

Informed Investor: Money Monitor

A look back at European ETF market flows last month

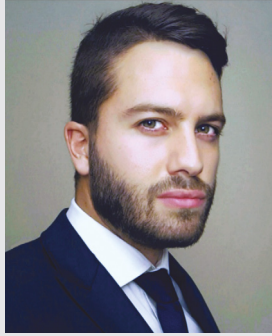
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September 2019
Lyxor ETF Research

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SOCIETE GENERALE GROUP



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CONTEXT

| | |
|-------------------------------------|----|
| Record month for European ETF flows | 2 |
| Special focus | 4 |
| Best month ever for equities | 5 |
| Fixed income flows rebound | 6 |
| Good month for commodities | 7 |
| Weaker month for smart beta | 8 |
| Flows into ESG ETFs still strong | 9 |
| Dive deeper | 10 |

Informed Investor: Money Monitor September 2019

By Marlene Hassine Konqui, Head of ETF Research and Kristo Durbaku, ETF Research Analyst

Record month for European ETF flows

In September, European ETFs recorded their best month ever, having gathered €17.3bn* vs. the €8.4bn* of outflows we saw in August. The inflows were driven by equity ETFs, which also enjoyed their best month ever (+€11.1bn).

Flows into fixed income (€4.3bn) and commodities ETFs (€382m) rebounded slightly. Smart beta flows slowed from where they were in August but remained positive at €204m.

Meanwhile, ESG ETFs keep breaking records. Inflows of €1.2bn took their total for the year to €9.7bn.

What happened last month?

- ▶ Record month for ETF flows
- ▶ Best month ever for equities

 €17.3bn



Best month ever for equities

€11.1bn



Fixed income flows rebound

€4.3bn



Good month for commodities

€382m



Weaker month for smart beta

€204m



Flows into ESG ETFs still strong

€1.2bn

How does the YTD picture look?

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

 €59.1bn



Equity ETFs are this year's laggards

€2.2bn



Still the best year so far for fixed income

€40bn



Weak year so far for commodities

€650m



Strong year so far for smart beta

€6.4bn



Record YTD flows for ESG

€9.7bn

Source: Monthly data in EURM from 01/01/2019 to 30/09/2019 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

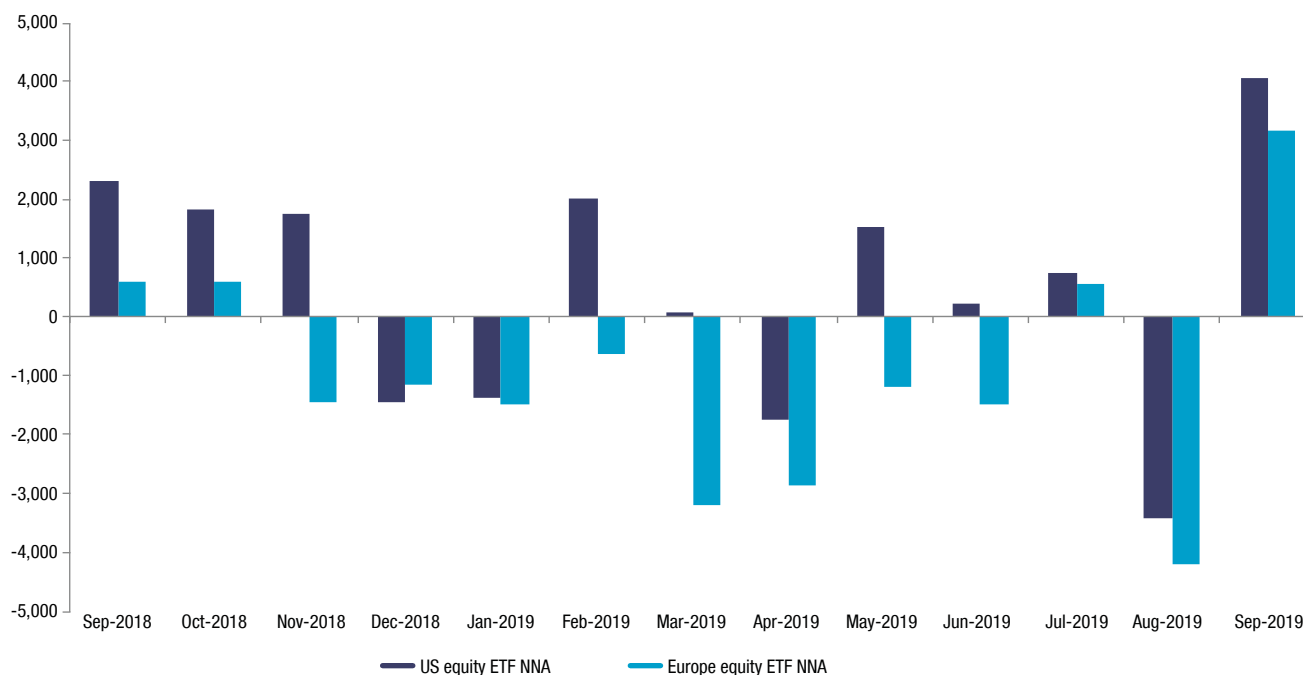
Signs of some support for developed market flows?

