

BBH 

INVESTOR SERVICES

2026

Global ETF Investor Survey

UNCHARTED OPPORTUNITY

WELCOME

In its 13th year, our Global ETF Investor Survey comes at a tumultuous time. With geopolitical tensions, a turbulent news cycle, and a complex regulatory lineup, uncertainty abounds. However, the ETF space is one area of optimism. Over their 30-year history, ETFs have ridden out the peaks and valleys through resilience and re-invention. This year's theme, "Uncharted Opportunity," is a nod to how ETFs have achieved their monumental growth thus far, and the product advances on the horizon that will keep ETFs a go-to vehicle for investors well into the future.

Unsurprisingly, active ETFs continue to be of interest to investors and enthusiasm for the strategy has stayed steady since our 2024 survey. The driver remains the same: inflection points in the market are notoriously difficult to time. With US stocks in the midst of a three-year bull run fueled by excitement over emerging technology, and investors on the lookout for smoke signals to indicate the direction of global interest rates, active management will have a strategic role to play in 2026.

As they embrace an active approach, investors are returning to basics, counting on equities and fixed income for alpha while largely shying away from riskier bets, with downshifts in enthusiasm from last year in areas such as crypto.

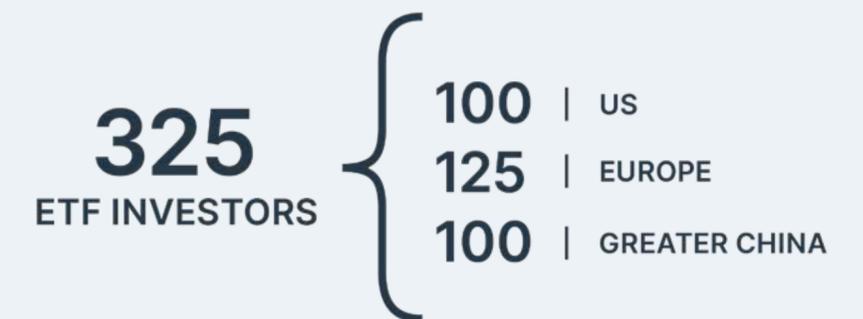
In contrast, investors showed enthusiasm for ETF product innovations such as private markets ETFs and ETF share classes. The question remains whether the industry can deliver on the promise of these advances.

At the 30-year mark, you might think every trail has been uncovered, but this year's survey shows that new opportunities are still ahead.

The following pages provide a guide to new ETF terrain through the eyes of ETF investors. Our team would be happy to explore it further with you.

Who we surveyed

In order to better understand investment trends, BBH engaged Wakefield Research to survey **325 ETF investors in the US, Greater China, and Europe in December 2025.**



From the following investor classifications:

- Institutional investor
- RIA/Financial advisor
- Fund management
- Private bank
- Wealth management



CONTRIBUTORS



Andrea Murray
Head of EMEA
ETF Servicing



John Hooson
Global Head of
ETF Product



Chris Pigott
Head of Asia
ETF Servicing



Antonette Kleiser
Head of EMEA
ETF Product



Patrick Farrell
ETF Product



Tim Huver
Head of US ETF
Servicing



Elias Haddad
Global Head of
Markets Strategy



Claire Conroy
ETF Product

For any questions or if you would like to discuss the report further, please contact tim.huver@bbh.com (US), andrea.murray@bbh.com (EMEA), or chris.pigott@bbh.com (Asia).

CONTENTS

**STANDOUT
STATS**
P. 1

**THE MACRO
BACKDROP**
P. 2

**TODAY'S ETF
LANDSCAPE**
P. 3

**INDUSTRY INSIGHT:
VIEWS FROM ETFGI'S
DEBORAH FUHR**
P. 6

ON THE HORIZON
P. 7

**EUROPEAN
SUMMITS**
P. 11

**ACTIVE
INVESTING
CLIMBS**
P. 12

**SCENIC OUTLOOK
IN GREATER CHINA**
P. 16

**THE MAP
FOR ISSUERS**
P. 18

STANDOUT STATS

66%

prefer active management over passive in the next 12 months

94%

think active ETFs will reach \$10 trillion in assets within 10 years, an expected annual growth rate of 20%

82%

would invest in an ETF share class of a mutual fund

99%

would consider buying private market assets in an ETF wrapper

58%

believe tokenization will not fundamentally change how markets operate

63%

expect to increase the number of ETF issuers they invest with

92%

have experienced an issue that makes buying ETFs more challenging

The macro backdrop



Elias Haddad
Global Head of Markets Strategy

Geopolitical uncertainty looks set to persist throughout 2026 with major cross currents holding potential to sway ETF markets.

With the US Federal Reserve (Fed) currently in an easing cycle, central bank activity should be supportive of equities and will likely support buoyant equity markets and an upward trend in share values.

Any reversal in the easing cycle could act as a headwind to global equity markets at a time where valuations remain heightened or even lead to a pronounced correction in stock valuations. Equity based ETF markets across Europe and Asia, including Greater China, would not be immune to such a correction.

For now, global equity valuations remain lofty, driven by high hopes for artificial intelligence and faith in the leading US tech stocks – albeit with some concerns about their sustainability and future earnings potential.

Beyond equity markets, other asset class segments could see meaningful change this year. Fixed income investors, including those invested in ETFs,

will be closely watching the emerging fiscal picture. If investors start to become more concerned about fiscal profligacy in markets such as the US and Japan, bond markets could react negatively.

Elsewhere, commodity-based ETFs provide exposure to underlying assets such as precious metals, energy, and agricultural products and have grown in popularity over the last decade. While the commodity complex would not be immune to any major stock market correction in 2026, this looks unlikely in the short-term.

For now, the global economy, including the markets of the US, Europe, and Greater China this report focuses on, appears resilient. And with most central banks either in easing mode or expected to keep monetary policy settings close to neutral, we see little immediate threat to commodities markets.

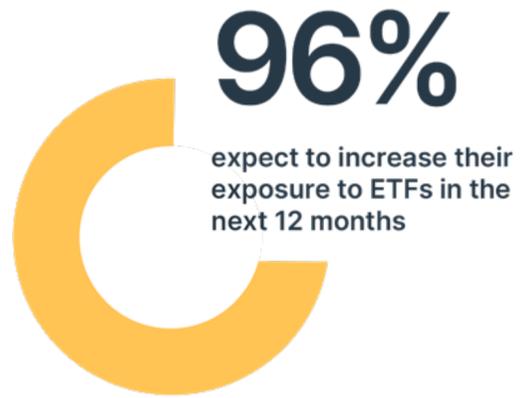
The relative growth story between the US, Europe, and Asia – and their individual monetary policy dynamics – should, however, continue to be an important determinant of geographic ETF flows.

In December 2025, investors believed the top global trend that would most significantly influence their investment strategy in 2026 was US trade policy (20%), followed closely by advancements in AI and emerging technologies (19%), and global interest rate policies (18%).

With global events since the survey was fielded in December 2025, would the ranking be different today?



TODAY'S ETF LANDSCAPE



Demand for ETFs continues to grow even in a maturing market. This is being driven in part by new markets and channels adopting ETFs. In the near-term, global investors plan to take a balanced approach to secure income while seeking protection against potential downside and volatility.

