

BLACKROCK GLOBAL ETP LANDSCAPE

MONTHLY SNAPSHOT | MAY 2015

BLACKROCK®

The opinions expressed are as of May 31st 2015
and may change as subsequent conditions vary.

FOR FINANCIAL PROFESSIONAL AND MEDIA USE ONLY - NOT FOR PUBLIC DISTRIBUTION

Summary

BlackRock ETP Research

A cross-regional team analyzing global markets to deliver insights on the intersection of investment trends and ETP flows

For inquiries, please email ETPresearch@BlackRock.com

GLOBAL ETP FLOWS IN MAY REFLECT DURABLE DEMAND FOR NON-U.S. EQUITIES DESPITE BROADER SLOWDOWN IN ACTIVITY

- ▶ Global ETPs gathered \$18.3bn, though excluding non-U.S. equities flows were largely flat
- ▶ Japan and EAFE exposures led non-U.S. developed markets equities with \$5.8bn and \$4.2bn, respectively, and each category has been steady all year bringing in over \$20bn to eclipse its full-year 2014 total
- ▶ Broad EM equity inflows persisted for a second straight month, with \$1.6bn lifting year-to-date flows into positive territory
- ▶ Currency-hedged equity ETP flows of \$3.4bn were the lowest since October, but accelerated again late in the month across EAFE, Europe and Japan funds
- ▶ Pan-European funds brought in \$1.6bn, a six-month low, as investor sentiment moderated along with the regional economic outlook after a strong Q1

Global ETP Highlights	3
Year-to-date Overview	5
Reference Schedules	
Flows by Listing Region	6
ETP Flows by Exposure	7

Subscribe

To receive the ETP Landscape series of reports, please visit our website:

www.blackrockinternational.com/etflsubscribe

Global ETP Highlights

Global ETP flows of \$18.3bn were concentrated in EAFE and Japan funds. Europe and U.S. flows were modest as mixed economic data for both regions has led to uncertainty over growth prospects. Still, 2015 asset gathering remains ahead of the record year-to-date pace set in 2013 and nearly matched last year on the way to a new full-year high.

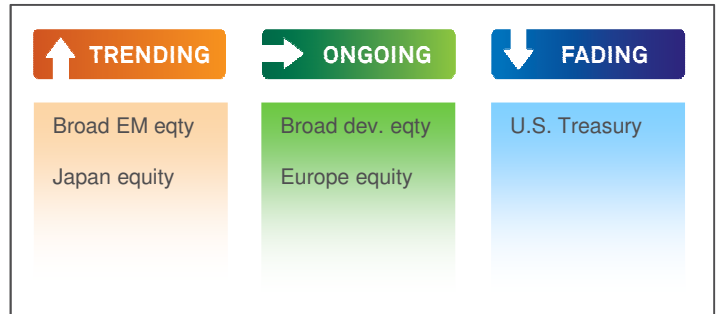
Broad developed markets equities gathered \$6.4bn as demand remains robust for non-U.S. exposures. EAFE ETPs accounted for \$4.2bn (see spotlight below), with an additional \$2.1bn going to global funds. These categories have quickly accumulated \$35.8bn year-to-date and are set exceed the average of \$45bn over the past two years.

Japan equities maintained momentum with \$5.8bn as the Nikkei 225 Index reached its highest level since 2000². Flows were driven by strength in corporate earnings. Locally-domiciled funds led, though asset gathering has also picked up for U.S.- and Europe-listed funds.

Currency-hedged equities brought in \$3.4bn, slowed early in the month by a stretch of U.S. dollar weakening that began in April. Flows have proven responsive to currency movements, and resumed toward the end of May across EAFE, Europe and Japan funds as the dollar exhibited renewed strength.

