

*Trends in the European Investment Fund Industry  
in the Third Quarter of 2013*

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This report was prepared by Bernard Delbecq and Jonathan Healy

EFAMA  
The European Fund and Asset Management Association

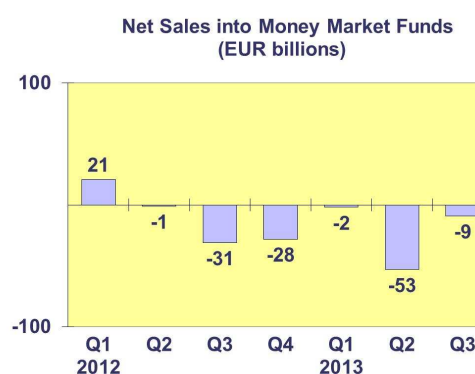
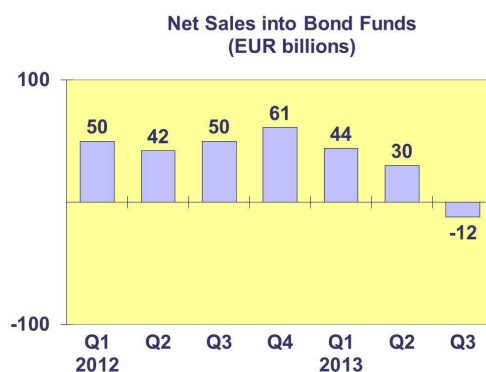
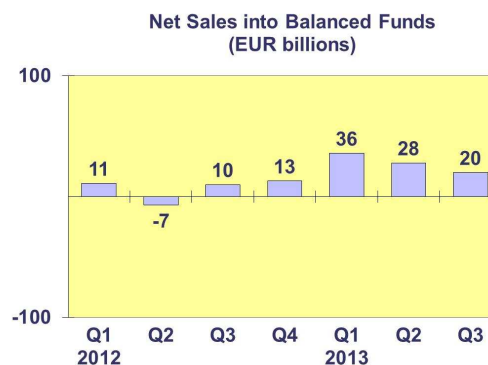
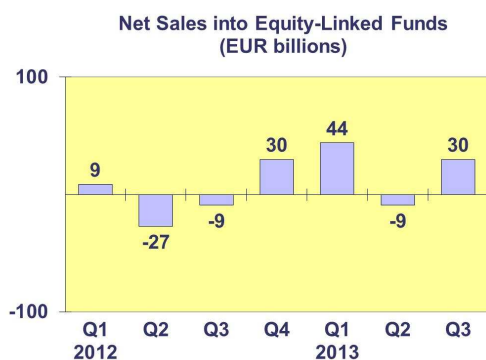
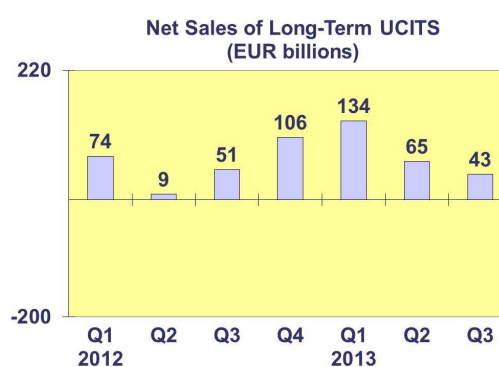
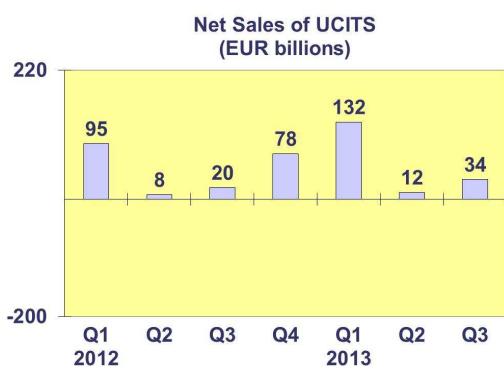
Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: [info@efama.org](mailto:info@efama.org)

## Trends in the UCITS Market

### *Net Sales by Investment Type*

**Net sales of UCITS totalled EUR 34 billion in the third quarter of 2013, up from EUR 12 billion in the second quarter. This increase in net sales can be attributed to the upturn in net sales of equity funds and decreased net outflows from money market funds. Uncertainty about bond market developments during the quarter penalized bond funds, whereas equity funds benefitted from improved investor confidence.**

