

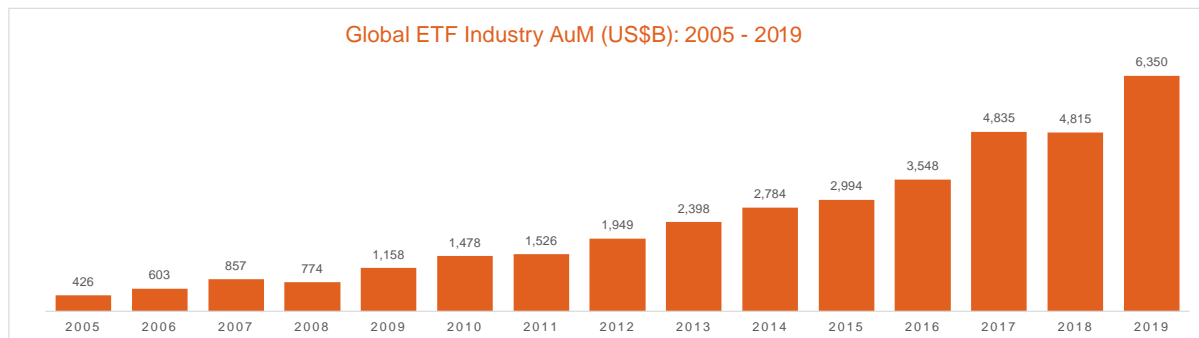
Media release

Global ETF industry scales new heights as it approaches 30th anniversary

BetaShares Global ETF Review

SYDNEY, 20 February 2020: Research released today by leading ETF manager, BetaShares, shows that 2019 was a record-breaking year for the global ETF industry, which ended the year at US\$6.35 trillion in assets under management (AUM), reflecting rapid year-on-year growth of 32%. AUM increased a significant 11.5% over the final quarter of 2019 alone.

BetaShares CEO, Alex Vynokur, said: “As the 30th anniversary of the launch of the world’s first ETF approaches, the growth across the global ETF industry mirrors trends we’re seeing in Australia, including investors’ preference for passive investment vehicles.”



Source: ETFGI. Includes all exchange traded products.

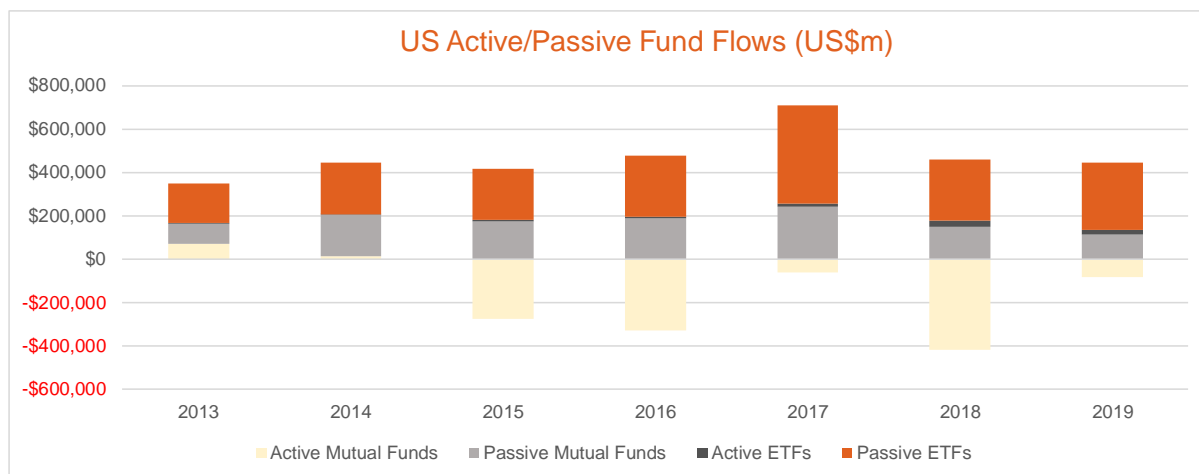
Investors continue to favour passive over active; ETFs over Managed Funds

The research illustrated that, in the U.S. market, assets in passive managed funds and index ETFs exceeded those in active managed funds for the first time in the third quarter of 2019.

