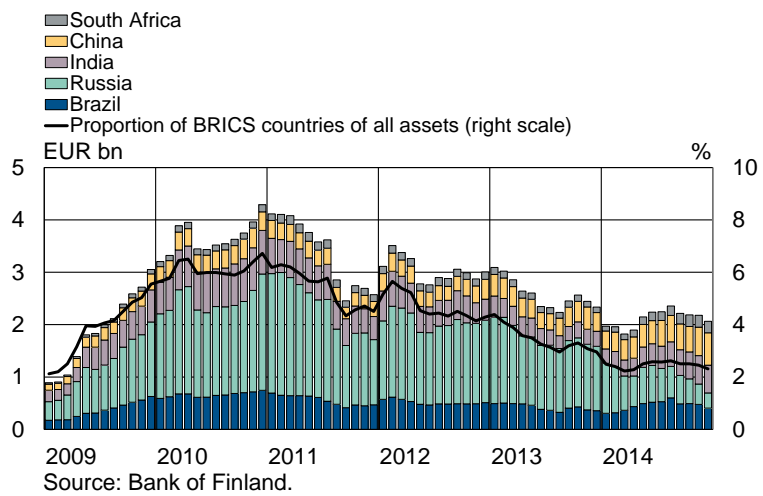


Investment funds

Annual Review • 2014

Finnish investment funds' assets in BRICS countries in 2009–2014



Bank of Finland

Financial Stability and Statistics

Statistics

27.3.2015

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1 Summary

Year 2014 was a favourable one for investment funds registered in Finland. The aggregated capital of these funds expanded by over EUR 10 billion to stand at EUR 86 billion at the end of the year. The value of the funds' equity investments increased on the back of general market developments, and the decline of long-term market rates improved the return on fixed-income investments. As deposit interest rates sunk to record lows in 2014, funds proved attractive investments due to their higher expected returns. During the year, a total of EUR 5.4 billion flowed into the funds as new capital, a good billion euro more than a year earlier. The other half of the increase was due to positive market developments. The capital appreciation of the investments, resulting from price revaluations and foreign exchange changes, amounted to EUR 5.3 billion.

Insurance corporations' share of ownership in investment funds rose. At the end of 2014, insurance corporations held fund units amounting to over EUR 22 billion, over a quarter of the entire stock of fund capital. However, a significant proportion of insurance companies' fund holdings is ultimately owned by households and other policy-buyers, being channelled into investment funds through unit-linked insurance policies.

Households made fund investments actively. Almost throughout the year, their new subscriptions exceeded redemptions, and the stock grew to almost EUR 17 billion by the end of the year. While households have invested their assets in funds, they have reduced their fixed-term deposits with banks. The low level of interest being paid on fixed-term deposits

has made households seek alternative investments with better expected returns. At the same time, this means that the risks related to households' investment wealth have increased.

Finnish investment funds increased their investments in the United States and withdrew investments from Russia. Investments by investment funds were allocated particularly to bonds issued by European non-financial corporations and financial institutions, as well as equities of US companies. The improvement of US economic prospects was clearly reflected in investment decisions made by the funds. As an equity investee country, the United States surpassed Finland and took the place of the largest single investee country. Russia's economic prospects weighed materially on Finnish investment funds' investments in Russia. Although the retreat of Finnish investment funds from Russia was particularly fast in 2014, many funds had reduced their exposures in Russia already during the previous years. These investments peaked in February 2011, when a total of 3.6% of the capital of the funds was invested in Russia. By the end of 2014, the proportion had shrunk to 0.3%.

2 Fund capital continued to increase favourably

The fund capital of investment funds registered in Finland increased by over EUR 10 billion in 2014. Half of the increase was due to new subscriptions and half of positive market developments. The largest investor sector was insurance corporations, whose relative ownership of Finnish investment funds increased during the year to exceed a quarter of total fund capital.

Year 2014 was a favourable one for investment funds registered in Finland. The value of the funds' equity investments increased on the back of general price developments, and from the point of view of fixed-income investments, the decline in long-term interest rates increased the value of these investments. As deposit interest rates sunk to record lows in 2014, funds were attractive investments due to their higher expected returns. A total of EUR 5.4 billion of new capital flowed into the funds during the year, a good billion more than a year earlier.

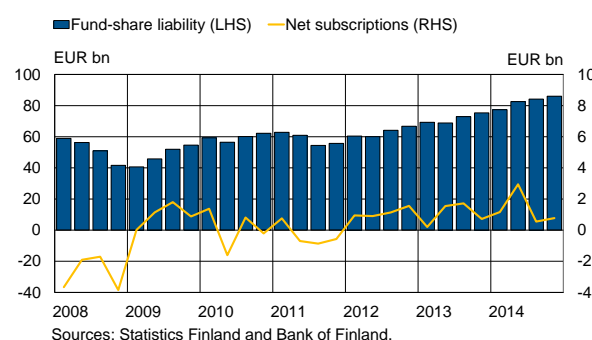
Transfers of funds to Sweden slowed down the increase in fund capital

Fund capital posted strong growth in 2014. It grew by a total of EUR 10 billion, as opposed to EUR 8.6 a year earlier. However, the growth of fund capital was slowed down by the redomiciliation of funds to Sweden, which occurred particularly in the third and fourth quarter. In recent years, management companies operating in several Nordic countries have sought to

improve their operative efficiency by centralising their funds in different countries to a single country. At the same time, investment funds have been moved from other Nordic countries to Finland under the management of Finnish management companies. At the end of 2014, the aggregated investment fund capital amounted to EUR 86 billion.

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. A total of EUR 5.4 billion, or half of the increase in the capital stock, consisted of new capital invested in the funds. The other half stemmed from positive market developments, which boosted the capital stock at the same time by EUR 5.3 billion.

