

ETF Flows Slow, But Fly Past Annual Record

European ETF market flows slowed substantially in December 2017. Net New Assets (NNA) totalled €4.2bn, one of the lowest figures for any month in 2017. Nevertheless, ETF flows still hit an all-time annual high of €93.9bn, €20bn + ahead of the previous record.

What happened last month?

- ▶ ETF flows slowed significantly in December to €4.2bn from €10.4bn
- ▶ Yearly flows of €93.9bn leave the previous record of €71bn well behind



Equity flows still positive, still slowing

€3.5bn



Fixed income flows trailed again

€867M



Commodities were at their lowest

-€138M



Smart Beta ETFs flows slowed slightly

€155M

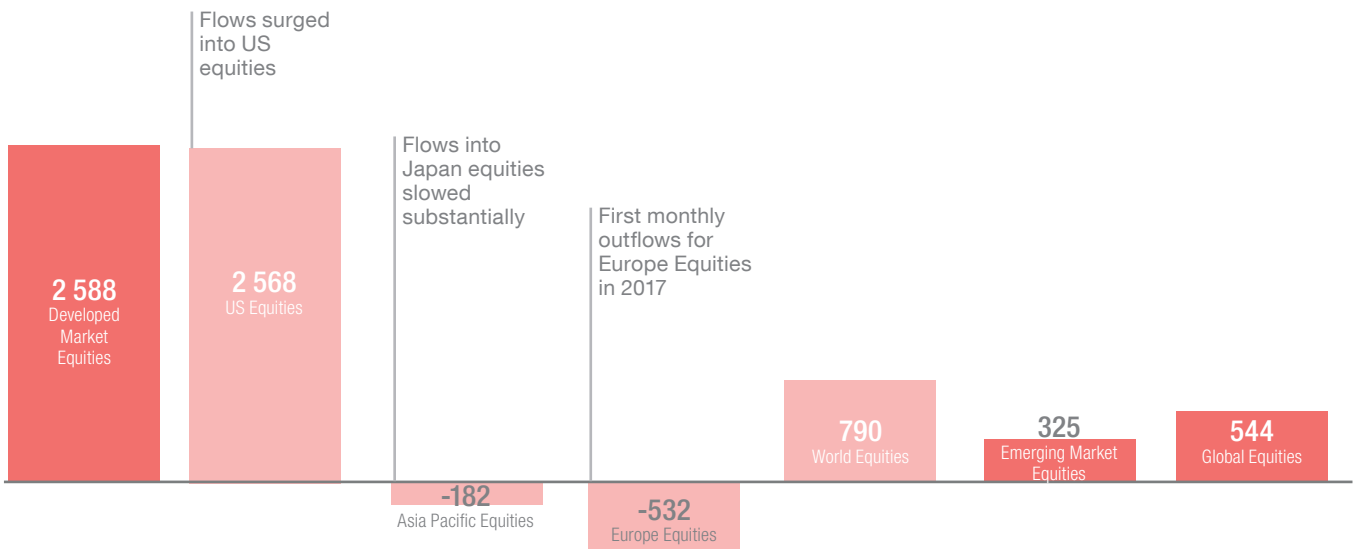
What were the major trends?

Weaker month for Equities



€3.5bn

Monthly Net inflows on European Equity ETFs

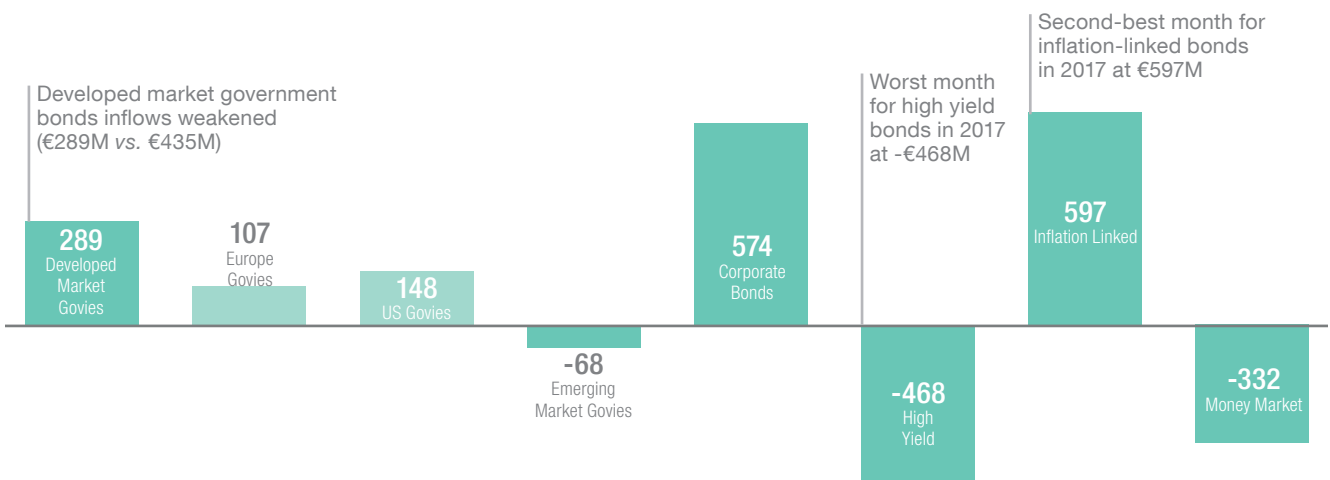


Limited interest in Fixed Income



€867M

Monthly Net inflows on European Fixed Income ETFs



Source: Monthly data in EURM from 01/12/2017 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Special focus

