

**MFSA**

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MALTA FINANCIAL SERVICES AUTHORITY

**Analysis of Collective Investment  
Schemes licensed by the Malta  
Financial Services Authority  
(Quarters 1 & 2 - 2012)**

**September 2012**

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## Fact Statistics

- *Total new funds (including sub-funds) licenced (2004 - June 2012): **789***
- *Total funds (including sub-funds) surrendered (2004 – June 2012): **297***
- *Net Asset Value of Malta domiciled Funds: **€10.3 billion as at end June 2012***
- *Non-Malta domiciled funds (including sub-funds) administered in Malta: **157 as at end June 2012***
- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta: **€6.7 billion as at end June 2012***

## PART 1 – Analysis of Collective Investment Scheme Licences

### 1.1 Fund registrations in the International Fund Industry

Large domiciled countries, such as Luxembourg and Ireland, reported increases between one and two per cent in the number of authorised funds over the period December 2011 – June 2012. Other leading countries in the fund industry, such as Germany, France and the UK, suffered declines of 0.1 per cent, 1.2 per cent and 0.8 per cent in the number of authorised funds over the same period.

### 1.2 Fund registrations in Malta

The number of funds (including sub-funds) domiciled in Malta increased by four per cent in the first half of 2012 over end 2011. There were 460 Professional Investor Funds as at end June 2012, up by 4.1 per cent from end of 2011. There was a surge of 8.5 per cent in the number of authorised UCITS funds while the number of Retail Non-UCITS funds remained unchanged at 31. There was no change in the number of recognised private CIS while foreign based funds declined by one licence.

**Table 1: Funds (including sub-funds) domiciled in Malta (2009 – June 2012).**

	2009	2010	2011	June - 2012
<b>PIFs</b>	285	306	442	460
<b>UCITS</b>	45	50	59	64
<b>Retail Non-UCITS</b>	36	30	31	31
<b>Total locally based CISs</b>	<b>366</b>	<b>386</b>	<b>532</b>	<b>555</b>
<b>Foreign Based</b>	26	22	22	21
<b>Recognised Private CIS</b>	3	2	2	2
<b>Total CIS</b>	<b>395</b>	<b>410</b>	<b>556</b>	<b>578</b>

*Source: Malta Financial Services Authority.*

### 1.3 Authorisation of new Collective Investment Schemes

In the first half of 2012, the Authority authorised 65 new Collective Investment Scheme licences (including sub-funds) of which 59 were Professional Investor Funds (55 funds targeting Qualifying Investors, one fund targeting Extraordinary Investors and three funds targeting Experienced Investors), five UCITS funds and one Retail Non-UCITS fund. Table 3 outlines the licences issued during the period 2009 – June 2012.

**Table 2: Authorisation of new Collective Investment Schemes (2009 – June 2012).**

		2009	2010	2011	Q1 & Q2 2012	
<b>PIFs</b>	<i>Schemes</i>	19	39	45	20	
	<b>Sub-funds</b>	<b>Qualifying Investor</b>	93	95	141	55
		<b>Extraordinary Investor</b>	4	1	15	1
		<b>Experienced Investor</b>	5	6	7	3
		<b>Total</b>	<b>102</b>	<b>102</b>	<b>163</b>	<b>59</b>
<b>UCITS</b>	<i>Schemes</i>	1	4	4	4	
	<b>Sub-funds</b>	3	5	14	5	
<b>Retail Non-UCITS</b>	<i>Schemes</i>	0	0	1	0	
	<b>Sub-funds</b>	0	0	2	1	
<b>Foreign Based</b>	<i>Schemes</i>	0	0	0	0	
	<b>Sub-funds</b>	0	0	0	0	
<b>Recognised Private CIS</b>	<i>Schemes</i>	0	1	0	0	
	<b>Sub-funds</b>	0	1	0	0	

*Source: Malta Financial Services Authority.*

### 1.4 Surrenders of Collective Investment Schemes

During the first half of 2012, 41 Professional Investor Funds surrendered the licence; 38 PIFs targeted Qualifying Investors and three targeted Experienced Investors. The Authority accepted also the surrender of one Retail Non-UCITS fund and one foreign based fund during the same period.

**Table 3: Collective Investment Schemes surrendered (2009 – June 2012).**

		2009	2010	2011	Q1 & Q2 2012	
PIFs	<i>Schemes</i>	3	7	4	5	
	Sub-funds	Qualifying Investor	48	73	24	38
		Extraordinary Investor	1	3	0	0
		Experienced Investor	3	5	2	3
		<b>Total</b>	<b>52</b>	<b>81</b>	<b>26</b>	<b>41</b>
UCITS	<i>Schemes</i>	0	0	2	0	
	Sub-funds	9	0	5	0	
Retail Non-UCITS	<i>Schemes</i>	0	1	0	1	
	Sub-funds	3	6	1	1	
Foreign	<i>Schemes</i>	1	1	0	1	
	Sub-funds	46	4	0	1	
Recognised Private CIS	<i>Schemes</i>	1	2	0	0	
	Sub-funds	1	2	0	0	

Source: Malta Financial Services Authority.

### 1.5 Summary of Collective Investment Scheme licences (2010 – June 2012)

Table four summarises the new licences issued and surrendered by the Authority, and the number of active licences at the end of years 2010 and 2011, and end June 2012.

