Global ETF Flows 2025

Data as of Dec. 31, 2024

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Key Takeaways

- 2024 Highlights
  - Investors' "risk on" posture was evident throughout the year in exchange-traded fund flows and was further amplified by the US presidential election in November.
  - Global ETF flows captured an annual record USD 1.5 trillion for the calendar year. Funds grew organically 13.6%, the highest rate since 2021. Funds residing outside the US also had record flows of USD 377 billion, easily exceeding the previous mark of USD 292 billion set in 2021.
  - Assets reached a record USD 13.8 trillion, USD 2.7 trillion higher than at the end of 2023.
  - Equity and fixed-income funds captured 95% of flows, or USD 1.4 trillion. Neither of these bellwether asset classes had a single month of outflows in 2024. Both broad asset classes had record annual flows. Fixed income's 18% growth rate was 50% higher than equity's 12%, albeit beginning from an asset base only a quarter of equity's size.
  - Flows into US-domiciled ETFs spiked following November's elections. Flows in the last two months of the year totaled USD 310 billion.
  - The United States dominated global ETF assets and flows on an absolute basis; it captured 75% of flows in 2024 and holds 75% of assets. But the US is not leaving everyone else behind. While US ETFs grew 14% organically, ex-US ETFs grew 13%. Ex-US ETFs had a record year, too, soaking up USD 377 billion.
  - Actively managed ETF assets surpassed USD 1 trillion for the first time and grew almost 5 times faster than passive ETFs. The category grew at a very robust 50% organic growth rate. Assets rose to USD 1,075 billion from USD 669 billion at the end of 2023, while flows increased to USD 339 billion from USD 161 billion. Active ETFs' share of all ETF assets increased to 7.8% from 6.2%. Passive ETFs grew at a still-robust 11% clip.

Key Takeaways, Continued

- The three largest strategies, iShares S&P 500 Index, SSGA S&P 500, and Vanguard S&P 500 Equity, pulled in USD 292 billion, or 19.5% of global flows, as their combined assets reached USD 2.1 trillion. The US version, ticker VOO, ingested an astounding USD 117 billion by itself, a record for any fund.
- Invesco grew 21%, the highest rate among the largest ten asset managers.
- Standard and Poor's dominated flows among benchmark index providers, capturing USD 475 billion in flows to products that track its indexes. It now commands a 28% market share, versus 23% five years ago.

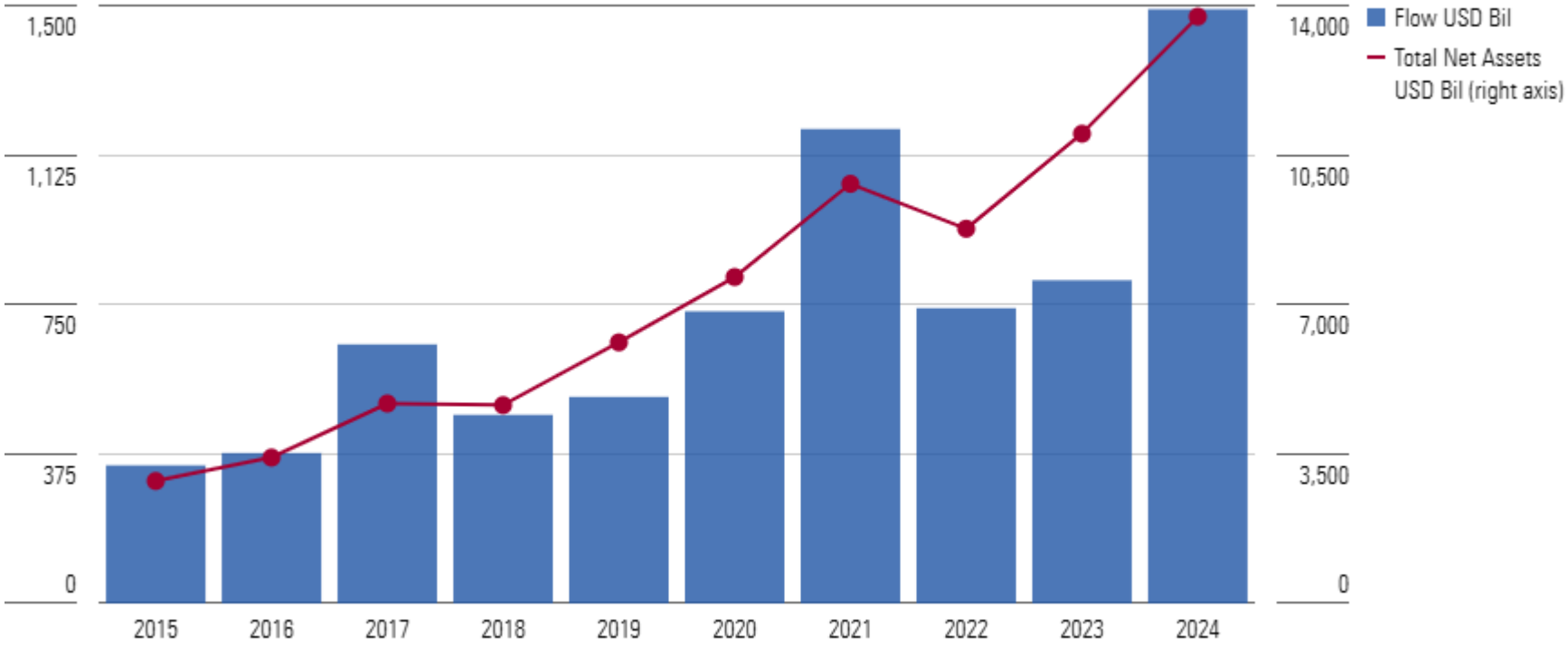
- Fourth-Quarter Highlights
  - Flows reached a quarterly record USD 549 billion. The organic growth rate of 4.1% was the fifth-highest in the past 10 years.
  - Equity funds had record quarterly flows of USD 419 billion, leaving the previous record of USD 276 billion in the first quarter of 2021 in the dust. Its quarterly growth rate of 4% was the highest of the year.

