

# Informed Investor: Money Monitor

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

This document is 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 2014/65/EU.

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Lyxor ETF Research



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# An Indian summer for European ETF flows

After the records we saw set in September, European ETFs continued to enjoy steady inflows in October and gathered €10.7bn. Those inflows were predominantly driven by equity (+€5.3bn) and fixed income (+€2.7bn).

Flows into commodities continued (€+229 m) and smart beta ETF inflows remained relatively steady at €+492 m. Meanwhile, ESG ETFs keep breaking all records: monthly inflows of €1.9bn took their total for the year to €11.7bn.

## What happened last month?

- ▶ Another record for ESG flows
- ▶ A strong month for equities

 €10.7bn



Strong month for  
equities

€5.3bn



Fixed income flows  
steady

€2.7bn



Good month for  
commodities

€229m



Weaker month for  
smart beta

€492m



Record month for  
ESG ETFs

€1.9bn

## How does the YTD picture look?

- ▶ European ETFs enjoying a good year so far
- ▶ Fixed income, smart beta and ESG lead the way

 €70.3bn



Equity ETFs are  
finally catching-up  
after mixed start

€7.7bn



Still the best year so  
far for fixed income

€43bn



Weak year so far  
for commodities

€871m



Strong year so far  
for smart beta

€6.8bn



Record YTD flows  
for ESG

€11.7bn

Source: Monthly data in EURM from 01/01/2019 to 31/10/2019 Bloomberg, Lyxor International Asset Management.

Note: This report is based on the data available on 30/09/2019.

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

# Record flows into UK Equities

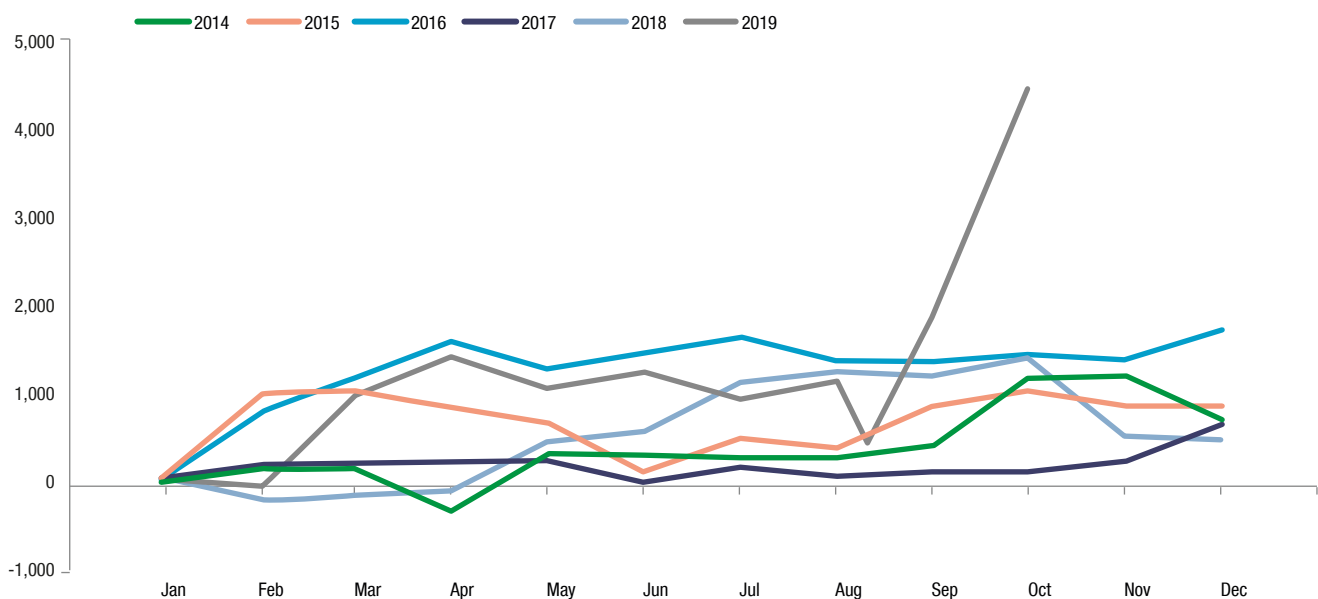
October was another strong month for Equity ETFs, but behind the headlines something unusual happened. US equity flows were surprisingly muted (+€52mn), while UK equities for once got the lion's share of the country flows (+€2.3bn out of +€2.6bn). After an already strong September (+€1.7bn), this presents a remarkable pattern: this is simply the market's best year-to-date asset gathering on our records, with +€4.4bn cumulated inflows so far.

The most likely catalysts are the developments in the Brexit saga. Despite it being one of the most eventful months in post-war UK politics, investors have responded constructively to the heavy newsflow. Three key elements - the House

of Commons' vote in favour of Boris Johnson's Brexit bill, the disagreement over the brevity of the period they were given to discuss and scrutinize it and the government's eventual request to extend the deadline (now January 2020) – prompted investors to progressively downplay the prospects of a no-deal outcome.

