



Commission de Surveillance
du Secteur Financier

MMF Reporting Dashboard

31 December 2021

MMF Reporting Dashboard

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MMF Reporting Dashboard

1. Introduction

- This MMF Reporting Dashboard encompasses a set of indicators based on the data reported under article 37 of the Regulation (EU) 2017/1131 of the European parliament and of the Council on money market funds ("MMFR"), complemented with data from the CSSF U.1.1. reporting where monthly frequency or longer historical windows are relevant. Unless specified otherwise, the source of the data used for the graphs is the MMFR Reporting.
- Money market funds (MMFs) need to report on a quarterly basis, with data as from Q1/2020 onwards, under article 37 MMFR. A derogation is granted to MMFs whose assets under management in total do not exceed EUR 100 000 000 as they can report on a yearly basis. In this context, it can however be noted that the MMFs reporting on a quarterly basis represent ~99.5% of the aggregate total net assets.

2. Executive summary

MMF Report: Key indicators

	CNAV	LVNAV	ST VNAV	STD VNAV	Total
Size					
Number of units (Absolute number)	12	19	40	57	128
Total NAV (EUR bn)	74	205	79	58	416
Total NAV variation YoY	24%	8%	-9%	13%	7%
<u>Of which:</u>					
NAV USD (Bn EUR)	73	118	19	8	218
NAV EUR (Bn EUR)	0	33	39	44	116
NAV GBP (Bn EUR)	0	53	20	5	78
NAV Other (Bn EUR)	2	1	1	1	5
	CNAV	LVNAV	ST VNAV	STD VNAV	Total
Specific indicators					
Average NAV (EUR bn)	7	11	2	1	3
Average WAM (Days)	38	37	44	98	67
Average WAL (Days)	38	46	54	139	90
Average DLA (% TNA)	28	35	22	14	21
Average WLA (% TNA)	46	49	39	30	37

- The total NAV of Luxembourg domiciled MMFs (mainly UCITS) reached EUR **416bn** as per 31/12/2021 with **128 active funds**, which constitutes an increase of **EUR 29bn (+7%)** over one year. As expected given the role of cash management vehicle of MMFs, investor flows were relatively volatile during the year, with a minimum total NAV of EUR 365bn in February 2021 and a maximum of EUR 416bn in December 2021.

MMF REPORTING DASHBOARD

- The **breakdown by categories of MMFs** remained **rather stable** compared to a year ago. As per 31/12/21, 49% of MMF are short term low volatility NAV MMFs ("ST LVNAV" MMFs) in terms of total NAV, 19% are short term variable NAV MMFs ("ST VNAV" MMFs), 18% are short term public debt constant NAV MMFs ("ST PD CNAV" MMFs) (essentially in USD) and 14% are standard variable NAV MMFs ("STD VNAV" MMFs).
- In terms of currencies, **MMFs are mainly invested in USD** (EUR 218bn / 52%, an increase of EUR 25bn (+13%) over one year), followed by EUR (28%) and GBP (19%). Other currencies represent only 1% of the overall NAV of MMFs.
- **92% of MMF investors are professional investors** and the 5 largest investors represent on average 36% of the NAV.
- Globally the largest portion of MMF investors are other financial institutions (35% of total NAV), followed by non-financial corporations (22%) and other UCIs (17%). Households only represent 6%. A portion of the largest category "other financial institutions" may be explained by a lack of look-through on investors routing their investments via an intermediary.
- **MMFs in Luxembourg are highly concentrated** (the 5 largest MMFs account for ~50% of the total NAV).
- Similarly to the year 2020, in 2021:
 - **no vulnerability** in the context of the mandatory **stress testing program** was reported by MMF managers under art. 28 MMFR;
 - **no ST LVNAV** MMF experienced a **NAV deviation larger than the 20bps** threshold foreseen under art. 33(2)(b) MMFR, implying that it remained possible for all ST LVNAV MMFs to continue operating at a constant NAV; and
 - **no need to implement liquidity measures under art. 34 MMFR** for ST PD CNAV and ST LVNAV MMFs (fees on redemptions, redemption gates or suspension of redemptions).

USD MMFs (EUR 218bn, +EUR 25bn YoY)

- Globally **total NAV** of USD MMFs rose by more than 10% over the year, driven by the growth of ST LVNAV and ST PD CNAV, its two main categories. On the contrary, the total NAV of ST VNAV slightly decreased.
- **Inflationary pressure** took place from Q2 2021, which the FED initially estimated to be transitory only. But the FED softened its stance on the temporary nature of the inflation from Q3 2021 and announced that it may start **tapering** before the end of the year (tapering started in November 2021).
- The FED kept its **rates unchanged** for 2021 but expectations of potential rate hikes in 2022 started to rise in the market since Q3 2021, with 4 or 5 rate hikes expected in 2022 by the end of Q4 2021 coupled with a possible quantitative tightening.
- These anticipations started to trigger at year end some small temporary differences of performance between short term and standard MMFs which are explained by the stronger impact on longer maturity assets invested by STD VNAV MMFs.
- USD MMFs' **quarterly performance remained positive and close to zero** in the course of 2021 with the exception of a limited number of ST VNAV and STD VNAV MMFs.
- Average levels of **WAM** and **WAL** remained relatively stable well below the regulatory thresholds. In all categories, the average levels of **DLA** and **WLA** were comfortably above the regulatory thresholds.

EUR MMFs (EUR 116bn, +EUR 4bn YoY)

- A decrease of total NAV occurred for most of EUR MMFs categories during the beginning of the year with a recovery in the last quarter of 2021. As such, **NAV** as per the end of 2021 for EUR MMFs remained **globally stable** compared to the end of 2020.
- The market initially did not expect any rate hike by the ECB for 2021 and 2022 and the ECB confirmed that the net asset purchases under the pandemic emergency purchase program ("PEPP") will take place as long as necessary. However, in mid-2021, the ECB outlook on inflation changed from a transitory inflation without long lasting impacts to a longer lasting inflation with impacts at the end of the year and the ECB confirmed it will discontinue net asset purchases under the pandemic emergency purchase program ("PEPP") at the end of March 2022.
- **Short-term interest rates remained very low** over the year, with a flat curve giving no incentive to take longer maturities in the portfolios.
- Performance of EUR MMFs remained **negative** during 2021 and slightly decreased globally, leading to a cost for carrying liquidity for investors.
- Average levels of **WAM** and **WAL** remained relatively stable and well below the regulatory thresholds. Similarly, the average levels of **DLA** and **WLA** assets remained globally well above the regulatory thresholds during the year.

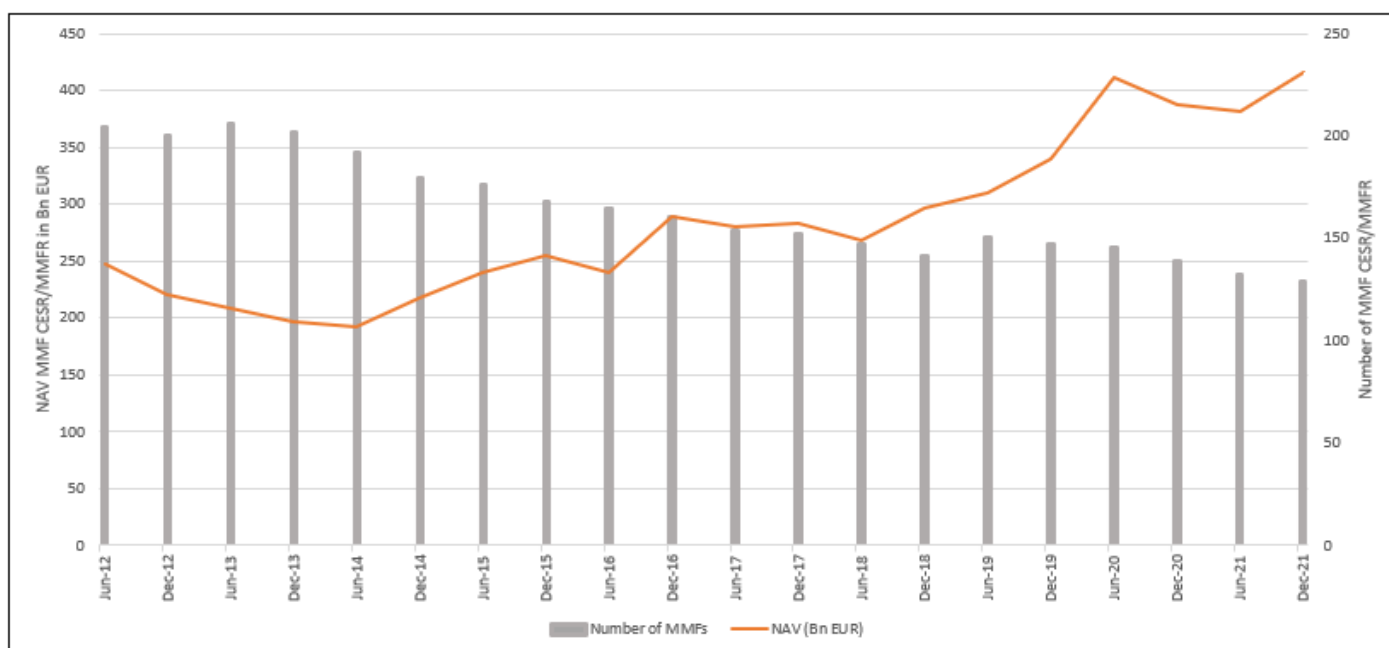
GBP MMFs (EUR 78bn, +EUR 4bn YoY)

- **NAV** of GBP MMFs remained **globally stable** during the year 2021, across all MMF types.
- Since the beginning of 2021, the UK **economy grew fast** but the market did not anticipate rate hikes by the BoE for several years.
- During Q2 2021, **inflationary pressures** started to take place and the possibility of a first hike in 2022 has grown. This anticipation materialised further in Q3 2021 with a potential expectation of a rate hike already in Q4 2021.
- The **BoE increased interest rates** on 16 December 2021 from 0.1% to 0.25%, with an end of talks on the transitory nature of the inflation. This hike was ultimately anticipated although some market expectations were rather about the FED to first initiate a rate hike.
- Globally, GBP funds' **quarterly performance remained close to zero** in the course of 2021.
- Average levels of **WAM** and **WAL** remained relatively stable well below the regulatory thresholds. Similarly, the average levels of **DLA** and **WLA** remained globally well above the regulatory thresholds during the year.

3. MMF market overview and general aspects

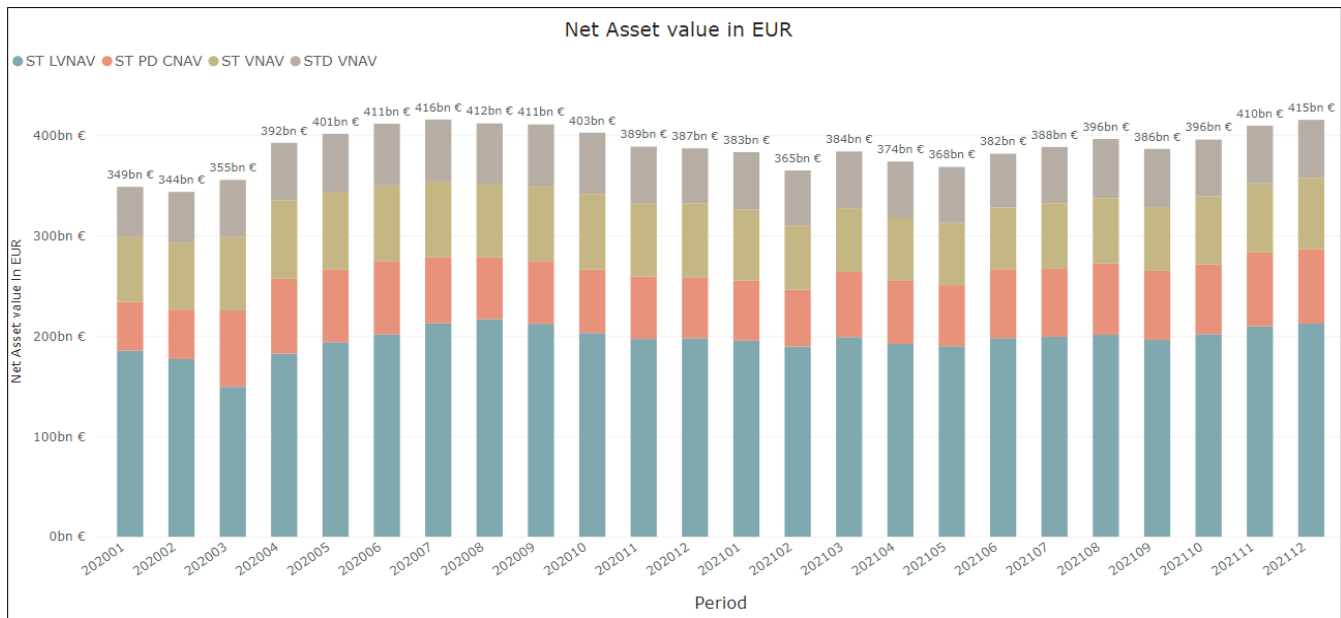
3.1 Evolution of the total net assets and number of funds