So which areas of the equity market were responsible for this latest monthly record? Perhaps unsurprisingly, the US led the way, but Europe wasn't too far behind (+€3.9bn and +€3.2bn respectively) despite all the doom-mongering. Both categories enjoyed a strong rebound and contributed strongly to the new net flows record for the developed market equity category (+€8.9bn).

Both the Fed and the ECB announced interest rate cuts last month as they struggled to stimulate their economies. This easing seems to have helped European equity markets and ETF flows recover some ground after massive outflows of

€17.2bn over the previous ten months, but it's too early to tell whether this rebound will be short-lived or is the start of something more durable. For this more positive sentiment to endure, we suspect it may take some more fiscal activism as stated by the soon-to-be-departing Mario Draghi. Monetary policy may have reached the limits of its effectiveness. In the US, the Fed's policy of pre-emptive interest rate cuts and a resilient services sector should continue to shore up superior growth and have a positive impact on flows, even if trade war news flow triggers the odd wobble.

US and Europe equity ETF monthly net new assets



Source: Lyxor ETF, Bloomberg data from 01/09/2018 to 30/09/2019.

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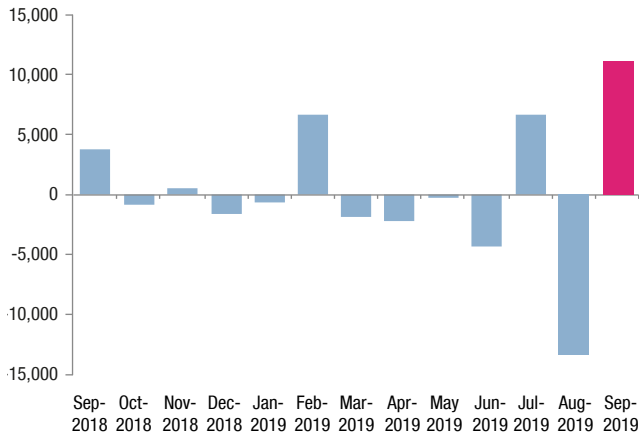
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Best month ever for equities

