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# Investment Directions

## Q4 2024: Exposures for today's market

## Positioning for broadening amid volatility and falling rates

**Since our last update at midyear, sentiment towards equities has remained positive – but it has not been a straight line up, with recession fears and positioning unwinds triggering bouts of volatility. We could see more flare-ups ahead of the US presidential election. For the final quarter of this eventful year, we're focused on two stories: first, leaning into equity breadth while managing volatility; and second, positioning for global easing cycles – and the opportunity to lock in income while yields remain at elevated levels.**

We move from a US tech focus within equities, now leaning into a wider set of opportunities. US earnings growth broadening beyond early AI winners is a sign the economy is more resilient than markets are pricing, we think.

The US Federal Reserve (Fed) has now joined the European Central Bank (ECB) and Bank of England (BoE) on the descent from peak rates, but we see different paths – and paces – downwards for each, against varying macro and inflation backdrops. The bottom line, however, is that rates will be moving lower – so now is the time to lock in income in fixed income, in our view.

We remain pro-risk but see macro data and markets staying volatile into year-end, and geopolitical risks remaining structurally higher. We think this calls for a selective approach across asset classes.

Over the following pages, we refresh our views into year-end on opportunities in equities, fixed income and other diversifiers, with actionable implementation ideas across index, alpha-seeking, liquid alternative and private market strategies. These ideas are grounded in the themes laid out in the BlackRock Investment Institute's Global Outlook.

## How we're investing this quarter:

**Equity**

### Quality and breadth underpin opportunity in equities

We look to take advantage of broadening earnings prospects and developed market (DM) easing cycles underway, while still favouring a high-quality tilt and selectivity amid volatility. Beyond the US, we continue to prefer a granular, active approach – and see a strong opportunity set in Europe. We continue to see tailwinds for AI beneficiaries.

**Fixed income**

### The time to lock in income is now

Interest rates are falling, but remain elevated for now. We see a strong case for locking in income before that descent gathers pace. We favour the belly of the US Treasury (UST) curve, but feel more comfortable extending duration in Europe. We look to EUR credit, with a preference for quality – though opportunities persist in high yield.

**Other diversifiers**

### Getting strategic with alternative assets

Macro uncertainty and less predictable cross-asset-class correlations call for a broader set of diversifiers, in our view: while bonds are regaining their role as ballast, there may be more volatility in correlations ahead. We look to liquid alts to capture potential alpha amid more volatile markets. In private markets, we see a strategic opportunity to close persistent portfolio underweights.

All figures are in US dollars, unless stated otherwise.

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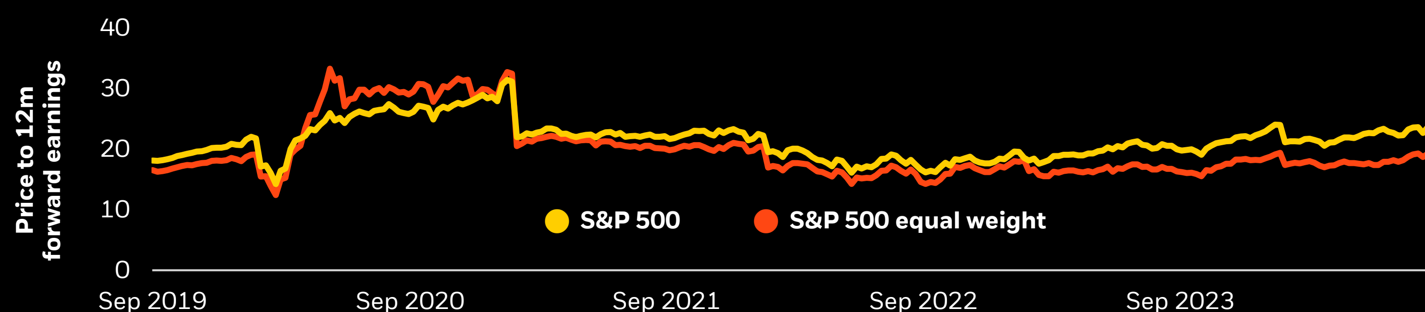
# High quality and earnings breadth underpin opportunity in equities

Overall, we see earnings breadth increasing at the sector level, while dispersion continues across single stocks, creating opportunities to generate alpha. As investors grapple with growth risks and geopolitical uncertainty, the equity market has been largely range-bound in recent months. Despite this, earnings growth in the US has improved sequentially QoQ this year from 2023's recession, tracking at 11.6% for Q2, while the sector gathering all the market attention – tech – also delivered 21.2% growth QoQ. We also saw solid earnings from sectors such as financials (18.2% QoQ), healthcare (16.7% QoQ) and utilities (15.2% QoQ).[1] While the global growth deceleration keeps us cautious on leaning further into value and small caps for now, select cyclical exposures and higher-leverage sectors may benefit from the DM easing cycles underway. We look to take advantage of broadening earnings prospects into year-end, while managing volatility through quality and selectivity. We maintain our conviction in US equities and look to select opportunities in Europe.

