

Financial overview of investment Funds – France

Fourth quarter 2020

money market funds attract large inflows in 2020 and resilience of non-money market funds

- Money market funds post exceptional inflows in 2020 (+80 billion, see G1), i.e. an increase of 26%. After significant withdrawals of around 50 billion in March, money market funds quickly return to high positive net subscriptions for the rest of the year (see focus C), despite a negative annual net performance of -0.42%. These movements are explained by the strong growth in loans to non-financial companies generating cash invested in mutual funds and the wait-and-see attitude of investors to invest towards other supports. In the euro zone, outstanding amounts of money market funds (Focus E) stands at 1,416 billion, up 15% year-on-year, with French money market funds accounting for 28% of the total of 393 billion (unconsolidated data). Investors in French money market funds are mainly residents (+62 billion). The structure of investments change significantly in favor of liquid assets: deposits and other net investments increase sharply (+52 billion) and a reallocation has been made between debt securities with original maturities of more than one year (-18 billion) and short-term securities (+42 billion). In addition, funds increase the relative share of sovereign securities. 24 billion were invested in them over this period and they represent 11% of securities investments at the end of 2020 (compared to 2% one year earlier).
- Non-monetary funds record net subscriptions of 5 billion in 2020 (see table p.2), mainly from employee savings funds (+7 billion), bond funds (+5 billion) and real estate funds (+5 billion), while mixed funds record an outflow (-13 billion) (see G1). Inflows to non-monetary funds were relatively unaffected by the crisis. Their valuation fell sharply, but this was more than made up for over the year, particularly in Q4 (see focus C). With a 1% growth in outstanding, French non-money market funds nevertheless appear to be slightly down compared to the euro zone, where outstanding stands at 13,718 billion at the end of 2020 (Focus D), i.e. +6% year-on-year thanks to positive net inflows and favorable valuation effects. Households are the main source of investments in French mutual funds (+13 billion). On the contrary, resident and euro zone MFIs are withdrawing (-8 and -13 billion respectively). On fund assets, debt securities decrease (-10 billion) in favor of equities and real estate assets (+14 billion).

G1. Net subscriptions by type of funds (cumulative flows over 4 quarters - Billion €)



Investment funds assets and investors

(EUR billion)

Assets		Net flows (a)		Stocks Part (%)		Investors		Net flows (a)		Stocks Part (%)	
		2020Q4	4 moving quarters	2020Q4	2020Q4			2020Q4 (g)	4 moving quarters	2020Q4	2020Q4
Non-money market funds	Total	6	5	1 336	100%	Total	6	5	1 336	100%	
by type of instrument	Debt securities up to 1 year	0	-5	22	2%	Resident	8	16	1211	91%	
	Debt securities over 1 year	-1	-5	372	28%	Insurance corporations	7	2	516	39%	
	Equity	5	7	497	37%	Households and NPSH	6	13	280	21%	
	Investment fund shares	2	3	329	25%	Non money market funds	0	2	152	11%	
	Real estate assets	2	7	90	7%	General Government	6	6	158	12%	
	Net deposits and loans and other assets (b)	-4	-2	26	2%	MFIs	-11	-8	45	3%	
by geographical area (c)	Resident	5	7	596	49%	Non-Financial corporations	1	0	52	4%	
	Non-Resident euro area	-3	-11	401	33%	Other financial institutions	-1	1	9	1%	
	Non-Euro area	5	4	223	18%						
by issuer (c)	Non-Financial corporations and others (d)	5	3	602	49%	Non-Resident euro area	-2	-13	102	8%	
	MFIs	1	-2	159	13%	MFIs	-2	-13	88	7%	
	General Government	-2	-4	106	9%	Non MFIs	0	0	14	1%	
	Others (e)	3	3	352	29%	Non-Euro area	0	2	23	2%	
	<i>of which non money market funds</i>	2	0	259	21%						
Money market funds (f)	Total	26	76	373	100%	Total	26	76	373	100%	
by type of instrument	Debt securities up to 1 year	20	42	217	58%	Resident	18	62	297	80%	
	Debt securities over 1 year	3	-18	65	17%	Insurance corporations	-2	7	98	26%	
	Investment fund shares	0	0	1	0%	Non-Financial corporations	9	32	88	24%	
	Net deposits and loans and other assets (b)	4	52	90	24%	Non money market funds	0	4	67	18%	
by geographical area (c)	Resident	10	14	129	46%	Households and NPSH	-1	0	5	1%	
	Non-Resident euro area	3	-2	88	31%	General Government	4	5	16	4%	
	Non-Euro area	9	12	66	23%	Credit Institutions	-2	2	5	1%	
by issuer (c)	MFIs	9	2	171	60%	Other financial institutions	10	12	18	5%	
	Non-Financial corporations and others (d)	5	1	62	22%	Non-Resident euro area	4	7	62	17%	
	Others (e)	-1	-3	21	7%	MFIs	5	5	54	15%	
	General Government	9	24	30	11%	Non MFIs	-1	2	8	2%	
					Non-Euro area	4	7	14	4%		