Notable Trends

ETFs Deliver Record Annual Flows as Assets Hit an All-Time High

Global flows were USD 1.5 trillion, easily surpassing 2021's USD 1.2 trillion, as assets reached USD 13.8 trillion. Ten years ago, assets stood at USD 2.9 trillion.

Record Assets, Record Flows
Global ETFs



Source: Morningstar Direct Data as of Dec. 31, 2024.

See important data disclosures at the end of this deck.

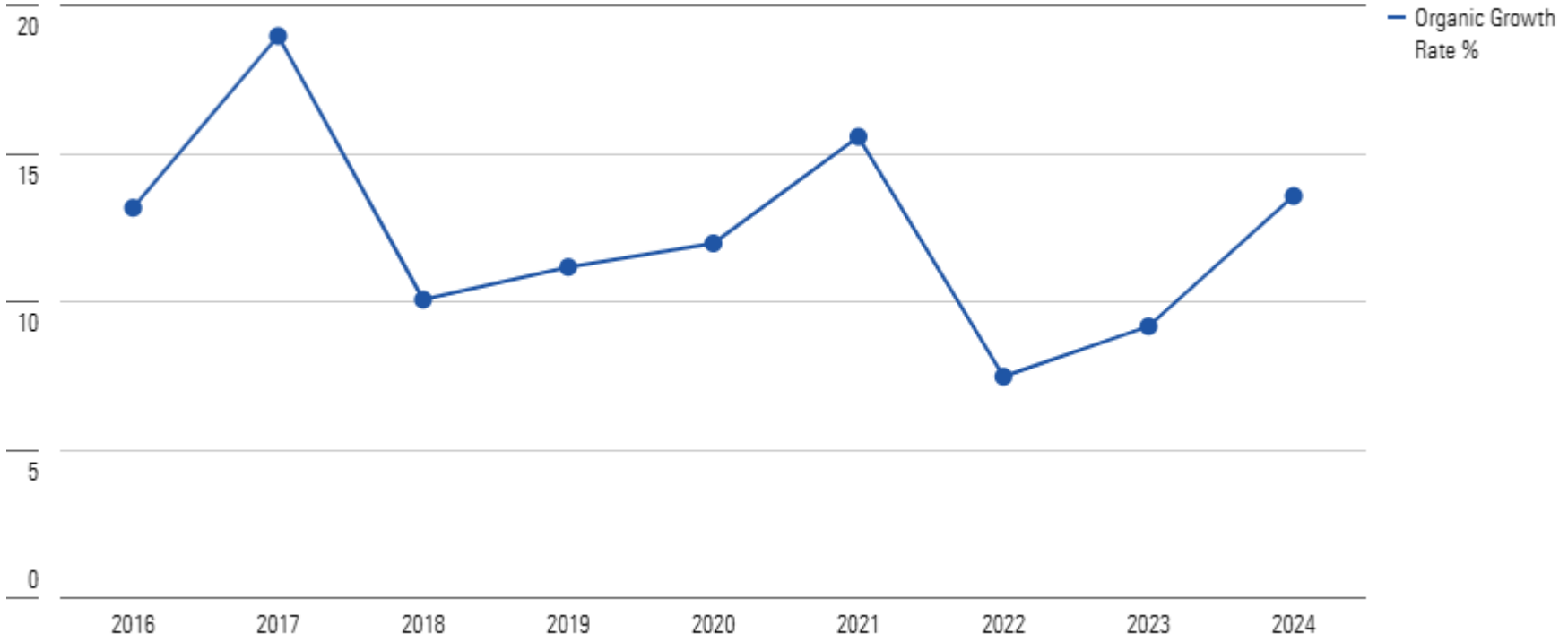
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Defying Gravity: Assets Continue to Balloon, but Growth Rates Remain Robust

While a record year for flows on an absolute basis is noteworthy, just as impressive is the 13.6% annual organic growth rate in 2024. The larger the asset base, the harder it is to maintain a high rate, yet ETFs delivered their highest growth rate since 2021.

Organic Growth Is Still Robust Despite Swelling Assets

Global ETFs | Organic Growth Rate %



Source: Morningstar Direct Data as of Dec. 31, 2024.

Organic Growth Rate is flows over the period divided by beginning assets. It expresses non-performance-based asset growth and normalizes comparisons over time.

