



## BlackRock Global ETP Landscape

Monthly Snapshot | December 2018



# Summary

## Global ETPs collect more than \$500 billion in 2018 amid volatile global equity markets

- Global ETPs collected \$67.2bn in December – the second best month of the year - boosting full year flows to \$514.8bn making it the second best year on record behind 2017, amid more volatile stock market conditions in 2018.
- December flows were driven by Fixed Income with \$23.5bn, U.S. Equity with \$14.5bn, Global Developed Market (DM) Equity with \$13.8bn, Emerging Markets Equity with \$13.0bn.
- Full year flows of \$514.8bn are lower than last year's \$659.3bn, but some exposures captured record flows this year including Treasury/Sovereign Bond funds with \$64.2bn amid tighter financial conditions in 2018 including higher interest rates, a stronger dollar and more volatile stock markets.
- Additionally within Fixed Income, rising interest rates spurred Short Maturity funds flows to a new record of \$70.0bn – more than half of all Fixed Income flows.
- Other new annual flow records include Emerging Markets Equity funds with \$66.4bn, Japanese Equities with \$67.1bn, and Smart Beta Multi-Factor Equity funds with \$14.0bn.

## 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 collected \$67.2bn in December – the second best month of the year - boosting full year flows to \$514.8bn making it the second best year on record behind 2017, amid more volatile stock market conditions in 2018 (see “Spotlight on Annual ETP Flows” below).

December flows were driven by **Fixed Income** with \$23.5bn, **U.S. Equity** with \$14.5bn, **Global DM Equity** with \$13.8bn, **Emerging Markets Equity** with \$13.0bn.

Full year flows are lower than last year but some exposures captured record flows this year including **Treasury/Sovereign Bond** funds with \$64.2bn vs. the previous record high in 2014 with \$19.5bn - amid tighter financial conditions in 2018 including higher interest rates, a stronger dollar and more volatile stock markets. On the flip side, **High Yield Bond** funds shed (\$10.5bn), the highest annual outflows on record.

Additionally within **Fixed Income**, rising interest rates spurred **Short Maturity** funds flows to a new record of \$70.0bn – more than half of all Fixed Income flows. Top categories included **Treasury/Sovereign Short Maturity** funds with \$41bn, **Govt/Corporate Short Maturity** with \$14.1bn, and **Investment Grade Corporate Short Maturity** with \$12.6bn.

**Emerging Markets Equity** funds gathered a record \$66.4bn driven by record **China Equity** flows of \$28.5bn and **South Korea Equity** flows of \$10.5bn, both largely from locally-listed funds.

**Japanese Equity** funds took in a record \$67.1bn this year compared to last year's high of \$55.0bn.

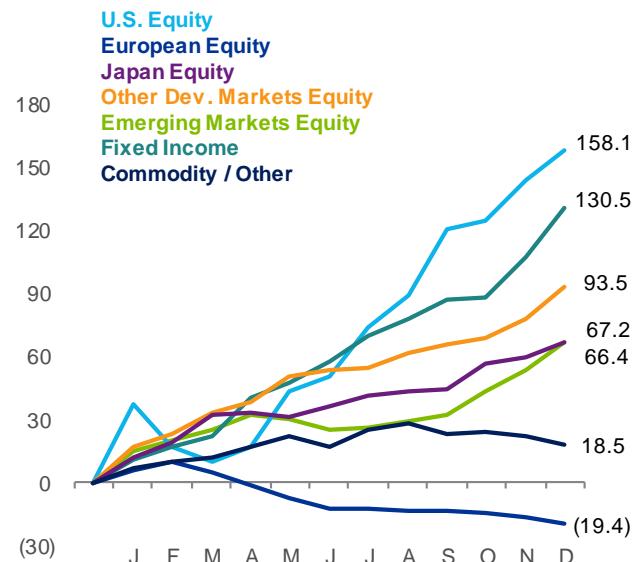
Within **Smart Beta, Multi-Factor Equity** funds took in a record \$14.0bn and other categories were near record levels including **Single Factor Equity** funds with \$8.8bn compared to \$9.4bn last year, and **Low Volatility Equity** funds with \$11.5bn compared to \$12.4bn in 2016.

## Key investment themes / ETP flow trends



## Global ETP Flows by Asset Class & Exposure<sup>1</sup>

2018 flows: \$514.8bn



## Spotlight on Annual ETP Flows<sup>1</sup>

2018 Flows did not eclipse 2017, but new flow records were set in some equity and fixed income categories including Treasury/Sovereign Bonds, Emerging Markets Equities and Japanese Equities



