



Data Digest 2019

European Fund Market

Review



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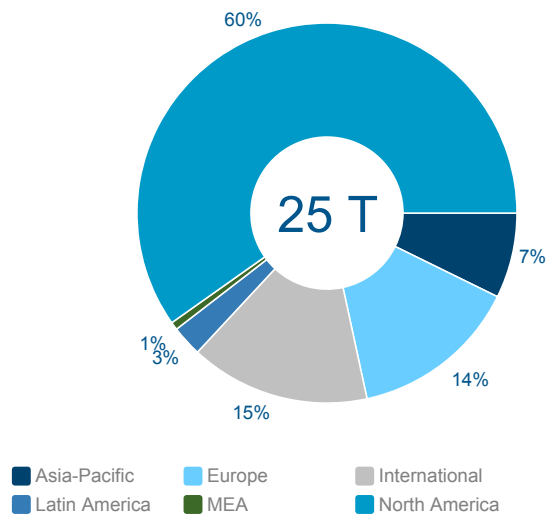
GLOBAL VIEW

The tightening of monetary policy by a number of major central banks – most notably the US Fed, which pressed ahead with several rate rises – was at the heart of investor anxiety in 2018, leading to a substantial sell-off in bonds. While Europeans also fretted about Brexit, the US/China trade war had far-reaching consequences for global sentiment too, providing numerous market shocks over the course of the year. 2018 ended in worryingly bearish form with the MSCI Global Index losing 8% in December, its worst monthly fall for a decade. This late collapse left most long-term fund investors nursing losses for the year; the global bourses were down by over 9% in 2018 but, across all long-term funds, market-performance losses were a more palatable 5%. Against this background, many investors chose to take profits, or limit their exposure to risk assets and the result was an impoverished net sales total of €245bn across all long-term asset classes.

Japan leads the way

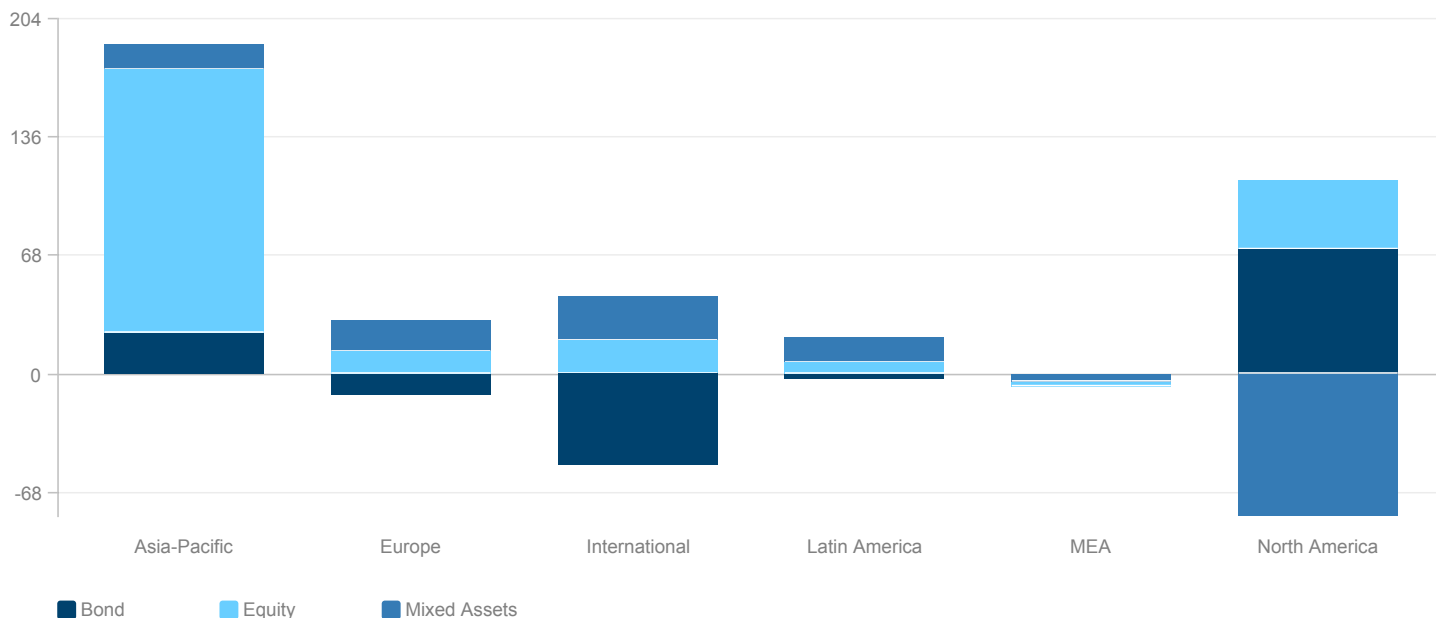
The US may be the largest market but it was the APAC region that delivered the largest sales flows. ETFs were at the root of sales success in this region where they contributed around €80bn of net inflows, most in Japan where sales were fuelled by the Bank of Japan’s quantitative easing programme. With the ETF volumes in hand Japan was the most successful global market in terms of net sales in long-term funds.

FIGURE 1 - GLOBAL ASSETS - CORE ASSET CLASSES (€T)



Note: Core asset classes = Bonds, Equities & Mixed assets funds.

FIGURE 2 - GLOBAL NET SALES IN 2018 - CORE ASSET CLASSES (€B)



EUROPE IN 2018

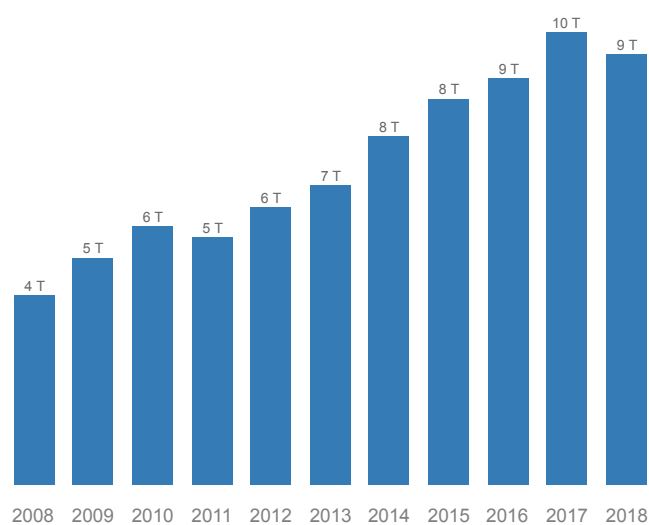
2018 exploded into life with a first month of sales that beat all previous monthly records. In Europe, more often than not, January sets the tone for the rest of the year but this was the Chinese year of the Earth Dog, which is said to be exhausting and potentially unpredictable. The prediction proved to be true and, in hindsight, the bumper first month was really the last crow of the 2017 Fire Rooster. After January new money became progressively harder for asset managers to find and from May redemptions became the new normal.

