

Press Release

London, Nice, Paris, September 20, 2018

EDHEC-Risk's annual European ETF and Smart Beta Survey results show growing demand for new developments in existing Smart Beta offerings

EDHEC-Risk Institute has announced the results of the 11th EDHEC European ETF and Smart Beta and Factor Investing Survey¹, conducted as part of the Amundi research chair at EDHEC-Risk Institute on “ETF, Indexing and Smart Beta Investment Strategies”. This survey, conducted since 2006, is aiming to provide insights into European investors’ perceptions, practices and future plans in the domain of ETFs and Smart Beta. This year, the survey also includes a special focus on Smart Beta product development, considering specific client demand in the fixed income field.

Among the key findings of this edition:

- **Since 2006, the increase of the percentage of respondents using ETFs in traditional asset classes has been spectacular:** in 2006, 45% of respondents used ETFs to invest in equities, compared with 92% in 2018. As for governments and corporate bonds, the result went from 13% and 6% in 2006, to 62% and 66%, respectively, in 2018.
- Satisfaction has remained at high levels especially for traditional asset classes **with a significant increase in satisfaction with equity ETFs and government bonds, which now enjoy satisfaction rates of 97% and 92%, respectively.**
- **About two-thirds of respondents (67%) used ETFs to invest in Smart Beta in 2018,** a considerable increase compared to 49% in 2014.
- Respondents most frequently use Smart Beta / Factor-Based exposures to **harvest long-term premia** (as opposed to tactical use).
- Despite this strong motivation, more than 80% of respondents invest **less than 20%** of their total investments in Smart Beta and Factor investing strategies.
- **50% of investors still plan to increase their use of ETFs in the future** despite the already high maturity of this market and high current adoption rates. Top concerns for the respondents are the further developments of **Ethical / SRI ETFs, emerging market equity and bond ETFs and Smart Beta ETFs**, including multi-factor and smart bond indices.

¹ A comprehensive survey of 163 European ETF and Smart Beta investors.

- **Respondents show a significant interest for Fixed Income Smart Beta solutions and plan to increase their investment in it, but they do not consider there to be enough research in the area.** The development of new products corresponding to these demands may lead to an even wider adoption of Smart Beta solutions.

Commenting on the results of the survey, Fannie Wurtz, Managing Director at Amundi ETF, Indexing & Smart Beta, said, “ETFs are now broadly used and recognised as a genuine asset allocation tool, in all asset classes, as shown in this new edition of the EDHEC-Risk Institute Survey. The rising adoption in the Smart Beta and Factor field implies new challenges for asset managers, to design the right solutions that meet allocation needs, notably in fixed income factor investing field. In that context, Amundi will keep on mobilising the Group’s capacity to deepen its offering and relationships with investors”.

Professor Lionel Martellini, Director of EDHEC-Risk Institute, added, “ETFs are increasingly regarded by institutional asset owners as key investment vehicles in the implementation of strategic asset and factor allocation decisions. The new frontier now is the development of meaningful smart factor investment solutions in the fixed income space. More academic research is needed in this area, which has become one of the main areas of focus for EDHEC-Risk Institute”.

A copy of the EDHEC-Risk Institute survey can be found here:

[EDHEC-Risk Institute Publication EDHEC European ETF and Smart Beta and Factor Investing Survey 2018](#)

This research was supported by Amundi as part of the research chair at EDHEC-Risk Institute on “ETF, Indexing and Smart Beta Investment Strategies”.



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About EDHEC-Risk Institute

Academic Roots & Practitioner Reach

Since 2001, EDHEC Business School has been pursuing an ambitious policy in terms of practically relevant academic research. This policy, known as “Research for Business” and now labelled “Make an Impact”, aims to make EDHEC an academic institution of reference for the industry in a small number of areas in which the school has reached critical mass in terms of expertise and research results. Among these areas, investment management has occupied a privileged position, leading to the creation in 2001 of EDHEC-Risk Institute, which has developed an ambitious portfolio of research and educational initiatives in the domain of investment solutions for institutional and individual investors.

This Institute boasts a team of permanent professors, engineers and support staff, and counts a large number of affiliate professors and research associates from the financial industry among its ranks. EDHEC-Risk Institute is located at campuses in the City of London (United Kingdom) and Nice,

(France). The philosophy of the Institute is to validate its work by publication in international academic journals, as well as to make it available to the sector through its position papers, published studies and global conferences.

To ensure the distribution of its research to the industry, EDHEC-Risk also provides professionals with access to its website, <https://risk.edhec.edu>, devoted to asset and risk management research for the industry, with a focus on investment solutions. Additionally, its quarterly newsletter is distributed to over 150,000 readers.