Note: As from this publication, real estate funds are integrated in data; Rounding differences mean that an aggregate may not be exactly equal to the sum of its components.

Source : Banque de France

(a) Variation of outstanding amounts for Money Market Funds

(b) net loans and net other assets include financial derivatives, non-financial assets and other receivables, net of other liabilities

(c) excluding loans and other net assets ; only securities portfolio

(d) Others added to Non-Financial Corporations include others Financial Institutions of the rest of the world (non MFIs as Insurance Corporations)

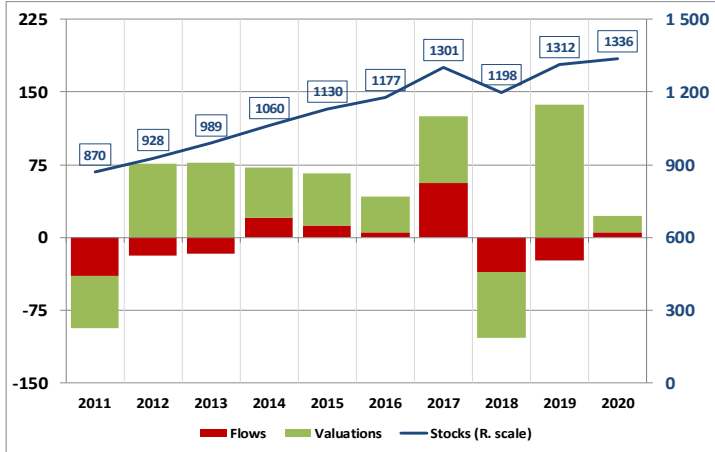
(e) Others : Non Money Market funds, Insurance and other Financial Institutions

(f) Consolidated Data: consolidated outstanding of money market fund shares or units do not include the resident securities held by money market funds themselves

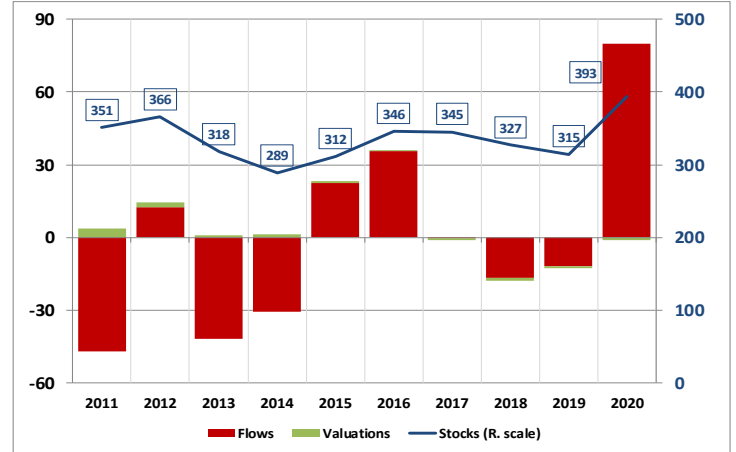
(g) Quarterly holdings data are provisional and will be revised next quarter

