

*Trends in the European Investment Fund Industry
in the Second Quarter of 2012
and
Results for the First Half of 2012*

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

EFAMA
The European Fund and Asset Management Association

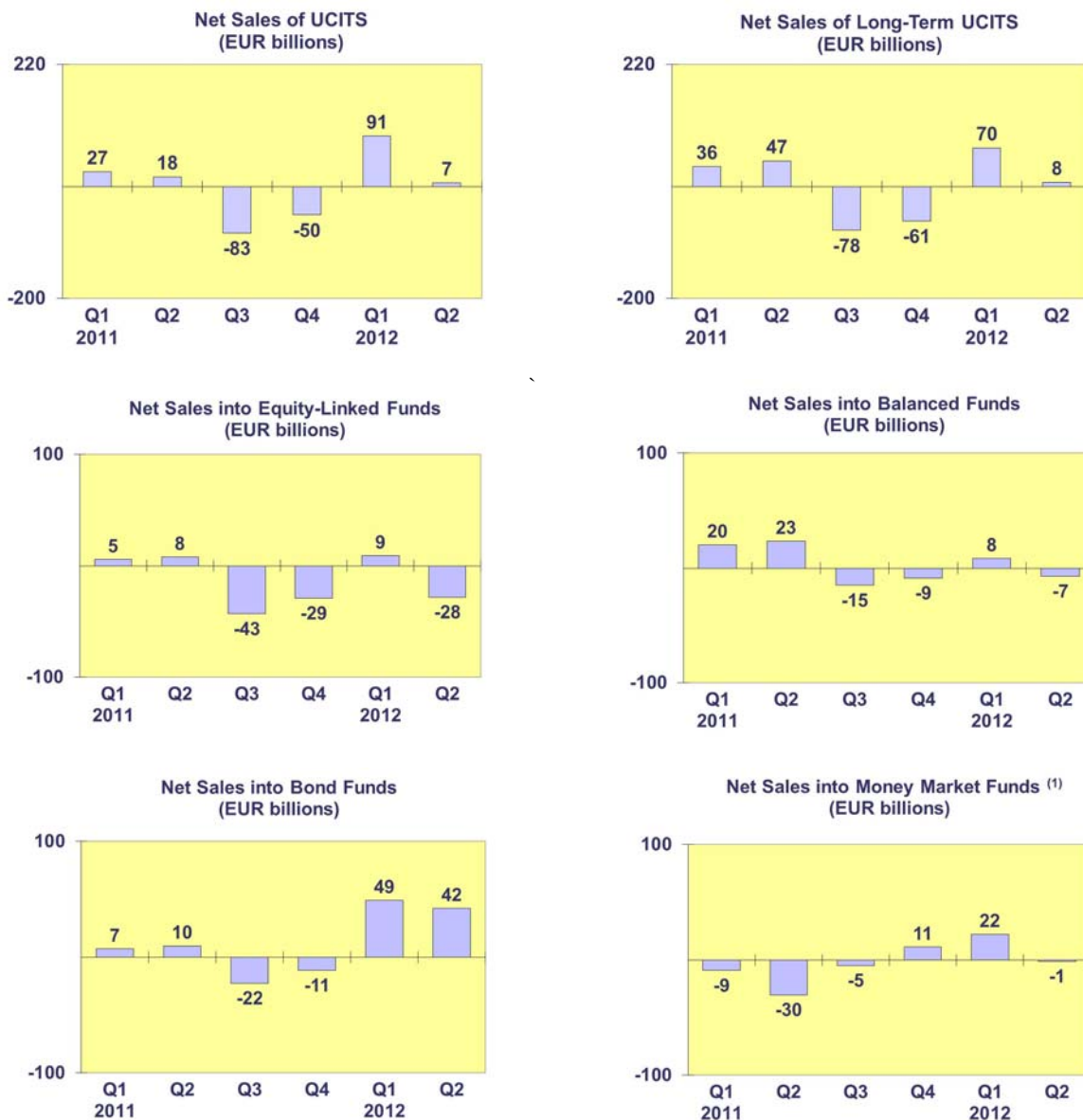
Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