- Bi-yearly evolution of the NAV and number of MMFs since 2012 (data U.1.1, CSSF)



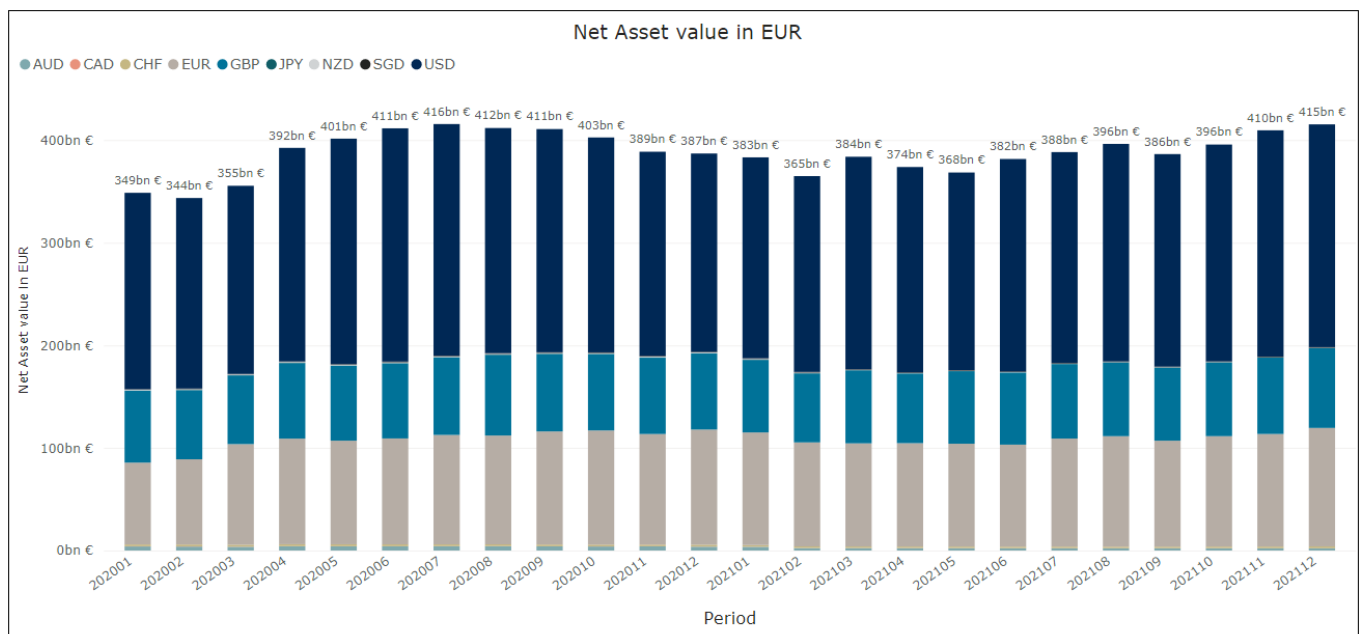
Note: The data from 2012 to 2018 is based on the MMF classification as per CESR's Guidelines on a common definition of European MMFs dated 19 May 2010 (CESR/10-049). From 2019, the data is based on the MMF classification as per the MMFR. The number of funds only represents active funds.

- Monthly evolution of the NAV by type of MMF since January 2020 (data U.1.1)

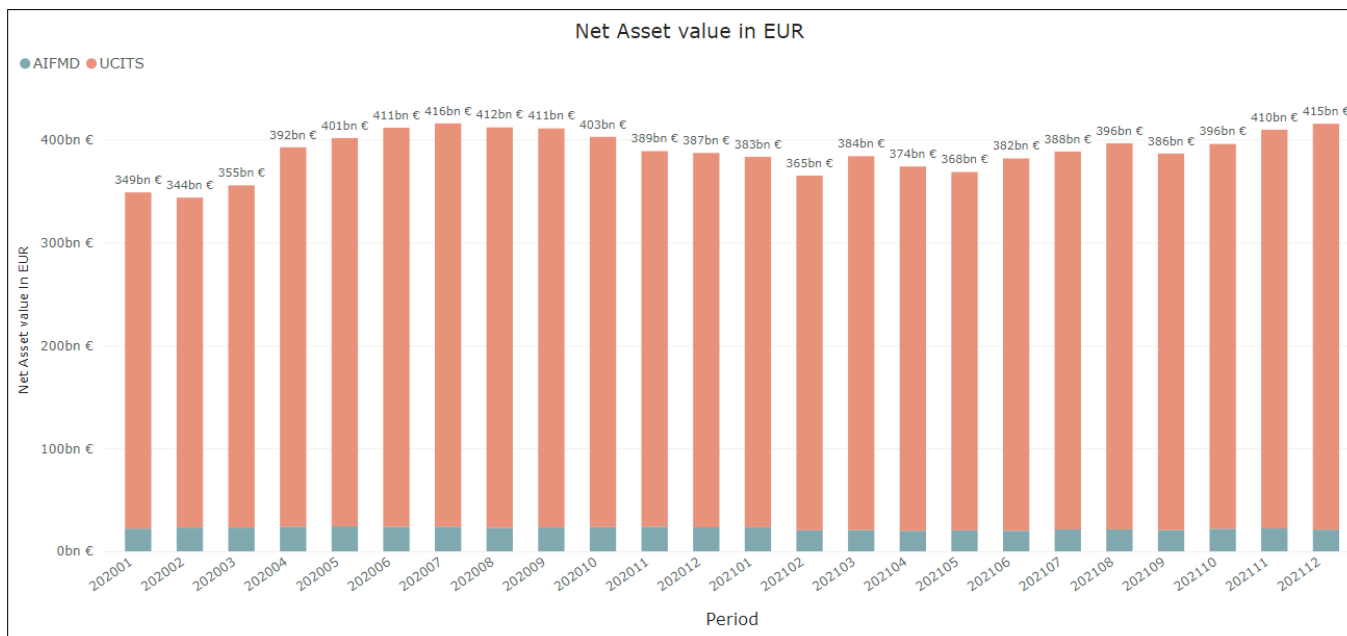


Note: The small discrepancy between the total TNA provided by the MMFR (EUR 416bn) and the U.1.1 (EUR 415bn) is linked to the different underlying assumptions used by these two different data sources.

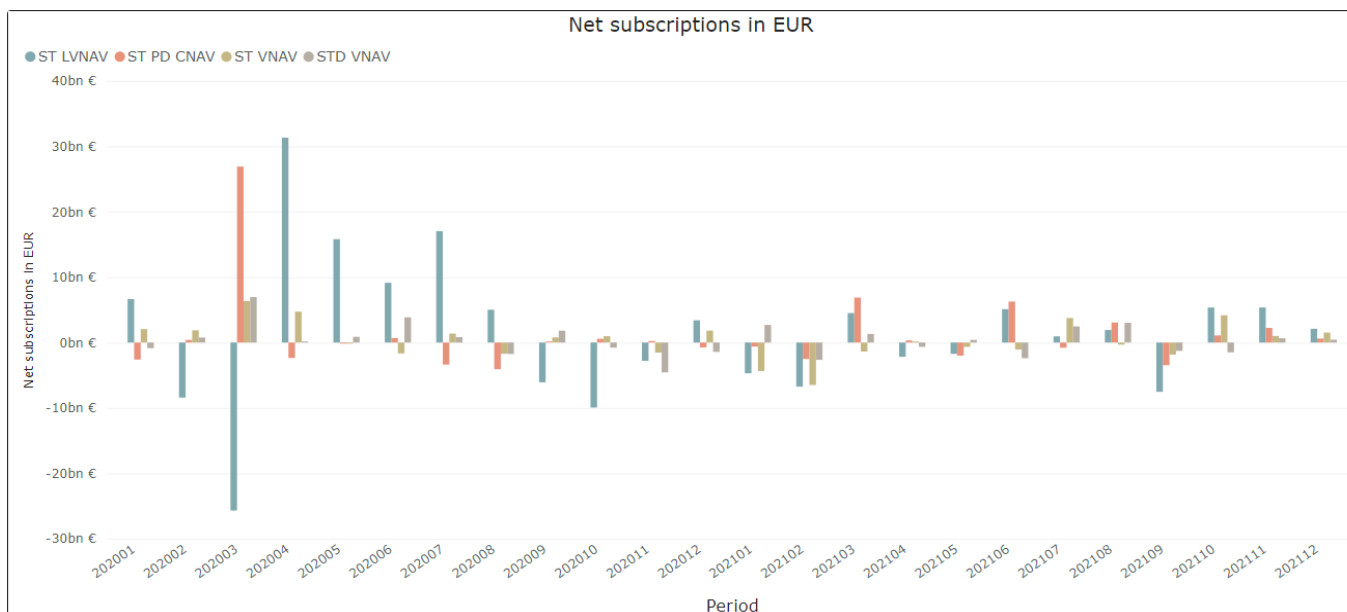
- Monthly evolution of the NAV by MMF currencies since January 2020 (data U.1.1)



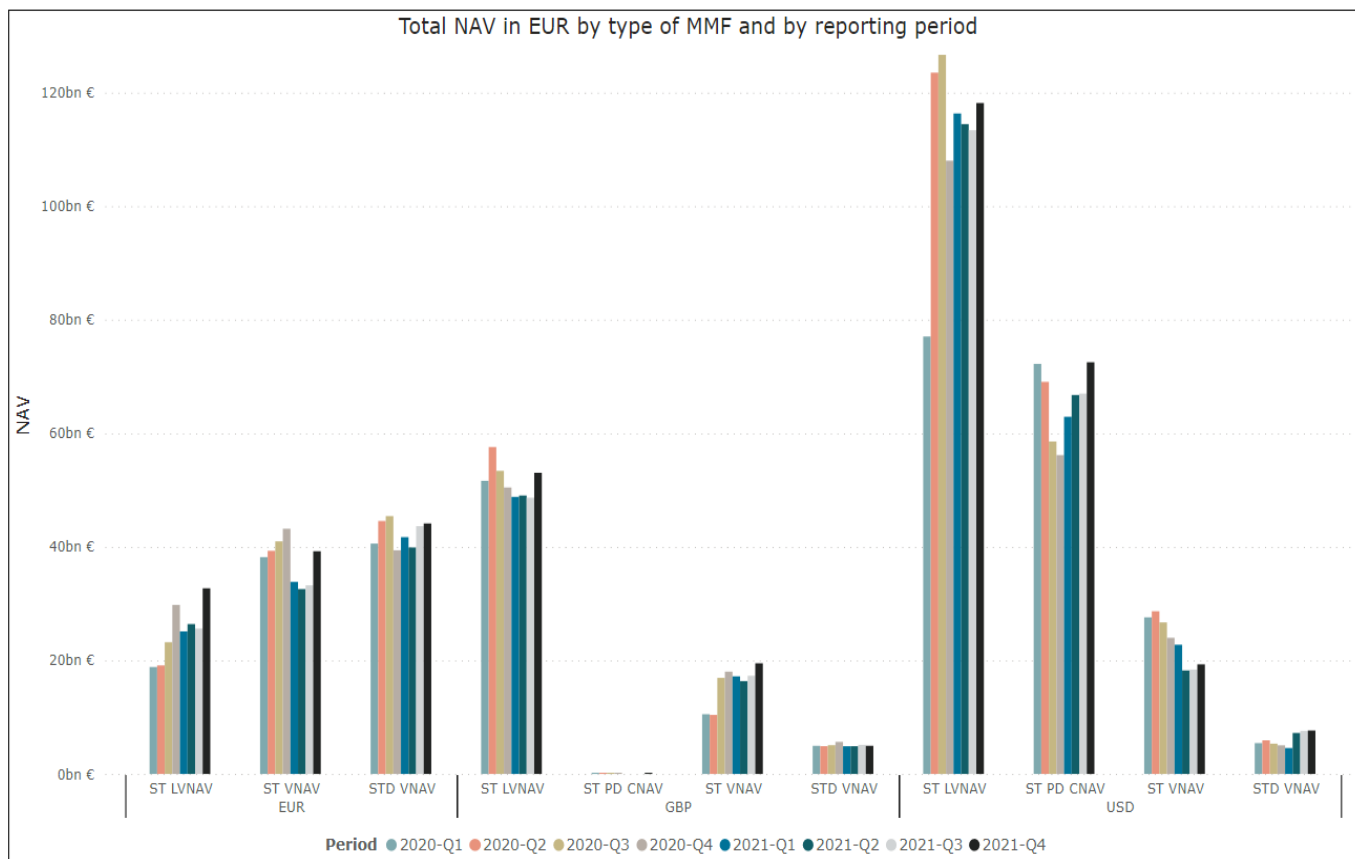
- Monthly evolution of the NAV by MMF legal type since January 2020 (data U.1.1)



