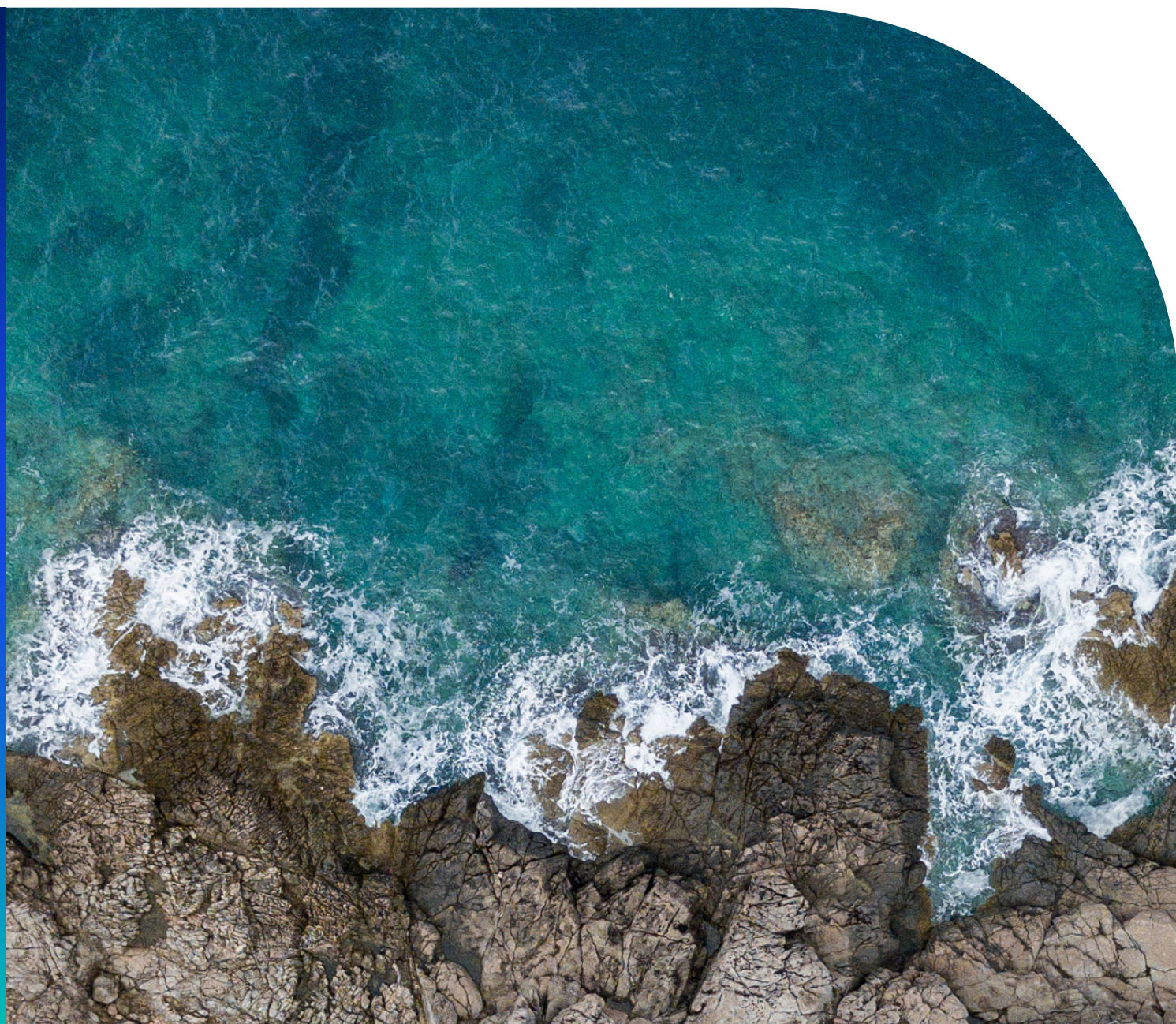




# Active ETF industry update

March 2026



Investment and Insurance Products: • Are not FDIC or any Other Government Agency Insured • Are not Bank Guaranteed • May Lose Value

# Active ETFs making waves

Active ETFs have gained steady adoption over the last decade. In fact, they accounted for 86% of all US-listed ETF launches in 2025.

