

THOMSON REUTERS LIPPER

EUROPEAN ETF MARKET REPORT: April 2017

Please attribute the content to Detlef Glow, Thomson Reuters Lipper's head of EMEA research and the author of this report.

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EXECUTIVE SUMMARY

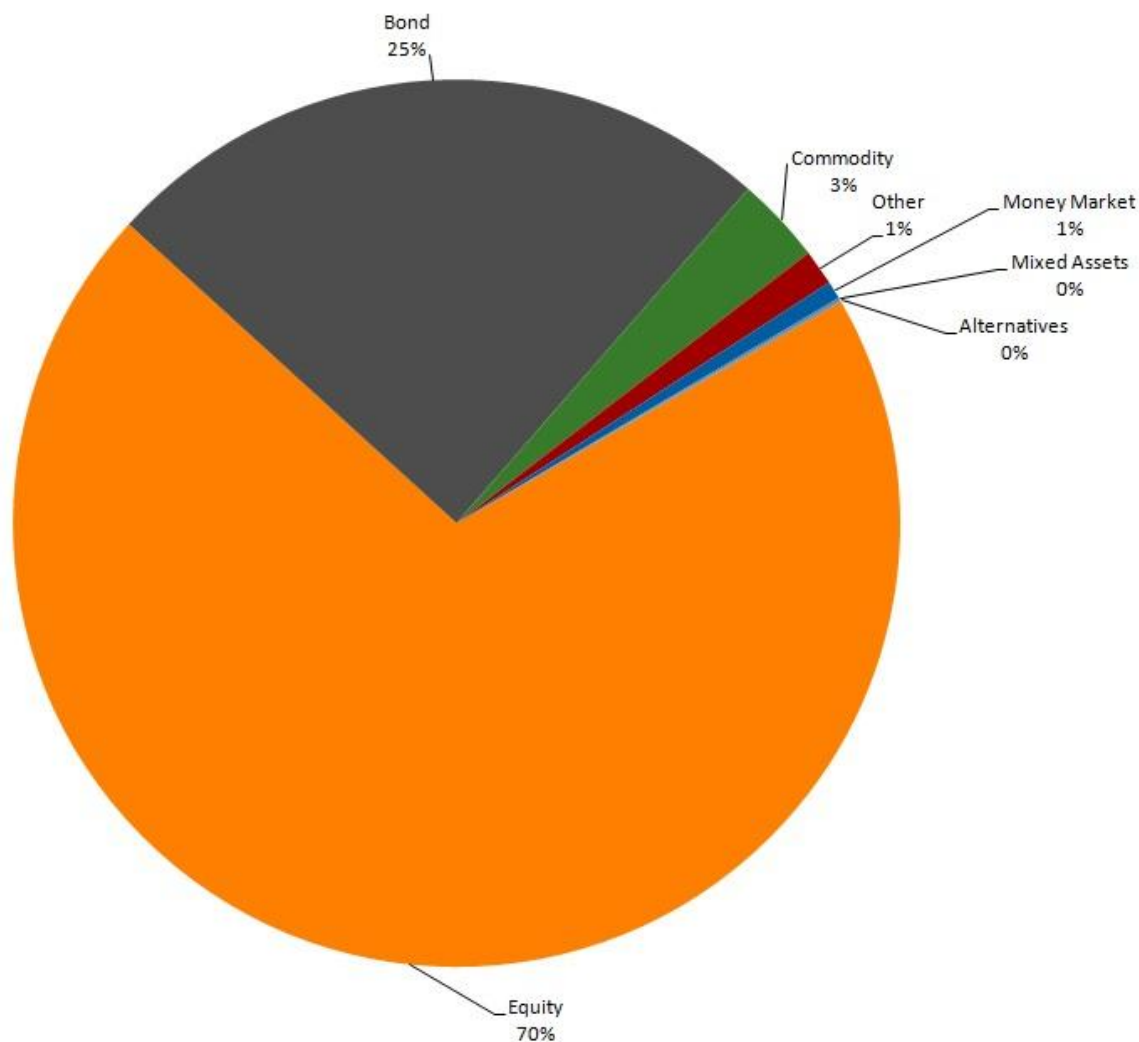
- Net inflows, in combination with positive market impacts, led to increased assets under management in the European ETF industry (€570.6 bn) for April, up from €565.1 bn at the end of March.
- Equity ETFs (+€2.3 bn) posted for April their seventh consecutive month of having the highest net inflows in the European ETF industry.
- The best selling Lipper global classification for March was Equity Eurozone (+€1.6 bn), followed by Bond USD Corporates (+€1.0 bn) and Equity Emerging Markets Global (+€0.8 bn).
- **Amundi ETF**, with net sales of €1.6 bn, was the best selling ETF promoter in Europe for April, followed by **UBS ETF** (+€1.1 bn) and **Lyxor ETF** (+€0.8 bn).
- The ten best selling funds gathered total net inflows of €3.7 bn for April.
- The best selling ETF for April, **iShares EURO STOXX 50 (DE)**, accounted for net inflows of €0.7 bn or 17.1% of the overall net inflows.



