

Money Monitor: January 2020

We share in our Money Monitor report a comprehensive analysis of flows in European open-ended funds and ETFs. We also look at the main investment trends observed over the past month.

Key takeaways:

► **ETF flows¹:** ETFs gathered €11.6bn in January 2020. Fixed Income and Equity ETFs accumulated €3.6bn and €7.2bn respectively.

► **Fixed Income flows:** fixed income funds and ETFs gathered a combined €30.7bn in net new assets (€20.8bn into active and €9.9bn into passive²).

► **Equity flows:** equity funds and ETFs have enjoyed €10.4bn of net new assets with €9.3bn into active and €1.1bn in passive² funds.

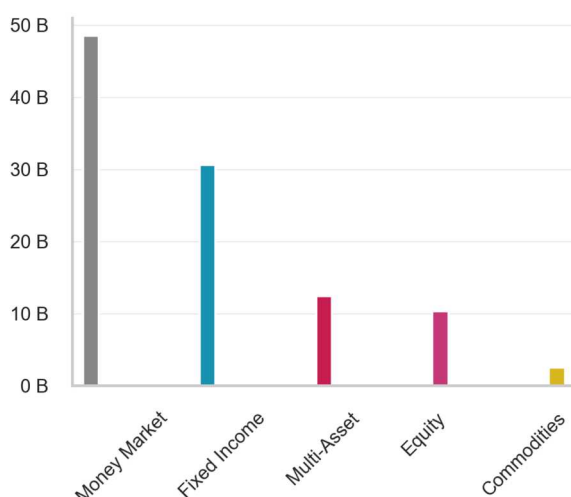
► **ESG ETFs** continue their strong trend and gathered €2.3bn.

► **Smart Beta ETFs** gathered €0.6bn.

► **Chart of the month:** The outbreak of a new coronavirus in the central Chinese city of Wuhan triggered a risk-off mood. This prompted a deceleration in net new assets creation in European domiciled funds and ETFs for both onshore Chinese equities (A shares) and offshore equities (H Shares). The full extent could not be seen due to market closure in the last week of January for the Lunar year holidays. Global emerging equities continued to gather assets over the month.

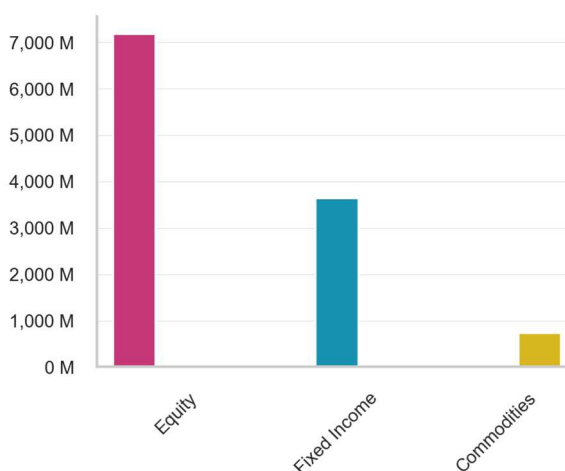
European domiciled funds and ETFs: January 2020 flows

Cumulative monthly flows into funds, etfs and etns by asset class (in €)



European domiciled ETFs: January 2020 flows

Cumulative monthly flows into etps by asset class (in €)



Source: Morningstar, Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.

¹ ETF domiciled in Europe

² Index funds as defined by Morningstar: includes ETF & other index funds domiciled in Europe

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January 2020 flows: ETF focus

Summary of flows in the European ETF market in January 2020.

What happened last month?

- ▶ Equities gathered €7.2bn in net new assets (NNA)
- ▶ Fixed Income gathered €3.6bn
- ▶ ESG enjoyed another strong month with €2.3bn in NNA

€ 11.6bn

Equities

€7.2bn

Smart Beta

€0.6bn

Fixed Income

€3.6bn

ESG

€2.3bn

Commodities

€0.7bn

Others

€0.1bn

How does the YTD picture look?

€ 11.6bn

Equities

€7.2bn

Smart Beta

€0.6bn

Fixed Income

€3.6bn

ESG

€2.3bn

Commodities

€0.7bn

Others

€0.1bn

Source: Morningstar, Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.

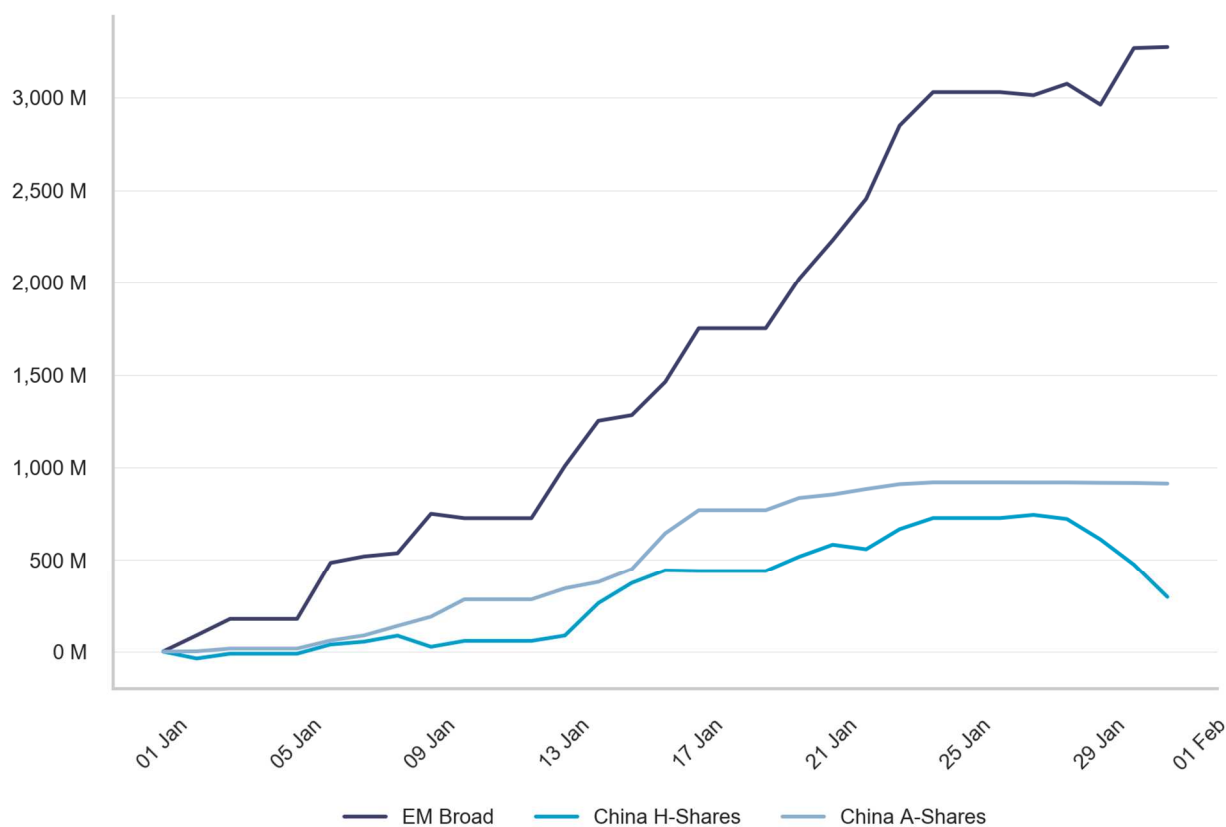
Past performance is not indicative of future performance. Asset and flow data may be slightly adjusted as additional data becomes available. Due to differences in methodology and data sources, etf flows and assets under management reported here might not necessarily coincide with numbers presented elsewhere in this report.

