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Monthly European ETF Market Trends

December 2016 in brief



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European ETF Market flows continued to recover in December 2016. Net New Assets (NNA) during this month amounted to EUR4.7bn, the highest level since September 2016. Total Assets under Management are up 14% vs. the end of 2015, reaching EUR516bn, and include a market impact of +5.0%. November's great rotation from bonds into equities halted. While developed equity ETFs continued to gather inflows, outflows on bond ETFs stopped.

■ **Equity indices gathered most of the market inflows at EUR4.1bn.** Interest was sustained on developed equity ETFs. US equity inflows continued to be above the one year average at EUR1.2bn. December was the third highest month of the year for European equity ETFs at EUR1.7bn while Japanese ETF flows reached a one year record high at EUR486M. The Fed interest rate increase continued to trigger outflows from Emerging market equity ETFs of EUR987M. These outflows mainly concerned broad indices i.e. MSCI Emerging markets and Asian ETFs. Within Smart Beta, the value style continued to see high interest with EUR505M of inflows together with some flows on multifactor ETFs. Minimum Volatility ETFs on the other hand continued to see outflows at EUR749M in an environment that remained risk-on.

■ **Fixed income indices' outflows stopped. December saw EUR466M of inflows compared to EUR3.3bn of outflows in November.** All developed market debt ETFs rebounded. European govies ETF flows rebounded at EUR451M after 3 months of outflows totaling more than EUR2.0bn. Both investment grade and high yield corporate bond ETFs saw inflows respectively of EUR405M and EUR402M in a slightly decreasing interest rate environment in the second half of the month. Emerging debt ETFs continued to see strong outflows following the Fed interest rate increase. Inflation-linked flows stopped in December, with EUR23M of outflows in a context of decreasing inflation fears. Interestingly, short strategy ETFs saw EUR249M of outflows after a record high in November as pressure on interest rates decreased slightly.

■ **Commodities flows*** reached EUR98M with the increased oil price in December boosting flows on Broad commodity ETFs at EUR255M, while gold ETFs saw EUR157M of outflows.

* including also non UCITS eligible/compliant ETFs

EUROPEAN ETFs IN DECEMBER 2016 – NET INFLOWS (EURM)

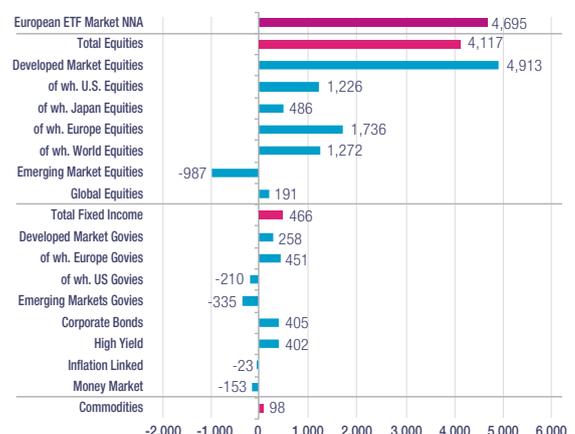
MORE POSITIVE FLOWS ON EUROPEAN ETFs AT EUR 4.7BN IN DECEMBER 2016

MONTHLY NET NEW ASSETS ON EUROPEAN ETFs



DEVELOPED MARKET EQUITY ETFs GATHERED MOST OF THE INFLOWS AT THE EXPENSE OF EMERGING MARKETS DEBT AND EQUITY ETFs

MONTHLY NET INFLOWS ON EUROPEAN ETFs BY ASSET CLASS



Sources: Monthly data in EURM from 01/01/2016 until 30/12/2016, Bloomberg, Lyxor

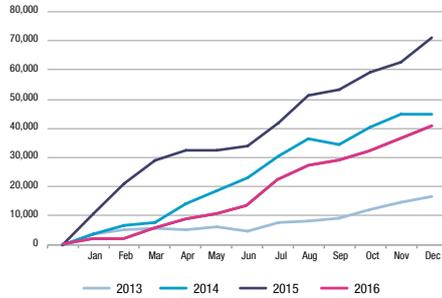
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2016 Overview

GLOBAL

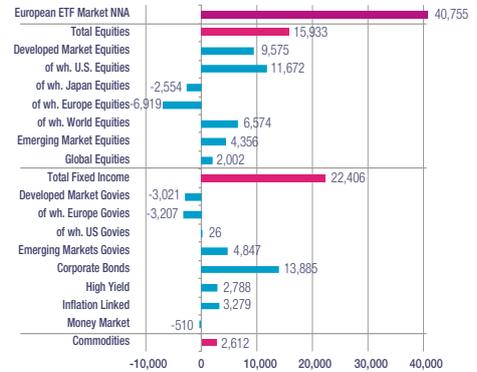
TOTAL EUROPEAN ETF NNA SPED UP IN DECEMBER

