

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

June 2019



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Fact Statistics

- *Total new funds (including sub-funds) licensed (2004 – June 2019):* **1,547**
- *Total funds (including sub-funds) surrendered (2004 – June 2019):* **934**
- *Net Asset Value of Malta domiciled Funds¹:* **€14.73 billion as at end June 2019**
- *Funds (including sub-funds) administered in Malta:*
 - *Malta domiciled funds administered in Malta:* **553 as at end June 2019**
 - *Non-Malta domiciled funds administered in Malta:* **191 as at end June 2019**
- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta:* **€18.5 billion as at end June 2019**

¹ PIFs, AIFs, NAIFs, 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 decreased slightly by 0.5 percent during the first quarter of 2019 when compared to the number of registered funds at the end of 2018. Ireland saw an increase in the number of registered funds of 2.3 percent, while the number of registered funds in UK, Germany and Luxembourg remained almost the same as the number of registered funds as at December 2018. On the contrary, France saw a decrease of 1.9 percent in the number of registered funds when compared to the previous year end.

1.2 Fund registrations in Malta

There were 613 funds (including sub-funds)² licensed in Malta at the end of the second quarter of 2019. This represents a decline of 6.8 percent (or 45 net licenses) when compared with end 2018.

There was a decline of 9.3 percent in the number of UCITS funds, from 118 licenses at the end of 2018 to 107 licenses at the end of June 2019, and a decline of 7.7 percent in the number of PIFs, from 401 licenses to 370 licenses over the period December 2018 to June 2019. The number of registered AIFs declined by 2.2 percent, from 134 to 131 licenses at the end of June 2019. 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 (2017-June 2019)

	2017	2018	June 2019
AIFs	101	134	131
PIFs	450	401	370
UCITS	114	118	107
Retail Non-UCITS	5	5	5
Total locally based CISs	670	658	613
Foreign Based	9	0	0
Recognised Private CIS	7	7	7
Total CIS	686	665	620

Source: Malta Financial Services Authority.

In addition, 36 AIFs were included in the list of Notified AIFs by the end of June 2019, an increase of 7 notifications when compared to end 2018.

² PIFs, AIFs, UCITS and Retail Non-UCITS

Table 2: Notified Alternative Investment Funds (2017-June 2019)

	2017	2018	June 2019
NAIFs	18	29	36

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

In the first half of 2019 the Authority authorised 18 new funds (including sub-funds), of which 8 were Alternative Investment Funds, 8 Professional Investor Funds and 2 UCITS funds. The next table provides the number of new licenses authorised during the period 2017 to June 2019.

Table 3: Authorisation of new Collective Investment Schemes (2017-June 2019)

		2017	2018	June 2019
AIFs	Schemes	4	9	4
	Sub-funds	9	19	8
	<i>of which Qualifying Investor</i>	2	11	3
	<i>of which Extraordinary Investor</i>	0	0	0
	<i>of which Experienced Investor</i>	0	0	0
	<i>of which Professional Investor</i>	7	8	5
	<i>of which Retail Investor</i>	0	0	0
PIFs	Schemes	13	15	4
	Sub-funds	58	33	8
	<i>of which Qualifying Investor</i>	55	32	8
	<i>of which Extraordinary Investor</i>	0	0	0
	<i>of which Experienced Investor</i>	3	1	0
UCITS	Schemes	2	0	1
	Sub-funds	30	11	2
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 12 new AIFs in the list of notified AIFs during the first half of 2019 as shown in the next table.

Table 4: Authorisation of Notified Alternative Investment Funds (2017-June 2019)

		2017	2018	June 2019
NAIFs	Schemes	7	7	6
	Sub-funds	17	18	12

1.4 Surrenders of Collective Investment Schemes

By the end of June 2019 there were 63 funds (including sub-funds) which surrendered their license, of which 35 were licensed as Professional Investor Funds, 15 as Alternative Investment Funds and 13 as UCITS funds. Table 5 presents the number of funds which surrendered their license during the period 2017 to June 2019.

Table 5: Surrender of licenses of Collective Investment Schemes (2017-June 2019)

		2017	2018	June 2019
AIFs	Schemes	4	3	6
	Sub-funds	12	6	15
	<i>of which Qualifying Investor</i>	7	1	9
	<i>of which Extraordinary Investor</i>	3	0	1
	<i>of which Experienced Investor</i>	1	0	0
	<i>of which Professional Investor</i>	1	5	5
	<i>of which Retail Investor</i>	0	0	0
PIFs	Schemes	19	17	10
	Sub-funds	49	62	35
	<i>of which Qualifying Investor</i>	38	58	31
	<i>of which Extraordinary Investor</i>	3	2	3
	<i>of which Experienced Investor</i>	8	2	1
UCITS	Schemes	4	2	4
	Sub-funds	10	7	13
Retail Non-UCITS	Schemes	1	0	0
	Sub-funds	2	0	0
Foreign Based	Schemes	1	3	0
	Sub-funds	3	9	0
Recognised Private CIS	Schemes	1	0	0
	Sub-funds	1	0	0

Source: Malta Financial Services Authority.

