

August 2024
Data through
July 31

Revised
Aug. 26

Morningstar Direct™ Asset Flows Commentary: Europe

Fixed-Income Funds Record Ninth Straight Month of Inflows.

Antje Schiffler, EMEA Editorial Research Team

Revised by Syl Flood, Product Manager, Morningstar Direct; Sylvester.Flood@Morningstar.com

Key Takeaways

- ▶ Europe-domiciled long-term funds experienced EUR 44 billion of net inflows in July 2024 and EUR 186 billion in the first seven months of the year.
- ▶ Equity funds attracted EUR 15.6 billion of net inflows in the month. Passive equity strategies had EUR 15.7 billion of inflows, while active strategies recorded net outflows of EUR 30 million.
- ▶ Fixed-income strategies had their ninth straight month of inflows, raking in EUR 32.3 billion of net inflows in July.
- ▶ Allocation funds continued their 14-month-long losing streak, shedding EUR 2.8 billion.
- ▶ Article 8 funds recorded their best result since January 2023 and gathered EUR 14.5 billion. Article 9 funds, on the other hand, continued to bleed and shed EUR 1.8 billion in July. This marks the 10th consecutive month of net redemptions for these funds.
- ▶ Global large-cap blend equity was again the top-selling Morningstar Category in the month, gaining EUR 13.4 billion.
- ▶ IShares topped the rankings of asset-gatherers, followed by Nordea. Eurizon and Aviva were the biggest laggards of the month.
- ▶ Pimco GIS Income, the second largest actively managed fund in Europe, had inflows of EUR 1.3 billion in July, while Vanguard Global Bond Index had the greatest outflows, down EUR 1.3 billion.
- ▶ Money market funds had EUR 27.5 billion in net inflows.
- ▶ Assets in long-term funds domiciled in Europe increased to EUR 12.2 trillion by month's end from EUR 11.9 trillion at the end of June.

Flows by Global Broad Category Group (ETFs and Open-End Funds)

Name	Net Assets	Market Share	Estimated Net Flow (EUR Bil)			Org Growth
	(EUR Bil)	(%)				Rate (%)
	July 2024	July 2024	1 Mo	YTD	1 Year	1 Year
Allocation	1,581	12.94	(2,847)	(43,299)	(84,875)	(5.2)
Alternative	163	1.34	167	(6,254)	(19,964)	(10.7)
Commodities	134	1.10	(145)	(4,894)	(12,203)	(9.6)
Convertibles	36	0.29	(288)	(3,457)	(6,829)	(15.8)
Equity	6,491	53.12	15,618	51,101	44,259	0.8
Fixed Income	3,547	29.03	32,341	200,482	246,452	7.7
Property	159	1.30	(1,419)	(6,553)	(11,265)	(6.0)
Miscellaneous	92	0.76	138	(1,202)	(1,797)	(2.1)
Unclassified	16	0.13	102	475	(3,040)	(19.5)
All Long-Term	12,219	0	44	186	151	

Source: Morningstar Direct.

Investors poured EUR 44 billion into long-term Europe-domiciled funds in July, a haul similar in magnitude to May's EUR 47 billion.

Global equity markets were still enjoying tailwinds in July before August's market tumult arrived. The US equity market experienced a notable shift away from large-cap technology stocks and a rotation to small-cap stocks, and overall, it ticked up 1.5% in USD, according to the Morningstar US Market PR Index. Meanwhile, the European market excluding UK had a more muted performance, while the UK market benefited from strong economic growth and service sector data. Asian markets were mixed: The Japanese market saw the beginnings of underperformance caused by the unwinding of the yen carry trade that led to the sharp market selloff in early August.

