

• AUGUST IN BRIEF:

- The extended vacation month of August may have dampened investors' response to the China-fuelled stock market correction but it was still a bruising time for asset managers with long-term funds suffering a €19bn net redemption hit.
- **For active managers the position was much worse. Flows of some €15bn into ETFs, particularly equity ETFs, helped to offset what would have been an even more damaging headline withdrawal.**
- Equity and fixed income products shared the pain in fairly equal measure. Without the ETF offset, active managers saw outflows of €19bn and €18bn respectively.
- **In these volatile conditions, money market funds became the default safe haven, mopping up nearly €20bn of the withdrawals suffered by higher-risk asset classes.**
- BlackRock stood firm against the onslaught, scoring the largest inflows of any European fund group, but this was almost entirely thanks to its passive offering.
- **Ignoring some internal movements of client money, it was Invesco's UK-based Global Targeted Returns fund that welcomed the greatest inflows of the month at €1.4bn.**
- In a thin month of just over 100 fund launches, it was a mixed asset target maturity fund from Pioneer in Italy that attracted the most new money of €568m.

Blindsided by China

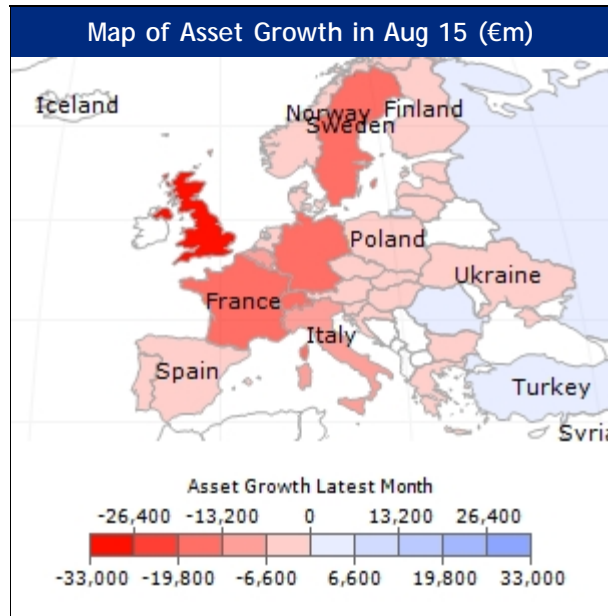
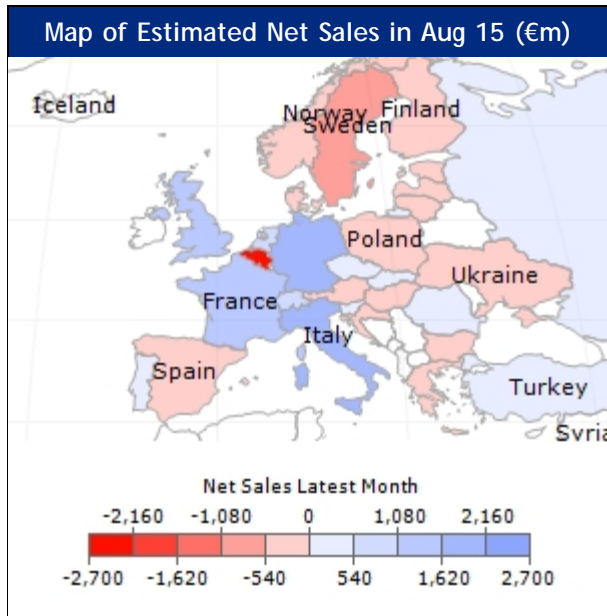
We expected problems from the Eurozone and anticipated some nervous energy in the markets over the Fed interest rate decision, but the economic storm that blew in from China blindsided investors in August and left the European fund industry in a state of some disarray. Over the last two years the fund industry has snuggled under the comfort blanket of low interest rates and generous central bank policies, which have encouraged investors into placing increasingly large volumes of their savings into funds.

In August, the blanket was pulled away forcing investors to face the chilly reality of a stock market correction that was the steepest seen since the taper tantrum of June 2013. The response in 2013 was a massive €34bn of redemptions, the bulk coming from bond funds. This time around the withdrawals were surprisingly modest at €19bn. The holiday season was a factor; trading declines significantly in August dulling the volumes of both inflows and redemptions. But, there was another more important factor involved - the new status of ETFs and passive offerings. As investors pulled out of, or took profits from, their actively managed holdings some retained their sector exposure by redirecting their money into equivalent ETFs. Passively managed ETFs saw over €8bn of inflows, whilst active long-term sectors suffered a cull of €27bn.

