

## APAC: Retail investors boost growth of thematic ETFs

In China, thematic equity ETF assets have surpassed core and broad market ETF AUM this year, reaching US\$108bn in June.

With investors across APAC in risk-off mode, ETFs and other passive funds will likely continue to draw investor attention. They are favoured by investors due to their relatively low cost, lower volatility, and, for some, their capacity to provide investors with regular dividends.

In China, while institutional investors lean towards broad market or core equity ETFs that track blue-chip indices, which have experienced a more modest CAGR of 17% since 2018, retail investors have shown a preference for thematic ETFs. Consequently, thematic equity ETF assets have surpassed core and broad market ETF AUM this year, reaching US\$108bn in June, with tech-centric products making up over half of thematic equity ETF assets.

Similarly, in Taiwan, while domestic life insurers command the lion's share of bond ETF AUM, stock ETFs have surged in popularity since 2020, especially in tech sectors. The 2022 market downturn saw record inflows into domestic stock ETFs, benefiting largely from retail investors buying the dip. Younger Taiwanese investors have increasingly adopted ETFs, with many now drawn to thematic ETF products, including those focusing on 5G, new energy, and new technology, as well as sustainable/ESG and high-dividend stocks.

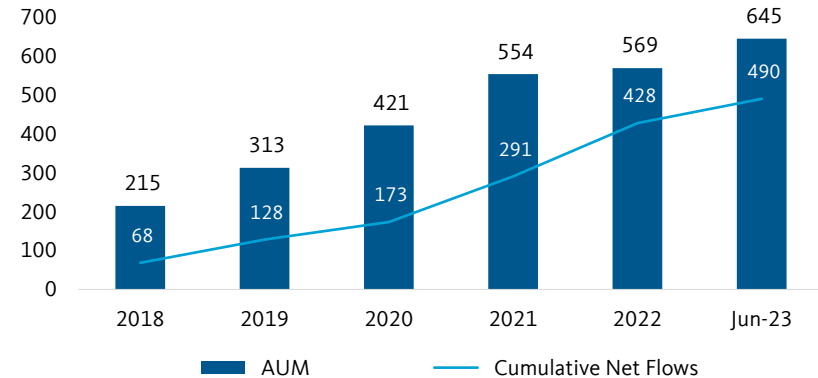


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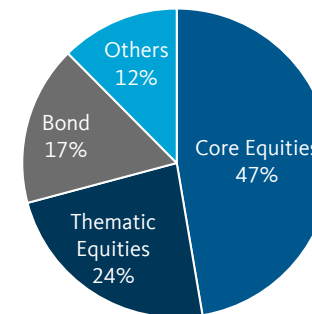
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### APAC-EX JAPAN ETF AUM AND CUMULATIVE NET FLOWS, 2018 TO JUNE 2023 (US\$BN)



### APAC-EX JAPAN ETF AUM, BY TYPE, JUNE 2023 (%)



Source: Broadridge Radar: APAC Q2 2023.

#### Data drawn from Radar: APAC



A quarterly intelligence report analysing the latest retail and institutional trends, offering a unique cross channel view of opportunities, product development, regulatory updates and competitive dynamics in APAC.