



# BlackRock Global ETP Landscape

Monthly Snapshot | June 2018



# Summary

## Global ETP flows in June were fueled by Fixed Income

- Global ETPs gathered \$11.0bn in June, fueled by Fixed Income funds with \$10.3bn and U.S. Equities with \$7.5bn while EM Equities shed (\$4.8bn) and European Equities shed (\$4.7bn)
- Fixed Income led with \$10.3bn bringing the year-to-date flows to \$54.2bn, driven by inflows into U.S. Treasury and Investment Grade Corporate funds
- U.S. Equities continued to see inflows of \$7.5bn fueled by strong earnings and corporate tax cuts
- European Equities have seen outflows in the \$5 to \$6bn range for each of the last 4 months as moderation in domestic growth and rise in political risks pose headwinds for earnings
- Commodities saw outflows after a five month streak of inflows driven by Gold with (\$2.3bn)

## BlackRock ETP Research

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

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# Global ETP Highlights

Global ETPs gathered \$11.0bn in June, fueled by **Fixed Income** funds with \$10.3bn and **U.S. Equities** with \$7.5bn while **EM Equities** shed (\$4.8bn) and **European Equities** shed (\$4.7bn)

**Fixed Income** gathered \$10.3bn in June and \$54.2bn year-to-date, led by **U.S. Treasury** funds with \$4.2bn while **Investment Grade** brought in \$3.5bn focused in Short Maturity with \$1.7bn and Blended Maturities with \$1.3bn.

**U.S. Equities** continued to see inflows of \$7.5bn concentrated in **Small Cap** with \$4.0bn while **Large Cap** saw outflows of (\$3.0bn). These inflows continued amid strong earnings and corporate tax cuts.

**Japan Equities** collected \$5.5bn primarily from locally domiciled funds concentrated in Large Cap with \$2.4bn bolstered by shareholder-friendly corporate behavior, solid earnings and improving global growth.

**Emerging Markets Equities (EM)** shed (\$4.8bn) amid rise in the U.S. dollar and trade tensions although economic reforms, improving corporate fundamentals and reasonable valuations support EM stocks.

**European Equities** saw continued outflows of (\$4.7bn) concentrated in European Monetary Union and Eurozone funds (\$3.5bn) as moderation in domestic growth and rise in political risks pose headwinds for earnings.

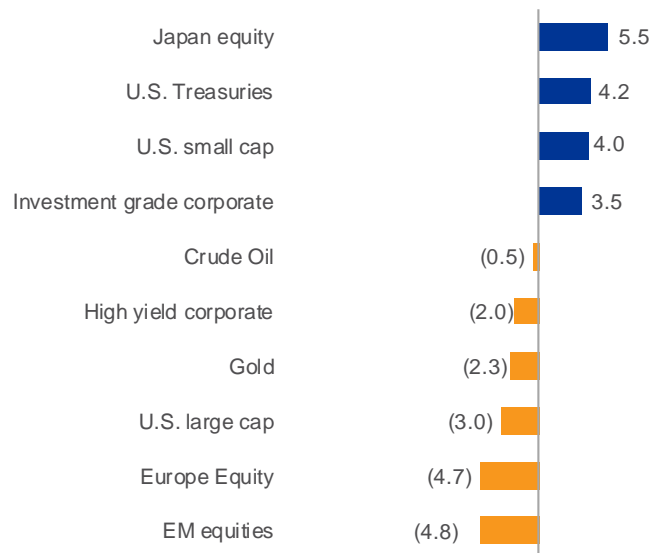
**Commodities** saw outflows of (\$2.8bn) after a five month streak of inflows driven by Gold with (\$2.3bn)

## Key investment themes / ETP flow trends



## Global ETP Flows by Asset Class & Exposure

June 2018 flows: \$11.0bn



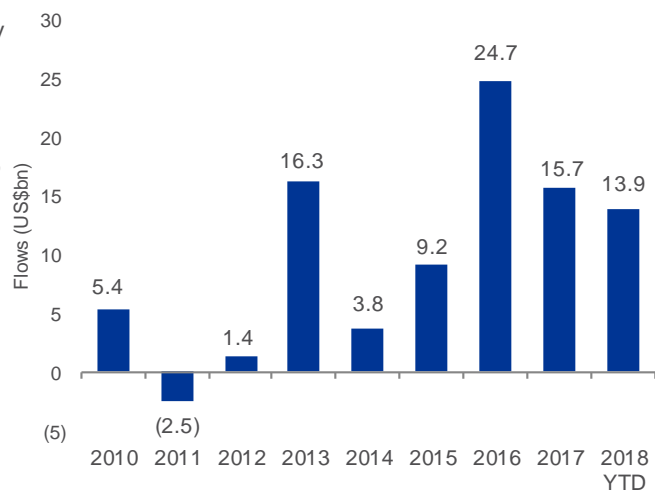
## Spotlight on U.S. Small-Cap Equity<sup>1</sup>

