

5 UK RETAIL MARKET

KEY FINDINGS

MARKET OVERVIEW

- » In 2024, UK investor funds under management (FUM) increased by 5%, rising to £1.49 trillion from £1.43 trillion in 2023.
- » FUM remains 6% below the 2021 peak of £1.59 trillion but has shown steady year-on-year growth. However, FUM growth falls behind the 10% growth in UK AUM and 8% growth in European FUM recorded over the same period.

ASSET ALLOCATION

- » Equity FUM has remained relatively stable year-on-year, increasing slightly from 54% in 2023 to 55% in 2024.
- » The headline figure masks a persistent shift towards overseas equities, which now account for almost half (45%) of FUM, compared to a third (33%) in 2009. UK equity allocations made up just 10% of FUM in 2024.
- » In particular, North American equities sold well in 2024 with inflows of £3.0 billion as investors viewed a Trump presidency as broadly positive news for the performance of US companies and the large US-listed technology stocks.
- » Fixed income allocations have also remained relatively stable over the long-term but dropped just below 17% for the first time to 16.7% of AUM in 2024. This was likely driven by persistent inflation and rising concerns over US debt as well as high interest rates maintained by the Bank of England.

KEY DRIVERS OF INVESTOR BEHAVIOUR IN 2024

- » Net retail outflows eased from £24.3 billion in 2023 to £2.0 billion in 2024, thanks to falling inflation, rate cuts by central banks and stronger equity market performance, particularly in the US.
- » A cautious return to optimism amongst investors was driven by falling inflation, allowing for rate cuts by central banks and stronger equity market performance.
- » However, anticipated tax changes in Labour's Autumn Budget had a significant impact on net retail sales in September and October, with investors taking out a combined total of £9.4 billion over the period.
- » Relatively high cash savings rates persisted in 2024, and Bank of England data suggest that this continues to attract capital away from investment funds. Cash ISA inflows reached record annual highs of £50.6 billion in 2024. Interest rates were held steady through the first half of 2024 and the Bank of England made their first cut in August 2024. 2024 ended with the base rate at 4.75%, with the expectation of further cuts in 2025.

INDEX TRACKERS

- » In 2024 tracker funds under management reached a record high of £383.7 billion, making up 26% of industry funds under management (excluding ETFs).
- » Tracker FUM has grown every year for the past 15 years, with an 18.5% year-on-year growth in FUM recorded between 2023 and 2024.
- » Throughout 2024, net retail outflows from active funds were £29.4 billion. Although this is an easing on the £38.1 billion of outflows recorded in 2023, it still stands in contrast to the almost £28.0 billion of inflows into tracker funds throughout the year, the highest annual net retail sales to trackers and a £9.6 billion increase on the previous record inflow in 2020.

RESPONSIBLE INVESTMENTS

- » Responsible investment funds ended 2024 with an FUM of £103.8 billion, making up 6.9% of total industry FUM. Market share declined on 2023's 7.2% with FUM increasing very slightly from £102.3 billion.
- » As responsible investment funds have turned to outflow, fund launches have slowed. The count of responsible investment funds in IA data increased by only 7 in 2024, to 433.

DISTRIBUTION TRENDS

- » UK fund platforms returned to modest inflows of £1.8 billion in 2024 after recording their first outflow of £2.4 billion in 2023.
- » The discretionary managers channel continued to see outflows through 2024 of £5.6 billion, only slightly less than the £6.4 billion in 2023 despite improved overall fund flows. The direct with fund managers channel also recorded continued outflows of £4.4 billion, reflecting the ongoing shift away from firms running direct books with investors towards investment platforms and intermediated investment.

THE UK IN THE CONTEXT OF THE EUROPEAN FUNDS MARKET

- » UK domiciled FUM was £1.32 trillion at the end of 2024, made up of £1.24 trillion on behalf of UK investors and £75.2 billion on behalf of overseas investors. Assets managed on behalf of overseas investors now account for 5.7% of UK domiciled assets.
- » UK investor FUM in overseas domiciled funds was £247.9 billion as of the end of 2024, up from £228.2 billion in 2023.
- » Funds domiciled in Luxembourg remained steady at €5.8 trillion in 2024, whilst Ireland recorded a 22% increase in assets over 2024 to reach €5.0 trillion. This is likely driven by the extensive use of Ireland as a domicile for ETFs – ETF assets grew rapidly in 2024. According to Morningstar, the European domiciled ETF market saw AUM increase 33% over the year to reach over €2.2 trillion.

Chapter 5 explores the UK funds market, examining trends in funds under management and net sales, with a particular focus on sales through retail investment channels. The data in the chapter differs from the rest of the report in that it represents UK investor funds under management in UK authorised and recognised funds that are domiciled both in the UK and overseas.¹³

The chapter uncovers how UK investors are approaching asset allocation across the major asset classes and regions over the long-term, predominantly looking at the last 15 years. This perspective enables us to better examine the impact of different market cycles and geopolitical and economic events on investor behaviour in the years following the Global Financial Crisis. Chapter 5 also includes the evolution of sales to index trackers and sustainable investment funds. The story of 2024 is one of cautious positivity and a slow return to growth for the UK funds market. Set in the context of the last 15 years, where we have seen funds under management (FUM) grow consistently in the wake of the Global Financial Crisis, 2022 and 2023 can be seen as challenging outliers. Despite navigating hurdles including Brexit, COVID-19, and Russia's invasion of Ukraine, overall, the industry has shown resilience and adaptability.

The outflows of 2022 and 2023 eased significantly in 2024, signalling a positive shift in investor sentiment. This was driven in part by interest rate cuts, falling inflation and a stronger equity market performance. Whilst cash saving levels remains high – with record inflows recorded into Cash ISAs – this did not come at the expense of funds as it did in 2022 and 2023. Instead, investors displayed a cautious optimism as we saw a slow recovery in growth in FUM boosted by more buoyant markets.

As this chapter explores in more detail, a pivotal event for UK investors in 2024 was the Labour Government's first Autumn Budget. Anticipated tax changes, particularly to Capital Gains Tax, prompted changes in investor behaviour and lead to temporary outflows. However, these outflows did not persist and inflows at year end signalled that the tide may be continuing to turn to inflows into 2025.

FUNDS UNDER MANAGEMENT

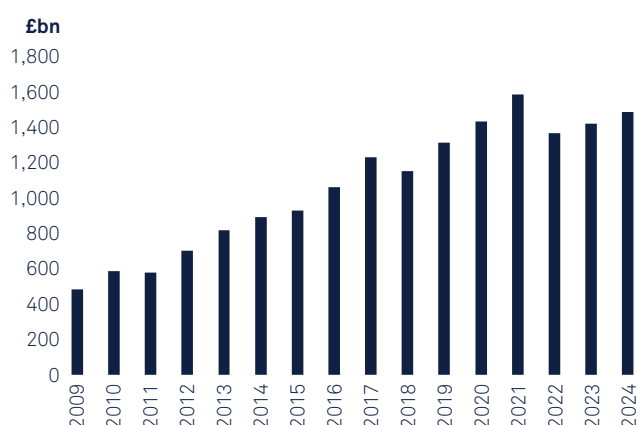
UK investor FUM has continued to recover slowly in 2024, standing at £1.49 trillion at the end of the year.¹⁴

This is a steady 5% growth on the £1.43 trillion FUM recorded at the end of 2023 – a £64 billion increase in absolute terms – but falls behind the 10% growth in UK AUM and 8% growth in European FUM recorded over the same period.¹⁵

The slower FUM recovery in the UK may have been impacted by consistent institutional outflows from UK funds, as well as the growth in popularity of ETFs across Europe, as these assets are not recorded in IA funds data.¹⁶

FUM remains 6.1% below the 2021 peak of £1.59 trillion. Over the course of 2022, FUM fell by 13.8% – in line with a 12% fall in AUM – this fall came as interest rates rose in response to inflation and asset prices fell. We saw initial recovery of 4.1% to £1.43 trillion in 2023, which has continued.

CHART 31: TOTAL INDUSTRY FUNDS UNDER MANAGEMENT (2009-2024)



Source: The Investment Association

¹³ Earlier chapters look at UK managed assets in UK and overseas domiciled funds and include data on ETFs. Chapter 5 data include index tracking mutual funds but not ETFs as the location of ETF investors cannot be confidently identified as the UK. As such, the IA does not include ETFs in its fund data.

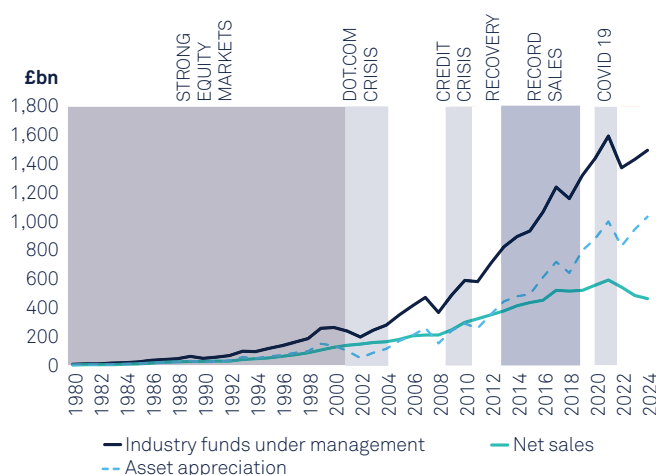
¹⁴ Investment Association Funds Under Management data includes both retail and institutional assets.

