

GPS APAC INVESTMENT STRATEGY



China tech in the spotlight

July 2025

A Quick Read

Spotlight	China tech ETPs have added USD 21.8bn YTD, a sharp increase from the full-year total of USD 0.1bn in 2024. In comparison, US tech ETPs have recorded YTD inflows of USD 17.8bn , trailing behind their China counterparts .
Equities	Korea equity ETPs are seeing their best year since 2019 , with July marking the greatest monthly inflows since Oct-21 . Foreign investor participation has also risen , accounting for 18% of total inflows YTD, up from 7% last year.
Active ETFs	Active ETPs are seeing their second-best year on record . They now account for 28% of YTD ETP flows , marking a y/y increase of 9%. Notably, active fixed income ETPs represent 39% of YTD ETP fixed income flows .
Diversifiers	Cryptocurrency ETPs saw their best month in July , recording USD 12.6bn . The acceleration in flows was largely driven by Ethereum , which captured 42% of the inflows , up from 23% the month prior.

Spotlight | China Tech

Tech it or Leave it

China equity ETPs returned to inflows in July, recording USD 2.2bn after two consecutive months of outflows.

Cyclicals saw inflows of USD 13.7bn in July, while defensives recorded outflows of USD 0.9bn. This marked the fifth straight month of this rotation, which may reflect growing investor confidence in China's economic recovery amid supportive NPC policies and a preference for sectors more sensitive to economic growth.

The revival in China technology interest following the emergence of DeepSeek and Unitree is another likely driver. Technology continues to stand out among these cyclical sectors. China tech ETPs added USD 7.3bn in July, over 4x the inflows a month prior. This was the fifth consecutive month of inflows, following four months of outflows that ended in February.

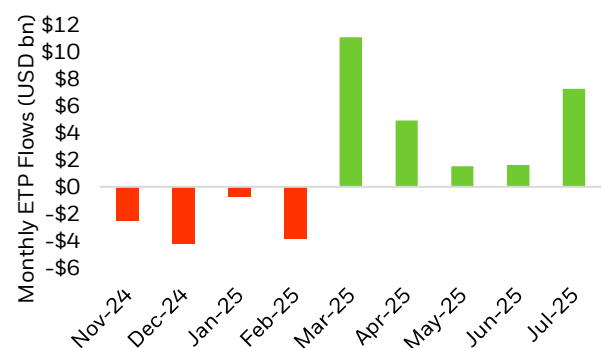
YTD, China tech inflows have reached USD 21.8bn, a sharp increase from the full-year total of USD 0.1bn in 2024. In comparison, globally-listed US tech ETPs have seen YTD inflows of USD 17.8bn, now trailing behind their China counterparts.

Interestingly, US investors accounted for 15% of the July inflows into China tech ETPs, while investing only marginally to US tech, which recorded USD 0.4bn. This indicates a rotation away from the US, even among domestic investors, likely driven by valuation gaps and US policy uncertainty.

We believe the tech theme in China still has room to run as the earnings grow and multiples rerate higher amid continued interest.

China tech rebounds

Monthly ETP flows into China tech ETPs, Nov-24 onwards.

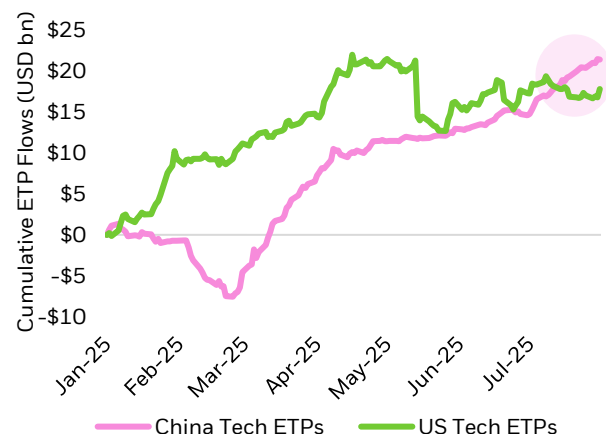


Source: BlackRock and Markit, as of 31 July 2025.

Note: China tech ETPs include CN and HK exposures.

China edges out US in YTD tech ETP flows

YTD Cumulative ETP flows into tech ETPs.



Source: BlackRock and Markit, as of 31 July 2025.

Note: China tech ETPs include CN and HK exposures.

Note: The above references to China equity ETPs include both China and Hong Kong exposures. All figures in US Dollars unless stated otherwise. Unless stated otherwise all data is sourced from BlackRock Global Business Intelligence and EPFR covering flows as of 31 July 2025. 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. Diversification may not fully protect you from market risk. There is no guarantee that any expectations made will come to pass.

Equities**Investors go Seoul-searching**

Korea equity ETPs are already seeing their best year since 2019, recording USD 5.8bn in YTD inflows. Inflows have been rising at an increasing rate in every month of 2025 except for May. The acceleration was particularly notable in recent months – flows grew 141% m/m on average the first 4 months of the year, and 254% m/m on average the past 2 months. July also marked their highest monthly inflow since Oct-21, bringing in USD 2.5bn.

Foreign investor participation has also risen. YTD inflows into offshore Korea equity ETPs have accounted for 18% of total Korea equity inflows this year, up from only 7% last year.

Across sectors, industrials, financials and technology are leading, though the latter's share of YTD sector flows has dropped to 23% from 64% in 2024, amid trade tensions.

