

**November 2010, N° 43**

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*Trends in the European Investment Fund Industry  
in the Third Quarter of 2010*

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**This report was prepared by Bernard Delbecq, Director of Economics and Research**

**EFAMA  
The European Fund and Asset Management Association**

**Square de Meeûs, 18 - B-1050 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: [info@efama.org](mailto:info@efama.org)**

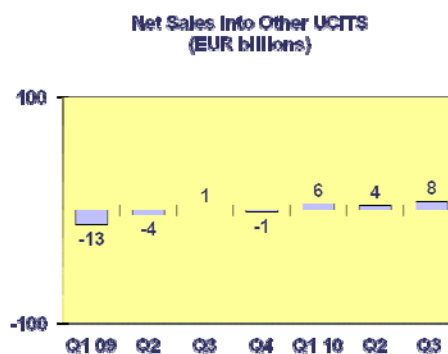
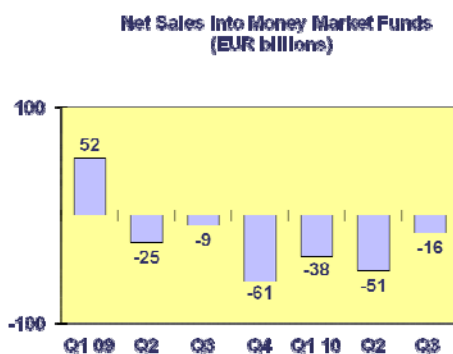
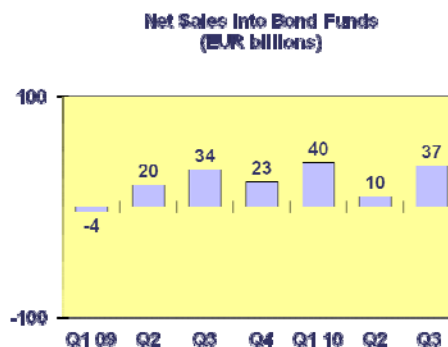
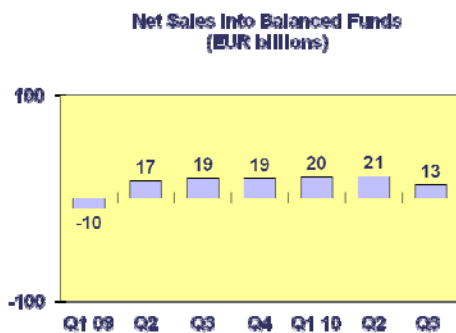
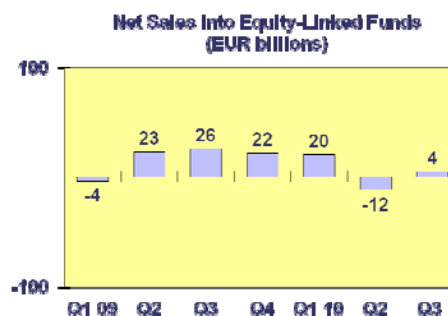
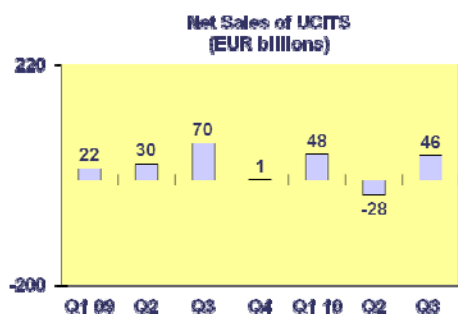
## Trends in the UCITS Market

### *Net Sales by Investment Type*

**UCITS recorded positive inflows in the third quarter amounting to EUR 46 billion, after recording net outflows in the second quarter of EUR 28 billion.**

All long-term UCITS classes enjoyed net inflows during the third quarter of 2010. Net inflows into long-term UCITS totalled EUR 62 billion, up from inflows of EUR 23 billion in the second quarter, with bond funds recording strong net sales (EUR 37 billion). Money market funds continued to suffer from net outflows during the third quarter with outflows totalling EUR 16 billion, albeit at a significantly slower rate from the second quarter when outflows amounted to EUR 51 billion. Money market funds have now experienced six straight quarters of net outflows.

