
2024 ETF Impact Survey

Key Findings and Analysis

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Key Insights

Institutional Investors

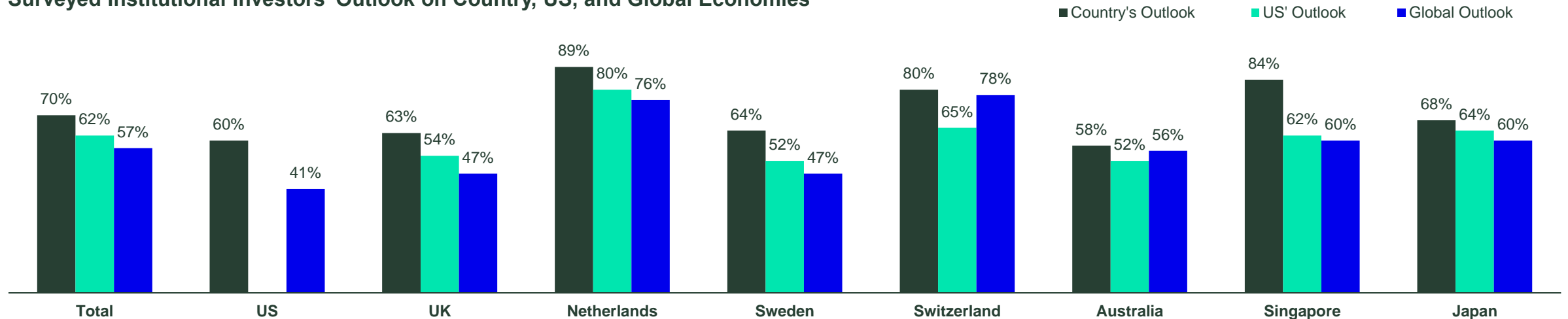
Institutional Investors from the US, the UK, the Netherlands, Sweden, Switzerland, Australia, Singapore, and Japan

Comparing Economic Outlooks

Institutional investors have a more optimistic outlook toward their own country's economy than they do toward US and global economies, except in Switzerland.

- Institutional investors in the Netherlands, Singapore, and Switzerland are more optimistic about their country's economic outlook than institutional investors from other countries.
- Except in Switzerland, institutional investors' optimism about the global economic outlook is more in line with their optimism about the US' economic outlook than their country's economic outlook.

Surveyed Institutional Investors' Outlook on Country, US, and Global Economies



Questions asked:

How do you feel about your country's economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

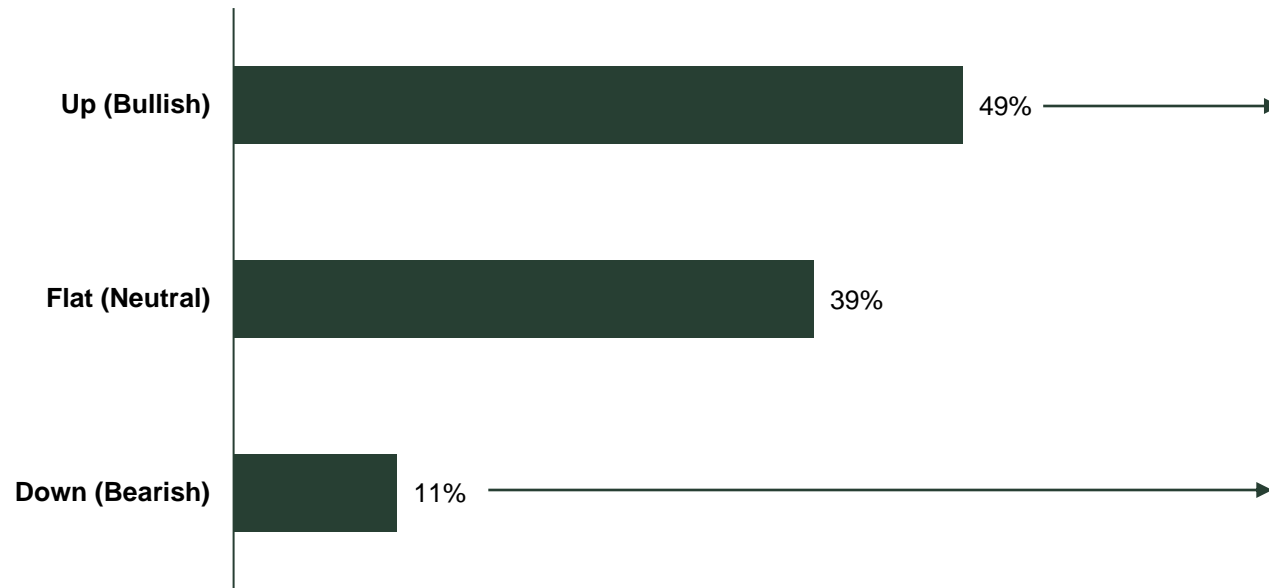
How do you feel about the United States' economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

Predictions for the S&P 500

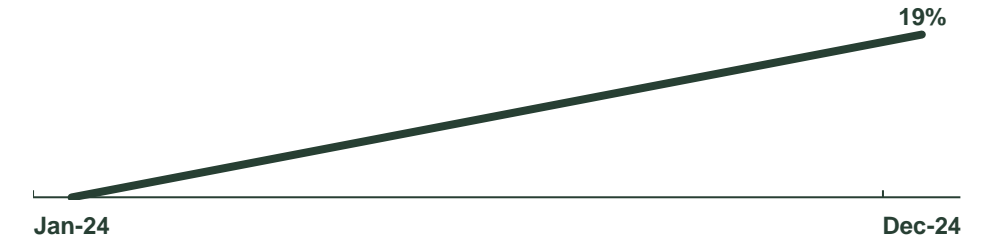
Nearly half of institutional investors are bullish about the S&P 500®. 49% of institutional investors are bullish about the S&P 500 returns in 2024, 39% are neutral, and 11% are bearish. On average, institutional investors who are bullish think that it will be up 19%, while those who are bearish think it will be down 17%.

Surveyed Institutional Investors' S&P 500 Predictions

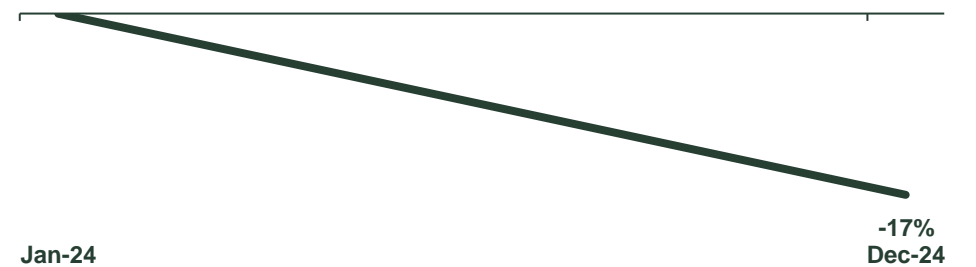


The US and the Netherlands skew bullish (both 57%).
 Singapore skews neutral (58%).
 Australia skews bearish (22%).

Bullish Investors Predict the S&P 500 Will Be Up 19%, On Average



Bearish Investors Predict the S&P 500 Will Be Down 17%, On Average



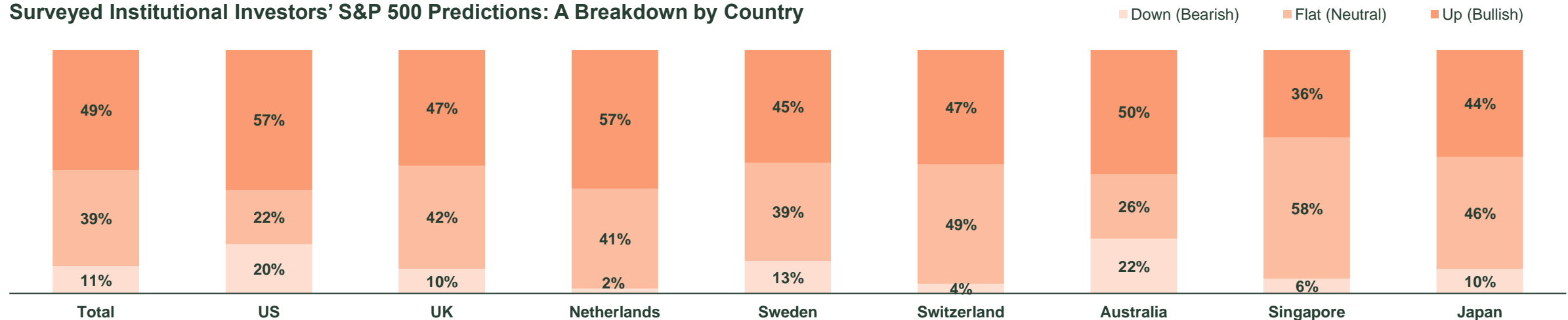
Questions asked: By the end of 2024, do you think the S&P 500 returns will be up (bullish), flat (neutral) or down (bearish)? Base: Total.
 Approximately what percent do you think it will be up/down? Base: Those bullish/bearish.