REVIEW OF THE EUROPEAN ETF MARKET, APRIL 2017

The promoters of exchange-traded funds (ETFs) enjoyed net inflows for April. These net inflows, in combination with positive market impacts, led to increased assets under management in the European ETF industry (€570.6 bn) for April, up from €565.1 bn at the end of March. The increase of €5.5 bn for April was driven mainly by net new sales (+€4.1 bn), while market performance contributed €1.4 bn to the increase of assets under management in the ETF segment. With regard to the overall number of products, it was not surprising that equity funds (€400.1 bn) held the majority of the assets, followed by bond funds (€140.6 bn), commodity products (€18.1 bn), “other” funds (€7.4 bn), money market funds (€3.7 bn), mixed-asset funds (€0.5 bn), and alternative UCITS products (€0.3 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, April 30, 2017



Source: Thomson Reuters Lipper

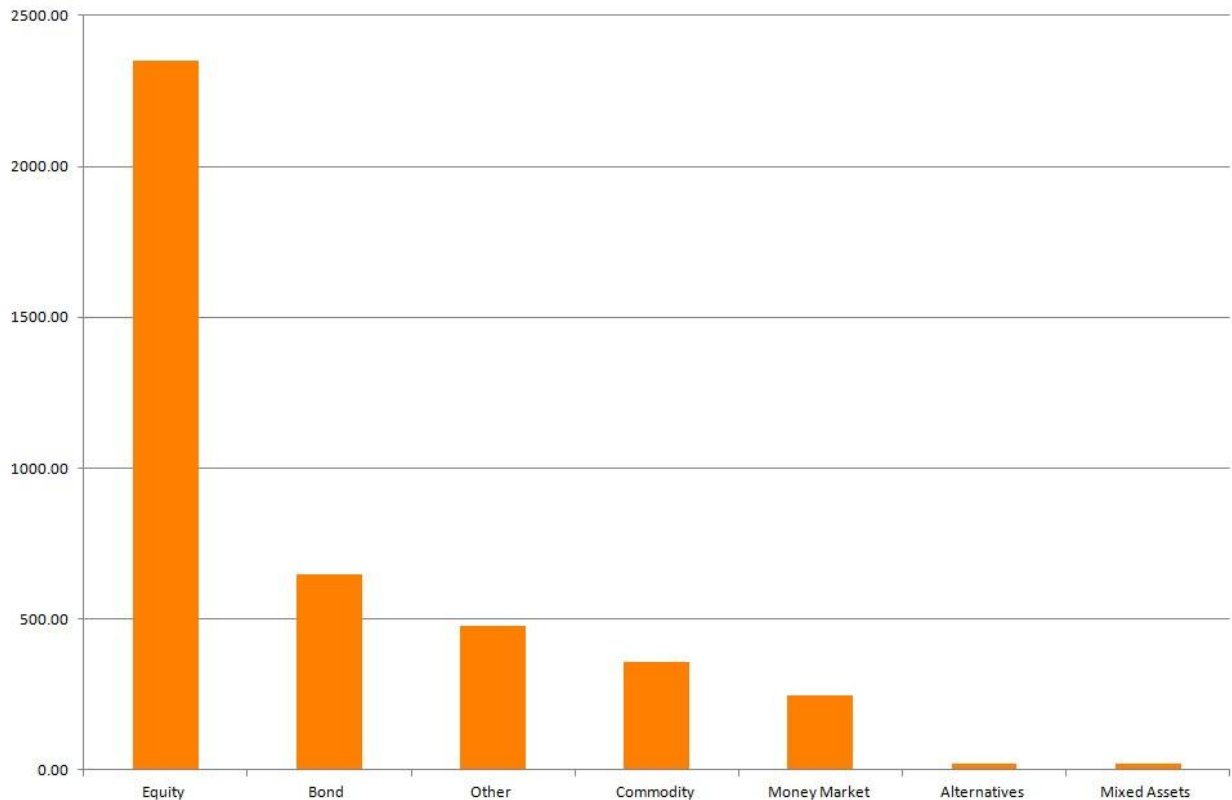


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Fund Flows by Asset Type

Equity ETFs (+€2.3 bn) posted for April their seventh consecutive month of having the highest net inflows in the European ETF industry, followed by bond ETFs (+€0.7 bn), “other” ETFs (+€0.5 bn), commodity ETFs (+€0.4 bn), and money market ETFs (+€0.2 bn) as well as alternative UCITS ETFs (+€0.02 bn) and mixed-asset ETFs (+€0.02 bn).