U.S. small-cap funds captured \$4.0bn in June bringing the year-to-date flows to \$13.9bn, as renewed reflationary hopes reignited small-cap stocks. Three key considerations about these trends:

1. Lower corporate taxes may benefit small-cap stocks, which have tended to have higher effective tax rates than larger, multinational firms
2. However, small caps could be vulnerable to any tax reform disappointment given the backdrop of diminished earnings expectations and high valuations
3. Additionally, smaller U.S.-based firms' lower overseas earnings may prove less advantageous relative to multinationals in case of strong global growth and a weaker dollar

## Flows to U.S. Small-Cap Equity ETPs by Year<sup>1</sup>

Year-to-date flows: \$13.9bn



# Year-to-date Overview

## RESULTS AT A GLANCE<sup>1</sup>

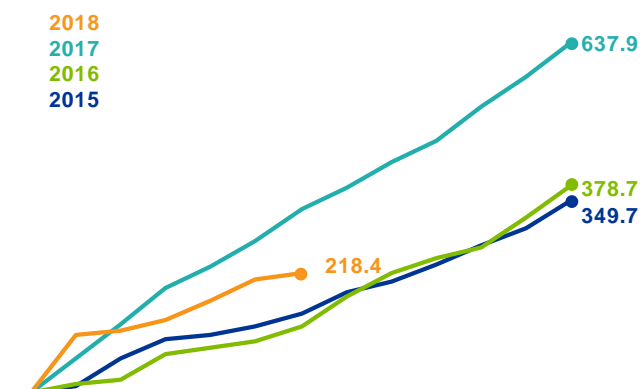
| (US\$bn)           | Jun 2018 | Jun 2017 | Dec 2017 |
|--------------------|----------|----------|----------|
| Monthly flows      | 10.7     | 59.0     | 63.0     |
| Year-to-date flows | 218.4    | 332.4    | 637.9    |
| Assets             | 4,947    | 4,110    | 4,756    |
| # of ETPs          | 7,196    | 6,168    | 5,993    |

## SMART BETA FLOWS BY TYPE<sup>1</sup>

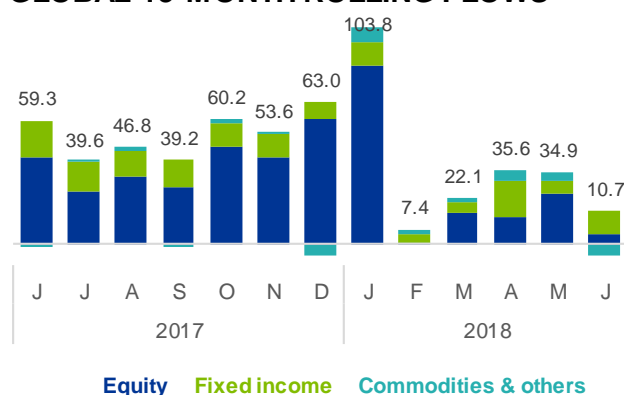
| (US\$bn)           | Jun 2018 Flows | 2018 YTD Flows | Current Assets |
|--------------------|----------------|----------------|----------------|
| Dividend           | (0.6)          | 1.5            | 191            |
| Multi-Factor       | 1.7            | 9.0            | 83             |
| Low Volatility     | 0.0            | 0.4            | 56             |
| Equal Weight       | 0.3            | 1.8            | 56             |
| Single Factor      | 0.8            | 5.7            | 49             |
| Fixed Income       | (0.3)          | 0.1            | 10             |
| <b>Grand Total</b> | <b>2.0</b>     | <b>18.7</b>    | <b>445</b>     |