Predictions for the S&P 500 by Country

Globally, institutional investors are split on the S&P 500® returns at the end of 2024. Nearly half are optimistic that it will be up. Most others believe it will be flat while 11% globally expect a bear market.

- The US and Australia are the most polarized with some of the strongest views that the market will be up (57% and 50%, respectively), yet these countries also have the largest group of pessimistic institutional investors (20% and 22%, respectively).
- The Netherlands continues to be the most optimistic with the highest share of institutional investors predicting a bull market and the lowest share of those predicting a bear market.

Surveyed Institutional Investors' S&P 500 Predictions: A Breakdown by Country



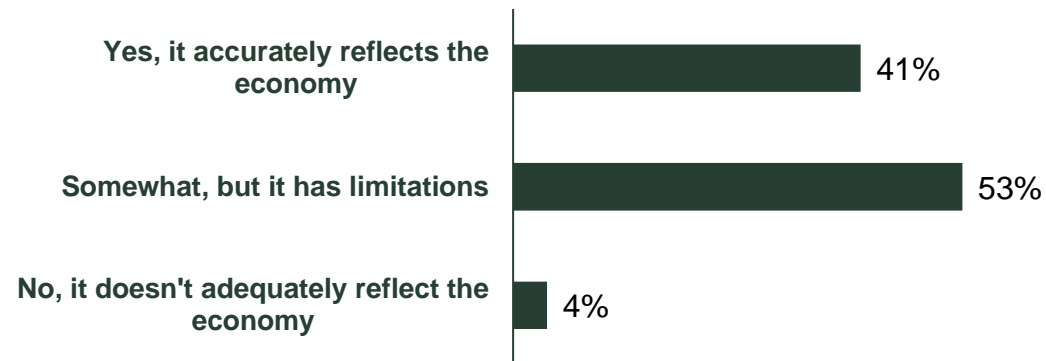
Question asked: By the end of 2024, do you think the S&P 500 returns will be up (bullish), flat (neutral) or down (bearish)?

The S&P 500

Good Market Proxy and Portfolio Benchmark?

Institutional investors' perception of the S&P 500[®] and their use of it as a benchmark are in line. 41% of institutional investors believe the S&P 500 accurately reflects the US economy, while 53% feel it somewhat does but has its limitations. Similarly, 47% of institutional investors use the S&P 500 as a benchmark for most investments, while 51% only do so for some investments.

“Is the S&P 500 a Good Proxy for the US Economy?”



The UK less likely to say yes (27%) and more likely to say somewhat (69%).

“Does Your Institution Use the S&P 500 as a Benchmark for Any of Its Investments?”



UK less likely to say most (29%) and more likely to say some (66%).
Switzerland more likely to say most (67%) and less likely to say some (33%).

Questions asked:

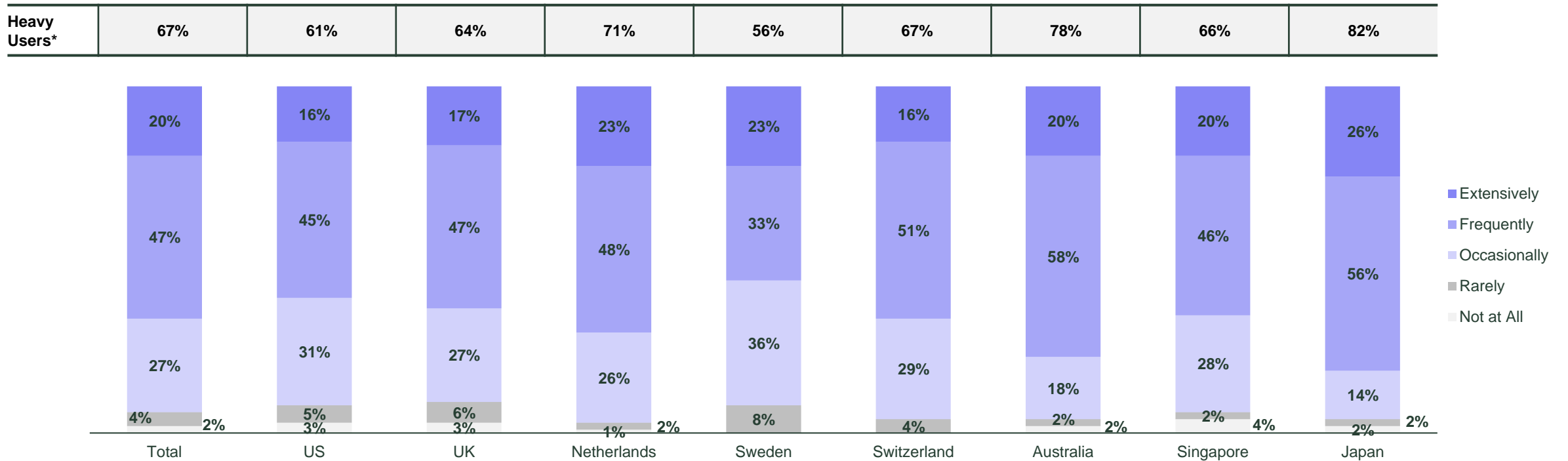
Do you think the S&P 500 is a good proxy for the United States' economy? Base: Total.

Does your institution use the S&P 500 as a benchmark for any of its investments? Base: Total.

ETF Usage Among Institutions

A majority of institutional investors use ETFs in their investment strategy “frequently” or “extensively.” Among institutional investors, ETF usage is highest in Japan, followed by Australia and the Netherlands.

The Frequency at Which Institutional Investors Use ETFs as Part of the Firm’s Investment Strategy

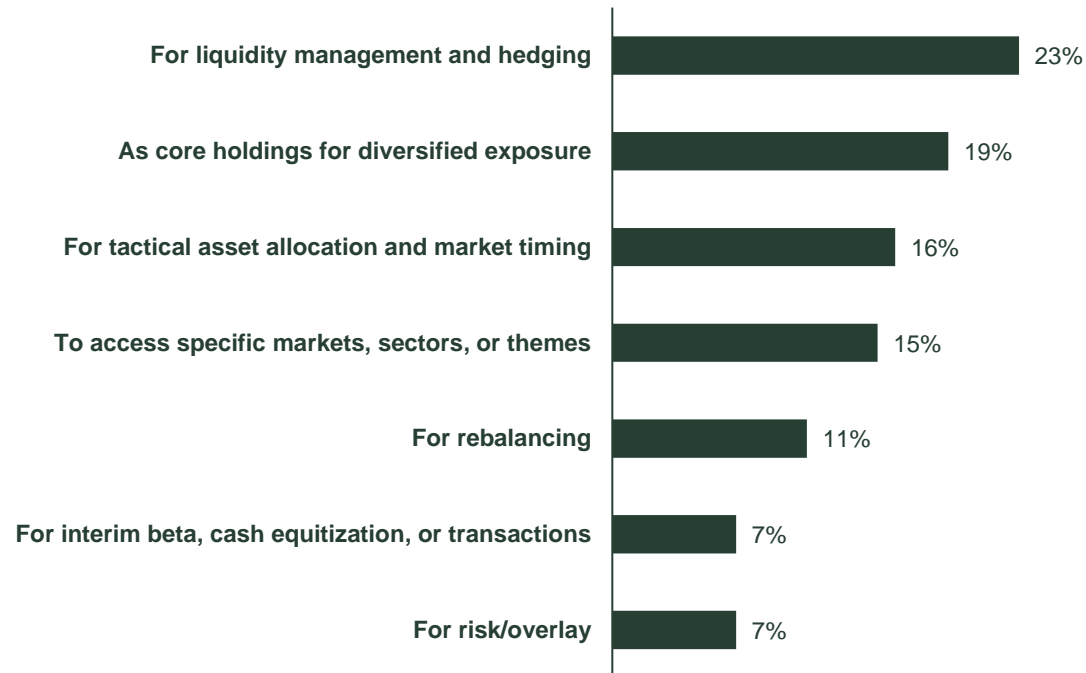


* Survey findings indicate heavy users as those who use ETFs “extensively” or “frequently.”
 Question asked: Does your institution utilize ETFs in its investment strategy? Base: Total.

