

# ETFs enjoy their best ever start to a year

Having already broken many records in 2017, European ETF Market flows smashed the record for any January by 23%. It was, therefore, the best start to a year ETFs have ever had. Net New Assets (NNA) tripled to €13.4bn from €4.2bn in December. Equities attracted most of the inflows, and enjoyed their best ever month (€11.5bn vs. €7.9bn).

## What happened last month?

- ▶ ETF flows triple in January to €13.4bn from €4.2bn
- ▶ Best start of a year for ETFs



Record month for **Equities**

€11.5bn



Small rebound for **Fixed income**

€1.4bn



Positive month for **Commodities**

€476M



Flows surged into **Smart Beta**

€892M

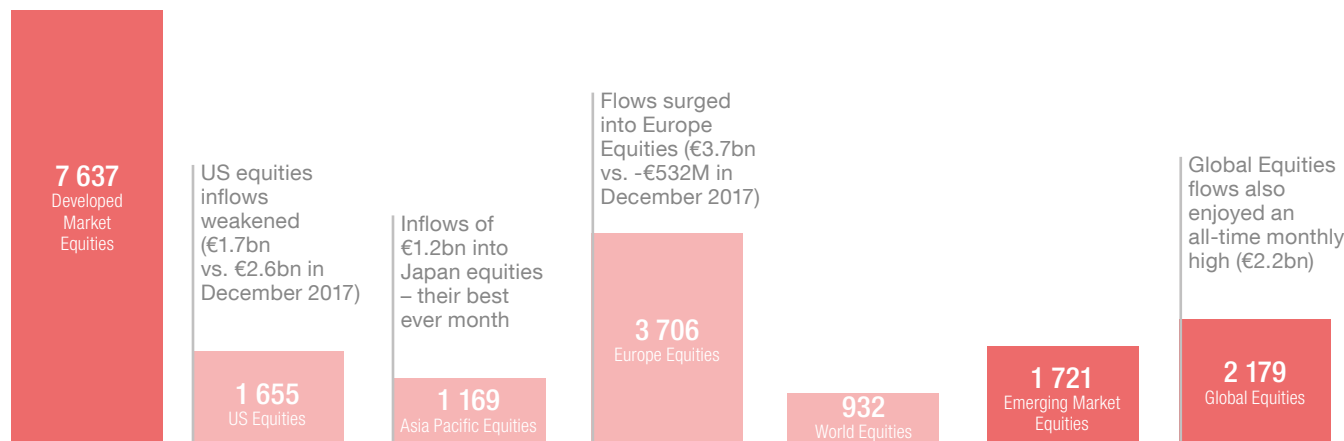
What were the major trends?

# Equities hit an all-time record



# €11.5bn

Monthly Net inflows on European Equity ETFs

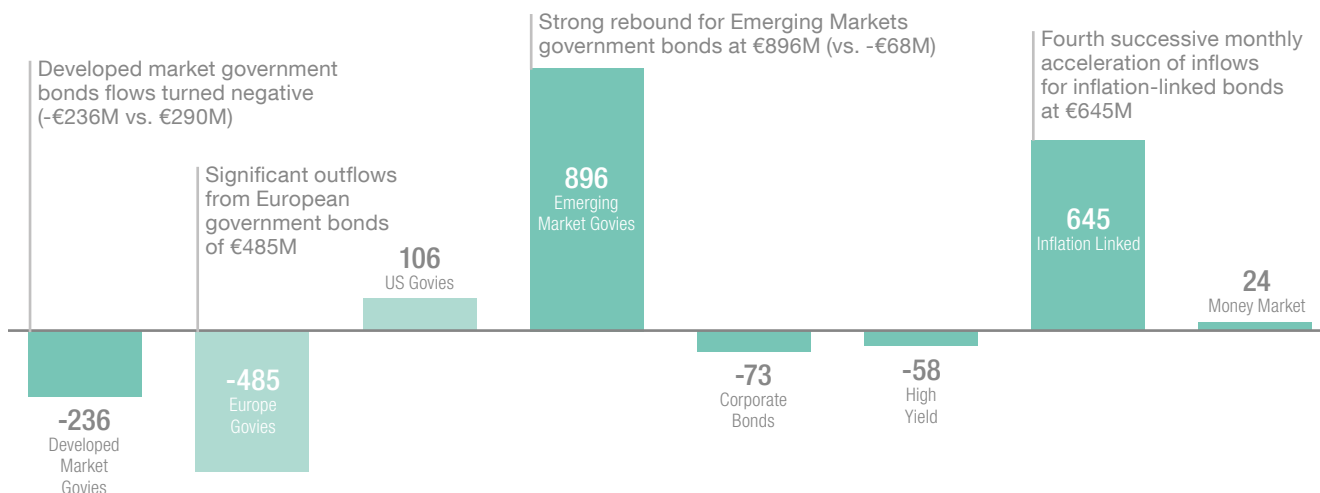


# Positive, but more muted month for Fixed Income



# €1.4bn

Monthly Net inflows on European Fixed Income ETFs



Source: Monthly data in EURM from 01/01/2018 to 31/01/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

