

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

This report was prepared by Bernard Delbecque, 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

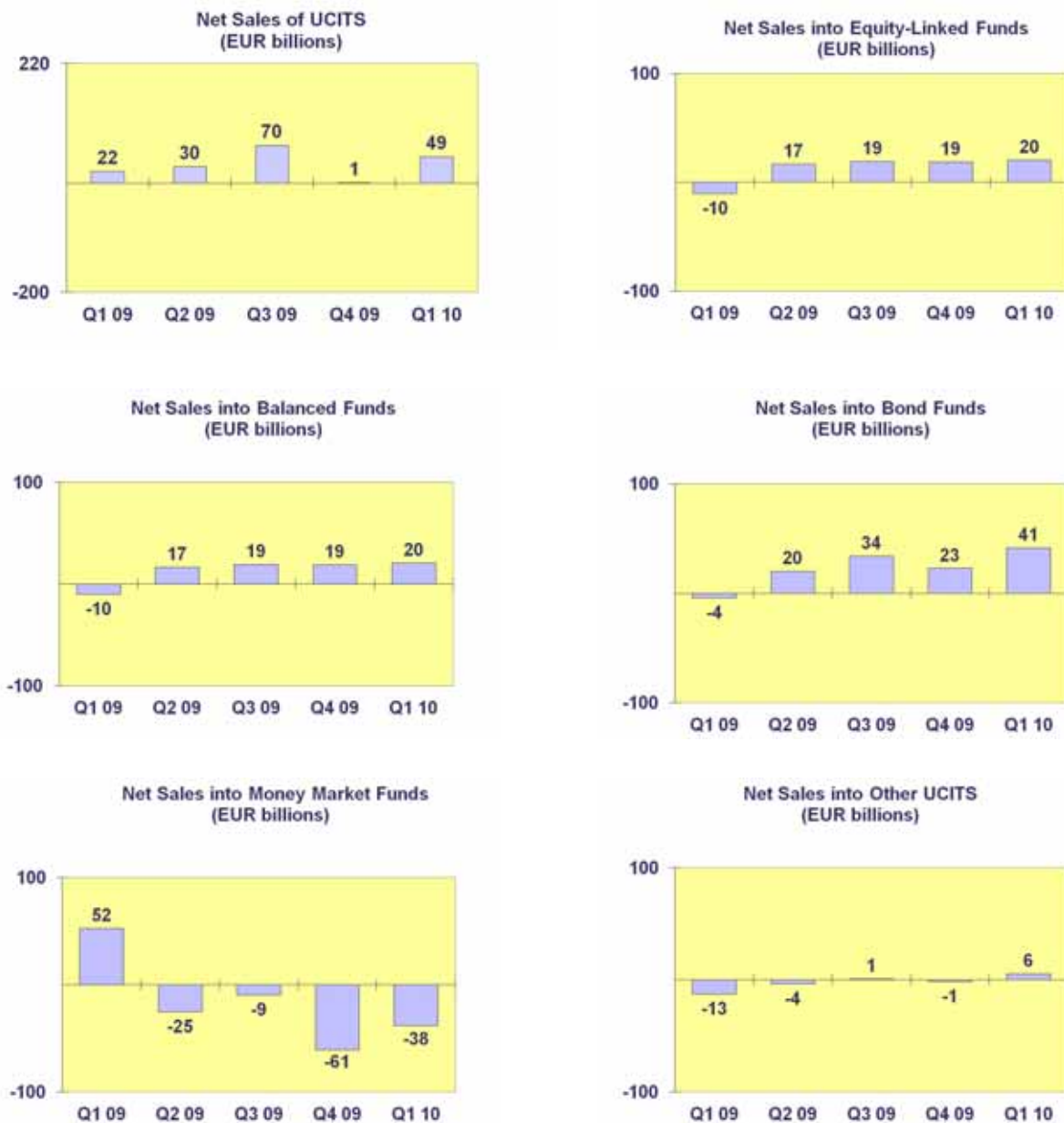
Trends in the UCITS Market

Net Sales by Investment Type

Net inflows into UCITS totalled EUR 49 billion in the first quarter of 2010, compared to EUR 1 billion in the fourth quarter of 2009.