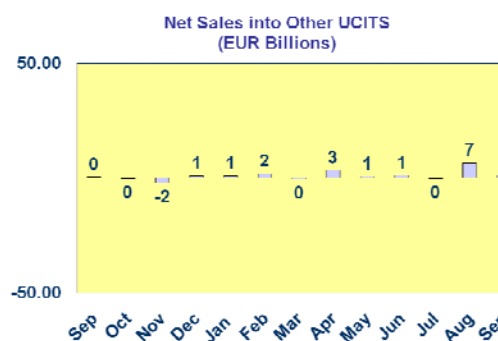
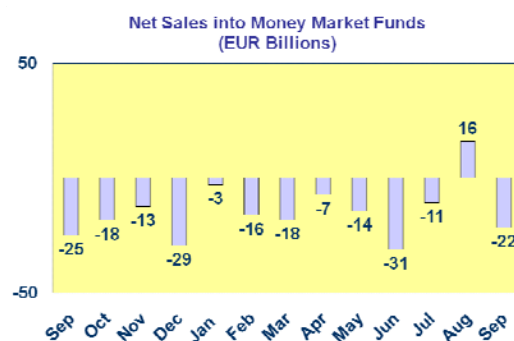
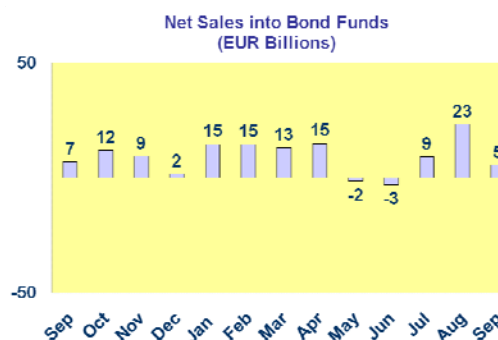
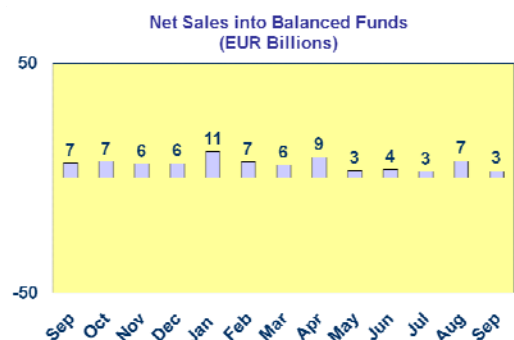
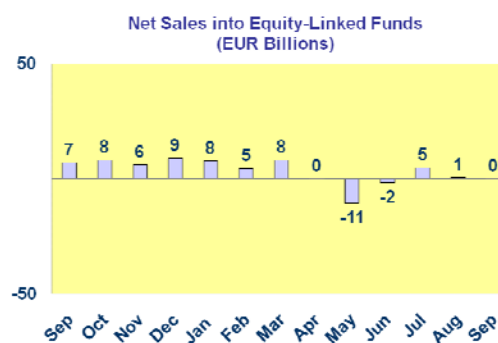
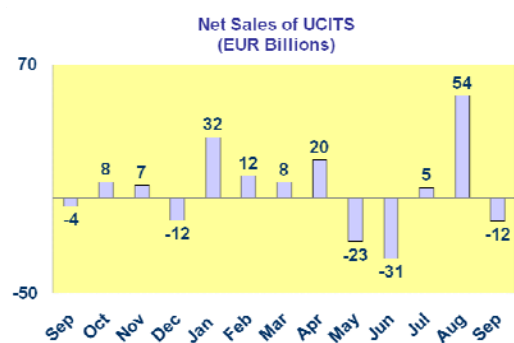
For the first 3 quarters of 2010 UCITS saw net inflows of EUR 66 billion, compared to net inflows of EUR 122 billion for the same period in 2009. The lower level of net inflows in 2010 reflected the turnaround in net sales of money market funds, from positive figures in Q1-Q3 2009 (EUR 18 billion) to negative figures in Q1-Q3 2010 (EUR 106 billion). On the other hand, long-term UCITS enjoyed total net inflows of EUR 172 billion during the first 3 quarters of 2010, compared to net inflows of EUR 104 billion during the same period in 2009.



