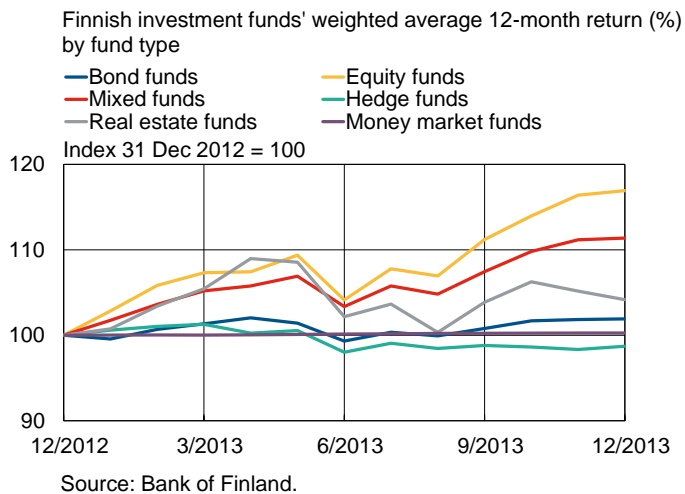


# Investment funds

## Annual Review • 2013



Bank of Finland  
Financial Stability and Statistics  
Statistics  
11.3.2014

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# 1 Summary

Year 2013 was a favourable one for investment funds registered in Finland. Fund values rose on the back of positive equity price developments, and new capital also flowed into investment funds during the year. The appreciation of investments was, however, somewhat contained by foreign exchange rate developments related to assets in foreign currencies, since the euro appreciated against most currencies. However, fund capital grew at a brisk pace throughout the year, although growth moderated from the previous year. The growth of fund capital in Finland continued to be faster than in the euro area on average.

Households made more fund investments in 2013 compared to the previous year. Due to the low level of deposit interest rates, households decreased the proportion of their wealth invested in deposits with an agreed maturity. The stock of deposits with an agreed maturity decreased by almost a fifth in 2013. At the same time, households invested their assets in other investments, such as equities and investment funds. All in all, households invested a good billion euro in net terms in investment funds during 2013. The other major investor sectors also made mainly positive net investments in investment funds in 2013.

The low level of market interest rates posed challenges to fund investors in 2013. There was a threat that the real return on low-risk investments would turn negative, taking inflation into account. In order to maintain the value of their wealth and to receive additional returns, investors had to transfer their assets into higher-risk investments. This was shown in 2013 in the investment fund sector as an increase in equity and bond fund investments.

Investment funds posted positive returns mostly throughout the year, with the exception of a minor dip in mid-summer. The main reason behind these few months of weak returns was a concern about the impacts of monetary tightening by the Federal Reserve.

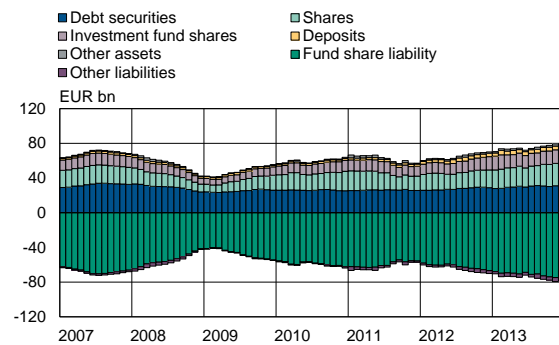
There were some structural changes in the Finnish investment fund markets during the year. The number of non-UCITS funds decreased significantly during the year, primarily as a result of management companies converting their non-UCITS funds into UCITS funds compliant with the UCITS Directive. This trend reflected the preparations being made by management companies for new obligations resulting from regulatory changes concerning the managers of alternative investment funds.

## 2 Aggregated balance sheet

The aggregated balance sheet of investment funds registered in Finland<sup>1</sup> grew in 2013 at a faster pace than the aggregated balance sheet of investment funds in the euro area on average. The aggregated balance sheet of investment funds in Finland increased by 13% and 8% in the euro area. At the end of 2013, the aggregated balance sheet of domestic investment funds stood at EUR 79 bn.

At the end of 2013, the aggregated balance sheet of investment funds registered in Finland stood EUR 8.8 bn higher than at the end of 2012. In November 2013, the aggregated balance sheet of domestic investment funds recorded the highest level in history at EUR 79 bn. The previous all-time high was in 2007 at EUR 72 bn. Over half of the balance sheet growth was due to subscriptions by investors and investment returns. The other half was explained by appreciation of the funds' investments, particularly equities.

Chart 1. Breakdown of domestic investment funds' aggregated balance sheet by instrument



Sources: Statistics Finland and Bank of Finland.

Investment funds' liabilities consist almost entirely of the fund-share liability investment funds have towards the fund investors. As in the previous year, a good three quarters of the fund-share liability consisted of liability towards domestic investors.

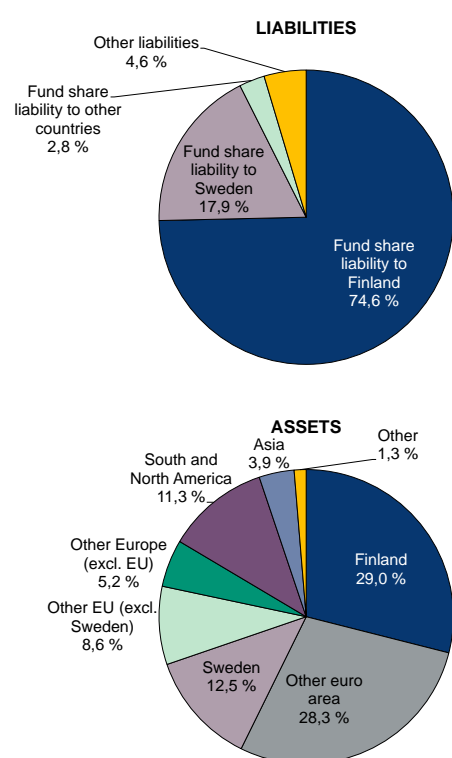
Swedish investors are the largest group of owners of Finnish investment funds after Finnish investors. The large proportion of Swedish investors is partly explained by the fact that the domestic currency of 16 Finnish investment funds is the Swedish krona, and these funds are primarily marketed in Sweden. In 2013, however, the proportional holdings of Swedish investors decreased slightly. The decrease is partly explained by an arrangement in which the assets managed by domestic management companies were transferred abroad. On the other hand, this development was counterbalanced by the fact that several Swedish investment funds with Swedish investors were merged into Finnish investment funds.

<sup>1</sup> The data collection on investment funds also covers information on money market funds registered in Finland. According to Regulation

ECB/2008/32 of the European Central Bank, money market funds are included in the MFI sector.

A significant proportion of the assets of Finnish investment funds is invested outside the euro area (43%). The investments beyond Europe were concentrated on the Americas<sup>2</sup> (11%) and Asia (4%). The wealth of domestic investors becomes more international through investment funds, since only 29% of the assets invested in investment funds remains in the home country.<sup>3</sup>

Chart 2. Breakdown of Finnish investment funds' aggregated balance sheet by region at end-2013



Source: Bank of Finland.

At the end of 2013, slightly more than 2.8 million unitholders had made investments in investment funds registered in Finland.<sup>4</sup> The number of fund investors increased by a good 230,000 from a year earlier. Over the past five years, the number of fund investors has

<sup>2</sup> South and North America.

<sup>3</sup> The geographical breakdown of the investments is described in the next section "Funds in the euro area".

<sup>4</sup> The figure indicates the total number of fund investors recorded in the shareholder register of investments, and it does not take into

account that a given investor may have investments in several investment funds.

### Funds in the euro area<sup>5</sup>

In 2013, the growth of the aggregated balance sheet of domestic investment funds was stronger compared to investment funds in the euro area on average. At the end of December 2013, the aggregated balance sheet of all investment funds registered in the euro area stood at EUR 7,934 bn, about 10% higher than at the end of 2012. In the same period, the balance sheet of investment funds registered in Finland increased by over 13%. Among the euro area countries, the aggregated balance sheet contracted only in Malta (-40%) and Portugal (-2%). At the same time, the strongest growth of the aggregated balance sheet was recorded in Cyprus (38%).

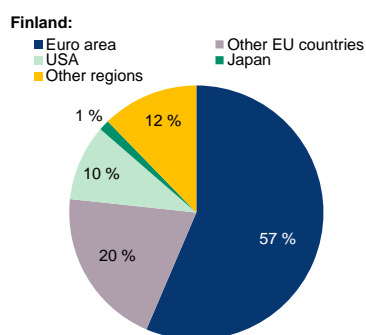
In comparing the investment funds, Finnish investment fund markets differ from the comparable euro area funds. In September 2013, 56% of assets of the funds registered in Finland were made in the euro area. The figure is roughly at the same level with other investment funds registered in the euro area (54%) However, domestic investment funds had 20% of their investments in other EU countries, whereas other investment funds in the euro area had only 9% of their investments in other EU countries. The difference is explained by the considerable investments of domestic investment funds in Sweden (13%). At the same time, 17% of the investments of euro area funds were made

account that a given investor may have investments in several investment funds.

