



BlackRock Global ETP Landscape

Monthly Snapshot | November 2016



The opinions expressed are as of November 30, 2016 and may change as subsequent conditions vary.

Summary

Global ETP Flows Surged in November Post-Election to Resume Record Year-to-date Pace

- Global ETPs gathered \$56.0bn in November, the best month since December 2014, following Donald Trump’s surprise victory in the U.S. presidential election with flows fueled by U.S. equities
- U.S. equity flows surged in the month, garnering new monthly flow records in small-caps, financials and industrials as well as strong flows to large-caps on hopes for new stimulus and favorable policies
- Fixed income remains on record year-to-date pace, with record monthly flows in U.S. TIPS funds of \$2.4bn while conventional Treasuries shed (\$2.0bn), dampened by prospects for higher rates in the U.S.
- Broad emerging markets (EM) equities and emerging markets debt shed (\$3.2bn) and (\$3.3bn), respectively, as the U.S. dollar strengthened
- Commodity fund flows were marked by sharp outflows from gold funds of (\$4.5bn)

BlackRock ETP Research

A cross-regional team analyzing global markets to deliver insights on the intersection of investment trends and ETP flows

For inquiries, please email ETPResearch@BlackRock.com

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Global ETP Highlights

Global ETPs gathered \$56.0bn in November, the best month since December 2014, with flows surging following Donald Trump's surprise victory in the U.S. presidential election. Election week flows accounted for almost three-fourths of the month's total, driven by U.S. equity funds as several U.S. equity indices touched record highs. Year-to-date flows climbed to \$321.2bn, ahead of 2015's record-setting pace.

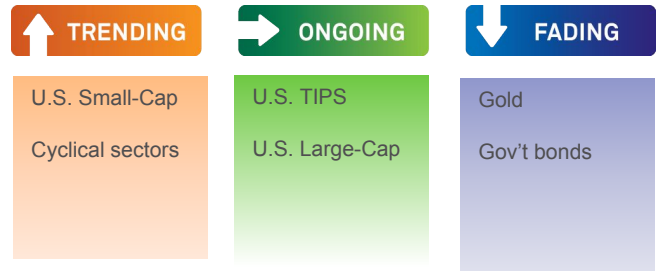
For the month, **U.S. large-caps** generated \$19.8bn and **U.S. small-caps** set a new monthly flow record of \$10.5bn, as investors weighed the election outcome (see below). Cyclical sector funds also gained, with several new monthly flow records. **Financials** saw the largest gains with \$8.3bn followed by **industrials** with \$4.9bn.

Within fixed income, **U.S. TIPS** funds set a new monthly flow record of \$2.4bn as inflation expectations widened amid signs of rising price pressures and policy emphasis shifting to fiscal stimulus. At the same time, conventional **Treasuries** shed (\$2.0bn), dampened by renewed focus on a possible Fed rate hike in December. Fixed income overall maintained year-to-date record pace with \$108.6bn.

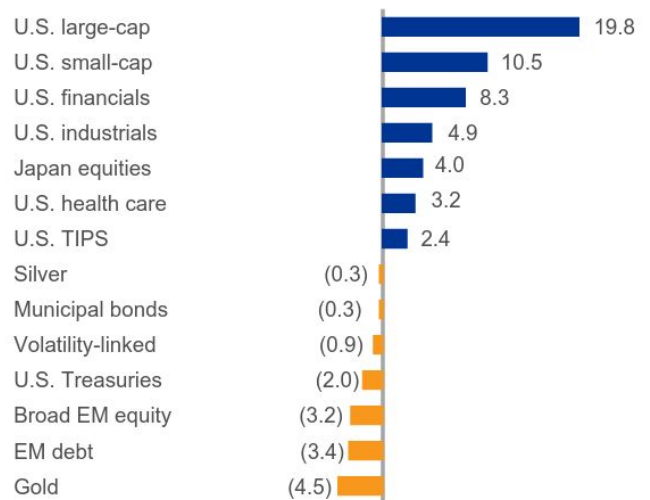
Emerging markets (EM) debt and **broad EM equities** shed (\$3.4bn) and (\$3.2bn), respectively, as the U.S. dollar strengthened considerably following the election. However, flows moderated over the course of the month and **Mexico** and **Russia** single country equity funds had their strongest flows this year with \$0.5bn and \$0.3bn, respectively.

Gold funds surrendered (\$4.5bn), battered by higher rates and improved prospects for economic growth.

