

By Marlène Hassine Konqui, Head of ETF Research and Kristo Durbaku, ETF Research Analyst

ETFs flows take a breath

European ETF Market flows slowed down sharply in March. Net New Assets (NNA) fell to €992m from €7.9bn we saw in February. Equities attracted most of the inflows (€1.3bn) while Fixed Income ETFs recorded their first negative month since end of 2016 (-€334m).

What happened last month?

- ▶ ETF flows slowed to €992M in March from €7.9bn
- ▶ ETF flows remain in positive territory for the year

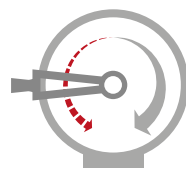


€992M



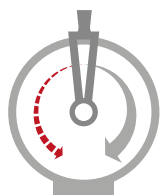
Weak month for
Equities

€1.3bn



Flows turned negative
Fixed income

-€334M



Virtually flat flows for
Commodities

€38M



Negative flows for
Smart Beta

-€88M

Source: Monthly data in EURM from 01/03/2018 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Note: This report is based on the data available on 02/04/2018. Asset and flow data may be slightly adjusted as additional data becomes available.

Contact us

info@LyxorETF.ch | +41 58 272 33 44

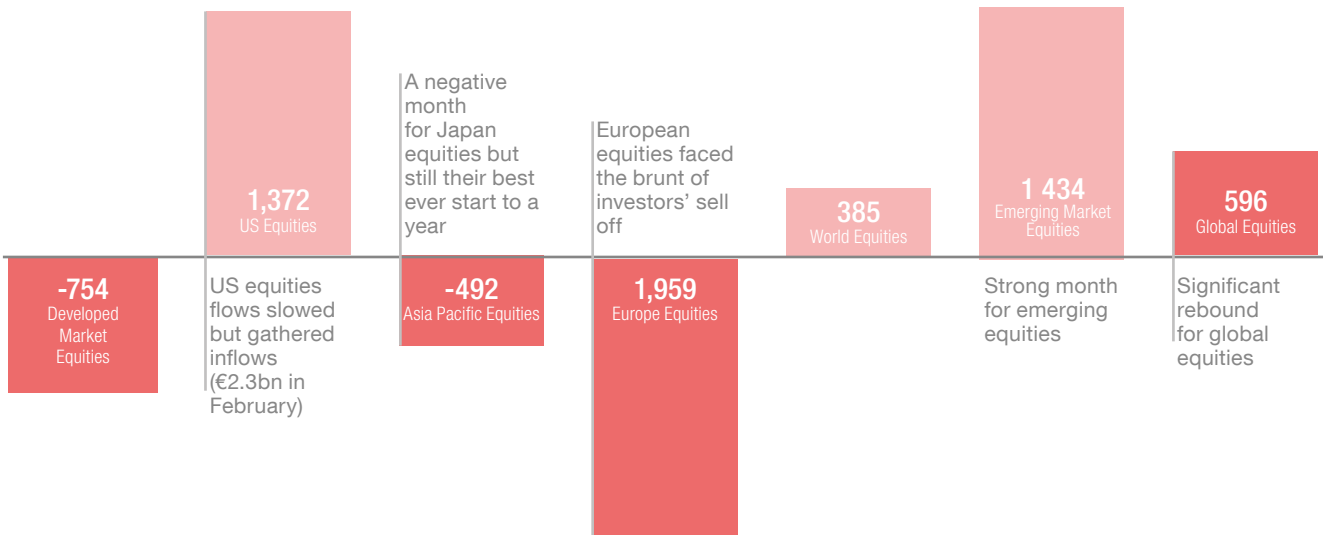
What were the major trends?

Weak month for Equities

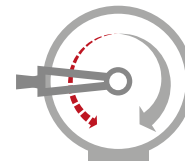


€1.3bn

Monthly Net inflows on European Equity ETFs

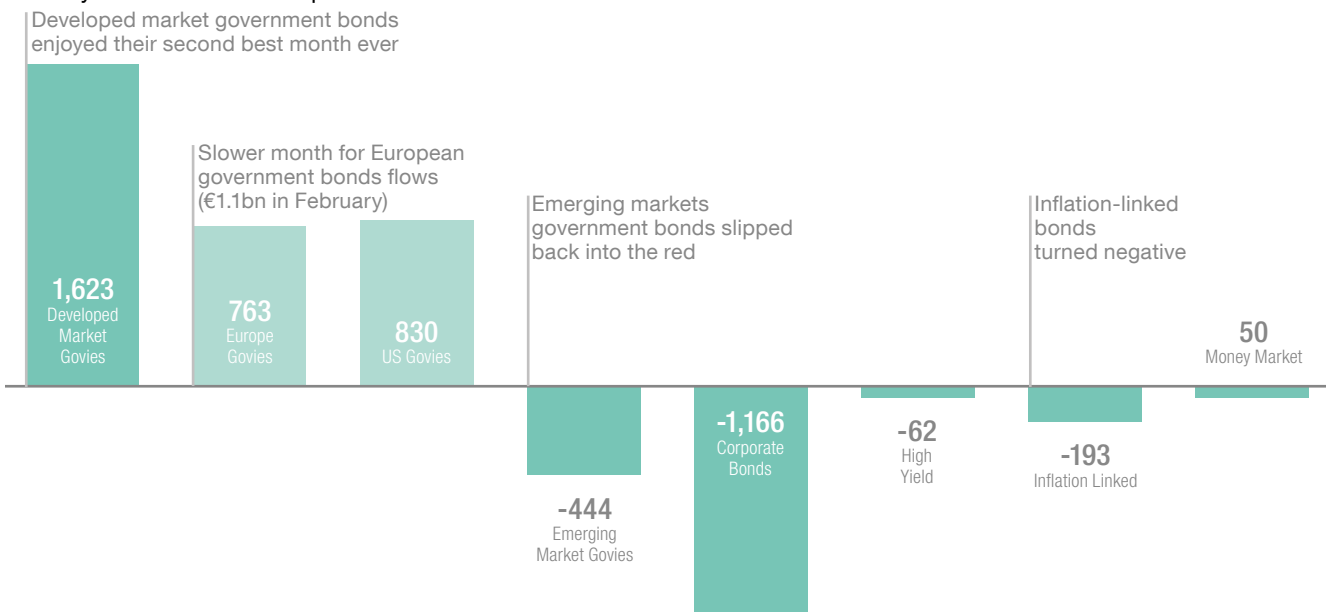


Fixed income flows turned negative



-€334M

Monthly Net inflows on European Fixed Income ETFs



Source: Monthly data in EURM from 01/03/2018 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

