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***BBH Survey: ETF Investors in Greater China are set to Increase their ETF Allocation in 2019***

*Brown Brothers Harriman's ETF survey also finds 70% of US and European ETF investors plan to invest in the China capital markets this year.*

**HONG KONG, April 15, 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 the results of BBH's second annual survey of ETF investors in Greater China. The findings suggest continued maturation and growth of the ETF market across the region with increasing investor demand for more innovative ETF strategies.

Among the notable findings in this year's survey, 63% of Greater China ETF investors surveyed plan to increase their ETF investment allocations in the next year. When looking solely at Mainland China, that number jumps to 77% from 43% in BBH's 2018 survey.

The Greater China findings are a subset of a larger global ETF investor survey that measured the expectations and preferences of 300 institutional investors, financial advisers, and fund managers from the US, Europe, and Greater China. 100 respondents represented Greater China including Mainland China, Hong Kong, and Taiwan. The survey provides insights into the current and future use of ETFs in Greater China's rapidly expanding and evolving markets.

"These findings highlight the unique investor preferences and differing stages of ETF use across Greater China. ETFs are becoming an increasingly important component of institutional investors' portfolios across the region," said Chris Pigott, Senior Vice President, BBH Hong Kong. "Looking forward, regulatory development and enhanced ETF market infrastructure are areas of focus that will provide the foundation to support the expected growth."

Other key findings include:

- **Cost is not a key driver in ETF selection across Greater China:** Defying global industry assumptions that cost is everything, expense ratio is near the bottom of the list of ETF selection criteria in Mainland China and Taiwan.
- **Historical performance and ETF issuer are top of mind:** Historical performance was cited as the most important selection criteria for investors in Hong Kong and Taiwan, a sentiment shared by US and European investors. The top drivers for ETF selection in Mainland China were ETF issuer and index methodology.
- **Smart beta ETFs are catching assets from mutual funds:** 97% of respondents in Greater China have at least one smart beta ETF in their portfolio and 38% purchased a smart beta ETF in the last 12 months to replace an actively-managed mutual fund.
- **Global interest in Mainland China continues to grow:** Roughly 70% of US and European respondents plan to invest in the China capital markets this year.
- **Mainland investors show strong interest in accessing Hong Kong ETFs:** 98% of Mainland China respondents are interested in buying Hong Kong ETFs either through the Stock Connect or Mutual Recognition of Funds (MRF) program.

These findings are a clear sign that Greater China's ETF market is growing and maturing, and doing so quickly, making the region an important focus for ETF issuers globally.

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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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