



# BlackRock Global ETP Landscape

Monthly Snapshot | September 2018



# Summary

## September Global ETP flows fueled by U.S. equities

- Global ETPs gathered \$42.6bn in September, with strength in U.S. equities and bolstered by emerging markets equities and fixed income, driving year-to-date flows to \$358.2bn
- U.S. equity flows accelerated to \$31.0bn against a backdrop of strong wage and employment growth, propelled by large caps with \$15.4bn and supported by flows to health care and financial equity sector funds
- Emerging markets equity flows climbed to \$3.4bn focused in Chinese equities, despite lingering trade tensions
- Fixed income flows remained resilient with \$9.0bn diversified across investment grade corporates, Treasuries and emerging markets debt despite a widely anticipated Federal Reserve (Fed) rate hike and prospects for another increase by year-end

## 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 \$42.6bn in September fueled by U.S. equities and bolstered by fixed income amid a positive economic outlook in the U.S. and a widely anticipated Fed rate hike. Year-to-date flows climbed to \$358.2bn.

U.S. equity inflows accelerated to \$31.0bn, nearly double last month's total, boosted by strong wage and jobs growth. Flows were focused in U.S. **large caps** with \$15.4bn, **small caps** with \$4.2bn and equity sectors with \$3.9bn. Sector funds were marked by rotations into **health care** with \$2.6bn and **financials** with \$1.4bn, while offset by **technology** with (\$0.9bn) (see "Spotlight on U.S. Sector Fund Flows" below).

**Emerging markets (EM) equities** held course in light of economic reforms and strong fundamentals, bringing in \$3.4bn, concentrated in Chinese equities with \$3.0bn.

Fixed income remained resilient in September with \$9.0bn despite a rate hike by the Fed and prospects for another increase by year-end. **Investment grade corporates** maintained momentum with \$3.3bn, **U.S. Treasuries** added \$2.8bn and **EM debt** gained \$1.7bn, moderated by **high-yield corporates** with (\$1.1bn) and **sovereigns** with (\$0.5bn) amid volatility sparked by concerns over the Italian government's budget proposal.

European equities shed (\$0.2bn) with outflows from **pan-European equity** exposures of (\$1.0bn) offset by flows to perceived safe-haven European country funds including **Germany** with \$0.2bn. **Japanese equities** also added \$1.0bn as the Bank of Japan maintained its upbeat outlook.

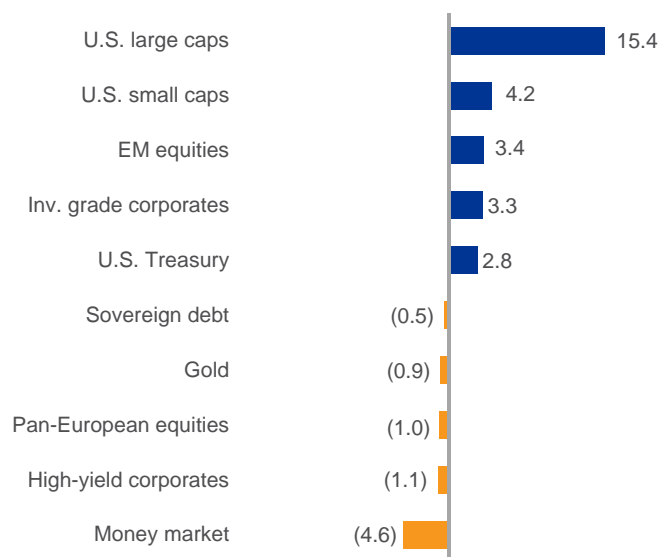
**Gold** shed (\$0.9bn), a fourth consecutive month of outflows, as rising rates and a stronger dollar weighed on flows.

