

News

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BMO Annual ETF Outlook Report: Global & APAC ETFs Had Record Breaking Year in 2017

- *Global ETF market hit record high of US\$4.6 trillion in AUM*
- *Outstanding performance in Asia Pacific with total ETF market surpassing US\$437 billion*
- *Key trends for 2018: fixed income investing and valuation levels and market growth*

HONG KONG, March 28, 2018 – BMO Global Asset Management (BMO GAM) today released its annual ETF Outlook Report, which examines the growth of the Exchange Traded Fund (ETF) market in 2017, and highlights the opportunities and challenges for the year ahead.

According to the report, the global ETF market hit a record high of US\$4.6 trillion assets under management (AUM) at year-end, which included over US\$649 billion in new assets¹.

- The **Asia Pacific** ETF market had a record-breaking year, surpassing US\$437 billion with inflows of US\$61 billion¹.
- The **U.S. ETF market** ended the year with US\$3.3 trillion in AUM with US\$465 billion in new assets¹.
- The **European ETF market** had a strong year, with US\$762 billion in AUM – a 40 per cent increase from last year – and inflows of just over US\$102 billion¹.

“The ETF market in Asia Pacific is expected to grow further, as both retail and institutional investors’ awareness of and knowledge about ETFs increase. Many of them are reallocating to ETFs to achieve their portfolios’ needs and objectives. We hope to see the introduction of more ETF products in the market,” said Clarence Chan, Managing Director & Head of ETFs Asia, BMO Global Asset Management (Asia) Limited.

Key Trends

The report also looked at themes affecting the ETF industry.

Fixed Income Investing: There was an increased demand for fixed income investments in 2017, as they provide liquidity, transparency and diversification to an over-the-counter asset class. As a result of the macroeconomic environment, adjusting interest rate risk in portfolios is a top priority for investors.

Valuation Levels and Market Growth: The extremely popular FAANG stocks (Facebook, Apple, Amazon, Netflix and Google) were fundamental drivers of market growth in 2017 and have pushed indices to new heights. This impact on equity markets has encouraged index providers to consider sector classifications, which will, in turn, affect ETFs that track the Information Technology, Consumer Discretionary and Telecommunications sectors.

To view the full ETF Outlook Report 2018, please visit <https://www.bmo.hk/etfs>.

About BMO Global Asset Management

BMO Global Asset Management is a global investment manager with offices in more than 25 cities in 14 countries, delivering service excellence to clients across five continents.

Our four major investment centres in Toronto, Chicago, London and Hong Kong are complemented by a network of world-class specialist managers strategically located across the globe: BMO Real Estate Partners, LGM Investments, Pymfords International Ltd. BMO Global Asset Management is a signatory of the United Nations-supported Principles for Responsible Investment initiative (UNPRI).

BMO Global Asset Management is a part of BMO Financial Group, a highly diversified financial services provider based in North America with total assets of CDN \$728 billion as of January 31, 2018 and over 45,000 employees. BMO Wealth Management has worldwide assets under management of CDN \$436 billion, as of January 31, 2018.

Exchange traded funds (ETFs) may not be suitable for all investors and investors should not invest based on this document alone. Before investing, investors should read the BMO ETF prospectus (available at www.bmo.hk/etfs) for further details, including product features and risk factors. ETFs are not guaranteed and past performance is not indicative of future performance. Investment involves risks. The value of investments and the income from them can go down as well as up, and investors may not get back the original amount invested. Nothing in this document is, or is intended to be, an offer, advice, or a solicitation to buy or sell any investments. This document is issued by BMO Global Asset Management (Asia) Limited and has not been reviewed by the SFC.

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¹ ETFGI, December 2017

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