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ETFGI PRESS RELEASE:

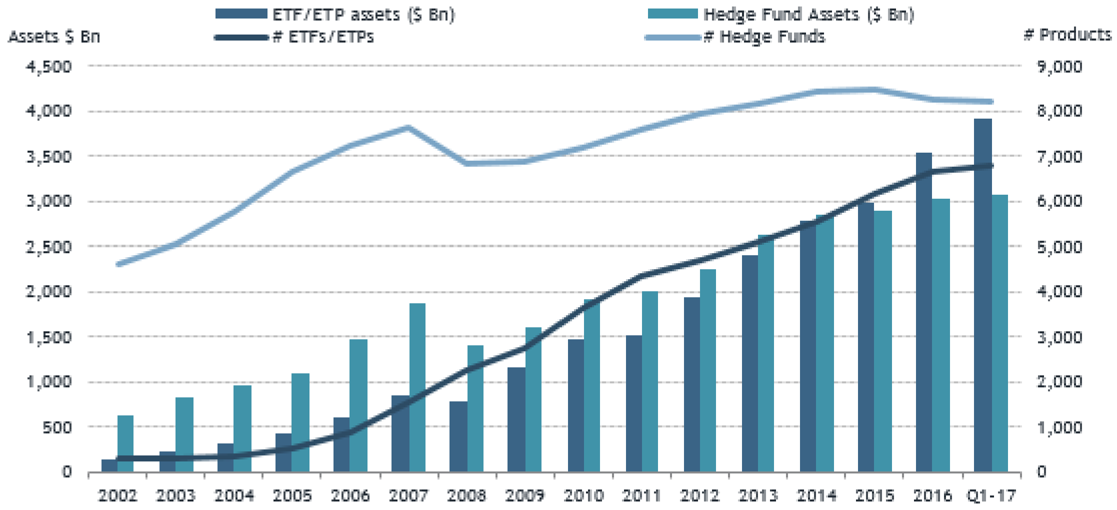
ETFGI reports the global ETF/ETP Industry was 847 billion US dollars larger than the global Hedge Fund Industry at the end of Q1 2017

LONDON — May 18, 2017 — ETFGI, a leading independent research and consultancy firm on trends in the global ETF/ETP ecosystem, reports today that the global ETF/ETP industry with US$3.913 trillion in assets at the end of Q1 2017 was US$847 billion US dollars larger than the global Hedge Fund Industry which had assets of US$3.066 trillion at the end at the end of Q 2017 (based on ETFGI and HFR data).

The assets invested in the global ETF/ETP industry have continued to grow faster than assets in the global hedge fund industry since the end of Q2 2015 when the assets invested in the global ETF/ETP industry first surpassed the assets in the global hedge fund. This was a significant achievement as hedge funds have existed for 67 years and ETFs for just 27 years with the first ETF being listed in Canada on March 9, 1990.

Although the assets in ETFs were larger than the assets invested in hedge funds the hedge fund industry remains larger than the ETF industry based on number of funds: 8,216 hedge funds vs 6,771 ETFs/ETPs at the end of Q1 2017 as shown in the chart below.

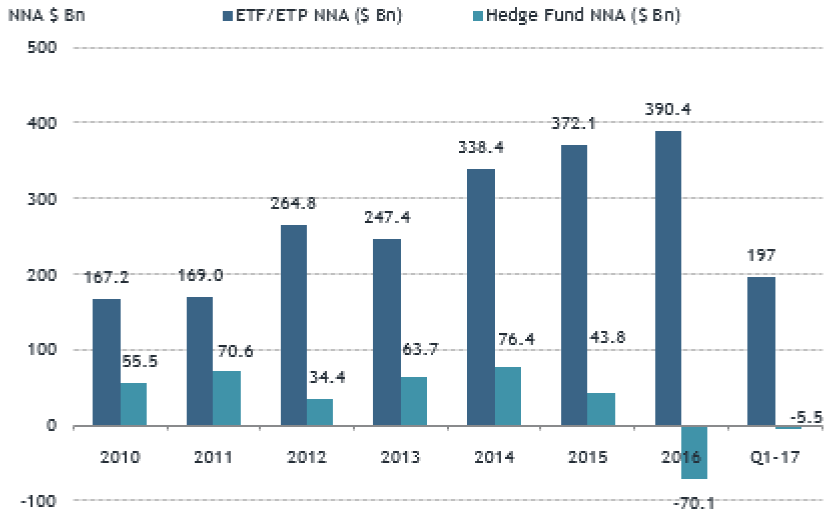
Global ETF/ETP and hedge fund asset growth, as at end of March 2017



Sources: ETFGI and Hedge Fund Research.

Our an analysis of net new asset flows show investors have preferred allocating to ETFs/ETPs over hedge funds since 2010. During 2016 and in Q1 2017 hedge funds suffered net outflows of US$70.1 billion and US$5.5 billion while ETFs/ETPs gathered net inflows of US$390.4 billion and US$197.2 billion during the same time periods.

Net New Asset (NNA) flows into ETFs/ETPs and hedge funds globally, as at end of March 2017



Sources: ETFGI and Hedge Fund Research.

Many investors that have invested in hedge funds with the goal of receiving higher returns have been disappointed. In Q1 2017 the performance of the HFRI Fund Weighted Composite Index at 3.09% was significantly lower than the return of the S&P 500 Index at 7.15. Since 2010 in each year the HFRI Fund Weighted Composite Index return was significantly lower than the return of the S&P 500 Index.

