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ICI RESEARCH PERSPECTIVE

Ongoing Charges for UCITS in the European Union, 2024

Key Findings

- **Average ongoing charges for equity and fixed-income UCITS have declined significantly since 2013.** In 2024, the average ongoing charges for equity and fixed-income UCITS were down 26 percent and 31 percent, respectively, from 2013. Several factors have contributed to the reduction in ongoing charges, including greater economies of scale, a shift of assets towards lower-cost UCITS, the entry of lower-cost UCITS into the market, and the exit of higher-cost UCITS.
- **The average ongoing charge for equity UCITS decreased by 7 basis points, from 1.18 percent in 2023 to 1.11 percent in 2024.** Increased economies of scale and competition from index trackers contributed to this decrease. The average ongoing charge for fixed-income UCITS increased by 2 basis points, from 0.66 percent in 2023 to 0.68 percent in 2024. Inflows into higher-cost fixed-income UCITS such as fixed-term bond funds, among other factors, contributed to this increase.
- **Retail investors still pay for the cost of distribution even when it is not included in the ongoing charge.** Direct comparisons of average ongoing charges between UCITS share classes that "bundle" distribution in the ongoing charge with those that "unbundle" distribution from the ongoing charge can be misleading. In unbundled share classes, retail investors typically pay distribution costs directly out of pocket.
- **Average ongoing charges for equity and fixed-income UCITS ETFs have decreased substantially since 2013.** In 2024, the average ongoing charges for equity and fixed-income UCITS ETFs were down 46 percent and 28 percent, respectively, from 2013.
- **Cross-border UCITS provide European investors with a much larger range of investment options, but such funds often incur additional marketing or registration costs.** In 2024, the average ongoing charge for cross-border equity funds was 1.30 percent, compared with 1.21 percent for single country equity funds.

What's Inside

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For a complete set of data files for each figure in this report, see **www.ici.org/files/2025/per31-10-data.xlsx**.

The following conditions, unless otherwise specified, apply to all data in this report: (1) UCITS that invest primarily in other funds are excluded from the data to avoid double counting; (2) UCITS not domiciled in the European Union (EU), in addition to UCITS domiciled in the Netherlands, are excluded from data for ongoing charges; (3) UCITS primarily intended for sale in the Netherlands are excluded from data for ongoing charges; (4) euros and percentages may not add to the totals presented because of rounding; and (5) unless otherwise stated, average ongoing charges refer to asset-weighted averages of ongoing charges across UCITS or UCITS share classes. In addition, for simplicity, this report will sometimes use "funds" to refer to Undertakings for Collective Investment in Transferable Securities (UCITS).

Introduction

The UCITS[1] Directive has become a global success story since it was first adopted in 1985. Over the past decade, total net assets of UCITS domiciled in the European Union (EU) more than doubled, from €5.7 trillion at year-end 2014 to €12.5 trillion at year-end 2024 (Figure 1).[2] Additionally, a sizable share of UCITS assets are owned by investors outside of the EU.[3]

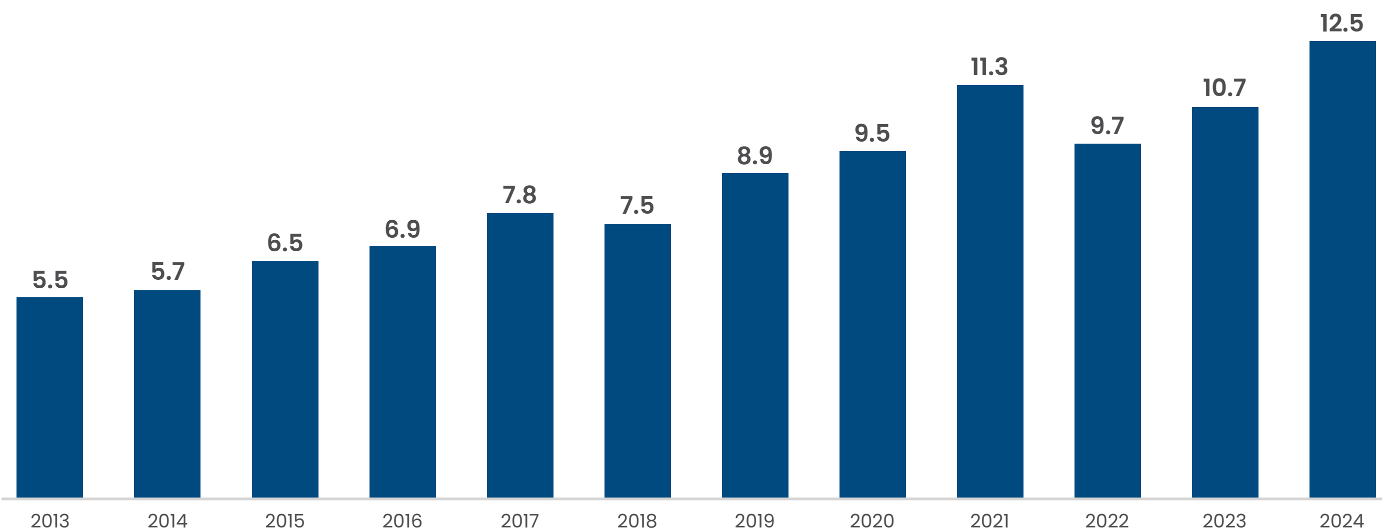
UCITS provide a variety of benefits to investors, including professional management services, access to global markets, regulatory and supervisory oversight, and access to a variety of investment strategies through funds domiciled throughout the EU.

UCITS investors pay ongoing charges from their fund investments for a host of services, including portfolio management, administration, compliance, distribution, accounting services, and legal costs. These costs are usually disclosed through either the total expense ratio (TER) in the UCITS's annual report and marketing documents, or the ongoing charges figure (OCF) in the UCITS's Key Investor Information Document (KIID) or Packaged Retail and Insurance-Based Investment Products (PRIIPs) Key Information Document (KID).[4]

FIGURE 1

Net Assets of UCITS in the European Union Rose in 2024

Trillions of euros, year-end



Note: Data include UCITS domiciled in the Netherlands. Data include money market funds, exchange-traded funds, and UCITS that invest primarily in other funds.

Source: European Fund and Asset Management Association (EFAMA) 2025

Other Costs Investors May Pay When Investing in UCITS

In addition to ongoing charges, investors may pay one-off entry and exit costs when purchasing and selling shares of a UCITS.[5] One-off costs are calculated as a percentage of the sales or offering price of a fund share class and are taken directly from the investment amount.

