

*Trends in the European Investment Fund Industry  
in the Second 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)

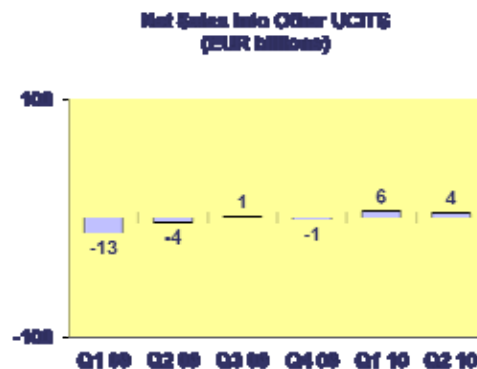
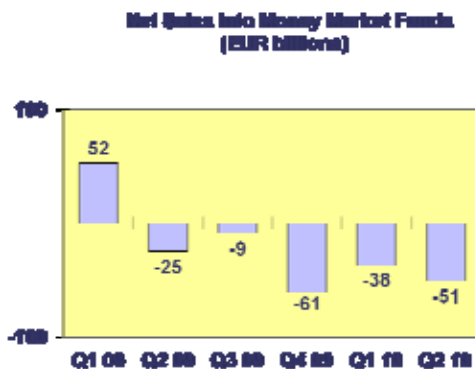
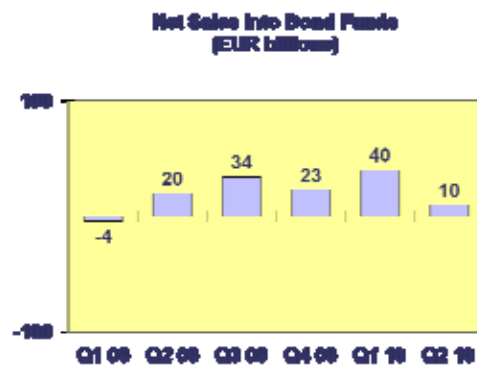
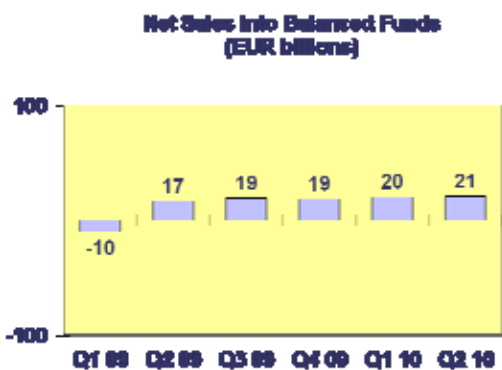
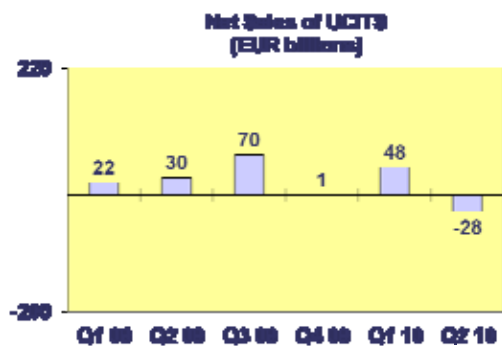
## Trends in the UCITS Market

### *Net Sales by Investment Type*

**UCITS suffered net outflows of EUR 28 billion in the second quarter of 2010, compared to net inflows of EUR 48 billion in the first quarter of 2010.**

UCITS had not experienced net outflows since the last quarter of 2008. The turnaround in net flows reflected an increase in net withdrawals from money market funds (from EUR 38 billion in the first quarter to EUR 51 billion in the second quarter) as well as a sharp decline in the net inflows into long-term UCITS (UCITS excluding money market funds) from EUR 86 billion in the first quarter to EUR 23 billion in the second quarter. The Greek crisis and the contagion risks created apprehension in the market in May, thereby affecting investors' appetite for risk.

For the first half of 2010, UCITS recorded net inflows of EUR 20 billion, with EUR 109 billion going into long-term UCITS and EUR 89 billion flowing out of money market funds.

