

*Trends in the European Investment Fund Industry  
in the Fourth Quarter of 2014  
&  
Results for the Full Year 2014*

---

This report was prepared by Bernard Delbecque and Jonathan Healy

EFAMA  
The European Fund and Asset Management Association

Rue Montoyer 47 - B-1000 BRUXELLES - Tel. 32-2-513.39.69 Fax: 32-2-513.26.43 - e-mail: [info@efama.org](mailto:info@efama.org)

## Highlights

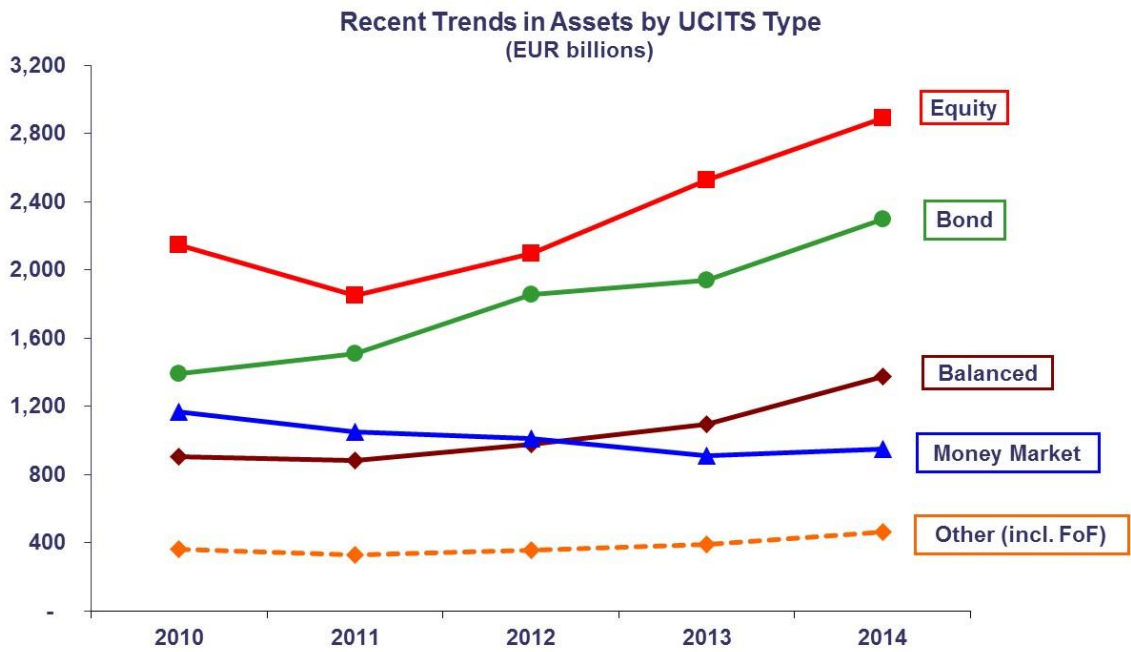
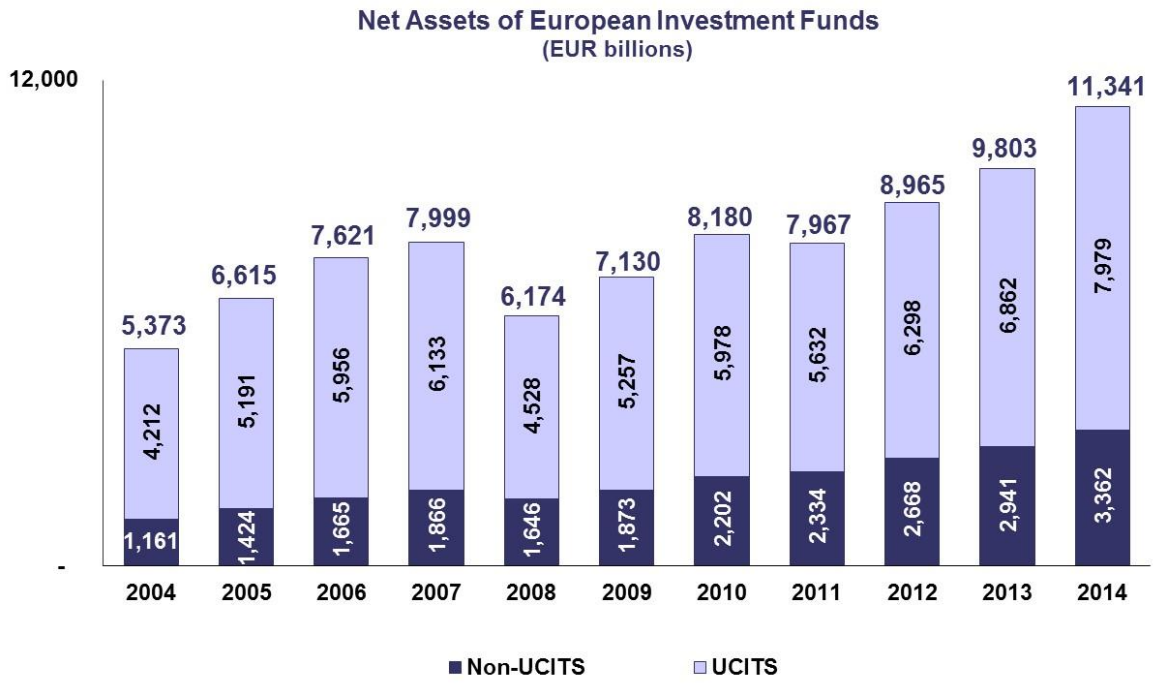
2014 was a record year for the European investment fund industry. Net sales of European investment funds rose to an all-time high of EUR 634 billion in 2014 and assets under management broke through the EUR 11 trillion mark thanks to a growth rate of 16%. This was all achieved despite sluggish growth, deflationary threats and geopolitical tensions in Europe. 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 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.