Trends in the UCITS Market

Net Sales by Investment Type

A challenging second quarter of 2012 reduced net sales of UCITS to EUR 7 billion from EUR 91 billion in first quarter of the year. Net sales of long-term UCITS amounted to EUR 8 billion, down from net inflows of EUR 70 billion recorded in the previous quarter. This was mainly attributable to equity funds, which registered net outflows of EUR 28 billion in the second quarter. Bonded funds also registered a turnaround in net flows registering EUR 7 billion in net outflows in the second quarter. Money market funds registered net outflows of EUR 1 billion, compared to net inflows of EUR 22 billion in the first quarter. On the other hand, bond funds continued to record strong net inflows (EUR 42 billion compared to EUR 49 billion in the first quarter).

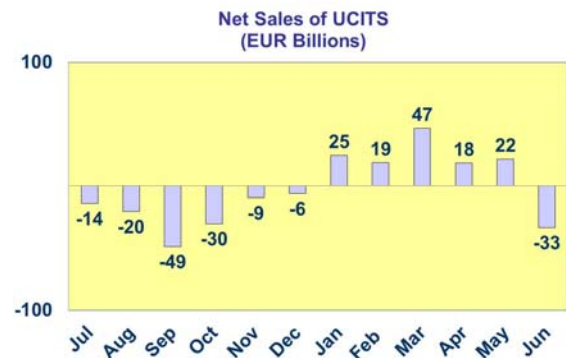
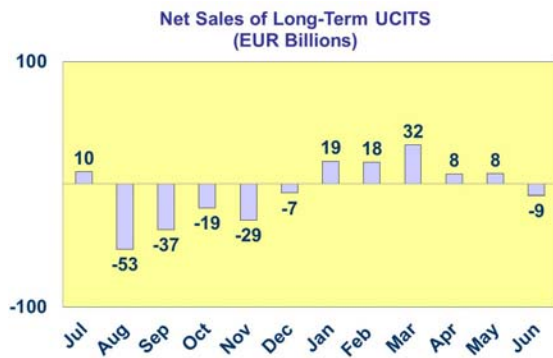
Overall in the first half of 2012, UCITS recorded net inflows of EUR 98 billion, a significant turnaround compared to the second half of 2011 when UCITS suffered net outflows totalling EUR 133 billion. The rebound in net sales in 2012 was driven by net sales of long-term UCITS in the first quarter after the ECB launched its longer-term refinancing operations.



Trends in the UCITS Market

Net Sales by Investment Type

The long-term refinancing operations from the ECB eased market tensions during the first few months of 2012. However, uncertainty regarding a clear solution to the euro area sovereign debt crisis increased investor caution during the second quarter. This can be seen from the trends in monthly net sales¹ for UCITS. Equity funds continued to suffer on account of the poor economic outlook. On the other hand, bond funds have recorded net inflows each month since December 2011, as investors continue their search for yield in a low interest rate environment.



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

Twelve countries recorded net inflows into UCITS in the second quarter of 2012, with four countries attracting net inflows in excess of EUR 1 billion: Ireland (EUR 13 billion), Switzerland (EUR 6 billion), Denmark (EUR 3 billion) and Luxembourg (EUR 1 billion). Luxembourg and Ireland attracted net inflows of EUR 22 billion and EUR 17 billion, respectively, into bond funds during the quarter. On the other hand, money market funds in both countries recorded negative flows. Luxembourg also suffered from significant net outflows from equity funds. Of the other large domiciles, the UK attracted net inflows of EUR 800 million, whilst France and Germany registered net outflows of EUR 9 billion and EUR 1 billion respectively.