Special focus

# Appetite for inflation ETFs picks up...again

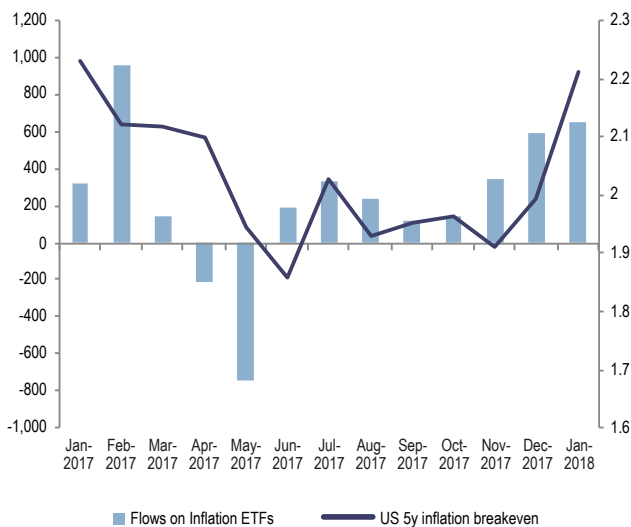
- ▶ With growth and jobs data looking strong, US inflation expectations rose sharply last month. They were largely flat in Europe despite positive signs
- ▶ Consequently, all of the flows in this category went into US inflation ETFs. European inflations ETFs suffered outflows of €152m



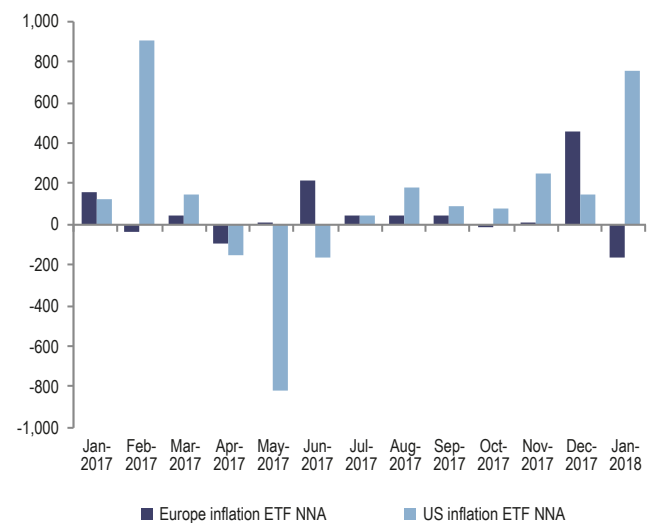
Strong inflows

€645M

Inflation ETFs NNA vs. US inflation breakeven



US vs. Europe inflation ETFs NNA



Source: Monthly data in EURM from 01/01/2017 to 01/02/2018 (Bloomberg, Lyxor).  
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## What does it all mean?

# Best start of a year for ETFs

ETFs on the rise



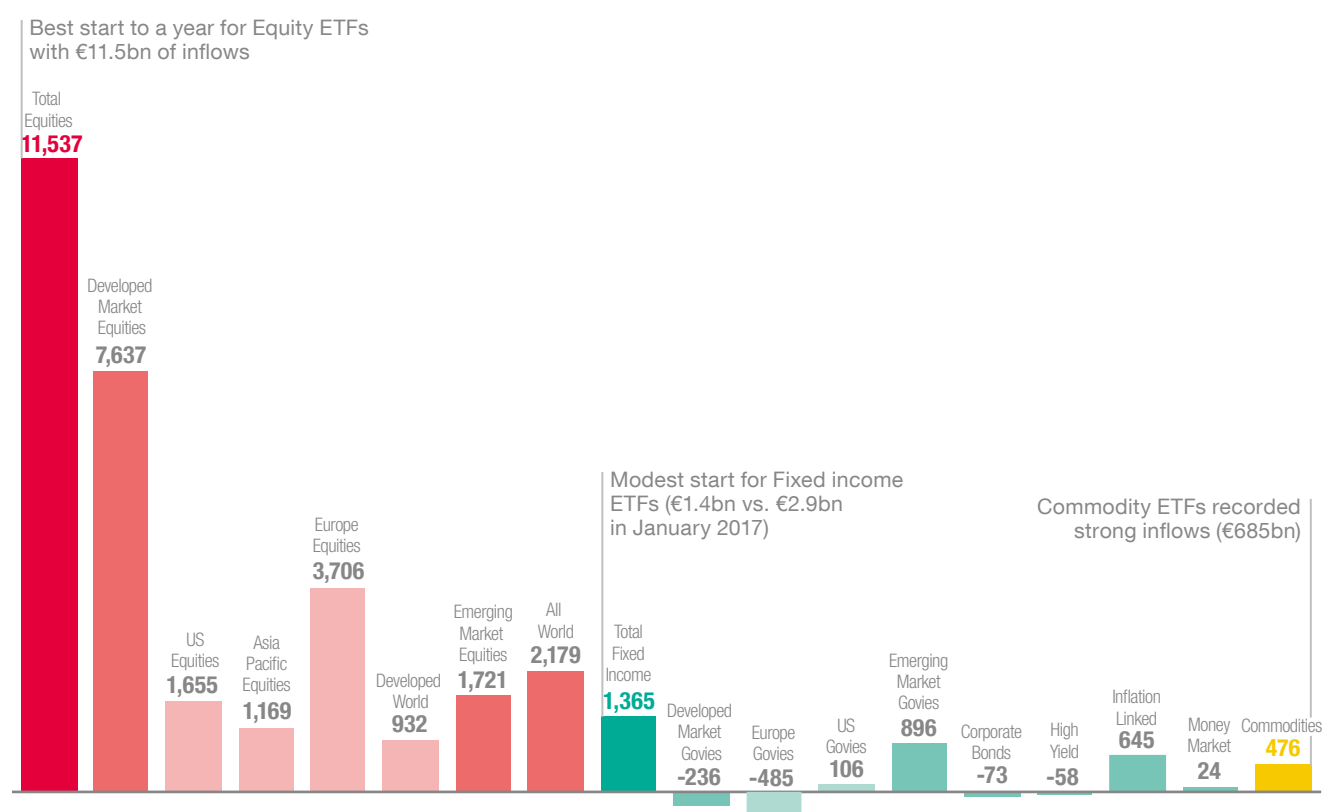
€13.4bn

Total AUM is up 3% since 2017



€655bn

### YTD Net Inflows on European ETFs by asset class



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Source: Monthly data in EURM from 01/01/2018 to 31/01/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