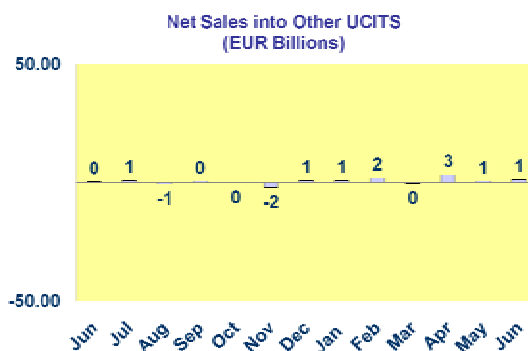
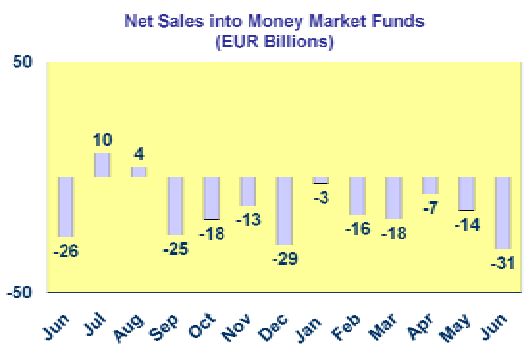
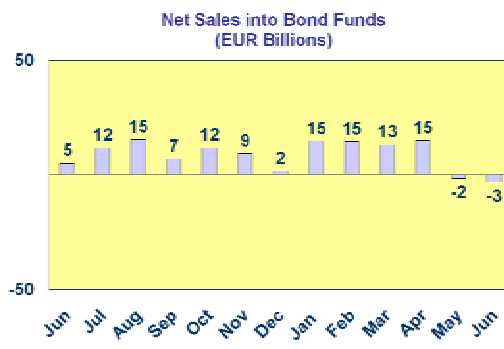
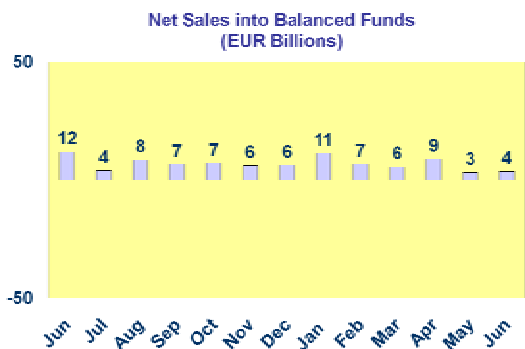
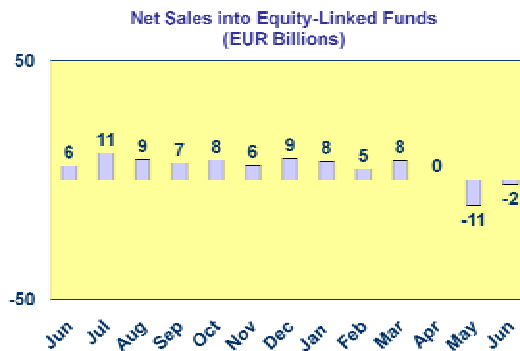
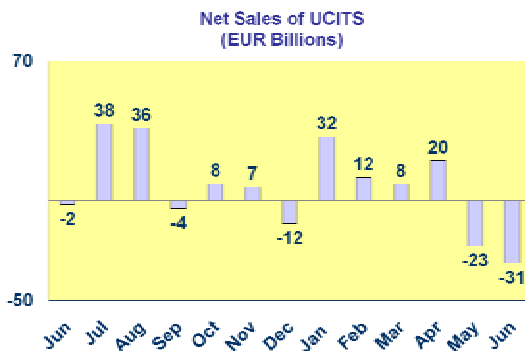


## Trends in the UCITS Market

### *Net Sales by Investment Type*

The trend in monthly net sales<sup>1</sup> shows the impact of the Greek crisis on investor demand for UCITS. For the first time since March 2009, equity and bond funds recorded net outflows in May (EUR 11 billion and EUR 2 billion, respectively), reflecting investor fear over sovereign debt problems in Europe and the risk of contagion to the global economy.

It can also be seen that the measures taken to strengthen the euro area contributed to improve investor confidence in June, leading to a sharp reduction in the net outflows from equity funds.



<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

**Eleven countries reported net outflows in the second quarter of 2010.** UCITS domiciled in France suffered outflows of EUR 37 billion in the second quarter, driven by outflows of EUR 30 billion from money market funds. In addition to France net outflows from UCITS were EUR 1 billion or more in Spain (EUR 8.9 billion), Italy (EUR 6.0 billion), Portugal (EUR 1.2 billion) and Finland (EUR 1.1 billion).

