Please attribute the content to Detlef Glow, Lipper's head of EMEA research at Refinitiv, and the author of this report.
EXECUTIVE SUMMARY

- The promoters of ETFs experienced net inflows of €15.4 bn for November.

- The assets under management in the European ETF industry (€841.7 bn) increased during November to a new all-time high.

- Equity ETFs (+€11.3 bn) posted the highest net inflows in the European ETF industry for November.

- The best-selling Lipper global classification for November was Equity Global (+€2.5 bn), followed by Equity US (+€2.1 bn) and Equity Emerging Markets Global (+€2.1 bn).

- iShares was the best-selling ETF promoter in Europe for November (+€7.0 bn), ahead of UBS ETF (+€1.3 bn) and Lyxor ETF (+€1.3 bn).

- The 10 best-selling funds gathered total net inflows of €7.0 bn for November.

- The best-selling ETF for November, iShares Core MSCI World UCITS ETF USD (Acc), accounted for net inflows of €1.3 bn.
November was another positive month for the European ETF industry as the promoters of ETFs in Europe enjoyed above average inflows in November. These led, in combination with the positive performance of the underlying markets, to an increase in assets under management in the European ETF industry from €809.3 bn as of October 31, 2019, to a new record high of €841.7 bn at the end of November. The increase of €32.4 bn for November was driven by the performance of the underlying markets (+€17.0 bn), while estimated net inflows contributed €15.4 bn to the increase in assets under management.

It was not surprising equity funds (€576.5 bn) held the majority of assets, followed by bond funds (€232.1 bn), commodity products (€21.6 bn), alternative UCITS products (€6.7 bn), money market funds (€3.3 bn), mixed-assets funds (€1.5 bn), and “other” funds (€0.1 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, November 30, 2019
**Fund Flows by Asset Type**
The European ETF industry enjoyed estimated net inflows for November (+€15.4 bn) which were way above the rolling 12-month average. They brought that average up to €8.8 bn from €7.6 bn in October 2019. The inflows in ETFs were driven by equity funds (+€11.3 bn), followed by bond ETFs (+€3.8 bn), commodity ETFs (+€0.3 bn), mixed-assets ETFs (+€0.03 bn), and money market ETFs (+€0.02 bn). On the other side of the spectrum, alternative UCITS ETFs (-€0.03 bn) faced the highest estimated outflows for the month, bettered by “other” ETFs (-€0.005 bn).

This flow pattern drove the overall net flows to €88.7 bn for 2019.

**Graph 2: Estimated Net Sales, November 2019 (Euro Millions)**

Source: Lipper from Refinitiv
Assets Under Management by Lipper Global Classifications
In order to examine Lipper global classifications in further detail, the European ETF market was split into 177 different peer groups. The highest assets under management at the end of November were held by funds classified as Equity U.S. (€160.9 bn), followed by Equity Global (€85.3 bn), Equity Eurozone (€54.6 bn), Equity Europe (€43.7 bn), and Equity Emerging Markets Global (€40.7 bn). These five peer groups accounted for 45.75% of the overall assets under management in the European ETF segment, while the 10-top classifications by assets under management accounted for 59.08%. Overall, 18 of the 177 peer groups each accounted for more than 1% of assets under management. In total, these 18 peer groups accounted for €596.3 bn, or 70.84%, of the overall assets under management. In addition, it was noteworthy that the rankings of the largest peer groups were quite stable, indicating European investors use the funds from these peer groups as core holdings and not just as so-called satellite holdings that are bought and sold frequently to implement asset allocation strategies in investor portfolios. That said, the only shift within the five-top peer groups were between Equity Emerging Markets Global and Equity Europe, as these two peer groups again changed their positions on the table. These numbers showed assets under management in the European ETF industry continued to be highly concentrated.

Graph 3: Ten-Top Lipper Global Classifications by Assets Under Management, November 30, 2019 (Euro Millions)

The peer groups on the other side of the table showed some funds in the European ETF market are quite low in assets and risk being closed in the near future. They are obviously lacking investor interest and might, therefore, not be profitable for their respective fund promoters (Please read our report: “Is there a consolidation ahead in the European ETF industry?” for more details on this topic).
Graph 4: Ten Smallest Lipper Global Classifications by Assets Under Management, November 30, 2019 (Euro Millions)

Source: Lipper from Refinitiv
**Fund Flows by Lipper Global Classifications**

With regard to the overall sales for November, it was not surprising equity funds (+€10.7 bn) dominated the table of the 10 best-selling peer groups by net flows, as well as by the peer group count. Accordingly, the best-selling Lipper global classification for November was Equity Global (+€2.5 bn), followed by Equity US (+€2.1 bn) and Equity Emerging Markets Global (+€2.1 bn).

The net inflows of the 10 best-selling Lipper classifications accounted for €14.3 bn. These numbers showed the European ETF segment is also highly concentrated with regard to fund flows by sector. Generally speaking, one would expect the flows into ETFs to be concentrated since investors often use ETFs to implement their market views and short-term asset allocation decisions. These products are made and, therefore, are easy to use, for these purposes.

