



BROWN BROTHERS HARRIMAN

# EXCHANGE THOUGHTS



## 2024 GREATER CHINA ETF INVESTOR SURVEY

**Investor Demand Fuels Asset Growth and Innovation**  
Special Section: The Dawn of Active ETFs







# Introduction

**BBH's 7th annual Greater China ETF Investor Survey comes at a historical moment. It's been 25 years since Hong Kong launched its first ETF,\* with Taiwan and Mainland joining a few years later.**

Today, Greater China is the fastest growing region in APAC. With ETF AUM of USD\$557 billion making up 38% of the total APAC ETF assets (USD\$1.485 trillion).

The survey – a subset of our **Global ETF survey** – paints an optimistic picture of further evolution through innovation as investors demand diversified products to mitigate risk and generate stable returns. The 3% of overall market capitalization suggests there is ample room for further expansion and opportunities for issuers.\*\*

Last year's survey findings showed investor interest in expanding their usage of ETFs and accessing diversified products. Our 2024 findings imply they're embracing these new strategies. We see markets expanding product platforms to meet interest in active, thematic, multi-asset, and defined outcome ETFs (buffered ETFs). Channels such as the Qualified Domestic Institutional Investor (QDII) and the availability of ETFs through Stock Connect are also driving China cross-border demand.

For issuers looking to enter or make further inroads, understanding the local demand dynamics is key. This report is here to help.

\* [https://www.sfc.hk/sfc/doc/EN/speeches/public/bulletin/sfc\\_bulletin/spring03\\_speech1.pdf](https://www.sfc.hk/sfc/doc/EN/speeches/public/bulletin/sfc_bulletin/spring03_speech1.pdf)

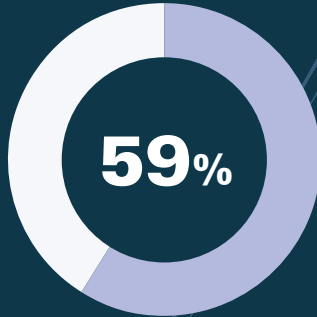
\*\* [Understanding Hong Kong's ETF Market Landscape - A Comparative Analysis of Asia Pacific Markets](https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market_final.pdf)  
[https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market\\_final.pdf](https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market_final.pdf)

# We Surveyed

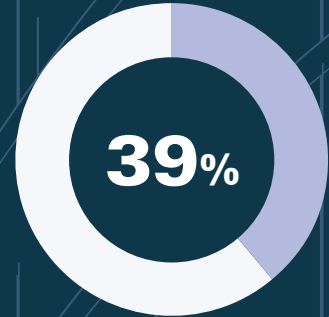


**103**

ETF Investors in  
Mainland, Hong Kong,  
and Taiwan



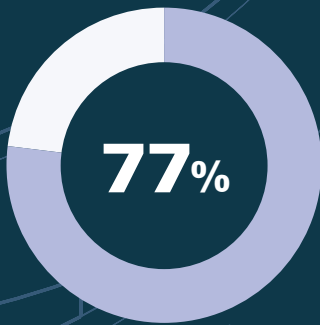
manage more than  
USD\$1 billion  
in assets



have more than 50% of their  
portfolio invested in ETFs  
(compared with 24% globally)

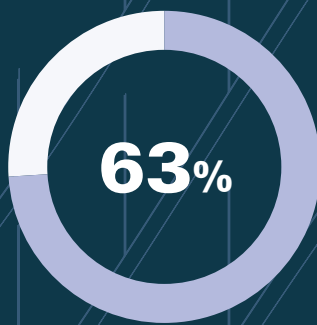
# Standout Stats

## On Core



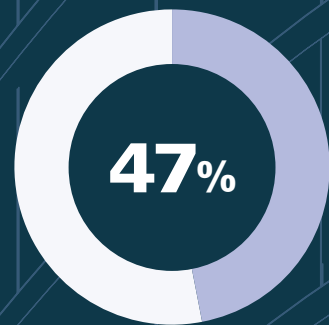
predict they will increase  
their use of ETFs in the  
next 12 months

Mainland (77%)  
Hong Kong (69%)  
Taiwan (87%)



plan to increase the  
number of issuers  
they work with

Mainland (58%)  
Hong Kong (63%)  
Taiwan (70%)

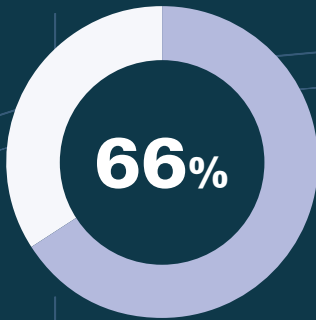


use ETFs to express  
short-term/tactical  
views

Mainland (40%)  
Hong Kong (60%)  
Taiwan (40%)

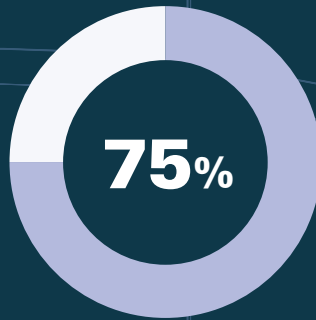


## On Active ETFs



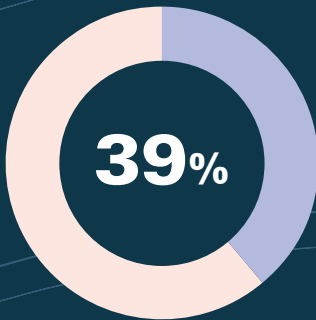
plan to increase exposure to actively managed ETFs in the next year

Mainland (77%)  
Hong Kong (63%)  
Taiwan (57%)



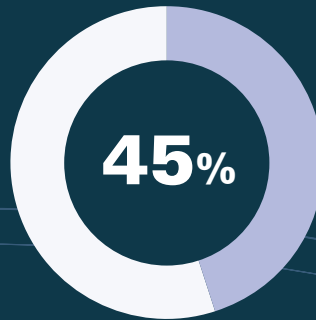
bought an active ETF 6-12 months ago

Mainland (80%)  
Hong Kong (80%)  
Taiwan (63%)



expect to increase their actively managed ETF allocations in multi-asset ETFs

Mainland (37%)  
Hong Kong (36%)  
Taiwan (47%)

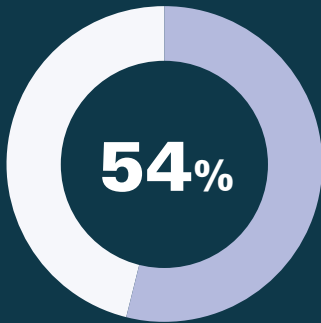


cite index mutual funds as a top source from which they reallocated capital to purchase an active ETF

Mainland (53%)  
Hong Kong (45%)  
Taiwan (35%)

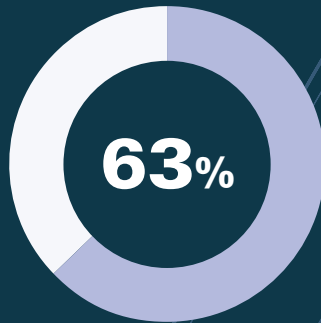


## On Targeted Allocations



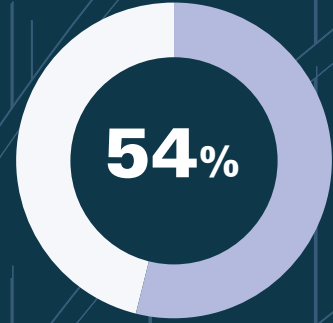
predict increased exposure to fixed income ETFs in the next year

Mainland (46%)  
Hong Kong (54%)  
Taiwan (63%)



plan increased exposure to thematic ETFs

Mainland (63%)  
Hong Kong (63%)  
Taiwan (63%)



plan to increase their allocations to ESG ETFs

Mainland (51%)  
Hong Kong (57%)  
Taiwan (53%)



# A Look at the Landscape

## In this Section

- **ETF Growth**
- **Market Outlook**
- **Cross-border Demand**
- **Portfolio and Product Strategies**
- **Issuers and Partners**



