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KEY TAKEAWAYS

Key Takeaways

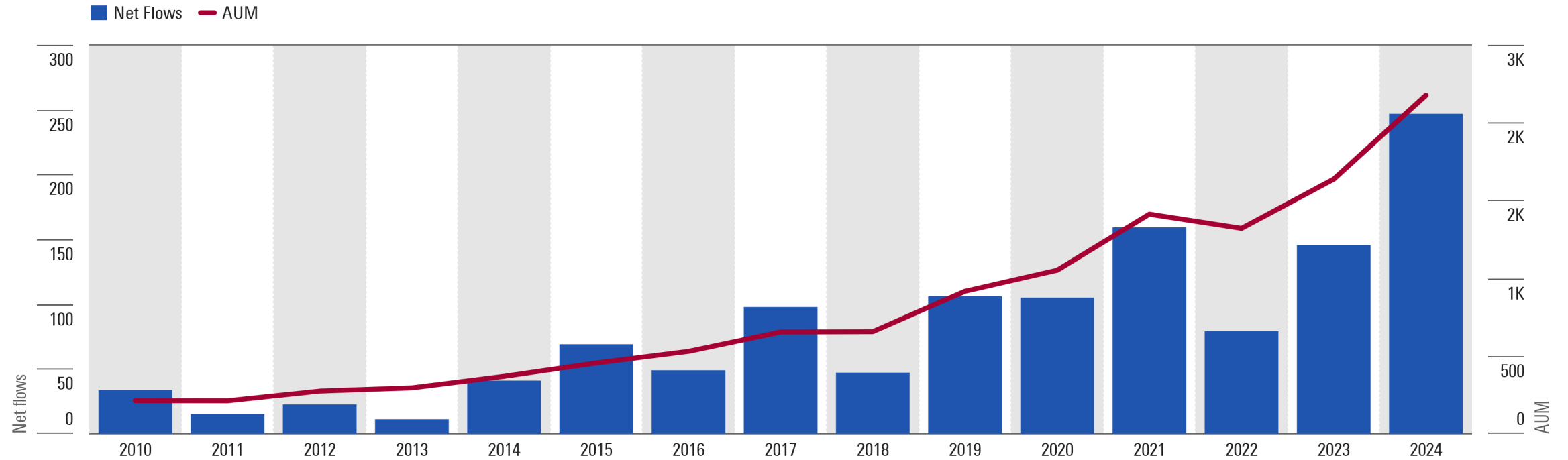
- The year 2024 was a record one for the European exchange-traded fund and exchange-traded commodity industry. Flows totaled EUR 247 billion, up from EUR 145.4 billion in 2023 and well above the previous annual high of EUR 159 billion in 2021.
 - IShares topped the annual flows league table with EUR 84.4 billion, followed by Xtrackers with EUR 36.0 billion and Amundi with EUR 27.5 billion.
 - Assets under management in ETFs and ETCs totaled close to EUR 2.18 trillion at the close of 2024. This was a 33% increase in the year from EUR 1.64 trillion in 2023.
 - IShares remains the top provider in Europe with a market share of 42.2%. Amundi retained the second spot with a share of 12.4%, and Xtrackers is third with 10.9%.
 - Flows into equity ETFs amounted to EUR 197.2 billion in 2024. Investors showed a strong preference for US equity exposure. The combined flows into the US large-cap blend and global large-cap blend categories accounted for 70% of all flows into equity ETFs in Europe in the year. Mainstream US index equity exposure dominated. This is one of the few areas where synthetic ETFs are making a comeback.
 - Flows into bond ETFs totaled EUR 47.4 billion in the year 2024, down from EUR 57.3 billion in 2023. Investors retained a bias for short duration strategies.
 - Commodity ETCs and ETFs saw outflows of EUR 7.4 billion in 2024.
 - Flows into environmental, social, and governance-focused ETFs in 2024 amounted to EUR 32.4 billion, down from EUR 42.8 billion in 2023. The proportion of total ETF flows into ESG strategies has declined abruptly since 2022.
 - Active ETFs gathered flows of EUR 19.1 billion in 2024, up from EUR 6.7 billion in 2023, and represented 7.7% of all flows into ETFs in the year. Assets in active ETFs rose to EUR 54.4 billion from EUR 29.6 billion in 2023 and account for 2.5% of assets invested in ETFs.
 - J.P. Morgan strengthened its role as leading provider of active ETFs in Europe, with a market share of 54.6%.
 - Thematic ETFs saw outflows of EUR 1.1 billion in 2024, the first year of disinvestment in the past decade. ETFs tracking the energy transition theme led the outflows.
-

Record-High Year for the European ETF Industry With Flows of EUR 247 Billion

European ETFs and ETCs gathered EUR 86.0 billion of flows in the fourth quarter of 2024, up from EUR 63.4 billion in the third quarter. This was a record-high in the quarterly series. Total flows in the year 2024 amounted to EUR 246.8 billion, up from EUR 145.4 billion in 2023 and well above the previous annual high of EUR 159.0 billion in 2021. Assets under management in ETFs and ETCs amounted to EUR 2.18 trillion at the close of 2024. This was a 33% increase in the year from EUR 1.64 trillion in 2023.

Total Net Flows and Assets Under Management for European ETF and ETC Market

(EUR, billion)

