

Everything Flows

UK Fund Flows, April 2024

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Bonds Flows Accelerate Strongly

Asset class view

- Bonds netted £3.58bn, topping the £2.09bn flows for March, while mixed-assets attracted £1.04bn.
- Equity funds suffered outflows of £1.05bn.

Active v passive

- Actively managed funds saw outflows of £2.68bn (£1.05bn ex money market funds), while passives had inflows of £4.56bn.
- Active equity funds had the largest outflows, of £1.97bn.

Classifications

- Mixed Asset GBP Aggressive was the top-selling classification, netting £1.41bn, and £17.58bn over 12 months.
- Despite the outperformance of UK equities, Equity UK saw outflows of £1.96bn and Equity UK Income £346m.

Sustainable fund flows

- Sustainable funds continued their negative run, shedding £285m.
- The largest outflows were from equity funds, at £803m—more than three quarters of total equity redemptions.

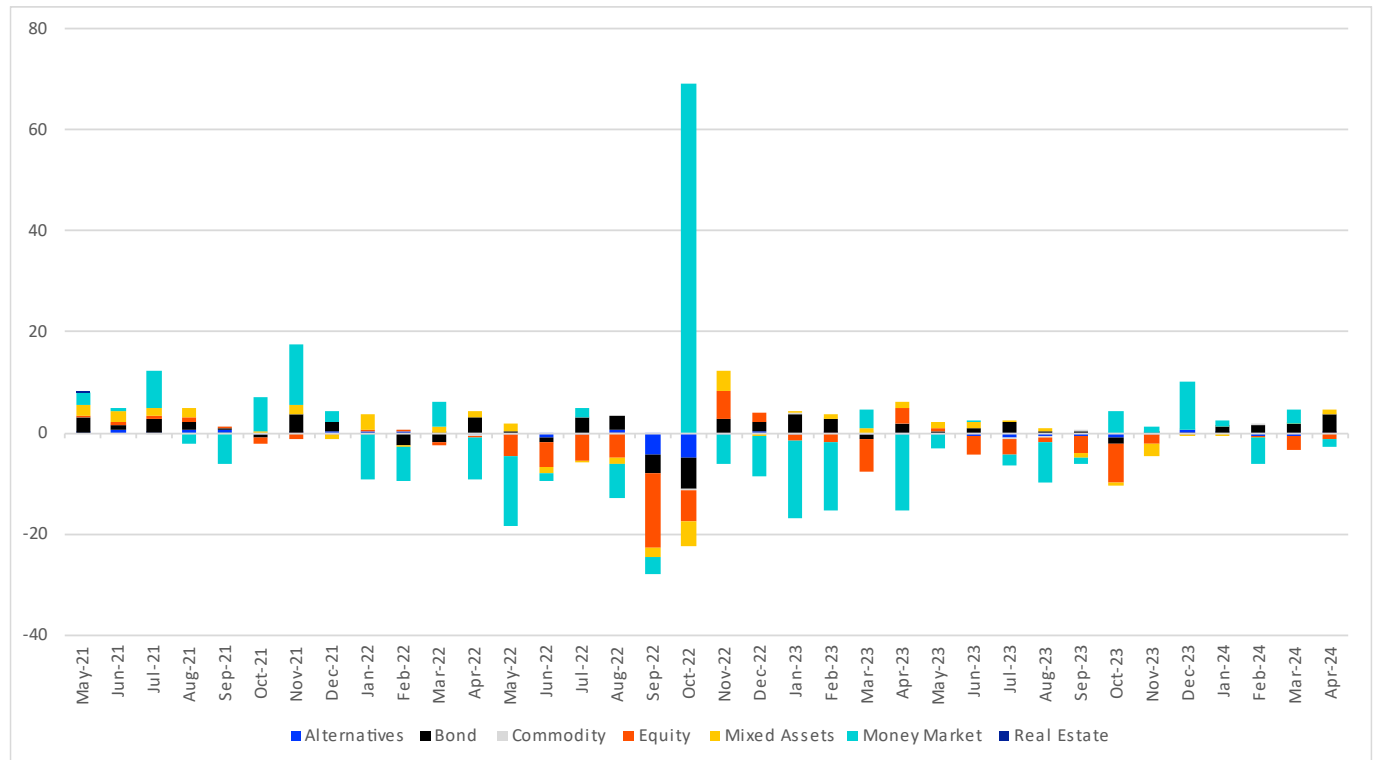
Asset manager view

- Vanguard was April's top money-taker, netting £1.93bn, followed by BlackRock with £1.31bn.

