

MFSA

MALTA
FINANCIAL
SERVICES
AUTHORITY

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

2018



Disclaimer

The Malta Financial Services Authority (MFSA) has made every effort to ensure that information on this report is reliable and accurate at the time of publishing. However, neither the MFSA nor any of its employees make any express or implied representations or warranties regarding the material contained or referred to in this report, nor do we accept any liability for any loss or damage whatsoever which may arise in any way out of the use of any of the material; for errors in or omissions from the material; or for the accuracy of any information obtained through use of this report. The MFSA shall have no liability for any loss or damage arising out of negligence or otherwise as a result of use of or reliance on the information on this report.

Table of Contents

Table of Contents.....	3
Fact Statistics	4
PART 1 – Analysis of Collective Investment Scheme Licenses.....	5
1.1 Fund registrations in the European Fund Industry.....	5
1.2 Fund registrations in Malta.....	5
1.3 Authorisation of new Collective Investment Schemes.....	6
1.4 Surrenders of Collective Investment Schemes	7
1.5 Summary of Collective Investment Scheme licenses (2016 – 2018).....	8
1.6 Non-Malta domiciled funds administered in Malta	9
PART 2 – Performance Analysis of Collective Investment Schemes.....	10
2.1 General overview of the investment fund assets in the International Fund Industry 10	
2.2 Analysis of net asset value of Malta domiciled funds	12
2.2.1 Analysis of aggregate net asset value of locally based CISs	12
2.2.2 Analysis of net asset value of Professional Investor funds.....	13
2.2.3 Analysis of net asset value of Alternative Investment funds	14
2.2.4 Analysis of net asset value of UCITS funds	14
2.2.5 Analysis of net asset value of Retail Non-UCITS funds.....	15
2.3 Asset class allocation of investment funds.....	16
2.4 Management of funds	17
2.5 Administration of funds.....	18
2.6 Structure of funds.....	18
2.7 Funds listed on the Malta Stock Exchange	19
2.8 Non-Malta domiciled funds administered in Malta	19

Fact Statistics

- *Total new funds (including sub-funds) licensed (2004 – 2018): **1,526***

- *Total funds (including sub-funds) surrendered (2004 – 2018): **870***

- *Net Asset Value of Malta domiciled Funds ¹: **€11.67 billion as at end December 2018***

- *Funds (including sub-funds) administered in Malta:*
 - *Malta domiciled funds administered in Malta: **583 as at end December 2018***
 - *Non-Malta domiciled funds administered in Malta: **193 as at end December 2018***

- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta: **€12.65 billion as at end December 2018***

¹ PIFs, AIFs, NAIAs, UCITS and Retail Non-UCITS

PART 1 – Analysis of Collective Investment Scheme Licenses

1.1 Fund registrations in the European Fund Industry

The number of registered funds in the European Fund Industry expanded by three percent in 2018 when compared to the number of funds registered at the end of 2017. Ireland and Germany saw an increase of 6.6 percent and 4.9 percent respectively. These were followed by the UK and Luxembourg which experienced an increase of 2.9 percent and 1.2 percent in the number of registered funds respectively. In contrast, funds registered in France dropped slightly by 0.04 percent.

1.2 Fund registrations in Malta

There were 658 funds (including sub-funds)² licensed in Malta at the end of 2018. This represents a decline of 1.8 percent (or 12 net licenses) when compared with end 2017.

There was a decline of almost 11 percent in the number of PIFs, from 450 licenses at the end of 2017 to 401 licenses at the end of 2018. In contrast, the number of licensed AIFs increased by 33 net licenses, from 101 at the end of 2017 to 134 at the end of 2018. The number of UCITS funds stood at 118 at the end of 2018, an increase of 4 net licenses when compared to the previous year end. Additionally, there was no change in the number of Retail Non-UCITS funds and Recognised Private Collective Investment Schemes, which stood at 5 and 7 respectively.

Table 1: Funds (including sub-funds) domiciled in Malta (2016-2018)

	2016	2017	2018
AIFs	86	101	134
PIFs	460	450	401
UCITS	91	114	118
Retail Non-UCITS	9	5	5
Total locally based CISs	646	670	658
Foreign Based	12	9	0
Recognised Private CIS	8	7	7
Total CIS	666	686	665

Source: Malta Financial Services Authority.

² PIFs, AIFs, UCITS and Retail Non-UCITS

In addition, there were 29 AIFs included in the list of Notified AIFs by the end of 2018, an increase of 11 notifications when compared to 2017.

Table 2: Notified Alternative Investment Funds (2016-2018)

	2016	2017	2018
NAIFs	2	18	29

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

In 2018 the Authority authorised 63 new funds (including sub-funds), of which 33 were Professional Investor Funds, 19 Alternative Investment Funds and 11 UCITS funds. The next table provides the number of new licenses authorised during the period 2016-2018.

Table 3: Authorisation of new Collective Investment Schemes (2016-2018)

		2016	2017	2018
AIFs	Schemes	6	4	9
	Sub-funds	19	9	19
	<i>of which Qualifying Investor</i>	6	2	11
	<i>of which Extraordinary Investor</i>	0	0	0
	<i>of which Experienced Investor</i>	1	0	0
	<i>of which Professional Investor</i>	9	7	8
	<i>of which Retail Investor</i>	3	0	0
PIFs	Schemes	23	13	15
	Sub-funds	71	58	33
	<i>of which Qualifying Investor</i>	63	55	32
	<i>of which Extraordinary Investor</i>	7	0	0
	<i>of which Experienced Investor</i>	1	3	1
UCITS	Schemes	13	2	0
	Sub-funds	23	30	11
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	0	0	0
	Sub-funds	0	0	0

Source: Malta Financial Services Authority.