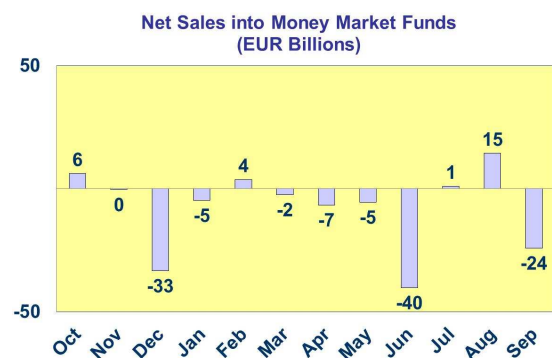
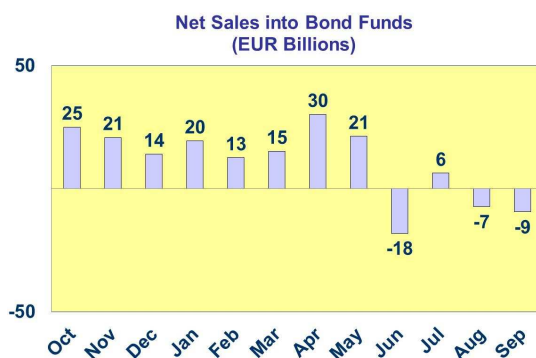
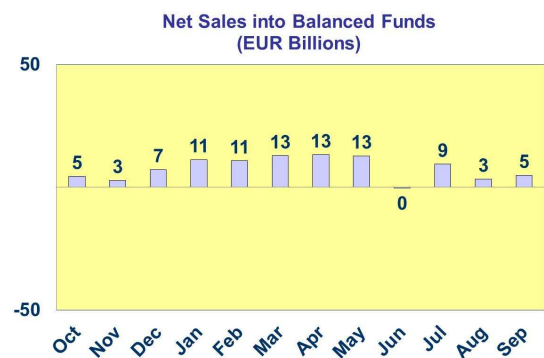
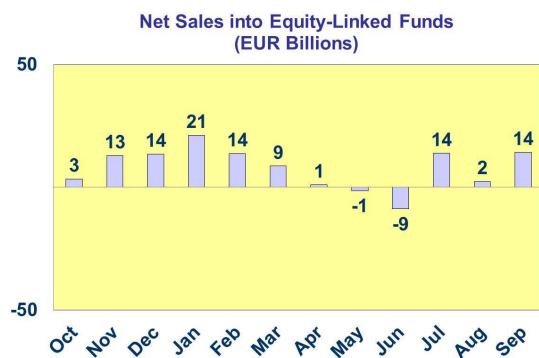
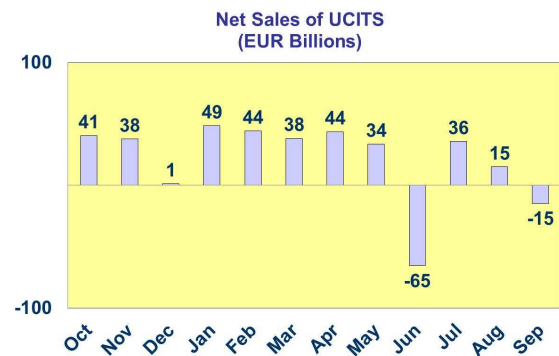
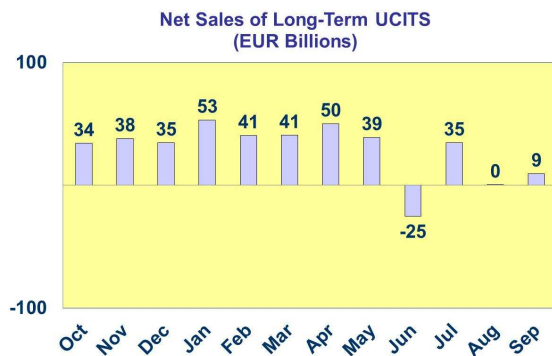
Long-term UCITS attracted EUR 43 billion in net new money during the quarter, down from EUR 65 billion in the second quarter. Bond funds registered quarterly net outflows for the first time since 2011 amounting to EUR 12 billion. Net sales of equity funds returned to positive territory with inflows of EUR 30 billion, compared to net outflows of EUR 9 billion in the second quarter. Net inflows to balanced funds continued to attract strong net inflows during the quarter (EUR 20 billion), albeit down from EUR 28 billion in the second quarter. Money market funds registered reduced net outflows of EUR 9 billion, down from EUR 53 billion in the second quarter.