**S&P 500 equal weight valuations are lower versus the market weight index**

Price to 12-month forward earnings, S&P 500 equal weight index (SPW) and market weight index (SPX)




Source: Bloomberg, as of 25 September 2024.

# Positioning for market breadth

Amid signs of a broadening earnings environment, we think the equal-weight S&P 500 could benefit – and we've seen a surge in positive sentiment. We view equal-weight exposures as a tool to moderate mega cap exposure in portfolios. The tech sector comprises a much lower share of the equal-weight S&P 500 (13.9%) versus the market-weight index (31.6%), while the 'Magnificent 7' stocks account for 1.4% versus 29.5% of the indices, respectively.[2]

We also look to capture market breadth through sectors. As DM easing cycles get underway, we think sectors like utilities and REITs may be well-positioned to benefit from lower rates. We favour them for their defensive properties, heading into the end of the year, when the risk of volatility may be heightened. Given relatively high leverage in the sector, utilities balance sheets could also improve in a lower rate environment. Investor interest has been strong: utilities sector ETPs have gathered $5.1B globally since the start of May.[3] Earnings prospects in the sector also look bright: after registering 15.2% QoQ earnings growth in Q2, momentum has been strong – with utilities registering the third-highest earnings upgrades of any sector over one- and three-month horizons.[4] We believe the sector could also benefit from AI tailwinds – see p. 4.

**Past flows into global ETPs are not a guide to current or future flows and should not be the sole factor of consideration when selecting a product. See appendix for 5Y data. For data reference sources, please refer to the notes on page 12.**

# Quality at the core of portfolios

Even as market breadth expands, elevated volatility leads us to maintain our focus on high-quality exposures at the core of portfolios. Maintaining conviction over the long term is key to building a quality core – leading us to prefer high-conviction alpha strategies, in both ETF and mutual fund wrappers.

We also like systematic strategies leveraging large data sets to develop insights, identify high-quality stocks and generate stock-specific alpha. In the index space, we think the quality factor could help to bolster resilience while capitalising on quality exposure. Quality remains the most popular factor this year in global ETP flows, with $24.9B added YTD.[5]

*Read our full range of factors views in Precision Insights: Factors.*

# Selectivity in regional equities

We continue to see opportunities in Europe, where regional dynamics call for a selective, active approach. While the structural improvement in European earnings has held up – EPS is 38.4% higher today vs. pre-pandemic levels[6] – we see value in diving beyond the broad index. On a macro level, we look to tailwinds from the ECB cutting cycle – which we think has room to go further and faster should macro data remain tepid and price pressures slow – and now China. The announcement of Chinese monetary and fiscal stimulus in late Q3 has driven an improvement in sentiment towards assets exposed to China – including European luxury stocks. Flows into European equity ETPs remain robust: the region has now seen eight straight months of buying.[7]

For a deeper approach to European sectors, we look to European banks. Valuations, in our view, continue to underprice the sector's earnings potential: EPS is at its highest level since 2008, while valuations remain at record lows.[8] This suggests the market could be underestimating the quality improvement in the sector. In this context, we think banks can continue do well even as interest rates fall – particularly given the structural change we see in rates, which are unlikely to return to ultra-low levels. More broadly, we favour high-conviction alpha-seeking European equity strategies, where conviction points to opportunity in areas like European semiconductors and luxury, as well as healthcare themes such as GLP-1 drugs.

