

# EFAMA Fact Book 2024

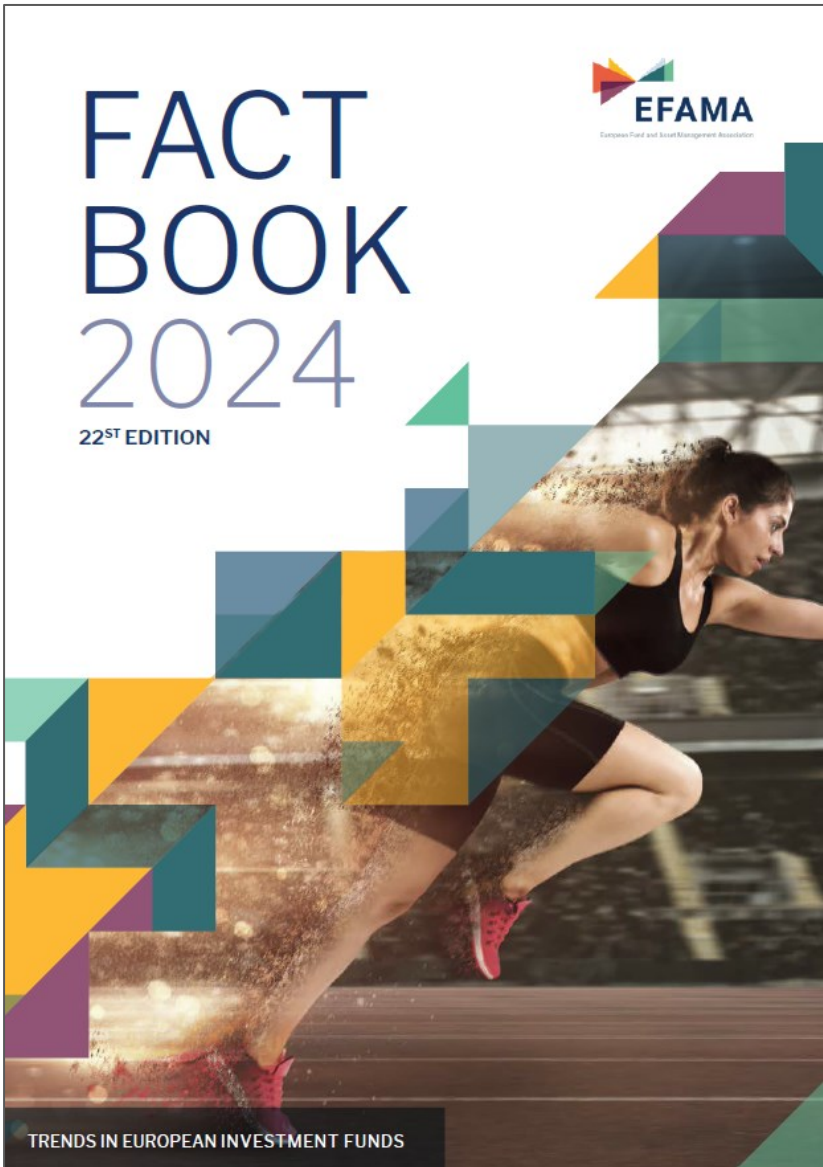
## Key trends in the European investment fund industry

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Preview Webinar  
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# EFAMA Fact Book 2024



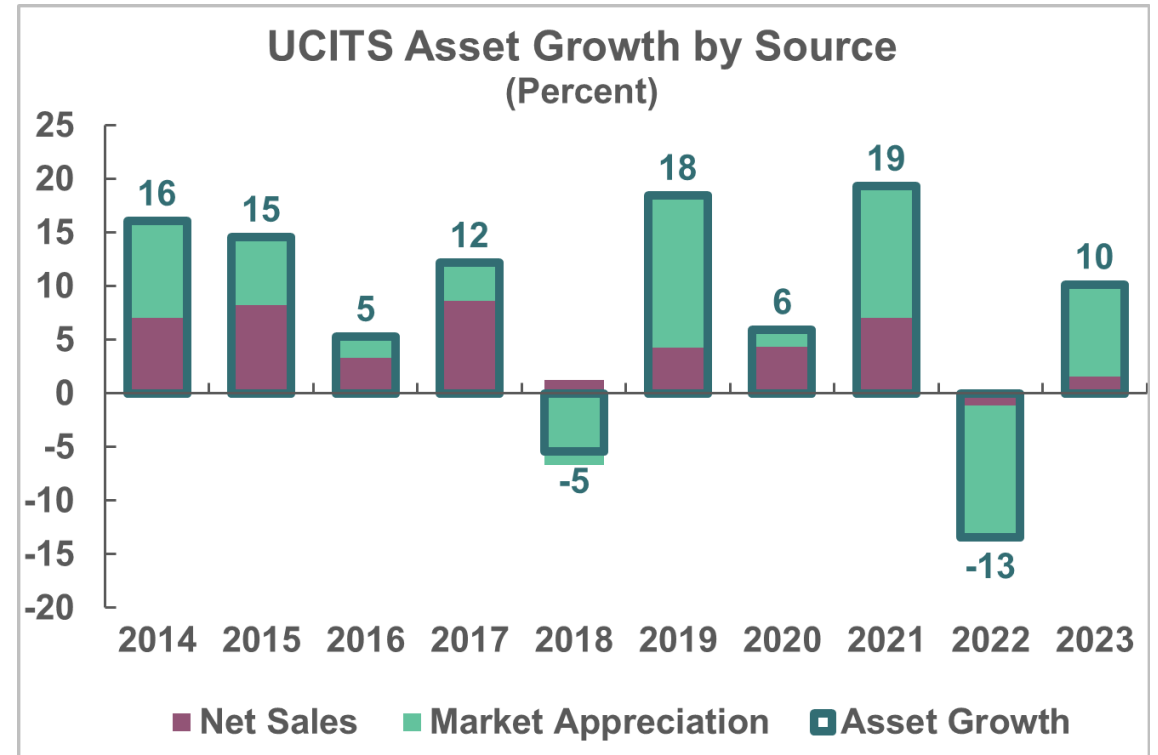
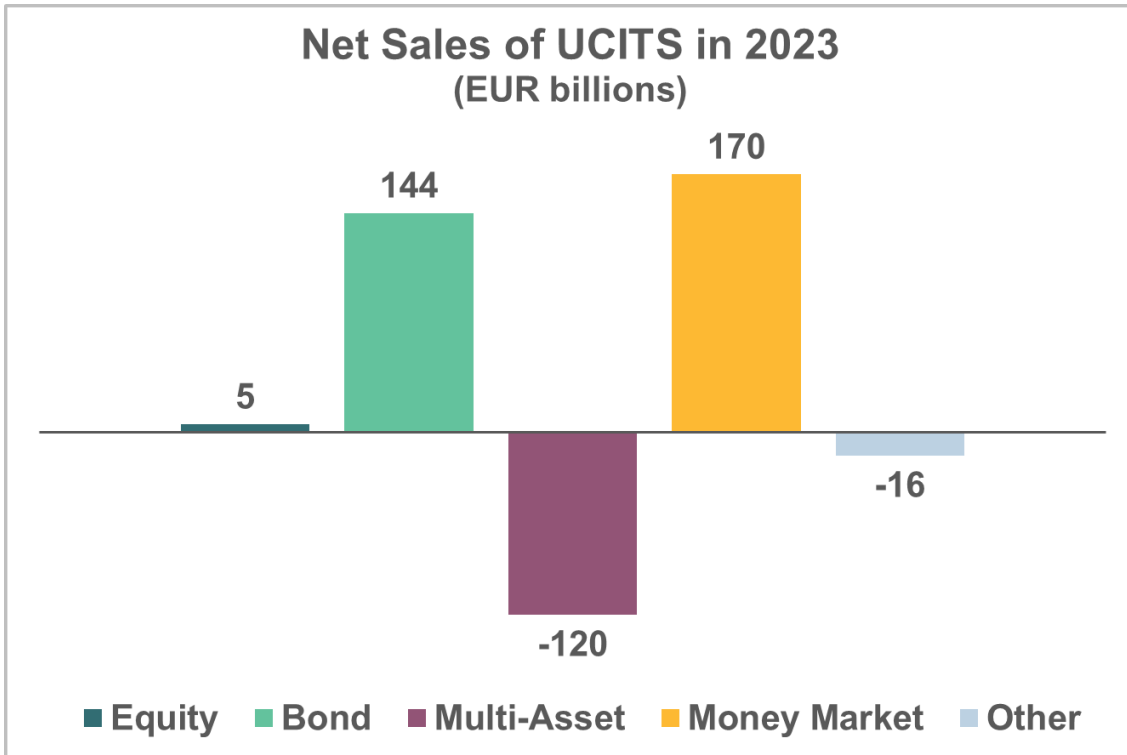
## The reference for information on the European investment fund industry.

- In-depth analysis of recent trends in the European fund industry.
- Detailed overview of the developments in the investment fund market in 29 European countries and information on recent regulatory developments in each jurisdiction.
- Info-boxes on regulatory issues EFAMA is actively working on, including DORA, ELTIF, SFDR, withholding taxes, RIS, ...
- **New in the 2024 edition:**
  - Data on the performances and costs of different types of UCITS
  - A granular breakdown of the net sales of ETFs in 2023.
  - Asset allocation of different types of AIFs.
  - Figures on the evolving market shares of cross-border UCITS and AIFs.

# What happened in the UCITS market?

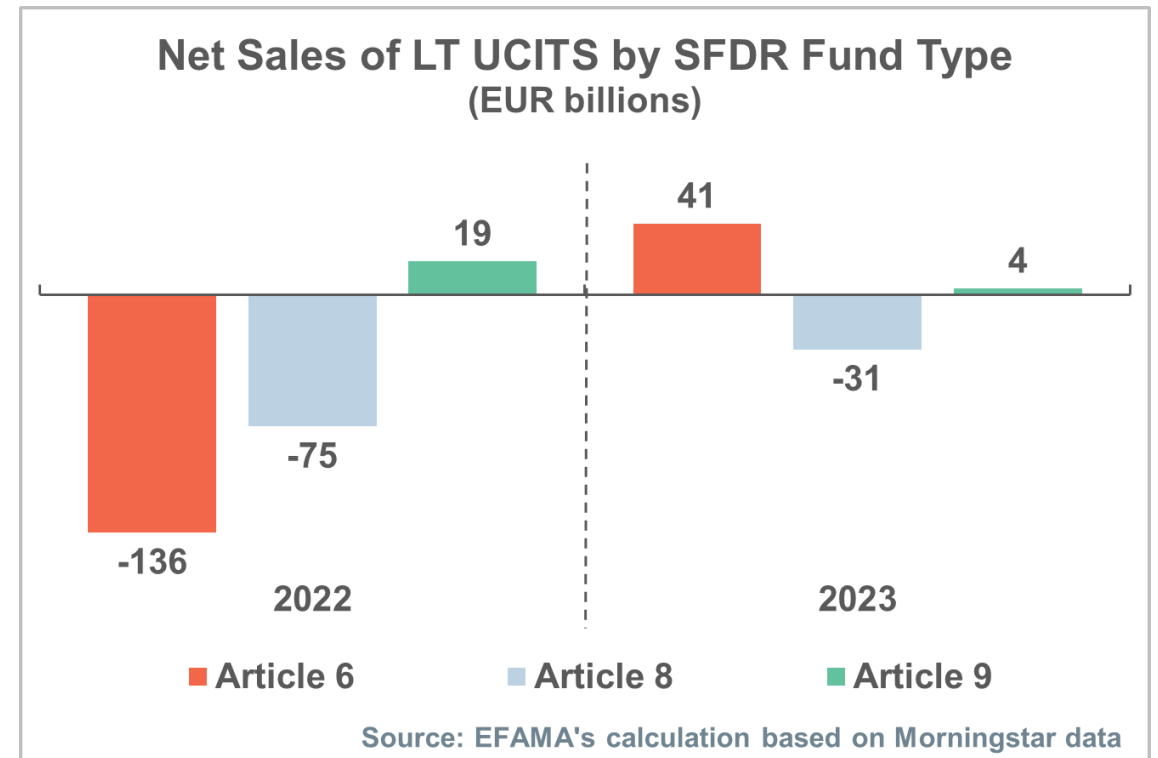
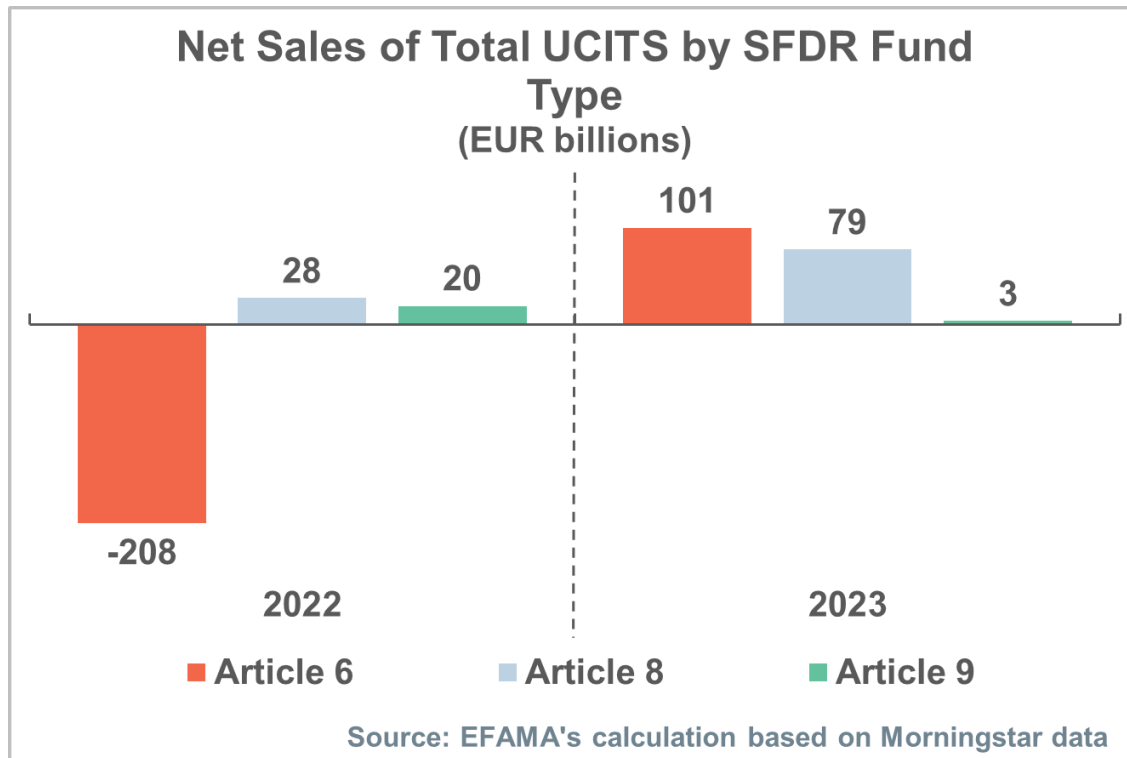
# What happened in the UCITS market in 2023?