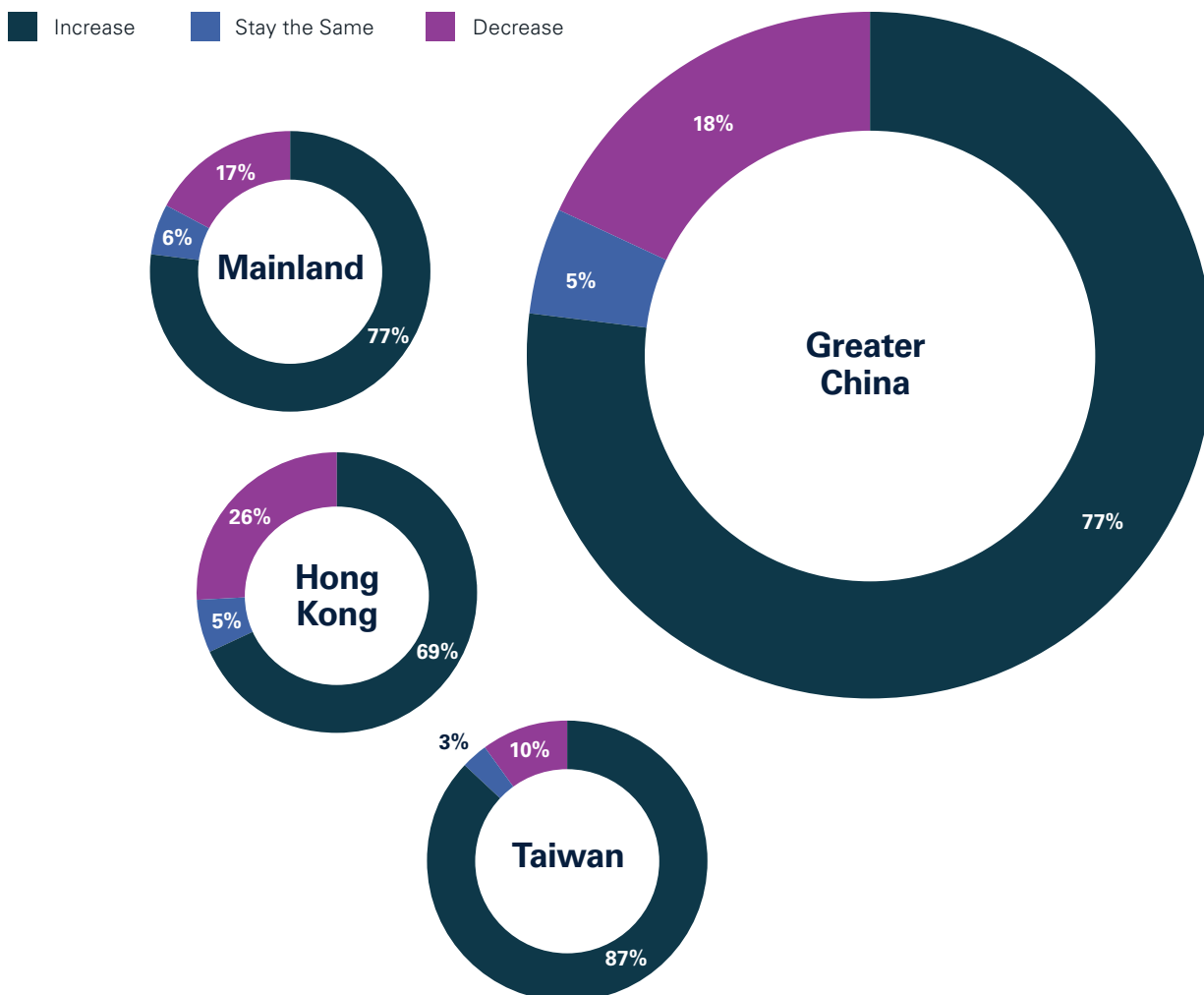
# Regional ETF Growth Outpaces Global Growth

Greater China is the most successful ETF growth story yet with growth rates in the region having outpaced global growth rates,<sup>1</sup> albeit from a smaller base. For the first half of 2024 these markets accounted for USD\$102 billion of net new flows, representing 70% of all net new flows in the region (including Japan).<sup>2</sup>

These markets present significant opportunities for managers. Demand is highest in Taiwan, currently one of the fastest growing ETF markets globally (see call out box). As we have seen in previous years, investors are increasing allocations to ETFs, but they have options when investing. While there is traction for investors to use locally listed ETFs for Asia exposure, U.S. and European listed ETFs remain a substantial component of regional investors' portfolios.

This positive picture is supported by the 77% of investors who said they would be increasing their use of ETFs, compared to 75% in 2023. Even here there's a wide dispersion across markets with 87% of investors in Taiwan planning to increase their ETF usage, compared to 77% in Mainland and 69% in Hong Kong.

## Do you expect your use of ETFs to increase, decrease, or stay the same over the next 12 months?



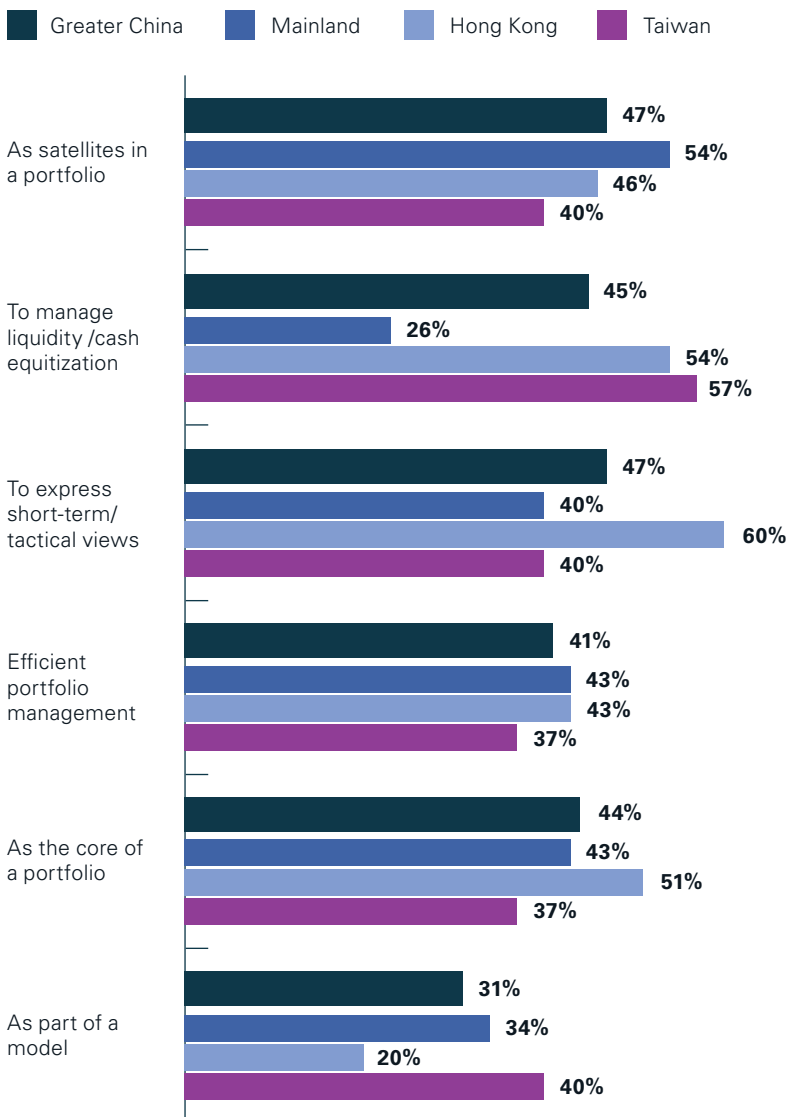
1. [https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market\\_final.pdf](https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market_final.pdf)  
2. [https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market\\_final.pdf](https://cms.hangsenginvestment.com/cms/hsvm/insights/Chapter%201%20Comparative%20Analysis%20of%20APxJ%20ETF%20Market_final.pdf)



The feedback on how ETFs will be leveraged in investors' portfolios pointed to potential trends:

- Managing liquidity drew a high response from Taiwan and Hong Kong investors, who use ETFs more as trading tools.
- Using ETFs to express short-term/tactical views aligns with interest in thematic and sector products.

### Which of the following best describes how you use ETFs in your portfolio?



## Taiwan breaks records

Taiwan has exceeded expectations, with ETFGI reporting an 120% increase in ETF AUM from December 2022 to June 2024.<sup>3</sup> One of the fastest growing ETF markets is at the apex of demand driven growth, consistent with flows and 87% of investors looking to increase their usage.

Unsurprisingly with institutional capital mainly from insurers, 47% of the ETF market is still made up of fixed income ETFs. However, it's seen material inflows from retail investors in the last five years. Income is a strategic focus of many Asian investors. In Taiwan, this has led to rapid growth in dividend smart beta ETFs. Two out of the top three ETFs in terms of YTD net new flows are dividend strategies.