info@LyxorETF.ch | +41 58 272 33 44

Special focus

Worst month ever for investment-grade credit ETFs

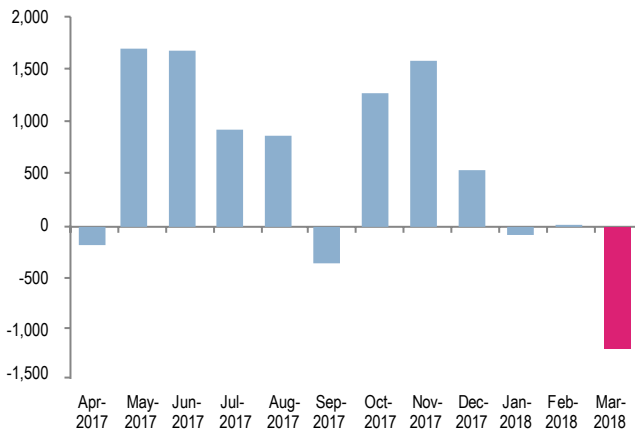
- ▶ After few years of record flows, riskier fixed income assets like investment-grade credit, high yield and emerging market debt have suffered their worst ever start to a year.
- ▶ Risk premia indicate credit is expensive compared to almost all asset classes.
- ▶ Sovereign bond yields are rising, therefore credit should be a less compelling prospect, both in Europe and the US.



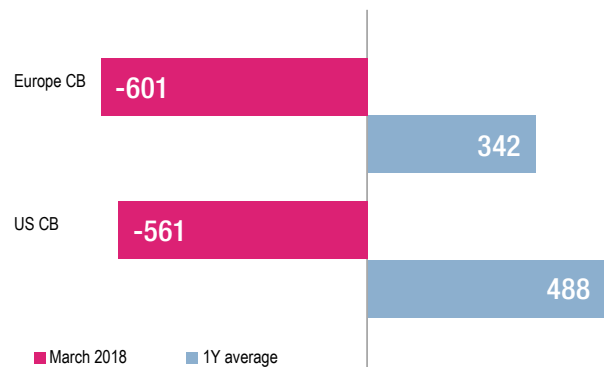
Large outflows

-€1.2bn

Corporate bond ETFs monthly flows (EURM)



Corporate bond ETFs flows by Region (EURM)



Source: Monthly data from 01/04/2017 to 01/04/2018 (Bloomberg, Lyxor).
The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

info@LyxorETF.ch | +41 58 272 33 44

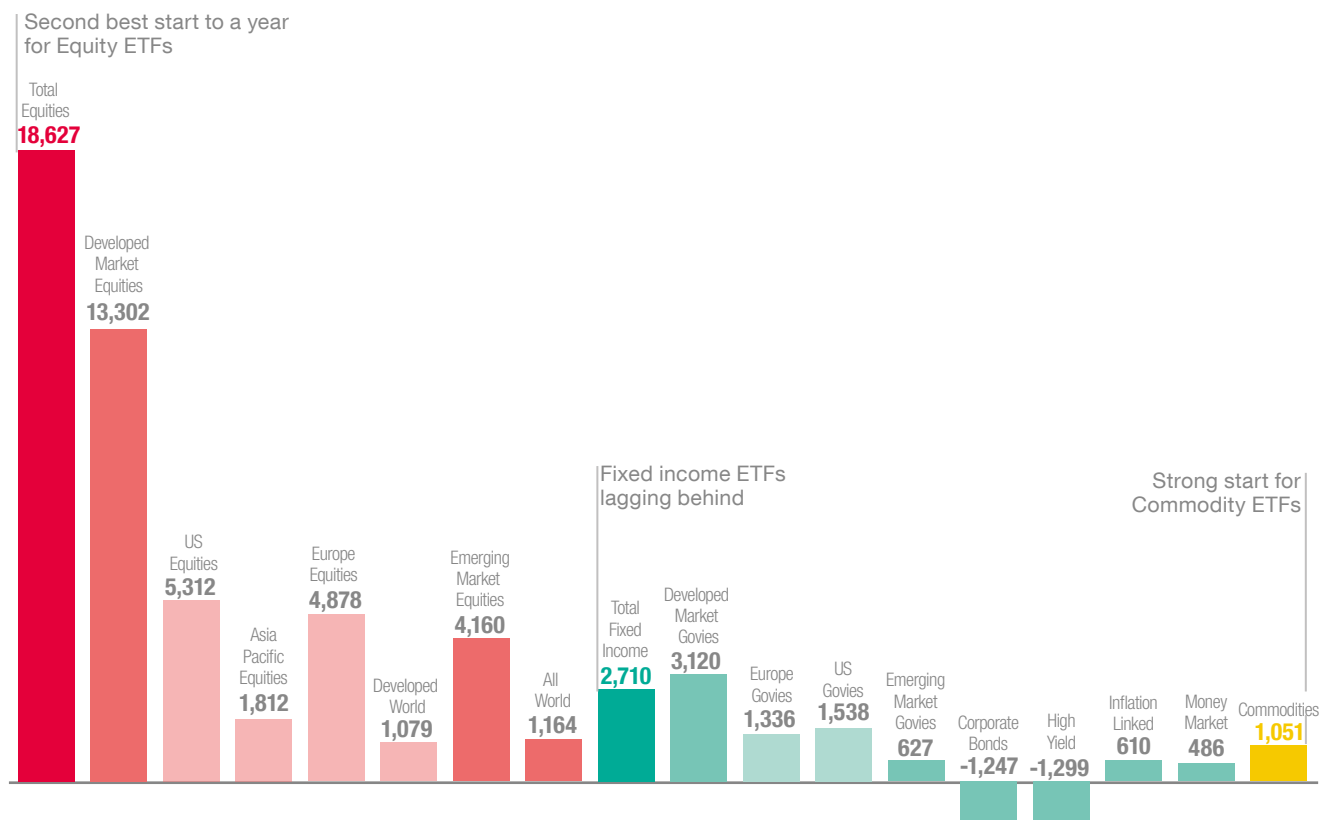
What does it all mean?

