

# European Corporate Bond ETFs Experience a Surge in July Flows.

European corporate bond ETFs see surge in July flows amid market resilience.

## Top 10 European ETF Net Flows July 2025

ETF Name	Ticker	Asset Class	Category	Net Flow (\$M)
ISHARES CORE MSCI EUROPE UCITS ETF EUR (ACC)	SMEA	Equity	Large & Mid Cap	608.89
<b>XTRACKERS II EUR CORPORATE BOND UCITS ETF 1C</b>	<b>D5BG</b>	<b>Fixed Income</b>	<b>Corporate</b>	<b>510.72</b>
AMUNDI STOXX EUROPE 600 - UCITS ETF ACC	MEUD	Equity	Broad Market	455.14
<b>ISHARES EUR HIGH YIELD CORP BOND UCITS ETF EUR DIS</b>	<b>IHYG</b>	<b>Fixed Income</b>	<b>Corporate</b>	<b>452.57</b>
VANGUARD FTSE EUROPE ETF	VGK	Equity	Broad Market	385.87
<b>ISHARES € HIGH YIELD CORP BOND UCITS ETF EUR (ACC)</b>	<b>HIGH</b>	<b>Fixed Income</b>	<b>Corporate</b>	<b>347.91</b>
XTRACKERS MSCI EUROPE SMALL CAP UCITS ETF 1C	XXSC	Equity	Small Cap	328.86
<b>XTRACKERS II EUR HIGH YIELD CORPORATE BOND UCITS ETF 1C</b>	<b>XHYA</b>	<b>Fixed Income</b>	<b>Corporate</b>	<b>258.32</b>
ISHARES STOXX EUROPE 600 BANKS UCITS DE	EXV1	Equity	Financials	242.62
ISHARES EB.REXX GOVERNMENT GERMANY 1.5-2.5YR UCITS ETF DE EUR (DIST)	EXHB	Fixed Income	Government	223.69

Source: S&P Global Market Intelligence Exchange Traded Fund Data

© 2025 S&P Global Market Intelligence

In July 2025, European-based corporate bond exchange-traded funds (ETFs) experienced significant inflows, reflecting a broader trend of investor confidence. Across the top ten ETF flows, Corporate Bond funds attracted over \$1.5 billion in new investments alone, marking a decisive pivot towards fixed income as investors reassess their portfolios in light of shifting market dynamics.

The XTRACKERS II EUR Corporate Bond UCITS ETF and the ISHARES EUR High Yield Corp Bond UCITS ETF led the charge, collectively attracting nearly \$1 billion in July. The prominent inflows into corporate bond ETFs, particularly those focused on high yield, underscore a strategic shift among investors seeking yield in an environment marked by low interest rates and economic uncertainty.

The backdrop of lower interest rates, as central banks like the European Central Bank have maintained accommodative monetary policies, has created a favourable environment for fixed income investments. This is particularly relevant as investors seek stability and yield amid ongoing geopolitical tensions and economic volatility. The recent performance of corporate bonds reflects a broader

sentiment that, despite the potential for growth in equities, the fixed income market offers a safer harbour amidst uncertainty.

Lower interest rates and plans for significant defence spending in Europe have bolstered stocks, yet investors are increasingly cautious, prompting a pivot towards fixed income assets. The performance of shorter-dated government bonds has been strong, boosted by central bank interest-rate cuts as inflation has eased further. This easing inflation, coupled with the expectation of continued monetary support, has made corporate bonds an attractive investment option. As investors anticipate further rate cuts, the demand for fixed income securities, particularly those with higher yields, is likely to persist.

The inflows into high yield corporate bond ETFs also suggest a growing appetite for risk among investors. With yields on government bonds remaining low, many are turning to high yield corporate bonds as a means to enhance returns. The shift towards European markets is particularly notable, as investors are slowing their purchases of US assets amid concerns that tariffs and tax cuts will impact earnings. This repositioning not only reflects a search for yield but also a strategic move towards markets perceived as offering more favourable conditions for investment.

The ongoing rebound in mergers and acquisitions (M&A) activity adds another layer of appeal to corporate bonds. The significant inflows into corporate bond ETFs can be interpreted as a response to anticipated corporate profitability that often accompanies M&A activity. As companies seek to finance acquisitions or expand operations, the demand for corporate bonds is likely to increase, further driving investor interest.

