



BlackRock Global ETP Landscape

Monthly Snapshot | February 2017



Summary

Global ETPs on record year-to-date pace as reflationary trends drive best-ever February flows

- Global ETPs brought in \$62.9bn in February, marking the best February flows on record and record year-to-date pace, fueled by strength in U.S. equities
- U.S. equities drew in \$20.2bn as global U.S.-led reflationary trends boosted mid-caps with \$3.1bn and cyclical exposures including \$3.9bn in value-focused funds and \$2.7bn in financial sector funds
- Japanese equities brought in \$6.8bn fueled by Bank of Japan purchases and prospects for better earnings, and EAFE funds – which hold Japanese as well as European equities – also benefited, with inflows of \$2.9bn
- Fixed income gathered \$14.7bn focused in investment grade corporates, emerging markets debt and TIPS as flows remained despite prospects for higher rates
- Broad emerging markets (EM) equities gathered \$3.8bn amid improving earnings expectations and a positive swing in sentiment on the Chinese economy

BlackRock ETP Research

A cross-regional team analyzing global markets to deliver insights on the intersection of investment trends and ETP flows

For inquiries, please email ETPResearch@BlackRock.com

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Global ETP Highlights

Global ETPs gathered record February flows of \$62.9bn to propel the industry to its best start ever (see below). U.S.-led global reflationary trends – characterized by rising wages and inflation – maintained momentum from January with strength in U.S. equity funds and bolstered by strong flows across equity, fixed income and commodity categories.

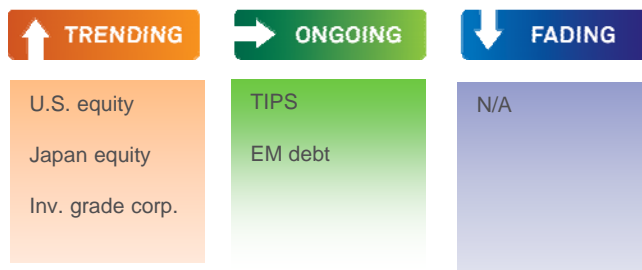
Reflationary trends boosted U.S. equity inflows to \$20.2bn. **U.S. mid-caps** gathered \$3.1bn – the fourth consecutive month of greater than \$3bn – and reflation continued to bolster U.S. cyclical sectors including **financials** with \$2.7bn and **technology** with \$1.1bn. **Value** funds, which specialize in stocks that trade at lower prices relative to fundamentals, also persisted with \$3.9bn.

The benefits of reflation are spreading beyond the U.S. with increasingly upbeat corporate earnings estimates in Japan, Europe and emerging markets. **Japanese equity** funds brought in \$6.8bn, fueled by Bank of Japan purchases and focused in Japan-domiciled funds, and **EAFE equity** funds, which hold both Japanese and European equities, added \$2.9bn. A positive swing in sentiment toward China this month provided an additional boost to **broad EM equities** which drew in \$3.8bn.

Reflation has also been a boon for fixed income funds, which collected \$14.7bn. Higher yielding categories saw the largest inflows, including **investment grade corporate** and **emerging markets debt** funds with \$5.4bn and \$2.5bn, respectively.

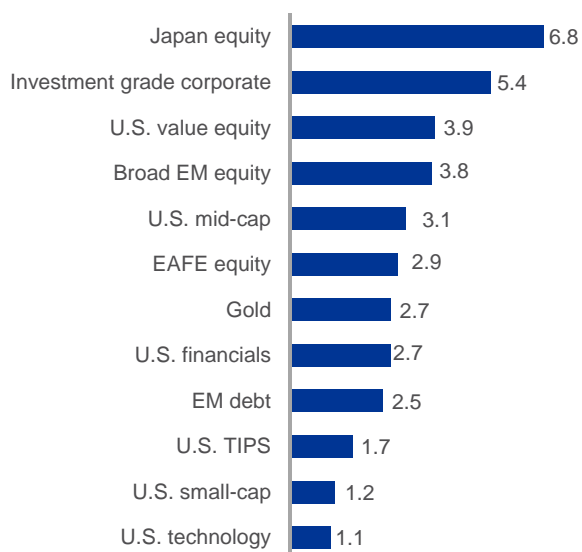
Higher inflation expectations have also been met by a pick-up in gold prices. **Gold** commodity funds accumulated \$2.7bn and **gold and silver miners** gained \$1.8bn.