## Trends in the UCITS Market

### *Net Assets by Investment Type*

The third quarter was dominated by expectations of when the Federal Reserve will begin tapering its quantitative easing programme<sup>1</sup>, which can be seen from the trends in monthly net sales<sup>1</sup>. Bond funds didn't really recover during the summer from Chairman Bernanke's announcement on the phasing out of the Fed's bond buying programme. Investors in equity and balanced funds gave less importance to this prospect, quite possibly because of encouraging economic data.



<sup>1</sup> 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 during the third quarter of 2013**, with four countries attracting net inflows in excess of EUR 5 billion thanks to strong net inflows to equity and balanced funds. Luxembourg led the way with net inflows of EUR 13 billion, followed by Ireland (EUR 12 billion), Spain (EUR 6 billion) and the United Kingdom (EUR 5 billion).

Elsewhere, significant net inflows were registered in Switzerland (EUR 3 billion) and Germany (EUR 3 billion). France registered net outflows of EUR 12 billion. Of the Nordic countries, Denmark and Finland attracted net sales of approximately EUR 3 billion and EUR 2 billion respectively. In the Mediterranean, Italy continued to attract large net inflows (EUR 3 billion), whilst Portugal attracted positive net inflows. On the other hand, Greece registered net outflows approaching EUR 1 billion during the quarter. In Central Europe, Poland, Hungary, Romania and Slovakia all registered net inflows during the quarter.

Table 1. Net Sales of UCITS <sup>(1)</sup>

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds <sup>(2)</sup>		Total	
	Q3 2013	YTD	Q3 2013	YTD	Q3 2013	YTD	Q3 2013	YTD	Q3 2013	YTD	Q3 2013	YTD
Austria	-11	-34	22	584	-107	-673	-58	-153	-179	-192	-333	-467
Bulgaria	2	6	1	26	5	11	14	38	-1	0	22	81
Czech Republic	24	11	-25	48	36	120	0	-24	50	133	85	288
Denmark	1,227	877	1,203	3,903	265	594	0	0	8	-11	2,703	5,364
Finland	1,302	2,374	67	620	237	-1,210	-159	1,396	12	86	1,459	3,267
France	-3,300	-9,500	-1,600	-9,700	700	-1,300	-6,600	-36,800	-1,000	-2,100	-11,800	-59,400
Germany	388	-137	-369	1,399	1,091	4,986	-57	-366	2,002	876	3,055	6,760
Greece	-35	-53	-218	-248	-2	-8	-126	-182	-336	-80	-718	-570
Hungary	-21	-9	92	995	8	31	159	616	121	449	359	2,082
Ireland	11,393	23,540	-9,164	11,264	2,463	10,653	1,804	-14,770	5,264	18,666	11,760	49,355
Italy	-484	-2,015	-1,214	-1,560	4,638	15,419	-181	-1,156	0	0	2,759	10,687
Liechtenstein	1	675	160	-66	-18	264	-373	-1,066	-62	159	-292	-34
Luxembourg <sup>(3)</sup>	13,669	34,964	-3,160	43,788	7,284	45,025	-3,836	-15,031	-695	8,456	13,262	117,202
Malta	114	-709	1	108	0	0	0	0	-15	-426	100	-1,027
Netherlands	-312	-1,607	37	149	-183	-770	0	0	-47	-169	-505	-2,397
Norway	-305	-281	661	3,917	133	571	-426	-570	-5	28	57	3,665
Poland	127	339	-396	-307	-14	-113	288	1,350	74	252	79	1,472
Portugal	5	-61	10	94	13	49	80	791	9	-116	118	757
Romania	0	2	80	205	0	-1	3	6	58	209	140	420
Slovakia	7	10	32	39	52	98	-40	-71	15	-8	66	68
Slovenia	12	2	-9	-8	-15	-33	3	1	1	0	-8	-38
Spain	2,814	5,366	1,975	6,026	588	1,876	416	1,357	0	0	5,793	14,626
Sweden	-156	1,228	117	-391	147	864	-164	907	172	1,041	116	3,648
Switzerland	-1,458	-3,227	1,071	5,009	2,096	4,898	896	21	0	0	2,605	6,701
Turkey	-1	125	-439	31	-499	126	-673	-477	-29	1	-1,642	-193
United Kingdom	4,547	12,712	-1,057	-3,715	699	1,763	-159	513	1,093	4,236	5,123	15,509
<b>Total</b>	<b>29,550</b>	<b>64,599</b>	<b>-12,124</b>	<b>62,210</b>	<b>19,616</b>	<b>83,241</b>	<b>-9,188</b>	<b>-63,669</b>	<b>6,509</b>	<b>31,491</b>	<b>34,363</b>	<b>177,826</b>