A general election is now planned for 12 December. Its consequences could be far-reaching and go well beyond the short-term implications of Brexit. Uncertainty still prevails in currency and equity markets. But after three years of wasteful "wait and see", investors seem to have identified a reasonable entry-point.

Cumulated NNAs into UK Equities (in € mn)



Source: Lyxor ETF, Bloomberg data from 01/01/2014 to 31/10/2019.

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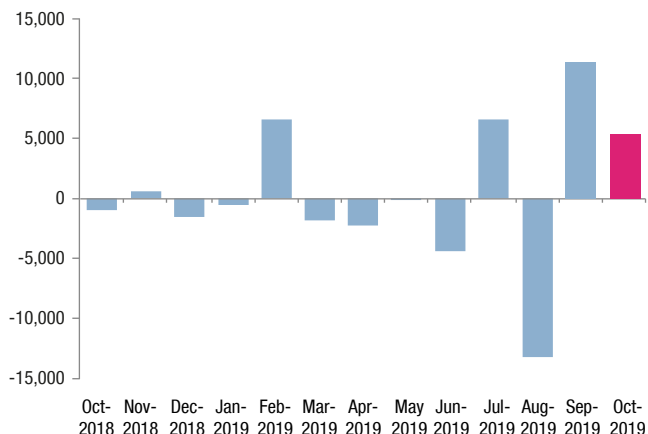
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# Strong month for equities

⬇️ €5.3bn

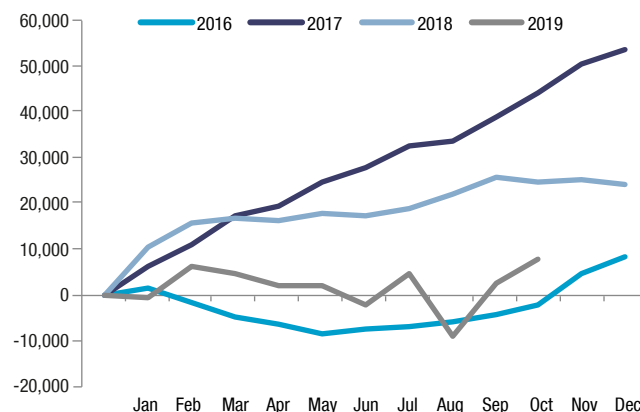
## Two successive positive months for equities for the first time this year

