
Institutional investors account for 57% of equity ETF assets

By Editor Test Thu, Mar 21, 2013

The private bank channel and the RIA channel combined manage over \$500 billion in ETFs, according to a new report from Strategic Insight.

Institutional investors dominated the equity exchange-traded fund (ETF) market in 2012, holding roughly one-half of total equity ETF assets, according to Strategic Insight's new report, "ETF Trends by Channel and Investor Type."

Within international equity ETFs, institutions accounting for an estimated 57% of total assets, while individual investors and their financial advisors own the rest. ETFs give investors quick exposure to liquidity in emerging wealth regions, said Dennis Bowden, Assistant Director of U.S. Research at Strategic Insight.

Within the core U.S. equity ETF space, institutional market segments accounted for an estimated 46% of ETF assets, but a larger share of aggregate activity in 2012. Institutional investors deposited an estimated net \$33 billion into US equity ETF strategies during the year (led by \$26 billion into S&P 500 Index ETFs). Demand for core U.S. equity ETFs within the retail space was estimated at about \$10 billion.

Retail investors dominated aggregate holdings in the bond ETF space, however, accounting for 70% of assets as of the end of 2012, with institutional investors owning 30% of bond ETF assets.

Overall, 58% of ETF assets were held in the retail marketplace at the end of 2012, compared with 42% held by institutional investors. The Private Bank channel held the largest ETF asset total at the end of 2012 with roughly \$276 billion, and gained \$46 billion in 2012 flows. The RIA channel followed with approximately \$267 billion of aggregate ETF holdings and an estimated \$28 billion in 2012 net inflows.

Strategic Insight based the research on the new intermediary-sold fund distribution data transparency contained in the Simfund Pro, 7.0 database, which encompasses asset and net flow information (updated monthly) for roughly \$7 trillion of open-end stock and bond mutual fund and ETF assets across over 900 distributors and nine distribution channels.

© 2013 RIJ Publishing LLC. All rights reserved.