## Trends in the UCITS Market

### *Net Sales by Investment Type*

Mixed news during the third quarter affected investors' appetite for risk. At the beginning of the quarter, the setting up of the European Financial Stability Facility, the release of the bank stress tests were counteracted with growing concerns on inflation and sluggish economic growth towards the end of the quarter. This can be seen from the trend in monthly net sales<sup>1</sup> for UCITS. Net sales of UCITS increased in August to record inflows of EUR 54 billion, with long-term UCITS reaching their highest level of net sales since EFAMA started collecting monthly net sales data in October 2008. Bond funds contributed strongly to this large rise with net inflows jumping from EUR 9 billion in July to EUR 23 billion in August. However, investors finished the Summer in a very cautious way. It can also be observed that sales of equity funds remained flat during August and September, reflecting worries about the global economic outlook.



<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

**Strong net inflows into UCITS funds were recorded in the third quarter by fourteen countries**, with four countries reporting net sales in excess of EUR 1 billion (Luxembourg EUR 42.0 billion, United Kingdom EUR 19.0 billion, Switzerland EUR 4.6 billion and Germany EUR 2.8 billion). Elsewhere in Europe, UCITS domiciled in France suffered outflows of EUR 14 billion in the third quarter, driven by outflows of EUR 10 billion from money market funds. In addition to France, net outflows from UCITS were EUR 1 billion or more in two other countries; Spain (EUR 4.1 billion) and Italy (EUR 4.0 billion).

During the first three quarters of 2010, fifteen countries experienced net outflows from money market funds. France suffered large cumulated withdrawals of UCITS reflecting its considerable share in the European money market funds market and the falling demand for money market funds in a low interest environment. Southern European countries also experienced strong net outflows from UCITS in the year-to-date, especially Spain (EUR 16.3 billion) and Italy (EUR 14.2 billion), due to large net outflows from money market funds. Bond funds also witnessed significant net withdrawals in Spain (EUR 10.1 billion).

On the other side of the spectrum Luxembourg-domiciled UCITS attracted EUR 42 billion in net inflows during the third quarter, with bond funds enjoying inflows of EUR 33.4 billion. Year-to-date Luxembourg domiciled funds have attracted inflows of EUR 88.9 billion, with bond funds accounting for EUR 81 billion and despite significant withdrawals from money market funds.