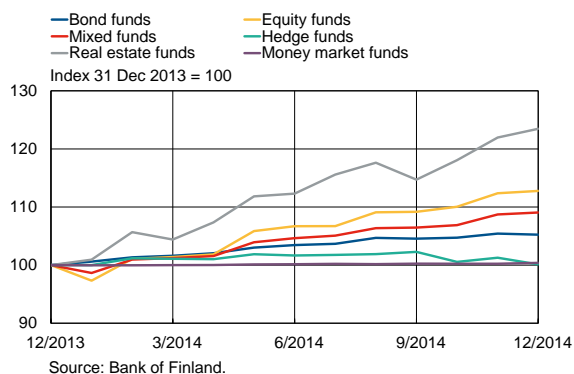
Chart 1. Finnish investment funds' fund-share liability and total net subscriptions



Looking at the different fund types, the largest growth was shown by bond funds, almost EUR 6 billion. The average return of bond funds in 2014 was 5.2%, not quite as high as equity funds' which reached an

average annual return of 12.8%.¹ However, the aggregated capital of equity funds grew more moderately in 2014, by EUR 3.7 billion.

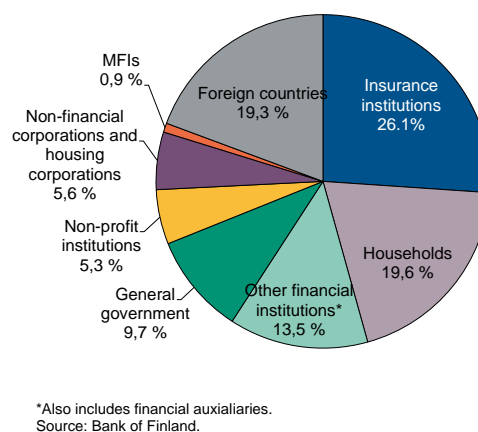
Chart 2. Finnish investment funds' weighted average 12-month return (%) by fund type



Insurance corporations hold the most fund shares among domestic investor sectors

Out of the domestic investor sectors, Finnish insurance corporations hold the most shares in Finnish investment funds (EUR 22.4 billion). The relative ownership of insurance corporations increased in 2014 from 24% to 26%. A major proportion of capital invested through insurance corporations does not consist of the insurance corporations' own investible wealth, but they are for example households' and other policyholders' investible wealth channelled to investment funds through unit-linked insurance policies.

Chart 3. Breakdown of Finnish investment funds' fund-share liabilities by investor sector at end-2014



Net subscriptions by Finnish insurance corporations in domestic investment funds reached an all-time-high in 2014, amounting to EUR 2.6 billion.

Households' fund investments have increased, the stock is at an all-time high

The second-largest proportion of investment fund shares among domestic investor sectors was held by Finnish households (19.6%). The stock of households' fund investments at the end of 2014 stood at EUR 16.9 billion, over EUR 2.0 billion more than a year earlier. For the first time in history, households' net investments were positive each month in 2014. In other words, households invested more in funds than they redeemed fund shares, in every month of the year. Households invested a total of EUR 1.1 billion in funds in 2014.

At the same time as households have invested their assets in funds, their deposits with an agreed maturity have decreased. The record-low interest paid on deposits with an agreed maturity has led households to

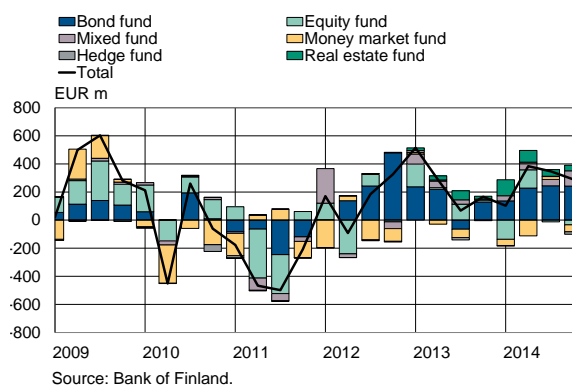
¹The returns of investment funds have been calculated for the growth units of investment funds operating the whole year 2014 in the same type category. The average returns of different fund types have been calculated by weighting the value of each fund share

relative to the aggregated balance sheet value of that type. The reporting group and its type category shifts are described in chapter 4.

seek alternative investments with higher expected returns. At the same time, this has meant that the risks related to households' investible wealth have increased.

During the year 2014, households invested their assets particularly in bond funds (EUR 0.9 bn). In addition, the burgeoning domestic real estate fund markets² attracted more investments from households than before, to a total of EUR 0.3 billion.

Chart 4. Households' net investments by fund type



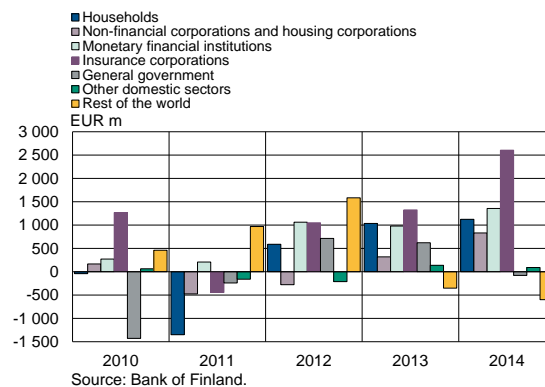
During the year, slightly less than EUR 0.2 billion was invested in net terms in mixed funds, whereas net investments in equity funds were close to zero. At the same time, households liquidated their assets from money market funds, which are perceived to involve the lowest risk, almost throughout the year.

Finnish insurance corporations and households together account for almost half of the capital invested in funds. In terms of the largest holdings, they are followed by sectors "rest of the world" (19.3%) and "other financial corporations" (13.5%). A majority of the investments by other financial corporations are cross-holdings between different funds.

² Real estate funds were the only type category where the number of funds has increased over the past two years, by 5 new real estate funds.

The proportion of the sector "rest of the world" has decreased during the past few years. In 2012, rest of the world held 24% of the aggregated capital of Finnish investment funds, which had decreased by 4 percentage points by 2014. These developments are explained by cross-border mergers and transfer of fund capital from Finland to other countries. In 2014, net investments by rest of the world in Finnish investment funds were negative.

