

*Trends in the European Investment Fund Industry
in the First Quarter of 2011*

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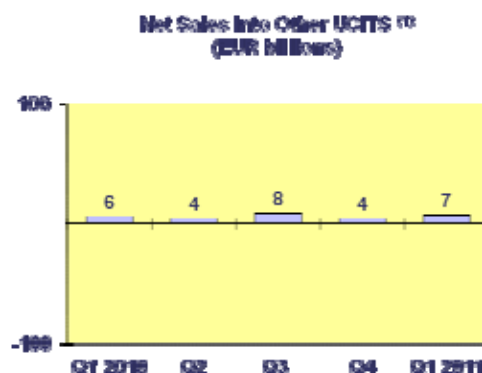
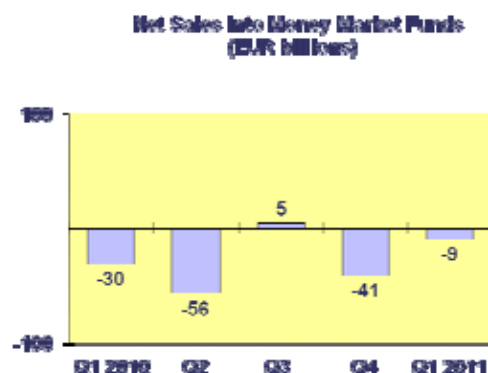
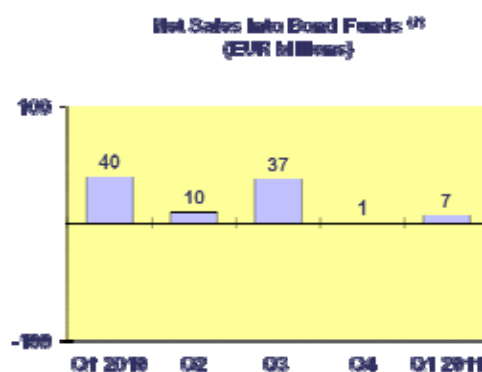
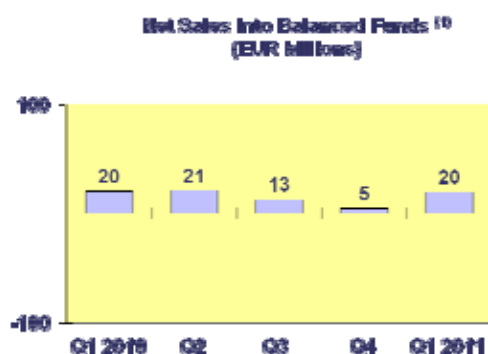
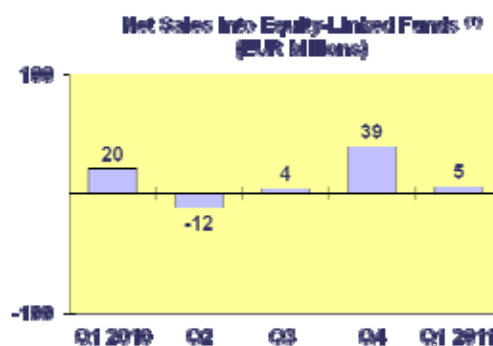
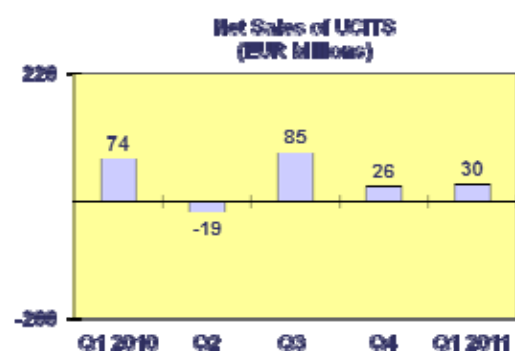
Trends in the UCITS Market

Net Sales by Investment Type

UCITS attracted net inflows during the first quarter of the year amounting to EUR 30 billion, up from net inflows of EUR 26 billion in the last quarter of 2010.

