European Fund and Asset Management Association

Annual Asset Management Report:

Facts and Figures

July 2008

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1 Key Findings

- The European asset management industry is a vital source of investment solutions and plays a major role in intermediating savings and investments. At the end of 2006, the European industry manages approximately EUR 13.5 trillion assets, with investment funds and discretionary mandates representing 53% and 47% of total assets under management, respectively.

- Core asset management is concentrated in a limited number of European countries. Reflecting the size of the domestic savings market, the degree of development of the local financial services sector and the level of financial delegation to asset management companies by institutional investors, the UK, France and Germany together accounted for more than 65% of total assets under management in Europe at the end of 2006. Italy and Belgium followed in this ranking.

- Certain European countries are highly specialized in terms of the services they provide in the asset management value-chain. In particular, there are large differences in terms of where investment funds are managed, domiciled and distributed.

- The industry is a significant source of employment, not only in asset management companies, but also in related service providers in areas such as distribution, brokerage, custodianship, data collection and middle- and back-office functions.

- The European asset management industry provides services to a wide range of clients. Retail clients account for around a third of all assets managed by the industry. Insurance companies represent the largest institutional client category, followed by pension funds.

- Although there are large differences across countries, on aggregate, the dominant asset classes are bond and equity, with 40% and 39% of total AuM respectively. Discretionary mandates are in general more conservatively invested with relatively higher bond exposure, whereas investment funds assets are on average more heavily invested in equity.

2 Introduction

2.1 The EFAMA Asset Management Report

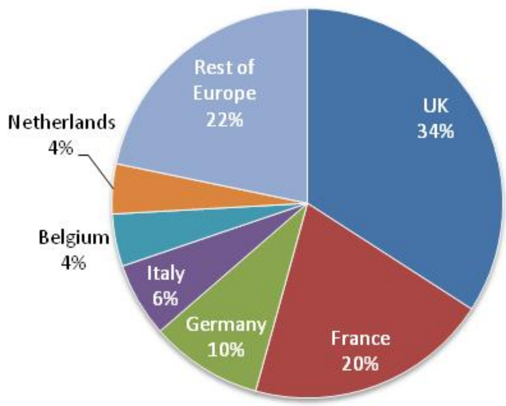
While several reports have been published on European asset management, they only provide partial coverage, focusing either on a subset of large asset managers or on domiciliation of investment funds. This EFAMA Asset Management Report represents an effort to provide a comprehensive overview of where assets are managed in Europe, focusing both on the management of investment funds and discretionary mandates. The report is based on responses to a questionnaire sent to EFAMA member associations covering data by end 2006.[1] It is envisaged that EFAMA will update its report on European asset management on an annual basis.

The purpose of the following sections 2.2 - 2.3 is to provide an overview of the European asset management industry. Thereafter, Section 3 discusses European asset management in terms of product solutions. In Section 4, the report continues by providing an overview of the industry's clients, while Section 5 focuses on the asset allocation of European asset managers.

2.2 The European Asset Management Industry: Size and Importance

Europe represents the second largest asset management market in the world, second only to the US. By end 2006, the assets managed by the European asset management industry amounted to EUR 13.5 trillion. In relation to the global asset management industry, the share of Europe would represent 33% of the estimated EUR 40.5 trillion of global assets under management (AuM).[2] In relation to aggregate European GDP, total assets under management in Europe amounts to 118%.[3] As such, asset managers contribute not only to a more efficient allocation of capital and investment, but also to broadening access to financial markets by offering a diverse menu of investment styles and asset allocations to investor portfolios. This important role has led to a rapid expansion of the asset management industry during the last two decades. In Europe, the UK represents the largest market with a share of 34% of AuM, followed by France with 20 %, and Germany with a 10% market share (see Exhibit 1).

Exhibit 1 Market shares - European AuM (end 2006)



The asset management industry has become a major segment of the European economy and an important source of employment. Total direct employment in asset management companies in the UK, France and Germany is some 49,000. The overall level of employment associated with the asset management industry in these countries is considerably higher given the fact that numerous activities, such as accounting, auditing, order processing and research, are outsourced to third-party providers. There is also a wider value chain associated with the industry, in particular in the area of distribution networks which is increasingly separated from the "manufacturing" end. The industry also contributes to business opportunities and significant employment in industry related services[4].

Finally, it is worth noting that in a majority of services they provide, asset managers act in an "agency" capacity to perform specific duties at the request of the "principal", i.e. the client, in accordance with the terms of the agency agreement. In general, the property of the assets remains with the client. The asset managers are, however, in charge of the assets managed and accountable to the clients for those assets. The most common agency relationships include: safekeeping, custody, investment management and shareholder services.

2.3 The European Asset Management Industry: Structure and Value-Chain

When discussing the asset management industry, it is important to bear in mind the diversification and specialization of the industry along various dimensions.

Firstly, asset managers have developed a wide range of products. Broadly speaking, one may contrast between investment funds and discretionary mandates. Investment funds are pools of assets with specified risk levels and asset allocations in which one may purchase or redeem shares. By pooling savings from various sources, they offer investors a number of advantages, particularly in terms of risk diversification and lowered costs by economizing on scale. By contrast, discretionary mandates give asset managers the authority to manage the assets on behalf of a client in compliance with a pre-defined set of rules and principles. For example, an asset manager may be given a discretionary mandate from a pension fund to facilitate that the future pension liabilities will be adequately covered. Moreover, a growing part of discretionary mandates is invested in investment funds, which make clear distinctions between clients and products difficult.

Secondly, apart from providing solutions to households (the retail segment), asset managers provide services to a wide range of institutional clients. These include pension funds, private banking, endowments and financial reserves held by non-financial companies, banks, governments and others. Although they continue to manage in-house assets, insurance companies increasingly rely on asset management services for the management of assets covering technical provisions. Many of these clients invest through a combination of investment funds and discretionary mandates. In providing these solutions, asset managers have become a critical part of financial services clusters (together with international capital markets and the investment bank industry).

