

Institutional Investors Turning to Fixed-Income ETFs in Evolving Bond Market

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Executive Summary:

Greenwich Associates conducted its first U.S. Fixed-Income Exchange Traded Fund Study to better understand how institutional investors use ETFs in their fixed-income portfolios. The study findings reveal that fixed-income ETFs are poised to take on a bigger role in institutional portfolios as the impacts of post-crisis regulatory changes challenge institutions to reposition their portfolios.

With liquidity in fixed-income ETFs increasing significantly since the crisis, these vehicles are becoming viable options to help institutional investors efficiently implement strategic and tactical shifts within their fixed-income portfolios.

This Greenwich Report presents the most compelling results of this research, including the drivers of fixed-income ETF use, how institutional investors are employing ETFs as part of their fixed-income strategies, and investors' projections about the role these vehicles will play in portfolios in the future.

Methodology:

Greenwich Associates interviewed 110 U.S.-based institutional investors about their use and perceptions of fixed-income exchange-traded funds. The respondent base included 42 investment managers, 29 registered investment advisers, 21 institutional funds, and 18 insurance companies.

The respondents comprised 59 current active users of fixed-income ETFs and 51 non-users in order to determine current and future use of fixed-income ETFs by active users, as well as the current reasons non-users don't actively use fixed-income ETFs and their expected interest.

business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

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