MONTHLY NET NEW ASSETS ON EUROPEAN ETFs



FIXED INCOME ETFs GATHERED MORE ASSETS THAN EQUITY ETFs IN 2016

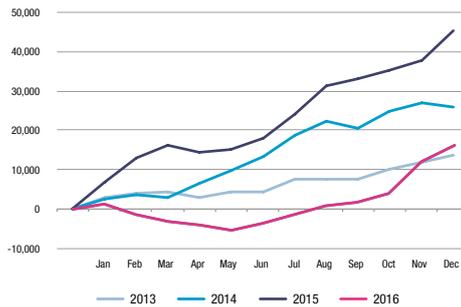
2016 NET INFLOWS ON EUROPEAN ETFs BY ASSET CLASS



EQUITY

ACCELERATION OF INFLOWS ON EQUITY ETFs IN THE SECOND HALF OF THE YEAR

MONTHLY NET NEW ASSETS ON EQUITY ETFs



RECORD YEAR FOR EMERGING MARKET EQUITY ETFs DESPITE THE RECENT OUTFLOWS

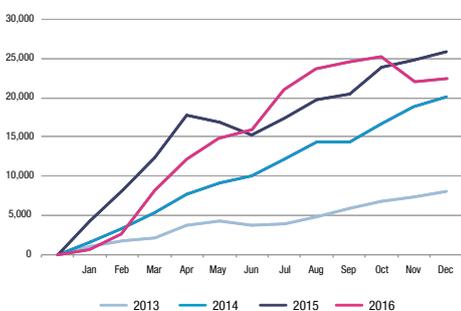
MONTHLY NET NEW ASSETS ON EMERGING MARKET EQUITY ETFs



FIXED INCOME & COMMODITIES

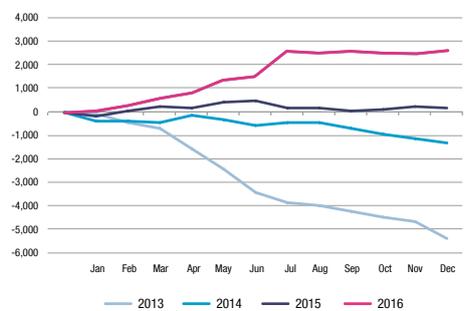
A STRONG YEAR FOR FIXED INCOME ETFs

MONTHLY NET NEW ASSETS ON FIXED INCOME ETFs



INCREASING FLOWS IN H1 FOR COMMODITIES ETFs FOLLOWED BY FLAT FLOWS IN H2

MONTHLY NET NEW ASSETS ON COMMODITIES ETFs



Sources: Monthly data in EURM from 01/01/2013 until 30/12/2016, Bloomberg, Lyxor

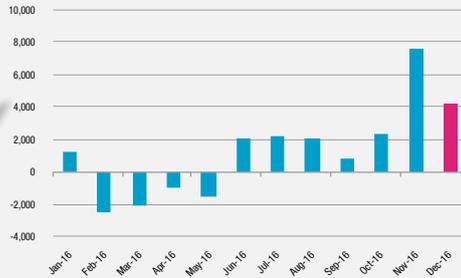
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Overview by asset class

