

***Trends in the European Investment Fund Industry
in the Fourth Quarter of 2011
and
Results for the Full Year 2011***

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Highlights

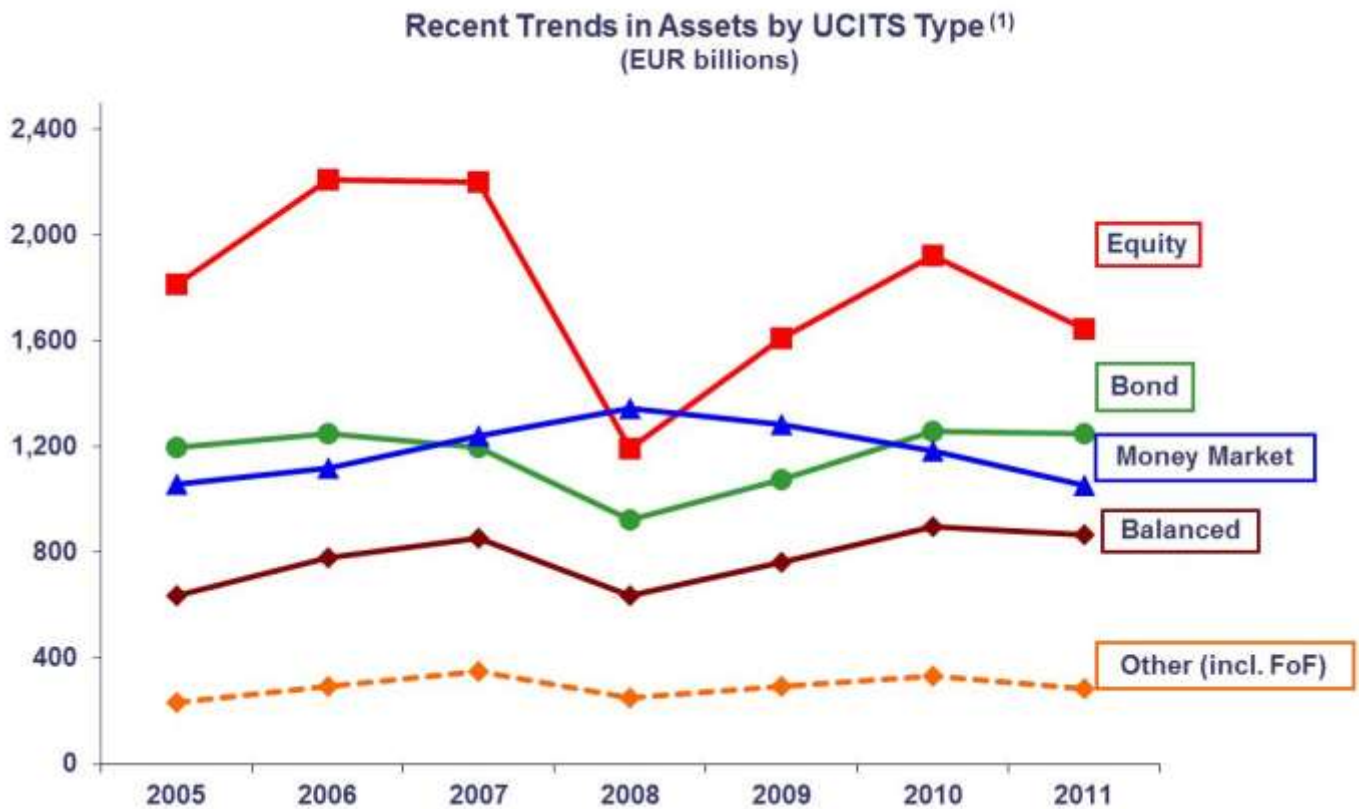
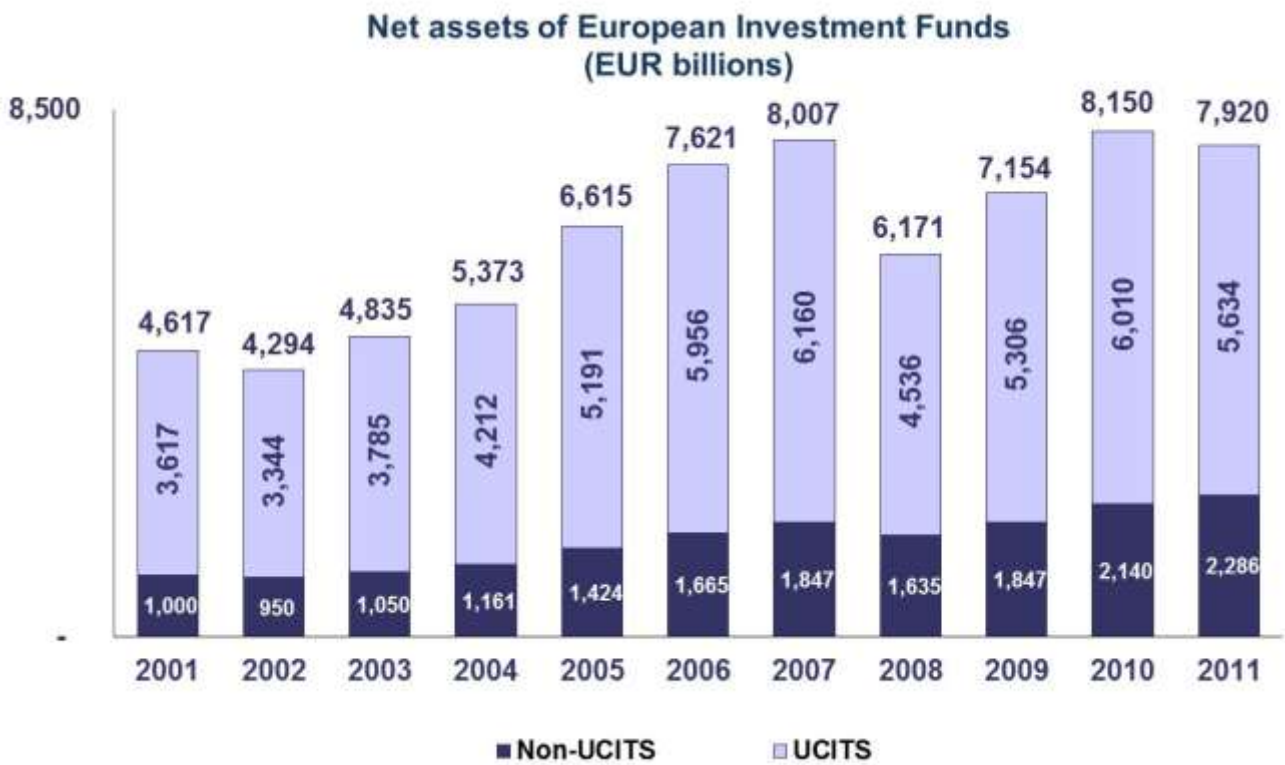
2011 was a year of two halves for investment funds. Despite negative surprises, in particular the earthquake in Japan and the tensions in oil prices, UCITS continued to attract net new money during the first half of the year. The second half was dominated by the intensification of the euro area sovereign debt crisis and the worsening of the global economic outlook, which triggered a strong resurgence in risk aversion and a sharp fall in the demand for long-term UCITS.

