

*Trends in the European Investment Fund Industry
in the Fourth Quarter of 2013
and
Results for the Full Year 2013*

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Highlights

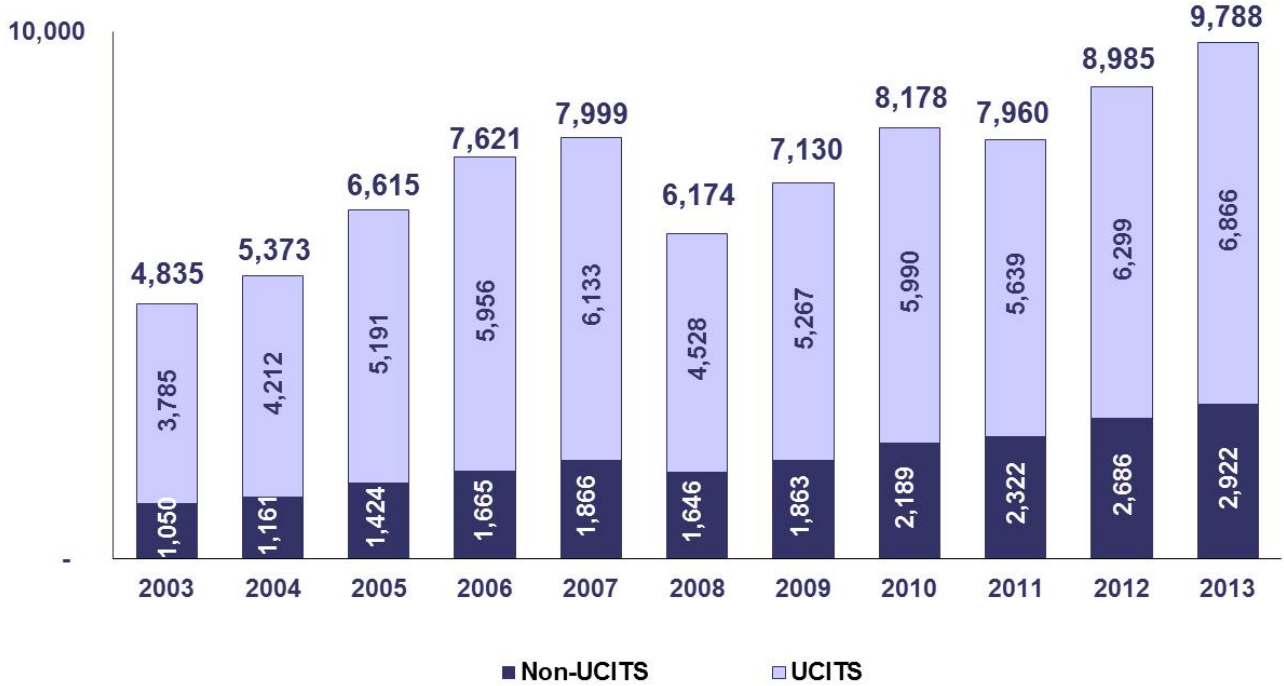
The European investment fund industry enjoyed a second consecutive year of strong growth in 2013, thanks to increased investor optimism amid encouraging economic data and rising stock markets. Net sales of UCITS and non-UCITS totaled EUR 410 billion in 2013, compared to EUR 307 billion in 2012. Net fund assets increased 9% over the course of the year to reach EUR 9.8 trillion, which represented 68 percent of GDP at end 2013, up from 63 percent at end 2012. This indicator highlights the significant role played by investment funds as financial vehicles raising capital from retail and institutional investors, and providing funding to many European corporations and government agencies.

On the whole, 2013 saw a strong acceleration in the investor demand for equity and balanced funds. This happened despite highly volatile stock markets during the second quarter of the year. Bond funds continued to attract net new money, albeit significantly less than in 2012 because rising long-term interest rates and persistent uncertainty about bond market developments caused a significant slowdown of investor demand. 2013 was another difficult year for money market funds as historically low levels of short-term interest rates reduced very much the attractiveness of this fund type.

