

Collective Investment Schemes licensed by the Malta Financial Services Authority: A Semi-Annual Analysis (2022)

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Main Findings

The aggregate net asset value (NAV) of investment funds domiciled in Malta¹ stood at €21.2 billion as at 30th June 2022, representing a marginal contraction of 0.1% compared to the NAV recorded at the end of the previous year. The largest share of the June 2022 NAV was accounted for by AIFs at 70.5%, followed by PIFs with a share of 15.6% and UCITS funds at 13.9%.

With respect to asset allocation, diversified funds accounted for the largest share of the June 2022 NAV, at 39.1%, followed by equity funds and bond funds at 32.9% and 12.1% respectively.

During the first half of 2022, a total of €2.1 billion in sales was recorded, while total redemptions amounted to €1.4 billion, resulting in net inflows equal to €0.7 billion. The NAV dropped by €0.8 billion due to negative net revaluation adjustments.

At the end of June 2022, the number of licensed funds² stood at 483, a drop of four percent (or a net loss of 20 licences in absolute terms) from the amount recorded at the end of the previous year. By the end of June 2022, the largest share of licensed funds was held by Professional Investor Funds (PIFs), at 50.5% (or 244 funds). AIFs and UCITS followed with shares of 24.0% (or 116 funds) and 23.4% (or 113 funds), respectively. No changes were recorded in the number of retail non-UCITS and recognised private schemes, which still stand at five each. The upward trend of Notified AIFs (NAIFs) continued throughout the initial half of 2022, registering a total amount of 108, a growth of 11.3% (or net increase of 11 funds) from the end of the previous year.

Since 2004, the Authority has licensed a total of 1,617 funds while 143 AIFs have been included in the list of notified AIFs since 2016. Up to June 2022, a total of eight new funds were licensed by the Authority, consisting of seven PIFs and one AIF. Additionally, 15 AIFs were added in the list of notified AIFs.

On the other hand, 1,173 licences have been surrendered since 2004, while 34 AIFs have been de-listed as NAIFs from 2017 until June 2022. In the first half of 2022, 17 PIFs have surrendered their licence, along with seven AIFs and four UCITS funds. Moreover, four AIFs were de-listed from the list of NAIFs.

As at 30th June 2022, a very significant proportion of the Malta domiciled funds (83.1%) were managed in Malta, with 48.4% being managed by a Maltese fund manager and 34.7% being self-managed. The remaining 16.9% of the total number of funds were managed from outside Malta.

By the end of June 2022, 90.7% of the investment funds were administered by a Maltese fund administrator and 9.3% were administered by a fund administrator outside of Malta. Additionally, Maltese fund administrators service 247 non-Malta domiciled funds which had

¹ PIFs, AIFs, NAIFs and UCITS.

² Unless stated otherwise, the term 'funds' refers to funds including sub-funds.

an aggregate NAV of €7.2 billion at the end of June 2022. Consequently, the aggregate NAV of Malta domiciled funds and non-Malta domiciled funds administered in Malta totalled €23.9 billion as at June 2022.

At a global level, the number of worldwide regulated open-ended funds increased by 2.4% compared to end 2021, to stand at 152,888 at the end of June 2022. Worldwide net assets declined by eight percent, from €67.3 trillion in December 2021 to €62.0 trillion in June 2022. Worldwide net outflows amounted to €42.6 billion during the first half of 2022 compared to net inflows of €1.8 trillion in the first half of 2021.

The United States and Europe held their top ranking as the largest investment fund domiciles in terms of net assets with a share of 48.3% (or €30.0 trillion) and 30.2% (or €18.7 trillion) respectively. The following countries ranked among the top ten fund domiciles after the United States: Luxembourg (8.3%), Ireland (6.0%), China (5.5%), Germany (4.0%), Australia (3.7%), Canada (3.3%), France (3.3%), Brazil (3.2%) and Japan (3.0%).

The total number of registered funds in Europe amounted to 65,799 as at June 2022, an increase of 0.9% compared to the previous year end. The total net asset value in the European fund industry declined by 11.3% during the first half of 2022, to stand at €19.4 trillion at the end of June 2022.

PART 1 – Analysis of Collective Investment Scheme Licences

1.1 Fund Registrations in the European Fund Industry

During the first half of 2022, the number of registered funds in Europe edged upwards by 0.9% compared to end 2021, from 65,212 to 65,799. Turkey and the Czech Republic recorded the largest increase in the number of registered funds, of 20.7% and 8.9% respectively. On the other hand, Belgium experienced the largest decrease, of 2.8%, in registered funds in Europe.

1.2 Fund Registrations in Malta

By the end of June 2022, 483 funds³ were licensed in Malta, a decrease of 4.0% (or 20 net licences) from 503 funds at end 2021. When adding up the number of funds licensed in Malta with the Notified AIFs, the total number of funds domiciled in Malta have marginally reduced from 600 investments funds in December 2021 to 591 investment funds as of 30 June 2022. The most significant decrease was experienced by PIFs with a drop in the number of licences of 6.5%, from 261 as at end 2021 to 244 as at end June 2022. The number of UCITS funds declined by 3.4%, from 117 licences as at end 2021 to 113 licences as at end June 2022. Over the same period, AIFs increased slightly by 0.9%, from 115 licences to 116 licences.

Table 1: Funds Domiciled in Malta (2020 – June 2022)

	2020	2021	Jun-22
AIFs	110	115	116
PIFs	296	261	244
UCITS	109	117	113
Retail Non-UCITS	5	5	5
Recognised Private CIS	5	5	5
Total locally based CISs	525	503	483

Source: Malta Financial Services Authority.

Notified AIFs sustained their upward trend, with a net increase of 11 notifications during the first half of 2022, resulting in a total of 108 notified AIFs as at end June 2022.