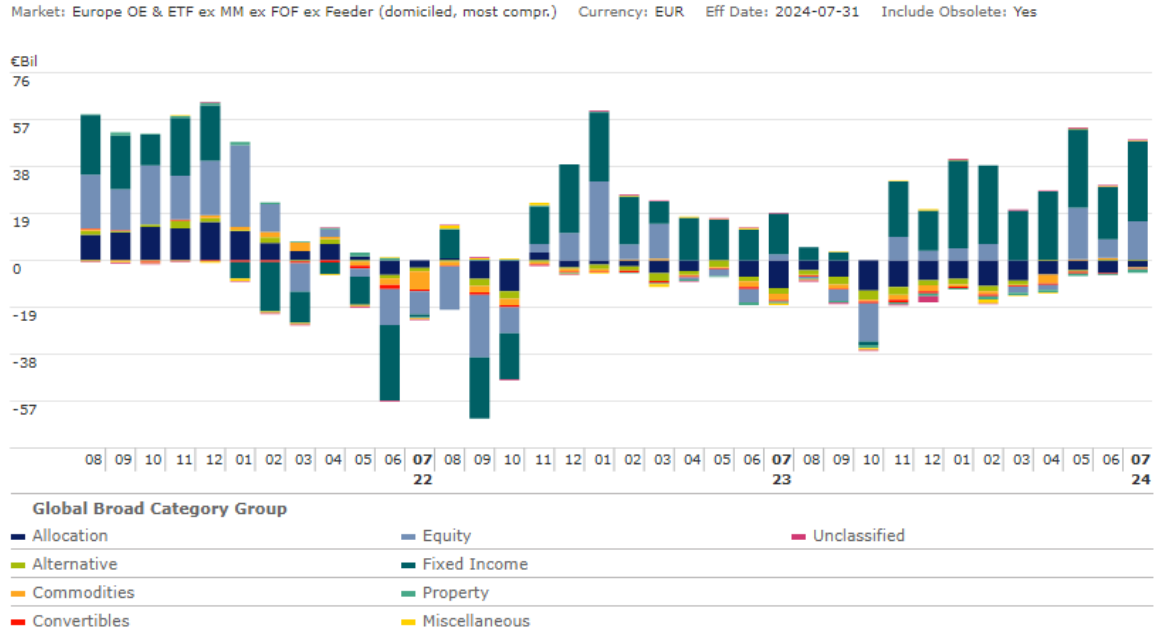
Global large-cap blend equity once more was the category that saw the largest net inflows last month. Overall, equity funds took in EUR 15.6 billion. It was a one-sided story: Passive strategies gained EUR 15.6 billion, while active equity strategies shed EUR 30 million.

Bond funds attracted a solid EUR 32.3 billion in net inflows in July, the group's ninth straight month of inflows.

Allocation strategies marked their 14th month of negative net flows, with EUR 2.8 billion walking out the door, bringing total outflows this year up to EUR 43.3 billion. Alternatives, meanwhile, returned to modest positive territory after spending much of 2022, 2023, and 2024 in negative territory, flow-wise.

Finally, money market funds had EUR 27.5 billion of net new subscriptions, after collecting EUR 28.8 billion in June.

Global Broad Category Group Net Flows in the Past 36 Months (ETFs and Open-End Funds, EUR Billion)



Source: Morningstar Direct.

Active Versus Passive

Long-term index funds posted inflows of EUR 24.3 billion in July versus the EUR 19.3 billion garnered by actively managed funds.

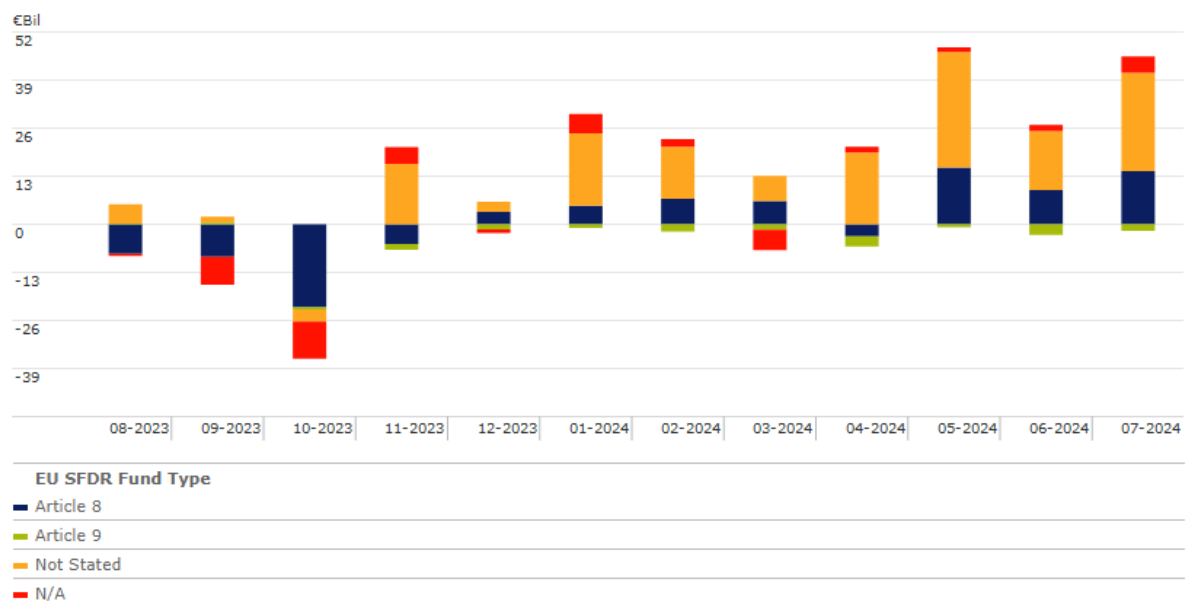
The Sustainable-Investing Wave Continues to Subside

Funds falling within the scope of Article 8 of the Sustainable Finance Disclosure Regulation had net inflows of EUR 14.5 billion in July. Funds falling under Article 9 (“dark green” strategies) continued to bleed. Article 9 funds saw their 10th consecutive month of outflows, shedding EUR 2.8 billion.

