

Media release

Global ETF industry reaches record high as fixed income continues to dominate

SYDNEY, 26 July 2019: The global ETF industry has ended the first half of 2019 at a record high of US\$5.6T and investors continue to flock to fixed income, according to *BetaShares' Global ETF Review Q2 2019*.

Continuing its rapid growth trajectory, the industry grew 6% during the second quarter. The primary allocation moves came from continued heavy investment in fixed income during the second quarter of 2019, while equities inflows also increased somewhat. At a sector level, investors increased equities allocations to yield oriented utilities, technology and financials, while healthcare exposures saw dramatic outflows. At a regional level, ETFs focused on the North American region were the clear winners.

Fixed income stretches the lead

Fixed income received record flows from investors in the first half of 2019, taking in US\$39B (or 61.2% share) of flows in the second quarter alone.

Commenting on this growing trend, BetaShares' CEO, Alex Vynokur, said: "Following growing investor caution about the extended bull run in equities, it is not surprising that we are seeing investors move to a decidedly risk-off position in their portfolios."

The interest in fixed income has also been mirrored in the Australian market, where the category received nearly A\$1.4B of new money this year so far, becoming the number one category for net inflows as at end June 2019.

"The growth of the Australian Fixed Income ETF product range means local investors can achieve targeted and diversified exposure to defend their portfolios against volatility in the sharemarket", added Mr Vynokur.

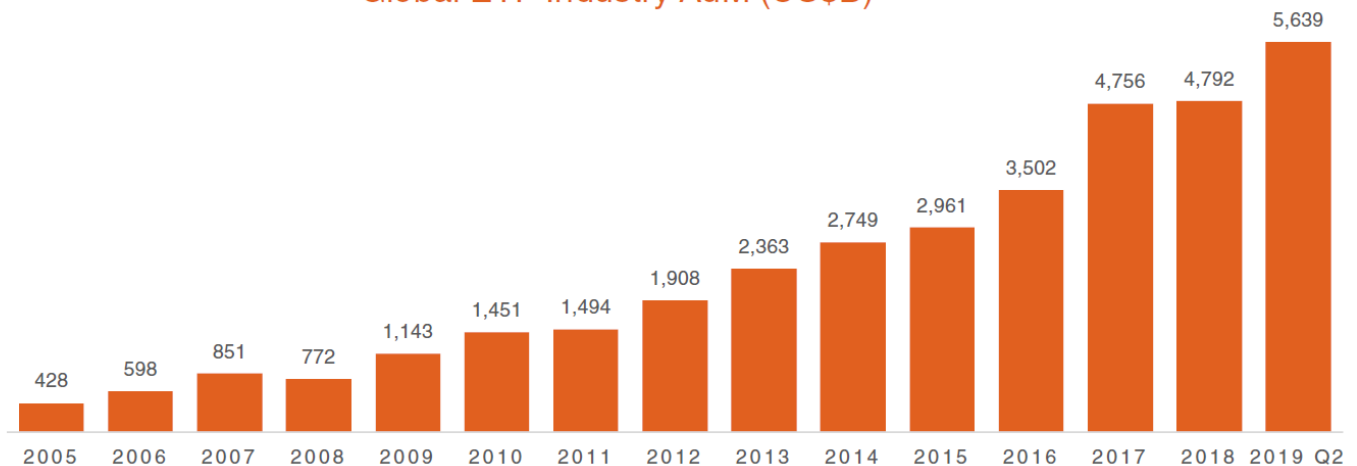
Passive investments preferred by investors

The popularity of the ETF industry can be largely explained by investors' clear preference for passive investments. This is highlighted particularly in the U.S. market, which took US\$61B into passive ETFs during the second quarter, versus US\$14B in outflows for active mutual funds.

While the Australian industry is still far away from such striking levels of inflows versus outflows, it should be noted that over the calendar year 2018, out of total flows into Australian retail funds, Australian ETFs received more than 50c out of every dollar invested.

As the industry continues its strong upward trajectory, it is expected that global ETF assets under management will expand significantly faster than the annual 20% average growth, given the industry has already grown 17% in the 6 months to June 2019.

Global ETF Industry AuM (US\$B)



Source: ETFGI, BetaShares Global ETF Review Q2 2019

Spotlight: Gold ETFs on the rise

A key trend observed during Q2 of 2019 has been the rise of gold ETFs, which have been bought up by investors significantly as the price of gold has soared.

In the U.S. alone, gold ETFs received US\$3B in inflows during June 2019 as investors sought out assets that are considered 'safe havens' and the price of the precious metal continued to rally.

"In Australia, we haven't seen the same levels of net inflows into Australian gold ETFs as yet, and, in fact, we've seen net selling as investors have apparently sold for profit taking purposes. That said, we are definitely seeing increased interest in gold ETFs and think this is going to be a trend worth watching more carefully as the year progresses," Mr Vynokur added.

A copy of the *BetaShares Quarterly Global ETF Review Q2 2019* can be found [here](#).

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About BetaShares

Awarded ETF Fund Manager of Year for 2017 and 2016 by Professional Planner/Zenith and 2016 ETF Manager of the Year by Money Management/Lonsec, 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 approximately \$8.0 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 June 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
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
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
	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
	NASDAQ 100 ETF	NDQ
	S&P 500 Yield Maximiser Fund (managed fund)	UMAX

	WisdomTree Europe ETF – Currency Hedged	HEUR
	WisdomTree Japan ETF – Currency Hedged	HJPN
	BetaShares FTSE 100 ETF	F100
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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