ETF Market Flows Analysis

data as of end January 2023

Global exchange-traded funds (ETFs) gained €62.3bn in January with investors favouring fixed income slightly more than equity, gaining €32.4bn and €28.6bn respectively.

The US ETF market collected €41.5bn while European UCITS ETF attracted €18.5bn of net new assets. The Asian ETF market was slightly positive.

Globally speaking, the top three most popular strategies were all equities − World, emerging markets and European – with about €5bn inflows each. In contrast, large growth equity witnessed outflows of €5.5bn while ultra-short bonds and the technology equity sector lost €3.2bn and close to €2bn respectively.

European Flows – Monthly Overview

Equities

While the global flows for January were good rather than exceptional, there was a strong rally for **European UCITS equity ETFs with this asset class gaining €9.7bn this month**. This is not a record number, but it was a considerable improvement over the end of last year, when flows were around €4bn.

This month **emerging markets equity was the most popular strategy gaining €4.6bn** with a rough split between broad indices and country, gaining €2.1bn and €1.9bn respectively. **China was the most popular country gaining €1.7bn**, with investors now allocating to this country as covid restrictions have been relaxed. Investors continued the long-run trend of allocating to developed market world indices with these gaining €1.9bn.

Equity ESG continued its positive trend gaining €3.3bn in January. ESG emerging market equity was the most popular strategy adding €1.3bn, equivalent to 28% of the total allocation to this region. This is the most rapid allocation to ESG emerging market equity witnessed in January.

Trends in Smart Beta reflected the recent market rallies with income gaining about €0.7bn while minimum volatility lost about €0.6bn.

Fixed Income

Investors allocated €8.9bn to European UCITS fixed income ETFs with Investment Grade corporate debt ETFs gaining €4.9bn while government bonds ETFs attracted €2.9bn. High-yield and Aggregate debt gained €900m respectively.

Investors allocating around €5bn to investment-grade corporate debt represents an uptick in the popularity of this asset class in the recent months. Investors maintained the trend seen in recent months favouring euro-denominated corporate bonds allocating €3.4bn to this asset class and €0.9bn to dollar-denominated debt.

With concerns over higher cost of borrowing fading, investors have returned to fixed income and corporate bonds in particular. Whilst in 2022, they started to select short duration, they now seem comfortable with pretty much all maturity bands. Investors have also continued to unwind their inflation positions with further outflows of €600m this month.

Investors allocated €2.1bn to ESG fixed income strategies with Investment Grade corporate gaining €1.4bn, equivalent to 29% of total inflows into this asset class.

DISCLAIMER

Source: Bloomberg Finance LP - Amundi ETF
Net flows calculations presented in this document are based on European primary market data, over the latest business week. Amundi ETF Internal Database - each of the database is allocated by Amundi AM to a classification based on its underlying exposure

This information is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities or services in the United States or in any of its territories or possessions subject to its jurisdiction to or for the benefit of any U.S. Person (as defined in the prospectus of the Funds). The Funds have not been registered in the United States under the Investment Company Act of 1940 and units/shares of the Funds are not registered in the United States under the Securities Act of 1933. The US person definition is indicated in the legal mentions section on www.amundi.com.
Promotional and non-contractual information which should not be regarded as an investment advice or an investment recommendation, a solicitation of an investment, an offer or a purchase. The exactness, exhaustiveness or relevance of the information, the prevision and analysis provided is not guaranteed. It is based on sources considered as reliable and may change without prior notice. It is inevitably partial, provided based on market data stated at a particular moment and is subject to change without prior notice. Please note that the management company may de-notify arrangements made for marketing as regards units/shares of the Fund in a Member State of the EU in respect of which it has made a notification. A summary of information about investors rights and collective redress mechanisms can be found in English on the regulatory page at https://about.amundi.com.

Information reputed exact as of January 2023 with data as at end of January 2023.