Moreover, 5 NAIFs were removed from the list of notified AIFs by the end of June 2019.

Table 6: Surrender of Notified Alternative Investment Funds (2017-June 2019)

		2017	2018	June 2019
NAIFs	Schemes	1	2	1
	Sub-funds	1	7	5

1.5 Summary of Collective Investment Scheme licenses (2018 – June 2019)

The following two tables show the number of new licenses/notifications issued, surrendered and active for 2018 and the first half of 2019, which are broken down according to the target investors.

Table 7: Collective Investment Scheme licenses (2018-June 2019)

		2018			June 2019		
		New licenses	Licenses surrendered	Total licenses as at end 2018	New licenses	Licenses surrendered	Total licenses as at June 2019 ³
AIFs	Schemes	9	3	70	4	6	70⁴
	Sub-funds	19	6	134	8	15	131⁵
	<i>of which Qualifying Investor</i>	<i>11</i>	<i>1</i>	<i>61</i>	<i>3</i>	<i>9</i>	<i>58⁶</i>
	<i>of which Extraordinary Investor</i>	<i>0</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>1</i>	<i>6⁷</i>
	<i>of which Experienced Investor</i>	<i>0</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>0</i>	<i>6</i>
	<i>of which Professional Investor</i>	<i>8</i>	<i>5</i>	<i>55</i>	<i>5</i>	<i>5</i>	<i>55</i>
	<i>of which Retail Investor</i>	<i>0</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>0</i>	<i>6</i>
PIFs	Schemes	15	17	174	4	10	166⁴
	Sub-funds	33	62	401	8	35	370⁵
	<i>of which Qualifying Investor</i>	<i>32</i>	<i>58</i>	<i>344</i>	<i>8</i>	<i>31</i>	<i>318⁶</i>
	<i>of which Extraordinary Investor</i>	<i>0</i>	<i>2</i>	<i>32</i>	<i>0</i>	<i>3</i>	<i>28⁷</i>
	<i>of which Experienced Investor</i>	<i>1</i>	<i>2</i>	<i>25</i>	<i>0</i>	<i>1</i>	<i>24</i>
UCITS	Schemes	0	2	37	1	4	34
	Sub-funds	11	7	118	2	13	107
Retail Non-UCITS	Schemes	0	0	3	0	0	3
	Sub-funds	0	0	5	0	0	5
Foreign	Schemes	0	3	0	0	0	0
	Sub-funds	0	9	0	0	0	0
Recognised Private CIS	Schemes	0	0	7	0	0	7
	Sub-funds	0	0	7	0	0	7

Source: Malta Financial Services Authority.

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

⁴ 2 PIF schemes had their license revised to AIF schemes

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

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

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

Table 8: Notified Alternative Investment Funds (2018 – June 2019)

		2018			June 2019		
		New	Surrendered	Total as at end 2018	New	Surrendered	Total as at end June 2019
NAIFs	<i>Schemes</i>	7	2	14	6	1	19
	<i>Sub-funds</i>	18	7	29	12	5	36

Source: Malta Financial Services Authority.

1.6 Non-Malta domiciled funds administered in Malta

As at June 2019, the number of non-Malta domiciled funds (including sub-funds) administered in Malta amounted to 191, a slight decrease of 1 percent when compared to December 2018.

Table 9: Non-Malta domiciled funds (including sub-funds) administered in Malta (2016-June 2019)

	Non-Malta domiciled funds administered in Malta
December 2017	176
December 2018	193
June 2019	191

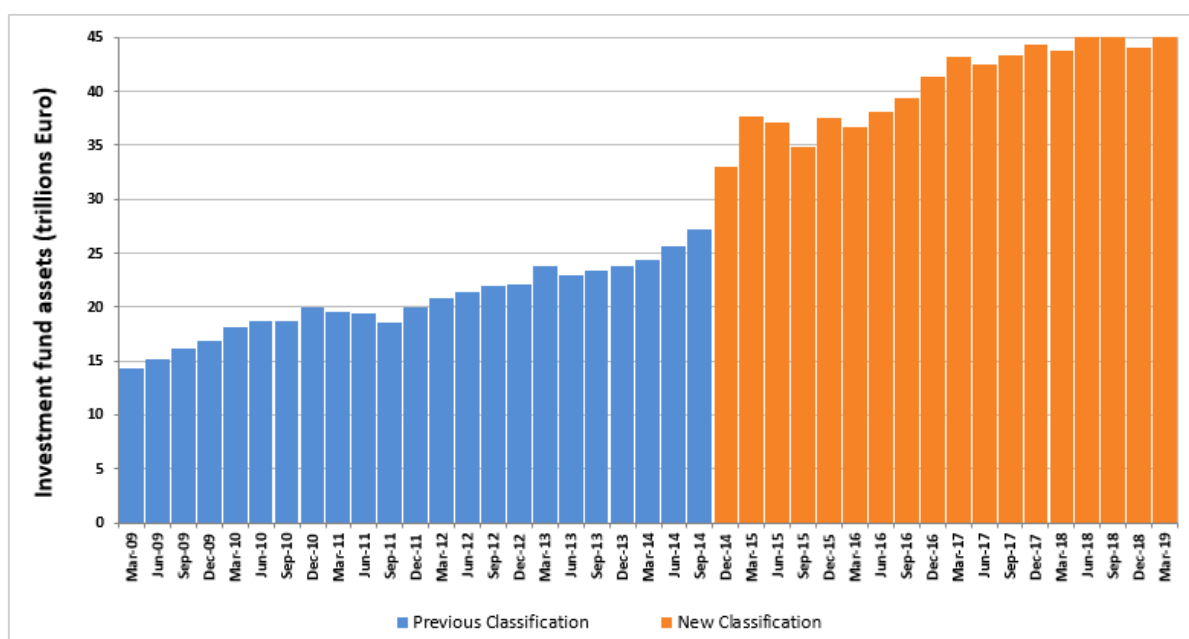
Source: Malta Financial Services Authority.

