

Press Release

The average cost of retail investment products declines but significant differences across EU Member States remain

The European Securities and Markets Authority (ESMA), the EU financial markets regulator and supervisor, today publishes its sixth market report on the costs and performance of EU retail investment products. In this annual report ESMA finds that the average costs of investing in key EU retail financial products has declined by the end of 2022. However, cost heterogeneity persisted across EU Member States.

Verena Ross, ESMA Chair, said:

“ESMA’s annual reporting on the costs and performance of retail investment products provides a clear overview and shows developments across the EU markets. Costs and performance are key determinants of whether retail investors benefit from their investments, and whilst it is to be welcomed that the cost incurred by investors has slowly declined, retail investors still need to consider costs carefully in their investment decisions.”

“In 2022, investors were faced with a difficult environment characterised by lower returns and elevated level of inflation, accentuating the importance of the level of costs. Clear, comprehensive and comparable information on retail investment products can help investors assess the past performance and costs of products offered across the EU and assist them in making well-informed investment choices.”

The key findings in the report are:

- **UCITS Costs:** Costs have declined, but investors should continue to consider fund fees carefully in their investment decisions. Despite costs of active equity funds decreasing, this category of funds remained more expensive than passive funds and ETFs, such that their net performance was on average lower in comparison.
- **Investment value and value-for-money:** Investors paid around 2,000€ in costs for an investment in UCITS of 10,000€ over ten years. The returns of the market led to a net value of 14,850€ after this period, and to a net real value of 13,500€, when inflation is taken into account.
- **ESG UCITS:** ESG funds underperformed on average their non-ESG equivalents in 2022, a likely consequence of the energy crisis. However, ESG funds still outperformed their non-ESG equivalents on the three-year investment horizon. In 2022, ongoing costs of ESG funds were lower than or similar to the ongoing costs of non-ESG equivalents.

- **Alternative Investment Funds (AIFs):** The market for AIFs remained dominated by professional investors with the share of retail investors reaching around 14% at the end of 2022. Retail investors invested mainly in funds of funds, “other” AIFs and real estate funds. Among those three categories of funds, real estate funds were the only category with positive gross and net returns in 2022. However, real estate markets face significant challenges since 2022, which is likely to affect the performance of real estate funds going forward, given the further increase of interest rates in 2023.
- **Structured Retail Products (SRPs):** Costs, largely charged in the form of entry costs, rose in 2022 for a majority of product types and issuers, although they vary substantially by payoff type and country. The analysis of performance scenarios shows that the returns of one in eight SRPs would be negative even in a moderate scenario.

Costs and performance of retail investment products are key determinants of the benefits for retail investors in the EU. Clear and comprehensive information on retail investment products can help investors assess the past performance and costs of products offered across the EU and foster retail investor participation in capital markets.

ESMA’s report helps to monitor progress in this regard by providing consistent EU-wide information on cost and performance of retail investment products. It also demonstrates the relevance of disclosure of costs to investors, as required by the MiFID II, UCITS and PRIIPs rules and the need for asset managers and investment firms to act in the best interest of investors, as laid down in MiFID II, and the UCITS and AIFM Directives.

Notes for editors

1. [ESMA50-524821-3052 Cost and Performance report](#)
2. [EIOPA Cost and performance report](#)
3. A joint [ESMA-EIOPA public webinar “ESMA’s and EIOPA’s Annual Cost and Past Performance Report”](#) will be organised on 10 January 2024 to present the two reports.
4. ESMA is the European Union’s financial markets regulator and supervisor. Its mission is to enhance investor protection and promote stable and orderly financial markets.
5. It achieves this objective through three strategic priorities:
 - fostering effective markets and financial stability,
 - strengthening supervision of EU financial markets,
 - enhancing protection of retail investors,and two thematic drivers:
 - enabling sustainable finance; and
 - facilitating technological innovation and effective use of data.
6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:



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