Investors also bear indirect costs, including transaction costs that arise when the fund trades its underlying assets,[6] as well as other management-related expenses, such as payments for investment research, which may be covered by the UCITS manager or by fund shareholders, provided appropriate disclosure is made.[7]

Entry costs are fees paid by investors when purchasing shares, including on subsequent purchases, to compensate financial professionals for their services. These costs are reported as some maximum value, as advisers or distributors often waive all or a portion of the entry cost for investors who meet certain criteria, such as a minimum initial investment amount. In 2024, maximum entry costs were most commonly set to either 3 percent or 5 percent, and about 58 percent of UCITS share classes reserved the option to charge an entry cost.[8]

Exit costs are fees paid by investors when they sell their investments.[9] These costs are also reported as some maximum value, as advisers often waive them if the investor has remained in the fund for some minimum length of time. In 2024, maximum exit costs were most commonly set to either 1 percent or 3 percent, and about 6 percent of share classes reserved the option to charge an exit cost.[10]

Transaction costs refer to costs incurred by UCITS from their purchases or sales of assets. Such costs can include explicit costs like exchange fees and transaction taxes, as well as implicit costs related to market impact (i.e., the change in a security's price resulting from a large trade).[11] These costs are indirectly borne by investors, since they are ultimately reflected in the returns investors receive. Based on recent data, the median transaction cost was 0.10 percent of a fund's net assets.[12, 13]

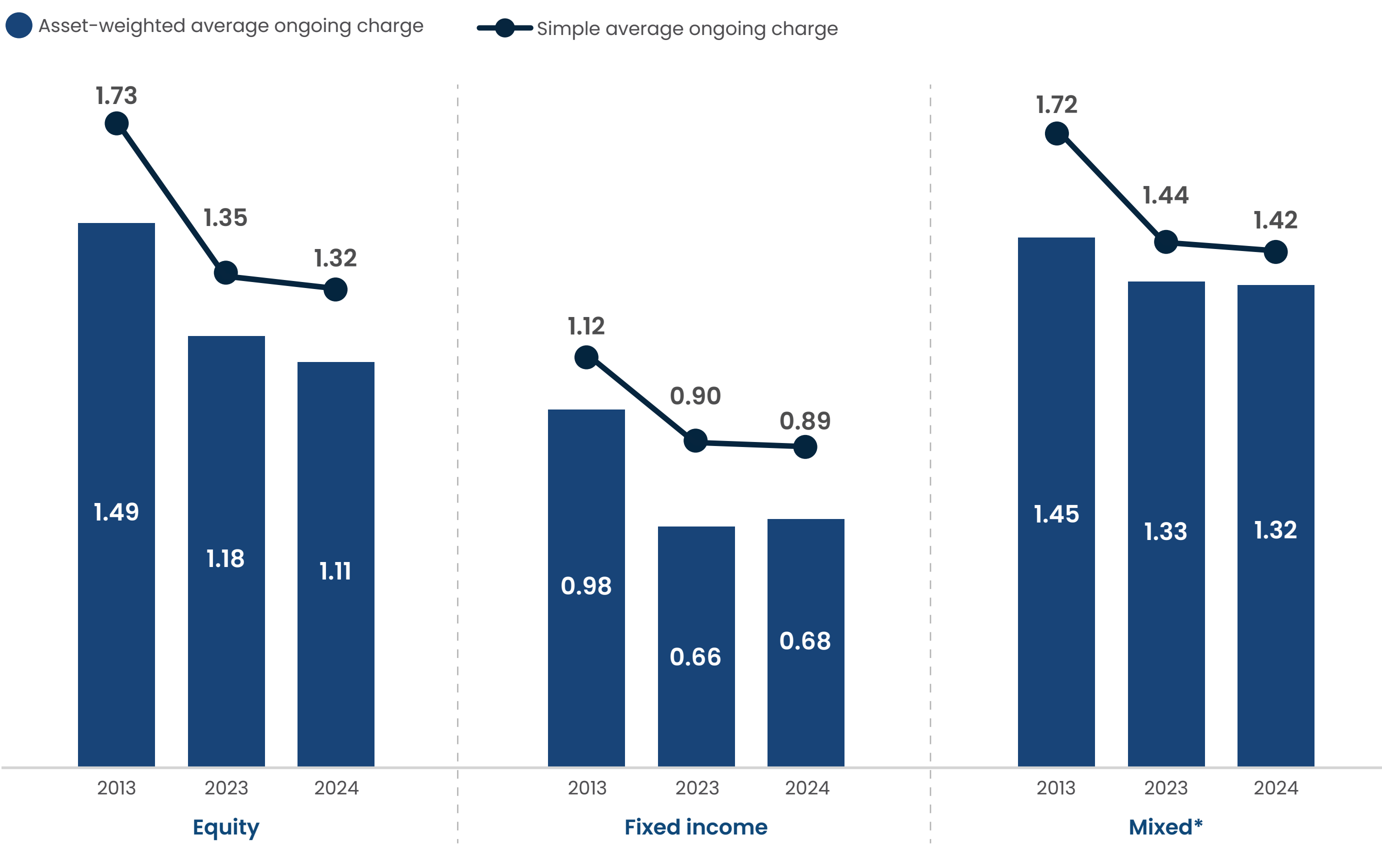
Average Ongoing Charges for UCITS Have Declined Substantially Since 2013

Since 2013, asset-weighted average ongoing charges[14] for UCITS have dropped considerably (Figure 2).[15, 16] Equity funds saw a decrease in average ongoing charges from 1.49 percent in 2013, or €1.49 for every €100 in assets, to 1.11 percent in 2024 (a 26 percent decline).[17] Over the same period, average ongoing charges for fixed-income funds fell from 0.98 percent to 0.68 percent (down 31 percent), and average ongoing charges for mixed funds[18] declined from 1.45 percent to 1.32 percent (down 9 percent). Several factors have contributed to the reduction in UCITS ongoing charges since 2013.

FIGURE 2

Average Ongoing Charges for UCITS Have Declined Substantially Since 2013

Percent



* Mixed funds invest in a combination of equity and fixed-income securities.