€11.1bn

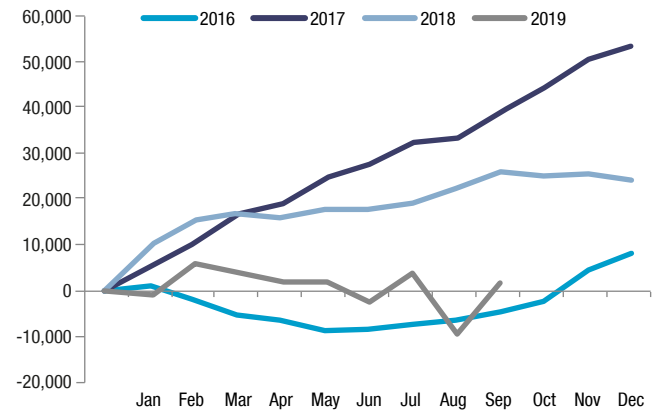
Best month ever for equity ETFs

Monthly NNA on equity ETFs

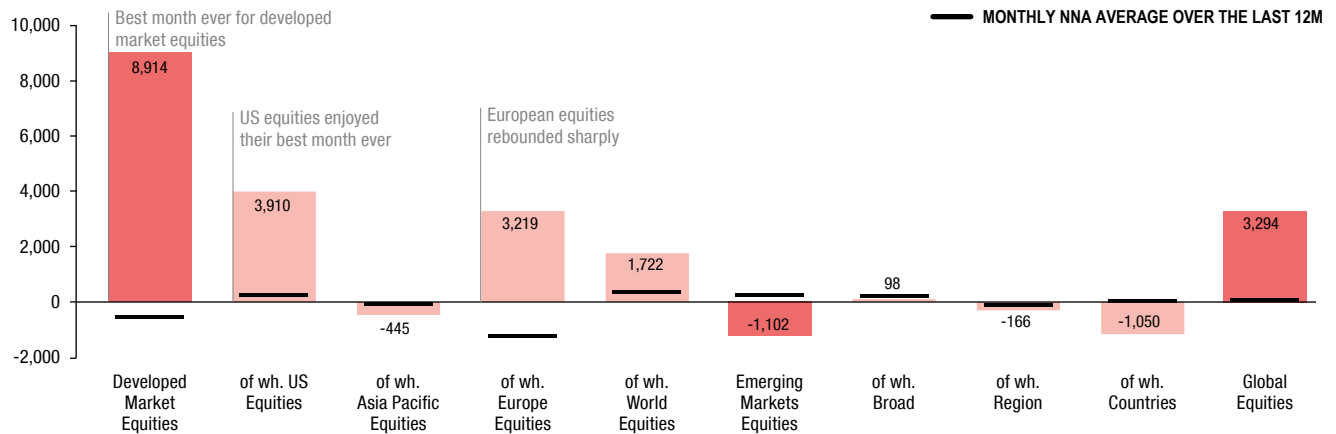


Equity ETFs back in positive territory

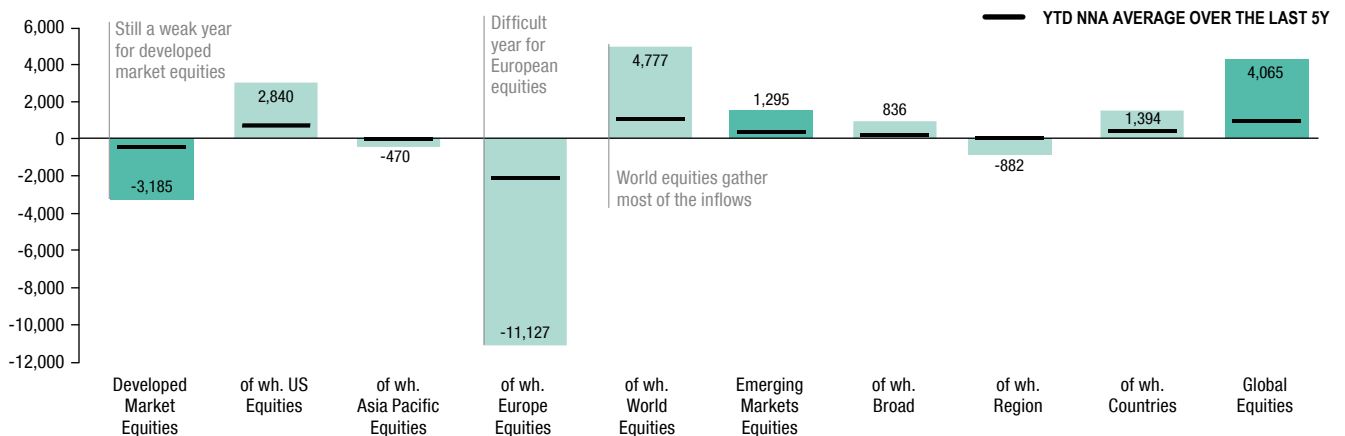
Cumulated monthly NNA on equity ETFs



Monthly net inflows on Equity ETFs in Europe



YTD net inflows on Equity ETFs in Europe



Source: Monthly data from 01/01/2014 to 30/09/2019, Bloomberg, Lyxor International Asset Management.

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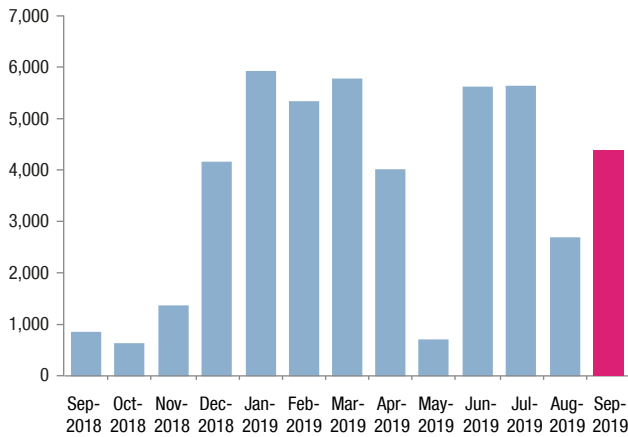
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Fixed income flows rebound

