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EXCHANGE TRADED FUNDS IN EUROPE – A MARKET OVERVIEW

(ALL DATA AS OF SEPTEMBER, 31 2013)
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ASSETS UNDER MANAGEMENT

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Source: Lipper
ETFs - Assets Under Management (09/2012 – 09/2013)

Source: Lipper
Assets Under Management

- Assets under management grew by 32.30 billion euro or 11.43% over the last twelve month (30.09.2012 – 30.09.2013) up to 282.55 billion euro.

- In the first nine month of 2013 the assets under management grew by 8.12% or 21.23 billion euro.

Source: Lipper
### Largest ETFs by Assets Under Management (30/06/13)

<table>
<thead>
<tr>
<th>ISIN Code</th>
<th>Lipper Global</th>
<th>TNA Value (Euro Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE0005933931</td>
<td>Equity Germany</td>
<td>13,950.70</td>
</tr>
<tr>
<td>IE0031442068</td>
<td>Equity US</td>
<td>10,316.98</td>
</tr>
<tr>
<td>US78467X1090</td>
<td>Equity US</td>
<td>9,669.20</td>
</tr>
<tr>
<td>LU0274211480</td>
<td>Equity Germany</td>
<td>6,947.46</td>
</tr>
<tr>
<td>IE0005042456</td>
<td>Equity UK</td>
<td>4,463.87</td>
</tr>
<tr>
<td>IE00B0M62O58</td>
<td>Equity Global</td>
<td>4,331.13</td>
</tr>
<tr>
<td>IE0008471009</td>
<td>Equity EuroZone</td>
<td>4,288.47</td>
</tr>
<tr>
<td>FR00007054358</td>
<td>Equity EuroZone</td>
<td>4,025.73</td>
</tr>
<tr>
<td>IE00B0M63177</td>
<td>Equity Emerging Mkts Global</td>
<td>3,975.78</td>
</tr>
</tbody>
</table>

Source: Lipper
The European ETF market is highly concentrated

Only 45 of the 1810 ETFs hold assets above 1 billion EUR

- 32 equity funds
- 11 bond funds
- 2 commodity (gold) funds

Source: Lipper
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Summary Assets Under Management

➢ The largest ETF (iShares DAX) holds 5.24% of overall AuM

➢ Top 10 ETFs account for 23.75% of overall AuM

➢ Top 45 ETFs account for 44.59% of overall AuM

Source: Lipper
MARKET STRUCTURE
ETFs in Europe by Fund Domiciles (30.09.2013)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Bond</th>
<th>Equity</th>
<th>Commodities</th>
<th>Real Estate</th>
<th>Money Market</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>115</td>
<td>29</td>
<td>79</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>France</td>
<td>374</td>
<td>48</td>
<td>266</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>42</td>
</tr>
<tr>
<td>Ireland</td>
<td>562</td>
<td>136</td>
<td>371</td>
<td>22</td>
<td>11</td>
<td>1</td>
<td>21</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>605</td>
<td>94</td>
<td>369</td>
<td>30</td>
<td>10</td>
<td>17</td>
<td>85</td>
</tr>
<tr>
<td>Other</td>
<td>154</td>
<td>17</td>
<td>45</td>
<td>74</td>
<td>5</td>
<td>-</td>
<td>85</td>
</tr>
</tbody>
</table>

Total: 1810, Bond: 324, Equity: 1130, Commodities: 135, Real Estate: 37, Money Market: 22, Other: 162

Source: Lipper
Market Share per Asset Type 30.09.2013

by Number of Funds
- Bond: 18%
- Commodities: 7%
- Real Estate: 2%
- Other: 9%
- Money Market: 1%
- Equity: 62%

by Assets under Management
- Bond: 18%
- Real Estate: 1%
- Other: 3%
- Money Market: 2%
- Commodities: 11%
- Equity: 65%

Source: Lipper
Luxembourg and Ireland are the dominant domiciles for ETFs followed by France.

Opposite to other UCITS products, the number of convenience share classes is low in the ETF segment.

Physical replication is the preferred replication method.

The product mix by AuM follows the number of funds (exception „other“ funds).

Source: Lipper
COMPARISON OF TOTAL EXPENSE RATIOS
ETFs in Europe – by Fund Type

TERs of Bond ETFs (in %)

Source: Lipper
ETFs in Europe – by Fund Type

TERs of Equity ETFs (in %)

Source: Lipper
ETFs in Europe – by Fund Type

TERs of Commodity Based ETFs (in %)

Source: Lipper
ETFs in Europe – by Fund Type

**TERs of Real Estate Linked Equity ETFs (in %)**

- **High**
- **Average**
- **Low**

Source: Lipper
ETF FUND FLOWS Q1-Q3/2013
ETFs in Europe – History of Net Flows (in €m)

Source: Lipper
ETFs in Europe – Monthly Net Flows 2013 (in €m)

Source: Lipper
NEW FUND LAUNCHES 2013 – YEAR TO DATE
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Monthly ETF Launches (01.01.2007 - 30.09.2013)

Source: Lipper
ETFs in Europe – New Launches per Quarter

Source: Lipper
Promoter Who Launched New ETFs in H1-2013

- db x-trackers: 14
- First Trust: 3
- iShares: 2
- Lyxor: 5
- Ossiam: 1
- State Street: 3
- Think Capital: 1
- UBS: 5
- ComStage: 3
- Amundi: 1

Source: Lipper
ETF Launches by Asset Type

Source: Lipper
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New ETFs – Assets under Management (in Billion Euro)

Source: Lipper
New ETFs - Market Share per Asset Type 30.09.2013

Source: Lipper
The ETF industry returned to their launch pattern in Q3 – 2013, after 4 quarters with below average number of ETF launches.

The majority of new launched funds in Q3 – 2013 were equity funds (49), followed by bond funds (17).

The most successful product in terms of asset gathering so far, is the SSga SPDR MSCI EMU UCITS ETF (IE00B910VR50), with 259.97 million EUR in AuM.

Source: Lipper
ETFs in Europe – Quarterly Promoter Activity

Source: Lipper
Promoter Activity H1-2013

Source: Lipper
Promoter Activity H1-2013

Source: Lipper
The number of available products shrunk during the first six month of the year 2013. This was the first time since the introduction of the ETF segment in Europe, that the market faced a lower number of available products over a six month period …

… which is a sign of a matured industry.

As the ETF segment is a dynamic growing market, the number of funds will further grow in the future.

Source: Lipper
Closing Remarks – ETFs in Europe

- The European ETF market is highly concentrated and will not change this pattern in the foreseeable future.

- AuM in the European ETF sector will continue to grow
  - growth rate will be lower than in the past
  - impact from market movements will increase

- Number of funds will also grow further
  - not all markets have already covered by ETFs
  - strategy ETFs may become more important

- ETFs on bond markets and investment strategies might become the key driver for future growth

Source: Lipper
Closing Remarks – ETFs in Europe

The overall ETF landscape in Europe might change:

- new/different ETF promoter will enter the market
- established promoter will leave the market
- fund launches, as well as closures and mergers will change the product ranges with a trend to more granularity.
- new distribution models might be introduced
- new regulations on all levels, might be a driver for innovation/change within the industry

Source: Lipper
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