

Global gold-backed ETF flows

January 2021

4 February 2021

www.gold.org

Gold ETF inflows total almost 14t in January as outlook remains supportive for gold investment

Highlights

- European funds had the lion's share of inflows in January
- Invesco Physical Gold (UK) led inflows while SPDR® Gold Shares (US) saw the largest decline
- Gold ETFs added nearly 231t more assets in 2020 (a total of 877t) than the 2009 record of 646t

January highlights

Global gold ETFs saw inflows of 13.8 tonnes (t) (US\$1bn, 0.4%) in January, after two consecutive months of outflows in November and December, which had totalled 148.8t. Global AUM now stands at 3,765t (US\$226bn), just 4% shy of the intra-month record 3,915.8t (US\$244bn) set in early November.¹

Regional overview

At a regional level, performance was mixed. Inflows were seen in Europe and other regions, while North America and Asia saw outflows during the month. European funds accounted for the bulk of the global inflows, as assets under management (AUM) rose by 17.5t (US\$1.1bn, 1.2%). UK-listed funds led the way, adding 9.4t, followed by German- and French-listed funds. Funds in Other regions saw the largest m-o-m change (relative to size), with regional AUM rising by 2.7t (US\$182mn, 4.9%). Holdings in North American funds, which account for 53% of global AUM, fell fractionally by 6.3t (-US\$303mn, -0.3%) in January. Holdings in Asian funds were effectively flat during the month, with AUM up by US\$19.2mn, largely a function of rising real yields, a strong equity market and a strengthening RMB in China.

Price performance and trading volumes

Gold in US dollar-terms fell fractionally (-1.3%) in January to finish at US\$1,863.8/oz. This left gold as one of the weakest performing assets during the month, particularly when compared to the broader commodities complex. As

the new year ushered in the start of the Biden Administration, there was renewed hope for further fiscal stimulus in the US, supported by the Federal Reserve maintaining their dovish stance; this kept gold constrained, and it spent much of the month in a narrow US\$20/oz range and finding resistance at the US\$1,860/oz level. Short-term implied volatility in gold – or the expected future movements – remained stable at 17.

Trading volumes for gold finished the month at US\$186bn per day, fractionally above the 2020 average of US\$183bn, despite COMEX gold futures volumes almost double the December level – US\$61bn vs US\$34bn. Net long positioning, via the recent Commitment of Traders (COT) report for gold COMEX futures, fell at the start of the month before slowly recovering to 782t, below the 2020 average net long level of 871t.²

Gold drivers

As we noted in our **Gold Outlook 2021**, investment demand should remain well supported this year. We believe that investors continue to face several portfolio risks which they must navigate:

- ballooning budget deficits
- concerns around increasing inflationary pressures
- the potential for equity market corrections as valuations remain high.

And the opportunity cost of holding gold is likely to remain low for the foreseeable future, as the Federal Reserve Chairman, Jerome Powell, along with other world leaders, have indicated that rates would be kept low to provide continued support for an economic recovery.

Gold's strong 2020 performance, a year in which it had one of its lowest historical drawdowns, helped investors limit losses and manage volatility risk. In the light of this, we anticipate that investors will continue to view an allocation to gold favourably as a hedge against the ongoing risks mentioned above. Gold ETF inflows in January appear to provide support for this view.

¹ We regularly review the global gold-backed ETF universe and adjust the list of funds and holdings based on newly available data and information.

² Net longs represent Money Manager and Other Net long positioning in the COMEX futures market.

Regional Flows³

Table 1: January Regional flows

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	119.7	-6.3	-302.7	-0.25%
Europe	95.3	17.5	1,106.0	1.16%
Asia	7.1	0.0	19.2	0.27%
Other	3.8	2.7	181.9	4.90%
Total	225.8	13.8	1,004.5	0.44%
Global inflows		34.0	5,633.2	2.47%
Global outflows		-20.1	-4,628.6	-2.03%

*As of 31/01/2021 'Global Inflows' refers to the sum of changes of all funds that saw a net increase in ounces held over a given period (eg, month, quarter, etc.). Conversely, 'global outflows' aggregates changes from funds that saw ounces held decline over the same period.

Source: Bloomberg, World Gold Council

- North American funds had outflows of 6.3t (-US\$302.7mn, -0.3% AUM)
- Holdings in European funds grew by 17.5t (US\$1.1bn, 1.2%)
- Funds listed in Asia had minimal net inflows of US\$19.2mn, 0.3%
- Other regions had inflows of 2.7t (US\$181.9mn, 4.9%).

