**EFAMA is the voice of the EUR 28.5 trillion European investment management industry.**

Through our 27 national associations and 58 corporate members, we represent the rich diversity of market participants that characterises the European investment management industry. This sets us apart and makes us the natural interlocutors of European policymakers.

We can also rely on the expertise of our 27 associate members, mainly consultancies, asset servicing companies and law firms.

**EFAMA’s purpose is to:**

- a. foster optimal conditions for the European fund and asset management industry in its efforts to create value for investors;
- b. influence and support the ongoing development of the regulatory environment including the European Single Market;
- c. advocate for the interests of its members among stakeholders;
- d. build confidence and trust in the industry;
- e. promote scientific research concerning the industry.

**To that effect, we carry out activities such as:**

- supporting the development of, and adherence to, high professional standards which recognise the interests of investors;
- providing an effective voice for the industry by developing and maintaining a strong reputation and relationships with key stakeholders;
- promoting the professional interests of members and providing services to enable members to contribute to, and benefit from, the Association’s work;
- fostering the realisation of an effective European Single Market through engagement with the relevant EU institutions and national authorities;
- representing the industry in European and international policy and regulatory discussions;
- promoting and conducting research and data collection concerning the industry and acting as a trusted source of data;
- disseminating information and issuing publications;
- organising conferences, seminars, workshops, etc. at European level.
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I am delighted to present to you the 21st edition of EFAMA’s Fact Book. Throughout the years, this publication has unquestionably established itself as the ultimate source of trustworthy data on the European investment fund industry. Just like last year, the Fact Book is available completely free of charge, ensuring its accessibility to a wide audience.

This year’s edition provides a comprehensive analysis of the developments in 2022, with a look back at trends over the last decade. This analysis confirms that last year was difficult for the industry and its clients, as net sales of UCITS and AIFs turned negative against the backdrop of a general decline in both the equity and fixed-income markets. There was also some positive news for the European fund industry, most of it related to important regulatory files on which EFAMA has been working actively.

The first prominent positive evolution is the resilience of the demand for Article 9 funds, which are classified as funds with a clear sustainability objective under the Sustainable Financial Disclosure Regulation (SFDR). Whereas UCITS in general suffered net outflows in 2022, Article 9 UCITS witnessed positive net sales every single month of the year. I strongly believe that sustainable funds will continue to be successful in the future as investors increasingly prioritise ESG considerations in their investment decisions.

Yet, it remains essential to clarify some key aspects of the EU sustainable finance regulatory framework, particularly concerning SFDR disclosures. The most significant issue lies in the lack of reliable standardised data on investee companies. Although the recently adopted Corporate Sustainability Reporting Directive (CSRD) will play a pivotal role in delivering accurate and meaningful non-financial data, the framework remains a work in progress and will only achieve full implementation in a few years. This environment is challenging for fund managers who need reliable ESG data to be able to fulfil their important role in the transition to a sustainable economy.

A second positive trend is the sustained decline in cost across different types and strategies of funds. This is partly due to the growing market share of large funds, which strengthens the downward trend in prices thanks to cost savings resulting from economies of scale. This cost pressure is set to continue due to enduring competition between fund managers and enhanced transparency on fees.

Another noteworthy trend is the recent investment behaviour of European retail investors, who continued to invest in capital market instruments and purchase investment funds (EUR 88 billion) throughout the year despite short-term market volatility. While this is highly encouraging, the average share of bank deposits remains very high in EU households’ total financial assets (44%). Our hope is that the Retail Investment Strategy (RIS), if well calibrated, will help address this problem and encourage European citizens to become long-term investors. In this context, I can only confirm that effective and affordable investment advice is essential, and for that reason, the current coexistence of fee- and commission-based advice must be preserved to ensure the availability of financial advice for all EU citizens, not just for wealthy investors.

It remains to be seen what 2023 will bring, but so far it is shaping up to be a more positive year in terms of fund performance, despite the remaining geopolitical and economic uncertainties. As we navigate the year ahead, I am confident that the strength and reliability of the UCITS and AIF frameworks will continue to attract investors, both within Europe and internationally.

In conclusion, I would like to extend my heartfelt appreciation to EFAMA’s research team for its unwavering dedication in producing the Fact Book. I would also like to express my sincere gratitude to EFAMA member associations, whose valuable contributions through their country reports and national statistics have played a pivotal role in the ongoing success of the Fact Book. And lastly, many thanks to the Fact Book sponsors whose financial support have made this publication possible.