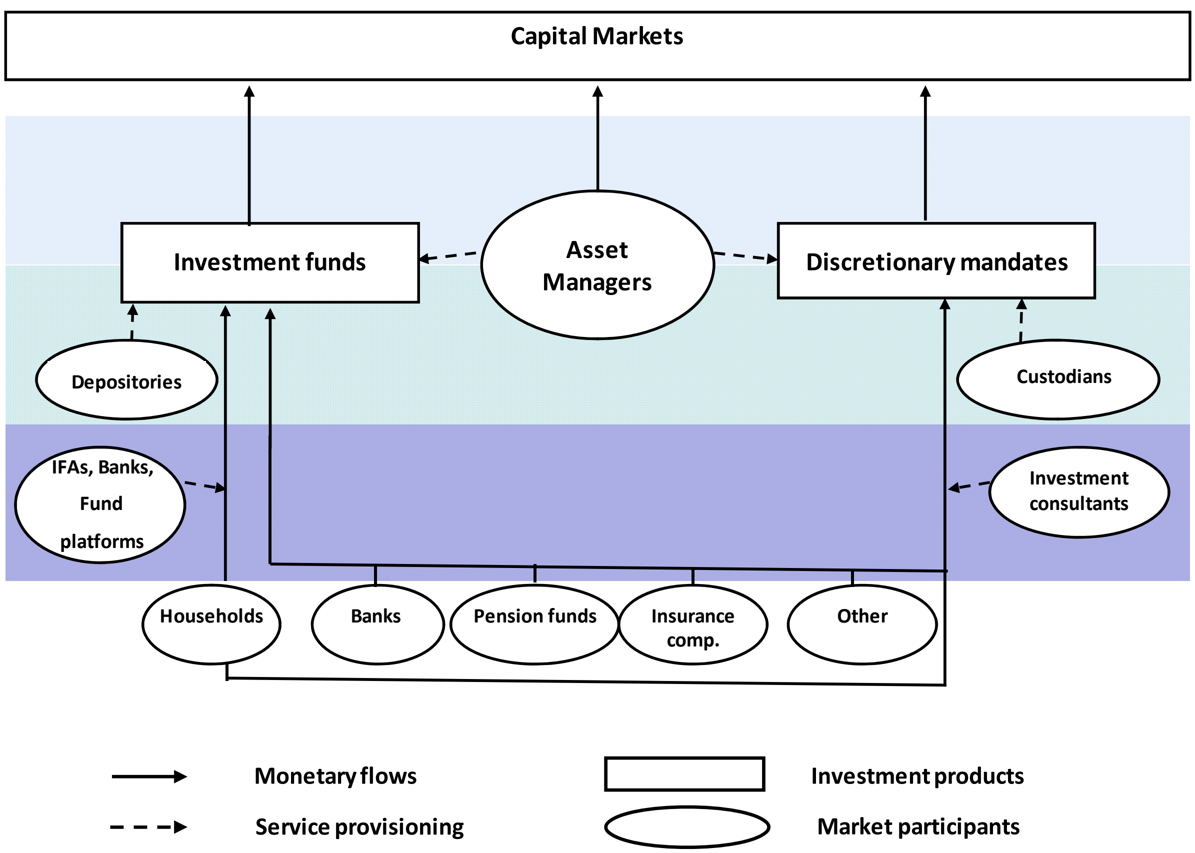
Thirdly, the asset management industry provides a variety of services beyond managing investments in securities. The value chain ranges from ongoing management of assets (production/manufacturing), mediating between manufacturers and clients (promotion and distribution), to managing client accounts and ensuring compliance with laws, regulations and information requirements (administration). Naturally, other market participants also play a key role in the value chain, such as depositories and custodians who are safekeeping the assets of the asset managers' clients.

Since the structure of the asset management industry varies significantly across countries, clear cut distinctions between different business models are hard to distinguish. Although asset management firms sometimes operate as independent companies, they often form part of financial services groups consisting of a mix of asset management firms, banks, insurance companies etc. This means that the way in which services are provided to clients varies significantly. There are not only significant differences from one country to the next, but also large varieties within countries, depending on type of client, product solution or service provided.

For instance, in some countries, investment funds are mainly sold to retail clients. Whereas bank branches account for the majority of distribution in certain countries, in others, independent financial advisors (IFAs) dominate the distribution channel. There is also variety in how discretionary asset managers are selected. Institutional investors sometimes delegate discretionary mandates to asset managers within the same business group as themselves. However, discretionary mandates are also often managed by third-party asset managers, selected on the basis of advice from investment consultants.

Furthermore, managers may delegate various functions along the value-chain to other asset managers, such as the day-to-day management of the investment components in investment-linked financial products.[5] Clearly, the distribution, administration and production of such solutions are very different from that of investment funds offered to retail clients. Exhibit 2 provides a simplified overview of the asset management value-chain:

Exhibit 2 The asset management value-chain

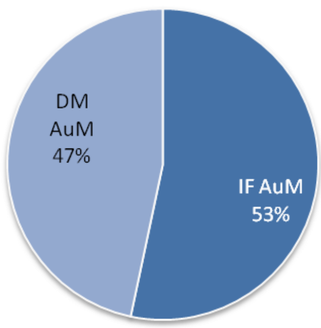


As will be discussed further in this report, the asset management industry in certain countries has specialized in a specific link in the value chain. For instance, Luxembourg and Ireland have become the leading pan-European centers for fund administration and distribution, thereby gaining a dominant position as fund domiciles, whereas other countries have focused on the asset management function. Likewise, in other countries, asset managers have also specialized in providing various product types, and to a certain extent also serving specific client types. The remainder of this report focuses on how the European asset management industry's AuM are organized around product, client and asset types. The findings reflect the situation of the industry at the end of 2006.

3 European Investment Funds and Discretionary Mandates

In Europe, the split between the investment funds and discretionary mandates is relatively even. The share of investment funds is slightly higher, representing EUR 7,111 billion or 53% of AuM (see Exhibit 3):

Exhibit 3 Investment funds vs Discretionary mandates (EUR 13,515 bn by end 2006)



3.1 Investment Funds

The market for European investment funds is highly internationalized. In essence, it is organized around domestic markets, served by domestic players, and cross-border activities, where funds can be domiciled in one country, managed in a second and sold in a third, either within Europe or overseas.

The statistics reported in this report on investment funds refer to UCITS and non-UCITS[6]. UCITS are products offered in accordance with the UCITS Directive, and thereby regulated in terms of supervision, asset allocation and separation of management and safekeeping of assets to ensure the highest level of investor protection. The UCITS label has become a globally recognized brand, and has attracted considerable inflows from both European and non-European investors. Non-UCITS, on the other hand, represent collective investment vehicles regulated in accordance with specific national laws, such as real estate funds and special funds dedicated to institutional investors; only regulated hedge funds are reported in our statistics. Non-UCITS have no European "passport" for sale in other EU Member States (even though they are submitted to similar rules as UCITS), and thus are rarely distributed to retail investors across borders.

