EUROPEAN FUND FLOWS REPORT: FEBRUARY 2021

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Executive Summary

- Long-term mutual funds posted strong net inflows for February 2021.

- The overall fund flows for mutual funds and ETFs in Europe in February amounted to estimated net inflows of €29.3 bn.

- Equity funds (+€50.0 bn) were the best-selling individual asset type overall for February.

- Equity Global (+€17.2 bn) was once again the best-selling sector among long-term funds for February.

- Luxembourg (+€21.9 bn) was the fund domicile with the highest net inflows, followed by Ireland (+€11.2 bn) and Switzerland (+€2.9 bn).

- State Street (+€7.0 bn) was the best-selling fund promoter in Europe for February, ahead of BlackRock (+€6.0 bn) and Credit Suisse Group (+€3.0 bn).
European Fund-Flows Trends, February 2021

Despite the deteriorating situation with regard to the COVID-19 pandemic in some parts of Europe, February 2021 was another positive month for the European fund industry since the promoters of mutual funds (+€11.8 bn) and ETFs (+€17.5 bn) enjoyed inflows. The level of the overall flows was skewed by outflows from money market funds as investors in Europe returned to risk-on mode in February. At a closer look, investors bought into risky assets as long-term funds enjoyed estimated net inflows of €88.1 bn, while money market products faced estimated outflows of €58.8 bn.

Equity funds (+€50.0 bn) were by far the best-selling asset type overall for February. The category was followed by bond funds (+€17.4 bn), mixed-assets funds (+€11.1 bn), alternative UCITS funds (+€8.6 bn), commodities funds (+€1.8 bn), and real estate funds (+€0.3 bn). On the other side of the coin, money market funds (−€58.8 bn) and “other” funds (−€1.0 bn) faced outflows.

Graph 1: Estimated Net Flows by Asset and Product Type – February 2021 (in bn EUR)

The flow pattern for February drove the estimated overall net inflows to €84.2 bn year to date.

Money Market Products

As the current market environment is still somewhat fragile, it was a bit surprising that European investors pulled further money out of money market products. As a result, money market funds were the asset type with the highest outflows for the month (−€58.8 bn). In line with their active peers, ETFs investing in money market instruments contributed estimated net outflows of €0.3 bn to the total.

Money Market Products by Sector

In more detail, Money Market NOK (+€0.1 bn) was the best seller within the money market segment, followed by Money Market PLN (+€0.1 bn) and Money Market CHF (+€0.1 bn). At the other end of the spectrum, Money Market
EUR (-€31.5 bn) suffered the highest net outflows overall, bettered by Money Market GBP (-€16.0 bn) and Money Market USD (-€10.6 bn).

This flow pattern revealed that European investors sold money market products and bought back into riskier assets. Taking the strong flows in money market products over the course of the year 2020 into account, the flow pattern in February 2021 may mark the beginning of a period during which the large money market positions that were built in 2020 are reinvested into long-term funds. In conjunction with the asset allocation decisions of portfolio managers, these shifts in the money market segment might have also been caused by corporate actions such as cash dividends or cash payments, since money market funds are also used by corporations as replacements for cash accounts.

**Fund Flows by Lipper Global Classifications**

With regard to the overall sales for February, it was not surprising that Equity Global (+€17.2 bn) dominated once again the table of the 10 best-selling peer groups by estimated net flows. It was followed by Equity Sector Information Technology (+€7.2 bn), Absolute Return Bond EUR (+€5.9 bn), Bond CNY (+€3.9 bn), and Equity China (+€3.8 bn).

**Graph 4: Ten Best- and Worst-Selling Lipper Global Classifications by Estimated Net Sales, February 2021 (Euro Millions)**

![Graph showing ten best- and worst-selling Lipper Global Classifications by estimated net sales, February 2021.]

Source: Refinitiv Lipper

On the other side of the table, Real Estate Switzerland (-€1.5 bn) faced the highest estimated net outflows for February, bettered by Money Market EUR (-€31.5 bn) and Money Market GBP (-€16.0 bn).

