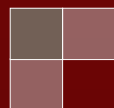


MFSA

MALTA FINANCIAL SERVICES AUTHORITY

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

2015



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Fact Statistics

- *Total new funds (including sub-funds) licenced (2004 – 2015): **1,216***
- *Total funds (including sub-funds) surrendered (2004 – 2015): **640***
- *Net Asset Value of Malta domiciled Funds: **€10.2 billion as at end December 2015***
- *Non-Malta domiciled funds (including sub-funds) administered in Malta: **134 as at end December 2015***
- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta: **€7.8 billion as at end December 2015***

PART 1 – Analysis of Collective Investment Scheme Licences

1.1 Fund registrations in the International Fund Industry

The majority of European countries experienced growth in the number of registered funds in 2015. The number of registered funds in Ireland went up by over six per cent while Luxembourg and Germany reported an increase of almost two per cent and 1.4 per cent respectively. Over the period 2014 - 2015, the UK saw its number of funds expanding by 0.4 per cent while other domiciles, such as France, reported drops of 1.3 per cent over the same period.

1.2 Fund registrations in Malta

The total number of funds (PIFs, AIFs, UCITS and Retail Non-UCITS) domiciled in Malta increased by over two per cent (or 12 licences) when compared with the previous end year.

When compared to end 2014, Professional Investor Funds experienced a decline of almost ten per cent to stand at 458 at the end of 2015. Alternative Investment Funds licenced in Malta stood at 54 licences, an increase of 43 licences from end 2014. UCITS funds increased by over 28 per cent to stand at 82 licences, while Retail Non-UCITS funds remained unchanged at 12. Additionally, Recognised Private Collective Investment Schemes increased by three while Foreign-based funds declined by four.

Table 1: Funds (including sub-funds) domiciled in Malta (2013 – 2015)

	2013	2014	2015
AIFs	0	11	54
PIFs	509	507	458
UCITS	70	64	82
Retail Non-UCITS	21	12	12
Total locally based CISs	600	594	606
Foreign Based	16	16	12
Recognised Private CIS	4	5	8
Total CIS	620	615	626

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

The Authority authorised 112 new Collective Investment Scheme licences (including sub-funds) in 2015, of which 78 were Professional Investor Funds, 11 Alternative Investment Funds and 20 UCITS funds. Additionally, the Authority issued three new Recognised Private Collective Investment Scheme certificates in 2015.

Table 2: Authorisation of new Collective Investment Schemes (2013 – 2015)

		2013	2014	2015
AIFs	Schemes	-	3	8
	Sub-funds	-	6	11
	<i>of which Qualifying Investor</i>	-	1	3
	<i>of which Extraordinary Investor</i>	-	3	0
	<i>of which Experienced Investor</i>	-	0	0
	<i>of which Professional Investor</i>	-	2	8
PIFs	Schemes	44	34	28
	Sub-funds	115	100	78
	<i>of which Qualifying Investor</i>	97	96	65
	<i>of which Extraordinary Investor</i>	10	2	7
	<i>of which Experienced Investor</i>	8	2	6
UCITS	Schemes	5	1	9
	Sub-funds	18	11	20
Retail Non-UCITS	Schemes	0	0	0
	Sub-funds	0	0	0
Foreign Based	Schemes	0	0	0
	Sub-funds	0	0	0
Recognised Private CIS	Schemes	2	1	3
	Sub-funds	0	0	0

Source: Malta Financial Services Authority.

1.4 Surrenders of Collective Investment Schemes

In 2015, 92 Professional Investor Funds, three Alternative Investment Funds and two UCITS, voluntary surrendered their licence. Additionally, the Authority accepted the voluntary surrender of licence of four foreign-based funds. The number of surrendered licences during 2015 totalled to 101, a decline of almost 18 per cent when compared to the previous year.

Table 3: Surrender of licences of Collective Investment Schemes (2013 – 2015)

		2013	2014	2015
AIFs	<i>Schemes</i>	-	0	1
	<i>Sub-funds</i>	-	0	3
	<i>of which Qualifying Investor</i>	-	0	1
	<i>of which Extraordinary Investor</i>	-	0	2
	<i>of which Experienced Investor</i>	-	0	0
	<i>of which Professional Investor</i>	-	0	0
PIFs	<i>Schemes</i>	18	18	15
	<i>Sub-funds</i>	83	97	92
	<i>of which Qualifying Investor</i>	74	86	88
	<i>of which Extraordinary Investor</i>	1	11	0
	<i>of which Experienced Investor</i>	8	0	4
UCITS	<i>Schemes</i>	0	2	0
	<i>Sub-funds</i>	5	17	2
Retail Non-UCITS	<i>Schemes</i>	0	3	0
	<i>Sub-funds</i>	8	9	0
Foreign Based	<i>Schemes</i>	0	0	0
	<i>Sub-funds</i>	5	0	4
Recognised Private CIS	<i>Schemes</i>	0	0	0
	<i>Sub-funds</i>	0	0	0

Source: Malta Financial Services Authority.

1.5 Summary of Collective Investment Scheme licences (2014 – 2015)

The next table summarises the number of new licences issued and licences surrendered by the Authority, and the number of active licences for the period 2014 – 2015.