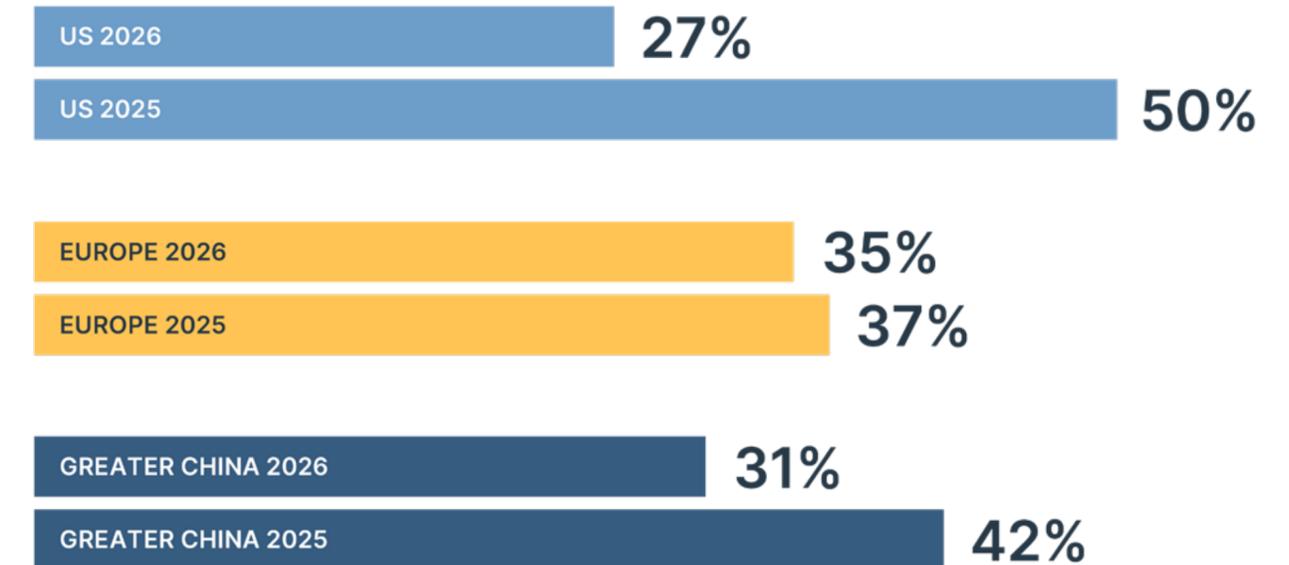
Nearly all investors (96%) expect to increase their exposure to ETFs in the next 12 months, holding steady from February 2025 when 96% also planned to boost exposure.

The appeal remains global. Investors in the US are most inclined to raise their ETF holdings (98%), followed by Greater China (95%), and Europe (94%).

However, a closer look at regional differences indicates varying levels of ETF market maturity. In the US, the percentage of investors who planned to **significantly** increase exposure to ETFs this year dropped by almost half from 2025. Europe and Greater China also saw small declines in plans to significantly increase exposure to ETFs. There were, however, increases across the board in those that plan to increase allocations slightly (by less than 10%). No investors indicated plans to decrease exposure.

Do you plan to increase your exposure to ETFs in the next 12 months?

YES SIGNIFICANTLY (BY 10% OR MORE)



POINTS OF INTEREST

Specifically, over the next 12 months, investors plan to invest in dividend/income strategies (33%), sector or thematic equity exposure (28%), and defined outcome ETFs (26%). As caution remains top of mind, 20% also plan to purchase money market ETFs, which provide safety and liquidity with modest yields. We have seen a number of managers bring money market ETFs to the market to meet investor demand.

To a lesser extent, commodities are on the menu. Despite 2025 surges in precious metals, only 17% plan to increase their exposure to commodities, a sentiment that may be supported by volatility in the space in early 2026.

Preferences vary by region. In the US, the top pick for investors is defined outcome ETFs (37%), which also rank high (54%) among the ETFs they're most likely to use to manage volatility over the next 12 months. But dividend/income ETFs are the top priority in Europe (42%) and Greater China (27%).

DOWNSIDE PROTECTION

Market volatility is of great concern in 2026, as investors contend with heightened geopolitical tensions. Globally, the top pick for managing volatility over the next 12 months is low-volatility equity and defensive ETFs covering sectors such as utilities and consumer staples (57%).

In which of the following ETF strategies do you plan to invest over the next 12 months?

▲ ▼ ARROWS INDICATE SIGNIFICANT YEAR-OVER-YEAR CHANGE FROM 2025.

	TOTAL	US	EUROPE	GREATER CHINA
Dividend/income	33%	28%	42% ▲ 22%	27%
Sector or thematic equity exposure	28%	36% ▲ 17%	29%	19%
Defined outcome ETFs (Buffered ETFs)	26%	37%	21%	20%
Multi-asset	24%	20%	26%	26%
Liquid alternatives	22%	24%	19%	24%
Money markets	20%	17%	18%	26%
Cryptocurrency	17%	11% ▼ 15%	18% ▼ 12%	20%
Commodity	17%	14% ▼ 13%	18%	18%
Leveraged/inverse	12%	10%	9%	17%



Investors are seeking wealth preservation without sacrificing potential growth. Buffer strategies accomplish both objectives.”

Brian Muench
President, Allianz
Investment Management

Views from Deborah Fuhr



Managing Partner and Founder of ETFGI Deborah Fuhr joined BBH's Andrea Murray to give her perspective on this year's survey findings and the state of the ETF industry.

ANDREA MURRAY: Almost half of global ETF investors surveyed believe active ETFs will reach \$10 trillion within the next seven years (from \$2 trillion today). What is your prediction?

DEBORAH FUHR: A 20% growth rate for the active ETF market seems realistic, but that may even understate potential growth – particularly with the approval of ETF share classes in the US. Historically this was only available for index products, but expanding it to active strategies will encourage more asset managers to launch share class versions of their mutual funds.

There's strong investor demand in the US for mutual fund managers to convert their mutual funds, private funds, and SMAs, or offer strategies in the ETF wrapper. We've already seen significant mutual fund to ETF conversions, and this could accelerate flows further – with \$10 trillion AUM within the next seven years possibly a conservative estimate.

MURRAY: So those are your thoughts based on investor sentiment – what does your own data say?

FUHR: In terms of market forecast I'd looked at going out from our end of November AUM data for 10 years. A 10% growth rate takes you to \$4.8trn, 15% takes us to \$7.5trn, 20% would take us to \$11.5trn, and a 25% growth rate would take us to \$17.3trn. We do know that assets invested in active strategies grew by over 50% through the end of November.

Growth has been quite significant, and we also have the opportunity for mutual fund managers in Europe to utilize share classes. Based on all that I think we will see more people coming to market using active management as the underlying approach because most

do not want to compete with the top three providers that globally account for the majority of assets (the majority of their assets are in the index category). Depending on growth rates, by the end of 2030 you could see the US with \$21.7trn (Bear case) AUM to \$41trn (Bull case). Asia could go to \$2.2trn (Bear case) and \$4.2trn (Bull case). Globally, we have now seen 78 consecutive months of net inflows into ETFs as of December 2025 – an extraordinary run.

MURRAY: What will be the headline in 2026 for ETFs? Is there an underappreciated emerging market or trend that may fuel the next phase of growth in ETFs?

FUHR: There is growing global recognition that UCITS is a truly international product, whereas US domiciled ETFs no longer travel well because they have to pay out income at least once a year, which suffers 30% withholding, and for taxable investors, risk exposure to US inheritance tax. UCITS ETFs offer the benefits of being able to offer share classes in different currencies – that accumulate or distribute income, are hedged or unhedged – where mutual funds and ETFs in the US are offered in USD and have to pay income at least once a year. We see UCITS ETFs gaining traction worldwide as investors look for more flexible structures.

I see the key market drivers going forward being aligned to retail, retirement, and the transfer of wealth. People serving the retail market and finding solutions for retirement are looking at \$124trn that is supposed to move from older people to the younger generation.

This is especially apparent in Europe and the UK – as governments encourage savers to move out of cash (with over €70 trillion sitting in European bank accounts) and into investments. In the UK we're seeing similar initiatives from the Financial Conduct Authority (FCA), Investment Association (IA), and the

government, all aiming to improve financial education and encourage investment over cash holdings through vehicles such as individual savings accounts (ISAs). I believe this will become a very significant trend.