Flows surged into US equities

- ▶ US equity ETFs gathered most of the flows into DM equities (€2.6bn), at the expense of their European counterparts (€-532M)
- ▶ The Republican Party’s adoption of the tax cut bill had a positive impact and could open up some short-term opportunities
- ▶ US equity ETFs collected €12.5bn of

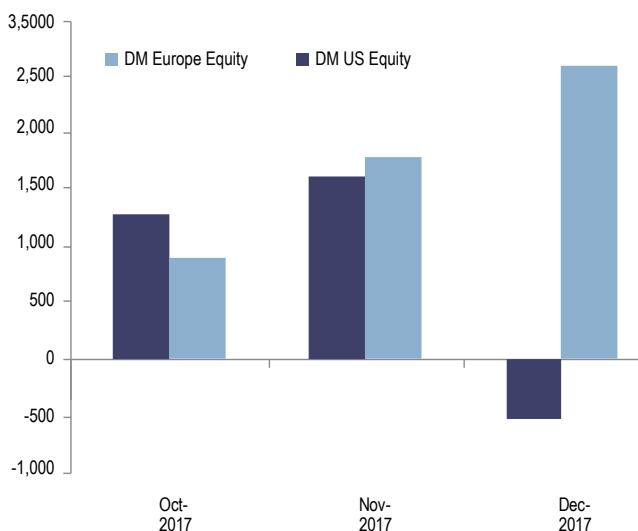
fresh money in 2017 thanks to a solid stock market. By the end of the year, the S&P 500 had risen 22%, with record low volatility.



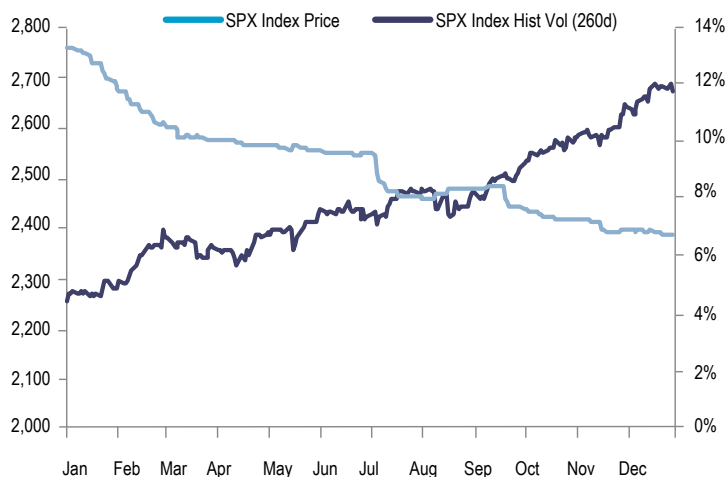
Strong inflows

€2.6bn

Europe & US Equity ETFs Flows (EURM)