Asset growth and net sales in 2011:

- **Investment fund assets in Europe decreased by 2.8 percent to EUR 7,920 billion:** overall, net assets of UCITS decreased by 6.2 percent to EUR 5,634 billion, after registering net outflows of EUR 88 billion during the year. Net assets of non-UCITS increased by 6.8 percent to EUR 2,286 billion, on the back of continued strong net inflows into special funds (EUR 101 billion).
- **Long-term UCITS experienced a sharp decline in demand:** long-term UCITS experienced net outflows of EUR 55 billion in 2011, against net inflows of EUR 290 billion in 2010. This reversal started in August when the downgrading of the U.S. government debt and the euro crisis unraveled financial markets, leading to strong withdrawals from equity, bond and balanced funds.
- **Intense competition from the banking sector affected demand for money market funds:** money market funds continued to record net outflows in 2011, albeit less than in 2010 (EUR 33 billion compared to EUR 122 billion).
- **Strong demand for non-UCITS continued in 2011:** special funds attracted EUR 101 billion in net new money throughout the year, as insurance companies, pension funds and other institutional investors continued to use these vehicles to invest the recurrent contributions collected from their members. This compares against net inflows of EUR 145 billion in 2010.

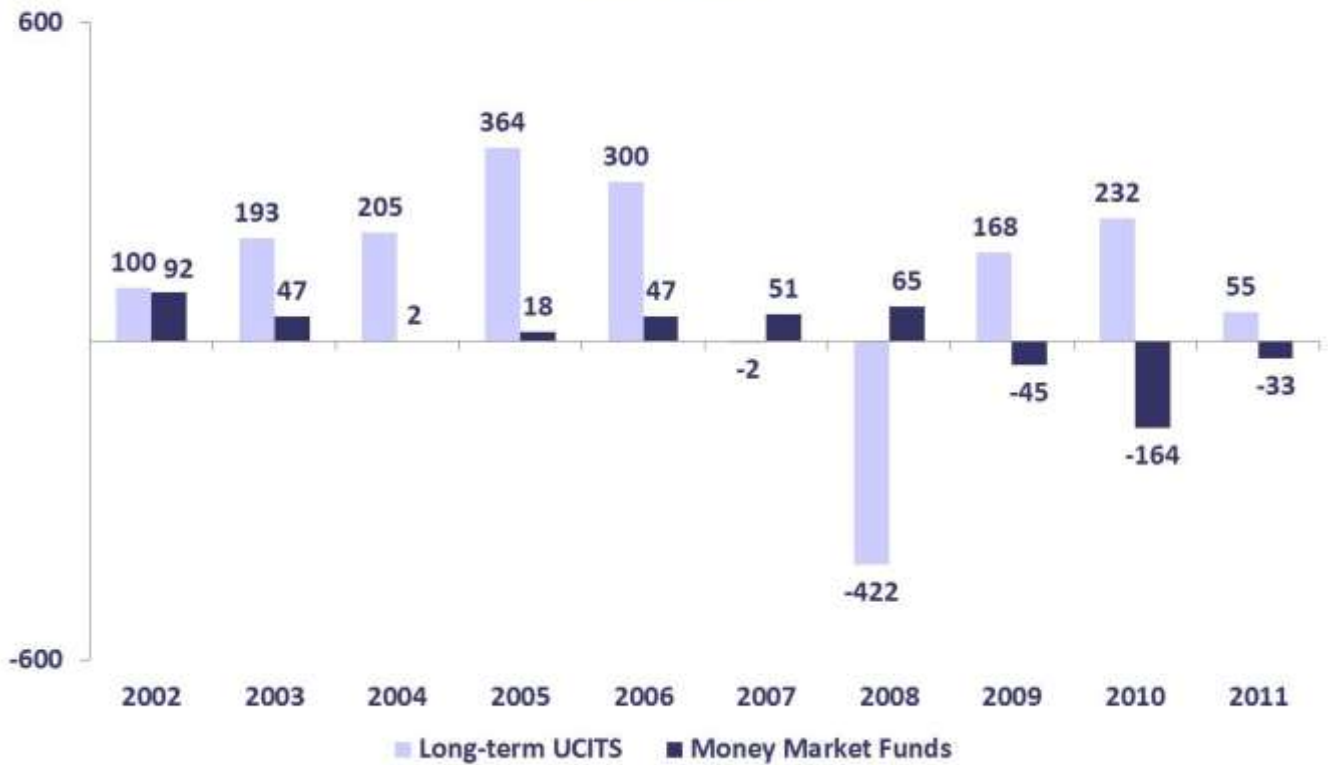
Key Developments in 2011:

- **Buoyant cross-border fund business continued to grow:** the market share of Luxembourg and Ireland in the UCITS industry increased to 45.8 percent at end 2011, compared to 43.9 percent a year earlier. Total net sales of UCITS domiciled in Ireland alone recorded EUR 62 billion in 2011.
- **Uncertainty regarding the global economic outlook increased risk aversion in the second half of 2011:** volatile stock markets and geopolitical events, coupled with downward revision of growth prospects, triggered a decline in stock prices (by way of illustration, the Euro STOXX 600 index fell by 11.5 percent in 2011) and net outflows from equity funds.
- **Strong growth over the last decade:** UCITS and non-UCITS assets at end 2001 stood at EUR 4,617 billion. Total assets of investment funds stood at EUR 7,920 at end 2011. Total assets at end 2011 stood 72 percent higher than at end 2001 and 28 percent higher than at end 2008 during the midst of the financial crisis.
- **Crucial contribution to the European economy:** total investment fund assets represented 63 percent of the European Union's GDP at end 2011. This confirms the important contribution of investment funds as financial vehicles raising capital from retail and institutional investors, and providing funding to other sectors (monetary financial institutions, non-financial corporations and government agencies).

