

ETF Market Report

4. Quarter 2019

Number of
the Quarter

248 981

Number of ETF transactions
on SIX in Q4 2019

5 025 Trades

most traded ETF

ZKB Gold ETF ZGLD

30,92 bn

ETF Turnover
in the 4. Quarter 2019

35

Number of New Listings
in the 4. Quarter 2019

3 095,31 mn

Top Turnover Single ETF

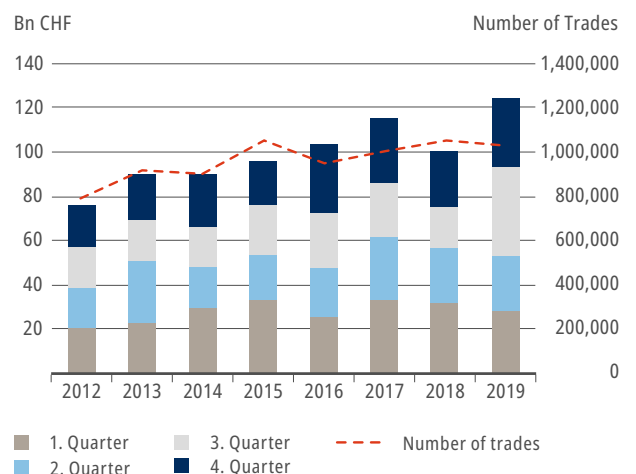
Volume of most-traded product in Q4 2019
UBS ETF replicating MSCI ACWI with Developed
Markets 100% hedged to USD TR (Ticker: ACWIU)

Record Year for ETFs on the Swiss Exchange

The stock markets continued their upward trend in the fourth quarter. New absolute records were set at a number of trading venues. The markets were buoyed by the gush of liquidity from the central banks. Additional impetus was provided by statements from the US government that an initial trade deal with China was close to completion. The events can be summed up by the stock market adage «la hausse amène la hausse». Although equities have been rising for some time now, recently it seems that they are rising primarily because they are rising. In addition to the above-mentioned abundance of liquidity from central banks, however, the stock markets continue to benefit from low interest rates, which make alternative investments comparatively unattractive. The Swiss Market Index SMI® built continuously on its previous positive performance in 2019 and ended December at 10 616,94 points, close to the intraday record of 10 755,68 on 27 December. Trading volume remained at a significantly elevated level, due partly to the Federal Council's measure to protect Swiss stock exchange infrastructure and the corresponding ordinance regarding the obligation to recognize foreign trading venues.

In the last three months, the Swiss ETF market generated the second-highest quarterly turnover of the past year. Thanks to this persistently high demand, annual ETF turnover exceeded the previous year's figure by 24,06 % and generated trading turnover of CHF 124,70 billion. At 1 040,186, the number of trades exceeded one million for the third time in a row in 2019. In summary, 2019 was a very strong year for ETFs, and listed exchange traded funds (ETF) keep on growing. Most recently, Goldman

ETF Turnover Development



Source: SIX

Sachs Asset Management arrived on the scene as a provider of 3 ETFs. With the products offered on the Swiss Exchange, Goldman Sachs Asset Management allows investors to engage in factor-based investment in stocks from emerging countries, both in entities domiciled in emerging countries and in entities that generate a majority of their profits and earnings in emerging countries. There is also a factor-based investment strategy focused on stocks of American firms with high market capitalization and on government bonds issued in Mainland China. The issuers provided attractive new additions in the last quarter. Compared to the previous quarter, the number of listed products increased by seven to 35.

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1.1 ETF Turnover and Number of Trades

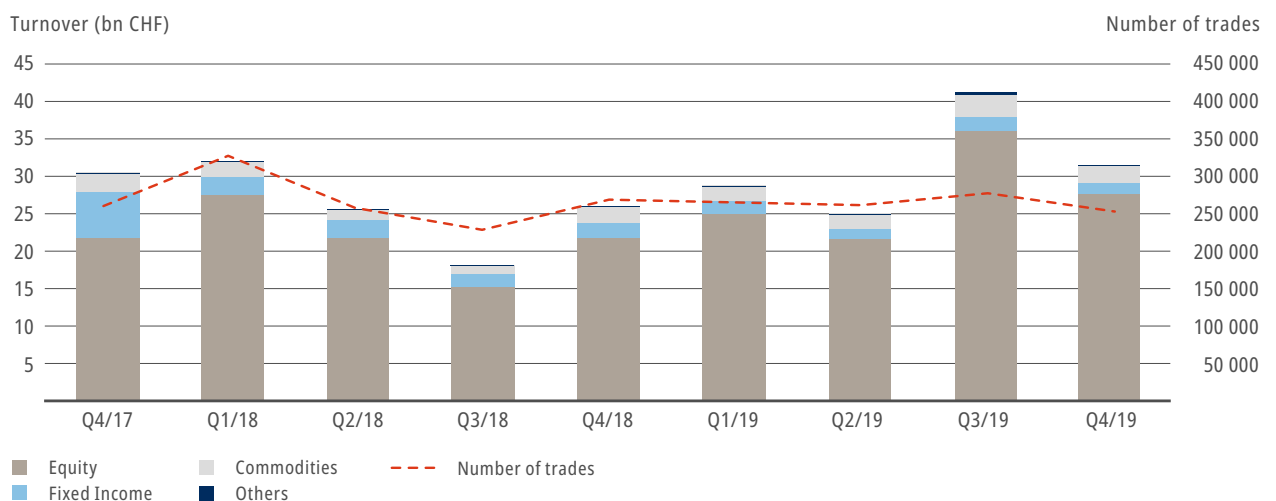
After the very strong third quarter, all asset classes saw declining turnover in the last three months. All in all, the decline amounted to 23,60 %. The commodity segment was the most affected, and the bond segment the least. However, all asset classes apart from bonds posted double-digit growth versus the same quarter of the previous year. The increase was particularly marked in the highest-weighted ETF asset class, equities, which grew by 24,80 %. After a lengthy dry spell, the development of commodity ETFs' turnover has mostly been pointed upward since the third quarter of 2018.