SPX Index vs. VIX in 2017

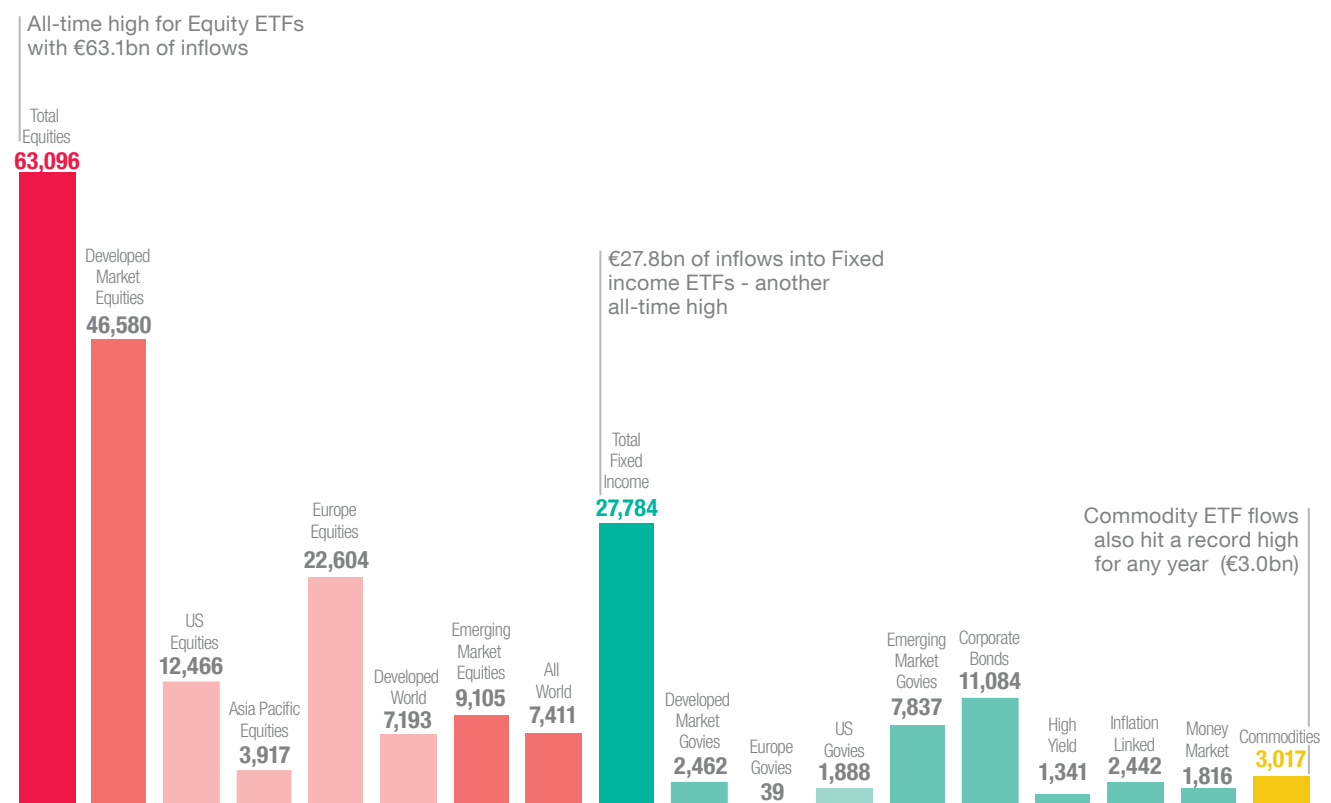


Source: Monthly data in EURM from 01/01/2017 to 29/12/2017 (Bloomberg, Lyxor).
The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

What does it all mean?



YTD Net Inflows on European ETFs by asset class



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Source: Monthly data in EURM from 01/01/2017 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

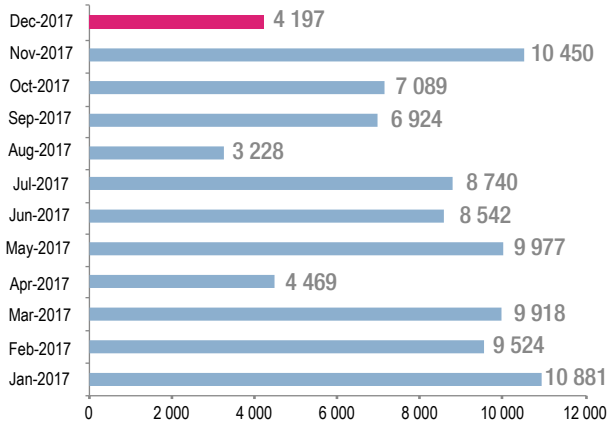
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Appendix: The month in numbers

European ETFs in December 2017 Net Inflows (EURm)

NNA at €4.2bn in December 2017

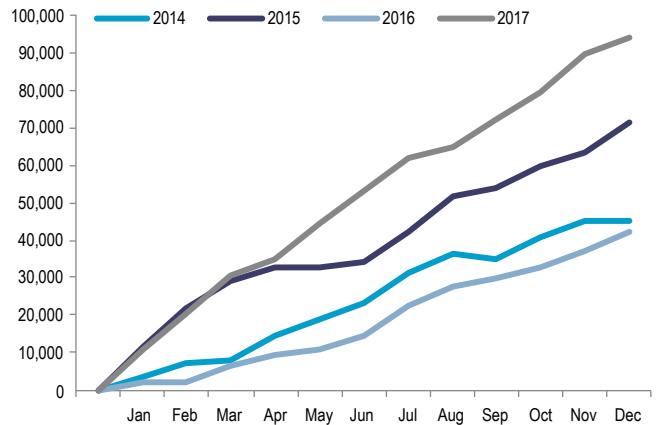
Monthly NNA on European ETFs



Total

Cumulated monthly NNA on European ETFs

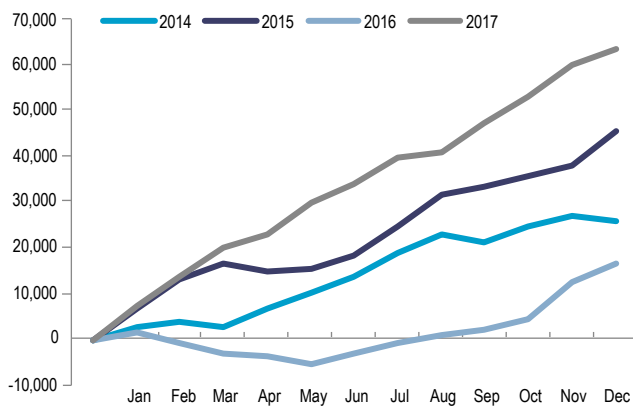
A record year for European ETFs



Equity

Record year for equity ETFs

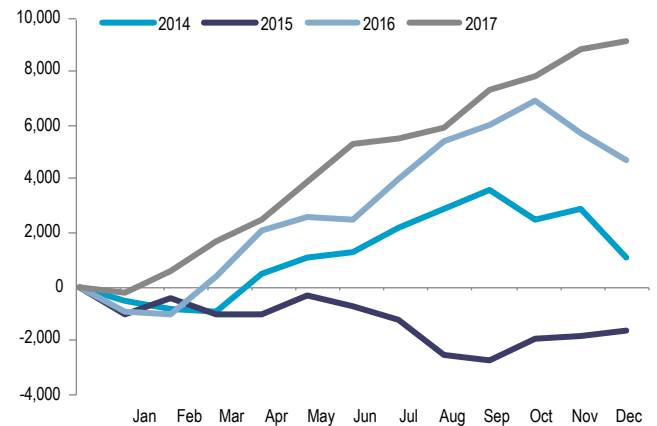
Monthly NNA on Equity ETFs



Equity Emerging Market

Best year for emerging market equities

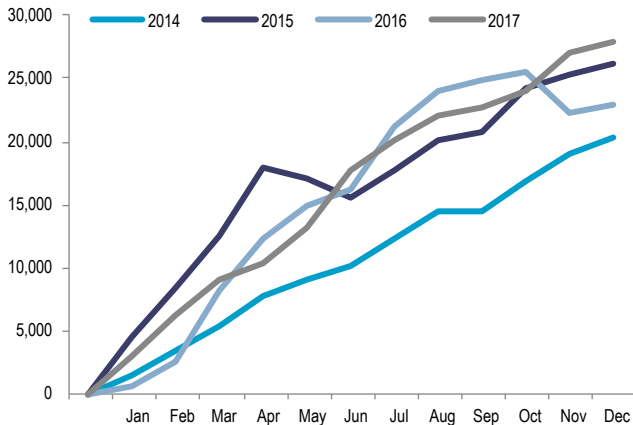
Monthly NNA on emerging market equity ETFs