€4.3bn

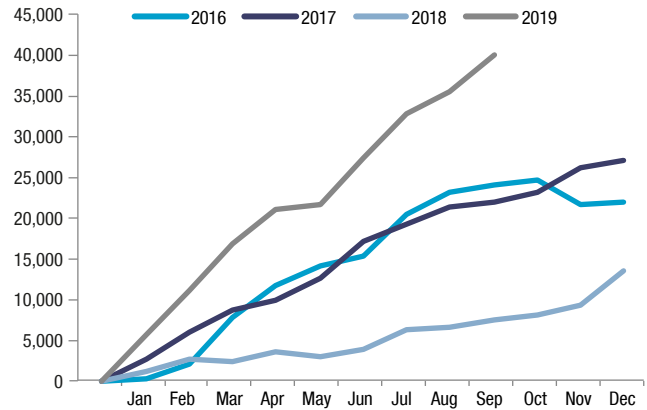
Fixed income ETFs flows rebound

Monthly NNA on fixed income ETFs

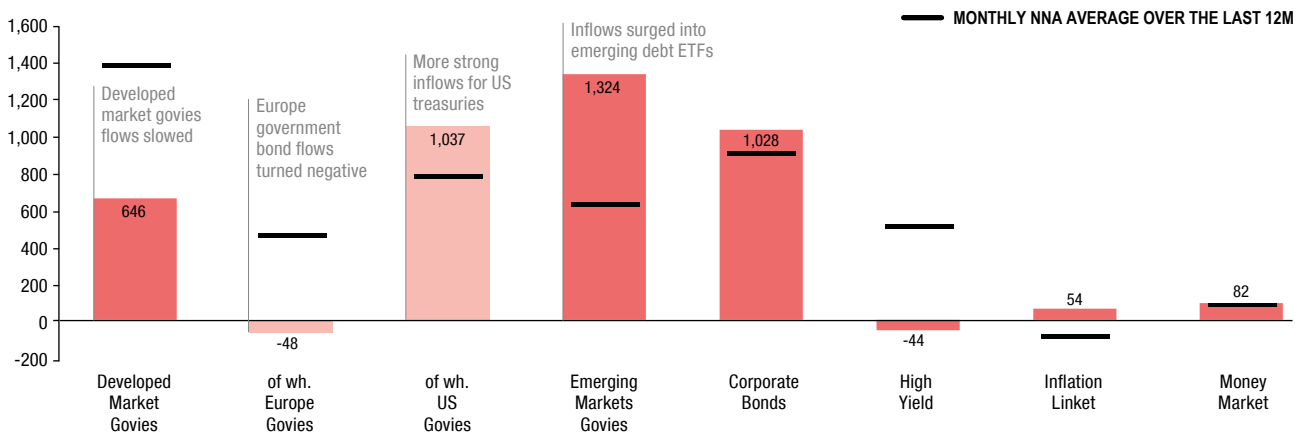


Best year so far for fixed income ETFs

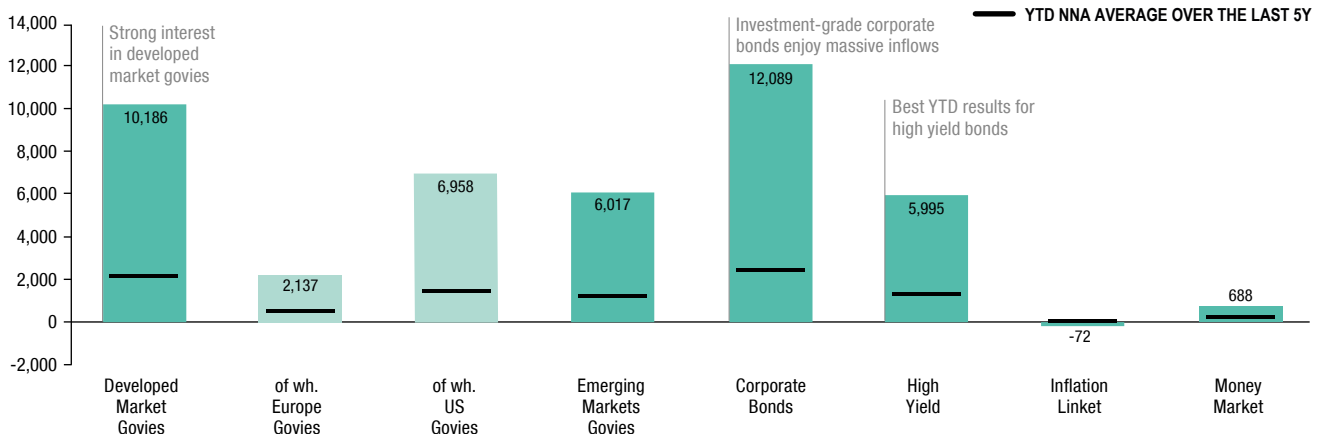
Cumulated monthly NNA on fixed income ETFs



Monthly net inflows on fixed income ETFs in Europe



YTD net inflows on fixed income ETFs in Europe



Source: Monthly data from 01/01/2014 to 30/09/2019, Bloomberg, Lyxor International Asset Management.

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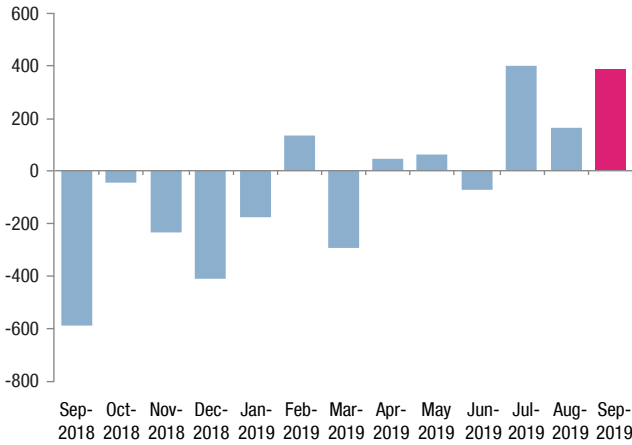
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Good month for commodities