In the fourth quarter, the list of the most-traded ETFs was still led by ETFs based on broadly diversified market indicators. The highest turnover in the period from October to December 2019 was once again posted by ACWIU, ACWIS and ACWIE, three ETFs from UBS based on the MSCI ACWI, hedged in USD, CHF and EUR respectively. Seven of the 20 most-traded ETFs boosted their turnover against the previous quarter. This was particularly marked among the fourth-, fifth- and eighth-ranked ETFs: UKGBP based on the MSCI United Kingdom, EMMUSC based on the MSCI Emerging Markets from UBS, and LYWLD based on the MSCI World from Lyxor.

Top-20 Most Traded ETFs

Product	Turnover (mn CHF)	Trend
UBSETF MSCI ACWI SF H-USD ACC	3 095,31	↓
UBSETF MSCI ACWI SF H-CHF ACC	2 669,56	↓
UBSETF MSCI ACWI SF H-EUR ACC	2 286,02	↓
UBSETF MSCI UK GBP ACC	1 845,62	↑
UBSETF MSCI EM USD ACC	1 384,92	↑
LYX ETF EURO STOXX 50 (DR) DIS	949,99	↓
Lyxor STOXX EU 600 Banks	583,08	↑
Lyxor MSCI World UCITS ETF	572,48	↑
UBSETF MSCI UK H-USD ACC	486,52	↓
LYX ETF MSCI WORLD DIS	457,11	↑
UBSETF MSCI UK H-CHF ACC	441,52	↓
UBSETF MSCI UK H-EUR ACC	370,84	↓
iSh Core SPI (CH) CHF Dis	349,8	↑
iSh Core S&P500 USD Acc	324,71	↓
LYXOR ETF S&P 500	317,08	↓
UBSETF MSCI ACWI SF H-GBP UKDI	316,35	↓
ZKB GOLD ETF (USD)	283,38	↓
iSh SMI (CH) CHF Dis	277,09	↓
ZKB GOLD ETF	227,85	↓
UBSETF SMI CHF DIS	224,09	↑

Source: SIX



Source: SIX

1.2 Top-10 – Selected Changes in the Overall Market

In terms of performance, the ETF from iShares based on the US Biotechnology Index (BTEC) topped the ranking with growth of 18,30 %, followed by the UKDV ETF based on the S&P UK Dividend Aristocrats, which increased its value by 17,86 %. Fourth place was taken by JBPAGX, the first ETF not based on equities but on palladium and traded in pound sterling, with a gain of 16,96 %.

Losses were posted chiefly by leveraged equity ETFs based on the ShortDAX and the SMI. LYDSD, an ETF from Lyxor

on the ShortDAX, brought up the rear in the last quarter. Translated into CHF, it dropped 14,02 % in the fourth quarter, followed by LYSSL, a 2x Inverse ETF on the SMI, which lost 12,27 %.

The gold ETF ZGLD from Zürcher Kantonalbank dazzled in terms of the number of trades in the fourth quarter, moving up from 2nd place to take the lead. SRECHA, the real estate ETF, and CHCORP, which focuses on Swiss corporate bonds, also saw lively trading.

Top-10 ETFs Best Performance

Product	Symbol	Performance	Trend
ISHARES NSDQ US BIOTECH UCIT	BTEC	18,30	↑
SPDR UK DIV ARISTOCRATS	UKDV	17,86	↑
INVESCO NASDAQ BIOTECH	SBIO	17,48	↑
SWISSCANTO PHYS PLD - GBP AX	JBPAGX	16,96	↑
INVESCO NASDAQ 100 GBP HDG	EQGB	16,26	↑
ISHARES UK PROPERTY	IUKP	15,55	↑
ISHARES MSCI UK SML CAP ACC	CSUKS	15,44	↑
ISHR HEALTHCARE INNOVATION	HEAL	15,31	↑
VANG FTSE250 GBPD	VMID	15,22	↑
ISHARES UK DIVIDEND	IUKD	15,18	↑

