

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

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The European Fund and Asset Management Association**

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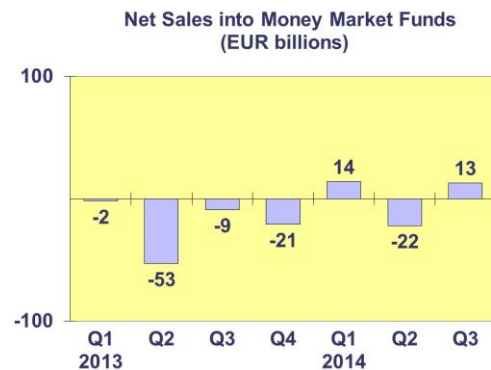
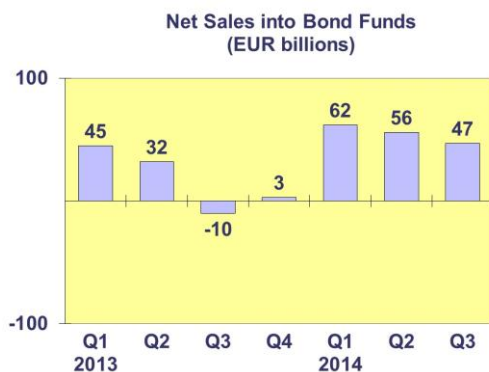
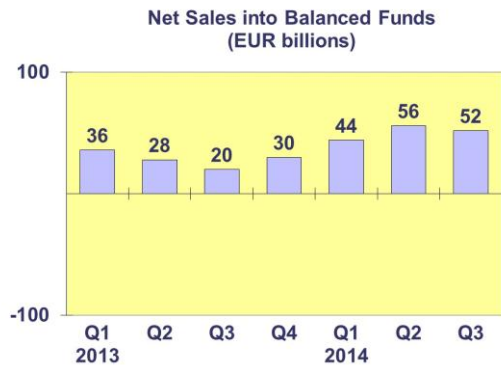
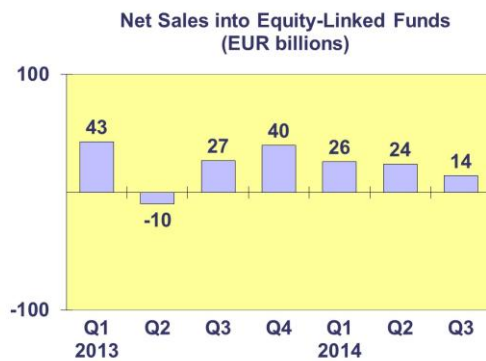
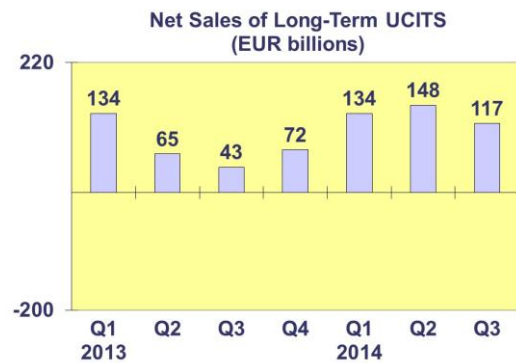
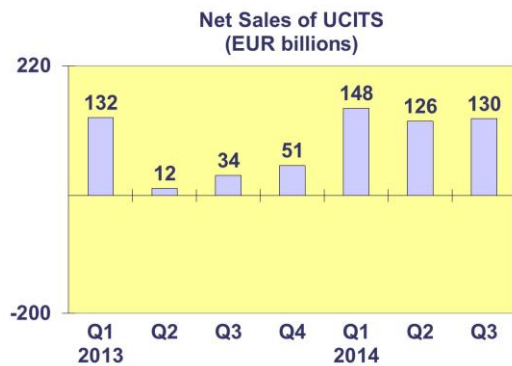
Trends in the UCITS Market

Net Sales by Investment Type

The third quarter of 2014 marked the third successive quarter that UCITS posted net inflows in excess of EUR 100 billion. Net sales of UCITS increased during the third quarter to EUR 130 billion from EUR 126 billion in the second quarter.