Monthly NNA into equity ETFs

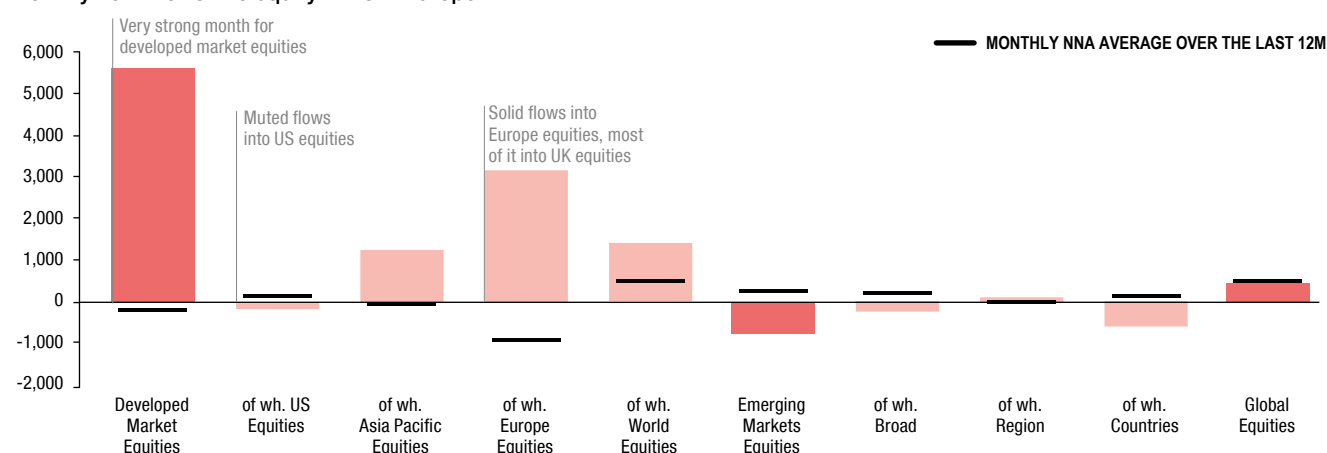


## Equity ETF inflows are getting back on track

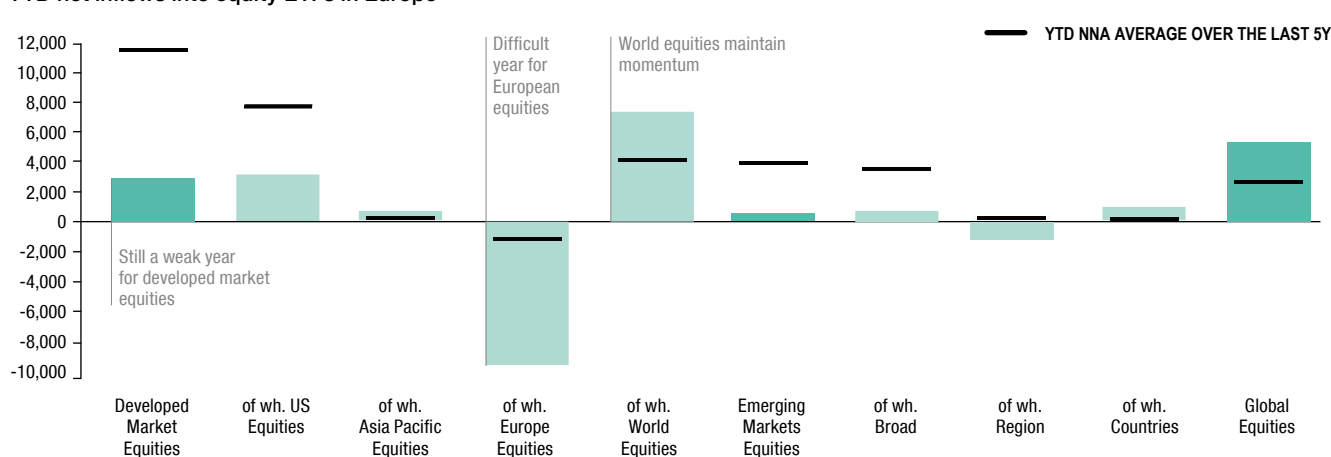
Cumulated monthly NNA into equity ETFs



## Monthly net inflows into equity ETFs in Europe



## YTD net inflows into equity ETFs in Europe



Source: Monthly data from 01/01/2016 to 31/10/2019, Bloomberg, Lyxor International Asset Management.

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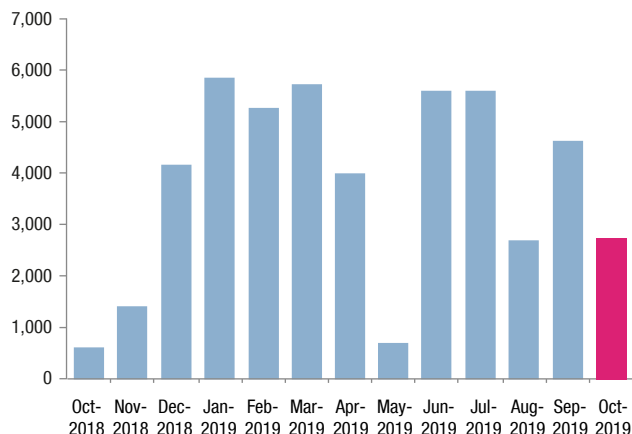
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# Fixed income flows steady