We believe the asset management industry is at an inflection point, where active ETFs are becoming an integral part of an investor's toolkit.

Furthermore, the surge of active ETFs launched following the ETF Rule in 2019 are coming upon their five-year track record—which we expect will remove a significant barrier to entry (due diligence platform approvals).

We anticipate active ETF growth will be further supported as they become increasingly adopted in the plethora of models across the wealth management ecosystem. Notably, home office discretionary models and individual advisor models.

## Our active ETF projection

**\$5**

trillion in AUM  
by 2030

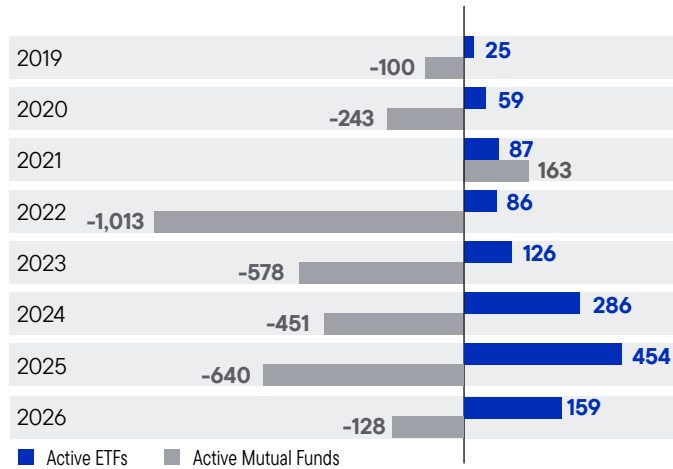
**5x+**

increase

# A sea change in investor preference for active funds

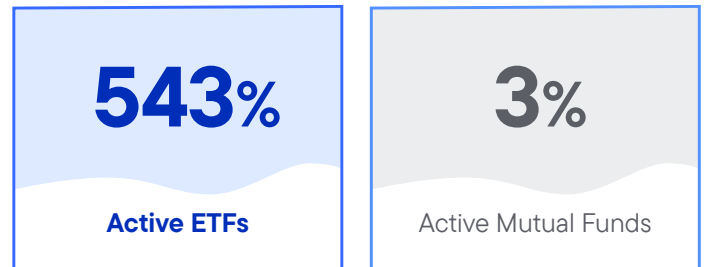
The industry is witnessing a consistent trend of flows into active ETFs amid flows out of active mutual funds.

## Flows (\$bn)



## AUM Percentage Increase

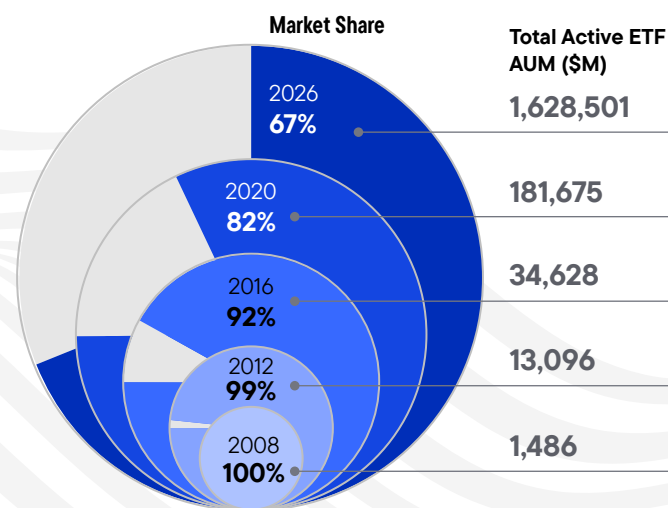
3/31/2021–3/31/2026



## More active ETF providers setting sail

The significant asset growth in active ETFs has been increasingly diversified across managers, indicating a pervasive trend.