Source: Bloomberg

Top-10 ETFs Worst Performance

Product	Symbol	Performance	Trend
LYXOR DAILY SHORDAX X2	LYDSD	-14,02	↓
LYXOR SMI DAILY -2X INVERSE	LYSSL	-12,27	↓
INVESCO MORNINGSTAR MLP ACC	MLPS	-8,14	↓
X FTSE VIETNAM SWAP	XFVI	-7,20	↓
ISHARES EURO GOVT 15-30YR	IBGL	-6,90	↓
ISHARES USD TRES 20PLUS YR	IDTL	-6,86	↓
SPDR BBG 10+ US TREASURY	LUTR	-6,81	↓
ISHARES EURO GOV 20Y TGT DUR	E20Y	-6,78	↓
COMSTAGE ETF SHORDAX TR	CBDAXSEU	-6,77	↓
COMSTAGE BUND FUT LEVERAGED	CBBFLEU	-6,75	↓

Source: Bloomberg

Top-10 ETFs Number of Trades (Tickets)

Product	Symbol	Anzahl	Trend
ZKB GOLD ETF	ZGLD	5 025	↓
iSh Core SPI (CH) CHF Dis	CHSPI	4 617	↑
iSh Core S&P500 USD Acc	CSSPX	4 224	↓
UBSETF SXI RE FUNDS CHF DIS	SRECHA	4 218	↑
UBSETF GOLD USD DIS	AUUSI	3 869	↓
iSh Core CorpBnd (CH) CHF Dis	CHCORP	3 781	↑
UBSETF GOLD H-CHF DIS	AUCHAH	3 355	↓
ZKB Gold ETF hedged (CHF)	ZGLDHC	3 225	↓
iSh SMI (CH) CHF Dis	CSSMI	3 077	↓
iSh Core S&P500 USD Dis	IUSA	3 062	↓

Source: SIX

1.3 Turnover by Product Provider

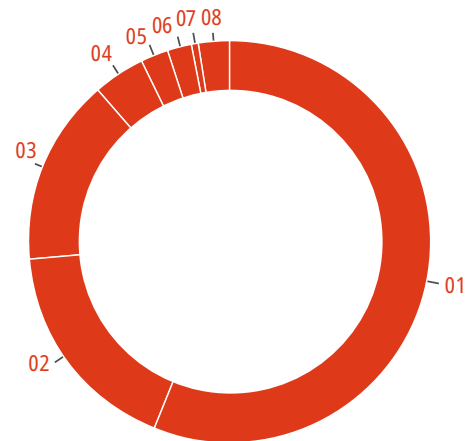
UBS remains at the top of the turnover ranking, although its relative share fell from 62,97 % to 56,28 %. BlackRock/iShares and Lyxor swapped places in 2nd and 3rd. Second-placed Lyxor increased its market share from 12,03 % to 17,53 %, and third-placed Black-

Rock/iShares from 13,99 % to 14,91 %. The remaining providers, once again headed by ZKB, had significantly lower market shares compared to the three leading issuers.

ETF Turnover by Product Provider

Issuer	Products	Turnover (mn CHF)	Market Share	Trend
UBS-ETF	325	17 400,00	56,28	↓
Lyxor	92	5 419,55	17,53	↑
iShares	333	4 610,61	14,91	↑
ZKB ETFs	46	1 309,99	4,24	↓
Invesco	97	652,45	2,11	↑
Xtrackers	92	636,53	2,06	↑
Amundi	68	187,63	0,61	↑
SPDR ETF	97	177,38	0,57	↓
Vanguard	30	142,72	0,46	↑
ComStage	147	139,16	0,45	↑
HSBC	31	88,44	0,29	↑
Raiffeisen	5	29,36	0,10	↓
JPMorgan	28	26,69	0,09	↓
Van Eck Global	19	21,79	0,07	↓
Nomura	4	19,57	0,06	↑
Ossiam Lux	16	14,24	0,05	↓
Legal & General	5	11,87	0,04	→
WisdomTree	50	7,86	0,03	↓
BNP Paribas	26	6,93	0,02	↓
China Post Global	2	4,89	0,02	→
Franklin Templeton	17	3,94	0,01	→
Fidelity	5	1,4	0,01	↑
First Trust	1	1,23	0,00	→
UniCredit	2	1,17	0,00	→
Goldman Sachs ETF ICAV	3	0,00	0,00	→
1 538	30 915,42	100,00		

Source: SIX



01	56,28 %	UBS-ETF
02	17,53 %	Lyxor
03	14,91 %	iShares
04	4,24 %	ZKB ETFs
05	2,11 %	Invesco
06	2,06 %	Xtrackers
07	0,61 %	Amundi
08	2,26 %	übrige Emittenten

1.4 Top-5 Selected Changes per Asset Class

Equity Developed Market

Product	Turnover (mn CHF)	Trend
UBSETF MSCI ACWI SF H-USD ACC	3 095	↓
UBSETF MSCI ACWI SF H-CHF ACC	2 670	↓
UBSETF MSCI ACWI SF H-EUR ACC	2 286	↓
UBSETF MSCI UK GBP ACC	1 846	↑
LYX ETF EURO STOXX 50 (DR) DIS	950	↓