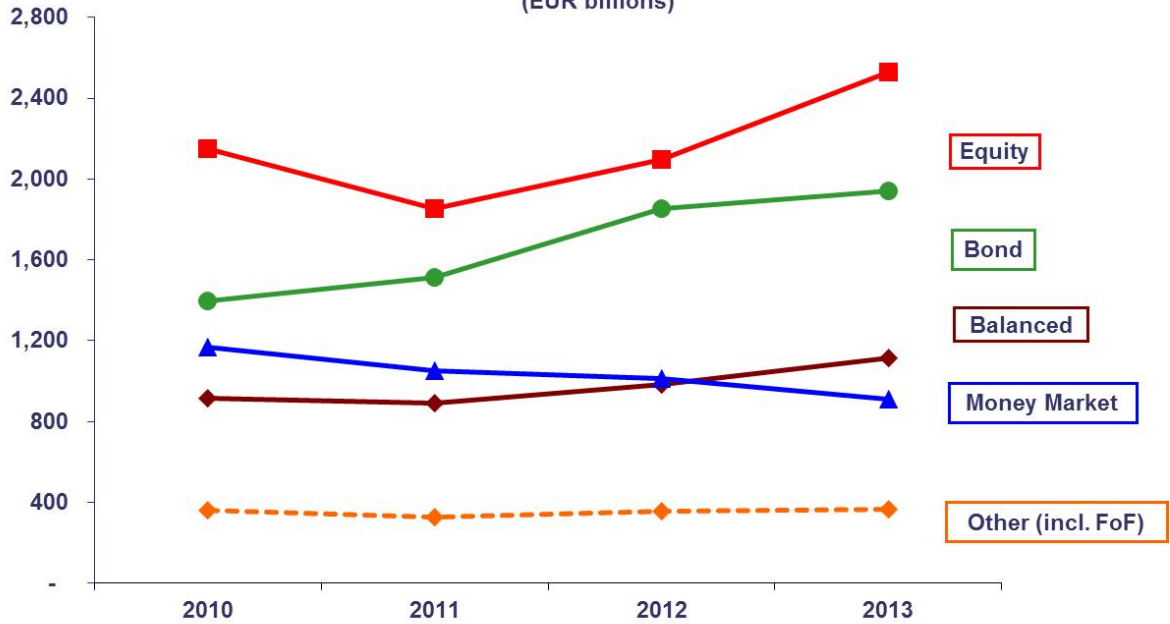
Further highlights on the developments in 2013 include:

- **Investment fund assets in Europe increased by 8.9 percent to EUR 9,788 billion:** overall, net assets of UCITS increased by 9.0 percent to EUR 6,866 billion. Net assets of non-UCITS increased by 8.8 percent to EUR 2,922 billion.
- **Net sales of UCITS reached EUR 229 billion:** demand for UCITS reached its highest level since 2006 and surpassed the net sales of EUR 196 billion registered in 2012.
- **Long-term UCITS enjoyed the second best year in the decade:** long-term UCITS recorded net inflows of EUR 313 billion, compared to EUR 233 billion in 2012. Balanced funds attracted EUR 114 billion of net inflows, followed by equity funds (EUR 99 billion) and bond funds (EUR 70 billion).
- **Money market funds suffered from increased net outflows:** money market funds recorded net outflows of EUR 84 billion, marking a significant increase compared to 2012 when net outflows amounted to EUR 37 billion. Low short-term interest rates remained a challenge for the money market funds industry in 2013.
- **Sales of non-UCITS reached EUR 181 billion:** net sales of non-UCITS increased in 2013, up from EUR 114 billion in 2012. Special funds (funds reserved to institutional investors) attracted EUR 154 billion in net new money in 2013, thanks to high institutional demand from insurance companies, pension funds and other institutional investors.

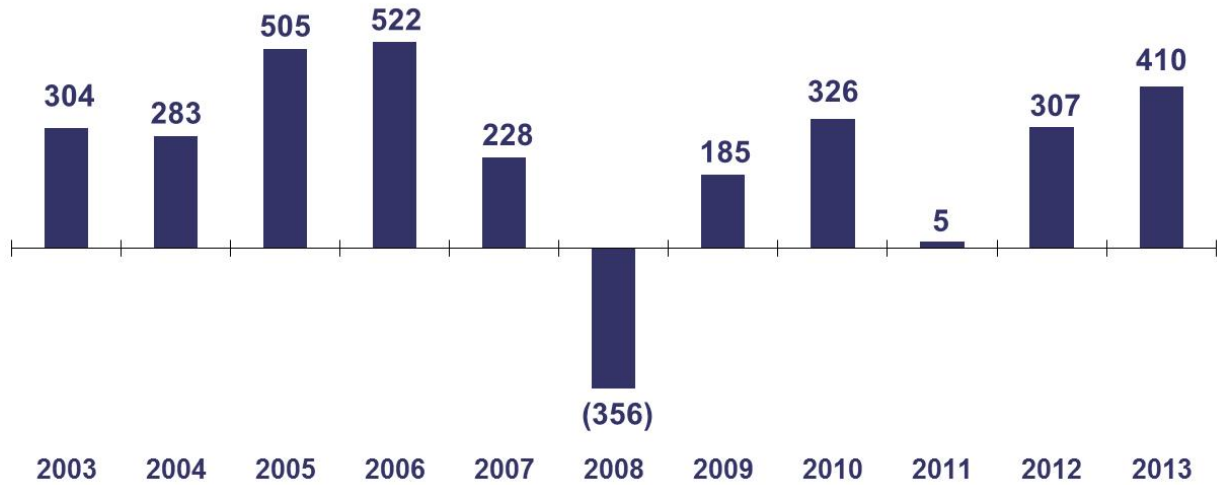
Net Assets of European Investment Funds (EUR billions)