## CUMULATIVE ETP FLOWS<sup>1</sup>

Year-to-date flows: \$218.4bn

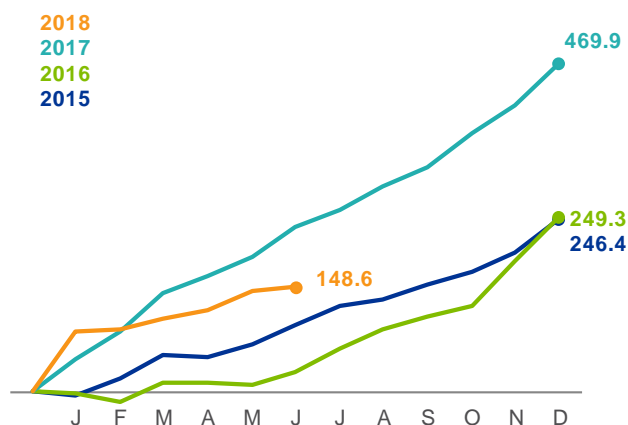


## GLOBAL 13-MONTH ROLLING FLOWS<sup>1</sup>



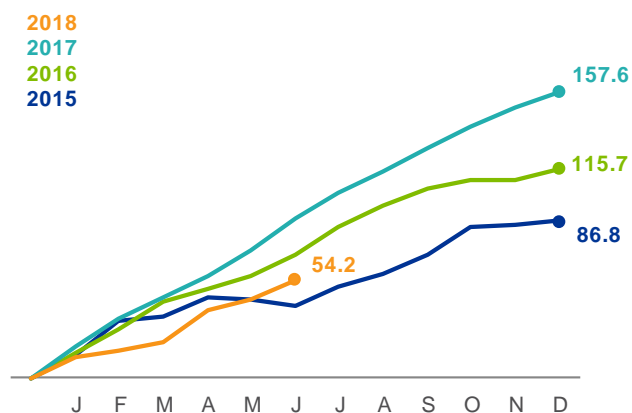
## CUMULATIVE EQUITY ETP FLOWS<sup>1</sup>

Year-to-date flows: \$148.6bn



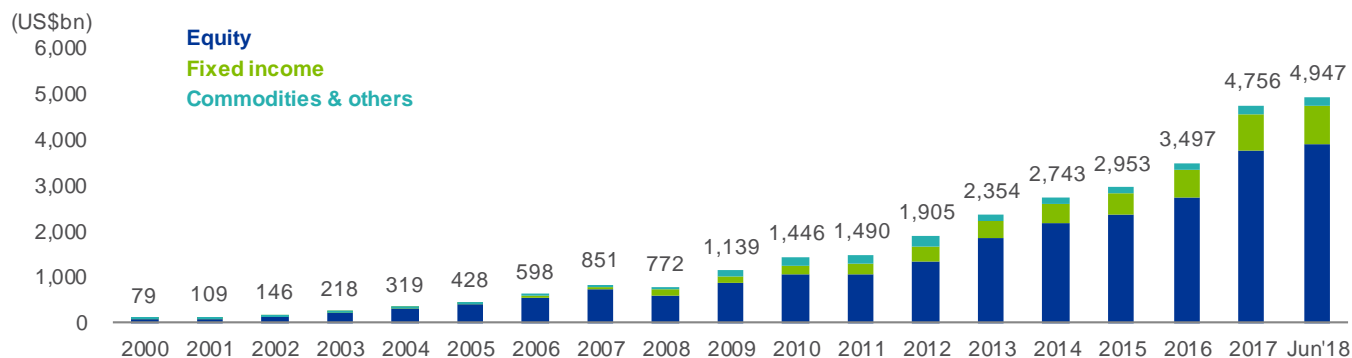
## CUMULATIVE FIXED INCOME ETP FLOWS<sup>1</sup>

Year-to-date flows: \$54.2bn



# Year-to-date Overview (cont'd)

## GLOBAL ETP ASSETS<sup>1</sup>



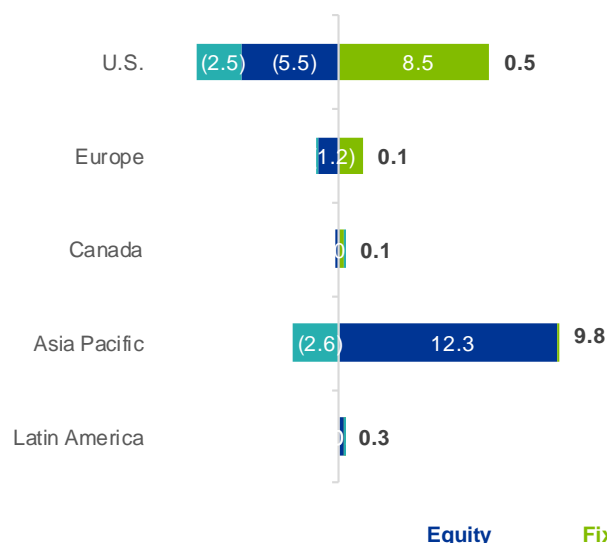
## ETP Assets and Flows By Listing Region

### ASSETS BY LISTING REGION<sup>1</sup>

| (US\$bn)                        | Equity       | Fixed Income | Commodity & others | Total        |
|---------------------------------|--------------|--------------|--------------------|--------------|
| <b>U.S.</b>                     | 2,837        | 586          | 92                 | 3,514        |
| <b>Europe</b>                   | 566          | 186          | 78                 | 830          |
| <b>Canada</b>                   | 84           | 32           | 4                  | 119          |
| <b>Asia Pacific</b>             | 425          | 11           | 34                 | 470          |
| <b>Latin America</b>            | 8            | 0            | 0                  | 8            |
| <b>Middle East &amp; Africa</b> | 3            | 0            | 1                  | 4            |
| <b>Total</b>                    | <b>3,922</b> | <b>815</b>   | <b>209</b>         | <b>4,947</b> |

