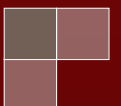


MFSA

MALTA FINANCIAL SERVICES AUTHORITY

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

2017



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Table of Contents

Table of Contents	3
Fact Statistics	4
PART 1 – Analysis of Collective Investment Scheme Licences	5
1.1 Fund registrations in the International 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	6
1.5 Summary of Collective Investment Scheme licences (2016 – 2017).....	7
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.....	15
2.2.5 Analysis of net asset value of Retail Non-UCITS funds.....	16
2.3 Asset class allocation of investment funds.....	16
2.4 Management of funds.....	18
2.5 Administration of funds	18
2.6 Structure of funds	19
2.7 Funds listed on Malta Stock Exchange	20
2.8 Non-Malta domiciled funds administered in Malta	20

Fact Statistics

- *Total new funds (including sub-funds) licenced (2004 – 2017): **1,445***

- *Total funds (including sub-funds) surrendered (2004 – 2017): **788***

- *Net Asset Value of Malta domiciled Funds: **€10.8 billion as at end December 2017***

- *Funds (including sub-funds) administered in Malta:*
 - *Malta domiciled funds administered in Malta: **590 as at end December 2017***
 - *Non-Malta domiciled funds administered in Malta: **176 as at end December 2017***

- *Net Asset Value of funds (domiciled and non-domiciled in Malta) administered in Malta: **€11.3 billion as at end December 2017***

PART 1 – Analysis of Collective Investment Scheme Licences

1.1 Fund registrations in the International Fund Industry

During 2017, the European Investment Fund industry continued to expand with a growth of three percent in the number of registered funds when compared with the previous end year. Funds in Luxembourg, Germany, the UK and Ireland all experienced an increase in the number of registered funds. The UK saw their number of registered funds increasing by 5.7 percent while Ireland experienced growth by 5.6 percent. Germany and Luxembourg expanded by 3.6 percent each. In contrast, funds registered in France dropped by 0.8 percent.

1.2 Fund registrations in Malta

There were 670 funds (including sub-funds)¹ licenced in Malta at the end of 2017. This represents an increase of 6.2 percent (or 40 net licences) when compared with end 2016.

The number of Professional Investor Funds licenced in Malta declined by 10 licences from 2016 to stand at 450 at the end of 2017. Alternative Investment Funds totalled 101, up by 15 licences. UCITS funds experienced an increase of 23 licences to reach an all-time high of 114 licences while Retail Non-UCITS funds experienced a decrease of four licences to stand at five at the end of 2017. Additionally, Recognised Private Collective Investment Schemes declined by one to stand at seven while Foreign-based funds declined by three licences to stand at nine.

Table 1: Funds (including sub-funds) domiciled in Malta (2015 – 2017)

	2015	2016	2017
AIFs	54	86	101
PIFs	458	460	450
UCITS	82	91	114
Retail Non-UCITS	12	9	5
Total locally based CISs	606	646	670
Foreign Based	12	12	9
Recognised Private CIS	8	8	7
Total CIS	626	666	686

Source: Malta Financial Services Authority.

Furthermore, there were 18 funds included in the list of notified AIFs at the end of 2017, up by 16 funds when compared with end 2016.

¹ PIFs, AIFs, UCITS and Retail Non-UCITS

Table 2: Notified Alternative Investment Funds (2016 – 2017)

	2016	2017
NAIFs	2	18

Source: Malta Financial Services Authority.

1.3 Authorisation of new Collective Investment Schemes

In 2017 the Authority authorised 97 new Collective Investment Scheme licences (including sub-funds), of which 58 were Professional Investor Funds, 30 UCITS funds and nine Alternative Investment Funds. The next table provides the number of new licences authorised during the period 2015 – 2017.

Table 3: Authorisation of new Collective Investment Schemes (2015 – 2017)

		2015	2016	2017
AIFs	Schemes	8	6	4
	Sub-funds	11	19	9
	<i>of which Qualifying Investor</i>	3	6	2
	<i>of which Extraordinary Investor</i>	0	0	0
	<i>of which Experienced Investor</i>	0	1	0
	<i>of which Professional Investor</i>	8	9	7
	<i>of which Retail Investor</i>	0	3	0
PIFs	Schemes	28	23	13
	Sub-funds	78	71	58
	<i>of which Qualifying Investor</i>	65	63	55
	<i>of which Extraordinary Investor</i>	7	7	0
	<i>of which Experienced Investor</i>	6	1	3
UCITS	Schemes	9	13	2
	Sub-funds	20	23	30
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	3	0	0
	Sub-funds	0	0	0

Source: Malta Financial Services Authority.

1.4 Surrenders of Collective Investment Schemes

In 2017 there were 77 Collective Investment Schemes (including sub-funds) which voluntarily surrendered their licence, of which 49 were licenced as Professional Investor Funds, 12 as

Alternative Investment Funds, ten as UCITS funds and two Retail Non-UCITS funds. Additionally, three Foreign-based funds and one Recognised Private Collective Investment Scheme have also surrendered their licence in 2017. The next table presents the number of funds which surrendered their licence during the period 2015 – 2017.

Table 4: Surrender of licences of Collective Investment Schemes (2015 – 2017)

		2015	2016	2017
AIFs	Schemes	1	2	4
	Sub-funds	3	8	12
	<i>of which Qualifying Investor</i>	1	5	7
	<i>of which Extraordinary Investor</i>	2	0	3
	<i>of which Experienced Investor</i>	0	0	1
	<i>of which Professional Investor</i>	0	3	1
	<i>of which Retail Investor</i>	0	0	0
PIFs	Schemes	15	18	19
	Sub-funds	92	51	49
	<i>of which Qualifying Investor</i>	88	47	38
	<i>of which Extraordinary Investor</i>	0	1	3
	<i>of which Experienced Investor</i>	4	3	8
UCITS	Schemes	0	4	4
	Sub-funds	2	14	10
Retail Non-UCITS	Schemes	0	0	1
	Sub-funds	0	0	2
Foreign Based	Schemes	0	0	1
	Sub-funds	4	0	3
Recognised Private CIS	Schemes	0	0	1
	Sub-funds	0	0	1

Source: Malta Financial Services Authority.