Source: SIX

Fixed Income & Money Market

Product	Turnover (mn CHF)	Trend
iSh \$ TreasBnd 7-10 USD Dis	147	↑
iSh Core CorpBnd (CH) CHF Dis	123	↑
iSh JPM \$ EM Bnd USD Dis	91	↑
iSh \$ TreasBnd 1-3y USD Dis	83	↑
UBSETF US LIQ CORP 1-5 USD DIS	48	↑

Source: SIX

Equity Emerging Market

Product	Turnover (mn CHF)	Trend
UBSETF MSCI EM USD ACC	1 385	↑
iSh Core MSCI EM IMI USD Acc	94	↓
UBSETF MSCI EM USD DIS	90	↓
Lyxor MSCI AC APEJ - Acc	78	↑
LY MSCI BRAZIL - ACC	72	↑

Source: SIX

Commodities

Product	Turnover (mn CHF)	Trend
ZKB GOLD ETF (USD)	283	↓
ZKB GOLD ETF	228	↓
ZKB GOLD ETF HEDGED (CHF)	203	↑
ZKB GOLD ETF (EUR)	149	↓
LYXOR T&R/CORECOMMO CRB - ACC	134	↑

Source: SIX

Equity Style / Strategy / Themes

Product	Turnover (mn CHF)	Trend
Lyxor STOXX EU 600 Banks	583	↑
Lyxor STOXX EU 600 Oil & Gas	208	↑
iSh SMIM (CH) CHF Dis	179	↓
LYX MSCI EMU Value (DR) DIS TH	170	↑
UBSETF SMIM CHF DIS	166	↑

Source: SIX

Volatility

Product	Turnover (mn CHF)	Trend
UBSETF FAC US LO VOL USD DIS	15	↑
iSh Edg MSCI Wrlld MinVol Acc	13	↓
iSh Edg MSCI EM MinVol Acc	7	↓
iSh Edg S&P500 MinVol Acc	5	↓
UBSETF FAC EMU LO VOL H-EUR DI	4	↑

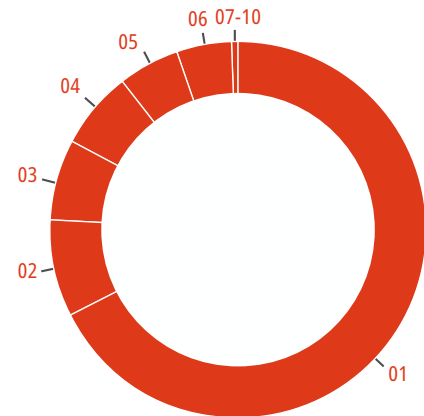
Source: SIX

1.5 Trading Details

Turnover by Asset Classes

Asset Class	Absolute	Change	Turnover (mn)	Trend
1 Aktien Entwickelte Märkte	67,60 %	43 %	20 897,74	↑
2 Aktien Schwellenländer	8,37 %	9 %	2 587,70	↑
3 Rohstoffe	6,82 %	-42 %	2 108,72	↓
4 Aktien Themen	6,73 %	6 %	2 082,10	↑
5 Anleihen	5,21 %	-73 %	1 611,90	↓
6 Aktien Stile / Strategien	4,89 %	-13 %	1 511,44	↓
7 Fonds	0,22 %	-4 %	68,78	↓
8 Volatilität	0,15 %	-56 %	46,34	↓
9 Geldmarkt	0,00 %	-99 %	0,61	↓
10 Andere	0,00 %	-92 %	0,10	↓
Total	100,00 %		30 915,43	