Flows by Asset Class

Three-year flows

Chart 1: Asset Class Flows, 36 Months, to April 2024 (£bn)



Source: LSEG Lipper

The US economy continued to preoccupy investors in April. The [US's 1.6% annualised Q1 GDP growth](#) also contributed to market wobbles. It was the first sub-2% quarterly print since early 2022, although consumption remained strong. Nevertheless, it worried markets in the context of sticky inflation. That said, [Atlanta Fed nowcasting posited a 4.2% Q2 annualised growth rate](#), so macro signals seem to be very volatile, likely dragging market sentiment with it.

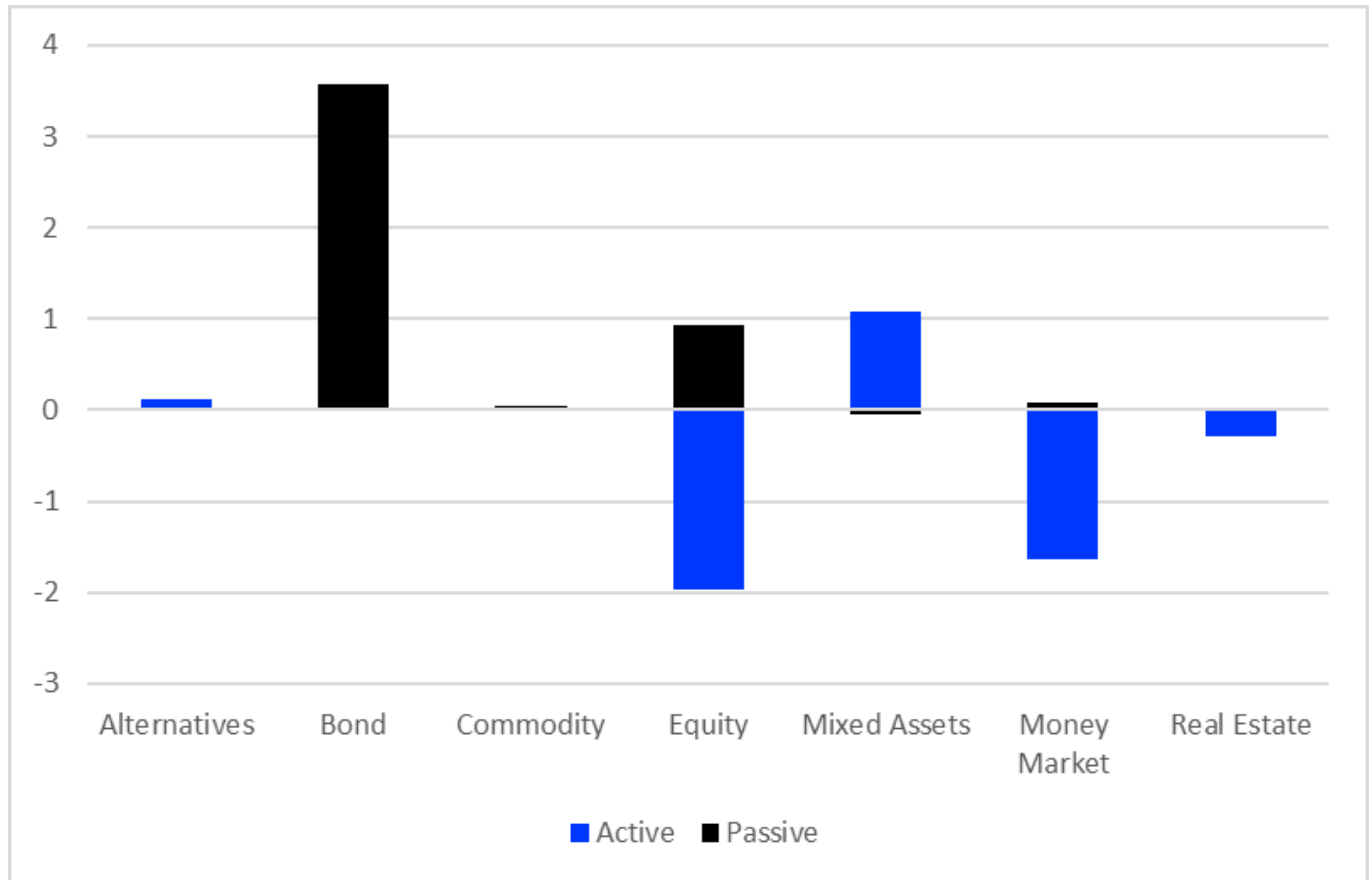
Persistent US inflation (3.4% in April, slightly down on March) strengthened expectations of higher-for-longer US rates and a stronger dollar. Major equity markets fell in April, ending the broad-based equity rally that began last November. Even without that fall, there have only been two positive months of equity flows since January 2023, and equity outflows year-to-date were £4.07bn.