"The last crow of the Fire Rooster turns into a bark from the unpredictable Earth Dog."

Central bank activity was at the root of this new phase of uncertainty; investors have become addicted to their quantitative easing fix over the last decade and a period of cold turkey was the inevitable outcome. As the US Fed edged interest rates up on the back of strengthening global economic growth, and the ECB announced that its bond-buying programme would be halted, fixed income funds were culled. This would normally benefit equities but political risks dampened the appeal of all but the most diversified of global stock products. Brexit was a critical risk that sent the UK market into a spiral of sales decay and emerging markets lost their appeal in the trade war rhetoric coming from the US and China. Buffered from all sides were the previously stoic mixed asset funds, many of which failed to deliver performance in the market storms.

By the end of the year Europe's long-term funds avoided slipping into redemption but sales volumes were scythed back to just €21bn, a decline of 97% on the previous year's score. Assets, meanwhile, suffered a decline of 4%, stepping back from the €10trn ceiling reached in July. In summary 2018 was the industry's worst year for new business since 2011 but the industry still ended the year with assets nearly 80% higher than their 2011 position.

FIGURE 3 - GROWTH OF EUROPEAN ASSETS (€T)



Note: Excludes Fund of Funds.

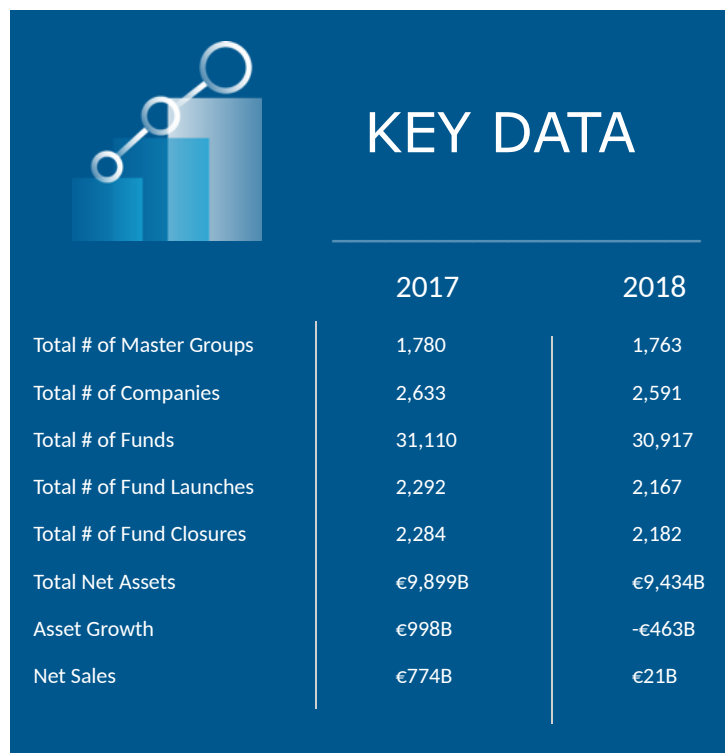
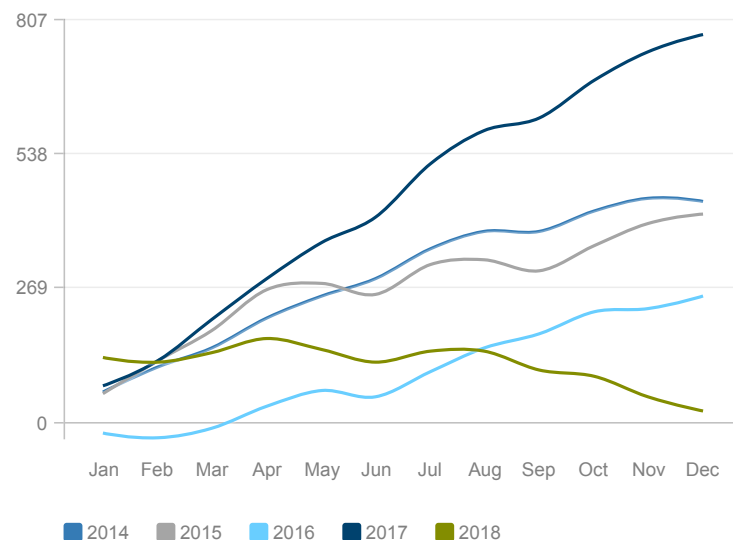


FIGURE 4 - CUMULATIVE NET SALES BY YEAR (€B)



EUROPE IN 2018

A year of peaks and troughs

Retail investors responded quickly to the deteriorating climate; from a frothy peak of €97bn of inflows in January, long-term funds averaged just €22bn of net receipts in the following three months. But in May the correction began. It was triggered by Eurozone concerns. Brexit and US trade tariffs were background rumbles feeding market malaise, but it was Italy – the combative stance of its new populist government to the Euro and servicing its debt mountain – that persuaded investors to look for profits from their portfolios. There was some recovery from redemptions in the summer months but sharp market corrections in October, and again in December, left investor confidence ravaged. The last four months of the year saw redemptions accelerate, wiping out most of the gains made in the first quarter. The bout of redemptions that made for a disappointing year end (-€138bn in the final quarter) were painful but a fraction of the €1.8trn of new money invested in long-term funds over the previous five year period. But, other pressures were building; 2018 also marked the implementation of the ground-breaking Mifid 2 Directive, which added to the concerns of asset managers and distributors alike with its commission ban and new transparency and target market rules. Price and competition from low-cost passives became more conspicuous themes as the struggle to deliver performance intensified.

Passive resilience

Passive funds enjoyed another solid year of inflows – net sales of €74bn were registered with traditional index trackers taking a bare majority of 54%. Their success was relative, though, the sales pace running at no more than a third of the volumes recorded in 2017. However, passive fund inflows threw the difficulties endured by active funds into sharper relief. With passives excluded, active funds were in sales deficit for the year by over €50bn.