Note: Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

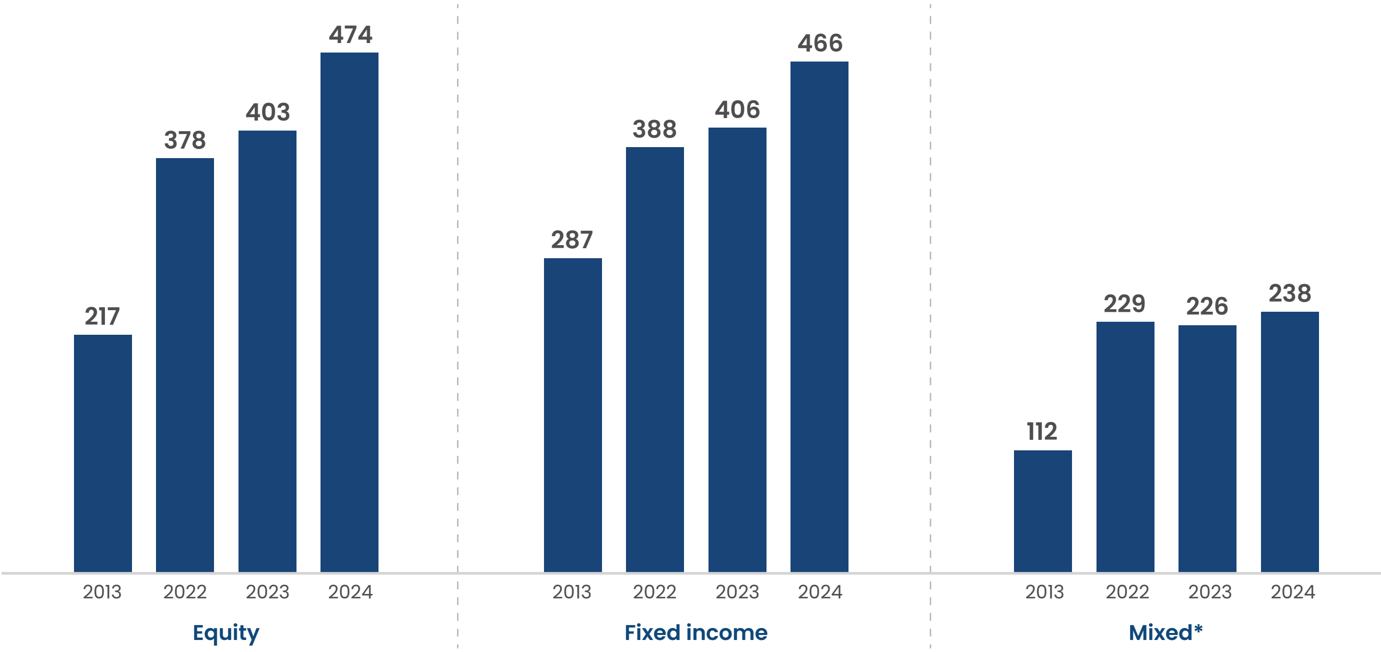
Economies of Scale

The amount of net assets in a fund is an important factor that affects ongoing charges because of economies of scale. Certain fund expenses, including transfer agency fees, accounting and audit fees, and depository fees, tend to be fixed regardless of the fund size. As a fund's net assets increase, fixed costs account for a smaller proportion of total net assets, leading to lower ongoing charges. The average sizes of equity, fixed-income, and mixed UCITS in 2024 were much higher than in 2013, which accounts for part of the decline in average ongoing charges during this period (Figure 3).

FIGURE 3

Average Net Assets of UCITS Rose in 2024

Millions of euros, year-end



* Mixed funds invest in a combination of equity and fixed-income securities.

Note: Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

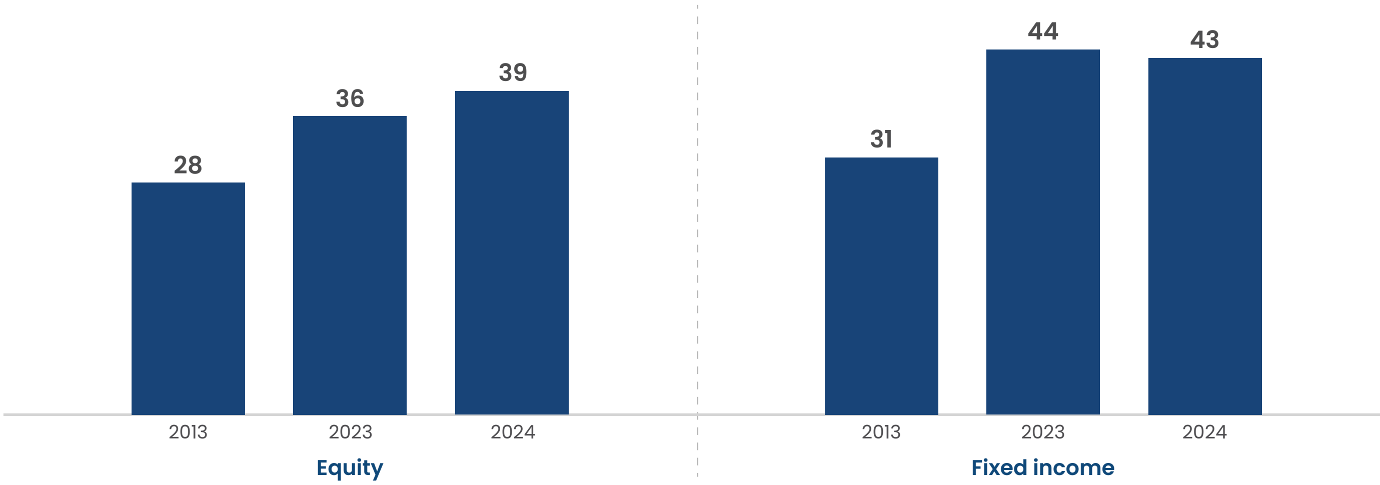
Assets Shifting to Lower-Cost Funds

The shift of assets to lower-cost funds has been a major factor in driving down average ongoing charges. This trend is evident in the increasing concentration of assets in lower-cost UCITS. Between 2013 and 2024, the proportion of assets in equity funds with the lowest 25 percent ongoing charges rose from 28 percent to 39 percent, while for fixed-income funds it increased from 31 percent to 43 percent (Figure 4).

FIGURE 4

Investors Generally Concentrate Their Assets in Lower-Cost UCITS

Percentage of UCITS net assets with ongoing charges in the lowest quartile



Note: Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

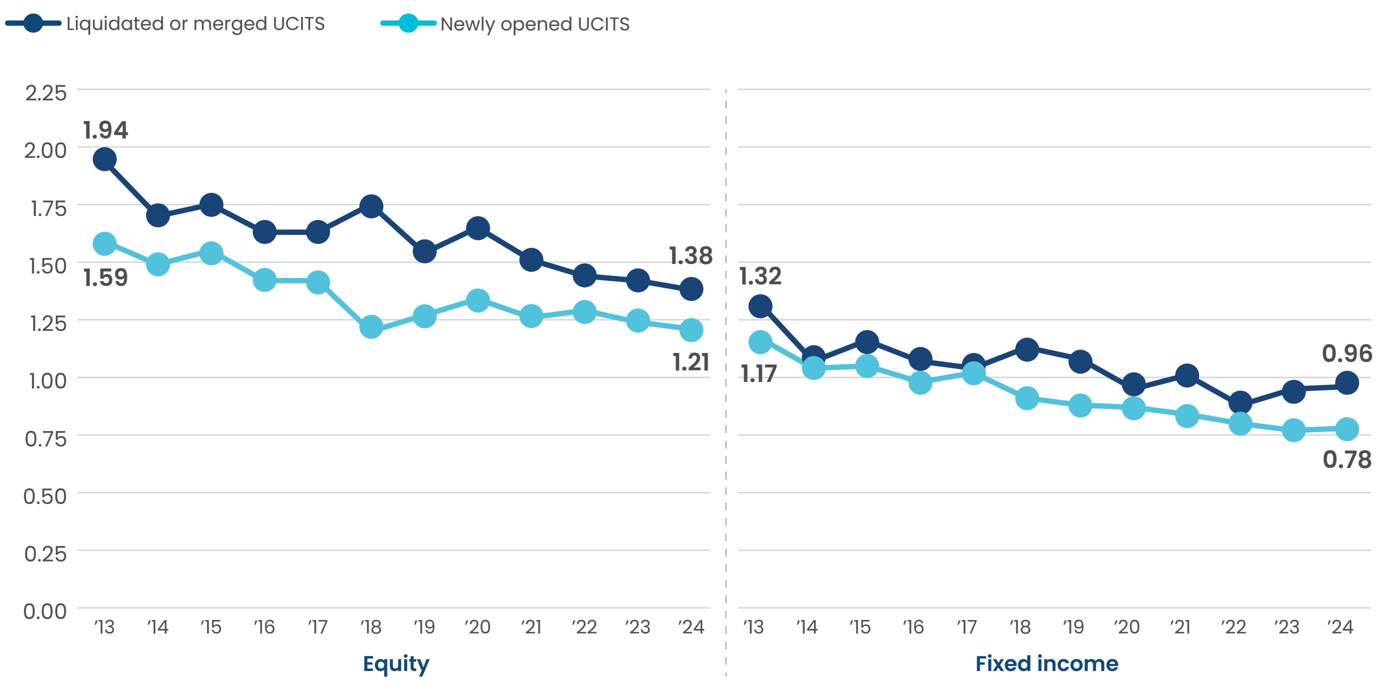
Lower-Cost Funds Entering the Market and Higher-Cost Funds Exiting the Market

The entry of lower-cost funds and the exit of higher-cost funds (through liquidation or merger) have also contributed to the downward pressure on average ongoing charges for equity and fixed-income UCITS. Simple average ongoing charges for both newly opened funds and fund share classes have demonstrated a downward trend since 2013 (Figure 5). This trend is partly attributable to increased demand for index trackers (see page 14) and unbundled share classes (see page 11), both of which tend to have lower ongoing charges. At the same time, the simple average ongoing charges for funds that exited the market were higher than those of newly opened funds in each year since 2013.