Bonds continued to struggle with rising yields as high yield outperformed investment grade, [according to FTSE Russell analysis](#). Nevertheless, they've been the winners over the first four months of the year, with inflows of £8.14bn.

Year to date, UK investors have redeemed £75m from funds. That shifts to inflows of £2.54bn when money market funds (MMFs) are discounted. Aside from bonds, commodities (£67m), and mixed-assets (£271m), all other asset classes saw outflows, so the role of bonds have been vital over the year.

Active versus Passive

Chart 2: Asset Class Flows, Active and Passive, April 2024 (£bn)



Source: LSEG Lipper

Funds overall took £1.87bn, although excluding MMFs this rises to £3.43bn.

As described above, it was another enormously positive month for bonds, with inflows of £3.58bn—of which, active strategies took £20m—a further encroachment of trackers into the fixed income world. Bond funds have netted £11.14bn over 12 months, and passive bonds have taken all this and more, at £20.38bn.

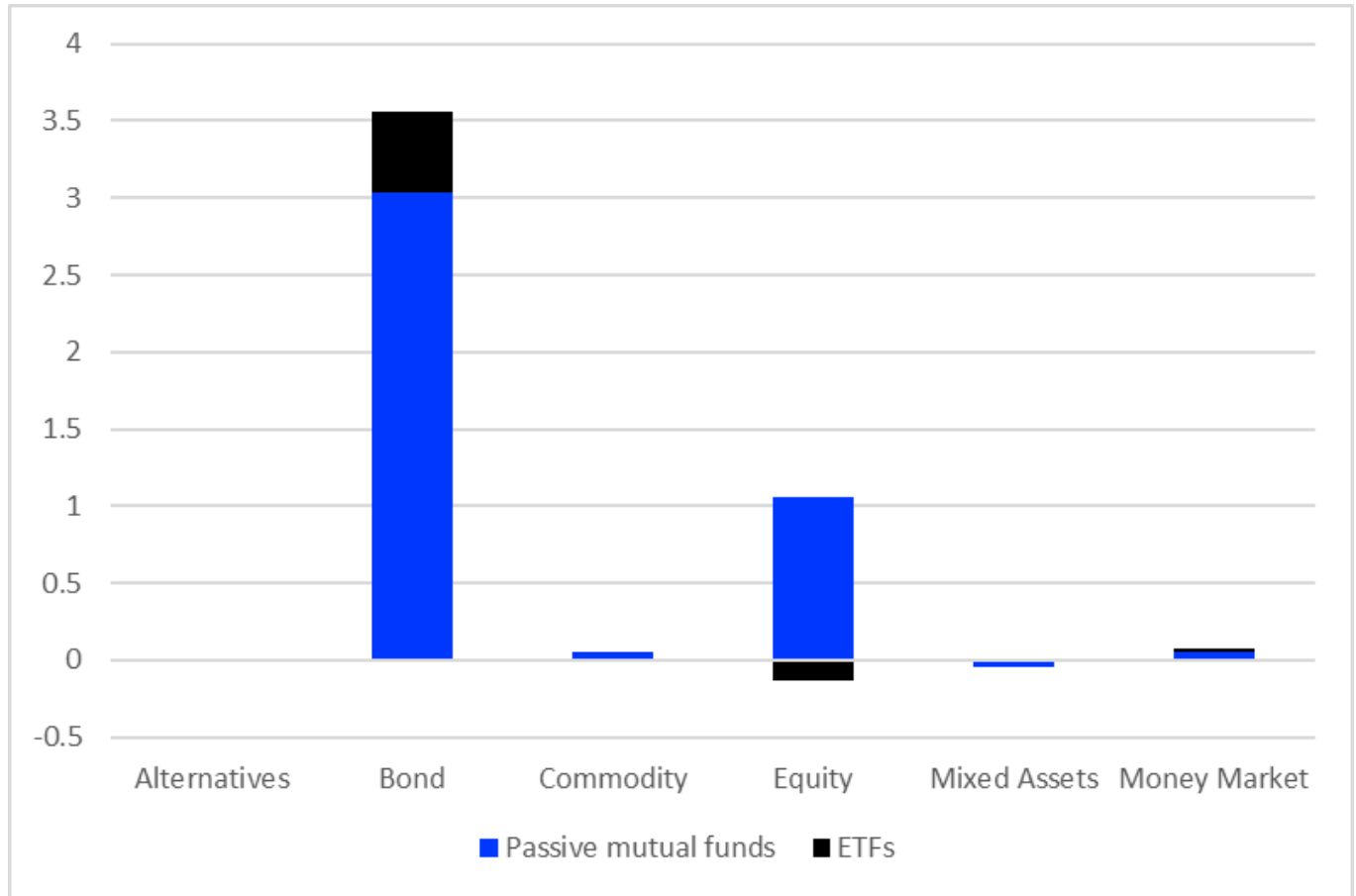
Equities saw inflows of £922m for passive funds and outflows of £1.97bn for active, netting out at £1.05bn of redemptions. The largest shift at the share class level—of more than £800m—looks to be the transfer from an active to a passive global equity strategy within one asset manager.

