



BLACKWATER

WHAT EUROPEAN MUTUAL FUND MANAGERS THINK ABOUT ETFs

2024 European Fund
Managers Survey



OVERVIEW

In 2021 we conducted a survey about what European fund managers thought about ETFs.

At the time the general conclusion was not a lot. So we decided to run the same survey again to see if the passing of time has caused any shift in perception.

Blackwater's poll captured the thoughts of 127 managers spread across Europe incorporating a mix of large and small managers.

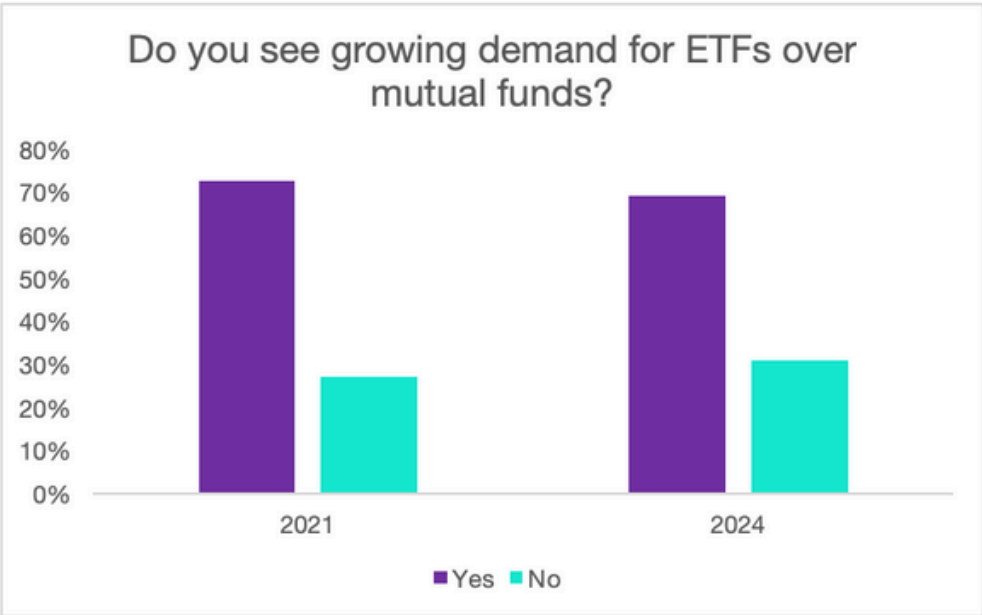
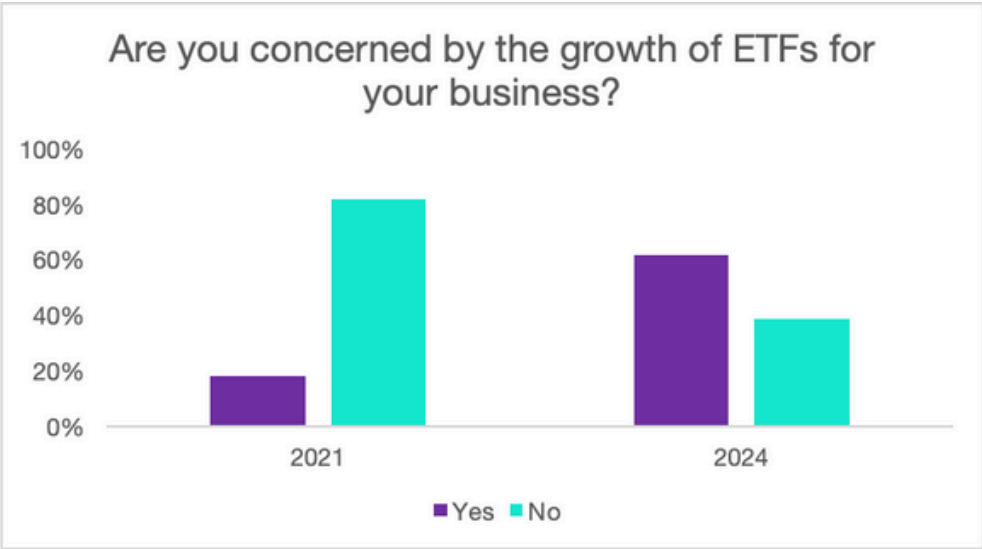
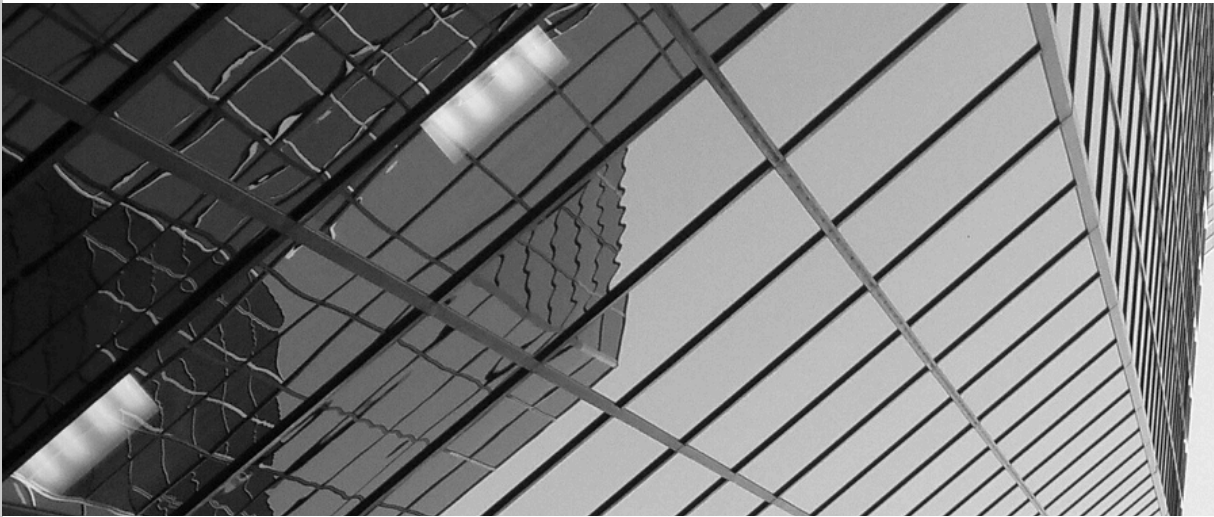
The results, even for us were somewhat surprising, as to say there has been a shift in perception would be something of an understatement.