Long-term UCITS attracted reduced net inflows of EUR 117 billion, down from EUR 148 billion. Demand for bond funds remained high in the third quarter, despite reducing to EUR 47 billion from EUR 56 billion in the previous quarter. Net inflows to equity funds fell to EUR 14 billion, from EUR 24 billion in the second quarter. Net sales of balanced funds posted strong net inflows during the quarter of EUR 52 billion, albeit down from EUR 56 billion in the second quarter. Money market funds registered a turnaround in net flows during the quarter to post net inflows of EUR 13 billion, against net outflows of EUR 22 billion in the second quarter.

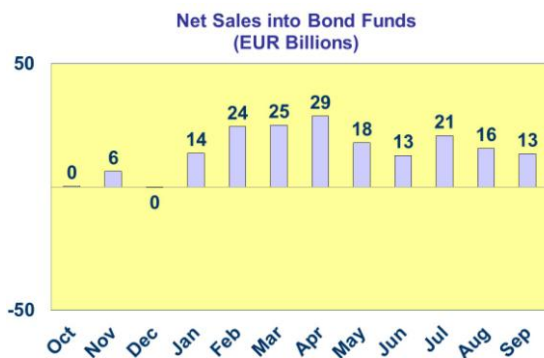
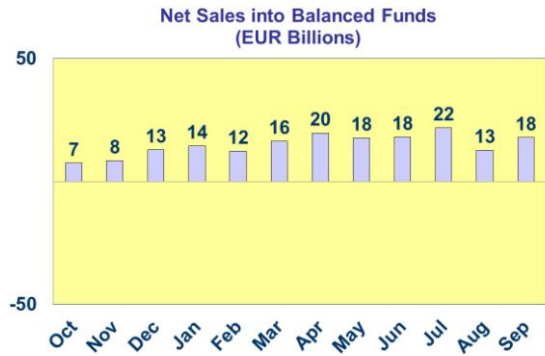
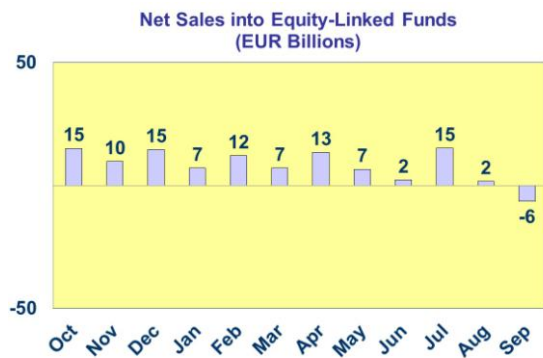
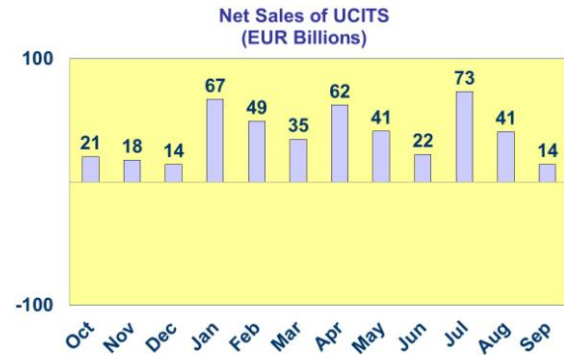
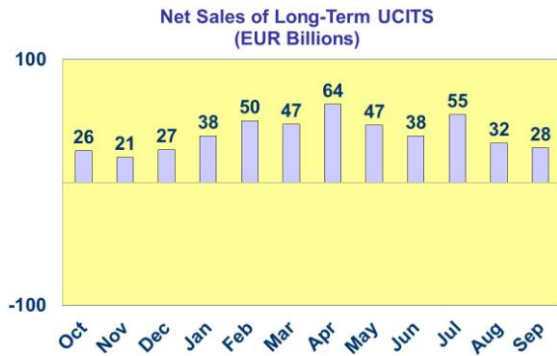
So far in 2014, UCITS attracted EUR 405 billion in net inflows, more than double the EUR 178 billion attracted over the same period in 2013.



