

Global gold-backed ETF flows

June 2021

8 July 2021

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Gold ETF flows slow in June but finish positive in Q2

Highlights

- North American and Asian funds inflows were offset by outflows from Europe
- Flows remained stable despite price declines in the latter half of June
- Global gold ETF AUM remains nearly 14% below the all-time August 2020 highs

June highlights

Flows into global gold ETFs were mostly flat in June, with slight inflows of 2.9 tonnes (t) (US\$191mn, +0.1% AUM). Inflows into North American and Asian funds were primarily offset by outflows from European funds. Overall, the positive flows came in spite of significant gold price weakness in the latter half of the month on the heels of a relatively hawkish Federal Reserve (Fed) outlook, suggesting that investors may have taken advantage of the lower price level to gain long gold exposure.¹ Global Assets Under Management (AUM) stands at 3,624t (US\$206bn),² approximately 7% shy of the October 2020 record tonnage high of 3,909t.³

US funds as well as low-cost gold ETFs⁴ in Europe were the primary source of inflows, while larger European funds, particularly in the UK and Germany, led outflows. North American funds added 10.5t (US\$646mn, 0.6%) in contrast to European funds, which saw outflows of 9.4t (-US\$560mn, -0.6%). Notably, low-cost gold ETFs contributed US\$222mn (3.8t) to the combined flows seen in North America and Europe. Asian-listed funds reversed a recent trend to post inflows of 1.7% (2.3t, US\$136mn) supported by positive flows in India and China, while fund flows in 'Other' regions fell by 0.8% (-0.5t, -US\$30mn).⁵

Price-performance and trading volumes

After dropping 6% in the second week of June following the Federal Open Market Committee (FOMC) meeting, gold finished the month 7.2% lower at US\$1,763/oz, erasing price gains from May.⁶ Gold daily trading averages fell during June to US\$163bn per day compared to US\$176bn in May, led by lower COMEX volumes. Trading volume during the month remained in line with the y-t-d average of US\$165bn per day, but below the 2020 average of US\$183bn. Net long positioning, via the recent Commitment of Traders (COT) report for COMEX gold futures, fell to 522t (US\$29bn),⁷ near April-end levels and in line with its historical weekly average net long positioning of around 500t (US\$31bn).⁸

Q2 2021 highlights

As gold prices rebounded throughout most of the second quarter, flows into gold ETFs followed suit, led by North American and European funds which added a combined 43.8t (US\$2.7bn, 1.2%) over the period. In Europe, German funds represented nearly half of all European inflows (27.2t, US\$1.6bn), led by Xtrackers IE Physical Gold which gained US\$1.5bn (26.5t). Meanwhile, Amundi Physical Gold ETC in France added US\$583mn (10.0t, 19.8%) to help French-based funds grow by 20% over the quarter. In North America, SPDR® Gold Shares and SPDR® Gold MiniShares led inflows, adding US\$615mn (1.1%) and US\$225mn (5.7%) respectively, while Sprott Physical Gold Trust added US\$124mn (2.8%), and iShares Gold Trust gained US\$100mn (0.4%).

Funds in Asia had small outflows of US\$92mn (-1.2%) in the quarter as June's inflows were not enough to offset the heavy losses from May. Rising risk appetite and profit-taking amid higher gold prices earlier in the quarter led to some weakness in Asia, but this reversed trend towards the end of the period with investors likely building strategic long exposure to gold as inflationary pressures intensified. Flows in 'Other' regions saw US\$89mn (-2.6%) in outflows during the second quarter, dominated by the 1Invest Gold

¹ Sharp gold selloff, but bullish activity could suggest a bottom, 15 June 2021.

² We regularly review the global gold-backed ETF universe and adjust the list of funds and holdings based on newly available data and information.

³ Based on the LBMA Gold Price PM as of 30 June 2021.

⁴ Low-cost US-based gold-backed ETFs are defined as exchange-traded open-ended funds listed in the US and Europe, backed by physical gold, with annual management fees and other expenses like FX costs of 20bps or less. At present, these include Aberdeen Physical Swiss Gold Shares, SPDR® Gold MiniShares, Granitshares Gold Trust, Goldman Sachs Physical Gold

ETF, iShares Gold Trust Micro, CI Gold Bullion Fund, WisdomTree Core Physical Gold, and Xtrackers IE Physical Gold ETC.

