

# Informed Investor: Money Monitor

## A look back at European ETF market flows last month

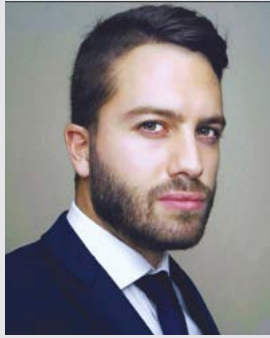
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April 2019  
Lyxor ETF Research



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## Informed Investor: Money Monitor April 2019

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

# European ETF flows slow again

Net new assets in the European ETF market slowed to €3.7bn in April from the €5.2bn we saw in March. Equity outflows continued (-€2.2bn after -€1.7bn the month before) driven by massive outflows from developed market equities (-€3.4bn). Emerging markets equities, for their part, recorded a significant rebound (€1.3bn from €0.4bn).

Fixed income ETFs enjoyed huge inflows (€4.1bn) for a fifth consecutive month driven by developed corporate bonds and high yield bonds. Flows into commodity ETFs were virtually flat.

Smart Beta ETFs flows resumed their positive trend with €1.3bn of inflows, once again mostly on the quality factor. ESG ETFs flows were very similar to those we saw in March (€477m vs. €406m) with every one of the ESG categories still positive.

### What happened last month?

- ▶ ETF flows dropped to €3.7bn from €5.2bn
- ▶ Fixed income flows remain strong, but equities suffered outflows

 €3.7bn



Equity flows collapse

-€2.2bn



Fixed income flows stay strong

€4.1bn



Commodity flows turn very slightly positive

€36m



Positive trend continues for smart beta

€1.3bn



Flows into ESG still positive

€477m

### How does the YTD picture look?

- ▶ ETF flows enjoy a strong year
- ▶ Flows have been driven by fixed income, smart beta and ESG

 €30.3bn



Weak start to a year for equities

€2.2bn



Best start to a year for fixed income

€21.1bn



More weakness for commodities

-€289m



Record start for smart beta

€4.5bn



Strong start to a year for ESG

€2.7bn

Source: Monthly data in EURM from 01/01/2019 to 30/04/2019 Bloomberg, Lyxor International Asset Management. 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 30/04/2019.

Asset and flow data may be slightly adjusted as additional data becomes available.

All categories are exclusive and sum up to the total market flows.

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## Special focus

# Sentiment reverses for Eurozone equities

Strong outflows  
-€2.5bn

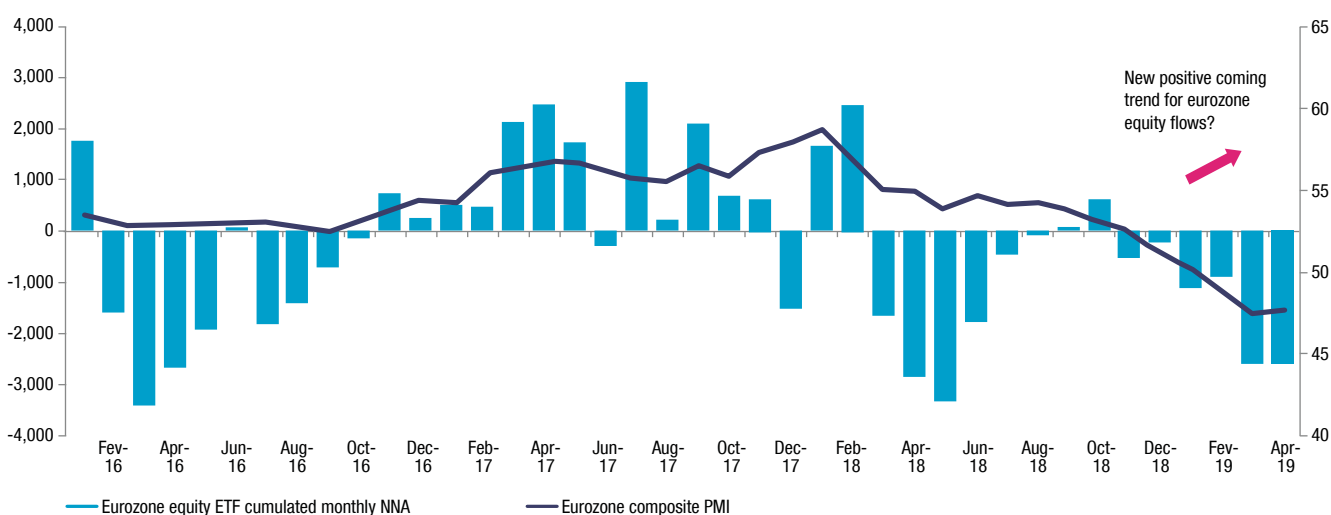
Monthly outflows from eurozone equities continued in April, with outflows of €2.5bn matching those we saw in March. The year-to-date total now stands at -€6.9bn.