Key investment themes / ETP flow trends



Global ETP Flows by Asset Class & Exposure¹

February 2017 flows: \$62.9bn



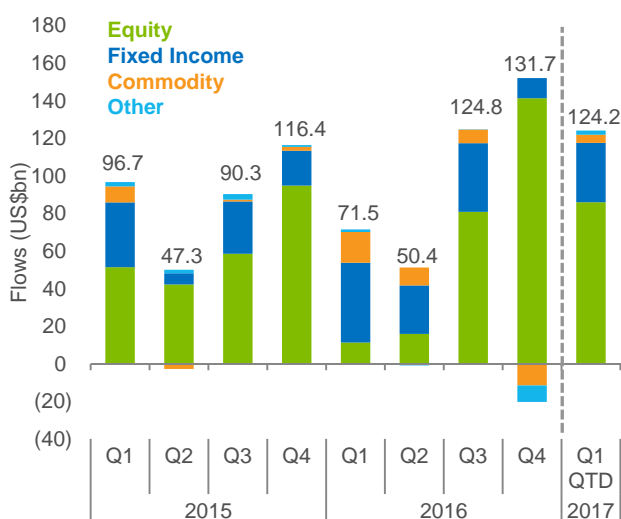
Spotlight on Global Flow Records

Global ETPs are on record pace with year-to-date inflows of \$124.2bn as global growth trends have lifted funds of all asset classes. Here are three points to put this growth in context:

- Coming on the heels of new January and February records, the industry grew at a blistering 21% annualized organic growth rate versus 13% for full-year 2016
- 2017 year-to-date flows have already surpassed the 2015 Q1 record of \$96.7bn and are nearly five times the 2016 year-to-date total through February
- Notably, robust flows so far this year are also supported by a record pace for fixed income funds, despite rising-rate prospects, as investors have rotated into shorter maturity funds and higher yielding categories

Quarterly Global ETP Flows by Asset Class¹

2015 through February 2017



Year-to-date Overview

RESULTS AT A GLANCE¹

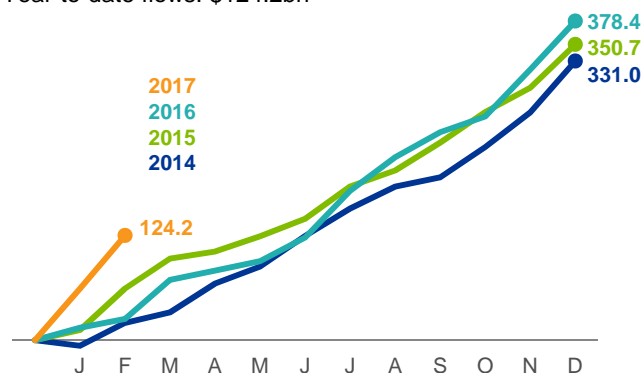
(US\$bn)	Feb 2017	Feb 2016	Dec 2016
Monthly flows	62.9	10.5	57.4
Year-to-date flows	124.2	25.2	378.4
Assets	3,778	2,833	3,502
# of ETPs	6,093	5,867	6,053

EQUITY SMART BETA FLOWS BY TYPE¹

(US\$bn)	Feb 2017 Flows	2017 YTD Flows	Current Assets
Dividend	1.2	3.3	168
Multi-Factor	2.1	2.9	59
Low Volatility	(0.7)	(1.3)	46
Equal Weight	1.7	2.1	46
Single Exposure	1.7	2.7	30
Grand Total	6.1	9.6	349

