



MFSA

MALTA FINANCIAL SERVICES AUTHORITY

**Analysis of Collective
Investment Schemes licensed
by the
Malta Financial Services
Authority**

2013

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Fact Statistics

- *Total new funds (including sub-funds) licenced (2004 - 2013):* **986**
- *Total funds (including sub-funds) surrendered (2004 – 2013):* **420**
- *Net Asset Value of Malta domiciled Funds:* **€9.4 billion as at end December 2013**
- *Non-Malta domiciled funds (including sub-funds) administered in Malta:* **188 as at end 2013**
- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta:* **€7.1 billion as at end December 2013**

PART 1 – Analysis of Collective Investment Scheme Licences

1.1 Fund registrations in the International Fund Industry

During 2013, many leading EU countries in the fund industry experienced growth in the number of registered funds. Germany reported a slight increase of 0.4 per cent while Luxembourg and Ireland reported an increase of two and 5.5 per cent respectively in the number of authorised funds. The number of funds in Italy and Switzerland went up by over eight and 11 per cent respectively. France reported a drop of 2.6 per cent over the period 2012 – 2013 while the number of funds in the UK remained the same as the previous year.

1.2 Fund registrations in Malta

The number of Malta domiciled funds (including sub-funds) expanded by over six per cent in the period 2012 - 2013. There were 509 licensed Professional Investor Funds (PIFs) at the end of December 2013, up by 6.5 per cent or 31 net licences from end 2012. The number of UCITS funds experienced an increase of over 29 per cent when compared with the previous year (or 16 net licences) while Retail Non-UCITS funds dropped by 11 licences during 2013 to stand at 21 at the end of 2013. Additionally, there were four Recognised private CIS and 16 foreign based funds (including sub-funds).

Table 1: Funds (including sub-funds) domiciled in Malta (2011 – 2013)

	2011	2012	2013
PIFs	442	478	509
UCITS	59	54	70
Retail Non-UCITS	31	32	21
Total locally based CISs	532	564	600
Foreign Based	22	21	16
Recognised Private CIS	2	2	4
Total CIS	556	587	620

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

During 2013, the Authority authorised 135 new Collective Investment Scheme licences (including sub-funds), of which 115 were Professional Investor Funds (97 funds targeting Qualifying Investors, ten funds targeting Extraordinary Investors and eight funds targeting Experienced Investors), 18 UCITS funds and two Recognised Private funds. Table 2 outlines the number of licences issued over the period 2011 – 2013.

Table 2: Authorisation of new Collective Investment Schemes (2011 – 2013)

			2011	2012	2013
PIFs	Schemes		45	34	44
	Sub-funds	Qualifying Investor	141	103	97
		Extraordinary Investor	15	9	10
		Experienced Investor	7	5	8
		Total	163	117	115
UCITS	Schemes		4	6	5
	Sub-funds		14	9	18
Retail Non-UCITS	Schemes		1	0	0
	Sub-funds		2	2	0
Foreign Based	Schemes		0	0	0
	Sub-funds		0	0	0
Recognised Private CIS	Schemes		0	0	2
	Sub-funds		0	0	2

Source: Malta Financial Services Authority.

1.4 Surrenders of Collective Investment Schemes

In 2013, 74 Professional Investor Funds, five UCITS and eight Retail Non-UCITS funds voluntary surrendered their licence. Additionally, the Authority cancelled the Collective Investment Licences granted to two PIFs and their respective sub-funds (nine licences in all) in terms of the Investment Services Act.

Table 3: Surrender of licences of Collective Investment Schemes (2011 – 2013)

			2011	2012	2013
PIFs	Schemes		4	12	18
	Sub-funds	Qualifying Investor	24	72	74
		Extraordinary Investor	0	2	1
		Experienced Investor	2	7	8
		Total	26	81	83
UCITS	Schemes		2	0	0
	Sub-funds		5	14	5
Retail Non-UCITS	Schemes		0	1	0
	Sub-funds		1	1	8
Foreign Based	Schemes		0	1	0
	Sub-funds		0	1	5
Recognised Private CIS	Schemes		0	0	0
	Sub-funds		0	0	0

Source: Malta Financial Services Authority.

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

The table below 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, 2012, and 2013.

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

			2011			2012			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 end 2013
PIFs	Schemes		45	4	149	34	12	171	44	18	197
	Sub-funds	Qualifying Investor	141	24	367	103	72	398	97	74	421
		Extraordinary Investor	15	0	30	9	2	37	10	1	45 ¹
		Experienced Investor	7	2	45	5	7	43	8	8	43
		Total	163	26	442	117	81	478	115	83	509 ²
UCITS	Schemes		4	2	10	6	0	16	5	0	22 ³
	Sub-funds		14	5	59	9	14	54	18	5	70 ⁴
Retail Non-UCITS	Schemes		1	0	12	0	1	11	0	0	10 ⁵
	Sub-funds		2	1	31	2	1	32	0	8	21 ⁶
Foreign	Schemes		0	0	5	0	1	4	0	0	4
	Sub-funds		0	0	22	0	1	21	0	5	16
Recognised Private CIS	Schemes		0	0	2	0	0	2	2	0	4
	Sub-funds		0	0	2	0	0	2	2	0	4

Source: Malta Financial Services Authority.

