

Regulated Funds in Europe During the COVID-19 Crisis

A Minute with ICI

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When the COVID-19 pandemic hit, economic shutdowns around the world led to turmoil in the financial markets. ICI looks at what happened to regulated funds in the European Union during the March 2020 market crisis and finds that these funds, known as UCITS, operated and redeemed shares normally during this time.

Transcript

How did regulated funds in the European Union fare in the market crisis of March 2020?

ICI published its findings in our latest COVID-19 report.

In this real-world stress test, we found that EU regulated funds—known as UCITS—proved resilient.

I'd like to share some highlights.

Looking at money market funds: these funds had outflows in March, as investors sought liquidity. But that reversed to inflows toward the end of March, as markets stabilized.

Turning to exchange-traded funds: Outflows were modest overall. ETFs traded smoothly and efficiently—and acted as a price discovery tool.

Finally, and notably, based on a member survey, we found that fund managers responded to the March market turmoil and liquidity pressures using an array of tools.

Overall, we found, UCITS operated and redeemed shares normally in this very challenging time.

I invite you to explore our research in more detail.

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