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds <sup>(2)</sup>		Total	
	Q3 2010	YTD	Q3 2010	YTD	Q3 2010	YTD	Q3 2010	YTD	Q3 2010	YTD	Q3 2010	YTD
Austria	136	135	-245	120	25	401	-175	-555	-20	-393	-278	-293
Bulgaria	-1	-2	0	2	-1	-2	7	16	0	1	6	15
Czech Republic	10	16	55	122	-10	36	-44	-78	11	22	22	119
Denmark	-828	-631	581	3,181	44	123	0	0	-1	-70	-206	2,603
Finland	6	161	510	1,461	130	388	-345	-1,496	-2	21	299	535
France	-3,300	-8,100	600	1,700	-700	8,600	-10,400	-53,200	-600	-1,000	-14,400	-52,000
Germany	323	-1,276	429	2,985	1,810	6,829	383	-453	-136	-221	2,808	7,864
Greece	-28	-59	-59	-208	-16	-65	99	-667	-12	-15	-17	-1,013
Hungary	17	105	-66	98	-1	-14	60	780	40	65	50	1,034
Italy	-377	-1,371	-518	110	-127	1,255	-3,012	-14,190	0	0	-4,035	-14,196
Liechtenstein <sup>(3)</sup>	-13	-371	42	-222	90	593	-53	-107	154	122	219	14
Luxembourg <sup>(4)</sup>	3,127	14,001	33,389	81,302	7,408	23,143	-252	-28,911	-1,701	-642	41,971	88,893
Norway	380	-271	136	447	37	167	-198	-593	-11	4	344	-246
Poland	-137	-137	72	703	-92	-212	173	658	-32	-60	-16	951
Portugal	-25	28	-165	-325	-17	-22	-396	-1,808	-99	-136	-702	-2,263
Romania	2	11	9	41	-2	-2	41	235	41	91	90	375
Slovakia	0	27	40	85	16	95	-42	17	29	-19	43	205
Slovenia	-7	26	7	26	-19	-21	0	0	-1	-1	-20	30
Spain	-115	718	-3,174	-13,266	-246	-506	-614	-3,282	0	0	-4,149	-16,336
Sweden	-335	106	121	564	232	1,062	-42	719	108	1,103	84	3,553
Switzerland	1,473	1,791	341	2,297	3,193	3,497	-457	-1,573	0	0	4,550	6,012
Turkey	-36	-10	51	-157	52	-76	-354	-702	792	1,405	505	460
United Kingdom	4,187	8,073	4,985	5,494	978	9,076	-267	-305	9,163	17,162	19,046	39,499
<b>Total</b>	<b>4,457</b>	<b>12,971</b>	<b>37,141</b>	<b>86,560</b>	<b>12,781</b>	<b>54,343</b>	<b>-15,888</b>	<b>-105,497</b>	<b>7,723</b>	<b>17,439</b>	<b>46,214</b>	<b>65,815</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) YTD does not include March 2010 data; (4) 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 rose by 3.0 percent in the third quarter to reach EUR 5,777 billion at end September 2010.** All long-term UCITS classes enjoyed growth in the third quarter, with equity funds rising by 4.9 percent (EUR 80 billion), balanced funds increasing by 4.2 percent (EUR 35 billion) and bond funds increasing 3.9 percent (EUR 47 billion). Market performance played the significant part in the increase of equity funds as signaled by their low net sales data. Money market funds experienced a decline in net assets of EUR 29 billion or 3.2 percent.

Overall total net assets of UCITS increased by 8.7 percent (EUR 463 billion) since the end of 2009. Year-to-date bond funds have increased by 17.7 percent or EUR 188 billion and equity funds by 8.8 percent (EUR 138 billion) whilst money market funds have decreased by 11.0 percent (EUR 108 billion) over the same period.

The number of UCITS at end September 2010 reached 36,077 compared to 36,025 at end June 2010 and 36,011 at end 2009.

UCITS types	30-Sep-10		Change wrt to 30/06/2010		Change wrt to 31/12/2009	
	EUR bn	Share	in % <sup>(2)</sup>	in EUR bn	% chg <sup>(3)</sup>	in EUR bn
Equity	1,715	34%	4.9%	80	8.8%	138
Balanced	857	17%	4.2%	35	12.3%	94
Total Equity & Balanced	2,572	51%	4.7%	115	9.9%	232
Bond	1,253	25%	3.9%	47	17.7%	188
Money Market (MM)	870	17%	-3.2%	-29	-11.0%	-108
Funds of funds <sup>(4)</sup>	74	1%	3.9%	3	1.2%	1
Other	233	5%	3.7%	8	18.9%	37
<b>Total (excl. Ireland &amp; Netherlands)</b>	<b>5,001</b>	<b>100%</b>	<b>3.0%</b>	<b>144</b>	<b>7.5%</b>	<b>350</b>
of which guaranteed funds	199	4%	-0.6%	-1	-2.3%	-5
<b>Total (incl. Ireland &amp; Netherlands)</b>	<b>5,777</b>		<b>3.0%</b>	<b>170</b>	<b>8.7%</b>	<b>463</b>
of which MM including Irish MM <sup>(5)</sup>	1,215	21%	-2.3%	-28	-5.4%	-69

