Press Release
For immediate release

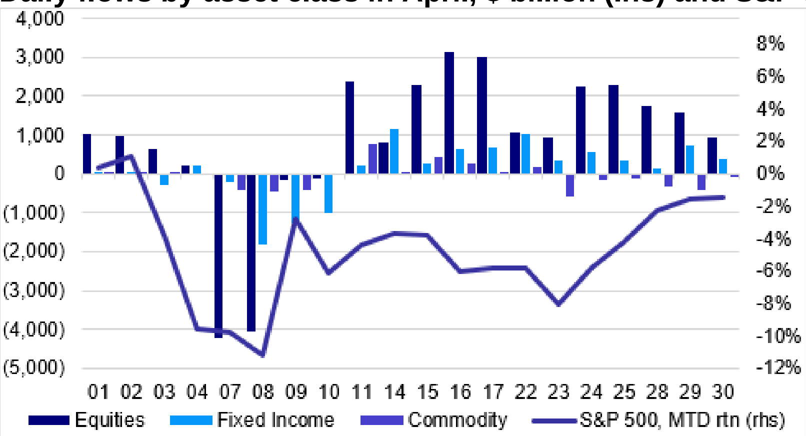
European ETF Investors Show Resilience Amid April's Market Volatility

- European ETF investors added US$18.2bn in net new assets (NNA) in April, led by renewed equity flows despite early-month volatility
- Investors continued to rotate from US to European equity ETFs, with $21bn having gone into European equities in the past three months
- Investors continued allocating to defensive exposures, including low volatility and quality equity strategies and, in fixed income, cash management and government bonds
- European investors were net sellers of gold, diverging from strong global demand amid rising macro uncertainty

London, 27 May 2025 – Invesco's latest European ETF Snapshot shows that investors across the region demonstrated remarkable resilience in April, allocating $18.2 billion of net new assets (NNA) to ETFs despite the backdrop of market turbulence.

While selling followed immediately after the tariff announcement, flows swiftly rebounded and equities overall finished the month with $16.8 billion of positive flows. Despite this pick-up in risk appetite, US equity exposures ended the month with $1.9 billion of net outflows. Fixed income and digital assets saw positive inflows of $2.2 billion and $0.4 billion, respectively. Only commodity flows (-$1.3bn) landed in negative territory for the month.

Daily flows by asset class in April, $ billion (lhs) and S&P 500 cumulative return (rhs)



Source: Bloomberg, as of 30 April 2025. UCITS ETFs in USD.

Europe continues to be a focus for equity ETF investors
The pivot away from US equities and toward European exposures, first noted in Q1, gained further momentum in April. Outflows from US equity ETFs were concentrated in the first half

of the month, while European equity ETFs remained in favour, continuing a three-month trend. European equity ETFs have gathered $21bn in net new assets since February 2025.

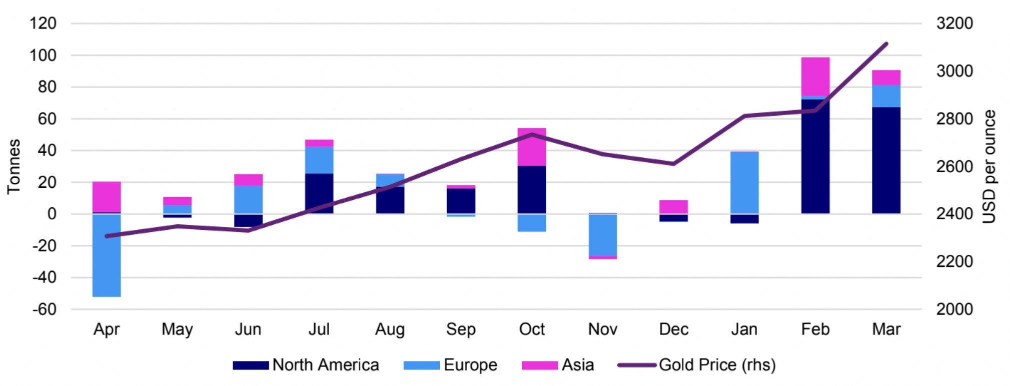
President Trump's first 100 days have been marked by a flurry of executive orders and sweeping policy changes, many of which appear to be benefiting equities outside the United States. In particular, expanding fiscal policy in Germany and across peripheral European economies is expected to support European corporate earnings and drive continued investor interest in the region.

Defensive equity factors in the US are favoured amid rising recession risk
While the full economic impact has yet to show up in hard data, policies introduced by the US administration are widely expected to dampen both domestic and global growth in 2025. This outlook has already triggered a sharp decline in consumer and business confidence.

Against this backdrop, it's no surprise that investors have increased allocations to defensive equity factors, which have historically performed well during periods of market stress and uncertainty. European ETF investors reflected this trend in April, with inflows of $790 million into low volatility ETFs and $210 million into quality ETFs.

Lack of gold demand in Europe bucks global trend amid growing uncertainties
Between 8 and 21 April, gold ETPs globally purchased two million ounces of gold in a move that, along with the price rally, was sparked not by tariff-related volatility itself, but by news of the US administration's 90-day pause. Despite this global uptick, European investors were net sellers of gold during the month, likely reflecting expectations that Europe's economy would be more insulated from the impact of US tariffs compared to major exporters like China. Looking ahead, gold demand could see renewed momentum across all regions as uncertainty persists around trade policy and the global economic outlook.

Gold ETP demand from European investors in Q1 was the highest since the beginning of the pandemic in 2020



Source: World Gold Council, tonnes of gold purchased by gold-backed ETPs by region, monthly for past 12 months to 31 March 2025.

Focus on shorter-dated Euro government bonds

Bond investors have been favouring what are generally perceived to be "safer" assets such as cash and developed-market government bonds, which together have accounted for over 70% of Fixed Income ETF NNA over the past two years. Recently, demand for US Treasuries has slowed, while cash management and European government bond ETFs continue to attract strong inflows. This trend is expected to persist considering heightened US Treasury market volatility, rising yields, and a weakening US dollar.

In today's environment of persistent supply shocks and inflation risks, duration risk carries more downside. With markets pricing in fewer than three European Central Bank rate cuts this year, any downgrade in the growth outlook could prompt accommodative monetary policy, supporting short-dated European government bonds. ETFs tracking 1-3-year or 3-5-year eurozone government bond indices offer investors targeted exposure to this segment.

"April was a telling month for ETF investors in Europe," said **Gary Buxton, Head of EMEA ETFs at Invesco.** "While volatility can trigger short-term jitters, we've seen investors remain strategically focused, pivoting further into European equities, reinforcing their defensive positioning in US factors, and leaning into safer fixed income exposures like Euro government bonds. This resilience highlights the sophistication of ETF investors navigating a dynamic macro backdrop."

Top 10 ETF Inflows / Outflows by Category MTD (US$ mn)

Top 10 category inflows

Category	NNA ($mn)	AUM
■ Global Equity	5,189	382,070
■ Europe Equity	3,857	161,305
■ Cash Mgmt	2,938	55,333
■ Euro Govies	2,041	71,916
■ Smart Beta	1,434	134,889
■ Leverage/Inverse	1,408	15,043
■ Germany Equity	1,298	32,201
■ US Treasuries	1,039	86,453
■ Switzerland Equity	1,027	30,524
■ Thematic	979	64,462

■ Equities ■ Fixed Income ■ Commodities

Source: Bloomberg, Invesco; European ETF flows as at 30 April 2025.

Ends

Notes to editors

All data sourced from Invesco, Bloomberg, as at 30 April 2025. All figures in USD.

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