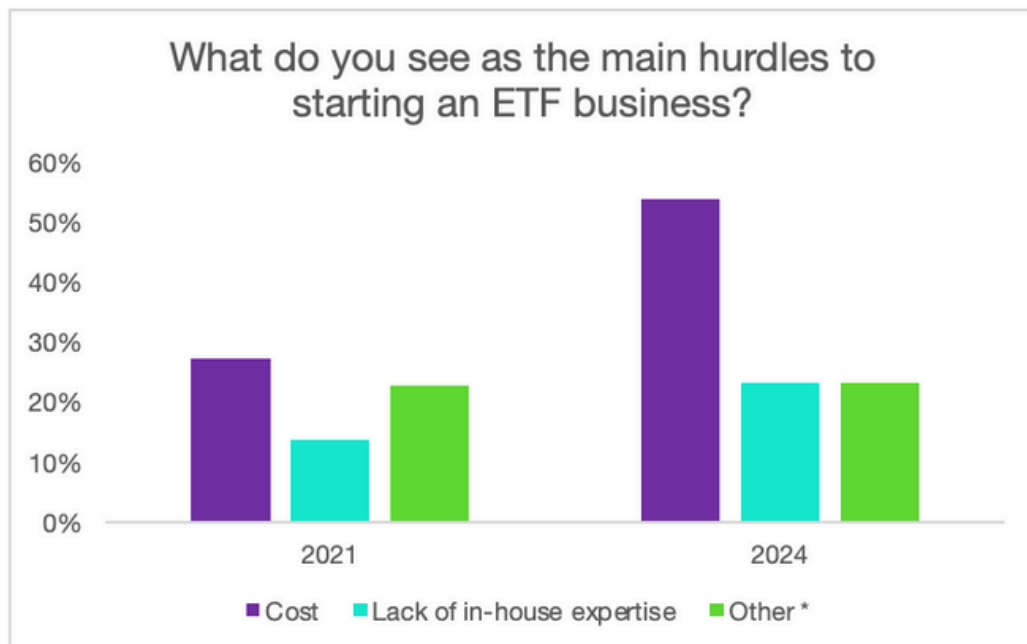
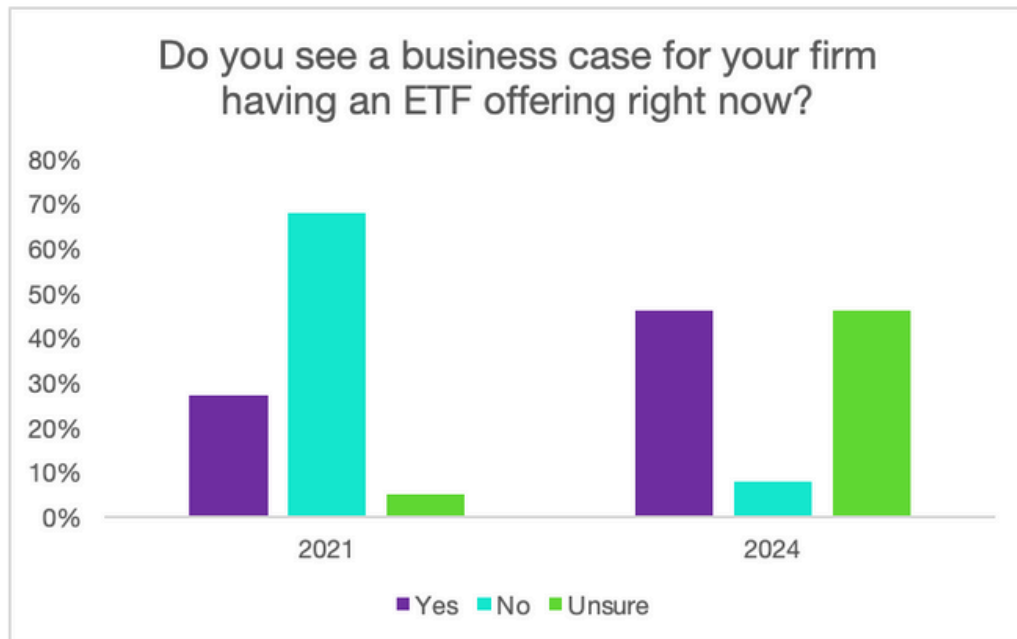
The impressive growth of ETFs has clearly been noticed and this, coupled with the struggles the mutual fund industry is incurring, has had a definitive impact on their thinking.