While MMFs saw the strongest positive flows, it's also been a good month for bond funds, which took £2.1bn. This breaks down to £1.72bn passive and £374m active, as fixed interest investors' preference for index-tracking funds continues.

Mixed asset funds saw inflows of £1.04bn, reversing March's outflows of £709m; while alternatives netted £119m; and commodities, £39m. Meanwhile, real estate shed £293m.

ETFs and Passive Mutual Funds

Chart 3: Passive Asset Class Flows, Mutual Funds v ETFs, April 2024 (£bn)



Source: LSEG Lipper

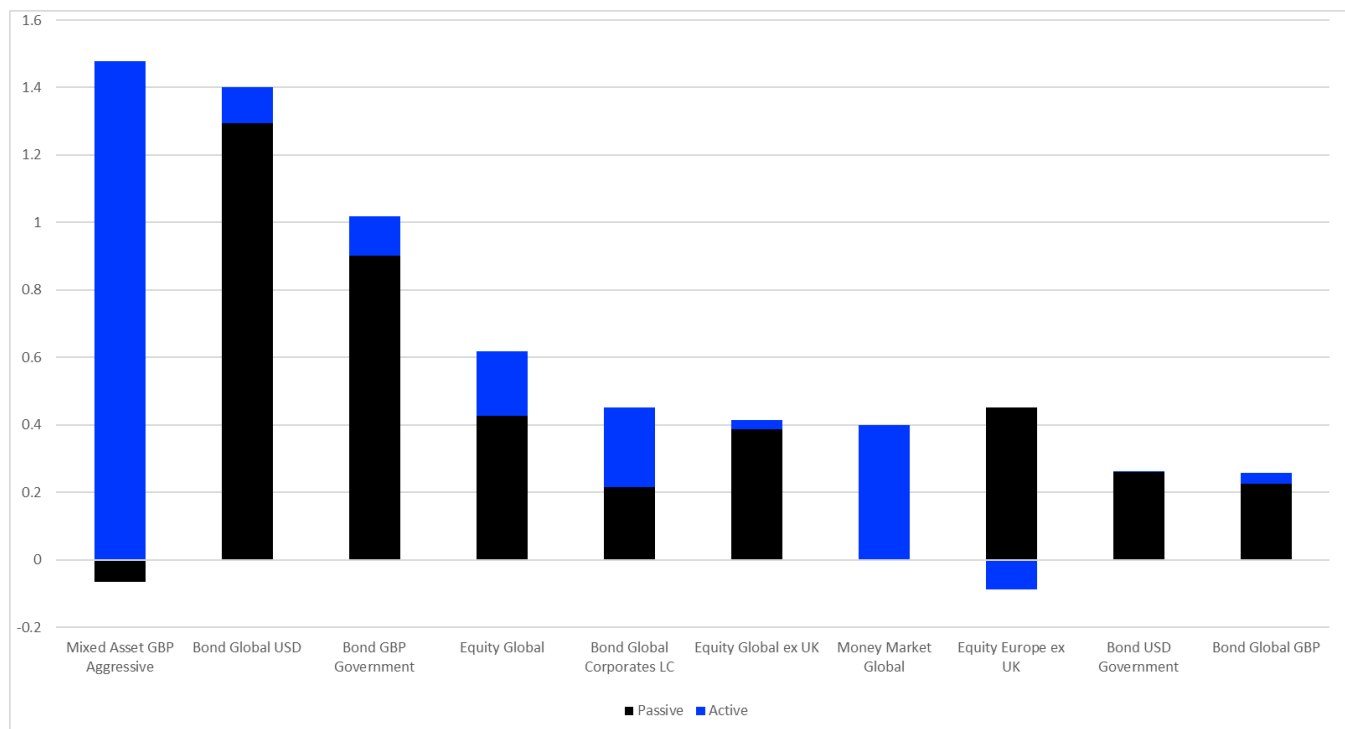
In a reversal of March's trend, equity tracker products saw inflows of £922m. This breaks down to mutual fund inflows of £1.06bn and ETF outflows of £134m. However, the bulk of flows went into bond mutual funds (£3.04bn) and ETFs (£524m), collectively almost double March's £1.67bn.