We also prefer a granular approach to emerging market (EM) equities, which have seen relatively muted sentiment versus their DM peers YTD. The case for selectivity is strengthened by the dispersion in drivers of return and geopolitical and policy environments across EM. Active stock selection may help to differentiate potential winners and losers. In single EM exposures, we like India for its low correlation to global equities, and we've seen strong sentiment from investors this year: $10.9B has been added to Indian equity ETPs globally YTD, with international demand making up over 70% of total flows.[9]

*Read our full range of views across EM equity and debt in Precision Insights: Emerging markets.*

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# Looking to the next leg in AI

Looking to the next leg of the AI trade

AI has remained a strong force for markets in 2024, whether driving positive sentiment or volatility. The key question is whether the billions of dollars of capex coming through can result in profitability – and if so, how soon that will be reflected on balance sheets. Into year-end, we still favour the AI theme, yet we fine-tune our exposure. We think patience is needed as the build-out still has far to go – but the sentiment shift on AI capex could weigh on valuations. Accordingly, we broaden exposure to first-phase beneficiaries in energy, infrastructure and utilities – **building** out and **powering** the vast infrastructure required for AI's expansion.

Tech also remains part of the quality core we favour in equities. Our conviction on tech remains strong – investors have questioned whether the price for growth may be too high, but we believe in tech's growth prospects.

## Beneficiaries of the AI build-out

As the AI build-out phase gathers pace, we think markets could be underestimating the scale of capex and AI power needs. As firms invest in ever-larger GPU clusters to build more advanced AI models, power capacity requirements are putting a cap on growth: a data centre using a 100k GPU cluster – a target in sight for several large AI players – would require a small power plant to run.[10] As companies and governments continue to build out AI capacity through more advanced models with greater power needs, we believe the infrastructure needed to support these will also require significant investment. Public infrastructure looks well-positioned for this demand, with a strong tilt to the utilities sector.[11] Given the power demands of AI, we also look to sustainable energy exposures, against a backdrop of advancing tech, declining costs and supportive policy.

Listed infrastructure exposures also look well-positioned as a low-volatility, high-yielding inflation hedge, providing liquid access to infrastructure sub-sectors. Private markets are also being increasingly integrated into investors' strategic asset allocation for their distinct investment prospects, and are set to benefit from structural mega forces we see affecting investing now and far into the future, including AI, the low-carbon transition and rewiring supply chains.

**For data reference sources, please refer to the notes on page 10.**

# Positioning for the US election

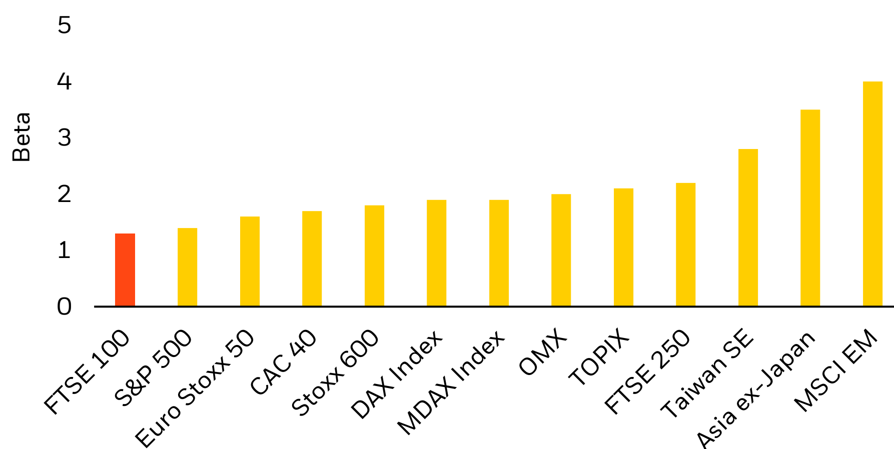
We're in the final countdown to the US election, with Vice President Kamala Harris facing off against former President Donald Trump. The race is set to be very close. Policy differences are becoming sharper – yet control of Congress will be key for implementation.

We see trade as one area with macro implications. Both candidates are likely to pursue additional export controls on national security grounds, especially in advanced technology. On tariffs, Harris is likely to maintain the status quo, with the potential for more targeted tariffs against China. Trump's proposed 60% tariffs on China and 10-20% broad tariffs would be a major escalation. Increased protectionism under either administration reinforces geopolitical and economic fragmentation, one of the structural factors we see keeping inflation higher over the medium term. Reduced legal immigration under either administration – though it is a centrepiece of Trump's campaign – could also have implications for the labour market.

Market attention will likely sharpen as the election approaches. We've taken stock of indirect equity implications, including spillover effects of the prospect of increased tariffs. We turn to UK equities – which we recently upgraded, given a more stable political backdrop post-UK election – to insulate against a potential pickup in trade rhetoric ahead of the vote. Large cap UK equity returns have a low beta to shifts in global trade (see chart), despite their international revenue tilt.[12] With uncertainty likely to push higher into November, alpha-seeking strategies could offer a route to capitalise upon stock-level dispersion and cut through short-term volatility to uncover high-quality names.