## Key investment themes / ETP flow trends



## Global ETP Flows by Asset Class & Exposure

September 2018 flows: \$42.6bn



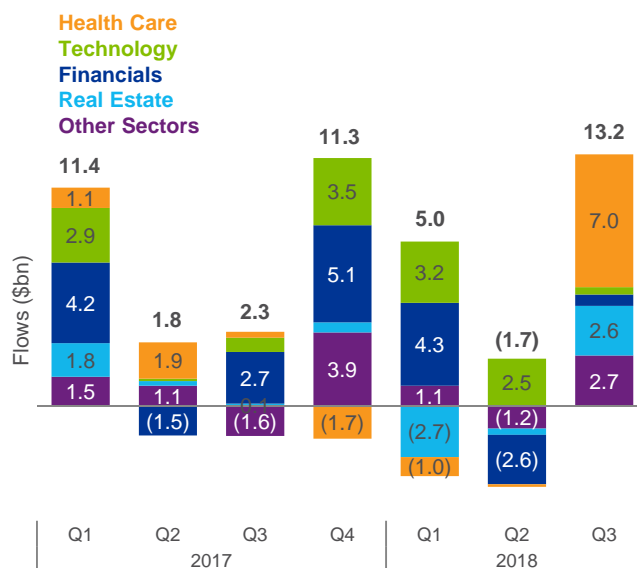
## Spotlight on U.S. Sector Fund Flows<sup>1</sup>

Flows to U.S. equity sector funds this year are ahead of last year's pace, marked by several interesting rotations in Q3 2018. Here are three key trends from this quarter:

1. U.S. health care funds broke with a muted H1 trend, collecting a record quarter total of \$7.0bn, spurred by strong biotech earnings
2. Real estate funds rebounded from outflows in Q2 to gather \$2.6bn in Q3, despite prospects for Fed rate increases
3. Technology funds flattened to \$0.4bn in Q3 driven by outflows in August and September of (\$0.6bn) and (\$0.9bn), respectively, in the context of substantial changes to the MSCI Global Industry Classification Standard (GICS)

## U.S. Sector Fund Quarterly Flows<sup>1</sup>

Year-to-date 2018



# Year-to-date Overview

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

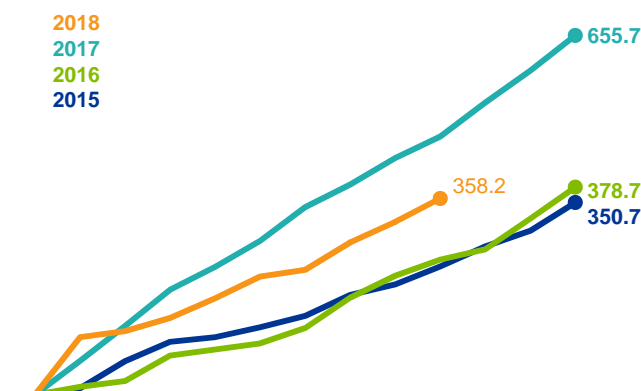
(US\$bn)	Sep 2018	Sep 2017	Dec 2017
Monthly flows	42.6	39.1	64.1
Year-to-date flows	358.2	471.1	655.7
Assets	5,242	4,446	4,822
# of ETPs	7,947	6,389	5,993

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

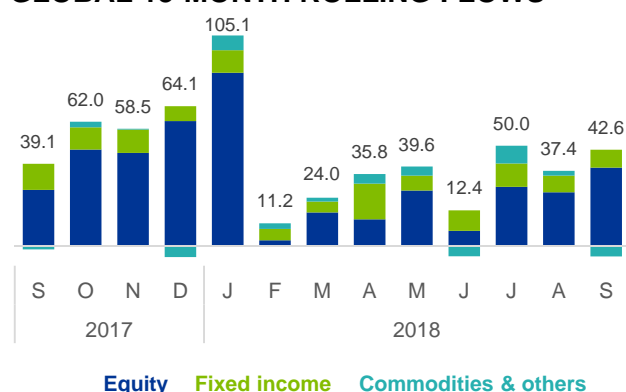
(US\$bn)	Sep 2018 Flows	2018 YTD Flows	Current Assets
Dividend	1.1	3.8	201
Multi-Factor	1.2	12.6	90
Low Volatility	1.6	3.4	62
Equal Weight	0.5	3.4	59
Single Factor	1.4	7.9	54
Fixed Income	0.0	0.0	10
<b>Grand Total</b>	<b>5.7</b>	<b>31.1</b>	<b>475</b>

