

Trends in the European Investment Fund Industry

in the Second Quarter of 2014

&

Results for the first half of 2014

This report was prepared by Bernard Delbecque and Jonathan Healy

EFAMA

The European Fund and Asset Management Association

Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: info@efama.org

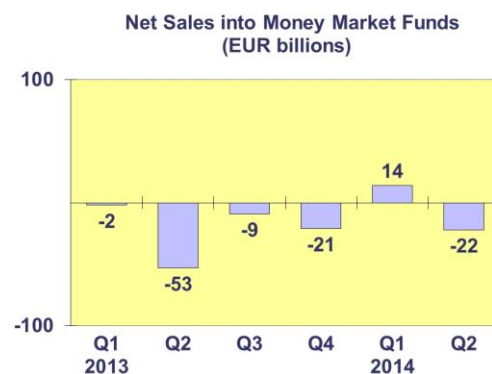
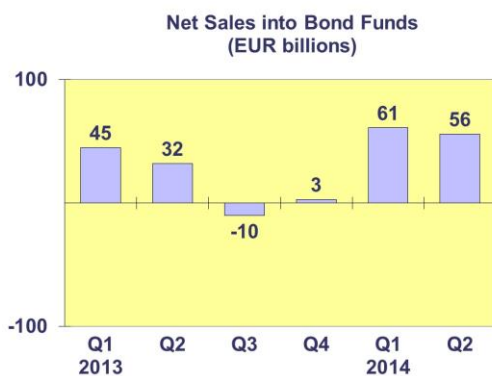
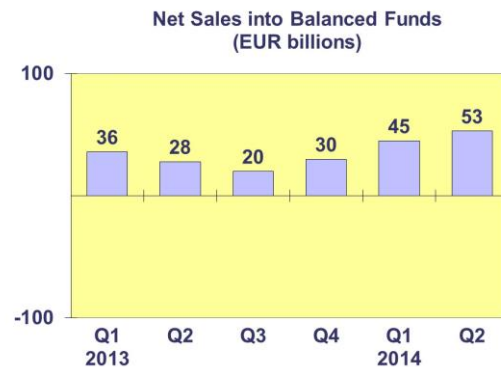
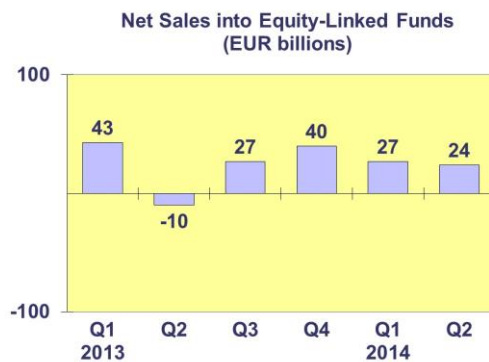
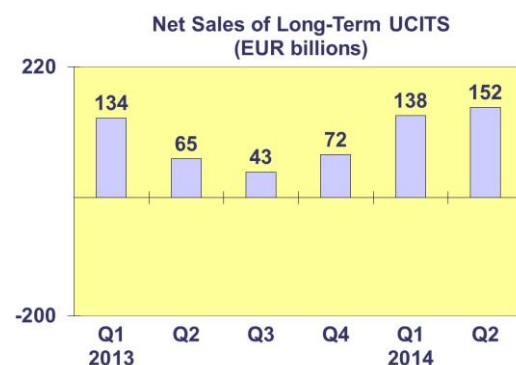
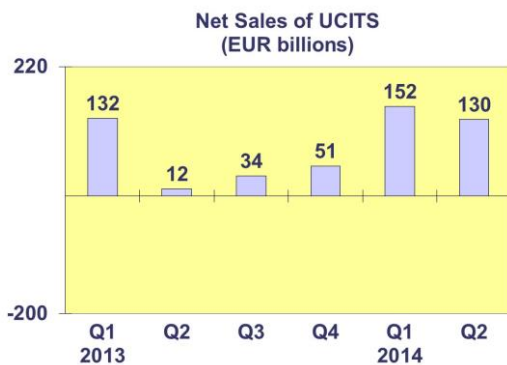
Trends in the UCITS Market

Net Sales by Investment Type

UCITS net sales remained high at EUR 130 billion during the second quarter of 2014, albeit down from EUR 152 billion in the previous quarter.

