

Informed Investor: Money Monitor June 2018

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

ETF flows slow as sentiment reverses

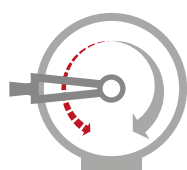
European ETF market flows slowed slightly in June, with net new assets falling to €757m from the €1.1bn we saw in May. Sentiment reversed yet again, with fixed income ETFs attracting most of the inflows (€1.1bn). In contrast, equity ETFs suffered significant outflows as trade wars, China and European issues dominated the agenda (-€739m).

What happened last month?

- ▶ ETF flows dropped to €757m from €1.1bn
- ▶ They remain strong, but behind last year's record levels



€757m



Equity
flows reverse

-€739m



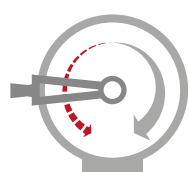
Fixed income
turn positive

€1.1bn



Commodities
rebound slightly

€394m



Smart Beta
remains unpopular

-€264m

Source: Monthly data in EURM from 01/06/2018 to 30/06/2018, 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 01/07/2018. Asset and flow data may be slightly adjusted as additional data becomes available.

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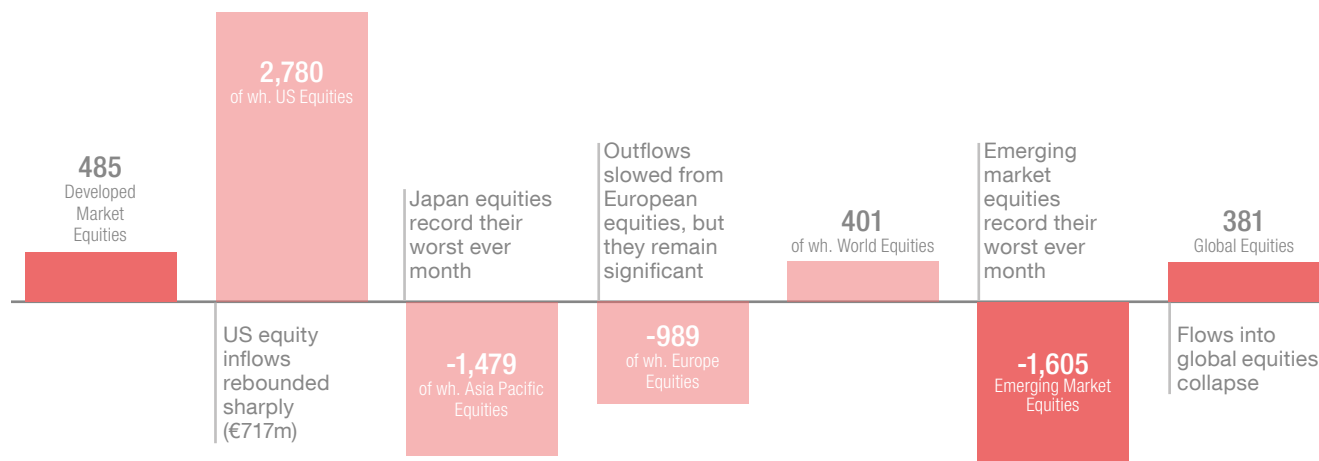
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What were the major trends?

Equity flows reverse



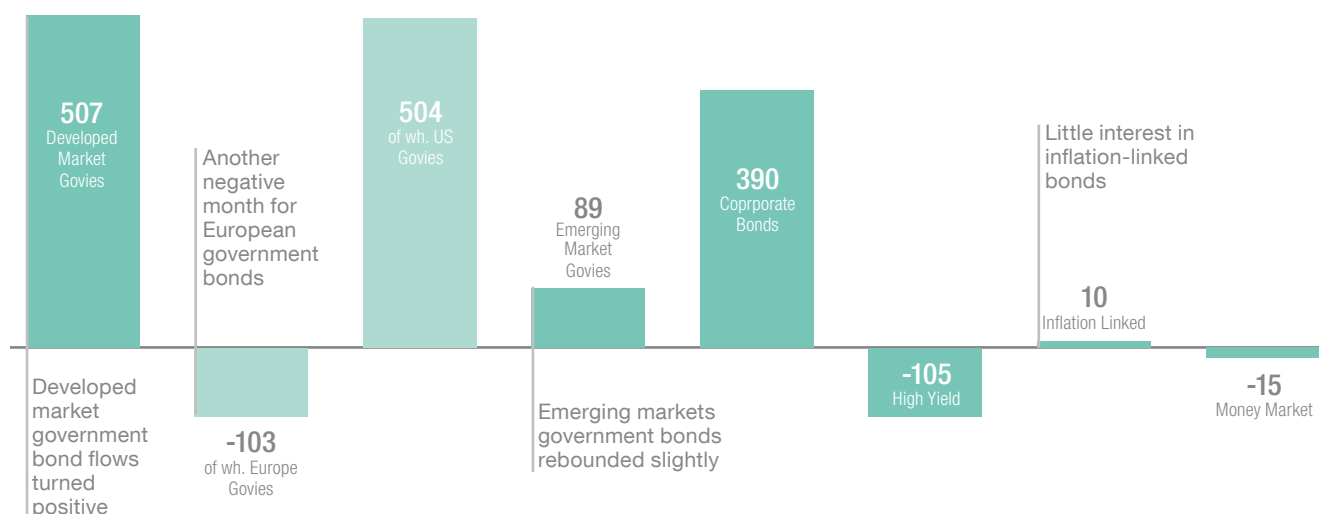
Monthly Net inflows on European Equity ETFs



