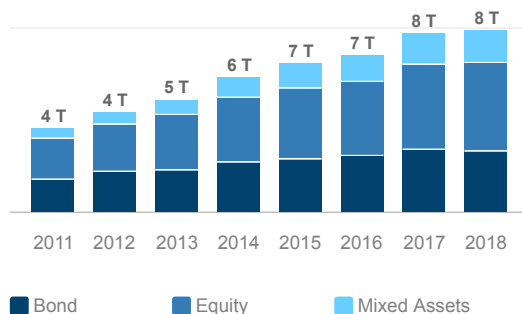


FundFlash Monthly Snapshot of European Trends



European assets by investment type



May 2018 net sales of long term funds

-€16.8 B

YTD net sales of long term funds

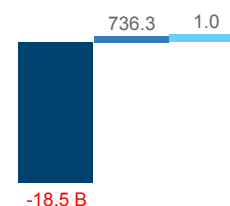
€129.4 B

Asset Growth month on month

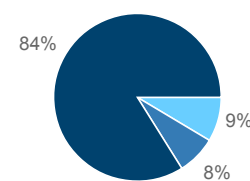
+1.14%

Passive vs Active overview (€B) in May 2018

Net sales



Assets



May in brief

- The 17-month stretch of inflows comes to an end with long-term funds registering outflows of -€17bn.
- Money market funds also swim in the red zone with investors withdrawing most of April's inflows (-€9bn). Their inclusion in the sales total produced the highest redemptions since the 2013 taper tantrum.
- A lean month for passives too. Net flows into these vehicles are a meagre €1.8bn, of which ETFs account for just 32%.
- Mixed asset funds are the only major fund category to avoid redemptions. Their sales total is an improvement on April's diminished inflows, but still slack at just under €7bn.
- Despite a negative result for equities overall, the global equity sector is by far the most successful, posting net inflows of €5bn.
- BlackRock regains its sales leader crown after two months on the sidelines but, with its passives excluded, Natixis retains control whilst BlackRock slips into redemption.
- Allianz is the proud owner of this month's bestselling fund – its mixed asset Income and Growth fund, which pulls in just over €1bn of new money.

Sell in May and go away

The much-loved trading adage came true in 2018 as investors, spooked by threats of trade wars, Italian and Spanish political shenanigans and multiple other geo-political dust storms, decided to turn the sales tap off and take some profits. Inevitably it was last year's heavy bond hitters that experienced most pain; the worst six sectors were all high yield, investment grade or USD bond funds, and the ubiquitous global currency sector led the others to the bottom. Together they accounted for over €14bn of redemptions and dragged the bond category to its worst month of outflows (-€17bn) since November 2016. A healthy January meant that bond funds remain positive for the year to date but another month like May will wipe out what remains of that first month's gains.

Nor was it a pretty time for equities, which broke an 18-month run of inflows with €5bn of withdrawals. Brexit continues to exert its influence over this sphere; the core UK income sector has been in heavy and consistent redemption since the referendum and this month it added another €1.3bn to an exodus that has wiped nearly €20bn from the sector in the form of redemptions. On the upside, though, was global equities, which helped contain the overall outflow to just €5bn. This was the month's bestselling sector but it was €3bn of money into a UBS ETF that really boosted the sector's total.

Against this general rout, mixed asset funds held firm and, indeed, saw improved sales volumes from April's low point. Allianz's income fund was the star of the show but a number of groups benefited from the ongoing appeal of these flexible allocation products.

Looking ahead

It's hard to see much sales improvement on the cards in June. Trade-war fears remained on the table and investors began to fret about the value of their emerging market investments, too. After last year's extraordinary inflows the cycle has now turned and has the potential to be quite painful for all those groups that benefited from the upside. Thus far the volume of withdrawals has been quite tempered and a phase of stability would see new money return but – as the adage goes – possibly not until St Leger's day, which falls in September.

