

Following the ETF flows

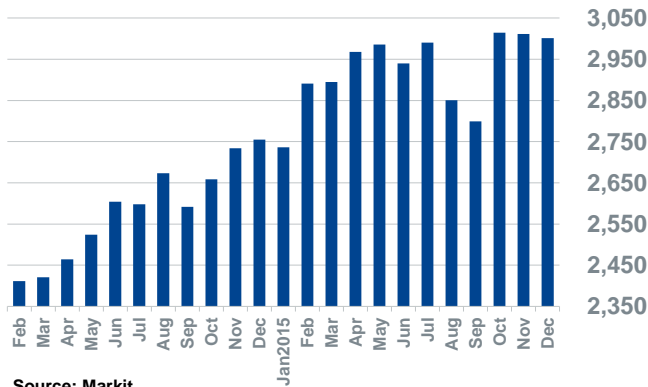
Crossing \$3trn in global AUM at the close of 2015, ETFs continue to garner the support of investors however volatility in emerging markets and specifically China have seen sustained fund outflows occur in 2015.

- Fourth quarter of 2015 sees the third largest inflow into ETFs on record, dominated by US
- US attracts strong inflows in second half of the year after single outflow in five years in Q2
- Chinese and overseas listed European ETFs see withdrawals in final quarters of 2015

ETF AUM jumps back above \$3trn

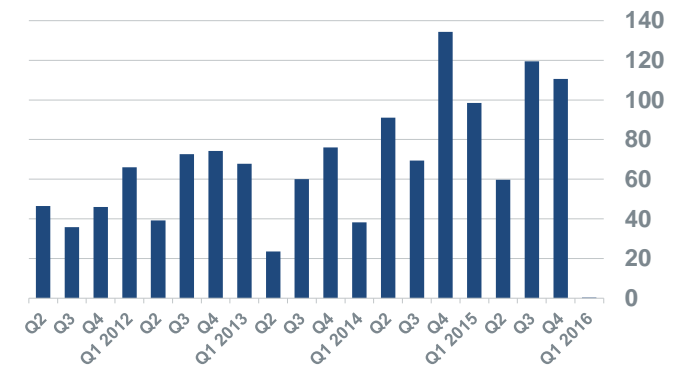
Despite an emerging market sell off triggered by plummeting Chinese equity markets during the second half of 2015, ETF AUM once again **breached** the \$3trn dollar mark towards the end of the year.

Global ETF assets under management AUM (\$bn)



ETF AUM growth has largely been due to the continued increase in strong net inflows despite general lacklustre market performances and volatility. The asset class continues to attract investors and in the last quarter of 2015, ETF flows were the third highest on record, only superseded by the third quarter of 2015 and the final quarter of 2014.

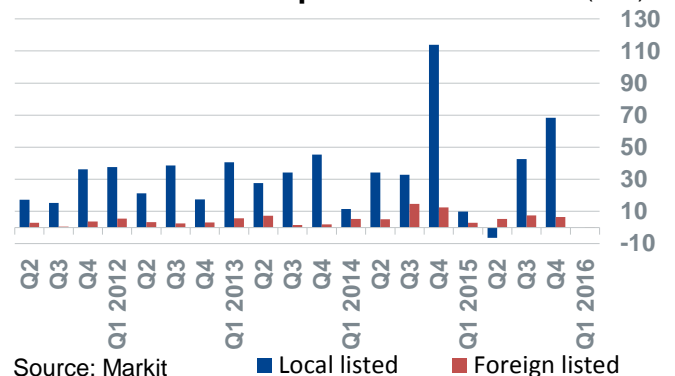
Global quarterly ETF inflows (\$bn)



Strong ETF currents in North America

A large proportion of total global inflows of the final months in 2015 were recorded in the US (the largest ETF market) with ETFs exposed to the region globally recording the second largest quarterly inflow ever of \$75bn in the fourth quarter, only beaten by the fourth quarter inflow in 2014 of \$126bn.

North American exposed ETFs flows (\$bn)



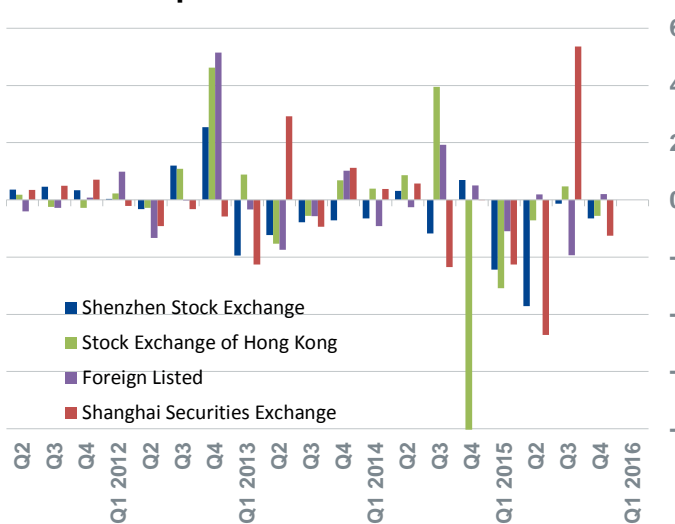
The only quarterly outflow recorded over the past five years of funds exposed to North America, occurred in the Q2 2015 when domestic listed ETFs recorded quarterly outflows of \$6.4bn.

Movements in Asia

With reports of the Chinese state once again **intervening** in falling markets this week, ETF flows during 2015 indicate that local and foreign investors have been pulling funds out of ETFs in the region.

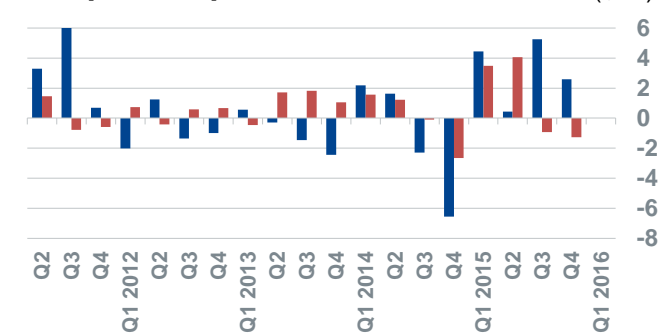
Removing the effects of fixed income ETF products (which had significant sporadic inflows during 2015) reveals a strong sell off in local and foreign listed equity funds with a strong spike in inflows during the third quarter (**also possibly due to previous market interventions by the state**).

Chinese exposed ETFs



Source: Markit

European Exposed ETFs



Source: Markit

■ European listed ■ Foreign

In Europe however, strong inflows during 2015 of almost \$13bn into local funds contrast with third and fourth quarter outflows of foreign listed European funds, surpassing \$2bn as investors continue to position for the ECB's quantitative easing.

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