Very strong start to a year for ETFs

ETFs on the rise Total AUM is up 0.2% since 2017

€22.4bn **€637bn**

YTD Net Inflows on European ETFs by asset class



Discover more

Find out whether the money is going to the right place with our Manager Monitor

▶ Read more

Check out our key investment calls with the Latest from Lyxor

▶ Read more

Check out the most relevant big investment idea

▶ Read more

Explore our online analytics tools

www.lyxoretf.co.uk/en/instit/etfresearch/type/monthly-flows

Source: Monthly data in EURM from 01/01/2018 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

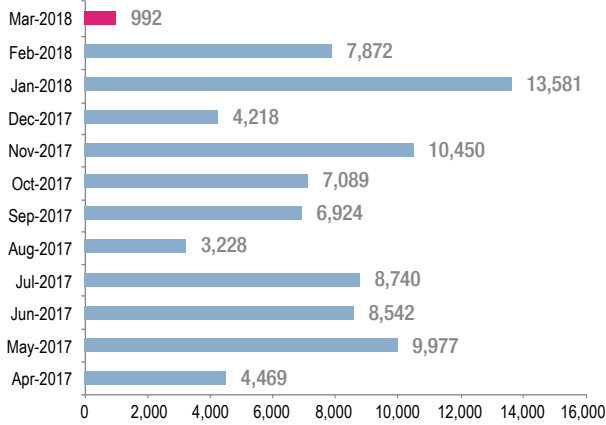
Contact us

info@LyxorETF.ch | +41 58 272 33 44

Appendix: The month in numbers

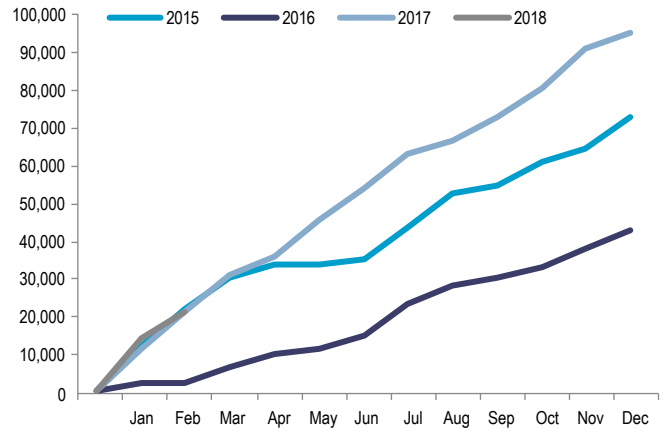
European ETFs in March 2018 Net Inflows (EURm)

NNA slowed sharply to €922m from €7.9bn in February
Monthly NNA on European ETFs



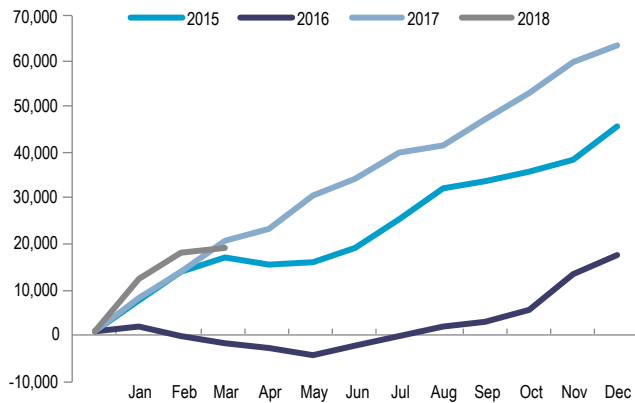
Total

Outstanding start to a year for European ETFs (€22.4bn)
Cumulated monthly NNA w assets on European ETFs



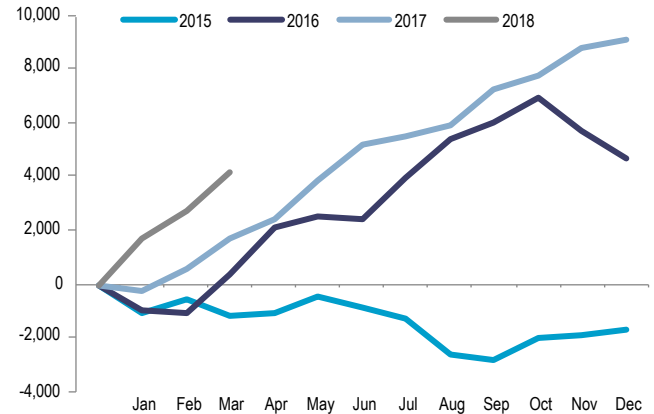
Equity

Second best start to a year for equity ETFs with €18.6bn of inflows
Cumulated monthly NNA on equity ETFs