**Graph 5: Ten Best- and Worst-Selling Lipper Global Classifications by Estimated Net Sales, November 2019 (Euro Millions)**

On the other side of the table, the 10 peer groups with the highest net outflows for November accounted for €2.6 bn of outflows.
Assets Under Management by Promoters

A closer look at assets under management by promoter in the European ETF industry also showed high concentration since only 22 of the 52 ETF promoters in Europe held assets at or above €1.0 bn. The largest ETF promoter in Europe—iShares (€392.3 bn)—accounted for 46.61% of the overall assets under management, far ahead of the number-two promoter—Xtrackers (€88.3 bn)—and the number-three promoter—Lyxor ETF (€65.9 bn). (To learn more about the concentration of the European ETF market at the promoter level, please read our report: Spotlight on the concentration at the promoter level in the European ETF industry).

Graph 6: Ten-Top ETF Promoters by Assets Under Management, November 30, 2019 (Euro Millions)

The 10-top promoters accounted for 93.09% of the overall assets under management in the European ETF industry. This meant, in turn, the other 42 fund promoters registering at least one ETF for sale in Europe accounted for only 6.91% of the overall assets under management.
Fund Flows by Promoters
Since the European ETF market is highly concentrated, it was not surprising that eight of the 10 largest promoters by assets under management were among the 10-top selling ETF promoters for November. **iShares** was the best-selling ETF promoter in Europe for November (+€7.0 bn), ahead of **UBS ETF** (+€1.3 bn) and **Lyxor ETF** (+€1.3 bn).

Graph 7: Ten Best-Selling ETF Promoters, November 2019 (Euro Millions)

The flows of the 10-top promoters accounted for estimated net inflows of €14.6 bn. Despite the overall flow trend in November, it was clear that some of the 52 promoters (six) faced net outflows (-€0.04 bn in total) over the course of the month.
Assets Under Management by Funds

There were 2,926 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of November. Regarding the overall market pattern, it was not surprising the assets under management at the ETF level were also highly concentrated. Only 184 of the 2,926 instruments held assets above €1.0 bn each. These products accounted for €525.0 bn, or 62.37%, of the overall assets in the European ETF industry. The 10 largest ETFs in Europe accounted for €142.7 bn, or 16.95%, of the overall assets under management. (Please read our study: Is the European ETF industry dominated by only a few funds? to learn more about the concentration at the single-fund level in the European ETF industry).

Graph 8: Ten Largest ETFs by Assets Under Management, November 30, 2019 (Euro Millions)

Source: Lipper from Refinitiv
ETF Flows by Funds

A total of 1,058 of the 2,926 instruments analyzed in this report showed net inflows of more than €10,000 each for November, accounting for €27.9 bn. This meant the other 1,868 instruments faced no flows or net outflows for the month (When looking at this statistic, one needs to bear in mind that some of these instruments are convenience share classes that do not report assets under management. This means Lipper can’t calculate fund flows for these ETFs). In more detail, only 58 of the 1,058 ETFs posting net inflows enjoyed inflows of more than €100 m during November—for a total of €15.1 bn. The best-selling ETF for November, iShares Core MSCI World UCITS ETF USD (Acc), accounted for net inflows of €1.3 bn. It was followed by iShares Core € Corp Bond UCITS ETF EUR (Dist) (+€1.2 bn) and UBS ETF MSCI Emerging Markets UCITS ETF (USD) Aa (+€0.8 bn).

Graph 9: Ten Best-Selling ETFs, November 2019 (Euro Millions)

The flow pattern at the fund level indicated there was a lot of turnover and rotation during November, but it also showed the concentration of the European ETF industry even better than the statistics at the promoter or classification level. Given its size, it was not surprising that seven of the 10 best-selling funds for November were promoted by iShares. These seven ETFs accounted for total estimated net inflows of €5.1 bn.
For more information, please contact our Lipper Research Team.

**Detlef Glow**  
Head of Lipper EMEA Research  
Phone: +49(69) 75651318  
detlef.glow@refinitiv.com

**Robert Jenkins**  
Global Head of Research, Lipper  
Phone: +1 (617) 856-1209  
robert.jenkins@refinitiv.com

**Xav Feng**  
Head of Lipper Asia Pacific Research  
Phone: +886 935577847  
xav.feng@refinitiv.com

**Jakke Moeller**  
Head of Lipper United Kingdom & Ireland Research  
Phone: +44(20) 75423218  
jake.moeller@refinitiv.com

**Otto Christian Kober**  
Global Head of Methodology, Lipper  
Phone: +41 (0)58 306 7594  
otto.kober@refinitiv.com

**Tom Roseen**  
Head of Research Services  
Phone: +1 (303) 357-0556  
tom.roseen@refinitiv.com

**Media enquiries:**  
Nsikan Edung  
nsikan.edung@refinitiv.com

**Lipper U.S. Client Services**  
+1 877 955 4773  
customers.reuters.com/crmcontactus/support.asp

**Lipper Europe Client Services**  
(UK) 0845 600 6777  
(Europe) +44207 542 8033  
customers.reuters.com/crmcontactus/support.asp

**Lipper Asia Client Services**  
+886 2 2500 4806  
customers.reuters.com/crmcontactus/support.asp

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