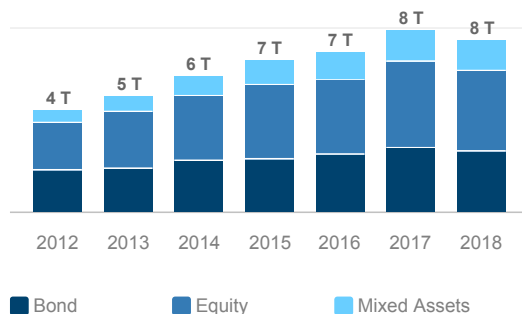


FundFlash Monthly Snapshot of European Trends



European assets by investment type



Dec 2018 net sales of long term funds

-€54.7 B

2018 net sales of long term funds

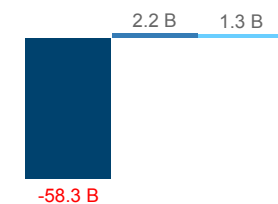
€6.1 B

Asset Growth month on month

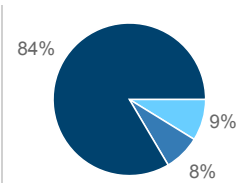
-4.19%

Passive vs Active overview in Dec 2018

Net sales



Assets



December in brief

- A painful December wipes a further €55bn from European long-term funds in outflows, leaving the industry with a paltry €6bn of net inflows for 2018.
- December's bout of market volatility forces institutions to seek cover in money market funds, which register €26bn of inflows despite the cyclical French exit of €10bn.
- Passive funds, mainly ETFs, manage to retain positive momentum but their contribution amounts to inflows of just €3.6bn in December.
- In this difficult final month real estate is the only long-term fund category to achieve positive inflows but its success is modest at just €569m.
- With risk assets off the table, plain-vanilla euro bonds are the popular choice of the month although global stock funds score by far the largest inflows for the full year, the bulk going into actively managed products.
- The annual pension contribution into Sweden's PPM system pushes this organisation into the sales lead in December with a net inflow of over €2bn. For the full year, Natixis steals the net sales crown from BlackRock.

Beginning with a bang, ending with a whimper

2018 began so well. With the exuberance of a New Year fireworks display European long-term funds started the year in sparkling form with their best month of sales on record. But this really marked the end of the QE party and the start of the hangover. Retail investors hung on until May but then began to take their profits and slink off home to their beds, and by the final quarter even the most resolute were gone. December, whilst not the worst month of the year, nevertheless came close, but did not quite wipe out the inflows that had accumulated during the first half of the year. The European industry ended 2018 with just €6bn of net inflows, a fraction of the €700bn or so generated in the previous year.

All told, it was a challenging year for investors, not least because of the steps taken by the US Fed and other central banks to apply the brakes to their quantitative easing programmes. The threat of rising interest rates caused bond products to tank (-€64bn of redemptions for the year), while trade-war rhetoric and Brexit concerns weighed on equities. Meanwhile, these combined pressures hit the performance of a number of blockbuster mixed asset funds, which also sent some investors running for the door. This previously stalwart category ended the year in the doldrums, but with €43bn of inflows it was still the most successful asset class of 2018.

Looking ahead

Although the European asset management community still faces a number of headwinds in 2019, there are some reasons to hope that sales volumes will pick up some momentum as the year progresses. The attitude of central banks will be the key driver of sentiment and their tone has become more dovish in the face of fears that global economic growth is flagging. In Europe, Brexit uncertainty will temper investment enthusiasm for the first few months and we should not forget the potentially debilitating effect of Mifid 2's ex-post fee disclosures. But, as the year wears on, savers will tire again of the paltry interest rates on deposits. Mifid 2 has pushed distribution into discretionary hands and these sophisticated investors will be looking for bargains to boost portfolio performance.