Fixed income flows turn positive



Monthly Net inflows on European Fixed Income ETFs



Source: Monthly data in EURM from 01/06/2018 to 30/06/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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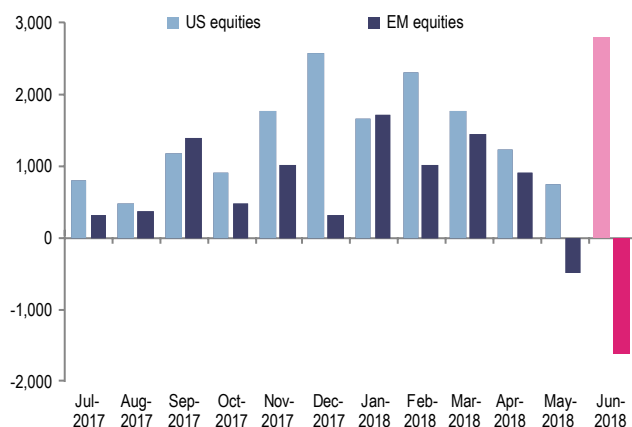
Special focus

Worst month ever for emerging market equities ETFs

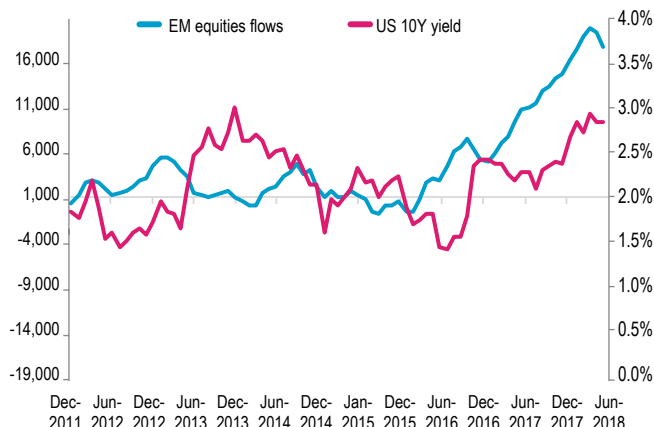
Policy normalisation, declining dollar liquidity, higher borrowing costs and trade tensions triggered outflows of -€1.6bn from emerging market equity ETFs. These outflows mainly came from broad indices like the MSCI Emerging Markets (-€1.2bn), as the trade concerns and diverging economic outlooks seemingly prompted investors to reallocate to US equities.



Monthly NNA on emerging markets and US equity ETFs



EM equity cumulated NNA (LHS) vs. US 10Y yield (RHS)



Source: Monthly data from 31/12/2011 to 30/06/2018 (Bloomberg, Lyxor).
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What does it all mean?