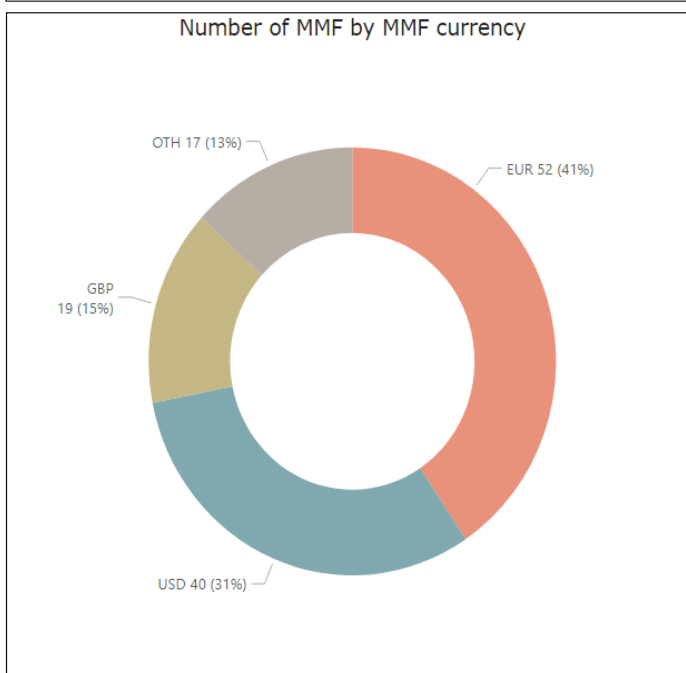
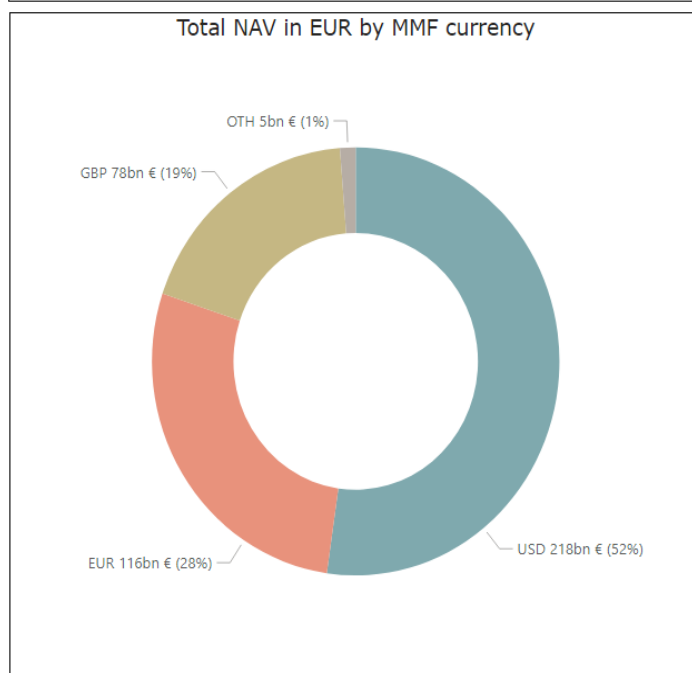
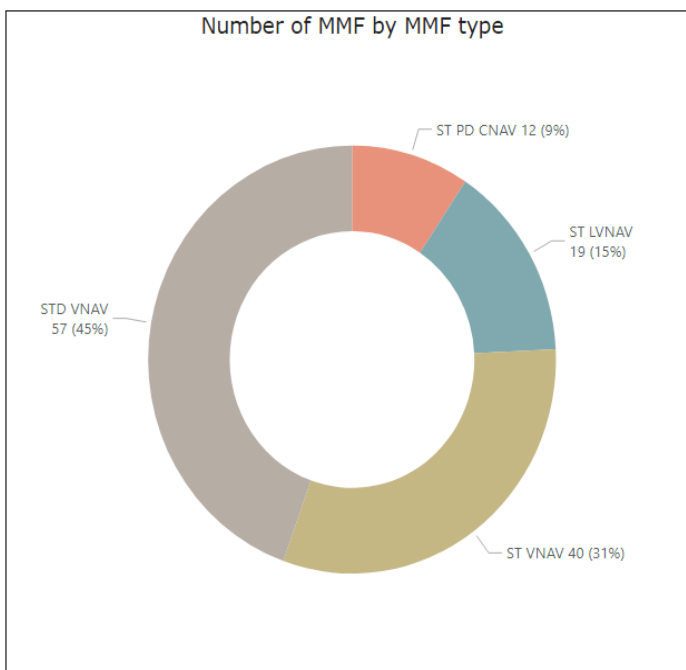
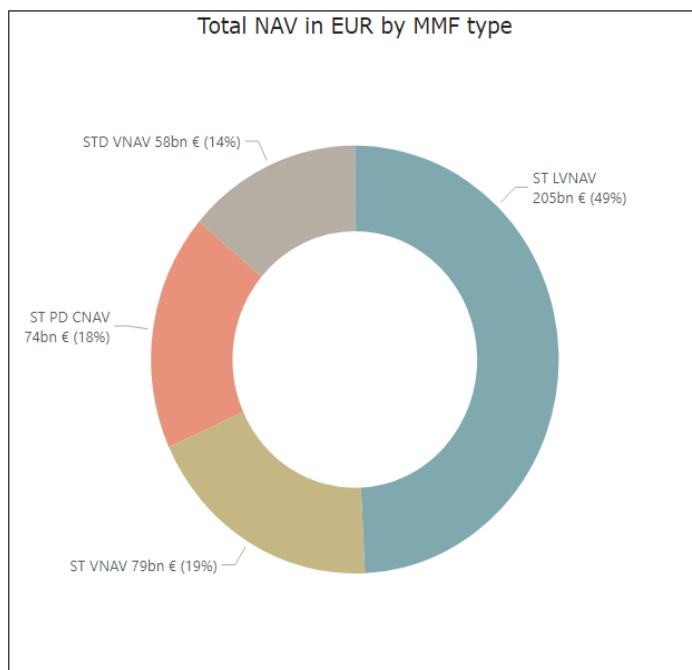
- Monthly evolution of subscriptions/redemptions by type of MMF since January 2020 (data U.1.1)

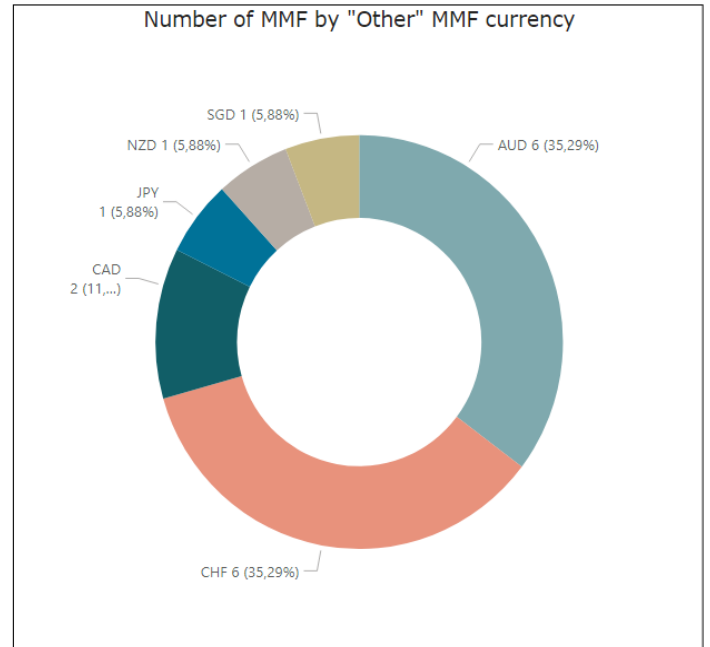
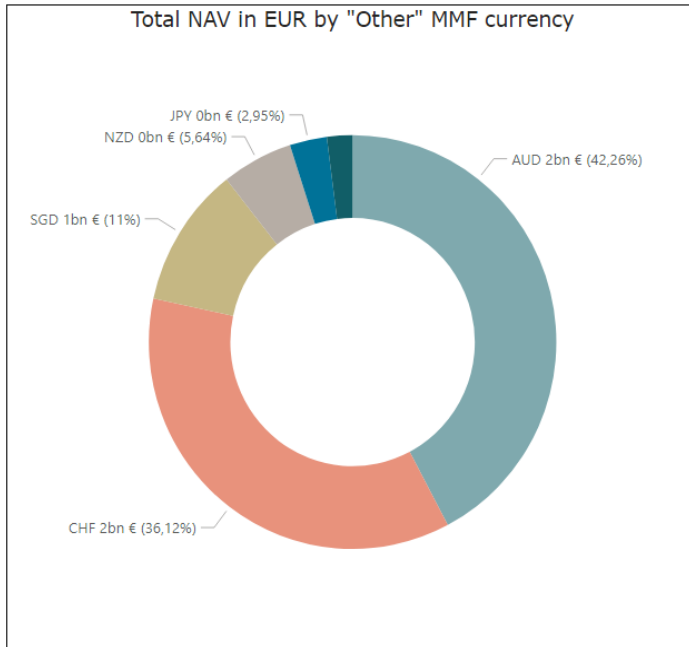


- Quarterly evolution of the NAV per type of MMF for the 3 main currencies since Q1 2020

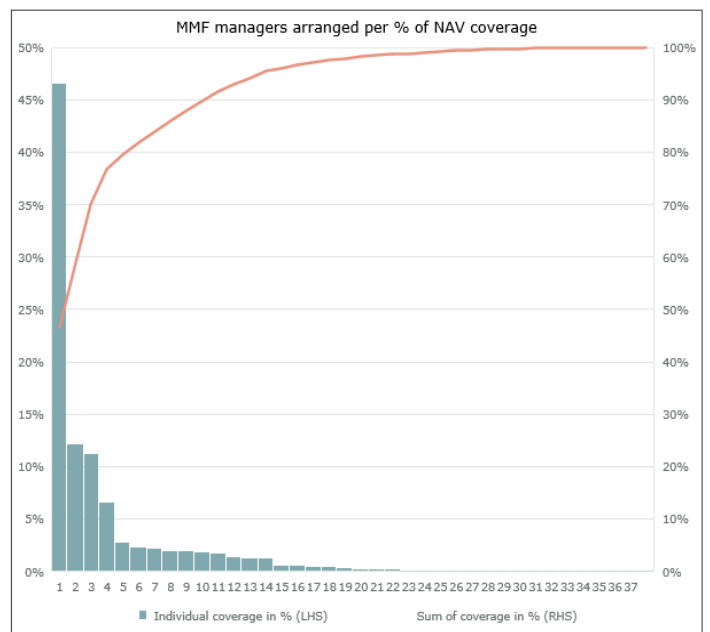
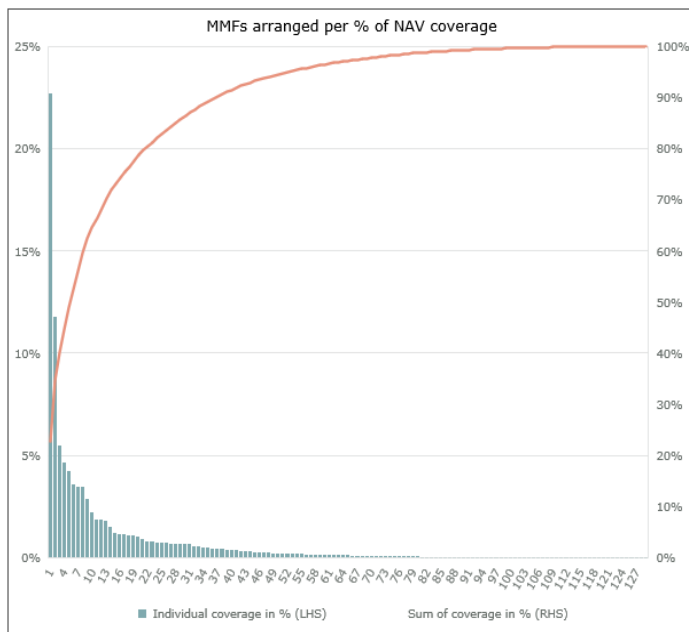