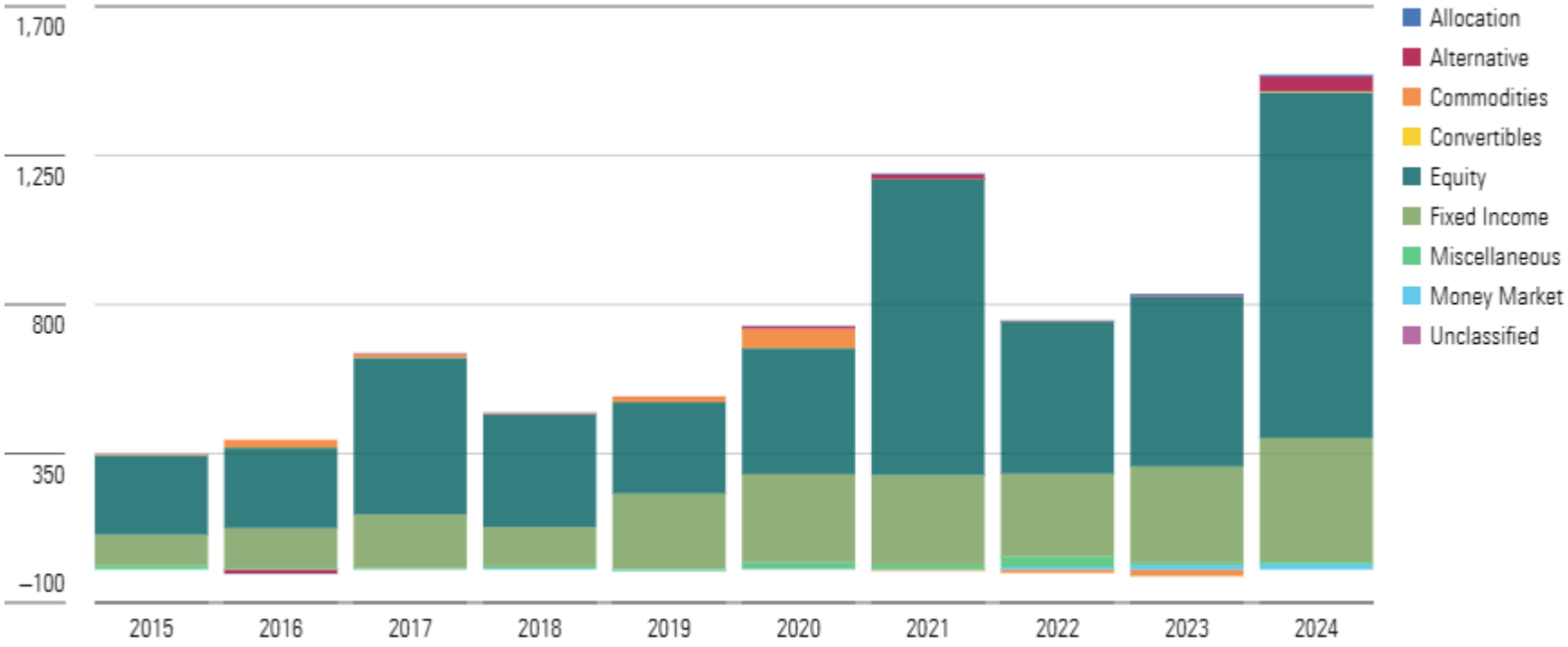
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Cheap Equity and Fixed Income Continue to Dominate Flows

Much of the current discourse in the fund industry is around innovations in alternatives and private-to-public offerings, but "pure beta" equity and fixed-income strategies still overwhelmingly prevail in flows terms. These two core categories captured USD 1.4 trillion, or 95%, of flows in 2024. Alternatives (in maroon), the home of US spot bitcoin funds, have made a dent in the universe, but in terms of dollars at work, it's just that: a dent. Alts, which includes digital assets funds, captured 3% of flows and hold just 1% of assets.

Equities and Fixed Income Continue to Dominate Flows

Yearly Estimated Flows USD Bil



Source: Morningstar Direct Data as of Dec. 31, 2024.

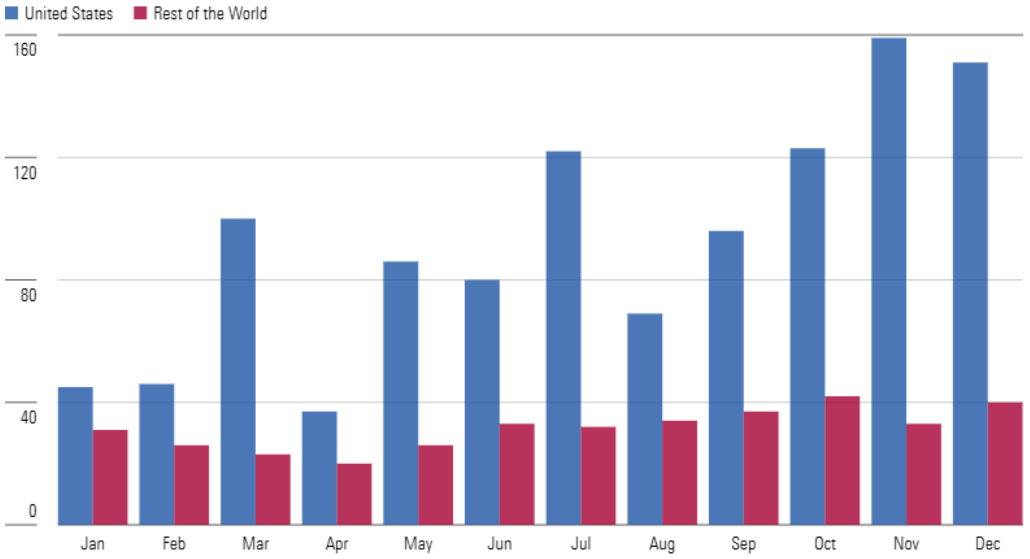
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“Risk On” Got Supercharged After November’s US Election

The chart on the left shows that US ETF flows in November and December jumped following Donald Trump’s victory at the beginning of November, resulting in USD 310 billion of inflows. Flows into funds domiciled elsewhere were steadier throughout the year, as expressed in the relatively flat red line in the right-hand chart. Non-US funds maintained their 25% market share despite runaway flows for US funds.