Flows, whether positive or negative, were modest in other asset classes: money market, (£51m mutual funds/£23m ETFs); commodities, (£48m/-£9m); and mixed assets, (-£40m from mutual funds).

Flows by Classification

Largest inflows

Chart 4: Largest Positive Flows by LSEG Lipper Global Classification, April 2024 (£bn)



Source: LSEG Lipper

Mixed Asset GBP Aggressive continued its impressive run, pulling in £1.41bn for April, and £17.58bn over 12 months. It's the only sterling mixed asset classification to be in positive territory over 12 months.

Mixed Asset GBP Aggressive top money takers, April 2024	Flow (£m)
Vanguard LifeStrategy 80% Equity Acc	228.32
Blackrock FutrWise Early Days Aggregator X1 AccGBP	129.45
SUTL Cazenove Charity Sustainable Mlt-Asst S Inc	107.66
HSBC Global Strategy Dynamic Portfolio Acc C	79.24
True Potential Schrodgers Balanced A Acc	68.17

Source: LSEG Lipper

As was the case in March, Bond Global USD was the second most popular classification, attracting £1.4bn. US spreads widened over the month, as longer yields edged higher, dragging other developed market yields along with them. The long gilt curve turned positive, [according to FTSE Russell data](#), making longer-dated bonds more attractive. As you can see from the table above, fixed income flows continues to be through high-grade, largely passive, exposure.

Bond Global USD top money takers, April 2024	Flow (£m)
State Street GI Treas 1-10 Yr Bd Idx I GBP PHD	787.84
HSBC Global Aggregate Bond Index S2CHGBP	208.52
Vanguard Global Bond Index GBP Hedged Acc	131.47
HSBC Global Government Bond UCITS ETF S2CHGBP	117.27
Vanguard Global Bond Index Inst Plus GBP Hdg Acc	92.82

Source: LSEG Lipper

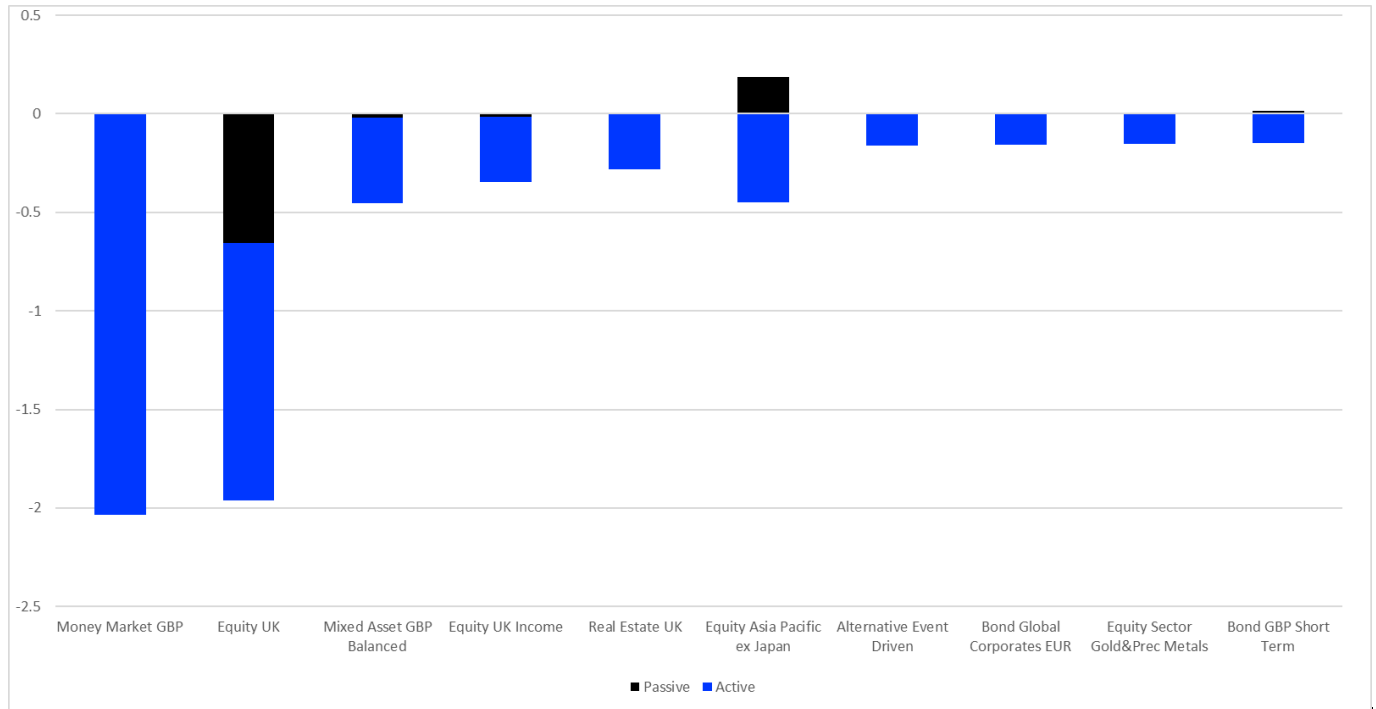
As commented earlier, the broad equity market rally from November 2023 to March seemingly ran out of steam in April, leaving previous laggards emerging and UK equities to outperform, while Japanese and US equities lagged most. The FTSE Emerging index was buoyed by strong performance in Chinese and Indian equities. While Equity Emerging Markets Global and Equity India netted £242m and £150m, respectively, for the month. Equity China and Greater China were in the red.