Long-term UCITS attracted EUR 152 billion in net new money during the quarter, being the largest quarterly net inflows since the first quarter of 2006. Demand for bond funds reduced to EUR 56 billion from EUR 61 billion in the previous quarter. Net inflows to equity funds fell to EUR 24 billion, from EUR 27 billion in the first quarter. In contrast, net sales of balanced funds increased during the quarter to EUR 53 billion from EUR 45 billion in the first quarter. Money market funds registered net outflows of EUR 22 billion during the quarter, against net inflows of EUR 14 billion in the first quarter.

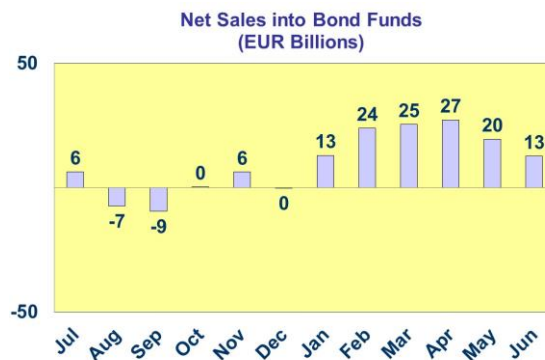
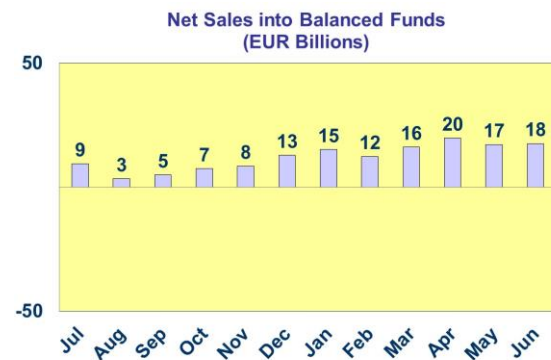
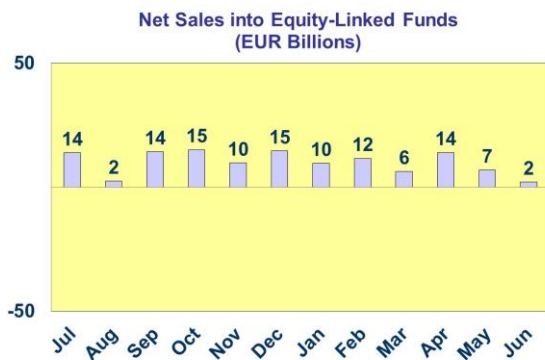
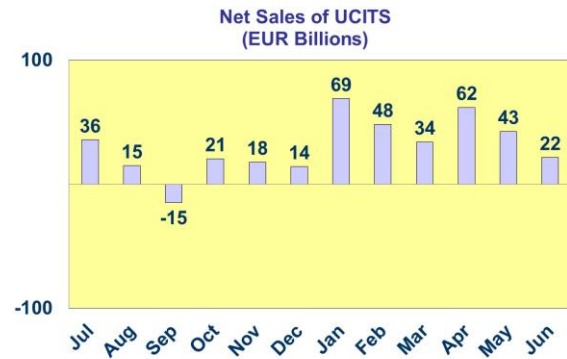
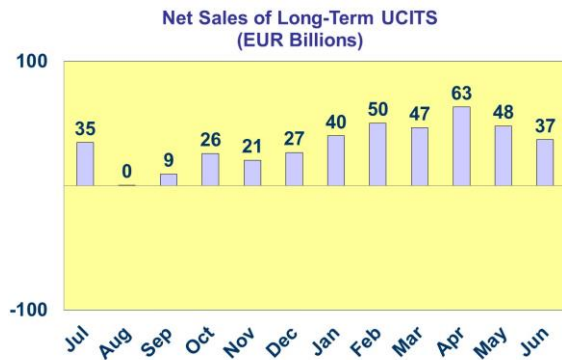
In the first half of 2014, UCITS net sales totalled EUR 283 billion, marking a significant increase on 2013 when net sales amounted to EUR 144 billion over the same period. Net sales of long-term UCITS rose to EUR 291 billion, up from EUR 199 billion in the first half of 2013.