From an organic growth perspective, Article 8 funds showed a 0.26% organic growth rate over the past 12 months. On the other hand, products in the Article 9 group saw a negative 4.6% organic growth rate over the same period.

EU SFDR Fund Type: Monthly Organic Growth Rate in the Past 12 Months (ETFs and Open-End Funds)

Market: Europe OE & ETF ex MM ex FOF ex Feeder (domiciled, most compr.) Currency: EUR Eff Date: 2024-07-31 Include Obsolete: Yes



Source: Morningstar Direct.

Morningstar Categories: The Leaders

Global large-cap blend equity funds were by far the top sellers in July. US large-cap blend equity funds also continued to be popular with European investors. This category posted the highest inflows since March 2023.

Flows by Morningstar Category: The Leaders (Long-Term Funds, Active and Passive)

Name	Net Assets	Estimated Net Flow (EUR Mil)		
	(EUR Bil)	1 Mo	YTD	1 Year
Global Large-Cap Blend Equity	1,436	13,414	80,826	111,219
US Large-Cap Blend Equity	818	5,324	33,530	60,812
Other Bond	462	4,756	29,039	27,111
EUR Ultra Short-Term Bond	115	4,721	18,076	23,417
EUR Corporate Bond	236	2,636	13,186	20,267

Source: Morningstar Direct.

Morningstar Categories: The Laggards

Investors withdrew a modest sum from eurozone large caps. China equity funds have had outflows in 15 of the past 16 months.

Flows by Morningstar Category: The Laggards (Long-Term Funds, Active and Passive)

Name	Net Assets	Estimated Net Flow (EUR Mil)		
	(EUR Bil)			
	July 2024	1 Mo	YTD	1 Year
Eurozone Large-Cap Equity	160	(1,933)	(4,879)	(5,620)
Other Equity	300	(1,905)	(9,532)	(15,233)
Property - Direct Europe	120	(1,229)	(4,787)	(8,127)
China Equity	33	(1,149)	(2,868)	(7,527)
Global Flexible Bond - GBP Hedged	51	(1,094)	(3,163)	(6,282)

Source: Morningstar Direct.

Fund Providers: The Leaders

iShares topped the list of asset-gatherers last month, with EUR 7.4 billion of net inflows in July. Swedish fund group Ruth Asset Management came in second as large outflows due to a liquidation in June were offset by corresponding inflows into a new fund in July. Pimco and iShares have grown at nearly a 10% rate over the past year.

Fund Providers: Largest Inflows, Active and Passive (Excluding Money Market Funds)

Name	Net Assets	Estimated Net Flow (EUR Mil)			Org Growth
	(EUR Bil)				Rate (%)
	July 2024	1 Mo	YTD	1 Year	1 Year
iShares	834	7,395	43,225	67,359	9.93
Ruth Asset Management	2	3,591	(211)	(389)	0.95
Nordea	228	2,464	4,603	3,270	2.58
Vanguard	353	2,352	18,048	28,300	1.98
Pimco	178	2,133	13,226	13,311	10.04
Amundi	481	2,041	6,433	11,126	7.01
JPMorgan	253	1,990	15,804	15,430	4.79
State Street	133	1,963	7,151	15,865	1.61
UBS	378	1,793	12,129	6,686	(4.42)
HSBC	102	1,688	12,495	17,687	13.84

Source: Morningstar Direct.

Fund Providers: The Laggards

Providers that experienced outflows had relatively modest sums exit their coffers. Baillie Gifford assets have fallen from their peak of EUR 93 billion in October 2021 to EUR 45 billion at the end of July. The growth-oriented firm has endured 31 straight months of outflows.