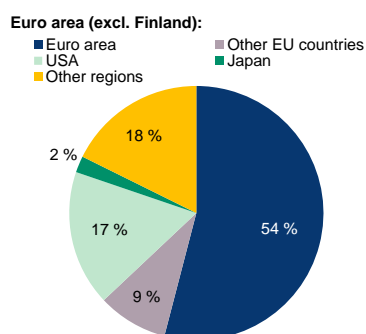
<sup>5</sup> Money market funds are not included in comparisons concerning the euro area.

in the United States, while domestic investment funds had considerably smaller investments in the US, about 10%.

**Chart 3. Investment funds' securities investments by region in Finland and the euro area in December 2013**



Source: Bank of Finland.



Source: European Central Bank.

Luxembourg, Germany, France, Ireland and the Netherlands account for the majority, 90%, of the aggregated balance sheet for the euro area. Finland accounted for one percent of the euro area aggregated balance sheet. Among the euro area countries, Luxembourg had the largest fund markets in terms of both the number of funds and amount of capital managed. However, in comparing the average fund size<sup>6</sup>, the Luxembourg-funds were only fourth-largest in the euro area (EUR 175 m). On average, the biggest funds are domiciled in the Netherlands, where the average fund size is almost EUR 315 m. In contrast,

<sup>6</sup> The average size of investment funds has been calculated as an arithmetic average (capital/number of funds).

Spain has a large number of funds, but these are very small on average (EUR 33 m). In a comparison of the average size of investment funds, Finland comes sixth (EUR 139 m).

**Table 1. Key figures on investment funds in euro area in September 2013**

	Capital (EUR m)		Number of funds		Average fund size (EUR m)
<b>Netherlands</b>	593 709	5 <sup>th</sup>	1 887	7 <sup>th</sup>	<b>314,6</b>
<b>Ireland</b>	1 041 370	3 <sup>rd</sup>	4 579	5 <sup>th</sup>	<b>227,4</b>
<b>Germany</b>	1 380 796	2 <sup>nd</sup>	7 497	3 <sup>rd</sup>	<b>184,2</b>
<b>Luxembourg</b>	2 343 541	1 <sup>st</sup>	13 393	1 <sup>st</sup>	<b>175,0</b>
<b>Italy</b>	185 832	6 <sup>th</sup>	1 296	9 <sup>th</sup>	<b>143,4</b>
<b>Total</b>	<b>7 037 329</b>		<b>49 872</b>		<b>141,1</b>
<b>Finland</b>	69 384	10 <sup>th</sup>	499	12 <sup>th</sup>	<b>139,0</b>
<b>France</b>	963 458	4 <sup>th</sup>	10 143	2 <sup>nd</sup>	<b>95,0</b>
<b>Austria</b>	150 033	8 <sup>th</sup>	2 168	6 <sup>th</sup>	<b>69,2</b>
<b>Belgium</b>	94 450	9 <sup>th</sup>	1 604	8 <sup>th</sup>	<b>58,9</b>
<b>Slovakia</b>	4 224	14 <sup>th</sup>	83	16 <sup>th</sup>	<b>50,9</b>
<b>Portugal</b>	23 866	11 <sup>th</sup>	503	11 <sup>th</sup>	<b>47,4</b>
<b>Spain</b>	168 837	7 <sup>th</sup>	5 152	4 <sup>th</sup>	<b>32,8</b>
<b>Greece</b>	5 253	13 <sup>th</sup>	189	13 <sup>th</sup>	<b>27,8</b>
<b>Cyprus</b>	1 873	15 <sup>th</sup>	119	15 <sup>th</sup>	<b>15,7</b>
<b>Estonia</b>	550	17 <sup>th</sup>	36	17 <sup>th</sup>	<b>15,3</b>
<b>Slovenia</b>	1 769	16 <sup>th</sup>	124	14 <sup>th</sup>	<b>14,3</b>
<b>Malta</b>	8 384	12 <sup>th</sup>	600	10 <sup>th</sup>	<b>14,0</b>

Source: European Central Bank.

### 3 Investment funds' returns

Similarly to the previous year, the returns of investment funds registered in Finland were mainly positive in 2013. Performance was strong in the first and last quarters. In contrast, performance was very mixed in the second and third quarters, and in some cases, considerably negative. In 2013, the weighted average return of investment funds<sup>7</sup> was 8.1% compared to 13.5% in 2012.

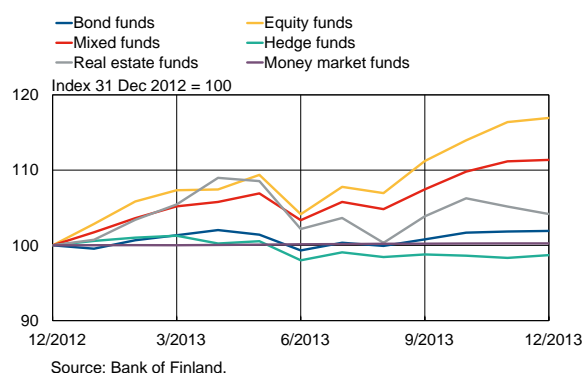
Investment funds registered in Finland showed a positive return in 2013 up until May. However, particularly in June, investment funds' returns sunk into negative territory. The main culprit for the negative global market performance in June was a concern about the impacts of monetary tightening by the Federal Reserve. However, from September onwards, returns were even better than in the early part of the year, which helped annual performance reach a clearly positive level.

Among the 482 investment funds operating in the same fund type throughout the year, 367 reached a positive annual return.<sup>8</sup> About a quarter of the funds posted a negative annual return (118 funds). The best single fund had an annual return of 47.9% in 2013 while the weakest fund returned -56.6%. The highest returns were posted by equity funds investing in

<sup>7</sup> The returns of domestic investment funds have been calculated for the growth units of investment funds operating the whole year 2013 in the same fund type. The average return has been calculated by weighting the value of each fund share relative to the aggregated balance sheet value and multiplying this by the return on the fund share. Finally, the values thus calculated have been summed. The returns of different fund types have been calculated by weighting the

European small-cap companies and Finnish companies. Emerging markets, particularly Latin America and Emerging Europe, were a challenging investment market. Equity funds investing in these markets, alongside individual hedge funds, were among the worst performers.

Chart 4. Finnish investment funds' weighted average 12-month return (%) by fund type



Similarly to previous years, there were large differences in the returns of the different fund types. However, excluding hedge funds, the weighted average return was positive for all fund types in 2013. The best return, 16.9%, was recorded for equity funds in 2013. Mixed funds reached an average return of 11.4%. Both equity funds and mixed funds posted very similar returns as in the previous year. In 2012, equity funds had an average return of 15.9% and mixed funds a good 13%. However, real estate funds, which

values of fund shares assessed relative to the balance sheet value of that type. The group of reporting entities and fund type changes have been described in Chapter 6 (see page 28).

<sup>8</sup> In analysing the weighted average returns, only such investment funds that operated the entire review period in the same fund type are taken into account. The purpose is to eliminate the potential impact of a fund type change in the performance of the fund.



## INVESTMENT FUNDS

reached a return as high as 25.7% in 2012, did not fare equally well in 2013, as their return was 4.2%. In the same vein, bond funds and hedge funds failed to perform in line with the previous year in 2013. Bond

funds, which generated a return of a good 13% in the previous year, only recorded a gain of 1.9% in 2013. Hedge funds were the only fund type with a negative return at -1.3%.

Table 2. Finnish investment funds' 12-month return (%) by fund type, end-2013

	Equity funds	Bond funds	Mixed funds	Real estate funds	Hedge funds	Money market funds	Total
<b>Weighted average</b>	16,9	1,9	11,4	4,2	-1,3	0,3	<b>8,1</b>
<b>Median</b>	17,5	1,8	9,3	5,3	-3,3	0,2	<b>6,6</b>
<b>Highest</b>	47,9	12,3	19,9	13,8	25,0	0,6	<b>47,9</b>
<b>Lowest</b>	-32,2	-14,0	-51,3	-4,1	-56,6	-4,5	<b>-56,6</b>

Source: Bank of Finland.

## 4 Investment funds' liabilities

**The aggregated fund-share liability of domestic investment funds reached an all-time high of a good EUR 75 bn in December 2013. Fund capital increased by EUR 8.6 bn during the year. Growth moderated from the previous year but continued to be brisk.**

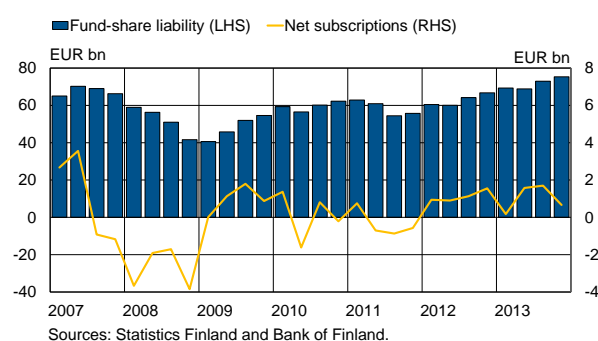
Fund capital continued to grow in 2013, albeit at a slower pace than in 2012. The capital of domestic investment funds increased by EUR 8.6 bn in 2013, compared to a growth of EUR 11 bn in the previous year. Although uncertainty prevailed in the real economy in 2013, financial markets performed mainly positively throughout the year. In particular, the value of equity instruments rose on the back of general market performance. However, as regards fixed-income investments, the increase in long-term interest rates decreased the value of fixed-income investments.