Table 2: Notified Alternative Investment Funds (2020 – June 2022)

	2020	2021	Jun-22
NAIFs	65	97	108

Source: Malta Financial Services Authority.

³ Excluding Notified AIFs.

1.3 Authorisation of New Collective Investment Schemes

In total, eight new funds were licensed by the Authority during the first half of 2022. New authorisations in AIFs are on the low side and this slowdown in new authorisations may be due, amongst other factors, to the uncertainties that prevail in global economies.

Table 3: Authorisation of New Collective Investment Schemes (2020 – June 2022)

		2020	2021	Jun-22
AIFs	Schemes	1	8	1
	Sub-funds	5	16	1
	of which Qualifying Investor	1	7	0
	of which Professional Investor	4	2	1
	of which Retail Investor	0	7	0
PIFs	Schemes	7	9	3
	Sub-funds	19	16	7
	of which Qualifying Investor	19	16	7
UCITS	Schemes	1	1	0
	Sub-funds	7	10	0
Retail Non-UCITS	Schemes	0	0	0
	Sub-funds	0	0	0
Recognised Private CIS	Schemes	1	1	0
	Sub-funds	1	1	0

Source: Malta Financial Services Authority.

The Authority added 15 new AIFs in the list of notified AIFs during the first half of the year, down from 42 in 2021.

Table 4: Registration of Notified Alternative Investment Funds (2020 – June 2022)

		2020	2021	Jun-22
NAIFs	Schemes	6	8	3
	Sub-funds	17	42	15

Source: Malta Financial Services Authority.

1.4 Surrender of Collective Investment Schemes

During the first half of 2022, 28 funds had voluntarily surrendered their licence. The largest number of surrendered licences were PIFs (17 licences), followed by seven AIFs and four UCITS funds. In addition, four AIFs were voluntarily removed from the list of notified AIFs.

Table 5: Surrender of Licences of Collective Investment Schemes (2020 – June 2022)

		2020	2021	Jun-22
AIFs	Schemes	14	6	3
	Sub-funds	26	15	7
	<i>of which Qualifying Investor</i>	13	5	3
	<i>of which Extraordinary Investor</i>	1	0	0
	<i>of which Experienced Investor</i>	3	1	0
	<i>of which Professional Investor</i>	8	9	4
	<i>of which Retail Investor</i>	1	0	0
PIFs	Schemes	30	18	10
	Sub-funds	79	42	17
	<i>of which Qualifying Investor</i>	64	37	13
	<i>of which Extraordinary Investor</i>	4	4	3
	<i>of which Experienced Investor</i>	11	1	1
UCITS	Schemes	3	1	0
	Sub-funds	5	7	4
Retail Non-UCITS	Schemes	0	0	0
	Sub-funds	0	0	0
Recognised Private CIS	Schemes	3	1	0
	Sub-funds	3	1	0

Source: Malta Financial Services Authority.

Table 6: Surrender of Notified Alternative Investment Funds (2020 – June 2022)

		2020	2021	Jun-22
NAIFs	Schemes	1	3	0
	Sub-funds	6	10	4

Source: Malta Financial Services Authority.

1.5 Summary of Collective Investment Scheme licences

A summary of Sections 1.2, 1.3 and 1.4 is provided in Tables 7 and 8 with the number of licences/notifications issued, surrendered and active for the year 2021 and the first half of 2022 split by the target investors of the funds.

Table 7: Collective Investment Scheme Licences (2021 – June 2022)

		2021			Jun-22		
		New licences	Surrendered Licences	Total licences as at end 2021	New licences	Surrendered Licences	Total licences as at end June 2022 ⁴
AIFs	Schemes	8	6	60	1	3	62 ^{5,6}
	Sub-funds	16	15	115	1	7	116 ^{5,7}
	<i>of which Qualifying Investor</i>	7	5	52	0	3	57 ^{8,9}
	<i>of which Extraordinary Investor</i>	0	0	10	0	0	10
	<i>of which Experienced Investor</i>	0	1	1	0	0	1
	<i>of which Professional Investor</i>	2	9	43	1	4	39 ¹⁰
	<i>of which Retail Investor</i>	7	0	9	0	0	9
PIFs	Schemes	9	18	126	3	10	115 ^{5,6}
	Sub-funds	16	42	261	7	17	244 ^{5,7}
	<i>of which Qualifying Investor</i>	16	37	238	7	13	229 ^{8,10}
	<i>of which Extraordinary Investor</i>	0	4	13	0	3	6 ⁹
	<i>of which Experienced Investor</i>	0	1	10	0	1	9
UCITS	Schemes	1	1	33	0	0	33
	Sub-funds	10	7	117	0	4	113
Retail Non-UCITS	Schemes	0	0	3	0	0	3
	Sub-funds	0	0	5	0	0	5
Recognised Private CIS	Schemes	1	1	5	0	0	5
	Sub-funds	1	1	5	0	0	5

Source: Malta Financial Services Authority.

⁴ Figures may not sum up due to conversion of licences, as indicated by the footnotes.⁵ 1 AIF (stand-alone) scheme had its licence revised to a PIF.⁶ 5 PIF schemes had their licence revised to AIFs.⁷ 8 PIF sub-funds had their licence revised to AIFs.⁸ 4 PIFs targeting Qualifying investors had their licence revised to AIFs targeting Qualifying investors.⁹ 4 PIFs targeting Extraordinary investors had their licence revised to AIFs targeting Qualifying investors.¹⁰ 1 AIF targeting Professional investors had its licence revised to a PIF targeting Qualifying investors.