Further highlights on the developments in 2014 include:

- **Investment fund assets in Europe increased by 15.7 percent to EUR 11,341 billion:** overall, net assets of UCITS increased by 16.3 percent to EUR 7,979 billion. Net assets of non-UCITS increased by 14.3 percent to EUR 3,362 billion.
- **Net sales of UCITS reached EUR 472 billion:** demand for UCITS reached its highest level ever in 2014.
- **Long-term UCITS enjoyed a record year:** long-term UCITS recorded net inflows of EUR 476 billion, compared to EUR 328 billion in 2013. Bond funds attracted EUR 191 billion of net inflows, closely followed by balanced funds (EUR 187 billion) and equity funds (EUR 61 billion).
- **Money market funds suffered from reduced net outflows:** money market funds recorded net outflows of EUR 5 billion, marking a significant decrease compared to 2013 when net outflows amounted to EUR 85 billion.
- **Sales of non-UCITS reached EUR 162 billion:** net sales of non-UCITS decreased slightly in 2014 from EUR 169 billion in 2013. Special funds (funds reserved to institutional investors) attracted EUR 105 billion in net new money in 2014, thanks to high institutional demand from insurance companies, pension funds and other institutional investors.

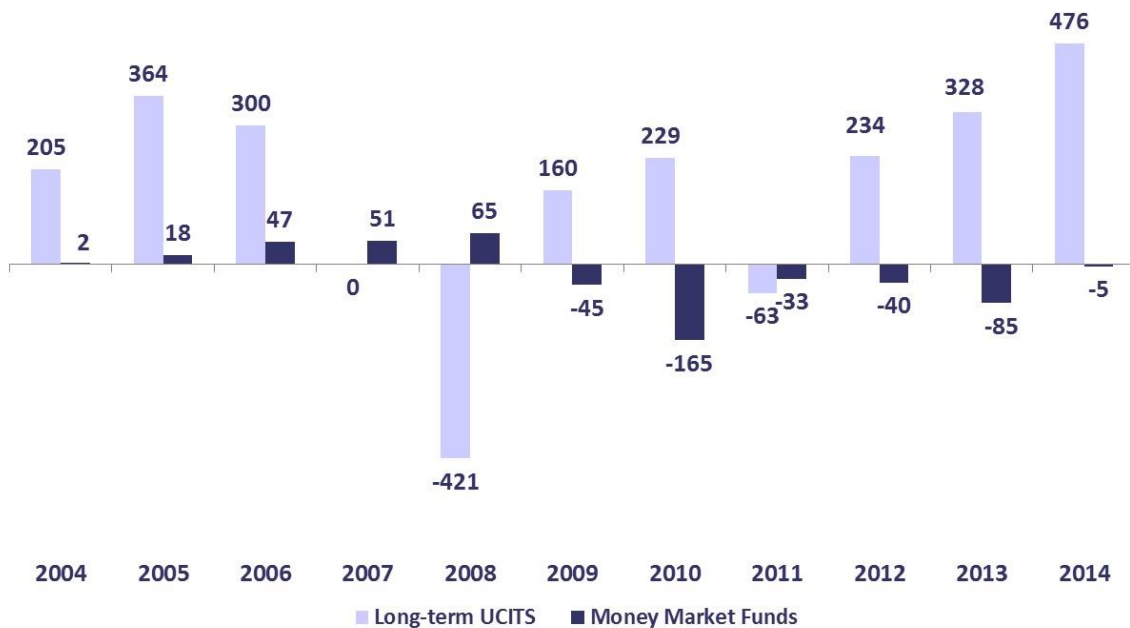


**Net Sales of UCITS and Non-UCITS <sup>(1)</sup>**  
(EUR billions)



(1) Data pre-2010 includes estimates for Ireland.