PART 2 – Performance Analysis of Collective Investment Schemes

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

Worldwide regulated open-ended funds⁸ registered net assets of €48.02 trillion at the end of March 2019, an increase of 9.2 percent (or €4.03 trillion) when compared to the previous year end. Equity funds had a share of 41.5 percent as at March 2019. Bond funds (20.7 percent), balanced/mixed funds (17.1 percent) and money market funds (11.4 percent) followed the net asset share ranking.

Figure 1: Worldwide investment fund assets (2009-March 2019)



Source: EFAMA.

Net sales totalled €0.3 trillion during the first quarter of 2019, an increase of €0.18 trillion when compared to the net sales registered in the last quarter of 2018. Bond funds recorded worldwide net sales of €0.24 trillion, followed by money market funds which recorded net sales of €34 billion, balanced/mixed funds and other funds which each recorded net sales of €23 billion. On the contrary, equity funds recorded outflows of €22 billion.

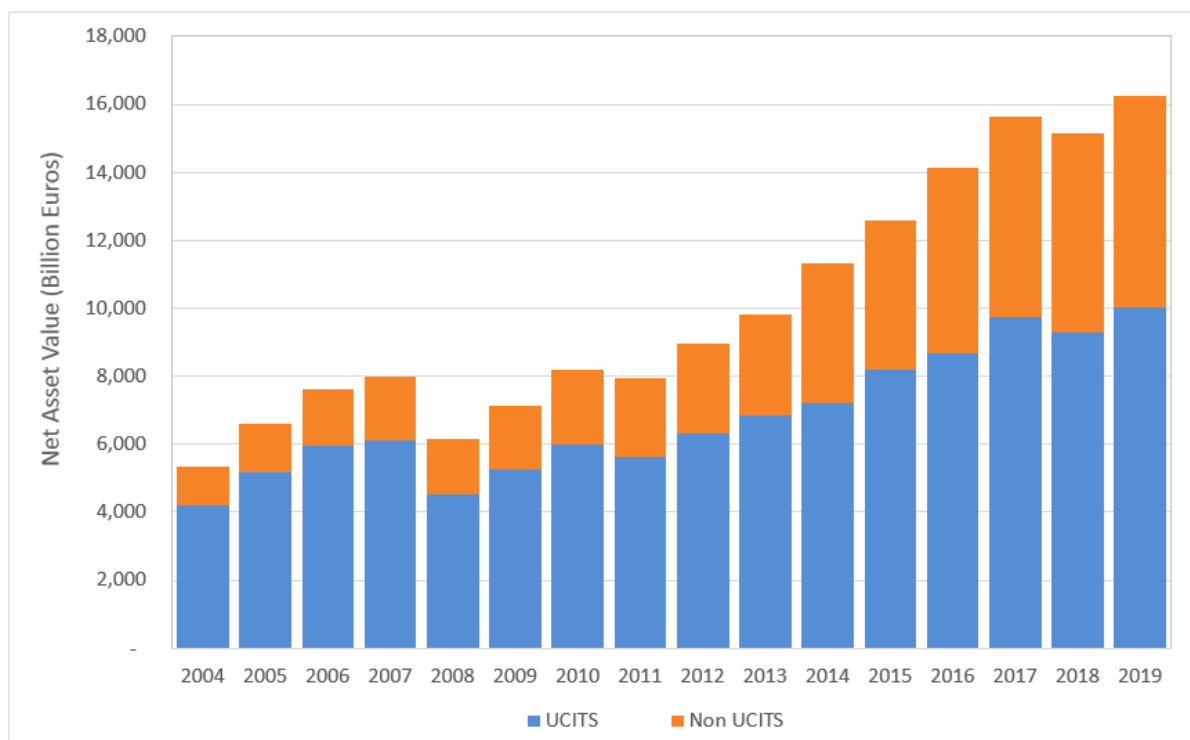
By the end of March 2019, the number of globally registered funds (including funds of funds) amounted to 132,760 compared to 131,984 funds at the end of December 2018. Equity funds had the largest share of the total number of registered funds at 32 percent. These were followed by balanced/mixed funds at 27.2 percent, other funds at 18 percent and bond funds at 17.2 percent.