Table 8: Notified Alternative Investment Funds (2021 – June 2022)

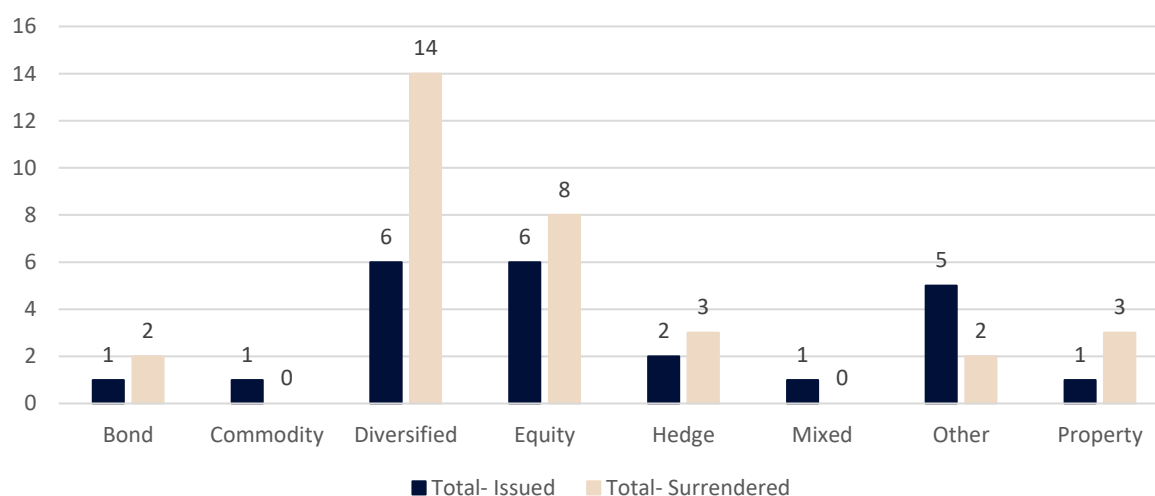
		2021			Jun-22		
		New notifications	Surrendered	Total as at end 2021	New notifications	Surrendered	Total as at end June 2022
NAIFs	Schemes	8	3	38	3	0	41
	Sub-funds	42	10	97	15	4	108

Source: Malta Financial Services Authority.

1.6 Authorised and Surrendered Funds by Asset Allocation

During the first half of 2022, the Authority licensed/notified 23 new funds, the majority being diversified and equity funds (each with a share of 26.1% of the total new funds or six licences/notifications). During the same period, the number of funds which surrendered their licence was 32, with diversified funds taking up the largest share (43.8% or 14 licences/notifications). Equity funds registered the second largest number of surrenders, with a share of 25% (or eight licences/notifications) of the total number. Figure 1 sets out the total new investment funds licensed and surrendered during the first half of 2022 by asset allocation.

Figure 1: Authorised and Surrendered Funds by Asset Allocation (Jan-22 – Jun-22)¹¹



Source: Malta Financial Services Authority.

1.7 Non-Malta Domiciled Funds Administered in Malta

The number of non-Malta domiciled funds administered by Maltese fund administrators amounted to 247 at end June 2022, an increase of 12.3% compared to end 2021.

¹¹ Including PIFs, AIFs, NAIFs and UCITS.

Table 9: Non-Malta Domiciled Funds (including sub-funds) Administered in Malta (2020 – June 2022)

	Non-Malta domiciled funds administered in Malta
2020	200
2021	220
Jun-22	247

Source: Malta Financial Services Authority.

PART 2 – Trend Analysis of Investment Fund Assets¹²

2.1 General Overview in the International Fund Industry

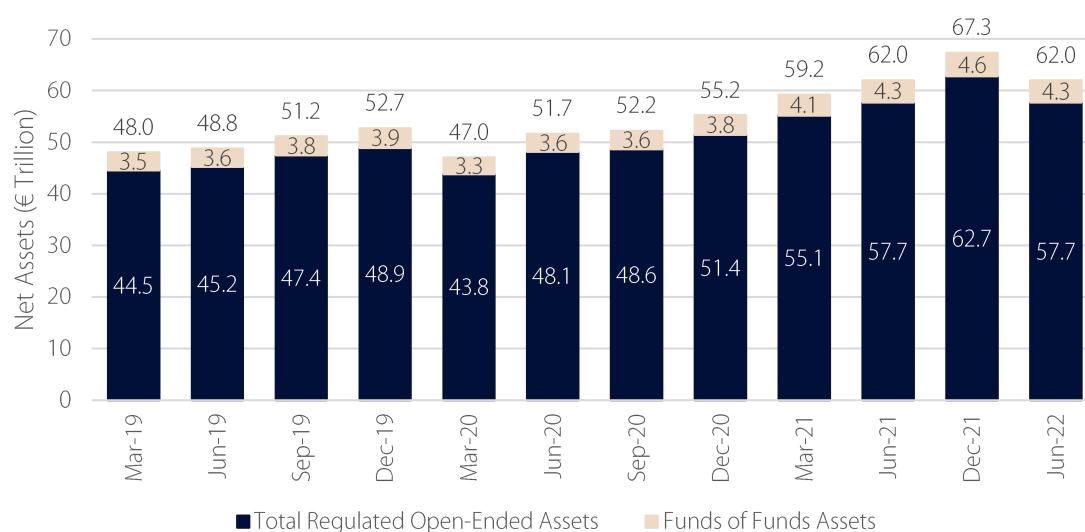
2.1.1 Worldwide Regulated Fund Assets and Flows

The total number of worldwide regulated open-ended funds stood at 152,888 as at end June 2022, up by 2.4% from the end of the previous year. Equity funds made up the largest share, at 32.1% of the worldwide total funds, followed by balanced/mixed funds, other funds and bond funds with a share of 29.6%, 17.1%, and 15.7% respectively.

Worldwide regulated open-ended fund assets declined by eight percent over the first half of 2022, from €67.3 trillion at the end of 2021 to €62.0 trillion at the end of June 2022, in view of the protracted war in Ukraine and inflationary pressures which have left negative repercussions on financial markets and investor confidence. Net sales of worldwide investment funds registered net outflows of €42.6 billion compared to net inflows of €1.8 trillion in the first half of 2021.

