

# ARENDDT UCITS Webinar SERIES 2024



## UCITS – Spotlight on ETFs, with a little benchmark twist

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# Market trends and overview

## Market trends and overview

### Sources :

<sup>1</sup> *European ETF industry hits record \$2.18tn in assets by August, Funds Europe*, 23 September 2024

<sup>2</sup> *European ETF market forecast to grow 15% annually over next 5 years, reaching \$4.5trn by 2030*  
**EY Press Release**, 1 March 2024

<sup>3</sup> *ETFGI reports that assets invested in the ETFs industry in Europe reached a record US\$2.11 trillion at the end of July, ETFGI*, 14 August 2024

<sup>4</sup> *Observatoire ETF 2023 : La démocratisation des ETF s'accélère*, **Quantalys**, 20 April 2023

<sup>5</sup> *Morningstar : bond de 80% de la collecte sur le marché européen des ETF*, **Zone Bourse**, 16 January 2024

<sup>6</sup> *Le marché européen des ETF capte un montant record de 1.720 milliards de dollars*, **AGEFI**, 13 December 2023

<sup>7</sup> *ETFGI reports assets invested in ETFs industry in Europe reached a record of 2.01 trillion US Dollars at the end of May, ETFGI*, 12 June 2024

## Key numbers about the ETF European market

**\$2.18 trn**

Record amount of AuM in the European ETF market at the end of August 2024 <sup>1</sup>

**28% growth**

of the ETF European Market in 2023, expected to continue at 15% annually for the next five years <sup>2</sup>

**\$127.19 bn**

year-to-date net inflows collected by ETFs from January to July 2024 <sup>3</sup>

**5x less expensive**

Equity ETFs have management fees 5 times lower than active funds in average <sup>4</sup>

**80%**

Increase in the cash inflow between 2022 and 2023 <sup>5</sup>

**\$6.26 bn**

Total amount collected by the **actively managed** ETFs in 2023, 2.5 times higher than 2022 <sup>6</sup>

