

UCITS Fund Investors Continue to Pay Less

ICI Explains

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Investors in UCITS funds have enjoyed a broad array of benefits since the first UCITS Directive was adopted in 1985. In addition to professional management, robust oversight, diverse options, and access to global markets, ICI research has revealed another important benefit—a steady decline in UCITS fees. The following video takes a closer look at this new line of research.

Transcript

Since the first UCITS Directive was adopted in 1985, investors in UCITS funds have enjoyed a broad array of important benefits—from professional management to robust regulation and oversight, diverse investment options, and access to markets all over the world. UCITS funds held nearly 9 trillion euros in assets at the end of 2018.

Now, new ICI research has revealed another important benefit: a steady, substantial decline in the charges paid by UCITS fund investors.

Let's have a look at this new line of research.

The average ongoing charges paid by investors in equity UCITS funds fell in every year from 2013 through 2018, and those paid by investors in bond UCITS funds fell in every year but one. In both cases, charges were about 20 basis points lower in 2018 than they were five years before.

The biggest factor driving the decline is a shift in investor assets toward lower-cost funds. Also playing a role are:

- greater economies of scale,
- new share classes created to comply with MiFID II,
- and an investment environment where higher-cost funds are closing and lower-cost funds are opening.

There are three key takeaways here:

- Recent regulatory changes have fostered simpler, more transparent fee disclosure.
- The marketplace for UCITS funds is constantly growing more competitive, dynamic, and diverse.

- Investors are considering costs more carefully when choosing among UCITS funds.

For more information on ICI's UCITS fund research, please visit [ici.org/ucitscharges](https://www.ici.org/ucitscharges).

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