**UK equities could offer a hedge against higher tariffs**

Beta of equity returns to world trade growth across global markets, 1997-2024 YTD




Source: Datastream, WorldScope, Goldman Sachs Global Investment Research, August 2024.

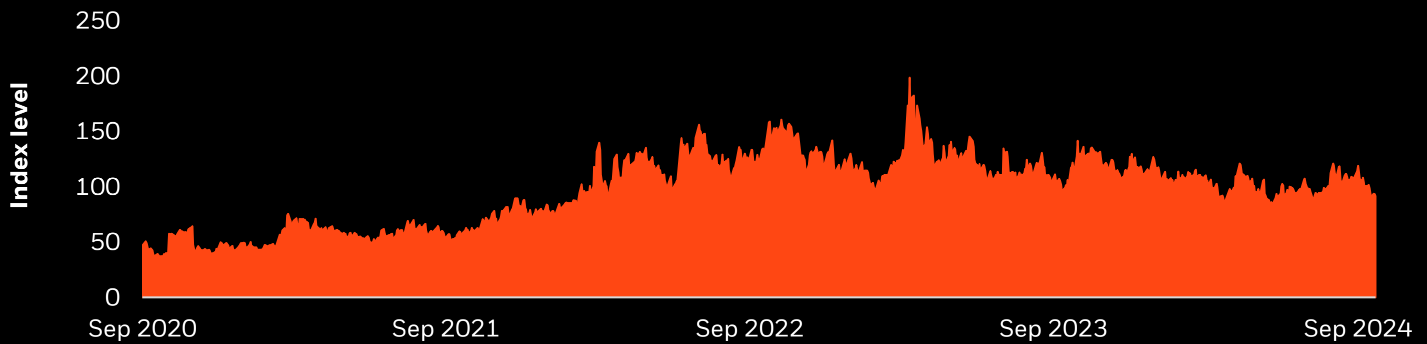
Neither party has prioritised tackling the budget deficit. Analysis by our Diversified Strategies team suggests either candidate could be fiscally expansionary – bringing volatility to the long end of the UST curve. Greater pressure on the fiscal deficit could prompt higher issuance and force up 10Y yields. A tighter fiscal response and a moderately weaker macro backdrop, with only a slight deviation from the status quo, could keep that rise in yields relatively muted.

**For data reference sources, please refer to the notes on page 12.**

# The time to lock in income is now

Against a moderating growth backdrop and increasingly benign inflation, the Fed kicked off its cutting cycle in September, after the ECB and the BoE began earlier in the summer. A US recession is not our base case: we expect a gradual building of labour market slack, consistent with a still-solid, but cooling, US economy. We think this sets up a favourable environment for fixed income, particularly around the belly of the UST curve, with the front end subject to rate repricing and near-term volatility, while the return of term premium and potential fiscal pressures weigh on the long end. We're more comfortable extending duration in the euro area and prefer EUR versus USD credit, with growth having bottomed in Europe. Our focus on income is shared by investors: with $325B added to fixed income ETPs globally, 2024 is within striking distance of 2023's annual record ($330B).[1] We look to lock in elevated yields via fixed maturity products in both regions.

**Volatility has eased in US Treasuries – supporting a return to fixed income as rates fall**
MOVE index, September 2019 – September 2024




Source: Bloomberg, as of 18 September 2024.

# Staying nimble with duration in rates

Eurozone growth has hit a speed bump in H2 with economic surprise indices firmly in negative territory since June. A faltering recovery, combined with headline inflation that dropped below 2% in September underscores our desire to extend duration in European government bonds (EGBs). A rise in real incomes and less restrictive policy should in theory boost domestic demand in 2025, but a combination of structural challenges facing the European manufacturing complex, coupled with US election uncertainty and still-sluggish China demand – despite stimulus – could keep the ongoing recovery muted. For income-seeking investors, we look to fixed-maturity bond products, which hold a diversified portfolio of bonds with similar maturity dates.

