



MFSA

MALTA FINANCIAL SERVICES AUTHORITY

**Analysis of Collective Investment
Schemes licensed by the Malta
Financial Services Authority
(Quarters 1 & 2 - 2013)**

September 2013



Table of Contents

Table of Contents.....	2
Fact Statistics.....	3
PART 1 – Analysis of Collective Investment Scheme Licences	4
1.1 Fund registrations in the International Fund Industry	4
1.2 Fund registrations in Malta	4
1.3 Authorisation of new Collective Investment Schemes	4
1.4 Surrenders of Collective Investment Schemes	5
1.5 Summary of Collective Investment Scheme licences (2011 – June 2013).....	6
1.6 Non-Malta Domiciled Funds administered in Malta.....	6
PART 2 – Performance Analysis of Collective Investment Schemes	8
2.1 General overview of the investment fund assets in the International Fund Industry.....	8
2.2 Analysis of net asset value of Malta domiciled funds	10
2.2.1 Analysis of aggregate net asset value of locally based CISs.....	10
2.2.2 Analysis of net asset value of Professional Investor Funds	10
2.2.3 Analysis of net asset value of UCITS funds	11
2.2.4 Analysis of net asset value of Retail Non-UCITS funds.....	12
2.3 Asset class allocation	13
2.4 Management of funds.....	15
2.5 Administration of funds	15
2.6 Structure of funds.....	16
2.7 Funds listed on Malta Stock Exchange	17
2.8 Non-Malta Domiciled Funds administered in Malta.....	17

Fact Statistics

- *Total new funds (including sub-funds) licenced (2004 - June 2013):* **992**
- *Total funds (including sub-funds) surrendered (2004 – June 2013):* **361**
- *Net Asset Value of Malta domiciled Funds: € 8.95 billion as at end June 2013*
- *Non-Malta domiciled funds (including sub-funds) administered in Malta: 186 as at end June 2013*
- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta: € 7.1 billion as at end June 2013*

PART 1 – Analysis of Collective Investment Scheme Licences

1.1 Fund registrations in the International Fund Industry

In the first half of 2013, Luxembourg and Ireland reported an increase of one and two per cent respectively in the number of authorised funds while the number of funds in Italy went up by over five per cent. Other large fund domiciles countries, namely France and Germany, reported drops of 1.6 and 0.8 per cent respectively over the period December 2012 – June 2013.

1.2 Fund registrations in Malta

The number of funds (including sub-funds) domiciled in Malta went up by over four per cent in the first half of 2013 from end 2012. The number of licensed Professional Investor Funds reached 499 at the end of June 2013, up by 4.4 per cent or 21 net licences from end of 2012. The number of UCITS funds increased by three licences while Retail Non-UCITS funds remained unchanged at 32. There were three Recognised Private CIS and 18 Foreign Based funds (including sub-funds).

Table 1: Funds (including sub-funds) domiciled in Malta (2010 – June 2013).

	2010	2011	2012	June 2013
PIFs	306	442	478	499
UCITS	50	59	54	57
Retail Non-UCITS	30	31	32	32
Total locally based CISs	386	532	564	588
Foreign Based	22	22	21	18
Recognised Private CIS	2	2	2	3
Total CIS	410	556	587	609

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

In the first half of 2013, the Authority authorised 63 new Collective Investment Scheme licences (including sub-funds), of which 58 were Professional Investor Funds (48 funds targeting Qualifying Investors, six funds targeting Extraordinary Investors and four funds targeting Experienced Investors), four UCITS funds and one Recognised Private fund. Table two outlines the number of licences issued over the period 2010 – June 2013.

Table 2: Authorisation of new Collective Investment Schemes (2010 – June 2013).

		2010	2011	2012	Q1 & Q2 2013	
PIFs	<i>Schemes</i>	39	45	34	25	
	Sub-funds	Qualifying Investor	95	141	103	48
		Extraordinary Investor	1	15	9	6
		Experienced Investor	6	7	5	4
		Total	102	163	117	58
UCITS	<i>Schemes</i>	4	4	6	1	
	Sub-funds	5	14	9	4	
Retail Non-UCITS	<i>Schemes</i>	0	1	0	0	
	Sub-funds	0	2	2	0	
Foreign Based	<i>Schemes</i>	0	0	0	0	
	Sub-funds	0	0	0	0	
Recognised Private CIS	<i>Schemes</i>	1	0	0	1	
	Sub-funds	1	0	0	1	

Source: Malta Financial Services Authority.

1.4 Surrenders of Collective Investment Schemes

During the first half of 2013, 36 Professional Investor Funds surrendered the licence; 35 PIFs targeted Qualifying Investors and one targeted Experienced Investors. The Authority accepted also the surrender of one UCITS fund during the same period.

Table 3: Collective Investment Schemes surrendered (2010 – June 2013).

		2010	2011	2012	Q1 & Q2 2013	
PIFs	<i>Schemes</i>	7	4	12	7	
	Sub-funds	Qualifying Investor	73	24	72	35
		Extraordinary Investor	3	0	2	0
		Experienced Investor	5	2	7	1
		Total	81	26	81	36
UCITS	<i>Schemes</i>	0	2	0	0	
	Sub-funds	0	5	14	1	
Retail Non-UCITS	<i>Schemes</i>	1	0	1	0	
	Sub-funds	6	1	1	0	
Foreign Based	<i>Schemes</i>	1	0	1	0	
	Sub-funds	4	0	1	3	
Recognised Private CIS	<i>Schemes</i>	2	0	0	0	
	Sub-funds	2	0	0	0	

Source: Malta Financial Services Authority.