CUMULATIVE ETP FLOWS¹

Year-to-date flows: \$124.2bn

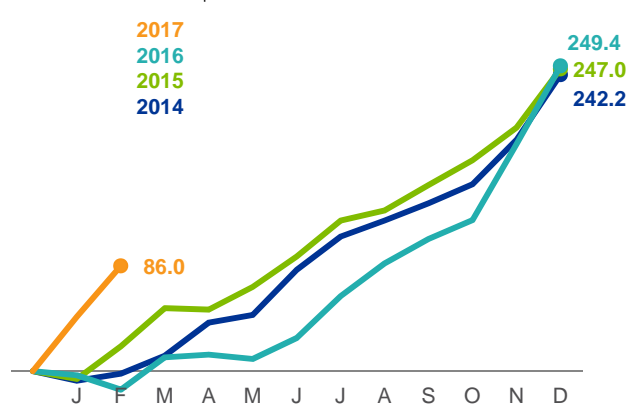


GLOBAL 13-MONTH ROLLING FLOWS¹



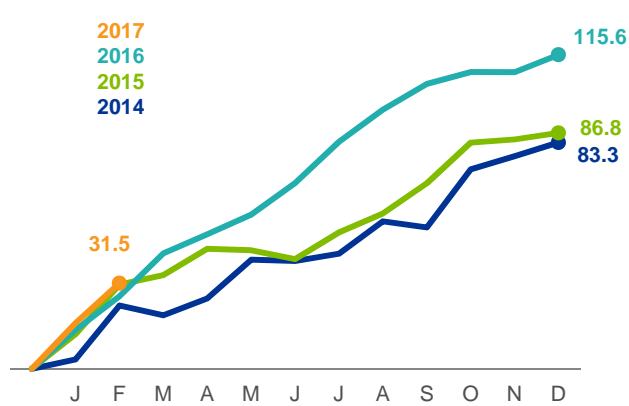
CUMULATIVE EQUITY ETP FLOWS¹

Year-to-date flows: \$86.0bn



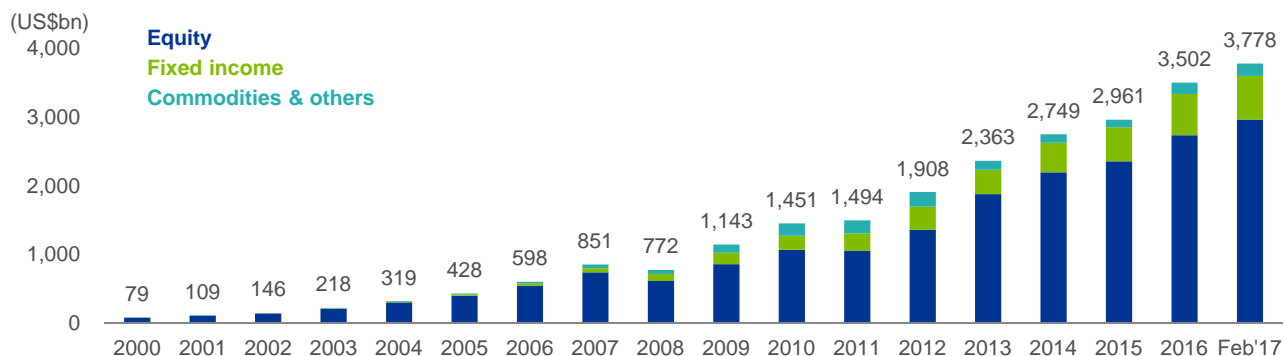
CUMULATIVE FIXED INCOME ETP FLOWS¹

Year-to-date flows: \$31.5bn



Year-to-date Overview (cont'd)