3.2 Allocation of MMF assets as per 31 December 2021

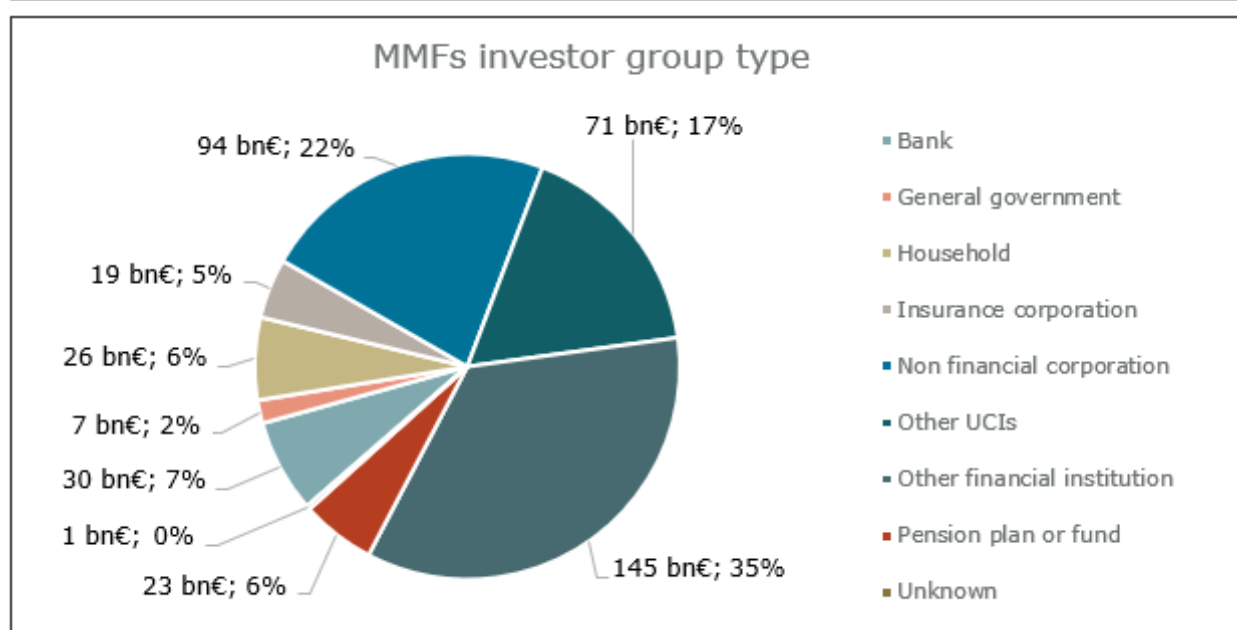
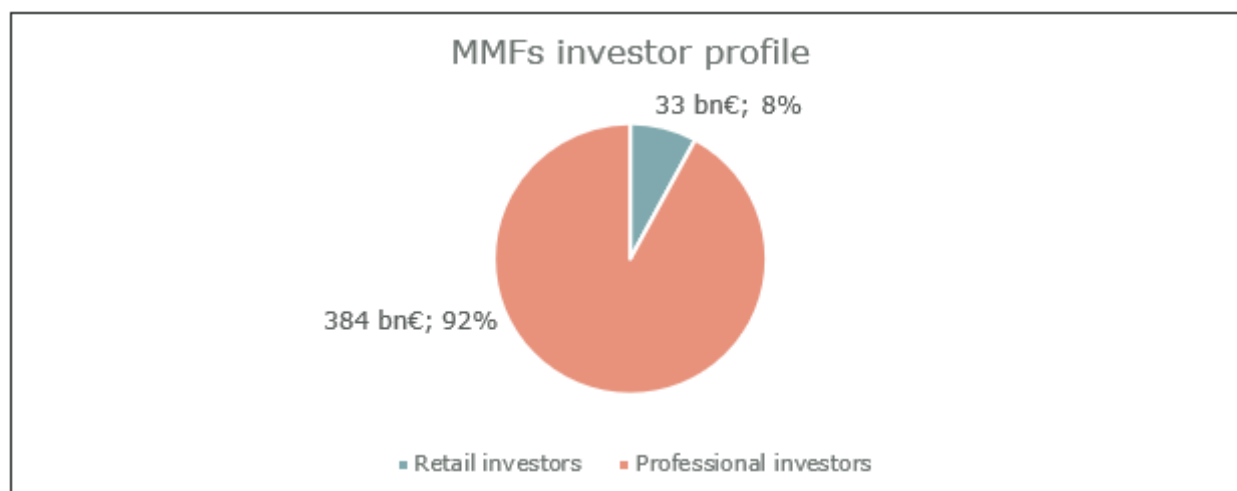




3.3 Market concentration of MMFs and MMF managers as per 31 December 2021



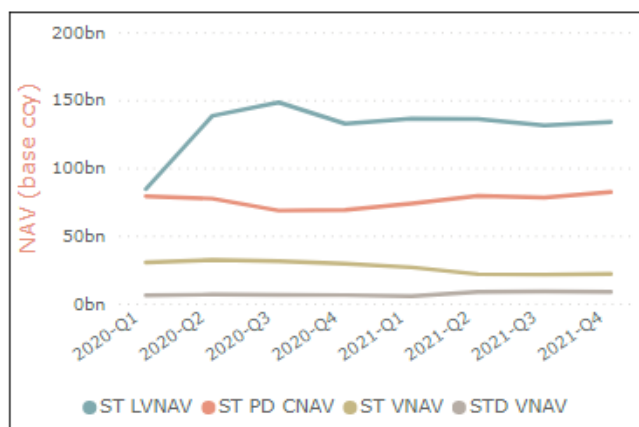
3.4 Investor profiles of MMFs



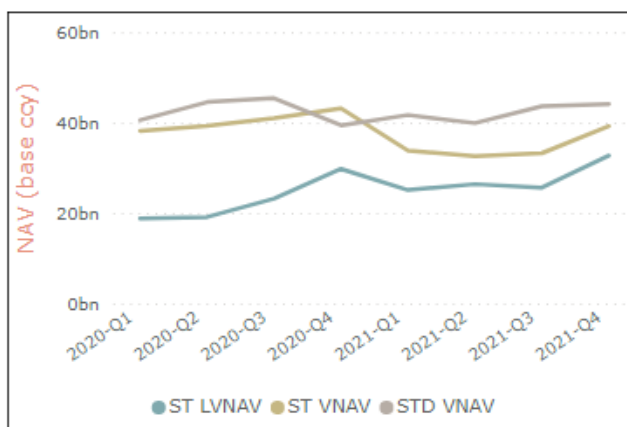
4. Detailed analysis per main MMF currencies (weighted-average % of NAV)

4.1 NAV (base currency)

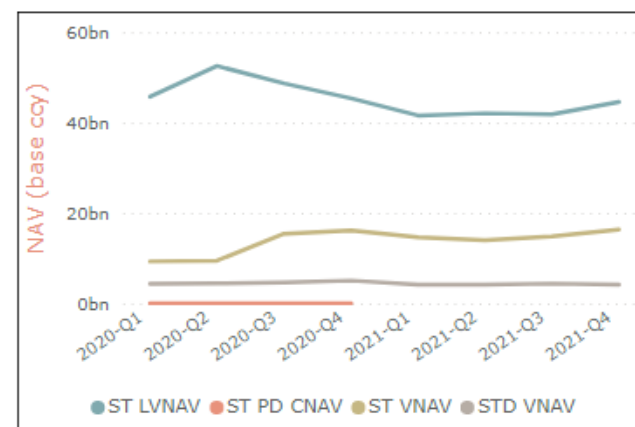
USD



EUR

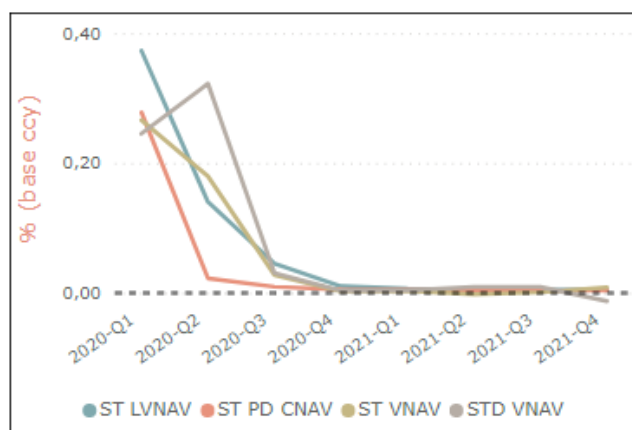


GBP

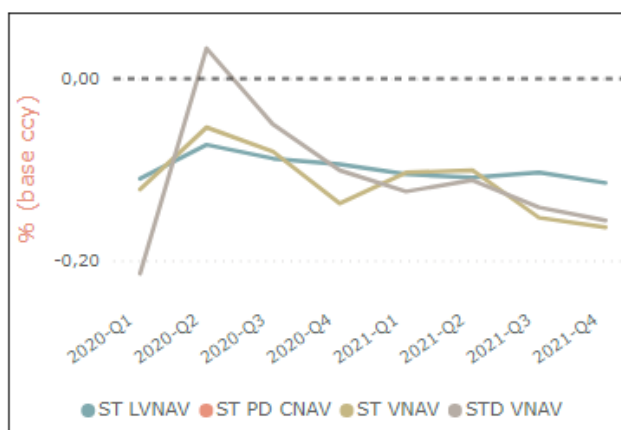


4.2 Cumulated returns last 3 months

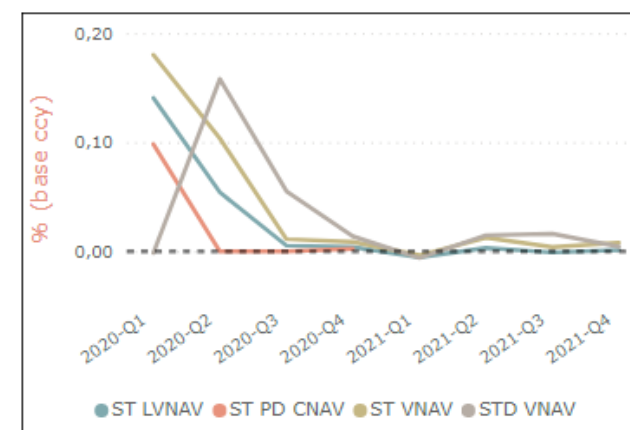
USD



EUR

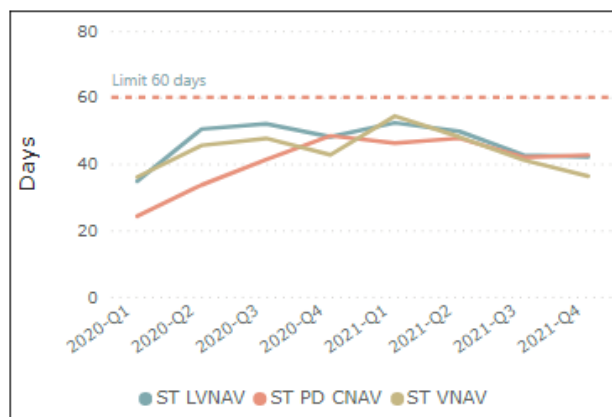


GBP

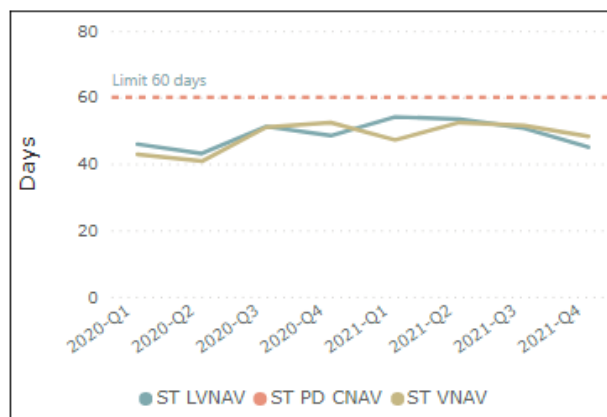


4.3 Weighted Average Maturity (WAM)

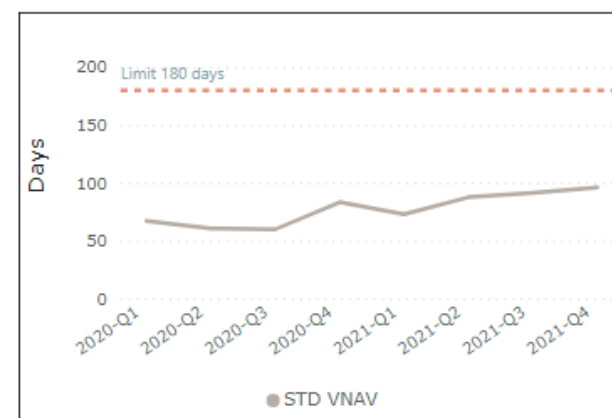
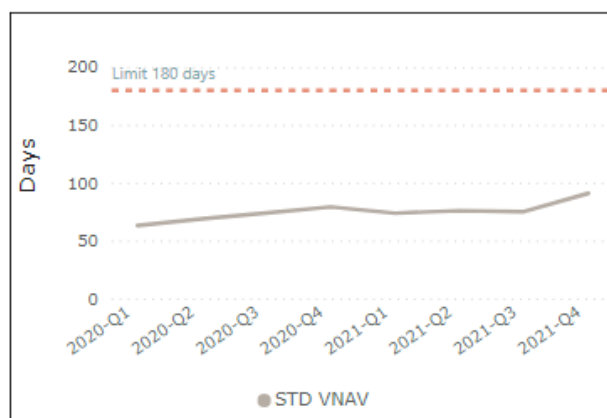
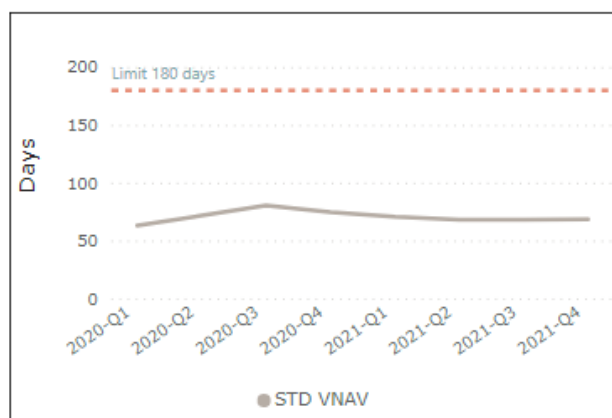
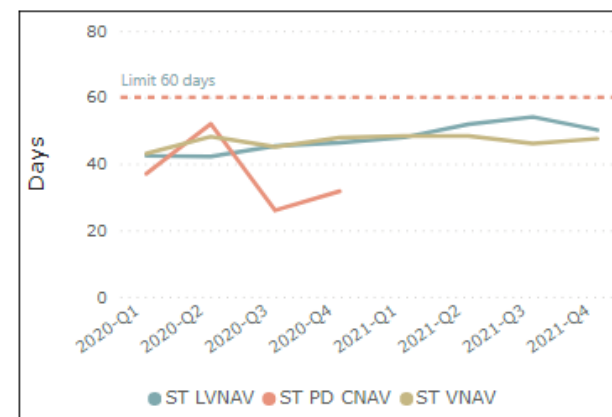
USD