1.5 Summary of Collective Investment Scheme licences (2011 – June 2013)

Table four summarises the number of new licences issued and licences surrendered by the Authority, and the number of active licences at the end of years 2011 and 2012, and at end June 2013.

Table 4: Collective Investment Scheme licences (2011 – June 2013).

		2011			2012			Q1 & Q2 2013			
		New licences	Licences surrendered	Total licences as at end 2011	New licences	Licences surrendered	Total licences as at end 2012	New licences	Licences surrendered	Total licences as at June 2013	
PIFs	<i>Schemes</i>	45	4	149	34	12	171	25	7	188	
	Sub-funds	Qualifying Investor	141	24	367	103	72	398	48	35	410
		Extraordinary Investor	15	0	30	9	2	37	6	0	43
		Experienced Investor	7	2	45	5	7	43	4	1	46
		Total	163	26	442	117	81	478	58	36	499
UCITS	<i>Schemes</i>	4	2	10	6	0	16	1	0	17	
	Sub-funds	14	5	59	9	14	54	4	1	57	
Retail Non-UCITS	<i>Schemes</i>	1	0	12	0	1	11	0	0	11	
	Sub-funds	2	1	31	2	1	32	0	0	32	
Foreign	<i>Schemes</i>	0	0	5	0	1	4	0	0	4	
	Sub-funds	0	0	22	0	1	21	0	3	18	
Recognised Private CIS	<i>Schemes</i>	0	0	2	0	0	2	1	0	3	
	Sub-funds	0	0	2	0	0	2	1	0	3	

Source: Malta Financial Services Authority.

1.6 Non-Malta Domiciled Funds administered in Malta

At the end of June 2013, 186 non-Malta domiciled funds (including sub-funds) were administered in Malta. This represents an increase of 42 funds/sub-funds or 29 per cent from the previous end year.

Table 5: Non-Malta domiciled funds (including sub-funds) administered in Malta (2010 – June 2013).

	Non-Malta domiciled funds administered in Malta
December 2010	78
December 2011	164
December 2012	144
June 2013	186

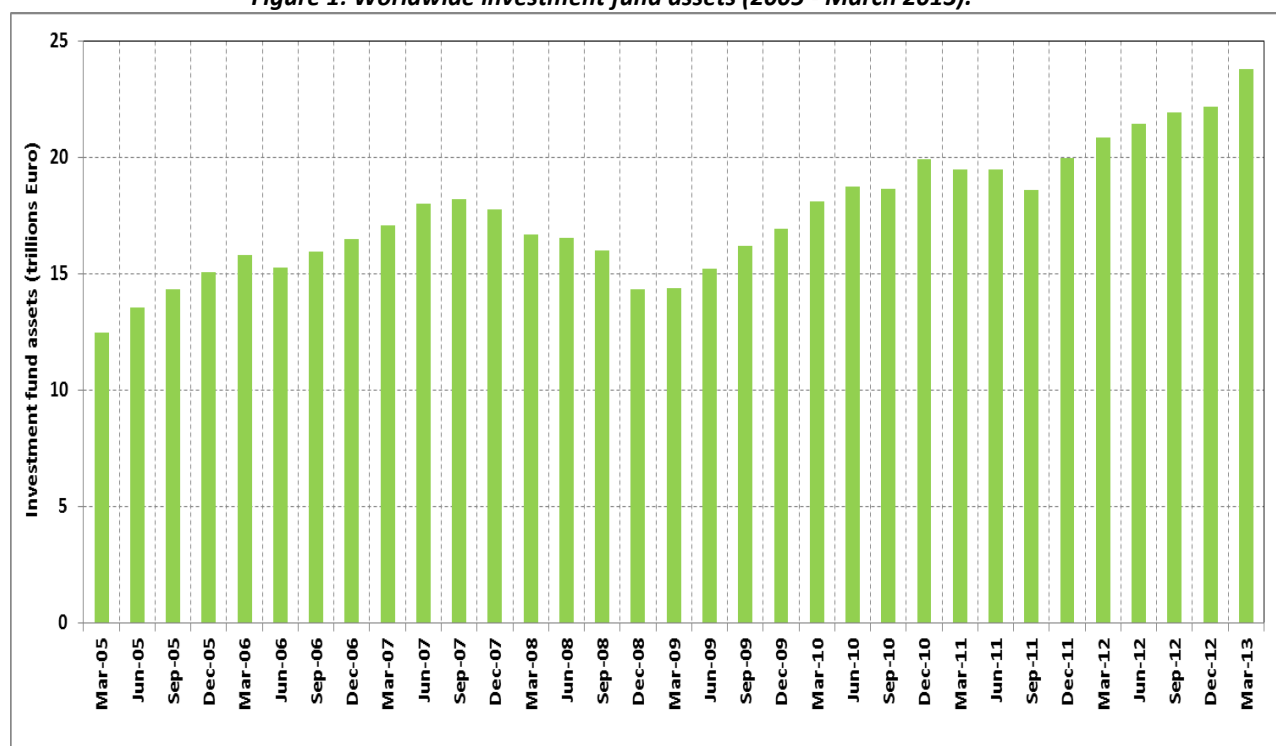
Source: Malta Financial Services Authority.

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 continued to experience growth during the first months of 2013 to stand at an all-time high of €23.78 trillion at the end of March 2013. This represents an increase of over seven per cent during the period December 2012 – March 2013. Net sales amounted to €320 billion in the first quarter of 2013, of which bond funds had a share of almost 45 per cent while equity funds had 34 per cent.