↓ €2.7bn

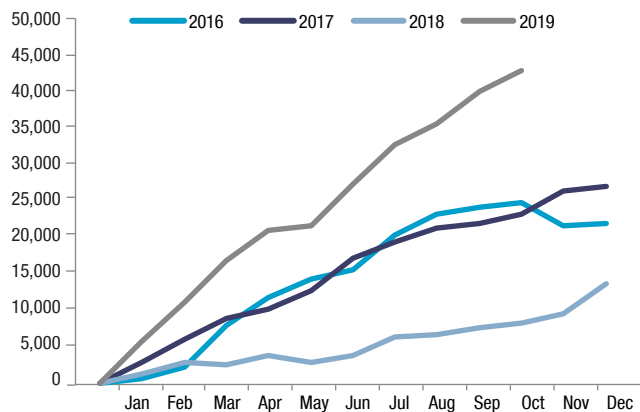
## Steady flows into fixed income ETFs

Monthly NNA into fixed income ETFs

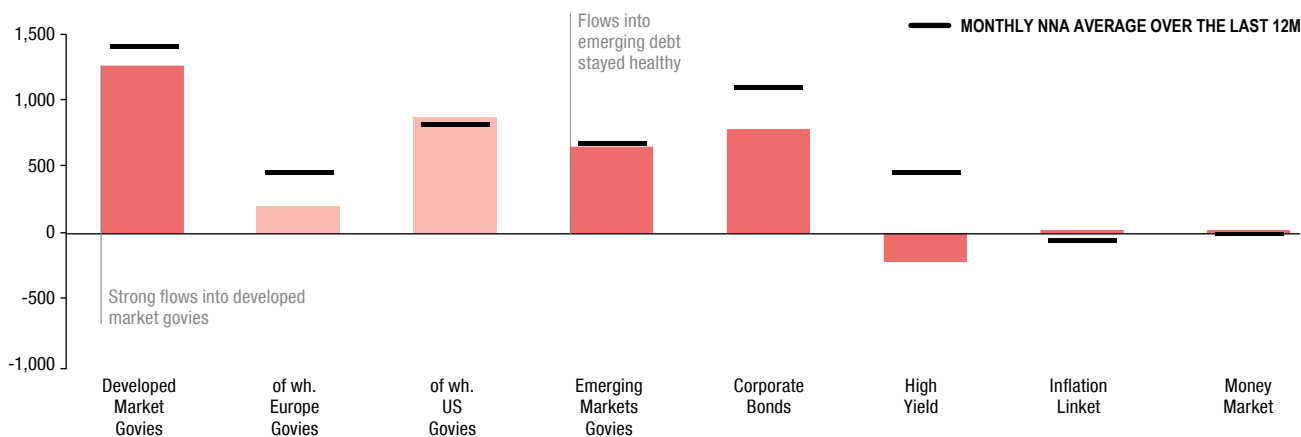


## Best year so far for fixed income ETFs

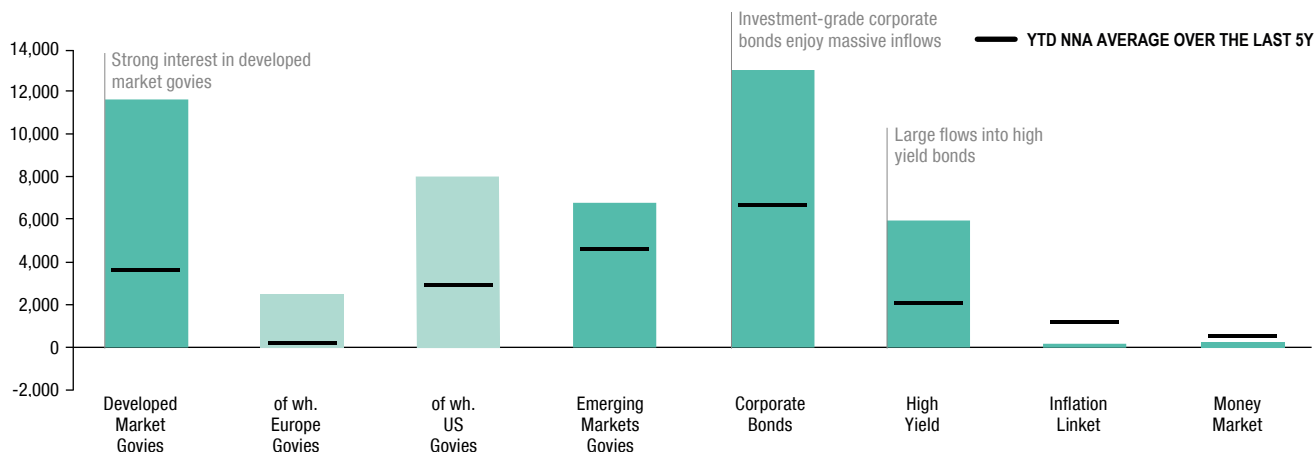
Cumulated monthly NNA on fixed income ETFs



## Monthly net inflows on fixed income ETFs in Europe



## YTD net inflows on fixed income ETFs



Source: Monthly data from 01/01/2016 to 31/10/2019, Bloomberg, Lyxor International Asset Management.

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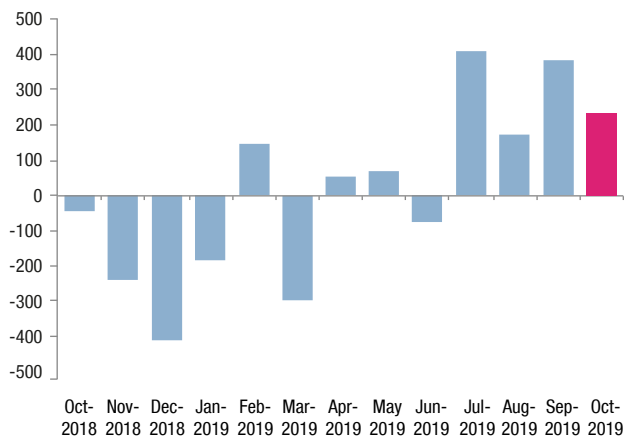
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# Good month for commodities