Long-term trends

- Following record-setting inflows in the first 10 months of 2020, flows turned negative in November and December, before reversing course again in the first month of 2021
- Investment demand for gold via ETFs remains strong and a primary driver of overall gold demand
- North American funds represented nearly two-thirds of global net inflows in 2020
- Low-cost gold-backed ETFs grew meaningfully during 2020, with overall inflows more than doubling over the course of the year.⁴

³ We regularly review the global gold-backed ETF universe and adjust the list of funds and holdings based on newly available data and information.

⁴ Low-cost US-based gold-backed ETFs are defined as exchange-traded open-ended funds listed in the US, backed by physical gold, with annual management fees of 20bps or less. At present, these include Aberdeen

Table 2: Flows by country*

Country	Total AUM (US\$m)	Holdings tonnes	January Flows (US\$m)	2020 Flows
US	115,121	1,921.16	(272)	31,247.7
UK	45,404	757.72	582	9,150.1
Germany	23,041	384.51	229	440.1
Switzerland	22,459	374.80	18	1,451.7
Canada	4,537	75.71	(31)	626.3
China P.R. Mainland	3,547	59.30	(100)	836.2
France	3,512	58.61	278	1,695.7
Australia	2,284	38.11	33	846.3
India	1,966	29.12	53	535.5
South Africa	1,421	23.71	140	423.1
Japan	1,361	22.71	61	-13.3
Italy	410	6.85	4	174.8
Ireland	377	6.29	(7)	344.6
Hong Kong SAR	222	3.70	3	37.2
Turkey	83	1.39	9	36.6
Liechtenstein	49	0.82	1	7.3
Saudi Arabia	31	0.51	-	29.5
Malaysia	18	0.30	1	5.7

*As of 31/01/2021

Source: Bloomberg, World Gold Council

Physical Swiss Gold Shares, SPDR® Gold MiniShares, Graniteshares Gold Trust, and Perth Mint Physical Gold ETF.

Individual flows (January) Relevant Charts

- In Europe, UK-listed fund Invesco Physical Gold (6.9t, US\$421.1mn, 3%) led global inflows, followed by Amundi Physical Gold (4.6t, US\$278.1mn, 8.5%) and iShares Physical Gold (3.4t, US\$217.1mn, 1.5%). However, UK-listed funds Gold Bullion Securities (-1t, -US\$60.1mn, -1.3%) and WisdomTree Physical Gold (-1t, -US\$59.3mn, -0.8%) also registered notable declines in AUM.
- In North America, SPDR® Gold Shares shed 10.6t (-US\$575.9mn, -0.8%). SPDR® Gold MiniShares had holdings rise by 3.1t (US\$186.4mn, 4.6%), followed by iShares Gold Trust added 1.7t (US\$117.3mn, 0.4%)
- In Asia, three Chinese funds were in the bottom 10 flows: Huaan Yifu Gold (-0.5t, -US\$31.7mn, -2%), E Fund Gold Tradable Open-end Securities Investment Fund (-0.4t, -US\$25.6mn, -4.3%), and Bosera Gold (-0.2t, -US\$16mn, -1.4%)

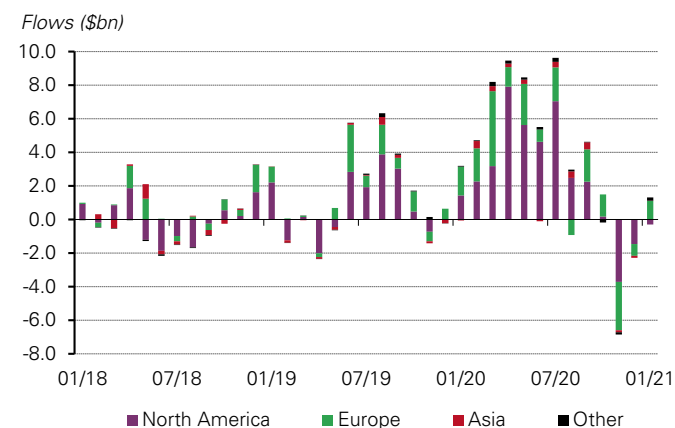
Table 3: January individual top and bottom flows

