

GPS APAC INVESTMENT STRATEGY

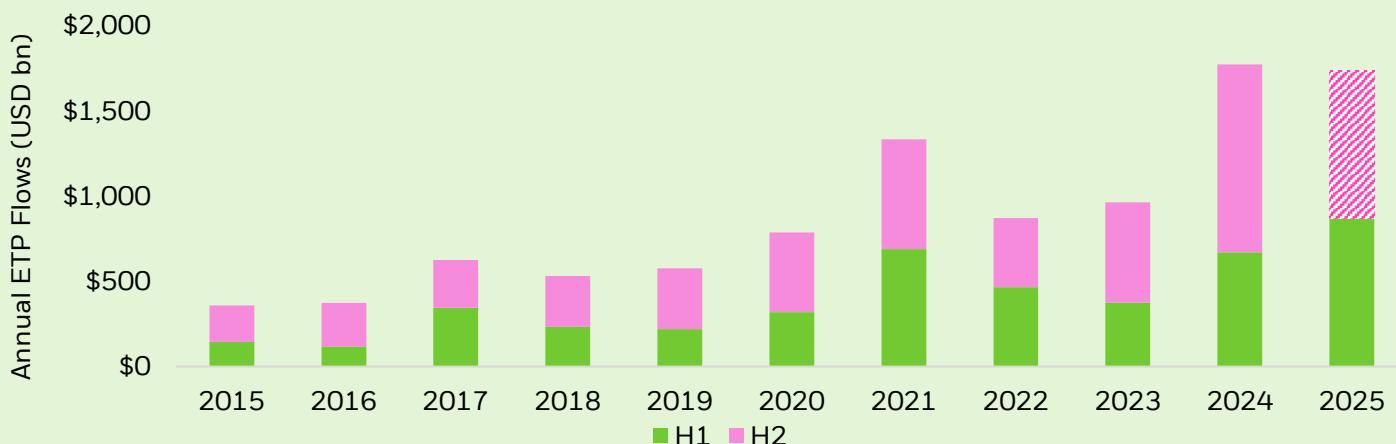
2025 H1: ETPs' best first half

June 2025



2025 projected to be another strong year for global ETPs

Global ETP flows have recorded USD 870bn this year, putting 2025 on track for its second strongest year on record, following last year's record flows of USD 1772.3bn. Global investors averaged USD 3.3bn of net buys per day this year, above USD 3.1bn, the 10-year average.



Source: BlackRock and Markit, as of 30 June 2025. There is no guarantee that any projections made will come to pass.

Europe equity ETPs shine in 2025

As previously noted, 2025 has marked the unwinding of US exceptionalism. US equity ETPs have recorded USD 265.0bn in 2025. This accounted for just 57% of total US ETP flows – significantly lower than the 73% share seen in 2024. Q2-25 marked the third straight quarter of slowing inflows into US equity ETPs, with USD 96.7bn added – just over half the amount recorded in the previous quarter.

In contrast, Europe equity ETPs have added USD 61.8bn YTD, already marking the greatest inflow year since 2015. This robust performance reflects investors' growing appetite to diversify beyond the US, supported by Europe's pivot toward fiscal expansion and structural reforms.

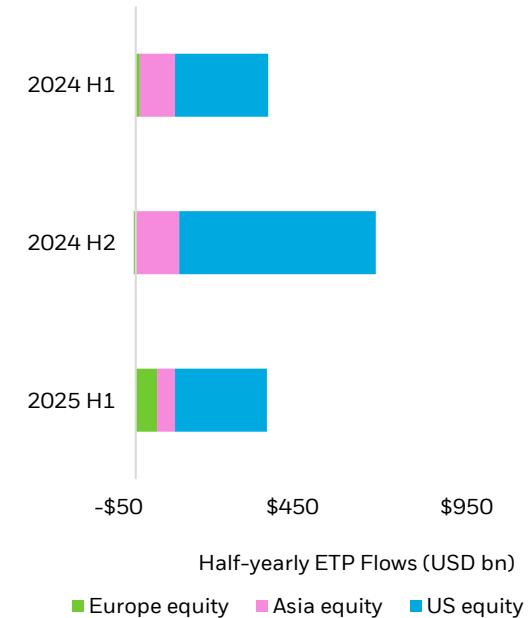
APAC equity have seen USD 50.8bn in inflows so far in 2025, a slowdown from H2-24. Taiwan equity ETPs led the region with USD 20.0bn in inflows, followed by China and Hong Kong, which attracted USD 8.4bn and USD 8.0bn, respectively.