Chart of the month

The outbreak of a new coronavirus in the central Chinese city of Wuhan triggered a risk-off mood. This prompted a deceleration in net new assets creation in European domiciled funds and ETFs for both onshore Chinese equities (A shares) and offshore equities (H Shares). The full extent could not be seen due to market closure in the last week of January for the Lunar year holidays. Global emerging equities continued to gather assets over the month.

European domiciled funds and ETFs: January 2020 flows

Cumulated January 2020 flows into funds, etfs and etns by asset class (in €Bn)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.

Fixed Income

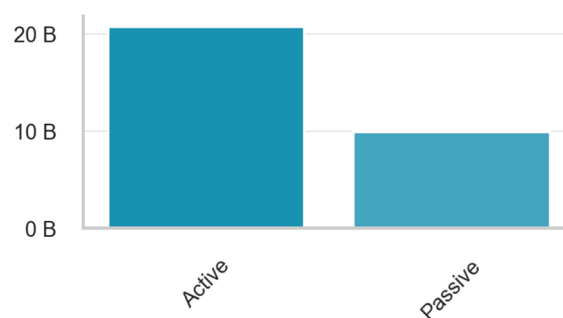
NNAs: €30.7bn

Fixed income funds and ETFs gathered a combined €30.7bn with €20.8bn into active and €9.9bn into passive funds.

Fixed income ETFs gathered €3.6bn.

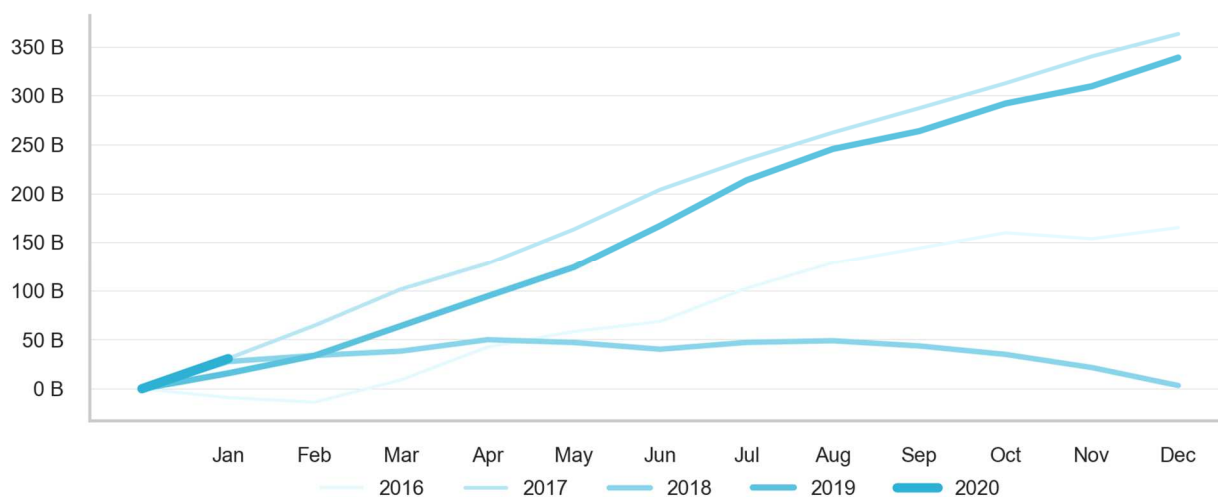
Fixed income funds and ETFs: Active vs Passive

Cumulated flows in January 2020 grouped by fund type (in €)



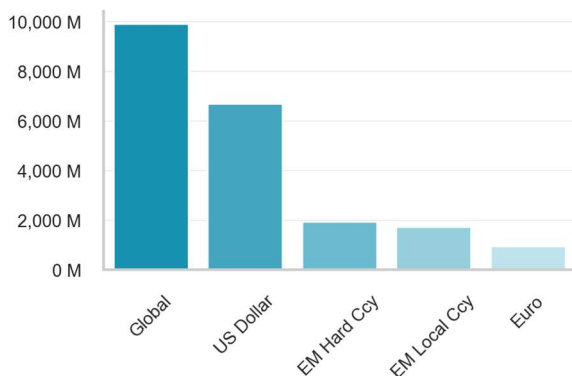
Fixed income funds and ETFs: monthly flows

Monthly flows in January 2020 grouped by currency (in €)



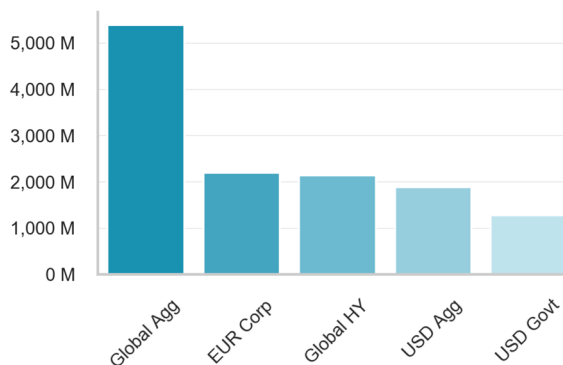
Fixed income funds: top currencies

Monthly flows in January 2020 grouped by currency (in €)



Fixed income funds: key themes

Monthly flows in January 2020 grouped by category (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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EUR Fixed Income

NNAs: €1.0bn

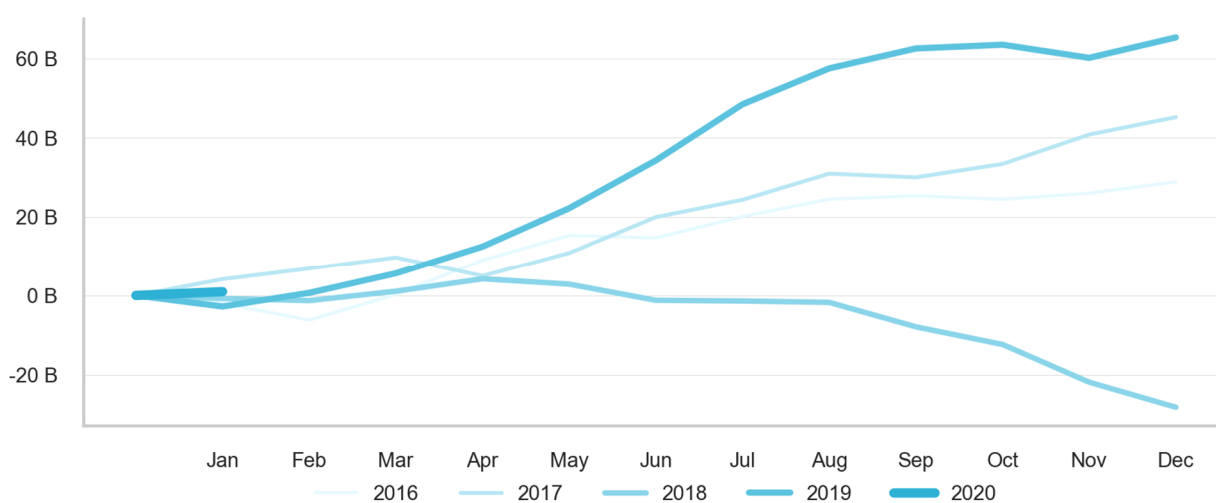
Euro fixed income funds and ETFs gathered a combined €1.0bn in net new assets.