The change in fund capital is affected by both the change in the value of the securities held by the funds and the subscriptions and redemptions by the investors in the funds. Half of the growth in the fund capital (EUR 4.1 bn) was explained by a net inflow of new capital to investment funds.<sup>9</sup> At the same time, positive market performance, particularly the appreciation of equity prices, boosted the fund capital by about EUR 4.5 bn.

The aggregated investment fund capital covered 95% of aggregated investment fund liabilities. The remainder consisted of investment funds' other

liabilities, including liabilities resulting from any timing differences of securities transactions and fund share subscriptions, derivatives liabilities, any loan liabilities as well as debts resulting from the custody of securities and administration.

Chart 5. Finnish investment funds' fund-share liability and total net subscriptions



In 2013, the fund capital of domestic investment funds rose more steeply than in euro area funds on average. While the fund capital of domestic investment funds grew by 13%, growth in the euro area amounted to 8%. The difference is explained by the Finnish investment fund market's closer link to equity market performance. In Finland, equity funds accounted for 39% of the aggregated fund capital, in comparison with 25% in the euro area. Therefore, fluctuations in the equity markets have a relatively stronger impact on funds registered in Finland than on euro area funds in general.

The Finnish investment fund market also differs from the fund market in the euro area in other respects:

<sup>9</sup> Investment funds report their gross subscriptions and redemptions on a monthly basis, and net subscriptions are calculated as the difference of these figures.

bond funds have a larger proportion and money market funds have a smaller proportion of fund capital than in the euro area on average.

In the investment funds registered in Finland, the largest amounts of capital are invested in bond funds (EUR 36 bn) and equity funds (EUR 30 bn). Similarly to the previous year, in 2013, the largest amount of capital in net terms was invested in bond funds, a total of EUR 2.8 bn. However, the revaluation adjustment of bond funds was moderate, EUR 0.4 bn. Their average return in 2013 was 1.9%. Among other things, an increase in the yields on long-term government bonds decreased the value of the investments of bond funds. In contrast, investments in corporate bonds contributed positively to the returns of bond funds.

Equity funds benefitted in 2013 from both the solid performance of the equity markets and an increase in investors' risk appetite. New capital of EUR 2.1 bn was invested in net terms in equity funds, and the value of their investments increased by EUR 3.6 bn.

Although money market funds offered almost zero return (0.3%)<sup>10</sup> in 2013 due to the low level of market interest rates, they had more subscriptions than redemptions during the year, though the difference was only EUR 0.2 bn. Money market funds are often considered substitutes for deposits with an agreed maturity<sup>11</sup>, but the developments in these two asset classes differed during the year, as deposits with an agreed maturity decreased by EUR 3.5 bn. In addition, deposits with an agreed maturity were paid an average return of 1.3% in 2013.

The past year was a challenging one for mixed funds, and their fund capital stock contracted by EUR 0.7 bn. Investors reduced their holdings in mixed funds considerably and redeemed EUR 1.2 bn in net

terms during the year. However, the positive revaluation adjustment of mixed funds' equity investments contained the contraction of the fund capital stock. The capital in hedge funds also contracted by EUR 0.2 bn to EUR 1.3 bn at year-end. The contraction of capital was almost entirely due to redemptions made by investors.

In a breakdown by country, the ownership of domestic investment funds was highly concentrated (Table 3). A majority of the fund-share liability, or a good 78%, was held by domestic investors. The proportion of domestic investors rose by 2 percentage points in 2013, whereas it had decreased by almost 5 percentage points in 2009–2012. Swedish investors are the second-largest group of owners in Finnish investment funds. 19% of the fund-share liability was held by Swedish investors. In 2013, the proportion of Swedish investors, however, declined by about 2 percentage points. The decrease in the net investments by Swedish investors is partly explained by an arrangement in which the assets managed by domestic management companies were transferred abroad. On the other hand, this development was counterbalanced by the fact that several Swedish investment funds with Swedish investors were merged into Finnish investment funds. Particularly in the early part of the year, many Swedish investment funds merged into Finnish investment funds.

<sup>10</sup> For more information on investment funds' return, see Chapter 3.

<sup>11</sup> It should be noted that there are differences between these two asset types.

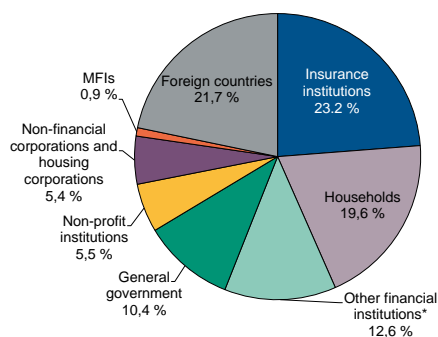
Table 3. Finnish investment funds' fund-share liabilities by country

	2013		2012		2011	
	EUR m	%	EUR m	%	EUR m	%
Finland	58 926	78,3	50 866	76,2	42 969	77,1
Sweden	14 164	18,8	13 845	20,7	10 295	18,5
Norway	594	0,8	507	0,8	346	0,6
Luxembourg	538	0,7	530	0,8	292	0,5
Ireland	456	0,6	399	0,6	370	0,7
Estonia	110	0,1	102	0,2	78	0,1
Lithuania	74	0,1	77	0,1	72	0,1
United Kingdom	70	0,1	54	0,1	987	1,8
Switzerland	69	0,1	66	0,1	67	0,1
Other	302	0,4	288	0,4	241	0,4
<b>Total</b>	<b>75 304</b>	<b>100,0</b>	<b>66 734</b>	<b>100,0</b>	<b>55 716</b>	<b>100,0</b>

Source: Bank of Finland.

As in previous years, the largest domestic investor sectors holding units in investment funds were insurance corporations (EUR 18 bn) and households (EUR 15 bn). The relative ownership of households in funds has decreased on an annual basis since 2009, but it grew in 2013. Households increased their relative ownership share by 0.5 percentage points. The ownership of insurance corporations also increased from 23% to 24%. A significant proportion of insurance corporations' fund holdings are related to unit-linked insurance policies. Hence, these holdings are indirectly the assets of households and other policy buyers. Other financial institutions own EUR 9.1 bn of the fund capital. A majority of these investments are cross-holdings between different funds. The proportion of foreign ownership in Finnish investment funds amounts to a good fifth.

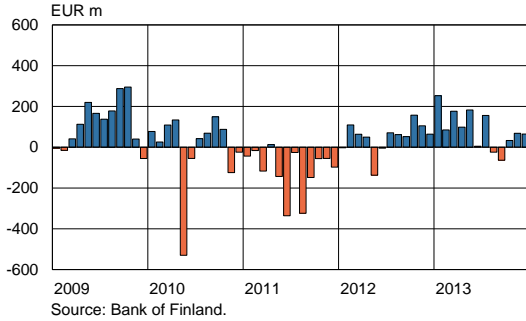
Chart 6. Breakdown of Finnish investment funds' fund-share liabilities by investor sector at end-2013



\*Also includes financial auxiliaries.  
Source: Bank of Finland.

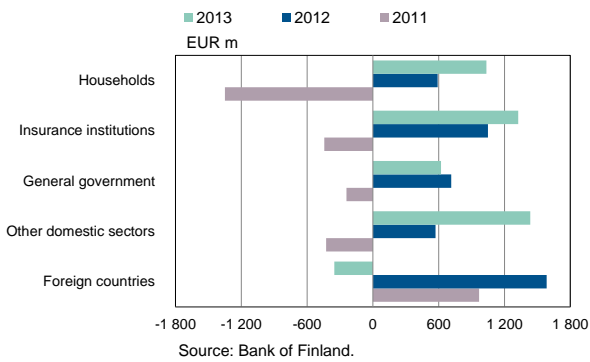
The net investments by Finnish households in investment funds registered in Finland increased in 2013 excluding a minor dip in early autumn. All in all, the net inflow of capital from households into investment funds slightly exceeded a billion euro during the year. This is the most since 2009, when households invested EUR 1.4 bn in net terms in investment funds. Due to the low level of interest rates on deposits, households have sought a store of value and additional return for their wealth from investment funds. During the last two years, households have made net investments of about EUR 1.6 bn in investment funds. This signifies a major turnaround from 2011, when households redeemed almost EUR 1.3 bn worth of assets from investment funds. During the year, households invested their assets mostly in bond funds, in net terms EUR 0.5 bn.

Chart 7. Net investments by Finnish households in investment funds registered in Finland



Alongside households, the most active investors in Finnish investment funds in 2013 were domestic insurance corporations (EUR 1.3 bn) and other domestic sectors (EUR 1.4 bn) including investment funds and non-financial corporations, among others. In euro terms, insurance corporations invested the most in investment funds in four years. In 2013, investments from abroad were negative for the first time in four years (EUR -0.4 bn).