Since March last year, the outflows amount to €17bn. Eurozone manufacturing PMI has lost 7 points over the same period (dropping from 55.2 to 47.9). However, PMIs enjoyed a slight rebound in April for the first time since June 2018. Investor sentiment – still stubbornly against Europe – may change should this continue.

Overall, stabilising PMIs, stronger-than-expected Q1 GDP growth, the pro-European stance in Spain following the latest election and the recovery we expect to see in H2 should sustain eurozone equities.

Our research shows that there has, historically, been a significant correlation between eurozone equity ETF flows and eurozone manufacturing PMI. Therefore, should the PMI rebound further, this could lead to a trend reversal in Eurozone equity flows. The graph below shows what could happen.

Eurozone equity ETF monthly flows vs Eurozone composite PMI



Source: Lyxor ETF, Bloomberg data from 01/01/2016 to 30/04/2019. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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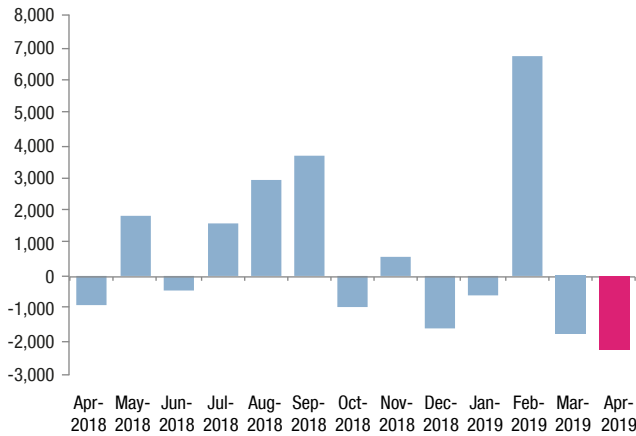
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# Equity flows collapse

