

Trends in the European Investment Fund Industry

in the Second Quarter of 2013

&

Results for the first half of 2013

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

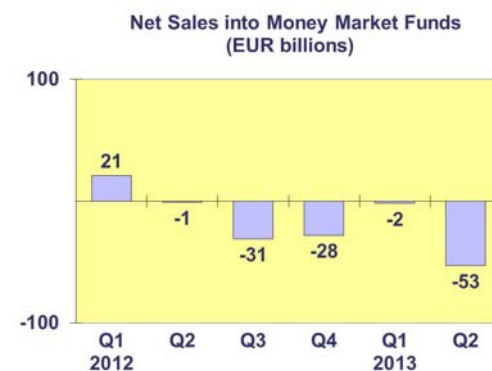
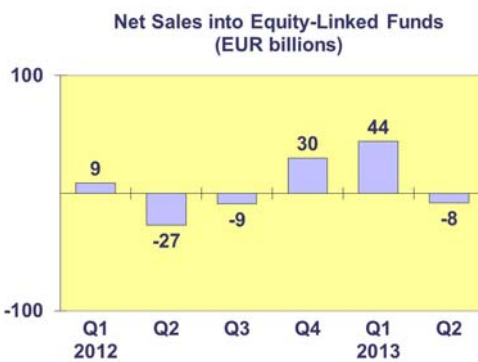
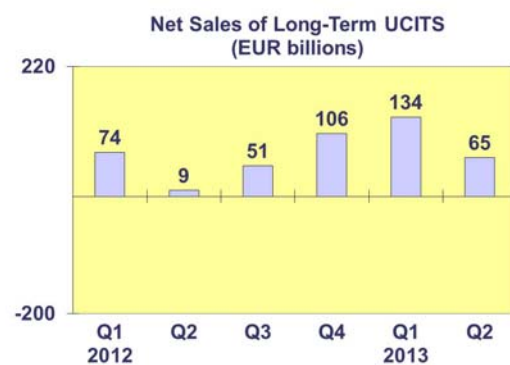
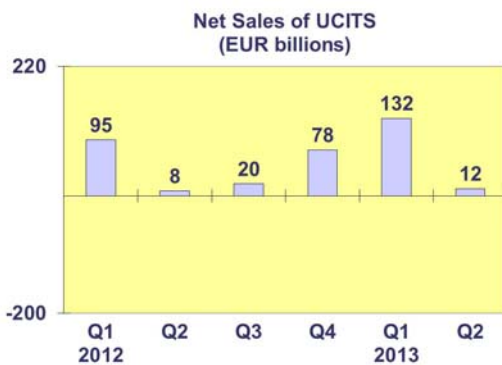
Trends in the UCITS Market

Net Sales by Investment Type

UCITS recorded a sixth consecutive quarter of net inflows (EUR 12 billion), despite registering a steep decline in demand during the second quarter of the year, due to increased net outflows from money market funds and reduced net sales of long-term UCITS.

Long-term UCITS attracted EUR 65 billion in net new money during the quarter, down from EUR 134 billion in the first quarter. Bond funds recorded net inflows of EUR 30 billion, down from EUR 44 billion in the first quarter. Equity funds recorded net outflows of EUR 8 billion, marking a turnaround from the first quarter when net inflows amounted to EUR 44 billion. Net inflows to balanced funds remained relatively high during the quarter at EUR 28 billion, albeit down from EUR 36 billion. Money market funds registered a jump in net outflows to EUR 53 billion, up from EUR 2 billion in the first quarter.