⁵ 'Other' regions include Australia, South Africa, Turkey, Saudi Arabia and the United Arab Emirates.

⁶ Based on the LBMA Gold Price PM as of 30 June 2021.

⁷ Based on the LBMA Gold Price PM as of 29 June 2021.

⁸ From 4 December 2012 to 29 June 2021, based on available data.

ETF in South Africa, which lost more than 75% of its value in Q2 (-2.3t, -US\$136mn) likely driven by profit-taking following hawkish comments from the recent FOMC meeting, according to anecdotal evidence from our contacts in the region.

2021 review and mid-year outlook:

Gold prices have declined more than 6% during the first half of the year.⁹ As explained by our short-term price performance model, much of this weakness so far is due to a combination of:

- higher interest rates, especially during Q1
- concerns over rising inflation expectations and inflation surprises
- price momentum and positioning.

Global gold ETFs lost nearly \$7bn (-129t, -3.0%) in the first half of 2021, as inflows in Q2 could not overcome steep outflows in Q1 when gold prices fell by 10%.¹⁰ Q1 outflows primarily came from North America, led by large funds in the US, while strong inflows from Asia at the same time could not sufficiently offset these losses. Inflows to North American and European funds drove much of the recovery in Q2 as gold prices rebounded.

Looking forward, the current macroeconomic environment as well as anecdotal evidence indicates remaining upside potential for gold investment this year. Some specific factors which support this include:

- expectations that central banks will likely maintain accommodative monetary policy for some time, keeping opportunity costs of holding gold low
- current levels of money supply and savings rates in certain developed markets that suggest a higher inflation rate may not just be temporary, reinforcing the need for assets like gold.

In addition, the global economic recovery is expected to support consumer demand, but the spread of new COVID-19 variants may create weakness in key markets such as India. Finally, central bank demand so far this year has been robust and our annual survey indicates gold continues to be viewed as a valuable hedge in foreign reserves.

For additional commentary, please see our Gold-mid-year outlook 2021

⁹ Based on the LBMA Gold Price PM as of 30 June 2021.

¹⁰ Based on the LBMA Gold Price PM as of 31 March 2021.

¹¹ 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 on how much investment reaches the funds. We have made a few adjustments and improvements to our calculation methodology as of 1 July 2021 that will impact historical and future data. Specifically, we

Regional Flows¹¹

North American fund inflows were offset by European fund outflows

- North American funds had inflows of 10.5t (US\$646mn, 0.6%)
- Holdings in European funds declined by 9.4t (-US\$560mn, -0.6%)
- Funds listed in Asia had net inflows of 2.3t (US\$136mn, 1.7%)
- Other regions had outflows of 0.5t (-US\$30mn, -0.8%)

Table 1: June regional flows

	Total AUM (bn)	Change tonnes	Flows (US\$mn)	Flows (% AUM)
North America	106.2	10.5	645.8	0.57%
Europe	88.3	-9.4	-560.3	-0.58%
Asia	7.6	2.3	136.2	1.68%
Other	3.4	-0.5	-30.4	-0.81%
Total	205.6	2.9	191.3	0.09%
Global inflows		26.6	4,046.2	1.82%
Global outflows		-23.7	-3,855.0	-1.74%

*As of 30/06/2021 '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. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see [ETF Flows Data Methodology](#).

Source: Bloomberg, World Gold Council

revised the methodology used to estimate changes in gold holdings as described below:

Previously, changes in tonnes were calculated by converting a fund's AUM (in USD) into gold holdings (in tonnes) and computing the difference over periods. However, currency movements and large daily and weekly gold price movements could distort the difference between tonnage change and US-dollar fund flows during short time horizons. We therefore adjusted tonnage change as a function of fund flows versus AUM and replaced the tonnage change field with fund flows (tonnes). Now, for most funds, we estimate US-dollar fund flows, as described in section 2.3.2 below, and then convert those flows to

Long-term trends

- To date, global gold ETFs have seen outflows of US\$6.8bn (-129t) in outflows as Q2 inflows were not enough to offset heavy Q1 losses
- Large US funds continue to drive net global flows positively and negatively with gold price fluctuations, while low-cost funds continue to grow at a steady pace
- Low-cost ETFs, with combined holdings of 185t, now represent 5% of the total global gold ETF market
- Asian gold ETFs have led global growth in percentage terms, adding more than 13% in 2021.