↓ -€2.2bn

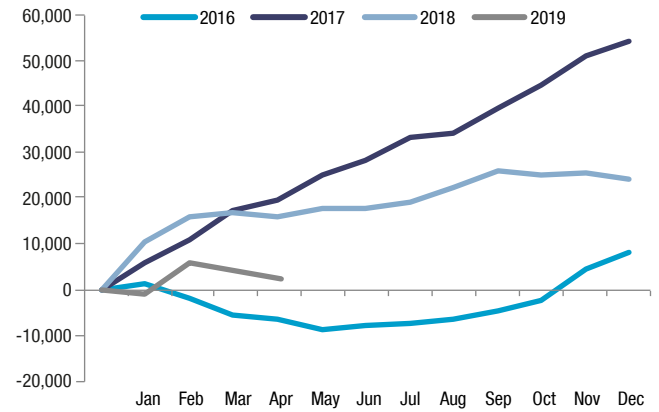
## Equity ETFs flows collapse again

Monthly NNA on equity ETFs

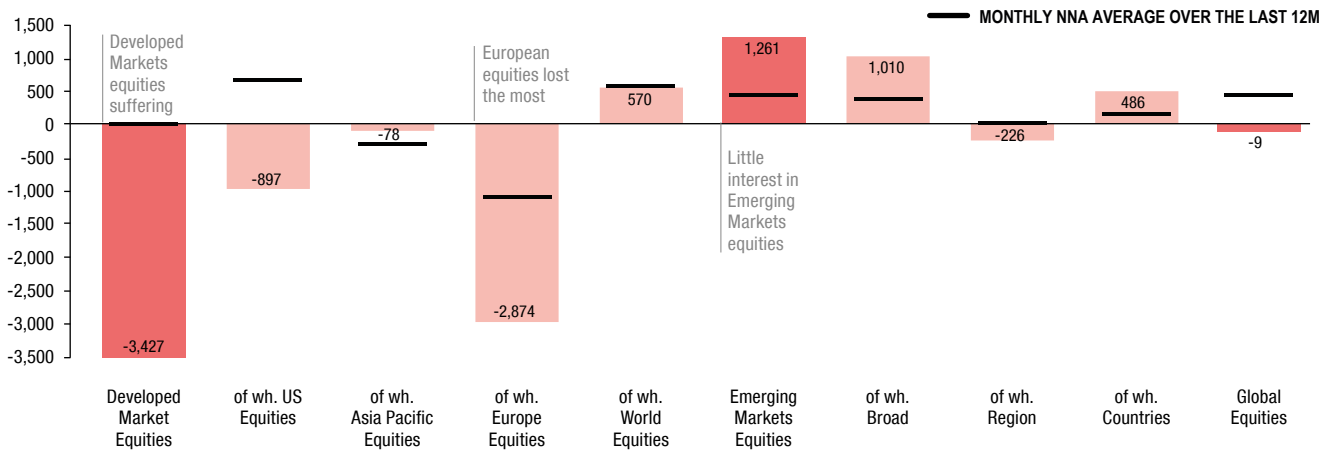


## Difficult year for equity ETFs

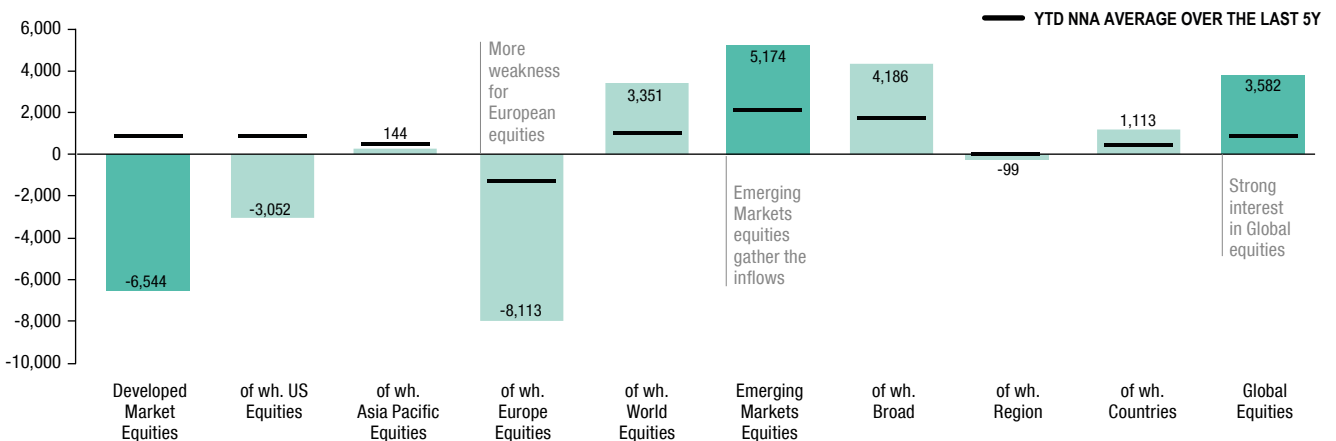
Cumulated monthly NNA on equity ETFs



## Monthly net inflows on equity ETFs in Europe



## YTD net inflows on equity ETFs in Europe



Source: Monthly data from 01/01/2019 to 30/04/2019, Bloomberg, Lyxor International Asset Management. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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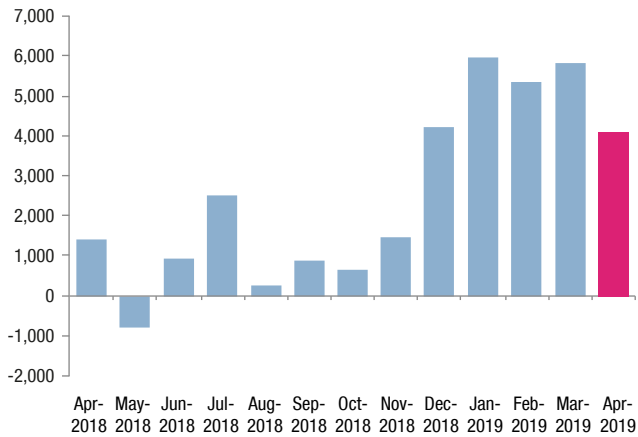
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# Fixed income flows stay strong

↑ €4.1bn

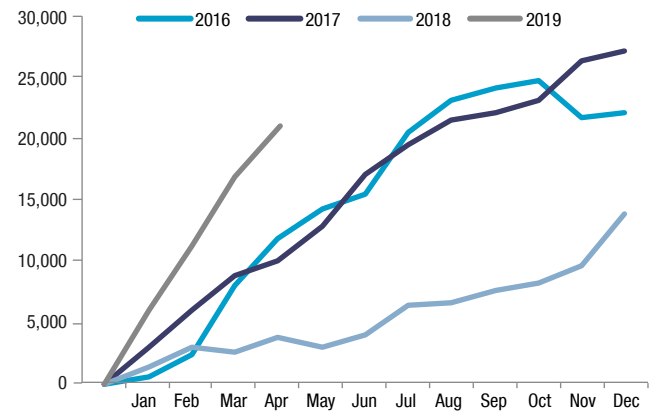
## Another strong month for fixed income flows

