

EFAMA publishes 2021 industry Fact Book

Report highlights key developments in the European fund industry in 2020

Brussels, 01 July 2021 – The European Fund and Asset Management Association (EFAMA) has released its 2021 industry Fact Book.

The 2021 Fact Book provides an in-depth analysis of trends in the European fund industry, an extensive overview of the regulatory developments across 29 European countries and a wealth of data.

New to this year's edition is an analysis of the impact of the Covid-19 pandemic on the industry, an overview of the growth of ESG UCITS since 2016, a deep dive into the fund holdings of insurers, performance and costs figures for both active and passive UCITS and a focus on household financial assets.

Key findings include:

- **Net sales of UCITS in 2020** – Net outflows from UCITS amounted to EUR 314 billion in March, the largest monthly outflows ever observed in absolute terms. Investor confidence returned in April and net sales remained strong during the following months, resulting in a total of EUR 474 billion of net sales over the year. Broken down by fund type, 2020 has been marked by record-breaking net sales of money market funds (MMFs) and strong net inflows into equity funds.
- **Net sales of AIFs in 2020** – Net inflows into AIFs were hardly impacted by the pandemic, they stayed positive in March and only turned slightly negative in April. The resilience of AIFs amid the Covid-19 pandemic confirms the longer-term investment horizon of insurers and pension funds who are the primary investors in AIFs.
- **ESG UCITS** – Net assets of European ESG UCITS funds have grown strongly in the last five years, with more significant increases in 2019 and 2020. The share of ESG funds grew from almost 7% of total net assets in 2015 to 11% in 2020, or EUR 1.2 trillion. This growth was supported by an exponential rise of net sales of ESG UCITS in 2020, to an estimated total of EUR 235 billion, despite the Covid-19 pandemic.

EFAMA's Director General, Tanguy van de Werve commented:

“2020 was undeniably marked by the Covid-19 pandemic. Despite the enormous economic damages, investors inside and outside Europe continued to put their trust in UCITS and AIFs and boosted net sales to EUR 650 billion. ESG funds attracted more than one-third of these net sales. We are confident this upwards ESG trend will continue, especially if policy-makers take the necessary actions to fill the existing ESG data gap.”

Other key findings include:

- **Investor demographics - Insurers and pension funds are by far the largest investors.** At the end of 2020, they held 41% of the UCITS and AIF net assets owned by European investors. Households came second, with a market share of 25%. Other financial intermediaries, which are mainly long-term investment funds, followed closely, with 24%.
- **Domestic markets** - The countries with the highest levels of fund ownership at the end of 2020 were Germany, the UK, France, the Netherlands and Italy. Reflecting the size of their economies and populations, the four largest European countries feature in this top five. The Netherlands takes fourth place in terms of fund ownership, thanks to the size of Dutch occupational pension funds, which tend to invest a significant share of their portfolios into investment funds.
- **Fund domiciles** - At the end of 2020, 78% of the net assets of UCITS and AIFs were domiciled in only five countries. Luxembourg and Ireland are the two largest domiciles, due to their status as the main cross-border fund hubs. The large shares of Germany, France and the United Kingdom can be explained by the relative size of their economies and domestic fund markets.
- **Fees** - The cost of UCITS has been steadily declining across Europe in recent years. The costs of actively managed equity and bond funds decreased by 11% and 18%, respectively, between 2016 and 2020. This trend is expected to go on in the future due to increased transparency around fees and continuing pressure from passive funds.
- **Worldwide net sales** - Net sales of funds worldwide rose in 2020 to the second-highest level of the decade. Net inflows into money market funds represented more than half of the total 2020 net inflows: an absolute record. Net sales of equity funds remained low, despite strong net inflows recorded in Europe. This was mainly due to net outflows in the United States, which can be partly explained by US investors rebalancing their portfolios by selling equity funds and buying bond funds.

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Notes to Editors

Graphs and country-specific data are available for reproduction.

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About the Fact Book



The full Fact Book is available as a hard copy or digitally at <https://webshop.efama.org/Pages/Home.aspx>. Each purchase comes with a complimentary statistical package in Excel, containing a set of 49 tables with historical time series on net assets, net sales and the number of UCITS and AIFs at the country level. **A one-time free digital edition will be made available for media.**

About the European Fund and Asset Management Association (EFAMA)

EFAMA, the voice of the European investment management industry, represents 28 member associations, 58 corporate members and 24 Associate Members. At the end of Q1 2021, the total net assets of European investment funds reached EUR 19.6 trillion. These assets were managed by 34,615 UCITS (Undertakings for Collective Investments in Transferable Securities) and 29,608 AIFs (Alternative Investment Funds). At the end of 2020, assets managed by European asset managers as investment funds and discretionary mandates amounted to an estimated EUR 27 trillion. More information available at www.efama.org.