Chart 5. Net investments to investment funds by investor sector



3 Finnish investment funds increased their investments in the United States and repatriated capital from Russia

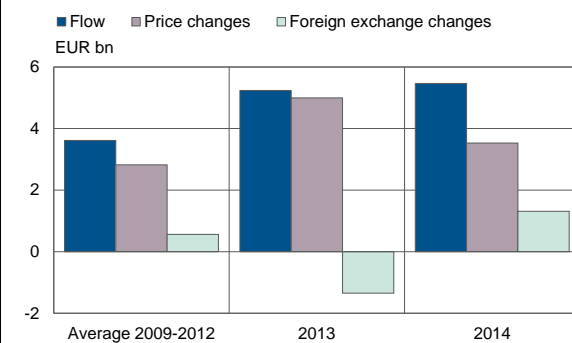
In 2014, the investments of investment funds registered in Finland were directed primarily to debt securities issued by European non-financial corporations and financial corporations and shares of US non-financial corporations. The aggregated investment assets of funds increased significantly despite assets migrating to Sweden in the context of fund mergers which took place towards the end of the year.

The amount of assets of investment funds registered in Finland, or their investment stock, increased in 2014 by EUR 10.3 billion or 13%. Net investments³ made by the funds increased the investment stock by EUR 5.5 billion and revaluation adjustments by EUR 4.8 billion. At the end of the year, the value of the investment stock stood at EUR 89.3 bn.

The growth of net investments was contained significantly by investment fund mergers taking place in the latter half of the year where investment assets of funds registered in Finland migrated to Sweden. On the other hand, Swedish funds were also merged to

Finland during the year. Without the direct effect of these mergers taking place both ways, the net investments would have increased by up to EUR 4 billion more.

Chart 6. Net investments and revaluation adjustments of Finnish investment funds



Source: Bank of Finland.

Appreciation of the US dollar relative to the euro increased the value of dollar-denominated investments by EUR 1.5 billion. On the other hand, depreciation of the Swedish krona decreased the value of the investment stock by EUR 0.6 billion. The direct effect of all foreign exchange rate changes during the year on the stock was EUR 1.3 billion positive, whereas in 2013 it was negative by the same amount.

³ New investments less divestment and other liquidation of investments.

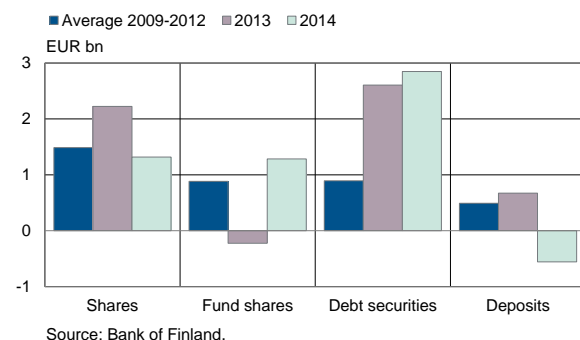
The appreciation of investments attributable to other factors than foreign exchange rates was EUR 3.5 billion in 2014. It was EUR 1.5 billion lower than a year earlier primarily due to more subdued price performance of equity investments.

Fixed income investments still growing

Investments by funds in debt securities issued by non-financial corporations, financial corporations and governments, the largest new investment target group, continued to grow in 2014. Funds invested EUR 2.8 billion in net terms in debt securities compared to an average of EUR 0.9 billion over the five previous years.

Net investments in bonds, or debt securities with a maturity of over one year, amounted to EUR 3.2 billion. In contrast, money market paper, or debt securities with a maturity of up to one year, matured and were sold by EUR 0.4 in net terms.

Chart 7. Net investments by Finnish investment funds broken down by instrument



Out of the debt securities held by investment funds EUR 1.1 were invested by non-financial corporations, EUR 0.8 billion by financial and insurance corporations and EUR 0.8 billion by general government. The funds invested particularly in debt securities issued by euro area and Swedish non-financial corporations and Swedish government debt securities. In contrast, German government debt

securities worth EUR 0.6 billion were sold and matured.

Funds invested EUR 1.3 billion of new capital in net terms in shares. Out of this amount, EUR 0.4 billion were shares of non-financial corporations and the same amount were shares of financial and insurance corporations. In addition, particularly the appreciation of the US dollar and favourable share price performance increased the value of the funds' share assets by a total of EUR 2.4 during the year.

Funds invested EUR 1.3 billion of new capital in net terms in shares of other investment funds. Of this amount EUR 1.2 billion was targetted to other Finnish funds. In contrast, the funds reduced their deposits by EUR 0.6 billion.

At the end of 2014, debt securities amounted to about 39% of the aggregated assets, shares 33%, fund shares 9%, deposits 4% and other assets to 15%.

United States became the largest destination for share investments

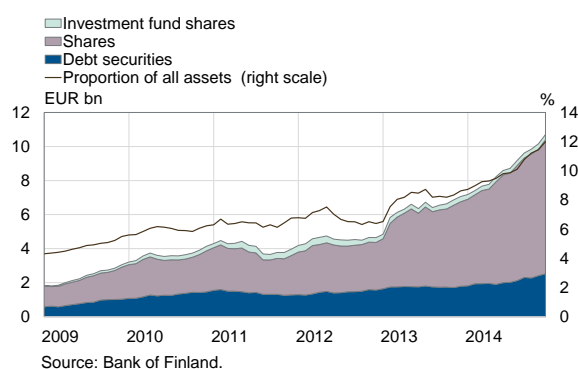
The improved economic outlook in the United States were clearly reflected on the investment decisions made by investment funds in 2014. Finnish investment funds invested EUR 1.9 billion of new capital in net terms in US investments, which was the largest flow of investments targeted in any single country. In addition, the appreciation of investments increased the exposure to the United States by about EUR 1.8 billion.

About EUR 1.3 billion of the investments were allocated to the shares of non-financial and financial corporations and about EUR 0.6 billion to bonds issued by them. At the end of 2014, about 73% of the stock of investments of Finnish investment funds invested in the United States consisted of shares and 24% of bonds. Out of the bonds, 98% were issued by

non-financial and financial corporations and only 2% by the federal government.

