

GPS APAC INVESTMENT STRATEGY

APAC to the Future May 2025

iShares
by BlackRock



Money in Motion: Asia opportunities

China equities



India equities



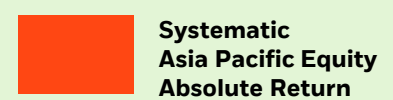
Japan equities



Asia bonds



Liquid alts



● Exchange-traded strategy ● Alpha-seeking strategy

A move away from US, where to next?

Is the Mood(y) Changing on US Assets?

US exceptionalism continues to wane, as inflows into US equity ETPs slowed for the third consecutive month, from USD 54.5bn in March to USD 36.3bn in April and now USD 21.6bn in May MTD. May also marks the slowest month for US equity ETPs since April 2024. YTD, US equity ETPs have recorded USD 224.0bn, more than halving from H2 2024.

This deceleration, however, is not mirrored in other regions. APAC equity ETPs have more than doubled from USD 6.4bn in H2 2024 to USD 15.4bn in H1 2025. Notably, Europe equity ETPs have seen a dramatic turnaround from USD 5.2bn in outflows to USD 55.2bn in inflows.

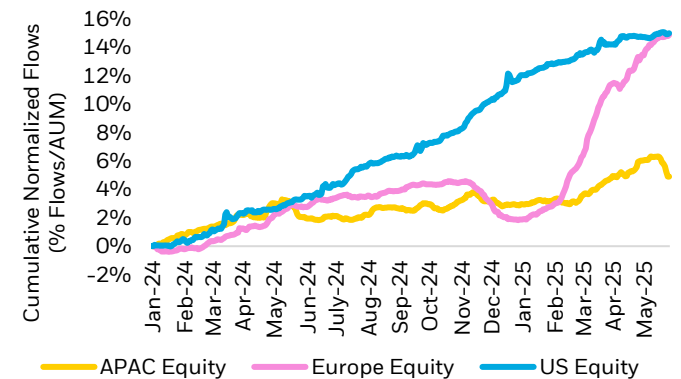
Asia investors have also begun pulling out of US equity ETPs. Following Moody's downgrade, APAC-listed US equity ETPs experienced sharp outflows totaling USD 0.6bn over the next seven trading days. As a result, May was the first month in two years that Asia investors net sold US equities. As foreign capital repatriates from US allocations, a weaker USD and attractive valuations further support diversification towards the APAC region.

In equities, we see opportunities emerging in economies that will be driven by domestic tailwinds as the trade war evolves. Firstly, the economies that derive most of their revenue locally such as China onshore and India. Secondly, the economies that have structural reform stories such as Japan, where inflation and wage growth continue to rise.

In fixed income, Asia bonds stand out. They offer resilience to US rate volatility, enjoy lower duration risk, limited new supply, and strong fundamentals, even as the Fed keep rates elevated.

A pickup in pace for Eur-Asia equity ETPs in 2025

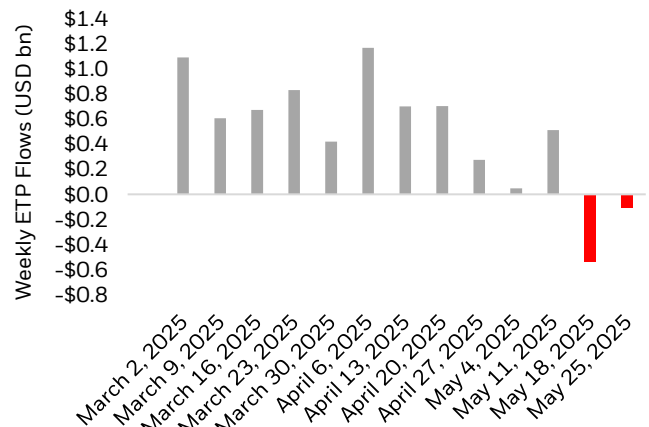
Cumulative equity ETP flows, 01/01/2024 onwards.



Source: BlackRock and Markit, as of 27 May 2025.

Asian investors sold US equities post Moody's downgrade

Weekly APAC-listed US equity ETP flows, past 12 weeks.



Source: BlackRock and Markit, as of 27 May 2025.

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 27 May 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.