GLOBAL ETP ASSETS¹



ETP Assets and Flows By Listing Region

ASSETS BY LISTING REGION¹

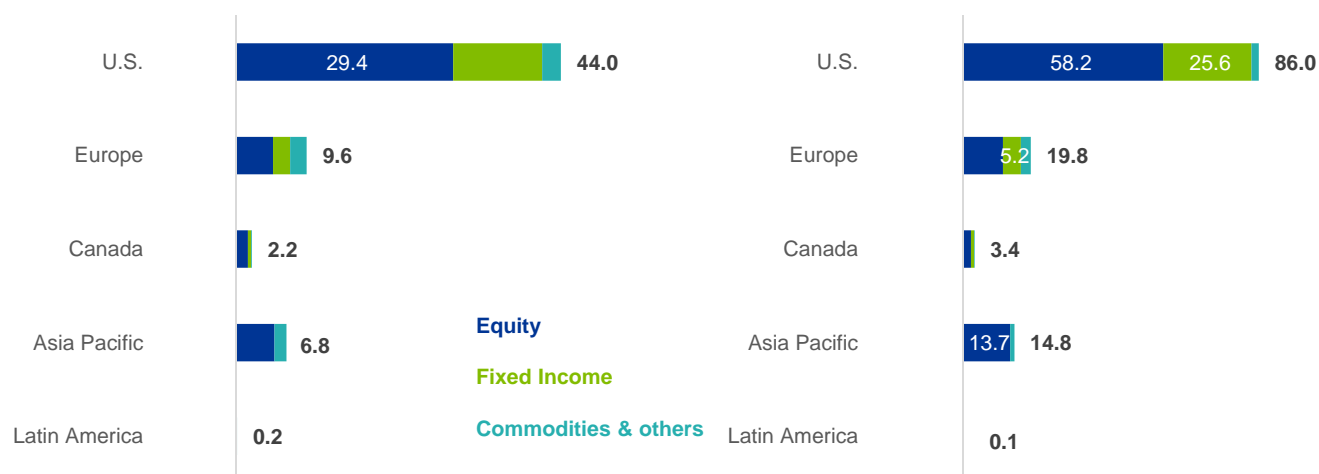
(US\$bn)	Equity	Fixed Income	Commodity & others	Total
U.S.	2,197	456	87	2,741
Europe	400	146	57	604
Canada	62	26	3	91
Asia Pacific	294	9	29	332
Latin America	5	0	0	5
Middle East & Africa	4	0	2	6
Total	2,962	638	178	3,778

MONTH-TO-DATE FLOWS BY LISTING REGION¹

Month-to-date flows: \$62.9bn

YEAR-TO-DATE FLOWS BY LISTING REGION¹

Year-to-date flows: \$124.2bn



ETP Flows by Exposure

(US\$bn)		February Flows	2017 YTD Flows	Current Assets	
Equity	U.S.	20.2	39.4	1,760	
	Broad Developed Markets	9.0	18.5	377	
	Asia-Pacific	6.5	16.7	297	
	Europe	1.0	3.7	225	
	Canada	0.9	1.5	38	
	Developed Equity	37.6	79.7	2,697	
	Single Country	(0.1)	(0.4)	118	
	Broad	3.8	6.3	141	
	Regional	0.3	0.4	7	
	Emerging Markets Equity	4.0	6.3	266	
	Equity Total	41.5	86.0	2,962	
	Fixed Income	Investment Grade Corp	5.4	10.4	165
		High Yield Corp	1.0	2.2	65
Broad		1.3	1.8	105	
U.S. Treasury		0.2	2.4	58	
Sovereign		(0.2)	(0.3)	45	
Municipal		(0.1)	0.3	27	
Emerging Markets Debt		2.5	4.0	37	
Other Fixed Income		4.6	10.6	136	
Fixed Income Total		14.7	31.5	638	
Commodities	Gold	2.7	2.4	80	
	Crude oil	0.2	0.6	14	
	Silver	0.0	(0.1)	11	
	Agriculture	0.2	0.4	3	
	Other Precious Metals	0.0	(0.1)	3	
	Other Commodities	1.2	1.1	17	
	Commodities Total	4.4	4.3	128	
Other	Other Total	2.2	2.3	51	
Grand Total		62.9	124.2	3,778	

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. For Middle East and Africa, assets and net flows data is not available. Assets are derived using shares outstanding and prices at the end of each month (or the closest date available). Where price is not available, we use an approximation. 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 February 28, 2017 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. 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.

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