Fixed income

Record year for fixed income

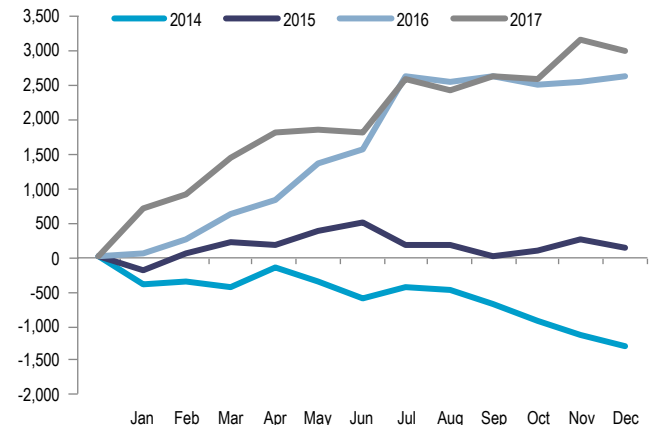
Monthly NNA on fixed income ETFs



Commodities

All-time record for commodities

Monthly NNA on commodity ETFs



Source: Monthly data in EURm from 01/01/2014 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

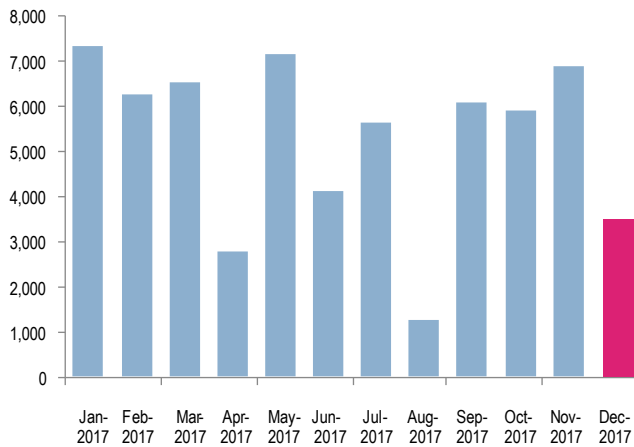
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Overview by asset class

Equity

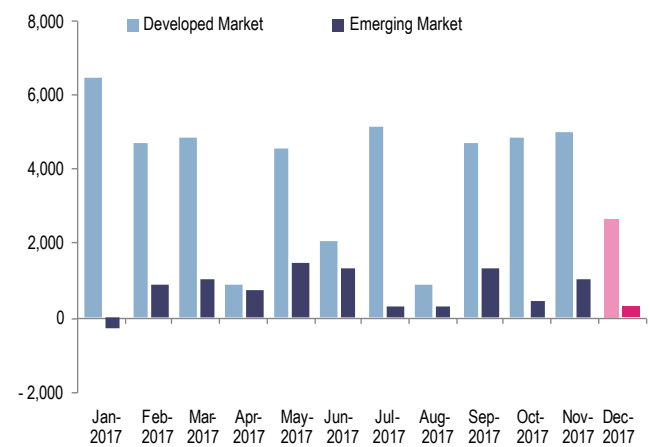
Equity ETF flows weaker at €3.5bn

Monthly NNA on equity ETFs



DM equity ETFs outdo EM peers

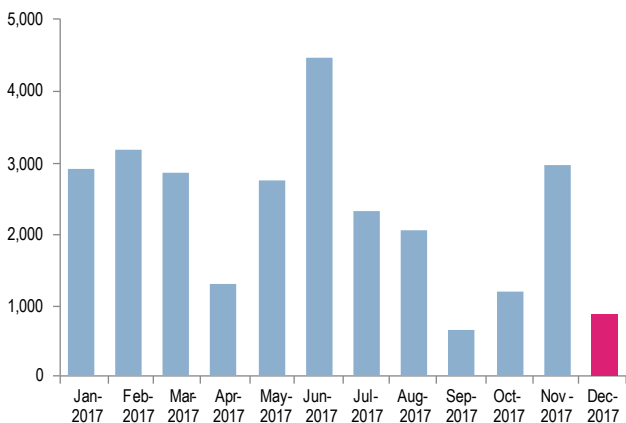
Monthly NNA on developed vs. emerging markets equity ETFs