US Flows Peaked in November, While the Rest of the World Was Steady Throughout the Year...

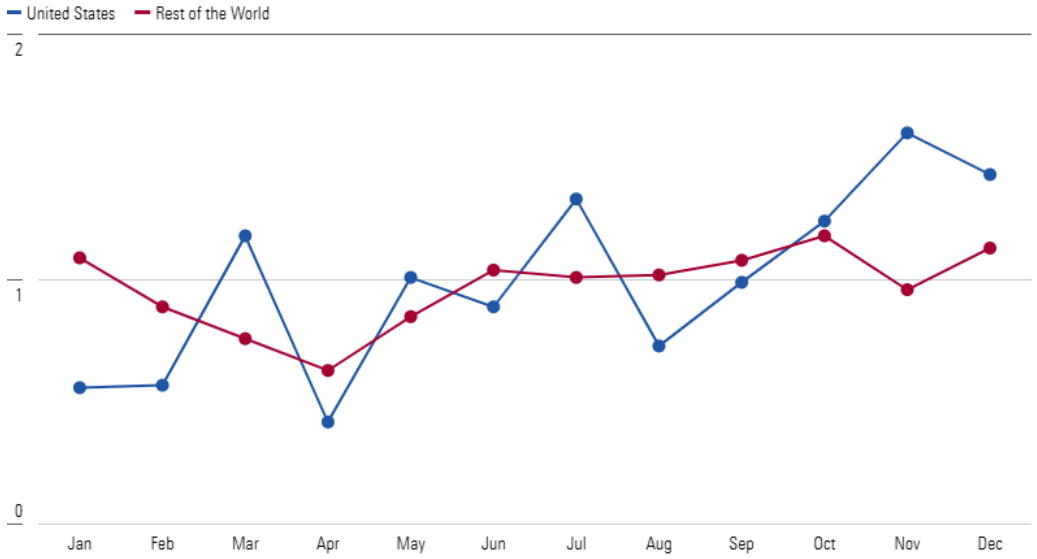
Global ETFs | Monthly Estimated Flows USD Bil



Source: Morningstar Direct Data as of Dec. 31, 2024.

...And US ETF Flows Are Volatile Relative to Funds Domiciled Elsewhere

Global ETFs | Monthly Organic Growth Rate %



Source: Morningstar Direct Data as of Dec. 31, 2024.

Organic Growth Rate is flows over the period divided by beginning assets. It expresses non-performance-based asset growth and normalizes comparisons over time.

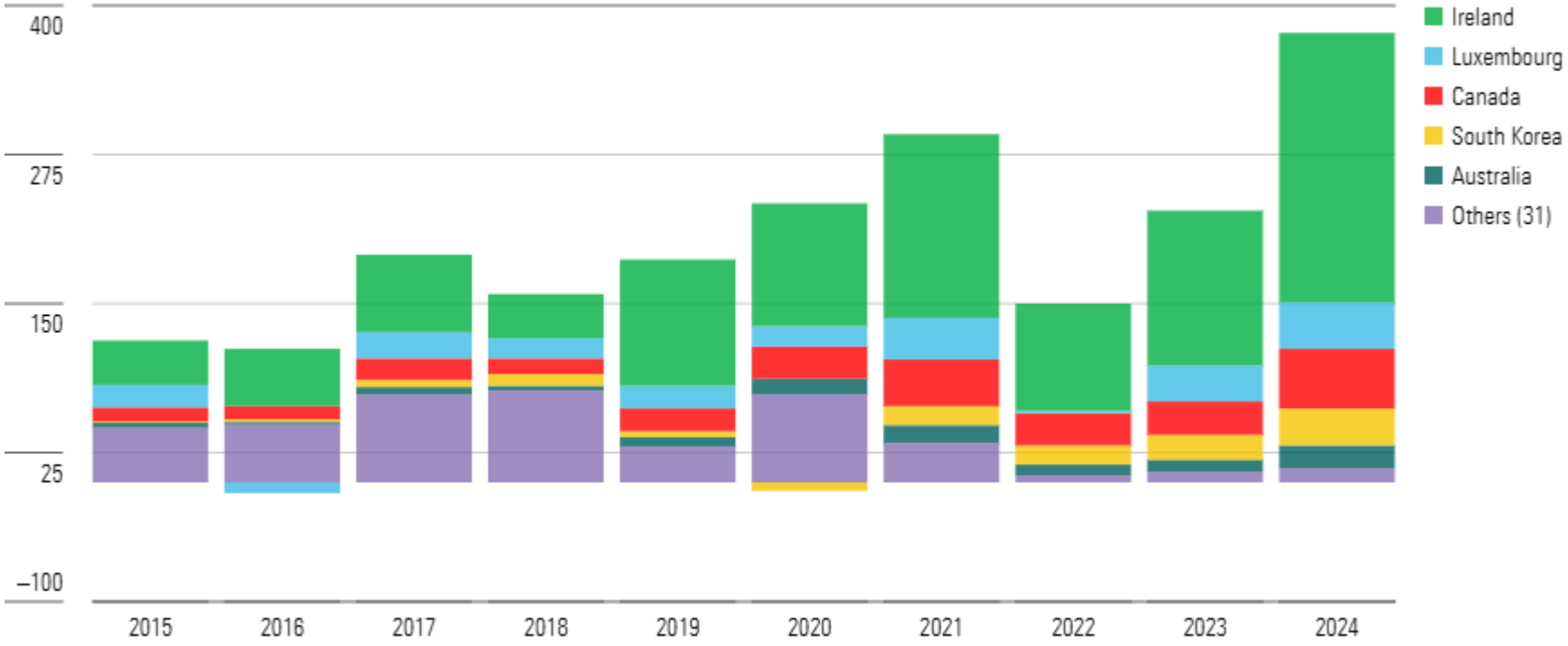
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Funds Outside the US Had a Record Year, Too