Table 2: 2021 Regional Flows

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	106.2	-129.2	-6,997.0	-5.75%
Europe	88.3	-16.3	-767.4	-0.80%
Asia	7.6	16.3	954.2	13.34%
Other	3.4	-0.1	3.2	0.09%
Total	205.6	-129.3	-6,807.0	-2.97%
Global inflows		127.9	23,900.4	10.44%
Global outflows		-257.2	-30,707.3	-13.41%

*As of 30/06/2021 '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. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see [ETF Flows Data Methodology](#).

Source: Bloomberg, World Gold Council

Table 3: Flows by country*

Country	Total AUM (bn)	Change tonnes	June Flows (US\$m)	2021 Flows (US\$m)
US	101.6	9.1	566.3	-7,229.0
UK	40.5	-14.5	-845.9	-1,928.4
Germany	22.6	3.1	171.4	758.5
Switzerland	20.7	0.4	23.9	-275.2
Canada	4.6	1.3	79.5	232.0
China P.R. Mainland	3.9	2.0	111.6	432.8
France	3.6	1.4	79.7	620.6
Australia	2.2	0.3	18.1	62.1
India	2.1	1.0	65.9	379.5
Japan	1.3	-0.7	-40.2	123.6
South Africa	1.2	-0.7	-37.7	-50.0
Italy	0.4	0.3	20.1	62.1
Ireland	0.4	-0.1	-9.0	-4.4
Hong Kong SAR	0.2	0.0	0.0	21.6
Turkey	0.1	-0.1	-7.8	-9.3
Liechtenstein	0.0	0.0	-0.5	-0.7
Saudi Arabia	0.0	-0.1	-2.9	0.4
Malaysia	0.0	0.0	-1.1	-3.2

*As of 30/06/2021. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due to differences in the methodology used to compute each metric. For more information, see [ETF Flows Data Methodology](#).

Source: Bloomberg, World Gold Council

fund flows (tonnes). Fund flows (tonnes) and US-dollar fund flows will now represent a more aligned explanation of investment demand for gold ETFs, while the true holdings of a fund, in US dollars and tonnage, will remain a close estimate, impacted by the currency and price volatility described above. Based on our initial analysis, the changes are not likely to have a material long-term

effect on historical information, particularly on a global or regional aggregate basis, but will adjust short-term fluctuations that can sometimes occur due to input data and timing variations.

Individual flows (June)

- In North America, iShares Gold Trust added 4.4t (US\$262mn, 0.9%), followed by SPDR® Gold Shares, which added 2.5t (US\$173mn, 0.3%). Holdings in CI Gold Bullion Fund rose by 1.4t (US\$83mn, 23.3%), while SPDR® Gold MiniShares added 1.0t (US\$59mn, 1.3%)
- In Europe, 12 iShares Physical Gold ETC led global outflows losing 8.9t (-US\$520mn, -3.6%), while Invesco Physical Gold lost 4.3t (-US\$246mn, -1.8%). On the flip side, Xtrackers IE Physical Gold added 1.6t (US\$92mn, 4.8%) and Amundi Physical Gold gained 1.4t (US\$80mn, 2.1%), offsetting some of the outflows
- In Asia, Boser Gold led inflows with 0.9t (US\$51mn, 3.8%), followed by E Fund Gold, which gained 0.6t (US\$32mn, 4.7%)
- 1invest Gold remained a standout in other regions. The South African fund lost 0.6t or 38% of its assets during the month.