The proportion of US investments in total assets of Finnish investment funds has increased from 4% at the end of 2008 to 12% at the end of 2014. Out of all share investments by Finnish funds, as much as 27% (or EUR 7.9 billion) were made in the United States at the end of the year. Hence, in 2014 the United States surpassed Finland, which accounted for 17% of all shares held by investment funds at the end of the year.

Chart 8. Finnish investment funds' assets in the United States



The increase in the significance of the United States has also had an impact on the dollar-denominated assets of Finnish investment funds, which increased from 11% to 15%, or EUR13.2 billion during the year. Out of the dollar-denominated investments 32% were made in non-US securities, and at the same time 17% of the investments made in the United States were denominated in other currencies than the dollar.

Besides the United States, Finnish investment funds invested EUR 2 billion of new capital in other euro area countries and EUR 0.8 billion domestically. The new investments beyond the euro area included the equivalent of EUR 0.5 billion in Denmark, 0.4 billion in the Great Britain and EUR 0.3 billion in Japan.

Investments in Russia contracted rapidly

Russia's economic prospects were reflected significantly in the investments of Finnish investment funds in 2014. During the year, these contracted by EUR 0.9 billion, or almost 77%. Out of this decrease, EUR 0.6 was due to divestments and other liquidation and EUR 0.3 billion was attributable to the depreciation of investments. At the end of the year, the value of investments in Russia totalled EUR 288 million.

About a third of Finnish investment funds previously invested in Russia divested these investments altogether during 2014. Whereas the number of Finnish funds with assets in Russia stood at 42 at the beginning of the year by the end of the year the number had dropped to 28.

Although the retreat of Finnish investment funds from Russia was exceptionally fast in 2014, many funds had shaved their exposure already in the previous years. These investments peaked in February 2011, when EUR 2.3 of the capital of Finnish investment funds, or 3.6% was invested in Russia. By the end of 2014, the proportion had shrunk to 0.3%. Hence, the stock of these investments contracted over four years by almost 90%. Approximately 55% of the decrease was attributable to divestments and other liquidation and 45% to depreciation of investments.

At the end of 2014, about 96% of the investments in Russia consisted of shares in non-financial and financial corporations, of which financial corporations accounted for about 15%. The remaining 4% of the investments in Russia were made in bonds issued by the Russian Federation.

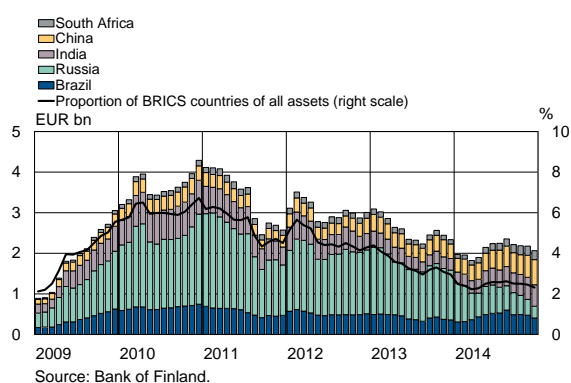
The Russian rouble depreciated rapidly in 2014. However, its immediate impact on the value of investment funds' assets in Russia was limited, since over 95% of the investments by Finnish investment

funds in Russia were denominated in the US dollar. The weakening of the rouble was reflected most clearly in RUB-denominated bonds issued by the Russian Federation, as the funds divested 95% of their holdings in these instruments during the year. Hence, as regards the government bonds remaining at the end of the year, the proportion of USD-denominated bonds had increased to 65%.

At the end of 2014, the stock of investments of Finnish investment funds in Ukraine stood at about EUR 3 million. In April 2010, the stock stood at EUR 93 million.

With the exception of Russia, Finnish investment funds' invested in all other BRICS countries⁴ increased in 2014 by over 60%, totalling EUR 1.8 billion at the end of the year.

Chart 9. Finnish investment funds' assets in BRICS countries in 2009–2014



Besides Russia, the assets of Finnish investment funds contracted significantly also in Sweden, net investments during the year being EUR 0.5 billion negative. However, this is explained by the fund mergers pointed out previously, where also assets in Sweden were transferred from funds registered in Finland to be managed in Sweden. Excluding the

impact of these mergers, net investments in Sweden would have been clearly positive.

⁴The BRICS countries representing emerging markets comprise Brazil, Russia, India, China and South Africa.

Box 1. About half of households' fund investments channeled to Finnish investments

Domestic institutional investors diversify their country risk through investment funds more than households elsewhere in Europe and to other continents.

One of the advantages of fund investment from the investor's point of view is easy diversification of risks. A euro invested in an investment fund is diversified to investment instruments with different risk characteristics with the same breakdown these instruments have in the portfolio of the fund. Hence, investment funds offer investors an opportunity to diversify risk for example across different countries and geographical regions.

Chart 10 looks into the country and regional breakdown of investments by Finnish investor sectors in Finnish investment funds⁵. The chart shows where the euros invested by the different investor sectors are on average channeled through Finnish investment funds.

The chart shows that about 80% of all investments made by Finnish investors in domestic funds are channeled to Europe. 12% of the investments is channeled to North America and 8% to the rest of the world. Looking into the geographical breakdown of investments by investor sector reveals that almost half of the fund investments made by Finnish households are channeled to underlying investments in Finland, whereas, for example, less than a quarter of fund investments by general government (the state, municipalities, public pension funds and other social security funds) are channeled to Finland, and, for other investor sectors, Finland accounts for a maximum of a third of underlying investments.