Fixed Income

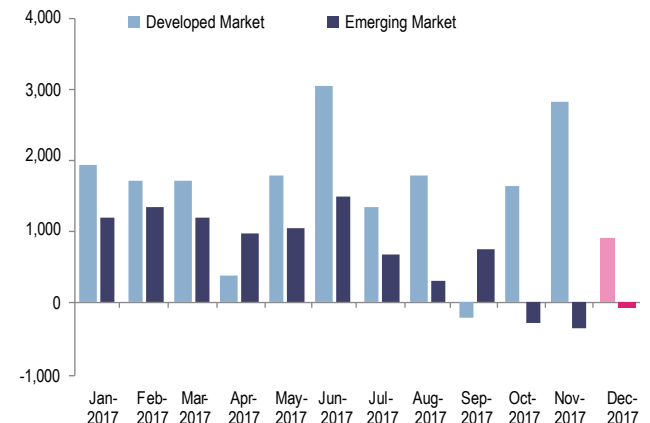
Limited interest in Fixed Income (€0.9bn)

Monthly NNA on fixed income ETFs



DM fixed income ETFs enjoy inflows, EM peers suffer outflows

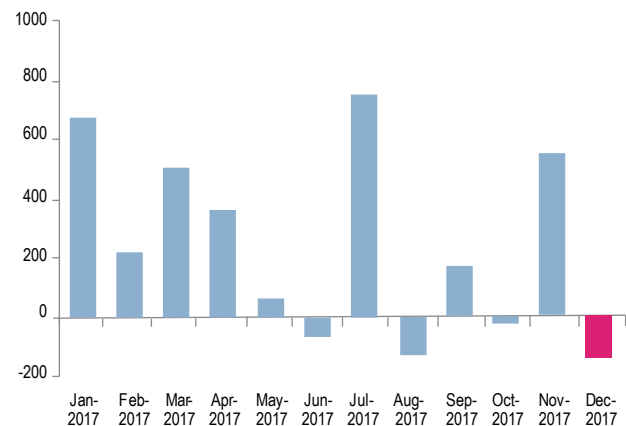
Monthly NNA on developed vs. emerging markets fixed income ETFs



Commodities

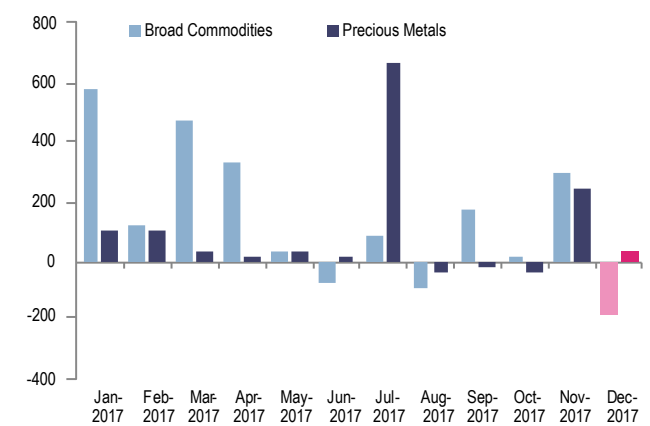
Worst month for commodity ETFs (€-0.1bn)

Monthly NNA on commodity ETFs



Precious Metals outdo broad indices

Monthly NNA on broad commodities & precious metals ETFs



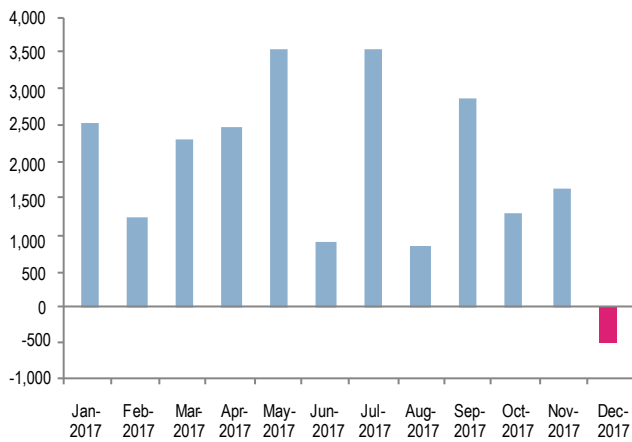
Source: Monthly data in EURM from 01/01/2017 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

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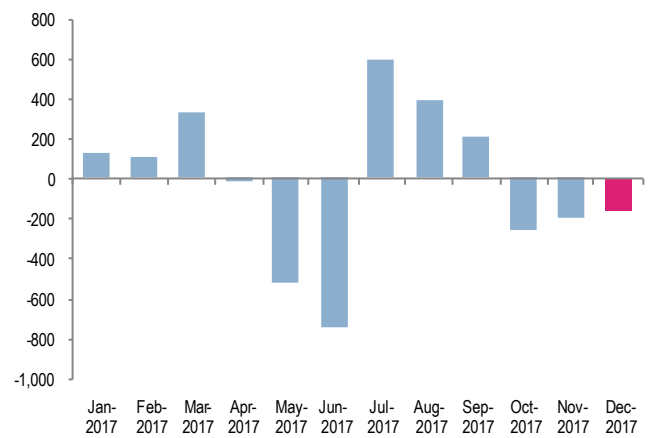
Equities

European Equities

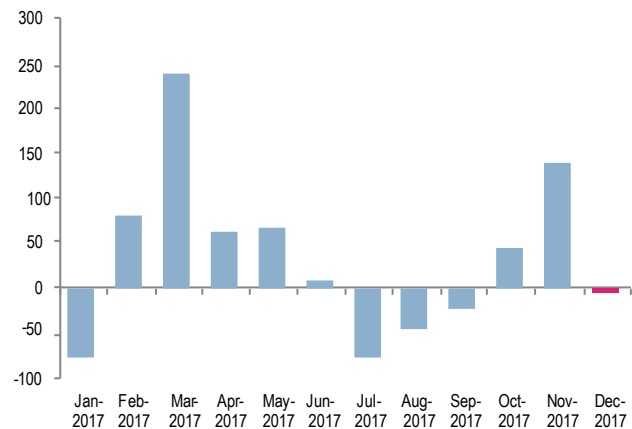
European equity ETFs suffer first monthly outflows in 2017 (-€532M)
 Monthly NNA on Europe equity ETFs



