

# GLOBAL ETP FLOWS

## MARCH 2023

- Flows roar back:** \$62.1B was added to global ETPs in March, almost tripling the \$23.3B added in February and taking Q1 global ETP net inflows to \$148.5B.
- Buying across the board:** fixed income flows rose to \$38.0B – the highest since October 2022 – and equity flows jumped from \$9.4B in February to \$24.3B in March.
- A defensive tilt:** commodity flows increased to \$1.7B, the largest inflow month since April 2022, driven entirely by gold buying, while sector flows also showed a defensive tilt.

### Rising across regions

The increase in equity buying came across regions. US equity flows returned to positive territory for the first time since December, with \$6.3B added. Global EM equity flows increased to \$6.6B, driven by single country buying (\$5.0B) – predominantly in APAC-listed China and India ETPs, with the remaining \$1.6B going into EMEA-listed ETPs.

On the other hand, inflows into European equities fell in March: the \$1.6B added to the exposure marks the lowest inflow month in three. While US-listed inflows drove European equity buying in January and February, inflows in March were entirely into EMEA-listed ETPs. Our analysis in the past has highlighted that the international buying of European equity ETPs does not tend to be sticky money, but March's flows reflect more of a plateau than an unwind for now.

### Record rates

Defensive positioning came through in fixed income flows in March amid market volatility, with the largest monthly inflows into rates ETPs on record (\$33.2B), beating the previous record set in May 2022. Of this, \$28.6B went into US Treasury exposures, while \$3.4B went into European rates exposures, including \$2.5B into eurozone rates, \$0.5B into German bunds, and \$0.3B into UK gilt ETPs. Among the flows into European rates, more than \$2.0B went into exposures with up to five years of duration.

Global credit flows showed mixed conviction: investment grade (IG) flows turned positive (\$0.4B), while high yield (HY) outflows moderated – albeit remaining negative (-\$1.3B). In EMEA-listed ETPs, the divergence between euro credit and USD credit continued, with \$1.1B out of \$1G vs. \$0.3B into €IG, and similar trends in HY.

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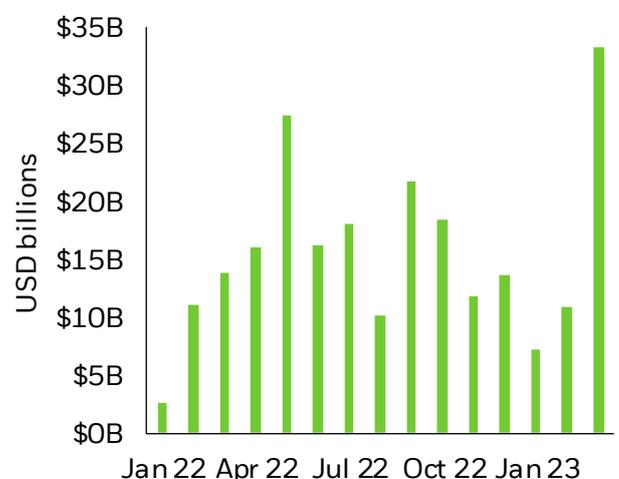
### Plateau, not outflow

Cumulative flows into European equity ETPs, 2022-2023



### Rates flows reach record rate

Monthly flows into rates ETPs, 2022-2023



## A defensive tilt

Selectivity continues to come through in sector flows, with a defensive tilt in March. Tech led the way, with \$3.2B of inflows: \$2.0B of this went into US tech – the largest inflow month for US tech since October 2022 and following three outflow months in the past four. On the other hand, healthcare flows remained negative, with \$0.2B of outflows in March – the fourth consecutive month of selling – although this was skewed by outflows from US healthcare exposures.

Financials notching up a second consecutive month of inflows (\$1.6B), while energy remained unpopular in March, with \$1.8B of outflows – a fourth consecutive month of selling.