1.5 Summary of Collective Investment Scheme licences (2016 – 2017)

The following table provides a detailed breakdown of the number of new licences issued, surrendered and active for 2016 and 2017.

Table 5: Collective Investment Scheme licences (2016 – 2017)

		2016			2017		
		New licences	Licences surrendered	Total licences as at end 2016	New licences	Licences surrendered	Total licences as at end 2017 *
AIFs	Schemes	6	2	41	4	4	54²
	Sub-funds	19	8	86	9	12	101³
	<i>of which Qualifying Investor</i>	6	5	29	2	7	33 ⁴
	<i>of which Extraordinary Investor</i>	0	0	8	0	3	6 ⁵
	<i>of which Experienced Investor</i>	1	0	7	0	1	6
	<i>of which Professional Investor</i>	9	3	36	7	1	50 ⁶
	<i>of which Retail Investor</i>	3	0	6	0	0	6
PIFs	Schemes	23	18	206	13	19	186^{2,7}
	Sub-funds	71	51	460	58	49	450^{3,8}
	<i>of which Qualifying Investor</i>	63	47	391	55	38	388 ^{4,5,6,8,9}
	<i>of which Extraordinary Investor</i>	7	1	38	0	3	35
	<i>of which Experienced Investor</i>	1	3	31	3	8	27 ⁹
UCITS	Schemes	13	4	39	2	4	39^{7,10}
	Sub-funds	23	14	91	30	10	114^{8,11}
Retail Non-UCITS	Schemes	0	0	5	0	1	3¹⁰
	Sub-funds	0	0	9	0	2	5¹¹
Foreign	Schemes	0	0	4	0	1	3
	Sub-funds	0	0	12	0	3	9
Recognised Private CIS	Schemes	0	0	8	0	1	7
	Sub-funds	0	0	0	0	1	7

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

Source: Malta Financial Services Authority.

² Thirteen PIF schemes had their licences revised to AIF schemes.

³ 18 PIF sub-funds had their licences revised to AIF sub-funds.

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

⁵ One PIF sub-fund targeting Qualifying Investors had its licence revised to AIF targeting Extraordinary Investors.

⁶ Eight PIF sub-funds targeting Qualifying Investors had their licences revised to AIF targeting Professional Investors.

⁷ One PIF scheme had its licence revised to UCITS scheme.

⁸ One PIF sub-fund targeting Qualifying Investors had its licence revised to UCITS sub-fund.

⁹ One PIF sub-fund targeting Qualifying Investors had its licence revised to PIF targeting Experienced Investors.

¹⁰ One Retail Non-UCITS scheme had its licence revised to UCITS scheme.

¹¹ Two Retail Non-UCITS sub-funds had their licences revised to UCITS sub-funds.

1.6 Non-Malta domiciled funds administered in Malta

The number of non-Malta domiciled funds (including sub-funds) administered in Malta totalled 176 at the end of 2017. This represents a net decrease of 12 funds/ sub-funds (or 6.4 percent) when compared with end 2016.

Table 6: Non-Malta domiciled funds (including sub-funds) administered in Malta (2015 – 2017)

	Non-Malta domiciled funds administered in Malta
December 2015	134
December 2016	188
December 2017	176

Source: Malta Financial Services Authority.

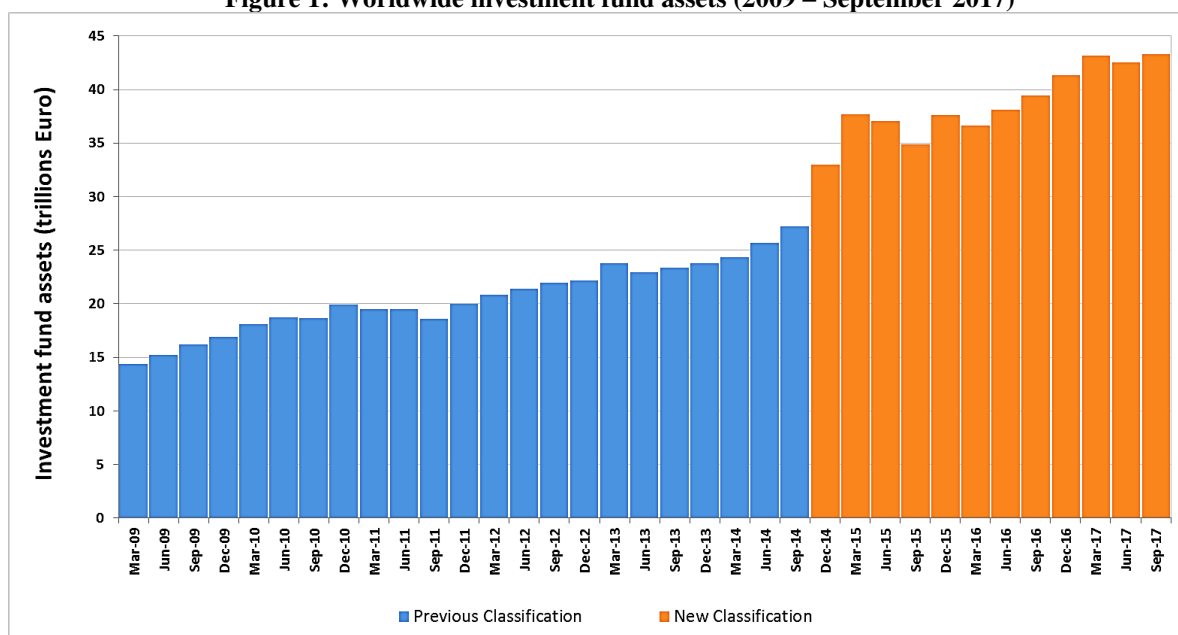
PART 2 – Performance Analysis of Collective Investment Schemes

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

Net assets of worldwide regulated open-ended funds¹² amounted to €43.28 trillion at the end of 2017. This represents an increase of 4.8 percent when compared with 2016. During the first three quarters of 2017 worldwide regulated open-ended funds reported net sales amounting to €1.88 trillion, an increase of €1.09 trillion when compared with the first three quarters of the previous year.