The top three investment fund domiciles in terms of assets are Luxembourg, France and Germany, followed by the UK, Ireland, Italy and Spain. The strong market shares of France, Germany, the UK, Italy and Spain reflect the size of the domestic savings market in these countries. By contrast, the positions held by Ireland and Luxembourg is attributable to the role of these countries as global administration and distribution centers for investment funds. Exhibit 4 illustrates the domiciliation of investment funds across Europe:

Exhibit 4 Domiciliation of European investment funds (assets in EUR billion)

Countries	AuM	Mkt Share
Luxembourg	1,845	24.4%
France	1,494	19.8%
Germany	1,018	13.5%
UK	753	10.0%
Ireland	730	9.6%
Italy	383	5.1%
Spain	288	3.8%
Austria	169	2.2%
Switzerland	150	2.0%
Sweden	141	1.9%
Belgium	128	1.7%
Denmark	123	1.6%
Netherlands	102	1.3%

Countries	AuM	Mkt Share
Finland	61	0.81%
Norway	41	0.54%
Portugal	39	0.51%
Poland	26	0.34%
Greece	25	0.33%
Liechtenstein	15	0.20%
Turkey	13	0.18%
Hungary	10	0.13%
Cz. Republic	5	0.07%
Slovakia	3	0.04%
Slovenia	3	0.04%
Romania	3	0.03%
TOTAL	7,566	100%

When comparing the European countries' market shares in terms of investment fund domiciliation with their market shares in terms of investment fund asset management, significant differences are observable. Whereas investment funds domiciled in the UK, France and Germany account for 42% of the European investment fund market, asset managers in these countries manage 59% of investment fund assets in Europe (see Exhibit 5).

Exhibit 5 Asset management of European investment funds (assets in EUR billion)

Countries	AuM	Mkt Share	Countries	AuM	Mkt Share
France	1,553	21.8%	Netherlands	102	1.4%
UK	1.489	20.9	Portugal	28	0.4%
Germany	1,044	14.7%	Greece	25	0.4%
Italy	389	5.5%	Hungary	10	0.1%
Belgium	243	3.4%	Rest of Europe	2,117	29.8%
Austria	111	1.6%	TOTAL	7,111	100%

In order to portray a more comprehensive picture of the extent to which countries manage investment fund asset domiciled abroad, Exhibit 6 illustrates the relative degree to which AuM in a particular European country is originating from funds domiciled abroad.

Exhibit 6 Share of foreign domiciled investment funds in total investment fund AuM by country

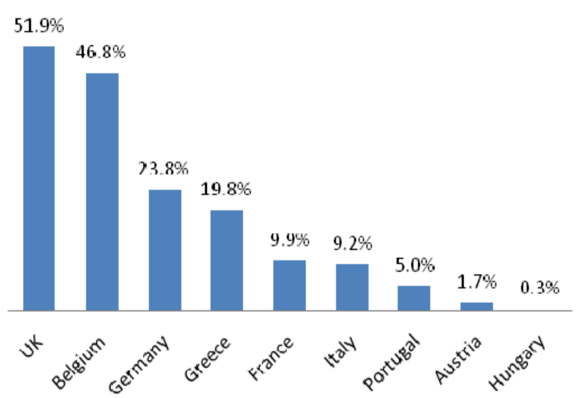
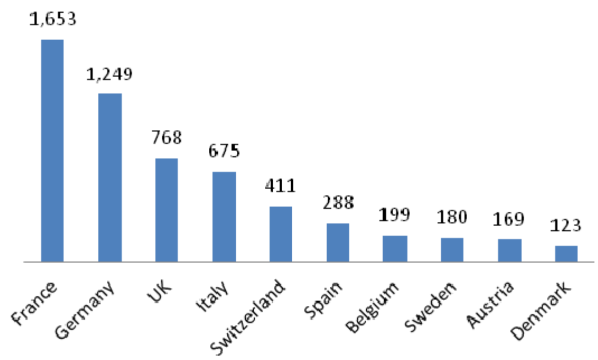


Exhibit 6 confirms the notion that there is a spectrum across Europe in terms of whether investment funds are primarily domiciled in the country where they are managed, or whether domiciliation abroad is common. A significant share of the investment fund assets managed in the UK and Belgium (52% and 47%) relates to funds domiciled abroad. By contrast, almost all Hungarian and Austrian funds are both domiciled and managed in these countries.

Finally, it is worth keeping in mind that the data on investment fund domiciliation (Exhibit 4) and asset management (Exhibit 5) cannot be used as such to measure the size of the investment fund market in each country. To get an estimate of the demand for investment funds at national level, it is necessary to take into account the funds domiciles abroad and promoted by national providers in their own country ("round-trip" funds), the foreign domiciled funds promoted by foreign providers in each country and the home-domiciled funds sold abroad by national promoters. Adding up estimates for round-trip and home-domiciled fund assets allows getting a good idea of the relative size of national fund markets. The top 10 countries in terms of market share are presented in Exhibit 7. France, Germany, the UK, Italy and Switzerland held the biggest market shares at end 2006[7].

Exhibit 7 Top domestic market for investment fund



3.2 Discretionary Mandates

The second product category covered in this report - discretionary mandates – amounts to EUR 6,404 billion or 47% of the AuM of the European asset management industry. It is noteworthy that the three largest countries in terms of discretionary mandate assets (the UK, France and the Netherlands), manage 74% of total European discretionary mandates (see Exhibit 8).

Exhibit 8 Market share of discretionary mandates by country

Countries	AuM	Mkt Share
UK	3,121	48.7%
France	1,174	18.3%
Netherlands	457	7.1%
Italy	444	6.9%
Belgium	342	5.3%

Countries	AuM	Mkt Share
Germany	218	3.4%
Portugal	60	0.9%
Hungary	12	0.2%
Greece	3	0.05%
Rest of Europe	573	8.9%

Exhibit 8 demonstrates that the asset management of discretionary mandates is more concentrated than that of investment funds. This reflects a less complex value chain, primarily involving professionals (asset managers on one side and institutional investors on the other). Investment funds are different in nature as they are primarily targeted at retail investors and their distribution requires stricter administration and notification procedures. For this reason, at least until recently, investment fund assets have tended to be managed closer to their country of distribution.

Exhibit 8 also shows that the UK stands out in this respect with a 49% market share of European discretionary mandates, reflecting a much larger institutional client base for investment services. Part of this is down to London's status as an international financial center. Another part is due to the very large base of pension fund assets managed there for both UK and overseas pension fund funds. Finally, it should also be noticed that the discretionary mandate figure for the UK includes a share of pooled vehicles that in many respects corresponds closely to investment funds.