↑ €382m

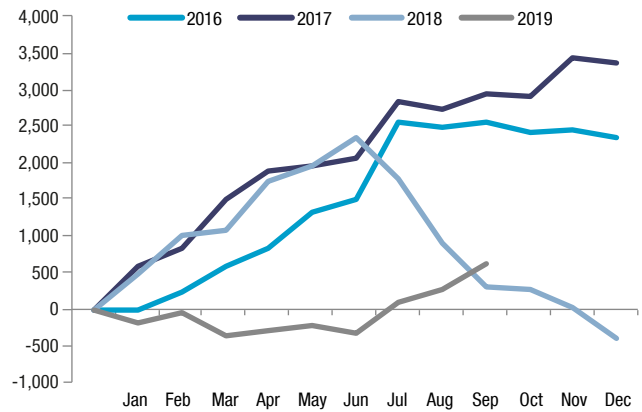
Decent month for commodity ETFs

Monthly NNA on commodity ETFs

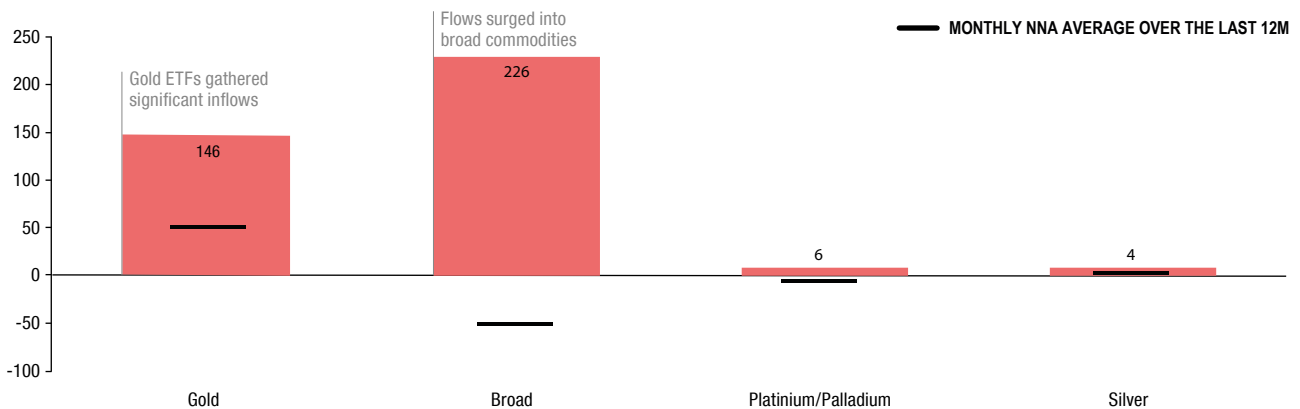


Commodity ETF flows still positive

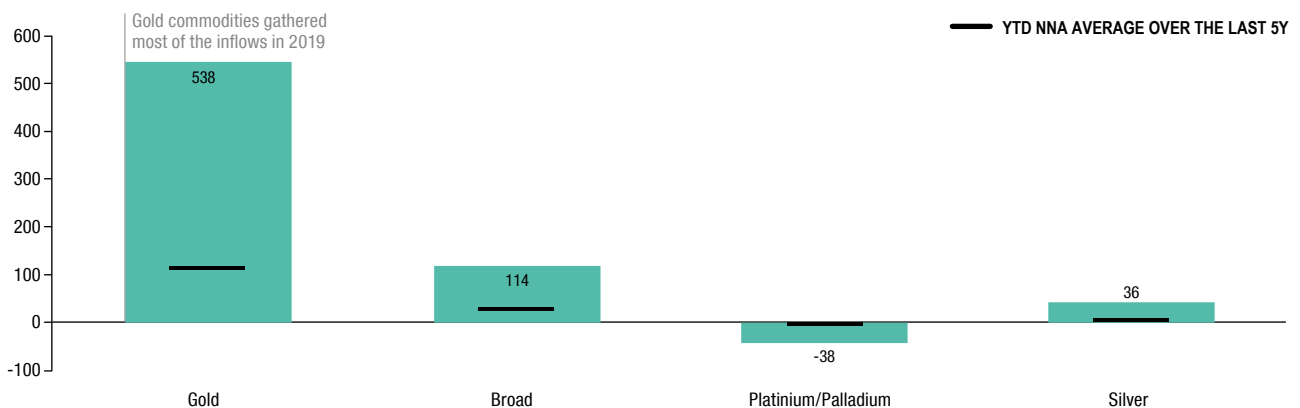
Cumulated monthly NNA on commodity ETFs



Monthly net inflows on commodity ETFs in Europe



YTD net inflows on commodity ETFs in Europe



Source: Monthly data from 01/01/2014 to 30/09/2019, Bloomberg, Lyxor International Asset Management.

