

**Media release**

## **ETF industry breaks \$100B barrier, stellar growth predicted to continue**

- **\$100B milestone follows a record-breaking year for the industry in 2020**
  - **FUM forecast to hit \$125B in 2021**
  - **Ethical ETFs to build on 2020's strength**

**SYDNEY, 13 April 2021:** The Australian ETF industry now exceeds \$100 billion in funds under management (FUM), topping the milestone figure for the first time just three months after the end of a record-breaking 2020. Now standing at \$102.9B, the industry has added ~\$8 billion in the first quarter of 2021, after finishing 2020 with \$95.2 billion in FUM.

Leading Australian ETF manager BetaShares forecasts the industry will grow a further 25% over the rest of the year amid strong investor demand, after passing the 'COVID test' in 2020. BetaShares has today released its annual predictions for the Australian ETF industry, with growth the underpinning theme for 2021.

The ETF industry broke several records in 2020, with FUM growing by more than 50% over the year to \$95.2 billion<sup>1</sup>. The growth of \$33 billion was by far the highest annual change on record. Trading volumes doubled from 2019, with ~\$100 billion in total value traded.

The majority of flows has continued to be concentrated between issuers, with ~70% of flows over the last 12 months captured by just three ETF providers. BetaShares and Vanguard became the first ETF issuers to record >\$5 billion in net inflows in a single year in 2020.

### **A record-breaking year for Betashares**

BetaShares' FUM grew strongly over the year to 31 March 2021. Over the last twelve months, BetaShares' assets under management grew from ~\$10 billion to over \$16 billion. Year on year, there was a 52% increase in net inflows into BetaShares funds.

Five ETFs in the BetaShares range now have >\$1 billion in assets, with the NASDAQ 100 ETF (NDQ), Global Sustainability Leaders ETF (ETHI) and Active Australian Hybrids Fund (managed fund) (HBRD) breaking through the barrier in the last 12 months to join stablemates the Australia 200 ETF (A200) and the Australian High Interest Cash ETF (AAA).

### **Technology**

In terms of performance, the technology sector has been the recent standout, supported by demand for solutions for changes driven by COVID. Asian technology fared particularly well over the 12 months to end March 2021, with the BetaShares Asia Technology Tigers ETF (ASIA) up by ~65%

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<sup>1</sup> FUM figure includes a number of product conversions. YoY growth excluding conversions is 30%.

over the year, receiving over \$450 million in net new money. BetaShares' flagship NASDAQ 100 ETF was up by 39% over this period, driven by the performance of the U.S. tech giants.\*

\*Past performance is not indicative of future performance. Investing involves risk. Performance of technology-focused funds can be expected to be more volatile than broader based international share funds. See [www.betashares.com.au](http://www.betashares.com.au) for performance record over other periods.

### **Predictions for 2021**

BetaShares Chief Executive Officer Alex Vynokur said: "The ETF market experienced record growth in 2020, which has continued in the first three months of this year. We anticipate strong investor demand will be maintained through the rest of 2021, and predict the ETF industry will end the year with around \$125 billion FUM."

Meanwhile, ethical ETF flows surged over the year to make the sector one of the standout performers of 2020. The BetaShares Global Sustainability Leaders ETF (ETHI) was in the top 10 of net inflows in 2020 for all products, receiving more than \$500 million in new money, and BetaShares' market-leading range of ethical products now accounts for over \$2 billion in assets.

Mr Vynokur expects strong demand for ethical investments to continue and sees more options becoming available in the market in 2021.

"The increased interest in socially responsible investing coincides with widespread and growing concern around the environment and global warming," Mr Vynokur said. "We think this interest is likely to continue as the global economy emerges from the COVID-19 pandemic. As economies open up again, investors will have a chance to look for portfolios and companies whose practices align with their ethical values, including less reliance on fossil fuels, stronger corporate governance and, partly as a result of the pandemic, increasing awareness of 'social' (the S in ESG) factors. We expect ethical ETFs will continue to set a strong pace in 2021, with more ethical products to be launched to tap into investor demand."

Mr Vynokur concluded: "The Australian ETF industry has emerged from a year of uncertainty in a strong position. While we have recently seen some retail traders overseas caught up in speculative activity in particularly volatile stocks, investors more broadly continue to recognise the benefits of ETFs in establishing a resilient long-term portfolio. We are excited to see what the rest of 2021 brings."

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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 the broadest range of ETPs on the ASX, covering Australian and International equities, bonds, hybrids, cash, currencies, commodities and alternative strategies. BetaShares currently has over \$17 billion in assets under management.

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