¹² Figures may not sum up to 100% due to rounding of figures.

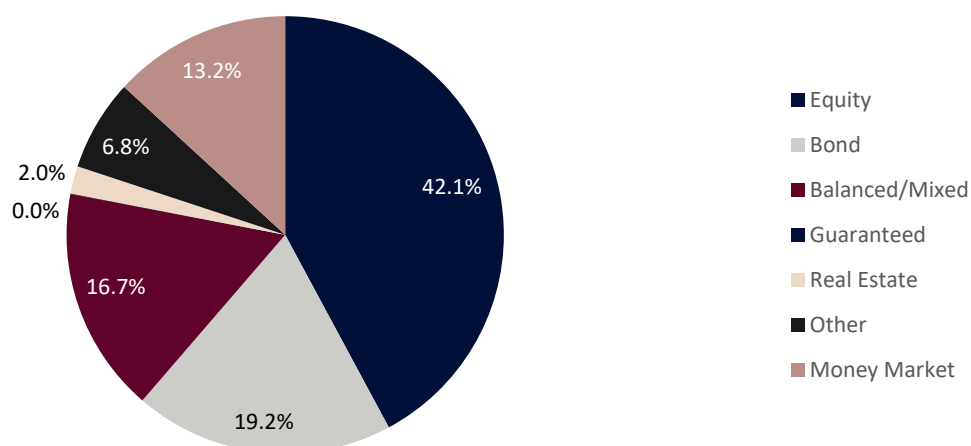
Figure 2: Worldwide Net Assets of Regulated Open-ended Funds (2019 – June 2022)



Source: EFAMA.

At the end of June 2022, 42.1% (or €26.1 trillion) of worldwide regulated open-ended fund net assets were held in equity funds. Bond funds had a share of 19.2% (or €11.9 trillion), followed by balanced/mixed funds with a share of 16.7% (or €10.3 trillion). The share of money market funds amounted to 13.2% (or €8.2 trillion).

Figure 3: Worldwide Net Assets by Type of Fund (June 2022)



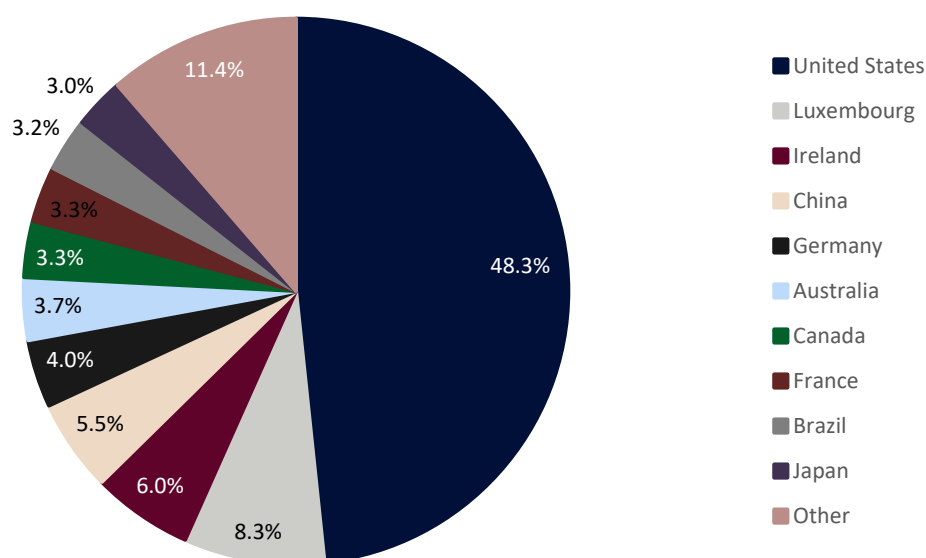
Source: EFAMA.

Assets of worldwide equity funds declined by 13.7% (or €4.1 trillion) to €26.1 trillion at the end of June 2022. Balanced/mixed funds declined by 9.1% (or €1.0 trillion) to €10.3 trillion. Assets of bond funds marked €11.9 trillion, a drop of 4.7% (or €0.6 trillion). Only money market funds registered an increase in net assets of 4.7% (or €0.4 trillion) in the first half of 2022, reaching €8.2 trillion.

Focusing on the worldwide distribution of investment fund net assets at the end of June 2022, the United States and Europe held the largest shares in the world market, of 48.3% (or €30 trillion) and 30.2% (or €18.7 trillion) respectively. Four European countries ranked among the top ten largest fund domiciles in the world: Luxembourg (8.3%), Ireland (6.0%), Germany (4.0%) and France (3.3%). The other countries in the top ten largest fund domiciles in the world are China (5.5%), Australia (3.7%), Canada (3.3%), Brazil (3.2%) and Japan (3.0%).

Net assets in the largest fund markets, namely the United States and Europe, fell by 9.3% and 11.5% respectively over the first half of 2022. Brazil and China were the only major markets that registered net asset growth of 19.0% and 8.4% respectively.