EQUITY

ANOTHER POSITIVE MONTH FOR EQUITY ETFs WITH INFLOWS AT EUR4.1bn

MONTHLY NET NEW ASSETS ON EQUITY ETFs



ONGOING ROTATION FROM EM EQUITY ETFs TO DM EQUITY ETFs

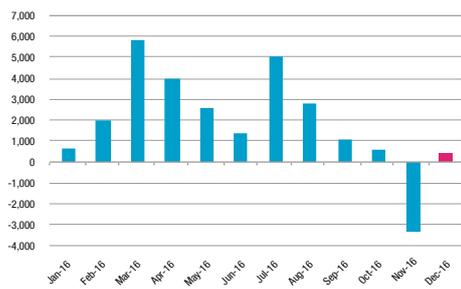
MONTHLY NET NEW ASSETS ON DEVELOPED VS EMERGING MARKETS EQUITY ETFs



FIXED INCOME

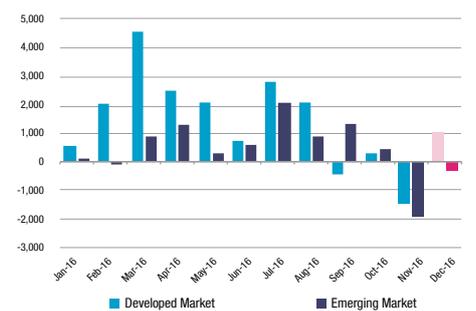
FIXED INCOME ETFs BACK IN POSITIVE TERRITORY WITH EUR466M OF INFLOWS

MONTHLY NET NEW ASSETS ON FIXED INCOME ETFs



DEVELOPED MARKET FIXED INCOME ETFs REBOUNDED WITH INFLOWS AT EUR1.0BN

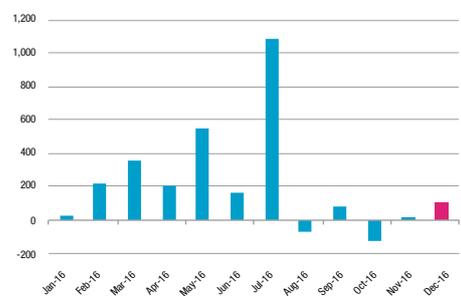
MONTHLY NET NEW ASSETS ON DEVELOPED VS EMERGING MARKETS FIXED INCOME ETFs



COMMODITIES

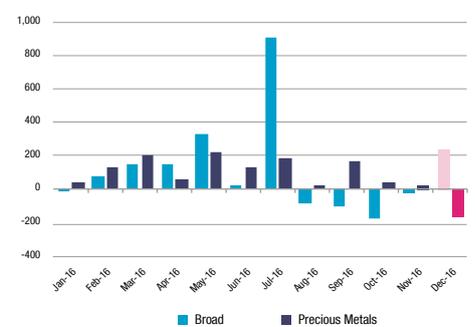
SLIGHTLY POSITIVE MONTH FOR COMMODITY ETFs WITH INFLOWS AT EUR100M

MONTHLY NET NEW ASSETS ON COMMODITIES ETFs



BROAD COMMODITY ETFs TURNED POSITIVE

MONTHLY NET NEW ASSETS ON BROAD & PRECIOUS METALS ETFs



Sources: Monthly data in EURM from 01/01/2016 until 30/12/2016, Bloomberg, Lyxor

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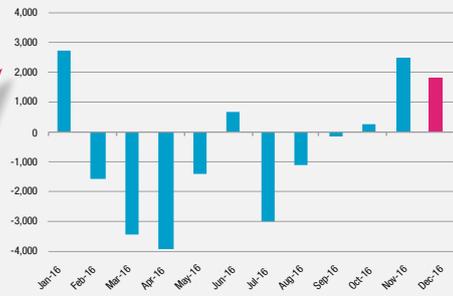
Equities

EUROPEAN EQUITIES



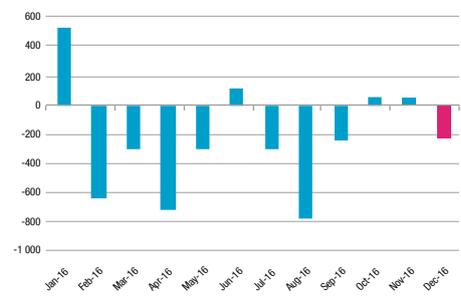
POSITIVE FLOWS ON EUROPEAN EQUITY ETFs AT EUR1.8bn

MONTHLY NET NEW ASSETS ON EUROPE EQUITY ETFs



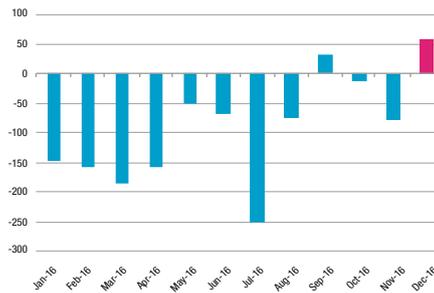
GERMAN EQUITY ETFs TURNED SOUTH AGAIN WITH EUR222M OF OUTFLOWS

MONTHLY NET NEW ASSETS ON GERMAN EQUITY ETFs



SLIGHTLY POSITIVE FLOWS ON ITALIAN & SPANISH EQUITY ETFs AT EUR59M

MONTHLY NET NEW ASSETS ON PERIPHERAL EUROPE EQUITY ETFs



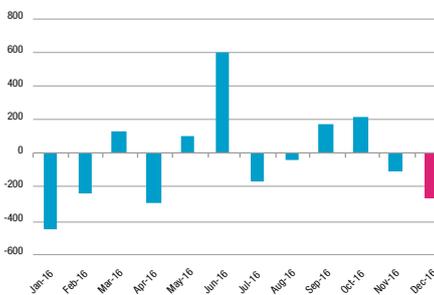
SIGNIFICANT FLOWS ON THE EUROPEAN REGION WITH ALMOST A ONE YEAR-RECORD HIGH AT 1.8bn