1.6 Non-Malta Domiciled Funds administered in Malta

As at end of 2013, 188 non-Malta domiciled funds (including sub-funds) were administered in Malta. This represents an increase of 44 funds/sub-funds or almost 31 per cent from the previous end year.

¹ One scheme was converted from stand-alone to multi-fund, resulting in an additional licence which was already included in the previous year.

² Ibid.

³ One Non-UCITS scheme had its licence revised to carry out the activities of a UCITS scheme.

⁴ Three Non-UCITS sub-funds had their licence revised to UCITS sub-funds.

⁵ Ibid.

⁶ Ibid.

Table 5: Non-Malta domiciled funds (including sub-funds) administered in Malta (2011 – 2013)

	Non-Malta domiciled funds administered in Malta
December 2011	164
December 2012	144
December 2013	188

Source: Malta Financial Services Authority.

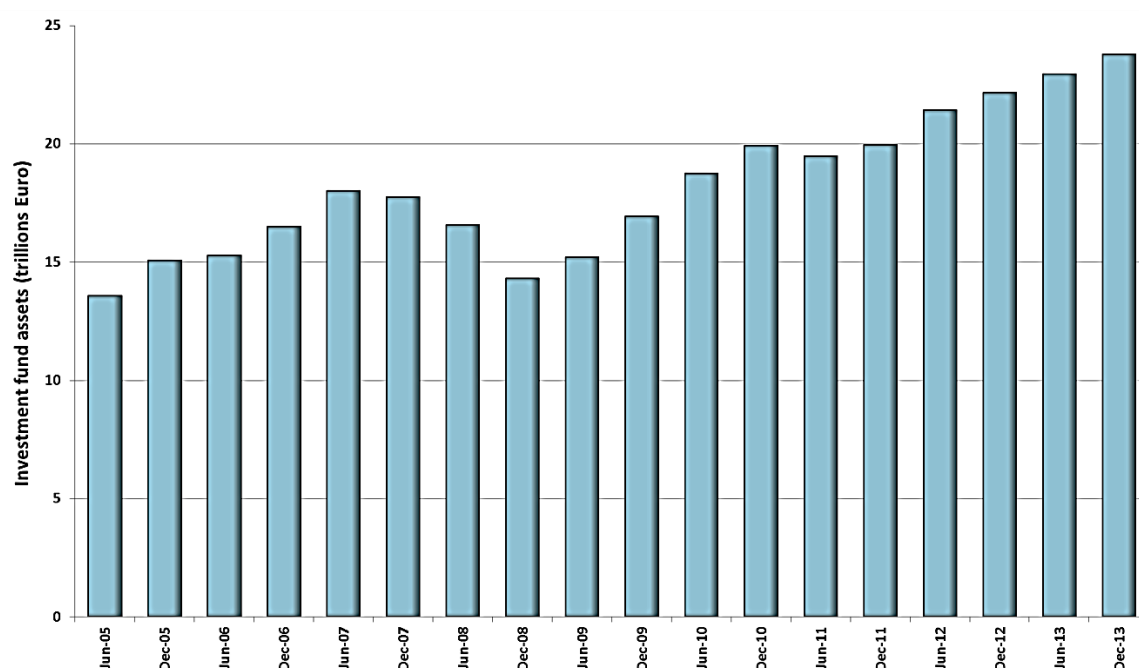
PART 2 – Performance Analysis of Collective Investment Schemes

2.1 General overview of the investment fund assets in the International Fund Industry⁷

Worldwide investment fund assets expanded by over seven per cent in 2013 from the previous year to stand at an all-time high of €23.79 trillion at the end of December 2013. The composition of assets was as follows: assets of equity funds had a share of 40 per cent, 22 per cent of assets were invested in bond funds, money market funds contributed to almost 15 per cent, while the asset share of balanced/mixed funds was 11 per cent. Other/unclassified funds had a share of 12 per cent.

Net sales of worldwide investment funds amounted to €839 billion during 2013, up by €11 billion when compared with the previous year. Equity funds registered an increase of €305 billion in net sales during 2013. This represents a share of over 36 per cent of the total net sales in 2013. Bond funds reported net sales amounting to €126 billion during 2013, representing a decline of almost 80 per cent over the previous year. Money market funds had recorded net outflows of €49 billion during the year of 2013.