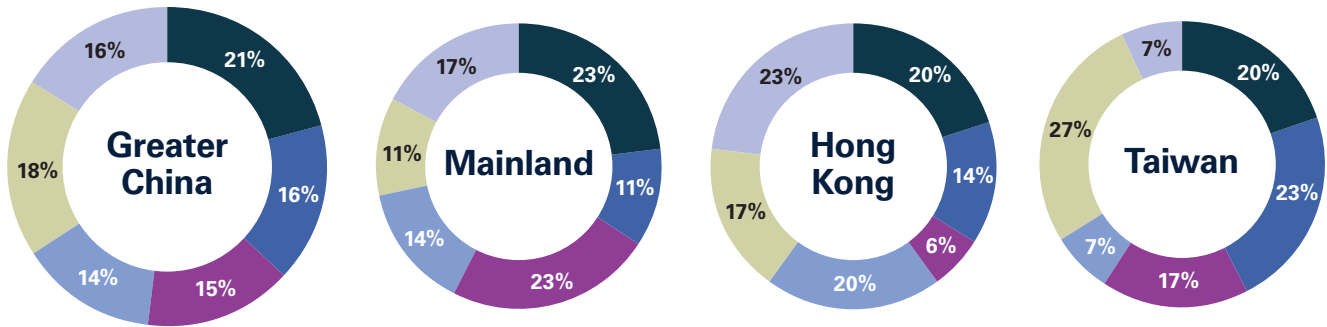
<sup>3</sup> ETFGI reports assets invested in the ETFs industry in Asia Pacific (ex-Japan) reached a new record high of USD\$924.04 billion at the end of June

# Market Outlook – Bull vs Bear

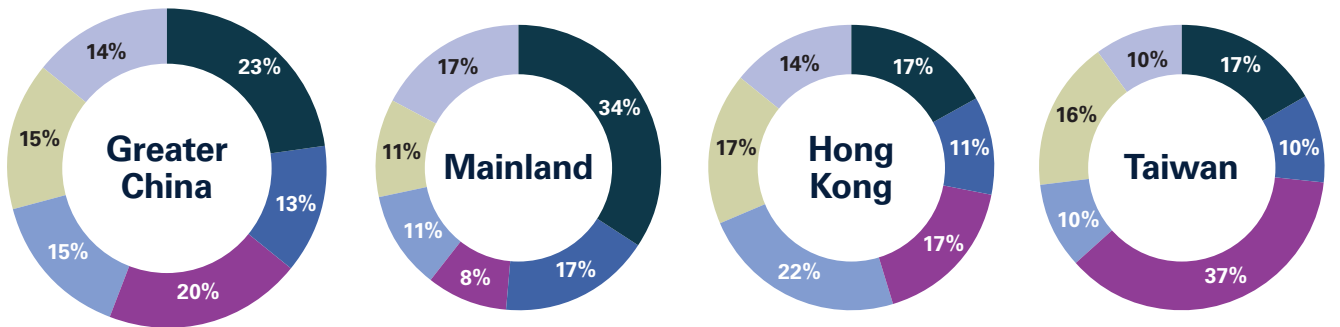
This year’s survey road-tested investors’ appetite for newer and alternative asset classes relative to more traditional asset classes. Just over a fifth of investors (21%) indicated they were bullish about the digital currency/Bitcoin asset class over the next 12 months. While assets have yet to materialize following the launch of the first spot bitcoin ETFs in Hong Kong at the end of April this year,<sup>4</sup> findings show crypto is a lead actor in the demand diversification story.

## Which asset class are you most bullish about over the next 12 months?

■ Digital Currency/Bitcoin  
 ■ Alternatives  
 ■ Commodities  
 ■ Fixed Income  
 ■ Equities  
 ■ Cash



## Which of these do you believe the market is more bearish on than it should be?



4. [https://www.reuters.com/markets/currencies/asias-first-spot-bitcoin-ether-etfs-gain-hong-kong-debut-2024-04-30/#:~:text=HONG%20KONG%2C%20April%2030%20\(Reuters,investors%20enthusiasm%20for%20cryptocurrency%20assets](https://www.reuters.com/markets/currencies/asias-first-spot-bitcoin-ether-etfs-gain-hong-kong-debut-2024-04-30/#:~:text=HONG%20KONG%2C%20April%2030%20(Reuters,investors%20enthusiasm%20for%20cryptocurrency%20assets)



## Regional View

- **Mainland:** Demand for broad based onshore equity ETFs remains as state backed firms have been buying ETFs,<sup>5</sup> thus driving growth of ETF AUM. Interest in crypto ETFs was higher in Mainland than in Hong Kong and Taiwan, indicating potential for these funds to exist here if proved to be risk controllable.
- **Hong Kong:** This market has one of the most diverse product platforms in APAC despite not seeing the same asset growth as other markets. By listing spot crypto ETFs that support in kind trading, it gives investors the ability to hold shares without converting to fiat (currency) first. Hong Kong is also seeing growing interest in broad based China equity strategies in addition to Asia and other Emerging Market exposure.
- **Taiwan:** Interest in crypto is notable with the market set to propose tighter regulations for digital assets in September 2024.<sup>6</sup> Investors here are most bullish about alternatives and commodities, pointing to demand for diversified product platforms.

5 <https://www.scmp.com/business/china-business/article/3270793/chinas-biggest-etfs-see-huge-inflows-latest-sign-state-buying-amid-third-plenum>

6 <https://finance.yahoo.com/news/taiwan-tightens-crypto-regulations-considers-043643187.html?guccounter=1>

# Cross-border Demand Gains Momentum

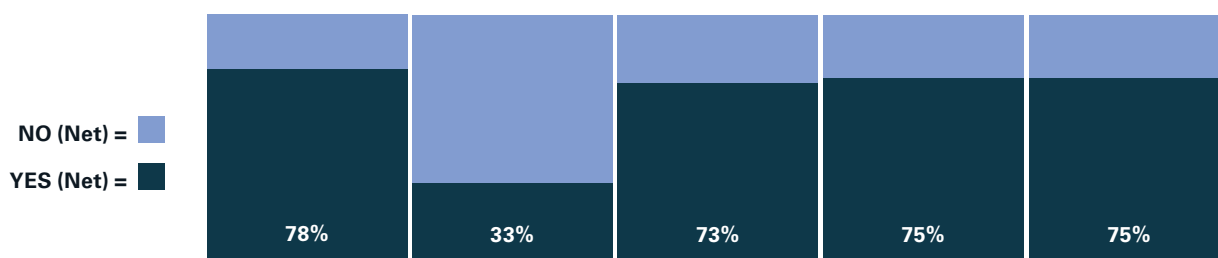
Cross-border trading in the region has increased since ETFs were added to the Stock Connect program in July 2022. While assets flowing into initial ETF Connect eligible products weren't substantial, flows have been growing with hedge fund trading underpinning turnover. Investment from Mainland investors through the first six months of 2024 (USD\$1 billion)<sup>7</sup> has already exceeded the full 2023 sales figure. The China Securities Regulatory Commission's relaxation of cross-border investing requirements in the program in July this year has allowed a broader range of Hong Kong-listed ETFs to be sold to Mainland investors.

Demand for outbound investment remains strong, with the QDII fund acting as a good proxy of demand. In China, onshore regulators are pushing assets into ETFs and QDII is no different. In fact, the majority of new public QDII funds are structured as ETFs. ETF Connect remains an important cross-border program and could drive more long-term capital flow into the Hong Kong ETF market.

Our findings point to a positive outlook. 78% of institutional investors in China have or plan to invest into cross-border assets through ETFs via QDII. 100% of the private bank investors that we spoke with prefer QDII for cross-border access compared to ETF Connect.