MONTHLY NET NEW ASSETS ON EUROPE REGION EQUITY ETFs



OUTFLOWS FROM EUROPEAN FINANCIAL EQUITY ETFs AT EUR267M

MONTHLY NET NEW ASSETS ON FINANCIALS EUROPE EQUITY ETFs



SUSTAINED FLOWS ON EUROPEAN VALUE ETFs AT EUR176M

MONTHLY NET NEW ASSETS ON EUROPEAN VALUE EQUITY ETFs (standard Value + smart beta Value factor)



Sources: Monthly data in EURM from 01/01/2016 until 30/12/2016, Bloomberg, Lyxor

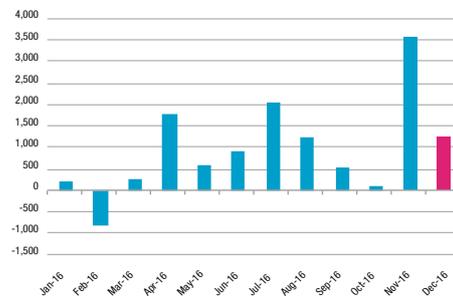
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Equities

US & JAPAN EQUITIES

TENTH CONSECUTIVE MONTH OF POSITIVE FLOWS ON US EQUITY ETFs WITH INFLOWS AT EUR1.2bn

MONTHLY NET NEW ASSETS ON US EQUITY ETFs



RECORD INFLOWS ON JAPANESE EQUITY ETFs AT EUR486M

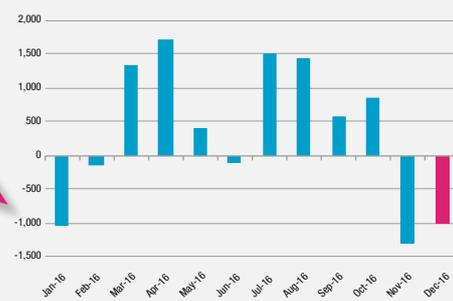
MONTHLY NET NEW ASSETS ON JAPAN EQUITY ETFs



EMERGING MARKET EQUITIES

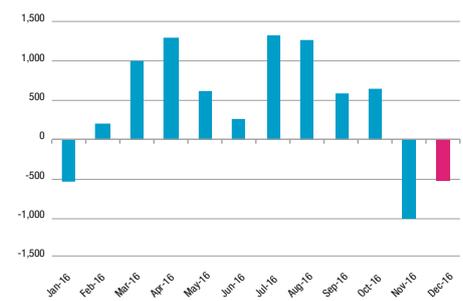
THE SELL-OFF IN EMERGING EQUITY ETFs CONTINUED IN DECEMBER WITH EUR1.0bn OF OUTFLOWS