↓ €229m

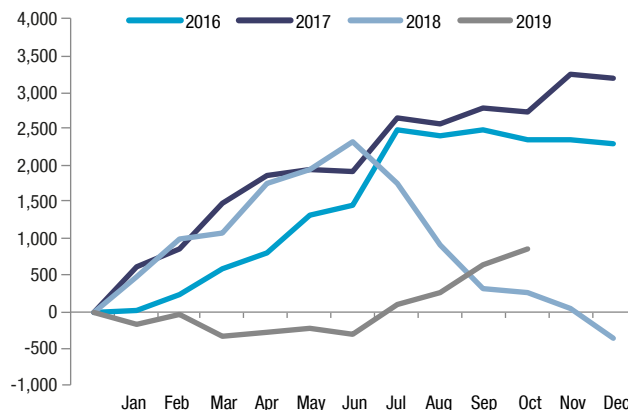
## Flows into commodity ETFs maintain their momentum

Monthly NNA into commodity ETFs

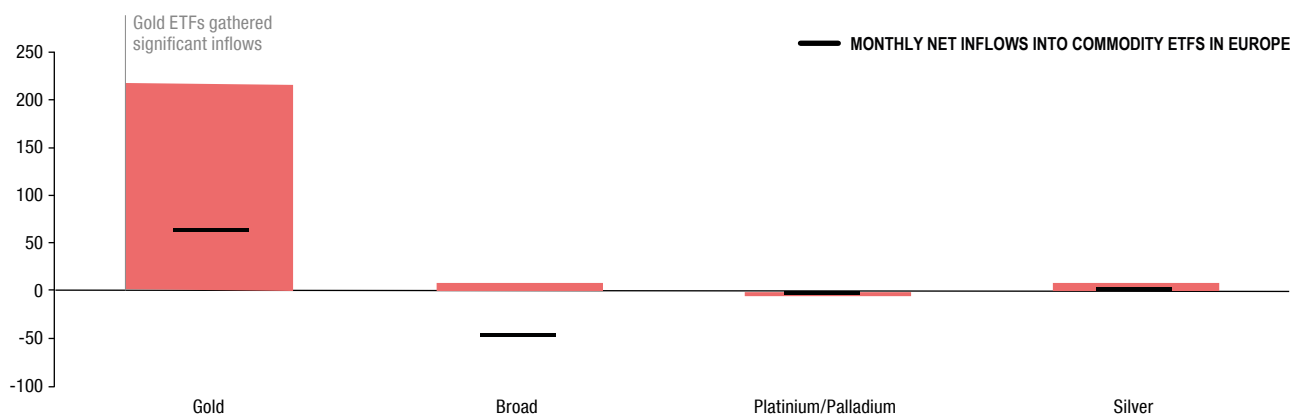


## Flows into commodity ETFs continue

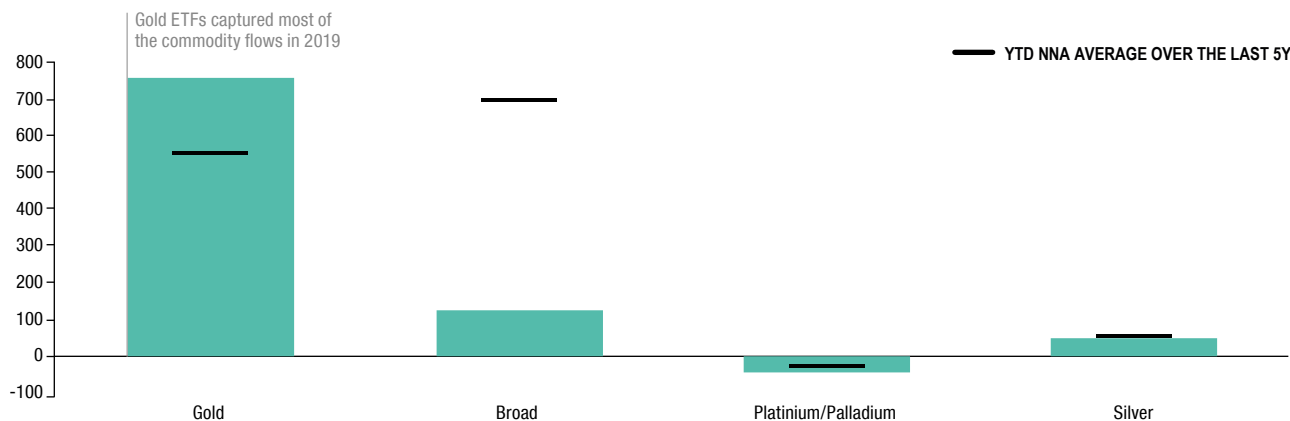
Cumulated monthly NNA on commodity ETFs



## Monthly net inflows into commodity ETFs in Europe



## YTD net inflows into commodity ETFs in Europe



Source: Monthly data from 01/01/2016 to 31/10/2019, Bloomberg, Lyxor International Asset Management.