Almost 41 percent of the total net assets reported in September 2017 were held by equity funds. Bond funds and mixed funds followed with a share of 21 percent and almost 18 percent respectively. Additionally, money market funds had a share of 11 percent. During the first three quarters of 2017, bond funds reported net sales amounting to €647 billion, followed by money market funds and equity funds with €406 billion and €398 billion respectively. Furthermore, mixed funds registered net inflows amounting to €249 billion.

Figure 1: Worldwide investment fund assets (2009 – September 2017)



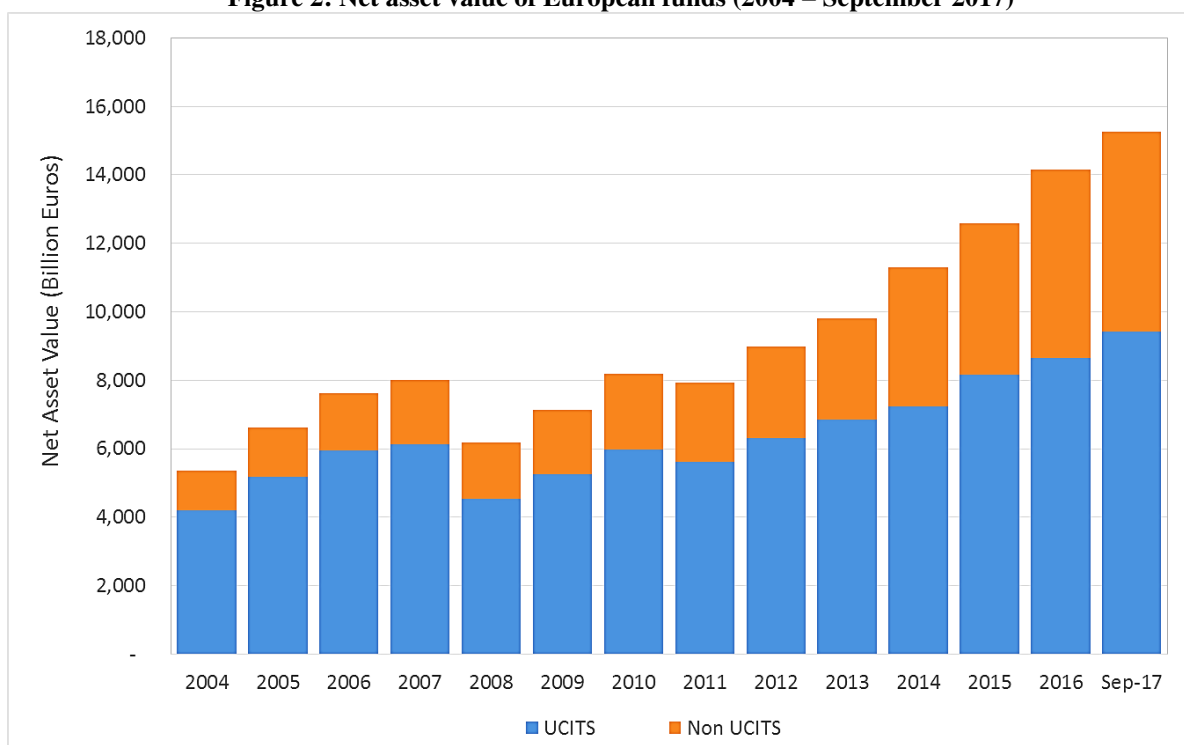
Source: EFAMA.

As at end September 2017, the total number of funds (including fund of funds) registered worldwide stood at 125,772. This represents an increase of 3.5 percent when compared with the previous end year. Almost 32 percent were registered as equity funds, 28 percent as mixed funds and 18 percent as bond funds. Additionally, 2.7 percent were registered as real estate funds while another 2.2 percent were registered as money market funds. About 16.6 percent of the funds were unclassified/other funds.

¹² 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.

The European Investment Fund Industry registered net assets amounting to €15.3 trillion at the end of September 2017, up by €1.12 trillion (or 7.9 percent) when compared with the previous end year. Net assets of UCITS funds increased by €756 billion (or 8.7 percent) over the period December 2016 – September 2017 to stand at €9.4 trillion at the end of September 2017. Non-UCITS funds experienced a growth of €366 billion (or 6.7 percent) to register net assets amounting to €5.8 trillion.

Figure 2: Net asset value of European funds (2004 – September 2017)



Source: EFAMA.

Funds registered in major investment fund jurisdictions, namely Ireland, the UK, Luxembourg, France and Germany, have experienced an increase in net assets when compared with the previous end year. Funds registered in Ireland expanded by 10.2 percent while funds registered in Luxembourg expanded by 9.1 percent. The UK and France saw their net assets expanding by 8.4 percent and 8.3 percent respectively while funds in Germany expanded by 6.9 percent. Table 7 provides a trend analysis of net assets of investment funds registered in a number of European countries for the period 2015 – September 2017.