What's the Top Reason Institutions Use ETFs?

The greatest proportion of institutional investors selected liquidity management and hedging as their primary reason for using ETFs.

The Primary Reason Surveyed Institutional Investors Use ETFs



US more likely to use to access specific markets (24%).
 UK more likely to use for liquidity management (33%).
 Switzerland more like to use for tactical asset allocation (25%) and interim beta (14%).

Question asked: How does your institution **primarily** use ETFs within its investment strategy? (Please select one) Base: Those who utilize ETFs.

Decision Criteria for Institutions That Use ETFs

The criteria institutions use to decide between ETFs that offer the same or similar exposure varies by country:

- The US, UK, Sweden, and Singapore rank highest liquidity as the most important criterion.
- The Netherlands rank best track record/performance and lowest total cost as top factors.
- Switzerland and Japan rank lowest total cost as most important.
- Australia ranks most reputable issuer and investment philosophy as top criteria.

Decision Criteria When Choosing Between ETFs	Total (%)	US (%)	UK (%)	Netherlands (%)	Sweden (%)	Switzerland (%)	Australia (%)	Singapore (%)	Japan (%)
Highest liquidity	59	66	65	44	65	49	57	60	61
Best track record/performance	55	62	55	59	52	59	41	46	63
Lowest total cost	54	53	45	59	45	76	45	56	65
Most reputable issuer	50	43	57	51	49	39	59	56	43
Investment philosophy	46	46	41	54	51	41	59	40	31
Lowest tracking error	36	30	37	34	37	35	39	42	37

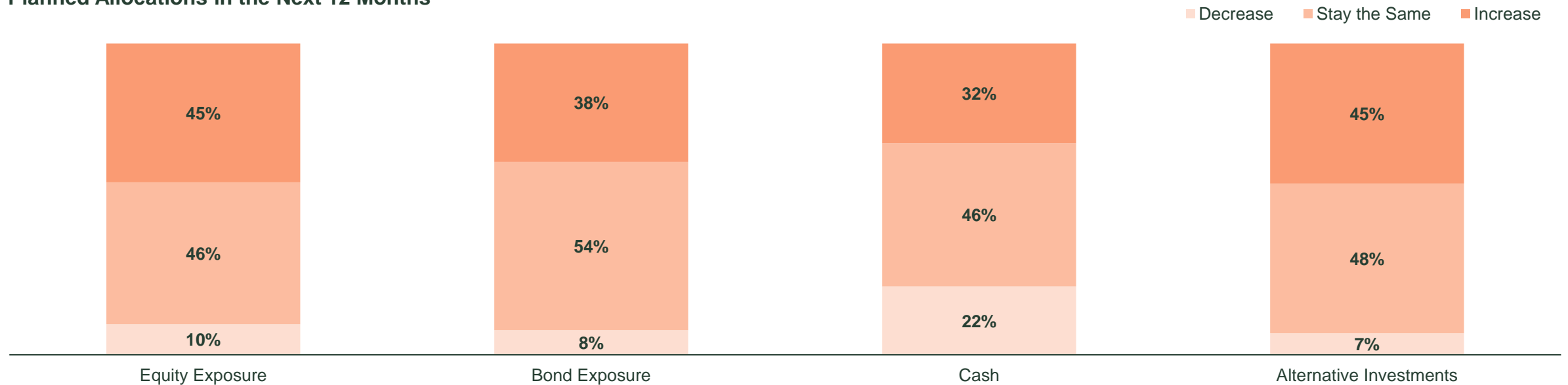
 Most Important

Question asked: When making a choice between ETFs that offer the same or similar exposure, please rank the following factors in order of importance to which ETF is chosen. Base: Those who utilize ETFs.

How Institutions Are Planning to Adjust Allocations in Next 12 Months

Globally, institutions lean towards keeping allocations the same in bonds and cash; they're split on whether to increase or keep allocations the same for equities and alternative investments. Cash allocations have the greatest likelihood to decrease in the next 12 months.

Planned Allocations in the Next 12 Months

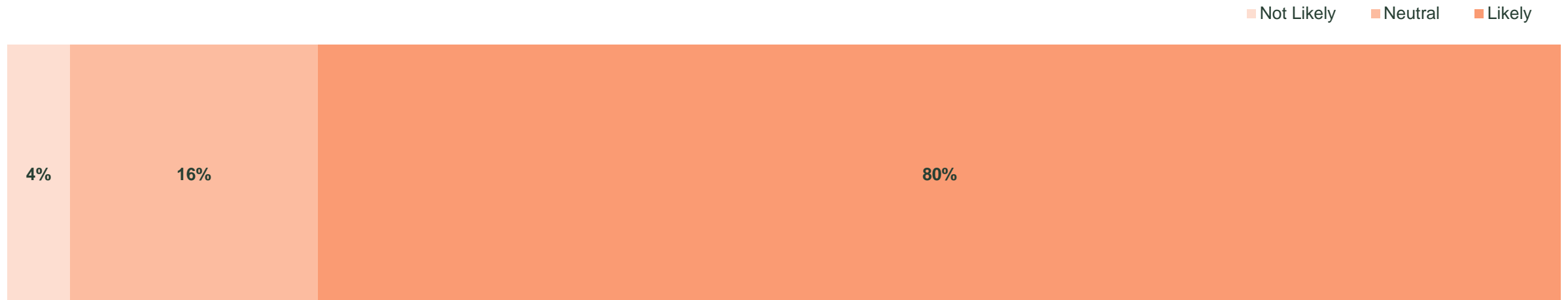


Question asked: Think about how your institution is planning to allocate its investment portfolio in the next 12 months. For each of the following, please indicate whether your institution is planning to decrease, stay the same, or increase the allocation.

Likelihood to Consider Actively Managed ETFs

Among institutional investors who use ETFs, the vast majority are likely to consider actively managed ETFs. 80% of institutional investors are likely to consider actively managed ETFs, while only 4% are not likely.

Institutions' Likelihood to Consider Actively Managed ETFs in 2024



Netherlands more likely (90%)

Question asked: How likely is your institution to consider actively managed ETFs? (5-point scale: 1 "Not at all Likely to Consider" to 5 "Extremely Likely to Consider"); Base: Those who utilize ETFs. Top 2 Box Reported for Likely; Bottom 2 Box Reported for Not Likely.

Reasons for Using ETFs

Heavy versus Light ETF Users

Heavy ETF users cite more reasons for using ETFs than light users do. On average, the mean number of reasons for using ETFs is higher among heavy ETF users* than light ETF users^ (3.1 versus 2.5 reasons, respectively).

Why Institutional Investors Use ETFs	Heavy	Light
Cost efficiency (%)	60	51
Diversification benefits (%)	56	50
Cash/liquidity management (%)	50	38
Access a specific asset class or investment exposure (%)	49	38
Trading convenience (%)	49	36
Tax benefits (%)	48	36
Mean Number of Reasons	3.1	2.5

* Survey findings identify heavy users as those who use ETFs “extensively” or “frequently.”

^ Survey findings identify light users as those who use ETFs “sometimes” or “rarely.”