Key investment themes / ETP flow trends



Global ETP Flows by Asset Class & Exposure¹ November 2016 Flows: \$56.0bn

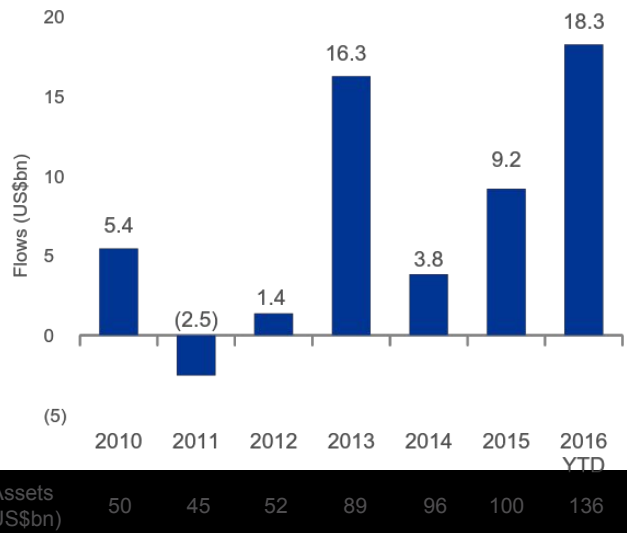


Spotlight on U.S. Small-Cap Equity ETPs

U.S. small-cap funds marked their best monthly flows ever, focused in the week of the U.S. presidential election and year-to-date flows of \$18.3bn are also on record pace. Much of these advances are attributed to investor speculation about several policies proposed by President-elect Trump:

1. Calls for lower corporate taxes may benefit small-cap stocks, which have tended to have higher effective tax rates than larger, multi-national firms
2. Smaller U.S.-based firms' lower overseas earnings may also be a boon if anti-trade rhetoric find its way into policy and domestic stimulus spending increases
3. Financial and energy companies, which make up significant portions of small-cap indices, are seen as more likely to get a lift from potentially lighter regulations

Flows to U.S. Small-Cap Equity ETPs by Year¹ Year-to-date flows: \$18.3bn



Year-to-date Overview

RESULTS AT A GLANCE¹

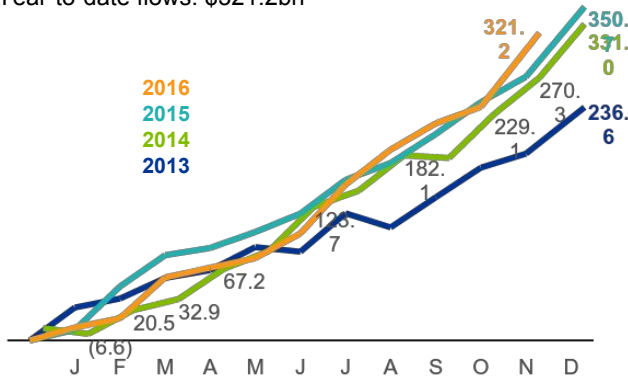
(US\$bn)	Nov 2016	Dec 2015	Nov 2015
Monthly flows	56.0	51.3	28.9
Year-to-date flows	321.2	350.7	299.4
Assets	3,410	2,961	2,974
# of ETPs	6,087	5,865	5,820

EQUITY SMART BETA FLOWS BY TYPE¹

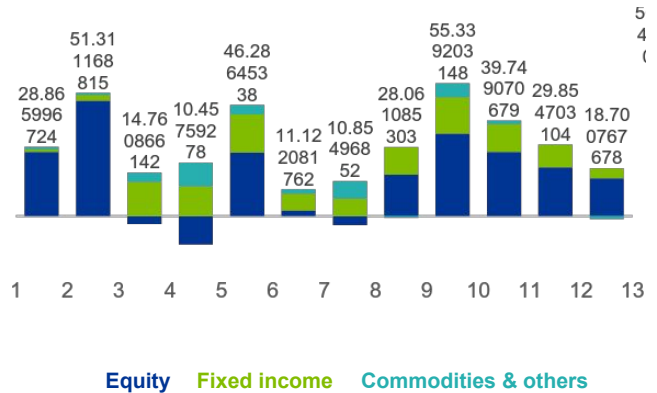
(US\$bn)	MTD Flows	2016 YTD Flows	Current Assets
Dividend	1.0	23.6	152
Multi-Factor	(0.3)	2.6	51
Low Volatility	(1.7)	16.0	47
Equal Weight	3.8	2.7	40
Single Exposure	1.5	3.4	23
Grand Total	4.3	48.2	313