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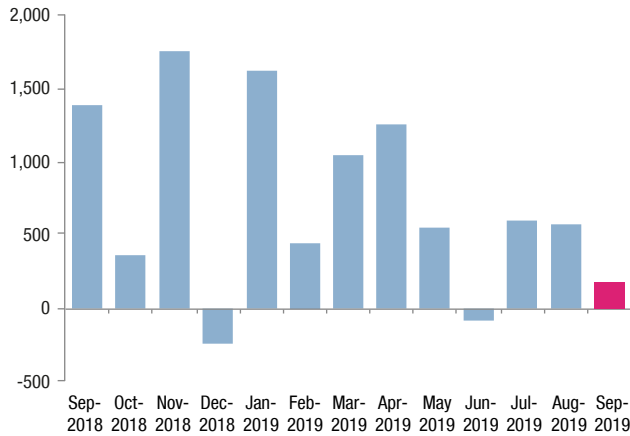
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Weaker month for smart beta

€204m

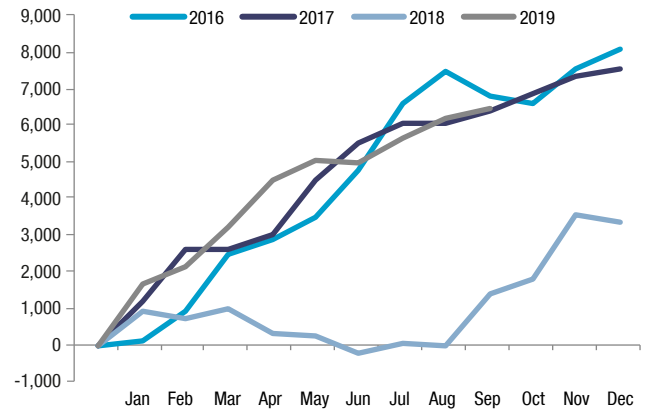
Slower flows into smart beta ETFs

Monthly NNA on smart beta ETFs

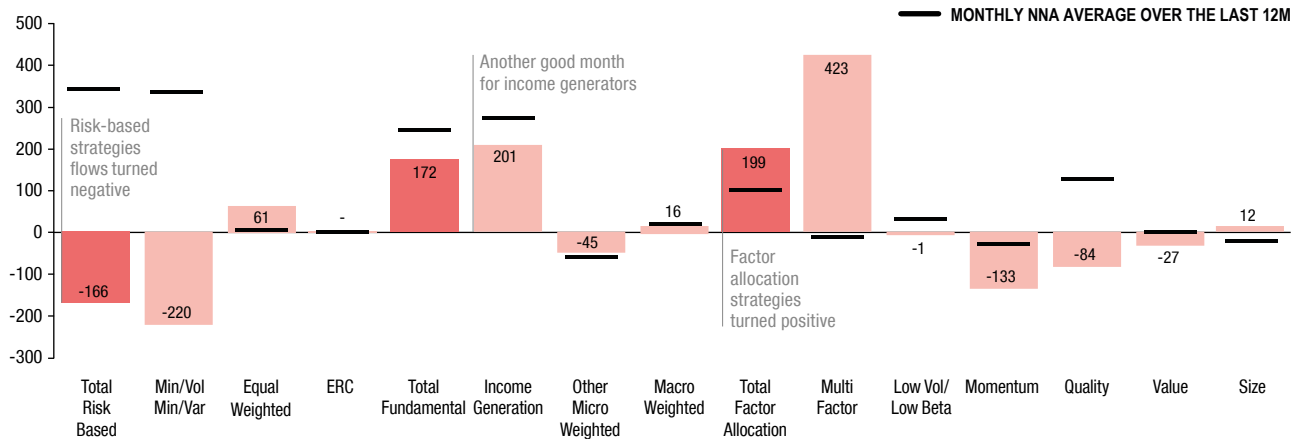


Still a strong year for smart beta

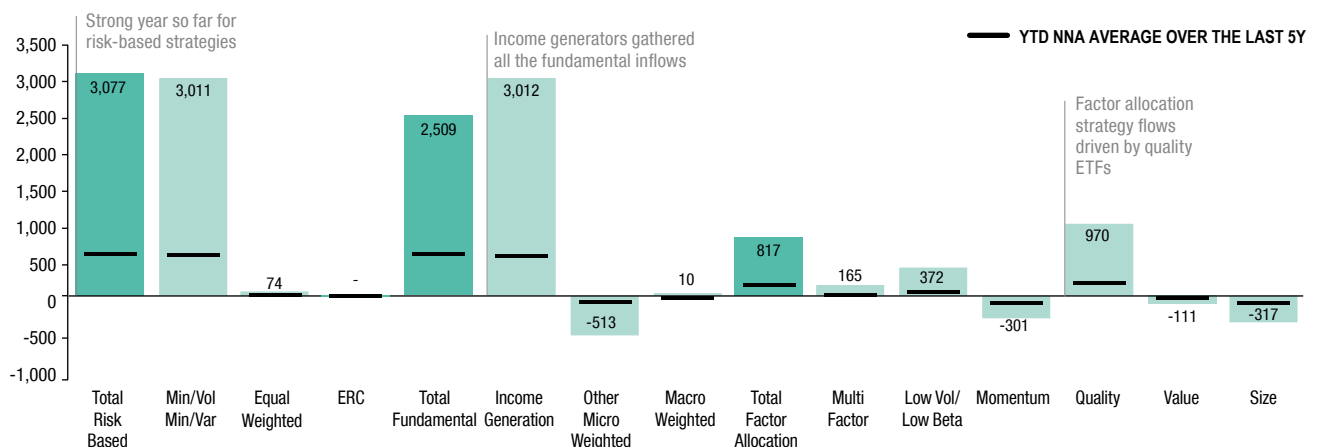
Cumulated monthly NNA on smart beta ETFs