The UCITS market was marked by **robust net inflows into MMFs and bond funds** and **net outflows from multi-asset funds**. UCITS net asset growth amounted to about **10% in 2023**, mostly driven by market appreciation.



# How did the sales of SFDR funds change compared to 2022?

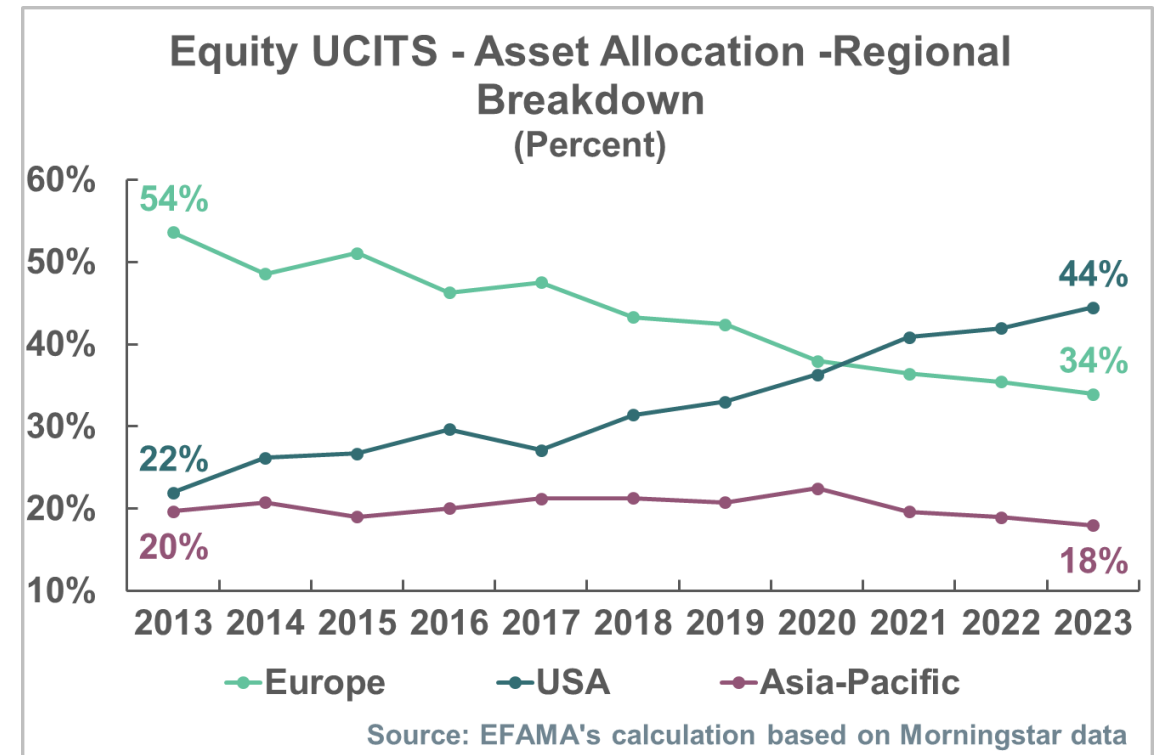
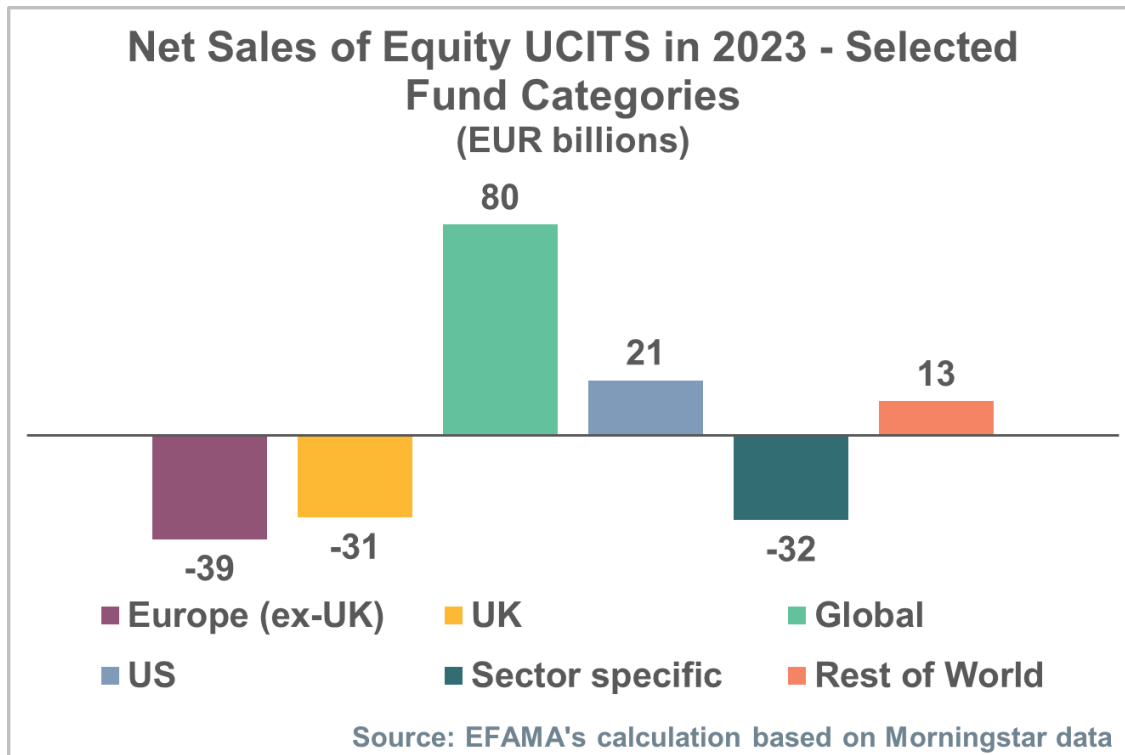
Demand for SFDR **Article 9** funds slowed down and **Article 6** funds reversed course. The **bulk of SFDR Article 8** sales were in MMFs.



# What happened in the equity UCITS market?

**Global equity funds** and, to a lesser extent, **US-focused equity funds** attracted the **bulk of net inflows**. **Europe and UK-centric funds** registered **net outflows**.

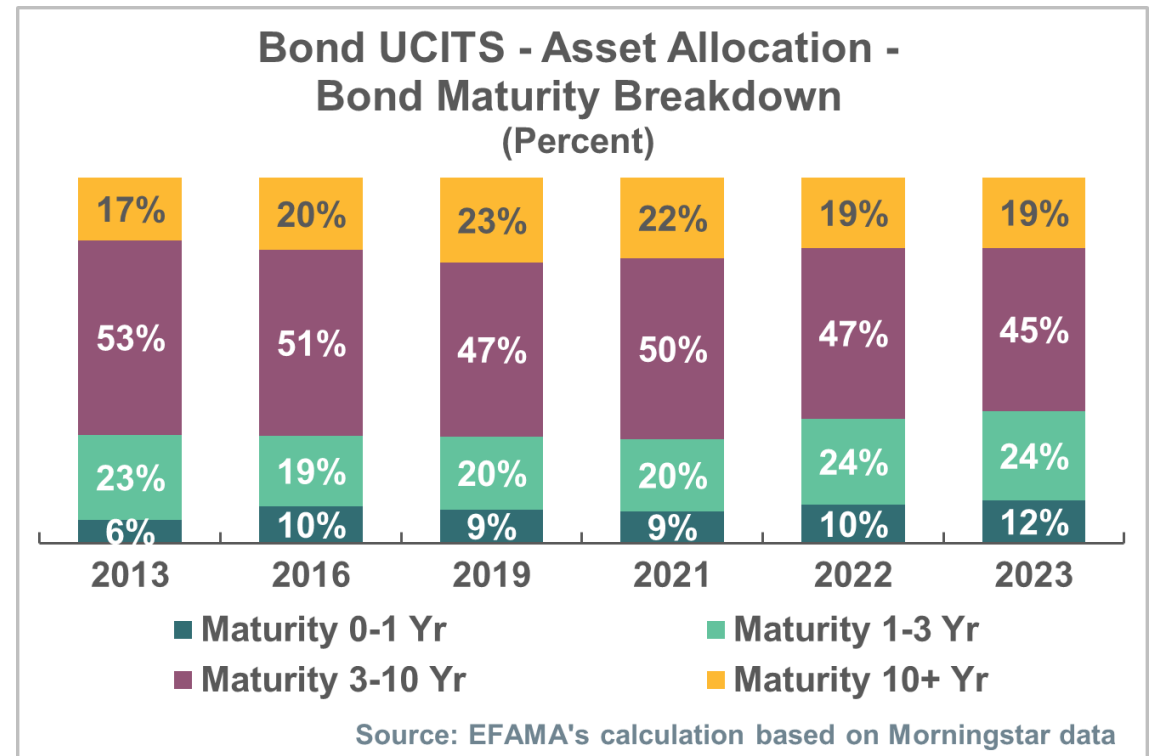
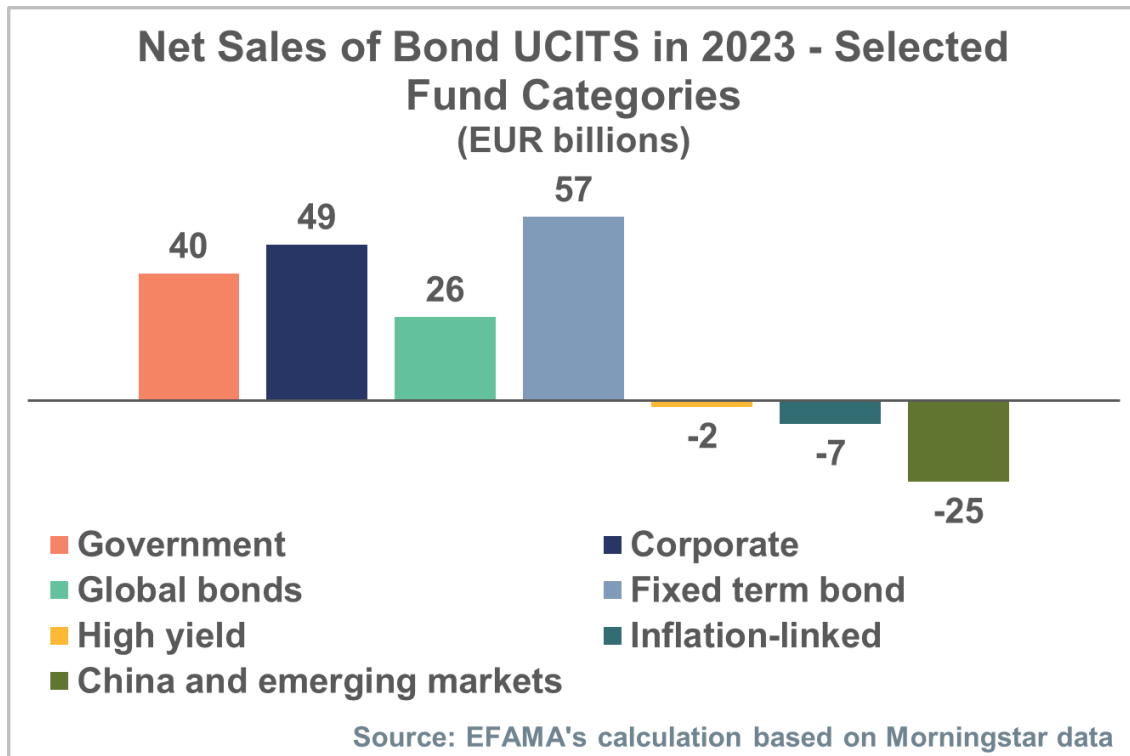
The share of **US stocks** in the **asset allocation of equity UCITS** rose to 44% in 2023, doubling from 22% in 2013.