Still a strong start to a year for ETFs

ETFs on the rise

Total AUM is up 4.5% since 2017



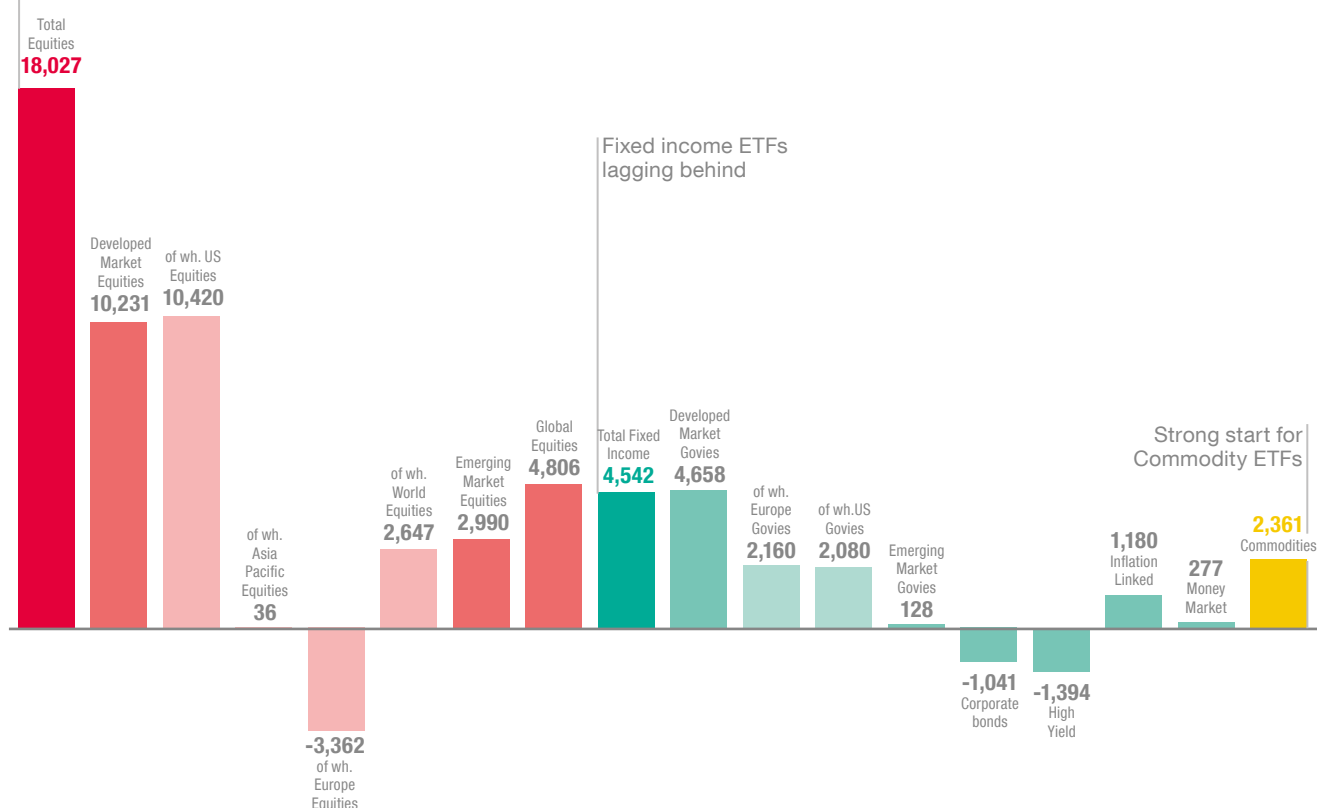
€25.4bn



€665bn

YTD Net Inflows on European ETFs by asset class

Still a decent start to a year for Equity ETFs



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Source: Monthly data in EURM from 01/01/2018 to 30/06/2018, Bloomberg, Lyxor.
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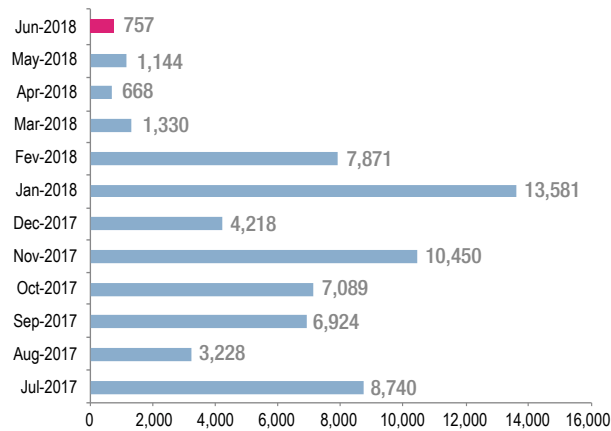
Appendix: The month in numbers

European ETFs in June 2018

Net Inflows (EURm)

NNA slowed slightly to €757m from €1.1bn in May

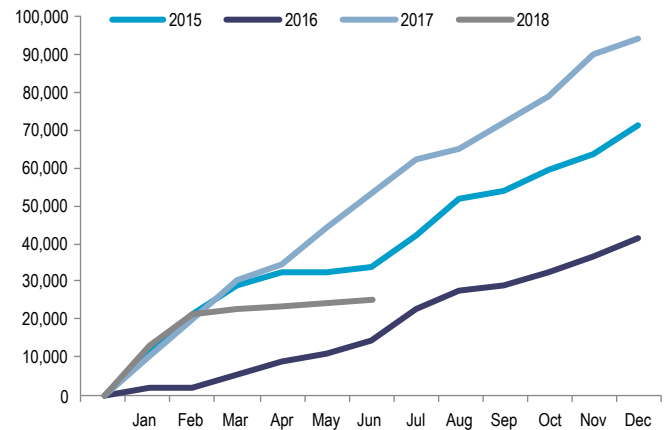
Monthly NNA on European ETFs



Total

Still a decent start to a year for European ETFs

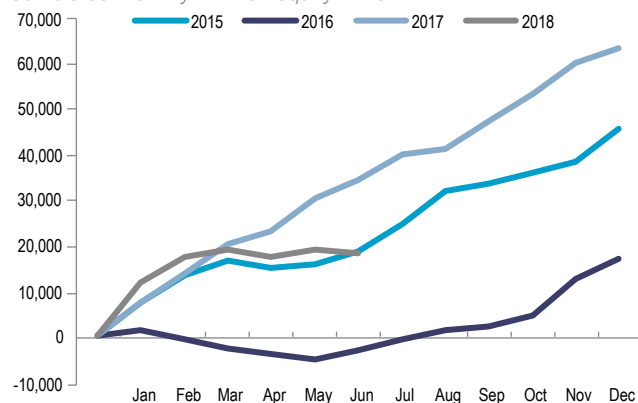
Cumulated monthly NNA assets on European ETFs



Equity

Second-best start to a year for equity ETFs with €18bn of inflows

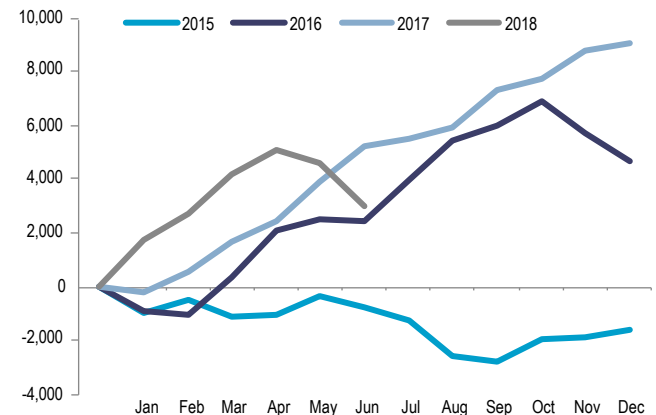
Cumulated monthly NNA on equity ETFs



Equity Emerging Market

Emerging market equity ETFs flows collapse (€3bn YTD)