**Net Sales of Long-term UCITS and Money Market Funds <sup>(1)</sup>**  
(EUR billions)



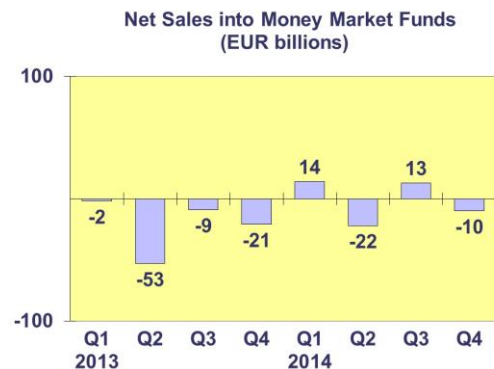
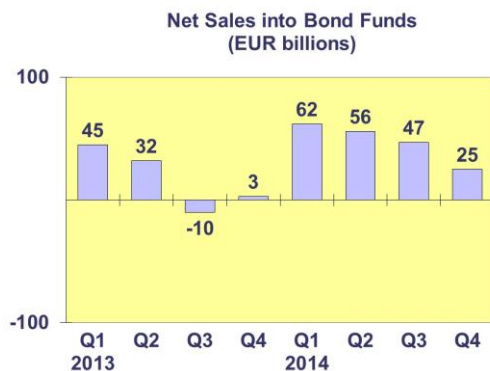
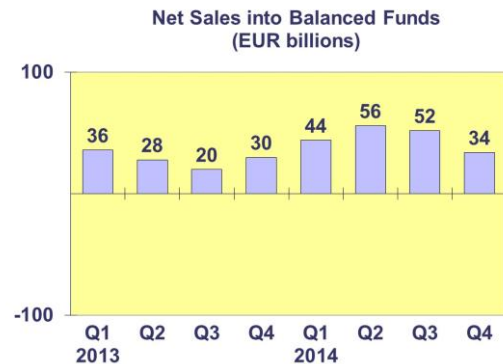
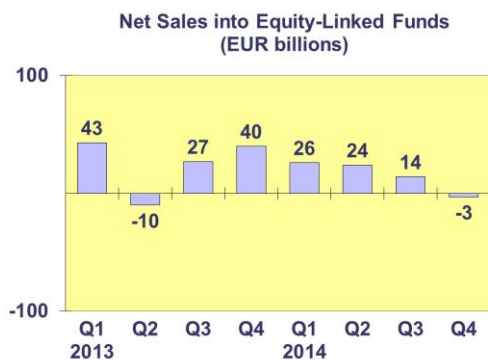
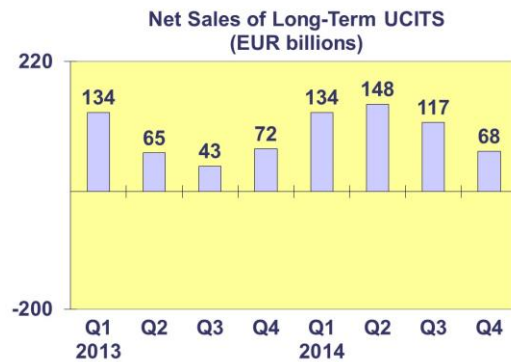
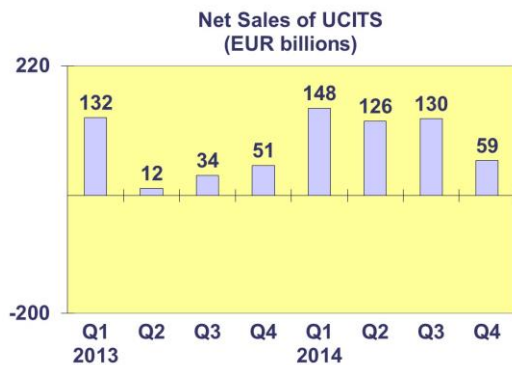
(1) Excluding Ireland pre-2011 due to unavailability of data.

## Trends in the UCITS Market

### Net Sales by Investment Type

Net sales of UCITS registered a significant drop in the fourth quarter of 2014 as the low interest rate environment and uncertainty regarding the economic outlook weighed on demand. Nevertheless, UCITS posted net inflows of EUR 59 billion during the quarter, down from EUR 130 billion in the third quarter.