(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*

**Net assets of UCITS increased 3.0 percent to EUR 6,690 billion during the third quarter of 2013.** Equity funds registered strong net asset growth of 7.8 percent or EUR 173 billion to stand at EUR 2,399 billion at quarter end. Net assets of balanced funds increased 2.0 percent or EUR 21 billion during the quarter to EUR 1,067 billion. Bond fund net assets rose 1.0 percent or EUR 20 billion to EUR 1,935 billion. In contrast, money market fund net assets reduced 1.0 percent or EUR 9 billion during the quarter to EUR 935 billion.

The number of UCITS at end September 2013 stood at 35,610, compared to 35,370 at end December 2012.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	30-Sep-13		Change from 30/6/2013		Change from 31/12/2012	
	EUR bn	Share	in % <sup>(1)</sup>	in EUR bn	in % <sup>(2)</sup>	in EUR bn
Equity	2,399	36%	7.8%	173	14.3%	300
Balanced	1,067	16%	2.0%	21	7.2%	72
Total Equity & Balanced	3,466	52%	5.9%	194	12.0%	372
Bond	1,935	29%	1.0%	20	4.6%	85
Money Market (MM)	935	14%	-1.0%	-9	-7.9%	-80
Funds of funds <sup>(3)</sup>	67	1%	13.6%	8	15.5%	9
Other	288	4%	-3.2%	-10	2.9%	8
<b>Total</b>	6,690	100%	3.0%	202	6.3%	395
of which guaranteed funds	154	2%	-2.5%	-4	-5.5%	-9

(1) End September 2013 compared to end June 2013 assets; (2) end September 2013 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 <sup>(1)</sup>						
UCITS types	30-Sep-13		Change from 30/6/2013		Change from 31/12/2012	
	No.	Share	in % <sup>(2)</sup>	in No.	in % <sup>(3)</sup>	in No.
Equity	12,194	38%	-0.3%	-40	-0.4%	-52
Balanced	8,435	26%	1.1%	92	0.9%	73
Total Equity & Balanced	20,629	64%	0.3%	52	0.1%	21
Bond	6,990	22%	0.9%	59	3.8%	258
Money Market (MM)	1,143	4%	-2.4%	-28	-8.9%	-112
Funds of funds <sup>(4)</sup>	871	3%	1.6%	14	-3.7%	-33
Other	2,674	8%	-0.3%	-8	-1.2%	-32
<b>Total (excl. Ireland)</b>	32,307	100%	0.3%	89	0.3%	102
of which guaranteed funds	2,911	9%	-2.8%	-83	-8.0%	-252
<b>Total (incl. Ireland)</b>	<b>35,610</b>		0.4%	144	0.7%	238

(1) No full data breakdown is available for Ireland; (2) end September 2013 compared to end June 2013; (3) end September 2013 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

**Twenty-four countries registered growth in net assets during the third quarter of 2013.** Of the largest domiciles Luxembourg registered growth of 1.9 percent, France (2.1%), Ireland (2.7%) and the United Kingdom (5.5%).

In Central Europe above average growth was registered in Germany (4.6%), Belgium (4.1%), and Switzerland (3.9%). In the Mediterranean region, asset growth was recorded in Spain (6.4%), Italy (3.6%) and Portugal (3.5%). Net assets in Greece declined 6.9% during the quarter. The Nordic countries registered strong growth during the quarter with net assets increasing in Sweden by 6.4 percent, Finland (6.2%), Denmark (5.8%) and Norway (1.4%). Notable growth was also recorded in Malta (8.8%), Bulgaria (8.5%) and Romania (7.9%).

In Turkey net assets decreased 14.6 percent during the quarter. However, the Turkish Lira depreciated against the euro 9.1 percent over the period. Poland also registered a reduction in net assets (3.5%) during the quarter, whilst the Polish zloty depreciated 2.5 percent over the same period.