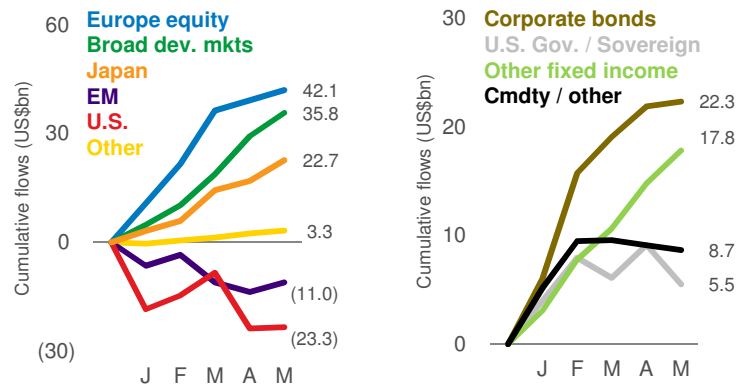
Broad EM equities gathered \$1.6bn, and flows have now trended higher during consecutive months for the first time since August. Improving returns, accommodative Chinese government policies and the pause in dollar appreciation have helped turn flows around.

KEY INVESTMENT THEMES / ETP FLOW TRENDS



GLOBAL ETP FLOWS BY ASSET CLASS & EXPOSURE¹

2015 YTD flows: \$123.8bn

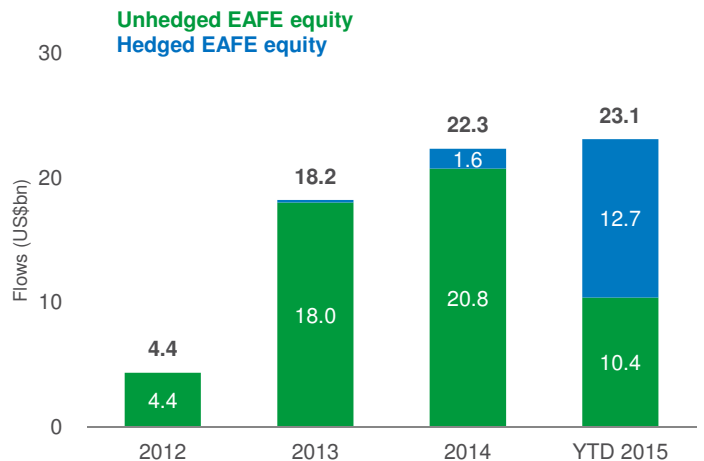


SPOTLIGHT ON EAFE EQUITY ETPs

With flows of \$4.2bn in May, EAFE equity funds have now seen steady asset gathering each month for the past two years. The trend has accelerated this year with the MSCI EAFE index up 7.0% (USD) and 12.2% (local currency)³ year-to-date, well above the 2.4% return for the S&P 500⁴. Three factors are contributing to the heightened flows:

- 1) Investors have been increasingly shifting their exposure to broad-based non-U.S. developed markets equity due to attractive valuations relative to the U.S., where momentum has slowed after strong returns for a number of years
- 2) Japan and Europe are benefitting from unprecedented central bank stimulus, and EAFE funds, heavily weighted to these markets, are ideal for investing in both
- 3) Currency-hedged EAFE ETPs have become more popular as a way for U.S.-based investors to take advantage of opportunities abroad while protecting against U.S. dollar strength versus the euro and yen

EAFE EQUITY ETP FLOWS



Global ETP Highlights (cont'd)

China equity flows of \$1.3bn were split between H-shares, which gathered \$1.5bn, and mainland-listed A-shares funds, which saw modest outflows and have now seen redemptions of (\$20bn) for the year. However, A-shares recovered sharply toward the end of the month. India funds collected \$0.7bn and lead all EM countries year-to-date with \$3.6bn.

Pan-European equity flows had been strong all year but slowed to \$1.6bn as economic data moderated and the euro fluctuated against the dollar. Flows were flat early in the month but rose on news the ECB may front load its bond purchases in anticipation of a slowdown in liquidity during the summer.

U.S. equities were modest at \$0.4bn, though this represented an improvement from heavy outflows in April. Economic news was mixed, pushing back expectations for the timing of the Fed's planned rate increase. Positive jobs figures and further mergers and acquisitions activity helped the S&P climb to new highs. However, GDP was revised down indicating the economy contracted in Q1 and growth may be more moderate this year.