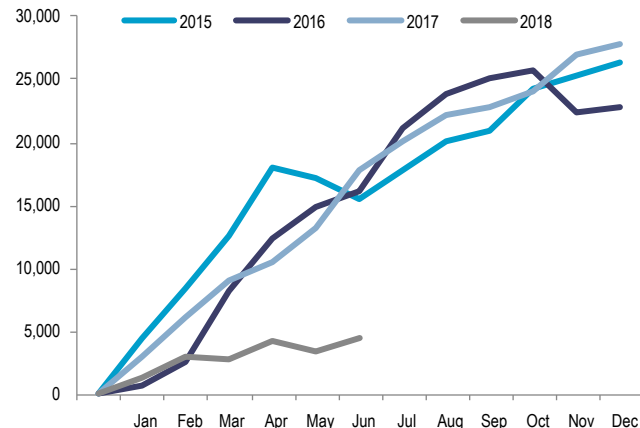
Cumulated monthly NNA on emerging market equity ETFs



Fixed income

Worst ever start for fixed income ETFs

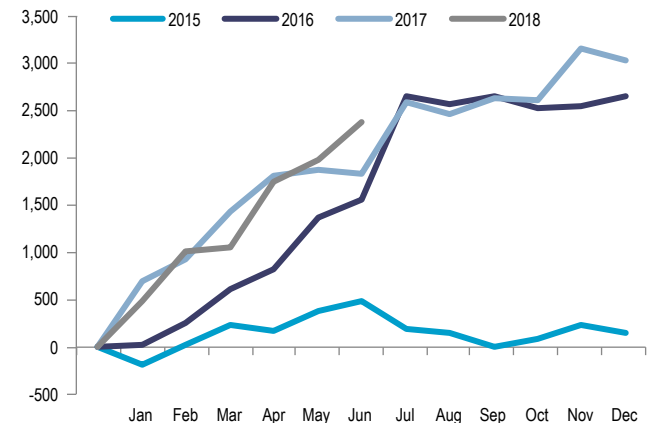
Cumulated monthly NNA on fixed income ETFs



Commodities

Record start for commodity ETFs

Cumulated monthly NNA on commodity ETFs



Source: Monthly data in EURM from 01/01/2015 to 30/06/2018, Bloomberg, Lyxor.
The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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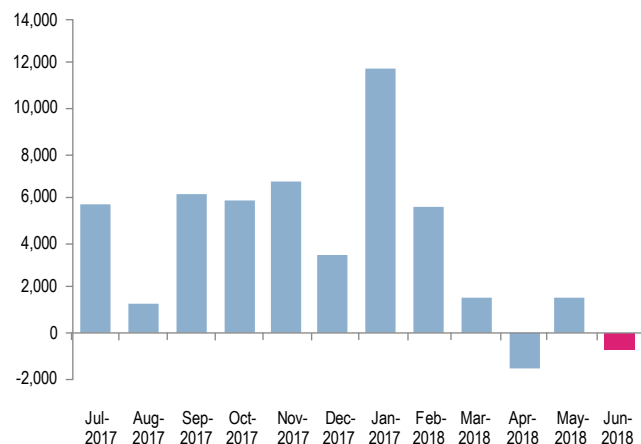
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Overview by asset class

Equity

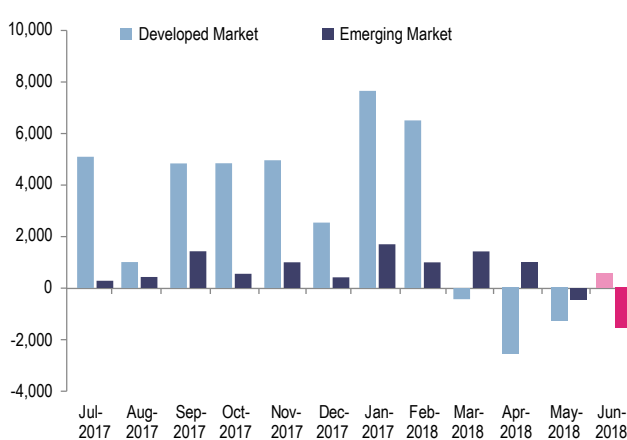
Equity flows reverse, again

Monthly NNA on equity ETFs



Developed market equities outdo EM peers

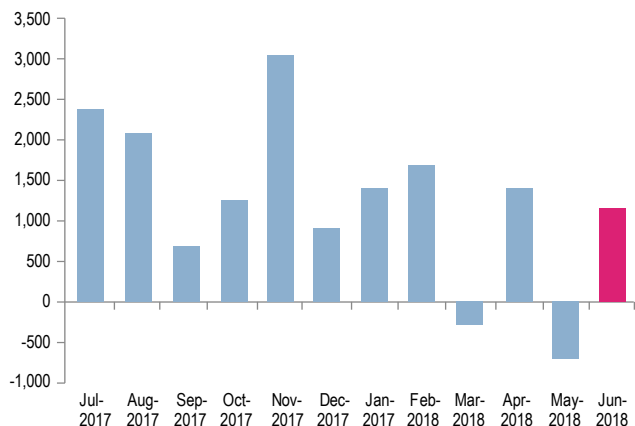
Monthly NNA on developed vs. emerging markets equity ETFs