Twelve countries recorded net inflows into UCITS during the first half of 2012, with five countries attracting net inflows in excess of EUR 5 billion: Ireland (EUR 44 billion), Luxembourg (EUR 31 billion), France (EUR 15 billion), Switzerland (EUR 14 billion) and the UK (EUR 6 billion). These inflows reflect primarily strong net inflows into bond funds. In addition, France enjoyed large net inflows into money market funds (EUR 35 billion), whilst Switzerland registered strong net sales of equity funds (EUR 6 billion).

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q2 2012	YTD	Q2 2012	YTD	Q2 2012	YTD	Q2 2012	YTD	Q2 2012	YTD	Q2 2012	YTD
Austria	-381	-255	286	-277	-95	-279	20	-130	-378	-463	-549	-1,404
Bulgaria	-1	0	0	-1	2	-1	-3	-11	0	1	-2	-12
Czech Republic	13	104	-6	-313	-18	39	-6	-315	-7	132	-23	-353
Denmark	1,446	1,574	1,279	1,704	324	780	1	2	-43	-46	3,007	4,015
Finland	-762	150	167	588	123	194	1,280	286	21	15	829	1,232
France	-12,200	-18,500	-1,800	5,100	-3,400	-4,900	8,700	34,700	-200	-1,300	-8,900	15,100
Germany	-1,304	-2,374	369	32	208	213	126	-475	-214	-234	-815	-2,839
Greece	-38	-47	-66	-94	-15	-25	-29	-56	-45	-67	-192	-289
Hungary	-16	-33	-18	-44	-2	-6	-21	-301	-35	-83	-93	-467
Ireland	-841	2,892	16,538	25,680	1,326	3,331	-5,933	7,006	2,286	5,604	13,376	44,514
Italy	-680	-1,332	-1,572	-1,430	-1,733	-3,970	-765	-2,184	0	0	-4,749	-8,916
Liechtenstein	81	140	1,294	1,449	49	141	124	125	-616	-429	932	1,426
Luxembourg ⁽³⁾	-11,334	-5,029	22,143	49,266	-4,230	1,408	-5,999	-16,755	882	1,647	1,462	30,537
Malta	500	580	8	34	14	22	0	0	-29	-74	493	563
Netherlands	-160	-673	-222	-402	-232	-364	0	0	-77	-160	-691	-1,599
Norway	-92	754	1,051	2,084	36	88	-622	-1,001	-2	45	370	1,970
Poland	-279	-203	439	1,108	-110	-183	-250	-202	444	811	243	1,332
Portugal	-76	-109	-105	-168	-23	-60	-35	-63	-105	-228	-344	-628
Romania	-2	0	57	85	-1	-1	30	100	18	20	101	203
Slovakia	4	0	-13	-124	-17	-15	-38	-110	-26	-74	-89	-325
Slovenia	-17	-19	4	3	-16	-20	0	-5	0	-1	-29	-41
Spain	-1,252	-2,159	-1,796	-1,206	-282	-511	-565	-891	0	0	-3,895	-4,766
Sweden	-1,771	235	35	-755	260	361	1,160	-820	-188	-44	-505	-1,023
Switzerland	3,021	5,971	1,650	3,008	65	3,190	1,619	1,988	0	0	6,355	14,156
Turkey	-19	-64	46	39	7	-9	136	-102	-20	0	150	-137
United Kingdom	-1,799	-857	2,070	5,979	479	905	-3	-2	74	-3	820	6,493
Total	-27,957	-19,255	41,837	91,346	-7,283	326	-1,074	20,783	1,741	5,069	7,263	98,742

(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 by 0.2 percent during the second quarter to stand at EUR 5,951 billion at end June 2012. This increase in net assets can be attributed to net asset growth of bond funds, which increased 5.4 percent (EUR 86 billion) during the quarter. Money market funds also enjoyed a modest increase in net assets of 0.9 percent. On the other hand, equity funds registered a decrease in net assets during the quarter (4.1%), and net assets of balanced funds reduced by 2.1 percent. Funds of funds registered an increase in net assets of 1.7 percent during the quarter.

