Fund*Market* Insight Report
Fund Market Overview, Europe
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Launches, Liquidations, and Mergers in the European Mutual Fund Industry, First Quarter 2011

- Equity funds and mixed-asset funds, accounting for 38% and 23% of the total number of funds, were the predominant asset classes among the 31,493 mutual funds registered for sale in Europe at the end of first quarter 2011.
- The number of newly launched funds decreased during first quarter 2011 compared to last quarter 2010–to 500 new funds from 716 new funds.
- During 2010 the number of newly launched funds was below the average of launched funds for the period from 2006-2010; 2,872 new funds were launched compared to the average of 3,488 new funds.

Executive Summary

The universe of mutual funds registered for sale in Europe included 31,493 primary funds as of the end of March 2011. Luxembourg hosted the largest number of mutual funds–approximately 8,100, followed by France, where 4,795 mutual funds were domiciled.

The year 2010–with 2,872 new funds–was marked by the lowest number of funds launched during the five-year period from 2006-2010. The most prolific years were 2007–with 4,327 new funds–and 2008–with 3,702 new funds.

The year 2010 was also characterized by a significant movement in liquidations and mergers of funds, mainly because of the consolidation induced by the application of the UCITS directive.

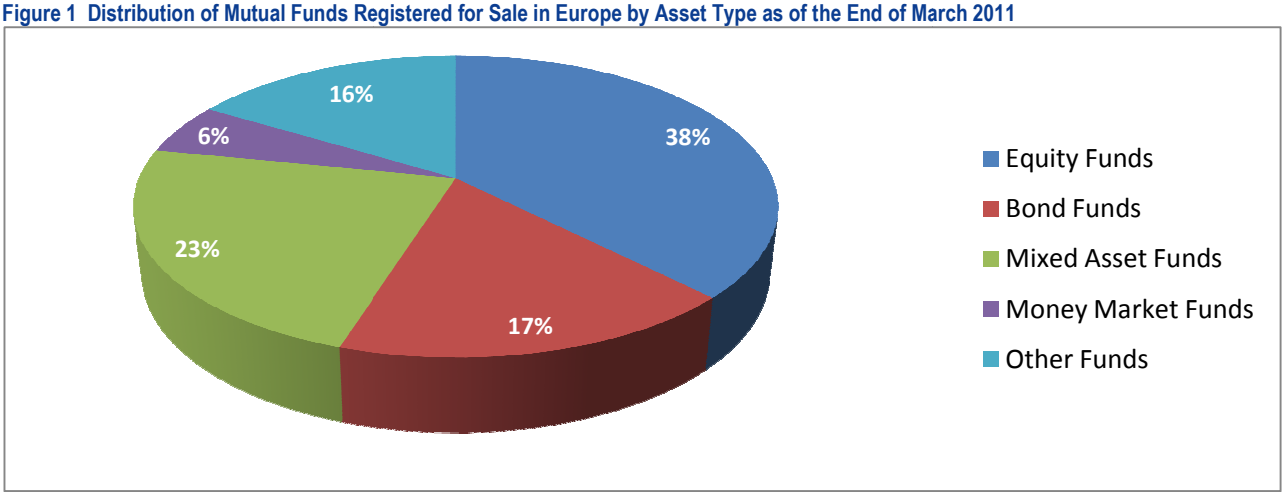
First quarter 2011 witnessed the launch of 500 mutual funds registered for sale in Europe, compared to 762 newly launched funds during first quarter 2010. Luxembourg was the most active marketplace–with the launch of 140 mutual funds, followed by France–with 83 new funds–and Spain with 74 new funds.

The most represented fund categories launched during first quarter 2011 were guaranteed funds, mixed-asset flexible funds, and Newcits funds (UCITS funds using alternative strategies).

View of the Mutual Fund Market in Europe

According to the Lipper database, there were 31,493 mutual funds registered for sale in Europe as of the end of March 2011. As shown in the pie chart below, 38% were equity funds, while the percentage of bond funds stood at 17%. The remaining funds were shared among mixed-asset funds–with 23%, money market funds–with 6%, and other funds, including real estate and commodity funds, with 16%.