Fixed income flows overall were flat and have been volatile with investors uncertain as to when rates may begin to move higher. Pockets of strength persist, including **U.S. investment-grade corporate** funds, which gathered \$0.9bn, and **EM debt**, which added \$0.5bn to bring year-to-date flows to \$3.2bn. But **U.S. Treasury** funds shed (\$2.8bn). Year-to-date fixed income flows remain ahead of the record pace established last year, driven by investment grade and high yield corporate bonds.

Commodities trended down for a third month. **Crude oil** saw additional redemptions of (\$0.4bn), likely due to profit taking by short-term investors, and **gold** funds shed (\$0.8bn).

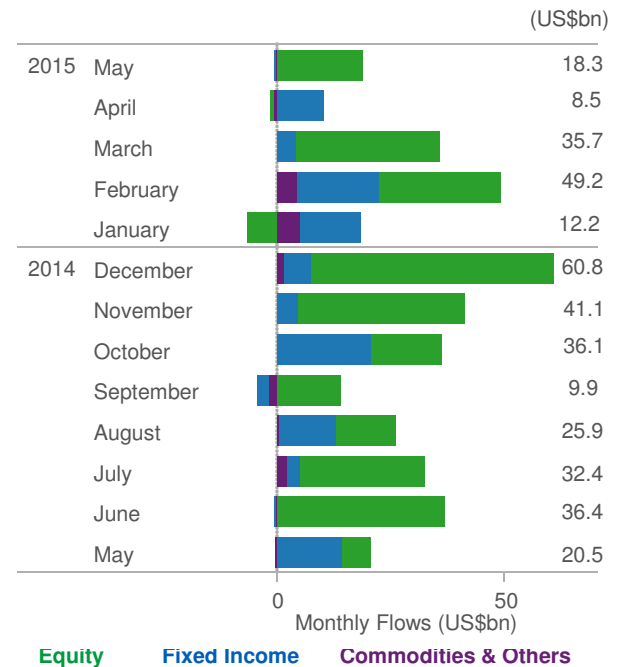
RESULTS AT A GLANCE¹

(US \$billions)

	May 2015	Dec 2014	May 2014
Monthly Flows	18.3	60.8	20.5
Assets	2,991	2,797	2,546
# of ETPs	5,595	5,431	5,181

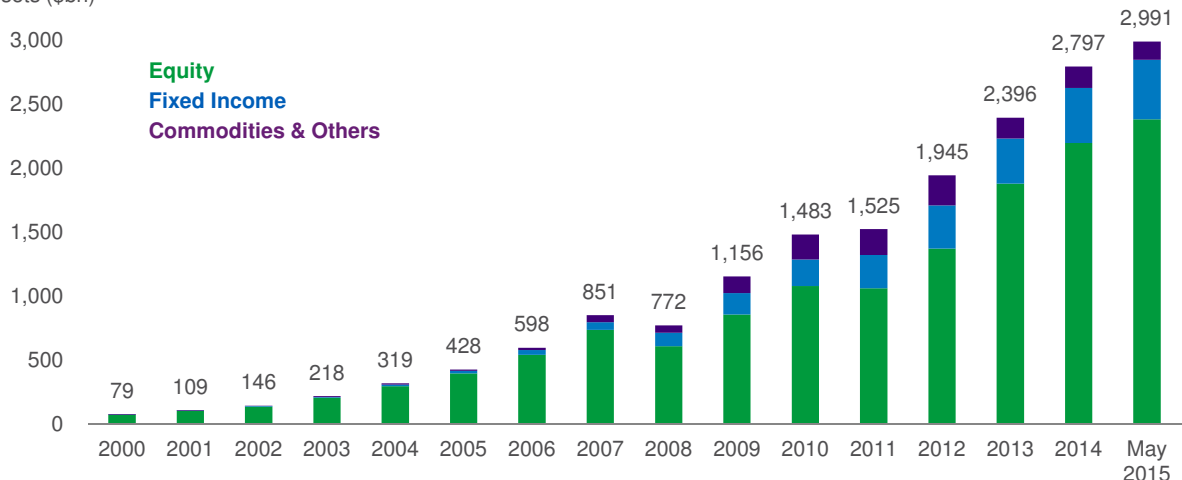
GLOBAL 13-MONTH ROLLING FLOWS¹

2015 YTD flows: \$123.8bn vs. 2014 flows: \$329.6bn



GLOBAL ETP ASSETS¹

Assets (\$bn)