EUR

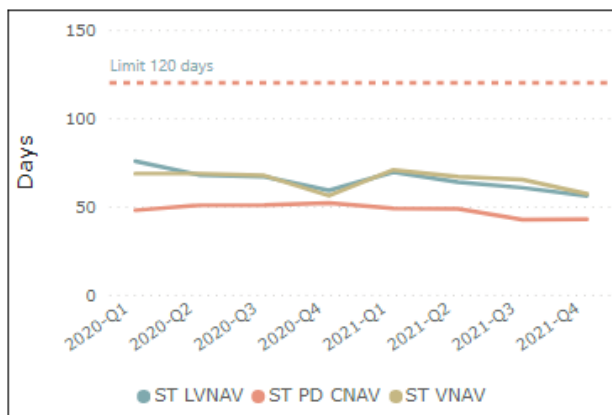


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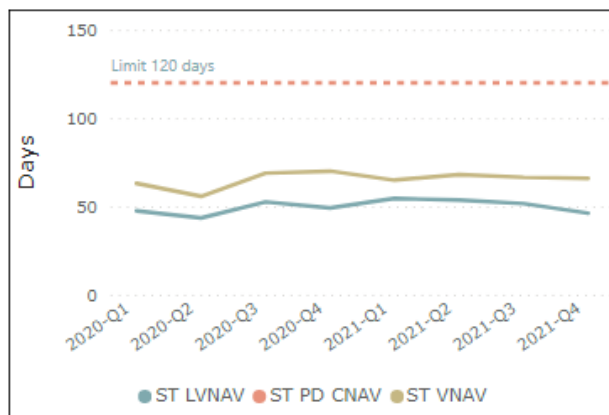


4.4 Weighted Average Life (WAL)

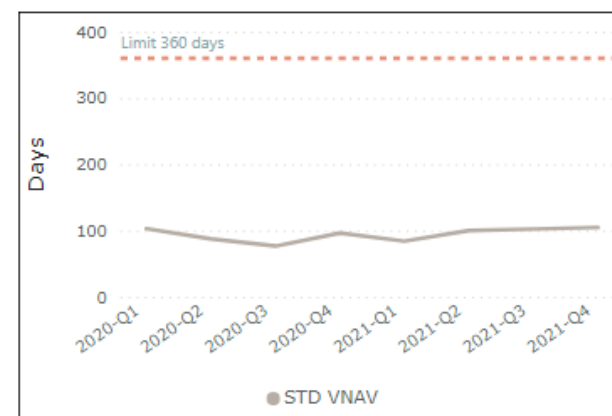
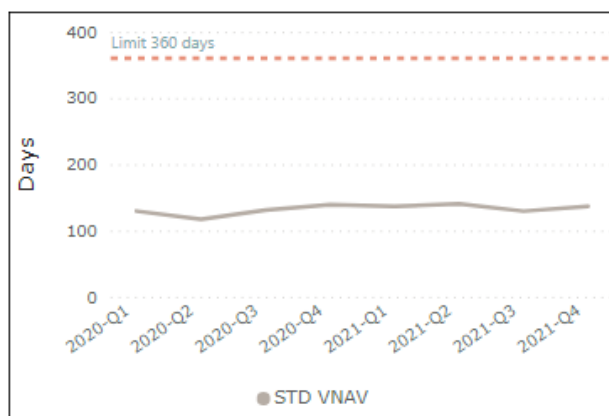
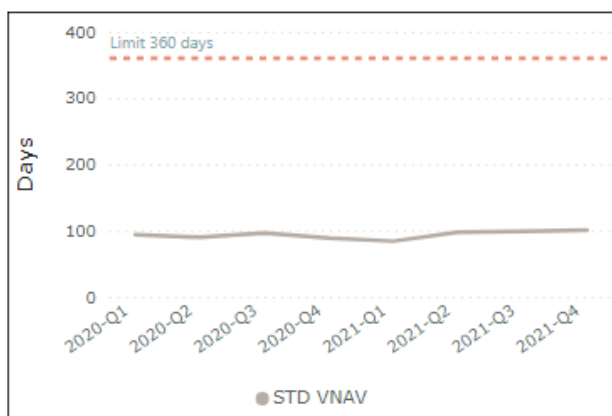
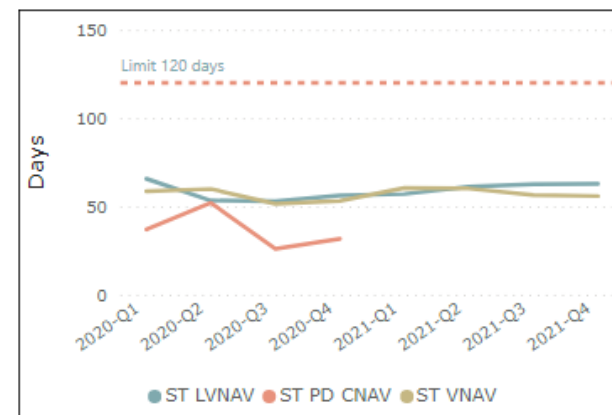
USD



EUR

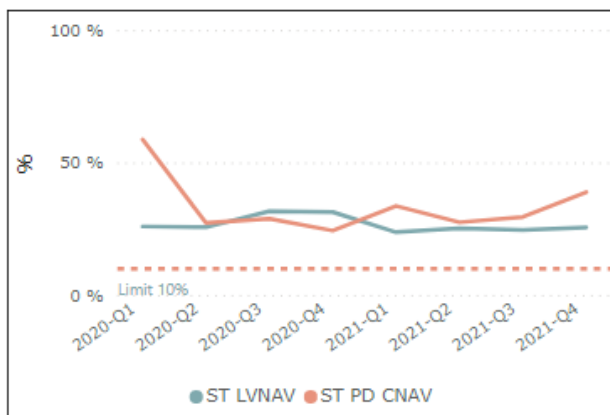


GBP

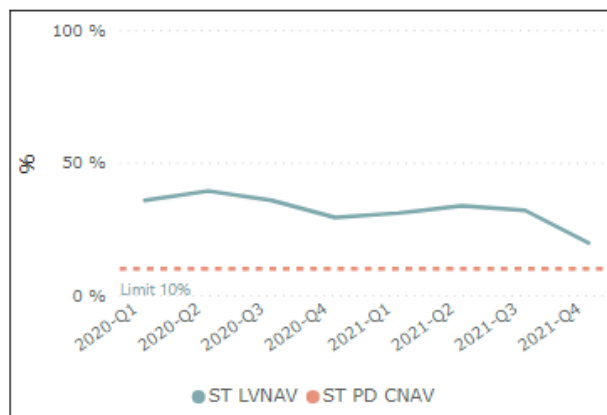


4.5 Liquidity – Daily Liquid Assets (DLA)

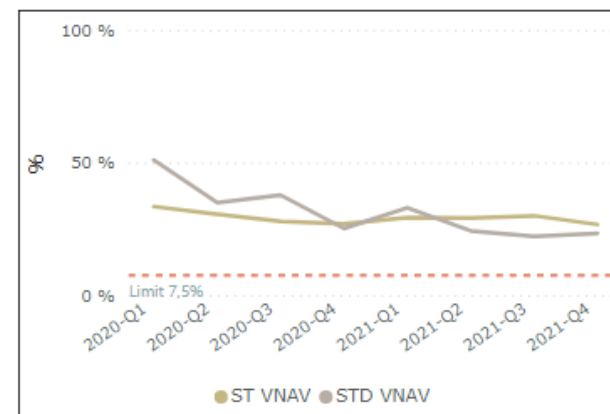
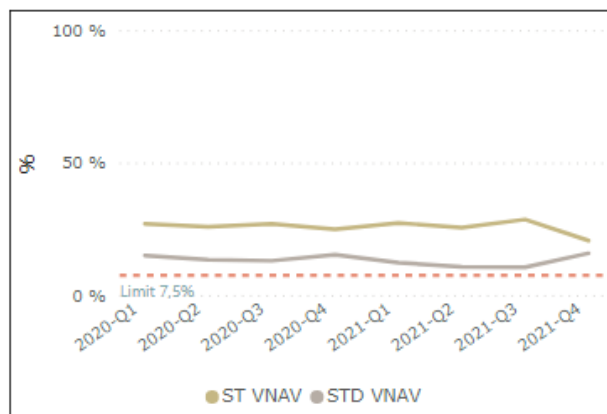
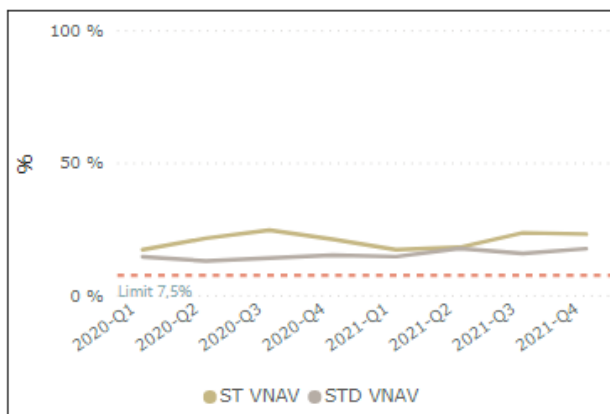
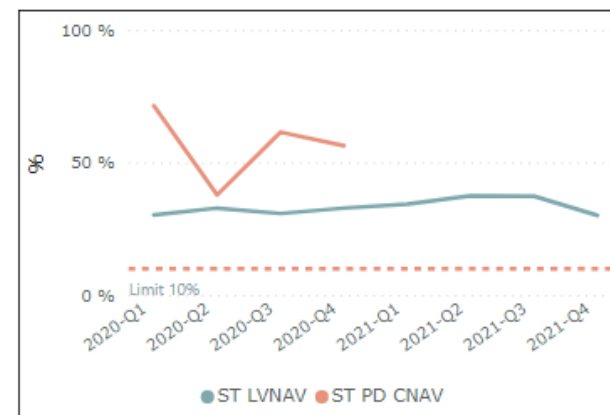
USD



EUR

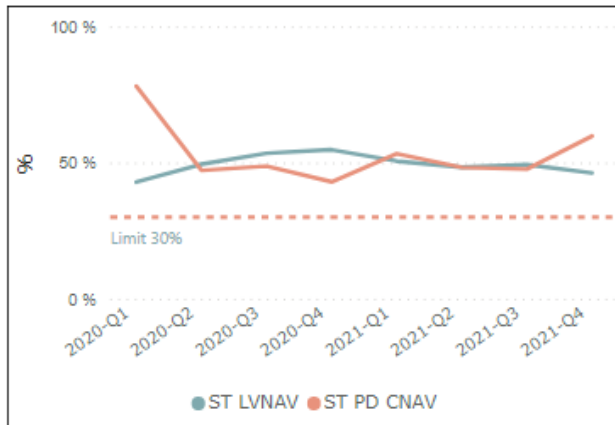


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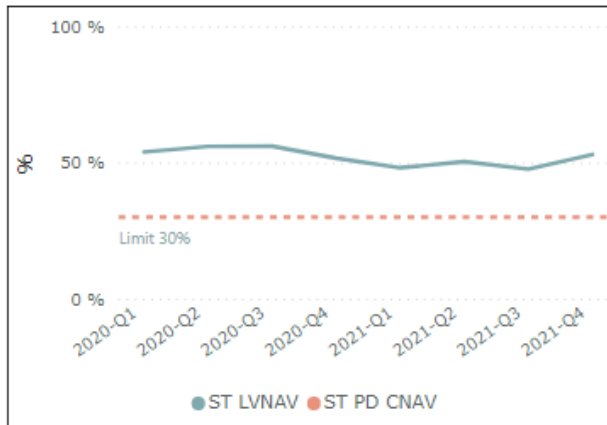