¹⁵ EFAMA Fact Book 2025, p.319.

¹⁶ In this chapter, IA data captures FUM and sales on a UK investor basis, not on a UK fund domicile basis. There are no ETFs domiciled in the UK. As ETFs are traded on exchange on a secondary market, it is difficult to determine the country of origin of investors – a unit in an ETF traded on the London Stock Exchange could easily be held by an overseas investor. This is why the IA is not able to publish comparable data on ETFs.

DRIVERS OF INDUSTRY GROWTH

CHART 32: DRIVERS OF INDUSTRY GROWTH (1980-2024)



Source: The Investment Association

Chart 32 shows the growth of the UK funds market since 1980 and highlights the impact of both net sales and asset appreciation on industry FUM. Since 2012, asset appreciation has consistently been the largest contributor to FUM growth. For this chart, net sales includes both retail and institutional flows. We observe the following trends:

- Historically, when markets perform well and drive asset appreciation, net sales also increase – we can see that the blue dotted line and green line on Chart 32 following roughly the same trajectory until 2023. For example, in 2017 when assets appreciated by 10.0%, net sales followed suit and rose 6.3%.
- However, we start to see asset appreciation and net sales trends diverge in 2023 – assets grew but sales continued to fall. 2024 has continued the disconnect between assets rising in value and net sales. Whilst asset appreciation increased by 6.1% over the year, net sales decreased by 1.6%. Negative net sales eased from their peak of £57.8 billion in 2023 to £22.4 billion in 2024, but this marked the third consecutive year of outflows, the longest sustained period of outflows recorded in our data.

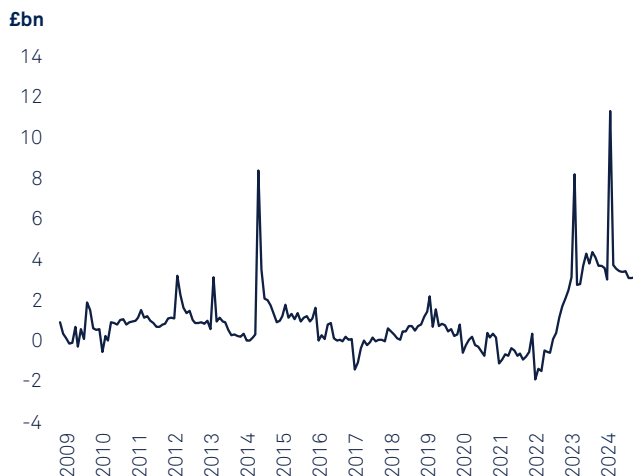
Whilst there are many factors that could affect net retail sales, higher interest rates on cash savings divert money away from funds.

Whilst interest rates were cut incrementally in 2024, they remained high in the context of the post Global Financial Crisis era. Following the 2008 Global Financial Crisis, a significant cut in central bank interest rates led to a shift away from cash savings and enabled fund sales to support FUM recovery. Between 2008 and 2010 funds under management grew by £224 billion.

In recent years we have seen the opposite to be true. In particular, the Bank of England undertook a significant interest rate raising cycle in 2022 and 2023 to help curb persistent inflation. The Bank Rate was raised from just 0.1% in December 2021 to 5.25% in August 2023 – the fourteenth consecutive increase – where it was held until August 2024. As banks and building societies often increase the interest rates they offer on savings accounts when the Bank of England raises rates, this can encourage people into cash savings.

According to Bank of England data in Chart 33 (Cash ISA inflows), Cash ISA inflows reached their highest ever level of £50.6 billion 2024 – surpassing the previous record of £47.5 billion in 2023. Cash ISA deposits have been steadily increasing since 2022 in line with rising interest rates. This has also coincided with increasingly frequent periods of market volatility, which may have prompted some savers to gravitate towards the stability of cash accounts.

CHART 33: NET CHANGES IN STERLING CASH ISA DEPOSITS, SEASONALLY ADJUSTED (2009-2024)



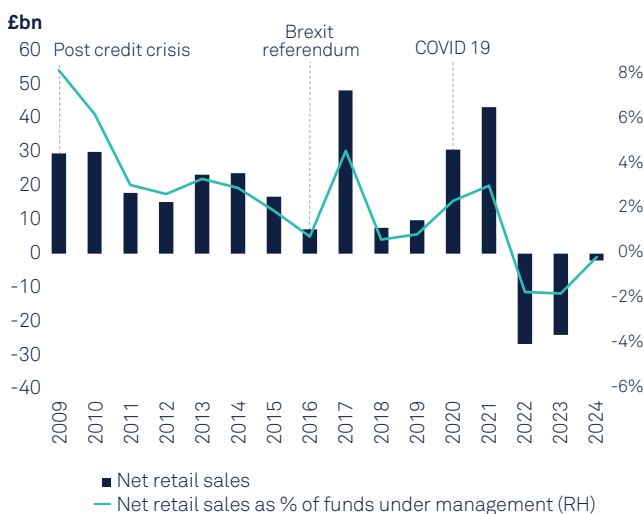
Source: The Bank of England

The IA's annual ISA Barometer for the 2024-25 tax year found that a fifth (22%) of Cash ISA savers use the product because they don't want the value of their savings to fluctuate, whilst 28% cite the importance of lower risk levels. In addition, almost a third (29%) mentioned the appeal of higher interest rates.



RETAIL FLOWS IN CONTEXT

CHART 34: TOTAL NET RETAIL SALES AND NET RETAIL SALES AS A PERCENTAGE OF FUM (2009-2024)



Source: The Investment Association

Chart 34 shows annual net retail sales over the 15 years from 2009 to 2024. We can see a marked shift into outflows in 2022, reversing 12 years of relatively healthy inflows. Whilst we have remained in outflow for the past three years, sales eased from -£24.3 billion to just -£2.0 billion in 2024.

Since 2008, funds under management have grown consistently and the industry today is significantly larger. To better compare the scale of net sales in 2009 with 2024, the line on the chart shows net sales as a percentage of industry size (FUM), tracking the right-hand axis.

This allows us to see the significant scale of inflows following the 2008 Global Financial Crisis as interest rates dropped and decreased trust in the banking industry encouraged people to invest. Recovery was strong: net retail sales in 2009 equate to 8.2% of FUM, compared to 4.6% in 2017, even though net retail sales were £18.8 billion higher in 2017.

The 2016 Brexit Referendum caused a sharp drop in net retail sales. The result sparked significant political and economic uncertainty about future trade relationships and concerns about potential divergence in financial regulation, including the 'passporting' rights

of UK financial firms. Equities experienced the majority of outflows in 2016, with UK equities accounting for over half of the -£8.1 billion outflows recorded from the asset class at year-end.

In contrast 2017 was a relatively good year, with £48.6 billion inflows boosted by the advent of pension freedoms two years earlier, as increasing numbers of retirees moved away from annuity-based options in favour of flexible investment solutions and in some cases transferred Defined Benefit Pensions across to SIPP's to take advantage of pension transfer values. Whilst UK indices recovered relatively quickly after the initial referendum shock in summer 2016 – the FTSE 100 returned roughly 13% over 2017, only topped amongst major developed equity markets by the S&P 500's 17.9%¹⁷ – this didn't translate into sales for UK equity funds. UK equity funds ended the year with outflows of £2.6 billion, as investors continued to favour global diversification in the face of ongoing trade uncertainty and sluggish UK economic growth.

Inflows rose again to £43.6 billion (3.0% of FUM) in 2021 during the COVID-19 pandemic as central banks cut interest rates in the hopes of stimulating economic growth post-lockdown. Many UK working adults found that they had additional disposable income – as a result of lockdowns they could not spend money on leisure pursuits or on transport. This caused a wave of new investors testing the waters, which also boosted inflows – according to IA and Ipsos survey data, around a third of new investors started their investment journey during the pandemic.

In 2022 this trend reversed and we returned to net retail outflows of £26.9 billion, the first annual outflow in IA data and the worst on record. Retail investors faced new challenges when the impact of the Russia-Ukraine war hit energy and food prices and Central Banks raised interest rates in response to rapidly rising inflation. Annual inflation reached its highest rate in over 40 years, putting pressure on consumer spending and corporate profit margins, leading to market turbulence. In addition, rising interest rates on savings accounts made cash a more appealing option.

Outflows continued into 2023 but eased slightly to £24.3 billion. Rather than moving in step with market performance, outflows in 2023 will have been more heavily influenced by alternative draws on investor capital such as high rates on cash savings, the cost-of-living crisis and the increased costs of paying off debt.

