



## Contact details:

[EII EMEA Investment Strategy](#)

All figures in USD

# EMEA-listed ETP Flows October 2019

October marked another strong inflow month for EMEA-listed exchange-traded products (ETPs) with \$15B invested, albeit down from \$20B of inflows in September. Flows into equity ETPs moderated to \$8.3B in October, down from \$13.8B in September. Fixed income gained \$4.9B, while inflows into commodity ETPs increased to \$1.6B.

### Key themes this month:

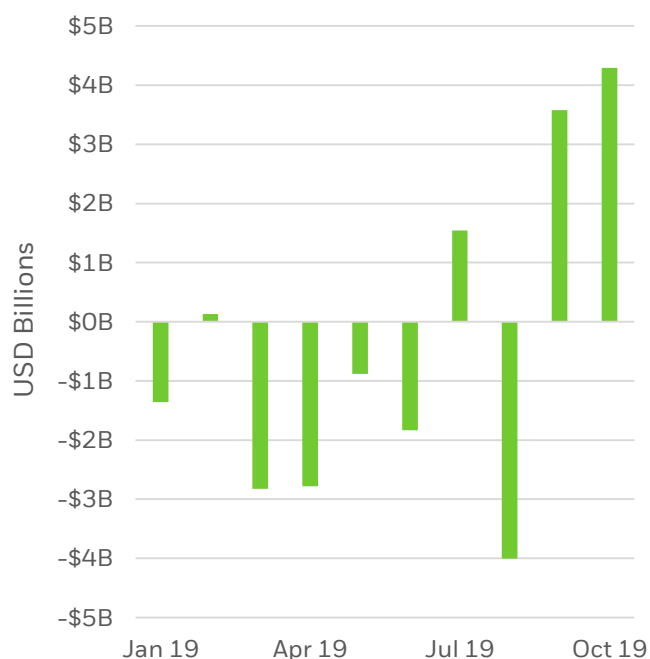
- 1. The Europe comeback?:** A second consecutive month of European equity inflows
- 2. Quality fixed income:** Investment grade (IG) and rates inflows continue
- 3. Value in vogue:** October was the biggest inflow month of the year for the value factor

## 1. The Europe comeback?

- European equities gained their largest inflow month this year with \$4.4B added in October.** This marked the first time the exposure has received positive inflows in consecutive months since October 2018; investors have bought \$7.9B of European equities since September. Despite the improvement in sentiment towards European equities, net flows this year still remain negative at -\$4B.
- Investors tempered their buying of US equities to only \$0.2B in October after September's record inflows (+\$5.3B).** Despite lagging European equity inflows in October, year-to-date flows into US equities are significantly higher, at \$10B YTD.
- Investors have continued to sell emerging market (EM) equities for a third consecutive month, with \$0.3B of outflows in October.** These outflows come despite an apparent de-escalation in global trade tensions, but the October figure does mark a slight improvement from September (-\$1B).

## Two in a row

Monthly flows into EMEA-listed European equity ETPs, January 2019-October 2019



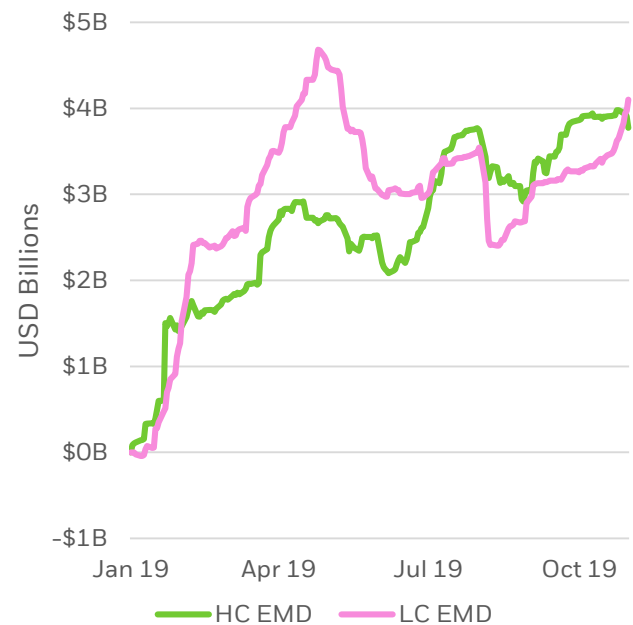
**Source:** Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) as at 31 October 2019. Past flows into EMEA-listed ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation to, offer or solicitation to buy or sell any financial instrument or product or to adopt any investment strategy. Investment in the products mentioned in this document may not be suitable for all investors. BlackRock has not considered the suitability of any product against your individual needs and risk tolerance.

## 2. Quality fixed income

- **Investors continued to favour quality in fixed income in October: investment grade (IG) and rates gained the lion's share of flows, with +\$1.2B and +\$1.8B respectively**, while investors continued to sell high yield (-\$0.1B). Rates and IG have not had a negative flow month so far this year – this 10 month streak has been their longest on record.
- **EMEA investors have favoured fixed income exposures throughout the year and YTD net flows stand at \$55B.** In comparison, equity inflows have totalled \$30B YTD.
- **Emerging market debt (EMD) gained another \$0.9B in October. Investors favoured local currency ETPs (+\$0.8B), while selling hard currency ETPs (-\$0.1B).** Investors had favoured LC early this year, but sold the exposure heavily in May. More recently, sentiment has begun to revert.