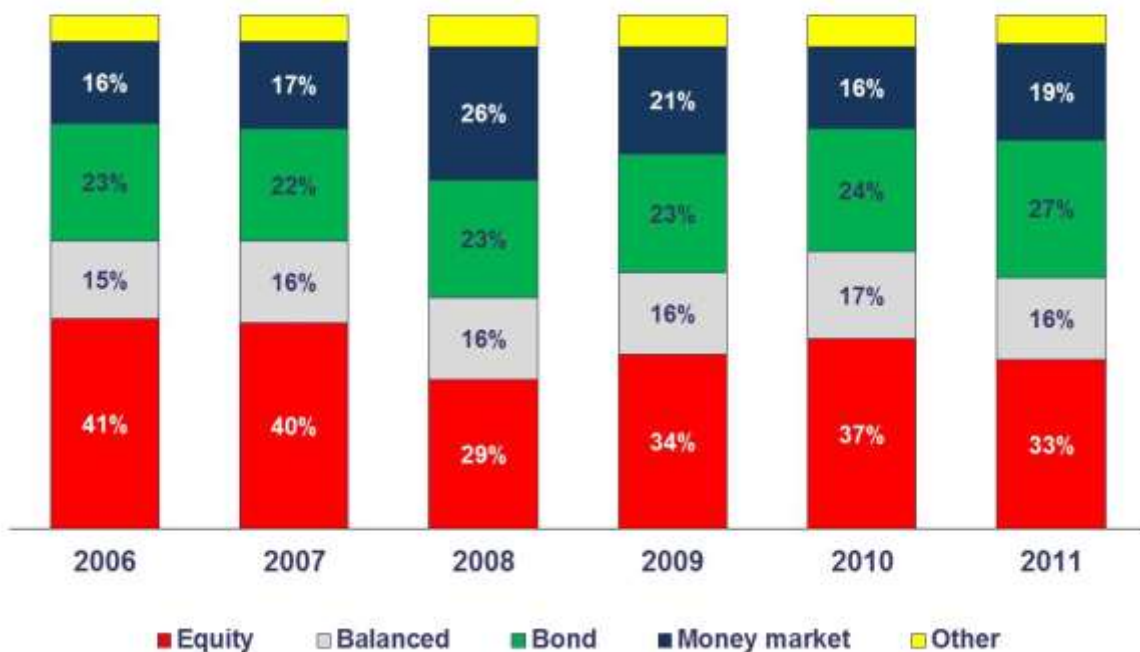


(1) Excluding Ireland, except for money market funds.

Net Sales of Long-term UCITS and Money Market Funds ⁽¹⁾
(EUR billions)



Asset Allocation by UCITS Type ⁽¹⁾
(in percent)



(1) Excluding Ireland pre 2011.

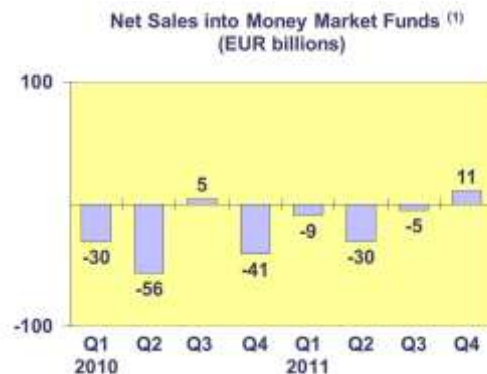
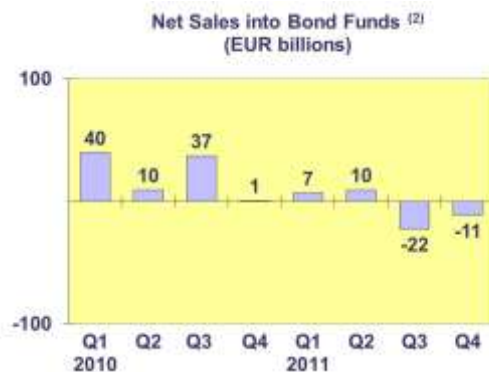
Trends in the UCITS Market

Net Sales by Investment Type

Investors remained anxious in the fourth quarter, as market volatility and uncertainty continued to dampen investors risk appetite. UCITS net outflows amounted to EUR 50 billion, down from EUR 83 billion in the third quarter of 2011.

Long-term funds experienced reduced net outflows during the quarter of EUR 61 billion, compared to EUR 78 billion the third quarter. On the other hand, money market funds recorded net inflows during the quarter, EUR 11 billion against net outflows of EUR 5 billion in the previous quarter.

Overall in 2011, UCITS witnessed net outflows of EUR 88 billion, with long-term UCITS recording net outflows of EUR 55 billion. Equity, bond and money market funds all recorded large new withdrawals during 2011. Balanced funds continued to attract net inflows of EUR 19 billion during the year, as investors sought diversification and risk reduction during uncertain times.



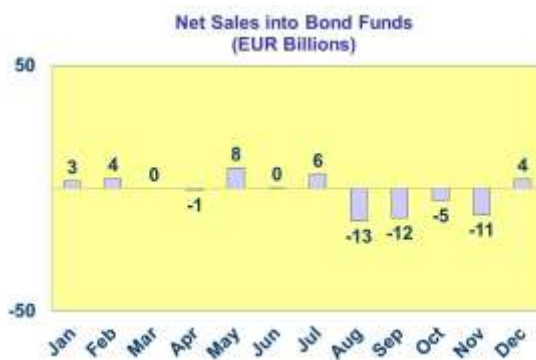
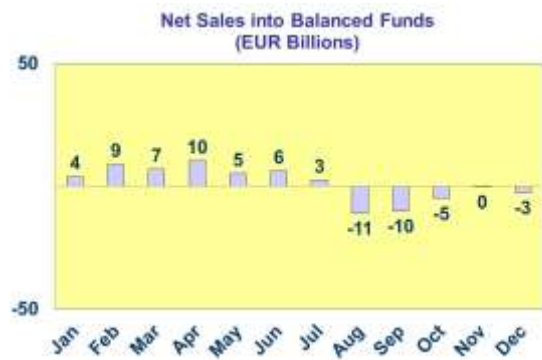
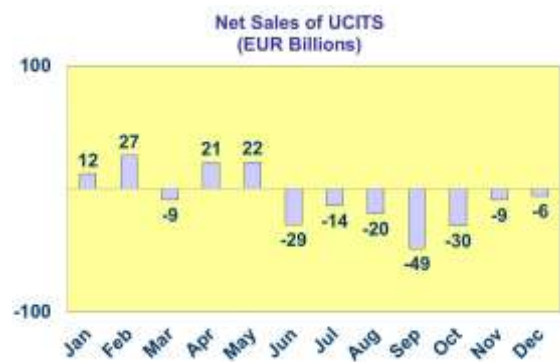
(1) Including Ireland for all quarters.