# Full Year Overview

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

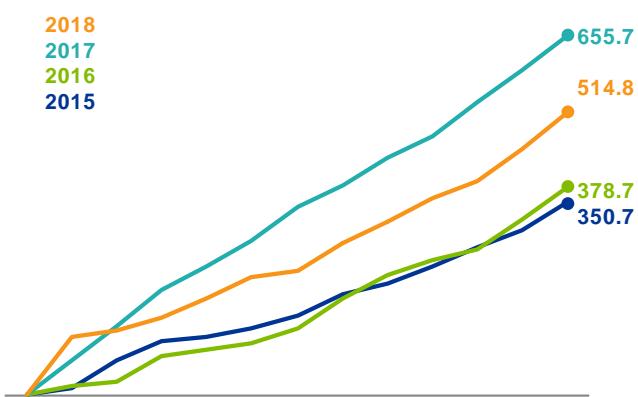
(US\$bn)	Dec 2018	Dec 2017	Dec 2016
<b>Monthly flows</b>	47.4	64.4	57.4
<b>Full Year flows</b>	514.8	659.3	378.7
<b>Assets</b>	4,792	4,758	3,502
<b># of ETPs</b>	8,204	6,354	6,053

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

(US\$bn)	Dec 2018 Flows	2018 Flows	Current Assets
<b>Dividend</b>	6.3	16.2	191
<b>Multi-Factor</b>	0.4	16.4	81
<b>Low Volatility</b>	4.1	12.2	65
<b>Equal Weight</b>	(1.5)	(0.9)	43
<b>Single Factor</b>	(0.5)	8.8	46
<b>Fixed Income</b>	(0.4)	(1.0)	9
<b>Grand Total</b>	8.4	51.7	435

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

Full Year flows: \$514.8bn

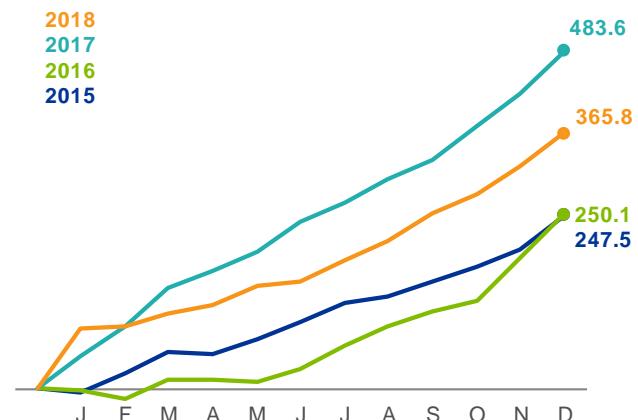


## GLOBAL 13-MONTH ROLLING FLOWS<sup>1</sup>



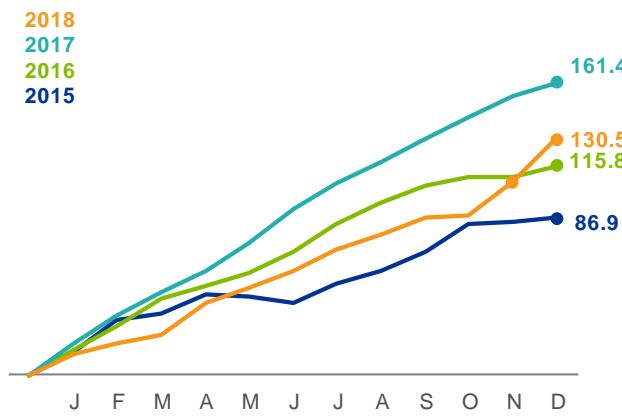
## CUMULATIVE EQUITY ETP FLOWS<sup>1</sup>

Full Year flows: \$365.8bn



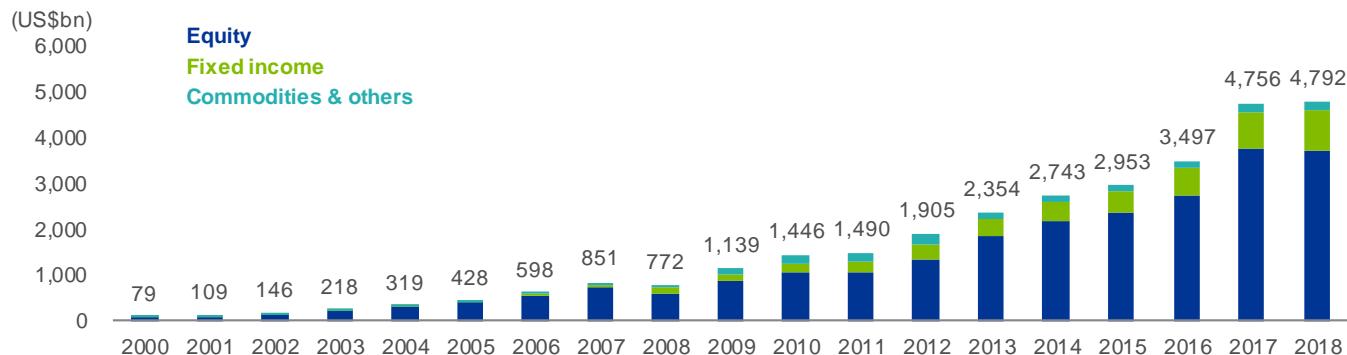
## CUMULATIVE FIXED INCOME ETP FLOWS<sup>1</sup>