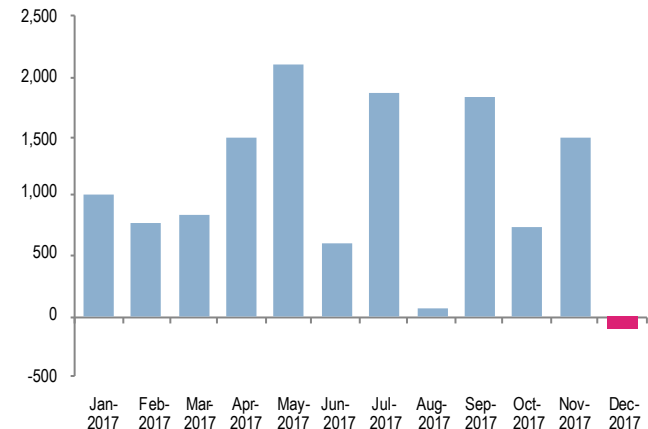
Third consecutive month of outflows from German equity ETFs (-€148m)
 Monthly NNA on German equity ETFs



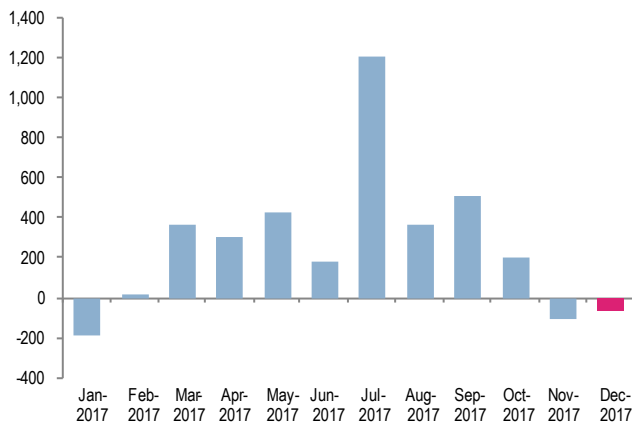
Virtually flat flows for Spain & Italy ETFs
 Monthly NNA on peripheral Europe equity ETFs



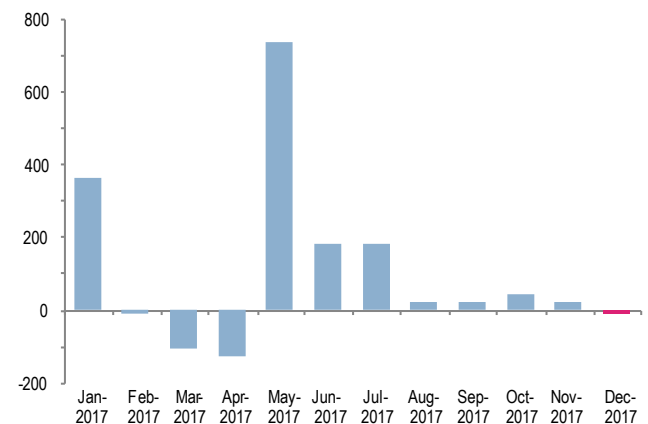
First monthly outflows in 2017 for Eurozone Equity ETFs (-€79M)
 Monthly NNA on Eurozone equity ETFs



Second consecutive month of outflows from Financials ETFs (-€57M)
 Monthly NNA on Europe Financials equity ETFs



Flows into Value largely non-existent (-€12m)
 Monthly NNA on European Value equity ETFs



Source: Monthly data in EURM from 01/01/2017 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

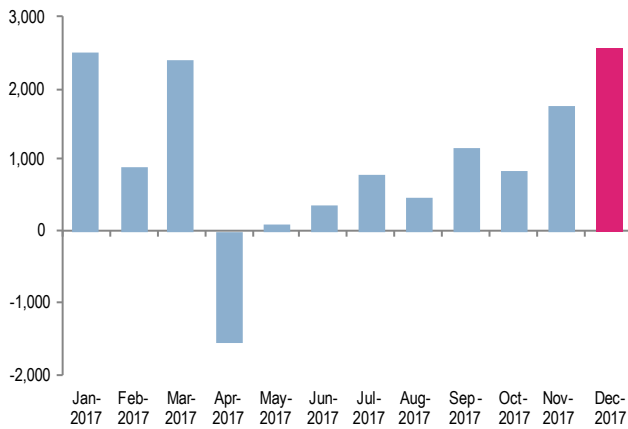
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Equities (cont'd)