KEY FINDINGS

- **62%** of European mutual fund managers are now concerned by the growth of ETFs **up from 18% in 2021**.
- **46%** of European mutual fund managers now see a business case for having an ETF offering up from **27%** in 2021.
- The cost of building an ETF business is the main concern European mutual fund managers have when looking at ETFs. **54%** of managers cited this as their main concern.
- **92%** of European mutual fund managers are planning on launching ETFs or undertaking more due diligence of the space within the next 2 years, up from **9%** in 2021.
- **39%** of European mutual fund managers think it is inevitable that all asset managers will need some form of ETF offering to remain competitive, up from 9% in 2021.
- **77%** of European mutual fund managers see the development of actively managed ETFs as an opportunity for them.

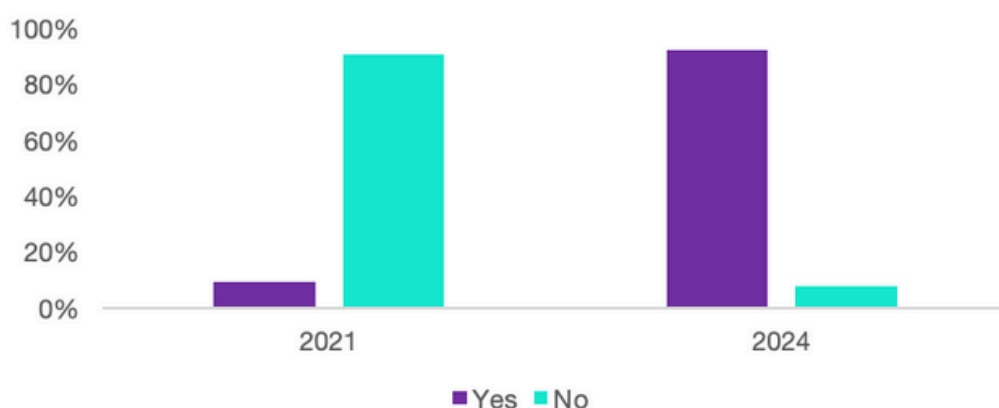




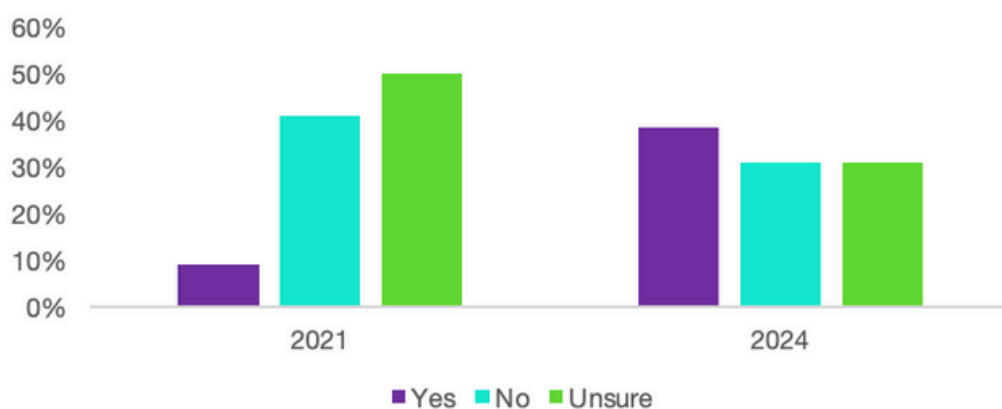
* Regulatory requirement for daily disclosure of portfolios / cannabilization of mutual funds