Fund Providers: Largest Outflows, Active and Passive (Excluding Money Market Funds)

Name	Net Assets			
	(EUR Bil)	Estimated Net Flow (EUR Mil)		
	July 2024	1 Mo	YTD	1 Year
Eurizon	152	(2,551)	(9,984)	(17,713)
Aviva	129	(1,730)	(11,282)	(15,028)
Baillie Gifford	45	(1,172)	(8,581)	(12,685)
Pictet	146	(1,154)	(5,016)	(10,840)
Morgan Stanley	73	(995)	(4,865)	(7,754)
BlackRock	581	(937)	10,477	5,224
KBC	66	(755)	1,756	3,043
Allianz Global Investors	164	(741)	(1,036)	(3,429)
UBP	18	(725)	190	1,863
Sienna Gestion	3	(664)	(607)	(573)

Source: Morningstar Direct.

Largest Inflows and Outflows by Fund

Pimco GIS Income, the second largest actively managed fund in Europe with EUR 76 billion in assets, has had inflows in 20 of the past 21 months. Meanwhile, flows into Xtrackers IE Physical Gold ETC were partially offset by outflows from Xtrackers Physical Gold ETC (EUR). (The Ruth fund inflow is due to a liquidation of a similar fund at the end of June. Coutts funds appear in both the leaders and laggards tables with roughly offsetting flows, suggesting a minor reorganization of their lineup.)

Funds With the Largest Net Inflows

Name	Estimated Net Flow (EUR Mil)			Net Assets
	1 Mo	YTD	1 Year	(EUR Mil)
				July 2024
Coutts Global Credit ESG Insights Bd Fd	1,482	1,977	1,977	1,990
Intensity Crafted By Ruth	1,469	1,469	1,469	
Pimco GIS Income Fund	1,341	10,149	13,534	75,776
Xtrackers IE Physical Gold ETC	1,281	1,145	990	4,588
iShares \$ Treasury Bond 0-1yr ETF	1,258	3,704	5,193	15,970
Coutts US and Canada Enh Idx Govt Bd Fd	1,128	1,584	-961	
iShares S&P 500 Swap ETF	993	2,314	3,034	6,447
Caixabank Master RF Corto Plazo FI	985	1,747	1,454	3,155
Invesco S&P 500 ETF	874	3,477	5,797	27,218
Mercer Passive Global Equity CCF Fund	856	3,586	3,550	4,769

Source: Morningstar Direct.

Funds With the Largest Net Outflows

Name	Estimated Net Flow (EUR Mil)			Net Assets (EUR Mil)
	1 Mo	YTD	1 Year	July 2024
Vanguard Global Bd Idx	-1,331	-514	-1,023	18,926
1895 Wereld Bedrijfsobligaties Fonds	-1,181	-895	-401	4,185
Coutts US ESG Insights Equity Fund	-1,134	-1,070	-1,751	5,070
Xtrackers Physical Gold ETC (EUR)	-985	-922	-1,120	1,217
Caixabank Master RF Deuda Pública 3-7 FI	-957	-2,122	-1,604	6,697
Coutts Actively Managed US Equity Fund	-909	-919	-918	
UBAM Global High Yield Solution	-721	-301	971	4,886
BlackRock LMF Lvrgd £ Lng Lblty RIPrIFd	-693	-777	-779	180
Aviva Investors Global GBP ReturnPI Fd	-672	215	786	5,758
Invesco Physical Gold ETC (GBP Hdg)	-602	-1,159	-177	59

Source: Morningstar Direct.

To learn more about Morningstar Direct, [visit us at this link](#).

Notes

Aug. 26 Revision of Aug. 20 Report

The Aug. 20 report contained incorrect flows for three funds: M&G (Lux) Asian Local Currency Bond Fund, M&G (Lux) Asian Corporate Bond Fund, and BlackRock Japan Equity 1 Fund. The impact of these errors cascaded to all grouping levels, including Branding Name, Morningstar Category, and Global Category Group. As a result, many of the figures in the revised report differ from the original.

Data Notes

The figures in this report were compiled on Aug. 24, 2024, and reflect only the funds that had reported net assets by that date. Approximately 31,300 Europe-domiciled open-end funds and exchange-traded funds that Morningstar tracks from more than 2,900 fund companies across 36 domiciles were included. Organic growth rate is flows as a percentage of beginning assets.

Methodology

Morningstar computes flows using the approach that is standard in the industry: Estimated net flow is the change in assets not explained by the performance of the fund. Our method assumes that flows occur uniformly over the course of the month. Adjustments for mergers are performed automatically. When liquidated funds are included, the final assets of the fund are counted as outflows. Reinvested dividends are not counted as inflows. We use fund-level reinvestment rates to improve accuracy in this respect. We make ad hoc adjustments for unusual corporate actions, such as reverse share splits, and we overwrite our estimates with actual flows if managers are willing to provide the data to us.

Morningstar's current asset-flows methodology might not include pre-inception subscription-period inflows of so-called target-date funds in net asset-flows estimations.