Chart 8. Net investments in Finnish investment funds by investor sector in 2011-2013



**Box 1. Growth units account for 95% of investment fund capital**

**95% of the fund capital of investment funds registered in Finland consists of growth units, which do not distribute annual dividend to unitholders.**

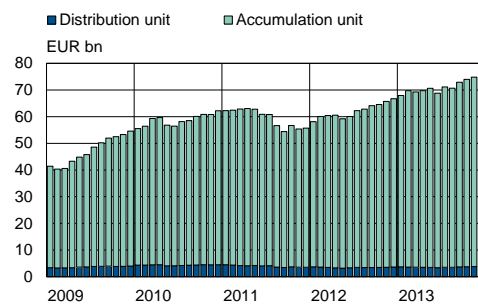
Investment funds may issue both growth and distribution units. These units differ in that the holders of distribution units are paid an annual dividend specified in the fund rules, whereas the holders of growth units are not paid an annual dividend. In the case of growth units, any profit from trading as well as dividend or interest income is added to the investment assets of the fund. A majority, 95%, of the fund capital of domestic investment funds, consists of growth units.

Any dividend distributed to the unitholders or sales gains which may be realised in connection with redemptions, constitute capital gain for the investor, which is subject to capital income tax. Therefore, investors in distribution units pay capital income tax on an annual basis. In contrast, gains on the sale of growth units are only taxable in connection with the redemption of the fund units.

Over a review period of five years, the fund capital of distribution units has remained relatively stable. At the end of December 2013, the fund capital of distribution units amounted to EUR 3.8 bn, compared to EUR 3.4 bn in January 2009. At the same time, the fund capital in growth units has grown considerably, by as much as 88% over the five-year period. The development of capital in growth units is explained particularly by the fact that any annual income generated by growth units is added to the fund capital, which therefore automatically increases the capital of investment funds with growth units. On the other hand, this trend also reflects an increase in the supply

of growth units in terms of number over the last five years. In December 2013, investment funds registered in Finland had issued a total of 668 growth units, compared to 579 in January 2009. In contrast, the number of distribution units at end-2013 was 366, compared to 345 in January 2009.

**Chart 9. Investment funds' fund capital broken down into distribution and growth units**



Source: Bank of Finland.

In December 2013, the sector with the largest holdings in distribution units of investment funds registered in Finland was non-profit institutions serving households. Their holdings amounted to EUR 1.1 bn (28%). The taxation of non-profit entities, such as foundations, differs from the taxation of private persons in that dividends and capital gains received by them are tax-exempt.

Finnish insurance corporations hold EUR 0.9 bn in distribution units and households EUR 0.6 bn. The fourth-largest investments of capital in distribution units issued by Finnish investment funds come from Sweden, a total of EUR 0.5 bn. A majority of these investments are made through funds marketed in Sweden but registered in Finland

## 5 Investment funds' assets

**The assets of investment funds registered in Finland showed a mainly positive development in 2013. In particular, the appreciation of the funds' equity assets increased the aggregated stock of assets. Foreign exchange developments of assets denominated in other currencies than the euro contained the increase of value, as the euro appreciated against most currencies.**

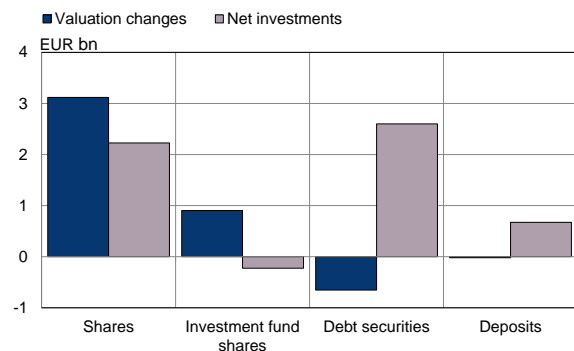
The aggregated balance sheet of domestic investment funds grew by about EUR 8.9 bn in 2013. Positive revaluation adjustments accounted for 41% in net terms of the growth in asset values. Revaluation adjustments consist of both changes in the values of securities and exchange rate valuation adjustments, if any. In 2013, the appreciation of the euro against other currencies caused an overall negative foreign exchange change of approximately EUR 1.3 bn for investment funds. At the same time, price changes resulted in a growth of almost EUR 5 bn in the value of the underlying securities. The proportion of exchange rate adjustments in the revaluation adjustments was considerably larger contrasted with the previous years, when it has been about 1-3% of the overall revaluation adjustments. The remainder of the balance sheet growth was attributable to net investments in investment funds and other investment returns.

### Assets by instrument and sector

In 2013, the performance of the equity assets of investment funds registered in Finland was very favourable. The stock of investment funds' equity assets grew during the year from a good EUR 20 bn by

a whopping 26% to almost EUR 26 bn. Over half (58%) of the growth of the stock of equity assets was due to positive market developments. However, debt security assets continue to be the largest single asset class among all investment funds' assets. The stock of investment funds' debt security investments increased by about 7% during the year to stand at about EUR 31 bn at end-2013.

**Chart 10. Finnish investment funds' net investments and revaluation adjustments by instrument in 2013**



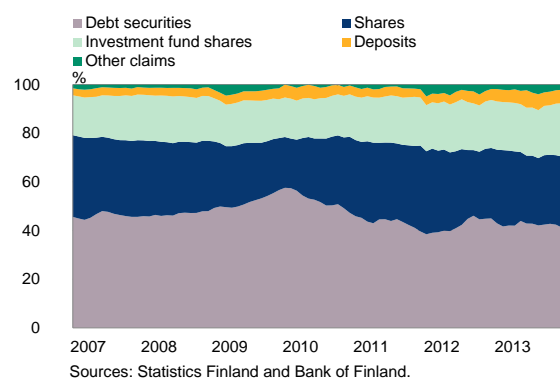
Source: Bank of Finland.

Over four fifths of the stock of investment funds' equity assets consisted of shares in non-financial corporations. As in the previous year, shares in non-financial corporations based in the United States were a major investment target for investment funds. In addition, investment funds invested particularly in Japanese non-financial corporations. In net terms, investment funds invested a total of EUR 1.3 bn in the equities of US and Japanese non-financial corporations. At the same time, investment funds withdrew almost EUR 0.3 bn of investments from the equities of Russian non-financial corporations and deposit banks. The positive revaluation adjustments of

investment funds' equity assets were mainly due to an increase in the prices of Finnish, US and Danish non-financial corporations.

In 2013, investments in units of other Finnish investment funds were the only asset class showing a negative development in net terms. This was mainly due to an arrangement where assets managed in funds of funds were transferred abroad from Finland.<sup>12</sup> This was shown as negative net investments in the Finnish fund statistics. Over half of the fund investments of investment funds are made in other Finnish investment funds. The aggregated stock of fund assets amounted to about EUR 16 bn at the end of 2013.

**Chart 11. Assets of Finnish investment funds by instrument (%)**



In the debt security markets, Finnish investment funds invested new capital primarily in bonds issued by the German government, a good billion euros in net terms. Net investments in Spanish and Italian government bonds were also clearly positive in 2013. The value of Italian and Spanish government bonds increased while the prices of other government bonds generally fell in 2013. Funds reduced their investments in net terms in

debt securities issued by the Swedish government and Swedish deposit banks.

Similarly to previous years, investment funds channelled their capital also in debt securities issued by Finnish and Swedish non-financial corporations, a total of EUR 0.7 bn. In contrast to the previous year, investments in debt securities issued by Russian non-financial corporations were liquidated or not renewed after they had matured.

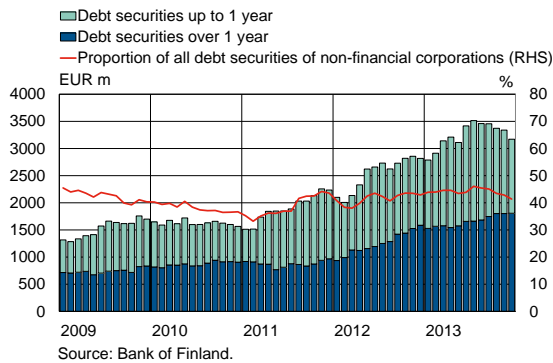
The stock of investment funds' assets based on debt securities from domestic non-financial corporations grew up until July 2013 as in the two previous years. The debt security assets of domestic investment funds in domestic non-financial corporations peaked in July at a good EUR 3.5 bn. At the same time, also the proportion of domestic non-financial corporations relative to the debt security assets of all non-financial corporations held by investment funds was at its highest (46%). The corresponding figures at the end of 2013 were EUR 3.2 bn and 41%. The growth debt security investments in non-financial corporations also reflects the fact that domestic non-financial corporations continue to have a need for market-driven funding.<sup>13</sup>

<sup>12</sup> "Funds of funds" are funds investing their assets primarily in other funds. The statistical specifications of the European Central Bank do not include a separate category for funds of funds, but they are classified according to the underlying investments.