**Table 4: Collective Investment Scheme licences (2010 – June 2012).**

		2010			2011			June 2012			
		New licences	Licences surrendered	Total licences as at end 2010	New licences	Licences surrendered	Total licences as at end 2011	New licences	Licences surrendered	Total licences as at end June 2012	
PIFs	<i>Schemes</i>	39	7	108	45	4	149	20	5	164	
	Sub-funds	Qualifying Investor	95	73	251	141	24	367	55	38	384
		Extraordinary Investor	1	3	15	15	0	30	1	0	31
		Experienced Investor	6	5	40	7	2	45	3	3	45
		<b>Total</b>	<b>102</b>	<b>81</b>	<b>306</b>	<b>163</b>	<b>26</b>	<b>442</b>	<b>59</b>	<b>41</b>	<b>460</b>
UCITS	<i>Schemes</i>	4	0	8	4	2	10	4	0	14	
	Sub-funds	5	0	50	14	5	59	5	0	64	
Retail Non UCITS	<i>Schemes</i>	0	1	11	1	0	12	0	1	11	
	Sub-funds	0	6	30	2	1	31	1	1	31	
Foreign	<i>Schemes</i>	0	1	5	0	0	5	0	1	4	
	Sub-funds	0	4	22	0	0	22	0	1	21	
Recognised Private CIS	<i>Schemes</i>	1	2	2	0	0	2	0	0	2	
	Sub-funds	1	2	2	0	0	2	0	0	2	

Source: Malta Financial Services Authority.

## 1.6 Non-Malta Domiciled Funds administered in Malta

There were 157 non-Malta domiciled funds (including sub-funds) administered in Malta in June 2012. This reflects a decline of almost four per cent over December 2011.

**Table 5: Non-Malta domiciled funds (including sub-funds) administered in Malta (2010 – June 2012).**

	December 2010	December 2011	June 2012
<b>Non-Malta domiciled funds (including sub-funds) administered in Malta</b>	78	164	157

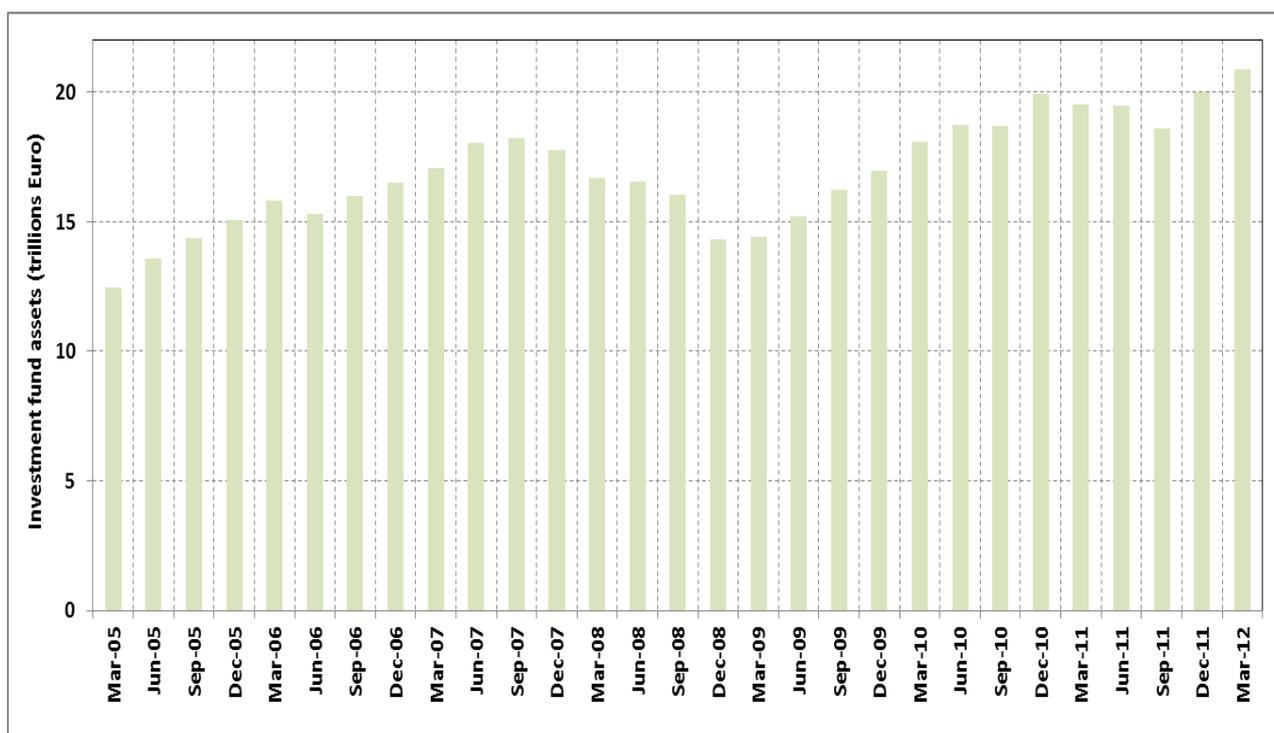
*Source: Malta Financial Services Authority.*

## PART 2 – Performance Analysis of Collective Investment Schemes

### 2.1 General overview of the investment fund assets in the International Fund Industry

Worldwide investment fund assets stood at €20.85 trillion at the end of March 2012, an increase of over four per cent over end 2011. Although the situation seems to have eased slightly, uncertainty in the markets remains high. Worldwide assets of equity funds stood at €7.9 trillion at the end of the first quarter of 2012, up by almost eight per cent over end 2011. Assets of bond funds climbed up by over four per cent over the same period to stand at €4.7 trillion. Money market funds experienced a drop of 3.3 per cent to €3.5 trillion while assets of balanced funds grew by 5.2 per cent to €2.2 trillion.

Figure 1: Worldwide investment fund assets (2005 - March 2012).



