

***Trends in the European Investment Fund Industry
in the Second Quarter of 2011
and
Results for the First Half of 2011***

This report was prepared by Bernard Delbecq, Director of Economics and Research

EFAMA

The European Fund and Asset Management Association

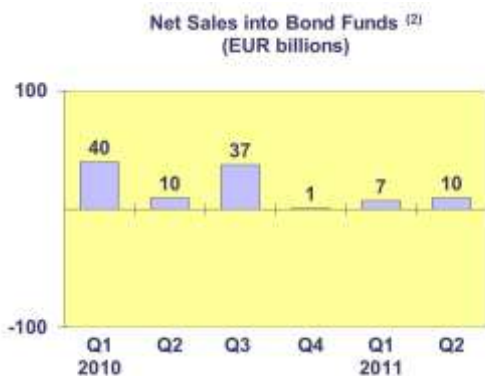
Square de Meeûs, 18 - B-1050 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

Trends in the UCITS Market

Net Sales by Investment Type

UCITS attracted EUR 18 billion in net inflows during the second quarter of 2011, compared to EUR 30 billion in the first quarter. This reduction was attributable to a rise in net outflows from money market funds, from EUR 9 billion in the first quarter to EUR 30 billion in the second quarter. In contrast, total net sales of long-term UCITS increased to EUR 48 billion, up from EUR 39 billion in the first quarter, with all long-term UCITS categories enjoying increased net sales. Equity funds recorded an increase in net inflows to EUR 8 billion, up from EUR 5 billion in the first quarter. Bond funds saw net inflows increasing to EUR 10 billion, whilst balanced funds enjoyed net inflows of EUR 23 billion during the quarter.

Overall, net inflows into UCITS amounted to EUR 48 billion during the first half of 2011, slightly behind the EUR 55 billion recorded in the first half of 2010. Long-term UCITS attracted EUR 87 billion during the first half of the year, down from net inflows of EUR 142 billion for the same period in 2010. This reduction reflects the change in investor sentiment from a high level at the beginning of 2010 to lower levels in 2011, when a stream of events from the Arab uprisings and the Japanese earthquake, to renewed concerns about sovereign debt risk caused turbulence on financial markets.



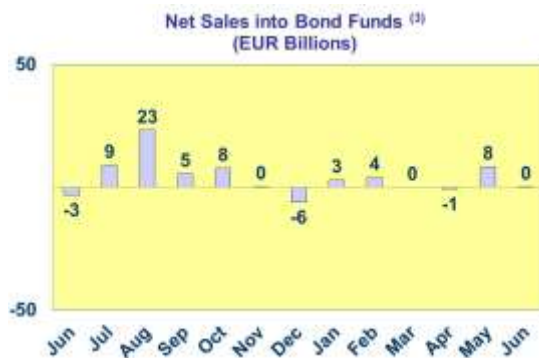
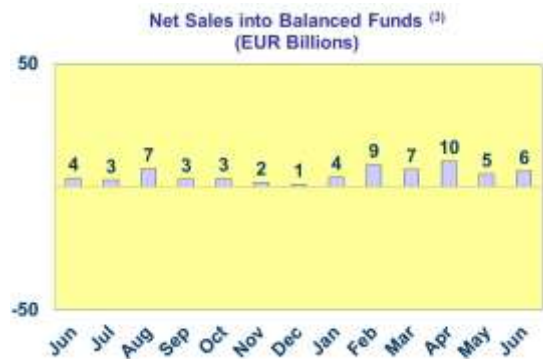
(1) Including Ireland for all quarters.

(2) Including Ireland from Q1 2011.

Trends in the UCITS Market

Net Sales by Investment Type

A strong rebound in net sales of UCITS in April and May following the Japanese earthquake in March was short-lived. This can be seen from the trends in monthly net sales¹ for UCITS, which shows a sharp turnaround in June. This drop was mainly attributable to large outflows from money market funds, as well as concerns regarding the strength of the global economic recovery and increasing tensions in the euro area, which sparked lower demand for equity and bond funds.



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

² Including Ireland for all months.