(2) Including Ireland from Q1 2011.

Trends in the UCITS Market

Net Sales by Investment Type

Investor sentiment ultimately improved during the fourth quarter, despite volatility on account of persistent concerns regarding the European sovereign debt crisis and the global economic outlook. This can be seen from the trends in monthly net sales¹ for UCITS. Long-term funds witnessed a retreat in net outflows in the latter part of the fourth quarter, helped by net inflows into bond funds and a sharp reduction in net outflows from equity funds. Net withdrawals from UCITS reduced every month throughout the fourth quarter as measures taken to support euro area banks and strengthen fiscal discipline helped assuage investor concerns.



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

Five countries recorded net inflows into UCITS in the fourth quarter of 2011. Ireland attracted net inflows of EUR 26 billion, followed by Sweden (EUR 3 billion), Denmark (EUR 1 billion), and the United Kingdom (EUR 1 billion). Bulgaria also recorded net inflows during the quarter.

Net outflows were registered in twenty countries during the quarter, with three countries recording outflows in excess of EUR 10 billion (France EUR 31 billion, Luxembourg EUR 15 billion, and Italy EUR 12 billion). Elsewhere in Europe, net outflows in excess of EUR 1 billion were recorded by UCITS domiciled in Germany (EUR 3 billion), Spain (EUR 3 billion), Austria (EUR 2 billion), Norway (EUR 1 billion) and Switzerland (EUR 1 billion). The Netherlands experienced net withdrawals of EUR 8 billion on account of a restructuring of a fund.

2011 witnessed nine countries having recorded net inflows. Ireland led the way recording EUR 62 billion in net new money in 2011, followed by the United Kingdom EUR 13 billion, Switzerland EUR 6 billion, Sweden EUR 4 billion, Norway EUR 3 billion, Denmark EUR 2 billion, Romania EUR 0.2 billion and Bulgaria EUR 6 million. All other countries recorded net outflows in 2011, with six countries experiencing annual outflows in excess of EUR 5 billion (France EUR 91 billion, Italy EUR 30 billion, Luxembourg EUR 24 billion, Spain EUR 8 billion, the Netherlands EUR 7 billion, and Austria EUR 6 billion).

