

FINANCIAL PLANNING

[Home](#) [News](#) [Analysis](#) [Opinion](#) [Practice Management](#) [Technical](#) [Events](#)

[Financial Planning Association](#) [Past Issues](#)

[Home](#) / [News](#) /

ETFs poised for growth and change

3 April, 2012 [Jayson Forrest](#) [0 comments](#)

The availability of exchange traded funds (ETFs) listed on the ASX is poised to ramp-up significantly this year, with iShares Australia last month launching three new fixed income ETFs.

More than 20 new ETFs are likely to be listed on the ASX this year, adding to the 64 now trading, according to ETF Consulting chief executive officer Tim Bradbury.

Bradbury, an ETFs specialist who co-launched and managed the team that initiated iShares ETFs in Australia, predicts 2012 will be a very active year for ETFs, where emphasis will soon start to turn away from the equities-backed focus that has dominated for the past five years.

“We expect to see more dramatic growth and change, with stiffer competition, lowered fees, more product launches, consolidation, and the potential for more regulatory influence,” Bradbury said.

The industry is awaiting more fixed interest ETFs to hit the market, with each of the major ETF issuers planning to introduce a selection of bond-backed ETFs.

“This will fill the last big gap in asset classes offered and spark renewed interest in the ETF sector,” he said. “Commodities, other than precious metals, have been slow to be delivered in an ETF format, so 2012 will see more offerings in this space for institutional investors. This could pose an issue for regulators, as many commodities cannot be stored indefinitely and require derivative-style ETFs,” he said.

“Rules-based funds, constructed and managed according to price earnings ratios, takeover prospects, or other criteria, will develop the ETF market beyond the existing high-dividend ‘rules’ ETFs,” he added.

Bradbury forecasts fund managers with traditional managed funds outside the ETF sector are likely to make use of recent ASX rule changes to bring new styles of funds to market.

“As pooled fund managers watch asset flow trends internationally, and as they seek ways to tap the significant self-managed superannuation fund market, they will realise recent ASX developments are worth investigating.”

Bradbury cited the listing of the DIGGA Mining Fund (ASX:DGA) as a demonstration of how new fund managers could emerge by using the ETF structure and outsourcing many of the activities of a traditional fund manager to experts.

“For a locally domiciled asset manager with much of the required infrastructure already in place (registry, custodian, trading, sales, legal, compliance, AFSL) the barriers to entry are even lower.”

Read more about

« [Previous](#) | [Next](#) »

[exchange traded funds, Tim Bradbury](#)

Related articles



[The Alternative Road](#) 0

Search entire site