

# ETP LANDSCAPE

MONTHLY SNAPSHOT | JUNE 30, 2013

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## JUNE HIGHLIGHTS<sup>1</sup>

- ▶ Starting on May 22nd, Ben Bernanke's remarks about the Fed tapering its bond buying program set global investors into flight from a variety of asset classes.
- ▶ Many of these investors turned to ETPs to execute their investment views, resulting in net outflows in June of (\$8.2bn), along with elevated ETP trading volumes.
  - Importantly, ETPs delivered liquidity to investors in stressed market conditions, as designed.<sup>3</sup>
  - ETFs accounted for 31% of all trading volume in US equity markets in June, up from 20-25% in recent months.
- ▶ Emerging Markets (EM) Equities saw redemptions continue in June with (\$6.6bn). This is the fifth consecutive month of outflows for EM Equities following months of substantial inflow.
- ▶ Fixed Income ETPs saw monthly outflows for the first time since December 2010. Investors continued to move to shorter duration ETPs, which attracted \$5.5bn in June. Other Fixed Income maturity categories saw outflows of (\$13.5bn).
- ▶ Gold ETP redemptions continued in June – a six month trend to date - with (\$4.1bn) of outflows, bringing YTD outflows to (\$28.2bn).
- ▶ Developed Market Equity ETPs continued to attract new money, adding \$11.8bn in June which is down from May's level of \$30.3bn, but on par with April flows of \$13.2bn.

## About the ETP Landscape: Monthly Snapshot Report

This report provides a summary of global ETP assets under management and asset flows for the most recent month-end period.

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# Global Overview

## Highlights (US\$):<sup>1</sup>

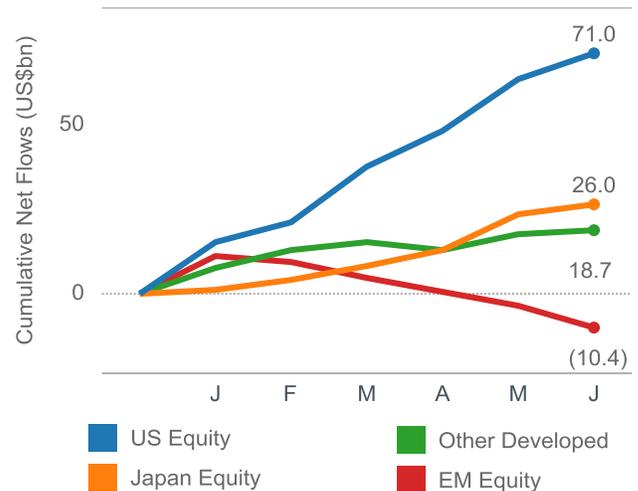
Market sentiment shifted on May 22<sup>nd</sup> when Ben Bernanke articulated that the US Federal Reserve bond purchases could soon taper and markets were again impacted by additional comments he made on June 19<sup>th</sup>. ETPs saw outflows following both announcements, showing that investors use ETPs as readily available, precise, efficient exposure tools to express market sentiment.

Investors sold **Emerging Markets (EM) Equities, Gold, and Fixed Income ETPs** in June, with the first two categories building on an outflows trend from prior months and the latter breaking from a trend of previous inflows. Investors continued to purchase **Developed Markets (DM) Equities**.

- ▶ Sentiment had shifted early in the year in favor of **Emerging Markets Equities** which started strong with \$10.9bn of flows in January when investors embraced risk assets across the spectrum. In February, concerns over economic growth in China and other Emerging Markets came to the forefront and **EM Equity ETPs** began to see outflows which have continued through June and now total (\$10.4bn) YTD.
- ▶ Investors began trimming their exposure to **Gold** in January and outflows have continued all year, particularly because inflation fears have subsided.
- ▶ Flows into **Fixed Income ETPs** remained positive every month this year until June. The bulk of YTD flows went into **short maturity funds** as investors began positioning early in the year for rising interest rates. Fixed Income outflows occurred following Bernanke's May 22<sup>nd</sup> announcement. **Short maturity funds** drew in additional June inflows of \$5.5bn, but all other maturity categories saw combined redemptions of (\$13.5bn).
- ▶ On the flip side, monthly flows into **Developed Markets Equities** have been constant with the category attracting \$115.7bn YTD led by US exposures with \$71.0bn. June flows of \$11.8bn were moderate compared to May's level of \$30.3bn, but on par with April flows of \$13.2bn.
  - The S&P 500 index YTD return was 12.6% vs. the MSCI EM Equity YTD return of -10.9%, with June alone at -6.8%<sup>1</sup>

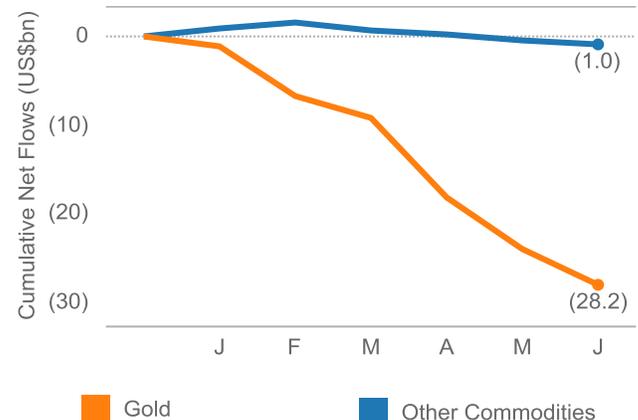
## GLOBAL EQUITY CUMULATIVE ETP FLOWS<sup>1</sup>

2013 YTD Flows: \$105.3bn



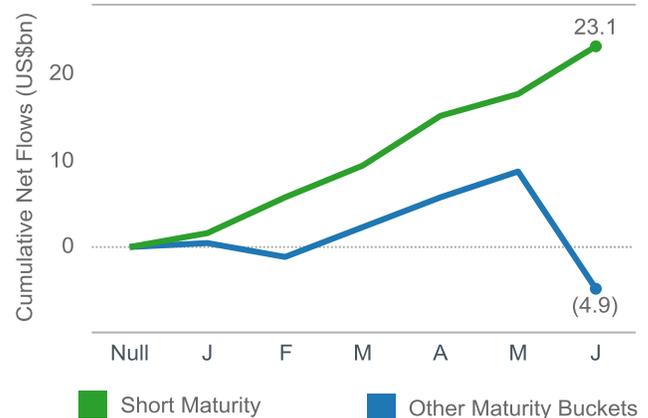
## GLOBAL COMMODITIES CUMULATIVE ETP FLOWS<sup>1</sup>

