

# The Alternate Opinion

Quantitative & Alternates

Global Liquidity Tracker: Top-Down EM Trade Sustains Momentum Amid Weaker Dollar; Rotation from EM ex-China back into Core EM

## Top-Down EM Trade Sustains Momentum Amid Weaker Dollar; Rotation from EM ex-China back into Core EM

Emerging Market (EM) funds logged a sixth consecutive week of inflows, adding \$2.4bn this week after \$4bn over the prior two weeks. *This marks the strongest pace of EM inflows since Jan'23.* The current wave of allocations into GEM funds began post Trump tariff announcements, which triggered a macro-level repositioning away from the US and into broader EM exposure. *This is clearly a top-down trade, fueled by a weaker US dollar, and primarily executed via large ETFs.* Almost all inflows have come into iShares Core MSCI EM ETF (\$4bn), Vanguard FTSE EM ETF (\$1.9bn) and Avantis EM ETF (\$1.6bn).

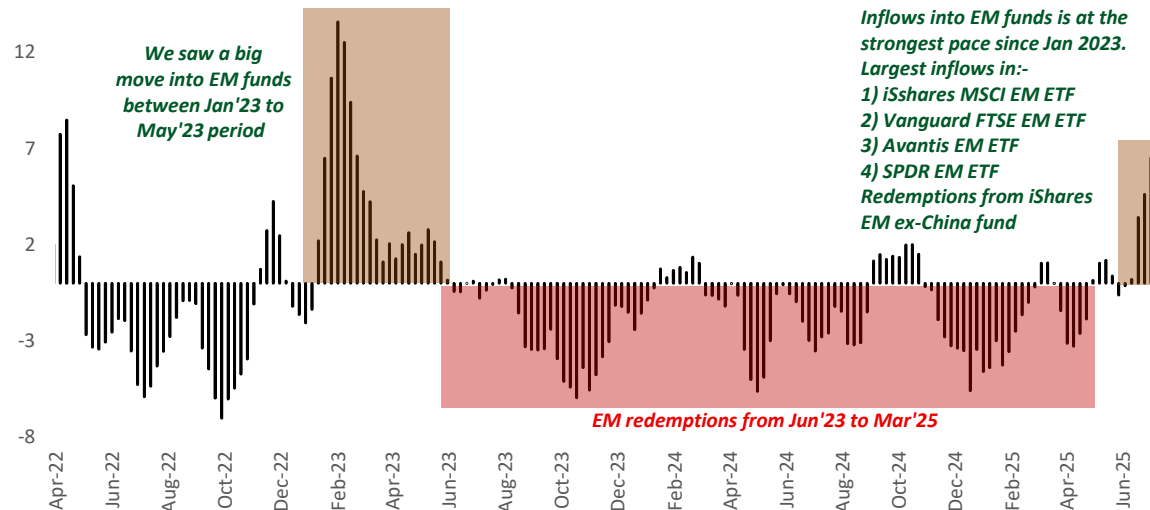
At the same time, there's a notable rotation out of EM ex-China strategies, with iShares MSCI EM ex-China ETF seeing redemptions of \$2.6bn. *This shift signals that global investors are now more comfortable re-including China within their EM allocations, reversing the prior trend of exclusion.*

In contrast, US funds saw modest outflows for 2<sup>nd</sup> week of \$1.6bn after \$4bn redemption in the previous week. *Incrementally, US fund flows have been stagnant since Apr'25.*

*India continued to see solid traction, with \$642mn in inflows this week, following \$477mn last week. Since Apr'25, total inflows into India stand at \$3.6bn—with \$2.3bn into focused funds and \$1.3bn via broader EM strategies.* This week's top inflows came into Franklin FTSE India ETF (\$123mn), followed by iShares MSCI India ETF (\$83mn) and Kotak India Midcap Fund (\$60mn). Other strong beneficiaries include S.Korea, Taiwan, and Brazil, with Brazil receiving the highest inflows relative to its AUM size.

*Meanwhile, the declining Dollar Index (DXY) has supported a sixth straight week of inflows into Gold funds, adding \$2.6bn this week and \$25bn cumulatively over the past six weeks.*