Trends in the UCITS Market

Net Assets by Investment Type

The third quarter of 2014 was marked by geopolitical tensions, global stock market volatility and heightened concern about the threat of deflation in Europe. These uncertainties have contributed to a slowdown in the net sales of equity funds, which fell into negative territory in September. By contrast, demand for bond and balanced funds remained robust throughout the quarter, as the ECB cut interest rates to record lows and announced plans for monetary easing. Over the quarter money market funds registered net inflows, but habitual end of quarter net outflows were posted in September.



Trends in the UCITS Market

Net Sales by Country of Domiciliation

Twenty countries registered net inflows in the third quarter of 2014, with ten countries recording net inflows greater than EUR 1 billion and three countries recording net inflows over EUR 10 billion.

Luxembourg attracted net sales of EUR 64 billion during the quarter, thanks primarily to strong net inflows to bond funds and balanced funds. Ireland followed with positive net sales (EUR 28 billion) across all categories of funds. Italy posted strong net inflows of EUR 12 billion, followed by Spain (EUR 9 billion) and Switzerland (EUR 8 billion). The United Kingdom registered net inflows of EUR 3 billion. Both Germany and France registered net outflows during the quarter, albeit small.

Elsewhere, the Nordic countries all enjoyed net inflows of approx. EUR 2 billion. Net inflows were recorded across Central Europe (Austria, Hungary, Romania, Czech Rep., Slovakia, Croatia and Slovenia). Turkey and Malta posted net inflows of EUR 0.4 billion and EUR 0.3 billion, respectively. In the Mediterranean region net outflows were observed in Portugal (EUR 0.5 billion) and Greece (EUR 0.1 billion).

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q3 2014	YTD	Q3 2014	YTD	Q3 2014	YTD	Q3 2014	YTD	Q3 2014	YTD	Q3 2014	YTD
Austria	-269	-482	360	-1,477	-5	233	-8	-27	389	972	467	-781
Bulgaria	4	16	-21	9	0	7	-7	-9	0	1	-24	24
Croatia	-5	-16	14	39	2	-5	91	10	-1	-3	101	25
Czech Republic	24	67	73	67	54	190	-8	-20	114	307	257	611
Denmark	496	1,476	1,024	2,833	241	580	0	32	-5	-57	1,757	4,864
Finland	-11	729	895	2,366	361	1,137	447	-708	26	110	1,718	3,634
France	-4,837	-10,823	4,939	17,341	3,267	5,947	-4,656	-14,660	-48	98	-1,334	-2,096
Germany	-3,456	-3,834	1,111	1,295	2,602	5,980	-108	-288	-225	-33	-76	3,120
Greece	-15	-43	-64	-48	-2	-12	22	91	-16	-27	-75	-39
Hungary	21	55	256	951	39	121	-109	-314	192	668	400	1,480
Ireland	5,284	13,072	5,745	31,428	2,214	6,563	9,089	22,967	5,732	19,357	28,063	93,385
Italy	-365	-1,020	1,956	1,380	10,795	28,203	-427	-1,857	0	0	11,959	26,707
Liechtenstein	101	447	-105	-480	42	-66	-192	-1,111	-56	-115	-210	-1,325
Luxembourg ⁽³⁾	8,039	43,298	25,297	71,220	25,298	83,450	7,980	-954	-3,000	-7,987	63,614	189,027
Malta	4	-117	27	125	62	88	188	196	-5	-69	277	224
Netherlands	445	-2,104	-766	279	-954	-1,646	0	0	65	25	-1,210	-3,446
Norway	532	745	1,503	13,894	357	1,085	-68	606	-5	45	2,319	16,373
Poland	-273	-277	361	361	-75	-193	380	789	65	39	458	719
Portugal	-49	-5	-129	93	-6	24	123	286	-405	262	-466	659
Romania	4	13	63	257	4	16	1	6	218	459	291	751
Slovakia	9	-6	98	201	118	256	1	-6	0	0	227	445
Slovenia	11	23	6	11	7	-8	1	-2	0	0	25	24
Spain	1,359	5,866	972	8,214	6,360	16,063	87	-500	0	0	8,778	29,643
Sweden	-486	830	1,243	4,440	-108	321	726	1,924	414	944	1,788	8,459
Switzerland	6,970	9,232	2,052	5,224	-366	1,491	-783	-1,611	0	0	7,872	14,335
Turkey	-26	-50	186	659	112	-30	113	-1,150	5	-58	390	-629
United Kingdom	764	6,313	36	5,064	1,679	2,874	523	1,407	-403	2,752	2,600	18,409
Total	14,277	63,403	47,130	165,746	52,097	152,667	13,409	5,099	3,052	17,690	129,964	404,602