Full Year flows: \$130.5bn



# Full Year Overview (cont'd)

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



## ETP Assets and Flows By Listing Region

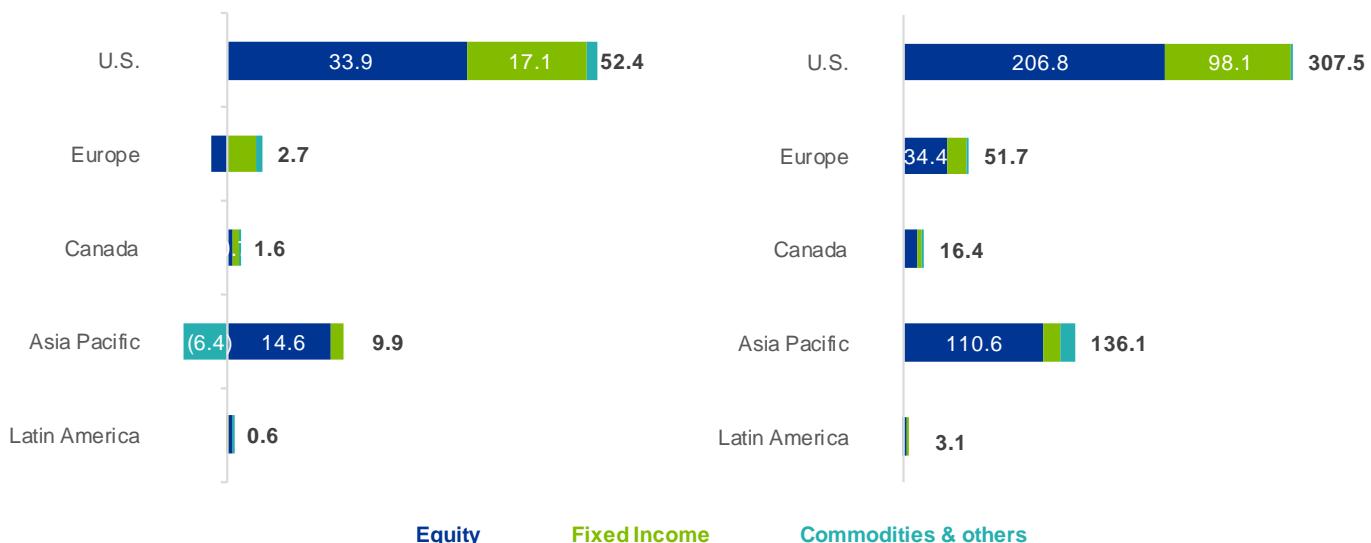
### ASSETS BY LISTING REGION<sup>1</sup>

(US\$bn)	Equity	Fixed Income	Commodity & others	Total
U.S.	2,660	632	85	3,377
Europe	515	192	73	780
Canada	77	33	5	115
Asia Pacific	447	25	40	512
Latin America	8	0	0	8
<b>Total</b>	<b>3,707</b>	<b>882</b>	<b>202</b>	<b>4,792</b>

### CURRENT MONTH FLOWS BY LISTING REGION<sup>1</sup> FULL YEAR FLOWS BY LISTING REGION<sup>1</sup>

Current Month flows: \$67.2bn

Full Year flows: \$514.8bn



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

(US\$bn)		December Flows	2018 Full Year Flows	Current Assets
Equity	U.S.	14.6	158.1	2,100
	Broad Developed Markets	13.8	85.7	536
	Asia-Pacific	8.5	69.5	408
	Europe	(2.6)	(19.4)	252
	Canada	0.2	5.5	41
	Developed Equity	34.4	299.5	3,337
	Single Country	7.5	43.8	162
	Broad	5.3	21.6	200
	Regional	0.2	1.0	9
	Emerging Markets Equity	13.0	66.4	370
<b>Equity Total</b>		<b>47.4</b>	<b>365.8</b>	<b>3,707</b>
Fixed Income	Investment Grade Corp	0.1	19.7	226
	High Yield Corp	(1.8)	(10.5)	54
	Broad	4.5	20.4	148
	U.S. Treasury	13.6	56.9	130
	Sovereign	2.7	7.3	54
	Municipal	2.1	6.3	38
	Emerging Markets Debt	0.1	9.7	58
	Other Fixed Income	2.2	20.8	174
	<b>Fixed Income Total</b>	<b>23.6</b>	<b>130.5</b>	<b>882</b>
Commodities	Gold	3.2	5.1	97
	Crude oil	0.7	(1.7)	7
	Silver	(0.2)	(0.0)	9
	Agriculture	(0.1)	(0.2)	3
	Other Precious Metals	(0.0)	(0.4)	3
	Other Commodities	(1.2)	(2.1)	19
	<b>Commodities Total</b>	<b>2.3</b>	<b>0.7</b>	<b>137</b>
Other	<b>Other Total</b>	<b>(6.1)</b>	<b>17.7</b>	<b>656</b>
<b>Grand Total</b>		<b>67.2</b>	<b>514.8</b>	<b>4,792</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 December 31, 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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<sup>1</sup> Based on \$6.44 trillion in AUM as of 9/30/18

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