### Local currency back in front

Cumulative flows into EMEA-listed hard and local currency EMD ETPs, January 2019-October 2019

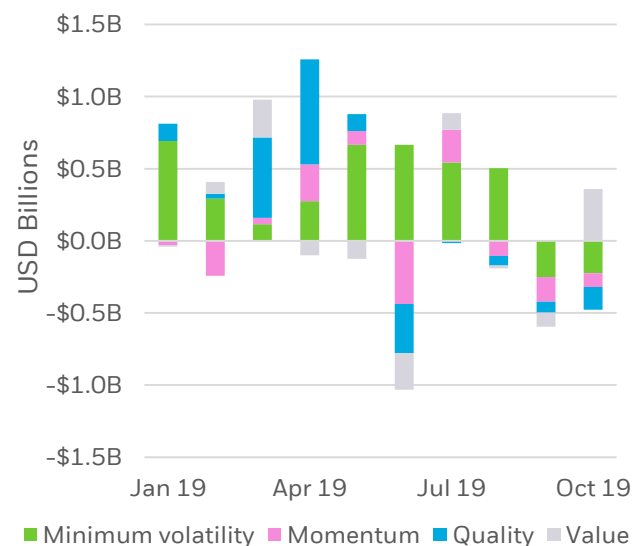


## 3. Value in vogue

- **Value ETPs gained \$0.4B in October – the biggest monthly inflow into the exposure this year – sending the factor's YTD flows back into positive territory.** Value only gained inflows of similar magnitude in March 2019, when investors bought \$0.3B. Investors sold minimum volatility (min vol) ETPs for a second consecutive month (-\$0.2B), although min vol remains the most popular factor this year with net inflows of \$3.3B YTD.
- **Commodity flows picked up to \$1.6B after dropping to \$0.7B in September. The majority of inflows were allocated to gold (\$1.2B) amid market volatility.** Silver flows were flat for October but recovered from the -\$0.1B of outflows in September.

### Value reaps inflows

Monthly flows into factor ETPs, January 2019-October 2019



**Source:** Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) as at 31 October 2019. Past flows into EMEA-listed ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation to, offer or solicitation to buy or sell any financial instrument or product or to adopt any investment strategy. Investment in the products mentioned in this document may not be suitable for all investors. BlackRock has not considered the suitability of any product against your individual needs and risk tolerance.

## **Risks**

**Capital at risk.** The value of investments and the income from them can fall as well as rise and are not guaranteed. The investor 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.

## **Important Information**

This material is for distribution to Professional Clients (as defined by the Financial Conduct Authority or MiFID Rules) and Qualified Investors only and should not be relied upon by any other persons.

## **Regulatory Information**

Issued by BlackRock Advisors (UK) Limited, authorised and regulated by the Financial Conduct Authority, having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL, England, Tel +44 (0)20 7743 3000. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Advisors (UK) Limited.

Issued by BlackRock Investment Management (UK) Limited, authorised and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: +44 (0)20 7743 3000. Registered in England and Wales No. 2020394. For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock Investment Management (UK) Limited.

When this document is issued in the EEA it is issued by BlackRock (Netherlands) B.V.: Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 549 5200, Trade Register No. 17068311. For more information, please see the website: [www.blackrock.com](http://www.blackrock.com). For your protection, telephone calls are usually recorded. BlackRock is a trading name of BlackRock (Netherlands) B.V.

## **For investors in Israel**

BlackRock Investment Management (UK) Limited is not licenced under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder.

## **For investors in Switzerland**

For qualified investors in Switzerland: This document shall be exclusively made available to, and directed at, qualified investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended.

South Africa Issue: Please be advised that BlackRock Investment Management (UK) Limited is an authorised Financial Services provider with the South African Financial Services Board, FSP No. 43288.

## **For investors in the Dubai International Financial Centre**

This information can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited - Dubai Branch which is regulated by the Dubai Financial Services Authority ("DFSA") and is only directed at 'Professional Clients' and no other person should rely upon the information contained within it. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. This information and associated materials have been provided to you at your express request, and for your exclusive use. This document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be unlawful under the securities laws of such. Any distribution, by whatever means, of this document and related material to persons other than those referred to above is strictly prohibited.

Any research in this document has been procured and may have been acted on by BlackRock for its own purpose. The results of such research are being made available only incidentally. The views expressed do not constitute investment or any other advice and are subject to change. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy.

This document is for information purposes only and does not constitute an offer or invitation to anyone to invest in any BlackRock funds and has not been prepared in connection with any such offer.

© 2019 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES, BUILD ON BLACKROCK and SO WHAT DO I DO WITH MY MONEY are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

## **Want to know more?**