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



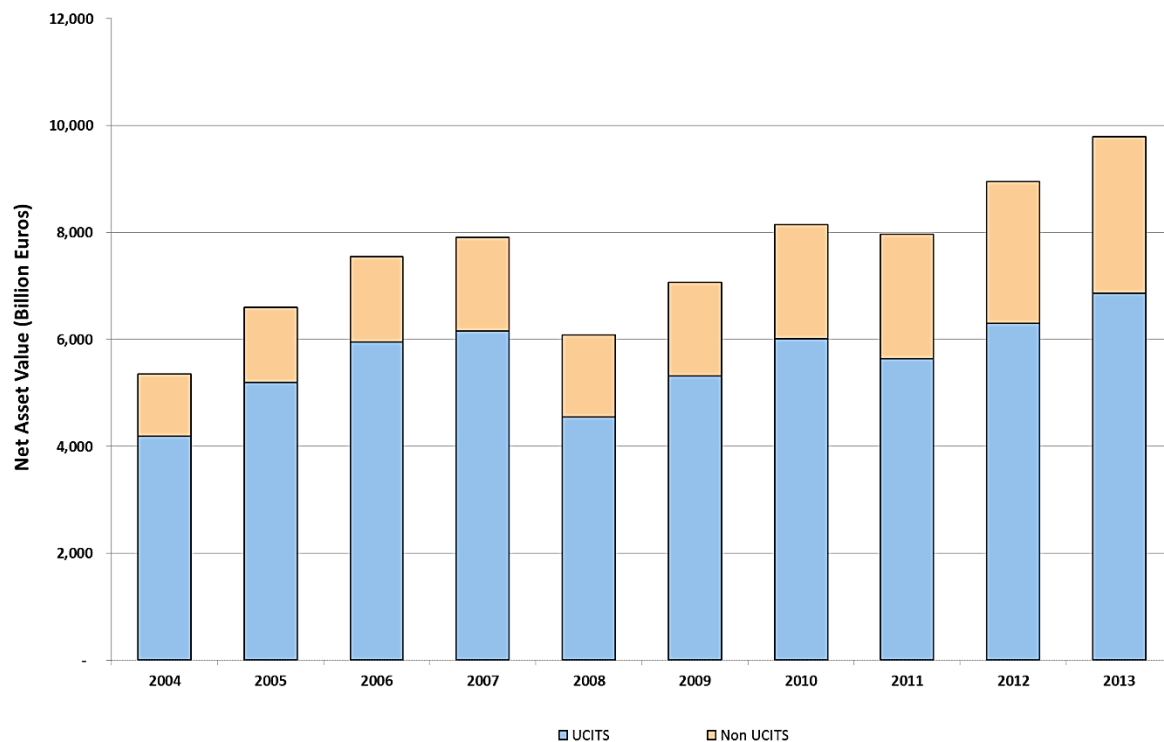
Source: EFAMA.

There were 87,916 authorised investment funds worldwide, of which 32 per cent were equity funds, 20 per cent were balanced funds, 17 per cent were bond funds, and three per cent were money market funds. About 28 per cent of the funds were unclassified/other funds.

⁷ Source: EFAMA.

Investment fund assets in Europe accounted for around €9.8 trillion at the end of 2013, a rise of over nine per cent from end 2012. About €6.9 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. During 2013, UCITS funds experienced a growth of nine per cent while Non-UCITS funds gained over 10 per cent.

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



Source: EFAMA.

During 2013, the majority of leading European fund domiciles reported growth in the net asset value. Ireland, Italy, Germany and Luxembourg experienced growth of about nine to 10 per cent while the UK reported an increase of 15.6 per cent in the net asset value during the period 2012 - 2013. Funds authorised in France saw a slight increase of 1.3 per cent in the net asset value over the same period.

Table 6 represents the net assets of investment funds of a selected number of leading countries in the funds industry for the period 2011 – 2013.

Table 6: Net assets of investment funds in major European countries (2011 – 2013)

Country	Dec 2011 NAV	Dec 2012 NAV	Dec 2013 NAV
	Million EUR	Million EUR	Million EUR
Belgium	84,701	87,298	95,019
France	1,387,341	1,505,731	1,525,107
Germany	1,133,874	1,285,527	1,404,353
Ireland	1,055,267	1,227,425	1,343,882
Italy	200,445	190,492	209,091
Luxembourg	2,096,506	2,383,826	2,615,363
Netherlands	64,364	68,577	72,472
UK	827,670	969,636	1,120,760

Source: EFAMA.