FACTORS INFLUENCING 2024'S MODEST OUTFLOWS

Outflows have eased significantly in 2024 to just £2.0 billion (compared to £24.3 billion in 2023). There was a cautious return to optimism, helped by falling inflation, rate cuts by central banks and stronger equity market performance, particularly in the US. However, anticipated tax changes in Labour's Autumn Budget had a significant impact on net retail sales in September and October, with investors taking out a combined total of £9.4 billion over the period. With every asset class experiencing outflows, we saw widespread uncertainty about tax changes to pensions, Capital Gains Tax and Inheritance Tax all driving movements in investor portfolios.

This proved to be a short-term response to anticipated tax rises and we saw a return to inflow at the end of the year, which signalled that investor confidence remained sound.

Beyond the impact of Budget speculation on net retail sales in 2024, both bond and equity net retail sales benefited from solid market performance.

- **Stronger equity market performance:** Global equity markets delivered total shareholder returns of 18% in 2024, driven by strong returns in North America (25%).¹⁸ At the end of the year, flows to US equities were bolstered by the strong response of the US market to President Trump's election victory. funds investing in North American equities, the top selling equity region, saw inflows of £3.0 billion over the year.
- **Improved investor sentiment and bond market recovery:** Falling inflation and rate cuts by central banks in 2024 helped to restore investor confidence. In addition, fixed income funds saw £3.9 billion in inflows, up from £742 million in 2023. Corporate bond funds were especially popular, reflecting a shift from government debt.

¹⁷ Cambridge Associates, Review of Market Performance Fiscal Year 2017

¹⁸ McKinsey & Company, Review of 2024 capital market performance

BOX 6: LOOKING AHEAD: HOW IS INVESTOR SENTIMENT CHANGING?

Throughout 2024, savers and investors navigated significant macro-economic and geopolitical events. Countries accounting for half the world's GDP headed to the ballot box, interest rates were cut, and equity markets showed improved performance. The year ended with overall net retail outflows of £1.9 billion amongst UK investors, a significant improvement on the heavy outflows of £24.3 billion recorded in 2023.

In this section, we whether investor sentiment is continuing to improve in 2025 – looking at additional data from the IA's monthly fund flows and our latest ISA Barometer, which covers the 2024-25 tax year.

2025

The first half of 2025 has been marked by ongoing uncertainty for investors: the threat of tariffs, trade tensions, and volatility in US technology stocks as a result of the AI race and the launch of DeepSeek, a Chinese AI GPT challenger, have all contributed to significant market volatility.

This has polarised investor behaviour: whilst some have taken advantage by 'buying the dip' and boosting sales to North American equities in particular, others have preferred caution and diversification, opting for European equities or funds managed to volatility targets. Overall, a tough Q1 (with net retail outflows of -£2.3 billion) gave way to a much more positive Q2 with inflows of £4.5 billion. Growing interest in European assets reflects some capital shifting away from the US amidst an uncertain political environment.

Overall, however investors have shown resilience. Despite significant global market events, monthly data suggests that investors have gradually re-entered markets and adjusted their portfolios to suit their risk appetite.

WHAT CAN WE LEARN FROM STOCKS & SHARES ISA INVESTORS?

Data from the IA's latest ISA Barometer survey reveals that contribution patterns and investor sentiment for the 2024/25 tax year show a cautious shift towards an increase in investing and improved confidence. Over this period, the average Stocks & Shares ISA contribution climbed to £8,695, a 23% increase from the prior year. This outpaced the average Cash ISA contribution (£7,335), indicating renewed appetite for long-term investing despite recent market volatility.

Stocks & Shares ISA investors are motivated by achieving capital growth and inflation protection. Over half (54%) invest because they believe long-term returns will beat cash and over a third (35%) are driven by concerns that inflation erodes cash value – despite inflation stabilising throughout 2024 and into 2025.

Amongst those who did invest less into a Stocks & Shares ISA, the primary reasons were financial strains – just 9% cited 'low expected returns' as a reason to pull back, compared to 25% of respondents in the 2023-24 tax year. In an environment where the introduction of tariffs could have further inflationary effects in the UK and globally, it seems likely that the fear of inflation eroding the value of cash savings in the long term will continue to be a factor for investors.

The 2025 ISA Barometer also highlights that time in the market can improve confidence: investors with 10+ years' experience are more likely to believe investing would beat cash over 5 years, compared to those with one year's experience or less (62% vs. 38%). Younger or inexperienced investors may be less prepared to experience short-term investment volatility if they can get a decent, stable return on cash. It is critical that our industry is able to reinforce the long-term benefits of investing and the role it can play in building financial resilience throughout life.

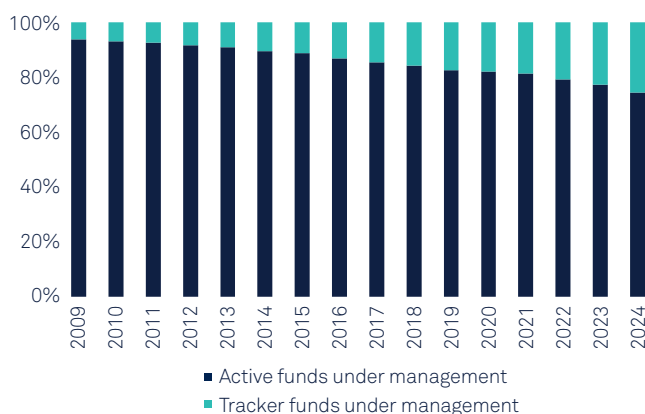
INDEX TRACKERS

As shown in Chart 35, the share of funds under management held in index tracking funds has continued to grow. In 2024 index tracker FUM reached a record high of £383.7 billion, making up 25.7% of industry funds under management. This represents 18.5% year-on-year growth, far higher than the 5% growth in FUM overall.¹⁹

The chart shows a steady increase in the market share of index tracking funds every year since 2009.

The Retail Distribution Review (2013) notably reshaped the UK's financial advice landscape and promoted greater fee transparency. Financial advisers – who currently control 39% of UK retail FUM according to data from Platform²⁰ – could no longer receive commission from fund providers, making it competitive for lower margin index tracker providers to establish themselves in the UK. Following the Review, advisers now charge clients directly, making the cost of advice and different investment products more visible to investors and lower-cost index trackers have continued to grow in popularity.

CHART 35: ACTIVE FUNDS AND TRACKER FUNDS AS A PROPORTION OF TOTAL FUNDS UNDER MANAGEMENT (2009-2024)



Source: The Investment Association

ACTIVE NET RETAIL SALES VS PASSIVE NET RETAIL SALES

Recent FCA regulation has also increased scrutiny on the cost of active and passive funds. The introduction of Consumer Duty in 2023 requires firms to deliver good outcomes for consumers, provide clear communications and ensure products are fair value – further strengthening a focus on bringing the total cost of investing to advised clients down and we have seen the impact in the data as sales to index trackers in 2024 reached £28.0 billion, the highest annual sales by £9.6 billion. This suggests that advisers and discretionary investment managers have increased allocations to index trackers following the introduction of the Consumer Duty.

In addition, the strong performance of the US and global indices in recent years has meant that investors could benefit from favourable returns as well as lower costs. By the end of 2024, the “Magnificent Seven” stocks – the seven largest companies in the S&P 500 – accounted for more than one-third of the index's returns and almost one-quarter of the MSCI World Index's performance.²¹

Chart 36 shows net retail sales to active and index tracking funds, highlighting that inflows to index trackers have continued over the past few years despite headline retail outflows.

- Throughout 2024, outflows from active funds reached £29.4 billion. Although this is lower than the £38.1 billion outflow recorded in 2023 and -£37.8 billion in 2022, it still stands in sharp contrast to the almost £28.0 billion of inflows into tracker funds throughout the year.
- 2024's £28 billion tracker inflows surpass the previous highs of 2020 (£18.4 billion) and 2021 (£18.3 billion). However, these years also saw high inflows into active funds. The data suggests that index funds are more resilient through challenging periods of market performance, at times when active funds might shift into outflows.

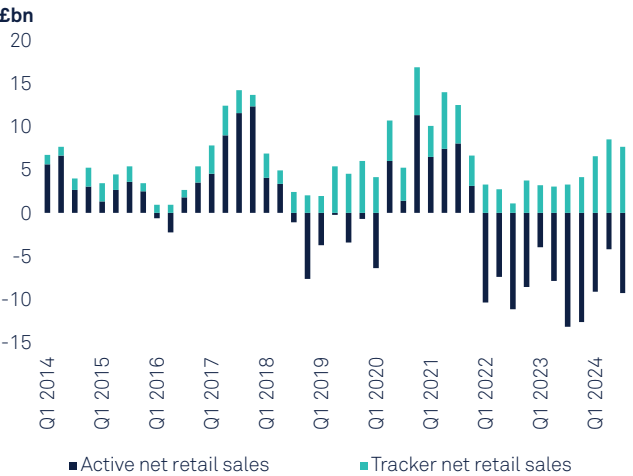
¹⁹ The data in this chapter does not include Exchange Traded Funds, which tend heavily towards index tracking. The data therefore underestimates the full usage of index trackers by UK investors.