The European Fund Industry registered net assets of €16.25 trillion at the end of March 2019, an increase of 7.2 percent when compared to the total net assets reported at the end of 2018. UCITS funds experienced an increase of 7.8 percent (or €0.72 trillion) over the period December 2018 to March 2019.

⁸ 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.

to stand at €10 trillion while Non-UCITS funds experienced an increase of 6.4 percent (or €0.37 trillion) over the same period to stand at €6.25 trillion.

Figure 2: Net asset value of European funds (2004–March 2019)



Source: EFAMA.

Funds registered in major investment fund jurisdictions, namely Luxembourg, Ireland, Germany, France and UK have all experienced an increase in their net assets over the period December 2018 to March 2019. The largest increase was reported by Ireland at 9.2 percent (or €0.22 trillion), followed by UK with an increase of 8.6 percent (or €0.13 trillion), Luxembourg with an increase of 7 percent (or €0.29 trillion) and Germany with an increase of 6.2 percent (or €0.13 trillion). Table 10 illustrates a time series for the net assets of investment funds that are registered in a number of European countries for the period December 2017 to March 2019.

Table 10: Net assets of investment funds in major European countries (2017-March 2019)

Country	Dec 2017 NAV	Dec 2018 NAV	Mar 2019 NAV	Percentage change Dec 2018 – Mar 2019 (%)
	Million EUR	Million EUR	Million EUR	
Luxembourg	4,159,614	4,064,644	4,350,449	7.0
Ireland	2,396,089	2,421,457	2,643,894	9.2
Germany	2,038,192	2,037,195	2,163,450	6.2
France	1,929,115	1,812,731	1,887,628	4.1
UK	1,646,058	1,492,836	1,621,026	8.6
Switzerland	550,799	539,710	624,753	15.8
Sweden	335,421	333,037	368,318	10.6
Italy	320,767	302,489	309,154	2.2
Spain	295,265	286,242	296,488	3.6
Malta	10,877	13,976⁹	14,497	3.7

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

Malta domiciled funds¹⁰ reported a net asset value of €14.73 billion as at June 2019. This represents an increase of 5.4 percent (or €0.75 billion) when compared to end 2018. AIFs had the largest share of the June 2019 NAV at 44.6 percent (or €6.57 billion), followed by PIFs and UCITS funds with a share of 33.7 percent (or almost €5 billion) and 19.8 percent (or €2.91 billion) respectively.

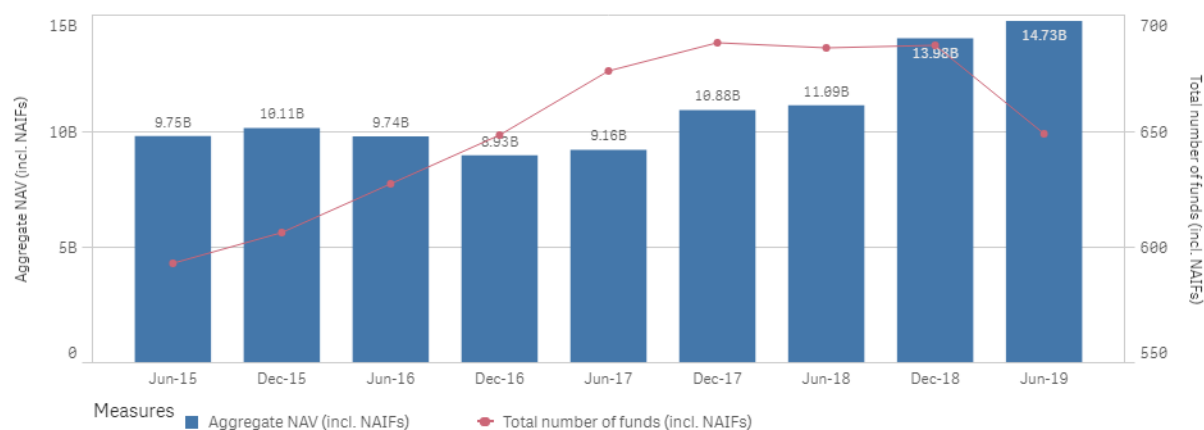
Diversified funds, bond funds and equity funds experienced an increase in their net assets of 7.2 percent (or €0.41 billion), 6.2 percent (or €0.11 billion) and 5.1 percent (or €0.21 billion) respectively over the period December 2018 to June 2019. On the contrary, commodity funds, money market funds and hedge funds experienced a decline in their net assets of 33.2 percent (or €7.56 million), 12.2 percent (or €5.91 million) and 12.1 percent (or €15.06 million) respectively.