"In the highly liquid North American stock sector passive funds now hold a market share of 53%."

Passives remain a long way from dislodging the historical legacy of active funds. Their market share stands at just 16% in Europe, but Mifid 2 will undoubtedly trigger their enhanced growth and a share of 30% is likely in the next decade. The likely trajectory of passive funds can already be seen in certain equity sectors where the switch from active to passive has been profound. In the highly liquid North American stock sector passive funds now hold a market share of 53%. The average across all equity funds is 27%.

FIGURE 7 - EUROPEAN NET SALES BY INVESTMENT TYPE (€B)

Year (Record Date)	2015	2016	2017	2018
Bond	40	103	330	-64
Equity	89	-50	171	32
Mixed	204	79	166	43
Money Market	89	103	69	15
Rest	-5	17	38	-5
Total	417 B	252 B	774 B	21 B

€21B
Net sales 2018

€9,434B
Assets 2018

€308M
Average fund's size

-4.68%
Asset growth

FIGURE 5 - ACTIVE VS PASSIVE OVERVIEW IN 2018

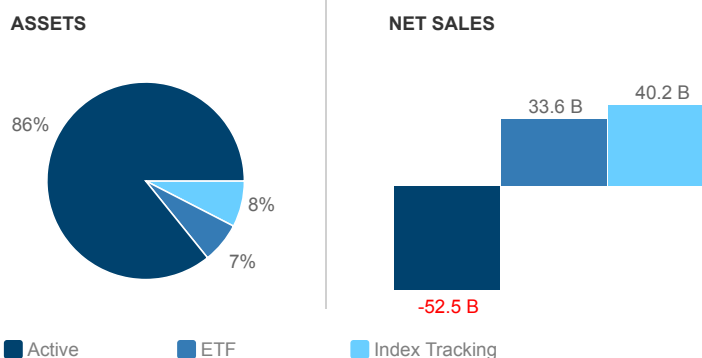
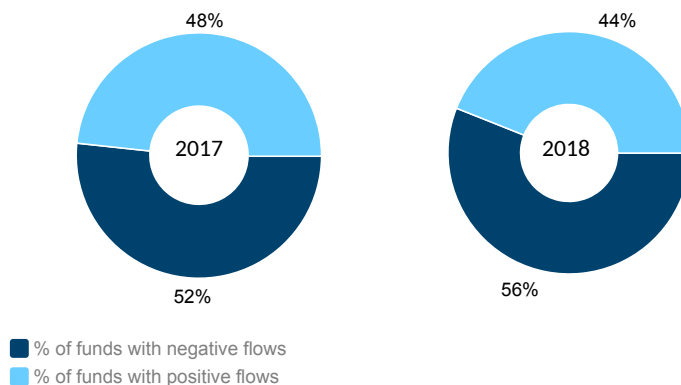


FIGURE 6 - MARKET SENTIMENT



MARKET STRENGTH

FIGURE 8 - CROSS-BORDER ASSETS IN DEC 2018 (€B)

Common Country	Combined Assets	Cross-Border Assets	Market share of Cross-Border Assets	Cross-Border Assets	▲▼
Italy	775 B	355 B		46%	
Spain	305 B	136 B		44%	
Netherlands	159 B	67 B		42%	
Belgium	182 B	74 B		40%	
Switzerland	535 B	204 B		38%	
Austria	82 B	24 B		29%	
France	473 B	125 B		26%	
Germany	744 B	182 B		25%	
United Kingdom	1246 B	210 B		17%	
Sweden	320 B	25 B		8%	

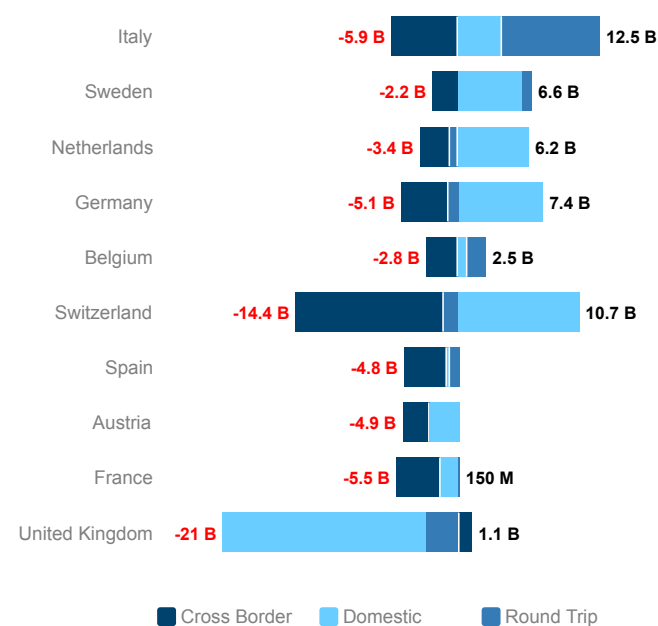
Italy has stood tall for many years as Europe's most successful market, not only for the large domestic players but also for foreign groups building a cross-border footprint. The country had its fair share of upheavals in 2018 but with appetite loss spreading across Europe, Italy continued to deliver the largest inflows. This year, though, it was the local captive players that were the beneficiaries. And this was a theme across the whole of Europe where market challenges afflicted cross-border groups to a greater extent than local competitors, which were able to defend their territory with the help of their captive clients. Those reliant on third party distribution, particularly those in the cross-border cohort, paid the penalty of their recent successes as investors took profits from funds that were now seen to be risky.

Germany comes close to Italy in terms of overall market size, although the market opportunity for cross-border groups has slowed since its heyday in the late 1990s. It now lags behind Switzerland in terms of the volume of assets invested in cross-border funds. To be fair though, a number of important cross-border players targeting the Swiss market are Swiss in origin and therefore have some cultural advantage.

A closer look at the UK

Whilst the UK maintained its position as Europe's largest market with €1.3trn of fund assets, it was also the market that suffered the largest redemptions thanks to a complex interplay of features, many of which are unique to the market. Most important of these was ongoing uncertainty caused by the country's imminent exit from the European Union, which remains a subject of bitter debate. UK fund groups have had to take urgent action to future-proof the assets they manage so non-UK residents with holdings in UK-based funds have been switched into equivalent offshore portfolios. For some groups this has entailed the launch of new products in either Luxembourg or Dublin. Most of this activity creates nil value in the charts here, but at a domicile level it has involved a noticeable shift of assets. Meanwhile, a more secular shift of assets was evident with long-held UK equity income funds being sold off in favour of more diversified global products. The net effect has been steep redemptions because many of the new products favoured are ETFs, which are not included in this analysis because their source of sales cannot be identified.

