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EUROPEAN FUND FLOWS REPORT: September 2017

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EXECUTIVE SUMMARY

September 2017:

European Investors Seek Returns and Diversification From International Bond Funds

- September 2017 was the ninth consecutive month showing a positive picture for long-term mutual funds in Europe.
- Bond funds (+€13.1 bn) were the best selling individual asset type for September.
- Money market products (-€18.8 bn) were the asset type with the highest net outflows overall for September.
- The overall net fund flows into mutual funds in Europe stood at €10.8 bn for September and a positive €614.2 bn for 2017 so far.
- Ireland (+€12.7 bn) was the fund domicile with the highest net inflows, followed by Luxembourg (+€7.5 bn), Germany (+€3.0 bn), the United Kingdom (+€1.9 bn), and Spain (+€0.4 bn).
- Bond Global USD Hedged (+€4.3 bn) was the best selling sector among long-term funds.
- **Pimco**, with net sales of €5.4 bn, was the best selling fund promoter for September overall, ahead of **BlackRock** (+€4.7 bn) and **JP Morgan** (+€2.8 bn).
- The ten best selling long-term funds gathered at the share-class level total net inflows of €6.4 bn for September.
- **UBS (CH) Inst Fd 2 - Eq Japan Passive II I-X** (+€1.2 bn) was the best selling individual long-term fund for September.



EUROPEAN FUND FLOWS, SEPTEMBER 2017

European Fund-Flow Trends, September 2017

September was the ninth consecutive month showing a positive picture for long-term mutual funds. European fund promoters enjoyed net inflows into bond funds (+€13.1 bn), followed by equity funds (+€10.3 bn), mixed-asset funds (+€6.9 bn), and real estate funds (+€0.9 bn) as well as commodity funds (+€0.1 bn). Meanwhile, alternative UCITS funds (-€0.5 bn) and “other” funds (-€1.3 bn) faced net outflows.

These fund flows added up to overall net inflows of €29.6 bn into long-term investment funds for September. [ETFs contributed €6.6 bn to these inflows.](#)

Money Market Products

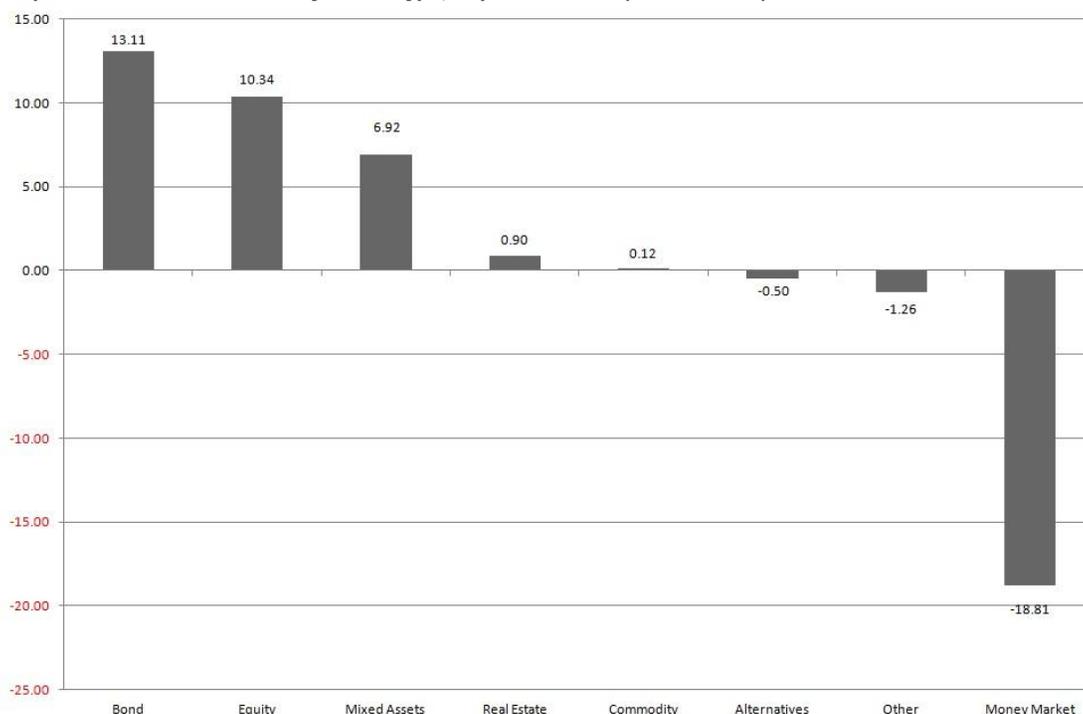
Money market products (-€18.4 bn) were the asset type with the highest net outflows overall for September. In line with their actively managed peers ETFs investing in money market instruments posted net outflows of -€0.4 bn.

