EXECUTIVE SUMMARY

European Fund-Flow Trends: European Investors are in Risk-On Mode


- The overall fund flows for mutual funds in Europe in September amounted to net inflows of €10.5 bn.

- Equity funds (+€14.3 bn) were the best-selling individual asset type overall for September.

- Equity Global (+€11.3 bn) was the best-selling sector among long-term funds for September.

- Ireland (+€31.0 bn) was the fund domicile with the highest net inflows, followed by Switzerland (+€1.6 bn) and the U.K. (+€0.7 bn).

- **BlackRock** was the best-selling fund promoter for September overall, with net sales of €5.5 bn, ahead of **Vanguard Group** (+€3.3 bn) and **Legal & General** (+€3.1 bn).

- The 10 best-selling long-term funds gathered at the share-class level amounted to net inflows of €15.0 bn for September.

- **Amundi CA 08/10/2019 C** (+€5.0 bn) was the best-selling individual long-term fund for September.
European Fund-Flow Trends, September 2019

After strong outflows from equity funds in August, it appears quantitative easing by the European Central Bank (ECB) and the interest rate cut by the Federal Reserve have led European investors back to equities in September. This comes despite ongoing concerns about declining company earnings and the possible effects of a trade war between the U.S. and China. As a result, September was the seventh month during which long-term mutual funds posted net inflows this year. Equity funds (+€14.3 bn) were the best-selling asset type in the segment of long-term mutual funds, followed by bond funds (+€9.7 bn), mixed-assets funds (+€4.2 bn), real estate funds (+€0.6 bn), and commodity funds (+€0.5 bn). Conversely, “other” funds (-€1.9 bn) and alternative UCITS funds (-€2.7 bn) faced outflows.

These fund flows added up to overall net inflows of €24.7 bn into long-term investment funds for September. ETFs contributed inflows of €19.4 bn to these flows.

Money Market Products
The current market environment led European investors to sell money market products. As a result, money market funds were the worst-selling asset type overall, witnessing net outflows of €14.2 bn for September. ETFs investing in money market instruments contributed net inflows of €0.1 bn to the total, in contrast with their actively managed peers.

This flow pattern led to overall net inflows of €10.5 bn for September, and inflows of €199.9 bn for mutual funds in Europe to date this year.

Money Market Products by Sector
Money Market GBP (+€8.9 bn) was the best-selling money market sector, followed by Money Market SEK (+€0.2 bn) and Money Market AUD (+€0.1 bn). At the other end of the spectrum, Money Market EUR (-€22.4 bn) suffered the highest net outflows overall, bettered by Money Market CHF (-€0.2 bn) and Money Market NOK (-€0.1 bn).

Comparing this flow pattern with the flow pattern for August revealed that European investors further built up their positions in the British pound sterling while selling money market EUR to increase their positions in risky assets. These shifts might have also been caused by corporate actions such as 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, September 2019 (Euro Billions)

Source: Lipper from Refinitiv
**Fund Flows by Sectors**

Within the segment of long-term mutual funds, Equity Global (+€11.3 bn) was the best-selling sector, followed by Equity US (+€5.4 bn). Bond Global USD (+€4.1 bn) was the third best-selling long-term sector, followed by Bond EUR (+€2.3 bn) and Equity UK (+€2.0 bn).

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

Source: Lipper from Refinitiv

At the other end of the spectrum, Bond USD (-€4.8 bn) suffered the highest net outflows in the segment of long-term funds, bettered by Equity EUR Short Term (-€2.7 bn), Bond USD Medium Term (-€2.5 bn), Equity Europe (-€1.4 bn), and Mixed Asset EUR Flexible - Global (-€1.2 bn).

**Graph 3: Ten Bottom Sectors, September 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 September. Sixteen of the 34 markets covered in this report showed net inflows and 18 showed net outflows. Ireland (+€31.0 bn) was the fund domicile with the highest net inflows, followed by Switzerland (+€1.6 bn), the U.K. (+€0.7 bn), Luxembourg (+€0.6 bn), and Guernsey (+€0.4 bn). On the other side of the table, France (-€20.7 bn) was the fund domicile with the highest outflows, bettered by the Netherlands (-€1.6 bn) and Norway (-€1.1 bn). It is noteworthy that the fund flows for France (-€15.6 bn), Luxembourg (-€3.4 bn), and Ireland (+€4.9 bn) were impacted by flows in and out of money market products.

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

Within the bond sector, funds domiciled in Ireland (+€12.5 bn) led the table, followed by the U.K. (+€1.4 bn), Germany (+€0.7 bn), Spain (+€0.3 bn), and Switzerland (+€0.2 bn). Bond funds domiciled in Luxembourg (-€3.5 bn), France (-€0.8 bn), and Italy (-€0.3 bn) were at the other end of the table.

For equity funds, products domiciled in Ireland (+€10.1 bn) led the table for September, followed by funds domiciled in Luxembourg (+€6.2 bn), Switzerland (+€1.3 bn), Belgium (+€1.0 bn), and Guernsey (+€0.2 bn). Meanwhile, France (-€2.7 bn), Norway (-€0.8 bn), and the Netherlands (-€0.5 bn) were the domiciles with the highest net outflows from equity funds.