Long-term UCITS recorded net sales totalling EUR 39 billion during the quarter, down from EUR 67 billion in the previous quarter. Equity funds witnessed a sharp fall in net inflows during the quarter, dropping to EUR 5 billion; this evolution was triggered by a renewed bout of financial tensions discussed on the next page. On the other hand, balanced and bond funds enjoyed an increase in net inflows to EUR 20 billion and EUR 7 billion respectively.

Money market funds experienced a reduced level of net outflows during the quarter of EUR 9 billion. The modest increase in money market rates and the fact that money market funds may be approaching a more stable level in portfolio holdings contributed to this turnaround.

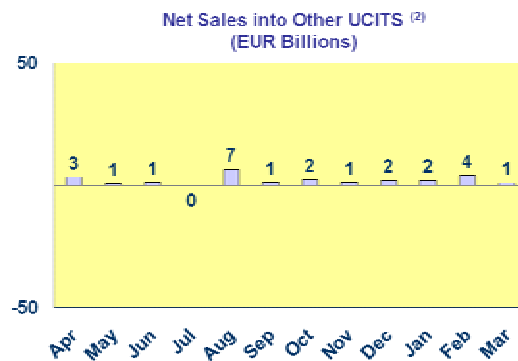
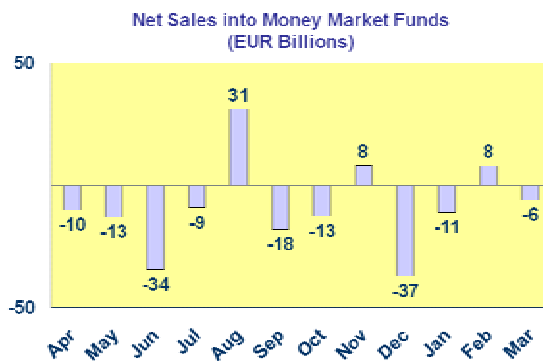
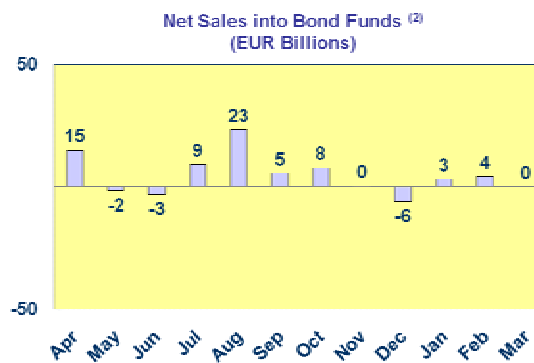
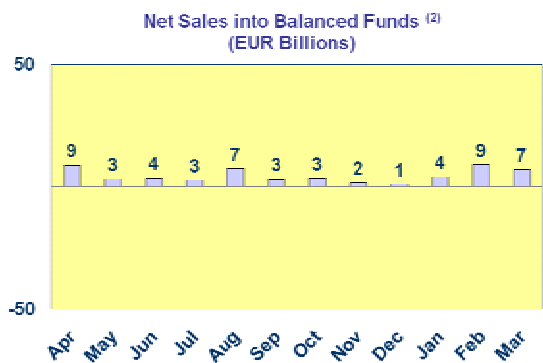
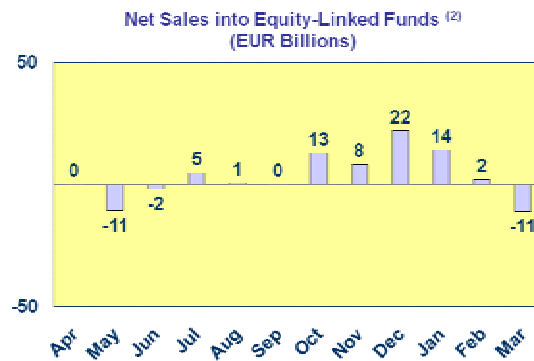
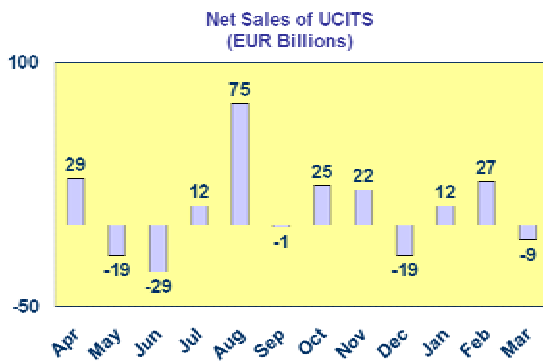


(1) Including Ireland from Q1 2011.

