European Fund and Asset Management Association

Press Release

For immediate release
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A new EFAMA survey reassuring on the future growth of UCITS

Brussels, 23 April 2009 – EFAMA today published the main results of its second survey on the degree of penetration of cross-border UCITS in Europe, Asia and other parts of the world. Twenty-two fund groups with combined assets of EUR 472 billion invested in international UCITS participated in the survey. The following figures summarise the key findings of the survey:

- The global financial crisis had a severe impact on net sales of cross-border UCITS in Europe and Asia in 2008. Total net outflows sourced in Europe and Asia reached EUR 20.8 billion and EUR 11.8 billion in 2008, respectively. Net sales remained positive in Latin America and the Middle East in 2008, albeit at low levels.

- The turnaround in the net sales in Asia occurred in the second half of 2008, when it became clear that the world economy was stepping into a global recession of dramatic proportions following the bankruptcy of Lehman Brothers. These developments affected the savings market in Asia in two different ways:

    - Losses on Lehman-linked "minibonds" and structured notes triggered a crisis of confidence among Asian investors, primarily benefiting investment in cash reserves.

    - The worsening of the economic crisis in advanced economies led to a sharp deterioration in the growth prospects in Asia, caused by falling export demand. This development, together with the massive losses recorded on worldwide stock markets, caused a further decline in investor demand for UCITS.

- Looking forward, 66% of survey participants expect a recovery of net sales of UCITS in Europe in 2009 and 50% expect a similar recovery in Asia this year. The positive sentiment regarding the perspectives for 2009 is confirmed by the figures for cumulated net inflows into UCITS in January and February, which totalled EUR 30 billion, compared to net outflows of EUR 15 billion in November and December 2008 and EUR 145 billion in total in the fourth quarter of 2008. One rationale for fund managers' expectations is the low interest rate levels that should convince investors to move back into UCITS to secure higher returns.

- Third-party distribution providers, especially third-party global banks and local financial advisors/brokers, are key partners in the UCITS distribution landscape in all regions. This finding highlights the importance of understanding the consequences of the financial crisis for third-party distributors in order to (re)assess strategies for distribution of cross-border UCITS. In this context, participants consider that one of the strategies to cope with the financial crisis is to search for new distribution partners. This strategy is ranked between cost cuts and launch of new products.

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- Economies across the world have been seriously affected by the financial crisis and the slump in economic activity. Against this background, the success of UCITS in Asia offered limited offset to the consequences of the recession in Europe. Notwithstanding current difficulties, the survey confirms that European UCITS managers remain confident in the continuing success of UCITS on the world stage.

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Notes to editors

- EFAMA is the representative association for the European investment management industry. EFAMA represents through its 24 member associations and 44 corporate members about EUR 10.7 trillion in assets under management of which EUR 6.1 trillion managed by 54,000 investment funds at end 2008. For more information, please visit www.efama.org.

- The survey was conducted with the support of Lipper FMI amongst EFAMA corporate members and other significant cross-border groups and it concluded with the participation from: Alliance Bernstein, Allianz Global Investors, AVIVA Investors, Baring Asset Management, BlackRock Investment Management, BNP Paribas Investment Managers, Capital International, Dexia Asset Management, Eurizon Capital, Fidelity International, Franklin Templeton, Generali Investments, Invesco CE Services, JPMorgan Asset Management, KBC Asset Management, Legg Mason, M&G Group, MFS Investment Management, Nordea Fonder AB Robeco, Schroders and Skagen Funds.

  These fund groups manage combined assets of EUR 472 billion invested in cross-border UCITS, i.e. funds that are sold abroad from Luxembourg or Dublin, or from the country in which the fund is domiciled, excluding round-trip funds.