²⁰ Platform – UK Fund Distribution: Annual Review, December 2024

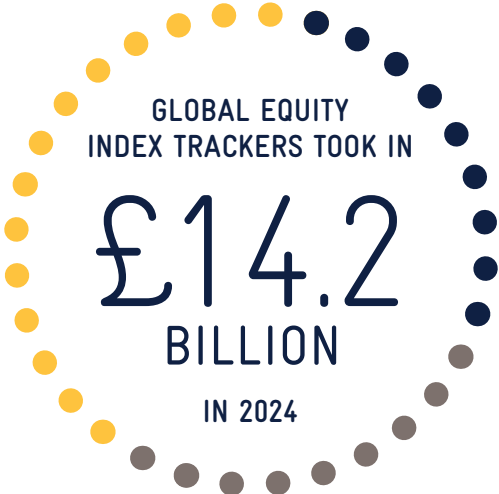
²¹ *Man Numeric*, as of 31 December 2024.

- Over the extended period from the beginning of 2014 to end of 2024, active net retail sales saw outflows of £8.1 billion, whilst tracker funds recorded inflows of £144.4 billion over the same period.

CHART 36: NET RETAIL SALES TO ACTIVE AND INDEX TRACKING FUNDS (2014-2024)



Source: The Investment Association



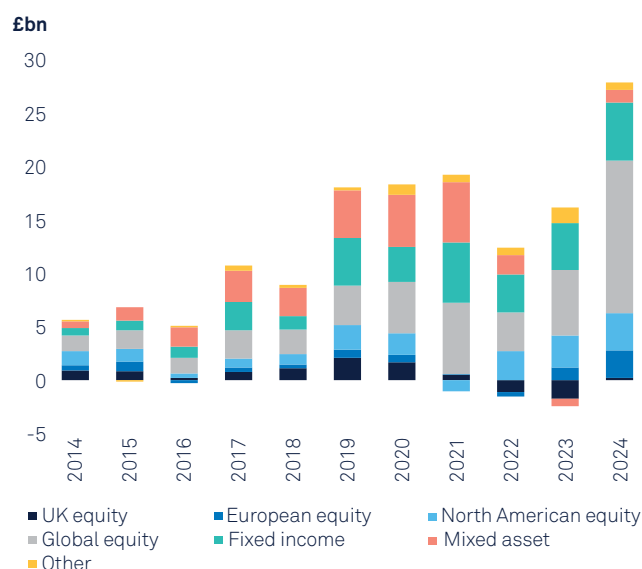
NET RETAIL SALES OF TRACKER FUNDS BY INDEX INVESTMENT TYPE

Chart 37 provides additional detail on investor preferences for different indices, with flows broken out into asset classes, and in the case of equities, by geographic region:

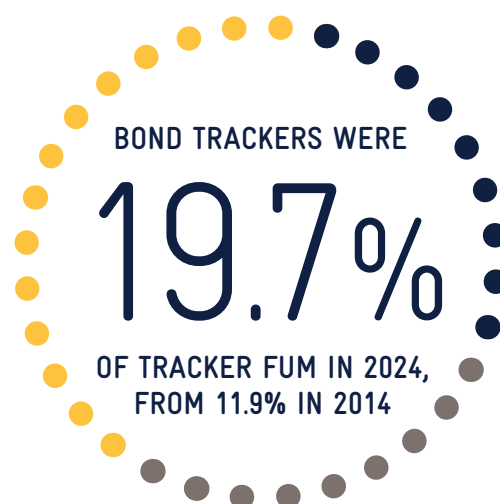
- 2024 saw the increasing dominance of Global and North American equity tracker funds, both of which continued their upward sales trajectory of the past couple of years. After a drop in 2022, sales to global equity index trackers continued their strong recovery, more than doubling from £6.1 billion inflows in 2023 to £14.3 billion in 2024.
- Global equities have remained in inflows for the past decade, with overall consistent growth reflecting investor demand for diversification as a means to spread portfolio risk at a lower cost. Our 2025 ISA Barometer research found that almost three-quarters (74%) of UK investors are confident that investing in globally diversified companies will help them to meet their financial goals.
- North American equity trackers recorded their third consecutive year of increased sales. Inflows totalled £3.5 billion in 2024, up from £3.0 billion in 2023. The demand for North American equity trackers reflects a wider, long-term demand for US equities. In recent years this has been driven by the rapid growth in the value of technology stocks, including Nvidia, Alphabet, Meta and Apple. The MSCI USA returned 25% in 2024, whilst the MSCI world returned 19%. Our ISA Barometer 2025 data also highlighted investor interest in these high-growth sectors. Over half (55%) of investors say they would invest more in UK stocks if the UK market had greater exposure to high-growth sectors such as technology, a figure which increases to roughly three-quarters of Gen Z and Millennials.

- UK equity trackers returned to modest inflows of £199 million in 2024, following outflows of £1.1 billion and £1.7 billion in 2022 and 2023 respectively. UK equity trackers make up a small part of the £20.6 billion inflows into equity trackers overall in 2024. However, these inflows stand in contrast to outflows from actively managed UK equity funds, which reached £12.7 billion in 2024. Despite significant outflows from UK equity funds, British investors still exhibit notable confidence in their home market. Over half (53%) of surveyed investors are confident that investing in UK companies will help achieve their financial goals - exceeding confidence in US companies (44%).
- Inflows to fixed income trackers increased year-on-year, reaching £5.5 billion in 2024 – an increase on £4.4 billion in 2023. After Global equity, fixed income remained the second-best selling index type for index trackers. Whilst historically index tracking was more focused on the equity market, we have seen an increase in growth in FUM fixed income trackers over the past decade. Fixed income trackers accounted for almost a fifth (19.7%) of tracker FUM in 2024, compared to 11.9% in 2014.
- Mixed asset funds tracking a range of indices returned to inflows of £1.1 billion in 2024, following outflows of £704 million in 2023. After a record inflow of £5.6 billion into mixed asset trackers in 2021, rising interest rates in 2022 deflated all asset prices simultaneously – across equities and bonds – impacting mixed asset classes amidst a decline in investor confidence.

CHART 37: NET RETAIL SALES OF TRACKER FUNDS BY INDEX INVESTMENT TYPE (2014-2024)



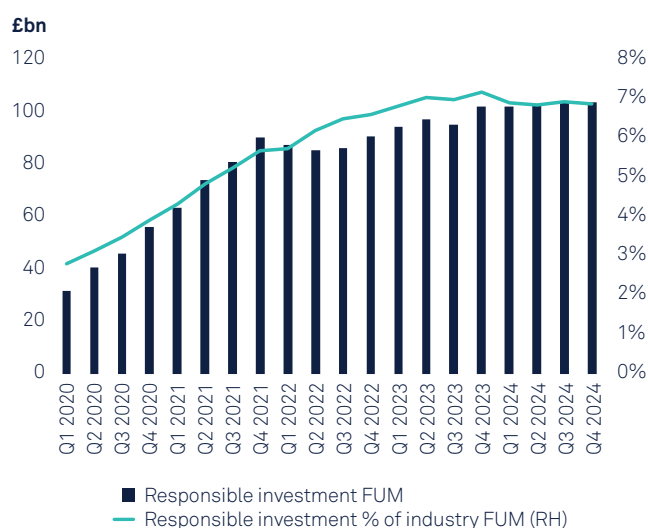
Source: The Investment Association



RESPONSIBLE INVESTMENT

Responsible investment funds ended 2024 with FUM of £104 billion, making up 6.9% of total industry FUM. As shown in chart 38, market share declined from 7.2% in 2023 with FUM increasing only very slightly from £103.8 billion. The plateauing of FUM and slight decline in market share stand in contrast to the rapid growth of responsible investment between 2020, when the IA started collecting data according to the IA's responsible investment framework (see box 7) and 2022. Over this period the data show strong sales and high levels of responsible investment product launches, which helped to boost FUM rapidly, tripling in three years. However, as responsible investment funds have turned to outflow, fund launches have slowed with the count of responsible investment funds increasing by only 7 in 2024, to 433. This compares with an increase of 77 funds in 2022.

CHART 38: RESPONSIBLE INVESTMENT FUNDS UNDER MANAGEMENT (2020 - 2024)



Source: The Investment Association

BOX 7: WHAT IS INCLUDED IN IA RESPONSIBLE INVESTMENT DATA?

The responsible investment data presented here is defined according to the IA Responsible Investment Framework as funds that have an investment policy/objective with one or more of the following components:

- Fund specific exclusions – prohibition of certain investments beyond any firm level policy, and beyond a prohibition on controversial weapons.
- Sustainability focus – An investment policy with sustainability criteria as a core part of the investment approach.
- Impact Investing – Investment made with the intention of generating a measurable positive social and/or environmental impact.