Long-term UCITS (UCITS excluding money market funds) enjoyed net inflows (EUR 87 billion) in the first quarter of 2010. Such a high level of net inflows had not been recorded since the first quarter of 2006. Investor confidence in market outlook provided the positive backdrop for sustained demand for bond, equity and balanced funds.

The other side of investors' greater risk appetite was reflected in the development of money market funds which continued to suffer from net outflows (EUR 38 billion) for the fourth consecutive quarter, as investors sought alternative investments to secure higher returns against the backdrop of very low short-term interest rates.

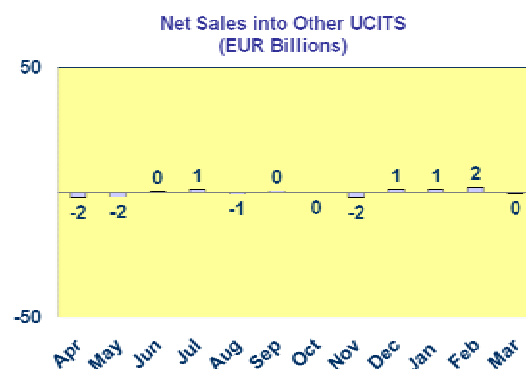
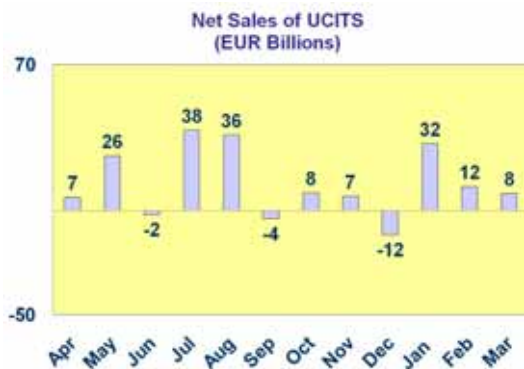


Trends in the UCITS Market

Net Sales by Investment Type

Looking at the trend in monthly net sales¹, **equity, bond and balanced funds continued to attract positive inflows since April 2009.**

On the other hand, money market funds have been experiencing net outflows since September 2009. Overall, the monthly figures confirm the rebound of investor confidence that strengthened until the worsening of the Greek crisis in early May.



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

Seventeen reporting countries recorded positive net sales in the first quarter of 2010. UCITS domiciled in Luxembourg accounted for 84 percent of the total net inflows, or EUR 41 billion. Net sales of UCITS were greater than EUR 1 billion in the United Kingdom (EUR 5.8 billion), Germany (EUR 3.0 billion), Denmark (EUR 1.9 billion), Sweden (EUR 1.7 billion) and Finland (EUR 1.1 billion).

The Southern European countries were the only countries to suffer from net outflows, as well as in France, which experienced EUR 12.5 billion from money market funds.

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010	Q4 2009	Q1 2010
Austria	-91	364	-158	148	56	118	47	-248	-115	-92	-262	290
Bulgaria	0	1	0	1	-1	0	13	0	0	0	12	2
Czech Republic	8	5	9	43	-12	46	46	17	-14	3	37	114
Denmark	411	77	427	1,868	-39	-3	0	0	13	-69	812	1,873
Finland	919	1,003	-28	736	37	-15	-116	-593	-19	0	793	1,131
France	600	800	2,300	5,500	4,200	5,200	-34,800	-12,500	0	400	-27,700	-600
Germany	1,809	-444	922	1,064	2,481	2,653	-1,419	-400	-357	137	3,435	3,011
Greece	-19	3	-60	-29	25	-11	-140	-540	-15	25	-208	-551
Hungary	-74	67	166	123	0	-13	360	460	-5	1	446	638
Italy	-200	-482	1,035	1,130	-718	489	-1,716	-5,292	0	0	-1,600	-4,154
Luxembourg	11,403	14,874	17,530	30,868	8,923	10,076	-18,036	-16,444	-6,212	1,602	13,608	40,976
Norway	1,291	-23	348	277	123	95	-276	6	32	-2	1,518	353
Poland	165	-46	51	450	14	-46	54	381	32	-25	315	715
Portugal	61	85	-19	-61	31	1	152	-480	199	73	423	-383
Romania	2	10	55	9	-9	2	60	141	109	31	217	193
Slovakia	8	1	14	14	27	59	77	88	-22	-29	105	133
Slovenia	16	23	6	9	-3	1	-1	0	1	0	18	33
Spain	42	1,127	-1,211	-3,296	2,355	192	-1,992	-1,327	0	0	-806	-3,305
Sweden	3,628	1,235	383	-110	494	142	6	-91	713	566	5,224	1,742
Switzerland	-161	332	228	1,239	-63	357	-2,843	-1,046	0	0	-2,838	882
Turkey	-3	6	-462	-22	-253	-21	58	-206	155	323	-504	81
United Kingdom	1,974	823	762	1,479	956	987	-332	-47	4,046	2,562	7,406	5,803
Total	21,787	19,841	22,297	41,440	18,624	20,309	-60,798	-38,121	-1,460	5,506	451	48,975