Figure 4: Market Share of the Top 10 Domiciles of Worldwide Investment Fund Net Assets (June 2022)



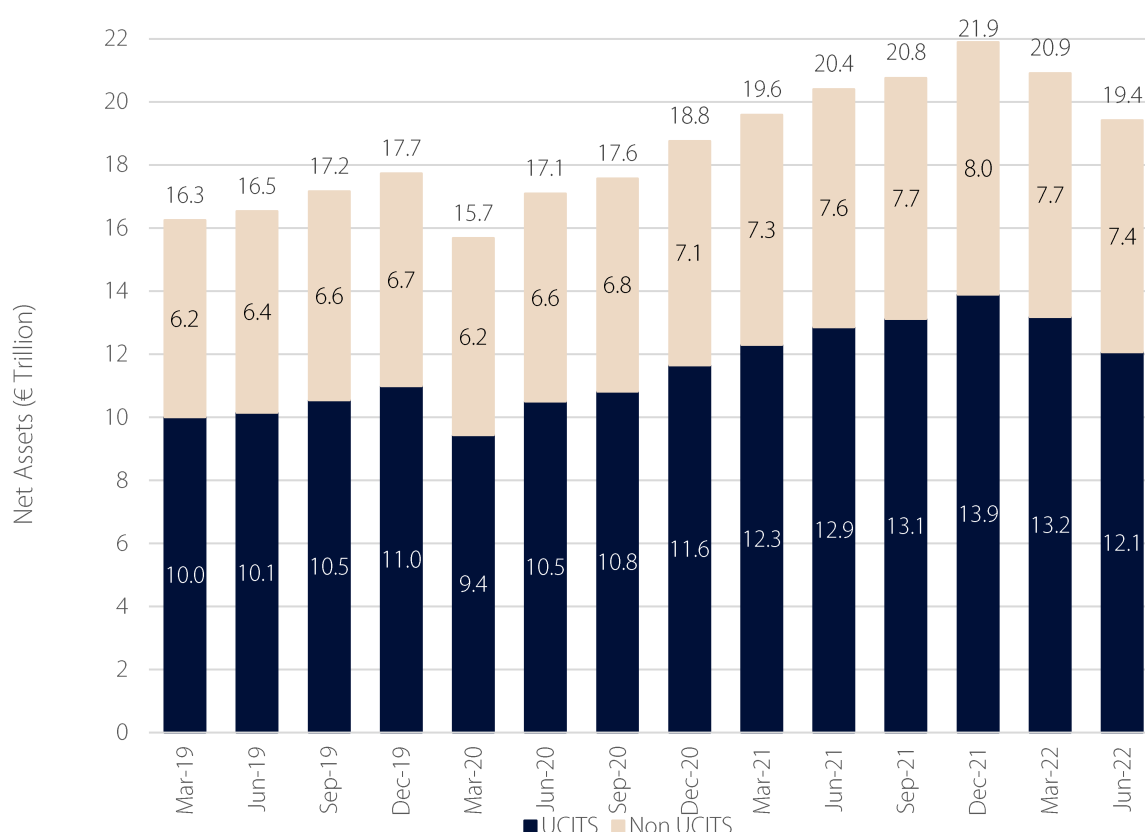
Source: EFAMA.

Worldwide net sales of regulated open-ended funds registered net outflows of €42.6 billion in the first half of 2022, compared to net inflows of €1.8 trillion in the first half of 2021. Globally, equity funds recorded the largest net inflow during the first half of the year, equal to €124.1 billion, although this is significantly less than the net inflows recorded during the first half of 2021. Bond funds registered net outflows equal to €166.3 billion compared to net inflows of €518.2 billion during the first half of 2021. Money market funds recorded the largest drop-off, with an absolute decline in net sales equal to €437.6 billion compared to the first half of 2021.

2.1.2 Trends in the European Investment Fund Industry¹³

Net assets in the European fund industry dropped by 11.3% (or €2.5 trillion) during the first half of 2022, from €21.9 trillion at the end of 2021 to €19.4 trillion at the end of June 2022. UCITS funds registered net assets of €12.1 trillion, a decline of 13.2% (or €1.8 trillion) compared to end 2021, while net assets of non-UCITS funds declined by 8.1% (or €0.6 trillion) to €7.4 trillion at the end of June 2022. The prolongation of the Russia-Ukraine war, hikes in inflation and monetary policy tightening resulted in high levels of uncertainty to economic growth, which in turn have contributed to these declines.

Figure 5: Net Asset Value of European funds (2019 – June 2022)



Source: EFAMA.

During the first half of 2022, European investment funds registered net outflows of €220.9 billion. In particular, UCITS funds recorded net outflows of €188.1 billion, while non-UCITS funds recorded net outflows of €32.8 billion.

The highest increase in net assets in percentage terms was registered by Turkey at 18.6% (or €5.2 billion), followed by Liechtenstein, Cyprus and the Czech Republic at 2.6% (or €1.8 billion), 1.8% (or €138 million) and 0.8% (or €144 million) respectively. All other European fund jurisdictions experienced a decline in net assets, with Sweden registering the largest decline

¹³ The figures for the international fund industry and the European fund industry were obtained from two separate releases issued by EFAMA.

of 20% (or €122.1 billion). Table 10 shows the net assets of investment funds in major European countries over the period December 2020 to June 2022, with their corresponding percentage change in net assets compared to end 2021.

Table 10: Net Assets of Investment Funds in Major European countries (2020 – June 2022)

Country	Dec 2020 NAV	Dec 2021 NAV	Jun 2022 NAV	% change Dec 21 – Jun 22
	Million EUR	Million EUR	Million EUR	
Luxembourg	4,973,780	5,859,485	5,169,618	-11.8
Ireland	3,324,194	4,067,836	3,695,595	-9.2
Germany	2,511,385	2,912,611	2,620,359	-10.0
France	2,066,996	2,231,487	2,048,813	-8.2
UK	1,784,304	2,135,500	1,834,025	-14.1
Switzerland	762,035	892,261	747,210	-16.3
Sweden	479,913	610,384	488,290	-20.0
Italy	329,442	358,333	329,696	-8.0
Spain	304,406	347,107	320,901	-7.5
Malta	14,952	21,206	21,175	-0.1

Source: EFAMA.