Focus - Evolution of Investment funds in France and the Euro zone in 2020

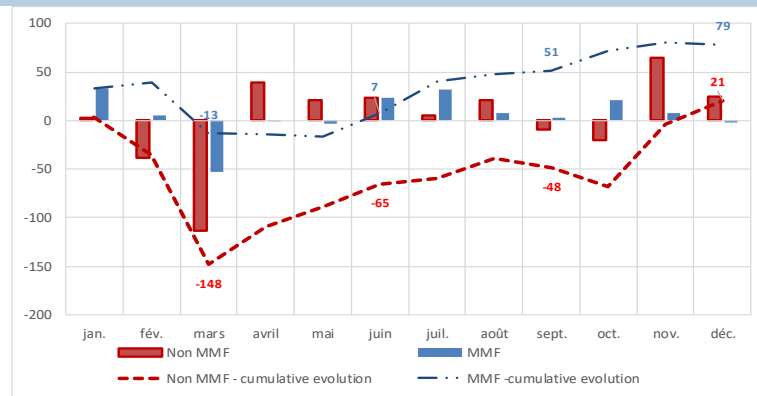
A - Outstanding evolution of French non-monetary mutual funds (€ billions)



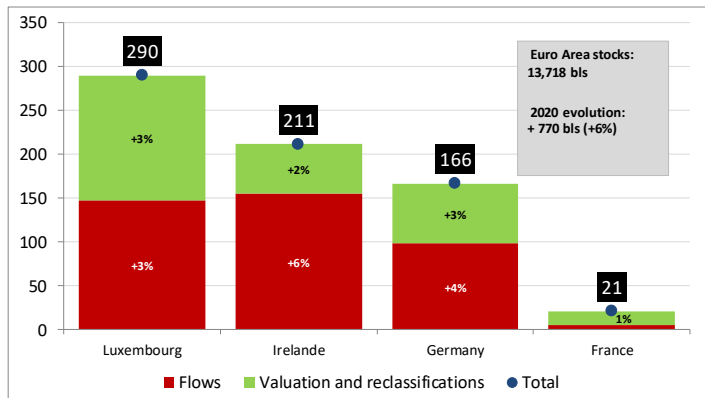
B - Outstanding evolution of French money market funds (€ billions)



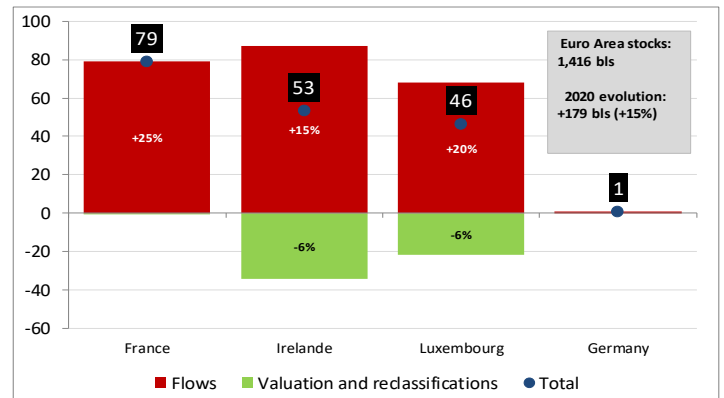
C - Sub-monthly evolution of French mutual funds over 2020 (€ Billions)



D - 2020 evolution of non-monetary funds Euro zone - Comparison of the 4 largest countries (€ billions and %)



E - 2020 evolution of monetary market funds Euro zone - Comparison of the 4 largest countries (€ billions and %)



* ((annual change in stocks - 12 month flows)/outstandings M-12)

