

FUNDFLASH MONTHLY SNAPSHOT OF EUROPEAN TRENDS

• DECEMBER IN BRIEF:

- A difficult last half ended with a surprising sales uplift in December. Long-term funds saw €14bn of inflows, with an additional €7bn invested in ETFs.
- **This left European long-term funds with total inflows for the year of €286bn, of which ETFs had a 22% share.**
- The December sales surge was largely driven by equities as investors continued their response to the Fed's decision to raise interest rates.
- **Despite this apparent appetite for risk, the most successful sectors were alternatives, both Asset Allocation and Equity, suggesting some reservation over traditional sources of alpha.**
- BlackRock stayed firmly in the lead of the sales pack thanks to demand for its ETFs. With these funds excluded, Nordea shone through thanks to a large institutional influx.
- **Stripping out institutional anomalies, it was Union's stable Uniglobal fund that scored the strongest net inflows of the month. For the full year Standard Life's global GARS fund took the crown with net inflows of over €7bn.**

Merry Christmas as fund investors defy dismal markets

December delivered a surprisingly strong finish to a year that was looking set to deliver a disappointing end. After a bullish first half, which saw €232bn pour into Europe's long-term active and passive funds, the second half took on a distinctly jaundiced hue. By the end of November net sales volumes for the second half had reached just €34bn and with markets worried about interest rates, global deflation, China, oil prices and more, it was hard to see much, if any, new money coming into funds before the Christmas holiday season. But this uncertainty clearly nudged some investors to think about repositioning their portfolios for more difficult times to come. Moreover, after so much speculation about when the US Fed would raise rates, the actual decision seems to have been met with a sigh of relief, re-enforcing investors' positive stance on equities. Hopes of more QE in Europe and Japan undoubtedly also helped.

Equity funds were the big winners of the month, fuelled in part by bond redemptions. It was the combined power of European-focused funds that dominated (€14bn) but at the sector level, alternative strategies took the sales lead. These funds typically offer uncorrelated returns and they are gaining in appeal as investors' faith in traditional sources of alpha withers on the volatile market vines. But all this is small change when compared with the extraordinary inflows gathered by mixed asset funds. 2015 was the category's third consecutive year of broken sales records. Volumes slowed in the second half but their total for the year as a whole still beat the combined power of equity and fixed income.

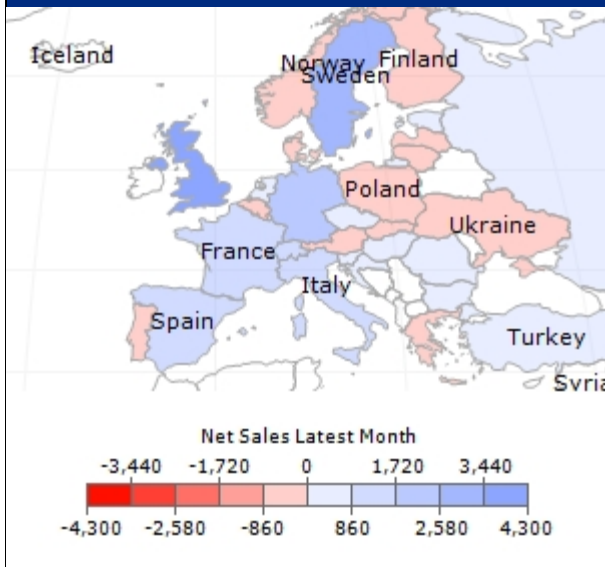
Safety first

In this important bed & breakfast month, money market funds were the obvious casualty but as French institutions withdrew their cash, others came in search of safety, offsetting the worst of the outflows. Money market funds have recovered their form, posting their best annual sales volumes since the height of the financial crisis.