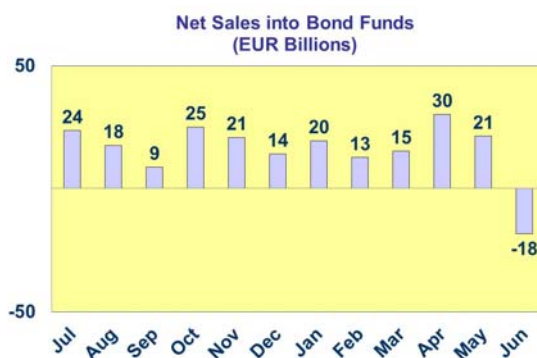
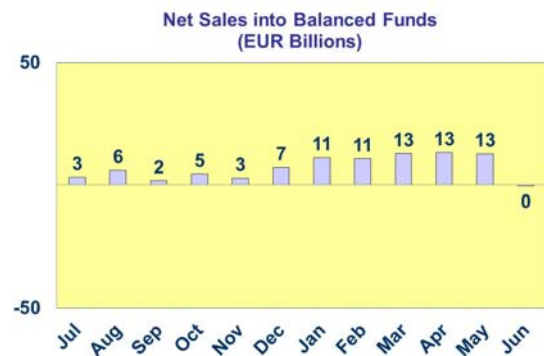
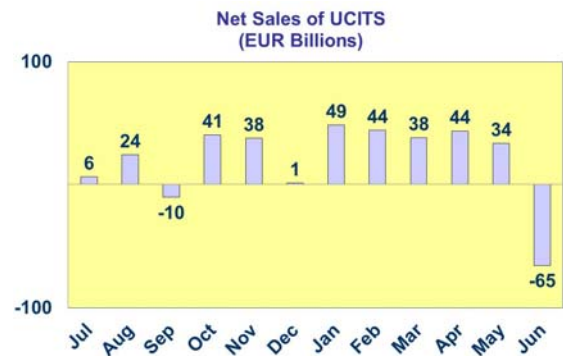
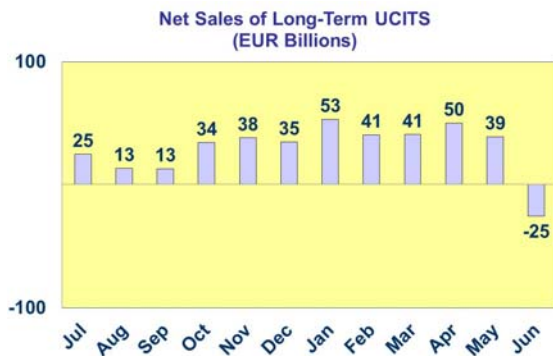
In the first half of 2013 net sales of UCITS amounted to EUR 144 billion. Net sales of long-term UCITS stood at EUR 198 billion, more than double the net sales recorded in the first half of 2012 (EUR 83 billion).



Trends in the UCITS Market

Net Assets by Investment Type

A clear turning point in the net sales of UCITS occurred after the Federal Reserve indicated it may begin tapering its quantitative easing programme at end May, which can clearly be seen from the trends in monthly net sales¹. A clear reversal in net sales of bond funds occurred during the quarter as expectations of increased interest rates mounted. Balanced funds also experienced a steep fall in demand during the quarter. The downward slope in net sales of equity funds since the beginning of the year continued throughout the second quarter.



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 during the second quarter of 2013, with four countries attracting net inflows in excess of EUR 5 billion. Luxembourg led the way with net inflows of EUR 37 billion, followed by Italy (EUR 6 billion), United Kingdom (EUR 5 billion) and Spain (EUR 5 billion). Of the other large domiciles net inflows in Germany amounted to EUR 268 million, whilst France registered net outflows of EUR 49 billion, primarily because of large net outflows from money market funds (EUR 38 billion). Elsewhere, of the Nordic countries Denmark, Finland and Sweden attracted net sales of approximately EUR 2 billion. In the Mediterranean, Portugal and Greece also registered net inflows. Poland, Hungary and Turkey all registered net inflows of approximately EUR 1 billion during the quarter.

During the first half of 2013, twenty-one countries have recorded net inflows, with five countries attracting net inflows in excess of EUR 5 billion. Luxembourg attracted net sales of EUR 104 billion in the first six months of the year, followed by Ireland (EUR 38 billion) and the United Kingdom (EUR 11 billion) as all long-term UCITS categories attracted inflows. Spain registered net sales of EUR 9 billion, thanks to net inflows into all fund categories, and Italy (EUR 8 billion) as a result of large net inflows to balanced funds. Of the other large domiciles, Germany attracted EUR 4 billion in net inflows, thanks to large inflows into balanced funds. France recorded net outflows of EUR 48 billion during the first half of the year.