## Do you invest cross-border into Hong Kong-listed ETFs today? (Mainland only)

	INSTITUTIONAL INVESTOR	RIA/FINANCIAL ADVISOR	FUND MANAGEMENT	PRIVATE BANK	WEALTH MANAGEMENT
YES, purchase ETFs through the QDII (Qualified Domestic Institutional Investor) program	56%	–	20%	75%	50%
YES, purchase ETFs through the inclusion of ETFs in the Stock Connect program	22%	33%	53%	–	25%
NO, but I plan to invest in Hong Kong listed ETFs this year through QDII	22%	67%	27%	25%	–
NO, but I plan to invest ETFs this year through Stock Connect	–	–	–	–	25%



<sup>7</sup> [https://www.ignitesasia.com/c/4603814/609744/chinese\\_institutions\\_boost\\_connect\\_sales\\_above\\_total\\_months?referrer\\_module=emailMorningNews&module\\_order=1&code=WTJoeWfYTXVjR2xuYjNSMFFHSmhQzVqYjIwc0ESTNNVEUyTXI3Z05qRTBPVFEyTVRreA](https://www.ignitesasia.com/c/4603814/609744/chinese_institutions_boost_connect_sales_above_total_months?referrer_module=emailMorningNews&module_order=1&code=WTJoeWfYTXVjR2xuYjNSMFFHSmhQzVqYjIwc0ESTNNVEUyTXI3Z05qRTBPVFEyTVRreA)



# Investor Preferences

Out of the ETF strategies, our findings reveal access to ESG was most sought by China investors with private banks and fund managers having the most interest. Currency also featured strongly, as investors want to take advantage of high interest rates in the U.S. through money market ETFs.

## Which types of ETF strategies are most in demand from your clients and your firm? (Mainland only)

	MAINLAND	INSTITUTIONAL INVESTOR	RIA/FINANCIAL ADVISOR	FUND MANAGEMENT	PRIVATE BANK	WEALTH MANAGEMENT
ESG	37%	22%	33%	53%	50%	–
Currency	34%	56%	33%	20%	50%	25%
Buffered ETFs	31%	11%	–	40%	75%	25%
Fixed Income	31%	56%	33%	7%	–	100%
Cryptocurrency	29%	44%	–	33%	25%	–
Dividend/Income	26%	22%	33%	27%	–	50%
Actively Managed	26%	–	67%	27%	25%	50%
Thematic	20%	22%	33%	20%	25%	–
Commodity	17%	22%	33%	7%	25%	25%
Factors (e.g. Value, Growth, Momentum)	17%	22%	–	20%	–	25%
Multi-asset	11%	–	–	20%	25%	–
Leveraged/Inverse	6%	11%	–	7%	–	–

As noted in the introduction, this year’s findings indicate investors are seeking innovative strategies that generate stable returns and mitigate portfolio risk.

The desire for diversification is seen in the findings as markets across Asia expand their product platforms into areas such as active ETFs. Retail participation is also increasing as investors are becoming more aware of the benefits of the ETF wrapper.

Factors were the top choice at 35%. Dividend strategies have been seeing increasing flows this year, which is not surprising given the overall investor focus on income across the region.

## Regional Preferences

**Mainland:** Most capital is going into broad based beta, but there is interest in factor products (43%) that focus on income and reducing risk. Despite the Mainland currently not allowing crypto,<sup>8</sup> a third of investors are interested in it. Leveraged and inverse ETFs using derivatives to accomplish their stated objectives are also popular based on the responses.

**Hong Kong:** Interest in actively managed ETFs is strong (40%), despite the lack of growth in these products. Thematic remains an area of focus for investors, especially related to technology. Investors are also interested in buffered ETFs as the market added covered call ETFs to its product shelf for the first time earlier this year.

**Taiwan:** Dividend ETFs have been a major driver of growth. Two out of the top three ETFs by net flows through the first six months of the year are dividend ETFs. Factors (33%) and buffered ETFs (33%) are a top choice for investors in Taiwan, as they look for strategies that aim to limit downside risk given market turbulence over the last number of years.

## Which of the following ETF strategies are you most interested in?

	MAINLAND	HONG KONG	TAIWAN
Buffered ETFs	17%	26%	33%
Cryptocurrency	34%	29%	27%
Leveraged/Inverse	31%	20%	20%
Actively Managed	14%	40%	10%
Multi-asset	20%	20%	23%
Fixed Income	29%	23%	23%
Commodity	23%	20%	23%
Factors (e.g. Value, Growth, Momentum)	43%	29%	33%
ESG	17%	23%	20%
Target Date	17%	11%	23%
Dividend/Income	23%	26%	20%
Thematic	14%	29%	13%

<sup>8</sup> <https://cms.law/en/int/expert-guides/cms-expert-guide-to-crypto-regulation/china>

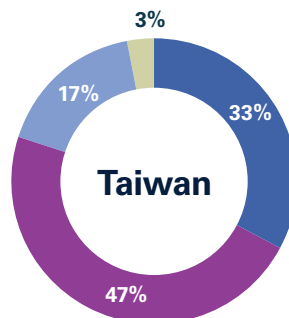
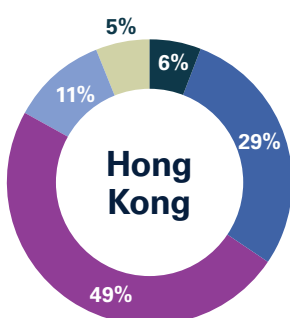
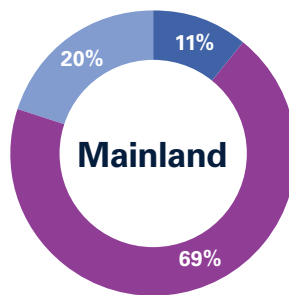
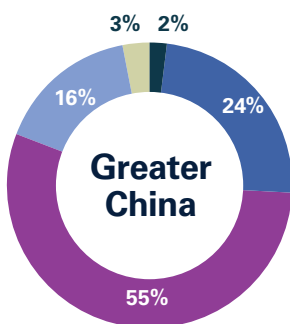
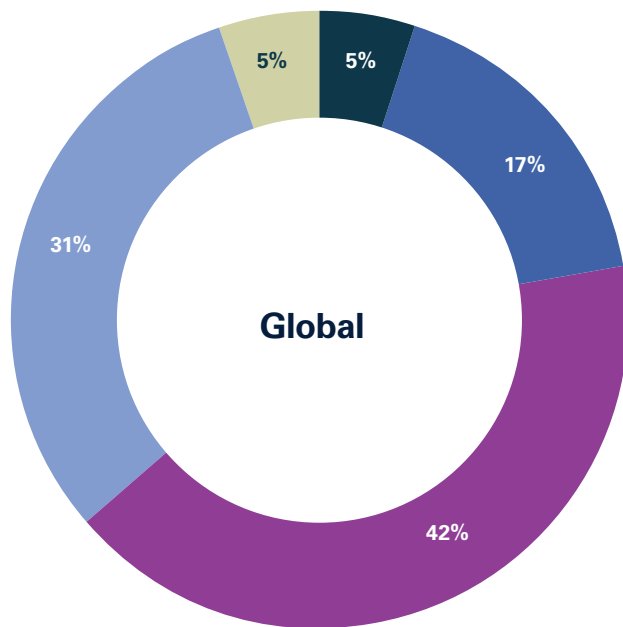


Investors also shared insights about their ETF selection criteria. Almost three quarters (74%) won't invest before assets reach USD\$50 million. In fact, a fifth of Mainland investors won't invest until they reach USD\$101 million.

## Decision Drivers

### What is the minimum assets under management (AUM) for a new exchange-traded fund (ETF) before you'll invest?

- Under USD\$25 million
- USD\$25 million – USD\$50 million
- USD\$51 million – USD\$100 million
- USD\$101 million – USD\$250 million
- More than USD\$250 million



Investors continue to place importance on the issuer as they evaluate products, especially in Hong Kong, where more than half of investors (51%) prioritize brand.

With the increasing number of products being launched in the China onshore market, cost is further emphasized when evaluating ETFs.

In Taiwan, cost is becoming even more important as the size of the ETF market grows and competition increases.

Please rank the following from 1 to 8, in order of importance when selecting ETFs.