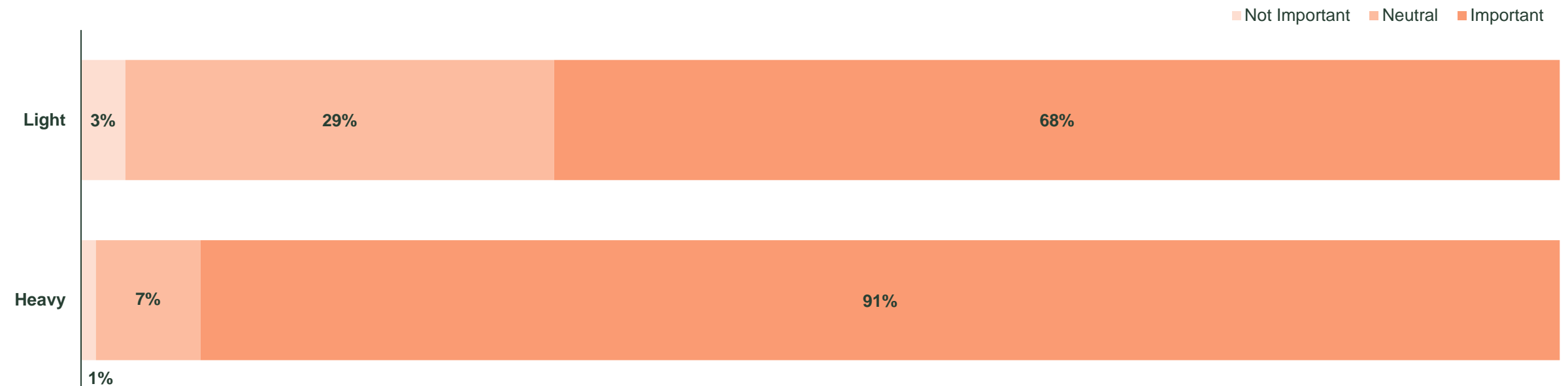
Question asked: Why does your institution use ETFs?

The Importance of Liquidity

Heavy versus Light ETF Users

Significantly more heavy ETF users* than light ETF users^ say liquidity is important to their institution's investment strategy.

The Importance of Liquidity Among Institutional Investors Who Use ETFs



* Survey findings identify heavy users as those who use ETFs "extensively" or "frequently."

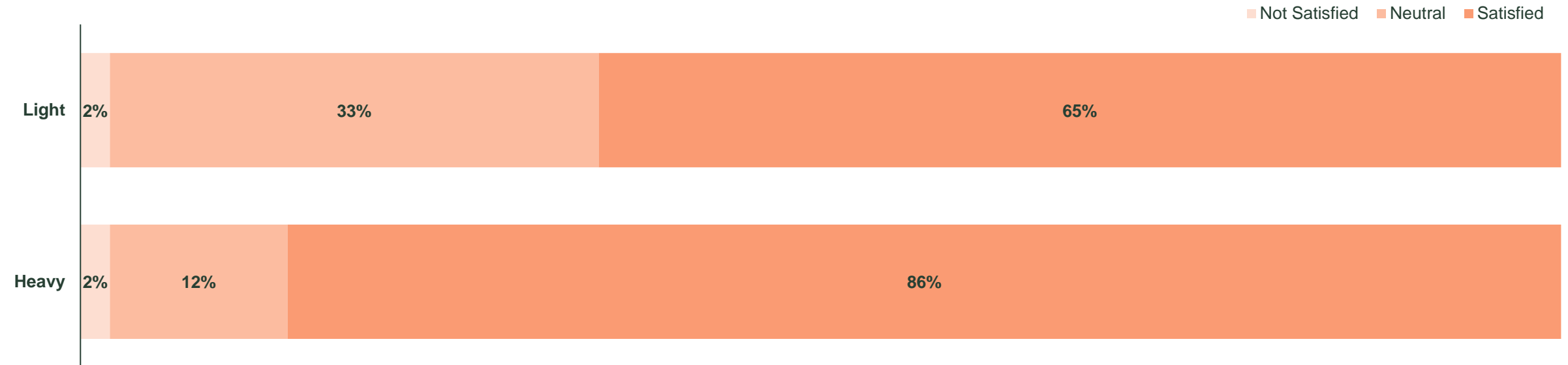
^ Survey findings identify light users as those who use ETFs "sometimes" or rarely."

Question asked: How important is liquidity in your institution's investment strategy? (5-point scale: 1 "Not at all Important" to 5 "Extremely Important"); Top 2 Box Reported for Important; Bottom 2 Box Reported for Not Important.

Comparing Portfolio Satisfaction Heavy versus Light ETF Users

Significantly more heavy ETF users* than light ETF users^ indicate that their institution is satisfied with the performance of its portfolio over the last 12 months.

Portfolio Satisfaction Among Institutional Investors Who Use ETFs Over the Last 12 Months



* Survey findings identify heavy users as those who use ETFs “extensively” or “frequently.”

^ Survey findings identify light users as those who use ETFs “sometimes” or “rarely.”

Question asked: How satisfied is your institution with the performance of its portfolio over the last 12 months? Top 2 Box Reported for Satisfied; Bottom 2 Box Reported for Not Satisfied.

Investment Management Challenges

There isn't much consensus on which challenges are most significant. But challenges like managing risks effectively, dealing with market volatility, and cybersecurity threats tend to top the list. Other top concerns across countries:

- Netherlands: Political instability and ESG issues
- Singapore: Achieving target concerns
- Switzerland: ESG issues
- Japan: Political instability and demographic shifts/aging population

Investment Management Challenges	Total (%)	US (%)	UK (%)	Netherlands (%)	Sweden (%)	Switzerland (%)	Australia (%)	Singapore (%)	Japan (%)
Managing risks effectively	30	32	30	28	36	22	32	38	20
Dealing with market volatility	28	32	30	21	20	25	44	22	30
Cybersecurity threats	28	30	39	20	32	24	32	26	10
Achieving target returns	25	31	33	14	19	20	16	36	28
Political instability/trade sanctions	23	19	23	27	24	20	32	14	30
Environmental, Social and Governance (ESG) issues	23	15	22	27	27	29	20	24	24
Asset allocation and diversification	22	26	15	23	17	25	20	24	28
Regulatory compliance	21	21	22	24	21	20	20	20	18
Demographic shifts/aging population	20	16	11	25	21	29	18	20	30
Liquidity concerns	19	22	20	16	21	16	18	18	18
Rapid pace of technological advances	19	16	16	22	23	18	22	12	20
Competition from algorithmic traders	18	19	15	19	24	16	16	20	18

 Most Significant Challenge(s)

Question asked: What are the three most significant challenges your institution faces in investment management?

Key Insights

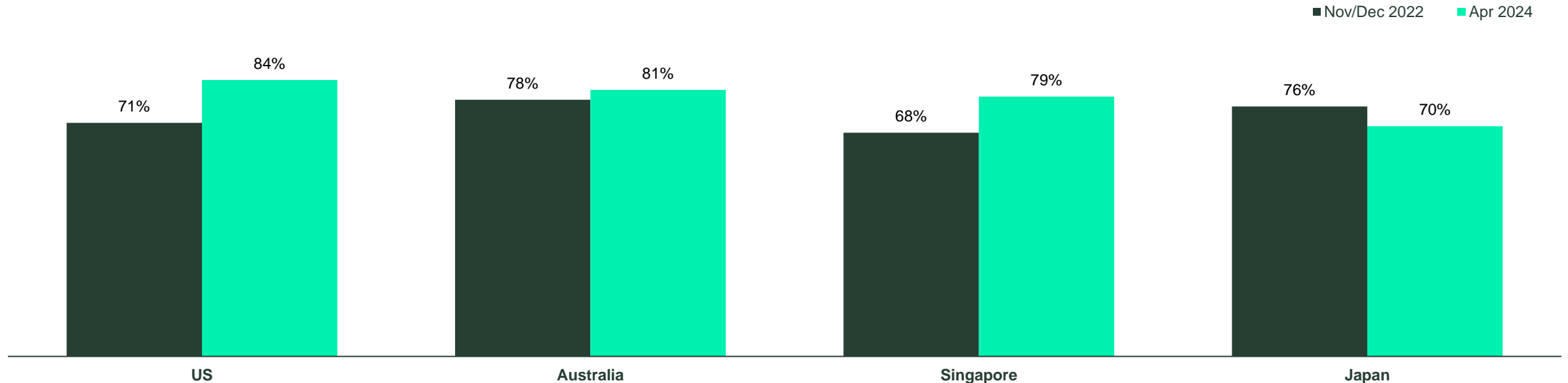
Individual Investors

Individual Investors from the US, Australia, Singapore, and Japan

A Look at Investors' Personal Financial Outlook

Investors are generally more optimistic in April 2024 than in Q4 2022, except in Japan. In the US, Australia, and Singapore, investor optimism for their personal financial outlook has increased since Q4 2022 — roughly eight-in-ten are optimistic. In Japan, however, that number has decreased to seven-in-ten.