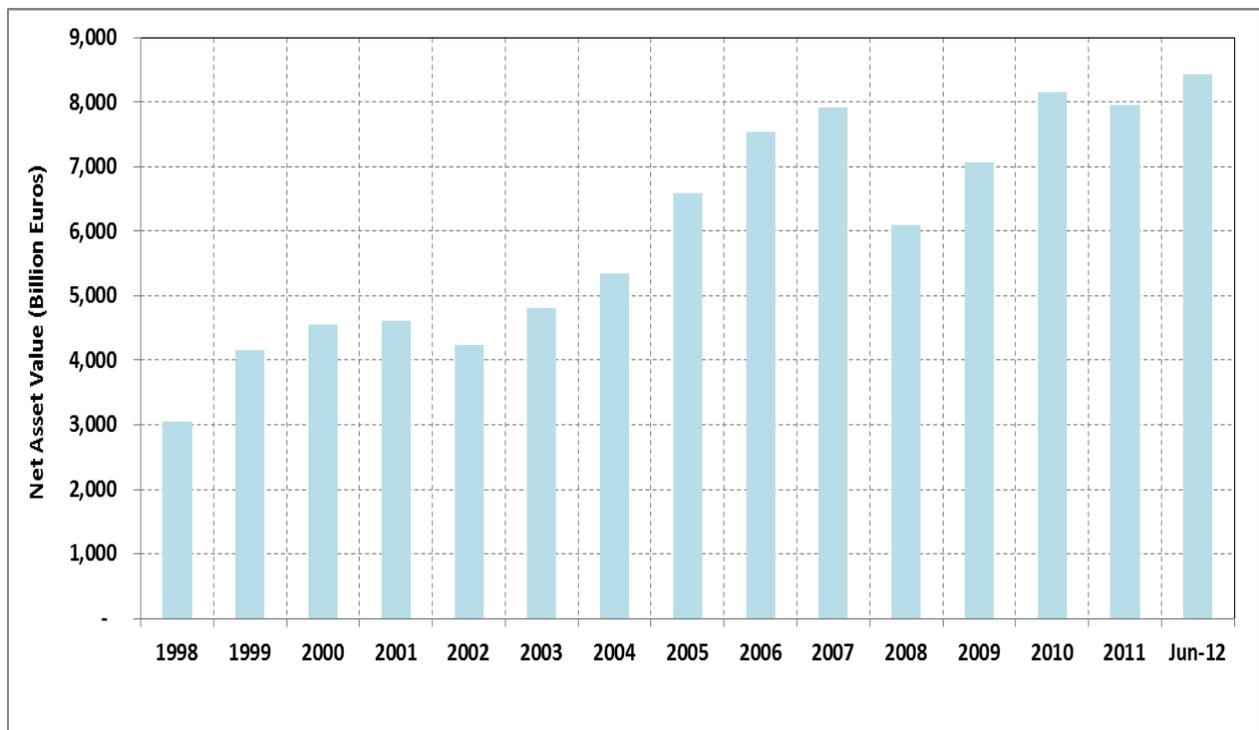
Source: EFAMA.

At the end of the first quarter of 2012, equity funds had a share of 38 per cent of worldwide investment funds assets, 22 per cent of assets were held in bond funds, 17 per cent were held in money market funds while balanced/mixed funds represented 11 per cent. Other/unclassified funds had an asset share of 12 per cent. In terms of type of fund, equity funds had a share of 34 per cent, 21 per cent were balanced funds, 16 per cent were bond

funds, and four per cent represented money market funds. There were almost 26 per cent of the funds which were categorised as “unclassified/other funds”.

Assets of the investment fund market in Europe grew by six per cent in the first half of 2012 over end 2011, from €7.96 trillion as at the end of 2011 to €8.44 trillion at the end of June 2012. Over the period December 2011 – June 2012, net assets of UCITS funds went up by 5.6 per cent to stand at €5.95 trillion at the end of June 2012. Non-UCITS funds gained almost seven per cent during the same period, to stand at €2.49 trillion at the end of June 2012.

**Figure 2: Net asset value of European funds (1998 – June 2012).**



Source: EFAMA.

Several European countries, particularly the large domiciles, enjoyed strong growth in the net assets of the investment funds during the first half of 2012. Luxembourg and France experienced an increase of over six per cent while Ireland and the UK reported surges of almost 10 per cent and 11 per cent respectively.

The next table shows the net assets of investment funds of a selected number of leading European countries in the funds industry for the period 2009 – June 2012.

**Table 6: Net assets of investment funds in major European countries (2009 – June 2012).**

Country	Dec 2009 NAV	Dec 2010 NAV	Dec 2011 NAV	Jun 2012 NAV	Percentage change Dec 2011 – Jun 2012
	Million EUR	Million EUR	Million EUR	Million EUR	
<b>Belgium</b>	96,950	97,229	85,043	85,593	<b>0.65</b>
<b>France</b>	1,421,395	1,502,680	1,380,953	1,467,504	<b>6.27</b>
<b>Germany</b>	1,019,672	1,125,277	1,133,874	1,192,353	<b>5.16</b>
<b>Ireland</b>	748,629	962,503	1,055,268	1,157,073	<b>9.65</b>
<b>Italy</b>	257,804	239,210	193,296	185,874	<b>-3.84</b>
<b>Luxembourg</b>	1,840,993	2,198,988	2,096,512	2,224,479	<b>6.10</b>
<b>Netherlands</b>	79,020	78,066	64,515	64,163	<b>-0.55</b>
<b>UK</b>	638,312	793,957	805,110	893,906	<b>11.03</b>