Table 4: Collective Investment Scheme licences (2014 – 2015)

		2014			2015		
		New licences	Licences surrendered	Total licences as at end 2014	New licences	Licences surrendered	Total licences as at end 2015 *
AIFs	<i>Schemes</i>	3	0	6	8	1	28 ¹
	<i>Sub-funds</i>	6	0	11	11	3	54
	<i>of which Qualifying Investor</i>	1	0	6	3	1	24 ²
	<i>of which Extraordinary Investor</i>	3	0	3	0	2	8 ³
	<i>of which Experienced Investor</i>	0	0	0	0	0	0
	<i>of which Professional Investor</i>	2	0	2	8	0	22 ^{4,5}
PIFs	<i>Schemes</i>	34	18	211	28	15	209 ¹
	<i>Sub-funds</i>	100	97	507	78	92	458
	<i>of which Qualifying Investor</i>	96	86	426	65	88	378 ^{2,4}
	<i>of which Extraordinary Investor</i>	2	11	36	7	0	33 ^{3,5}
	<i>of which Experienced Investor</i>	2	0	45	6	4	47
UCITS	<i>Schemes</i>	1	2	21	9	0	30
	<i>Sub-funds</i>	11	17	64	20	2	82
Retail Non-UCITS	<i>Schemes</i>	0	3	6	0	0	6
	<i>Sub-funds</i>	0	9	12	0	0	12
Foreign	<i>Schemes</i>	0	0	4	0	0	4
	<i>Sub-funds</i>	0	0	16	0	4	12
Recognised Private CIS	<i>Schemes</i>	1	0	5	3	0	8
	<i>Sub-funds</i>	0	0	0	0	0	0

* Figures may not sum up due to conversion of licences.

Source: Malta Financial Services Authority.

1.6 Non-Malta domiciled funds administered in Malta

The number of Non-Malta domiciled funds (including sub-funds) administered in Malta remained the same as that recorded in the previous end year to stand at 134 at the end of 2015.

¹ Fifteen PIF schemes had their licence revised to AIF schemes.

² Sixteen PIF sub-funds targeting Qualifying investors had their licences revised to AIF targeting Qualifying investors.

³ Seven PIF sub-funds targeting Extraordinary Investors had their licences revised to AIF targeting Extraordinary Investors.

⁴ Nine PIF sub-funds targeting Qualifying Investors had their licences revised to AIFs targeting Professional Investors.

⁵ Three PIF sub-funds targeting Extraordinary Investors had their licences revised to AIFs targeting Professional Investors.

Table 5: Non-Malta domiciled funds (including sub-funds) administered in Malta (2013 – 2015)

	Non-Malta domiciled funds administered in Malta
December 2013	188
December 2014	134
December 2015	134

Source: Malta Financial Services Authority.

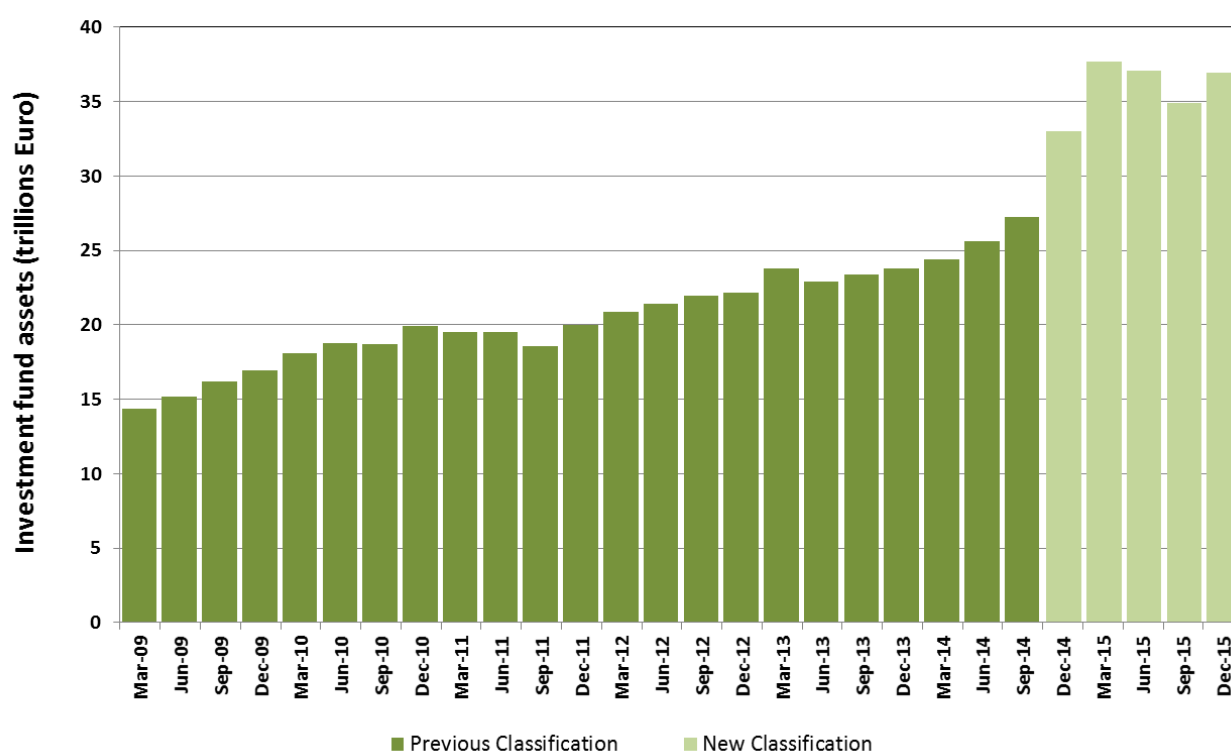
PART 2 – Performance Analysis of Collective Investment Schemes

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

Net assets of worldwide regulated open-ended funds⁶ expanded by about 10.5 per cent when compared to the previous end year to stand at €36.94 trillion at the end of 2015. Net sales amounted to €1.97 trillion in 2015, up by €437 billion (or 28.5 per cent) when compared with the previous year.