Funds outside of the US grew 13.1%, just lower than the US' 14% clip, on flows of USD 377 billion. South Korea had a blowout year, growing at a torrid 33% rate for the second straight calendar year. Ireland outpaced its cross-border rival Luxembourg in both flows and growth rate. The former grew at 18%, while the latter grew 12%.

Ex-US ETFs Thrived in 2024, Too

Yearly Estimated Flows USD Bil



Source: Morningstar Direct Data as of Dec. 31, 2024.

Organic Growth Rate is flows over the period divided by beginning assets. It expresses non-performance-based asset growth and normalizes comparisons over time.

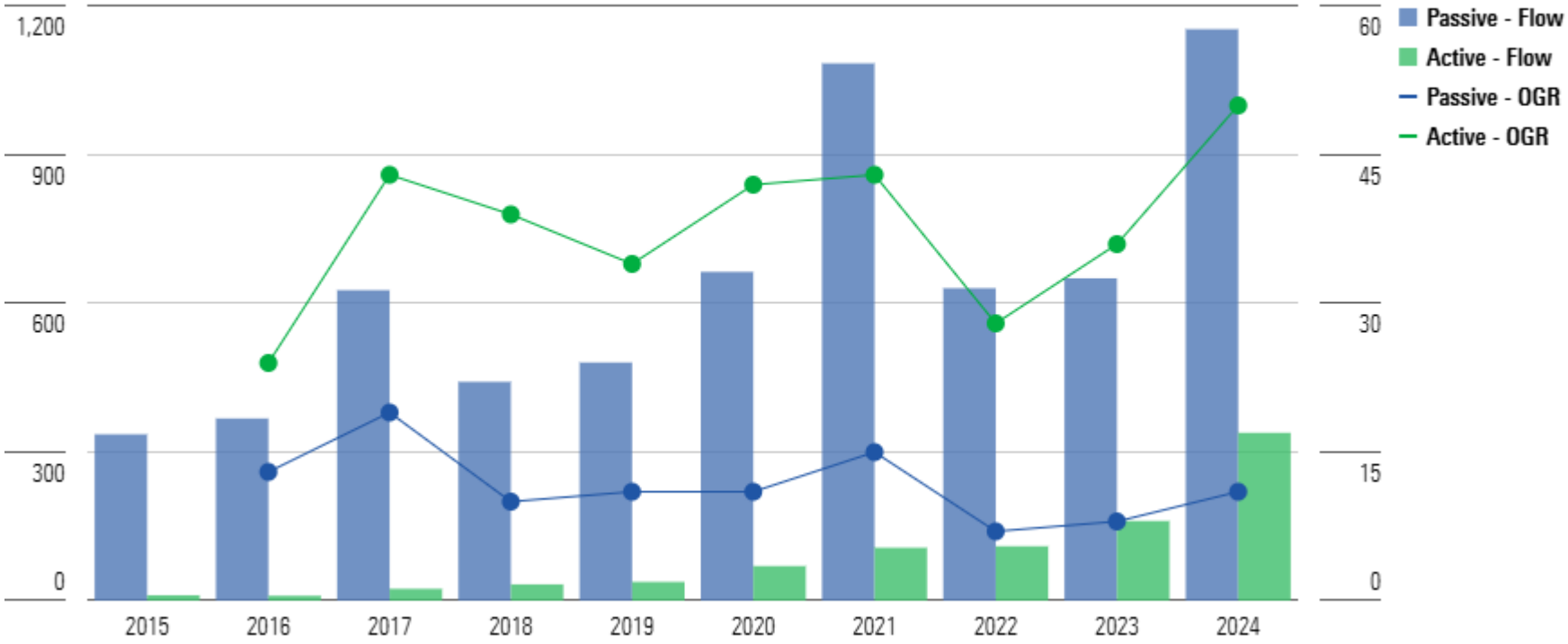
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Actively Managed Funds Grew 50% Organically in 2024 as Flows Doubled

Flows into actively managed ETFs more than doubled year on year, to USD 339 billion from USD 161 billion. While passives grew organically at a very healthy 11%, actives blew the doors off with a 50% rate. Flows were buoyed by equity and fixed-income strategies, which captured 89% of active flows.

Actively Managed ETFs Grew 5 Times Faster Than Passives in 2024

Net Flows (USD bil) and Organic Growth Rate %



Source: Morningstar Direct Data as of December 31, 2024.