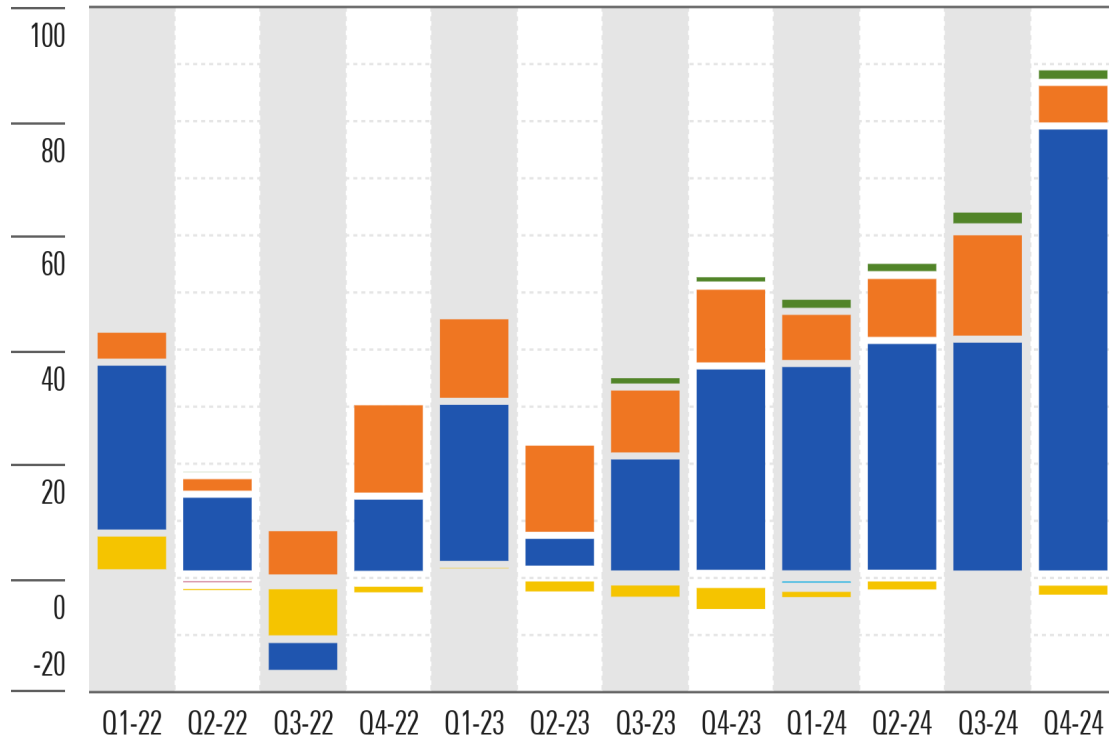


Source: Morningstar Direct. Data as of Dec. 31, 2024.

Upsurge in Equity ETF Flows in the Fourth Quarter as Investors Pile on US Exposure

Flows by Broad Asset Class for European ETF and ETC Market

(EUR, billion)



- Equity ETFs gathered EUR 78.5 billion in the fourth quarter, up from EUR 41.4 billion in the third quarter.
- In the year 2024, equity ETFs netted a record-breaking EUR 197.2 billion, more than doubling the EUR 91.5 billion collected in 2023. Flows into equity ETFs accounted for 80% of the total flows for the European ETF & ETC market in 2024. Investors held a strong preference for US equity exposure throughout.
- Bond ETFs gathered EUR 7.6 billion in the fourth quarter, down from EUR 18.8 billion in the third quarter. Investors maintained a bias for short duration strategies despite the fall in interest rates.
- Flows into bond ETFs totaled EUR 47.4 billion in the year 2024, down from EUR 57.3 billion in 2023.
- Commodity ETCs and ETFs saw outflows of EUR 2.8 billion in the fourth quarter.
- For the third year in a row, and despite the rise in gold prices, commodity products have been out of favor. Outflows in 2024 totaled EUR 7.4 billion after outflows of EUR 9.1 billion in 2023 and EUR 6.0 billion in 2022.

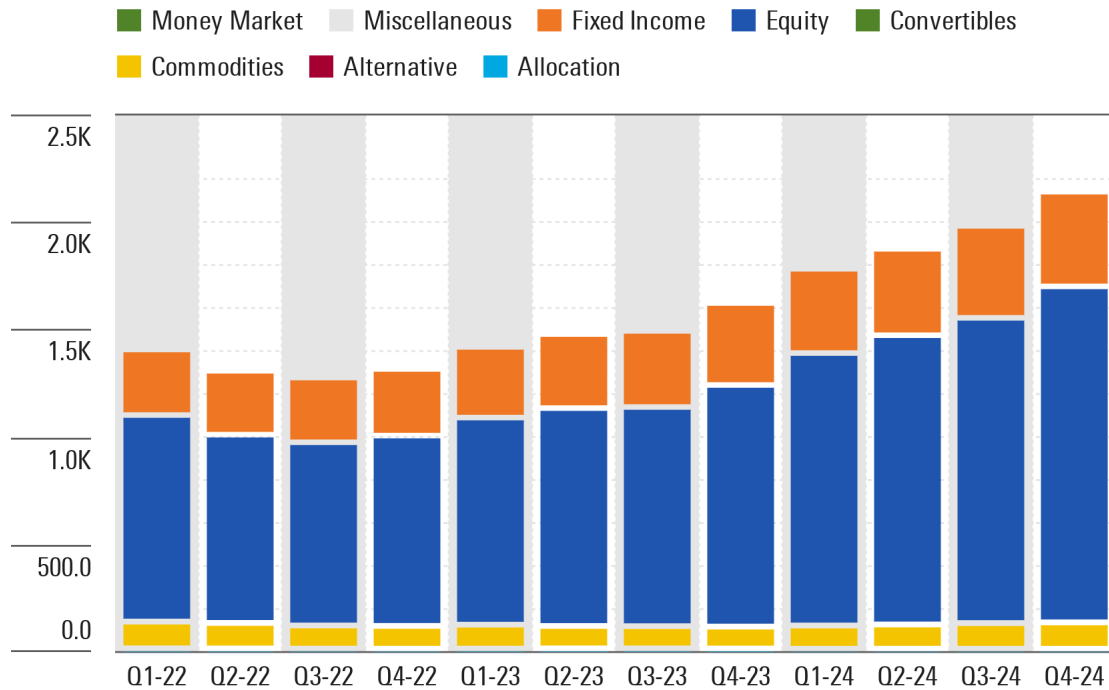
Source: Morningstar Direct. Data as of Dec. 31, 2024.

Assets Under Management Hit a New High at EUR 2.18 Trillion in 2024

Assets under management rose by 8.4% in the quarter and 33% in the year to close to EUR 2.18 trillion, a new record-high for the European ETF & ETC market. Assets in equity ETFs totaled EUR 1.55 trillion, up 38.4% from EUR 1.12 trillion at the end of 2023, and account for 72% of all assets invested. Meanwhile, assets in bond ETFs grew by 15.7% to EUR 441 billion from EUR 381 billion in 2023 and account for 20.2% of all assets invested.

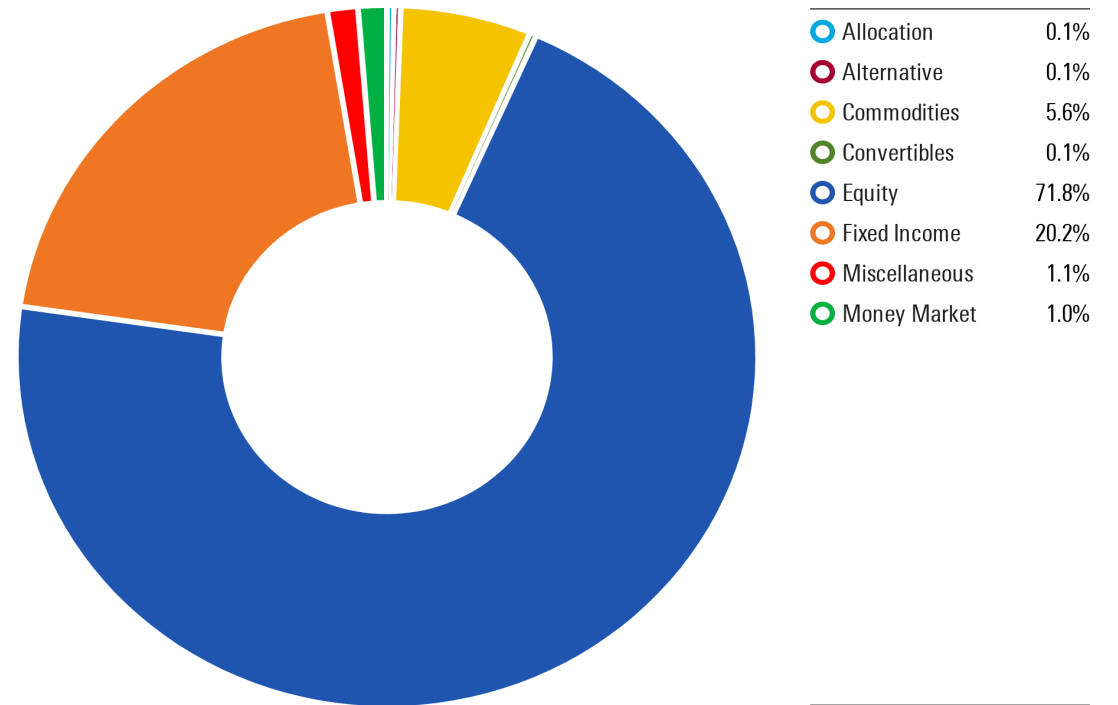
Assets by Broad Asset Class for European ETF and ETC Market