Monthly NNA on fixed income ETFs

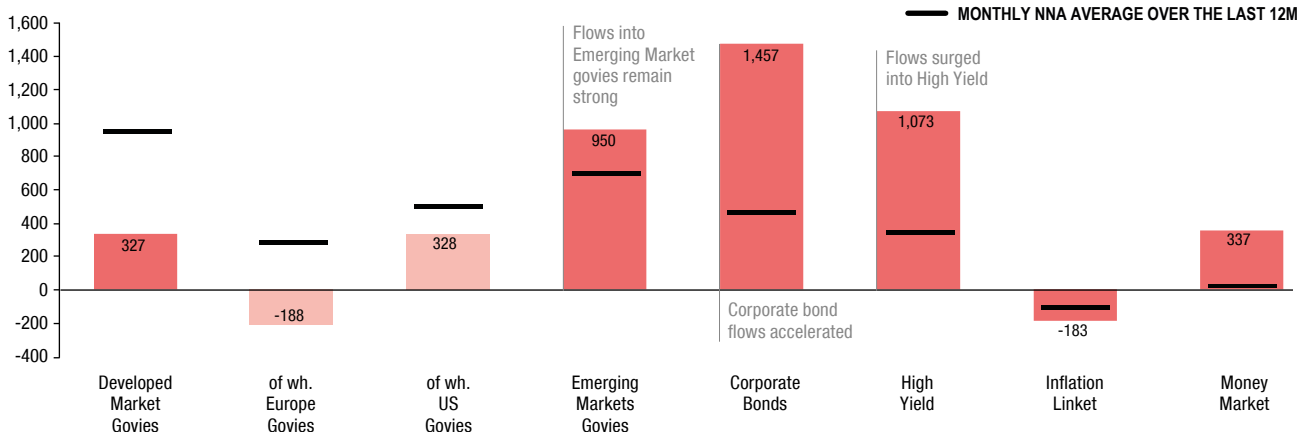


## Fixed income ETFs enjoy their best year so far

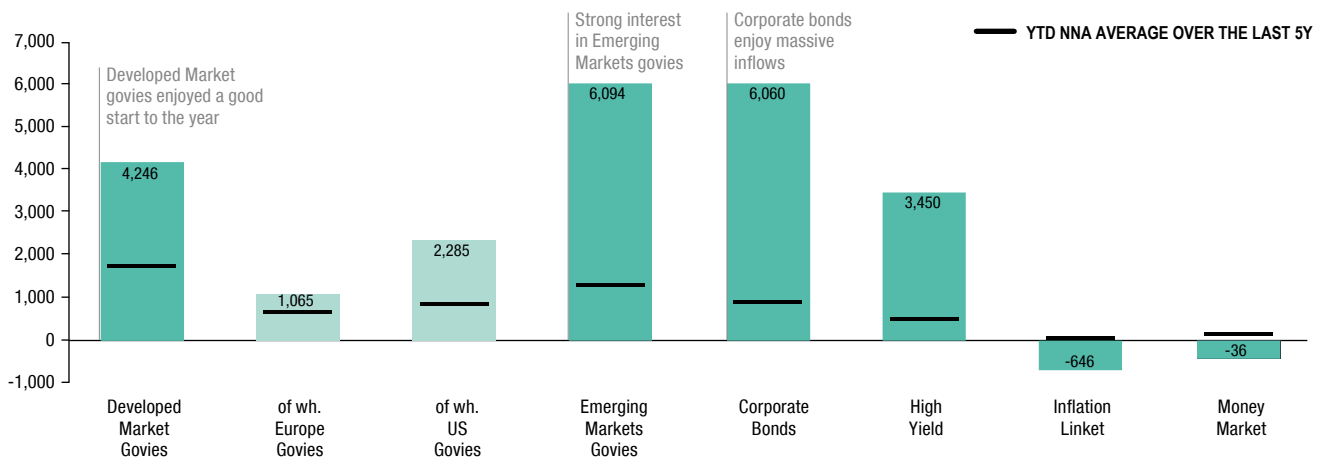
Cumulated monthly NNA on fixed income ETFs



## Monthly net inflows on fixed income ETFs in Europe



## YTD net inflows on fixed income ETFs in Europe



Source: Monthly data from 01/01/2019 to 30/04/2019, Bloomberg, Lyxor International Asset Management. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

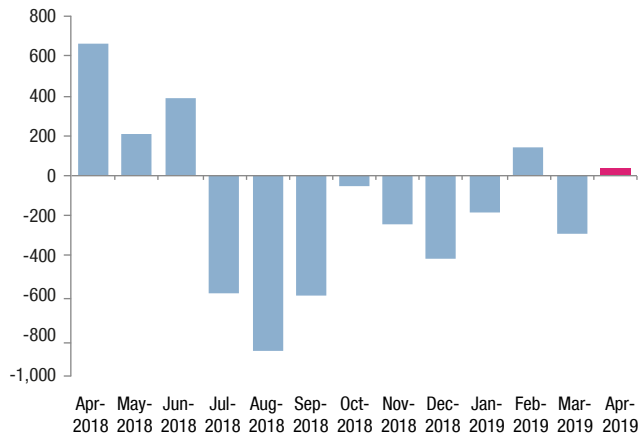
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# Commodity flows turn very slightly positive €36m