**23th**

Consecutive month of positive cash inflow into European ETFs <sup>1</sup>

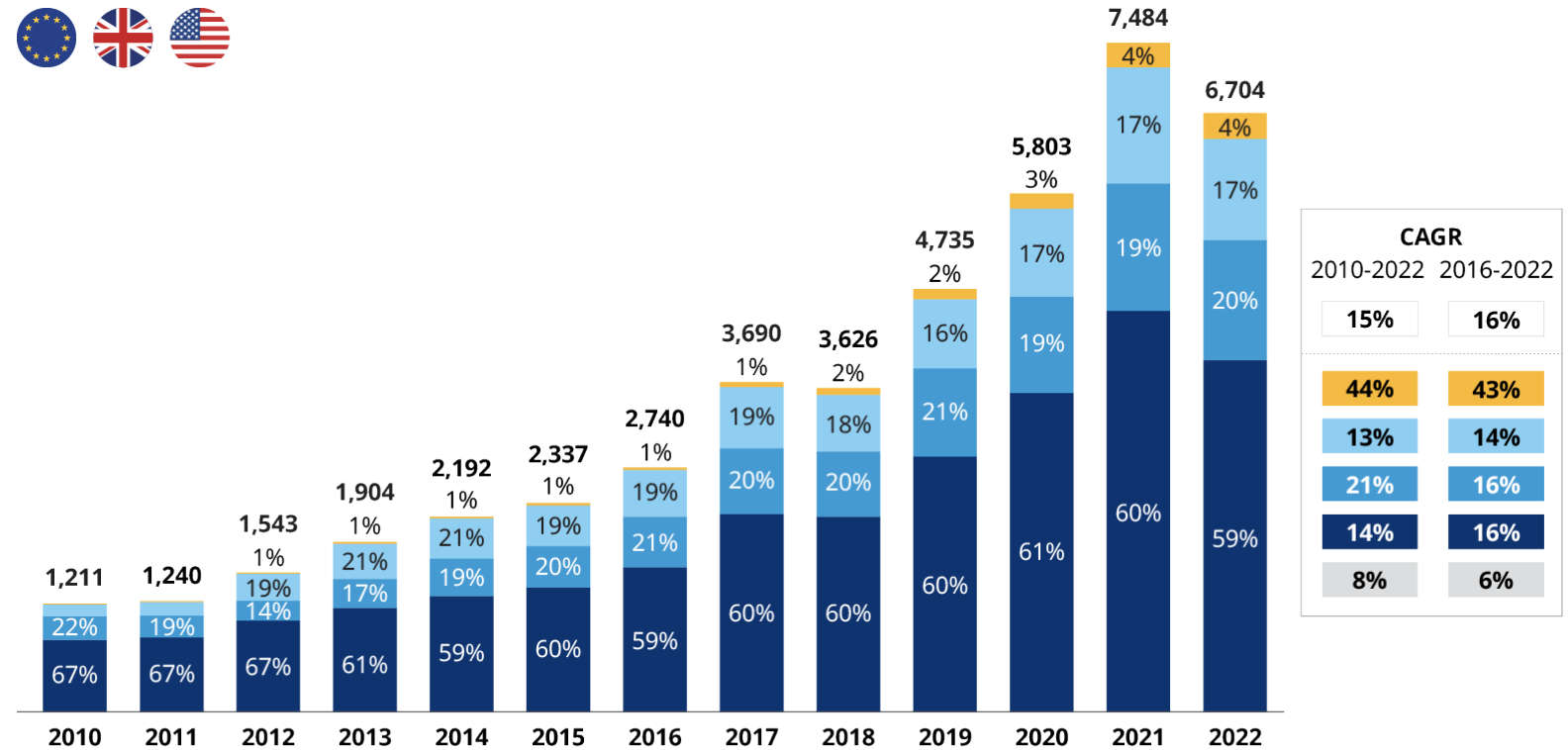
**3032 products**

**99 providers**

**24 countries**

constitute the European ETF industry <sup>7</sup>

## Evolution of the number of active and passive ETFs from 2010 to 2022



### Number of funds

2,389	2,903	3,131	3,280	3,653	3,953	4,080	4,304	4,577	4,534	4,458	5,098	5,697
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■ Purely passive ■ Smart beta ■ Thematic ■ Purely active

CAGR	
2010-2022	2016-2022
15%	16%
44%	43%
13%	14%
21%	16%
14%	16%
8%	6%

<https://www.oliverwyman.com/our-expertise/insights/2023/may/exchange-traded-funds-are-fueling-market-opportunities.html>

## **Possible pitfalls with the Benchmarks Regulation reform**

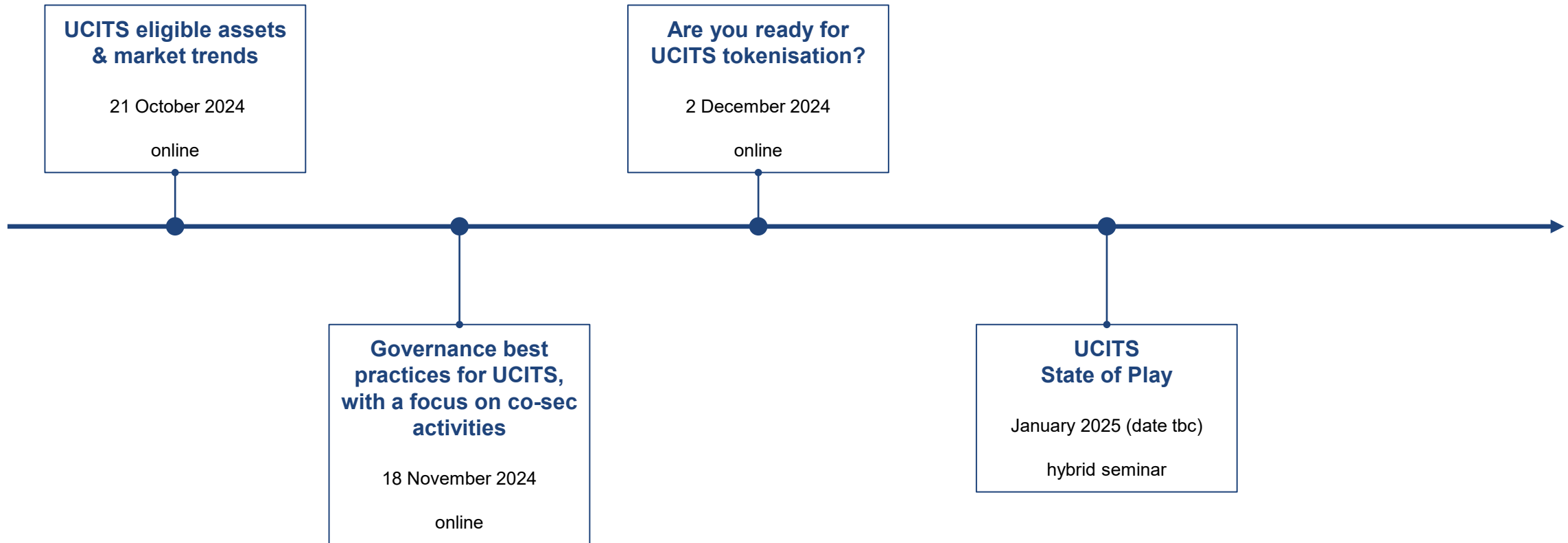
- The deregulation of non-significant benchmarks would mean that benchmark statements for such benchmarks will no longer be available or only at additional cost
- Deregulation of non-significant benchmarks may impact the liability towards investors, especially for ETFs
- Potential conflicts between ETFs' and ESG naming conventions not addressed
- Given negative disclosure regime only, requirement to disclose status of the administrator may be misleading on the quality of benchmarks not included in the ESMA Register
- Burden on users to verify quality/conformity of ESG disclosures for ESG-related benchmarks
- Remaining potential for misalignment of users' and administrators' disclosure requirements outside SFDR



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