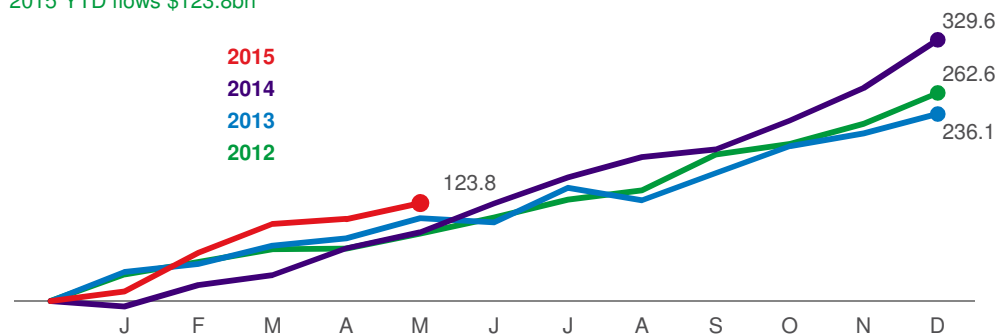
Year-to-date Overview

GLOBAL ETP FLOWS BY EXPOSURE¹

(US\$bn)		YTD 2015	YTD 2014	Annual 2014
Equity	Developed Markets Equity	80.5	53.5	243.9
	Emerging Markets Equity	(11.0)	(7.4)	(1.8)
	Total	69.4	46.1	242.1
Fixed Income	Government	5.5	14.1	19.5
	High Yield Corporate	8.4	4.1	4.0
	Investment Grade Corporate	14.0	9.4	22.4
	Others	17.8	13.0	39.0
	Total	45.7	40.7	84.9
Commodities & others	Total	8.7	0.2	2.6
Grand Total		123.8	87.0	329.6