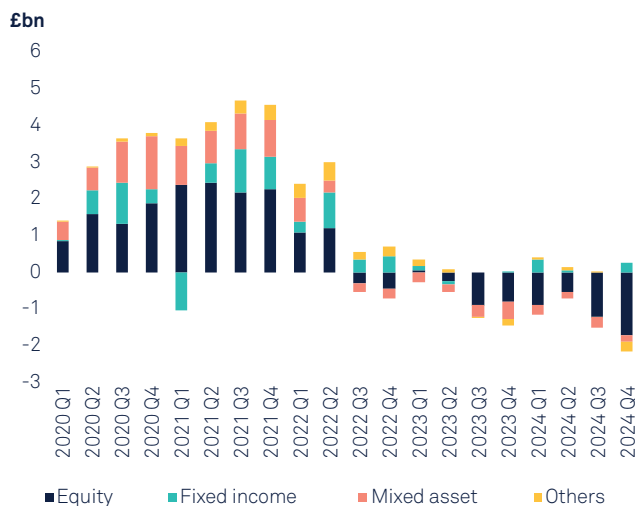
Funds employing ESG integration and/or stewardship alone without one of the components listed above are not included in IA responsible investment data. Funds included within this data are those identified by managers as meeting the above criteria, with verification conducted by the IA.

Chart 39 shows the net retail flows to responsible investment funds broken out by asset class and demonstrates how investor sentiment has shifted since 2020. Until Q2 2022, responsible investment funds enjoyed strong investor demand with a combined inflow over ten quarters of £33.1 billion. Positive sentiment towards responsible investment was boosted by a good news cycle around the net zero transition, with monthly responsible investment inflows peaking at £2.0 billion in September 2021, in the run up to COP 26, held in Glasgow in November 2021.

Responsible investment funds saw flows drop to neutral over the second half of 2022, as the funds industry more broadly saw outflows following challenging market conditions. We have seen sustained outflows to responsible investment funds from the

second half of 2023. 2023 saw more challenging performance conditions for responsible investment funds: for active equity funds, which many responsible investment funds are, rising oil and gas prices saw energy majors contribute heavily to performance. These firms are often excluded by responsible investment funds. In 2024, responsible investment outflows continued and accelerated with £4.6 billion withdrawn. This runs counter to an improvement in fund sales overall in 2024 but flows were boosted by a record sales year for index trackers, which are under represented amongst responsible investment funds. There were pockets of inflow however, most notably fixed income responsible investment funds with net inflows of £669 million. According to EFAMA data, European responsible investment fund flows have shown similar patterns, with SFDR Article 9 funds²² having turned to outflow in Q4 2023 and remaining in outflow through 2024 with a combined €22.1 billion outflow.

CHART 39: RESPONSIBLE INVESTMENT FUND NET RETAIL SALES BY ASSET CLASS (2020 - 2024)



Source: The Investment Association

ASSET ALLOCATION

FUM BY ASSET CLASS

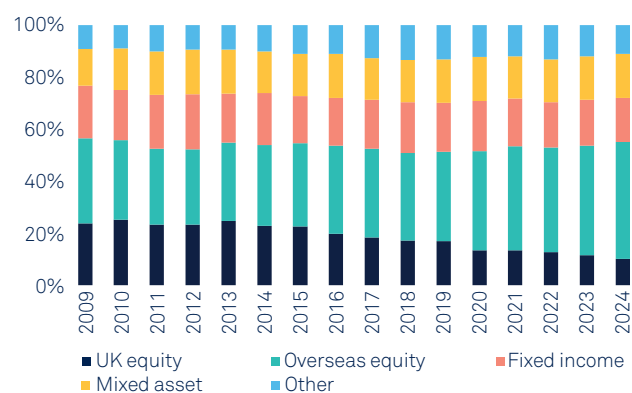
Chart 40 shows changes in asset allocation by UK investors over the last 15 years. It looks at the percentage of UK investor FUM held in the following major asset classes: UK equity, overseas equity, fixed income, mixed asset and other. By dividing the equity classes into UK and Overseas, we are able to see the long-term shift away from domestic bias towards UK equities in favour of more diversified, global equity portfolios.

- In the 15 years since 2009 there has been a notable move out of UK equities. After peaking at 25.1% of FUM in 2010, the percentage UK investors are investing in home market equities has steadily declined. The asset class made up just 10.2% of FUM in 2024.
- The drop in UK equities corresponds with growth in overseas equities as investor preference for diversification has increased. Overseas equities now account for almost half (44.9%) of FUM, compared to a third (32.8%) in 2009.
- Despite the shift in geographic preference, the overall percentage of assets allocated to equity FUM has remained relatively stable: equities made up 56.5% of FUM in 2009 and accounted for 55.1% in 2024. Year-on-year, total equity FUM has increased slightly from 53.6% in 2023 to 55.1% in 2024.
- The shift to overseas equities is in part due to the growth in appetite for global diversification as both a risk management strategy as well as a driver of good performance. Overseas equity is dominated by US funds, reflecting the outperformance of US stocks – notably technology – over the past decade.

²² Under the EU's Sustainable Finance Disclosure Regulation, a fund that is Article 9 must have sustainable investment as its objective and make investments that positively contribute to a social or environmental objective and do no significant harm to the sustainable objective.

- We can also see the impact of Brexit on the fall in UK equities as a percentage of FUM. Between 2015 and 2016, the percentage of FUM in UK equities dropped by 2.9% and we saw a further substantial drop of 3.5% between 2019 and 2020 following the passage of the withdrawal deal. This reflects a more uncertain economic and trading outlook for the UK. Achieving economic growth, central to the objectives of the current government, will be critical in reviving the fortunes of UK equities.
- Fixed income allocations have remained relatively stable but dropped below 17% for the first time to 16.7% of AUM in 2024. This follows several years of small decreases after the asset class dropped below 18% in 2022 when bond prices depreciated.
- Over the long term, mixed asset allocations have remained consistent, fluctuating between 14.2% and 17.1% of FUM over the past 15 years.
- Towards the end of 2024, persistent inflation and rising concerns over US debt caused bond yields to rise. Bond yields move inversely to prices, so this resulted in capital losses for fixed income investors. In the UK, the Bank of England cut rates only twice over the year, less than the markets had anticipated. As a result, bond markets sold off – again pushing yields higher and prices lower.

CHART 40: FUNDS UNDER MANAGEMENT PROPORTIONS BY ASSET CLASS (2009-2024)



Source: The Investment Association

NET RETAIL SALES BY ASSET CLASS

Chart 41 shows UK investors' net retail sales by asset class over the past 15 years, looking at equity, fixed income, money markets, mixed asset, property and others, which includes funds that are investing to meet volatility targets and funds that have a targeted absolute return.

SALES BUILT BACK IN 2024

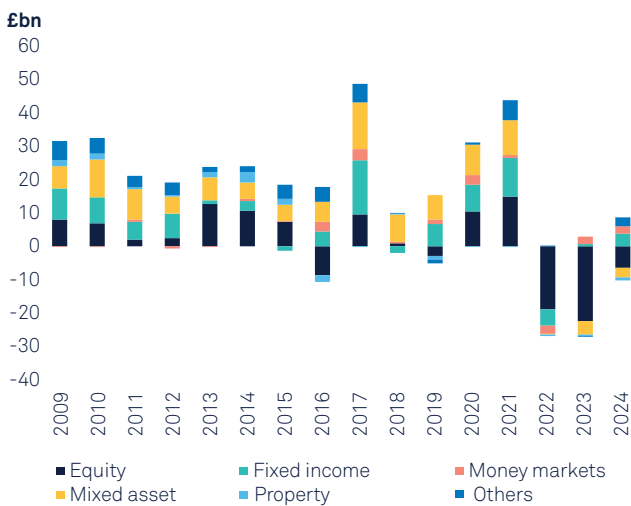
In 2024, we saw net retail inflows into three asset classes: Fixed income (£3.9 billion), money market funds (£2.0 billion) and funds in the other category (£2.8 billion). This follows two challenging years for sales – in 2022, only one asset class saw positive net retail sales (Other) of £216 million following consistent inflows to volatility managed funds. 2023 saw a return to inflows for fixed income of £742 million annually. 2024's momentum is positive but we still haven't seen an annual inflow to equity or mixed asset funds since 2021 – outflows from these asset classes were -£6.5 billion and -£2.9 billion respectively in 2024.

