

GLOBAL ETP FLOWS: MARCH 2022

- **Flows into global ETPs in March rose above February's inflows, with \$115.6B added over the course of the month.**
- **Below the surface, trends differed vs. February: equity flows stayed relatively steady with \$74.8B in, slightly down on February's \$76.1B, while fixed income flows rose to \$25.5B.**
- **Commodity buying rose to the highest level since April 2020 with \$13.8B of inflows, including a record month for gold.**

Not risking it all for EU

Given Europe's proximity to the conflict in Ukraine, European equity flows (-\$6.5B) turned negative in March for the first time since October 2020, with the largest outflows since August 2019. Selling was led by EMEA-listed European equity ETPs (\$5.5B), which registered their largest monthly net sell on record. In contrast, March outflows from US-listed European equity came in at -\$1.2B, following a year of consistent allocation to the exposure and with little signs of selling out.

The outflow trend has not spread across asset classes, with investors buying European fixed income in March: European-focused investment grade credit returned to positive territory (\$0.9B in, after -\$1.2B out last month), for example, helping turn flows positive. European rates buying slowed from \$1.3B in February to \$0.3B in March, but inflows of \$0.5B into inflation-linked bond ETPs represent the highest monthly allocation on record. This comes at a time when energy-driven inflation is acutely affecting European prices, while TIPS flows have also turned positive for the first time in three months (\$3.0B).

Billions for bullions

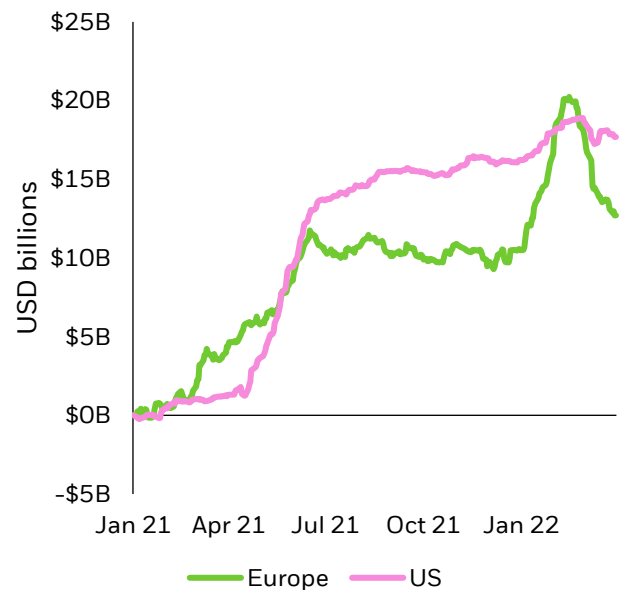
March saw record inflows of \$11.3B into gold ETPs – a fivefold increase on February's levels, trouncing the previous high of \$9.4B set in July 2020. This has come amid increased safe-haven moves in the market, but the propensity to buy gold has been building – we've seen a persistent flow trend emerge, with three consecutive inflow months for the first time since August-October 2020.

Gold buying was spread across listing regions, in line with the trend YTD. So far in 2022, flows into gold ETPs total \$16.3B, more than reversing 2021's net outflows of -\$9.8B.

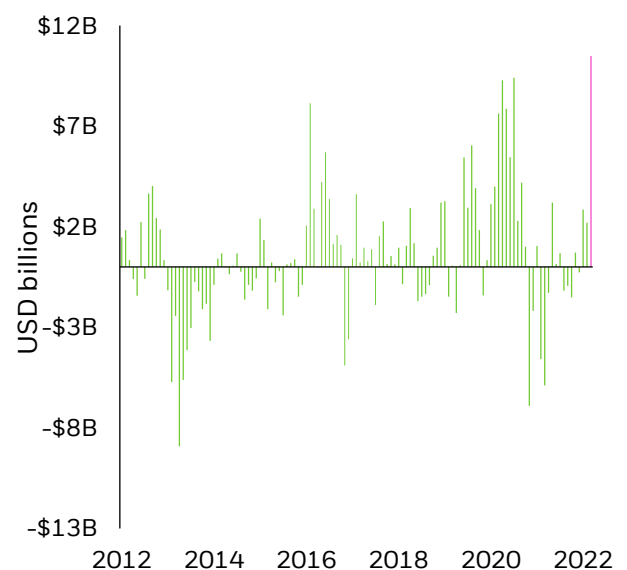
Broad commodity ETPs also remained popular with investors. A further \$1.8B was added in March, continuing a six-month inflow trend, albeit down month-on-month from the \$4.0B added in February.

All figures in US Dollars unless stated otherwise. Source: Unless stated otherwise all data is sourced from BlackRock Global Business Intelligence and EPFR at 31 March 2022 covering flows in the period 1 March 2022- 31 March 2022. **Past flows into global ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product.** This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation to, offer or solicitation to buy or sell any financial instrument or product or to adopt any investment strategy. Investment in the products mentioned in this document may not be suitable for all investors. BlackRock has not considered the suitability of any product against your individual needs and risk tolerance. **1**

Cumulative flows into European equity ETPs split by listing region, Jan 2021-March 2022



Monthly flows into gold ETPs, January 2012-March 2022



Energy for the barbell

While investors allocated to energy (\$1.7B) in March, we've actually seen inflows across the sector spectrum – highlighting that investors are using this market volatility to build up allocations across the barbell. This was also reflected in factor ETPs – while value flows turned flat in March, investors continued to add to quality with a net buy of \$2.2B, the largest inflow month so far in 2022. Where were investors selling in March? The financials sector (-\$7.0B), which appears to have been indiscriminately punished in this round of market volatility. While March represented a record monthly outflow level from financials, this follows record monthly inflows recorded in January (\$11.0B).