	GLOBAL	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
ETF Issuer	42%	39%	26%	51%	40%
Historical Performance	40%	40%	37%	46%	37%
Tax Efficiency	38%	36%	43%	29%	37%
Tracking Error	37%	33%	34%	31%	33%
Expense Ratio	37%	40%	43%	31%	47%
Index Methodology	36%	38%	37%	46%	30%
Trading Spreads	36%	36%	46%	26%	37%
Trading Volume	34%	38%	34%	40%	40%

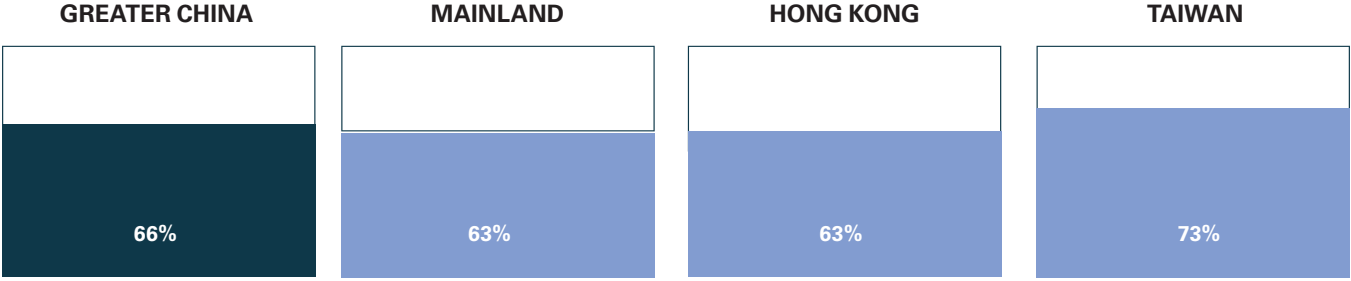
Of the tools and resources issuers provide, investors in Mainland and Hong Kong are most focused on product information and trading support, while investors in Taiwan value the market and economic commentary the most.

Close to 60% of wealth managers, institutional investors, and financial advisors in the region value most value the market and economic commentary.

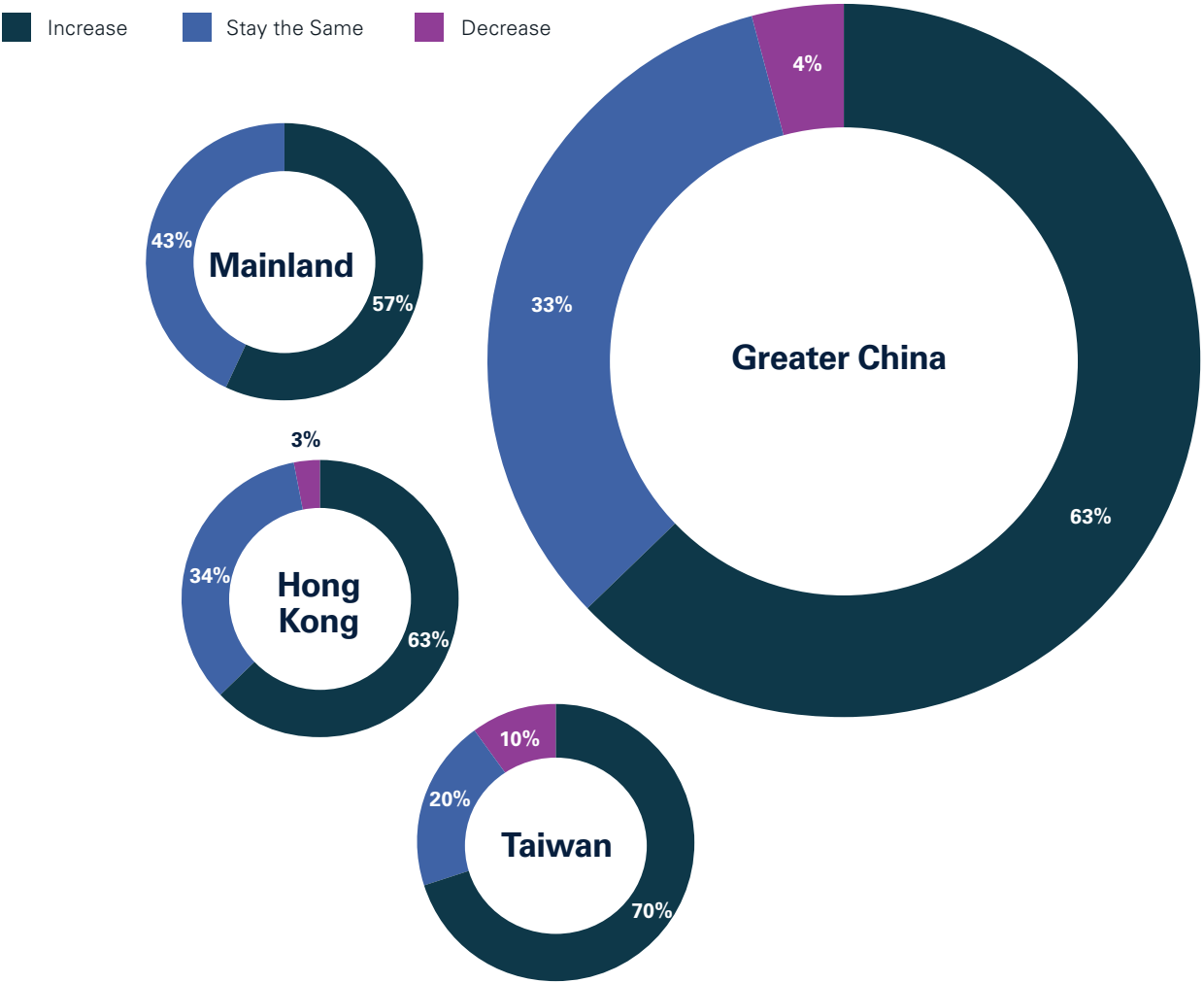
	GLOBAL	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
Product information content (e.g. fact sheets, investment case, educational resources, etc.)	58%	55%	57%	63%	43%
Marketing support or monetary support with events	54%	48%	46%	54%	43%
Portfolio/practice management/ investment support	52%	55%	60%	63%	40%
Market and economic commentary	50%	55%	49%	60%	57%
Online tools and resources	42%	48%	51%	43%	50%
None of the above, use internal resources only	1%	–	–	–	–

While most investors work with 10+ issuers, there's strong interest to increase that number and a small percentage of investors are looking to decrease the number of issuers they work with.

**Investors currently working with 10 or more issuers**



**In what way do you expect the number of ETF issuers that you are investing with to change over the next 12 months?**





# SPECIAL SECTION: The Dawn of Active

## In This Section

- **Current State**
- **Growth Path**
- **Investor Considerations**

## State of Play

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Active ETFs are gaining traction across Asia Pacific with investor demand driving local product expansion in certain markets. They're part of a wider growth story, with AUM growth rates in Asia Pacific reaching 82% in 2023, despite active ETF products (non-index tracking) only being available in Hong Kong within Greater China.<sup>9</sup> Investors in the region can buy active ETFs in other domiciles, while investors in Mainland are somewhat restricted by capital controls. That said, 84% of investors in Greater China bought an active ETF in the last year. Taiwan's Financial Supervisory Commission (FSC) announced at the end of July that they will allow fully transparent active ETFs to launch once the regulation and other market updates are completed.

## Why Active?

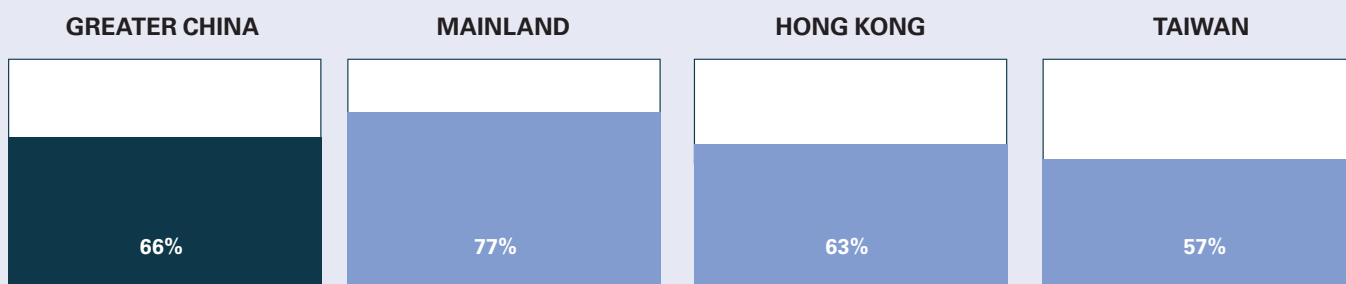
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Active ETFs provide multiple benefits, including tax efficiency, transparency, liquidity, ease of access, and low costs. In addition, while index-tracking ETFs have long been a key component of their toolkit, investors are now turning more frequently to actively managed strategies, as new products are brought to market which offer the potential for alpha, market downside protection, and/or alternative income. Actively managed ETFs also provide issuers the opportunity to bring their investment expertise to the market in a different form and the potential for new distribution opportunities.