(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 5.9 percent in the first quarter to reach EUR 5,610 billion at end March 2009. Equity funds experienced the strongest asset increase in absolute terms (EUR 123 billion or 7.8 percent). Bond and balanced funds also saw their assets increase by EUR 104 billion and EUR 49 billion, respectively. On the other hand, money market funds saw their assets decline by 3.6 percent. Rising stock prices and net inflows pushed the share of equity funds upwards to 35 percent at end March 2010.

New money invested in UCITS contributed to explain 19 percent of the UCITS assets increase in the first quarter. Balanced funds enjoyed the strongest contribution from net sales (41 percent) followed by bond funds (40%) and equity funds (16 percent).

The number of UCITS at end March 2010 reached 36,122, compared to 35,946 at end 2009.

Table 2. Breakdown of UCITS Assets by Category ⁽¹⁾						
UCITS types	31-Mar-10		31-Dec-09		Change wrt to 31/12/2009	
	EUR bn	Share	EUR bn	Share	% chg ⁽²⁾	in EUR bn
Equity	1,697	35%	1,573	34%	7.8%	123
Balanced	811	24%	762	16%	6.4%	49
Total Equity & Balanced	2,507	51%	2,335	50%	7.4%	172
Bond	1,168	24%	1,064	23%	9.8%	104
Money Market (MM)	942	19%	977	21%	-3.6%	-35
Funds of funds ⁽⁴⁾	67	1%	63	1%	6.1%	4
Other	207	4%	196	4%	5.5%	11
Total (excl. Ireland & Netherlands)	4,891	100%	4,635	100%	5.5%	256
of which guaranteed funds	202	4%	203	4%	-0.4%	-1
Total (incl. Ireland & Netherlands)	5,610		5,299		5.9%	311
of which MM including Irish MM ⁽⁵⁾	1,262	22%	1,284	24%	-1.8%	-23

(1) No full data breakdown is available for Ireland and the Netherlands; (2) End of March 2010 compared to end December 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)

Table 3. Breakdown of UCITS Number by Category ⁽¹⁾						
UCITS types	31-Mar-10		31-Dec-09		Change wrt to 31/12/2009	
	Nber	Share	Nber	Share	% chg ⁽²⁾	in Nber
Equity	13,500	41%	13,518	41%	-0.1%	-18
Balanced	7,907	24%	7,754	24%	2.0%	153
Total Equity & Balanced	21,407	65%	21,272	65%	0.6%	135
Bond	6,148	19%	6,082	19%	1.1%	66
Money Market (MM)	1,701	5%	1,736	5%	-2.0%	-35
Funds of funds ⁽³⁾	1,067	3%	1,087	3%	-1.8%	-20
Other	2,576	8%	2,590	8%	-0.5%	-14
Total (excl. Ireland & Netherlands)	32,899	100%	32,767	100%	0.4%	132
of which guaranteed funds	3,690	11%	3,691	11%	0.0%	-1
Total (incl. Ireland & Netherlands)	36,122		35,946		0.5%	176

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

Looking at the development in the major fund markets in the first quarter of 2010, all countries experienced asset growth except Italy and Spain. Ireland enjoyed the strongest asset growth (9.2 percent), followed by Luxembourg (7.4 percent), the United Kingdom (6.8 percent), and France (1.6 percent). UCITS domiciled in Italy and Spain declined in the first quarter, albeit by less than 1 percent.