<sup>13</sup> For more information, see Bank of Finland's Financial Market Report 2/2013, p. 4 (Banks' role in financing Finnish companies has diminished).



Chart 12. Finnish investment funds' debt security-based assets in Finnish companies



According to the financial accounts data of Statistics Finland, the stock of debt securities issued by Finnish non-financial corporations has increased by 71% from March 2009 to September 2013. At the end of September 2013, the stock stood at about EUR 37 bn. At the same time, also the proportional holdings of investment funds in all debt securities issued by Finnish non-financial corporations have increased. The growth has been the most significant after the first quarter of 2011. From there on until June 2013, funds' proportional holdings increased by a good 4 percentage points to 10% of all debt securities issued by Finnish non-financial corporations. Investment funds are a significant owner class of short-term debt securities with a maturity of up to 1 year issued by Finnish non-financial corporations. In September 2013, funds held over 30% of these securities. At that point, non-financial corporations had issued short-term debt securities amounting to about EUR 5.7 bn.

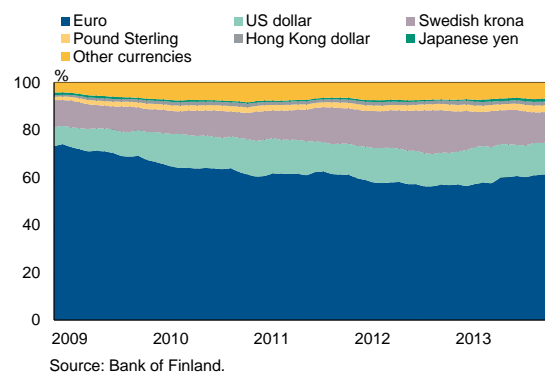
A majority (68%) of investment funds' deposit stock of EUR 4.5 bn was invested in liquid overnight deposits that funds need to run their daily activities. Deposits with an agreed maturity accounted for about 3% of the deposit stock. The remainder of the deposit

stock consisted mainly of so-called collateralised repo-deposits related to the funds' resale agreements.

### Assets by currency

At the end of 2013, investment funds registered in Finland held securities assets denominated in 57 different currencies. A majority of the assets, however, is denominated in euro (61 %). The proportion of securities assets<sup>14</sup> in euro increased for the first time in five years from the previous year-end; the growth amounted to almost 5 percentage points. The growth of euro-denominated securities is explained by a decrease in investments denominated in the Swedish krona. The appreciation of the euro relative to the Swedish krona in 2013 partly explains the relative decrease of investments in the krona. As the proportion of the Swedish krona decreased in 2013 by almost 5 percentage points, US dollar emerged as the second-largest currency of denomination of securities assets after the euro. Similarly to the previous years, only a good tenth of all securities assets were denominated in other currencies than the euro, US dollar or Swedish krona.

Chart 13. Breakdown of Finnish investment funds securities assets by currency



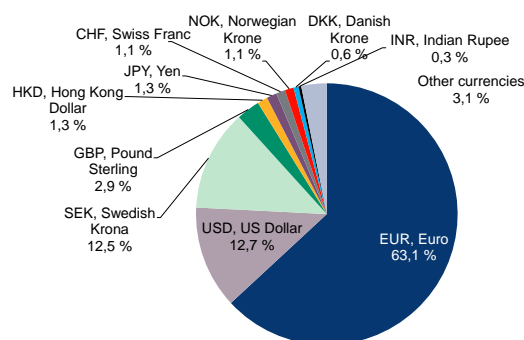
<sup>14</sup> Equity, fund-share and debt-security-based assets.

Slightly over three quarters of investment funds' debt security assets were denominated in the euro at the end of 2013. The proportion of debt security assets denominated in euro increased during the year by almost 8 percentage points. The proportion of debt securities denominated in SEK decreased by 6 percentage points and those in USD decreased by slightly less than 2 percentage points. At end 2013, debt securities in SEK and USD accounted for about a fifth of all debt security assets held by investment funds.

In a breakdown by instrument type, changes in the currency breakdown of the fund assets were relatively the largest in 2013. Out of the EUR 16 bn in investment fund shares, 74% were denominated in euro. The proportion of fund share assets denominated in euro increased during the year by a good 11 percentage points. At the same time, the relative proportion of fund shares in SEK and USD decreased by a corresponding amount.

As in previous years, the currency breakdown of equity assets did not change materially in 2013. Out of the investment funds' equity stock of EUR 26 bn, assets in euro covered about 35%. Investment funds' second-largest holdings were in USD-denominated equities, amounting to 26%. The relative proportion of both equities denominated in US dollar and Japanese yen increased during the year by 2 percentage points. Out of the EUR 4.5 bn deposit stock of investment funds registered in Finland, 90% were denominated in euro and 5% in Swedish krona.

Chart 14. Currency breakdown of Finnish funds' assets at end-2013

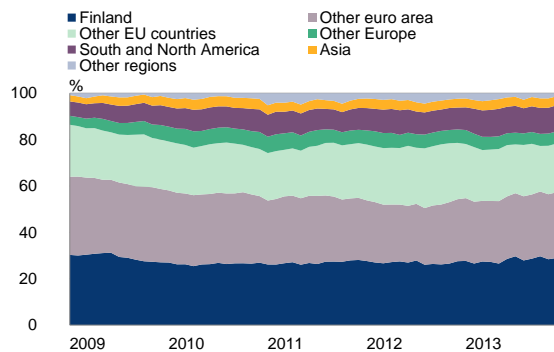


Source: Bank of Finland.

### Assets by region

The geographical breakdown of Finnish investment funds' assets did not change to any large degree in 2013. The funds' assets of EUR 79 bn continued to be concentrated in Europe. At the end of the year, European assets made up 84% of total assets, similarly to the previous year. However, there were changes in the relative proportions of assets in different regions within Europe during the review year: assets in the euro area increased by 3 percentage points and correspondingly, assets in the rest of the EU decreased by a good 3 percentage points. At the same time, the proportion of assets in South and North America increased, mainly due to investments in the United States.

Chart 15. Assets of Finnish investment funds by region



Source: Bank of Finland.

Investment funds invested new capital particularly in the euro area and the United States, a total of EUR 6.5 bn. The majority of the revaluation adjustments accrued by investment funds also came from the same regions. Meanwhile, investment funds liquidated almost EUR 1.3 bn of assets in non-euro area EU, although the revaluation adjustments of assets in the same region were clearly positive in 2013.

Table 4. Finnish investment funds' assets by country

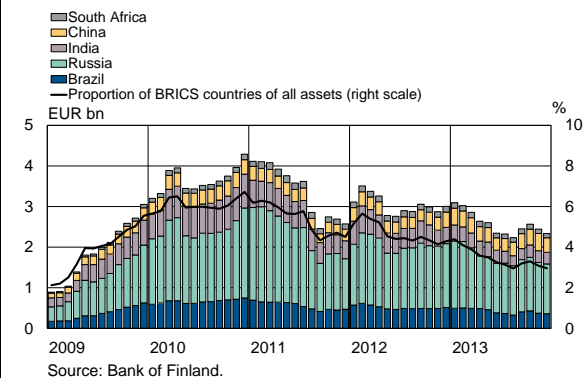
	31.12.2013		2013		31.12.2012	
	Stock	%	Valuation change	Net investments	Stock	%
Finland	22 858	29,0	1 529	2 021	19 309	27,6
Sweden	9 834	12,5	382	-1 326	10 772	15,4
Luxembourg	7 070	9,0	867	1 552	4 662	6,7
United States	4 872	6,2	155	-172	4 881	7,0
United Kingdom	4 339	5,5	368	-117	4 065	5,8
France	4 061	5,1	169	1 296	2 598	3,7
Germany	3 831	4,9	148	670	3 027	4,3
Netherlands	2 613	3,3	30	171	2 417	3,4
Denmark	2 085	2,6	72	183	1 831	2,6
Ireland	1 955	2,5	35	327	1 593	2,3
Italy	1 948	2,5	71	479	1 398	2,0
Russia	1 764	2,2	101	-52	1 713	2,4
Spain	1 228	1,6	-100	-245	1 572	2,2
Norway	1 199	1,5	-32	239	994	1,4
Switzerland	987	1,3	136	202	651	0,9
Brazil	938	1,2	67	614	257	0,4
Cayman Islands	489	0,6	17	39	428	0,6
Austria	448	0,6	28	-36	457	0,7
India	432	0,5	-4	54	382	0,5
Turkey	359	0,5	-23	4	378	0,5
Other	5 640	7,1	-366	-677	6 681	9,5
<b>Total</b>	<b>78 950</b>	<b>100,0</b>	<b>3 649</b>	<b>5 227</b>	<b>70 064</b>	<b>100,0</b>

Source: Bank of Finland.

Investment funds' assets in Finland grew in 2013 by over EUR 3.5 bn and at the same time also increased the relative proportion of Finnish assets in the total pool of assets. In relative terms, assets in the United States increased the most compared to the previous year: 2.3 percentage points. In contrast, the relative proportion of assets in Sweden decreased during the year by 2.9 percentage points.