(EUR, billion)



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

Assets by Broad Asset Class (% of Total Assets)

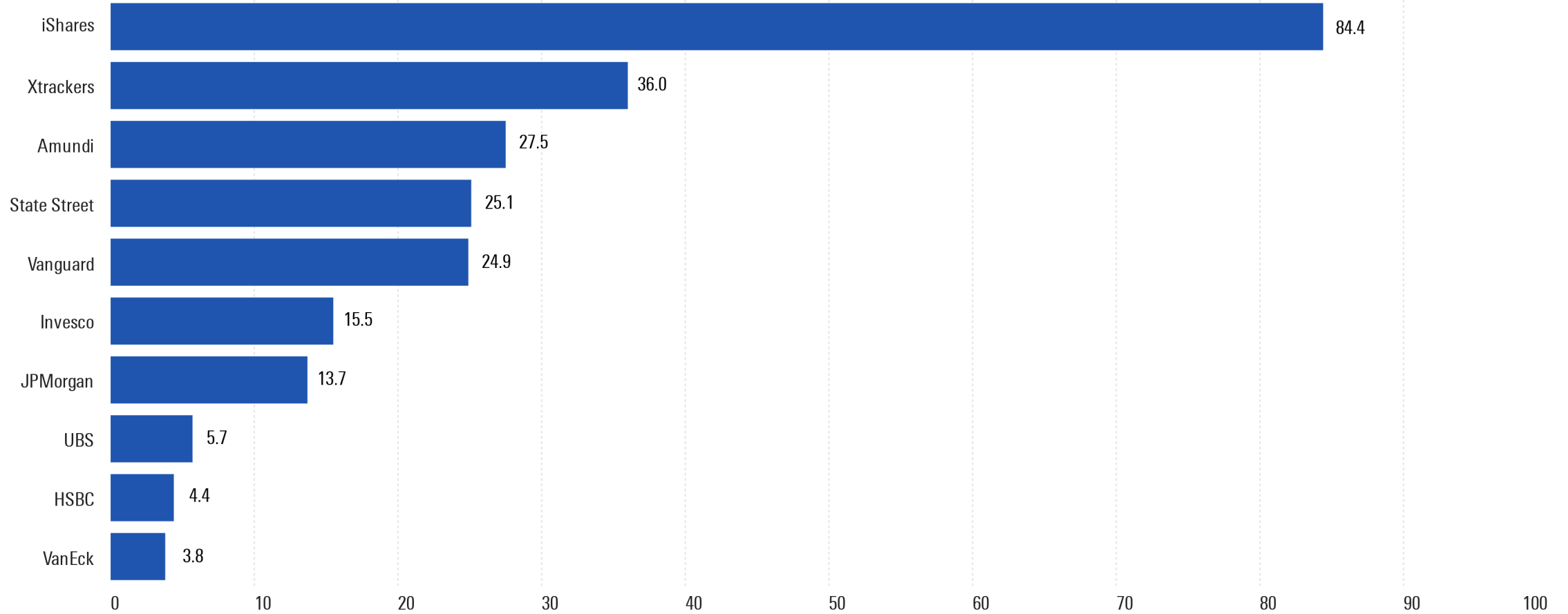


Source: Morningstar Direct. Data as of Dec. 31, 2024.

iShares Tops the Flows League in 2024

Provider League Table – Top 10 in Net Flows in 2024

(EUR, billion)



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

Competition Heats Up Between Amundi and Xtrackers for Second Place

Provider League Table – Top 20 ETF and ETC Providers

Ranked by 2024 Assets Under Management (EUR, billion)

Provider	2023 Net flow	2024 Net flow	2023 AUM	2024 AUM	2023 Mkt Sh%	2024 Mkt Sh%
iShares	65.6	84.4	722.3	918.8	44.1%	42.2%
Amundi	12.8	27.5	207.5	268.8	12.7%	12.4%
Xtrackers	20.6	36.0	169.4	237.0	10.3%	10.9%
Vanguard	18.4	24.9	109.8	159.5	6.7%	7.3%
UBS	-0.4	5.7	92.6	113.5	5.7%	5.2%
Invesco	4.5	15.5	73.7	110.7	4.5%	5.1%
State Street	6.4	25.1	64.4	100.7	3.9%	4.6%
JPMorgan	6.5	13.7	18.0	36.0	1.1%	1.7%
HSBC	2.7	4.4	22.9	32.6	1.4%	1.5%
BNP Paribas	3.7	3.7	23.7	30.8	1.5%	1.4%

Provider	2023 Net flow	2024 Net flow	2023 AUM	2024 AUM	2023 Mkt Sh%	2024 Mkt Sh%
WisdomTree	-0.4	-1.5	25.0	29.6	1.5%	1.4%
Deka	0.0	0.7	13.1	15.7	0.8%	0.7%
Swisscanto	-0.9	-1.1	13.0	15.4	0.8%	0.7%
Legal & General	2.5	-2.7	15.6	14.7	1.0%	0.7%
Deutsche Borse	-1.9	-2.2	11.9	13.4	0.7%	0.6%
VanEck	0.9	3.8	6.9	12.7	0.4%	0.6%
Fidelity International	1.2	2.3	5.2	8.4	0.3%	0.4%
Natixis	1.8	-2.2	7.7	6.7	0.5%	0.3%
PIMCO	-0.7	-0.7	6.2	5.8	0.4%	0.3%
Franklin Templeton	0.1	2.2	2.3	4.8	0.1%	0.2%

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

EQUITY

Flows Into US Equity ETFs Gained Further Momentum on the “Trump Trade”

- Investors showed a strong preference for US equity exposure in the fourth quarter. Donald Trump’s electoral victory further fueled the strong momentum enjoyed by the market throughout 2024.
- ETFs in the US large-cap blend category, which includes funds tracking highly popular benchmarks such as the S&P 500, attracted flows of EUR 37.6 billion in the fourth quarter.
- Allocation to US equities also came via positioning in funds tracking the likes of MSCI World, where the US accounts for over two thirds of the portfolio. Flows into ETFs in the global large-cap blend category amounted to EUR 21.8 billion.
- The “Trump trade” also encouraged investment further down the market-cap spectrum. Interest for the small- and mid-cap segments of the market had found fundamental support since the start of the rate-cutting cycle, but investors are now betting that the incoming administration’s protectionist agenda will provide a further boost to valuations.
- Meanwhile, we saw further outflows from ETFs in the Germany and UK large-cap equity categories. Political instability in Germany and the bad reception of the UK Labour government’s first budget didn’t help sentiment.