US & Japan equities

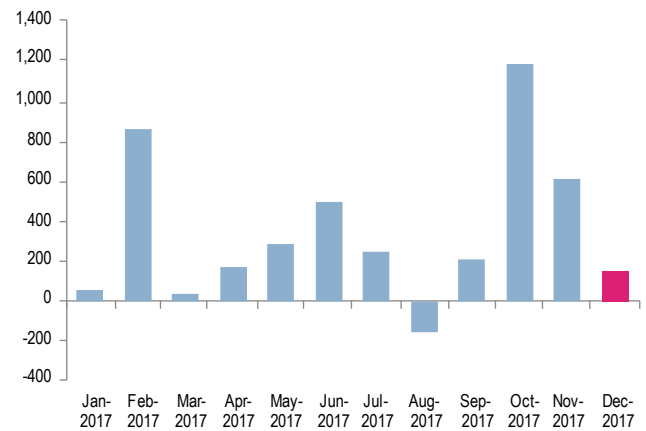
Best month for US equities in 2017

Monthly NNA on US equity ETFs



Japan equities slowed substantially

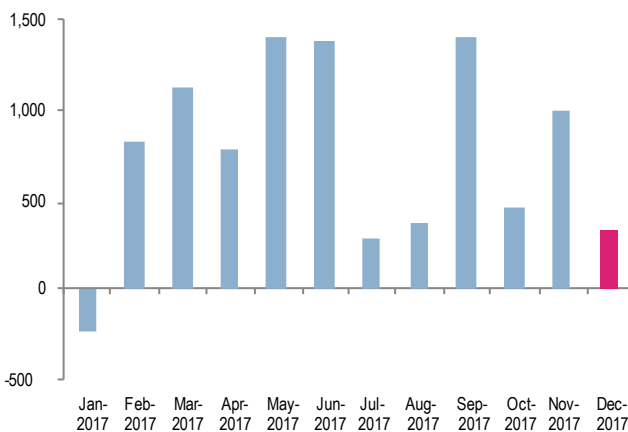
Monthly net new assets on Japan equity ETFs



Emerging market equities

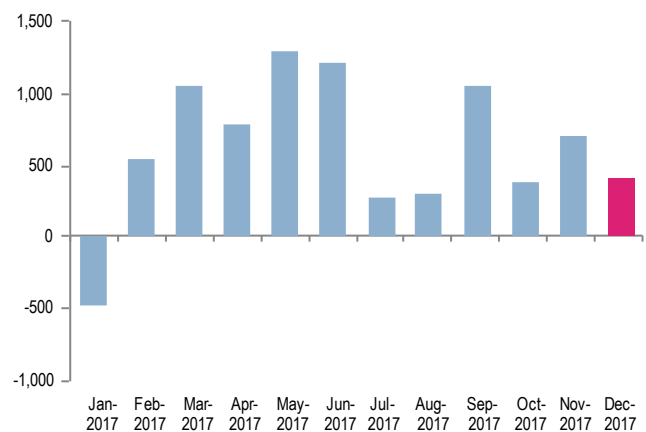
Weak month for EM equities at €325M

Monthly NNA on emerging market equity ETFs



Broad EM equities flows slowed slightly

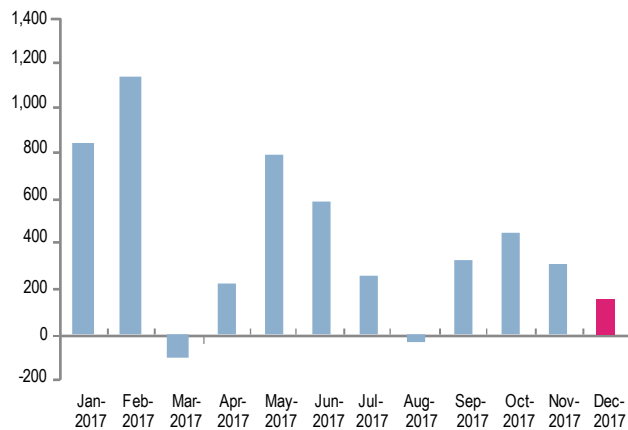
Monthly NNA on broad EM equity ETFs



Smart Beta / Value

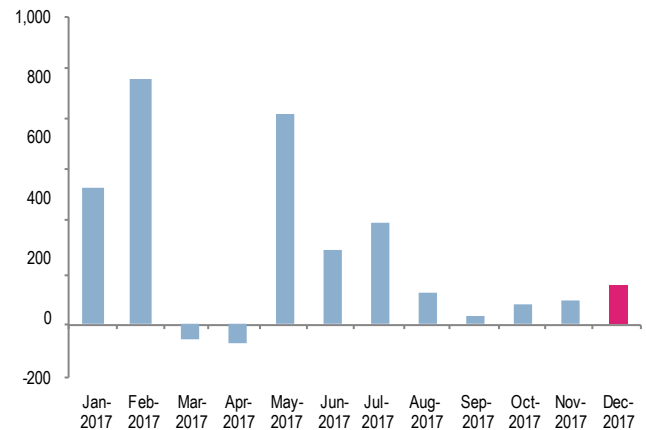
Smart Beta ETFs flows slowed slightly

Monthly NNA on Smart Beta ETFs



Value style ETFs experienced weak flows again

Monthly NNA on Value style equity ETFs



Source: Monthly data in EURM from 01/01/2017 to 29/12/2017, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

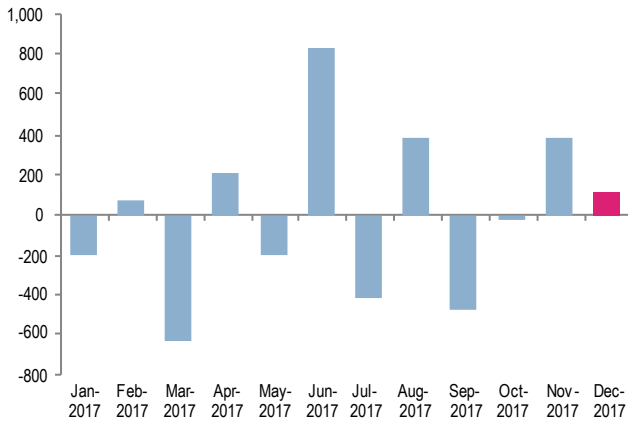
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Fixed Income