In particular:

- ▶ Active funds suffered outflows of €0.5bn
- ▶ Flows into passive funds (including ETFs) totalled €1.4bn

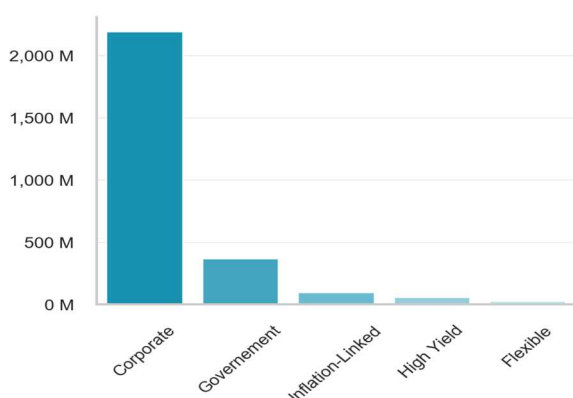
Euro fixed income funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



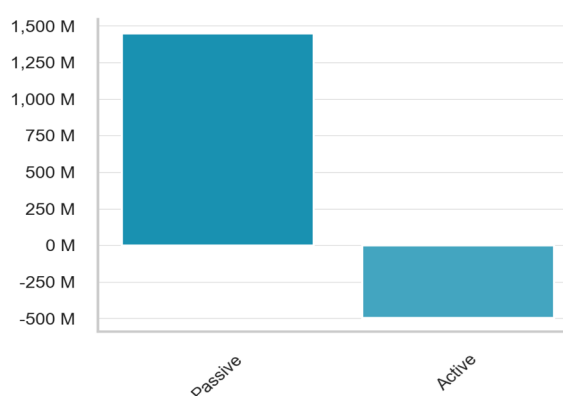
EUR Fixed income funds and ETFs: issuers

Cumulated flows in January 2020 grouped by issuer type (in €)



EUR Fixed income funds and ETFs: Active vs Passive

Cumulated flows in January 2020 grouped by category (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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Global Fixed Income

NNAs: €9.9bn

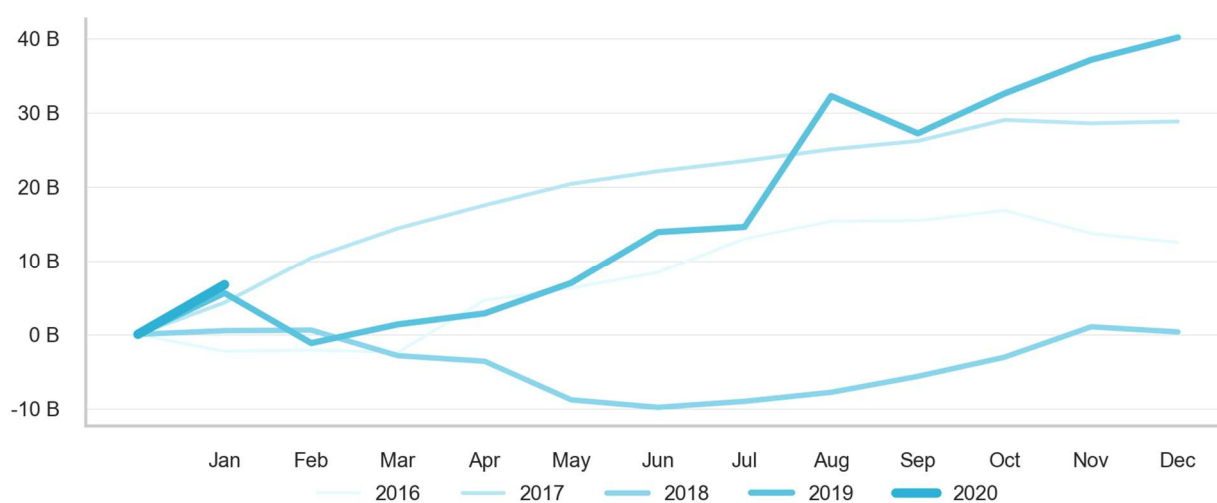
Global fixed income funds and ETFs gathered a combined €9.9bn in NNA.

In particular:

- ▶ Active funds enjoyed €6.8bn of inflows
- ▶ Flows into passive funds (including ETFs) totalled €3.1bn

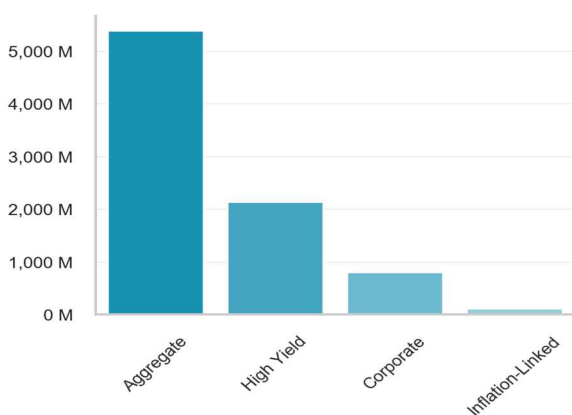
Global fixed income funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



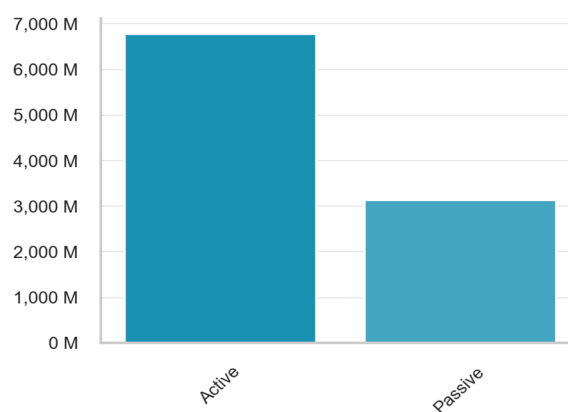
Global fixed income funds and ETFs: issuers

Monthly flows in January 2020 grouped by issuer type (in €)



Global fixed income funds and ETFs: Active vs Passive

Monthly flows in January 2020 grouped by category (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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USD Fixed Income

NNAs: €6.7bn

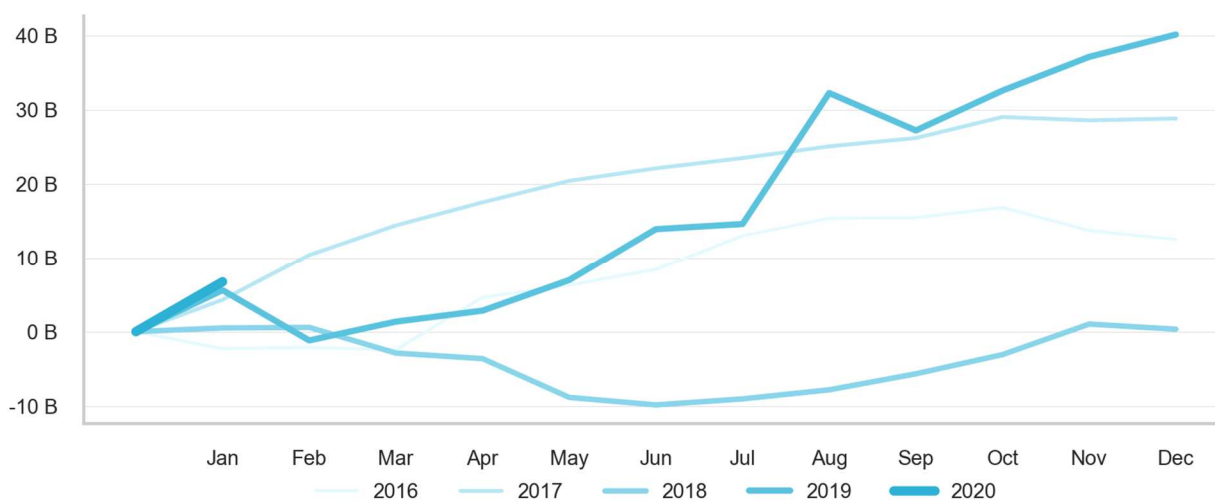
USD fixed income funds and ETFs gathered a combined €6.7bn in NNA.

