

ETF user numbers double

17 June 2010 | by Mike Taylor

The use of exchange traded funds (ETFs) appears to be finally gaining traction in Australia with investor numbers doubling since November 2008, according to the latest data released by research house **Investment Trends**.

The Investment Trends ETF report found that 38,000 Australian investors are currently using ETFs and that, additionally, there are 64,000 investors who have indicated they are currently considering an investment in ETFs.



However, the research suggested ETF investors are acting without the help of financial advisers, with almost 60 per cent of those surveyed by Investment Trends not getting professional financial advice, including 7 per cent who said they stopped using advisers in 2009.

The research suggested the tendency by ETF investors not to use advisers had become even more pronounced among those who had only recently decided to invest in the area as 82 per cent of respondents said their decision had not been supported by an adviser.

From the adviser side of the equation, the research found that 30 per cent of planners advised on ETFs and that another 17 per cent were considering using the product.

Commenting on the results of the research, Investment Trends principal Mark Johnston said he believed ETFs were fast moving out of their “long embryonic phase in Australia”.

“All indicators point to continued strong growth over the next few years, and a raft of new ETFs are being launched to meet this demand,” he said.

Johnston said diversification and liquidity, combined with low cost, had been the main drivers fuelling growth in the ETF market, with 71 per cent of respondents using the product to diversify their portfolio, and 55 per cent citing low cost and 53 per cent claiming ETFs were easy to sell.

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