European Net Sales by Investment Type (€bn)

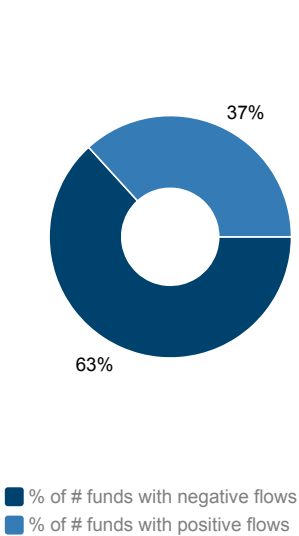
Investment Type	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Bond	30,044	-4,407	6,547	2,566	-11,607	-12,044	6,074	-3,113	-11,579	-28,569	-14,672	-22,978
Equity	44,527	12,353	4,577	8,120	-3,287	-4,037	1,305	1,982	1,140	-17,169	744	-18,176
Mixed	19,472	14,731	12,333	5,341	7,988	6,228	4,195	3,118	-2,671	-9,964	-8,282	-9,478
Money Market	33,307	-32,222	-7,829	10,724	-9,949	-16,311	10,904	-2,403	-26,141	45,080	-16,299	26,391
Rest	2,585	219	1,725	2,198	-2,911	528	-1,131	-99	768	-1,752	-3,275	-4,097

Top Markets by Sales - Latest Month (€bn)

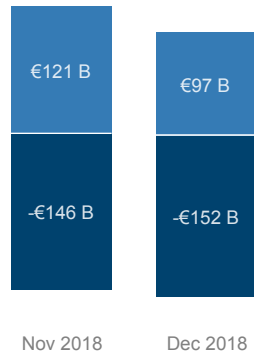
Fund Market	Assets	Previous month Net Sales	Latest Net Sales	Bottom selling fund	Top selling fund
Sweden	306 B	-0.7 B	0.8 B	-0.4 B	1.6 B
Netherlands	94 B	0.0 B	0.5 B	-0.6 B	0.2 B
Switzerland	441 B	-0.7 B	0.3 B	-0.3 B	0.4 B
Turkey	3 B	0.0 B	0.1 B	-0.0 B	0.0 B
Hungary	9 B	0.0 B	0.0 B	-0.0 B	0.1 B
Portugal	8 B	0.0 B	0.0 B	-0.0 B	0.0 B

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

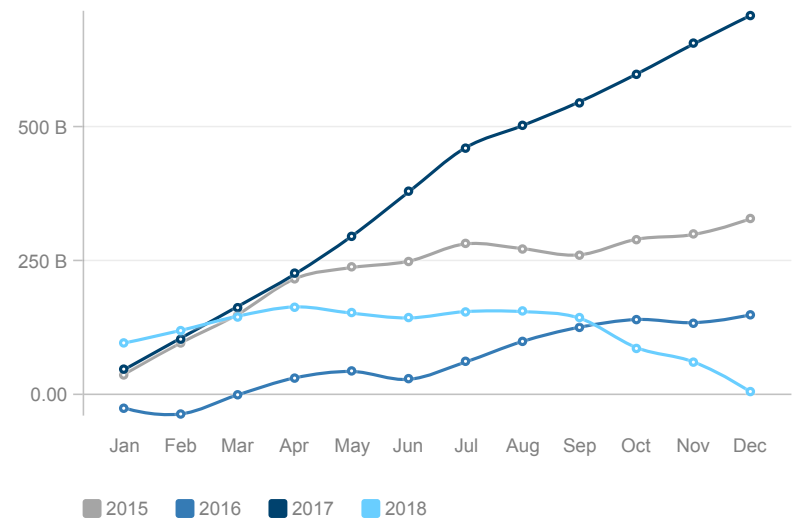
Flow sentiment



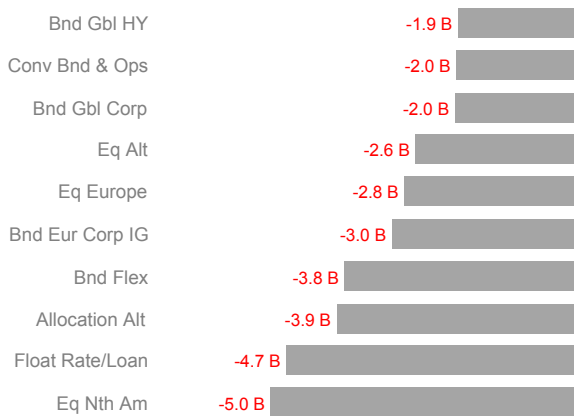
Positive net sales vs Negative net sales



