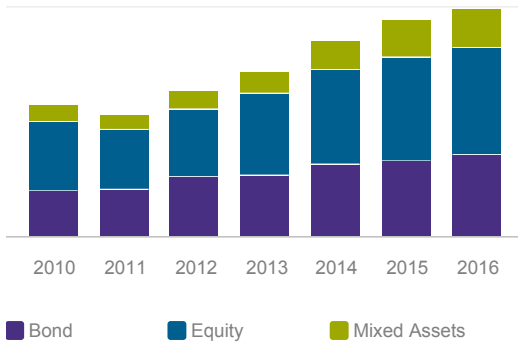


FundFlash Monthly Snapshot of European Trends



Data in EURO as at: Dec 2016

European assets by investment type



December net sales of long term funds

€6.7 B

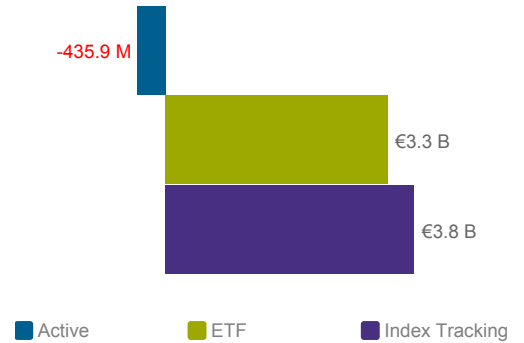
November net sales of long term funds

-€14.8 B

Asset Growth month on month

+2.01%

Passive Vs Active



December in brief

- The year ended in mild positive tone with long-term funds registering €6.7bn of inflows, taking the full year total to €97bn.
- December is usually a month of bloated money market withdrawals, boosted by the French tax cycle. This year, though, institutions sought safe-haven refuge in cross-border products that more than offset the French outflows.
- Passive funds dominated both the month and the year. Without passives, December would have ended in modest outflow of €436m.
- With post-Trump election sentiment rotating towards equities, stock funds posted the largest long-term inflows. But, once again passives were the winners.
- Despite bond funds registering their second month of redemptions, the Global High Yield sector scored the largest net receipts.
- Amundi reigned supreme in this final month, although it was the group's passive funds that accounted for its success. The same was the case for BlackRocks' sales lead for 2016 as a whole.
- Invesco's Global Targeted Return fund was the month's winner, but for the year it was rival Nordea's Stable Return fund that took the crown.

Last gasp of 2016

A challenging year ended with a final puff of tail wind, amounting to just €6.7bn blowing into the sales figures of European long-term funds. This was a recovery from the November's Trump-inspired blues but, against bounding stock market values, it was a bit of a damp squib. Such results were even worse when the annual sales boost from Sweden's pension fund is factored in. This amounted to €3.3bn – half the European total. Moreover, the passive input continued to dominate, taking the shine off the equity sector's second month of inflows. Equity funds were December's big success story but inflows of €4.7bn were all thanks to ETFs and trackers. Active equity funds registered their 12th consecutive month of redemptions.

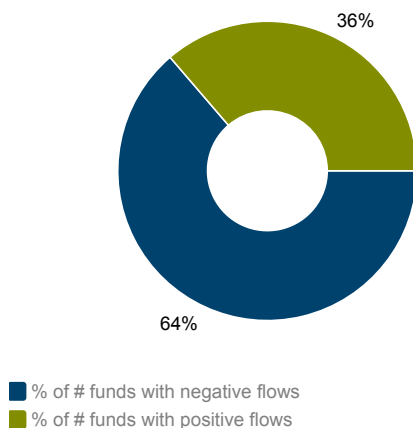
December's lacklustre sales performance meant that long-term volumes for the year failed to breach the €100bn threshold. They rested instead at €97bn, a decline of 67% on 2015's near-€300bn of inflows. Fixed income funds, though, had a good year thanks to the ECB's bond-buying programme and the US Fed's reluctance to increase interest rates until the final month of the year. But proof of the risk aversion that was embedded in investors' psyche throughout the year was the fact that money market funds saw €95bn of inflows, making 2016 their best year since the financial crisis storms of 2007.