Diversified funds had the largest share of the June 2019 NAV at 41.4 percent (or €6.10 billion). Equity funds followed with a share of 28.6 percent (or €4.21 billion) and bond funds at 12.8 percent (or €1.88 billion).

⁹ The December 2018 NAV for Malta was revised due to the submission of late and revised returns.

¹⁰ PIFs, AIFs, NAIFs, UCITS and Retail Non-UCITS.

Figure 3: Net asset value of locally based CISs against number of registered funds (2015-June 2019)



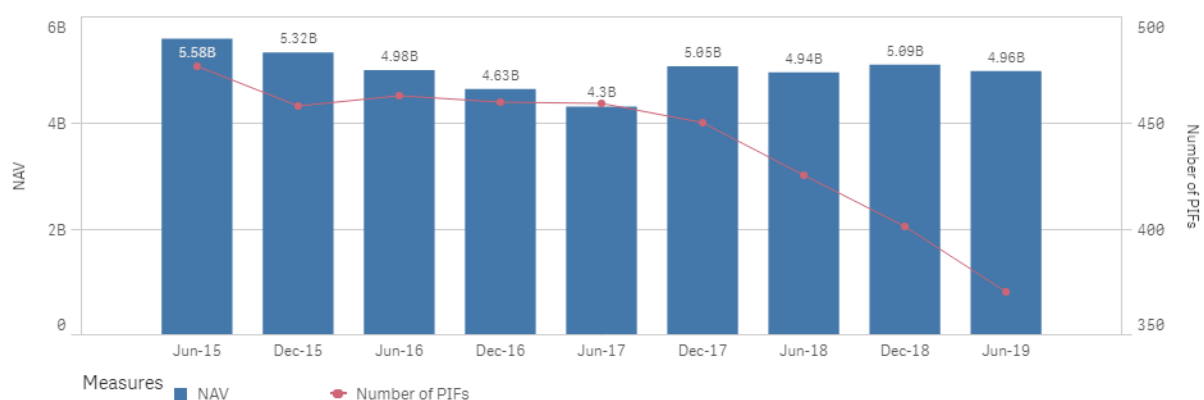
Source: Malta Financial Services Authority.

In the first half of 2019, sales totalled €1.72 billion while redemptions amounted to €1.1 billion. In addition, funds were positively revalued by €0.25 billion.

2.2.2 Analysis of net asset value of Professional Investor funds

Professional Investor Funds saw their net assets declining by €0.12 billion when compared with December 2018 to stand at €4.96 billion at the end of June 2019. The following illustration depicts the net asset value of Professional Investor Funds against the number of licensed PIFs for the period 2015 – June 2019.

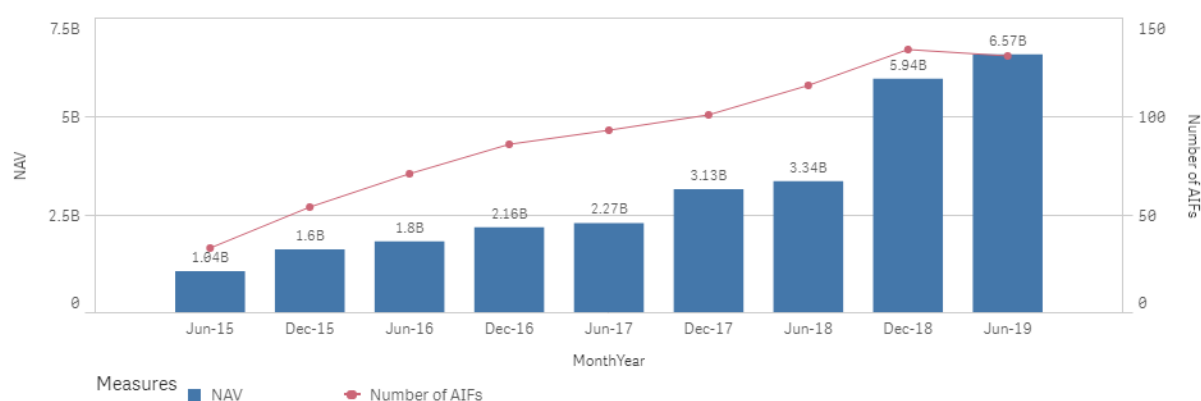
Figure 4: Net asset value of PIFs and number of licensed PIFs (2015-June 2019)



Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of Alternative Investment funds