Fixed Income

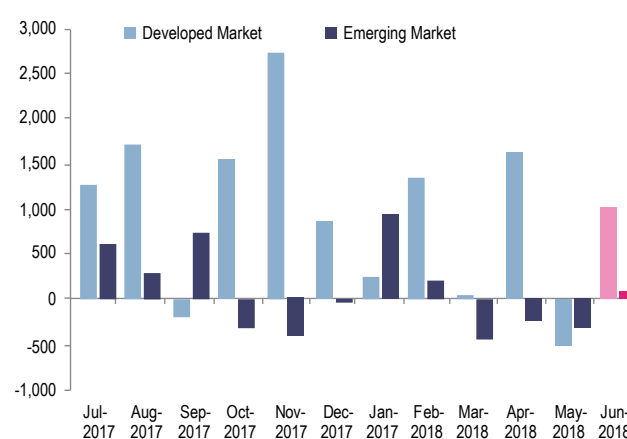
Fixed income flows rebound sharply

Monthly NNA on fixed income ETFs



Developed market bonds outdo EM peers

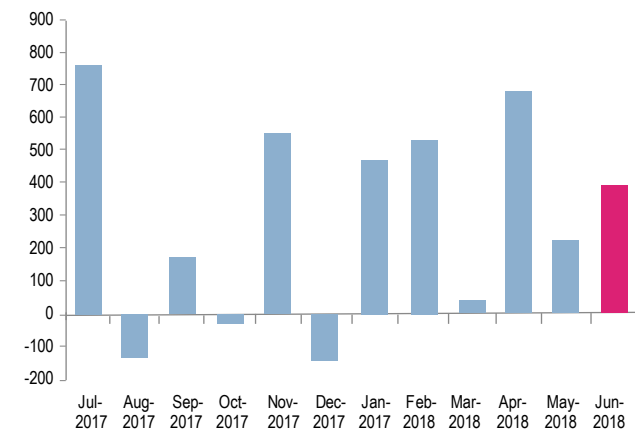
Monthly NNA on developed vs. emerging markets fixed income ETFs



Commodities

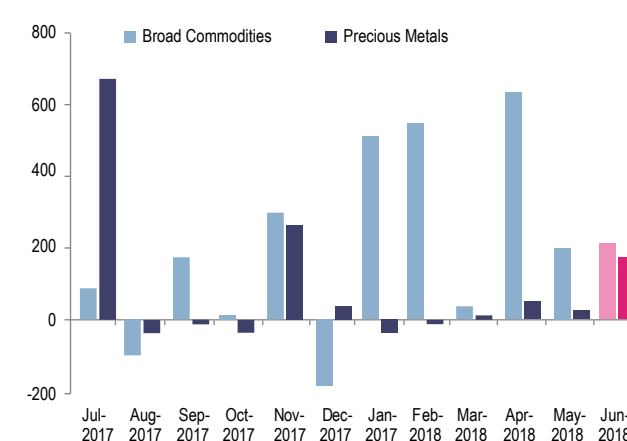
Commodity flows accelerate

Monthly NNA on commodity ETFs



Interest in broad commodities as well as precious metals

Monthly NNA on broad & precious metals ETFs



Source: Monthly data in EURM from 01/07/2017 to 30/06/2018, Bloomberg, Lyxor.
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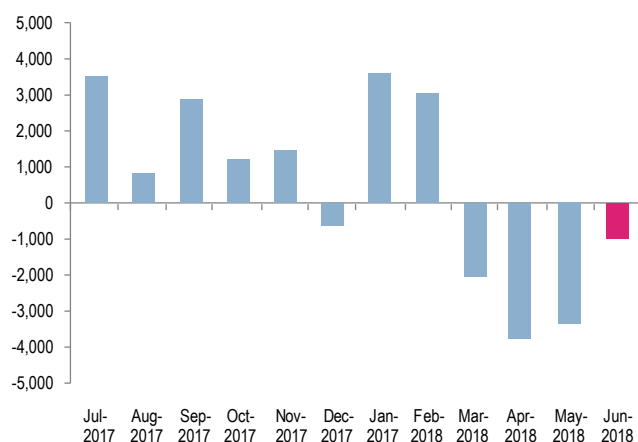
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Equities

European Equities

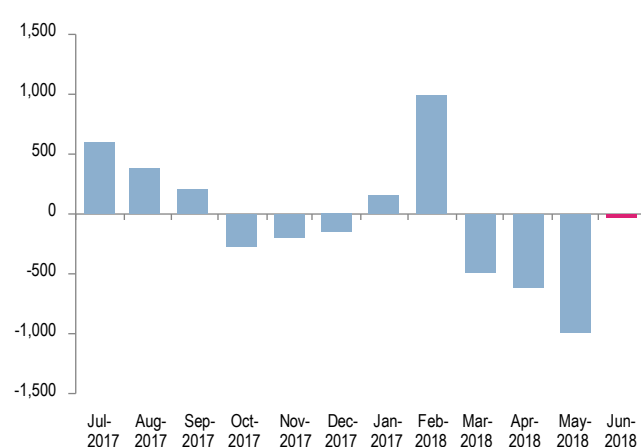
Outflows slow from European equities, but they remain significant

Monthly NNA on European equity ETFs



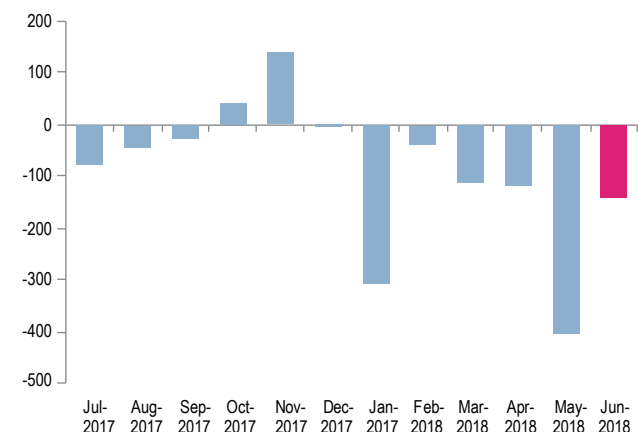
Virtually flat month for German equities