In the US, the start of the Fed easing cycle keeps us positive on the belly of the curve. We prefer this segment for income – and with better risk-return versus the long end and volatility still riling the front end in the near term. The 25 versus 50bp cut debate remains live for upcoming Fed meetings, with 250bps of cuts priced over the eight meetings to July 2025.[2] Rates are the most popular sector in the fixed income ETP universe globally. In the US, Q3 inflows into short ($22.7B) and long duration rates ETPs ($37.7B) are leading, while intermediate ($19.2B) and blended maturities ($12B) saw close to even Q3 buying.[3]

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# A quality preference in credit

We look to credit today as a source of income and prefer investment grade (IG) over high yield (HY). While spreads are tight, we think the yields on offer provide attractive carry and duration risk in IG looks favourable, amid a growing case for the ECB to accelerate the pace of cuts in 2025. We expect a slow grind tighter in Q4 as European investors increasingly look to EUR credit over USD exposures, given potential US election volatility, strong credit fundamentals, ECB rate cuts and corporate leverage declining from its peak. We're more confident in spread tightening in EUR IG versus HY. Within IG corporates, we are most constructive on the EUR and GBP markets. The EUR IG and HY markets have outpaced their USD counterparts YTD – we think EUR IG markets, in particular, can continue to withstand near-term macro headwinds, with a cyclical recovery underway, albeit a slow one.[4] The iTraxx Crossover index has not seen a single default in this cycle,[5] evidencing the lower sensitivity of EUR credit markets to growth fluctuations.

*Read our full range of granular views across USD and EUR credit in Precision insights: credit.*

Opportunities also persist in EUR HY, in our view. At the index level, spreads have been range-bound between 300 and 400bps. However, idiosyncratic moves have become more pronounced during the latest earnings season, leading to larger single-name shifts.[6] This heightened focus on cyclical risk, spurred by profit warnings and earnings misses, underscores the importance of sector-specific analysis – and an active approach. Weaker earnings in Q2 showed reduced consumer demand, predominantly in the autos, airlines and retail sectors.[7] With the market backdrop remaining benign and spreads not far off their late-spring lows,[8] we expect EUR HY primary market activity to restart soon. While net supply should still rise, we don't currently expect it to maintain the high pace seen from May to mid-July. Our analysis shows that EMEA investor portfolios have a heavy skew towards EUR IG exposures, at 8% on average, compared to 0.4% in EUR HY and 1.3% in global HY, highlighting an under-allocation to HY compared to our strategic model portfolios – see p. 8.[9]

**For data reference sources, please refer to the notes on page 12.**

# An opportunity to allocate to fixed income – across the risk spectrum

In our latest review of client portfolio positioning, leveraging Morningstar portfolio holdings, we analysed the 250 largest EMEA-domiciled moderate risk multi-asset portfolios based on AUM. This exercise revealed that European investors remain under-allocated to fixed income, despite relatively elevated rates.

We see an overall risk-on mode in client portfolios, with equity allocations picking up – this highlights a gap in allocations to fixed income when compared to our BlackRock EUR Strategic Model. The difference in fixed income allocations between the average EMEA portfolio and the BlackRock Model currently sits at c.13%, with an underweight to government bonds accounting for the majority of that gap. We see an opportunity to lock in more income in portfolios across the entire risk spectrum – but especially in the rates space, where we see the biggest gap in positioning (c.16% versus our model – see chart 1). We prefer to take duration risk in EGBs over USTs, in line with the BlackRock Model (see chart 2).

In credit, EUR IG remains a structural overweight in EMEA portfolios, but the size of the overweight has gone down slightly QoQ as some of it has been reallocated to rates. On a relative value basis, we see an opportunity for investors to add spread risk, especially in the EUR HY space – where the average portfolio is currently at a 4% underweight compared to our model.

