

ETF Market Flows Analysis

data as of end February 2021

February Overview

Investor optimism strengthened in February causing global exchange-traded fund in-flows to rise by €122.2bn. Equity in-flows doubled this month to €101.5bn from €50.7bn in January while fixed income was about the same level of €19.2bn compared with €20.7bn last month.

North America received the highest number of equity in-flows this month at €45.1bn with sectors, themes and smart beta strategies the second largest gainer at €34.6bn. Fixed income in-flows were balanced across aggregates, corporate and government bonds – receiving €8.4bn, €3.4bn and €2.4bn respectively.

European Flows month highlights

Equities

Investor exuberance for equities in February was more muted for European-registered ETFs than the enthusiasm witnessed for global products. In-flows were just below last month's level at €10.9bn compared with €12.9bn in January.

Product trends also differed to those at global levels with sectors, themes and smart beta attracting €6.8bn and world indices gaining €6.3bn. The UK remained the top performing country attracting in-flows of €638m.

Sectors and themes gained €5.3bn. Financials was the most popular attracting in-flows of €1.1bn indicating investors feel optimistic about a post-pandemic economic bounce.

Trends in smart beta strategies provided more evidence of positive investor sentiment. These strategies continued their revival with Value and Size strategies gaining €558m and €464m – both of which tend to perform well when economies grow strongly. More defensive products – such as Minimum Volatility and Quality experienced out-flows of €153m and €92m.

ESG continued to perform well with in-flows of €6bn with World and North America indices the most popular strategies, each receiving assets of more than €2bn.

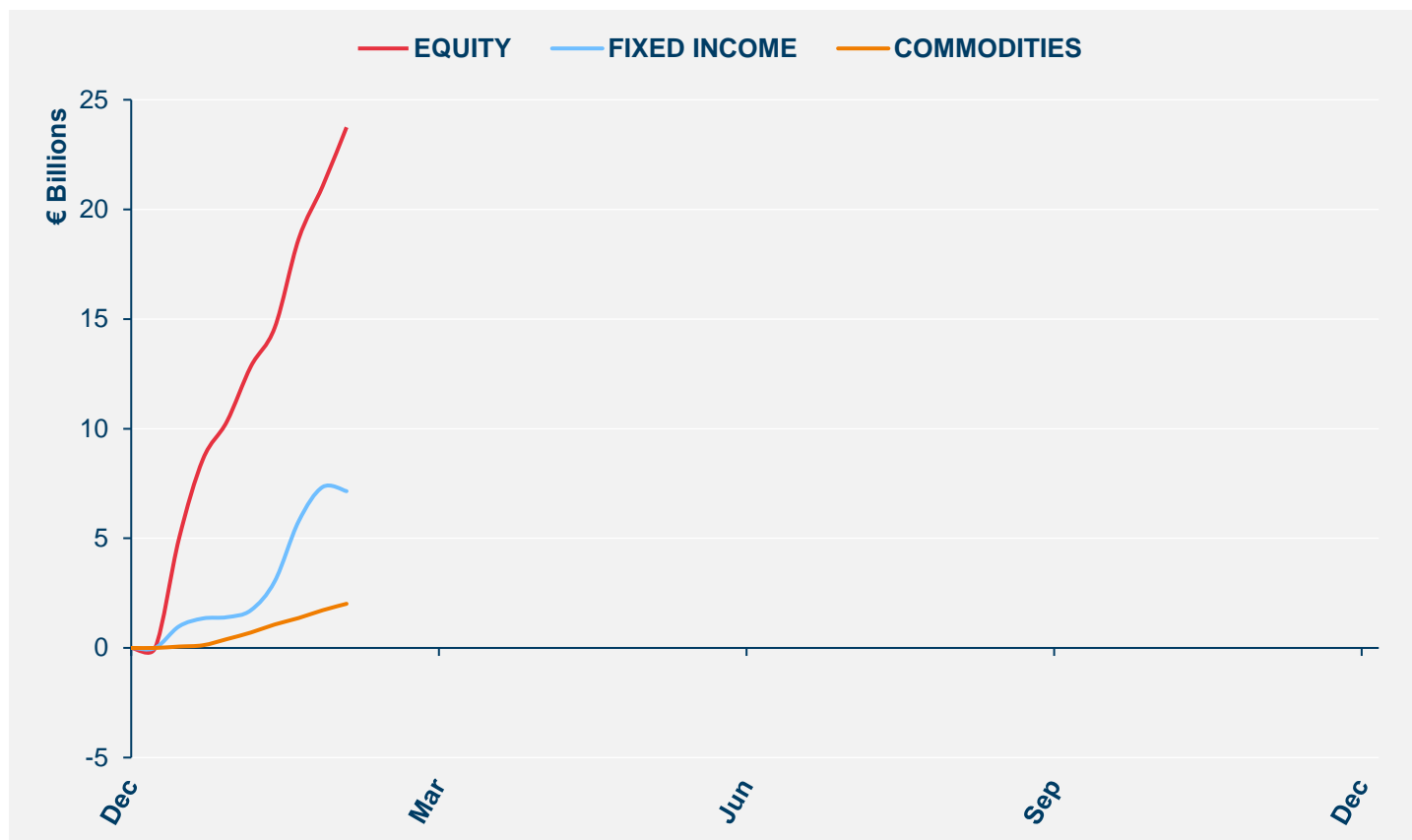
Bonds

In-flows into fixed income were around half the levels seen in equities at €5.4bn but this was more than three-times higher than flows in January of €1.7bn. Corporate bonds accounted for a significant proportion of those in-flows with net in-flow of €4.7bn.

This was driven by a significant allocation of more than €4.6bn to US corporate ESG bond strategies, which looks like it came from one investor. Eurozone corporate bonds saw in-flows of €494m while there were outflows from High Yield Eurozone of €372m.

Chinese government bonds continued to prove popular gaining in-flows of €1.1bn. There were also significant allocations to inflation-linked products with US, Eurozone and World strategies gaining €521m, €363m and €126m respectively. This reflects renewed investor concern about consumer prices increasing during the post-Covid economic rebound now the US Senate has passed a stimulus package worth \$1.9trn.

European cumulative flows YTD



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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

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Information reputed exact as of March 2021

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