Equity ETF Quarterly Net Flows by Morningstar Category

(EUR, billion)

Top 10	Q4 2024	Bottom 10	Q4 2024
US Large-Cap Blend Equity	37.6	Europe ex-UK Equity	-0.3
Global Large-Cap Blend Equity	21.8	Sector Equity Energy	-0.3
US Small-Cap Equity	5.2	Global Large-Cap Value Equity	-0.3
Other Equity	5.0	Sector Equity Utilities	-0.3
US Mid-Cap Equity	2.4	Brazil Equity	-0.4
US Large-Cap Growth Equity	2.3	China Equity - A Shares	-0.5
Sector Equity Financial Services	1.7	Sweden Equity	-0.6
Global Emerging Markets Equity	1.4	Germany Equity	-0.7
Europe Large-Cap Blend Equity	1.0	UK Large-Cap Equity	-0.9
Switzerland Equity	1.0	Sector Equity Healthcare	-1.2

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

EQUITY

Mainstream Index Exposure to US Equities Dominates, and Synthetic Replication Is Back in Favor

The strength of the US equity investment theme is evident in the calendar-year flows data for 2024. The combined flows into the US large-cap blend and global large-cap blend categories accounted for 70% of all flows into equity ETFs in Europe in the year.

Equity ETF Annual Net Flows by Morningstar Category (Top 10)

(EUR, billion)

Top 10	2024	Organic Growth (%)
US Large-Cap Blend Equity	74.3	25.0
Global Large-Cap Blend Equity	63.1	29.5
Global Emerging Markets Equity	7.9	11.3
US Large-Cap Growth Equity	7.3	25.7
US Small-Cap Equity	7.0	93.8
Other Equity	5.3	8.8
Sector Equity Technology	4.9	14.0
Eurozone Large-Cap Equity	4.8	9.2
Europe Large-Cap Blend Equity	4.0	5.6
Global Equity Income	3.0	26.6

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

Mainstream US equity index exposure dominates, and swap-based ETFs are proving popular, given their edge in returns compared with the physical structure for this market. The equal-weighted approach appealed to investors concerned about stock concentration.

Equity ETF Annual Net Flows by Fund (Top 10)

(EUR, billion)

Fund	Domicile	Replication	Active	2024
iShares Core S&P 500 ETF	Ireland	Physical	No	18.1
iShares Core MSCI World ETF	Ireland	Physical	No	15.0
Invesco S&P 500 ETF	Ireland	Synthetic	No	10.4
SPDR® S&P 500 ETF	Ireland	Physical	No	10.1
Amundi S&P 500 II ETF	Luxembourg	Synthetic	No	7.3
Xtrackers S&P 500 Equal Weight ETF	Ireland	Physical	No	6.8
Vanguard FTSE All-Wld UCITS ETF	Ireland	Physical	No	6.4
Vanguard S&P 500 ETF	Ireland	Physical	No	6.0
JPM US Research Enhanced Eq ESG ETF	Ireland	Not applicable	Yes	5.5
iShares S&P 500 Swap ETF	Ireland	Synthetic	No	4.8

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

Investors Retain Bias for Short Duration as Flows Into Bond ETFs Dwindle Overall

- Bond ETFs gathered EUR 8.2 billion of flows in the fourth quarter. This was down from EUR 18.8 billion in the third quarter, as equity markets became the overriding focus for investors.
- Assets in bond ETFs rose to EUR 441 billion from EUR 428 billion in the third quarter. The increase was driven by both flows and capital appreciation as interest-rate cuts pushed bond prices higher.
- Despite the downward pressure on yields brought by the rate-cutting cycle, investors retained a bias for short duration strategies. ETFs in the USD and EUR ultrashort bond categories, which feature cash-management funds with a duration of up to one year, were among the most popular in the fourth quarter.
- There was also ongoing interest for fixed-term bond strategies, which attracted flows of EUR 1.1 billion in the fourth quarter after EUR 1.7 billion in the third quarter.
- Emerging-markets bond ETFs—USD and local currency denominated—saw outflows in the fourth quarter.

Fixed-Income ETF Quarterly Net Flows by Morningstar Category

Quarterly data (EUR, billion)

Top 10	Q4 2024	Bottom 10	Q4 2024
EUR Government Bond	1.9	Global Emerging Markets Bond - EUR Hedged	-0.2
USD Ultra Short-Term Bond	1.8	Global Government Bond - CHF Hedged	-0.2
EUR Government Bond - Short Term	1.4	Global High Yield Bond - GBP Hedged	-0.3
GBP Government Bond	1.4	USD Government Bond - Short Term	-0.5
EUR High Yield Bond	1.2	Global Emerging Markets Bond - Local Currency	-0.5
EUR Ultra Short-Term Bond	1.2	EUR Corporate Bond	-0.5
Fixed Term Bond	1.1	USD Government Bond	-0.9
Other Bond	0.9	USD Corporate Bond - Short Term	-0.9
USD High Yield Bond	0.5	Global Corporate Bond - USD Hedged	-0.9
USD Diversified Bond	0.4	Global Emerging Markets Bond	-1.5

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

Fixed-Term Bond Category Was the Fastest Growing in 2024

Flows into ETFs in the fixed-term bond category totaled EUR 5.1 billion in 2024, resulting in an impressive organic rate of 269%. Assets in this category grew to EUR 7.4 billion from EUR 1.9 billion in 2023, underlining the interest of investors for these strategies.

Fixed-Income ETF Annual Net Flows by Morningstar Category (Top 10)

Calendar-year data (EUR, billion)

Top 10	2024	Organic Growth (%)
Other Bond	7.8	16.3
USD Ultra Short-Term Bond	6.9	51.7
EUR Government Bond	6.7	17.3
Fixed Term Bond	5.1	269.0
EUR Corporate Bond	3.2	6.4
USD Corporate Bond	3.1	14.3
GBP Government Bond	3.0	29.6
EUR High Yield Bond	2.6	22.2
EUR Government Bond - Short Term	1.6	18.3
EUR Ultra Short-Term Bond	1.5	19.0

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

USD ultrashort government-bond ETFs were among the most popular in 2024. These ultralow-risk strategies allow investors to put cash holdings to work while assessing their broader portfolio allocation needs.