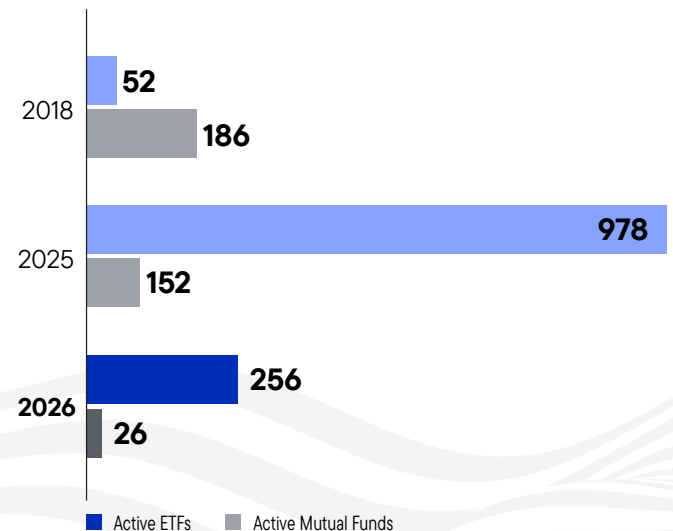
### Annual Aggregate Top 10 Active ETF Providers



## An ocean of opportunities

Investors have more choice than ever as active ETF launches have significantly surpassed those of active mutual funds.

### Number of Launches



Source for all data: Morningstar Direct.  
YTD 2026 figures as of March 31, 2026.

# Increased diversification among top active ETF issuers

| Year | Market Share of Top 10 Providers | Aggregate AUM of Top 10 Providers (\$M) | Total Industry Active ETF AUM (\$M) |
|------|----------------------------------|---|-------------------------------------|
| 2008 | 100%                             | 1,486                                   | 1,486                               |
| 2009 | 99%                              | 1,870                                   | 1,882                               |
| 2010 | 100%                             | 4,060                                   | 4,082                               |
| 2011 | 99%                              | 7,188                                   | 7,275                               |
| 2012 | 99%                              | 12,930                                  | 13,096                              |
| 2013 | 98%                              | 18,613                                  | 18,951                              |
| 2014 | 95%                              | 21,240                                  | 22,377                              |
| 2015 | 94%                              | 25,638                                  | 27,316                              |
| 2016 | 92%                              | 31,757                                  | 34,628                              |
| 2017 | 88%                              | 45,232                                  | 51,416                              |
| 2018 | 88%                              | 65,214                                  | 74,476                              |
| 2019 | 84%                              | 94,945                                  | 112,451                             |
| 2020 | 82%                              | 148,493                                 | 181,675                             |
| 2021 | 77%                              | 221,990                                 | 287,883                             |
| 2022 | 78%                              | 265,464                                 | 342,585                             |
| 2023 | 75%                              | 391,157                                 | 520,490                             |
| 2024 | 71%                              | 618,986                                 | 867,887                             |
| 2025 | 67%                              | 983,739                                 | 1,462,995                           |
| 2026 | 67%                              | 1,089,809                               | 1,628,501                           |

Source: Morningstar. For US domiciled funds only.