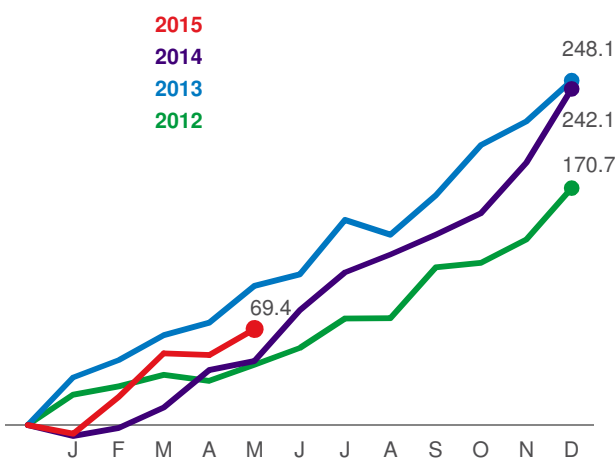
CUMULATIVE ETP FLOWS¹

2015 YTD flows \$123.8bn



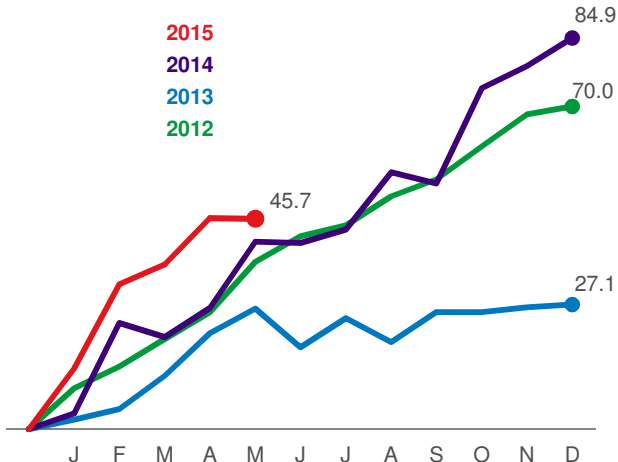
CUMULATIVE EQUITY ETP FLOWS¹

2015 YTD equity flows: \$69.4bn



CUMULATIVE FIXED INCOME ETP FLOWS¹

2015 YTD fixed income flows: \$45.7bn

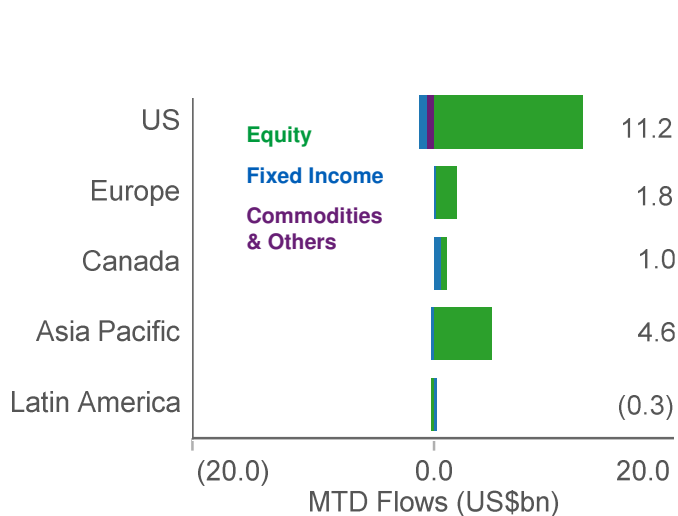


Flows By Listing Region

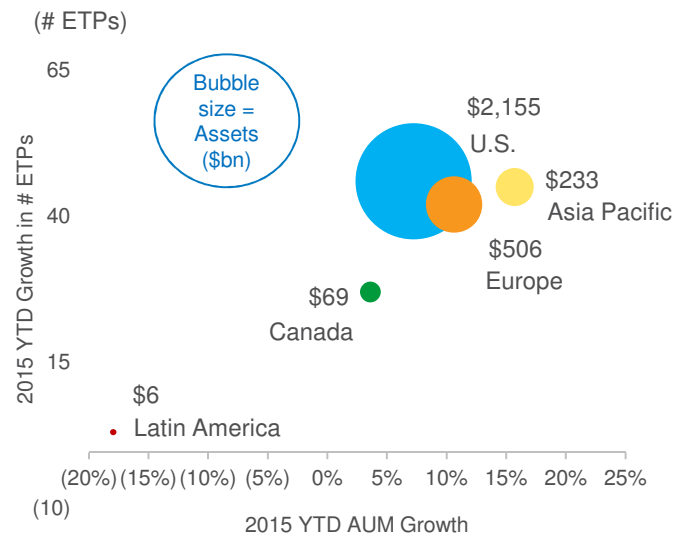
Highlights (US\$):¹

- ▶ U.S.-listed ETPs led all regions in May with \$11.2bn, highlighted by global and pan-European equity funds
- ▶ Europe-listed ETP flows slowed to \$1.8bn, driven by German equities and broad emerging markets equities
- ▶ Canada-listed ETPs gathered \$1.0bn, focused in fixed income, extending their streak of inflows to sixteen consecutive months
- ▶ Asia Pacific-listed ETPs collected of \$4.6bn concentrated in Japan equities though partially offset by China outflows

MTD FLOWS BY LISTING REGION¹



ASSET GROWTH RATES AND # OF ETPs¹



LISTING REGION VIEW¹

By Listing Region	Net Flows (\$bn)		May 2015 Assets (\$bn)	% Asset Market Share	Number of Products
	May 2015	YTD 2015			
US	11.2	79.2	2,154.5	72.0	1,707
Europe	1.8	38.4	506.4	16.9	2,299
Canada	1.0	5.6	68.9	2.3	375
Asia Pacific	4.6	1.4	233.4	7.8	787
Latin America & Iberia	(0.3)	(1.0)	6.4	0.2	49
Middle East and Africa	Not available	Not available	21.2	0.7	378
Global ETP Total	18.3	123.8	2,990.8	100.0	5,595