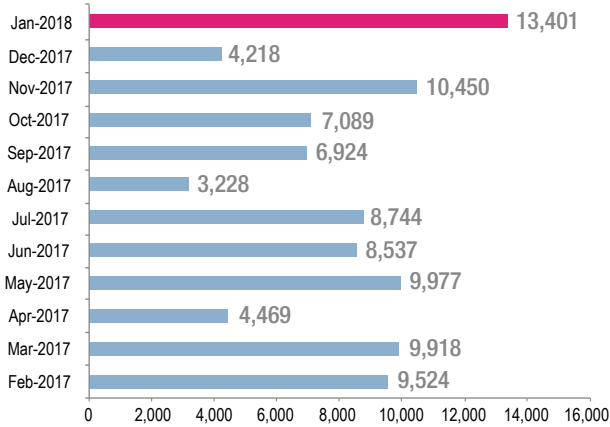
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# Appendix: The month in numbers

## European ETFs in January 2018 Net Inflows (EURm)

### NNA triple to €13.4bn in January 2018

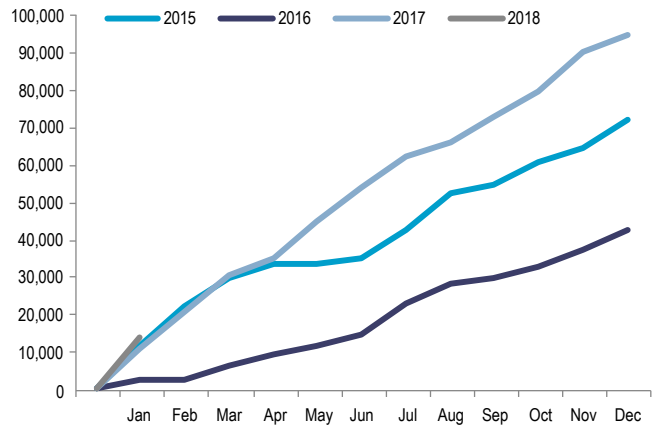
Monthly net new assets on European ETFs



## Total

### Best start for a year for European ETFs

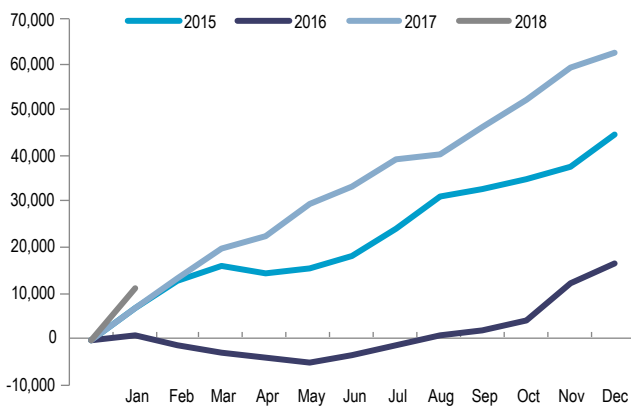
Cumulated monthly net new assets on European ETFs



## Equity

### All-time record for equities

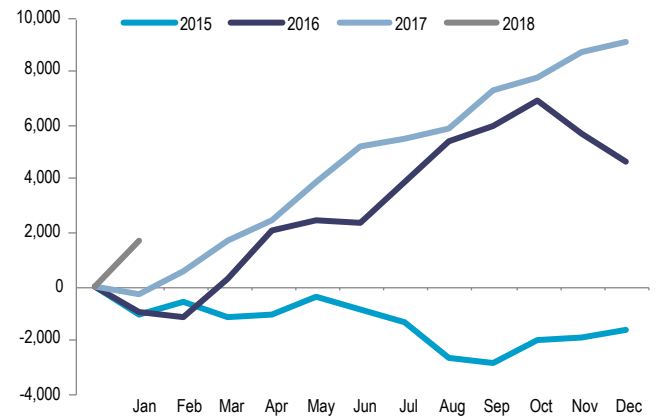
Cumulated monthly net new assets on equity ETFs



## Equity Emerging Market

### Best ever month for emerging market equities

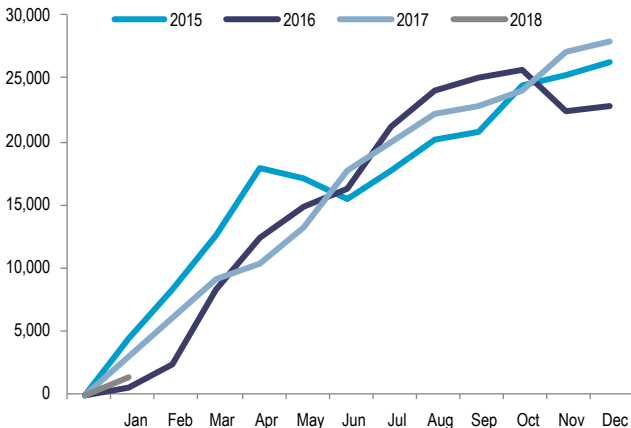
Cumulated monthly net new assets on emerging market equity ETFs