Four countries reported net sales in excess of EUR 1 billion in the second quarter (United Kingdom EUR 15.8 billion, Luxembourg EUR 5.9 billion, Germany EUR 2.0 billion and Sweden EUR 1.7 billion).

During the first half of 2010, nine countries experienced net outflows from money market funds. France suffered large withdrawals, due to its holding of a considerable share of 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, specifically Spain (EUR 12.2 billion) and Italy (EUR 10.2 billion). All these countries suffered from 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 47 billion in net inflows during the first six months of the year, despite significant withdrawals from money market funds. Mirroring the development during the second quarter the United Kingdom also enjoyed large net inflows (EUR 20.5 billion). Four other countries also attracted net inflows in excess of EUR 1 billion during the first half of 2010 (Germany EUR 5.1 billion, Sweden EUR 3.5 billion, Denmark EUR 2.8 billion and Switzerland EUR 1.5 billion).

Table 1. Net Sales of UCITS <sup>(1)</sup>

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds <sup>(2)</sup>		Total	
	Q2 2010	YTD	Q2 2010	YTD	Q2 2010	YTD	Q2 2010	YTD	Q2 2010	YTD	Q2 2010	YTD
Austria	-365	-1	217	364	258	376	-133	-381	-281	-373	-305	-15
Bulgaria	-2	-1	1	2	-1	-2	9	9	0	0	7	9
Czech Republic	2	7	24	67	1	47	-51	-34	7	11	-17	97
Denmark	120	197	733	2,600	83	79	0	0	1	-68	936	2,809
Finland	-921	155	243	951	162	259	-559	-1,152	24	23	-1,051	236
France	-5,600	-4,800	-4,400	1,100	4,100	9,300	-30,300	-42,800	-800	-400	-37,000	-37,600
Germany	-1,155	-1,599	1,492	2,556	2,366	5,020	-436	-836	-222	-85	2,045	5,056
Greece	-34	-30	-121	-150	-37	-48	-225	-765	-28	-3	-445	-997
Hungary	21	88	41	165	1	-13	260	720	23	25	346	984
Italy	-512	-993	-502	628	893	1,382	-5,885	-11,177	0	0	-6,006	-10,161
Liechtenstein <sup>(3)</sup>	-358	-358	-264	-264	503	503	-54	-54	-32	-32	-205	-205
Luxembourg <sup>(4)</sup>	-4,000	10,874	17,045	47,913	5,659	15,735	-12,215	-28,659	-543	1,059	5,946	46,922
Norway	-629	-652	33	310	35	131	-400	-394	18	15	-943	-590
Poland	46	0	181	631	-75	-121	103	484	-2	-28	252	967
Portugal	-31	54	-99	-160	-6	-5	-932	-1,412	-110	-37	-1,178	-1,561
Romania	-2	8	23	32	-2	0	53	195	19	50	92	285
Slovakia	26	28	31	45	20	79	-30	59	-19	-48	29	162
Slovenia	10	33	11	19	-3	-2	0	0	0	0	17	50
Spain	-293	833	-6,796	-10,092	-452	-260	-1,341	-2,669	0	0	-8,883	-12,187
Sweden	-794	441	553	442	687	829	852	761	429	995	1,727	3,469
Switzerland	-14	318	717	1,956	-53	304	-71	-1,116	0	0	580	1,462
Turkey	20	26	-186	-208	-107	-128	-143	-348	291	614	-125	-45
United Kingdom	2,749	3,887	544	508	7,135	8,098	9	-38	5,402	7,999	15,840	20,454
<b>Total</b>	<b>-11,716</b>	<b>8,514</b>	<b>9,521</b>	<b>49,419</b>	<b>21,166</b>	<b>41,562</b>	<b>-51,488</b>	<b>-89,609</b>	<b>4,176</b>	<b>9,716</b>	<b>-28,341</b>	<b>19,601</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 fell by 0.5 percent in the second quarter to reach EUR 5,606 billion at end June 2010.** Money market funds experienced the strongest asset decline (4.8% or EUR 45 billion), followed by equity fund assets (4.4% or EUR 76 billion). However, bond and balanced funds saw their assets increase by 2.9 percent (EUR 34 billion) and 1.0 percent (EUR 9 billion) respectively, in the second quarter.