Organic Growth Rate is flows over the period divided by beginning assets. It expresses non-performance-based asset growth and normalizes comparisons over time.

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Actively Managed ETFs Are Dominated by a Few Firms

JPMorgan offers two "equity premium" funds and JPST, an ultrashort income fund, in the US that raked in big flows in 2024 and previous years. IShares' factor rotation strategy is known to be widely used in BlackRock's popular model portfolios. When the models' allocations change, the component funds' flows change commensurately.

Global Category	Share Class	Branding Name	Domicile	Estimated Net Flow 2024 $Bil	Total Net Assets $Bil
US Equity Large Cap Blend	iShares U.S. Equity Fac Rotation Act ETF	iShares	United States	11.7	13.6
US Fixed Income	Janus Henderson AAA CLO ETF	Janus Henderson	United States	11.2	16.6
Equity Miscellaneous	JPMorgan Nasdaq Equity Premium Inc ETF	JPMorgan	United States	10.8	20.7
US Fixed Income	Fidelity Total Bond ETF	Fidelity	United States	10.5	16.9
US Fixed Income	iShares Flexible Income Active ETF	iShares	United States	6.5	6.9
US Fixed Income	JPMorgan Ultra-Short Income ETF	JPMorgan	United States	5.6	27.9
US Equity Large Cap Value	Capital Group Dividend Value ETF	Capital Group	United States	5.5	12.2
US Equity Large Cap Blend	JPM US Research Enh Eq ESG ETF USD Acc	JPMorgan	Ireland	5.4	11.7
US Equity Small Cap	Avantis US Small Cap Value ETF	American Century	United States	5.4	15.2
Global Equity Large Cap	JPMorgan Global Select Equity ETF	JPMorgan	United States	5.3	6.5

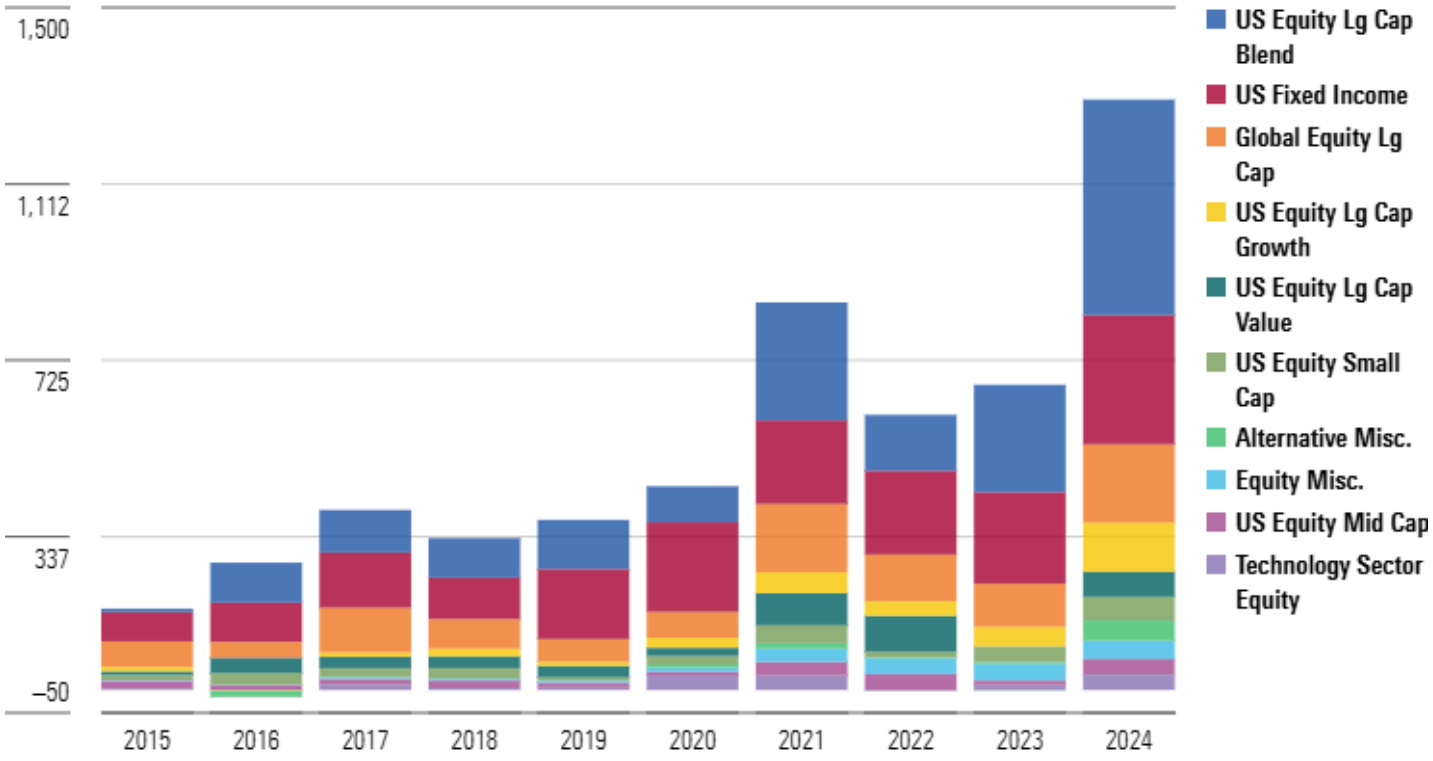
Source: Morningstar Direct

Global Categories – US Large Cap Blend and US Fixed Income Dominate

US large cap, US fixed income, and global equity large cap have dominated flows over the past 10 years, and 2024 was no exception. These three categories captured 62% of flows last year and 66% in 2023. As recently as 2021, they captured just 50% of flows. Alternative miscellaneous includes the US-domiciled spot bitcoin vehicles that launched with fanfare in January 2024.