Trends in the UCITS Market

Net Assets by Investment Type

Demand for long-term funds reduced during the quarter as heightened geopolitical risks, coupled with mixed economic data increased investor caution. This can be seen from the trends in monthly net sales¹. Demand for bond and equity funds reduced month-on-month during the quarter, whereas net sales of balanced funds remained at relatively high levels during the quarter as investors were attracted by the diversification offered by this fund type during a time of increasing economic uncertainty and rising geopolitical tensions in Ukraine and the Middle East. Money market funds registered increased net outflows each month during the quarter.



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

Twenty-two countries registered net inflows in the second quarter of 2014, with ten countries recording net inflows greater than EUR 1 billion and three countries recording net inflows over EUR 10 billion.

Luxembourg attracted net sales of EUR 66 billion during the quarter, followed by Ireland (EUR 36 billion), Spain (EUR 10 billion) and Italy (EUR 8 billion). The United Kingdom registered net inflows of EUR 7 billion and Germany registered EUR 2 billion of net new money. In contrast, France registered net outflows during the quarter of EUR 11 billion, primarily on account of large net outflows from money market funds (EUR 15 billion). The Nordic countries enjoyed large net inflows with Sweden attracting EUR 5 billion, followed by Denmark (EUR 3 billion), Norway (EUR 2 billion) and Finland (EUR 1 billion).

Over the first half of 2014, eighteen countries registered net inflows. The top five domiciles for net inflows over this period were Luxembourg (EUR 134 billion), Ireland (EUR 65 billion), Spain (EUR 21 billion), the United Kingdom (EUR 16 billion) and Italy (EUR 14 billion).

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds ⁽²⁾		Total	
	Q2 2014	2014	Q2 2014	2014	Q2 2014	2014	Q2 2014	2014	Q2 2014	2014	Q2 2014	2014
Austria	-11	-213	-604	-1,837	177	238	-14	-19	298	583	-154	-1,248
Bulgaria	4	13	6	31	6	7	1	-2	0	1	16	49
Croatia	-1	-11	17	25	-3	-7	12	-81	-1	-2	24	-76
Czech Republic	18	43	6	-6	68	137	-2	-12	96	193	186	354
Denmark	1,214	980	1,534	1,809	152	338	32	32	-42	-52	2,890	3,107
Finland	1,083	740	629	1,471	406	776	-851	-1,155	84	84	1,351	1,916
France	-2,700	-4,000	3,900	11,600	2,600	2,300	-15,100	-10,200	400	-100	-10,900	-400
Germany	511	-378	-798	184	2,025	3,378	-71	-180	92	192	1,759	3,196
Greece	3	-28	-4	16	-15	-9	4	68	-2	-10	-14	36
Hungary	21	41	262	610	40	67	-111	-98	196	360	408	979
Ireland	2,955	7,788	18,196	25,683	2,601	4,349	3,162	13,878	8,854	13,625	35,767	65,322
Italy	-368	-655	-174	-625	9,110	17,127	-857	-1,430	0	0	7,711	14,417
Liechtenstein	282	346	-166	-375	-44	-108	-497	-919	27	-59	-397	-1,114
Luxembourg ⁽³⁾	12,103	35,259	27,373	45,923	30,288	58,152	-8,455	-8,934	4,381	3,357	65,690	133,757
Malta	32	-121	65	97	21	27	8	8	-20	-64	104	-54
Netherlands	-2	-2,549	76	1,045	-192	-692	0	0	91	-40	-27	-2,236
Norway	590	212	1,132	12,391	318	727	272	674	10	49	2,321	14,054
Poland	-26	-4	216	0	-57	-118	76	409	-44	-26	164	261
Portugal	22	45	110	222	-4	30	92	162	254	667	473	1,125
Romania	5	8	57	194	2	12	-2	5	133	240	194	460
Slovakia	-9	-16	87	103	67	138	0	-7	0	0	145	218
Slovenia	9	12	5	5	-6	-15	-2	-3	0	0	6	-1
Spain	2,094	4,507	2,546	7,242	6,225	9,703	-471	-586	0	0	10,395	20,865
Sweden	2,063	1,316	1,837	3,197	403	430	390	1,198	318	530	5,011	6,671
Switzerland	-15	2,262	459	3,172	397	1,857	-332	-828	0	0	510	6,463
Turkey	-20	-24	485	473	61	-142	-321	-1,263	-5	-63	201	-1,018
United Kingdom	4,301	5,548	-755	4,895	659	1,194	940	884	1,408	3,154	6,553	15,676
Total	24,157	51,119	56,497	117,546	55,303	99,895	-22,097	-8,398	16,529	22,620	130,388	282,780