Figure 1: Worldwide investment fund assets (2005 - March 2013).



Source: EFAMA.

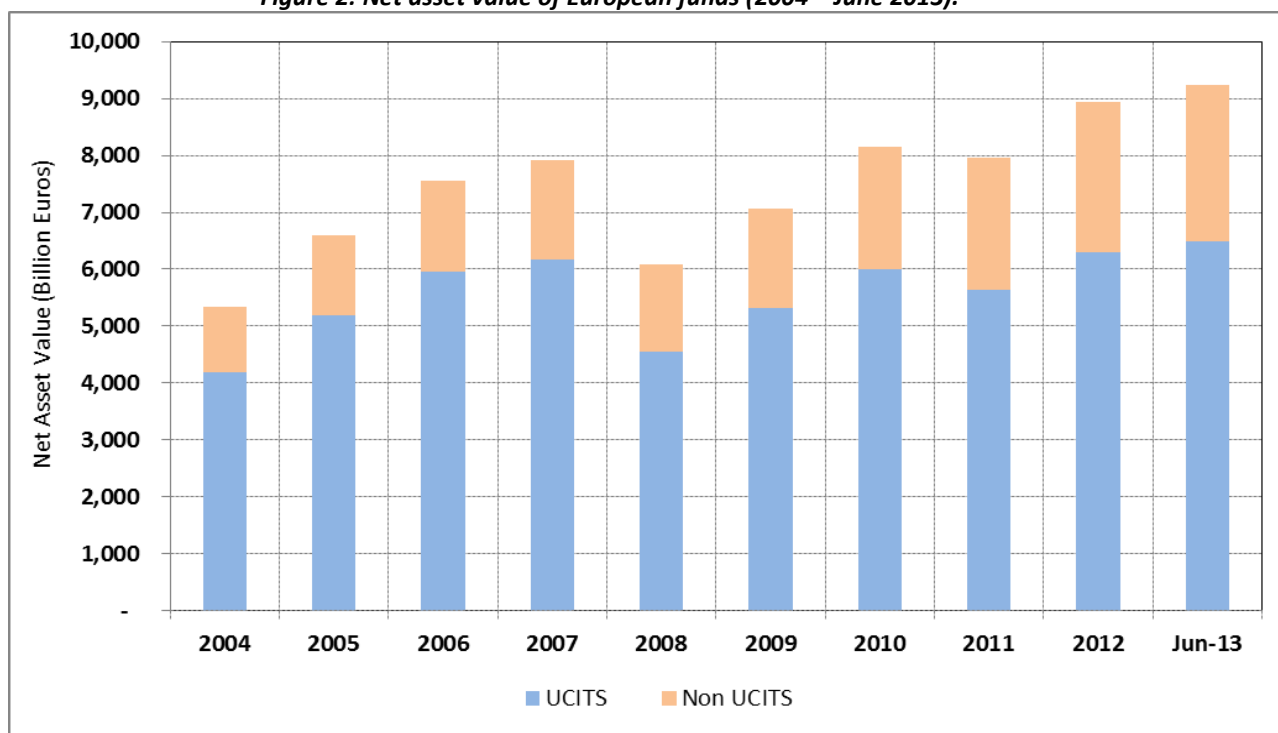
The composition of worldwide assets of investment funds in March 2013 was as follows: assets of equity funds had a share of 38 per cent, about 24 per cent of assets were invested in bond funds, money market funds had a share of almost 15 per cent, while the asset share of balanced/mixed funds was 11 per cent. Other/unclassified funds had an asset share of 12 per cent.

There were 84,637 authorised investment funds worldwide, of which 33 per cent were equity funds, 21 per cent were balanced funds, 16 per cent were bond funds, and three per cent were money market funds. About 27 per cent of the funds were unclassified/other funds.

Investment fund assets in Europe stood at €9.2 trillion at the end of June 2013, up by over three per cent from end 2012. About €6.5 trillion were invested in UCITS funds, representing 70 per cent of the European investment fund market. The remaining 30 per cent share was

invested in Non-UCITS funds. Over the first six months of the year, UCITS funds expanded by slightly more three per cent while Non-UCITS funds gained almost 3.6 per cent.

Figure 2: Net asset value of European funds (2004 – June 2013).



Source: EFAMA.

The majority of large European fund domiciles reported growth in the net asset value of the investment funds during the first half of the year. Ireland, Italy and Luxembourg experienced growth exceeding four per cent while the UK reported an increase of 3.6 per cent in the net asset value in the first half of 2013. Funds authorised in France and Netherlands saw the net asset value dropping by two and 2.5 per cent respectively over the same period.

Table six represents the net assets of investment funds of a selected number of leading countries in the funds industry for the period 2010 – June 2013.

Table 6: Net assets of investment funds in major European countries (2010 – June 2013).