2013 YTD Flows: (\$29.2bn)

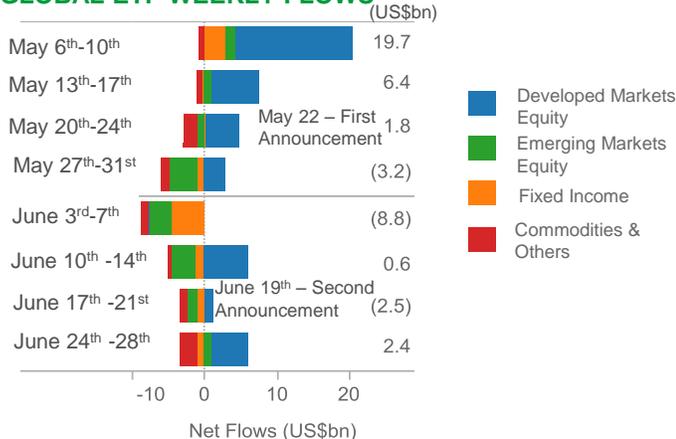


## GLOBAL FIXED INCOME CUMULATIVE ETP FLOWS<sup>1</sup>

2013 YTD Flows: \$18.1bn



## GLOBAL ETP WEEKLY FLOWS<sup>1</sup>



# ETP Liquidity and Trading

## Highlights (US\$):<sup>1</sup>

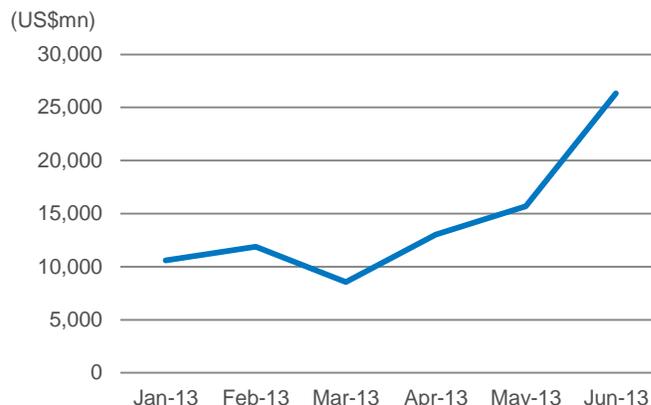
June saw orderly trading of ETPs which delivered liquidity under stressed market conditions, as designed.<sup>3</sup>

As market volatility increased this month and in previous periods (see chart below<sup>3</sup>) driven by specific news that impacted investor sentiment, we have seen elevated ETP trading volumes in absolute dollar terms and also in proportion to total US equity market trading volumes. ETFs accounted for 31% of the dollar value of all trading volume in US equity markets in June, up from 20-25% in recent months.

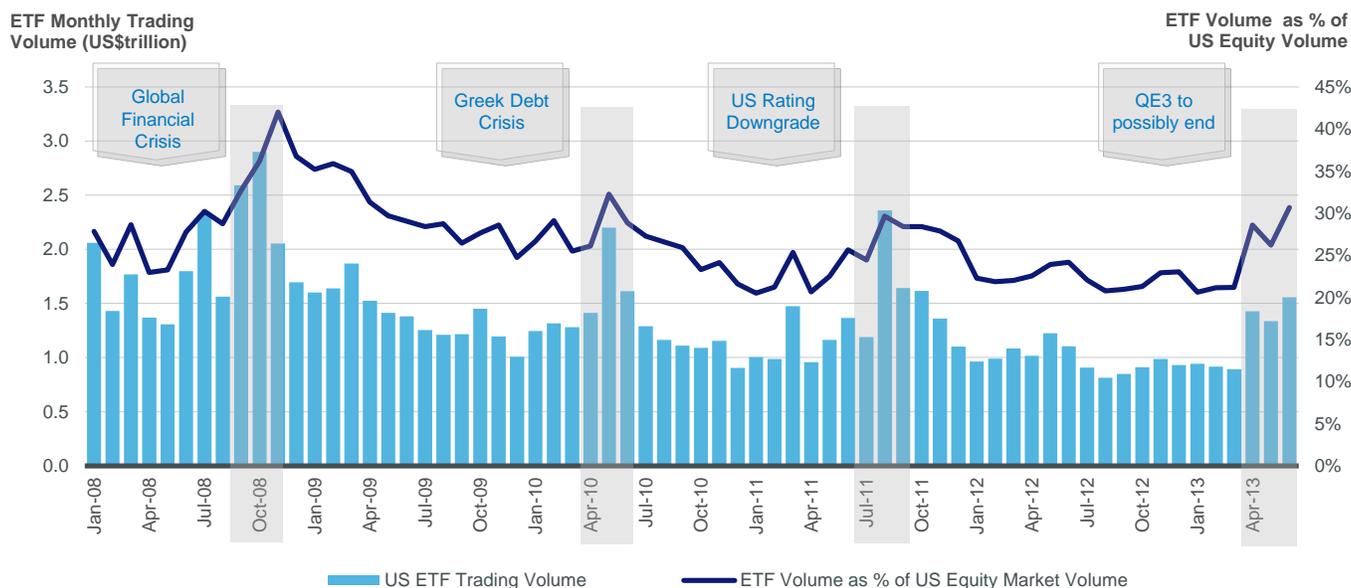
A key feature of ETPs is on-exchange liquidity during periods with rising or declining securities prices. As ETP trading volumes rise, more ETPs change hands between sellers and buyers.

- ▶ In US markets for example, High Yield Bond ETPs saw elevated trading volumes of more than \$25 billion in June which is up more than 100% over March levels. This is a positive outcome for sellers as they found on-exchange buyers for High Yield Bond ETPs at a time when underlying bond prices were declining.<sup>4</sup>
- ▶ The majority of trading in ETPs occurs on exchange without new share creation or redemption. In June, the value of shares traded on exchange for High Yield Bond ETPs was five times greater than the gross daily flow activity in the funds, meaning many transactions occurred between buyers and sellers without triggering creates or redemptions.

## US LISTED HIGH YIELD BOND ETP TRADING VOLUME <sup>1</sup>



## US LISTED ETF MONTHLY TRADING VOLUME AS A PERCENTAGE OF EQUITY MARKET VOLUME <sup>1</sup>



# Monthly Overview

## Highlights (US\$):<sup>1</sup>

**Global ETP outflows in June totaled (\$8.2bn).** It was the first month of outflows since November 2011 when redemptions were (\$0.1bn), which was then followed by three consecutive months of inflows averaging \$21bn. The record for monthly outflows was January 2010, when we saw (\$13.4bn) of outflows.

- ▶ June represents a reversal from May when flows reached \$25.6bn. Key themes in May were the acceleration of flows into Japanese Equity ETPs, shifting investor preference within Sector Equities for more economically sensitive categories, and more robust flows into Intermediate-Maturity Fixed Income funds.
- ▶ **Japanese Equity ETPs followed up last month's record inflows of \$10.3bn with additional asset gathering in June of \$2.8bn** despite a 1% drop in Japanese Equity markets. The Bank of Japan's ETP purchases totaled \$1.6bn during the month.
- ▶ **Short-Maturity Fixed Income flows accelerated to \$5.5bn from May's level of \$2.6bn**, this despite total Fixed Income outflows in June of (\$8.1bn). Short-Maturity Treasury and Investment Grade led flows in June as investors reacted to recent FOMC comments regarding an upcoming slowdown of bond purchases. Investor appetite for intermediate-maturity funds waned in June as investors pulled out (\$2.3bn) as compared to May which saw inflows of 4.2bn.
- ▶ **US Sector Equity flows slowed to \$1.1bn** this month as compared to May when these funds gathered \$5.1bn.
- ▶ **Gold ETP redemptions were (\$4.1bn) in June** compared to (\$5.9bn) in May, bringing YTD outflows to (\$28.2bn).