A closer look at the best- and worst-selling Lipper Global Classifications for the first two months of 2021 shows that European investors sold their safe haven investments while investing in sectors that may offer diversification for their portfolio.
**Fund Flows by Promoters**

State Street (+€7.0 bn) was the best-selling fund promoter in Europe for February, ahead of BlackRock (+€6.0 bn), Credit Suisse Group (+€3.0 bn), DWS Group (+€3.0 bn), and Morgan Stanley (+€2.9 bn). Given the product ranges of the top five promoters and the overall fund flow trends, it was not surprising to see that ETFs played—with the exception of Morgan Stanley—a vital role for the success of the five best-selling fund promoters in Europe.

**Graph 6: Ten Best-Selling Fund Promoters in Europe, February 2021 (Euro Millions)**

![Graph showing fund flow by promoter](image)

*Source: Refinitiv Lipper*

Considering the single-asset classes, State Street (+€5.0 bn) was the best-selling promoter of bond funds, followed by BlackRock (+€3.4 bn), Neufilize (+€1.5 bn), BNP Paribas Asset Management (+€1.1 bn), and Credit Suisse Group (+€1.0 bn).

Within the equity space, BlackRock (+€6.6 bn) led the table, followed by JPMorgan (+€4.0 bn), Baillie Gifford (+€2.6 bn), Morgan Stanley (+€2.0 bn), and Credit Suisse Group (+€1.9 bn).

PSG (+€1.0 bn) was the leading promoter of mixed-assets funds in Europe, followed by BlackRock (+€1.0 bn), PIMCO (+€0.9 bn), Danske (+€0.8 bn), and Union Investment (+€0.7 bn).

Amundi (+€4.9 bn) was the leading promoter of alternative UCITS funds for the month, followed by Credit Suisse Group (+€0.9 bn), La Caixa (+€0.5 bn), JPMorgan (+€0.4 bn), and KBC (+€0.4 bn).

**Fund Flows by Fund Domiciles**

Single-fund domicile flows (including those to money market products) showed, in general, a positive picture during February. Twenty-five of the 34 markets covered in this report showed estimated net inflows, and nine showed net outflows. Luxembourg (+€21.9 bn) was the fund domicile with the highest net inflows, followed by Ireland (+€11.2 bn), Switzerland (+€2.9 bn), Spain (+€2.5 bn), and Germany (+€2.2 bn). On the other side of the table, France (-€19.0 bn) was the fund domicile with the highest outflows, bettered by Guernsey (-€0.6 bn) and Italy (-€0.4 bn). It is noteworthy
that the overall fund flows for France (-€20.0 bn), Luxembourg (-€18.6 bn), and Ireland (-€15.1 bn) were impacted by flows in the money market segment.

**Graph 4: Estimated Net Sales by Fund Domiciles, February 2021 (Euro Billions)**

Within the bond sector, funds domiciled in Ireland (+€11.6 bn) led the table, followed by Luxembourg (+€4.8 bn), Switzerland (+€2.7 bn), Denmark (+€0.8 bn), and the Netherlands (+€0.5 bn). Bond funds domiciled in France (-€3.7 bn), Italy (-€0.4 bn), and Liechtenstein (-€0.2 bn) were at the other end of the table.

For equity funds, products domiciled in Luxembourg (+€29.2 bn) led the table, followed by Ireland (+€12.7 bn), Belgium (+€1.8 bn), Sweden (+€1.6 bn), and Malta (+€0.8 bn). Meanwhile, Guernsey (-€0.7 bn), Italy (-€0.1 bn), and Andorra (-€0.01 bn) were the domiciles with the highest estimated net outflows from equity funds.

Regarding mixed-assets products, Luxembourg (+€2.4 bn) was the domicile with the highest estimated net inflows for February, followed by the U.K. (+€1.8 bn), Malta (+€1.1 bn), Ireland (+€1.0 bn), and Spain (+€0.9 bn). In contrast, France (-€0.1 bn), Isle of Man (-€0.02 bn), and Guernsey (-€0.02 bn) were the domiciles with the highest estimated net outflows from mixed-assets funds.

France (+€4.4 bn) was the domicile with the highest estimated net inflows into alternative UCITS funds for February, followed by Luxembourg (+€3.5 bn) and Spain (+€0.02 bn). Meanwhile, the U.K. (-€0.7 bn), Italy (-€0.4 bn), and Belgium (-€0.4 bn) were at the other end of the table.

*Source: Refinitiv Lipper*
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