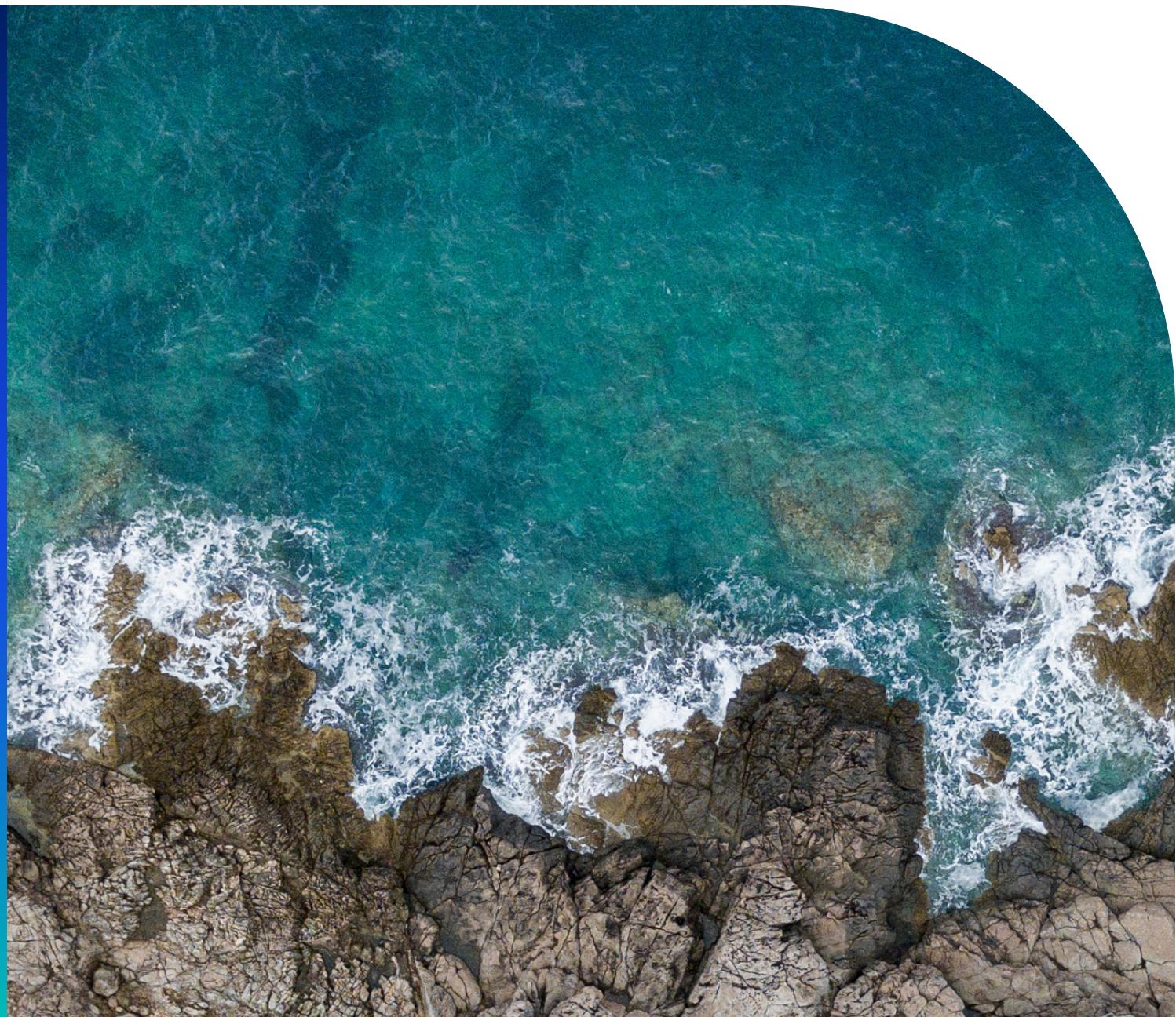




Active ETF industry update

December 2025



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.