Table 4: June individual top and bottom flows

Top 10 flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
iShares Gold Trust	US	4.4	262.0	0.86%
Xtrackers IE Physical Gold EUR Hedged ETC	DE	3.1	184.3	23.80%
SPDR Gold Shares	US	2.5	172.7	0.27%
Xtrackers IE Physical Gold ETC	DE	1.6	92.0	4.77%
CI Gold Bullion Fund	CA	1.4	82.5	23.29%
Amundi Physical Gold ETC	FR	1.4	79.7	2.08%
Xetra-Gold	DE	1.2	68.0	0.48%
SPDR Gold MiniShares Trust	US	1.0	59.4	1.29%
Sprott Physical Gold Trust	US	1.0	57.8	1.15%
Bosera Gold Exchange Trade Open-End Fund ETF	CN	0.9	51.1	3.83%
Bottom 10 Flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
iShares Physical Gold ETC	GB	-8.9	-519.8	-3.61%
Invesco Physical Gold ETC	GB	-4.3	-245.6	-1.79%
Xtrackers Physical Gold ETC EUR	DE	-1.8	-108.8	-4.10%
Xtrackers Physical Gold Euro Hedged ETC	DE	-1.2	-77.4	-3.02%
WisdomTree Physical Swiss Gold	GB	-1.2	-70.2	-1.82%
Graniteshares Gold Trust	US	-0.9	-55.8	-4.88%
Japan Physical Gold ETF	JP	-0.7	-40.2	-2.64%
WisdomTree Physical Gold	GB	-0.6	-38.2	-0.58%
1invest Gold ETF	ZA	-0.6	-36.1	-37.87%
Swisscanto ETF Precious Metal Physical Gold CHF A ₣	CH	-0.5	-26.6	-1.39%

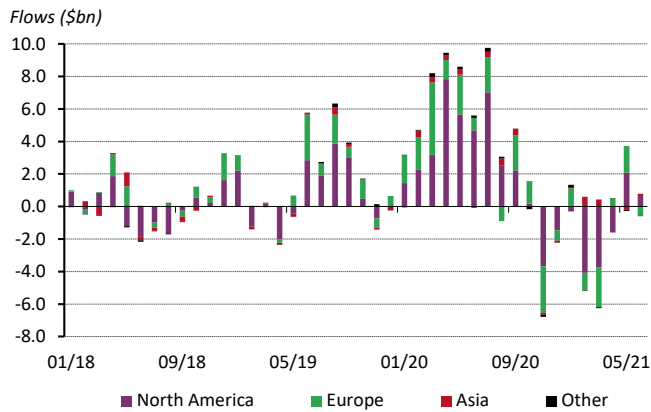
*As of 30/06/2021. Please note that the estimates for US dollar flows and the equivalency for changes in tonnes may diverge due differences in the methodology used to compute each metric. For more information, see ETF Flows Data Methodology.

Source: Bloomberg, World Gold Council

¹² We do not directly discuss the Xtrackers individual fund flows in the section given the direct movement between the parent company funds.

Relevant Charts

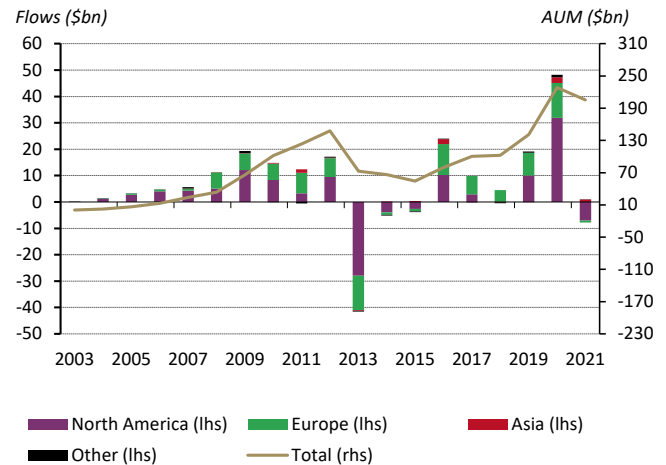
Chart 1: Gold-backed ETFs (and similar) flows by month*