# What happened in the bond UCITS market?

Higher interest rates made bond UCITS attractive again. Bond fund investors preferred **fixed-term bond funds**, **government** bond funds and American and European **corporate** bond funds.

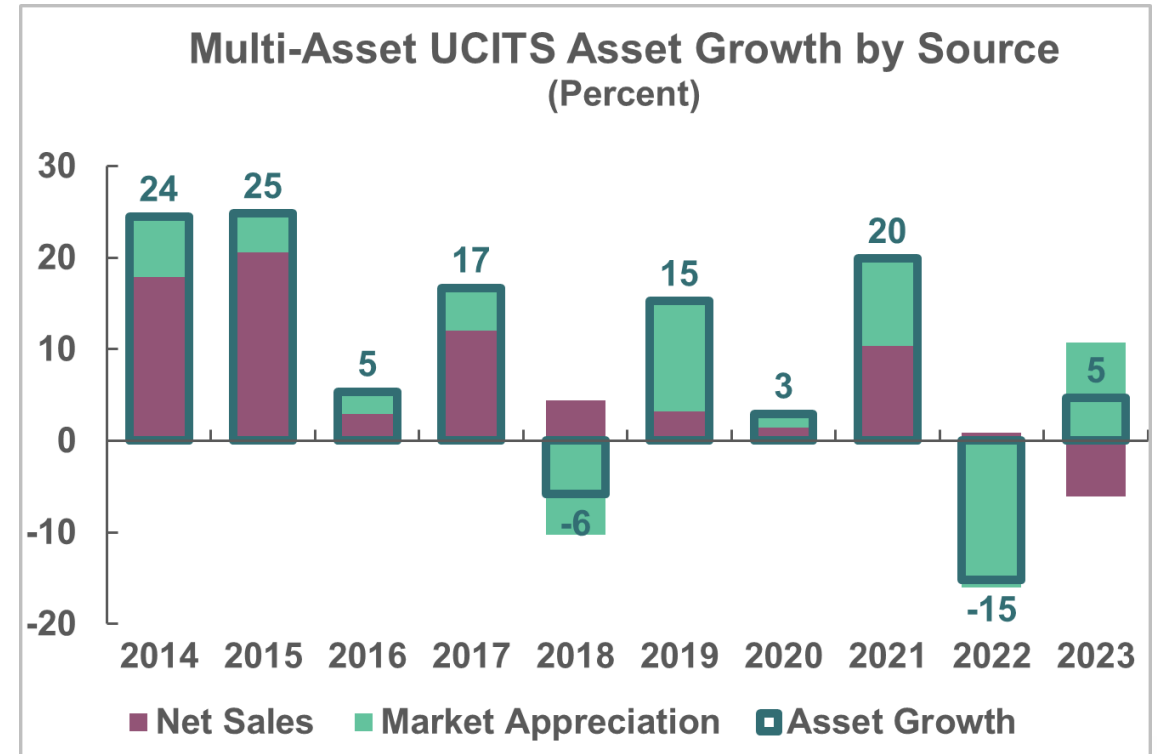
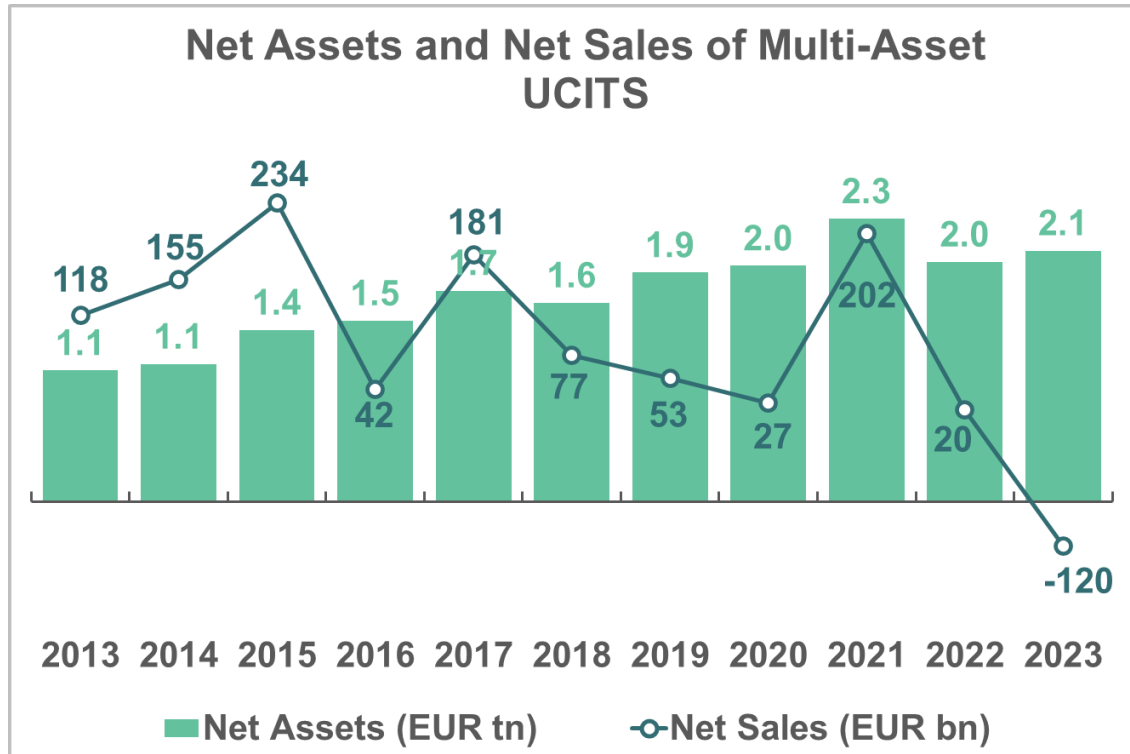
Bond UCITS shifted their **asset allocation towards shorter-term securities**.



# What happened in the multi-asset UCITS market?

Net sales of multi-asset UCITS turned negative in 2023, the **first annual net outflows of the decade**. Outflows were a result of these funds' inability to shield investors from the simultaneous decline in typically uncorrelated asset classes in 2022.

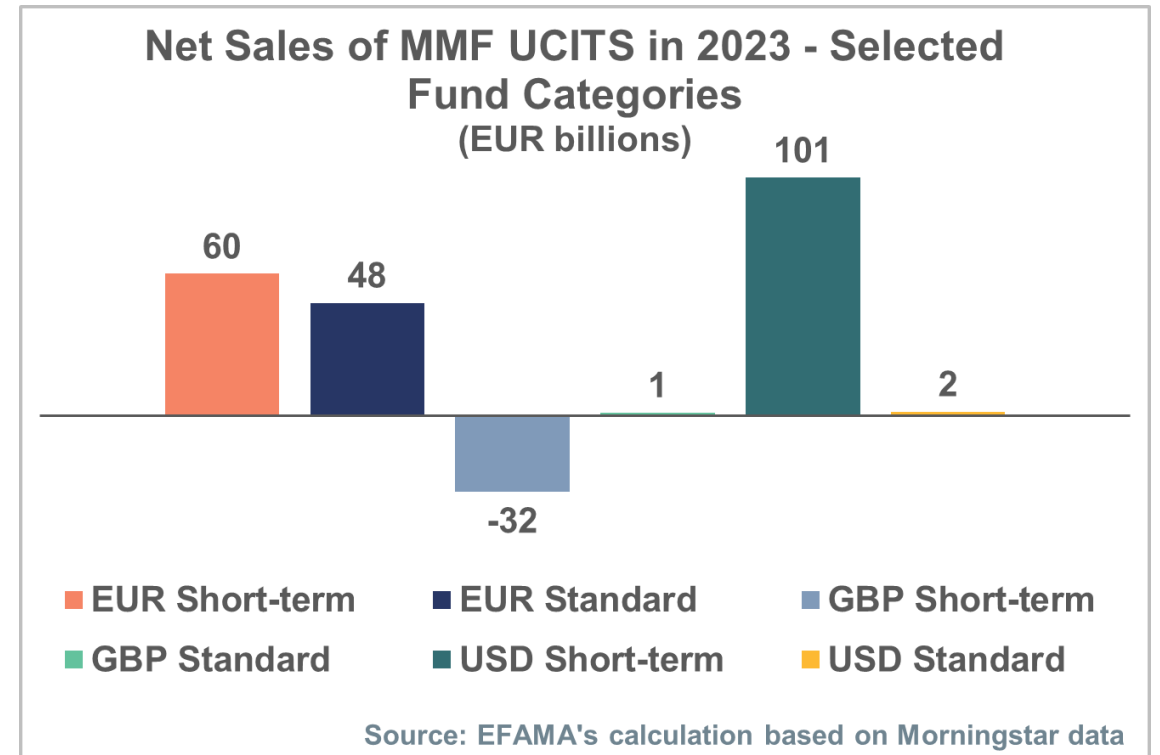
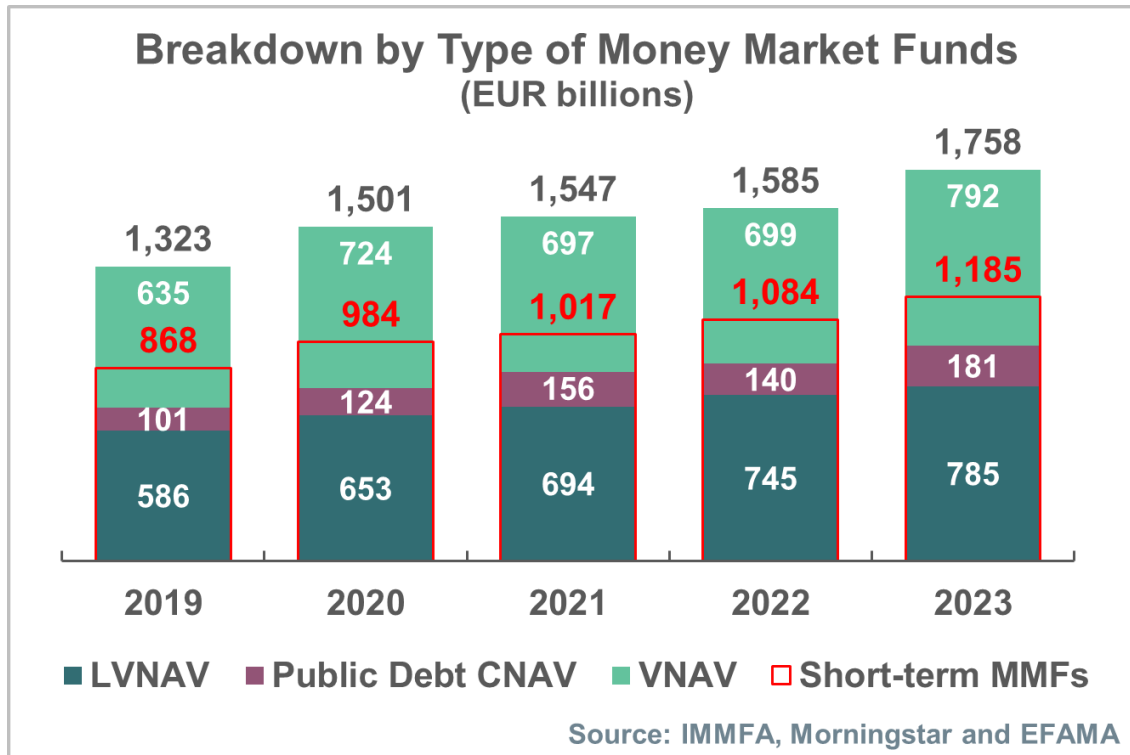
Net **assets still grew in 2023**, thanks to positive valuation changes in the stock and bond markets.





