

Money Monitor: August 2020

In our latest Money Monitor report we share a comprehensive analysis of flows in European open-ended funds and ETFs. We also look at the main investment trends observed over the past month.

Key takeaways:

- ▶ August was marked by further compression in credit spreads. Meanwhile, global equities lacked direction and convictions.
- ▶ Flows were more limited across asset classes compared to previous months. Fixed income and equities exposures benefitted from positive flows nonetheless.
- ▶ **ETF flows:** ETFs have gathered €8.7bn in August 2020. Fixed Income and Equity ETFs accumulated €4.4bn and €4.0bn respectively.
- ▶ **ESG ETFs** continued their strong trend and gathered €2.6 bn.
- ▶ **Fixed Income funds and ETFs:** fixed income funds and ETFs gathered a combined €25.2bn in net new assets with €20.8bn into open-end funds and €4.4bn into ETFs.
- ▶ **Equity fund and ETFs:** equity ETFs and open-end funds have enjoyed €15.2bn of net new assets, with 11.2bn into funds and €4.0bn into ETFs. World Ecology and Technology took the lion share of equity sector flows, gathering a combined €4.4bn net new assets.
- ▶ Investors remained cautious on their EM allocation, favouring FI at the expense of most EM equity markets.

Europe domiciled funds and ETFs: August 2020 flows

Cumulative monthly flows into funds, ETFs and ETNs by asset class (in €)

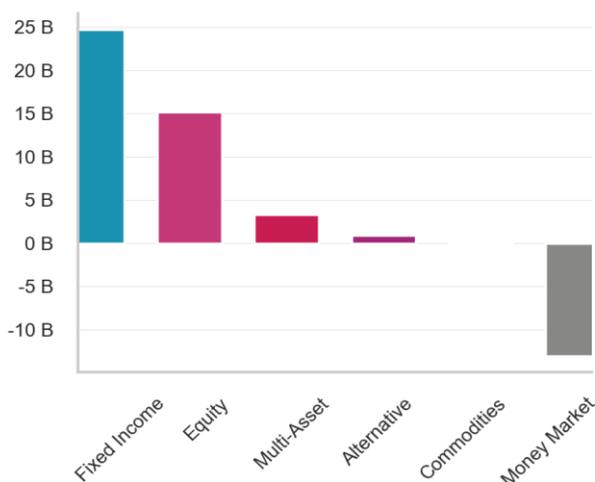


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Source: Morningstar, Bloomberg, Lyxor International Asset Management. Data as at 09/09/2020. See page 2 for a description of the methodology used in this report. Past performance is not indicative of future returns.

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ETF Focus

Flows summary for the European ETF market in August 2020.

What happened last month?

- ▶ Equity ETFs gathered €4.0bn in net new assets.
- ▶ Fixed Income ETFs gathered €4.4bn over the same period.
- ▶ Another strong month for ESG ETFs with €2.6bn in net new assets.

€ 8.7bn

Equities

€4.0bn

Others

€0.1bn

Fixed Income

€4.4bn

Money Market

€-0.2bn

Smart Beta

€-0.7bn

Commodities

€0.5bn

ESG

€2.6bn

Flows year to date

€ 38.7bn

Equities

€11.9bn

Others

€0.1bn

Fixed Income

€24.3bn

Money Market

€0.5bn

Smart Beta

€-5.6bn

Commodities

€1.8bn

ESG

€20.6bn

Methodology

In this report we analyse flow data from open-ended funds (Active and Index Funds) and Exchange-Traded Funds (ETFs) domiciled in Europe. To avoid reporting duplicated data points and optimise consistency, this report disregards feeder funds and funds of funds and several filters are applied.

We cover here 30,223 funds which have reported flows and assets for the entire month of August 2020. This represents 91% of all Europe domiciled funds and ETFs and covers EUR 10,365 Bn of total assets.

Fund and ETF classifications rely on a variety of sources including but not limited to Morningstar, Bloomberg, Lyxor International Asset Management, providers websites and regulatory filings.

Source: Morningstar, Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020.

Past performance is not indicative of future returns. Asset and flow data may be slightly adjusted as additional data becomes available.

Classification of Smart Beta ETFs and ESG ETFs is carried out by Lyxor International Asset Management. ETFs classified in the categories "ESG" or "Smart Beta" will appear in their respective categories and also in their associated asset class.

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Chart of the month

- ▶ **The 2020 market correction in inflation-linked bonds shared some similarities with 2008** (Lehman), 2014 (global slowdown and commodity rout), and to a lesser extent 2016 (worries about China). Each market event involved a dramatic fall in global demand for crude oil, driven by the prospect of a marked deceleration in growth.
- ▶ **The US Federal Reserve has adopted a new approach on inflation**, favouring average inflation targets rather than a 2% fixed target. As the coronavirus crisis eases, the Fed is shifting its focus to support employment and economic activity.
- ▶ **Looking ahead, the fiscal policy response of the next US Government will also play a major role** in the rate of net credit growth per capita. This will help determine a baseline for the inflation rate.
- ▶ **Flows into inflation linked exposures were supported in August. This follows through to the trend we've observed since the market through at the turn of Q1 2020:**
 - In Europe, Funds and ETFs have gathered EUR 370 M in August.
 - Globally, Funds and ETFs have enjoyed EUR 5 Bn on a year to date basis.

Have a look at our *Expert's View* for more insights on [US Inflation](#)

Inflows into Inflation Funds and ETFs

Weekly flows into USD inflation linked funds and ETPs (EUR bn, US and Europe domiciled)

Cumulated flows



Weekly flows by fund type



Source: Morningstar, Lyxor International Asset Management. Data as at 27/08/2020.
Past performance is not a reliable indicator of future returns

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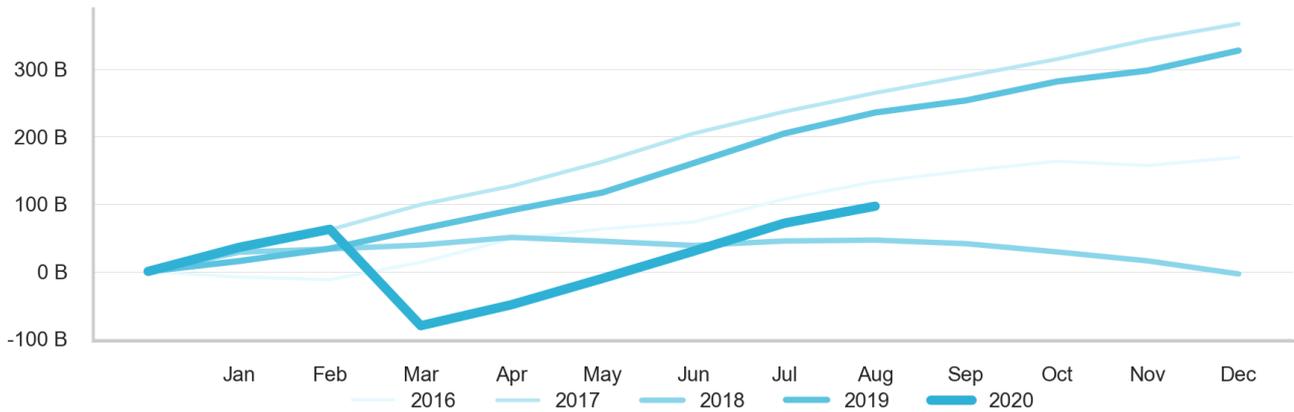
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Fixed Income

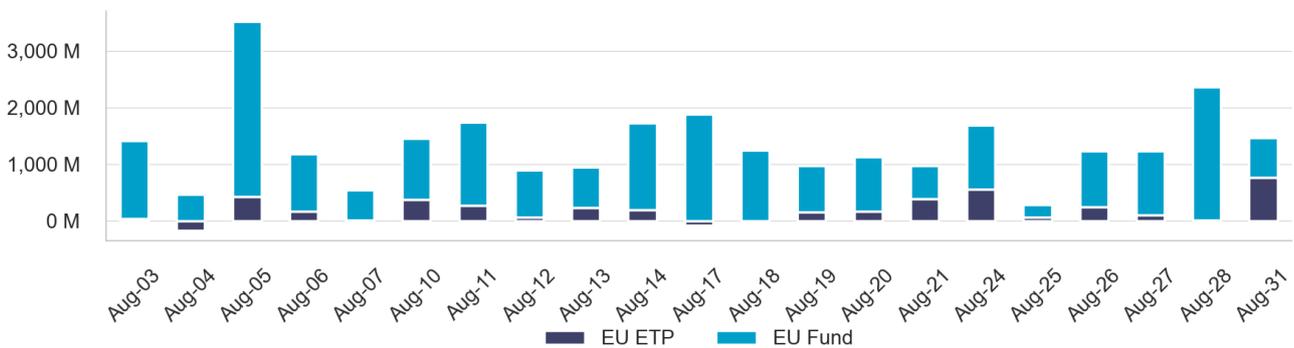
Net New Assets : €25.2bn

Fixed Income funds and ETFs gathered €25.2bn in August 2020.

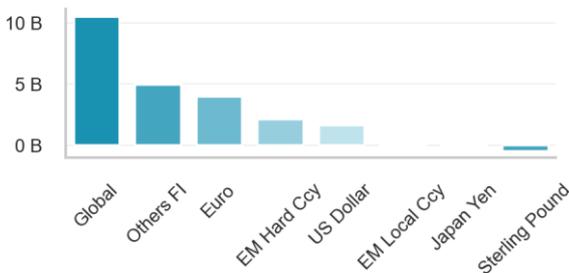
Fixed income funds and ETFs: cumulative monthly flows
Cumulative monthly flows by year (in €)



Fixed income funds and ETFs: daily flows
Daily flows by fund type (in €)



Fixed income funds: currencies
Cumulative flows in August 2020 grouped by currency (in €)



Fixed income funds and ETFs: fund types
Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

Euro Fixed Income

Net New Assets : €4.0bn

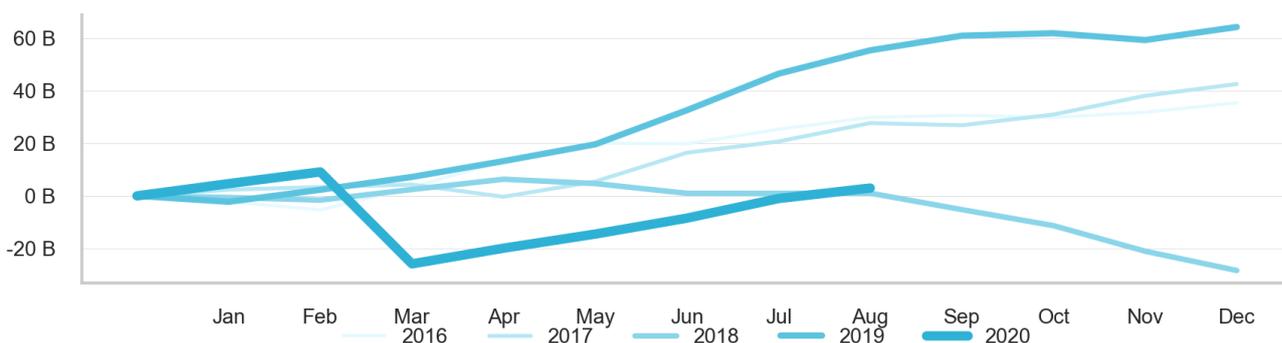
Euro Fixed Income funds and ETFs gathered a combined €4.0bn in net new assets in August 2020.