Country	Dec 2010 NAV	Dec 2011 NAV	Dec 2012 NAV	June 2013 NAV
	Million EUR	Million EUR	Million EUR	Million EUR
Belgium	97,229	84,701	87,298	89,042
France	1,502,680	1,387,341	1,505,731	1,474,892
Germany	1,125,277	1,133,874	1,285,527	1,316,920
Ireland	962,503	1,055,267	1,227,425	1,278,048
Italy	239,210	200,445	190,492	198,551
Luxembourg	2,198,988	2,096,506	2,383,826	2,486,584
Netherlands	78,066	64,364	68,577	66,840
UK	793,957	827,670	969,636	1,004,689

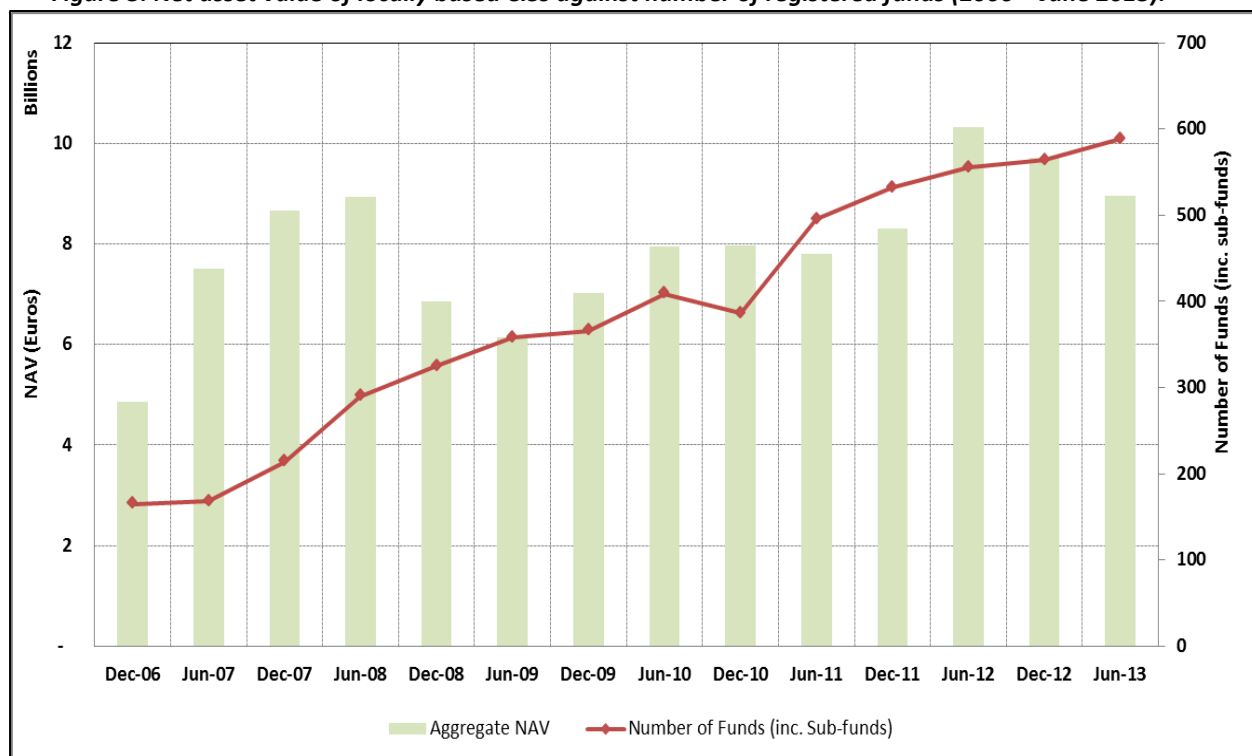
Source: EFAMA.

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) registered €8.9 billion in June 2013, down by almost eight per cent, or €0.8 billion, from end December 2012.

Figure 3: Net asset value of locally based CISs against number of registered funds (2006 – June 2013).



Source: Malta Financial Services Authority.

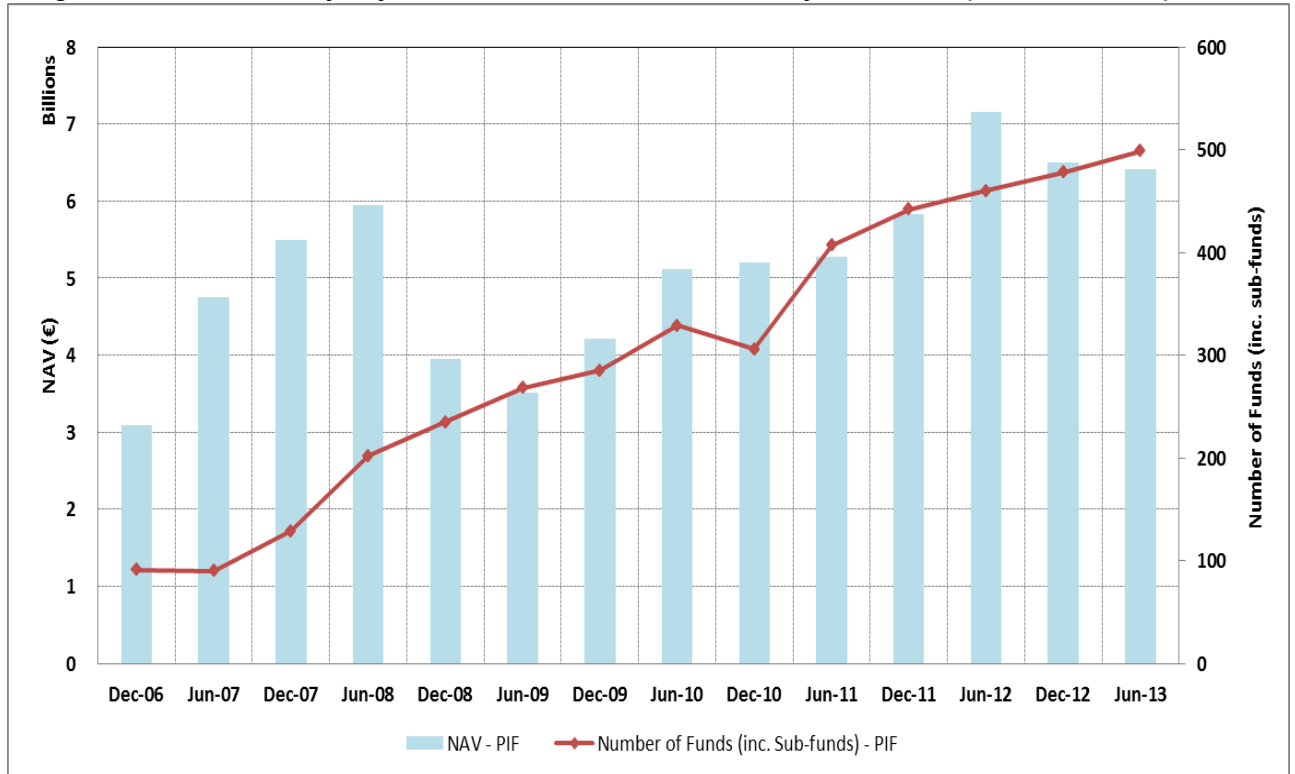
Investment funds reported sales totalling €1.55 billion during the first half of 2013 while redemptions reached €2.8 billion during the same period. The aggregate net asset revaluations amounted to €0.15 billion.