Table 1. Net Sales of UCITS ⁽¹⁾												
Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q4 2011	2011	Q4 2011	2011	Q4 2011	2011	Q4 2011	2011	Q4 2011	2011	Q4 2011	2011
Austria	-154	-864	-952	-3,296	-191	-272	-154	-271	-240	-1,126	-1,692	-5,829
Bulgaria	0	0	-1	-5	-2	-4	8	13	2	2	6	6
Czech Republic	13	33	-62	-42	20	-41	-68	-337	-6	83	-103	-304
Denmark	143	-502	119	858	324	1,449	0	-1	-6	-84	581	1,720
Finland	152	-1,862	-349	-841	-56	298	-327	1,147	-7	11	-586	-1,247
France	-12,300	-27,200	100	-9,400	-800	-5,800	-16,400	-50,000	-1,900	1,500	-31,300	-90,900
Germany	891	2,619	-1,789	-2,958	-1,749	-1,172	-6	-217	-307	-1,980	-2,961	-3,708
Greece	-37	-104	-64	-315	-23	-82	-165	-482	-105	-230	-394	-1,214
Hungary	-12	-372	-151	-197	14	23	-103	-324	-10	-89	-262	-958
Ireland	-2,395	3,756	7,969	19,095	338	4,545	18,113	17,655	1,867	16,599	25,892	61,649
Italy	-488	-1,948	-5,125	-13,585	-2,184	-6,430	-3,792	-8,522	0	0	-11,589	-30,486
Liechtenstein ⁽³⁾	NA	76	NA	313	NA	171	NA	-105	NA	-113	NA	341
Luxembourg ⁽⁴⁾	-10,893	-28,393	-10,275	-11,831	-3,912	21,690	14,442	6,561	-3,987	-11,741	-14,625	-23,714
Malta	54	52	-6	17	-26	-3	0	0	-25	-103	-2	-37
Netherlands	-713	-1,104	-176	527	-218	949	0	0	-7,199	-7,440	-8,306	-7,068
Norway	-1,315	-306	-332	2,489	1	202	205	888	11	101	-1,429	3,374
Poland	-111	-686	-52	342	-110	-572	-99	317	-165	-600	-537	-1,200
Portugal	-93	-268	-116	-204	-53	-125	-127	-1,022	-241	-594	-629	-2,213
Romania	5	8	14	104	-6	-9	-30	80	-47	65	-65	248
Slovakia	-4	-19	-39	-97	-27	-30	-278	-571	-22	-110	-370	-828
Slovenia	-20	-40	5	18	-22	-65	2	13	-1	-3	-36	-77
Spain	-1,337	-3,917	-1,062	-1,842	-419	-2,034	-48	-674	0	0	-2,866	-8,468
Sweden	1,862	-2,859	-352	931	1,413	2,531	278	3,867	-378	-289	2,823	4,182
Switzerland	701	4,144	-616	957	-1,289	1,041	-197	198	0	0	-1,400	6,341
Turkey	-13	55	-98	-509	-131	-388	-885	-1,921	186	1,708	-940	-1,054
United Kingdom	-2,886	1,009	2,148	2,665	504	3,619	399	519	360	5,251	525	13,059
Total	-28,951	-58,695	-11,260	-16,805	-8,601	19,490	10,767	-33,191	-12,221	819	-50,267	-88,385
⁽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 only available for first half of 2011; ⁽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 increased by 2.9 percent during the fourth quarter to stand at EUR 5,634 billion at end December 2011, against EUR 5,475 billion at end September 2011 and EUR 6,010 billion at end December 2010.

Net assets of equity funds rebounded sharply during the quarter to stand 5.8 percent (EUR 101 billion) higher than at end September. Balanced funds experienced a modest increase in net assets of 1.8 percent (EUR 16 billion). Funds of funds experienced a decrease in net assets of 5.6 percent during the quarter (EUR 3 billion). Bond funds registered a jump in net assets (8.8% or EUR 122 billion), whilst money market fund assets experienced a 6.2 percent (EUR 70 billion) reduction in assets during the quarter. Part of this shift is attributable to a reclassification of money market funds to comply with the CESR/ESMA guidelines on money market funds.¹

The number of UCITS at end December 2011 decreased by 1.3 percent since end 2010 to stand at 36,147.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	30-Dec-11		Change from 30/09/2011		Change from 31/12/2010	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	1,853	33%	5.8%	101	-13.8%	-296
Balanced	905	16%	1.8%	16	-1.7%	-15
Total Equity & Balanced	2,758	49%	4.4%	117	-10.1%	-311
Bond	1,511	27%	8.8%	122	8.4%	117
Money Market (MM)	1,054	19%	-6.2%	-70	-10.0%	-117
Funds of funds ⁽³⁾	56	1%	-5.6%	-3	-44.5%	-45
Other	256	5%	-2.2%	-6	-6.9%	-19
Total	5,634	100%	2.9%	159	-6.2%	-374
of which guaranteed funds	182	3%	-3.0%	-6	-4.0%	-8
(1) End December 2011 compared to end September 2011 assets; (2) end December 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-Dec-11		Change from 30/09/2011		Change from 31/12/2010	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	12,841	39%	-0.8%	-99	-1.6%	-215
Balanced	8,382	26%	0.6%	46	4.4%	350
Total Equity & Balanced	21,223	65%	-0.2%	-53	-0.6%	-138
Bond	6,392	20%	0.0%	-2	3.0%	186
Money Market (MM)	1,403	4%	-2.4%	-35	-11.7%	-186
Funds of funds ⁽⁴⁾	894	3%	-1.9%	-17	-31.9%	-419
Other	2,655	8%	-2.6%	-70	-6.2%	-174
Total (excl. Ireland & Netherlands)	32,567	100%	-0.5%	-177	-1.4%	-458
of which guaranteed funds	3,492	11%	-3.3%	-120	-4.0%	-147
Total (incl. Ireland & Netherlands)	36,147		-0.4%	-147	-1.3%	-458
(1) No full data breakdown is available for Ireland and the Netherlands; (2) end December 2011 compared to end September 2011; (3) end December 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.						

¹ The money market fund statistics still need to be adjusted to the CESR/ESMA guidelines in the following countries: Belgium, Bulgaria, Hungary, Italy, Luxembourg, Norway, Portugal, Romania, Sweden, Switzerland and the United Kingdom.