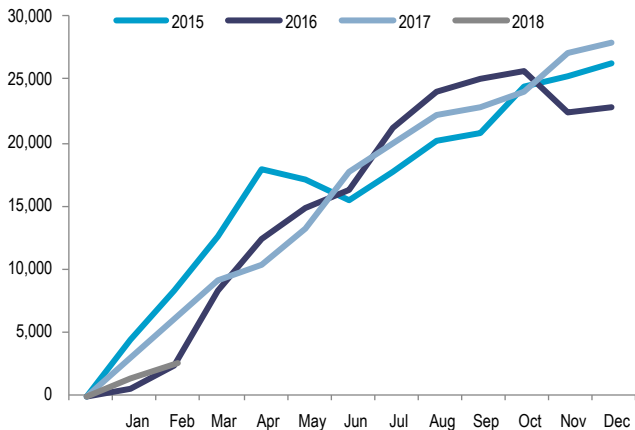
Equity Emerging Market

Record start for emerging market equity ETFs (€4.2bn)
Cumulated monthly NNA on emerging market equity ETFs



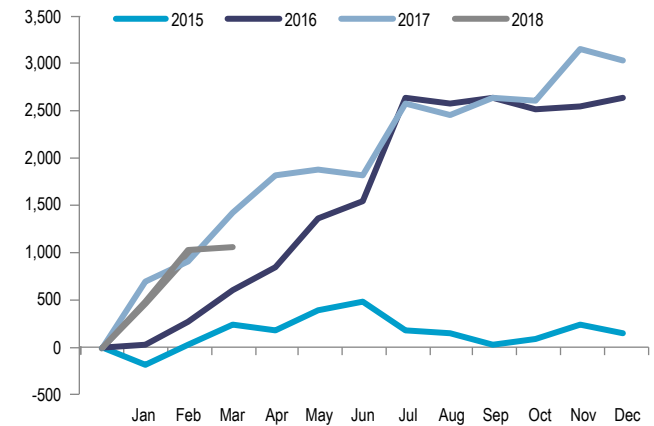
Fixed income

Worst start for fixed income ETFs (€2.7bn)
Cumulated monthly NNA on fixed income ETF



Commodities

Strong start for commodity ETFs (€1.0m)
Cumulated monthly NNA on commodity ETFs



Source: Monthly data in EURm from 01/01/2015 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

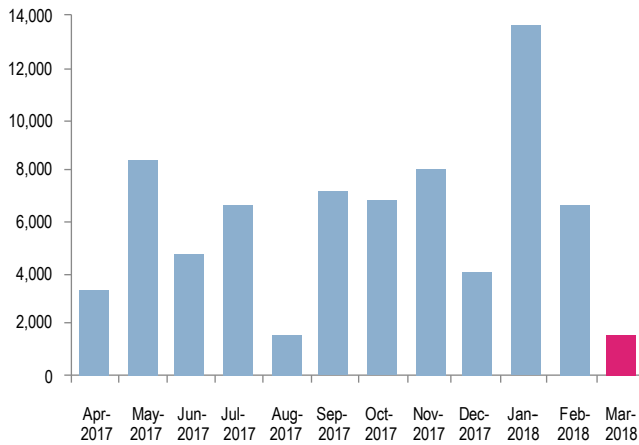
info@LyxorETF.ch | +41 58 272 33 44

Overview by asset class

Equity

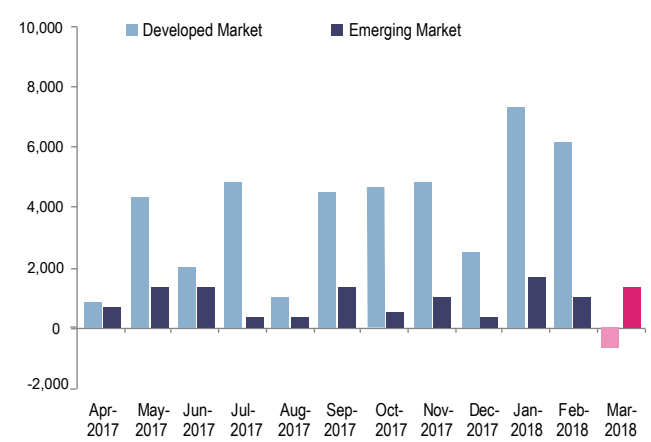
Equity ETFs NNA slowed substantially (€5.4bn)

Monthly NNA on equity ETFs



EM equities out do developed market peers

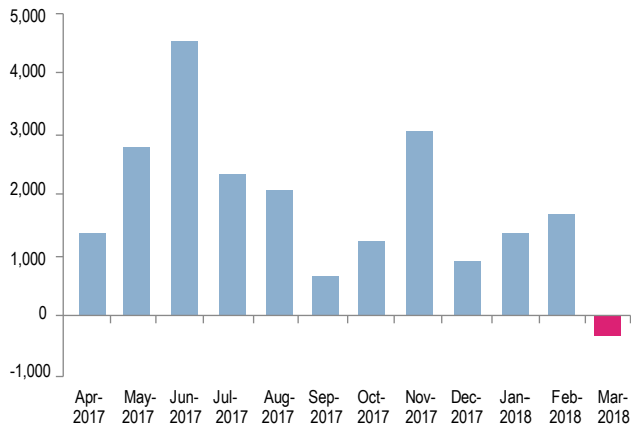
Monthly NNA on developed vs. emerging markets equity ETFs



Fixed Income

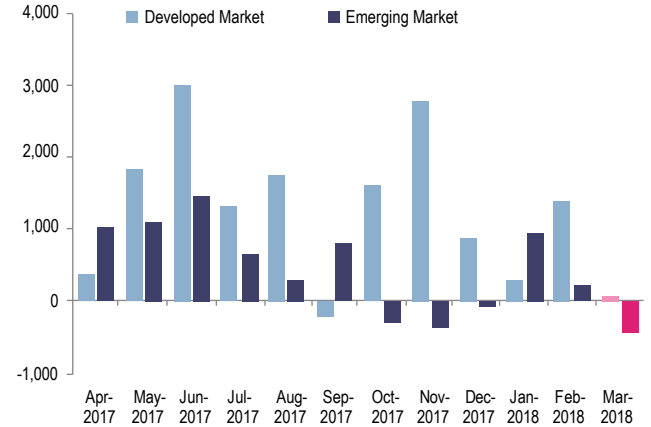
Fixed income flows turned negative (-€334m)