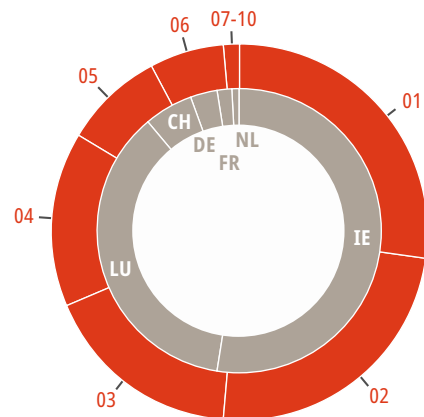
Source: SIX



Number of ETFs on SIX by Asset Class

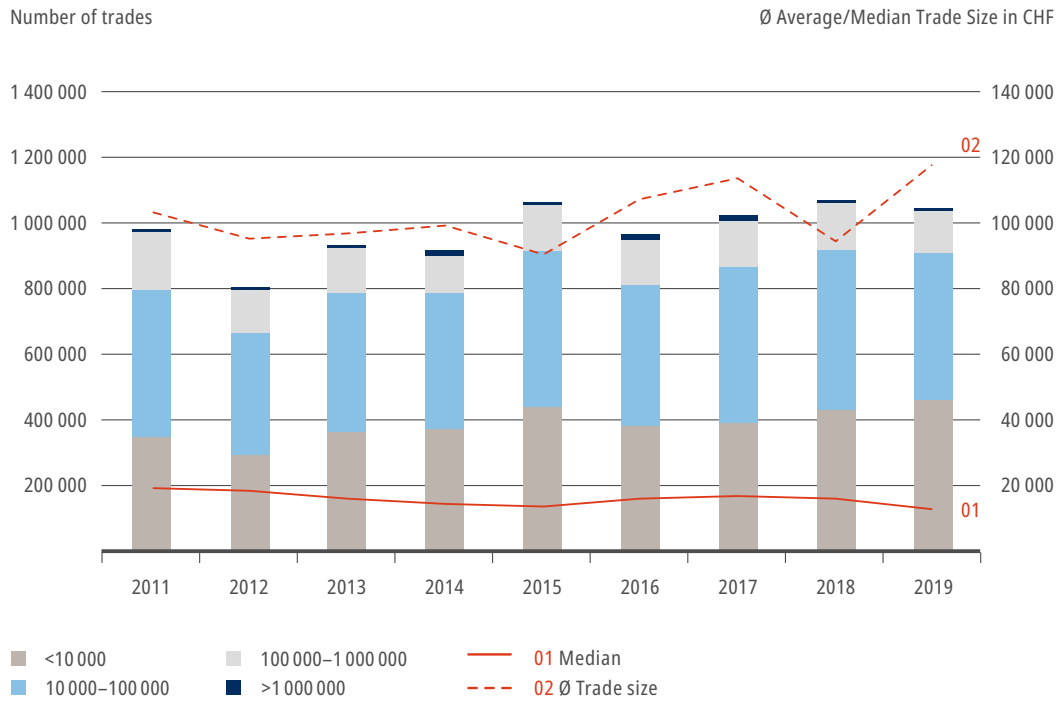
Asset Class	Absolute	Change	Number*	Trend
1 Aktien Entwickelte Märkte	27,26 %	-1 %	420	↓
2 Anleihen	24,21 %	1 %	373	↑
3 Aktien Stile / Strategien	17,33 %	-3 %	267	↓
4 Aktien Themen	14,86 %	0 %	229	→
5 Aktien Schwellenländer	8,57 %	-1 %	132	↓
6 Rohstoffe	6,42 %	-1 %	99	↓
7 Volatilität	0,52 %	0 %	8	→
8 Geldmarkt	0,32 %	-17 %	5	↓
9 Fonds	0,32 %	0 %	5	→
10 Andere	0,19 %	0 %	3	→
Total	100,00 %		1 541	

Source: SIX



*Some fungible ETFs (same ISIN) are tradable in multiple currencies. They are accordingly counted more than once.

2.1 Trading Details (Breakdown of Respective Ticket Size)



Source: SIX

2.2 Number of ETFs on SIX by Market Maker (During the Quarter)

Name	ETFs	Name	ETFs	Name	ETFs
Flow Traders B.V.	1201	Susquehanna	120	J.P. Morgan Securities plc	2
Commerzbank AG	1099	Virtu Financial Ireland Ltd	59	Bank Julius Bär & Co. AG	2
Optiver VOF	536	Zürcher Kantonalbank	46		
Goldenberg Hehmeyer LLP	269	Deutsche Bank AG London Branch	42		
IMC Trading B.V.	259	Credit Suisse AG	6		
UBS AG	244	Raiffeisen Schweiz Genossenschaft	5		
BNP Paribas	185	Finovesta GmbH	4		
Société Générale	164	Morgan Stanley	3		

Source: SIX

Spread-Monitor (Tightest Spreads)

Product	Ticker	TER	Ø Bid Ask Spread (%)
X EUR RATE SWAP 1D	XEON	0,10	0,03
PIMCO EURO SHRT SOURCE ACC	PJSR	0,35	0,03
ZKB GOLD ETF AA USD	ZGLDUS	0,40	0,05
X DAX	XDAX	0,09	0,05
ZKB GOLD ETF AA GBP	ZGLDGB	0,40	0,06
ISHARES TRSY 1-3YR USD ACC B	CSBGU3	0,07	0,06
ISHARES USD TRSRY 1-3Y USD D	IBTS	0,07	0,06
INVECO NASDAQ-100 DIST	EQQQ	0,30	0,06
ZKB GOLD ETF AA CHF	ZGLD	0,40	0,06
ISHARES USD TRSRY 1-3Y USD A	IBTA	0,07	0,06
VANG S&P500 USDD	VUSA	0,07	0,06
X S&P500 SWAP	XSPX	0,15	0,06
UBS ETF SLI	SLICHA	0,20	0,07
SWISSCANTO PHYS GLD - USD AX	JBGOUX	0,33	0,07
X EURO STOXX 50 1C	XESC	0,09	0,07
UBS ETF EURS50 ESG EUR DIS	E5ESG	0,15	0,07
INVECO NASDAQ 100 ACC	EQAC	0,30	0,07
ISHARES CORE S&P 500	IUSA	0,07	0,07
JPM BETAB USTRE13YR UCIT ETF	JU13	0,10	0,08
X SWITZERLAND 1D	XSMI	0,30	0,08