Flows into passive ETFs (US\$312 billion) were the second highest on record and accounted for 73% of all inflows into passive investment vehicles, the highest share on record. This was due not only to strong flows into passive ETFs, but also to weaker inflows into passive mutual funds, which at US\$113 billion were the lowest since 2013.

Notably, however, the data shows a trend that extends beyond a preference for passive over active investments. Over the last 3 years in a row we have seen positive flows into Active ETFs (versus outflows in actively managed mutual funds), which indicates that while overall investor preference is currently weighted towards passive investments, perhaps the most fundamental preference shift is towards the ETF as an investment wrapper and away from the mutual fund wrapper.

Mr. Vynokur, said: “The data shows that the record share of inflows taken by ETFs reflects not just a preference for passive over active investment approaches, but also a preference for ETFs as an investment structure.”



Source: Bloomberg

“The year of the fixed income ETF”

U.S. ETF investors flocked to fixed income ETFs in 2019 with inflows of US\$153 billion, up 58% from 2018.

Fixed income ETFs accounted for 47% of ETF inflows in 2019, up from their share of around 30% of inflows in 2017 and 2018, and only just short of the 49% share taken by equity ETFs.

Mr. Vynokur said: “The increase in interest in fixed income ETFs in the U.S. mirrors what we experienced in Australia in 2019, where, for the first time on record, fixed income products ranked #1 for inflows. In an unpredictable and low interest rate environment, we’re finding that many investors are looking for exposures that offer defensive benefits and diversification – and using ETFs to achieve this.”

Commodities ETFs also attracted strong inflows, with \$8.5 billion of new funds coming into the sector, a reversal from the outflows experienced in 2018. This was entirely due to third quarter inflows of more than US\$9 billion, primarily into gold and silver, as investors sought out safe havens due to increased geopolitical risk.

ETF Flows by Asset Class (\$USm)	2019	%	2018	%
Equity	\$159,824	49.0%	\$213,406	68.1%
Fixed Income	\$152,902	46.9%	\$96,624	30.8%
Other	\$13,498	4.1%	\$3,246	1.0%

Outlook for 2020

The outstanding feature of the ETF industry in 2019 was really its massive growth, both globally and locally. BetaShares research illustrated that the global ETF industry has grown 15-fold since 2005, when AUM totalled US\$426 billion. The annual global growth rate of 32% was well above the 19% compound annual growth rate (CAGR) over the past 10 years, and incorporated growth of 30% in the U.S. ETF Industry which reached US\$4.4T and 31% annual growth in Canada which grew to over C\$200B for the first time. Locally, in Australia we saw extraordinary growth of 52% for the year with our industry reaching A\$61B.

“2019 was a huge year for the ETF industry, both globally and in Australia. While another year of 30% plus growth globally is ambitious, we expect continued strong inflows across all geographies as investors broaden their use of ETFs across a range of asset classes,” said Mr. Vynokur.

A copy of the *BetaShares Global ETF Review Year End 2019* can be found [here](#).

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About BetaShares

BetaShares Capital Ltd ("BetaShares") is a leading Australian manager of exchange traded products ("ETPs") traded on the Australian Securities Exchange. BetaShares offers a range of ETPs which cover Australian and International equities, cash, currencies, commodities and alternative strategies. BetaShares currently has over \$10.5 billion in assets under management.

BetaShares is owned and managed by its Australian based management team along with a strategic shareholding from Mirae Asset Global Investment Group, one of Asia's largest asset management firms. As at December 2019, Mirae manages over US\$130 billion.