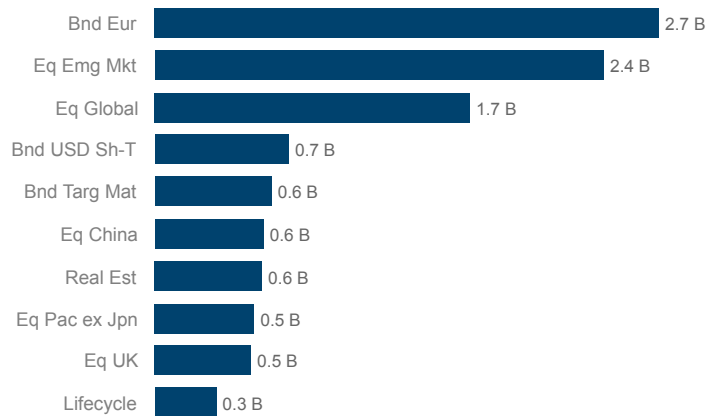
Cumulative net sales by year (€bn)



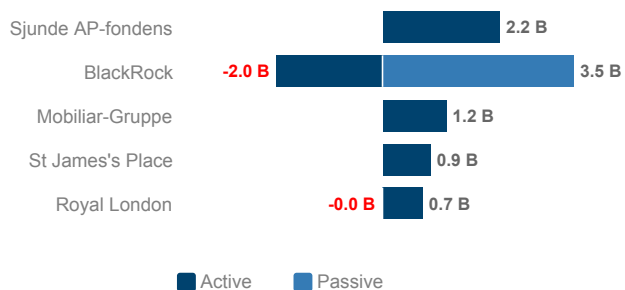
Bottom 10 selling sectors - Latest month (€bn)



Top 10 Sectors selling sectors - Latest month (€bn)



Top selling groups - Latest month (€bn)



Top selling groups - Latest 12 months (€bn)

Master Group	NAT	Assets	Net Sales
Natixis	FR	91.9 B	12.4 B
BlackRock	US	608.7 B	11.4 B
UBS	CH	257.4 B	11.4 B
MMC/Mercer	US	45.6 B	10.5 B
Vanguard	US	134.1 B	8.3 B

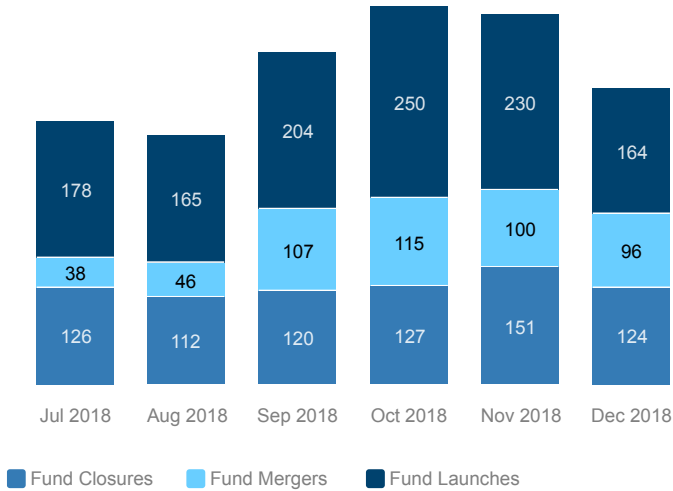
Top 10 Selling Funds - Latest month (€m)

Fund Name	Fund Domicile	Fund Investment Type	Net Sales
AP7 Aktiefond	Sweden	Equity	1,621
iShares \$ Treasury Bond 1-3yr UCITS ETF	Ireland	Bond	793
EIS - Insurance Unit Europe Short Term	Luxembourg	Bond	674
iShares Core MSCI EM IMI UCITS ETF	Ireland	Equity	667
KBC Bonds Short Duration	Luxembourg	Bond	625
Eurizon Alternative Sicav - SIF Global Asset Allocation Fund 2	Luxembourg	Mixed Assets	579
iShares Physical Gold ETC	Ireland	Commodity	557
AP7 Räntefond	Sweden	Bond	542
Investec Emerging and Frontier Markets Total Return Debt	Guernsey	Bond	512
DWS Rendite Optima Four Seasons	Luxembourg	Bond	511