(1) No full data breakdown is available for Ireland and the Netherlands; (2) end of September 2010 compared to end June 2010 assets.  
(3) end of September 2010 compared to end 2009 assets; (4) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds; (5) the share is calculated in relation to total UCITS assets (including IE and NL)

UCITS types	30-Sep-10		Change wrt to 30/06/2010		Change wrt to 31/12/2009	
	No.	Share	in % <sup>(2)</sup>	in No.	% chg <sup>(3)</sup>	in No.
Equity	13,080	40%	-0.9%	-117	-2.4%	-322
Balanced	8,111	25%	1.2%	97	6.9%	523
Total Equity & Balanced	21,191	65%	-0.1%	-20	1.0%	201
Bond	6,169	19%	0.4%	24	1.1%	70
Money Market (MM)	1,618	5%	-2.4%	-39	-6.6%	-114
Funds of funds <sup>(4)</sup>	1,017	3%	-1.0%	-10	-27.1%	-378
Other	2,767	8%	0.9%	24	5.8%	151
<b>Total (excl. Ireland &amp; Netherlands)</b>	<b>32,762</b>	<b>100%</b>	<b>-0.1%</b>	<b>-21</b>	<b>-0.2%</b>	<b>-70</b>
of which guaranteed funds	3,603	11%	0.9%	33	-2.4%	-88
<b>Total (incl. Ireland &amp; Netherlands)</b>	<b>36,077</b>		<b>0.1%</b>	<b>52</b>	<b>0.2%</b>	<b>66</b>

(1) No full data breakdown is available for Ireland and the Netherlands; (2) end of September 2010 compared to end June 2010 number.  
(3) end of September 2010 compared to end 2009 number; (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*

**An increase in net assets was recorded in twenty-one countries during the third quarter of the year, with only four countries experiencing a decline in assets. Overall net assets for UCITS increased by 3.0 percent in the quarter to stand at EUR 5,777 billion at end September 2010.**

The five largest domiciles of UCITS all enjoyed growth during the third quarter with the United Kingdom enjoying growth of 5.8 percent, followed by Germany (3.9 percent), Ireland (3.8 percent), Luxembourg (3.6 percent) and France (1.0 percent). Switzerland also recorded positive asset growth (3.9 percent), whereas Italy and Spain saw their UCITS assets falling, albeit rather moderately. Elsewhere in Europe, some of the eastern European countries recorded the strongest increase in net assets with Romania increasing by 12.3 percent, Poland increasing 11.1 percent and the Czech Republic by 7.0 percent. The Scandinavian countries also enjoyed strong growth during the third quarter with Sweden increasing by 8.6 percent, Norway 6.5 percent and Finland and Denmark increasing by 3.6 percent and 3.3 percent, respectively.

UCITS have enjoyed growth of 8.7 percent since end 2009 with twenty countries having experienced growth and six having decreased.

Members	30/09/2010		30/06/2010		31/12/2009	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	85,679	1.5%	84,885	0.9%	82,482	3.9%
Belgium	89,375	1.5%	88,305	1.2%	91,290	-2.1%
Bulgaria	197	0.0%	185	6.5%	177	11.3%
Czech Republic	4,820	0.1%	4,505	7.0%	4,376	10.2%
Denmark	64,699	1.1%	62,634	3.3%	58,032	11.5%
Finland	51,276	0.9%	49,508	3.6%	47,432	8.1%
France	1,223,059	21.2%	1,211,452	1.0%	1,253,395	-2.4%
Germany	236,937	4.1%	228,137	3.9%	220,867	7.3%
Greece	7,222	0.1%	7,063	2.2%	9,191	-21.4%
Hungary	9,680	0.2%	9,148	5.8%	8,353	15.9%
Ireland	708,472	12.3%	682,400	3.8%	597,331	18.6%
Italy	182,173	3.2%	183,990	-1.0%	193,998	-6.1%
Liechtenstein	24,964	0.4%	24,395	2.3%	22,292	12.0%
Luxembourg	1,786,332	30.9%	1,723,592	3.6%	1,592,373	12.2%
Netherlands <sup>(3)</sup>	67,700	1.2%	67,700	--	66,320	2.1%
Norway	54,258	0.9%	50,935	6.5%	49,925	8.7%
Poland	18,766	0.3%	16,898	11.1%	15,872	18.2%
Portugal	9,354	0.2%	9,845	-5.0%	11,572	-19.2%
Romania	1,219	0.0%	1,086	12.3%	792	54.0%
Slovakia	3,484	0.1%	3,392	2.7%	3,255	7.0%
Slovenia	1,927	0.0%	1,874	2.9%	1,859	3.7%
Spain	169,953	2.9%	172,221	-1.3%	187,152	-9.2%
Sweden	147,047	2.5%	135,384	8.6%	123,533	19.0%
Switzerland <sup>(4)</sup>	189,226	3.3%	182,113	3.9%	118,138	60.2%
Turkey	14,510	0.3%	15,044	-3.6%	13,849	4.8%
United Kingdom	624,983	10.8%	590,904	5.8%	540,818	15.6%
<b>All Funds</b>	<b>5,777,312</b>	<b>100%</b>	<b>5,607,594</b>	<b>3.0%</b>	<b>5,314,674</b>	<b>8.7%</b>

