

# THOMSON REUTERS LIPPER

## EUROPEAN ETF MARKET REVIEW—H1-2017

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

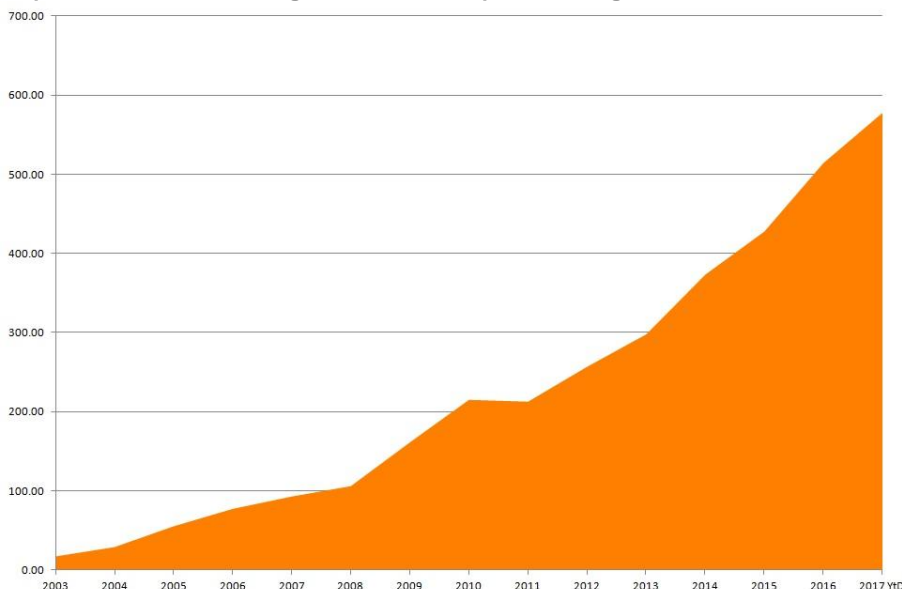
- The promoters of ETFs enjoyed high net inflows over the course of first half 2017. In combination with positive market performance the assets under management in the European ETF industry (€577.8 bn) increased for H1-2017, up from €514.5 bn at the end of December 2016.
- Equity ETFs (+€31.6 bn) posted the highest net inflows in the European ETF industry for first half 2017.
- The highest assets under management at the end of June were held by funds classified as Equity US (€87.1 bn), followed by Equity Eurozone (€50.2 bn) and Equity Global (€44.8 bn).
- The best selling Lipper global classification for H1-2017 was Equity Global (+€6.4 bn), followed by Equity EuroZone (+€5.4 bn) and Bond USD Corporates (+€4.6 bn).
- **iShares** (€271.8 bn) was the largest promoter by assets under management in the European ETF industry at the end of June 2017 and accounted for 47.04% of the overall assets under management.
- **iShares** was also the best selling ETF promoter in Europe for the analyzed period (+€16.7 bn), far ahead of **Amundi ETF** (+€6.7 bn) and **Lyxor ETF** (+€6.7 bn).



## REVIEW OF THE EUROPEAN ETF MARKET, H1-2017

The promoters of ETFs enjoyed high net inflows over the course of first half 2017. In combination with positive market performance the assets under management in the European ETF industry (€577.8 bn) increased for H1-2017, up from €514.5 bn at the end of December 2016. The increase of €63.4 bn for first half 2017 was mainly driven by net new sales (+€50.2 bn), while market performance contributed €13.2 bn to the assets under management in the ETF segment.

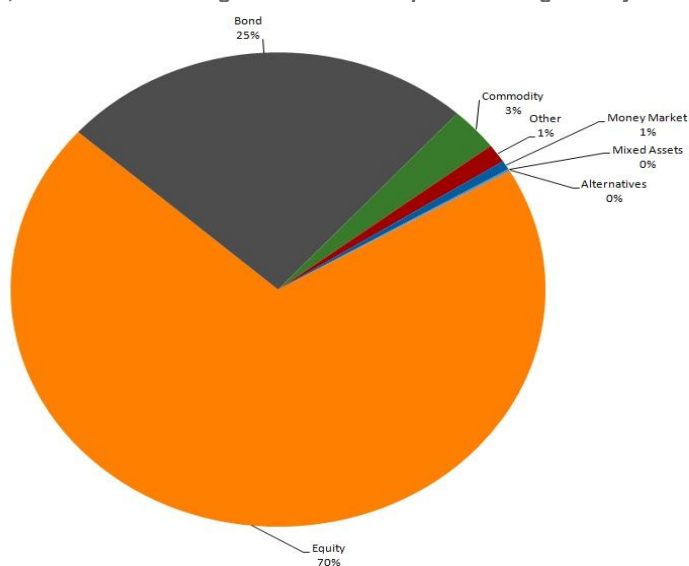
Graph 1: Assets Under Management in the European ETF Segment, June 30, 2017