# What happened in the MMF UCITS market?

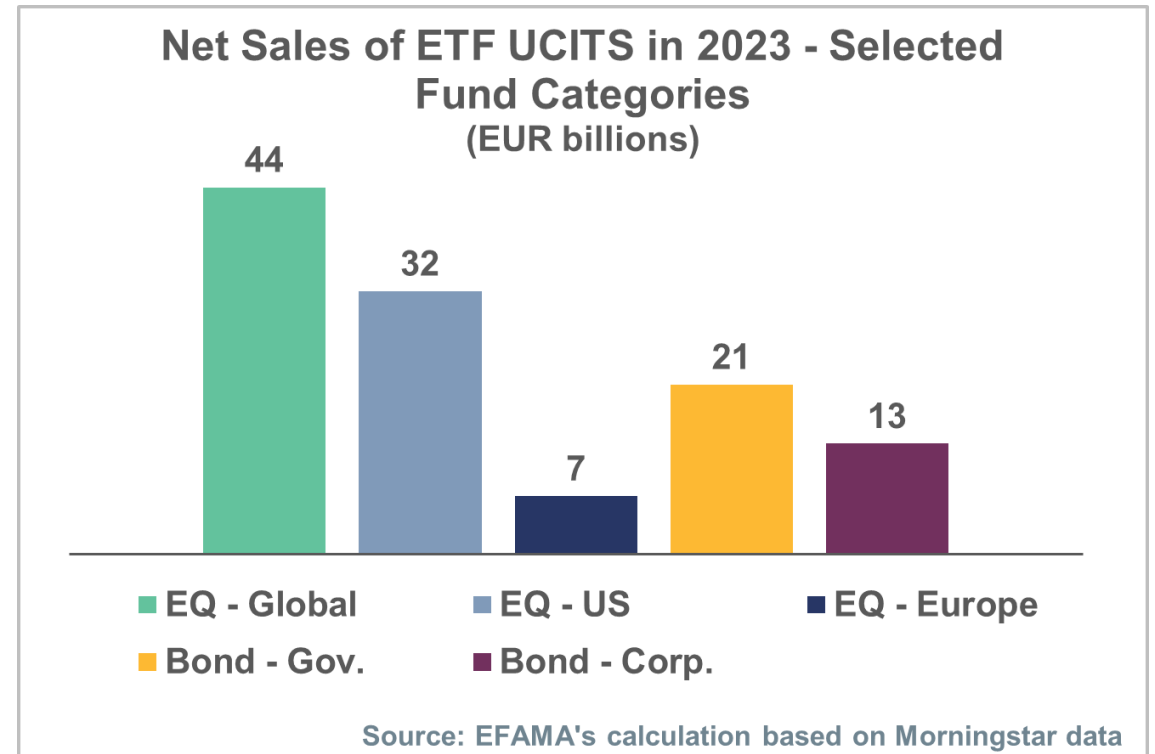
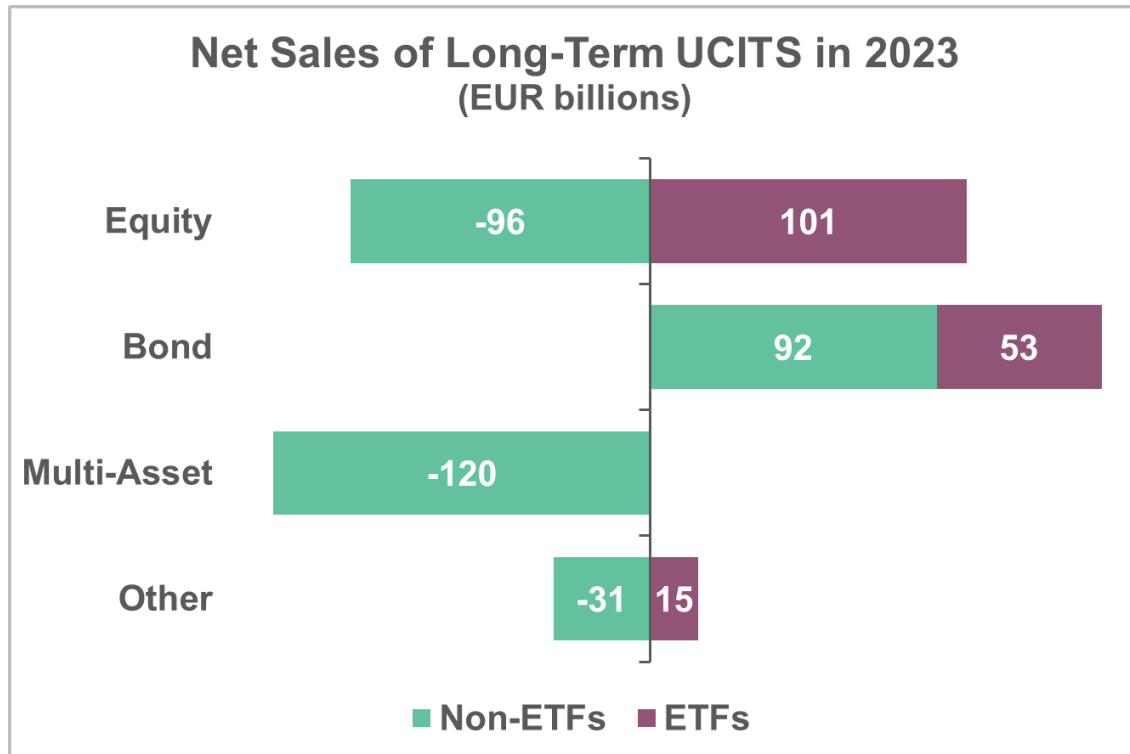
The shares of the **various types of MMFs** have not shifted significantly in recent years. Given the fairly small market appreciation effects, evolutions in MMF net assets are **primarily driven by the net sales** of the various types of MMF.



# What happened in the ETF UCITS market?

**ETFs had a record-breaking year** in terms of net sales, with **high net sales across all types of ETFs.**

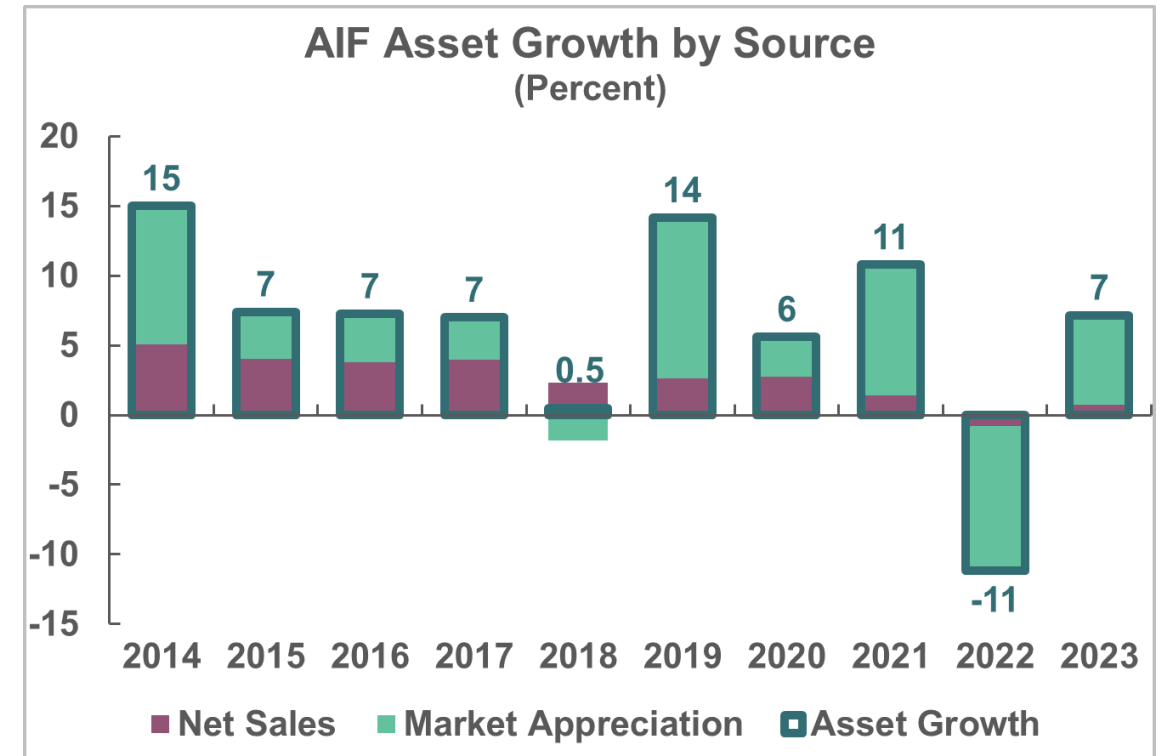
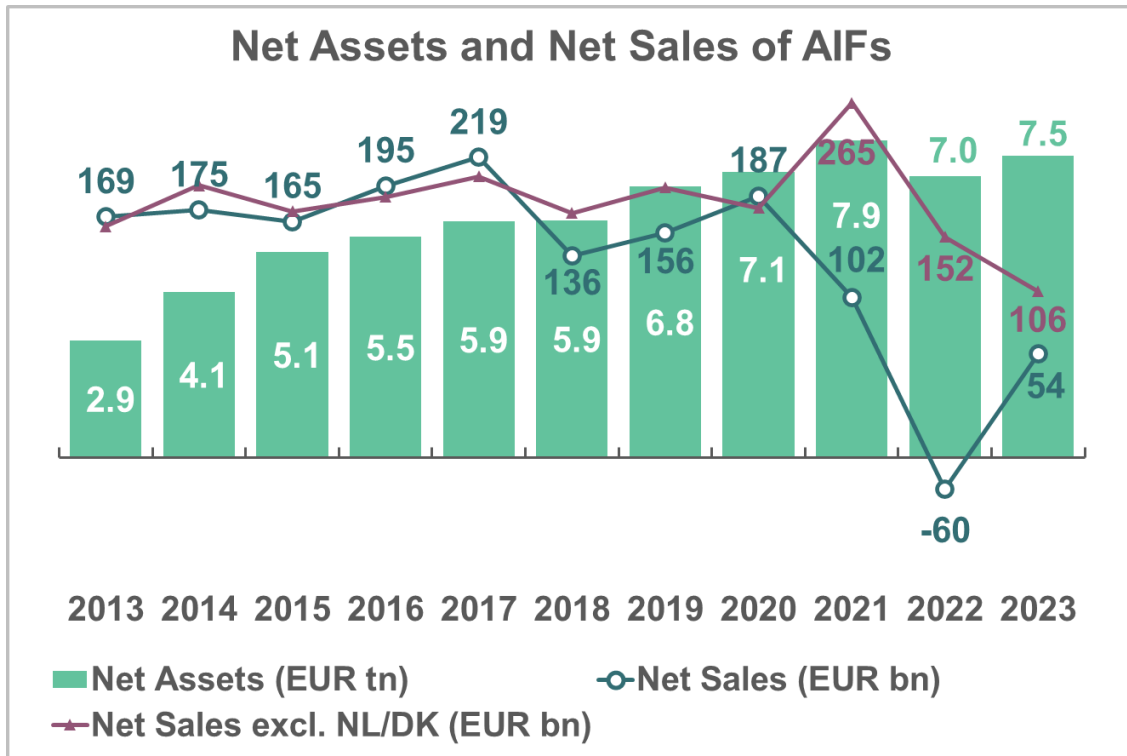
ETF net inflows were behind many of the trends seen in the equity UCITS market.



