



ETF Market Flows Analysis

data as of end February 2024

While total global exchange-traded fund (ETF) inflows were close to average at €68.6bn, investors preferred equities, adding €50.1bn to this asset class compared with fixed income gaining €17.5bn.

In the US, allocations to equities were almost three times higher than fixed income at €32.3bn and €13.6bn respectively. The most popular strategies were US large blend and global large cap, which gained €8.3bn and €6.9bn apiece. The European UCITS ETF market attracted €15.5bn in February with strong appetite for equities.

European Flows – Monthly Overview

Equities

Flows into European UCITS ETFs were €13.8bn – more than five times higher than the allocation to fixed income. Mirroring global trends, investors added €4.2bn to US equity and €4.1bn to developed world indices.

Japan gained €0.7bn, supported by resilient earnings, strong valuations, reforms to the Tokyo Stock Exchange and a weaker yen.

Investors also added €2bn to emerging market indices. The region is showing strong growth prospects, despite being highly fragmented. The US dollar is another factor. With the US Federal Reserve likely to have completed its rate-hiking cycle, the greenback is expected to weaken, which would be a positive factor for EM equities' performance.

Movements in sector and smart beta ETFs were consistent with market trends. Investors added €0.6bn to IT sector ETFs reflecting the continued popularity of the 'magnificent seven' stocks. Investors also allocated to €0.1bn to healthcare sector ETFs.

As seen in recent months, investors added €0.3bn to equally weighted index strategies, reflecting concerns about concentration risk in market-cap weighted indices. Investors also withdrew €1.2bn from value and €0.6bn from minimum volatility, which is consistent with the current popularity of growth stocks.

Of the €13.8bn added to equity strategies, only €2.3bn was added to environmental, social and governance (ESG) strategies. ESG developed world indices gained €1.1bn while developed European indices gained €0.7bn. This month investors preferred standard benchmarks to ESG strategies.

Fixed Income

Investors added €2.6bn to European UCITS fixed income ETFs with both government and aggregate bond indices both gaining €1bn. Aggregate indices combine investment grade sovereign and corporate debt.

While investors added €0.7bn to US dollar-denominated government debt, they withdrew €1bn from euro-denominated corporate debt.

These outflows are probably a reflection of investor uncertainty about the future path of European interest rates amid tempered expectations of the timing of a first rate cut.

Investors favoured both short duration corporate and sovereign debt, adding €0.4bn to euro-denominated short debt and €0.9bn to US-denominated government bonds.

Of the €2.6bn added to fixed income, €2bn was allocated to ESG strategies with investors adding €1.2bn to ESG investment-grade corporate debt.

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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 6 March 2024 with data as at the end of February 2024.

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