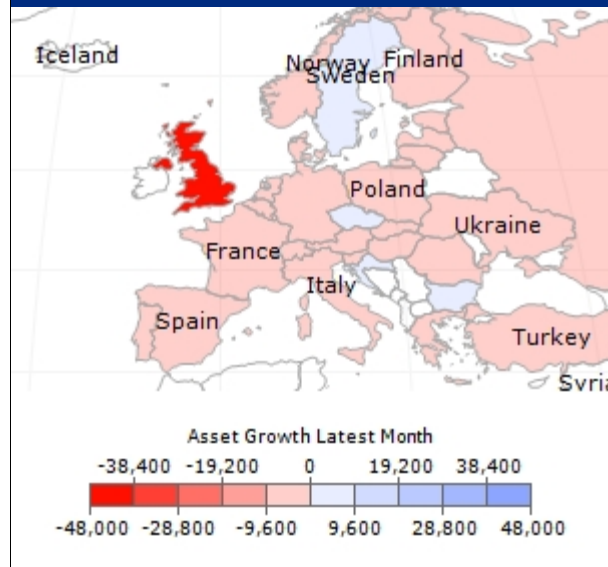
What next?

2016 will be a testing time for funds and particularly those products boasting absolute returns. With stock markets in an oil-fuelled fug and bear markets beckoning, January is unlikely to promise a repeat of recent years' sales successes.

Map of Estimated Net Sales in Dec 15 (€m)



Map of Asset Growth in Dec 15 (€m)



Note: European Data Map excludes international activity

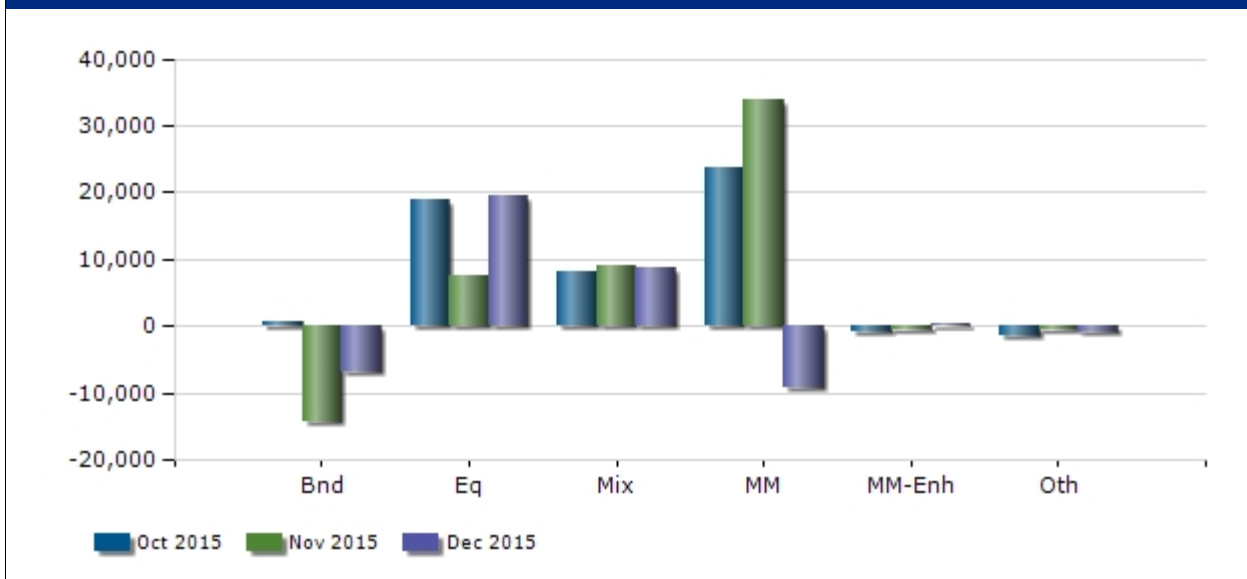
Top 5 Markets by Asset Dec 15 (€bn)

Fund Market	Assets	Mth Grwth
International	3,357.1	-90.2
United Kingdom	1,072.1	-47.7
Germany	546.0	-9.6
Italy	403.9	-6.8
Switzerland	403.0	-9.1
Rest	1,270.7	-25.2
Total	7,052.9	-188.5

Top 5 Markets by ENS in Dec 15 (€m)

Fund Market	Est Net Sales
International	7,465.9
United Kingdom	4,229.0
Sweden	3,071.6
Germany	2,209.2
Switzerland	1,538.2
Rest	2,389.7
Total	20,903.5