Trends in the UCITS Market

Net Assets by Country of Domiciliation

Total UCITS net assets increased by 2.9 percent in the quarter to stand at EUR 5,634 billion at end December 2011. Strong growth was recorded among many of the largest domiciles of UCITS. Ireland led the way with growth reaching 8.6 percent. The United Kingdom enjoyed growth of 7.6 percent, whilst Luxembourg and Germany also grew by 3.2 percent and 2.0 percent respectively. France registered a slight reduction (1.1%) in net assets during the quarter. The Nordic countries all witnessed growth during the quarter with Sweden growing by 9.1 percent. In the Mediterranean region, Italy suffered a drop in net assets during the quarter of 6.5 percent. Spain saw its assets decrease by 1.3 percent, whilst Portugal and Greece experienced a reduction in net assets of 8.3 and 14.1 percent respectively. In Central Europe, Hungary recorded a decrease in net assets of 19.3 percent, due mainly to the nationalization of pension fund assets.

Year-on-year total UCITS net assets have decreased by 6.2 percent. Despite most countries experiencing a decline in net assets, some countries did manage to record growth in 2011. Ireland led the way with growth of 8.0 percent, followed by Switzerland, which experienced growth of 1.9 percent.

Table 4. Net Assets of the European UCITS Industry						
Members	30/12/2011		30/09/2011		31/12/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	74,329	1.3%	75,788	-1.9%	84,725	-12.3%
Belgium ⁽³⁾	79,131	1.4%	79,131	NA	91,086	-13.1%
Bulgaria	226	0.0%	226	0.3%	227	-0.3%
Czech Republic	4,119	0.1%	4,375	-5.8%	4,806	-14.3%
Denmark	65,856	1.2%	62,373	5.6%	67,556	-2.5%
Finland	48,066	0.9%	46,969	2.3%	53,293	-9.8%
France	1,068,141	19.0%	1,080,382	-1.1%	1,210,280	-11.7%
Germany	226,456	4.0%	221,914	2.0%	249,500	-9.2%
Greece	4,417	0.1%	5,140	-14.1%	7,046	-37.3%
Hungary	6,337	0.1%	7,856	-19.3%	9,327	-32.1%
Ireland	820,041	14.6%	754,903	8.6%	758,946	8.0%
Italy	139,697	2.5%	149,371	-6.5%	175,358	-20.3%
Liechtenstein	25,467	0.5%	25,769	-1.2%	26,784	-4.9%
Luxembourg	1,760,155	31.2%	1,704,978	3.2%	1,880,612	-6.4%
Malta	1,648	0.0%	1,669	-1.3%	1,841	-10.5%
Netherlands	53,448	0.9%	59,085	-9.5%	64,305	-16.9%
Norway	61,828	1.1%	59,614	3.7%	63,847	-3.2%
Poland	14,414	0.3%	15,197	-5.2%	19,322	-25.4%
Portugal	6,018	0.1%	6,565	-8.3%	8,760	-31.3%
Romania ⁽⁴⁾	1,846	0.0%	1,871	-1.3%	1,280	44.2%
Slovakia	2,656	0.0%	3,011	-11.8%	3,542	-25.0%
Slovenia	1,790	0.0%	1,752	2.2%	2,050	-12.7%
Spain	150,877	2.7%	152,792	-1.3%	164,500	-8.3%
Sweden	147,042	2.6%	134,790	9.1%	162,446	-9.5%
Switzerland	211,037	3.7%	205,222	2.8%	207,009	1.9%
Turkey	10,866	0.2%	11,569	-6.1%	15,900	-31.7%
United Kingdom	648,406	11.5%	602,584	7.6%	675,401	-4.0%
All Funds	5,634,313	100%	5,474,897	2.9%	6,009,748	-6.2%

(1) End December 2011 compared to end September 2011; (2) end December 2011 compared to end December 2010; (3) Belgian data as of end September 2011; (4) asset growth since end 2010 includes two additional funds captured by Romanian data.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Total non-UCITS assets increased by 3.9 percent during the fourth quarter to stand at EUR 2,286 billion. Net assets of special funds grew by 4.5 percent during the quarter. Real estate funds recorded net asset growth of 3.6 percent.

Since end December 2010 non-UCITS assets have increased by 6.8 percent, thanks to strong growth in special funds and real estate funds. Special funds continued to record net inflows in the fourth quarter of EUR 32 billion, compared to EUR 21 billion in the previous quarter. Special funds have enjoyed net inflows of EUR 101 billion in 2011, compared to EUR 145 period in 2010.

The total number of non-UCITS funds stood at 18,218 at end 2011, up from 17,359 at end 2010.