Table 7: Net assets of investment funds in major European countries (2015 – September 2017)

Country	Dec 2015 NAV	Dec 2016 NAV	Sep 2017 NAV	Percentage change Dec 2016 – Sep 2017 (%)
	Million EUR	Million EUR	Million EUR	
Luxembourg	3,506,201	3,701,076	4,037,140	9.1
Ireland	1,898,825	2,084,748	2,297,884	10.2
Germany	1,729,234	1,885,937	2,015,929	6.9
France	1,682,808	1,783,830	1,931,969	8.3
UK	1,479,696	1,465,651	1,589,133	8.4
Switzerland	501,528	537,771	541,832	0.8
Sweden	285,561	303,874	332,567	9.4
Italy	281,564	297,704	315,665	6.0
Spain	254,368	268,513	288,629	7.5
Malta	10,252	9,801	10,057	2.5

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

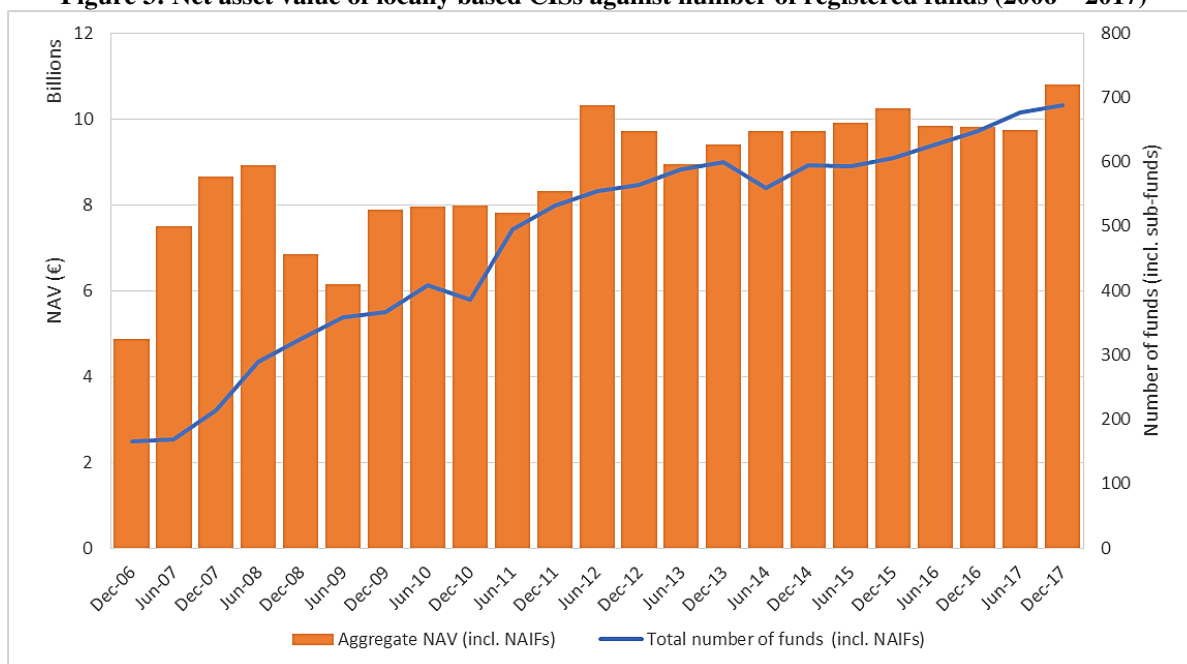
Malta-domiciled funds¹³ recorded a net asset value of €10.8 billion at the end of 2017. This represents an increase of almost one billion euro (or 10 percent) when compared with the previous end year.

In 2017, diversified funds experienced an increase of €0.68 billion in net assets. Bond funds reported growth amounting to €0.26 billion while property funds experienced an increase of almost €0.02 billion. In contrast, the net asset value of equity funds declined by €0.14 billion while money market funds contracted by almost €0.02 billion. Funds adopting other different investment strategies reported an increase of almost €0.2 billion in net assets during the same year.

In terms of net assets, diversified funds had the largest share with almost 40 percent of the total December 2017 NAV. This was followed by equity funds and bond funds with a share of 26 percent and almost 17 percent respectively. Mixed funds had a share of almost eight percent at the end of 2017.

¹³ PIFs, AIFs, NAIFFs, UCITS, and Retail Non-UCITS.

Figure 3: Net asset value of locally based CISs against number of registered funds (2006 – 2017)



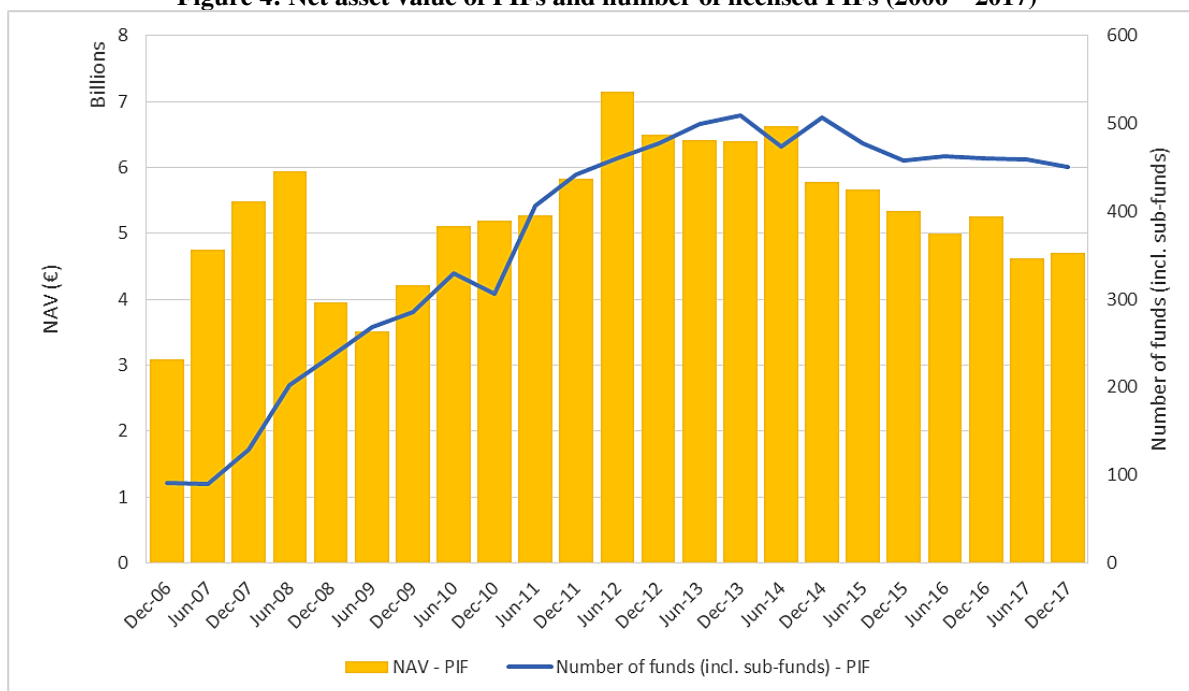
Source: Malta Financial Services Authority.