Source: Thomson Reuters Lipper

With regard to the overall number of products, it was not surprising that equity funds (€403.9 bn) held the majority of the assets, followed by bond funds (€145.2 bn), commodity products (€17.1 bn), “other” funds (€7.3 bn), money market funds (€3.5 bn), mixed-asset funds (€0.6 bn), and alternative UCITS products (€0.3 bn).

Graph 2: Market Share, Assets Under Management in the European ETF Segment by Asset Type, June 30, 2017



Source: Thomson Reuters Lipper

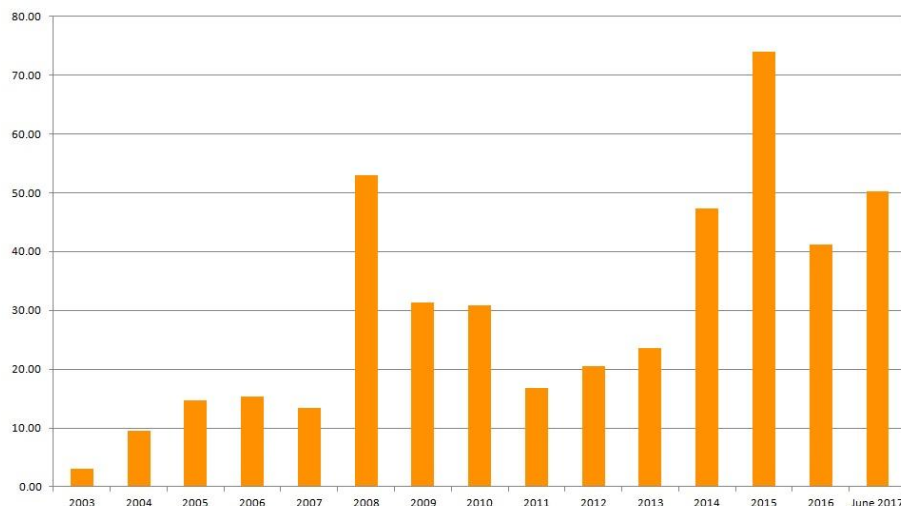


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### Fund Flows by Asset Type

As Graph 3 depicts, the net new sales of €50.2 bn were far above the average annual flows into the European ETF segment. This trend may indicate that the European ETF industry could see a new record in net new sales for 2017. With regard to the high net inflows it was not surprising that all asset types in the European ETF segment enjoyed net inflows.

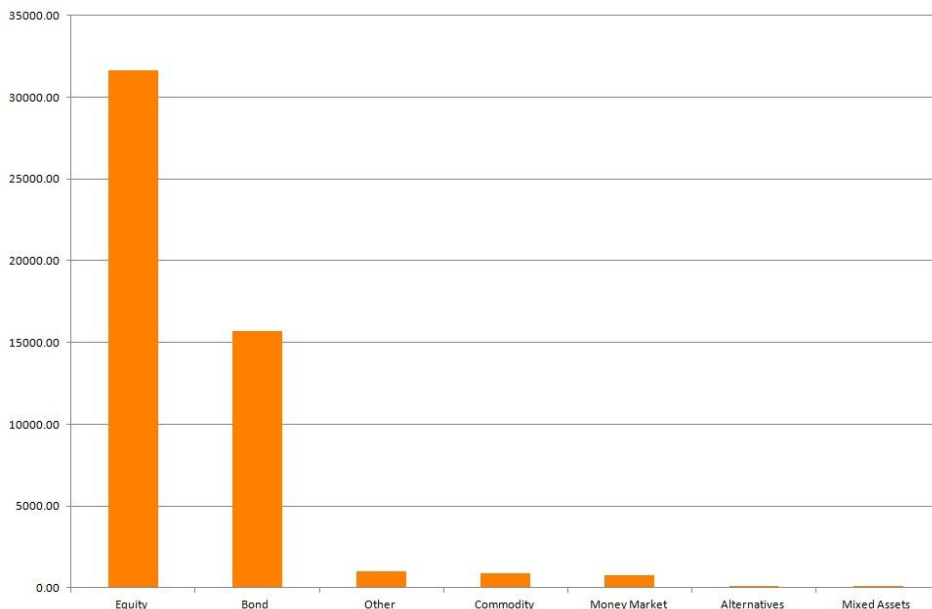
Graph 3: Estimated Net Sales in the European ETF Segment, H1-2017 (Euro Millions)