Recent Trends in Assets by UCITS Type (EUR billions)

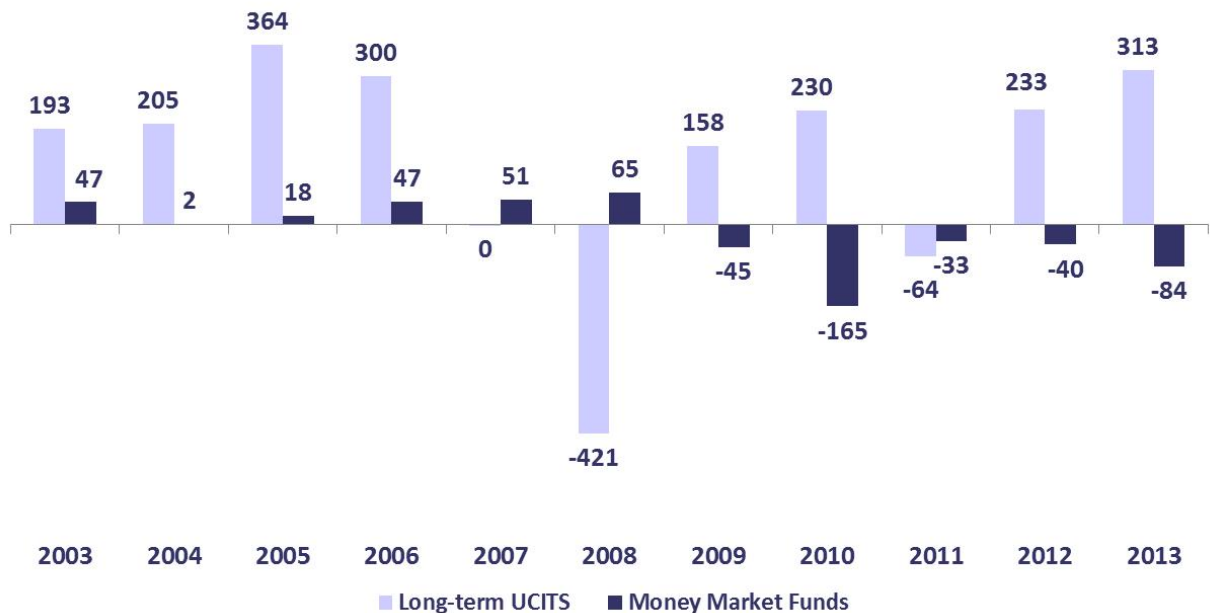


Net Sales of UCITS and Non-UCITS ⁽¹⁾
(EUR billions)



(1) Data pre-2010 includes estimates for Ireland; excluding Belgium in 2013.

Net Sales of Long-term UCITS and Money Market Funds ⁽¹⁾
(EUR billions)



(1) Excluding Ireland pre-2011 due to unavailability of data; excluding Belgium in 2013.