2016 ended with pundits making enthusiastic claims of a 'Trump trade' and a rotation back to equities. This certainly seems to have been a feature of European and US stock market performance, but it did not translate clearly into fund activity. In this parallel universe investors were schizophrenic, favouring the returns of high yield bond funds but also the safety of short-term government bonds. Those equity sectors that did well were countered by sizeable redemptions from emerging markets.

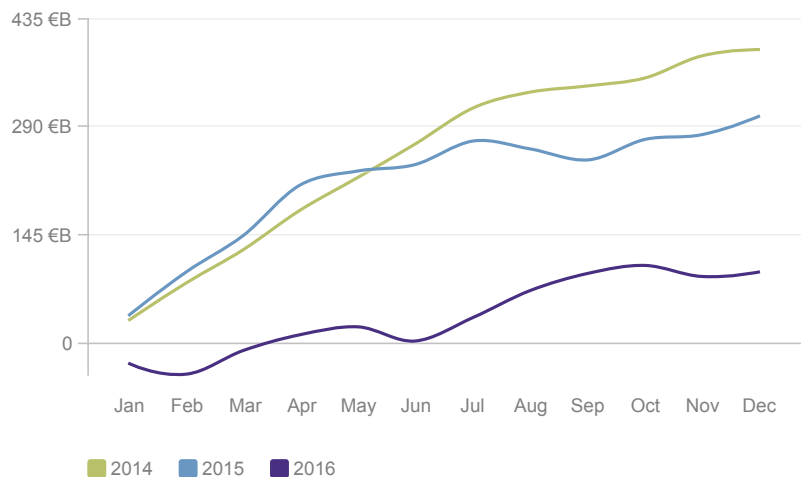
What's in store for 2017?

A roller coaster ride is the most likely experience that asset managers and their investors can expect. Implementation of the new President's policy initiatives may well boost equity values but these are subject to corrections and profit taking. European political risk, Brexit negotiations and another episode in the Greek soap opera will inevitably mean a bumpy ride for all stakeholders as the year roles on.