³ Including Ireland from December 2010.

Trends in the UCITS Market

Net Sales by Country of Domiciliation

Eleven countries recorded net inflows into UCITS in the second quarter of 2011, with seven countries reporting net sales in excess of EUR 1 billion (Ireland EUR 26 billion, Luxembourg EUR 8 billion, United Kingdom EUR 8 billion, Switzerland EUR 6 billion, the Netherlands EUR 2 billion, Sweden EUR 1 billion and Denmark EUR 1 billion).

Elsewhere in Europe, UCITS domiciled in France suffered outflows of EUR 23 billion in the second quarter, on account of net outflows primarily from money market funds (EUR 20 billion). Despite strong net inflows into equity funds, Germany only managed to breakeven in net sales during the quarter. Among the Nordic countries, Sweden, Denmark and Norway recorded net inflows during the second quarter, whereas Finland recorded net outflows. For the Mediterranean region, Italy and Spain continued to experience significant net outflows of EUR 5 billion and EUR 4 billion, respectively. Greece and Portugal also continued to suffer from net outflows.

In the first half of 2011, eight countries have recorded net inflows in excess of EUR 1 billion (Ireland EUR 39 billion, Luxembourg EUR 32 billion, United Kingdom EUR 13 billion, Switzerland EUR 11 billion, Norway EUR 5 billion, the Netherlands EUR 2 billion, Sweden EUR 3 billion and Denmark EUR 2 billion).

Table 1. Net Sales of UCITS ⁽¹⁾

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q2 2011	YTD	Q2 2011	YTD	Q2 2011	YTD	Q2 2011	YTD	Q2 2011	YTD	Q2 2011	YTD
Austria	22	-63	-1,386	-1,719	143	20	90	-187	-271	-407	-1,403	-2,356
Bulgaria	-1	1	-1	-3	-2	-2	-4	1	0	0	-7	-3
Czech Republic	-2	12	5	6	5	-18	-101	-177	52	70	-41	-107
Denmark	210	1,039	491	434	559	716	0	0	-72	-79	1,189	2,111
Finland	-813	-871	1	-29	268	439	385	388	-5	9	-164	-63
France	-2,400	-8,200	-1,500	-2,100	1,300	900	-20,400	-28,000	0	-200	-23,000	-37,600
Germany	1,474	1,337	-652	-2,062	112	1,170	-687	-584	-283	-434	-34	-574
Greece	-27	-37	-76	-167	-19	-41	-286	-255	-26	-65	-434	-565
Hungary	-53	-324	-1	7	5	8	-71	-198	-19	12	-138	-494
Ireland	4,264	9,856	8,282	11,402	1,578	2,981	5,227	4,297	6,992	10,618	26,343	39,153
Italy	-569	-960	-2,299	-6,018	-1,270	-2,729	-1,088	-3,071	0	0	-5,226	-12,778
Liechtenstein	72	76	243	313	84	171	-50	-105	-268	-113	82	341
Luxembourg ⁽³⁾	2,814	6,722	4,646	10,235	15,306	29,969	-12,622	-11,810	-2,345	-3,486	7,799	31,630
Netherlands	417	-212	1,154	1,127	1,166	1,150	0	0	-264	-300	2,473	1,765
Norway	640	1,294	-253	2,953	54	280	-328	342	57	69	170	4,938
Poland	-3	-29	-24	-312	-109	-254	-19	135	15	-10	-140	-470
Portugal	-43	-58	101	84	-20	-32	-395	-743	-94	-156	-452	-905
Romania	-2	-2	29	62	-3	0	51	95	44	101	120	257
Slovakia	5	2	-16	-31	24	45	-78	-122	-2	-24	-67	-131
Slovenia	-7	5	5	12	-9	-18	4	7	0	0	-8	5
Spain	-1,345	-958	-1,416	-526	-500	-1,248	-329	-530	0	0	-3,589	-3,262
Sweden	-261	-671	412	202	449	1,288	326	1,466	366	288	1,292	2,574
Switzerland	1,480	2,903	554	2,175	3,224	5,888	312	203	0	0	5,570	11,170
Turkey	20	74	-179	-315	-106	-126	-188	-342	483	1,007	30	299
United Kingdom	1,767	1,599	1,536	690	888	2,471	150	116	3,447	7,744	7,787	12,620
Total	7,659	12,535	9,656	16,421	23,128	43,028	-30,102	-39,073	7,807	14,644	18,149	47,555