China Equities**Great Wall of Returns**

Trump, trade, and tariffs have dominated the news in 2025. While uncertainty persists, China equity ETP flows reveal positive investor appetite. YTD, they have recorded USD 12.9bn in inflows. This is a sharp contrast from Trump 1.0, when they saw USD 1.7bn outflows during the same period. This may be attributed to investors' perception of China's preparedness for Trump 2.0 and the DeepSeek moment.

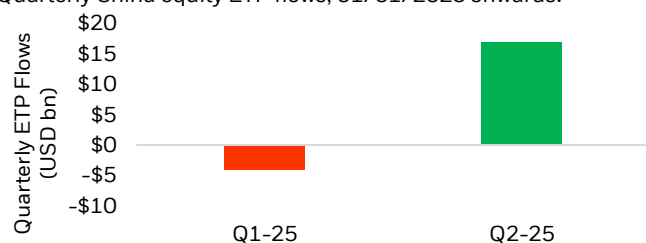
China equity ETPs have rebounded sharply so far in Q2 with USD 16.9bn in inflows, reversing the previous quarter's USD 4.0bn outflows. We see several catalysts in China equity markets including tech and AI, as reflected by the February Deepseek-driven surge. Investors are responding to improving domestic conditions and PBOC's targeted fiscal and monetary measures. Onshore A-shares are also gaining favor due to stronger alignment with domestic policy drivers and deeper local investor participation. As foreign investor sentiment turns less negative, we see A-shares well-positioned to lead the next leg of the rally.

China equity ETP Flows in Trump 1.0 vs 2.0

China equity ETP flows, Jan-May 2017 vs 2025.

**China equity ETPs rebound this quarter**

Quarterly China equity ETP flows, 01/01/2025 onwards.



Source: BlackRock and Markit, as of 27 May 2025.

India Equities**Investors go all In-dia!**

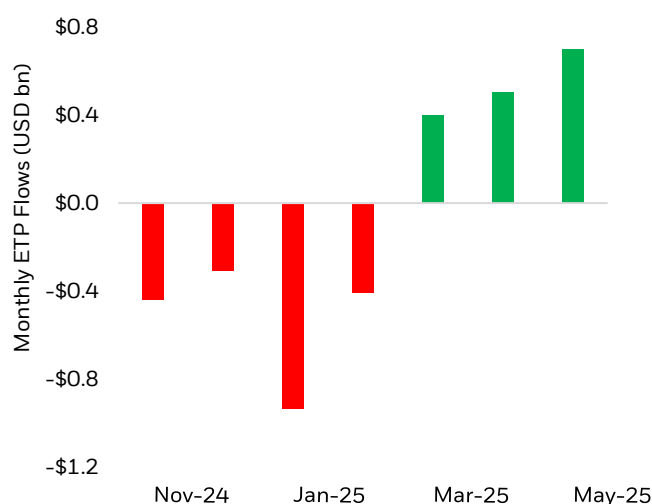
India equity ETPs saw their greatest inflow month in May MTD since June 2024, with inflows accelerating to USD 0.7bn. May also marked the third consecutive month of inflows, after 4 months of outflows. The tide turned in March, when favorable economic data on GDP and PMI came through, amid growing US-China trade tensions.

Interestingly, the inflows in May were primarily driven by US investors (55%), followed by Europe investors (43%), while APAC investors remained largely muted (1%).

YTD, Europe investors have been driving the inflows, which is in line with the shifts in foreign investors' sentiment. The India market's domestic revenue base and limited trade exposure provide insulation from global trade tensions, supporting investor confidence. With domestic ownership of India equities at 35.6% versus 16% for foreign ownership¹, the make-up of the equity market is shifting: we see this as net positive for the market's long-term attractiveness.

Accelerating inflows into India equity ETPs

Monthly India equity ETP flows, 01/11/2024 onwards.



Source: BlackRock and Markit, as of 27 May 2025.