2.2.2 Analysis of net asset value of Professional Investor Funds

The net asset value of Professional Investor Funds touched €6.4 billion in June 2013, representing a fall of more than one per cent, or €75 million, from end 2012. There were 499 Professional Investor Funds licensed at the end of June 2013, a net increase of 21 licences, or over four per cent, from end 2012.

Figure four represents the net asset value of Professional Investor Funds and number of licensed PIFs for the period 2006 – June 2013.

Figure 4: Net asset value of Professional Investor Funds and number of licensed PIFs (2006 – June 2013).



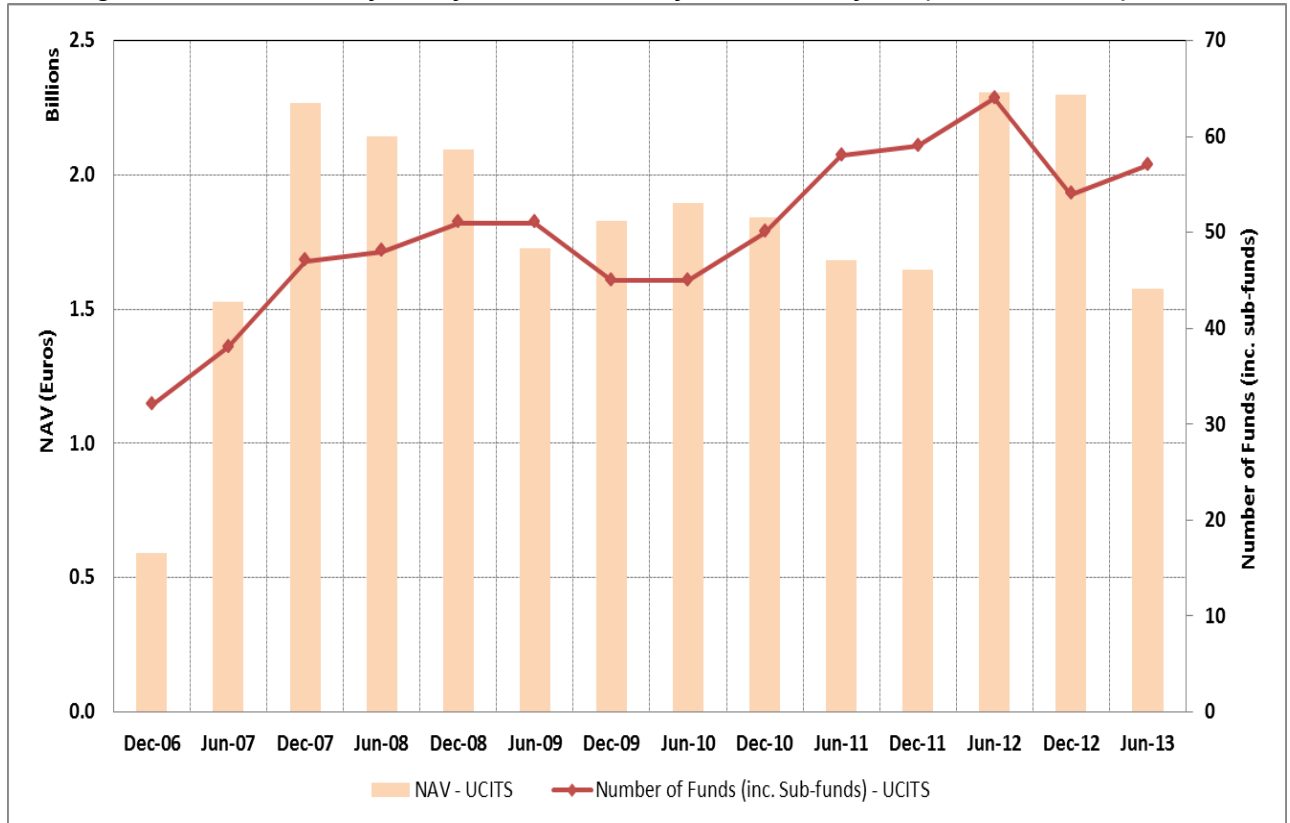
Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of UCITS funds

The net asset value of UCITS funds dropped by over 31 per cent (or €0.72 billion) over the six month period December 2012 – June 2013, from €2.3 billion in December 2012 to €1.6 billion in June 2013.