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q2 2013	YTD	Q2 2013	YTD	Q2 2013	YTD	Q2 2013	YTD	Q2 2013	YTD	Q2 2013	YTD
Austria	-333	-23	256	562	-116	-566	-24	-95	-228	-12	-444	-134
Bulgaria	3	4	11	25	3	5	9	24	0	0	26	58
Czech Republic	-17	-14	10	74	27	84	-8	-24	54	83	66	204
Denmark	253	-350	2,001	2,700	177	329	1	1	-6	-19	2,425	2,660
Finland	397	1,072	726	553	-118	-1,447	795	1,555	74	74	1,874	1,808
France	-9,600	-6,200	200	-8,100	-1,800	-2,000	-37,500	-30,200	-700	-1,100	-49,400	-47,600
Germany	-720	-524	644	1,768	1,620	3,895	79	-309	-1,354	-1,126	268	3,705
Greece	-22	-17	-9	-30	-4	-6	-152	-56	291	257	104	148
Hungary	7	12	466	903	16	23	80	456	148	328	716	1,723
Ireland	-1,825	12,147	3,958	20,428	3,664	8,190	-14,239	-16,574	9,680	13,402	1,238	37,595
Italy	-889	-1,531	-340	-346	7,634	10,780	-593	-975	0	0	5,812	7,927
Liechtenstein	338	674	-113	-226	141	283	-346	-693	110	221	130	257
Luxembourg ⁽³⁾	1,807	21,295	17,388	46,948	14,283	37,741	-2,503	-11,195	5,586	9,151	36,561	103,940
Malta	-16	-823	36	107	-1	0	0	0	-401	-410	-382	-1,126
Netherlands	-812	-1,295	-140	112	-754	-587	0	0	-56	-122	-1,762	-1,892
Norway	-666	25	1,447	3,256	176	438	-1,556	-144	-8	33	-607	3,608
Poland	96	215	188	89	-45	-99	555	1,062	65	175	855	1,394
Portugal	-36	-66	39	84	29	36	270	711	-31	-125	271	639
Romania	0	1	48	125	-1	-1	1	3	47	152	94	280
Slovakia	-8	3	-7	6	10	46	-11	-31	0	-23	-16	1
Slovenia	-11	-10	-1	1	-12	-19	1	-2	-1	-1	-23	-30
Spain	1,212	2,552	2,509	4,052	774	1,287	508	942	0	0	5,003	8,833
Sweden	-101	1,383	-63	-508	446	717	952	1,071	348	869	1,582	3,532
Switzerland	-1,797	-1,769	2,076	3,938	802	2,803	254	-875	0	0	1,334	4,096
Turkey	87	129	184	427	229	613	165	101	9	56	673	1,327
United Kingdom	4,181	8,379	-1,330	-2,633	492	1,009	427	672	1,469	3,137	5,239	10,564
Total	-8,474	35,270	30,182	74,316	27,673	63,556	-52,838	-54,576	15,095	24,999	11,634	143,518

(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 decreased 2.3 percent to EUR 6,488 billion during the second quarter of 2013. Nevertheless, in the first half of 2013 net assets of UCITS increased 3.1 percent.

Equity fund net assets decreased 2.6 percent to stand at EUR 2,226 billion at quarter end. Net assets of balanced funds fell slightly (0.8%) during the quarter to EUR 1,047 billion. Bond fund net assets also decreased 1 percent to EUR 1,915 billion, whereas money market fund net assets reduced 6.7 percent during the quarter to EUR 944 billion.

The number of UCITS at end June 2013 stood at 35,466, compared to 35,370 at end December 2012.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	30-Jun-13		Change from 31/3/2013		Change from 31/12/2012	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,226	34%	-2.6%	-58	6.0%	127
Balanced	1,047	16%	-0.8%	-9	5.2%	52
Total Equity & Balanced	3,272	50%	-2.0%	-67	5.8%	178
Bond	1,915	30%	-1.0%	-19	3.5%	65
Money Market (MM)	944	15%	-6.7%	-68	-7.0%	-71
Funds of funds ⁽³⁾	59	1%	-3.3%	-2	1.7%	1
Other	298	5%	1.2%	4	6.3%	18
Total	6,488	100%	-2.3%	-152	3.1%	193
of which guaranteed funds	158	2%	-4.2%	-7	-3.1%	-5