FIGURE 9 - DOMESTIC VS CROSS-BORDER SALES IN 2018 (€B)



Excludes money market funds & ETFs.

Cross-border activity is actual sales as measured by the Broadridge SalesWatch Confidential Service. The 72 members are estimated to account for 75-80% of the total cross-border sales activity.

INVESTMENT STRENGTH

Bonds were in the firing line in 2018 suffering redemptions in eight months out of 12 and posting a cumulative outflow of €64bn by the end of the year. With passives excluded the withdrawals mounted to €92bn, the worst year for active bond managers since the financial crisis a decade earlier. However, this needs to be viewed in the context of inflows of over €1trn in the post-crisis years of loose monetary policy. The sectors that suffered the most acute pain were the core global sectors, along with the risky high yield options, most of which had a strong run in 2017 and were vulnerable to allocation shifts when the mood music changed. Nonetheless, bonds remain a much-loved option in Europe and although there was little on offer to mop up the hemorrhage, fund selectors found space in their client portfolios for alternative bond products, which posted €14bn of inflows.

"With passives excluded, bond withdrawals amounted to €92bn."

Mixed asset funds were Europe's success story of the year despite ending with a somewhat tarnished reputation. This is a category that has been a consistent contributor of new money since 2012. Investors maintained their faith in the sector for most of 2018, but they began to falter in the summer and by September they were taking their money and heading for the hills. Despite this, mixed asset funds ended the year with cumulative net sales of €43bn, beating equity funds by a margin of €11bn. Key to their success, though, was the income sector and Allianz's Income & Growth fund which was responsible for €11bn of the €15bn generated by the sector.

Global equities soar

Total net equity flows were lacklustre at €32bn, but Europe's top-selling sector by a noticeable margin was nevertheless global equity (see Fig 12 overleaf). This was the sweet spot for investors nervous of making any geographical bets. It was dominated by the Swedish AP7 pension fund, and a number of funds offering a refuge to UK investors looking to diversify out of their traditional UK stock portfolios.

FIGURE 10 - EUROPEAN ASSETS (€T)

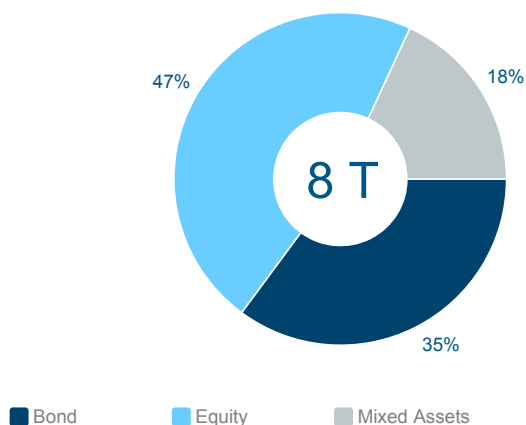
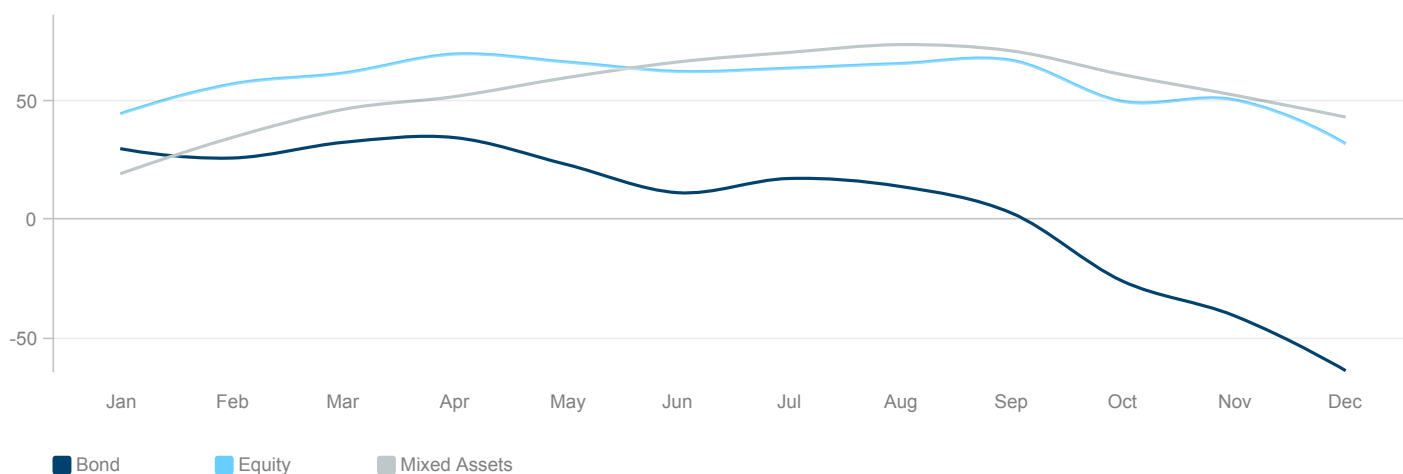


FIGURE 11 - CUMULATIVE NET SALES BY INVESTMENT TYPE IN 2018 - CORE ASSET CLASSES (€B)



ALL SECTOR RANKING

FIGURE 12 - TOP SECTORS BY SALES IN 2018 (€M)

Year	2017		2018	
	Net Sales	Net Sales Rank	Net Sales	Net Sales Rank ▲
Equities Global	60,264 ▲	2	41,951 ▲	1
Equities North America	-128 ▼	186	18,972 ▲	2
Fund of Funds Balanced	25,549 ▲	12	15,595 ▲	3
Mixed Assets Income	34,530 ▲	4	14,921 ▲	4
Bonds Alternative	19,128 ▲	17	14,436 ▲	5
Mixed Assets Conservative	30,791 ▲	9	10,561 ▲	6
Asset Allocation	33,821 ▲	6	10,235 ▲	7
Real Estate	10,149 ▲	24	9,897 ▲	8
Money Market USD	28,727 ▲	10	9,173 ▲	9
Fund of Funds Asset Allocation	19,998 ▲	15	8,766 ▲	10
Asset-backed Securities	14,502 ▲	22	8,153 ▲	11
Fund of Funds Dynamic	6,448 ▲	35	7,443 ▲	12
Equities China	-728 ▼	218	6,926 ▲	13
Money Market EUR	5,439 ▲	40	6,185 ▲	14
Equities Emerging Markets	19,437 ▲	16	6,034 ▲	15