Defensive positioning also came through in commodity flows. Gold ETPs notched up their largest inflow month since April 2022, with \$1.7B added, following a cumulative \$25.5B of outflows since last April. Inflows came across listing regions, relatively evenly split between EMEA-listed and US-listed ETPs. Flows into other commodity exposures netted out.

## Sustainable flows moderate

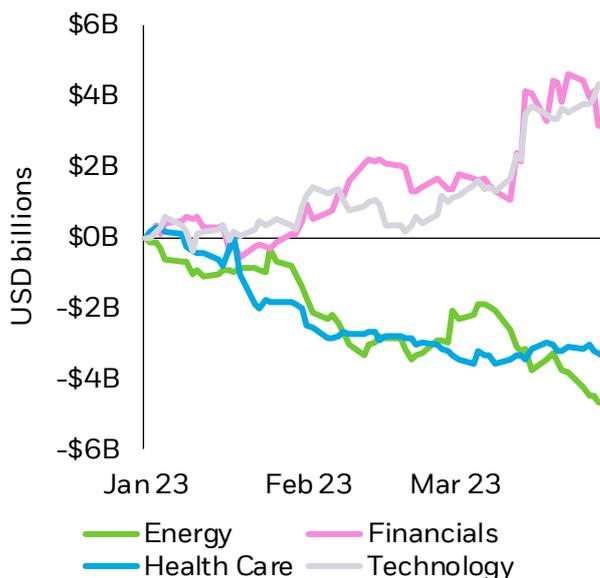
Sustainable ETPs registered \$3.7B of outflows in March.

Flows into EMEA-listed ETPs decreased from \$4.1B in February to \$1.9B in March. Within EMEA, equity ETPs accounted for the majority of inflows (\$1.5B), mainly into ESG optimised (\$724m) and ESG tilt strategies (\$652m). Fixed income flows in EMEA totalled \$392m, down from a 12-month average of \$1.7B. The majority of fixed income flows went into eurozone climate strategies (\$180m). US and eurozone best-in-class strategies saw \$417m and \$169m of outflows, respectively.

US-listed sustainable ETPs saw net outflows (-\$5.6B). Equity exposures registered \$5.7B of selling, contrasting with inflows into fixed income (\$128m). US ESG tilt strategies gathered \$107m of inflows. Fixed income flows remained in line with their 12-month average, with US ESG optimised strategies seeing \$117m of buying.

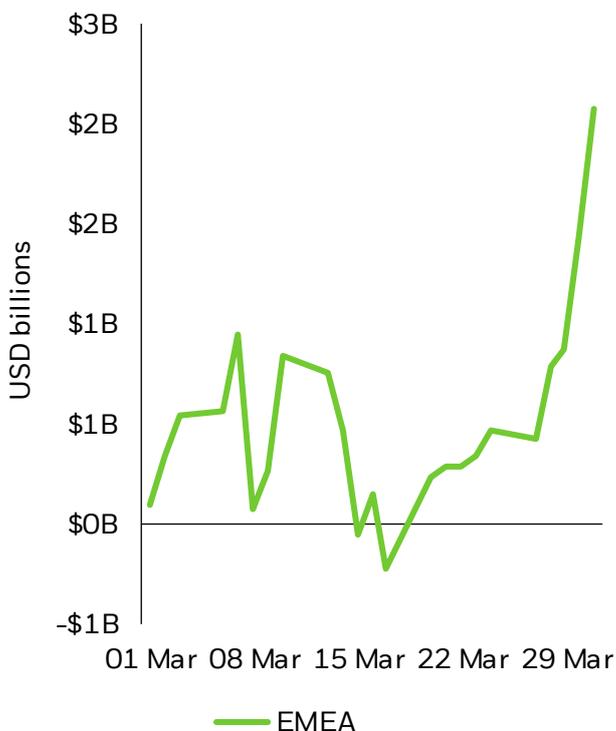
## Diverging trends

Cumulative flows into energy, financials, healthcare and technology ETPs, January-March 2023



## EMEA leads sustainable flows

Cumulative flows into EMEA-listed sustainable ETPs, March 2023



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