Energy's popularity with investors is not new news – investors have consistently allocated to the sector since the start of 2020, with just five months of outflows over the period. Cyclical allocations haven't been isolated to energy, either: industrials saw their first inflow month since April 2021 with \$0.5B added in March, while materials recorded their second-highest monthly inflow level (\$2.5B), marginally behind the record set in 2013.

The tech sector (\$4.6B) led the way in terms of allocations in March, gathering its largest monthly inflows since November 2021. Healthcare inflows of \$2.6B have also reversed February's outflows of -\$1.5B.

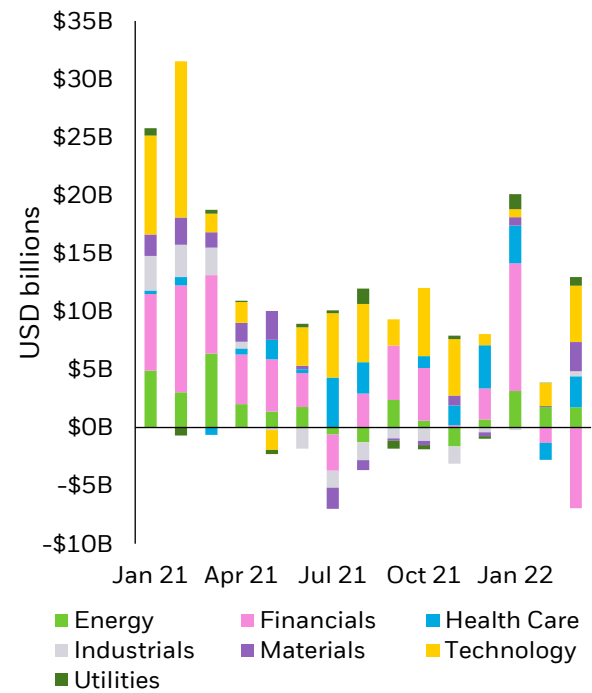
Sustainable looking for momentum

Flows into US and EMEA-listed sustainable ETPs dropped to their lowest level since August 2020 in March, with \$5.6B added. This was largely due to a decline in EMEA-listed ETPs flows to \$3.4B, while US-listed ETPs saw inflows of \$2.2B.

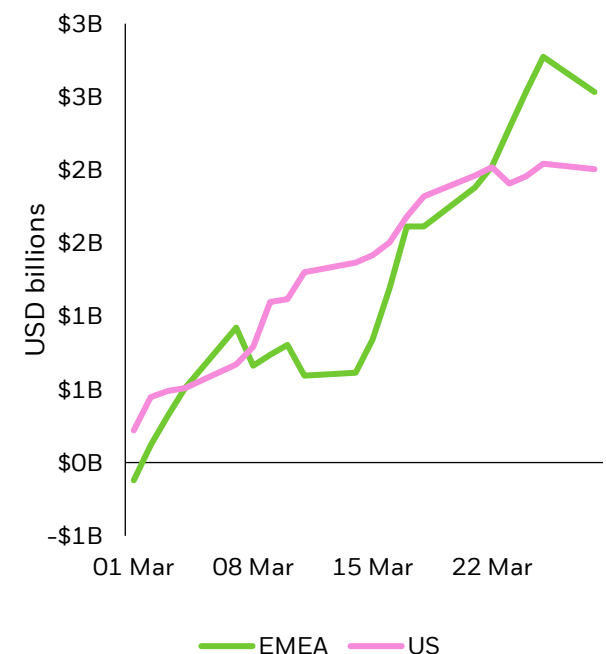
In EMEA, buying of clean energy ETPs was a relative bright spot, with \$1B added – the highest monthly inflow level since January 2021. Screened strategies were second most popular (\$0.8B), with buying led by US exposures. ESG best-in-class (BiC) – which normally leads sustainable flows – came third, with equity BiC ETPs registering their first monthly outflows (-\$0.8B) since March 2019. In line with broader trends, European equity (-\$1.0B) and eurozone equity (-\$0.6B) ESG ETPs led outflows, while global exposures were marginally negative, down on their six-monthly average of \$0.9B. Investors continued to allocate to fixed income ESG ETPs (\$1.4B), with record flows into global exposures (\$0.7B), while European ETPs reversed February's outflows to gather \$0.4B.

US ESG flows returned to positive with \$2.2B added, just topping their six-month average of \$2B. Equity flows made up the vast majority of inflows with \$2B added, led by ESG-optimised strategies (\$0.8B). In line with EMEA trends, investors also allocated to US clean energy ETPs.

Monthly flows into sector ETPs, January 2021-March 2022



Cumulative flows into sustainable ETPs, split by listing region, March 2022



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