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EUROPEAN FUND FLOWS REPORT: May 2019

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EXECUTIVE SUMMARY

European Fund-Flow Trends: Bonds Weathered the Storm in May

- May 2019 was the thirteenth consecutive month with net outflows from long-term mutual funds after 16 consecutive months with net inflows.
- The overall fund flows for mutual funds in Europe amounted to net outflows of €12.7 bn for May.
- Bond funds (+€5.0 bn) were the best-selling individual asset type overall for May.
- Bond USD (+€3.4 bn) was the best-selling sector among long-term funds for May.
- Ireland (+8.2 bn)—driven by money market products (+€7.1 bn)—was the fund domicile with the highest net inflows, followed by the U.K. (+€4.5 bn) and Switzerland (+€0.6 bn).
- **PIMCO** was the best-selling fund promoter for May overall, with net sales of €3.8 bn, ahead of **Morgan Stanley** (+€3.5 bn) and **Vanguard Group** (+€2.6 bn).
- The ten best-selling long-term funds gathered at the share-class level total net inflows of €12.3 bn for May.
- **Actiam (L) Sustainable Euro Fixed Income Fund Z EUR** (+€2.9 bn) was the best selling individual long-term fund for May.

EUROPEAN FUND FLOWS, MAY 2019

European Fund-Flow Trends, May 2019

The negative fund-flows trend in Europe continued in May. As a consequence, May was the thirteenth month in a row long-term mutual funds posted net outflows after 16 consecutive months of net inflows. Taking the current interest rate environment into account, it was surprising that bond funds (+€5.0 bn) were once again the best-selling asset type in the segment of long-term mutual funds, followed by real estate funds (+€1.0 bn) and commodity funds (+€0.3 bn). All other asset types faced outflows: equity funds (-€22.0 bn), alternative UCITS funds (-€5.7 bn), mixed-asset funds (-€5.2 bn), and “other” funds (-€0.4 bn).

These fund flows added up to overall net outflows of €27.0 bn from long-term investment funds for May. [ETFs contributed inflows of €2.3 bn to these flows.](#)

Money Market Products

The current market environment led European investors to buy money market products. As a result, money market funds witnessed net inflows of €2.3 bn for May. ETFs investing in money market instruments contributed net outflows of €0.5 bn to the total.

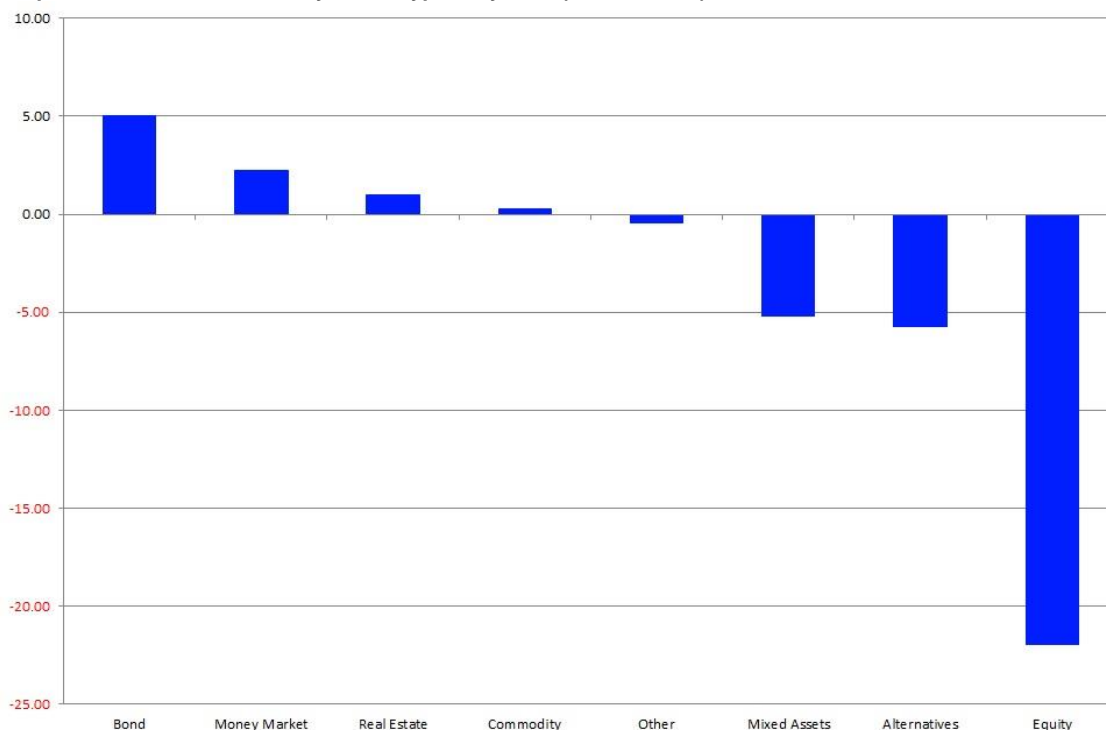
This flow pattern led the overall fund flows experienced by mutual funds in Europe to overall net outflows of €12.7 bn for May, and outflows of €115.0 bn for 2019 year to date.