Carnage masks some sweet spots - Amidst this carnage there were survivors, even in the active space. First, was the mixed asset category of funds, which maintained its forward momentum, albeit at much reduced speed. Equity Global Income was the top-ranked sector for the month but this is an anomaly linked to the launch of a new fund by Union, which was fed by redemptions from another fund in the same family. Less obvious, but rising in importance is the Equity Speciality sector which includes alternative Ucits. With the current market volatility a number of these hedge fund strategies are attracting the attention of fund selectors and in August volumes amounted to €1.8bn.

What next? Market volatility and weak economic news continued into September, dragging stock market performance back to positions not seen since 2013. This will undoubtedly bring buyers back into the market, particularly now the Fed has delayed its decision on interest rates. But risk appetite will have contracted and the flow of savings from retail investors will undoubtedly make the final quarter one of sluggish sales progress.

October 2015, Data at August 2015



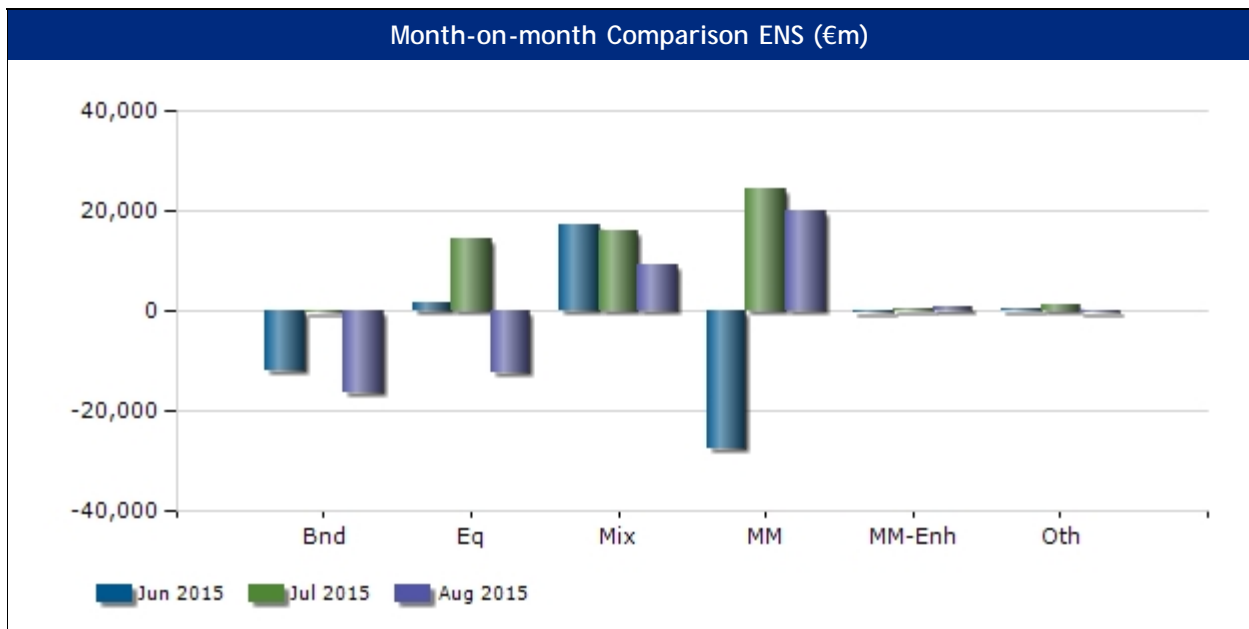
Note: European Data Map excludes international activity

Top 5 Markets by Asset Aug 15 (€bn)

Fund Market	Assets	Mth Grwth
International	3,266.1	-155.3
United Kingdom	1,087.3	-32.9
Germany	534.7	-17.6
Italy	399.3	-8.9
Switzerland	394.3	-16.3
Rest	1,260.2	-58.1
Total	6,941.9	-289.2

Top 5 Markets by ENS in Aug 15 (€m)