(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

UCITS net assets rose 4.3 percent during the third quarter to EUR 7,807 billion at end September 2014.

Net assets of equity funds increased 3.3 percent during the quarter to EUR 2,825 billion. Bond fund net assets rose 4.7 percent to EUR 2,257 billion. Balanced funds enjoyed strong net asset growth of 5.9 percent during the quarter to stand at EUR 1,336 billion. Money market funds also registered growth in net assets of 4.1 percent to EUR 955 billion at quarter end.

The number of UCITS at end September 2014 stood at 36,102 compared to 35,708 at end December 2013.

Table 2. Breakdown of UCITS Assets by Category

UCITS types	30-Sep-14		Change from 30/6/2014		Change from 31/12/2013	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,825	36%	3.3%	91	11.6%	294
Balanced	1,336	17%	5.9%	74	20.0%	223
Total Equity & Balanced	4,161	53%	4.1%	165	14.2%	517
Bond	2,257	29%	4.7%	101	16.2%	315
Money Market (MM)	955	12%	4.1%	38	4.7%	43
Funds of funds ⁽³⁾	86	1%	6.2%	5	26.5%	18
Other	349	4%	4.8%	16	16.3%	49
Total	7,807	100%	4.3%	324	13.7%	941
of which guaranteed funds	127	2%	-3.1%	-4	-13.0%	-19

(1) End September 2014 compared to end June 2014 assets; (2) end September 2014 compared to end December 2013 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-Sep-14		Change from 30/6/2014		Change from 31/12/2013	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,124	37%	0.4%	43	0.1%	7
Balanced	8,683	27%	0.9%	80	2.5%	208
Total Equity & Balanced	20,807	64%	0.6%	123	1.0%	215
Bond	7,298	22%	0.1%	5	2.0%	140
Money Market (MM)	1,066	3%	-1.6%	-17	-8.7%	-102
Funds of funds ⁽⁴⁾	893	3%	-1.7%	-15	2.1%	18
Other	2,576	8%	-2.6%	-69	-4.0%	-106
Total (excl. Ireland)	32,640	100%	0.1%	27	0.5%	165
of which guaranteed funds	2,471	8%	-4.2%	-107	-12.4%	-351
Total (incl. Ireland)	36,102		0.2%	73	1.1%	394

(1) Including Croatia, breakdown of data is unavailable for Ireland; (2) end September 2014 compared to end June 2014; (3) end September 2014 compared to end December 2013; (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

UCITS net assets rose 4.3 percent during the quarter to EUR 7,807 billion at end September 2014.

Twenty-four countries recorded growth during the quarter. Of the largest domiciles, Ireland increased by 6.6 percent followed by Luxembourg (5.7%) the United Kingdom (4.3%) and France (0.3%). Germany registered UCITS net asset growth of 0.7%, whilst net assets in Switzerland rose 5.0%. In Southern Europe, large growth was registered in Italy (7.3%) and Spain (5.0%). In the Nordic region, Norway registered strong growth of 5.6 percent during the quarter. Elsewhere, large growth was recorded in Slovakia (8.5%) and Romania (8.9%). Malta registered net asset growth of 12.9 percent due to reclassifications from non-UCITS to UCITS assets during the quarter. In contrast, Greece saw net assets drop 6.4 percent during the quarter and Portugal posted a 5.0 percent decline in net assets.