In terms of net assets, equity funds had the largest share at 40.1 per cent, followed by bond funds at 20.3 per cent, mixed funds at 18.2 per cent and money market funds at 12.6 per cent. During 2015, mixed funds experienced net sales amounting to €642 billion, followed by equity funds and money market funds with €518 billion and €367 billion respectively. Furthermore, bond funds registered €288 billion in net sales.

Figure 1: Worldwide investment fund assets (2009 – 2015)



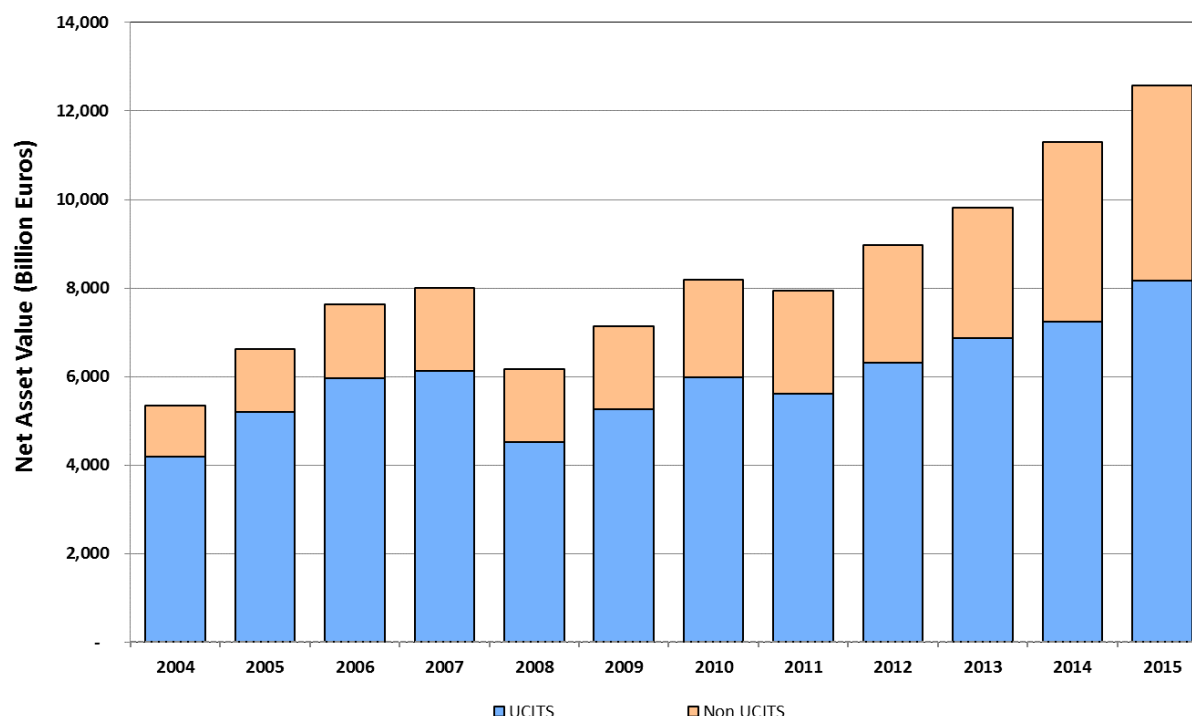
Source: EFAMA.

The number of worldwide investment funds (including fund of funds) expanded by almost 24 per cent to stand at 113,562 at the end of 2015. Of these, 31.2 per cent were equity funds, 27.8 per cent were balanced funds, 17 per cent were bond funds and 2.5 per cent were money market funds. About 14.4 per cent of the funds were unclassified/other funds.

⁶ As from December 2014, EFAMA has introduced a new classification which incorporates additional types of open-ended funds; including ETFs, institutional funds and guaranteed/protected funds.

Over the previous year, investment fund assets in Europe climbed up by over 11.3 per cent in 2015 to stand at €12.6 trillion. UCITS funds gained almost 13 per cent to stand at €8.2 trillion while Non-UCITS funds expanded by over 8.2 per cent reaching €4.4 trillion in 2015.

Figure 1: Net asset value of European funds (2004 – 2015)



Source: EFAMA.

In 2015, the majority of European countries reported significant growth in net assets of the investment funds. Luxembourg experienced a growth of almost 13.3 per cent while Ireland and Germany saw their net asset value increasing by 14.3 and 9.1 per cent respectively over the period 2014 - 2015. Furthermore, funds authorised in France and the UK saw their net asset value rising by 5.3 per cent and 23 per cent respectively.

Table 6 represents the net assets of investment funds of a selected number of leading countries in the funds industry for the period 2013 – 2015.

Table 6: Net assets of investment funds in major European countries (2013 – 2015)

Country	Dec 2013 NAV	Dec 2014 NAV	Dec 2015 NAV	Percentage change Dec 2014 – Dec 2015
	Million EUR	Million EUR	Million EUR	
Luxembourg	2,615,363	3,094,987	3,506,201	13.3
Ireland	1,343,882	1,661,211	1,898,825	14.3
Germany	1,404,353	1,584,940	1,729,234	9.1
France	1,525,107	1,598,295	1,682,808	5.3
UK	1,120,760	1,202,866	1,479,696	23.0
Switzerland	356,831	420,487	501,528	19.3
Sweden	200,252	252,800	285,561	13.0
Italy	209,091	248,397	281,564	13.4
Spain	184,878	229,162	254,368	11.0
Malta	9,411	9,727	10,252	5.4

Source: EFAMA.