Fund Market	Est Net Sales
Italy	1,599.4
Germany	1,557.4
France	1,313.6
United Kingdom	1,170.1
Netherlands	833.1
Rest	-26,432.1
Total	-19,958.4



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

Launches: Top Sectors by Assets in Aug 15



Bnd GI Curr 20% Protected 8%
 Lifecycle 15% Eq Global 8%
 Derivatives 13% Rest 36%

Launches: Assets by domicile in Aug 15



Luxembourg 62% Italy 5%
 Ireland 15% Netherlands 3%
 United Kingdom 8% Rest 7%

Top Selling Sectors Latest 12 Months (€m)

Asset Alloc	103,191.9
FF Cons	37,778.4
Mix Cons	30,798.9
Mix Bal	29,905.5
Mix Income	29,397.7
FF Bal	24,824.0
Bnd GI Curr	22,498.2
Bnd Eur CIG	21,177.1
FF Asset Alloc	20,614.0
Eq Europe	19,204.2

Top Selling Sectors in Aug 15 (€m)

Eq Global Inc	7,681.5
Asset Alloc	4,633.2
Bnd Eur Sh-T	2,173.7
Mix Bal	1,836.3
Eq Speciality	1,815.9
Mix Cons	1,206.1
FF Bal	1,163.9
Bnd USD	1,053.2
FF Cons	989.9
Eq DE	965.1

Bottom Selling Sectors Latest 12 months

Eq Em Mkt	-15,967.2
Guarant'd	-14,444.7
Targ Mat Euroland	-12,332.6
Bnd USD Corp HY	-12,071.9
Eq Global	-11,762.9
Eq China	-10,596.0
Bnd Em Mkt Loc Cur	-10,408.9
Bnd GI HY	-7,555.9
Eq Pac ex Jpn	-7,478.1
Derivatives	-5,963.2

Bottom Selling Sectors in Aug 15

Eq Global	-9,164.6
Eq Pac ex Jpn	-4,705.3
Bnd Em Mkt	-3,486.9
Eq Em Mkt	-3,264.7
Eq China	-2,559.8
Bnd USD Corp HY	-2,358.3
Bnd GI HY	-2,041.1
Bnd Em Mkt Loc Cur	-1,796.3
Bnd Eur Corp HY	-1,369.3
Bnd Em mkt Corp	-1,352.9

Top Master Groups by Sales in Aug 15 (€m)

Groups	Nat	Assets	Net Sales
BlackRock	US	453,740.9	2,848.9
DeAWM	DE	224,197.7	1,775.6
Vanguard	US	82,651.4	1,502.0
Cr Suisse	CH	120,464.3	1,150.2
Amundi	FR	125,930.1	1,077.9

Top Master Groups by Assets Growth (€m)

Groups	Nat	Assets	Assets Growth LY
BlackRock	US	453,740.9	76,779.9
UBS	CH	206,091.8	36,095.2
DeAWM	DE	224,197.7	29,433.4
Intesa SP	IT	142,725.1	25,741.8
Vanguard	US	82,651.4	21,890.5

Top 10 Selling Funds in Aug 15 (€m)

Fund Name	Domicile	ENS
UniGlobal Vorsorge	Germany	8,201.5
Invesco Perpetual Global Targeted Returns	United Kingdom	1,403.4
Julius Baer Multiflex - Global Multi-Asset Income	Luxembourg	998.1
Amundi ETF MSCI USA UCITS ETF	France	670.5
Interfund Euro Currency	Luxembourg	571.1
Pioneer Structured Solution Fund - Progetto Cedola 08/2020	Luxembourg	568.3
Babson Capital European Loan	Ireland	538.0
Allianz Global Investors Fund - Allianz Advanced Fixed Income Global Aggregate	Luxembourg	500.6
db x-trackers EURO STOXX 50® UCITS ETF (DR)	Luxembourg	493.8
Aberdeen Alternative Strategies	Ireland	464.5

Top 5 Selling Funds Latest Quarter (€m)

Fund Name	Type	ENS
UniGlobal Vorsorge	Equity	8,201.5
Julius Baer Multiflex - Global Multi-Asset Income	Mixed Assets	3,300.9
Invesco Perpetual Global Targeted Returns	Mixed Assets	2,529.6
Interfund Euro Currency	Bond	1,566.8
Standard Life Investments Global - Global Absolute Return Strategies Fund	Mixed Assets	1,488.7