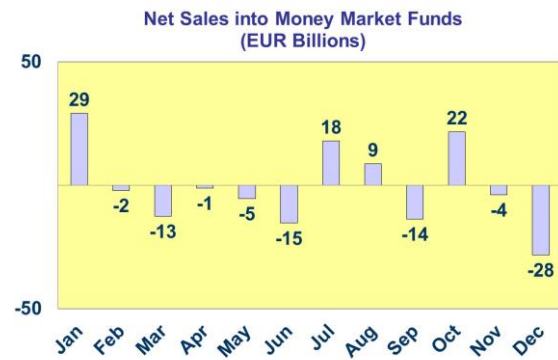
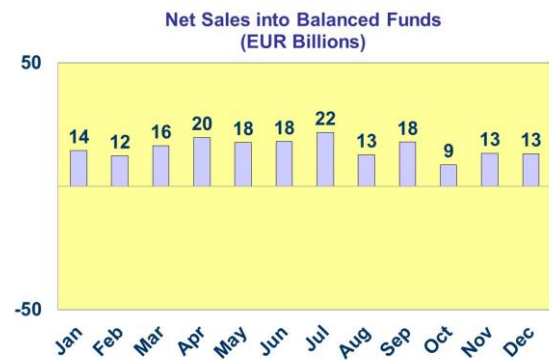
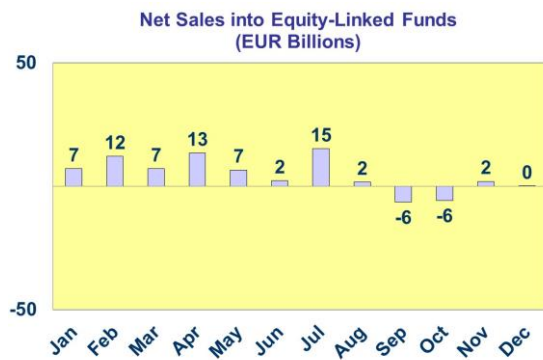
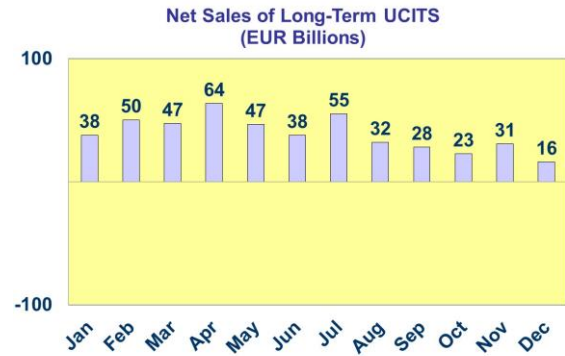
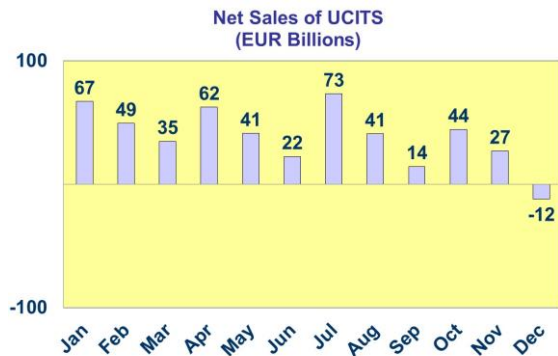
Long-term UCITS attracted net inflows of EUR 68 billion, down from EUR 117 billion. Demand for bond funds reduced to EUR 25 billion from EUR 47 billion in the previous quarter. Equity funds registered a turnaround in fund flows to post net outflows of EUR 3 billion, compared to net inflows of EUR 14 billion in the third quarter. Balanced funds continued to post relatively strong net inflows (EUR 34 billion), despite falling from net inflows of EUR 52 billion in the third quarter. Money market funds posted net outflows of EUR 10 billion, against net inflows of EUR 13 billion in the third quarter.



## Trends in the UCITS Market

### *Net Assets by Investment Type*

A deterioration in the economic outlook in an historically low interest rate environment hampered demand for long-term funds at the end of 2014, which can be seen in the net sales of bond and equity funds over the fourth quarter. Demand for equity funds remained relatively flat during the quarter, whereas demand for bond funds slipped into negative territory. Nevertheless, net sales of balanced funds remained robust as the diversification offered by this type of fund appealed to investors. Money market funds registered habitual end of quarter net outflows in December.



## Trends in the UCITS Market

### Net Sales by Country of Domiciliation

**Nineteen countries registered net inflows in the final quarter of 2014, with ten countries recording net inflows greater than EUR 1 billion and four countries recording net inflows over EUR 5 billion.**

Luxembourg attracted net sales of EUR 39 billion during the quarter, thanks primarily to large net inflows to bond funds and balanced funds. Ireland followed with net sales of EUR 18 billion. Elsewhere, large inflows were posted during the quarter in Italy (EUR 6 billion), Spain (EUR 6 billion) and Sweden (EUR 4 billion). Of the other large domiciles, the United Kingdom registered net inflows of EUR 3 billion during the quarter, whereas both France and Germany registered net outflows during the quarter.