This flow pattern led the overall fund flows to mutual funds in Europe to net inflows of €10.8 bn for September and a positive €614.2 bn for 2017 so far.

Money Market Products by Sector

Money Market PLN (+€0.09 bn) was the best selling money market sector for September, followed by Money Market USD (+€0.02 bn) and Money Market JPY (+€0.01 bn). At the other end of the spectrum Money Market EUR (-€15.8 bn) suffered the highest net outflows overall, bettered by Money Market GBP (-€3.9 bn) and Money Market Global (-€0.4 bn). Comparing this flow pattern with the flow pattern for August 2017 showed that European investors sold in September at least partly the positions they had built in the euro and British pound sterling. These shifts might have been caused by asset allocation decisions as well as for other reasons such as cash dividends or payments, since money market funds are also used by corporations as replacements for cash accounts.

Graph 1: Estimated Net Sales by Asset Type, September 2017 (Euro Billions)

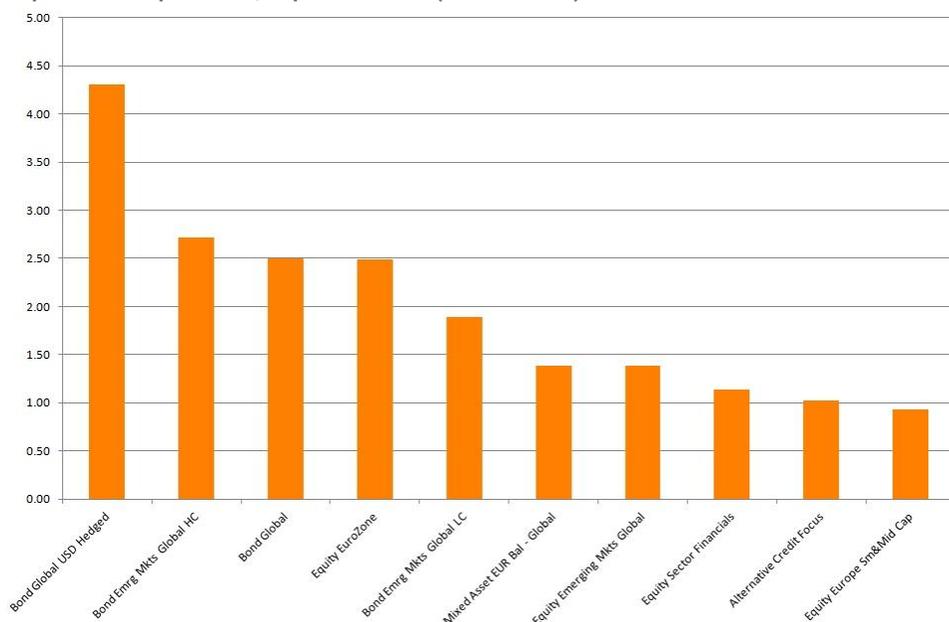


Source: Thomson Reuters Lipper

Fund Flows by Sectors

Within the segment of long-term mutual funds Bond Global USD Hedged (+€4.3 bn) was once again the best selling sector, followed by Bond Emerging Markets in Hard Currencies (+€2.7 bn) along with Bond Global (+€2.5 bn) and Equity Eurozone (+€2.5 bn) as well as Bond Emerging Markets in Local Currencies (+€1.9 bn).

