



2024 Global ETF Outlook

Midyear review

September 2024

Introduction

ETFs continue to be one of the most dynamic investment vehicles globally, with 2024 midyear flows tracking a record US\$1.5 trillion.¹

As the largest global ETF service provider, we have a unique perspective on the market, and at the beginning of each year, we offer our insights and predictions about the trends that will shape ETF markets globally.

At the start of 2024, we identified four **megatrends** driving ETF growth, including:

1. Continued innovation by providers and investors
2. A growing preference of younger cohorts for ETFs over mutual funds
3. Expanded availability of active ETFs across markets and issuers
4. A solid majority of investors indicating that they will increase their portfolio allocation to ETFs during the next two-to-three years

As we take a midpoint look at the market, we see these megatrends clearly unfolding.

On the innovation front, 2024 marked the first spot crypto launches in Australia, Hong Kong and the United States. Active ETFs continue to hold the leaderboard for new global ETF launches.

We have now seen 17 exemptive relief filings in the US for permission to launch ETFs as a share class of an unlisted mutual fund. ETF issuers are launching high dividend- and options-based products as advisors and investors demand higher yield and downside protection. France and Taiwan have become the latest markets to approve the ability to launch and list actively managed ETFs.

Regarding younger investors' affinity for ETFs, recent surveys^{2,3} have found that millennials and Gen-Xers prefer ETFs over mutual funds, leading to the expansion of retail utilization of ETFs. Direct retail ownership now exceeds US\$2 trillion⁴ in the US, and Europe is expected to see the expansion of retail ownership via ETF savings plans from 7.6 million investors in 2023 to 32 million investors in 2028.⁵ Markets in Australia and Taiwan are seeing expanded retail adoption, with over 73 percent of Australia's ETF investors⁶ coming from the retail channel and 75 percent of all Taiwanese investors⁷ leveraging ETFs in their portfolios.

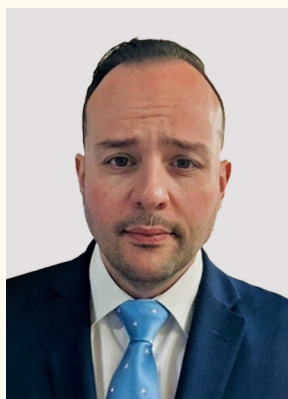
As we have been tracking for years, actively managed ETFs continue to expand across issuers and markets. At the halfway point of 2024, active ETFs account for US\$923 billion in assets and US\$154 billion in net inflows, on track for over US\$300 billion for the year. This would be close to double last year's record inflows. Additionally, 33 new issuers launched active ETFs for the first time and 378 new products came to market globally.⁸ In April, the Autorité des Marchés Financiers (AMF) in France updated its regulations to allow active ETFs to list, and in July the Financial Supervisory Commission (FSC) announced draft guidelines that would allow the issuance of active ETFs in Taiwan.

The 2024 [Trackinsight](#) survey revealed that a vast majority of investors are planning to increase allocations to ETFs. At State Street, we have witnessed the growing momentum around ETFs: So far in 2024, we are servicing more than a dozen clients that have launched or are in the process of launching ETFs for the first time, or in a new jurisdiction for the first time.

As evidenced by record assets under management and flows so far in 2024, our predictions are certainly on track. But just how good do they look at the halfway point?



Frank Koudelka
Global Head of
ETF Solutions,
State Street



Jeff Sardinha
Head of ETF Solutions,
North America,
State Street



Ken Shaw
Head of ETF Solutions,
EMEA,
State Street

North America

Prediction

North America will see 15 ETF sponsors eclipse US\$10 billion net inflows in 2024.

The first spot bitcoin ETF will launch.

The first spot bitcoin will close.

Four major global managers will join the ETF market.

30 percent of active ETF flows will be in fixed income.