Top 10 flows	Country	Change tonnes	Flows (US\$m)	Flows (% AUM)
Invesco Physical Gold ETC	GB	6.9	421.1	3.0%
Amundi Physical Gold ETC	FR	4.6	278.1	8.5%
iShares Physical Gold ETC	GB	3.4	217.1	1.5%
SPDR Gold MiniShares Trust	US	3.1	186.4	4.6%
Xtrackers Physical Gold Euro Hedged ETC	DE	2.1	150.8	4.3%
Invest Gold ETF	ZA	2.2	136.1	213.3%
iShares Gold Trust	US	1.7	117.3	0.4%
WisdomTree Physical Gold GBP Daily Hedged	GB	1.4	75.1	5.0%
Pictet CH Precious Metals Fund - Physical Gold ‡	CH	1.3	73.9	2.7%
Xetra-Gold	DE	1.3	68.9	0.5%
Bottom 10 Flows	Country	Change tonnes	Flows (US\$m)	Flows (% AUM)
SPDR Gold Shares	US	-10.6	-575.9	-0.8%
Goldman Sachs Physical Gold ETF	US	-2.1	-125.2	-24.5%
Gold Bullion Securities Ltd	GB	-1.0	-60.1	-1.3%
WisdomTree Physical Gold	GB	-1.0	-59.3	-0.8%
Credit Suisse Institutional Fund II CH - Gold Fund ‡	CH	-0.7	-38.5	-3.3%
Huaan Yifu Gold ETF	CN	-0.5	-31.7	-2.0%
E Fund Gold Tradable Open-end Securities Investment Fund	CN	-0.4	-25.6	-4.3%
Xtrackers Physical Gold ETC	DE	-0.4	-21.6	-1.9%
iShares Gold Bullion ETF ‡	CA	-0.4	-20.8	-2.1%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	-0.2	-16.0	-1.4%

*As of 31/01/2021

Source: Bloomberg, World Gold Council

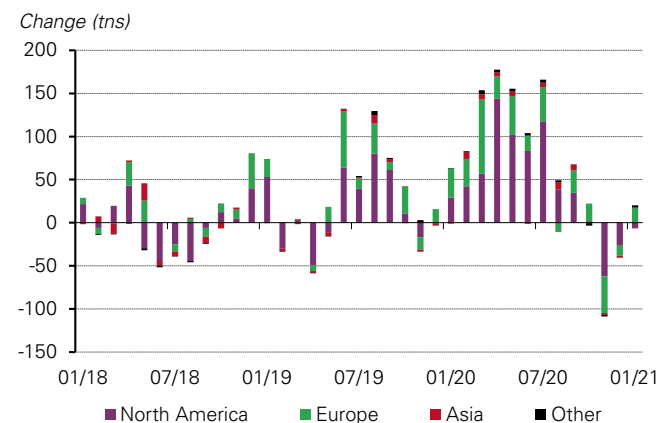
Chart 1: Gold-backed ETFs (and similar) flows by month*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

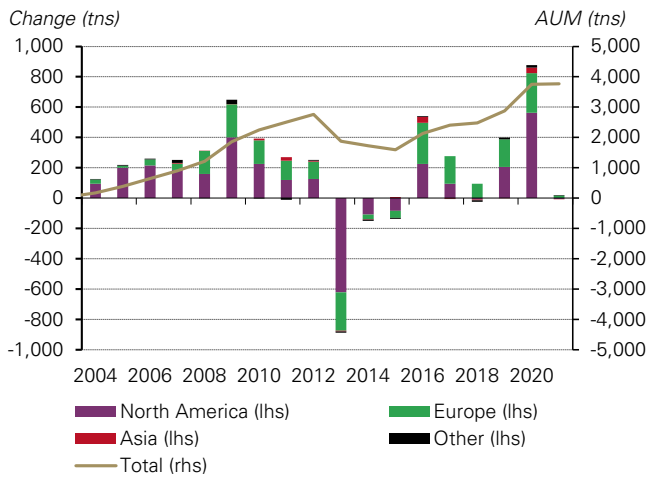
Chart 2: Gold-backed ETFs (and similar) change in holdings by month*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

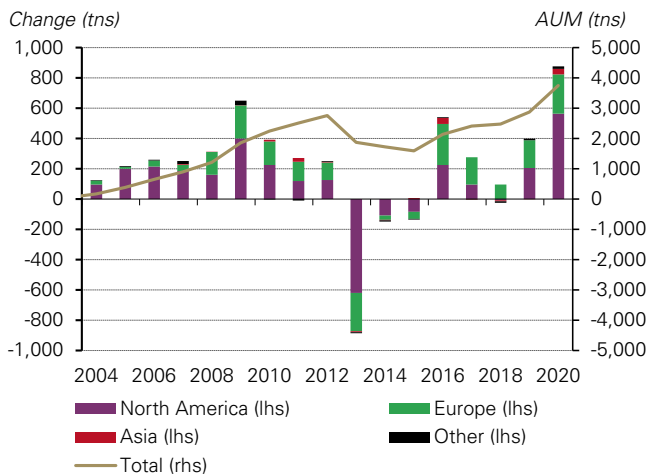
Chart 3: Gold-backed ETFs (and similar) holdings*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