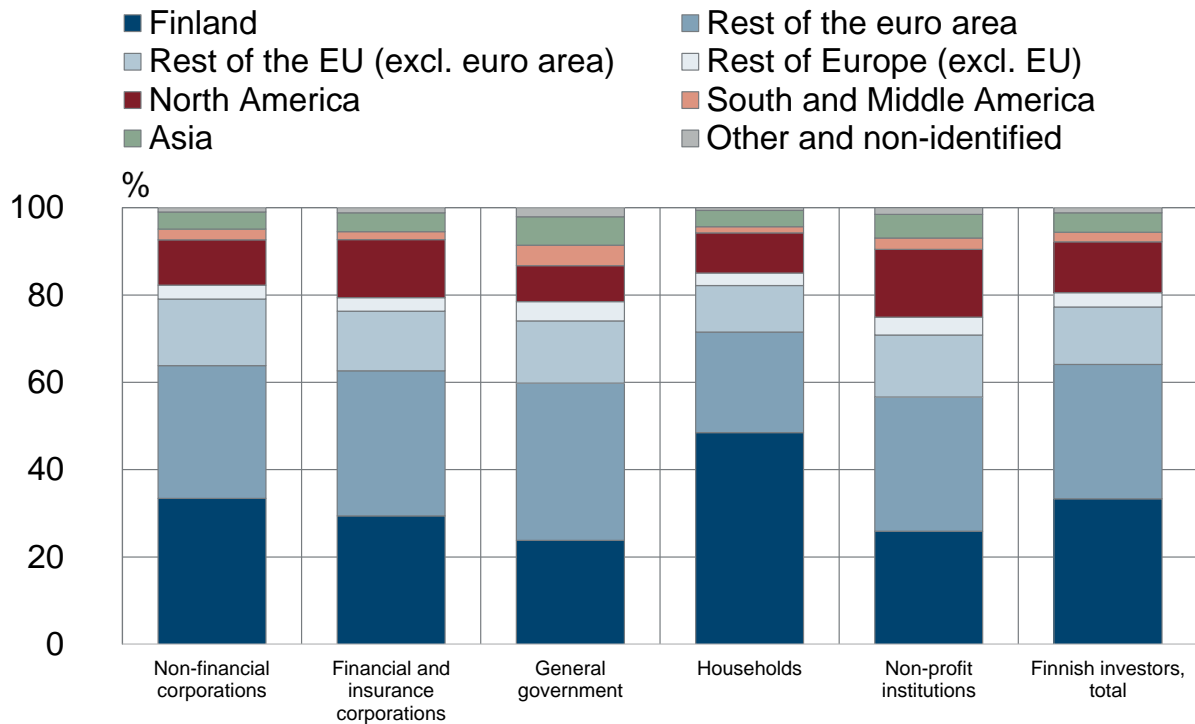
The chart shows that Finnish households diversify their risk through investment funds outside their home country to a significantly lower degree than domestic institutional investors, whose investment fund investments are channelled clearly more to other countries in the euro area and the rest of Europe.

⁵The review was made by weighing the amount of investments made by each investor sector in a single investment fund with the country breakdown of the assets (investments made by the fund) of the fund and adding up the investor sector's investments by fund and country.

The review does not consider any differences in risks between different countries, and hence it does not describe the absolute amount of risks involved in the investments by the different investor sectors.

INVESTMENT FUNDS

Chart 10. Regional breakdown of investments through investment funds made by different Finnish investor sectors at end-2014, % of the stock of investments of the investor sector



Source: Bank of Finland.

4 Reporting entities

The number of investment funds registered in Finland (excl. money market funds) decreased in 2014 by 25 to stand at 492 at the end of the year. The number of funds decreased mostly due to fund mergers, as management companies combined funds investing in similar assets into larger entities.

The number of investment funds registered in Finland decreased in 2014. The number decreased considerably more than in the previous year. The decrease in terms of number was 25 in 2014, in comparison with 10 in 2013. At end-2014, there were 492 investment funds registered in Finland.

A total of 57 funds discontinued operation in 2014. Almost all of the funds (52) discontinuing operation were merged into another existing fund. As Handelsbanken Fundbolag Ab centralised its operations to Sweden, a total of 18 funds managed by it were merged into funds registered in Sweden in September and October. Otherwise the mergers took place particularly in the second quarter, when 17 funds were merged into other funds. Out of the 5 funds actually closed down during the year, 4 belonged to the type category of hedge funds.

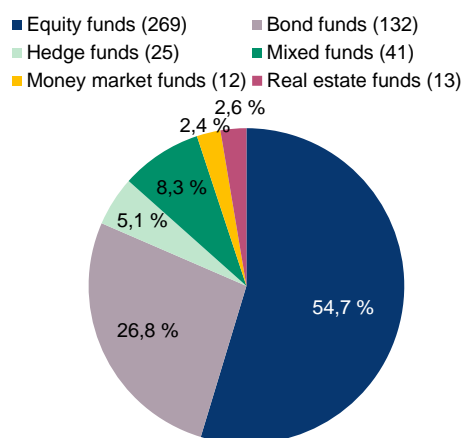
Chart 11. Number of Finnish investment funds (incl. money market funds)



The type category transformations of non-UCITS funds to UCITS-compliant investment funds, which began to increase in 2013, continued. In total, 11 non-UCITS funds underwent changes of rules in 2014 whereby their investment policy was aligned with the requirements of the UCITS Directive. The corresponding figure in 2013 was 18. However, it is worth noting that whereas the number of non-UCITS funds had decreased by 26, their number only decreased by 3 funds in 2014. During the year, 15 new non-UCITS funds were established.

Looking at the different type categories, only real estate funds increased in number in 2014, while the number of money market funds remained unchanged. The number of real estate funds increased by one. In terms of number, particularly equity and mixed funds decreased due to mergers: the number of equity funds decreased by a total of 10 units and the number of mixed funds by 12. The number of bond funds decreased by 3 and the number of hedge funds by 1.

Chart 12. Finnish investment funds by fund type at end-2014



Source: Bank of Finland.

The number of new funds established in 2014 was roughly at the same level as in previous years: 32 new funds were established in 2014, 28 in 2013 and 35 in 2012. A good half (18) of the funds established during the year were equity funds. In addition, 6 new bond funds, 1 real estate funds and 4 new mixed funds and hedge funds were established in 2014. New funds were

being established throughout the calendar year, but the activity intensified in the latter year-half: more than half (16 funds) of the funds established during the year were established in or after September.

The number of fund management companies remained the same compared to the previous year. In March 2014, responsibility for the management of funds managed by LocalTapiola Asset Management was transferred to FIM Asset Management as part of the merger arrangement of S Bank and Tapiola Bank. Nevertheless, the number of management companies remained unchanged, as Garamont Capital introduced its first fund in the market in August.