BetaShares' range of ASX-traded funds includes:

Product Series	Product	Ticker
Cash & Fixed Income ETFs	Australian Bank Senior Floating Rate Bond ETF	QPON
	Australian Government Bond ETF	AGVT
	Australian High Interest Cash ETF	AAA
	Australian Investment Grade Corporate Bond ETF	CRED
	Sustainability Leaders Diversified Bond ETF – Currency Hedged	GBND
Hybrid Funds	Active Australian Hybrids Fund (managed fund)	HBRD
Commodity ETFs	Agriculture ETF – Currency Hedged (synthetic)	QAG
	Commodities Basket ETF – Currency Hedged (synthetic).	QCB
	Crude Oil Index ETF – Currency Hedged (synthetic)	OOO
	Gold Bullion ETF – Currency Hedged	QAU
Currency ETFs	British Pound ETF	POU

	Euro ETF	EEU
	U.S. Dollar ETF	USD
	BetaShares Strong U.S. Dollar Fund (hedge fund)	YANK
	BetaShares Strong Australian Dollar Fund (hedge fund)	AUDS
Diversified ETFs	Diversified Conservative Income ETF	DZZF
	Diversified Balanced ETF	DBBF
	Diversified Growth ETF	DGGF
	Diversified High Growth ETF	DHHF
Equities ETFs	FTSE RAFI Australia 200 ETF	QOZ
	Financials Sector ETF	QFN
	Resources Sector ETF	QRE
	Australian Ex-20 Portfolio Diversifier ETF	EX20
	Australian Small Companies Select Fund (managed fund)	SMLL
	Australian Sustainability Leaders ETF	FAIR
	Australia 200 ETF	A200
Equity Income Funds	Australian Dividend Harvester Fund (managed fund)	HVST
	Equity Yield Maximiser Fund (managed fund)	YMAX
Geared Funds	Geared Australian Equity Fund (hedge fund)	GEAR
	Geared US Equity Fund – Currency Hedged (hedge fund)	GGUS
International Funds	Asian Technology Tigers ETF	ASIA
	FTSE RAFI U.S. 1000 ETF	QUS
	Europe ETF – Currency Hedged	HEUR
	FTSE 100 ETF	F100
	Global Agriculture ETF – Currency Hedged	FOOD
	Global Banks ETF – Currency Hedged	BNKS
	Global Cybersecurity ETF	HACK
	Global Energy Companies ETF – Currency Hedged	FUEL

	Global Gold Miners ETF – Currency Hedged	MNRS
	Global Healthcare ETF – Currency Hedged	DRUG
	Global Income Leaders ETF	INCM
	Global Quality Leaders ETF	QLTY
	Global Robotics and Artificial Intelligence ETF	RBTZ
	Global Sustainability Leaders ETF	ETHI
	India Quality ETF	IIND
	Japan ETF – Currency Hedged	HJPN
	NASDAQ 100 ETF	NDQ
	S&P 500 Yield Maximiser Fund (managed fund)	UMAX
Managed Risk Funds	Managed Risk Australian Share Fund (managed fund)	AUST
	Managed Risk Global Share Fund (managed fund)	WRLD
Short Funds	Australian Equities Bear Hedge Fund	BEAR
	Australian Equities Strong Bear Hedge Fund	BBOZ
	US Equities Strong Bear Hedge Fund – Currency Hedged	BBUS
Active	AMP Capital Dynamic Markets Fund (Hedge Fund)	DMKT
	AMP Capital Global Infrastructure Securities Fund (Unhedged) (Managed Fund)	GLIN
	AMP Capital Global Property Securities Fund (Unhedged) (Managed Fund)	RENT
	BetaShares Legg Mason Australian Bond Fund (managed fund)	BNDS
	BetaShares Legg Mason Equity Income Fund (managed fund)	EINC
	BetaShares Legg Mason Emerging Markets Fund (managed fund)	EMMG
	BetaShares Legg Mason Real Income Fund (managed fund)	RINC

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