## Fixed income

### Modest start for fixed income

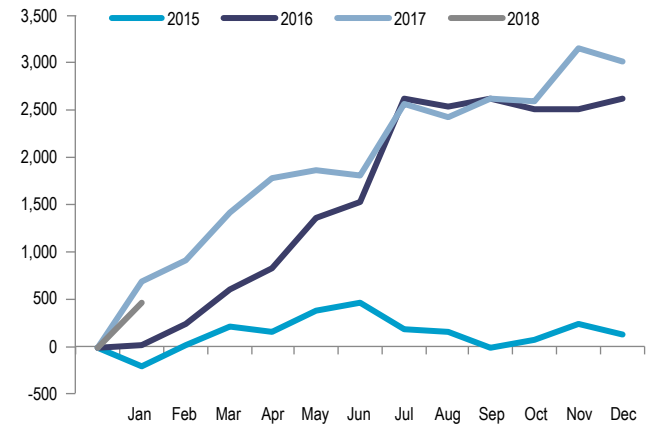
Cumulated monthly net new assets on fixed income ETFs



## Commodities

### Strong inflows into commodities

Cumulated monthly net new assets on commodity ETFs



Source: Monthly data in EURm from 01/01/2018 to 31/01/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

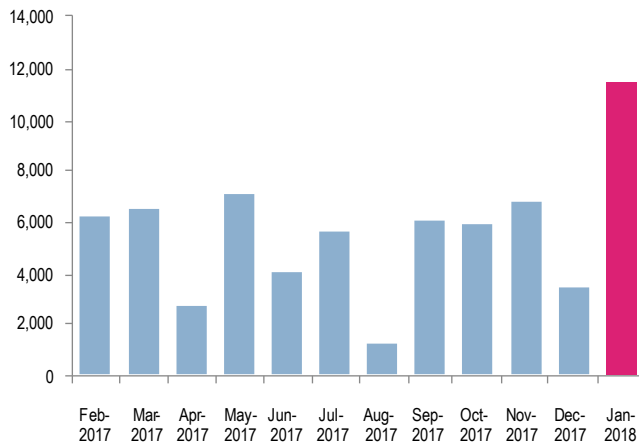
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## Overview by asset class

### Equity

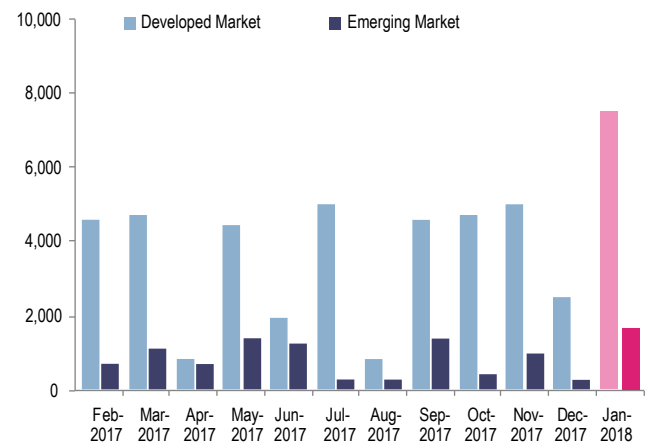
#### Record month for equities (€11.5bn)

Monthly net new assets on equity ETFs



#### Developed market equities outdo EM peers

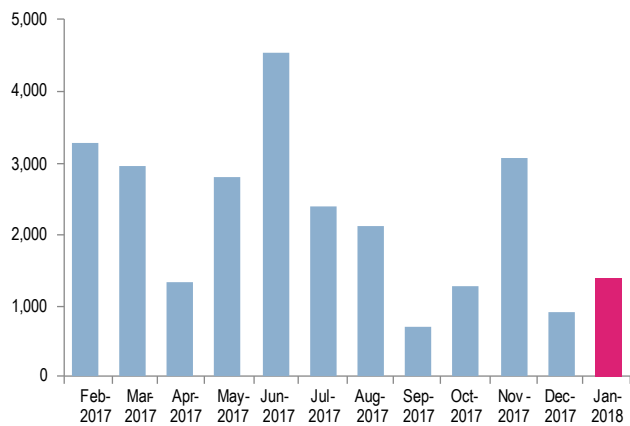
Monthly net new assets on developed vs. emerging markets equity ETFs



### Fixed Income

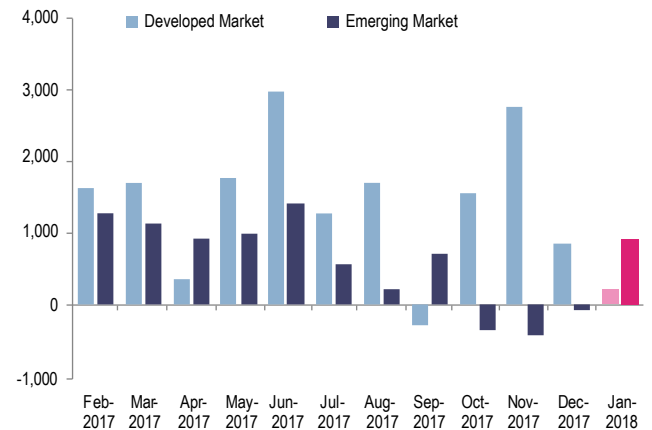
#### Modest month for fixed income (€1.4bn)

