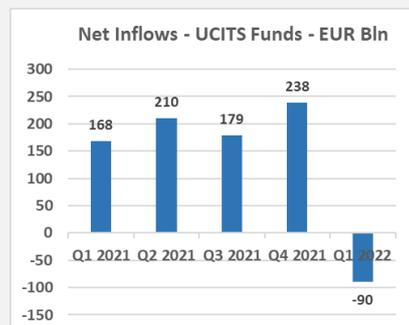


Fund Flow Digest

During Q1 2022, UCITS registered outflows of €90Bln which is in stark contrast to the inflows of €238Bln seen during Q4 2021.



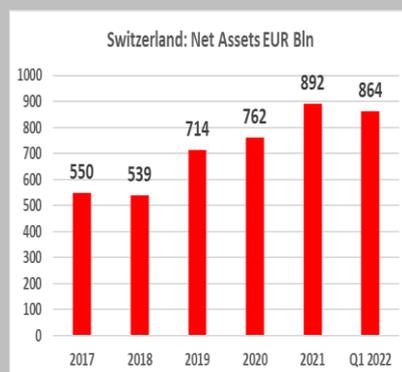
Net inflows of UCITS equity funds were €24Bln in Q1 2022 compared to €57Bln in Q4 2021. UCITS bond funds saw outflows of €50Bln in Q1 compared to inflows of €31Bln in Q4. Net inflows of UCITS multi-asset funds were higher in Q1 at €56Bln than the €50Bln in Q4 2021. Money market funds saw outflows of €119Bln in Q1 2022.

It is not surprising that overall demand for UCITS funds fell in Q1 2022 due to a number of factors. These include the war in Ukraine, the Covid lockdown in China, rising inflation, the requirement for central banks to raise interest rates and limited capability of governments to provide fiscal support due to post pandemic budget deficits.

In the Eurozone, the ECB indicated that bond purchases would end in Sept. 2022. Interest rates are due to increase by an initial quarter point in July. At the end of Q1, Eurozone inflation was 7.5%. The Eurozone PMI slipped to 54.5 in March, down from 55.5 in February. It should be noted that a level above 50 still represents economic expansion. Sources: EFAMA, Schroders, Bloomberg.

Country Spotlight: Switzerland

The Q1 2022 net assets of Swiss domiciled funds were €864Bln. Switzerland is the 4th largest market for Irish funds with 3,000+ funds registered there.



Switzerland is a very diverse market in terms of distribution. While private banking and direct face-to-face selling remain very prominent distribution channels, local players such as UBS and Credit Suisse also operate large fund platforms. The main distribution channels are institutional (pension funds and insurance), intermediary wholesale (banks and asset managers), intermediary (IFA, private pension solutions) and retail (direct).

Latest data from the Asset Management Association Switzerland (AMAS) showed that overall assets managed in the country rose to CHF1.51Trn in 2021. Local players UBS, Credit Suisse and Swisscanto have the largest market share in the Swiss asset management industry.

AMAS has recently stated that it is “actively engaged” in designing measures to tackle greenwashing in an effort to establish Switzerland as a leading hub for sustainable asset management. AMAS is also involved in the development of the Swiss Climate Score for financial products. Sources: EFAMA, Ignites, Irish Funds, IPE.

The Quarter in Numbers

- 1.35** The number in € Trn of European ETF net assets Q1 2022
- 1.43** The number in € Trn of money market fund net assets Q1 2022
- 1.00** The number in € Trn of real estate fund net assets Q1 2022
- 37** The percentage of European net assets in AIFs

Irish eyes...

Assets of Irish domiciled funds reduced in Q1 2022 given the challenging market conditions.



The Central Bank of Ireland (CBI) has recently approved what could be the first of several applications for indirect exposure to crypto assets. The CBI has granted permission, in principle, for two QIAIFs to gain indirect exposure to crypto assets. The two funds can now gain a low level of exposure to cash settled bitcoin futures traded on the Chicago Mercantile Exchange. This is the first time the CBI has approved indirect exposure to crypto-assets for a QIAIF. It is understood that there are other similar applications with the CBI for consideration. The CBI has however stated that it is unlikely to approve a UCITS or a RIAIF proposing any exposure (either direct or indirect) to crypto-assets, taking into account the specific risks attached to these assets. Sources: Irish Funds, Ignites.