

FLOW & TELL

iShares
by BlackRock

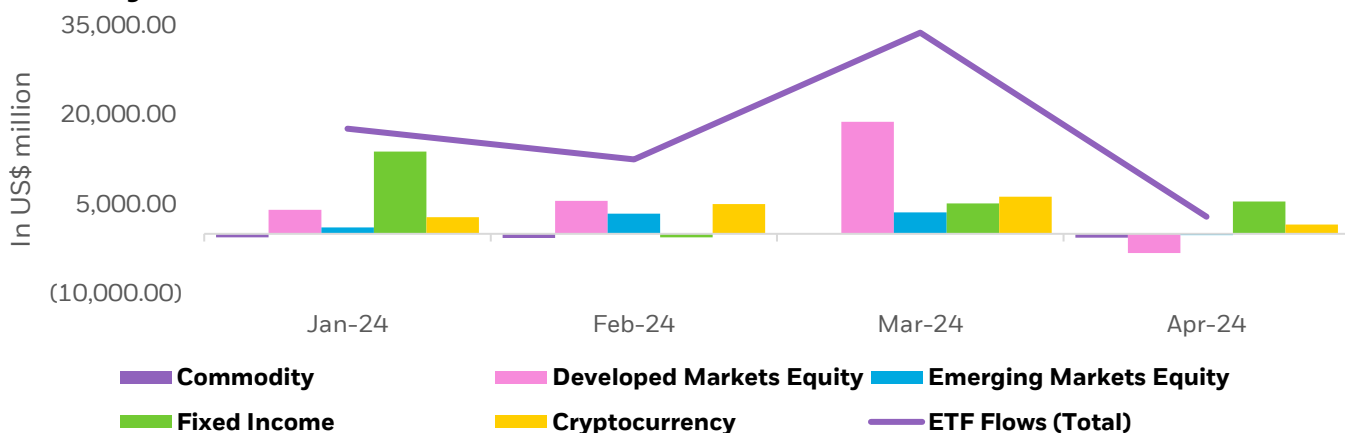
A monthly review of iShares ETF flows, performance, market quality and product ideas.

May 2024

April iShares Flows: Inflation Resurgence Curbs Risk Taking

Equity	Both -- Developed Market (-US\$3.2 billion) and Emerging Market (-US\$214 million) -- saw outflows together for the first time in over three years with rising inflation hitting sentiment. China A shares were backed by both local and global investors. India inflows halved while Japan had no net inflows. Value factor and energy sector staged a comeback.
Fixed Income	Fixed income (+US\$5.4 billion) demand remained stable as investors sought to fortify portfolios. Treasuries were bid with demand seen at the short-end and in the belly of the curve. The long end (20+ Years) saw big outflows. The broad market was also supported with YTD inflows topping +US\$17.2 billion . Credit was sold.
Crypto	Crypto (+US\$1.5 billion) demand fell for the first time since launch in January with investors taking a breather after relentlessly backing the asset class. Bitcoin prices also fell as the dollar strengthened on the back of higher Treasury yields. A higher-for-longer US rates can hurt demand for crypto given it typically thrives in a low-rate, high-liquidity environment.

Flows by asset class



Source: BlackRock, as of April 30, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only.

Monthly Review and Outlook :

April was a challenging month for both equities and fixed income with iShares inflows (+US\$2.8 billion) dropping to the lowest in seven months. Resurgent inflation and resilient economic data fuelled market fears that central banks will not ease monetary policy as quickly as previously hoped. The result: both stock and bond markets responded negatively with global bonds falling 2.5%¹ over the month and developed market equities declining 3.7%². Chinese equities bucked the trend thanks to higher commodity exposure and low valuation.

While April highlighted that persistent inflation remains a key risk and has the potential to upset the rally in risk assets, corporate earnings have remained supportive. More than two thirds of the S&P 500 Index components by weight have reported earnings, with a healthy 78% beating expectations. Earnings growth has also outperformed, expanding by 4.5% year over year compared to the 1% growth that was expected³. While US equities and Japan remain our top picks, we look to add portfolio ballast via Quality and income in both equities and fixed income.

All data source is BlackRock as of March 28, 2024, unless otherwise specified. The opinions expressed are as of date and are subject to change at any time due to changes in market or economic conditions. 1. As measured by Bloomberg Global Agg Index as of April 30, 2024, 2. As measured by MSCI World Index as of April 30, 2024, 3. Bloomberg as of May 2, 2024

April Top/Bottom iShares ETF Flows

Equities

	Exposure	Apr. Flow (US\$M)	YTD Flow (US\$M)	% of AUM
1	S&P 500 UCITS	1748	6422	2%
2	MSCI EAFE	1277	3852	1%
3	Mid-Cap	1136	1108	3%
4	DAX DE	940	747	13%
5	MSCI Japan	610	753	11%

	Exposure	Apr. Flow (US\$M)	YTD Flow (US\$M)	% of AUM
1	S&P 500	-4094	11782	-1%
2	Russell 2000	-3180	-8239	-6%
3	MSCI ACWI	-1150	-2108	-6%
4	MSCI EM	-995	-1016	-6%
5	R'sl Mid-Cap Vlu	-986	-1128	-8%