Table 4. Net Assets of the European UCITS Industry						
Members	30/09/2013		30/06/2013		31/12/2012	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	79,034	1.2%	78,334	0.9%	79,585	-0.7%
Belgium	84,840	1.3%	81,514	4.1%	80,339	5.6%
Bulgaria	345	0.0%	318	8.5%	247	39.3%
Czech Republic	4,679	0.1%	4,469	4.7%	4,498	4.0%
Denmark	83,863	1.3%	79,300	5.8%	78,653	6.6%
Finland	61,673	0.9%	58,084	6.2%	56,075	10.0%
France	1,103,731	16.5%	1,080,892	2.1%	1,116,481	-1.1%
Germany	268,785	4.0%	256,958	4.6%	248,325	8.2%
Greece	4,928	0.1%	5,292	-6.9%	4,927	0.0%
Hungary	9,530	0.1%	9,157	4.1%	7,394	28.9%
Ireland	1,026,665	15.3%	999,436	2.7%	967,562	6.1%
Italy	151,745	2.3%	146,490	3.6%	137,729	10.2%
Liechtenstein	26,762	0.4%	26,573	0.7%	24,316	10.1%
Luxembourg	2,126,582	31.8%	2,086,620	1.9%	2,002,398	6.2%
Malta	1,714	0.0%	1,575	8.8%	2,299	-25.4%
Netherlands	57,761	0.9%	56,660	1.9%	57,712	0.1%
Norway	78,168	1.2%	77,101	1.4%	74,836	4.5%
Poland	19,243	0.3%	19,950	-3.5%	19,816	-2.9%
Portugal	6,907	0.1%	6,675	3.5%	6,001	15.1%
Romania	2,493	0.0%	2,310	7.9%	1,983	25.7%
Slovakia	2,494	0.0%	2,399	4.0%	2,392	4.3%
Slovenia	1,806	0.0%	1,778	1.6%	1,828	-1.2%
Spain	167,299	2.5%	157,243	6.4%	144,978	15.4%
Sweden	189,292	2.8%	177,854	6.4%	168,300	12.5%
Switzerland	287,852	4.3%	276,938	3.9%	235,476	22.2%
Turkey	11,189	0.2%	13,105	-14.6%	12,495	-10.4%
United Kingdom	830,820	12.4%	787,168	5.5%	758,663	9.5%
<b>All Funds</b>	<b>6,690,198</b>	<b>100%</b>	<b>6,494,192</b>	<b>3.0%</b>	<b>6,295,307</b>	<b>6.3%</b>
(1) End September 2013 compared to end June 2013; (2) end September 2013 compared to end December 2012.						

## Trends in the Non-UCITS Market

### Net Sales and Assets by Investment Type

**Non-UCITS net assets increased by 3.5% in the third quarter of 2013 to stand at EUR 2,841 billion.** Net assets of special funds (funds reserved to institutional investors) increased 3.8 percent to stand at EUR 1,874 billion at end September 2013. Net inflows to special funds increased during the third quarter to EUR 40 billion, up from EUR 29 billion in the second quarter. Real-estate funds enjoyed growth of 1.9 percent in net assets during the quarter to stand at EUR 270 billion.

The total number of non-UCITS funds stood at 19,667 at end September 2013, up from 19,095 at end 2012.

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

Fund types	30/9/2013		30/6/2013		31/12/2012		Number of Funds	
	EUR bn	Share	EUR bn	% chg <sup>(1)</sup>	EUR bn	% chg <sup>(2)</sup>	30/9/2012	31/12/2012
Special / Institutional	1,874	66%	1,806	3.8%	1,739	7.8%	9,298	8,852
German "Spezialfonds"	1,010	36%	979	3.2%	955	5.8%	3,959	3,809
British investment trusts	97	3%	90	7.8%	84	15.5%	341	288
French employees savings	102	4%	99	3.2%	95	7.4%	2,188	2,250
Luxembourg "other" funds	109	4%	107	1.9%	95	14.7%	874	877
Real-estate funds	270	10%	265	1.9%	258	4.7%	1,186	1,122
Other	389	14%	377	3.1%	378	2.9%	5,780	5,706
<b>Total</b>	<b>2,841</b>	<b>100%</b>	<b>2,744</b>	<b>3.5%</b>	<b>2,649</b>	<b>7.2%</b>	<b>19,667</b>	<b>19,095</b>

(1) End September 2013 compared to end June 2013; (2) end September 2013 compared to end December 2012.