For the first half of 2010 net assets of UCITS increased by 5.5 percent. However, fortunes were mixed between different UCITS types, with bond funds increasing by 13.2 percent (EUR 141 billion) in the first six months of the year, followed by balanced funds with growth of 8.0 percent (EUR 61 billion). On the other hand money market funds net assets fell by 8.1 percent (EUR 79 billion) since end 2009.

The number of UCITS at end June 2010 reached 36,110 compared to 36,148 at end March 2010 and 36,011 at end 2009.

Table 2. Breakdown of UCITS Assets by Category <sup>(1)</sup>						
UCITS types	30-Jun-10		Change wrt to 31/03/2010		Change wrt to 31/12/2009	
	EUR bn	Share	in % <sup>(2)</sup>	in EUR bn	% chg <sup>(3)</sup>	in EUR bn
Equity	1,636	34%	-4.4%	-76	3.8%	60
Balanced	824	17%	1.0%	9	8.0%	61
Total Equity & Balanced	2,460	51%	-2.7%	-67	5.1%	120
Bond	1,206	25%	2.9%	34	13.2%	141
Money Market (MM)	898	18%	-4.8%	-45	-8.1%	-79
Funds of funds <sup>(4)</sup>	67	1%	-1.2%	-1	-7.7%	-6
Other	225	5%	7.9%	16	14.4%	28
<b>Total (excl. Ireland &amp; Netherlands)</b>	<b>4,856</b>	<b>100%</b>	<b>-1.3%</b>	<b>-62</b>	<b>4.4%</b>	<b>205</b>
of which guaranteed funds	201	4%	-0.7%	-1	-1.0%	-2
<b>Total (incl. Ireland &amp; Netherlands)</b>	<b>5,606</b>		<b>-0.5%</b>	<b>-30</b>	<b>5.5%</b>	<b>291</b>
of which MM including Irish MM <sup>(5)</sup>	1,243	22%	-1.5%	-19	-3.2%	-41

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

Table 3. Breakdown of UCITS Number by Category <sup>(1)</sup>						
UCITS types	30-Jun-10		Change wrt to 31/03/2009		Change wrt to 31/12/2009	
	No.	Share	in % <sup>(2)</sup>	in No.	% chg <sup>(3)</sup>	in No.
Equity	13,309	40%	-1.4%	-195	-0.7%	-93
Balanced	8,013	24%	1.1%	84	5.6%	425
Total Equity & Balanced	21,322	65%	-0.5%	-111	1.6%	332
Bond	6,126	19%	-0.4%	-22	0.4%	27
Money Market (MM)	1,661	5%	-2.4%	-40	-4.1%	-71
Funds of funds <sup>(4)</sup>	1,026	3%	-3.9%	-42	-26.5%	-369
Other	2,733	8%	6.1%	158	4.5%	117
<b>Total (excl. Ireland &amp; Netherlands)</b>	<b>32,868</b>	<b>100%</b>	<b>-0.2%</b>	<b>-57</b>	<b>0.1%</b>	<b>36</b>
of which guaranteed funds	3,591	11%	-2.7%	-99	-2.7%	-100
<b>Total (incl. Ireland &amp; Netherlands)</b>	<b>36,110</b>		<b>-0.1%</b>	<b>-38</b>	<b>0.3%</b>	<b>99</b>

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

Looking at the development in the major fund markets in the second quarter of 2010, all countries experienced asset decline except the two main domiciles for cross-border UCITS distribution: Luxembourg and Ireland. Spain suffered the strongest asset decline (7.5%), reflecting the size of net outflows in the second quarter, which represented 4.8 percent of UCITS assets at end March. France and Italy also recorded significant asset decline (4.8% and 4.3%, respectively), reflecting large net withdrawals from money market funds.

Elsewhere in Europe, Greece and Portugal also endured a severe decline in UCITS assets, which were also driven by significant net outflows from money market funds and, in the case of Greece, an extremely bad stock market performance.

Despite the decline in UCITS assets seen in the second quarter, for the first six months of the year, 20 of the 26 reporting countries have experienced asset growth. Sweden, Hungary, Liechtenstein and the United Kingdom all experienced growth rates of approx. 9 percent for first half of the year. However, it is worth noting that the euro also depreciated against Sterling (8.0%), the Swedish Krona (7.1%) and the Swiss Franc (10.5%) over this same period.