2.2 Analysis of net asset value of Malta domiciled funds

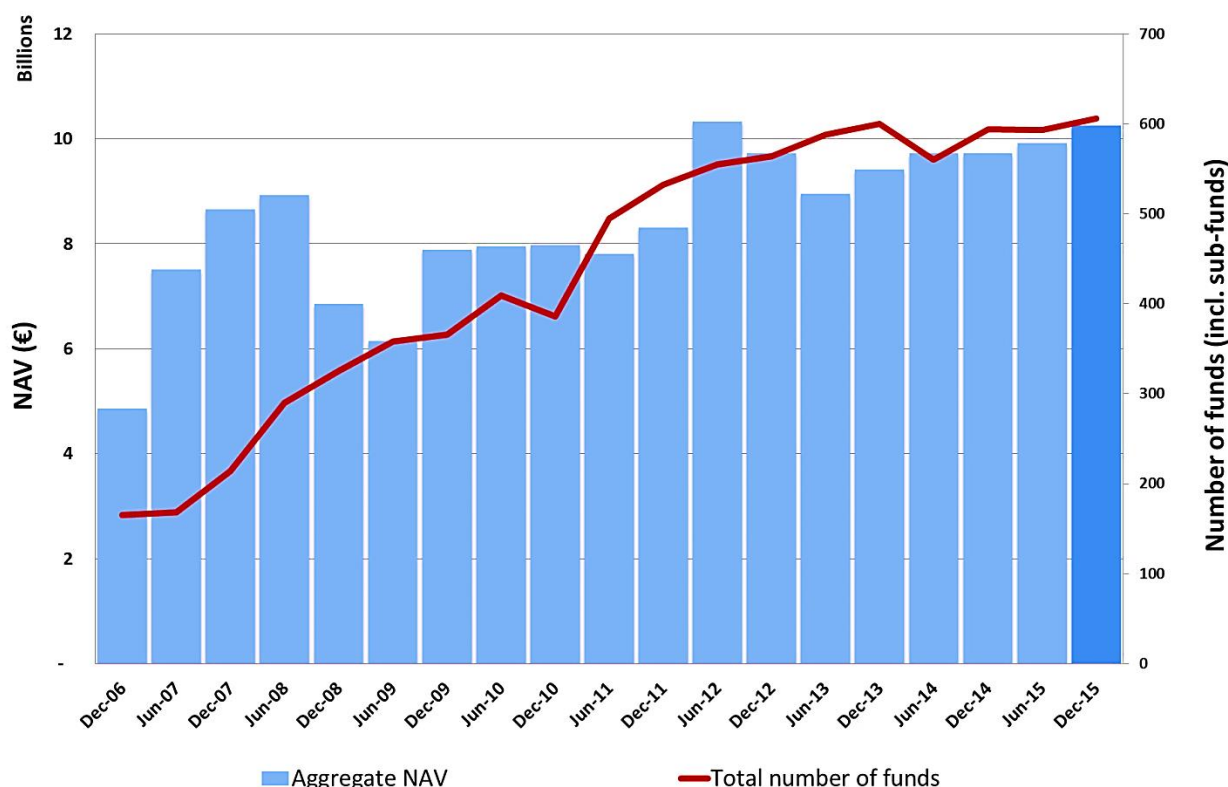
2.2.1 Analysis of aggregate net asset value of locally based CISs

The net asset value of Malta-domiciled funds⁷ totalled over €10.2 billion at the end of 2015, an increase of €0.5 billion (or over five per cent) when compared to the net asset value reported at the end of 2014. Diversified funds held the largest share with almost 40 per cent of the total December 2015 NAV, indicating that diversified funds remained the most popular type of funds with investors. Equity funds and bond funds followed with almost 25 per cent and 16 per cent respectively.

Over the period December 2014 – December 2015, mixed funds registered a sharp rise of €0.49 billion in net assets, followed by equity funds with €0.36 billion. In contrast, diversified funds experienced the largest drop in net assets with a decline of €0.45 billion. Hedge funds saw their net asset value dropping by €0.1 billion while money market funds experienced a fall of €0.08 billion.

⁷ PIFs, AIFs, UCITS, and Retail Non-UCITS.

Figure 2: Net asset value of locally based CISs against number of registered funds (2006 – 2015)



Source: Malta Financial Services Authority.

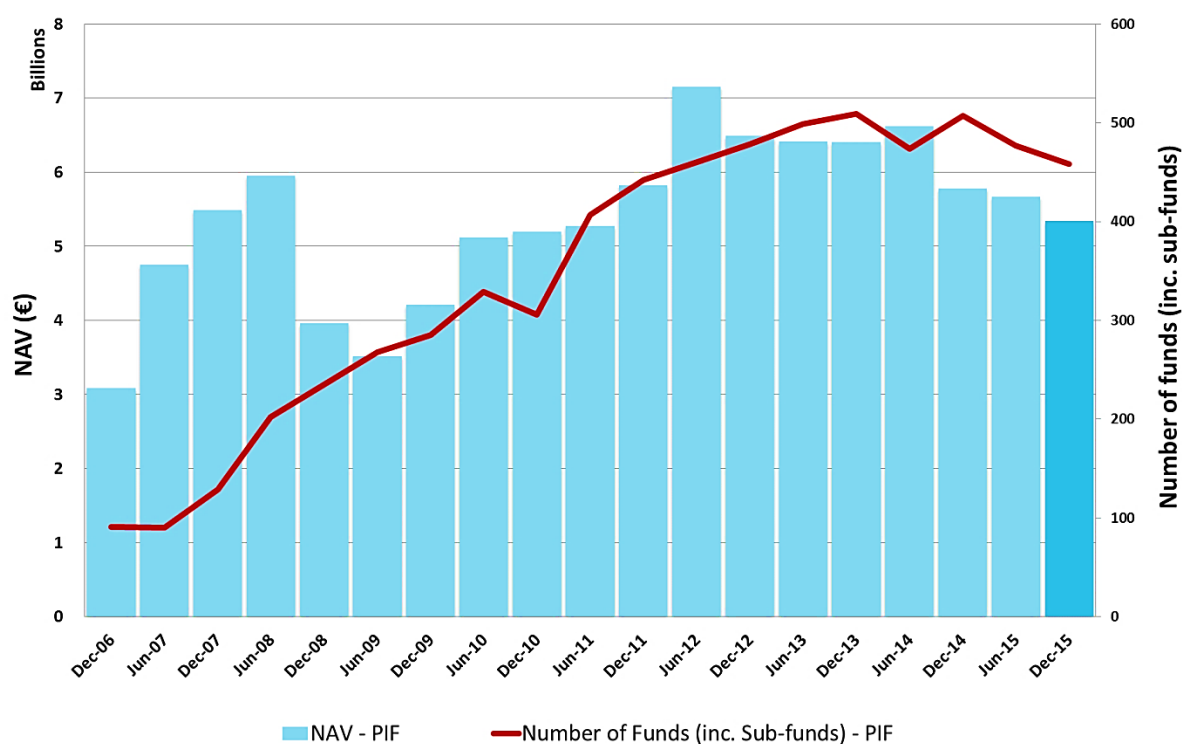
During 2015, Malta-domiciled investment funds reported sales amounting to €4.32 billion while redemptions reached €4.05 billion. Additionally, net revaluation adjustments accounted to €0.26 billion on the positive side.