In addition, the Authority included 18 new notified AIFs in the list of notified AIFs during 2018 as shown in the table below.

Table 4: Authorisation of Notified Alternative Investment Funds (2016-2018)

		2016	2017	2018
NAIFs	Schemes	2	7	7
	Sub-funds	2	17	18

1.4 Surrenders of Collective Investment Schemes

In 2018 there were 84 funds (including sub-funds) which surrendered their license, of which 62 were licensed as Professional Investor Funds, 7 as UCITS funds and 6 as Alternative Investment Funds. Table 5 presents the number of funds which surrendered their license during the period 2016-2018.

Table 5: Surrender of licenses of Collective Investment Schemes (2016-2018)

		2016	2017	2018
AIFs	Schemes	2	4	3
	Sub-funds	8	12	6
	<i>of which Qualifying Investor</i>	5	7	1
	<i>of which Extraordinary Investor</i>	0	3	0
	<i>of which Experienced Investor</i>	0	1	0
	<i>of which Professional Investor</i>	3	1	5
	<i>of which Retail Investor</i>	0	0	0
PIFs	Schemes	18	19	17
	Sub-funds	51	49	62
	<i>of which Qualifying Investor</i>	47	38	58
	<i>of which Extraordinary Investor</i>	1	3	2
	<i>of which Experienced Investor</i>	3	8	2
UCITS	Schemes	4	4	2
	Sub-funds	14	10	7
Retail Non-UCITS	Schemes	0	1	0
	Sub-funds	0	2	0
Foreign Based	Schemes	0	1	3
	Sub-funds	0	3	9
Recognised Private CIS	Schemes	0	1	0
	Sub-funds	0	1	0

Source: Malta Financial Services Authority.

Moreover, 7 NAIFs were removed from the list of notified AIFs during 2018.

Table 6: Surrender of Notified Alternative Investment Funds (2016-2018)

		2016	2017	2018
NAIFs	Schemes	0	1	2
	Sub-funds	0	1	7

1.5 Summary of Collective Investment Scheme licenses (2016 – 2018)

The following two tables show the number of new licenses/notifications issued, surrendered and active for 2017 and 2018, which are broken down according to the target investors.

Table 7: Collective Investment Scheme licenses (2017-2018)

		2017			2018		
		New licenses	Licenses surrendered	Total licenses as at end 2017	New licenses	Licenses surrendered	Total licenses as at end 2018 ³
AIFs	Schemes	4	4	54	9	3	70 ⁴
	Sub-funds	9	12	101	19	6	134 ⁵
	of which Qualifying Investor	2	7	33	11	1	61 ^{6,7}
	of which Extraordinary Investor	0	3	6	0	0	6
	of which Experienced Investor	0	1	6	0	0	6
	of which Professional Investor	7	1	50	8	5	55 ⁸
	of which Retail Investor	0	0	6	0	0	6
PIFs	Schemes	13	19	186	15	17	174 ³
	Sub-funds	58	49	450	33	62	401 ⁴
	of which Qualifying Investor	55	38	388	32	58	344 ^{5,7,9}
	of which Extraordinary Investor	0	3	35	0	2	32 ⁶
	of which Experienced Investor	3	8	27	1	2	25 ⁸
UCITS	Schemes	2	4	39	0	2	37
	Sub-funds	30	10	114	11	7	118
Retail Non-UCITS	Schemes	0	1	3	0	0	3
	Sub-funds	0	2	5	0	0	5
Foreign	Schemes	0	1	3	0	3	0
	Sub-funds	0	3	9	0	9	0
Recognised Private CIS	Schemes	0	1	7	0	0	7
	Sub-funds	0	1	7	0	0	7

Source: Malta Financial Services Authority.

³ Figures may not sum up due to conversion of licenses.

⁴ 10 PIF schemes had their license revised to AIF schemes.

⁵ 20 PIF sub-funds had their license revised to AIF sub-funds.

⁶ 17 PIF sub-funds targeting Qualifying Investors had their license revised to AIF targeting Qualifying Investors.

⁷ 1 PIF sub-fund targeting Extraordinary Investors had its license revised to AIF targeting Qualifying Investors.

⁸ 2 PIF sub-funds targeting Qualifying Investors had their license revised to AIF targeting Professional Investors.

⁹ 1 PIF sub-fund targeting Experienced Investors had its license revised to PIF targeting Qualifying Investors

Table 8: Notified Alternative Investment Funds (2017-2018)

		2017			2018		
		New	Surrendered	Total as at end 2017	New	Surrendered	Total as at end 2018 ¹⁰
NAIFs	<i>Schemes</i>	7	0	9	7	2	14
	<i>Sub-funds</i>	17	1	18	18	7	29

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 totalled 193 as at December 2018. This represents a net increase of 17 funds/sub-funds (or an increase of 9.7 percent) when compared with end 2017.

Table 9: Non-Malta domiciled funds (including sub-funds) administered in Malta (2016-2018)

	Non-Malta domiciled funds administered in Malta
December 2016	188
December 2017	176
December 2018	193

Source: Malta Financial Services Authority.

¹⁰ Figures may not sum up due to conversion of licenses.