<sup>9</sup> [https://www.hkex.com.hk/-/media/HKEX-Market/Products/Securities/Exchange-Traded-Products/Launch/HKEX-ETF-Spotlight-2024-January-edition\\_Active-ETFs\\_vF\\_digital.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/Products/Securities/Exchange-Traded-Products/Launch/HKEX-ETF-Spotlight-2024-January-edition_Active-ETFs_vF_digital.pdf)

# On The Rise

66% of investors in the region plan to increase their exposure to active ETFs in the next 12 months despite the development of locally listed active ETFs in the region lagging the more mature active ETF markets of the U.S and E.U.



Our survey findings show index mutual funds (45%), stocks/bonds (49%) and active mutual funds (43%) were among the top three sources investors reallocated capital from in the last 12 months.

Nearly half (47%) of investors in Taiwan plan to increase their allocations to actively managed multi-asset ETFs. This is consistent with 43% of investors globally who plan to increase their allocations given market turbulence over the last two years and the viability of the traditional 60/40 asset split.

Meanwhile, Mainland investors' preference for defined outcome is consistent with onshore market volatility.

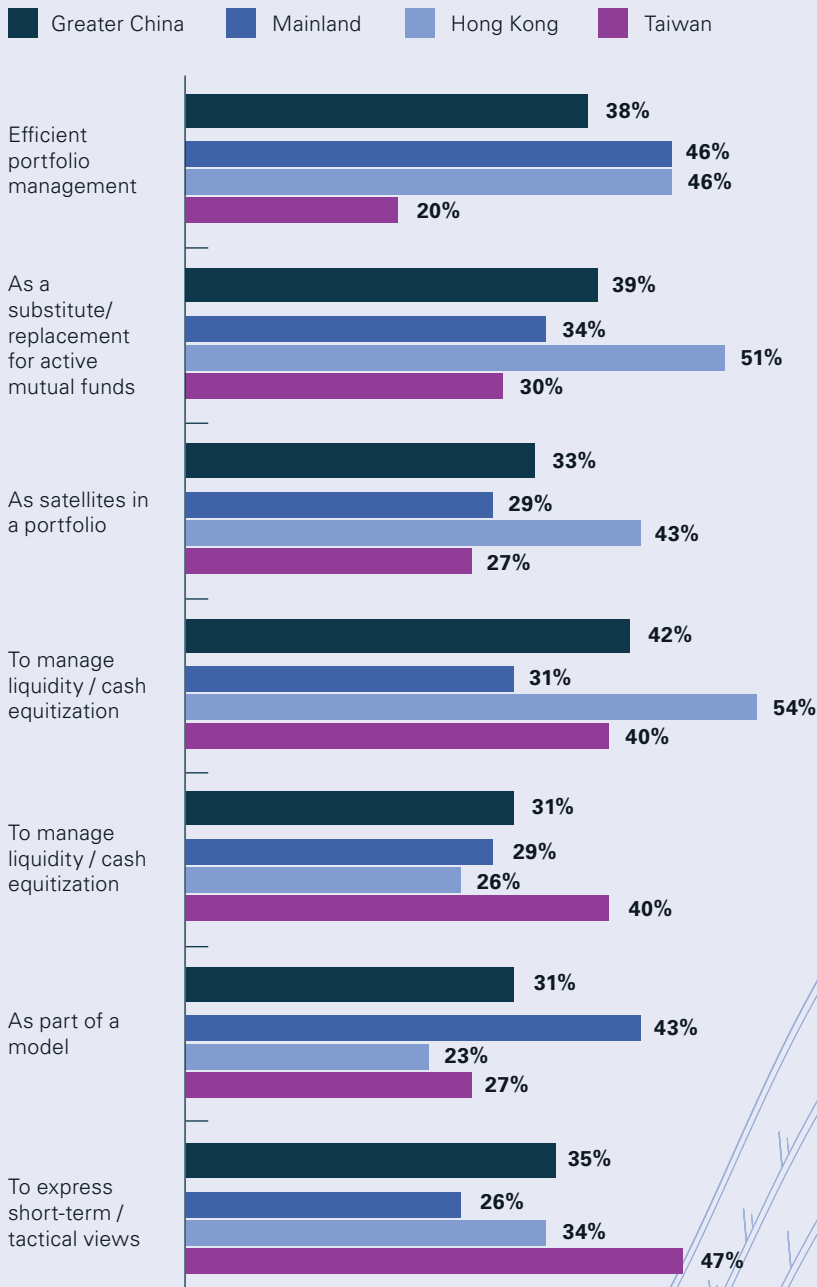
## Where do you plan to increase your actively managed ETF allocations?

	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
Multi-asset	39%	37%	36%	47%
Defined Outcome	36%	44%	36%	24%
Fixed Income	36%	37%	36%	35%
Equity	30%	37%	27%	24%
Commodities	42%	41%	45%	41%
Liquid Alternatives	41%	44%	32%	47%
Target Date	32%	22%	45%	29%

# Investor Considerations

Investors vary in how they are leveraging active ETFs.

## Which are the primary ways you plan to use active ETFs in your portfolio?





With increasing utilization of ETFs in regional pension schemes, investors in Greater China want to see more options in target date funds<sup>10</sup>. More than half of investors in Hong Kong (54%) and Taiwan (53%) seek additional choice here.

### In which of the following would you like to see additional options?

	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
Fixed income	42%	43%	51%	30%
Liquid alternatives	39%	43%	37%	37%
Target date	47%	34%	54%	53%
Equity	35%	26%	40%	40%
Multi-asset	35%	34%	37%	33%
Defined outcome	35%	40%	26%	40%
Commodities	37%	34%	40%	37%

Similar to the overall global results investors rely heavily on the issuer brand when selecting active ETFs. Experience of the manager is also important.

### What are the 3 MOST important considerations when investing in actively managed ETFs?

Asked among those who expect their overall portfolio exposure to actively managed ETFs to increase, stay the same, or decrease over the next 12 months.

	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
ETF issuer	45%	37%	54%	43%
Trading volume	41%	40%	34%	50%
Portfolio transparency	29%	17%	37%	33%
Equity manager tenure/experience	44%	46%	49%	37%
Expense ratio	36%	43%	29%	37%
Tax efficiency	33%	34%	40%	23%
Trading spreads	38%	51%	23%	40%
Historical performance	34%	31%	34%	37%

<sup>10</sup> These are rebalanced periodically to optimize returns over the long-term

