

ETF adoption among financial advisers reaches all-time highs

BetaShares releases findings from its annual ETF research report, including new data on how advisers are using ETFs, and trends in ESG investing.

SYDNEY, 28 June 2021:

Research released by leading Australian ETF Manager BetaShares, in collaboration with research firm Investment Trends, shows that the number of advisers indicating they have used ETFs has more than doubled over the last decade. The latest survey shows that over 75% of Australian advisers are now using ETFs in client portfolios or intending to start adopting ETFs during the course of 2021.

Specifically, 59% of advisers already use ETFs in constructing client portfolios (up from 27% in 2010). The research pointed to further growth to come, with another 17% of advisers intending to adopt ETFs for the first time by the end of 2021.

The report highlighted the increasingly important role that ETFs are playing in adviser practices. Planners who recommend ETFs are allocating on average 20% of net inflows to ETFs, up from 17% in 2019, and just 7% in 2013.

Along with the continued growth in ETF usage, advisers are additionally citing a wider range of reasons for using ETFs compared to previous research. While cost and diversification remain key drivers of adoption, 69% of advisers use ETFs to access specific markets or asset classes.

BetaShares CEO Alex Vynokur said: "Cost-effective diversification is still the number one reason advisers use ETFs. However, the findings support our observation that investors and advisers are becoming increasingly sophisticated in their use of ETFs to achieve more targeted portfolio construction goals. With the wide selection of ETFs now available on the ASX, it's easier than ever for ETFs to access a range of asset classes, sectors, regions and themes in a convenient, cost-effective way."

Advisers respond to client demand for an ESG approach

Consistent with increasing end-investor interest in responsible investing, the proportion of financial advisers who provide advice on responsible investing has more than doubled in the last five years, from 19% in 2015 to 40% in 2020.

This demand is being driven by clients across all age groups. Around a quarter of retirees and pre-retirees requested their advisers to recommend responsible investing products, while one in five investors below the age of 50 did so.

Clients were most interested in basing investment decisions on ethical issues such as weapons and animal welfare (37%), and environmental issues (33%).

Mr Vynokur said: "The research on responsible investing confirms what we have experienced at BetaShares. We have seen tremendous take-up in our ethical ETFs since we launched our first ethical ETF in 2017, with more than \$2 billion now invested across our ethical range. There has been strong demand for this kind of solution from self-directed and advised investors alike. Advisers are responding to this demand. We expect the trend of increasing adoption of responsible investing to continue for some time."

The *BetaShares/Investment Trends ETF Report* is the leading quantitative study of the Australian ETF industry and is based on the responses of approximately 800 financial advisers.

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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, cash, currencies, commodities, and alternative strategies. BetaShares currently has over \$18 billion in assets under management.