**Table 6. Net Sales of Special Funds <sup>(1)</sup>**

Members	2012				2013		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Austria	-972	445	781	-543	731	120	250
Denmark	-121	728	1,669	2,621	1,172	2,413	3,668
Finland	388	91	697	879	420	146	230
Germany	13,621	16,642	12,444	30,478	21,807	12,120	15,735
Hungary	-208	-96	-126	23	664	-3	-21
Ireland	9,637	-4,070	-3,665	-3,033	5,892	5,093	7,048
Italy	-86	11	-171	48	-18	160	-45
Liechtenstein	-13	122	46	73	163	157	-27
Luxembourg	7,294	5,488	2,741	10,834	10,834	8,254	11,475
Romania	1	16	11	5	6	1	1
Sweden	7	-7	105	7	-43	-87	10
United Kingdom	994	2,017	1,437	2,702	700	316	2,004
<b>Total</b>	<b>30,598</b>	<b>21,387</b>	<b>15,969</b>	<b>44,094</b>	<b>42,327</b>	<b>28,690</b>	<b>40,328</b>

(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 3.2 percent during the third quarter of 2013 to stand at EUR 9,531 billion at end September 2013. The five largest domiciles were Luxembourg with a market share of 26.7 percent, France (15.8%), Germany (14.3%), Ireland (13.8%) and the United Kingdom (11.2%).

With EUR 6,690 billion invested in UCITS, this segment of the business accounted for 70.2 percent of the European investment fund market, with the remaining 29.8 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/09/2013		30/6/2013		31/12/2012	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	150,330	1.6%	148,120	1.5%	147,818	1.7%
Belgium	92,689	1.0%	89,055	4.1%	87,298	6.2%
Bulgaria	347	0.0%	320	8.4%	250	39.0%
Czech Republic	4,848	0.1%	4,631	4.7%	4,589	5.6%
Denmark	180,853	1.9%	170,932	5.8%	164,434	10.0%
Finland	72,746	0.8%	68,677	5.9%	66,335	9.7%
France	1,508,431	15.8%	1,474,892	2.3%	1,505,731	0.2%
Germany	1,360,873	14.3%	1,316,920	3.3%	1,285,527	5.9%
Greece	6,703	0.1%	7,090	-5.5%	6,703	0.0%
Hungary	14,558	0.2%	14,015	3.9%	11,675	24.7%
Ireland	1,317,984	13.8%	1,278,048	3.1%	1,227,425	7.4%
Italy	203,639	2.1%	198,700	2.5%	190,492	6.9%
Liechtenstein	31,892	0.3%	31,225	2.1%	27,713	15.1%
Luxembourg	2,539,200	26.6%	2,486,584	2.1%	2,383,826	6.5%
Malta	9,301	0.1%	8,955	3.9%	9,720	-4.3%
Netherlands	68,177	0.7%	66,840	2.0%	68,577	-0.6%
Norway	78,168	0.8%	77,101	1.4%	74,836	4.5%
Poland	40,898	0.4%	38,317	6.7%	35,795	14.3%
Portugal	25,247	0.3%	25,013	0.9%	23,741	6.3%
Romania	4,035	0.0%	3,746	7.7%	3,432	17.6%
Slovakia	4,244	0.0%	4,039	5.1%	3,751	13.1%
Slovenia	1,806	0.0%	1,778	1.6%	1,828	-1.2%
Spain	172,347	1.8%	162,355	6.2%	150,366	14.6%
Sweden	193,750	2.0%	182,042	6.4%	172,471	12.3%
Switzerland	355,721	3.7%	343,901	3.4%	297,270	19.7%
Turkey	21,573	0.2%	24,455	-11.8%	22,663	-4.8%
United Kingdom	1,070,770	11.2%	1,011,202	5.9%	969,636	10.4%
<b>All Funds</b>	<b>9,531,128</b>	<b>100.0%</b>	<b>9,238,952</b>	<b>3.2%</b>	<b>8,943,900</b>	<b>6.6%</b>
UCITS	6,690,198	70.2%	6,494,192	3.0%	6,295,307	6.3%
Non-UCITS	2,840,930	29.8%	2,744,760	3.5%	2,648,593	7.3%

(1) End September 2013 compared to end June 2013; (2) end September 2013 compared to end December 2012.