## JUNE RESULTS AT A GLANCE<sup>1</sup> (US \$billions)

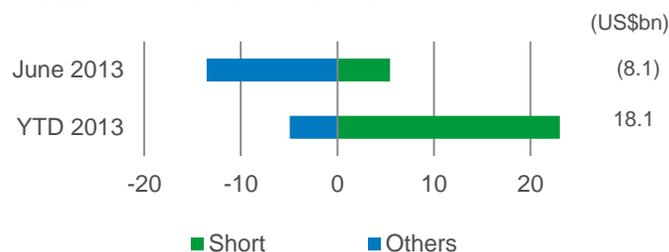
|                      | June 2013 | May 2013* | December 2012 | June 2012 |
|----------------------|-----------|-----------|---------------|-----------|
| <b>Monthly Flows</b> | (8.2)     | 25.6      | 38.7          | 20.3      |
| <b>Assets</b>        | 2,036     | 2,123     | 1,944         | 1,677     |
| <b># of ETPs</b>     | 4,868     | 4,871     | 4,759         | 4,723     |

\*May-2013 restated with additional Asia Pacific data

## GLOBAL 13-MONTH ROLLING NET FLOWS<sup>1</sup> 2013 YTD Net Flows: \$96.3bn



## FIXED INCOME FLOWS BY MATURITY<sup>1,2</sup>



# Year-To-Date Overview

## Highlights (US\$):<sup>1</sup>

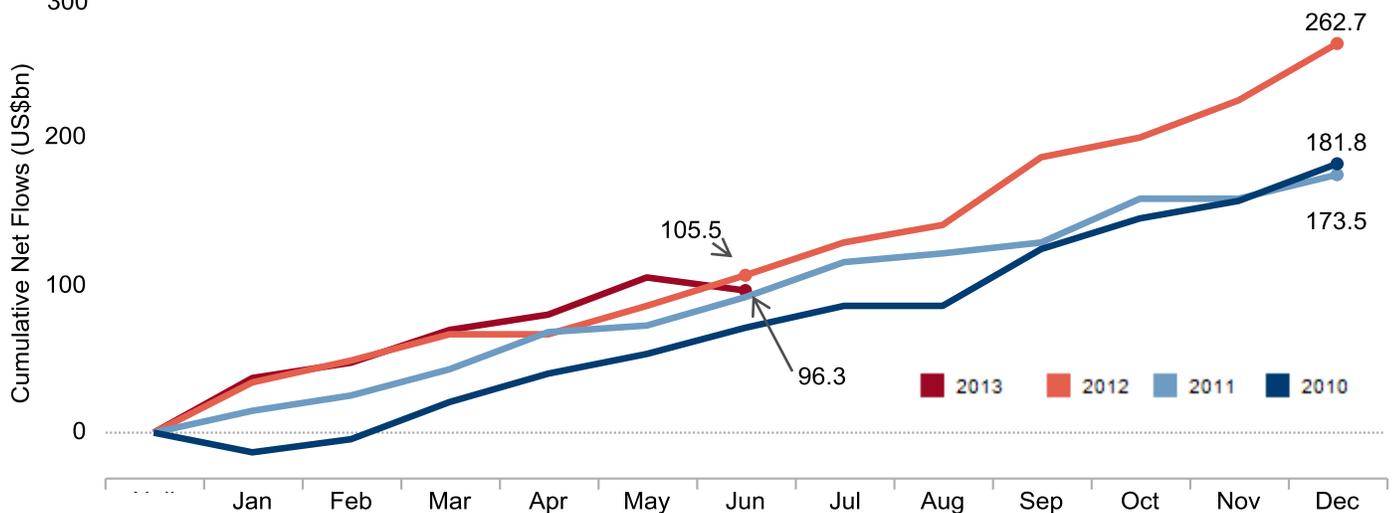
### Year-to-date global ETP inflows dropped below the \$100bn mark in June

- ▶ YTD flows of \$96.3bn are below last year's record-setting pace due to June outflows. In the first half of 2012, ETP industry gathered \$105.5bn of inflows.
- ▶ **Equity funds led with more than \$105 billion** of YTD flows which is more than 80% above last year's pace of \$56bn.
- ▶ **US and Japanese Equity exposures account for the bulk of the year-over-year Equity flow growth.** Both equity markets have been bolstered by accommodative Central Bank monetary policies.

- ▶ The growth in year over year Equity flows was mitigated by **EM Equity outflows** of (\$10.4bn) YTD. The category had seen strong inflows in January of \$10.9bn and then shifted to outflows from February through June.
- ▶ **Short Maturity funds (Floating Rate, Ultra-Short-Term and Short-Term) have been the engine for Fixed Income flows this year**, accumulating \$23.1bn. Last June, the duration picture was completely different with YTD inflows of \$3.5bn for Short Maturity funds.<sup>2</sup>
- ▶ **Gold and Fixed Income funds** are driving the year-over-year decline in flows.

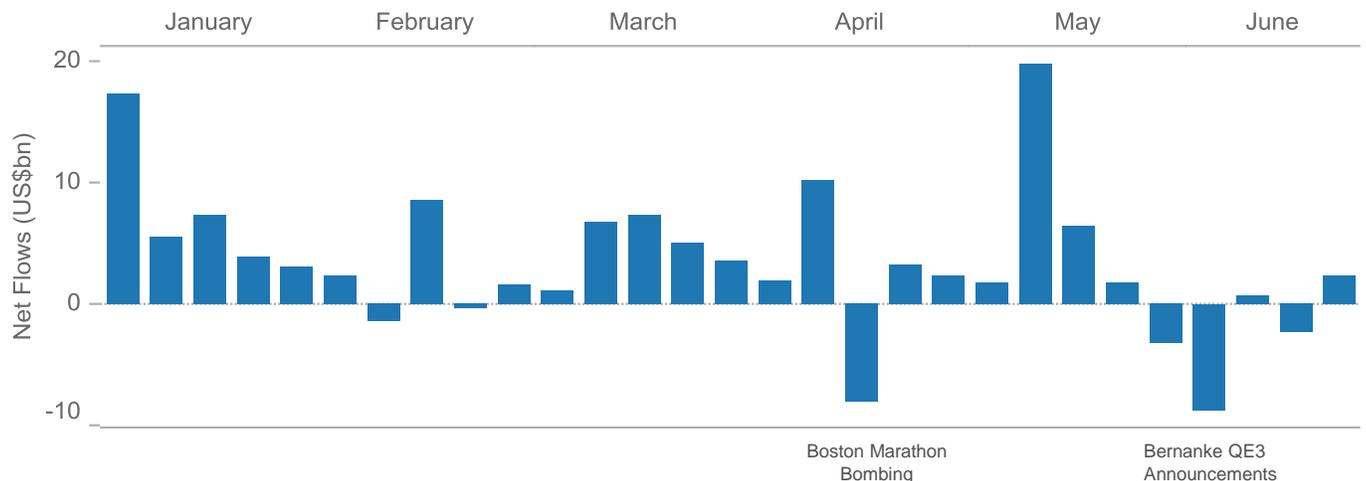
## GLOBAL ETP CUMULATIVE NET FLOWS<sup>1</sup>