PART 2 – Performance Analysis of Collective Investment Schemes

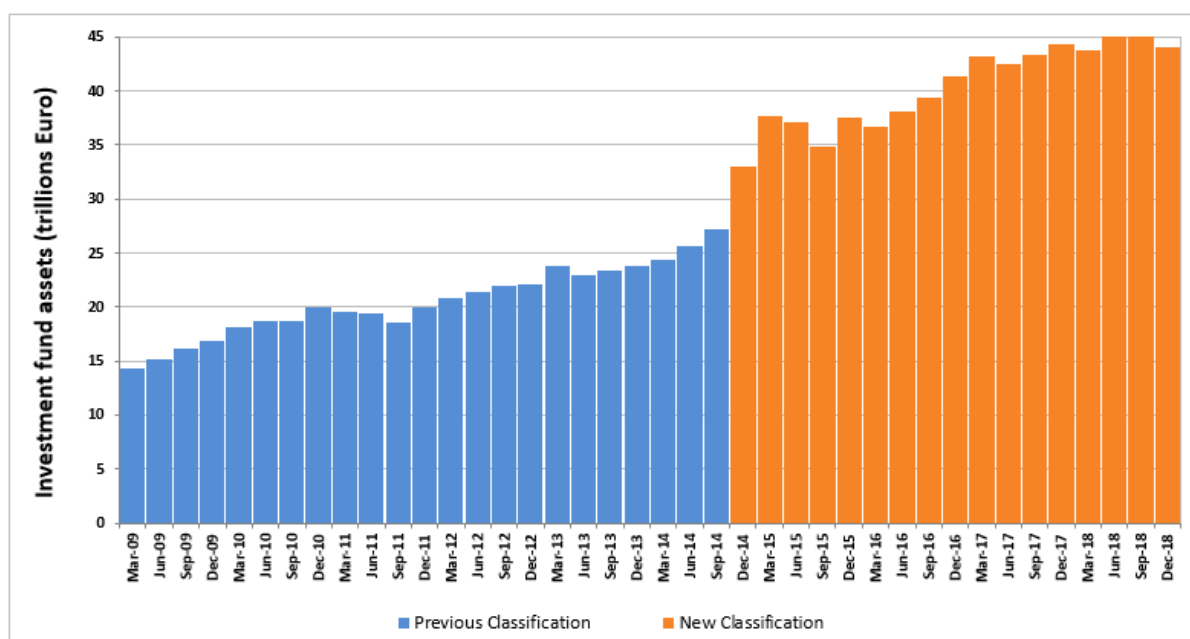
2.1 General overview of the investment fund assets in the International Fund Industry

Worldwide regulated open-ended funds¹¹ registered net assets of €43.99 trillion at the end of 2018, down from €44.3 trillion reported at the end of 2017. Net sales totalled €0.98 trillion during 2018, a decline of €1.5 trillion when compared to the previous year end.

At the end of 2018, the net asset share of worldwide regulated open-ended funds held by equity funds was 40.1 percent. Bond funds (21.1 percent), balanced/mixed funds (17.2 percent) and money market funds (12.1 percent) followed the net asset share ranking.

Globally, equity funds recorded net sales of €0.44 trillion, followed by bond funds at €0.2 trillion. Balanced/mixed funds recorded net sales amounting to €0.13 trillion and money market funds €0.07 trillion.

Figure 1: Worldwide investment fund assets (2009-2018)



Source: EFAMA.

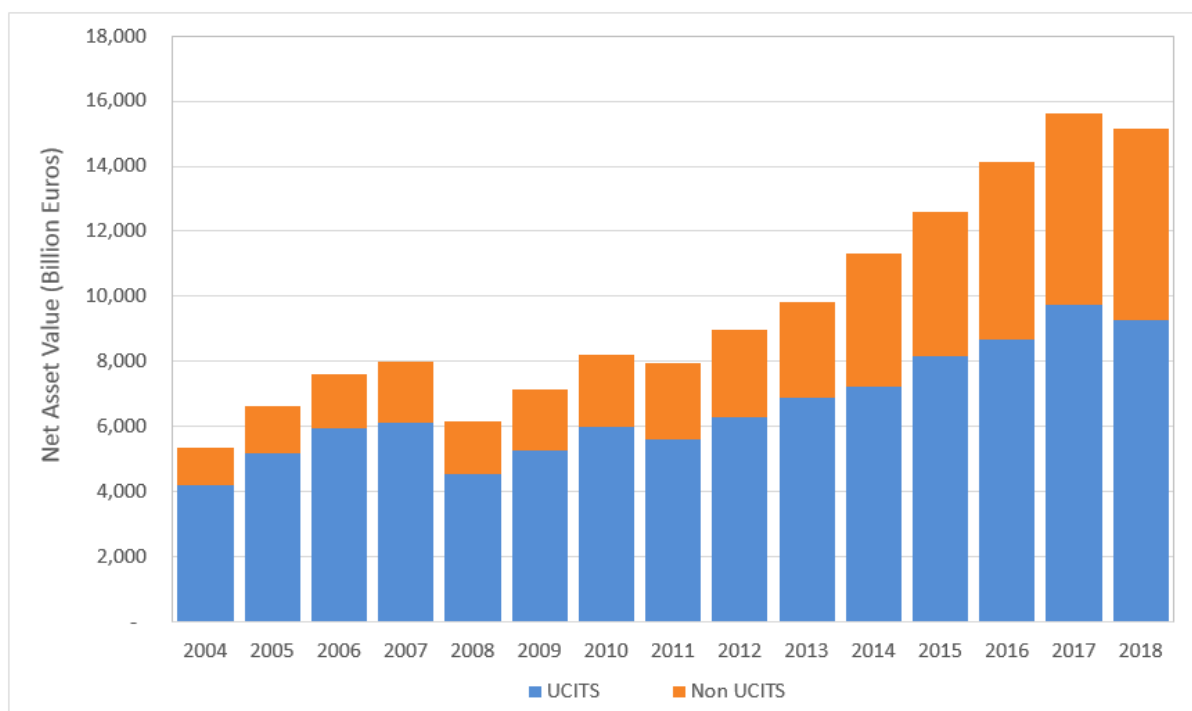
The total number of funds (including funds of funds) registered worldwide as at end December 2018 amounted to 131,984, compared to 126,040 as at December 2017. This represents an increase of 4.72 percent when compared to the previous year end. Almost 32 percent were registered as equity funds, 28 percent as balanced/mixed funds and 17