Month-on-month Comparison ENS (€m)



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 Dec 15



Asset Alloc 22% Asset Alloc Alt 6%
 Eq Europe 8% Mix Bal 5%
 Guarant'd 6% Rest 52%

Launches: Assets by domicile in Dec 15



Luxembourg 57% Germany 6%
 France 12% Ireland 5%
 Spain 9% Rest 10%

Top Selling Sectors Latest 12 Months (€m)

Asset Alloc	54,316.1
Asset Alloc Alt	49,341.9
Eq Europe	36,559.2
FF Cons	30,909.4
Mix Cons	28,807.8
Eq Alt	25,936.6
Mix Income	24,404.5
FF Bal	23,395.1
Mix Bal	22,798.8
FF Asset Alloc	21,851.1

Top Selling Sectors in Dec 15 (€m)

Eq Europe	3,230.4
Asset Alloc Alt	3,024.8
Eq Alt	2,597.4
Eq Em Mkt	2,539.0
Eq Global	2,328.3
Eq Euroland	2,229.3
Mix Bal	1,906.5
Asset Alloc	1,665.8
Eq Eur S/Mid	1,274.8
Eq DE	1,272.6

Bottom Selling Sectors Latest 12 months

Eq Nth Am	-20,732.7
Guarant'd	-13,836.6
Targ Mat Euroland	-12,382.6
Derivatives	-12,167.3
Eq China	-11,380.3
Eq Pac ex Jpn	-10,399.5
Bnd Em Mkt Loc Cur	-10,069.2
Eq Em Mkt	-7,275.3
Bnd USD Corp HY	-7,171.6
Bnd Em Mkt	-6,532.1

Bottom Selling Sectors in Dec 15

Bnd USD Corp HY	-2,325.1
Eq Nth Am	-1,737.2
Bnd GI HY	-1,620.8
FF Sh-T Dyn	-1,080.4
Conv Bnd & Ops	-991.8
Bnd Em Mkt	-970.0
Targ Mat Euroland	-950.1
Bnd GI Corp	-674.0
Bnd Em mkt Corp	-586.0
Bnd USD Sh-T	-526.3

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

Groups	Nat	Assets	Net Sales
BlackRock	US	471,526.6	5,912.0
Nordea	SE	119,411.3	1,608.4
Santander	ES	32,326.0	1,541.4
Cr Suisse	CH	126,572.1	1,504.3
VR/Union	DE	130,032.8	1,363.1

Top Master Groups by Assets Growth (€m)

Groups	Nat	Assets	Assets Growth LY
BlackRock	US	471,526.6	76,880.8
UBS	CH	207,945.4	29,324.7
Deutsche AM	DE	226,947.7	22,267.3
Intesa SP	IT	143,539.3	20,268.7
Cr Suisse	CH	126,572.1	20,113.7

Top 10 Selling Funds in Dec 15 (€m)

Fund Name	Domicile	ENS
Nordea Institutional Investment Fund, SICAV-FIS Diversified Risk Fund	Luxembourg	1,437.0
PUB Equities Emerging Markets 2	Switzerland	1,337.2
UniGlobal	Germany	867.4
BBVA Global Funds Strategic Allocation	Luxembourg	749.7
Invesco Perpetual Global Targeted Returns	United Kingdom	628.9
Standard Life Investments Global - Global Absolute Return Strategies Fund	Luxembourg	547.4
Bel Canto Sicav Turandot	Luxembourg	531.9
iShares MSCI Europe UCITS ETF (Inc)	Ireland	494.3
Amundi Funds Bond Global Aggregate	Luxembourg	485.7
Santander 100 Valor Creciente, FI	Spain	458.9

Top 5 Selling Funds Latest Quarter (€m)

Fund Name	Type	ENS
Standard Life Investments Global - Global Absolute Return Strategies Fund	Mixed Assets	1,880.4
Nordea Institutional Investment Fund, SICAV-FIS Diversified Risk Fund	Bond	1,437.1
PUB Equities Emerging Markets 2	Equity	1,337.2
PUB Equities Emerging Markets	Equity	1,262.6
PIMCO GIS Income Fund	Bond	1,072.3