## Comparing active fund launches by vehicle type

| US Morningstar Categories | 2026 YTD Launches |                    | 2025 Launches |                    | 2018 Launches |                    |
|---------------------------|-------------------|--------------------|---------------|--------------------|---------------|--------------------|
|                           | Active ETF        | Active Mutual Fund | Active ETF    | Active Mutual Fund | Active ETF    | Active Mutual Fund |
| Allocation                | 4                 | 5                  | 19            | 18                 | 5             | 39                 |
| Alternative               | 4                 | —                  | 56            | 12                 | 1             | 8                  |
| Commodities               | 2                 | —                  | 5             | 1                  | —             | 1                  |
| International Equity      | 17                | 2                  | 59            | 18                 | 3             | 40                 |
| Miscellaneous             | 77                | —                  | 351           | 1                  | 1             | —                  |
| Money Market              | 2                 | 1                  | 6             | —                  | —             | —                  |
| Municipal Bond            | 1                 | 2                  | 23            | 6                  | 5             | 9                  |
| Nontraditional Equity     | 75                | —                  | 207           | 3                  | 9             | 2                  |
| Sector Equity             | 24                | 2                  | 37            | 8                  | 2             | 10                 |
| Taxable Bond              | 26                | 12                 | 90            | 55                 | 18            | 48                 |
| US Equity                 | 24                | 2                  | 125           | 30                 | 8             | 29                 |
| <b>Total</b>              | <b>256</b>        | <b>26</b>          | <b>978</b>    | <b>152</b>         | <b>52</b>     | <b>186</b>         |

Source: Morningstar. Active ETF figures include mutual fund-to-ETF conversions. For US domiciled funds only.

YTD 2026 figures as of March 31, 2026.

# Active ETF vs. active mutual fund flows

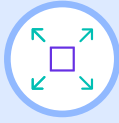
NET FLOWS (\$M)