Monthly net inflows on smart beta ETFs in Europe



YTD net inflows on smart beta ETFs in Europe



Source: Monthly data from 01/01/2014 to 30/09/2019, Bloomberg, Lyxor International Asset Management.

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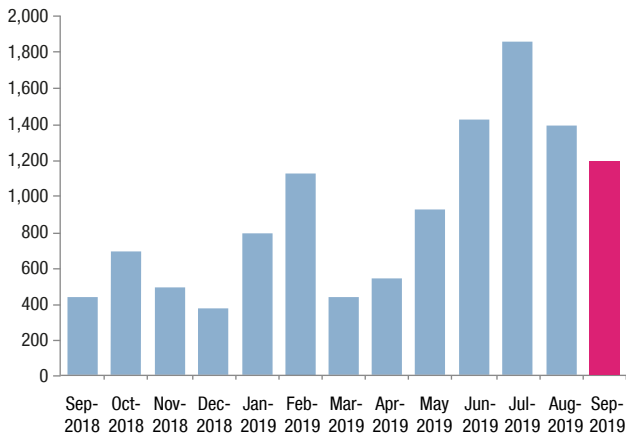
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Flows into ESG ETFs still strong

€1.2bn

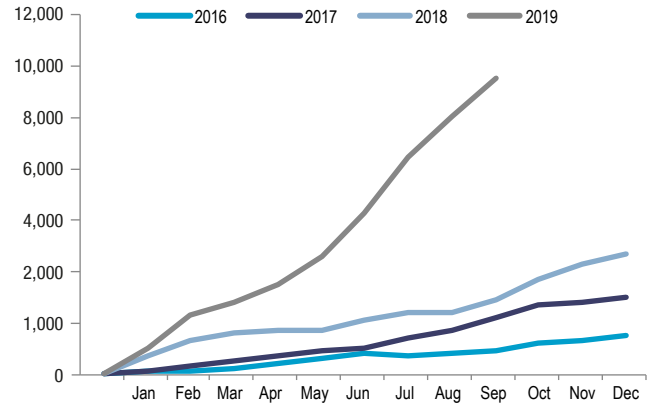
Flows into ESG ETFs still strong

Monthly NNA on ESG ETFs

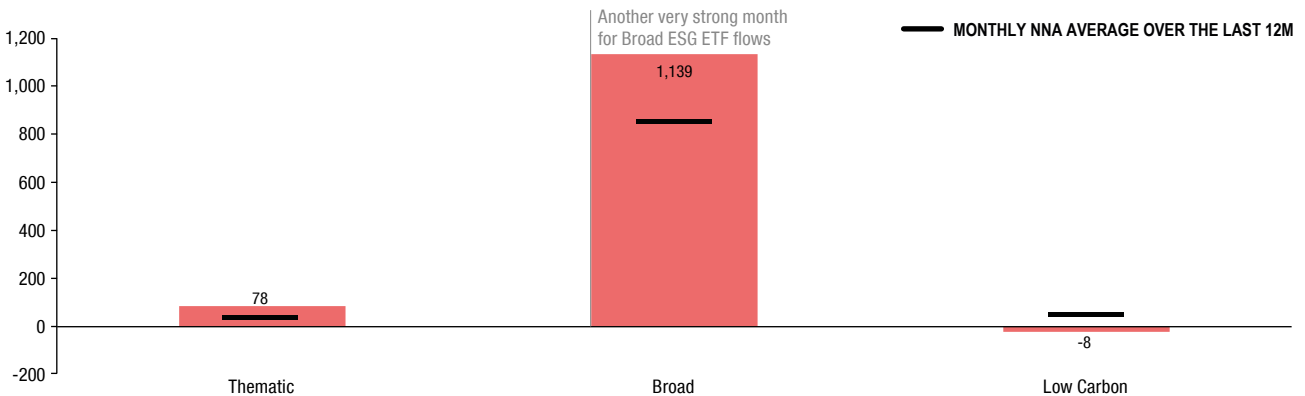


Record YTD flows for ESG

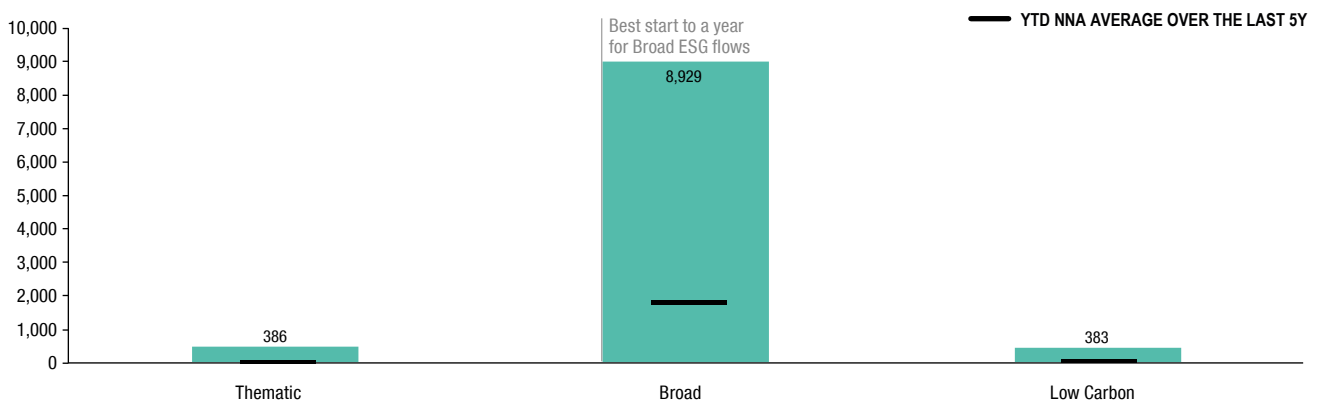
Cumulated monthly NNA on ESG ETFs



Monthly net inflows on ESG ETFs in Europe



YTD net inflows on ESG ETFs in Europe



