

Global gold-backed ETF flows

Full Year 2021

7 January 2022

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Gold ETFs had net outflows of US\$9bn in 2021 led by North American funds

Highlights

- Physically-backed gold ETFs saw outflows of 173t in 2021 as losses from North America outweighed inflows into Asia and Europe
- Asian ETFs were the primary bright spot globally, growing by more than 20% over the year driven by inflows into funds in China
- Gold ETF flows in Europe turned positive in H2 2021 amid rising inflation expectations
- Despite considerable outflows in 2021, gold ETF holdings remain significantly above pre-pandemic levels given record inflows during 2020

2021 highlights

Physically backed gold ETFs¹ saw global outflows of 173 tonnes (t) (-US\$9.1bn, -4.0% AUM) in 2021. Collective gold holdings were down 5% to 3,570t for the year, while assets under management (AUM) in value terms dropped 9% to US\$209bn as net outflows were compounded by a 4% contraction in the gold price.² Despite considerable outflows for the year, gold ETF holdings remain significantly above pre-pandemic levels, as they posted record inflows of approximately 875t (US\$49bn) during 2020.

Losses in 2021 were driven by North American funds, which never recovered from their significant outflows in Q1, ultimately registering outflows of nearly US\$11bn (-200t) by year-end. The bulk of these outflows were from large US funds whose assets fluctuated in tandem with the gold price. Conversely, European ETFs turned positive in the second half of 2021 amid rising inflation expectations, ending the year with marginal gains of US\$264mn (0.7t).

Asian ETFs accounted for the vast majority of inflows among global funds, despite some weakness in Q2, adding close to US\$1.5bn (20%) over the year. This especially rang true for Chinese-based funds, which made up more than 60% of total inflows for the region, driven by concerns over slowing economic growth and lower yield expectations as well as local investors taking advantage of a lower gold price. Finally, low-cost ETFs³ attracted consistent inflows regardless of the direction of gold prices, increasing by 45% (63t, US\$3.7bn). These funds now constitute in sum almost 6% of the global gold ETF market.

December highlights

Gold ETFs experienced net outflows of 6.4t (-US\$340mn) in December, consistent with monthly outflows during much of H2 2021. North American outflows of 22t (-US\$1.2bn) outweighed inflows into Europe and Asia, which gained a combined 16t (US\$942mn) during the month. Other regions saw negative flows for the first time since August, losing US\$68mn (-1.2t).⁴

North American outflows once again stemmed from larger US funds, likely triggered by the US Federal Reserve (Fed) indicating its intent for multiple interest rate hikes in 2022 to combat decades-high inflation, while planning to scale back asset purchases early in the year. On the other hand, inflows into Europe continued despite the Bank of England's decision to raise interest rates. Demand was also supported by a flight-to-quality as the Omicron variant of COVID-19 sparked renewed lockdowns. Inflows into Asian ETFs were primarily due to tactical buying in China after the local gold price fell in late November and early December.

1 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 which we collectively refer to as gold ETFs. Barring a few exceptions, these funds are fully backed by physical gold. While a few funds allow 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 their physical holdings only. We periodically review the global gold-backed ETF universe and adjust the list of funds and holdings based on newly available data and information.

2 Based on the LBMA Gold Price PM as of 30 December 2021. It should be noted that while a closing price for the LBMA Gold Price PM is not available for 31 December, gold rallied that day. Based on XAU – a commonly used

proxy for spot gold price – gold finished slightly higher and up 3% in December.

3 Low-cost US-based gold-backed ETFs are defined by the World Gold Council 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.

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

Price performance and trading volumes

Gold finished the year around 4% lower at US\$1,806/oz.⁵ The gold price rallied into year-end on the heels of the rapidly spreading Omicron variant, likely prompting flight-to-quality flows, but it was not enough to offset losses from early 2021. After H1 – when it dropped by more than 10% – gold was rangebound between US\$1,700/oz and US\$1,850/oz for much of the year. This was also reflected in gold’s realised volatility, which remained largely below its longer-term average of 16% after gold’s initial selloff during Q1.

Net long positioning, via the recent Commitment of Traders (COT) report for COMEX gold futures, oscillated alongside the gold price, falling to below 500t (US\$27bn)⁶ in late March and rallying close to 900t (US\$52bn) in mid-November as prices rose again. By the end of 2021 it had settled above 670t (US\$41bn), markedly higher than its historical weekly average of around 500t (US\$31bn).⁷

Our gold return attribution model suggests that gold’s performance in 2021 was driven, to an extent, by offsetting forces.

Gold faced headwinds from:

- higher bond yields, especially during Q1
- a stronger dollar – particularly in H2 2021 – relative to other developed market currencies.