CUMULATIVE ETP FLOWS¹

Year-to-date flows: \$321.2bn

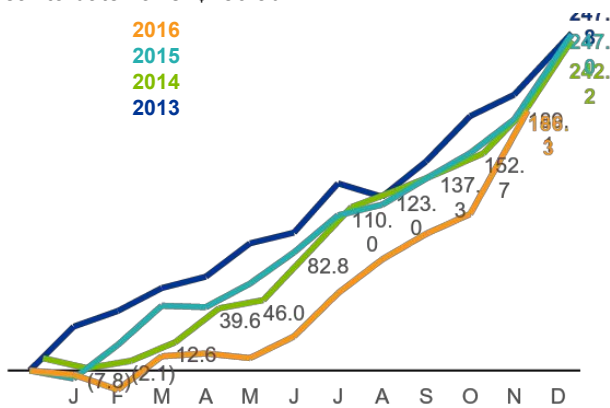


GLOBAL 13-MONTH ROLLING FLOWS¹



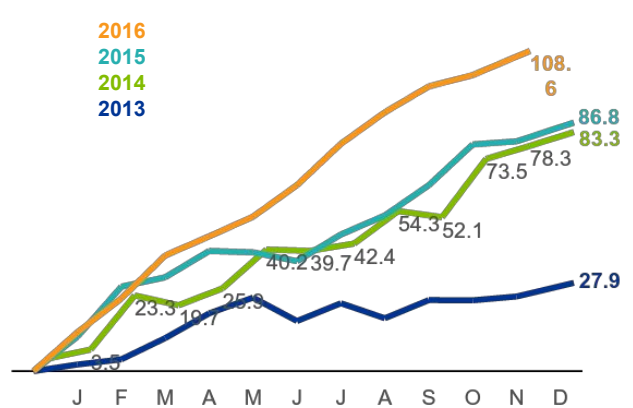
CUMULATIVE EQUITY ETP FLOWS¹

Year-to-date flows: \$186.3bn



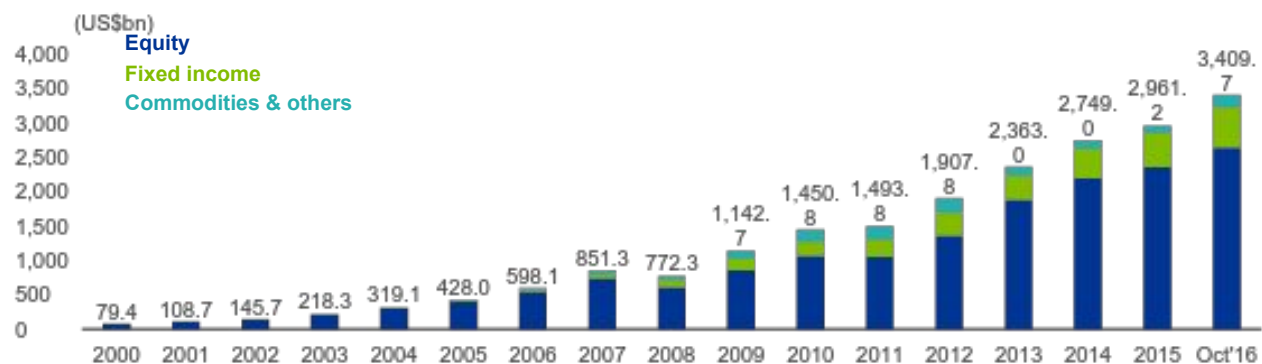
CUMULATIVE FIXED INCOME ETP FLOWS¹

Year-to-date flows: \$108.6bn



Year-to-date Overview (cont'd)

GLOBAL ETP ASSETS¹



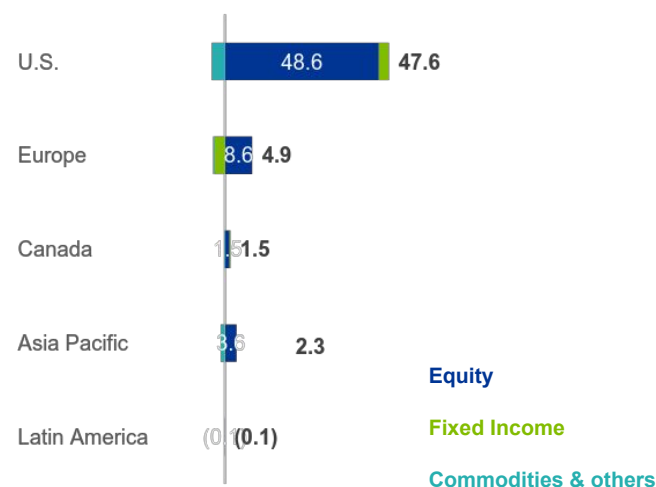
ETP Assets and Flows By Listing Region

ASSETS BY LISTING REGION¹

(US\$bn)	Equity	Fixed Income	Commodity & others	Total
U.S.	1,952	421	87	2,460
Europe	357	139	54	550
Canada	56	25	2	83
Asia Pacific	262	9	35	306
Latin America	4	0	0	5
Middle East & Africa	4	0	2	6
Total	2,636	594	179	3,410