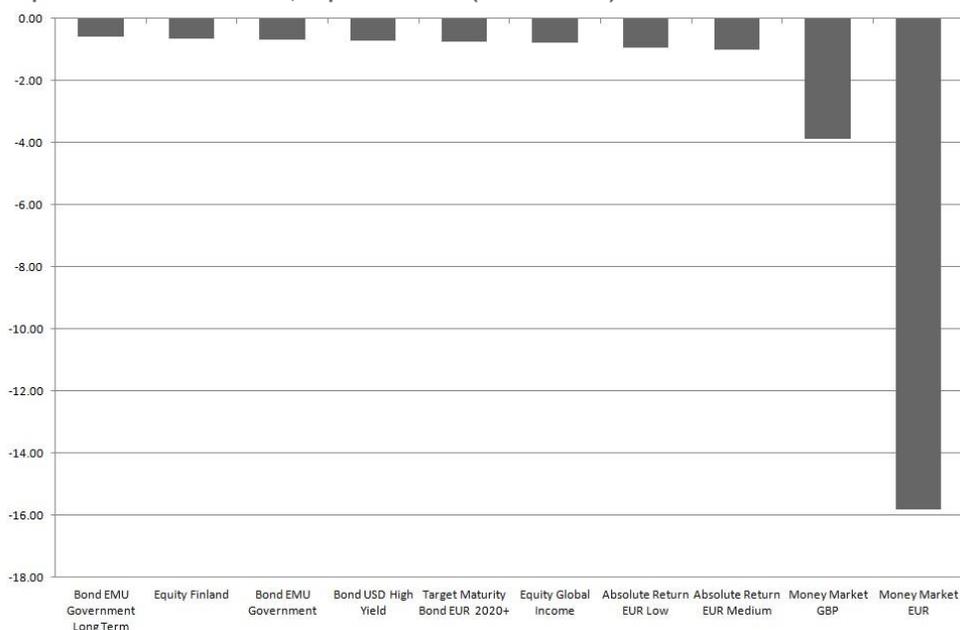
Graph 2: Ten Top Sectors, September 2017 (Euro Billions)



Source: Thomson Reuters Lipper

At the other end of the spectrum Absolute Return EUR Medium (-€1.0 bn) suffered once again the highest net outflows from long-term mutual funds, bettered somewhat by Absolute Return EUR Low (-€0.9 bn) and Equity Global Income (-€0.8 bn) as well as Target Maturity Bond EUR 2020+ (-€0.8 bn) and Bond USD High Yield (-€0.7 bn).

Graph 3: Ten Bottom Sectors, September 2017 (Euro Billions)