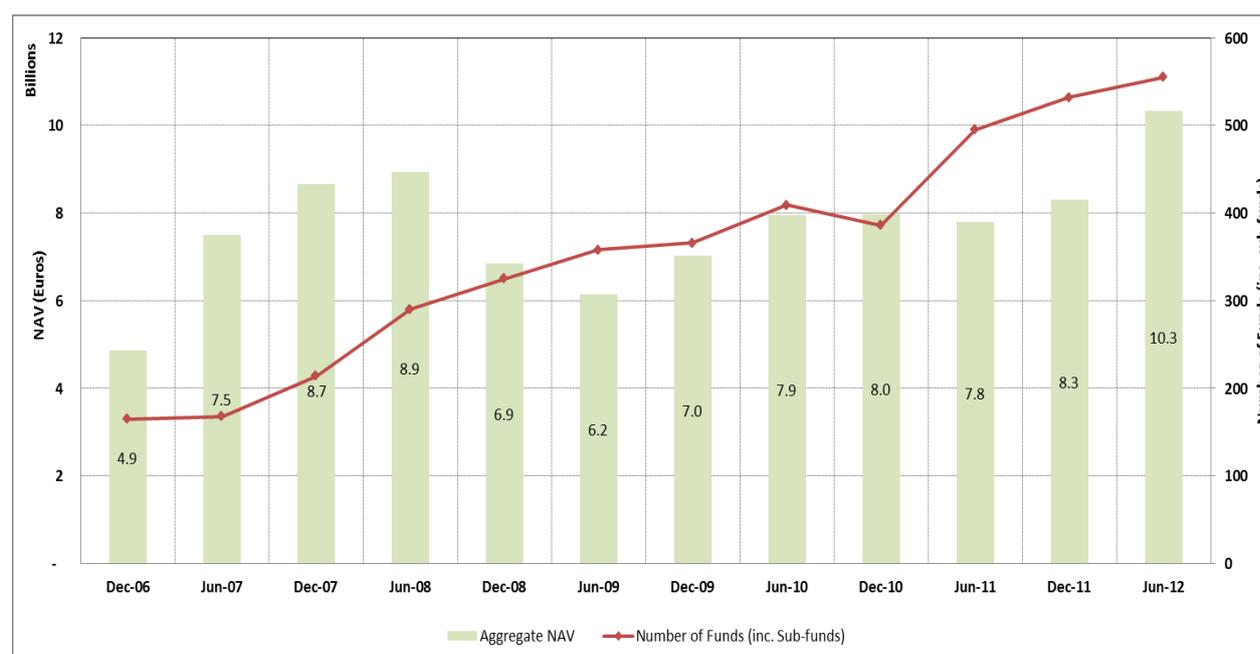
Source: EFAMA.

## 2.2 Analysis of net asset value of Malta domiciled funds

### 2.2.1 Analysis of aggregate net asset value of locally based CISs

The aggregate net asset value of funds domiciled in Malta (PIFs, UCITS, and Retail Non-UCITS) increased significantly by almost 24 per cent in June 2012 over end of 2011; from €8.3 billion registered at the end of 2011 to €10.3 billion at the end of June 2012. This reflects a surge of €1.4 billion or about 15.7 per cent from the peak net asset value reached in June 2008.

**Figure 3: Net asset value of locally based CISs against number of registered funds (2006 – June 2012).**



Source: Malta Financial Services Authority.

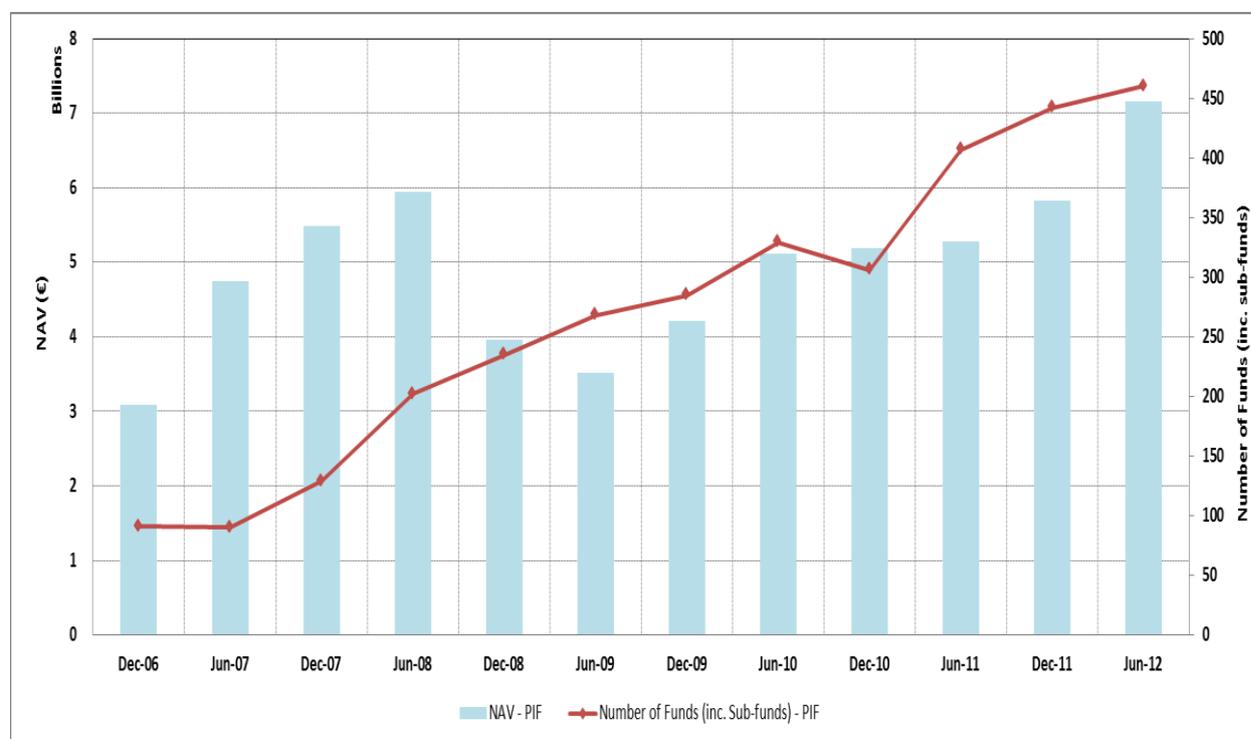
A number of new funds (including sub-funds) started delivering a net asset value during the first half of 2012 which mostly was the drive to the significant growth in the net asset value at the end of June 2012.