YTD 2013 Flows: \$96.3bn  
300



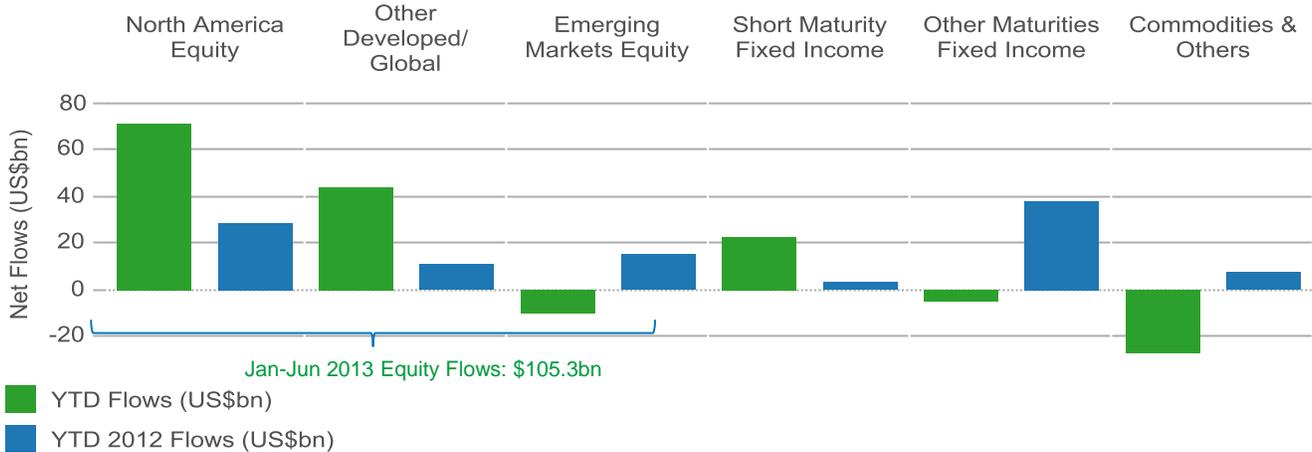
## GLOBAL ETP WEEKLY NET FLOWS<sup>1</sup>

YTD 2013 Flows: \$96.3bn



# Year-To-Date Flows

## JAN-JUN 2013 VS. JAN-JUN 2012 GLOBAL ETP FLOWS<sup>1</sup>



## GLOBAL ETP YEAR-TO-DATE NET FLOWS BY EXPOSURE<sup>1</sup>

| (US\$bn)                 |                                | Jan-Jun 2013 | Jan-Jun 2012 | Annual 2012 |
|--------------------------|--------------------------------|--------------|--------------|-------------|
| Fixed Income             | <b>Total</b>                   | 18.1         | 41.9         | 70.0        |
| Developed Markets Equity | North America Equity           | 71.5         | 29.1         | 76.3        |
|                          | Other Developed/ Global Equity | 26.1         | 6.5          | 12.1        |
|                          | Asia Pacific Equity            | 0.6          | (0.9)        | 9.7         |
|                          | Europe Equity                  | 17.4         | 5.7          | 17.8        |
|                          | <b>Total</b>                   | 44.2         | 11.3         | 39.6        |
|                          | <b>Total</b>                   | 115.7        | 40.4         | 115.9       |
| Emerging Markets Equity  | <b>Total</b>                   | (10.4)       | 15.3         | 54.8        |
| Commodities              | <b>Total</b>                   | (29.2)       | 5.5          | 19.3        |
| Others                   | <b>Total</b>                   | 2.1          | 2.4          | 2.7         |
| <b>Global ETP Total</b>  |                                | 96.3         | 105.5        | 262.7       |

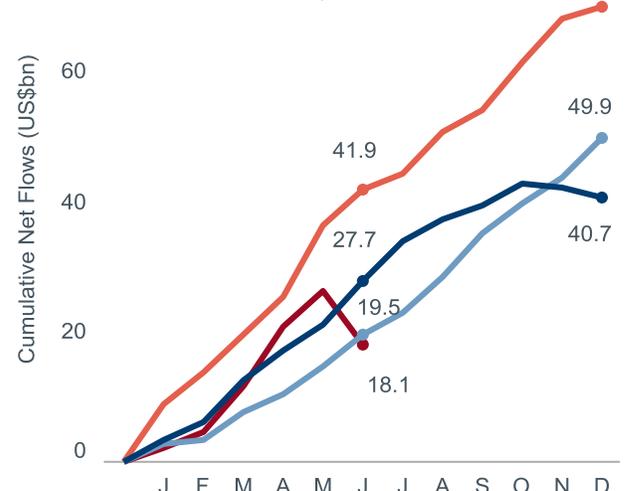
## CUMULATIVE EQUITY ETP FLOWS<sup>1</sup>