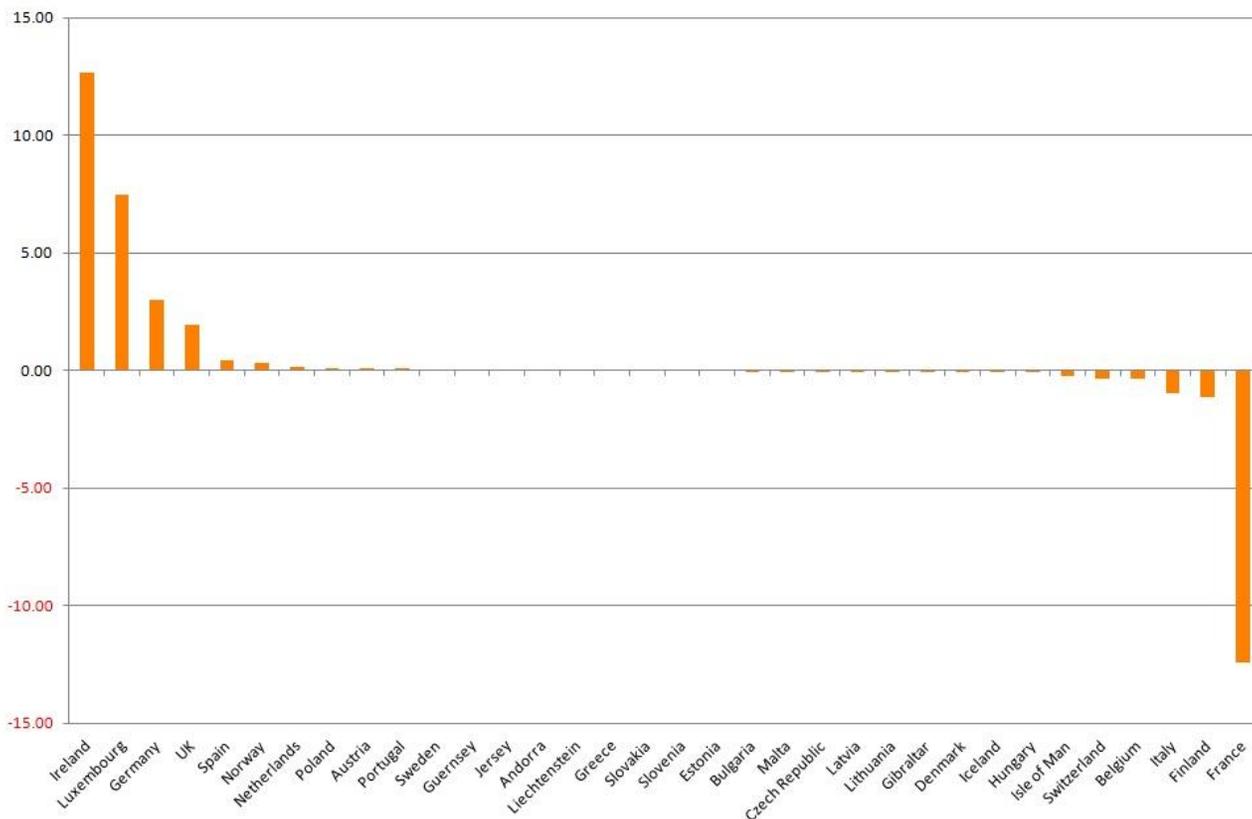
Source: Thomson Reuters Lipper



Fund Flows by Markets (Fund Domiciles)

Single fund domicile flows (including those to money market products) showed in general a positive picture for September, with 19 of the 34 markets covered in this report showing net inflows and 15 showing net outflows. Ireland (+€12.7 bn) was the fund domicile with the highest net inflows, followed by Luxembourg (+€7.5 bn), Germany (+€3.0 bn), the United Kingdom (+€1.9 bn), and Spain (+€0.4 bn). On the other side of the table France was the single fund domicile with the highest net outflows (-€12.4 bn), bettered by Finland (-€1.2 bn) and Italy (-€1.0 bn).

Graph 4: Estimated Net Sales by Fund Domiciles, September 2017 (Euro Billions)



Source: Thomson Reuters Lipper

Within the bond sector, funds domiciled in Ireland (+€8.4 bn) led the table for September, followed by those domiciled in Luxembourg (+€7.9 bn), Germany (+€0.7 bn), Norway (+€0.3 bn), and the Netherlands (+€0.2 bn). Bond funds domiciled in France (-€2.3 bn), Denmark (-€0.8 bn), and Italy (-€0.5 bn) stood at the other end of the table.

For equity funds, products domiciled in Ireland (+€4.1 bn) led the table for September, followed by funds domiciled in France (+€2.3 bn), Luxembourg (+€1.8 bn), and the United Kingdom (+€1.1 bn) as well as Germany (+€0.6 bn). Meanwhile, Switzerland (-€0.7 bn), Finland (-€0.7 bn), and the Isle of Man (-€0.1 bn) were the domiciles with the highest net outflows from equity funds.

With regard to mixed-asset products Luxembourg (+€3.5 bn) was the domicile with the highest net inflows, followed by funds domiciled in the United Kingdom (+€1.3 bn), Germany (+€1.2 bn), Spain (+€0.4 bn), and Ireland (+€0.4 bn). Opposite to this, Switzerland (-€0.5 bn), the Netherlands (-€0.1 bn), and the Isle of Man (-€0.1 bn) were the domiciles with the highest net outflows from mixed-asset funds.