APAC equity ETP flows started the year strong, particularly following the release of DeepSeek. However, by early-Feb, cumulative flows tipped into outflows amid broad derisking. A recovery was noted towards the end of the month, gaining momentum after Liberation Day, following the announcement of a 90-day tariff pause. This upward trajectory continued, peaking in early May. Cumulative flows then declined sharply through the month before rebounding again as investors sought diversification away from US exposure.

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 30 June 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.

Investors rotated out of US and into Europe ETPs

Half-yearly ETP flows into equity, by exposure, 2024 H1 onwards



Source: BlackRock and Markit, as of 30 June 2025.

Note: Calculation methodology for Asia equity ETP flows has been updated to include single-country ETP flows.

Equities**APAC investors move away from US equity**

APAC investors net sold US equity ETPs in Jun-25, a first since May-23. APAC-listed US equity ETP outflows totaled USD 1.5bn in June. This dragged Q2-25 inflows down to USD 1.8bn, a sharp decline from USD 10.6bn in Q1—the strongest quarter on record.

Instead, APAC investors rotated into North Asia equity exposures, which brought in USD 23.2bn in Q2-25. Within North Asia, Greater China exposures led inflows, with China, Taiwan, and Hong Kong equity ETPs attracting USD 16.7bn, USD 7.7bn, and USD 5.8bn, respectively. That is almost a 7x increase in inflows into APAC-listed Greater China ETP q/q.

This rotation is consistent with what we are hearing from some APAC clients of the intention to diversify beyond US equities. We continue to see opportunities in onshore China equities for their lower US exposure, attractive A-H share valuation spreads, national team buying and higher beta to domestic policies.

Fixed Income**Short-term US rates in, long-term out**

Flows into US rates continued to slow for the third consecutive month in Jun-25. Investors added only USD 1.7bn, down from USD 7.3bn in May and USD 23.8bn in April.

Despite the recent slowdown in rates, short-term US rates are seeing their second strongest year on record, with USD 52.2bn in YTD inflows. In contrast, long-term US rates have recorded outflows of USD 0.3bn. The duration preference was also evident in June: short-term US rates marked inflows of USD 4.4bn, long-term US rates saw USD 3.5bn in outflows.

Investors have broadly preferred shorter duration exposures given the attractive yield at the front end of the curve and the ability to reduce rates volatility.

Active fixed income ETPs also saw strong performance this year adding USD 185.0bn YTD. Notably, 57% of the YTD flows came in during Q2-25, marking the second strongest quarter on record. An active approach not only enhances return potential by capturing market dislocations arising from higher dispersion but also helps avoid areas of inefficiency and poor risk-reward.

Diversifiers**Best year in 5 for Gold, Silver, Crude Oil**

Gold, silver, and crude oil ETPs are all seeing their best year since 2020.

Gold ETPs have recorded USD 36.0bn in YTD inflows, more than 10x the full-year of flows in 2024. Notably, USD 3.5bn flowed in during just 8 trading days amid the Iran-Israel conflict. Silver ETPs have added USD 2.9bn YTD, more than doubling their 2021 total. Crude oil ETPs reversed a 4-year outflow streak with USD 0.1bn YTD inflows, including USD 0.7bn during the conflict period.