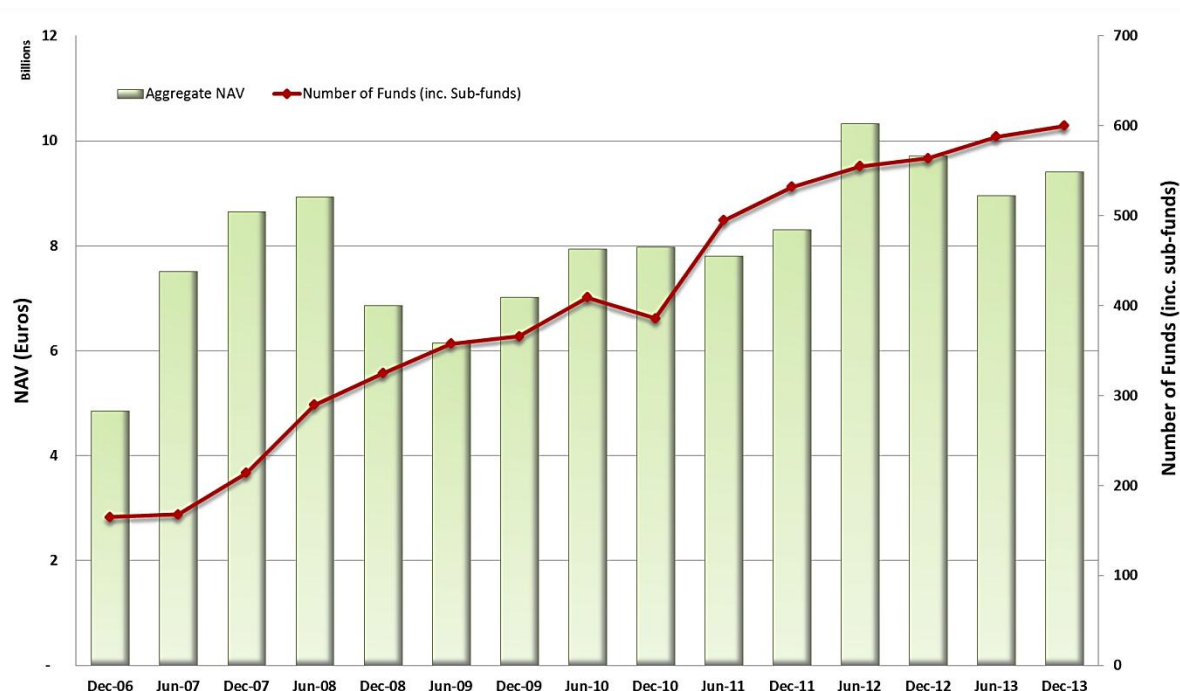
2.2 Analysis of net asset value of Malta domiciled funds

2.2.1 Analysis of aggregate net asset value of locally based CISs

Net assets of funds domiciled in Malta totalled €9.4 billion at the end of 2013, a fall of almost three per cent or €0.3 billion from the previous year. Although there was a sharp rise in the net asset value reported by bond funds (almost 17.3 per cent) over the period 2012 - 2013, this was not sufficient to even out drops registered by equity funds (8.8 per cent), hedge funds (27.6 per cent) and diversified funds (4.8 per cent). It was a positive year for money market funds, property funds and mixed funds experiencing net inflows and gains in net asset value of almost 2.7 percent, 64.4 percent, and 25.4 percent respectively.

Figure 3 shows the aggregate net asset value of Malta domiciled funds against the number of licensed funds for the period 2006 – 2013.

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



Source: Malta Financial Services Authority.

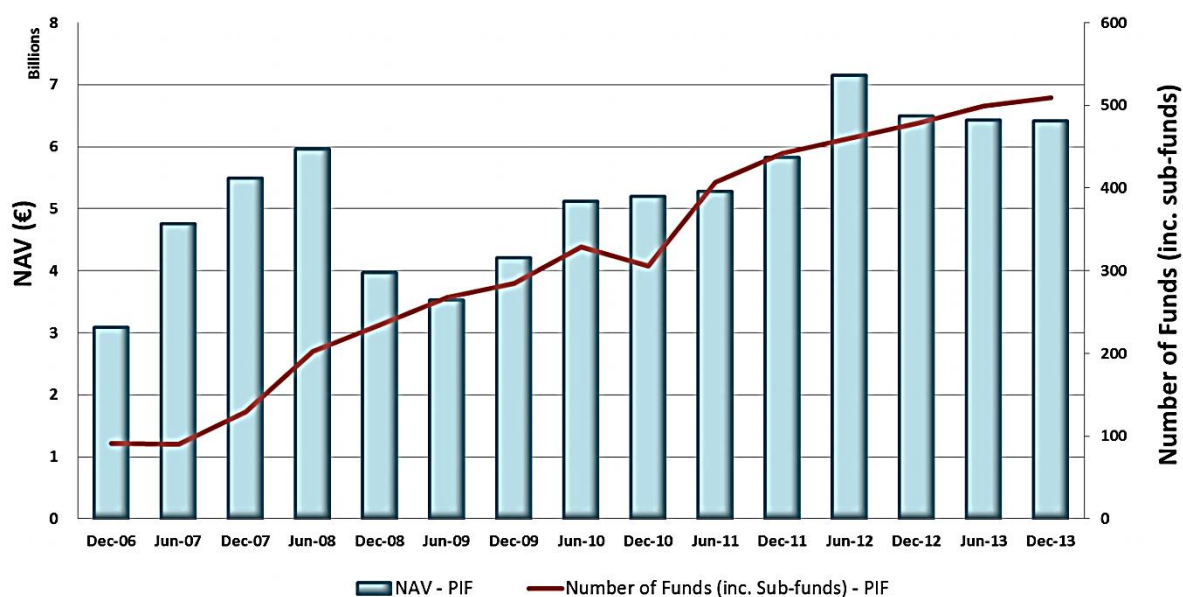
During 2013, investment funds reported sales amounting to €4.4 billion, a decline of almost 16 per cent from the total sales recorded in 2012. Redemptions reached €4.98 billion during the same period, a surge of 14 per cent from the previous year.