Graph 2: Estimated Net Sales, April 2017 (Euro Millions)



Source: Thomson Reuters Lipper

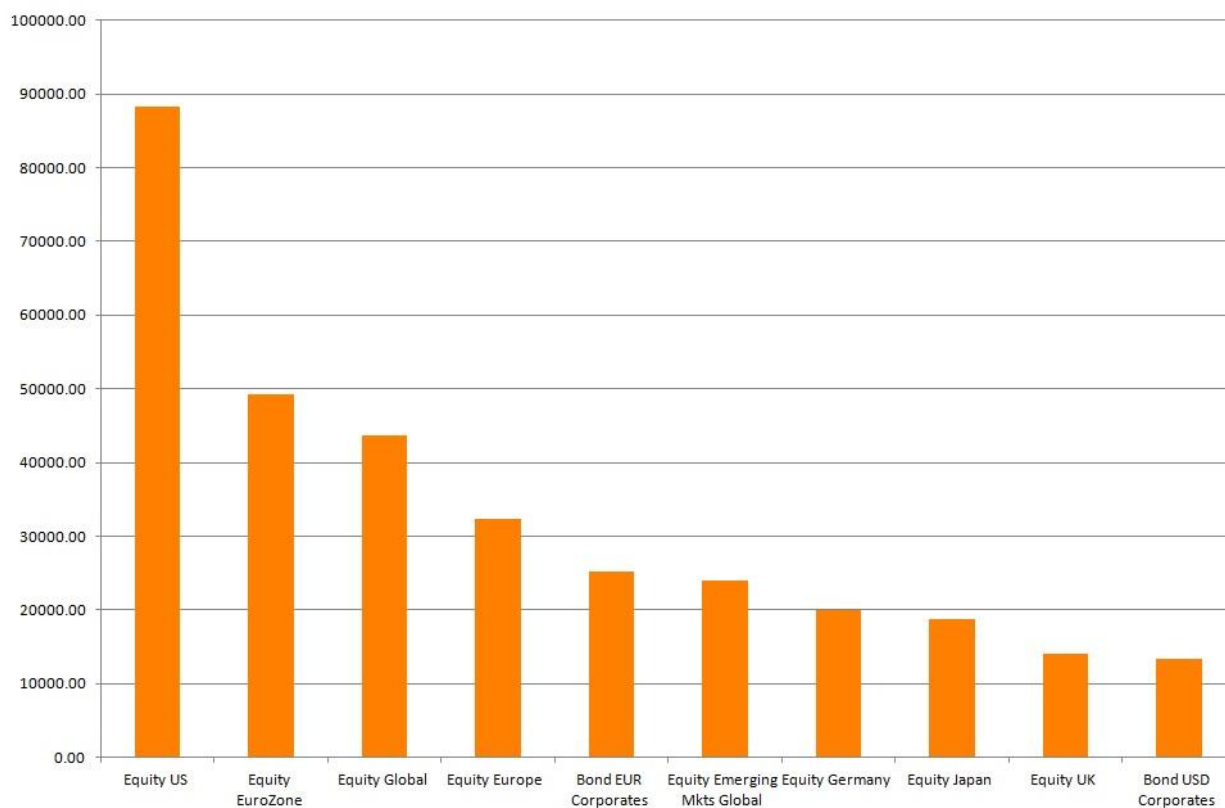


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Assets Under Management by Lipper Global Classifications

With regard to the Lipper global classifications, the European ETF market was split into 162 different peer groups. The highest assets under management at the end of April were held by funds classified as Equity US (€88.3 bn), followed by Equity Eurozone (€49.3 bn), Equity Global (€43.7 bn), and Equity Europe (€32.3 bn) as well as Bond EUR Corporates (€25.3 bn). These five peer groups accounted for 41.87% of the overall assets under management in the European ETF segment, while the ten top classifications by assets under management accounted for 57.62%. Overall, 20 of the 162 peer groups each accounted for more than 1% of the assets under management. In total, these 20 peer groups accounted for €410.3 bn or 71.90% of the overall assets under management. These numbers showed that the assets under management in the European ETF industry continued to be highly concentrated.

Graph 3: Ten Top Lipper Global Classifications by Assets Under Management, April 30, 2017 (Euro Millions)