2.2.2 Analysis of net asset value of Professional Investor Funds

At the end of December 2015, there were 458 Professional Investor Funds licenced with the Authority. The net asset value of Professional Investor Funds stood at €5.3 billion at the end of 2015, representing a decline of €0.5 billion when compared to €5.8 billion reported at the end of 2014.

The next figure represents the net asset value of Professional Investor Funds against the number of licensed PIFs for the period 2006 – 2015.

Figure 4: Net asset value of PIFs and number of licensed PIFs (2006 – 2015)



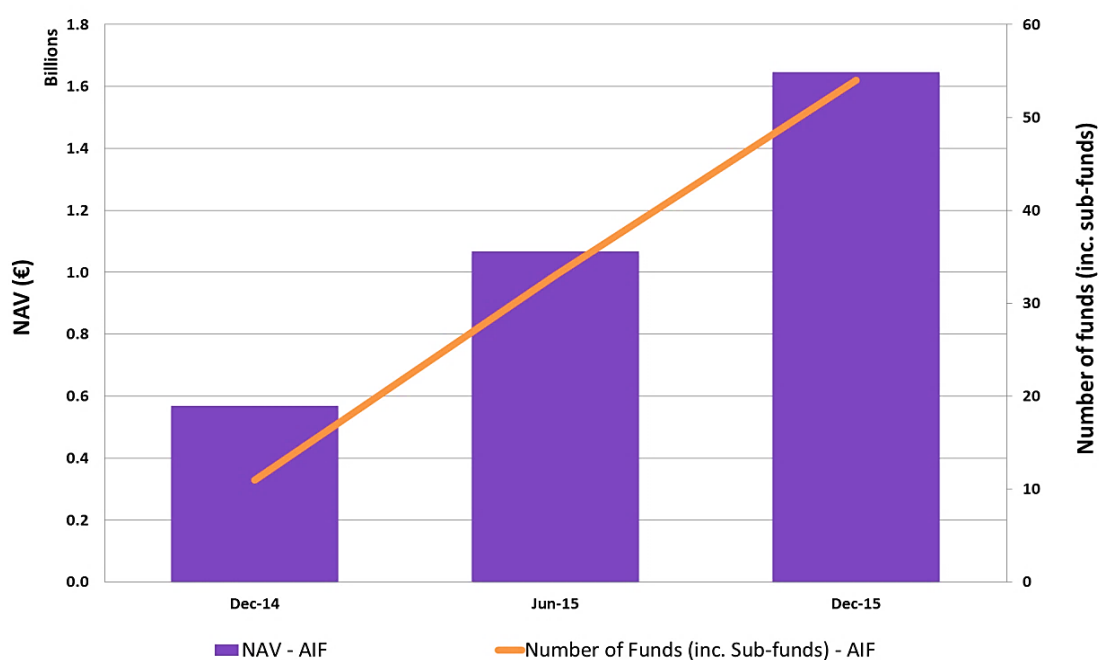
Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of Alternative Investment Funds

Alternative Investment Funds increased from 11 in 2014 to 54 at the end of 2015. The net asset value reached €1.65 billion at the end of 2015, representing an increase of €1.08 billion when compared to the previous year.

Figure 5 represents the net asset value of Alternative Investment Funds against the number of licensed AIFs for the period 2014 – 2015.

Figure 5: Net asset value of AIFs and number of licensed AIFs (2014 – 2015)