(1) End September compared to end June 2010; (2) end September 2010 compared to end 2009; (3) Netherlands data as of end June 2010; (4) the asset growth since end 2009 reflects a growing number of funds captured by Swiss data.

## Trends in the Non-UCITS Market

### Net Sales and Assets by Investment Type

**Total assets in the non-UCITS market increased by 3.3 percent in the third quarter of 2010 to stand at EUR 1,951 billion. Since end 2009, total assets of non-UCITS grew by 11.7 percent.**

The net inflows into special funds reserved to institutional investors peaked at EUR 30 billion in the third quarter, with strong inflows observed in Germany and Luxembourg. Net inflows to special funds for the year-to-date stand at EUR 85 billion, up from inflows of EUR 26 billion for the same period in 2009.

The total number of non-UCITS funds increased from 16,150 at end 2009 to 16,754 at end September. The bulk of the increase reflected a rise in the number of special funds domiciled in Luxembourg.

Table 5. Breakdown of Non-UCITS Assets and Number by Category <sup>(1)</sup>								
Fund types	30/09/2010		30/06/2010		31/12/2009		Number of Funds	
	EUR bn	Share	EUR bn	% chg <sup>(2)</sup>	EUR bn	% chg <sup>(3)</sup>	30/09/2010	31/12/2009
Special / Institutional	1,135	64%	1,082	4.9%	1,003	13.2%	7,749	7,291
German "Spezialfonds"	782	44%	746	4.7%	711	9.9%	3,830	3,993
British investment trusts	60	3%	57	5.1%	52	14.5%	316	332
French employees savings	87	5%	82	6.1%	85	2.6%	2,440	2,604
Luxembourg "other" funds	88	5%	88	0.3%	81	9.3%	1,000	1,062
Real-estate funds	231	13%	231	0.1%	212	8.8%	832	741
Other	173	10%	170	1.8%	162	6.6%	2,556	2,204
<b>Total (excl. Ireland)</b>	<b>1,773</b>	<b>100%</b>	<b>1,709</b>	<b>3.8%</b>	<b>1,595</b>	<b>11.2%</b>	<b>14,893</b>	<b>14,234</b>
<b>Total (incl. Ireland)</b>	<b>1,951</b>		<b>1,888</b>	<b>3.3%</b>	<b>1,746</b>	<b>11.7%</b>	<b>16,754</b>	<b>16,150</b>

(1) Excluding Ireland for which no data breakdown is available; (2) end of September 2010 compared to end June 2010; (3) end of September 2010 compared to end 2009.