MONTHLY NET NEW ASSETS ON EMERGING EQUITY ETFs



ANOTHER NEGATIVE MONTH FOR BROAD EM EQUITY ETFs WITH EUR524M OF OUTFLOWS

MONTHLY NET NEW ASSETS ON BROAD EM EQUITY ETFs*

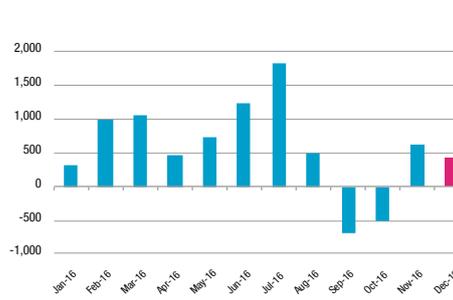


*mainly concerning MSCI EM indexations

THEMATIC

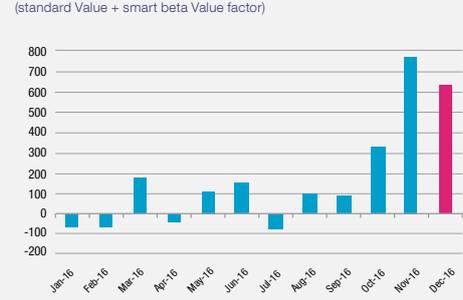
POSITIVE FLOWS ON SMART BETA ETFs WITH EUR410M OF INFLOWS

MONTHLY NET NEW ASSETS ON SMART BETA ETFs



VALUE EQUITY ETFs KEPT UP MOMENTUM WITH EUR659M OF INFLOWS

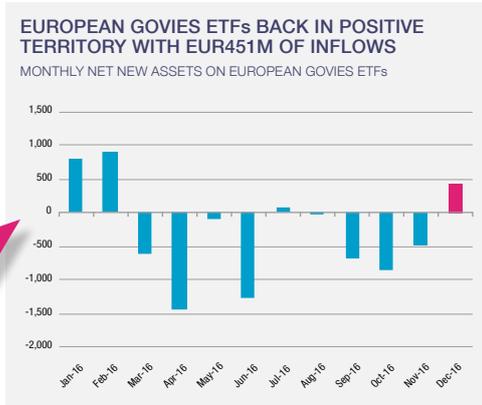
MONTHLY NET NEW ASSETS ON VALUE STYLE EQUITY ETFs (standard Value + smart beta Value factor)



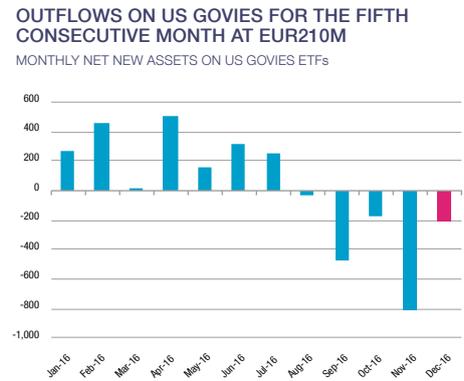
Sources: Monthly data in EURM from 01/01/2016 until 30/12/2016, Bloomberg, Lyxor

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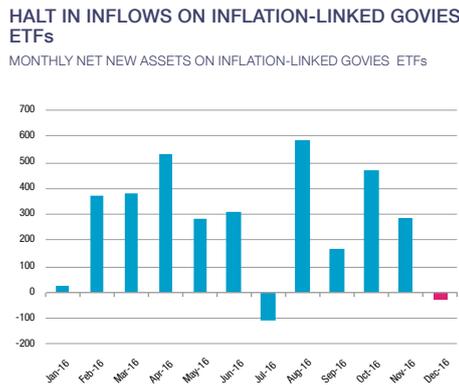
Fixed Income EU GOVIES



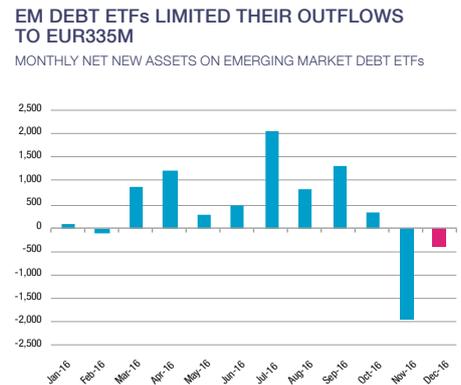
US GOVIES



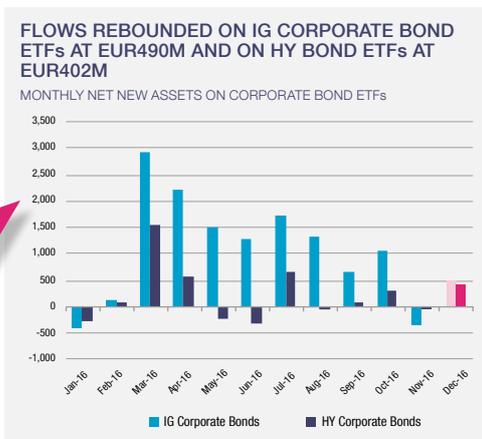
INFLATION-LINKED



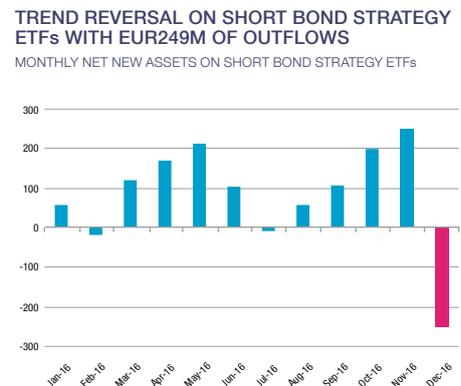
EMERGING MARKET GOVIES



CREDIT MARKET



SHORT BOND STRATEGY



Sources: Monthly data in EURM from 01/01/2016 until 30/12/2016, Bloomberg, Lyxor

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