In addition to the EDHEC Alternative Indexes, which are used as performance benchmarks for risk analysis by investors in hedge funds, and the EDHEC-IEIF Monthly Commercial Property index, which tracks the performance of the French commercial property market through SCPIs, EDHEC-Risk has recently launched a series of new initiatives.

- The [EDHEC-Princeton Retirement Goal-Based Investing Index Series](#), launched in May 2018, which represent asset allocation benchmarks for innovative mass-customised target date solutions for individuals preparing for retirement;
- The [EDHEC Bond Risk Premium Monitor](#), the purpose of which is to offer to investment and academic communities a tool to quantify and analyse the risk premium associated with Government bonds;
- The [EDHEC-Risk Investment Solutions \(Serious\) Game](#), which is meant to facilitate engagement with graduate students or investment professionals enrolled on one of EDHEC-Risk's various campus-based, blended or fully-digital educational programmes.

EDHEC-Risk Institute also has highly significant executive education activities for professionals, in partnership with prestigious academic partners.

In 2012, EDHEC-Risk Institute signed two strategic partnership agreements. The first was with the Operations Research and Financial Engineering department of Princeton University to set up a joint research programme in the area of investment solutions for institutions and individuals. The second was with Yale School of Management to set up joint certified executive training courses in North America and Europe in the area of risk and investment management.

As part of its policy of transferring know-how to the industry, in 2013 EDHEC-Risk Institute also set up ERI Scientific Beta, which is an original initiative that aims to favour the adoption of the latest advances in smart beta design and implementation by the whole investment industry. Its academic origin provides the foundation for its strategy: offer, in the best economic conditions possible, the smart beta solutions that are most proven scientifically with full transparency in both the methods and the associated risks.

EDHEC-Risk Institute also contributed to the 2016 launch of EDHEC Infrastructure Institute (*EDHECinfra*), a spin-off dedicated to benchmarking private infrastructure investments. *EDHECinfra* was created to address the profound knowledge gap faced by infrastructure investors by collecting and standardising private investment and cash flow data and running state-of-the-art asset pricing and risk models to create the performance benchmarks that are needed for asset allocation, prudential regulation and the design of infrastructure investment solutions.

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About Amundi

Amundi is Europe's largest asset manager by assets under management and ranks in the top 10¹ globally. It manages more than 1.46 trillion² euros of assets across six main investment hubs³. Amundi offers its clients in Europe, Asia-Pacific, the Middle-East and the Americas a wealth of market expertise and a full range of capabilities across the active, passive and real assets investment universes. Headquartered in Paris, and listed since November 2015, Amundi is the 1st asset manager in Europe by market capitalization⁴.

Leveraging the benefits of its increased scope and size, Amundi has the ability to offer new and enhanced services and tools to its clients. Thanks to its unique research capabilities and the skills of close to 4,500 team members and market experts based in 37 countries, Amundi provides retail, institutional and corporate clients with innovative investment strategies and solutions tailored to their needs, targeted outcomes and risk profiles.

Amundi. Confidence must be earned.

Visit [amundi.com](https://www.amundi.com) for more information or to find an Amundi office near you.



¹ Source IPE "Top 400 asset managers" published in June 2018 and based on AUM as of end December 2017.

² Amundi figures as of June 30, 2018

³Investment hubs: Boston, Dublin, London, Milan, Paris and Tokyo

⁴ Based on market capitalization as of June 30, 2018

About Amundi ETF, Indexing and Smart Beta¹

With more than €96 billion in assets under management, Amundi ETF, Indexing and Smart Beta is one of Amundi's strategic business areas and is a key growth driver for the Group.

Amundi ETF, Indexing and Smart Beta business line provides investors - whether institutionals or distributors - with robust, flexible and cost-efficient solutions, leveraging Amundi Group's scale and deep resources.

With over 30 years of benchmark construction and replication expertise covering over 100 indices, Amundi is a trusted name in ETF & Index management among the world's largest institutions. The team also manages over €20 billion in Smart Beta & Factor Investing, covering solutions based on both efficient risk management and factor investing. These solutions are available into passive (index-based or ETF) and active management.

Thanks to the support of the whole Amundi Group, Amundi ETF, Indexing & Smart Beta business line helps meet the asset allocation needs of investors, while continuously innovating to design products that help clients meet the new challenges.

The business line benefits from the long-standing ESG knowledge of one of the biggest non-financial analyst teams in Europe, as well as the wide quantitative research resources of the Group to customize portfolios according to investors' constraints.

¹All figures and data are provided by Amundi ETF, Indexing & Smart Beta at end June 2018