European Net Sales by Investment Type (€bn)

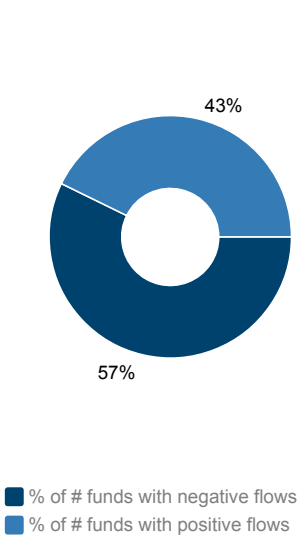
| Investment Type | Jun 2017 | Jul 2017 | Aug 2017 | Sep 2017 | Oct 2017 | Nov 2017 | Dec 2017 | Jan 2018 | Feb 2018 | Mar 2018 | Apr 2018 | May 2018 |
|-----------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Bond | 34,597 | 29,562 | 22,942 | 16,896 | 17,493 | 28,894 | 18,045 | 31,405 | -8,094 | 4,021 | -865 | -17,337 |
| Equity | 31,254 | 24,339 | 4,414 | 15,057 | 17,178 | 12,223 | 10,964 | 43,400 | 10,989 | 3,664 | 5,860 | -5,080 |
| Mixed | 15,895 | 17,128 | 9,903 | 8,661 | 15,565 | 12,278 | 14,345 | 19,510 | 14,447 | 12,076 | 4,807 | 6,931 |
| Money Market | -33,830 | 25,335 | 24,614 | -16,066 | 20,767 | -1,852 | -17,549 | 33,139 | -33,252 | -8,285 | 10,161 | -9,254 |
| Rest | 1,781 | 2,881 | 3,450 | -2,224 | -618 | 4,226 | 3,409 | 2,210 | -262 | 1,387 | 1,603 | -1,271 |

Top Markets by Sales - Latest Month (€bn)

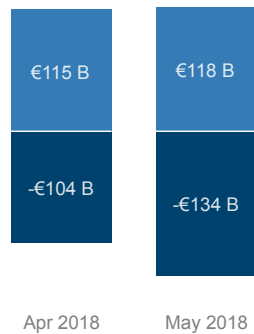
| Fund Market | Assets | Previous month Net Sales | Latest Net Sales | Bottom selling fund | Top selling fund |
|-------------|--------|--------------------------|------------------|---------------------|------------------|
| Germany | 626 B | 1.8 B | 1.4 B | -0.5 B | 0.8 B |
| Sweden | 278 B | 0.8 B | 0.7 B | -0.4 B | 0.4 B |
| Italy | 475 B | 1.4 B | 0.4 B | -0.4 B | 0.7 B |
| Belgium | 117 B | 0.2 B | 0.4 B | -0.4 B | 0.1 B |
| Spain | 183 B | -0.2 B | 0.2 B | -0.1 B | 0.3 B |
| Russia | 4 B | 0.1 B | 0.2 B | -0.0 B | 0.0 B |

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

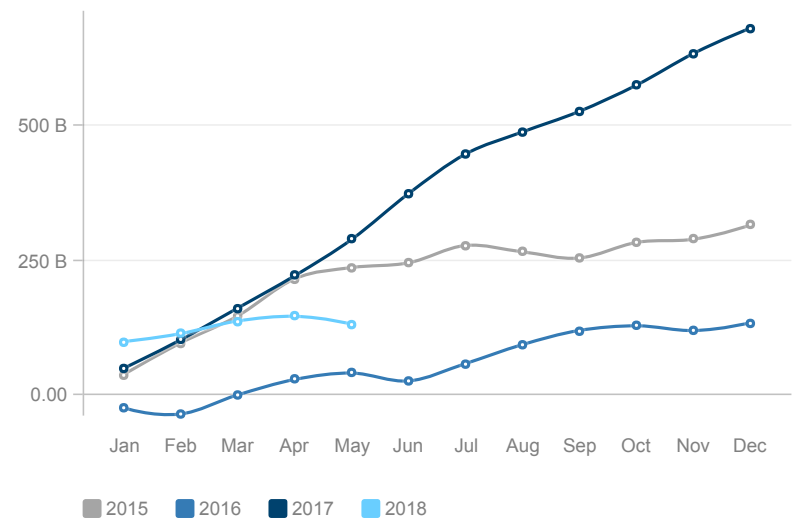
Flow sentiment



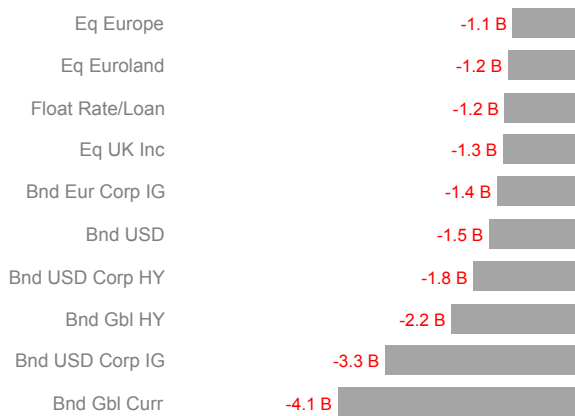
Positive net sales vs Negative net sales