Table 4. Net Assets of the European UCITS Industry

Members	30/09/2014		30/06/2014		31/12/2013	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	81,703	1.0%	80,032	2.1%	78,053	4.7%
Belgium	101,134	1.3%	95,258	6.2%	86,874	16.4%
Bulgaria	409	0.0%	426	-3.9%	367	11.4%
Croatia	1,777	0.0%	1,661	6.9%	1,709	4.0%
Czech Republic	5,540	0.1%	5,252	5.5%	4,596	20.5%
Denmark	96,574	1.2%	93,104	3.7%	86,317	11.9%
Finland	69,886	0.9%	68,731	1.7%	64,145	9.0%
France	1,157,469	14.8%	1,154,362	0.3%	1,110,507	4.2%
Germany	292,915	3.8%	290,978	0.7%	277,700	5.5%
Greece	5,418	0.1%	5,788	-6.4%	5,256	3.1%
Hungary	11,031	0.1%	11,075	-0.4%	10,262	7.5%
Ireland	1,233,409	15.8%	1,156,920	6.6%	1,044,063	18.1%
Italy	189,865	2.4%	176,913	7.3%	156,300	21.5%
Liechtenstein	26,310	0.3%	25,514	3.1%	26,510	-0.8%
Luxembourg	2,562,745	32.8%	2,425,635	5.7%	2,197,567	16.6%
Malta	2,731	0.0%	2,419	12.9%	2,293	19.1%
Netherlands	61,978	0.8%	61,789	0.3%	61,855	0.2%
Norway	102,716	1.3%	97,266	5.6%	79,273	29.6%
Poland	21,518	0.3%	20,783	3.5%	20,318	5.9%
Portugal	8,305	0.1%	8,740	-5.0%	7,406	12.1%
Romania	3,817	0.0%	3,504	8.9%	2,905	31.4%
Slovakia	3,187	0.0%	2,938	8.5%	2,681	18.9%
Slovenia	2,114	0.0%	1,992	6.1%	1,850	14.3%
Spain	218,961	2.8%	208,473	5.0%	179,997	21.6%
Sweden	233,904	3.0%	227,743	2.7%	198,117	18.1%
Switzerland	324,184	4.2%	308,717	5.0%	287,927	12.6%
Turkey	11,680	0.1%	11,181	4.5%	10,217	14.3%
United Kingdom	975,847	12.5%	935,700	4.3%	862,506	13.1%
All Funds	7,807,128	100%	7,482,894	4.3%	6,867,569	13.7%

(1) End September 2014 compared to end June 2014; (2) end September 2014 compared to end December 2013.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Net assets of non-UCITS increased 3.1 percent during the third quarter to stand at EUR 3,250 billion at end September 2014.

Net assets of special funds (funds reserved to institutional investors) increased 3.3 percent during the third quarter to EUR 2,180 billion. The sharp decline in net sales of special funds can largely be attributed to Denmark, where a once-off transfer of assets from special funds to segregated accounts by a large institutional player led the slowdown in net sales. Real estate funds increased 1.4 percent during the quarter to stand at EUR 293 billion.

The total number of non-UCITS funds stood at 19,360 at end September 2014, compared to 19,552 at end December 2013.

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

Fund types	30/9/2014		30/6/2014		31/12/2013		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/9/2014	31/12/2013
Special / Institutional	2,180	67%	2,110	3.3%	1,925	13.2%	9,118	9,194
German "Spezialfonds"	164	36%	126	3.4%	1045	11.4%	3,729	3,893
British investment trusts	130	4%	123	5.7%	117	11.1%	399	337
French employees savings	111	3%	105	5.7%	105	5.7%	2,191	2,140
Luxembourg "other" funds	101	3%	103	-1.9%	104	-2.9%	672	846
Real-estate funds	293	9%	289	1.4%	276	6.2%	1,202	1,195
Other	435	13%	423	2.8%	395	10.1%	5,778	5,814
Total	3,250	100%	3,153	3.1%	2,922	11.2%	19,360	19,552

(1) End September 2014 compared to end June 2014; (2) end September 2014 compared to end December 2013.