Monthly net new assets on fixed income ETFs



#### Emerging markets bonds gather most of the flows

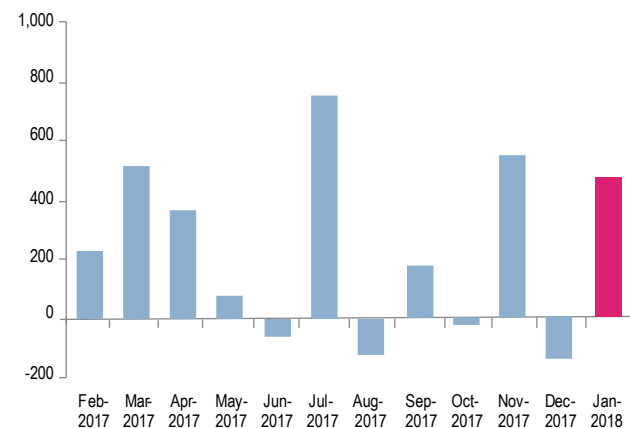
Monthly net new assets on developed vs. emerging markets fixed income ETFs



### Commodities

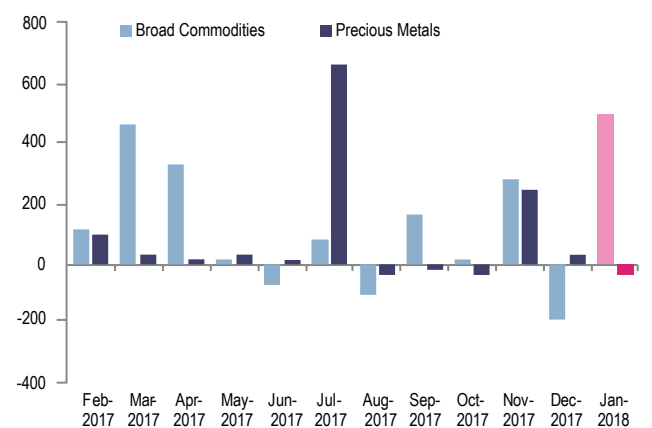
#### Strong month for commodities (€476M)

Monthly net new assets on commodity ETFs



#### Broad commodity indices outdo precious metals

Monthly net new assets on broad & precious metals ETFs



Source: Monthly data in EURM from 01/01/2018 to 31/01/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

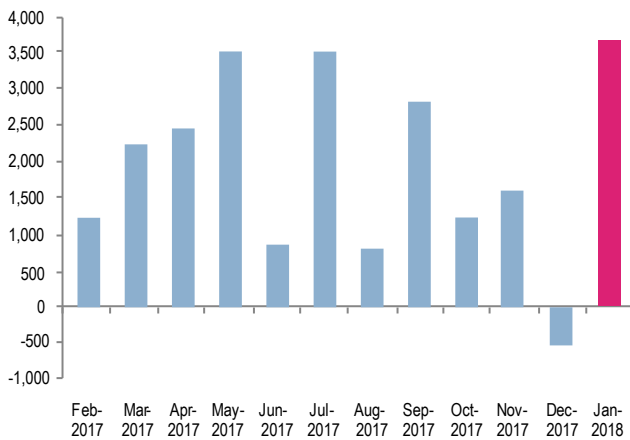
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## Equities

### European Equities

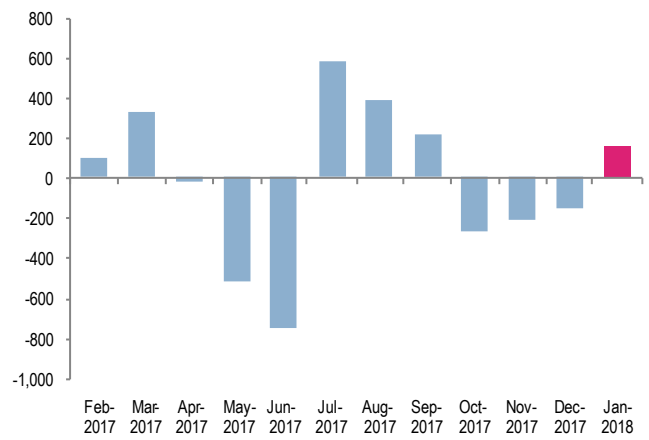
#### Flows surged into European equities (€3.7bn)

Monthly net new assets on European equity ETFs



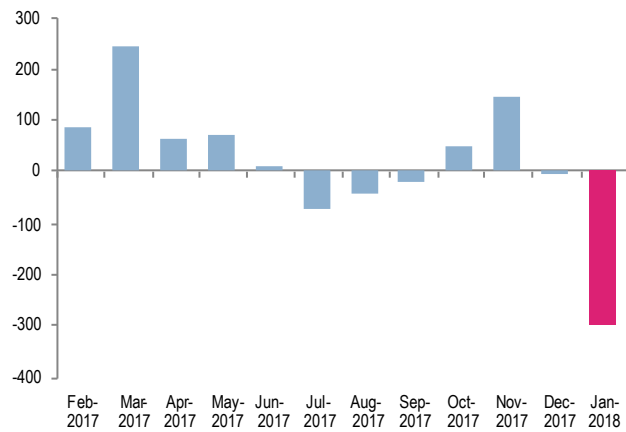
#### German equities return to favour (€161M)