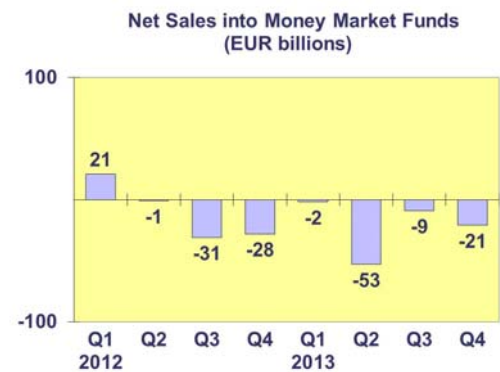
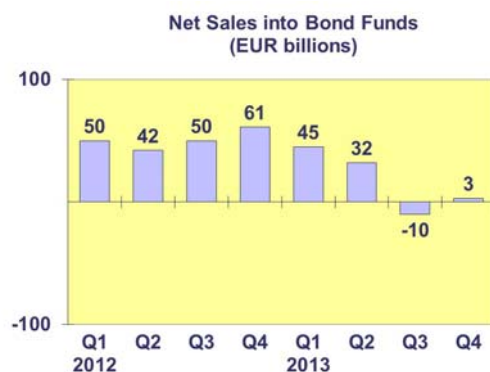
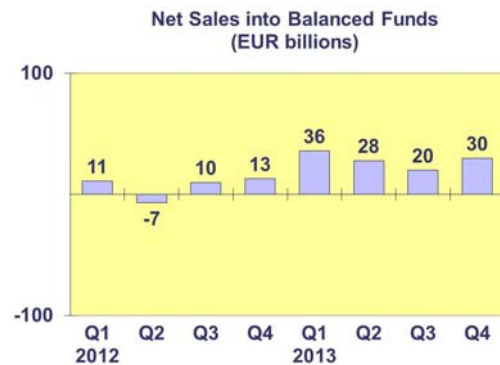
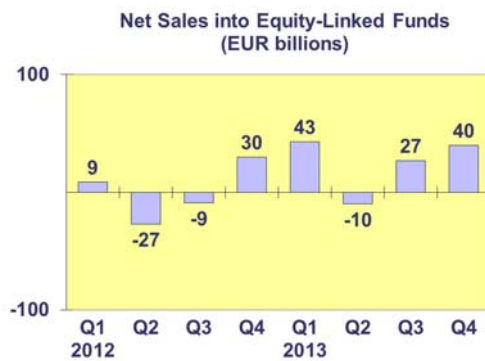
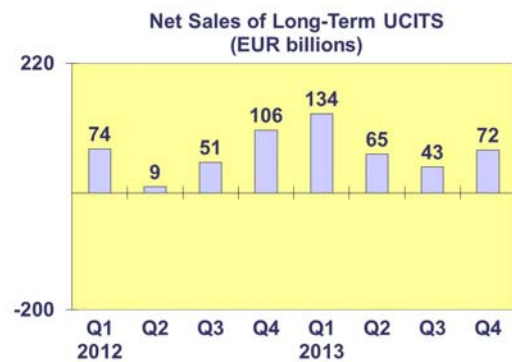
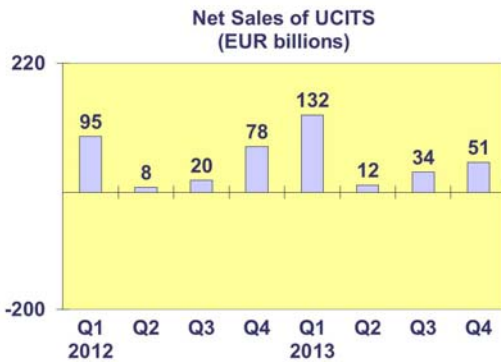
Trends in the UCITS Market

Net Sales by Investment Type

Net sales of UCITS continued to climb in the fourth quarter of 2013 to EUR 51 billion, up from EUR 34 billion in the previous quarter. Long-term UCITS attracted EUR 72 billion in net new money during the fourth quarter, thanks to increased demand for equity and balanced funds.

Demand for equity funds remained strong in the fourth quarter as net inflows increased to EUR 40 billion from EUR 27 billion in the third quarter. Net sales of bond funds returned to positive territory attracting net inflows of EUR 3 billion, compared to net outflows of EUR 10 billion in the previous quarter. Balanced funds registered increased net inflows of EUR 30 billion up from EUR 20 billion. In contrast, money market funds registered net outflows for the seventh consecutive quarter of EUR 21 billion, compared to EUR 9 billion in the previous quarter.