(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 5.0 percent to EUR 7,464 billion at end June 2014. Over the first half of 2014, net assets of UCITS have increased 8.7 percent.

Net assets of equity funds increased 5.2 percent during the quarter to EUR 2,727 billion. Bond fund net assets rose 5.8 percent to EUR 2,152 billion. Balanced funds enjoyed strong net asset growth of 7.7 percent during the quarter to stand at EUR 1,258 billion. In contrast, money market funds registered a reduction in net assets of 1.2 percent to EUR 917 billion at quarter end.

The number of UCITS at end June 2014 stood at 35,884 compared to 35,618 at end December 2013.

UCITS types	30-Jun-14		Change from 31/3/2014		Change from 31/12/2013	
	EUR bn	Share	in % ⁽¹⁾	in EUR bn	in % ⁽²⁾	in EUR bn
Equity	2,727	37%	5.2%	135	7.7%	196
Balanced	1,258	17%	7.7%	90	13.0%	145
Total Equity & Balanced	3,985	53%	5.9%	223	9.4%	341
Bond	2,152	29%	5.8%	118	10.8%	210
Money Market (MM)	917	12%	-1.2%	-11	0.5%	5
Funds of funds ⁽³⁾	78	1%	6.8%	5	14.7%	10
Other	333	4%	7.1%	22	11.0%	33
Total	7,464	100%	5.0%	358	8.7%	598
of which guaranteed funds	131	2%	-4.4%	-6	-10.3%	-15

(1) End June 2014 compared to end March 2014 assets; (2) end June 2014 compared to end December 2013 assets; (3) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.

UCITS types	30-Jun-14		Change from 31/3/2014		Change from 31/12/2013	
	No.	Share	in % ⁽²⁾	in No.	in % ⁽³⁾	in No.
Equity	11,994	37%	0.1%	16	-0.3%	-41
Balanced	8,549	26%	1.0%	81	1.3%	108
Total Equity & Balanced	20,543	63%	0.5%	97	0.3%	67
Bond	7,288	22%	1.0%	74	2.0%	146
Money Market (MM)	1,064	3%	-1.5%	-16	-5.2%	-58
Funds of funds ⁽⁴⁾	877	3%	0.8%	7	0.2%	2
Other	2,650	8%	-2.3%	-61	-0.3%	-8
Total (excl. Ireland)	32,422	100%	0.3%	101	0.5%	149
of which guaranteed funds	2,577	8%	-2.3%	-62	-8.7%	-245
Total (incl. Ireland)	35,884		0.6%	203	0.7%	266

(1) Excluding Croatia; breakdown of data is unavailable for Ireland; (2) end June 2014 compared to end March 2014; (3) end June 2014 compared to end December 2013; (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

UCITS net assets rose 5.0 percent during the quarter to stand at EUR 7,464 billion at end June 2014.

Twenty-six countries recorded growth during the quarter. Of the largest domiciles, Ireland increased by 6.9 percent followed by Luxembourg (6.0%) the United Kingdom (5.5%) and France (0.5%). Germany registered UCITS net asset growth of 3.3%, whilst net assets in Switzerland rose 2.7%. In Southern Europe, large growth was registered in Italy (11.5%), Spain (7.3%) and Portugal (6.6%). The Nordic countries also performed well during the quarter with growth of 8.5 percent in Sweden, followed by Denmark (6.0%) and Finland (5.0%). Elsewhere, large growth was recorded in Turkey (16.8%) and Romania (9.7%), although exchange rate movements in these countries contributed in part to these large growth rates.

Since end 2013, net assets of UCITS increased 8.7 percent as twenty-five countries registered increased net assets.