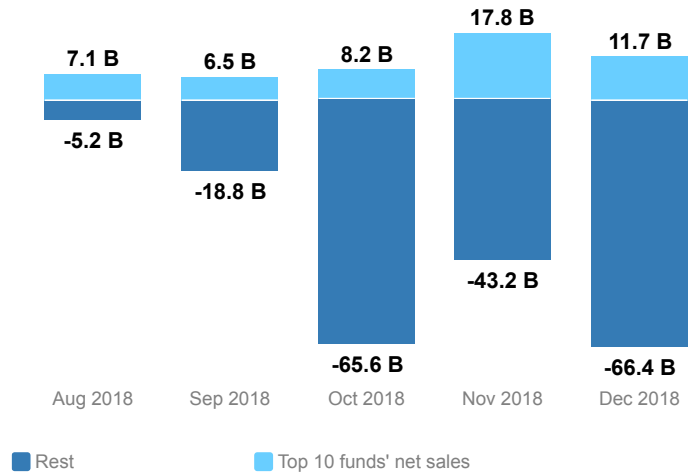
Best Sellers by Month (€bn)

Fund Name	Fund Domicile	Type	Month/Year	Net Sales
AP7 Aktiefond	Sweden	Eq	Dec 2018	1.6 B
Focused Sicav - High Grade Bond USD	Luxembourg	Bnd	Nov 2018	5.8 B
Focused Sicav - High Grade Long Term Bond USD	Luxembourg	Bnd	Oct 2018	2.0 B
Allianz Global Investors Fund - Allianz Income and Growth	Luxembourg	Mix	Sep 2018	1.3 B
			Aug 2018	1.9 B
			Jul 2018	1.9 B
			Jun 2018	1.5 B
UBS ETFs plc - MSCI ACWI SF UCITS ETF	Ireland	Eq	May 2018	3.0 B
BlackRock ACS US Equity Tracker	United Kingdom	Eq	Apr 2018	2.4 B
Gestielle Cedola Multi Target V	Italy	Mix	Mar 2018	1.6 B
Mercer Global Investments - Mercer Investment Fund 10	Ireland	Mix	Feb 2018	1.5 B
Baillie Gifford Global Alpha Growth	United Kingdom	Eq	Jan 2018	4.0 B

Historical fund launches & closures



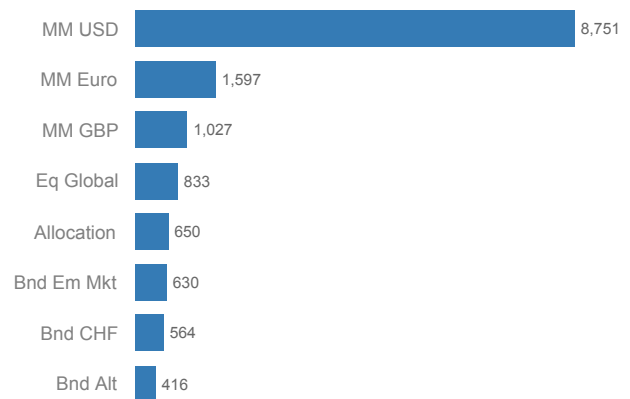
Proportion of net sales of the top ten selling funds



Fund launches by group - Latest month (€m)

Master Group	# Funds	Net Sales
JP Morgan AM	8	11,448
Mobilier-Gruppe	4	1,171
Intesa SP	8	683
Investec	2	516
Old Mutual	1	342

Fund Launches: Top Sectors by net sales - Latest month (€m)



Number of fund launches by region



Top fund launches - Latest month (€m)

Fund Name	Domicile	Investment Type	Launch Date	Net Sales
JPMorgan Liquidity Funds - USD Liquidity VNAV Fund	LU	Money Market	2018-12	8,078
JPMorgan Liquidity Funds - Euro Liquidity VNAV Fund	LU	Money Market	2018-12	1,597
JPMorgan Liquidity Funds - Sterling Liquidity VNAV Fund	LU	Money Market	2018-12	1,027
JPMorgan Liquidity Funds - US Dollar Treasury Liquidity VNAV Fund	LU	Money Market	2018-12	673
Eurizon Alternative Sicav - SIF Global Asset Allocation Fund 2	LU	Mixed Assets	2018-12	579
Investec Emerging and Frontier Markets Total Return Debt	GU	Bond	2018-12	512
Mobiliere Invest Funds - Swiss Franc Bonds Short-Term	CH	Bond	2018-12	433
Quilter Investors Absolute Return Bond Fund	GB	Bond	2018-12	342
Mobiliere Invest Funds - Swiss Equity	CH	Equity	2018-12	315
Mobiliere Invest Funds - Global Equity	CH	Equity	2018-12	293

Data in EURO as at: Dec 2018

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