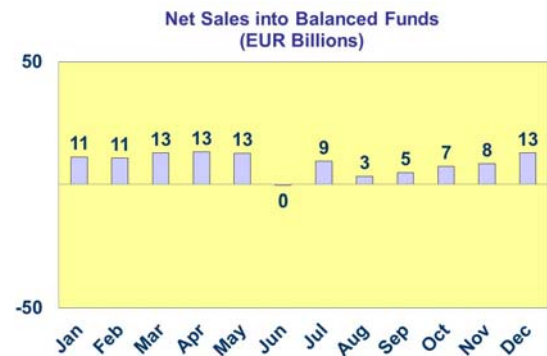
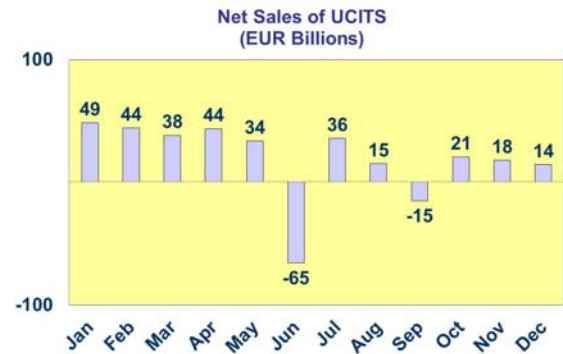
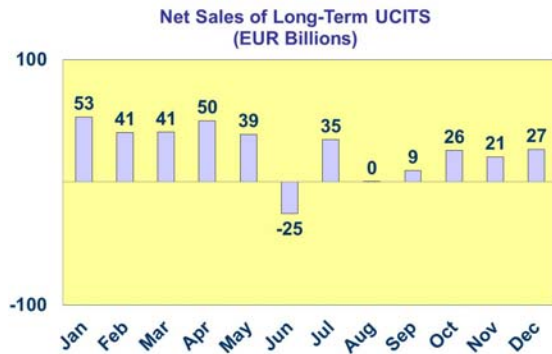
Net sales of UCITS increased in 2013 to EUR 229 billion, whilst net inflows to long-term UCITS amounted to EUR 313 billion. Money market funds recorded net outflows of EUR 84 billion during the year.



Trends in the UCITS Market

Net Assets by Investment Type

An acceleration in the demand for long-term funds in the fourth quarter was underpinned by growing optimism about the future economic outlook. This can be seen from the trends in monthly net sales¹ for long-term UCITS. Demand for equity funds remained high during the quarter and net sales of balanced funds continued to increase on the back of improving investor sentiment. On the other hand bond funds have struggled since May as rising long-term interest rates sap demand.



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 in the fourth quarter of 2013, with four countries attracting net inflows in excess of EUR 5 billion: Luxembourg (EUR 36 billion), Spain (EUR 8 billion), Ireland (EUR 7 billion) and the United Kingdom (EUR 6 billion). Elsewhere, Germany reported net outflows of EUR 1 billion, whilst France witnessed net withdrawals of EUR 16 billion, primarily on account of large net withdrawals from money market funds (EUR 10 billion). Sweden attracted net sales of EUR 4 billion, thanks to large net inflows to equity funds (EUR 3 billion). Italy attracted EUR 2 billion in net new money during the quarter, whilst Turkey attracted EUR 1 billion.

Twenty countries registered net inflows in 2013, with 14 countries recording net inflows greater than EUR 1 billion. Luxembourg was the top domicile for net inflows in 2013 after recording net sales of EUR 153 billion, followed by Ireland (EUR 56 billion), Spain (EUR 23 billion), the United Kingdom (EUR 22 billion) and Italy (EUR 13 billion). Elsewhere, Germany registered net sales of EUR 6 billion, whereas France recorded net outflows of EUR 75 billion. The Nordic countries performed well in 2013 attracting net inflows ranging from EUR 3 billion to EUR 8 billion. Other countries which registered net inflows in excess of EUR 1 billion include Switzerland (EUR 4.4 billion), Hungary (EUR 2.7 billion), Poland (EUR 2 billion), and Portugal (EUR 1.1 billion).