2.2.2 Analysis of net asset value of Professional Investor Funds

There were 509 Professional Investor Funds licences at the end of December 2013, a net increase of 31 licences, or over six per cent, from end 2012. The net asset value of Professional Investor Funds recorded €6.4 billion during 2013, representing a fall of one per cent, or €87 million, from end 2012.

Figure 4 represents the net asset value of Professional Investor Funds against the number of licensed PIFs for the period 2006 – 2013.

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



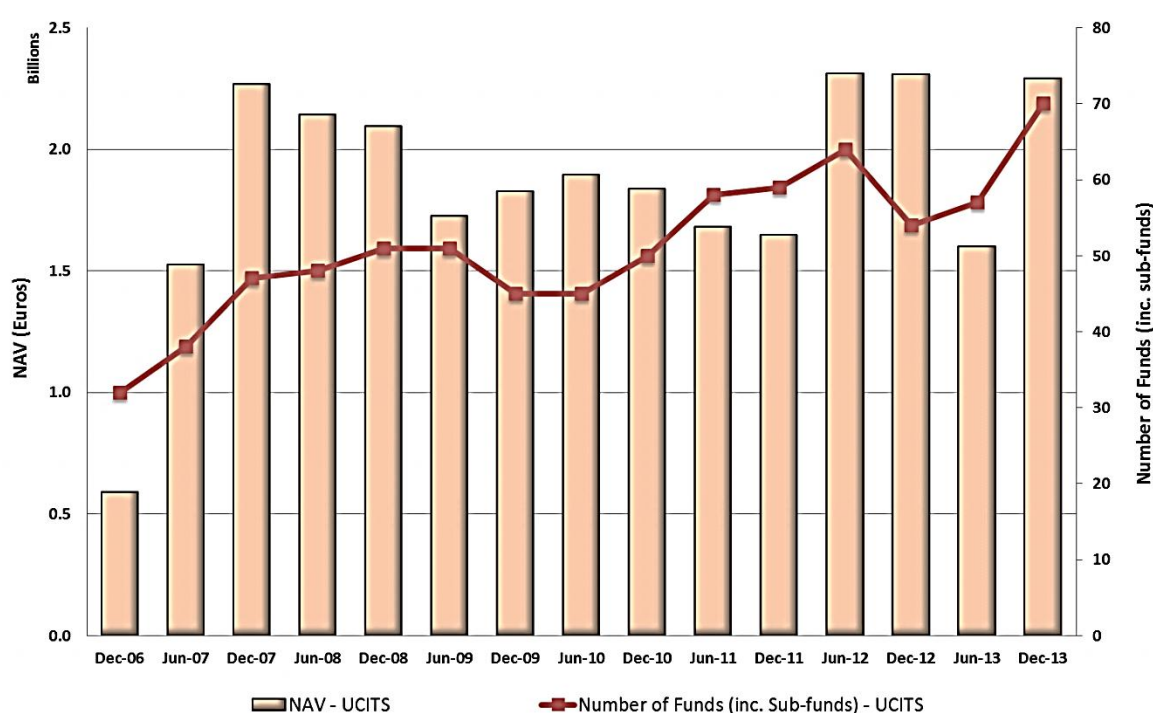
Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of UCITS funds

The net asset value of UCITS funds dropped by almost one per cent (or €0.02 billion) over the period 2012 – 2013, from €2.31 billion in December 2012 to €2.29 billion in December 2013. There were 70 licensed UCITS funds at the end of 2013, a net increase of 16 licences, or almost 30 per cent, from end 2012.

Figure 5 illustrates the net asset value and the number of licensed UCITS funds for the period 2006 – 2013.