Over the first half of 2012, total net assets of UCITS have increased by 5.6 percent. The number of UCITS at end June 2012 stood at 35,766, compared to 36,106 at end December 2011.

UCITS types	30-Jun-12		Change from 31/03/2011		Change from 31/12/2011	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	1,927	32%	-4.1%	-83	4.2%	77
Balanced	928	16%	-2.1%	-20	3.9%	35
Total Equity & Balanced	2,855	48%	-3.5%	-103	4.1%	112
Bond	1,682	28%	5.4%	86	11.3%	171
Money Market (MM)	1,081	18%	0.9%	10	2.7%	28
Funds of funds ⁽³⁾	60	1%	1.7%	1	0.7%	0
Other	273	5%	-1.8%	-5	0.7%	2
Total	5,951	100%	-0.2%	-11	5.6%	313
of which guaranteed funds	172	3%	-5.0%	-9	-5.5%	-10

(1) End June 2012 compared to end March 2012 assets; (2) end June 2012 compared to end December 2011 assets; (3) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.

UCITS types	30-Jun-12		Change from 30/3/2011		Change from 31/12/2011	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,552	39%	-1.5%	-186	-1.1%	-145
Balanced	8,411	26%	0.0%	0	3.5%	283
Total Equity & Balanced	20,963	65%	-0.9%	-186	0.7%	138
Bond	6,661	21%	2.5%	160	4.5%	284
Money Market (MM)	1,310	4%	-2.5%	-34	-6.4%	-89
Funds of funds ⁽⁴⁾	937	3%	1.5%	14	0.2%	2
Other	2,786	9%	5.6%	147	2.8%	75
Total (excl. Ireland & Netherlands)	32,198	100%	-1.1%	-358	-1.0%	-328
of which guaranteed funds	3,180	10%	-8.5%	-296	-12.6%	-459
Total (incl. Ireland & Netherlands)	35,766		-1.0%	-346	-0.9%	-340

(1) No full data breakdown is available for Ireland and the Netherlands; (2) end June 2012 compared to end March 2012; (3) end June 2012 compared to end December 2011; (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

Total UCITS net assets remained relatively flat in the second quarter to stand at EUR 5,951 billion at end June 2012. Nine countries recorded an increase in net assets of UCITS during the quarter. Of the large domiciles, Ireland recorded growth of 3.7 percent during the quarter, followed by the United Kingdom, which recorded growth of 0.7 percent. UCITS assets domiciled in Luxembourg remained flat during the quarter, whilst France and Germany recorded a reduction in net assets of 2.2 percent and 3.3 percent, respectively. Elsewhere, Malta recorded strong asset growth of 32 percent during the quarter due to an increase in the number of authorized funds during the quarter.

Total UCITS assets increased by 5.6 percent over the first half of 2012. Seventeen countries recorded an increase in net assets of UCITS in the first six months of 2012. All the large domiciles enjoyed growth in UCITS, with Ireland increasing 10.1 percent followed by the United Kingdom (7.9 percent), Luxembourg (5.8 percent), France (3.7 percent) and Germany (2.1 percent). On the other hand, countries in Southern Europe continued to record negative growth during the quarter reflecting net outflows.