Monthly net new assets on German equity ETFs



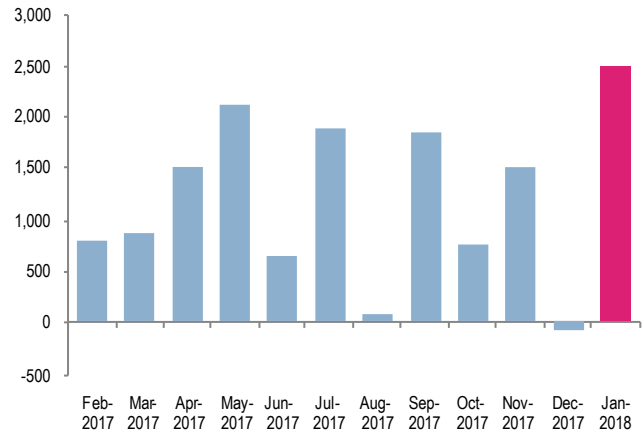
#### Record low for Spanish and Italian equities

Monthly net new assets on peripheral Europe equity ETFs



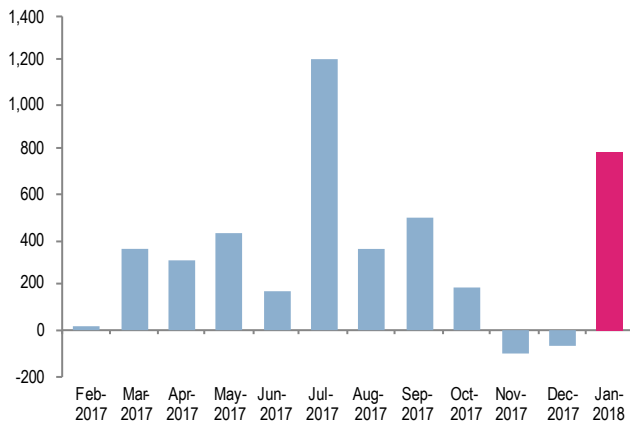
#### Eurozone flows strengthen sharply (€2.5bn)

Monthly net new assets on Eurozone equity ETFs



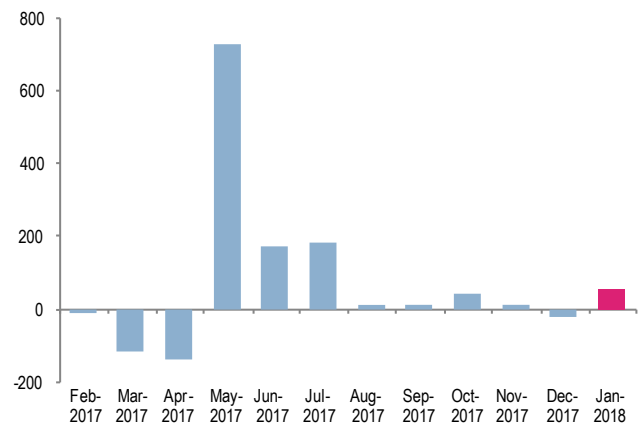
#### Strong rebound for Financials (€803M)

Monthly net new assets on Financials Europe equity ETFs



#### Flows into Value still virtually non-existent

Monthly net new assets on European Value equity ETFs



Source: Monthly data in EURM from 01/01/2018 to 31/01/2018, Bloomberg, Lyxor. The figures relating to past performances refer to past periods and are not a reliable indicator for future results.

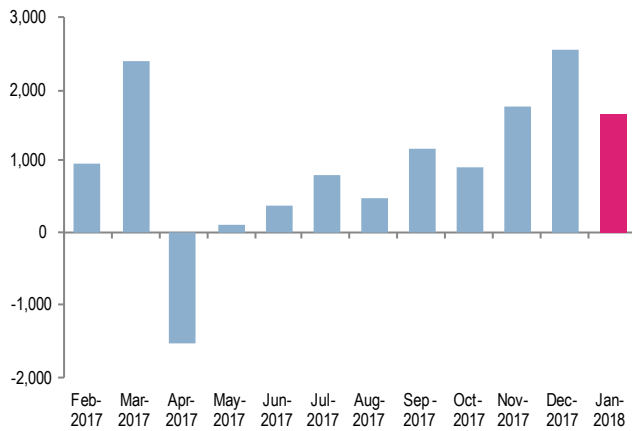
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## Equities (cont'd)

### US & Japan equities

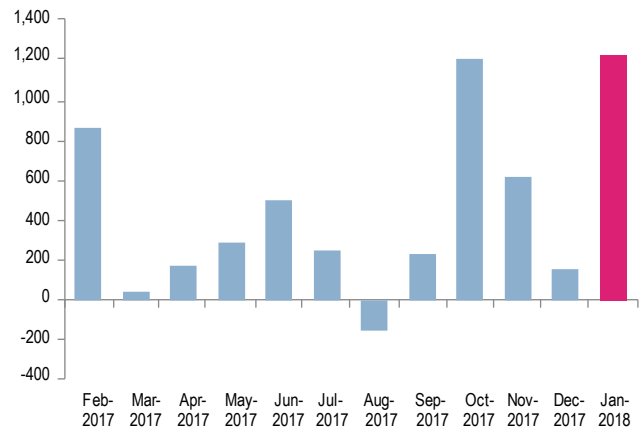
#### US equities inflows slow (€1.7bn)

Monthly net new assets on US equity ETFs



#### Inflows of €1.2bn into Japan equities were an all-time high

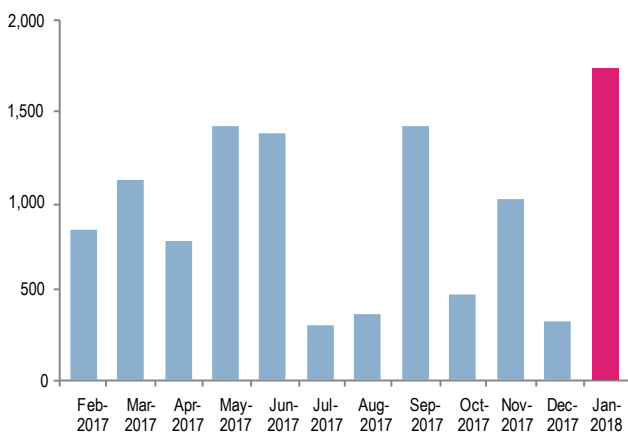
Monthly net new assets on Japan equity ETFs