Source: Thomson Reuters Lipper

Equity ETFs (+€31.6 bn) posted the highest net inflows in the European ETF industry for first half 2017, followed by bond ETFs (+€15.7 bn), “other” ETFs (+€1.0 bn), commodity ETFs (+€0.9 bn), and money market ETFs (+€0.8 bn) as well as alternative UCITS ETFs (+€0.1 bn) and mixed-asset ETFs (+€0.1 bn).

Graph 4: Estimated Net Sales by Asset Type, H1-2017 (Euro Millions)



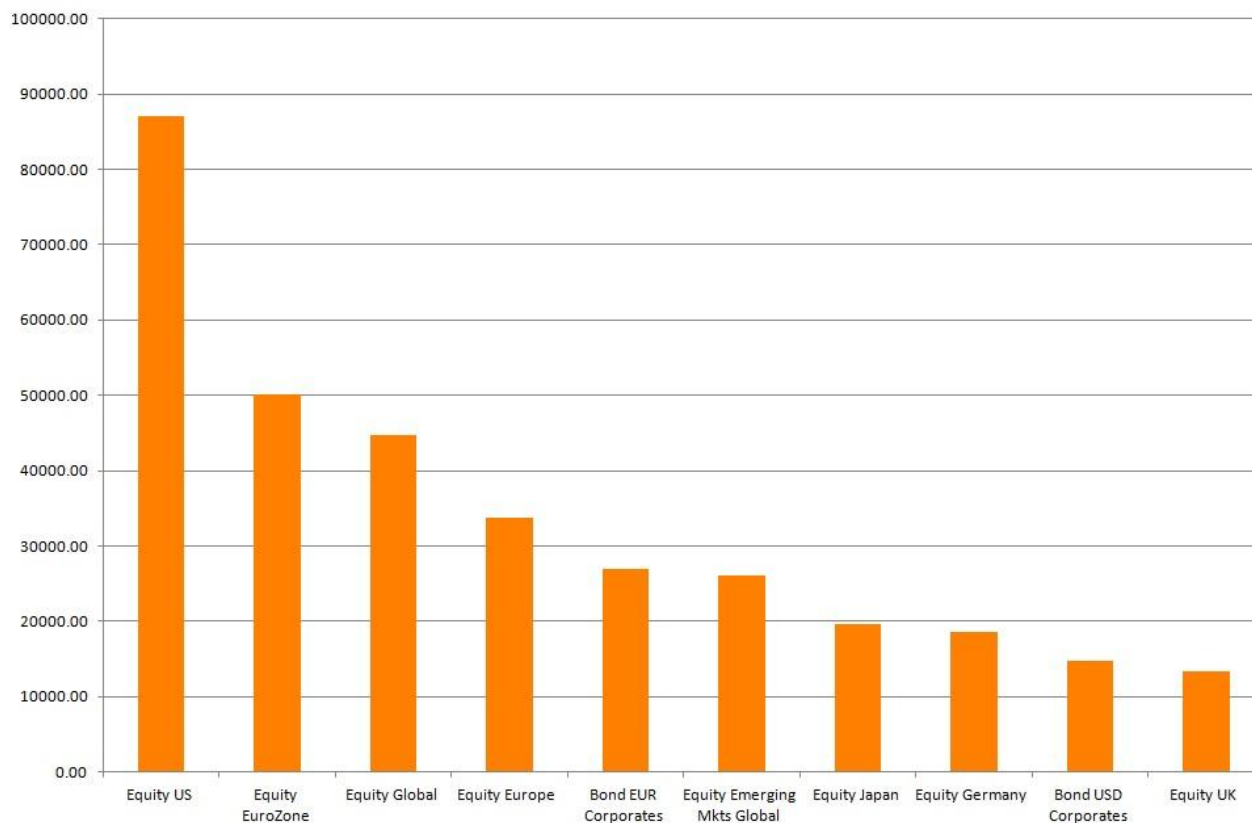
Source: Thomson Reuters Lipper



### Assets Under Management by Lipper Global Classifications

With regard to the Lipper global classifications, the European ETF market was split into 156 different peer groups. The highest assets under management at the end of June were held by funds classified as Equity US (€87.1 bn), followed by Equity Eurozone (€50.2 bn), Equity Global (€44.8 bn), and