Monthly NNA on fixed income ETFs



Emerging market bonds suffered from outflows (-€438m)

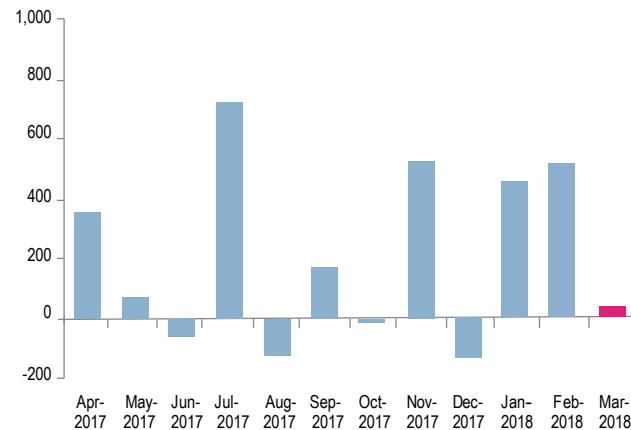
Monthly NNA on developed vs. emerging markets fixed income ETFs



Commodities

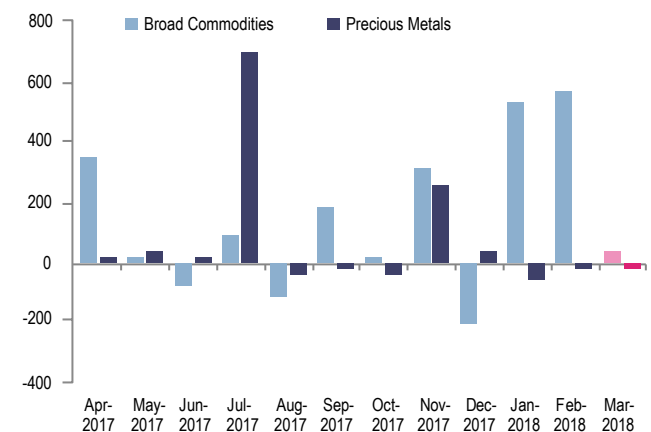
Virtually flat flows for commodities (€38M)

Monthly NNA on commodity ETFs



Little to no interest in both Broad commodity & precious metals ETFs

Monthly NNA on broad & precious metals ETFs



Source: Monthly data in EURM from 01/04/2017 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

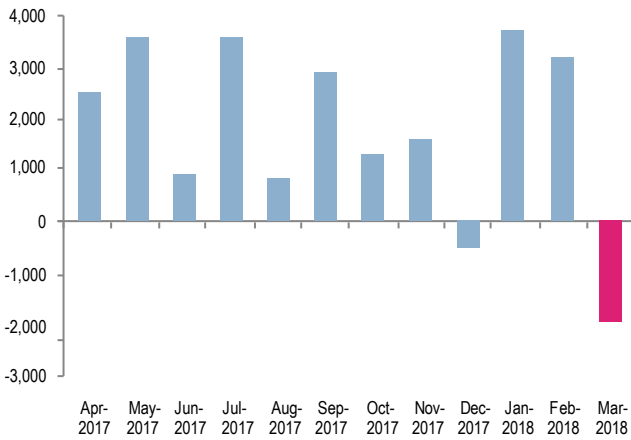
info@LyxorETF.ch | +41 58 272 33 44

Equities

European Equities

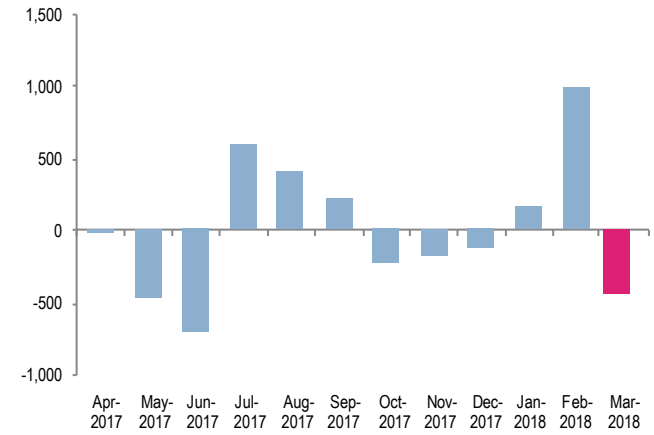
Europe equities faced the brunt of investors' selling (-€2bn)

Monthly NNA on European equity ETFs



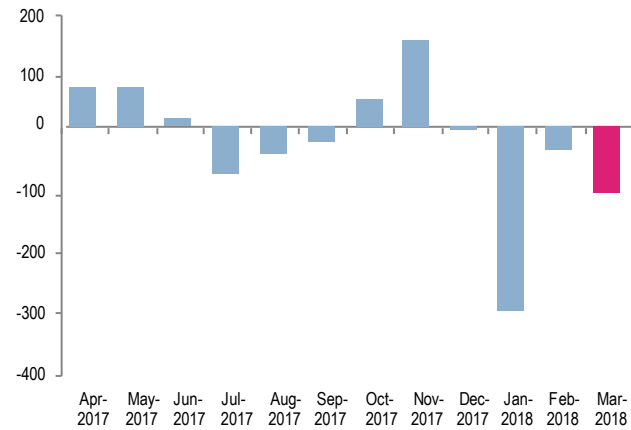
A Negative month for German equities (-€479M)

