

Flows

European-Domiciled ETP Segment Flows (Top/Bottom 5, \$mn)

Japan	→	1,294
World	→	192
Europe Sectors	→	159
FI — Global	→	148
FI — US Government	→	144
Broad EM	←	-308
FI — EM	←	-314
US Large-Caps	←	-375
FI — EMU Debt Corporate	←	-480
Broad Europe	←	-745

European-Domiciled ETP Asset Category Flows (\$mn)

Equity	→	117
Mixed Allocation	→	12
Specialty	→	1
Alternative	←	-1
Money Market	←	-21
Commodity	←	-106
Fixed Income	←	-589

Sources: Bloomberg Finance L.P., for the period 2–9 May 2019. This information should not be considered a recommendation to invest in a particular sector or to buy or sell any security shown. It is not known whether the sectors or securities shown will be profitable in the future.

How to Play this Theme:

SPDR MSCI Emerging Markets UCITS ETF

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THEME OF THE WEEK

Largest Rebalance in MSCI Emerging Markets History

At the end of May, MSCI Emerging Markets will conduct their semi-annual index review and rebalance. As per usual, this process will create a certain amount of turnover in the index as companies are added and removed based on MSCI's inclusion criteria. However, this rebalance is likely to be the largest one in the index's history.

The scale of the rebalance stems from several changes being made to the index composition, with new countries getting added and weights of other countries increasing. The month of May tends to be a fairly large rebalance, as it is a semi-annual universe review, as well as being the Annual Full Country Float Review implementation. However, the extra changes on top of this could see this month's rebalance be a record for one-way turnover.

Given MSCI estimates that \$1.9 trillion of assets are currently benchmarked to the MSCI Emerging Markets Index, this is likely to be a sizeable trading event.

Saudi Arabia Inclusion in MSCI Standard Indices

The major change happening to all MSCI Standard Indices is the new inclusion of Saudi Arabia. Although this inclusion will be phased, with an initial weight of just 1.4% of the index, once the inclusion is complete at the August rebalance, Saudi Arabia will make up 2.7% of the index, the 8th largest country overall. This initial inclusion is likely to lead to one-way passive flow of \$6.5 billion.

China A-Shares Inclusion Increasing

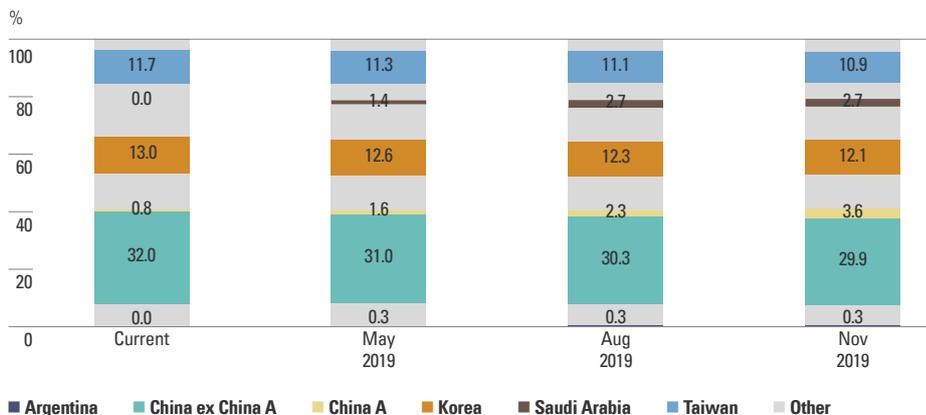
MSCI is continuing to increase the level of inclusion of China A-Shares in the index, moving from a 5% inclusion factor to 10%. This is equivalent to A-Shares moving from making up 0.8% of the overall index to accounting for 1.6%. Estimates indicate this could lead to a one-way passive flow of \$3.8 billion following the inclusion.

Argentina Inclusion in MSCI Standard Indices

Argentina will also enter the MSCI Standard Indices, albeit at a much smaller weight. The country will make up just 0.3% of the MSCI Emerging Markets Index following the May rebalance.

Figure 1 shows the major changes in country allocations that are taking place due to the inclusion changes discussed above.

Figure 1: Estimated Index Weight of MSCI Emerging Markets Countries Post May, August and November Rebalances



Source: Bloomberg Finance L.P., Morgan Stanley Execution Services APAC, data as of 6 May 2019. Other countries include: Argentina, Brazil, Chile, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Malaysia, Mexico, Pakistan, Peru, Philippines, Poland, Qatar, Russia, South Africa, Thailand, Turkey, United Arab Emirates. The above estimates are based on certain assumptions and analysis. There is no guarantee that the estimates will be achieved.

Fund Details

Fund Name	SPDR MSCI Emerging Markets UCITS ETF
ISIN	IE00B469F816
Share Class Currency	USD
Primary Ticker (Xetra)*	SPYM
Other Tickers	LSE: EMRD (USD) LSE: EMRG (GBP) Borsa Italiana: EMRG (EUR) SIX: EMRG (CHF) Euronext Paris: EMRG
TER (%)	0.42
Index Name	MSCI Emerging Markets Index
Index Ticker	NDUEEGF
No. Index Constituents	828
Portfolio Construction	Optimised
Income Treatment	Capitalisation

Source: State Street Global Advisors, 29 March 2019.

Annualised Performance (% , Unhedged, in USD)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	Inception
SPDR MSCI Emerging Markets UCITS ETF	2.13	2.97	11.96	-5.39	10.88	3.65	1.36
MSCI Emerging Markets Index	2.11	3.19	12.23	-5.04	11.26	4.04	1.76
Difference	0.02	-0.23	-0.27	-0.35	-0.38	-0.40	-0.40

Source: State Street Global Advisors, as at 30 April 2019. Fund Inception was 16 May 2011. Performance quoted represents past performance, which is no guarantee of future results. Investment return and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. All results are historical and assume the reinvestment of dividends and capital gains. Visit spdrs.com for most recent month-end performance. The calculation method for value added returns may show rounding differences. Index returns are unmanaged and do not reflect the deduction of any fees or expenses. **Some of the products are not available to investors in certain jurisdictions. Please contact your relationship manager in regards to availability.**

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