ETP Flows by Exposure

		MTD Flows (US\$bn)	YTD Flows (US\$bn)	Current AUM (US\$bn)	Fund Count
Equity	US	0.4	(23.3)	1,300.6	848
	Broad Developed Markets	6.4	35.8	296.1	573
	Europe	2.8	42.1	254.0	688
	Asia-Pacific	6.7	26.9	228.3	375
	Canada	(0.2)	(0.9)	29.6	99
	Developed Equity	16.2	80.5	2,108.6	2,583
	Single Country	1.1	(12.1)	146.3	676
	Broad	1.6	0.8	120.4	127
	Regional	0.0	0.3	6.7	69
	Emerging Markets Equity	2.7	(11.0)	273.5	872
	Equity Total	18.8	69.4	2,382.0	3,455
	Fixed Income	Investment Grade Corp	1.2	14.0	110.6
Broad		1.3	6.3	70.3	47
HY Corp		(0.8)	8.4	53.6	65
U.S. Government		(2.8)	1.5	46.3	82
Sovereign		(0.8)	4.0	45.6	260
Municipal		0.2	2.1	17.2	37
Other Fixed Income		1.5	9.4	123.5	216
Fixed Income Total		(0.1)	45.7	467.2	884
Commodities	Gold	(0.8)	0.9	61.6	128
	Energy	(0.5)	6.3	14.6	212
	Silver	(0.2)	(0.1)	9.2	69
	Agriculture	0.1	0.0	3.7	184
	Other Precious Metals	0.0	(0.2)	18.3	81
	Other Commodities	0.6	0.0	15.0	224
	Commodities Total	(0.7)	7.0	122.5	898
Asset Allocation	0.1	0.6	7.1	76	
Alternatives	0.1	0.6	6.7	116	
Currency	0.2	0.5	5.3	166	
Grand Total		18.3	123.8	2,990.8	5,595

Endnotes

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 BlackRock 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. 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 May 28, 2015 for Europe and May 29, 2015 for the US, Canada, Latin America, Israel, and some Asia ETPs. Some Asia ETP data is as of April 30, 2015. 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 sourced from Bloomberg.
2. Source: Nikkei
3. Source: MSCI
4. Source: S&P Dow Jones Indices

Index returns are for illustrative purposes only. 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.

ABOUT BLACKROCK

BlackRock is a leader in investment management, risk management and advisory services for institutional and retail clients worldwide. At March 31, 2015, BlackRock's AUM was \$4.774 trillion. BlackRock helps clients meet their goals and overcome challenges with a range of products that include separate accounts, mutual funds, iShares® (exchange traded funds), and other pooled investment vehicles. BlackRock also offers risk management, advisory and enterprise investment system services to a broad base of institutional investors through BlackRock Solutions®. Headquartered in New York City, as of March 31, 2015, the firm had approximately 12,300 employees in more than 30 countries and a major presence in key global markets, including North and South America, Europe, Asia, Australia and the Middle East and Africa. For additional information, please visit the Company's website at www.blackrock.com.

Disclaimer

NOTICE TO RESIDENTS IN THE UK:

BlackRock Advisors (UK) Limited is authorised and regulated by the Financial Conduct Authority ('FCA'), having its registered office at 12 Throgmorton Avenue, London, EC2N 2DL, England, Tel +44 (0)20 7743 3000.

This document has been provided by BlackRock in a private and confidential manner to professional and or institutional investors (as such term is defined according to applicable regulations in the relevant jurisdiction) only upon express request.

This document is solely for informational and educational purposes only and represents an assessment of the market environment at a specific time and is not intended to be relied upon by the reader as research, a forecast of future events or a guarantee of future results.

