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European Fund and Asset Management Association

PRESS RELEASE
For immediate release

Investment fund assets withstood turbulence which engulfed financial markets in 2011

Brussels, 22nd February 2012 - The European Fund and Asset Management Association (EFAMA) has today published its latest Quarterly Statistical Release for the fourth quarter of 2011. These final quarter statistics describe the trends in the European investment fund industry for the fourth quarter and overall in 2011.

Based on the report, please see the following highlights for 2011:

Asset growth and net sales in 2011:

- **Investment fund assets in Europe decreased by 2.8 percent to EUR 7,920 billion:** overall, net assets of UCITS decreased by 6.2 percent to EUR 5,634 billion, after registering net outflows of EUR 88 billion during the year. Net assets of non-UCITS increased by 6.8 percent to EUR 2,286 billion, on the back of continued strong net inflows into special funds (EUR 101 billion).

- **Long-term UCITS experienced a sharp decline in demand:** long-term UCITS experienced net outflows of EUR 55 billion in 2011, against net inflows of EUR 290 billion in 2010. This reversal started in August when the downgrading of the U.S. government debt and the euro crisis unraveled financial markets, leading to strong withdrawals from equity, bond and balanced funds.

- **Intense competition from the banking sector affected demand for money market funds:** money market funds continued to record net outflows in 2011, albeit less than in 2010 (EUR 33 billion compared to EUR 122 billion).

- **Strong demand for non-UCITS continued in 2011:** special funds attracted EUR 101 billion in net new money throughout the year, as insurance companies, pension funds and other institutional investors continued to use these vehicles to invest the recurrent contributions collected from their members. This compares against net inflows of EUR 145 billion in 2010.

Key Developments in 2011:

- **Buoyant cross-border fund business continued to grow:** the market share of Luxembourg and Ireland in the UCITS industry increased to 45.8 percent at end 2011, compared to 43.9 percent a year earlier. Total net sales of UCITS domiciled in Ireland alone recorded EUR 62 billion in 2011.

- **Uncertainty regarding the global economic outlook increased risk aversion in the second half of 2011:** volatile stock markets and geopolitical events, coupled with downward revision of growth prospects, triggered a decline in stock prices (by way of illustration, the Euro STOXX 600 index fell by 11.5 percent in 2011) and net outflows from equity funds.

- **Strong growth over the last decade:** UCITS and non-UCITS assets at end 2001 stood at EUR 4,617 billion. Total assets of investment funds stood at EUR 7,920 at end 2011. Total assets at end 2011 stood 72 percent higher than at end 2001 and 28 percent higher than at end 2008 during the midst of the financial crisis.

Peter de Proft, Director General of EFAMA, comments:

"*Total investment fund assets represented 63 percent of the European Union's GDP at end 2011. This confirms the important contribution of investment funds as financial vehicles raising capital from* *retail and institutional investors, and providing funding to other sectors including monetary financial institutions, non-financial corporations and government agencies.*"

- Ends -

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

For media enquiries, please contact:

Peter De Proft, Director General, or Bernard Delbecque, Director of Economics and Research
Telephone: +32 (0) 2 513 39 69; E-mail: info@efama.org

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 57 corporate members approximately EUR 14 trillion in assets under management of which EUR 8 trillion was managed by approximately 54,000 funds at the end of 2011. For more information about EFAMA, please visit www.efama.org.