Monthly NNA on German equity ETFs



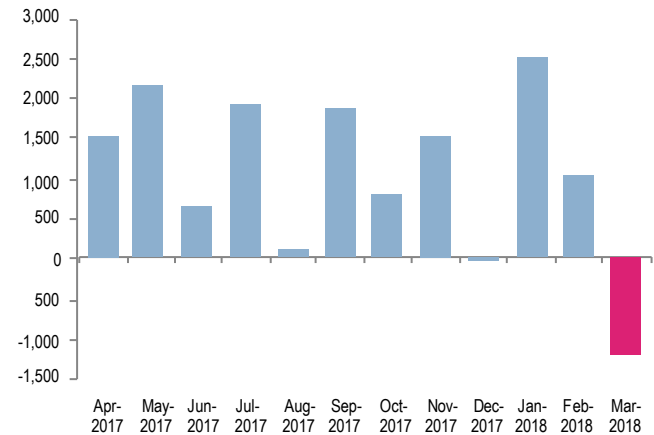
Third consecutive negative month for Spanish and Italian equities (-€111M)

Monthly NNA on peripheral Europe equity ETFs



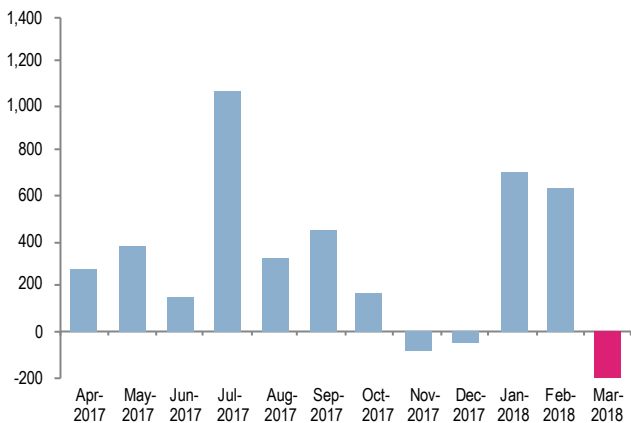
Eurozone ETFs saw significant outflows (-€1.2bn)

Monthly NNA on Eurozone equity ETFs



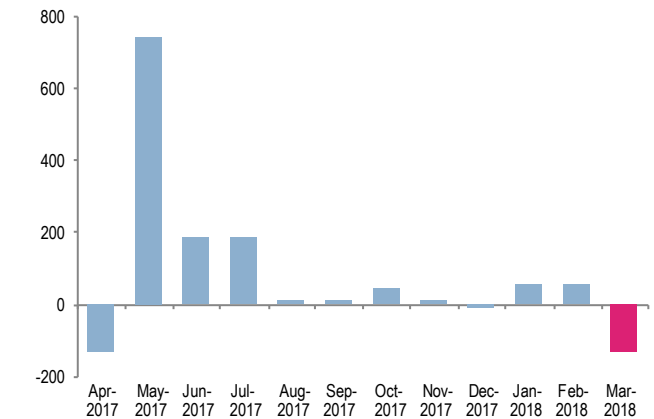
Financials turned negative (-€234m)

Monthly NNA on European value equity ETFs



Negative month for value ETFs (-€133m)

Europe value/smart beta equity ETFs :



Source: Monthly data in EURM from 01/04/2017 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

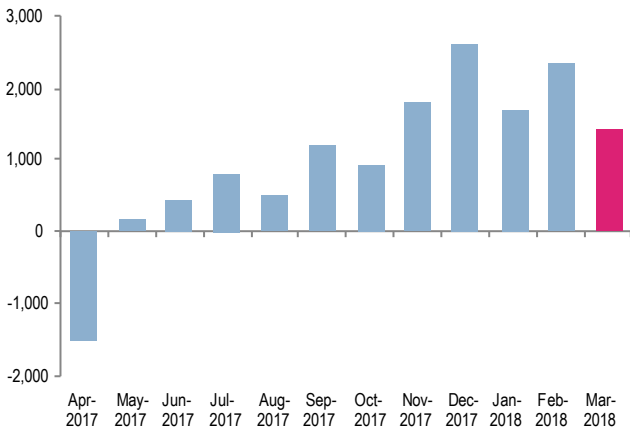
info@LyxorETF.ch | +41 58 272 33 44

Equities (cont'd)

US & Japan equities

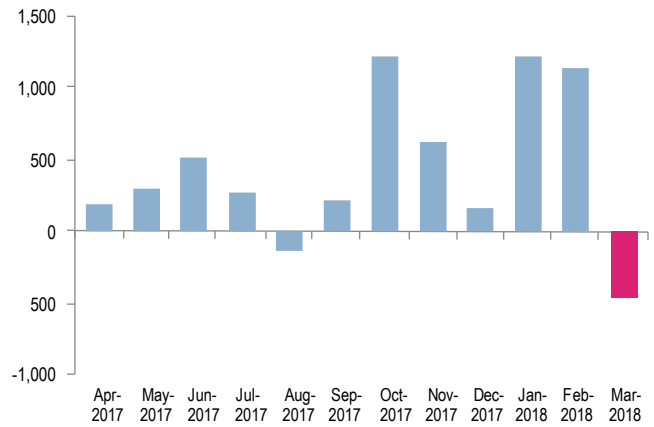
Slight decrease for US equities (€1.4bn)

Monthly NNA on US equity ETFs



Japan equities flows turned negative (-€478m)