Conversely, gold was supported by:

- concerns that inflation surprises would not be transitory
- market volatility linked to continued COVID variants and varying lockdown measures.

2022 outlook

Looking ahead, we believe gold will experience similar dynamics in 2022. The persistence of high inflation is still likely due to knock-on effects from COVID-induced monetary and fiscal policies, supply-chain disruptions, and a tight labour market. This, combined with high equity market valuations, potential new COVID variants, and a growing appetite for less liquid assets, could well result in more frequent market pullbacks and increased demand for gold as a portfolio hedge. Gold may also find continued support from consumer demand and central bank purchases, both of which continue to be important long-term drivers of performance.

On the contrary, gold may also face challenges if interest rates rise quicker than currently anticipated. In our view, however, despite potential rate hikes both nominal and real interest rates will remain low from a historical perspective. This, in turn, will continue to drive structural changes in the composition of investment portfolios and likely increase the need for a high-quality liquid asset such as gold.

Look out for our Gold Outlook 2022 which will be published during the second week of January.

5 Based on the LBMA Gold Price PM as of 30 December 2021. It should be noted that while a closing price for the LBMA Gold Price PM is not available for 31 December, gold rallied that day. Based on XAU – a commonly used proxy for spot gold price – gold finished slightly higher and up 3% in December.

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

7 From 4 December 2012 to 28 December 2021, based on available data.

Regional Flows⁸

Outflows from North America in 2021 outweighed inflows from Asia and, to a lesser extent, Europe

- North American funds had outflows of 199.5t (-US\$10.9bn, -8.9%)
- European funds had inflows of 0.7t (US\$264mn, 0.3%)
- Funds listed in Asia had inflows of 25.4t (US\$1.5bn, 20.4%)
- Other regions had inflows of 0.1t (US\$17mn, 0.5%).

Table 1: 2021 Regional Flows

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	105.4	-199.5	-10,866.4	-8.92%
Europe	91.8	0.7	264.5	0.27%
Asia	8.4	25.4	1,459.8	20.41%
Other	3.5	0.1	16.7	0.45%
Total	209.1	-173.3	-9,125.4	-3.99%
Global inflows		191.2	38,934.1	17.01%
Global outflows		-364.4	-48,059.5	-21.00%

*As of 31/12/2021 '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 2: December regional flows

	Total AUM (bn)	Change tonnes	Flows (US\$m)	Flows (% AUM)
North America	105.4	-21.6	-1,213.5	-1.15%
Europe	91.8	8.3	477.5	0.53%
Asia	8.4	8.1	464.4	5.91%
Other	3.5	-1.2	-68.2	-1.90%
Total	209.1	-6.4	-339.9	-0.16%
Global inflows		38.2	3,392.8	1.63%
Global outflows		-44.6	-3,732.7	-1.80%

*As of 31/12/2021 '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

⁸ 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 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 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.

Table 3: 2021 Flows by country*

Country	Total AUM (bn)	Change tonnes	2021 Flows (US\$mn)	2021 Flows (US\$mn)
US	100.9	-201.3	-10,971.0	-9.36%
UK	42.2	-28.5	-1,497.5	-3.28%
Germany	23.6	19.0	1,121.3	4.74%
Switzerland	21.3	-2.0	-102.6	-0.45%
Canada	4.6	1.8	104.5	2.25%
China P.R. Mainland	4.4	14.8	786.5	21.61%
France	4.0	14.2	858.2	26.10%
India	2.4	9.3	595.3	30.70%
Australia	2.4	3.7	215.9	9.44%
Japan	1.3	1.0	58.1	4.36%
South Africa	1.1	-3.5	-193.8	-14.70%
Italy	0.4	-0.4	-22.6	-5.47%
Ireland	0.3	-1.6	-92.6	-23.81%
Hong Kong SAR	0.2	0.4	23.2	10.45%
Turkey	0.1	0.0	-1.7	-2.23%
Liechtenstein	0.0	0.0	0.2	0.36%
Saudi Arabia	0.0	-0.1	-3.7	-12.00%
Malaysia	0.0	-0.1	-3.3	-18.42%

*As of 31/12/2021. 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

Table 4: 2021 individual top and bottom flows

Top 10 flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
Xtrackers IE Physical Gold ETC	DE	33.6	1,930.2	714.35%
Xetra-Gold	DE	20.7	1,205.1	9.14%
iShares Gold Trust Micro	US	14.9	859.6	100.00%
Amundi Physical Gold ETC	FR	14.2	858.2	26.10%
Invesco Physical Gold ETC	GB	13.2	822.9	5.88%
Xtrackers IE Physical Gold EUR Hedged ETC	DE	9.3	546.5	340.31%
SPDR Gold MiniShares Trust	US	8.5	505.0	12.58%
EUWAX Gold II	DE	7.0	405.6	63.47%
WisdomTree Core Physical Gold	GB	6.9	394.2	3688.95%
Huaan Yifu Gold ETF	CN	5.9	317.2	20.23%