It is important to bear in mind that discretionary mandates are also invested in investment funds to take advantage of the benefits they offer in terms of diversification and cost efficiency. In Italy, the share of investment funds of total discretionary assets managed amount to 32%, whereas in France and Germany investment funds account for 19% and 14% respectively.

Exhibit 9a Discretionary Mandate assets invested in investment funds

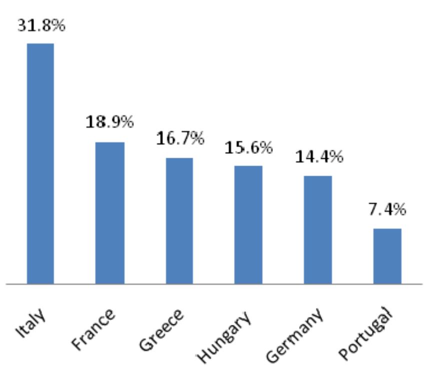
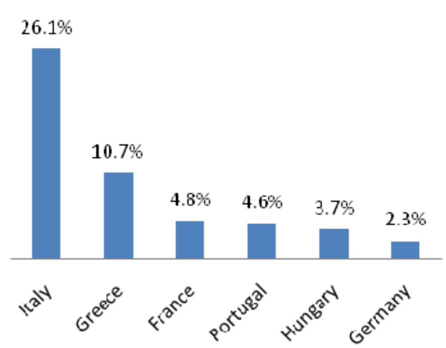


Exhibit 9b Discretionary Mandate assets invested in investment fund managed by other companies



By comparing Exhibits 9a and 9b, one also gains insight into the extent to which discretionary mandates are invested in investment funds managed by the asset managers themselves or by other asset managers. It can be seen that in Italy, and to a lesser extent in Greece, discretionary mandates frequently invest in investment funds managed by other asset managers.

3.3 Investment Funds and Discretionary Mandates

Exhibit 10 provides an image of the importance of various countries and regions in terms of the total 13.5 trillion AuM for both investment funds and discretionary mandates.

Exhibit 10 European asset management industry- AuM by country and regions

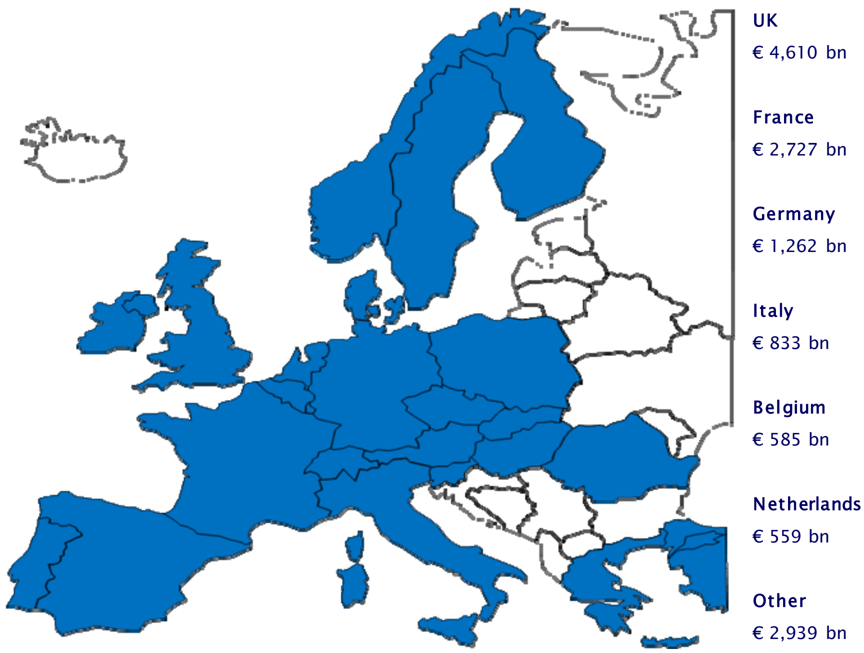
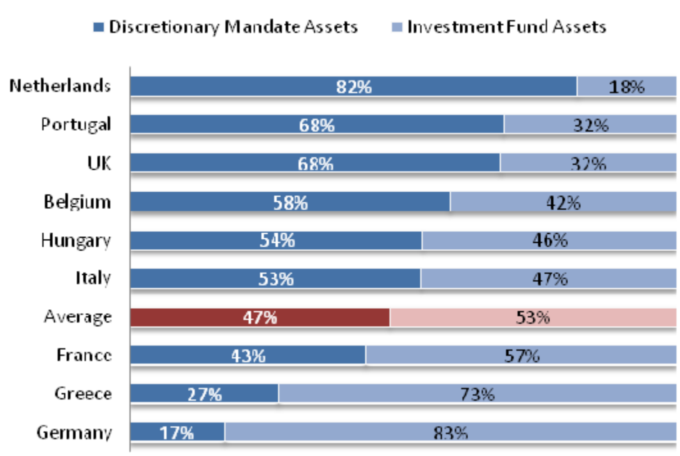


Exhibit 10 highlights the importance of the major centers of European asset management. The combined AuM of both investment funds and discretionary mandates in the UK, France, Germany and Italy amount to EUR 9,432 billion. It also shows that other European countries are important markets for asset management, such as Belgium and the Netherlands.

Exhibit 11 Discretionary mandates vs investment funds by country



On average, investment fund assets represent 53% of total AuM in Europe, with quite a number of countries clustering around this average (see Exhibit 11).

One may however contrast between the two extremes of the spectrum; whereas in the Netherlands, Portugal and in the UK, discretionary mandates represents over 60%, the corresponding figures for Greece and Germany are 27% and 17% respectively. This demonstrates that there are also important differences in terms of the dominant product solutions that are offered in different European countries.

However, it is important to bear in mind, while considering these figures, that the border between different product types is blurred. Certain investment funds display similar characteristics as discretionary mandates and vice versa. Thus, product types with similar properties may be categorized differently, although differing primarily in terms of the wrapper used for their distribution. For example, Germany investment fund assets include special funds reserved for institutional investors. If these funds were treated as discretionary mandates, the share of investment fund assets of total German AuM would fall to 30%.

4 Clients of the European Asset Management Industry

4.1 Institutional vs Retail Clients

Institutional investors represent the largest client category of the European asset management industry. On aggregate, they account for 66% of the total AuM compared to 34% for retail clients. There is however significant variation in the importance of institutional investors across countries. They dominate the asset management landscape in the UK, France and Germany, reflecting the role of these countries as financial centers in Europe and their ability to attract large institutional mandates from both domestic and foreign investors (see Exhibit 12).

