EVERYTHING FLOWS

UK FUND FLOWS
MARCH 2021

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Global Equity ESG Dominates March Flows

Equity Global is the month’s greatest money taker, with the vast bulk of assets going to funds tracking ethical indices.

Asset Class View
- Equity funds reversed their negative flows of the previous month, taking £769m. Bond funds also reversed February’s trend, this time the other way, losing £2.99bn. Mixed assets and money market funds took in £1.95bn and £1.83bn, respectively.

Active v Passive
- Active bond funds shed -£3.9bn, while their passive peers took in £908m. Passive equity funds took £2.03bn, while active equity funds lost -£1.26bn.
- ETFs and mutual funds were in positive territory for equity and bond funds: equity ETFs netted £785m of the £1.24bn passive total, and bond ETFs £234m of £674m.

Classifications
- Net Equity Global flows were £3.98bn over March, making this also the most popular classification for the first quarter of 2021. There was a £4.52bn take for passive Equity Global funds, and -£531m outflows for active ones.

ESG Flows
- ESG equity flows surged in March, to £6.5bn. Bond, mixed asset, and money market ESG funds saw modest inflows over the month.

Asset Manager View
- Vanguard was the top promoter by flows this month: at £3.28bn, more than double that of second-placed Morgan Stanley.
For both equities and bonds, it's been a positive month for passives and negative for active funds. The largest net move by asset class has been in bonds, with outflows of £2.99bn. That breaks down to £3.9bn flowing out of active fixed income funds, while their passive peers have taken in £908m.

Less dramatically, equities are up a modest £769m for the month, which masks inflows of £2.03bn for index-tracking funds, and outflows of £1.26bn for actively managed ones.

Meanwhile, mixed assets and money market funds took in £1.95bn and £1.83bn, respectively, all of which was active money. Lastly, alternatives had a reasonable month (up £557m, predominantly active), while real estate continued its negative run, seeing £330m head out of the door.
Both ETFs and mutual funds took a share of passive net flows in March, as equity ETFs netted £785m of the £1.24bn passive total, and bond ETFs £234m of £674m—that’s a 39% and 26% respective market share for ETFs.
Flows by Classification

Chart 3: Largest Positive Flows by Refinitiv Lipper Global Classification, March 2021 (£bn)

Equity Global has been the most popular Lipper Global Classification with UK investors throughout Q1 2021. However, while active money dominated flows in February, it’s all been passives for March: net Equity Global flows were £3.98bn, masking a £4.52bn take for passives and £531m in outflows for active vehicles. The largest money takers here have been the ACS World ESG Screened Equity tracker fund, which has taken more than £2bn across its various share classes, HSBC Developed World Sustainable Eq Index Acc T, which attracted £1.65bn, and the ACS Wld ESG Scrnd Eqty Tracker, with £1.49bn. Normally, Refinitiv Lipper reports the flows of individual share classes, but I’ve summed the share classes of these two ACS trackers, to give an indication of the sums they’re attracting. What’s most notable, of course, is that all three are ESG funds.

<table>
<thead>
<tr>
<th>Equity Global, Money Takers, March 2021</th>
<th>Flow (£bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACS World Low Carbon EQ Tracker X2 Acc</td>
<td>2.05</td>
</tr>
<tr>
<td>HSBC Developed World Sustainable Eq Index Acc T</td>
<td>1.65</td>
</tr>
<tr>
<td>ACS Wld ESG Scrd Eqty Tracker</td>
<td>1.49</td>
</tr>
<tr>
<td>ACS Climate Transition Wld Eqty X1 Acc GBP</td>
<td>437</td>
</tr>
<tr>
<td>Royal London Global Equity Diversified R Acc</td>
<td>189</td>
</tr>
</tbody>
</table>

Source: Refinitiv Lipper
Reflecting a positive take for money market funds overall, Money Market GBP took in £1.82bn. Mixed asset flows were divided between GBP Balanced (£1.23bn), Aggressive (£776m), and Conservative (£329m).

Investors finally seem to have caught on to the tearaway performance of Equity UK Small & Mid Cap funds over the past few months, with the classification placed fourth for the month, taking £820m, all but £50m of which was in passive vehicles. The big winner here was the Vanguard FTSE 250 UCITS ETF GBP, the distribution and income share classes of which take first and second place, and together total £633m.