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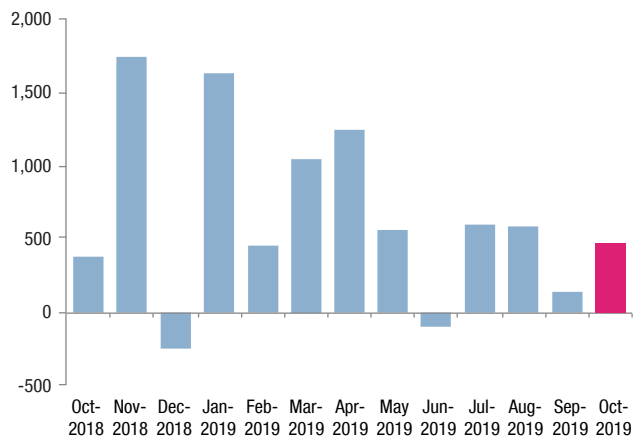
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# Weaker month for smart beta

↑ €492m

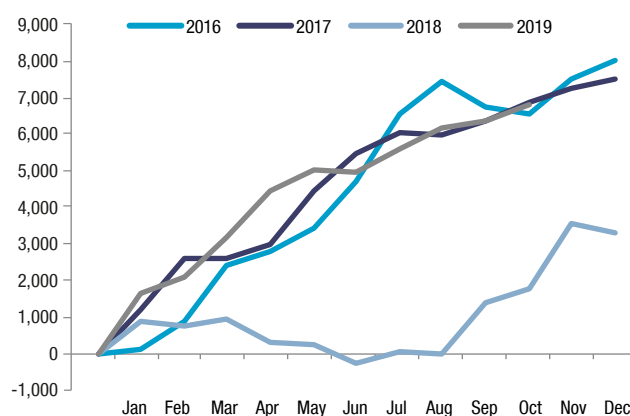
## Slow, but steady flows into smart beta ETFs

Monthly NNA into smart beta ETFs

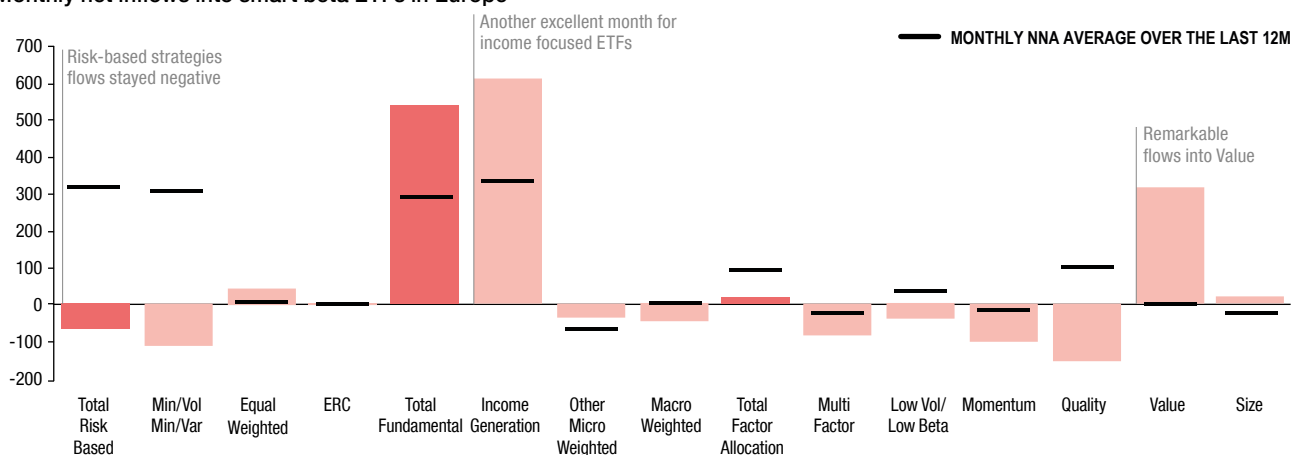


## Smart beta ETFs flows are still on track for a strong year

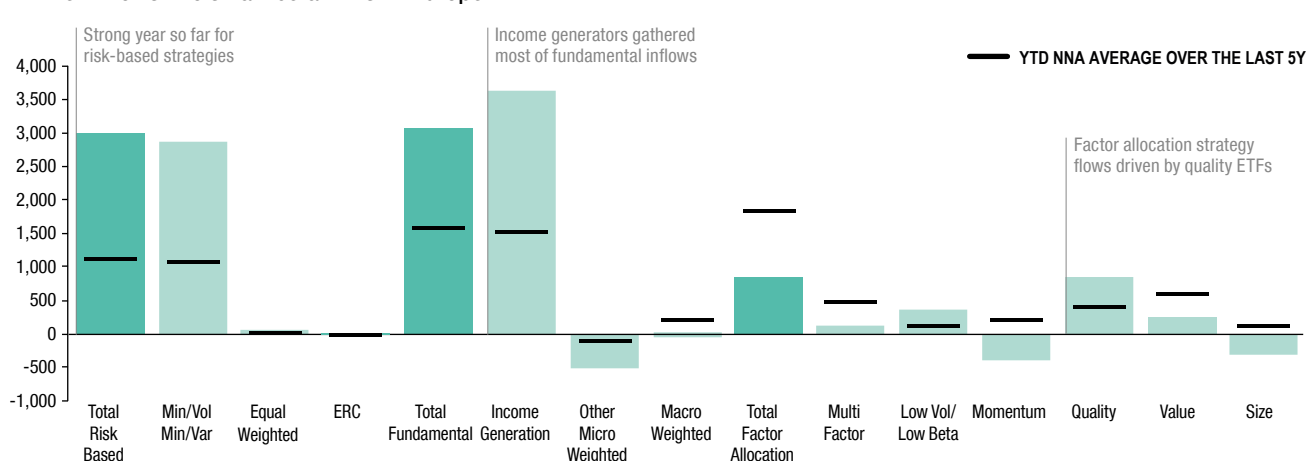
Cumulated monthly NNA into smart beta ETFs