Key points:

- ▶ Open-ended funds experienced €3.2bn of flows.
- ▶ Flows into EUR Fixed Income ETFs have totalled €0.8bn.

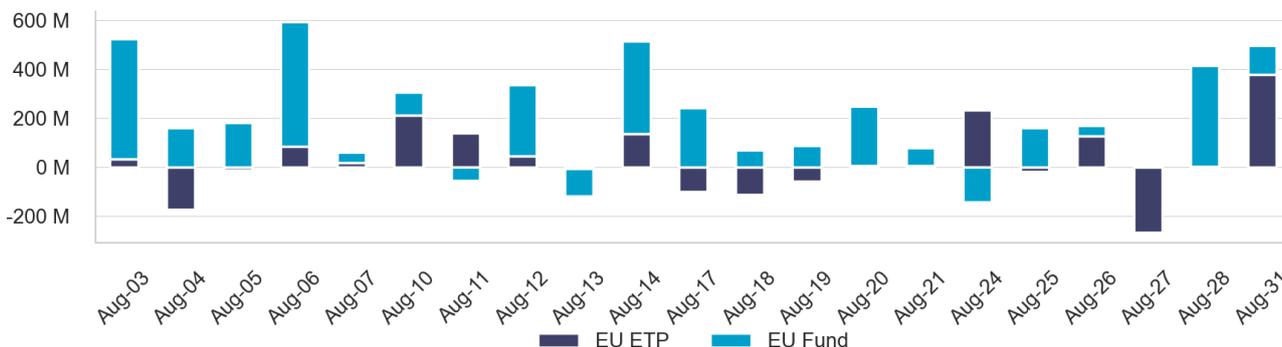
Euro fixed income funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



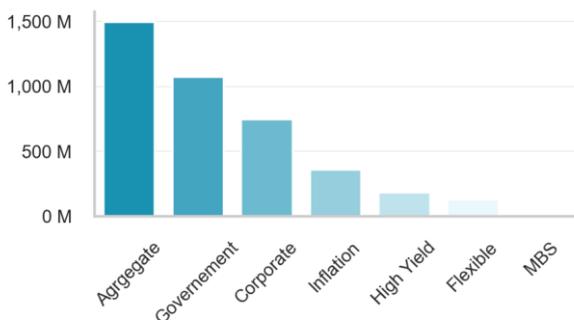
Euro fixed income funds and ETFs: daily flows

Daily flows by fund type (in €)



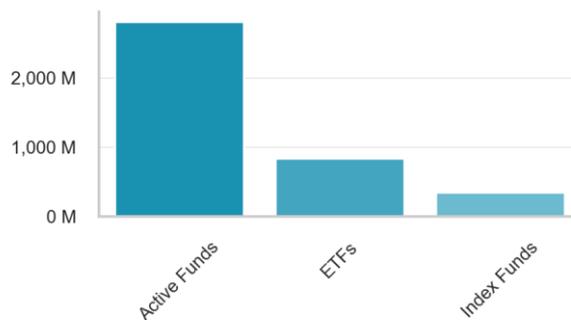
Euro Fixed income funds and ETFs: issuers

Cumulative flows in August 2020 grouped by issuer type (in €)



Euro Fixed income funds and ETFs: fund type

Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

USD Fixed Income

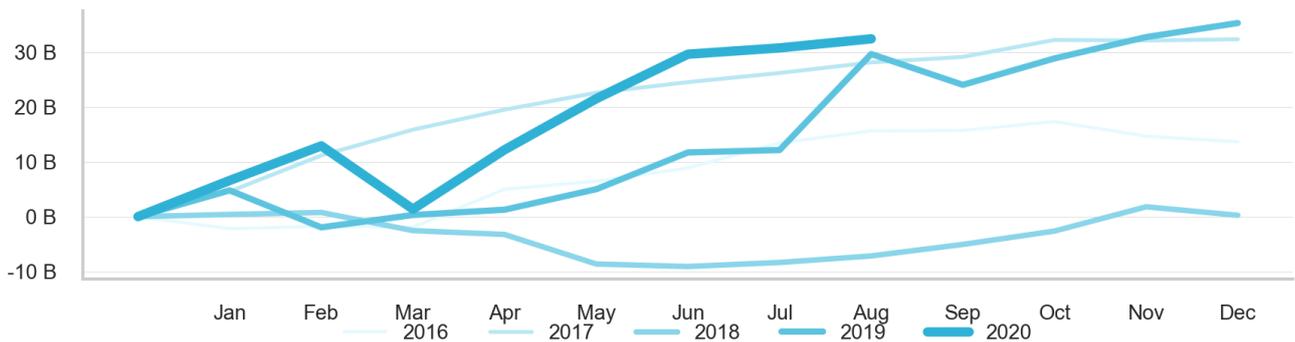
Net New Assets: €1.7bn

USD Fixed Income funds and ETFs gathered a combined €1.7bn in net new assets in August 2020.

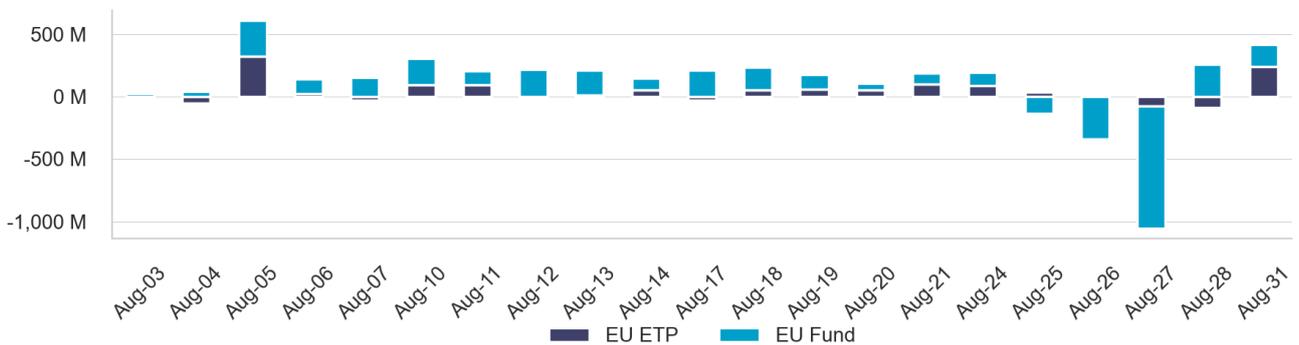
Key points:

- ▶ Open-ended funds have experienced €0.5bn of flows.
- ▶ Flows into USD Fixed Income ETFs have totalled €1.2bn.

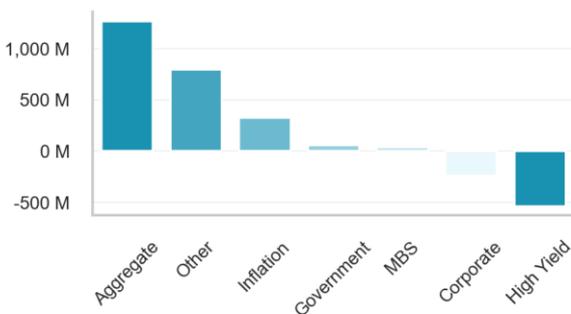
USD fixed income funds and ETFs: cumulative monthly flows
Cumulative monthly flows by year (in €)



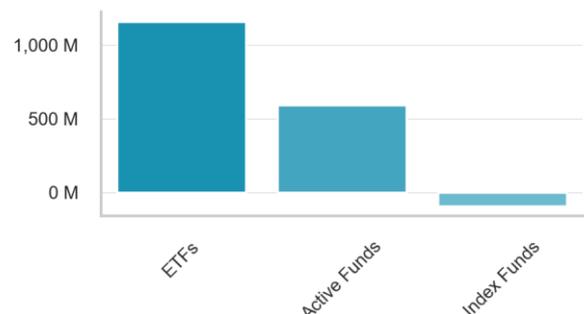
USD fixed income funds and ETFs: daily flows
Daily flows by fund type (in €)



USD fixed income funds and ETFs: issuers
Cumulative flows in August 2020 grouped by issuer type (in €)



USD fixed income funds and ETFs: fund type
Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

Global Fixed Income

Net New Assets: €10.5bn

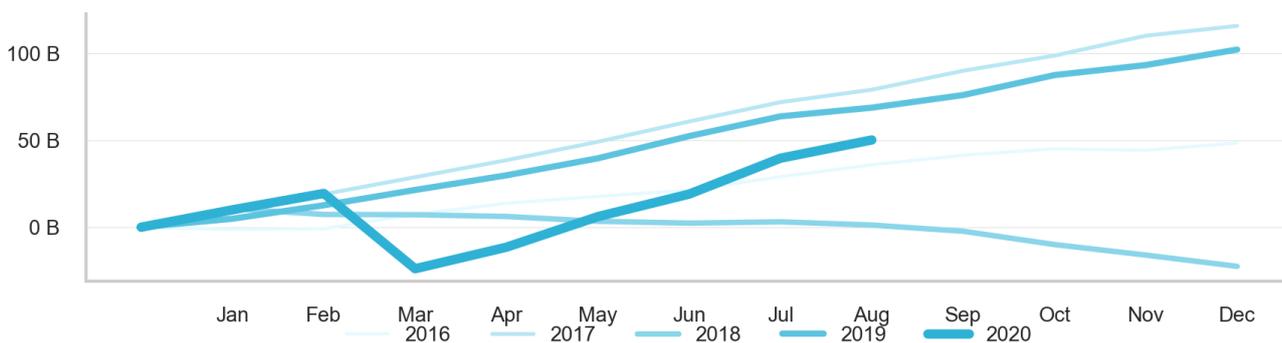
Global Fixed Income funds and ETFs gathered €10.5bn in net new assets in August 2020.

Key points:

- ▶ Open-ended funds have experienced €9.5bn of flows.
- ▶ Flows into Global Fixed Income ETFs have totalled €1.0bn.