In particular:

- ▶ Active funds gathered €4.5bn of inflows
- ▶ Flows into passive funds (including ETFs) totalled €2.2bn

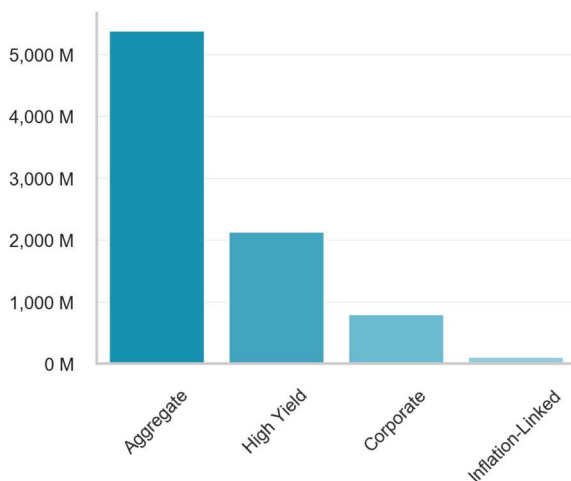
USD fixed income funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



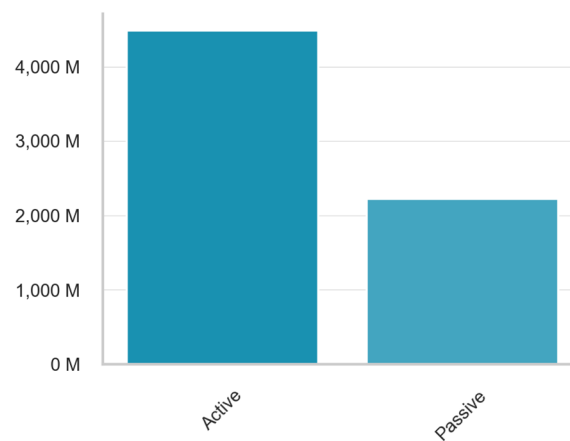
USD fixed income funds and ETFs: issuers

Monthly flows in January 2020 grouped by issuer type (in €)



USD fixed income funds and ETFs: Active vs Passive

Monthly flows in January 2020 grouped by category (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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Equities

NNAs: €10.4bn

Equity funds and ETFs gathered a combined €10.4bn with €9.3bn into active and €1.1bn into passive funds. All told, equity ETFs gathered €7.2bn.

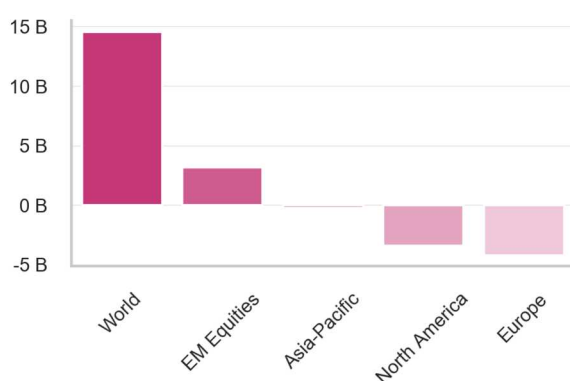
European domiciled equity ETFs and open-ended funds

Cumulated monthly flows by year (in €)



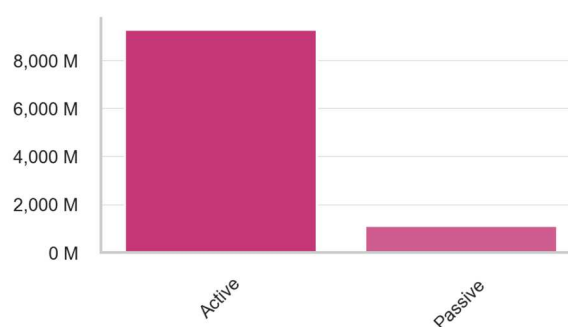
Equity ETFs and open-ended funds:

Monthly flows by region (in €)



Equity funds and ETFs: Active vs Passive

Cumulated flows in January 2020 by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020. Past performance is not indicative of future performance.

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World Equities

NNAs: €14.5bn

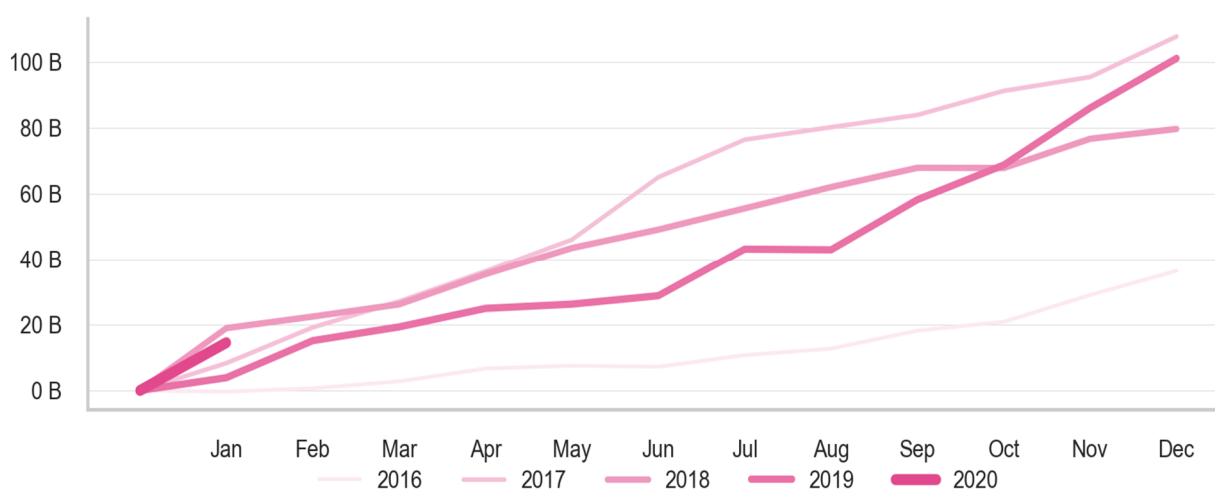
Global equity funds and ETFs gathered a combined €14.5bn in NNA.