## Monthly net inflows into smart beta ETFs in Europe



## YTD net inflows into smart beta ETFs in Europe



Source: Monthly data from 01/01/2016 to 31/10/2019, Bloomberg, Lyxor International Asset Management.

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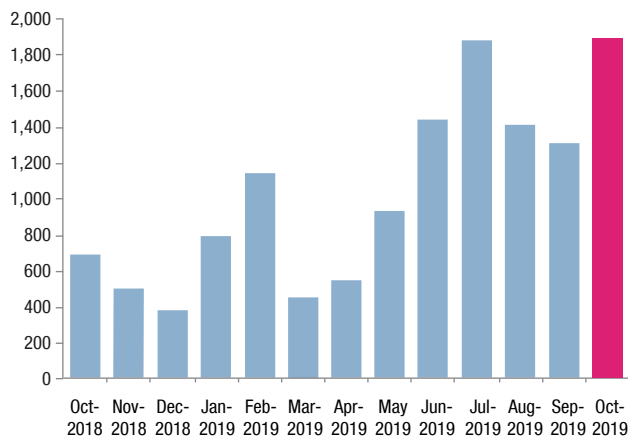


# Record month ESG ETFs

↑ €1.9bn

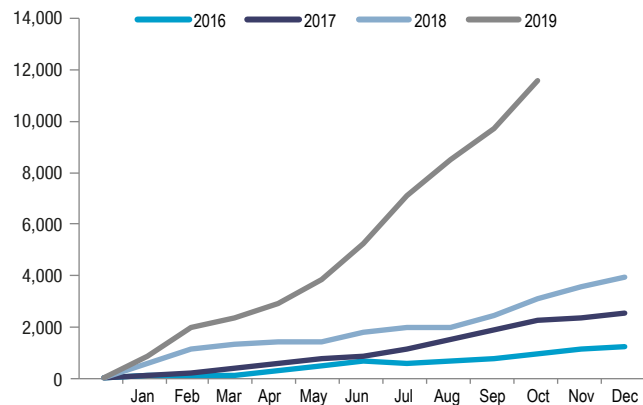
## A new record month for ESG ETFs

Monthly NNA into ESG ETFs

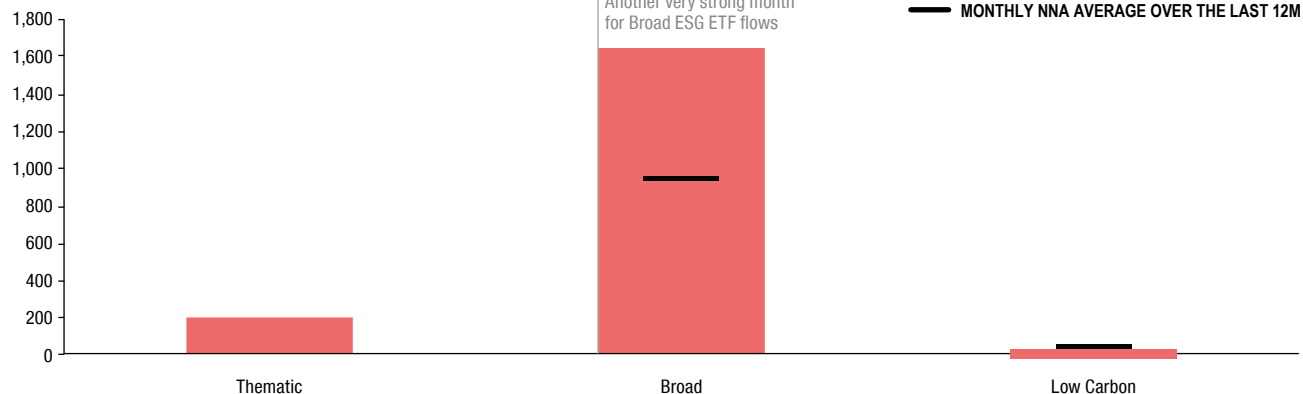


## Flows into ESG ETFs are unprecedented

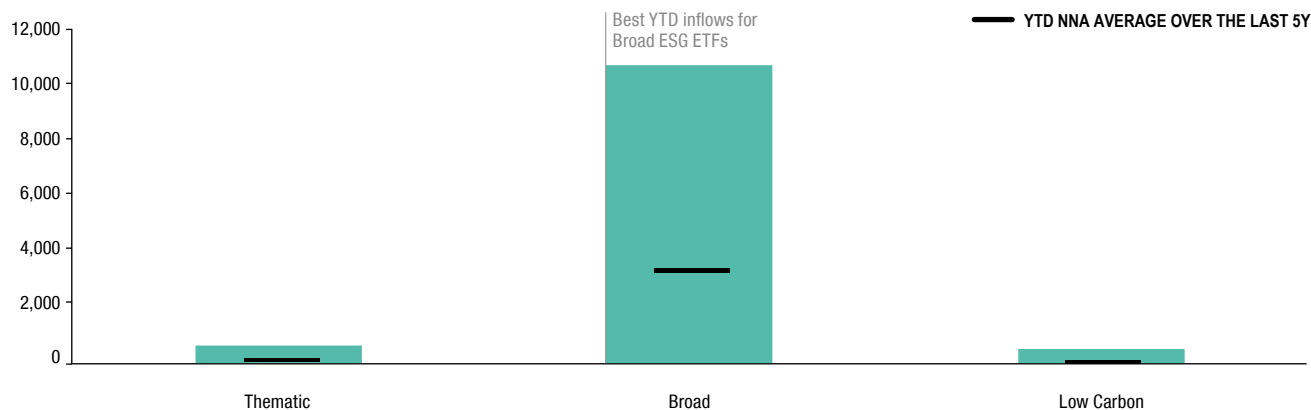
Cumulated monthly NNA into ESG ETFs



## Monthly net inflows into ESG ETFs in Europe



## YTD net inflows into ESG ETFs in Europe



Source: Monthly data from 01/01/2016 to 31/10/2019, Bloomberg, Lyxor International Asset Management.

