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Monthly European ETF Market Trends

September 2016 in brief



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European ETF Market flows slowed down in September 2016. Net New Assets (NNA) during this month amounted to EUR2.0bn, significantly below the year to date average of EUR3.2bn. Total Assets under Management are up 7% vs. the end of 2015, reaching EUR480bn, and including a market impact of +3.7%*. US equities and Emerging assets benefited from a less uncertain environment following comments by the Fed.

■ **Equity ETFs inflows receded in September at EUR865M.** Among developed countries, US exposures gathered most of the ETF inflows at EUR555M fueled by the Fed's positive comments on the strength of the economy and its willingness to normalize before year end. After two months of strong outflows, European ETF redemptions nearly stopped at just EUR203M. Flows on Japan continued their negative trend as current policies are seemingly unable to decisively rekindle deflation dynamics. Emerging markets equities continued to gather flows albeit at a slower pace at EUR580M, mainly concentrated on broad indices. Reduced uncertainties on the US market lead to significant outflows on Minimum Volatility products at EUR602M. Overall, Smart Beta flows reversed this month for the first time this year with EUR686M of outflows following a record year of inflows.

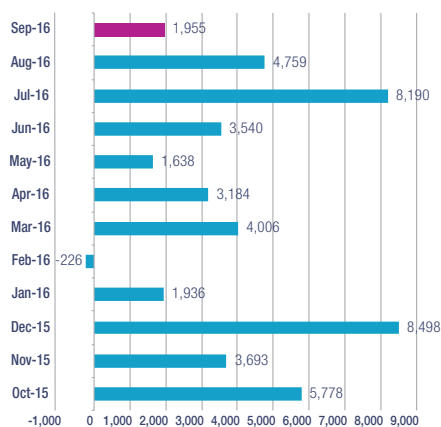
■ **Fixed income ETFs also saw reduced inflows at EUR1.0bn.** This month, fixed income flows continued to focus on investment grade corporate bonds ETFs. The search for yield in a low return environment continues to be a major theme with significant flows on Emerging govies at EUR1.3bn. Inflation linked bond ETFs kept gathering positive flows at EUR164M.

■ **Commodities flows** were very limited at EUR73M with positive flows on Gold ETFs at EUR166M vs. EUR93M outflows on broad indices.

*75 of MSCI ACWI NTR +3.0% and 25% of the JPM Global Aggregate +5.7% between 31/12/15 and 30/09/16 in EUR.

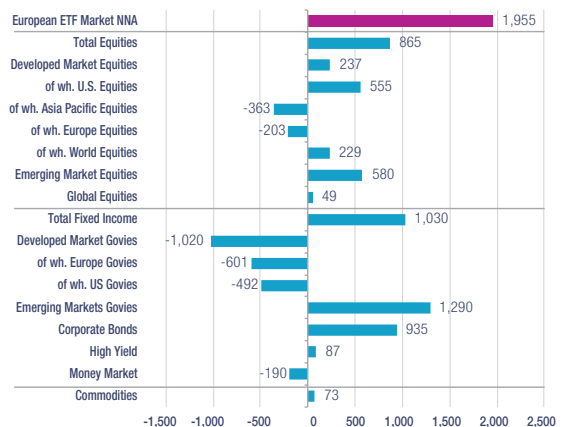
EUROPEAN ETFs IN SEPTEMBER 2016 – NET INFLOWS (EURM)

LIMITED FLOWS AT EUR2.0BN IN SEPTEMBER 2016
 MONTHLY NET NEW ASSETS ON EUROPEAN ETFs



DWINDLING FLOWS ON EQUITY AND FIXED INCOME ETFs,
 STRONG INFLOWS ON EM GOVIES ETFs AT EUR1.3BN

MONTHLY NET INFLOWS ON EUROPEAN ETFs BY ASSET CLASS



Sources: Monthly data in EURM from 01/10/2015 until 30/09/2016, Bloomberg, Lyxor

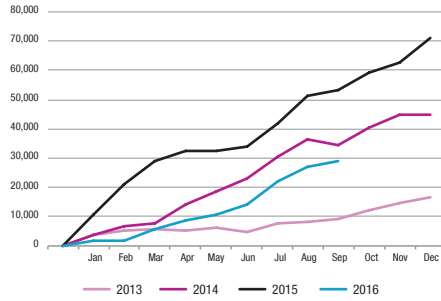
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YTD Overview