In a country-by-country review, the revaluation adjustments of fund assets were mainly positive. However, as regards emerging countries, both revaluation adjustments and net investments by funds were mainly negative in 2013. For example, assets in the so-called BRICS countries<sup>15</sup>, which provide a good representation of the emerging countries, decreased by almost EUR 0.7 bn. A majority (56%) of the reduction of assets in BRICS countries was due to negative net investments. At the end of 2013, investment funds' assets in the BRICS countries amounted to about 3% of the total assets. Three years earlier, the proportion still stood at 7%.

Chart 16. Finnish investment funds' assets in BRICS countries



Source: Bank of Finland.

<sup>15</sup> Brazil, Russia, India, China and South Africa.

**Box 2. Number of non-UCITS funds decreased significantly during the past year**

**In 2013, the number of non-UCITS funds registered in Finland decreased by 26. The decrease in the number of non-UCITS funds reflected changes in financial market regulation due to the regulation on alternative investment fund managers<sup>16</sup>, for instance.**

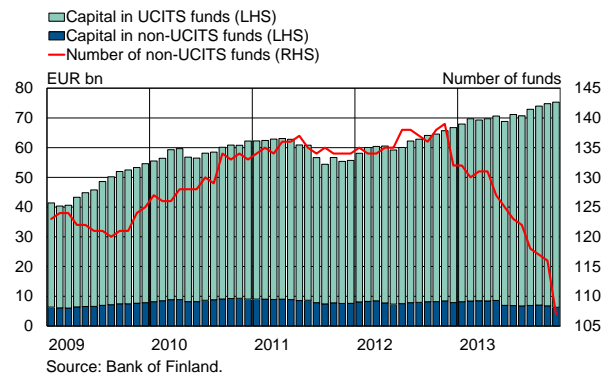
At the end of 2013, the capital in non-UCITS funds amounted to EUR 6.3 bn, or a good 8% of the capital of all investment funds registered in Finland. As recently as at the end of the first quarter of 2012, non-UCITS funds accounted for about 14% of all investment fund assets.

Non-UCITS funds have always accounted for a small proportion of the assets in all investment funds. Non-UCITS funds differ from so-called UCITS funds, or funds compliant with the Directive on Undertakings for Collective Investment in Transferable Securities, in that their investment activities are not subject to equally tight restrictions. Following the national implementation of the Directive on Alternative Investment Fund Managers (AIFMD), managers of alternative investment funds managing for example contract-based non-UCITS funds, fall within the scope of the new regulation and obligations.

The main reason for the reduction in the capital in non-UCITS funds is indeed the reclassification of many non-UCITS funds as UCITS funds. Hence, the decrease in the capital of non-UCITS funds does not

reflect, for example, weaker investment performance compared to UCITS funds. In contrast, the weighted average return of non-UCITS funds operating throughout 2013 was 9.6%, which is 1.6 percentage points higher than the average annual return of regular UCITS funds (8.0%). On the other hand, 44% of non-UCITS funds are equity funds by categorisation, which explains a part of their solid performance in 2013.

**Chart 17. Capital of investment funds and number of non-UCITS funds registered in Finland**

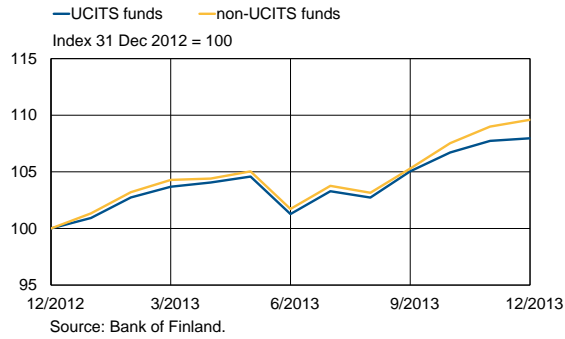


The number of non-UCITS funds was at its highest in November 2012 at 139. At the end of 2013, there were 107 non-UCITS funds registered in Finland.

<sup>16</sup> So-called AIFM Directive (2011/61/EU) or Directive on Alternative Investment Fund Managers poses many requirements on the managers of these funds. Companies managing alternative investment funds are required to have an authorisation or

registration. Management companies with an authorisation based on the UCITS Directive managing non-UCITS investment funds must apply for a separate authorisation to manage alternative investment funds falling in the scope of the AIFM Directive.

Chart 18. Weighted average 12-month return of Finnish UCITS and non-UCITS funds (%)



The key owners of domestic non-UCITS funds are Finnish insurance corporations (EUR 1.6 bn) and households (EUR 1.2 bn). Insurance corporations and households have almost the same relative proportions of holdings in non-UCITS funds as in regular investment funds. The third-largest owner sector of non-UCITS funds is Finnish employment pension schemes. They own almost EUR 1.0 bn worth of units in non-UCITS funds. Finnish employment pension schemes own 16% of the capital in non-UCITS funds but only 6% of the capital of UCITS funds.

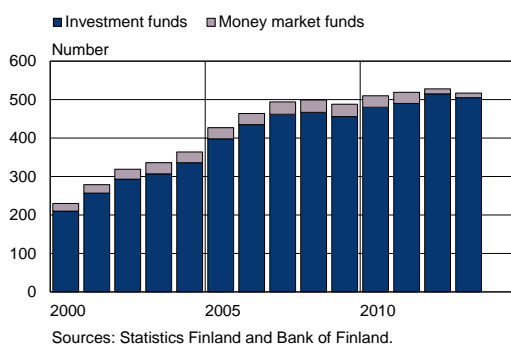
## 6 Reporting entities

**The total number of investment funds (incl. money market funds) registered in Finland at end-2013 stood at 517. In contrast to the three previous years, the total number of investment funds decreased during the year by 10 funds.**

The number of investment funds registered in Finland decreased in 2013. The last time investment funds decreased in number at an annual level was in 2009. At end-2013, there were 517 investment funds registered in Finland.

In 2013, compared to previous years, there was a considerably large number of category changes of non-UCITS funds into UCITS-compliant investment funds. In total, 18 funds underwent changes of fund rules where their investment policy was aligned with the requirements of the UCITS Directive. In addition, a total of 6 non-UCITS funds were terminated and 12 non-UCITS funds merged into other funds. During the year, 10 new non-UCITS funds were established.

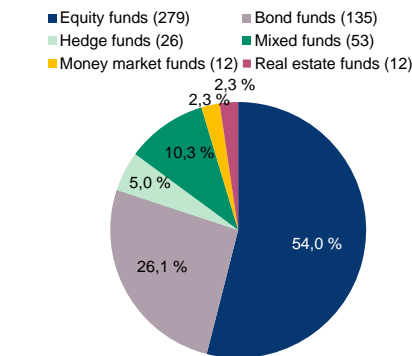
**Chart 19. Number of Finnish investment funds (incl. money market funds)**



In 2013, only bond funds and real estate funds increased in number from the end of the previous year: the number of bond funds increased by 5 and real estate funds by 3 from a year earlier. With respect to the development in real estate funds, it is noteworthy that the increase concerns primarily real estate funds investing directly into real estate. At the end of the year, there were 5 such funds. Two years earlier, none such funds existed. The number of funds in other fund types decreased: mixed funds decreased by 10, hedge funds by 4, equity funds by 3 and money market funds by 1 unit.

In 2013, slightly fewer new funds were established than in the previous year, that is 28 compared to 35 new funds established in 2012. Similarly to the previous years, new funds were mainly equity funds and bond funds. Out of the new funds, 15 were equity funds and 9 were bond funds. In addition, 3 real estate funds and 1 hedge fund were established during the year. New investment funds were established particularly in the latter half of the year: almost half (12 funds) of the funds commencing operation in 2013 were established during the last quarter.

Chart 20. Finnish investment funds by fund type at end-2013



Source: Bank of Finland.

39 investment funds discontinued their operation in 2013. The majority of this group (27) was merged into an existing fund or a new fund established in connection with a merger arrangement. Merger arrangements were made throughout the year, however so that the mergers focused slightly on the first year-half when 15 funds were merged into other funds. The highest number of outright fund terminations took

place in the second quarter, when a total of 8 funds came to an end.

Similarly to the previous year, the number of management companies decreased by one. At the end of 2013, there were 31 management companies managing investment funds. The fund management business and management of the funds managed by ICECAPITAL Fund Management Company was transferred to eQ Fund Management Company in January 2013. Management of the sole fund of Finnreit Fund Management Company was also transferred fully to eQ Fund Management Company in December. In addition, Front Asset Management began the management of funds in the last quarter of 2013.

As in previous years, the management company with the most funds under management was Nordea Funds - with a total of 62 funds at the end of 2013. Danske Invest Fund Management had the second-highest number (60) and OP Fund Management Company the third-highest number (59) of funds.