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



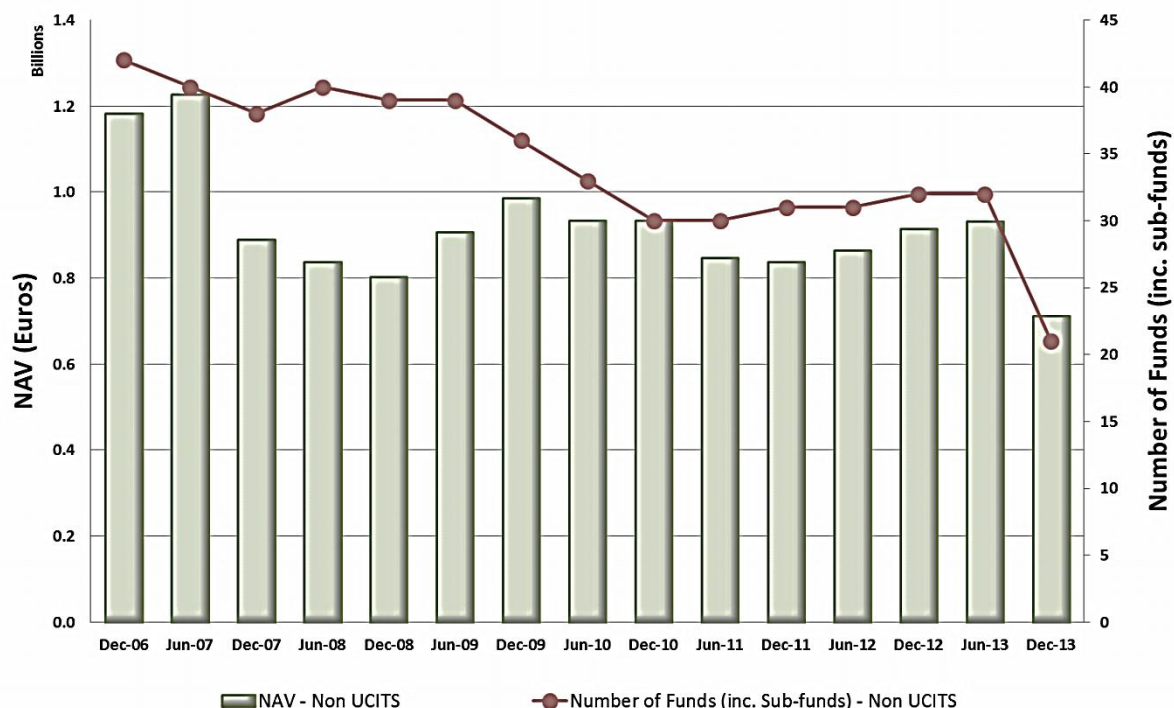
Source: Malta Financial Services Authority.

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

Retail Non-UCITS funds recorded a net asset value of €0.71 billion at the end of December 2013, down by €0.2 billion (or 22 per cent) from end 2012. The number of Retail Non-UCITS funds declined by 11 licences when compared with the previous year to stand at 21 at the end of 2013.

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

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



Source: Malta Financial Services Authority.

2.3 Asset class allocation of investment funds⁸

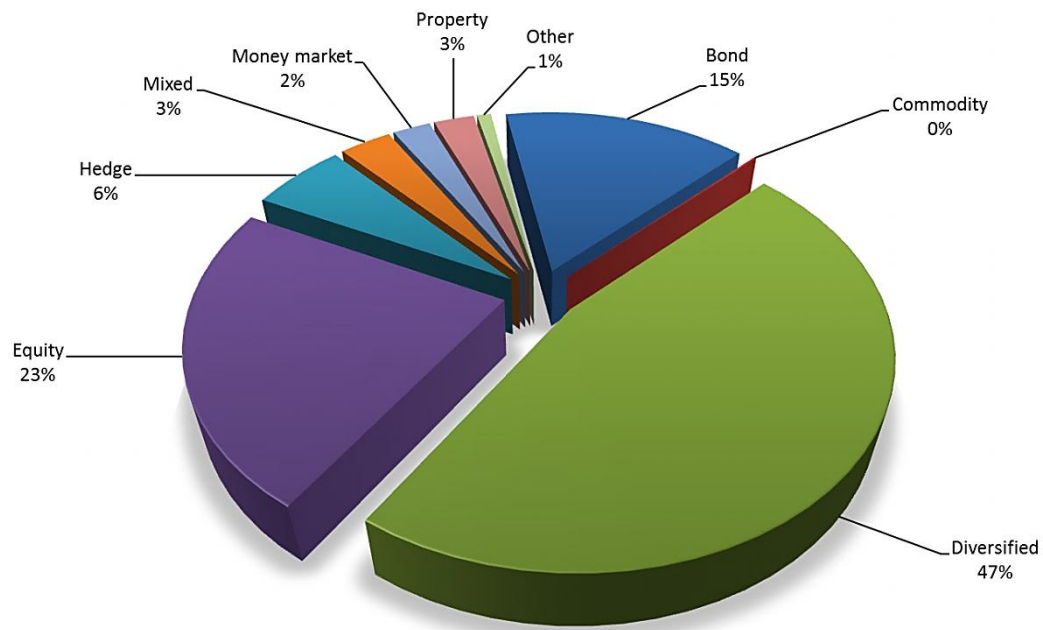
Diversified funds recorded a net asset value of €4.4 billion representing almost 47 per cent of the aggregate December 2013 NAV. About €2.2 billion, or 23.1 per cent of the aggregate net asset value, were invested in equity funds at the end of 2013 while bond funds had a share of 15.4 per cent (or €1.4 billion) of the aggregate December 2013 NAV.