4.6 Liquidity – Weekly Liquid Assets (WLA)

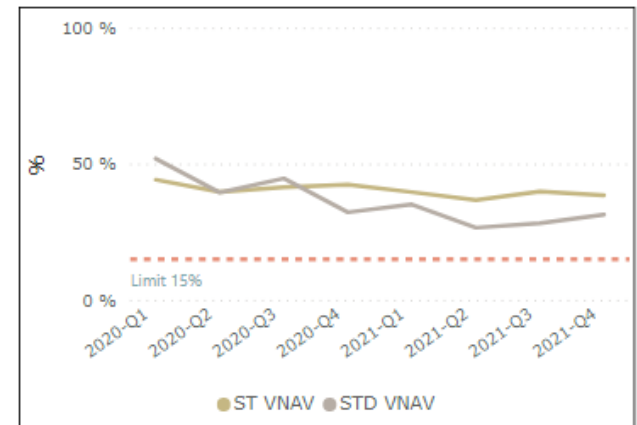
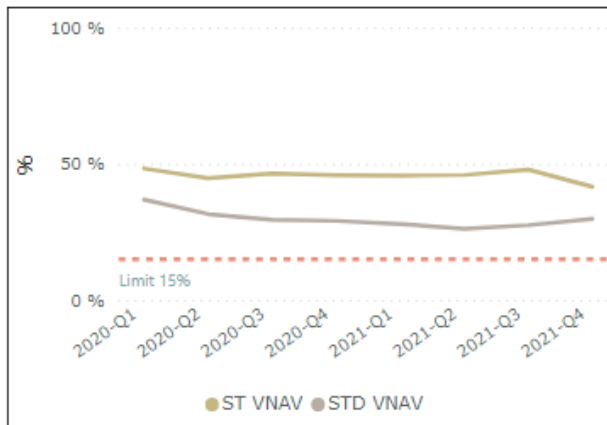
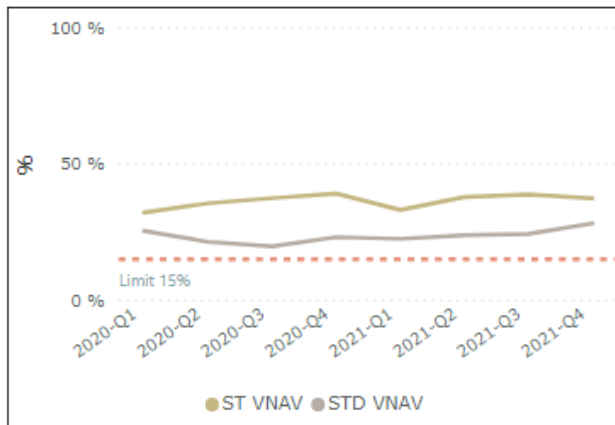
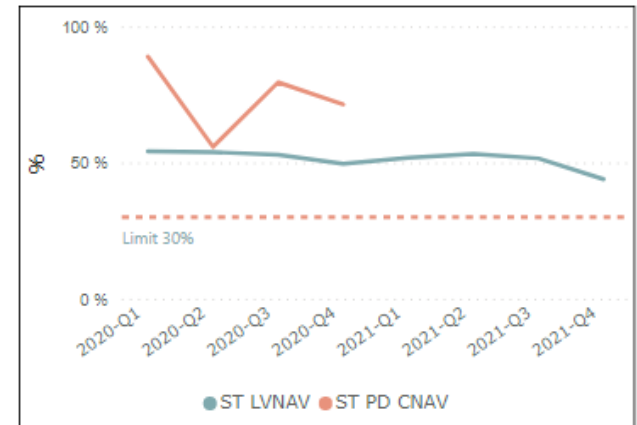
USD



EUR

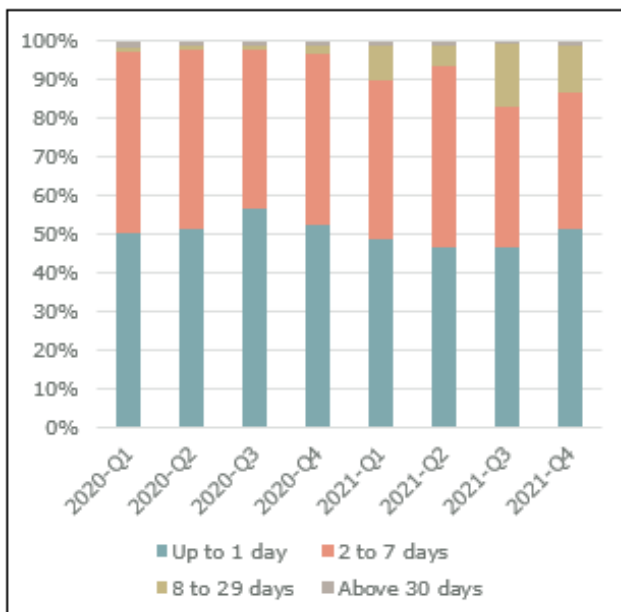


GBP

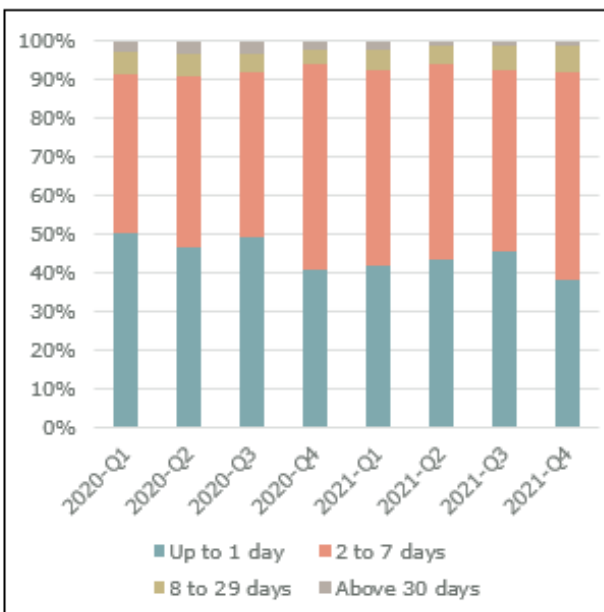


4.7 Evolution of liquidity (time to liquidate) breakdown per MMF currency (normal market conditions)

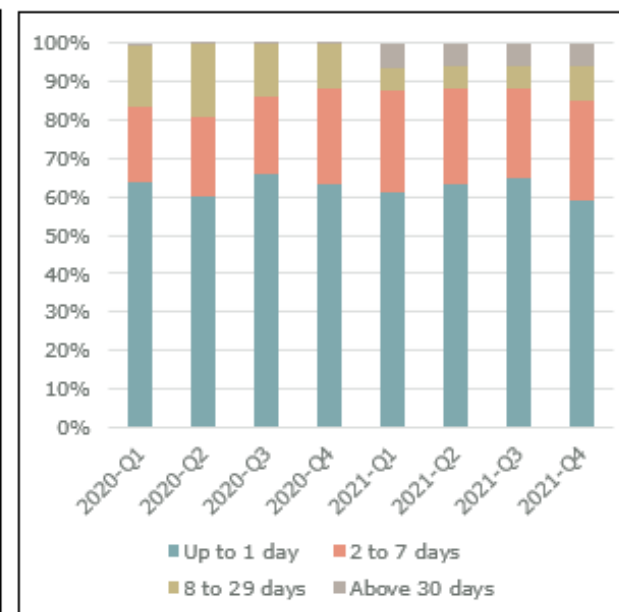
USD



EUR

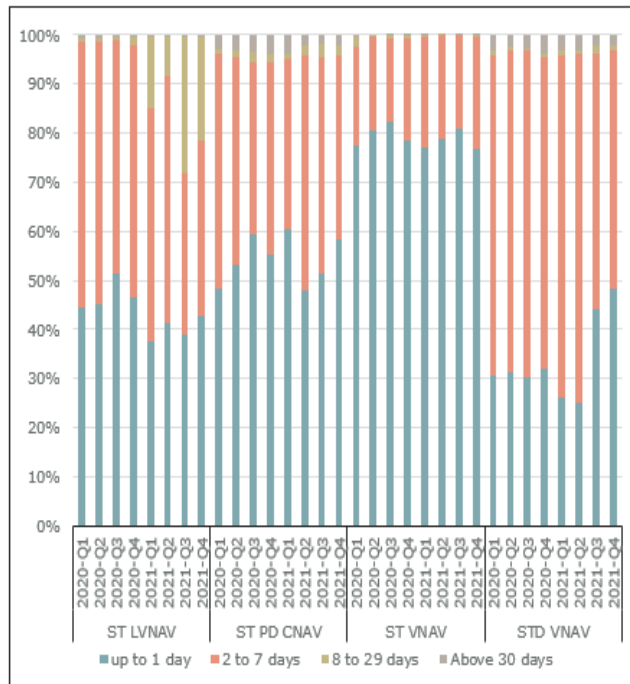


GBP

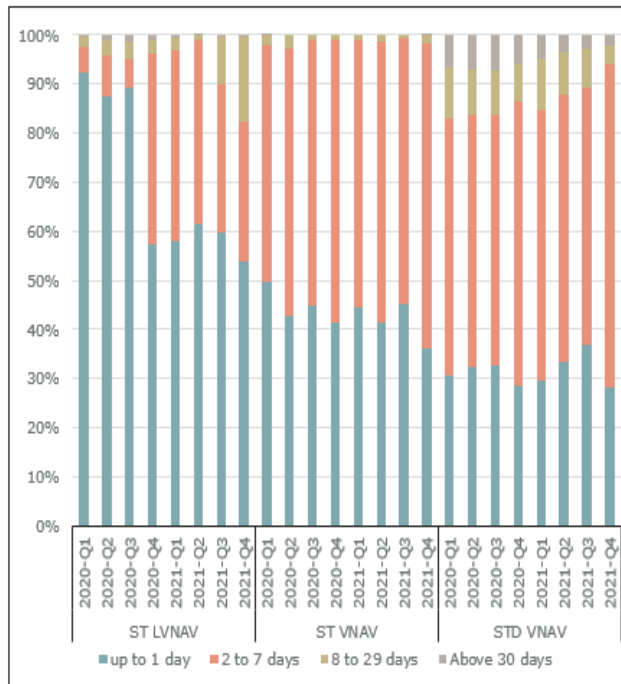


4.8 Evolution of liquidity (time to liquidate) breakdown per MMF currency and MMF type (normal market conditions)

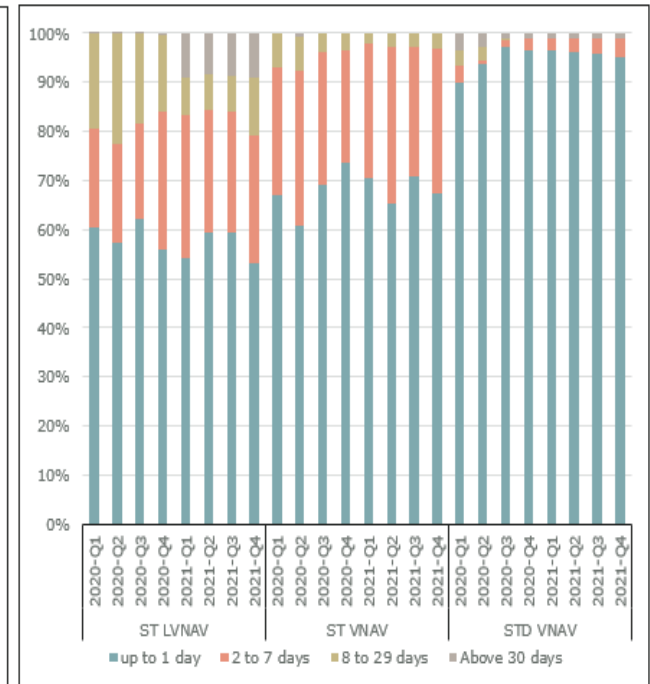
USD



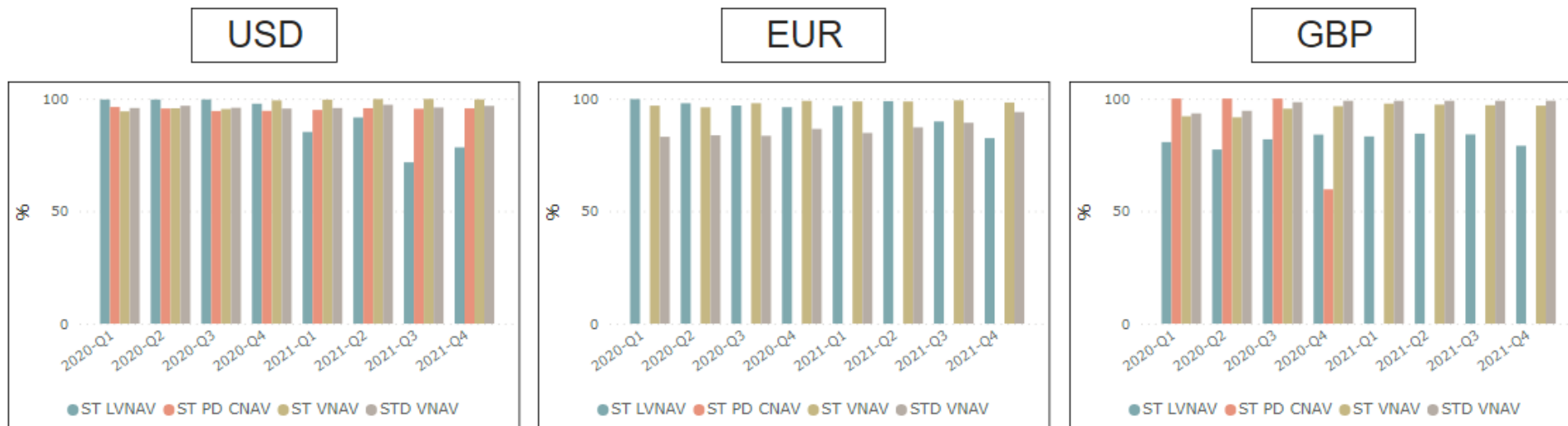
EUR



GBP



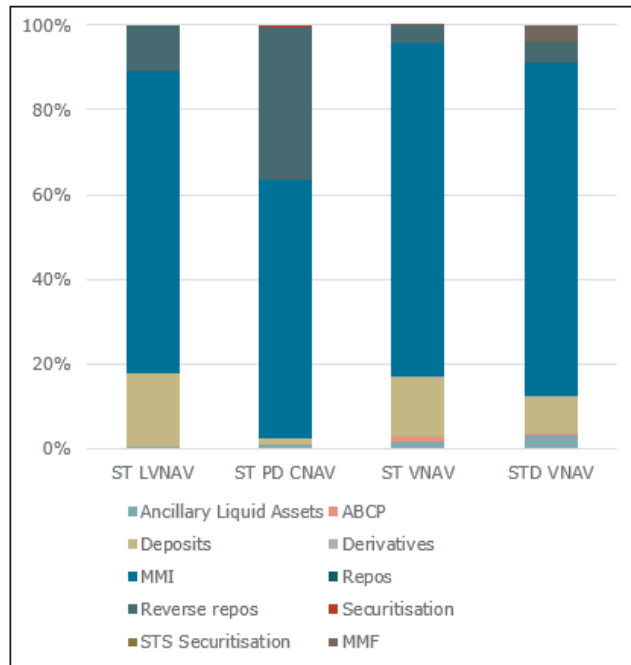
4.9 Evolution of 7-days liquidity (time to liquidate) per MMF currency and MMF type (normal market conditions)