YTD 2013 Equity Flows: \$105.3bn



## CUMULATIVE FIXED INCOME ETP FLOWS<sup>1</sup>

YTD 2013 Fixed Income Flows: \$18.1bn

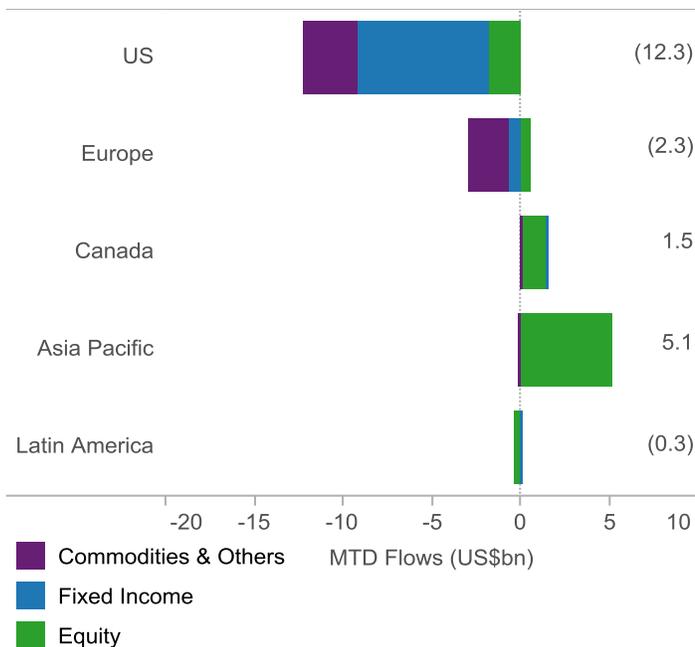


# Flows By Listing Region

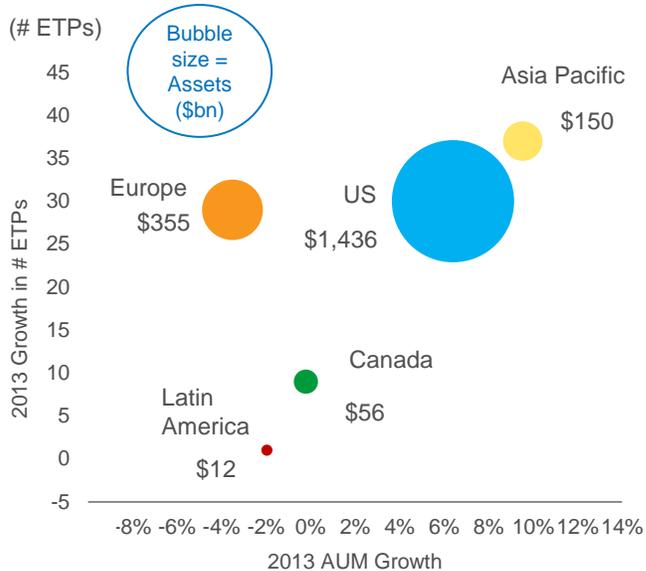
## Highlights (US\$):<sup>1</sup>

- ▶ Funds listed in the US account for 71% of global ETP assets.
- ▶ YTD 2013 flows into US-listed products represent 76% of the global total compared to 71% for full-year 2012.
- ▶ ETP assets in the US have grown 6.4% YTD.
- ▶ Asia Pacific and Canada gathered net inflows this month, despite the market volatility.

### JUNE NET FLOWS BY LISTING REGION<sup>1</sup>



### ASSET GROWTH RATES AND # OF ETPs<sup>1</sup>



### LISTING REGION VIEW<sup>1</sup>

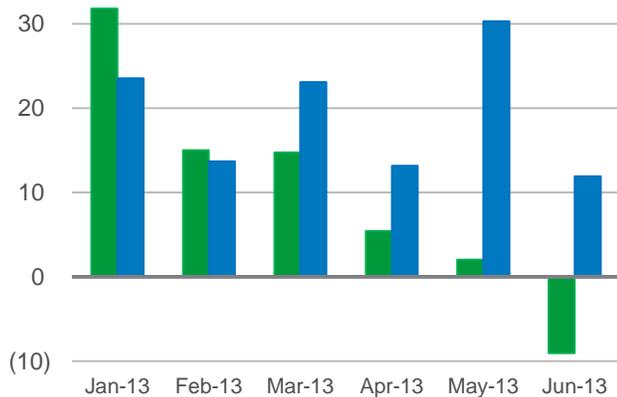
| By Listing Region       | Net Flows    |             | Jun 2013 Assets | % Asset Market Share | Number of Products |
|-------------------------|--------------|-------------|-----------------|----------------------|--------------------|
|                         | Jun 2013     | YTD 2013    |                 |                      |                    |
| US                      | (12.3)       | 73.5        | 1,436.1         | 70.5                 | 1,475              |
| Europe                  | (2.3)        | 3.6         | 354.6           | 17.4                 | 2,134              |
| Canada                  | 1.5          | 5.0         | 56.3            | 2.8                  | 281                |
| Latin America           | (0.3)        | 1.1         | 11.9            | 0.6                  | 36                 |
| Asia Pacific            | 5.1          | 13.0        | 149.8           | 7.4                  | 579                |
| Middle East and Africa  | 0.0          | 0.0         | 27.3            | 1.3                  | 363                |
| <b>Global ETP Total</b> | <b>(8.2)</b> | <b>96.3</b> | <b>2,036.0</b>  | <b>100.0</b>         | <b>4,868</b>       |

# ETPs and Mutual Fund Monthly Flows

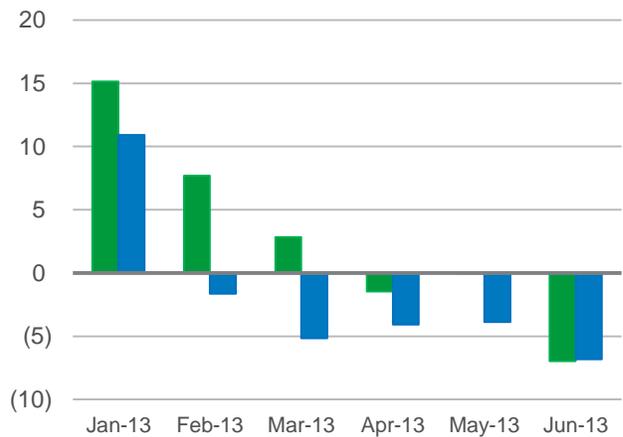
## Highlights (US\$):<sup>1,5</sup>

- ▶ Developed Equity mutual fund flows have shifted from outflows in 2012 to net inflows in 2013. Inflows declined during the first 5 months and reversed to negative in June. Year-to-date, mutual funds have drawn in \$60.1bn while Developed Equity ETPs attracted inflows of \$115.7bn.
- ▶ Emerging Markets Equity flows were strong in January 2013 for both mutual funds and ETPs and have been declining over the last five months. Year-to-date, mutual funds have gathered \$17.2bn while Emerging Markets Equity ETPs flows turned negative with (\$10.4bn) for the year.
- ▶ Fixed Income flows had been steady for mutual funds in the first 5 months in 2013. In June, both mutual funds and ETPs suffered redemptions. Year-to-date, mutual funds have gathered \$113.9bn while Fixed Income ETPs drew in \$18.1bn.