In particular:

- ▶ Active world equity funds gathered €13.6bn
- ▶ Flows into passive global equities (including ETFs) totalled €0.9bn

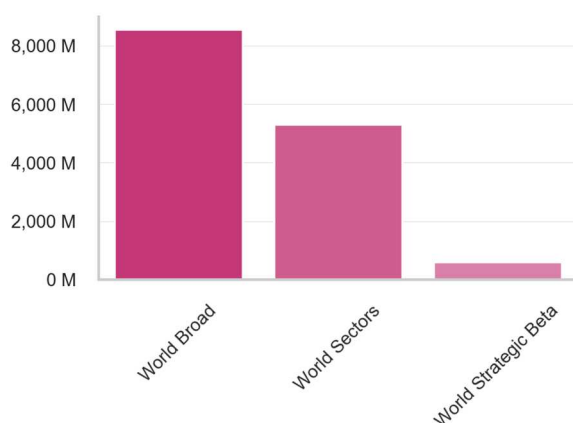
World equity funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



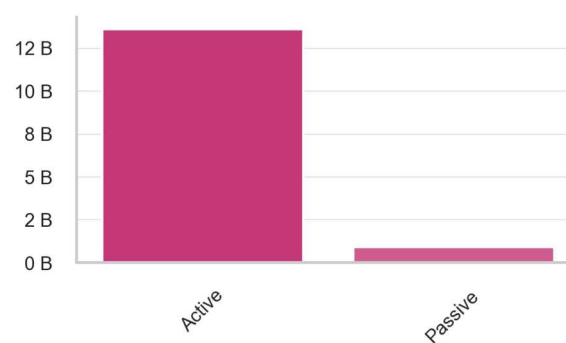
World equity funds and ETFs: investment areas

Monthly flows in January 2020 grouped by issuer type (in €)



World equity income funds and ETFs: Active vs Passive

Monthly flows in January 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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Europe Equities

NNAs: €-4.2bn

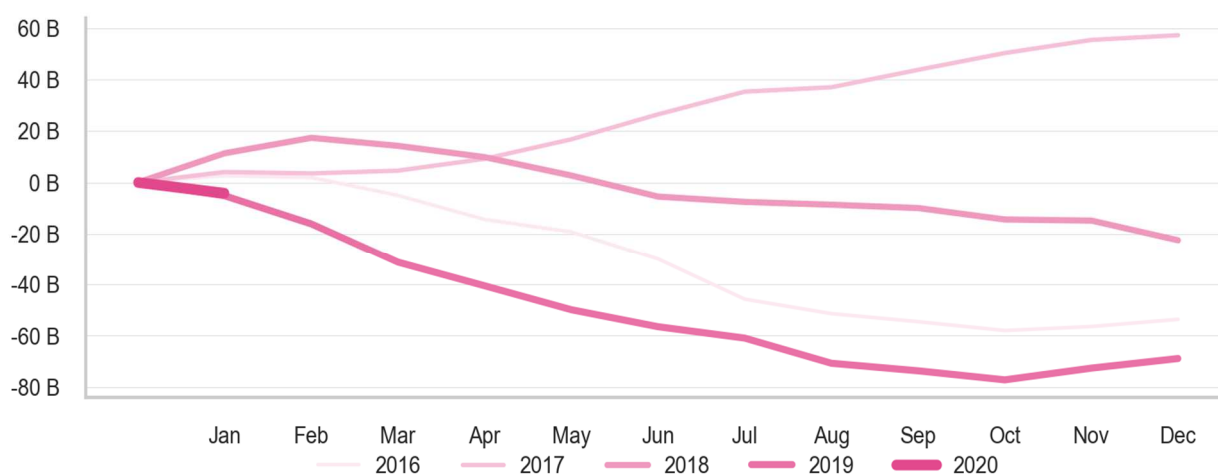
Europe equity funds and ETFs experienced a drop of €4.2bn in NNA.

In particular:

- ▶ Active Europe equity funds suffered outflows of €3.0bn
- ▶ Outflows from passive Europe equities (including ETFs) totalled €1.2bn

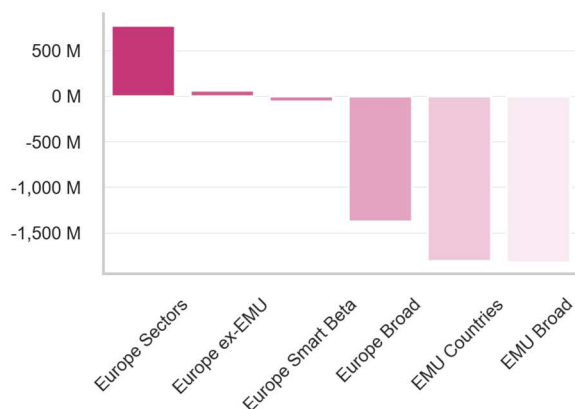
Europe equity funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



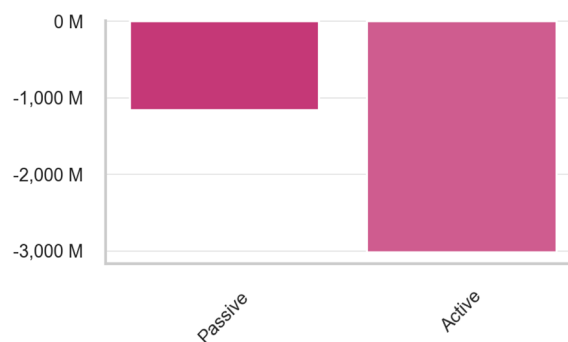
Europe equity funds and ETFs: investment areas

Monthly flows in January 2020 grouped by issuer type (in €)



Europe equity income funds and ETFs: Active vs Passive

Monthly flows in January 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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US Equities

NNAs: €-3.5bn

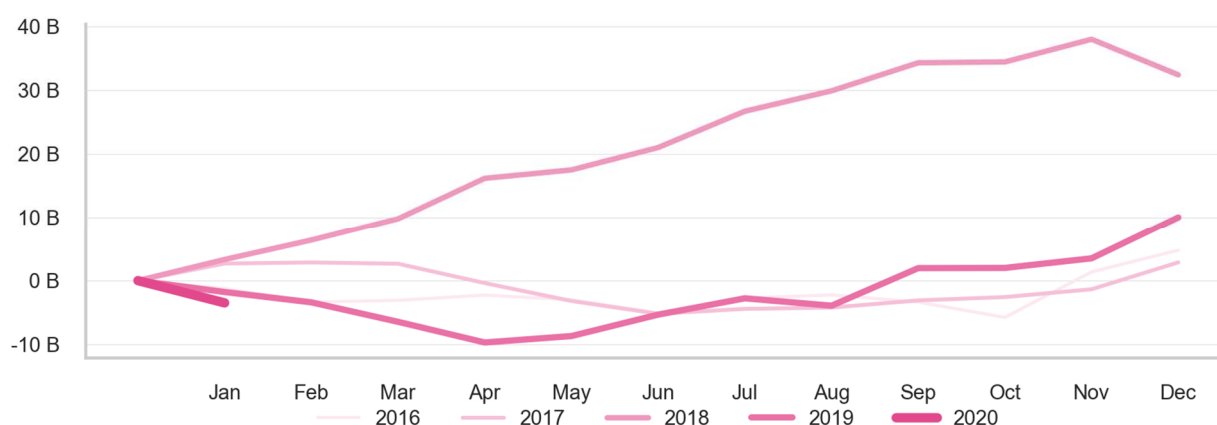
US equity funds and ETFs experienced a drop of €3.5bn in NNA.