THE LONG-TERM PICTURE FOR NET RETAIL SALES BY ASSET CLASS

In the period following the Global Financial Crisis, interest rates were very low in response to an urgent need for Central Banks to stimulate economies in the aftermath of the Crisis. This helped to fuel a 10 year bull market for equities and boosted performance: sales between 2009 and 2021 to equity funds were £74 billion, compared with £77.0 billion to fixed income. Mixed asset funds also proved popular as investors sought out investment solutions where the expert investment manager chooses the weighting to stocks and bonds within the portfolio, helping investors to diversify and typically offering performance calibrated to investor risk tolerances. Sales to mixed asset funds between 2009 and 2021 were £104.0 billion. Over this period net retail sales to investment funds also benefited from low rates on cash savings. In 2022, the interest cycle shifted as a result of escalating inflation – the Russia/Ukraine war pushed up energy and transport costs further compounding the effects of inflation caused by economies opening up after the pandemic. In 2022, bond prices were hit by a sharp rise in interest rates and equity valuations were also

affected, meaning that equity and bond values fell at the same time. This has had a significant impact on net retail sales to the major asset classes – between 2022 and 2024 equity net retail sales are -£47.8 billion. Bond fund sales fared slightly better as prices stabilised and higher fixed interest rates helped to make bonds more attractive – sales are -£350 million over the period. Mixed asset funds have continued to see a challenging environment, investors in balanced stocks and bond strategies pulled capital out in 2022 as performance was hit by adverse market conditions. Sales to mixed asset funds have been slower to recover at -£7.1 billion between 2022 and 2024. In more volatile markets, investors have, however, been attracted to funds with an objective of managing returns within set volatility targets. Although these funds invest in a mix of equities and bonds, they have fared better with sales of £9.6 billion between 2022 and 2024.

CHART 41: NET RETAIL SALES BY ASSET CLASS (2009-2024)



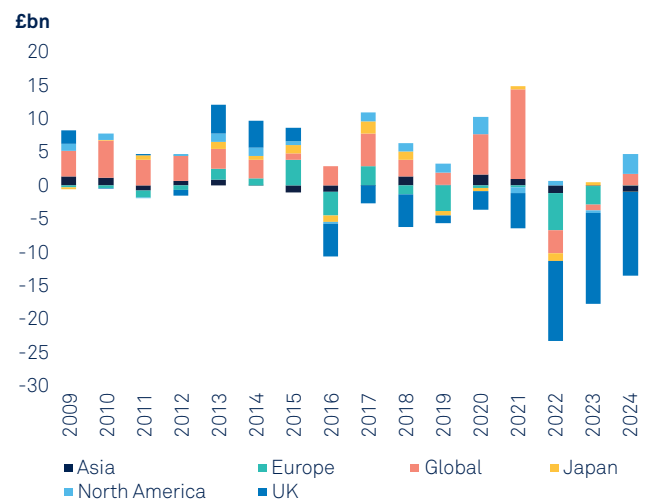
Source: The Investment Association

EQUITY NET RETAIL SALES BY REGION

Chart 42 shows the long-term sales trends to equity funds by geographic location. There has been a substantial growth in portfolio diversification over the past 15 years, with investors increasingly opting for funds that allow them to spread their risk across different countries and sectors.

Over the long term, there has been a move away from a UK home bias. The performance of the UK stock market has lagged behind the US market following the Global Financial Crisis and outflows from UK equity funds accelerated in 2016 as a result of the Brexit referendum – reaching £4.9 billion in 2016 – and have increased substantially since 2022. Outflows hit record highs of £13.6 billion in 2023, easing slightly to £12.5 billion in 2024.

CHART 42: EQUITY FUND NET RETAIL SALES BY REGION (2009-2024)



Source: The Investment Association

GLOBAL

Between 2009 and 2021, global equity funds recorded total inflows of £55.3 billion. Investor appetite for geographic and sectoral diversification increased and global funds outperformed relative to the UK and Europe. In 2022 we saw the first outflow from Global, as investors pulled £3.4 billion. After outflows eased slightly in 2023, the region has returned to inflows of £1.8 billion in 2024. In the context of a challenging environment for equity sales these outflows remain relatively modest. US companies make up a significant proportion of many global equity funds, with 'Magnificent Seven' tech stocks such as Apple and Nvidia dominating and this has boosted the performance of global equities through 2024.

ASIA

The low outflows of £73 million recorded from Asian equity funds in 2023 accelerated to £906 million in 2024. Although still modest outflows compared to other regions, this reflects investor uncertainty about the future of Asia and in particular China's more uncertain trade relationship with North America. Outflows from Asian equity funds spiked in the final quarter of 2024, with a net outflow of £756 million, likely a reflection of investor uncertainty over potential trade conflicts.

There was a bigger outflow of £1.2 billion from Asia in 2022 – reversing 2021 inflows of £990 million – following a year of poor equity market performance in China as the country was slow to open up as lockdown restrictions eased.

Overall, Asian equity funds saw annual inflows between 2018 to 2021 as economic growth in China boomed. However, in more recent years the region has been hit by sustained geopolitical tensions, the lasting impact of China's zero COVID policy, and the ongoing domestic crisis in the Chinese property sector. Despite these factors however, the MSCI China index delivered a 17.7% return in 2024, reversing its -16.2% loss throughout 2023.

In 2023, we saw investors increasingly looking to Indian equity funds amidst concerns over the outlook for Chinese equities, driving net retail inflows of £259 million. The first half of 2024 saw this trend continue and accelerate, with inflows of £530 million. However, inflows reduced to £129 million in the second half as GDP growth slowed from 9.7% year on year in 2023 to 6.2% in 2024.

EUROPE

After significant outflows of £2.8 billion recorded in 2023 and £5.5 billion in outflows recorded in 2022, European equities saw a small inflow of £27 million in 2024. This is the first inflow recorded since 2017 and reflects the improved performance of European equities over 2024 as well as a potential move from some investors to adjust some of their portfolios away from the US to avoid a high concentration in the 'Magnificent 7 Stocks', which have a large weighting in US and Global indices.

European equity funds have seen heavy annual outflows in recent years, notably in 2016 (£3.5 billion) and 2019 (£3.7 billion), likely in part driven by Brexit. The European market has underperformed against Global and American indices for much of the past decade, which may have dampened investor sentiment. For example, the MSCI World Index has outperformed the MSCI Europe ex UK index for eight out of the past ten years.

Outflows from European equity funds peaked in 2022 with a record annual outflow of £5.5 billion in the face of extreme economic pressure as a result of the Russian invasion of Ukraine and subsequent sanctions as well as rising energy prices following restricted access to Russian gas.

JAPAN

Sales to Japanese equities have fluctuated since the end of the pandemic. Japan was the only equity region to see inflows in 2023 with net sales of £466 million but Japanese equity funds returned to outflows of £52 million in 2024. However, 2024's outflows appear modest in comparison with the record outflows of £1.2 billion recorded in 2022.

Overall, Japanese equity funds have recorded inflows of £4.2 billion in the 16 years from 2009 to and 2024. The economy has struggled with deflation and sluggish domestic growth but in 2023, GDP growth reached 3.5%, contributing to improved investor demand that year. As sales turned to outflows in 2024, GDP growth stalled at 0.1%.

NORTH AMERICA

Over the past 16 years, demand for North American equity funds has been buoyant. Total inflows were £13.7 billion, only surpassed by the £52.7 billion into Global equity funds over the same period. North American

equities have consistently outperformed other markets, helped by the boom in technology stocks and consistently strong returns on equity markets in the period following the Global Financial Crisis until the end of the pandemic, when interest rates were very low and Central Banks pursued a programme of quantitative easing.

Even as the interest rate cycle turned in 2022, North America was the only region to remain in inflows bringing in £687 million despite escalating inflation and a global market downturn. The Fed responded by raising interest rates, like most other Central Banks in developed markets, but the US was sheltered from the worst of the impact of Russia's invasion on Ukraine on the energy market thanks to a robust domestic supply.

Mild outflows of £379 million from North American equities in 2023 corrected in 2024, with inflows of £3.0 billion. Investors viewed a Trump presidency as broadly positive news for the performance of US companies and the large US-listed technology stock, causing inflows to spike towards the end of the year.

UK

Since the Brexit referendum in 2016 outflows from UK equity funds have been consistent. A total of £59.7 billion has been withdrawn between 2016 and 2024. Over these eight years, the UK has experienced political volatility, with six Prime Ministers in office during this time as well as flat GDP growth, barring a post-pandemic surge. Over the longer term, the performance of the UK stock market has struggled to keep up with the US. Returns have been affected by the types of company listed on the FTSE: compared to the high-growth tech companies on US and Global indices, the percentage of technology companies listed on the FTSE All-Share is just 2%.

As a result, investors have looked for alternative sources of return outside the domestic market and this has boosted sales to Global and North American equity funds including, since 2018, to low-cost trackers as investors looking for cost effective exposure to global and US equity markets.

UK equity funds did experience a slight easing of outflows from £13.6 billion in 2023 to £12.5 billion in 2024 and this may have been helped by UK equity valuations, which many investors believe are good value with room for growth.