In 2017, Malta-domiciled funds reported sales amounting to €3.82 billion and redemptions to €3.41 billion. During the same year, funds were positively revalued by €0.59 billion.

2.2.2 Analysis of net asset value of Professional Investor funds

The net asset value of Professional Investor Funds stood at €4.7 billion at the end of 2017, down by €0.55 billion when compared with the previous end year. The following illustration depicts the net asset value of Professional Investor Funds against the number of licensed PIFs for the period 2006 – 2017.

Figure 4: Net asset value of PIFs and number of licensed PIFs (2006 – 2017)



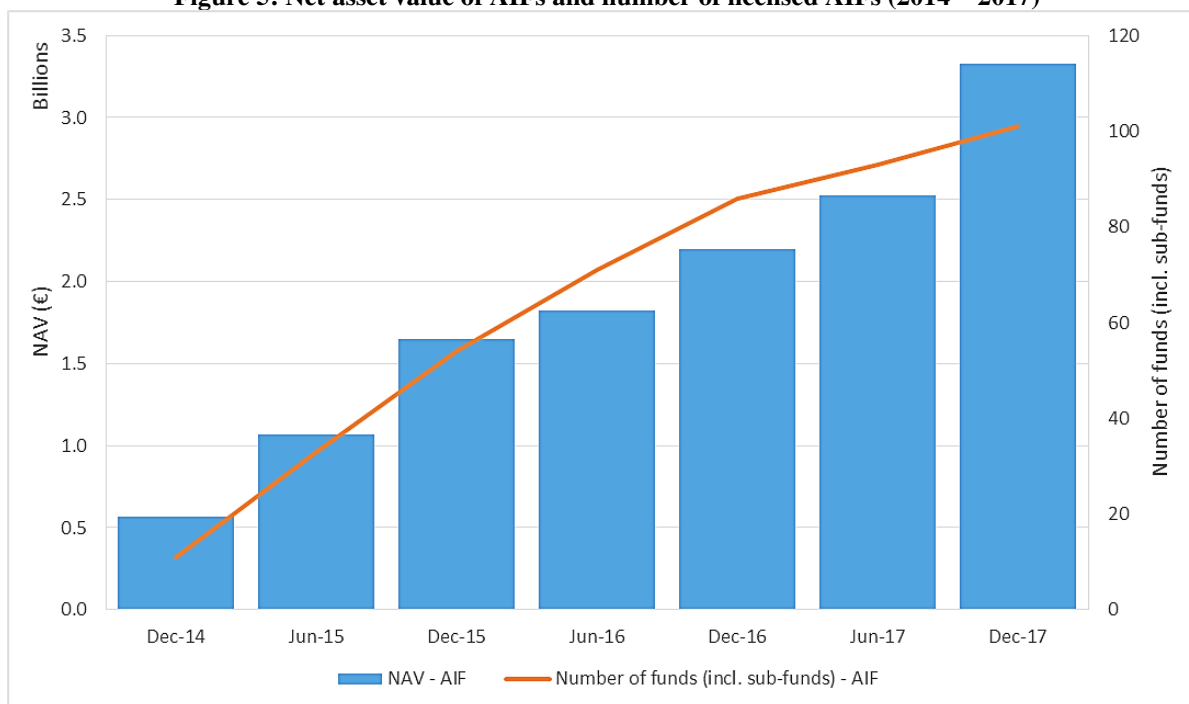
Source: Malta Financial Services Authority.

2.2.3 Analysis of net asset value of Alternative Investment funds

In 2017, Alternative Investment Funds continued to experience gains in net assets to record a net asset value of €3.33 billion at the end of 2017. This represents an increase of €1.13 billion when compared with the previous end year.

Figure 5 represents the net asset value of Alternative Investment Funds against the number of licensed AIFs for the period 2014 – 2017.

Figure 5: Net asset value of AIFs and number of licensed AIFs (2014 – 2017)

