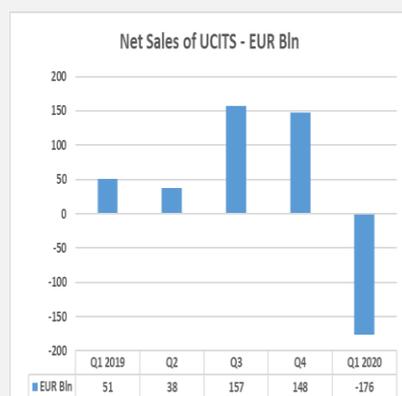


Fund Flow Digest

Total net assets of UCITS and AIFs declined by 11.6% in Q1 2020 with the Covid-19 driven market crash accounting for 94% of the decline and 6% being explained by net outflows. The below chart outlines the net sales of UCITS over the previous five quarters:

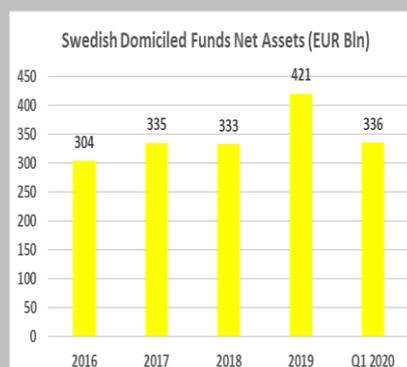


March was the worst month on record in Europe for fund flows which is unsurprising given the severity and speed of the Covid-19 downturn. In Q1, UCITS bond funds experienced the largest outflows at -€98 bln, followed by equities at -€47 bln and multi-asset funds at -€21 bln. The highest outflows were registered in Luxembourg, Ireland and France with only two European countries registering inflows – Denmark and Switzerland.

Economic activity in the Eurozone collapsed in Q1 2020. The purchasing managers' index fell from 51.6 in February to 31.4 in March. The economies in Italy and Spain were particularly impacted. All equity sectors fell with healthcare and utilities holding up the best. The ECB announced the Pandemic Emergency Purchase Programme ("PEPP") to fund the purchase of €750 bln worth of government and corporate bonds during the Covid-19 crisis. Sources: EFAMA, Schroders, Broadridge.

Country Spotlight: Sweden

Sweden is a significant fund domicile, ranked 8th in Europe in terms of net assets (€336 bln as at Q1 2020). There are 630 funds domiciled in Sweden with equity funds the dominant asset class (51% market share) followed by multi-assets funds (24%).



There are approx. 2,000 Irish funds registered for sale in Sweden, the 7th most popular market for Irish funds. UCITS funds distributed in Sweden are required to appoint a local paying agent. There are a number of distribution channels in Sweden with retail banks, private banks, insurance wrappers, FOFs, platforms and pensions active.

The Swedish fund market is very advanced with 80% of the population invested in funds through their pensions or privately. Approx. 70% of the Swedish population has monthly savings plans that are automatically invested in funds.

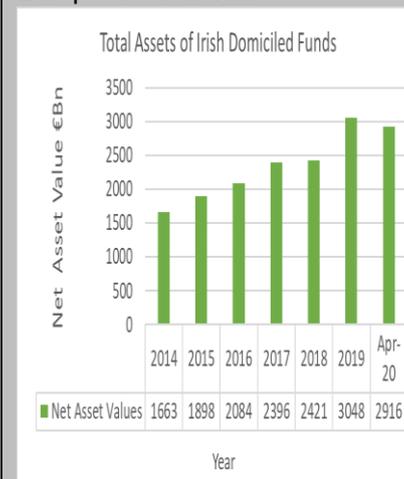
Investments in sustainable funds has become mainstream in Sweden with 33% of savers investing in sustainable funds. In 2019, as part of a drive for a more safe and sustainable pension system, a website was launched in Sweden that ranks managers' funds on sustainability. Sources: EFAMA, SFAMA, Irish Funds, PWC, Pensions & Investments.

The Quarter in Numbers

- 0.72** The number in € trn of European ETF net assets Q1 20
- 0.8** The number in € trn of Euro Real Estate fund net assets Q1 20
- 51** The number in € bln of AIF net sales in Q1 2020
- 40** The percentage of European net assets in AIFs

Irish eyes...

By the end of 2019, Irish domiciled fund assets surpassed €3 trn (see chart below) and Ireland accounted for 53% of all European net sales. However, in Q1 2020, Irish funds experienced the second largest outflows in Europe at €40.7 bln.



In Ireland, real estate funds have over €17 bln in assets. In July 2020, the CBI issued an ESMA driven common supervisory action questionnaire focusing on funds with large exposures to corporate debt and real estate. The CBI issued the questionnaire to management companies and self-managed funds. The focus of the CBI questionnaire/review is to assess funds' current state of preparedness for any unexpected future increase in redemptions and/or any valuation uncertainty and how funds might respond to potential future adverse shocks. Sources: Irish Funds, Ignites, CBI, William Fry.