

## VIDEO

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# Focus on Funds: New ICI Report Tracks Trends in EU Fund Charges

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## New ICI Report Tracks Trends in EU Fund Charges

Investors in EU UCITS funds have enjoyed steady declines in ongoing charges. In the December 6, 2019, edition of *Focus on Funds*, ICI Associate Economist James Duvall examines this trend.

### Transcript

**Stephanie Ortvals-Tibbs, ICI director of media relations:** ICI is taking its expertise and studying fund fees international with a new look at European UCITS. James Duvall, one of our economists, is a coauthor of [this study](#). James, what are some topline findings out of the report?

**James Duvall, ICI associate economist:** Asset-weighted average ongoing charges for equity and fixed-income UCITS have generally declined since 2013 and have fallen to 1.29 percent for equity funds and 0.79 percent for fixed-income funds. And most of this decrease has been from assets shifting to lower-cost funds and also from newer, lower-cost funds entering the market and older, higher-cost funds exiting the market.

**Ortvals-Tibbs:** You do see in the marketplace that the competition level is intense.

**Duvall:** Today's UCITS managers are serving investors in a more competitive and diverse marketplace. Investors are setting fees carefully, and they're increasingly investing in lower-cost funds.

**Ortvals-Tibbs:** You're also looking at regulatory pressure. What's the landscape there?

**Duvall:** Regulatory changes have definitely been a factor, especially with MiFID II coming into effect in 2018. Our report outlines some of the regulatory developments around fee disclosure. And most importantly, one of our goals is to inform investors about the costs of distribution and how they pay for them.

**Ortvals-Tibbs:** People are always looking at what's going on with active management these days, what's its size, what's its growth trajectory. They're looking at the same thing with index tracking investments.

**Duvall:** Assets in index tracking funds have [more than doubled](#) since 2013, which has contributed to the decline in asset-weighted average ongoing charges. However, I think it's important to note that the asset-weighted average ongoing charge for both actively managed and index tracking funds [has declined](#) over the period.

**Ortbals-Tibbs:** When you look at this work going forward, how will this evolve?

**Duvall:** We'll want to take a closer look at distribution costs and the differences between the ongoing costs of bundled share classes versus unbundled share classes, and we also want to take a closer look at cross-border UCITS.

## **Additional Resources**

- [Release: European Union UCITS Costs Have Declined Steadily](#)
- [Release \(US\): Expense Ratios of Actively Managed and Index Funds Have Declined for More Than Two Decades](#)
- [ICI Research and Statistics](#)
- [2019 Investment Company Fact Book](#)

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