	280	4%	1.2%	3	3.3%	9
Total	6,295	100%	2.0%	121	11.7%	657
of which guaranteed funds	163	3%	-4.3%	-7	-10.4%	-19

(1) End December 2012 compared to end September 2012 assets; (2) end December 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	31-Dec-12		Change from 30/9/2012		Change from 31/12/2011	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,246	38%	-1.4%	-169	-3.6%	-451
Balanced	8,362	26%	-0.6%	-50	2.9%	234
Total Equity & Balanced	20,608	64%	-1.1%	-219	-1.0%	-217
Bond	6,732	21%	0.8%	51	5.6%	355
Money Market (MM)	1,255	4%	-2.9%	-37	-10.3%	-144
Funds of funds ⁽⁴⁾	904	3%	-3.2%	-30	-3.3%	-31
Other	2,706	8%	-1.9%	-52	-0.2%	-5
Total (excl. Ireland)	32,205	100%	-0.9%	-287	-1.0%	-321
of which guaranteed funds	3,163	10%	-3.3%	-107	-13.1%	-476
Total (incl. Ireland)	35,372		-1.1%	-394	-2.0%	-734

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

Net assets of UCITS rose 2.0 percent during the quarter to EUR 6,295 billion. Net assets increased in most countries during the fourth quarter. Of the five largest domiciles, Luxembourg recorded the largest increase rising 3.2 percent during the quarter, followed by Ireland (2.8%), Germany (2.2%), the United Kingdom (1.7%) and France (0.3%). Elsewhere, growth of 16.1 percent was recorded in Greece on account of the improvement in the economic outlook in the country, whilst growth of 12.5 percent was registered in Poland during the fourth quarter.

Over the course of 2012, net assets of UCITS have increased 11.7 percent, with 22 countries recording an increase in net assets. Thirteen countries recorded double-digit growth during the year. Of the largest domiciles, Ireland increased by 18.0 percent in 2012, followed by the United Kingdom (16.9%), Luxembourg (13.8%), Germany (9.8%) and France (4.5%). In Southern Europe, all countries except Greece suffered asset declines, albeit significantly lower than in 2011. The Nordic countries performed well during the year with growth rates between 14.5 percent and 21.0 percent; increasing stock markets supported these countries, which tend to have large exposure to equities. The depreciation of the euro vis-à-vis the Norwegian Krone and Swedish Krona of 5 percent, Hungarian forint (9.4%), Polish Zloty (7.4%) and pound Sterling (4.5%) also played a role in the large annual increases of these non-euro area domiciles during the year.

Table 4. Net Assets of the European UCITS Industry						
Members	31/12/2012		30/09/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	79,585	1.3%	78,055	2.0%	74,329	7.1%
Belgium	80,339	1.3%	80,150	0.2%	78,673	2.1%
Bulgaria	247	0.0%	231	7.2%	226	9.4%
Czech Republic	4,498	0.1%	4,327	4.0%	4,117	9.2%
Denmark	78,653	1.2%	76,394	3.0%	65,856	19.4%
Finland	56,075	0.9%	54,511	2.9%	48,066	16.7%
France	1,116,481	17.7%	1,113,679	0.3%	1,068,141	4.5%
Germany	248,325	3.9%	242,877	2.2%	226,100	9.8%
Greece	4,927	0.1%	4,243	16.1%	4,417	11.5%
Hungary	7,394	0.1%	7,078	4.5%	6,406	15.4%
Ireland	967,562	15.4%	940,967	2.8%	820,041	18.0%
Italy	137,729	2.2%	136,293	1.1%	139,697	-1.4%
Liechtenstein	24,316	0.4%	25,313	-3.9%	25,500	-4.6%
Luxembourg	2,002,398	31.8%	1,941,223	3.2%	1,760,155	13.8%
Malta ⁽³⁾	2,299	0.0%	2,322	-1.0%	1,648	39.5%
Netherlands	57,712	0.9%	54,628	5.6%	53,297	8.3%
Norway	74,836	1.2%	72,614	3.1%	61,828	21.0%
Poland	19,816	0.3%	17,613	12.5%	14,535	36.3%
Portugal	6,001	0.1%	5,724	4.8%	6,018	-0.3%
Romania	1,983	0.0%	1,869	6.1%	1,570	26.3%
Slovakia	2,392	0.0%	2,393	0.0%	2,656	-9.9%
Slovenia	1,828	0.0%	1,841	-0.7%	1,812	0.9%
Spain	144,978	2.3%	145,909	-0.6%	150,877	-3.9%
Sweden	168,300	2.7%	164,844	2.1%	147,042	14.5%
Switzerland	235,476	3.7%	240,142	-1.9%	213,970	10.1%
Turkey	12,495	0.2%	12,274	1.8%	12,043	3.8%
United Kingdom	758,663	12.1%	746,014	1.7%	649,108	16.9%
All Funds	6,295,307	100%	6,173,529	2.0%	5,638,128	11.7%
(1) End December 2012 compared to end September 2012; (2) end December 2012 compared to end December 2011; (3) part of the annual increase in net assets reflects an increased number of funds being captured by the Maltese dataset.						

