

• FEBRUARY IN BRIEF:

- Investor mood lifted in February but not enough to pull the European fund industry out of redemption. By the end of the month investors had redeemed €18bn from their long-term fund portfolios.
- **This month ETFs were also infected; they saw their first month of outflows (€368m) since May 2015.**
- Money market funds were the safe-haven product of choice but volumes were slight at just €2bn. Most investors simply sat on their hands.
- **The search for uncorrelated options grew. Alternative equities were the go-to choice with the equivalent mixed asset sector following in their wake.**
- In a month of diminished sales activity, Belgian bank KBC rose to the top of the sales rankings, helped by a set of newish bond products sold most likely to captive clients.
- **JPMorgan's Global Macro product took the fund sales crown and was also the only fund to register more than €1bn of net inflows.**

Daze and confused...

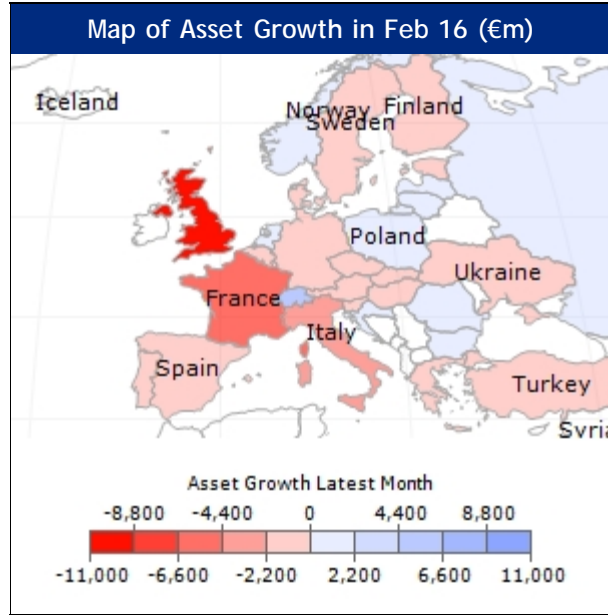
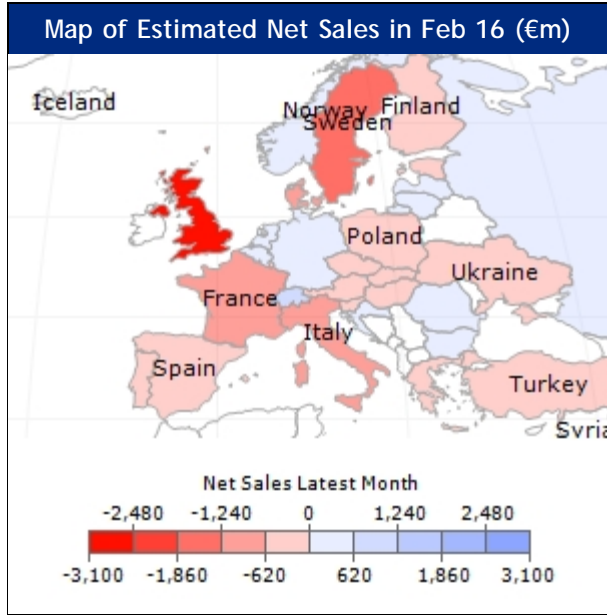
...is the only way to describe the activities of fund investors in February. This was a month when markets began to lift themselves off the respective floors they hit at the start of the year. Their more positive drift was enough to forestall a steepening of January's sales rout but it was far from sufficient to prevent another month of painful redemptions. By the end of February investors had pulled a further €18bn from their long-term funds, making for the second worst sales performance on record for the first two months of the year. And, with most bond and equity indices showing negative returns, ETFs were also caught in the fund flight.

Fixed income funds, once again, suffered the greatest damage but withdrawals were at half the pace of January. It was far from being a whitewash, though. US dollar bond products saw some traction and, of course, there was the inevitable safe-haven shift into short-term Euro-based funds. However, serious damage was inflicted on the previously popular flexible bond sector, which accounted for €5bn of the bond withdrawals. This is a sector that has been relatively impervious to previous market ructions; in the three years following January 2012 the funds that populate this sector took in over €70bn of net inflows. The tide turned in June last year and since then investors have redeemed €18bn of their holdings because their funds have failed to contain recent performance losses to acceptable levels. The latest bout of redemptions was a new low for the sector.

