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The AMF publishes a research paper on French funds' costs

The AMF analyzes the costs charged by French funds between 2017 and 2022, using a tool that extracts the fee tables presented in the Key Investor Information Documents (KIIDs).

Our knowledge of the costs associated with investing in financial products is still very patchy as there is no harmonized reporting of fees at the European level, and studies on the topic are essentially based on non-exhaustive information compiled by commercial data providers.

The AMF has developed a computer program using various artificial intelligence techniques to extract the fee tables reported in the Key Investor Information Documents (KIIDs), and structure them in a usable database.

The research paper documents the tool's performance by comparing its output dataset with the information purchased from data vendors. Our extracted data proves consistent with the commercial databases, and the coverage of the French-domiciled funds market has been substantially improved.

This original database is then used to analyze, both graphically and econometrically, the relationships between fee levels and fund characteristics (asset class, management style, ESG labels, target customer base, risk level, etc.) between 2017 and 2022.

Key findings



The study highlights a decline in ongoing fees and exit fees since 2017.

Index funds and institutional funds are on average less expensive than their non-index or non-institutional equivalents, both in terms of ongoing fees and maximum entry fees. The average difference in ongoing fees is around 100 basis points for the former, and 30 basis points for the latter.

Ongoing fees, maximum entry fees and maximum exit fees for employee savings funds are lower than for comparable funds not distributed via employee savings plans (average difference of around 50 basis points for each type of fee).

ESG-labeled funds have lower ongoing and exit fees than non-labeled funds (average difference of around 15 basis points).

All other things being equal, funds distributed via unit-linked insurance contracts have higher ongoing costs and entry fees than others (30 and 10 basis points respectively).

Among bond and diversified funds, higher risk levels (as measured by the synthetic risk/return indicator - SRRI) are associated with higher ongoing costs, entry fees and exit fees. For instance, the average increase in ongoing costs per SRRI unit is around 20 basis points.

Limitations of the study

The tool developed by the AMF improves the coverage of the French market, but is not yet exhaustive, as many regulatory documents are transmitted in a format that cannot be processed.

Last, distribution costs as well as expenses associated with investment wrappers (stock savings plan, employee savings plan, employee retirement savings plan, unit-linked life insurance contracts) are not readily available. As a result, it is currently impossible to estimate the total cost of investing in a fund. This question is one of the topics under discussion within the Retail Investment Strategy.



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