# What happened in the AIF market?

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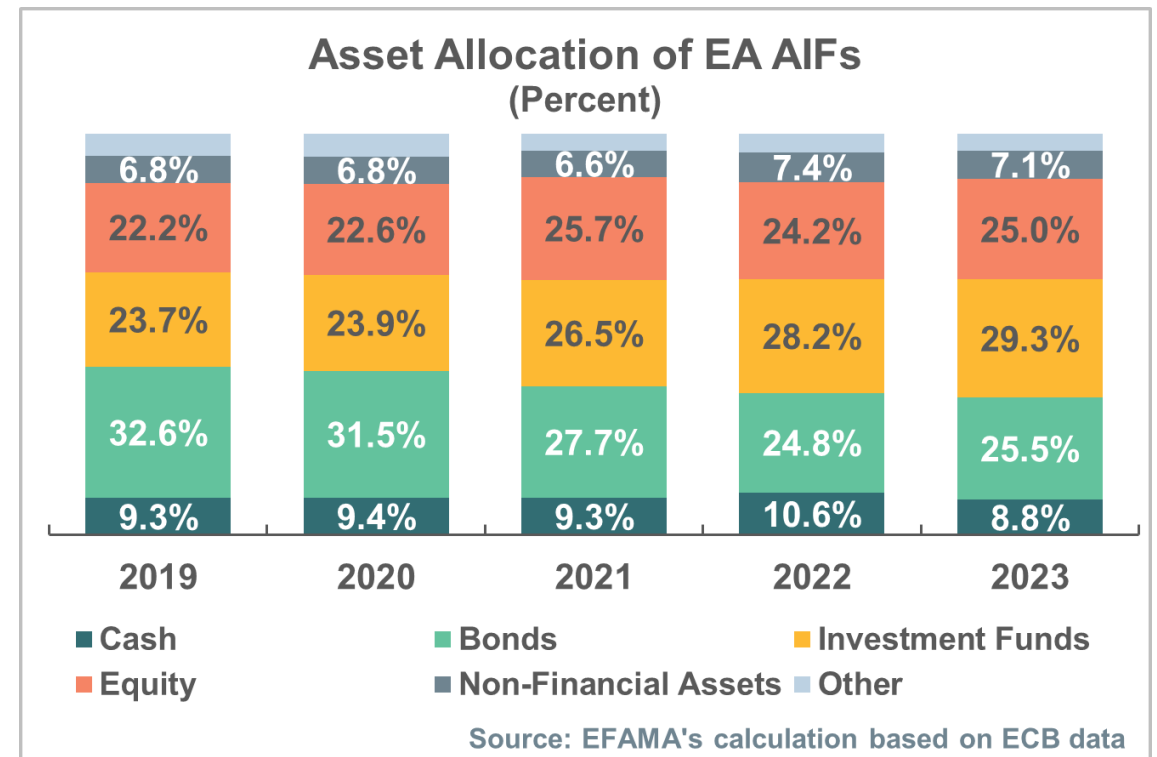
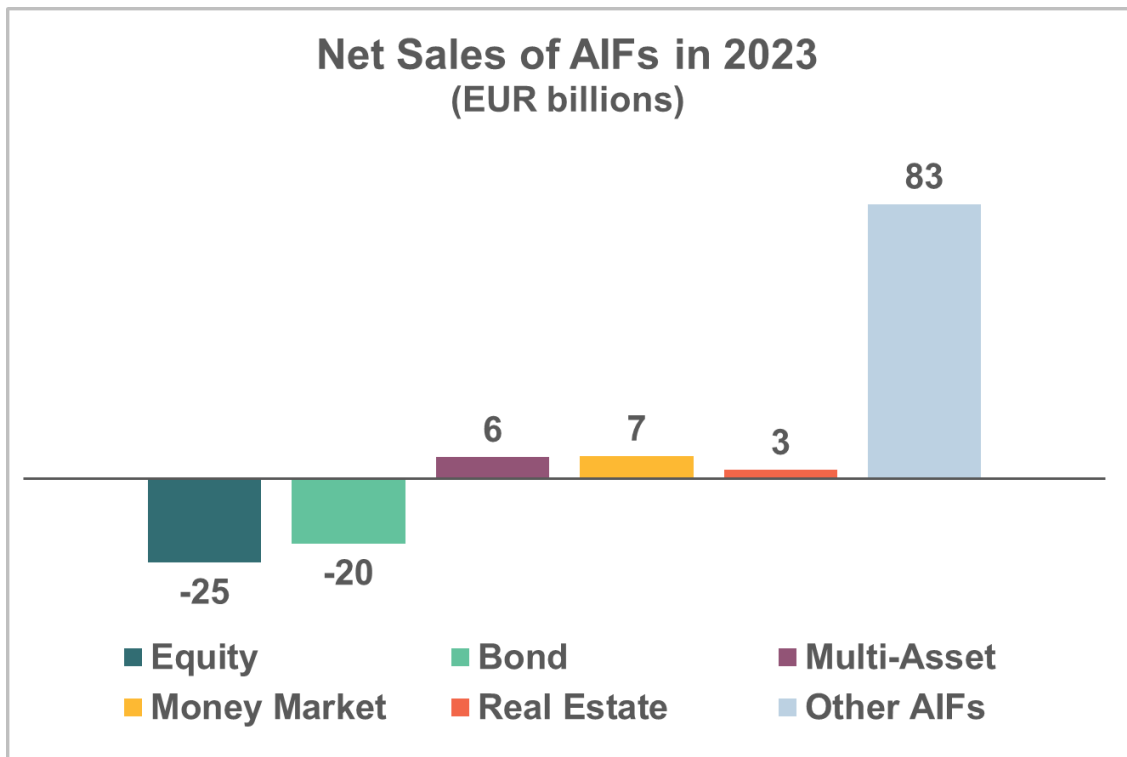
**Net sales of AIFs rebounded** but remained **relatively muted**. The large outflows in 2022 were due to **Dutch and Danish pension funds** shifting assets from AIF wrappers to segregated mandates. This **trend slowed down somewhat in 2023**.



# What happened in the AIF market?

The **bulk of net inflows** in 2023 was concentrated in **other AIFs**.

The **share of other investment funds in the asset allocation** of EA AIFs has steadily **increased**. AIF managers are increasingly making use of passive funds in their asset allocation.

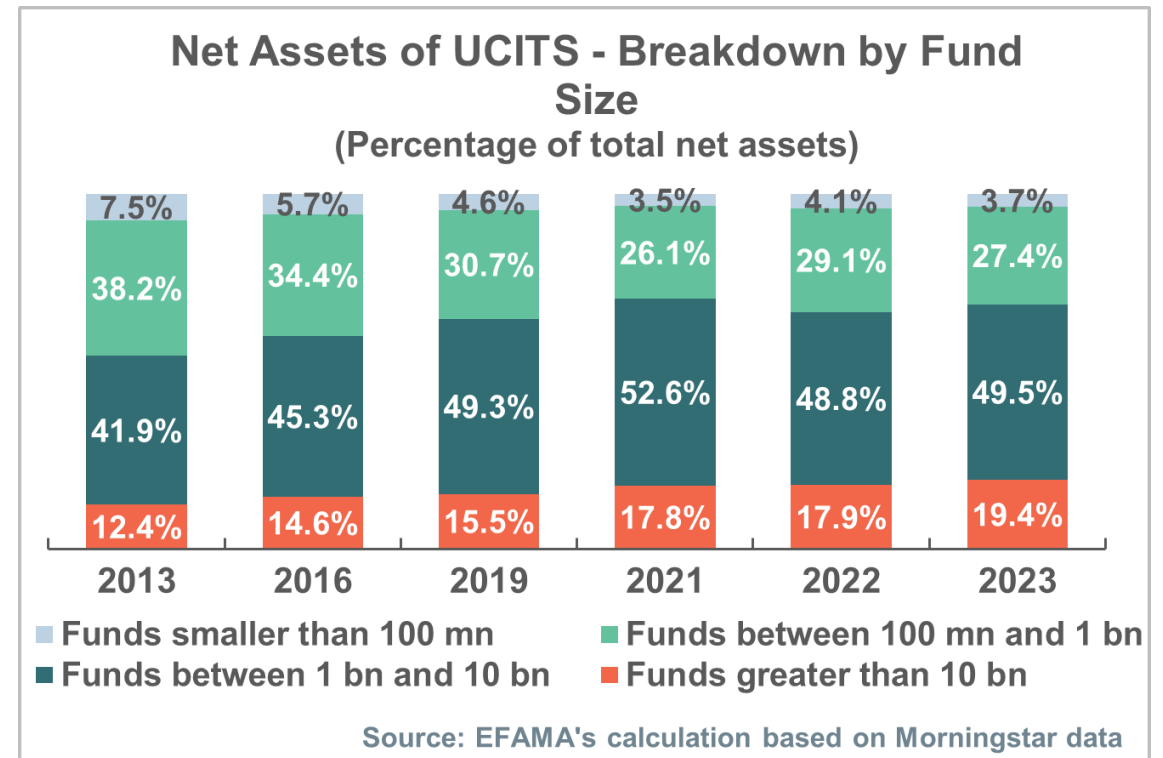
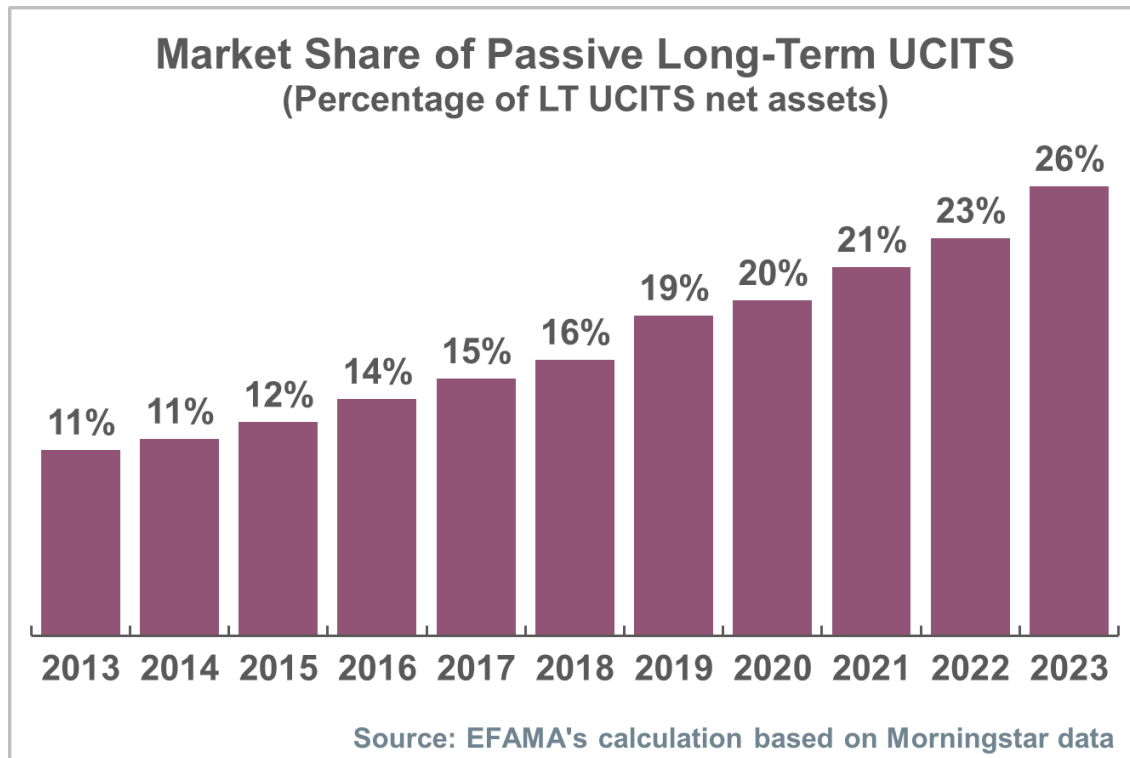


**What are the longer-term trends in the European fund market?**

# Gradual switch towards passive and larger funds

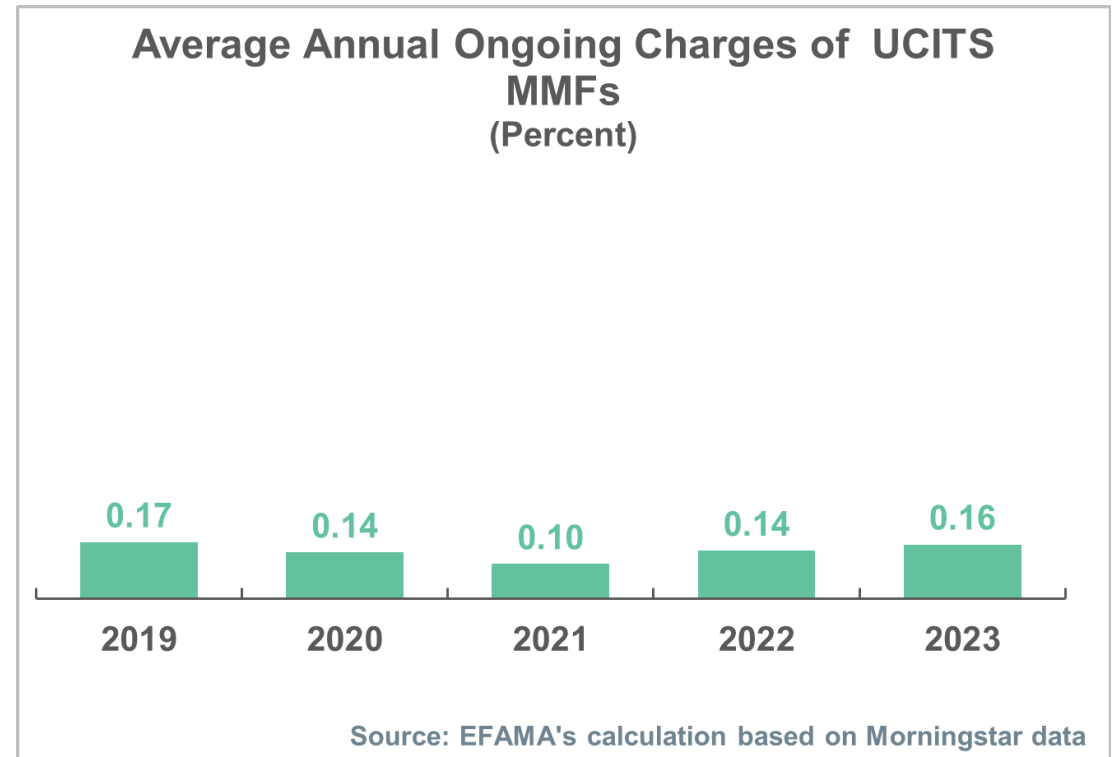
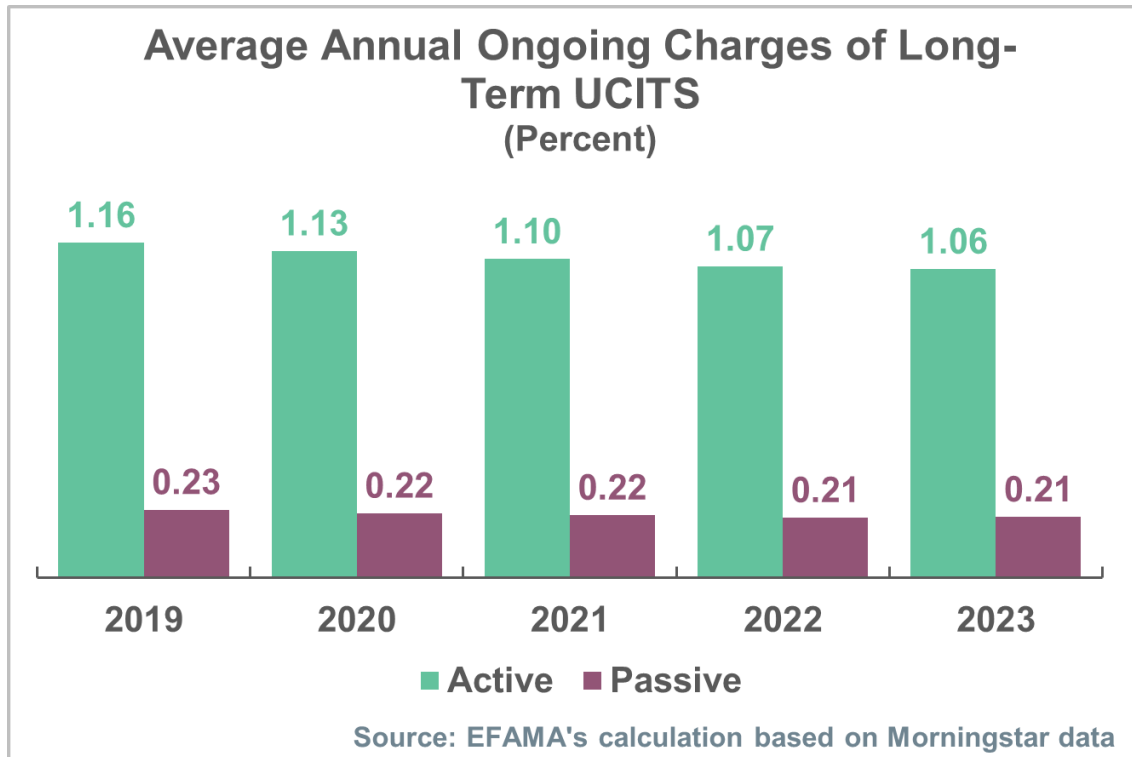
The market shares of passive funds has steadily grown, thanks to their **lower costs** and the **higher liquidity of ETFs**, which are chiefly passive funds.