Members	30/06/2014		31/03/2014		31/12/2013	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	80,032	1.1%	77,791	2.9%	78,053	2.5%
Belgium	96,594	1.3%	88,487	9.2%	86,874	11.2%
Bulgaria	426	0.0%	412	3.4%	367	16.0%
Croatia	1,661	0.0%	1,604	3.6%	1,709	-2.8%
Czech Republic	5,252	0.1%	4,949	6.1%	4,596	14.3%
Denmark	93,104	1.2%	87,828	6.0%	86,317	7.9%
Finland	68,731	0.9%	65,452	5.0%	64,145	7.1%
France	1,141,812	15.3%	1,136,095	0.5%	1,110,507	2.8%
Germany	290,978	3.9%	281,765	3.3%	277,700	4.8%
Greece	5,788	0.1%	5,807	-0.3%	5,256	10.1%
Hungary	11,075	0.1%	10,439	6.1%	10,262	7.9%
Ireland	1,156,919	15.5%	1,082,040	6.9%	1,044,063	10.8%
Italy	176,344	2.4%	158,147	11.5%	156,300	12.8%
Liechtenstein	25,514	0.3%	24,640	3.5%	26,510	-3.8%
Luxembourg	2,425,635	32.5%	2,288,494	6.0%	2,197,567	10.4%
Malta	2,419	0.0%	2,225	8.7%	2,293	5.5%
Netherlands	61,789	0.8%	60,108	2.8%	61,855	-0.1%
Norway	90,867	1.2%	92,105	-1.3%	79,273	14.6%
Poland	20,783	0.3%	20,292	2.4%	20,318	2.3%
Portugal	8,740	0.1%	8,203	6.6%	7,406	18.0%
Romania	3,504	0.0%	3,194	9.7%	2,905	20.6%
Slovakia	2,938	0.0%	2,744	7.1%	2,681	9.6%
Slovenia	1,992	0.0%	1,861	7.1%	1,850	7.7%
Spain	208,473	2.8%	194,377	7.3%	179,997	15.8%
Sweden	227,372	3.0%	209,627	8.5%	198,117	14.8%
Switzerland	308,717	4.1%	300,673	2.7%	287,927	7.2%
Turkey	11,181	0.1%	9,571	16.8%	10,217	9.4%
United Kingdom	935,700	12.5%	886,813	5.5%	862,506	8.5%
All Funds	7,464,342	100%	7,105,743	5.0%	6,867,569	8.7%

(1) End June 2014 compared to end March 2014; (2) end June 2014 compared to end December 2013.

Trends in the Non-UCITS Market

Net Sales and Assets by Investment Type

Net assets of non-UCITS increased 3.4 percent during the first quarter to stand at EUR 3,153 billion at end June 2014. Over the first half of 2014, net assets of non-UCITS rose 7.9 percent.

Net assets of special funds (funds reserved to institutional investors) increased 3.9 percent during the second quarter to EUR 2,110 billion. This growth came on the back of net inflows of into special funds of EUR 26 billion during the quarter. Net inflows above EUR 1 billion were registered in Germany, Ireland, Luxembourg, the United Kingdom and Austria. Real estate funds increased 4.0 percent during the quarter to stand at EUR 289 billion.

The total number of non-UCITS funds stood at 19,467 at end June 2014, compared to 19,524 at end December 2013.

Fund types	30/6/2014		31/3/2014		31/12/2013		Number of Funds	
	EUR bn	Share	EUR bn	% chg ⁽¹⁾	EUR bn	% chg ⁽²⁾	30/6/2014	31/12/2013
Special / Institutional	2,110	67%	2,031	3.9%	1,925	9.6%	9,207	9,192
German "Spezialfonds"	126	36%	1,085	3.8%	1,045	7.8%	3,784	3,893
British investment trusts	123	4%	116	6.0%	117	5.1%	395	337
French employees savings	105	3%	105	0.0%	105	0.0%	2,140	2,140
Luxembourg "other" funds	103	3%	102	1.0%	104	-1.0%	757	846
Real-estate funds	289	9%	278	4.0%	276	4.7%	1,184	1,195
Other	423	13%	417	1.4%	395	7.1%	5,784	5,814
Total	3,153	100%	3,049	3.4%	2,922	7.9%	19,467	19,524

(1) End June 2014 compared to end March 2014; (2) end June 2014 compared to end December 2013.