Naïm Abou-Jaoudé
EFAMA President
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Key Findings and Figures

THE EUROPEAN INVESTMENT FUND INDUSTRY AT A GLANCE

Net assets at end 2022
EUR 19.1 trillion
- UCITS EUR 12 trillion
- AIFs EUR 7.1 trillion

Net outflows in 2022
EUR 273 billion
- UCITS EUR 167 billion
- AIFs EUR 105 billion

Net asset increase since end 2012
EUR 9.6 trillion
- Net sales EUR 5.3 trillion
- Market appreciation EUR 4.3 trillion
WHAT HAPPENED IN THE UCITS AND AIF MARKETS IN 2022?

Net sales of UCITS and AIFs have turned negative, but the decline in net assets was mostly due to the fall in stock and bond prices.

The year 2022 was difficult for UCITS and AIFs, which recorded significant net outflows of EUR 167 billion and EUR 105 billion, respectively. Net UCITS assets declined by 13.4%; net outflows represented 1.2% of UCITS net assets at end 2021 and the remaining 12.2% were due to the market decline. Net AIF assets declined by 11% in 2022, with net outflows accounting for 1.3% of this.

The UCITS market was marked by substantial net outflows, from equity and particularly bond funds.

The net outflows from equity UCITS reflected the poor performance of stock markets over much of 2022. Bond UCITS registered their worst results in 10 years, primarily due to a sharp rise in interest rates that negatively impacted the valuation of outstanding debt securities and the attractiveness of bond funds.

Net AIF sales were impacted by Dutch pension funds moving away from AIFs.

Net outflows from AIFs reached EUR 105 billion in 2022. This was mainly due to the decision of several pension funds in the Netherlands to manage their assets in segregated mandates rather than in AIFs, because of the new IFR/IFD prudential rules. Excluding the Netherlands and Denmark - where there was also a trend away from AIFs - AIFs would have registered solid net inflows in 2022 (EUR 108 billion), in particular in other AIFs and multi-asset AIFs.
The war in Ukraine and rapidly rising interest rates led to weaker economic growth and net outflows from long-term UCITS in 2022.

This outcome confirms that the economic situation has a strong impact on investors’ willingness to invest in capital markets and, in particular, in long-term UCITS. It can also be observed that the COVID-19 pandemic in 2020 led to a decline in GDP and a fall in the net sales of long-term UCITS during that year. At the same time, the strong rebound in economic growth in 2021 was accompanied by record net inflows into long-term funds.

Demand for SFDR Article 9 funds was remarkably resilient.

Net sales of Article 9 funds amounted to EUR 20 billion in 2022, with positive net inflows in each month of the year. These solid net inflows were even more striking given that many SFDR Article 9 funds were reclassified as Article 8 in the second half of the year in order to comply with the SFDR Level 2 guidance provided by ESMA.

UCITS ETFs was another market segment where net sales remained positive.

UCITS ETFs attracted EUR 86 billion in net new money in 2022, a stark contrast to the overall net outflows from long-term UCITS (EUR 195 billion). This suggests that the demand for ETFs is less impacted by the global economic and market environment. The fact that ETFs are typically low-cost funds that can be traded like stocks undoubtedly played a role in their continuing popularity.
WHAT ARE THE LONG-TERM TRENDS IN THE EUROPEAN FUND INDUSTRY?

Large funds are becoming increasingly important in the UCITS market.

It is often noted that there are too many small funds in Europe, which cannot take advantage of economies of scale to better cover their fixed costs. Indeed, there were around 12,500 UCITS with less than EUR 100 million under management at end 2022. However, these small funds only amount to around 4% of the total net assets of UCITS in 2022, with a market share that is gradually falling. At the same time, the share of the funds with more than EUR 1 billion in net assets is steadily increasing.

The average cost of UCITS continued to fall during the last five years.

Looking at the 2018-2022 period, the average cost of equity UCITS decreased from 1.01% to 0.87%, whereas the cost of bond UCITS declined from 0.71% to 0.58%. This trend is expected to continue in future, as increased transparency on fees and competition between fund managers in general and between active and passive funds in particular will remain in force.

The European fund industry is becoming more international, with growing importance for cross-border funds.

The share of cross-border funds domiciled in the European Union increased from 47% in 2012 to 54% in 2022. During this period, the share of funds held in another EU country rose from 22% to 28%, whereas funds held outside of Europe saw their share increase from 24% to 26%. These trends confirm the vitality of the single market for UCITS and their success outside the EU, in particular in Asia and South America.
HOW HAS THE ASSET ALLOCATION OF UCITS CHANGED IN THE LAST DECADE?

The share of European stocks in the asset allocation of UCITS equity funds has declined sharply since 2012.

This trend has coincided with a growing demand for US stocks, which can be explained by several factors that have made US stocks an attractive investment option for both domestic and international investors, notably the strength of the US economy and the fact that the US is home to many successful companies, particularly in the technology sector. The share of Asian stocks dropped markedly in 2021 and 2022, mainly due to a fall in stock markets in China.

