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European Fund and Asset Management Association

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Net Sales of Worldwide Bond Funds Increased to EUR 245 Billion in Q3 2019

The European Fund and Asset Management Association (EFAMA), has published its latest International Statistical Release describing the trends in the worldwide investment fund industry in the third quarter ("Q3") of 2019.

The major developments emerging during Q3 are as follows:

- **Global bond fund sales increased by €35 billion from the second quarter ("Q2") of 2019.** Worldwide bond funds recorded net inflows of EUR 245 billion, compared to net inflows of EUR 210 billion in Q2. The highest net sales were recorded in the following countries of domiciliation: The United States EUR 121 billion); Ireland (EUR 40 billion), Luxembourg (EUR 34 billion), China (EUR 23 billion) and Canada (EUR 8 billion). The interest rate cuts implemented by the Federal Reserve and the ECB in Q3, made bond funds particularly attractive for investors.

- **Increased demand for equity funds.** Worldwide equity funds recorded slightly positive net inflows (EUR 0.4 billion), compared to net outflows of EUR 36 billion in Q2. Demand for equity funds strengthened in Europe and the United States, however not sufficiently to prevent net outflows. In this context, the return to positive net flows was achieved due to stronger net sales of equity funds in Japan (EUR 29 billion) and China (EUR 12 billion).

- **Sharp increase in net sales of money market funds.** Worldwide money market funds attracted the largest volume of net sales (EUR 280 billion), compared to EUR 64 billion in Q2. US money market funds accounted for 76 percent of total worldwide net sales, or EUR 213 billion, followed by money market funds domiciled in Ireland (EUR 46 billion) and Luxembourg (EUR 14 billion). Chinese money market funds continued to record net outflows, albeit less than in Q2 (EUR 8 billion compared to EUR 61 billion).

Bernard Delbecque, Senior Director for Economics and Research commented: "*The worldwide investment fund industry saw a surge in demand for long-term funds as well as money market funds. The increase was particularly sharp for bond sales. This was mainly due to the declining interest rate environment which seems to have convinced many investors that low interest rates are here to stay for now.*

- *In equity markets, signs that serious recession risks had fallen since the summer also go some way towards explaining the rebound in demand for equity funds. Looking forward, with more than €6 trillion held in money market funds at end September, investors around the world have access to a large liquidity pool that can be used to finance purchases of long-term funds if trade and geopolitical tensions further dissipate."*

– Ends –

Please see the accompanying attachment for the EFAMA International Statistical Release (Q3 2019).

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Notes to editors:

The report for the third quarter of 2019 contains statistics from the following 47 countries: Argentina, Brazil, Canada, Chile, Costa Rica, Mexico, Trinidad & Tobago, United States, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Lichtenstein, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, Australia, China, India, Japan, Rep. of Korea, New Zealand, Pakistan, Philippines, Taiwan, South Africa.

EFAMA, the voice of the European investment management industry, represents 28 member associations and 59 corporate members. At end 2018, total net assets of European investment funds reached EUR 15.2 trillion. These assets were managed by close to 33,400 UCITS (Undertakings for Collective Investments in Transferable Securities) and 28,600 AIFs (Alternative Investment Funds). For more information available at www.efama.org.