Table 4. Net Assets of the European UCITS Industry						
Members	30/06/2010		31/03/2010		31/12/2009	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	84,885	1.5%	85,706	-1.0%	82,482	2.9%
Belgium <sup>(3)</sup>	86,676	1.5%	86,676	--	91,290	-5.1%
Bulgaria	185	0.0%	184	1.0%	177	4.5%
Czech Republic	4,505	0.1%	4,702	-4.2%	4,376	3.0%
Denmark	62,634	1.1%	62,812	-0.3%	58,032	7.9%
Finland	49,508	0.9%	51,895	-4.6%	47,432	4.4%
France	1,211,452	21.6%	1,273,046	-4.8%	1,253,395	-3.3%
Germany	228,137	4.1%	231,859	-1.6%	220,867	3.3%
Greece	7,063	0.1%	8,532	-17.2%	9,191	-23.2%
Hungary	9,148	0.2%	9,415	-2.8%	8,353	9.5%
Ireland	682,400	12.2%	652,320	4.6%	597,331	14.2%
Italy	183,990	3.3%	192,326	-4.3%	193,998	-5.2%
Liechtenstein <sup>(4)</sup>	24,395	0.4%	22,292	--	22,292	9.4%
Luxembourg	1,723,592	30.7%	1,710,810	0.7%	1,592,373	8.2%
Netherlands	67,700	1.2%	66,300	2.1%	66,320	2.1%
Norway	50,935	0.9%	53,939	-5.6%	49,925	2.0%
Poland	16,898	0.3%	18,554	-8.9%	15,872	6.5%
Portugal	9,845	0.2%	11,310	-13.0%	11,572	-14.9%
Romania	1,086	0.0%	1,049	3.5%	792	37.2%
Slovakia	3,392	0.1%	3,412	-0.6%	3,255	4.2%
Slovenia	1,874	0.0%	1,949	-3.9%	1,859	0.8%
Spain	172,221	3.1%	186,248	-7.5%	187,152	-8.0%
Sweden	135,384	2.4%	135,853	-0.3%	123,533	9.6%
Switzerland <sup>(5)</sup>	182,113	3.2%	158,353	15.0%	118,138	54.2%
Turkey	15,044	0.3%	14,875	1.1%	13,849	8.6%
United Kingdom	590,904	10.5%	591,901	-0.2%	540,818	9.3%
<b>All Funds</b>	<b>5,605,964</b>	<b>100%</b>	<b>5,636,319</b>	<b>-0.5%</b>	<b>5,314,674</b>	<b>5.5%</b>
(1) End June compared to end March 2010; (2) end June 2010 compared to end 2009; (3) June data as of end March 2010; (4) March data as of end 2009; (5) the asset growth 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 2.6 percent in the second quarter of 2010 to EUR 1,888 billion.** The net inflows into special funds reserved to institutional investors (EUR 26 billion) were responsible for more than 50 percent of the increase. The bulk of the net inflows originated from Luxembourg, Germany and the United Kingdom.

The total number of non-UCITS increased from 16,150 at end 2009 to 16,497 at end June. The bulk of the increase reflected a rise in the number of special funds domiciled in Luxembourg.

**Since end 2009, total assets of non-UCITS grew by 8.1 percent.**

**Table 5. Breakdown of Non-UCITS Assets and Number by Category <sup>(1)</sup>**

Fund types	30/06/2010		31/03/2010		31/12/2009		Number of Funds	
	EUR bn	Share	EUR bn	% chg <sup>(2)</sup>	EUR bn	% chg <sup>(3)</sup>	30/06/2010	31/12/2009
Special / Institutional	1,082	63%	1,057	2.3%	1,003	7.9%	7,570	7,291
German "Spezialfonds"	746	44%	741	0.8%	711	4.9%	3,810	3,993
British investment trusts	57	3%	58	-1.5%	52	9.0%	317	332
French employees savings	82	5%	86	-4.7%	85	-3.3%	2,420	2,604
Luxembourg "other" funds	88	5%	85	3.6%	81	8.9%	1,017	1,062
Real-estate funds	231	14%	228	1.1%	212	8.7%	814	741
Other	170	10%	165	2.8%	162	4.7%	2,469	2,204
<b>Total (excl. Ireland)</b>	<b>1,709</b>	<b>100%</b>	<b>1,679</b>	<b>1.8%</b>	<b>1,595</b>	<b>7.2%</b>	<b>14,607</b>	<b>14,234</b>
<b>Total (incl. Ireland)</b>	<b>1,888</b>		<b>1,840</b>	<b>2.6%</b>	<b>1,746</b>	<b>8.1%</b>	<b>16,497</b>	<b>16,150</b>