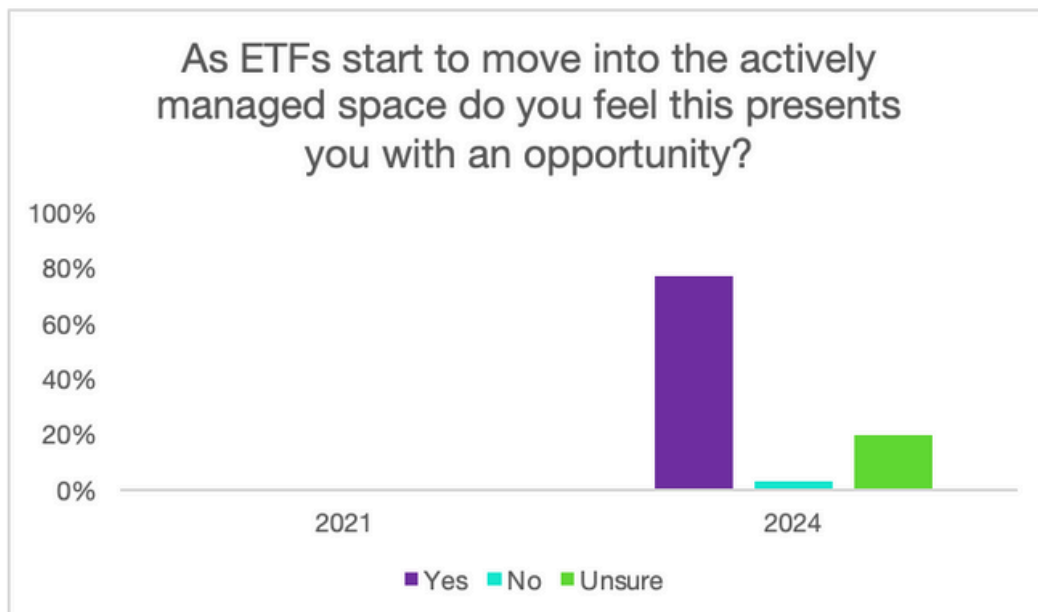
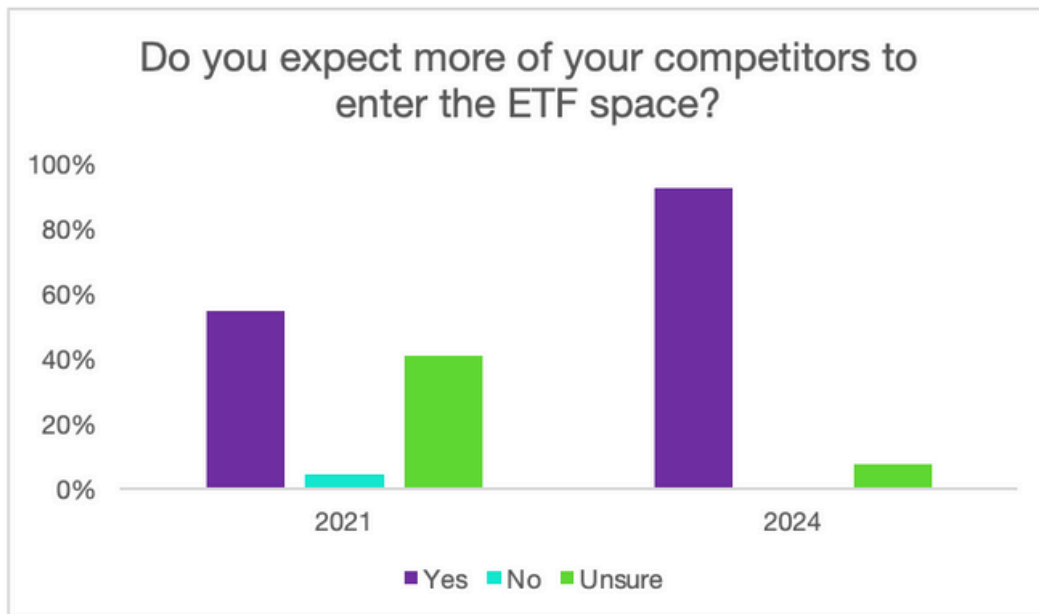


Are you planning on launching ETFs or undertaking more due diligence of the space within the next 2 years?



Do you think it is inevitable that all asset managers will need some form of ETF offering to remain competitive?







CONCLUSIONS

European mutual fund managers are increasingly concerned about the surge in ETFs, reflecting a notable shift from 2021. More managers now see the business case for incorporating ETF offerings, highlighting a growing recognition of potential benefits.

The primary concern for managers entering the ETF space is the cost of establishing an ETF business. Despite challenges, there's a strong momentum towards ETF integration, with a significant number planning to launch ETFs or intensify due diligence in the next two years, compared to a minimal interest in 2021. Additionally, many perceive including some form of ETF offering as inevitable for competitiveness.

Actively managed ETFs are viewed as an opportunity by a considerable portion of managers, indicating a willingness to explore innovative approaches. These findings underscore the need for adaptation and strategic foresight among mutual fund managers to navigate evolving market trends successfully.

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