Equity Europe (€33.8 bn) as well as Bond EUR Corporates (€27.0 bn). These five peer groups accounted for 42.02% of the overall assets under management in the European ETF segment, while the ten top classifications by assets under management accounted for 58.01%. Overall, 20 of the 156 peer groups each accounted for more than 1% of the assets under management. In total, these 20 peer groups accounted for €418.0 bn or 72.35% 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 5: Ten Top Lipper Global Classifications by Assets Under Management, June 30, 2017 (Euro Millions)



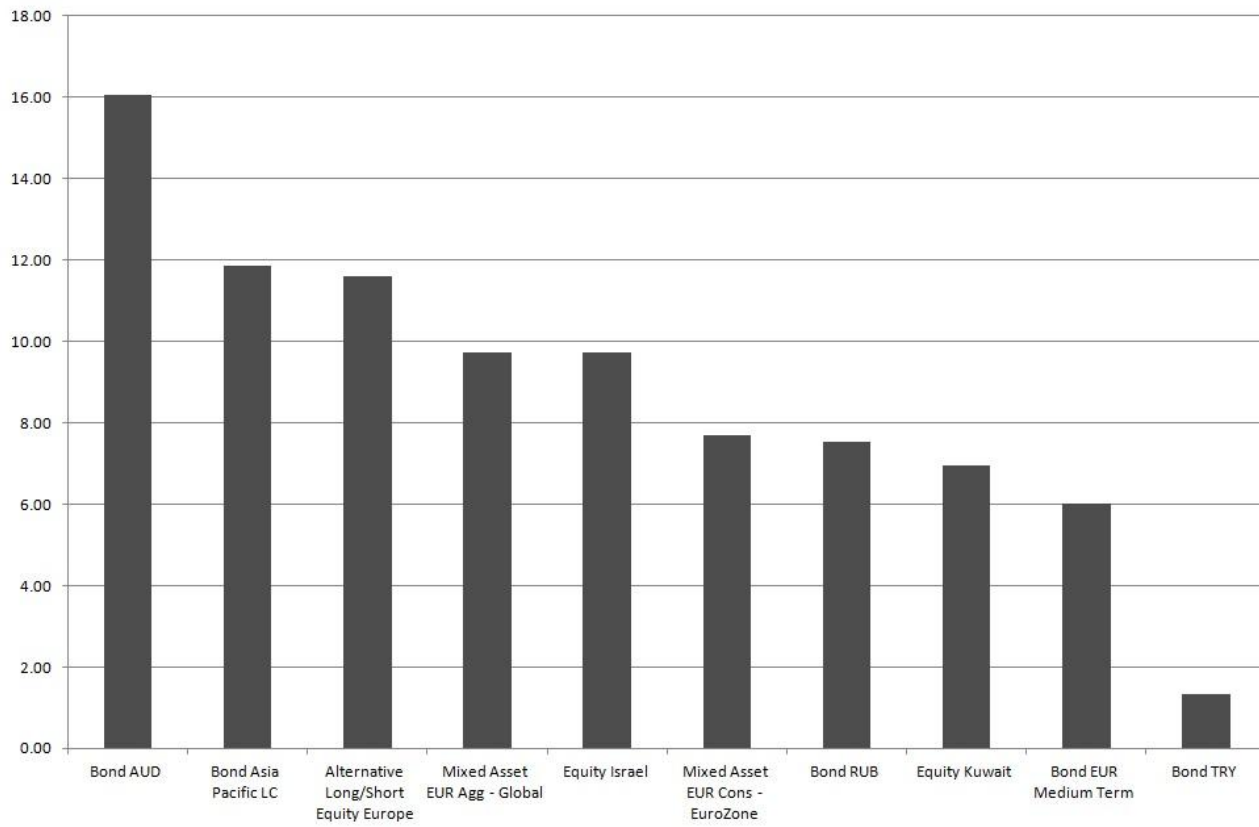
Source: Thomson Reuters Lipper

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 (Please read our report: [“Is there a consolidation ahead in the European ETF industry?”](#) for more details on this topic.)



