

**Press Release London, Nice, Paris, 26 September 2019**

**The results of EDHEC-Risk’s annual European ETF and Smart Beta Survey show growing demand for SRI/Ethical ETFs and significant interest in fixed-income Smart Beta solutions**

EDHEC-Risk Institute has announced the results of the 12th EDHEC European ETF, Smart Beta and Factor Investing Survey[[1]](#footnote-1), conducted as part of its Amundi research chair on “ETF, Indexing and Smart Beta Investment Strategies”. This survey, conducted since 2006, aims to provide insights into European investors’ perceptions, practices and future plans in the domain of ETFs and Smart Beta.

Here’s a selection of key findings in response to three key questions:

***How do investors select and use ETFs?***

* **ETF usage is becoming increasingly mainstream.** In 2006 45% of respondents used ETFs to invest in equities, compared with 91% in 2019. As for governments and corporate bonds, the figures rose from 13% and 6% in 2006 to 66% and 68% respectively in 2019.
* **ETF usage is becoming more tactical.** For the first time, theuse of ETFs for tactical allocation was higher (53%) than for long-term buy and hold (51%). This more balanced usage suggests that the ETF market is maturing and users are becoming more proactive.
* **Achieving broad market exposure** **still tops the list**, with 73% of respondents using ETFs frequently for this purpose. However, sub-segment usage has risen, probably reflecting the increasingly tactical role of ETFs in portfolios.
* **Cost and quality of replication are the two main drivers for selecting ETF providers.**
* **About two-thirds of respondents (66%) used ETFs to invest in Smart Beta in 2019**, a considerable increase since 2014 (49%).

***What are the key objectives driving the use of Smart Beta and Factor Investing Strategies?***

* **Improving performance is the main motivation for using Smart Beta and Factor Investing strategies.** Managing risk is also considered an important criterion.
* 68% of respondents feel that smart beta and factor investing bond solutions are especially useful in performance-seeking portfolios, primarily to harvest risk premia.
* **About three-fifths of respondents believe that the three typical factors of the credit risk market, namely carry/level of the yield curve, credit and slope of the yield curve, are the most relevant in fixed-income markets (63%, 60% and 58% respectively).**

***What are the future developments in ETFs and Smart Beta Products?***

* **31% of respondents want to see more SRI-based ETFs**, while similar proportions are interested in ETFs related to multi-factor and smart beta indices (30% and 28% respectively).
* **The cumulative percentage of those that already invest or are considering investing in smart beta and factor investing in the near future is still higher in 2019 (79%)** than in 2018 (74%), which leaves room for further development of this investment in the near future.
* When asked about the smart beta solutions they think require further development by providers, respondents cited **fixed income, ESG, and alternative asset classes**. They would also like **more customised solutions to be developed.**
* **Respondents show a significant interest in Fixed-Income Smart Beta solutions and plan to increase their investment in this area. However, they explain that their usage is limited because the current offer does not correspond to their needs in term of risk factor, and due to a lack of research in the area.** The development of new products corresponding to these demands may lead to an even wider adoption of Smart Beta solutions.

Commenting on the results of the survey, Fannie Wurtz, Head of Amundi ETF, Indexing & Smart Beta, said, “The results shows once again the significant role of ETFs in investor’s portfolios and rising interest in Fixed Income ETFs. The demand for Smart Beta and Factor solutions keep increasing too, as well as solutions that apply ESG criteria. As the leading European asset manager and a pioneer on socially responsible investing, Amundi continues innovating to answer to investors’ needs”.

Professor Lionel Martellini, Director of EDHEC-Risk Institute, added, “The 2019 edition of the EDHEC European ETF, Smart Beta and Factor Investing Survey conducted as part of the Amundi research chair at EDHEC-Risk Institute on "ETF, Indexing and Smart Beta Investment Strategies" shows a true coming of age in investors’ perception and usage of ETFs, which have become mainstream investment instruments for asset owners and are increasingly used in active market, sector-specific but also factor rotation strategies. There is a substantial appetite for new development in the area of SRI and fixed-income factor investing, where academically grounded product innovation is still needed”.