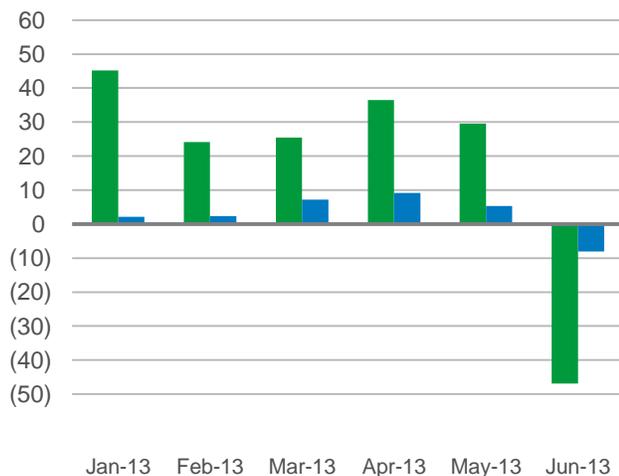
**DEVELOPED MARKETS EQUITY MONTHLY FLOWS<sup>1,5</sup>**



**EMERGING MARKETS EQUITY MONTHLY FLOWS<sup>1,5</sup>**



**FIXED INCOME MONTHLY FLOWS<sup>1,5</sup>**



■ ETP Flows  
■ Mutual Fund Flows

## Largest Year-To-Date Fund Inflows and Outflows

| ETPs as of June (US\$m) <sup>1</sup> | Bloomberg Ticker | 2013 YTD Inflows | Jun-13 Assets  |
|--------------------------------------|------------------|------------------|----------------|
| WisdomTree Japan Hedged Equity Fund  | DXJ US           | 8,170            | 9,936          |
| iShares MSCI Japan                   | EWJ US           | 4,956            | 10,938         |
| Daiwa ETF TOPIX                      | 1305 JP          | 4,467            | 8,984          |
| Financial Select SPDR                | XLF US           | 3,428            | 14,446         |
| iShares Core S&P 500                 | IVV US           | 3,300            | 42,944         |
| Vanguard Short-Term Bond             | BSV US           | 3,249            | 12,404         |
| Vanguard Total Stock Market          | VTI US           | 3,245            | 30,796         |
| PowerShares Senior Loan Portfolio    | BKLN US          | 3,083            | 4,526          |
| ChinaAMC CSI 300 Index ETF           | 510330 CH        | 2,726            | 3,244          |
| iShares Russell 2000                 | IWM US           | 2,704            | 21,852         |
| <b>Grand Total</b>                   |                  | <b>39,325</b>    | <b>160,070</b> |

| ETPs as of June (US\$m) <sup>1</sup>             | Bloomberg Ticker | 2013 YTD Outflows | Jun-13 Assets  |
|--|------------------|-------------------|----------------|
| SPDR Gold  | GLD US           | (18,175)          | 37,138         |
| iShares MSCI Emerging Markets                    | EEM US           | (8,414)           | 34,848         |
| iShares Barclays TIPS Bond                       | TIP US           | (4,722)           | 16,012         |
| SPDR S&P 500                                     | SPY US           | (4,551)           | 133,336        |
| iShares iBoxx \$ Investment Grade Corporate Bond | LQD US           | (4,416)           | 19,463         |
| Vanguard FTSE Emerging Markets                   | VWO US           | (3,169)           | 49,356         |
| SPDR Barclays Capital High Yield Bond            | JNK US           | (2,868)           | 9,379          |
| iShares FTSE China 25                            | FXI US           | (2,005)           | 5,208          |
| iShares MSCI Brazil                              | EWZ US           | (1,885)           | 6,052          |
| iShares J.P. Morgan USD Emerging Markets Bond    | EMB US           | (1,862)           | 4,385          |
| <b>Grand Total</b>                               |                  | <b>(52,068)</b>   | <b>315,176</b> |

## ETP Flows by Exposure: Developed Equity

| Exposure (US\$m) <sup>1</sup>                |                        | June<br>2013<br>Net<br>Flows | 2013 YTD<br>Net<br>Flows | % of<br>YTD<br>Flows | Assets           | % of<br>Assets | # ETPs       |
|--|------------------------|------------------------------|--------------------------|----------------------|------------------|----------------|--------------|
| US Size and Style                            | Large Cap              | 3,050                        | 18,801                   | 19.5                 | 384,182          | 18.9           | 225          |
|  | Mid Cap                | 716                          | 3,428                    | 3.6                  | 64,442           | 3.2            | 50           |
|  | Small Cap              | 2,357                        | 8,863                    | 9.2                  | 68,486           | 3.4            | 64           |
|  | Micro Cap              | 73                           | 202                      | 0.2                  | 852              | 0.0            | 4            |
|  | Total Market           | 1,066                        | 8,566                    | 8.9                  | 54,475           | 2.7            | 60           |
|  | Extended Market        | 99                           | 671                      | 0.7                  | 2,983            | 0.1            | 2            |
|  | Preferred Stock        | (1,190)                      | 871                      | 0.9                  | 15,667           | 0.8            | 5            |
| <b>US Size and Style Total</b>               |                        | <b>6,170</b>                 | <b>41,402</b>            | <b>43.0</b>          | <b>591,088</b>   | <b>29.0</b>    | <b>410</b>   |
| US Sector                                    | Basic Materials        | 100                          | 10                       | 0.0                  | 5,035            | 0.2            | 14           |
|  | Consumer Cyclical      | 251                          | 2,534                    | 2.6                  | 13,972           | 0.7            | 18           |
|  | Consumer Non-cyclicals | 325                          | 999                      | 1.0                  | 9,813            | 0.5            | 12           |
|  | Energy                 | 495                          | 2,955                    | 3.1                  | 29,168           | 1.4            | 41           |
|  | Financials             | 1,308                        | 5,533                    | 5.7                  | 27,008           | 1.3            | 37           |
|  | Health Care            | 414                          | 2,227                    | 2.3                  | 18,014           | 0.9            | 28           |
|  | Industrials            | 87                           | 944                      | 1.0                  | 8,122            | 0.4            | 17           |
|  | Real Estate            | (1,353)                      | 2,755                    | 2.9                  | 30,561           | 1.5            | 22           |
|  | Technology             | (179)                        | 2,772                    | 2.9                  | 18,169           | 0.9            | 27           |
|  | Telecommunications     | (105)                        | (56)                     | (0.1)                | 982              | 0.0            | 5            |
|  | Utilities              | (264)                        | (35)                     | (0.0)                | 8,360            | 0.4            | 12           |
| Theme  | (18)                   | 273                          | 0.3                      | 1,124                | 0.1              | 9              |              |
| <b>US Sector Total</b>                       |                        | <b>1,062</b>                 | <b>20,913</b>            | <b>21.7</b>          | <b>170,329</b>   | <b>8.4</b>     | <b>242</b>   |
| US Strategy                                  |                        | 550                          | 8,706                    | 9.0                  | 59,147           | 2.9            | 54           |
| <b>US Total</b>                              |                        | <b>7,782</b>                 | <b>71,021</b>            | <b>73.8</b>          | <b>820,564</b>   | <b>40.3</b>    | <b>706</b>   |
| Canada Equity                                |                        | 824                          | (37)                     | (0.0)                | 30,925           | 1.5            | 83           |
| North America Regional Equity                |                        | (63)                         | 564                      | 0.6                  | 6,865            | 0.3            | 18           |
| <b>North America Total</b>                   |                        | <b>8,543</b>                 | <b>71,549</b>            | <b>74.3</b>          | <b>858,354</b>   | <b>42.2</b>    | <b>807</b>   |
| Pan European<br>Size and Style               | Large Cap              | 574                          | 75                       | 0.1                  | 29,583           | 1.5            | 76           |
|  | Mid Cap                | (9)                          | (29)                     | (0.0)                | 661              | 0.0            | 8            |
|  | Small Cap              | (58)                         | 93                       | 0.1                  | 1,400            | 0.1            | 13           |
|  | Total Market           | (63)                         | (87)                     | (0.1)                | 24,913           | 1.2            | 68           |
| <b>Pan European<br/>Size and Style Total</b> |                        | <b>444</b>                   | <b>36</b>                | <b>0.0</b>           | <b>56,513</b>    | <b>2.8</b>     | <b>164</b>   |
| Pan European Sector                          |                        | (309)                        | (680)                    | (0.7)                | 10,455           | 0.5            | 158          |
| Pan European Strategy                        |                        | (27)                         | 176                      | 0.2                  | 2,491            | 0.1            | 19           |
| <b>Pan European Total</b>                    |                        | <b>108</b>                   | <b>(451)</b>             | <b>(0.5)</b>         | <b>69,503</b>    | <b>3.4</b>     | <b>342</b>   |
| Country                                      | Germany                | 1,592                        | (193)                    | (0.2)                | 37,907           | 1.9            | 60           |
|  | U.K.                   | 858                          | 1,110                    | 1.2                  | 15,177           | 0.7            | 50           |
|  | Switzerland            | 89                           | 187                      | 0.2                  | 8,952            | 0.4            | 23           |
|  | France                 | 155                          | (574)                    | (0.6)                | 5,049            | 0.2            | 19           |
|  | Others                 | (228)                        | 547                      | 0.6                  | 7,388            | 0.4            | 67           |
| <b>Europe Single Country<br/>Total</b>       |                        | <b>2,467</b>                 | <b>1,076</b>             | <b>1.1</b>           | <b>74,472</b>    | <b>3.7</b>     | <b>219</b>   |
| <b>Europe Total</b>                          |                        | <b>2,575</b>                 | <b>625</b>               | <b>0.6</b>           | <b>143,975</b>   | <b>7.1</b>     | <b>561</b>   |
| Asia-Pacific                                 | Regional               | (1,184)                      | 565                      | 0.6                  | 14,788           | 0.7            | 57           |
|  | Country                | 2,017                        | 25,539                   | 26.5                 | 118,632          | 5.8            | 223          |
| <b>Asia Pacific Total</b>                    |                        | <b>833</b>                   | <b>26,105</b>            | <b>27.1</b>          | <b>133,420</b>   | <b>6.6</b>     | <b>280</b>   |
| <b>Broad-Based Global /Global ex-US</b>      |                        | <b>(162)</b>                 | <b>17,430</b>            | <b>18.1</b>          | <b>154,355</b>   | <b>7.6</b>     | <b>444</b>   |
| <b>Developed Equity Total</b>                |                        | <b>11,789</b>                | <b>115,709</b>           | <b>120.2</b>         | <b>1,290,104</b> | <b>63.4</b>    | <b>2,092</b> |