As aspects of the reversal from Q1, cyclicals led broad-based losses. Energy, Utilities, and Financials tended to gain, though this isn't reflected in either charts 4 or 5, with allocations to equity sector classifications muted.

Equity Global and Global ex UK taken together total £1.03bn, which would have made it the third biggest positive flow. Possibly the most remarkable thing about this, though, is what's happened to Equity US flows? They've been a mainstay of the top 10 classifications well into 2023. But this time? Just £27m of flows. As comedian Harry Enfield used to quip, if you lose that down the back of the sofa, you don't even bother to fish it out. Whether this is a blip, or the turning of the tide on US flows, of course, remains to be seen.

Largest Outflows

Chart 5: Largest Outflows by LSEG Lipper Global Classification, April 2024 (£bn)



Source: LSEG Lipper

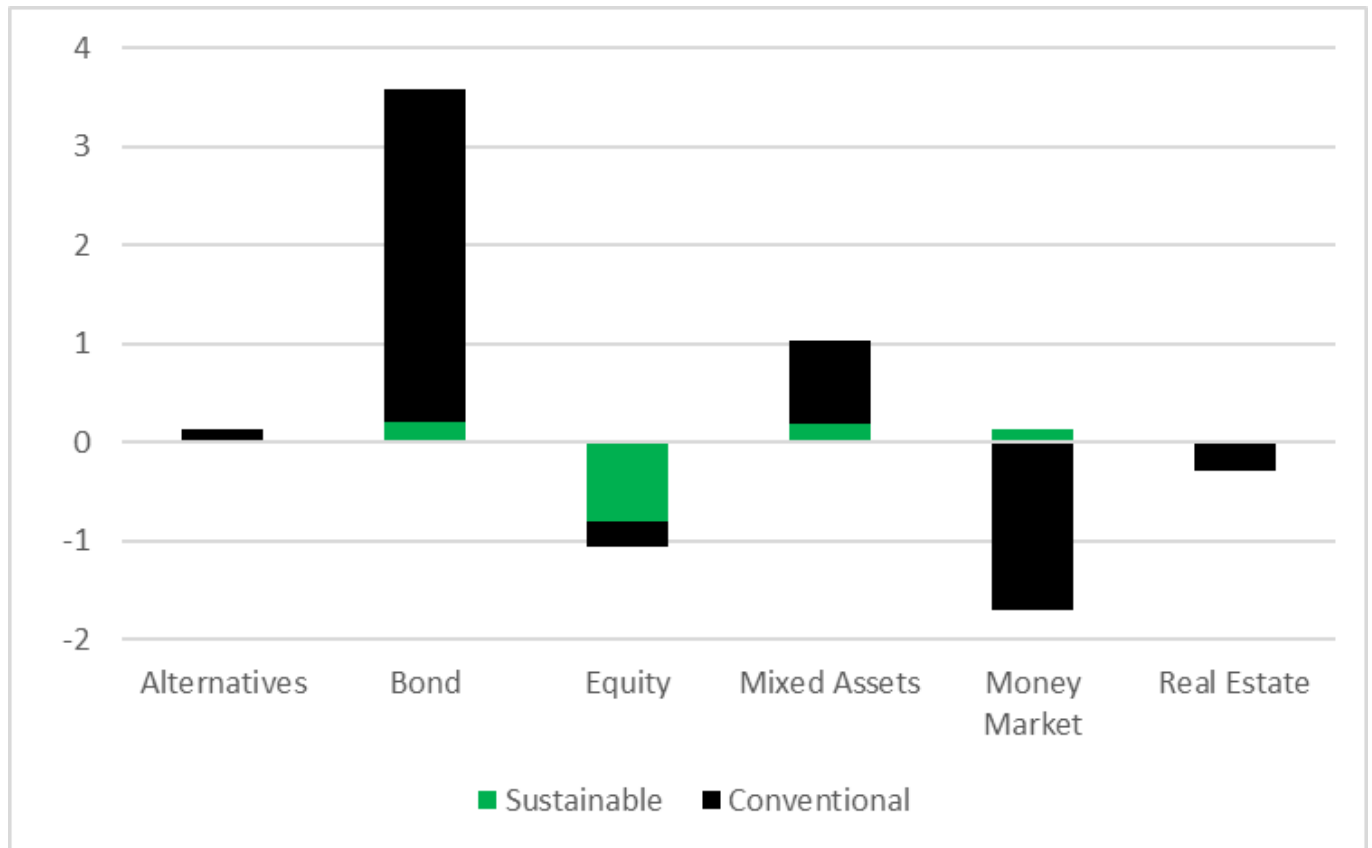
Money Market GBP funds shed £2.03bn over the month. Despite the outperformance of UK equities, Equity UK saw outflows of £1.96bn and Equity UK Income £346m.