Exhibit 12 AuM by client type

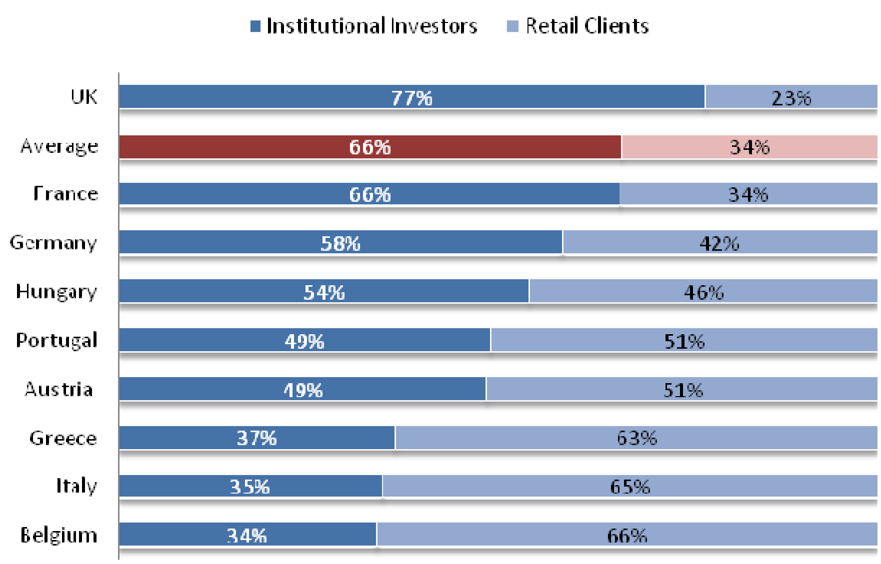


Exhibit 13 demonstrates that institutional investors dominate the discretionary mandate segment of the market in all European countries. In Greece, France, Hungary and Germany, they account for more than 80% of discretionary mandate assets. In all other countries, institutional investors make up for more than half of the asset managed in discretionary accounts. The distribution between institutional and retail clients' shares of AuM in investment funds displays a more heterogeneous picture across the European landscape (see Exhibit 14). In France and Germany, and also to a lesser extent in Austria and Belgium, institutional investors account for a significant share of ownership of investment funds. This indicates that a large share of these funds is offered primarily to large investors, such as insurance companies and pension funds for their provisioning of investment-linked savings products. The situation is different in Greece, Hungary, Portugal and Italy, where funds appear predominantly targeted at retail clients. This said, the low amount invested by institutional investors in funds also reflects the difficulty of distinguishing the share of assets held by institutional and retail clients in funds that can be bought by both types of clients.

Exhibit 13 Discretionary mandates assets managed for institutional investors

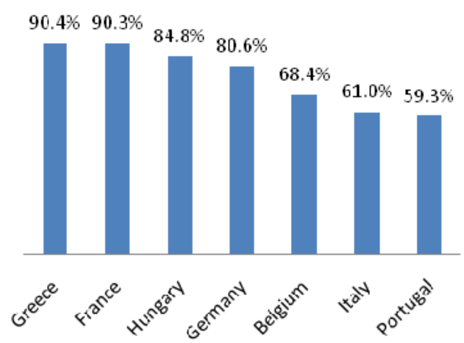
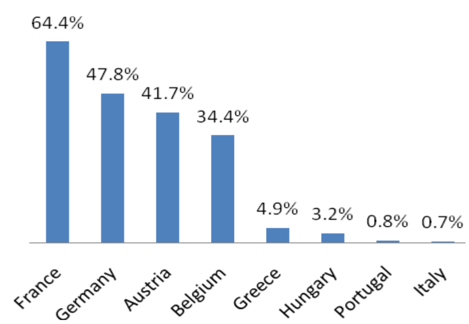


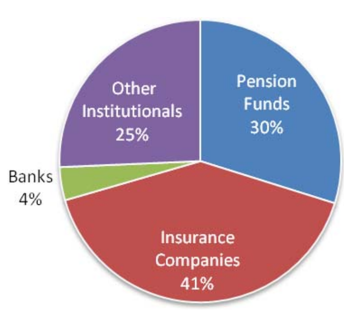
Exhibit 14 Investment fund assets managed for institutional investors



4.2 Assets Managed for Institutional Investors

Turning the focus to the different kinds of institutional clients represented in Section 4.1, insurance companies and pension funds account for around 70% of total AuM for institutional clients in Europe. Insurance companies hold the top position with 41% of the AuM, followed by pension funds with 30%.

Exhibit 15 Composition of the institutional investor category



Other institutional investors represent a diverse range of clients, including the reserves of non-financial corporations, local authorities, foundations and governments. The aggregate share of this type of investors amounts to around 25% (see Exhibit 15).

Exhibit 16 below illustrates the breakdown of the institutional client category into insurance companies, pension funds, banks and others on a country basis.

Exhibit 16 Composition of the institutional investor category by country (percent)

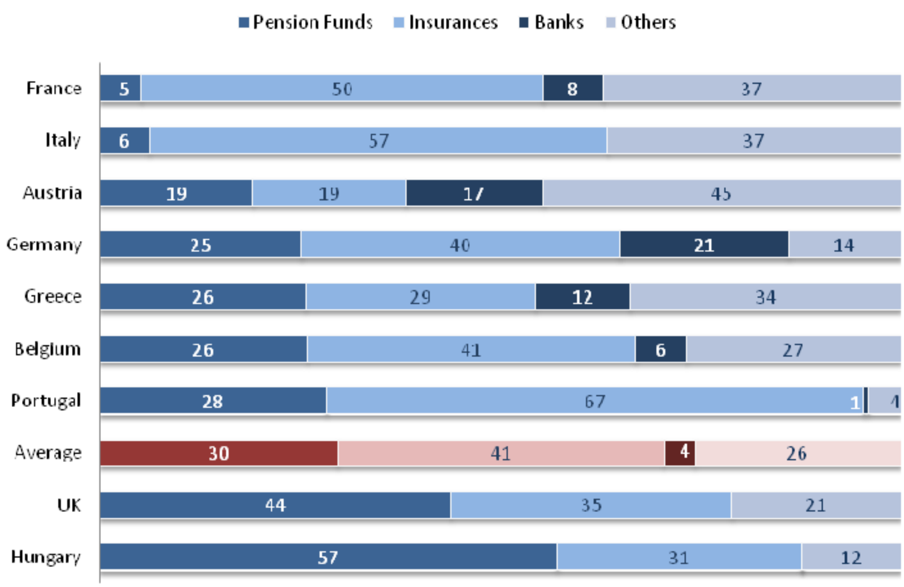


Exhibit 16 shows that there is large variation in the relative importance of each type of institutional clients across countries. There are several important determinants of the institutional client structure of any particular country, such as linkages between the pension system and the asset management industry, relative importance of banks in the overall economy etc.