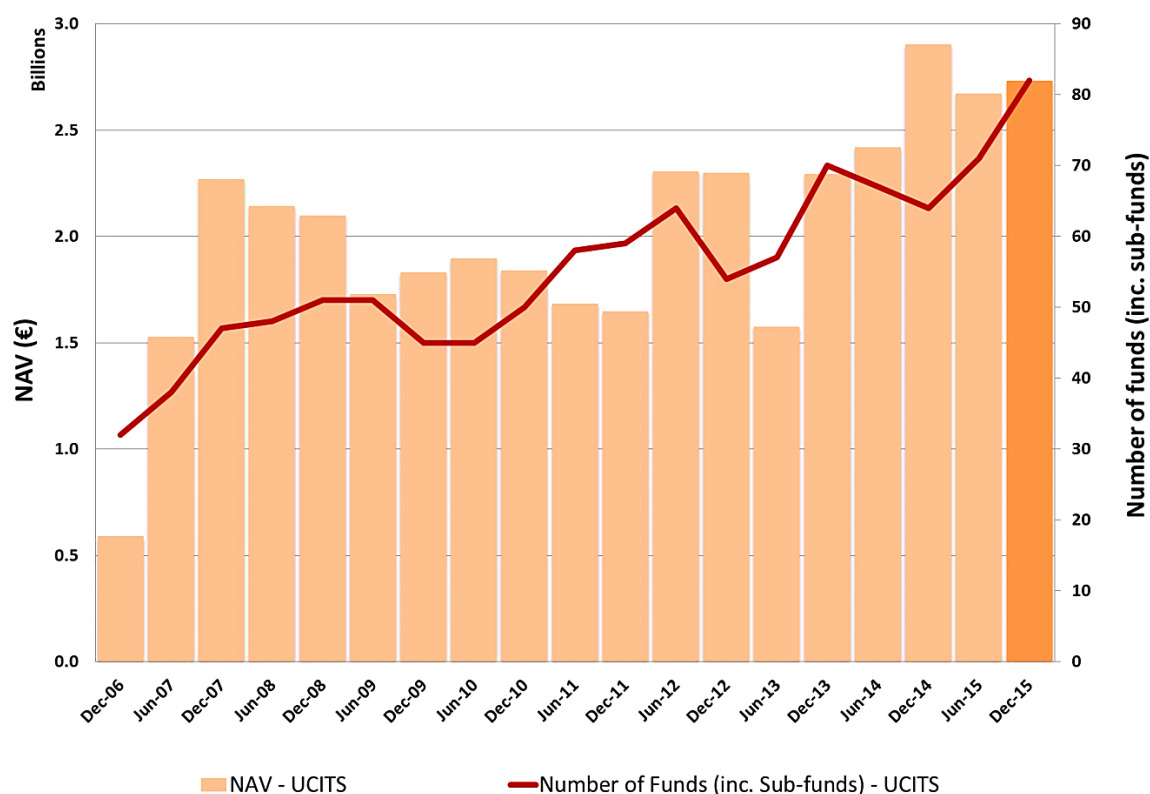
Source: Malta Financial Services Authority.

2.2.4 Analysis of net asset value of UCITS funds

There were 82 UCITS funds licensed in Malta in 2015, up by 18 licences from the previous year. Despite the increase in the number of licences, net assets of UCITS funds declined by €0.17 billion when compared to the previous year to stand at €2.73 billion at the end of 2015.

Figure 6 illustrates the net asset value and the number of licensed UCITS funds for the period 2006 – 2015.

Figure 6: Net asset value of UCITS funds and number of licensed UCITS funds (2006 – 2015)



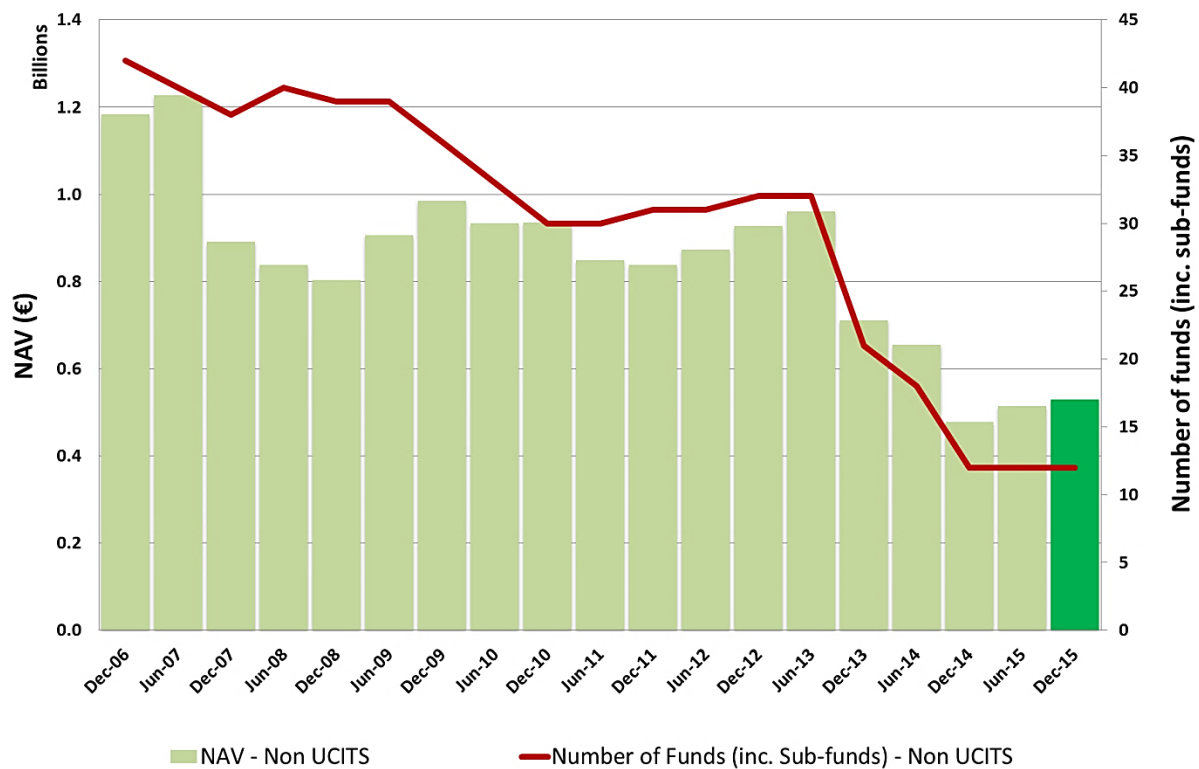
Source: Malta Financial Services Authority.