# Targeted Allocations to Watch

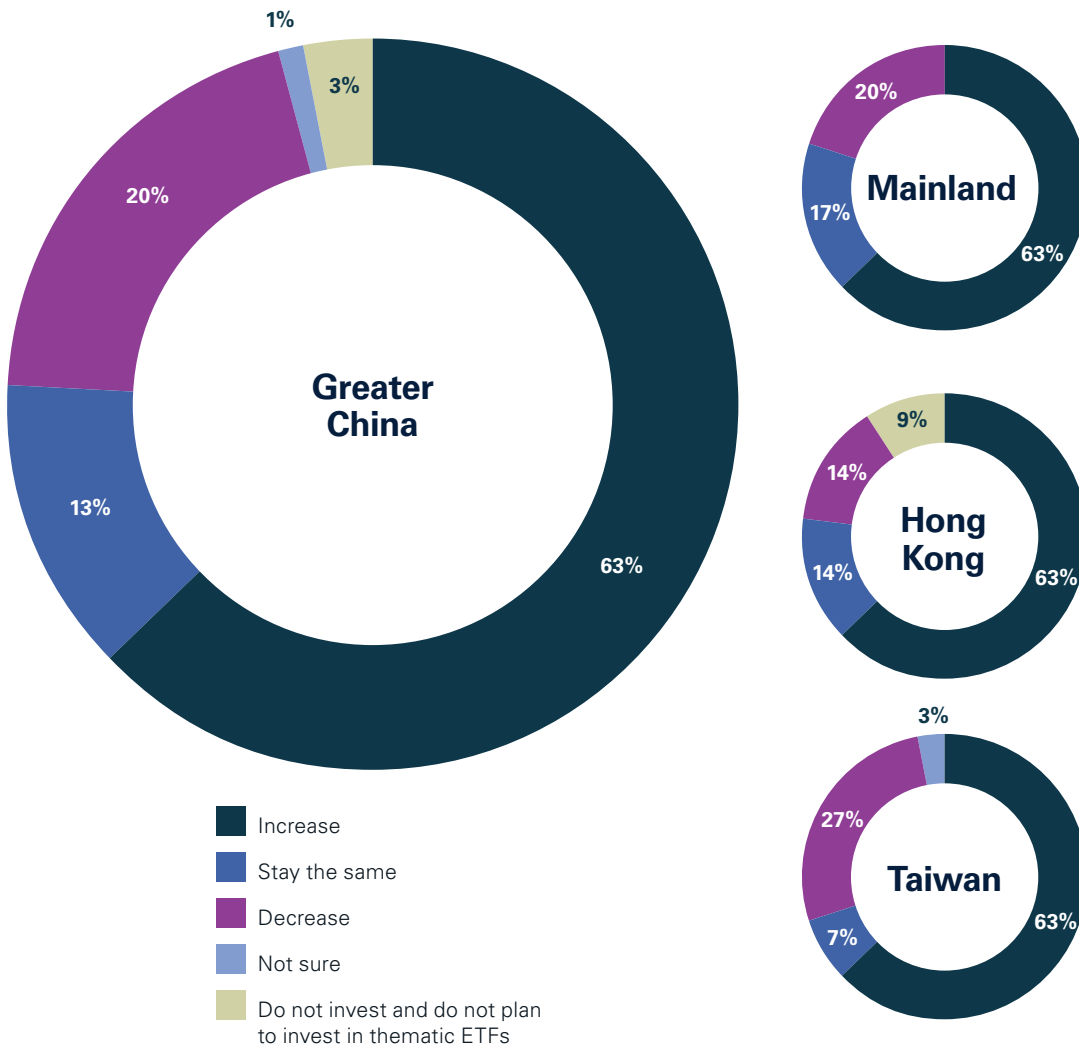
## In This Section

- Thematic
- ESG
- Fixed Income

# Trending Themes in Thematic

Interest in thematic ETFs continues with investors in the Mainland (63%), Hong Kong (63%) and Taiwan (63%) planning to increase their exposures.

## What are your plans regarding your exposure to thematic ETFs over the next 12 months?



## Regional View

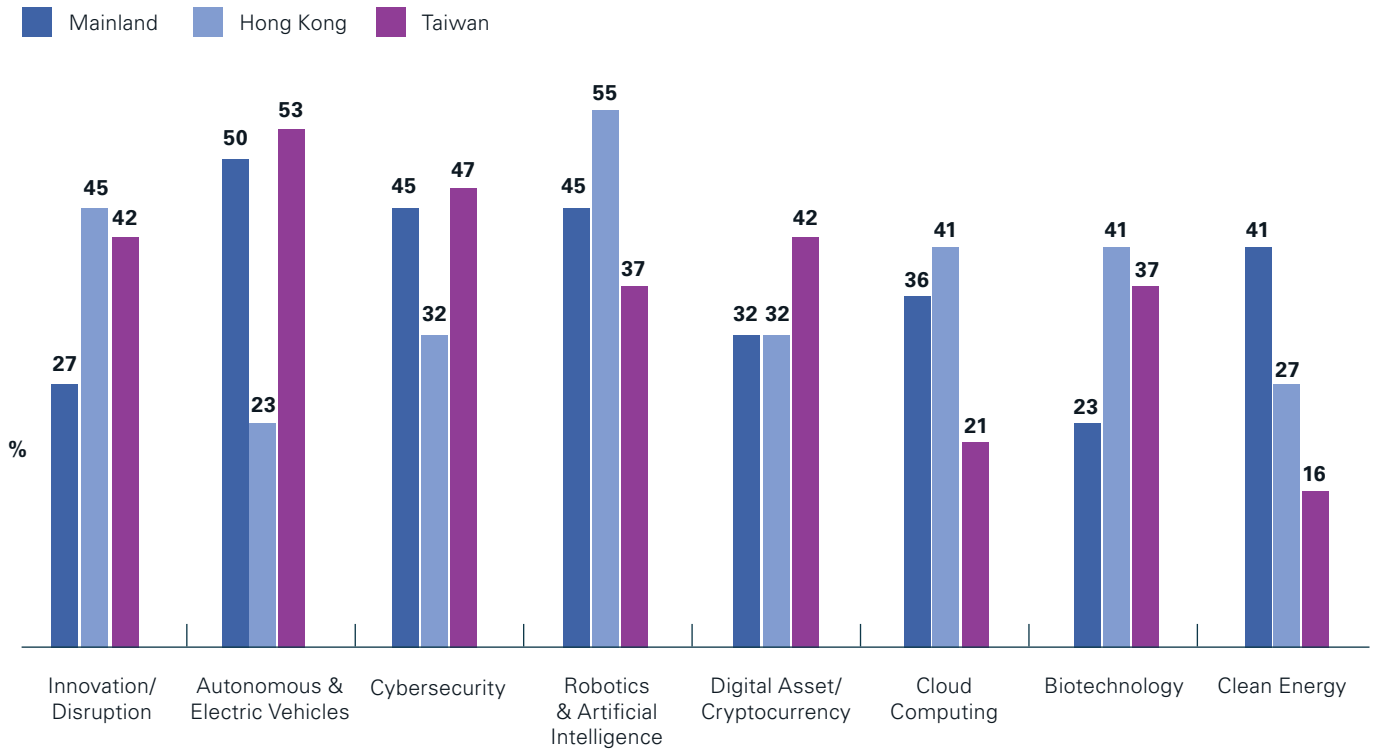
**Mainland:** Investors are excited about the electric vehicles sector, with half planning to invest in these strategies.

**Hong Kong:** More than half (55%) of investors are planning to put investments towards robotics and artificial intelligence strategies and 45% are also planning to invest in innovation strategies.

**Taiwan:** With the adoption of electric vehicles growing and autonomous vehicles on the horizon, more than half of investors (53%) have plans to put investments towards these strategies.



## Which of the following thematic strategies do you plan to put the most investment toward?

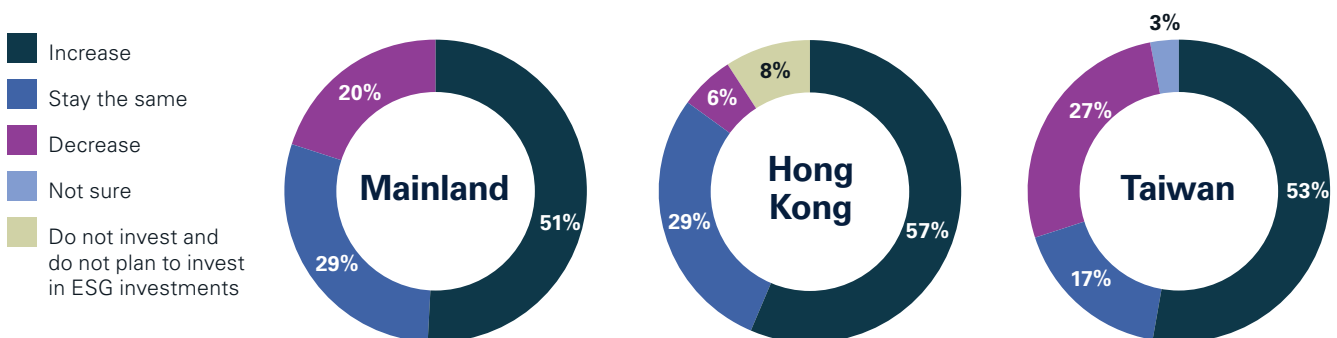


## Considering ESG

Investor interest in ESG continues, with survey findings showing the greatest demand coming from the financial advisor (81%) and institutional investor (75%) segments in Hong Kong.

Cost remains a top concern among those who decided not to invest, while performance and perception are also concerns.

## What are your plans regarding your allocation to environmental, social, and corporate governance (ESG) ETFs over the next 12 months?