Fixed-Income ETF Annual Net Flows by Fund (Top 10)

Calendar-year data (EUR, billion)

Fund	Domicile	Replication	Active	2024
iShares \$ Treasury Bond 0-1yr ETF	Ireland	Physical	No	6.2
iShares Core Global Aggregate Bond ETF	Ireland	Physical	No	2.3
Vanguard U.S. Treasury 0-1 Year Bond ETF	Ireland	Physical	No	1.9
iShares Core UK Gilts ETF	Ireland	Physical	No	1.7
iShares € High Yield CorpBd ETF	Ireland	Physical	No	1.7
iShares \$ Floating Rate Bond ETF	Ireland	Physical	No	1.7
Amundi IS Euro Corporate SRI	Luxembourg	Physical	No	1.5
Vanguard EUR Corporate Bond UCITS ETF	Ireland	Physical	No	1.5
Xtrackers US Treasuries Ultrshrt Bd ETF	Ireland	Physical	No	1.4
Vanguard USD Corporate Bond UCITS ETF	Ireland	Physical	No	1.3

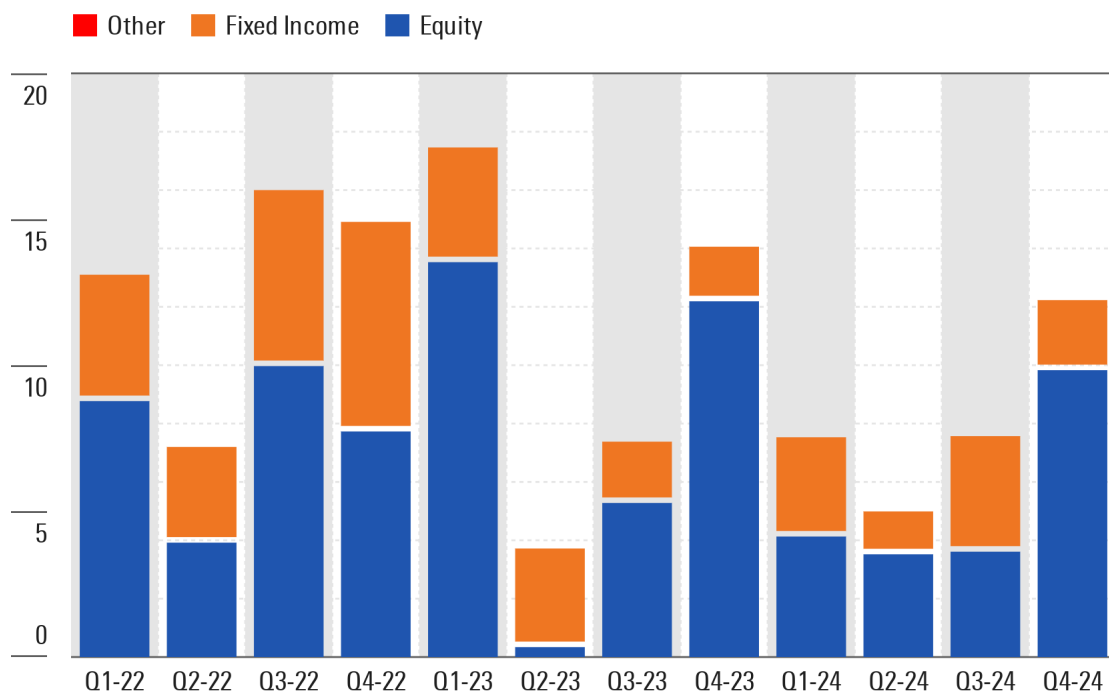
Source: Morningstar Direct. Data as of Dec. 31, 2024.

ESG ETF Flows Decline by 24% in the Year in 2024 Despite Uptick in the Fourth Quarter

Flows into ESG ETFs totaled EUR 12.2 billion in the fourth quarter, up from EUR 7.6 billion in the third. Equity ESG ETFs attracted EUR 9.8 billion, and ESG bond ETFs netted EUR 2.4 billion. Total flows into ESG ETFs in 2024 amounted to EUR 32.4 billion, down 24% from EUR 42.8 billion in 2023.

ESG ETF Net Flows by Broad Asset Class

(EUR, billion)

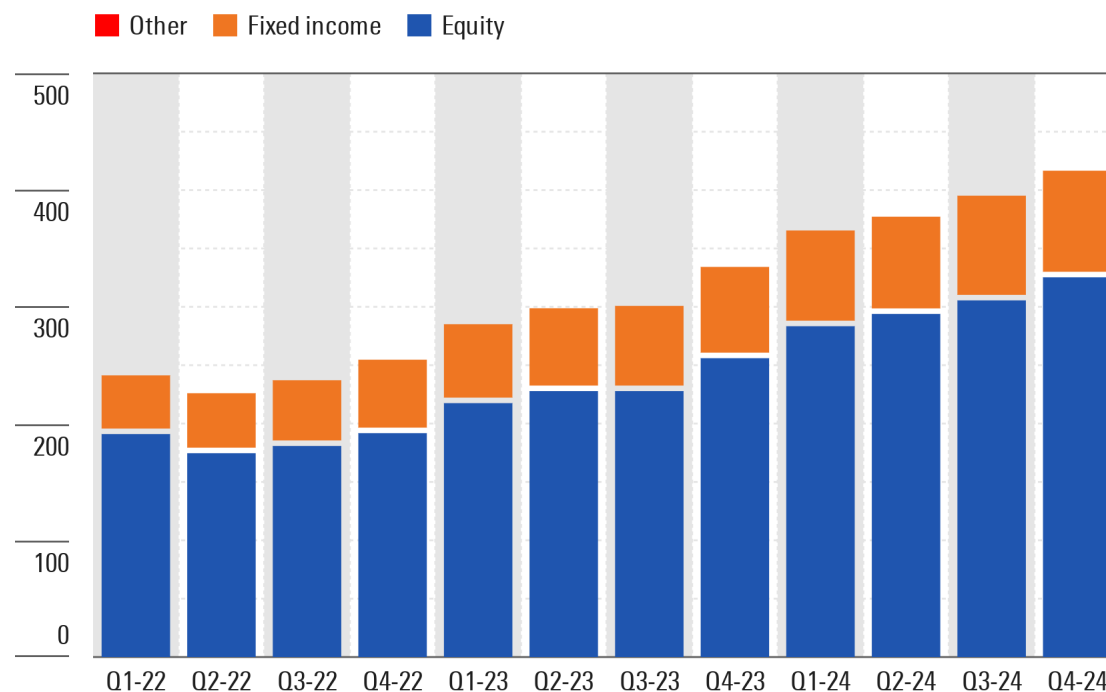


Source: Morningstar Direct; Data as of Dec. 31, 2024.

Assets in ESG equity ETFs closed 2024 at EUR 325.3 billion, up from EUR 256.0 billion in 2023. Assets in ESG bond ETFs totaled EUR 91.3 billion in 2024, up from EUR 78.2 billion in 2023. For both asset classes, ESG represents 21% of total assets invested in ETFs. This figure has remained broadly unchanged since 2022.