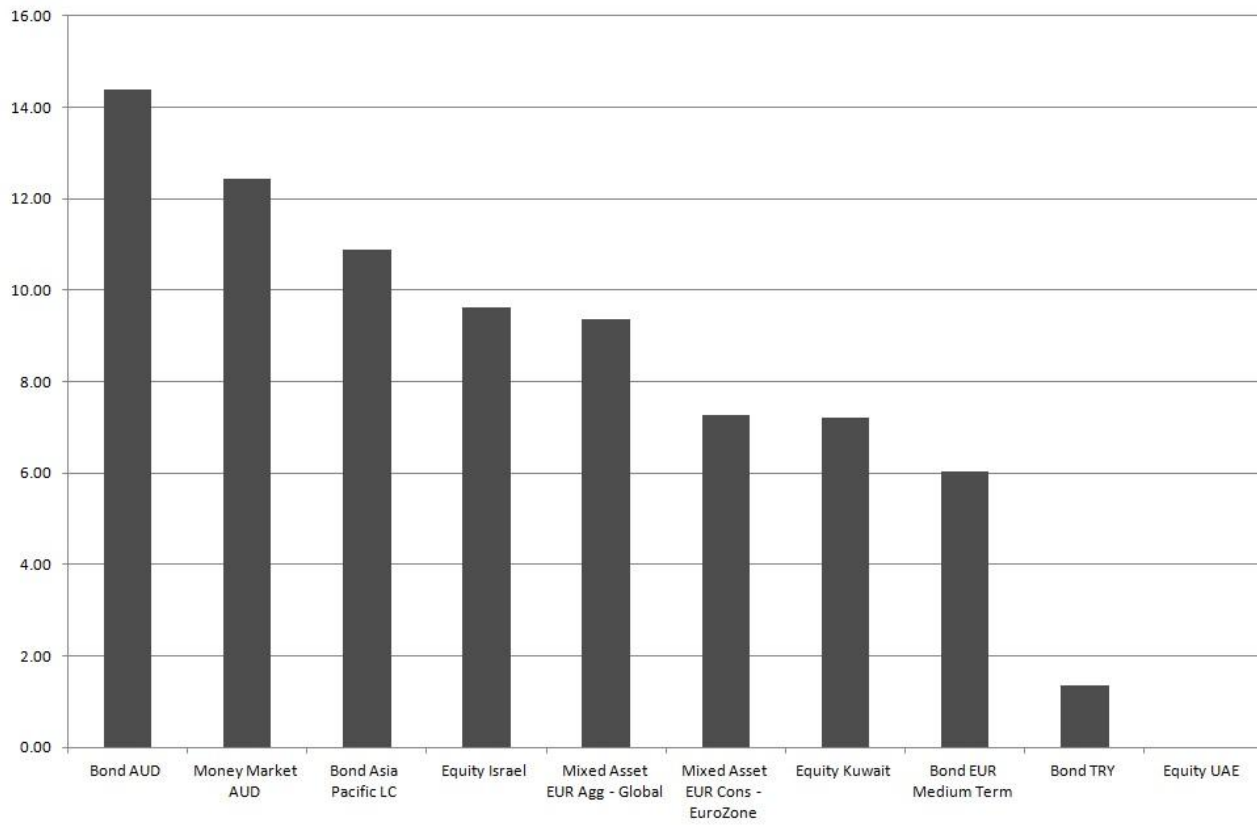
Source: Thomson Reuters Lipper

The peer groups on the other side of the table showed that some funds in the European ETF market are quite low in assets and may face the risk of being closed in the near future. They are obviously lacking investor interest and might therefore not be profitable for the respective fund promoters.



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Graph 4: Ten Smallest Lipper Global Classifications by Assets Under Management, April 30, 2017 (Euro Millions)