**Twenty-one countries registered net inflows in 2014, with twelve countries recording net inflows greater than EUR 1 billion and two countries recording net inflows over EUR 100 billion.** Luxembourg attracted EUR 228 billion in net inflows in 2014, more than double its nearest rival Ireland, which also posted impressive net sales of EUR 112 billion in 2014. Spain and Italy followed suit posting net sales of EUR 36 billion and EUR 33 billion respectively. Elsewhere, large net inflows were posted in the UK (EUR 22 billion), Switzerland (EUR 15 billion), Sweden (EUR 13 billion) and Norway (EUR 12 billion) in 2014. France registered net outflows of EUR 22 billion during the year.

Members	Equity Funds		Bond Funds		Balanced Funds		Money Market Funds		Other Funds <sup>(2)</sup>		Total	
	Q4 2014	YTD	Q4 2014	YTD	Q4 2014	YTD	Q4 2014	YTD	Q4 2014	YTD	Q4 2014	YTD
Austria	-151	-633	830	-647	126	359	0	-27	386	1,359	1,191	409
Bulgaria	0	16	-2	8	-1	6	5	-4	0	1	3	27
Croatia	-5	-21	28	67	-3	-9	-106	-96	22	19	-64	-39
Czech Republic	12	79	66	133	134	324	0	-20	122	429	334	945
Denmark	1,205	2,681	-184	2,649	184	764	1	34	-1	-58	1,205	6,069
Finland	125	854	983	3,349	406	1,543	589	-119	42	152	2,145	5,779
France	-5,723	-16,546	2,166	19,507	-864	5,083	-14,866	-29,526	-431	-333	-19,718	-21,814
Germany	-4,469	-8,303	1,677	2,972	2,310	8,290	-142	-430	-101	-134	-724	2,396
Greece	-36	-79	-41	-89	-7	-19	-61	30	-5	-32	-150	-189
Hungary	2	57	148	1,097	0	121	-184	-496	99	764	65	1,543
Ireland	7,984	21,056	-3,556	27,872	3,220	9,783	531	23,498	10,100	29,457	18,279	111,664
Italy	-299	-1,319	131	1,512	6,679	34,881	-512	-2,368	0	0	5,999	32,705
Liechtenstein	-56	391	349	-130	3	-63	-316	-1,427	-2	-117	-23	-1,347
Luxembourg <sup>(3)</sup>	-1,129	42,169	23,930	95,150	13,729	97,179	3,388	2,434	-939	-8,926	38,979	228,006
Malta	0	-117	110	234	49	138	16	212	-6	-74	170	393
Netherlands	-581	-2,685	-297	-18	-69	-1,715	0	0	237	262	-710	-4,156
Norway	-2,426	-1,682	-1,452	12,442	508	1,593	-726	-120	-18	26	-4,115	12,258
Poland	-47	-324	279	640	-54	-247	525	1,314	130	169	832	1,551
Portugal	-24	-29	-89	4	-9	15	89	375	-11	251	-44	616
Romania	3	15	83	340	3	19	3	10	126	585	218	969
Slovakia	13	7	76	277	145	402	2	-4	0	0	236	681
Slovenia	0	23	7	18	7	-1	2	0	-1	0	16	39
Spain	657	6,523	-592	7,622	5,971	22,034	-70	-570	0	0	5,966	35,609
Sweden	1,052	1,882	1,510	5,949	1,079	1,400	-218	1,706	761	1,705	4,184	12,643
Switzerland	-542	8,690	-242	4,982	-113	1,378	2,122	510	0	0	1,225	15,560
Turkey	-38	-89	69	728	144	114	44	-1,105	-19	-77	200	-428
United Kingdom	1,018	8,154	-581	4,519	482	3,368	26	1,433	1,971	4,216	2,917	21,691
<b>Total</b>	<b>-3,458</b>	<b>60,768</b>	<b>25,407</b>	<b>191,187</b>	<b>34,058</b>	<b>186,736</b>	<b>-9,857</b>	<b>-4,755</b>	<b>12,464</b>	<b>29,645</b>	<b>58,615</b>	<b>463,580</b>

(1) In EUR millions for EFAMA members for which quarterly data are available; (2) including funds of funds, except for France, Germany and Italy for which the funds of funds data are included in the other fund categories; (3) net sales of non-UCITS are included in "other" funds, except net sales of special funds, which are shown in Table 6.