UCITS assets growth was significantly higher than the European average in the Nordic countries, with Sweden leading the way with a 10 percent growth rate. In Central Europe, UCITS asset growth was above average in Romania (33 percent), Poland (16 percent) and the Czech Republic (7 percent).

The strong increase in UCITS assets in Switzerland (34 percent) is mainly due to the fact that SIX Swiss Exchange, which is reporting Swiss fund data to EFAMA, is covering a larger group of Swiss funds than last year.

Table 4. Net Assets of the European UCITS Industry

Members	31/03/2010		31/12/2009		30/09/2009	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	85,706	1.5%	82,482	3.9%	81,802	4.8%
Belgium ⁽³⁾	86,676	1.5%	86,676	--	87,105	--
Bulgaria	184	0.0%	177	3.5%	170	8.1%
Czech Republic	4,702	0.1%	4,376	7.5%	4,454	5.6%
Denmark	62,812	1.1%	58,032	8.2%	55,161	13.9%
Finland	49,754	0.9%	45,905	8.4%	43,734	13.8%
France	1,273,046	22.7%	1,253,395	1.6%	1,264,105	0.7%
Germany	231,859	4.1%	220,424	5.2%	213,645	8.5%
Greece	8,532	0.2%	9,191	-7.2%	9,869	-13.5%
Hungary	9,415	0.2%	8,366	12.5%	7,821	20.4%
Ireland	652,320	11.6%	597,331	9.2%	569,697	14.5%
Italy	192,326	3.4%	193,998	-0.9%	194,200	-1.0%
Liechtenstein ⁽³⁾	23,253	0.4%	22,375	--	21,054	--
Luxembourg	1,710,810	30.5%	1,592,373	7.4%	1,529,019	11.9%
Netherlands ⁽³⁾	66,300	1.2%	66,300	--	64,100	--
Norway	53,939	1.0%	49,403	9.2%	43,865	23.0%
Poland	18,554	0.3%	16,020	15.8%	14,907	24.5%
Portugal	11,310	0.2%	11,572	-2.3%	11,058	2.3%
Romania	1,049	0.0%	791	32.6%	593	76.8%
Slovakia	3,412	0.1%	3,255	4.8%	3,084	10.6%
Slovenia	1,949	0.0%	1,842	5.8%	1,793	8.7%
Spain	186,248	3.3%	187,152	-0.5%	188,247	-1.1%
Sweden	135,853	2.4%	123,533	10.0%	111,196	22.2%
Switzerland	156,245	2.8%	116,798	33.8%	117,994	32.4%
Turkey	14,184	0.3%	13,493	5.1%	13,685	3.6%
United Kingdom	569,614	10.2%	533,506	6.8%	501,983	13.5%
All Funds	5,610,053	100%	5,298,768	5.9%	5,154,340	8.8%

(1) End March 2010 compared to end 2009; (2) end March 2010 compared to end September 2009; (3) end 2009 data.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total assets in the non-UCITS market increased by 5.4 percent in the first quarter of 2010 to EUR 1,835 billion. The increase was broad-based, except for the French employees savings funds that saw their assets decline by EUR 4 billion.

The total number of non-UCITS increased from 16,118 at end 2009 to 16,279 at end March. The bulk of the increase reflected a rise in the number of special funds domiciled in Luxembourg.

Net inflows into special funds reserved to institutional investors were exceptionally strong (EUR 30 billion) -- a level that had not been reached since 2003.

Table 5. Breakdown of Non-UCITS Assets and Number by Category ⁽¹⁾						
Fund types	31/03/2010		31/12/2009		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽²⁾	31/03/2010	31/12/2009
Special / Institutional	1,058	63%	1,003	5.5%	7,405	7,245
German "Spezialfonds"	741	44%	710	4.3%	3,819	3,829
British investment trusts	55	3%	52	5.9%	320	320
French employees savings	86	5%	90	-4.8%	2,433	2,490
Luxembourg "other" funds	85	5%	80	5.5%	1,014	1,008
Real-estate funds	228	14%	209	9.3%	808	774
Other	162	10%	154	4.8%	2,368	2,375
Total (excl. Ireland)	1,674	100%	1,589	5.3%	14,348	14,212
Total (incl. Ireland)	1,835		1,740	5.4%	16,279	16,118

(1) Excluding Ireland for which no data breakdown is available; (2) End March 2010 compared to end 2009.