FIGURE 5

Simple Average Ongoing Charges for Newly Opened UCITS Have Trended Downward

Percent



Note: Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

Average Ongoing Charges for UCITS in 2024

The asset-weighted average ongoing charge for equity UCITS decreased by 7 basis points, from 1.18 percent in 2023 to 1.11 percent in 2024. Several factors may have contributed to this reduction. First, the average total net assets of equity UCITS increased from €403 million in 2023 to €474 million in 2024 (Figure 3), allowing funds to benefit further from economies of scale. Notably, net assets in global large-cap equity funds grew by more than 40 percent, driven by strong global equity market performance—especially in the United States, where total returns exceeded 20 percent in 2024.[19] Second, newly launched equity UCITS in 2024 had a much lower average ongoing charge (0.76 percent) compared to those exiting the market (1.01 percent). Additionally, competition from lower-cost index trackers has continued to exert downward pressure on the ongoing charges of equity funds. In 2024, index equity UCITS saw net inflows of €44 billion compared with outflows of €63 billion for actively managed equity UCITS.

The asset-weighted average ongoing charge for fixed-income UCITS rose marginally from 0.66 percent in 2023 to 0.68 percent in 2024. Average total net assets of fixed-income UCITS rose from €406 million to €466 million (Figure 3). All else equal, this increase should reduce ongoing charges through improved economies of scale. These benefits, however, were offset by inflows into certain fixed-income UCITS that are more costly to manage. These higher-cost funds included subordinated bond funds, high yield bond funds, and fixed-term bond funds. High yield bonds performed strongly in 2024, delivering total returns in excess of 7 percent and attracting significant investor inflows. Meanwhile, investors continued to allocate capital to fixed-term bond funds, which are characterized by comparatively lower downside risk. These categories collectively received €59 billion in net flows, accounting for about one-fourth of net inflows into fixed-income UCITS.

Ongoing Charges Vary Across UCITS

Like prices of other goods and services, ongoing charges vary considerably across individual UCITS. In addition to distribution structures (or compensation arrangements), there are many other factors that affect the ongoing charge of a UCITS share class, including investment objective, cross-border availability, and whether the fund is actively managed or tracks an index.

Investment Objectives

Ongoing charges for UCITS vary by investment objectives (Figure 6).[20, 21] For example, fixed-income funds typically have lower ongoing charges than equity funds. Among equity funds, ongoing charges tend to be higher for funds that invest in a given sector, such as health care or real estate, or those that invest in mid- and small-cap stocks, because such funds tend to cost more to manage. Ongoing charges can differ widely even within a particular investment objective. For example, 10 percent of emerging market fixed-income funds have an ongoing charge of 0.30 percent or less, while another 10 percent have ongoing charges of 1.91 percent or more. This variation reflects, among other things, the fact that portfolios of emerging market securities can be substantially different from one another. Some funds might invest solely in one emerging market economy, while others may diversify their investments across many countries.

FIGURE 6

UCITS Ongoing Charges Vary Across Investment Objectives

Percent, 2024

Investment objective	10th percentile	Median	90th percentile	Asset-weighted average	Simple average
Equity	**0.37**	**1.17**	**2.27**	**1.11**	**1.32**
Europe equity large-cap	0.33	1.14	2.16	1.10	1.26
Europe equity mid/small-cap	0.60	1.40	2.28	1.45	1.44
US equity large cap	0.28	0.96	2.17	0.86	1.16
Global equity large cap	0.30	1.05	2.14	0.98	1.21
Sector equity	0.60	1.33	2.38	1.54	1.45
Fixed income	**0.22**	**0.78**	**1.65**	**0.68**	**0.89**
Europe fixed income	0.19	0.64	1.41	0.56	0.74
EUR government bond[1]	0.13	0.46	1.07	0.46	0.55
US fixed income	0.25	0.79	1.76	0.75	0.92
Global fixed income	0.23	0.77	1.60	0.77	0.88
Emerging market fixed income	0.30	0.98	1.91	0.80	1.12
Mixed[2]	**0.61**	**1.40**	**2.23**	**1.32**	**1.42**
Money market	**0.05**	**0.15**	**0.48**	**0.15**	**0.22**
Memo:					
Index equity	**0.07**	**0.26**	**0.70**	**0.25**	**0.34**

[1] EUR government bond funds invest in a combination of government or government-backed agency securities denominated in or hedged into euro.

[2] Mixed funds invest in a combination of equity and fixed-income securities.

Note: Each share class is weighted equally for the median, 10th, and 90th percentiles. The non-bolded subcategories under the equity and fixed income investment objective categories are mutually exclusive. Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

UCITS Share Classes

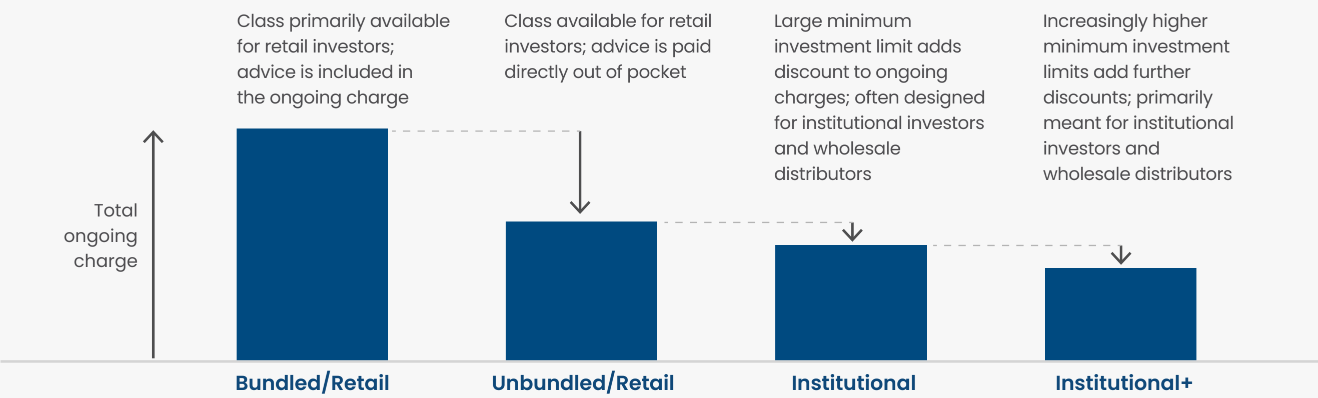
Share classes are an efficient mechanism through which a UCITS can provide different features to investors based on their preferences.[22] For instance, a UCITS can offer share classes based on whether the income generated by the fund's portfolio investments is reinvested (often identified as "accumulation" shares) or distributed to the investor (often identified as "income" or "distributed" shares). Also, many UCITS offer share classes denominated in various currencies to appeal to investors in different countries or share classes with different costs and charges to appeal to specific types of investors (e.g., retail and institutional investors). Some UCITS offer share classes that hedge against certain factors, such as currency risk or interest rate risk.[23] The average UCITS had 6 share classes in 2024, with some funds having 50 share classes or more.[24]

