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[EII EMEA Investment Strategy](#)

All figures in USD

Global ETP Flows November 2020

Global flows into exchange-traded products (ETPs) surged to new highs in November, with a record \$125.6B of net inflows – eclipsing the \$47.4B added in October. In a clear risk-on shift, \$111.0B was added to equity ETPs; the largest gold outflows since 2013 led to \$8.9B out of commodity ETPs, and fixed income flows dropped slightly to \$17.0B. As US election uncertainty subsided and vaccine announcements hit the tape, investors returned to US equity ETPs with \$65.2B of inflows – the highest on record.

Key themes in November:

1. **Let it flow:** ETP flows hit record highs
2. **Bringing the festive cheer for US:** post-election bounce
3. **Frosty on safe havens:** outflows from rates and gold
4. **Record flows into sustainable:** November hits new highs

1. Let it flow

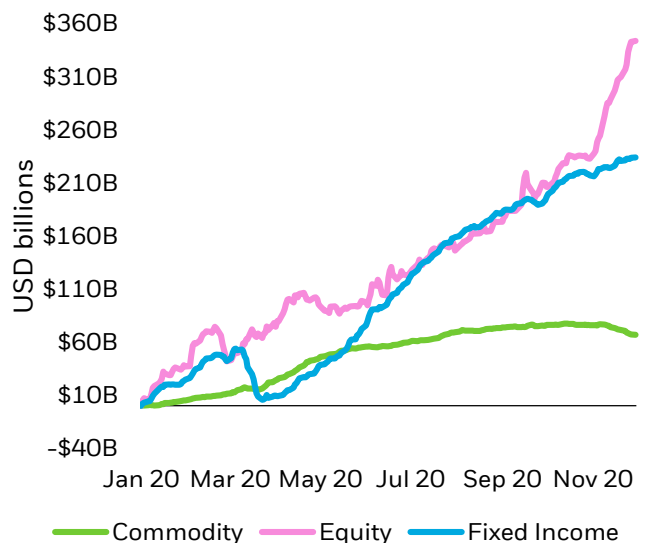
- **The \$125.6B of inflows across asset classes in November smashed the previous record of \$105.2B set in January 2018, and was driven entirely by record equity buying (\$111.0B),** as positive vaccine developments and the easing of US election uncertainty fostered a more risk-on environment. Equity flows rose close to 5x month-on-month, and November's equity buying alone accounts for 32% of YTD flows into global equity ETPs.
- **At the headline level, flows into global ETPs rose 2.6x vs. October,** masking a drop in fixed income buying, and outflows from commodities for the first time in a year. This marks a clear change from the middle of the year, when fixed income flows were consistently outpacing equities as global growth concerns weighed on risk sentiment.

2. Bringing the festive cheer for US

- **US equity flows returned with a bang in November with \$65.2B of buying, easily surpassing the previous record of \$52.1B** added in the month of the last US election (November 2016). US-listed flows accounted for the vast majority of these inflows, as domestic buying picked up after a lacklustre summer.

A shift in leadership

Cumulative flows into global equity, fixed income and commodity ETPs, January-November 2020



Source: Unless otherwise stated all data is sourced from the BlackRock Global ETP Landscape (a BlackRock tool that sources data from BlackRock and Markit) at 30 November 2020. **Past flows into global 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.

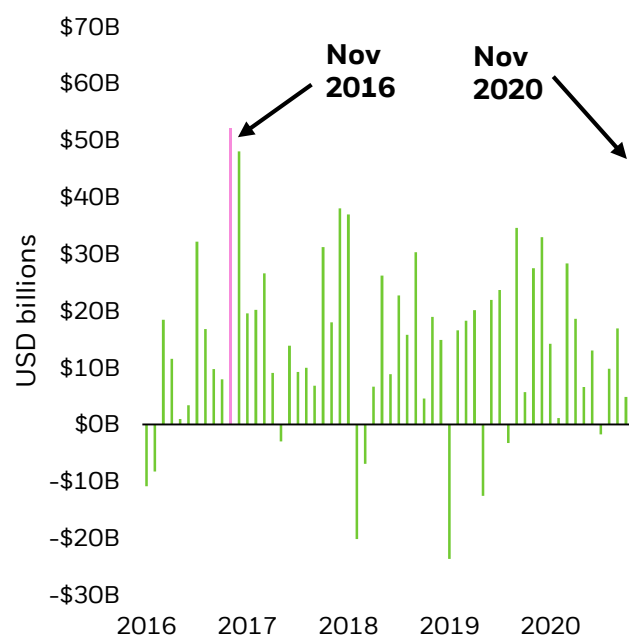
- US equities accounted for just 10% of EMEA-listed equity inflows in November vs. 59% at a global level.** This continues a trend we have seen throughout 2020: EMEA investors have been more diversified in their equity allocation, with US equities accounting for just 23% of EMEA equity flows YTD, vs. 52% globally. There were sizeable inflows into EMEA-listed European equity ETPs in November (\$2.9B) for the first time since July, and record inflows into EMEA-listed EM ETPs (\$3.8B).
- At a sector level, money was added across the board in November.** Tech notched up a new record month with \$6.3B of inflows, beating May's record of \$5.5B and reinforcing tech's status as the most popular sector this year for flows. Buying of industrials and financials reached the highest levels since the 2016 US election (\$2.9B and \$4.4B, respectively), while materials inflows hit their highest level since September 2013. A cyclical rotation in investor positioning also played out in factors: value inflows hit a record \$3.9B in November. In line with risk on sentiment, investors allocated \$8.9B to EM equity ETPs. This was the largest monthly allocation to the exposure this year.