In particular:

- ▶ Active US equity funds suffered €2.6bn of outflows
- ▶ Outflows from passive US equities (including ETFs) totalled €0.9bn

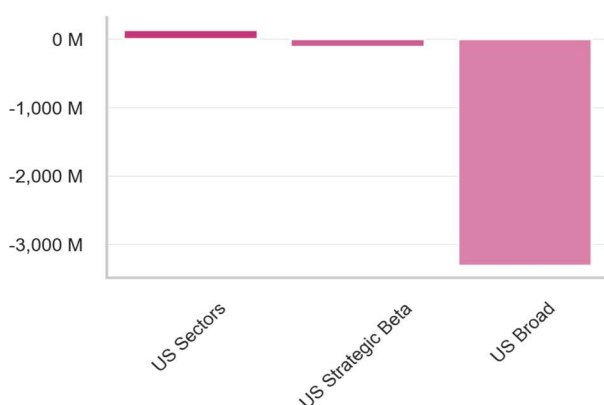
US equity funds and ETFs: cumulated monthly flows

Cumulated monthly flows by year (in €)



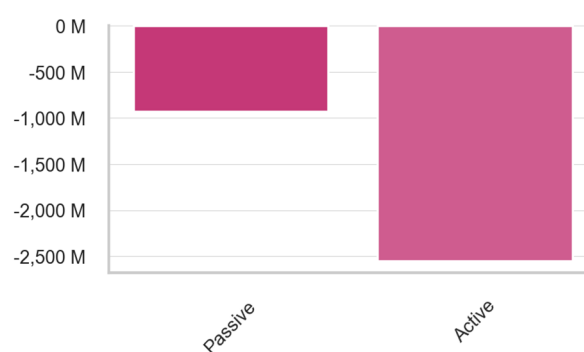
US equity funds and ETFs: investment areas

Monthly flows in January 2020 grouped by issuer type (in €)



US equity income funds and ETFs: Active vs Passive

Monthly flows in January 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
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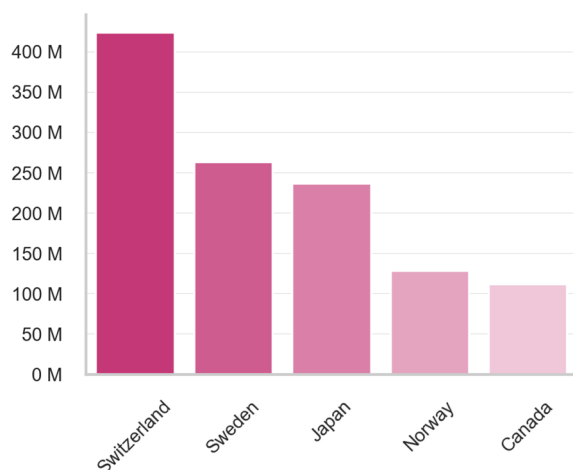
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Equity: a country perspective

Top country flows

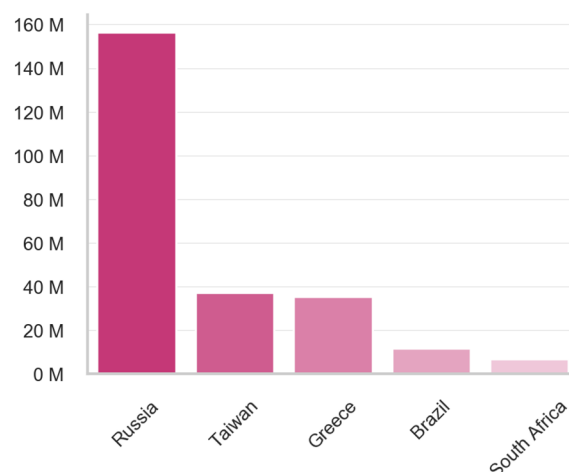
Equity Funds and ETFs: top developed countries

Cumulated flows in January 2020 by Country (in €)



Equity Funds and ETFs: top emerging countries

Cumulated flows in January 2020 by Country (in €)

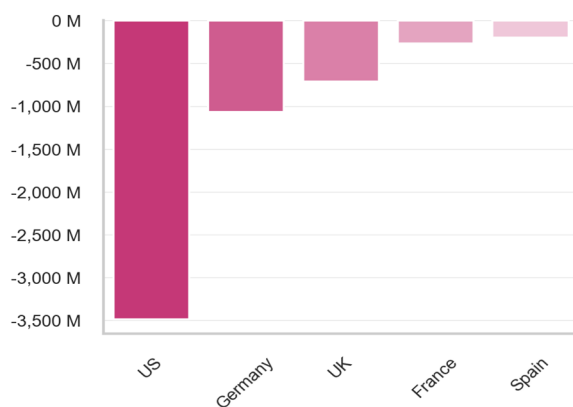


Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
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Bottom country flows

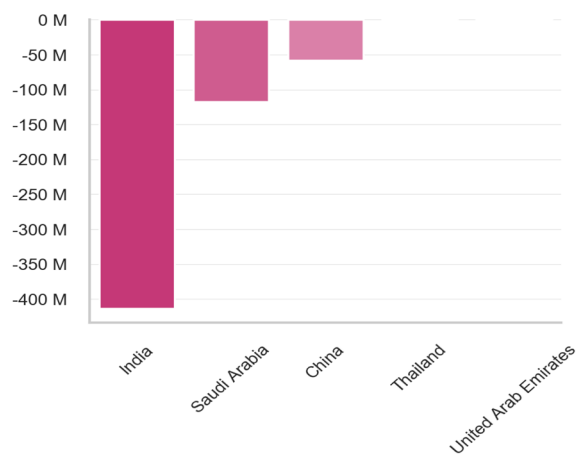
Equity Funds and ETFs: bottom developed countries

Cumulated flows in January 2020 by Country (in €)



Equity Funds and ETFs: bottom emerging countries

Cumulated flows in January 2020 by Country (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
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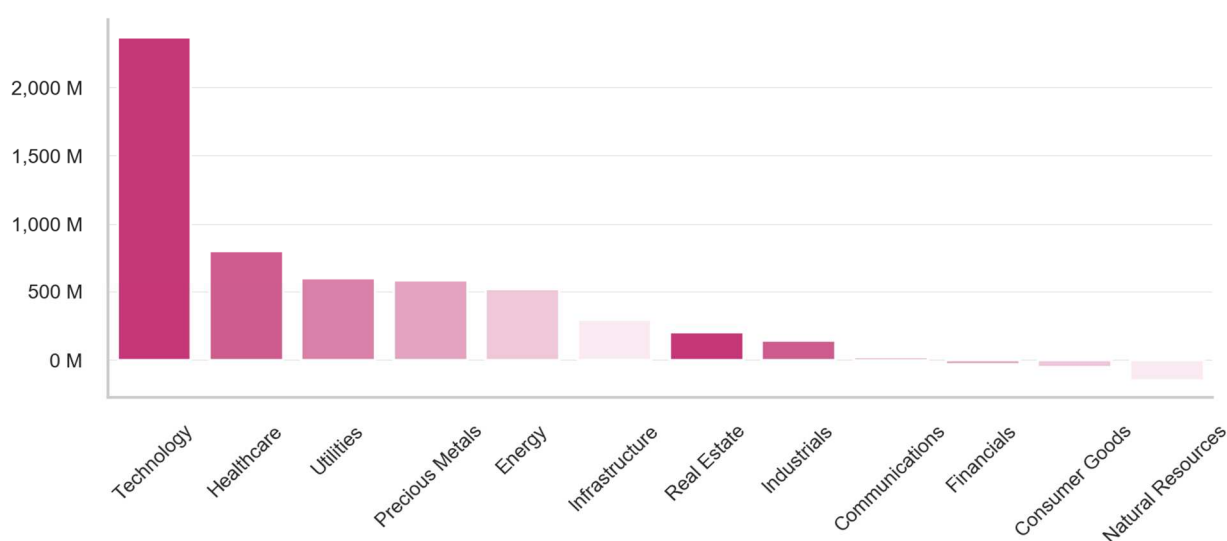
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Equity flows by sectors

- ▶ World Equity sectors gathered €5.3bn of assets, with the Technology sector enjoying most of the flows (€2.4bn net inflows). Conversely, Natural Resources suffered small net outflows (€-0.2bn).
- ▶ Europe Equity sectors gathered €0.8bn of assets, with the Ecology sector leading the pack and gathering €0.2bn. The Europe Consumer Goods sector suffered small net outflows (€-0.1bn).