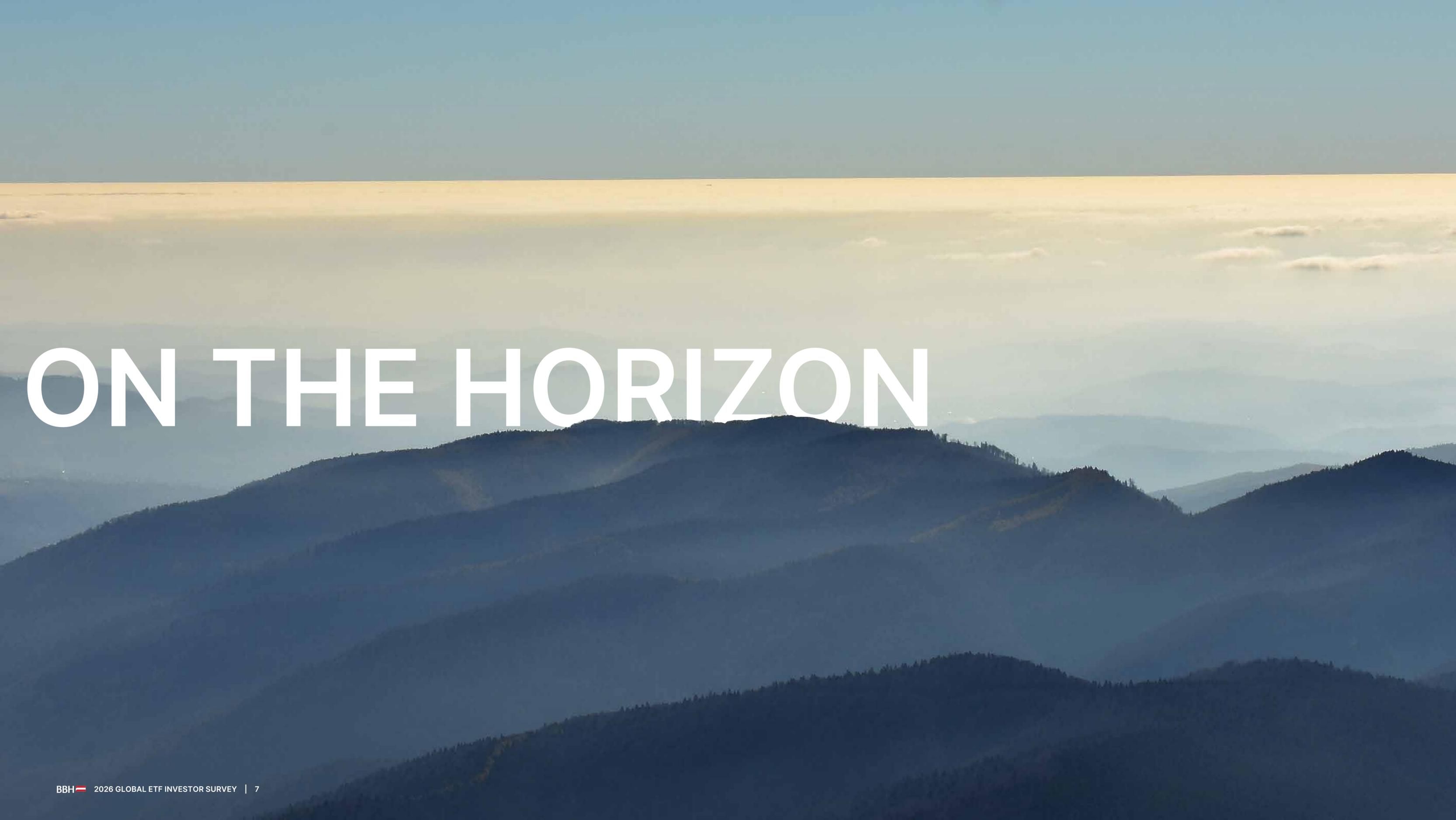
MURRAY: In this year's survey, investors highlighted several challenges facing the ETF industry. In your expert opinion, what, if anything, is holding the industry back?

FUHR: In my view the biggest barrier is financial literacy and confidence – both understanding ETFs and knowing how to use them. We also need a more level playing field. Retrocession and trailer fee models, particularly in Asia, the Middle East, and Latin America, distort access and incentives.

Financial literacy dovetails quite nicely with my previous comments around efforts to improve financial literacy in the UK and Europe in order to get people to invest. Younger male DIY investors gravitate toward ETFs, but older investors and women often lack both financial literacy and confidence. Knowledge as well as financial literacy are important.

In terms of leveling playing fields, platforms also need to improve: many still struggle to integrate ETFs because they were built around mutual funds. When investors search for ETFs on these platforms, they often are not available or not included when an investor searches for a specific type of exposure.

I am one of the founders of Women in ETFs and co-head of Women in ETFs EMEA. Women in ETFs is a non-profit organization which is 12 years old with 14,000 members in 30 chapters around the world. Financial literacy is an area of focus for us in 2026. Better data, more education, and fully integrated trading platforms would materially improve adoption. Financial knowledge and literacy are really key.



ON THE HORIZON

Fresh off their 30th birthday, we're still seeing advances and innovations in ETFs.

Recently, the ETF market welcomed products investing in auto-callables, new flavors of defined outcome ETFs, bond ladder ETFs, target maturity strategies, money market ETFs, and multi-asset strategies, to name a few.

As investors look to add new exposure, they most frequently turn to ETFs. Private funds are also rising in popularity. The top product types that investors intend to increase allocations to in the future are ETFs (35%) and private funds (16%). Private funds or mutual funds did not make the top three in our 2025 survey.

What product types do you intend to increase allocations to in the future?

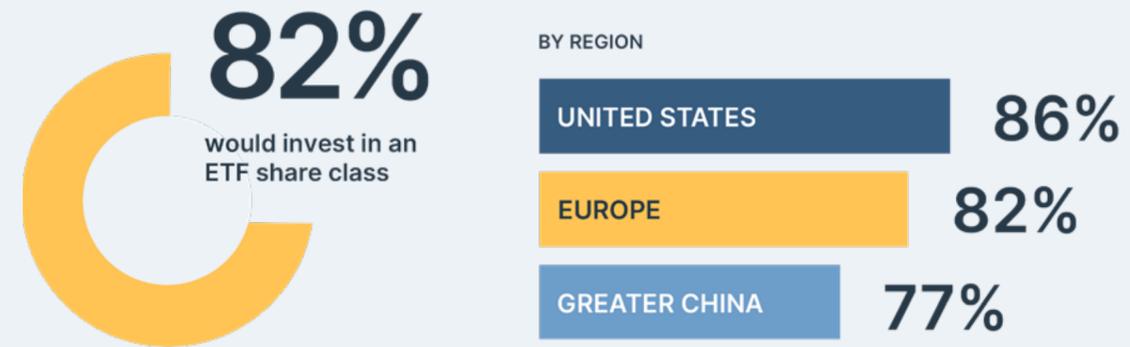
YEAR-OVER-YEAR CHANGES IN THE TOP THREE



STRUCTURES MAKING STRIDES

Investors are embracing innovation around ETF share classes of a mutual fund. Most respondents (82%) would invest in an ETF share class of a mutual fund, with this disposition rising to 86% in the US.

Would you invest in an ETF share class of a mutual fund?



These hybrid models, otherwise known as unlisted and listed share classes, are becoming a more popular ETF market entry point for managers, with consideration for the unique circumstances of each fund. And they've been making headlines as September 2025 saw the US SEC announce a landmark decision to permit fund managers to offer ETF share classes within mutual fund structures.

Notably, the multi-share class approach is not just a US phenomenon. It has long attracted interest at a global level, including across Europe and Asia.

New trails: Private markets ETFs

Private market assets in an ETF wrapper are also on the table. Nearly all would consider accessing private markets exposure through an ETF. This includes those who'd consider private equity ETFs (53%) and private credit ETFs (50%).

Collectively, [private markets](#) and [ETFs](#) represent two of the highest growth areas of the investment industry and have steadily captured an increasing percentage of investor flows for over a decade.

Private assets now account for over \$14.8trn in committed and deployed capital¹ and are forecast to reach between \$20 and \$25trn by 2030.² According to research from EFTGI, assets invested in the global ETF industry reached a record of \$19.85trn at the end of December 2025.³

However, the market is not without its challenges. It involves packaging a traditionally illiquid asset in a historically liquid vehicle. While more liquid 'evergreen' products and other variants are available, the packaging of private markets into an ETF can still present some unique opportunities and challenges.

Either way, our research indicates there is both an appetite and a runway for private markets ETF products and their wider ecosystem to flourish.



In our 2025 [Private Markets Investor Survey](#), 34% planned to invest in private markets ETFs and 57% wanted to learn more about these products.

Thinking about private market assets, which of the following would you consider buying if they were available in an ETF wrapper?

	TOTAL	US	EUROPE	GREATER CHINA
Private equity	53%	54%	56%	49%
Private credit	50%	51%	51%	46%
Private real estate	40%	47%	34%	39%
Private infrastructure	39%	37%	38%	44%
Private venture capital	35%	35%	28%	45%
I would not consider buying any private market assets in an ETF wrapper	0%	1%	-	-

“

Meaningful innovation is happening in the fixed income ETF landscape. For example, private credit ETFs now provide access to an asset class that has historically only been accessible to institutions and high net worth individuals. This innovation makes private credit accessible to all investors, with the ETF benefits of transparency, liquidity, and cost efficiency.”