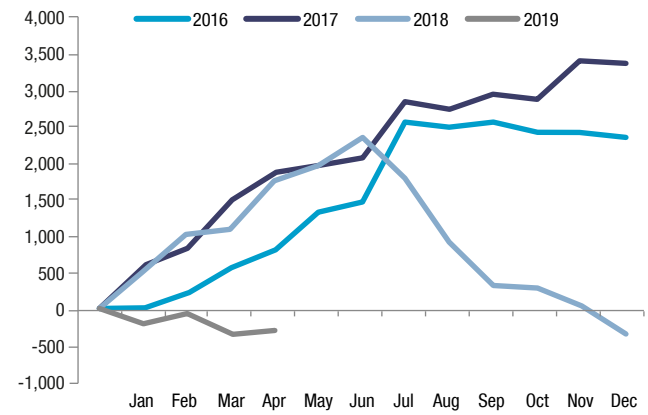
## Commodity ETFs flows turn slightly positive

Monthly NNA on commodity ETFs

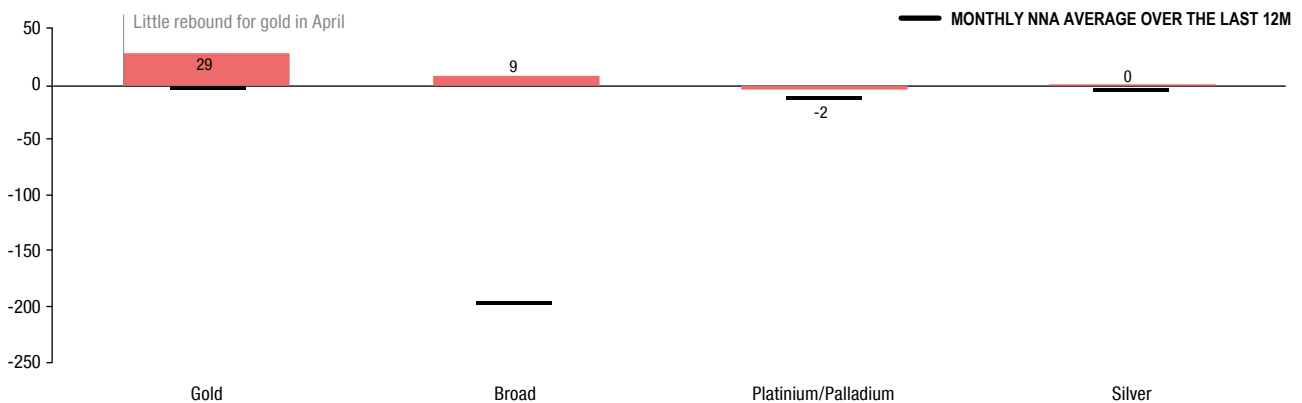


## Worst ever start to a year for commodity ETFs

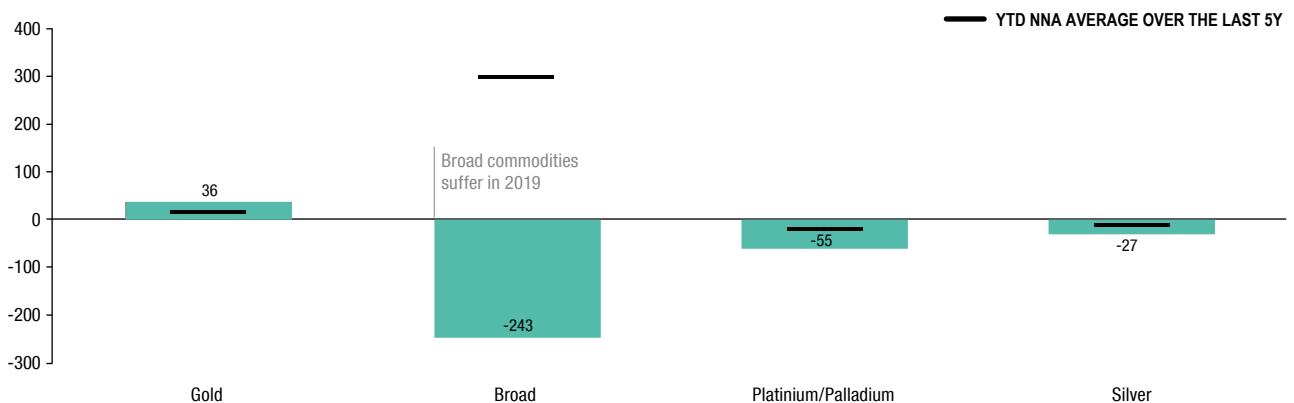
Cumulated monthly NNA on commodity ETFs



## Monthly net inflows on commodity ETFs in Europe



## YTD net inflows on commodity ETFs in Europe



Source: Monthly data from 01/01/2019 to 30/04/2019, Bloomberg, Lyxor International Asset Management. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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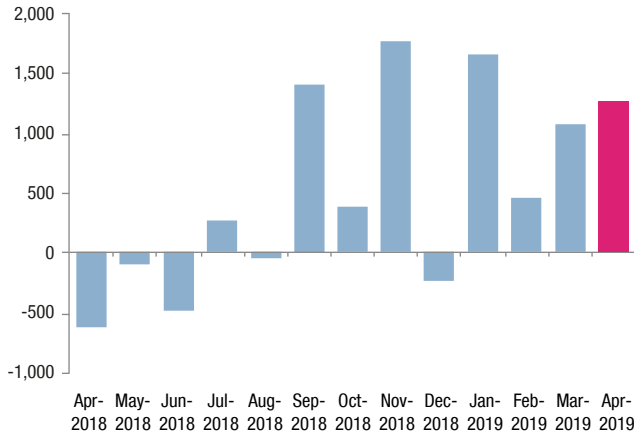
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# Positive trend continues for smart beta