Flow sentiment



Cumulative net sales by year

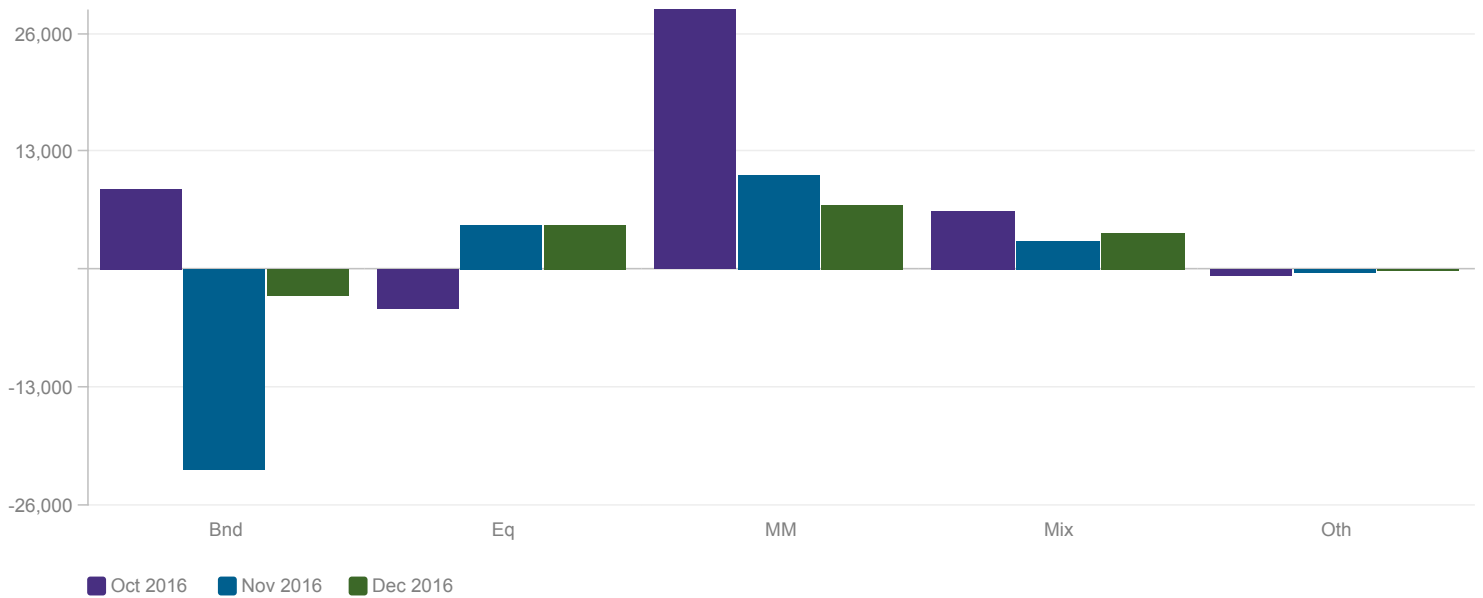


Top Markets by Sales - Latest Month (€bn)

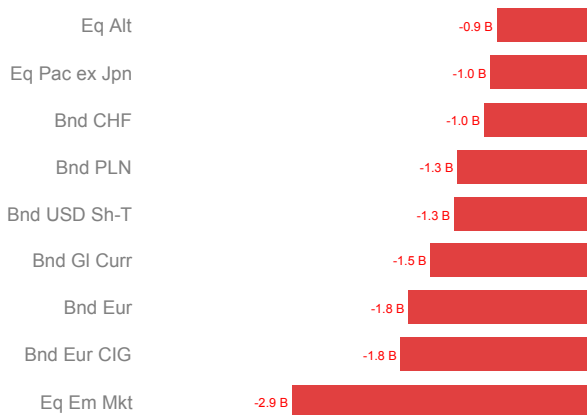
Fund Market	Assets	Previous month Net Sales	Latest Net Sales	▲▼	Bottom selling fund	Top selling fund
Sweden	252.1 B	-0.1 B	3.3 B		-0.2 B	0.5 B
International *	3,654.8 B	-16.0 B	3.0 B		-0.7 B	0.9 B
United Kingdom	1,043.4 B	2.2 B	2.2 B		-0.7 B	1.0 B
Spain	165.5 B	0.6 B	2.1 B		-0.1 B	0.6 B
Denmark	105.6 B	-0.0 B	0.7 B		-0.1 B	0.3 B
Italy	429.0 B	-0.2 B	0.6 B		-0.2 B	0.2 B

* International market granularity available via SalesWatch. Funds of funds and money market funds are excluded.

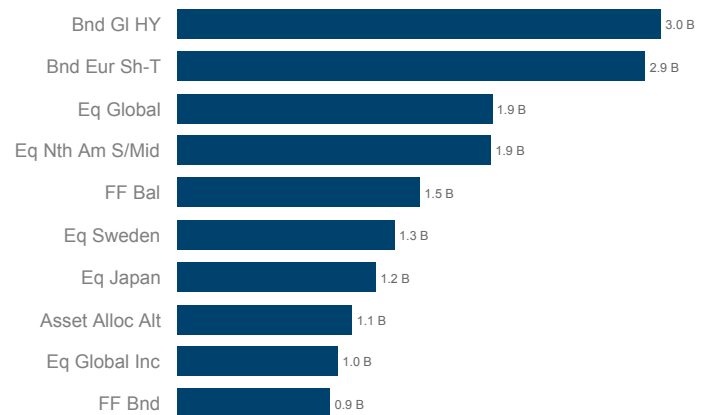
European Net Sales by Investment Type (€m)