Annual returns of the HFRI Fund Weighted Composite Index and the S&P 500 Index

Year	HFRI Fund Weighted Composite Index	S&P 500 Index w/ dividends
2010	10.25%	14.87%
2011	-5.25%	2.09%
2012	6.36%	15.99%
2013	9.13%	32.36%
2014	2.98%	13.65%
2015	-1.12%	1.38%
2016	5.44%	11.93
YTD 2017	3.09	7.15

Sources: Hedge Fund Research, S&P Dow Jones Indices.

The ETF structure offers intraday liquidity, transparency, small minimum investment sizes and at costs that are lower than many other investment products, including futures in many cases. According to our research the asset-weighted average annual cost for ETFs/ETPs is 27 basis points or less than one third of a percent, while fees charged by the majority of hedge funds are 2% of assets and 20% of profits.

This situation has benefited the ETF/ETP industry which offers an enormous toolbox of index exposures to various markets and asset classes, including hedge fund indices, listed real estate, infrastructure, private equity, smart beta indices, fixed income and commodities as well as some actively managed ETFs.

Please contact deborah.fuhr@etfgi.com if you would like to discuss the cost to subscribe to any of ETFGI's research or consulting services.

The 2017 ETFs Trading and Market Structure Conference organised by Ari Burstein, Kreab and Deborah Fuhr, ETFGI will be held on June 7, 2017 in New York City. The conference will focus on regulatory and technological developments in the markets impacting the trading of ETFs.

Keynote speakers include: Adena T. Friedman, President and Chief Executive Officer, Nasdaq; a "fireside chat" with Chris Concannon, President and Chief Operating Officer, CBOE Holdings and Jim Ross, Executive Vice President, State Street Global Advisors (SSGA); and Tom Farley, President, NYSE Group. Panelists include senior representatives from all of the exchanges, major broker-dealers and market makers, ETF issuers, law firms, as well as staff from the US Securities and Exchange Commission and FINRA.

Panel discussions will cover the following topics:

- Impact of Regulatory Developments on ETFs
- Exchange Roundtable - Competition for ETF listings
- Creating Better Trading Systems and Trading Tools for ETFs
- Understanding ETF Liquidity and the Active/Passive Debate
- New ETF Product Approvals and Bringing New ETFs to Market

Click here to register.

Please visit our website www.etfgi.com to register for our free Weekly Newsletter and updates, to find ETFGI Press Releases on ETF/ETP industry trends, daily postings of some of the top articles from financial publications around the world in the Industry News tab, details of upcoming Events, monthly videos on industry trends in Views, our twitter feed @etfgi , and to use our directory of firms in the ETF Ecosystem. You are invited to join our group "ETF Network" on Linkedin. Please contact deborah.fuhr@etfgi.com if you would like to discuss subscribing to ETFGI's research or consulting services.

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About ETFGI

ETFGI the leading independent research and consultancy firm on trends in the global ETF/ETP ecosystem. Launched in 2012 by Deborah Fuhr and partners in London the firm offers paid for research subscription services: the ETFGI annual research service provides monthly reports on trends in the global ETF and ETP industry, access to the ETFGI database of all ETFs/ETPs listed globally with factsheets which are updated monthly, ETFGI annual review of institutions and mutual funds that use ETFs and ETPs, the Active ETF landscape report and the Smart Beta ETF Landscape report.

Deborah Fuhr is the managing partner and co-founder of ETFGI, she previously served as global head of ETF research and implementation strategy and as a managing director at BlackRock/Barclays Global Investors from 2008 – 2011. Fuhr also worked as a managing director and head of the investment strategy team at Morgan Stanley in London from 1997 – 2008, and as an associate at Greenwich Associates.

She has been working with investors, ETF, ETP providers, index providers, exchanges, MMs and APs, regulators, trade associations, custodians, law firms, accounting firms around the world since 1997. ETFGI is honored to count as our research and consulting clients some of the leading firms in the ETF Ecosystem around the world as well as some new entrants and firms that are considering entering the ETF, ETP industry.

Below is a short description of the 8 subscription services ETFGI currently offers. We welcome your feedback and suggestions on our current research as well as suggestions for new research.

ETFGI annual research service – paid subscription
ETFGI annual review of institutions and mutual funds that use ETFs and ETPs – paid subscription
ETFGI Active ETF landscape annual report service – paid subscription
ETFGI Smart Beta ETF Landscape annual report service – paid subscription
ETFGI and Kreab 2017 ETF Trading and Market Structure Conference – paid registration
ETFGI EM and FM report – paid subscription
ETFGI monthly Highlights – free subscription
ETFGI weekly newsletter – free subscription

Below is a link to a video which provides overviews of our website www.etfgi.com
ETFGI Website Tour (7 minutes)

Note to Editors

ETFs are typically open-ended, index-based funds, with active ETFs accounting for 1.1% market share. They can be bought and sold like ordinary shares on a stock exchange and offer broad exposure across developed, emerging and frontier markets, equities, fixed income and commodities. ETFs are used widely by institutional investors and increasingly by financial advisors and retail investors to:

- *equitize cash*
- *implement diversified exposure to a market*
- *comprise a core or satellite investment*
- *be a long term strategic investment*
- *implement tactical adjustments to portfolios*
- *use as building blocks to create entire portfolios*
- *allow investors to hedge the market*
- *use as an alternative to futures and other derivative products*

Exchange Traded Products (ETPs) are products that have similarities to ETFs in the way they trade and settle but do not use an open-end fund structure. The use of other structures including unsecured debt, grantor trusts, partnerships, and commodity pools by ETPs can, in addition to a significantly different risk profile, create different tax and regulatory implications for investors when compared to ETFs, which are funds.

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