***Press Release***

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| *Contact* | Ellie Raven, media relations, PwC<br>Tel: 0207 804 3663 \| Mobile: 07525 925 830<br>Email: ellie.raven@uk.pwc.com |
| *Pages* | 2 |

# Global ETF assets under management set to exceed $7 trillion by 2021 – *new PwC report*

PwC expects accelerated growth in Exchange Traded Funds (ETFs) over the next five years, with global assets under management (AUM), expected to exceed $7 trillion by 2021. A new report, *'ETFs: A roadmap to growth'* predicts the market will achieve further significant growth through entering new markets, expanding distribution channels and asset classes.

Many ETF providers are expected to expand their global footprint and offer ETF products across borders to compete outside their domestic markets. PwC believes that, to be successful, firms will need to develop an understanding of local and global tax laws and regulations.

- The North American ETF market is expected to grow to $5.9 trillion by 2021 (a 23% cumulative annual growth)
- The European market is expected to grow 27% annually – reaching $1.6trillion AUM by 2021
- Asian firms expect ETF AUM to reach $560billion by 2021 – an 18% annual growth rate over five years

Advances in technology and data analytics are expected to be significant contributors to the growth of ETF markets by encouraging new product creation and evolution in distribution channels. Digital technology and 'big data' will continue to enable successful firms to improve decision making processes, streamline costs and transform investor relationships.

Nigel Brashaw, global ETF leader at PwC, commented:

> "The global ETF market has a bright future ahead but the next few years will not be without their challenges. The ETF market continues to be increasingly crowded, particularly in North America and Europe, where both maturity and momentum continues to dominate.
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> "Many firms are looking to expand their global footprint which presents challenges as well as opportunities with respect to local and global regulations, tax laws and establishing working relationships with distribution partners.
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> "Firms across the globe that wish to take advantage of the booming ETF industry will need to invest in investor education, differentiated products and strong distribution channels. There is plenty of competition in the sector and we expect the industry to grow at a healthy and accelerated rate."

Financial advisors, online platforms and retail investors are expected to be the top three segments driving ETF growth globally. Online platforms have overtaken wealth management platforms in the top three distribution trends.

- Increased regulations are seen as a major obstacle to growth by almost half (47%) of the survey's respondents
- The strength of a corporate brand was listed as the most important factor in raising assets under management, with 60% seeing it as very important
- Investment track record and a differentiated investment strategy were also noted to be very important factors of future growth
- Just 35% of ETF firms believe that lower costs are a potential differentiator for them in the future

Bill Donahue, US ETF practice leader at PwC, commented:

> "Given the momentum and speed at which the ETF industry is developing, it is not surprising to see regulators across the globe focusing on investor protection. Regulatory developments will continue to be top of mind for those looking to expand in the ETF market, although not all regulations will be an obstacle – some initiatives that promote fee transparency and low commissions may cultivate further ETF growth."

**Notes for editors.**

1. Nigel Brashaw and Bill Donahue are available for interviews. Please contact Ellie Raven on ellie.raven@uk.pwc.com, +44 (0) 207 804 3663 or +44 (0) 7525 925 830.
2. PwC surveyed executives from approximately 60 firms around the world in 2015 using a combination of structured questionnaires and in-depth interviews. More than 70% of the participants were ETF managers or sponsors, with remaining participants divided between asset managers not currently offering ETFs and service providers. Participating firms account for more than 80% of global ETF assets

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