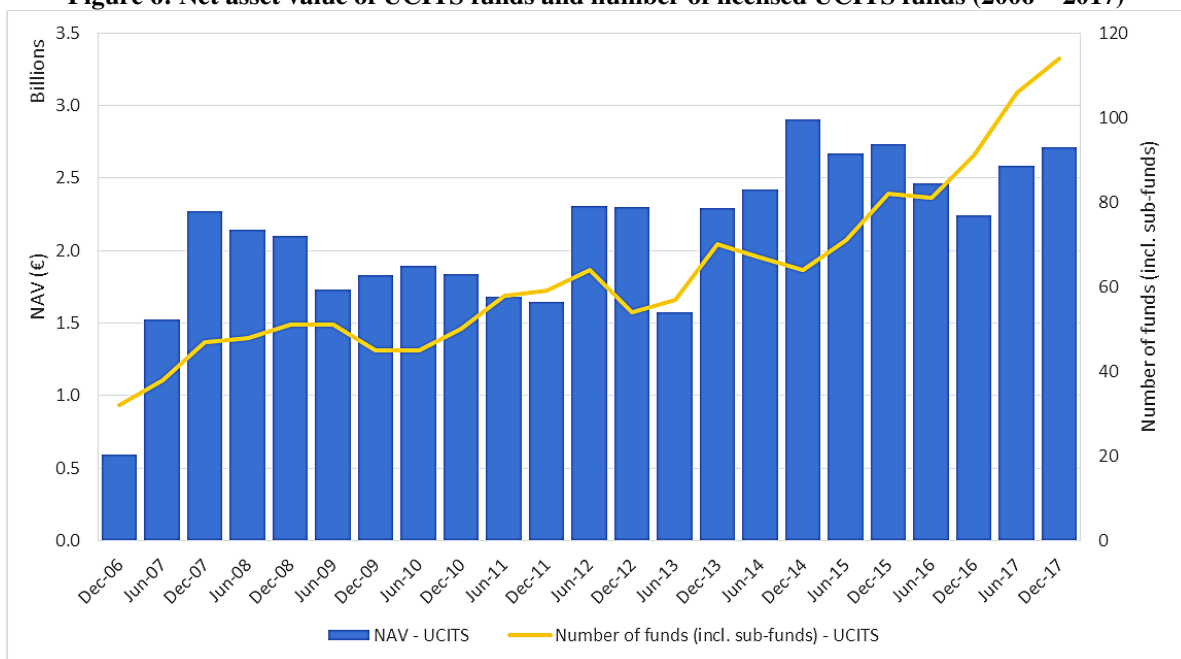


Source: Malta Financial Services Authority.

2.2.4 Analysis of net asset value of UCITS funds

UCITS funds reported a net asset value of €2.71 billion at the end of 2017, an increase of €0.47 billion when compared with end 2016. The next figure presents the net asset value and the number of licensed UCITS funds for the period 2006 – 2017.

Figure 6: Net asset value of UCITS funds and number of licensed UCITS funds (2006 – 2017)



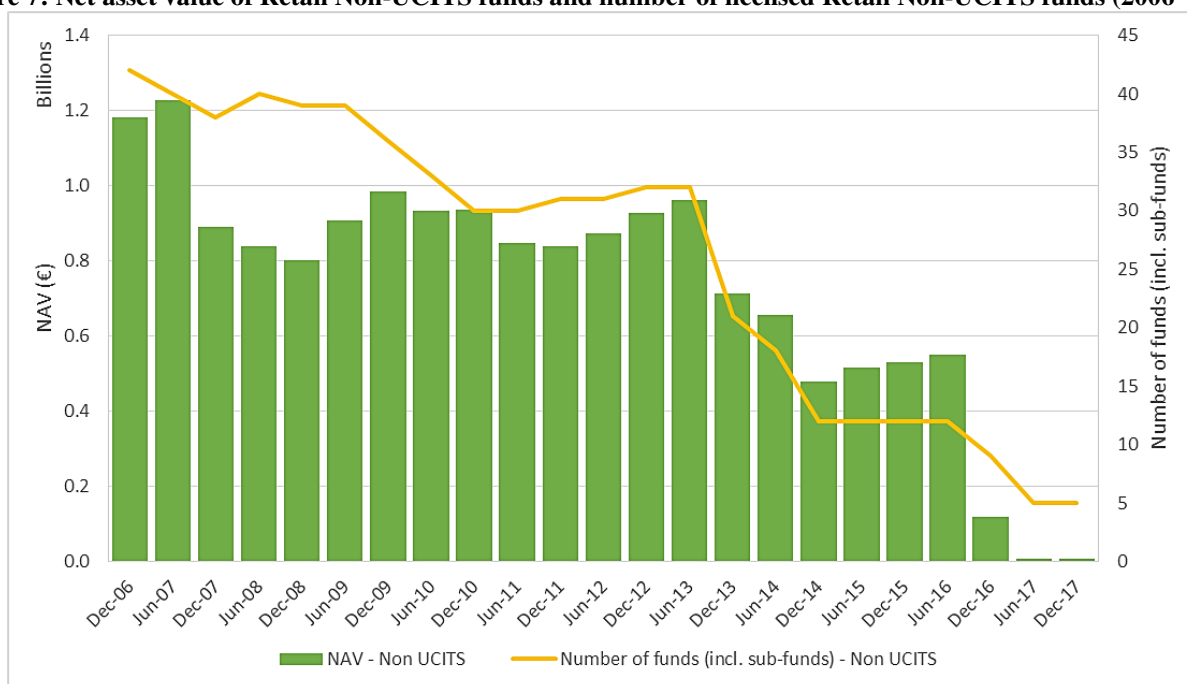
Source: Malta Financial Services Authority.

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

Retail Non-UCITS funds continued to decline both in terms of number of licences and net assets. There were five licenced Retail Non-UCITS funds at the end of 2017 with an aggregate net asset value of €0.01 billion, down by €0.11 billion when compared to the previous end year.

Figure 7 presents the net asset value and number of licensed Retail Non-UCITS funds for the period 2006 – 2017.

Figure 7: Net asset value of Retail Non-UCITS funds and number of licensed Retail Non-UCITS funds (2006 – 2017)



Source: Malta Financial Services Authority.

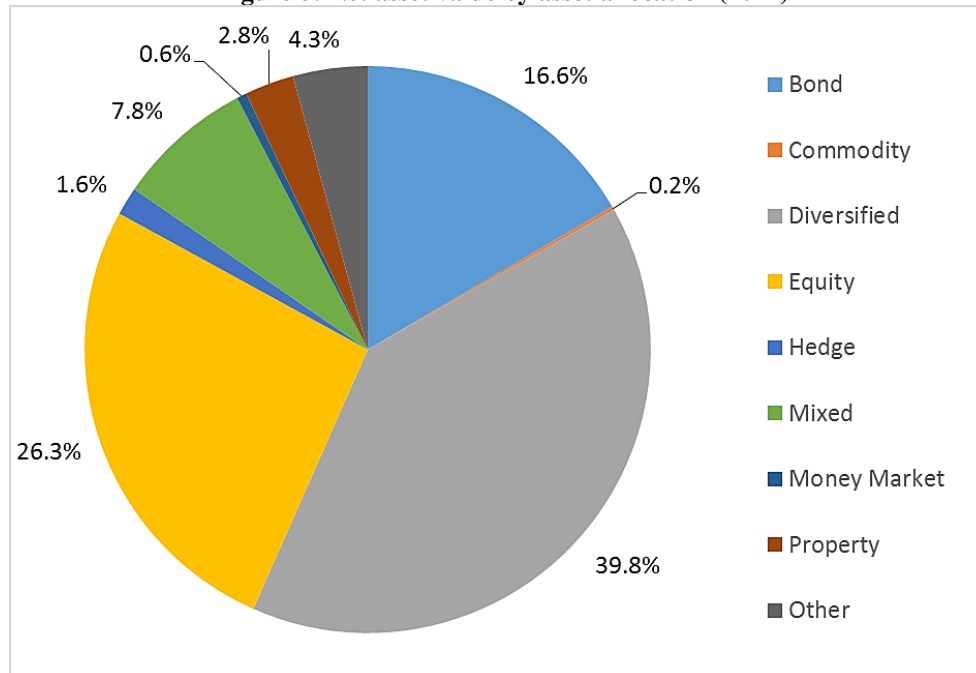
2.3 Asset class allocation of investment funds¹⁴