Figure five illustrates the net asset value and the number of licensed UCITS funds for the period 2006 – June 2013.

Figure 5: Net asset value of UCITS funds and number of licensed UCITS funds (2006 – June 2013).



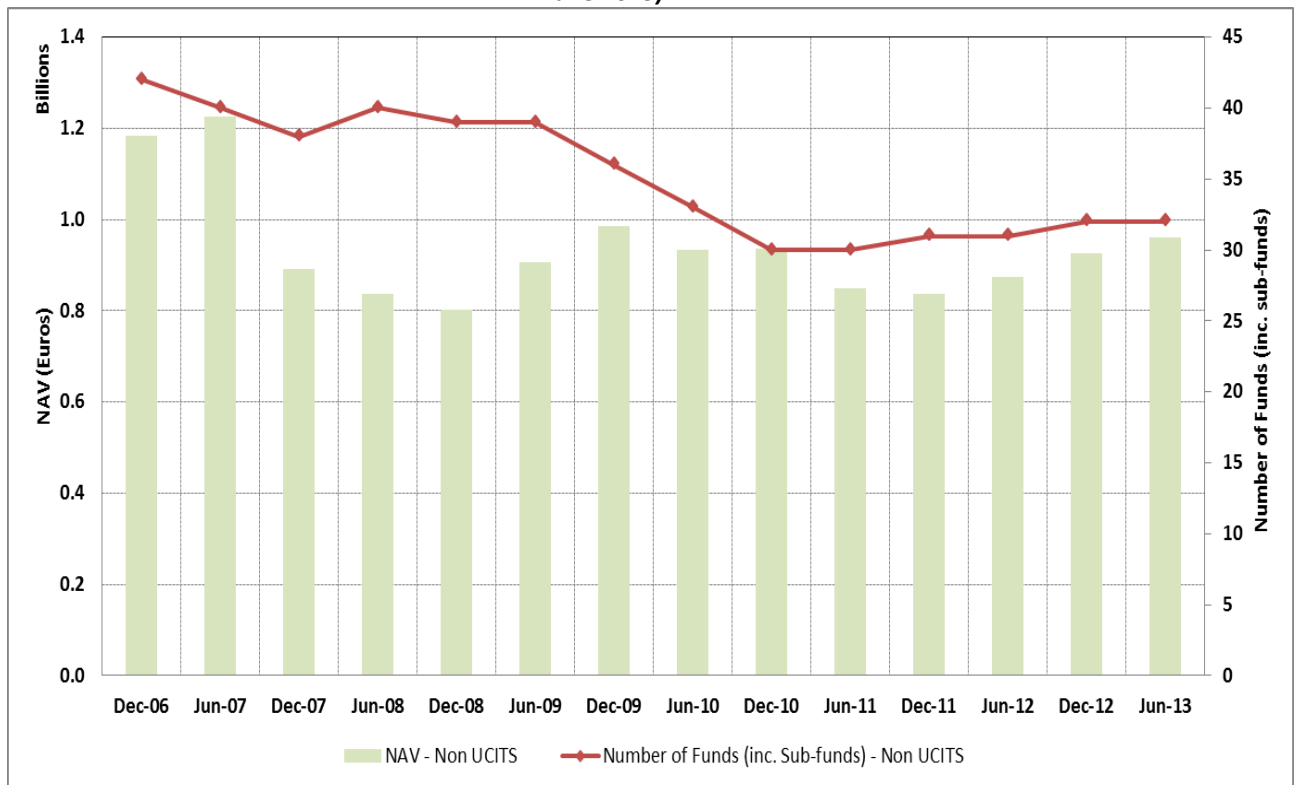
Source: Malta Financial Services Authority.

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

Retail Non-UCITS funds recorded a net asset value of €0.96 billion at the end of June 2013, up by €0.03 billion from end 2012. The number of retail non-UCITS funds remained unchanged at 32 at the end of June 2013.

The next figure represents the net asset value and number of licensed Retail Non-UCITS funds for the period 2006 – June 2013.

Figure 6: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (2006 – June 2013).



Source: Malta Financial Services Authority.