Table 6. Net Sales of Special Funds ⁽¹⁾						
Members	2009					2010
	Q1	Q2	Q3	Q4	2009	Q1
Austria	285	2,039	1,417	632	4,373	814
Denmark	-445	-8,005	193	-615	-8,872	669
Finland	-227	-70	119	70	-108	272
Germany	5,318	-2,436	10,084	18,736	31,702	14,194
Hungary	165	-9	197	-9	344	147
Italy	263	-69	-19	-541	-367	-50
Liechtenstein	70	51	127	191	439	0
Luxembourg	4,277	9,329	1,263	3,504	18,373	13,034
Romania	4	-1	0	1	3	2
Sweden	23	112	80	121	337	32
United Kingdom	101	811	785	542	2,239	963
Total	9,833	1,752	14,246	22,632	48,463	30,077

(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 5.8 percent in the first quarter to reach EUR 7,445 billion at end March 2010.

With EUR 5,610 billion invested in UCITS, this segment of the business accounted for 75 percent of the fund market at end March 2010.

Table 7. Net Assets of the European Investment Fund Industry						
Members	31/03/2010		31/12/2009		30/09/2009	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	144,157	1.94%	138,603	4.0%	137,342	5.0%
Belgium ⁽³⁾	92,523	1.24%	92,523	--	92,670	--
Bulgaria	186	0.00%	180	3.4%	172	8.0%
Czech Republic	4,756	0.06%	4,426	7.5%	4,506	5.5%
Denmark	118,683	1.59%	109,608	8.3%	105,308	12.7%
Finland	58,846	0.79%	54,251	8.5%	51,729	13.8%
France	1,451,846	19.50%	1,426,395	1.8%	1,430,238	1.5%
Germany	1,062,691	14.27%	1,017,356	4.5%	995,217	6.8%
Greece	9,686	0.13%	10,338	-6.3%	10,923	-11.3%
Hungary	12,585	0.17%	11,088	13.5%	10,304	22.1%
Ireland	813,291	10.92%	748,629	8.6%	702,552	15.8%
Italy	251,471	3.38%	249,952	0.6%	249,850	0.6%
Liechtenstein ⁽³⁾	23,253	0.31%	22,375	--	23,066	--
Luxembourg	1,980,538	26.60%	1,840,993	7.6%	1,773,834	11.7%
Netherlands ⁽³⁾	79,000	1.06%	79,000	--	76,500	--
Norway	53,939	0.72%	49,403	9.2%	43,865	23.0%
Poland	25,876	0.35%	22,349	15.8%	20,552	25.9%
Portugal	28,973	0.39%	28,477	1.7%	27,448	5.6%
Romania	3,028	0.04%	2,586	17.1%	2,248	34.7%
Slovakia	3,581	0.05%	3,418	4.8%	3,263	9.8%
Slovenia	2,298	0.03%	2,195	4.7%	2,186	5.1%
Spain	193,955	2.61%	194,520	-0.3%	195,686	-0.9%
Sweden	138,961	1.87%	126,402	9.9%	113,417	22.5%
Switzerland	200,879	2.70%	157,247	27.7%	156,457	28.4%
Turkey	16,730	0.22%	15,912	5.1%	16,029	4.4%
United Kingdom	673,021	9.04%	631,000	6.7%	593,209	13.5%
All Funds	7,444,754	100.0%	7,039,226	5.8%	6,838,572	8.9%
UCITS	5,610,053	75.4%	5,298,768	5.9%	5,154,340	8.8%
Non-UCITS	1,834,701	24.6%	1,740,459	5.4%	1,684,231	8.9%

(1) End March 2010 compared to end 2009; (2) end March 2010 compared to end September 2009; (3) end 2009 data.