¹¹ 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.

percent as bond funds. Moreover, 2.9 percent were real estate funds while money market funds made up 2 percent. Almost 18 percent were classified as other funds.

At the end of 2018, the European Investment Fund Industry registered net assets of €15.2 trillion. This represents a decrease of €0.5 trillion (or 3 percent) when compared with end 2017. UCITS funds experienced a fall of €0.43 trillion (or 4.4 percent) over the period December 2017 to December 2018, to stand at €9.3 trillion at the end of 2018. Net assets of Non UCITS funds declined by €36 billion (or 0.61 percent) to stand at €5.87 trillion at the end of 2018.

Figure 2: Net asset value of European funds (2004–2018)



Source: EFAMA.

Funds registered in major investment fund jurisdictions, namely Luxembourg, Germany, France and the UK have experienced a decline in their net assets during the period December 2017 to December 2018. The UK reported a fall of 9.3 percent, followed by France at 6 percent. Luxembourg and Germany saw a drop in their net assets of 2.3 percent and 0.05 percent respectively. On the contrary, Ireland experienced an increase in net assets of 1.1 percent. Table 10 portrays a trend analysis of net assets of investment funds registered in a number of European countries for the period December 2016 - December 2018.

Table 10: Net assets of investment funds in major European countries (2016-2018)

Country	Dec 2016 NAV	Dec 2017 NAV	Dec 2018 NAV	Percentage change Dec 2017 – Dec 2018 (%)
	Million EUR	Million EUR	Million EUR	
Luxembourg	3,701,076	4,159,614	4,064,644	-2.3
Ireland	2,084,748	2,396,089	2,421,457	1.1
Germany	1,885,937	2,038,192	2,037,195	-0.05
France	1,783,830	1,929,115	1,812,731	-6.0
UK	1,465,651	1,646,058	1,492,836	-9.3
Switzerland	537,771	550,799	539,710	-2.0
Sweden	303,874	335,421	333,037	-0.7
Italy	297,704	320,767	302,489	-5.7
Spain	268,513	295,265	286,242	-3.1
Malta	9,801	10,490	11,667	11.2

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

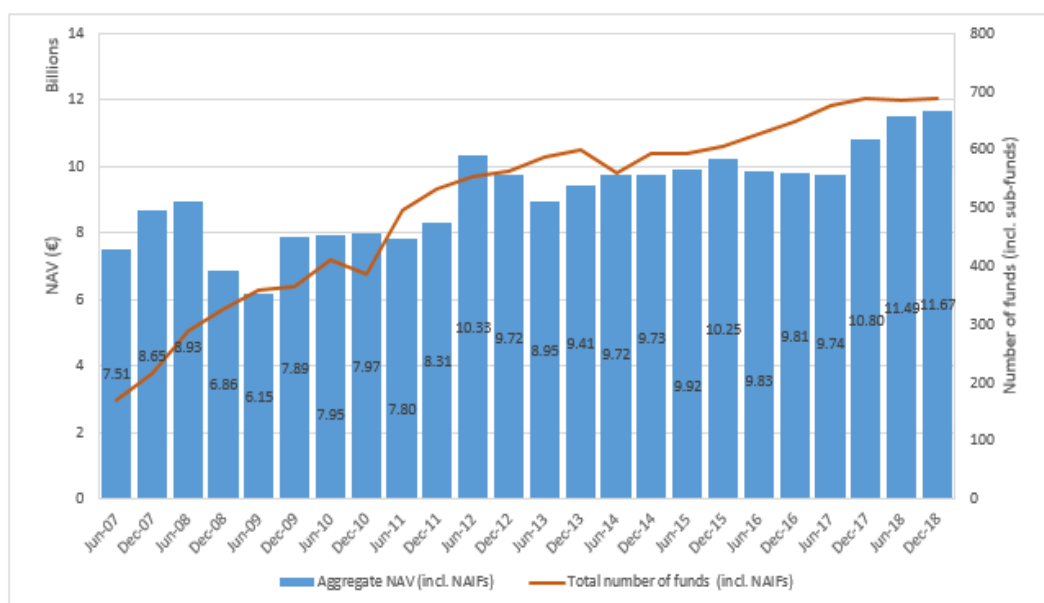
The net asset value of Malta domiciled funds¹² stood at €11.67 billion in 2018, which constitutes an increase of €0.86 billion when compared to end 2017. AIFs had the largest share of the December 2018 NAV at 40 percent (or €4.7 billion), followed by PIFs and UCITS funds with a share of 36 percent (or almost €4.25 billion) and 23 percent (or €2.65 billion) respectively.