Three Global Categories Dominate Flows

Categories With the Largest Flows in 2024 Over the Past 10 Years



Source: Morningstar Direct Data as of December 31, 2024.

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Just Three S&P 500 Strategies Raked in USD 292 Billion Globally

The S&P 500 index returned a robust 25% in 2024, which followed 2023's 24% return. Investors responded in 2024 by pumping USD 292 billion into just the three largest strategies. Assets in these strategies reached USD 2.1 trillion at the end of the year, or 13% of all ETF assets. Unsurprisingly, these strategies are the three largest ones in the world. Vanguard's US ETF, VOO, had an unearthly USD 117 billion in net flows for the year.

USD Bil	iShares S&P 500 Index		SSGA S&P 500		Vanguard S&P 500 Equity		**TOTAL**	
Domicile	Flow	Assets	Flow	Assets	Flow	Assets	Flow	Assets
Australia	1	8	0	0			2	8
Brazil					0	0	0	0
Canada	1	14			5	17	6	31
Ireland	20	138	11	22	6	63	37	223
Japan	0	1					0	1
Mauritius					0	0	0	0
Mexico	0	0					0	0
United States	87	586	43	677	117	584	247	1,847
Grand Total	**109**	**747**	**54**	**699**	**129**	**664**	**292**	**2,110**

Source: Morningstar Direct. Figures for the Canada version of the Vanguard fund are double-counted, since the Canada fund holds the US fund rather than individual stock holdings. Zeroes indicate values less than USD 1 billion.

Gold- and Silver-Rated Funds Dominate Flows and Assets

Investor dollars reside predominantly in funds with Morningstar Medalist Ratings of Bronze or better, representing 77% of assets, or USD 10.6 trillion. Seventy-six percent of flows found their way into these categories in 2024, with Gold-rated funds commanding the largest proportion of flows, 40%, and the highest organic growth rate of 17%. The USD 1 trillion in Not Rated funds is composed mostly of funds too new to rate and Morningstar Categories to which Morningstar does not assign ratings, such as digital assets, commodities, trading tools, and defined-outcome strategies.

Morningstar Medalist Rating: Investors Gravitated Toward Higher-Rated Funds in 2024
Figures in USD billion unless indicated

Name	Flow Q4	2024 Flow	Market Share of Flow % 2024	Assets	Market Share of Assets %	Organic Growth Rate % 2024
Gold	224	602	40	4,576	33	17
Silver	146	370	25	3,553	26	13
Bronze	27	158	11	2,434	18	7
Neutral	92	212	14	1,963	14	13
Negative	3	12	1	143	1	9
Under Review	0	0	0	0	0	NMF
Not Rated	55	139	9	1,092	8	16

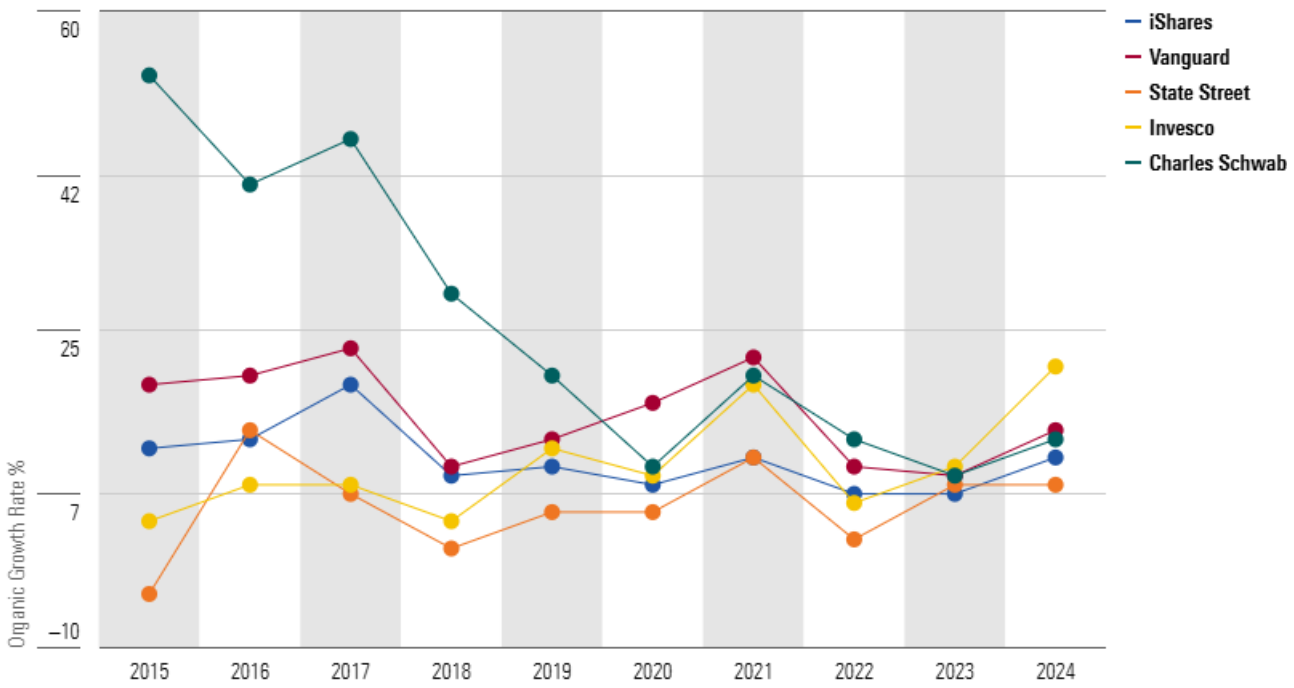
Source: Morningstar Direct Data as of December 31, 2024.

