



BetaShares

Exchange Traded Funds

Media release

BetaShares/Investment Trends ETF Report: Industry continues to prosper as it becomes more mainstream

Leading Australian ETF provider, BetaShares, releases findings of its annual ETF research Report in partnership with Investment Trends

Key findings:

- The number of ETF investors in Australia reached a record high of 385,000 by October 2018, growing >20% for the year and surpassing projections from the previous study
- The percentage of ETF investors who are Millennials has grown to 29%, up from 19% five years ago
- The number of SMSF investors using ETFs has grown to 120,000 from 105,000 a year ago
- While SMSF usage remains strong and is growing, the self-directed, non SMSF investor segment is growing at almost double the rate
- The adoption of ETFs among financial planners continues its upwards trend, with the majority of Australian planners now recommending ETFs (53%, up from 45% in 2017)

SYDNEY, 13 March 2019: The Australian ETF industry has continued its strong growth trajectory, with a record number of self-directed investors, SMSFs and financial planners now using ETFs in Australia, according to the *BetaShares/Investment Trends Annual ETF Report for 2018*, released today.

The Report is the leading quantitative research study of the Australian ETF industry. Based on responses of approximately 8,000 investors and 800 financial planners, the study contains insights into the size and growth of the ETF industry as well as the investment behaviour and preferences of these audiences.

ETF investor growth continues upwards trend

According to the Report, investor numbers in the Australian market reached 385,000, up from 314,000 the year before (22% year on year growth). The Report forecasts the industry to grow to over 430,000 investors by end 2019.

The number of investors holding ETFs through an SMSF rose to 120,000, from 105,000 the year before. That said, SMSF ETF investors as a % of the total investor population declined

Betashares Capital Ltd ABN 78 139 566 868

AFS Licence 341 181

Level 11, 50 Margaret Street Sydney NSW 2000 Australia

Telephone +61 2 9290 6888 Facsimile +61 2 9262 4950

www.betashares.com.au

from 33% in 2017, to 31% in 2018, highlighting the even faster growth in the number of investors who are utilising ETFs outside of SMSFs.

“We have continued to see a trend towards ETFs becoming far more mainstream in this year’s ETF Report. Investors continue to be attracted to the ease of access, diversification benefits and cost-effectiveness of ETFs. In addition, investors we have surveyed cite the ability to access overseas markets as a key reason for choosing ETFs as an investment vehicle,” said BetaShares Chief Executive, Alex Vynokur.

The next generation of investors continue to adopt ETFs

The last five years has seen a significant shift in the profile of a typical ETF investor, with the industry continuing to draw in younger investors, with 29% of ETF investors now classified as millennials, vs. 19% five years ago.

“The ETF industry has continued to grow and mature in Australia, and we are seeing a marked decline in the age of the average investor as ETFs become more mainstream”, added Mr Vynokur.

“We expect that the younger age demographic will remain a key driver of industry growth going forward, with ETFs likely to become the investment product of choice for this generation,” said Mr Vynokur.

Increased focus on responsible investing

The Report illustrated a noteworthy focus on responsible investing by investors. For example, one in three ETF investors have already applied the concept of ESG in their investing over the last 12 months, and ~25% of financial advisers have expressed interest in more education on socially responsible investing.

“From almost a standing start 4 years ago, there are now 11 ESG oriented ETFs trading on the ASX with almost \$900m in assets under management,” said Mr Vynokur. “Given the high levels of interest we are experiencing in these products from our client base, we expect continued strong future growth in this area”.

Advisers use of ETFs grow

Mirroring the growth from individual ETF investors, financial advisers’ use of ETFs grew to 53% from 47%, with an additional 16% considering using ETFs in their practice over the next 12 months.

Half of those financial advisers who recommend ETFs to their clients indicate that they have seen their clients’ financial outcomes improve after recommending ETFs, and approximately 45% of advisers state that using ETFs allow them to service a greater number of clients.

“Advisers are facing unique business challenges as we head further into 2019, with increased scrutiny on the costs of advice, transparency and client best interest duties. We predict ETFs

to continue to be adopted by planners, along with greater uptake of ETF model portfolios as advisers seek to create efficiencies in their businesses, and lower costs for clients.”

The Report also illustrated the significant opportunity for advisers to get more involved in ETF investments for their clients. Only 21% of investors indicated that an adviser played a role in their most recent ETF investment – a number that has remained relatively stable over the last 3 years.

Outlook for 2019

The rate of ETF adoption in Australia is predicted to continue, with 116,000 ‘next wave’ investors planning to invest in ETFs in the next 12 months. Furthermore, the reinvestment rate of ETF investors remains at a high and stable level, with over half intending to make another ETF investment in the year ahead.

“Overall, our view is that Australia’s ETF industry is headed into another strong year for growth, and we could see the industry ending 2019 at \$50 - \$55 billion in AUM,” finished Mr Vynokur.

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Media enquiries:

Eric Robledo
Honner
eric@honner.com.au
+612 8248 3739 / +61 448 036 225

Alex Vynokur
BetaShares
alex.vynokur@betashares.com.au
+61 2 9290 6888

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") which are 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 \$6.7 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 March 2019, Mirae manages approximately US\$130 billion.

BetaShares’ range of ASX-traded funds includes:

Product Series	Product	Ticker
	Australian Bank Senior Floating Rate Bond ETF	QPON

Cash & Fixed Income ETFs	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
	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
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 Real Income Fund (managed fund)	RINC

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