Source: Bloomberg

2.3 New Listings in the Quarter

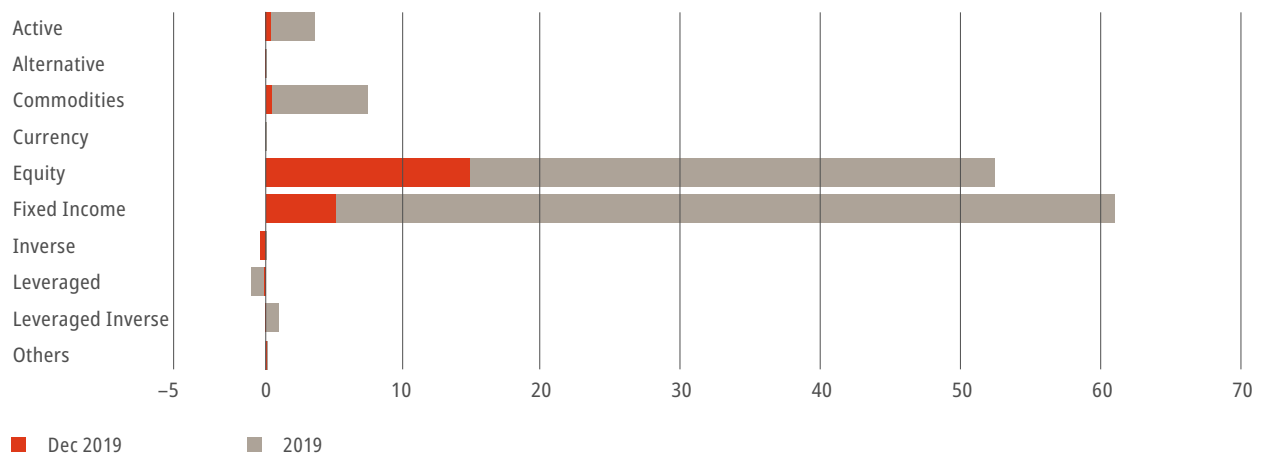
First Trading Day	Product	Symbol	Currency	Management Fee	Market Maker
16.12.2019	WisdomTree Enhanced Commodity UCITS ETF CHF Hedged Acc	COMS	CHF	0,35 %	Flow Traders B.V.
16.12.2019	Xtrackers ESG MSCI Emerging Markets UCITS ETF 1C	XZEM	USD	0,15 %	Commerzbank AG, Flow Traders B.V.
09.12.2019	Invesco MSCI USA UCITS ETF Dist	MXUD	USD	0,05 %	Flow Traders B.V.
09.12.2019	SPDR Bloomberg Barclays Glb Agg Bond USD Hdg UCITS ETF (Acc)	GLAD	USD	0,10 %	Commerzbank AG
09.12.2019	SPDR Dow Jones Global Real Estate UCITS ETF (Acc)	GLRA	CHF	0,40 %	Commerzbank AG
25.11.2019	SPDR STOXX Europe 600 ESG Screened UCITS ETF (Acc)	600X	EUR	0,12 %	Optiver VOF
22.11.2019	iShares J.P. Morgan ESG \$ EM Bond UCITS ETF CHF Hedged (Acc)	CMES	CHF	0,50 %	Goldenberg Hehmeyer LLP, Société Générale
22.11.2019	iShares J.P. Morgan ESG \$ EM Bond UCITS ETF EUR Hedged (Acc)	GMES	EUR	0,50 %	Goldenberg Hehmeyer LLP, Société Générale
22.11.2019	iShares MSCI EM ESG Enhanced UCITS ETF USD (Acc)	EDM2	USD	0,23 %	Flow Traders B.V., Goldenberg Hehmeyer LLP
20.11.2019	iShares EUR Corp Bond ESG UCITS ETF EUR (Dist)	SUOE	EUR	0,15 %	Goldenberg Hehmeyer LLP, Société Générale
20.11.2019	iShares J.P. Morgan ESG USD EM Bond UCITS ETF USD (Acc)	EMSA	USD	0,45 %	Goldenberg Hehmeyer LLP
20.11.2019	iShares J.P. Morgan ESG USD EM Bond UCITS ETF USD (Dist)	EMES	USD	0,45 %	Goldenberg Hehmeyer LLP, Société Générale
15.11.2019	iShares High Yield Corp Bond ESG UCITS ETF EUR (Acc)	EHYA	EUR	0,50 %	Goldenberg Hehmeyer LLP, Société Générale
15.11.2019	iShares \$ High Yield Corp Bond ESG UCITS ETF USD (Acc)	DHYE	USD	0,50 %	Goldenberg Hehmeyer LLP, Société Générale
14.11.2019	Goldman Sachs Access China Govt Bd UCITS ETF - USD Dist	CBND	USD	0,35 %	Flow Traders B.V.
14.11.2019	Goldman Sachs ActiveBeta Emerging Mkt Eq UCITS ETF - USD Acc	GSEM	USD	0,49 %	Flow Traders B.V.
14.11.2019	Goldman Sachs ActiveBeta US Large Cap Eq UCITS ETF - USD Acc	GSLC	USD	0,14 %	Flow Traders B.V.
07.11.2019	UBS ETF MSCI Japan Socially Responsible UCITS (JPY) A-acc	JPSRA	JPY	0,40 %	UBS AG
23.10.2019	SPDR Bloomberg Barclays 1-3 Month T-Bill UCITS ETF (Acc)	TBIL	USD	0,10 %	Commerzbank AG
23.10.2019	SPDR Bloomberg Barclays 1-3MonthT-Bill MXNHdg UCITSETF(Acc)	TBMX	USD	0,10 %	Commerzbank AG
23.10.2019	SPDR MSCI ACWI EUR Hdg UCITS ETF (Acc)	EACW	EUR	0,45 %	Commerzbank AG
23.10.2019	UBS ETF MSCI Singapore UCITS ETF (SGD) A-dis	SGPDU	SGD	0,45 %	UBS AG
17.10.2019	VanEck Vectors European Equal Weight UCITS ETF	TEET	CHF	0,20 %	Commerzbank AG
17.10.2019	VanEck Vectors Global Equal Weight UCITS ETF	TGET	CHF	0,20 %	Commerzbank AG
17.10.2019	VanEck Vectors Global Real Estate UCITS ETF	TRET	CHF	0,25 %	Commerzbank AG
17.10.2019	VanEck Vectors iBoxx EUR Corporates UCITS ETF	TCBT	CHF	0,15 %	Commerzbank AG
17.10.2019	VanEck Vectors iBoxx EUR Sovereign Cap. AAA-AA 1-5 UCITS ETF	VAAA	CHF	0,15 %	Commerzbank AG
17.10.2019	VanEck Vectors iBoxx EUR Sovereign Divers. 1-10 UCITS ETF	TGBT	CHF	0,15 %	Commerzbank AG
17.10.2019	VanEck Vectors Morningstar Dev. Market Div. Leader UCITS ETF	TDIV	CHF	0,38 %	Commerzbank AG
17.10.2019	VanEck Vectors Morningstar NA Equal Weight UCITS ETF	TNAE	CHF	0,20 %	Commerzbank AG
17.10.2019	VanEck Vectors Sustainable World Equal Weight UCITS ETF	TSWE	CHF	0,30 %	Commerzbank AG
17.10.2019	VanEck Vectors Video Gaming and eSports UCITS ETF	ESPO	CHF	0,55 %	Commerzbank AG
02.10.2019	iShares China CNY Bond UCITS ETF USD (Dist)	CNYB	USD	0,35 %	Flow Traders B.V., Goldenberg Hehmeyer LLP, Société Générale
02.10.2019	iShares MSCI China UCITS ETF USD (Acc)	ICHN	USD	0,40 %	Flow Traders B.V., Goldenberg Hehmeyer LLP
02.10.2019	UBS ETF J.P. Morgan Glob Govi ESG Liquid Bond UCITS ETF Acc	ESGGB	USD	0,15 %	Deutsche Bank AG London Branch