**Table 5. Finnish investment funds commencing operations in 2013**

Name of investment fund	Type of fund	Management company	Date
non-UCITS Fund Aktia Global High Yield Bond+	Bond fund	Aktia Fund Management Company Ltd	December
Mutual Fund eQ LCR Income	Bond fund	eQ Fund Management Company Ltd	October
Fennica Properties I non-UCITS Fund	Real estate fund	Eufex Fund Administration Ltd	December
Evi Emerging Frontier Fund	Equity fund	Evi Fund Management Company Ltd	October
Evi Emerging Markets Credit Fund	Bond fund	Evi Fund Management Company Ltd	October
Evi Sweden Equity Index Fund	Equity fund	Evi Fund Management Company Ltd	May
Evi Sweden Select Fund	Equity fund	Evi Fund Management Company Ltd	May
FIM Frontier Fund	Equity fund	FIM Asset Management Ltd	August
Finlandia Focus Non-UCITS Fund	Hedge	Finlandia Fund Management Company Ltd	December
Finlandia World Non-UCITS Fund*	Equity fund	Finlandia Fund Management Company Ltd	August
Finlandia Yield Non-UCITS Fund	Bond fund	Finlandia Fund Management Company Ltd	December
Special Mutual Fund FOURTON Fiesta (non-UCITS)	Equity fund	Fourton Fund Management Company Ltd	March
Special Mutual Fund FOURTON Tempo non-UCITS	Equity fund	Fourton Fund Management Company Ltd	April
Front Finland Fund (UCITS)	Equity fund	Front Asset Management Ltd	October
Mutual Fund LocalTapiola Northern Corporate Bond	Bond fund	LocalTapiola Asset Management Ltd	October
Nordea European Smaller Companies Fund	Equity fund	Nordea Funds Ltd	October
Nordea Global Emerging Markets Equities UCITS ETF Fund	Equity fund	Nordea Funds Ltd	September
Nordea Norsk Kredittobligasjon Fund	Bond fund	Nordea Funds Ltd	November
Nordea Stable Equities UCITS ETF Fund	Equity fund	Nordea Funds Ltd	September
OP-America Small Cap Fund	Equity fund	OP Fund Management Company Ltd	July
OP-Rental Yield (Non-UCITS)	Real estate fund	OP Fund Management Company Ltd	April
Säästöpankki High Yield –erikoissijoitusrahasto	Bond fund	SP-Fund Management Company Ltd	March
Taaleri Micro Markka Equity Fund (non-UCITS)	Equity fund	Taaleritehdas Fund Management Ltd	December
Taaleri Allocation 100 Fund	Equity fund	Taaleritehdas Fund Management Ltd	April
Taaleri Allocation 25 Fund	Bond fund	Taaleritehdas Fund Management Ltd	April
Taaleri Emerging Markets Fund	Equity fund	Taaleritehdas Fund Management Ltd	April
Taaleri Fixed Income Allocation Fund	Bond fund	Taaleritehdas Fund Management Ltd	February
Special Mutual Fund Titanium Real Estate (non-UCITS)	Real estate fund	Titanium Fund Management Company Ltd	May

\*Established in the connection with a merger arrangement.

Source: Bank of Finland.



## INVESTMENT FUNDS

Table 6. Transfers of investment fund management in 2013

Name of investment fund	Type of fund	Merging management company	Receiving management company	Date
Special Mutual Fund eQ Africa*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Investment Grade Bond Index (Non-UCITS)*	Bond fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Euro Government Bond Index (Non-UCITS)*	Bond fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Europe Stock Index (Non-UCITS)*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Frontier Markets (Non-UCITS)*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Japan Stock Index (Non-UCITS)*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Emerging Markets Stock Index (Non-UCITS)	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Commodity (Non-UCITS)*	Hedge fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ US Stock Index (Non-UCITS)*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund Iccapital Alternative Beta (Non-UCITS)*	Hedge fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund Iccapital Global Tactical Asset Allocation (Non-UCITS)	Mixed fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund Iccapital High Yield Beta (Non-UCITS)*	Hedge fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund eQ Europe Property*	Real estate fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund eQ Global Utilities & Energy*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund eQ Short-Term Money Market*	Money market fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund eQ Finland*	Equity fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January
Mutual Fund eQ Euro Floating Rate*	Bond fund	ICECAPITAL Fund Management Company Ltd	eQ Fund Management Company Ltd	January

Name of investment fund	Type of fund	Surrendering management company	Receiving management company	Date
Special Investment eQ Care (non-UCITS)	Real estate fund	Finnreit Fund Management Company Ltd	eQ Fund Management Company Ltd	December
Front Strategy Fund (UCITS)	Mixed fund	Eufex Fund Administration Ltd	Front Asset Management Ltd	December
Front Structure non-UCITS Fund	Mixed fund	Eufex Fund Administration Ltd	Front Asset Management Ltd	December
EPL Commodity non-UCITS Fund**	Hedge fund	Taalerialtdas Fund Management Ltd	Eufex Fund Administration Ltd	June

\*Transfer of management of ICECAPITAL Fund Management Company Ltd to eQ Fund Management Company Ltd.

\*\*Surrender of management of the former Taalerialtdas Commodity Fund (non-UCITS).

Source: Bank of Finland.

Table 7. Finnish investment funds discontinuing operations in 2013

Name of investment fund	Type of fund	Management company	Date
Special Mutual Fund eQ Euro Government Bond Index (Non-UCITS)	Bond fund	eQ Fund Management Company Ltd	December
Mutual Fund Iccapital Global Tactical Asset Allocation (Non-UCITS)	Mixed fund	eQ Fund Management Company Ltd	March
Handelsbanken Click Sweden 90 Non-UCITS Fund	Mixed fund	Handelsbanken Mutual Fund Company Ltd	May
Handelsbanken Europe Protect Non-UCITS Fund	Mixed fund	Handelsbanken Mutual Fund Company Ltd	April
Handelsbanken Fund in Fund 50	Mixed fund	Handelsbanken Mutual Fund Company Ltd	April
Handelsbanken Generation Fund 40's	Mixed fund	Handelsbanken Mutual Fund Company Ltd	May
Handelsbanken Generation Fund 50's	Mixed fund	Handelsbanken Mutual Fund Company Ltd	June
Handelsbanken Generation Fund 60's	Mixed fund	Handelsbanken Mutual Fund Company Ltd	June
Handelsbanken Generation Fund 70's	Mixed fund	Handelsbanken Mutual Fund Company Ltd	June
Handelsbanken Generation Fund 80's	Mixed fund	Handelsbanken Mutual Fund Company Ltd	June
Non-UCITS Nordea V Capital Guaranteed 100	Mixed fund	Nordea Funds Ltd	October
OP- Equity Hedge Fund (Non-UCITS)	Hedge fund	OP Fund Management Company Ltd	September

Source: Bank of Finland.

Table 8. Finnish investment funds merged in 2013

	Name of investment fund	Type of fund	Management company	Date
M	Sijoitusrahasto Alfred Berg Global	Equity fund	Alfred Berg Funds Ltd	March
R	Sijoitusrahasto Alfred Berg Europe	Equity fund	Alfred Berg Funds Ltd	March
M	Mutual Fund Icecapital Alternative Beta (Non-UCITS)	Hedge fund	eQ Fund Management Company Ltd	February
R	Special Mutual Fund eQ Hedge (Non-UCITS)	Hedge fund	eQ Fund Management Company Ltd	February
M	Mutual Fund Icecapital High Yield Beta (Non-UCITS)	Hedge fund	eQ Fund Management Company Ltd	February
R	Special Mutual fund eQ High Yield (Non-UCITS)	Bond fund	eQ Fund Management Company Ltd	February
M	Mutual Fund eQ Finland (UCITS)	Equity fund	eQ Fund Management Company Ltd	February
R	Mutual Fund eQ Finland	Equity fund	eQ Fund Management Company Ltd	February
M	Mutual Fund eQ Short-Term Money Market	Money market fund	eQ Fund Management Company Ltd	November
R	Mutual Fund eQ Money Market (UCITS)	Money market fund	eQ Fund Management Company Ltd	November
M	Bon 75 UCITS Fund	Equity fund	Eufex Fund Administration Ltd	April
M	Bon Emerging Markets UCITS Fund	Equity fund	Eufex Fund Administration Ltd	April
R	EPL Trend UCITS Fund	Equity fund	Eufex Fund Administration Ltd	April
M	EPL Equity Optimum non-UCITS Fund	Equity fund	Eufex Fund Administration Ltd	May
M	EPL 100 non-UCITS Fund	Equity fund	Eufex Fund Administration Ltd	May
R	EPL Tactical UCITS Fund	Equity fund	Eufex Fund Administration Ltd	May
M	EPL Raw Materials non-UCITS Fund	Hedge fund	Eufex Fund Administration Ltd	June
R	EPL Commodity non-UCITS Fund	Hedge fund	Eufex Fund Administration Ltd	June
M	FIM Green Energy Fund	Equity fund	FIM Asset Management Ltd	March
R	FIM Mondo Fund	Equity fund	FIM Asset Management Ltd	March
M	FIM Ukraine Fund	Equity fund	FIM Asset Management Ltd	March
R	FIM Russia Fund	Equity fund	FIM Asset Management Ltd	March
M	FIM Emerging Europe Fund	Equity fund	FIM Asset Management Ltd	December
R	FIM BRIC+ Small Cap Fund	Equity fund	FIM Asset Management Ltd	December
M	Finlandia Balanced Non-UCITS Fund	Equity fund	Finlandia Fund Management Company Ltd	August
M	Finlandia Equity Non-UCITS Fund	Equity fund	Finlandia Fund Management Company Ltd	August
R (new)	Finlandia World Non-UCITS Fund	Equity fund	Finlandia Fund Management Company Ltd	August
M	Nordea European Fund	Equity fund	Nordea Funds Ltd	May
M	Non-UCITS Nordea Private Banking Focus Europe	Equity fund	Nordea Funds Ltd	May
R	Nordea Europe Fund*	Equity fund	Nordea Funds Ltd	May
M	Nordea Foresta Fund	Equity fund	Nordea Funds Ltd	September
M	Nordea Medica Fund	Equity fund	Nordea Funds Ltd	September
M	Nordea Global Technology Fund	Equity fund	Nordea Funds Ltd	September
R	Nordea Global Dividend Fund	Equity fund	Nordea Funds Ltd	September
M	Non-UCITS Nordea Fixed Income Portfolio Plus	Bond fund	Nordea Funds Ltd	November
R	Nordea Savings 10 Fund	Bond fund	Nordea Funds Ltd	November
M	OP-EMD Portfolio Fund (Non-UCITS)	Bond fund	OP Fund Management Company Ltd	January
R	OP-EMD Local Currency Short Term (Non-UCITS)	Bond fund	OP Fund Management Company Ltd	January
M	OP-Eastern Europe Fund	Equity fund	OP Fund Management Company Ltd	December
R	OP-Emerging Europe Fund	Equity fund	OP Fund Management Company Ltd	December
M	OP-Convertible Fund	Bond fund	OP Fund Management Company Ltd	January
R	OP-High Yield Fund	Bond fund	OP Fund Management Company Ltd	January
M	Erikoissijoitusrahasto Populus	Equity fund	PYN Fund Management Ltd	September
R	Erikoissijoitusrahasto Elite	Equity fund	PYN Fund Management Ltd	September
M	UB Russia Fund (non-UCITS)	Equity fund	UB Fund Management Company Ltd	July
R	UB Emerging Markets Infra Fund	Equity fund	UB Fund Management Company Ltd	July