This publication does not provide financial, investment or tax advice or information relating to the securities of any particular fund or other issuer. The information and opinions included in this publication are based on publicly available information, are subject to change and should not be relied upon for any purpose other than general information and education. This publication has been prepared without regard to the individual financial circumstances and objectives of those who receive it and the types of securities discussed in this publication may not be suitable for all investors.

The information included in this document has been taken from trade and other sources considered to be reliable. This document is published in good faith but no representation or warranty, express or implied, is made by BlackRock or by any person as to its accuracy or completeness and it should not be relied on as such. BlackRock or any of its directors, officers, employees or agents shall have no liability for any loss or damage arising out of the use or reliance on the material provided including without limitation, any loss of profit or any other damage, direct or consequential. Any opinions expressed in this document reflect our analysis at this date and are subject to change.

This is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any strategy in any jurisdiction.

This document has not been prepared, reviewed or distributed by any broker-dealer affiliate of BlackRock and should not be deemed a product of any such affiliate.

BlackRock has not performed any due diligence on products which are not managed by BlackRock and accordingly does not make any remark on their suitability for investment purposes. Past performance is not a guide to future performance. Income is not fixed and may fluctuate. Exposure to foreign currencies can be affected by exchange rate movements.

This document or any portion hereof may not be reprinted, sold or redistributed without authorisation from BlackRock Advisors (UK) or its affiliates (together, 'BlackRock').

TO RESIDENTS IN THE UNITED STATES:

This publication has not been prepared, reviewed or distributed by any broker-dealer affiliate of BlackRock and should not be deemed a product of any such affiliate. This publication does not provide financial, investment or tax advice or information relating to the securities of any particular fund or other issuer. The information and opinions included in this publication are based on publicly available information, are subject to change and should not be relied upon for any purpose other than general information and education. This publication has been prepared without regard to the individual financial circumstances and objectives of those who receive it and the types of securities discussed in this publication may not be suitable for all investors. The information included in this document has been taken from trade and other sources considered to be reliable. This document is published in good faith but no representation or warranty, express or implied is made by BlackRock or by any person as to its accuracy or completeness and it should not be relied on as such. BlackRock or any of its directors, officers, employees or agents shall have no liability for any loss or damage arising out of the use or reliance on the material provided including without limitation, any loss of profit or any other damage, direct or consequential. Any opinions expressed in this document reflect our analysis at this date and are subject to change. This is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any strategy in any jurisdiction.

Disclaimer (continued)

NOTICE TO RESIDENTS IN AUSTRALIA:

Issued in Australia by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230523 ("BlackRock Australia") to institutional investors only. iShares® exchange traded funds ("ETFs") that are made available in Australia are issued by BlackRock Australia, iShares, Inc. ARBN 125 632 279 and iShares Trust ARBN 125 632 411. BlackRock Australia is the local agent and intermediary for iShares ETFs that are issued by iShares, Inc. and iShares Trust. BlackRock Australia is a wholly-owned subsidiary of BlackRock, Inc. (collectively "BlackRock"). A Product Disclosure Statement ("PDS") or prospectus for each iShares ETF that is offered in Australia is available at iShares.com.au. You should read the PDS or prospectus and consider whether an iShares ETF is appropriate for you before deciding to invest. iShares securities trade on ASX at market price (not, net asset value ("NAV")). iShares securities may only be redeemed directly by persons called "Authorised Participants". This information is general in nature, and has been prepared without taking into account any individual's objectives, financial situation, or needs. You should seek independent professional legal, financial, taxation, and/or other professional advice before making an investment decision regarding the iShares funds.

FOR INVESTORS IN CANADA:

The information and opinions herein are provided for informational purposes only, are subject to change and should not be relied upon as the basis for investment decisions. Past performance is not necessarily indicative of future performance. This document is not and should not be construed as a solicitation or offering of units of any funds or other security in any jurisdiction. No part of this publication may be reproduced in any manner without prior written permission of BlackRock Asset Management Canada Limited and/or its affiliates.