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2013	2013	Q4 2013	2013	Q4 2013	2013	Q4 2013	2013	Q4 2013	2013	Q4 2013	2013
Austria	-97	-131	-529	55	-418	-1,091	-14	-166	-262	-453	-1,319	-1,786
Bulgaria	1	7	5	31	1	11	11	49	0	0	17	98
Czech Republic	17	27	-28	21	56	176	-7	-31	53	186	90	378
Denmark	433	1,311	-373	3,530	214	808	0	0	-13	-24	261	5,625
Finland	137	2,511	238	858	383	-827	159	1,555	57	143	973	4,240
France	-2,400	-11,900	-700	-10,400	-2,100	-3,400	-10,100	-46,900	-300	-2,400	-15,600	-75,000
Germany	1,161	1,025	-820	579	847	5,833	-159	-525	-2,004	-1,127	-975	5,785
Greece	-48	-100	0	-249	12	4	27	-155	-16	-96	-25	-595
Hungary	-29	-38	250	1,245	39	70	225	841	114	563	599	2,681
Ireland	12,183	35,723	-6,595	4,669	2,232	12,885	-6,527	-21,297	5,646	24,312	6,939	56,294
Italy	-539	-2,554	-1,319	-2,879	4,358	19,846	-541	-1,697	0	0	1,959	12,715
Liechtenstein	101	775	-163	-230	-131	133	-272	-1,338	-50	108	-517	-551
Luxembourg ⁽³⁾	20,948	55,912	7,368	51,156	18,437	63,462	-2,939	-17,970	-7,952	504	35,862	153,064
Malta	494	-215	255	363	11	11	0	0	16	-410	775	-251
Netherlands	167	-1,440	697	846	1,351	581	0	0	737	568	2,952	555
Norway	1,339	1,058	-1,953	1,964	569	1,140	-31	-601	-14	14	-90	3,575
Poland	307	646	-289	-596	2	-111	297	1,647	155	371	472	1,955
Portugal	6	-55	18	112	18	67	136	927	185	69	363	1,120
Romania	2	4	237	441	6	5	8	13	131	340	383	803
Slovakia	36	46	-1	37	46	144	2	-69	82	74	164	232
Slovenia	4	6	-5	-13	-12	-45	12	12	2	2	1	-38
Spain	1,419	1,952	5,018	15,877	2,138	4,014	-141	1,217	0	0	8,435	23,060
Sweden	2,653	3,881	236	-156	708	1,572	417	1,323	147	1,188	4,161	7,809
Switzerland	-1,861	-5,088	-255	4,754	994	5,892	-1,126	-1,105	0	0	-2,248	4,453
Turkey	27	152	1,379	1,410	-202	-76	-193	-670	23	24	1,033	840
United Kingdom	3,058	15,778	511	-3,204	637	2,400	185	698	1,874	6,181	6,266	21,853
Total	39,518	99,292	3,180	70,223	30,195	113,505	-20,572	-84,241	-1,388	30,138	50,932	228,915

(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 increased by 2.7 percent to EUR 6,866 billion during the fourth quarter of 2013. Equity funds performed well during the quarter with net assets increasing 5.8 percent, whilst balanced fund net assets rose 4.5 percent. Net assets of bond funds remained flat during the quarter, whereas money market funds registered a reduction in net assets of 2.3 percent.

Overall in 2013, equity fund net assets recorded a substantial increase of 20.6 percent to end the year at EUR 2,531 billion. Balanced funds also registered a large rise in net assets of 11.7 percent to EUR 1,113 billion in 2013. Despite a challenging second half of 2013, net assets of bond funds rose 4.9 percent to EUR 1,942 billion. In contrast, net assets of money market funds decreased by 10.0 percent during the year to stand at EUR 912 billion.

The number of UCITS at end December 2013 stood at 35,618, compared to 35,610 at end September and 35,335 at end December 2012.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Dec-13		Change from 30/9/2013		Change from 31/12/2012	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,531	37%	5.8%	138	20.6%	432
Balanced	1,113	16%	4.5%	48	11.7%	117
Total Equity & Balanced	3,644	53%	5.4%	186	17.7%	549
Bond	1,942	28%	0.0%	0	4.9%	90
Money Market (MM)	912	13%	-2.3%	-21	-10.0%	-101
Funds of funds ⁽³⁾	68	1%	1.5%	1	13.3%	8
Other	300	4%	4.2%	12	6.8%	19
Total	6,866	100%	2.7%	178	9.0%	565
of which guaranteed funds	146	2%	-5.2%	-8	-10.4%	-17

(1) End December 2013 compared to end September 2013 assets; (2) end December 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	31-Dec-13		Change from 30/9/2013		Change from 31/12/2012	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,035	37%	-1.3%	-159	-1.2%	-148
Balanced	8,441	26%	0.1%	6	0.8%	67
Total Equity & Balanced	20,476	63%	-0.7%	-153	-0.4%	-81
Bond	7,142	22%	2.2%	152	5.8%	391
Money Market (MM)	1,122	3%	-1.8%	-21	-10.1%	-126
Funds of funds ⁽⁴⁾	875	3%	0.5%	4	-3.4%	-31
Other	2,658	8%	-0.6%	-16	-1.8%	-48
Total (excl. Ireland)	32,273	100%	-0.1%	-34	0.3%	105
of which guaranteed funds	2,822	9%	-3.1%	-89	-10.8%	-341
Total (incl. Ireland)	35,618		0.0%	8	0.8%	283

(1) No full data breakdown is available for Ireland; (2) end December 2013 compared to end September 2013; (3) end December 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 rose 2.6 percent during the fourth quarter of 2013 to stand at EUR 6,866 billion.