Monthly NNA on German equity ETFs



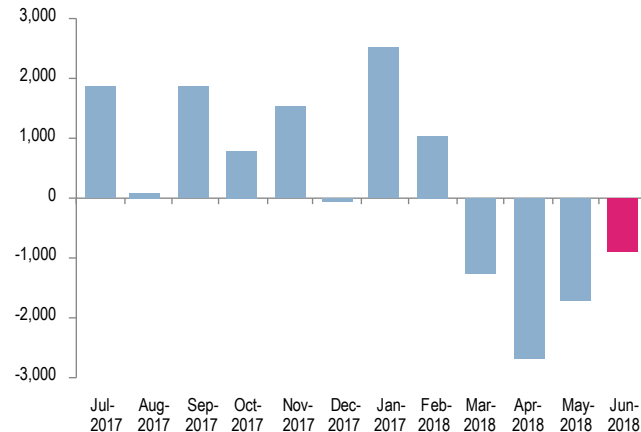
Sixth consecutive negative month for Spanish and Italian equities

Monthly NNA on peripheral Europe equity ETFs



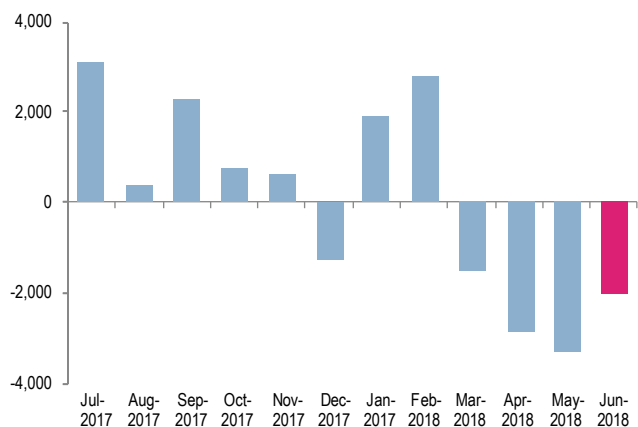
Developed Europe ETFs remain unpopular

Monthly NNA on developed Europe region equity ETFs



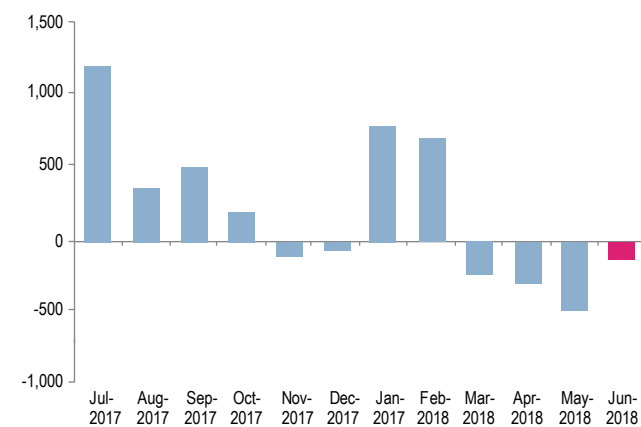
No end to the outflows from Eurozone equities

Monthly NNA on Eurozone equity ETFs



Negative trend continues for financials

Monthly NNA on financials Europe equity ETFs



Source: Monthly data in EURM from 01/07/2017 to 30/06/2018, Bloomberg, Lyxor.
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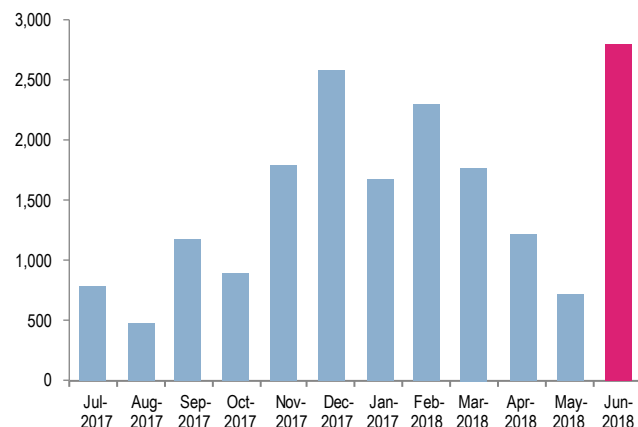
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Equities (cont'd)