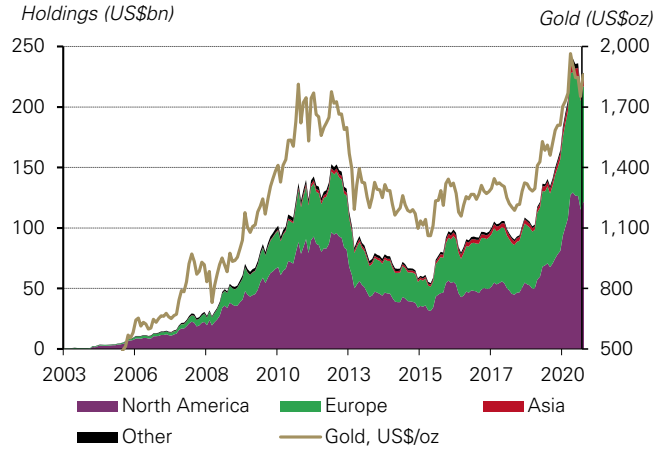
Chart 4: Gold-backed ETFs (and similar) change in holdings by year*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

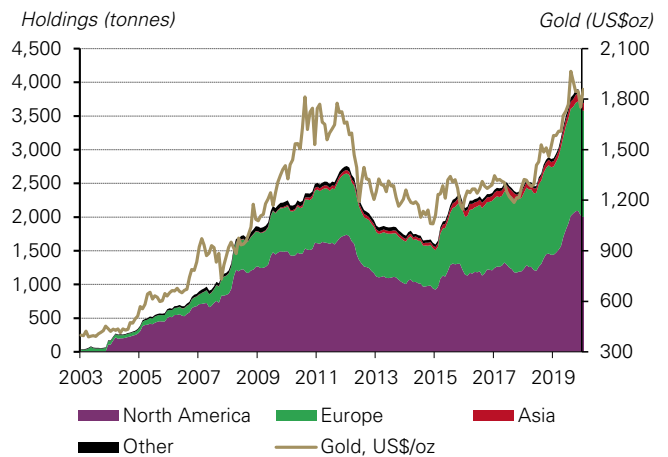
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

Chart 6: Gold-backed ETFs (and similar) holdings*



*As of 31/01/2021

Source: Bloomberg, World Gold Council

Notes

Gold-backed ETFs and similar products account for a significant part of the gold market, with institutional and individual investors using them to implement many of their investment strategies. The data on this page tracks gold held in physical form by open-ended ETFs and other products such as close-end funds, and mutual funds. Most funds included in this list are fully backed by physical gold. While a few funds allow exposure to gold through other holdings such as cash or derivatives, we only monitor those investing at least 90% through physical gold and appropriately adjust their reported assets to estimate physical holdings only. Similarly, the data only estimates the corresponding gold holdings of ETFs that include other precious metals. For funds that include physical holdings of multiple precious metals, the total AUM depicted for such funds is lower than their actual total AUM.

Definitions

*Flows represent net creations or redemptions of shares of open-ended ETFs, or changes to the physical gold holdings that back shares of closed-end funds or similar products over a given period. ETF flows in tonnes measure demand for gold during a given period and generate the quarterly demand estimates reported in Gold Demand Trends. ETF flows in US dollars estimate the monetary value of gold demand for a given period, taking into account daily fluctuations in the price of gold. Holdings correspond to the total assets under management (AUM) of gold-backed ETFs and similar products (other than funds holding more than one precious metal), measured in either tonnes or US dollars. Where tonnage holdings are not directly reported, we calculate these by dividing the US dollar value of AUM by the LBMA Gold Price (or for China and India, using a local index for price) per tonne – where one tonne is equivalent to 32,150.7466 Troy ounces.

Note: We calculate gold-backed ETF flows both in ounces/tonnes of gold and in US dollars because these two metrics are relevant in understanding funds' performance. The change in tonnes gives a direct measure of how holdings evolve, while the dollar value of flows is a finance industry standard that gives a perspective of how much investment reaches the funds. There are some months where the reported flows measured in tonnes of gold and their dollar-value equivalent seem inconsistent across regions. Both figures are correct. The disparity is due to the interaction between the performance of the gold price intra-month, the direction and movement of the US dollar and the timing of the flows. For example, hypothetically, if European funds were to experience outflows early in the month when the price of gold was low but gained assets later in the month when the price of gold increased, and/or if the euro/dollar currency rate moved meaningfully when there were flows, there might be a discrepancy between tonnage change and flows.