2.2 Trends in the Maltese Investment Fund Industry¹⁴

2.2.1 Aggregate Net Asset Value of Locally Based CISs

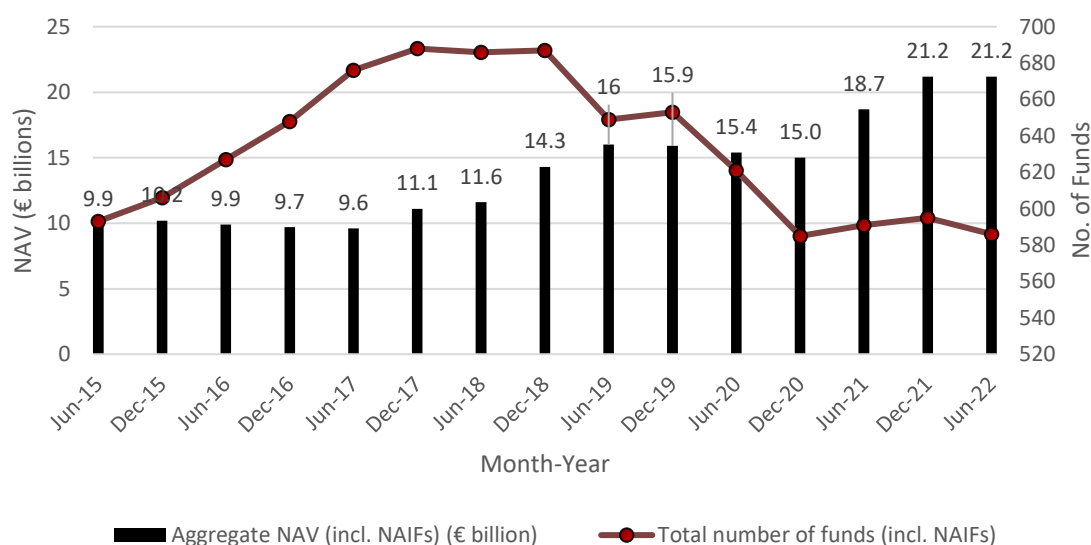
At the end of June 2022, the total NAV of Malta domiciled funds stood at €21.2 billion. AIFs¹⁵ accounted for the largest share, at 70.5% (or €14.9 billion), followed by PIFs and UCITS funds with a share of 15.6% (or €3.3 billion) and 13.8% (or 2.9 billion) respectively.

In the first half of 2022, total subscriptions amounted to €2.1 billion while redemptions totalled €1.4 billion, resulting in net inflows equal to €0.7 billion. Net revaluation adjustments were on the negative side and totalled €0.8 billion. Investors in Maltese investment funds, however, retained a degree of confidence notwithstanding adverse global economic conditions and subscriptions continue to be in excess of redemptions.

¹⁴ Cut-off date for net asset values is 23rd August 2022.

¹⁵ Including NAIFs.

Figure 6: Net Asset Value of Locally Based CISs against Number of Registered Funds (2015 – June 2022)

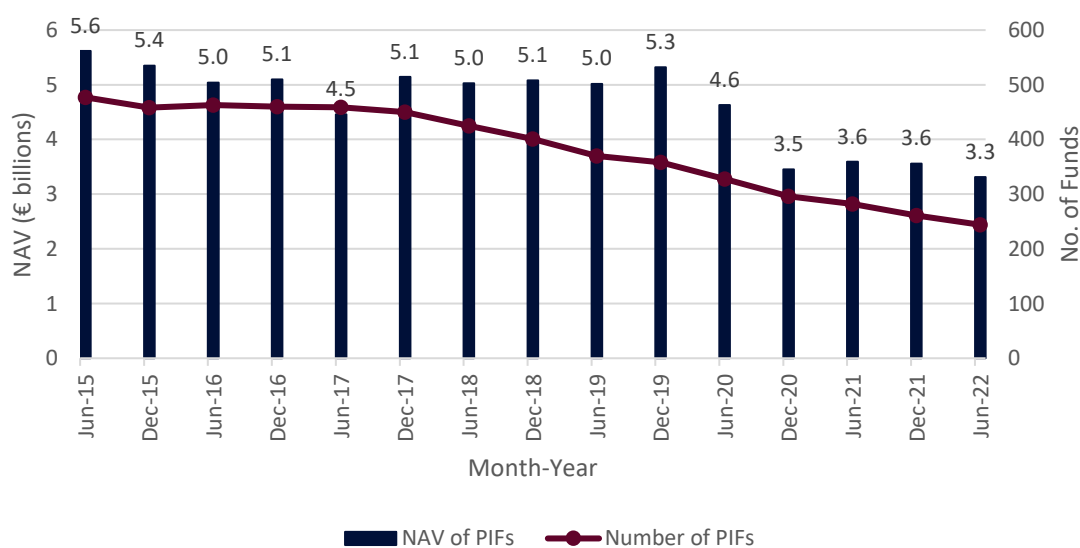


Source: Malta Financial Services Authority.

2.2.2 Net Asset Value of Professional Investor Funds

Professional Investor Funds registered a decline in net asset value of 6.8% (or €243.5 million) in the first half of 2022, to stand at €3.3 billion as at end June 2022. Figure 7 shows the net asset value and the number of licensed Professional Investor Funds over the period 2015 to June 2022. The downward trend is partly explainable by Professional Investor Funds converting to Alternative Investment Funds.