GLOBAL

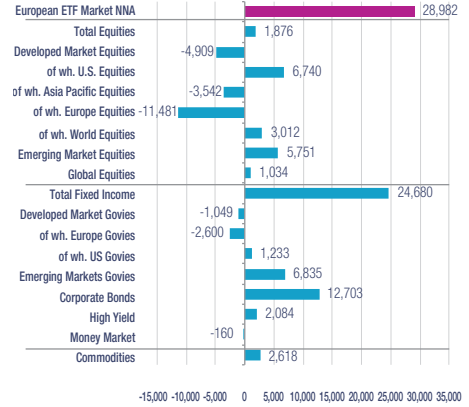
POSITIVE FLOW OF NET NEW ASSETS FOR EUROPEAN ETFs

CUMULATED NET NEW ASSETS ON EUROPEAN ETFs



SIGNIFICANT INFLOWS ON FIXED INCOME ETFs, NEGATIVE FLOWS ON EUROPEAN EQUITIES

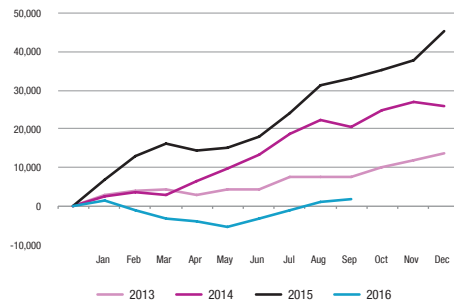
YTD NET INFLOWS ON EUROPEAN ETFs BY ASSET CLASS



EQUITY

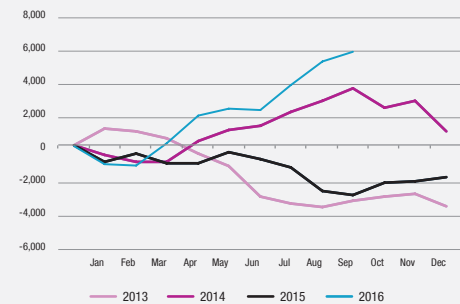
CUMULATED EQUITY ETF NET NEW ASSETS REMAIN IN POSITIVE TERRITORY

CUMULATED NET NEW ASSETS ON EQUITY ETFs



SUSTAINED GROWTH IN NET NEW ASSETS ON EMERGING MARKET EQUITY ETFs

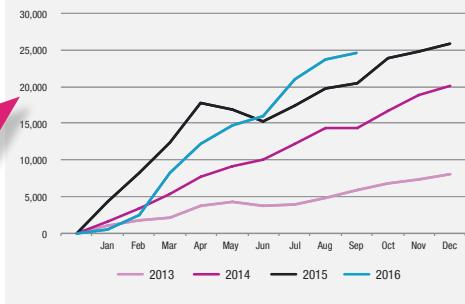
CUMULATED NET NEW ASSETS ON EMERGING MARKET EQUITY ETFs



FIXED INCOME & COMMODITIES

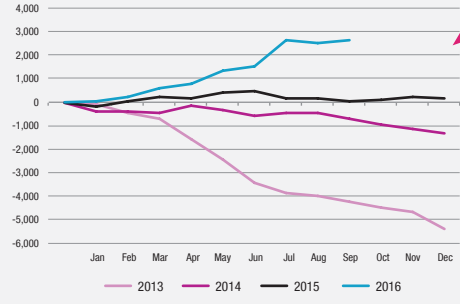
STILL POSITIVE TREND ON FIXED INCOME ETFs

CUMULATED NET NEW ASSETS ON FIXED INCOME ETFs



STABLE NET NEW ASSETS ON COMMODITIES ETFs

CUMULATED NET NEW ASSETS ON COMMODITIES ETFs



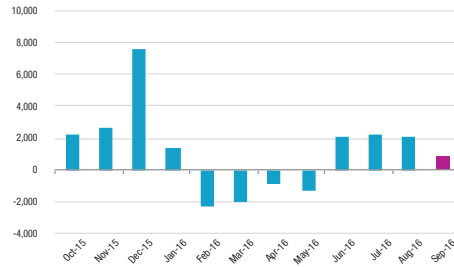
Sources: Monthly data in EURM from 03/01/2013 until 30/09/2016, Bloomberg, Lyxor