Table 4. Net Assets of the European UCITS Industry						
Members	30/06/2012		31/03/2011		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	75,181	1.3%	76,350	-1.5%	74,329	1.1%
Belgium	79,256	1.3%	80,609	-1.7%	78,673	0.7%
Bulgaria	213	0.0%	217	-1.9%	226	-5.7%
Czech Republic	4,094	0.1%	4,342	-5.7%	4,117	-0.6%
Denmark	72,325	1.2%	70,427	2.7%	65,856	9.8%
Finland	51,440	0.9%	51,680	-0.5%	48,066	7.0%
France	1,107,504	18.6%	1,132,372	-2.2%	1,068,141	3.7%
Germany	230,792	3.9%	238,736	-3.3%	226,100	2.1%
Greece	3,932	0.1%	4,333	-9.3%	4,417	-11.0%
Hungary	6,682	0.1%	6,576	1.6%	6,406	4.3%
Ireland	902,963	15.2%	870,723	3.7%	820,041	10.1%
Italy	133,245	2.2%	140,219	-5.0%	139,697	-4.6%
Liechtenstein	26,413	0.4%	24,281	8.8%	25,500	3.6%
Luxembourg	1,861,506	31.3%	1,863,709	-0.1%	1,760,155	5.8%
Malta	2,307	0.0%	1,748	32.0%	1,648	40.0%
Netherlands	53,073	0.9%	54,993	-3.5%	53,297	-0.4%
Norway	66,780	1.1%	67,499	-1.1%	61,828	8.0%
Poland	16,201	0.3%	16,731	-3.2%	14,535	11.5%
Portugal	5,566	0.1%	6,004	-7.3%	6,018	-7.5%
Romania	1,780	0.0%	1,686	5.6%	1,570	13.4%
Slovakia	2,393	0.0%	2,483	-3.6%	2,656	-9.9%
Slovenia	1,798	0.0%	1,882	-4.5%	1,812	-0.8%
Spain	145,780	2.4%	153,305	-4.9%	150,877	-3.4%
Sweden	154,273	2.6%	158,586	-2.7%	147,042	4.9%
Switzerland	233,608	3.9%	225,558	3.6%	213,970	9.2%
Turkey	11,918	0.2%	11,105	7.3%	12,043	-1.0%
United Kingdom	700,363	11.8%	695,717	0.7%	649,108	7.9%
All Funds	5,951,385	100%	5,961,871	-0.2%	5,638,128	5.6%

(1) End June 2012 compared to end March 2012; (2) end June 2012 compared to end December 2011.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased in the second quarter by 3.5 percent to stand at EUR 2,486 billion. The total number of non-UCITS funds stood at 18,411 at end June 2012, up from 18,219 at end 2011.

Net assets of real estate funds increased 4.0 percent during the second quarter, whilst special funds enjoyed growth of 2.3 percent over the same period. Since end 2011, total net assets of non-UCITS have increased 7.1 percent. During the first half of 2012, special funds recorded growth of 7.6 percent, whilst real estate funds are up 1.5 percent.

Special funds continued to record net inflows, albeit at a slower pace, in the second quarter amounting to EUR 21 billion, compared to EUR 31 billion in the previous quarter. Special funds have attracted net inflows of EUR 52 billion in the first half of 2012, up from EUR 47 billion in the first half of 2011.

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

Fund types	30/06/2012		31/3/2012		31/12/2011		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/6/2012	31/12/2011
Special / Institutional	1,608	65%	1,572	2.3%	1,495	7.6%	8,488	8,490
German "Spezialfonds"	876	35%	861	1.7%	822	6.6%	3,730	3,762
British investment trusts	82	3%	81	1.2%	76	7.9%	298	307
French employees savings	88	4%	86	2.3%	87	1.6%	2,301	2,342
Luxembourg "other" funds	92	4%	89	3.4%	85	8.7%	929	938
Real-estate funds	263	11%	253	4.0%	259	1.5%	1,099	993
Other	353	14%	320	10.3%	321	10.0%	5,296	5,149
Total	2,486	100%	2,401	3.5%	2,322	7.1%	18,411	18,219

(1) End June 2012 compared to end March 2012; (2) end June 2012 compared to end December 2011.