Bottom 10 Flows	Country	Change tonnes	Flows (US\$mn)	Flows (% AUM)
SPDR Gold Shares	US	-195.0	-10,734.2	-15.09%
iShares Gold Trust	US	-32.9	-1,796.5	-5.63%
WisdomTree Physical Gold	GB	-25.2	-1,438.3	-19.52%
Xtrackers Physical Gold Euro Hedged ETC	DE	-20.7	-1,189.7	-33.78%
Xtrackers Physical Gold ETC EUR	DE	-20.0	-1,150.1	-29.41%
iShares Physical Gold ETC	GB	-14.7	-797.7	-5.58%
Gold Bullion Securities Ltd	GB	-12.2	-695.7	-15.05%
Xtrackers Physical Gold ETC	DE	-10.1	-580.9	-51.46%
ZKB Gold ETF AA USD	CH	-3.1	-178.6	-7.12%
NewGold Issuer Ltd	ZA	-3.0	-170.4	-13.59%

*As of 31/12/2021. 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

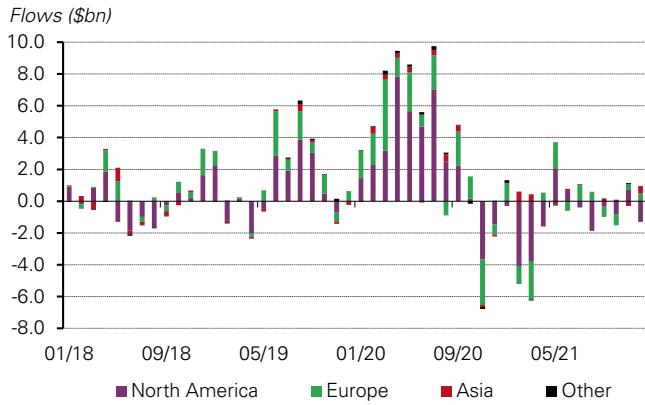
Individual flows (2021)

SPDR® Gold Shares and iShares Gold Trust in the US and WisdomTree Physical Gold in the UK drove global outflows in 2021, partially offset by inflows into Xtrackers IE Physical Gold and Xetra Gold in Germany

- In North America, SPDR® Gold Shares had outflows of 195t (-US\$10.7bn, -15.1%), while iShares Gold Trust lost 32.9t (-US\$1.8bn, -5.6%)
- In Europe, low-cost Xtrackers IE Physical Gold had inflows of 33.6t (US\$1.9bn), while Xetra Gold added 20.7t (US\$1.2bn, 9.1%); on the other hand, WisdomTree Physical Gold had outflows of 25.2t (-US\$1.4bn, -19.5%)
- In Asia, Chinese ETFs Huaan Yifu Gold had inflows of 5.9t (US\$317mn, 20.2%), while Boser Gold Exchange gained 5.4t (US\$284mn, 24.8%)
- Low-cost ETFs overall had sizable inflows of 63.0t (US\$3.7bn, 45%).