Figure 7: Net Asset Value of PIFs and Number of Licensed PIFs (2015 – June 2022)

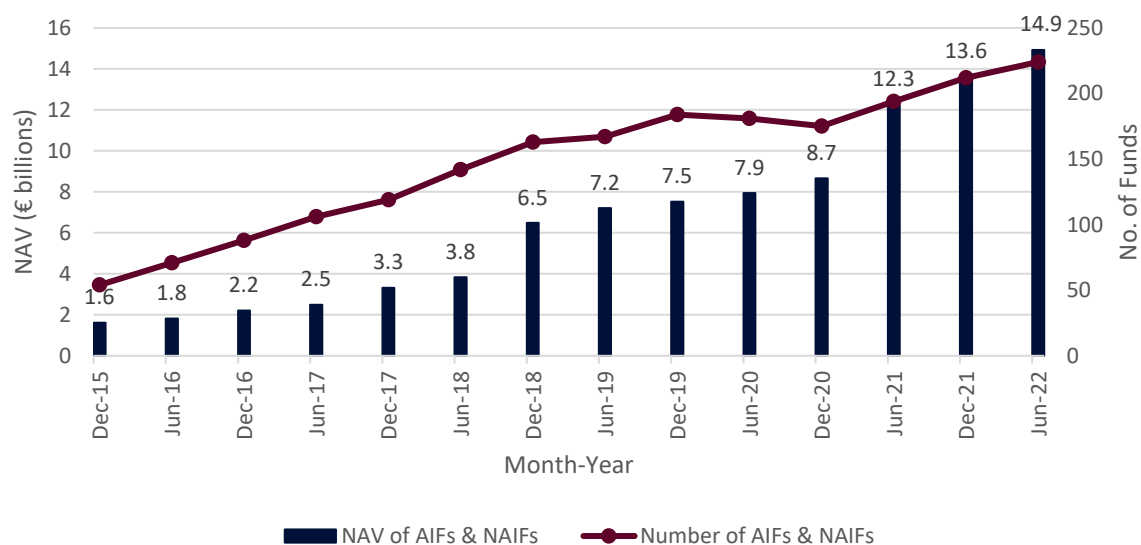


Source: Malta Financial Services Authority.

2.2.3 Net Asset Value of Alternative Investment Funds

Net Asset Value of Alternative Investment Funds remains on a robust growth path, registering an increase in net asset value of 9.7% (or €1.3 billion) between the end of 2021 and June 2022. The total net asset value as at end June 2022 for AIFs stood at €14.9 billion. Figure 8 shows the net asset value and the number of licensed and notified Alternative Investment Funds over the period 2015 to June 2022.

Figure 8: Net Asset Value of AIFs and Number of Licensed AIFs (2015 – June 2022)

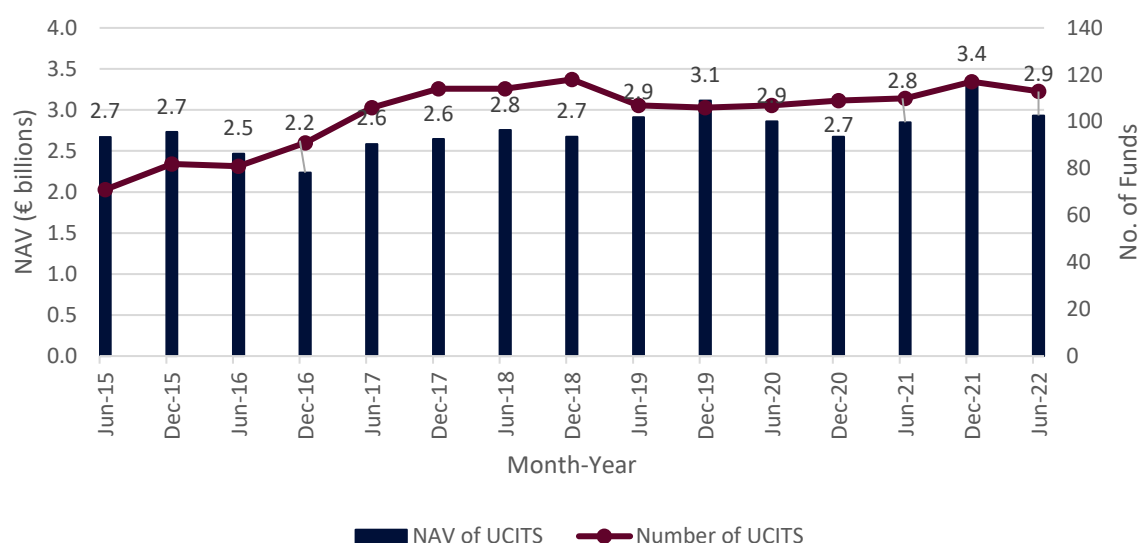


Source: Malta Financial Services Authority.

2.2.4 Net Asset Value of UCITS funds

UCITS funds experienced a drop in NAV of 13.1% (or €0.4 billion) in the first half of 2022, to stand at €2.9 billion as at end June 2022. Figure 9 depicts how the net asset value and the number of licensed UCITS funds have fluctuated over the period 2015 to June 2022.

Figure 9: Net Asset Value of UCITS Funds and Number of Licensed UCITS Funds (2015 – June 2022)

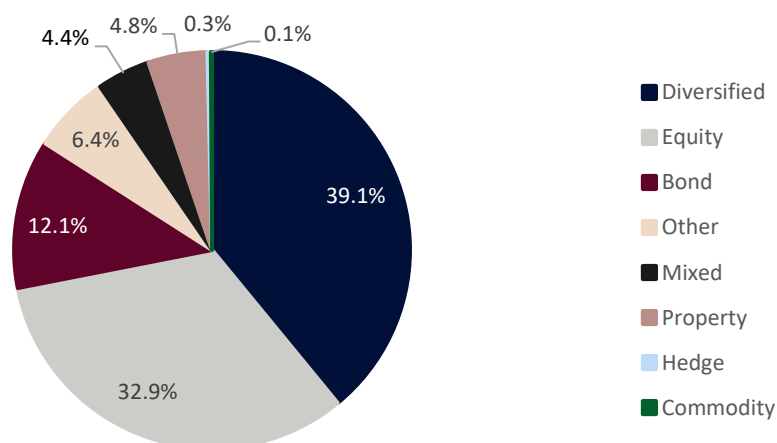


Source: Malta Financial Services Authority.