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

Year-to-date flows: \$358.2bn

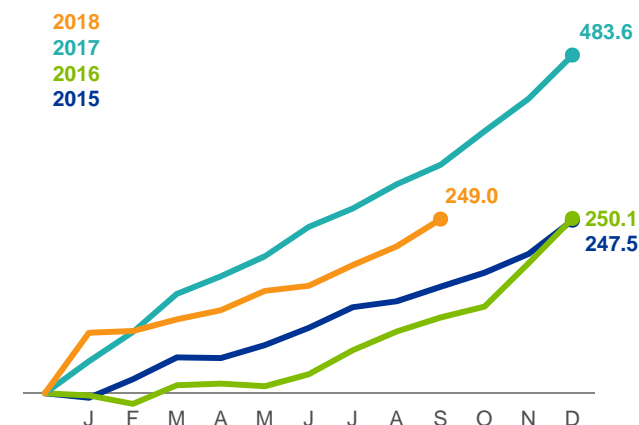


## GLOBAL 13-MONTH ROLLING FLOWS<sup>1</sup>



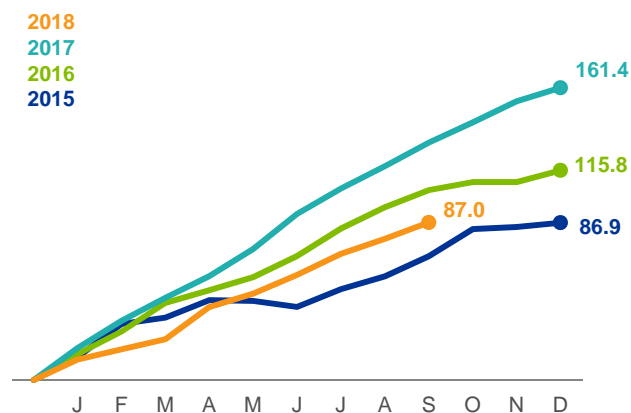
## CUMULATIVE EQUITY ETP FLOWS<sup>1</sup>

Year-to-date flows: \$249.0bn



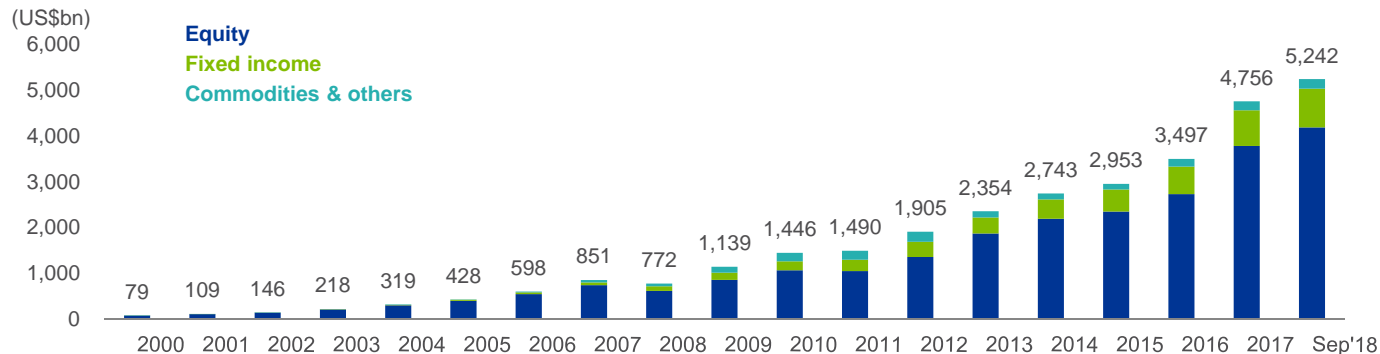
## CUMULATIVE FIXED INCOME ETP FLOWS<sup>1</sup>