<table>
<thead>
<tr>
<th>Equity UK Small &amp; Mid Cap, Money Takers, March 2021</th>
<th>Flow (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard FTSE 250 UCITS ETF GBP Dist</td>
<td>390</td>
</tr>
<tr>
<td>Vanguard FTSE 250 UCITS ETF GBP Acc</td>
<td>243</td>
</tr>
<tr>
<td>iShares MSCI UK Small Cap UCITS ETF GBP (Acc)</td>
<td>64</td>
</tr>
<tr>
<td>MI Chelverton UK Equity Growth B Acc</td>
<td>54</td>
</tr>
<tr>
<td>Premier Miton UK Smaller COs B Acc</td>
<td>43</td>
</tr>
</tbody>
</table>

*Source: Refinitiv Lipper*
The largest outflows have been seen from Bond Global Corporates USD, where redemptions of £2.24bn in active funds was slightly offset by passive inflows of £279m, leaving a net negative £1.96bn.

Equity US amplified its negative run from February, shedding £1.73bn in March, followed by Equity Global ex-UK, with net outflows of £1.34bn—rather anomalously in the case of the latter, given the strong inflows for Equity Global.

And, while Equity UK saw total outflows of £482m, passive inflows over the same period were £487m. Equity UK Income outflows continued (£1.36bn). This is despite strong performances for both classifications over the first quarter.
ESG Flows

Chart 5: ESG Asset Class Flows, March 2021 (£bn)

ESG equity flows surged in March—£6.5bn, up from £2.11bn the previous month. **HSBC Developed World Sustainable Eq Index Acc T**, which took £1.65bn, followed by a slew of ACS (BlackRock) share classes. **HSBC Developed World Sustainable Eq Index Acc T** is relatively new, having been launched in December 2020. **ACS Wld ESG Scrnd Eqty trk X1I GBP Acc** is even newer, being a March launch.

<table>
<thead>
<tr>
<th>ESG Equity Money Takers, March 2021</th>
<th>Flow (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSBC Developed World Sustainable Eq Index Acc T</td>
<td>1,650</td>
</tr>
<tr>
<td>ACS World Low Carbon EQ Tracker X2 Acc</td>
<td>669</td>
</tr>
<tr>
<td>ACS Climate Transition Wld Eqty X1 Acc GBP</td>
<td>437</td>
</tr>
<tr>
<td>ACS Wld ESG Scrnd Eqty trk X1I GBP Acc</td>
<td>231</td>
</tr>
<tr>
<td>ACS Wld ESG Scrnd Eqty trk X1G GBP Acc</td>
<td>210</td>
</tr>
</tbody>
</table>

**Source: Refinitiv Lipper**

True to recent form, Royal London and Liontrust dominate mixed asset ESG flows (see table below).

<table>
<thead>
<tr>
<th>ESG Mixed Asset Money Takers, March 2021</th>
<th>Flow (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal London Sustainable Diversified Trust C Acc</td>
<td>77</td>
</tr>
<tr>
<td>Liontrust Sustainable Future Cautious Managed 2Inc</td>
<td>63</td>
</tr>
<tr>
<td>Liontrust Sustain Future Defensive Managed 2 Inc</td>
<td>61</td>
</tr>
<tr>
<td>Royal London Sustainable World Trust C Acc</td>
<td>57</td>
</tr>
<tr>
<td>Liontrust Sustainable Future Managed 6 Acc</td>
<td>55</td>
</tr>
</tbody>
</table>

**Source: Refinitiv Lipper**
Flows by Promoter

Chart 6: Largest Positive Flows by Promoter, March 2021 (£bn)

Source: Refinitiv Lipper

Vanguard took the lion's share of inflows by promoter in March, at £3.28bn, almost 2.3-times that of second-placed Morgan Stanley.

Vanguard’s Top-Selling Share Classes, March 2021

<table>
<thead>
<tr>
<th>Share Class</th>
<th>Asset</th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vanguard FTSE 250 UCITS ETF GBP Dist</td>
<td>Equity</td>
<td>390</td>
</tr>
<tr>
<td>Vanguard LifeStrategy 60% Equity Acc</td>
<td>Mix Assets</td>
<td>339</td>
</tr>
<tr>
<td>Vanguard Global Aggregate Bond ETF GBP Hgd Acc</td>
<td>Bond</td>
<td>288</td>
</tr>
<tr>
<td>Vanguard Global Bond Index GBP Hdg Acc</td>
<td>Bond</td>
<td>249</td>
</tr>
<tr>
<td>Vanguard FTSE 250 UCITS ETF GBP Acc</td>
<td>Equity</td>
<td>243</td>
</tr>
</tbody>
</table>

Source: Refinitiv Lipper

Morgan Stanley’s flows were dominated by one vehicle, the money market share Morgan Stanley LF Sterling Liq Institutional Inc, which took £1.36bn over the month.

As mentioned in the Lipper Global Classification and ESG sections, HSBC’s largest money taker was HSBC Developed World Sustainable Eq Index Acc T, the inflows for which exceeded its net flows of £1.33bn.
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