Joanna Gallegos
Co-founder, BondBloxx

¹World Economic Forum: Investors are increasingly attracted to private markets. Why? December 2023

² Ardian – Private Market assets could reach \$25 trillion by 2030.14 March 2025.

³ etfexpress. Assets in the global ETF industry hit record USD19.85 trillion in 2025: EFTGI. 21 January 2026.

DIGITAL DETAILS

At the time of this survey being fielded in December 2025, cryptocurrency remained an in-demand asset class. Only 2% viewed crypto as something they would not recommend at this time. Half (50%) see exposure to digital assets such as cryptocurrencies or other blockchain-based investment products over the next 12 months as a high-risk, high-reward opportunity, while 33% view crypto as an essential strategy to stay competitive, with the remainder (16%) viewing the asset class as a tactical, short-term trade.

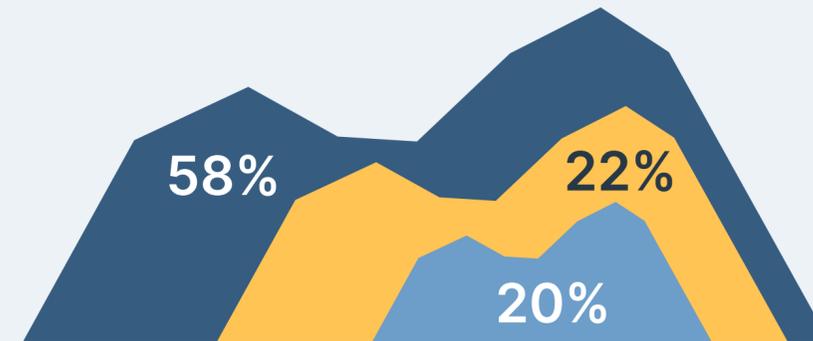
However, the climate changed in just two months. In early February this year, crypto experienced its worst daily decline since November 2022. Survey results also showed enthusiasm for the asset type chilling. In last year's survey, crypto rounded out the top three ETF strategies investors planned to invest in across the next year. This year, crypto sits at number seven on that same list.

This drop extended beyond ETF strategies. Last year, crypto was tied for the top spot (26%) for asset classes investors thought would see the best performance over the following 12 months. Crypto is now fourth in that ranking at 11%.

In which of the following ETF strategies do you plan to invest in over the next 12 months?

2025		2026	
Defined Outcome ETFs (Buffered ETFs)	29%	Dividend/Income	33%
Fixed Income	29%	Sector or thematic equity exposure	28%
Cryptocurrency	27%	Defined Outcome ETFs (Buffered ETFs)	26%
Commodity	22%	Multi-asset	24%
Dividend/Income	22%	Liquid alternatives	22%
Sector or thematic equity exposure	18%	Money markets	20%
Multi-asset	18%	Cryptocurrency	17%
Leveraged/Inverse	16%	Commodity	17%
Liquid alternatives	14%	Leveraged/Inverse	12%

How would you describe the long-term impact of tokenization on investing and financial markets?



- Tokenization will create improvements, but not fundamentally change how markets operate
- Tokenization will revolutionize financial markets
- Tokenization will have minimal impact on financial markets

While headlines indicate excitement for the future of tokenization – which leverages blockchain technology to digitize and fractionalize ownership of real-world assets such as stocks and could make investing more accessible – investor sentiment is more measured. Only 22% of ETF investors think that asset tokenization will revolutionize investing.

Long-term, rather, the majority (58%) expect that tokenization will create improvements, but not fundamentally change how markets operate. For ETF investors, the biggest benefits of tokenization in financial services are increased speed and efficiency (32%), more liquidity (22%), and enhanced risk management (19%). Lower costs is ranked last on the list at 5%.

However, this nascent technology is still in its relative infancy and investor – and issuer – knowledge is still forming. Further, with use cases that could potentially disrupt the ETF industry, the embrace of tokenization is hard to predict.

More views from Deborah Fuhr

What do you think of survey sentiment toward the impact of tokenization?

FUHR: I actually think tokenization will make a big difference. We've always had issues around settlement, and moving ETFs onto blockchain infrastructure means settlement will become more instantaneous and verifiable. That's a major shift, especially as we face increasing pressure to move from T+1 to a T+0 settlement cycle.

Over time – whether in two, three, or five years – I believe every security will be tokenized. That will help enable 24/7 trading, better communication, cost efficiencies, improved settlement, and broader access to private markets that are difficult to deliver via some existing fund wrappers.

REGIONAL FOCUS:

EUROPEAN SUMMITS



Andrea Murray
Head of EMEA ETF Servicing

Only 6% of European-based professional ETF investors did not experience some form of hurdle when increasing their ETF exposure. This means an eye watering 94% perceived issues when trading ETFs, with over 50% citing sparse ETF availability on platforms and lack of education resources. This may sound a bit bleak, but the reality is that the European ETF industry is in the midst of a significant shift that presents growth and opportunity.

What is driving this? One theme dominating the conversation is the rapidly emerging retail segment in what has historically been a heavily intermediated market. There are approximately 383 million potential retail investors¹ in Europe and only 32.8 million investing in ETFs.² When you combine that with European SIU incentive programs, the anticipated transfer of generational wealth, and increase of Gen Y and Z investors trading ETFs via neobrokers and online apps, Europe – and especially ETF issuers – are well poised for this expected growth wave.

Looking at the education aspect, we are observing a three-pronged approach to supporting increased ETF awareness. The first is through educational and marketing content distributed via neobrokers which are occurring through partnerships and collaboration from the largest ETF issuers. Second, as more entrants launch in Europe, we are seeing an increase in educational support such as ETF 101 videos, secondary market trading guidance, and a growing number of firms offering ETF portfolio analysis, albeit still quite low.

Finally, and fairly new for Europe, is an increase in ETF advertisements. This is now popping up in places like public transportation, on digital billboards, and major airports. While this may already be common in other markets, this is a real shift visually unfolding in front of us in Europe. It may take years for the retail investor base to catch up to other markets but there is without a doubt momentum building.

¹ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Population_structure_and_ageing#:~:text=The%20population%20of%20the%20EU,for%2063.8%25%20of%20the%20population.

² <https://www.blackrock.com/uk/literature/whitepaper/bridging-the-gap-report.pdf>

ACTIVE INVESTING CLIMBS





Given the current market environment, a majority of ETF investors (66%) think that the most attractive investment approach over the next 12 months is active rather than passive management (34%). Specifically, 98% plan to increase their exposure to active ETFs in the next 12 months.

MANAGING TOUGH TERRAIN

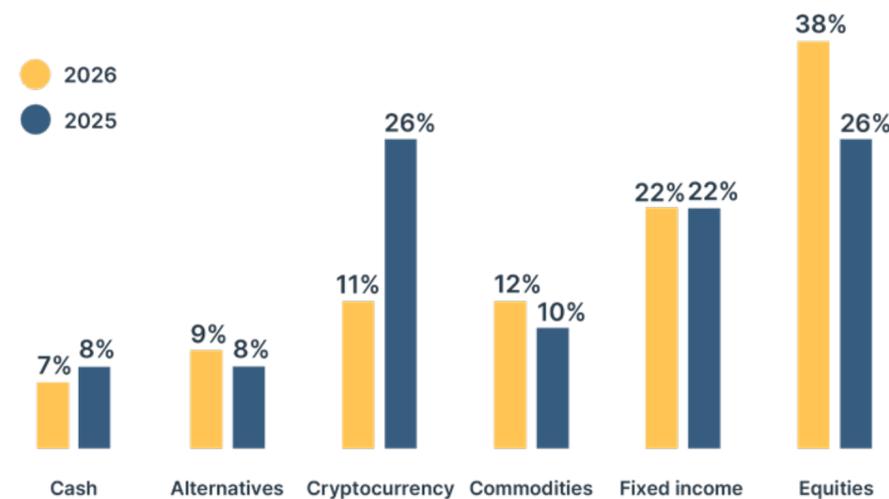
The S&P 500 Index has nearly doubled in recent years as investors pour capital into shares of technology giants that are riding a boom in artificial intelligence. But if these mega-caps are punished in a market correction, passive funds that mirror the indexes could get hit harder than actively managed funds given their outsized market cap weighting.