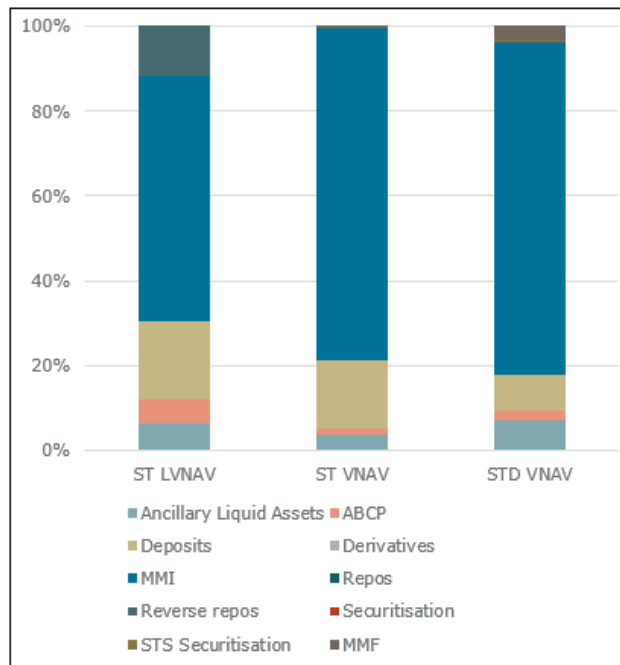
Note: The decreases of the 7-days liquidity between Q2 and Q3 2021 for the ST LVNAV categories in USD and EUR are mostly due to a change of methodology from large funds.