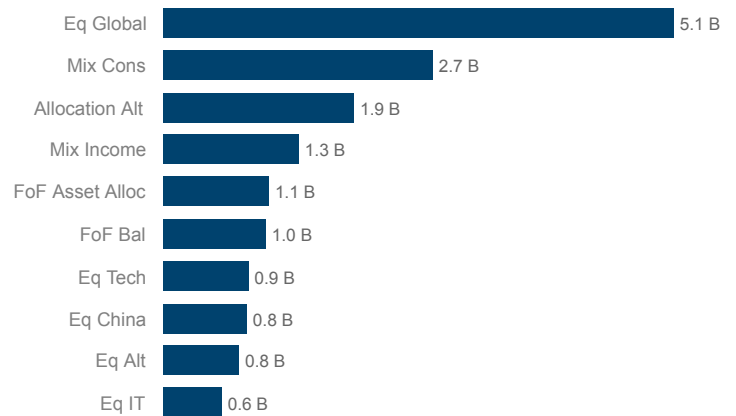
Cumulative net sales by year (€bn)



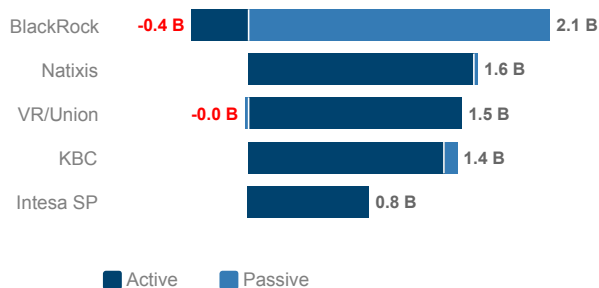
Bottom 10 selling sectors - Latest month (€bn)



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 |
|--------------|-----|---------|-----------|
| BlackRock | US | 656.4 B | 69.8 B |
| PIMCO | US | 141.6 B | 30.0 B |
| Amundi | FR | 304.3 B | 29.6 B |
| UBS | CH | 268.7 B | 19.7 B |
| Intesa SP | IT | 188.4 B | 18.4 B |

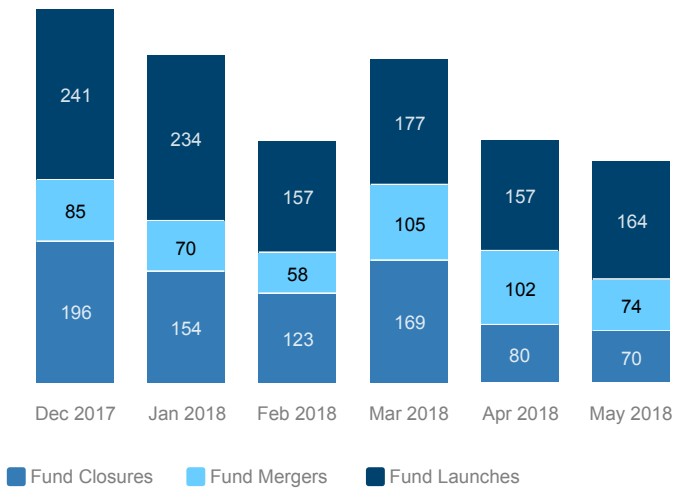
Top 10 Selling Funds - Latest month (€m)

| Fund Name | Fund Domicile | Fund Investment Type | Net Sales |
|---|----------------|----------------------|-----------|
| UBS ETFs plc - MSCI ACWI SF UCITS ETF | Ireland | Equity | 2,987 |
| Allianz Global Investors Fund - Allianz Income and Growth | Luxembourg | Mixed Assets | 1,094 |
| UniGlobal | Germany | Equity | 804 |
| BlackRock ACS World ex UK Equity Tracker | United Kingdom | Equity | 738 |
| Quaestio Capital Fund - Global Flexible Fund | Luxembourg | Mixed Assets | 729 |
| BlackRock ACS US Equity Tracker | United Kingdom | Equity | 671 |
| BlackRock Strategic Funds - Style Advantage Fund | Luxembourg | Mixed Assets | 667 |
| Carmignac Sécurité | France | Bond | 661 |
| iShares Overseas Government Bond Index | United Kingdom | Bond | 653 |
| iShares Core S&P 500 UCITS ETF (USD) | Ireland | Equity | 611 |