Trends in the UCITS Market

Net Sales by Investment Type

Market turbulence caused by unrest in North Africa and the Middle East throughout much of the first quarter coupled with the consequences of the earthquake in Japan and the tensions in oil prices and sovereign debt markets, has contributed to an emerging trend of lower net sales of equity funds. This can be seen from the trend in monthly net sales¹ for UCITS. Net sales of UCITS decreased in March to record outflows of EUR 9 billion, considerably lower than the net inflows recorded in January and February. This drop came on the back of net outflows from equity funds of EUR 11 billion. Net outflows from money market funds and a reduced level of net inflows into bond funds also contributed to the turnaround in the net sales of UCITS in March.



¹ Differences in totals between quarterly and monthly net sales reflect differences in the universe of reporting countries.

² Including Ireland from December 2010.

Trends in the UCITS Market

Net Sales by Country of Domiciliation

Fourteen countries recorded net inflows into UCITS funds in the first quarter of 2011, with five countries reporting net sales in excess of EUR 1 billion (Luxembourg EUR 24 billion, Ireland EUR 13 billion, Switzerland EUR 6 billion, United Kingdom EUR 5 billion, Norway EUR 5 billion and Sweden EUR 1 billion). Elsewhere in Europe, UCITS domiciled in France suffered outflows of EUR 15 billion in the first quarter, reflecting net outflows from equity and money market funds. Italy continued to experience significant net outflows (EUR 8 billion).

Overall, all the Nordic countries continued to record net inflows. Norway led the group thanks to strong net sales of bond funds, which partially reflect investments made by major Norwegian life insurance companies. For the Mediterranean region, Spain was the only country to record net inflows during the quarter, thanks to a sharp turnaround in net flows into equity and bond funds. In Eastern Europe, Romania enjoyed strong net sales during the quarter (11 percent of UCITS assets), whilst Bulgaria and Slovenia also witnessed net inflows.

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2010	Q1 2011	Q4 2010	Q1 2011	Q4 2010	Q1 2011	Q4 2010	Q1 2011	Q4 2010	Q1 2011	Q4 2010	Q1 2011
Austria	236	-85	-1,386	-333	-109	-124	-367	-277	-65	-135	-1,691	-954
Bulgaria	-1	1	2	-2	6	0	17	5	0	0	24	4
Czech Republic	9	14	6	1	3	-23	-76	-76	20	17	-39	-66
Denmark	345	828	713	-57	116	157	0	0	-3	-7	1,171	922
Finland	884	-58	-578	-29	291	171	-512	3	-7	15	78	102
France	-500	-5,800	-2,200	-600	-4,700	-400	-25,000	-7,600	-300	-200	-32,700	-14,600
Germany	3,780	-138	-2,401	-1,411	1,452	1,058	-462	103	168	-152	2,538	-540
Greece	-19	-10	-67	-91	-23	-22	43	31	-18	-39	-84	-131
Hungary	-84	-271	-27	9	-2	3	-167	-127	-111	31	-392	-356
Ireland ⁽³⁾	NA	5,592	NA	3,120	NA	1,403	8,252	-931	NA	3,626	26,630	12,810
Italy	-705	-391	-2,275	-3,719	-1,089	-1,459	-4,275	-1,983	0	0	-8,345	-7,552
Liechtenstein	-12	3	45	70	91	86	-53	-55	150	154	221	259
Luxembourg ⁽⁴⁾	22,476	3,904	8,721	5,589	10,720	14,667	-14,805	812	-1,933	-1,141	25,179	23,831
Netherlands	-190	-629	-456	-27	52	-16	NA	NA	188	-36	-406	-708
Norway	1,720	654	1,905	3,206	197	226	-16	670	-72	12	3,735	4,768
Poland	3	-25	-88	-288	-121	-145	84	154	121	-25	0	-330
Portugal	-68	-15	-277	-17	-1	-11	-329	-348	16	-62	-659	-453
Romania	-1	0	-4	33	-4	3	15	44	39	56	46	137
Slovakia	4	-3	22	-16	12	21	-57	-44	32	-22	13	-63
Slovenia	6	12	1	8	-19	-10	-2	3	1	0	-13	13
Spain	-951	387	-4,830	890	-729	-748	-647	-201	0	0	-7,158	327
Sweden	3,453	-410	-38	-210	791	839	-747	1,141	294	-78	3,753	1,282
Switzerland	921	1,423	1,641	1,621	-3,394	2,665	-1,943	-108	0	0	-2,774	5,600
Turkey	95	54	71	-136	98	-20	413	-154	798	524	1,475	269
United Kingdom	7,752	-40	2,093	-743	1,180	1,587	77	-77	4,302	4,427	15,405	5,153
Total	39,153	5,000	592	6,868	4,818	19,908	-40,557	-9,015	3,620	6,966	26,004	29,727