FIXED INCOME

CHART 43: FIXED INCOME FUND NET RETAIL SALES (2009-2024)



Source: The Investment Association

Inflows to fixed income funds continued to recover in 2024, with net retail sales of £3.9 billion, up from £742 million in 2023. Investor demand has been affected by the change in interest rates in response to escalating inflation in 2022. Bond prices are sensitive to interest rate changes, as bond yields typically correlate to interest rates and prices move inversely to yields. Consequently, rising interest rates can cause bond prices to fall, so stable interest rates reduce the risk of bonds falling in value. In 2024, investors increasingly opted for investment grade corporate bond funds with net retail sales of £5.2 billion. Sales to Gilts and other government debt remained in inflow at £1.8 billion but were down from a net £4.6 billion in 2023 when investors had opted for the lowest risk bonds.

The recovery of bond inflows follows a challenging period for the asset class in 2022 and early 2023, when central banks rapidly increased interest rates to decade highs over a short period to combat rising inflation. The Bank of England base rate rose from 0.1% in December 2021 to peak at 5.25% in August 2023. Consequently, bond prices fell and investors pulled a net £5.0 billion from bond funds over 2022.

In the aftermath of the Global Financial Crisis in 2009 – 2012, although interest rates dropped to low levels, more cautious investors who might otherwise have been in cash moved into bond funds in search of yield. During the COVID-19 pandemic, when the Bank of England base rate dropped from 0.75% to 0.1% in March 2020, inflows to fixed income remained strong at £8.0 billion in 2020 and £11.5 billion in 2021.

The peak year for fixed income inflows remains 2017, with net retail sales of £16.1 billion. 2017 was also the highest year of net retail sales to the funds industry overall, with inflows of £48.6 billion.

PROPERTY FUNDS

As shown in Chart 44, property funds have seen weak investor demand over the past decade, with FUM declining from a peak of £32.0 billion in 2015 to £17.4 billion in 2024.

Consistent outflows from UK direct property funds began in 2016, following the Brexit referendum, when rising redemption requests forced suspensions in many direct property funds. With investors able to withdraw their capital daily in open ended funds, large numbers of redemption requests forced managers to suspend in order to ensure the underlying illiquid property assets could be sold at a good price.

Direct property funds were again forced to suspend during the COVID-19 pandemic and associated lockdowns, this time due to valuation uncertainty. The lack of clarity on lockdown durations, restrictions on travel for leisure and recreation, and the increased adoption of remote working made it difficult to determine a fair value for the underlying property assets.

CHART 44: PROPERTY FUNDS UNDER MANAGEMENT (2009-2024)



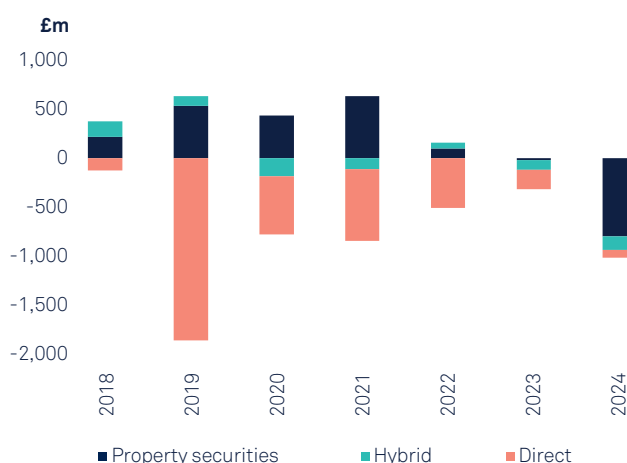
Source: The Investment Association

The repeated occurrences of fund suspensions have helped to dampen investor appetite for direct property funds and outflows have played a role in the drop of property FUM over the past decade. Additionally, many direct property funds traditionally have a focus on UK commercial property and investors may also be expressing concerns over geographic concentration and local economic factors such as the health of the UK High Street. The demand from investors for funds investing in globally diversified, listed property has been more robust.

Chart 45 splits net flows to property funds classified to an IA sector, breaking out the net retail sales into funds investing in direct property, funds investing in property securities, and funds taking a hybrid approach with a mix of direct property and securities.

As funds investing in more liquid property securities were not forced to suspend redemptions in 2016 or 2020, these funds saw continued inflows of £1.9 billion from 2018 to 2022. Appetite does remain for property exposure when liquidity concerns are less prominent. Additionally many funds investing in listed property have a broader geographical remit, investing in either global property or wider regions such as Europe or North America, offering investors geographic diversification.

CHART 45: CLASSIFIED PROPERTY FUNDS NET RETAIL SALES BY INVESTMENT APPROACH (2018-2024)



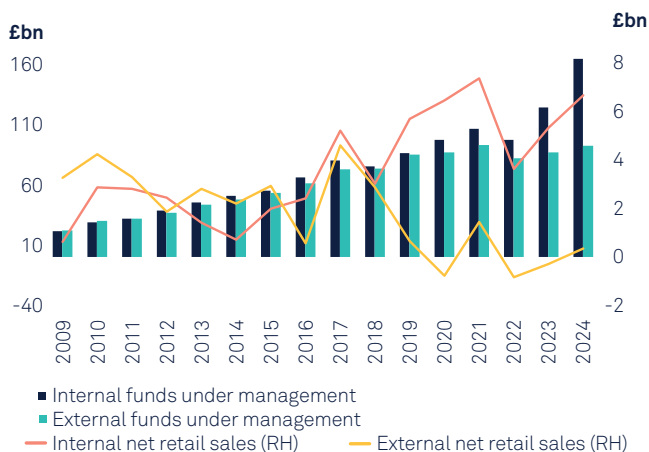
Source: The Investment Association

FUNDS OF FUNDS

Overall, the funds of funds market reached £256.2 billion in FUM in 2024, as shown in Chart 47. For the purposes of this analysis, we divide funds of funds into internal, where a fund will invest primarily in other funds run by the same manager, and external, where funds will invest in funds run by a range of other fund managers. Since 2019, investors have shown a marked preference for internally managed funds of funds, which typically have lower ongoing charges figure (OCF) and from 2019 to 2024 investors placed a combined net £35.3 billion into internally managed funds of funds, while externally managed saw only £519 million over the same period. Subsequently from making up half of funds of funds at the end of 2018, internally invested funds of funds now account for two thirds of fund of fund assets.

Funds of funds investing internally will often make use of index funds as their underlying assets, while also potentially having lower charges because they are investing in funds managed by the same fund group. This allows them to offer access to a broad range of underlying assets at lower cost and the consistent appetite among investors and advisers for lower cost investment, mirrored in the ongoing demand for index tracking funds, has seen these funds enjoy strong inflows. Sales in 2024 were £6.7 billion compared with £338 million to externally invested fund of funds.

CHART 46: FUND OF FUNDS, FUNDS UNDER MANAGEMENT AND NET RETAIL SALES (2009-2024)



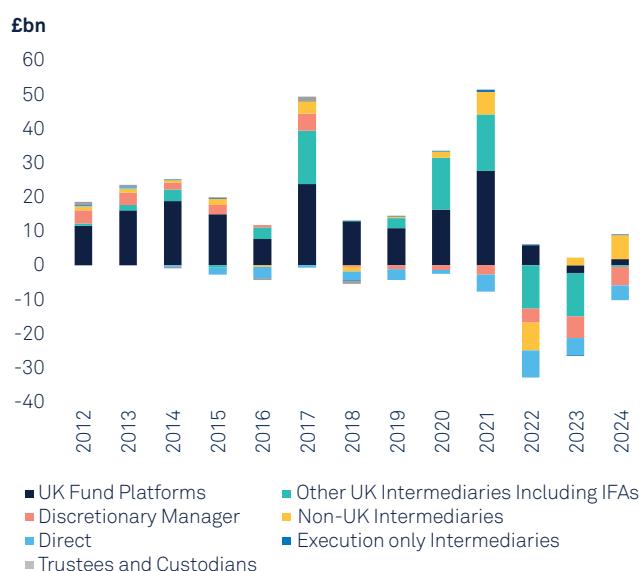
Source: The Investment Association

²³ Platform – UK Fund Distribution Annual Review December 2024

DISTRIBUTION CHANNELS

Chart 47 illustrates the net flows to UK investors through the principal retail distribution channels including UK fund platforms (which combines direct and adviser investment platforms), UK intermediaries (principally IFAs), Discretionary Wealth Managers and Direct with Fund Managers. The data looks at sales over the period since 2012 when the current categorisation was implemented.

CHART 47: NET RETAIL SALES BY DISTRIBUTION CHANNEL (2012-2024)



Source: The Investment Association

- UK Fund Platforms have dominated the fund distribution landscape over much of the past decade. In 2024, they returned to inflow with a modest £1.8 billion in net retail sales. The IA does not currently split advised platforms from direct platforms however the majority of assets held on platforms in the UK are advised. Platform data reported that just over a third of platform assets were held on direct platforms in 2024.²³

- Discretionary Managers as a channel continued to see outflows through 2024 of £5.6 billion, only slightly less than the £6.4 billion in 2023. This is in spite of improved overall fund flows. Discretionary managers as a channel for funds have seen consistent outflows since 2018, with a combined outflow of £21.9 billion. At least part of this outflow is driven by a trend towards discretionary managers making use of segregated mandates to reduce fees as strategies acquire scale. These assets continue to contribute to AUM. Additionally, flows to discretionary manager model portfolios on platforms have increased in recent years and so appear in the UK Fund Platform channel in IA data.
- The Direct channel, where investors place orders directly with fund managers, continues to see outflows with £4.4 billion withdrawn in 2024, only a slight decrease on the £4.9 billion in 2023. Continued outflows from Direct funds reflect a change in industry model - investors interacting directly with investment managers is now rare, with most investment being intermediated either by investment platforms or through financial advisers.