US & Japan equities

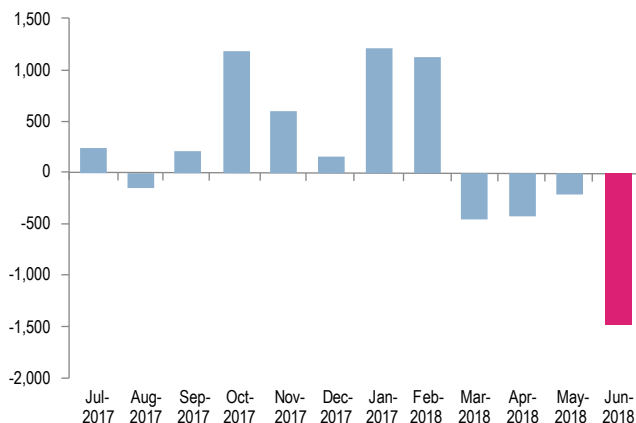
Flows surge into US equities

Monthly NNA on US equity ETFs



Worst month ever for Japan equities

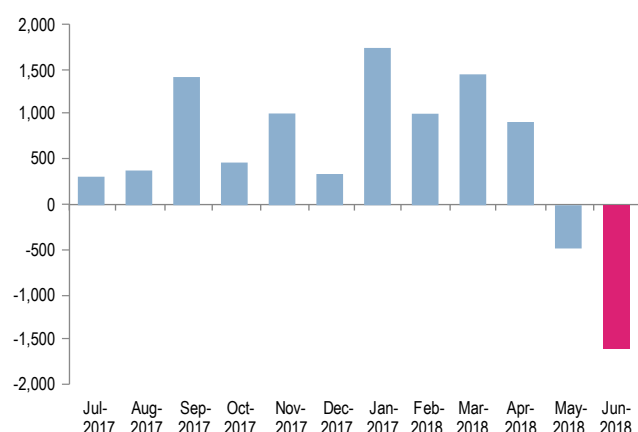
Monthly NNA on Japan equity ETFs



Emerging market equities

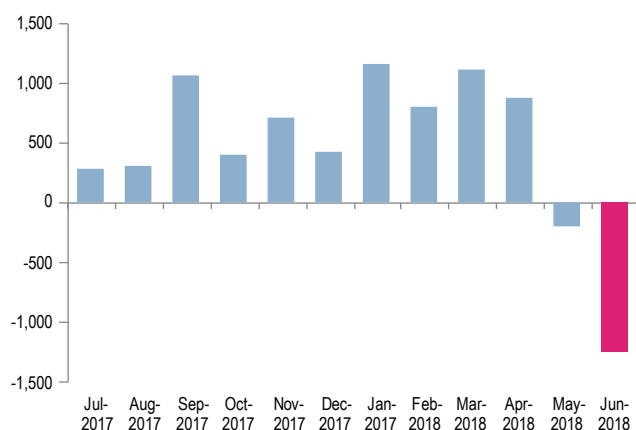
EM equities also record worst month ever

Monthly NNA on emerging market equity ETFs



Broad EM equities were largely to blame

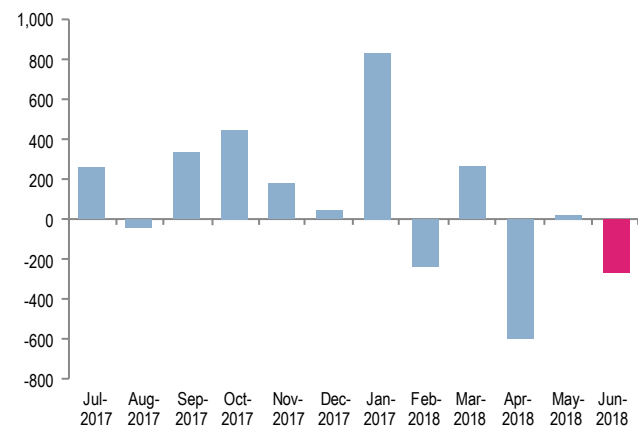
Monthly NNA on broad EM equity ETFs



Smart Beta / Value

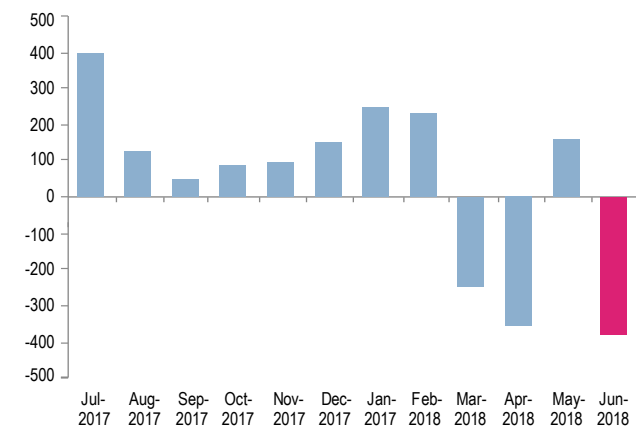
Smart beta remains unpopular

Monthly NNA on smart beta ETFs



Value ETFs flows collapse again

Monthly net new assets on value style equity ETFs



Source: Monthly data in EURM from 01/07/2017 to 30/06/2018, Bloomberg, Lyxor.
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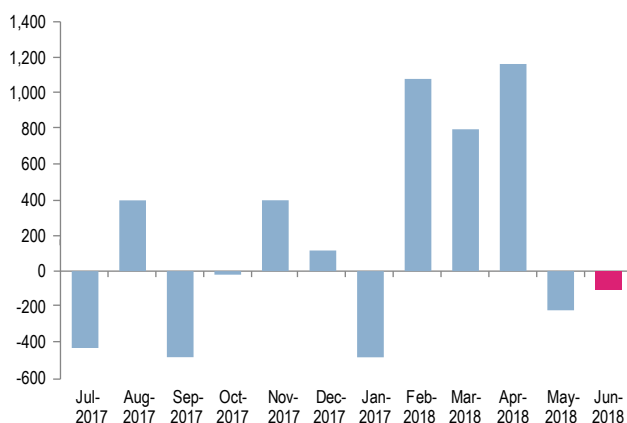
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Fixed Income