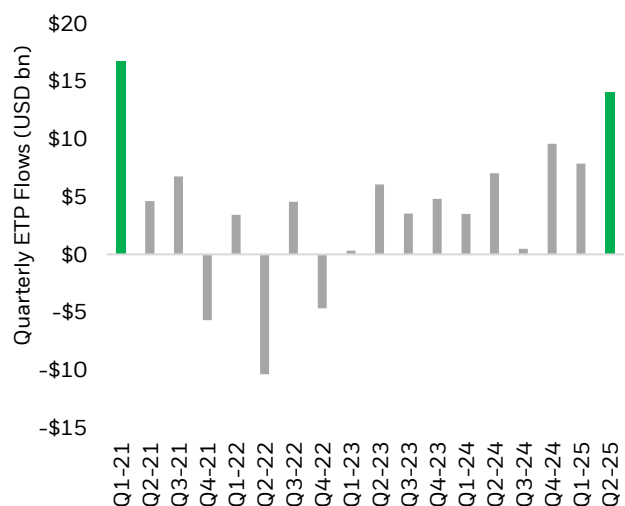
Asia Bonds**Bonding with Asia**

Asia bonds are having their best quarterly inflow since Q1 2021 QTD so far, recording USD 14.1bn. 2025 is also on track to surpass the 2021 inflows of USD 22.4bn, with YTD inflows already reaching USD 22.0bn. This adds to two consecutive years of positive momentum. China bonds flows are the main engine of the inflows, with the best inflow year since 2020 at USD 15.0bn YTD. Asia credit also saw strong inflows in May 2025. MTD, they have recorded USD 4.5bn, the highest on record.

Asia bonds remain resilient amid US rate volatility. We like Asia USD bonds. They offer a substantially lower duration profile than their western counterparts, where yields in the super-long end surge. Technicals remain favorable on the back of limited new supply (due to cheaper onshore financing) and rising China onshore demand. Robust macro and micro fundamentals, decent all-in yield also add to our bullishness.

Greatest inflow quarter for Asia Bonds since Q1 2021

Quarterly Asia fixed income ETP flows, 01/01/2021 onwards.



Source: BlackRock and Markit, as of 27 May 2025.

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 27 May 2025. ¹ Source: Reuters, As of February 2024. 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. Reference to the company names mentioned in this communication is merely for illustrative purposes and should not be construed as investment advice or investment recommendation of that company.

Risk warnings

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

Changes in the rates of exchange between currencies may cause the value of investments to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility fund and the value of an investment may fall suddenly and substantially. Levels and basis of taxation may change from time to time.

This material is provided for educational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or iShares Funds, nor to adopt any investment strategy. The opinions expressed are subject to change. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be and should not be interpreted as recommendations. There are risks associated with investing, including loss of principal. The value of investments involving exposure to foreign currencies can be affected by exchange rate movements.

Reliance upon information in this material is at the sole risk and discretion of the reader. The material was prepared without regard to specific objectives, financial situation or needs of any investor. You are reminded to refer to the relevant prospectus for specific risk considerations which are available from BlackRock or the iShares websites.

This material may contain “forward-looking” information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, and estimates of yields or returns.

No representation is made that any performance presented will be achieved by any BlackRock or iShares Funds, or that every assumption made in achieving, calculating or presenting either the forward-looking information or any historical performance information herein has been considered or stated in preparing this material. Any changes to assumptions that may have been made in preparing this material could have a material impact on the investment returns that are presented herein. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy.

The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy.

For investors in Hong Kong: Issued by BlackRock Asset Management North Asia Limited and this material has not been reviewed by the Securities and Futures Commission of Hong Kong. This material is for distribution to “Professional Investors” (as defined in the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and any rules made under that ordinance) and should not be relied upon by any other persons or redistributed to retail clients in Hong Kong.

In Singapore, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N) for use only with institutional and accredited investors as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.

In Australia & New Zealand, issued by BlackRock Investment Management (Australia) Limited AB 13 006 165 975, AFSL 230 523 (BIMAL) for the exclusive use of the recipient, who warrants by receipt of this material that they are a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

BIMAL is not licensed by a New Zealand regulator to provide 'Financial Advice Service' 'Investment manager under an FMC offer' or 'Keeping, investing, administering, or managing money, securities, or investment portfolios on behalf of other persons'. BIMAL's registration on the New Zealand register of financial service providers does not mean that BIMAL is subject to active regulation or oversight by a New Zealand regulator.

