

## Australian ETF market grows amid challenging investment environment

- Australian ETF market ends 2018 with \$40.41 billion in funds under management
- 49 per cent of 2018 ETF cash flows went into International Equities products
- Vanguard Australia led cash flows for the fourth consecutive year, taking in \$2.67 billion representing 41.5 per cent of flows.

Melbourne, 11 January 2019: Australians have over \$40 billion of their savings invested in exchange traded funds (ETFs) according to the latest figures released by the Australian Stock Exchange (ASX).

While volatile markets resulted in a slight decrease in total ETF funds under management through the fourth quarter of 2018, inflows across the calendar year saw the market grow by \$4.7 billion, an increase of 13.2 per cent from 2017.

Industry wide cash flow was \$6.44 billion for 2018. While this figure is down from \$8.08 billion in 2017, ETF assets have grown at a compound annual growth rate of 32 per cent over the past five years.

Damien Sherman, Head of ETF Capital Markets said: *“Continuing the trend of recent years, investors sought out ETFs that provided exposure to international equities, with the asset class attracting nearly half (49 per cent) of net cash flows in 2018.*

*“Despite the challenging investment conditions in 2018 investors continue to embrace the benefits of ETFs, spurring growth in the market, increased competition among issuers and rising trading volumes that have in turn driven down the cost to invest, allowing investors to keep more of the returns they earn.”*

In 2018 Vanguard became Australia’s leading ETF issuer with \$12.07 billion in funds under management at 31 December.

It was the fourth consecutive year that Vanguard led the industry for net new cash flow representing 41.5 per cent of all ETF flows in 2018.

*“Investors faced challenging conditions across global equity markets in 2018, highlighting the importance of diversification across asset classes and the enduring role that fixed income plays- especially as a ballast during periods of equity market volatility,”* Sherman said.

It was a year of strong growth for Vanguard’s range of Diversified ETFs that broke new ground in the Australian ETF market by offering investors the ability to buy a well-diversified, low-cost product that rebalances automatically across a range of asset classes. The four diversified ETFs (Conservative, Balanced, Growth and High Growth) ended 2018 with \$277 million in combined assets under management.

Vanguard’s range of Australian and International Fixed Income ETFs saw combined net cash flows in excess of \$276 million across the year.

In 2018 Vanguard listed six new ETFs in Australia, including ESG and active offerings, bringing its total number of exchange-traded products to 28.

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## **About Vanguard**

With more than AUD \$7.3 trillion in assets under management as of 30 September 2018, including more than AUD \$1.3 trillion in ETFs, Vanguard is one of the world's largest global investment management companies. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

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For further information please contact a member of the Vanguard Australia communications team:

**Michael Thorneycroft** | **Corporate Communications Manager**

+613 8888 3904 | +61 411 639 636 | [michael.thorneycroft@vanguard.com.au](mailto:michael.thorneycroft@vanguard.com.au)

**Martha Wood** | **Media & External Communications Manager**

+613 7017 1442 | +61 410 470 165 | [martha.wood@vanguard.com.au](mailto:martha.wood@vanguard.com.au)

**Francesca Marinucci** | **PR & Communications Specialist**

+613 8888 3574 | +61 413 559 766 | [francesca.marinucci@vanguard.com.au](mailto:francesca.marinucci@vanguard.com.au)