Money Market Products by Sector

Money Market GBP (+€3.3 bn) was the best-selling money market sector, followed by Money Market USD (+€1.2 bn), Money Market Other (+€0.2 bn), Money Market CHF (+€0.1 bn), and Money Market SGD (+€0.1 bn). At the other end of the spectrum, Money Market EUR (-€1.6 bn) suffered the highest net outflows overall, bettered by Money Market EUR Leveraged (-€0.7 bn) and Money Market NOK (-€0.1 bn).

Comparing this flow pattern with the flow pattern for April showed European investors reduced their positions in the euro and rebuilt their positions in the British pound sterling and the U.S. dollar. These shifts might have been caused by asset allocation decisions, as well as other reasons, such as for cash dividends or cash payments since money market funds are also used by corporations as replacements for cash accounts.

Graph 1: Estimated Net Sales by Asset Type, May 2019 (Euro Billions)

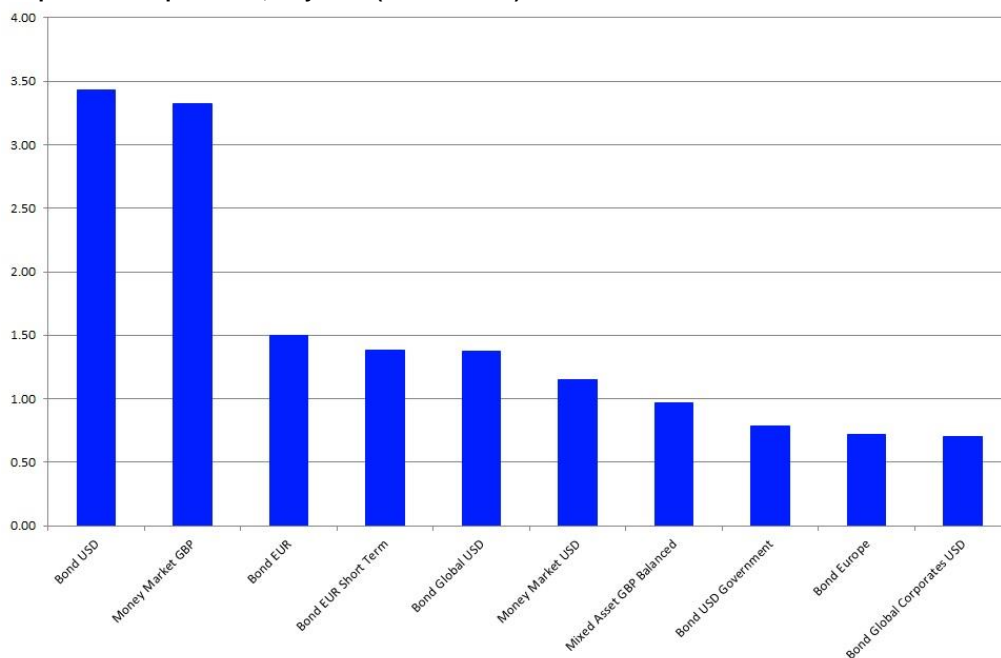


Source: Lipper from Refinitiv

Fund Flows by Sectors

Within the segment of long-term mutual funds, Bond USD (+€3.4 bn) was again the best-selling sector, followed by Bond EUR (+€1.5 bn). Bond EUR Short Term (+€1.4 bn) was the third best-selling long-term sector, followed by Bond Global USD (+€1.4 bn) and Mixed Asset GBP Balanced (+€1.0 bn).

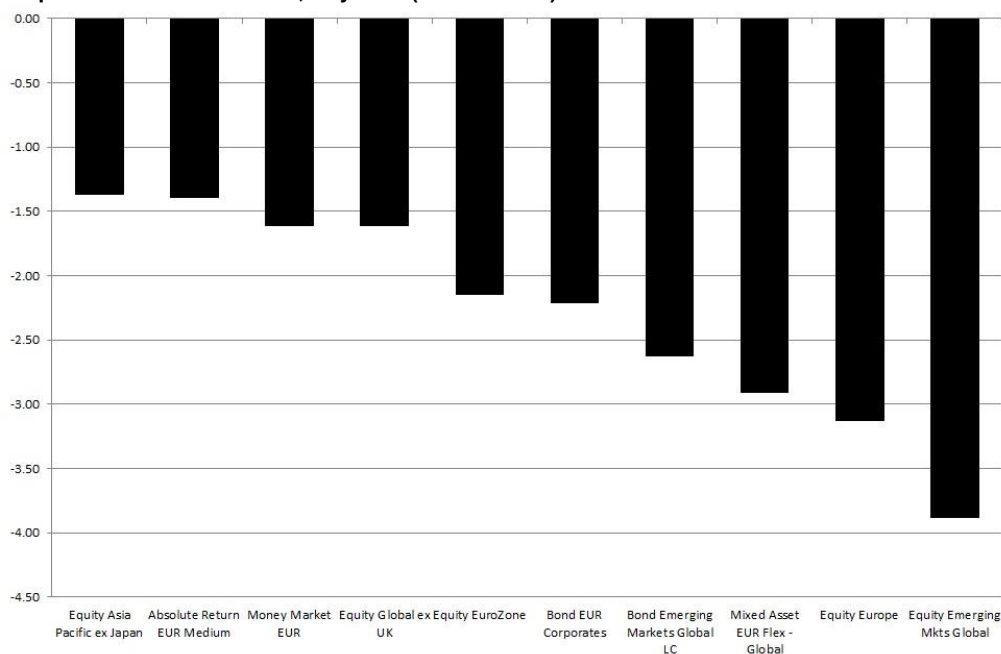
Graph 2: Ten Top Sectors, May 2019 (Euro Billions)



Source: Lipper from Refinitiv

At the other end of the spectrum, Equity Emerging Markets Global (-€3.9 bn) suffered the highest net outflows from long-term mutual funds, bettered by Equity Europe (-€3.1 bn), Mixed Asset EUR Flexible - Global (-€2.9 bn), Bond Emerging Markets in Local Currencies (-€2.6 bn), and Bond EUR Corporates (-€2.2 bn).