(1) End June 2013 compared to end March 2013 assets; (2) end June 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 ⁽¹⁾						
UCITS types	30-Jun-13		Change from 31/3/2013		Change from 31/12/2012	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,234	38%	-0.1%	-18	-0.1%	-12
Balanced	8,343	26%	-0.4%	-34	-0.2%	-19
Total Equity & Balanced	20,577	64%	-0.3%	-52	-0.2%	-31
Bond	6,931	22%	0.8%	55	3.0%	199
Money Market (MM)	1,171	4%	-4.8%	-59	-6.7%	-84
Funds of funds ⁽⁴⁾	857	3%	-3.8%	-34	-5.2%	-47
Other	2,682	8%	-0.3%	-7	-0.9%	-24
Total (excl. Ireland)	32,218	100%	-0.3%	-97	0.0%	13
of which guaranteed funds	2,994	9%	-3.4%	-104	-5.3%	-169
Total (incl. Ireland)	35,466		-0.2%	-54	0.3%	94

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

Net assets of UCITS decreased during the second quarter of 2013, as eighteen countries recorded negative growth during the quarter. All the largest domiciles registered a decline in net assets during the quarter: Luxembourg (-1.9%), France (-4.8%), Ireland (-2.7%) and the United Kingdom (-2.1%). Germany also registered a decrease in net assets (0.9%). In contrast, asset growth was recorded in the Mediterranean region in Spain (3.6%), Italy (3.5%), Portugal (3.1%) and Greece (7.2%), thanks to relatively strong net inflows during the quarter. Elsewhere growth of above 10 percent was recorded in Hungary (12%), Poland (11%) and Bulgaria (11%).

Twenty-one countries registered growth in net assets since end 2012, as average growth amounted to 3.1 percent over the period. Strong net sales throughout much of the first half of 2013 supported this growth. Large growth rates were recorded in Eastern European and Mediterranean countries, with growth in most of the larger countries fluctuating around the average.

Table 4. Net Assets of the European UCITS Industry						
Members	30/06/2013		31/03/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	78,334	1.2%	80,894	-3.2%	79,585	-1.6%
Belgium	81,528	1.3%	81,667	-0.2%	80,339	1.5%
Bulgaria	318	0.0%	286	11.1%	247	28.4%
Czech Republic	4,469	0.1%	4,522	-1.2%	4,498	-0.6%
Denmark	79,300	1.2%	81,221	-2.4%	78,653	0.8%
Finland	58,084	0.9%	58,036	0.1%	56,075	3.6%
France	1,080,892	16.7%	1,134,984	-4.8%	1,116,481	-3.2%
Germany	256,958	4.0%	259,278	-0.9%	248,325	3.5%
Greece	5,292	0.1%	4,936	7.2%	4,927	7.4%
Hungary	9,157	0.1%	8,169	12.1%	7,394	23.8%
Ireland	999,436	15.4%	1,027,000	-2.7%	967,562	3.3%
Italy	146,490	2.3%	141,591	3.5%	137,729	6.4%
Liechtenstein	26,573	0.4%	27,423	-3.1%	24,316	9.3%
Luxembourg	2,086,620	32.2%	2,125,999	-1.9%	2,002,398	4.2%
Malta	1,575	0.0%	1,581	-0.3%	2,299	-31.5%
Netherlands	56,660	0.9%	59,869	-5.4%	57,712	-1.8%
Norway	77,101	1.2%	79,616	-3.2%	74,836	3.0%
Poland	19,950	0.3%	17,953	11.1%	19,816	0.7%
Portugal	6,675	0.1%	6,474	3.1%	6,001	11.2%
Romania	2,310	0.0%	2,205	4.8%	1,983	16.5%
Slovakia	2,399	0.0%	2,432	-1.4%	2,392	0.3%
Slovenia	1,778	0.0%	1,871	-5.0%	1,828	-2.7%
Spain	157,243	2.4%	151,755	3.6%	144,978	8.5%
Sweden	177,854	2.7%	184,537	-3.6%	168,300	5.7%
Switzerland	276,938	4.3%	284,538	-2.7%	235,476	17.6%
Turkey	13,090	0.2%	13,604	-3.8%	12,495	4.8%
United Kingdom	780,753	12.0%	797,385	-2.1%	758,663	2.9%
All Funds	6,487,776	100%	6,639,829	-2.3%	6,295,307	3.1%

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

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets decreased slightly (0.3%) in the second quarter of 2013 to EUR 2,744 billion. During the first half of 2013 non-UCITS assets registered growth of 3.6 percent.