Source: Monthly data from 01/01/2014 to 30/09/2019, Bloomberg, Lyxor International Asset Management.

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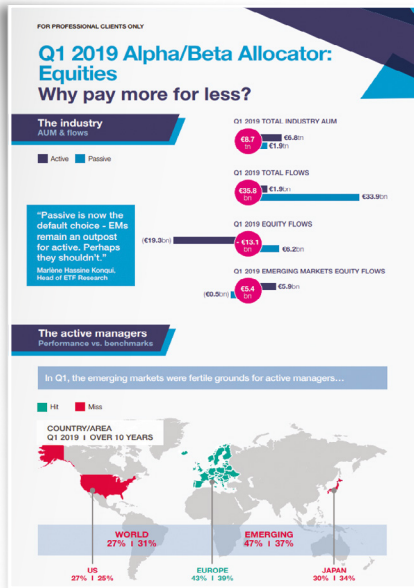
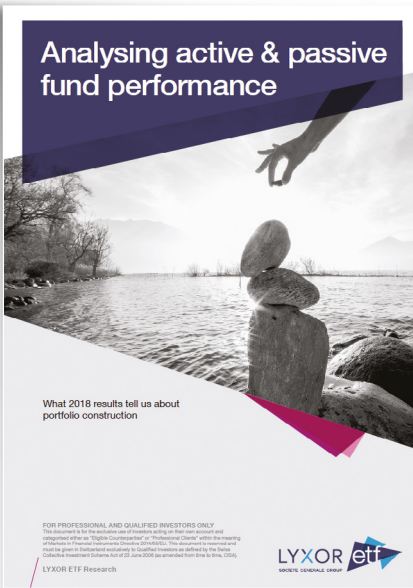
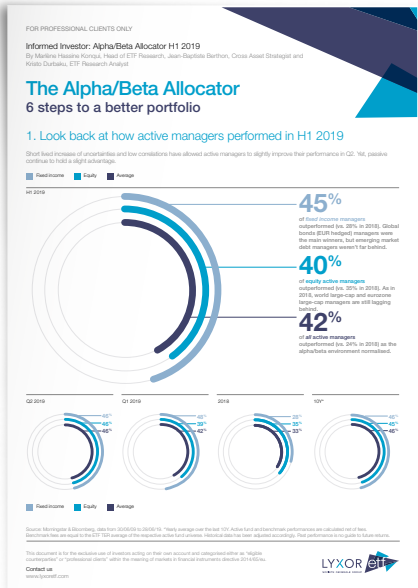
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Check out our quarterly and annual reports, they dive deeper into the numbers that matter, and help to tell the story of what might have driven these results.

Check out the Alpha/Beta Allocator Q2 2019
 ▶ Read more

Read the full 2018 analysis on active and passive performance
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Get the equity alpha/beta allocation perspective-Q1 2019
 ▶ Read more



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