

PRESS RELEASE

For immediate release

2019 UCITS and AIF results to strengthen the average return of investment funds

Brussels, 25th February 2020 - The European Fund and Asset Management Association (EFAMA) has today published its latest monthly Investment Fund Industry Fact Sheet and 2019 overview of net sales data of UCITS and AIFs*.

After the challenging year 2018, 2019 ended as a good year for the European investment fund industry. The good momentum built in November was confirmed in December with net sales of UCITS and AIFs over the period totaling EUR 70 billion (EUR 71 billion for the previous month) and bringing total net assets to EUR 17,796 billion or a 1% increase over the period.

In December, UCITS recorded net inflows of EUR 45 billion (EUR 58 billion in November). A slowdown driven by net outflows in UCITS money market funds of EUR 18 billion, compared to net inflows of EUR 10 billion in November. However, this was counterbalanced by strong inflows in long-term UCITS (UCITS excluding money market funds) with EUR 62 billion of net sales, up from 48 billion in November.

Thomas Tilley, Senior Economist, commented on the December figures: *“Net sales of long-term UCITS surged in December 2019 to their highest level since January 2018, as investor confidence in the stock market continued to strengthen.”*

Full year results showed that the abatement of the geopolitical risks and trade tensions during the fall pushed up stock prices, whereas the fall in interest rates boosted the bond market. This resulted in a sharp increase in the value of assets and solid net sales of UCITS.

Equity funds suffered from net outflows until September, as investors feared that the weakening of global growth and the trade tensions between the US and China could negatively impact stock markets. As tensions diminished, investor confidence strengthened, and net sales of equity funds returned to positive territory. However, this recovery was not enough to tilt the balance for the year with outflows of EUR 20 billion, compared to net inflows of EUR 108 billion in 2018.

Bond funds had an excellent year, marked by a steep increase in net sales of EUR 299 billion, compared to net outflows of EUR 32 billion in 2018. Central Banks' move towards more dovish monetary policy in response to weaker global growth pushed bond yields downwards and convinced investors that the low interest rate world were there to stay. Turning to low risk assets like bonds in this context appeared as a safe move.

Money market funds also recorded strong net sales in 2019 with registered net inflows of EUR 84 billion over the year, compared to net outflows of EUR 10 billion in 2018. Investors seeking for safety and liquidity rather than capital gains considered money market funds as a good investment solution to deal with uncertainty.

Bernard Delbecque, Senior Director for Economics and Research commented on the overall development of 2019: *“2019 was an excellent year for investors in UCITS and AIFs, which have strongly benefited from the strong rise in financial markets. Even if such a performance cannot be achieved every year, the results of 2019 will strengthen the average return of investment funds calculated over several years, and validate once again the widely-accepted fact that capital market instruments generate superior returns and comparatively low risk over a long investment horizon. Rather than holding a large part of their financial wealth in bank deposits, European citizens should invest more in capital market instruments. The ambition of the relaunch of the Capital Markets Union initiative should be to achieve this goal.”*

Key net sales data for December 2019 and 2019 (full year):

December 2019 figures:

- Net sales of UCITS and AIFs totaled EUR 70 billion, like EUR 71 billion in November.
- UCITS recorded net inflows of EUR 45 billion, compared to net inflows of EUR 58 billion in November.
- Long-term UCITS (UCITS excluding money market funds) recorded EUR 62 billion of net sales, up from 48 billion in November.
 - ✓ Equity funds registered net inflows of EUR 26 billion, up from EUR 24 billion in November.
 - ✓ Net sales of bond funds increased to EUR 23 billion, compared to EUR 17 billion in November.
 - ✓ Multi-asset funds recorded net inflows of EUR 10 billion, up from EUR 8 billion in November.
- UCITS money market funds recorded net outflows of EUR 18 billion, compared to net inflows of EUR 10 billion in November.
- AIFs recorded net inflows of EUR 25 billion, up from EUR 14 billion in November.
- Total net assets of UCITS and AIFs increased by 1% to EUR 17,796 billion.

2019, full year figures:

- Net sales of UCITS and AIF amounted to EUR 531 billion in 2019 (EUR 221 billion in 2018).
- UCITS net sales reached EUR 386 billion (EUR 115 billion in 2018).
- Long-term UCITS net sales totaled EUR 302 billion (EUR 125 billion in 2018).
- ✓ Equity funds recorded net outflows of EUR 20 billion, compared to net inflows of EUR 108 billion in 2018.
- ✓ Bond funds registered net inflows of EUR 299 billion, compared to net outflows of EUR 32 billion in 2018.
- ✓ Net sales of multi-assets funds totaled EUR 36 billion, compared to net inflows of EUR 71 billion in 2018.
- ✓ Other UCITS registered net outflows of EUR 13 billion, compared to net outflows of EUR 22 billion in 2018.
- Money market funds registered net inflows of EUR 84 billion (compared to net outflows of EUR 10 billion in 2018).
- AIF recorded net sales of EUR 145 billion (EUR 106 billion in 2018).
- Net assets of UCITS and AIF increased by 17.3% to EUR 17,796 billion (EUR 15,178 billion at end 2018).

– Ends –

* 29 associations across Europe representing 98 percent of total UCITS and AIF assets in Europe provided EFAMA with net sales data for the month of December 2019.

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.

For media enquiries, please contact:

Hume Brophy

Kerri – Anne Rice – kerrianne.rice@humbrophy.com

Paul Andrieu – paul.andrieu@humbrophy.com

info@efama.org

Notes to editors:

About the December Monthly EFAMA Investment Fund Industry Fact Sheet:

The Fact Sheet is published by EFAMA on a monthly basis and presents net sales and net assets data for UCITS and AIF provided by 29 national associations. The contributing national associations are: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and United Kingdom.

About the European Fund and Asset Management Association (EFAMA):

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). More information available at www.efama.org.