The economic landscape in Europe has shown resilience, with corporate bonds benefiting from a favourable credit environment. Investors have been encouraged by data indicating that US stocks are finishing the first half of the year at record highs, buoyed by optimism surrounding trade talks and the potential for economic growth. This positive sentiment has spilled over into European markets, where lower interest rates and increased defence spending have bolstered stock performance.

Importantly, the narrowing spreads observed in the corporate bond market are indicative of improving credit quality and investor confidence. As risk premiums tighten, the market is signalling a more favourable outlook for corporate issuers, which can further entice investors to allocate capital to corporate bonds. The spread between corporate bonds and government bonds has been contracting, suggesting that investors are increasingly willing to take on credit risk in pursuit of yield. This trend is particularly relevant as the market grapples with the dual pressures of geopolitical tensions and the ongoing impact of monetary policy.

The performance of technology companies has also played a crucial role in driving the S&P 500 and other indices to record highs. As these companies continue to thrive, the corporate bond market stands to benefit from increased corporate profitability and investment. The shift in sentiment towards corporate bonds reflects a broader understanding of the need for diversification in investment portfolios, particularly as market participants seek to balance risk and return in an evolving financial landscape.

The significant inflows into European corporate bond ETFs in July illustrate a strategic pivot among investors towards fixed income assets in a challenging economic environment. The combination of low interest rates, easing inflation, and a robust M&A landscape has created a fertile ground for corporate bonds, particularly high yield offerings. As the market continues to navigate geopolitical tensions and economic uncertainties, the resilience of corporate bonds will likely remain a focal point for investors seeking stability and yield. With accommodative monetary policy expected to persist, the trend towards corporate bond ETFs may continue, reinforcing the role of fixed income in diversified investment portfolios. The July flows into corporate bond ETFs not only highlight changing investor sentiment but also signal a broader strategic shift as market participants seek to balance risk and return in an evolving financial landscape.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials, including any software, data, processing technology, index data, ratings, credit-related analysis, research, model, software or other application or output described herein, or any part thereof (collectively the “Property”) constitute the proprietary and confidential information of S&P Global Market Intelligence or its affiliates (each and together “S&P Global”) and/or its third-party provider licensors. S&P Global on behalf of itself and its third-party licensors reserves all rights in and to the Property. These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable.

Any copying, reproduction, reverse-engineering, modification, distribution, transmission or disclosure of the Property, in any form or by any means, is strictly prohibited without the prior written consent of S&P Global. The Property shall not be used for any unauthorized or unlawful purposes. S&P Global Market Intelligence’s opinions, statements, estimates, projections, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security, and there is no obligation on S&P Global Market Intelligence to update the foregoing or any other element of the Property. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Property and its composition and content are subject to change without notice.

THE PROPERTY IS PROVIDED ON AN “AS IS” BASIS. NEITHER S&P GLOBAL NOR ANY THIRD PARTY PROVIDERS (TOGETHER, “S&P GLOBAL PARTIES”) MAKE ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE PROPERTY’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE PROPERTY WILL OPERATE IN ANY SOFTWARE OR HARDWARE CONFIGURATION, NOR ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ITS ACCURACY, AVAILABILITY, COMPLETENESS OR TIMELINESS, OR TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE PROPERTY. S&P GLOBAL PARTIES SHALL NOT IN ANY WAY BE LIABLE TO ANY RECIPIENT FOR ANY INACCURACIES, ERRORS OR OMISSIONS REGARDLESS OF THE CAUSE. Without limiting the foregoing, S&P Global Parties shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with the Property, or any course of action determined, by it or any third party, whether or not based on or relating to the Property. In no event shall S&P Global be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including without limitation lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Property even if advised of the possibility of such damages. The Property should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

The S&P Global logo is a registered trademark of S&P Global, and the trademarks of S&P Global used within this document or materials are protected by international laws. Any other names may be trademarks of their respective owners.

The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the website's owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process. S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global Ratings’ public ratings and analyses are made available on its sites, [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (free of charge) and [www.capitaliq.com](http://www.capitaliq.com) (subscription), and may be distributed through other means, including via S&P Global publications and third party redistributors.