FIGURE 13 - BOTTOM SECTORS BY SALES IN 2018 (€M)

Year	2017		2018	
	Net Sales	Net Sales Rank	Net Sales ▲	Net Sales Rank
Bonds EUR Corp. Inv. Grade	4,254 ▲	45	-20,061 ▼	237
Bonds USD Corp. High Yield	-2,104 ▼	227	-15,575 ▼	236
Bonds Global High Yield	4,403 ▲	43	-14,385 ▼	235
Equities UK Income	-9,019 ▼	233	-10,464 ▼	234
Bonds Flexible	26,195 ▲	11	-9,252 ▼	233
Equities Global Income	2,994 ▲	51	-8,324 ▼	232
Money Market GBP	34,052 ▲	5	-7,230 ▼	231
Asset Allocation Alternative	30,931 ▲	8	-6,869 ▼	230
Equities Europe	6,065 ▲	37	-6,843 ▼	229
Bonds EUR Corp. High Yield	-3,542 ▼	232	-6,564 ▼	228
Derivatives	-2,211 ▼	228	-6,161 ▼	227
Equities Europe Ex UK	9,272 ▲	26	-6,137 ▼	226
Bonds Global Corporates	17,447 ▲	20	-5,409 ▼	225
Short Term Dynamic	21,655 ▲	13	-5,377 ▼	224
Bonds Global Currencies	85,169 ▲	1	-5,086 ▼	223

COMPETITOR STRENGTH

BlackRock remains the giant of the European industry, able to generate new money regardless of the market environment. Europe's best-known cross-border brand is many lengths ahead of its closest rival, Amundi, and in 2018 it was the group's passive business that underpinned its sales fortunes. In the passive world it is a winner-takes-all game when it comes to net inflows and in 2018 BlackRock was the winner by a large margin.

More generally, though, the market environment was far from favourable to the bulge bracket brands, most of which disappeared from the leaderboard. In the asset management world groups with extensive product ranges and distribution arrangements benefit from the bull years but suffer from profit-taking in the bad.

Redemptions are a unique feature of the industry and are generally the penalty of past success. This left the leaderboard for all long-term funds dominated by institutional players, groups with access to captive clients, passive houses and specialists. Natixis, although ranked 21st in size and therefore amongst the market leaders, thrived last year from demand for the liquid alternative funds offered by its specialist boutique affiliates.

FIGURE 14 - TOP MASTER GROUPS BY ASSETS IN 2018 (€M)

Master Groups	Assets Dec 2017	Assets Dec 2018	Assets Growth YoY
BlackRock	634,718	608,678	-4.1 ▼
Amundi	276,090	257,541	-6.7 ▼
UBS	255,862	257,047	0.5 ▲
DWS	250,352	227,749	-9.0 ▼
Intesa SP	186,085	178,519	-4.1 ▼
VR/Union	156,934	151,908	-3.2 ▼
JP Morgan AM	159,632	147,008	-7.9 ▼
Credit Suisse	142,848	143,608	0.5 ▲
Schroders	155,628	140,122	-10.0 ▼
Vanguard	130,381	134,144	2.9 ▲

FIGURE 15 - TOP MASTER GROUPS BY SALES IN 2018 (€M)

Master Groups	NAT	# Funds	Assets	Net Sales
Natixis	FR	295	90,662	12,460
BlackRock	US	599	608,678	11,442
UBS	CH	595	257,047	11,342
MMC/Mercer	US	59	45,553	10,515
Vanguard	US	75	134,144	8,313
Baillie Gifford	GB	52	39,298	7,468
Allianz GI	DE	359	128,750	6,577
State Street	US	163	69,358	6,040
Legal & General	GB	85	57,319	5,687
Royal London	GB	50	49,561	4,827
			TOP 10	84,825
			REST	-78,717
			TOTAL	6,107

FIGURE 16 - TOP MASTER GROUPS BY ASSETS GROWTH IN 2018 (€M)

Master Groups	Assets Dec 2018	Assets Growth YoY	Net Sales 2018
MMC/Mercer	45,553	8,507	10,515
Natixis	90,662	7,231	12,460
Baillie Gifford	39,298	5,145	7,468
Unicredit	13,292	3,996	4,358
Vanguard	134,144	3,763	8,313
Fundsmith	19,811	3,071	2,915
Ashmore	15,611	2,669	2,526
Vontobel	37,281	2,661	4,521
Royal London	49,561	2,547	4,827
Legal & General	57,319	2,520	5,687
State Street	69,358	2,482	6,040

Note: Excludes money market funds.

FUND LEADERS

FIGURE 17 - TOP 15 FUNDS BY ASSETS IN DEC 2018 (€M)

Master Groups	Fund Name	Domicile	Strategy	Type	Launch Date	Assets
PIMCO	PIMCO GIS Income Fund	IE	Active	Bnd	2012-11	48,140
Sjunde AP-fondens	AP7 Aktiefond	SE	Active	Eq	2010-05	41,322
Bridgewater	Bridgewater Pure Alpha Strategy 18% V	VG	Active	Hdge	1991-12	35,403
Allianz GI	Allianz Global Investors Fund - Allianz Income and Growth	LU	Active	Mix	2011-06	25,995
BlackRock	iShares Core S&P 500 UCITS ETF (USD)	IE	Passive	Eq	2010-05	25,658
JP Morgan AM	JPMorgan Investment Funds - Global Income Fund	LU	Active	Mix	2008-12	24,137
M&G/Eastspring	M&G Optimal Income Fund	GB	Active	Bnd	2006-1	22,468
Vanguard	Vanguard Funds Plc - V	IE	Passive	Eq	2012-05	18,234
VR/Union	PrivatFonds: Kontrolliert	DE	Active	Mix	2010-07	17,690
Fundsmith	Fundsmith Equity	GB	Active	Eq	2010-1	17,572
DWS	DWS T	DE	Active	Eq	2003-04	16,760
AB	AB FCP I Global High Y	LU	Active	Bnd	1997-09	16,079
Deka	Deka ImmobilienEuropa	DE	Active	Prop	1997-01	15,720
PIMCO	PIMCO GIS Global Investment Grade Credit	IE	Active	Bnd	2003-07	15,087
Carmignac	Carmignac Patrimoine	FR	Active	Mix	1992-01	14,265

