

**BROWN BROTHERS HARRIMAN**

Park House, 16 - 18 Finsbury Circus,  
London  
EC2M 7EB

**FOR IMMEDIATE RELEASE**

Contact: Alex Evans  
Weber Shandwick  
aevans@webershandwick.com  
44 (0)20 7067 0708

**ETF knowledge gap holding back European investors: Brown Brothers Harriman survey****Investor demand for ETF education presents growing opportunity for asset managers**

**London, 30 May, 2018** – Brown Brothers Harriman (BBH), a market-leading asset servicer, together with research firm Inside ETFs, today announced the results of their third annual European ETF Survey, which highlights a desire for more education around ETF investment from European investors.

Although 98% of European financial advisors, fund managers, and institutional investors surveyed plan to increase or maintain ETF investment in 2018, a need for more education is holding them back: 24% cited not fully understanding ETFs as one of the reasons they haven't further increased exposure, and 26% cited not knowing how to pick the best ETF. This was particularly acute in relation to the allocation of smart beta ETFs as 59% did not purchase a smart beta ETF last year. When asked what is preventing them from doing so, 32% cited lack of education.

The findings also indicate an appetite from European investors for new products, and therefore an opportunity for the European ETF market to continue growing. 42% of respondents would be willing to invest in an ETF with a track record of less than one year, while a fifth would invest in an ETF which is €0. In Europe, one of the least important factors when selecting an ETF is historical performance, compared to the US, where this is one of the most important factors.

Andrew Craswell, Senior Vice President, BBH ETF Services says, "Those asset managers who are able and willing to provide more in-depth ETF education to investors have a growing opportunity to add assets from existing customers, and cultivate new ones. This is particularly important as the ETF market becomes more crowded and managers look to stand out from the crowd. As investors continue to move towards lower cost investment strategies, so too are they calling for increased guidance and education, particularly around new ETF products and the associated strategies, which are becoming increasingly complex. European asset managers should grasp this opportunity."

"The need for continued ETF education is something that Inside ETFs takes very seriously and aims to provide at all our events," said John Swolfs, CEO of Inside ETFs. "I would call on the ETF industry to continue to push education over products. We know the desire to use more ETFs is

there but a lack of knowledge has shown to be a real deterrent to the growth of ETFs and the innovative solutions they provide investors. Inside ETFs is firmly committed to ETF education and looks forward to partnering with the industry to help drive this initiative forward."

Additional key findings include:

- 76% of European ETF investors cite Environmental, Social and Governance (ESG) factors as somewhat or very important when making an investment decision, while only 51% of US investors said the same in a survey conducted by BBH late last year.
- With 75% of respondents holding equity ETFs, this is still the most popular exposure. But investors are starting to buy more fixed income (46%) and alternatives products (27%).
- For the third year in a row, expense ratio is the most important factor when selecting ETFs. US respondents said the same. ETF sponsors should note that low costs are key in reaching and retaining shareholders.

BBH surveyed 283 financial advisors, fund managers and institutional investors across Europe. The survey provides insights for asset managers into the current state and future of ETFs in Europe's rapidly growing markets.

For more information, visit [www.bbh.com/etfsurvey](http://www.bbh.com/etfsurvey).

###

#### **About Brown Brothers Harriman**

BBH is a privately held financial institution that has been a thought leader and solutions provider for 200 years. The Firm serves businesses, institutions, individuals and families in its three business lines: Investor Services, Investment Management, and Private Banking. BBH's Investor Services business provides cross-border custody, accounting, administration, execution and technology services to many of the world's leading asset managers and financial institutions.

With deep ETF product expertise, BBH works with both experienced ETF managers and new, innovative market entrants to introduce and grow their ETF products. BBH helps asset managers launch, list, and cross-list ETFs across the globe.

BBH operates in eighteen locations, including New York, Boston, Beijing, Charlotte, Chicago, Denver, Dublin, Grand Cayman, Hong Kong, Kraków, London, Luxembourg, Nashville, New Jersey, Philadelphia, Tokyo, Wilmington, and Zürich. For more information, please visit [bbh.com](http://bbh.com).

#### **About Inside ETFs**

Inside ETFs is the world's leading ETF event company, hosting the largest ETF conference in the U.S., Europe and Asia (and expanding to Canada in 2018). The company uses live events, virtual events, webinars and other tools to play a central role in educating financial advisors, registered reps, institutional investors and other professionals in how to understand, evaluate and use ETFs in portfolios.