Because different share classes may require different levels of management (e.g., hedging can be costly), ongoing charges may be different among the share classes. In addition, ongoing charges may differ among UCITS share classes based on how investors pay for distribution.[25]

Distribution costs may be *bundled*, i.e., included in the ongoing charge of the share class (Figure 7). Bundled share classes are traditionally offered to retail investors with small account balances. Ongoing charges sometimes differ in those share classes based on whether an entry cost is charged. For investors who rely heavily on the advice of their investment professionals, bundled share classes offer them a cost-effective way to pay for those services.

FIGURE 7

Ongoing Charges Are Different for Various Types of UCITS Investors



Source: Investment Company Institute

Distribution costs may also be *unbundled*.[26] In such cases, ongoing charges are devoid of distribution costs, and investors pay for advice through an asset-based fee that comes directly out of their pocket (Figure 7). Unbundled share classes were traditionally offered to institutional investors or retail investors with large account balances (e.g., high net worth individuals). However, the number of unbundled share class offerings for ordinary retail investors has increased in recent years, as regulators and policymakers have encouraged advisers to move toward fee-based advice.[27]

Share classes primarily intended for institutional investors generally have substantial minimum investment limits, such as €100,000 or €1 million, and lower ongoing charges. Some of them offer institutional+ share classes with increasingly higher minimum investment limits (e.g., €5 million, €10 million, or even €100 million), but progressively lower ongoing charges. Some institutional+ share classes are designed for very specific types of accounts, such as those distributed through wholesalers (e.g., packaged with other investment products) or those that combine the accounts of a large number of retail investors.

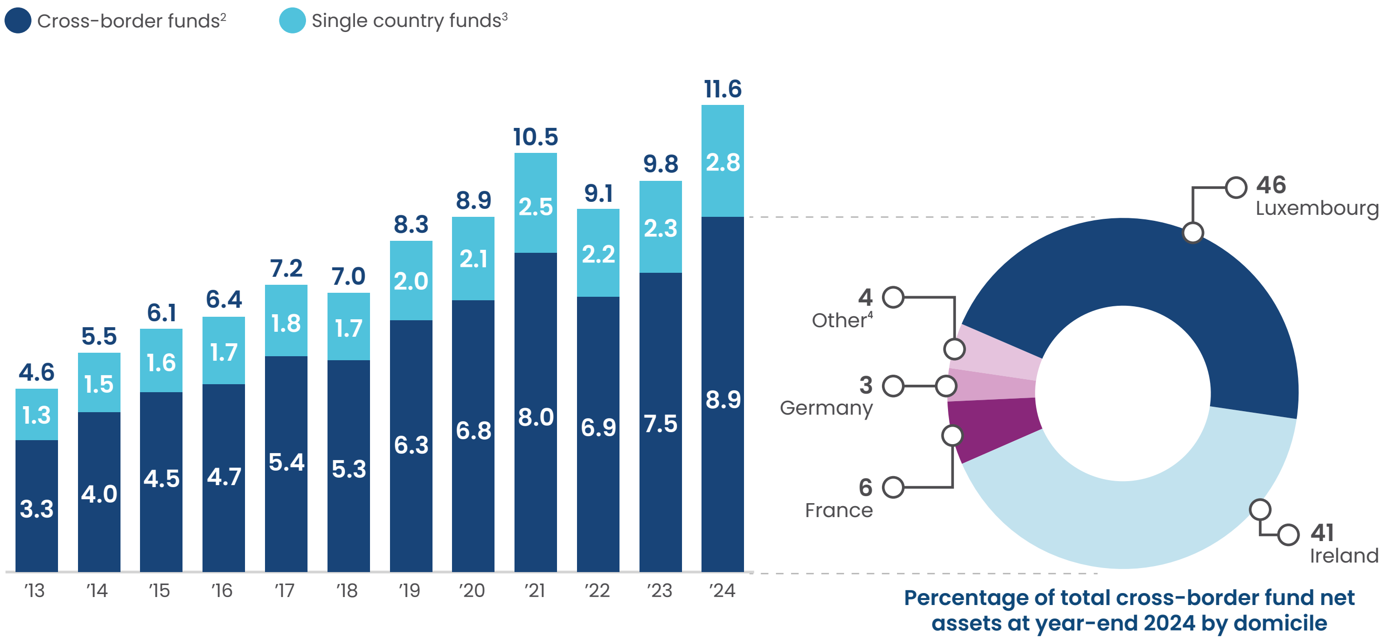
Cross-Border Distribution

The growth of UCITS in the European Union owes much of its success to EU passporting, which allows a UCITS established in one country to be sold in other European countries.[28] By year-end 2024, cross-border funds domiciled in the European Union had total net assets of €8.9 trillion (Figure 8)[29] compared with €3.3 trillion in 2013. Eighty-seven percent of cross-border funds were domiciled in Luxembourg or Ireland at year-end 2024. Cross-border funds have also been approved for sale in jurisdictions outside of Europe with a large degree of success—about 26 percent of net assets in UCITS were held by investors outside of the European Union in 2024.

FIGURE 8

Cross-Border Funds Represent More Than 75 Percent of Total UCITS Net Assets

Total UCITS net assets in trillions of euros,[1] year-end



[1] Total UCITS net assets reported by Morningstar in this figure are less than those reported to EFAMA by its member countries as shown in Figure 1. Part of the difference is attributable to the exclusion of UCITS that invest primarily in other funds in the Morningstar data. While UCITS net assets in Morningstar data are still lower than those reported by EFAMA after this adjustment, Morningstar has more detail on cross-border availability for individual funds, which is necessary for ICI's identification of cross-border funds.

[2] Cross-border funds are defined as funds registered and available for sale in three or more countries.

[3] Single country funds include funds registered and available for sale in one country. Single country funds also include round-trip funds—funds domiciled in one country but primarily intended for sale in a different country. At year-end 2024, round-trip funds accounted for 26 percent of the €2.8 trillion in net assets held by single country funds.

[4] *Other* includes Sweden, Belgium, Austria, Finland, the Netherlands, Denmark, Malta, Estonia, Lithuania, Latvia, and Spain.