FIGURE 18 - TOP 15 FUNDS BY NET SALES IN 2018 (€M)

Master Groups	Fund Name	Domicile	Strategy	Type	Launch Date	Net Sales
Allianz GI	Allianz Global Investors Fund - Allianz Income and Growth	LU	Active	Mix	2011-06	11,385
UBS	Focused Sicav - High Grade Bond USD	LU	Active	Bnd	2005-08	6,779
Natixis	H2O Adagio	FR	Active	Bnd	2010-08	4,740
BlackRock	iShares Core S&P 500 UCITS ETF (USD)	IE	Passive	Eq	2010-05	4,483
Sjunde AP-fondens	AP7 Aktiefond	SE	Active	Eq	2010-05	3,624
Baillie Gifford	Baillie Gifford Global Alpha Growth	GB	Active	Eq	2010-03	3,353
MMC/Mercer	Mercer Global Investments - Mercer Investment Fund 10	IE	Active	Mix	2018-01	3,261
BlackRock	iShares Core MSCI EM IMI UCITS ETF	IE	Passive	Eq	2014-05	3,111
VR/Union	PrivatFonds: Kontrolliert	DE	Active	Mix	2010-07	3,058
Morgan Stanley	Morgan Stanley-Global Opportunity Fund	LU	Active	Eq	2010-11	2,955
BAML	Merrill Lynch Investment Solutions - Global Debt-Government UCITS Fund	LU	Active	Bnd	2017-11	2,855
Soc Gen/Lyxor	Multi Units Luxembourg - Lyxor S&P 500 UCITS ETF	LU	Passive	Eq	2010-03	2,846
UBS	UBS (Lux) Equity Fund - China Opportunity (USD)	LU	Active	Eq	1996-11	2,708
BlackRock	BlackRock ACS US Equity Tracker	GB	Passive	Eq	2014-06	2,576
	iShares Core MSCI World UCITS ETF	IE	Passive	Eq	2009-09	2,536
	Top 10					47,059
	REST					-77,871
	TOTAL					6,107

Note: Excludes money market funds

PRODUCT THEME

Active vs Passive

FIGURE 19 - ETF: TOP GROUPS BY SALES IN 2018 (€M)

Master Groups	NAT	# Funds	Assets	Net Sales
BlackRock	US	315	296,242	14,985
DWS	DE	176	67,544	5,890
State Street	US	97	26,136	4,678
Vanguard	US	21	31,014	2,155
Amundi	FR	146	33,803	1,409
BNP Paribas	FR	30	6,875	980
Invesco	US	97	15,470	518
Fidelity	US	4	640	514
Deka	DE	43	8,540	486
Morgan Stanley	US	7	818	409

2017 proved that active funds were not dead, but they still hold the overwhelming weight of assets so they fared less well when markets became volatile in 2018. Trackers and ETFs were also penalised but had less to lose and therefore ended the year with sales volumes that closely mirrored 2016. There are now 2,655 passive funds in Europe, of which 59% are ETFs. Unlike in the US, ETFs have traditionally been vehicles favoured by institutional investors looking for the liquidity and regulatory protection they offer. With most distribution incentivised by commissions, retail investors tended to opt for actively managed funds, or index trackers for beta exposure. Regulatory pressure to remove commissions from the industry will encourage greater retail use of ETFs in the future but index trackers are competing keenly on price and, as long as they can compete, they are unlikely to be displaced by ETFs.

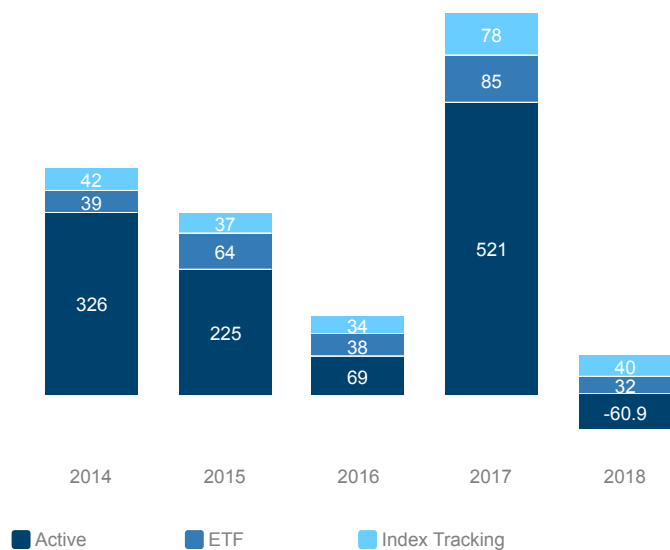
Winner takes all

The frequently heard mantra of winner takes all has come from the world of ETFs, but infected perception of the entire industry. Concentration of assets and net sales is clearly evident from Fig 16. BlackRock is the undisputed king controlling nearly half of the €624bn of assets invested in ETFs (47%) and responsible for 46% of net sales in 2018. There are 60 groups offering ETFs but the top five groups account for 79% of assets leaving very little for the majority of groups that have stepped into the field. Concentration is much less of an issue for those offering index trackers. In this more populous camp BlackRock still reigns supreme but with a market share of just 18%, whilst the top five groups account for just 56% of assets. Net sales are also more evenly spread amongst index tracker rivals. Vanguard secured the largest volumes in 2018 but was only marginally ahead of UK rival, Legal & General.

FIGURE 20 - INDEX TRACKING: TOP GROUPS BY SALES IN 2018 (€M)

Master Groups	NAT	# Funds	Assets	Net Sales
Vanguard	US	42	100,288	5,916
Legal & General	GB	40	36,027	5,305
Northern Trust	US	36	23,034	3,781
Swisscanto	CH	65	33,217	3,606
Amundi	FR	35	14,536	3,463
Soc Gen/Lyxor	FR	11	5,806	2,791
BlackRock	US	75	129,722	2,788
HSBC	GB	22	14,765	2,041
UBS	CH	65	70,196	2,004
Danske Bank	DK	14	5,027	1,503

FIGURE 21 - HISTORICAL NET SALES (€B)