Table 5. Breakdown of Non-UCITS Assets and Number by Category								
Fund types	30/12/2011		30/9/2011		31/12/2010		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/12/2011	31/12/2010
Special / Institutional	1,495	65%	1,428	4.5%	1,343	11.3%	8,491	7,827
German "Spezialfonds"	822	36%	797	3.0%	790	4.0%	3,768	3,815
British investment trusts	58	3%	55	5.2%	66	-11.8%	307	313
French employees savings	87	4%	89	-2.8%	89	-2.7%	2,342	2,397
Luxembourg "other" funds	85	4%	84	0.7%	89	-5.3%	938	993
Real-estate funds	250	11%	241	3.6%	237	5.5%	975	856
Other	312	14%	304	2.5%	316	-1.3%	5,165	4,973
Total	2,286	100%	2,201	3.9%	2,140	6.8%	18,218	17,359
(1) End December 2011 compared to end September 2011; (2) end December 2011 compared to end December 2010.								

Table 6. Net Sales of Special Funds ⁽¹⁾						
Members	2010	2011				
	Total	Q1	Q2	Q3	Q4	Total
Austria	3,974	900	775	-389	-133	1,153
Denmark	8,389	-221	536	1,790	7	2,113
Finland	136	20	-1	-97	-37	-116
Germany	64,951	13,894	2,112	4,830	23,139	43,975
Hungary	715	142	-97	-529	-513	-996
Ireland	20,457	2,826	4,158	3,180	5,138	15,302
Italy	-442	4	-58	68	25	40
Liechtenstein	4	161	135	NA	NA	295
Luxembourg	47,496	8,519	5,895	10,943	3,641	28,998
Romania	3	9	3	2	3	17
Sweden	30	-95	-5	21	47	-32
United Kingdom	-612	4,672	3,111	1,135	927	9,846
Total	145,102	30,831	16,564	20,954	32,244	100,595
(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 3.2 percent in the fourth quarter of 2011 to stand at EUR 7,920 billion. Since end 2010 investment fund assets have experienced a reduction in net assets of 2.8 percent.

With EUR 5,634 billion invested in UCITS, this segment of the business accounted for just over 71 percent of the fund market at end 2011, with the remaining 29 percent composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	30/12/2011		30/09/2011		31/12/2010	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	137,487	1.7%	139,182	-1.2%	147,245	-6.6%
Belgium ⁽³⁾	85,043	1.1%	85,043	NA	97,229	-12.5%
Bulgaria	228	0.0%	228	0.3%	229	-0.4%
Czech Republic	4,198	0.1%	4,456	-5.8%	4,883	-14.0%
Denmark	139,007	1.8%	131,695	5.6%	135,442	2.6%
Finland	55,387	0.7%	54,107	2.4%	61,506	-9.9%
France	1,380,953	17.4%	1,383,895	-0.2%	1,502,680	-8.1%
Germany	1,133,874	14.3%	1,104,292	2.7%	1,125,277	0.8%
Greece	6,304	0.1%	7,075	-10.9%	9,128	-30.9%
Hungary	9,037	0.1%	11,887	-24.0%	13,002	-30.5%
Ireland	1,055,268	13.3%	970,574	8.7%	962,503	9.6%
Italy	193,296	2.4%	204,589	-5.5%	239,210	-19.2%
Liechtenstein	29,979	0.4%	30,188	-0.7%	29,478	1.7%
Luxembourg	2,096,512	26.5%	2,032,077	3.2%	2,198,988	-4.7%
Malta	8,165	0.1%	8,009	1.9%	7,972	2.4%
Netherlands	64,515	0.8%	70,725	-8.8%	78,066	-17.4%
Norway	61,828	0.8%	59,614	3.7%	63,847	-3.2%
Poland	25,325	0.3%	24,181	4.7%	28,414	-10.9%
Portugal	22,102	0.3%	22,309	-0.9%	25,730	-14.1%
Romania ⁽⁴⁾	3,382	0.0%	3,417	-1.0%	2,961	14.2%
Slovakia	3,201	0.0%	3,358	-4.7%	3,763	-14.9%
Slovenia	1,790	0.0%	1,752	2.2%	2,272	-21.2%
Spain	156,412	2.0%	159,704	-2.1%	170,624	-8.3%
Sweden	150,434	1.9%	137,927	9.1%	166,089	-9.4%
Switzerland	272,541	3.4%	262,072	4.0%	260,979	4.4%
Turkey	19,068	0.2%	18,216	4.7%	18,750	1.7%
United Kingdom	805,110	10.2%	745,064	8.1%	793,957	1.4%
All Funds	7,920,446	100.0%	7,675,637	3.2%	8,150,223	-2.8%
UCITS	5,634,313	71.1%	5,474,897	2.9%	6,009,748	-6.2%
Non-UCITS	2,286,133	28.9%	2,200,739	3.9%	2,140,475	6.8%

(1) End December 2011 compared to end September 2011; (2) end December 2011 compared to end December 2010; (3) Belgian data as of end September 2011; (4) asset growth since end 2010 includes two additional funds captured by Romanian data.