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Graph 6: Ten Smallest Lipper Global Classifications by Assets Under Management, June 30, 2017 (Euro Millions)



Source: Thomson Reuters Lipper

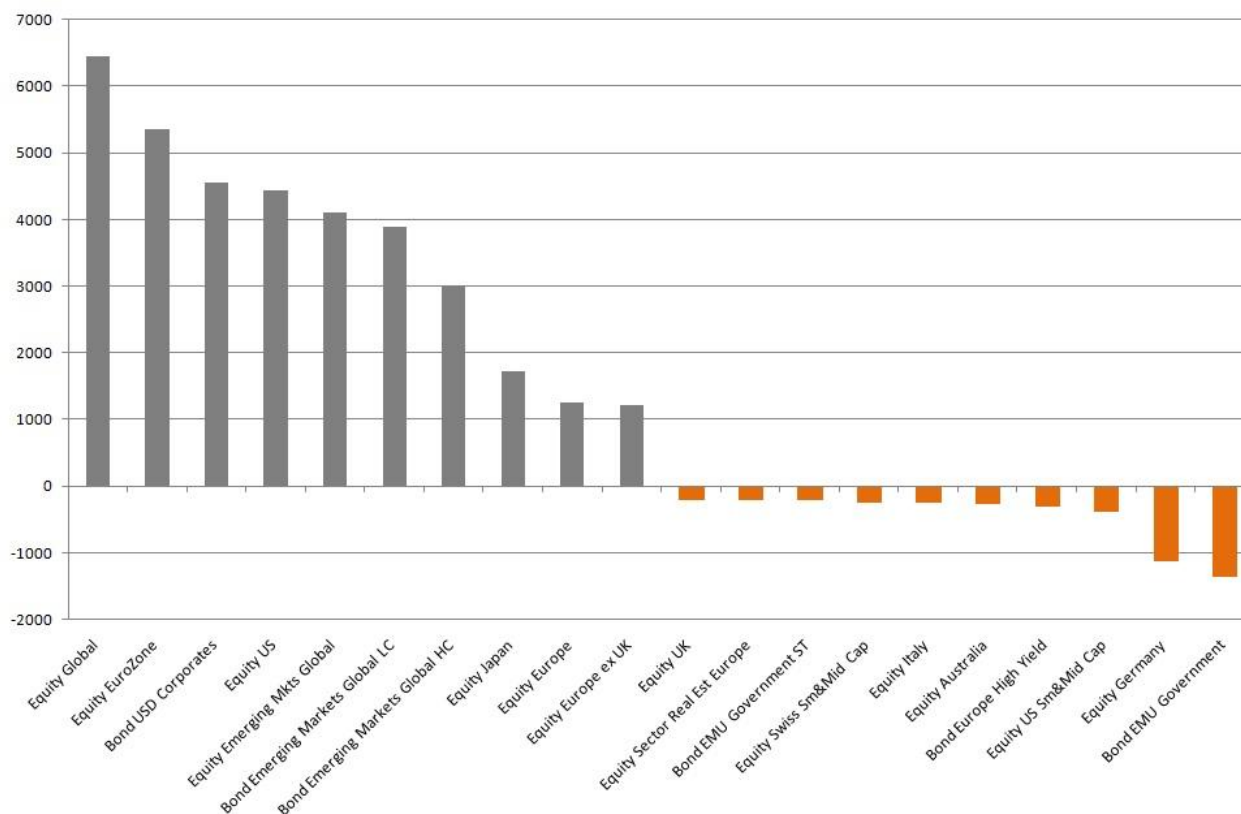


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## Fund Flows by Lipper Global Classifications

With regard to the overall sales for first half 2017, the split between the major asset types among the ten best selling Lipper classifications (seven equity classifications and three bond classifications) was not surprising. The best selling Lipper global classification for H1-2017 was Equity Global (+€6.4 bn), followed by Equity EuroZone (+€5.4 bn) and Bond USD Corporates (+€4.6 bn). The net inflows of the ten best selling Lipper classifications equalled to 71.74% 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 7: Ten Best and Worst Selling Lipper Global Classifications by Estimated Net Sales, H1-2017 (Euro Millions)



Source: Thomson Reuters Lipper

On the other side of the table the ten peer groups with the highest net outflows for H1-2017 accounted for €4.4 bn of outflows. Bond EMU Government (-€1.3 bn) faced the highest net outflows, bettered somewhat by Equity Germany (-€1.1 bn) and Equity US Small&Mid Cap (-€0.4 bn).