PRODUCT DEVELOPMENT

Fund Launches

FIGURE 22 - FUND LAUNCHES & CLOSURES

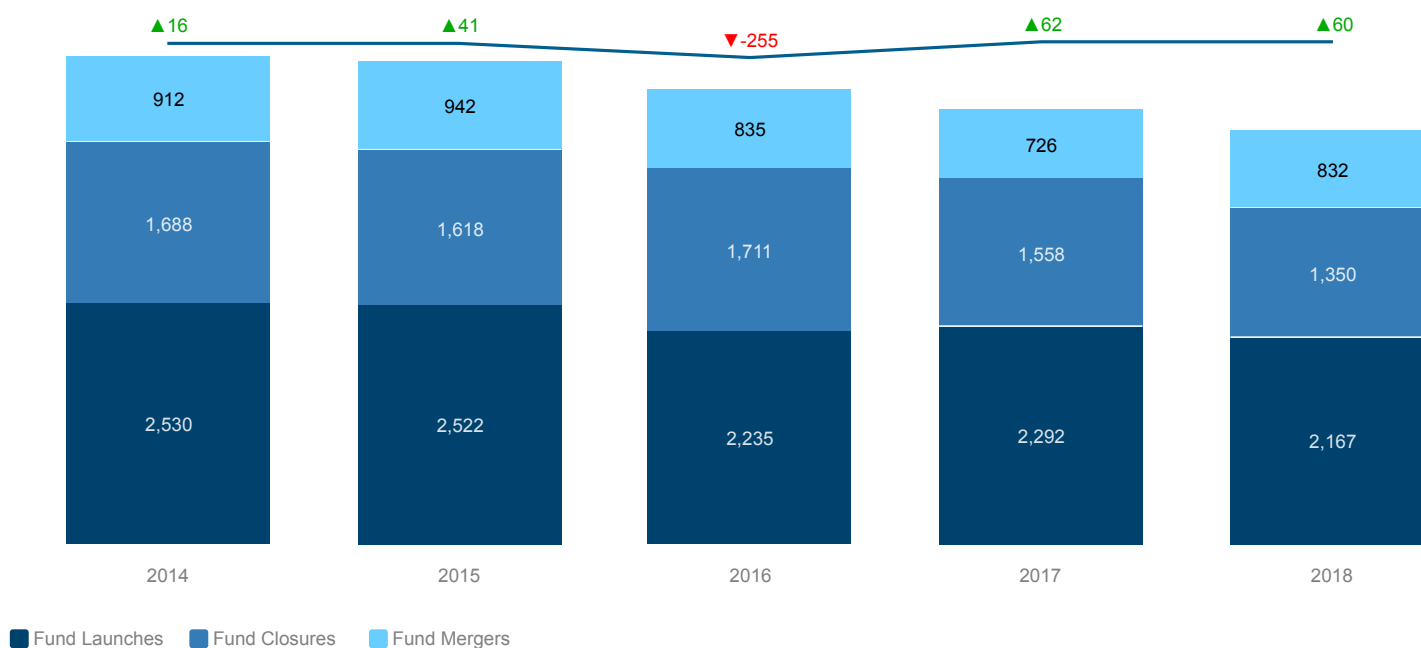


FIGURE 23 - TOP SELLING FUND LAUNCHES IN 2018 (€M)

Fund Name	Fund Domicile	Launch Date	Type	Net Sales
Mercer Global Investments - Mercer Investment Fund 10	Ireland	2018-01	Mix	3,261
BlackRock Global Funds - Dynamic High Income Fund	Luxembourg	2018-02	Mix	2,320
Mercer Global Investments - Mercer Investment Fund 11	Ireland	2018-01	Mix	1,913
FP Brunel UK Equity	United Kingdom	2018-11	Eq	1,868
Threadneedle (Lux) - European Smaller Companies	Luxembourg	2018-10	Eq	1,812
L&G Global Developed Four Factor Scientific Beta Index	United Kingdom	2018-08	Eq	1,731
AEAM Dutch Mortgage Fund 2	Netherlands	2018-05	Bnd	1,672
Gestielle Cedola Multi Target V	Italy	2018-03	Mix	1,582
Access Long Term Global Growth Investment	United Kingdom	2018-11	Eq	1,403
KBC Bonds SRI Strategic EMU Short Medium	Luxembourg	2018-11	Bnd	1,369

Note: Excludes money market funds.

PRODUCT DEVELOPMENT

Fund Launches

FIGURE 24 - FUND LAUNCHES BY GROUP IN 2018 (€M)

Master Group	# Funds	Net Sales
Intesa SP	95	18,180
BlackRock	62	17,296
M&G/Eastspring	31	12,974
JP Morgan AM	23	12,311
Amundi	144	8,847
ANIMA	30	7,504
MMC/Mercer	9	7,173
Standard Aberdeen	14	4,852
KBC	63	4,717
Unicredit	34	4,145
Sum	505	97,997

2018 marked a new low for product development initiatives and further reinforced the sluggish contraction trend that has been evident since 2007 when over 5,000 new funds were launched. Recent regulations have added considerably to the cost of developing new products, which must increasingly generate well over €100m to prove their worth. Rationalisation and the culling of funds that are no longer productive continues but in 2018 the numbers of closures also declined – in line with the number of funds launched. Closing funds is a relatively expensive option for fund groups, whilst fund launches offer marketing opportunities, new stories for sales people and the chance to refresh the product line. Ironically, new funds with no track record still account for considerable volumes of new business. Funds making their debut in 2018 gathered €211bn of net inflows, whereas the industry as a whole accounted for net sales of just €21bn.

"Funds making their debut in 2018 gathered €211bn of net inflows."

Italian banking giant, Intesa SP, was one of the most prolific developers of new funds and certainly the most successful in terms of assets gathered. In Italy, new funds – particularly those with fixed maturity dates – are popular, and most local asset managers thrive on a diet of launches that suck client money in from funds that have expired or are no longer fashionable. M&G also features high in the product development rankings, but its position is linked to launches in Luxembourg to Brexit-proof its business, which was previously built on UK-domiciled funds. The net sales posted by these funds are transfers from UK equivalent products. M&G is just one of a number of groups forced to take such action and this had the effect of artificially boosting the sales volumes attributed to the 2018 launches.