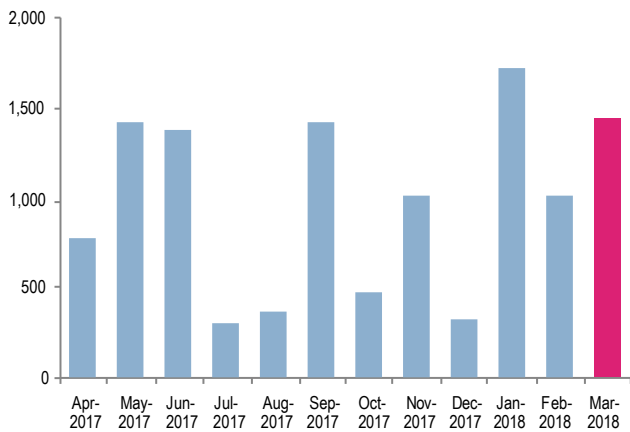
Monthly NNA on Japan equity ETFs



Emerging market equities

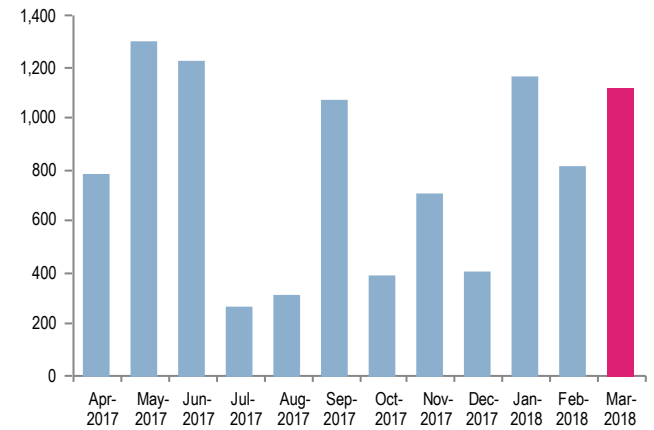
Slight increase for EM equities (€1.4bn)

Monthly NNA on emerging equity ETFs



Broad EM equities gathered most of the flows (€1.2bn)

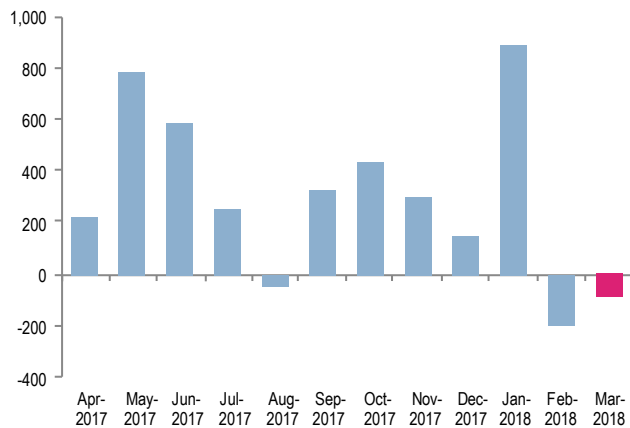
Monthly NNA on broad EM equity ETFs



Smart Beta / Value

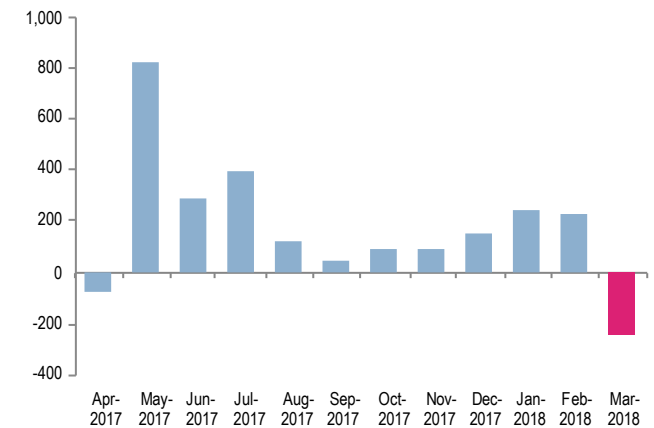
Negative month for smart beta (-€88m)

Monthly NNA on Smart Beta ETFs



Value ETFs suffered outflows (-€247m)

Monthly net new assets on value style equity ETFs



Source: Monthly data in EURM from 01/04/2017 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

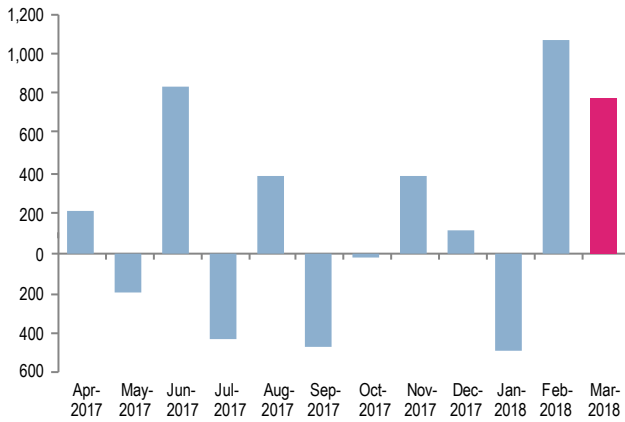
Contact us

info@LyxorETF.ch | +41 58 272 33 44

Fixed Income

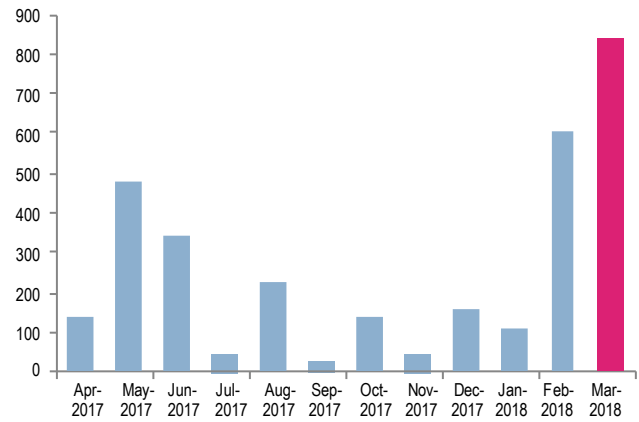
European Govies

Flows slowed but remain strong into EU government bonds (€763m)
 Monthly NNA on EU government bond ETFs



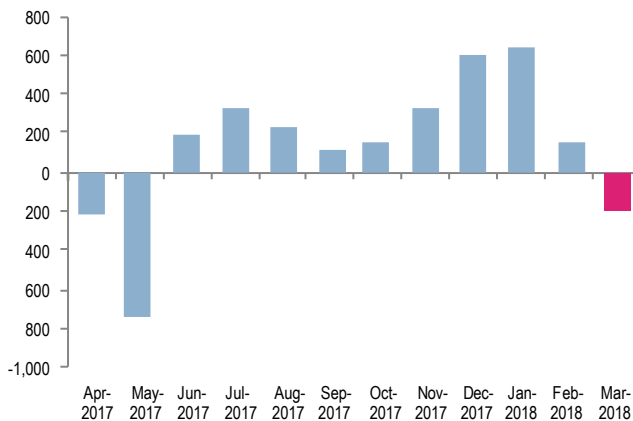
US Govies

Flows into US government bonds accelerated slightly (€830m)
 Monthly NNA on US government bond ETFs