At the same time, **larger funds** are becoming **increasingly important** in the UCITS market.



# The cost of LT UCITS has decreased consistently

The average cost of all types of LT UCITS decreased over the past 5 years, driven by heightened transparency on fund fees and intensified competition among fund managers. Ongoing charges of MMFs edged up in recent years but remain very low compared to the costs of most long-term funds.



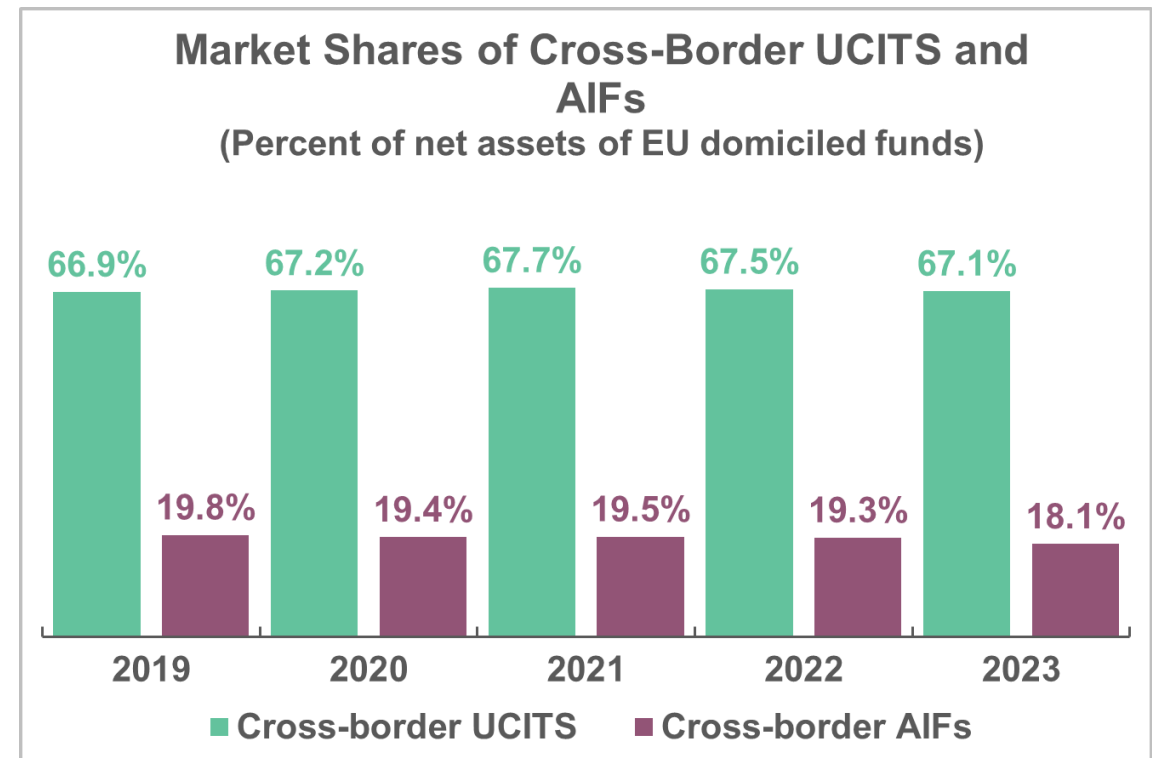
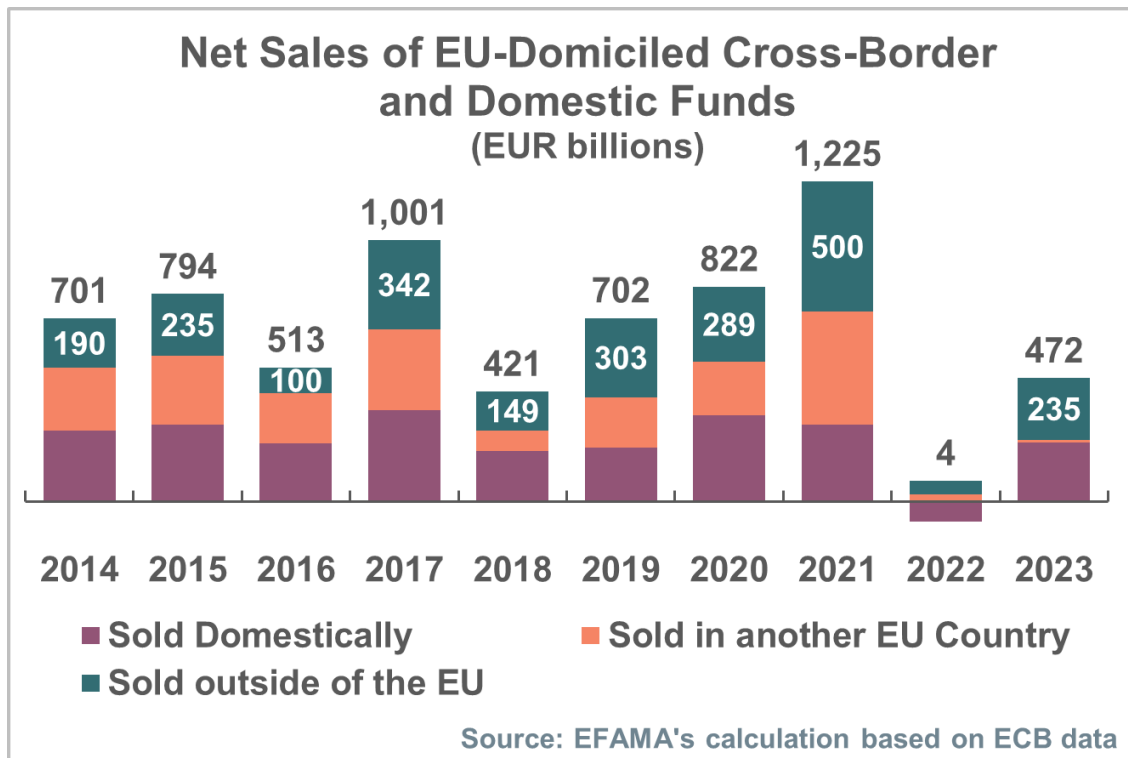


# Who invests in European funds?

# An international fund industry

**Investors outside Europe** are becoming **increasingly significant clients** of the European investment fund industry.

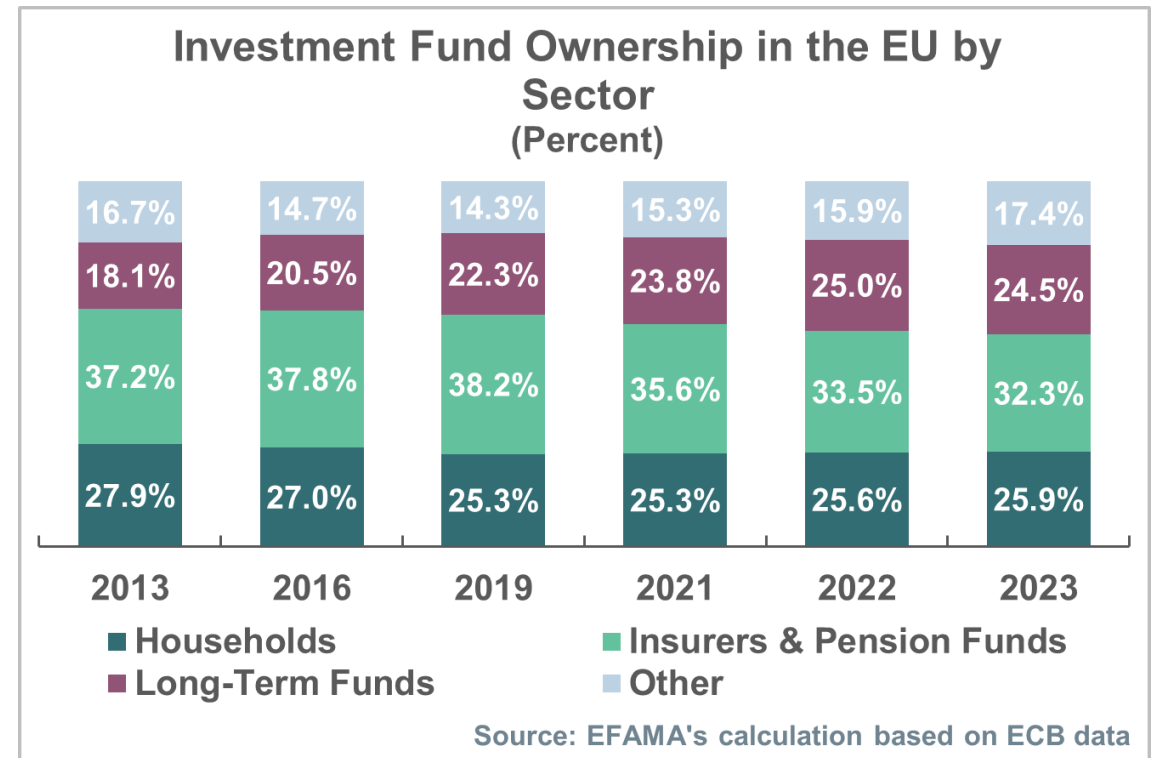
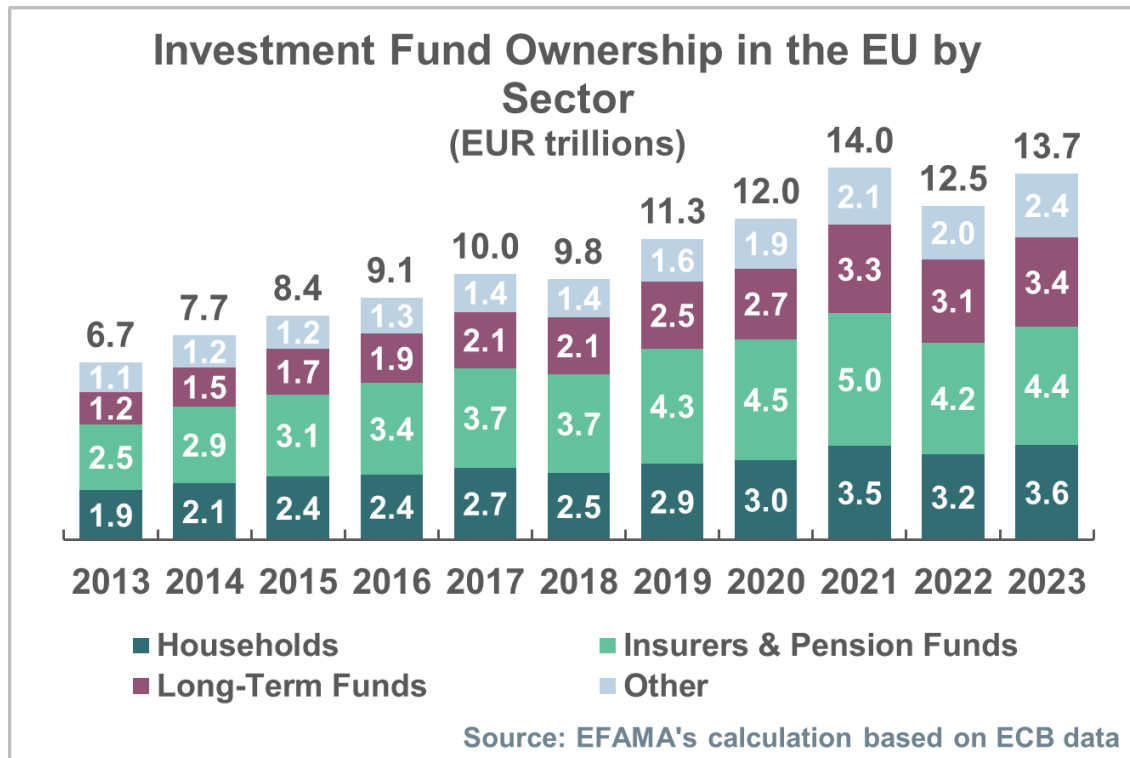
However, estimated **market shares of cross-border UCITS and AIFs** have **stabilised** in recent years.