Equities also continued to suffer. There was some interest in thematic and some local market funds but, beyond the alternatives sector, support was lethargic. The current cry from fund selectors is 'give me funds that are uncorrelated'. Flexible bonds were clearly failing but liquid alternative categories seemed to offer new hope. Indeed, without the alternative category, mixed asset funds would have endured a second month of redemptions. One small bright spot was **funds of funds** with €1.5bn of inflows. Good news but beware - half the inflow volume came from France where they are used as a temporary vehicle to collect premiums that are then siphoned into insurance products.

What next? Improved markets should see a turnaround to positive flows in March but confidence is still lacking so sales patterns are likely to give out some confused messages

April 2016, Data at February 2016



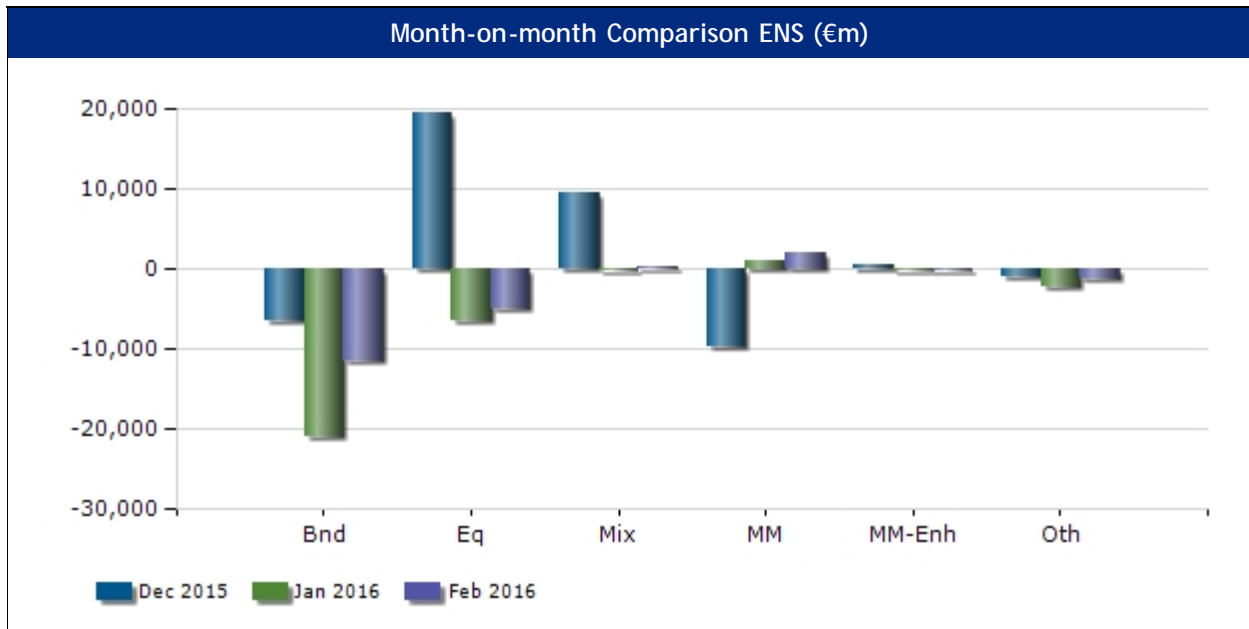
Note: European Data Map excludes international activity

Top 5 Markets by Asset Feb 16 (€bn)

Fund Market	Assets	Mth Grwth
International	3,194.6	-36.3
United Kingdom	983.6	-10.6
Germany	530.5	0.0
Switzerland	396.1	5.1
Italy	391.3	-3.3
Rest	1,207.3	-9.6
Total	6,703.4	-54.7

Top 5 Markets by ENS in Feb 16 (€m)

Fund Market	Est Net Sales
Switzerland	1,177.6
Netherlands	449.7
Norway	412.4
Germany	350.8
Russia	21.9
Rest	-20,029.6
Total	-17,617.2