Equity funds and ETFs: World sectors

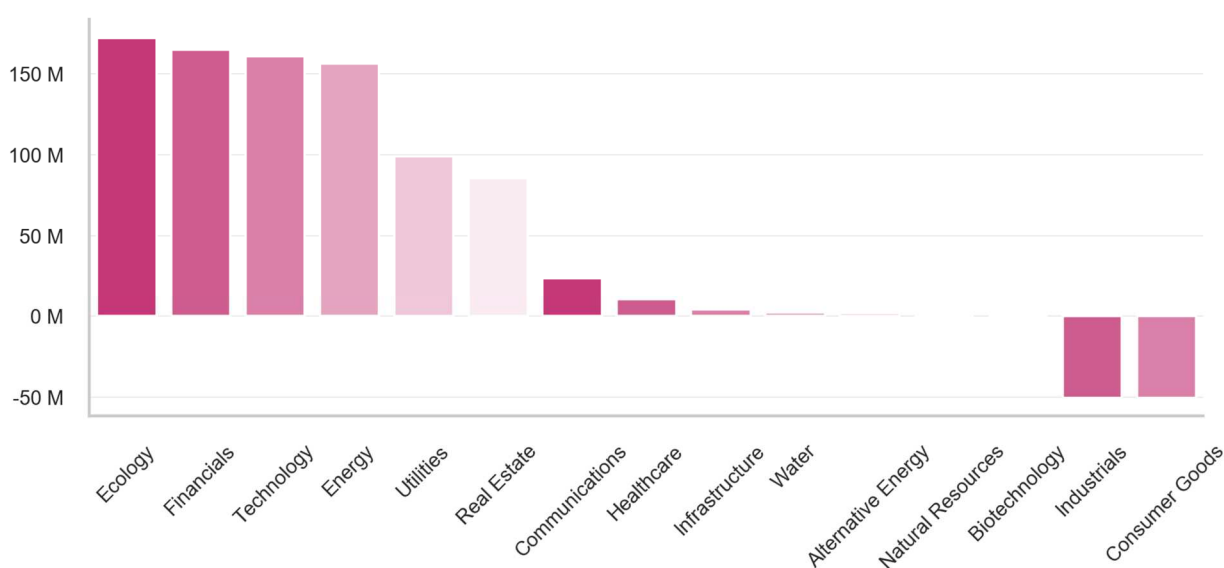
Cumulated flows in January 2020 by sector (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
Past performance is not indicative of future performance.

Equity funds and ETFs: European sectors

Cumulated flows in January 2020 by sector (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 04/02/2020.
Past performance is not indicative of future performance.

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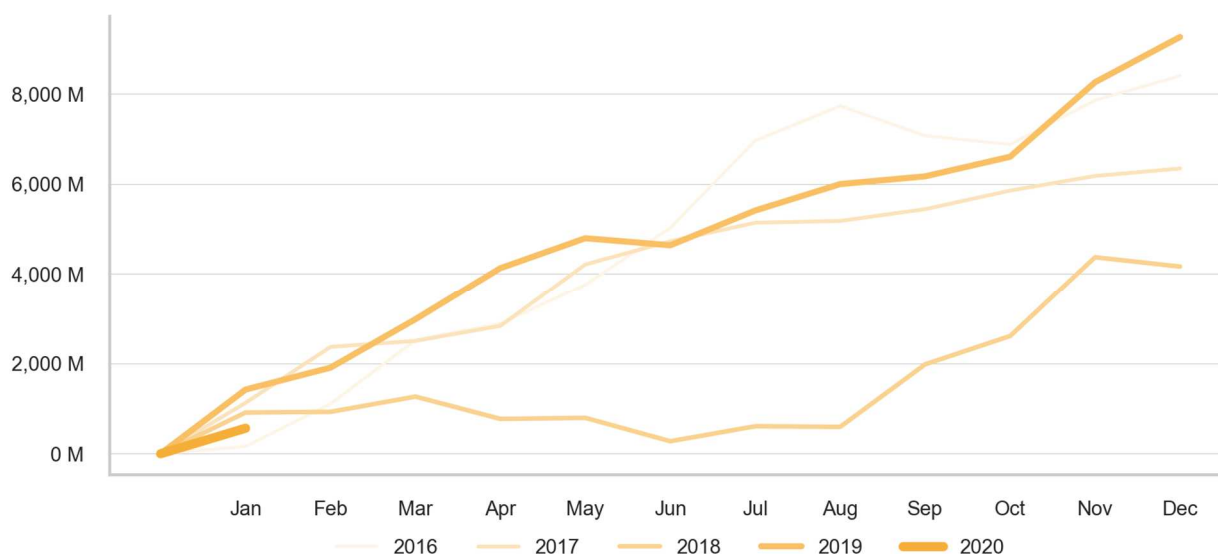
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Smart Beta ETFs

- ▶ Smart beta ETFs gathered €0.6bn in January 2020
- ▶ Equity and fixed income smart beta ETFs saw €0.5bn and €-0.0bn of flows respectively

Smart beta ETFs

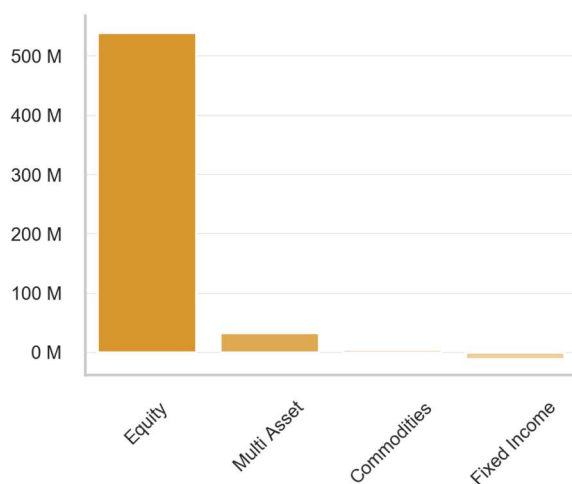
Cumulated monthly flows (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
Past performance is not indicative of future performance.