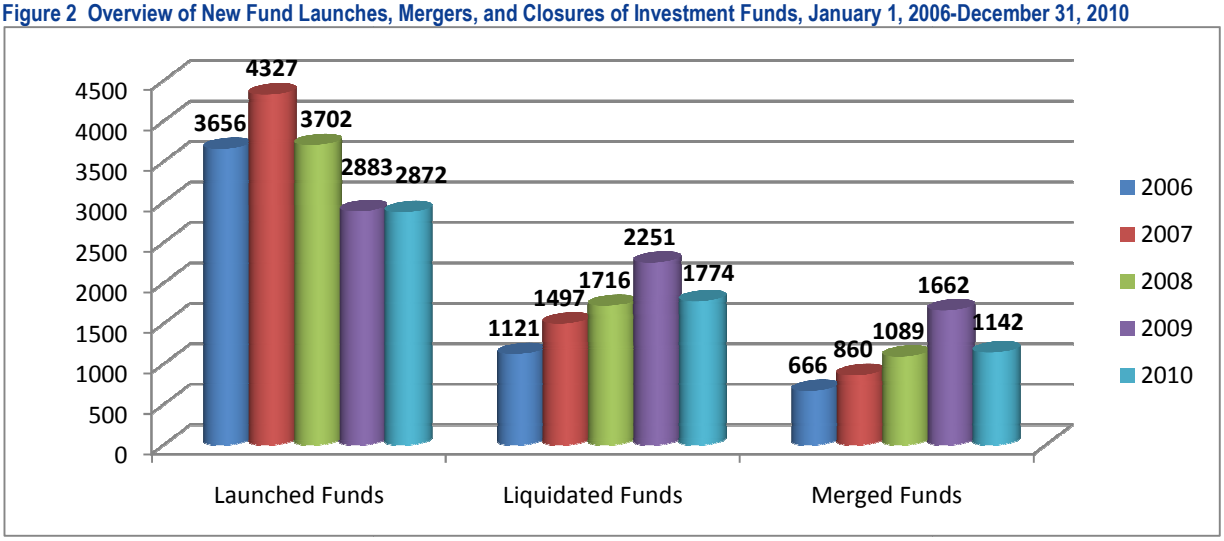
Figure 1 Distribution of Mutual Funds Registered for Sale in Europe by Asset Type as of the End of March 2011



Source: Lipper, a Thomson Reuters Comapnny

During 2010, 2,872 funds were launched in Europe: 914 equity funds, 577 bond funds, 678 mixed-asset funds, 69 money market funds, and 634 funds from other categories such as real estate, protected, and guaranteed funds. On the other hand, 1,774 funds were liquidated during the same year: 574 equity funds, 543 funds from the other categories, 305 mixed-asset funds, 234 bond funds, and 118 money market funds. Concerning mergers, the number of merged funds during 2010 stood at 1,142; equity funds, with 396 funds, was the largest asset class.

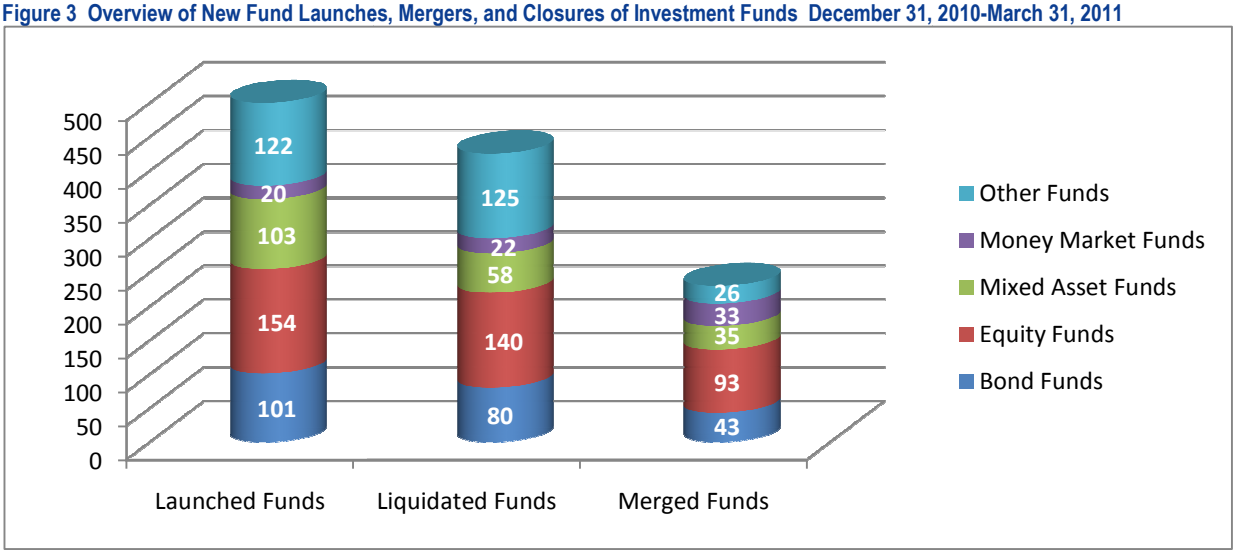
Figure 2 Overview of New Fund Launches, Mergers, and Closures of Investment Funds, January 1, 2006-December 31, 2010