Source: Thomson Reuters Lipper

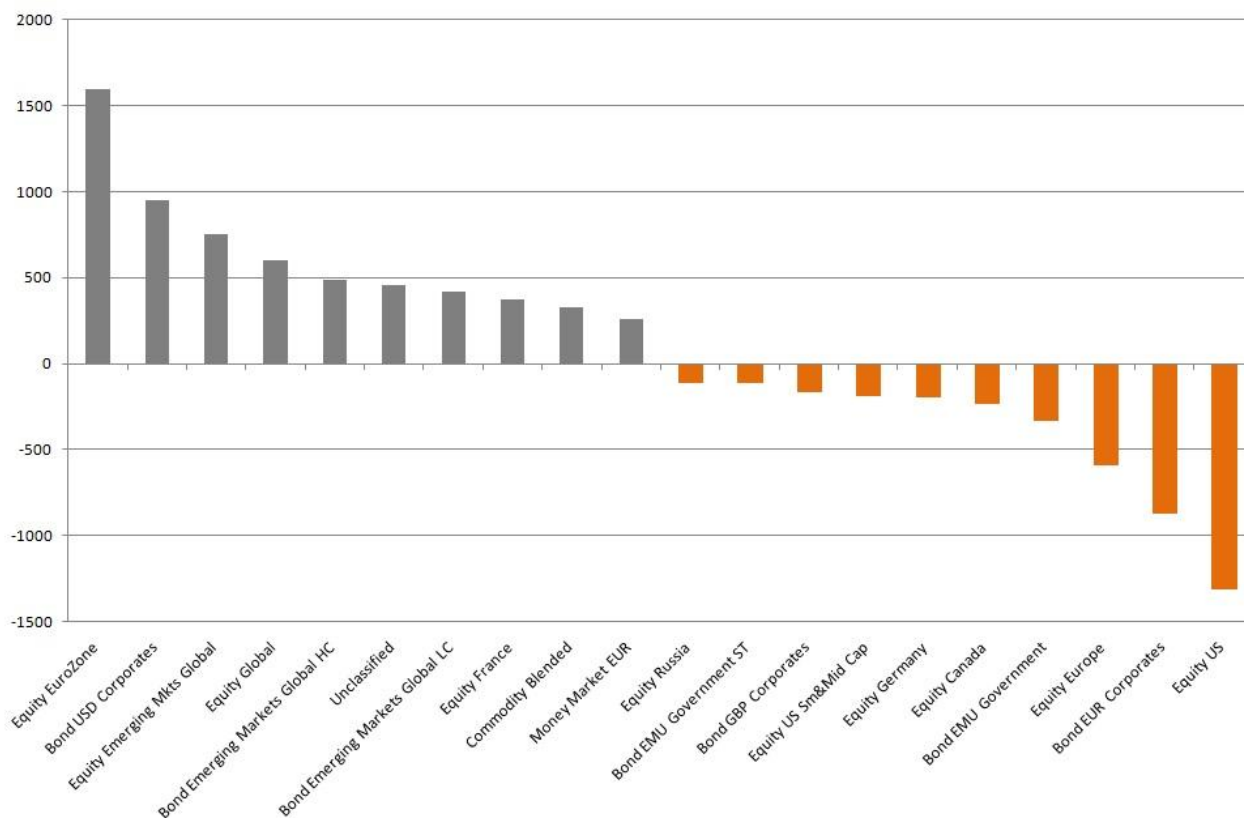


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Fund Flows by Lipper Global Classifications

With regard to the overall sales for April, it was surprising that only four equity peer groups were among the ten best selling Lipper classifications. The best selling Lipper global classification for March was Equity Eurozone (+€1.6 bn), followed by Bond USD Corporates (+€1.0 bn) and Equity Emerging Markets Global (+€0.8 bn). The inflows of the ten best selling Lipper classifications equalled to 80.05% of the overall net inflows. These numbers showed that the European ETF segment is also highly concentrated with regard to fund flows by sectors. Generally speaking, one would expect the flows into ETFs to be concentrated, since investors often use ETFs to implement their market views and short-term asset allocation decisions; these products are made for and therefore are easy to use for these purposes.

Graph 5: Ten Best and Worst Selling Lipper Global Classifications by Estimated Net Sales, April 2017 (Euro Millions)



Source: Thomson Reuters Lipper

On the other side of the table the ten peer groups with the highest net outflows for April accounted for €4.1 bn of outflows. Equity US (-€1.3 bn) faced the highest net outflows, bettered somewhat by Bond EUR Corporates (-€0.9 bn) and Equity Europe (-€0.6 bn).