Figure 7 illustrates the composition of funds (including sub-funds) domiciled in Malta by asset category at the end of 2013

During 2013, diversified funds were the most issued type of funds with a share of over 38 per cent of the total new funds issued in 2013. Equity funds and bond funds followed at 23.3 per cent and 12.8 per cent respectively. Figure 8 represents the number of issued and surrendered funds in 2013 by asset allocation.

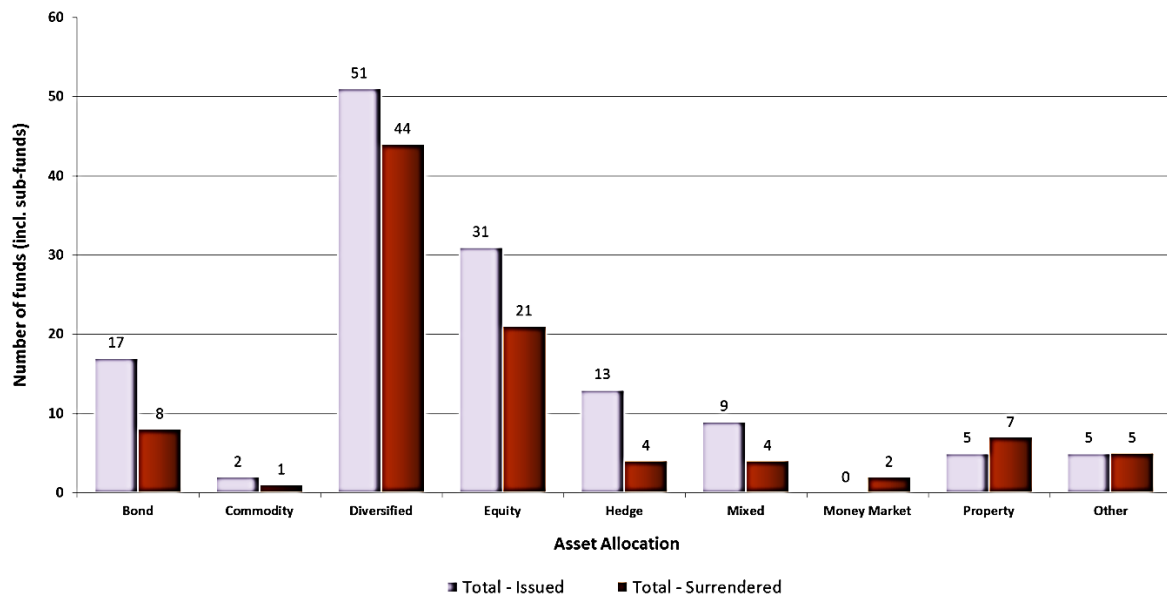
⁸ The asset allocation of funds was extracted from the prospectuses of the funds. Consequently, it does not necessarily mean that the allocated assets of the funds were invested accordingly.

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



Source: Malta Financial Services Authority.