Source: SIX

The largest asset class, equities, reported assets under management of USD 670 billion at the end of the fourth quarter, representing a share of 64,98 % (end of September: 63,45 %). The bonds asset class came in second place once again, decreasing its share from 25,73 % to 25,04 %. The commodities asset class ranked third again at 7,72 % (end of September: 8,33 %).

The number of ETFs increased by 29 to 2 198 in the fourth quarter, while total assets under management rose by around USD 109 million to USD 1,03 billion. In December, net inflows were posted by all asset classes except alternative, leveraged and leveraged inverse. The strongest growth in December was attributable to equities.

Net New Assets per Asset Class (in bn USD)



Source: ETFGI

Asset Classes	ETFs/ETPs	AuM Dec 2019 (in mn USD)	Market Share	Net New Assets (in mn USD)		
				Dec 2019	2019	2018
Active	44	12 825	1,24 %	315	3 397	53
Alternative	3	269	0,03 %	-21	174	-15
Commodities	276	79 579	7,72 %	364	8 729	3 431
Currency	43	819	0,08 %	1	100	39
Equity	1 153	669 679	64,98 %	15 175	52 138	36 394
Fixed income	426	258 013	25,04 %	5 205	61 739	20 336
Inverse	38	2 809	0,27 %	-369	87	-469
Leveraged	141	2 604	0,25 %	-64	-851	-412
Leveraged Inverse	63	2 313	0,22 %	-83	778	-1 224
Other	11	1 673	0,16 %	9	341	496
Total	2 198	1030 583	100,00 %	20 523	126 632	58 629

Source: ETFGI



We believe that customers will increasingly be seeking smart beta solutions.



Jürgen has an equity trading background followed by 10 years of experience in the ETF industry. Before joining Goldman Sachs Asset Management, Jürgen was responsible for the ETF Capital Markets Team at Invesco. He started his ETF career at iShares in Munich, focusing on the liquidity of the continental ETF platform. Jürgen has a degree in economics from Ludwig-Maximilians-Universität Munich. In 2016 he was voted «top 40 asset managers under 40.» by Financial News in London.