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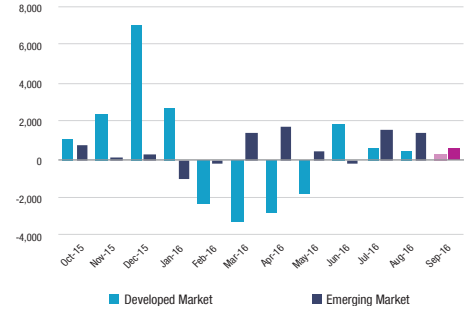
Overview by asset class

EQUITY

SLIGHT INFLOWS ON EQUITY ETFs AT EUR865M
MONTHLY NET NEW ASSETS ON EQUITY ETFs

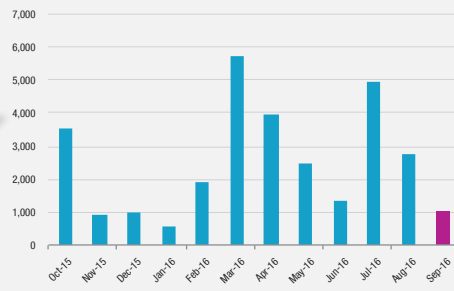


LIMITED INFLOWS ON DEVELOPED MARKET ETFs AT EUR237M AND SUSTAINED INFLOWS ON EMERGING MARKET ETFs AT EUR580M
MONTHLY NET NEW ASSETS ON DEVELOPED VS EMERGING MARKETS EQUITY ETFs

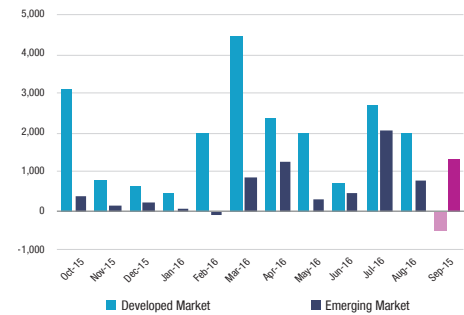


FIXED INCOME

DECELERATING INFLOWS ON FIXED INCOME ETFs AT EUR 1.0BN
MONTHLY NET NEW ASSETS ON FIXED INCOME ETFs

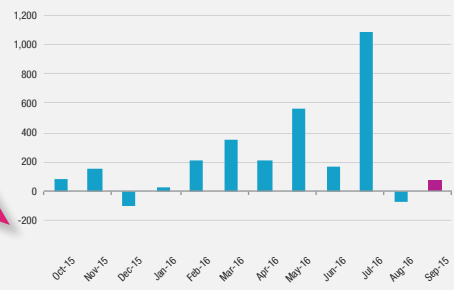


SOME OUTFLOWS ON DM FIXED INCOME ETFs AT EUR481M AND POSITIVE TREND ON EM FLOWS AT 1.3BN
MONTHLY NET NEW ASSETS ON DEVELOPED VS EMERGING MARKETS FIXED INCOME ETFs

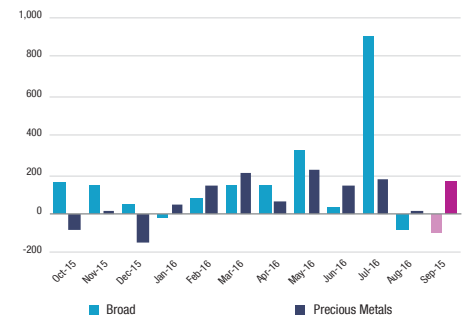


COMMODITIES

VIRTUALLY FLAT FLOWS ON COMMODITIES ETFs AT EUR73M
MONTHLY NET NEW ASSETS ON COMMODITIES ETFs



POSITIVE FLOWS ON GOLD & PRECIOUS METALS ETFs AT EUR166M
MONTHLY NET NEW ASSETS ON BROAD & PRECIOUS METALS ETFs



Sources: Monthly data in EURM from 01/10/2015 until 30/09/2016, Bloomberg, Lyxor

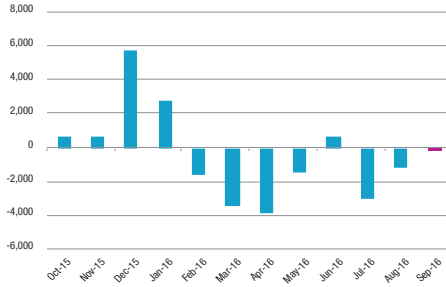
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Equities