(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) 'Total' includes total UCITS, however no breakdown other than MMF is available in Q4 2010; (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 slightly decreased during the quarter by 0.9 percent to stand at EUR 5,949 billion at end March 2011. Net assets of equity funds fell by 1.5 percent (EUR 32 billion), whilst balanced funds increased by 1.3 percent (EUR 12 billion) during the quarter. Net assets of bond funds slightly decreased during the quarter falling 0.4 percent (EUR 6 billion). Money market funds experienced a decline in net assets of EUR 31 billion or 2.6 percent.

The number of UCITS at end March 2011 stood at 36,774 compared to 36,550 at end December 2010.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Mar-11		31-Dec-10		Quarterly Change ⁽¹⁾	
	EUR bn	Share	EUR bn	Share	in %	in EUR bn
Equity	2,112	36%	2,144	36%	-1.5%	-32
Balanced	943	16%	931	16%	1.3%	12
Total Equity & Balanced	3,055	51%	3,075	51%	-0.7%	-20
Bond	1,383	23%	1,389	23%	-0.4%	-6
Money Market (MM)	1,141	19%	1,172	20%	-2.6%	-31
Funds of funds ⁽²⁾	90	2%	90	1%	0.0%	0
Other	279	5%	278	5%	0.3%	1
Total	5,949	100%	6,004	100%	-0.9%	-55
of which guaranteed funds	190	3%	188	3%	0.8%	1
(1) End of March 2011 compared to end December 2010 assets; (2) 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-Mar-11		31-Dec-10		Quarterly Change ⁽²⁾	
	No.	Share	No.	Share	% chg	in No.
Equity	13,115	40%	13,146	40%	-0.2%	-31
Balanced	8,304	25%	8,215	25%	1.1%	89
Total Equity & Balanced	21,419	65%	21,361	65%	0.3%	58
Bond	6,341	19%	6,219	19%	2.0%	122
Money Market (MM)	1,555	5%	1,588	5%	-2.1%	-33
Funds of funds ⁽³⁾	1,098	3%	1,095	3%	0.3%	3
Other	2,764	8%	2,763	8%	0.0%	1
Total (excl. Ireland & Netherlands)	33,177	100%	33,026	100%	0.5%	151
of which guaranteed funds	3,669	11%	3,639	11%	0.8%	30
Total (incl. Ireland & Netherlands)	36,774		36,550		0.6%	224
(1) No full data breakdown is available for Ireland and the Netherlands; (2) end of March 2011 compared to end December 2010; (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

Total UCITS net assets decreased by 0.9 percent in the quarter to stand at EUR 5,949 billion at end of March 2011. An increase in net assets was recorded in twelve countries during the first quarter of the year, with fourteen countries experiencing a decline in net assets. The largest domiciles of UCITS experienced a decrease in net assets during the quarter, with Luxembourg decreasing 0.6 percent, France dropping by 1.1 percent and Ireland falling 0.9 percent.