Inflows into Emerging Market Funds (\$bn), Sum of 4 weeks



Source: EPFR, Elara Securities, Research, Bloomberg, Capital Line, ACE MF

### India Focused Flows post Trump Tariff in April 2025

FUND	TYPE	Flows (\$mn)	AUM (\$mn)	Flows, % of total
iShares MSCI India ETF	ETF	649	10,060	34%
Franklin FTSE India ETF	ETF	435	2,417	23%
Xtrackers MSCI India Swap UCITS ETF	ETF	216	662	11%
WisdomTree India Earnings Fund	ETF	193	3,386	10%
Franklin FTSE India UCITS ETF	ETF	140	1,573	7%
Kotak Funds - India Midcap Fund	Non ETF	119	3,672	6%
Amundi MSCI India II UCITS ETF	ETF	92	1,621	5%
Jupiter India Fund	Non ETF	90	2,384	5%
iShares MSCI India Small Cap ETF	ETF	58	935	3%
Goldman Sachs India Equity Portfolio	Non ETF	58	5,112	3%
Amundi Funds SBI FM India Equity	Non ETF	-89	973	-5%
BMO MSCI India ESG Leaders Index ETF	ETF	-95	167	-5%

Source: EPFR, Elara Securities, Research, Bloomberg, Capital Line, ACE MF

## Comparing EM Flows: 2023 vs. 2025 Cycle. Current Cycle Highlights Renewed Interest in Full EM Exposure

The table compares EM fund inflows during 2023 with the current inflow cycle that began in April 2025. Notably, the largest outflows this time are from iShares MSCI EM ex-China funds, with capital rotating back into the Core MSCI EM fund—signalling a renewed investor appetite for full EM exposure including China.

### EM Flows in 2023

FUND	TYPE	Flows in Jan'23 to May'23 period (\$mn)	% of Total
iShares Core MSCI EM	ETF	3,982	18%
Amundi MSCI EM II UCITS	ETF	1,963	9%
Vanguard (IE) EM	Index	1,531	7%
iShares Core MSCI EM IMI UCITS	ETF	1,473	7%
Vanguard FTSE EM	ETF	1,383	6%
GQG Partners EM Equity Fund	Non ETF	1,299	6%
BlackRock EM Fund	Non ETF	1,275	6%
UBS - MSCI EM UCITS	ETF	952	4%
iShares MSCI EM ex China	ETF	900	4%
iShares (IE) MSCI EM ESG UCITS	ETF	761	3%
UBS - MSCI EM Socially Responsible UCITS	ETF	744	3%
SPDR Portfolio EM	ETF	730	3%
Avantis EM Equity	ETF	716	3%
HSBC MSCI EM UCITS	ETF	687	3%
Dimensional EM Core Equity 2	ETF	584	3%
Amundi MSCI EM ESG Leaders UCITS	ETF	566	3%
Voya VACS Index Series EM	Non ETF	565	2%
iShares ESG Aware MSCI EM	ETF	489	2%
iShares (IE) MSCI EM IMI ESG Screened UCITS	ETF	482	2%
iShares ESG Aware MSCI EM	ETF	476	2%
JPMorgan EM Enhanced Equity Fund	Non ETF	-508	-2%
Voya EM Index Portfolio	Non ETF	-557	-2%
Lyxor MSCI EM (Lux) UCITS	ETF	-1,278	-6%
Invesco Developing Markets Fund	Non ETF	-2,095	-9%
iShares MSCI EM Min Vol Factor	ETF	-3,850	-17%

### EM Flows in 2025 (post Tariff)

FUND	TYPE	Flows post Trump Tariff in Apr (\$mn)	% of Total
iShares Core MSCI EM	ETF	3,965	51%
Vanguard FTSE EM	ETF	1,878	24%
Avantis EM Equity	ETF	1,580	20%
SPDR Portfolio EM	ETF	915	12%
EM Equity Collective Trust UO (PF)	Non ETF	829	11%
iShares (IE) MSCI EM IMI UCITS	ETF	614	8%
iShares (IE) MSCI EM ESG CTB UCITS	ETF	581	7%
Xtrackers MSCI EM Climate Selection	ETF	554	7%
Invesco (Lux) EM Equity Fund	Non ETF	506	7%
UBS (Lux) Fund Solutions - MSCI EM UCITS	ETF	453	6%
iShares MSCI EM ex-China UCITS	ETF	449	6%
Xtrackers (IE) MSCI EM UCITS	ETF	434	6%
iShares ESG Aware MSCI EM Index	ETF	375	5%
BNP Easy MSCI EM ESG	Non ETF	364	5%
iShares MSCI EM UCITS	ETF	336	4%
Hartford Schroders EM Equity Fund	Non ETF	-313	-4%
JPMorgan EM Equity Fund	Non ETF	-317	-4%
Robeco QI EM Conservative Equities	Non ETF	-338	-4%
iShares EM Index Fund	Index	-363	-5%
Swedbank Robur Access Edge EM	Non ETF	-558	-7%
iShares (UK) EM Equity Index Fund	Non ETF	-815	-11%
EM Growth Fund	Non ETF	-937	-12%
Invesco Developing Markets Fund	Non ETF	-1,441	-19%
BlackRock EM Fund	Non ETF	-1,448	-19%
iShares MSCI EM ex China	ETF	-2,604	-34%

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