EUROPEAN EQUITIES

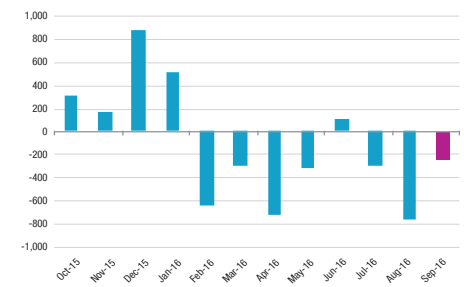
HALT IN OUTFLOWS ON EUROPE EQUITY ETFs AT EUR203M

MONTHLY NET NEW ASSETS ON EUROPE EQUITY ETFs



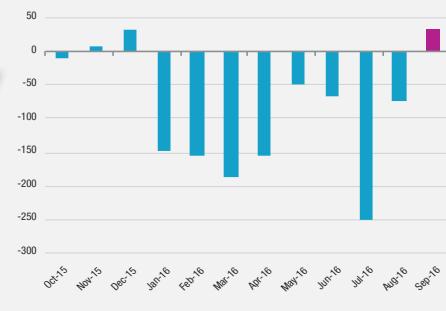
NEW OUTFLOWS ON GERMAN EQUITY ETFs OF EUR239M

MONTHLY NET NEW ASSETS ON GERMAN EQUITY ETFs



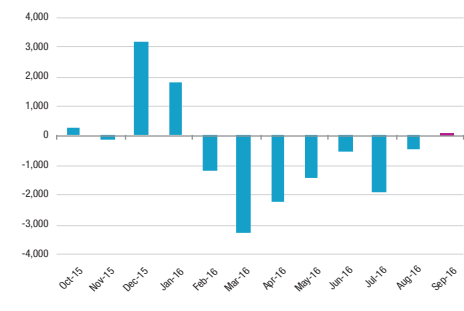
SLIGHT REBOUND IN SPAIN & ITALY EQUITY ETFs AT EUR 33M

MONTHLY NET NEW ASSETS ON PERIPHERAL EUROPE EQUITY ETFs



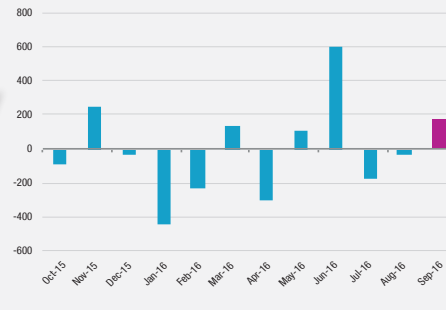
IN THE REST OF THE EUROPEAN REGION OUTFLOWS STOPPED WITH INFLOWS OF EUR88M

MONTHLY NET NEW ASSETS ON EUROPEAN REGION EQUITY ETFs



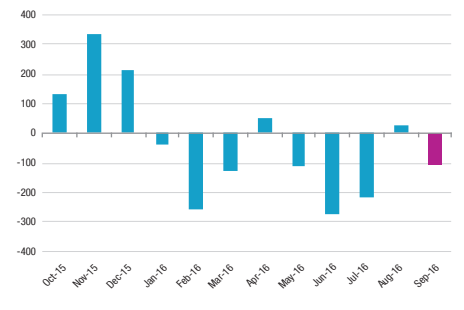
REBOUND ON FINANCIALS EQUITIES WITH EUR172M OF INFLOWS

MONTHLY NET NEW ASSETS ON FINANCIALS EUROPE EQUITY ETFs



OUTFLOWS ON SMID CAP ETFs AT EUR108M

MONTHLY NET NEW ASSETS ON EUROPEAN SMALL & MID CAP EQUITY ETFs



Sources: Monthly data in EURM from 01/10/2015 until 30/09/2016, Bloomberg, Lyxor

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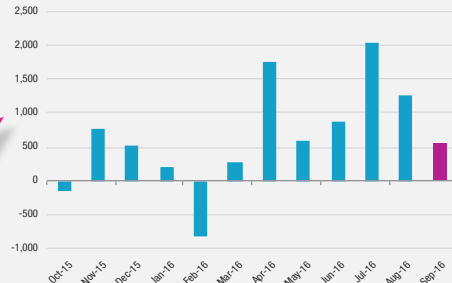
Equities