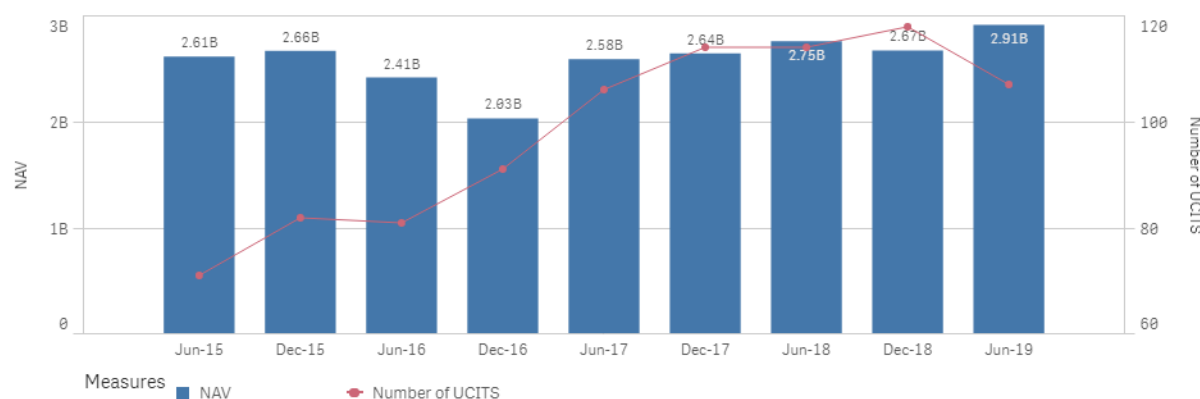
AIFs recorded an NAV of €6.57 billion at the end of June 2019 which constitutes an increase of €0.62 billion when compared to end December 2018. The next figure represents the net asset value of Alternative Investment Funds against the number of licensed AIFs for the period 2015 – June 2019.

Figure 5: Net asset value of AIFs and number of licensed AIFs (2015 – June 2019)

Source: Malta Financial Services Authority.

2.2.4 Analysis of net asset value of UCITS funds

The NAV of UCITS funds stood at €2.91 billion at the end of June 2019, up by €0.24 billion when compared to end 2018. Figure 6 illustrates the net asset value and the number of licensed UCITS funds for the period 2015 – June 2019.

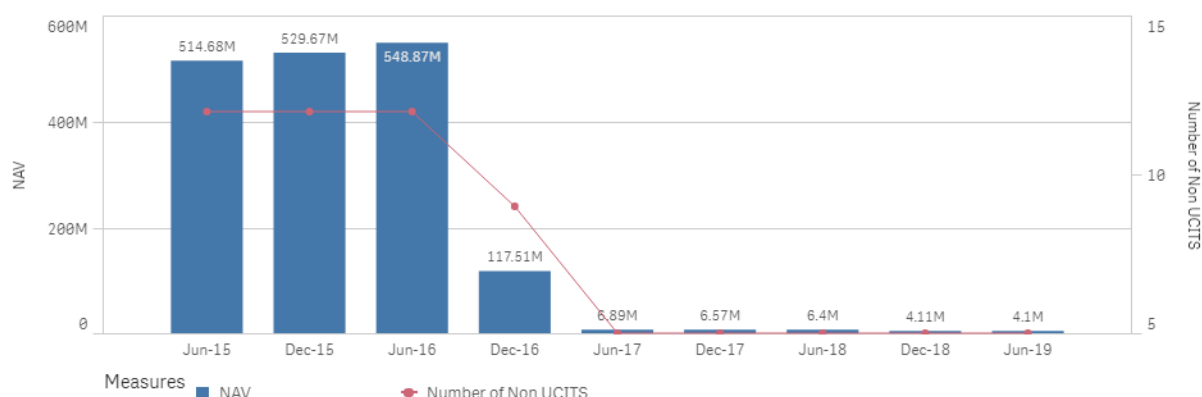
Figure 6: Net asset value of UCITS funds and number of licensed UCITS funds (2015 – June 2019)

Source: Malta Financial Services Authority.

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

Retail Non-UCITS funds remained unchanged in terms of number of funds, which stood at 5 licenses, while the NAV declined slightly to stand at €4.09 million at the end of June 2019 when compared to €4.11 million at the end of 2018. Figure 7 illustrates the net asset value and number of licensed Retail Non-UCITS funds for the period 2015 – June 2019.

Figure 7: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (2015 – June 2019)