Net assets increased in twenty-three countries during the fourth quarter. Of the five largest domiciles, the United Kingdom recorded the largest increase rising 3.9 percent during the quarter, followed by Luxembourg (3.3%), Germany (3.3%), Ireland (1.7%) and France (0.6%). Elsewhere, growth of 33.8 percent was recorded in Malta on account of two new funds opening during the quarter. In Romania, substantially reduced deposit rates led to growth of 16.5 percent. The decline in net assets in the Czech Republic and Turkey can be partially attributed to the strengthening of the euro during the quarter.

Overall in 2013, net assets of UCITS increased 9.0 percent, with 23 countries recording an increase in net assets. Twelve countries recorded double-digit growth during the year. Of the largest domiciles, the United Kingdom increased by 13.1 percent in 2013, followed by Germany (11.8%), Luxembourg (9.7%), Ireland (7.9%) and France (-0.5%). In Southern Europe, large growth was registered in Spain (24.2%) and Portugal (23.4%), followed by Italy (13.5%). The Nordic countries performed well during the year with growth of 17.7 percent in Sweden, followed by Finland (14.4%), Denmark (9.7%) and Norway (5.9%). The appreciation of the euro vis-à-vis the Norwegian Krone (14%) and the Turkish Lira (26%) pushed down growth in Norway during the year and also played a role in the decline in assets in Turkey.

Members	31/12/2013		30/09/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	78,053	1.1%	79,034	-1.2%	79,585	-1.9%
Belgium	86,874	1.3%	84,566	2.7%	80,339	8.1%
Bulgaria	367	0.0%	345	6.6%	247	48.4%
Czech Republic	4,596	0.1%	4,679	-1.8%	4,498	2.2%
Denmark	86,317	1.3%	83,863	2.9%	78,653	9.7%
Finland	64,145	0.9%	61,673	4.0%	56,075	14.4%
France	1,110,507	16.2%	1,103,731	0.6%	1,116,481	-0.5%
Germany	277,700	4.0%	268,785	3.3%	248,325	11.8%
Greece	5,256	0.1%	4,928	6.7%	4,927	6.7%
Hungary	10,262	0.1%	9,530	7.7%	7,394	38.8%
Ireland	1,044,063	15.2%	1,026,666	1.7%	967,562	7.9%
Italy	156,300	2.3%	149,466	4.6%	137,729	13.5%
Liechtenstein	26,510	0.4%	26,762	-0.9%	24,316	9.0%
Luxembourg	2,197,567	32.0%	2,126,582	3.3%	2,002,398	9.7%
Malta	2,293	0.0%	1,714	33.8%	2,299	-0.2%
Netherlands	61,855	0.9%	57,761	7.1%	57,712	7.2%
Norway	79,273	1.2%	78,168	1.4%	74,836	5.9%
Poland	20,318	0.3%	19,243	5.6%	19,816	2.5%
Portugal	7,406	0.1%	6,907	7.2%	6,001	23.4%
Romania	2,905	0.0%	2,493	16.5%	1,983	46.5%
Slovakia	2,681	0.0%	2,494	7.5%	2,392	12.0%
Slovenia	1,850	0.0%	1,806	2.4%	1,828	1.2%
Spain	179,997	2.6%	167,299	7.6%	144,978	24.2%
Sweden	198,117	2.9%	189,292	4.7%	168,300	17.7%
Switzerland	287,927	4.2%	287,852	0.0%	235,476	22.3%
Turkey	10,217	0.1%	11,189	-8.7%	12,495	-18.2%
United Kingdom	862,506	12.6%	830,317	3.9%	762,310	13.1%
All Funds	6,865,860	100%	6,687,143	2.7%	6,298,954	9.0%

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

Trends in the Non-UCITS Market Net Sales and Assets by Investment Type

In the fourth quarter of 2013 total non-UCITS assets increased by 2.2 percent to EUR 2,922 billion. Net assets of special funds (funds reserved to institutional investors) increased 2.7 percent to stand at EUR 1,925 billion. Over this period, net sales of special funds increased to EUR 42 billion, compared to EUR 40 billion in the previous quarter. Net assets of real estate funds increased 1.8 percent during the fourth quarter to stand at EUR 276 billion.

In 2013 total net assets of non-UCITS increased 8.8 percent, with special funds rising by 10.5 percent. Net sales of special funds increased to EUR 154 billion in 2013 from EUR 107 billion in 2012, reflecting strong net inflows into Germany, Luxembourg and Ireland. Real estate funds enjoyed strong growth in net assets of 7.4 percent during 2013.

The total number of non-UCITS funds stood at 19,524 at end December 2013, up from 19,095 at end 2012.