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

As at end December 2015, Retail Non-UCITS funds remained unchanged at 12 when compared to the previous end year. Net assets increased to €0.53 billion at the end of 2015, a surge of €0.05 billion when compared to the preceding year.

The next figure represents the net asset value and number of licensed Retail Non-UCITS funds for the period 2006 – 2015.

Figure 7: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (2006 – 2015)



Source: Malta Financial Services Authority.

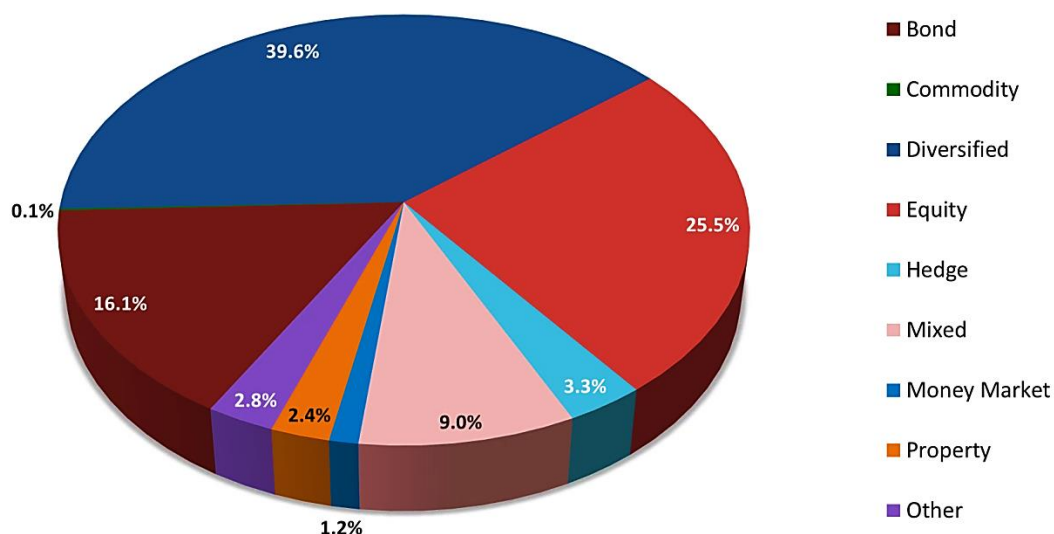
2.3 Asset class allocation of investment funds⁸

In terms of net assets, diversified funds had the largest share with almost 40 per cent (or €4.06 billion) of the aggregate December 2015 NAV. Equity funds had a share of 25.5 per cent (or €2.61 billion) followed by bond funds at about 16 per cent (or €1.65 billion) of the aggregate December 2015 NAV. Mixed funds made up nine per cent (or €0.92 billion) of the total December 2015 NAV.

The following figure shows the net asset value of Malta domiciled funds by asset category as at the end of 2015.

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.

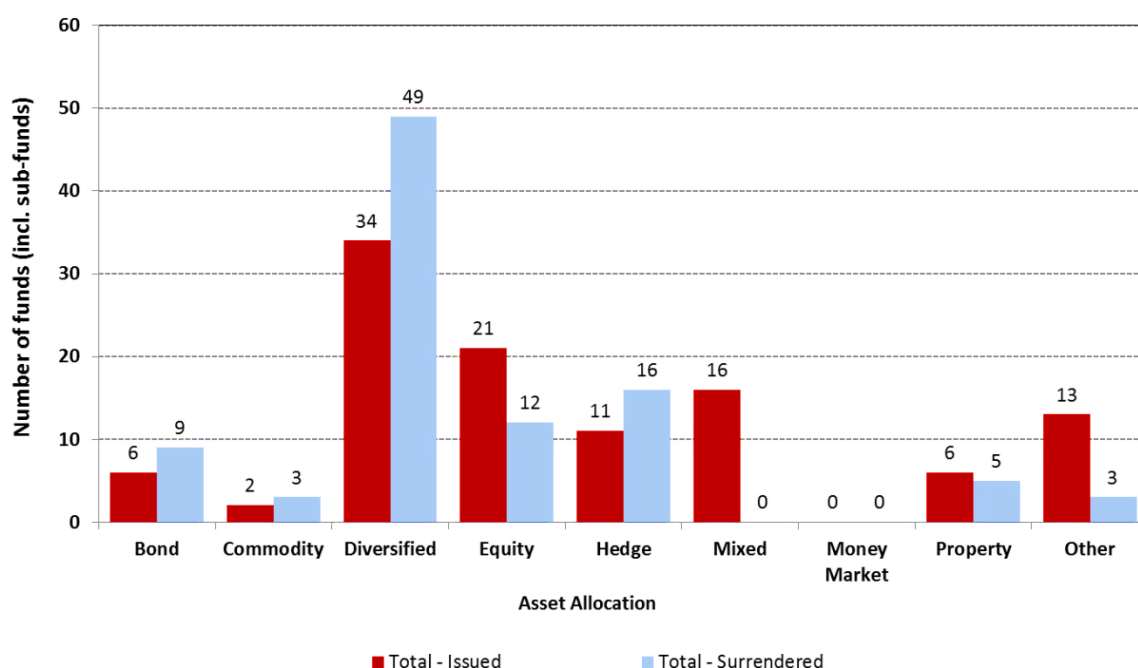
Figure 8: Net asset value by asset allocation (December 2015)



Source: Malta Financial Services Authority.

Diversified funds were the most issued type of funds with a share of over 31 per cent of the total new funds licenced during 2015. Equity funds and mixed funds followed at 19 per cent and 15 per cent respectively. The figure below represents the number of issued and surrendered funds in 2015 by asset allocation.