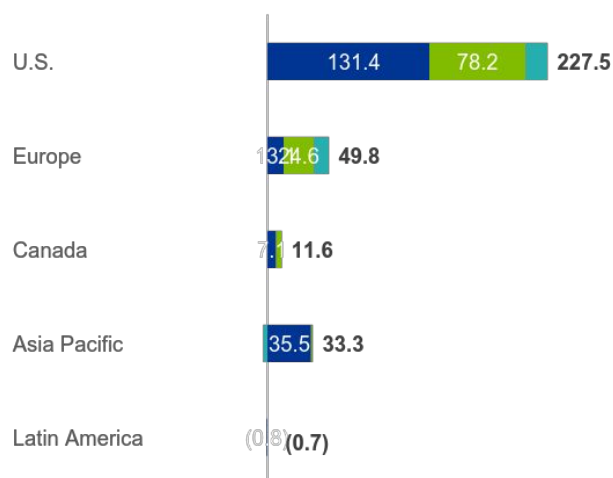
MONTH-TO-DATE FLOWS BY LISTING REGION¹

Month-to-date flows: \$56.0bn



YEAR-TO-DATE FLOWS BY LISTING REGION¹

Year-to-date flows: \$321.2bn



ETP Flows by Exposure

(US\$bn)		MTD Flows	2016 YTD Flows	Current Assets	
Equity	U.S.	52.2	133.9	1,569	
	Broad Developed Markets	5.1	38.6	327	
	Asia-Pacific	4.5	21.5	260	
	Europe	2.1	(36.4)	202	
	Canada	1.5	4.2	34	
	Developed Equity	65.4	161.7	2,392	
	Single Country	0.1	(2.4)	113	
	Broad	(3.2)	25.8	124	
	Regional	(0.1)	1.2	6	
	Emerging Markets Equity	(3.2)	24.6	244	
	Equity Total	62.2	186.3	2,636	
	Fixed Income	Investment Grade Corp	0.2	33.6	154
		High Yield Corp	1.4	7.4	58
Broad		0.4	21.8	102	
U.S. Treasury		(2.0)	2.1	56	
Sovereign		0.1	(1.8)	46	
Municipal		(0.3)	5.8	25	
Emerging Markets Debt		(3.4)	11.6	33	
Other Fixed Income		3.5	28.2	121	
Fixed Income Total		(0.1)	108.6	594	
Commodities	Gold	(4.5)	23.4	77	
	Crude oil	0.8	1.7	16	
	Silver	(0.3)	1.1	10	
	Agriculture	(0.1)	0.2	3	
	Other Precious Metals	(0.0)	0.2	3	
	Other Commodities	(0.2)	2.3	15	
	Commodities Total	(4.4)	28.9	125	
Other	Other Total	(1.7)	(2.6)	55	
Grand Total		56.0	321.2	3,410	

Endnotes

The ETP (or exchange traded product) category encompasses any portfolio exposure security that trades intra-day on an exchange. The data for this report are captured from a number of sources by BlackRock, including provider websites, fund prospectuses, provider press releases, provider surveys, Bloomberg, the National Stock Exchange, Strategic Insight Simfund, and Wind. All amounts are reported in US dollars. Flows are derived using daily net asset values and shares outstanding using the most recent data we can capture at month-end. For products with cross-listings, we attribute net flows and assets to the primary listings. For Middle East and Africa, assets and net flows data is not available. Assets are derived using shares outstanding and prices at the end of each month (or the closest date available). Where price is not available, we use an approximation. Product level information is aggregated by provider, asset class, exposure, and listing region to produce the various analyses in the report.

1. Data is as of November 30, 2016 for all regions. Global ETP flows and assets are sourced using Markit, as well as BlackRock internal sources. Flows for the years between 2010 and 2015 are sourced from Bloomberg as well as BlackRock internal sources. Flows for years prior to 2010 are sourced from Strategic Insights Simfund. Asset classifications are assigned by BlackRock based on product definitions from provider websites and product prospectuses. Other static product information is obtained from provider websites, product prospectuses, provider press releases, and provider surveys. Market returns are sourced from Bloomberg.

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