(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 slightly decreased during the second quarter, falling 0.5 percent to stand at EUR 5,921 billion at end June 2011. This fall in net assets reflected decreased net assets of money market funds, which fell by 3.0 percent (EUR 34 billion) during the quarter, and decreased net assets of equity funds, which dropped by 1.2 percent (EUR 26 billion). In contrast, balanced fund assets recorded strong growth during the quarter (4.9% or EUR 46 billion). Bond funds also enjoyed an increase in net assets (1.5% or EUR 21 billion) during the quarter.

The number of UCITS at end June 2011 stood at 36,733, compared to 36,559 at end December 2010.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	30-Jun-11		Change from 31/03/2011		Change from 31/12/2010	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,087	35%	-1.2%	-26	-2.9%	-62
Balanced	989	17%	4.9%	46	7.5%	69
Total Equity & Balanced	3,076	52%	0.7%	20	0.2%	7
Bond	1,404	24%	1.5%	21	0.7%	10
Money Market (MM)	1,107	19%	-3.0%	-34	-5.5%	-64
Funds of funds ⁽³⁾	91	2%	1.1%	1	-9.0%	-9
Other	273	5%	-2.1%	-6	-0.7%	-2
Total	5,921	100%	-0.5%	-29	-1.4%	-87
of which guaranteed funds	188	3%	-0.8%	-2	-0.8%	-2
(1) End of June 2011 compared to end March 2011 assets; (2) end of June 2011 compared to end December 2010 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	30-Jun-11		Change from 31/03/2011		Change from 31/12/2010	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	13,065	39%	-0.4%	-50	0.1%	9
Balanced	8,428	25%	1.5%	124	4.9%	396
Total Equity & Balanced	21,493	65%	0.3%	74	0.6%	132
Bond	6,363	19%	0.3%	22	2.5%	157
Money Market (MM)	1,494	4%	-3.9%	-61	-6.0%	-95
Funds of funds ⁽⁴⁾	1,098	3%	0.0%	0	-16.4%	-215
Other	2,776	8%	0.4%	12	-1.9%	-53
Total (excl. Ireland & Netherlands)	33,224	100%	0.1%	47	0.6%	199
of which guaranteed funds	3,543	11%	-3.4%	-126	-2.6%	-96
Total (incl. Ireland & Netherlands)	36,733		-0.1%	-41	0.5%	174
(1) No full data breakdown is available for Ireland and the Netherlands; (2) end June 2011 compared to end March 2011; (3) end June 2011 compared to end December 2010; (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

Total UCITS net assets decreased by 0.5 percent in the quarter to stand at EUR 5,921 billion at end June 2011. Only four countries recorded growth in net assets during the quarter (Ireland, Switzerland, Norway and Romania), with all other countries witnessing a decline in net assets. Among the largest domiciles of UCITS, Luxembourg, France and the United Kingdom experienced decreases in net assets during the quarter of 0.6 percent, 2.0 percent and 0.3 percent, respectively.

Amongst the Nordic countries, Sweden, Finland and Denmark witnessed net asset declines over the quarter by 2.3 percent, 1.9 percent and 1.0 percent, respectively. All Mediterranean countries suffered during the quarter with Greece suffering from a fall of 12.7 percent in net assets, followed by Portugal (6.9%), Italy (3.4%) and Spain (2.3%). In Eastern Europe, Romania recorded strong growth of 6.0 percent due to continued strong net sales.

During the first half of 2011 total net assets have decreased by 1.4 percent. Despite this fall, seven countries have recorded net asset increases during this period.