Diversified funds had the largest share with almost 40 percent (or €4.3 billion) of the total December 2017 NAV. Equity funds and bond funds followed with a share of 26 percent (or €2.85 billion) and almost 17 percent (or €1.79 billion) respectively. Mixed funds had a share of almost eight percent (or €0.84 billion) at the end of 2017.

The next figure presents the net asset value of Malta domiciled funds by asset category as at end 2017.

¹⁴ 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.

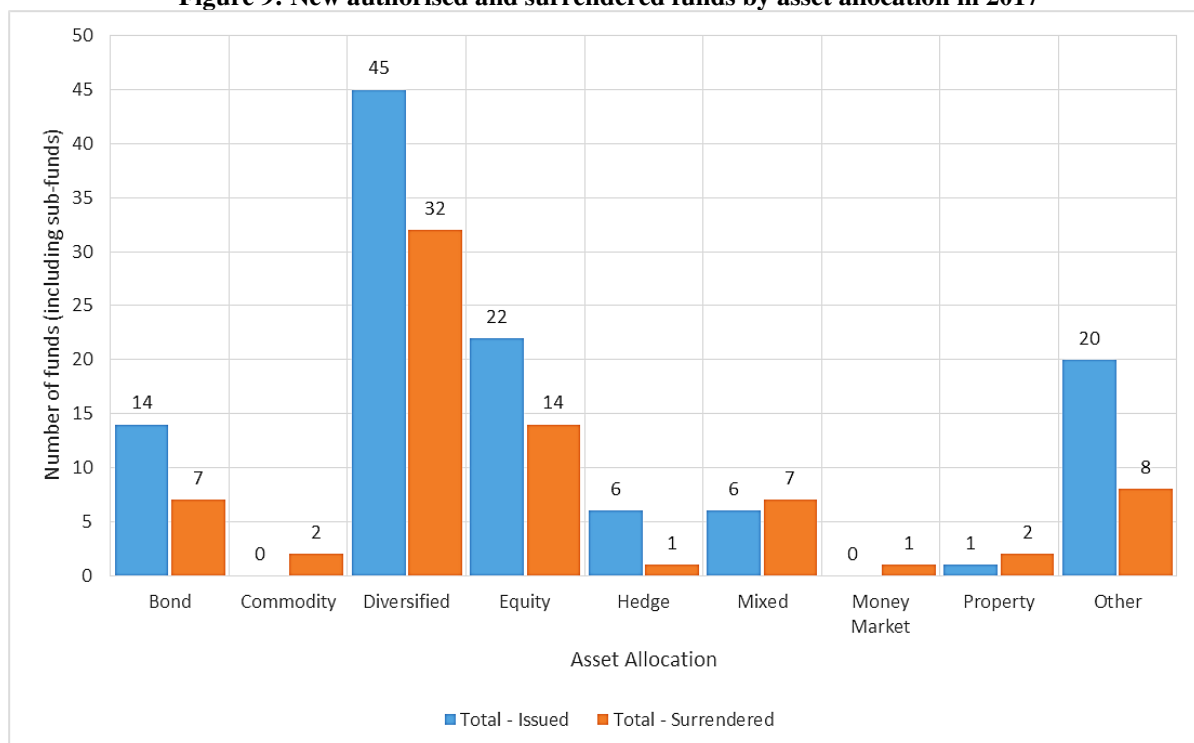
Figure 8: Net asset value by asset allocation (2017)



Source: Malta Financial Services Authority.

Diversified funds were the most popular type of funds in 2017 with almost 40 percent of the total new funds licenced as diversified funds. About 19 percent of the new funds were equity funds while 12 percent were bond funds. Funds adopting other different strategies had a share of almost 18 percent. The next illustration shows the number of issued and surrendered funds in 2017 by asset allocation.