Graph 3: Ten Bottom Sectors, May 2019 (Euro Billions)

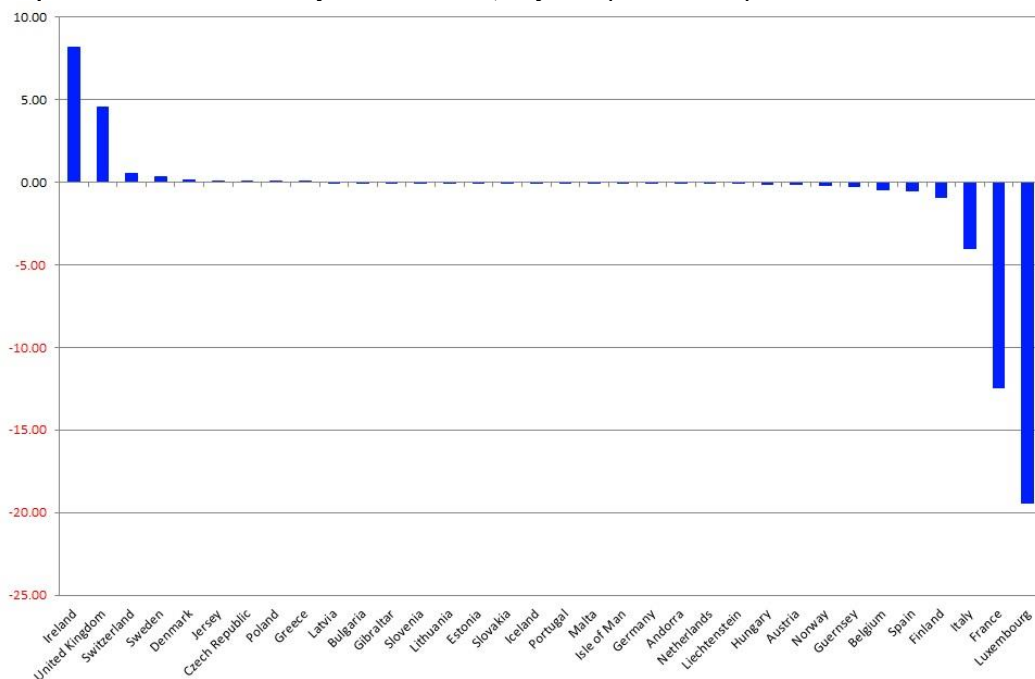


Source: Lipper from Refinitiv

Fund Flows by Markets (Fund Domiciles)

Single-fund domicile flows (including those to money market products) showed, in general, a negative picture for May. Only nine of the 34 markets covered in this report showed net inflows and 25 showed net outflows. Ireland (+8.2 bn)—driven by money market products (+€7.1 bn)—was the fund domicile with the highest net inflows, followed by the U.K. (+€4.5 bn), Switzerland (+€0.6 bn), Sweden (+€0.4 bn), and Denmark (+€0.1 bn). On the other side of the table, Luxembourg (-€19.4 bn) was the fund domicile with the highest outflows, bettered by France (-€12.4 bn) and Italy (-€4.0 bn).

Graph 4: Estimated Net Sales by Fund Domiciles, May 2019 (Euro Billions)



Source: Lipper from Refinitiv

Within the bond sector, funds domiciled in Ireland (+€2.5 bn) led the table, followed by the U.K. (+€1.4 bn), Switzerland (+€1.0 bn), Luxembourg (+€0.8 bn), and Germany (+€0.5 bn). Bond funds domiciled in Italy (-€0.8 bn), France (-€0.6 bn), and Guernsey (-€0.5 bn) were at the other end of the table.

For equity funds, products domiciled in the U.K. (+€1.9 bn) led the table for May, followed by funds domiciled in Sweden (+€0.2 bn), Guernsey (+€0.1 bn), Portugal (+€0.03 bn), and Jersey (+€0.02 bn). Meanwhile, Luxembourg (-€15.8 bn), France (-€1.6 bn), and Ireland (-€1.4 bn) were the domiciles with the highest net outflows from equity funds.

In regard to mixed-asset products, the U.K. (+€1.5 bn) was the domicile with the highest net inflows, followed by funds domiciled in Denmark (+€0.4 bn), Switzerland (+€0.3 bn), Austria (+€0.2 bn), and Jersey (+€0.1 bn). In contrast, Luxembourg (-€4.0 bn), Italy (-€2.2 bn), and France (-€1.1 bn) were the domiciles with the highest net outflows from mixed-asset funds.