A copy of the EDHEC-Risk Institute survey can be found here:

[EDHEC-Risk Institute Publication: EDHEC European ETF, Smart Beta and Factor Investing Survey 2019](https://risk.edhec.edu/sites/risk/files/pdf/edhec_european_etf_smart_beta_and_factor_investing_survey_2019_.pdf)

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**About EDHEC-Risk Institute**

**Academic Roots & Practitioner Reach**

Since 2001, EDHEC Business School has been pursuing an ambitious policy to produce academic research that is both practical and relevant. This policy, known as “Research for Business” and now labelled “Make an Impact”, aims to make EDHEC an academic institution of reference for the investment industry in a small number of areas in which the school has reached critical mass in terms of expertise and research results. Among these areas, investment management has occupied a privileged position, leading to the creation in 2001 of EDHEC-Risk Institute, which has developed an far-reaching ambitious portfolio of research and educational initiatives in the domain of investment solutions for institutional and individual investors.

This Institute boasts a team of permanent professors, engineers and support staff, as well as a large number of affiliate professors and research associates from the financial industry among its ranks. EDHEC-Risk Institute is located on campuses in the City of London (United Kingdom) and Nice (France). Its philosophy is to validate its work by publishing in international academic journals, as well as to make it available to the sector through position papers, published studies and global conferences.

To ensure the distribution of its research to the investment industry, EDHEC-Risk also provides professionals with access to its website, <https://risk.edhec.edu>, which is devoted to asset and risk management research, with a focus on investment solutions. Finally, its quarterly newsletter is distributed to over 100,000 readers.

In addition to the EDHEC Alternative Indexes, which are used as performance benchmarks for risk analysis by hedge fund investors, and the EDHEC-IEIF Monthly Commercial Property index, which tracks the performance of the French commercial property market through SCPIs, EDHEC-Risk has recently launched a series of new initiatives:

* The [EDHEC-Princeton Retirement Goal-Based Investing Index Series](https://risk.edhec.edu/indices-investment-solutions#tab_372), launched in May 2018, which presents asset allocation benchmarks for innovative mass-customised target date solutions for individuals preparing for retirement;
* The [EDHEC Bond Risk Premium Monitor](https://risk.edhec.edu/bond-risk-premium-monitor), designed to offer investment and academic communities a tool with which to quantify and analyse the risk premium associated with Government bonds;
* The [EDHEC-Risk Investment Solutions (Serious) Game](https://risk.edhec.edu/edhec-risk-investment-solutions), intended to facilitate engagement with graduate students or investment professionals enrolled on one of EDHEC-Risk’s various campus-based, blended or fully-digital educational programmes.

EDHEC-Risk Institute also has highly significant executive education activities for professionals, in partnership with prestigious academic partners.

In 2012, EDHEC-Risk Institute signed two strategic partnership agreements. The first was with the Operations Research and Financial Engineering department of Princeton University to set up a joint research programme in the area of investment solutions for institutions and individuals. The second was with Yale School of Management to set up joint certified executive training courses in North America and Europe in the area of risk and investment management.

As part of its policy of transferring know-how to the investment industry, in 2013 EDHEC-Risk Institute also set up ERI Scientific Beta, which is an original initiative that aims to favour the adoption of the latest advances in smart beta design and implementation by the whole investment industry. Its academic roots provide the foundation for its strategy: offer, in the best economic conditions possible, the smart beta solutions that are most proven scientifically with full transparency of both methods and associated risks.

EDHEC-Risk Institute also contributed to the 2016 launch of EDHEC Infrastructure Institute (EDHEC*infra*), a spin-off dedicated to benchmarking private infrastructure investments. EDHEC*infra* was created to address the profound knowledge gap faced by infrastructure investors by collecting and standardising private investment and cash flow data and running state-of-the-art asset pricing and risk models to create the performance benchmarks that are needed for asset allocation, prudential regulation and the design of infrastructure investment solutions.

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**About Amundi ETF, Indexing & Smart Beta**

With more than €114 billion1 in assets under management, Amundi ETF, Indexing and Smart Beta is one of Amundi’s strategic business areas and is a key growth driver for the Group.

Amundi ETF, Indexing and Smart Beta business line provides investors – whether institutional or distributors – with robust, innovative, and cost-efficient solutions, leveraging Amundi Group’s scale and large resources. The platform also offers investors fully customized solutions (ESG, Low Carbon, specific exclusions, risk constraints, etc.).

With over 30 years of benchmark construction and replication expertise, Amundi is a trusted name in ETF & Index management among the world’s largest institutions. The team is also recognized for its ability to develop Smart Beta & Factor Investing solutions, with more than a 10-year track record.

1- All figures and data are provided by Amundi ETF, Indexing & Smart Beta at end June 2019

1. A comprehensive survey of 182 European ETF and Smart Beta investors. [↑](#footnote-ref-1)