European-issued bonds accounted for slightly over half of total debt holdings of bond UCITS at end 2022.

Some 53% of the bonds held by UCITS bond funds at end 2022 were issued in Europe, compared to 61% in 2012. This decline, which halted in 2020, coincided with an increase in the share of bonds issued in the US and Asia-Pacific. This can be explained by the generally lower interest rates in Europe compared to the US and many Asian countries, making European bonds less attractive to investors seeking higher yields.

Multi-asset funds gradually increased their investments in other funds.

The share of directly held bonds in the asset allocation of multi-asset UCITS has fallen since 2012, while that of directly held equity has increased, as has the share of other funds held in multi-asset funds. This indicates that the managers of multi-asset funds are increasingly relying on the expertise of other fund managers.
WHO INVESTS IN EUROPEAN FUNDS?

UCITS and AIFs held by investors both within and outside the EU gradually increased until 2021, before dropping in 2022.

Net assets of UCITS and AIFs owned by EU investors amounted to EUR 12.5 trillion at end 2022, compared to EUR 6 trillion in 2012. Over the same period, the net assets of European funds owned by non-European investors also rose strongly, from EUR 2 trillion in 2012 to EUR 4.4 trillion in 2022, thus confirming the popularity of UCITS as a global brand.

Insurers and pension funds are the largest fund investors in the EU.

At end of 2022, insurers and pension funds held approximately EUR 4.2 trillion of UCITS and AIF net assets. Households were the second-largest investors, with fund holdings of EUR 3.2 trillion, compared to EUR 1.7 trillion in 2012. Long-term investment funds were the third main type of investor, holding EUR 3 trillion of funds at end 2022.

EU retail investors have steadily purchased investment funds in recent years.

Households in the EU acquired a net EUR 88 billion in investment funds in 2022, despite the drop in stock and bond prices. They also continued to contribute to pension savings products and life insurance, and even kept investing directly in stocks and debt securities. At the same time, the increase in bank deposits slowed considerably compared to previous years, mostly due to the sharp fall in the gross saving rate of EU households, from 18.7% in 2020 to 17.1% in 2021 and 13.3% in 2022.
WHERE ARE EUROPEAN FUNDS DOMICILED?

Top country shares in UCITS and AIFs Net Assets at End 2022

(EUR trillions, percent)

The top five countries accounted for 79% of total net fund assets in 2022.

- Luxembourg: 26%
- Ireland: 19%
- Germany: 14%
- France: 11%
- UK: 9%
- Other: 21%

Top country shares of Fund Ownership at End 2022

01 Germany
02 UK
03 France
04 Switzerland
05 Italy
06 Luxembourg
07 Netherlands
08 Sweden
09 Ireland
10 Spain

WHO IS HOLDING FUNDS IN EUROPE?
**WORLDWIDE INVESTMENT FUNDS**

### Net Assets of Investment Funds at end 2022 (EUR trillions, percent)
- USA: 29.3 (48%)
- Europe: 18.5 (31%)
- Asia-Pacific: 8.6 (14%)
- The Americas (excl. USA) and ZA: 4.3 (7%)

Worldwide total net assets: EUR 60.8 trillion

### Net Sales of Investment Funds in 2022 (EUR billions)
- USA: -163
- Europe: -235
- Asia-Pacific: 362
- The Americas (excl. USA) and ZA: 26
- Worldwide total net sales: -9.6 billion

### Net Assets by Fund Type (EUR trillions, percent)
- Equity: 25.7 (42%)
- Bond: 11.2 (19%)
- Money Market: 9.9 (16%)
- Multi-Asset: 8.3 (14%)
- Other: 5.6 (9%)

### Net Sales by Fund Type (EUR billions)
- Equity: -26
- Bond: -258
- Money Market: 198
- Multi-Asset: 172
- Other: -95

**Worldwide total net outflows:** EUR 9.6 billion
The country reports in the EFAMA Fact Book provide a detailed overview of the investment fund market in 28 European countries.

Each country report includes net assets/sales data covering the past 5 years. The reports also delve into regulatory developments, highlighting recent changes or initiatives that impact the fund industry in each jurisdiction.

Overall, the country reports serve as a valuable resource for industry professionals, policymakers, and researchers looking to understand the dynamics and trends of the fund industry in individual European countries.

Country reports for 28 countries can be found in the Fact Book:
Acknowledgements

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Additionally, we extend our sincere gratitude to EFAMA member associations, whose significant contributions in the form of individual country reports and national statistics have been vital to the continued success of the Fact Book.

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