2.3 Asset Class Allocation of Investment Funds¹⁶

The most common types of funds remain diversified and equity funds, constituting 39.1% and 32.9% of the total June 2022 NAV respectively. Bond funds followed with a share of 12.1%, with the remaining fund types being illustrated in Figure 10.

Figure 10: Net Asset Value by Asset Allocation (June 2022)



Source: Malta Financial Services Authority.

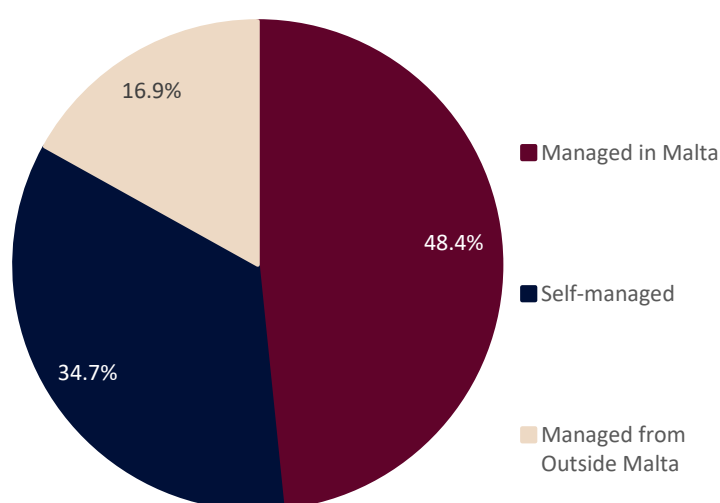
¹⁶ The asset allocation of funds was extracted from the offering supplements of the funds. Consequently, it does not necessarily mean that the allocated assets of the funds were invested accordingly.

The largest increase in net asset value was recorded by mixed funds (15.9% or €126.7 million), followed by equity funds at 4.1% (or €275.6 million). On the other hand, the largest decline in NAV was recorded by commodity funds, at 16.9% (or €4.1 million), followed by hedge funds and bond funds at 14.9% (or €10.2 million) and 11.1% (or €321.6 million) respectively.

2.4 Investment Management

As at end June 2022, the largest share of funds was managed by locally established fund managers, making up 48.4% of the total number of funds. 34.7% of funds were self-managed while 16.9% were managed by fund managers domiciled outside of Malta.

Figure 11: Management of Locally Based Investment Funds (June 2022)

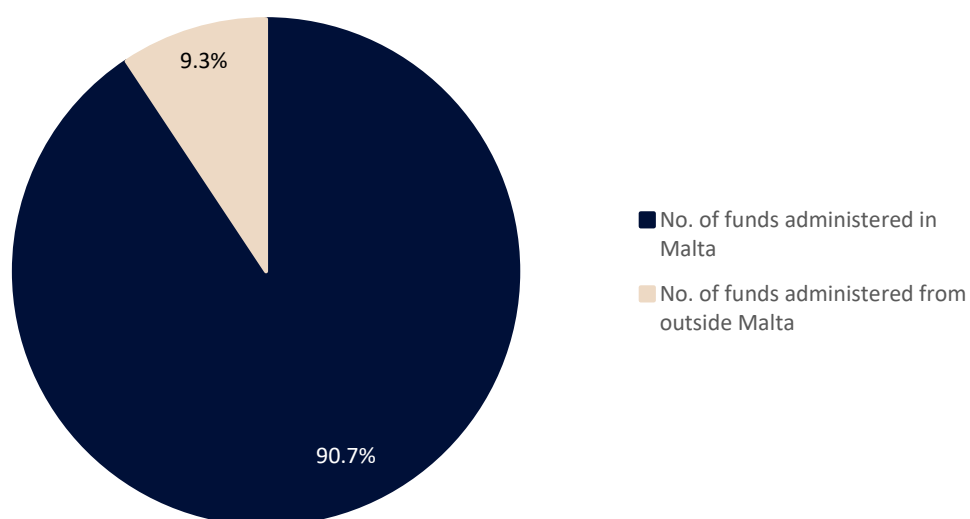


Source: Malta Financial Services Authority.

2.5 Fund Administration

About 91% of the Malta domiciled funds are administered in Malta with the remaining share of funds administered outside of Malta.

Figure 12: Administration of Locally Based Investment Funds (June 2022)



Source: Malta Financial Services Authority.

2.6 Operating Structure of Funds

The largest share of Collective Investment Schemes is structured as multi-funds (79.5%), followed by stand-alone schemes at 16.5%. Four percent of the schemes are structured as master and feeder funds.

Table 11: Schemes by Operating Structure as at June 2022

	Number of schemes as at June 2022	% Number of schemes against total schemes
Master/Feeder (Master)	5	2.0
Master/Feeder (Feeder)	5	2.0
Stand Alone	42	16.5
Multi fund	202	79.5
Total	254	100

Source: Malta Financial Services Authority.

2.7 Funds Listed on the Malta Stock Exchange

The number of Malta domiciled funds listed on the Malta Stock Exchange as at the end of June 2022 amounted to 26 funds, 11 of which were licensed as UCITS funds, 11 PIFs and four AIFs.

Table 12: Funds Listed on the Malta Stock Exchange as at June 2022

Type of CIS	Funds listed on MSE
PIF	11
AIF	4
UCITS	11
Total	26

Source: Malta Financial Services Authority.

2.8 Net Asset Value of Non-Malta Domiciled Funds Administered in Malta

Net assets of non-Malta domiciled funds administered by Maltese fund administrators increased by 17.3% (or one billion euro), from €6.2 billion in December 2021 to €7.2 billion in June 2022.

Table 13: NAV of Non-Malta Domiciled Funds Administered in Malta (2020 – June 2022)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2020	4.0
December 2021	6.2
June 2022	7.2

Source: Malta Financial Services Authority.

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