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European Fund and Asset Management Association

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For immediate release

2014: Record year for the European investment fund industry

The European Fund and Asset Management Association (EFAMA) has today published its latest Investment Funds Industry Fact Sheet, which provides net sales of UCITS and non-UCITS for December 2014 and the entire year of 2014, as well as net assets data at end 2014.
27 associations representing more than 99.6 percent of total UCITS and non-UCITS assets at the end December 2014 provided us with net sales and/or net assets data.

The main developments in December 2014 in the reporting countries can be summarized as follows:

- **UCITS registered net outflows in December of EUR 12 billion, compared to net inflows of EUR 27 billion in November.** This turnaround came on the back of net outflows from fixed-term funds during the month.

- **Long-term UCITS (UCITS excluding money market funds) registered net sales of EUR 16 billion, compared to EUR 31 billion in November.**
    - Net sales of equity funds broke-even during the month, compared to net inflows of EUR 2 billion in November.
    - Net sales of bond funds dipped into negative territory with net outflows of EUR 1 billion compared to net inflows of EUR 11 billion in November.
    - Balanced funds recorded a second consecutive month of net sales of EUR 13 billion.

- **Money market funds registered large net outflows of EUR 28 billion, which can largely be attributed to cyclical end-year withdrawals.**

- **Total net sales of non-UCITS remained steady in December at EUR 16 billion.** Special funds (funds reserved to institutional investors) net sales increased to EUR 13 billion from EUR 12 billion in November.

- **Total net assets of UCITS increased 0.2 percent in December to EUR 8,038 billion, whilst non-UCITS assets grew by 0.6 percent to EUR 3,194 billion.** Total assets of UCITS and non-UCITS ended December at EUR 11,232 billion, 0.3 percent higher than at end November.

Bernard Delbecque, Director of Economics and Research commented:
"For the first time in 2014, demand for bond funds turned negative in December in a historically low interest rate environment where investors are searching for higher yield and protection against interest rate risk."

The main developments in 2014 can be summarized as follows:

- **Net sales of UCITS and non-UCITS reached EUR 601 billion (EUR 412 billion in 2013).**

- **UCITS net sales amounted to EUR 463 billion (EUR 243 billion in 2013).**

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- **Long-term UCITS net sales totaled EUR 469 billion (EUR 327 billion in 2013).**
    - Equity funds registered net sales of EUR 55 billion (EUR 97 billion in 2013).
    - Balanced funds registered net sales of EUR 186 billion (EUR 118 billion in 2013).
    - Bond funds registered net sales of EUR 198 billion (EUR 79 billion in 2013).

- **Money market funds registered net outflows of EUR 5 billion (net outflows of EUR 83 billion in 2013).**

- **Non-UCITS recorded net inflows of EUR 138 billion (EUR 169 billion in 2013**).

- **Special funds attracted net sales of EUR 91 billion (EUR 142 billion in 2013**).

- **Net assets of UCITS and non-UCITS increased to EUR 11,232 billion (EUR 9,768 billion at end 2013)**

Bernard Delbecque, Director of Economics and Research commented:
"2014 was a record year for the European investment fund industry. Net sales of European investment funds rose to an all-time high of EUR 601 billion in 2014 and assets under management broke through the EUR 11 trillion mark thanks to a growth rate of 15%. This was all achieved despite sluggish growth, deflationary threats and geopolitical tensions.

The overall positive outcome can be explained by four key factors: the quest for investment returns in a context of very low interest rates; the attractiveness of investment funds in terms of investor protection; the great variety of investment strategies and risk-return profiles available in the investment fund market; and the role of central bank actions to prevent deflation and foster economic growth.

Bond funds have attracted the largest net inflows as investors continued to expect long-term interest rates to fall further. Equity funds recorded lower net sales compared to 2013 against the background of a gloomy economic outlook and volatile stock markets. In this uncertain macroeconomic environment, the demand for balanced funds soared to a record level as the asset diversification and risk reduction offered by this type of fund continued to attract many investors. On the other hand, money market funds suffered net withdrawals, albeit much less pronounced than in 2013. This confirms the view that many European businesses and institutions use money market funds as a short-term cash management tool even if they offer close-to-zero returns."

– Ends –

*Please see the accompanying attachment for the EFAMA Investment Fund Industry Fact Sheet (December) and the 'Notes to editors' section for further information on how the Fact Sheet is produced.

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Notes to editors:

About the European Fund and Asset Management Association (EFAMA):
EFAMA is the representative association for the European investment management industry. EFAMA represents through its 27 member associations and 63 corporate members about EUR 17 trillion in assets under management of which EUR 11 trillion managed by over 55,000 investment funds at end September 2014. Over 36,000 of these funds were UCITS (Undertakings for Collective Investments in Transferable Securities) funds. For more information about EFAMA, please visit www.efama.org.

About the December Monthly EFAMA Investment Fund Industry Fact Sheet:
The fact sheet is published by EFAMA on a monthly basis and represents net fund product sales data and/or net assets data for UCITS and non-UCITS assets provided by 27 national associations. The contributing national associations are: Austria, Belgium (net assets data only), Bulgaria, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Netherlands (data as of previous month), Norway, Poland, Portugal, Romania, Slovakia (data as of previous month), Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.