4.10 Breakdown of portfolio by asset type

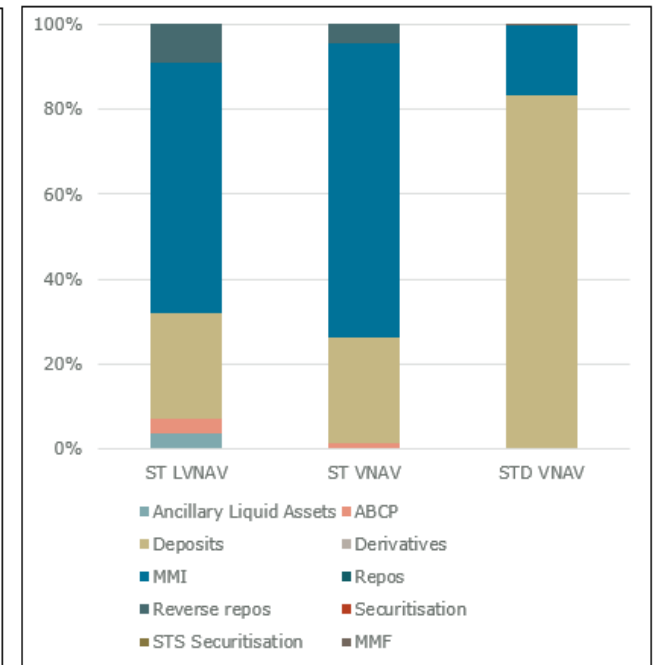
USD



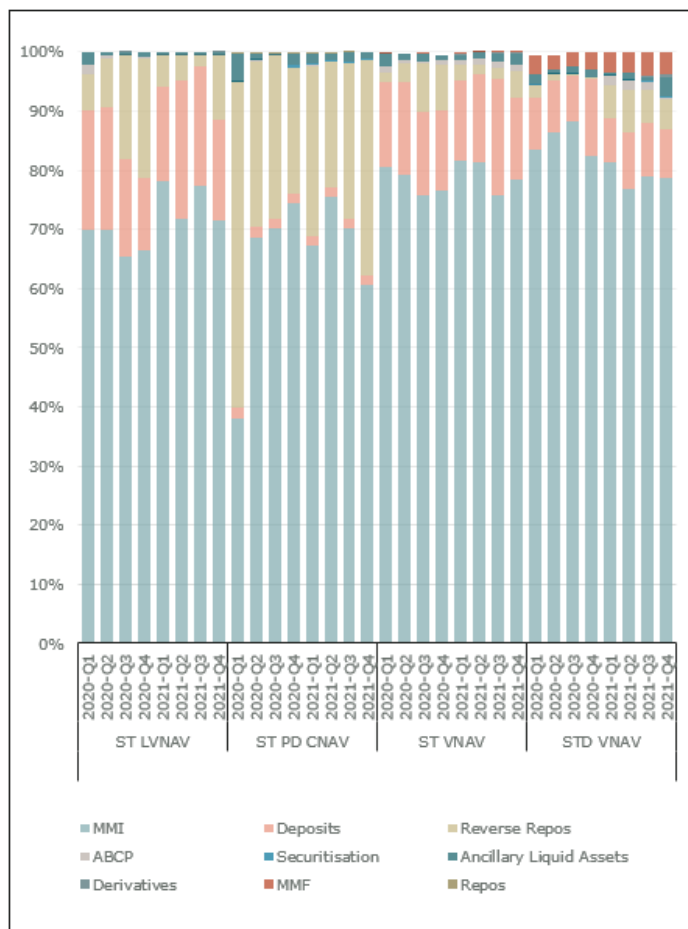
EUR



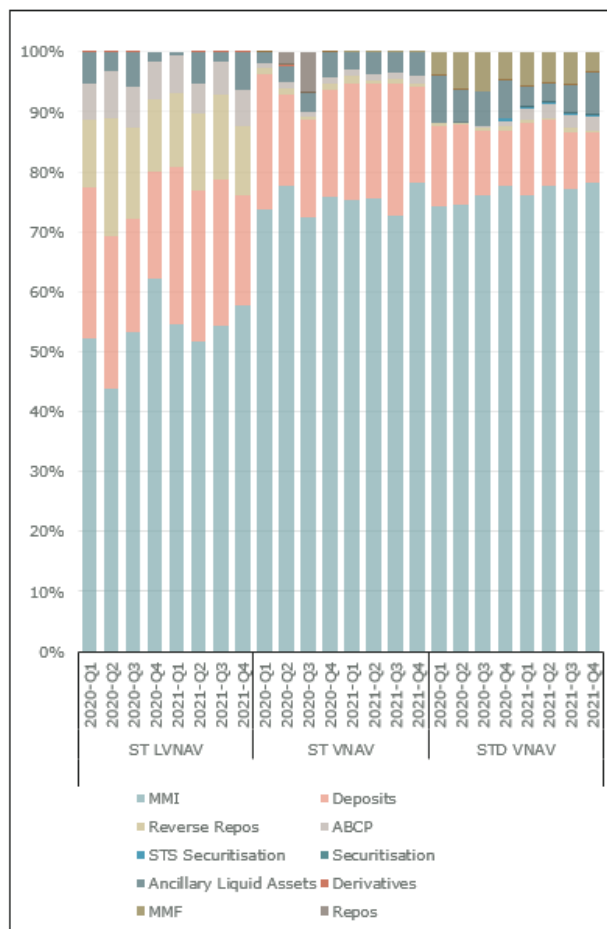
GBP



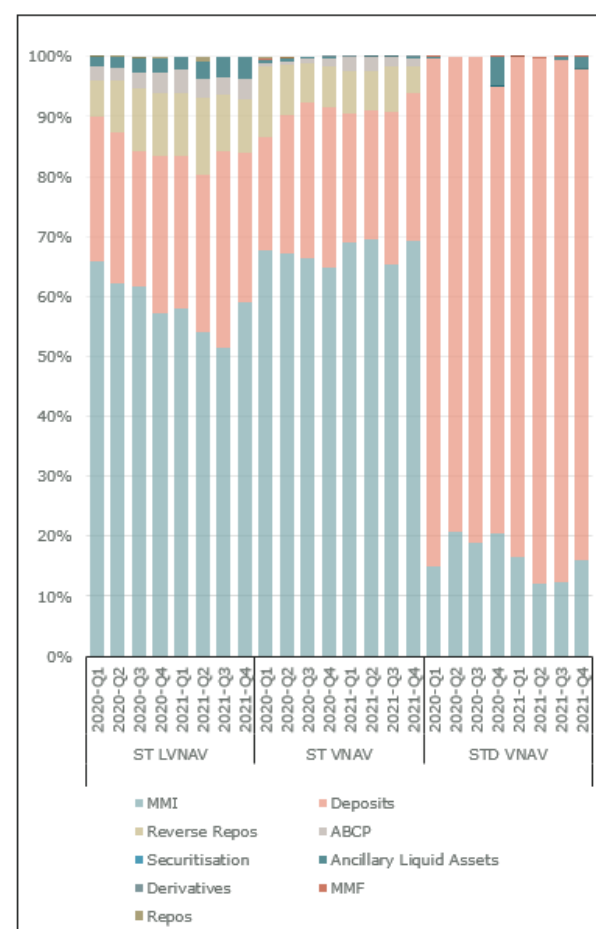
USD



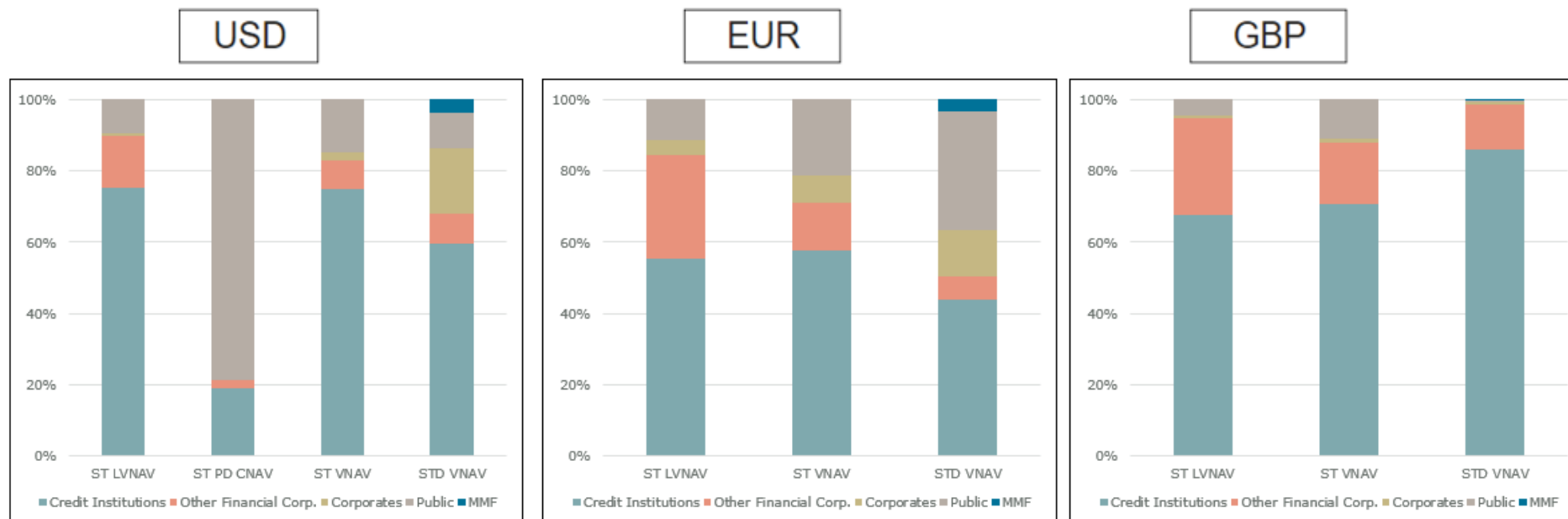
EUR



GBP

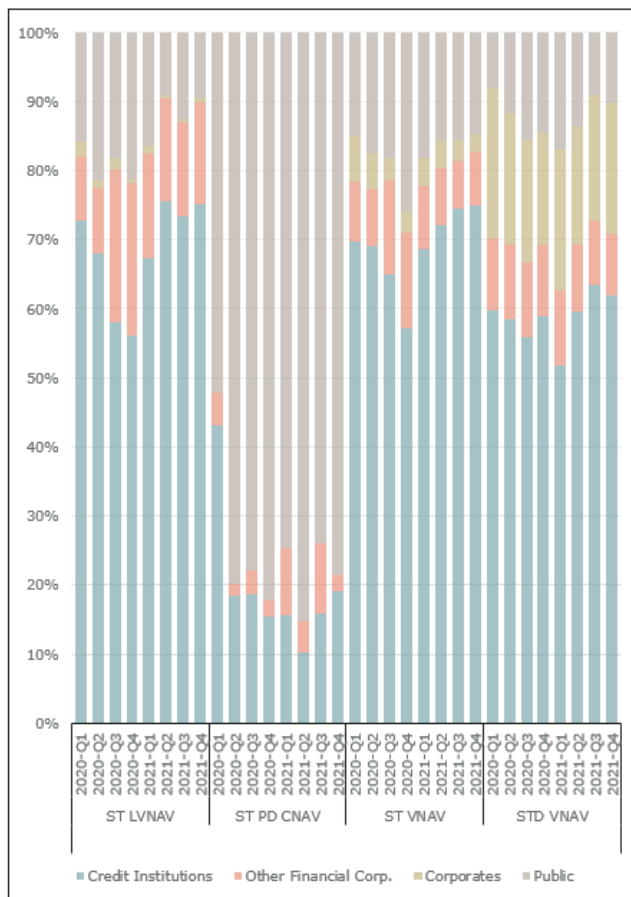


4.11 Breakdown of portfolio by type of issuer/counterparty

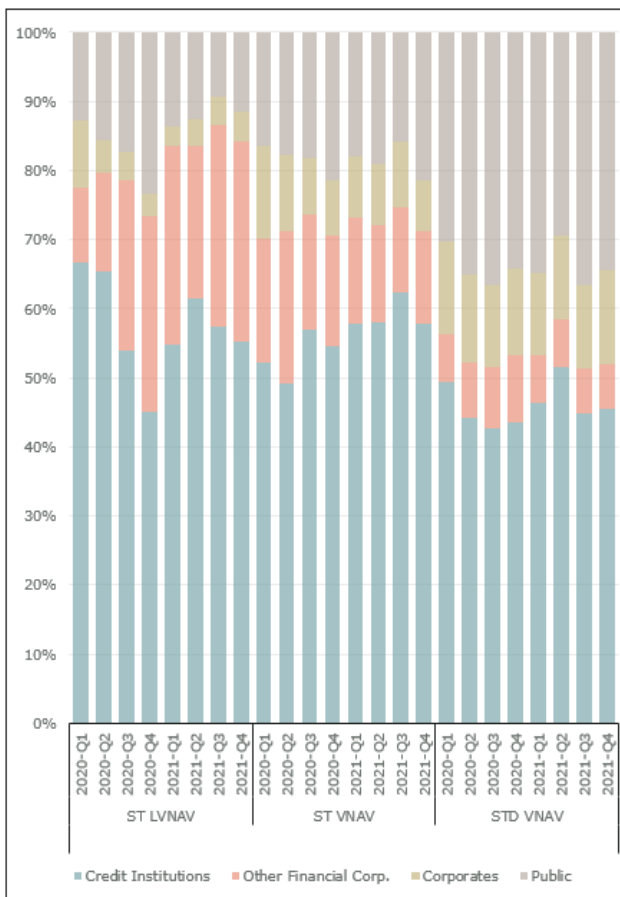


Note: In the ST PD CNAV category in USD, portions of "Other Financial Corp." are due to classification issues.

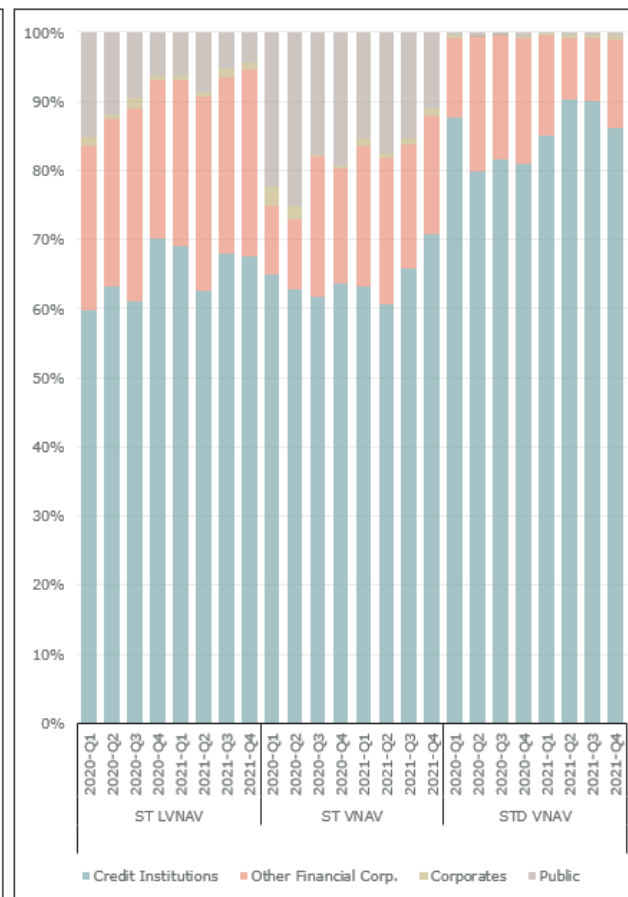
USD



EUR

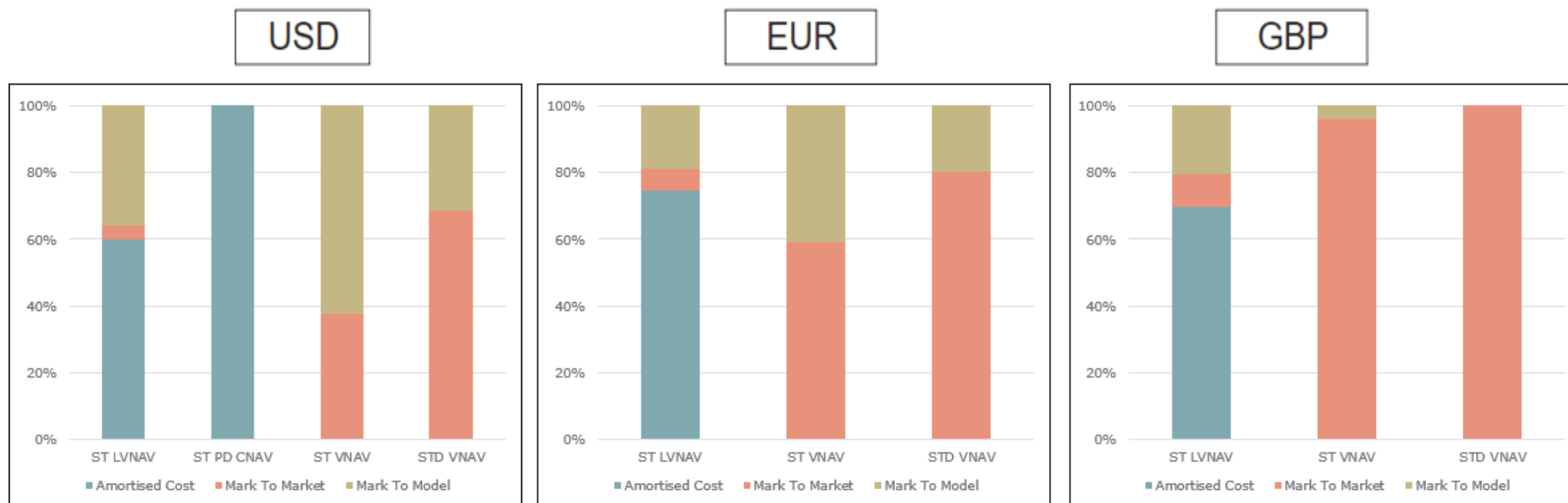


GBP



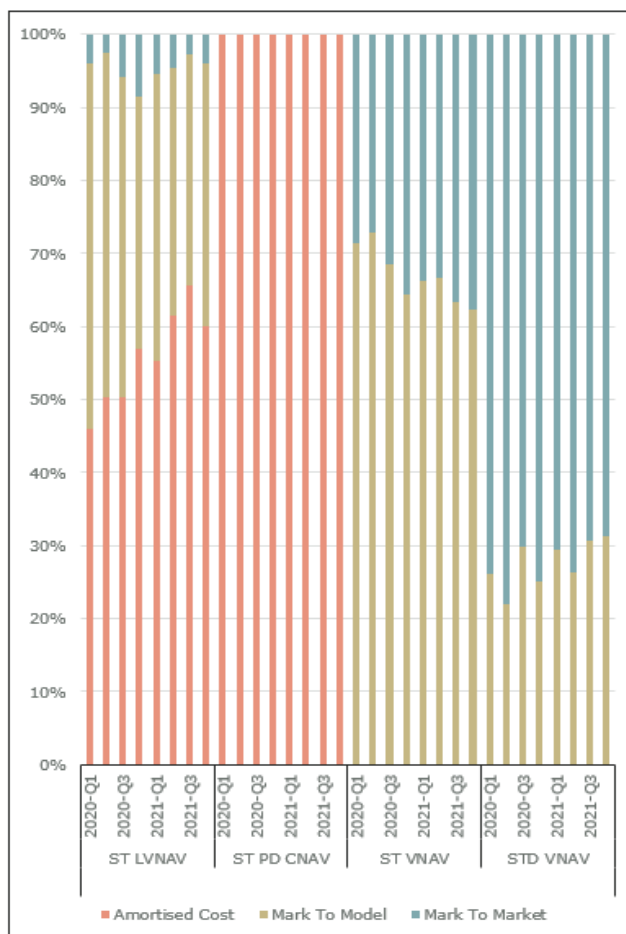
Note: In the ST PD CNAV category in USD, portions of "Other Financial Corp." are due to classification issues.

4.12 Breakdown of portfolio by valuation method

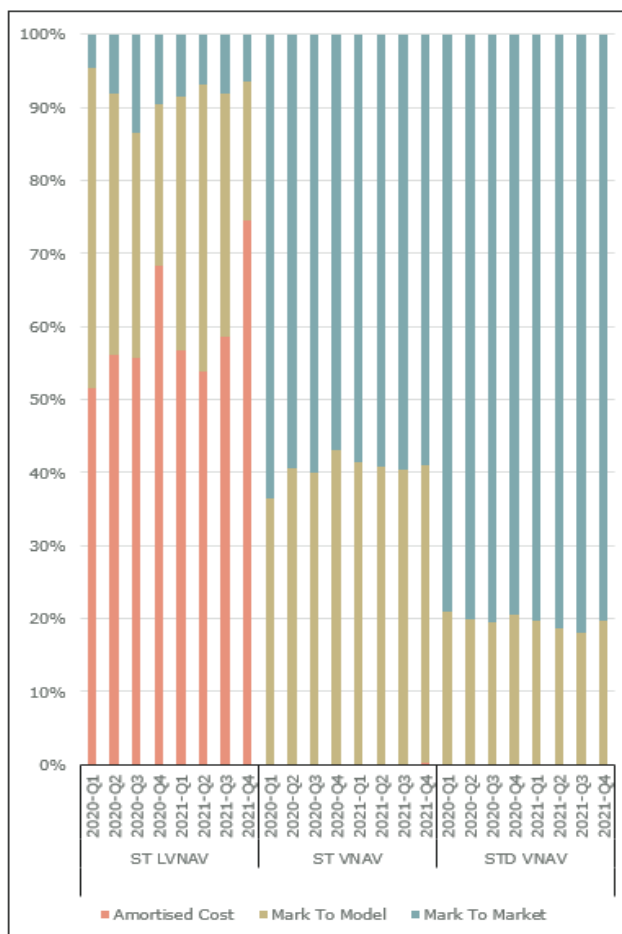


Note: In the MMFR Reporting Art. 37, a valuation method is associated to MMI, ABCP, securitisations and STS securitisations. The size of these assets represents overall 69% of the total MMFs assets.

USD



EUR



GBP





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5. List of abbreviations

ABCP	Asset-backed commercial paper
CESR	Committee of European Securities Regulators
DLA	Daily liquid assets
NAV	Net asset value
ST PD CNAV	Short term public debt constant net asset value
ST LVNAV	Short term low volatility net asset value
ST VNAV	Short term variable net asset value
STD VNAV	Standard variable net asset value
STS securitisation	Simple, transparent and standardised securitisation
WAL	Weighted average life
WAM	Weighted average maturity
WLA	Weekly liquid assets



Commission de Surveillance du Secteur Financier

283, route d'Arlon
L-2991 Luxembourg (+352) 26 25 1-1
direction@cssf.lu
www.cssf.lu