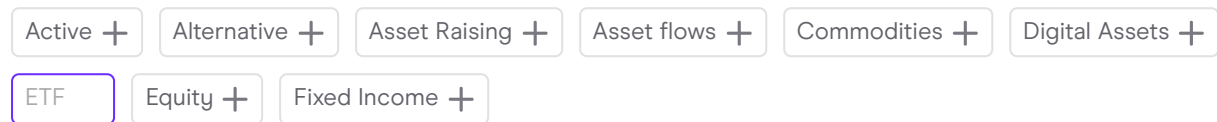


10 APR 2024 Jennifer Grybowski

## Bitcoin ETFs flourish while SPDR, ARK struggle

Q1 active ETF flows hit record highs

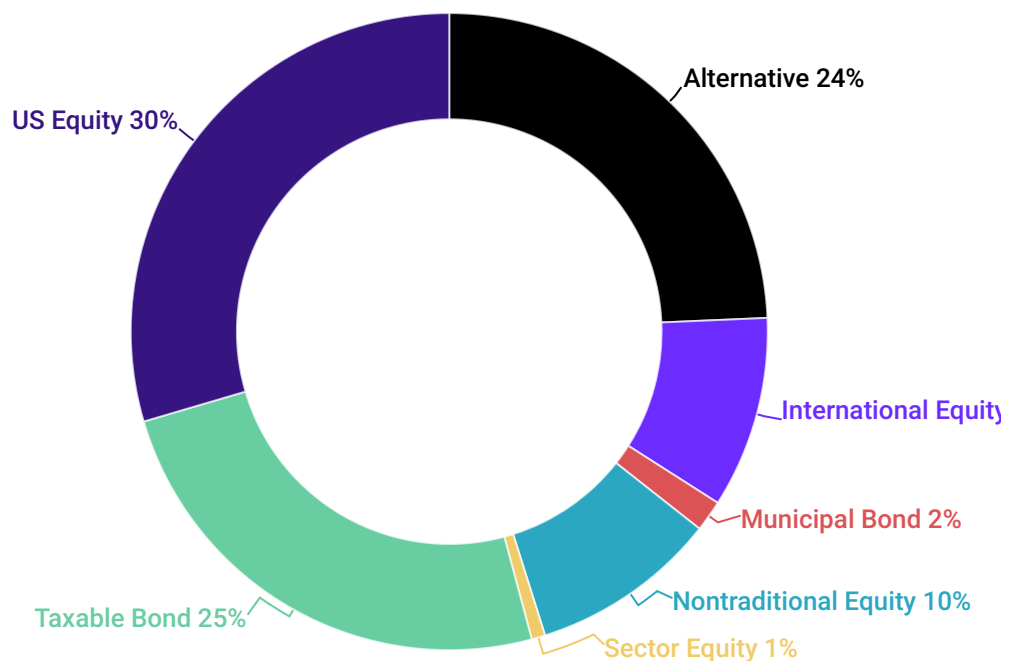
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Flows into active ETFs hit record highs in Q1 as the spot bitcoin craze officially took hold and firms looked to take advantage of investors getting off the sidelines to deploy cash back into the market.

Active ETFs raked in \$65.6bn this quarter; US equities led the charge but not by much as the alternative category made an impressive showing, nearly knocking fixed income out of second place.

## Q124 active ETF flows (\$m), by category



Source: Morningstar Direct, end of March

The alternative category was driven largely by digital assets ETFs which hauled in a whopping \$12.9bn in Q1, boosting alternatives to \$16.5bn in inflows compared to the \$10.8bn they witnessed the entirety of 2023.

The category was further supported by \$3.4bn in inflows by buffer and other options trading funds.

The only digital assets fund that struggled with outflows was the \$698m Amplify Transformational Data Sharing ETF (BLOK), which witnessed a devastating \$523m out the door.

Flows stalwarts Dimensional, American Century and Cap Group all failed to make it into the top 10 overall, however the trio led international equity inflows with \$3bn, \$1.1bn and \$821m, respectively.

International equities are on track for another standout year as emerging markets begin to appeal to investors again; flows in Q124 and Q123 both hover around \$5.5bn and the category brought in \$20.6bn last year.

One trading fund, the \$1.7bn GraniteShares 2x Long NVDA Daily ETF (NVDL), was the breakout star of that category, breaking into the top 20 of overall flows and far outpacing the \$1.6bn in inflows the entire category generated in 2023.

Fixed income had a good quarter with four funds pulling in \$1bn-plus and 37 funds garnering \$100m-plus.

Janus Henderson's flagship \$7.7bn Janus Henderson AAA CLO ETF (JAAA) continued to pay out for the firm and boutique Alpha Architect edged out PIMCO, PGIM and AllianceBernstein with its ultrashort \$2.2bn Alpha Architect 1-3 Month Box ETF (BOXX) seeing \$1.3bn in inflows.

Despite 100 more funds in the category than fixed income, US equities had just a pair of funds with \$1bn inflows and 34 with \$100m-plus.

DFA, American Century and Capital Group dominated here as well, generating \$3.8bn, \$2.9bn and \$2.2bn, respectively. Cap Group was all the more impressive as flows came from just three funds.

For the first time in many quarters, JPMAM's popular \$33.5bn JPMorgan Equity Premium Income Fund (JEPI) was not at the top of the list.

# Top and bottom 10 active ETFs, by 3-mo flows (\$m)

*Source: Morningstar Direct, end of March*

## Underwhelming flows

Only seven funds lost more than \$500m, two of those more than \$1bn, as a result of the plummet of the \$62.8bn SPDR Gold Shares (GLD) which logged \$3.3bn in outflows, representing half of its \$6.2bn outflows over the year.

Gold has been volatile in recent months, hitting a one-month low in January and trading at an all-time high in early April. According to the World Gold Council, US gold ETFs saw their tenth consecutive outflows in March as large and liquid funds suffered the heaviest losses in Q1.

Commodities have struggled in recent years, seeing only three quarters of inflows since the beginning of 2021.

Trailing behind GLD is ARK Invest, whose flagship \$7.4bn Ark Innovation ETF (ARKK) saw another \$1.1bn go out the door, nearly as much the \$1.9bn it bled over the past year. At its peak in 2020, the fund's AUM clocked in at \$17.7bn.

ARK also earned a second place in the bottom 10 thanks to the \$353m the \$1.5bn Ark Genomic Revolution ETF (ARKG) lost.

Overall, 32 funds saw losses of over \$100m while 427 saw flat flows.

## Active ETF flows (\$bn), by quarter