Table 6. Net Sales of Special Funds ⁽¹⁾

Members	2011				2012	
	Q1	Q2	Q3	Q4	Q1	Q2
Austria	900	775	-389	-133	-972	445
Denmark	-221	536	1,790	7	-121	728
Finland	20	-1	-97	-37	388	91
Germany	13,894	2,112	4,830	23,139	13,621	16,642
Hungary	142	-97	-529	-513	-208	-96
Ireland	2,826	4,158	3,180	5,138	9,637	-4,070
Italy	4	-58	68	25	-86	11
Liechtenstein	161	135	NA	NA	-13	122
Luxembourg	8,519	5,895	10,943	3,641	7,294	5,488
Romania	9	3	2	3	1	16
Sweden	-95	-5	21	47	7	-7
United Kingdom	4,672	3,111	1,135	927	1,050	2,053
Total	30,831	16,564	20,954	32,244	30,598	21,423

(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, increased by 0.9 percent in the second quarter of 2012 to stand at EUR 8,437 billion, up from EUR 8,363 billion at end March. Since end 2011 total net assets have increased by 6.0 percent.

With EUR 5,951 billion invested in UCITS, this segment of the business accounted for almost 71 percent of the fund market at end June 2012, with the remaining 29 percent composed of non-UCITS.

Members	30/06/2012		31/03/2012		30/12/2011	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	140,035	1.7%	140,934	-0.6%	137,216	2.1%
Belgium	85,593	1.0%	86,959	-1.6%	84,701	1.1%
Bulgaria	215	0.0%	220	-1.9%	228	-5.8%
Czech Republic	4,179	0.0%	4,429	-5.6%	4,195	-0.4%
Denmark	149,824	1.8%	146,115	2.5%	139,046	7.8%
Finland	59,534	0.7%	59,917	-0.6%	55,387	7.5%
France	1,467,504	17.4%	1,447,385	1.4%	1,387,341	5.8%
Germany	1,192,353	14.1%	1,185,320	0.6%	1,133,518	5.2%
Greece	5,695	0.1%	6,171	-7.7%	6,252	-8.9%
Hungary	10,824	0.1%	10,710	1.1%	8,948	21.0%
Ireland	1,157,073	13.7%	1,116,422	3.6%	1,055,267	9.6%
Italy	185,874	2.2%	194,011	-4.2%	200,445	-7.3%
Liechtenstein	30,743	0.4%	28,018	9.7%	30,017	2.4%
Luxembourg	2,224,479	26.4%	2,217,206	0.3%	2,096,506	6.1%
Malta	10,331	0.1%	8,171	26.4%	8,318	24.2%
Netherlands	64,163	0.8%	66,614	-3.7%	64,364	-0.3%
Norway	66,912	0.8%	67,499	-0.9%	61,828	8.2%
Poland	29,879	0.4%	30,131	-0.8%	25,934	15.2%
Portugal	22,595	0.3%	22,719	-0.5%	22,102	2.2%
Romania	3,231	0.0%	3,321	-2.7%	3,105	4.0%
Slovakia	3,379	0.0%	3,217	5.0%	3,201	5.6%
Slovenia	1,798	0.0%	1,882	-4.5%	1,812	-0.8%
Spain	151,214	1.8%	158,807	-4.8%	156,412	-3.3%
Sweden	155,989	1.8%	162,305	-3.9%	150,434	3.7%
Switzerland	299,097	3.5%	290,017	3.1%	275,520	8.6%
Turkey	20,704	0.2%	19,544	5.9%	20,239	2.3%
United Kingdom	893,906	10.6%	885,207	1.0%	827,670	8.0%
All Funds	8,437,122	100.0%	8,363,253	0.9%	7,960,007	6.0%
UCITS	5,951,385	70.5%	5,961,871	-0.2%	5,638,128	5.6%
Non-UCITS	2,485,737	29.5%	2,401,382	3.5%	2,321,880	7.1%

(1) End June 2012 compared to end March 2012; (2) end June 2012 compared to end December 2011.