As in previous years, Nordea Funds and the largest number of funds under management, a total of 64. The second highest number was managed by Danske Invest (61) and FIM Asset Management (61) through the merger mentioned above. Hence, at the end of 2014 OP Fund Management Company had the fourth-largest number of funds under its management.

Table 1. Finnish investment funds commencing operations in 2014

Name of investment fund	Type of fund	Management company	Date
UCITS Fund Aktia Emerging Market Equity Select	Equity fund	Aktia Fund Management Company Ltd	October
UCITS Fund Aktia Europe Small Cap	Equity fund	Aktia Fund Management Company Ltd	November
Alfred Berg Fixed Income Allocation Fund	Bond fund	Alfred Berg Funds Ltd	September
Alfred Berg Equity Allocation Fund	Equity fund	Alfred Berg Funds Ltd	September
Danske Invest Finland Opportunities Fund (non-UCITS)	Equity fund	Danske Invest Fund Management Ltd	February
Dividend House European Small Cap Mutual Fund	Equity fund	Dividend House Oy	September
Erikoissijoitusrahasto Estlander & Partners Commodity	Hedge fund	Estlander & Partners Fund Management Company Ltd	November
Estlander & Partners Dynamic Fund (non-UCITS)	Hedge fund	Estlander & Partners Fund Management Company Ltd	April
CapMan Collection Erikoissijoitusrahasto	Equity fund	Eufex Fund Administration Ltd	December
EPL Equity Fund	Equity fund	Eufex Fund Administration Ltd	May
FIM Real Estate Non-UCITS Fund	Real estate fund	FIM Asset Management Ltd	March
Gramont Equity Opportunities Fund	Hedge fund	Gramont Capital Ltd	August
Non-UCITS HCP Quant	Equity fund	Helsinki Capital Partners Fund Management Company Ltd	June
Non-UCITS Nordea Navigo	Mixed fund	Nordea Funds Ltd	November
Non-UCITS Nordea Swedish Ideas Equity Fund	Equity fund	Nordea Funds Ltd	April
Nordea Plan Conservative Fund	Bond fund	Nordea Funds Ltd	August
Nordea Premium Asset Management Conservative Fund	Bond fund	Nordea Funds Ltd	April
OP-America Value Fund	Equity fund	OP Fund Management Company Ltd	April
OP-America Growth Fund	Equity fund	OP Fund Management Company Ltd	May
OP-Emerging Frontier Fund	Equity fund	OP Fund Management Company Ltd	September
OP-Forest Owner Fund (Non-UCITS)	Hedge fund	OP Fund Management Company Ltd	December
OP-Nordic Plus Fund (NON-UCITS)	Equity fund	OP Fund Management Company Ltd	January
OP- Emerging Middle Class Fund	Equity fund	OP Fund Management Company Ltd	February
Säästöpankki Aasia -erikoissijoitusrahasto	Equity fund	SP-Fund Management Company Ltd	June
Säästöpankki Kehittyvät Korkomarkkinat -erikoissijoitusrahasto	Bond fund	SP-Fund Management Company Ltd	November
Erikoissijoitusrahasto Taaleritehdas Aktiivi	Mixed fund	Taaleritehdas Fund Management Ltd	September
Taaleri Nordic Value Equity Fund	Equity fund	Taaleritehdas Fund Management Ltd	November
Taaleri Higher Yields (UCITS)	Bond fund	Taaleritehdas Fund Management Ltd	September
AURTUA+ Fund (non-UCITS)	Mixed fund	UB Fund Management Company Ltd	March
UB North America REIT Fund	Equity fund	UB Fund Management Company Ltd	December
Bank of Åland LCR Income Fund	Bond fund	Bank of Åland Fund Management Ltd	April
Bank of Åland Swedish Equity Fund	Equity fund	Bank of Åland Fund Management Ltd	December

Source: Bank of Finland.

Table 2. Transfers of Finnish investment fund management in 2014

Name of investment fund	Type of fund	Surrendering management company	Receiving management company	Date
Special Mutual Fund LocalTapiola Asia-Pacific (non-UCITS)*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Special Mutual Fund LocalTapiola High Yield (non-UCITS)*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Special Mutual Fund LocalTapiola Japan (non-UCITS)*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Special Mutual Fund LocalTapiola Fixed Income 100 (non-UCITS)	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Special Mutual Fund LocalTapiola Equity 100 (non-UCITS)*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Special Mutual Fund LocalTapiola Shield (non-UCITS)*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola 2015*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola 2020*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola 2025*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola 2035*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola 2045*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Europe*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Wellbeing*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Infra*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola East Europe*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Liquid*	Money market fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Growth*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Emerging Market Debt*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Global Emerging Markets*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Bond World*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Consumer*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Consumer*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola World 20*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola World 50*	Mixed fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola World 80*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Dividend*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Bond*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Northern Corporate Bond*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Finland*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola USA*	Equity fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March
Mutual Fund LocalTapiola Corporate Bond*	Bond fund	LocalTapiola Asset Management Ltd	FIM Asset Management Ltd	March

*Transfer of management of funds managed by LocalTapiola Asset Management Ltd to FIM Asset Management Ltd.

Source: Bank of Finland.

Table 3. Finnish investment funds discontinuing operations in 2014

Name of investment fund	Type of fund	Management company	Date
Special Mutual Fund eQ Hedge (Non-UCITS)	Hedge fund	eQ Fund Management Company Ltd	January
Special Mutual Fund eQ Commodity (Non-UCITS)	Hedge fund	eQ Fund Management Company Ltd	January
Special Mutual Fund Quorum Nordic Special Situations+ (non-UCITS)	Hedge fund	Quorum Fund Management Company Ltd	June
Mutual Fund Quorum Nordic Special Situations	Mixed fund	Quorum Fund Management Company Ltd	June
Special Mutual Fund Titanium Trend (non-UCITS)	Hedge fund	Titanium Fund Management Company Ltd	September

Source: Bank of Finland.