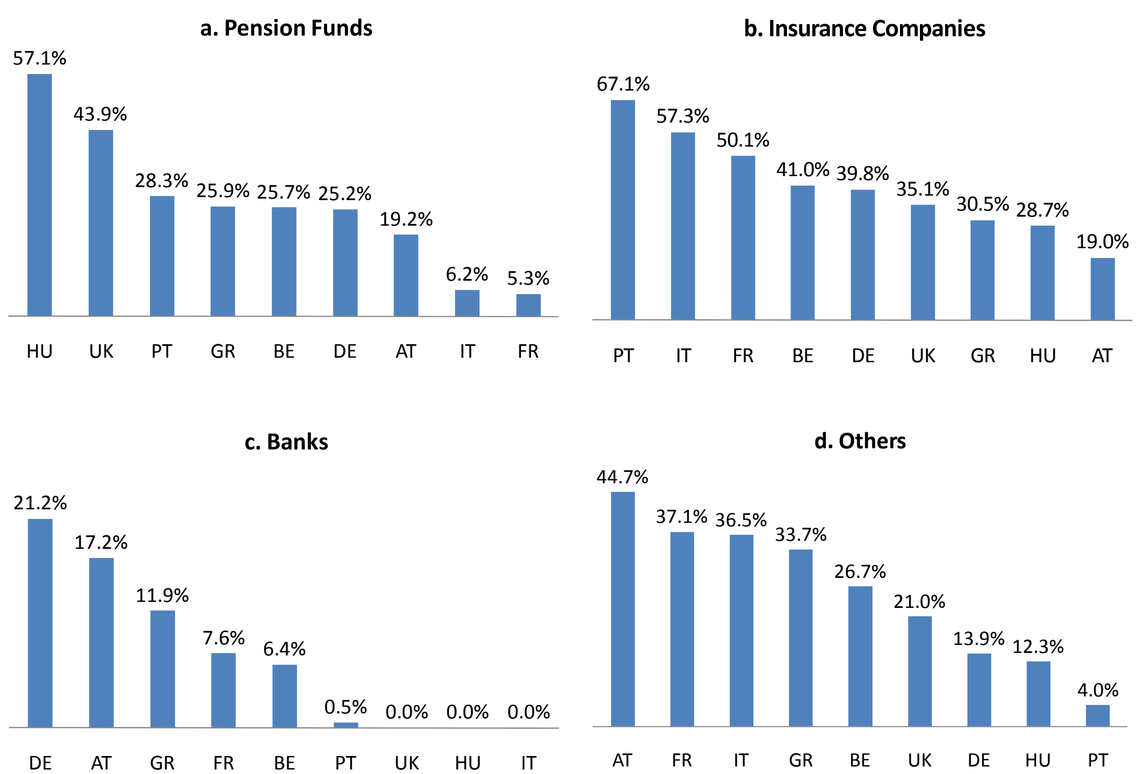
Pension fund mandates displays large variety across countries (see Exhibit 17a). Whereas pension funds in France and Italy only account for 5% and 6% of total institutional AuM, they represent the largest type of institutional mandates in Hungary and the UK (44% and 57%). These differences are largely determined by the nature of the pension systems. In countries with traditions of relying on funded pensions, assets in pension vehicles have accumulated over time to form a substantial source of institutional money.

By contrast, one common feature among most European countries is that insurance companies represent a very large source of institutional AuM, typically ranging from 30% to 40% (see Exhibit 17b). This reflects the sheer volume of assets controlled by insurance companies and managed by asset managers (often belonging to the same business groups as the insurance companies).

In most countries, banks represent a relatively modest part of the total institutional AuM (see Exhibit 17c). In countries with strong banking systems, such as Germany and Austria, the share of banks represents 21% and 17% respectively, whereas it is negligible in Hungary, the UK, Portugal and Italy.

Finally, it can be seen that the share of Other institutional clients is rather significant in a number of countries (see Exhibit 17d). This is attributable to a number of different factors. For instance, in France, a large segment of money market funds are held by corporate treasurers.

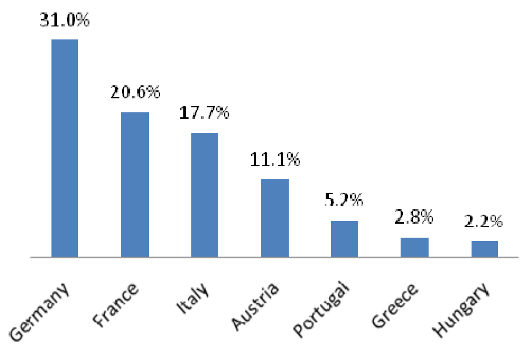
Exhibit 17 a-d Institutional investors by country and type (percentage of the institutional investor category)



4.3 Asset Management by Delegation

Given that the asset management value chain often includes outsourcing the core asset management function to other asset managers, asset managers themselves represent an important client category of the industry. Exhibit 18 below illustrates the degree of investment funds managed by delegation for a selection of European countries.

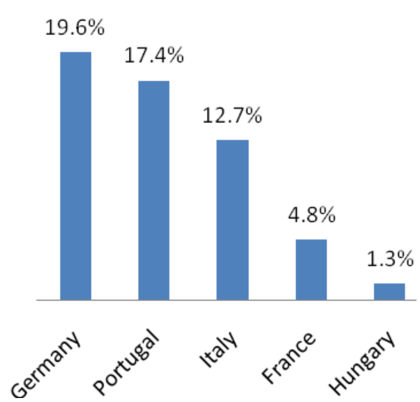
Exhibit 18 Share of investment funds assets managed by delegation



The degree of delegated management of investment funds in relation to total investment fund AuM is relatively high for Germany, France and Italy. This means that asset managers in these countries have developed an asset management business line for investment funds that are promoted by other fund management companies. A high delegation rate may result from the degree to which a particular country attracts asset management business from other countries. However, as mentioned in Section 3.2, it may also result from cross-country differences in terms of the structure of national financial services industries, such as the importance of large financial service groups. For instance, the high degree of delegation in Germany partly results from management of funds domiciled in Luxembourg, whereas the French figure largely reflects delegation within financial service groups.

Asset managers also specialize in managing mandate assets on behalf of other parties. However, it comes as no surprise that delegation of the day-to-day management of discretionary mandates is less common compared to that of investment funds in most countries (see Exhibit 19). The underlying reason is that management of discretionary mandates tends to be business to business oriented, as discussed in Section 3.2.