**Chart 1: fixed income sleeve comparison**

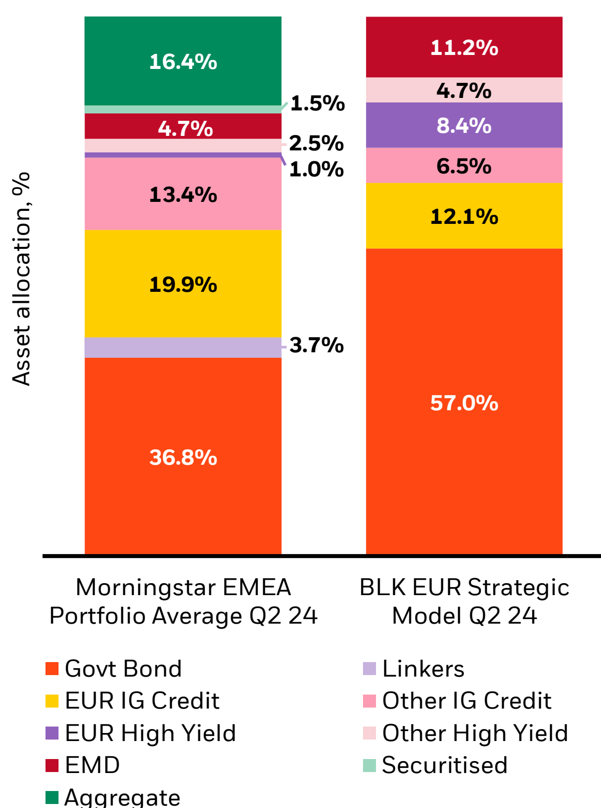
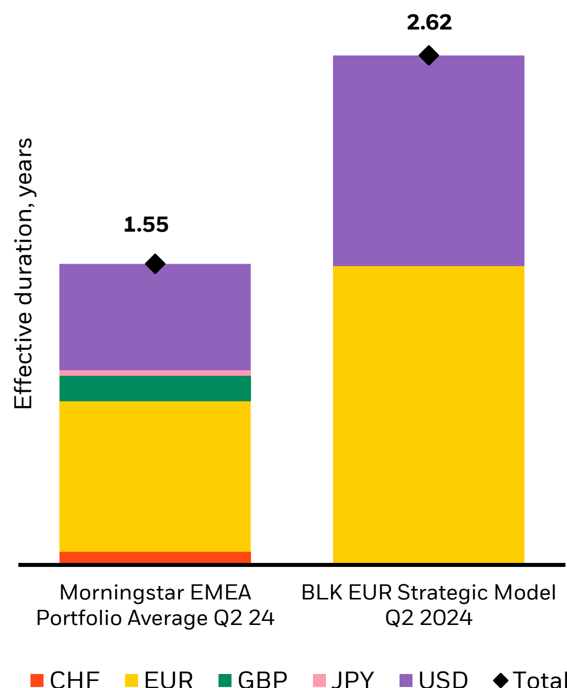



**Chart 2: effective duration difference**




**For data reference sources, please refer to the notes on page 12.**

**This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance.** Source (Portfolio Average Q2'24), June 2024: BlackRock Portfolio Consulting EMEA, BlackRock Aladdin, Morningstar. Portfolio average allocation based on 256 moderate risk multi-asset EMEA domiciled portfolios collected by between 30/04/2024 – 28/06/2024. We also show the BlackRock MPS EUR Strategic Moderate Model as of 20/06/2024. For Illustrative purposes only, and subject to change.

# Navigating volatility through alternative assets

As growth has moderated in the US, market volatility returned in Q3 with the largest spike in the VIX since October 2020, catalysed by weaker-than-expected US labour market data. Although the selloff in the first few days of August was matched by a sizeable recovery, implied volatility in rates remains elevated on monetary policy uncertainty and the upcoming US election.[1] In this environment, we see room to dial up exposure to alternative assets – to diversify sources of return and downside management – as correlations across asset classes remain less predictable than in the past.

We look to liquid alts and multi-asset strategies for better risk-adjusted returns, given their idiosyncratic return profile and potential to navigate volatility while delivering consistent alpha. We advocate for dividend stocks through high-quality alpha strategies as a source of income and look to gold as a diversifier and hedge against structurally higher geopolitical risk. Private markets offer an opportunity to unlock stable returns, while closing a material portfolio underweight.

**Private market asset classes exhibit low correlation versus public fixed income and equity**

Expected correlations between asset classes

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| **1** Global fixed income | 1.00 | | | | | | |
| **2** Global equities | -0.04 | 1.00 | | | | | |
| **3** Core real estate | 0.14 | 0.70 | 1.00 | | | | |
| **4** Private equity | -0.05 | 0.64 | 0.52 | 1.00 | | | |
| **5** Infrastructure equity | -0.03 | 0.69 | 0.50 | 0.47 | 1.00 | | |
| **6** Private credit | -0.11 | 0.59 | 0.56 | 0.45 | 0.38 | 1.00 | |
| **7** Hedge funds | 0.02 | 0.34 | 0.22 | 0.25 | 0.27 | 0.17 | 1.00 |