Table 4. Finnish investment funds merged in 2014

	Name of investment fund	Type of fund	Management company	Date
M	Erikoissijoitusrahasto Sp-Yhdistelmärahasto	Mixed fund	Aktia Fund Management Company Ltd	October
M	UCITS Fund Aktia Folkhälsan	Mixed fund	Aktia Fund Management Company Ltd	October
R	UCITS Fund Aktia Secura	Mixed fund	Aktia Fund Management Company Ltd	October
M	UCITS Fund Aktia Emerging Market Equity	Equity fund	Aktia Fund Management Company Ltd	December
R	UCITS Fund Aktia Emerging Market Equity Select	Equity fund	Aktia Fund Management Company Ltd	December
M	Mutual Fund eQ Global Consumer (Ucits)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Materials (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Financials (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Technology (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Telecom (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Industrials (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Mutual Fund eQ Global Healthcare (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
R	Mutual Fund eQ Global Sectors (UCITS)	Equity fund	eQ Fund Management Company Ltd	June
M	Eufex Commodity non-UCITS Fund	Hedge fund	Eufex Fund Administration Ltd	January
R	EPL Commodity non-UCITS Fund	Hedge fund	Eufex Fund Administration Ltd	January
M	EPL Tactical UCITS Fund	Equity fund	Eufex Fund Administration Ltd	May
M	Eufex ActiveAlpha UCITS Fund	Equity fund	Eufex Fund Administration Ltd	May
M	Eufex Capital Management non-UCITS Fund	Mixed fund	Eufex Fund Administration Ltd	May
R	EPL Equity Fund	Equity fund	Eufex Fund Administration Ltd	May
M	Evi Climate Fund (non-UCITS)	Equity fund	Evi Fund Management Company Ltd	March
R	Evi Global Fund	Equity fund	Evi Fund Management Company Ltd	March
M	Evi New Republics Fund	Equity fund	Evi Fund Management Company Ltd	May
R	Evi Russia Fund	Equity fund	Evi Fund Management Company Ltd	May
M	Evi Ruble Debt Fund	Bond fund	Evi Fund Management Company Ltd	June
R	Evi Emerging Markets Credit Fund	Bond fund	Evi Fund Management Company Ltd	June
M	Evi Emerging Markets Equity Fund	Equity fund	Evi Fund Management Company Ltd	July
R	Evi Emerging Frontier Fund	Equity fund	Evi Fund Management Company Ltd	July
M	Premier Selection Fund	Mixed fund	FIM Asset Management Ltd	February
R	FIM Asset Management 100 Fund	Mixed fund	FIM Asset Management Ltd	February
M	FIM Forte Fund	Equity fund	FIM Asset Management Ltd	June
R	FIM Global Fund	Equity fund	FIM Asset Management Ltd	June
M	FIM China Fund	Equity fund	FIM Asset Management Ltd	December
R	FIM Emerging Markets Smaller Companies Fund	Equity fund	FIM Asset Management Ltd	December
M	Special Mutual Fund Fourton Fokus Finland non-UCITS	Equity fund	Fourton Fund Management Company Ltd	May
R	Mutual Fund Fourton Hannibal	Equity fund	Fourton Fund Management Company Ltd	May
M	Non-UCITS Nordea Private Banking Focus Finland	Equity fund	Nordea Funds Ltd	September
R	Nordea Pro Finland Fund	Equity fund	Nordea Funds Ltd	September
M	Non-UCITS Nordea Capital Guaranteed 100	Mixed fund	Nordea Funds Ltd	December
R	Nordea Moderate Yield Fund	Money market fund	Nordea Funds Ltd	December
M	OP-America Fund	Equity fund	OP Fund Management Company Ltd	April
R	OP-America Index Fund	Equity fund	OP Fund Management Company Ltd	April
M	OP-Asia Tigers Fund	Equity fund	OP Fund Management Company Ltd	June
R	OP- Emerging Middle Class Fund	Equity fund	OP Fund Management Company Ltd	June
M	OP-Horizon 2015 Fund	Mixed fund	OP Fund Management Company Ltd	September
R	OP-Conservative Fund	Bond fund	OP Fund Management Company Ltd	September
M	OP-Horizon 2025 Fund	Mixed fund	OP Fund Management Company Ltd	September
M	OP-Return Seeking Fund	Mixed fund	OP Fund Management Company Ltd	September
R	OP-Moderate Fund	Mixed fund	OP Fund Management Company Ltd	September
M	OP-Horizon 2035 Fund	Mixed fund	OP Fund Management Company Ltd	September
M	OP-Horizon 2045 Fund	Mixed fund	OP Fund Management Company Ltd	September
R	OP-Brave Fund	Equity fund	OP Fund Management Company Ltd	September
M	OP-Bond Fund	Bond fund	OP Fund Management Company Ltd	November
R	OP-Bond Yield Fund	Bond fund	OP Fund Management Company Ltd	November
M	OP-Corporate Bond Prima Fund	Bond fund	OP Fund Management Company Ltd	November
R	OP-Corporate Bond Fund	Bond fund	OP Fund Management Company Ltd	November
M	Bank of Åland Eco Performance Fund	Equity fund	Bank of Åland Fund Management Ltd	April
R	Bank of Åland Europe Value Fund	Equity fund	Bank of Åland Fund Management Ltd	April

Also, Handelsbanken Active 100 Fund, Handelsbanken Active 50 Fund, Handelsbanken Euro Bonds Fund, Handelsbanken Short Term Interest Rate Fund, Handelsbanken Mega Mix Interest Rate Fund, Handelsbanken Pension 50 Active Fund, Handelsbanken Pension 60 Active Fund, Handelsbanken Pension 70 Active Fund, Handelsbanken Pension 80 Active Fund, Handelsbanken Stable 25 Fund, Handelsbanken Sweden Selective Fund, Handelsbanken Europe Aggressive Fund, Handelsbanken Europe Selective Fund, Handelsbanken China Fund, Handelsbanken Nordic Selective Fund, Handelsbanken Finland Fund, Handelsbanken New Energy Fund and Handelsbanken Corporate Bond Fund (SEK) managed by Handelsbanken Mutual Fund Company Ltd merged into the funds registered in Sweden and managed by Handelsbanken Fonder Ab.