Table 6. Net Sales of Special Funds ⁽¹⁾

Members	2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Austria	731	120	250	-86	913	1,521	1,627
Denmark	1,172	2,413	3,668	-803	-2,337	-1,975	-17,139
Finland	420	146	230	-333	555	1,405	652
Germany	21,807	12,120	15,735	27,583	22,208	12,398	18,246
Hungary	664	-3	-21	-122	-35	-34	-33
Ireland	5,892	5,093	7,048	3,367	3,020	6,186	-5,332
Italy	-18	160	-45	-27	86	-126	26
Liechtenstein	163	157	-27	92	118	18	47
Luxembourg	10,834	8,254	11,475	9,940	3,768	4,576	7,974
Romania	6	1	1	0	15	5	-4
Sweden	-43	-87	10	38	-18	188	50
United Kingdom	700	397	2,053	2,532	2,554	1,824	1,225
Total	42,328	28,771	40,377	42,181	30,847	25,986	7,339

(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, surpassed the EUR 11 trillion market for the first time during the third quarter of 2014. At end September 2014 total assets of the European investment fund industry stood at EUR 11,057 billion, marking an increase of 4.0 percent since end June 2014 and representing growth of 12.9 percent since end December 2013.

With EUR 7,807 billion invested in UCITS, this segment of the business accounted for 71 percent of the European investment fund market, with the remaining 29 percent (EUR 3,250 billion) composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/09/2014		30/06/2014		31/12/2013	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	160,244	1.4%	156,351	2.5%	149,407	7.3%
Belgium	110,797	1.0%	104,360	6.2%	95,019	16.6%
Bulgaria	412	0.0%	429	-3.9%	370	11.4%
Croatia	2,238	0.0%	2,073	7.9%	2,136	4.7%
Czech Republic	5,684	0.1%	5,391	5.4%	4,720	20.4%
Denmark	224,006	2.0%	232,590	-3.7%	185,654	20.7%
Finland	83,440	0.8%	82,000	1.8%	75,123	11.1%
France	1,582,769	14.3%	1,573,362	0.6%	1,525,107	3.8%
Germany	1,537,204	13.9%	1,497,882	2.6%	1,404,353	9.5%
Greece	7,571	0.1%	7,854	-3.6%	7,059	7.3%
Hungary	16,667	0.2%	16,734	-0.4%	15,546	7.2%
Ireland	1,599,712	14.5%	1,495,845	6.9%	1,343,882	19.0%
Italy	242,257	2.2%	229,492	5.6%	209,091	15.9%
Liechtenstein	30,892	0.3%	30,283	2.0%	31,112	-0.7%
Luxembourg	3,006,762	27.2%	2,854,640	5.3%	2,615,363	15.0%
Malta	9,887	0.1%	9,722	1.7%	9,411	5.1%
Netherlands	73,727	0.7%	73,719	0.0%	72,472	1.7%
Norway	102,716	0.9%	97,266	5.6%	79,273	29.6%
Poland	50,241	0.5%	48,730	3.1%	45,493	10.4%
Portugal	23,887	0.2%	25,580	-6.6%	24,690	-3.3%
Romania	5,476	0.0%	5,222	4.9%	4,509	21.4%
Slovakia	5,251	0.0%	4,945	6.2%	4,570	14.9%
Slovenia	2,114	0.0%	1,992	6.1%	1,850	14.3%
Spain	223,867	2.0%	213,345	4.9%	184,878	21.1%
Sweden	239,062	2.2%	232,614	2.8%	200,252	19.4%
Switzerland	401,434	3.6%	384,564	4.4%	356,831	12.5%
Turkey	25,306	0.2%	24,716	2.4%	21,526	17.6%
United Kingdom	1,283,518	11.6%	1,224,180	4.8%	1,120,760	14.5%
All Funds	11,057,142	100.0%	10,635,880	4.0%	9,790,457	12.9%
UCITS	7,807,128	70.6%	7,482,894	4.3%	6,865,860	13.7%
Non-UCITS	3,250,014	29.4%	3,152,986	3.1%	2,924,460	11.2%

(1) End September 2014 compared to end June 2014; (2) end September 2014 compared to end December 2013.