Table 6. Net Sales of Special Funds <sup>(1)</sup>								
Members	2009				2010			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	YTD
Austria	285	2,039	1,417	632	814	315	777	1,906
Denmark	-445	-8,005	193	-615	669	948	76	1,693
Finland	-227	-70	119	70	3	-591	328	-261
Germany	5,318	-2,436	10,084	18,736	14,194	9,053	18,373	41,620
Hungary	165	-9	197	-9	147	32	298	478
Italy	263	-69	-19	-541	-50	5	-199	-245
Liechtenstein	70	51	127	191	n.a	95	5	100
Luxembourg	4,277	9,329	1,263	3,504	13,034	11,783	7,908	32,725
Romania	4	-1	0	1	2	-3	0	-1
Sweden	23	112	80	121	32	-24	111	120
United Kingdom	101	811	785	542	918	4,106	2,156	7,179
<b>Total</b>	<b>9,833</b>	<b>1,752</b>	<b>14,246</b>	<b>22,632</b>	<b>29,762</b>	<b>25,718</b>	<b>29,834</b>	<b>85,314</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, recorded strong growth of 3.1 percent in the third quarter to reach EUR 7,728 billion at end September 2010.

UCITS assets have increased by 8.7 percent during the first nine months of 2010, whilst non-UCITS have increased by 11.7 percent. With EUR 5,777 billion invested in UCITS, this segment of the business accounted for almost 75 percent of the fund market at end September 2010.

Members	30/09/2010		30/06/2010		31/12/2009	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	146,660	1.9%	143,659	2.1%	138,603	5.8%
Belgium	95,475	1.2%	93,734	1.9%	96,950	-1.5%
Bulgaria	200	0.0%	188	6.4%	179	11.3%
Czech Republic	4,878	0.1%	4,560	7.0%	4,426	10.2%
Denmark	124,009	1.6%	119,706	3.6%	109,612	13.1%
Finland	59,440	0.8%	56,026	6.1%	54,251	9.6%
France	1,406,409	18.2%	1,389,802	1.2%	1,421,395	-1.1%
Germany	1,106,153	14.3%	1,062,891	4.1%	1,019,672	8.5%
Greece	8,299	0.1%	8,140	2.0%	10,279	-19.3%
Hungary	13,448	0.2%	12,284	9.5%	11,071	21.5%
Ireland	885,710	11.5%	861,363	2.8%	748,629	18.3%
Italy	239,973	3.1%	242,708	-1.1%	257,804	-6.9%
Liechtenstein	28,786	0.4%	27,908	3.1%	24,592	17.1%
Luxembourg	2,083,740	27.0%	2,010,637	3.6%	1,840,993	13.2%
Netherlands <sup>(3)</sup>	80,800	1.0%	80,800	--	79,020	2.3%
Norway	54,258	0.7%	50,935	6.5%	49,925	8.7%
Poland	27,170	0.4%	24,142	12.5%	22,592	20.3%
Portugal	26,955	0.3%	27,397	-1.6%	28,463	-5.3%
Romania	2,864	0.0%	2,828	1.3%	2,587	10.7%
Slovakia	3,669	0.0%	3,579	2.5%	3,418	7.3%
Slovenia	2,179	0.0%	2,193	-0.6%	2,239	-2.7%
Spain	177,310	2.3%	179,763	-1.4%	194,520	-8.8%
Sweden	150,443	1.9%	138,500	8.6%	126,402	19.0%
Switzerland <sup>(4)</sup>	240,451	3.1%	232,517	3.4%	158,450	51.8%
Turkey	17,567	0.2%	17,817	-1.4%	16,281	7.9%
United Kingdom	741,192	9.6%	701,213	5.7%	638,312	16.1%
<b>All Funds</b>	<b>7,728,037</b>	<b>100.0%</b>	<b>7,495,290</b>	<b>3.1%</b>	<b>7,060,664</b>	<b>9.5%</b>
UCITS	5,777,312	74.8%	5,607,594	3.0%	5,314,674	8.7%
Non-UCITS	1,950,725	25.2%	1,887,696	3.3%	1,745,990	11.7%

(1) End September compared to end June 2010; (2) end September 2010 compared to end 2009; (3) Netherlands data as of end June 2010; (4) the asset growth since end 2009 reflects a growing number of funds captured by Swiss data.