Spain (+€0.4 bn) was the domicile with the highest net inflows into alternative UCITS funds for September, followed by Ireland (+€0.4 bn), Germany (+€0.1 bn), and Liechtenstein (+€0.03 bn) as well as Belgium (+€0.03 bn). Italy (-€0.4 bn), bettered somewhat by France (-€0.4 bn) and the United Kingdom (-€0.3 bn), stood at the other end of the table.



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Fund Flows by Promoters

Pimco, with net sales of €5.4 bn, was the best selling fund promoter for September overall, ahead of **BlackRock** (+€4.7 bn) and **JP Morgan** (+€2.8 bn).

Table 1: Ten Best Selling Promoters, September 2017 (Euro Billions)

Promoter	Estimated Net Sales (EUR bn)
PIMCO	5.36
BlackRock	4.70
JPMorgan	2.78
Goldman Sachs	2.59
Insight	2.35
Aviva	2.11
Union Investment	1.83
Allianz	1.24
Deutsche Bank	1.17
Invesco	1.07

Source: Thomson Reuters Lipper

Considering the single-asset bases, PIMCO (+€5.9 bn) was once again the best selling promoter of bond funds for September, followed by BlackRock (+€1.2 bn), Morgan Stanley (+€0.8 bn), and UBS (+€0.7 bn) as well as Deutsche Bank (+€0.6 bn).

Within the equity space BlackRock (+€3.9 bn) stood at the head of the table for September, followed by Amundi (+€1.7 bn), Societe Generale (+€0.7 bn), and Royal London (+€0.7 bn) as well as Vanguard Group (+€0.6 bn).

JP Morgan (+€0.7 bn) was the leading promoter of mixed-asset funds in Europe for September, followed by Union Investment (+€0.6 bn), BBVA (+€0.5 bn), and Allianz (+€0.3 bn) as well as Old Mutual (+€0.2 bn).

GAM (+€0.7 bn) was the leading promoter of alternatives funds for the month, followed by Legg Mason (+€0.5 bn), Ruffer (+€0.4 bn), and Allianz (+€0.3 bn) as well as Old Mutual (+€0.2 bn).

Best Selling Funds

The ten best selling long-term funds gathered at the share-class level total net inflows of €6.4 bn for September. Since bond funds dominated the overall sales numbers, it was not surprising that bond funds (+€3.2 bn) also dominated the sales table for the single funds, followed by equity funds (+€2.1 bn) and mixed-asset funds (+€1.0 bn).

Table 2: Ten Best Selling Long-Term Funds, September 2017 (Euro Millions)

Fund Name	ISIN	Lipper Global Classification	Estimated Net Sales (in EUR mil.)
UBS (CH) Inst Fd 2 - Eq Japan Passive II I-X	CH0358367057	Equity Japan	1192.44
PIMCO GIS Income Inst EUR Hdg Acc	IE00B80G9288	Bond Global USD Hedged	998.91
PIMCO GIS Income Inst USD Acc	IE00B87KCF77	Bond Global USD Hedged	688.05
Uninstitutional Euro Reserve Plus EUR	DE000A1C81J5	Bond Europe	549.70
Lazard Emerging Markets Debt Blend A Dis USD	IE00B4VPLY21	Bond Emerging Markets Global HC	536.16
Invesco Pan European High Income Fund Z-Acc	LU1625225666	Mixed Asset EUR Cons - Europe	525.03
iShares Core MSCI World UCITS ETF USD (Acc)	IE00B4L5Y983	Equity Global	490.29
CF Ruffer Absolute Return O Acc	GB00B0XP1H53	Absolute Return GBP High	468.57
PIMCO GIS Income E USD Inc	IE00B8K7V925	Bond Global USD Hedged	463.48
CSIF III US Index Blue - PF ZA	CH0030849712	Equity US	447.24

Source: Thomson Reuters Lipper



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