



MAY IN BRIEF

- **The long-term funds (excluding money market funds) in Europe enjoyed inflows of €33bn in May, pushing the year-to-date total just above the €200bn mark (€200.7bn).**
- The European funds industry as a whole attracted inflows of €26.9bn in May, a fall of nearly half compared to April's total as investors withdrew €6bn from money market funds.
- **Bond funds remained the best-selling asset class (€19.7bn), taking the year-to-date total to €109.7bn, nearly 50% greater than for the same period last year.**
- JPMorgan was the best-selling group for long-term funds in May with net sales of €3.4bn, ahead of Franklin Templeton (€3.2bn) and BlackRock (€2.7bn).
- **Provisional June figures for Luxembourg and Ireland domiciled funds suggest that both bond and equity funds have suffered redemptions, in the region of €23bn and €7bn respectively.**

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PRIDE BEFORE A FALL?

Bond fund sales fell to €19.7bn in May (from a record €35.7bn in April) albeit still the most popular asset class for European investors. At the same time inflows to equity funds maintained their more modest total of just over €2bn (€2.1bn). Interestingly if one looks solely at funds sold cross-border the equity total is healthier, at €5.6bn.

The divergence in attitude to equity funds among investors in local and international fund markets can be seen in both Germany and Switzerland. Here outflows from equity funds (-€1.2bn and -€1.9bn) were accompanied by inflows to mixed asset and bond funds. For Germany the net effect was inflows of €900m, but for Switzerland the result were outflows from long-term funds totalling €1.9bn.

Asset allocation funds were clearly the most popular this month (€7.3bn). Often funds in this sector have an absolute return objective and it is interesting to look at the wider absolute return universe and see that these funds attracted inflows of €6.3bn in May (€218.7bn year-to-date). At the other end of the spectrum, UK equities continue to suffer and withdrawals this year now total €7bn – the worst for any sector (excluding money market funds).

Early indicators for June activity

While the focus of this report is summarising comprehensive data on mutual fund flows across Europe (see above and over), there is also the opportunity to provide some early indicators of provisional flows data for June. Looking at Luxembourg and Ireland domiciled funds, both bond and equity funds have suffered redemptions, in the region of €23bn and €7bn respectively. Mixed asset funds' net sales have stayed positive, around €4bn. Sectors to be worst hit are some of those that had attracted much of the inflows of late, notably emerging market debt and high yield bonds, with both broad categories suffering outflows of around €7.5bn. Among the sectors that have attracted sizeable inflows, Japanese and US equity funds (€1bn each) stand out.

1. Ranking excludes money market funds and funds of funds

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July 2013, Data at May 2013

Map of Estimated Net Sales in May 13 (€m)



Map of Asset Growth in May 13 (€m)



Note: European Data Map excludes International activity

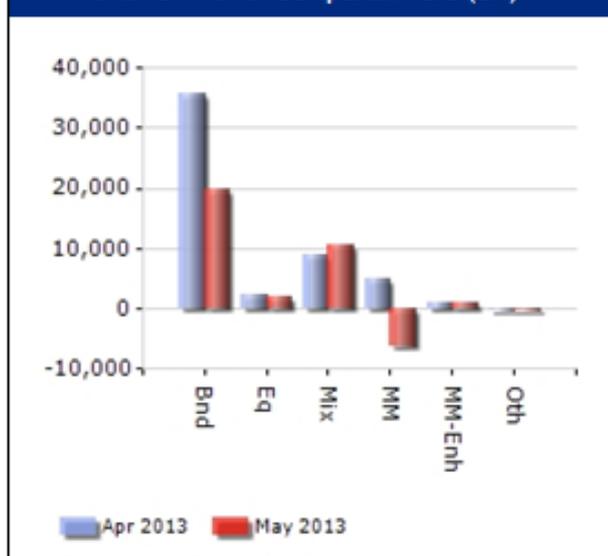
Top 5 Markets by TNA May 13 (€bn)

| Market | Assets | Mth Grth | As % |
|----------------|----------------|-------------|------|
| International | 2,339.2 | 35.0 | 1.5 |
| United Kingdom | 783.6 | 6.4 | 0.8 |
| Germany | 482.6 | 3.6 | 0.8 |
| France | 299.1 | 4.5 | 1.5 |
| Switzerland | 296.0 | -4.5 | |
| Rest | 1,049.6 | 9.3 | |
| Total | 5,250.1 | 54.4 | |

Top 5 Markets by ENS in May 13 (€m)

| Fund Market | Est Net Sales |
|---------------|-----------------|
| International | 27,073.3 |
| Italy | 2,538.9 |
| Germany | 902.9 |
| Turkey | 655.7 |
| Spain | 606.1 |
| Rest | 1,221.5 |
| Total | 32,998.4 |

Month-on-month Comparison ENS (€m)



Top Sectors in May 13 (€m)

| | |
|-------------|---------|
| Asset Alloc | 7,294.6 |
| Bnd Gl Curr | 5,619.3 |
| Bnd Flex | 3,428.5 |
| Eq Japan | 3,194.9 |
| Mix Bal | 2,165.0 |

Bottom Sectors in May 13 (€m)

| | |
|-------------|----------|
| Eq UK | -1,562.4 |
| Commod | -1,519.0 |
| Guarant'd | -1,349.0 |
| FF Hdge | -910.7 |
| Eq Euroland | -836.2 |

Note: charts and rankings on this page exclude funds of funds and money market funds. ENS=Estimated net sales. TNA=Total net assets.