Funds domiciled in Malta reported strong sales in the first half of 2012 amounting to €3.4 billion. About €1.7 billion were redeemed by investors during the period January – June 2012 while aggregate net asset revaluations were on the positive side, totalling €0.29 billion.

### 2.2.2 Analysis of net asset value of Professional Investor Funds

The net asset value of Professional Investor Funds went up by almost 23 per cent over the period December 2011 – June 2012; from €5.8 billion recorded at the end of December 2011 to €7.2 billion in June 2012. The number of Professional Investor Funds increased by almost four per cent over the period December 2011 – June 2012, to stand at 460 at the end of June 2012.

**Figure 4: Net asset value of Professional Investor Funds and number of licensed PIFs (December 2006 – June 2012).**

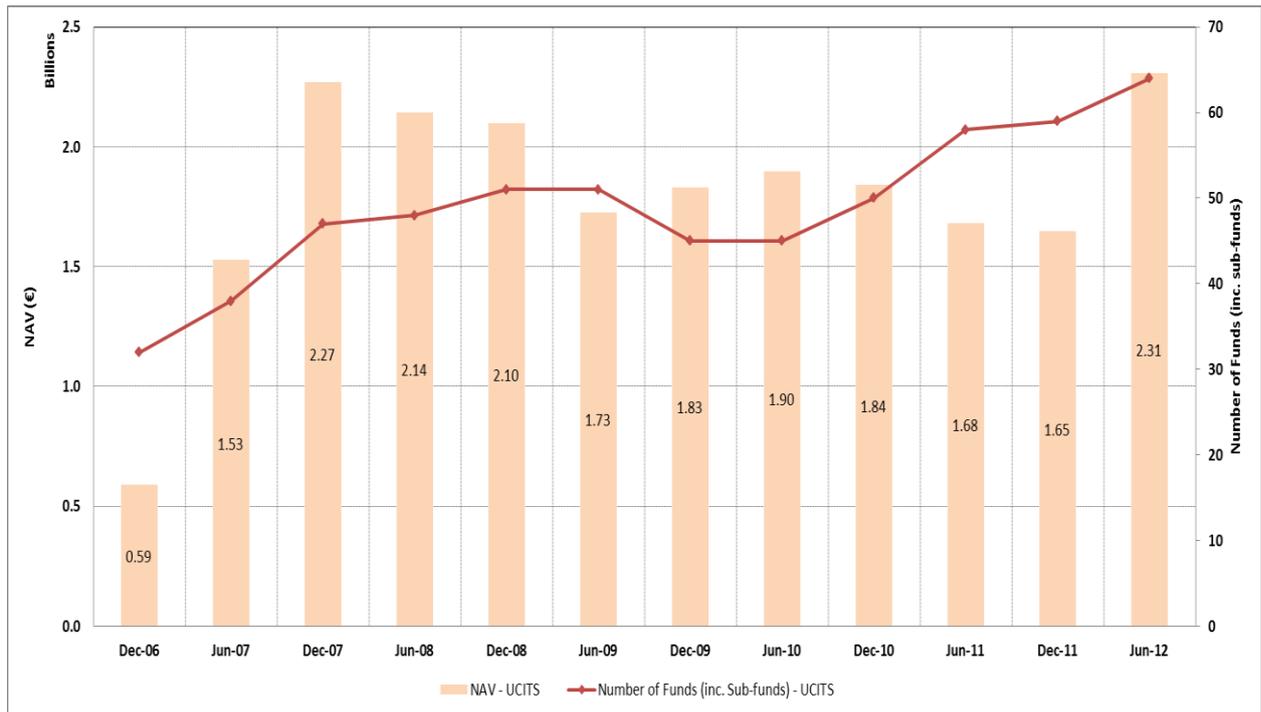


Source: Malta Financial Services Authority.

### 2.2.3 Analysis of net asset value of UCITS funds

Net assets of UCITS funds stood at €2.3 billion at the end of June 2012, €0.7 billion or 40 per cent higher from end 2011. The net asset value generally increased as a result of new funds which started delivering a net asset value during the first half of 2012.