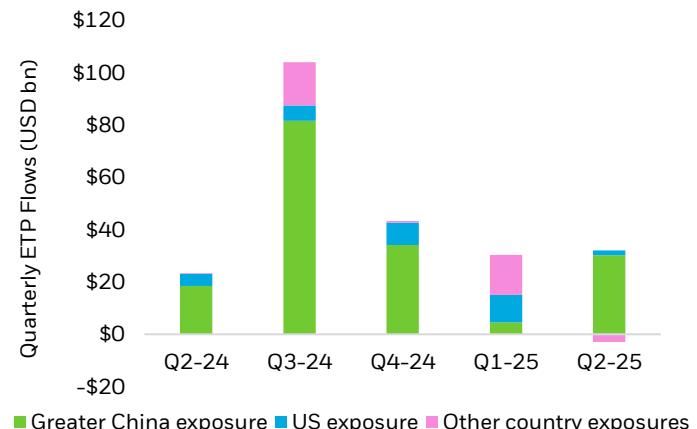
Meanwhile, crypto ETPs continue to build on 2024's momentum. YTD inflows stand at USD 19.9bn, with over 80% of inflows coming in in Q2-25.

The uptick in flows reflects investor demand for alternative assets during periods of volatility. As uncertainty persists, we continue to favor physical gold, world gold miners, and bitcoin ETPs as diversifiers in portfolios.

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APAC-listed Greater China equity ETP flows grew ~7x in Q2

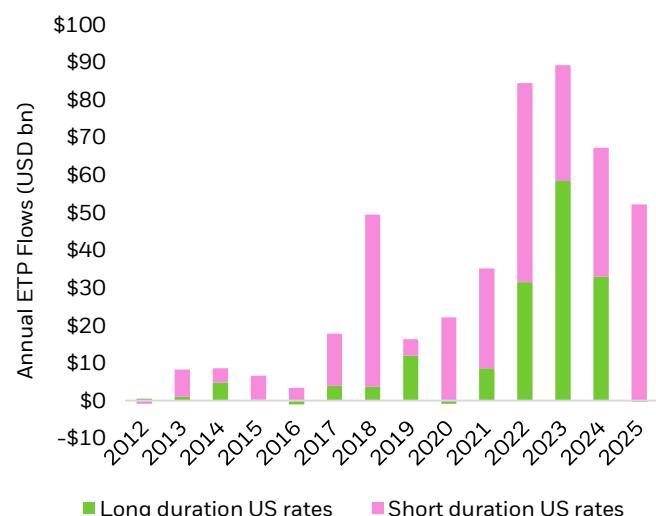
Quarterly ETP flows into APAC-listed equity ETPs, by exposure, 2024 Q2 onwards



Source: BlackRock and Markit, as of 30 June 2025.

Short duration US rates seeing its second strongest year

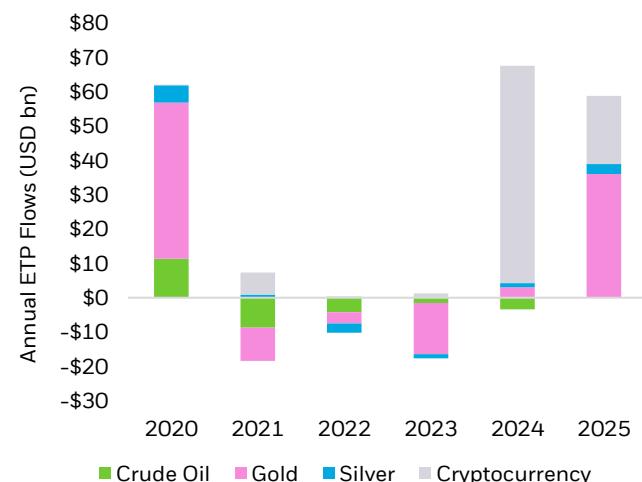
Annual ETP flows into US rates, by duration, 2012 onwards



Source: BlackRock and Markit, as of 30 June 2025. Note: long duration – 10Y+, short duration – 0-3Y.

YTD Gold ETP flows grew 10x from 2024

Annual ETP flows, by exposure, 2020 onwards



Source: BlackRock and Markit, as of 30 June 2025.

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