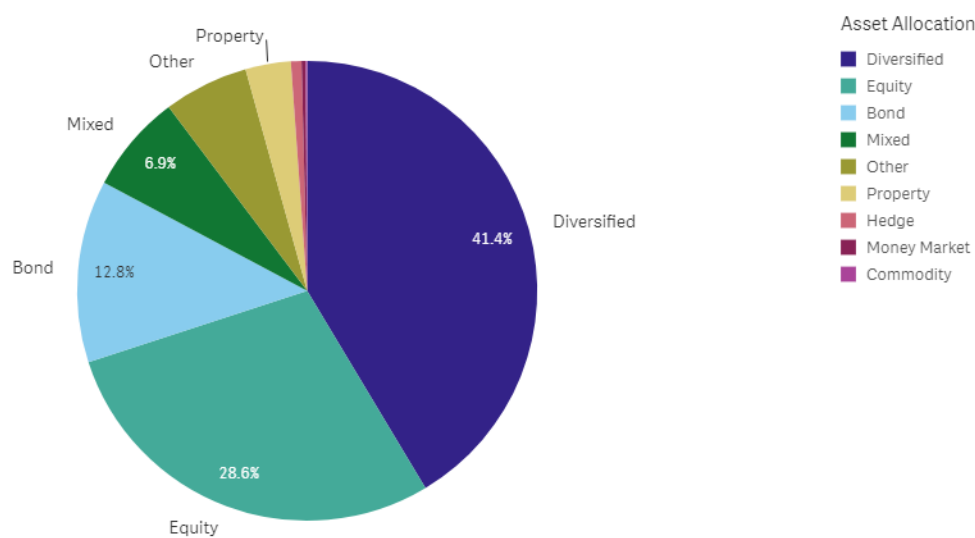


Source: Malta Financial Services Authority.

2.3 Asset class allocation of investment funds¹¹

Diversified funds had the largest share of the June 2019 NAV accounting for 41.4 percent (or €6.10 billion). Equity funds followed with a share of 28.6 percent (or €4.21 billion). Bond funds had a share of 12.8 percent (or €1.88 billion), followed by mixed funds at 6.9 percent (or €1.02 billion). The next figure depicts the net asset value of Malta domiciled funds split by asset category as at June 2019.

Figure 8: Net Asset Value by Asset Allocation (June 2019)



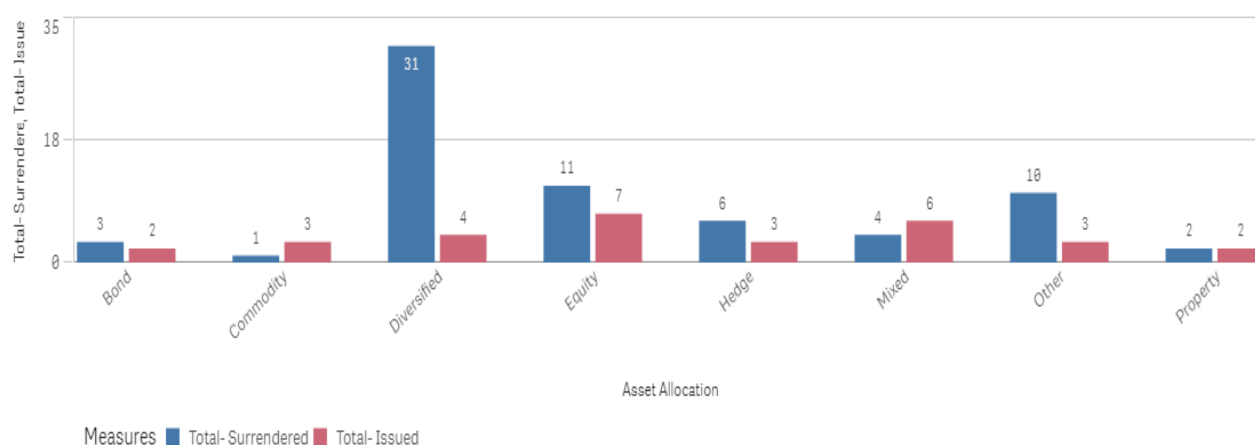
Source: Malta Financial Services Authority.

Out of the 30 newly issued licenses/notifications during the first half of 2019, 23.3 percent (or 7 licenses) were equity funds. About 20 percent (or 6 licenses) were mixed funds, while 13.3 percent (or 4 licenses) were diversified funds. Up to June 2019, the Authority accepted the surrender of 68 funds (including sub-funds), 45.6 percent (or 31 licenses) of which were diversified funds and 16.2 percent (or 11 licenses) were

¹¹ The asset allocation of funds was extracted from the offering supplements of the funds. Consequently, it does not necessarily mean that the allocated assets of the funds were invested accordingly.

equity funds. Figure 9 illustrates the number of issued and surrendered funds up to June 2019 split by asset allocation.