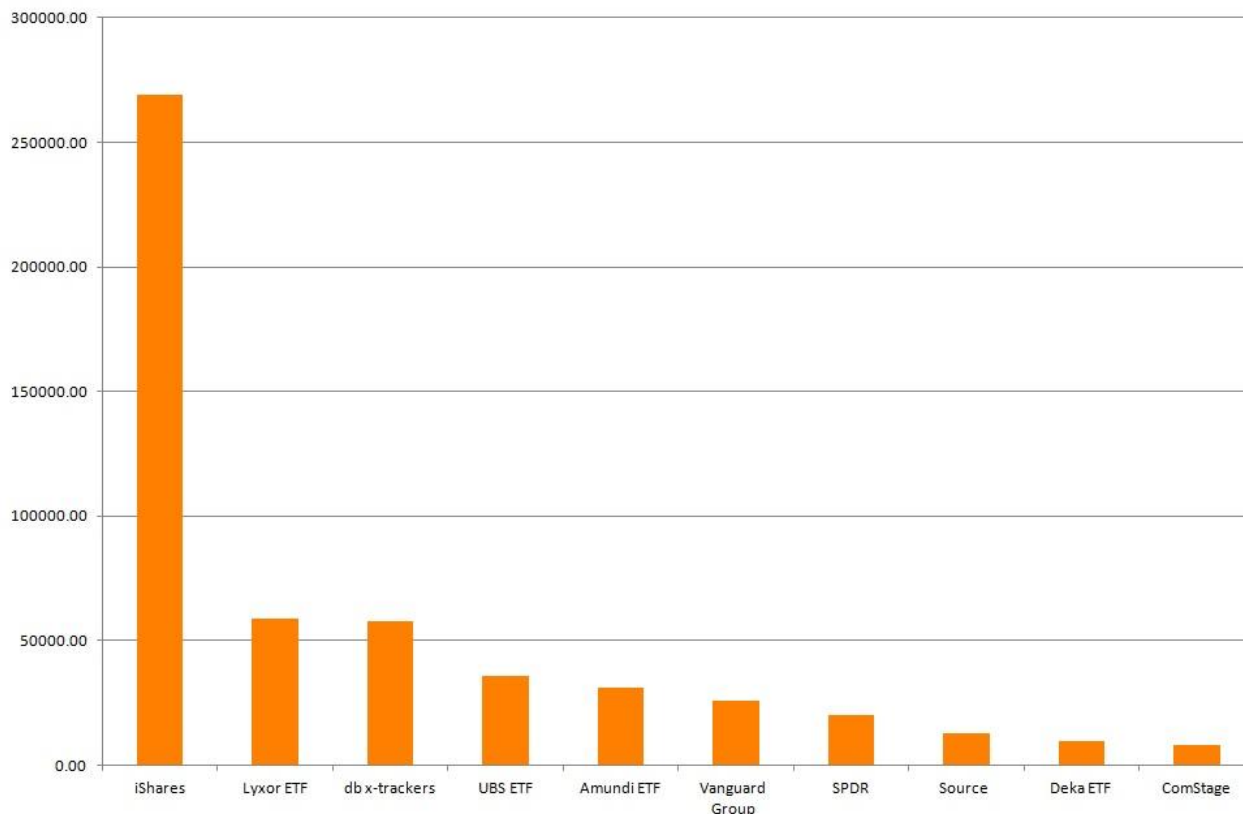


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Assets Under Management by Promoters

A closer look at the assets under management in the European ETF industry by promoters also showed high concentration, since only 20 of the 51 ETF promoters in Europe held assets at or above €1.0 bn each. The largest ETF promoter in Europe—**iShares** (€268.9 bn)—accounted for 47.13% of the overall assets under management, far ahead of the number-two promoter—**Lyxor ETF** (€58.7 bn)—and the number-three promoter—**db x-trackers** (€58.0 bn). (To learn more about the concentration of the European ETF market at the promoter level, please read our report: [Facts about the concentration in the European ETF industry](#))

Graph 6: Ten Top ETF Promoters by Assets Under Management, April 30, 2017 (Euro Millions)



Source: Thomson Reuters Lipper

The ten top promoters accounted for 92.77% of the overall assets under management in the European ETF industry. This meant in turn that the other 41 fund promoters registering at least one ETF for sale in Europe accounted for only 7.23% of the overall assets under management.