Diversified funds and equity funds experienced an increase in their net assets of €0.46 billion (or 10.6 percent) and €0.32 billion (or 11.3 percent) respectively over the period 2017 to December 2018. In contrast, bond funds and money market funds reported a fall in their net assets of €29.73 million (or 1.7 percent) and €12.57 million (or 20.6 percent) respectively.

Diversified funds had the largest share at 40.8 percent (or €4.76 billion) of the December 2018 NAV. Equity funds followed with a share of 27.1 percent (or €3.17 billion) and bond funds at 15.1 percent (or €1.76 billion).

¹² PIFs, AIFs, NAIFs, UCITS and Retail Non-UCITS.

Figure 3: Net asset value of locally based CISs against number of registered funds (2007 – 2018)



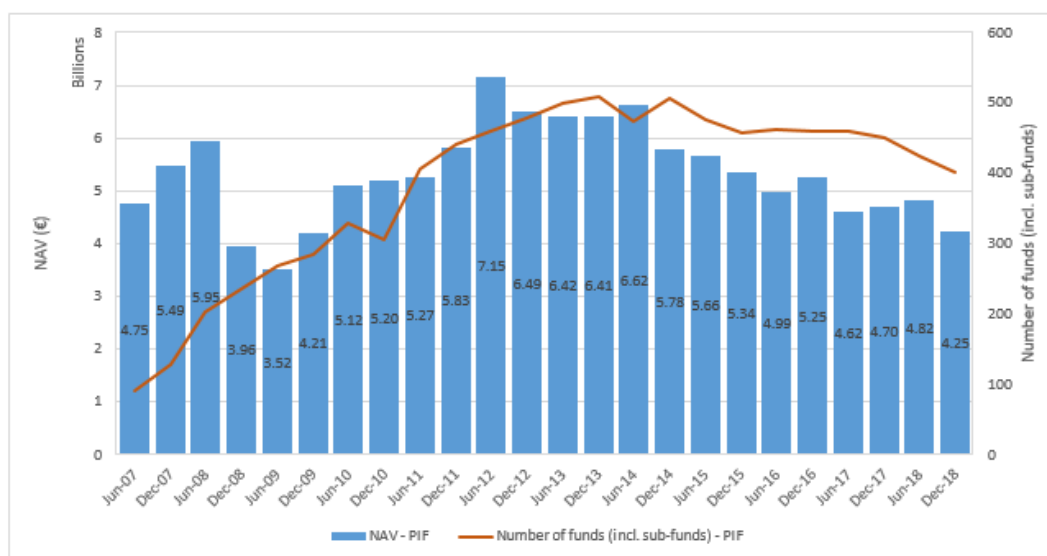
Source: Malta Financial Services Authority.

In 2018, sales amounted to €2.94 billion while redemptions totalled €1.9 billion. In addition, funds were negatively revalued by €0.24 billion.

2.2.2 Analysis of net asset value of Professional Investor funds

The net asset value of PIFs stood at €4.25 billion, a decline of €0.45 billion over the period December 2017 - December 2018. The following illustration depicts the net asset value of Professional Investor Funds against the number of licensed PIFs for the period 2007 – 2018.

Figure 4: Net asset value of PIFs and number of licensed PIFs (2007 – 2018)

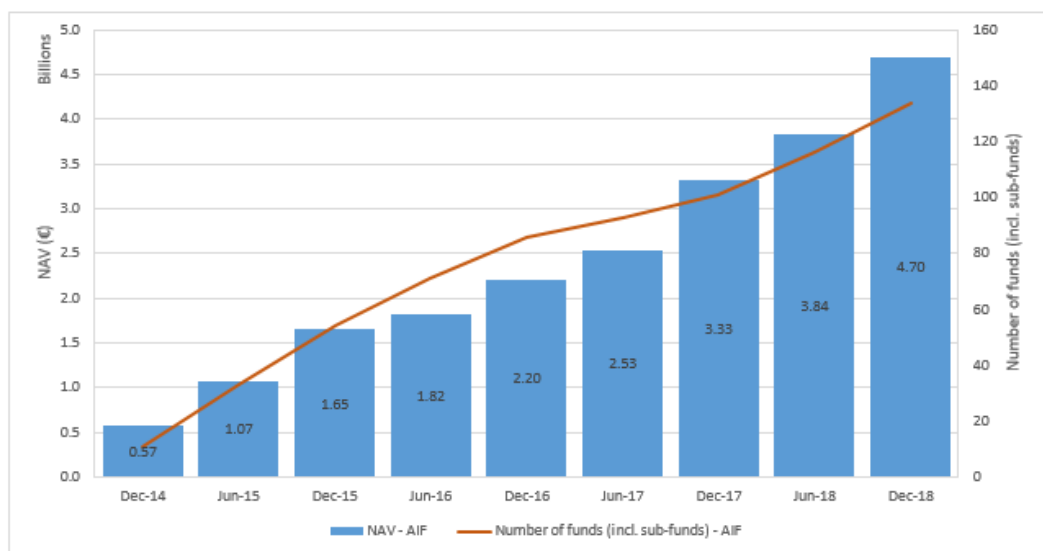


Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of Alternative Investment funds

At the end of 2018, AIFs had an NAV of €4.7 billion, an increase of €1.38 billion from end December 2017. The figure below represents the net asset value of Alternative Investment Funds against the number of licensed AIFs for the period 2014 – 2018.