### Emerging market equities

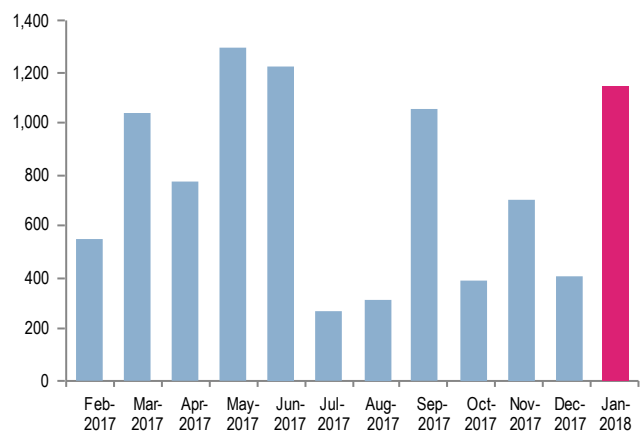
#### Second-best month for any year for EM equities (€1.7bn)

Monthly net new assets on emerging equity ETFs



#### Broad EM equities flows accelerated significantly (€1.2bn)

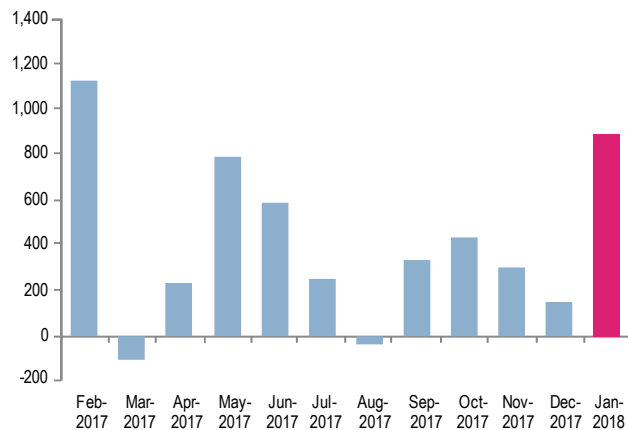
Monthly net new assets on broad EM equity ETFs



### Smart Beta / Value

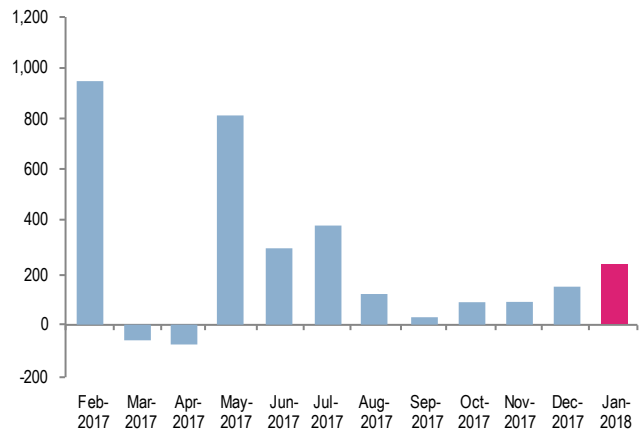
#### Flows surged into Smart Beta (€892M)

Monthly net new assets on Smart Beta ETFs



#### Value style ETFs experienced modest inflows again

Monthly net new assets on value style equity ETFs



Source: Monthly data in EURM from 01/01/2018 to 31/01/2018, 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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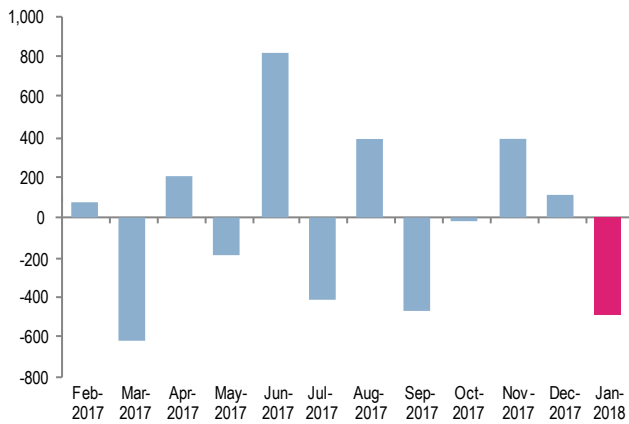


## Fixed Income

### European Govies

#### EU government bonds suffered significant outflows (-€485M)

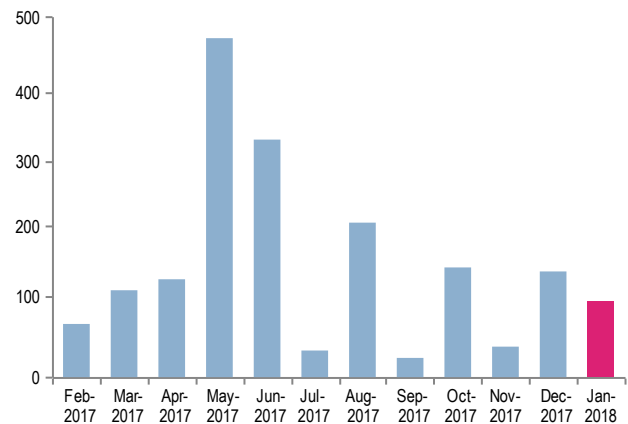
Monthly net new assets on EU government bond ETFs