This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise - or even estimate - of future performance. Forecasts are not a reliable indicator of future performance. Source: BlackRock, as of August 2024; CMA data as of 28/06/2024; currency: EUR; time period: 10 years. Return assumptions are total nominal returns. Asset return expectations are net of assumed fees. Fees and alpha are estimates for illustrative purposes only and do not represent any actual fund performance. Indices are unmanaged and one cannot invest directly in an index. These portfolios represent a sample of just four of the various possible solutions on the efficiency frontier. BlackRock has not considered the specific needs of the client and is not making any recommendation of any particular option. You should consider the most appropriate allocation for your needs. Global Equities are proxied by the MSCI All Country World Index, Global Fixed Income by the Bloomberg Global Aggregate Index. Hedge funds are modelled by a global fund weighted and currency-hedged proxy aggregating different hedge fund strategies.

# Diversifying through liquid alts

In this environment, we look to build up exposure to idiosyncratic risk. We see liquid alts an effective hedge against volatility spikes and economic shocks, with potential to significantly improve portfolio outcomes, particularly as we approach the US presidential election in November – see p. 5. Macro alternatives position long-short across countries based on economic growth, inflation and policy, seeking to generate alpha uncorrelated to traditional stocks and bonds. These strategies aim to capitalise on dislocations in prices across asset classes and countries and deliver in times of market turmoil.

Strategies targeting precise market segments may be well-positioned to achieve superior risk-adjusted returns by leveraging rigorous bottom-up analysis – with minimal correlation to other parts of the portfolio.

**For data reference sources, please refer to the notes on page 12.**

# Active equity income

In an environment of heightened macroeconomic uncertainty, investors are increasingly seeking returns with reduced exposure to broad equity market risks. Dividend-focused strategies can provide a defensive positioning within equities, offering steady cash flows that enhance portfolio diversification.

Systematic equity income strategies adopt a cutting-edge approach by combining human expertise, big data analytics and AI/machine learning. This allows us to target attractive yields while maintaining a lower volatility profile to preserve defensive attributes. Additionally, an options overlay can further enhance income potential and allow participation in market upside with controlled drawdowns, reflecting the growing sophistication of investors in blending index and active funds in portfolios to achieve more granular and diversified outcomes.

# Opportunity in metals and miners

Heading into year-end, we see investors staying positive on risk – but with an eye to building defence in portfolios. This has put gold in focus, even as prices have hit successive all-time highs this year.[2] Gold's role as a potential hedge against geopolitical risk (see BlackRock's Geopolitical Risk Indicator) has driven up demand in recent months, with a significant shift in sentiment coming through in ETP flows: $7.8B has been added to gold exposures globally since May, following 11 consecutive months of net outflows totalling -$24.1B.[3]

We aim to bolster portfolio resilience through physical gold exposure. Investors may also look to gold miners: Q2 earnings delivered the inflection we hoped to see and valuations look attractive versus physical gold and historical averages. With energy costs softening, our Fundamental Equity team sees a strong outlook for margins at current prices.[4]

Strong central bank demand for gold has also supported sentiment this year. The latest data shows record central bank buying in H1 2024 – and our analysis suggests there may be room to run. As a percentage of overall reserves, we see some countries with gold holdings in excess of 70%, while others – including China and India – hold significantly less, at around the 5-15% range,[5] pointing to space for further allocation.

Elsewhere in commodities, we note the rebound in sentiment towards industrial metals such as copper off the back of China's stimulus announcements – alleviating near-term fears around over-supply and creating a supportive backdrop for copper miners, we think. We see a long-term case for copper as a critical component in technologies driving the AI and low-carbon transition mega forces, amid persistent supply-demand imbalances for the metal.

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# Building strategic exposure to private markets

As the landscape of technology, central bank rate trajectories and the low-carbon transition continues to evolve, we believe private equity (PE) offers distinct advantages when integrated into existing portfolios. While global interest rates have started to fall, we see sticky inflation keeping rates elevated into 2025. This macro backdrop has shifted the focus of PE from leverage and multiple expansion to driving value through operational improvements, revenue growth and margin enhancement. Global M&A activity has hit $2.3T so far this year, up 26.8% YoY, illustrating a wealth of opportunity in the space.[6]

The BlackRock Investment Institute's Capital Market Assumptions suggest an optimal portfolio allocation to private markets of 10%.[7] However, our research shows that EMEA portfolios currently allocate less than 1% on average, pointing to a significant structural under-allocation and untapped potential within this space. We see benefits in building a portfolio of private market exposures across asset classes, tailored to an investor's risk appetite and investment objectives. Investors can benefit from a deliberate approach here, considering where their private market allocations are sourced from: when funded by public equities alone, a 20% portfolio allocation to diversified private markets shows an increase in returns from 4.9% to 6.0%, on average, with a consistent level of risk, while funding from both equities and fixed income shows a slightly higher increase in returns to 6.3%, and a more sizeable uptick in risk.[8]