Figure 5: Net asset value of AIFs and number of licensed AIFs (2014 – 2018)

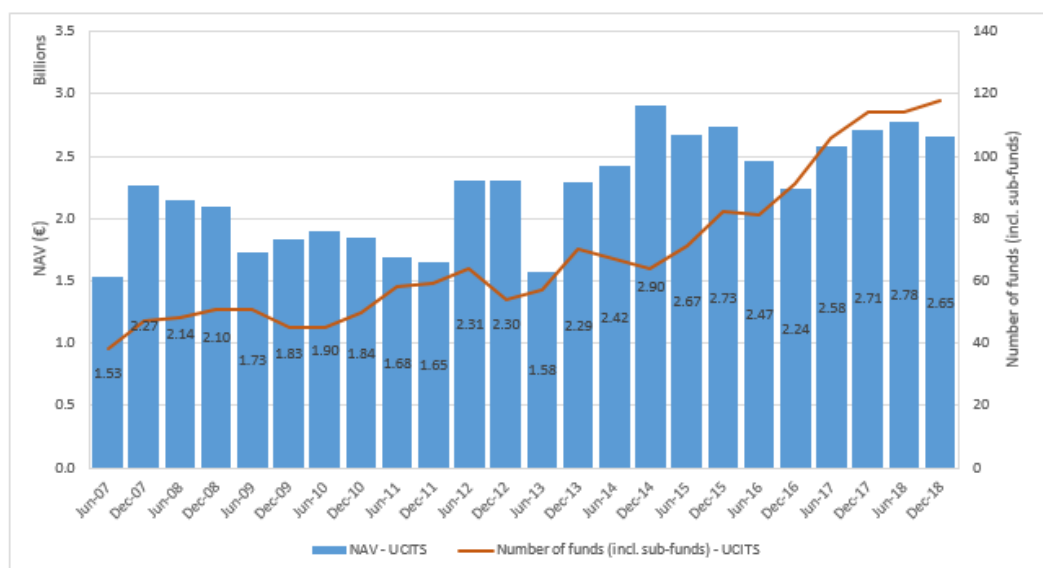


Source: Malta Financial Services Authority.

2.2.4 Analysis of net asset value of UCITS funds

The NAV of UCITS funds declined by €60.56 million, from €2.71 billion in December 2017 to €2.65 billion in December 2018. Figure 6 illustrates the net asset value and the number of licensed UCITS funds for the period 2007 – 2018.

Figure 6: Net asset value of UCITS funds and number of licensed UCITS funds (2007 – 2018)

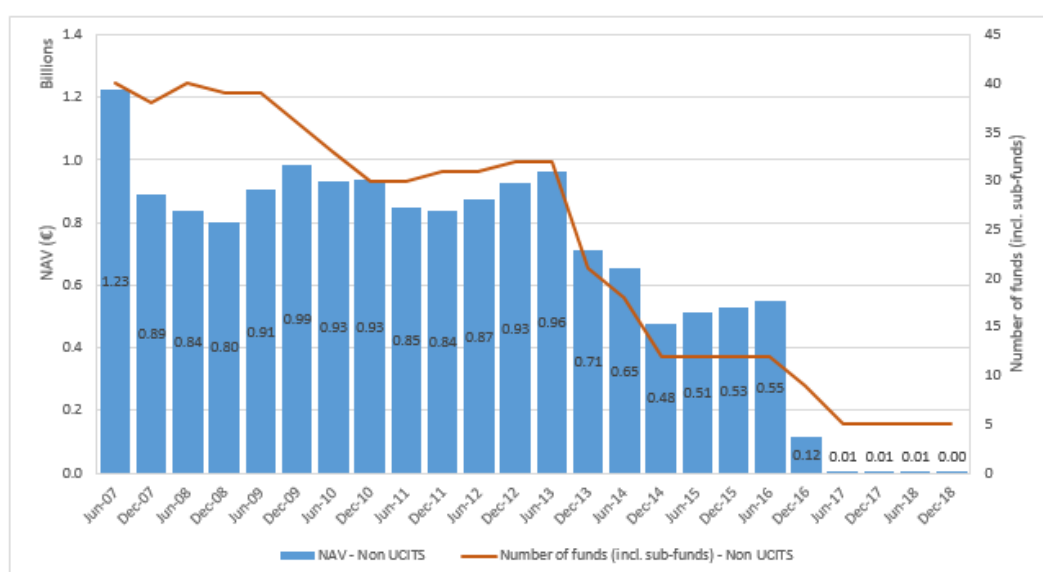


Source: Malta Financial Services Authority.

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

Retail Non-UCITS funds remained unchanged from the previous year in terms of number of funds, which stood at 5 licenses. However, these funds experienced a decline of €2.46 million in net assets when compared to end 2017, to report an aggregate net asset value of €4.11 million. Figure 7 illustrates the net asset value and number of licensed Retail Non-UCITS funds for the period 2007 – 2018.