Fund types	31/12/2013		30/9/2013		31/12/2012		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	31/12/2013	31/12/2012
Special / Institutional	1,925	66%	1,874	2.7%	1,742	10.5%	9,192	8,852
German "Spezialfonds"	1,045	36%	1,010	3.5%	955	9.4%	3,893	3,809
British investment trusts	117	4%	112	4.5%	119	-1.7%	337	288
French employees savings	105	4%	102	2.9%	95	10.5%	2,140	2,250
Luxembourg "other" funds	104	4%	109	-4.6%	95	9.5%	846	877
Real-estate funds	276	9%	271	1.8%	257	7.4%	1,195	1,122
Other	395	14%	391	1.0%	378	4.5%	5,814	5,706
Total	2,922	100%	2,859	2.2%	2,686	8.8%	19,524	19,095

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

Members	2012	2013				2013
		Q1	Q2	Q3	Q4	
Austria	-289	731	120	250	-86	1,014
Denmark	5,103	1,172	2,413	3,668	-803	6,451
Finland	2,190	420	146	230	-333	463
Germany	74,218	21,807	12,120	15,735	27,583	77,244
Hungary	-322	664	-3	-21	-122	518
Ireland	-1,131	5,892	5,093	7,048	3,367	21,400
Italy	-90	-18	160	-45	-27	69
Liechtenstein	229	163	157	-27	92	385
Luxembourg	26,330	10,834	8,254	11,475	9,940	40,503
Romania	19	6	1	1	0	9
Sweden	113	-43	-87	10	38	-81
United Kingdom	766	700	397	2,053	2,532	5,685
Total	107,136	42,328	28,771	40,377	42,181	153,660

(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 2.5 percent in the fourth quarter of 2013 to end the year at EUR 9,788 billion. Total net assets increased by 8.9 percent in 2013.

With EUR 6,866 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market at end December 2013, with the remaining 30 percent (EUR 2,922) composed of non-UCITS.

Members	31/12/2013		30/9/2013		31/12/2012	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	149,407	1.5%	150,330	-0.6%	147,818	1.1%
Belgium	95,019	1.0%	92,494	2.7%	87,298	8.8%
Bulgaria	370	0.0%	347	6.5%	250	48.1%
Czech Republic	4,720	0.0%	4,848	-2.6%	4,589	2.9%
Denmark	185,654	1.9%	180,853	2.7%	164,434	12.9%
Finland	75,123	0.8%	72,746	3.3%	66,335	13.2%
France	1,525,107	15.6%	1,508,431	1.1%	1,505,731	1.3%
Germany	1,404,353	14.3%	1,360,873	3.2%	1,285,527	9.2%
Greece	7,059	0.1%	6,703	5.3%	6,703	5.3%
Hungary	15,546	0.2%	14,558	6.8%	11,675	33.1%
Ireland	1,343,882	13.7%	1,317,984	2.0%	1,227,425	9.5%
Italy	209,091	2.1%	203,639	2.7%	190,492	9.8%
Liechtenstein	31,112	0.3%	31,892	-2.4%	27,713	12.3%
Luxembourg	2,615,363	26.7%	2,539,200	3.0%	2,383,826	9.7%
Malta	9,411	0.1%	9,301	1.2%	9,720	-3.2%
Netherlands	72,472	0.7%	68,177	6.3%	68,577	5.7%
Norway	79,273	0.8%	78,168	1.4%	74,836	5.9%
Poland	45,493	0.5%	40,898	11.2%	35,795	27.1%
Portugal	24,690	0.3%	25,247	-2.2%	23,741	4.0%
Romania	4,509	0.0%	4,035	11.7%	3,432	31.4%
Slovakia	4,570	0.0%	4,244	7.7%	3,751	21.9%
Slovenia	1,850	0.0%	1,806	2.4%	1,828	1.2%
Spain	184,878	1.9%	172,347	7.3%	150,366	23.0%
Sweden	200,252	2.0%	193,750	3.4%	172,471	16.1%
Switzerland	356,831	3.6%	355,721	0.3%	297,270	20.0%
Turkey	21,526	0.2%	21,573	-0.2%	22,663	-5.0%
United Kingdom	1,120,760	11.4%	1,085,838	3.2%	1,010,715	10.9%
All Funds	9,788,320	100.0%	9,546,001	2.5%	8,984,979	8.9%
UCITS	6,865,860	70.1%	6,687,143	2.7%	6,298,954	9.0%
Non-UCITS	2,922,460	29.9%	2,858,859	2.2%	2,686,025	8.8%

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