€1.3bn

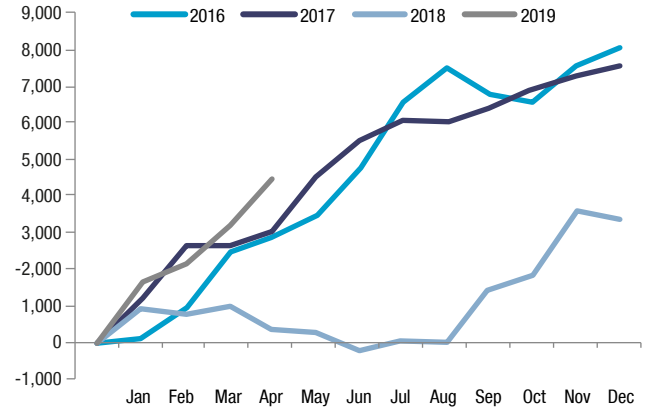
## Smart beta ETFs continue to enjoy massive inflows

Monthly NNA on smart beta ETFs

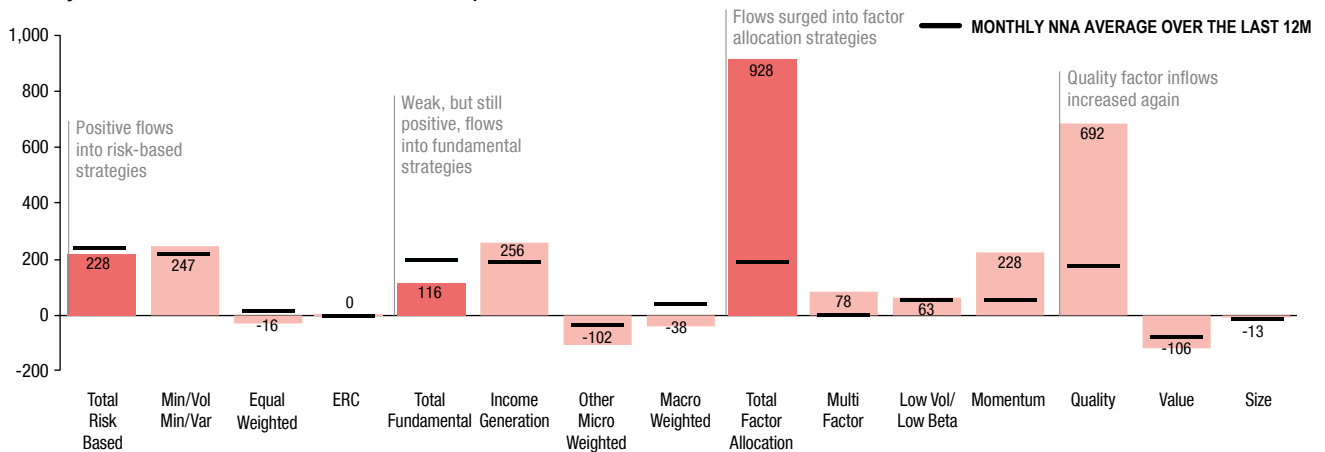


## Outstanding start to a year for smart beta flows

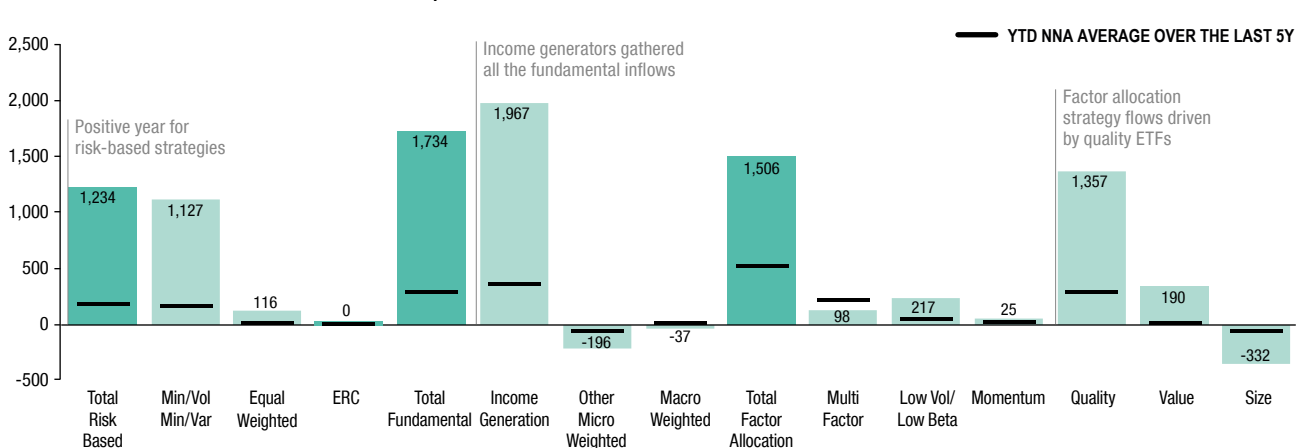
Cumulated monthly NNA on smart beta ETFs