Source: Lipper, a Thomson Reuters Comapnny

First quarter 2011 witnessed the launch of 500 funds: 154 equity funds, 101 bond funds, 122 other funds, 103 mixed-asset funds, and 20 money market funds. The figures were higher for first quarter 2010, with 762 funds launched. However, in terms of liquidations and mergers the activity remained quite stable: 425 liquidated funds in Q1 2011 compared to 420 liquidated funds in Q1 2010, and 230 merged funds in Q1 2011 compared to 172 merged funds in Q1 2010. (It is interesting to note that the number of liquidations and mergers has seen an upward trend during the last five years, illustrating an ongoing consolidation that partly reflects the impact of the UCITS directive across the European fund management industry.)

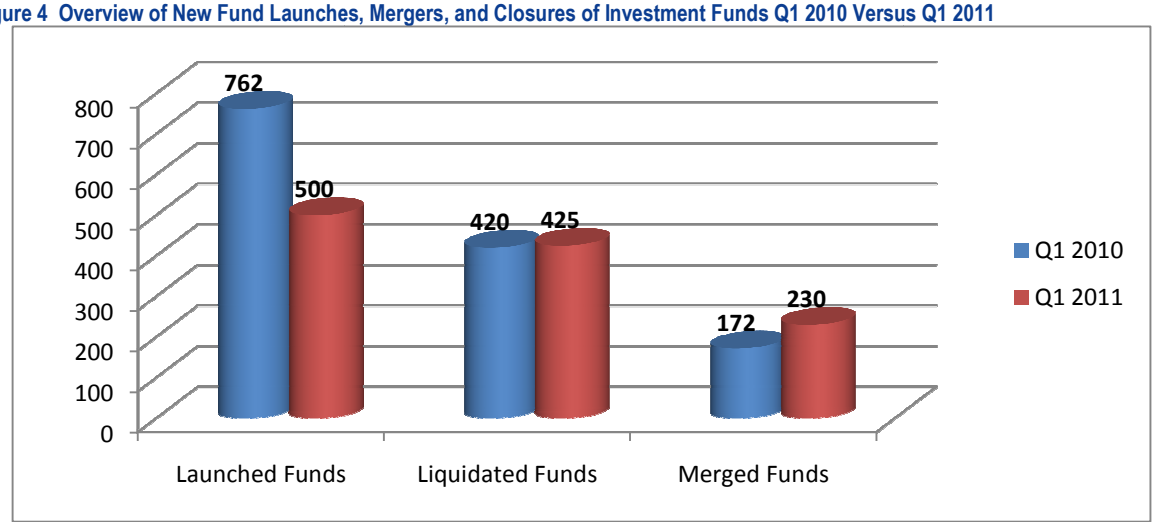
Figure 3 Overview of New Fund Launches, Mergers, and Closures of Investment Funds December 31, 2010-March 31, 2011



Source: Lipper, a Thomson Reuters Comapnny

Among the 500 newly launched funds during first quarter 2011, the most represented category was guaranteed funds–82 new funds, followed by mixed-asset flexible funds–41 new funds, and Newcits funds–36 new funds.

Figure 4 Overview of New Fund Launches, Mergers, and Closures of Investment Funds Q1 2010 Versus Q1 2011



Source: Lipper, a Thomson Reuters Comapnny

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