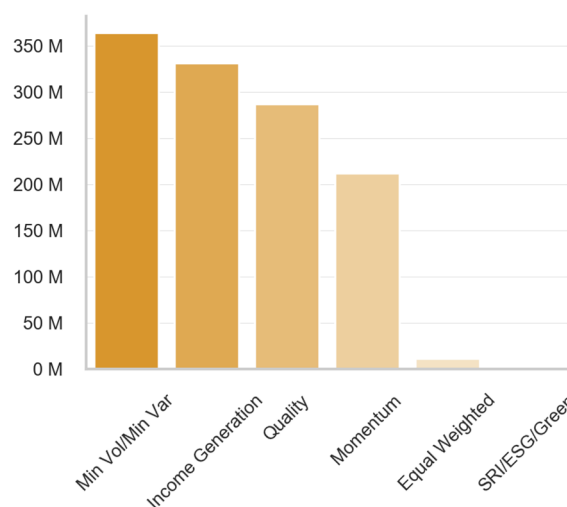
Smart beta ETFs: asset classes

Cumulated flows in January 2020 by asset class (in €)



Smart beta ETFs: top strategies

Cumulated flows in January 2020 by strategy (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
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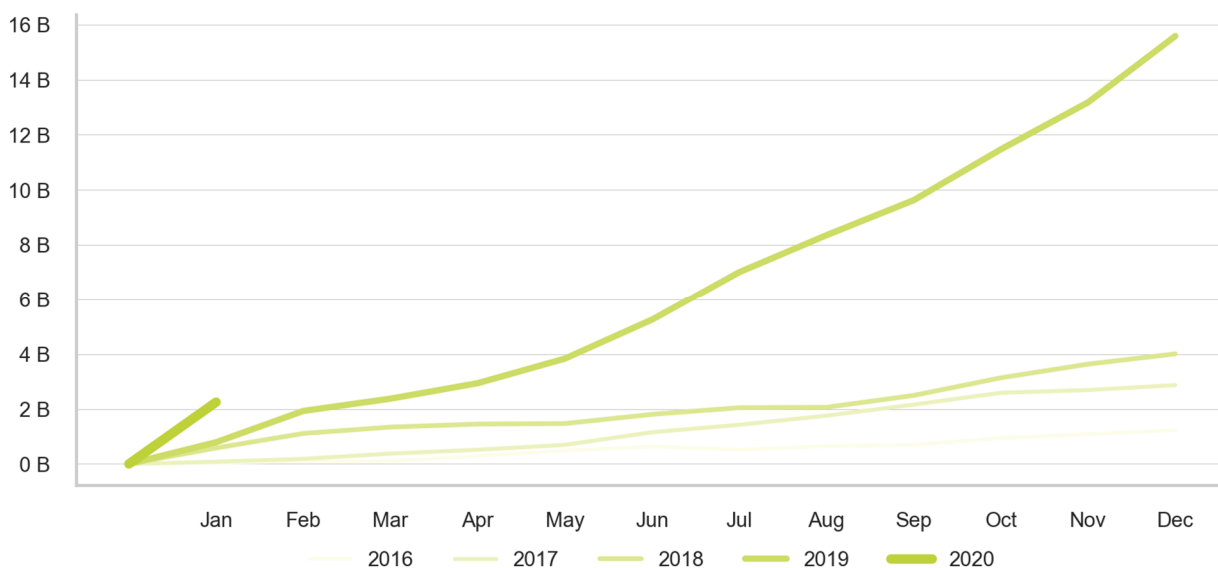
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ESG ETFs

- ▶ ESG ETFs gathered €2.3bn in January 2020
- ▶ Equity and fixed income ESG ETFs saw €2.1bn and €0.2bn of flows respectively

European domiciled ESG ETFs

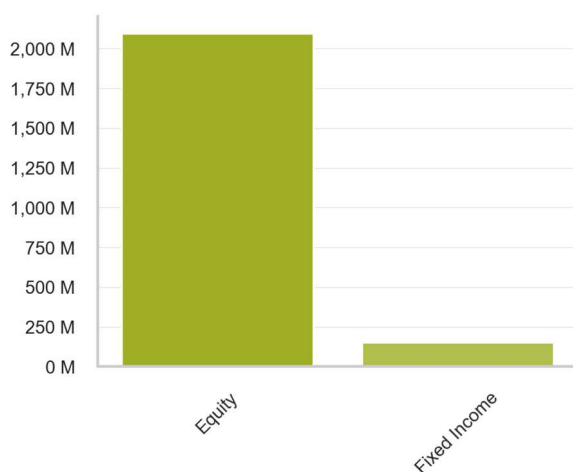
Cumulated monthly flows (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
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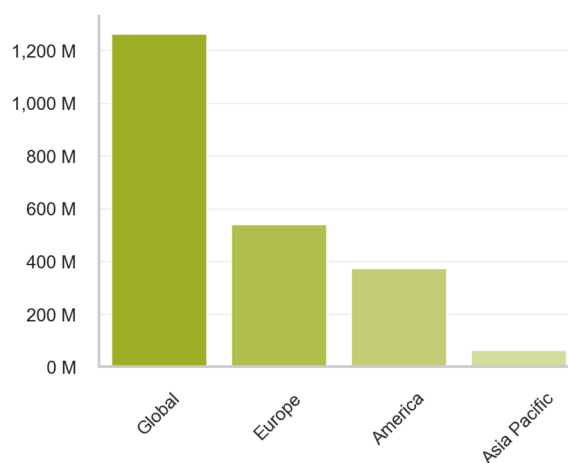
ESG and SRI ETFs: asset classes

Cumulated flows in January 2020 by asset class (in €)



ESG and SRI ETFs: regions

Cumulated flows in January 2020 by region (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 04/02/2020.
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Knowing your risk

It is important for potential investors to evaluate the risks described below and in the fund prospectus on our website www.lyxoretf.com

Capital at risk

ETFs are tracking instruments: Their risk profile is similar to a direct investment in the Underlying index. Investors' capital is fully at risk and investors may not get back the amount originally invested.

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.

Counterparty risk

With synthetic ETFs, investors are exposed to risks resulting from the use of an OTC swap with Societe Generale. In-line with UCITS guidelines, the exposure to Société Générale cannot exceed 10% of the total fund assets. Physically replicated ETFs may have counterparty risk if they use a securities lending programme

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Alternatively, some of the funds described in this document are either (i) French FCPs (fonds commun de placement) or (ii) sub-funds of Multi Units France a French SICAV, both the French FCPs and sub-funds of Multi Units France are incorporated under the French Law and approved by the French Autorité des marchés financiers. Each fund complies with the UCITS Directive (2009/65/CE) and has been approved by the French Autorité des marchés financiers. Société Générale and Lyxor AM recommend that investors read carefully the "risk factors" section of the product's prospectus and Key Investor Information Document (KIID). The prospectus and the KIID are available in French on the website of the AMF (www.amf-france.org). The prospectus in English and the KIID in the relevant local language (for all the countries referred to, in this document as a country in which a public offer of the product is authorised) are available free of charge on Lyxor.etf.com or upon request to client-services-etf@lyxor.com. The products are the object of market-making contracts, the purpose of which is to ensure the liquidity of the products on NYSE Euronext Paris, Deutsche Boerse (Xetra) and the London Stock Exchange, assuming normal market conditions and normally functioning computer systems. Units of a specific UCITS ETF managed by an asset manager and purchased on the secondary market cannot usually be sold directly back to the asset manager itself. Investors must buy and sell units on a secondary market with the assistance of an intermediary (e.g. a stockbroker) and may incur fees for doing so. In addition, investors may pay more than the current net asset value when selling them. Updated composition of the product's investment portfolio is available on www.lyxoretf.com.

Underlying risk

The Underlying index of a Lyxor ETF may be complex and volatile. For example, when investing in commodities, the Underlying index is calculated with reference to commodity futures contracts exposing the investor to a liquidity risk linked to costs such as cost of carry and transportation. ETFs exposed to Emerging Markets carry a greater risk of potential loss than investment in Developed Markets as they are exposed to a wide range of unpredictable Emerging Market risks.

Currency risk

ETFs may be exposed to currency risk if the ETF is denominated in a currency different to that of the Underlying index they are tracking. This means that exchange rate fluctuations could have a negative or positive effect on returns.

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