Surveyed Investors Who Are Optimistic* About Their Personal Financial Outlook

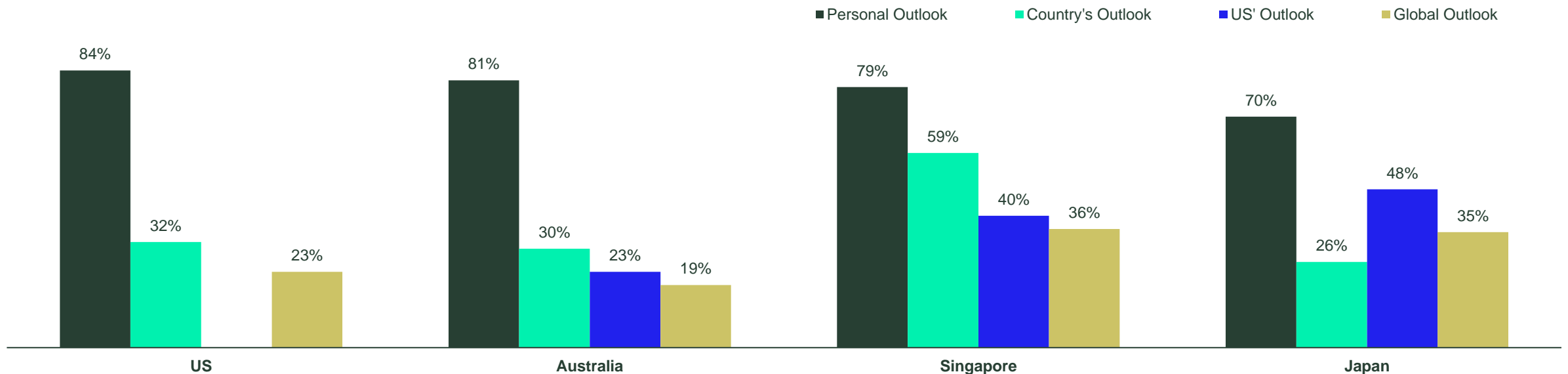


Question asked: What is your outlook for your financial future over the next 12 months? (11-point scale: -5 "Very Pessimistic" to 5 "Very Optimistic"); *Top 5 Box Reported; Base: Total.

Comparing Economic Outlooks

The further investors get from their own personal outlook on their financial future, the less optimistic they appear, **except in Japan**. There, investors express more optimism about the global economy than about their country's economy.

Percentage of Surveyed Investors Optimistic About Personal Finances, as well as Country, US, and Global Economies



Questions asked:

What is your outlook for your financial future over the next 12 months? (11-point scale: -5 "Very Pessimistic" to 5 "Very Optimistic"); Top 5 Box Reported; Base: Total.

How do you feel about your country's economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

How do you feel about the United States' economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

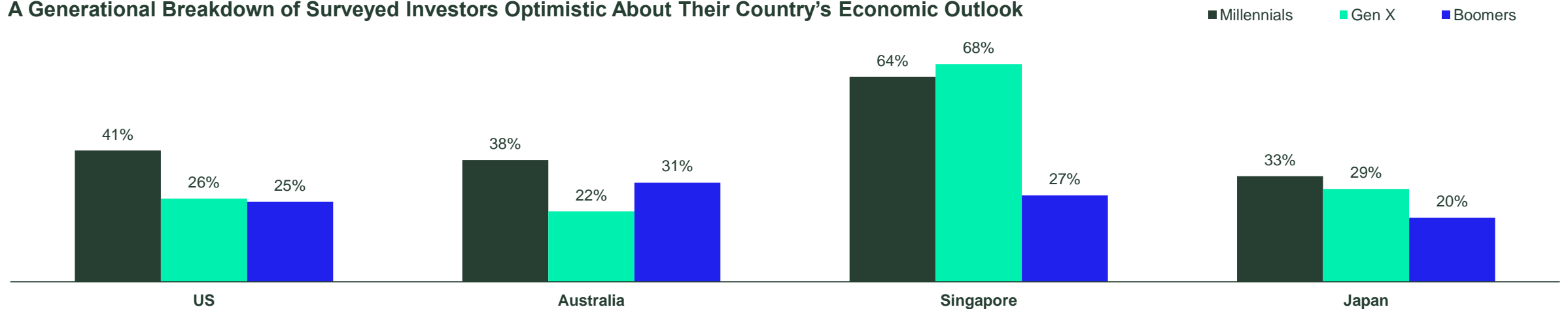
Investors' Outlook on Their Country's Economy

A Generational Comparison

Across countries, boomers tend to be less optimistic about their country's economy compared to younger generations. However, nuances exist across countries:

- In the US, millennials are more optimistic than older generations.
- In Australia, Gen X is the least optimistic.
- In Singapore, millennials and Gen X are significantly more optimistic than boomers.
- In Japan, there are no significant differences across generations.

A Generational Breakdown of Surveyed Investors Optimistic About Their Country's Economic Outlook



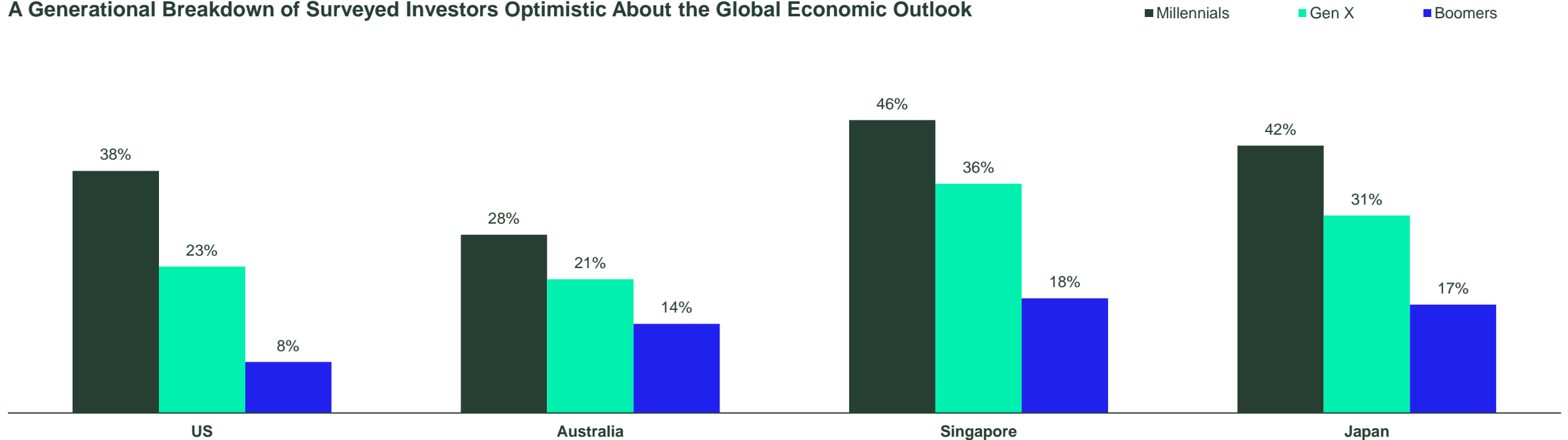
Question asked: How do you feel about your country's economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

Investors' Outlook on the Global Economy

A Generational Comparison

Across countries, optimism about the global economy declines with age. Boomer investors in the US are particularly negative — only 8% have a favorable view.

A Generational Breakdown of Surveyed Investors Optimistic About the Global Economic Outlook

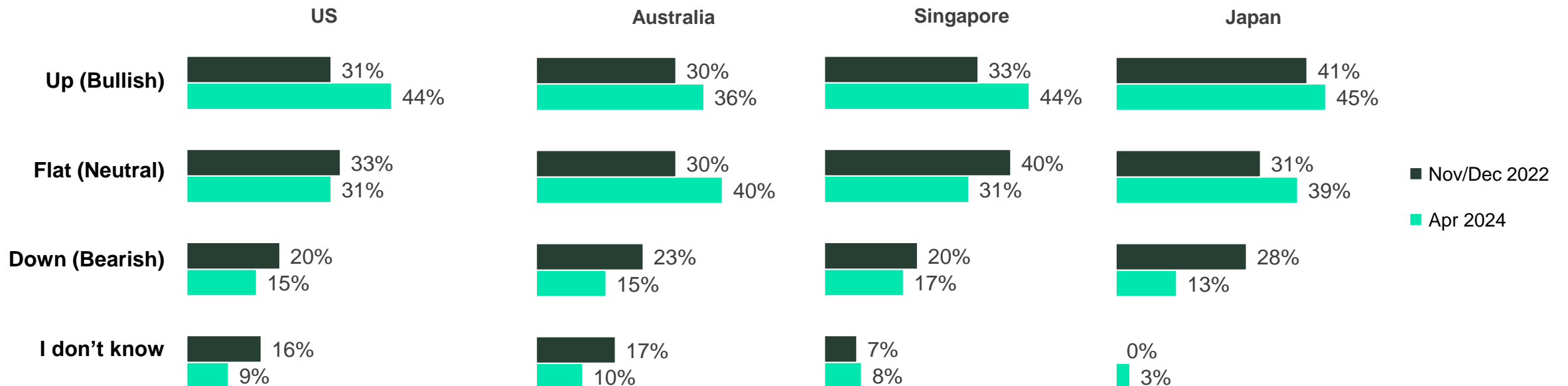


Question asked: How do you feel about the global economic outlook in the next 12 months? (5-point scale: 1 "Pessimistic" to 5 "Optimistic"); Top 2 Box Reported; Base: Total.