In the Nordic countries, Norway performed well over the quarter, seeing its net assets rising by 6.8 percent. Finland and Denmark also recorded slight growth during the quarter. Sweden, however, saw its net UCITS assets fall by 0.7 percent. There were mixed fortunes for the Mediterranean countries with Spain and Greece both increasing their net assets by 2.1 percent and 0.6 percent respectively, whereas Italy and Portugal both experienced a decline in net assets. In Eastern Europe, Romania recorded strong growth during the quarter of 15.9 percent thanks to strong net inflows, followed by Bulgaria (6.1%).

Despite the quarterly drop in net assets of UCITS, year-on-year total net assets have increased by 5.4 percent.

Table 4. Net Assets of the European UCITS Industry						
Members	31/03/2011		31/12/2010		31/03/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	82,621	1.4%	84,725	-2.5%	85,706	-3.6%
Belgium	87,526	1.5%	91,086	-3.9%	92,386	-5.3%
Bulgaria	241	0.0%	227	6.1%	184	31.2%
Czech Republic	4,854	0.1%	4,806	1.0%	4,702	3.2%
Denmark	67,657	1.1%	67,556	0.1%	62,812	7.7%
Finland	53,448	0.9%	53,293	0.3%	51,895	3.0%
France	1,196,943	20.1%	1,210,280	-1.1%	1,273,046	-6.0%
Germany	247,507	4.2%	249,748	-0.9%	231,859	6.7%
Greece	7,085	0.1%	7,046	0.6%	8,532	-17.0%
Hungary	9,795	0.2%	9,353	4.7%	9,415	4.0%
Ireland	752,055	12.6%	758,946	-0.9%	652,320	15.3%
Italy	167,668	2.8%	175,358	-4.4%	192,326	-12.8%
Liechtenstein	27,071	0.5%	26,784	1.1%	23,253	16.4%
Luxembourg	1,869,791	31.4%	1,880,612	-0.6%	1,710,810	9.3%
Netherlands	62,832	1.1%	65,005	-3.3%	66,300	-5.2%
Norway	67,566	1.1%	63,243	6.8%	53,939	25.3%
Poland	19,267	0.3%	19,223	0.2%	18,554	3.8%
Portugal	8,347	0.1%	8,761	-4.7%	11,310	-26.2%
Romania	1,493	0.0%	1,288	15.9%	1,049	42.3%
Slovakia	3,496	0.1%	3,542	-1.3%	3,412	2.5%
Slovenia	2,016	0.0%	2,029	-0.7%	1,949	3.4%
Spain	165,699	2.8%	162,337	2.1%	186,248	-11.0%
Sweden	161,267	2.7%	162,446	-0.7%	135,853	18.7%
Switzerland ⁽³⁾	194,002	3.3%	195,998	-1.0%	158,353	22.5%
Turkey	13,753	0.2%	14,634	-6.0%	14,875	-7.5%
United Kingdom	674,747	11.3%	685,943	-1.6%	591,918	14.0%
All Funds	5,948,745	100%	6,004,269	-0.9%	5,643,007	5.4%

(1) End March 2011 compared to end December 2010; (2) end March 2011 compared to end March 2010; (3) the asset growth since March 2010 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 1.2 percent during the quarter to EUR 2,162 billion.

There was a sharp reduction in net inflows into special funds reserved to institutional investors to EUR 28 billion from EUR 58 billion in the fourth quarter of 2010. This evolution reflects a normal pattern at the beginning of a new year, and possible investor caution regarding future interest rate developments.

The total number of non-UCITS funds stood at 17,028 at end March 2011, up from 16,987 at end 2010.

Table 5. Breakdown of Non-UCITS Assets and Number by Category						
Fund types	31/3/2011		31/12/2010		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	31/3/2011	31/12/2010
Special / Institutional	1,355	63%	1,337	1.3%	7,869	7,827
German "Spezialfonds"	802	37%	790	1.5%	3,779	3,815
British investment trusts	64	3%	66	-3.3%	312	313
French employees savings	94	4%	89	5.6%	2,390	2,397
Luxembourg "other" funds	88	4%	89	-2.0%	978	993
Real-estate funds	247	11%	237	4.2%	867	840
Other	315	15%	319	-1.2%	4,612	4,617
Total	2,162		2,137	1.2%	17,028	16,987
⁽¹⁾ End of March 2011 compared to end December 2010.						