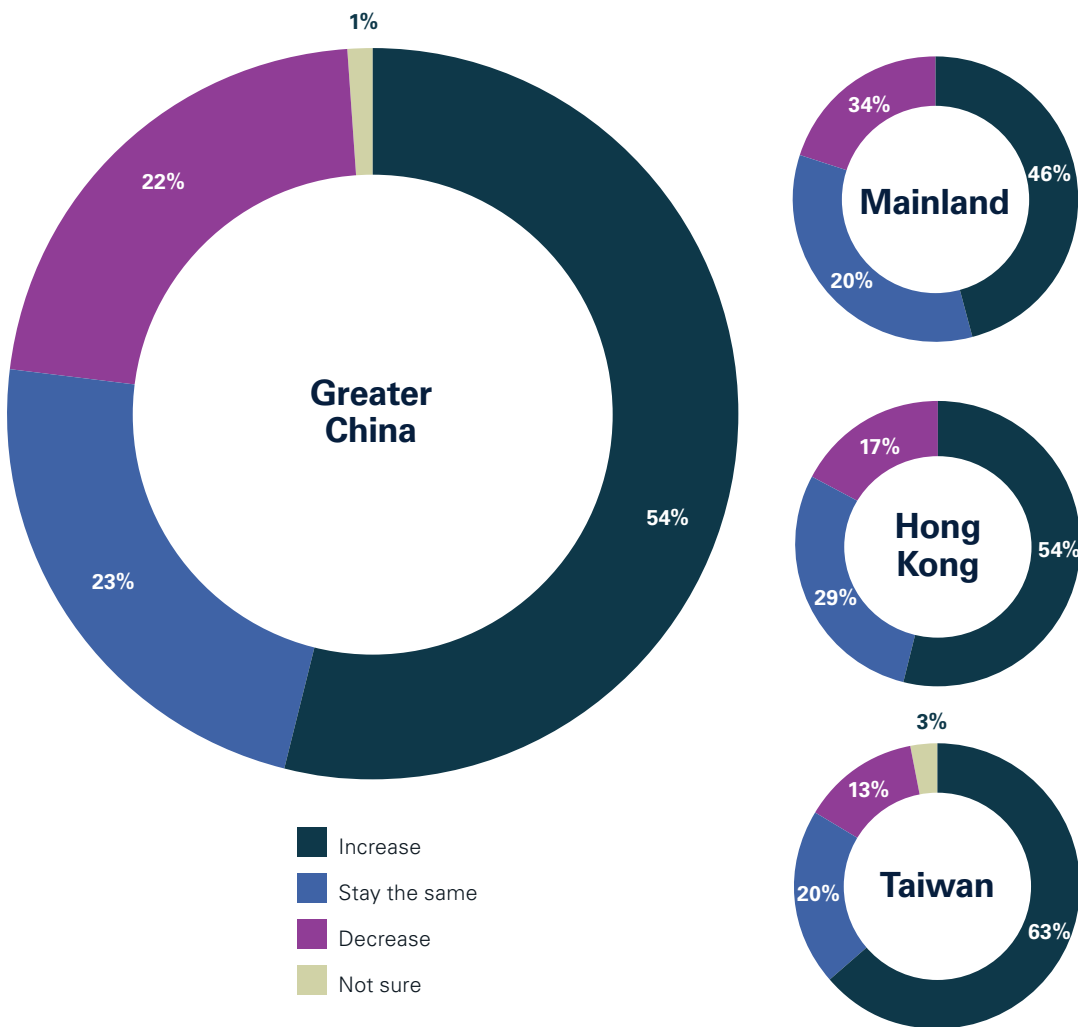


# Fixed Income Safe Haven

More than half of investors in the region (54%) expect their exposure to fixed income ETFs to increase over the next 12 months.

Taiwan stands out with 63% of investors wanting to increase allocations. Bond ETFs account for 46% of the Taiwan ETF market assets (through June)<sup>11</sup> and have accounted for 66% of net new flows into ETFs in Taiwan. The ETF that was once focused on capital from local insurance companies has diversified with material participation from retail investors.

**Do you expect your exposure to fixed income ETFs to increase, decrease, or stay the same over the next 12 months?**



<sup>11</sup> ETFGI June report

Emerging market bonds are proving popular across all three regions. More than half of investors in Hong Kong are interested in High Yield bonds even though there aren't many products available yet.

India government bonds are ones to watch since being added to JPMorgan ETF benchmarks on June 28. While demand has not been significant, 30% of private banks in the region are looking to add exposure to this asset class.

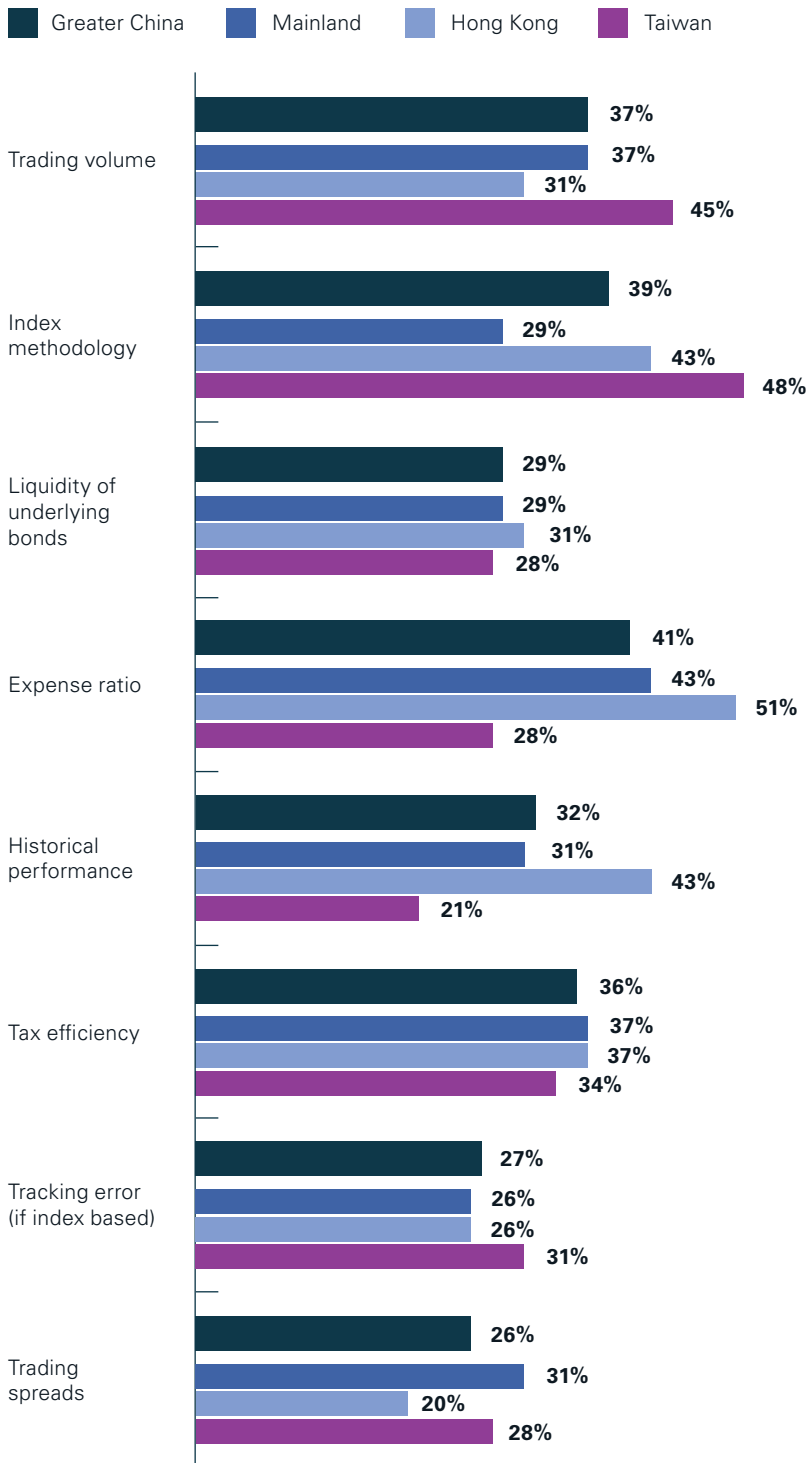
### In which of these areas do you expect your exposures to increase?

	GREATER CHINA	MAINLAND	HONG KONG	TAIWAN
Corporate Bond – “High Yield” ETF	33%	19%	58%	21%
Sovereign Debt (Non-U.S.)	22%	19%	37%	11%
Mortgage-Backed or Asset-Backed Securities (MBS/ABS) ETF	24%	44%	11%	21%
Municipal Bond ETF	37%	44%	32%	37%
Inflation-Linked Securities ETF	19%	6%	26%	21%
U.S. Treasury ETF	24%	19%	32%	21%
Emerging Market Bond ETF	39%	38%	37%	42%
Intermediate or Long-Duration ETF	22%	25%	11%	32%
Corporate Bond – Investment Grade ETF	17%	19%	16%	16%
Short-Duration Bond ETF	22%	19%	26%	21%
India Government Bond ETF	13%	13%	5%	21%
Loans/CLOs	15%	25%	5%	16%



Taking up only 18% share of the global ETF market, fixed income ETFs are poised for growth. However, investors are assessing them more closely with cost being the most important factor.

### Which of the following factors are important when investing in fixed income ETFs?



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