EUROPEAN ETF MARKET REPORT: NOVEMBER 2021

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Executive summary

- ETF promoters in Europe experienced estimated net inflows of €13.5 bn for November.

- Assets under management in the European ETF industry stood at €1,290.4 bn at the end of November 2021.

- Equity ETFs (+€8.5 bn) posted the highest estimated net inflows in the European ETF industry for November.

- The best-selling Lipper global classification for November was Equity Global (+€3.4 bn), followed by Equity US (+€3.2 bn) and Equity Emerging Markets Global (+€0.9 bn).

- iShares was the best-selling ETF promoter in Europe for November (+€4.6 bn), ahead of UBS ETF (+€1.8 bn) and Amundi ETF (+€1.8 bn).

- The 10 best-selling funds gathered total net inflows of €4.4 bn for November.

- The best-selling ETF for November, iShares Core MSCI World UCITS ETF USD (Acc), accounted for net inflows of €0.7 bn.
November 2021 marked the twentieth consecutive month with inflows into ETFs after the outflows caused by the outbreak of the COVID-19 pandemic in March 2020. These inflows occurred in a volatile but still somewhat positive market environment in which investor sentiment was still impacted by the dynamics of the COVID-19 pandemic on the economies around the globe and the resulting actions taken by central banks and governments in Europe and other parts of the world. The positive performance of the underlying markets led to increasing assets under management (from €1,276.8 bn as of October 31, 2021, to €1,290.4 bn at the end of November). The increase of €13.7 bn for November was driven by estimated net sales (+€13.5 bn), while the performance of the underlying markets contributed €0.2 bn to the assets under management. With regard to assets under management, it was not surprising equity funds (€934.9 bn) held the majority of assets, followed by bond funds (€312.7 bn), commodities products (€30.3 bn), alternative UCITS products (€7.0 bn), mixed-assets funds (€3.0 bn), money market funds (€2.5 bn), and “other” funds (€0.04 bn).

Graph 1: Market Share, Assets Under Management in the European ETF Segment by Asset Type, November 30, 2021

Source: Refinitiv Lipper
Fund Flows by Asset Type

The European ETF industry enjoyed healthy estimated net inflows for November (+€13.5 bn) which were below the rolling 12-month average (€14.5 bn).

Graph 2: Estimated Net Sales by Asset Type, November 2021 (Euro Millions)

Source: Refinitiv Lipper

The inflows in the European ETF industry for November were driven by equity ETFs (+€8.5 bn), followed by bond ETFs (+€4.8 bn), alternative UCITS ETFs (+€0.2 bn), and mixed-assets ETFs (+€0.1 bn). Meanwhile, “other” ETFs (+€0.003 bn), money market ETFs (-€0.04 bn), and commodities ETFs (-€0.08 bn) showed outflows for the month.
This flow pattern drove the estimated overall net inflows to €13.5 bn for the month and €151.1 bn for 2021 so far. The flows for the first 11 months of 2021 have already topped the level of flows for the former record year 2019 and are set to reach a new all-time high at the end of the year.

**Graph 3: Estimated Net Sales (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 November were held by funds classified as Equity US (£282.8 bn), followed by Equity Global (£174.6 bn), Equity Europe (£62.2 bn), and Equity Emerging Markets Global (£59.9 bn). These five peer groups accounted for 49.39% of the overall assets under management in the European ETF segment, while the 10-top classifications by assets under management accounted for 60.47%.

Overall, 24 of the 169 peer groups each accounted for more than 1% of assets under management. In total, these 20 peer groups accounted for £998.9 bn, or 77.41%, 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 top 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 4: Ten-Top Lipper Global Classifications by Assets Under Management, November 30, 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 are at risk of 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 5: Ten Smallest Lipper Global Classifications by Assets Under Management, November 30, 2021 (Euro Millions)

Source: Refinitiv Lipper
Fund Flows by Lipper Global Classifications

The net inflows of the 10 best-selling Lipper classifications accounted for €11.7 bn. With regard to the overall sales for November, it was not surprising equity funds (+€9.3 bn) dominated the table of the 10 best-selling peer groups by net flows, as well as the peer group count (six). In line with the overall trend, the best-selling Lipper global classification for November was Equity Global (+€3.4 bn), followed by Equity US (+€3.2 bn) and Equity Emerging Markets Global (+€0.9 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 for, and therefore, are easy to use for these purposes.

Graph 6: Ten Best- and Worst-Selling Lipper Global Classifications by Estimated Net Sales, November 2021 (Euro Millions)

On the other side of the table, the 10 peer groups with the highest estimated net outflows for November accounted for €2.4 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 24 of the 50 ETF promoters in Europe holding assets at or more than €1.0 bn. The largest ETF promoter in Europe—iShares (€586.1 bn)—accounted for 45.42% of the overall assets under management, far ahead of the number-two promoter—Xtrackers (€141.2 bn)—and the number-three promoter—Lyxor ETF (€98.2 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 7: Ten-Top ETF Promoters by Assets Under Management, November 30, 2021 (Euro Millions)**

The 10-top promoters accounted for 92.92% of the overall assets under management in the European ETF industry. This meant, in turn, the other 40 fund promoters registering at least one ETF for sale in Europe accounted for only 7.08% of the overall assets under management.
**Fund Flows by Promoters**

Since the European ETF market is highly concentrated, it was not surprising that eight of the 10 largest promoters by assets under management were among the 10-top selling ETF promoters for November. iShares was the best-selling ETF promoter in Europe for November (+€4.6 bn), ahead of UBS ETF (+€1.8 bn) and Amundi ETF (+€1.8 bn).

Graph 8: Ten Best-Selling ETF Promoters, November 2021 (Euro Millions)

The flows of the 10-top promoters accounted for estimated net inflows of €12.8 bn, or 95.02%, of the overall estimated net inflows. With regard to the overall flow trend in November, it was clear that some of the 50 promoters (11) faced net outflows (-€0.4 bn in total) over the course of the month.

*Source: Refinitiv Lipper*
Assets Under Management by Funds
There were 3,146 instruments (primary funds and convenience share classes) listed as ETFs in the Lipper database at the end of November. Regarding the overall market pattern, it was not surprising assets under management at the ETF level were also highly concentrated. Only 318 of the 3,146 instruments held assets above €1.0 bn each. These products accounted for €881.9 bn, or 68.34%, of the overall assets in the European ETF industry. The 10 largest ETFs in Europe accounted for €196.7 bn, or 15.25%, 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 9: Ten Largest ETFs by Assets Under Management, November 30, 2021 (Euro Millions)

Source: Refinitiv Lipper
ETF Flows by Funds

A total of 1,326 of the 3,146 instruments analyzed in this report showed net inflows of more than €10,000 each for November, accounting for €29.1 bn. This meant the other 1,820 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 55 of the 1,326 ETFs posting net inflows enjoyed inflows of more than €100 m during November—for a total of €11.6 bn.

The best-selling ETF for November, iShares Core MSCI World UCITS ETF USD (Acc), accounted for net inflows of €0.7 bn. The fund was followed by iShares China CNY Govt Bond UCITS ETF USD Dist (+€0.6 bn) and Invesco S&P 500 UCITS ETF Acc (+€0.5 bn).

Graph 10: Ten Best-Selling ETFs, November 2021 (Euro Millions)

Source: Refinitiv Lipper

The flow pattern at the fund level indicated there was a lot of turnover and rotation during November, 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 three of the 10 best-selling funds for November were promoted by iShares. These iShares ETFs accounted for total estimated net inflows of €1.7 bn, or 12.95%, of the overall flows.
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