Note: Data include UCITS domiciled in the Netherlands. Data also include UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

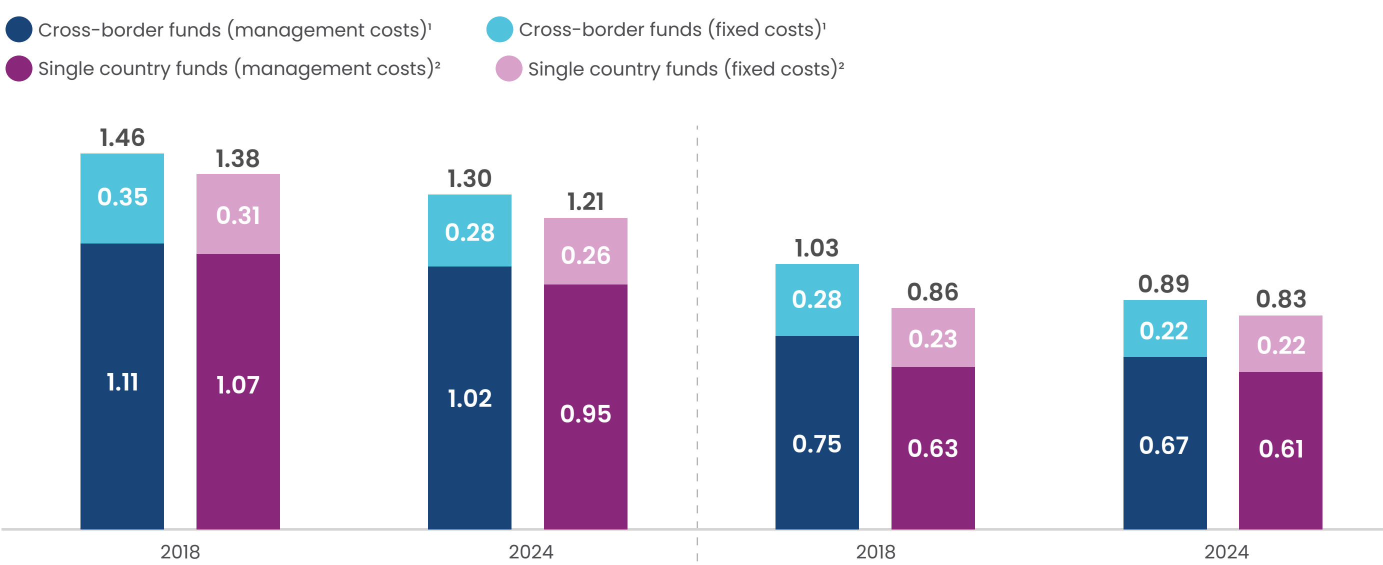
The availability of cross-border funds in the European Union offers significant advantages to investors. For example, cross-border funds present investors with a broader range of choices compared to domestic investment products, thereby promoting market competition. Furthermore, the ability to be sold in multiple countries enables cross-border funds to reach a larger investor base, resulting in greater economies of scale. Notably, the average size of a cross-border equity fund is €726 million, which is more than twice that of a single country equity fund (€286 million).

Nevertheless, ongoing charges for cross-border funds are often higher than those for single country funds, partially because of larger average fixed costs (Figure 9). Despite ongoing efforts to reduce cross-border frictions, many EU Member States continue to impose bespoke requirements and costs on cross-border UCITS distributed in their jurisdictions. For example, some Member States have local requirements for marketing cross-border funds,[30] which results in additional costs for funds distributing into that country. There are also increased administrative expenses associated with managing different share classes across various countries and currencies.

FIGURE 9

Fixed Costs Tend to Be Larger for Cross-Border Funds

Percent



[1] Cross-border funds are defined as funds registered and available for sale in three or more countries.

[2] Single country funds include funds registered and available for sale in one country. Single country funds also include round-trip funds—funds domiciled in one country but primarily intended for sale in a different country.

Note: Fixed costs are estimated as the difference between the simple average ongoing charge and the simple average management cost. Data exclude funds with performance fees because the performance fee cannot be separately excluded from the total expense ratio. Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

Index Trackers

Index trackers, including index UCITS and index UCITS ETFs, aim to match the performance of a specified index. This approach, often referred to as passive management, involves portfolio managers buying and holding either all or a representative sample of the securities in their target indexes.

Since year-end 2013, net assets in index UCITS and index UCITS ETFs have increased significantly, rising from €406 billion to €2.7 trillion at year-end 2024. In particular, index UCITS ETFs have experienced significant growth in popularity among investors.[31]

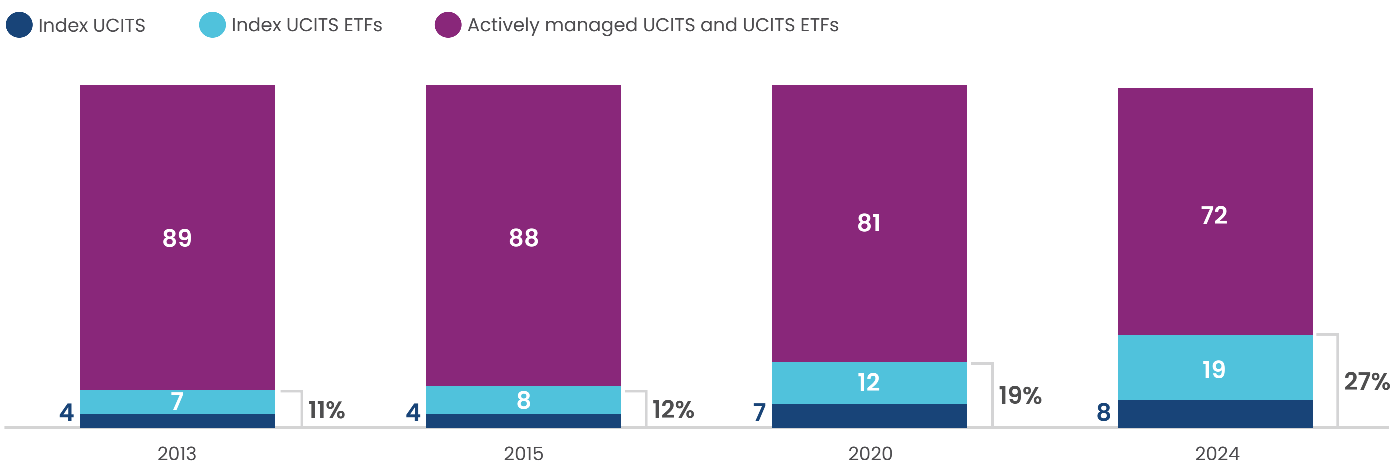
As products authorized under the UCITS framework, these funds benefit from many of the same advantages as other open-end investment vehicles, including the ability to passport across EU Member States. By year-end 2024, net assets in index UCITS ETFs reached €1.9 trillion, up from €266 billion at year-end 2013.

Reflecting this growth, index trackers now represent a substantial portion of total fund assets. At year-end 2024, index UCITS and index UCITS ETFs collectively comprised 27 percent of all UCITS assets, up from 11 percent at the year-end 2013 (Figure 10).

FIGURE 10

Index Funds Have Grown as a Share of the UCITS Market

Percentage of total UCITS net assets, year-end



Total net assets (trillons of euros)

2013	2015	2020	2024
€3.7	€5.0	€7.4	€9.6

Note: Data include UCITS domiciled in the Netherlands. Data exclude money market funds.