European Govies

Flows into EU government bonds pause

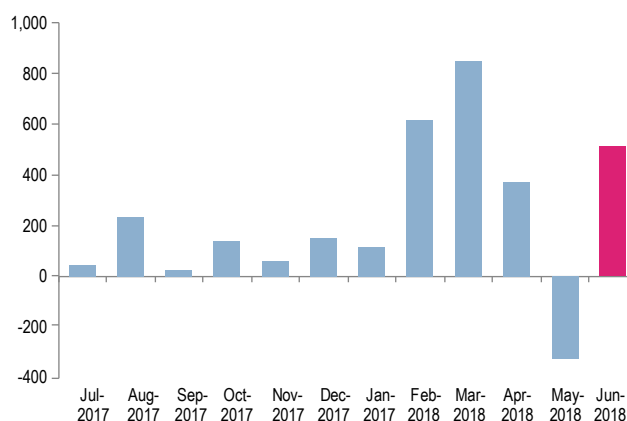
Monthly NNA on EU government bond ETFs



US Govies

US government bond flows rebound

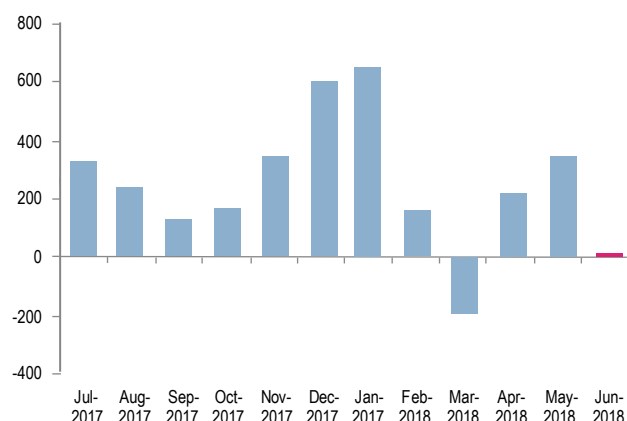
Monthly NNA on US government bond ETFs



Inflation Linked

Little interest in inflation-linked bonds

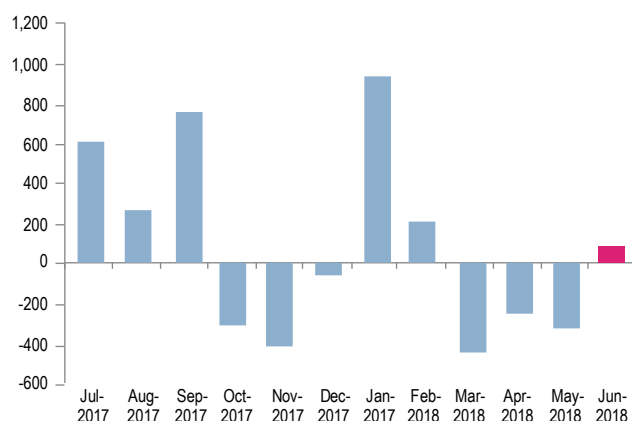
Monthly NNA on inflation-linked bonds ETFs



EM debt

EM debt inflows resume

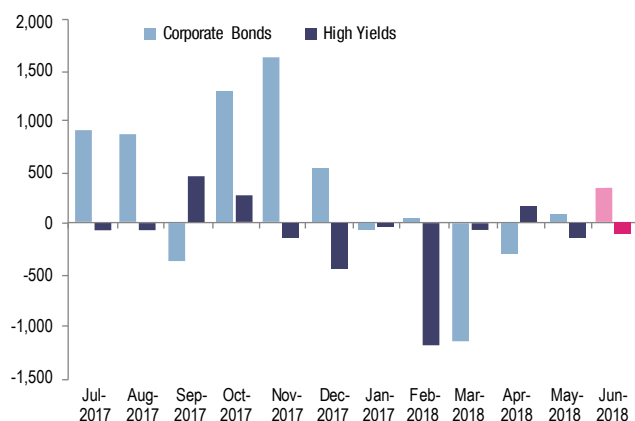
Monthly NNA on Emerging Market debt ETFs



Credit Market

HY bonds outdo IG peers

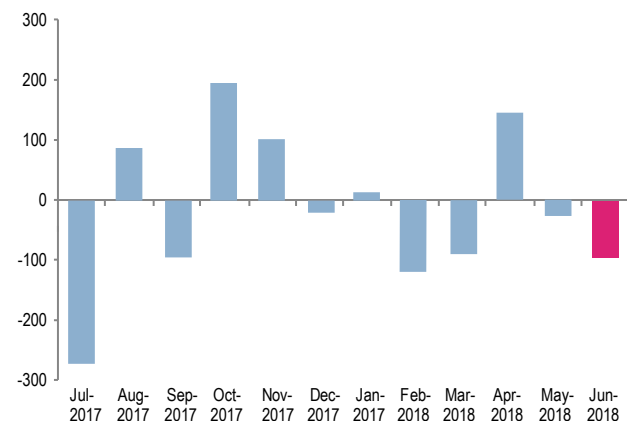
Monthly NNA on corporate & High Yield bond ETFs



Short Bond Strategy

Another negative month for short bond strategies

Monthly NNA short bond strategy ETFs



Source: Monthly data in EURM from 01/07/2017 to 30/06/2018, Bloomberg, Lyxor.
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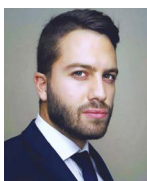
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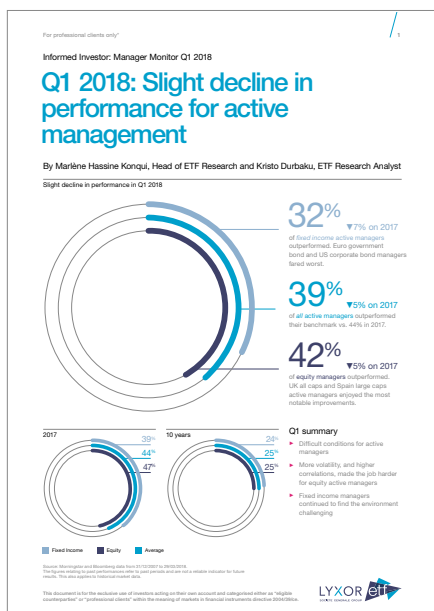
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