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

**Table 6. Net Sales of Special Funds <sup>(1)</sup>**

Members	2009				2010		
	Q1	Q2	Q3	Q4	Q1	Q2	YTD
Austria	285	2,039	1,417	632	814	315	1,129
Denmark	-445	-8,005	193	-615	669	948	1,617
Finland	-227	-70	119	70	3	-591	-588
Germany	5,318	-2,436	10,084	18,736	14,194	9,053	23,247
Hungary	165	-9	197	-9	147	32	180
Italy	263	-69	-19	-541	-50	5	-46
Liechtenstein	70	51	127	191	n.a	95	95
Luxembourg	4,277	9,329	1,263	3,504	13,034	11,783	24,817
Romania	4	-1	0	1	2	-3	-1
Sweden	23	112	80	121	32	-24	8
United Kingdom	101	811	785	542	918	4,106	5,023
<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>55,481</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, barely changed in the second quarter to reach EUR 7,494 billion at end June 2010.

With EUR 5,606 billion invested in UCITS, this segment of the business accounted for 75 percent of the fund market at end June 2010.

For the first six months of 2010 UCITS assets have increased by 5.5 percent, whilst non-UCITS have increased by 8.1 percent. The non-UCITS market has seen significant growth since end 2009, however, its market share increased only slightly to just above 25 percent at end June 2010.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/06/2010		31/03/2010		31/12/2009	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	143,659	1.9%	144,157	-0.3%	138,603	3.6%
Belgium <sup>(3)</sup>	92,523	1.2%	92,523	--	96,950	-4.6%
Bulgaria	188	0.0%	186	1.0%	179	4.6%
Czech Republic	4,560	0.1%	4,756	-4.1%	4,426	3.0%
Denmark	119,706	1.6%	118,683	0.9%	109,612	9.2%
Finland	56,026	0.7%	59,071	-5.2%	54,251	3.3%
France	1,389,802	18.5%	1,451,846	-4.3%	1,421,395	-2.2%
Germany	1,062,891	14.2%	1,062,691	0.0%	1,019,672	4.2%
Greece	8,140	0.1%	9,686	-16.0%	10,279	-20.8%
Hungary	12,284	0.2%	12,585	-2.4%	11,071	11.0%
Ireland	861,363	11.5%	813,291	5.9%	748,629	15.1%
Italy	242,708	3.2%	251,471	-3.5%	257,804	-5.9%
Liechtenstein <sup>(4)</sup>	27,908	0.4%	24,592	--	24,592	13.5%
Luxembourg	2,010,637	26.8%	1,980,538	1.5%	1,840,993	9.2%
Netherlands	80,800	1.1%	79,000	2.3%	79,020	2.3%
Norw ay	50,935	0.7%	53,939	-5.6%	49,925	2.0%
Poland	24,142	0.3%	25,876	-6.7%	22,592	6.9%
Portugal	27,397	0.4%	28,973	-5.4%	28,463	-3.7%
Romania	2,828	0.0%	3,028	-6.6%	2,587	9.3%
Slovakia	3,579	0.0%	3,581	-0.1%	3,418	4.7%
Slovenia	2,193	0.0%	2,298	-4.6%	2,239	-2.1%
Spain	179,763	2.4%	193,955	-7.3%	194,520	-7.6%
Sw eden	138,500	1.8%	138,961	-0.3%	126,402	9.6%
Sw itzerland <sup>(5)</sup>	232,517	3.1%	203,589	14.2%	158,450	46.7%
Turkey	17,817	0.2%	17,544	1.6%	16,281	9.4%
United Kingdom	701,213	9.4%	699,354	0.3%	638,312	9.9%
<b>All Funds</b>	<b>7,494,080</b>	<b>100.0%</b>	<b>7,476,176</b>	<b>0.2%</b>	<b>7,060,664</b>	<b>6.1%</b>
UCITS	5,605,964	74.8%	5,636,319	-0.5%	5,314,674	5.5%
Non-UCITS	1,888,116	25.2%	1,839,857	2.6%	1,745,990	8.1%

(1) End June compared to end March 2010; (2) end June 2010 compared to end 2009; (3) June data as of March 2010; (4) March data as of end 2009; (5) the asset growth reflects a growing number of funds captured by Swiss data.