Executive summary

- ETF promoters in Europe experienced estimated net inflows of €17.5 bn for February.

- Assets under management in the European ETF industry hit a new all-time high (€1,034.5 bn) at the end of February 2021.

- Equity ETFs (+€10.5 bn) posted the highest estimated net inflows in the European ETF industry for February.

- The best-selling Lipper global classification for February was Bond USD Corporates (+€4.0 bn), followed by Equity Global (+€3.5 bn) and Commodity Blended (+€1.3 bn).

- SPDR was the best-selling ETF promoter in Europe for February (+€5.1 bn), ahead of iShares (+€3.7 bn) and Xtrackers (+€1.8 bn).

- The 10 best-selling funds gathered total net inflows of €9.0 bn for February.

- The best-selling ETF for February, SPDR Bloomberg SASB U.S. Corporate ESG UCITS ETF, accounted for net inflows of €4.6 bn.
Review of the European ETF Market, February 2021

February 2021 was another positive month for the European ETF industry since promoters enjoyed inflows. These inflows occurred in a positive market environment in which investor sentiment was still impacted by the increasing dynamics of the COVID-19 pandemic in Europe and other parts of the world. The positive performance of the underlying markets led in combination with the estimated net inflows to increasing assets under management (from €1,005.5 bn as of January 31, 2021, to €1,034.5 bn at the end of February). The increase of €29.0 bn for February was driven by the estimated net sales (+€17.5 bn), while the performance of the underlying markets contributed €11.5 bn to the increase of the assets under management. It was not surprising equity funds (€714.9 bn) held the majority of assets, followed by bond funds (€273.0 bn), commodities products (€37.0 bn), alternative UCITS products (€5.3 bn), money market funds (€2.3 bn), mixed-assets funds (€2.0 bn), and “other” funds (€0.1 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, February 28, 2021

Source: Refinitiv Lipper
**Fund Flows by Asset Type**

The European ETF industry enjoyed healthy estimated net inflows for February (+€17.5 bn) which were far above the rolling 12-month average (€9.0 bn).

The inflows in the European ETF industry for February were driven by equity ETFs (+€10.5 bn), followed by bond ETFs (+€5.3 bn), commodities ETFs (+€1.5 bn), alternative UCITS ETFs (+€0.2 bn), and mixed-assets ETFs (+€0.1 bn). Meanwhile, “other” ETFs (+€0.003 bn) and money market ETFs (-€0.04 bn) showed outflows for the month.

This flow pattern drove the estimated overall net inflows to €17.5 bn for the month.

Graph 2: Estimated Net Sales by Asset Type, February 2021 (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 169 different peer groups. The highest assets under management at the end of February were held by funds classified as Equity U.S. (€195.9 bn), followed by Equity Global (€121.1 bn), Equity Emerging Markets Global (€54.4 bn), Equity Eurozone (€50.6 bn), and Equity Europe (€48.8 bn). These five peer groups accounted for 45.52% of the overall assets under management in the European ETF segment, while the 10-top classifications by assets under management accounted for 58.38%.

Overall, 20 of the 169 peer groups each accounted for more than 1% of assets under management. In total, these 20 peer groups accounted for €750.2 bn, or 72.52%, of the overall assets under management. In addition, it was noteworthy that the rankings of the largest peer groups saw some movement in single positions after the market turmoil caused by the COVID-19 crisis and the ongoing recovery. As the positions of the peer groups had been quite stable in the past, this indicates that European investors use ETFs to trade according to their market views. Even as some of these 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, February 28, 2021 (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 their constituents 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, February 28, 2021 (Euro Millions)**

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

The net inflows of the 10 best-selling Lipper classifications accounted for €15.7 bn. As for the overall sales for February, it was not surprising equity funds (+€7.9 bn) dominated the table of the 10 best-selling peer groups by net flows and peer group count. Opposite to the overall trend, the best-selling Lipper global classification for February was Bond USD Corporates (+€4.0 bn), followed by Equity Global (+€3.5 bn) and Commodity Blended (+€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, February 2021 (Euro Millions)**

On the other side of the table, the 10 peer groups with the highest estimated net outflows for February accounted for €3.5 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 23 of the 47 ETF promoters in Europe holding assets at or above €1.0 bn. The largest ETF promoter in Europe—iShares (€470.0 bn)—accounted for 45.44% of the overall assets under management, far ahead of the number-two promoter—Xtrackers (€120.9 bn)—and the number-three promoter—Lyxor ETF (including the AUM of ComStage) (€80.5 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, February 28, 2021 (Euro Millions)

The 10-top promoters accounted for 93.22% of the overall assets under management in the European ETF industry. This meant, in turn, the other 37 fund promoters registering at least one ETF for sale in Europe accounted for only 6.78% of the overall assets under management.
Fund Flows by Promoters

Since the European ETF market is highly concentrated, it was not surprising that seven of the 10 largest promoters by assets under management were among the 10-top selling ETF promoters for February. SPDR was the best-selling ETF promoter in Europe for February (+€5.1 bn), ahead of iShares (+€3.7 bn) and Xtrackers (+€1.8 bn).

Graph 7: Ten Best-Selling ETF Promoters, February 2021 (Euro Millions)

Source: Refinitiv Lipper

The flows of the 10-top promoters accounted for estimated net inflows of €16.0 bn, or 91.43%, of the overall estimated net inflows. With regard to the overall flow trend in February, it was clear that some of the 47 promoters (7) faced net outflows (-€0.2 bn in total) over the course of the month.
Assets Under Management by Funds

There were 2,988 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of February. Regarding the overall market pattern, it was not surprising assets under management at the ETF level were also highly concentrated. Only 243 of the 2,988 instruments held assets above €1.0 bn each. These products accounted for €657.2 bn, or 63.53%, of the overall assets in the European ETF industry. The 10 largest ETFs in Europe accounted for €151.1 bn, or 14.61%, 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, February 28, 2021 (Euro Millions)

Source: Refinitiv Lipper
ETF Flows by Funds

A total of 1,196 of the 2,988 instruments analyzed in this report showed net inflows of more than €10,000 each for February, accounting for €36.5 bn. This meant the other 1,792 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). Upon closer inspection, only 84 of the 1,196 ETFs posting net inflows enjoyed inflows of more than €100 m during February—for a total of €21.2 bn. The best-selling ETF for February, SPDR Bloomberg SASB U.S. Corporate ESG UCITS ETF, accounted for net inflows of €4.6 bn. It was followed by Xtrackers S&P 500 Equal Weight UCITS ETF (+€0.7 bn) and iShares China CNY Bond UCITS ETF USD Dist (+€0.6 bn).

Graph 9: Ten Best-Selling ETFs, February 2021 (Euro Millions)

Source: Refinitiv Lipper

The flow pattern at the fund level indicated there was a lot of turnover and rotation during February, but it also showed the concentration of the European ETF industry even better than the statistics at the promoter or classification levels. Given its size and the overall trend for net sales at the promoter level, it was surprising that only four of the 10 best-selling funds for February were promoted by iShares. These iShares ETFs accounted for total estimated net inflows of €2.1 bn.
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