## Monthly net inflows on smart beta ETFs in Europe



## YTD net inflows on smart beta ETFs in Europe



Source: Monthly data from 01/01/2019 to 30/04/2019, Bloomberg, Lyxor International Asset Management. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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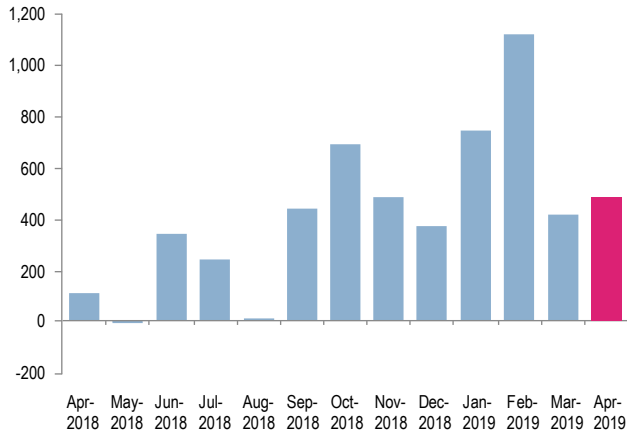


# Flows into ESG still positive

↑ €477m

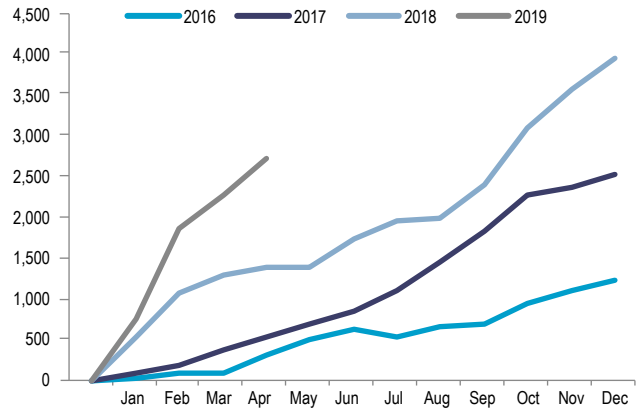
## ESG flows remain positive

Monthly NNA on ESG ETFs

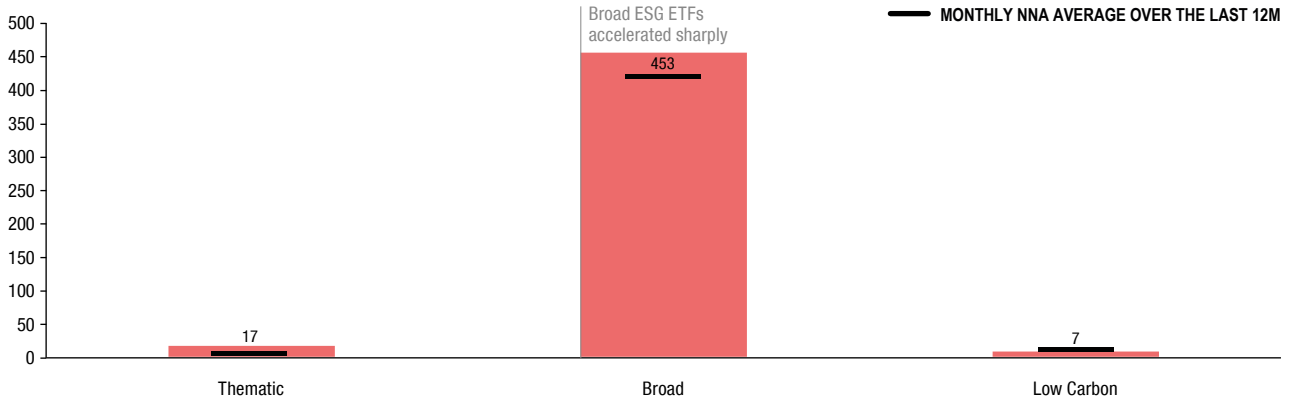


## Best start to a year ever for ESG ETFs

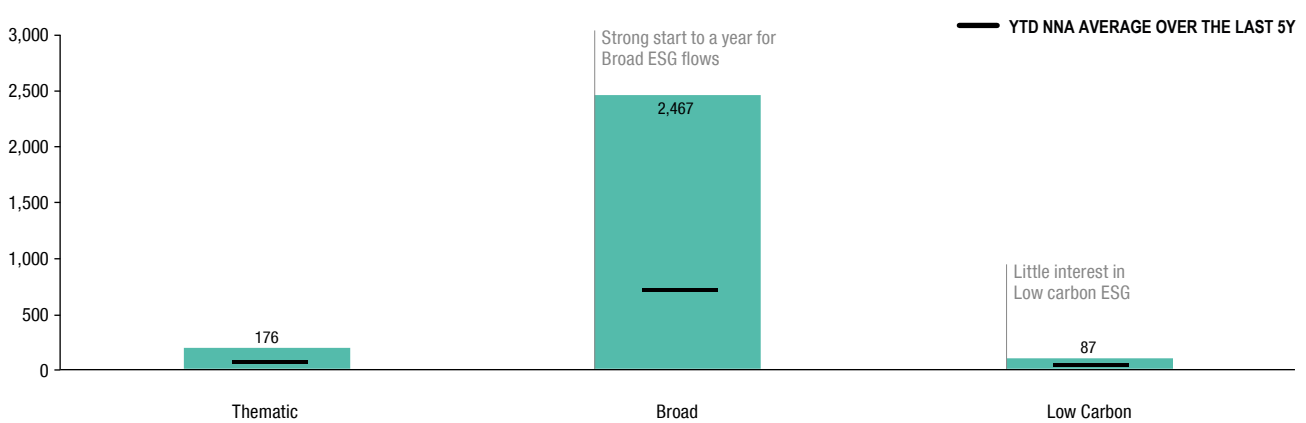
Cumulated monthly NNA on ESG ETFs



## Monthly net inflows on ESG ETFs in Europe



## YTD net inflows on ESG ETFs in Europe



Source: Monthly data from 01/01/2019 to 30/04/2019, Bloomberg, Lyxor International Asset Management. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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Check out the Alpha/Beta Allocator Q1 2019

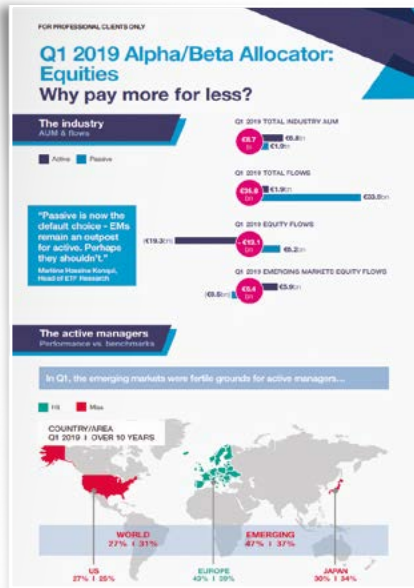
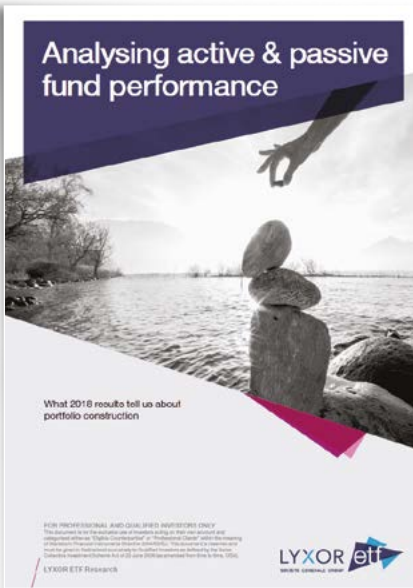
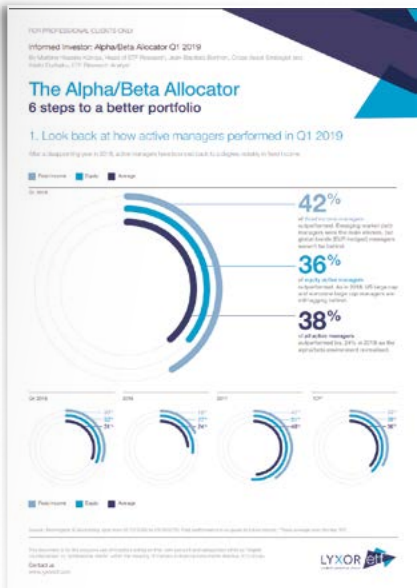
▶ Read more

Read the full 2018 analysis on active and passive performance

▶ Read more

Get the equity alpha/beta allocation perspective-Q1 2019

▶ Read more



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### Capital at risk

The capital invested is not guaranteed.

### Replication risk

The fund objectives might not be reached due to unexpected events on the underlying markets which will impact the index calculation and the efficient fund replication.

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### Currency risk

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