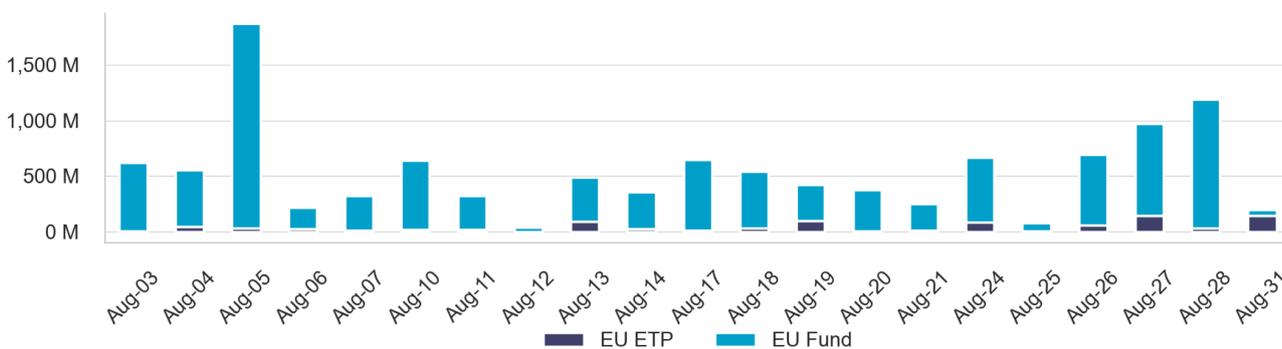
Global fixed income funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



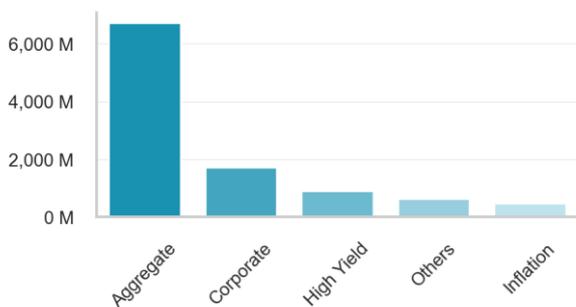
Global fixed income funds and ETFs: daily flows

Daily flows by fund type (in €)



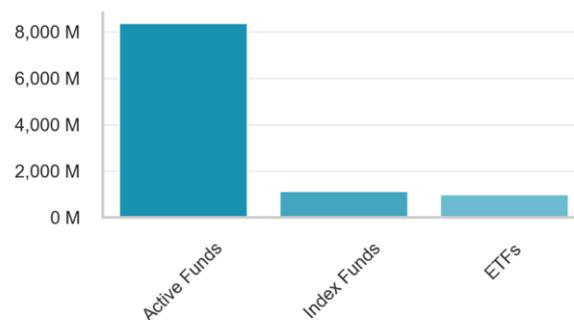
Global fixed income funds and ETFs: issuers

Monthly flows in August 2020 grouped by issuer type (in €)



Global fixed income funds and ETFs: fund type

Monthly flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Emerging Market Fixed Income

Net New Assets: €4.5bn

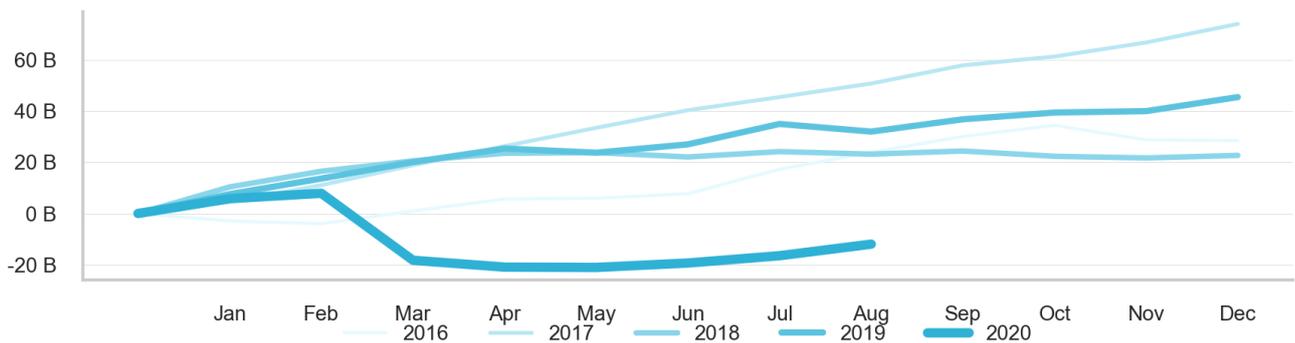
Emerging Market fixed income funds and ETFs gathered €4.5bn in net new assets in August 2020.

Key points:

- ▶ Open-ended funds experienced €4.1bn of flows.
- ▶ Flows into Emerging Market Fixed Income ETFs have totalled €0.4bn.

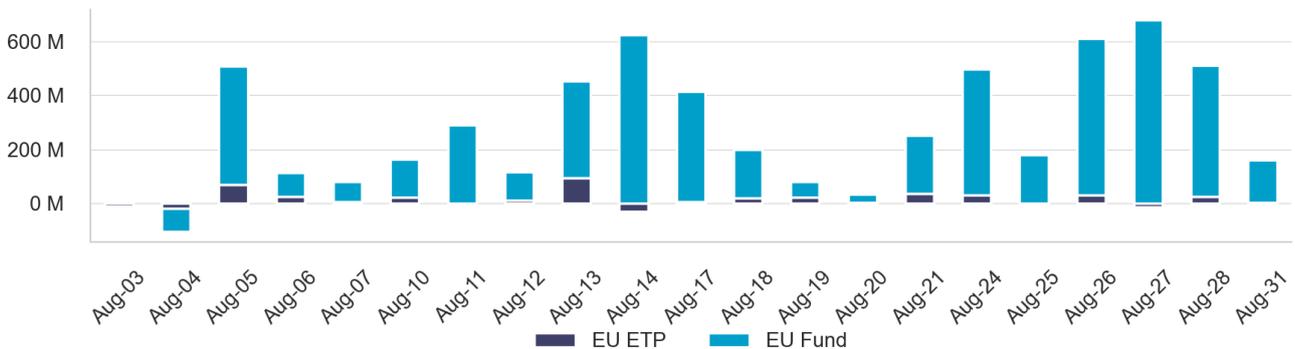
Emerging Market fixed income funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



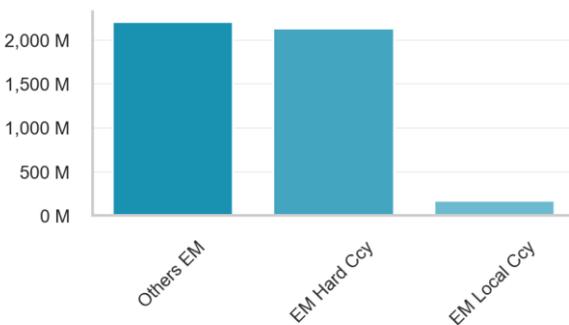
Emerging Market fixed income funds and ETFs: daily flows

Daily flows by fund type (in €)



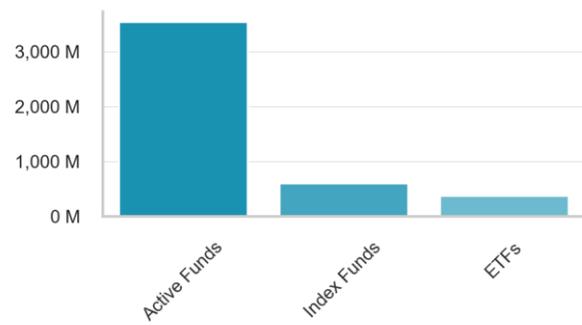
Emerging Market fixed income funds and ETFs: currency

Monthly flows in August 2020 grouped by issuer type (in €)



Emerging Market fixed income funds and ETFs: fund type

Monthly flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Money Market

Net New Assets: €-13.1bn

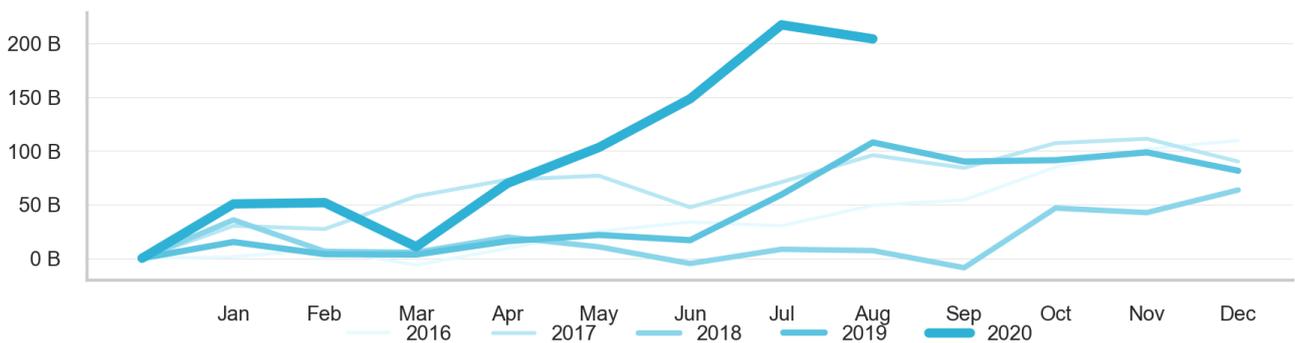
Money Market fixed income funds and ETFs gathered a combined €-13.1bn in net new assets in August 2020.

Key points

- ▶ Open-ended funds experienced €-12.9bn of flows.
- ▶ Flows into Money Market ETFs totalled €-0.2bn.