Source: Investment Company Institute calculations of Morningstar Direct data

Index tracking funds typically have lower ongoing charges for a couple of reasons. First, their approach of replicating the return of a target index is generally less costly. Managers of actively managed funds typically need to conduct extensive research on individual stocks or bonds, market sectors, and geographic regions, which index tracking funds generally do not need to do. This active approach allows investors the opportunity to achieve superior returns or pursue alternative investment objectives, such as limiting downside risk, managing volatility, selectively weighting sectors, or adjusting asset allocations in response to evolving market conditions. As a result, actively managed funds generally have higher ongoing charges compared with index tracking funds.

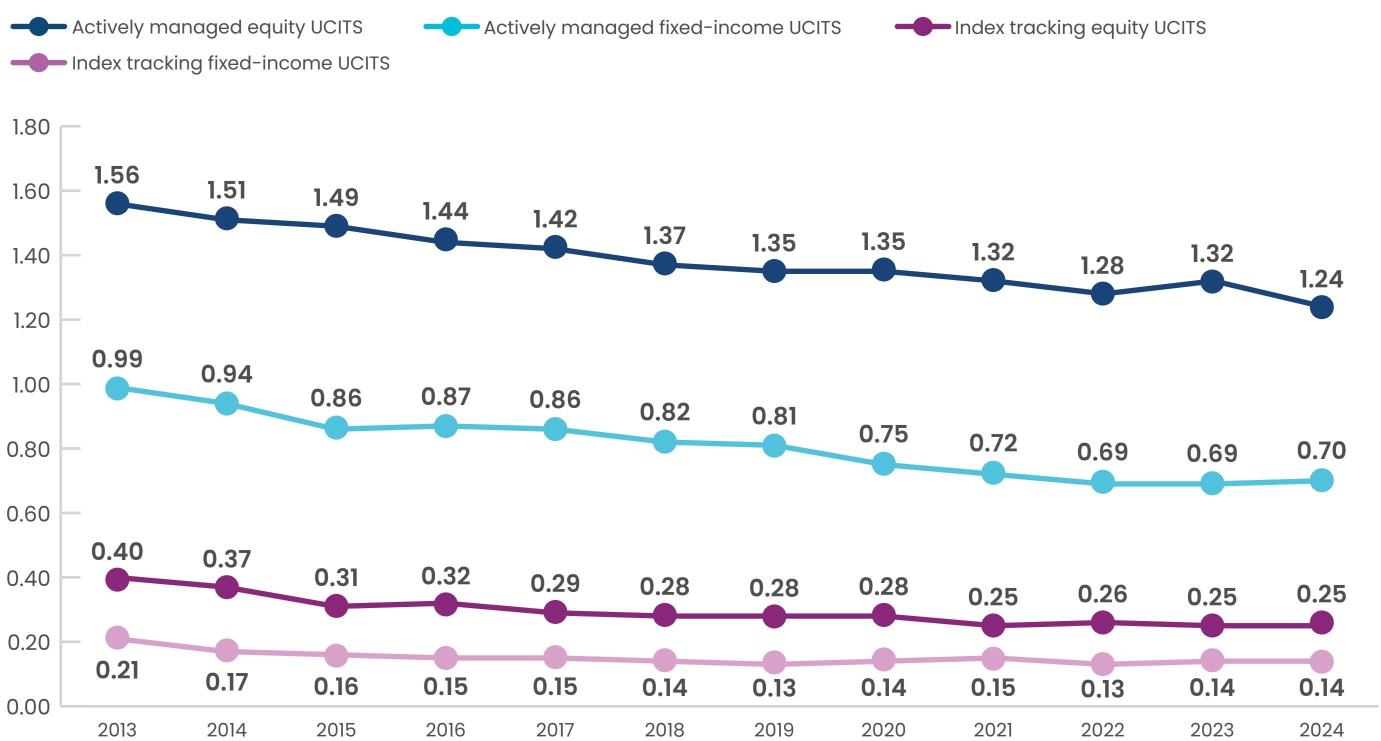
Second, index tracking funds are, on average, larger than actively managed funds, which allows for reduced ongoing charges because of economies of scale. In 2024, the average size of an index equity UCITS (€1.1 billion) was more than twice that of an actively managed equity UCITS (€443 million).

Since 2013, ongoing charges for index UCITS and UCITS ETFs have decreased substantially. Between 2013 and 2024, the average ongoing charge for index equity UCITS declined from 0.40 percent to 0.25 percent (Figure 11), and the average ongoing charge for equity UCITS ETFs went down from 0.39 percent to 0.21 percent (Figure 12). Average ongoing charges for index fixed-income UCITS and UCITS ETFs have also decreased over this period.

FIGURE 11

Ongoing Charges for Actively Managed and Index Tracking UCITS Have Fallen

Percent



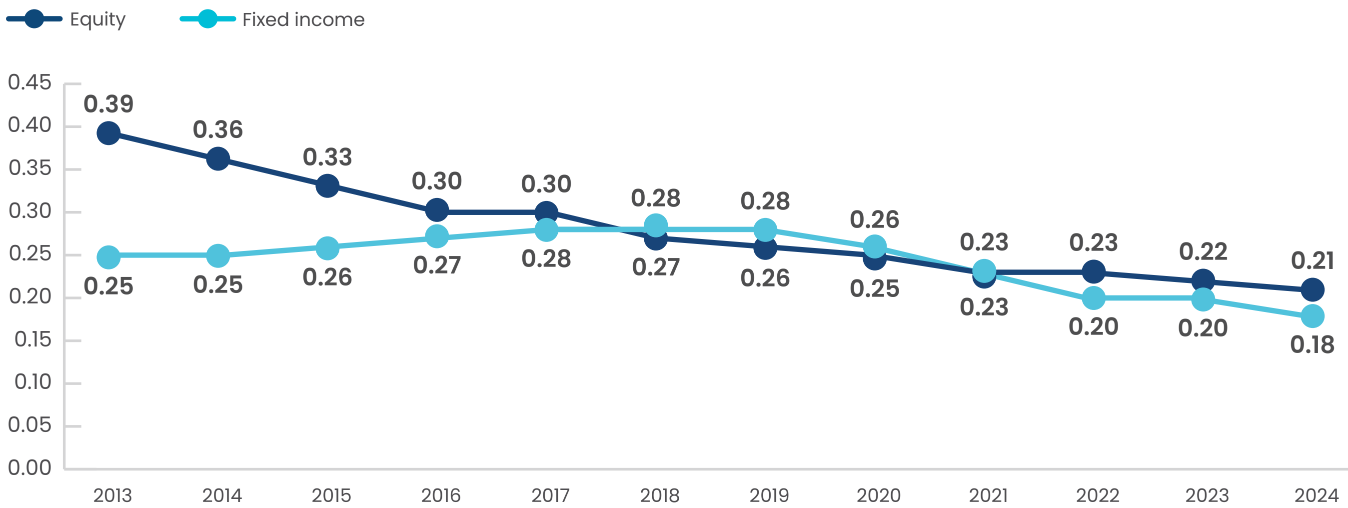
Note: Data exclude UCITS ETFs.

Source: Investment Company Institute calculations of Morningstar Direct data

FIGURE 12

Ongoing Charges for Equity and Fixed-Income UCITS ETFs Have Also Fallen

Percent



Note: Data include actively managed UCITS ETFs, representing 2.5 percent of net assets or less in any given year.