Year-to-date flows: \$87.0bn



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

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



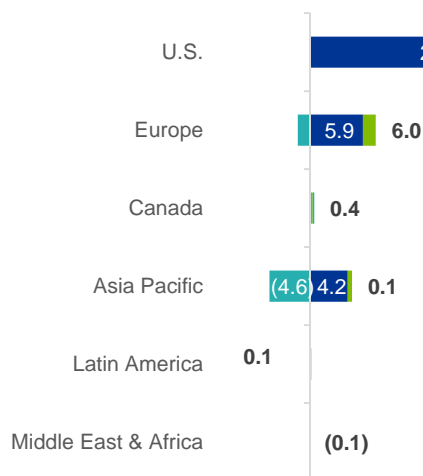
## ETP Assets and Flows By Listing Region

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

(US\$bn)	Equity	Fixed Income	Commodity & others	Total
U.S.	3,024	606	83	3,713
Europe	593	188	73	854
Canada	88	34	4	127
Asia Pacific	469	19	48	535
Latin America	8	0	0	8
Middle East & Africa	3	0	1	4
<b>Total</b>	<b>4,186</b>	<b>847</b>	<b>209</b>	<b>5,242</b>

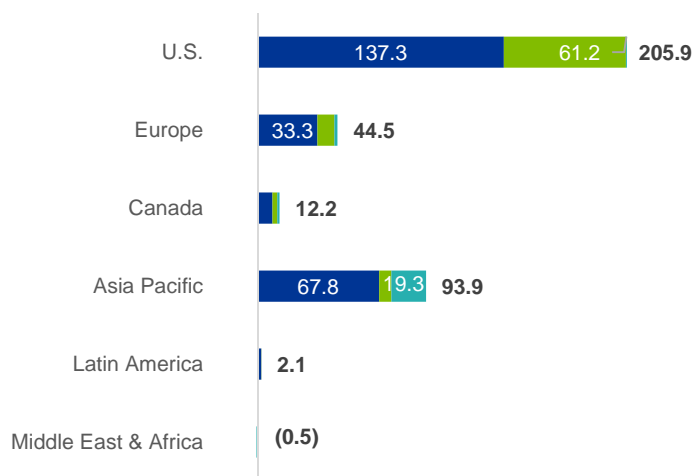
### MONTH-TO-DATE FLOWS BY LISTING REGION<sup>1</sup>

Month-to-date flows: \$42.6bn



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

Year-to-date flows: \$358.2bn



Equity      Fixed Income      Commodities & others

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

(US\$bn)		September Flows	2018 YTD Flows	Current Assets	
Equity	U.S.	31.0	120.4	2,432	
	Broad Developed Markets	4.5	63.0	591	
	Asia-Pacific	0.8	43.1	445	
	Europe	(0.2)	(13.4)	300	
	Canada	(0.4)	3.2	46	
	<b>Developed Equity</b>	<b>35.6</b>	<b>216.5</b>	<b>3,814</b>	
	Single Country	2.9	21.0	157	
	Broad	0.1	10.9	206	
	Regional	0.3	0.6	9	
	Emerging Markets Equity	3.4	32.5	372	
	<b>Equity Total</b>	<b>39.0</b>	<b>249.0</b>	<b>4,186</b>	
	Fixed Income	Investment Grade Corp	3.3	15.7	224
		High Yield Corp	(1.1)	(5.2)	63
Broad		1.4	15.7	144	
U.S. Treasury		2.8	29.5	102	
Sovereign		(0.5)	2.3	49	
Municipal		(0.2)	3.2	35	
Emerging Markets Debt		1.7	6.8	55	
Other Fixed Income		1.5	19.0	175	
<b>Fixed Income Total</b>		<b>9.0</b>	<b>87.0</b>	<b>847</b>	
Commodities	Gold	(0.9)	(0.2)	87	
	Crude oil	(0.1)	(3.7)	8	
	Silver	0.1	0.4	9	
	Agriculture	(0.3)	0.3	3	
	Other Precious Metals	(0.1)	(0.5)	3	
	Other Commodities	0.0	1.5	26	
	<b>Commodities Total</b>	<b>(1.3)</b>	<b>(2.2)</b>	<b>136</b>	
Other	<b>Other Total</b>	<b>(4.1)</b>	<b>24.4</b>	<b>74</b>	
<b>Grand Total</b>		<b>42.6</b>	<b>358.2</b>	<b>5,242</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 September 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.

**Index performance is for illustrative purposes only and does not represent actual Fund performance. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

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