Zeroes indicate values less than USD 1 billion.

The Largest Five Fund Groups Thrived in 2024

Invesco was by far the fastest-growing of the five largest ETF providers in 2024, expanding at 21%. USD 61 billion, or 54% of its flows, were sourced from three funds: Invesco QQQ Trust QQQ, Invesco S&P 500® Equal Weight ETF RSP, and Invesco NASDAQ 100 ETF QQQM. What's more, the first and last funds are clones. Given the year experienced by these funds' top holdings—Apple, Nvidia, and Tesla among them—it shouldn't come as a surprise that investors flocked to the offerings.

The Largest Five ETF Managers Grew at a Healthy Clip
But Invesco Separated Itself from the Others



Source: Morningstar Direct Data as of December 31, 2024.

Organic Growth Rate is flows over the period divided by beginning assets. It expresses non-performance-based asset growth and normalizes comparisons over time.

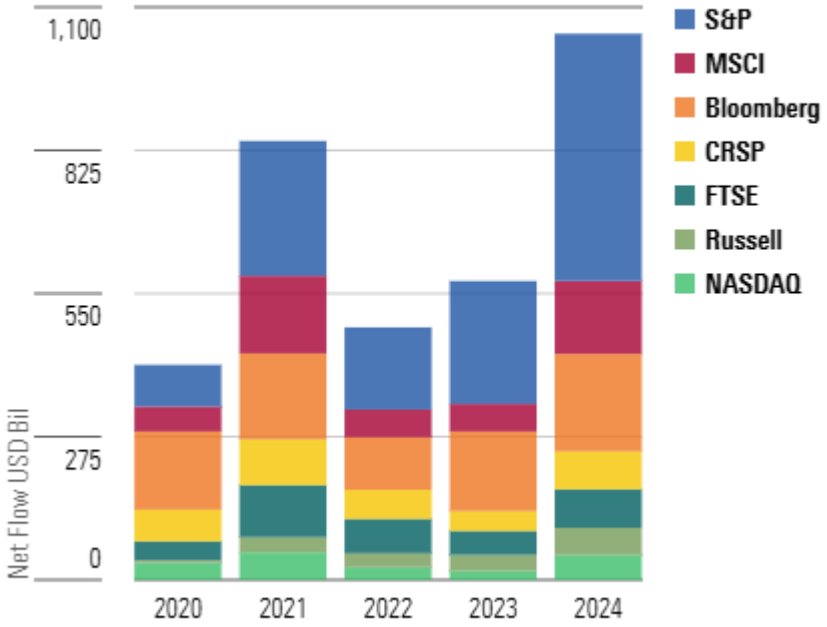
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Benchmark Index Providers Are Thriving, Too

Whether it is active or passive, almost every ETF is benchmarked to an index. The largest seven index providers enjoy a 70% market share of assets. Flows into funds benchmarked against S&P indexes had USD 475 billion in flows, more than double 2023's USD 236 billion tally. S&P's market share reached a record 28%, more than double MSCI's 12%. It has captured 5% of incremental share in the past five years.

Benchmark Index Providers Are Enjoying the Ride

Annual Net Flows of Benchmarked Funds



Source: Morningstar Direct Data as of December 31, 2024.

Largest Index Providers' Market Share Is Stable

But S&P Has Created Separation From Its Rivals in the Past Five Years

Name	Indexed Assets 2024	2020	2021	2022	2023	2024
S&P	3,834	23	25	25	26	28
MSCI	1,593	13	13	13	12	12
Bloomberg	1,211	10	9	10	9	9
CRSP	1,038	7	7	7	7	8
FTSE	803	7	6	7	6	6
Russell	660	4	5	4	5	5
NASDAQ	544	3	4	3	4	4
Others	4,078	33	31	32	31	30

Source: Morningstar Direct Data as of December 31, 2024.

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Data Disclosures

Data Universe

The figures in this report were compiled on Jan. 8, 2025, and reflect only the funds that had reported net assets (or daily shares outstanding for US and Canadian funds) by that date. The figures are based on 11,220 vehicles across 33 domiciles. China, Taiwan, and India are not included, and Australia is partially complete due to local reporting policies.

The data are survivorship-bias-free.

Methodology

For Canada- and US-domiciled ETFs, Morningstar computes flows using daily shares outstanding and net asset value.

For non-US ETFs, the estimated net flow is derived from monthly assets and return. Flow is the change in assets not explained by the performance of the fund. This method assumes that flows occur uniformly over the course of the month.

When liquidated funds are included, the final assets of the fund are counted as outflows.

Disclosures

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