There is broad recognition that active management may provide an opportunity for relative outperformance to the benchmark during periods of market volatility. Apart from lofty stock valuations, financial markets are still adjusting to the reality of structurally higher inflation and interest rates, while eagerly awaiting rate cuts.

In anticipation of a potential market correction, most (96%) are lowering their equity exposure, at least a little. Those looking to lower equity exposure by a moderate, or even a large amount, are more likely to favor active management in 2026 than those favoring passive management (70% vs. 57%).

The inclination to reduce equity holdings comes even as 38% believe equities will deliver the best relative performance over the next 12 months, making this category their top pick. As we mentioned, in the February 2025 survey, cryptocurrency tied with equities (26%) as the asset class that investors felt would deliver the best performance. Now, only 11% feel that cryptocurrency will show the best performance over the next 12 months.

Which asset class do you feel will deliver the best performance over the next 12 months?



MAKING PATHS

The migration toward active ETFs is accelerating as managers bring new products to market and investors increasingly embrace the vehicle and its benefits. Actively managed ETFs can offer more flexibility than their passive counterparts to respond to dynamic market conditions. As active ETFs approach \$2 trillion in assets, this strong momentum looks set to continue through 2026.



As we move into 2026, investor appetite remains strong, and product development continues to expand – particularly for actively managed strategies. The ability to offer investors exposure to active management through an ETF wrapper, with its attendant benefits of enhanced liquidity and transparency, reflects the broader trend of growing investor demand for ETF structures.”

Deirdre McIlvenna
Partner, Maples Group

Investors are looking to broadly expand their holdings of active ETFs. More than half plan to increase their actively managed ETF allocations to equity (58%) and fixed income (56%). Nearly half also plan to buy more defined outcome and multi-asset ETFs (both 48%).

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

ASKED AMONG THOSE WHO PLAN TO INCREASE EXPOSURE TO ACTIVE ETFs IN THE NEXT 12 MONTHS.

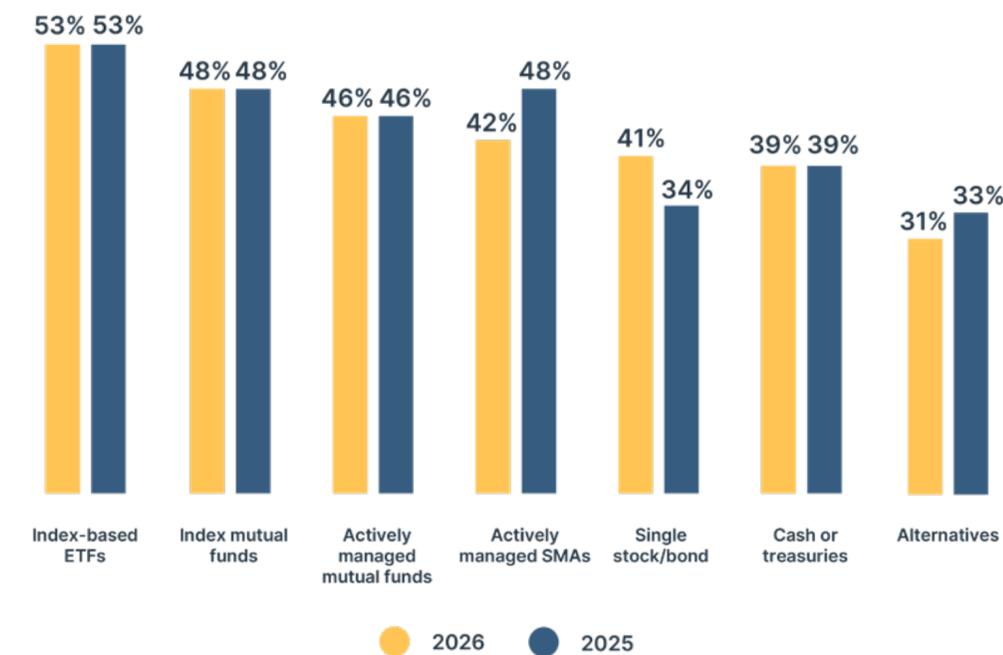
▲ ▼ ARROWS INDICATE SIGNIFICANT YEAR-OVER-YEAR CHANGE FROM 2025.

	TOTAL	US	EUROPE	GREATER CHINA
Equity	58%	66%	64% ▲20%	43% ▼18%
Fixed income	56%	54%	52%	63%
Defined outcome	48%	52% ▲17%	52%	39%
Multi-asset	48%	38% ▼22%	47%	59%
Liquid alternatives	45%	39%	44%	54%
Commodities	45%	51%	41% ▼13%	43%

Mutual funds remain under pressure. Nearly half would once again cut allocations to index mutual funds (48%) and actively managed mutual funds (46%) as they increase exposure to active ETFs.

Which of the following products do you plan to reduce allocations to as you increase exposure to active ETFs?

ASKED AMONG THOSE WHO PLAN TO INCREASE EXPOSURE TO ACTIVE ETFs IN THE NEXT 12 MONTHS.



There's also a flight to quality within active ETFs. For investors, the most attractive types of active ETF fixed-income exposure over the next 12 months, given the current market environment, are investment grade (48%) and short-duration (47%).

“

At \$2 trillion, the active ETF market is too big to ignore, offering exciting opportunities for all investors across equities, derivative-based solutions and especially going forward in fixed income as the breadth and scale grows in the industry.”

Travis Spence
Global Head of ETFs
J.P. Morgan Asset Management

Our predictions on the pace of active ETF growth

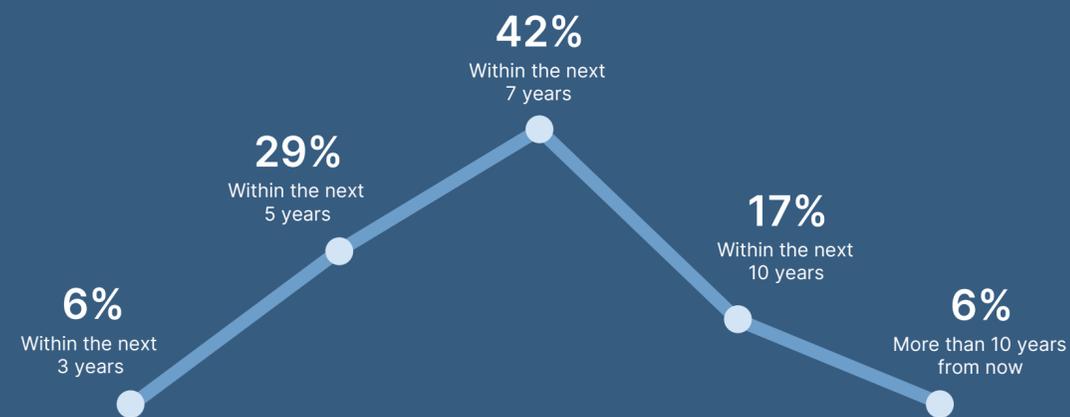
Most investors (94%) think active ETFs will reach \$10 trillion in assets within 10 years, including 77% who expect that to happen within seven years. This was a surprise for our team at first, as we expected investor enthusiasm to favor the three-to-five-year range. However, a more measured view shows seven years as a realistic range.

In 2023, we predicted the overall global ETF market would reach \$30 trillion in AUM by 2033. Now we've turned our forecasting to the active ETF space.

We asked survey respondents how long they thought it would take active ETFs to reach \$10 trillion. How do their predictions stack up to ours?