\*) Former Nordea Europe Plus Fund.

Also, Handelsbanken Europe Index Fund managed by Handelsbanken Mutual Fund Company Ltd merged into the fund registered in Sweden.

M = Merged fund

R = Receiving fund

Source: Bank of Finland.

Table 9. Fund type changes in 2013

Name of investment fund	Type of fund (new)	Type of fund (old)	Management company	Date
non-UCITS Fund Aktia Asset Allocation	Mixed fund	Equity fund	Aktia Fund Management Company Ltd	May
EPL Tactical UCITS Fund	Equity fund	Mixed fund	Eufex Fund Administration Ltd	April
FIM Balanced Fund	Equity fund	Bond fund	FIM Asset Management Ltd	April
Säästöpankki Korkosalkku -sijoitusrahasto	Bond fund	Hedge fund	SP-Fund Management Company Ltd	December

Source: Bank of Finland.

Table 10. Category changes of non-UCITS funds into investment funds under UCITS regulation in 2013

Name of investment fund	Type of fund	Management company	Date
UCITS Fund POP Europe	Equity fund	Aktia Fund Management Company Ltd	December
UCITS Fund POP Global	Equity fund	Aktia Fund Management Company Ltd	December
UCITS Fund POP Optimum	Mixed fund	Aktia Fund Management Company Ltd	December
UCITS Fund POP Nordic	Equity fund	Aktia Fund Management Company Ltd	December
UCITS Fund POP Finland	Equity fund	Aktia Fund Management Company Ltd	December
UCITS Fund POP Stable	Bond fund	Aktia Fund Management Company Ltd	December
Evii Wealth Manager Fund	Mixed fund	Evii Fund Management Company Ltd	June
FIM Emerging Yield Fund	Bond fund	FIM Asset Management Ltd	December
Front Strategy Fund (UCITS)	Mixed fund	Front Asset Management Ltd	December
Handelsbanken Europe Selective Fund	Equity fund	Handelsbanken Mutual Fund Company Ltd	May
Handelsbanken Nordic Selective Fund	Equity fund	Handelsbanken Mutual Fund Company Ltd	May
Handelsbanken Sweden Selective Fund	Equity fund	Handelsbanken Mutual Fund Company Ltd	May
Mutual Fund LocalTapiola Emerging Market Debt	Bond fund	LocalTapiola Asset Management Ltd	September
Mutual Fund LocalTapiola Global Emerging Markets	Equity fund	LocalTapiola Asset Management Ltd	September
OP-Japan Fund	Equity fund	OP Fund Management Company Ltd	December
OP-China Fund	Equity fund	OP Fund Management Company Ltd	December
Säästöpankki Amerikka -sijoitusrahasto	Equity fund	SP-Fund Management Company Ltd	October
Säästöpankki Korkosalkku -sijoitusrahasto	Bond fund	SP-Fund Management Company Ltd	December

Source: Bank of Finland.

Appendix 1. Charts

Chart 21. Domestic investment funds`total fundshare liability broken down by fund type

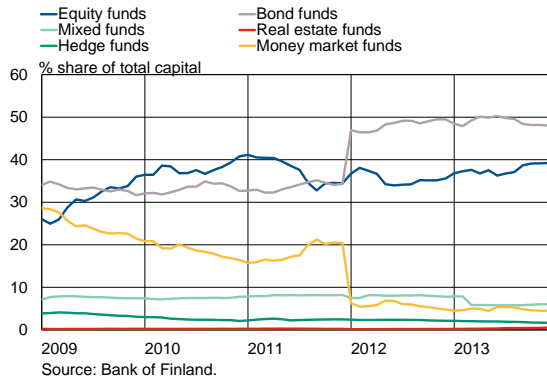


Chart 24. Net subscriptions in domestic investment funds by fund type

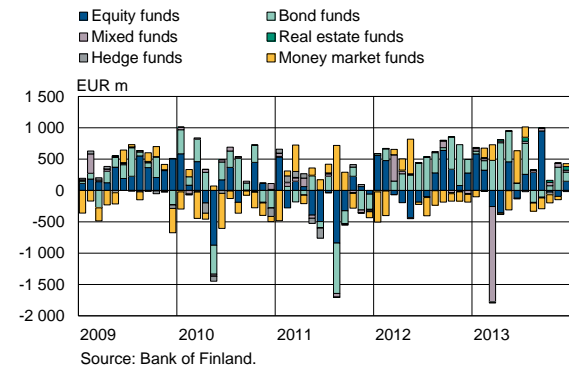


Chart 22. Domestic investment funds`fund-share liability and total net subscriptions

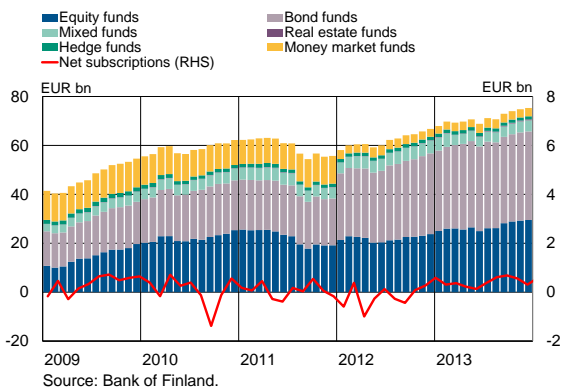


Chart 25. Breakdown of euro area investment funds`total balance sheet by instrument

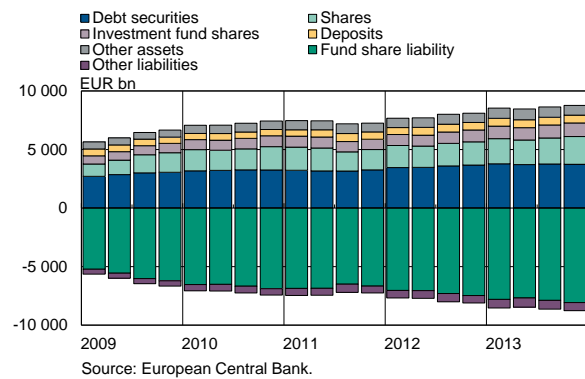


Chart 23. Domestic investment funds` fund-share liabilities by sector

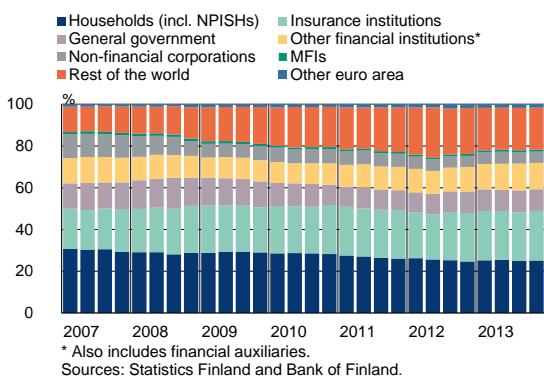


Chart 26. Investment funds`fund-share liability in certain European countries