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 Feb 16



Eq Global 17% Eq Euroland 7%
 Eq Europe 11% Guarant'd 5%
 Eq Nth Am 7% Rest 53%

Launches: Assets by domicile in Feb 16



Luxembourg 63% Spain 6%
 France 14% Germany 3%
 Ireland 8% Rest 6%

Top Selling Sectors Latest 12 Months (€m)

Asset Alloc Alt	42,889.0
Asset Alloc	41,370.5
Eq Europe	29,031.2
Eq Alt	27,969.4
FF Cons	22,317.1
Mix Cons	22,048.7
FF Asset Alloc	19,152.8
FF Bal	18,600.4
Eq Euroland	17,264.0
Mix Income	16,377.9

Top Selling Sectors in Feb 16 (€m)

Eq Alt	3,192.2
Bnd USD	1,817.2
Asset Alloc Alt	1,677.0
FF Sh-T Dyn	1,268.6
Bnd Eur Sh-T	871.4
Eq Global	778.6
Commod	735.7
Eq FR	722.9
Real Est	642.4
FF Bnd	549.7

Bottom Selling Sectors Latest 12 months

Eq Nth Am	-20,685.6
Bnd Flex	-12,716.3
Eq Pac ex Jpn	-12,537.5
Guarant'd	-12,459.9
Bnd Em Mkt	-11,743.9
Eq China	-11,722.4
Bnd USD Corp HY	-10,112.4
Targ Mat Euroland	-9,998.0
Bnd Em Mkt Loc Cur	-9,952.1
Eq Global	-9,031.3

Bottom Selling Sectors in Feb 16

Bnd Flex	-4,985.3
Eq Japan	-2,007.0
Bnd Eur CIG	-1,802.6
Conv Bnd & Ops	-1,770.6
Eq Nth Am	-1,471.0
Eq Nth Am S/Mid	-1,149.2
Mix Bal	-1,016.4
Eq China	-975.1
Mix Income	-947.7
Bnd USD Sh-T	-929.1

Top Master Groups by Sales in Feb 16 (€m)

Groups	Nat	Assets	Net Sales
KBC	BE	58,108.0	1,885.2
Nordea	SE	118,647.7	1,852.5
Pictet	CH	73,881.9	1,240.5
BlackRock	US	450,734.7	1,050.3
VR/Union	DE	127,356.2	826.4

Top Master Groups by Assets Growth (€m)

Groups	Nat	Assets	Assets Growth LY
Intesa SP	IT	140,413.5	7,521.6
Nordea	SE	118,647.7	4,557.4
Northern Trust	US	7,296.5	4,501.3
Vanguard	US	84,027.6	4,389.4
State Street	US	46,763.2	3,719.4

Top 10 Selling Funds in Feb 16 (€m)

Fund Name	Domicile	ENS
JPMorgan Investment Funds - Global Macro Opportunities Fund	Luxembourg	1,198.6
Nordea 1 - Stable Return Fund	Luxembourg	805.6
Schroder ISF-European Alpha Absolute Return	Luxembourg	689.8
Pictet - USD Government Bonds	Luxembourg	621.9
Sidera Funds - North American Equity	Luxembourg	483.6
iShares Core MSCI World UCITS ETF	Ireland	454.1
Henderson Institutional Short Duration Bond	United Kingdom	453.7
Eurizon EasyFund - Bond EUR Medium Term LTE	Luxembourg	438.1
Vanguard Investments II Common Contractual - Vanguard FTSE Developed World II Common Contractual Fund	Ireland	434.1
Carmignac Sécurité	France	424.7

Top 5 Selling Funds Latest Quarter (€m)

Fund Name	Type	ENS
JPMorgan Investment Funds - Global Macro Opportunities Fund	Mixed Assets	2,062.4
Nordea Institutional Investment Fund, SICAV-FIS Diversified Risk Fund	Bond	1,436.5
iShares Core MSCI World UCITS ETF	Equity	1,388.1
PUB Equities Emerging Markets 2	Equity	1,337.2
Henderson Institutional Short Duration Bond	Bond	1,199.9