## Trends in the UCITS Market

### *Net Assets by Investment Type*

**UCITS net assets rose 2.2 percent during the fourth quarter to EUR 7,979 billion at end December 2014.**

Net assets of equity funds increased 2.3 percent during the quarter to EUR 2,891 billion. Bond fund net assets rose 1.8 percent to EUR 2,298 billion. Balanced funds enjoyed net asset growth of 3.1 percent during the quarter to stand at EUR 1,378 billion. Money market funds also registered a small reduction in net assets to EUR 952 billion at quarter end.

**Overall in 2014, UCITS net assets increased 16.3 percent.** Balanced funds rose 23.8 percent during the year. Bond funds registered growth of 18.3 percent and equity funds increased 14.2 percent throughout 2014. Money market fund net assets increased 4.4 percent during the year.

The number of UCITS at end December 2014 stood at 36,148 compared to 35,708 at end December 2013.

Table 2. Breakdown of UCITS Assets by Category						
UCITS types	31-Dec-14		Change from 30/9/2014		Change from 31/12/2013	
	EUR bn	Share	in % <sup>(1)</sup>	in EUR bn	in % <sup>(2)</sup>	in EUR bn
Equity	2,891	36%	2.3%	66	14.4%	365
Balanced	1,378	17%	3.1%	42	23.8%	265
Total Equity & Balanced	4,269	54%	2.6%	108	17.2%	625
Bond	2,298	29%	1.8%	41	18.3%	356
Money Market (MM)	952	12%	-0.2%	-2	4.4%	40
Funds of funds <sup>(3)</sup>	92	1%	5.7%	5	35.3%	24
Other	370	5%	6.0%	21	23.3%	70
<b>Total</b>	<b>7,979</b>	<b>100%</b>	<b>2.2%</b>	<b>171</b>	<b>16.3%</b>	<b>1,117</b>
of which guaranteed funds	123	2%	-3.1%	-4	-15.8%	-23

(1) End December 2014 compared to end September 2014 assets; (2) end December 2014 compared to end December 2013 assets; (3) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.

Table 3. Breakdown of UCITS Number by Category <sup>(1)</sup>						
UCITS types	31-Dec-14		Change from 30/9/2014		Change from 31/12/2013	
	No.	Share	in % <sup>(2)</sup>	in No.	in % <sup>(3)</sup>	in No.
Equity	12,117	37%	-0.1%	-7	0.0%	0
Balanced	8,740	27%	0.7%	57	3.1%	265
Total Equity & Balanced	20,857	64%	0.2%	50	1.3%	265
Bond	7,290	22%	-0.1%	-8	1.8%	132
Money Market (MM)	1,037	3%	-2.7%	-29	-11.2%	-131
Funds of funds <sup>(4)</sup>	882	3%	-1.2%	-11	0.8%	7
Other	2,517	8%	-2.3%	-59	-6.2%	-165
<b>Total (excl. Ireland)</b>	<b>32,583</b>	<b>100%</b>	<b>-0.2%</b>	<b>-57</b>	<b>0.3%</b>	<b>108</b>
of which guaranteed funds	2,358	7%	-4.6%	-113	-16.4%	-464
<b>Total (incl. Ireland)</b>	<b>36,148</b>		<b>0.1%</b>	<b>46</b>	<b>1.2%</b>	<b>440</b>

(1) Breakdown of data is unavailable for Ireland; (2) end December 2014 compared to end September 2014; (3) end December 2014 compared to end December 2013; (4) except funds of funds domiciled in France, Luxembourg, Italy and Germany which are included in other types of funds.



## Trends in the UCITS Market

### Net Assets by Country of Domiciliation

#### UCITS net assets rose 2.2 percent during the quarter to EUR 7,979 billion at end December 2014.

Twenty-one countries recorded growth during the quarter. Of the largest domiciles, Ireland increased by 3.3 percent followed by Luxembourg (3.1%) the United Kingdom (1.9%) and Germany (1.2%). France registered a decline of 1.0 percent in UCITS net assets growth. In Southern Europe, growth was registered in Italy (3.4%) and Spain (3.1%). Liechtenstein registered a decrease in net assets due to reclassifications from UCITS to non-UCITS assets during the quarter. Net assets in Norway fell 10.0 percent during the quarter as the Norwegian Krone weakened 11.4 percent vis-à-vis the euro.

Over the course of 2014, UCITS net assets increased 16.3 percent. Of the large domiciles, Ireland increased 22.1 percent, followed by Luxembourg (20.2%), the United Kingdom (15.4%), Germany (6.7%) and France (3.2%). Italy registered growth of 31 percent supported by strong net sales. Romania and the Czech Republic also registered impressive net asset growth during the year of 40 percent and 30 percent respectively.