### US Govies

#### Modest inflows into US government bonds

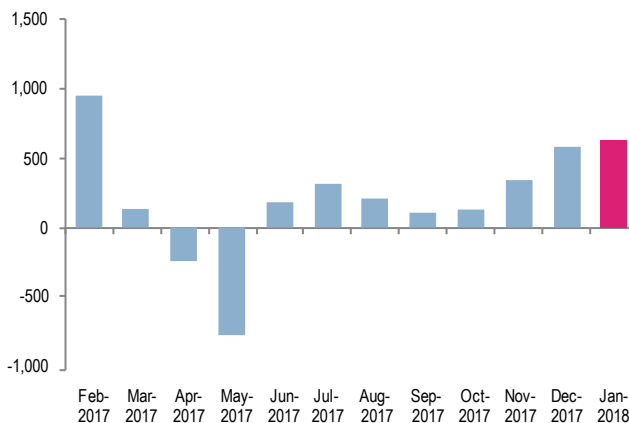
Monthly net new assets on US government bond ETFs



### Inflation Linked

#### Fourth successive monthly acceleration for inflation-linked bond inflows (€645M)

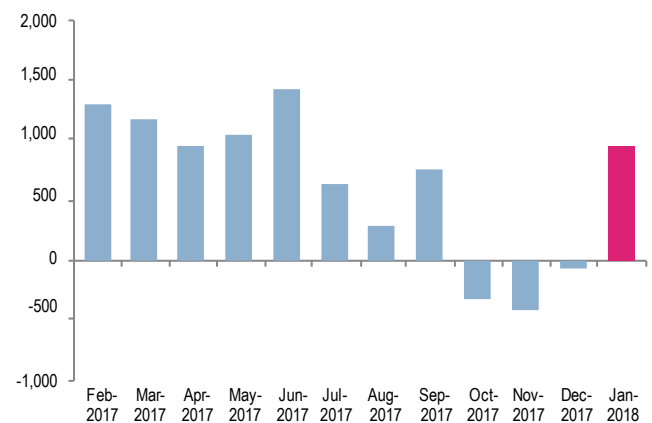
Monthly net new assets on inflation-linked bonds ETFs



### EM debt

#### EM debt flows rebound

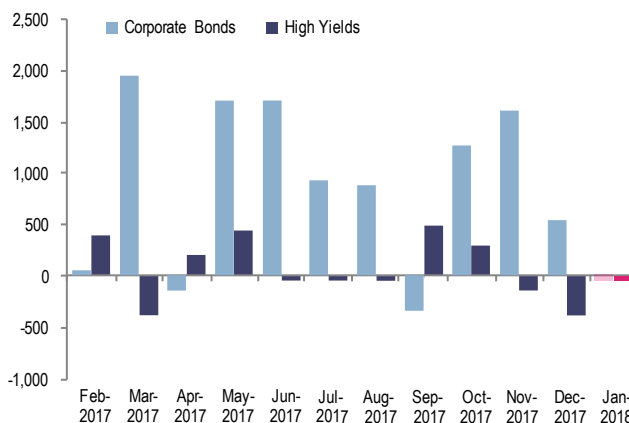
Monthly net new assets on Emerging Market debt ETFs



### Crédit Market

#### Both CB and HY ETFs suffer outflows

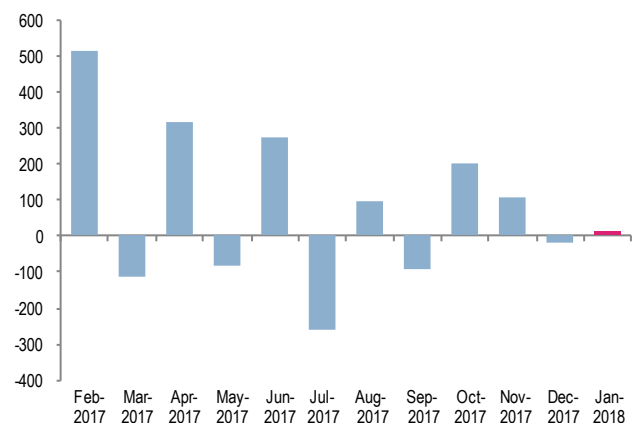
Monthly net new assets on corporate & High Yield bond ETFs



### Short Bond Strategy

#### Little to no interest in short bond strategies

Monthly net new assets on short bond strategy ETFs



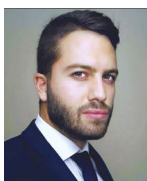
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# ETF Research Team



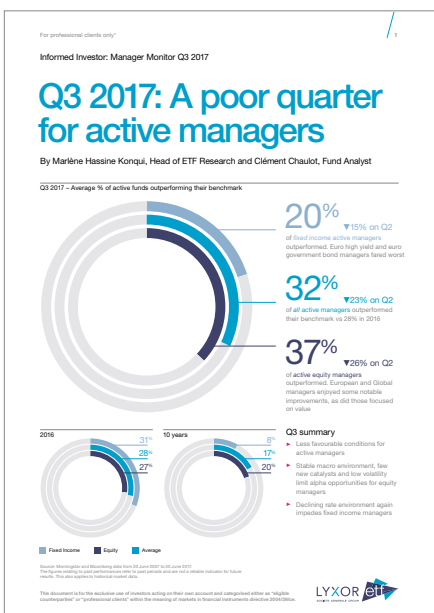
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