Bottom 10 Selling Sectors - Latest month (€bn)



Top 10 Selling Sectors - Latest Month (€bn)



Top Five Selling Groups - Latest Month (€bn)

Master Group	NAT	Assets	Net Sales
Amundi	FR	139.5 B	1.4 B
Prudential/M&G	GB	118.1 B	1.4 B
Vanguard	US	106.8 B	1.3 B
BlackRock	US	518.3 B	1.3 B
Aviva	GB	69.6 B	1.2 B

Top Five Selling Groups in 2016 (€bn)

Master Group	NAT	Assets	Net Sales
BlackRock	US	518.3 B	16.2 B
Intesa SP	IT	159.1 B	13.4 B
Nordea	SE	141.0 B	14.4 B
VR/Union	DE	144.7 B	12.5 B
Vanguard	US	106.8 B	12.5 B

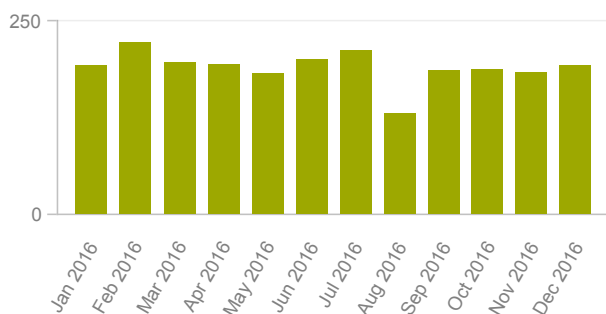
Top 10 Selling Funds - Latest month (€m)

Fund Name	Fund Investment Type	Fund Domicile	Net Sales
Invesco Perpetual Global Targeted Returns	Mixed Assets	United Kingdom	971.87
Robeco Customized Liability Driven Fund I	Hedge	Luxembourg	939.28
Carmignac Sécurité	Bond	France	729.32
iShares Core S&P 500 UCITS ETF (USD)	Equity	Ireland	620.04
CaixaBank Rentas Euribor 2, FI	Bond	Spain	594.37
PIMCO GIS Income Fund	Bond	Ireland	513.24
iShares Euro Ultrashort Bond UCITS ETF	Bond	Ireland	506.67
Länsförsäkringar Global Index	Equity	Sweden	496.62
ChinaAMC Greater China Income	Bond	Luxembourg	474.32
iShares STOXX Europe 600 (DE)	Equity	Germany	435.38

2016 Best Sellers by Month (€bn)

Fund Name	Type	Month/Year	Net Sales
Invesco Perpetual Global Targeted Returns	Mix	Dec 2016	1.0 B
Eurizon EasyFund - Treasury EUR T1	Bnd	Nov 2016	1.3 B
Vanguard Investment Series Plc - Vanguard US Treasury Inflation-Protected Securities Index Fund	Bnd	Oct 2016	1.2 B
PIMCO GIS Income Fund	Bnd	Sep 2016	1.4 B
Nordea 1 - Stable Return Fund	Mix	Aug 2016	1.8 B
		Jul 2016	2.0 B
		Jun 2016	1.0 B
UBI SICAV - Euro Corporate Bond High Potential	Bnd	May 2016	1.3 B
CS Nova (Lux) Fixed Maturity Bond Fund 2019	Bnd	Apr 2016	1.8 B
State Street ACS North America Index Equity	Eq	Mar 2016	3.0 B
JPMorgan Investment Funds - Global Macro Opportunities Fund	Mix	Feb 2016	1.2 B
Legg Mason Western Asset US Mortgage-Backed Securities Fund	Bnd	Jan 2016	0.7 B

Historical Number of Fund Launches



Fund Launches: Top Sectors by Sales (€m)

