

Asia's total ETF assets surged 23.9% in the first half of 2019 to a record US\$244 billion<sup>^</sup>, thanks to the increasing adoption of ETFs in investment portfolios. Will the asset expansion persist? This year's Asia ETF Survey investigates the ETF allocation decisions being made by institutional investors – the dominant investors in Asia's ETF market. The result indicates a growing appetite for ETFs. Take a look:

### Increasing institutional allocation to ETFs

Are you using ETFs? If not, do you plan to use ETFs in the future?

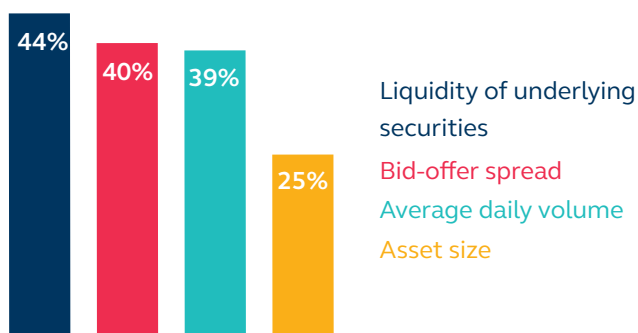
**89%**

Yes

67% of respondents are using ETFs  
22% are planning to start using ETFs

### Recognising the hidden liquidity of ETFs

How do you gauge ETF liquidity?\*



44% of respondents viewed liquidity of underlying securities as the most important gauge of ETF liquidity

### Active funds competing with ETFs

What is the biggest obstacle to using ETFs?\*

**36%** Preference for active funds

**23%** Insufficient knowledge of ETFs

**8%** Difficult to obtain employer's compliance approval

### More education needed on ETF selection

What are your prime considerations when selecting ETFs?\*

**Expense ratio 53%**

**ETF issuer reputation / experience 47%**

**Bid-ask spread 37%**

**Onscreen turnover 29%**

**Index provider reputation / experience 17%**

**Tax efficiency 16%**

**Past performance 12%**

Tracking error / tracking difference

Tax efficiency

Past performance

Investors continued to over-emphasise the importance of expense ratio when selecting ETFs

### Smart beta ETF remained the top trend

Which of the following ETF trend(s) are you interested in?\*

**β 57%** Smart beta ETF

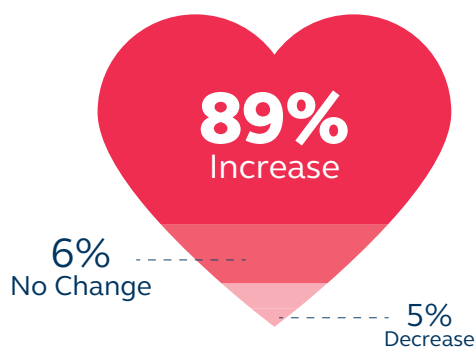
**54%** Fixed income ETF

**26%** Active ETF

**20%** ESG ETF

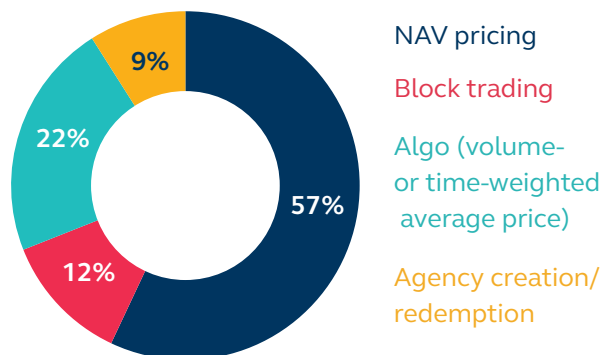
## ETFs taking up a larger share of institutional portfolios

In future years, what would you expect your organisation's allocation to ETFs be?



## Taking advantage of transparent pricing

What is your preferred order type in ETF trades?



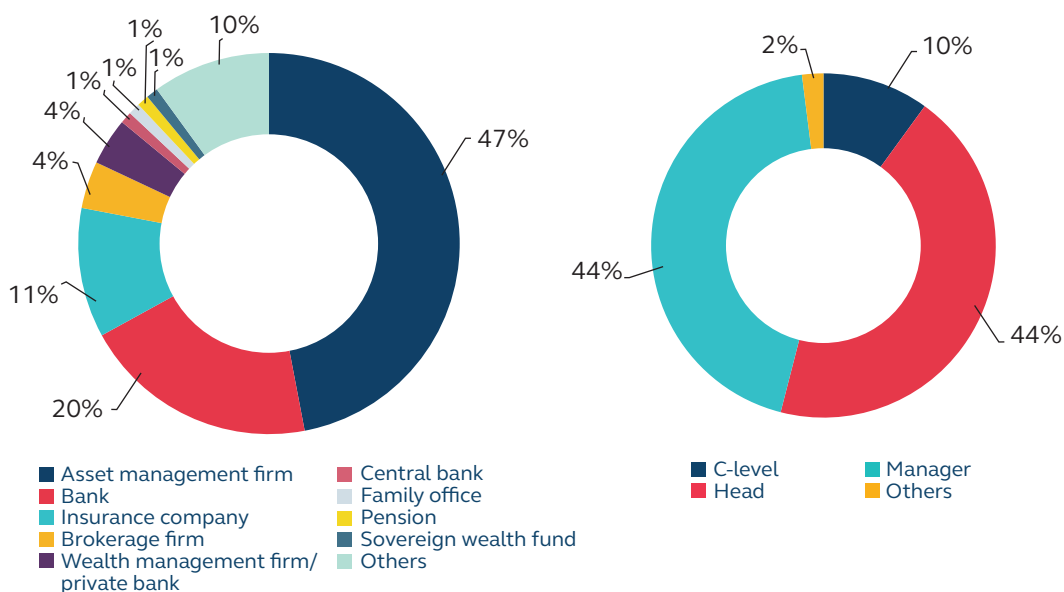
## Total cost of ownership is neglected in Asia

77%

Outside of their home markets, 77% of respondents preferred to trade ETFs in the US, reflecting a lack of understanding in total cost of ownership

## Respondents profile

The survey was conducted by the Asia ETF Forum in Taipei, Hong Kong, Seoul, Bangkok, Singapore and Tokyo from 27 March through 17 July 2019. 224 forum attendees responded. The number of respondents to each question may differ.



\*Multiple selection is allowed and the figures may therefore not add up to 100%

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