Jürgen Blumberg – Head ETF Capital Markets EMEA, Goldman Sachs Asset Management

What is your speciality?

When creating our equity and bond ETFs, we draw on our decades of experience as an active asset manager. With our offerings, we believe we can address the growing demand for «smarter» ETFs which do not replicate traditional indices, but instead are focused on providing a better risk-return ratio over the long term at similarly low costs as standard ETFs. We are also leveraging our global presence to develop ETFs for market segments that are more difficult to access, e.g. Chinese bonds.

In the US, where we launched our ETF business in 2015, we have raised USD 16 billion¹ in assets and become one of the leading global providers in the multi-factor ETF space.

Our multi-factor ETFs are based on our proprietary four-factor ActiveBeta® model, managed by our Quantitative Investments Strategies team. ActiveBeta® is a defined set of rules that prescribes the investment process and the calculation of weightings, based on four

¹ Goldman Sachs Asset Management as at 31 December 2019

proven and scientifically researched factors: value, momentum, quality and low volatility.

As a company, we are best known for our Fixed Income expertise and we currently manage around USD 1,1 tn billion for our clients in this area.² Within the ETF space, bonds are also in great demand – in 2019 alone, over USD 50 billion were invested in Europe in bond ETFs.³ It's our aim to also apply the expertise we have gained in active management to our rule-based Fixed Income ETFs. For these ETFs, we screen and identify the 10 to 15 percent of bonds with the worst risk profiles and exclude them from the portfolio with the aim to achieve higher liquidity and better price stability in times of high market volatility.

What issues are currently shaping developments in the ETF sector?

Firstly, the strong inflows into ETFs is of course a major topic. We continue to expect annual growth of 20 % – particularly in Europe, where ETFs are not yet quite as popular as they are, for example, in the US.

Secondly, we believe that customer demand for Smart Beta solutions will continue to increase. The trend is moving on from simple passive replication and towards rules-based solutions that leverage scientific knowledge, extensive data analysis and investment experience. In the US, the share of smart beta in the entire ETF market is already 30 %; in Europe, the share is still below 10 %.⁴ However, we believe that Smart Beta will have a much more prominent future here too.

Margin pressure is another topic that is on the minds of ETF providers, as well as the asset management industry in general. Their transparency makes ETFs an increasingly popular product. Investors, including those in Switzerland, are more and more reliant on well-priced passive ETFs in their portfolios.

We also believe that investors will pay much more attention to sustainability, or ESG, in ETFs. Private and institutional investors, governments and supervisory authorities are increasingly considering the risks and opportunities of ecological, social and governance criteria in their investment strategies. This new approach will in future change capital allocation over the long term. ESG criteria are at the top of the agenda for more and more managers of pension funds and state funds, as well as insurance companies.

What are your clients focusing on in the current environment?

Many private banks, asset managers, insurance customers and reinsurers in Switzerland use ETFs not only as core building blocks in portfolio construction. Asset managers in particular deploy ETFs to gain access to themes or countries that are otherwise difficult to access. Example BondConnect: Even for larger institutions, it is a lengthy and difficult process to gain access to the local Chinese bond market and for smaller investors it is nearly impossible. The Goldman Sachs Access China Government Bond UCITS ETF can help remedy this by offering investors a route into this market. Our clients can benefit from our local presence, our local

² Goldman Sachs Asset Management as at 30 September 2019, incl. money market funds

³ Bloomberg, Goldman Sachs Asset Management, January 2020

⁴ Deutsche Bank, August 2019

traders and our local expertise. Many things are much easier to manage locally, instead of from Europe, due to time zone differences.

By including Chinese bonds in many global bond indices, investors have to make a decision as to whether and how to include Chinese bonds in their portfolios. The Chinese bond market is the second largest in the world after the US. We believe that with our offering we have created a solution that is easy to implement - especially since the ETF can be bought and sold during European trading hours.

What changes do you have planned?

We plan to launch more Smart Beta ETFs this year that will enable investors to build a global, diversified, smart multi-asset portfolio, including for those fixed income and equity categories that every portfolio relies on, so investors can build a complete portfolio from our ETFs, as well as use individual ETFs as part of an existing portfolio.

Where do you see the ETF market in Switzerland in the near future?

Switzerland is of course known for high quality and professionalism in Asset Management, provided by private and regional banks, among others. We believe that ETFs could be the ideal product for them and in areas where cost pressures are particularly strong. Here, too, access to difficult-to-access markets - again, example Chinese bonds - is a key driver of success.

We also expect to see a change in thinking in Switzerland in relation to purely market capitalisation equity-based, and purely debt-weighted fixed income benchmarks. Investors are looking for smarter solutions and we believe that we can offer these with our Smart Beta products.

In an environment that is characterised by transparency, trading costs will also play a more important role. In times when management fees are under pressure, trading costs face more scrutiny and are likely to be given more weight when making investment decisions.

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Securities & Exchanges

Pfingstweidstrasse 110

P.O. Box

CH-8021 Zurich

T +41 58 399 5454

www.six-group.com/exchange-services