EUROPEAN ETF MARKET REPORT:
March 2020

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 in Europe faced net outflows of €25.4 bn for March.

- The assets under management in the European ETF industry (€719.2 bn) decreased during March due to rough market conditions.

- Money market ETFs (+€2.2 bn) posted the highest net inflows in the European ETF industry for March.

- The best-selling Lipper global classification for March was Money Market EUR (+€2.0 bn), followed by Equity Europe (+€2.0 bn) and Equity Germany (+€1.3 bn).

- Vanguard Group was the best-selling ETF promoter in Europe for March (+€2.0 bn), ahead of Lyxor ETF (+€0.7 bn) and Zuercher Kantonalbank (+€0.4 bn).

- The 10 best-selling funds gathered total net inflows of €7.4 bn for March.

- The best-selling ETF for March, iShares Core MSCI Europe UCITS ETF EUR (Dist), accounted for net inflows of €1.0 bn.
REVIEW OF THE EUROPEAN ETF MARKET, MARCH 2020

The market turmoil caused by the coronavirus pandemic hit the European ETF industry in March 2020 with record outflows. The combination of outflows and the negative performance of underlying markets led to a decrease in assets under management from €839.9 bn as of February 28, 2020, to €719.2 bn at the end of March. The decrease of €120.7 bn for March was driven by the performance of the underlying markets (-€95.3 bn), while the net outflows contributed €25.4 bn to the decrease in assets.

Despite the market crisis, it was not surprising equity funds (€465.1 bn) held the majority of assets, followed by bond funds (€219.9 bn), commodity products (€21.5 bn), alternative UCITS products (€5.8 bn), money market funds (€5.2 bn), mixed-assets funds (€1.5 bn), and “other” funds (€0.2 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, March 31, 2020

Source: Refinitiv Lipper
**Fund Flows by Asset Type**
The European ETF industry faced estimated net outflows for March (+€3.2 bn) which marked the highest outflows in the history of the European ETF industry. These flows brought the rolling 12-month average flows down to €4.5 bn from €7.0 bn in February 2020. Money market funds (+€2.2 bn), mixed-assets ETFs (+€0.1 bn), and "other" ETFs (+€0.01 bn) enjoyed inflows despite the general market trend. Conversely, bond ETFs (-€13.9 bn), equity ETFs (-€12.9 bn), commodity ETFs (-€0.6 bn), and alternative UCITS ETFs (-€0.3 bn) faced outflows.

This flow pattern drove the estimated overall net flows to minus €25.4 bn for the month and minus €10.1 bn year to date.

**Graph 2: Estimated Net Sales, March 2020 (Euro Millions)**

Source: Refinitiv Lipper
Assets Under Management by Lipper Global Classifications

In order to examine Lipper global classifications in further detail, the European ETF market was split into 173 different peer groups. The highest assets under management at the end of March were held by funds classified as Equity U.S. (€132.6 bn), followed by Equity Global (€73.1 bn), Equity Eurozone (€38.7 bn), Equity Europe (€38.1 bn), and Equity Emerging Markets Global (€32.8 bn). These five peer groups accounted for 43.83% of the overall assets under management in the European ETF segment, while the 10-top classifications by assets under management accounted for 57.62%. Overall, 18 of the 173 peer groups each accounted for more than 1% of assets under management. In total, these 18 peer groups accounted for €505.4 bn, or 70.28%, 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, March 31, 2020 (Euro Millions)

Source: Refinitiv Lipper

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, March 31, 2020 (Euro Millions)

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

The net inflows of the 10 best-selling Lipper classifications accounted for €11.4 bn. With regard to the wider fund flows trend for March, it was surprising equity funds (+€7.1 bn) dominated the table of the 10 best-selling peer groups by net flows and the peer group count. Conversely, the best-selling Lipper global classification for March was Money Market EUR (+€2.0 bn), followed by Equity Europe (+€2.0 bn) and Equity Germany (+€1.3 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, March 2020 (Euro Millions)**

![Graph of net sales for Lipper global classifications](image)

On the other side of the table, the 10 peer groups with the highest net outflows for March accounted for €29.2 bn of outflows.
Assets Under Management by Promoters
A closer look at assets under management by promoters in the European ETF industry also showed high concentration, with only 20 of the 52 ETF promoters in Europe holding assets at or above €1.0 bn. The largest ETF promoter in Europe—iShares (€337.6 bn)—accounted for 46.95% of the overall assets under management, far ahead of the number-two promoter—Xtrackers (€74.8 bn)—and the number-three promoter—Lyxor ETF (€56.3 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, March 31, 2020 (Euro Millions)

The 10-top promoters accounted for 93.38% 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 6.62% of the overall assets under management.
Fund Flows by Promoters
Since the European ETF market is highly concentrated, it was not surprising that only two of the 10 largest promoters by assets under management were among the 10-top selling ETF promoters for March. **Vanguard Group** was the best-selling ETF promoter in Europe for March (+€2.0 bn), ahead of **Lyxor ETF** (+€0.7 bn) and **Zuercher Kantonalbank** (+€0.4 bn).

Graph 7: Ten Best-Selling ETF Promoters, March 2020 (Euro Millions)

Source: Refinitiv Lipper

The flows of the 10-top promoters accounted for estimated net inflows of €3.8 bn. With regard to the overall flow trend in March, it was clear that some of the 52 promoters (25) faced net outflows (-€29.3 bn in total) over the course of the month.
**Assets Under Management by Funds**

There were 2,937 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of March. Regarding the overall market pattern, it was not surprising the assets under management at the ETF level were also highly concentrated. Only 163 of the 2,937 instruments held assets above €1.0 bn each. These products accounted for €423.0 bn, or 58.82%, of the overall assets in the European ETF industry. The 10 largest ETFs in Europe accounted for €116.9 bn, or 16.25%, 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, March 31, 2020 (Euro Millions)**

Source: Refinitiv Lipper
ETF Flows by Funds
A total of 963 of the 2,937 instruments analyzed in this report showed net inflows of more than €10,000 each for March, accounting for €34.8 bn. This meant the other 1,974 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 82 of the 963 ETFs posting net inflows enjoyed inflows of more than €100 m during March—for a total of €22.5 bn. The best-selling ETF for March, iShares Core MSCI Europe UCITS ETF EUR (Dist), accounted for net inflows of €1.0 bn. It was followed by Vanguard FTSE All-World High Div Yield UCITS USD (+€1.0 bn) and iShares STOXX Europe 600 UCITS ETF (DE) (+€0.8 bn).

Graph 9: Ten Best-Selling ETFs, March 2020 (Euro Millions)

The flow pattern at the fund level indicated there was a lot of turnover and rotation during March, 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 five of the 10 best-selling funds for March were promoted by iShares. These five ETFs accounted for total estimated net inflows of €3.9 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  

Jake 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  

lipperalpha.com  

© 2020 Refinitiv. All rights reserved. Republication or redistribution of Refinitiv content, including by framing or similar means, is prohibited without the prior written consent of Refinitiv. ‘Refinitiv’ and the Refinitiv logo are registered trademarks and trademarks of Refinitiv and its affiliated companies.