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 3.2 percent in the fourth quarter to EUR 2,649 billion. Net assets of special funds (funds reserved to institutional investors) increased 3.5 percent to stand at EUR 1,739 billion. Over this period, net sales of special funds increased to EUR 44 billion, compared to EUR16 billion in the previous quarter. Net assets of real estate funds increased 5.9 percent during the fourth quarter to stand at EUR 258 billion.

Since end 2011, total net assets of non-UCITS have increased 14.1 percent, with special funds up 16.3 percent. Net sales of special funds increased to EUR 112 billion in 2012 from EUR 94 billion in 2011, reflecting stronger net inflows in Germany. Real estate funds recorded a slight reduction in net assets of 0.4 percent during 2012.

The total number of non-UCITS funds stood at 19,095 at end December 2012, up from 18,219 at end 2011.

Table 5. Breakdown of Non-UCITS Assets and Number by Category								
Fund types	31/12/2012		30/9/2012		31/12/2011		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	31/12/2012	31/12/2011
Special / Institutional	1,739	66%	1,680	3.5%	1,495	16.3%	8,852	8,490
German "Spezialfonds"	955	36%	919	3.9%	822	16.2%	3,809	3,762
British investment trusts	84	3%	84	0.0%	76	10.5%	288	307
French employees savings	95	4%	88	8.0%	87	9.7%	2,250	2,342
Luxembourg "other" funds	95	4%	96	-1.0%	85	12.3%	877	938
Real-estate funds	258	10%	262	-1.5%	259	-0.4%	1,122	993
Other	378	14%	357	5.9%	321	17.8%	5,706	5,149
Total	2,649	100%	2,567	3.2%	2,322	14.1%	19,095	18,219
(1) End December 2012 compared to end September 2012; (2) end December 2012 compared to end December 2011.								

Table 6. Net Sales of Special Funds ⁽¹⁾						
Members	2011	2012				
		Q1	Q2	Q3	Q4	2012
Austria	1,153	-972	445	781	-543	-289
Denmark	3,145	-121	728	1,669	2,621	4,896
Finland	-372	388	91	697	879	2,054
Germany	44,203	13,621	16,642	12,444	30,478	73,185
Hungary	-943	-208	-96	-126	23	-407
Ireland	15,329	9,637	-4,070	-3,665	-3,033	-1,131
Italy	-22	-86	11	-171	48	-175
Liechtenstein	139	-13	122	46	73	229
Luxembourg	28,998	7,294	5,488	2,741	10,834	26,330
Romania	17	1	16	11	5	19
Sweden	-32	7	-7	105	7	113
United Kingdom	2,617	994	2,017	1,437	2,702	7,150
Total	94,232	30,598	21,387	15,969	44,094	111,974
(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 2.3 percent in the fourth quarter of 2012 to end the year at EUR 8,944 billion. Since end 2011 total net assets have increased by 12.4 percent.

With EUR 6,295 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market at end December 2012, with the remaining 30 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	31/12/2012		30/09/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	147,818	1.7%	145,898	1.3%	137,216	7.7%
Belgium	87,298	1.0%	86,461	1.0%	84,701	3.1%
Bulgaria	250	0.0%	233	7.1%	228	9.3%
Czech Republic	4,589	0.1%	4,415	3.9%	4,195	9.4%
Denmark	164,434	1.8%	158,366	3.8%	139,046	18.3%
Finland	66,335	0.7%	63,722	4.1%	55,387	19.8%
France	1,505,731	16.8%	1,473,679	2.2%	1,387,341	8.5%
Germany	1,285,527	14.4%	1,244,907	3.3%	1,133,518	13.4%
Greece	6,703	0.1%	6,007	11.6%	6,252	7.2%
Hungary	11,675	0.1%	11,170	4.5%	8,948	30.5%
Ireland	1,227,425	13.7%	1,199,950	2.3%	1,055,267	16.3%
Italy	190,492	2.1%	189,013	0.8%	200,445	-5.0%
Liechtenstein	27,713	0.3%	29,514	-6.1%	30,017	-7.7%
Luxembourg	2,383,826	26.7%	2,314,448	3.0%	2,096,506	13.7%
Malta	9,720	0.1%	10,405	-6.6%	8,318	16.8%
Netherlands	68,577	0.8%	65,497	4.7%	64,364	6.5%
Norway	74,836	0.8%	72,749	2.9%	61,828	21.0%
Poland	35,795	0.4%	32,906	8.8%	25,934	38.0%
Portugal	23,741	0.3%	23,011	3.2%	22,102	7.4%
Romania	3,432	0.0%	3,246	5.7%	3,105	10.5%
Slovakia	3,751	0.0%	3,543	5.9%	3,201	17.2%
Slovenia	1,828	0.0%	1,841	-0.7%	1,812	0.9%
Spain	150,366	1.7%	151,284	-0.6%	156,412	-3.9%
Sweden	172,471	1.9%	168,819	2.2%	150,434	14.6%
Switzerland	297,270	3.3%	307,931	-3.5%	275,520	7.9%
Turkey	22,663	0.3%	22,237	1.9%	20,239	12.0%
United Kingdom	969,636	10.8%	949,434	2.1%	827,670	17.2%
All Funds	8,943,900	100.0%	8,740,690	2.3%	7,960,007	12.4%
UCITS	6,295,307	70.4%	6,173,529	2.0%	5,638,128	11.7%
Non-UCITS	2,648,593	29.6%	2,567,161	3.2%	2,321,880	14.1%

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