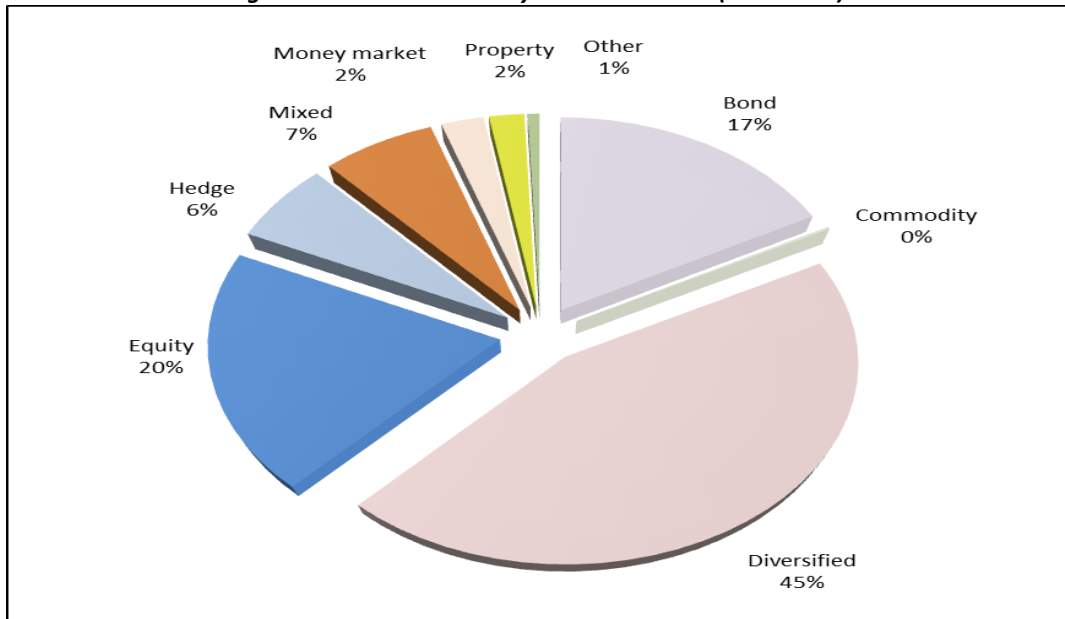
2.3 Asset class allocation¹

Diversified funds had the largest share with 45 per cent of the aggregate June 2013 NAV. About €1.8 billion, or 19.8 per cent of the aggregate net asset value, were invested in equity funds at the end of June 2013. Bond funds, with a share of 17 per cent of the aggregate net asset value, were the third largest funds in June 2013.

During the first half of 2013, mixed funds were the most common type of new funds issued, followed by equity funds and bond funds. Figure 8 illustrates the number of new funds issued and surrendered by asset allocation during the first half of 2013.

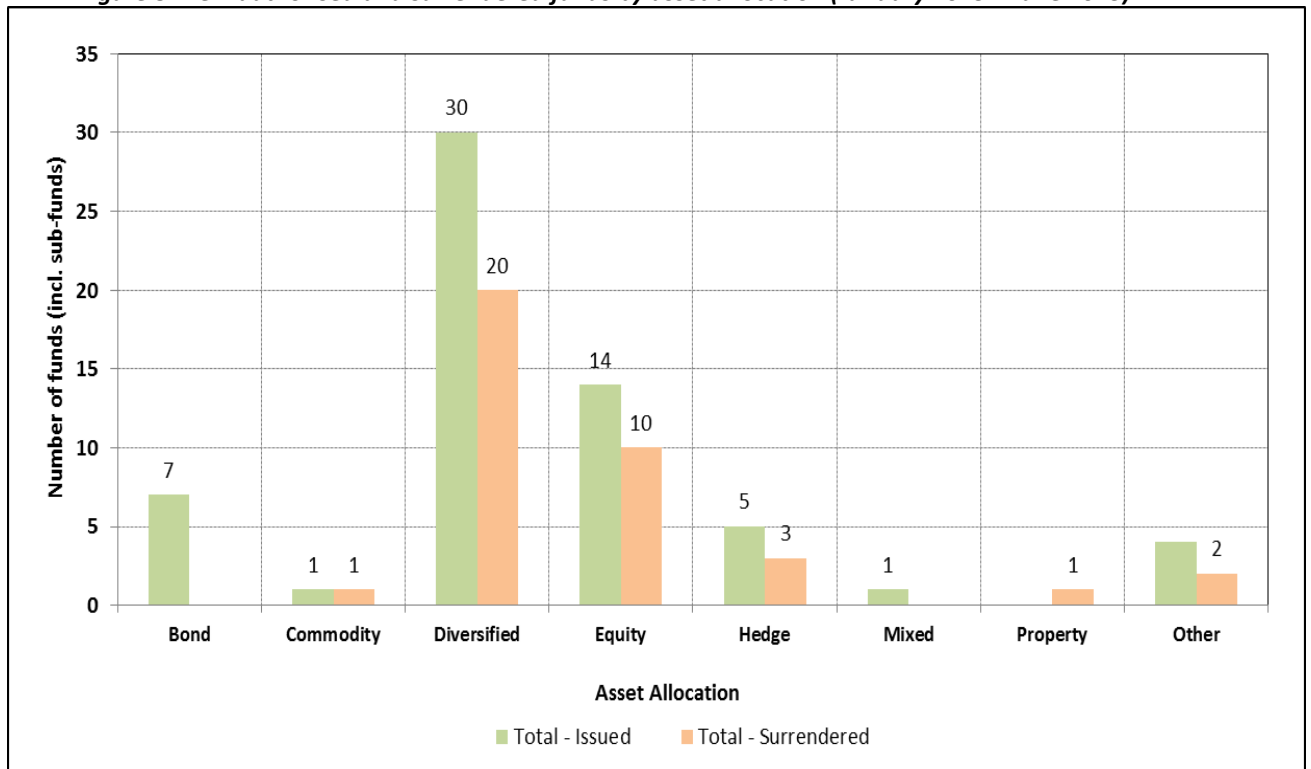
¹ The asset allocation of funds was extracted from the prospectuses of the funds. Consequently, it does not necessarily mean that the allocated assets of the funds were invested accordingly.

Figure 7: Net asset value by asset allocation (June 2013).



Source: Malta Financial Services Authority.

Figure 8: New authorised and surrendered funds by asset allocation (January 2013 – June 2013).