# Who are the main fund owners in the EU?

Insurers and pension funds, households and long-term funds are the main clients of the fund industry.

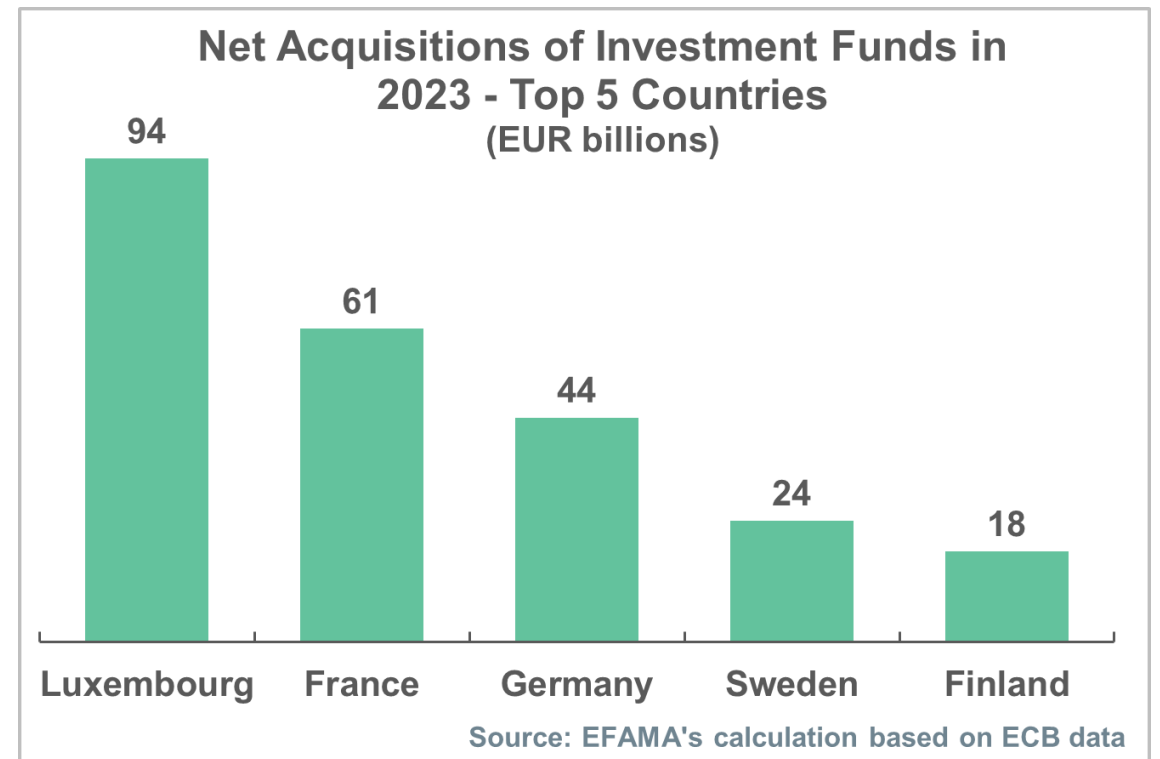
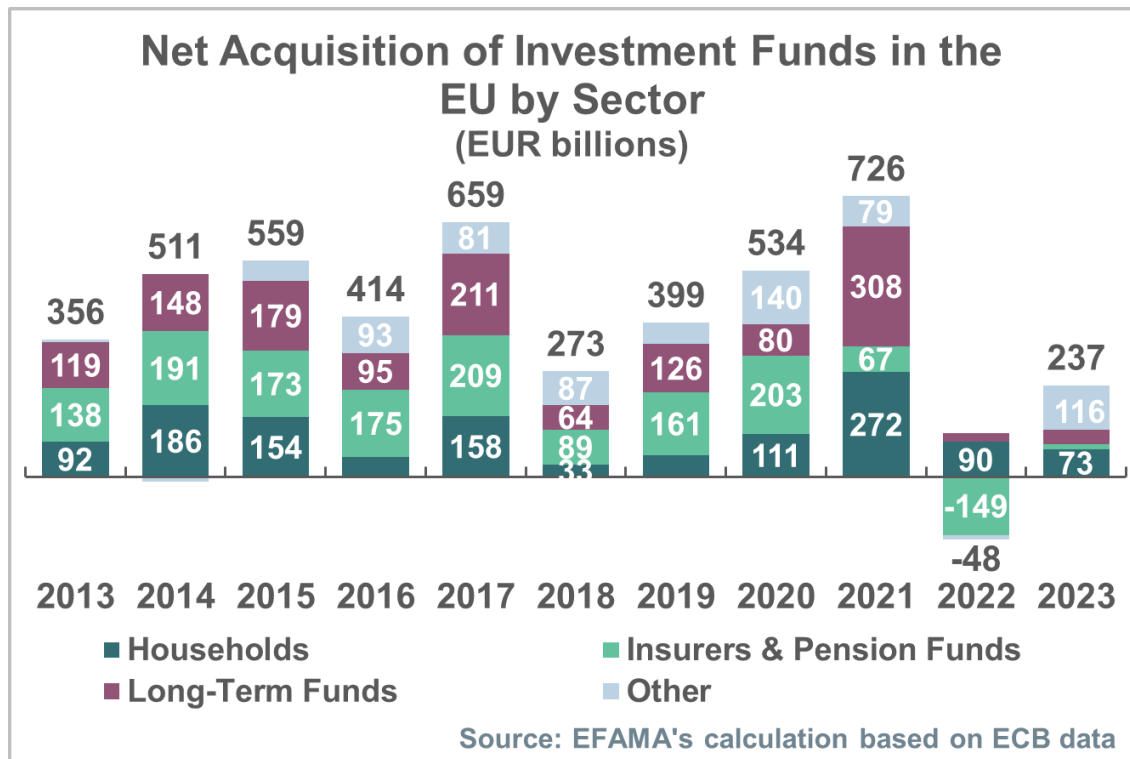
In recent years, the share of **Insurers and pension funds (PFs) gradually decreased** and that of **long-term funds rose**, the share of **households** also has **edged up since 2020**.



# Who bought investment funds in recent years?

In 2023, mainly **other investors** and **households** acquired new funds. Net acquisitions by long-term funds and insurers and pension funds were muted.

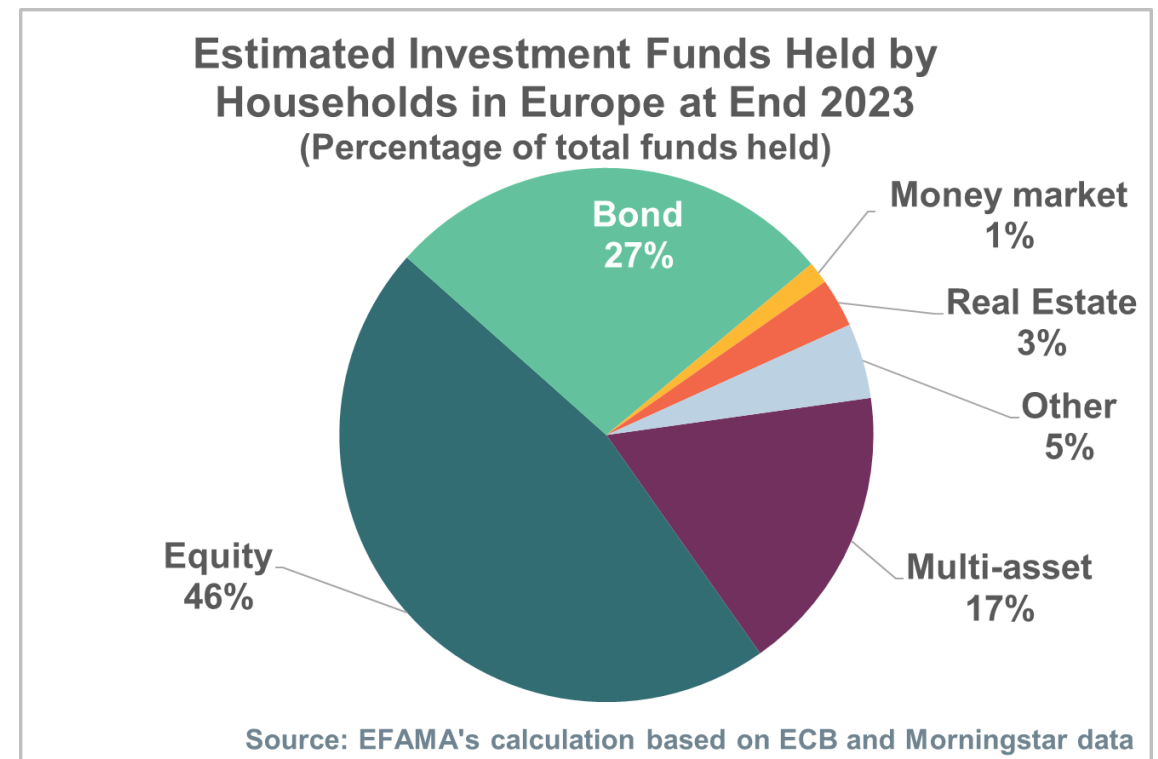
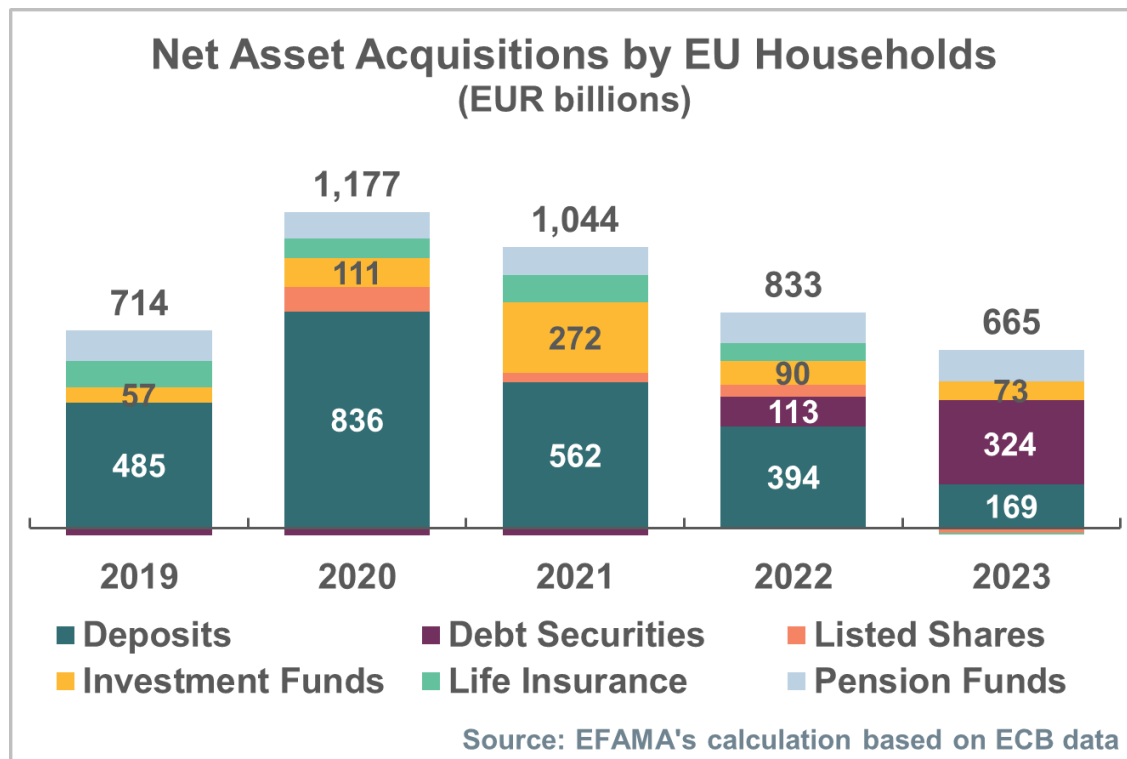
In **Luxembourg**, net acquisitions were driven by LT-funds and OFIs, in **France** by non-financial corporations and insurers and in **Germany** mainly by households.