US & JAPANESE EQUITIES



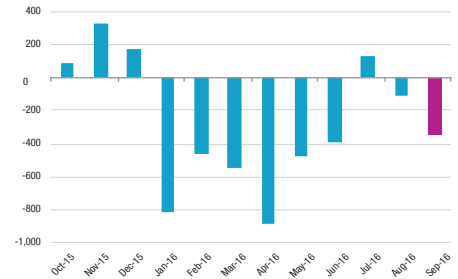
POSITIVE FLOWS ON US EQUITY ETFs AT EUR555M, FOR THE SEVENTH CONSECUTIVE MONTH

MONTHLY NET NEW ASSETS ON US EQUITY ETFs



NEGATIVE TREND CONFIRMED ON JAPAN ETFs WITH OUTFLOWS OF EUR346M

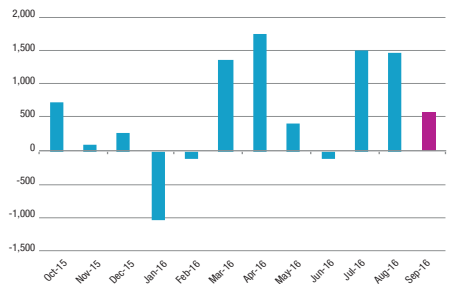
MONTHLY NET NEW ASSETS ON JAPAN EQUITY ETFs



EMERGING MARKET EQUITIES

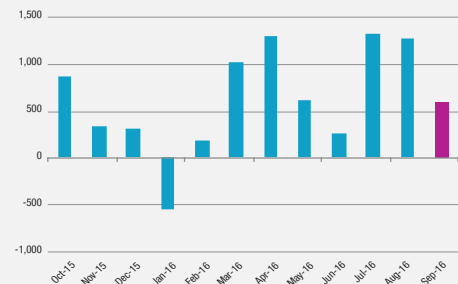
SUSTAINED INFLOWS ON EMERGING ETFs AT EUR580M

MONTHLY NET NEW ASSETS ON EMERGING EQUITY ETFs



MAINLY ON BROAD EM EQUITY ETFs WITH EUR593M OF INFLOWS

MONTHLY NET NEW ASSETS ON BROAD EM EQUITY ETFs*



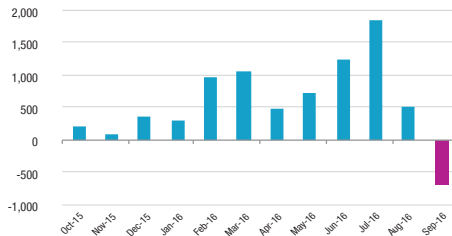
*mainly concerning MSCI EM indices



THEMATIC

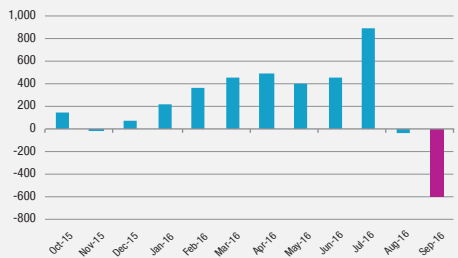
NEGATIVE FLOWS ON SMART BETA ETFs FOR THE FIRST TIME IN THE LAST TWELVE MONTHS, WITH OUTFLOWS OF EUR686M