# ETP Flows by Exposure: EM Equity, Fixed Income, & Commodities

| Exposure (US\$m) <sup>1</sup>        |                                | June 2013 Net Flows     | 2013 YTD Net Flows | % of YTD Flows | Assets           | % of Assets   | # ETPs       |            |
|--------------------------------------|--------------------------------|-------------------------|--------------------|----------------|------------------|---------------|--------------|------------|
| Broad EM                             | Broad Emerging Markets         | (6,412)                 | (8,154)            | (8.5)          | 115,006          | 5.6           | 109          |            |
|                                      | Broad Frontier Markets         | 90                      | 223                | 0.2            | 512              | 0.0           | 5            |            |
|                                      | <b>Broad EM Total</b>          | <b>(6,322)</b>          | <b>(7,931)</b>     | <b>(8.2)</b>   | <b>115,518</b>   | <b>5.7</b>    | <b>114</b>   |            |
| <b>Regional EM</b>                   |                                | <b>(432)</b>            | <b>(1,275)</b>     | <b>(1.3)</b>   | <b>7,596</b>     | <b>0.4</b>    | <b>81</b>    |            |
| EM Single Country                    | Brazil                         | 260                     | (2,488)            | (2.6)          | 9,599            | 0.5           | 47           |            |
|                                      | China                          | (549)                   | (3,183)            | (3.3)          | 52,822           | 2.6           | 174          |            |
|                                      | India                          | (8)                     | 1                  | 0.0            | 5,218            | 0.3           | 53           |            |
|                                      | Russia                         | (383)                   | (457)              | (0.5)          | 3,198            | 0.2           | 19           |            |
|                                      | South Korea                    | 1,461                   | 3,275              | 3.4            | 16,741           | 0.8           | 110          |            |
|                                      | Mexico                         | (490)                   | 1,508              | 1.6            | 10,964           | 0.5           | 18           |            |
|                                      | Others                         | (142)                   | 134                | 0.1            | 16,397           | 0.8           | 147          |            |
|                                      | <b>EM Single Country Total</b> | <b>149</b>              | <b>(1,209)</b>     | <b>(1.3)</b>   | <b>114,939</b>   | <b>5.6</b>    | <b>568</b>   |            |
| <b>Emerging Markets Equity Total</b> |                                | <b>(6,605)</b>          | <b>(10,415)</b>    | <b>(10.8)</b>  | <b>238,052</b>   | <b>11.7</b>   | <b>763</b>   |            |
| <b>Equity Total</b>                  |                                | <b>5,184</b>            | <b>105,293</b>     | <b>109.4</b>   | <b>1,528,156</b> | <b>75.1</b>   | <b>2,855</b> |            |
| Fixed Income                         | Broad/Aggregate                | (1,683)                 | 707                | 0.7            | 42,323           | 2.1           | 33           |            |
|                                      | Govt/Corp                      | 1,405                   | 7,891              | 8.2            | 29,005           | 1.4           | 20           |            |
|                                      | Emerging Markets               | (1,847)                 | 738                | 0.8            | 18,745           | 0.9           | 66           |            |
|                                      | Municipal                      | (514)                   | 510                | 0.5            | 12,907           | 0.6           | 36           |            |
|                                      | Government - Sovereign         | 231                     | 2,808              | 2.9            | 35,867           | 1.8           | 256          |            |
|                                      | Government - US Treasury       | 161                     | 3,975              | 4.1            | 37,044           | 1.8           | 76           |            |
|                                      |                                | <b>Government Total</b> | <b>392</b>         | <b>6,783</b>   | <b>7.0</b>       | <b>72,911</b> | <b>3.6</b>   | <b>332</b> |
|                                      | Inflation                      | (2,103)                 | (3,182)            | (3.3)          | 28,704           | 1.4           | 37           |            |
|                                      | High Yield Corporate           | (2,185)                 | (971)              | (1.0)          | 36,344           | 1.8           | 42           |            |
|                                      | Investment Grade Corporate     | (1,691)                 | 2,454              | 2.5            | 78,338           | 3.8           | 121          |            |
|                                      | Money Market                   | 209                     | (717)              | (0.7)          | 5,585            | 0.3           | 20           |            |
|                                      | Mortgage                       | (502)                   | (480)              | (0.5)          | 7,805            | 0.4           | 7            |            |
| Others                               | 448                            | 4,375                   | 4.5                | 9,408          | 0.5              | 33            |              |            |
|                                      | <b>Fixed Income Total</b>      | <b>(8,072)</b>          | <b>18,108</b>      | <b>18.8</b>    | <b>342,075</b>   | <b>16.8</b>   | <b>747</b>   |            |
| Commodities                          | Broad Market                   | (295)                   | (443)              | (0.5)          | 17,078           | 0.8           | 118          |            |
|                                      | Agriculture                    | (132)                   | 66                 | 0.1            | 5,223            | 0.3           | 202          |            |
|                                      | Energy                         | (90)                    | (1,441)            | (1.5)          | 7,589            | 0.4           | 214          |            |
|                                      | Industrial Metals              | 6                       | 180                | 0.2            | 2,207            | 0.1           | 123          |            |
|                                      | Precious Metals - Gold         | (4,122)                 | (28,171)           | (29.3)         | 79,189           | 3.9           | 115          |            |
|                                      | Precious Metals - Silver       | (67)                    | 442                | 0.5            | 10,603           | 0.5           | 68           |            |
|                                      | Precious Metals - Others       | (18)                    | 182                | 0.2            | 4,533            | 0.2           | 82           |            |
|                                      | <b>Precious Metals - Total</b> | <b>(4,206)</b>          | <b>(27,548)</b>    | <b>(28.6)</b>  | <b>94,325</b>    | <b>4.6</b>    | <b>265</b>   |            |
|                                      | <b>Commodities Total</b>       | <b>(4,717)</b>          | <b>(29,186)</b>    | <b>(30.3)</b>  | <b>126,423</b>   | <b>6.2</b>    | <b>922</b>   |            |
| Alternatives                         | Volatility                     | (703)                   | 818                | 0.9            | 2,870            | 0.1           | 49           |            |
|                                      | Others                         | (111)                   | (112)              | (0.1)          | 2,735            | 0.1           | 76           |            |
|                                      | <b>Alternatives Total</b>      | <b>(815)</b>            | <b>706</b>         | <b>0.7</b>     | <b>5,605</b>     | <b>0.3</b>    | <b>125</b>   |            |
| <b>Asset Allocation</b>              |                                | <b>79</b>               | <b>1,289</b>       | <b>1.3</b>     | <b>4,110</b>     | <b>0.2</b>    | <b>72</b>    |            |
| <b>Currency</b>                      |                                | <b>113</b>              | <b>58</b>          | <b>0.1</b>     | <b>5,027</b>     | <b>0.2</b>    | <b>147</b>   |            |
| Israel ETP                           |                                | -                       | -                  | -              | 24,578           | 1.2           | -            |            |
| <b>Global ETP Total</b>              |                                | <b>(8,229)</b>          | <b>96,268</b>      | <b>100.0</b>   | <b>2,035,974</b> | <b>100.0</b>  | <b>4,868</b> |            |