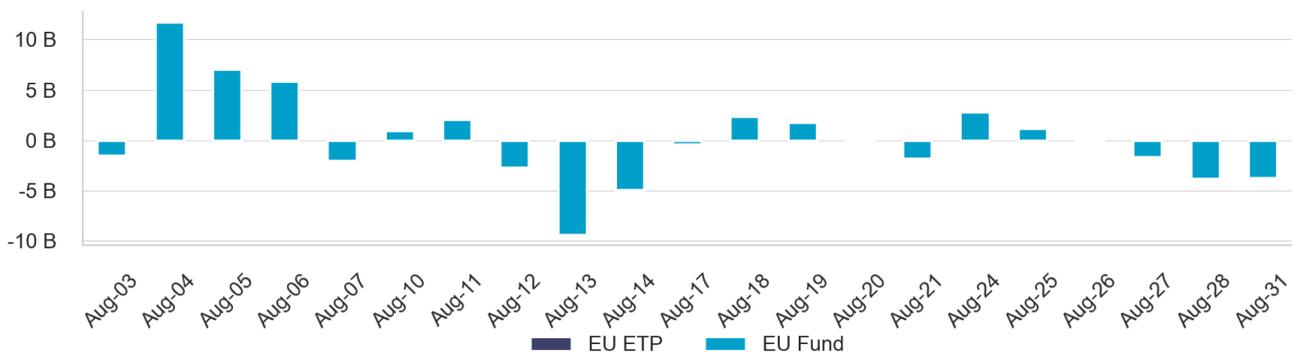
Money Market funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



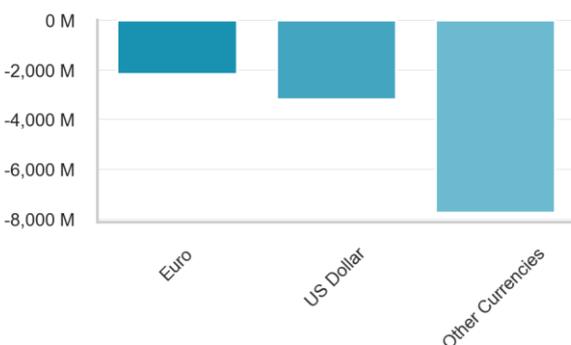
Money Market funds and ETFs: daily flows

Daily flows by fund type (in €)



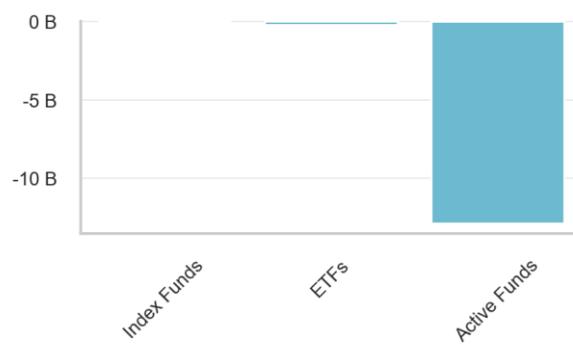
Money Market funds and ETFs: currency

Monthly flows in August 2020 grouped by issuer type (in €)



Money Market funds and ETFs: fund type

Monthly flows in August 2020 grouped by category (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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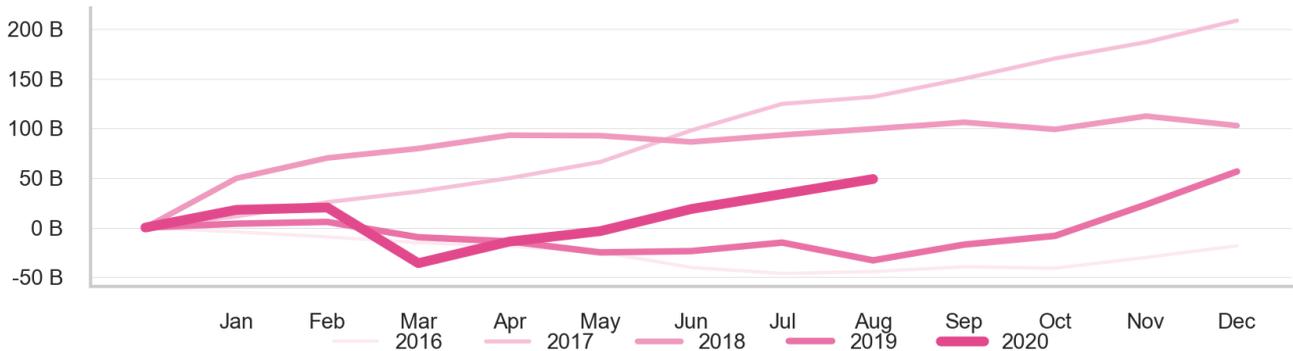
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Equity

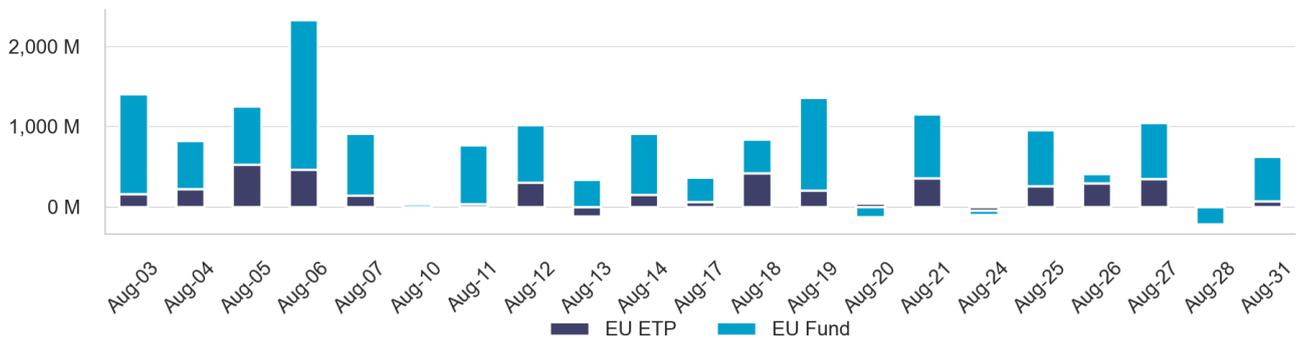
Net New Assets: €15.2bn

Equity open-ended and ETFs gathered €15.2bn in August 2020 with €11.2 bn into funds and €4.0bn into Equity ETFs.

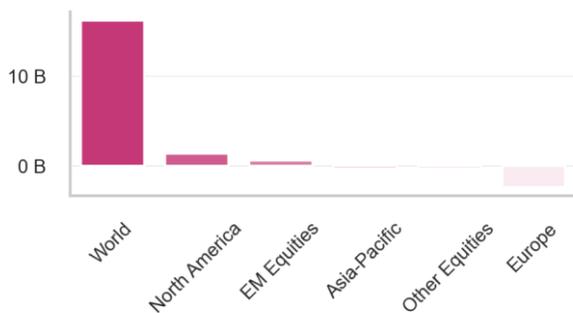
Equity funds and ETFs: cumulative monthly flows
Cumulative monthly flows by year (in €)



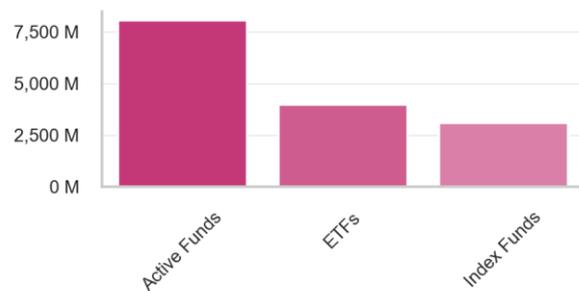
Equity funds and ETFs: daily flows
Daily flows by fund type (in €)



Equity funds and ETFs: regions
Cumulative flows by region (in €)



Equity funds and ETFs: fund type
Cumulative flows in August 2020 by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

World Equity

Net New Assets: €16.1bn

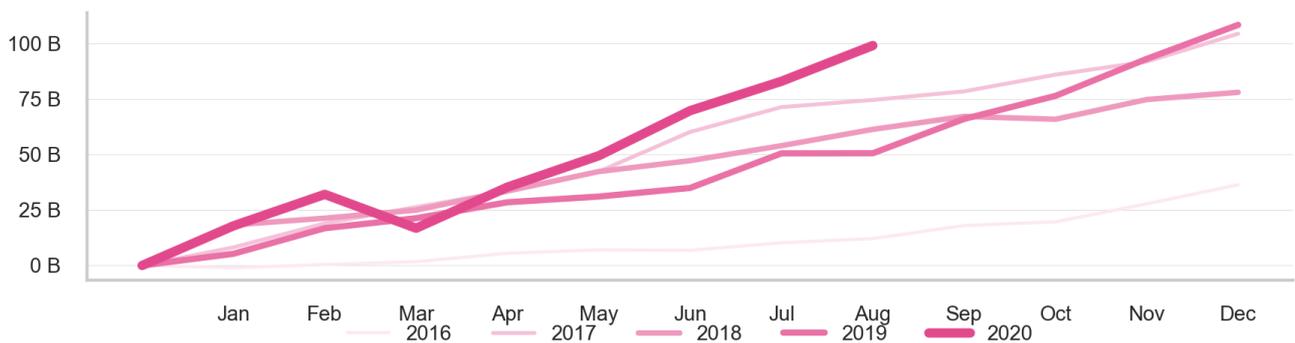
World Equity funds and ETFs gathered €16.1bn in net new assets in August 2020.

Key points:

- ▶ Open-ended World Equity funds have experienced €14.0bn of flows.
- ▶ Flows into World Equity ETFs have totalled €2.1bn.

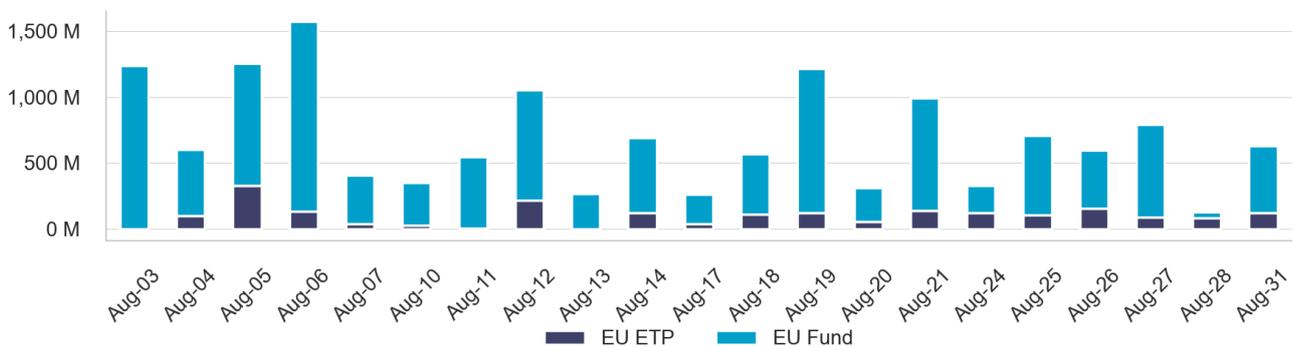
World equity funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



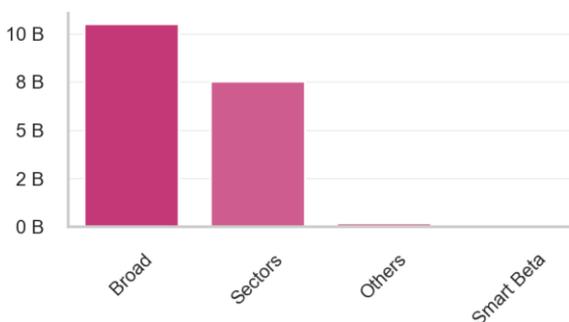
World equity funds and ETFs: daily flows