This material provides general advice only and does not take into account your individual objectives, financial situation, needs or circumstances. Before making any investment decision, you should therefore assess whether the material is appropriate for you and obtain financial advice tailored to you having regard to your individual objectives, financial situation, needs and circumstances. Refer to BIMAL's Financial Services Guide on its website for more information. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction.

Information provided is for illustrative and informational purposes and is subject to change. It has not been approved by any regulator.

This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. BIMAL is a part of the global BlackRock Group which comprises of financial product issuers and investment managers around the world. BIMAL is the issuer of financial products and acts as an investment manager in Australia. BIMAL does not offer financial products to persons in New Zealand who are retail investors (as that term is defined in the Financial Markets Conduct Act 2013 (FMCA)). This material does not constitute or relate to such an offer. To the extent that this material does constitute or relate to such an offer of financial products, the offer is only made to, and capable of acceptance by, persons in New Zealand who are wholesale investors (as that term is defined in the FMCA). This material may include references to funds that are not registered for public distribution in Australia or New Zealand. Any such funds will be subject to the laws and regulations as required by their country of domicile and registration which may differ from those in your jurisdiction and therefore may not necessarily provide the same level of protection to investors as schemes registered in your jurisdiction and subject to that jurisdiction's regulations and conditions.

BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Except where contrary to law, BIMAL excludes all liability for this information.

Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies.

The environmental, social and governance ("ESG") considerations discussed herein may affect an investment team's decision to invest in certain companies or industries from time to time. Results may differ from products that do not apply similar ESG considerations to their investment process. ESG considerations are generally evaluated by investment teams alongside a number of other considerations.

No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL.

For Southeast Asia: This document is issued by BlackRock and is intended for the exclusive use of any recipient who warrants, by receipt of this material, that such recipient is an institutional investors or professional/sophisticated/qualified/accredited/experienced investor as such term may apply under the relevant legislations in Southeast Asia (for such purposes, includes only the **Philippines, Malaysia, Thailand, Brunei and Indonesia**). BlackRock does not hold any regulatory licenses or registrations in Southeast Asia countries listed above, and is therefore not licensed to conduct any regulated business activity under the relevant laws and regulations as they apply to any entity intending to carry on business in Southeast Asia, nor does BlackRock purport to carry on, any regulated activity in any country in Southeast Asia. BlackRock funds, and/or services shall not be offered or sold to any person in any jurisdiction in which such an offer, solicitation, purchase, or sale would be deemed unlawful under the securities laws or any other relevant laws of such jurisdiction(s).

This material is provided to the recipient on a strictly confidential basis and is intended for informational or educational purposes only. Nothing in this document, directly or indirectly, represents to you that BlackRock will provide, or is providing BlackRock products or services to the recipient, or is making available, inviting, or offering for subscription or purchase, or invitation to subscribe for or purchase, or sale, of any BlackRock fund, or interests therein. This material neither constitutes an offer to enter into an investment agreement with the recipient of this document, nor is it an invitation to respond to it by making an offer to enter into an investment agreement.



In South Korea, this information is issued by BlackRock Investment (Korea) Limited. This material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations) and for information or educational purposes only, and does not constitute investment advice or an offer or solicitation to purchase or sell in any securities or any investment strategies.

In Taiwan, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600.

In China, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, not applicable to Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services.

For Other Countries in APAC: This material is provided for your informational purposes only and must not be distributed to any other persons or redistributed. This material is issued for Institutional Investors only (or professional/sophisticated/qualified investors as such term may apply in local jurisdictions) and does not constitute investment advice or an offer or solicitation to purchase or sell in any securities, BlackRock funds or any investment strategy nor shall any securities be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdictions.

The distribution of the information contained herein may be restricted by law and any person who accesses it is required to comply with any such restrictions. By reading this information you confirm that you are aware of the laws in your own jurisdiction regarding the provision and sale of funds and related financial services or products, and you warrant and represent that you will not pass on or utilize the information contained herein in a manner that could constitute a breach of such laws by BlackRock, its affiliates or any other person. The information provided here is not intended to constitute financial, tax, legal or accounting advice. You should consult your own advisers on such matters.

The information provided here is not intended to constitute financial, tax, legal or accounting advice.

You should consult your own advisers on such matters.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

© 2025 BlackRock, Inc. All Rights reserved. **BLACKROCK, BLACKROCK SOLUTIONS and iSHARES are trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.**