Members	2013				2014	
	Q1	Q2	Q3	Q4	Q1	Q2
Austria	731	120	250	-86	913	1,521
Denmark	1,172	2,413	3,668	-803	-2,337	-1,975
Finland	420	146	230	-333	555	1,405
Germany	21,807	12,120	15,735	27,583	22,208	12,398
Hungary	664	-3	-21	-122	-35	-34
Ireland	5,892	5,093	7,048	3,367	3,020	6,186
Italy	-18	160	-45	-27	86	-126
Liechtenstein	163	157	-27	92	118	18
Luxembourg	10,834	8,254	11,475	9,940	3,768	4,576
Romania	6	1	1	0	15	5
Sweden	-43	-87	10	38	-18	188
United Kingdom	700	397	2,053	2,532	2,554	1,824
Total	42,328	28,771	40,377	42,181	30,847	25,986

(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, stood at EUR 10,617 billion at end June 2014, marking an increase of 4.6 percent since end March 2014 and representing growth of 8.4 percent since end December 2013.

With EUR 7,464 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market at end June 2014, with the remaining 30 percent (EUR 3,151 billion) composed of non-UCITS.

Members	30/06/2014		31/3/2014		31/12/2013	
	EUR m	Share	EUR m	% chg ⁽¹⁾	EUR m	% chg ⁽²⁾
Austria	156,351	1.5%	151,152	3.4%	149,407	4.6%
Belgium	105,834	1.0%	96,951	9.2%	95,019	11.4%
Bulgaria	429	0.0%	415	3.4%	370	15.9%
Croatia	2,073	0.0%	2,023	2.5%	2,136	-3.0%
Czech Republic	5,391	0.1%	5,080	6.1%	4,720	14.2%
Denmark	232,590	2.2%	225,473	3.2%	185,654	25.3%
Finland	82,000	0.8%	77,113	6.3%	75,123	9.2%
France	1,560,812	14.7%	1,555,195	0.4%	1,525,107	2.3%
Germany	1,497,882	14.1%	1,447,847	3.5%	1,404,353	6.7%
Greece	7,854	0.1%	7,721	1.7%	7,059	11.3%
Hungary	16,734	0.2%	15,908	5.2%	15,546	7.6%
Ireland	1,495,845	14.1%	1,400,028	6.8%	1,343,882	11.3%
Italy	228,532	2.2%	217,421	5.1%	209,091	9.3%
Liechtenstein	30,283	0.3%	29,376	3.1%	31,112	-2.7%
Luxembourg	2,854,640	26.9%	2,709,201	5.4%	2,615,363	9.1%
Malta	9,722	0.1%	9,557	1.7%	9,411	3.3%
Netherlands	73,719	0.7%	71,332	3.3%	72,472	1.7%
Norway	90,867	0.9%	92,105	-1.3%	79,273	14.6%
Poland	48,730	0.5%	45,663	6.7%	45,493	7.1%
Portugal	25,580	0.2%	25,514	0.3%	24,690	3.6%
Romania	5,222	0.0%	4,803	8.7%	4,509	15.8%
Slovakia	4,945	0.0%	4,712	4.9%	4,570	8.2%
Slovenia	1,992	0.0%	1,861	7.1%	1,850	7.7%
Spain	213,345	2.0%	199,240	7.1%	184,878	15.4%
Sweden	232,243	2.2%	214,142	8.5%	200,252	16.0%
Switzerland	384,564	3.6%	367,344	4.7%	356,831	7.8%
Turkey	24,716	0.2%	22,244	11.1%	21,526	14.8%
United Kingdom	1,224,180	11.5%	1,155,062	6.0%	1,120,760	9.2%
All Funds	10,617,075	100.0%	10,154,482	4.6%	9,790,457	8.4%
UCITS	7,464,342	70.3%	7,105,729	5.0%	6,865,860	8.7%
Non-UCITS	3,152,733	29.7%	3,048,753	3.4%	2,924,600	7.9%

(1) End June 2014 compared to end March 2014; (2) end June 2014 compared to end December 2013.