*As of 30/06/2021

Source: Bloomberg, World Gold Council

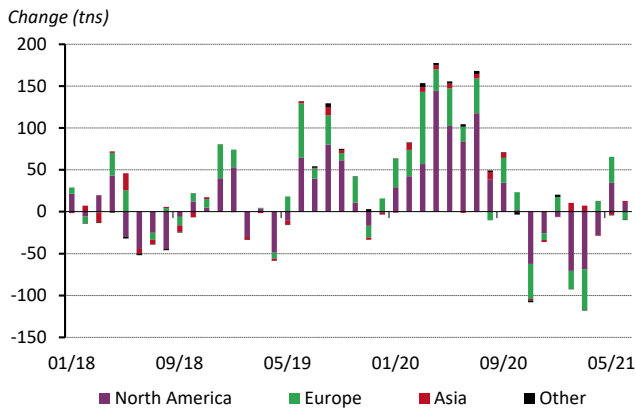
Chart 2: Gold-backed ETFs (and similar) change in holdings by year*



*As of 30/06/2021

Source: Bloomberg, World Gold Council

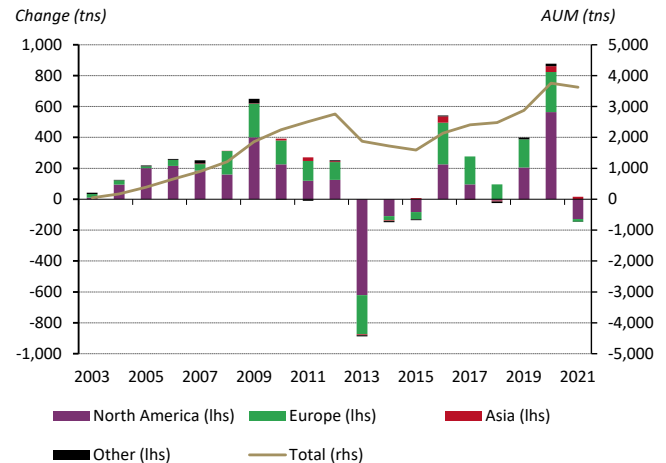
Chart 3: Gold-backed ETFs (and similar) change in holdings by month*



*As of 30/06/2021

Source: Bloomberg, World Gold Council

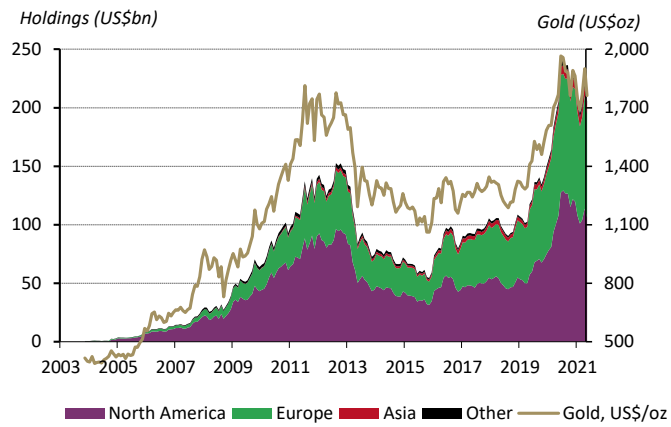
Chart 4: Gold-backed ETFs (and similar) change in holdings by year*



*As of 30/06/2021

Source: Bloomberg, World Gold Council

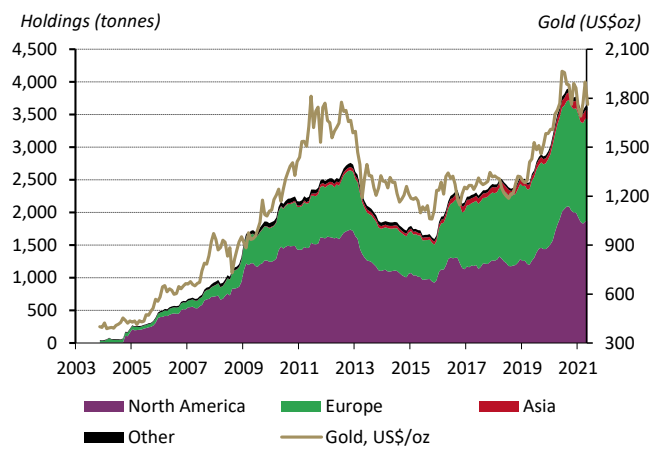
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 30/06/2021

Source: Bloomberg, World Gold Council

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



*As of 30/06/2021

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.

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