Figure 7: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (2007 – 2018)

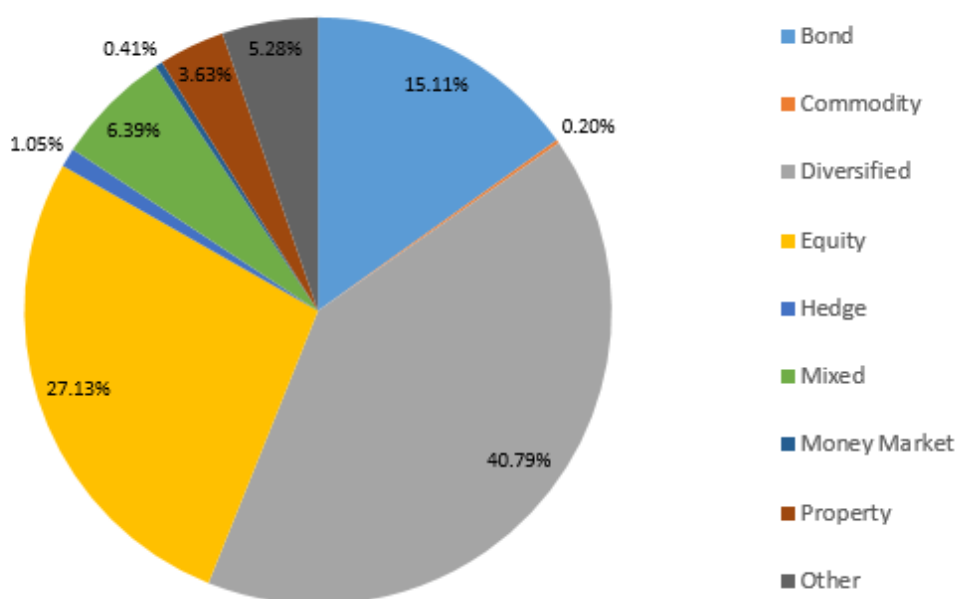


Source: Malta Financial Services Authority.

2.3 Asset class allocation of investment funds¹³

Diversified funds had the largest share of the December 2018 NAV accounting for 40.8 percent (or €4.76 billion). Equity funds followed with a share of 27.1 percent (or €3.17 billion). Bond funds had a share of 15.1 percent (or €1.76 billion), followed by mixed funds with a share of 6.4 percent (or €0.75 billion). The following figure depicts the net asset value of funds split by asset allocation for 2018.

Figure 8: Net Asset Value by Asset Allocation (2018)

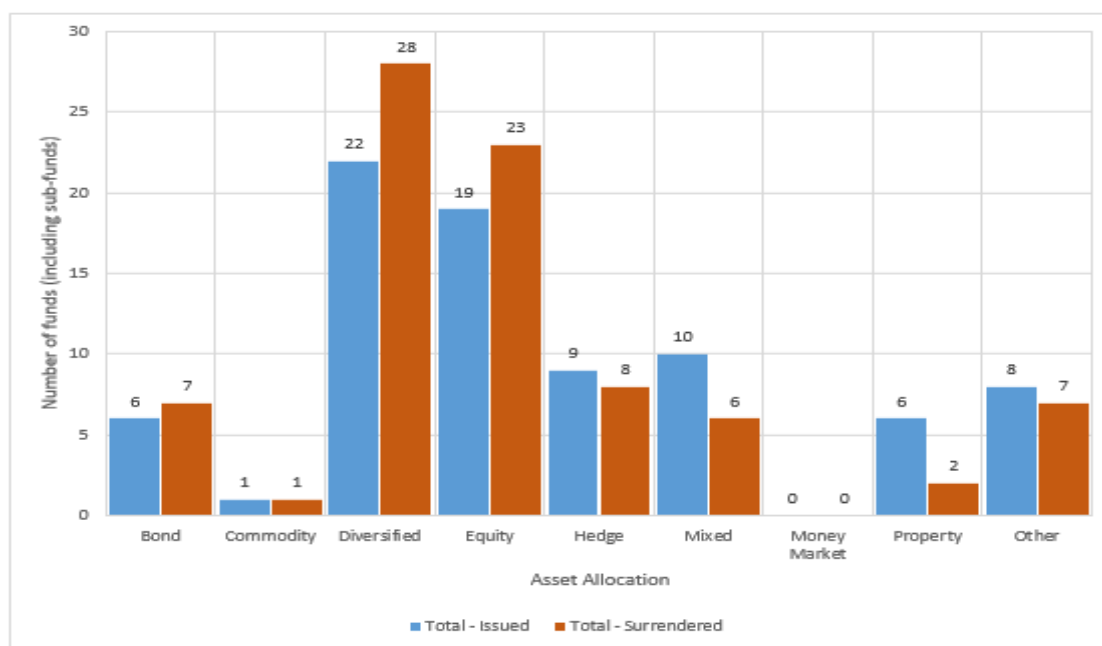


Source: Malta Financial Services Authority.

During 2018, 27.2 percent (or 22 licenses) of the new funds licensed in 2018 adopted a diversified strategy, followed by equity funds at 19 new licenses (or 23.5 percent) and mixed funds at 10 licenses (or 12.3 percent). Moreover, during 2018 the Authority accepted the surrender of 28 diversified funds (or 34.1 percent), 23 equity funds (or 28 percent) and 8 hedge funds (or 9.8 percent). Figure 9 illustrates the number of issued and surrendered funds in 2018 by asset allocation.