FIGURE 25 - NUMBER OF FUND LAUNCHES BY CORE ASSET CLASS

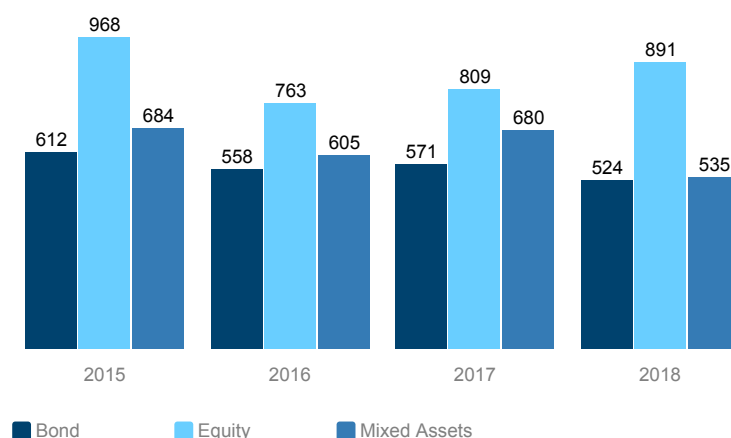


FIGURE 26 - NUMBER OF FUND LAUNCHES BY STRATEGY in 2018



FIGURE 27 - FUND LAUNCHES BY REGION IN 2018 (€M)

Fund Region	# Funds	Net Sales
Europe	1,064	90,176
International	1,103	94,341
Sum	2,167	184,516



Footnotes

1. All data is at December 2018 unless otherwise stated.
2. 'International' fund market. Broadridge defines an International fund as a fund that sources less than 80% of its assets from any single country. Some fund groups have domestic and international funds.
3. 'Domestic' fund market. If a fund sources more than 80% of its assets from a single country then the fund is allocated to that market regardless of its domicile.
4. Funds of funds have been excluded from all charts and tables (to avoid double counting) unless otherwise stated. Therefore a market total is the sum of all the investment categories excluding the three funds of funds categories (in-house, ex-house and hedge).
5. The investment category 'other' includes a variety of different product categories. For most markets, especially Belgium, Spain and France, the figure comprises guaranteed funds, but there are also derivatives and other speciality funds in the 'other' category.
6. Property funds are open-ended property funds only.
7. Master group. Analysis that aggregates the European mutual fund assets under the umbrella of their parent company name.
8. ETFs are included in Broadridge's database on mutual funds, but this excludes exchange-traded commodity products that are not mutual funds.
9. References to foreign activity relate to actual sales as measured by Broadridge's SalesWatch confidential service. The 72 SalesWatch members are estimated to account for 75-80% of total cross-border sales activity.

About the report

The following report is based on the unique fund analytics delivered through Broadridge Global Market Intelligence (GMI), our leading global fund analytics database. The charts and tables in this report reflect only the tip of the iceberg in terms of the depth and breadth available from Broadridge GMI. The report offers a high-level overview of European fund flow activity in 2018.

Global Market Intelligence (GMI) helps you make more strategic decisions, more effectively allocate your company's resources, and most importantly, be more responsive to your customers' needs, all through combining the power of the FundFile and SalesWatch datasets.

Broadridge FundFile enables deep fund flows analysis of all key geographical markets, covering Asia Pacific, Latin America, the Middle East and Africa, and North America, and delivers a truly global fund flows solution. By gradually building the international reach of its global sales data and maintaining its high quality and ease of use over the past ten years, FundFile has become the unparalleled source of data and analysis, with information on more than 80,000 funds.

The cross-border dimension of the European funds industry—the "international" fund market—can truly be assessed only with Broadridge SalesWatch, a unique cooperative and confidential benchmarking service that allows leading fund groups to track their cross-border sales and assets against their competitors' by country, distribution channel, institutional versus retail activity, and both gross and net sales. This service now counts 72 of the leading asset managers among its members. (Some sample data taken from the tool can be seen on page 6 of the current report).

Global Market Intelligence

An integrated analytics solution for the asset management market tracking Institutional and Retail investment products globally









Global Market Intelligence, offers asset managers an unparalleled view of investment products in Institutional and Retail via a unique methodology that segments data by market share, asset flows, product, and more.

By combining our three unrivaled data sets – FundFile for the global fund marketplace, SalesWatch for the cross-border market and Money in Motion the leading dataset for analysing the global institutional market – Global Market Intelligence delivers an unparalleled view of separate accounts, domestic funds, cross-border funds, and ETFs.

Whether you need to predict institutional demand or understand changing investor behaviours, Global Market Intelligence is designed to facilitate deep analysis of the competitive landscape.



GREATER INSIGHTS FOR BETTER DECISIONS

- 
 Leading industry consortium with broadest coverage
- 
 Identify new markets and opportunities faster and easier
- 
 Quickly see changing market share dynamics and understand fund expenses and performance
- 
 Discover and analyse trends, including in-country and cross-border fund market growth dynamics
- 
 Get a granular view of flows to pinpoint growth
- 
 Access research and information on Institutional and Retail Investment Products globally
- 
 Utilise leading-edge, customisable visualisation tools
- 
 Understand the competitive landscape by market, channel and product

Global Market Intelligence

THE INTEGRATED DATA AND ANALYTICS PLATFORM

FUNDFILE

Foremost source of global fund data, tracking over 80,000 funds

- Unique identification and tracking of the cross-border fund market, the world's second-largest fund market
- Multiple data feeds from licensed and public data sources, cross-checked by rigorous automated processes and teams of multilingual, multinational research analysts
- Multi-source aggregation – Morningstar, Lipper, Broadridge, and more
- Powerful data analytics and visualisation platform

MONEY IN MOTION

Money in Motion the leading dataset for analysing the global institutional market

- Track institutional asset flows. Gain unprecedented insight into institutional asset flows based on reliable and robust consortium data
- Track \$22T of assets, covering every market in every region
- Take advantage of our collective intelligence methodology, which delivers essential asset, flow and revenue data at a unique level of detail
- Get a true picture of market share and share of flows.
- Analyse data by channel to identify and predict institutional demand for product styles

SALESWATCH

Delivering transparency in the cross-border fund market

- The leading dataset for analysing the global Cross-border fund market, covering over 70% of the market with a unique consortium model
- Enables unique geographical disaggregation of the cross-border market, revealing product preferences by fund market
- Allows geographical, asset class, and sector analysis of cross-border assets and flows and your relative positioning
- Delivers the largest, most comprehensive view of cross-border players, giving visibility of the most assets and flows in the marketplace
- Pinpoints your true opportunity by using gross sales metrics to measure the actual value of assets changing hands
- Provides benchmarking capabilities, with the ability to measure the evolution of your asset share and flow share versus your competitors

ENABLING POWERFUL INSIGHTS

- Run competitor analyses, scorecards, and fund range comparisons
- Map the product innovation landscape for new trends and benchmarking
- Employ strategic product life cycle management