Daily flows by fund type (in €)



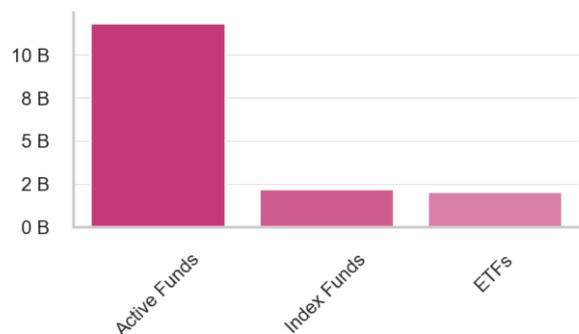
World equity funds and ETFs: investment areas

Monthly flows in August 2020 grouped by category (in €)



World equity funds and ETFs: fund type

Monthly flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Europe Equity

Net New Assets: €-2.4bn

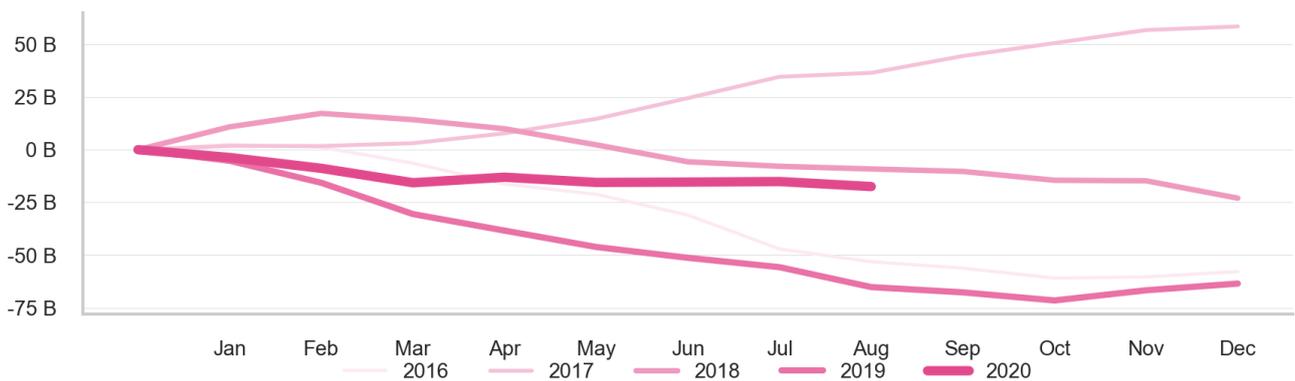
Europe Equity funds and ETFs gathered €-2.4bn in net new assets in August 2020.

Key points:

- ▶ Europe Equity open-ended funds experienced €-2.4bn of flows.
- ▶ Flows into Europe Equity ETFs have totalled €-0.0bn.

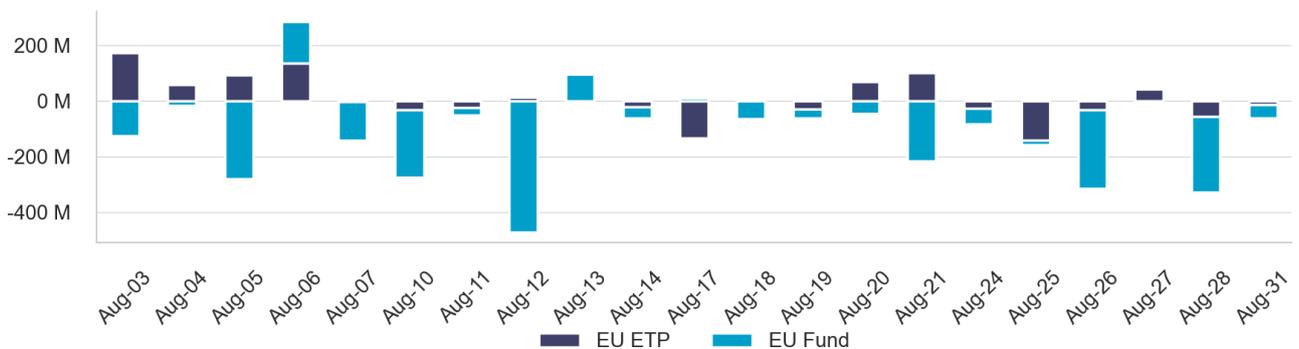
Europe equity funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



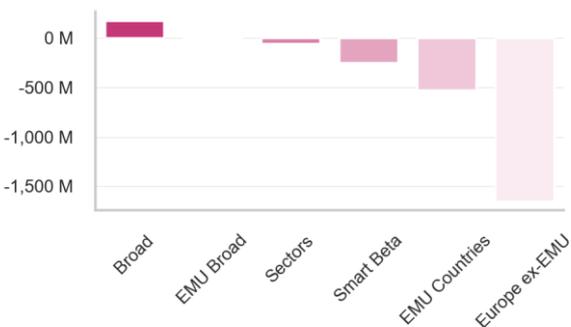
Europe equity funds and ETFs: daily flows

Daily flows by fund type (in €)



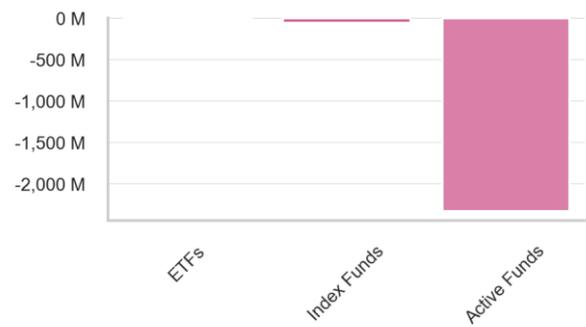
Europe equity funds and ETFs: investment areas

Monthly flows in August 2020 grouped by category (in €)



Europe equity funds and ETFs: fund type

Monthly flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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US Equity

Net New Assets: €1.4bn

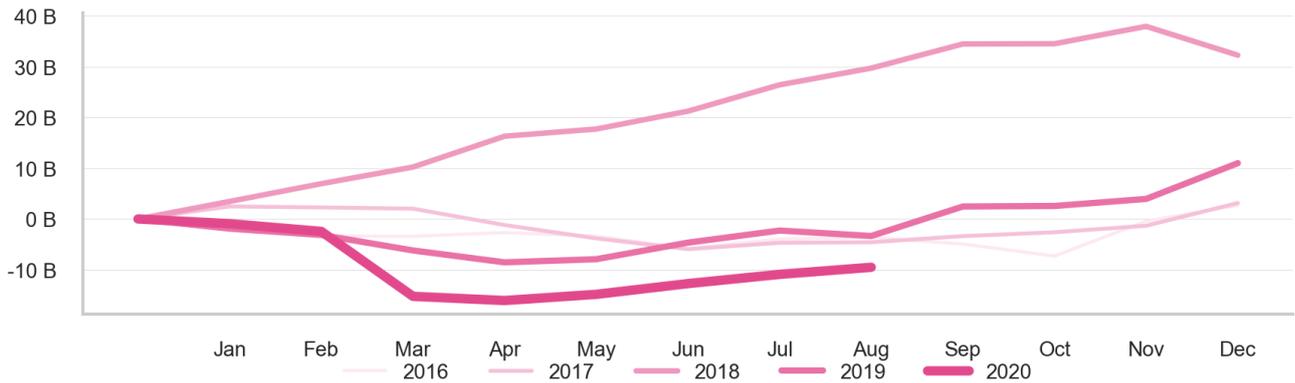
US Equity funds and ETFs gathered €1.4bn in net new assets in August 2020.

Key points:

- ▶ US Equity open-ended funds experienced €0.5bn of flows.
- ▶ Flows into US Equity ETFs totalled €0.9bn.

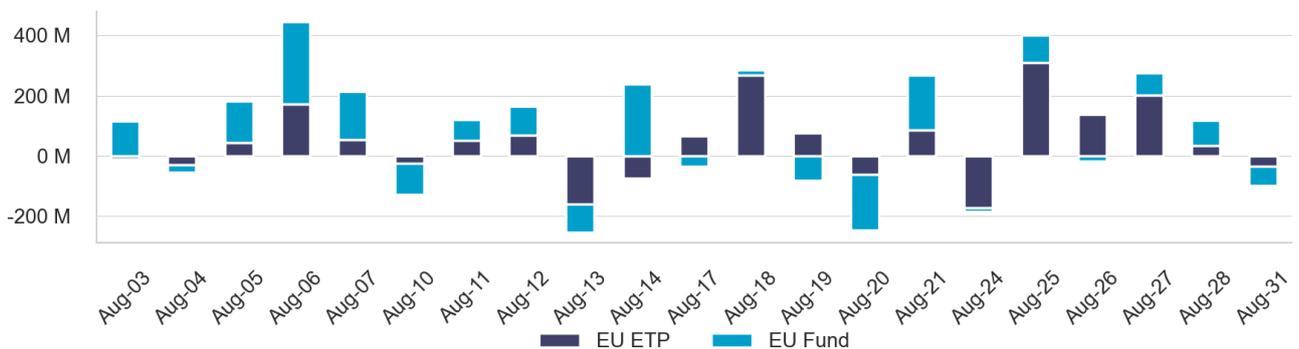
US equity funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



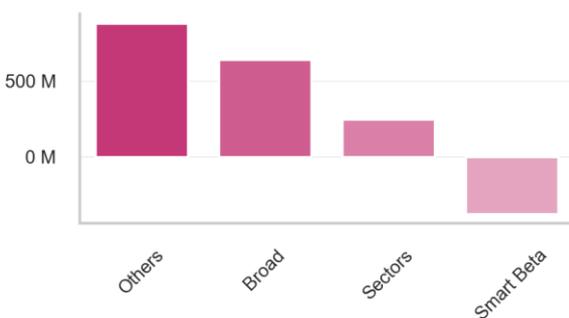
US equity funds and ETFs: daily flows

Daily flows by fund type (in €)



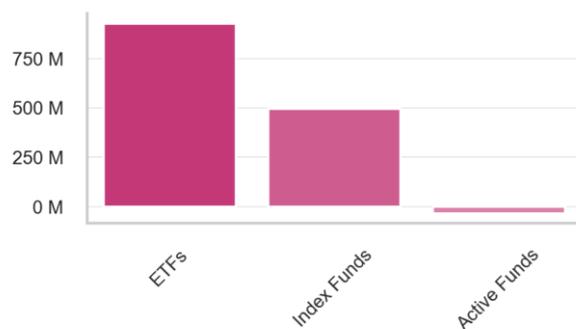
US equity funds and ETFs: investment areas

Cumulative flows in August 2020 grouped by category (in €)



