European Fund and Asset Management Association

Press Release

For immediate release

UCITS experience turnaround in July with net inflows of €6bn

- ***EFAMA's statistics for Q2 2012 show strong demand for bond funds as investors searched for yield in a low interest rate environment***

- ***UCITS recorded a sharp turnaround in net inflows during H1 2012, compared to the H2 2011, driven by net sales of long-term UCITS in Q1 2012***

Brussels, 14th September 2012: The European Fund and Asset Management Association (EFAMA) has today published its latest Investment Fund Industry Fact Sheet*, which provides investment sales and asset data for the month of July 2012. EFAMA also provides its latest Quarterly Statistics for the second quarter of 2012**. These second quarter statistics describe the trends in the European investment fund industry from April through to June 2012.

24 associations representing more than 97 percent of total UCITS and non-UCITS assets provided us with net sales and/or net assets data.

- In **July**, net inflows into UCITS totalled EUR 6 billion, compared to net outflows of EUR 33 billion in June.

- This reflected an increase in net sales of long-term UCITS, from net redemptions of EUR 9 billion in June to net inflows of EUR 25 billion:

  - Net sales of bond funds jumped to EUR 23 billion during July, up from EUR 5 billion in June.
  - Balanced funds registered net inflows of EUR 3 billion, against net outflows of EUR 3 billion in June.
  - Equity funds recorded reduced net outflows of EUR 2 billion, compared to EUR 9 billion in June.

- Money market funds recorded net outflows in July for the second month in a row (EUR 18 billion, compared to EUR 24 billion in June). The lowering of the ECB's deposit rate to zero on 5 July may have contributed to the continued net outflows.

- Total net sales of non-UCITS recorded a significant increase leap in July, to EUR 42 billion from EUR 11 billion in June. This increase was attributable to net inflows into special funds (funds reserved to institutional investors) which registered EUR 39 billion in July.

- Total net assets of UCITS increased in July by 3.1 percent to EUR 6,183 billion, whilst non-UCITS net assets increased 2.4 percent in the month to stand at EUR 2,447 billion.

- In the **second quarter of 2012**, UCITS recorded net inflows of EUR 7 billion, down from net inflows of EUR 91 billion in the first quarter of the year. This drop was mainly attributable to a reduction in net inflows into long-term funds.

- Net inflows into long-term UCITS, i.e. UCITS excluding money market funds, fell to EUR 8 billion, down from EUR 70 billion of net inflows recorded in the first quarter.

- Equity and balanced funds suffered net outflows of EUR 28 billion and EUR 7 billion respectively.
- Bond funds continued to attract strong net inflows of EUR 42 billion, as investors search for yield in a low interest rate environment.

- Money market funds recorded net outflows of EUR 1 billion, against net inflows of EUR 22 billion in the first quarter.

- The combined assets of UCITS and non-UCITS increased 0.9 percent in the second quarter to stand at EUR 8,437 billion at end June 2012, marking a 6.0 percent increase over the first half of 2012. Since end 2011 UCITS have increased 5.6 percent, whilst non-UCITS have enjoyed growth of 7.1 percent.

- Overall in the first half of 2012, UCITS recorded net inflows of EUR 98 billion, a sharp turnaround compared to the second half of 2011 when UCITS suffered net outflows totaling EUR 133 billion. The rebound in net sales in 2012 was driven by net sales of long-term UCITS in the first quarter.

Bernard Delbecque, Director of Economics and Research at EFAMA, said:

"The developments in the UCITS market so far this year confirm the important role played by investor expectations about future economic growth in determining the demand level for long-term UCITS. After a dismal second half of 2011 dominated by the worsening of the euro area sovereign debt crisis, net sales of UCITS rebounded in the first quarter of 2012 following the launch of the ECB's longer-term liquidity operations, and they remained positive in the second quarter despite renewed concerns about the economic outlook.

"Looking forward, there is little doubt that investors will add new money to long-term UCITS during the third quarter following the rebound recorded in July and the agreement reached by the ECB on a bond buying plan to secure the future of the euro. The year-end results will largely depend on the national authorities' capacity to strengthen their long-term adjustment reforms and growth prospects, in a way that would set the stage for more favorable economic conditions across Europe and consolidate investor confidence."

– Ends –

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

** *Please see the accompanying attachment for the EFAMA Quarterly Statistical Release.*

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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 26 member associations and 59 corporate members approximately EUR 14 trillion in assets under management of which EUR 8.4 trillion was managed by approximately 54,000 funds at end March 2012. Just above 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 July Monthly EFAMA Investment Fund Industry Fact Sheet

The fact sheet is published by EFAMA on a monthly basis and represents net fund product sales and/or net assets data for UCITS and non-UCITS assets provided by 24 national associations. The contributing national associations are: Austria, Bulgaria, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Malta, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.