Figure 9: New authorised and surrendered funds by asset allocation in 2017

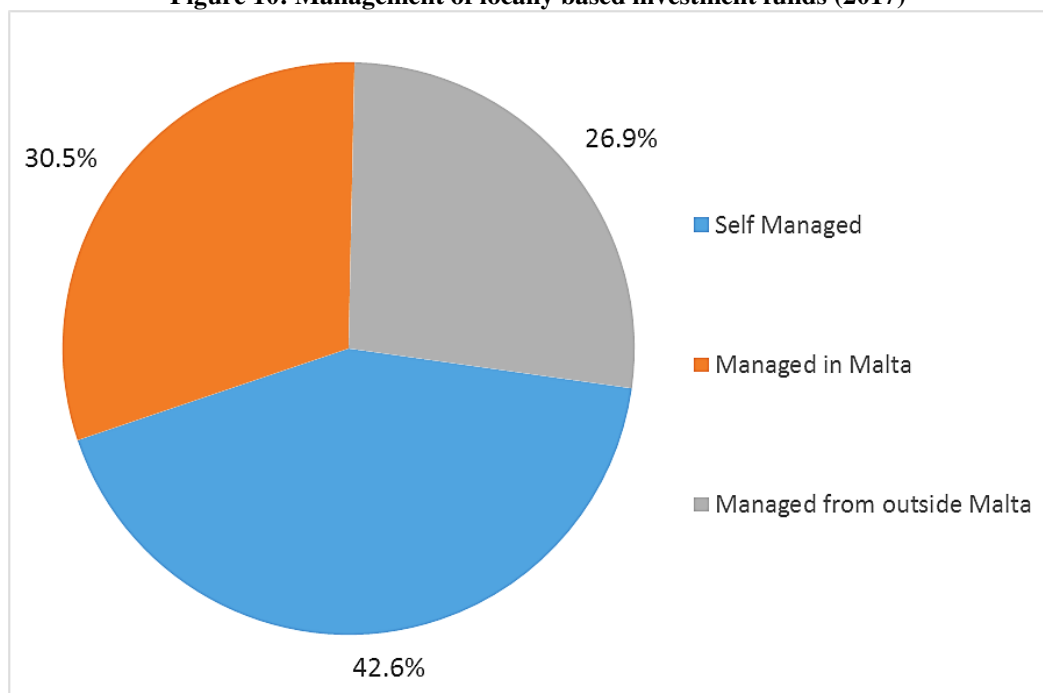


Source: Malta Financial Services Authority.

2.4 Management of funds

Funds managed in Malta had a share of 30.5 percent of the total licenced funds as at end 2017. Another 26.9 percent were managed from outside Malta. Furthermore, self-managed funds had a share of 42.6 percent, an increase of 5.7 percentage points when compared with the previous year.

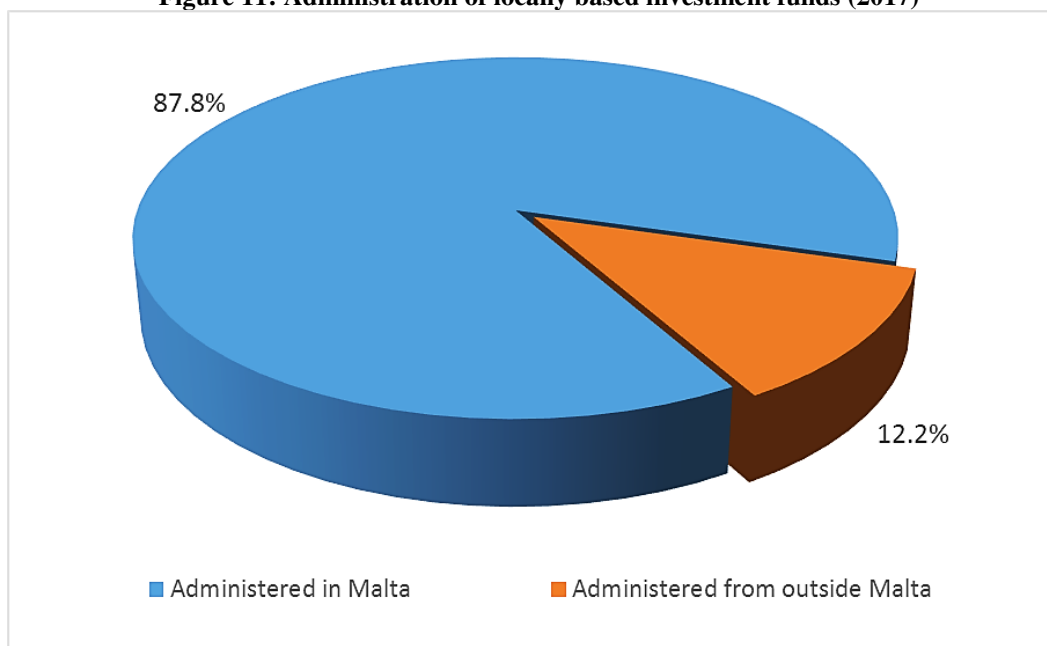
Figure 10: Management of locally based investment funds (2017)



Source: Malta Financial Services Authority.

2.5 Administration of funds

Funds administered in Malta accounted to almost 88 percent of the total licenced funds as at end 2017. This represents an increase of 3.7 percentage points when compared with end 2016. The remaining 12 percent were administered from outside Malta.

Figure 11: Administration of locally based investment funds (2017)

Source: Malta Financial Services Authority.

2.6 Structure of funds

Funds established as a multi-fund remained the most popular type of funds with investors, followed by stand-alone and master/feeder structures. As at December 2017, almost 81 percent of the Collective Investment Schemes operated as a multi-fund structure, almost 16 percent as stand-alone structure while about three percent were licensed as master-feeder structures.

The table below represents the operating structures of Collective Investment Schemes domiciled in Malta as at end 2017.

Table 8: Schemes by operating structure as at end December 2017

	Number of schemes as at December 2017	% number of schemes against total schemes
Master/Feeder (Master)	5	1.7
Master/Feeder (Feeder)	5	1.7
Stand Alone	46	15.8
Multi fund	235	80.8
Total	291	100

Source: Malta Financial Services Authority.

2.7 Funds listed on Malta Stock Exchange

At the end of 2017 there were 29 Malta domiciled funds listed on the Malta Stock Exchange, of which 10 are licenced as Professional Investor Funds, eight as Alternative Investment Funds, eight UCITS funds, and three Retail Non-UCITS funds.

Table 9: Funds listed on Malta Stock Exchange as at end December 2017

Type of CIS	Funds listed on MSE
PIF	10
AIF	8
UCITS	8
Retail Non-UCITS	3
Total	29

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 €2.56 billion at the end of 2017. This represents a decrease of about €0.19 billion (or 6.9 percent) when compared with end 2016.

Table 10: NAV of Non-Malta domiciled funds (including sub-funds) administered in Malta (2015 – 2017)

	NAV of non-Malta domiciled funds administered in Malta (Billion Euro)
December 2015	1.89
December 2016	2.75
December 2017	2.56

Source: Malta Financial Services Authority.

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