# 'Outsourcing' diversification through multi-asset funds

In an increasingly complex macroeconomic environment, global markets are more interconnected than ever: shocks and new information can ripple across asset classes, often with uneven effects. Economic fluctuations and shifts in investor sentiment can disproportionately impact different segments of an asset class, highlighting the need for robust portfolio strategies.

In this climate of heightened dispersion and valuation expansion, many investors are turning to high-conviction, unconstrained multi-asset strategies to navigate market complexities. By blending a dynamic mix of carefully selected equities with a diversified bond allocation, multi-asset funds may be strategically positioned to benefit from key macro trends, including inflationary pressures and interest rate volatility.

**For data reference sources, please refer to the notes on page 12.**

# Notes

## Equities (p. 2–5)

**1, 2** Source: Bloomberg, as of 17 September 2024. Based on the S&P 500 Index.
**3, 5, 7, 9** Source: BlackRock and Markit, as of 1 October 2024.
**4, 11** Source: iShares.com, as of 17 September 2024
**5** Source: Source: LSEG Datastream, MSCI, as of 17 September 2024
**6** Source: Bloomberg, as of 16 September 2024. Based on the Stoxx 600 Europe Index.
**7** Source: Bloomberg, as of 20 May 2024. Based on estimates on the Stoxx Europe 600 Banks Index.
**8** Source: Bloomberg, as of 16 September. Valuations are based on the 12m forward price-to-earnings ratio for the Stoxx Europe 600 Banks Index.
**10** Source: BlackRock Fundamental Equities, as of 20 August 2024.
**12** Source: Datastream, WorldScope, Goldman Sachs Global Investment Research, as of 30 August 2024.

## Fixed income (p. 6–8)

**1, 3** Source: BlackRock and Markit, as of 1 October 2024.
**2** Source: Bloomberg, as of 17 September 2024.
**4** Source: BlackRock, as of 26 September 2024.
**5** Source: Goldman Sachs, as of 2 August 2024.
**6, 7** Source: Barclays, as of 2 August 2024.
**8** Source: BlackRock, as of 26 September 2024.
**9** Source: BlackRock Portfolio Consulting EMEA, BlackRock Aladdin, Morningstar, March 2024. Portfolio average allocation based on 294 moderate portfolios collected between 02/01/2024 – 28/03/2024. Currency: EUR.

## Other diversifiers (p. 9–11)

**1, 2, 6** Source: Bloomberg, as of 16 September 2024.
**3** Source: BlackRock and Markit, as of 1 October 2024.
**4** Source: BlackRock Fundamental Equities, as of 26 September 2024.
**5** Source: BlackRock, as of 20 September 2024.
**7** Source: BlackRock Investment Institute, with data from Refinitiv Datastream and Bloomberg, August 2024. Data as of 28 June 2024.
**8** Source: BlackRock, as of August 2024; CMA data as of 28/06/2024; currency: EUR; Global Fixed Income Proxy: Barclays Global Aggregate Index hedged, Global Equity Proxy: MSCI All Country World Index.

**Annual flows into global ETPs by exposure type, 2019 – 2024 to date**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 YTD |
|---|---|---|---|---|---|---|
| **Global quality factor** | $11.2B | $6.8B | $7.7B | $14B | $36B | $24.9 |
| **Utilities sector** | $2.5B | $0.9B | $1B | $6.1 | -$1.3 | $2.8 |
| **European equity** | -$5.2B | $7.6B | $27.5B | -$16.5B | $7.6B | $16.2B |
| **Indian equity** | $1.1B | $0.13B | $0.83B | -$0.94B | $9.99B | $10.9B |
| **Fixed income** | $251.0 | $276.5B | $282.2B | $264.4B | $331.1B | $324.7B |
| **Eurozone rates** | $1.0B | $4.9B | $2.6B | $6.7B | $12.8B | $4.1B |
| **US rates** | $50.3B | $31.2B | $62.6B | $176.2B | $143.0B | $93.4B |
| **Gold** | $19B | $45.5B | -$9.7B | -$3.3B | -$14.9B | -$0.4B |

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