US equity funds and ETFs: fund type

Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Emerging Market Equity

Net New Assets: €0.6bn

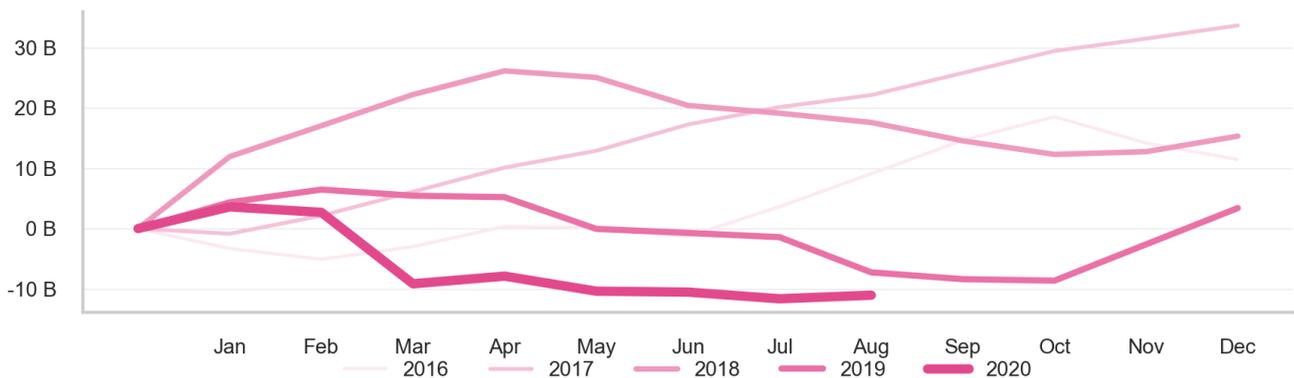
Emerging Market ('EM) Equity funds and ETFs gathered €0.6bn in net new assets in August 2020.

Key points:

- ▶ EM Equity open-ended funds saw €0.3bn of flows.
- ▶ Flows into EM Equity ETFs totalled €0.3bn.

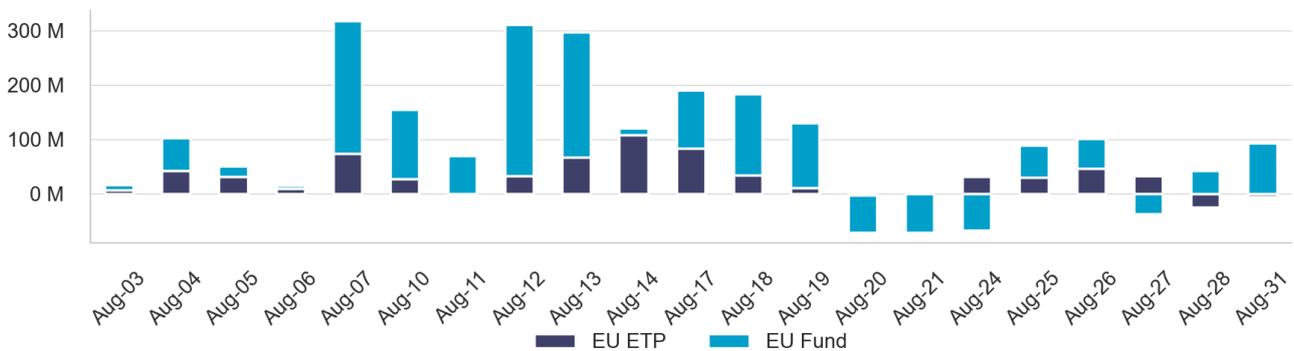
EM equity funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



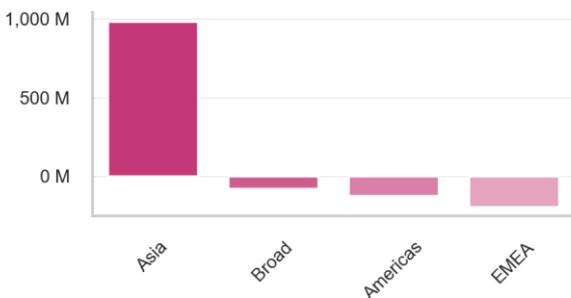
EM equity funds and ETFs: daily flows

Daily flows by fund type (in €)



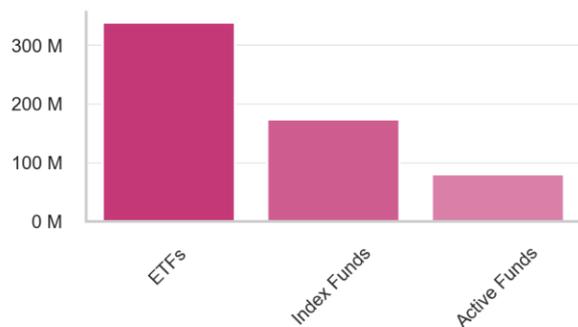
EM equity funds and ETFs: investment areas

Cumulative flows in August 2020 grouped by category (in €)



EM equity funds and ETFs: fund type

Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Emerging Market Asia Equity

Net New Assets: €1.0bn

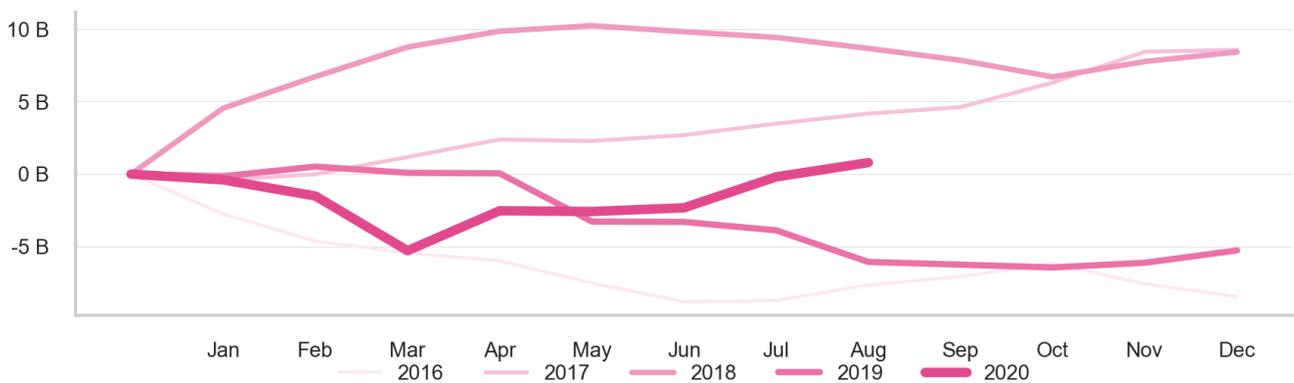
Emerging Market Asia ('EM Asia') Equity funds and ETFs gathered €1.0bn in net new assets in August 2020.

Key points:

- ▶ EM Asia Equity open-ended funds had €0.9bn of flows.
- ▶ Flows into EM Asia Equity ETFs totalled €0.1bn.

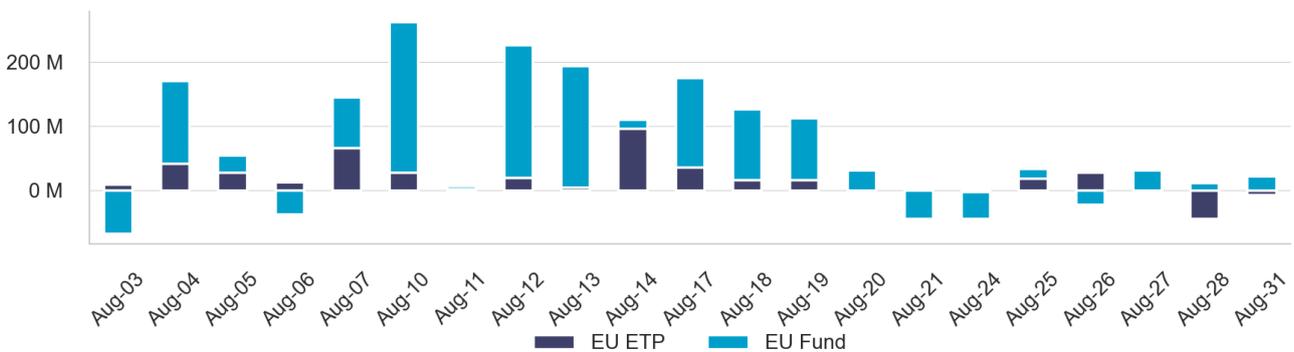
EM Asia equity funds and ETFs: cumulative monthly flows

Cumulative monthly flows by year (in €)



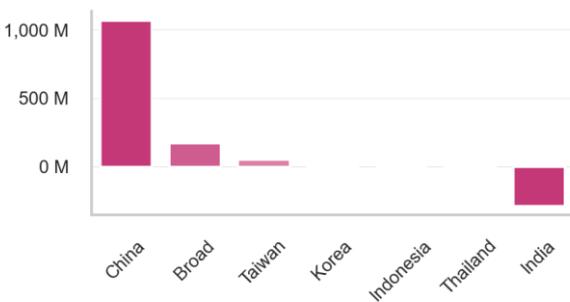
EM Asia equity funds and ETFs: daily flows

Daily flows by fund type (in €)



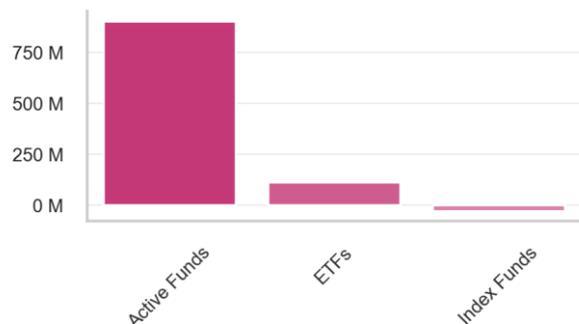
EM Asia equity funds and ETFs: investment areas

Cumulative flows in August 2020 grouped by category (in €)



EM Asia equity funds and ETFs: fund type

Cumulative flows in August 2020 grouped by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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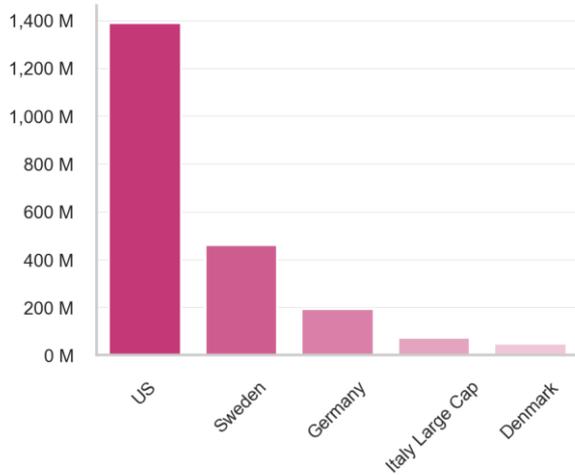
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Equity: a country perspective