Mixed Asset GBP Balanced suffered redemptions of £455m, and £9.7bn over 12 months.

In general terms, it's easy to see from chart 5 that the money is leaving predominantly active strategies. Other points to note are that Equity Sector Gold & Precious Metals funds seem to have suffered from the gold price peaking in mid-April after a strong rally, as investors took £152m off the table, while Bond GBP Short Term funds could be suffering from the gilt curve turning positive, as these funds saw outflows of £131m.

Sustainable Fund Flows

Chart 6: Sustainable Asset Class Flows, April 2024 (£bn)



Source: LSEG Lipper

It's been a poor month for sustainable fund sales, with £285m of outflows across all asset classes. This increases to outflows of £418m, excluding money market funds. It's often the case that sustainable equity funds see inflows even as conventional—or net—flows are negative, but that's not the case this month, as most equity redemptions were from sustainable funds—£803m from £1.05bn. Sustainable bonds (£210m), mixed-assets (£197m), and money market funds (£133m) were in positive territory, although the former netted just 5.9% of total bond flows. Meanwhile sustainable real estate and alternatives both saw outflows of £8m and £14m, respectively.

Sustainable bond money takers, April 2024	Classification	Flow (£m)
BlackRock Global Corporate ESG Ins Bd X Acc GBP	Bond Global Corporates LC	135
iShares ESG Sterling Corporate Bd Index D Acc GBP	Bond GBP Corporates	71
BlackRock Sust Stg Sht Dur Crdt Fd X Income GBP	Bond GBP Corporates	32
Fidelity Sust GI HY Bd PA Mltfc UCITS ETF Acc GBPH	Bond Global High Yield USD	26
PIMCO GIS Glo Bd ESG Inst GBP (Cur exposure) Inc	Bond Global USD	20

Source: LSEG Lipper

As can be seen from the tables above and below, flows into individual share classes were relatively muted.