Predictions for the S&P 500

Overall, investors are more positive about S&P 500® returns for 2024 than they were for 2023. Investors in the US and Singapore are significantly more likely to be bullish about the S&P 500 than they were in Q4 2022, while investors in Australia and Japan are significantly less likely to be bearish and significantly more likely to be neutral.

Surveyed Investors' Predictions for the S&P 500 by the End of 2024

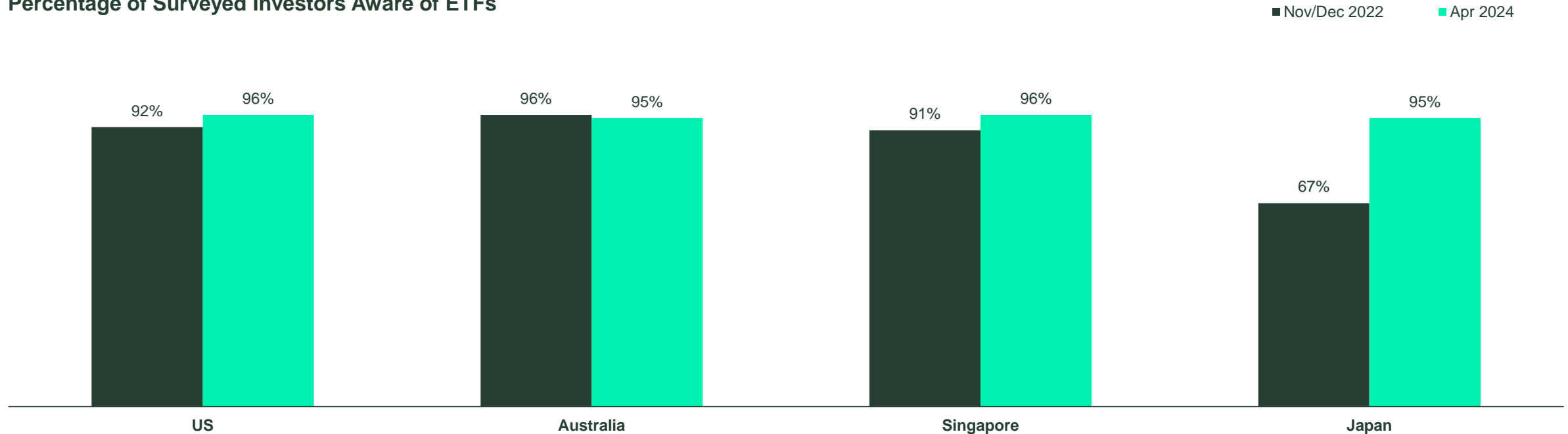


Question asked: By the end of [Nov/Dec 2022=2023 / Apr 2024=2024], do you think the S&P 500 returns will be up (bullish), flat (neutral) or down (bearish)? Base: Total.

ETF Awareness is Universally High

ETF awareness remains high across the US, Australia, and Singapore. In Japan, awareness has skyrocketed in under two years and is now on par with awareness percentages in the other countries surveyed.

Percentage of Surveyed Investors Aware of ETFs



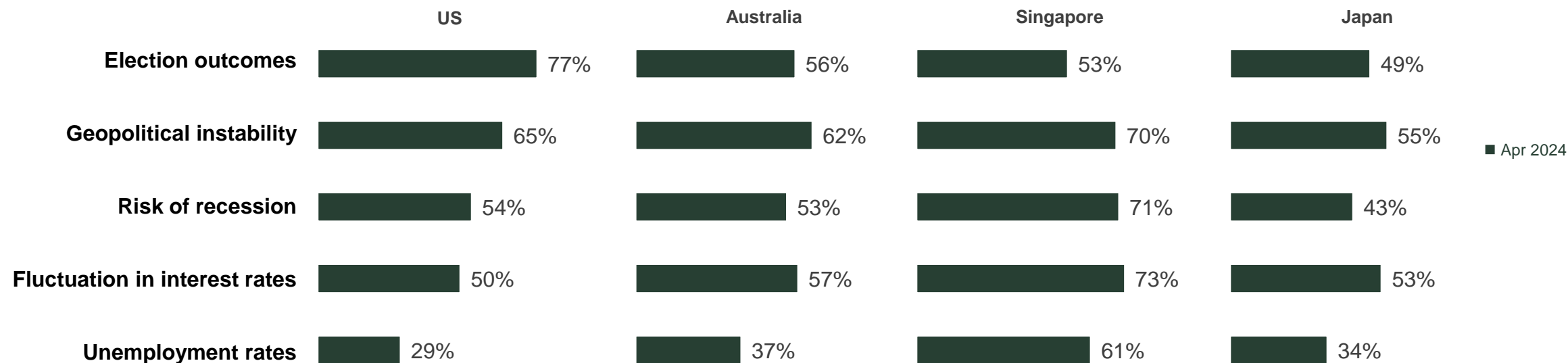
Question asked: Please indicate whether or not your current investment portfolio contains each of the following? Inverse of “Never Heard of this Type of Investment” reported; Base: Total.

Individual Investors' Level of Concern

A Comparison by Country

- Singapore investors show the highest level of concern across all key economic drivers, except for election outcomes.
- US investors are most concerned about election outcomes. Given this is an election year in a highly polarized political environment, heightened concern among US investors is not surprising.
- Japan tends to be less concerned about these issues compared to the other countries.

Investors' Level of Concern Regarding Key Economic Drivers: A Breakdown by Country

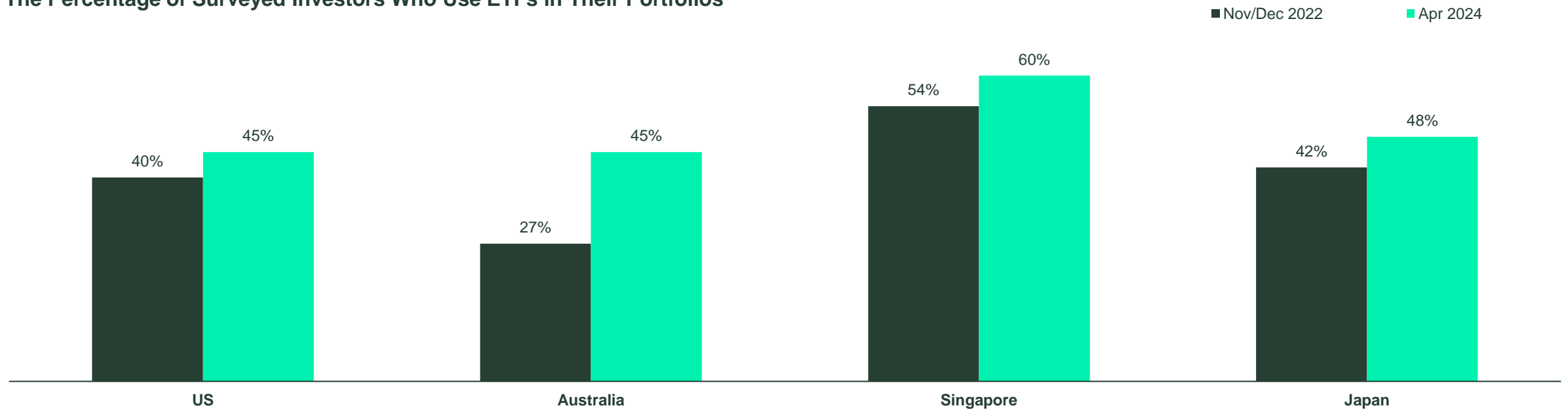


Question asked: How concerned are you about each of the following? (5-point scale: 1 "Not at all Concerned" to 5 "Extremely Concerned")

ETF Usage Among Individual Investors Has Increased

ETFs are more popular among investors in April 2024 than in Q4 2022. In the US, Singapore, and Japan, more investors have ETFs in their portfolios in April 2024 than in Q4 2022; in Australia, significantly more do. Among the countries surveyed, investors in Singapore remain the highest users of ETFs.

