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EUROPEAN ETF MARKET REPORT:
April 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 experienced net inflows of €8.7 bn for April.

- The assets under management in the European ETF industry (€777.9 bn) increased during April as markets bounced back from their lows.

- Bond ETFs (+€8.1 bn) posted the highest net inflows in the European ETF industry for April.

- The best-selling Lipper global classification for April was Bond EUR Corporates (+€3.3 bn), followed by Bond Global Corporates USD (+€2.3 bn) and Bond USD Corporates (+€1.3 bn).

- iShares was the best-selling ETF promoter in Europe for April (+€6.7 bn), ahead of Xtrackers (+€2.1 bn) and Lyxor ETF (+€0.4 bn).

- The 10 best-selling funds gathered total net inflows of €7.5 bn for April.

- The best-selling ETF for April, iShares Core € Corp Bond UCITS ETF EUR (Dist), accounted for net inflows of €2.0 bn.
REVIEW OF THE EUROPEAN ETF MARKET, APRIL 2020

After the markets bounced back from the trough caused by the global lockdown during the coronavirus pandemic, April was another positive month for the European ETF industry since ETF promoters enjoyed inflows. The combination of above average inflows and the positive performance of underlying markets led to an increase in assets under management from €719.1 bn as of March 31, 2020, to €777.9 bn at the end of April. The increase of €58.8 bn for April was driven by the performance of the underlying markets (+€50.1 bn), while the net inflows contributed €8.7 bn to the increase in assets.

It was not surprising equity funds (€509.5 bn) held the majority of assets, followed by bond funds (€234.2 bn), commodity products (€21.7 bn), alternative UCITS products (€6.0 bn), money market funds (€4.8 bn), mixed-assets funds (€1.6 bn), and “other” funds (€0.2 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, April 30, 2020

Source: Refinitiv Lipper
Fund Flows by Asset Type

The European ETF industry enjoyed estimated net inflows for April (+€8.7 bn) which were above the rolling 12-month average. These flows brought that average up to €6.2 bn from €5.8 bn in March 2020. The inflows in ETFs were driven by bond funds (+€8.1 bn), followed by equity ETFs (+€0.5 bn), money market ETFs (+€0.4 bn), alternative UCITS ETFs (+€0.4 bn), and mixed-assets ETFs (+€0.003 bn), while "other" ETFs (+€0.02 bn) and commodities ETFs (-€0.7 bn) faced outflows.

This flow pattern drove the estimated overall net flows to positive €8.7 bn for the month and negative €1.4 bn year to date.

Graph 2: Estimated Net Sales by Asset Type, April 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 April were held by funds classified as Equity U.S. (€149.5 bn), followed by Equity Global (€81.8 bn), Equity Europe (€40.9 bn), Equity Eurozone (€39.7 bn), and Bond EUR Corporates (€36.4 bn). These five peer groups accounted for 44.78% of the overall assets under management in the European ETF segment, while the 10-top classifications by assets under management accounted for 58.07%.

Overall, 19 of the 173 peer groups each accounted for more than 1% of assets under management. In total, these 19 peer groups accounted for €557.4 bn, or 71.66%, of the overall assets under management. In addition, it was noteworthy that the rankings of the largest peer groups saw some movements in the single positions after the market turmoil caused by the COVID-19 crisis. Even as positions have been quite stable in the past, this indicates that European investors use ETFs to trade according to their market views. Even as some of the positions might be core holdings, once investors get into risk-off mode they also reduce their exposure to core asset classes. Nevertheless, 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, April 29, 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, April 29, 2020 (Euro Millions)

Source: Refinitiv Lipper
Fund Flows by Lipper Global Classifications

The net inflows of the 10 best-selling Lipper classifications accounted for €11.6 bn. With regard to the overall sales for April, it was not surprising bond funds (+€7.8 bn) dominated the table of the 10 best-selling peer groups by net flows and the peer group count. In line with the overall trend, the best-selling Lipper global classification for April was Bond EUR Corporates (+€3.3 bn), followed by Bond Global Corporates USD (+€2.3 bn) and Bond USD Corporates (+€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, April 2020 (Euro Millions)

On the other side of the table, the 10 peer groups with the highest net outflows for April accounted for €4.9 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, with only 19 of the 54 ETF promoters in Europe holding assets at or above €1.0 bn. The largest ETF promoter in Europe—iShares (€367.2 bn)—accounted for 47.21% of the overall assets under management, far ahead of the number-two promoter—Xtrackers (€81.8 bn)—and the number-three promoter—Lyxor ETF (€60.3 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, April 29, 2020 (Euro Millions)

The 10-top promoters accounted for 93.42% of the overall assets under management in the European ETF industry. This meant, in turn, the other 44 fund promoters registering at least one ETF for sale in Europe accounted for only 6.58% of the overall assets under management.
Fund Flows by Promoters
Since the European ETF market is highly concentrated, it was not surprising that six of the 10 largest promoters by assets under management were among the 10-top selling ETF promoters for April. iShares was the best-selling ETF promoter in Europe for April (+€6.7 bn), ahead of Xtrackers (+€2.1 bn) and Lyxor ETF (+€0.4 bn).

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

The flows of the 10-top promoters accounted for estimated net inflows of €10.3 bn. Despite the overall flow trend in April, it was clear that some of the 54 promoters (17) faced net outflows (-€2.0 bn in total) over the course of the month.

Source: Refinitiv Lipper
Assets Under Management by Funds

There were 2,920 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of April. Regarding the overall market pattern, it was not surprising the assets under management at the ETF level were also highly concentrated. Only 178 of the 2,920 instruments held assets above €1.0 bn each. These products accounted for €475.3 bn, or 61.09%, of the overall assets in the European ETF industry. The 10 largest ETFs in Europe accounted for €132.0 bn, or 16.97%, 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, April 29, 2020 (Euro Millions)

Source: Refinitiv Lipper
ETF Flows by Funds
A total of 1,064 of the 2,920 instruments analyzed in this report showed net inflows of more than €10,000 each for April, accounting for €27.7 bn. This meant the other 1,856 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 60 of the 1,064 ETFs posting net inflows enjoyed inflows of more than €100 m during April—for a total of €15.3 bn. The best-selling ETF for April, **iShares Core € Corp Bond UCITS ETF EUR (Dist)**, accounted for net inflows of €2.0 bn. It was followed by **iShares $ Corp Bond UCITS ETF USD Dist (+€1.6 bn)** and **Xtrackers MSCI Europe UCITS ETF 1D (+€0.8 bn)**.

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

Source: Refinitiv Lipper

The flow pattern at the fund level indicated there was a lot of turnover and rotation during April, 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 and the overall trend for net sales on promoter level, it was not surprising that nine of the 10 best-selling funds for April were promoted by **iShares**. These nine ETFs accounted for total estimated net inflows of €6.7 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

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