Members	31/12/2014		30/09/2014		31/12/2013	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	83,553	1.0%	81,703	2.3%	78,053	7.0%
Belgium	104,694	1.3%	99,885	4.8%	87,950	19.0%
Bulgaria	411	0.0%	409	0.4%	367	11.9%
Croatia	1,695	0.0%	1,777	-4.6%	1,709	-0.8%
Czech Republic	5,984	0.1%	5,540	8.0%	4,596	30.2%
Denmark	99,947	1.3%	96,574	3.5%	86,279	15.8%
Finland	71,346	0.9%	69,886	2.1%	64,145	11.2%
France	1,145,928	14.4%	1,157,469	-1.0%	1,110,507	3.2%
Germany	296,406	3.7%	292,915	1.2%	277,682	6.7%
Greece	4,781	0.1%	5,418	-11.8%	5,256	-9.0%
Hungary	11,416	0.1%	11,565	-1.3%	10,264	11.2%
Ireland	1,274,477	16.0%	1,233,409	3.3%	1,044,063	22.1%
Italy	196,299	2.5%	189,865	3.4%	149,269	31.5%
Liechtenstein <sup>(3)</sup>	23,958	0.3%	26,310	-8.9%	25,714	-6.8%
Luxembourg	2,642,504	33.1%	2,562,745	3.1%	2,197,567	20.2%
Malta	2,903	0.0%	2,731	6.3%	2,282	27.2%
Netherlands	62,393	0.8%	61,978	0.7%	59,500	4.9%
Norway	92,434	1.2%	102,716	-10.0%	79,090	16.9%
Poland	21,708	0.3%	21,518	0.9%	20,109	7.9%
Portugal	8,226	0.1%	8,305	-1.0%	7,406	11.1%
Romania	4,079	0.1%	3,817	6.9%	2,914	40.0%
Slovakia	3,445	0.0%	3,187	8.1%	2,681	28.5%
Slovenia	2,143	0.0%	2,114	1.4%	1,875	14.3%
Spain	225,722	2.8%	218,961	3.1%	180,000	25.4%
Sweden	248,930	3.1%	233,904	6.4%	198,100	25.7%
Switzerland	335,960	4.2%	324,184	3.6%	291,300	15.3%
Turkey	12,613	0.2%	11,680	8.0%	10,460	20.6%
United Kingdom	995,340	12.5%	977,103	1.9%	862,540	15.4%
<b>All Funds</b>	<b>7,979,297</b>	<b>100%</b>	<b>7,807,670</b>	<b>2.2%</b>	<b>6,861,678</b>	<b>16.3%</b>

(1) End December 2014 compared to end September 2014; (2) end December 2014 compared to end December 2013; (3) the fall in net assets during Q4 is due to a reclassification of assets from UCITS to non-UCITS.

## Trends in the Non-UCITS Market

### Net Sales and Assets by Investment Type

**Net assets of non-UCITS increased 3.4 percent during the fourth quarter to stand at EUR 3,362 billion at end December 2014.** Net assets of special funds (funds reserved to institutional investors) increased 3.2 percent during the quarter to EUR 2,250 billion. Large net inflows of EUR 38 billion into special funds were recorded in the fourth quarter of 2013. Real estate funds increased 3.8 percent during the quarter to stand at EUR 304 billion.

**Overall in 2014, net assets of non-UCITS increased 14.3 percent.** Net assets of special funds increased 16.9% during the year, thanks to strong net inflows of EUR 105 billion over the course of the year. Net assets of real estate funds enjoyed strong growth of 17.2 percent in 2014.

The total number of non-UCITS funds stood at 19,402 at end December 2014, compared to 19,552 at end December 2013.

Fund types	31/12/2014		30/9/2014		31/12/2013		Number of Funds	
	EUR bn	Share	EUR bn	% chg <sup>(1)</sup>	EUR bn	% chg <sup>(2)</sup>	31/12/2014	31/12/2013
Special / Institutional	2,250	67%	2,180	3.2%	1,925	16.9%	8,941	9,194
German "Spezialfonds"	1204	36%	1,164	3.4%	1,045	15.2%	3,753	3,893
British investment trusts	135	4%	130	3.8%	117	15.4%	391	337
French employees savings	111	3%	111	0.0%	105	5.7%	2,050	2,140
Luxembourg "other" funds	99	3%	101	-2.0%	104	-4.8%	623	846
Real-estate funds	304	9%	293	3.8%	281	8.2%	1,223	1,195
Other	463	14%	435	6.4%	395	17.2%	6,174	5,814
<b>Total</b>	<b>3,362</b>	<b>100%</b>	<b>3,250</b>	<b>3.4%</b>	<b>2,941</b>	<b>14.3%</b>	<b>19,402</b>	<b>19,552</b>

(1) End December 2014 compared to end September 2014; (2) end December 2014 compared to end December 2013.