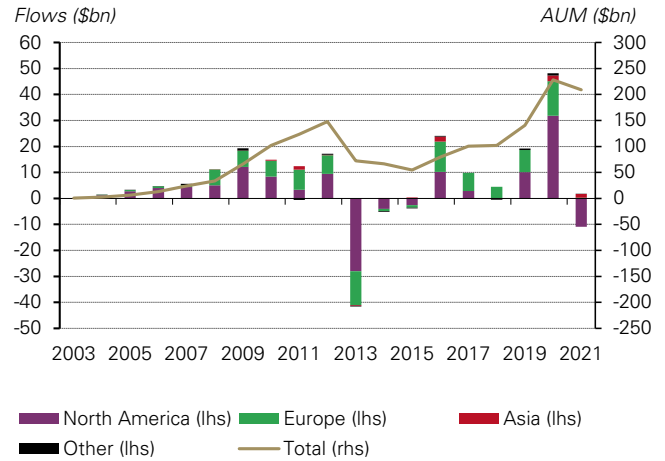
Relevant Charts

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



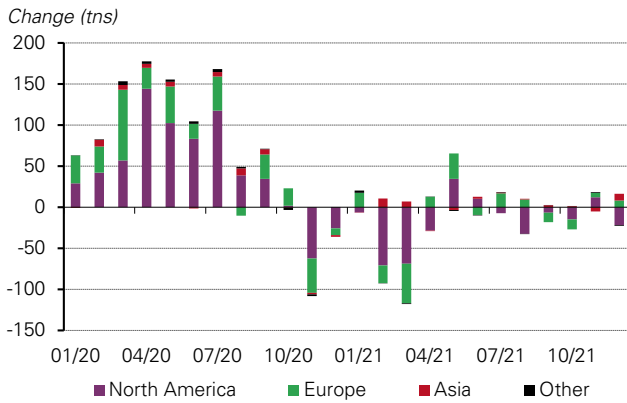
*As of 31/12/2021
Source: Bloomberg, World Gold Council

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



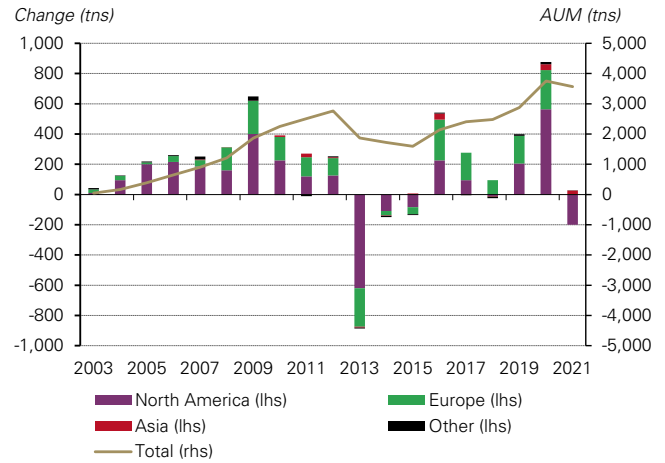
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Chart 3: Gold-backed ETFs (and similar) change in holdings by month*



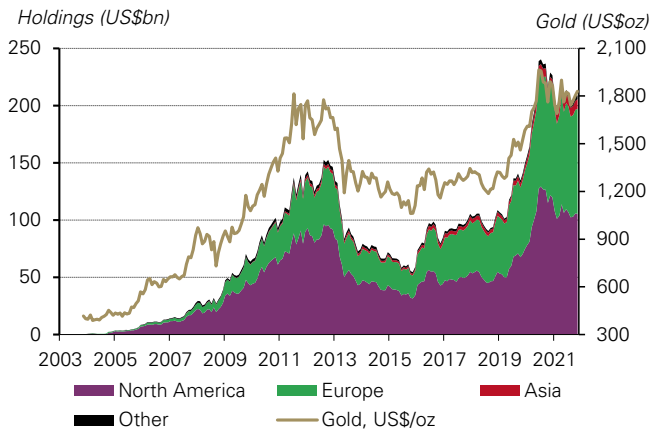
*As of 31/12/2021
Source: Bloomberg, World Gold Council

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



*As of 31/12/2021
Source: Bloomberg, World Gold Council

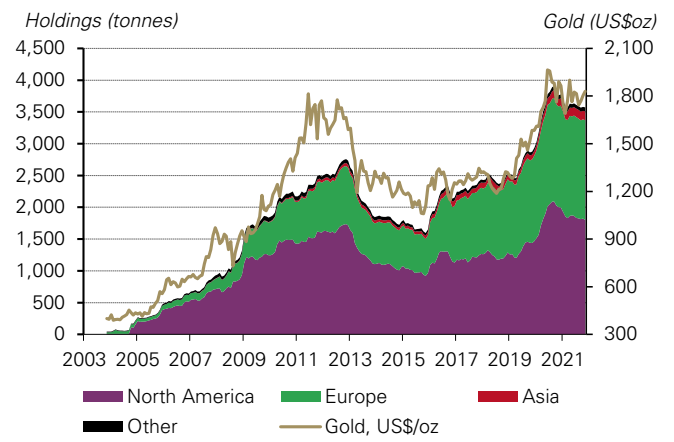
Chart 5: Gold-backed ETFs (and similar) holdings*



*As of 31/12/2021

Source: Bloomberg, World Gold Council

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



*As of 31/12/2021

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

Research and Strategy

Adam Perlaky

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

Bharat Iyer

bharat.iyer@gold.org
+1 212 317 3823

Johan Palmberg

johan.palmberg@gold.org
+44 20 7826 4786

Krishan Gopaul

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

Juan Carlos Artigas

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

Louise Street

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

Mukesh Kumar

mukesh.kumar@gold.org
+91 22 317 3826

Ray Jia

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

John Reade

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

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