Table 6. Net Sales of Special Funds ⁽¹⁾					
Members	2010				2011
	Q1	Q2	Q3	Q4	Q1
Austria	814	315	777	2,068	900
Denmark	669	948	76	6,609	-221
Finland	3	-591	328	-308	20
Germany	14,194	9,053	18,373	22,861	13,894
Hungary	147	32	298	242	142
Ireland	1,494	5,160	-593	14,397	2,826
Italy	-50	5	-199	-197	4
Liechtenstein	n.a	95	5	4	161
Luxembourg	13,034	11,783	7,908	14,771	8,519
Romania	2	-3	0	5	9
Sweden	32	-24	111	-90	-95
United Kingdom	991	4,283	2,161	-2,678	2,150
Total	31,330	31,055	29,247	57,684	28,309
⁽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, slightly decreased in the first quarter of 2011 by 0.4 percent to EUR 8,111 billion. Year-on-year total assets have grown by 8.4 percent.

With EUR 5,949 billion invested in UCITS, this segment of the business accounted for just over 73 percent of the fund market at end March 2011, with the remaining 27 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	31/03/2011		31/12/2010		31/03/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	146,361	1.8%	147,677	-0.9%	144,157	1.5%
Belgium	94,019	1.2%	97,229	-3.3%	98,149	-4.2%
Bulgaria	243	0.0%	229	6.1%	186	30.9%
Czech Republic	4,938	0.1%	4,883	1.1%	4,756	3.8%
Denmark	135,484	1.7%	135,442	0.0%	118,683	14.2%
Finland	61,587	0.8%	61,506	0.1%	59,071	4.3%
France	1,494,784	18.4%	1,502,725	-0.5%	1,451,846	3.0%
Germany	1,140,028	14.1%	1,125,853	1.3%	1,062,691	7.3%
Greece	9,164	0.1%	9,128	0.4%	9,686	-5.4%
Hungary	14,387	0.2%	13,541	6.2%	12,585	14.3%
Ireland	953,556	11.8%	962,503	-0.9%	813,291	17.2%
Italy	225,163	2.8%	233,894	-3.7%	251,471	-10.5%
Liechtenstein	31,280	0.4%	31,078	0.6%	23,253	34.5%
Luxembourg	2,190,896	27.0%	2,198,994	-0.4%	1,980,538	10.6%
Netherlands	77,197	1.0%	78,990	-2.3%	79,000	-2.3%
Norw ay	67,566	0.8%	63,243	6.8%	53,939	25.3%
Poland	29,184	0.4%	28,757	1.5%	25,876	12.8%
Portugal	25,296	0.3%	25,793	-1.9%	28,973	-12.7%
Romania	3,317	0.0%	2,968	11.7%	3,028	9.5%
Slovakia	3,749	0.0%	3,763	-0.4%	3,581	4.7%
Slovenia	2,231	0.0%	2,251	-0.9%	2,298	-2.9%
Spain	172,808	2.1%	169,568	1.9%	193,955	-10.9%
Sw eden	164,583	2.0%	166,089	-0.9%	138,961	18.4%
Sw itzerland ⁽³⁾	250,408	3.1%	253,216	-1.1%	203,589	23.0%
Turkey	20,482	0.3%	17,565	16.6%	17,544	16.7%
United Kingdom	792,244	9.8%	804,499	-1.5%	699,227	13.3%
All Funds	8,110,954	100.0%	8,141,383	-0.4%	7,480,336	8.4%
UCITS	5,948,745	73.3%	6,004,269	-0.9%	5,643,007	5.4%
Non-UCITS	2,162,209	26.7%	2,137,114	1.2%	1,837,328	17.7%

(1) End March 2011 compared to end December 2010; (2) end March 2011 compared to end March 2010; (3) the asset growth since March 2010 reflects a growing number of funds captured by Swiss data.