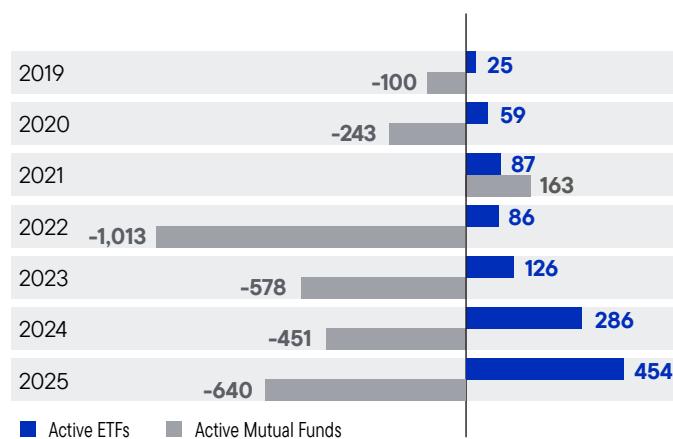
Our active ETF projection



A sea change in investor preference for active funds

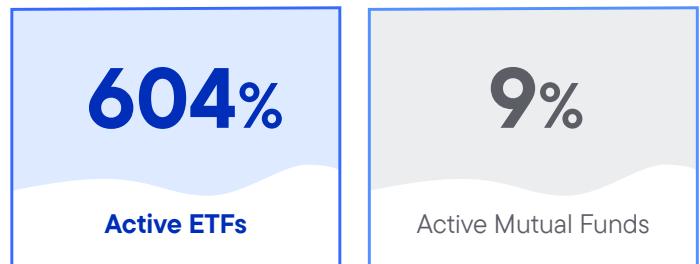
The industry is witnessing a consistent trend of flows into active ETFs amid flows out of active mutual funds.

Flows (\$bn)



AUM Percentage Increase

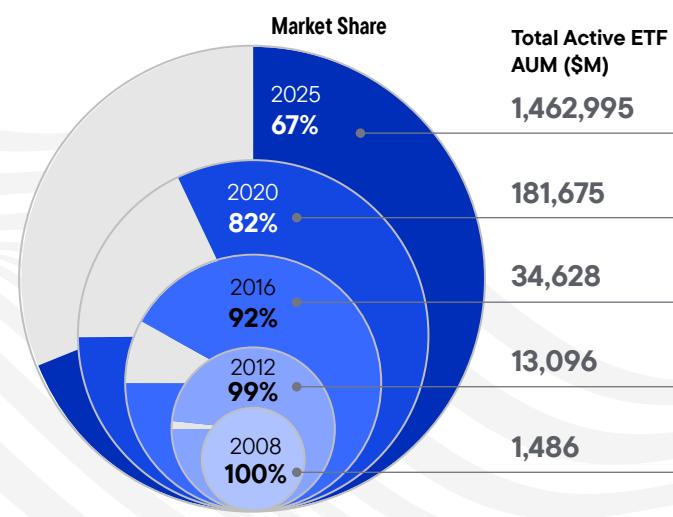
12/31/2020-12/31/2025



More active ETF providers setting sail

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

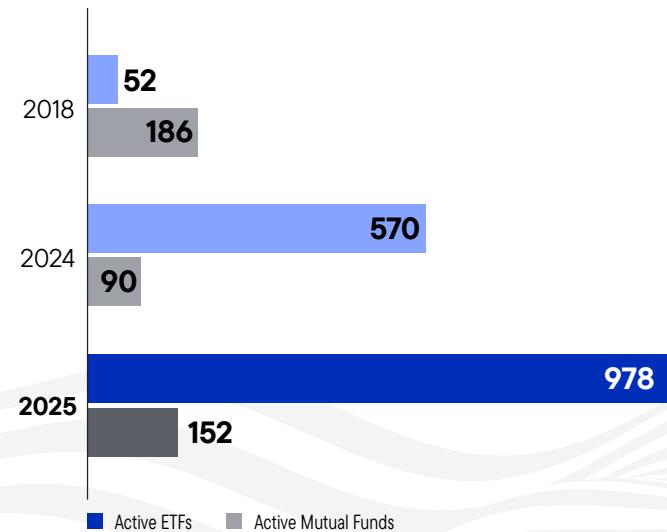
Annual Aggregate Top 10 Active ETF Providers



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.
2025 figures as of December 31, 2025.

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

Source: Morningstar. For US domiciled funds only.

Comparing active fund launches by vehicle type

US Morningstar Categories	2025 Launches		2024 Launches		2018 Launches	
	Active ETF	Active Mutual Fund	Active ETF	Active Mutual Fund	Active ETF	Active Mutual Fund
Allocation	19	18	16	24	5	39
Alternative	56	12	16	8	1	8
Commodities	5	1	3	2	—	1
International Equity	59	18	45	13	3	40
Miscellaneous	351	1	64	—	1	—
Money Market	6	—	1	1	—	—
Municipal Bond	23	6	22	7	5	9
Nontraditional Equity	207	3	191	4	9	2
Sector Equity	37	8	22	3	2	10
Taxable Bond	90	55	110	15	18	48
US Equity	125	30	80	13	8	29
Total	978	152	570	90	52	186

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

2025 figures as of December 31, 2025.

Active ETF vs. active mutual fund flows

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

Source: Morningstar.

2025 figures as of December 31, 2025.

Our active ETFs at a glance



Scale

\$24.5 billion in AUM



Breadth

50+ offerings across multiple asset classes



Track record

70% of funds with 3 years and 60% of funds with 5 years

Data as of December 31, 2025.

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.

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