Figure 8: New authorised and surrendered funds by asset allocation during 2013

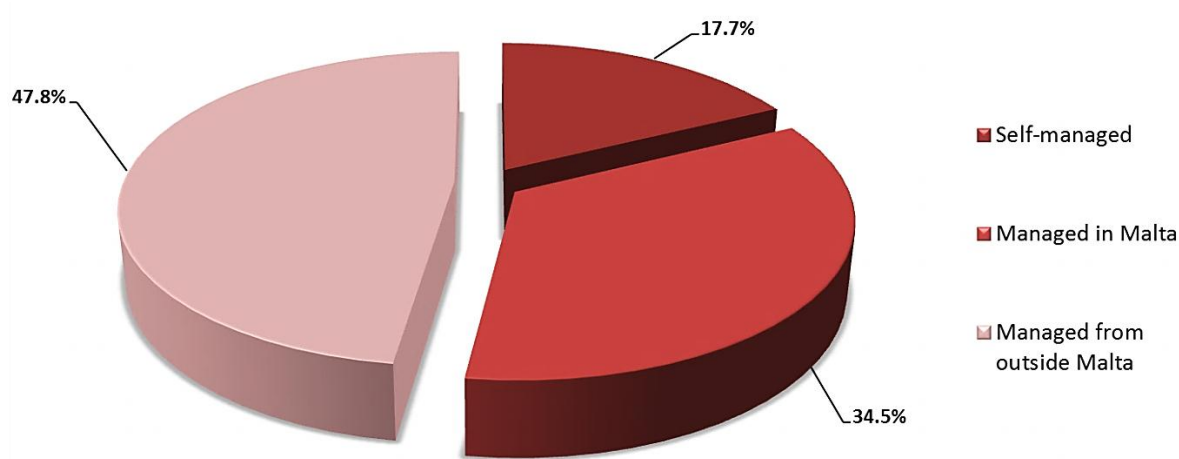


Source: Malta Financial Services Authority.

2.4 Management of funds

End of year figures show that almost 35 percent of the funds (including sub-funds) domiciled in Malta were managed by Malta-based fund managers. This represents a fall of nearly five percentage points when compared to the previous year. About 48 percent of the funds were managed from outside Malta, up by three percentage points in 2013. Self-managed funds accounted for 17.7 percent of the funds (including sub-funds) in 2013, an increase of 1.7 percent on the previous year.

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

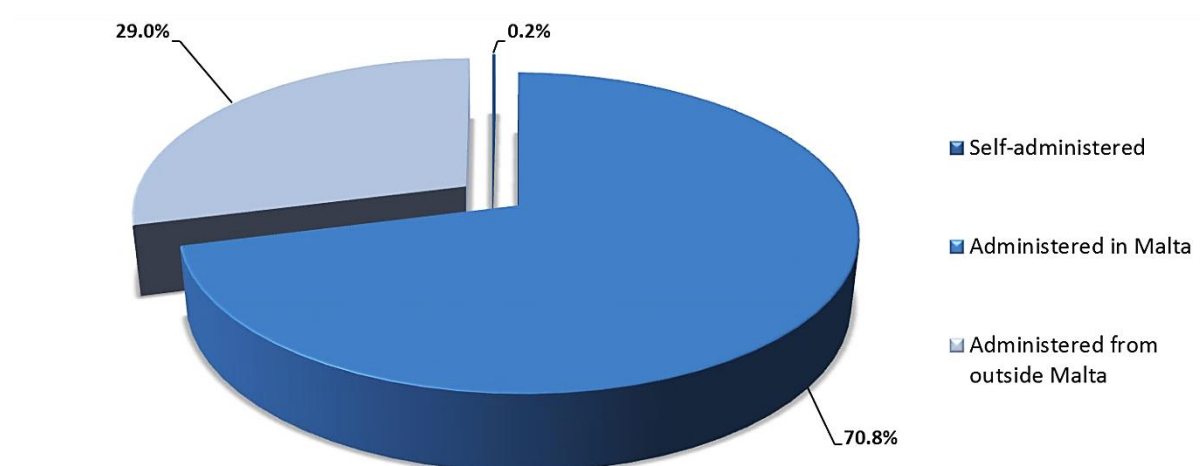


Source: Malta Financial Services Authority.

2.5 Administration of funds

While the share of self-administered funds remained unchanged over the period 2012 - 2013, there was a slight shift of 0.4 percentage points in the number of funds administered in Malta towards funds administered outside Malta. As at end 2013, 70.8 percent of the funds were administered in Malta while 29 percent of the funds were administered outside Malta.

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



Source: Malta Financial Services Authority.

2.6 Structure of funds

As at end 2013, 77 per cent of the Collective Investment Schemes operated as a multi fund structure, 15 per cent as stand-alone structure, and about eight per cent operated as master-feeder structure.

The table below represents the operating structures of collective investment schemes domiciled in Malta as at end December 2013.

Table 7: Schemes by operating structure (End December 2013)

	Number of schemes as at December 2013	% number of schemes against total schemes
Master/Feeder (Master)	9	3.9
Master/Feeder (Feeder)	9	3.9
Stand Alone	35	15.3
Multi fund	176	76.9
Unit Trust	0	0.0
Total	229	100

Source: Malta Financial Services Authority.

2.7 Funds listed on Malta Stock Exchange

A total of 30 funds/ sub-funds were listed on the Malta Stock Exchange at the end of December 2013, nine of which were Professional Investor Funds, seven UCITS funds, and 14 Retail Non-UCITS funds.

Table 8: Funds listed on Malta Stock Exchange as at end December 2013

Type of CIS	Funds listed on MSE
PIF	9
UCITS	7
Retail Non-UCITS	14
Total	30

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 €1.7 billion at the end of December 2013, a slight increase of €0.02 billion or 1.3 per cent from the previous year.

Table 9: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2011 – 2013)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2011	1.37
December 2012	1.65
December 2013	1.67

Source: Malta Financial Services Authority.

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