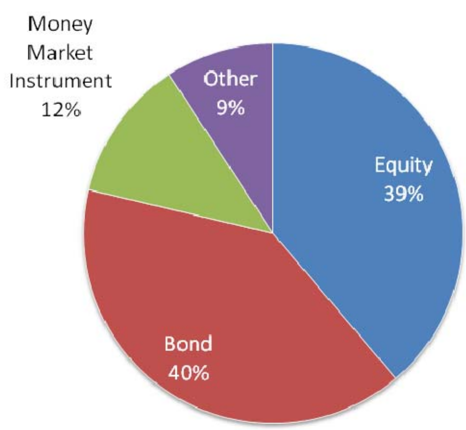
Exhibit 19 Share of discretionary mandate assets managed by delegation



5 Asset Allocation

Depending on the type of clients, and their respective preferences in terms of risk level, time horizon and outcome target, the asset management industry provides a vast spectrum of solutions to meet the expectations of its diverse client range. As different client preferences necessitates different investment strategies, and since dominant client types varies across Europe, there are certain patterns in the way asset managers choose to allocate their AuM across asset classes.

Exhibit 20 Asset allocation

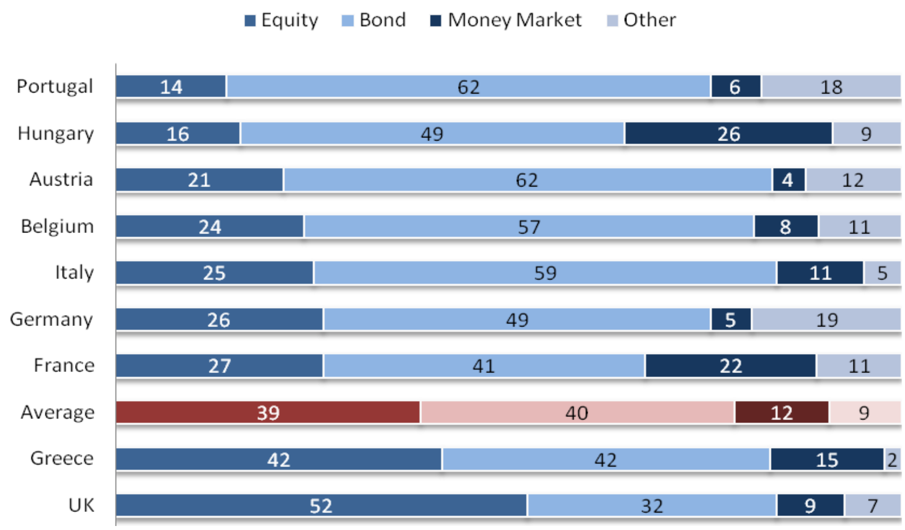


On aggregate, the dominant asset classes are bond and equity, with 40% and 39% of total AuM respectively. Money market instruments, primarily used to provide liquidity, represent 12%, while Other assets including real estate and hedge funds account for an 9% share of total AuM (see Exhibit 20).

5.1 Asset Allocation by Country

Exhibit 21 below displays the differences between countries in terms of how asset managers allocate investments to different asset classes.

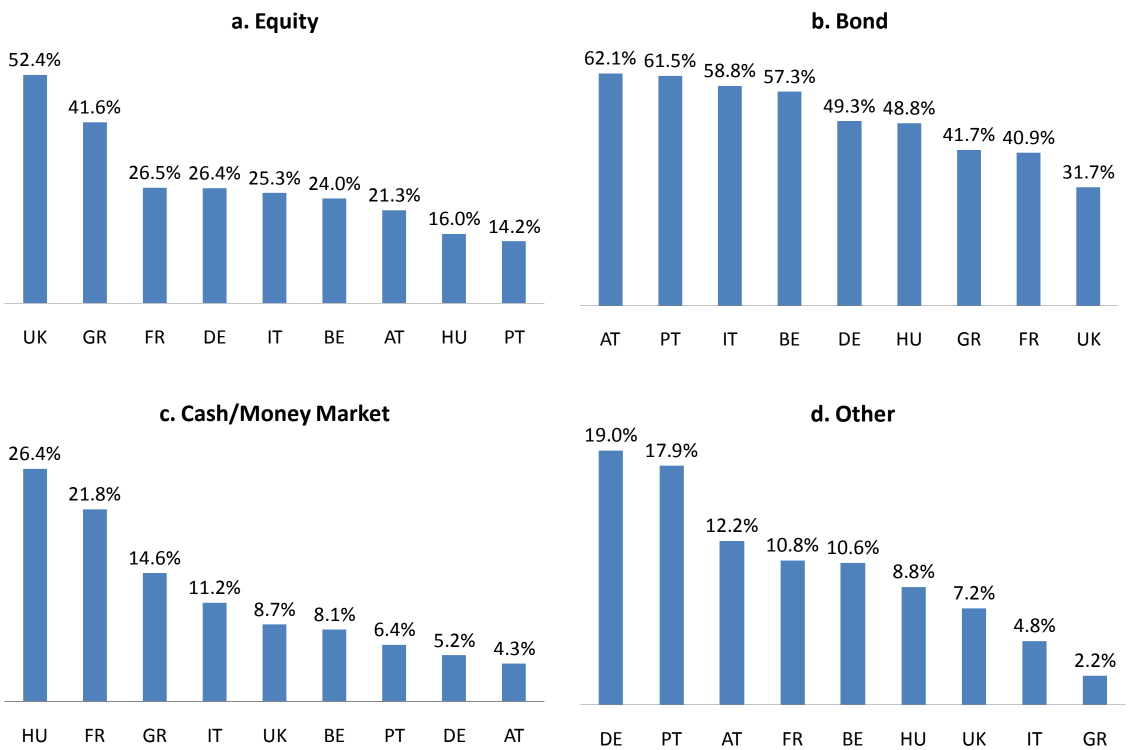
Exhibit 21 Asset allocation by country (percent)



It is important to bear in mind that given the large degree of cross-border delegation of asset management, the national differences in asset allocation is not completely attributable to differences in terms of the preferences of home-domiciled clients. It also reflects the preferences of overseas investors. With respect to the UK, the 52% share of equity also reflects the strong equity bias within the UK market, which stands in contrast to the traditional Continental approach (see Exhibit 22a). By way of illustration, UK pension funds held 63% of their assets in equities as at end 2006, and equities accounted for 75% of total investment funds under management in the UK. Excluding the UK, the European average share of equity would merely amount to 26%, whereas the share of bonds would rise to 48%.