Denmark (+€0.03 bn) was the domicile with the highest net inflows into alternative UCITS funds for May, followed by Jersey (+€0.01 bn), and Switzerland (+€0.01 bn). Meanwhile, Luxembourg (-€2.8 bn), the U.K. (-€1.2 bn), and Italy (-€0.9 bn) were at the other end of the table.

Fund Flows by Promoters

PIMCO was the best-selling fund promoter for May overall, with net sales of €3.8 bn, ahead of **Morgan Stanley** (+€3.5 bn) and **Vanguard Group** (+€2.6 bn).

Table 1: Ten Best-Selling Promoters, May 2019 (Euro Billions)

Promoter	Estimated Net Sales (EUR bn)
PIMCO	3.78
Morgan Stanley	3.47
Vanguard Group	2.58
Generali	2.16
AllianceBernstein	1.48
Northern Trust	1.40
DWS Group	1.35
Legal & General	1.18
BlackRock	1.11
KBC	0.90

Source: Lipper from Refinitiv

Considering the single-asset classes, PIMCO (+€3.7 bn) was the best-selling promoter of bond funds, followed by AB (+€1.8 bn), KBC (+€1.5 bn), Nordea (+€1.0 bn), and Morgan Stanley (+€0.7 bn).

Within the equity space, Vanguard Group (+€1.6 bn) led the table, followed by Capital Group (+€0.6 bn), Fundsmith (+€0.5 bn), Lindsell Train (+€0.4 bn), and Union Investment (+€0.3 bn).

Aberdeen Standard Investment (+€0.9 bn) was the leading promoter of mixed-asset funds in Europe, followed by Vanguard Group (+€0.5 bn), Union Investment (+€0.3 bn), BankInvest (+€0.3 bn), and Flossbach von Storch (+€0.3 bn).

DWS Group (+€0.7 bn) was the leading promoter of alternative UCITS funds for the month, followed by Mercer (+€0.7 bn), Flossbach von Storch (+€0.2 bn), Insight (+€0.1 bn), and Commerzbank (+€0.1 bn).

Best-Selling Funds

The 10 best-selling long-term funds gathered at the share class level total net inflows of €12.8 bn for May. Opposite to the general fund-flows trend, equity funds dominated the ranking of the asset types with regard to the 10 best-selling funds (+€6.9 bn), followed by bond funds (+€5.4 bn).

Table 2: Ten Best-Selling Long-Term Funds, May 2019 (Euro Millions)

Fund Name	ISIN	Lipper Global Classification	Estimated Net Sales (in EUR mil.)
Actiam (L) Sustainable Euro Fixed Income Fund Z EUR	LU1892569499	Bond EUR	2863.28
Nordea 2 Global Sustainable Enhanced Equity BP SEK	LU1909042530	Equity Global	1822.36
AI North American Eq Index Pen Acc	GB00BD39DW78	Equity US	1567.54
LF ACCESS Global Equity Newton A INC GBP	GB00BJT13P24	Equity Global	1185.17
iShares ESG Screened Euro Corp Bd Index Q EUR Acc	IE00BJP12Y80	Bond EUR Corporates	929.89
Amundi SI - Obbligazionario Euro 05/2024 W	LU1965337618	Target Maturity Bond EUR 2020	888.73
Invesco MSCI Saudi Arabia UCITS ETF	IE00BFWMQ331	Equity Saudi Arabia	827.77
AB FCP I-American Income Portfolio AT USD	LU0157308031	Bond USD	747.41
iShares MSCI Saudi Arabia Capped UCITS ETF USD Acc	IE00BYR0489	Equity Saudi Arabia	732.77
Nikko Listed IDX Fund TOPIX	JP3039100007	Equity Japan	712.53

Source: Lipper from Refinitiv

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