**Figure 5: Net asset value of UCITS Funds and number of licensed UCITS funds (December 2006 – June 2012).**

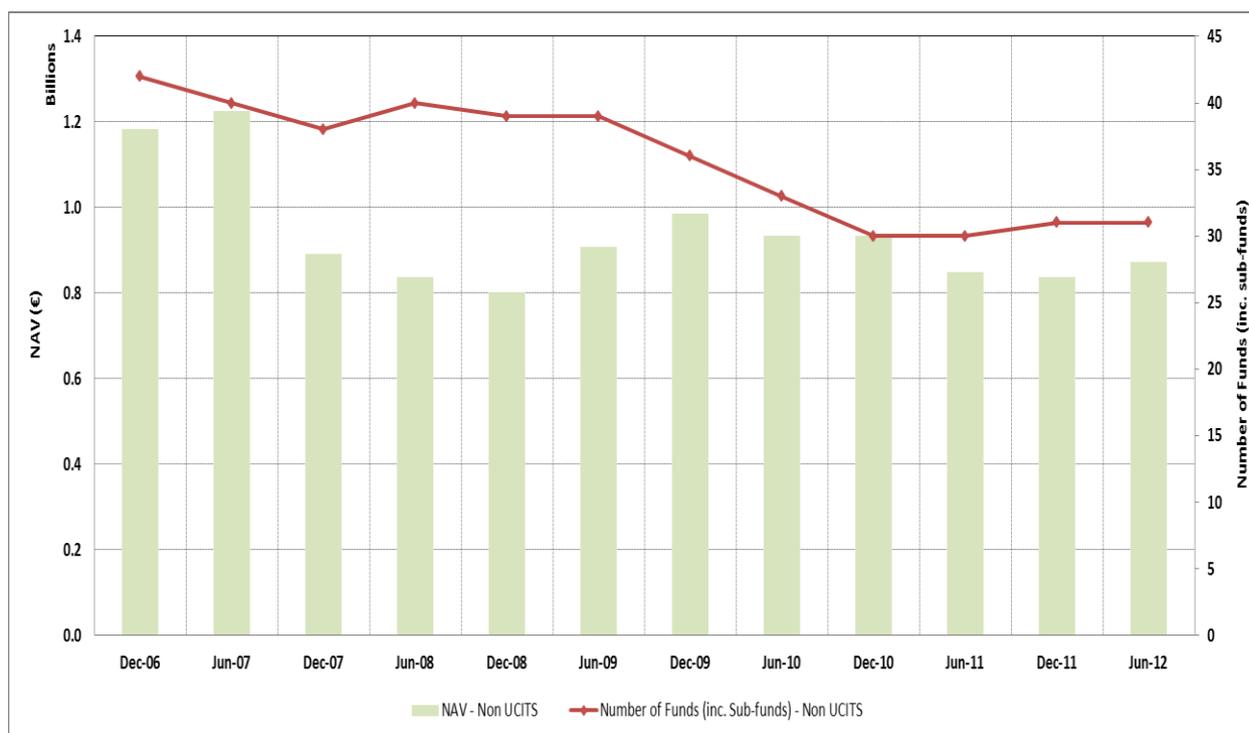


Source: Malta Financial Services Authority.

### 2.2.4 Analysis of net asset value of Retail Non-UCITS funds

Total net assets of Retail Non-UCITS funds increased by 4.2 per cent in the first half of 2012, to stand at €0.87 billion at the end of June 2012. The growth in the net asset value was mainly attributed to stronger sales reported in the first half of 2012 and lower levels of redemptions.

**Figure 6: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (December 2006 – June 2012).**



Source: Malta Financial Services Authority.

### 2.3 Asset class allocation<sup>1</sup>

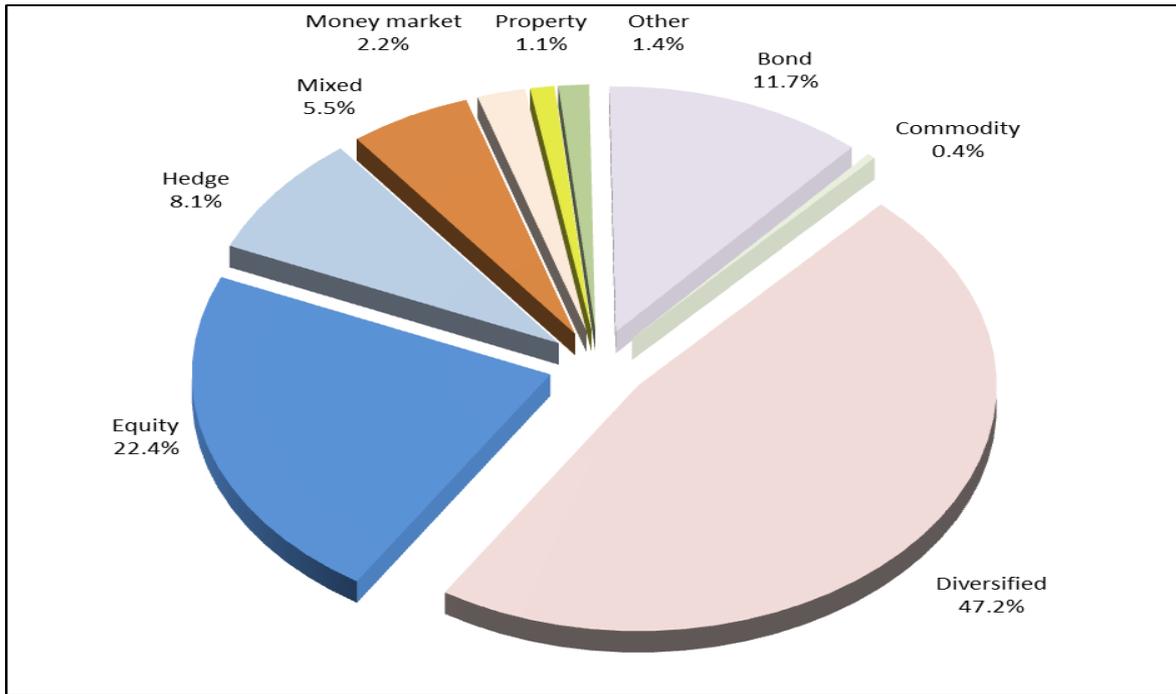
At the end of June 2012, net assets of diversified funds<sup>2</sup> recorded an aggregate net asset value of almost €4.9 billion or 47.2 per cent of the total June net asset value. Equity funds followed at 22.4 per cent of the aggregate net asset value while bond funds had a share of almost 12 per cent. Figure 7 illustrates the composition of net asset value by asset allocation at the end of June 2012.