M = Merged fund

R = Receiving fund

Source: Bank of Finland.

INVESTMENT FUNDS

Table 5. Fund type changes of Finnish investment funds in 2014

Name of investment fund	Type of fund (new)	Type of fund (old)	Management company	Date
OP-Moderate Fund	Mixed fund	Bond fund	OP Fund Management Company Ltd	July

Source: Bank of Finland.

Table 6. Category changes of non-UCITS funds into UCITS-compliant investment funds in 2014

Name of investment fund	Type of fund	Management company	Date
UCITS AJ Value Hedge	Hedge fund	AJ Fund Management Inc.	July
Mutual Fund eQ Global Sectors (UCITS)	Equity fund	eQ Fund Management Company Ltd	April
Mutual Fund FOURTON Fiesta	Equity fund	Fourton Fund Management Company Ltd	March
Mutual Fund Fourton Hannibal	Equity fund	Fourton Fund Management Company Ltd	March
Mutual Fund FOURTON Odysseus	Equity fund	Fourton Fund Management Company Ltd	March
Mutual Fund FOURTON Stamina	Equity fund	Fourton Fund Management Company Ltd	March
Mutual Fund FOURTON Tempo	Equity fund	Fourton Fund Management Company Ltd	March
JOM Komodo Indonesia Equity Investment Fund	Equity fund	JOM Fund Management Ltd	March
JOM Silkkitie Asia Equity Investment Fund	Equity fund	JOM Fund Management Ltd	March
Seligson & Co Emerging Markets Fund	Equity fund	Seligson & Co Rahastoyhtiö Oyj	June
Seligson & Co Phoebus Fund	Equity fund	Seligson & Co Rahastoyhtiö Oyj	June

Source: Bank of Finland.

Appendix 1. Charts

Chart 13. Domestic investment funds` total fund-share liability broken down by fund type

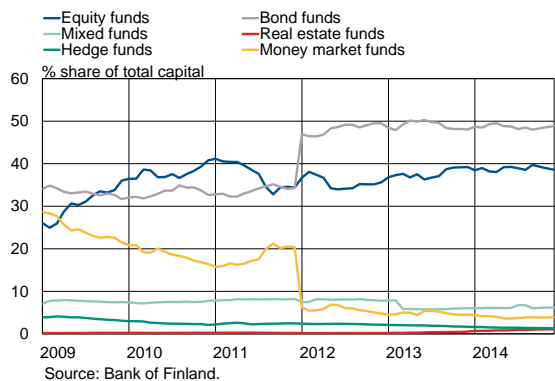


Chart 16. Net subscriptions in domestic investment funds by fund type

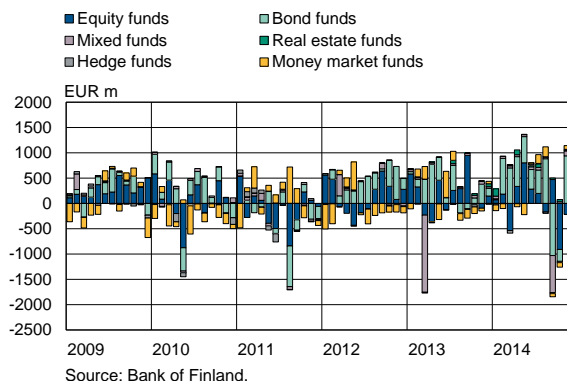


Chart 14. Domestic investment funds` fund-share liability and total net subscriptions

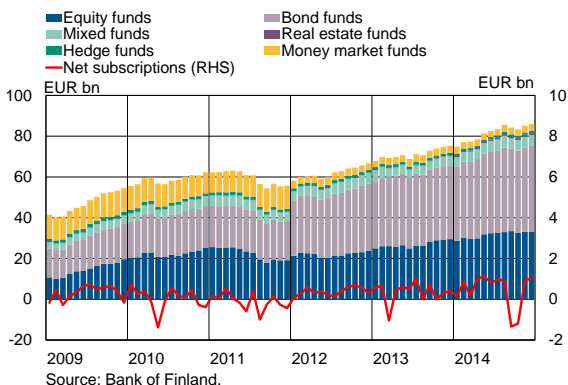


Chart 17. Breakdown of euro area investment funds` total balance sheet by instrument

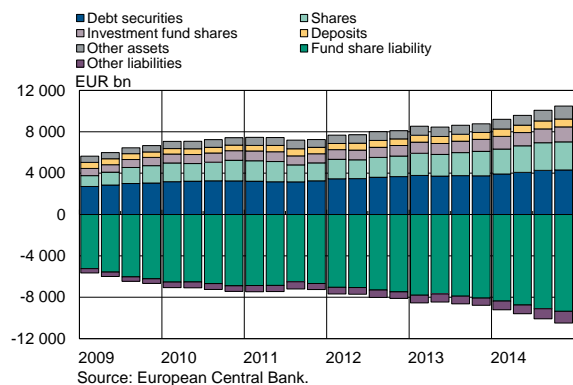


Chart 15. Domestic investment funds` fund-share liabilities by sector

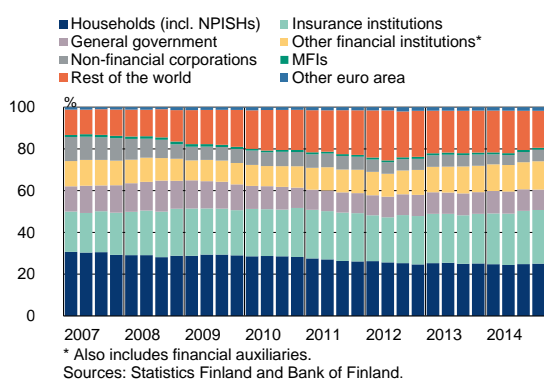


Chart 18. Investment funds` fund-share liability in certain European countries