Table 4. Net Assets of the European UCITS Industry						
Members	30/06/2011		31/03/2011		31/12/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	80,359	1.4%	82,621	-2.7%	84,725	-5.2%
Belgium	87,478	1.5%	88,121	-0.7%	91,086	-4.0%
Bulgaria	231	0.0%	241	-4.3%	227	1.6%
Czech Republic	4,828	0.1%	4,854	-0.5%	4,806	0.5%
Denmark	66,966	1.1%	67,657	-1.0%	67,556	-0.9%
Finland	52,441	0.9%	53,448	-1.9%	53,293	-1.6%
France	1,172,954	19.8%	1,196,943	-2.0%	1,210,280	-3.1%
Germany	247,337	4.2%	247,507	-0.1%	249,500	-0.9%
Greece	6,188	0.1%	7,085	-12.7%	7,046	-12.2%
Hungary	9,659	0.2%	9,795	-1.4%	9,327	3.6%
Ireland	769,966	13.0%	752,055	2.4%	758,946	1.5%
Italy	161,933	2.7%	167,668	-3.4%	175,358	-7.7%
Liechtenstein	26,713	0.5%	27,071	-1.3%	26,784	-0.3%
Luxembourg	1,857,679	31.4%	1,869,791	-0.6%	1,880,612	-1.2%
Netherlands	62,006	1.0%	62,832	-1.3%	64,305	-3.6%
Norway	67,997	1.1%	67,566	0.6%	63,847	6.5%
Poland	19,028	0.3%	19,267	-1.2%	19,322	-1.5%
Portugal	7,829	0.1%	8,347	-6.2%	8,760	-10.6%
Romania	1,583	0.0%	1,493	6.0%	1,280	23.7%
Slovakia	3,428	0.1%	3,496	-2.0%	3,542	-3.2%
Slovenia	1,985	0.0%	2,016	-1.5%	2,050	-3.2%
Spain	162,020	2.7%	165,699	-2.2%	164,500	-1.5%
Sweden	157,478	2.7%	161,267	-2.3%	162,446	-3.1%
Switzerland ⁽³⁾	207,371	3.5%	194,002	6.9%	207,009	0.2%
Turkey	12,594	0.2%	13,753	-8.4%	15,900	-20.8%
United Kingdom	673,098	11.4%	675,071	-0.3%	675,401	-0.3%
All Funds	5,921,149	100%	5,949,664	-0.5%	6,007,907	-1.4%
<small>(1) End June 2011 compared to end March 2011; (2) end June 2011 compared to end December 2010; (3) the asset growth reflects a growing number of funds captured by Swiss data .</small>						

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 1.0 percent to stand at EUR 2,183 billion during the second quarter. Non-UCITS assets have increased by 2.2 percent over the first half of 2011.

Net assets of special funds have increased by 1.2 percent during the quarter and by 4.3 percent since the end of 2010. Real estate funds have also enjoyed strong net asset growth increasing 2.5 percent since end December, despite a 1.2 percent decline during the second quarter.

The total number of non-UCITS funds stood at 17,260 at end June 2011, up from 17,023 at end 2010.

Special funds experienced reduced net inflows in the second quarter of EUR 16 billion, after recording net inflows of EUR 28 billion in the previous quarter. Year-to-date special funds have enjoyed net inflows of EUR 44 billion, albeit down from net inflows of EUR 62 billion in the first half of 2010.

Table 5. Breakdown of Non-UCITS Assets and Number by Category

Fund types	30/6/2011		31/3/2011		31/12/2010		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/6/2011	31/12/2010
Special / Institutional	1,394	64%	1,377	1.2%	1,337	4.3%	8,065	7,829
German "Spezialfonds"	808	37%	802	0.7%	790	2.3%	3,780	3,815
British investment trusts	63	3%	64	-1.0%	66	-4.2%	315	313
French employees savings	89	4%	94	-5.6%	89	0.0%	2,392	2,397
Luxembourg "other" funds	89	4%	88	1.7%	89	-0.4%	982	993
Real-estate funds	243	11%	246	-1.2%	237	2.5%	884	925
Other	305	14%	336	-10.2%	319	-4.4%	4,622	4,566
Total	2,183		2,162	1.0%	2,137	2.2%	17,260	17,023

(1) End June 2011 compared to end March 2011; (2) End June 2011 compared to end December 2010.