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# Dive deeper

Check out our quarterly and annual reports, they dive deeper into the numbers that matter, and help to tell the story of what might have driven these results.

Check out the  
Alpha/Beta Allocator Q2 2019

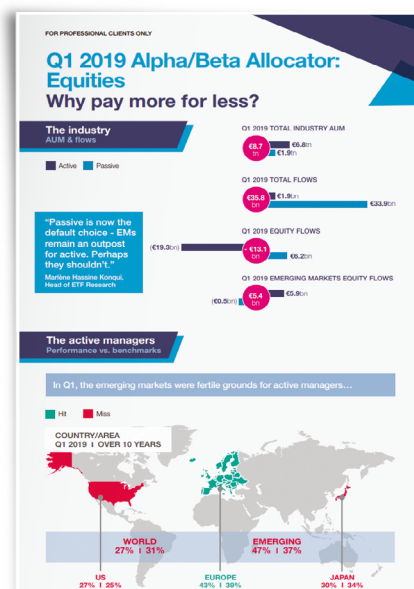
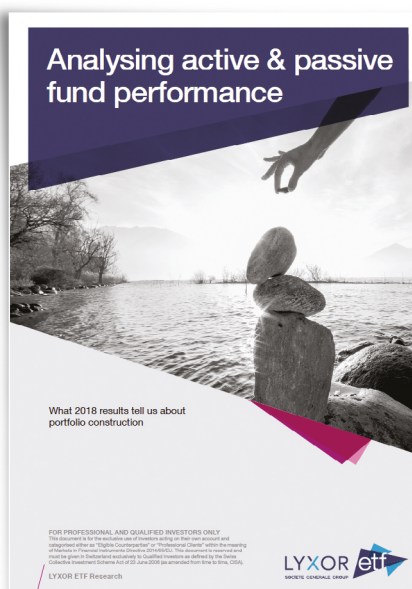
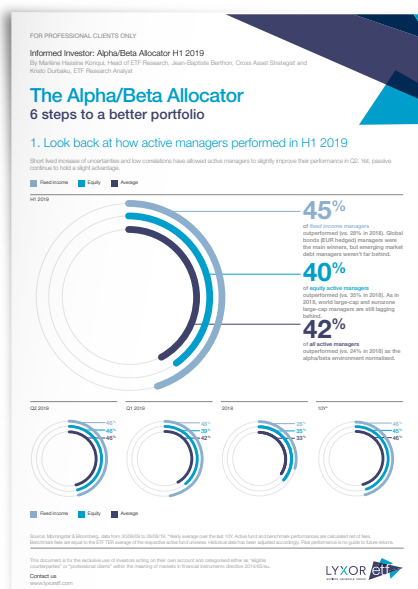
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allocation perspective-Q1 2019

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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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