Source: Investment Company Institute calculations of Morningstar Direct data

The rise of index tracking funds has played an important role in reducing average UCITS ongoing charges. It is important to note that decreases in ongoing charges for actively managed funds have also contributed to the overall decline in UCITS ongoing charges. For example, from 2013 to 2024, the average ongoing charge for actively managed equity UCITS fell from 1.56 percent to 1.24 percent, and the average ongoing charge for actively managed fixed-income UCITS fell from 0.99 percent to 0.70 percent.

Notes

[1] UCITS, or Undertakings for Collective Investment in Transferable Securities, are collective investment schemes established and authorized under a harmonized EU legal framework, currently EU Directive 2014/91/EU, as amended (UCITS Directive), under which a UCITS established and authorized in one Member State can be sold cross-border into other Member States without a requirement for an additional full registration (often referred to as the UCITS "passport"). Since it was first adopted in 1985, the UCITS Directive has been modified several times to take into account developments in financial markets.

[2] Data in this report exclude UCITS domiciled or primarily intended for sale in the United Kingdom.

[3] EFAMA 2025 finds that about 26 percent of net assets in UCITS and alternative investment funds (AIFs) were held by investors outside of the European Union in 2024. In 2024, Morningstar data indicate that 11 percent of cross-border UCITS were registered and available for sale in Asia, 5 percent in the Middle East and Africa, 3 percent in Latin America, and 5 percent elsewhere.

[4] UCITS that are sold to retail investors need to produce a PRIIPs KID. UCITS that are not sold to retail investors may continue to only produce a UCITS KIID; for those sold to retail investors, the PRIIPs KID satisfies the obligation to produce a UCITS KIID.

[5] This report will refer to shares or units of UCITS as simply shares of UCITS; as used in this paper, the term also includes investment into units of fund vehicles such as unit trusts.

[6] For the purposes of this report, performance fees are not considered in this section since they are included in the TER.

[7] MiFID II requires investment managers to develop budgets for investment research. They may pass the cost of this research to clients through agreed-upon research payment accounts or pay for the research themselves out of their own profit and loss.

[8] Information derived from Investment Company Institute calculations of data from Morningstar Direct.

[9] In this context, exit costs exclude any costs that are applied to a fund redemption intended to correct for the effects of dilution (such as through anti-dilution levies or swing pricing).

[10] Information derived from Investment Company Institute calculations of data from Morningstar Direct.

[11] For more information on transaction cost disclosure under MiFID II and PRIIPs, see JP Morgan Asset Management 2023.

[12] Use of Morningstar data requires the following disclaimer: *©2025 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results*.

[13] Data are as reported in Morningstar Direct's MiFID II view as of September 2025. The field used for this statistic was "transaction fee actual," which is reported as an annual figure as required by the MiFID II reporting standards for ex-post costs and charges. Share classes where this field was missing were excluded from the calculation. The vast majority of the most recently reported transaction fees of UCITS spanned the period of September 2024 through August 2025.

[14] ICI uses asset-weighted averages to summarize the ongoing charges that shareholders pay through UCITS. In this context, asset-weighted averages are preferable to simple averages, which would overstate the ongoing charges of UCITS in which investors hold few euros. ICI weights the ongoing charge of each fund share class by its year-end total net assets.

[15] Throughout this report, the ongoing charge is represented by the TER in Morningstar Direct. For share classes where Morningstar does not report a TER, the OCF is used if available. Because the only major difference between the TER and OCF is the inclusion of performance fees in the TER, and the number of funds that charge performance fees is relatively small, ICI finds that this methodology is appropriate. The use of the TER to analyze costs paid by UCITS investors is consistent with other analyses. See European Securities and Markets Authority 2025a. Between 2020 and 2022, when neither the TER nor the

OCF are included in Morningstar Direct, the KIID ongoing charge is used. The missing data are only replaced by the KIID ongoing charge if the reported date of the KIID is as of the current year's total expense ratio data. Beginning in 2023, the PRIIPS KID ongoing charge is used instead of the KIID ongoing charge.

[16] In this analysis, ICI excluded ongoing charges of UCITS share classes domiciled or primarily intended for sale in the Netherlands. These share classes were excluded to minimize, as much as possible, any influence of the effects of the Netherlands' Autoriteit Financiële Markten ban on intermediary commission payments, which had an implementation date of January 1, 2013.

[17] In this report, the average unmodified coverage—represented as the percentage of UCITS net assets where either the TER or the OCF is reported—between 2013 and 2024 is 52 percent, based on Morningstar. Beginning in 2016, if the ongoing charge in Morningstar is missing in the current year but non-missing for the prior year, then the ongoing charge is carried forward at the same level. Reported results are robust to these assumptions, as there are minimal differences between the reported results and the results in which the missing ongoing charges are not replaced with the prior year's ongoing charge. Beginning in 2020, if the ongoing charge is missing in Morningstar, it is replaced by the KIID ongoing charge, if available (see note 15). Beginning in 2023, if the ongoing charge is missing in Morningstar, it is replaced by the PRIIPS KID ongoing charge. Following these adjustments, the average modified coverage between 2013 and 2024 is 80 percent, with coverage increasing from 74 percent in 2019 to 98 percent in 2024.

[18] Mixed funds invest in a combination of equity and fixed-income securities.

[19] As measured by the S&P 500 total return index.

[20] See note 12.

[21] Investment objectives for Figure 6 in this report are based on Morningstar's global broad category group (equity, fixed-income, mixed, and money market), global category (Europe equity large-cap, Europe equity mid-/small-cap, US equity large-cap, global equity large-cap, Europe fixed-income, US fixed-income, global fixed-income, emerging market fixed-income), and Morningstar category (EUR government bond and aggregation of various sector equity categories) data fields.

[22] The types of UCITS share classes discussed in this section are not meant to be an exhaustive list. For guidance on factors ESMA believes UCITS should consider when setting up new share classes, see European Securities and Markets Authority 2017.

[23] ESMA has issued its opinion on the compatibility of such hedging arrangements with the requirement for a UCITS to have a common investment objective. See European Securities and Markets Authority 2017.

[24] Information derived from Investment Company Institute calculations of data from Morningstar Direct.

[25] European Securities and Markets Authority 2025b reports that distribution costs account for an average of 48 percent of the total costs for UCITS. These costs can differ widely between funds, influenced by factors such as the fund sponsor, distributor, asset size, and fund type, among others.

[26] The terms bundled and unbundled are loosely based on Morningstar's nomenclature for share classes in which payment for advice is either internalized (bundled) or externalized (unbundled).

[27] As of January 1, 2013, the Netherlands' Autoriteit Financiële Markten banned intermediary commission payments from being included in the ongoing charge. Under certain circumstances, MiFID II banned intermediary commission payments for UCITS as of January 3, 2018. UCITS adapted to these rules in different ways. Some added unbundled share classes specifically for new retail investors, while others simply waived or removed the minimum investment limits on their preexisting unbundled or institutional share classes.

[28] See note 1.

[29] In this report, cross-border UCITS are defined as funds registered and available for sale in three or more countries.

[30] For a description of regulatory fees charged by EEA Member States, see Annex 11 of European Commission 2018.

[31] UCITS ETFs are predominantly passively managed and benchmarked to specific indexes. At year-end 2024, actively managed UCITS ETFs only accounted for 2.4 percent of UCITS ETF net assets.

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