The Percentage of Surveyed Investors Who Use ETFs in Their Portfolios



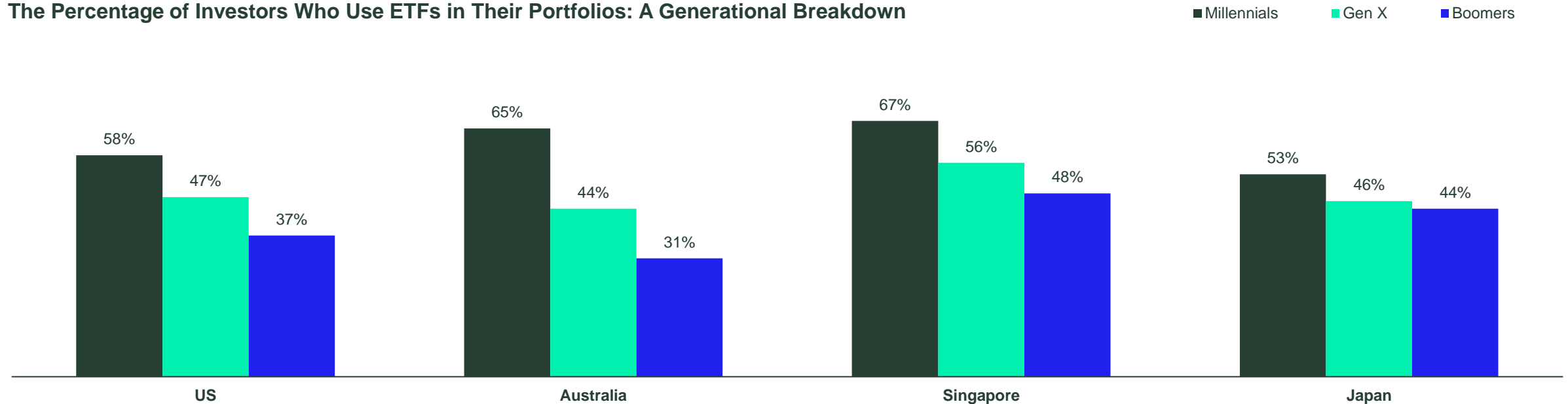
Question asked: Please indicate whether or not your current investment portfolio contains each of the following? "Yes, in my current investment portfolio" reported; Base: Total.

ETF Usage Across Generations

Millennials Use ETFs the Most

Millennials are more likely to invest in ETFs than other generational segments. Millennial investors in the US, Australia, and Singapore use ETFs the most and Boomers, the least.

The Percentage of Investors Who Use ETFs in Their Portfolios: A Generational Breakdown



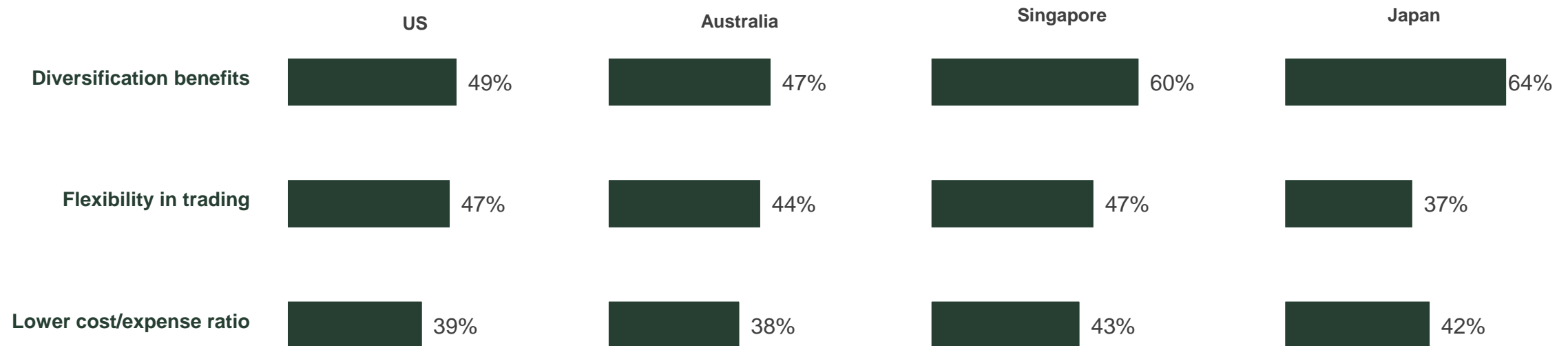
Question asked: Please indicate whether or not your current investment portfolio contains each of the following?

Why Investors Choose ETFs

Top Three Reasons

ETFs deliver diversification and access at a lower cost. Across all four countries surveyed, investors using ETFs are doing so most often for their diversification benefits, flexibility in trading, and low cost/expense ratio.

The Top Reasons Surveyed Investors Choose ETFs for Their Portfolios



Question asked: Why do you have ETFs in your current investment portfolio? Base: Have ETFs in Current Investment Portfolio.

Why Investors Choose ETFs

Full List

A List of Reasons Surveyed Investors Choose ETFs for Their Portfolios

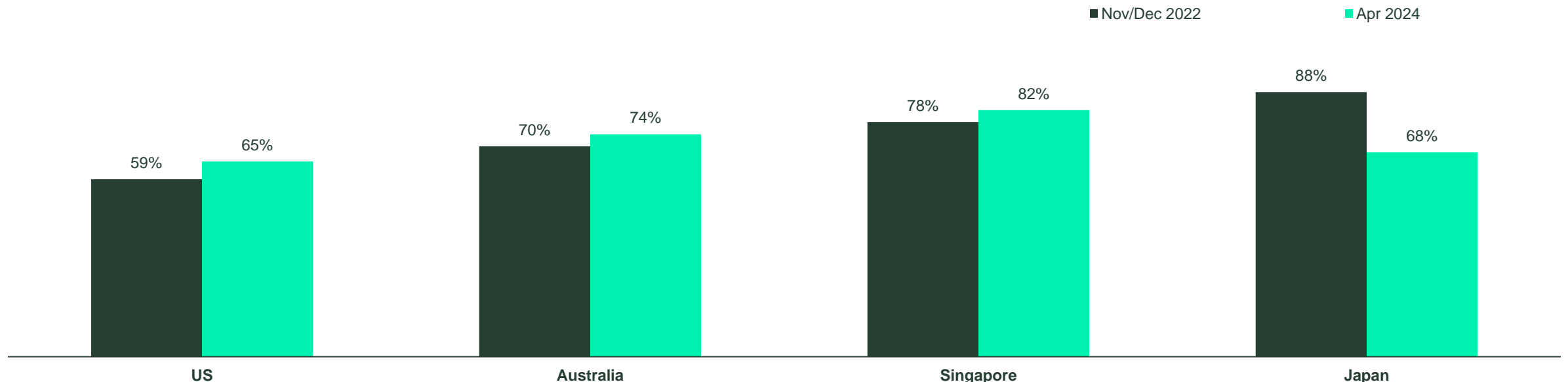


Question asked: Why do you have ETFs in your current investment portfolio?

ETFs Positively Impact Investor's Portfolios

A majority of investors agree that ETFs have improved the performance of their portfolios, more so in Singapore than in the other countries. Among Japanese investors, while still a majority, fewer agree with this statement in 2024 than in Q4 2022.