# Endnotes

Exchange traded products (ETPs) are portfolio exposure securities that trade intra-day on an exchange

The ETP (or exchange traded product) category encompasses any portfolio exposure security that trades intra-day on an exchange. The data for this report are captured from a number of sources by the BlackRock Investment Institute including provider websites, fund prospectuses, provider press releases, provider surveys, Bloomberg, the National Stock Exchange, Strategic Insight Simfund, Wind and the Bank of Israel. All amounts are reported in US dollars. Net flows are derived using daily net asset values and shares outstanding using the most recent data we can capture at month-end. For products with cross-listings, we attribute net flows and assets to the primary listings. For Middle East and Africa, net flows data is not available. Assets are derived using shares outstanding and prices at the end of each month (or the closest date available). Where price is not available, we use an approximation. For ETPs listed in Israel, product level detail is not available. Product level information is aggregated by provider, asset class, exposure, region listed and replication method to produce the various analyses in the report.

1. Data is as of June 27, 2013 for Europe and June 30, 2013 for the US, Canada, Latin America, Israel, and some Asia ETPs. Some Asia ETP data is as of May 31, 2013. Global ETP flows and assets are sourced using shares outstanding and net asset values from Bloomberg for the US, Canada, Europe, Latin America and some ETPs in Asia. Middle East ETP assets are sourced from the Bank of Israel. ETP flows and assets in China are sourced from Wind. Inflows for years prior to 2010 are sourced from Strategic Insights Simfund. Asset classifications are assigned by the BlackRock based on product definitions from provider websites and product prospectuses. Other static product information is obtained from provider websites, product prospectuses, provider press releases, and provider surveys. Market returns are source from Bloomberg.
2. We classify maturity buckets of a Fixed Income ETP if the fund invests at least 70% of its assets in the corresponding maturity/exposure range: Short maturity includes: underlying security maturities < 3 years and floating rate where the fund holds floating rate securities and/or bank loans. Intermediate includes: 3 years < underlying security maturities < 10 years. The "other" category includes Long-Term: underlying security maturities > 10 years; Broad Maturities: The fund invests in more than two maturity buckets without emphasizing one; Selected Maturities: The fund holds securities with multiple selected range of maturity buckets, i.e. barbell strategy which focus on the specific short-term and long-term buckets with even weights; and Fixed Maturity: The fund itself has a target maturity date and arranged holdings correspondingly
3. Source: Bloomberg as of June 2013. Market volatility was sourced from Bloomberg as measured by elevated levels in the VIX and MOVE indexes. The MOVE index is up 125% in May-June 2013 (110.98 on June 24th 2013 vs. 49.24 at end of April). The VIX is up 288% in September-October 2008 (80.06 on Oct 27th 2008 vs. 20.65 at end of August 2008), up 160% in April-May 2010 (45.79 on May 20th, 2010 vs. 17.59 at end of March 2010), and up 191% in July-early August 2011 (48.00 on August 8th 2011 vs. 16.52 at end of June 2011). Also, index returns for June 2013 sourced from Bloomberg include -6.8% return on the MSCI Emerging Markets Index, -1.5% return on the S&P 500, and -14.5% return on the Gold spot price. Higher volatility measures in prior years were accompanied by economic developments including the global financial crisis in late 2008, Greece requesting an international bailout in April 2010, a cut in Portugal and Spain's credit ratings in April, 2010, continued developments in the European debt crisis in August 2011 and the S&P downgrade of the US government credit rating in August 2011.
4. Source: Bloomberg as of June 2013. The Yield-to-Worst at the end of June on the LF98YW US High Yield Corporate Bond index on Bloomberg increased 95bps to 6.66% from May 31<sup>st</sup> value of 5.71%. Bond prices move in the opposite direction of yields.
5. Mutual fund data is sourced from EPFR (excluding Money Market funds and ETFs). Full year 2012 and January-May 2013 data is sourced from EPFR monthly data. June 2013 data is sourced from EPFR weekly data for the four weeks ended Jun 26, 2013

**Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

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