Current status

 On track

 Nailed it

 Not yet

 On track

 Nailed it

Comments

Nine firms have exceeded US\$10 billion, five firms are tracking to exceed US\$10 billion, and one firm is tracking slightly below US\$10 billion.

11 firms have launched spot bitcoin ETFs to date.

We have seen futures-based BTC products liquidate, but no spot products have closed to date.

Eagle Capital and Polen Investment Management have launched ETFs. Allspring and MFS have publicly announced a launch.

Currently, 34 percent of active ETF flows are fixed income.

Prediction

Active launches and conversions will encompass 70 percent of new launches.


ETFs as a share class of a mutual fund will not be approved in 2024.

Fund closures will remain consistent (between 225 and 275).

Current status

 Nailed it

 On track

 Doesn't look good

Comments

Currently, 72 percent of launches and conversions are for actively managed ETFs.

Although there have been 17 filings, the SEC has not approved an ETF share class.

So far, closures have been tracking lower (175).


Asia Pacific

Prediction

Current status

Comments

Australia will see 10 new issuers leveraging a dual registry/share class.

 On track

Five firms (Claremont, Franklin, Lazard, Russell and Triple Eight) have launched to date.

China's market will close in on CNY2.9 trillion (US\$400 billion) in AUM.

 On track

There is CNY2.5 trillion (US\$340 billion) in AUM to date.

South Korea active ETFs will surpass KRW65 trillion (US\$50 billion).

 On track

There is KRW50 trillion (US\$36 billion) in AUM, with 29 new active ETFs to date.

Taiwan will account for 60 percent of the mutual fund market.

 On track

ETFs account for 61 percent of the mutual fund market to date.

The first spot crypto will launch in Australia and Hong Kong.

 Nailed it

Australia has had three (and Hong Kong four) spot crypto launches to date.

Europe

Prediction

Four new global entrants will launch active ETFs, helping the ETF market to grow over US\$2 trillion in AUM.

Two new digital asset ETPs will be launched.

There will be further consolidation with traditional managers acquiring existing issuers.

The growth of white label providers will facilitate new ETF issuers.

Current status

 Nailed it

 Nailed it

 Nailed it

 Nailed it

Comments

ARK, BNP, Guinness Atkinson, Eurizon, Harbor Capital and Harwood Capital have either launched active ETFs or taken over the investment management of existing passive ETFs and switched to active strategies. Europe ETFs have US\$2 trillion in AUM through this year's midpoint.

DWS and Liqwid launched crypto ETPs.

Janus Henderson acquired Tabula.

Goldman Sachs ETF Accelerator launched Baader Bank and Waystone has announced it will be taking on the servicing of Northern Trust AM. Allfunds also announced plans for a white label ETP platform in EMEA.

Prediction

The retail market will become further developed via savings plans/models.

Active managers will utilize listed/unlisted ETF classes.

We expect a slowdown in ESG flows.

Current status

 Nailed it

 On track

 Nailed it

Comments

There has been an uptick in ETF savings plans in Austria, Germany, France, Spain and the United Kingdom via commission-free and robo models.

Several ETF issuers are contemplating listed/unlisted classes.

ESG flows are 50 percent lower than 2023 to date.

Endnotes

1. "Global ETF Insights." ETFGI. (June 30, 2024).
2. "Charles Schwab ETFs and Beyond Study." Charles Schwab.
3. "2024 ETF Impact Survey." State Street Global Advisors.
4. Broadridge/SSGA US Market Share Data by Channel, June 30, 2024
5. "The ETF Savings Plan Market in Continental Europe." BlackRock extra ETF.
6. "2023 ETF Insights." Computershare.
7. Hsu, Crystal. "ETFs hit new milestone by surpassing NT\$4tn in assets." Taipei Times. (February 26, 2024)
8. "Global ETF Insights." ETFGI. (June 30, 2024).



State Street Corporation
One Congress Street, Boston, MA 02114-2016
www.statestreet.com

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Expiration date: September 5, 2025