| Morningstar Category               | Investment Type | 2019    | 2020    | 2021    | 2022    | 2023    | 2024     | 2025     | 2026    |
|------------------------------------|-----------------|---------|---------|---------|---------|---------|----------|----------|---------|
| Bank Loan                          | ETF             | 308     | -581    | 8,768   | -1,931  | -786    | 7,312    | -321     | -1,563  |
|                                    | Mutual Fund     | -36,698 | -22,712 | 35,334  | -7,710  | -18,051 | -787     | -9,033   | -4,959  |
| Corporate Bond                     | ETF             | 554     | 733     | 384     | -675    | 173     | 572      | 1,136    | 1,083   |
|                                    | Mutual Fund     | 5,654   | 14,196  | -2,616  | -6,604  | -2,094  | 4,801    | -300     | 67      |
| Diversified Emerging Mkts          | ETF             | 61      | 222     | 1,527   | 6,235   | 5,033   | 5,773    | 11,093   | 6,329   |
|                                    | Mutual Fund     | 3,650   | -10,581 | 16,864  | -27,045 | -12,571 | -16,903  | -34,884  | -3,661  |
| Financial                          | ETF             | 1       | 8       | 60      | 11      | 45      | 113      | 175      | 116     |
|                                    | Mutual Fund     | -2,108  | -1,300  | 1,638   | -724    | -1,379  | 362      | -1,076   | -529    |
| Foreign Large Blend                | ETF             | 52      | -67     | 2,932   | 6,241   | 8,065   | 9,784    | 21,760   | 10,173  |
|                                    | Mutual Fund     | -10,636 | -26,366 | 1,539   | -4,566  | -4,634  | -14,381  | -15,311  | -3,785  |
| Foreign Large Growth               | ETF             | -17     | 4       | 25      | 967     | 936     | 1,837    | 3,266    | 1,432   |
|                                    | Mutual Fund     | -3,219  | -7,571  | 529     | -43,823 | -22,572 | -24,876  | -37,446  | -10,959 |
| Global Bond – USD Hedged           | ETF             | 0       | 220     | 1       | 81      | 651     | 2,333    | 3,263    | 1,063   |
|                                    | Mutual Fund     | 5,140   | -1,274  | 5,638   | -7,905  | 1,167   | 712      | 4,275    | 3,677   |
| Global Large – Stock Growth        | ETF             | 10      | 70      | 155     | 1,066   | 1,121   | 2,217    | 2,764    | 1,491   |
|                                    | Mutual Fund     | 73      | 7,058   | 2,272   | -16,578 | -9,469  | -13,570  | -22,075  | -4,584  |
| Health                             | ETF             | 37      | 5,260   | 1,273   | -498    | 29      | -430     | 142      | -57     |
|                                    | Mutual Fund     | -10,967 | -4,027  | -6,991  | -8,983  | -13,158 | -14,246  | -18,253  | -2,843  |
| High Yield Bond                    | ETF             | 336     | 900     | 548     | -374    | 244     | 1,751    | 2,868    | 471     |
|                                    | Mutual Fund     | 7,219   | 31,668  | -7,791  | -40,217 | -6,493  | 15,097   | -8,438   | -3,908  |
| High Yield Muni                    | ETF             | 54      | 66      | 273     | 54      | 283     | 820      | 4,874    | 845     |
|                                    | Mutual Fund     | 18,842  | -2,876  | 23,056  | -22,596 | 185     | 13,416   | 3,284    | 2,847   |
| Infrastructure                     | ETF             | 0       | 0       | 3       | 8       | 24      | 14       | 443      | 409     |
|                                    | Mutual Fund     | 529     | 261     | 110     | 1,108   | -2,199  | -2,713   | 854      | 319     |
| Intermediate Core Bond             | ETF             | 1,241   | 1,532   | 1,534   | 3,031   | 7,915   | 10,063   | 18,861   | 8,174   |
|                                    | Mutual Fund     | 29,912  | 42,421  | 38,106  | -11,333 | 36,904  | 23,894   | 19,306   | 6,209   |
| Intermediate Core – Plus Bond      | ETF             | 2,712   | 5,700   | 2,624   | 121     | 11,628  | 22,681   | 22,701   | 9,426   |
|                                    | Mutual Fund     | 53,350  | 49,290  | 31,078  | -64,751 | 35,023  | 26,368   | 9,101    | 9,843   |
| Intermediate Government            | ETF             | 0       | 425     | 84      | 54      | 644     | 3,029    | 435      | -13     |
|                                    | Mutual Fund     | 6,005   | 12,266  | -6,616  | -11,629 | -72     | -1,175   | -1,675   | -660    |
| Large Blend                        | ETF             | -133    | 868     | 5,687   | 10,081  | 15,091  | 39,160   | 49,747   | 14,020  |
|                                    | Mutual Fund     | -37,480 | -72,743 | -56,751 | -40,785 | -69,534 | -86,912  | -111,747 | -19,761 |
| Large Growth                       | ETF             | 147     | 344     | 4,281   | 1,556   | 3,695   | 10,865   | 19,913   | 2,619   |
|                                    | Mutual Fund     | -62,916 | -69,528 | -87,596 | -96,603 | -97,033 | -134,137 | -158,715 | -46,648 |
| Large Value                        | ETF             | -3      | 303     | 492     | 3,316   | 7,351   | 14,855   | 27,686   | 9,907   |
|                                    | Mutual Fund     | -52,283 | -59,852 | -17,182 | -39,806 | -68,861 | -69,318  | -100,456 | -29,136 |
| Mid-Cap Growth                     | ETF             | 367     | 9,628   | 5,283   | 1,378   | -523    | -2,535   | -747     | -312    |
|                                    | Mutual Fund     | -7,784  | -14,905 | -28,226 | -27,280 | -20,143 | -32,354  | -41,887  | -12,869 |
| Moderately Conservative Allocation | ETF             | 33      | 871     | 569     | -95     | -361    | 170      | 585      | 269     |
|                                    | Mutual Fund     | 1,269   | -6,374  | 2,371   | -11,744 | -16,479 | -11,941  | -7,852   | -1,557  |
| Multistrategy                      | ETF             | 0       | 50      | 6       | 90      | 143     | 143      | 179      | 233     |
|                                    | Mutual Fund     | -618    | -1,499  | 4,112   | 639     | -3,983  | 799      | 4,894    | 3,070   |
| Muni National Long                 | ETF             | 93      | 289     | 250     | -80     | 77      | 63       | 641      | 416     |
|                                    | Mutual Fund     | 17,944  | 3,100   | 11,322  | -24,758 | 3,160   | 5,575    | 290      | 1,902   |
| Short Government                   | ETF             | 1,826   | 3,049   | -282    | -1,468  | -847    | 989      | 950      | 412     |
|                                    | Mutual Fund     | 1,030   | 9,948   | -3,343  | -8,180  | -5,582  | -1,957   | -384     | 267     |
| Short-Term Bond                    | ETF             | 891     | -1,017  | 2,150   | 356     | 434     | 5,146    | 9,835    | 3,956   |
|                                    | Mutual Fund     | 33,547  | 45,973  | 51,070  | -69,135 | -42,474 | -3,017   | 9,664    | 1,458   |
| Small Value                        | ETF             | 171     | 353     | 1,944   | 5,187   | 4,909   | 8,499    | 6,239    | 2,689   |
|                                    | Mutual Fund     | -4,367  | -5,279  | -4,357  | -6,774  | -6,535  | -10,403  | -15,773  | -3,377  |
| Technology                         | ETF             | 13      | 5,782   | 2,166   | -1,058  | 32      | 1,253    | 12,774   | 1,716   |
|                                    | Mutual Fund     | -1,814  | 1,373   | -4,561  | -13,128 | -1,545  | -2,779   | -8,591   | -1,880  |
| Ultrashort Bond                    | ETF             | 11,243  | 11,949  | 5,165   | 10,376  | 6,717   | 31,819   | 29,652   | 10,227  |
|                                    | Mutual Fund     | 27,229  | 25,137  | -1,906  | -59,982 | -23,186 | 4,870    | 15,723   | 284     |