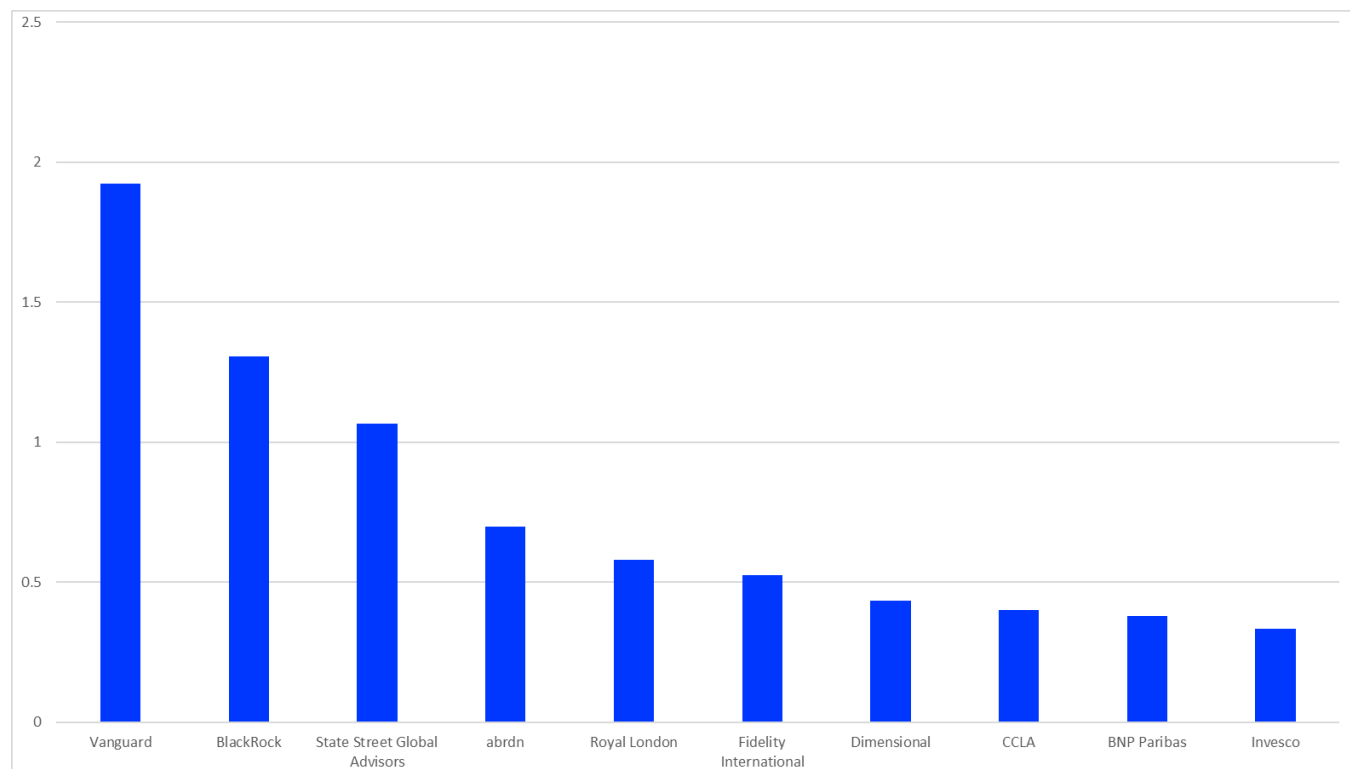
Sustainable mixed assets money takers, April 2024	Classification	Flow (£m)
SUTL Cazenove Charity Sustainable Mlt-Asst S Inc	Mixed Asset GBP Aggressive	108
Vanguard SustainableLife 60-70% Equity A GBP Acc	Mixed Asset GBP Aggressive	27
Blk MyMap 5 Select ESG S Acc GBP	Mixed Asset GBP Flexible	23
BlackRock MyMap 7 Select ESG Fund Class D Acc GBP	Mixed Asset GBP Conservative	23
BNY Mellon Sustainable Real Return B Acc	Absolute Return GBP High	13

Source: LSEG Lipper

The Sustainable Fund Flows section has a narrower and stricter focus than those which indicate some form of ESG strategy in their fund documentation—to a smaller group of sustainable funds, defined as all SFDR article 9 funds plus all Lipper Responsible Investment Attribute funds reduced to those containing indicative sustainable keywords in the fund name.

Flows by Promoter

Chart 7: Largest Positive Flows by Promoter, April 2024 (£bn)



Source: LSEG Lipper

Vanguard was April's top money-taker, netting £1.93bn, followed by BlackRock (£1.31bn) and State Street Global Advisors (£1.07bn). Vanguard led with equity (£1.05bn), followed by bond (£475m) and mixed assets (£348m).

Vanguard top-selling share classes, April 2024	Asset class	Flow (£m)
Vanguard LifeStrategy 80% Equity Acc	Mixed Assets	228
Vanguard LifeStrategy 100% Equity Acc	Equity	190
Vanguard FTSE Dvlpd World ex-UK Eq Index GBP Acc	Equity	167
Vanguard FTSE Global All Cap Index GBP Acc	Equity	160
Vanguard Global Bond Index GBP Hedged Acc	Bond	131

Source: LSEG Lipper

Meanwhile, BlackRock's strong showing with equity flows (£1.4bn) and bonds (£1.09bn) was counterbalanced with £1.11bn net outflows from money market funds.

Blackrock top-selling share classes, April 2024	Asset class	Flow (£m)
BlackRock ACS North America ESG Insights Eq X1 GBP	Equity	619
iShares Continental European Equity Index(UK)D Acc	Equity	358
BlackRock ICS Sterling Govt Liq Heritage (Acc TO)	Money Market	330
iShares Core £ Corp Bond UCITS ETF GBP (Dist)	Bond	282
iShares Envi & Low Carbon Tilt R ESta Idx D Acc GBP	Equity	174

Source: LSEG Lipper

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