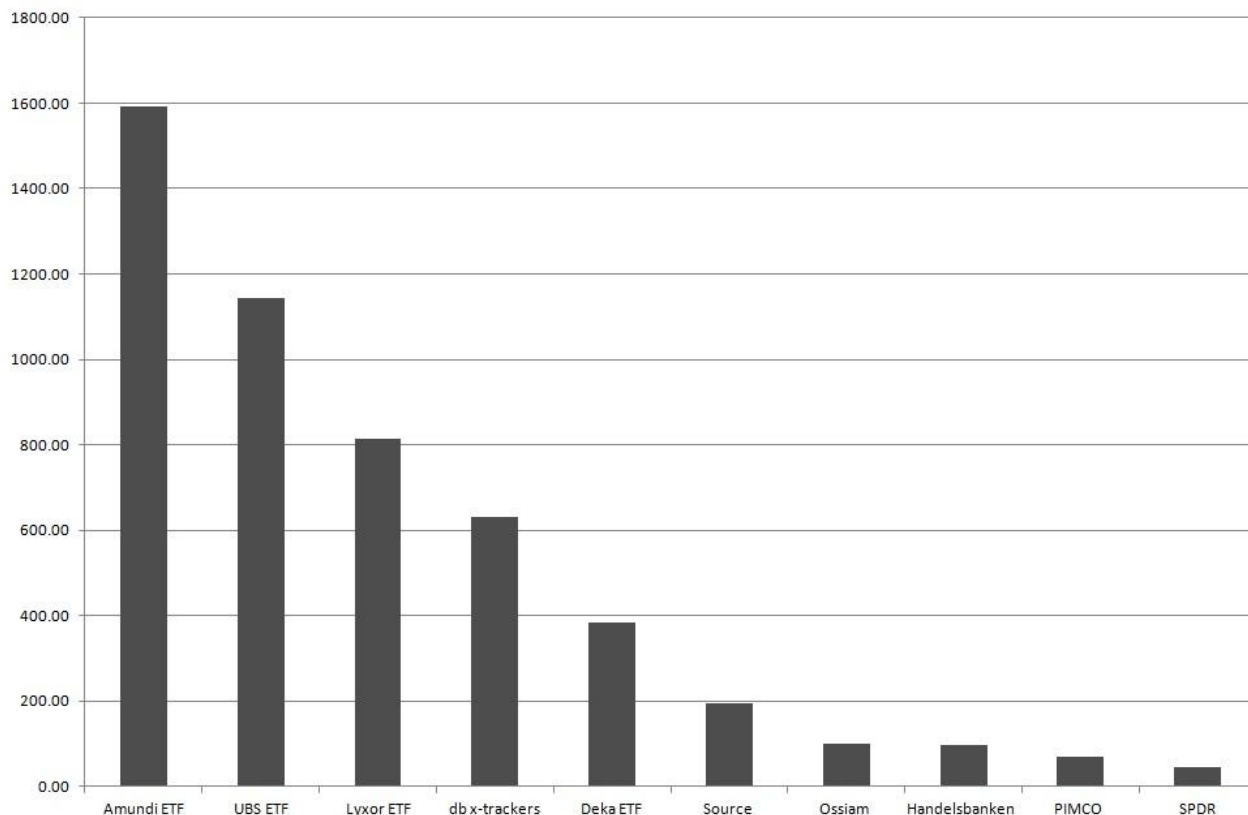


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Fund Flows by Promoters

Since the European ETF market is highly concentrated, it is not surprising that seven of the ten largest promoters by assets under management were also among the ten top-selling ETF promoters for April. But it **was** surprising that Europe's largest ETF promoter—**iShares**—was not among this group. **Amundi ETF**, with net sales of €1.6 bn, was the best selling ETF promoter in Europe for April, followed by **UBS ETF** (+€1.1 bn) and **Lyxor ETF** (+€0.8 bn).

Graph 7: Ten Best Selling ETF Promoters, April 2017 (Euro Millions)



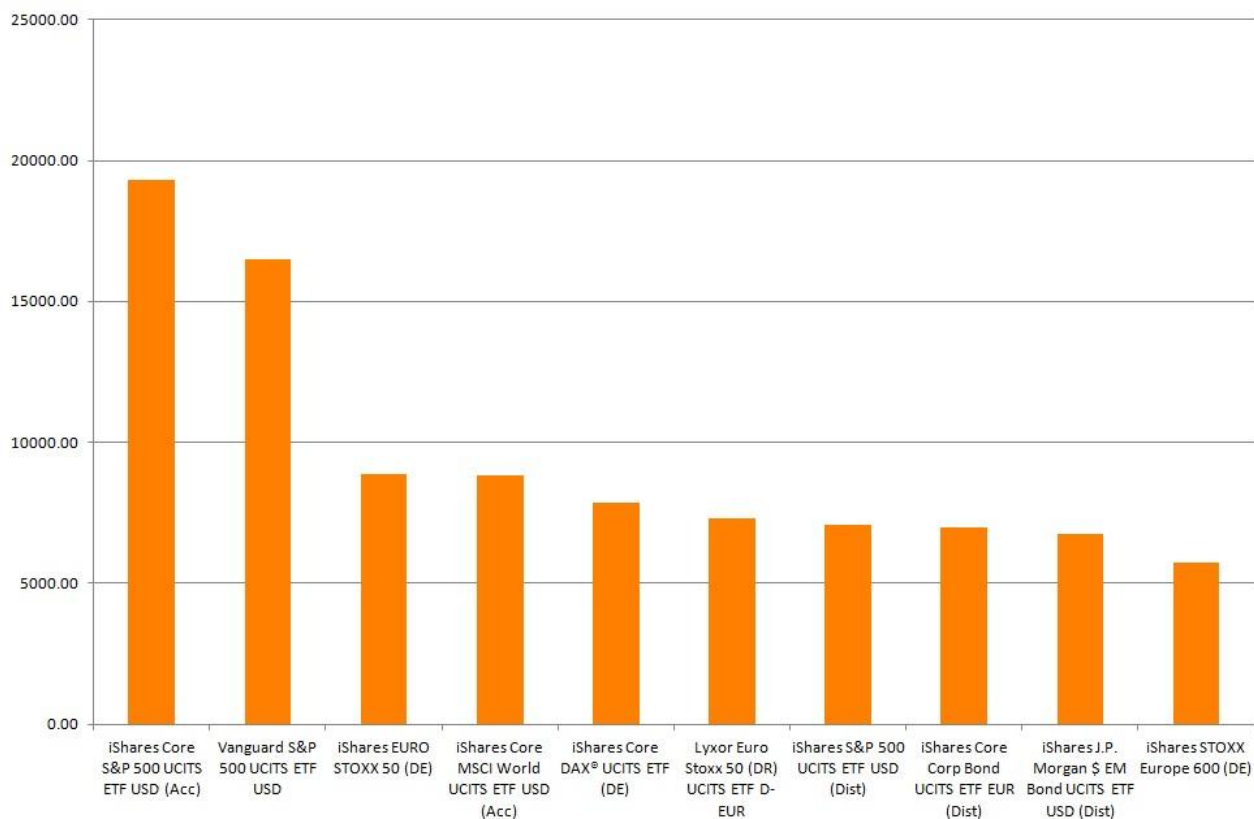
Source: Thomson Reuters Lipper

Since the flows of the ten top promoters accounted for 123.21% of the overall estimated net flows into ETFs in Europe for April, it was clear that some of the 51 promoters (14) faced net outflows (-€1.0 bn in total) over the course of April.

Assets Under Management by Funds

There were 2,138 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of April. With regard to the overall market pattern it was not surprising that the assets under management at the ETF level were also highly concentrated. Only 128 of the 2,138 instruments held assets above €1.0 bn each. These products accounted for €337.5 bn or 59.15% of the overall assets in the European ETF industry. The ten largest ETFs in Europe accounted for €95.1 bn or 16.67% of the overall assets under management. (Please read our study: [Is the European ETF industry dominated by only a few funds?](#) to learn more about the concentration at the single-fund level in the European ETF industry.)