Top country flows

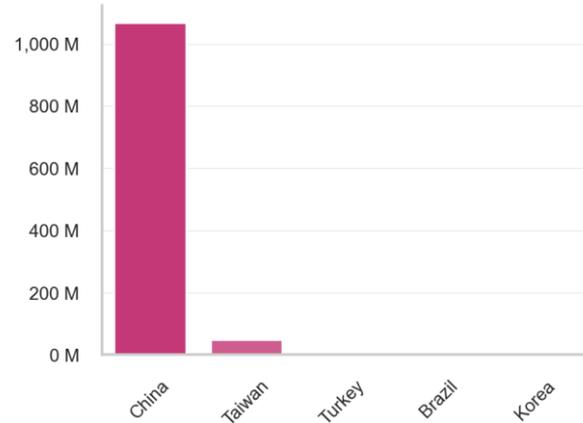
Equity Funds and ETFs: top developed countries

Cumulative flows in August 2020 by country (in €)



Equity Funds and ETFs: top emerging countries

Cumulative flows in August 2020 by country (in €)

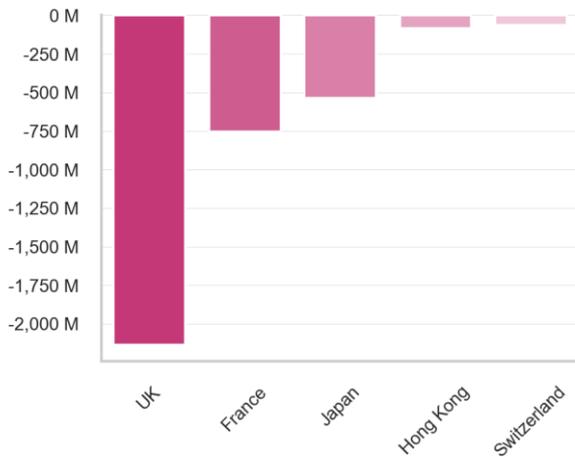


Source: Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

Bottom country flows

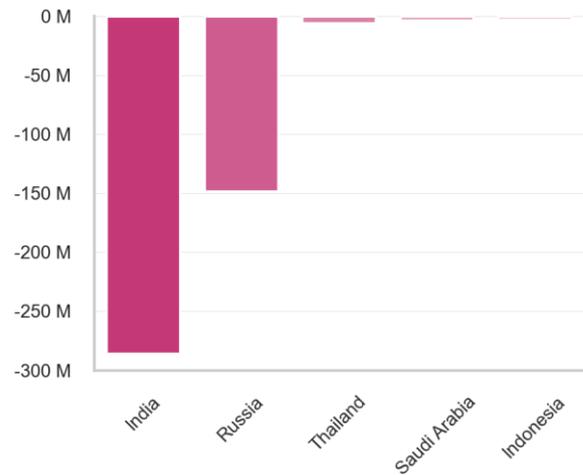
Equity Funds and ETFs: bottom developed countries

Cumulative flows in August 2020 by country (in €)



Equity Funds and ETFs: bottom emerging countries

Cumulative flows in August 2020 by country (in €)



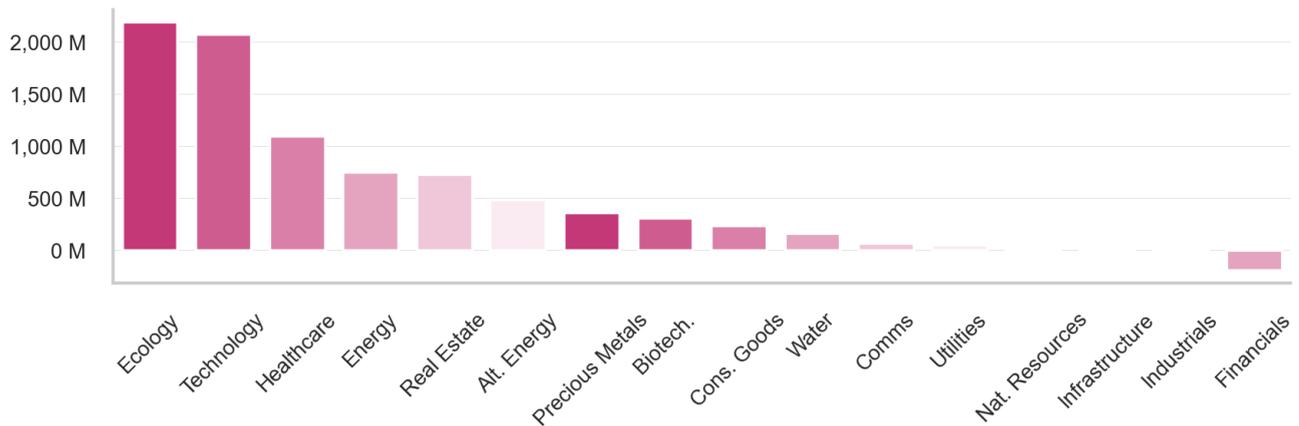
Source: Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

Equity: a sector perspective

- ▶ World Equity sectors gathered €7.5bn of assets across funds and ETFs in August 2020. World Ecology was the top sector, gathering €2.2bn of flows. World Financials recorded the lowest flows (€-0.2bn).
- ▶ Europe Equity sectors funds and ETFs have gathered €-0.1bn. The Europe Ecology sector lead the pack with €0.1bn of inflows, while Europe Healthcare sector experienced the lowest flow, with €-0.1bn.

Equity funds and ETFs: World sectors

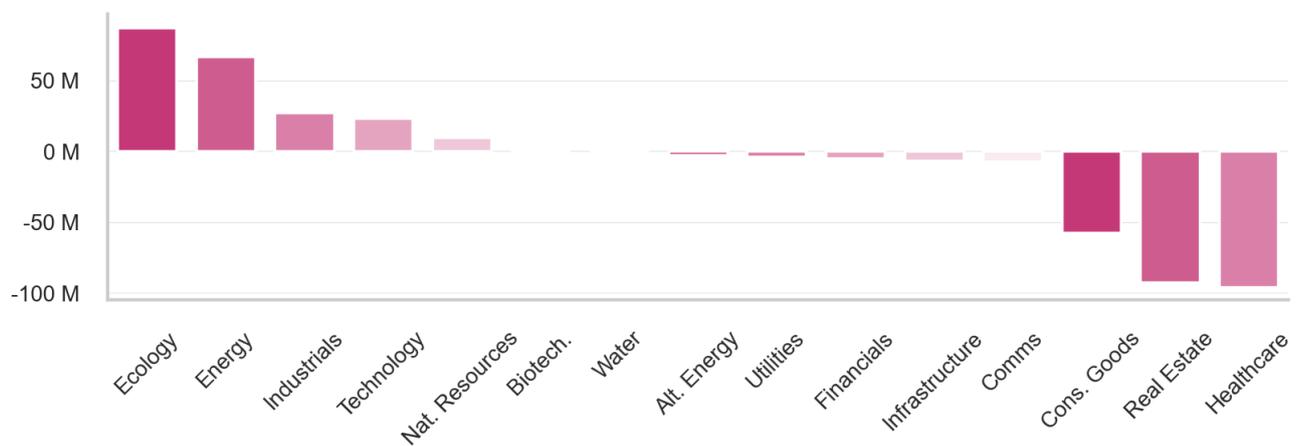
Cumulative flows in August 2020 by sector (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020.
Past performance is not indicative of future performance.

Equity funds and ETFs: European sectors

Cumulative flows in August 2020 by sector (in €)



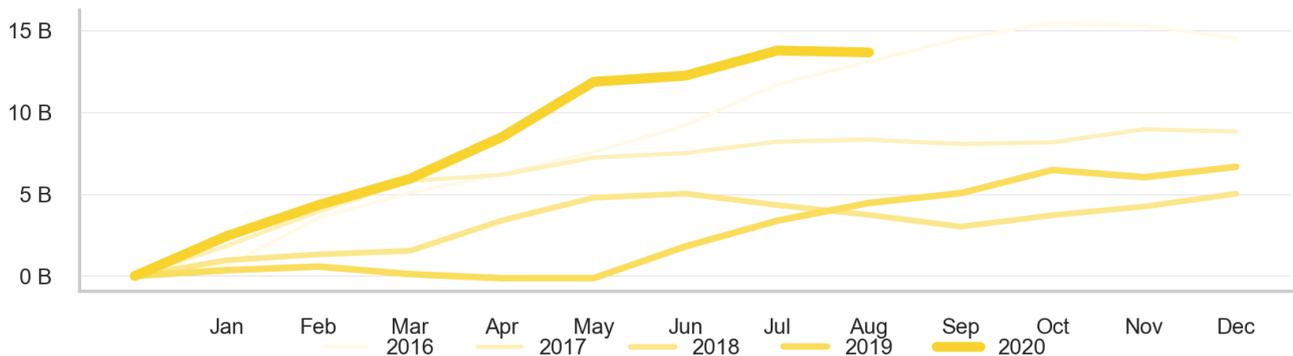
Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020.
Past performance is not indicative of future performance.

Commodities

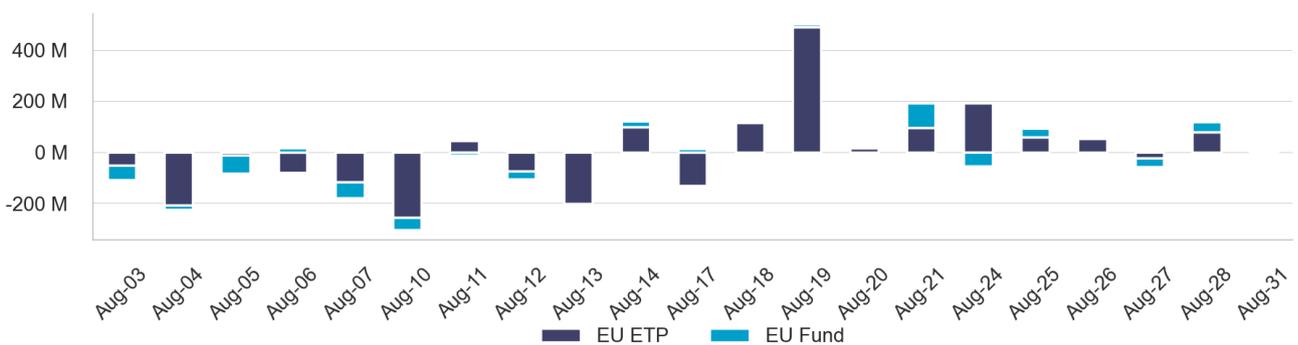
Net New Assets: €-0.1bn

Commodities funds and Exchange Traded Products ('ETPs') gathered €-0.1bn with €-0.2 bn into open-ended funds and €0.1bn into Commodities ETPs.