3. Frosty on safe havens

- The risk-on shift also played out in fixed income,** with high yield (HY) ETPs reversing two months of outflows to record \$5.8B of buying, while investment grade (IG) flows recovered from a recent stutter to add \$4.4B. Emerging market debt (EMD) has remained consistently popular, recording another \$3.7B of net inflows.
- Simultaneously, money came out of traditional safe havens including rates and gold.** Rates lost \$7.4B – the largest monthly outflow since March 2014 and the second-largest on record. Interestingly, the post-US election risk-on trend has played out across asset classes, while in November 2016, risk-on flows were more concentrated in equities.
- Gold ETPs recorded \$6.8B of selling in November – the largest outflows since April 2013,** as the commodity entered a bear market. November's outflows also snapped a record eleven-month inflow streak. Investors also sold out of silver, with \$0.3B of outflows in November almost erasing the \$0.4B added in October. Despite these outflows, silver and gold remain on track for record inflow years, with \$47.1B and \$4.8B of inflows, respectively.

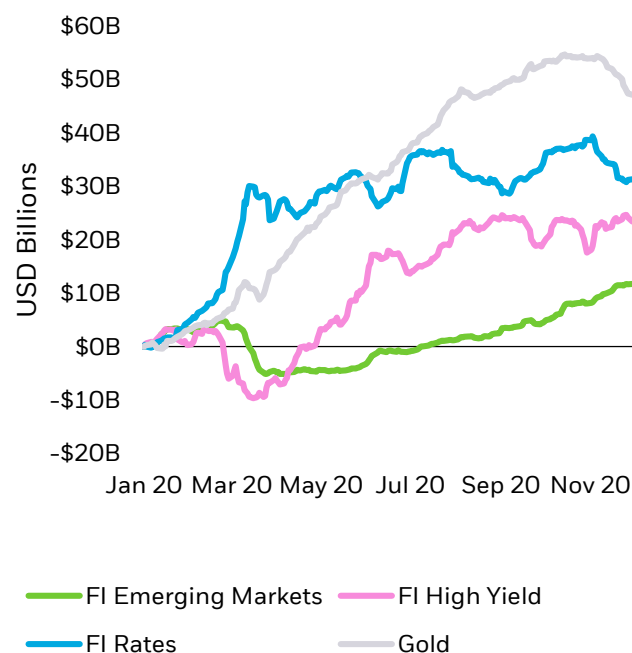
This is not 2016

Monthly flows into global US equity ETPs, January 2016–November 2020



Stuttering conviction

Cumulative flows into rates, gold, EMD and HY ETPs, January–November 2020



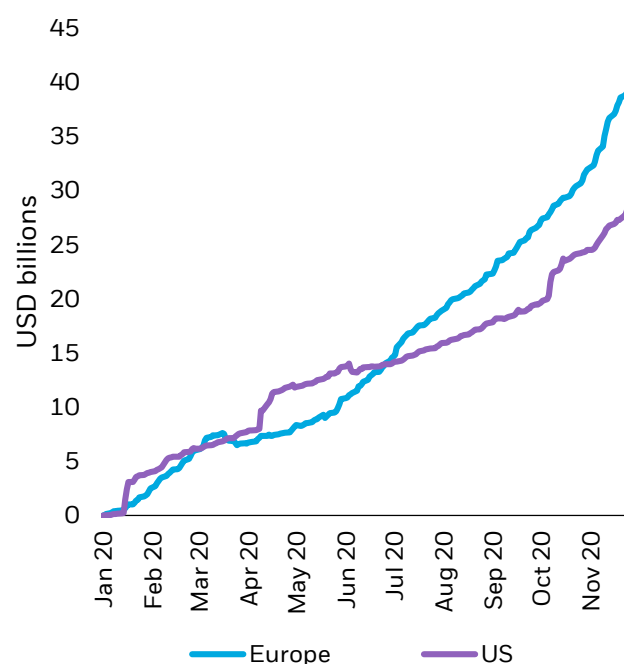
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4. Record flows into sustainable

- The record-breaking flows of 2019 into sustainable ETPs have continued through 2020.** US and EMEA-listed sustainable ETPs had gathered over \$10B in flows by mid-February; these inflows persisted during market volatility in February and March – albeit at lower levels – with a further \$3.5B added, in contrast to outflows across the broad ETP industry.
- April and May saw a significant uptick in flows into US-domiciled sustainable ETPs,** while EMEA sustainable flows remained flat, before beginning to return to pre-crisis levels towards the end of May. Sustainable flows globally have continued to grow in strength throughout the rest of the year.
- As of the end of November, year-to-date flows into US and EMEA-listed sustainable ETPs had reached \$70B, eclipsing the \$24B added across the same period in 2019. In fact, YTD flows into sustainable ETPs are now greater than all previous years on record combined (2012-2019).** Inflows into US-listed products have been supported throughout the year by a number of significant upticks in flows attributed to increased model portfolio allocations. In EMEA, November became the strongest month of 2020 with significant inflows, predominantly into US exposures, off the back of the US election and vaccine progress.

A record year

Cumulative flows into US and EMEA-listed sustainable ETPs, January–November 2020



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