Percentage of Surveyed Investors Who Agree “ETFs have improved the overall performance of my portfolio”

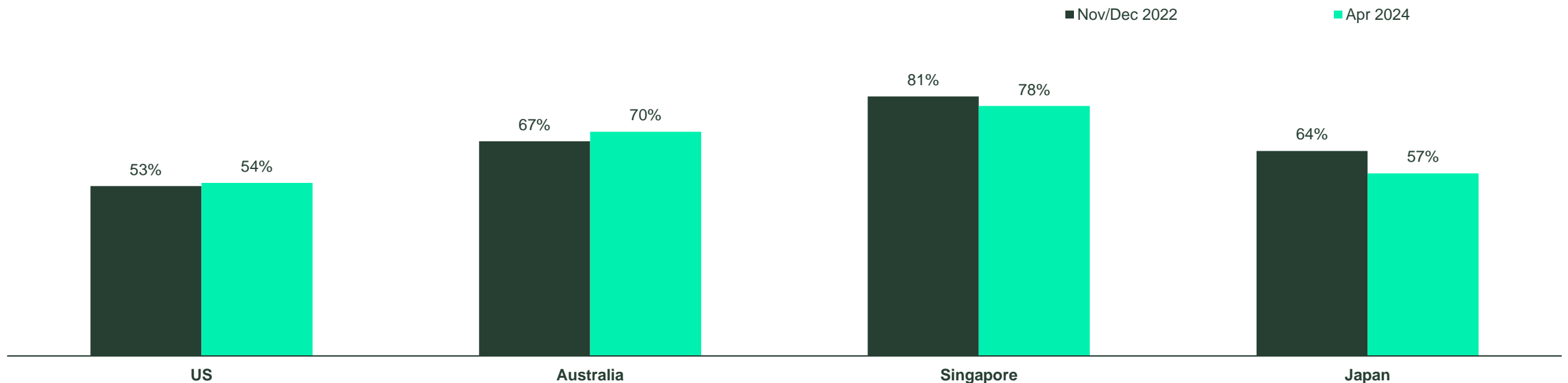


Question asked: How much do you agree or disagree with each of the following statements about ETFs? (5-point scale: 1 “Disagree Completely” to 5 “Agree Completely”); Top 2 Box reported
Base: Have ETFs in Current Investment Portfolio; Caution: Australia Nov/Dec 2022 base size under n=20.

ETFs Positively Impact Investor Confidence

A majority of investors also agree that ETFs have made them a better investor, more so in Australia and Singapore than in the US and Japan.

Percentage of Surveyed Investors Who Agree “ETFs have made me a better investor”

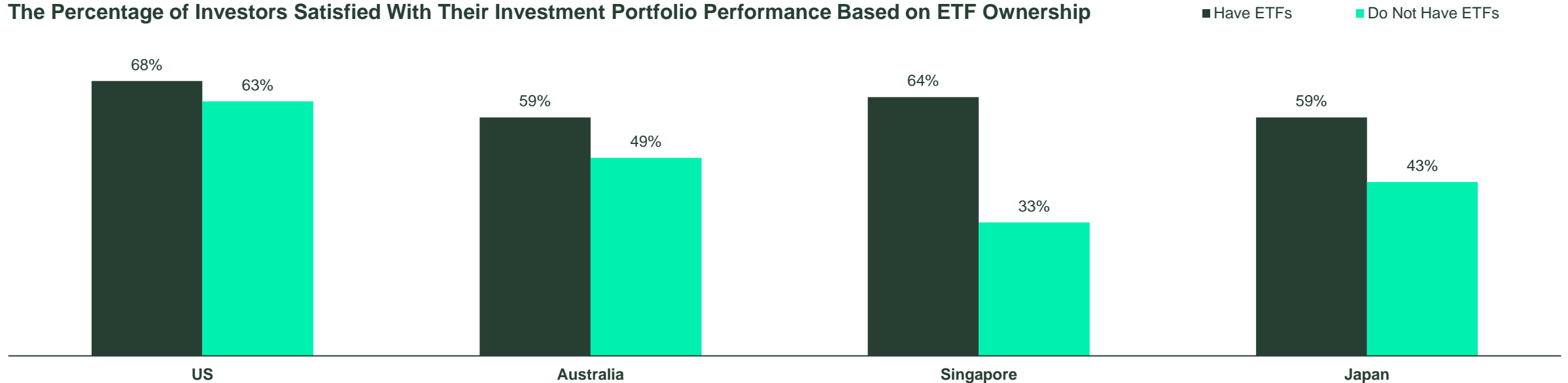


Question asked: How much do you agree or disagree with each of the following statements about ETFs? (5-point scale: 1 “Disagree Completely” to 5 “Agree Completely”); Top 2 Box reported
Base: Have ETFs in Current Investment Portfolio; Caution: Australia Nov/Dec 2022 base size under n=20.

ETF Investors Are More Satisfied with Their Portfolio Performance

Across all four countries surveyed, investors who have ETFs are slightly or significantly more likely to be satisfied with their investment portfolio than investors who do not have ETFs.

The Percentage of Investors Satisfied With Their Investment Portfolio Performance Based on ETF Ownership

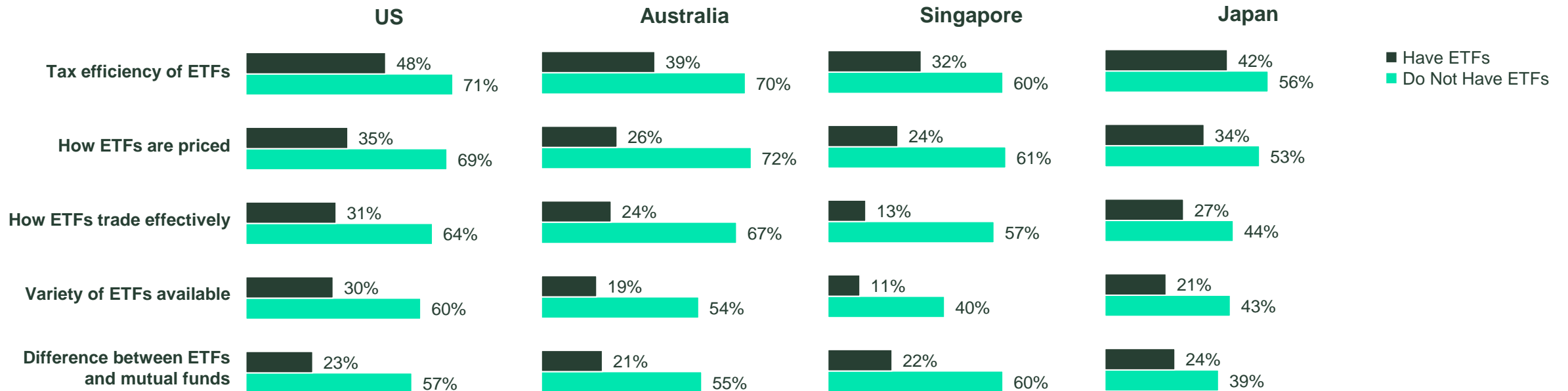


Question asked: How satisfied are you with your investment portfolio's performance over the last 12 months? (5-point scale: 1 "Not at all Satisfied" to 5 "Extremely Satisfied"); Top 2 Box Reported; Base: Have ETFs versus Do NOT Have ETFs.

ETF Comprehension Based on ETF Ownership

Except in Japan, most investors who do not have ETFs think various aspects of ETFs — like their tax efficiency, pricing, tradability, and more — are difficult to understand. **This suggests a need for more or better ETF education among those who do not have ETFs in their current investment portfolios.**

Percentage of Investors Who Think the Following Topics Are “Difficult to Understand” Based on ETF Ownership



Question asked: For each aspect of ETFs, please indicate whether you think it is easy to understand or difficult to understand. “Difficult to understand” reported; Note: “Easy to understand” is the inverse of “Difficult”; Base: Have ETFs versus Do Not Have ETFs.

What's Next For the Global ETF Market?



Get Our Predictions
Inside This eBook

Appendix

Survey Methodology

and Sample

Survey Methodology

State Street Global Advisors, in partnership with field partners A2Bplanning and Prodege, conducted an online study in April 2024 among individual investors, and institutional investors to assess investor sentiments, investment portfolio trends, the impact of ETFs on portfolio construction, and more.

This survey further builds on research conducted with individual investors in November and December of 2022. For the 2024 ETF Impact Survey, State Street Global Advisors expanded the scope to include institutional investors from various countries.

Survey Sample

Data was collected between April 1-25, 2024 from the following:

Individual Investors:

- In the US, data was collected from a nationally representative sample of 1,000 adults 18+, and then filtered for analysis among 319 individual investors with investable assets (IA) of US\$250K or more.
- In Australia, Singapore, and Japan, data was collected from 260, 254, and 220 individual investors, respectively, with IA equivalent of US\$250K or more.

Institutional Investors:

- Data was collected from institutional investors who are involved in the decision making for AUM of US\$1B or more from the US (100), the UK (100), Netherlands (100), Sweden (75), Switzerland (51), Australia (50), Singapore (50), and Japan (50).

Disclosure

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