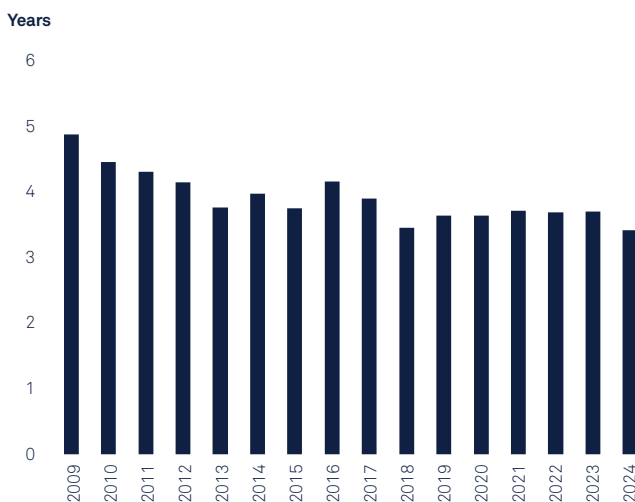


RETAIL INVESTOR HOLDING PERIODS

Implied investor holding periods for funds declined slightly year on year to 3.4 years in 2024. Holding periods were stable at 3.7 years between 2021 and 2023. As illustrated by Chart 48, implied holding periods have been fairly constant since 2018, following a period of falling holding periods over the 2010s. The increased use of fund platforms will have reduced friction on buying, selling and switching funds, reducing holding periods. Additionally, model portfolio services may have acted to bring down holding periods. Model portfolios hold a range of funds and are typically rebalanced quarterly, increasing fund turnover and therefore reducing holding periods.

The apparent stabilisation from 2018 onwards suggests that there may be a floor to investor holding periods of three years, with most funds typically sold as medium to long term investments.

CHART 48: RETAIL INVESTOR AVERAGE HOLDING PERIODS (2009–2024)



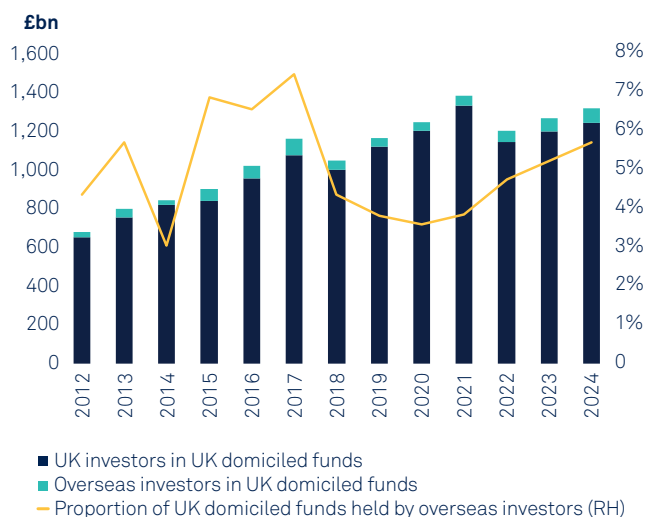
Source: The Investment Association

OVERSEAS INVESTORS IN UK DOMICILED FUNDS

UK domiciled funds under management was £1.32 trillion as of the end of 2024, of which £1.24 trillion was managed on behalf of UK investors and £75.2 billion was on behalf of overseas investors. As illustrated in Chart 49, assets managed on behalf of overseas investors now account for 5.7% of UK domiciled assets: this is a steady recovery from the recent low of 3.6% in 2020, following the implementation of the Brexit withdrawal agreement.

The overseas client percentage of FUM peaked in 2017 at 7.5%, however a number of investment managers moved European clients to overseas domiciled funds (predominantly in Luxembourg) following the Brexit referendum result. The sharpest drop was ahead of the initial withdrawal date in 2018, with further declines ahead of the eventual 2020 date.

CHART 49: UK AND OVERSEAS INVESTORS IN UK DOMICILED FUNDS (2012-2024)



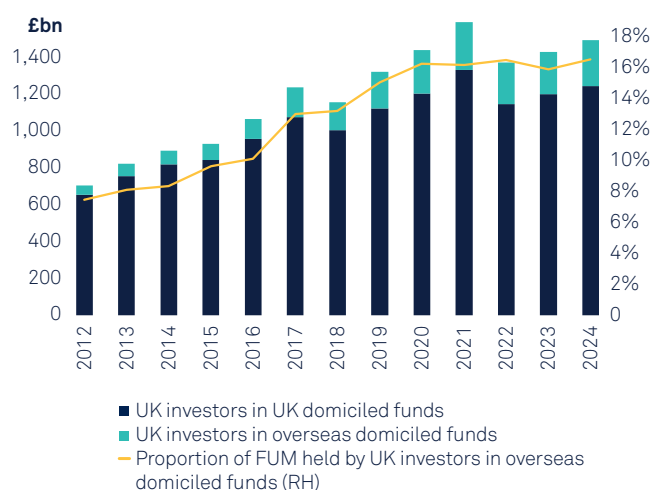
Source: The Investment Association

UK INVESTORS IN OVERSEAS DOMICILED FUNDS

UK investor FUM in overseas domiciled funds was £247.9 billion as of the end of 2024, up from £228.2 billion in 2023. The share of assets in overseas funds increased slightly year on year to 16.6%, from 16.0%. As illustrated in chart 50, assets in held in overseas funds have remained relatively stable over the past five years since 2020 at between 16% and 17%. In contrast, over the five years prior to 2020 the share of assets in overseas funds grew from 9.7% to 15.2%. The challenges in introducing new overseas funds to the UK market under the post Brexit Temporary Marketing Permissions Regime (TMPR) may have played a role in limiting further uptake of overseas funds and it remains to be seen how the trend of plateaued growth in overseas fund share will develop following the introduction of the Overseas Fund Regime (OFR).

It is worth reiterating that the data in Chart 50 does not include assets in ETFs, which are entirely domiciled overseas, mainly in Ireland. Given the growth of the ETF market it is likely that UK investor assets in overseas domiciled funds are higher than illustrated in Chart 50. We do not include ETF assets as we cannot isolate the country of origin of ETF investors to make a like-for-like comparison with mutual funds.

CHART 50: UK INVESTORS BY FUND DOMICILE (2012-2024)



Source: The Investment Association

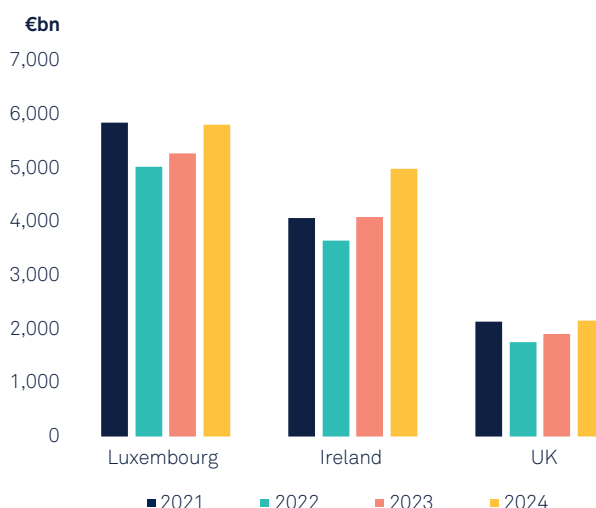
THE UK AS A FUND DOMICILE

Chart 51 considers the total assets in UK domiciled UCITS and AIFs (alternative investment funds) over the past three years, alongside the two largest European fund domiciles, Ireland and Luxembourg. Funds domiciled in the UK primarily serve the domestic market, whereas funds in Ireland and Luxembourg see much greater cross-border distribution.

All three fund domiciles have seen continued growth through 2024 with the largest fund domicile, Luxembourg, reaching €5.8 trillion in funds, just below the 2021 peak of €5.9 trillion, prior to asset price falls as interest rates rose. The UK as a fund domicile likewise recovered to the 2021 peak, reaching €2.2 trillion.

Ireland, having already recovered to 2021 levels in 2023, saw a further 22% increase in assets over 2024 to reach €5.0 trillion. The extensive use of Ireland as a domicile for ETFs, which have seen significant asset growth from 48% to 73% over the past decade, has contributed to the growth of Ireland as a fund domicile (see Chart 16 on page 47).

CHART 51: ASSETS IN UCITS AND AIFs BY DOMICILE (2021-2024)



Source: EFAMA