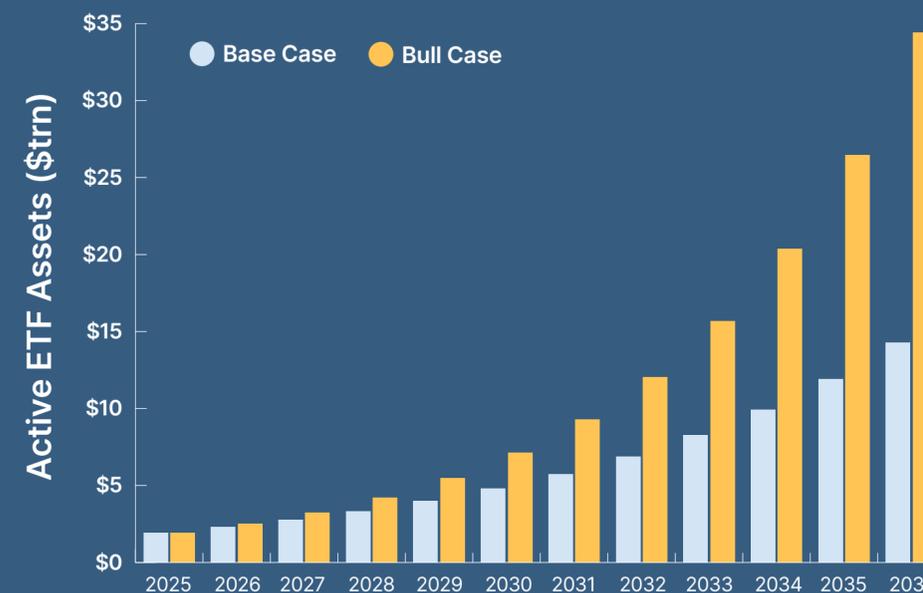
We believe the most realistic growth path sits between our modeled scenarios, with active ETFs reaching ~\$10 trillion in assets by 2033 under a balanced set of market and adoption assumptions.

Active ETFs are approaching \$2 trillion in assets. When do you think they will reach \$10 trillion in assets?



CONSIDERATIONS

- Active ETFs now represent a compelling growth market and currently represent \$1.92 trillion of the overall market.¹
- The below chart frames two potential growth paths for active ETFs: a base case assuming sustained 20% year-over-year growth, reaching approximately \$10 trillion in assets by the end of 2034, and a bull case assuming 30% YoY growth, pulling that milestone forward to 2032.
- It took 13 years for a primarily passive ETF market to move from \$1 trillion to \$10 trillion in size.



So how did we do on that \$30trn ETF assets prediction?

At the time of our original prediction, global ETF assets were \$9 trillion in size. The market has now reached US\$19.85 trillion,* well on target to meet our forecast.

¹ ETFGI press release, 20 January 2026. Figures as at end December 2025.

* BBH figures as at end December 2025.

REGIONAL FOCUS:

SCENIC OUTLOOK IN GREATER CHINA

Although the regional ETF market is at a less developed stage than in the US or Europe, ETFs are increasingly establishing themselves as an essential vehicle for allocators and investors across Greater China. Indeed, Mainland China last year overtook Japan as Asia's largest ETF market.

Institutional investors in the region also have choice when it comes to their ETF buying as they not only allocate to locally listed products, but also buy ETFs listed in the US and Europe as part of their portfolios.

The Mainland Chinese market held \$861.2bn in assets as at the end of 2025 including \$200.5bn of net new flows into the market throughout the year. The market has been partly supported by a Chinese government which sees ETFs as a means to help boost and stabilize stock markets during periods of uncertainty.

Since 2020 China has welcomed over 750 new ETFs to market, with the number of ETFs in China alone rising by 34% last year.¹ According to financial information platform Wind, the Chinese ETF market grew by \$31.8bn in the first two weeks of the year to reach \$894.8bn by mid-January² though some hefty drawbacks quickly followed from some state-backed institutional ETF investors amid volatile trading conditions.³

MILE MARKERS

A considerable appetite for ETFs remains across the region both from domestic and regional investors. Product innovation is driving new issuers into the regional ETF markets. Taiwan added multi-asset and actively managed ETFs in 2025 and Hong Kong continues to be a leading platform for ETF product innovation in the region.

The expectation is for the Mainland China market to continue its evolution and bring new product ideas to the market in 2026. This will be an important signal to the future product expansion of the cross-border schemes like ETF Connect between the Mainland China market and Hong Kong.

Our latest survey findings show 95% of respondents plan to increase their exposure to ETFs in the next 12 months, with 97% of respondents in Hong Kong and Taiwan intending to do so and 92% in Mainland China also planning to increase their allocation.

MACRO VIEWS

As in the US and Europe, investment decisions in Greater China continue to be influenced by a range of wider global market trends.

The rise of artificial intelligence (AI) and emergent technologies (21%) scored highly in our survey as potential investment strategy influences in the year ahead. Optimistic forecasts suggest AI could potentially boost the global economy by \$7 trillion over the next decade⁴ and many Asian investors believe there is value to be found in the sector.

The ongoing threat of US tariffs and the unpredictable nature of the US Trump administration continue to unsettle investors in Greater China. 20% of Asian respondents to our survey identified US trade policy as one of the most important global trends likely to influence their investment strategy in 2026.

Perhaps surprisingly, geopolitical risk and inflation (10% and 12% respectively) ranked relatively low as trends likely to influence investment strategies in 2026. This may be because respondents felt the Asia region was less directly exposed to geopolitical concerns linked to other regional unrest such as the Russia/Ukraine conflict. The sheer economic strength of mainland China may be another factor seen as a buffer to wider disruption.

Nevertheless, with some analysts anticipating a potential market correction amid soaring US technology company valuations we asked our respondents how many were lowering their equity exposures to guard against any potential trouble ahead.

Over half (59%) of respondents said they were lowering their exposures by a moderate amount, with 13% divesting in a large amount of equities and 20% divesting by only a small amount.

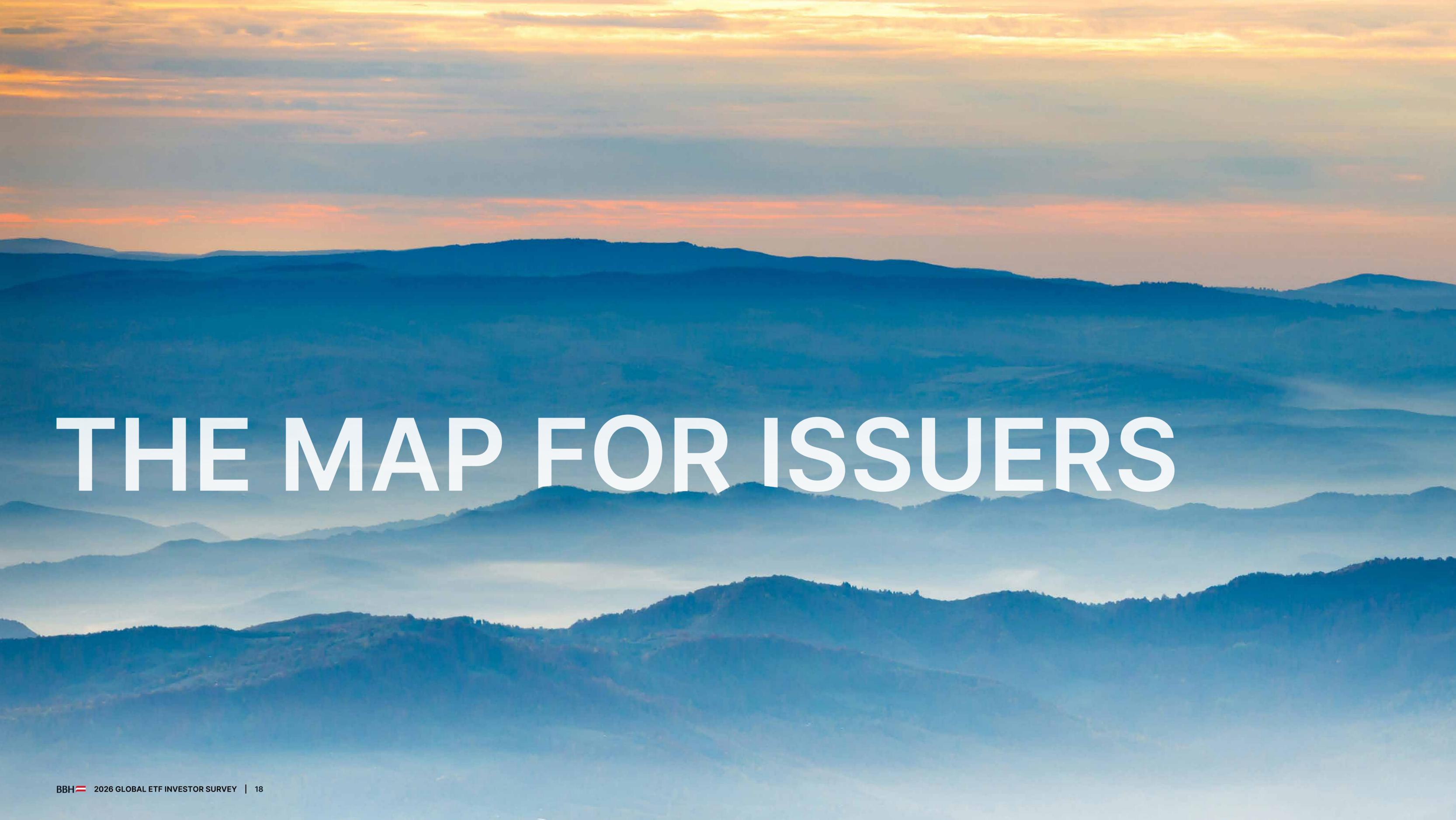
For more insights on the ETF market in Greater China, sign up [here](#) to receive our Greater China Global ETF Investor Survey coming this spring.