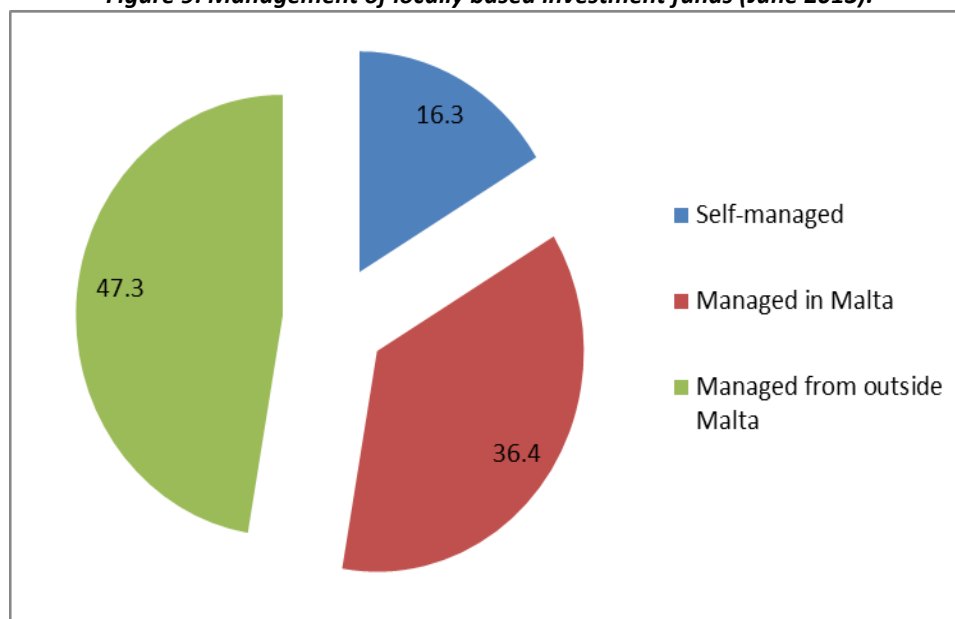


Source: Malta Financial Services Authority.

2.4 Management of funds

Almost 36 per cent of Malta-domiciled funds (including sub-funds) were managed by Malta-based fund managers in June 2013. The percentage number of funds (including sub-funds) managed from outside Malta was around 47 per cent in June 2013 while about 16 per cent of the funds (including sub-funds) were self-managed.

Figure 9: Management of locally based investment funds (June 2013).

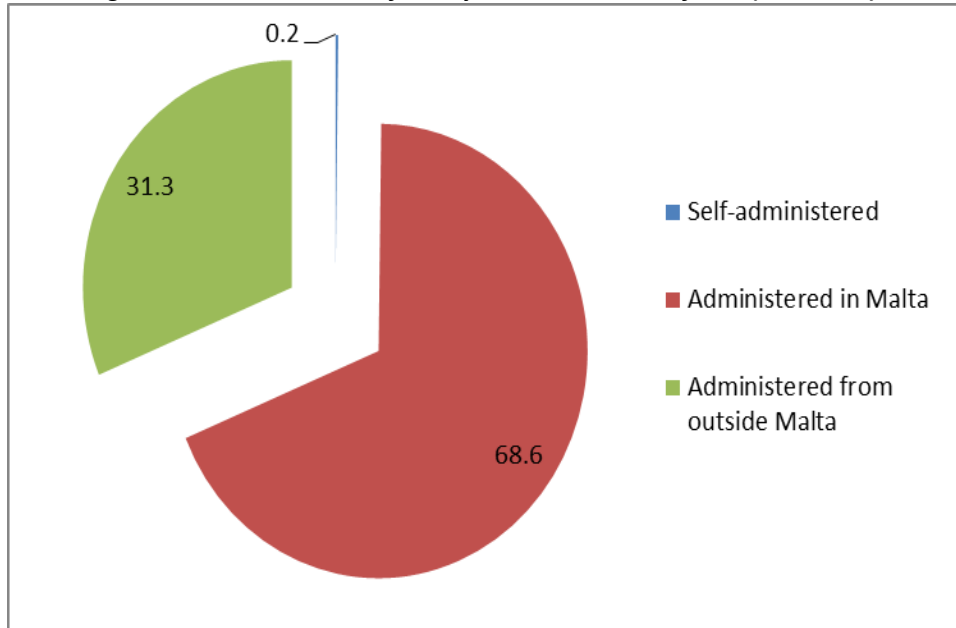


Source: Malta Financial Services Authority.

2.5 Administration of funds

Around 69 per cent of the funds (including sub-funds) domiciled in Malta were administered in Malta in June 2013 while almost 31 per cent of the funds (including sub-funds) were administered from outside Malta. The share of funds (including sub-funds) which were self-administered remained unchanged at 0.2 per cent.

Figure 10: Administration of locally based investment funds (June 2013).



Source: Malta Financial Services Authority.

2.6 Structure of funds

As at end June 2013, about 79 per cent of the Collective Investment Schemes operated as a multi fund structure, 12 per cent as stand-alone structure, and about nine per cent operated as master-feeder structure.

Table 9: Schemes by operating structure as at end June 2013.

	Number of schemes as at June 2013	% number of schemes against total schemes
Master/Feeder (Master)	10	4.6
Master/Feeder (Feeder)	10	4.6
Stand Alone	26	12.0
Multi fund	171	78.8
Total	217	100

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 2013, nine of which were Professional Investor Funds, nine UCITS funds, and 14 Retail Non-UCITS funds.

Table 10: Funds listed on Malta Stock Exchange as at end June 2013.

Type of CIS	Funds listed on MSE
PIF	9
UCITS	9
Retail Non-UCITS	14
Total	32

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 totalled almost €2.1 billion at the end of June 2013, an increase of almost €0.4 billion or 24 per cent from the previous year.

Table 11: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2010 – June 2013).

	NAV of non-Malta domiciled funds administered in Malta
	Billion Euro
December 2010	0.9
December 2011	1.4
December 2012	1.7
June 2013	2.1

Source: Malta Financial Services Authority.