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## ***Global ETF Investors Rank Historical Performance as Top Criteria for Choosing an ETF***

*Defying industry assumptions that cost is everything, Brown Brothers Harriman's ETF survey finds additional criteria are increasingly being considered*

**Boston, MA, February 11, 2019 – Brown Brothers Harriman & Co. (BBH)**, a market leading ETF custodian and administrator, in partnership with **ETF.com**, a leading independent authority on exchange-traded funds, today announced that global ETF investors now rank historical fund performance on par with expense ratio when selecting an ETF, according to BBH's 6<sup>th</sup> annual ETF investor survey.

The survey, which measured the expectations and preferences of 300 institutional investors, financial advisers, and fund managers from around the world, also found that investors are placing greater importance on ETF issuer than they have in years past. This year, BBH combined what was previously a regional breakdown into a single global survey of ETF investors in the United States, Europe, and Greater China.

“We are seeing global ETF investors giving historic returns equal consideration to cost when selecting an ETF. That’s in stark contrast to last year when investors in the US and Europe stated cost was the top factor,” said Shawn McNinch, Global Head of ETF Services at BBH. “While much has been said about the low-cost nature of ETFs, our survey finds that professional investors are looking beyond the lowest-cost products and seeing tactical vehicles like smart beta and active ETFs as ways to bolster returns or mitigate risk, especially in periods of heightened volatility.”

“We’re 25 years into the ETF revolution, and investors are clearly becoming more sophisticated in their use of ETFs,” said Dave Nadig, Managing Director of [ETF.com](http://ETF.com). “Whether it’s Smart Beta,

active management or just a willingness to use brand new products, it's clear this is a robust and maturing market."

Other key findings include:

- **Smart beta ETFs are catching assets from mutual funds:** Nearly 30% of respondents said they purchased a smart-beta ETF to replace an actively-managed mutual fund.
- **Investors are using smart beta to weather potential storms:** 70% of smart beta ETF users are searching for risk mitigation or volatility control.
- **Investors are comfortable buying ETFs with low AUM:** 40% of respondents are comfortable buying a new ETF with AUM under \$25 million, suggesting an openness to newer products.
- **Global holdings in ETFs are set to rise:** 61% of respondents plan to increase their ETF allocation in the next 12 months. Another 26% expect to maintain their current ETF investment level.
- **The global ETF market is maturing:** 80% of respondents in Greater China hold more 10% of their AUM in ETFs. That's compared with 73% in Europe and 79% in the US.

For detailed survey results, visit [bbh.com/etfsurvey](https://bbh.com/etfsurvey).

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

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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.

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