During the first half of 2012, mixed funds were the most common type of new funds issued, followed by equity funds and mixed funds. Figure 8 illustrates the number of new funds issued and surrendered by asset allocation during the first half of 2012.

<sup>1</sup> The asset allocation of funds is extracted from the prospectuses of the funds. Consequently, it does not necessarily mean that the allocated assets of the funds are invested accordingly.

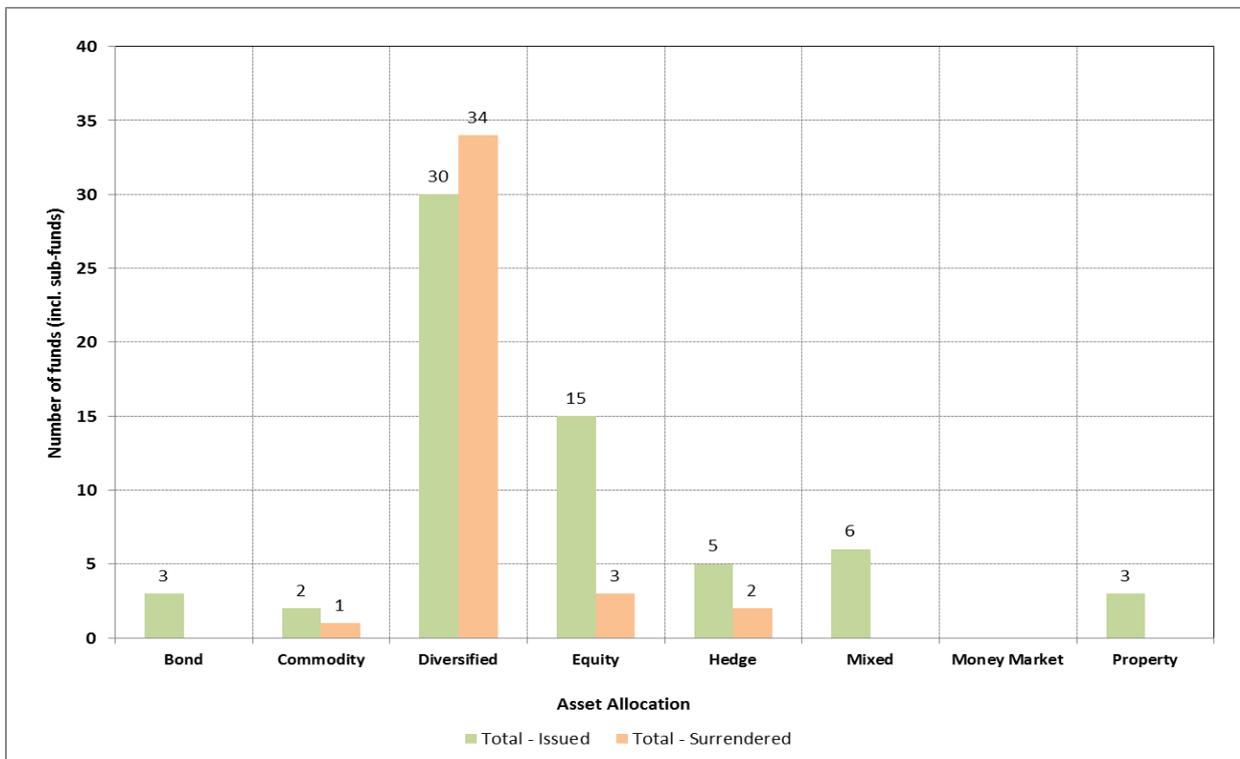
<sup>2</sup> Diversified funds are funds investing in a variety of asset classes.

**Figure 7: Net asset value by asset allocation (June 2012).**



Source: Malta Financial Services Authority.

**Figure 8: New authorised and surrendered funds by asset allocation (Jan - Jun).**

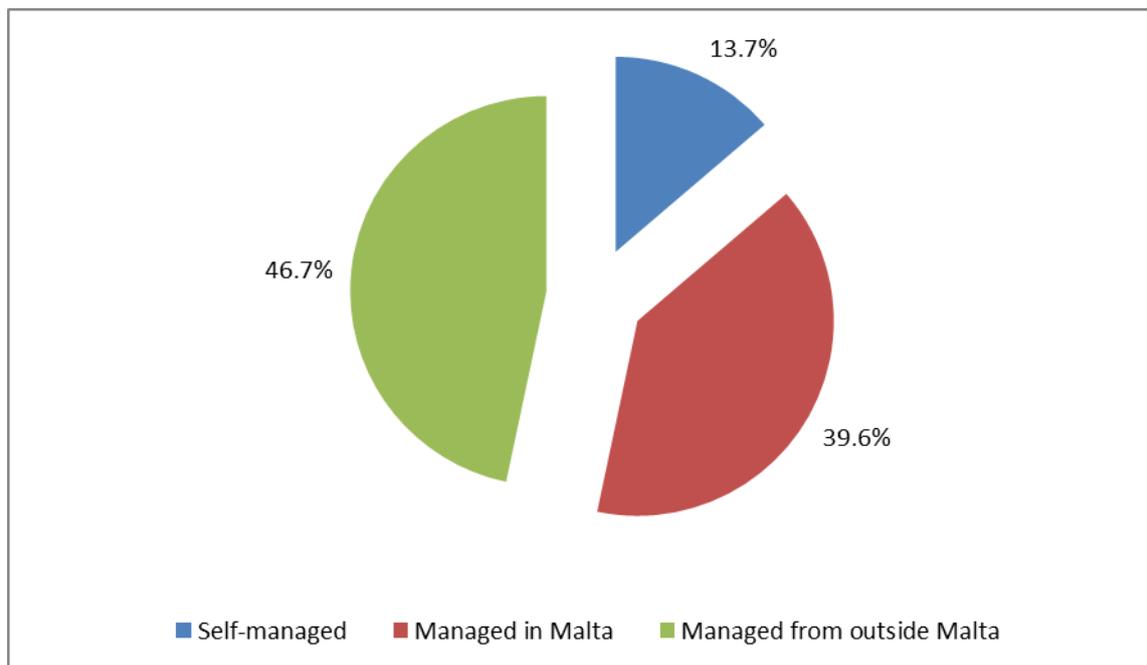


Source: Malta Financial Services Authority.