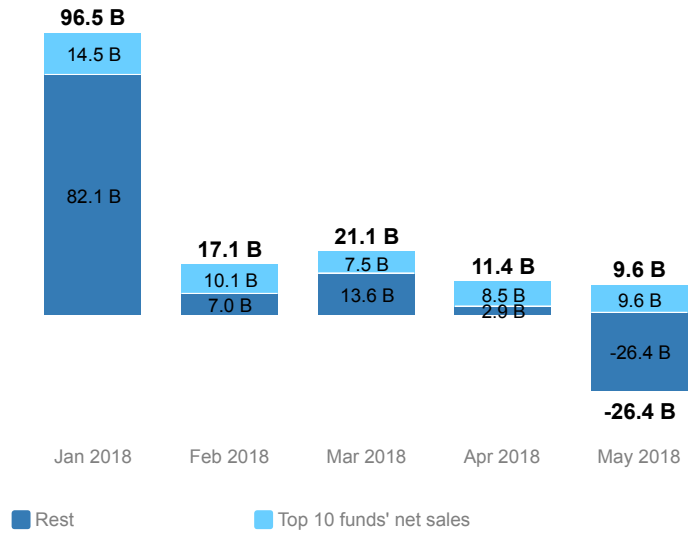
Best Sellers by Month (€bn)

| Fund Name | Fund Domicile | Type | Month/Year | Net Sales |
|---|----------------|------|------------|-----------|
| 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 |
| Royal London UK Real Estate | United Kingdom | Prop | Dec 2017 | 3.2 B |
| PIMCO GIS Income Fund | Ireland | Bnd | Nov 2017 | 4.5 B |
| | | | Oct 2017 | 3.8 B |
| | | | Sep 2017 | 4.1 B |
| | | | Aug 2017 | 4.4 B |
| | | | Jul 2017 | 4.1 B |
| BlackRock ACS 50:50 Global Equity Tracker | United Kingdom | Eq | Jun 2017 | 9.7 B |

Historical fund launches & closures



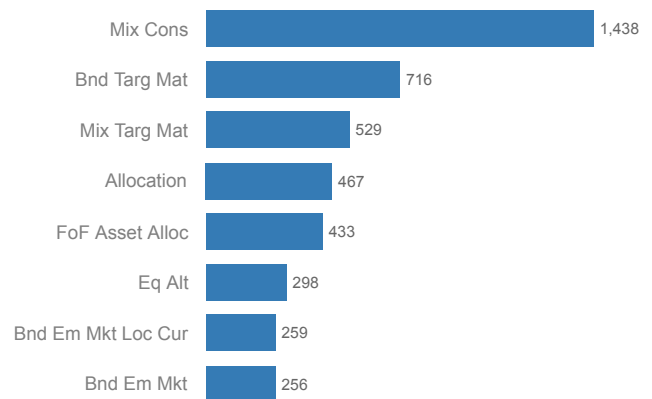
Proportion of net sales of the top ten selling funds



Fund launches by group - Latest month (€m)

| Master Group | # Funds | Net Sales |
|----------------|---------|-----------|
| GAM | 4 | 1,209 |
| Intesa SP | 11 | 962 |
| UBS | 5 | 363 |
| BP Cooperativa | 1 | 340 |
| Swisscanto | 6 | 271 |

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 |
|---|----------|--------------------------|-------------|-----------|
| AILIS Invesco Income | LU | Mixed Assets | 2018-05 | 427 |
| Multiflex SICAV - Olympium Insurance Multi-Asset | LU | Mixed Assets | 2018-05 | 399 |
| Multiflex SICAV - Olympium Optimal Multi-Asset | LU | Mixed Assets | 2018-05 | 399 |
| Gestielle Investment Sicav - Cedola Risk Control Digital Revolution | LU | Mixed Assets | 2018-05 | 340 |
| ZIF Alternative Beta | CH | Fund of Funds (ex-house) | 2018-05 | 331 |
| Generali Multi Portfolio Solutions SICAV - EM Currencies Supranational Fund | LU | Bond | 2018-05 | 259 |
| ANIMA Orizzonte Sostenibile 2023 | IE | Bond | 2018-05 | 240 |
| Commerzbank Flexible Allocation Euroland | DE | Equity | 2018-05 | 226 |
| UBS Global Bonds Series 1 | CY | Bond | 2018-05 | 207 |
| Abanca Garantizado Rentas Anuales II, FI | ES | Other | 2018-05 | 149 |

Data in EURO as at: May 2018

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