ESG ETF Assets by Broad Asset Class

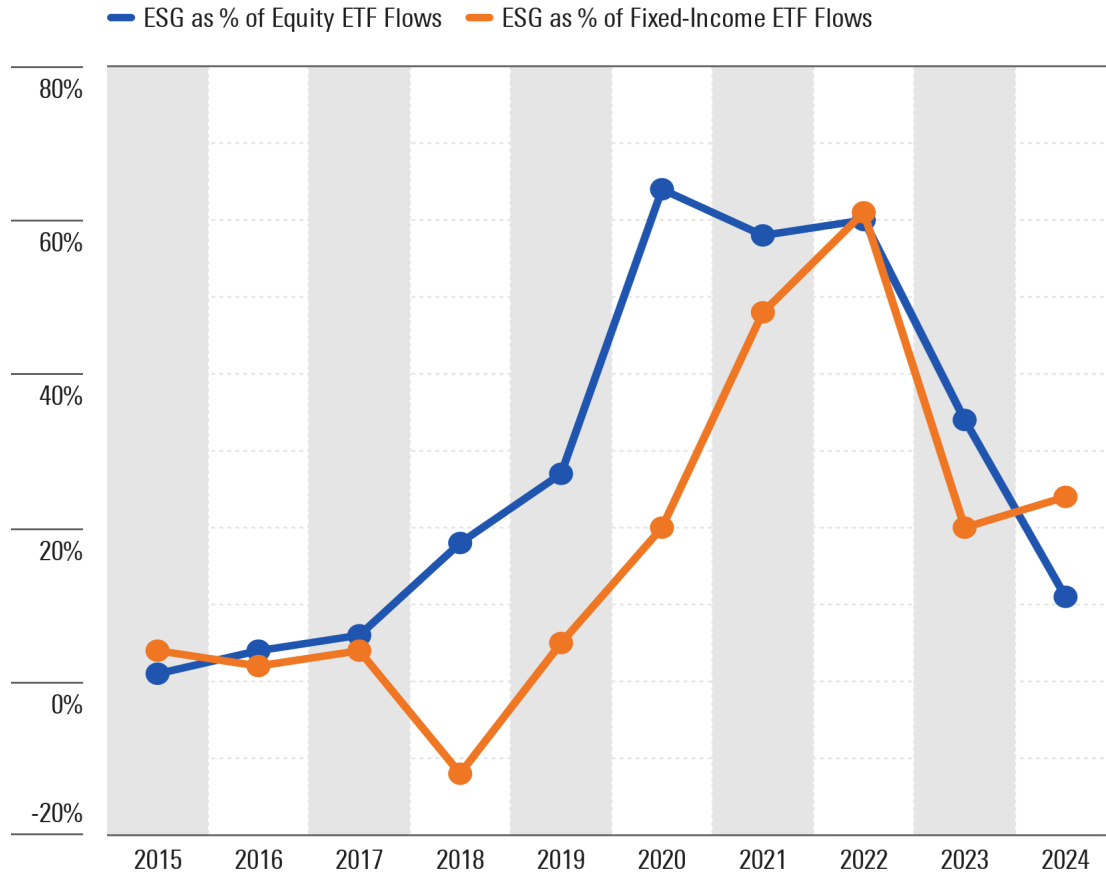
(EUR, billion)



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

Demand for ESG Strategies Has Slowed Abruptly Since 2022

ESG ETF Flows as % of Total ETF Flows by Broad Asset Class



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

- The proportion of total flows into ESG strategies has declined abruptly since 2022.
- In 2024, only 11% of all flows into equity ETFs in Europe were directed to ESG strategies. This was down from 34% in 2023 and 60% in 2022. Meanwhile, for fixed income, flows into ESG represented 24% of the total, slightly up from 20% in 2023 but markedly below the high of 61% in 2022.
- Underperformance relative to mainstream propositions and uncertainty around regulations have been the key driving factors in the decline.
- The regulatory environment remains very fluid. Many ETFs that up to now have been classed as ESG may cease to be sold as ESG once new guidelines on naming come into force in 2025.

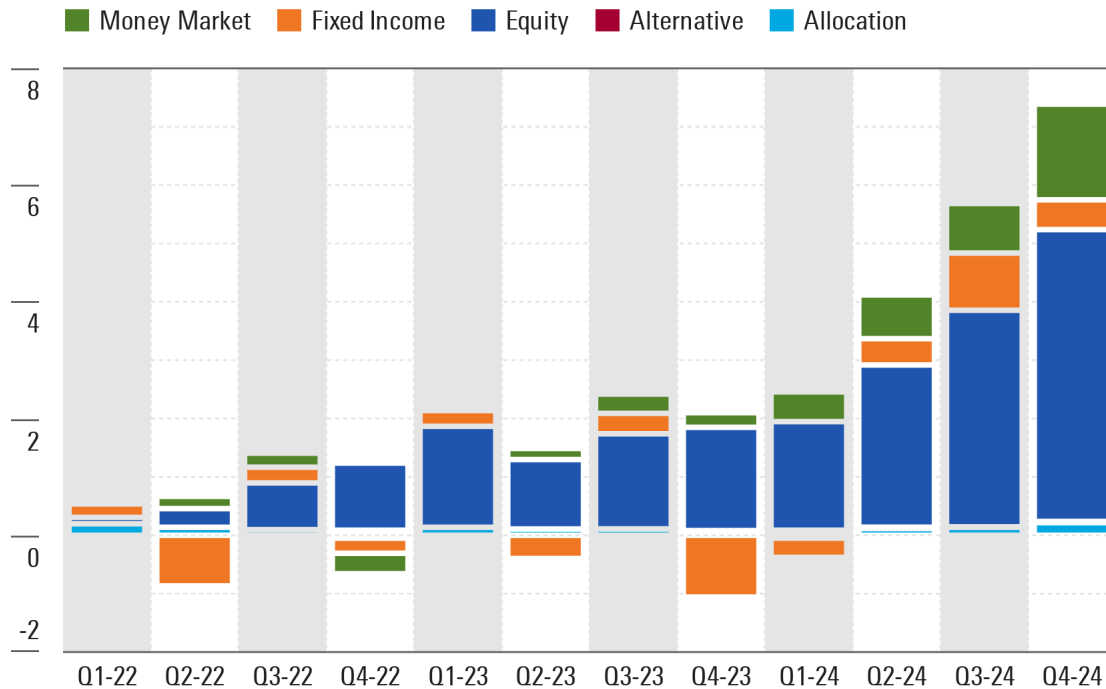
ACTIVE

Active ETFs Gather Speed in 2024 With Flows of EUR 19.1 Billion, Up From EUR 6.7 Billion in 2023

Active ETFs gathered EUR 7.3 billion in the fourth quarter, up from EUR 5.6 billion in the third, with the bulk directed to equity and money market strategies. Flows into active ETFs in 2024 amounted to EUR 19.1 billion in 2024, up from EUR 6.7 billion in 2023, and represented 7.7% of all flows into ETFs in the year, up from 4.6% in 2023.