Regarding mixed-assets products, Ireland (+€3.1 bn) was the domicile with the highest net inflows, followed by funds domiciled in Luxembourg (+€2.9 bn), the U.K. (+€0.9 bn), Switzerland (+€0.3 bn), and Austria (+€0.2 bn). In contrast, Germany (-€1.9 bn), the Netherlands (-€1.2 bn), and France (-€0.4 bn) were the domiciles with the highest net outflows from mixed-assets funds.

Germany (+€0.2 bn) was the domicile with the highest net inflows into alternative UCITS funds for September, followed by Ireland (+€0.1 bn) and Belgium (+€0.001 bn). Meanwhile, the U.K. (-€1.1 bn), France (-€0.9 bn), and Luxembourg (-€0.6 bn) were at the other end of the table.
Fund Flows by Promoters

BlackRock was the best-selling fund promoter for September overall, with net sales of €5.5 bn, ahead of Vanguard Group (+€3.3 bn) and Legal & General (+€3.1 bn).

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

<table>
<thead>
<tr>
<th>Promoter</th>
<th>Estimated Net Sales (EUR bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BlackRock</td>
<td>5.50</td>
</tr>
<tr>
<td>Vanguard Group</td>
<td>3.33</td>
</tr>
<tr>
<td>Legal &amp; General</td>
<td>3.07</td>
</tr>
<tr>
<td>Mercer</td>
<td>3.03</td>
</tr>
<tr>
<td>AllianceBernstein</td>
<td>2.36</td>
</tr>
<tr>
<td>DWS Group</td>
<td>2.22</td>
</tr>
<tr>
<td>HSBC</td>
<td>2.22</td>
</tr>
<tr>
<td>PIMCO</td>
<td>2.12</td>
</tr>
<tr>
<td>Fidelity</td>
<td>2.10</td>
</tr>
<tr>
<td>Tilney</td>
<td>1.94</td>
</tr>
</tbody>
</table>

Source: Lipper from Refinitiv

Considering the single-asset classes, BlackRock (+€4.3 bn) was the best-selling promoter of bond funds, followed by PIMCO (+€2.1 bn), AB (+€2.1 bn), Vanguard Group (+€1.7 bn), and HSBC (+€1.1 bn).

Within the equity space, UBS (+€7.7 bn) led the table, followed by DWS Group (+€2.9 bn), BlackRock (+€2.0 bn), Mercer (+€1.6 bn), and Capital Group (+€1.2 bn).

Tilney (+€1.9 bn) was the leading promoter of mixed-assets funds in Europe, followed by Mercer (+€0.9 bn), Eurizon Capital (+€0.5 bn), Vanguard Group (+€0.5 bn), and Union Investment (+€0.5 bn).

Societe Generale (+€0.6 bn) was the leading promoter of alternative UCITS funds for the month, followed by Mercer (+€0.4 bn), DWS Group (+€0.3 bn), Flossbach von Storch (+€0.3 bn), and Amundi (+€0.3 bn).

Best-Selling Funds

The 10 best-selling long-term funds, gathered at the share class level, amounted to €15.0 bn of estimated net inflows for September. In line with the general fund-flows trend, equity funds dominated the ranking of the asset types with regard to the 10 best-selling funds (+€6.8 bn), followed by bond funds (+€5.0 bn) and mixed-assets funds (+€3.2 bn).

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

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>ISIN</th>
<th>Lipper Global Classification</th>
<th>Estimated Net Sales (in EUR mil.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amundi CA 08/10/2019 C</td>
<td>FR0013413424</td>
<td>Absolute Return Bond EUR</td>
<td>4997.58</td>
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<tr>
<td>LGIM Sterling Liquidity Plus 1 Acc</td>
<td>IE00BYYCC479</td>
<td>Mixed Asset GBP Conservative</td>
<td>2073.00</td>
</tr>
<tr>
<td>UBS ETFs plc - MSCI ACWI SF UCITS ETF (h USD) Aa</td>
<td>IE00BYM11J43</td>
<td>Equity Global</td>
<td>1250.33</td>
</tr>
<tr>
<td>Allianz Euro Balanced 12 (EUR)</td>
<td>LU1997085486</td>
<td>Mixed Asset EUR Bal - EuroZon</td>
<td>1168.15</td>
</tr>
<tr>
<td>UBS ETFs plc - MSCI ACWI SF UCITS ETF (h CHF) Aa</td>
<td>IE00BYM11L64</td>
<td>Equity Global</td>
<td>1110.95</td>
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<tr>
<td>iShares Core FTSE 100 UCITS ETF GBP (Dist)</td>
<td>FR0013433026</td>
<td>Equity US</td>
<td>1003.81</td>
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<tr>
<td>UBS ETFs plc - MSCI ACWI SF UCITS ETF (h EUR) Aa</td>
<td>IE00BYM11K57</td>
<td>Equity Global</td>
<td>935.91</td>
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<tr>
<td>Caixabank Master RV Emerging Advised By, F1</td>
<td>ES0115117006</td>
<td>Equity Emerging Mkt Global</td>
<td>811.05</td>
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<tr>
<td>First Trust Financials AlphaDEX Fund</td>
<td>US33734X1357</td>
<td>Equity Sector Financials</td>
<td>768.01</td>
</tr>
</tbody>
</table>

Source: Lipper from Refinitiv
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