¹ FT. Chinese asset manager hits Rmb1tn ETF milestone as 'national team' supports stocks. 16 January 2026.

² Yicai Global. China's ETF Market Kicks Off 2026 With a Bang as Tech Funds Draw Heavy Inflows. 15 January 2026.

³ Bloomberg. China National Team ETFs Log Record Outflows Amid Cooling Signal. 16 January 2026.

⁴ Goldman Sachs. Generative AI could raise global GDP by 7%. 05 April 2023.



THE MAP FOR ISSUERS

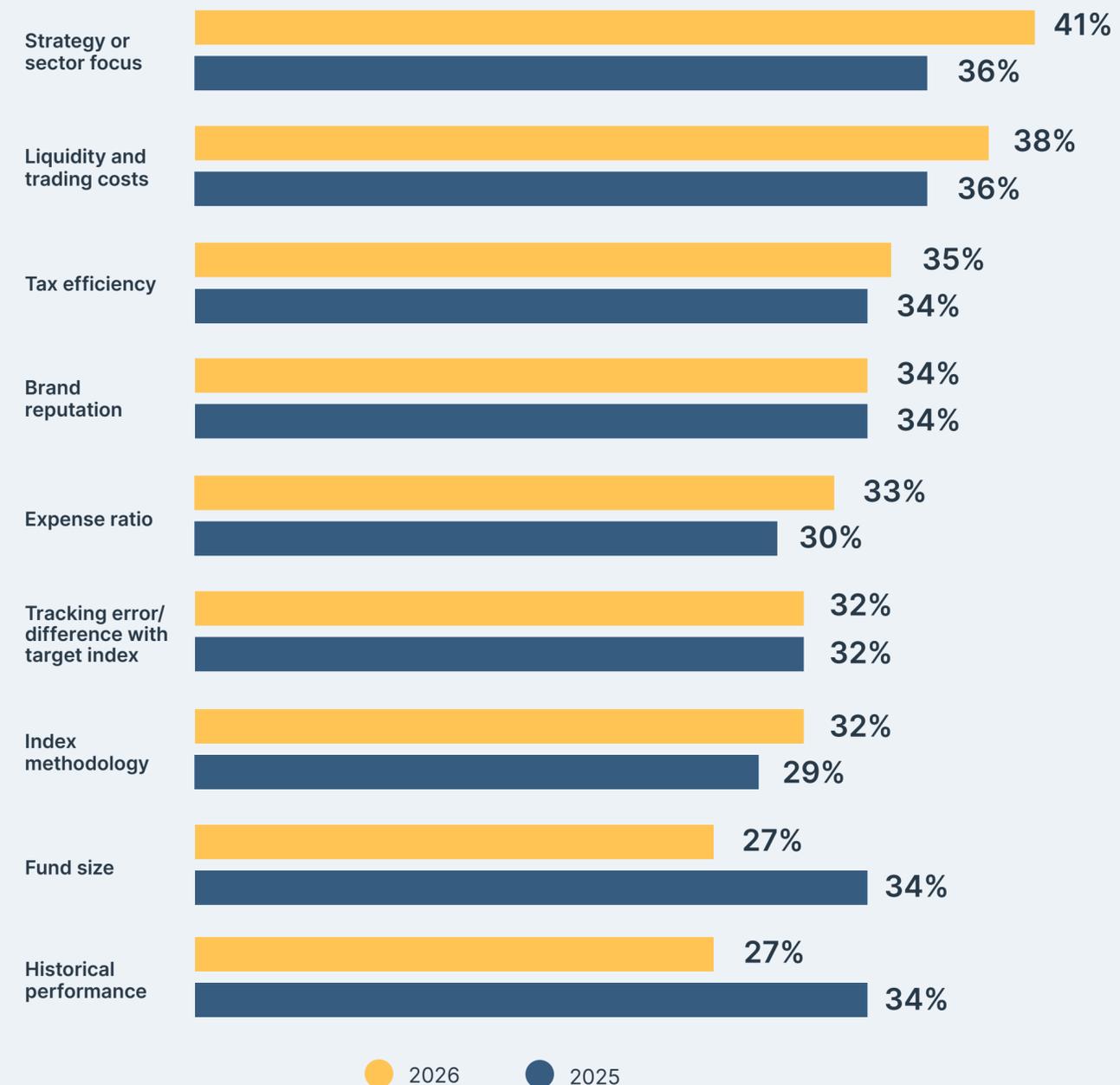
Each year, we aim to use this survey data to provide issuers with a clear view of how investor behavior is changing and where opportunity is emerging.

This year's results show that when evaluating ETFs, investors continue to prioritize clear strategy or sector exposure, alongside liquidity, trading costs, and tax efficiency – factors that remain consistent with prior years.

The most important selling points for investors when considering an ETF remain strategy or sector focus (41%), liquidity and trading costs (38%), and tax efficiency (35%), in line with the 2025 survey. To a lesser extent, brand reputation (34%), and expense ratio (33%) are also important.

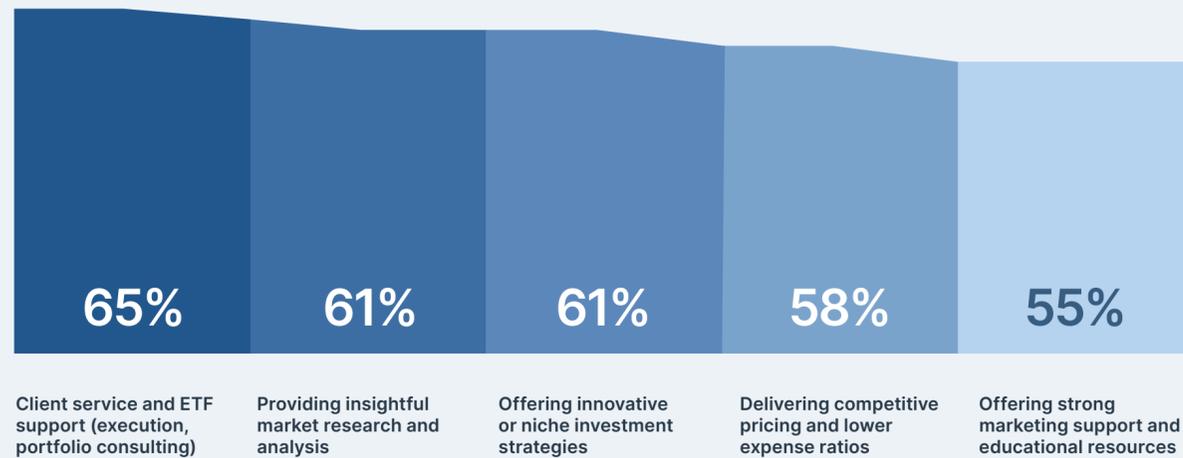
Fund size and historical performance were the least important criteria when considering an ETF. At first glance, this was a surprising finding as these two factors are commonly incorporated into due diligence criteria for gaining access and approval on intermediary platforms. However, this may be less of a consideration for individual respondents as products are inaccessible until approval is granted through a centralized product approval or gatekeeping process as a result. In other words, products have already satisfied these requirements once they are available for purchase by respondents in the advisor, wealth, or private bank segments. Institutional ETF investors most commonly felt that brand reputation was the most important criteria when considering an ETF.