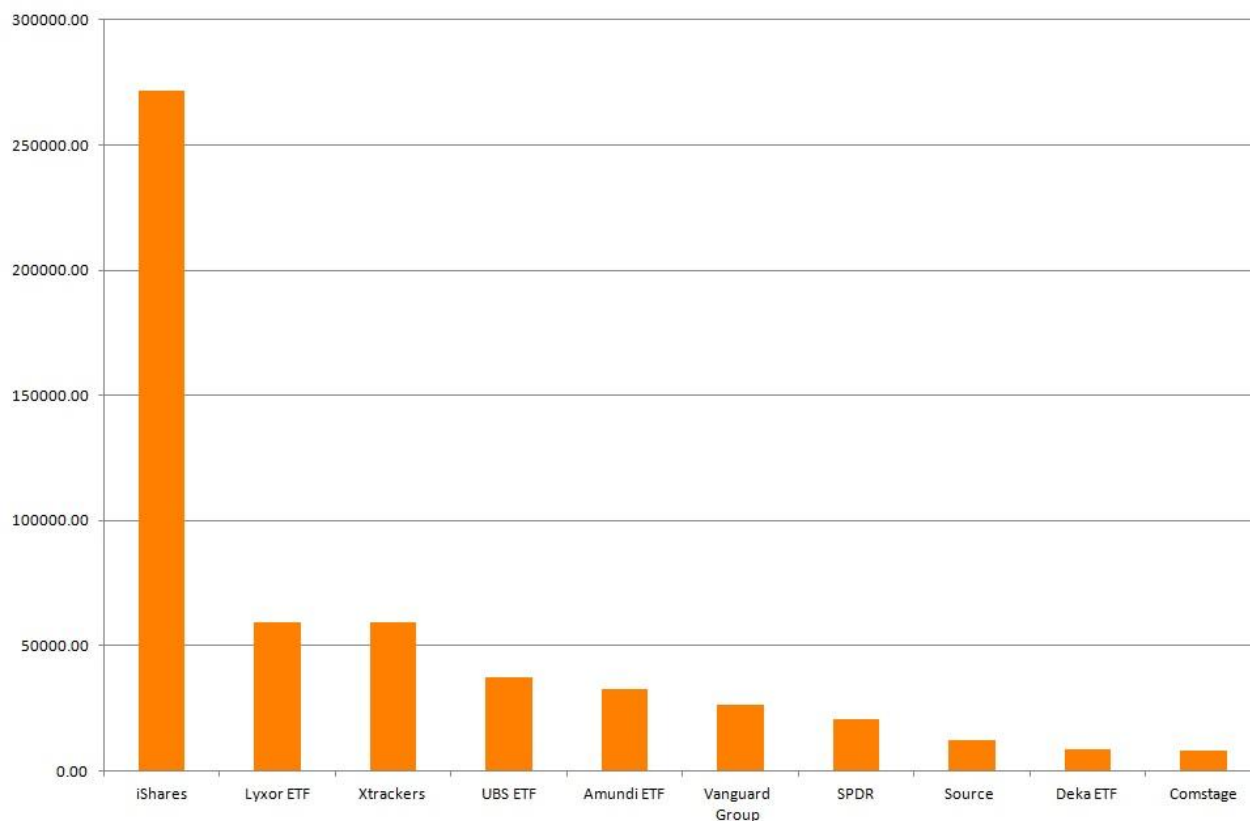


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### Assets Under Management by Promoters

A closer look at the assets under management in the European ETF industry by promoters also showed high concentration, since only 20 of the 49 ETF promoters in Europe held assets at or above €1.0 bn each. The largest ETF promoter in Europe—**iShares** (€271.8 bn)—accounted for 47.04% of the overall assets under management, far ahead of the number-two promoter—**Lyxor ETF** (€59.5 bn)—and the number-three promoter—**Xtrackers** (€59.3 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 8: Ten Top ETF Promoters by Assets Under Management, June 30, 2017 (Euro Millions)



Source: Thomson Reuters Lipper

The ten top promoters accounted for 92.87% of the overall assets under management in the European ETF industry. This meant in turn that the other 39 fund promoters registering at least one ETF for sale in Europe accounted for only 7.13% of the overall assets under management.