Table 6. Net Sales of Special Funds ⁽¹⁾

Members	2010				2011		
	Q1	Q2	Q3	Q4	Q1	Q2	YTD
Austria	814	315	777	2,068	900	775	1,675
Denmark	669	948	76	6,609	-221	536	315
Finland	3	-591	328	-308	20	-1	18
Germany	14,194	9,053	18,373	22,861	13,894	2,112	16,006
Hungary	147	32	298	242	142	-97	45
Ireland	1,494	5,160	-593	14,397	2,826	4,158	6,984
Italy	-50	5	-199	-197	4	-58	-54
Liechtenstein	n.a	95	5	4	161	135	295
Luxembourg	13,034	11,783	7,908	14,771	8,519	5,895	14,414
Romania	2	-3	0	5	9	3	12
Sweden	32	-24	111	-90	-95	-5	-100
United Kingdom	991	4,283	2,161	-2,678	2,157	2,199	4,356
Total	31,330	31,055	29,247	57,684	28,316	15,652	43,969

(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, edged slightly lower in the second quarter of 2011 by 0.1 percent to stand at EUR 8,104 billion. Year-to-date total assets have decreased by 0.5 percent.

With EUR 5,921 billion invested in UCITS, this segment of the business accounted for just over 73 percent of the fund market at end June 2011, with the remaining 27 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/06/2011		31/03/2011		31/12/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	145,027	1.8%	146,361	-0.9%	147,245	-1.5%
Belgium	93,854	1.2%	94,549	-0.7%	97,229	-3.5%
Bulgaria	233	0.0%	243	-4.3%	229	1.6%
Czech Republic	4,912	0.1%	4,938	-0.5%	4,883	0.6%
Denmark	135,986	1.7%	135,484	0.4%	135,442	0.4%
Finland	60,536	0.7%	61,587	-1.7%	61,506	-1.6%
France	1,476,467	18.2%	1,494,784	-1.2%	1,502,680	-1.7%
Germany	1,140,540	14.1%	1,140,028	0.0%	1,125,277	1.4%
Greece	8,170	0.1%	9,164	-10.8%	9,128	-10.5%
Hungary	14,261	0.2%	14,387	-0.9%	13,002	9.7%
Ireland	974,335	12.0%	953,556	2.2%	962,503	1.2%
Italy	218,522	2.7%	225,163	-2.9%	239,210	-8.6%
Liechtenstein	31,288	0.4%	31,280	0.0%	29,478	6.1%
Luxembourg	2,184,999	27.0%	2,190,896	-0.3%	2,198,988	-0.6%
Netherlands	75,023	0.9%	77,197	-2.8%	78,066	-3.9%
Norway	67,997	0.8%	67,566	0.6%	63,847	6.5%
Poland	29,443	0.4%	29,184	0.9%	28,414	3.6%
Portugal	24,135	0.3%	25,296	-4.6%	25,730	-6.2%
Romania	3,324	0.0%	3,317	0.2%	2,961	12.3%
Slovakia	3,712	0.0%	3,749	-1.0%	3,763	-1.4%
Slovenia	2,116	0.0%	2,231	-5.2%	2,272	-6.9%
Spain	169,024	2.1%	172,808	-2.2%	170,624	-0.9%
Sweden	160,822	2.0%	164,583	-2.3%	166,089	-3.2%
Switzerland ⁽³⁾	268,010	3.3%	250,408	7.0%	260,979	2.7%
Turkey	19,698	0.2%	20,482	-3.8%	18,750	5.1%
United Kingdom	791,677	9.8%	792,619	-0.1%	793,957	-0.3%
All Funds	8,104,111	100.0%	8,111,860	-0.1%	8,142,251	-0.5%
UCITS	5,921,149	73.1%	5,949,664	-0.5%	6,007,907	-1.4%
Non-UCITS	2,182,962	26.9%	2,162,196	1.0%	2,134,343	2.3%

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