Source: Morningstar.

YTD 2026 figures as of March 31, 2026.

# Our active ETFs at a glance



## Scale

\$25.3 billion in AUM



## Breadth

50+ offerings across  
multiple asset classes



## Track record

80% of funds with  
3 years and 60% of funds  
with 5 years

Data as of March 31, 2026.

### IMPORTANT INFORMATION

#### All investments involve risks, including possible loss of principal.

ETFs trade like stocks, fluctuate in market value and may trade above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns. ETF shares may be bought or sold throughout the day at their market price on the exchange on which they are listed. However, there can be no guarantee that an active trading market for ETF shares will be developed or maintained or that their listing will continue or remain unchanged. While the shares of ETFs are tradable on secondary markets, they may not readily trade in all market conditions and may trade at significant discounts in periods of market stress.

This material is intended to be of general interest only and should not be construed as individual investment advice or a recommendation or solicitation to buy, sell or hold any security or to adopt any investment strategy. It does not constitute legal or tax advice. This material may not be reproduced, distributed or published without prior written permission from Franklin Templeton.

The views expressed are those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The underlying assumptions and these views are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. The information provided in this material is not intended as a complete analysis of every material fact regarding any country, region or market. There is no assurance that any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets will be realized. The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested.

Any research and analysis contained in this material has been procured by Franklin Templeton for its own purposes and may be acted upon in that connection and, as such, is provided to you incidentally. Data from third-party sources may have been used in the preparation of this material and Franklin Templeton ("FT") has not independently verified, validated or audited such data. Although information has been obtained from sources that Franklin Templeton believes to be reliable, no guarantee can be given as to its accuracy and such information may be incomplete or condensed and may be subject to change at any time without notice. The mention of any individual securities should neither constitute nor be construed as a recommendation to purchase, hold or sell any securities, and the information provided regarding such individual securities (if any) is not a sufficient basis upon which to make an investment decision. FT accepts no liability whatsoever for any loss arising from use of this information and reliance upon the comments, opinions and analyses in the material is at the sole discretion of the user.



(800) 342-5236  
[franklintempleton.com](https://www.franklintempleton.com)