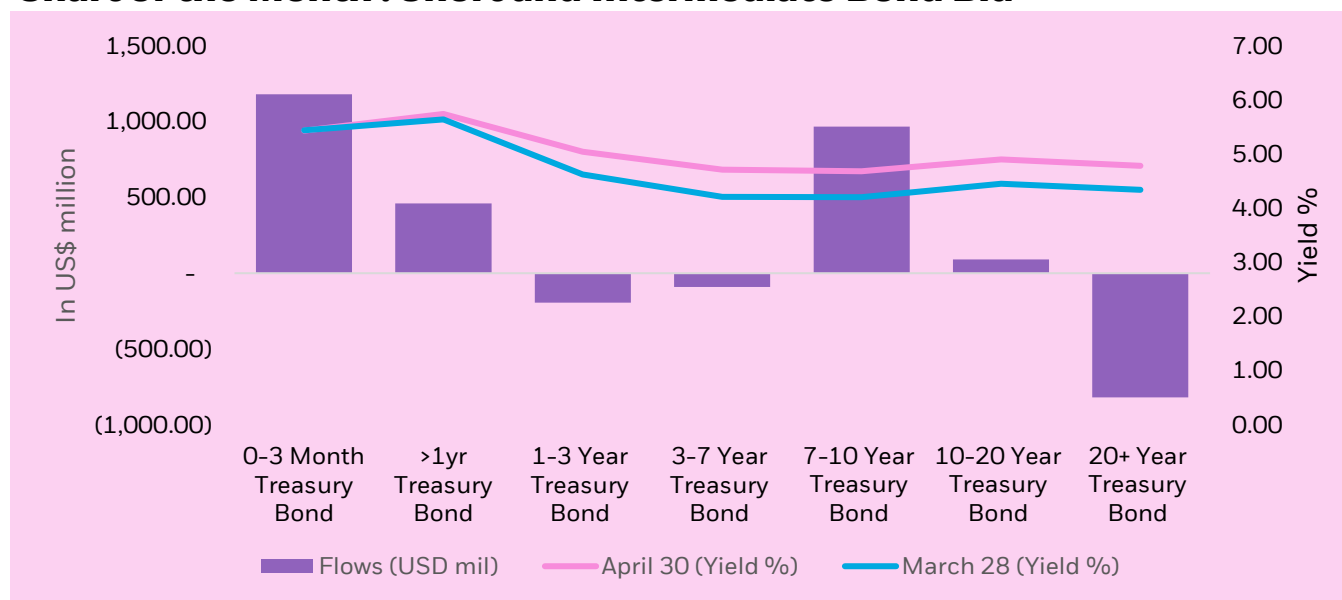
Fixed Income

	Exposure	Apr. Flow (US\$M)	YTD Flow (US\$M)	% of AUM
1	U.S. Agg.	3143	7870	3%
2	MBS	1427	1933	5%
3	0-3 Month Treasury	1180	2646	6%
4	7-10 Year Treasury	966	1834	3%
5	JPM USD EM Bond	629	-2328	5%

	Exposure	Flow (US\$M)	YTD Flow (US\$M)	% of AUM
1	iBoxx \$ IG	-3650	-2475	-13%
2	iBoxx \$ HY	-2088	-4203	-15%
3	20+ Year Treasury	-819	-692	-2%
4	Broad USD HY	-561	-941	-5%
5	TIPS	-337	-102	-2%

Please note that this list is non-exhaustive. % of AUM refers to annual flows as a % of AUM as of the specified date of the month. The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results.; Source: BlackRock, April 30, 2024

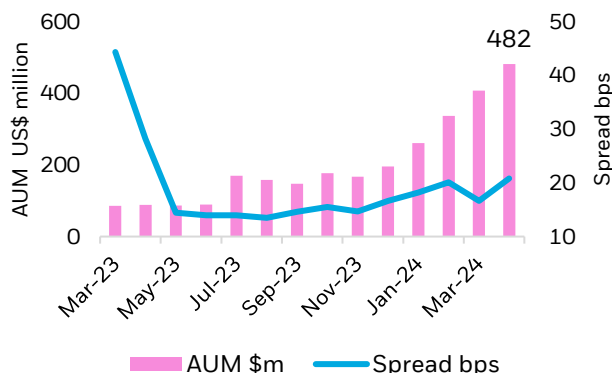
Chart of the Month : Short and Intermediate Bond Bid



Source: BlackRock, Bloomberg as of April 30, 2024. Data inclusive of US-listed, UCITS and APAC-domiciled iShares ETPs only. The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index returns are for illustrative purposes only.

Focus on iShares APAC ETF secondary market activity

- A China A iShares ETF's AUM increased to US\$482 million at the end of April. The fund has gathered US\$269 million so far this year.
- The average spread so far for the ETF this year stands at 19 basis points and is down 53% from last year's first quarter average.