Figure 9: New authorised and surrendered funds by asset allocation during 2015

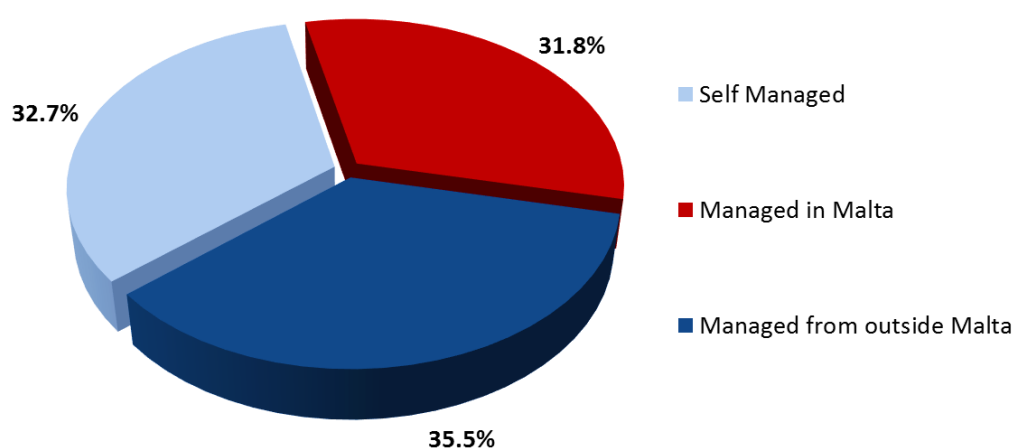


Source: Malta Financial Services Authority.

2.4 Management of funds

As at end 2015, 31.8 per cent of the funds were managed in Malta while 35.5 per cent were managed from outside Malta. Self-managed funds continued to expand during 2015, accounting for 32.7 per cent of the number of funds (including sub-funds) licenced in Malta as at end 2015. This represents an increase of 3.5 percentage points when compared to the previous end year.

Figure 10: Management of locally based investment funds (December 2015)

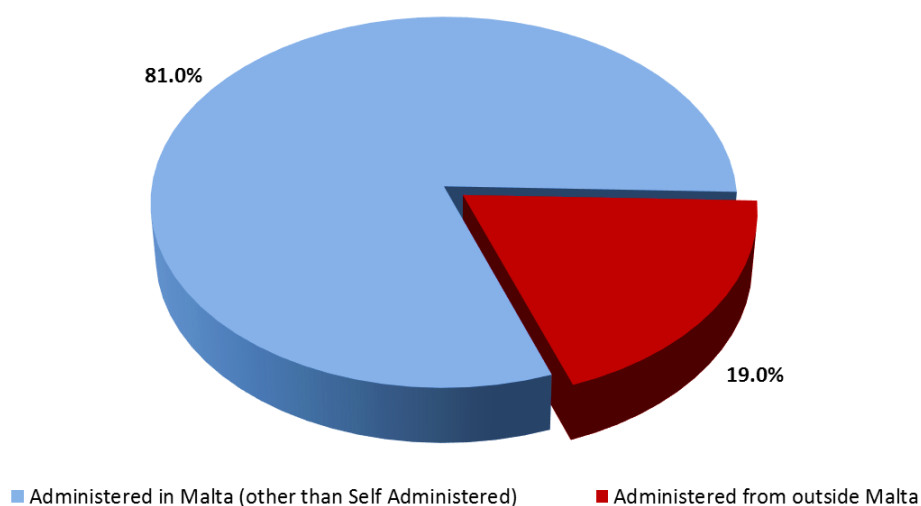


Source: Malta Financial Services Authority.

2.5 Administration of funds

At the end of 2015, 81 per cent of the funds licensed in Malta were administered by fund administrators established and recognised in Malta, an increase of 5.6 percentage points from the previous year. Only 19 per cent of the funds were administered from outside Malta at the end of the year.

Figure 11: Administration of locally based investment funds (December 2015)



Source: Malta Financial Services Authority.

2.6 Structure of funds

As at end 2015, over 77 per cent of the Collective Investment Schemes operated as a multi fund structure, almost 18 per cent as stand-alone structure while about five per cent licensed as master-feeder structures.

The table below represents the operating structures of collective investment schemes domiciled in Malta as at end 2015.

Table 7: Schemes by operating structure as at end December 2015

	Number of schemes as at December 2015	% number of schemes against total schemes
Master/Feeder (Master)	8	2.9
Master/Feeder (Feeder)	7	2.6
Stand Alone	49	17.9
Multi fund	209	76.6
Total	273	100

Source: Malta Financial Services Authority.

2.7 Funds listed on Malta Stock Exchange

As at end December 2015, there were nine Retail Non-UCITS funds, six UCITS funds, six Professional Investor Funds and five Alternative Investment Funds listed on the Malta Stock Exchange. This sums up to a total of 26 funds (including sub-funds) listed on the Malta Stock Exchange.

Table 8: Funds listed on Malta Stock Exchange as at end December 2015

Type of CIS	Funds listed on MSE
PIF	6
AIF	5
UCITS	6
Retail Non-UCITS	9
Total	26

Source: Malta Financial Services Authority.

2.8 Non-Malta Domiciled funds administered in Malta

In terms of net assets, non-Malta domiciled funds administered in Malta had a net asset value of almost €1.9 billion at the end of 2015. This represents an increase of seven per cent (or €0.12 billion) when compared to the previous end year.

Table 9: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2012 – 2015)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2012	1.65
December 2013	1.67
December 2014	1.76
December 2015	1.89

Source: Malta Financial Services Authority.

Malta Financial Services Authority