European Govies

Weak flows into EU government bonds

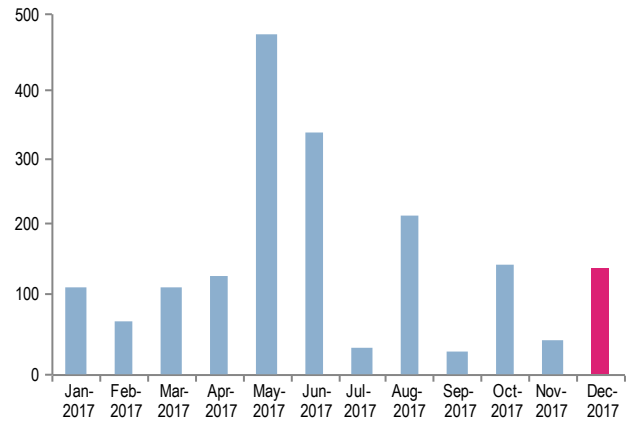
Monthly NNA on EU government bond ETFs



US Govies

Significant flows into US Treasuries

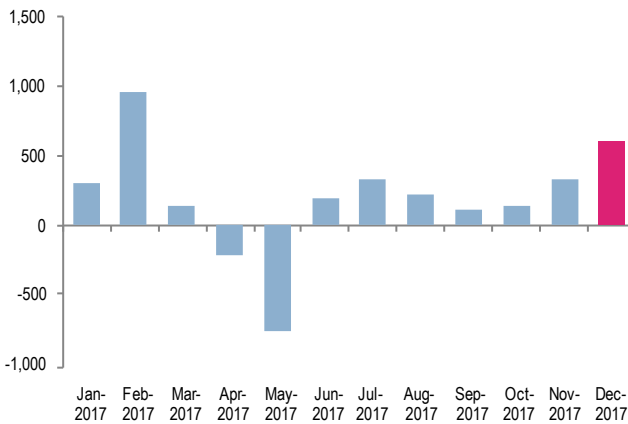
Monthly NNA on US Treasuries ETFs



Inflation Linked

Good month for inflation-linked ETFs

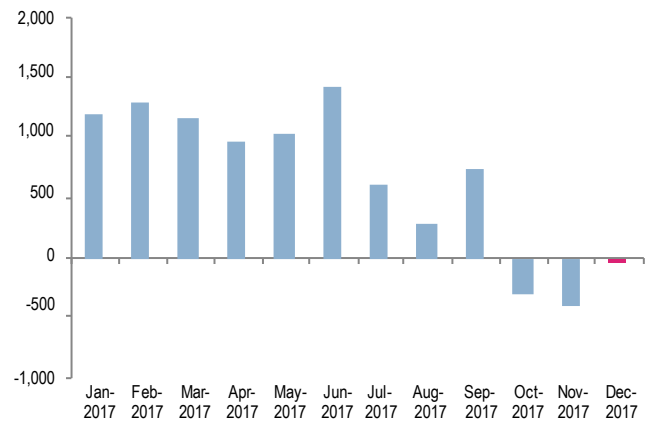
Monthly NNA on inflation-linked govies ETFs



EM debt

Third consecutive month of outflows from EM debt

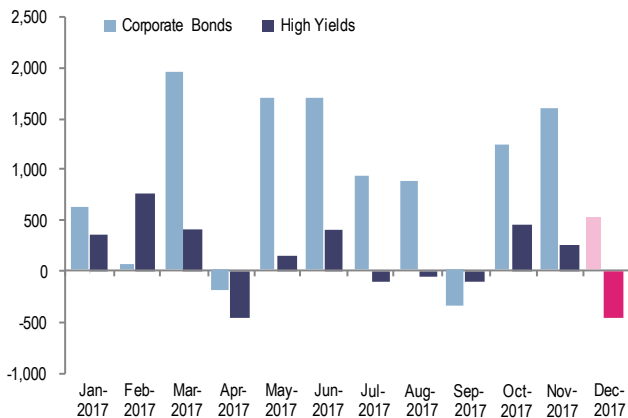
Monthly NNA on emerging market debt ETFs



Crédit Market

CB ETFs enjoy inflows, HY peers suffer outflows

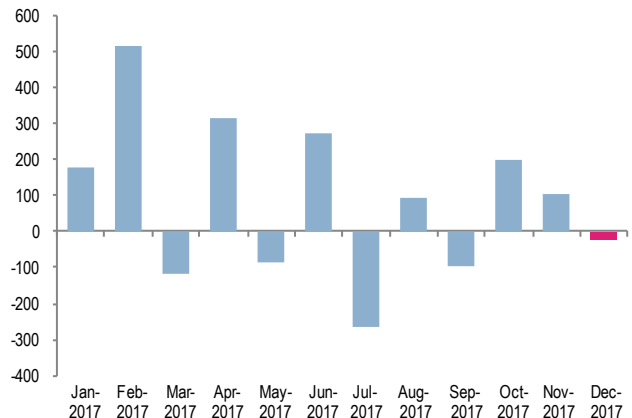
Monthly NNA on corporate & high yield bond ETFs



Short Bond Strategy

Very modest outflows from short bond strategies

Monthly NNA on short bond strategy ETFs



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