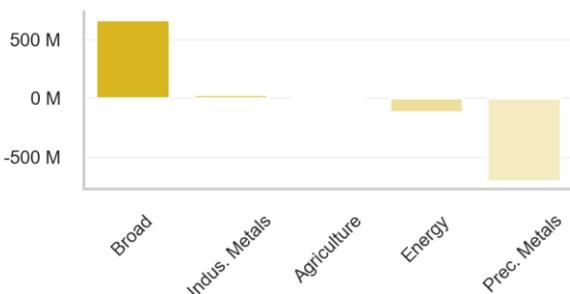
Commodities funds and ETPs: cumulative monthly flows
Cumulative monthly flows by year (in €)



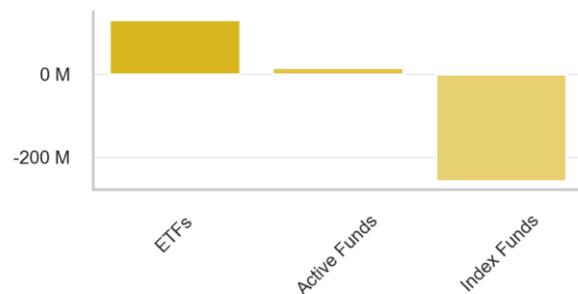
Commodities funds and ETPs: daily flows
Daily flows by fund type (in €)



Commodities funds and ETPs: regions
Cumulative flows by region (in €)



Commodities funds and ETPs: fund type
Cumulative flows in August 2020 by fund type (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

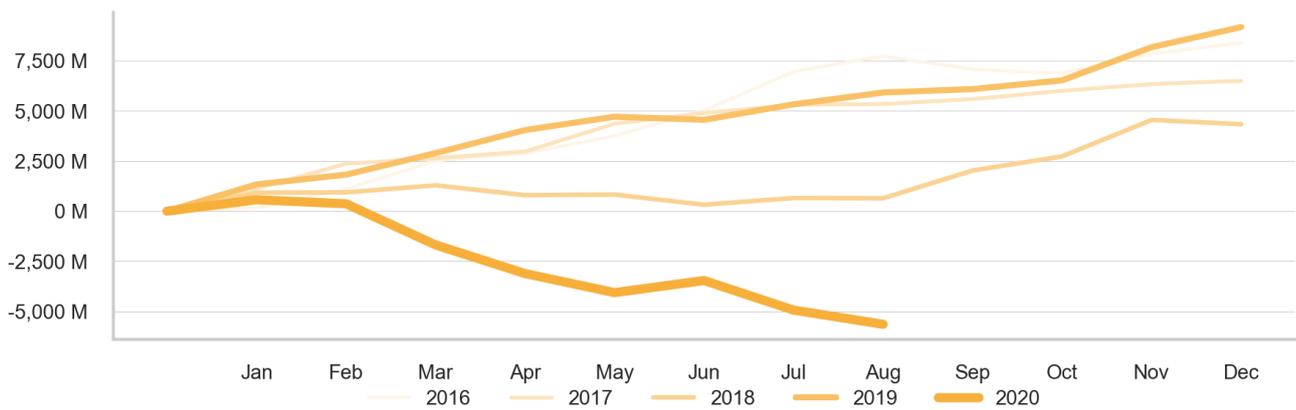
Smart Beta

Net New Assets: €-0.7bn

- ▶ Smart beta ETFs gathered €-0.7bn in August 2020.
- ▶ Equity and fixed income smart beta ETFs saw €-0.5bn and €-0.0bn respectively.

Smart beta ETFs: cumulative monthly flows

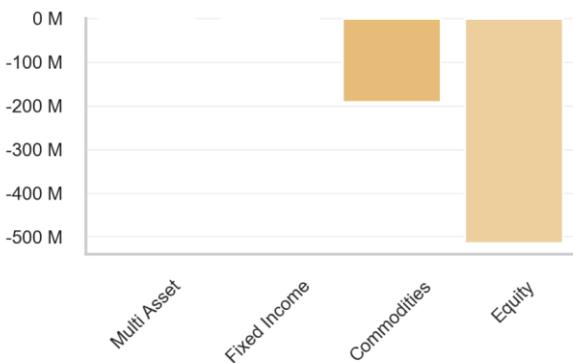
Cumulative monthly flows (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

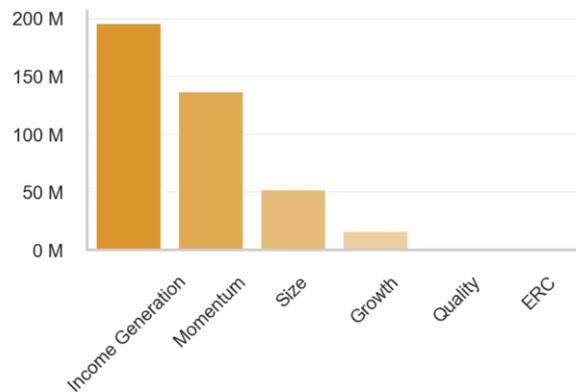
Smart beta ETFs: asset classes

Cumulative flows in August 2020 by asset class (in €)



Smart beta ETFs: top strategies

Cumulative flows in August 2020 by strategy (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

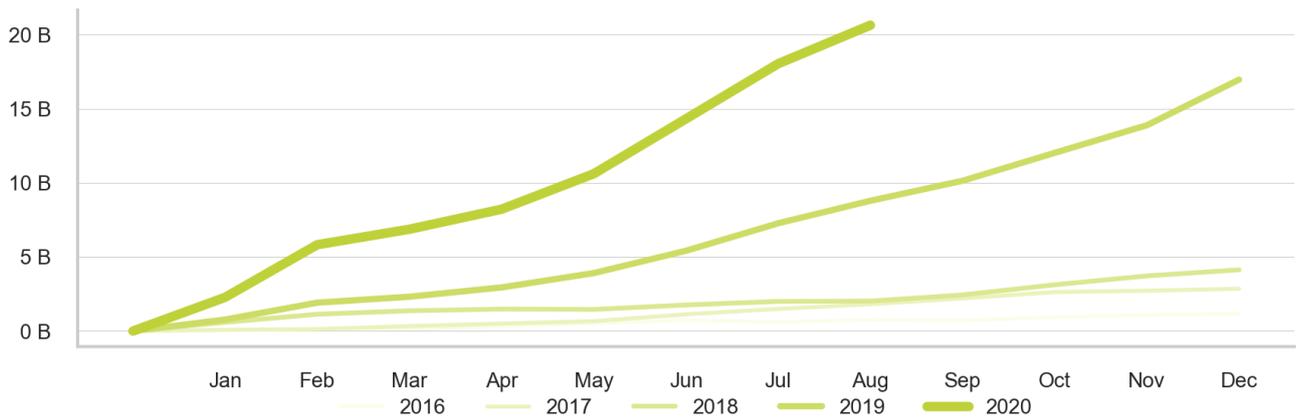
ESG ETFs

Net New Assets: €2.6bn

- ▶ ESG ETFs gathered €2.6bn in August 2020.
- ▶ Equity ESG ETFs gained €1.8bn and fixed income ESG ETFs saw €0.8bn of flows.

ESG ETFs: cumulative monthly flows

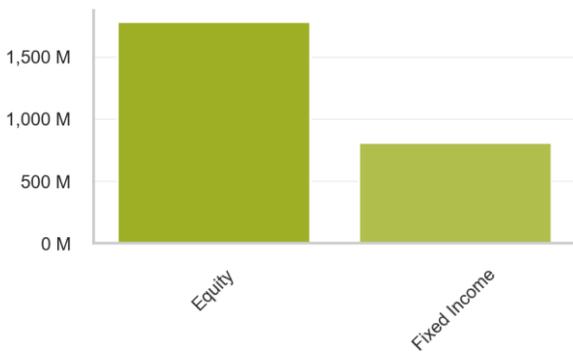
Cumulative monthly flows (in €)



Source: Bloomberg, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

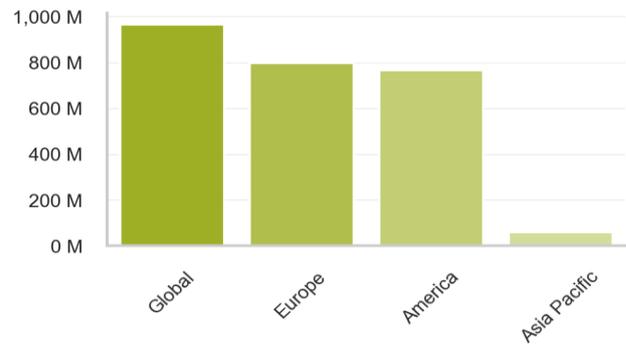
ESG ETFs : asset classes

Cumulative flows in August 2020 by asset class (in €)



ESG ETF : regions

Cumulative flows in August 2020 by strategy (in €)



Source: Morningstar, Lyxor International Asset Management. Data as at 10/09/2020. Past performance is not indicative of future performance.

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Knowing your risk

It is important for potential investors to evaluate the risks described below and in the fund prospectus on our website www.lyxoretf.com

Capital at risk

ETFs are tracking instruments: Their risk profile is similar to a direct investment in the Underlying index. Investors' capital is fully at risk and investors may not get back the amount originally invested.

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.

Counterparty risk

With synthetic ETFs, investors are exposed to risks resulting from the use of an OTC swap with Société Générale. In-line with UCITS guidelines, the exposure to Société Générale cannot exceed 10% of the total fund assets. Physically replicated ETFs may have counterparty risk if they use a securities lending programme

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The Underlying index of a Lyxor ETF may be complex and volatile. For example, when investing in commodities, the Underlying index is calculated with reference to commodity futures contracts exposing the investor to a liquidity risk linked to costs such as cost of carry and transportation. ETFs exposed to Emerging Markets carry a greater risk of potential loss than investment in Developed Markets as they are exposed to a wide range of unpredictable Emerging Market risks.

Currency risk

ETFs may be exposed to currency risk if the ETF is denominated in a currency different to that of the Underlying index they are tracking. This means that exchange rate fluctuations could have a negative or positive effect on returns.

Liquidity risk

Liquidity is provided by registered market-makers on the respective stock exchange where the ETF is listed, including Société Générale. On exchange, liquidity may be limited as a result of a suspension in the underlying market represented by the Underlying index tracked by the ETF; a failure in the systems of one of the relevant stock exchanges, or other market-maker systems; or an abnormal trading situation or event.

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