Members	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Austria	731	120	250	-86	913	1,521	1,627	-59
Denmark	1,172	2,413	3,668	-803	-2,337	-1,975	-17,139	237
Finland	420	146	230	-333	555	1,405	652	132
Germany	21,807	12,120	15,735	27,583	22,208	12,398	18,246	38,001
Hungary	664	-3	-21	-122	-35	-34	-33	28
Ireland	5,892	5,093	7,048	3,367	3,020	6,186	-5,332	-7,025
Italy	-18	160	-45	-27	86	-126	26	72
Liechtenstein	163	157	-27	92	118	18	47	n.a.
Luxembourg	10,834	8,254	11,475	9,940	3,768	4,576	7,974	4,629
Romania	6	1	1	0	15	5	-4	13
Sweden	-43	-87	10	38	-18	188	50	25
United Kingdom	700	397	2,053	2,532	5,145	2,586	1,220	2,281
<b>Total</b>	<b>42,328</b>	<b>28,771</b>	<b>40,377</b>	<b>42,181</b>	<b>33,438</b>	<b>25,986</b>	<b>7,334</b>	<b>38,334</b>

(1) In EUR millions for EFAMA members for which data are available.

## Trends in the European Investment Fund Industry

### *Net Assets by Country of Domiciliation*

The combined assets of the investment fund market in Europe, i.e. the market for UCITS and non-UCITS increased 2.6 percent during the fourth quarter to stand at EUR 11,341 billion at end December 2014. Overall in 2014, net assets of total investment fund industry increased 15.7 percent.

With EUR 7,979 billion invested in UCITS, this segment of the business accounted for 70 percent of the European investment fund market, with the remaining 30 percent (EUR 3,362 billion) composed of non-UCITS.

Table 7. Net Assets of the European Investment Fund Industry						
Members	31/12/2014		30/09/2014		31/12/2013	
	EUR m	Share	EUR m	% chg <sup>(1)</sup>	EUR m	% chg <sup>(2)</sup>
Austria	162,522	1.4%	160,244	1.4%	149,407	8.8%
Belgium	114,391	1.0%	109,137	4.8%	96,310	18.8%
Bulgaria	414	0.0%	412	0.4%	370	11.9%
Croatia	2,142	0.0%	2,238	-4.3%	2,136	0.3%
Czech Republic	6,135	0.1%	5,684	7.9%	4,720	30.0%
Denmark	230,256	2.0%	224,006	2.8%	185,869	23.9%
Finland	85,060	0.8%	83,440	1.9%	75,123	13.2%
France	1,584,828	14.0%	1,582,769	0.1%	1,529,507	3.6%
Germany	1,581,625	13.9%	1,537,204	2.9%	1,404,426	12.6%
Greece	7,469	0.1%	7,571	-1.3%	7,166	4.2%
Hungary	17,339	0.2%	17,449	-0.6%	13,514	28.3%
Ireland	1,661,211	14.6%	1,599,712	3.8%	1,343,882	23.6%
Italy	248,397	2.2%	242,257	2.5%	216,275	14.9%
Liechtenstein	38,359	0.3%	30,892	24.2%	30,451	26.0%
Luxembourg	3,094,987	27.3%	3,006,762	2.9%	2,615,364	18.3%
Malta	9,727	0.1%	9,887	-1.6%	9,394	3.5%
Netherlands	74,786	0.7%	73,727	1.4%	69,400	7.8%
Norway	92,434	0.8%	102,716	-10.0%	79,090	16.9%
Poland	48,913	0.4%	50,241	-2.6%	45,025	8.6%
Portugal	22,986	0.2%	23,887	-3.8%	24,690	-6.9%
Romania	5,717	0.1%	5,476	4.4%	4,518	26.5%
Slovakia	5,365	0.0%	5,251	2.2%	4,570	17.4%
Slovenia	2,143	0.0%	2,114	1.4%	1,875	14.3%
Spain	229,143	2.0%	223,867	2.4%	184,881	23.9%
Sweden	252,710	2.2%	239,062	5.7%	200,235	26.2%
Switzerland	415,802	3.7%	401,434	3.6%	360,230	15.4%
Turkey	27,663	0.2%	25,306	9.3%	23,694	16.8%
United Kingdom	1,318,655	11.6%	1,284,774	2.6%	1,120,795	17.7%
<b>All Funds</b>	<b>11,341,179</b>	<b>100.0%</b>	<b>11,057,520</b>	<b>2.6%</b>	<b>9,802,917</b>	<b>15.7%</b>
UCITS	7,979,297	70.4%	7,807,670	2.2%	6,861,678	16.3%
Non-UCITS	3,361,882	29.6%	3,249,850	3.4%	2,941,239	14.3%

(1) End December 2014 compared to end September 2014; (2) end December 2014 compared to end December 2013.