FOR INVESTORS IN HONG KONG:

Some of the funds mentioned herein have not been registered with the Securities and Futures Commission for offering or distribution in Hong Kong. Accordingly, this material may not be circulated or distributed, nor may the funds be offered or sold whether directly or indirectly, to any person in Hong Kong other than to a Professional Investor as defined in the Securities and Futures Ordinance ("SFO") (Cap. 571 of the laws of Hong Kong) and any regulations there under.

NOTICE TO RESIDENTS IN INDIA:

This document is intended for information purposes only and does not constitute investment advice or an offer to sell or solicitation of an offer to buy the funds described herein. This document has been provided by BlackRock in a private and confidential manner to financial intermediaries only upon their request. The funds mentioned herein have not been registered with any authorities in India.

NOTICE TO RESIDENTS IN JAPAN:

This document is solely for educational purposes and does not constitute advertisement of financial services targeted at investors in Japan. This document is intended for information purposes only and does not constitute investment advice or an offer to sell or solicitation of an offer to buy the funds described herein. This document has been provided by BlackRock in a private and confidential manner to Qualified Institutional Investors (as defined in the Financial Instruments and Exchange Law of Japan) only upon their request.

Disclaimer (continued)

FOR INSTITUTIONAL AND PROFESSIONAL INVESTORS ONLY IN LATIN AMERICA:

In Latin America, for Institutional and Professional Investors only. This material is solely for educational purposes only and does not constitute an offer or a solicitation to sell or a solicitation of an offer to buy any shares of any securities (nor shall any such securities be offered or sold to any person) in any jurisdiction within Latin America in which an offer, solicitation, purchase or sale would be unlawful under the securities law of that jurisdiction. It is possible that all or some of the funds mentioned or referred to in this material have not been registered with the securities regulator of Brazil, Chile, Colombia, Mexico and Peru or any other securities regulator in any Latin American country, and thus, might not be publicly offered, purchased or sold within any such country. The securities regulators of such countries have not confirmed the accuracy of any information contained herein. No information discussed herein can be provided to the general public in Latin America.

NOTICE TO RESIDENTS IN SINGAPORE:

This document is provided by BlackRock (Singapore) Limited (company registration number: 200010143N) for use with institutional investors only. This document has not been registered as a prospectus with the Monetary Authority of Singapore (MAS). Some of the funds mentioned herein have not been registered with the MAS for distribution in Singapore. Accordingly, this and any other document or material in connection with the offer or sale of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act (SFA) or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. First sales of the Shares acquired pursuant to Section 304 of the SFA are subject to the requirements under Section 304A of the SFA.

NOTICE TO RESIDENTS IN SOUTH AFRICA:

BlackRock Investment Management (UK) Limited is registered with the South African Financial Services Board, FSP No. 43288.

NOTICE TO RESIDENTS IN THAILAND:

This document is intended for information purposes only and does not constitute investment advice or an offer to sell or solicitation of an offer to buy the funds described herein. This document has been provided by BlackRock in a private and confidential manner to institutional investors only upon their request. The funds mentioned herein have not been registered with any authorities in Thailand, and accordingly, this document may not be circulated or distributed, nor may the shares of these funds be offered or sold whether directly or indirectly, to any person in Thailand.

NOTICE TO RESIDENTS IN VIETNAM:

This document is intended for information purposes only and does not constitute investment advice or an offer to sell or solicitation of an offer to buy the funds described herein. This document has been provided by BlackRock in a private and confidential manner to institutional investors only upon their request. The funds mentioned herein have not been registered with any authorities in Vietnam, and accordingly, this document may not be circulated or distributed, nor may the shares of these funds be offered or sold whether directly or indirectly, to any person in Vietnam.

© 2015 BlackRock Advisors (UK) Limited. All rights reserved. Registered Company No. 00796793. All rights reserved. Calls may be monitored or recorded.

BLACKROCK, **BLACKROCK SOLUTIONS**, and **iSHARES**, are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other marks are those of their respective owners.

iS-15702-0615

BLACKROCK[®]