In most other countries, equity represents a quarter or less of total AuM, and bond constitutes the dominant asset class (see Exhibit 22b). The strong position of France in money market assets is also noteworthy (see Exhibit 22c). While small in many countries, Other financial assets are nevertheless not negligible. This reflects portfolio diversification towards a vast array of different assets, such as regulated hedge funds and structured vehicles in France and property in Germany (see Exhibit 22d).

Exhibit 22 a-d Asset allocation by country



5.2 Asset Allocation in Investment Funds and Discretionary Mandates

There are also differences between how the assets in investment funds and discretionary mandates are allocated. In general, discretionary mandates are more conservatively managed, with an average of 47% invested in bond and 38% in equity. Investment funds, on the other hand, hold on average 42% equity and 30% in bond (see Exhibits 23 and 24).

Unsurprisingly, there are large differences across countries in terms of how investment funds and discretionary mandates are allocated. While equity represents around 30% of investment fund assets in many countries, equity accounts for a share below 15% in Portugal and Hungary. Again, the UK demonstrates a particular preference for equity in both segments of the market. Another important observation is the large share of Other assets in certain countries. As mentioned, in Germany, a large share of these assets is represented by investments in property, whereas in France, regulated hedge funds account for a significant share of Other assets.

Although the above figures give some indication on the dominant risk preferences in various countries, it is important to recall that the European asset management industry is highly internationalized. This means that mandates are given and investment funds are sold on a cross-border basis. For instance, investors in a country with dominant low equity exposure product solutions may choose to appoint asset managers in, for example, the UK to manage their equity funds.

Exhibit 23 Asset allocation in investment funds (percent)

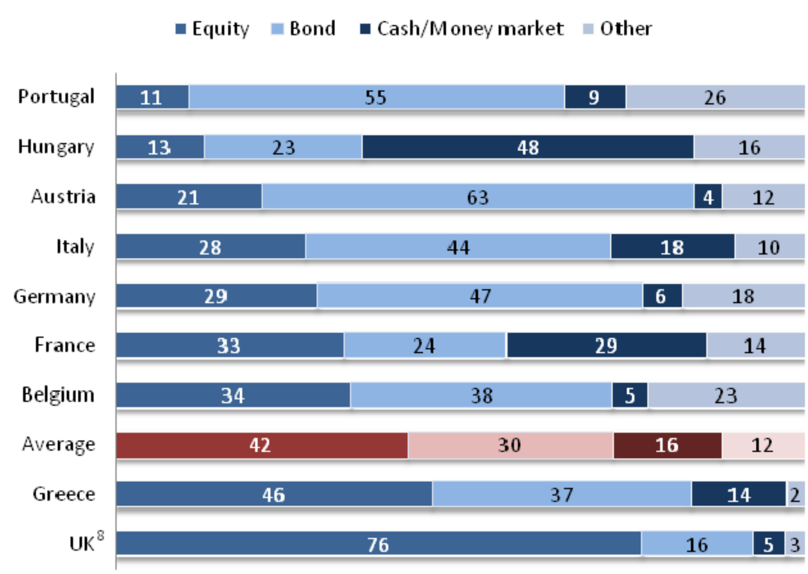
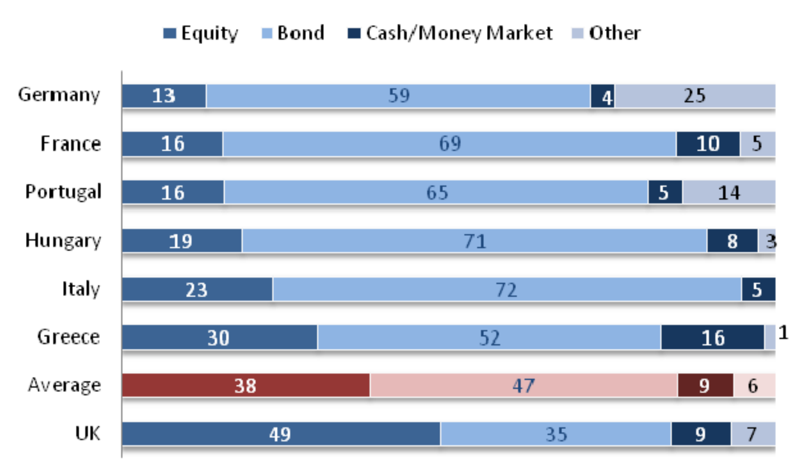


Exhibit 24 Asset Allocation in Discretionary Mandates (percent)



[1] See Appendix for an overview of data gathering and methodology.

[2] Estimate from Boston Consulting Group, 2007, The Growth Dilemma: Global Asset Management 2007.

[3] Aggregate European Gross Domestic Product of EU 15 + 2 was EUR 11,438 billion 2006 (Source: Eurostat).

[4] In France, the asset management industry generates directly and indirectly an estimated total employment of some 70,000

[5] Furthermore, asset management services are often provided through joint distribution with other types of financial services (package solutions to individuals, cross-selling etc).

[6] UCITS ("Undertaking for a Collective Investment in Transferable Securities") refers to the EU Directive that established a "single licence" regime for collective investment schemes exclusively dedicated to the investment of assets raised from investors. UCITS benefit from a "passport" allowing them, subject to notification, to be offered to retail investors in any jurisdiction of the European Economic Area once registered in one Member State. Generally speaking, UCITS are publicly offered open-ended funds investing in transferable securities and money market instruments

[7] See EFAMA Fact Book 2007, section 1.3.5 for more information. For Italy, the data also include the foreign domiciled funds promoted by foreign providers in Italy.

[8] The asset allocation for the UK is based on an estimate for the retail part of the UK managed funds.

Appendix: Data and Methodology

This first EFAMA Asset Management report is based on responses to a questionnaire sent to EFAMA member associations. The questionnaire covered data on assets under management (AuM) at end of 2006 split by products, clients and assets types. The assets covered in the questionnaire responses was EUR 10.8 trillion. This amount formed the basis of the presentation on products, clients and asset types in Sections 3 to 5. Not all respondents were able answer all questions, and the scope of the data differs in some instances.

To compensate for those countries unable to answer the questionnaire (non-respondents), additional internal and external data was used to estimate the aggregate European figures presented in Section 1. Three additional sources of information were used:

1) EFAMA Fact book 2007 – *Trends in European investment funds*

2) Data on discretionary assets managed by non-survey respondents gathered from EFAMA national associations.

3) McKinsey 2007 *Will the goose keep laying golden eggs – the 9th annual survey on the profitability of the European asset management*

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