Graph 8: Ten Largest ETFs by Assets Under Management, April 30, 2017 (Euro Millions)



Source: Thomson Reuters Lipper

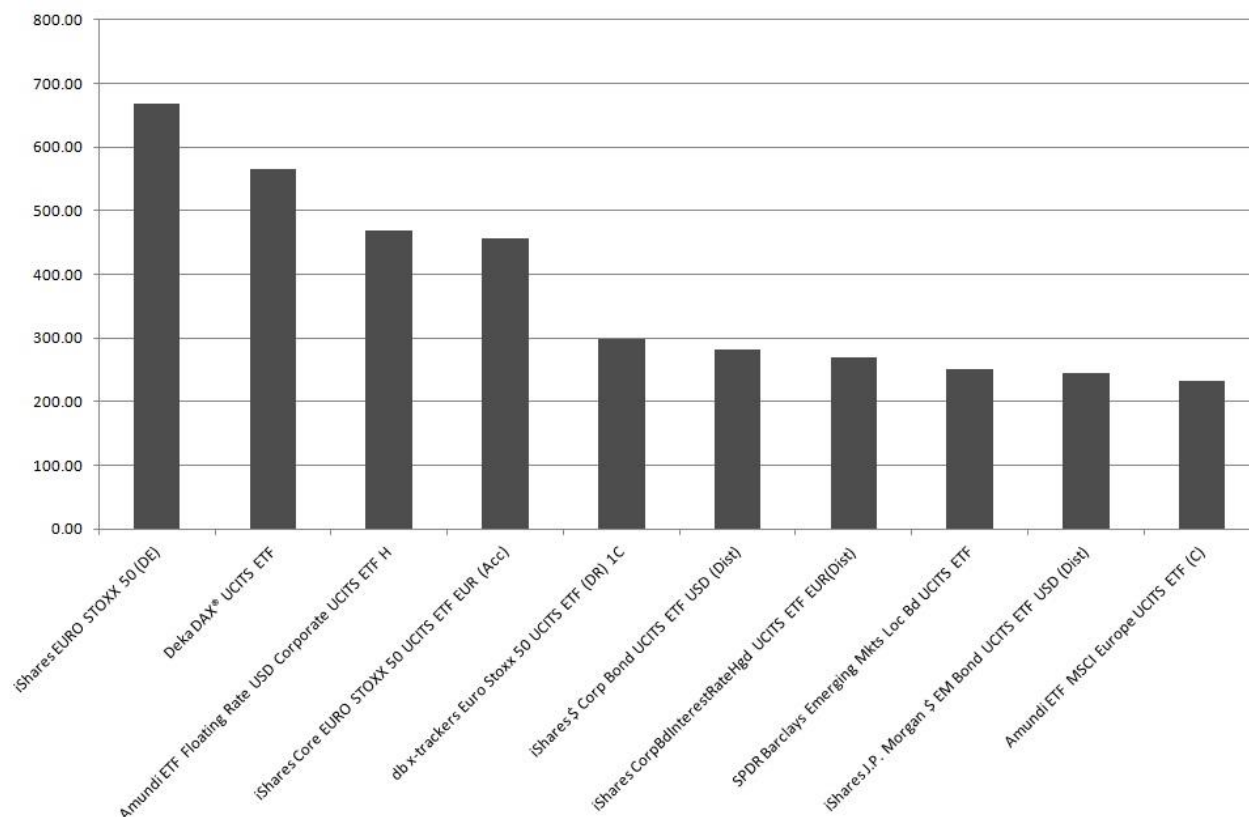


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ETF Flows by Funds

A total of 664 of the 2,138 instruments analyzed in this report showed net inflows of more than €10,000 each for April, accounting for €15.7 bn or 382.55% of the overall net flows. This meant in turn that the other 1,474 instruments faced no flows or net outflows for the month. In more detail only 36 of the 664 ETFs posting net inflows enjoyed inflows of more than €100 m each during April, summing to €7.7 bn. The best selling ETF for April, **iShares EURO STOXX 50 (DE)**, accounted for net inflows of €0.7 bn or 17.07% of the overall net inflows; it was followed by **Deka DAX® UCITS ETF** (+€0.6 bn) and **Amundi ETF Floating Rate USD Corporate UCITS ETF H** (+€0.5 bn).

Graph 9: Ten Best Selling ETFs, April 2017 (Euro Millions)



Source: Thomson Reuters Lipper

The flow pattern at the fund level showed the concentration even better than the statistics at the promoter or classification level. Despite the fact that **iShares** wasn't in the list of the ten best selling ETF promoters in Europe, five of the ten best selling funds for April were promoted by **iShares** and accounted for total net inflows of €1.9 bn or 46.69% of the net inflows in the European ETF segment.



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