Active ETF Net Flows by Broad Asset Class

(EUR, billion)

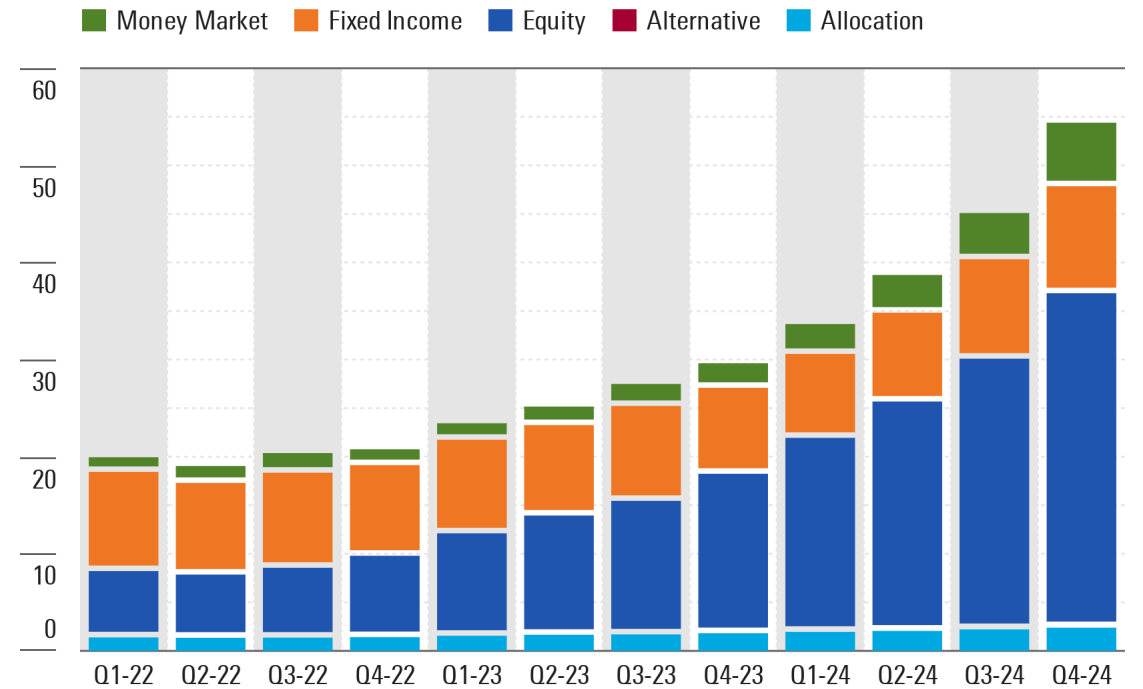


Source: Morningstar Direct; Data as of Dec. 31, 2024.

Assets in active ETFs totaled EUR 54.4 billion in 2024, up from EUR 29.6 billion in 2023. Equity is the largest segment, with EUR 34.4 billion, followed by fixed income with EUR 11 billion and money market with EUR 6.5 billion. Assets in active ETFs account for 2.5% of total assets invested in ETFs in Europe, up from 1.8% in 2023.

Active ETF Assets by Broad Asset Class

(EUR, billion)

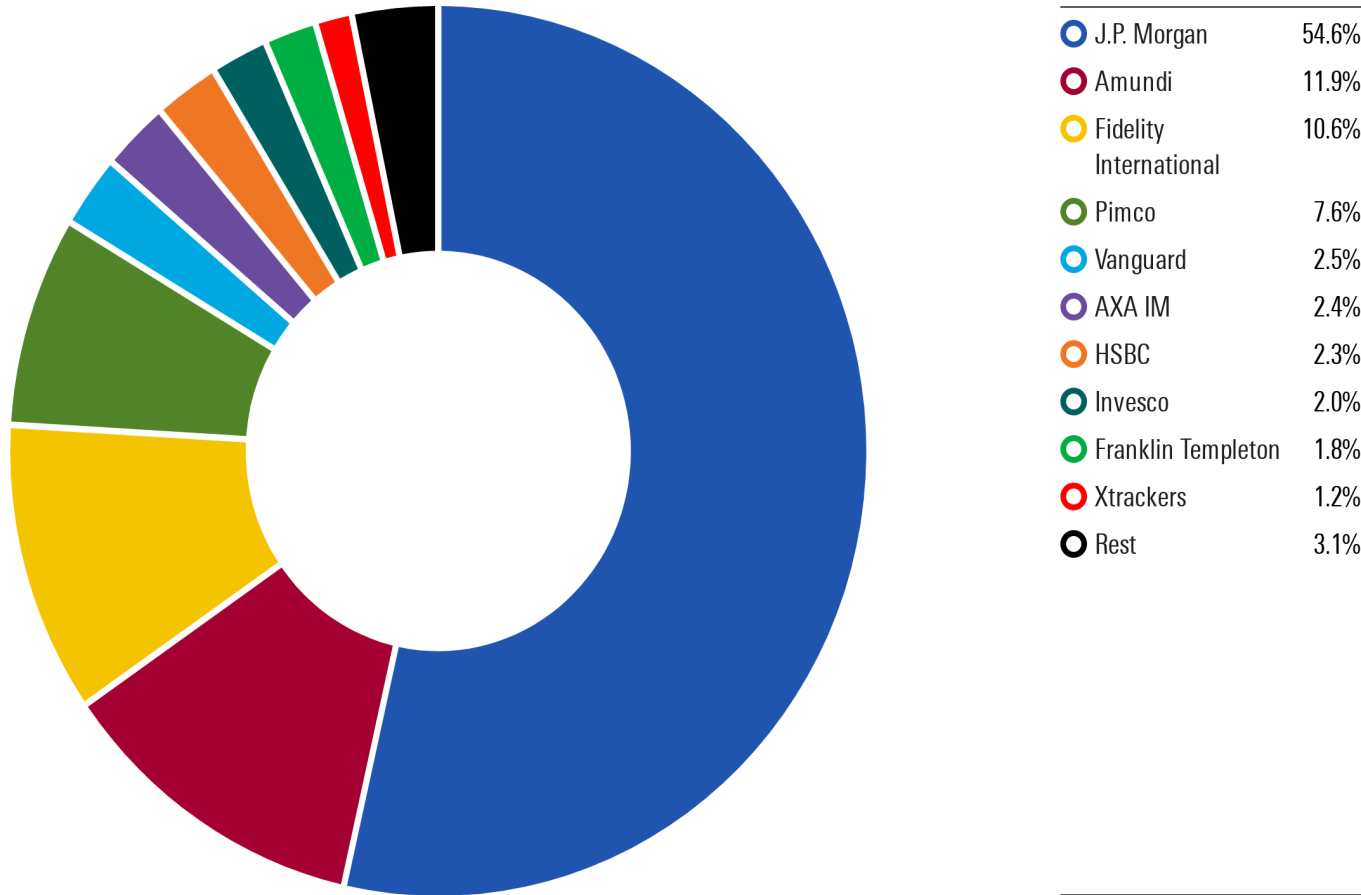


Source: Morningstar Direct; Data as of Dec. 31, 2024.