## 2.4 Management of funds

About 40 per cent of Malta-domiciled funds (including sub-funds) were managed by Malta-based fund managers at the end of June 2012, an increase of over one per cent in the first half of 2012. The percentage number of funds (including sub-funds) managed from outside Malta was approximately 47 per cent, a decline of over four per cent. Self-managed funds (including sub-funds) accounted for 13.7 per cent.

**Figure 9: Management of locally based investment funds (June 2012).**

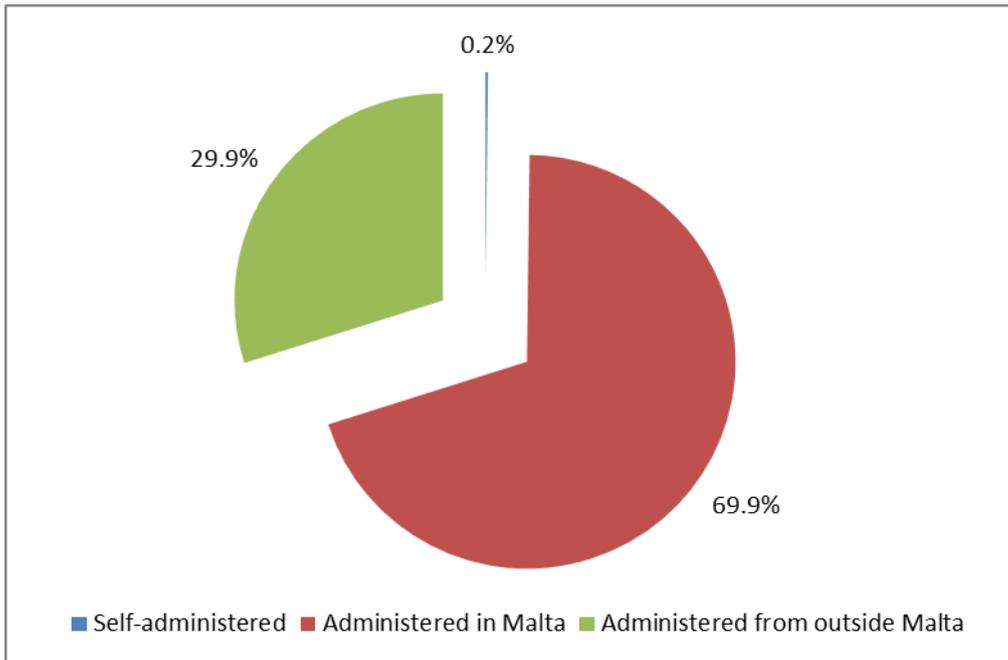


*Source: Malta Financial Services Authority.*

## 2.5 Administration of funds

About 70 per cent of the funds (including sub-funds) domiciled in Malta were administered in Malta in June 2012 while almost 30 per cent of the funds (including sub-funds) were administered from outside Malta. The share of funds (including sub-funds) which were self-administered was 0.2 per cent.

**Figure 10: Administration of locally based investment funds (June 2012).**



*Source: Malta Financial Services Authority.*

## 2.6 Structure of funds

As at end June 2012, 81 per cent of the Collective Investment Schemes domiciled in Malta operated as a multi fund structure, 13 per cent as stand-alone structures, and about six per cent operated as master-feeder structures. There was one CIS which operated as a unit trust at the end of June 2012. Table 7 shows the operating structure of Collective Investment Schemes domiciled in Malta as at end June 2012.

**Table 7: Schemes by operating structure as at end June 2012.**

	Number of schemes as at end June 2012	% number of schemes against total schemes
Master/Feeder (Master)	6	3.2
Master/Feeder (Feeder)	6	3.2
Stand Alone	24	12.6
Multi fund	153	80.5
Unit Trust	1	0.5
<b>Total</b>	<b>190</b>	<b>100</b>

*Source: Malta Financial Services Authority.*

## 2.7 Funds listed on Malta Stock Exchange

There were 32 funds/ sub-funds listed on the Malta Stock Exchange at the end of June 2012, ten of which were Professional Investor Funds, eight UCITS funds, and 14 Retail Non-UCITS funds.

**Table 8: Funds listed on Malta Stock Exchange as at end June 2012.**

Type of CIS	Funds listed on MSE
PIF	10
UCITS	8
Retail Non-UCITS	14
<b>Total</b>	<b>32</b>

*Source: Malta Financial Services Authority.*

## 2.8 Non-Malta Domiciled Funds administered in Malta

The net asset value of non-Malta domiciled funds (including sub-funds) administered in Malta remained stable at almost €1.4 billion as at end June 2012.

**Table 9: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2010 – June 2012).**

	NAV of non-Malta domiciled funds administered in Malta
	Billion Euro
<b>December 2010</b>	0.9
<b>December 2011</b>	1.4
<b>June 2012</b>	1.4

*Source: Malta Financial Services Authority.*