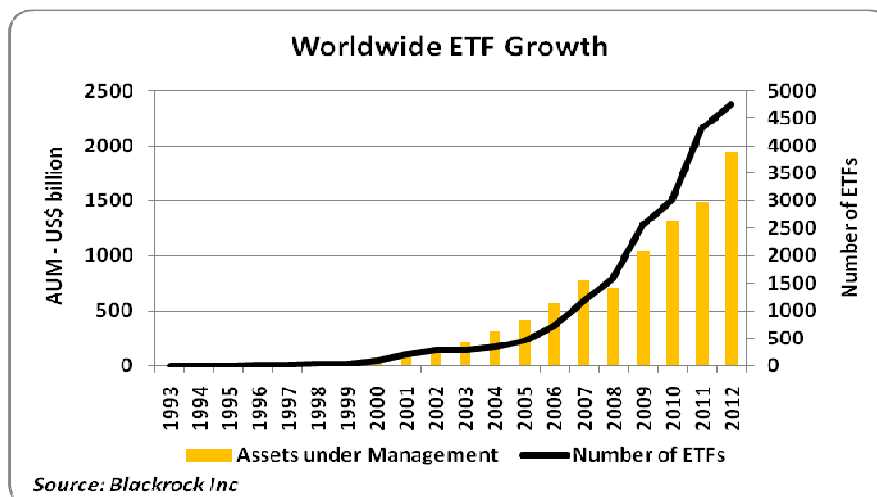


Global Exchange Traded Product (ETP) Industry Grows by 27 Percent in 2012

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According to the authoritative Blackrock ETP Landscape Survey¹ for the period ended 31 December 2012, the worldwide ETP business enjoyed yet another year of significant growth in 2012. Total assets under management (AUM) rose by US\$262,7 billion to US\$1 933 billion (just under US\$2 trillion), with 4 746 ETPs now in issue around the world.



With the exception of 2008, when there was a small reversal due to the financial market traumas, the global ETP industry has now experienced over a decade of significant growth in assets under management.

Global ETP Industry by Region

The United States remains the dominant region for the listing of ETPs with 34,6% of all ETPs covering US equity markets. Emerging Market ETPs are the next biggest equity group, with US\$275 867 million under management. China is the biggest area of investment for ETPs in emerging markets, followed by Brazil, South Korea and Morocco.

Over US\$200 billion is invested in commodity ETPs, much of it (US\$141 billion) in gold in ETFs and ETNs.

Table 1

Global ETP Industry (US \$ millions)			
Assets Under Management (AUM)			
		2012	% of total
1.	Equities		
	United States	669 804	34,6
	Canada & Rest of North America	39 639	2,1
	Europe	141 639	7,3
	Asia Pacific Region	91 528	4,7
	Other Developed Markets	143 080	7,4
	Emerging Markets	275 867	14,3
	Total Equities	1 361 557	70,4
2.	Fixed Income	338 910	17,5
3.	Commodities	200 401	10,4
4.	Alternative Assets	5 580	0,3
5.	Asset Allocation	2 827	0,1
6.	Currency	4 998	0,3
7.	Other	18 790	1,0
	Global ETP Total	1 933 062	100,0

Source: Blackrock ETP Landscape

¹ Blackrock ETP Landscape – Industry Highlights (31 December 2012)

New Investment Inflows

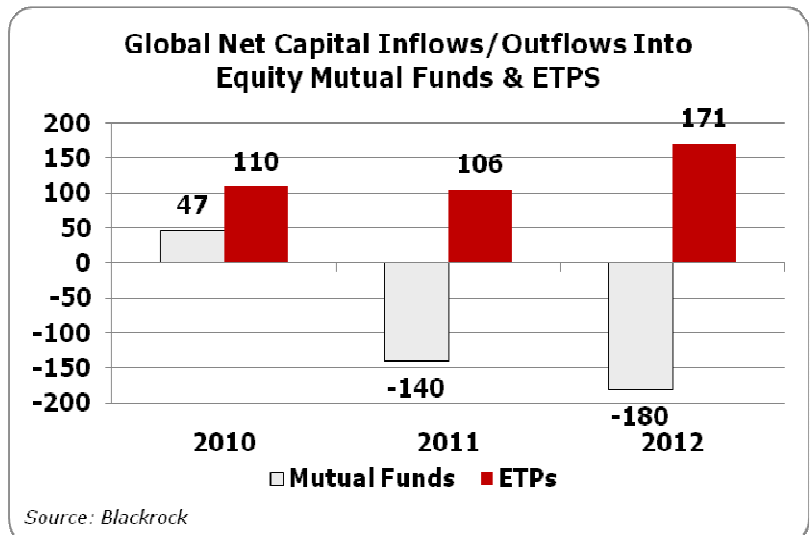
Flows of new capital into global ETPs totalled US\$262,7 billion in 2012 a significant increase in the net flows of US\$173,4 billion in 2011 and US\$182,1 billion in 2010. In fact, last year was the record year for inflows, breaking the previous high of US\$259,7 billion set in 2008.

The biggest sector gains for the net inflows were Fixed Income ETPs and Emerging Market Equity ETPs.

Global Flows Into Mutual Funds and ETPs

The Blackrock ETP Landscape Report finds that for the second year running, there was a net outflow of money from Developed Market Equity Mutual Funds (unit trusts) in 2012 of US\$192 billion, compared with a net inflow of US\$116 billion into developed market equity ETP, a swing of US\$308 billion.

For Emerging Market Equity Funds, ETPs have gained new inflows of US\$55 billion in 2012, compared with only US\$12 billion for Emerging Market Equity Mutual Funds.



The Exchange Traded Product equity industry, accordingly, continues to gain market share at the expense of the global mutual fund industry.

South Africa ETP Industry

The South African ETP industry continued to grow steadily in 2012, increasing assets under management by 19% to R47,8 billion (US\$5,5 billion) at the end of 2012. As shown in Table 2 below, the South African ETP industry has shown consistent growth for the last number of years and the number of ETPs in issue has grown from 2 in 2002 to 61 at the end of 2012.

Table 2

Summary Market Capitalisation ETFs/ETNs (R million)							
A) Market Cap (R millions)	2006	2007	2008	2009	2010	2011	2012
Exchange Traded Funds (ETFs)	11 966	12 561	16 444	27 503	32 832	36 662	41 663
Exchange Traded Notes (ETNs)	-	-	-	-	465	3 397	6 107
Total	11 966	12 561	16 444	27 503	33 297	40 059	47 770
B) Number of Products	2006	2007	2008	2009	2010	2011	2012
Exchange Traded Funds (ETFs)	9	10	17	23	26	30	38
Exchange Traded Notes (ETNs)	-	-	-	-	4	16	23
Total	9	10	17	23	30	46	61
Notes	End of period						Source: JSE/etfSA.co.za

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