About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.

We develop gold-backed solutions, services and products, based on authoritative market insight and we work with a range of partners to put our ideas into action. As a result, we create structural shifts in demand for gold across key market sectors. We provide insights into the international gold markets, helping people to understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East and the US, the World Gold Council is an association whose members comprise the world's leading gold mining companies.

World Gold Council

7th Floor, 15 Fetter Lane
London EC4A 1BW
United Kingdom

T +44 20 7826 4700

F +44 20 7826 4799

W www.gold.org

For more information

Market Intelligence and Research:

Krishan Gopaul

krishan.gopaul@gold.org
+44 20 7826 4704

Ray Jia

ray.jia@gold.org
+86 21 2226 1107

Mukesh Kumar

mukesh.kumar@gold.org
+91 22 6157 9131

Juan Carlos Artigas

Head of Research
juancarlos.artigas@gold.org
+1 212 317 3826

Adam Perlaky

adam.perlaky@gold.org
+1 212 317 3824

Louise Street

louise.street@gold.org
+44 20 7826 4765

Johan Palmberg

johan.palmber@gold.org
+44 20 7826 4773

John Reade

Chief Market Strategist
john.ream@gold.org
+44 20 7826 4760

Distribution and Investment:

Matthew Mark

Head of Sales - Americas
matthew.mark@gold.org
+1 212 317 3834

Claire Lincoln

Head of Sales - EMEA
claire.lincoln@gold.org
+44 20 7826 4788

Jaspar Crawley

Head of Sales - ASEAN
jaspar.crawley@gold.org
+44 20 7826 4787

Fred Yang

Head of Sales - China
fred.yang@gold.org
+86 21 2226 1109

Important information and disclaimers

© 2021 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates.

All references to LBMA Gold Price are used with the permission of ICE Benchmark Administration Limited and have been provided for informational purposes only. ICE Benchmark Administration Limited accepts no liability or responsibility for the accuracy of the prices or the underlying product to which the prices may be referenced. Other content is the intellectual property of the respective third party and all rights are reserved to them.

Reproduction or redistribution of any of this information is expressly prohibited without the prior written consent of World Gold Council or the appropriate copyright owners, except as specifically provided below. Information and statistics are copyright © and/or other intellectual property of the World Gold Council or its affiliates (collectively, "WGC") or third-party providers identified herein. All rights of the respective owners are reserved.

The use of the statistics in this information is permitted for the purposes of review and commentary (including media commentary) in line with fair industry practice, subject to the following two pre-conditions: (i) only limited extracts of data or analysis be used; and (ii) any and all use of these statistics is accompanied by a citation to World Gold Council and, where appropriate, to Metals Focus, Refinitiv GFMS or other identified copyright owners as their source. World Gold Council is affiliated with Metals Focus.

WGC does not guarantee the accuracy or completeness of any information nor accepts responsibility for any losses or damages arising directly or indirectly from the use of this information.

This information is for educational purposes only and by receiving this information, you agree with its intended purpose. Nothing contained herein

is intended to constitute a recommendation, investment advice, or offer for the purchase or sale of gold, any gold-related products or services or any other products, services, securities or financial instruments (collectively, "Services"). This information does not take into account any investment objectives, financial situation or particular needs of any particular person.

Diversification does not guarantee any investment returns and does not eliminate the risk of loss. The resulting performance of various investment outcomes that can be generated through allocation to gold are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. WGC does not guarantee or warranty any calculations and models used in any hypothetical portfolios or any outcomes resulting from any such use. Investors should discuss their individual circumstances with their appropriate investment professionals before making any decision regarding any Services or investments.

This information contains forward-looking statements, such as statements which use the words "believes", "expects", "may", or "suggests", or similar terminology, which are based on current expectations and are subject to change. Forward-looking statements involve a number of risks and uncertainties. There can be no assurance that any forward-looking statements will be achieved. WGC assumes no responsibility for updating any forward-looking statements.

Information regarding Qaurum™ and the Gold Valuation Framework

Note that the resulting performance of various investment outcomes that can be generated through use of Qaurum, the Gold Valuation Framework and other information are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. WGC provides no warranty or guarantee regarding the functionality of the tool, including without limitation any projections, estimates or calculations.