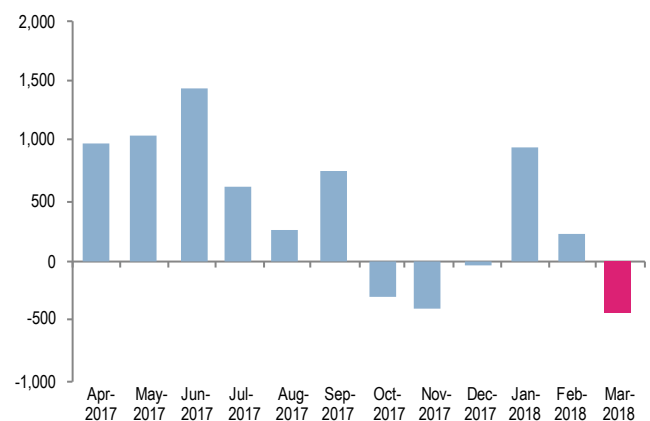
Inflation Linked

Inflation-linked experienced negative flows (-€193m)
 Monthly NNA on inflation-linked bonds ETFs



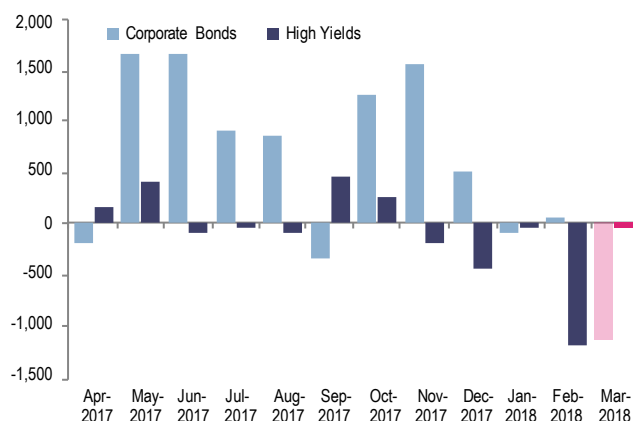
EM debt

Negative flows for EM debt (-€438m)
 Monthly NNA on Emerging Market debt ETFs



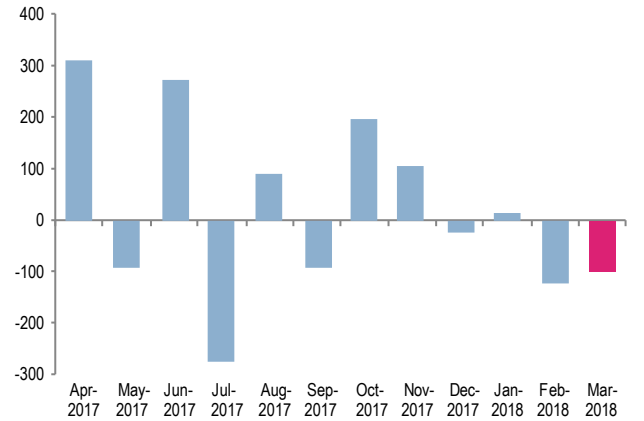
Credit Market

Virtually flat month for HY, but worst month ever for IG (-€1.2bn)
 Monthly NNA on corporate & High Yield bond ETFs



Short Bond Strategy

Outflows from short bond strategies (-€98m)
 Monthly NNA short bond strategy ETFs



Source: Monthly data in EURM from 01/04/2017 to 30/03/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Contact us

info@LyxorETF.ch | +41 58 272 33 44

ETF Research Team



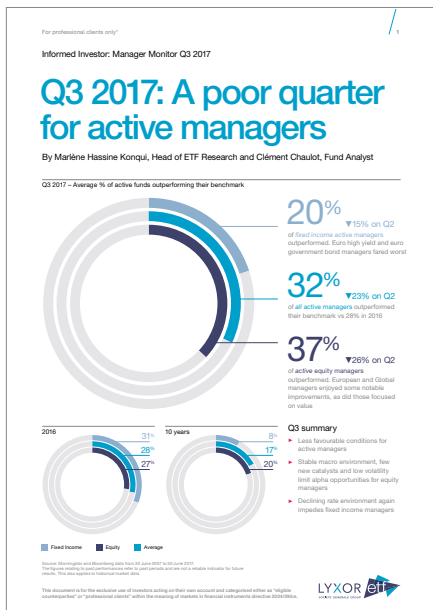
Marlène Hassine Konqui
Head of ETF Research
+33 1 42 13 59 56
marlene.hassine@lyxor.com



Kristo Durbaku
ETF Research Analyst
+33 1 57 29 25 96
kristo.durbaku@lyxor.com

Check out the Q3 2017
Informed Investor Manager
Monitor
▶ Read more

Read the full 2016 analysis
on active and passive
performance
▶ Read more



Blending active and passive funds

Comparing 2016 performances and 2017 outlook

FOR PROFESSIONAL AND QUALIFIED INVESTORS ONLY
This document is reserved and must be given in Switzerland exclusively to Qualified Investors as defined by the Swiss Collective Investment Scheme Act of 23 June 2006 (as amended from time to time, CISA).

Contact us

ETF.Research@Lyxor.com | +33 (0)1 42 13 59 56

Contact us for the exclusive use of investors acting on their own account and categorised either as "eligible counterparties" or "professional clients" within the meaning of markets in financial instruments directive 2004/39/ce.
info@LyxorETF.ch | +41 58 272 33 44