What are the most important selling points for you when considering an ETF?



Expectations for ETF managers go beyond providing a quality product, with additional services offering an opportunity for differentiation. Investors believe that ETF issuers can add the most value to stand out in the market through client service and ETF support services such as execution and portfolio consulting (65%), providing insightful market research and analysis (61%), and offering innovative or niche investment strategies (61%).

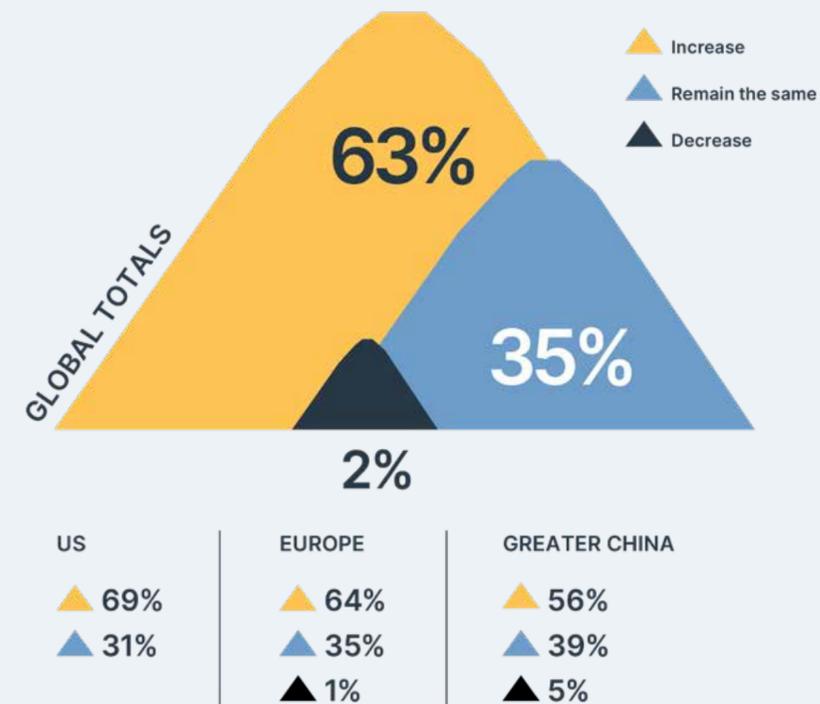
Where do you believe ETF issuers can add the most value to stand out in the market?



The parity among responses shows that investors look at these factors nearly equally, reinforcing the importance of a well-rounded value proposition for sponsors.

Investors are looking to expand the ETF brands that they work with, which represents a window of opportunity for issuers. Over the next 12 months, 63% expect the number of ETF issuers that they are investing with to increase. This is especially the case in the US (69%) and less so in Asia (56%). However, this number is lower than prior years, indicating selectivity in an environment of product proliferation.

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



The path forward for ETFs is not without hurdles. One potential obstacle highlighted by respondents as a barrier to additional ETF investment is knowledge. 26% reported that the largest challenge they face to buying more ETFs is a lack of research tools and education on ETFs.

Still, some may be prevented from buying more ETFs, with 24% noting that certain ETFs don't meet their minimum threshold for assets under management, while 22% note limited availability of ETFs on their investment platform.

YOUR ETF GUIDES

What will be the most consequential change for the ETF industry in 2026?
What product innovation will see the most traction?

Our team provides their thoughts on what's to come in the ETF industry in 2026.



Andrea Murray
Head of EMEA ETF Servicing

In Europe, new ETF entrants will continue at a double-digit pace as asset managers expand distribution and innovate to meet investor demand. Unlike other regions, market entry will rely heavily on white-label providers: established brands will favour flexible, modular services such as distribution platforms and capital markets offerings, while smaller or lesser-known managers, including US RIAs, will continue to depend on end-to-end solutions. As Europe's ETF issuer base grows, targeted digital education and marketing will remain key drivers of retail and wholesale asset growth.



Patrick Farrell
ETF Product

Bitcoin ETFs will see record inflows in 2026. As Bitcoin secures its role in institutional portfolios, ETFs have emerged as the preferred vehicle for exposure, offering liquidity, transparency, and ease of access. Broader platform availability and regulatory clarity will further reduce barriers, driving adoption among both retail and institutional investors. After underperforming major indices in 2025, investors may find value in a Bitcoin allocation, supported by macro tailwinds and growing utility as a diversification tool.



John Hooson
Global Head of ETF Product

2026 will be the year of defined outcome ETFs. Although many prognosticators see the S&P appreciating by the end of the year, the path to get there may include pronounced periods of volatility. With the increasing adoption of these products across retail and advisor channels and broader education around how they can be used as part of portfolio construction, flows will continue to accelerate into these strategies as investors seek greater certainty and deploy them as a hedge against their core exposures.



Tim Huver
Head of US ETF Servicing

In 2026, we will see pronounced growth in fixed income ETFs – both in terms of number of launches and cashflow. ETF product development will continue to evolve with 'all-in-one' portfolio solutions and multi-asset products gaining greater share of both mind and wallet in the retail market, providing professional portfolio management through model portfolio types of ETFs.

IN REVIEW:

ELEVATION GAINS

Geopolitical tensions and uncertainty over the direction of stocks and global interest rates have investors clamoring for flexibility in investments. That flexibility can more easily be found via active investment management than passive management. As investors seek more active solutions, they are showing even greater interest in active ETFs, raising the possibility that these vehicles can gather \$10 trillion of assets within 10 years.

Against this market backdrop, innovation is carving new routes in the ETF space. From share classes to private market assets in ETF wrappers, asset managers are broadening their offerings.

As these paths intersect, the flexibility of ETFs will allow them to adapt to market conditions and investor demand. We look forward to charting these new opportunities with the industry.

For more than 20 years, BBH has served as a leading provider of ETF services to both established global asset managers and those entering the ETF market across the United States, Europe, and Asia. Through the integration of leading-edge technology and outstanding client service, we deliver tailored solutions that empower our clients to achieve operational excellence and long-term success in the evolving ETF landscape.

BROWN 
BROTHERS
HARRIMAN

Partners in *your* success

NEW YORK BEIJING BOSTON CHARLOTTE CHICAGO DUBLIN GRAND CAYMAN HONG KONG HOUSTON JERSEY CITY
KRAKÓW LONDON LUXEMBOURG NASHVILLE PHILADELPHIA TOKYO WILMINGTON ZÜRICH BBH.COM

Opinions and forecasts represent views as of the date of this publication and are intended for informational purposes only. This information is not intended as a recommendation for any asset class or to predict or guarantee the future performance of any asset class.

Brown Brothers Harriman & Co. ("BBH") may be used to reference the company as a whole and/or its various subsidiaries generally. This material and any products or services may be issued or provided in multiple jurisdictions by duly authorized and regulated subsidiaries. This material is for general information and reference purposes only and does not constitute legal, tax or investment advice and is not intended as an offer to sell, or a solicitation to buy securities, services or investment products. References to specific types of securities and asset classes are for informative purposes only and are not intended to be and should not be interpreted as recommendations. Any reference to tax matters is not intended to be used, and may not be used, for purposes of avoiding penalties under the US Internal Revenue Code, or other applicable tax regimes, or for promotion, marketing or recommendation to third parties. All information has been obtained from sources believed to be reliable, but accuracy is not guaranteed, and reliance should not be placed on the information presented. This material may not be reproduced, copied or transmitted, or any of the content disclosed to third parties, without the permission of BBH. Pursuant to information regarding the provision of applicable services or products by BBH, please note the following: Brown Brothers Harriman Fund Administration Services (Ireland) Limited and Brown Brothers Harriman Trustee Services (Ireland) Limited are regulated by the Central Bank of Ireland, Brown Brothers Harriman Investor Services Limited is authorized and regulated by the Financial Conduct Authority, Brown Brothers Harriman (Luxembourg) S.C.A is regulated by the Commission de Surveillance du Secteur Financier, and Brown Brothers Harriman (Hong Kong) Limited and Brown Brothers Harriman Trustee Services (Hong Kong) Limited are regulated by the Securities & Futures Commission in Hong Kong. All trademarks and service marks included are the property of BBH or their respective owners. © Brown Brothers Harriman & Co. 2026. All rights reserved.

IS-11307-2026-02-11 2025-10637493951