Net assets of special funds (funds reserved to institutional investors) decreased 0.6 percent to stand at EUR 1,806 billion at end June 2013, despite registering net inflows of EUR 29 billion over the quarter. Net assets of real-estate funds enjoyed growth of 1.9 percent during the quarter to stand at EUR 265 billion, up from EUR 260 billion at end March.

The total number of non-UCITS funds stood at 19,239 at end June 2013, up from 19,095 at end 2012.

Fund types	30/6/2013		31/3/2013		31/12/2012		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/6/2012	31/12/2012
Special / Institutional	1,806	66%	1,816	-0.6%	1,739	3.9%	8,645	8,852
German "Spezialfonds"	979	36%	983	-0.4%	955	2.5%	3,786	3,809
British investment trusts	90	3%	90	0.0%	84	7.1%	337	288
French employees savings	99	4%	95	4.0%	95	4.0%	2,190	2,250
Luxembourg "other" funds	107	4%	103	3.9%	95	12.6%	871	877
Real-estate funds	265	10%	260	1.9%	258	2.7%	1,165	1,122
Other	377	14%	387	-2.5%	378	-0.2%	6,031	5,706
Total	2,744	100%	2,753	-0.3%	2,649	3.6%	19,239	19,095

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

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

(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, decreased by 1.7 percent during the second quarter of 2013 to stand at EUR 9,232 billion at end June 2013.

With EUR 6,488 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market at end March 2013, with the remaining 30 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/06/2013		31/3/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	148,120	1.6%	151,249	-2.1%	147,818	0.2%
Belgium	89,042	1.0%	89,193	-0.2%	87,298	2.0%
Bulgaria	320	0.0%	288	11.0%	250	28.2%
Czech Republic	4,631	0.1%	4,681	-1.1%	4,589	0.9%
Denmark	170,932	1.9%	171,981	-0.6%	164,434	4.0%
Finland	68,677	0.7%	69,098	-0.6%	66,335	3.5%
France	1,474,892	16.0%	1,524,484	-3.3%	1,505,731	-2.0%
Germany	1,316,920	14.3%	1,325,050	-0.6%	1,285,527	2.4%
Greece	7,090	0.1%	6,721	5.5%	6,703	5.8%
Hungary	14,015	0.2%	12,639	10.9%	11,675	20.0%
Ireland	1,278,048	13.8%	1,304,000	-2.0%	1,227,425	4.1%
Italy	198,551	2.2%	194,310	2.2%	190,492	4.2%
Liechtenstein	31,225	0.3%	32,150	-2.9%	27,713	12.7%
Luxembourg	2,486,584	26.9%	2,528,920	-1.7%	2,383,826	4.3%
Malta	8,955	0.1%	9,433	-5.1%	9,720	-7.9%
Netherlands	66,840	0.7%	70,687	-5.4%	68,577	-2.5%
Norway	77,101	0.8%	79,616	-3.2%	74,836	3.0%
Poland	38,317	0.4%	37,416	2.4%	35,795	7.0%
Portugal	25,013	0.3%	24,334	2.8%	23,741	5.4%
Romania	3,746	0.0%	3,816	-1.8%	3,432	9.1%
Slovakia	4,039	0.0%	3,950	2.2%	3,751	7.7%
Slovenia	1,778	0.0%	1,871	-5.0%	1,828	-2.7%
Spain	162,355	1.8%	157,017	3.4%	150,366	8.0%
Sweden	182,042	2.0%	189,162	-3.8%	172,471	5.5%
Switzerland	343,901	3.7%	352,995	-2.6%	297,270	15.7%
Turkey	24,433	0.3%	23,923	2.1%	22,663	7.8%
United Kingdom	1,004,689	10.9%	1,024,308	-1.9%	969,636	3.6%
All Funds	9,232,254	100.0%	9,393,295	-1.7%	8,943,900	3.2%
UCITS	6,487,776	70.3%	6,639,829	-2.3%	6,295,307	3.1%
Non-UCITS	2,744,478	29.7%	2,753,466	-0.3%	2,648,593	3.6%

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