J.P. Morgan Strengthens Its Leading Role in the European Active ETF Market

European Active ETF Providers

Market Share (%)



- J.P. Morgan is the leading provider of active ETFs in Europe, with a commanding market share of 54.6%, up from 42.8% in 2023.
- Amundi’s market share is largely due to a legacy cash management ETF from the Lyxor acquisition. However, in December, it launched a suite of six active equity and bond ETFs targeted to investors in France. The strategies comply with the French socially responsible investing criteria.
- Vanguard’s market share is concentrated in the LifeStrategy ETF range.
- Robeco made its debut in the ETF market in October with a suite of five active equity ETFs; four offer mainstream exposure and one is thematic – Robeco Dynamic Theme Machine ETF.

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

THEMATIC

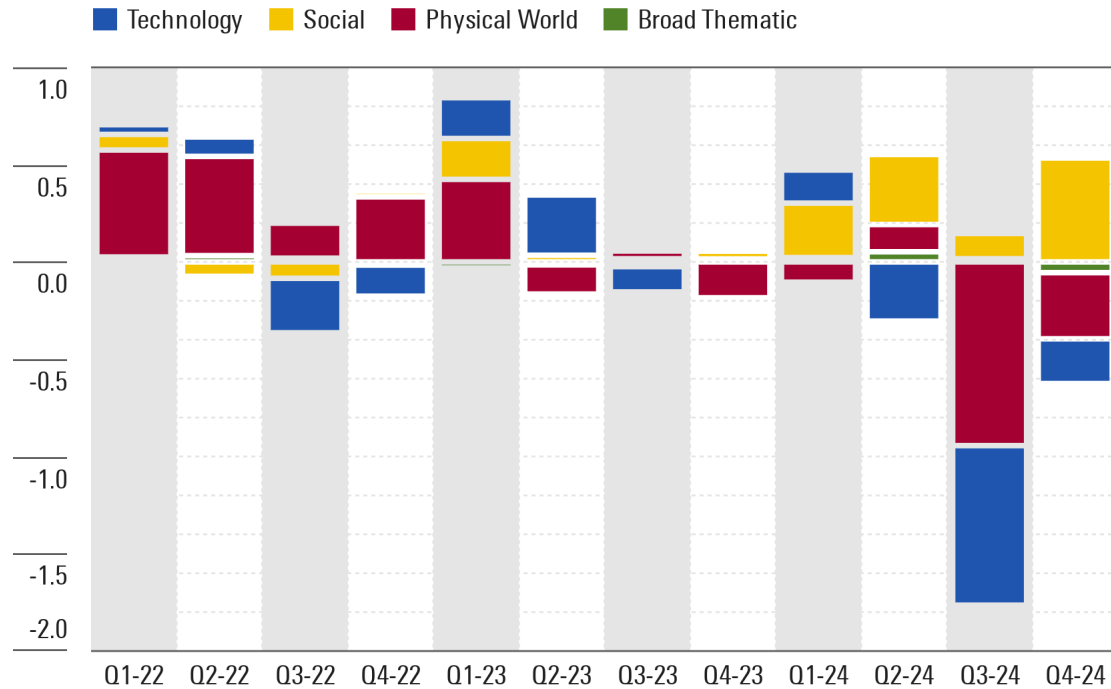
Thematic ETFs Close 2024 With Outflows of EUR 1.1 Billion, the First Year of Disinvestment in the Past Decade

Thematic ETFs saw outflows of EUR 1.1 billion in 2024, the first year of disinvestment in the past decade and a far cry from the highs of 2020-21, when annual flows averaged EUR 10 billion. ETFs tracking the energy transition theme led the outflows, while those tracking the security and AI & big data themes were in demand.

Assets in thematic ETFs totaled EUR 37.8 billion at the close of 2024, up from EUR 34.3 billion in 2023. The bulk of assets remain invested in the technology and physical world theme groupings.

Thematic ETF Net Flows by Broad Theme Group

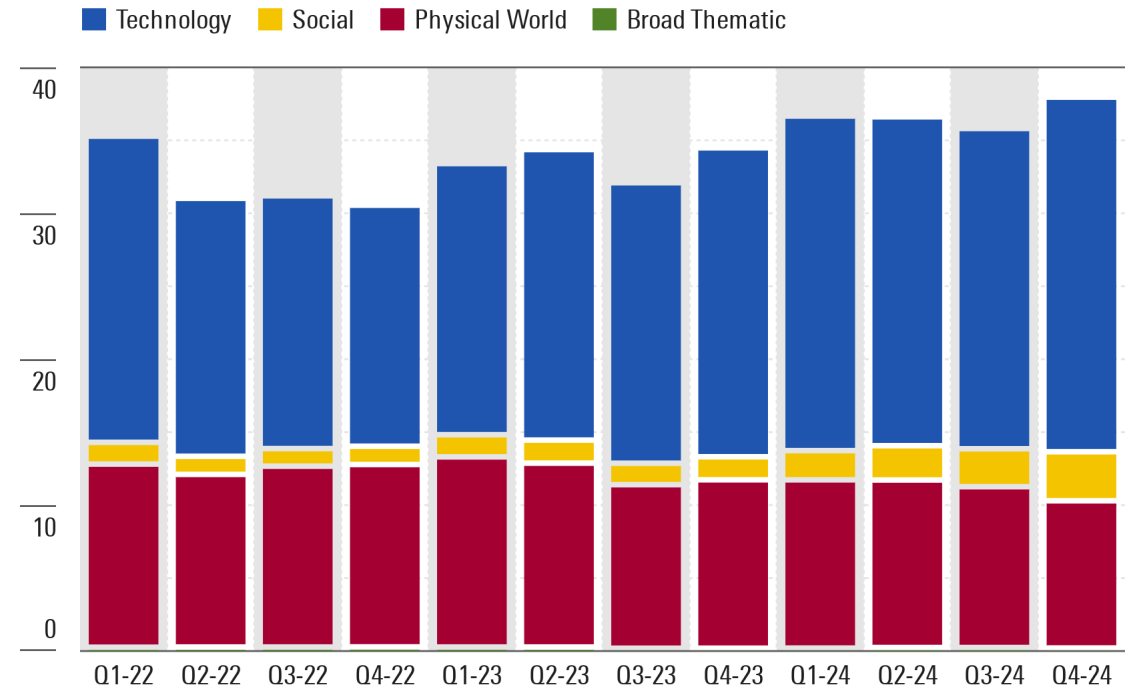
(EUR, billion)



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

Thematic ETF Assets by Broad Theme Group

(EUR, billion)



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

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