# Retail investors in the EU, what are the trends?

EU retail investors **continued to buy investment funds** in 2023, but their focus **shifted towards debt securities**. Governments in countries like **Italy and Belgium** successfully enticed domestic retail savers by offering **higher-yielding bond issuances**.

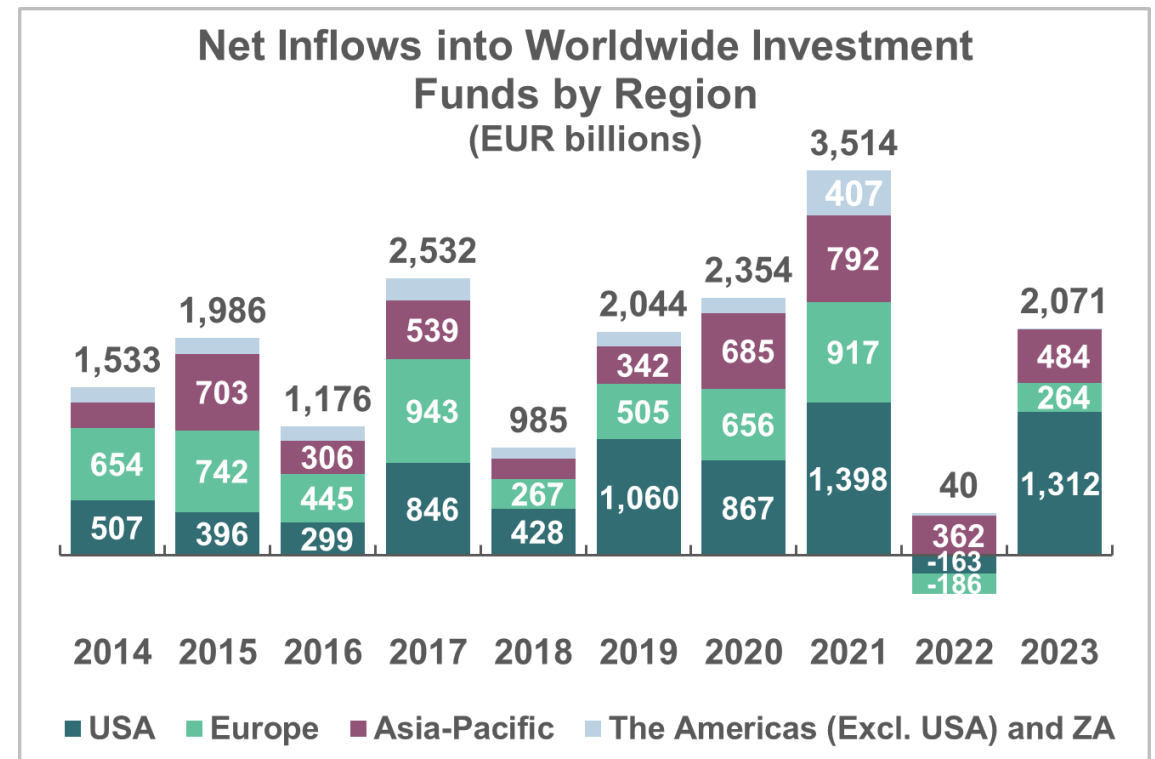
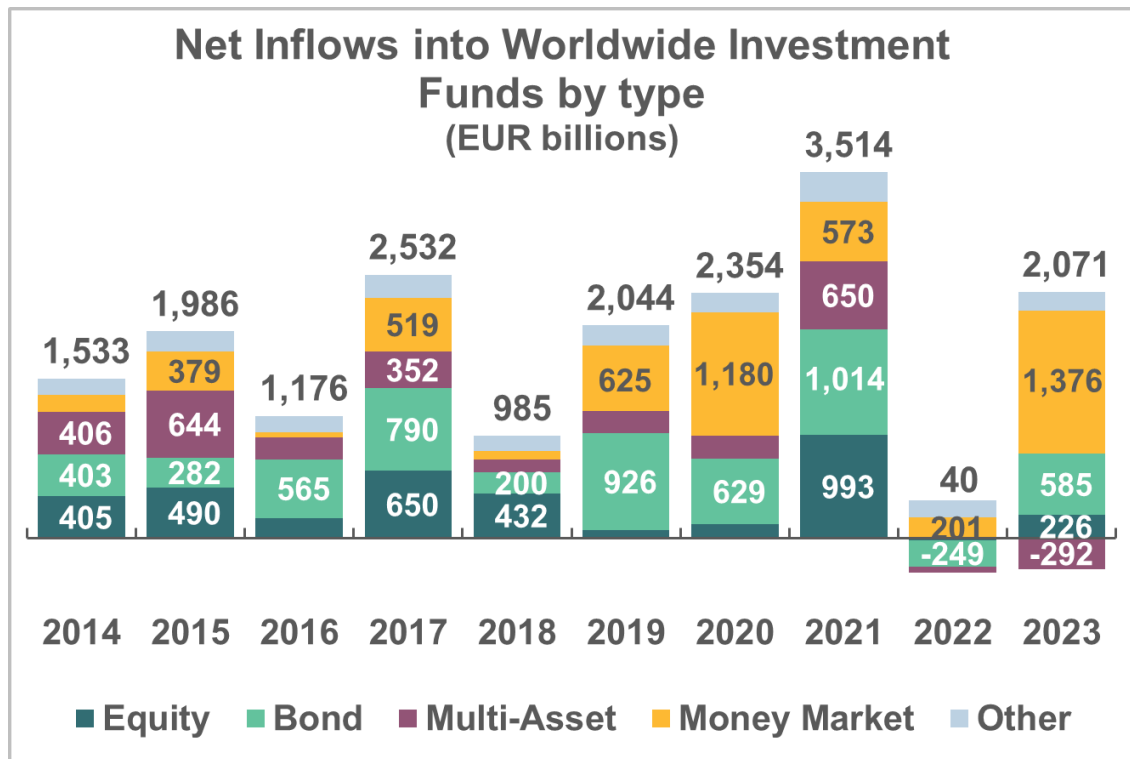
**Equity funds** account for **almost half** of the total funds owned by **European households**.



# **What happened in the global investment fund market?**

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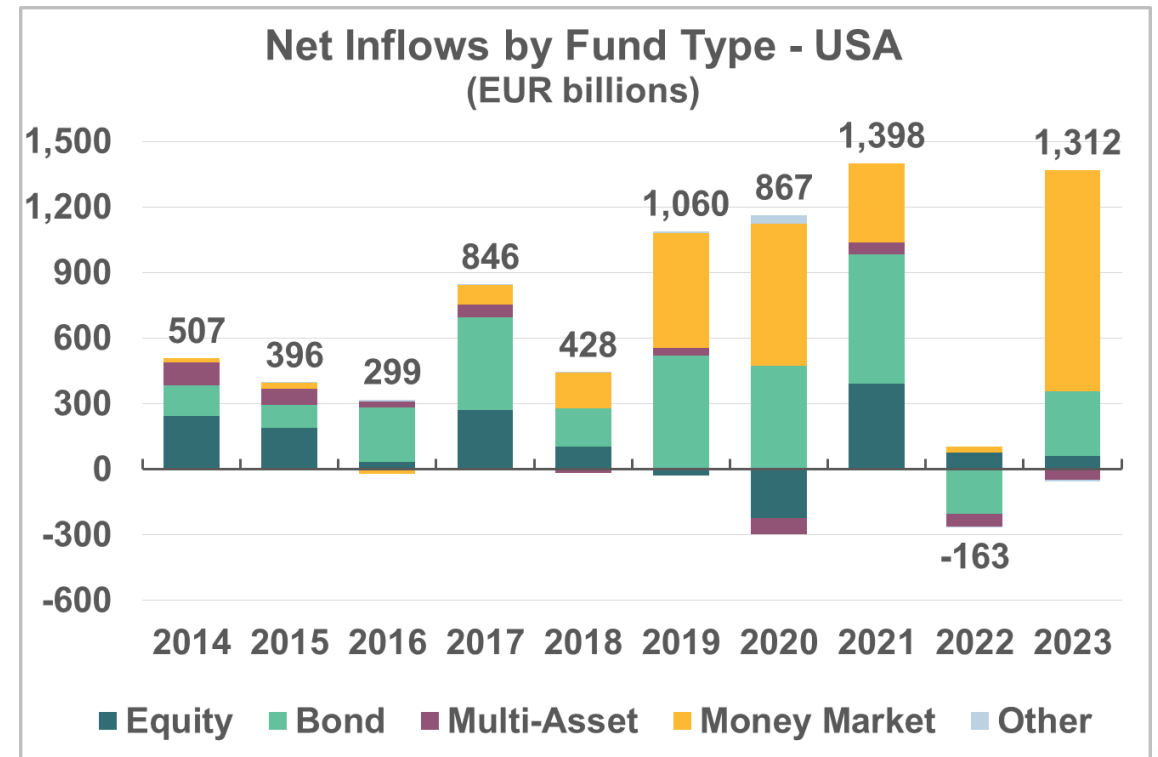
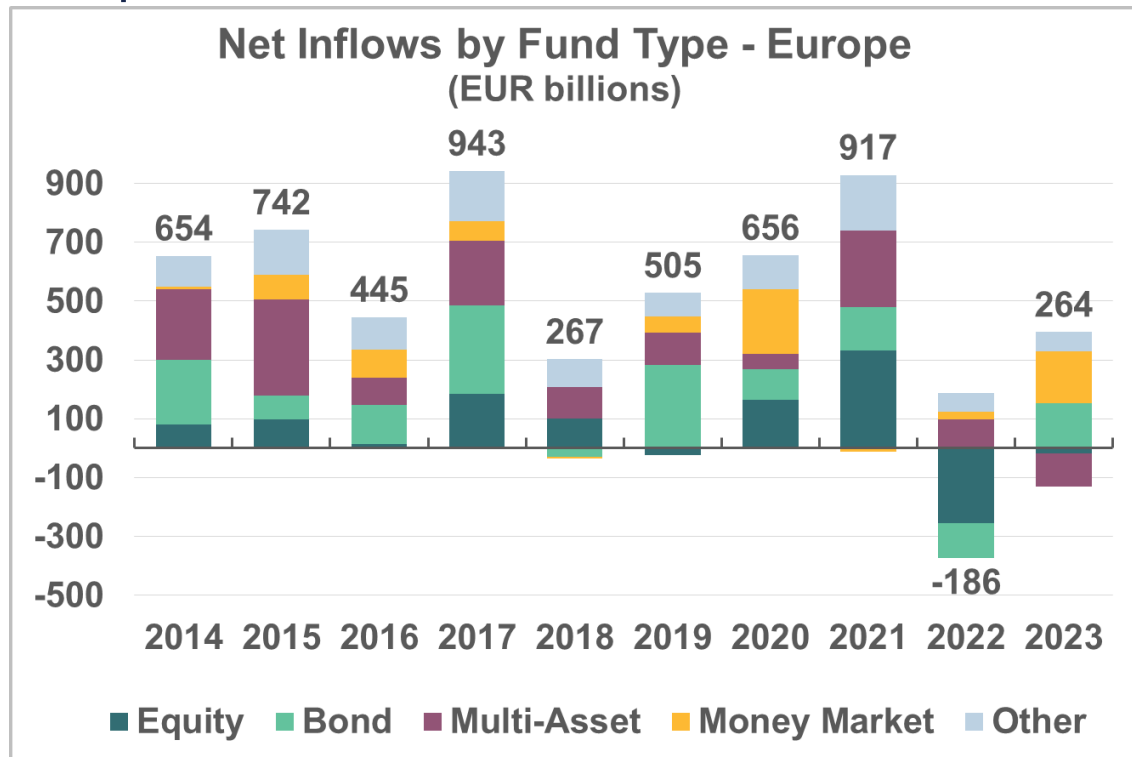
Net sales of worldwide funds turned rebounded in 2023, mainly due to net inflows into MMFs. The **US** accounted for the bulk of net inflows, followed by the **Asia-Pacific region**, thanks to solid net sales in **China and Japan**.



# Global investment fund markets – trends in Europe and the US

Net fund flows in **Europe** were muted in **2023**, pushed down by net outflows from multi-asset funds.

**US inflows** in 2023 were driven by **record net sales of MMFs**, triggered by the **Silicon Valley Bank collapse**, which led many retail investors to move their savings from bank deposits to MMFs.





# THANK YOU



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