Source: Bloomberg, as of April 30, 2024

Trendly Idea:



STOXX Global Copper Miners Index

The STOXX Global Copper Miners Index provides exposure to companies around the globe with significant exposure to copper mining industry either through revenue percentage or market share. Copper miners typically offer an attractive dividend yield and high sensitivity to the copper price, making them a liquid and tradeable proxy candidate for direct copper commodity exposure and building inflation-resilient portfolios

1. Demand Surge

Copper plays a critical role in low-carbon technologies, such as electric vehicles and in traditional infrastructure such as telecom wiring or plumbing. Consequently, the world is witnessing a demand surge. Overall, global demand for copper is expected to double over the next decade, from 25m tons today to almost 50m tons by 2035,¹

2. Supply Crunch

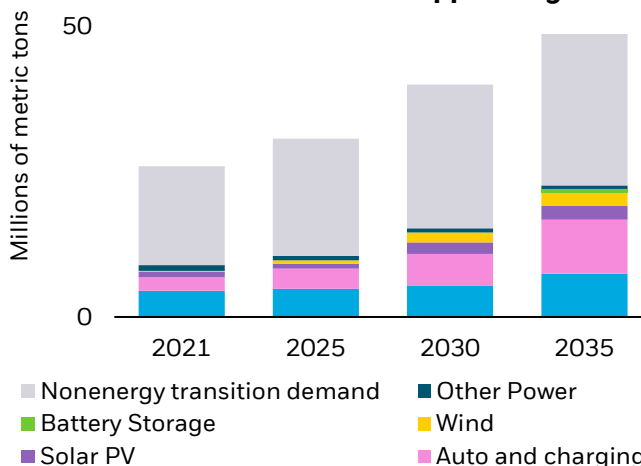
The world would need a 54% larger supply of copper by 2030 should policy continue to converge on a net-zero emissions path, with an estimated 198 million metric tons of cumulative demand for copper by 2050 –equivalent to the last 10 years’ aggregate copper mine supply.² By the early 2030s, demand could outstrip supply by over 6 million tons per year as existing mines approach production peaks and new mines have longer lead times.

3. Strategic Priority

Around the world, increased environmental legislation and ambitious targets regarding greenhouse gas emissions are pushing the demand and deployment of low-carbon technologies, reinforcing the role of copper. While supply is highly concentrated, governments are taking action to secure the supply of this strategic metal.

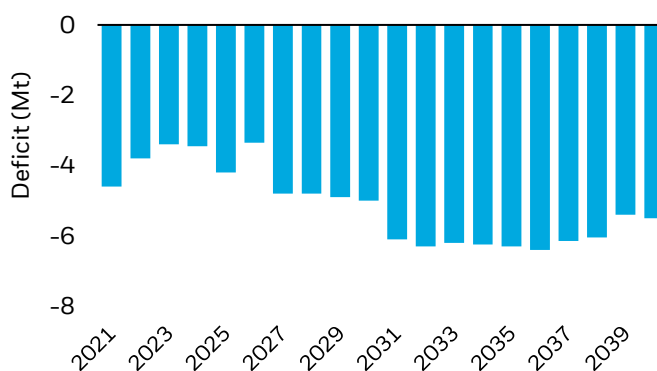
Source: 1. S&P Global, Jul 2022, ‘The Future of Copper - Will the looming supply gap short-circuit the energy transition’ 2. JP Morgan, 30 Mar, 2023.

Global refined copper usage



Source: S&P Global, Jul 2022, ‘The Future of Copper - Will the looming supply gap short-circuit the energy transition’

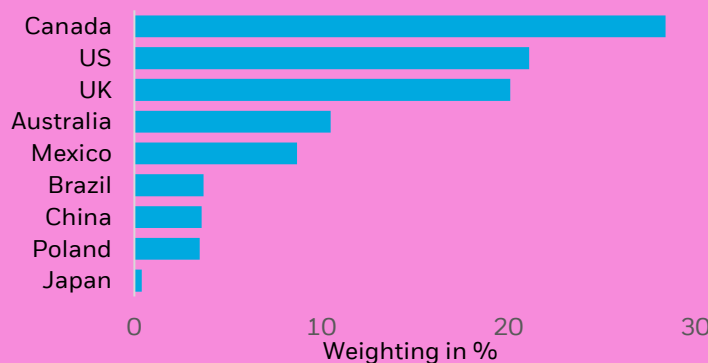
Forecast supply deficit, refined copper



Source: BloombergNEF, Sep 2022, ‘Surging copper demand will complicate the clean energy boom’

STOXX Global Copper Miners Index

Geographic Breakdown



Comparative Returns



Source: STOXX as of April 28, 2024. Indexes are unmanaged and one cannot invest directly in an index. The indexes used above have different strategies and objectives from private equity funds and may calculate their performance in a manner different from private equity generally. Comparing performance across indexes is, for these and other reasons, not representative or predictive of future investment performance in any strategy. It is not possible to invest into an index.

To find out more about the ETF’s that track the index, contact your iShares representative.

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