Still, Korea equities are increasingly attractive amid growing political stability and economic recovery. Market reforms have boosted domestic and foreign investor confidence, while Korea's strong semiconductor presence makes it a compelling play on tech and AI.

Active ETPs**Staying Active**

Global ETPs have already surpassed USD 1.0tn in YTD flows this year. Alongside this momentum, active ETPs are showing notable growth.

Active ETPs are already seeing their second-best year on record, adding USD 292.3bn in 2025 YTD flows. This was primarily driven by alpha-seeking strategies, followed by factor-based strategies.

While active ETPs represented just 9% of all ETP flows in 2020, their share increased by an average of 2.5% y/y over the next four years. This growth accelerated sharply this year, with active ETPs now accounting for 28% of YTD ETP flows, marking a y/y increase of 9%. Notably, active fixed income ETPs now represent 39% of YTD fixed income ETP flows, while active equity ETPs account for 27% of equity ETP flows.

Overall, active flows remain resilient compared to previous years, driven by investors turning to active management amid monetary policy uncertainty, tariff-related volatility, and persistent inflation concerns.

Diversifiers**An Eth-ereal Rally**

Flows into traditional hedges, which include gold, oil, and silver ETPs, recorded only USD 2.3bn in July, shrinking 4x from a month prior.

Contrarily, crypto ETPs saw their best month on record, recording USD 12.6bn. This marked the fourth consecutive month of inflows, doubling from June.

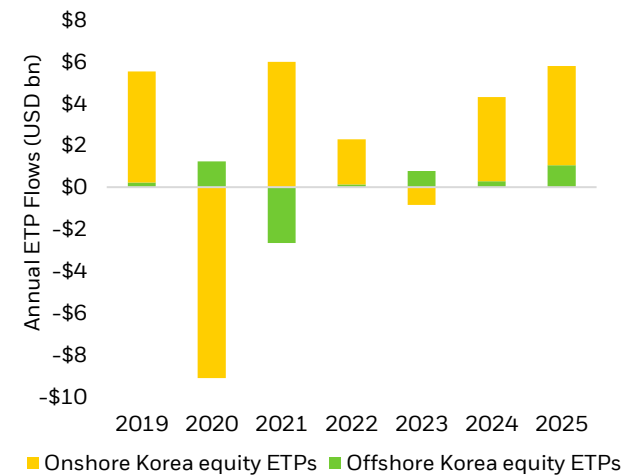
While inflows into Bitcoin continued to grow, they accounted for only 49% of the July crypto ETP inflows, a sharp decline from 73% the previous month. The acceleration in flows was instead largely driven by Ethereum, which captured 42% of the inflows, up from 23% in June.

The rotation into crypto ETPs is driven by strong underlying price momentum, emerging regulatory clarity (i.e. the Clarity Act and Genius Act backed by Trump), and growing institutional adoption and confidence in Ethereum as a potential digital reserve asset.

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Global ETP flows – July 2025**Best year since 2019 for Korea equity ETPs**

Annual ETP flows into Korea equity ETPs, 2019 onwards.

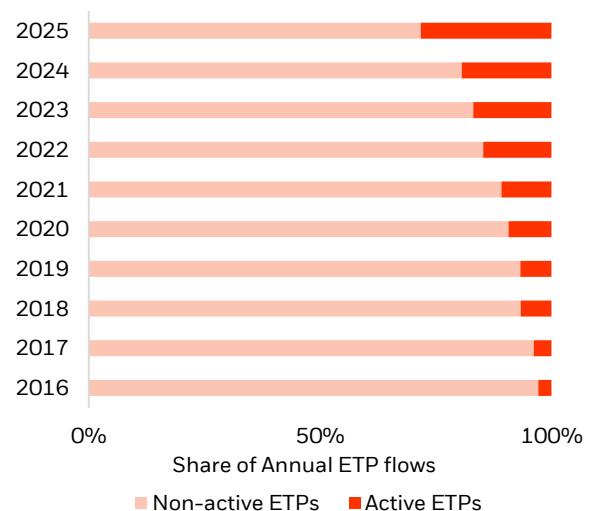


Source: BlackRock and Markit, as of 31 July 2025.

Note: Offshore flows have been used as a proxy for foreign investor participation.

A record year for Active ETPs flow share

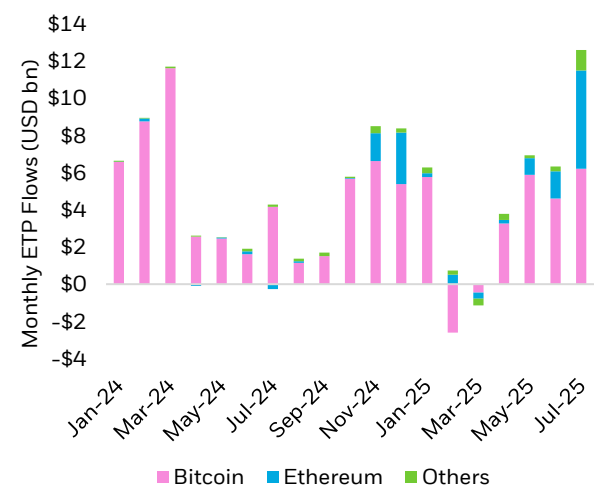
Annual ETP flows, 2016 onwards.



Source: BlackRock and Markit, as of 31 July 2025.

Best month for crypto ETPs in July

Monthly crypto ETP flows, 2024 onwards.



Source: BlackRock and Markit, as of 31 July 2025.

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