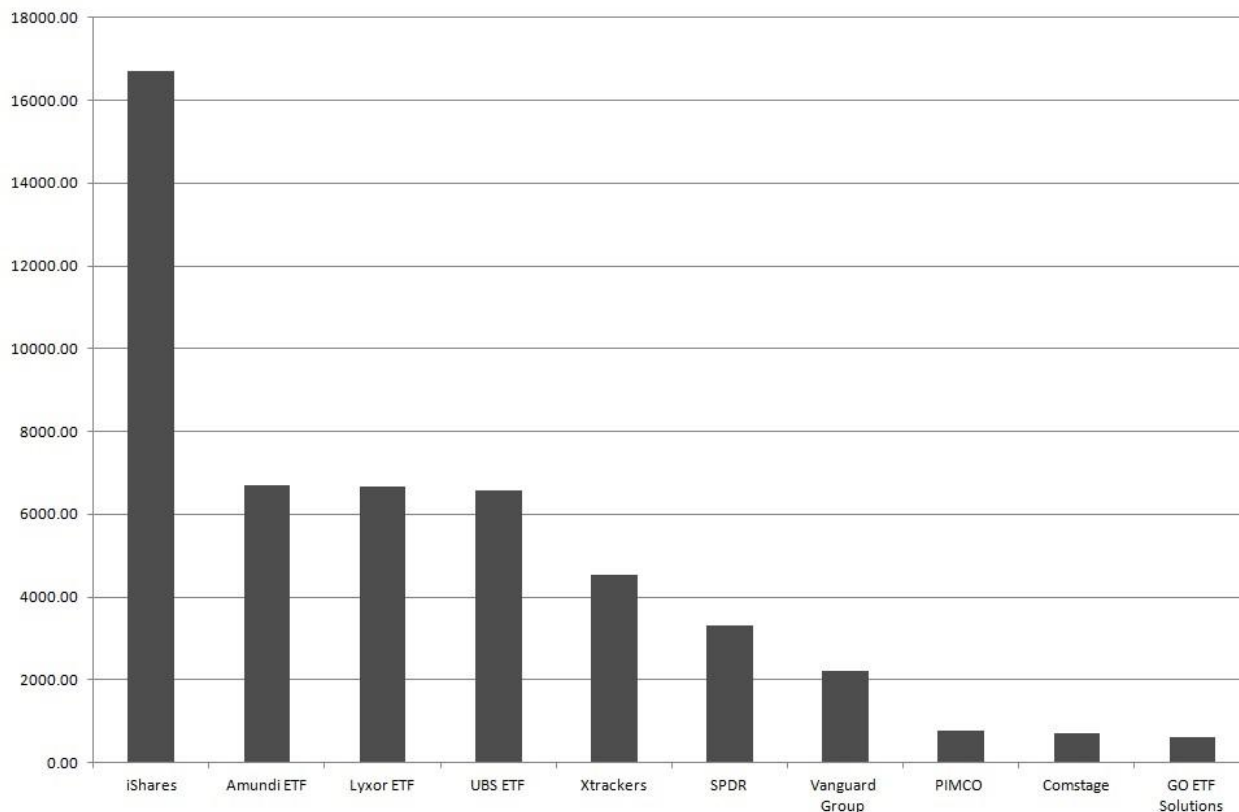




## Fund Flows by Promoters

Since the European ETF market is highly concentrated, it is not surprising that eight of the ten largest promoters by assets under management were also among the ten top-selling ETF promoters for first half 2017. Europe's largest ETF promoter—**iShares**—was also the best selling ETF promoter in Europe for the analyzed period (+€16.7 bn), far ahead of **Amundi ETF** (+€6.7 bn) and **Lyxor ETF** (+€6.7 bn).

Graph 9: Ten Best Selling ETF Promoters, H1-2017 (Euro Millions)



Source: Thomson Reuters Lipper

Since the flows of the ten top promoters accounted for 97.17% of the overall estimated net flows into ETFs in Europe for first half 2017, it was clear that some of the 49 promoters (11) faced net outflows (-€0.6 bn in total) over the first six months of the year 2017.



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