MONTHLY NET NEW ASSETS ON SMART BETA ETFs



MAINLY COMING FROM MIN VOL/MIN VAR EQUITY ETFs WITH OUTFLOWS OF EUR602M

MONTHLY NET NEW ASSETS ON MIN VOL/MIN VAR ETFs



Sources: Monthly data in EURM from 01/10/2015 until 30/09/2016, Bloomberg, Lyxor

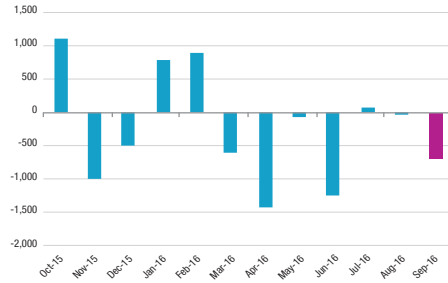
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Fixed Income

GOVIES

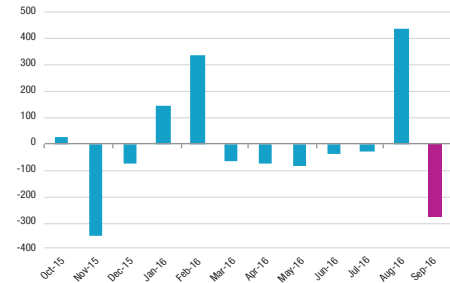
NEGATIVE FLOWS ON EUROPEAN GOVIES AT EUR685M

MONTHLY NET NEW ASSETS ON EUROPE GOVIES ETFs



GERMAN GOVIES EXPERIENCED OUTFLOWS AT EUR279M

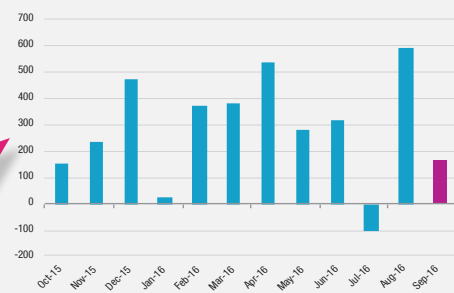
MONTHLY NET NEW ASSETS ON GERMAN GOVIES ETFs



INFLATION-LINKED

INFLATION LINKED ETFs KEPT GATHERING FLOWS WITH EUR164M OF INFLOWS

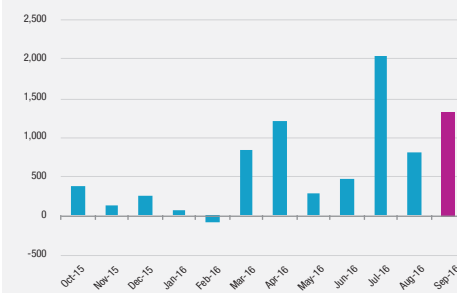
MONTHLY NET NEW ASSETS ON INFLATION LINKED ETFs



EMERGING MARKET DEBT

ROBUST INFLOWS ON EM DEBT AT EUR1.3BN

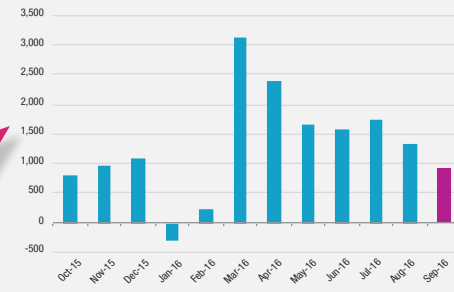
MONTHLY NET NEW ASSETS ON EMERGING MARKET DEBT ETFs



CREDIT MARKET

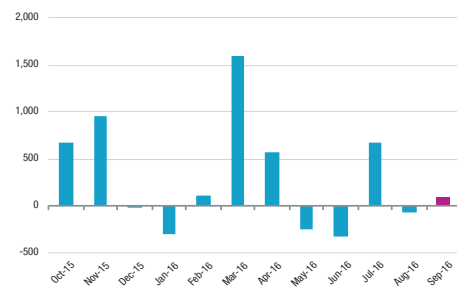
STILL SUSTAINED INFLOWS ON IG CORPORATE BONDS AT EUR917M

MONTHLY NET NEW ASSETS ON IG CORPORATE BOND ETFs



STILL LIMITED FLOWS ON HIGH YIELD BONDS AT EUR87M

MONTHLY NET NEW ASSETS ON HIGH YIELD BOND ETFs



Sources: Monthly data in EURM from 01/10/2015 until 30/09/2016, Bloomberg, Lyxor

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