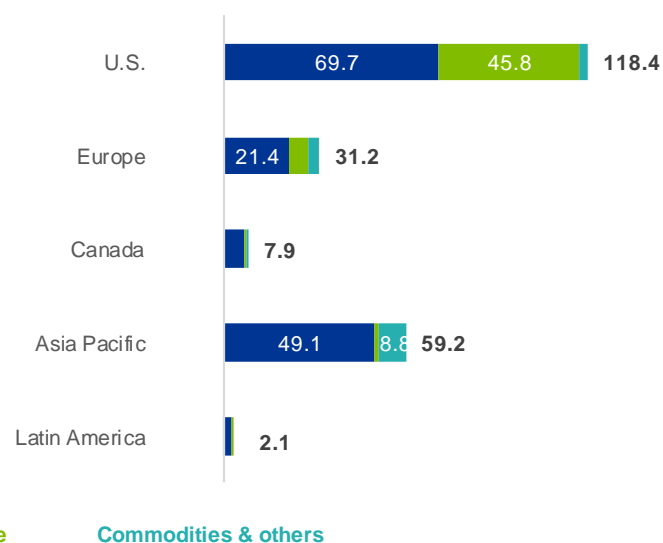
### MONTH-TO-DATE FLOWS BY LISTING REGION<sup>1</sup>

Month-to-date flows: \$10.8bn



### YEAR-TO-DATE FLOWS BY LISTING REGION<sup>1</sup>

Year-to-date flows: \$218.7bn



# ETP Assets and Flows by Exposure<sup>1</sup>

| (US\$bn)                  |                                | June Flows            | 2018 YTD Flows | Current Assets |     |
|---------------------------|--------------------------------|-----------------------|----------------|----------------|-----|
| Equity                    | U.S.                           | 7.5                   | 49.9           | 2,223          |     |
|                           | Broad Developed Markets        | 3.9                   | 51.2           | 572            |     |
|                           | Asia-Pacific                   | 4.9                   | 36.4           | 426            |     |
|                           | Europe                         | (4.7)                 | (12.4)         | 300            |     |
|                           | Canada                         | (1.1)                 | 0.6            | 43             |     |
|                           | <b>Developed Equity</b>        | <b>10.5</b>           | <b>125.8</b>   | <b>3,564</b>   |     |
|                           | Single Country                 | 4.2                   | 13.1           | 141            |     |
|                           | Broad                          | (8.7)                 | 9.1            | 208            |     |
|                           | Regional                       | (0.5)                 | 0.6            | 9              |     |
|                           | <b>Emerging Markets Equity</b> | <b>(4.9)</b>          | <b>22.8</b>    | <b>358</b>     |     |
|                           | <b>Equity Total</b>            | <b>5.6</b>            | <b>148.6</b>   | <b>3,922</b>   |     |
|                           | Fixed Income                   | Investment Grade Corp | 3.5            | 6.0            | 214 |
|                           |                                | High Yield Corp       | (2.0)          | (8.4)          | 59  |
| Broad                     |                                | 0.4                   | 12.4           | 141            |     |
| U.S. Treasury             |                                | 4.2                   | 21.6           | 94             |     |
| Sovereign                 |                                | (0.2)                 | 3.1            | 51             |     |
| Municipal                 |                                | 1.2                   | 2.6            | 34             |     |
| Emerging Markets Debt     |                                | (0.3)                 | 2.2            | 50             |     |
| Other Fixed Income        |                                | 3.3                   | 14.7           | 172            |     |
| <b>Fixed Income Total</b> |                                | <b>10.3</b>           | <b>54.2</b>    | <b>815</b>     |     |
| Commodities               | Gold                           | (2.4)                 | 2.8            | 95             |     |
|                           | Crude oil                      | (0.5)                 | (2.7)          | 9              |     |
|                           | Silver                         | (0.1)                 | 0.1            | 10             |     |
|                           | Agriculture                    | 0.2                   | 0.5            | 3              |     |
|                           | Other Precious Metals          | (0.1)                 | (0.4)          | 3              |     |
|                           | Other Commodities              | 0.6                   | 4.4            | 29             |     |
|                           | <b>Commodities Total</b>       | <b>(2.2)</b>          | <b>4.7</b>     | <b>148</b>     |     |
| Other                     | <b>Other Total</b>             | <b>(3.0)</b>          | <b>10.9</b>    | <b>61</b>      |     |
| <b>Grand Total</b>        |                                | <b>10.7</b>           | <b>218.4</b>   | <b>4,947</b>   |     |

# 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. 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 June 30, 2018 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. Month to date and Year to date flows by Listing Region exclude Middle East and Africa. 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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