Figure 9: Authorised and Surrendered Funds by asset allocation (June 2019)¹²

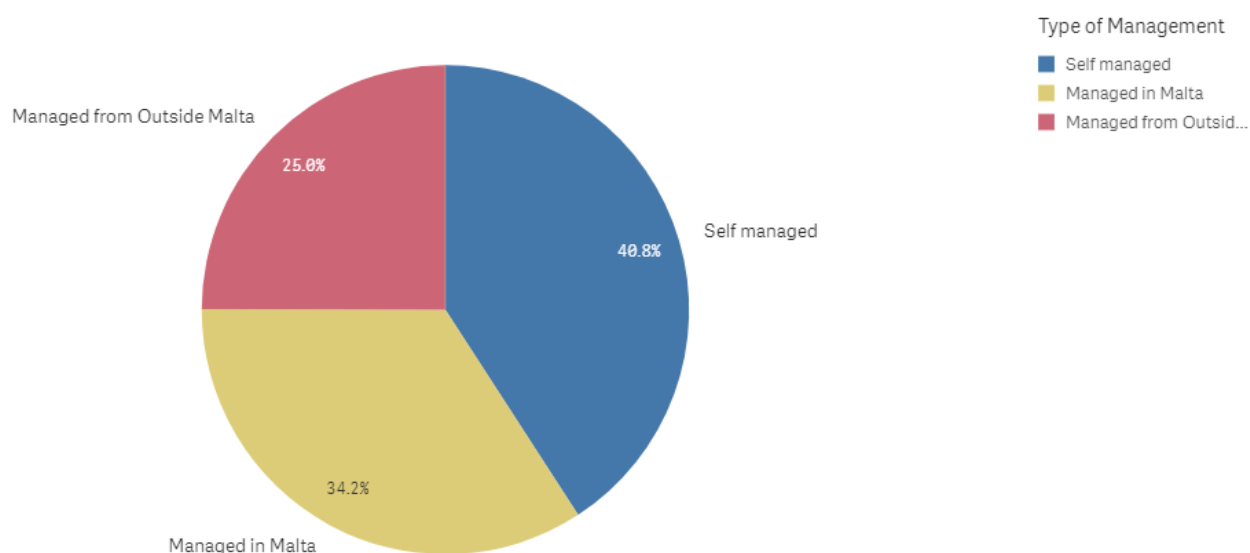


Source: Malta Financial Services Authority.

2.4 Management of funds

Self-managed funds had a share of 40.8 percent of the total number of funds (including sub-funds) as at June 2019, a decline of 6.7 percent when compared to the number of self-managed funds as at December 2018. Third party managed funds had a collective share of 59.2 percent of the total number of funds (including sub-funds) in June 2019. Of these, 34.2 percent were managed in Malta while the remaining 25 percent were managed from outside Malta.

Figure 10: Management of locally based investment funds (June 2019)



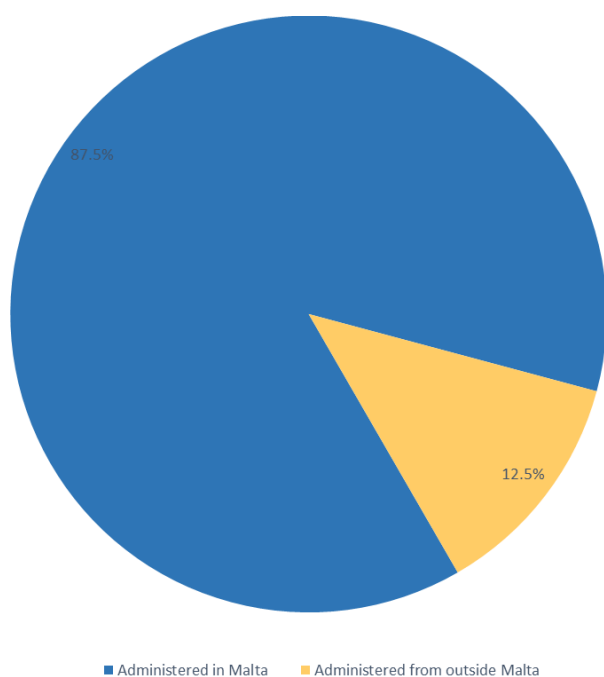
Source: Malta Financial Services Authority.

¹² These include PIFs, AIFs, NAIFs, UCITS and Retail Non-UCITS funds.

2.5 Administration of funds

The majority of the Malta domiciled funds are administered in Malta, with 87.5 percent of the total number of funds (including sub-funds) licensed in June 2019 while the number of funds administered from outside Malta accounted for 12.5 percent.

Figure 11: Administration of locally based investment funds (June 2019)



Source: Malta Financial Services Authority.

2.6 Structure of funds

At the end of June 2019, 78.8 percent of the Collective Investment Schemes were established as multi-funds. Stand-alone funds accounted for 17.1 percent of the total number of schemes, whereas master/feeder structures made up the remaining 4.1 percent.

The next table represents the operating structures of Collective Investment Schemes domiciled in Malta as at June 2019.

Table 11: Schemes by operating structure as at June 2019

	Number of schemes as at June 2019	% number of schemes against total schemes
Master/Feeder (Master)	6	2.05
Master/Feeder (Feeder)	6	2.05
Stand Alone	50	17.1
Multi fund	230	78.8
Total	292	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 June 2019 amounted to 33, of which 14 were licensed as Professional Investor Funds, 8 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 June 2019

Type of CIS	Funds listed on MSE
PIF	14
AIF	8
UCITS	8
Retail Non-UCITS	3
Total	33

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 €3.77 billion at the end of June 2019. This represents an increase of 24.3 percent (or €0.74 billion) when compared to the previous year end.

Table 13: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2017-June 2019)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2017	2.56
December 2018	3.04
June 2019	3.77

Source: Malta Financial Services Authority.

Malta Financial Services Authority