¹³ 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 9: Authorised and Surrendered Funds by asset allocation (2018)¹⁴

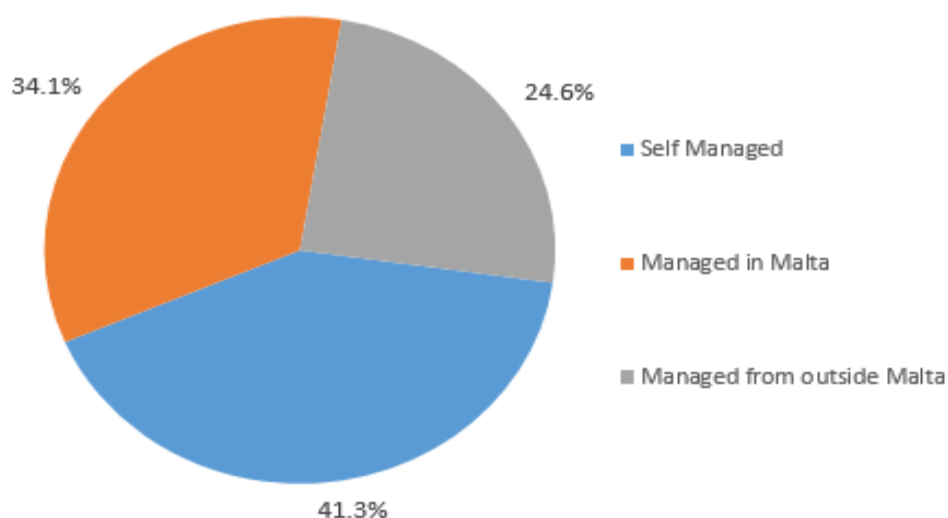


Source: Malta Financial Services Authority.

2.4 Management of funds

Self-managed funds had a share of 41.3 percent of the total number of funds (including sub-funds) in December 2018, a slight decline of 1.2 percentage points when compared to December 2017. Third party managed funds had a collective share of 58.7 percent of the total number of funds (including sub-funds) in December 2018. Of these, 34.1 percent were managed in Malta while the remaining 24.6 percent were managed from outside.

Figure 10: Management of locally based investment funds (2018)



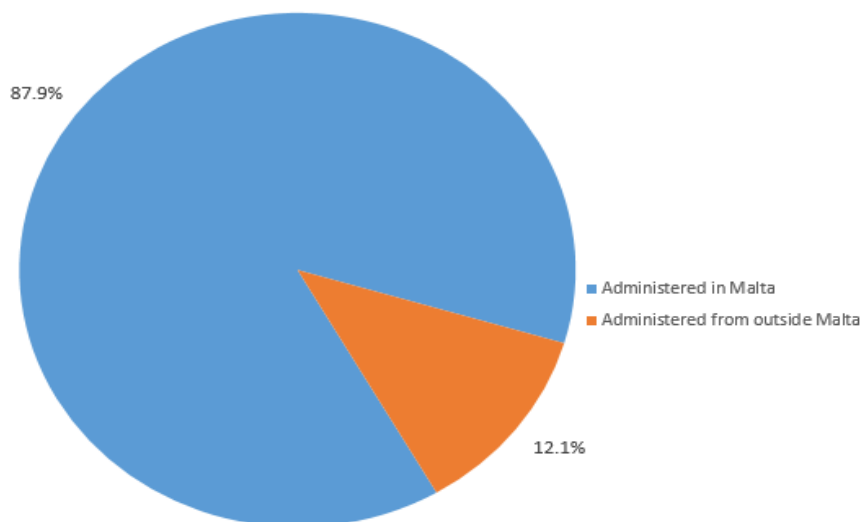
Source: Malta Financial Services Authority.

¹⁴ These include PIFs, AIFs, NAIAs, UCITS and Retail Non-UCITS funds.

2.5 Administration of funds

Most of the Malta domiciled funds were administered in Malta, accounting for 87.9 percent of the total number of funds (including sub-funds) in December 2018. The remaining 12.1 percent of the funds were administered from outside Malta.

Figure 11: Administration of locally based investment funds (2018)



Source: Malta Financial Services Authority.

2.6 Structure of funds

At the end of 2018, 80.5 percent of the Collective Investment Schemes were established as multi-fund. Stand-alone funds accounted for 16.1 percent of the total number of schemes, whereas master/feeder structures made up the remaining 3.4 percent.

The next table represents the operating structures of Collective Investment Schemes domiciled in Malta as at end 2018.

Table 11: Schemes by operating structure as at end December 2018

	Number of schemes as at December 2018	% number of schemes against total schemes
Master/Feeder (Master)	5	1.7
Master/Feeder (Feeder)	5	1.7
Stand Alone	48	16.1
Multi fund	240	80.5
Total	298	100

Source: Malta Financial Services Authority.

2.7 Funds listed on the Malta Stock Exchange

The number of Malta domiciled funds (including sub-funds) listed on the Malta Stock Exchange as at December 2018 amounted to 32, of which 11 were licensed as Professional Investor Funds, 10 as Alternative Investment Funds, 8 as UCITS funds and 3 as Retail Non-UCITS funds.

Table 12: Funds listed on the Malta Stock Exchange as at end December 2018

Type of CIS	Funds listed on MSE
PIF	11
AIF	10
UCITS	8
Retail Non-UCITS	3
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 stood at €3.04 billion at the end of 2018. This represents an increase of €0.47 billion (or an increase of 18.4 percent) when compared with end 2017.

Table 13: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2016-2018)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2016	2.75
December 2017	2.56
December 2018	3.04

Source: Malta Financial Services Authority.

Malta Financial Services Authority